



# ANALYSTS/FUND MANAGERS PRESENTATION 1Q2018 FINANCIAL RESULTS

31 MAY 2018





- ❖ **KEY PERFORMANCE HIGHLIGHTS & RATIOS**
- ❖ PROFIT BEFORE TAX BY SEGMENTS



**TOTAL CAPITAL RATIO**

**17.33%**

DEC 2017: 17.23%

**PROFIT BEFORE TAX after ZAKAT**

**RM186.8 MILLION**

1Q2017: RM125.3 MILLION

**NET INTEREST MARGIN REDUCED TO**

**1.98%**

DEC 2017: 2.01%

**TOTAL EQUITY INCREASED TO RM8.4 BILLION**

DEC 2017: RM8.3 BILLION

## SUMMARY RESULTS HIGHLIGHTS OF AFFIN BANK GROUP

**GROSS IMPAIRED LOAN RATIO INCREASED SLIGHTLY TO**

**2.54%**

DEC 2017: 2.53%

**TOTAL ASSETS RM72.3 BILLION**

3.3% increase

**GROSS LOAN, ADVANCES AND FINANCING RM46.4 BILLION**

0.7% increase

**TOTAL DEPOSITS FROM CUSTOMERS RM53.0 BILLION**

4.1% increase

**NET ASSETS PER SHARE OF RM4.27**

DEC 2017: RM4.26

**EPS OF 7.30 sen**

1Q2017: 5.30 sen



## PROFITABILITY

- Achieved a PBT after zakat of RM186.8 million for the quarter ended 31 March 2018
- Net interest income increased by RM12.5 million or 6.1% to RM215.8 million.
- Islamic Banking Income increased by RM21.5 million or 27.9% to RM98.5 million
- Net fee and commission income increased by RM92.6 million or 371.7% to RM117.6 million
- Net gains on financial instruments increased by RM28.5 million or 608.7% to RM33.2 million
- Overhead expenses increased by RM121.6 million or 64.0% to RM311.6 million
- Net write back of allowances for credit impairment losses of RM15.7 million vs a charge of RM 6.7 million in 1Q2017

## ASSET QUALITY

- Gross Impaired Loans ratio was at 2.54%. Excluding R&R accounts, the Gross Impaired Loan ratio stood at 2.15% (Dec 2017 : 2.53%)
- Loan Loss Reserve was at 104.0% (March 2018) vs. 98.5% (Dec 2017)

## CAPITAL ADEQUACY

- Total Capital ratio, Common Equity Tier-1 Capital ratio and Tier 1 Capital ratio of all banking entities within AFFIN remained at healthy levels, well above the minimum regulatory requirements.
- Total Capital ratio for Affin Bank Berhad Group stood at 17.33%. (CET1:11.99%, Tier1: 12.02%)
- Total Capital ratio for Affin Hwang Investment Bank Berhad Group stood at 34.83% (CET1: 33.55%, Tier1: 34.02%)



## LOANS & DEPOSITS GROWTH

- Gross loans, advances and financing grew by 0.7% yoy to RM46.4 billion driven largely by Consumer Banking while customer deposits was at RM53.0 billion.

## BUSINESS PERFORMANCE

- AFFIN Bank Group reported a higher PBT of RM186.8 million in 1Q2018 as compared to RM125.3 million achieved in 1Q2017 driven by the increase in net fee and commission income, net gain on financial instruments, Islamic banking income and net interest income.
- AFFIN Islamic Bank registered a PBT of RM32.3 million in 1Q2018 as compared to RM32.8 million in 1Q2017.
- Affin Hwang Investment Bank Group reported a PBT of RM42.0 million in 1Q2018 mainly driven by fee based income. Its net income grew by 5.3% to RM132.6 million as compared to RM125.9 million in 1Q2017.
- Affin Hwang Asset Management registered a PBT of RM20.7 million in 1Q2018, a significant improvement of 37.1% as compared to RM15.1 million in 1Q2017.
- AXA AFFIN Life Insurance reported a lower pre-tax loss of RM3.0 million in 1Q2018 as compared to a pre-tax loss of RM5.3 million in 1Q2017 mainly attributable to higher reserves for policy holder's liabilities.
- AXA AFFIN General Insurance registered a pre-tax profit of RM38.0 million in 1Q2018 contributed by higher earned premium and investment income, net of higher claims incurred.



RM Million	ABB GROUP* 1Q2017	ABB GROUP 1Q2018	AHB Group** 1Q2017
Net interest income	203,325	215,807	233,136
Islamic banking income	76,983	98,517	76,983
Net Fee and commission income	24,919	117,553	95,490
Other operating income	16,805	44,740	57,329
<b>Net Income</b>	<b>322,032</b>	<b>476,617</b>	<b>462,938</b>
Operating expenses	189,980	311,575	281,942
Operating profit before allowances for credit impairment losses and other assets	132,052	165,042	180,996
Operating profit	125,332	174,726	174,509
Profit before taxation after zakat	125,332 #	186,750	161,567 #
<b>Net Profit for the financial year</b>	<b>90,233</b>	<b>145,987</b>	<b>123,196</b>
Earnings Per Share (Sen)	5.30	7.30	6.19

