



**ANALYSTS/FUND MANAGERS BRIEFING  
1H FY2016 RESULTS**

**1 SEPTEMBER 2016**



## ❖ **KEY HIGHLIGHTS & RATIOS**

❖ PROFIT BEFORE TAX BY SEGMENTS

❖ STRATEGIC DIRECTION – AFFINITY PROGRAM

# Key Highlights

| <b><u>Income Statement ( RM'mil )</u></b> | <b>1H2015</b> | <b>1H2016</b> | <b>Change (%)</b> |
|---|---------------|---------------|-------------------|
| Profit Before Tax and Zakat               | 226.6         | 338.7         | 49.5              |
| Net Profit                                | 177.3         | 258.5         | 45.8              |
| Earnings per share ( sen )                | 8.72          | 13.02         | 49.3              |

| <b><u>Balance Sheet ( RM' bil )</u></b> | <b>1H2015</b> | <b>1H2016</b> | <b>Change (%)</b> |
|---|---------------|---------------|-------------------|
| Total Assets                            | 65.0          | 68.3          | 5.1               |
| Gross Loans, advances & financing       | 42.2          | 43.3          | 2.6               |
| Deposits from customers                 | 49.7          | 46.5          | (6.4)             |

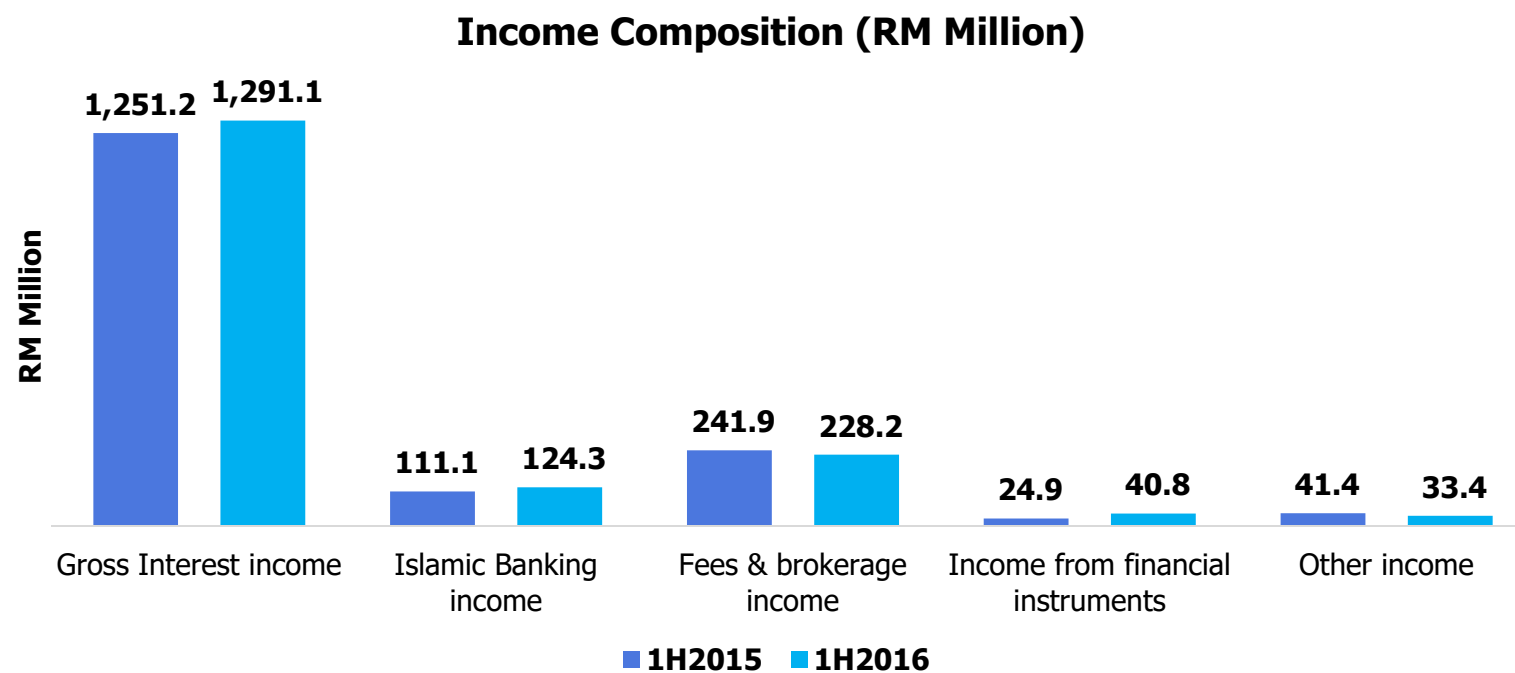
| <b><u>Key Financial Indicators</u></b>              | <b>1H2015</b> | <b>1H2016</b> | <b>Change (%)</b> |
|---|---------------|---------------|-------------------|
| Cost-to-income ratio                                | 60.44         | 61.97         | 1.53              |
| Gross impaired loans ratio                          | 2.04          | 1.98          | (0.06)            |
| Loan Loss Reserve<br>(including regulatory reserve) | 79.40         | 93.60         | 14.20             |
| Loan to deposits ratio                              | 84.87         | 93.15         | 8.28              |

# Key Highlights – Capital Adequacy

| <b><u>CET 1 / Tier 1 / CCR</u></b> | <b>1H2015</b> | <b>1H2016</b> | <b>Industry average<br/>(1H2016)</b> |
|------------------------------------|---------------|---------------|--------------------------------------|
| AFFIN Bank Berhad                  | 12.20         | 12.07         | 12.70                                |
| AFFIN Islamic Bank Berhad          | 11.84         | 12.28         | 12.15                                |
| AFFIN Hwang Investment Bank Berhad | 31.04         | 34.73         | 34.44                                |

