



ANALYSTS/FUND MANAGERS BRIEFING 1QFY17 RESULTS

30 MAY 2017

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

Summary of Key Highlights (1Q17 vs. 4Q16)

**TOTAL ASSETS
INCREASED TO
RM70.5 BILLION**

2.3% increase

**PROFIT BEFORE TAX
& AFTER ZAKAT
INCREASED TO
RM161.6 MILLION**

5.8% increase

**TOTAL DEPOSIT
INCREASED
MARGINALLY TO
RM55.9 BILLION**

1.0% increase

**GROSS LOANS
INCREASED TO
RM45.0 BILLION**

2.0% increase

AFFINHOLDINGS

**TOTAL EQUITY
INCREASED TO
RM8.9 BILLION**

1.7% increase

**TOTAL CAPITAL
RATIO 15.34%**

0.64% increase

**NET INTEREST
MARGIN DECREASED
MARGINALLY TO**

1.97%

2016:1.98%

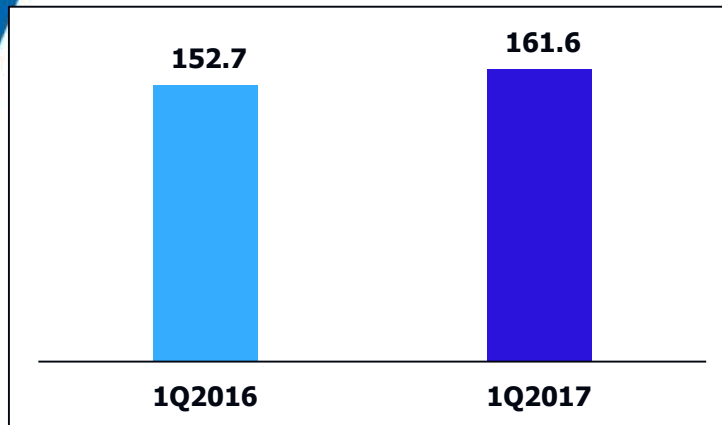
**GROSS IMPAIRED
LOAN RATIO
DECREASED TO**

1.99%

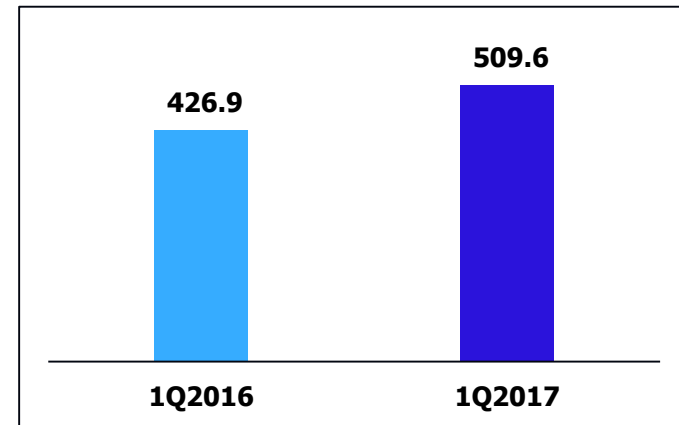
0.32% decrease

Key Highlights

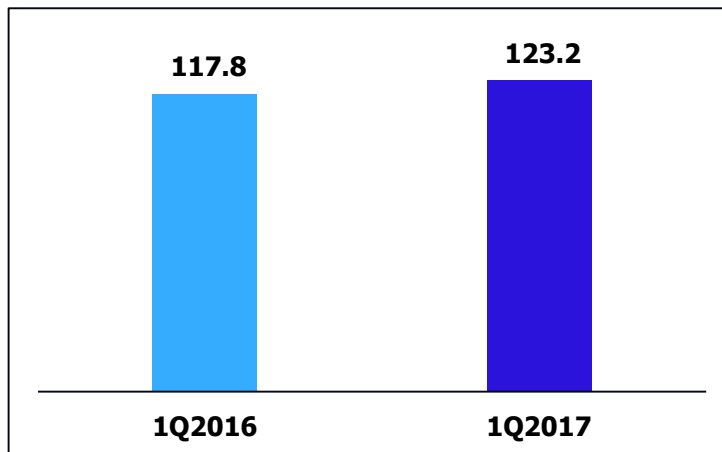
Profit Before Tax and After Zakat (RM Mil)



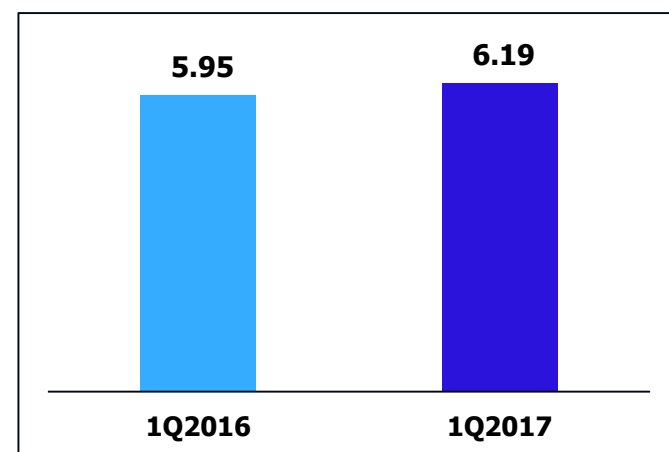
Net Income (RM Mil)



Net Profit (RM Mil)



Earnings Per Share (sen)