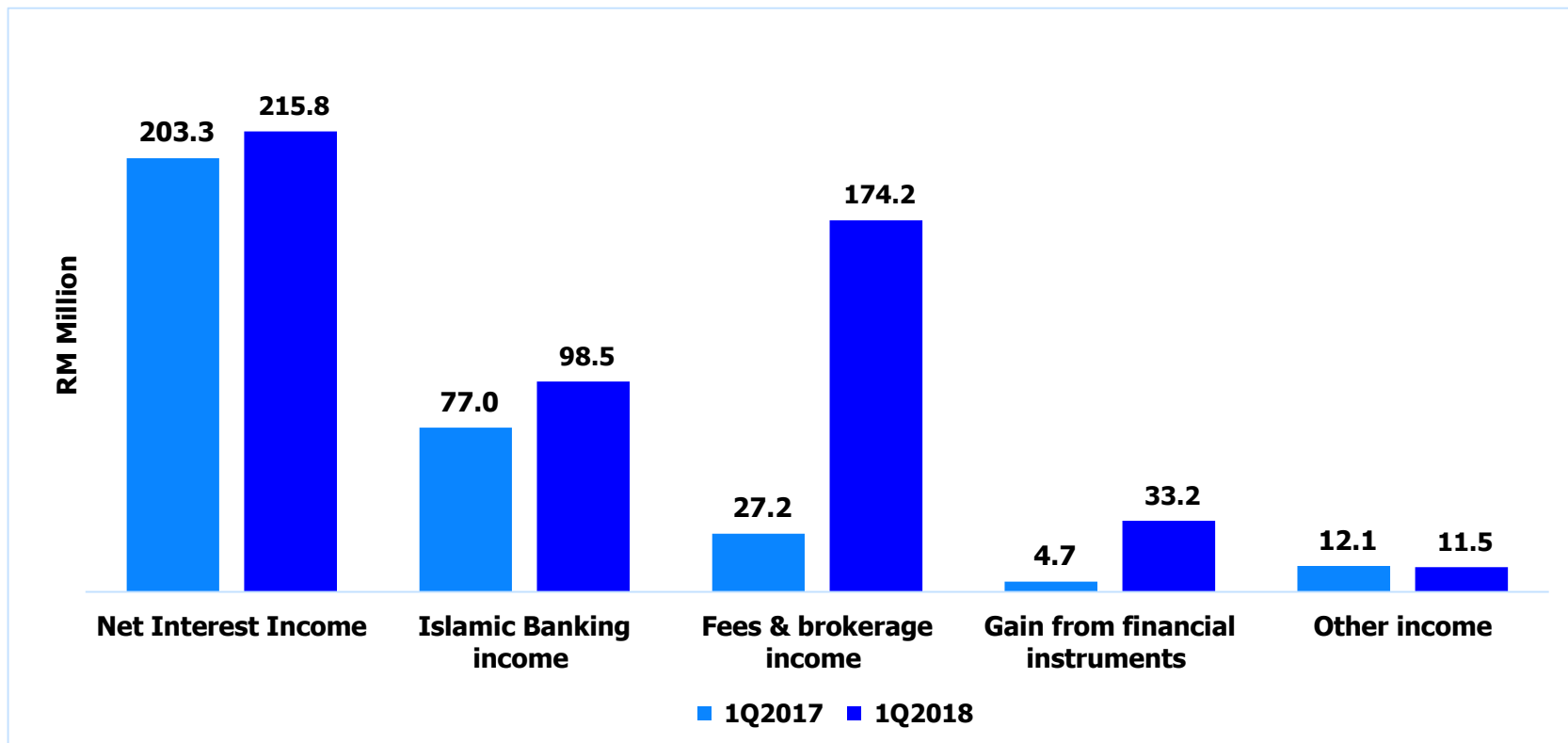
\* ABB Group's results represent the consolidated results post the Group re-organisation which took effect on 16 October 2017

\*\* AHB group consolidated results for 1Q2017 for comparison purposes.

# Mainly due to 3 months results of AHIB, AMB, AAGI, AALI plus AHB and ACF's results for 1Q2017



# INCOME COMPOSITION





## NET FEE AND COMMISSION INCOME

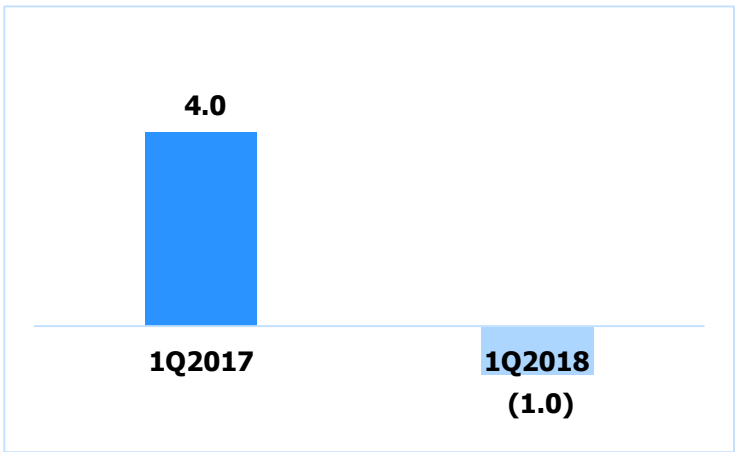
RM Million	ABB Group 1Q2017	ABB Group 1Q2018	AHB Group 1Q2017
Net brokerage	-	22,430	19,857
Portfolio management fees	-	74,123	50,888
Corporate advisory fees	-	1,874	1,550
Commission	5,047	6,324	6,203
Service charges and fees	16,307	21,570	16,577
Guarantee fees	5,853	5,984	5,895
Arrangement fees	-	850	200
Agency fees	-	1,765	485
Initial service charges	-	37,773	28,441
Fees on loans, advances and financing	-	1,006	494
Placement income	-	262	2,487
Other fee income	-	251	3,018
	<b>27,207</b>	<b>174,212</b>	<b>136,095</b>
Fee and commission expense	<b>(2,288)</b>	<b>(56,659)</b>	<b>(40,605)</b>
	<b>24,919</b>	<b>117,553</b>	<b>95,490</b>