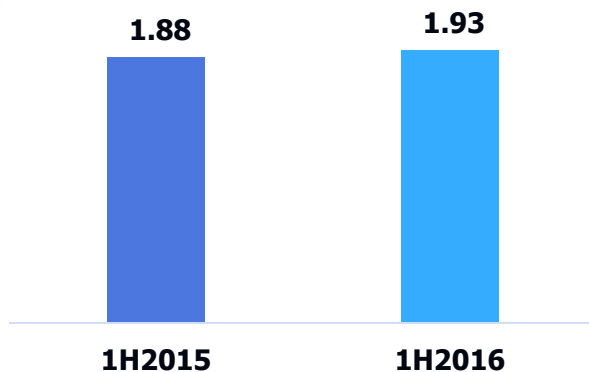
| <b><u>Total Capital Ratio</u></b>  | <b>1H2015</b> | <b>1H2016</b> | <b>Industry average<br/>(1H2016)</b> |
|------------------------------------|---------------|---------------|--------------------------------------|
| AFFIN Bank Berhad                  | 13.44         | 14.87         | 16.18                                |
| AFFIN Islamic Bank Berhad          | 13.34         | 13.42         | 15.98                                |
| AFFIN Hwang Investment Bank Berhad | 31.04         | 34.73         | 34.82                                |

# Total Income Composition

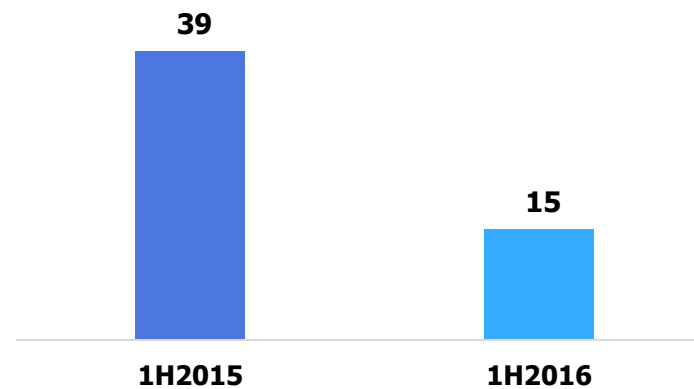


# Key Ratios

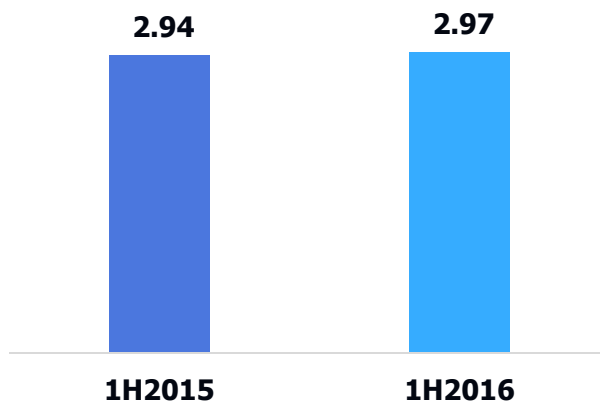
### Net Interest Margin (%)



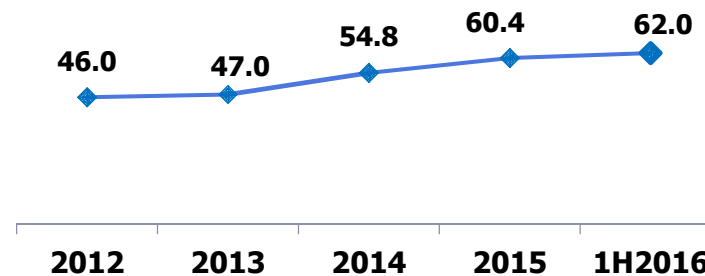
### Credit Cost (bps)



