



# media release

FOR IMMEDIATE RELEASE

28 NOVEMBER 2019

## PBT grew 4.7% to RM510.7 million for 9M2019

### Key Performance Highlights of 9M2019 Group results

#### Overall Performance

The Group registered a PBT of RM510.7 million for the 9 months ended 30 September 2019, an increase of RM22.8 million or 4.7% as compared to RM488.0 million for the same period in the previous year, mainly attributable to lower allowances for impairment losses of RM78.4 million and the Group has also realised a net gain of RM106.3 million of its financial investments portfolio.

Net assets per share grew 5.1% to RM4.69 as at 30 September 2019 ( 31 December 2018 : RM4.46) while the Group's shareholders equity stood at RM9.3 billion (31 December 2018 : RM8.7 billion)

#### Financial Summary of 9M2019 Group results

	Nine-Months Ended		Variance	
	30/09/2019 RM '000	30/09/2018 RM'000	RM'000	%
Net Interest Income	556,002	637,874	(81,872)	(12.8)
Non interest income	588,506	528,801	59,705	11.3
Net Income	1,444,703	1,467,044	(22,341)	(1.5)
Operating Profit	503,366	455,784	47,582	10.4
Profit before Zakat and Tax	516,061	491,846	24,215	4.9
Profit Before Tax	510,745	487,969	22,776	4.7
Net Profit	384,374	375,506	8,868	2.4
Profit attributable to equity holders of the Bank	365,661	359,336	6,325	1.8
Earnings per share (EPS) - Sen	18.44	18.49	(0.05)	(0.3)

#### Net Interest Income

The net interest income however decreased by RM81.9 million for the period under review, in line with the reduction in financial investments at FVOCI of RM4.8 billion and loans, advances and financing portfolio of RM2.4 billion.

### **Non-Interest Income**

The Group posted a higher non-interest income of RM588.5 million, a 11.3% increase year on year due to higher net gain on financial instruments of RM106.3 million. The fee-based income however reduced by RM28 million to RM320.9 million mainly due to the weaker market environment, particularly in the asset management and stockbroking businesses.

### **Loan Growth, Deposits Growth and Loan- to- fund ratio**

For the first nine months of 2019, the Group's total loans, advances and financing shrunk by 4.8% to RM46.6 billion due to rebalancing of portfolios. The Group's customer deposits also reduced by 0.8% to RM56.9 billion as compared with the previous financial year. The loan-to-fund ratio was stable at 77.0% as at 30 September 2019 as compared to 81.1% as at 31 December 2018.

### **Asset Quality**

As at 30 September 2019, the Gross Impaired Loan ('GIL') ratio for the Group was at 3.42%. The two accounts affecting the Group GIL ratio are from the Real Estate and Oil and Gas sectors. The Group expects to resolve one of those accounts by 1Q2020. Meanwhile, the Loan Loss Reserve was maintained at 96.0%.

### **Liquidity Position**

As at 30 September 2019, the Group's liquidity coverage ratio stood at 237.8% [31 December 2018 : 169.3%] while the NSFR stood at 121.1% [31 December 2018 : 86.9%].

### **Capital Adequacy Ratios**

The Common Equity Tier 1 ('CET 1'), Tier 1 and Total capital ratios of all the banking entities in the Group as at 30 September 2019 remained sturdy and well above the regulatory requirements, a testament to the Group's financial strength.

The capital ratios of Affin Bank Group as at 30 September 2019 are as follows :-

Total Capital	22.44%
CET 1	13.71%
Tier 1	15.46%

En Kamarul Ariffin bin Mohd Jamil, the Group Chief Executive Officer of Affin Bank Berhad (AFFINBANK) said, "We will continue to deliver our innovative financial solutions to our customers as we believe that the Malaysian economy holds much potential for a full-serviced financial Group such as us. In addition, our continued earnings growth for the nine-month period under review are testament of the initiatives and steps we have taken to deliver good results despite the challenging external environment."

**Highlights of financial performance by entities - Profit before Tax (PBT)**

Entity	9M2019 (RM'Mil)	9M2018 (RM'Mil)	Variance (RM'Mil)	Commentary
AFFINBANK	334.6	472.0	(137.4)	Higher 9M2018 PBT was mainly attributable to dividend received from subsidiaries of RM223.0 million.
AFFIN ISLAMIC	85.5	117.3	(31.8)	Lower PBT was mainly due to lower net financing income and higher overhead expenses, offset by higher net gain on financial instruments and lower allowance for credit impairment losses.
Affin Hwang Capital	145.3	124.0	21.3	Higher PBT was mainly due to higher net gain on financial instruments, offset by lower net fee & commission income and net interest income.
AXA Affin Life Insurance Berhad (51% joint venture company)	(4.5)	(2.4)	(2.1)	Higher share of losses mainly due to higher reserves for future policy holders liabilities as a result of downward movement in MGS rate.
AXA Affin General Insurance Berhad (49.95% associate)	17.2	38.5	(21.3)	Lower share of profit mainly attributable to the higher claim reserves in the Motor segment.
Affin Moneybrokers Sdn Bhd	2.0	1.1	0.9	Higher PBT was mainly due to higher brokerage income, net of higher overhead expenses.
AFFIN Bank Group	510.7	488.0		