Key Highlights – Capital Adequacy

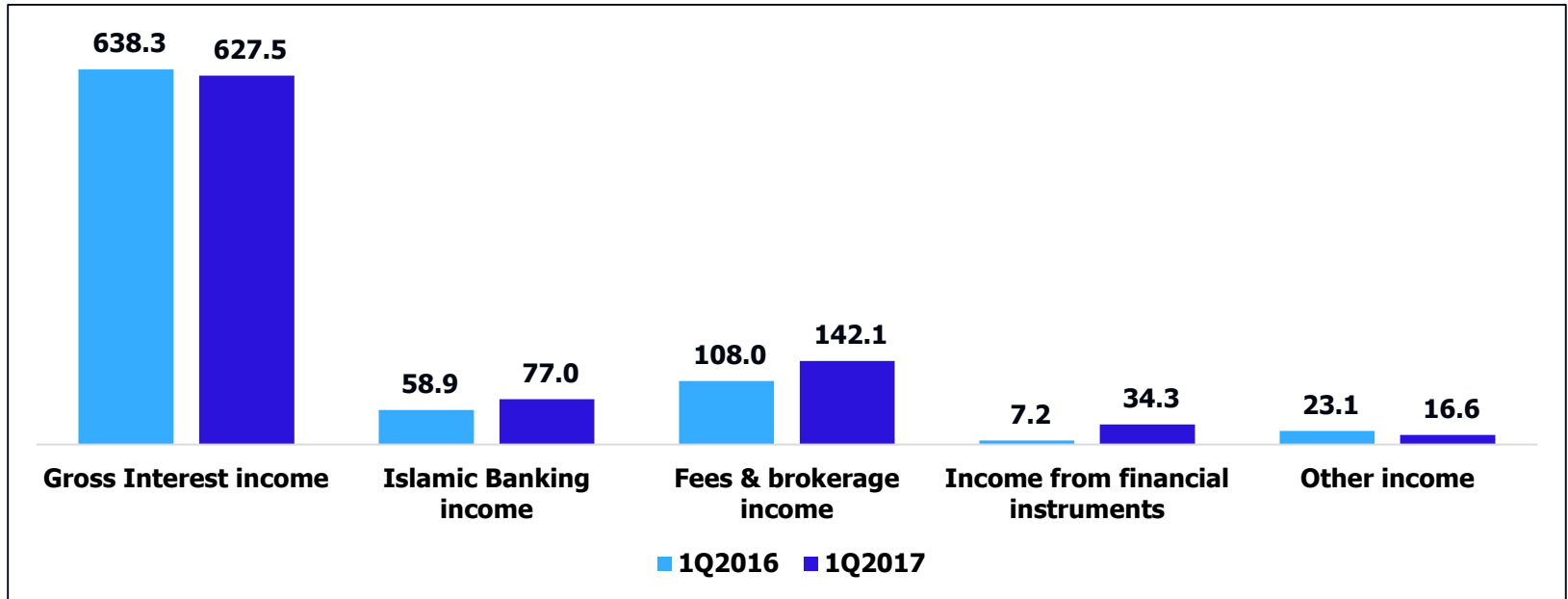
<u>CET 1 / Tier 1 / CCR</u>	1Q17	FY16*	Industry average (4Q16)
AFFIN Bank Berhad	11.66	12.37	12.92
AFFIN Islamic Bank Berhad	13.34	12.42	12.33
AFFIN Hwang Investment Bank Berhad	35.22	35.30	33.21

<u>Total Capital Ratio</u>	1Q17	FY16*	Industry average (4Q16)
AFFIN Bank Berhad	17.80	15.98	16.17
AFFIN Islamic Bank Berhad	14.49	13.59	16.00
AFFIN Hwang Investment Bank Berhad	35.22	35.30	33.55

* After proposed dividend

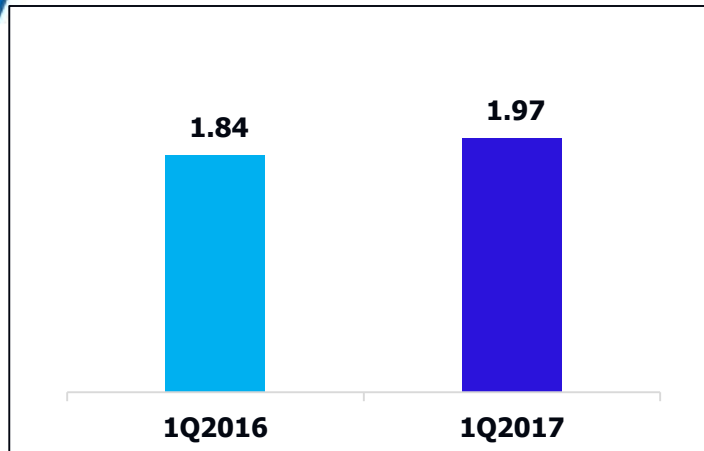
Total Income Composition

Total Income (RM million)

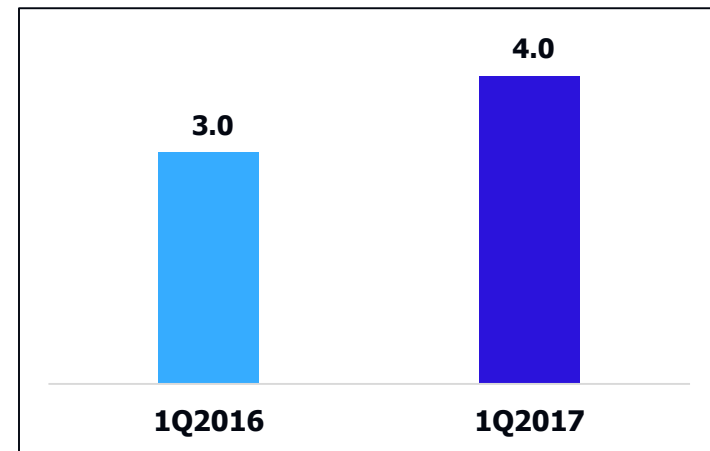


Key Ratios

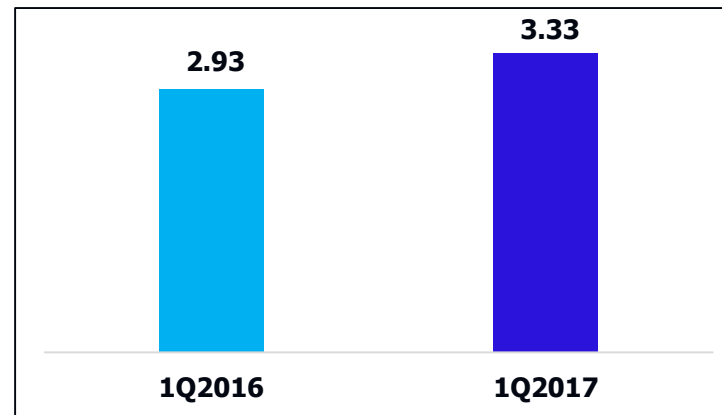
Net Interest Margin (%)