### Cost of funds (%)

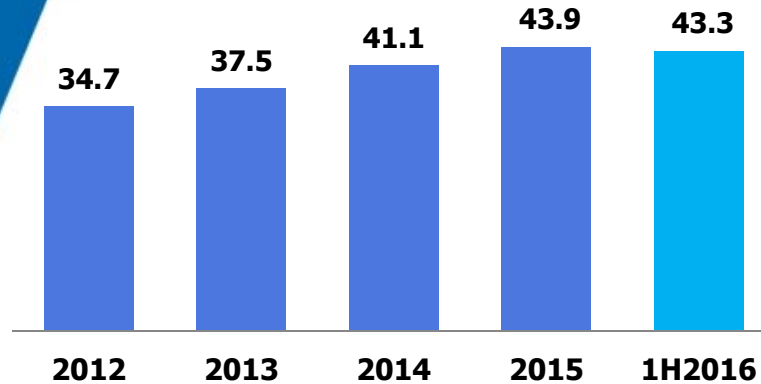


### Cost to income ratio (%)

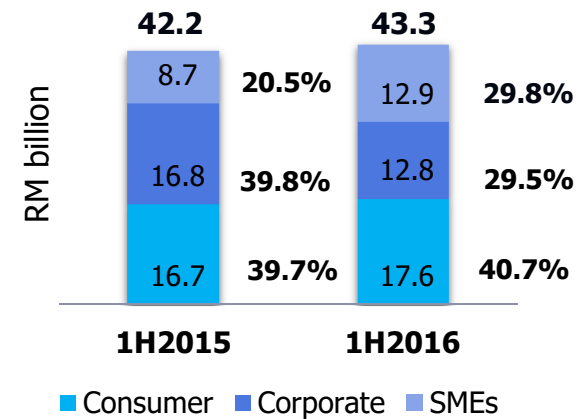


# Loans, advances & financing growth

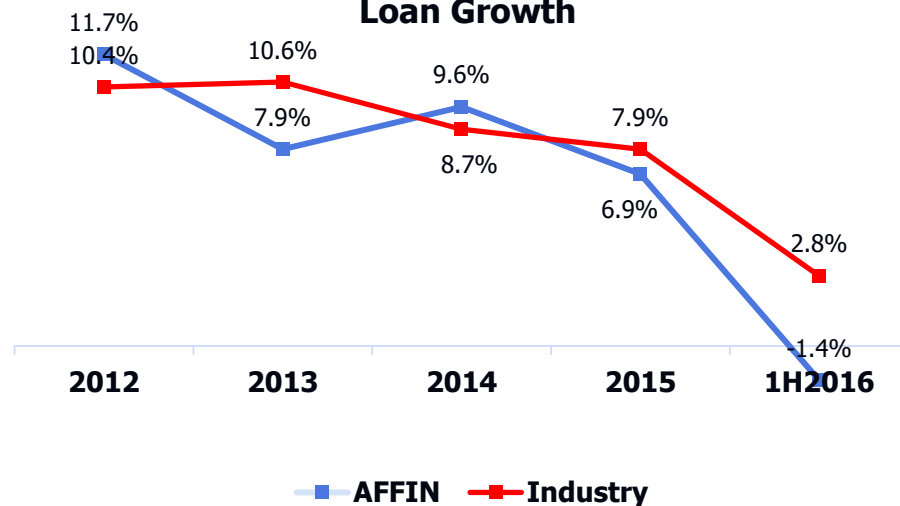
**Total Loans**



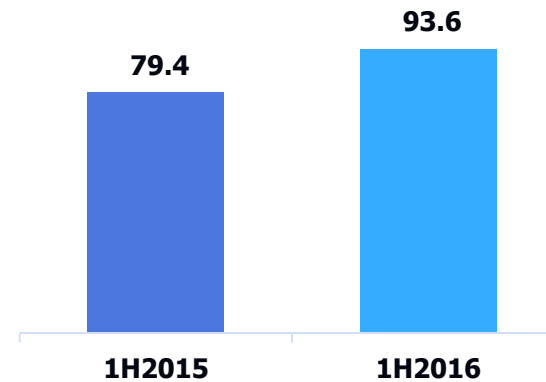
**Loans by business segment**



**Loan Growth**

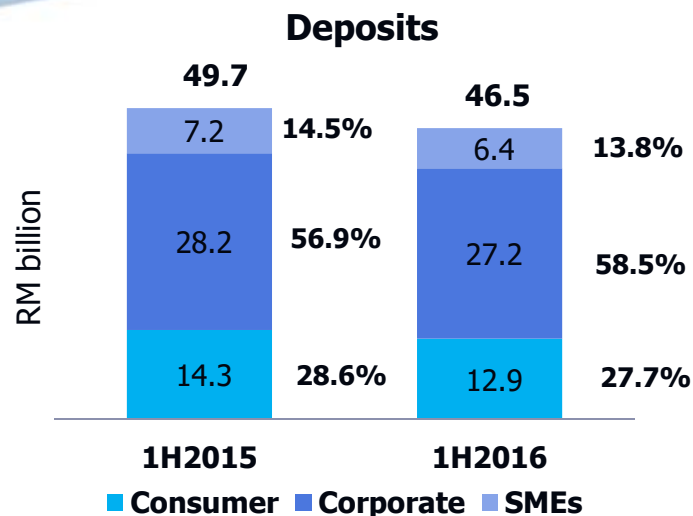


**Loan Loss Reserve (%)**

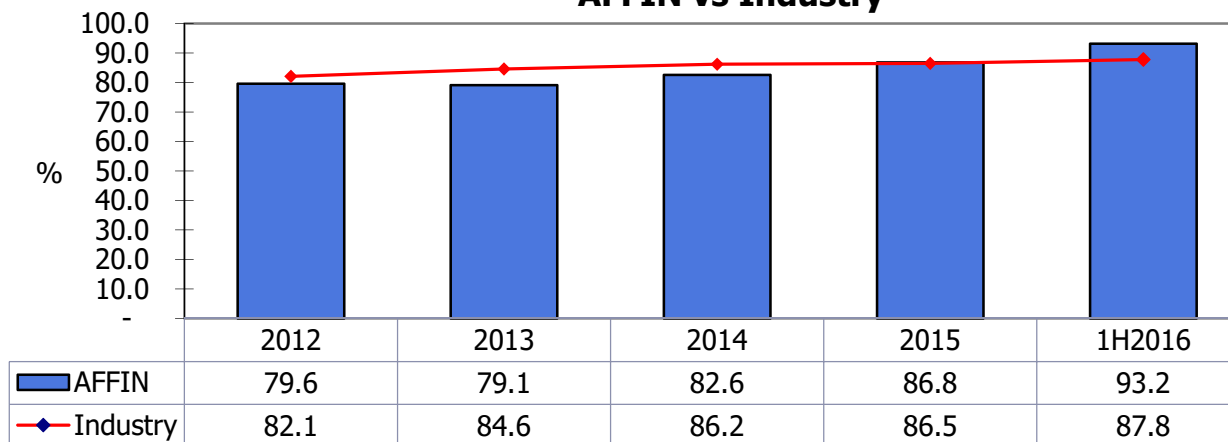


\* Inclusive of regulatory reserve

# Deposits



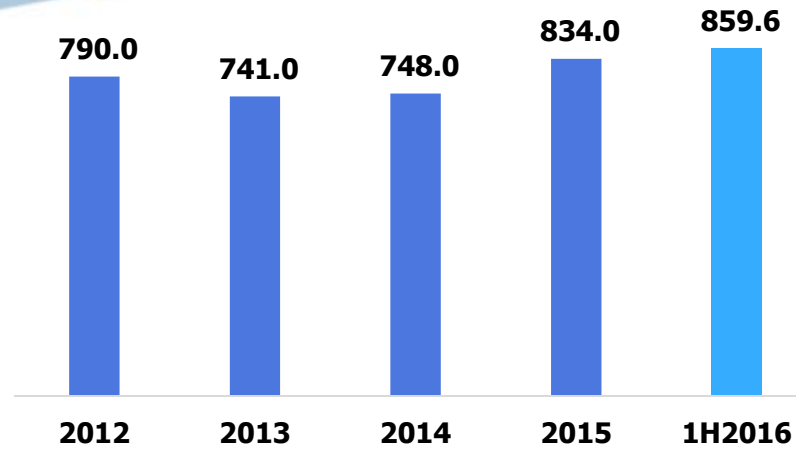
**Gross Loan/Deposit from customers ratio  
AFFIN vs Industry**



