



media release

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**AFFIN Bank Group recorded a PBT of RM675.0 million
for the financial year ended 31 December 2018**

Summary of FY2018 Financial Results

	Financial Year Ended		Variance	
	31/12/2018 RM '000	31/12/2017 RM'000	RM'000	%
Net Interest Income	845,400	850,897	(5,497)	(0.7)
Net Income	1,920,602	1,560,455	360,147	23.1
Operating Profit	632,182	541,000	91,182	16.9
Profit before Zakat and Tax	679,109	554,070	125,039	22.6
Profit Before Tax	674,996	550,699	124,297	22.6
Net Profit	527,420	424,438	102,982	24.3
Profit attributable to equity holders of the Bank	503,086	417,855	85,231	20.4
Earnings per share (EPS)	25.89	23.98	1.9	8.0

AFFIN Bank (AFFINBANK) Group recorded a profit before tax after zakat (PBT) of RM675.0 million for the financial year ended 31 December 2018, an increase of RM124.3 million or 22.6% as compared to that of the previous year while profit after tax (PAT) also increased from RM424.4 million to RM527.4 million for the financial year under review. The improved performance was mainly due to increase in net fee and commission income, Islamic banking income, net gain on financial instruments and other income.

Highlights of financial performance by entities - Profit Before Tax after Zakat				
Entity	FY2018 (RM'000)	FY2017 (RM'000)	Variance %	Commentary
AFFINBANK	675.0	374.4	80.3	Higher PBT mainly due to higher dividend income, higher other income and lower allowance for credit impairment losses.
AFFIN ISLAMIC	155.4	118.0	31.7	Higher PBT was mainly due to increase in income of financing, advances and other financing that was in line with the financing growth of RM3.3 billion or 21.3%.
Affin Hwang Capital	160.5	182.3	(12.0)	Notwithstanding the extremely challenging capital market environment, Affin Hwang Capital managed to marginally grow its fee income and brokerage income. However, PBT fell 12%, dragged by the fall in investment income from its trading activities.
AXA Affin Life Insurance Berhad	(7.3)	(26.1)	72.0	A lower pre-tax loss mainly due to lower reserve for future policy holders' liabilities and better operating earnings. During the financial year, there was an improvement in new business margin from 42% to 47%, driven by focus on higher margin protection, health protection, health products and effective cost management, despite lower annualised new business premium.
AXA Affin General Insurance Berhad	140.0	142.2	(1.6)	PBT of RM140.0 million mainly attributable to higher investment income, stable underwriting results and capital gains on disposal of investments, net of higher claims incurred. The gross written premium grew by 4.8% backed by momentum in Motor, Health and Retail businesses.
Affin Moneybrokers Sdn Bhd	1.5	0.4	275.0	Higher PBT mainly due to lower overhead expenses in 2018 as there was Mutual Separation Scheme cost of RM1.2 million incurred in 2017.
AFFINBANK Group	675.0	550.7	22.6	

Achievements, future prospects and outlook

In 2019, Malaysia's economic growth is forecasted to expand by 4.7%, similar to the growth in 2018. The government is maintaining the 2019 GDP growth at 4.9% supported by higher private consumption and private investment mainly in household spending and on-going infrastructure projects. Despite the proposed reintroduction of targeted fuel subsidy in the second half of 2019, inflation is projected to remain manageable in the range of 2.0% to 2.2% this year versus the official target of 2.5% to 3.5%. Due to the weak ringgit and rising downside risk to global economy, Bank Negara will likely hold its Overnight Policy Rate ('OPR') at 3.25% throughout year 2019.

The banking industry is expected to have a moderate loan growth with fee-based income expected to be soft due to volatile capital markets. Selective asset growth will be the focus for the banks. We will continue our growth path with Affinity Programme. In addition, the re-organisation of the Group which was completed in February 2018 is expected to strengthen the Group's Synergy. Leveraging on the Group's infrastructure, the Bank will continue to strengthen its existing offerings, accelerate the development of its digital banking solution and further improve its innovativeness to meet customers' requirement.

