



41ST ANNUAL GENERAL MEETING
Presentation to Shareholders
By
En. Kamarul Ariffin bin Mohd Jamil
Group Chief Executive Officer

24 April 2017



- ❖ **KEY HIGHLIGHTS & RATIOS**
- ❖ PROFIT BEFORE TAX BY SEGMENTS
- ❖ STRATEGIC DIRECTION – AFFINITY PROGRAM
- ❖ PROPOSED REORGANIZATION

Key Highlights of Financial Year 2016 Performance

TOTAL ASSETS
INCREASED TO
RM68.9 BILLION
2.2% YoY increase

PROFIT BEFORE TAX
& AFTER ZAKAT
INCREASED TO
RM737.7 MILLION
43.4% YoY increase

TOTAL DEPOSIT
INCREASED
MARGINALLY TO
RM55.4 BILLION
2.7% YoY increase

GROSS LOANS
INCREASED TO
RM44.2 BILLION
0.62% YoY increase



TOTAL EQUITY
INCREASED TO
RM8.7 BILLION
4.9% YoY increase

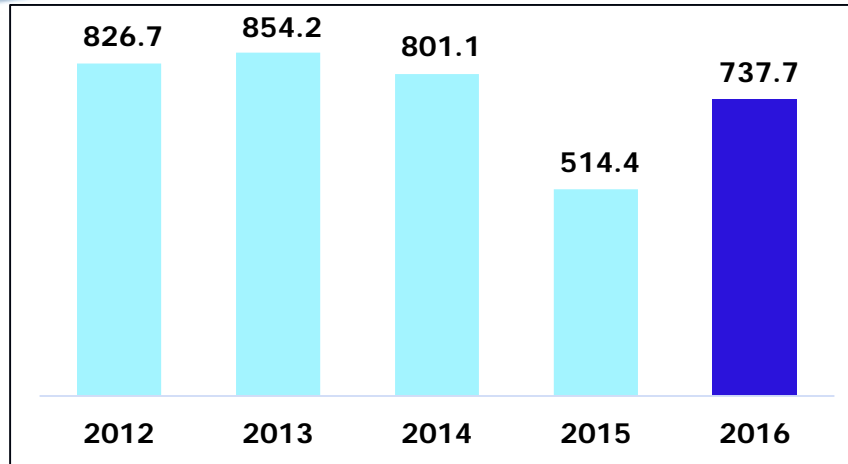
TOTAL CAPITAL
RATIO INCREASED TO
14.23%
2015:14.01%

NET INTEREST
MARGIN INCREASED
MARGINALLY TO
1.98%
2015:1.92%

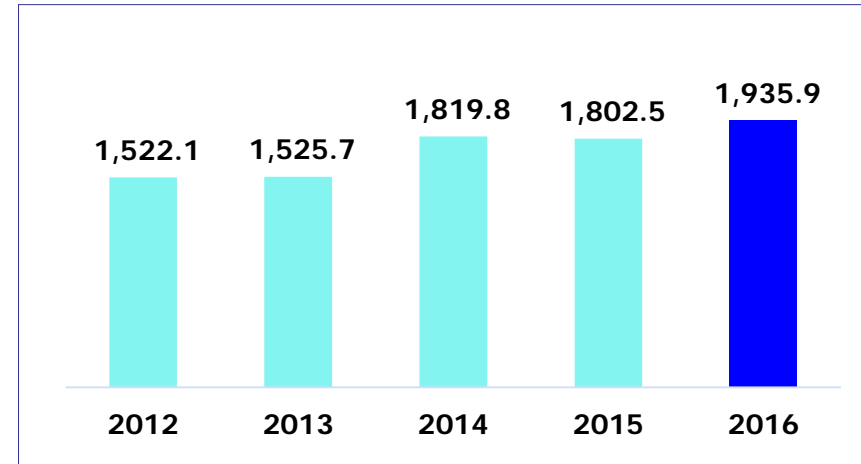
GROSS IMPAIRED
LOAN RATIO
DECREASED TO
1.67%
2015:1.90%

.. Sustainable income and earnings over the years

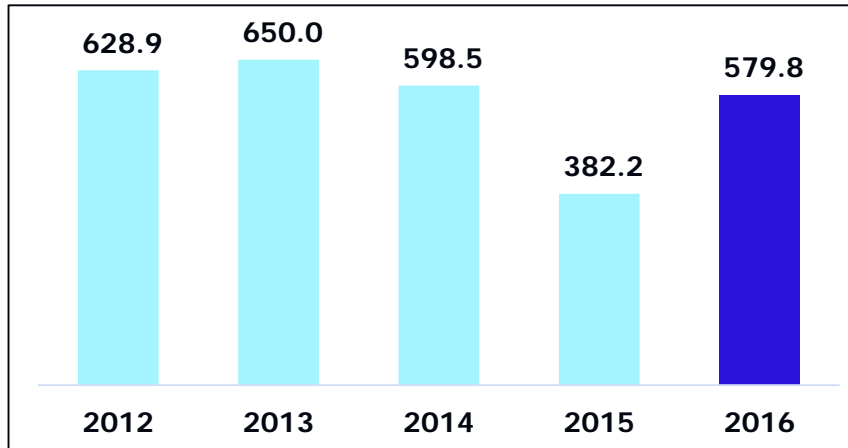
Profit Before Tax and After Zakat (RM Mil)



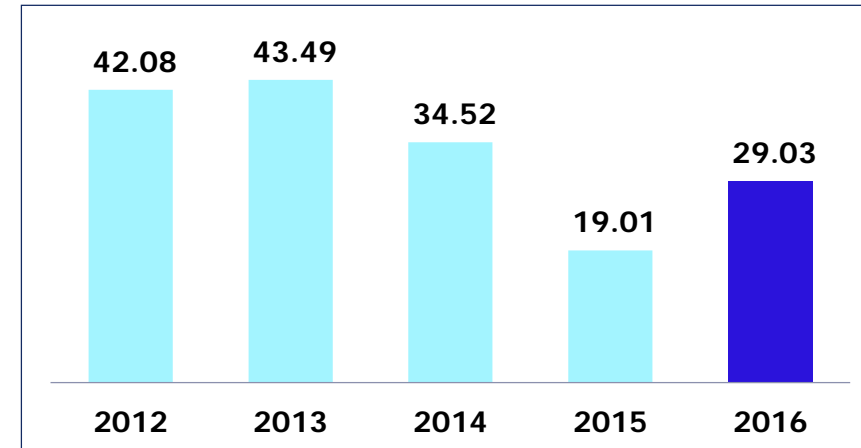
Net Income (RM Mil)



Net Profit (RM Mil)



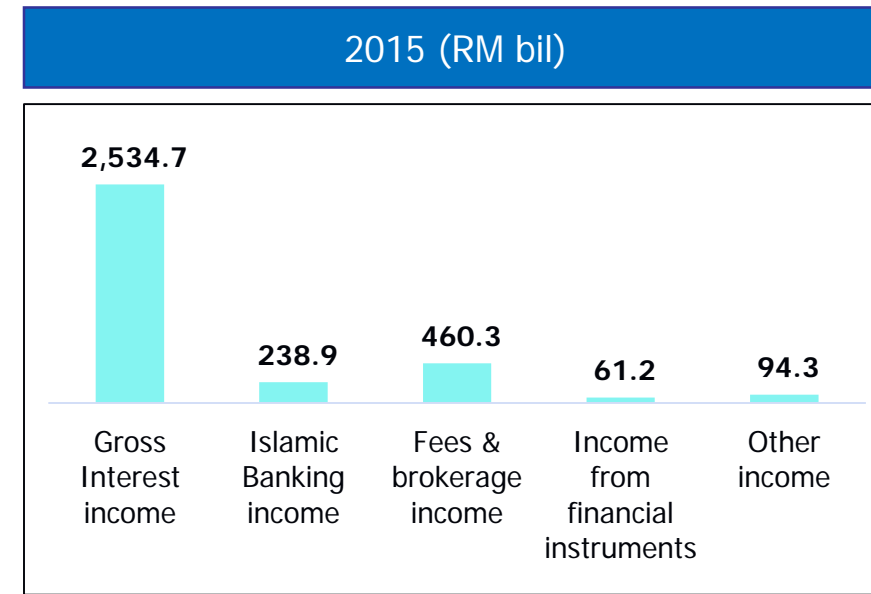
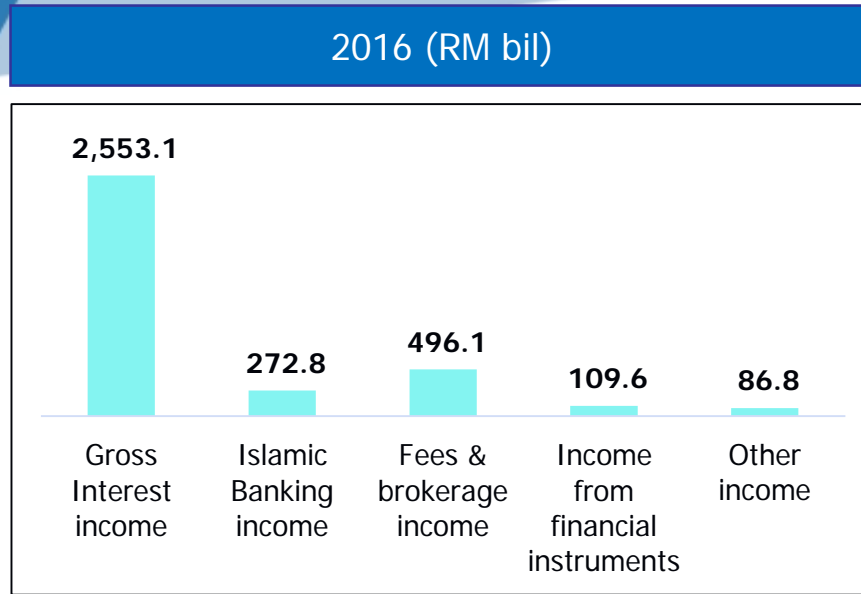
Earnings Per Share (sen)