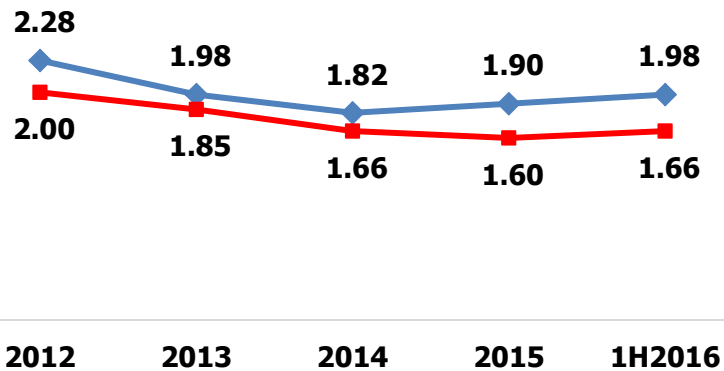


# Impaired Loans

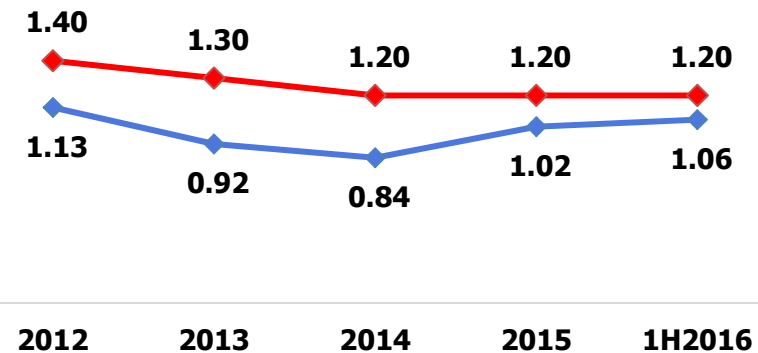
Gross NPL/Impaired Loans



Gross Impaired Loan ratio



Net Impaired Loan ratio



◆ Gross Impaired Loan ratio (%)  
■ Gross Impaired Loan ratio - industry (%)

◆ Net Impaired Loan ratio (%)  
◆ Net Impaired Loan ratio - industry (%)



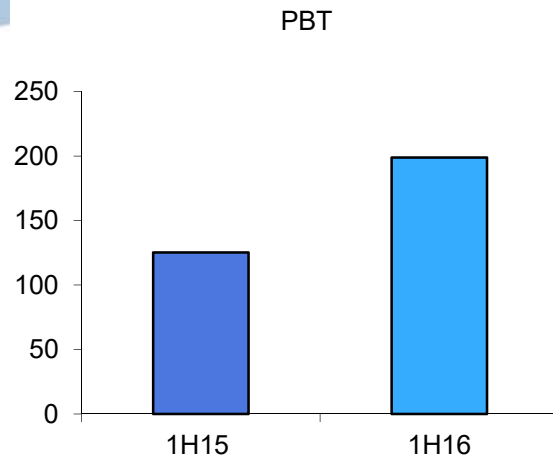
❖ KEY HIGHLIGHTS & RATIOS

❖ **PROFIT BEFORE TAX BY  
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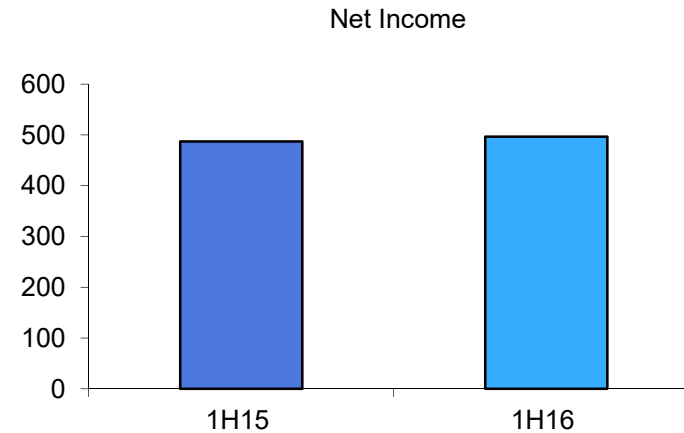
❖ STRATEGIC DIRECTION – AFFINITY PROGRAM