AFFINBANK's strategic focus for the 2019 will remain on both retail and business banking segments, especially in the Small and Medium Enterprises ('SME') segment as well as transactional banking. The Bank will also be focusing on brand visibility, compliance requirements, improving asset quality and liquidity management.

Given the expansion of the SME segment is pivotal to Malaysia's economic growth, AFFINBANK is placing greater emphasis in this area. AFFINBANK collaborates with Small and Medium Enterprises Association (SAMENTA) Malaysia by engaging with its members to understand their financing needs. AFFINBANK also introduced SMEEngage which is a singular identity initiative to promote and support activities for SME customers through a series of programmes which include seminars, customer engagement and financial knowledge sharing. SMEessential, which is currently under pilot run, is a multiple products solution with key features that include easy on-boarding with fast activation within 72 hours. This solution fulfills the basic banking needs of business entity especially new startups and young entrepreneurs.

In 2018, AFFINBANK launched its first innovation branch in MyTown Shopping Centre, Cheras in its journey towards branch digitalisation. We have revamped the entire look and feel of this new branch with the concept of Service Ambassadors and going 'paperless' for applications. It is our goal in the future to turn all our branches to a one stop centre for financial advice and move away from a transaction-oriented business model. We have also embarked on the following to push forward digitalisation:-

- a) Revamped the Call Center with extended operating hours;
- b) Introduced Live Chat, Social interactions, e-mails and SMS under single platform;
- c) Revamping Retail Internet Banking; and
- d) Rolling out digital imaging to branches, account services and payment centres

The awards received by AFFINBANK in 2018 include Champion for the Best Customer Relationship Management for Contact Centre and runner up for Best New Contact Centre and Best New Campaign Award at the 19th Malaysia Contact Centre Awards & Gala Dinner 2018; Winner for the Achievement in Liquidity Risk Management for 2018 awarded by The Asian Banker Trust for the Asia

Pacific Region; Winner of CX Pioneer: Best New Customer - Breaking Silos with a Fast Deployment (Small) at 2018 Genesys Customer Innovation Award; ASNB Award for the overall top performing financial advisor; NONA Preferred Bank Award by NONA Superwoman Award 2018; ICT Organisation Excellence Award, from PIKOM, The National ICT Association of Malaysia and Winner of Best Recruitment Programme for Non-Degree Holders at Human Resources Asia Recruitment Award 2018. AFFINBANK also achieves the Payment Card Industry Data Security Standard Certification.

AFFIN ISLAMIC's priorities in 2019 will continue to be in line with AFFINITY Programme which is to focus on profitable growth and operating efficiencies. AFFIN ISLAMIC is aiming to enhance its Islamic financing portfolio to 40% by the year 2020 as per Bank Negara Malaysia's 10-year Financial Sector Blueprint. With the evolving in customer behaviour and increasing expectation of the banking industry, the Bank's target segment remains on SME & Commercial, Corporate and Public Sector. AFFIN ISLAMIC will continue to develop innovative product suites and strategic solutions in order to build stronger client relationship with these segments. For the consumer business segment, the strategic initiatives will be towards enhancing customer experience and building infrastructure capability through digital banking platform.

In October 2018, the Bank marked a breakthrough in the Institutional Unit Trust Adviser (IUTA) distribution segment as the first bank to ink a Memorandum of Understanding (MoU) with PMB Investment Berhad, an Islamic fund management company. The signing signifies the Bank's commitment to distribute, promote and market six of PMB Investment Berhad's trust funds through the Bank's branches nationwide. AFFIN ISLAMIC has also signed a Memorandum of Understanding (MoU) on its AFFIN Education Financing-i with three local universities namely Management & Science University (MSU), SEGi University & Colleges and MAHSA University. These signing ceremonies signify AFFIN ISLAMIC's commitment in the framework of strengthening joint cooperation between the Bank and universities and institutions of the education sector in Malaysia through value-based intermediation.

For the year under review, AFFIN ISLAMIC received a five-star rating in the assessment of national language in the financial sector by Bank Negara Malaysia together with Dewan Bahasa dan Pustaka, which is the highest possible rating in the assessment.