Contribution of PBT by entities in the Group

PBT	2016 (RM million)
AFFIN Bank Group	599,871
AFFIN Hwang Investment Bank Group	129,787
AFFIN Moneybrokers	1,557
AXA AFFIN Life Insurance (Share of results)	(4,275)
AXA AFFIN General Insurance (Share of results)	53,137
AHB Group (Consolidated)	737,713

Income Composition



SEGMENTAL REVENUE AND PROFIT (2016)

	Commercial Banking	Investment Banking	Insurance	Others	Eliminations	Group
Segment Revenue	1,324.4	549.1	-	256.6	(194.2)	1,935.9
Profit Before Tax After Zakat	599.9	100.8	48.9	179.0	(190.9)	737.7

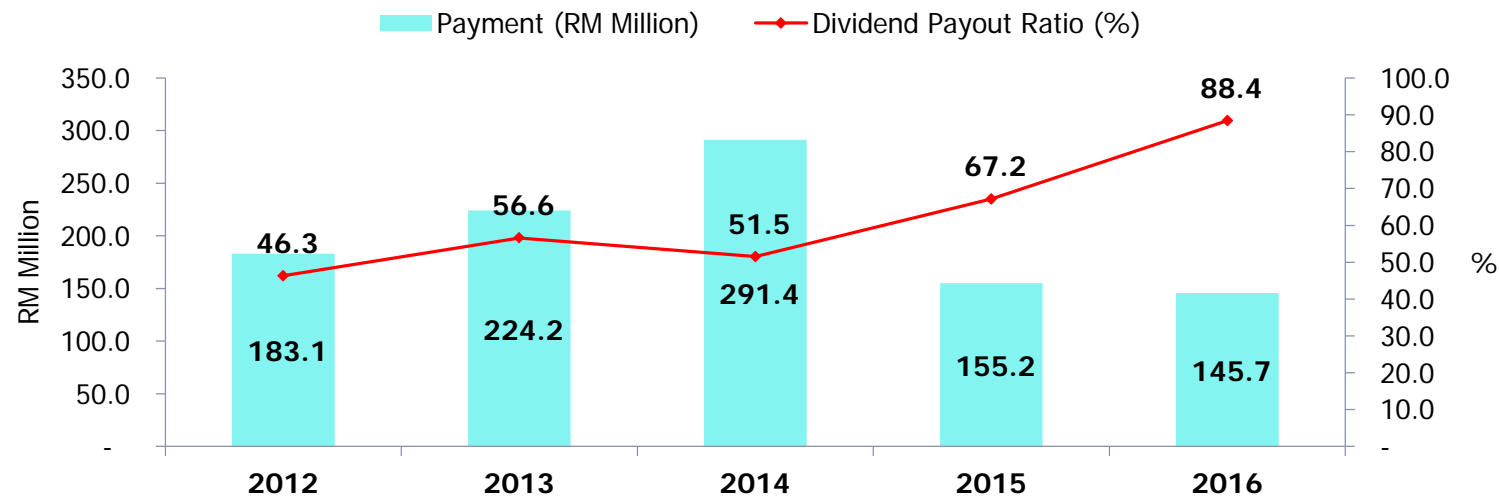
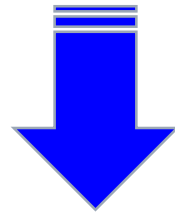
Pro-active management of capital to mitigate underlying risk and future business growth..

<u>CET 1 / Tier 1 / CCR</u>	FY2015	FY2016	Industry average (4Q2016)
AFFIN Bank Berhad*	11.93	12.52	12.92
AFFIN Islamic Bank Berhad	13.20	12.42	12.33
AFFIN Hwang Investment Bank Berhad*	32.07	35.30	33.21

<u>Total Capital Ratio</u>	FYQ2015	FY2016*	Industry average (4Q2016)
AFFIN Bank Berhad*	14.33	16.13	16.17
AFFIN Islamic Bank Berhad	14.41	13.59	16.00
AFFIN Hwang Investment Bank Berhad*	32.07	35.30	33.55

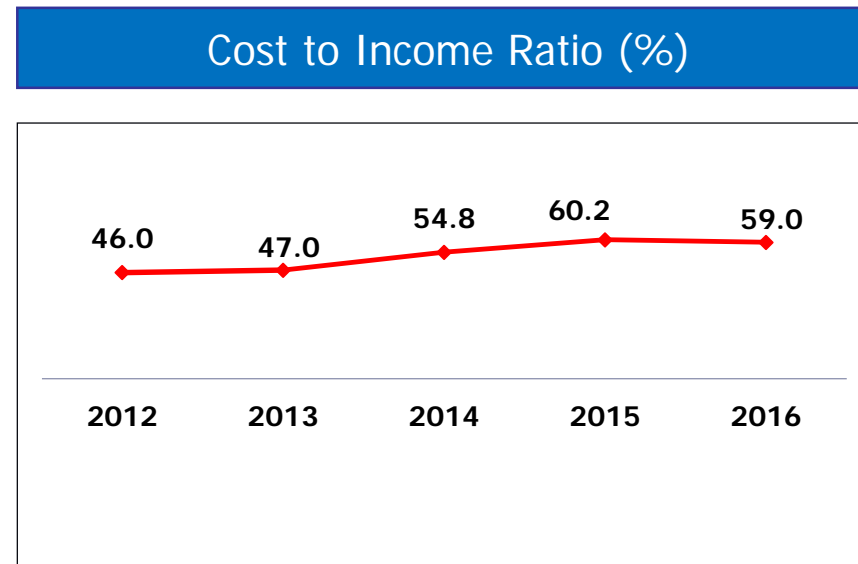
* After proposed dividend

**Earnings per share of 29.03 sen per share,
total dividend of 7.5 sen per share, and
total dividend payout of RM145.7 million.**



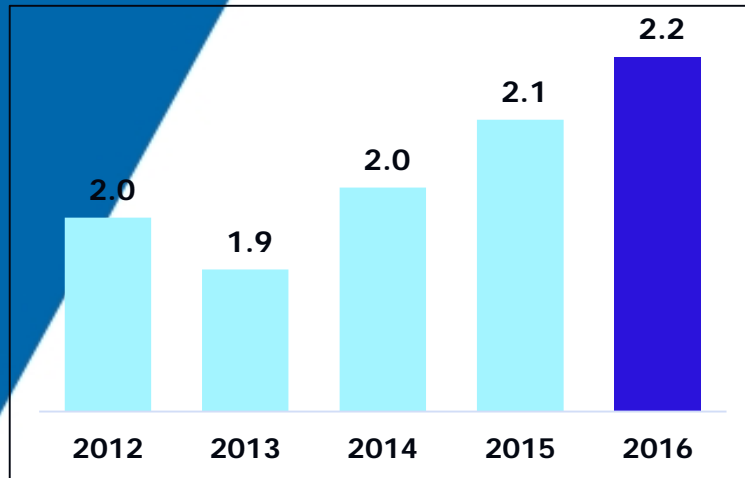
Group Overheads Composition

RM Million ('000)	2016	2015	Percentage Growth (%)
Personnel cost	603,640	595,735	1.3
Promotion & marketing related expenses	157,019	132,951	18.1
Establishment-related expenses	270,493	255,827	5.7
General & administrative expenses	111,769	101,205	10.4
TOTAL	1,142,921	1,085,718	5.3