Credit Cost (bps) - Gross



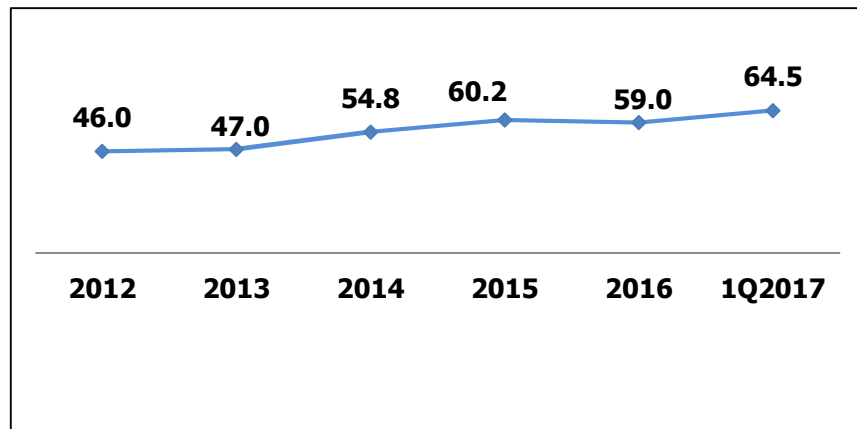
Cost of funds (%)



Operating Expenses

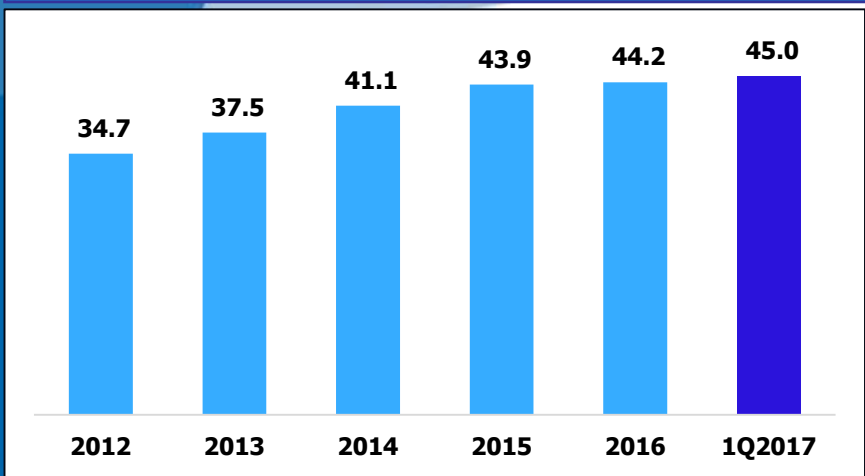
RM Million ('000)	1Q16	1Q17	Percentage Growth (%)
Personnel cost	147,141	176,327	19.8
Promotion & marketing related expenses	31,332	51,593	64.7
Establishment-related expenses	68,470	66,212	(3.3)
General & administrative expenses	25,675	34,476	34.3
TOTAL	272,618	328,608	20.5

Cost to Income Ratio (%)

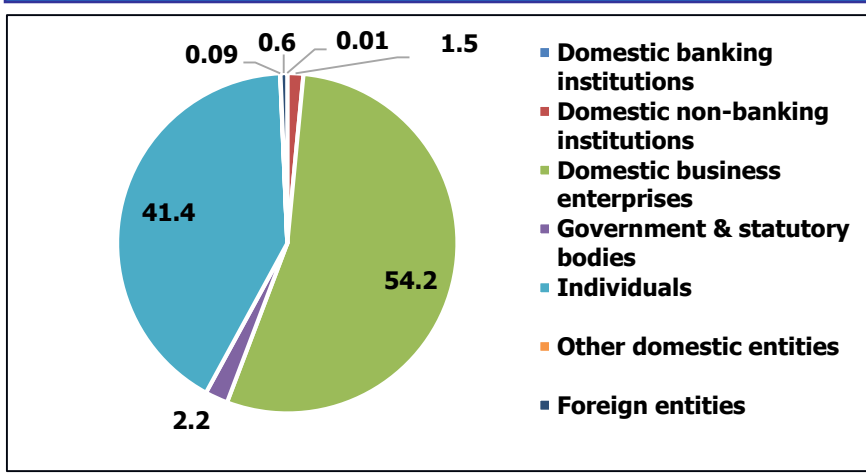


Gross Loans Advances & Financing Growth

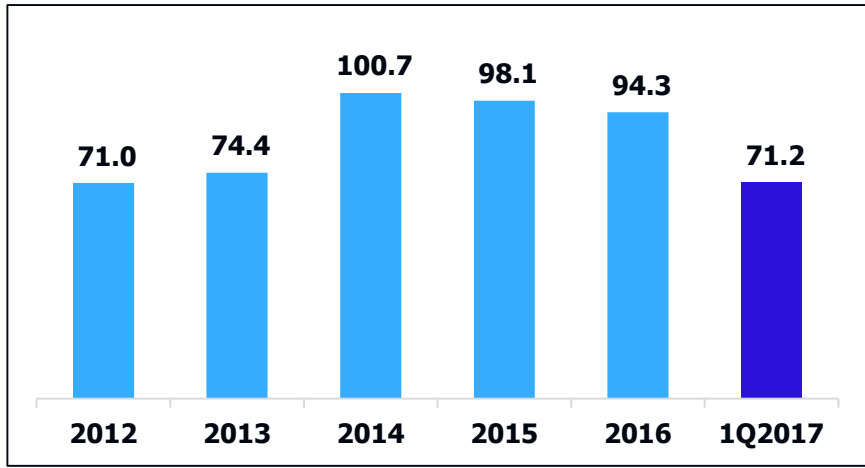
Total Gross Loans (RM bil)