In 2018, Affin Hwang Capital further solidified their position as a leading Malaysian capital markets player. Their pioneering spirit and commitment to excellence were exemplified by several notable milestones during the year. Affin Hwang Capital teamed up with Bursa Malaysia to develop and subsequently launched the first Bursa approved Islamic Securities Selling and Buying Negotiated Transaction (ISSBNT), enabling market participants to tap into the Islamic Capital Market with a shariah-compliant alternative to conventional securities borrowing and lending activities. During the year, AIIAMAN Asset Management Sdn Bhd, their Islamic Asset Management entity was granted a licence from FIMM to distribute third party funds. Affin Hwang Capital was also the principal adviser to MI Equipment Holdings Berhad, in the largest IPO listing on Bursa Malaysia for the year.

These driving qualities contributed to Affin Hwang Capital receiving many awards last year, some of the key awards were "Best Overall Equities Brokerage", by Bursa Malaysia and "Best Securities House in Malaysia", by Asiamoney, while Affin Hwang Asset Management was awarded the "Best Asset Management House in Malaysia" by Euromoney and the "Best Institutional House in Malaysia" by Asia Asset Management.

In line with the Group's focus, the life insurance segment will strive to empower people to live a better life by providing financial protection through traditional distribution methods, digital and partnerships. This will allow AXA-Affin Life Insurance Berhad to reach out to different segments of the market with the aim of being the preferred health and protection insurer in Malaysia.

On the general insurance segment, commercial lines and lifestyle as well as individual health will remain as the key segments for growth with a focus on profitability. As part of the transformation journey, AXA-Affin General Insurance Berhad (AAGI) aims at creating value through enhancing customers experience and enriching customer value by leveraging on digitalisation to bring about innovations and efficiencies.

For the 3rd consecutive year, AAGI received the International General Insurer of the Year, Malaysia and New Insurance Product of the Year, Malaysia, in addition to the inaugural Claims Initiatives of the Year, Malaysia at the Asian Banking and Finance Insurance Asia Awards 2018. The awards recognised AAGI's focus and conviction to deliver their commitment to empower people with innovative and customer centric solutions. Organised by Asian Banking and Finance Magazine, the Insurance Asia Awards 2018 is an acclaimed industry award that recognises Asia's most outstanding financial institutions. The Asian Banking and Finance Magazine is the leading publication serving Asia's dynamic financial services industry.

Overall for 2019, the Group is committed in upgrading its capabilities and operating efficiencies specifically on digital front in enriching customer experience. The Group will continuously strive to maximise synergistic value within the Group and put in place more strategies to drive to the next phase of growth and meet the ever-changing business environment and the requirements. Going forward, the Group remains positive on the industry outlook and will continue to build resilience across its business and drive efficiency savings in its business operations, with collaborative efforts to better serve its enlarged clientele by focusing on the client experience.

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About AFFIN Bank Berhad (AFFINBANK) (25046-T)

The AFFINBANK Group is a 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.

AFFINBANK Group provides a suite of financial products and services that is catered to both retail and corporate customers. The target business segments are categorised under key business units such as Consumer Banking, SME & Commercial Business Banking, Corporate & Public Sector Business Banking and Treasury.

Our tagline of "Banking Without Barriers" signifies the removal of boundaries within the processes of the Bank as well as its attitude in servicing its customers. The latter means reaching out to the customers, improving relationships with them, making each one of them feel privileged and enhancing a new approach to banking and changing the face of conventional banking.

AFFINBANK Group also provides Islamic banking products and services via its Islamic banking subsidiary Affin Islamic Bank Berhad (AFFIN ISLAMIC). AFFIN ISLAMIC commenced operations on 1st April 2006 as a full-fledged Islamic bank and offers a complete range of Islamic Banking products and services for individuals and corporates which are in compliance with Shariah principles and laws.

As at 31 December 2018, AFFINBANK and AFFIN ISLAMIC have a network of 110 branches in Malaysia. For more information, log on to www.affinbank.com.my or visit any of the AFFINBANK or AFFIN ISLAMIC branches nationwide.