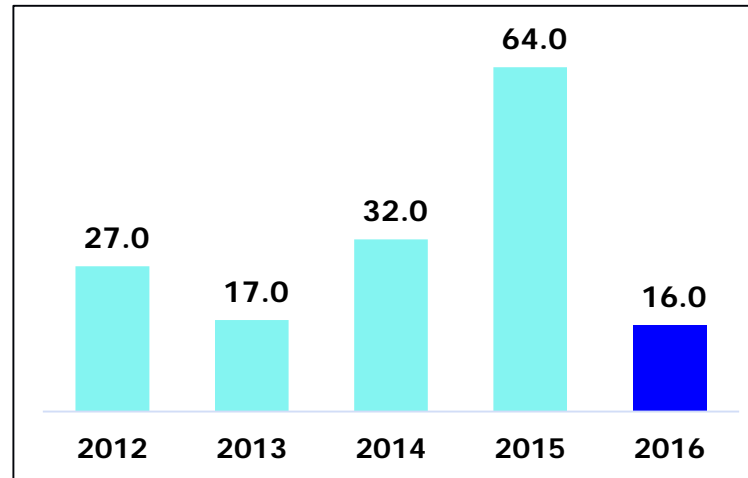


Key Ratios in 2016

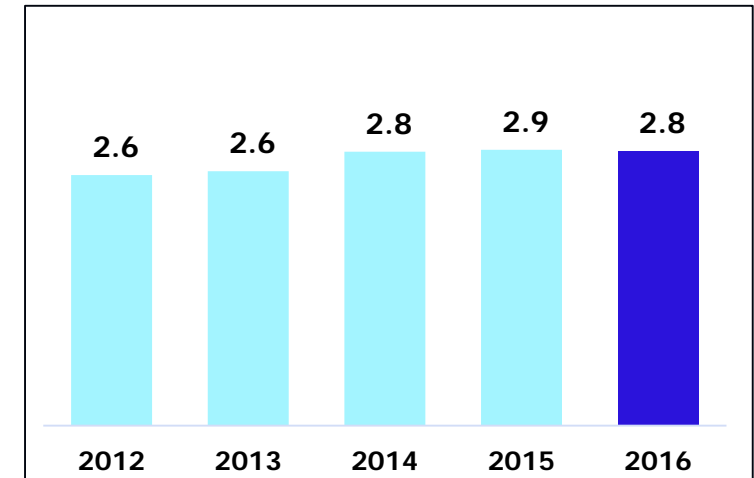
Net Interest Margin (%)



Gross Credit Cost (bps)*



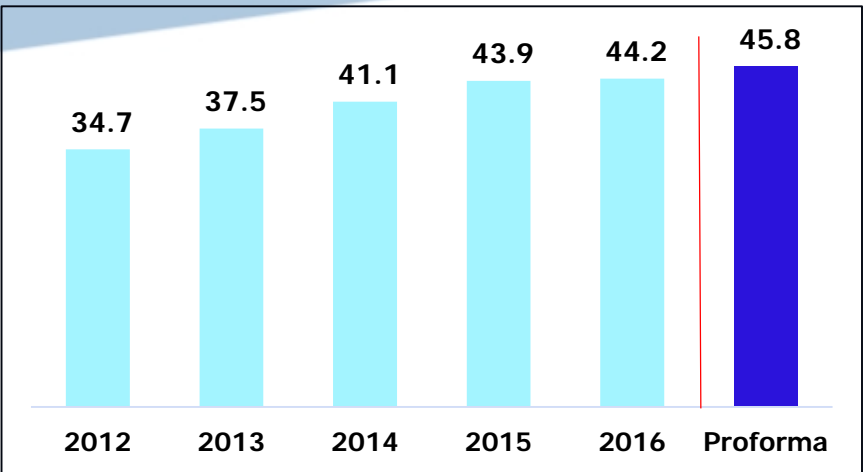
Cost of funds (%)



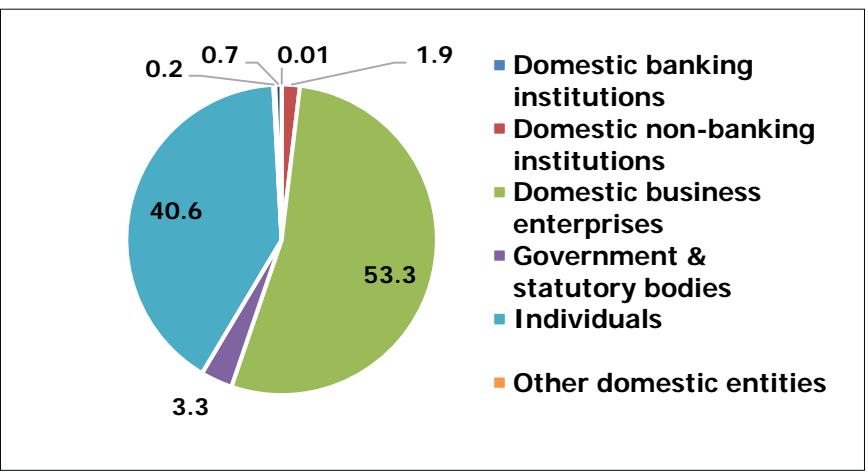
*Net credit cost for 2015 : 29bps & 2016 : 3bps

Gross loans advances & financing growth..

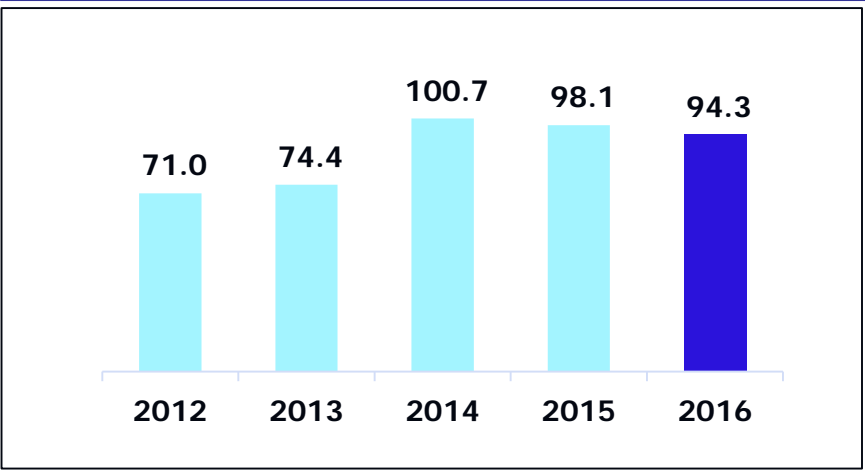
Total Gross Loans (RM bil)*



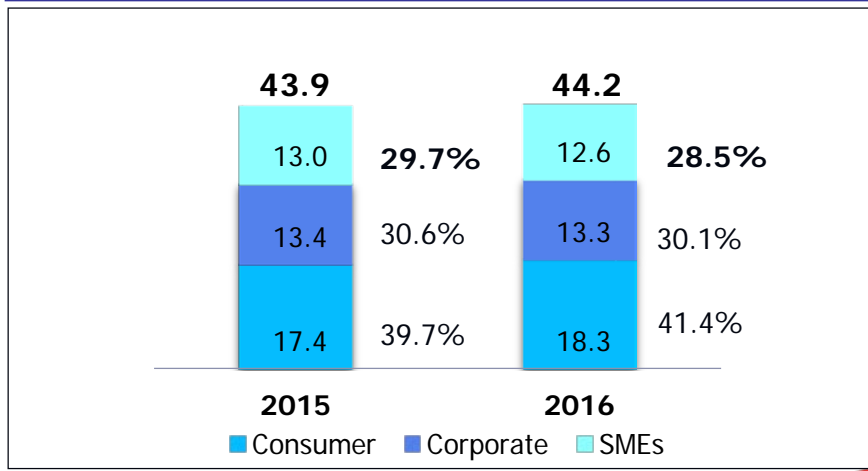
Gross Loan by Customer Type (2016)



Loan Loss Reserve (%)



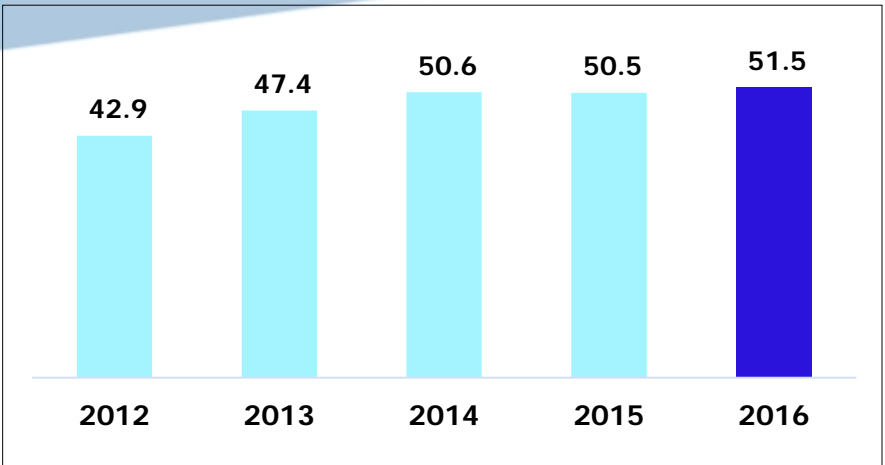
Loan by Business Segment (RM bil)



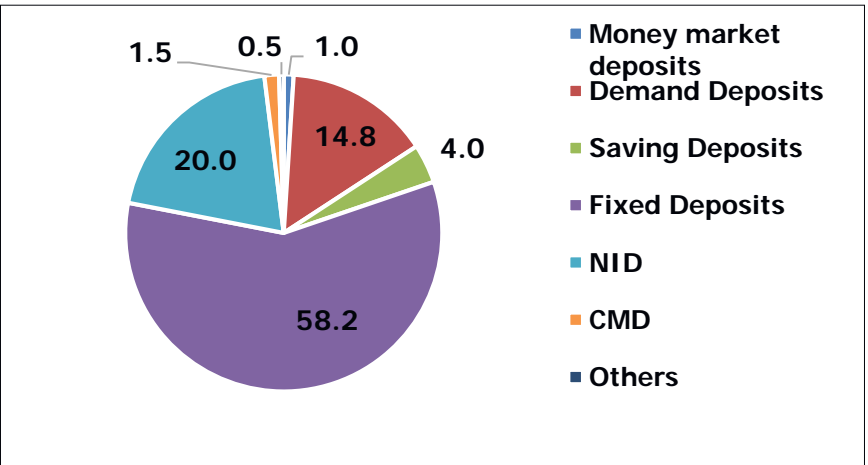
* Rebalancing of Loan Portfolio in FY16, normalized loan growth -4%

Our deposits grow steadily over the years..