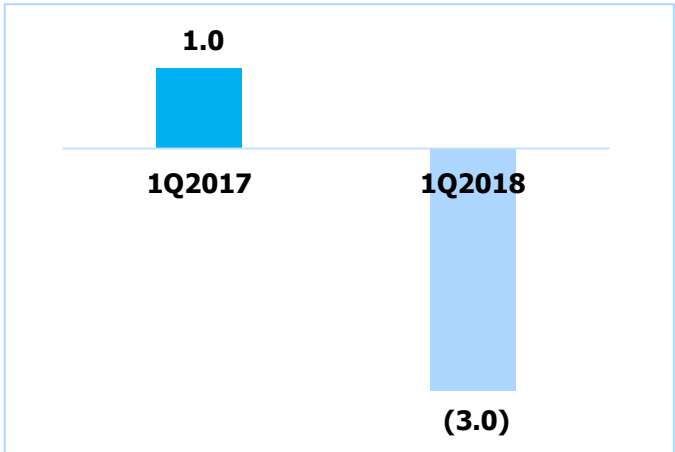


# REVENUE & PROFITABILITY

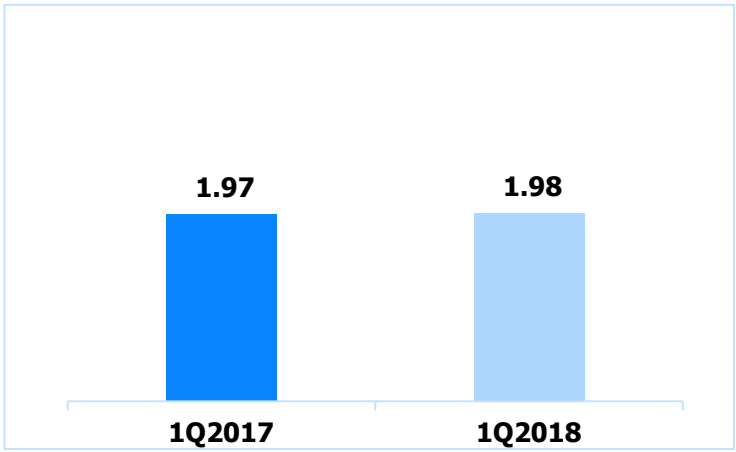
## Gross Credit Cost (bps)



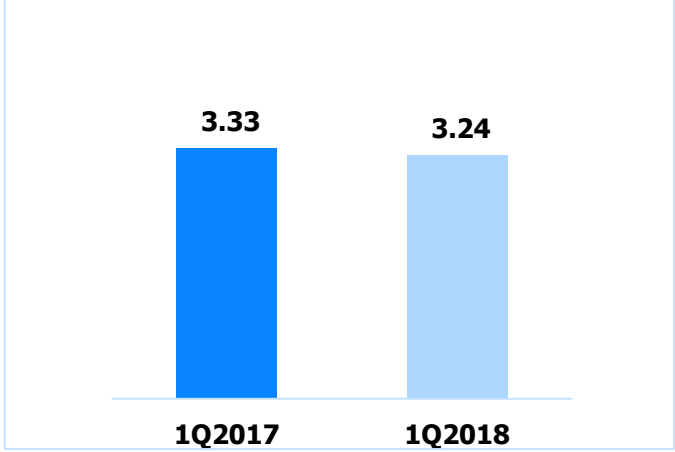
## Net Credit Cost (bps)



