



NEWS RELEASE

AFFIN's Q2 2015 PBT Increases to RM177.9 Million

KUALA LUMPUR, August 17, 2015 – AFFIN Holdings Berhad (AFFIN) delivered an improved profit before tax and zakat (PBT) of RM177.9 million for its second quarter ended 30 June 2015, a substantial 14.5% increase from the RM155.3 million recorded in the corresponding quarter of previous year.

Profit after tax and zakat (PAT) for the quarter rose by a considerable 29.5% to RM142.5 million as compared to RM110.0 million in the same quarter of previous year. Interest income for the quarter stood at RM622.7 million against RM609.4 million for the same quarter of 2014.

The PBT stood at RM226.6 million for the half-year ended 30 June 2015 while PAT for the same period was RM177.3 million.

Earnings per share (EPS) for the cumulative quarter was 8.72 sen, while net assets per share increased to RM4.18 as at 30 June 2015 (31 December 2014: RM4.08).

The Group's after tax return on equity (ROE) and after tax return on assets (ROA) were 2.1% and 0.3% respectively for the six months under review.

Loan to Deposits ratio

As at 30 June 2015, the Loan to Deposits ratio from Customers (LD) was 84.9%, while the consumer deposits to total deposits ratio stood at 28.4%.

Asset Quality

Gross impaired loan ratio stood at 2.04% as at 30 June 2015, a slight increase of 8 basis points compared to 31 March 2015.

Capital Adequacy

As at 30 June 2015, the Group continues to demonstrate its financial strength as the Total Capital ratio, Common Equity Tier-1 Capital ratio and Tier 1 Capital ratio remained in compliance with Bank Negara Malaysia's (BNM) Capital Adequacy Framework.

Highlights of Key Operating Units within AFFIN

The commercial banking arm, AFFIN Bank Berhad (ABB) Group delivered an improved PBT of RM153.4 million for the quarter under review, signifying a 17.7% increase compared to the previous year's corresponding quarter. For the six-month period ended 30 June 2015, ABB Group recorded a PBT of RM176.7 million compared to RM305.6 million last year mainly due to higher allowance for loan impairment as a result of one off provisioning in the preceding quarter. Its wholly owned subsidiary, AFFIN Islamic Bank Berhad registered a higher PBT of RM51.9 million as compared to RM42.1 million for the same period last year mainly due to higher operating income.

AFFIN Hwang Investment Bank Berhad (AFFIN Hwang IB) Group registered a PBT of RM23.6 million for the second quarter of the financial year. For the corresponding quarter of last year, the Group's investment banking segment registered a PBT of RM46.0 million. PBT for the first half of 2015 stood at RM57.1 million compared to RM59.9 million registered in the same period last year. The asset management arm, AFFIN Hwang Asset Management Berhad (AFFIN Hwang AM) delivered a PBT of RM37.7 million for the six months under review.

The PBT of AFFIN Hwang IB Group for the six months ended 30 June 2015 is before the adjustments totalling RM17.3 million (30 June 2014: RM6.7 million) in respect of fair value adjustment on held-to-maturity (HTM) securities, amortisation of identifiable intangible assets and amortisation of premium on HTM securities at AFFIN Group level upon the completion of purchase price allocation and fair value exercise arising from the acquisition of HwangDBS Investment Bank Berhad in the previous year.

The results for the Group's insurance segment are attributed to the results of jointly controlled entity, AXA AFFIN Life Insurance Berhad (AALI) as well as the 34.51% associate, AXA AFFIN General Insurance Berhad (AAGI).

For the six-month period ended 30 June 2015, AALI recorded a pre-tax loss of RM5.4 million as compared to the pre-tax loss of RM2.5 million registered last year due to a one-off change to strengthen reserves for future policyholders liabilities. Higher investment income from mark-to-market gains of fixed income investments as well as realised gains on disposal of investment properties and equities softened the impact of the lower contribution from underwriting results.

AAGI on the other hand reported a PBT of RM50.7 million for the current quarter, signifying a substantial 44.9% increase as compared to same quarter last year. Similarly, for the half-year period, AAGI reported a 43.9% increase in PBT to RM71.5 million, mainly due to the improved underwriting and better investment results.

AFFIN Moneybrokers Sdn Bhd recorded a higher PBT of RM1.5 million for half-year ended 30 June 2015 as compared to RM1.0 million for the same period last year while its PBT for the quarter under review was RM0.6 million.

Economic Outlook and Group Prospects

The current economic climate and the uncertainty in the global economic outlook are expected to have an impact on the Group's commercial banking arm and the banking sector in general. Increase in funding costs as well as a tapering in profit margin are expected in the second half of 2015 mainly due to strong competition among domestic banking facilities for both deposits as well as consumer markets.

ABB looks to further enhance efficiency and productivity in the delivery of its products and services. Guided by its strategic plans, ABB aims to retain its competitive edge and expand its business within distinct risk parameters. Transactional banking is expected to further enhance ABB's brand value and visibility by increasing its domestic footprint while exploring the potential for establishing an ASEAN presence in addition to being a major source of fee income.

Although the operating environment for the investment banking industry is becoming more competitive, the Group is optimistic about the segment's ability to offer a wider range of products and services in terms of investment banking as well as asset management to its enlarged clientele as a result of the merger.

Meanwhile, the insurance segment will focus on key business lines, customer centricity, human resources, information technology, digital transformation as well as leveraging on the Group's network in order to achieve sustainable growth despite the challenging and competitive operating environment.

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, asset 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 2015, the Group's unaudited paid-up capital stood at RM1.9 billion, while the Group's shareholders' fund was at RM8.2 billion.

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