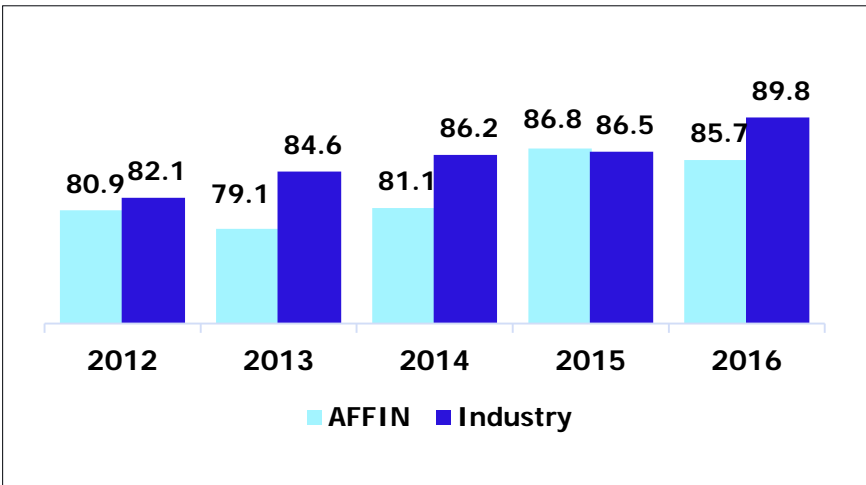
Deposits from Customers (RM Bil)



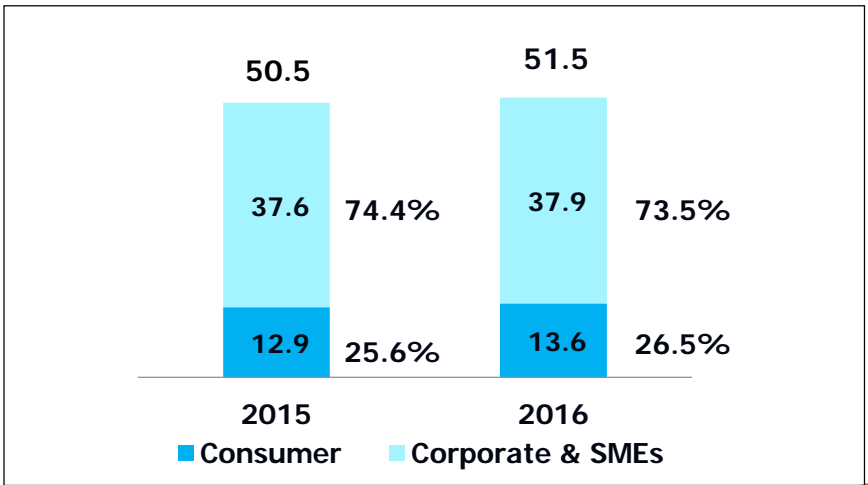
Type of Deposits (%) (2016)



Gross Loans/Deposit Ratio (%)

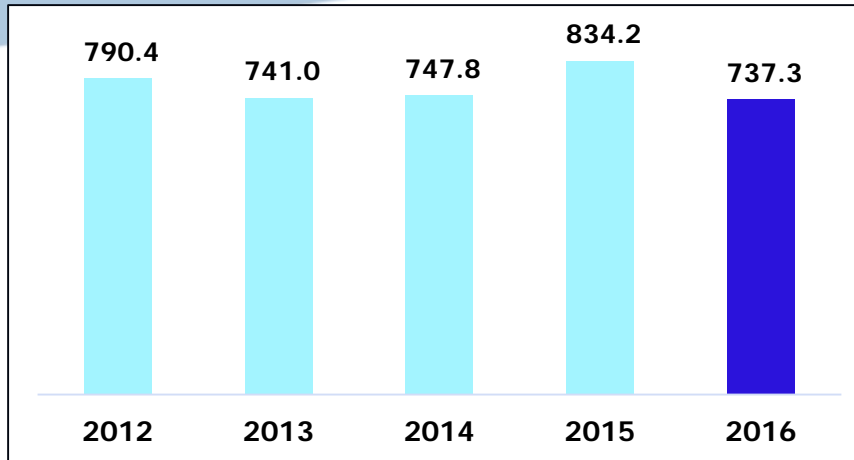


Deposits (RM Bil)

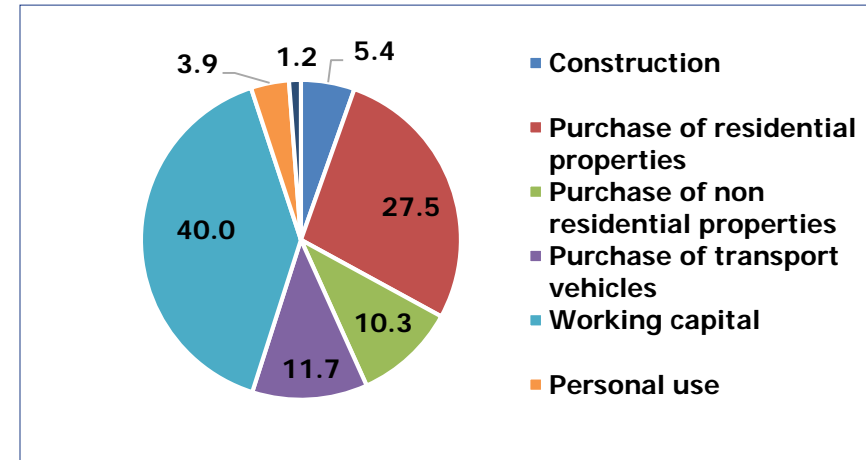


Asset Quality

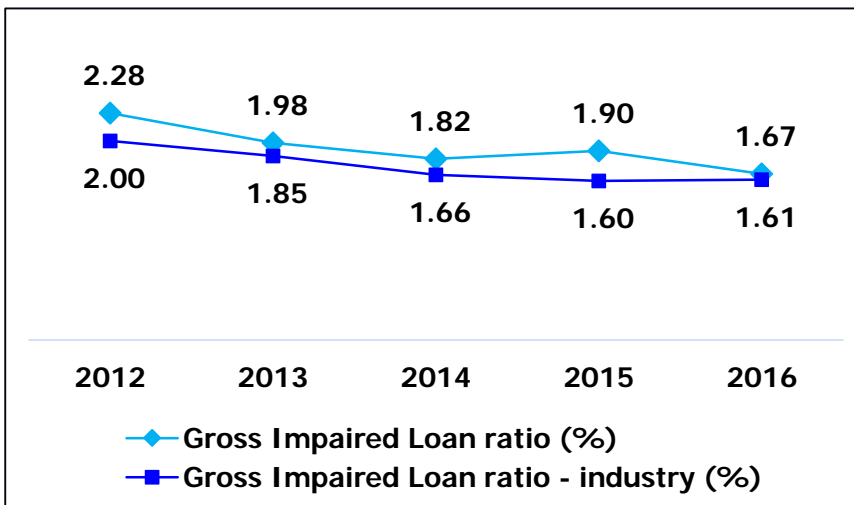
Gross Impaired Loan (RM Mil)



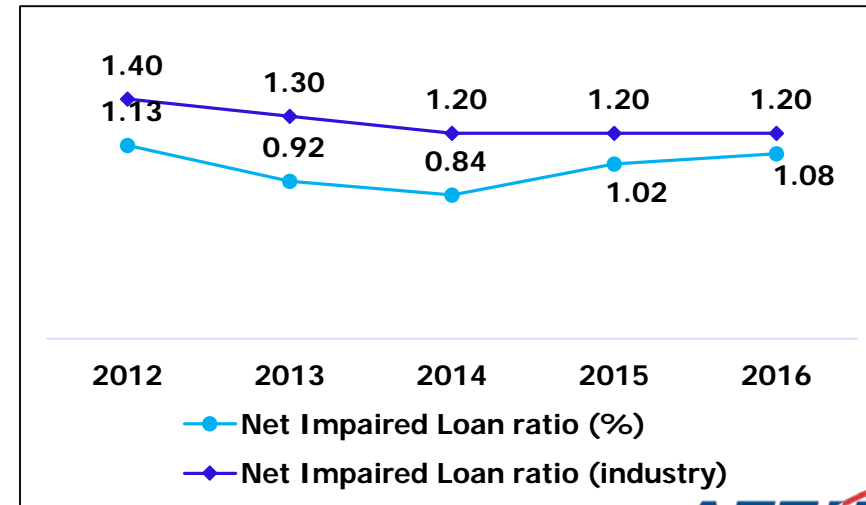
Gross Impaired Loan by Purpose (%) (2016)



