



# media release

FOR IMMEDIATE RELEASE

27 AUGUST 2019

## AFFIN Bank Group recorded Profit Before Tax of RM400.0 million in 1H2019

### Financial performance highlights of 1H2019 results

- Net income for 1H2019 was RM970.4 million as compared to RM970.8 million in 1H2018.
- Profit before tax grew by RM99.4 million or 33.1% to RM400.0 million in 1H2019.
- Net profit for the 6-month period grew by RM81.8 million or 36.4% to RM306.8 million in 1H2019.
- Total assets increased by RM0.3 billion or 0.4% to RM76.3 billion as at 30 June 2019 from RM76.0 billion as at 31 December 2018.
- Total deposits grew by RM1.9 billion or 3.3% to RM59.2 billion from RM57.3 billion as at 31 December 2018.
- Net assets per share as at 30 June 2019 was RM4.70 (31 December 2018 : RM4.50).

### Summary of 1H2019 results

	Financial Period Ended		Variance	
	30/06/2019 RM '000	30/06/2018 RM'000	RM'000	%
Net Interest Income	375,368	426,321	(50,953)	(12.0)
Net Income	970,443	970,795	(352)	(0.04)
Operating Profit	391,455	270,724	120,731	44.6
Profit before Zakat and Tax	404,326	301,293	103,033	34.2
Profit Before Tax	400,016	300,650	99,366	33.1
Net Profit	306,823	224,988	81,835	36.4
Profit attributable to equity holders of the Bank	293,262	214,773	78,489	36.5
Earnings per share (EPS)	14.8 sen	11.1 sen	3.7 sen	33.3

Group Chief Executive Officer of Affin Bank Berhad, Encik Kamarul Ariffin bin Mohd Jamil said, "AFFIN Bank Group continued to deliver stable growth and strong financial performance in the first half of 2019. The strong results are testament to the success of our on-going corporate strategy and the achievements to transform the Bank to further diversify its products and digitalisation of its business. Our current earnings are reflective of our resilience to remain focused on our key business areas, with the emphasis on organic growth. Besides being the one stop financial services provider

and given the heightened competition in the banking and financial sector, we are all out looking for business opportunities”.

“We are extremely proud of these achievements which are the results of the hard work and dedication of our management and employees. Moving forward, we will build this momentum and are confident that we will achieve continued growth and even greater value creation of our shareholders, customers and community as we work closely with our stakeholders”.

<b>Highlights of financial performance by entities - Profit before Tax (PBT)</b>				
<b>Entity</b>	<b>1H2019 (RM'Mil)</b>	<b>1H2018 (RM'Mil)</b>	<b>Variance (RM'Mil)</b>	<b>Commentary</b>
AFFINBANK	227.5	315.4	(87.9)	Lower PBT as there was a decrease in other income and net interest income offset by the write back of credit impairment losses, higher net gain on financial instruments and lower overhead expenses. Higher PBT for 1H2018 was mainly attributed to the dividend of RM178.0 million received from subsidiaries.
AFFIN ISLAMIC	68.2	85.6	(17.4)	Lower PBT due to lower net financing income and higher overhead expenses, net of higher gain on financial instruments and lower allowance for credit impairment losses.
Affin Hwang Capital	96.8	83.0	13.8	Higher PBT was mainly due to higher net gain on financial instruments and write back of credit impairment losses offset by lower net interest income and net fee and commission income
AXA Affin Life Insurance Berhad	3.0	(1.9)	4.9	Higher PBT was mainly due to growth in new business and higher investment income offset by higher provision for reserves for future policyholders' liabilities.
AXA Affin General Insurance Berhad	30.8	86.4	(55.6)	Lower PBT mainly contributed by higher net claims incurred and lower gain on disposal of investments
Affin Moneybrokers Sdn Bhd	1.3	0.6	0.7	Higher PBT mainly due to higher net brokerage income, net of higher overhead expenses.
AFFIN Bank Group	400.0	300.7	99.3	

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## Future business prospects and outlook

The Malaysian economy recorded a stronger growth of 4.9% in 2Q2019 (1Q2019 : 4.5%), supported by higher household spending and private investment, higher than the market expectation of 4.7% year-on-year. This was mainly supported by the expansion in domestic demand, led by the private sector, especially from private consumption and private investment.