# AFFIN BANK BERHAD

## Profit Before Tax (RM million)



## Net Income (RM million)

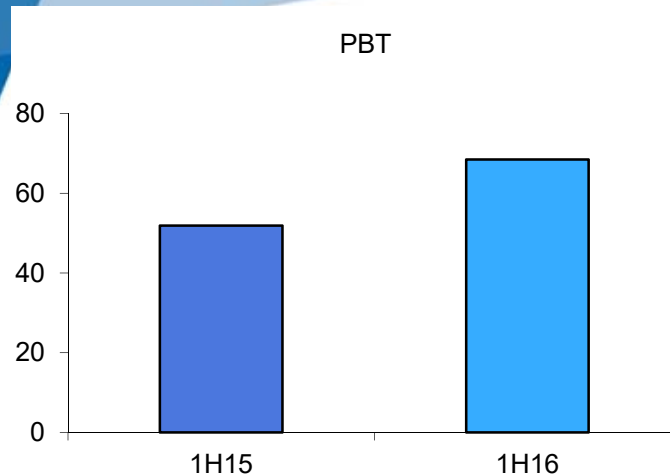


## Key Highlights

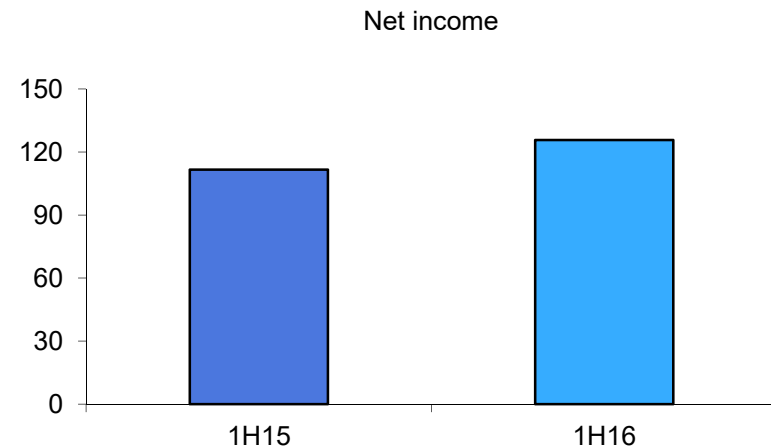
- The Bank registered a profit before tax of RM198.8mln for the 1HFY16 as compared to the previous year's corresponding period of RM125.3mln, an increase of RM73.5mln or 58.7% due to higher net interest income, other operating income and lower allowance for impairment losses on loans, advances and financing.
- The Bank has recently opened two more branches in Denai Alam and Tabuan Jaya, expanding our branch network to 108 branches. Separately, our Digitalization Initiatives is currently on track and we will be coming to the market soon.

# AFFIN ISLAMIC BANK BERHAD

## Profit Before Tax (RM million)



## Net Income (RM million)

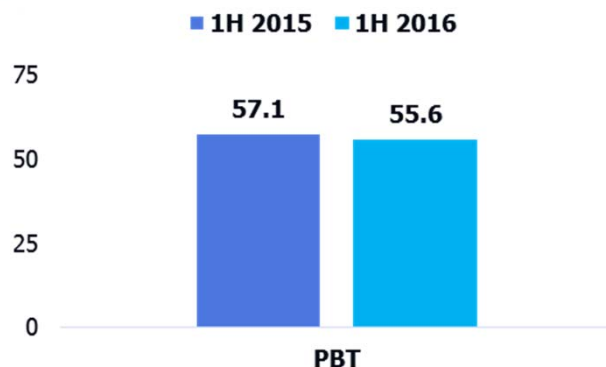


## Key Highlights

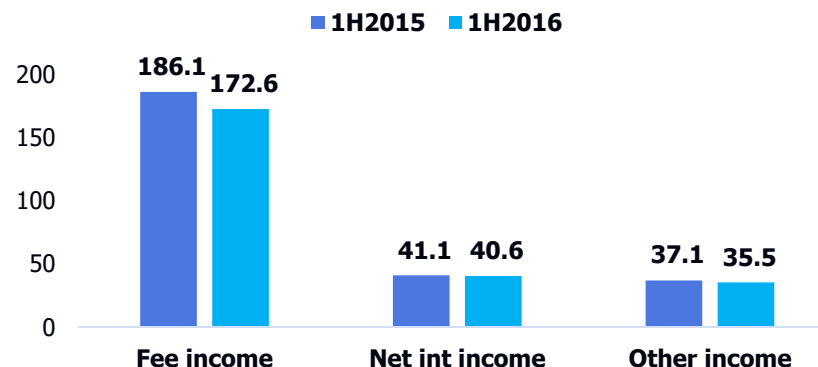
- The Bank registered a profit before tax of RM68.5m as compared to the previous year's corresponding period of RM51.9m, an increase of RM16.6m or 32.0% due to higher net financing income mainly due to growth in average financing, higher other operating income mainly from higher gain on sale of AFS, higher forex gain and non-operating income and higher write-back on allowances for losses on financing and advances.
- Our Strategic Thrust going forward will be to expand products offering, increase smart partnership business, maximizing resources, target new customer segment and promote our Priority Islamic Policy.

# AFFIN HWANG INVESTMENT BANK GROUP

## Profit Before Tax (RM million)



## Operating Income (RM million)

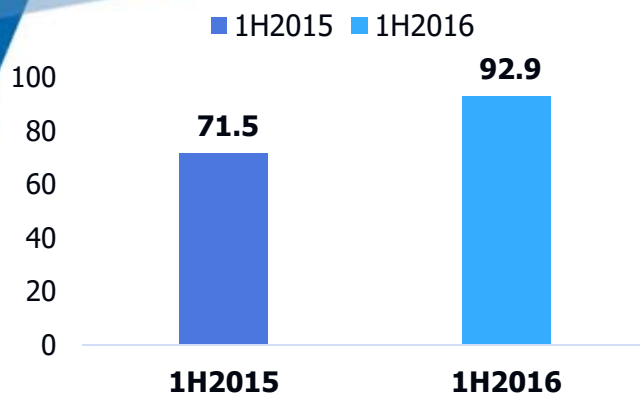


## Key Highlights

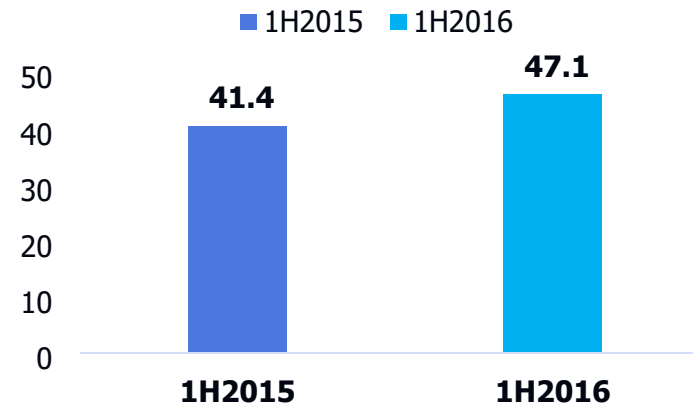
- 1H 2016 PBT of RM55.6m is slightly lower than 1H 2015 at RM57.1m
- Significant improvement in operating expenses offset by lower income contribution mainly from initial service charge on sale of unit trust in 1Q 2016
- Fee income continued to dominate
- No. 1 Bursa ranking for Value & Volume traded
- No. 3 Unit Trust industry ranking with RM21.9 billion in AUM
- Total Assets Under Administration at RM34.0 billion