Gross Impaired Loan Ratio (%)



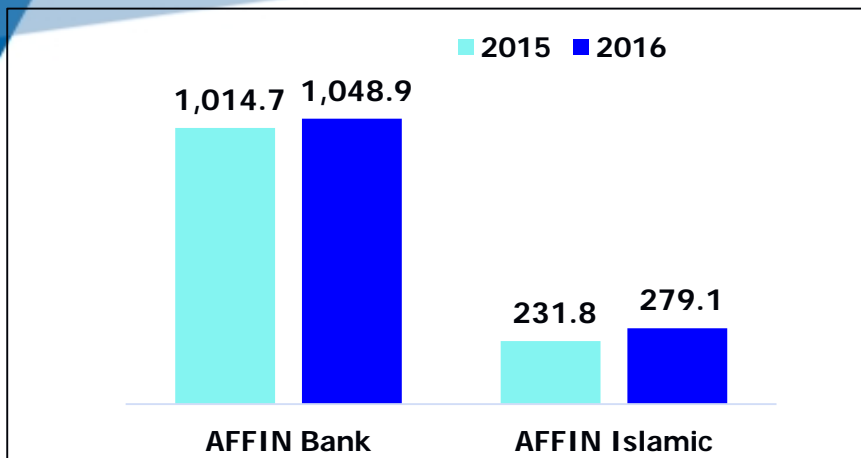
Net Impaired Loan Ratio (%)



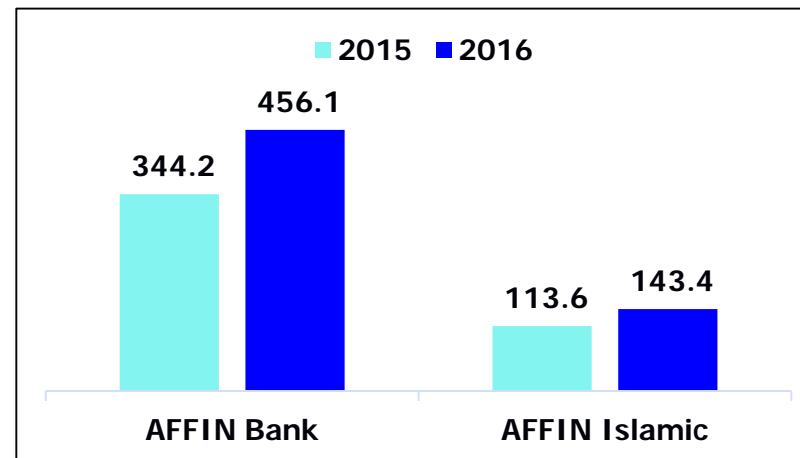
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AFFIN Bank Group (ABG)

Net Income (RM Million)



PBT After Zakat (RM Million)

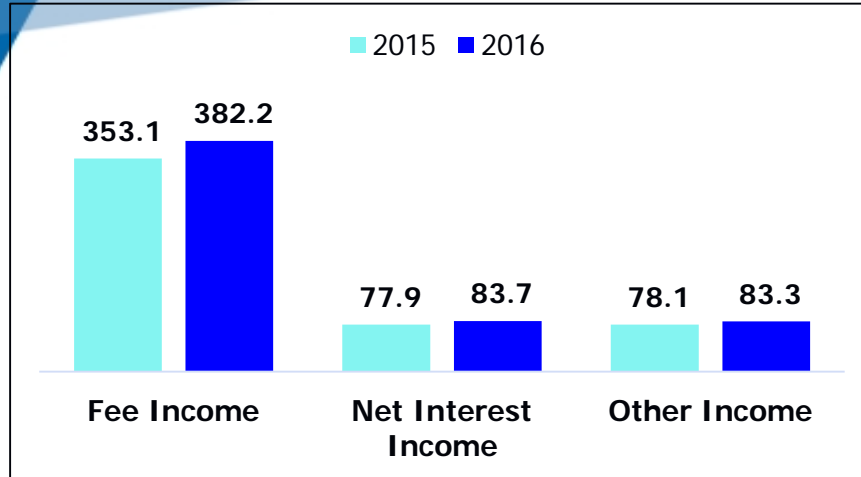


Key highlights

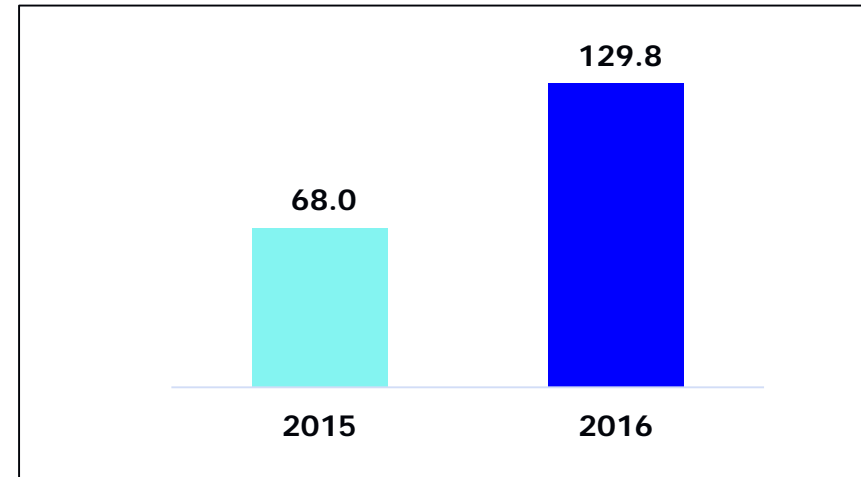
- ABG's PBT after zakat increase 31.1% to RM599.9 million, compared to 457.5 million recorded in 2015 compounded by higher income from Islamic banking business by 14.2%, higher income from other operating income by 18.9% and lower allowances for loan impairment.
- ROE (after tax) improved from 6.74% to 8.45% and improvement in Gross Impaired Loan Ratio from 1.80% to 1.60%. Total Assets continued to grow by 0.5% to RM 60.2 billion. Gross Loans, advances and financing stood at RM 43.1 billion whilst Deposits from customers at RM 47.6 billion.
- The Bank has launched its Priority Islamic Policy ("PIP") which is the Bank's strategic move to enhance its Islamic financing portfolio to 40% in 2020. It has shown progress as the Bank's Islamic portfolio has increased to 27.8% (as at December 2016) of the Bank's total banking assets.
- The Bank has also won the JomPay Award being the highest biller acquired within Group B consisting of local and foreign banks.

AFFIN HWANG Investment Bank Group

Net Income (RM Million)



PBT After Zakat (RM Million)