## Future business prospects, strategies moving forward and economic outlook

Since 2017, the Group has been investing in system and human capital to ensure regulatory compliance in all facets of its operation. By leveraging on technology, the Group would be able to automate some of the monitoring function hence reducing potential human error. The Group will continue to invest in this area due to its importance in our course of doing business.

The Bank is upgrading its capabilities and operating efficiencies specifically on digital front in enriching customer experience. Customers can now enjoy the new AFFIN Pay (virtual debit/credit card) launched in June 2019 for their cashless transactions. The new Retail Internet Banking was launched in September 2019 while the Mobile Internet Banking is 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 "SMEColony" mobile application was launched in July 2019. At the same time, AFFINBANK is also working with renowned FinTech partners on technology-driven initiatives.

There will be more digital initiatives to be rolled out as part of its digital roadmap which will provide the Bank with competitive edge and at the same time benefit the customers.

The Bank is honored that AffinOnline, AFFINBANK's Consumer Banking public website has been recognized by the Asian Banking and Finance as one of the best websites for the year. AFFINBANK's Contact Centre has made it to the Customer Innovation Awards and brought home the prestigious CX Sales and Marketing Performer Award two years in a row. In 2018, we also bagged the 'Best New Customer – Breaking Silos with Fast Development' award for making a groundbreakingly successful launch of the new Contact Centre System in 100 days. With the progressive works on the digitalization of Contact Centre, AFFINBANK will continuously deliver delightful experience leveraging on state-of-art technology for our customers.

As the emergence of start-ups have been encouraging in Malaysia which became a key element in stimulating the economy, AFFINBANK intends to be a key financial service provider and intermediary in easing their entrance into the market by offering a holistic start-up proposition with solutions ranging from transaction, protection, financing as well as advisory support. The Bank's proposition allows start-ups to experience a journey of financial inclusion, belonging and supportiveness. AFFINBANK has been awarded the "Best SME Banking Initiative for Start-Ups" under the Banking Awards Category of the International Finance Awards by United Kingdom-based International Finance magazine.

AFFINBANK's first ever digital branch located in MyTOWN Shopping Centre perfectly combined the elements and personal touch to create a unified way of customer experience using the digital channels. Shifting from a transactional mindset to customer centricity leveraging on technology and innovation, AFFINBANK's very first digital branch proven its success by notching the eminent Omni-Experience Innovator Award in September 2019.

In term of Group Synergy, the Bank celebrated its first anniversary as the Group's Apex entity and has seen closer collaboration between Affin Hwang Investment Bank, Affin Hwang Asset Management, AXA Affin General Insurance and AXA Affin Life Insurance in the space of syndicated deals, products and trainings. The Group's strategic priorities are in place.

Its enhanced capital plan has progressed as planned with various initiatives put in place (i.e the establishment of Sukuk Program, Dividend Reinvestment Plan and AT1CS) that will enable the Bank to carry through its AFFINITY Program and Strategic Risk Program initiatives.

The Group will continuously strive to maximize 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 4Q2019 will remain on both retail and business banking segments, especially in the SME segment.

Malaysia's real GDP growth slowed to 4.4% in 3Q2019 after rising to 4.9% in 2Q2019. Slower growth in 3Q2019 was attributed to the slowdown in domestic demand due to sharper decline in total investment as well as slower growth in private consumption. In the first three quarters of 2019, the real GDP registered an average growth of 4.6% year on year compared to 4.8% in the same period previous year. Overall growth for 2019 is expected to be within projection target of 4.3% to 4.8% (4.7% in 2018) and the pace will be sustained going into 2020. This is underpinned mainly by private sector activity, particularly household spending which is supported by continued expansion in employment and income.

Headline inflation in 2020 is projected to average higher than in 2019 but remain modest. The underlying inflation is expected to remain stable, supported by continued expansion in economic activity and in the absence of strong demand pressures.

The global economy still faces substantial downside risk stemming from uncertainties in global economic and financial conditions as well as weakness in commodity related sectors. BNM in its last monetary policy meeting in November 2019 decided to maintain the OPR at 3.0% stating that the current monetary policy remain accommodative and supportive to the economic activity but warned of a synchronised slowdown in the global economic activity in both the advanced and emerging economies.

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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 30 September 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.