## Net Interest Margin (%)



## Cost of Funds (%)

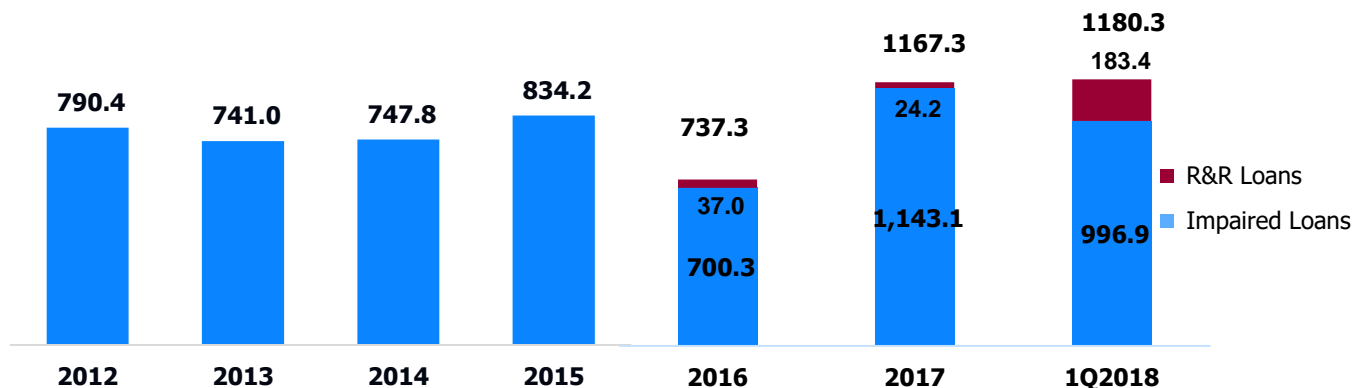




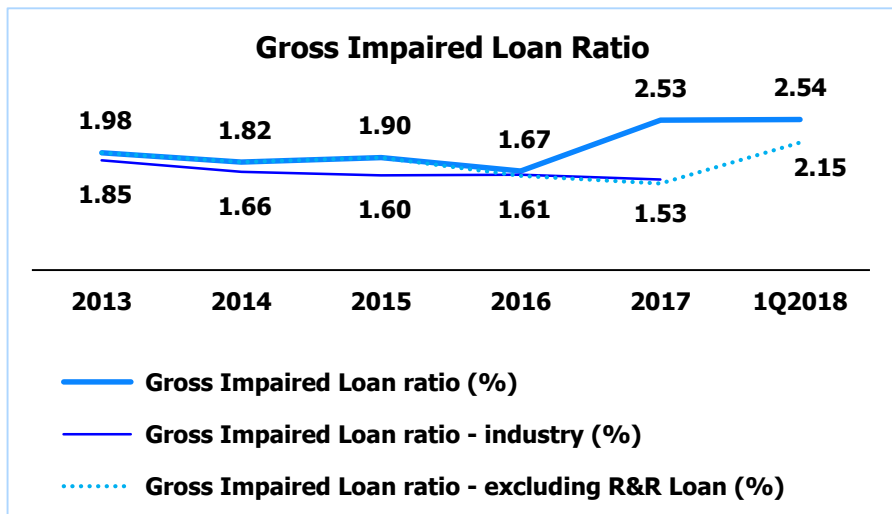
# GROUP OVERHEADS COMPOSITION

<b>RM Million ('000)</b>	<b>ABB Group 1Q2017</b>	<b>ABB Group 1Q2018</b>	<b>AHB Group 1Q2017</b>
Personnel cost	109,337	201,712	176,052
Promotion & marketing related expenses	6,016	15,471	9,041
Establishment-related expenses	53,759	65,975	66,213
General & administrative expenses	20,868	28,417	30,636
<b>TOTAL</b>	<b>189,980</b>	<b>311,575</b>	<b>281,942</b>

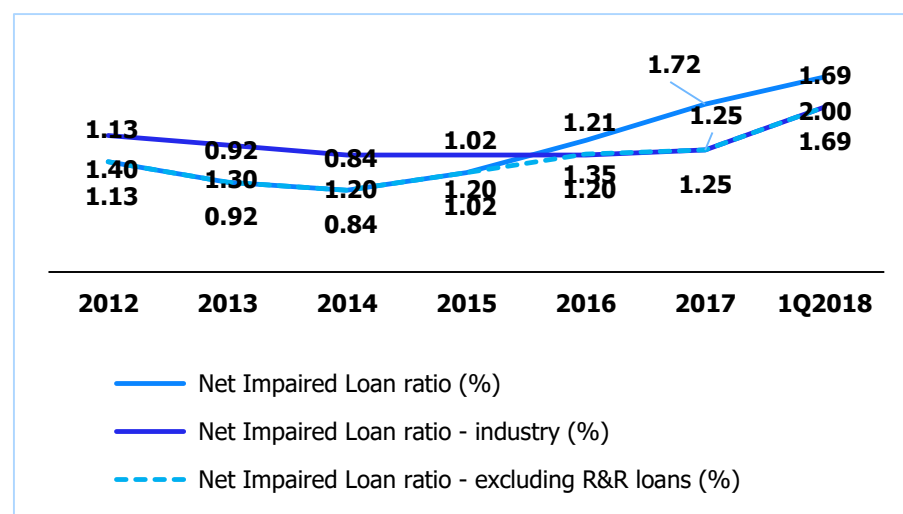
## Gross Impaired Loans (RM Mil)



## Gross Impaired Loan Ratio (%)

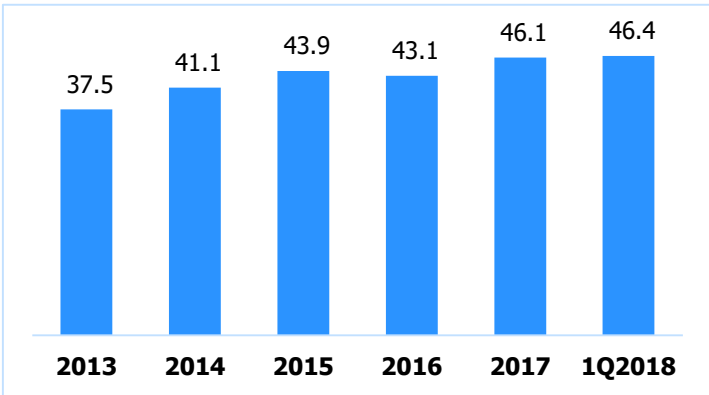


## Net Impaired Loan Ratio (%)

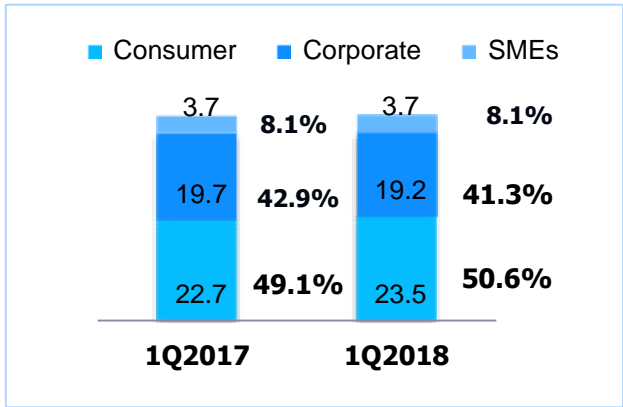




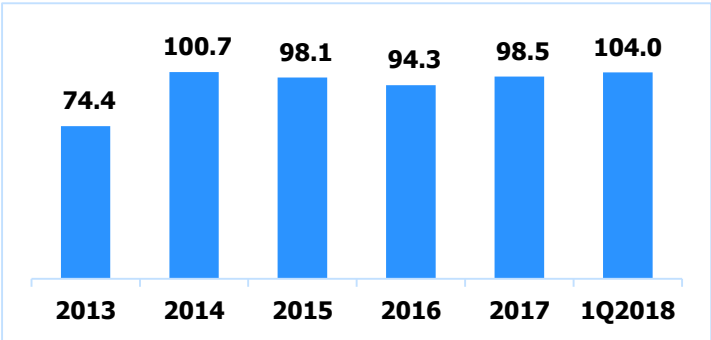
**Gross Loans, Advances & Financing (RM billion)**