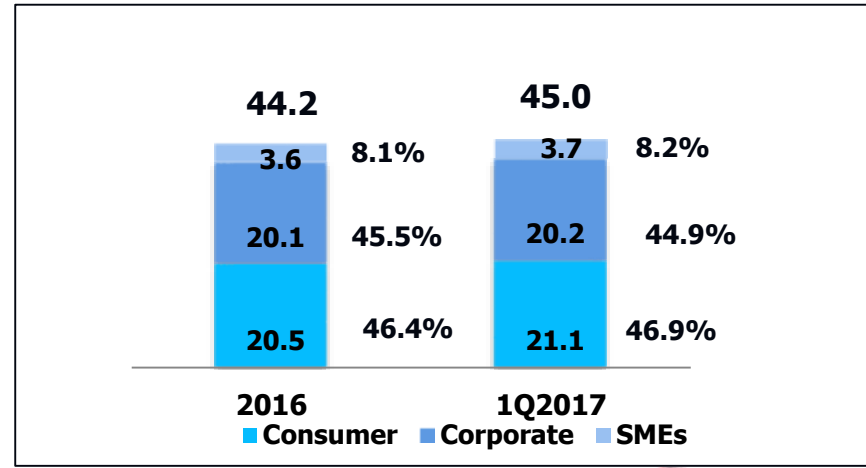
Gross Loan by Customer Type (1Q17)



Loan Loss Reserve (%)

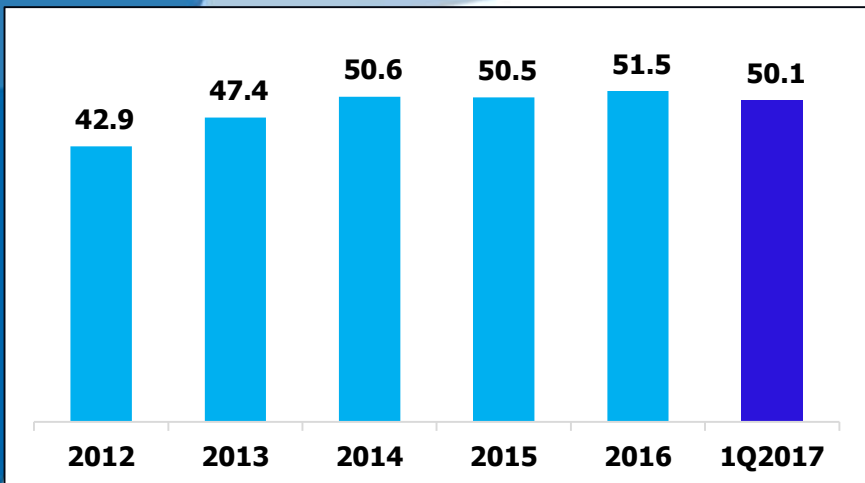


Loans by business segment (RM billion)

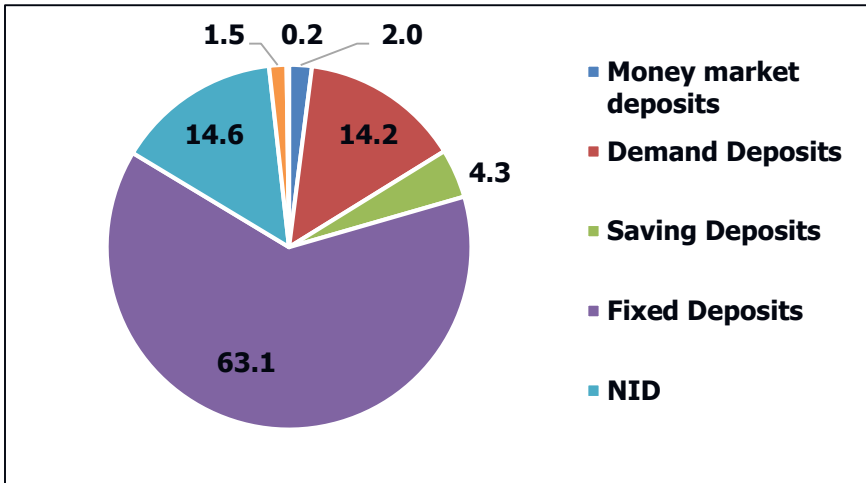


Deposits from Customers

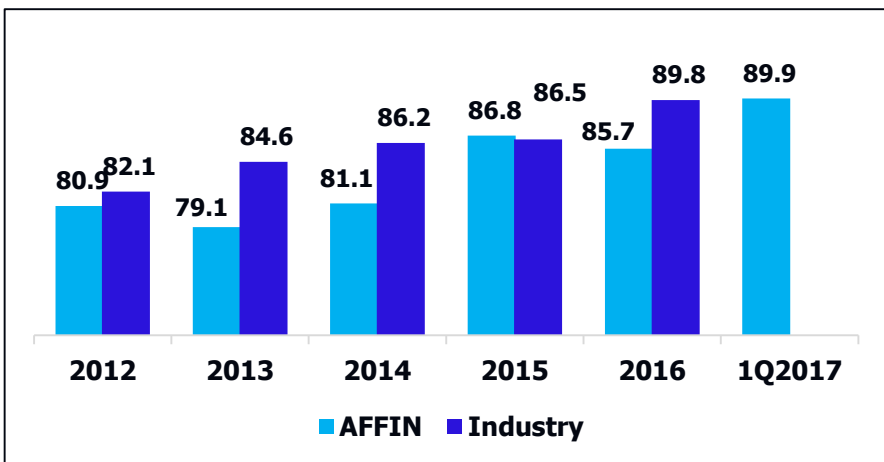
Deposits from Customers (RM Bil)



