

OUR VISION

A premier partner for
Financial Growth and
Innovative Services.

OUR MISSION

To provide innovative financial solutions and services to target customers in order to generate profits and create value for our shareholders and other stakeholders.

In doing so, we provide opportunities for employees to contribute and excel; and be competitive in providing our solutions and services to our valued customers.

We shall conduct our business with integrity and professionalism in compliance with good corporate governance, principles and practices.



COVER RATIONALE

In 2017, we continue to make good progress towards realising a greater AFFIN. The AFFINBANK Group has spearheaded a corporate restructuring to simplify the shareholding structure for greater efficiency, adaptability and productivity. AFFINBANK now helms the Group as the bank holding company, and we are committed to enhance synergy towards a future of greater growth and sustainability. This is reflected in the neat alignment of core strategies, depicted as building blocks, on the front cover.

42nd

Annual General Meeting

Taming Sari Grand Ballroom,
The Royale Chulan Kuala Lumpur,
5 Jalan Conlay, 50450 Kuala Lumpur

Tuesday, 15 May 2018 at 10.00 a.m.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

**Gen Dato' Seri DiRaja Tan Sri (Dr.)
Mohd Zahidi Bin Haji Zainuddin (Retired)**
Non-Independent Non-Executive Director
(Appointed w.e.f. 22.6.2017)

DIRECTORS

En. Mohd Suffian Bin Haji Haron
Non-Independent Non-Executive Director

Tan Sri Mohd Ghazali Bin Mohd Yusoff
Independent Non-Executive Director

En. Abd Malik Bin A Rahman
Independent Non-Executive Director

Mr. Tang Peng Wah
Non-Independent Non-Executive Director
(Appointed w.e.f. 22.5.2017)

Dato' Mohd Hata Bin Robani
Independent Non-Executive Director
(Appointed w.e.f. 17.10.2017)

Dato' Abdul Aziz Bin Abu Bakar
Independent Non-Executive Director
(Appointed w.e.f. 17.10.2017)

Mr. Ignatius Chan Tze Ching
Non-Independent Non-Executive Director
(Appointed w.e.f. 1.12.2017)

COMPANY SECRETARY

Nimma Safira Binti Dato' Khalid
LS0009015
Tel : 603-2055 9019
Email : nimma@affinbank.com.my

REGISTERED OFFICE

17th Floor, Menara AFFIN
80, Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia
Tel : 603-2055 9000
Fax : 603-2026 1415

HEAD OFFICE

Menara AFFIN
80, Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia
Tel : 603-2055 9000
Fax : 603-2026 1415

SHARE REGISTRAR

**Tricor Investor & Issuing House
Services Sdn Bhd**
Unit 32-01, Level 32
Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel : 603-2783 9299
Fax : 603-2783 9222
Email : is.enquiry@my.tricorglobal.com

Tricor Customer Service Centre

Unit G-3, Ground Floor
Vertical Podium, Avenue 3
Bangsar South
No 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

AUDITORS

PricewaterhouseCoopers PLT
LLP0014401-LCA & AF 1146
Level 10, 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia