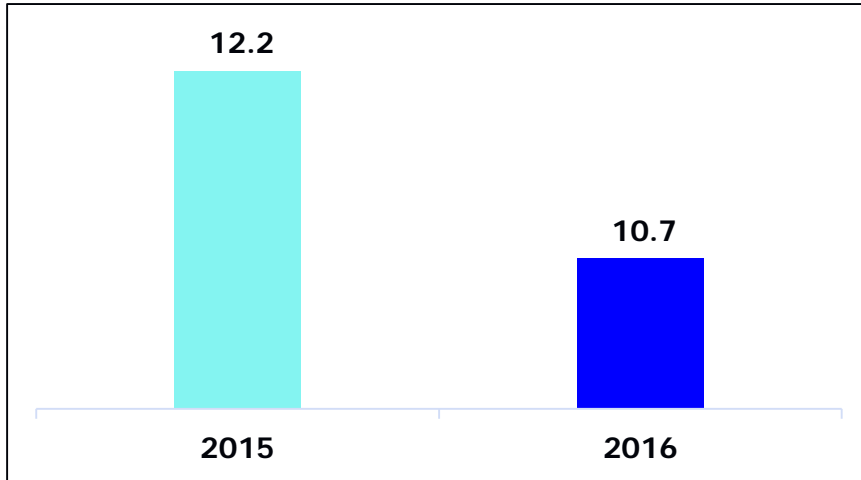


Key Highlights

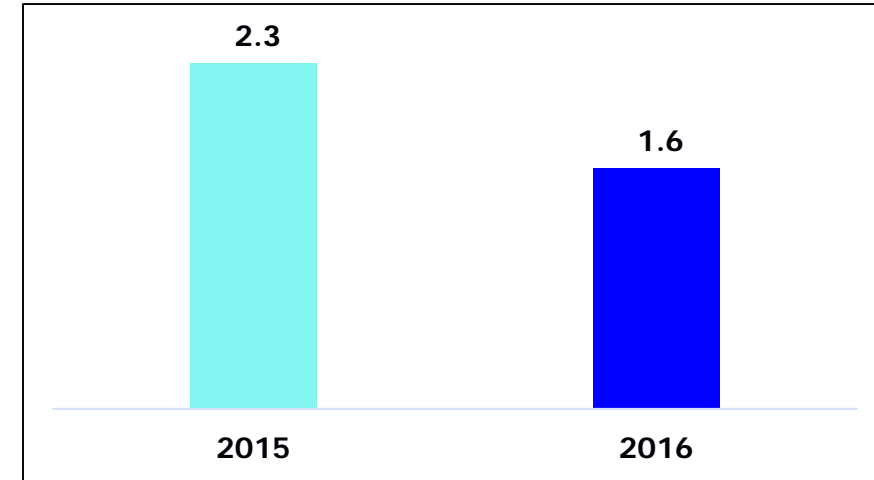
- PBT after zakat improved by 91% to RM129.8m
- Net Income grew 7.9% to RM549.1m driven by 8.3% growth in Fee Income
- Operating Expenses also improved by RM7.7m led by 10.9% improvement in personnel costs; FY15 include one-off staff rationalization expenses of RM16.9m and PYA to AFS Securities of RM15.2m
- No. 1 Bursa ranking for Value & Volume traded, for three years running, No. 3 Unit Trust industry ranking with RM23.7 billion in AUM and total AUM grew to RM36.3 billion
- Net Synergies is 10 months ahead of schedule

AFFIN Moneybrokers Sdn Bhd

Brokerage (RM Million)



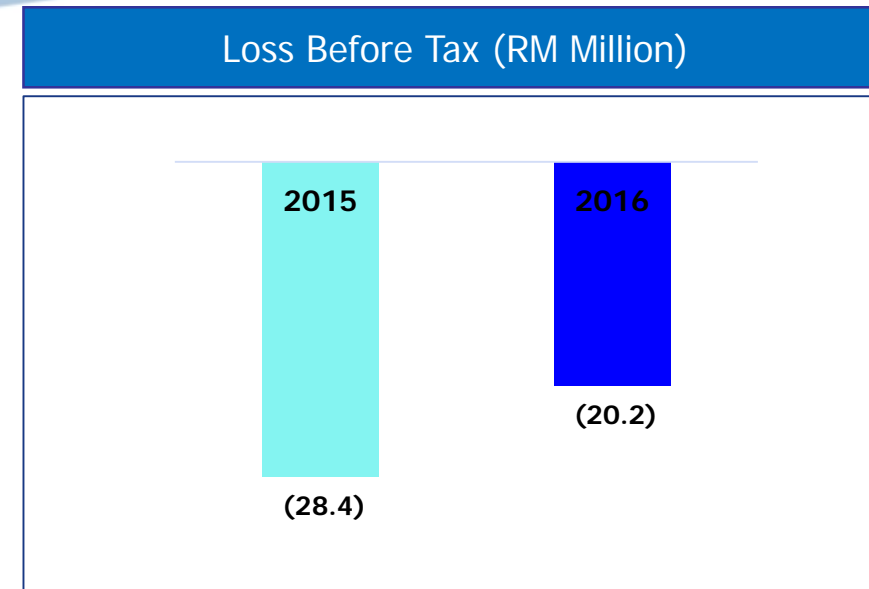
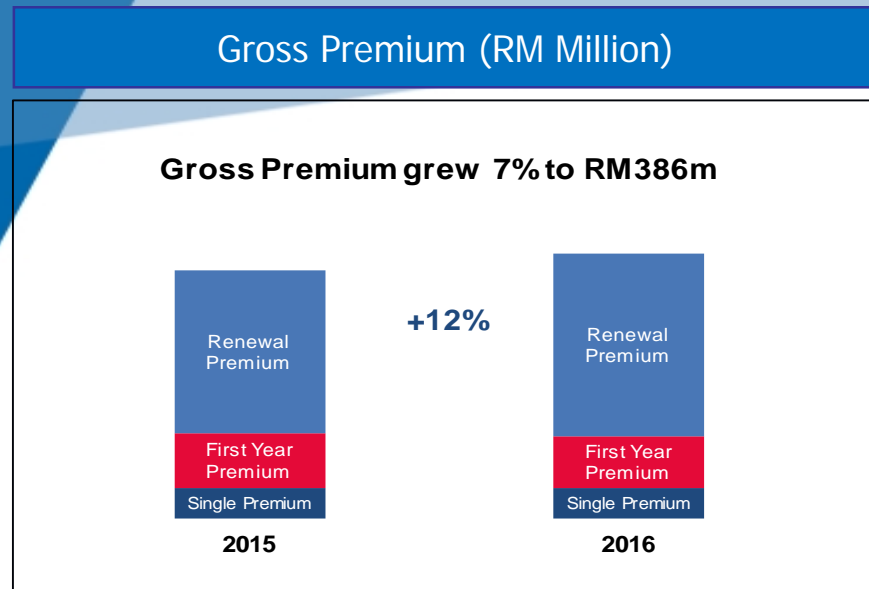
PBT After Zakat (RM Million)



Key highlights

- PBT after Zakat was RM1.6 million as compared to RM2.3 million in FY 2015
- Brokerage income was RM10.7 million as compared to RM12.2 million in FY2015

AXA AFFIN Life Insurance Berhad

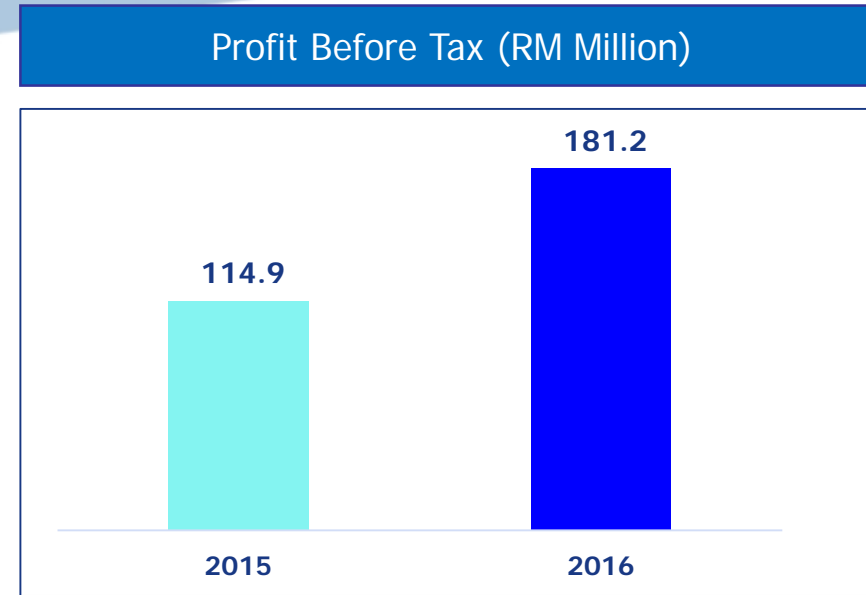
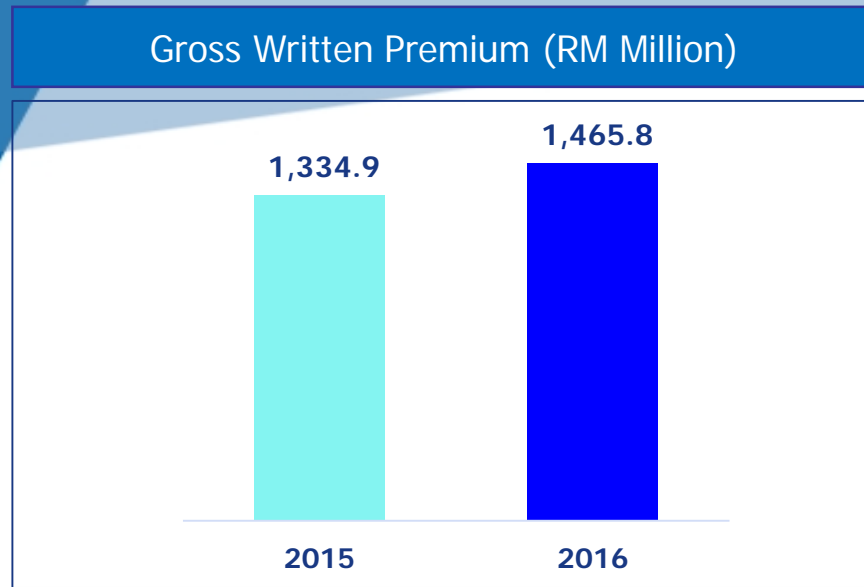


Key highlights

- Protection and Health business accelerated in line with objective to improve margins. Protection & Health Gross Premium more than double growth rate of total portfolio, +15% vs. 2015
- Value of new business increased +18% vs. 2015
- 2016 pre-tax loss lower due to higher investment income and lower expenses

AALI is focused on taking actions to deliver sustainable growth through multi-distribution channels and partners. This includes strengthening protection and health offerings, efficiency with expenses and capital, leading to better margins and sustained financial strength in a challenging economic environment.