**Gross loans composition (RM billion)**



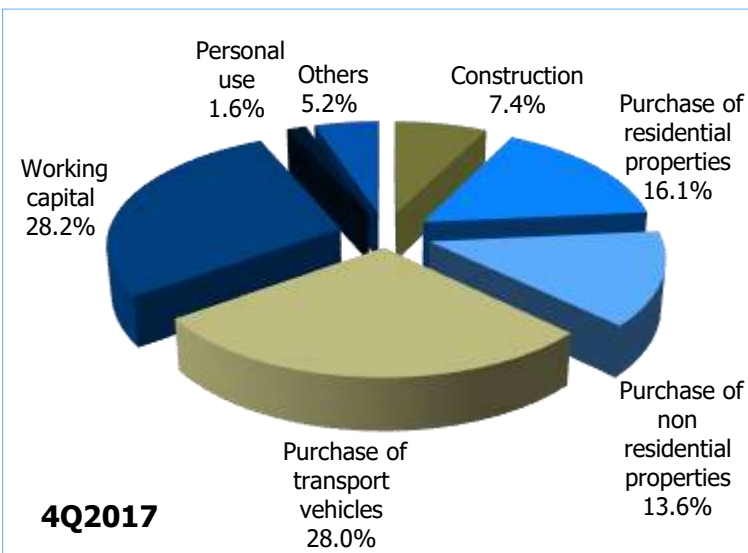
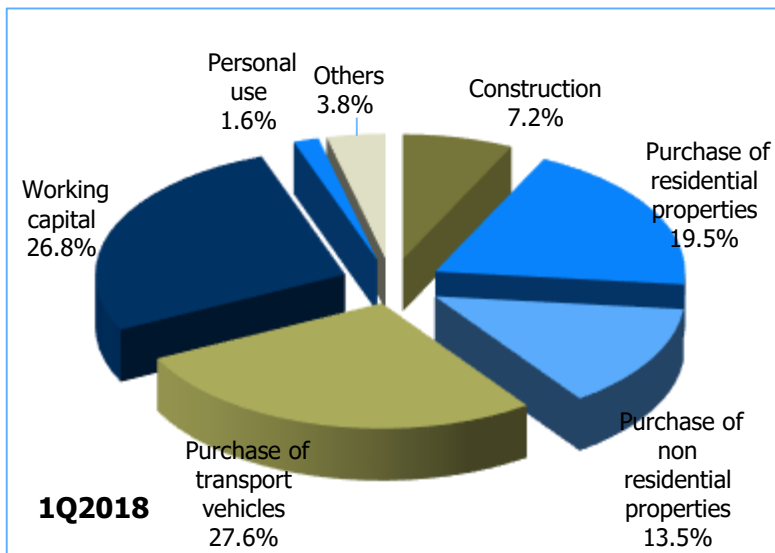
**Loan Loss Reserve (%)**



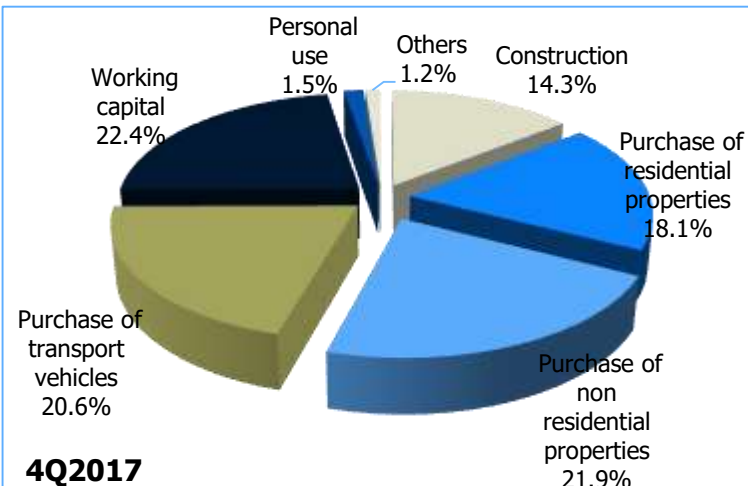
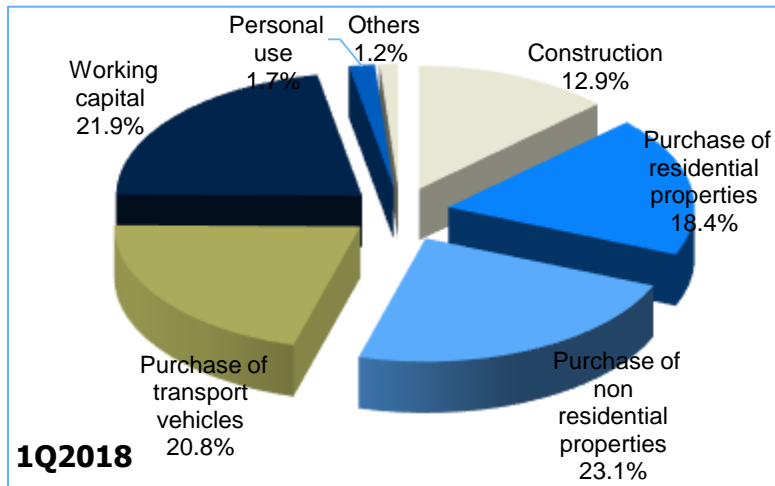
\*Inclusive of regulatory reserves