WEBSITE

www.affinbank.com.my

INVESTOR RELATIONS

Investor Relations Department
Tel : 603-2055 9005
Email : ir@affinbank.com.my

AGM HELPDESK

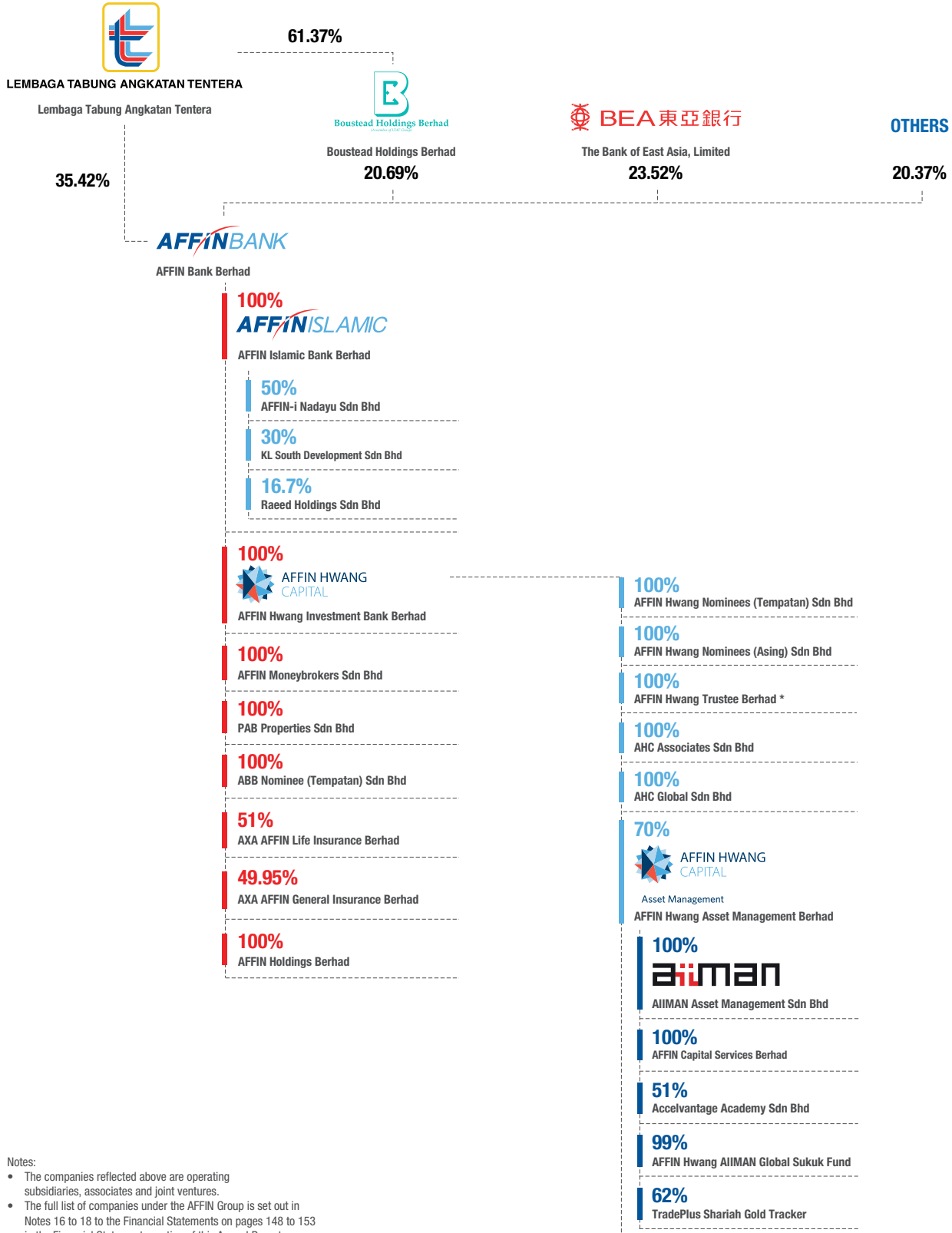
Tel : 603-2783 9299
(Tricor Investor & Issuing House Services
Sdn Bhd)

STOCK EXCHANGE

Bursa Malaysia Securities Berhad
Stock Code : 5185
Stock Name : AFFIN
Listed on Main Market of Bursa Malaysia
Securities Berhad on 2 February 2018

CORPORATE STRUCTURE

as at 22 March 2018



Notes:

- The companies reflected above are operating subsidiaries, associates and joint ventures.
- The full list of companies under the AFFIN Group is set out in Notes 16 to 18 to the Financial Statements on pages 148 to 153 in the Financial Statements section of this Annual Report.
- * Held by the following companies with direct shareholdings of 20% each
 - AFFIN Hwang Investment Bank Berhad
 - AFFIN Hwang Nominees (Tempatan) Sdn Bhd
 - AFFIN Hwang Nominees (Asing) Sdn Bhd
 - AHC Associates Sdn Bhd
 - AHC Global Sdn Bhd

BOARD OF DIRECTORS



YBHG. DATO' MOHD HATA BIN
ROBANI

MR. TANG PENG WAH

Y.A.BHG. GENERAL DATO' SERI
DIRAJA TAN SRI (DR.) MOHD ZAHIDI
BIN HAJI ZAINUDDIN (RETIRED)

