

NEWS RELEASE

AFFIN Recorded Profit before Tax and Zakat of RM185.8 Million in Q1 2014

KUALA LUMPUR, May 19, 2014 – AFFIN Holdings Berhad (AFFIN) started the year on a positive note, recording a profit after tax of RM142.7 million for its first quarter ended 31 March 2014. Profit before tax and zakat (PBT) was RM185.8 million, while revenue improved to RM764.9 million from RM732.8 million in the previous year’s same quarter. Despite an increase in Islamic banking income and share of results in the associate, results of the Group for the quarter under review were lower as compared to the same quarter previous year mainly due to higher overhead expenses and share of losses in jointly controlled entities.

Highlights of AFFIN’s financial performance for the first quarter ended 31 March 2014 are as follows: -

RM’ million	Q1 2014	Q1 2013	%
Revenue	764.9	732.8	4.4
Net Interest Income	219.0	221.5	(1.1)
Islamic Banking Income	56.7	55.0	3.1
Other Operating Income	95.4	95.7	(0.3)
Profit before Tax and Zakat	185.8	203.5	(8.7)
Net Profit after Tax	142.7	150.8	(5.4)
EPS (sen)	9.55	10.09	(5.4)
Net Assets per Share (RM)	4.37	4.14	5.6

Earnings per share for the quarter was 9.55 sen, while net assets per share increased to RM4.37 as at 31 March 2014 (31 December 2013: RM4.27). The annualised after tax return on equity (ROE) and after tax return on assets (ROA) were 8.8% and 0.96% respectively.

YABhg Gen (R) Tan Sri Dato' Seri DiRaja Mohd Zahidi bin Hj. Zainuddin, Chairman of AFFIN said, "Our results for the quarter under review were within our expectations. As we move ahead in 2014, we are confident that we will be able to maintain our growth momentum for the rest of the year."

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

AFFIN registered a strong annualised loan growth of 9.2% during the quarter under review primarily in the segments of bills receivables, revolving credit, claims under acceptance credits, syndicated term loans/financing and overdrafts.

The Group's Gross Loan / Deposits from Customers (LD) ratio stood at 82.8% as at 31 March 2014 as compared with 79.1% as at 31 December 2013.

The Group registered a healthy growth in its consumer segment during the quarter, hence improving its ratio of consumer to corporate deposits from 28.8% as at 31 December 2013 to 29.4% as at 31 March 2014.

Asset quality

In line with stringent credit policies and prudent risk management, the Group's gross impaired loan ratio improved to 1.92% as at 31 March 2014, compared with 1.98% as at 31 December 2013, a reduction of 6 basis points. The net impaired loan ratio also improved by 5 basis points from 0.92% as at 31 December 2013 to 0.87% as at 31 March 2014.

Capital adequacy

In line with Bank Negara Malaysia's (BNM) Capital Adequacy Framework, the Total Capital ratio and Common Equity Tier-1 Capital ratio of all the banking entities in the Group remained healthy and well above the regulatory requirements, a reflection of AFFIN's financial strength.

Highlights of key operating units with AFFIN

For the quarter under review, the key contributor, AFFIN Bank Berhad (ABB) Group recorded a lower PBT of RM175.3 million, compared with RM185.1 million in the corresponding quarter of the previous financial year. This was attributable to a reduction in other operating income and higher allowance for loan impairment. The wholly owned subsidiary of ABB, AFFIN Islamic Bank Berhad recorded a slight decline in PBT to RM21.0 million from RM22.5 million in last year's corresponding quarter mainly due to higher overhead expenses.

The Group's investment banking arm, AFFIN Investment Bank Berhad (AIBB) Group, registered a PBT of RM13.9 million for the quarter under review, compared with RM16.6 million in the same quarter in the preceding year. The lower PBT was due to higher overhead expenses in the current quarter compared to the previous year's corresponding quarter which had included a write-back in expenses of RM4.3 million. Nevertheless, AIBB's operating income improved by 22.1% or RM6.0 million contributed by fee income from advisory, brokerage and investment management.

AXA AFFIN Life Insurance Berhad registered a pre-tax loss of RM1.6 million for the quarter under review, compared with a pre-tax profit of RM0.7 million in the corresponding quarter of the previous year, mainly due to the deficit of RM1.8 million of the Life Fund Revenue Account (NPF) as compared to a surplus of RM0.7 million achieved in the previous year. The deficit of the NPF for the current financial quarter was mainly attributable to higher reserves for future policyholders' liabilities of RM1.6 million arising from lower MGS yield as well as lower gains on investments.

AXA AFFIN General Insurance Berhad reported a significant jump in pre-tax profit to RM14.7 million from RM2.5 million in the same quarter in the previous financial year. This improved performance was primarily due to higher earned premium of RM47.8 million mainly attributable from health and motor businesses as well as an increase in investment income.

AFFIN Moneybrokers Sdn Bhd recorded a slightly lower pre-tax profit of RM0.47 million during the quarter under review as compared to RM0.50 million in the preceding year's same quarter.

Group Prospects

“With the recent completion of the acquisition of the investment banking and asset management businesses of HwangDBS, we will be able to capitalise on the synergies created from the businesses acquired via cross-selling opportunities, sharing of best practices, optimisation of scale to improve efficiency in key business areas and rationalisation of cost. We will also be in a better position to compete with other industry players in the investment banking, stock broking and asset management businesses and capitalise on the synergies created by the enhanced distribution through the broader remisers network, leading asset management business as well as a wider customer reach”.

“The banking and finance sector in Malaysia holds much potential, as consumers become more savvy with their requirements, be it for savings, retirement plan, insurance, stock broking or wealth creation. We believe that there is an upside prospects for cross- synergies between our various business units and we will put more efforts to ensure that we seize inherent opportunities in the market,” concluded YABhg 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 31 March 2014, the Group’s unaudited paid-up capital stood at RM1.5 billion, while the Group’s shareholders’ fund was at RM6.5 billion.

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