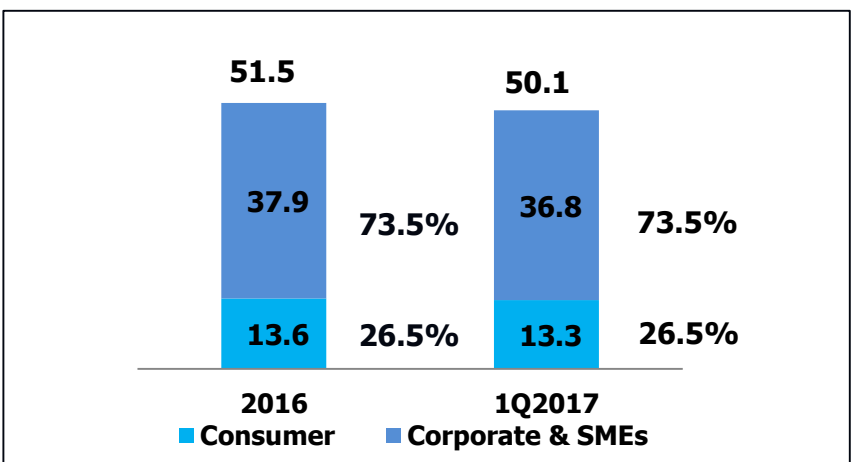
Type of Deposits (1Q17)



Gross Loans/Deposit Ratio (%)

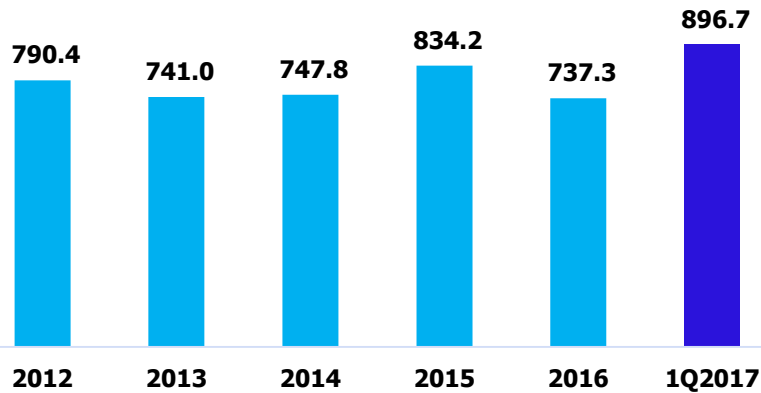


Deposits (RM Bil)

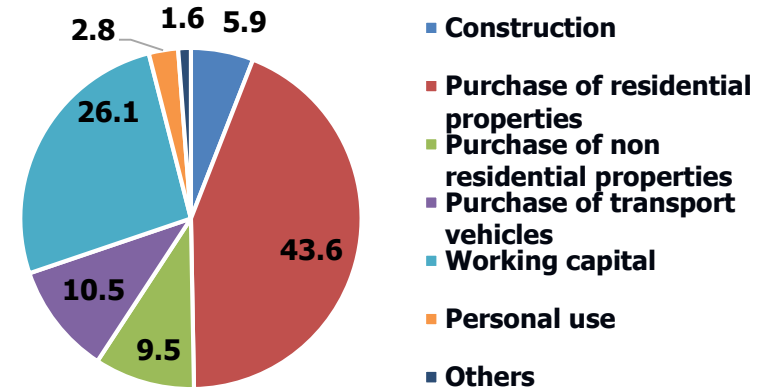


Actively Monitoring Impaired Loans

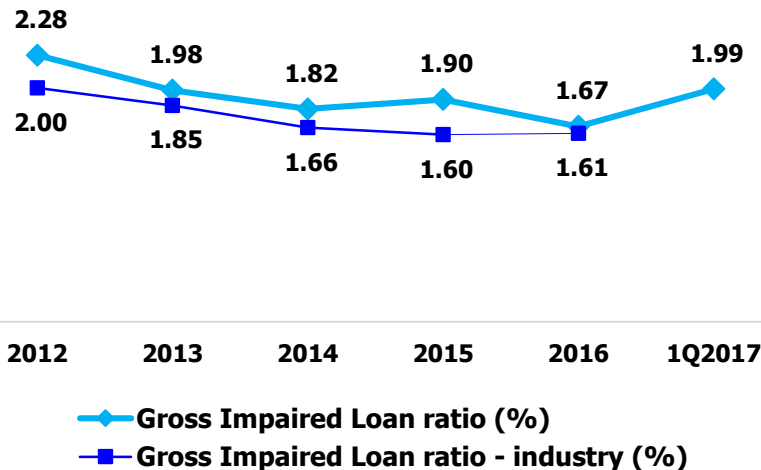
Gross Impaired Loan (RM Mil)



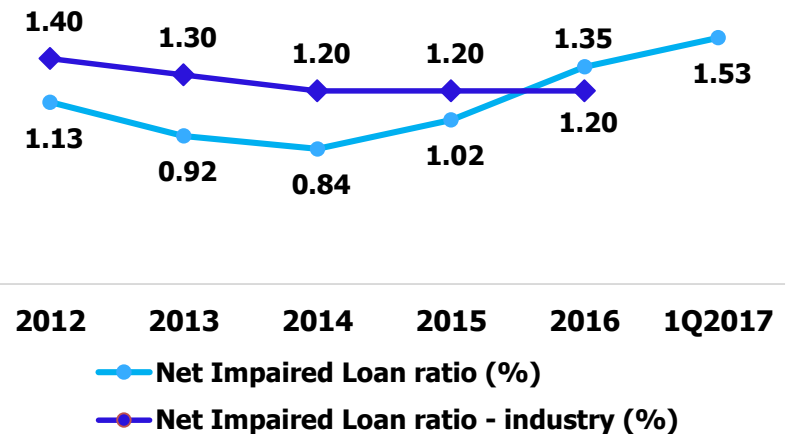
Gross Impaired Loan by Purpose (1Q17)