YBHG. TAN SRI MOHD GHAZALI BIN
MOHD YUSOFF

BOARD OF DIRECTORS



ENCIK ABD MALIK BIN A RAHMAN

ENCIK MOHD SUFFIAN BIN
HAJI HARON

YBHG. DATO' ABDUL AZIZ BIN
ABU BAKAR

MR. IGNATIUS CHAN TZE CHING

PROFILE OF DIRECTORS



Y.A.BHG. GENERAL DATO' SERI DIRAJA TAN SRI (DR.) MOHD ZAHIDI BIN HAJI ZAINUDDIN (RETIRED)

Chairman/Non-Independent Non-Executive Director

Nationality/Age/ Gender	Malaysian/69 years old/Male
Date of Appointment	22 June 2017
Academic/ Professional Qualification(s)	<ul style="list-style-type: none"> • Master of Science Degree (Defence and Strategic Studies) Quaid-I-Azam University, Islamabad, Pakistan • Senior Executive Programme, University of Harvard, USA • Command and General Staff College, Philippines • Joint Services Staff College, Australia • National Defence College, Pakistan • Honorary Doctorate in Management of Defence and Strategic Studies from Universiti Pertahanan Nasional Malaysia
Past Working Experience	<ul style="list-style-type: none"> • Served the Malaysian Armed Forces for 39 years, holding many key appointments at field and ministerial level • Chief of Defence Forces with the rank of General from 1 January 1999 until retirement on 30 April 2005
Directorship of Other Public Companies	<ul style="list-style-type: none"> • Chairman of Affin Holdings Berhad • Chairman of Genting Plantations Berhad • Director of Genting Malaysia Berhad • Director of Bintulu Port Holdings Berhad
Other Appointments	<ul style="list-style-type: none"> • Bestowed with the Perak's highest award for commoners, the 'Darjah Kebesaran Seri Paduka Sultan Azlan Shah Perak Yang Amat Dimulia' (S.P.S.A) which carries the title "Dato' Seri DiRaja" • Orang Kaya Bendahara Seri Maharaja Perak Darul Ridzuan by DYMM Paduka Seri Sultan Perak and with the consent of Dewan Negara Perak Darul Ridzuan • Member of Dewan Negara Perak by DYMM Paduka Seri Sultan Perak • Trustee of Yayasan Sultan Azlan Shah • Chancellor of Asia Metropolitan University (AMU)
Membership of Board Committees in AFFINBANK	Member of Board Nomination and Remuneration Committee
Attendance for the financial year ended 31 December 2017	All the 6 scheduled monthly Board Meetings and 3 Special Board Meetings held since his appointment as Chairman

* Gen. Tan Sri Mohd Zahidi is a nominee of Lembaga Tabung Angkatan Tentera (LTAT), a major shareholder of AFFINBANK.

PROFILE OF DIRECTORS



ENCIK MOHD SUFFIAN BIN HAJI HARON

Non-Independent Non-Executive Director

Nationality/Age/ Gender	Malaysian/72 years old/Male
Date of Appointment	15 August 2009
Academic/ Professional Qualification(s)	<ul style="list-style-type: none"> • Bachelor of Economics, University of Malaya • Master of Business Administration, University of Oregon, USA
Past Working Experience	<ul style="list-style-type: none"> • Managing Director of an Insurance Broking Company • Director of Far East Computers (India) • Director of Affin Discount Berhad • Director of Fraser's Hill Development Corporation • Director of the State Development Corporations of Perak, Pahang and Terengganu • Director of Bank Pembangunan Malaysia Berhad • Director of Kompleks Kewangan Malaysia Berhad • Director of HICOM • Council Member of Majlis Amanah Rakyat (MARA) • Diplomatic and Administrative Officer, attached to the Prime Minister's Department and the Ministry of Public Enterprises • Assistant to the Special Economic Adviser to the Government • Vast experience in general trading, power generation and transmission, aircraft maintenance as well as the oil and gas services sectors
Directorship of Other Public Companies	<ul style="list-style-type: none"> • Chairman of Affin Islamic Bank Berhad • Director of Pharmaniaga Berhad • Director of Lonpac Insurance Bhd
Membership of Board Committees in AFFINBANK	<ul style="list-style-type: none"> • Member of Board Nomination and Remuneration Committee • Member of Group Board Credit Review and Recovery Committee • Member of Board Oversight Transformation Committee
Attendance for the financial year ended 31 December 2017	All the 11 scheduled monthly Board Meetings and 9 Special Board Meetings

* Encik Mohd Suffian is a nominee of LTAT, a major shareholder of AFFINBANK.