# AXA AFFIN GENERAL INSURANCE BERHAD

## Profit Before Tax (RM million)



## Operating Income (RM million)



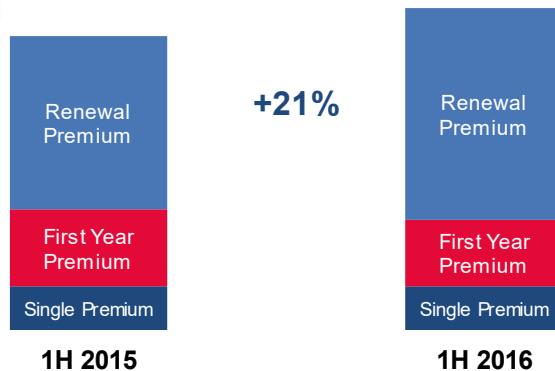
### Key highlights

- 1H2016 PBT of RM92.9 million is significantly higher than 1H2015 of RM71.5 million
- Growth in health and motor insurance businesses
- Improvement in net underwriting results and higher investment income
- GWP increased by RM99.4 million (14.6%) in 1H2016 vs 1H2015
- NWP increased by RM78.7 million (13.7%) in 1H2016 vs 1H2015

# AXA AFFIN Life Insurance Berhad

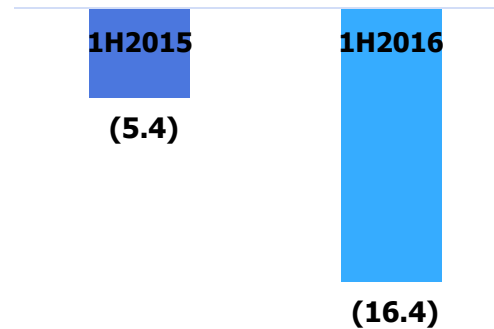
## Gross Premium (RM Million)

Gross Premium grew 9% to RM166m



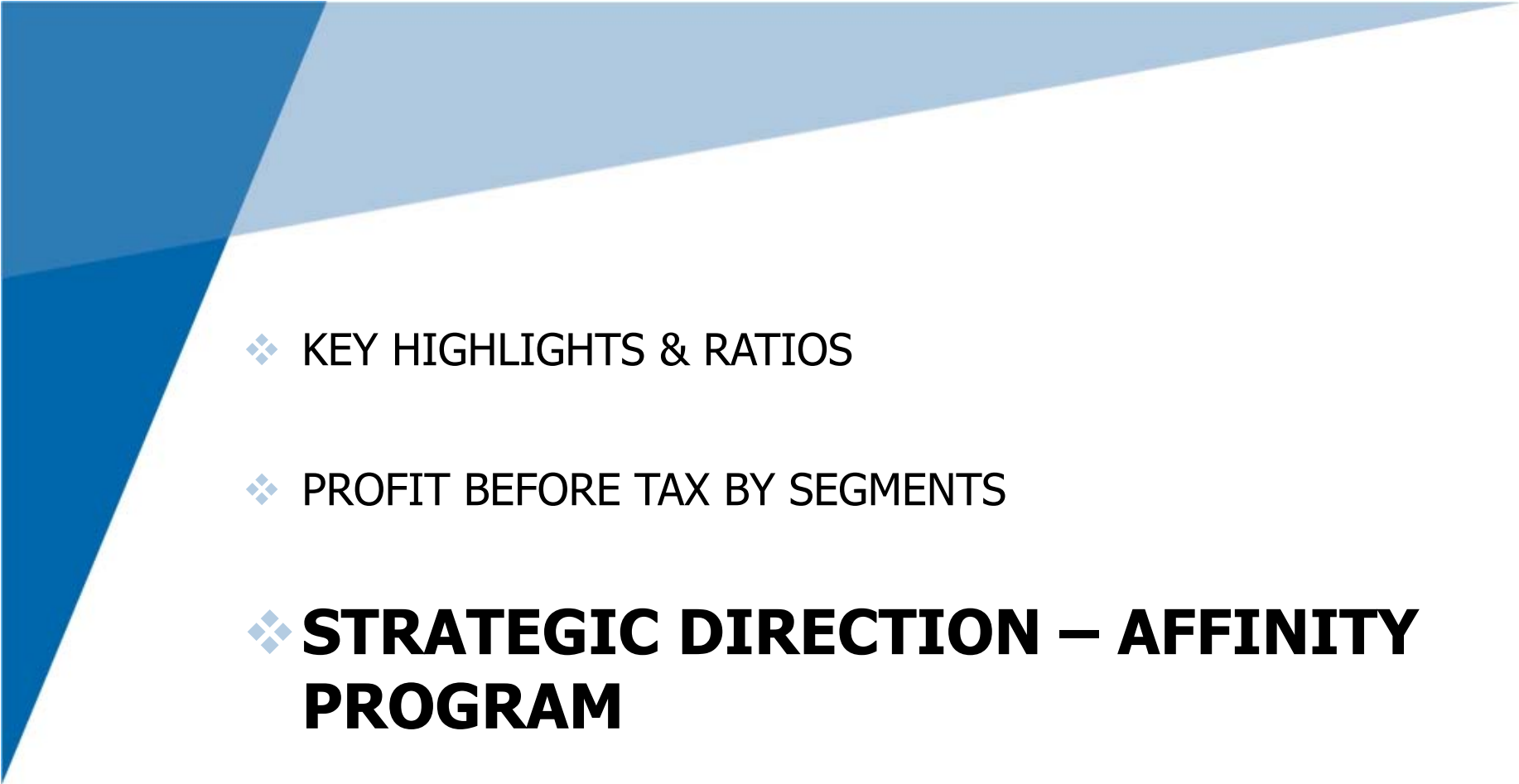
## Loss Before Tax (RM Million)

Higher pre-tax loss amidst low interest rate



## Key highlights

- 1H 2016 results affected by movement in MGS rates and change in treatment of expense allocation following interpretation of BNM Guideline.
- Protection and health gross premium growth accelerated, +16% vs. 1H 2015.
- Value of new business +13% vs. 1H 2015 on comparable basis.