Gross Impaired Loan Ratio (%)



Net Impaired Loan Ratio (%)



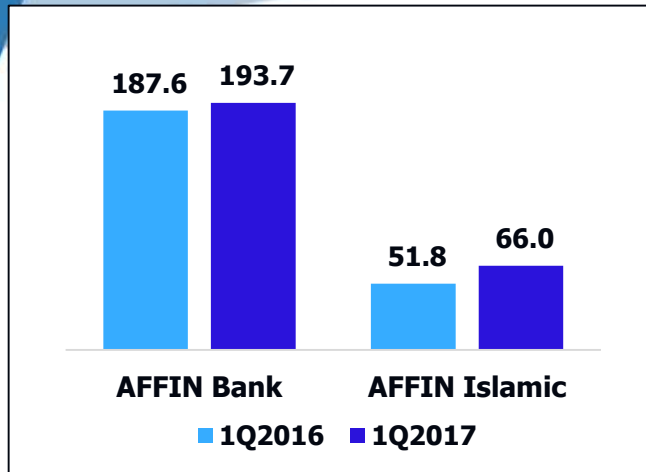
Allowance for Impairment Losses on Loans, Advances and Financing

	1Q16 RM'000	1Q17 RM'000
Collective impairment - made/(written-back) during the financial year	11,254	8,677
Individual impairment		
- Made during the financial year	5,570	20,156
- Written-back during the financial year	(3,945)	(12,814)
Bad debts		
- Recovered	(14,714)	(10,585)
- Written-off	221	293
Additional allowance for impairment losses - Other debtors	39	48
	(1,575)	5,775

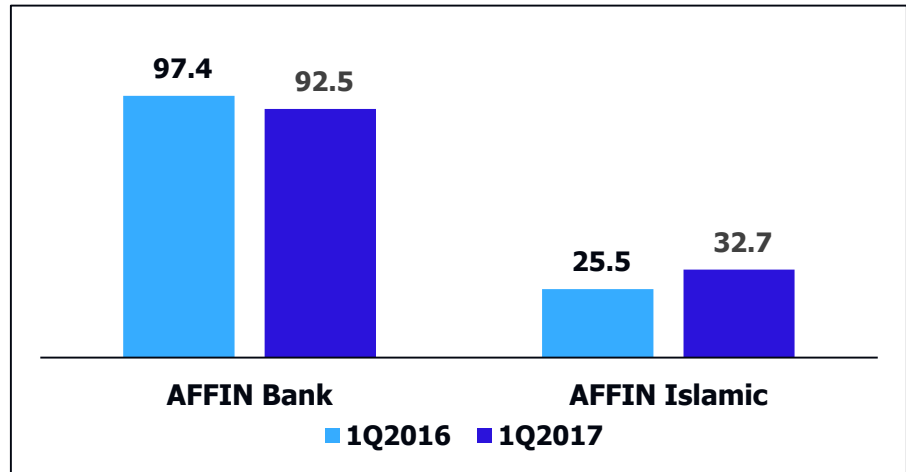
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AFFIN BANK GROUP (ABG)

Net Interest Income (RM mil)



PBT after zakat (RM mil)

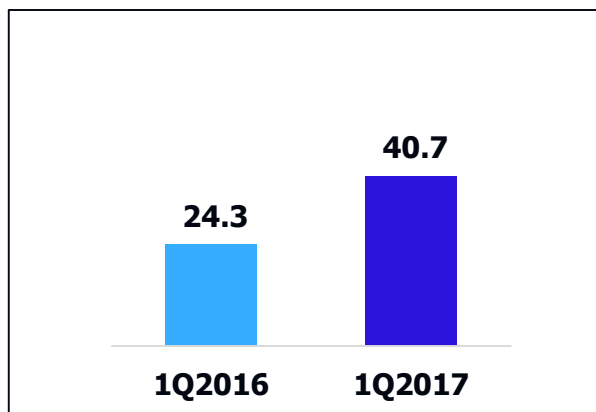


Key Highlights

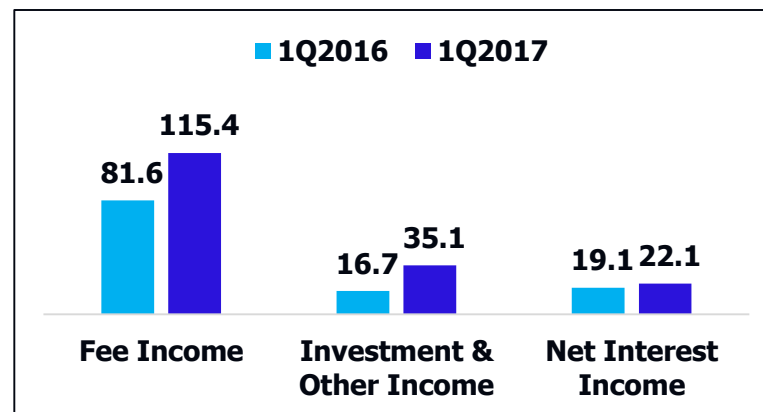
- ABG's improved performance was primarily due to higher income from Islamic Banking business by 30.7%, higher income from net interest income and other operating income by 4.6% and lower allowances for loan impairment.
- Total Assets continued to grow by RM 0.7 billion. Gross Loans, Advances and Financing stood at RM43.9 billion whilst Deposit from customer at RM 46.3 billion. The Bank has launched its Priority Islamic Policy ("PIP") and it has shown progress as the Bank's Islamic portfolio has increased to 29% (as at March 2017) of the Bank's total banking assets.
- The AFFINITY program is currently on track with 18 projects executed and 7 projects completed. The 7 projects completed are Customer Experience Organization, Target Customer Segment, New Relationship Management Model, Branch-Hub Linkage, Solution Architecture, IT-Business Linkage, SME Business Plan Model.