**GROSS LOAN BY ECONOMIC PURPOSE**



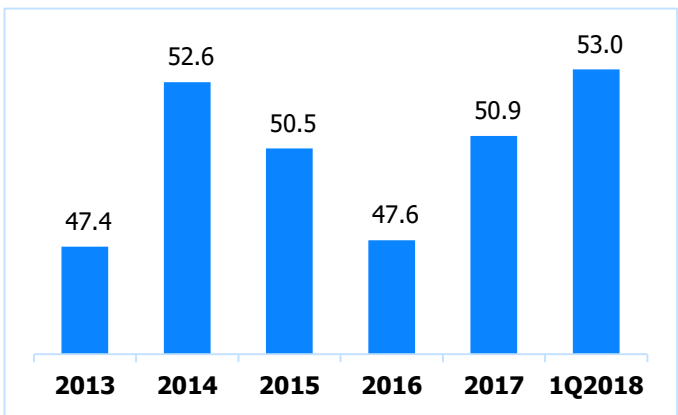
**GROSS IMPAIRED LOAN BY ECONOMIC PURPOSE**



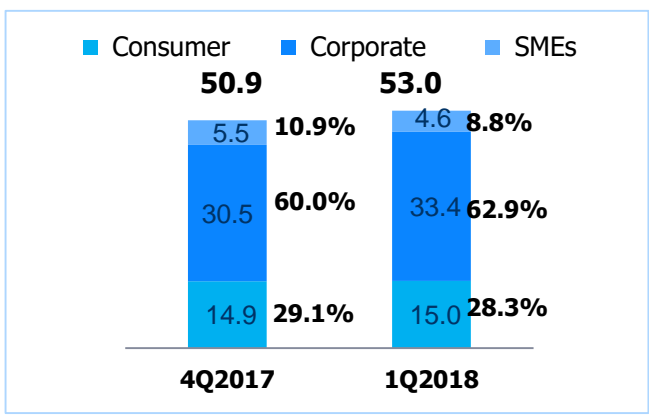


# DEPOSITS

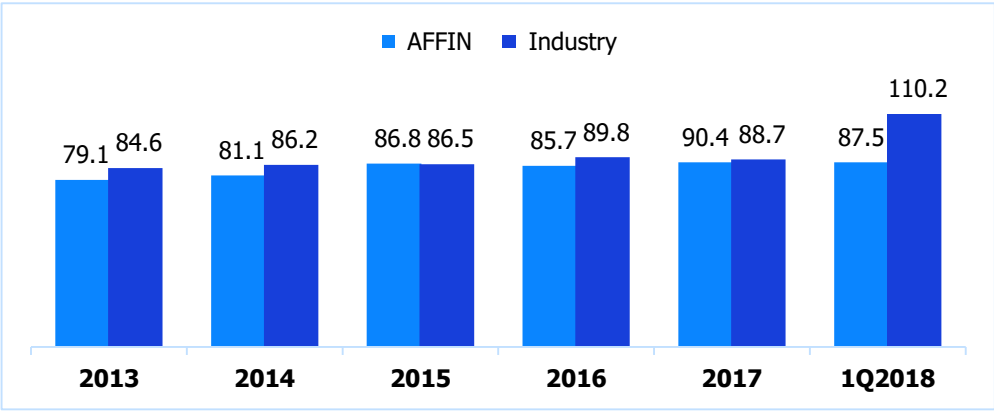
Deposits from Customers (RM Bil)



Deposits (RM Bil)



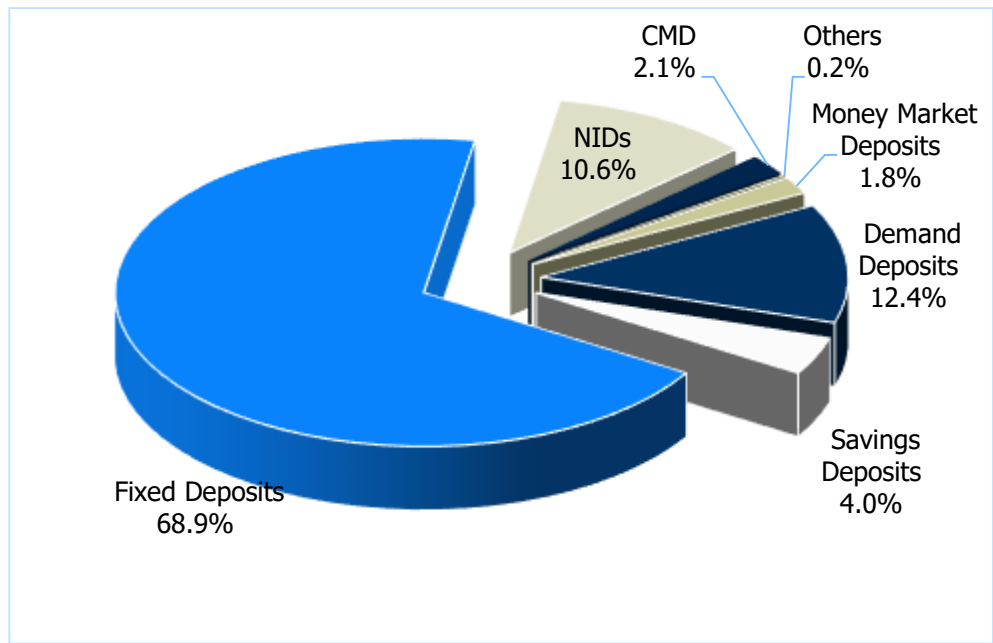
Gross Loans/Deposit Ratio (%)



