



NEWS RELEASE

AFFIN Group Records 15.3% Increase in PBT in 2Q2011

Kuala Lumpur, August 15, 2011 – AFFIN Holdings Berhad (AFFIN) recorded almost 20% revenue growth to RM1,264.5 million in the first half of financial year 2011 as compared to RM1,054.6 million in the same period last financial year. Net interest income grew to RM430.7 million, more than 5% increase year-on-year. The profit before tax grew by 15.3% to RM177.9 million for the second quarter ended 30 June 2011 as compared to RM154.3 million recorded in the same quarter last financial year. For the half year ended 30 June 2011, the PBT recorded was RM318.2 million as compared to RM331.6 million recorded in the same period last year, a decrease of RM13.4 million or 4%.

Highlights of AFFIN's financial performance for the half year ended 30 June 2011:

	1H2011(RM)	1H2010 (RM)	%
Revenue	1,264.5m	1,054.6m	19.9
Net Interest Income	430.7m	408.4m	5.5
Islamic Banking Income	93.8m	88.0m	6.6
Other Operating Income	159.4m	160.9m	(0.9)
Profit Before Tax	318.2m	331.6m	(4.0)
Net Profit After Tax	240.3m	247.0m	(2.7)
EPS (sen)	16.08	16.53	(2.7)
Net Assets Per Share	3.64	3.38	7.7

Although both the net interest income and Islamic banking income were up by RM22.3 million and RM5.8 million respectively and the allowance for loan impairment was lower by RM11.4 million, a lower PBT was recorded mainly due to higher operating expenses of RM 25.6 million, lower share of profit in associate of RM5.8 million as well as the share of losses in jointly controlled entity of RM6.5 million as compared to a share of profit of RM2.7 million for the same period last year. In addition, there was a non-recurring gain of RM8.0 million on dilution of interest in associate in the previous year.

Highlights of 2QFY2011 performance against 2QFY2010

Earnings per share (EPS) for the quarter under review was 8.98 sen, which was a 20.1% increase from the preceding corresponding quarter of 7.48 sen. As at 30 June, 2011, net assets per share was RM3.64 [31 December 2010: RM3.48].

The annualised returns on equity (ROE) and returns on assets (ROA) for the half year were 9.0% and 1.0 % respectively.

YBhg. Gen (R) Tan Sri Dato' Seri Mohd Zahidi Bin Hj. Zainuddin, Chairman of AFFIN said, "The Group has delivered a strong growth during the first half of the year. The period has seen us strengthening our focus and we are pleased with the divisions which have performed satisfactorily. We hope to continue delivering strong results as we believe that the Malaysian economy holds much potential for a full-fledged financial Group such as AFFIN."

Loan and deposit growth

During the first half of the year, AFFIN's gross loan grew by an annualised growth rate of 13.9%. AFFIN's customer deposits also saw significant increase at an annualised rate of 17.7% as compared to end of last year. The Group's loan-to-deposit ratio was stable at 80.6% as at 30 June 2011 as compared to 80.3 % as at 31 March 2011.

Continued improvement in asset quality

AFFIN's gross impaired loans ratio and net impaired loan ratio improved from 3.44% to 3.29% and 1.78 % to 1.64% respectively in the second quarter 2011, well within industry average. The impaired loan loss reserve stood at 65.6% as at 30 June 2011 as compared to 62.7% in the first quarter of 2011.

Capital adequacy

The core capital ratio and risk-weighted capital ratio were healthy at 10.57% and 12.62% respectively as at 30 June 2011.

Highlights of key operating units within AFFIN

AFFIN Bank Berhad being the primary contributor to the Group's bottom line continued to show an improvement, registering a higher profit before tax of RM280.6 million in the first half of 2011 as compared to RM272.7 million in the same period last year. These results were mainly driven by increase in both net interest income and Islamic banking income and lower allowance for loan impairment.

The Group's investment banking arm, AFFIN Investment Bank Berhad (AIBB) recorded a slightly lower profit before tax of RM38.9 million in the first half of 2011 as compared to RM 40.2 million in the preceding year's corresponding period. The increase in other operating income of RM5.8 million was not sufficient to cushion both the increase in overhead expenses of RM5.7 million and the allowance for loan impairment of RM0.3 million as compared to a write back of RM0.8 million for the same period last year. For the 2Q2011, AIBB recorded a profit before tax of RM21.6 million, a 24.6% growth from the preceding quarter. Its subsidiary company, AFFIN Fund Management Berhad achieved a higher pretax profit of RM5.2 million in the first half of 2011 as compared to RM0.7 million in the previous year, mainly due to higher upfront fee on sale of unit trust net of higher overhead expenses.

AFFIN Moneybrokers Sdn Bhd also achieved a significantly higher pretax profit of RM1.6 million for the 6 months period under review as compared to RM0.8 million for the same period last year mainly due to higher net brokerage income net of higher overheads.

AXA-AFFIN Life Insurance Berhad reported a higher pretax loss of RM9.0 million for the 6 months period under review as compared to the preceding year's corresponding period of RM3.0 million, mainly due to lower gain on disposal of investment securities and recognition of higher pretax deficit from Life Fund Revenue Accounts. The lower deficit recorded in the previous year was mainly attributable to the recognition of unallocated surplus brought forward from financial year 2009.

AXA-AFFIN General Insurance Berhad posted a lower pretax profit of RM3.3 million in the first half of 2011 as compared to RM14.0 million achieved last year. The increase in earned premium of RM 61.9 million was outpaced by the increase in net claims, overhead expenses, net commission and finance cost during the year.

“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,” YBhg. Gen (R) Tan Sri Dato’ Seri Mohd Zahidi Bin Hj. Zainuddin 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 30 June 2011 the Group’s unaudited paid-up capital stood at RM1.5 billion, while the Group’s shareholders’ fund was at RM5.4 billion.

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