AXA AFFIN General Insurance Berhad



Key highlights

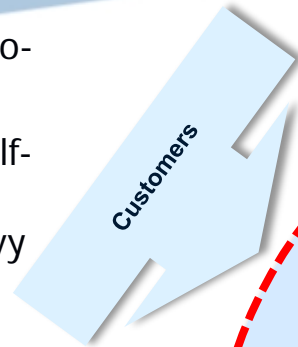
- FY2016 PBT of RM181.2 million is significantly higher than FY2015 of RM114.9 million
- Growth in health and motor insurance businesses
- Improvement in net underwriting results and higher investment income
- GWP increased by RM130.9 million (9.8%) in FY2016 vs FY2015
- NWP increased by RM125.9 million (11.5%) in FY2016 vs FY2015

After five years of significant profitable development, the strategy is to consolidate operations by **focusing** on selective growth (diversification) and efficiency projects **to enhance** the level of profitability; and **investing** in transformation projects **to prepare** the Company for future industry challenges.

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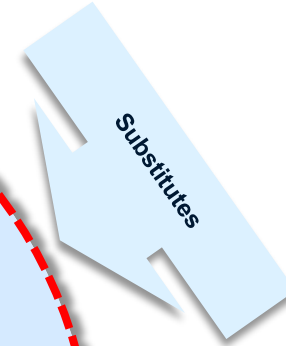
AFFIN Group operates in an increasingly challenging environment

- Changes in socio-demographics
- Rise of more self-directed and technology savvy customers
- Awakening to financial planning



- Customers need to be reached preemptively
- Commodification of products and services

- Risk of disintermediation (eg. payments and lending)
- Banks may be slow to respond to new threats

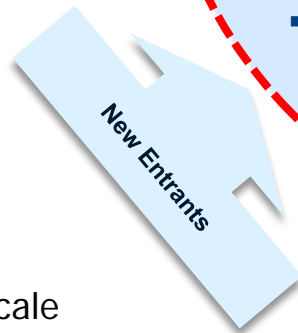


- Increasing encroachment of non-banks- telcos, retailers, autos/developers
- Rise of FINTECHS

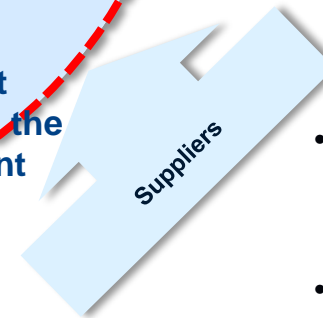
Industry Rivalry

- Risk of irrelevance
- Limited white spaces to carve out

- Solution innovation critical
- People management key to win in the fight for talent



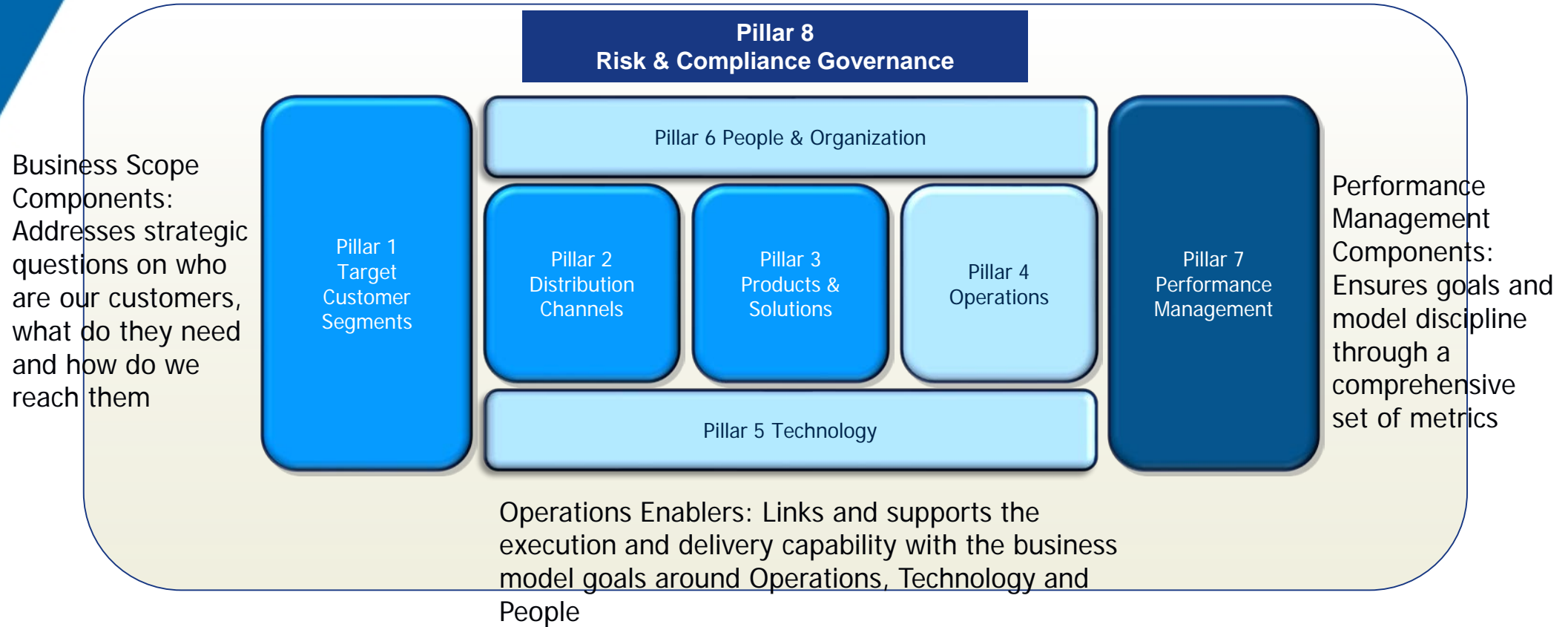
- Controlled but unavoidable liberalization of industry
- Gravitation to scale and size
- Rise of Islamic FIs



- Funding suppliers (customers) market, multiple options
- Talent wars and retention

AFFINITY Transformation Pillars

•32 New Transformation Projects under 8 Pillars targeted full completion in 2019



AFFINITY Transformation Projects

32 New Transformation Projects

BENEFIT IMPACT	PILLAR							Risk & Compliance Governance
	I Target Customer Segments	II Delivery Channels	III Products & Solutions	IV Operations	V Technology	VI People & Organization	VII Performance Management	
Direct Financial Impact: • Revenue Growth • Cost Savings		P2.2 New RM Model P2.5 Call Center for Sales P2.6 Intensify Selling @ Branches P2.7 Manage Cost-to-Serve	P3.2 Relaunch Credit Card Biz P3.3 Product Economics FRW P3.4 Product Dev Organization P3.5 R&D Solutions P3.6 Iconic Segment "Brand"		P5.1 Tech Refresh Review P5.4 BI & CRM Infrastructure P5.2 Re-invigorate IT-Biz			Ethics, Risk & Compliance Culture Awareness 9 Cards Projects 3 Credit/SIBS Projects 1 Payments Project 3 Disaster Recovery Projects 3 BNM/ITIS Projects
	Strategic Foundation Building P1.1 CE Organization P1.2 Segments Detailing P1.3 CE Model & Framework	P2.8 SME Sales Organization Setup P2.9 Launch e-Wallet	P3.3 Product Economics FRW P3.4 Product Dev Organization P3.5 R&D Solutions P3.6 Iconic Segment "Brand"	P4.3 SME Credit Scorecard P4.4 SME Credit Process	P5.3 Solution Architecture IT Sourcing InsiteMy OCS Batch Scheduler Business Productivity Monitor CIB Trade Finance Module	P6.1 WF Transformation: BR P6.2 Leadership Agenda		5 NSRS Projects 2 Risk Projects 1 MFRS 9 Project
Operational Foundation Building		P2.1 RIB/MIB Implementation P2.4 Digital Banking Strategy	P3.1 Complete Core Products	P4.1 Credit Management Model P4.2 Group Operations Model			P7.1 Performance Mgmt FRW P7.2 Biz Performance FRW P7.3 Data Mgmt FRW & Governance	Legend Direct Financial Impact Strategic Foundation Building Operational Foundation Building BAU Projects
BAU Projects		P2.3 Branch-Hub Mgmt FRW						

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Other key highlights in 2016....

16 FEBRUARY 2017

AFFIN announced that it will be undertaking a series of corporate exercises that will essentially entail a re-organisation of the AFFIN Group

AFFIN Holdings Berhad's listing status will ultimately be transferred to AFFIN Bank Berhad

20 FEBRUARY 2017

AFFIN Holdings Berhad and AFFIN Bank submitted the relevant applications to BNM

Benefits of the Proposed Reorganisation



Simplifying our shareholding structure and de-layering of the corporate structure.



