

## **NEWS RELEASE**

### **AFFIN Continues Positive Growth Trend**

**KUALA LUMPUR, November 28, 2013** – AFFIN Holdings Berhad (AFFIN) continued its good performance into the third quarter of financial year 2013. Profit before tax (PBT) for the cumulative nine months period increased by 3.7% to RM644.2 million from RM621.3 million previous year. Profit after tax (PAT) for the same period also grew by 3.1% to RM483.1 million compared with the RM468.6 million previous year. This was achieved on the back of a turnover of RM2.3 billion (YTD 2012: RM 2.2 billion).

On a quarter to quarter basis, the Group achieved a PBT of RM221.8 million for the financial quarter ended 30 September 2013, a 4.7% growth compared with the same quarter of previous year. PAT for the quarter under review was RM173.0 million (3Q2012: RM161.7 million).

AFFIN's performance for the nine months of the financial year was contributed by increase in net interest income and Islamic banking income totalling RM29.2 million. However, this was partially offset by the reduction in other operating income, lower share of profit in the associate and lower write-back of allowance for securities impairment totalling RM38.7 million.

**Highlights of AFFIN's financial performance for the nine months ended 30 September 2013 were as follows:-**

**RM' million**

	9MTH 2013	9MTH 2012	%
Revenue	2,254.0	2,215.5	1.7
Net Interest Income	688.2	664.4	3.6
Islamic Banking Income	165.0	159.6	3.4
Other Operating Income	291.2	309.5	(5.9)
Profit Before Tax	644.2	621.3	3.7
Net Profit After Tax	483.1	468.6	3.1
EPS (sen)	32.32	31.35	3.1
Net Assets per Share (RM)	4.34	4.05	7.2

For the nine months ended 30 September 2013, the Group's earnings per share (EPS) increased by 3.1% to 32.32 sen compared with 31.35 sen for the corresponding period previous year. Meanwhile, net assets per share was RM 4.34 as at 30 September 2013 (RM 4.05 as at 30 September 2012).

For the nine months period under review, the Group's annualised after tax return on equity (ROE) and after tax return on assets (ROA) were 10.3% and 1.1% respectively.

YBhg Gen (R) Tan Sri Dato' Seri Mohd Zahidi bin Hj. Zainuddin, Chairman of AFFIN, said, "The results for the nine months of financial year 2013 have certainly been momentous for AFFIN especially with our proposed acquisition of HwangDBS Investment Bank Berhad. We look forward to the finalisation of this deal which will create scalability and synergy in addition to placing us on a completely different playing field in the industry. In addition, our continued earnings growth for the nine months period is reflective of the initiatives and steps taken by us to achieve our targets despite the challenging operating environment."

### **Loan Growth and Loan-to-Deposit (LD) ratio**

For the nine months of 2013, AFFIN reported an annualised loan growth rate of 6.4% predominantly in the hire purchase, non-residential and residential mortgages segments. The Group's customer deposits also expanded by an annualised rate of 5.1% during the nine months period. The Group's Loan-to-Deposit (LD) ratio was stable at 81.6% as at 30 September 2013 compared with 83.3% as at 30 June 2013.

Despite the slower growth in the deposits as compared to loan growth, the Group registered a healthy growth in its consumer segment, hence improving its ratio of consumer to corporate deposits from 23.1% as at 30 June 2013 to 24.3% as at 30 September 2013.

### **Asset Quality**

The gross impaired loan ratio for the Group of 2.0% as at 30 September 2013 is testament to AFFIN's commitment to prudent credit assessment and loan approvals and is well within the industry average. In term of value, the impaired loan decreased from RM790.4 million as at 31 December 2012 to RM737.4 million as at 30 September 2013. The impaired loan loss reserve meanwhile stood at 75.4% as at end September 2013.

## Capital Adequacy

As at 30 September 2013, the Total Capital ratio and Common Equity Tier-1 Capital ratio of all the banking entities remained sturdy and well above the regulatory requirements, a reflection of AFFIN's financial strength.

### Highlights of key operating units within AFFIN

AFFIN Bank Berhad (ABB) Group continued to be the key contributor to the Group's earnings with a higher pretax profit of RM564.1 million for the nine month period, an increase of 8.3% compared with RM521.0 million recorded in the same period the preceding year. The improved performance was mainly due to the increase in net interest income and Islamic banking income totalling RM33.9 million.

ABB's wholly owned subsidiary, AFFIN Islamic Bank Berhad however registered a lower pretax profit of RM66.2 million for the nine month period as compared to RM85.2 million for the same period last year, mainly due to a one-off write-back arising from the removal of the transitional provision on collective evaluation of loan impairment by Bank Negara Malaysia in year 2012.

AFFIN Investment Bank Berhad (AIBB) Group reported a lower PBT of RM63.6 million for the cumulative nine months period compared with RM69.3 million for the same period in the preceding year mainly due to lower net interest income of RM5.4 million. The Group nevertheless registered higher advisory and management fees for the current quarter. Meanwhile AIBB's wholly owned subsidiary, AFFIN Fund Management Berhad reported a higher PBT of RM10.1 million as compared to RM7.4 million achieved the previous year mainly due to management fees and upfront fees from higher sale of unit trust.

AFFIN Moneybrokers Sdn Bhd, one of the six money broking houses licensed to operate in the country by Bank Negara Malaysia reported a slightly lower PBT of RM1.9 million for the period under review as compared to RM2.2 million in the same period in 2012 mainly due to lower net brokerage income.

AXA AFFIN Life Insurance Berhad, the jointly controlled entity of AFFIN recorded a PBT of RM7.2 million for the nine months ended 30 September 2013, a significant 3500% jump compared with the RM0.2 million PBT recorded for the same period in the previous year. AALI's solid performance for the period came on the back of lower reserves for future policyholders' liabilities of RM15.9 million due to higher MGS yield, net of lower investment income of RM5.2 million.

AXA AFFIN General Insurance Berhad (AAGI), a 33.6% associate of AFFIN, recorded a lower PBT of RM46.0 million in the nine months period ended 30 September 2013 as compared to RM90.0 million for the same period in 2012. During the period, the increase in earned premium of RM62.8 million attributable to motor and health business was partially offset by the increase in net claims, overhead expenses and net commission incurred of RM37.6 million. In addition, a one-off adjustment of RM52.3 million with regards to the release of the Unearned Premium Reserve (UPR) as a result of a change in the methodology of UPR computation contributed significantly to the earned premium and thus the results of AAGI in 2012.

### **Group's Prospects**

"Looking ahead and as the year coming to a close, we are confident that we will maintain our current growth momentum and achieve our KPI targets that we have set for 2013." concluded YBhg Gen (R) 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 30 September 2013, the Group's unaudited paid-up capital stood at RM1.5 billion, while the Group's shareholders' fund was at RM6.5 billion.**

Issued on behalf of: <b>AFFIN Holdings Berhad</b>	By: <b>acorn communications sdn bhd</b>
For more information, please contact <b>Michelle Vincent</b> at <b>012 389 9289</b> or <b>Khadijah Yusof</b> at <b>010 425 2068</b> or <b>03 7958 8348</b> or e-mail: <a href="mailto:acorncommunications@acornco.com.my">acorncommunications@acornco.com.my</a>	