

NEWS RELEASE

AFFIN Remains on Solid Growth Path

KUALA LUMPUR, May 25, 2012 – AFFIN Holdings Berhad (AFFIN) started the year on a positive note by recording a 56.5% increase in profit after tax (PAT) of RM166.0 million in the first quarter ended 31 March 2012 compared to the previous year's first quarter's PAT of RM106.1 million. Profit before tax (PBT) was RM213.9 million in the quarter compared to RM140.3 million in the same quarter the previous year. These positive results were achieved on the back of an improved turnover of RM722.7 million in the quarter under review compared to RM624.8 million recorded in the corresponding quarter the previous year.

The improved financial performance was mainly due to the Group's improved share of results in associate, other operating income as well as net interest income which were up by RM18.1 million, RM14.5 million and RM7.8 million respectively. During the quarter, there was a higher write-back of allowance for impairment on securities of RM8.9 million and write back for loans impairment of RM4.1 million as compared to a charge of RM27.1 million in the same quarter the previous year.

Highlights of AFFIN's financial performance for first quarter ended 31 March 2012

	1QTR 2012 (RM)	1QTR 2011 (RM)	%
Revenue	722.7m	624.8m	15.7
Net Interest Income	219.8m	212.0m	3.7
Islamic Banking Income	47.0m	46.8m	0.4
Other Operating Income	95.0m	80.5m	18.0
Profit before Tax	213.9m	140.3m	52.5
Net Profit after Tax	166.0m	106.1m	56.5
EPS (sen)	11.11	7.10	56.5
Net Assets per Share	3.85	3.54	8.8

Earnings per share for the quarter under review was 11.11 sen as compared to 7.10 sen for the same quarter the previous financial year while net assets per share was RM3.85 as at 31 March 2012 [31 December 2011: RM3.74].

The annualised ROE and ROA for the quarter under review were 11.7% and 1.2% respectively.

YBhg Gen (R) Tan Sri Dato' Seri Mohd Zahidi bin Hj. Zainuddin, Chairman of AFFIN, said, "The strong results achieved for the quarter were within our expectations and put us in a solid growth path to start the financial year. This is testament to the Group's strength and we hope to maintain this momentum for the coming quarters."

Loan and deposit growth

AFFIN's gross loan outstanding increased by an annualised growth rate of 9.0% during the quarter. The Group's customer deposits also expanded at a strong annualised rate of 11.1% as compared to end December 2011. The loan-to-deposit ratio was stable at 78.6% as at 31 March 2012 as compared to 79.0% as at 31 December 2011.

Asset quality

AFFIN's gross impaired loans ratio increased slightly to 2.87% from 2.84% as at 31 December 2011 and is comparable to the industry's average. The impaired loan loss coverage stood at 68.5% from 72.8% as at end December 2011.

Capital adequacy

The core capital ratio and risk-weighted capital ratios were healthy at 10.6% and 13.2% respectively as at 31 March 2012.

Highlights of key operating units within AFFIN

AFFIN Bank Berhad (ABB) Group continues to drive the Group's earnings, recording a higher PBT of RM166.3 million in the current quarter as compared to RM123.4 million in the preceding year's corresponding quarter. This achievement was mainly due to the write-back of allowance for loan impairment of RM5.6 million as compared to a charge of RM26.9 million in the same quarter the previous year. Other operating income and net interest income were higher by RM10.5 million and RM2.6 million respectively. ABB's gross impaired loans ratio improved to 2.80% from 2.85% as at 31 December 2011. ABB's subsidiary, AFFIN Islamic Bank Berhad also performed well with a PBT of RM20.7 million in the quarter, an improvement of RM 3.1 million or 17.5% as compared to same quarter the previous year.

Meanwhile, AFFIN Investment Bank Berhad Group achieved a higher PBT of RM25.0 million in the quarter under review as compared to RM17.3 million in the same quarter the previous year, driven by a higher net operating income and net write-back of allowances for impairment on securities. The higher net operating income was mainly attributed to higher investment and fee income despite the challenging market environment, which partly contributed to the lower net brokerage income in the same period.

AFFIN Moneybrokers Sdn Bhd recorded a PBT of RM0.7 million as compared to RM0.6 million in the same quarter the previous year, mainly due to higher net brokerage income and overheads.

AXA AFFIN Life Insurance Berhad (AALIB) registered a pretax loss of RM0.3 million in the quarter under review as compared to a pretax loss of RM3.6 million in the same quarter the previous year. Included in the share of results in jointly controlled entity of RM0.7 million for the quarter under review was an adjustment of RM0.8 million on over-recognition of the Group's share of loss in AALIB in the previous financial year. The first quarter ended 31 March 2012 saw the Life Fund grew by 3.5% to RM580.4 million. The growth was mainly contributed by higher gross premium, investment income/gains as well as lower expenses incurred.

AXA AFFIN General Insurance Berhad (AAGIB) Berhad, a 33.6% owned associate of AHB, posted a significantly higher PBT of RM64.5 million as compared to RM1.2 million in the preceding year's corresponding quarter, mainly attributed to higher earned premium as a consequence of significant growth in the quarter and release of unearned premium reserve. Included in the share of results in associate of RM19.6 million in the quarter under review was an adjustment of RM3.3 million on under-recognition of the Group's share of profit in AAGIB in the previous financial year.

Group Prospects

"We are confident that the rest of the year will bode well for us. Towards this end, we will take strong and specific steps to improve our earning potentials for all our business units and leverage on our position as a major home-grown one-stop financial services provider that delivers high standard solutions to meet customers' needs." 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 March 2012, the Group's unaudited paid-up capital stood at RM1.5 billion, while the Group's shareholders' fund was at RM5.8 billion.

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Issued on behalf of: AFFIN Holdings Berhad By: acorn communications sdn bhd For more information, please contact Michelle Vincent at 012-389 9289 or Natalia Ghani at 012 231 4782 or 03-7958 8348 or e-mail: acorncommunications@acornco.com.my
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