Due to the better-than-expected real GDP growth in 2Q2019, the 2019 GDP growth is now forecasted higher by 0.2% from 4.5% to 4.7%. This takes into account some expected slowdown in the growth in 2H2019, from 4.9% in 2Q2019 to an estimated 4.7%. The sustainability of the real GDP growth in the quarters ahead hinges importantly on developments in the global environment, and there are caution of downside risk from the trade war between US and China. The GDP for 2020 is forecasted at 4.5%.

For the 2Q2019, headline inflation averaged higher mainly reflecting the lapse in the impact of the GST zerorisation that was implemented in June 2018. The core inflation, excluding the impact of consumption tax policy changes, was at 1.6%. The headline inflation in the second half of 2019 is expected to average higher compared to the first half following the lapse in the impact of consumption tax policy changes. Underlying inflation is expected to remain stable, supported by the continued expansion in economic activity and in the absence of strong demand pressures.

Domestically, BNM is expected to remain cautious on economic outlook as uncertainty in the external environment will remain prevalent stemming from the unresolved trade tensions. With the headline inflation remain manageable, BNM is expected to leave the OPR unchanged at least until the end of 2019, after 25bps cut at its meeting in May 2019. The move to cut the rate could support growth in domestic demand, especially private consumption from higher disposable income with slightly lower monthly mortgage repayments.

In 2H2019, the banking industry is expected to be characterised by moderate loan growth and soft capital markets. The prevailing market conditions, both globally and domestically will continue to drive volatility and uncertainty in the industry. Caution will prevail in the industry due to the soft economic outlook globally and selective asset growth will be the focus for banks.

The Group is upgrading its capabilities and operating efficiencies specifically on digital front in enriching customer experience. In the 2H2019, customers can look forward to more digital offerings with the new AFFIN Pay @ E-Wallet and Visa Signature Credit Card which was launched in July 2019. The new Retail Internet Banking and Mobile Internet Banking are also in the pipeline. On the Corporate Banking side, the new Transaction Banking System will enable AFFINBANK to on board new customers and enhance existing customers' experience. On the Small and Medium Enterprises ('SME') front, the new SME colony is also in progress and AFFINBANK is working with renowned Fintech partners to realise this initiative.

The Group will continuously strive to maximise synergistic value and put in place more strategies to drive the next phase of growth and meet the ever-changing business environment and requirements. AFFINBANK's strategic focus for the 2019 will remain on both retail and business banking segments, especially in the SME segment.

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## Awards and recognitions

On 18 July 2019, AFFINBANK won the award of Website of the Year-Malaysia in the Retail Banking Awards 2019 by Asian Banking & Finance.

At the MSWG-ASEAN Corporate Governance Awards 2018 ceremony held on 31 July 2019, AFFINBANK was ranked among the top 100 companies for Corporate Governance Disclosure 2018.

On 4 July 2019, AFFIN ISLAMIC was awarded the Islamic Issuer of the Year- Financial Institution, for the issuance of the Bank Capital Sukuk comprising RM300 million Additional Tier 1 Sukuk Wakalah and RM800 million Tier 2 Sukuk Murabahah at the Asset Triple A Islamic Finance 2019 Luncheon. At the same event, AFFIN ISLAMIC was also awarded the Best Deal, Regional Capital Market for the issuance of the Bank's Capital Sukuk.

Affin Hwang Capital was conferred four awards between May to July 2019, which includes the award for 2nd runner up (by issue count) in the Malaysia Rating Corporation Berhad's (MARC) Lead Managers League Table 2018, which ranks the top lead managers for MARC related debt and sukuk programmes / issuances in 2018. In addition, the Asset Triple A awarded Affin Hwang Capital with a total of three awards at the Islamic Finance Awards 2019, further solidifying its presence as a leading investment bank in the Islamic finance industry. The awards were the Best Bank Capital Sukuk – Asia Pacific for AFFIN ISLAMIC's Sukuk issuance above, Best Sustainable Responsible Investment (SRI) Sukuk for Universiti Teknologi MARA's RM222.3 million solar power green SRI sukuk and Best New Sukuk for Serba Dinamik Holdings Berhad's RM800 million dual tranche sukuk.

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**About Affin Bank Berhad (25046-T)**

The AFFIN Bank 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.

Affin Bank Berhad (AFFINBANK) 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 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.

AFFIN Bank 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 March 2019, AFFINBANK and AFFIN ISLAMIC have a network of 110 branches in Malaysia. For more information, log on to [www.affinbank.com.my](http://www.affinbank.com.my) or visit any of the AFFINBANK or AFFIN ISLAMIC branches nationwide.