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- ❖ KEY HIGHLIGHTS & RATIOS
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  - ❖ **STRATEGIC DIRECTION – AFFINITY PROGRAM**



# AFFIN Bank Group is addressing its current challenges and opportunities through a comprehensive transformation program

## AFFIN BANK'S CHALLENGES & OPPORTUNITIES

### CURRENT & IMMEDIATE

**Regulatory and Compliance Risks**

Compliance Complexity Management

**Challenging Operating Environment**

System Loan and Deposit Growth

### FUTURE & EMERGING

**Business Model Focus & Positioning**

Delivery

Human Capital

Costs

**Digital Banking Innovation and Models**

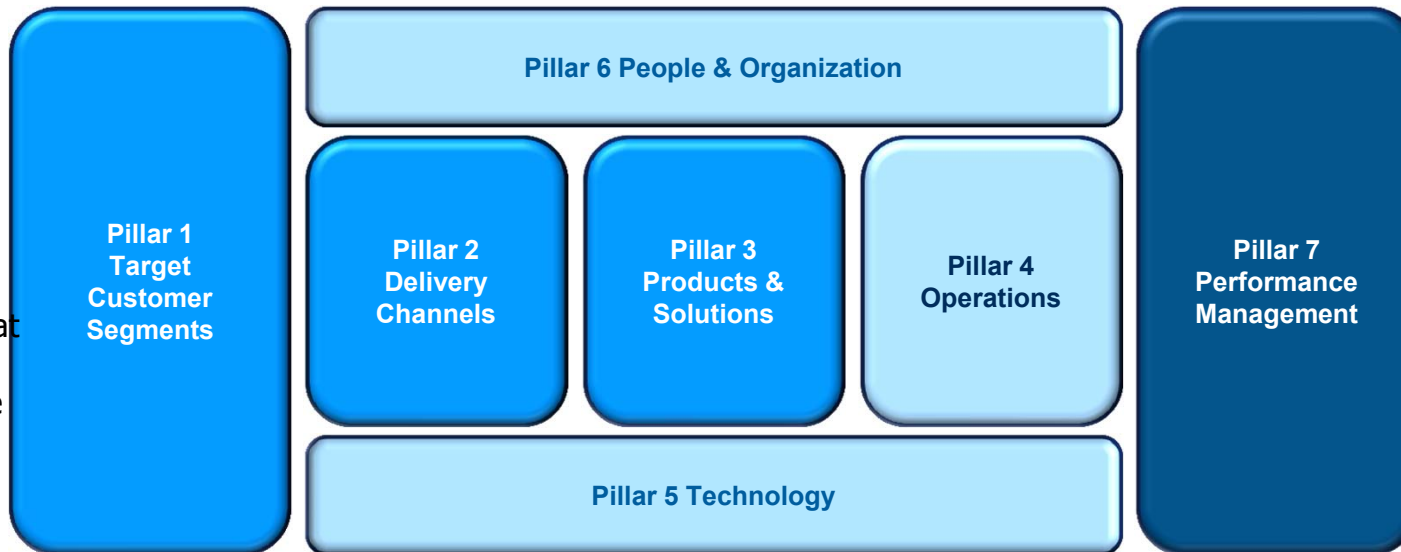
Technology

The blueprint for the Bank's transformation comprises seven key pillars covering business scope, operations enablers and performance management

## Target Transformation Blueprint- 7 Pillars to Address

### Business Scope Components:

Addresses strategic questions on who are our customers, what do they need and how do we reach them



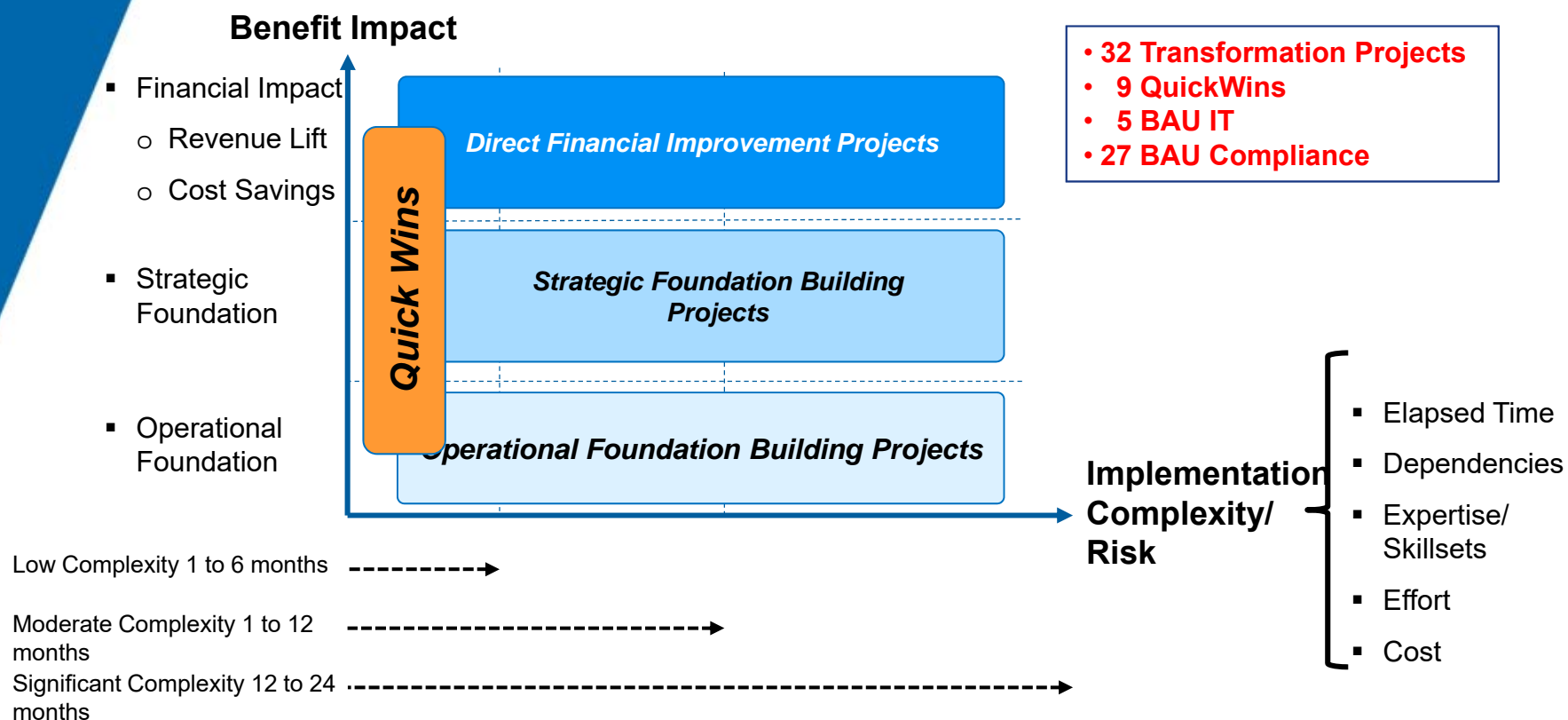
### Performance Management Components:

Ensures goals and model discipline through a comprehensive set of metrics

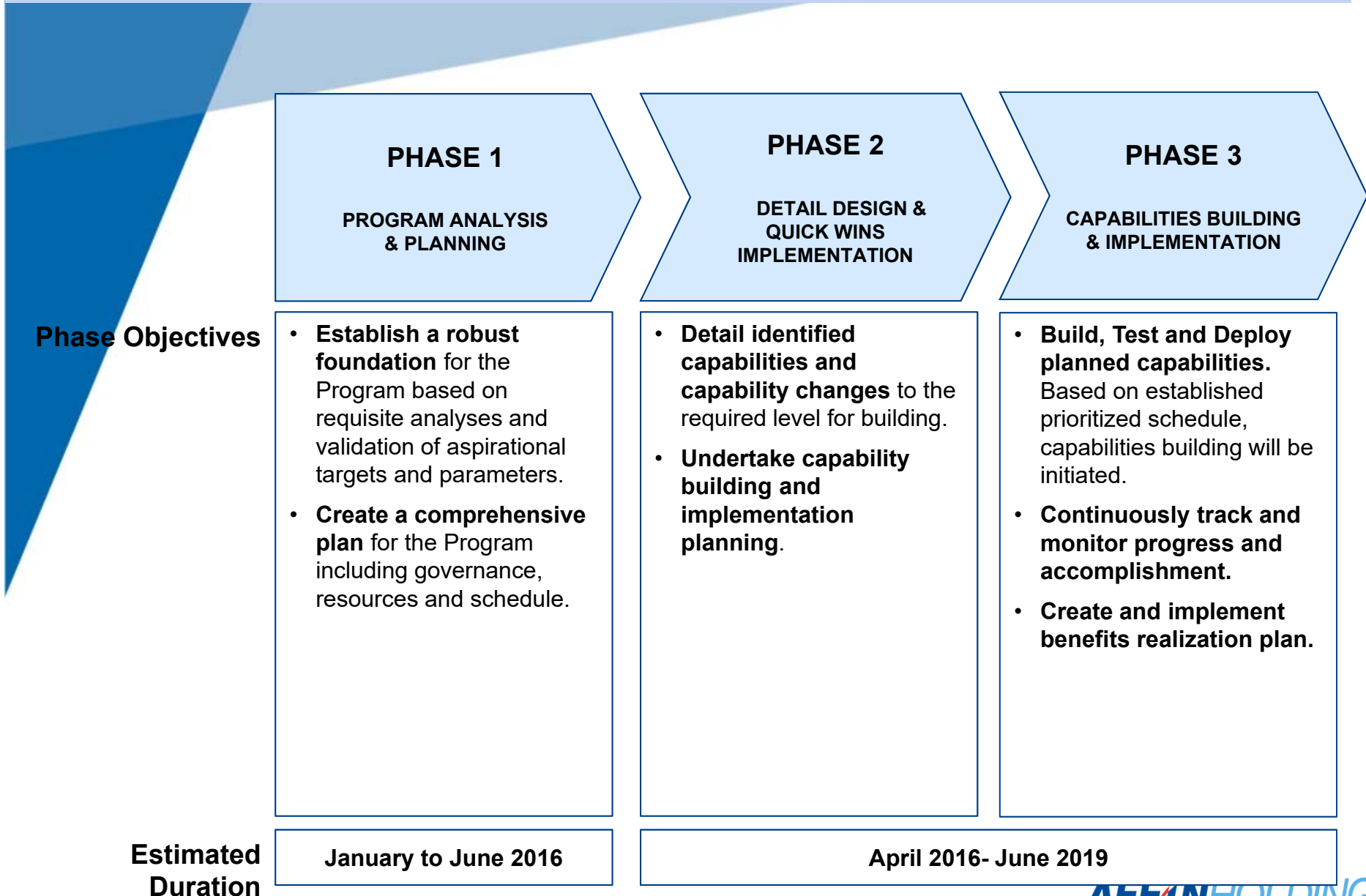
**Operations Enablers:** Links and supports the execution and delivery capability with the business model goals around Operations, Technology and People

# Capabilities building projects and Quick Wins are analysed against benefit impact and complexity and risk of implementation to stage out the implementation roadmap

## Transformation Implementation Framework



**Execution of identified capability building projects- detail design and implementation, is expected to take up to 36 months.**





**THANK YOU**