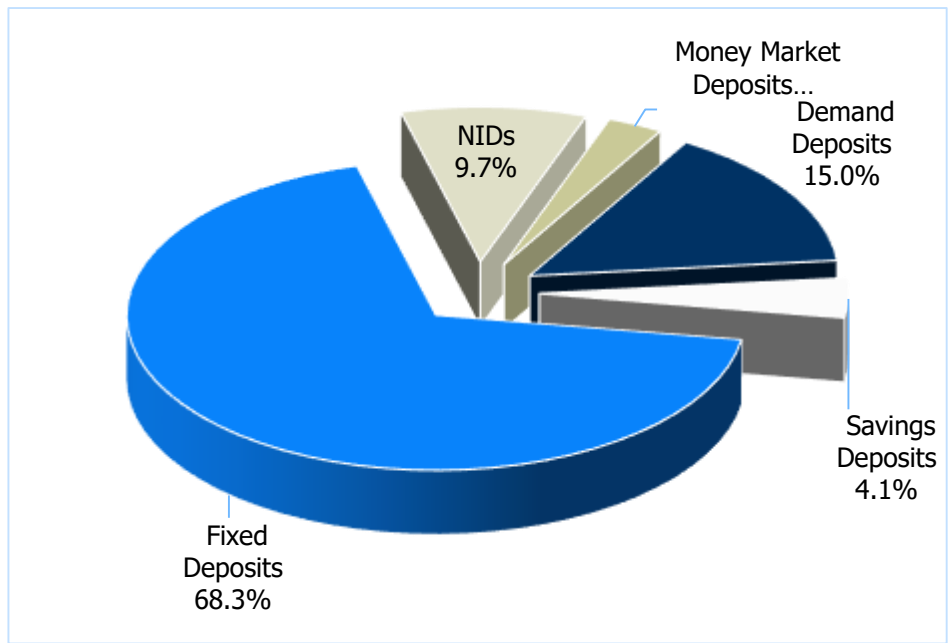


# DEPOSITS

1Q2018



2017

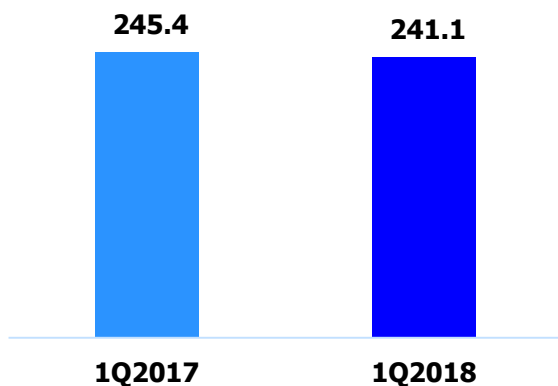




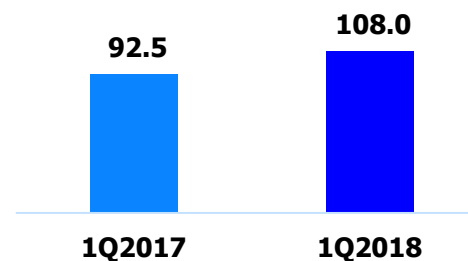
- ❖ KEY PERFORMANCE HIGHLIGHTS & RATIOS
- ❖ **PROFIT BEFORE TAX BY SEGMENTS**



**Net Income (RM Million)**



**PBT after zakat (RM Million)**

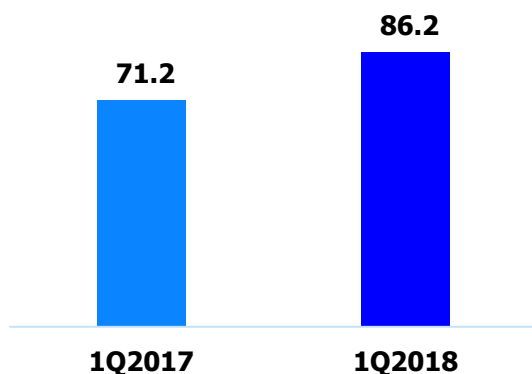


**Key Highlights**

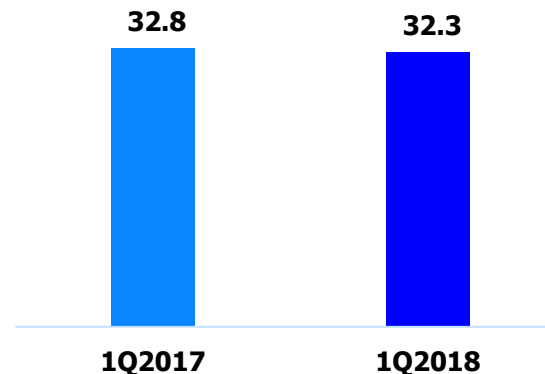
- The Bank recorded lower net interest income of RM192.8 million in 1Q2018 as compared to RM203.7 million in 1Q2017.
- The net fee and commission income increased by RM5.9 million in 1Q2018 to RM30.8 million.
- The higher PBT after zakat is mainly due to a write back of impaired losses of RM30.5 million in 1Q2018 as compared to a charge of RM1.3 million in 1Q2017, partially offset by higher overhead expenses.



**Net Income (RM million)**



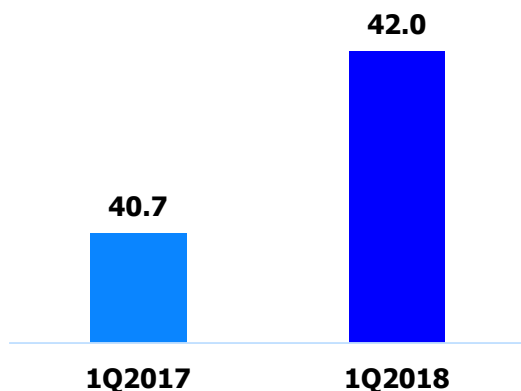
**PBT after zakat (RM million)**



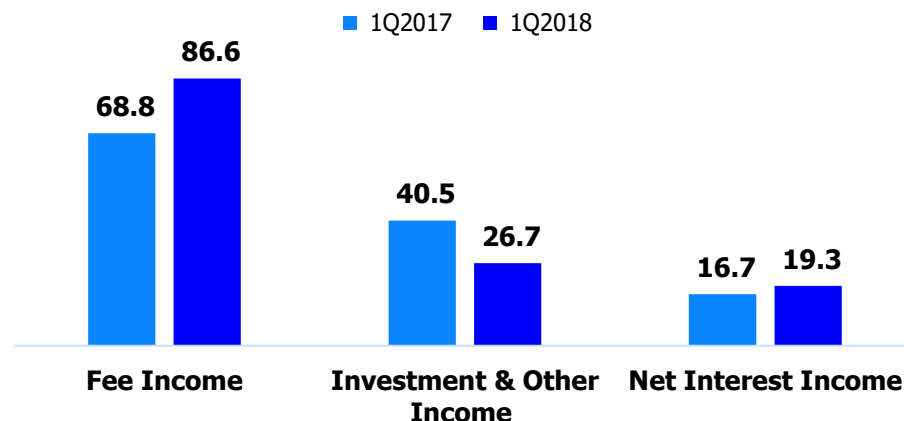
**Key Highlights**

- Higher net income was due to higher loan/financing growth and other operating income however lower PBT attributable to higher allowance for financing impairment.
- 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 2019. It has shown progress as the Bank’s Islamic portfolio has increased to 35% (as at March 2018) of the Bank’s total banking assets.