Opportunity to enhance supervision and efficiency.



AFFIN Bank will spearhead the future growth of the Banking Group.

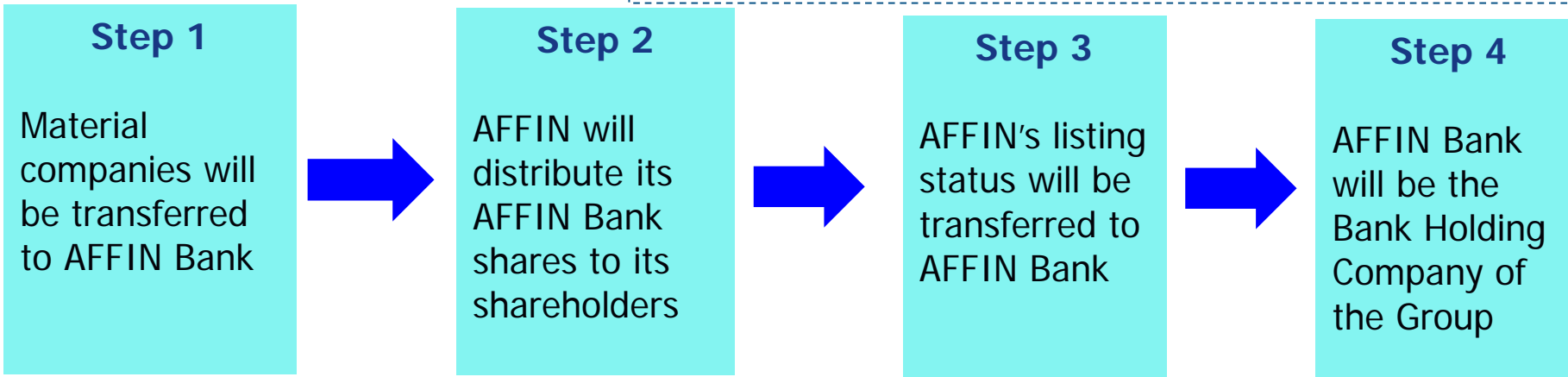
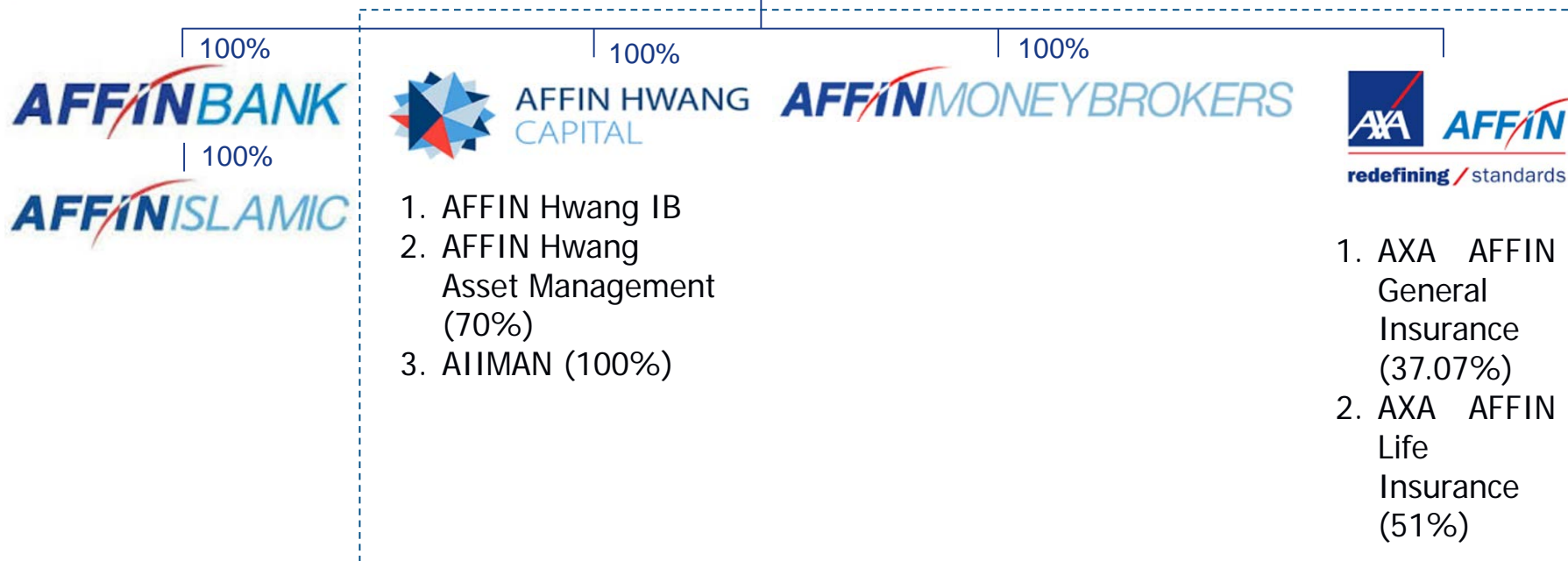
AFFIN Bank is a natural candidate as it is the largest contributor to the Group's assets.



AFFIN Bank's profile will improve and it will have direct access to the capital markets.

Our shareholders will be able to participate directly in the re-organised AFFIN Bank.

Our current group structure

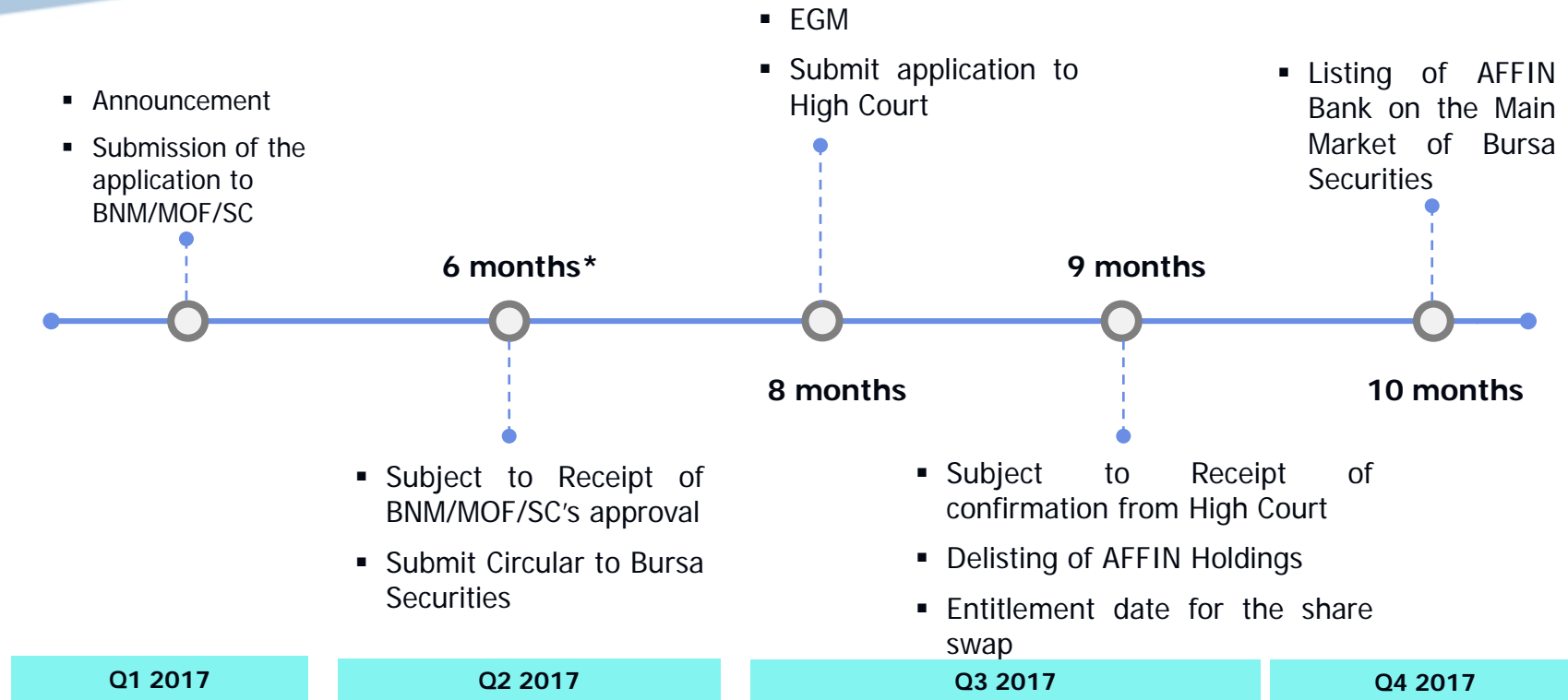


Introducing the new Group structure

1. Positioned to spearhead the Group's future growth
2. Will have direct access to capital
3. Enlarged capital base and CAR ratio improves resilience
4. Profile will improve due to its listing status



Expected Timeline



Note:

* Subject to BNM approval obtained within 6 months from the submission of AHB and ABB's application on the Proposed Reorganisation

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THANK YOU

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