



media release

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AFFIN Bank Group recorded a PBT of RM677.0 million for Financial Year 2019

Highlights of Group results for FY2019

Overall Group Performance

The Group recorded a Profit Before Tax after Zakat (PBT) of RM677.0 million for the financial year ended 2019, an increase of RM2.0 million or 0.3% as compared to RM675.0 million in the previous financial year, mainly driven by higher net realised gain on financial instruments and Islamic banking income of RM141.1 million and RM12.5 million respectively, offset by reduction in net interest income and other income totaling RM142.4 million. The Group also registered a lower allowance for impairment losses by RM15.4 million for the financial year under review.

Earnings per share (EPS) for FY2019 was 24.59 sen (FY2018 : 25.89 sen). Net assets per share grew 5.4% to RM4.70 as at 31 December 2019 (31 December 2018: RM4.46) while the Group's shareholders equity stood at RM9.3 billion (31 December 2018: RM8.7 billion)

YBhg. Dato' Agil Natt, Chairman of AFFINBANK said, "We are encouraged by the Group's overall performance for the financial year ended 31 December 2019, despite the challenging environment. Our growth is driven by our AFFINITY Programme which has made significant progress to date. Much of our focus this year has been on investing in our people and technology, including our digitalisation plans as well, which we consider significant milestones in our quest to get closer to our customers and enhance the customer experience".

Summary of Group results for Financial Year ended 31 December 2019

	Financial Year Ended		Variance	
	31/12/2019 RM '000	31/12/2018 RM'000	RM'000	%
Net Interest Income	743,117	845,400	(102,283)	(12.1)
Income from Islamic Banking business	410,683	398,190	12,493	3.1
Other operating income	777,950	677,012	100,938	14.9
Net Income	1,931,750	1,920,602	11,148	0.6
Operating profit before allowances	707,817	703,093	4,724	0.7
Allowances for credit impairment losses and other	55,476	70,911	(15,435)	(21.8)

	Financial Year Ended		Variance	
	31/12/2019 RM '000	31/12/2018 RM'000	RM'000	%
assets				
Operating Profit	652,341	632,182	20,159	3.2
Share of results of a Joint Venture and an associate	30,160	46,927	(16,767)	35.7
Profit before Zakat and Tax	682,501	679,109	3,392	0.5
Profit before Tax	676,971	674,996	1,975	0.3
Net Profit	516,091	527,420	(11,329)	(2.1)
Profit attributable to equity holders of the Bank	487,766	503,086	(15,320)	(3.1)
Earnings per share (EPS) - Sen	24.59	25.89	(1.30)	(0.1)

Net Interest Income

The net interest income reduced by RM102.3 million or 12.1% in line with the reduction in loans, advances and financing portfolio and financial investments at FVOCI of RM3.0 billion and 2.9 billion respectively.

Other Operating Income

The Group posted a higher other operating income of RM778.0 million, an increase of RM100.9 million or 14.9% year on year amid the challenging external environment. The net gains on financial instruments was higher by RM141.1 million whilst both fee-based income and other income declined by RM15.5 million and RM24.7 million respectively, in line with the prevailing market conditions particularly for the asset management and stockbroking businesses.

Operating expenses

The Group's operating expenses increased slightly by RM6.4 million or 0.5%, mainly due to rise in personnel costs. Nevertheless, the cost to income ratio improved slightly to 63.36% from 63.39% in the previous financial year.

Loan and Deposits Growth

For the FY2019, the Group's total loans, advances and financing shrunk by 6.1% to RM46.0 billion due to rebalancing of portfolios. The Group's customer deposits also reduced by 10.9% to RM51.1 billion as compared with the previous financial year. The loan-to-fund ratio was stable at 84.0% as at 31 December 2019 as compared to 81.1% as at 31 December 2018. Meanwhile the Loan to Fund and Equity ratio stood at 72.8% [31 December 2018 : 72.0%].



Asset Quality

As at 31 December 2019, the Gross Impaired Loan ('GIL') ratio for the Group improved to 3.00% from 3.25% as at 31 December 2018. Meanwhile, the Loan Loss Reserve was maintained at 96.9%.

Liquidity Position

As at 31 December 2019, the Group's liquidity coverage ratio (LCR) improved to 171.7% from 169.3% as at 31 December 2018 while the Group's Net Stable Funding Ratio (NSFR) also improved to 115.6% from 86.9% as at 31 December 2018, thus meeting BNM's guidelines on liquidity requirements.

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 31 December 2019 remained sturdy and well above the regulatory requirements, a testament to the Group's financial strength. The capital ratios of AFFINBANK Group as at 31 December 2019 are as follows:-

CET 1	14.44%
Tier 1	16.22%
Total Capital	23.24%

Dividends

In line with the Bank's dividend policy, a final dividend of 7.0 sen per share in respect of the financial year ending 31 December 2019 has been proposed by the Board, subject to the approval of the shareholders at the forthcoming AGM to be convened. The Board had also determined that the Dividend Reinvestment Plan (DRP) be applied to the said proposed final dividend and 100% of the proposed final dividend can be elected to be reinvested into new AFFINBANK's shares.

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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 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.

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 2019, 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.