**PBT after Zakat (RM million)**



**Net Income Contribution (RM million)**

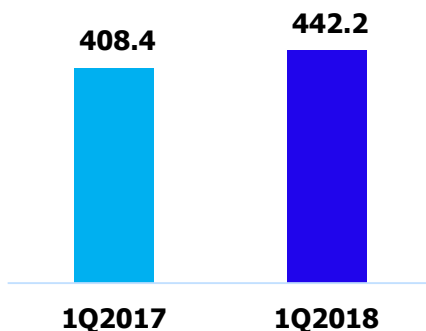


**Key Highlights**

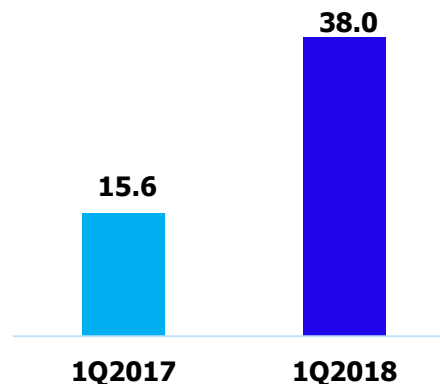
- PBT after zakat improved slightly by 3.2% to RM42.0 million compared to Q1 last year
- Net Income grew 5.3% to RM132.6 million driven largely by Fee Income
- Operating Expenses grew 6.3% to RM90.5 million mainly from investments in human capital for future growth
- No. 1 Bursa rankings in both value traded (11.6%) and volume traded (19.1%)
- Champion in Best Overall Equities for Participating Organisation in the Bursa Excellence Awards
- No. 3 Unit Trust industry ranking with total AUM of RM47.6 billion.
- Best Institutional House in Malaysia by Asia Asset Management
- Ranked 1<sup>st</sup> for Asset Management in Malaysia by Euromoney in the Private Banking and Wealth Management Survey 2018
- Ranked 3<sup>rd</sup> for Investment Banking Capabilities in Malaysia by Euromoney in the Private Banking and Wealth Management Survey 2018
- Award for Innovation in Bond Structure in the Green Bond Awards 2018 by Environmental Finance



**Gross Written Premium (RM million)**



**Profit Before Tax (RM million)**



**Key highlights**

- AXA AFFIN General Insurance’s Gross Written Premium grew by 8% backed by momentum in both retail and commercial business.
- The Company also reported a higher PBT of RM38.0 million for Q1 2018 mainly attributable to higher underwriting results and investment income.

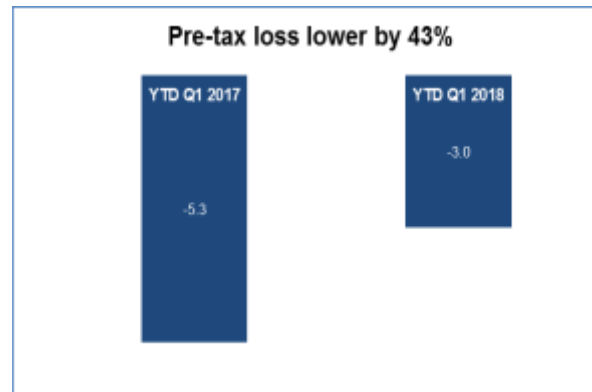
**Pursuant to acquisition of additional equity interest in AXA AFFIN General Insurance, AFFINBANK now holds 49.95% equity interest in AXA AFFIN General Insurance**



**Gross Premium (RM Million)**



**Loss Before Tax (RM Million)**

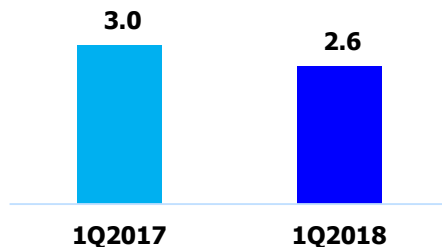


**Key highlights**

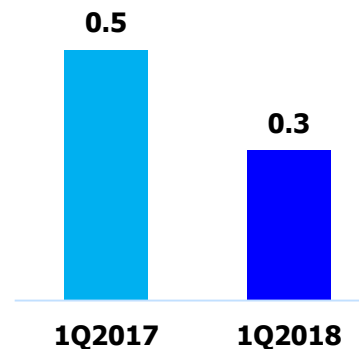
- Gross premium lower by 7% due to lower premium contribution by single premium products. However, renewal premium grew by 10%.
- Protection & Health Gross Premium grew by 9% in line with company’s growth strategy.
- Lower loss before tax, contributed by lower increase in reserves for future policyholder liabilities.



**Brokerage Fees (RM million)**



**PBT after Zakat (RM million)**



**Key highlights**

- PBT after Zakat was RM0.3 million as compared to RM0.5 million in 1Q2017
- Brokerage fees was RM2.6 million as compared to RM3.0 million in 1Q2017



**For any enquiries, please email [ir@affinbank.com.my](mailto:ir@affinbank.com.my) or call us at +603-2055-9005 (Investor Relations Department)**

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