AFFIN HWANG INVESTMENT BANK GROUP

PBT after zakat (RM million)



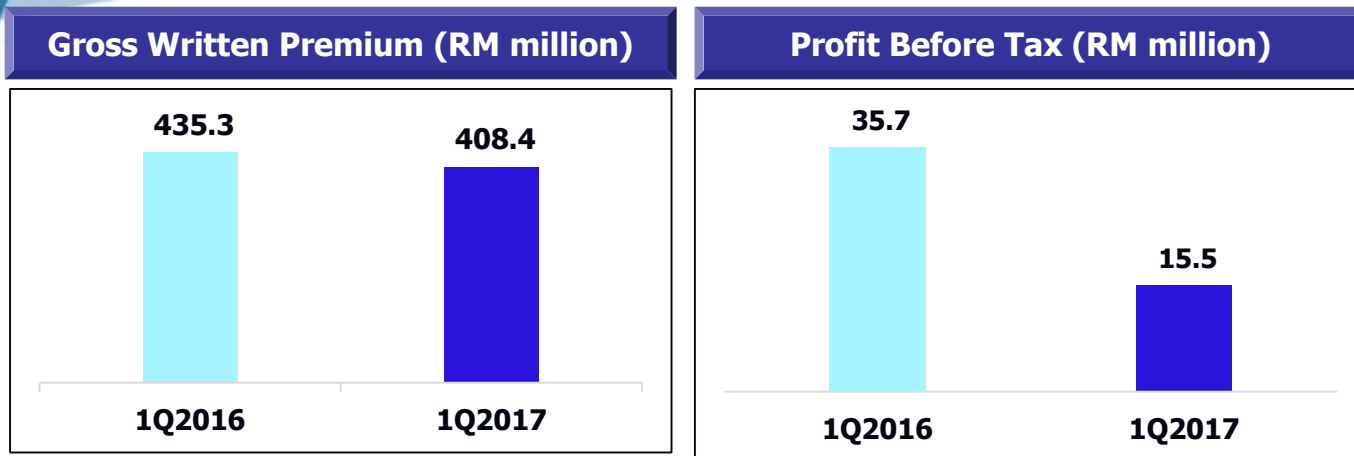
Net Income Contribution (RM million)



Key Highlights

- PBT after zakat improved by 68% to RM40.7m
- Net Income grew 47% to RM172.6m, driven by 41% growth in Fee Income. Improved market sentiments resulted in higher trading activities.
- Operating Expenses correspondingly grew predominantly from commission & brokerage.
- No. 1 Bursa ranking for Value & Volume traded
- No. 3 Unit Trust industry ranking with RM24.5 billion in AUM. Total AUM grew to RM38.2 billion

AXA AFFIN GENERAL INSURANCE BERHAD



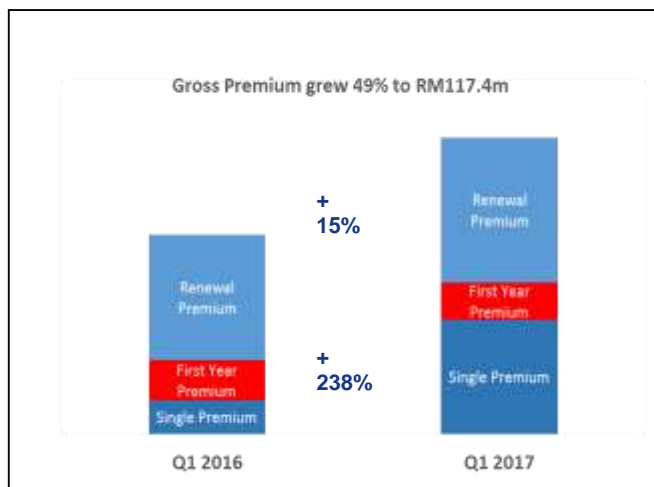
Key highlights

- Q1 2017 PBT of RM15.5 million is lower than Q1 2016 of RM35.7 million.
- Mainly due to lower underwriting results as a result of slightly higher claims and increase in expenses for transformation initiatives.
- General insurance industry will inevitably be challenging amidst the liberalisation of Motor and Fire tariffs.
- Strategies and measures have been put in place to prepare the Company for the challenges ahead.

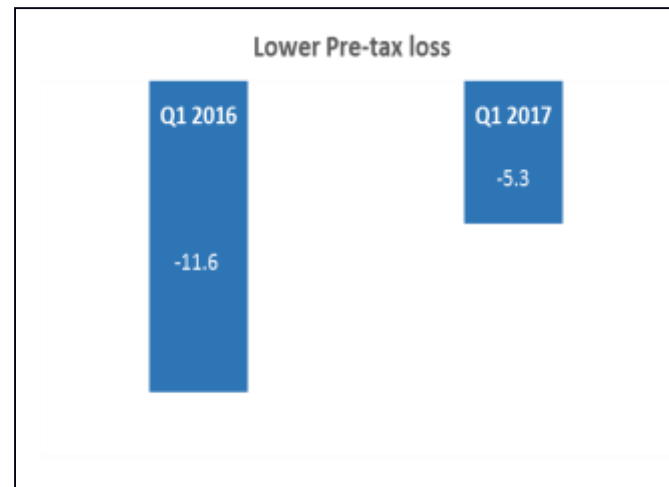
After five years of significant profitable development, the strategy is to consolidate operations by **focusing** on selective growth (diversification) and efficiency projects **to enhance** the level of profitability; and **investing** in transformation projects **to prepare** the Company for future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

AXA AFFIN LIFE INSURANCE BERHAD

Gross Premium (RM Million)



Loss Before Tax (RM Million)



Key highlights

- Q1 2017 pre-tax loss lower due to higher investment income and lower reserves for future policyholders' liabilities.
- Protection and health gross premium growth accelerated by 107% vs. Q1 2016.

AAI 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.

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Affinity Transformation Projects

32 New Transformation Projects, 18 Projects Currently in Flight, 7 Projects Completed (In Green Box)

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
	P1.1 CE Organization P1.2 Segments Detailing P1.3 CE Model & Framework	P2.8 SME Sales Organization Setup P2.9 Launch e-Wallet P2.1 RIB/MIB Implementation P2.4 Digital Banking Strategy	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			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	
BAU Projects		P2.3 Branch-Hub Mgmt FRW						

Legend

Direct Financial Impact
Strategic Foundation Building
Operational Foundation Building
BAU Projects

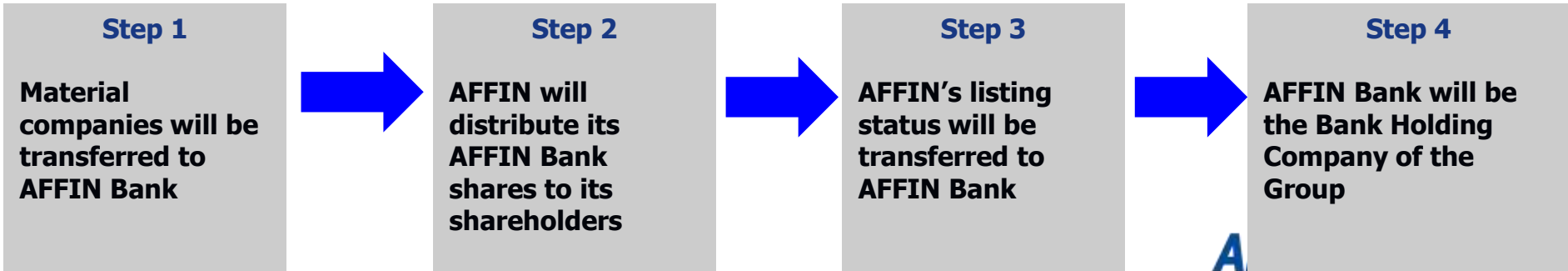
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Group structure of the new AFFIN Group

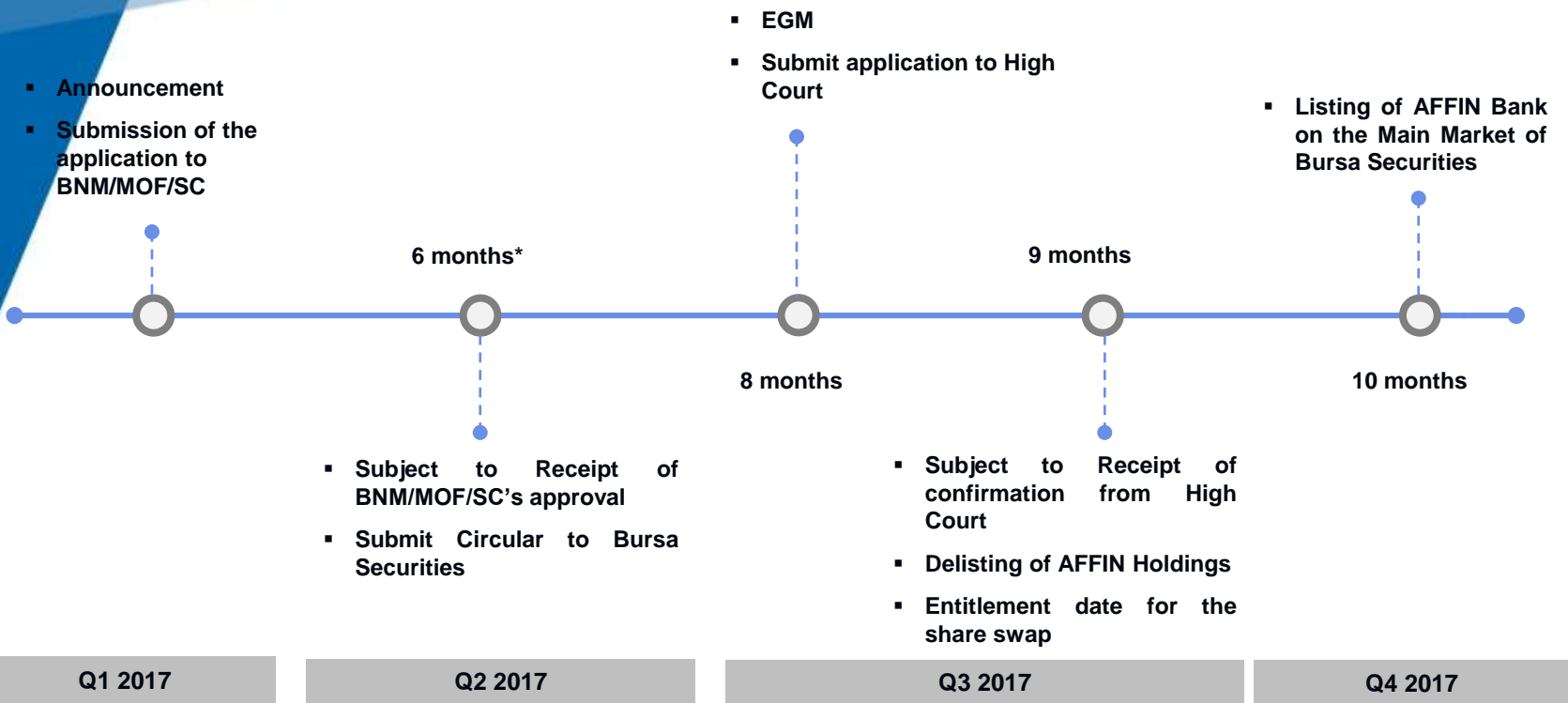


1. Positioned to spearhead the Group's future growth
2. Will have direct access to capital
3. Enlarged capital base and CAR ratio improves resilience
4. Profile will improve due to its listing status

Will be a dormant company and will be wound up after its subsidiaries have been wound-up



Expected Timeline



Note:

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

THANK YOU

For any enquiries, please contact us at ir@affinbank.com.my

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