PROFILE OF DIRECTORS



YBHG. TAN SRI MOHD GHAZALI BIN MOHD YUSOFF

Independent Non-Executive Director

Nationality/Age/ Gender	Malaysian/72 years old/Male
Date of Appointment	20 June 2014
Academic/ Professional Qualification(s)	Degree of the Utter Bar from Middle Temple, Inns-of-Court, London
Past Working Experience	<ul style="list-style-type: none"> • Joined the Malaysian Judicial and Legal Service in 1974 as a Magistrate • Judge of the Federal Court, Court of Appeal and High Court • Solicitor General • Chief Registrar of the Supreme Court • State Legal Adviser of Pahang • Registrar of Companies • State Legal Adviser of Negeri Sembilan • Deputy Public Prosecutor
Directorship of Other Public Companies	Director of AXA AFFIN Life Insurance Berhad
Membership of Board Committees in AFFINBANK	<ul style="list-style-type: none"> • Chairman of Group Board Credit Review and Recovery Committee • Member of Group Board Risk Management and Compliance Committee
Attendance for the financial year ended 31 December 2017	All the 11 scheduled monthly Board Meetings and 9 Special Board Meetings

PROFILE OF DIRECTORS



ENCIK ABD MALIK BIN A RAHMAN

Independent Non-Executive Director

Nationality/Age/ Gender	Malaysian/69 years old/Male
Date of Appointment	3 March 2015
Academic/ Professional Qualification(s)	<ul style="list-style-type: none"> • Chartered Accountant Member of the Malaysian Institute of Accountants • Fellow of the Association of Chartered Certified Accountants (UK) • Member of Malaysian Institute of Certified Public Accountants • Member of Certified Financial Planners (USA) • Member of Chartered Management Institute (UK) • Member of Malaysian Institute of Management
Past Working Experience	<ul style="list-style-type: none"> • Various senior management positions in Peat Marwick Mitchell (currently known as KPMG), Esso Group of Companies, Colgate-Palmolive (M) Sdn Bhd, Amway (Malaysia) Sdn Bhd, Fima Metal Box Berhad and Guinness Anchor Berhad • General Manager, Corporate Services of Kelang Multi Terminal Sdn Bhd (currently known as Westports Malaysia Sdn Bhd)
Directorship of Other Public Companies	<ul style="list-style-type: none"> • Director of AFFIN Holdings Berhad • Director of AFFIN Hwang Investment Bank Berhad • Director of AFFIN Hwang Asset Management Berhad • Director of Boustead Heavy Industries Corporation Berhad • Director of CYL Corporation Berhad • Director of Lee Swee Kiat Group Berhad • Director of Innity Corporation Berhad
Membership of Board Committees in AFFINBANK	<ul style="list-style-type: none"> • Chairman of Group Board Audit Committee • Chairman of Board Oversight Transformation Committee • Member of Board Nomination and Remuneration Committee • Member of Group Board Risk Management and Compliance Committee
Attendance for the financial year ended 31 December 2017	11 scheduled monthly Board Meetings and 8 Special Board Meetings

PROFILE OF DIRECTORS



MR. TANG PENG WAH

Non-Independent Non-Executive Director

Nationality/Age/ Gender	Singaporean/64 years old/Male
Date of Appointment	22 May 2017
Academic/ Professional Qualification(s)	<ul style="list-style-type: none"> • Associateship and Banking Diploma, the Chartered Institute of Bankers, London • Master of Business Administration, University of Hull, United Kingdom
Working Experience	<p>Present:</p> <ul style="list-style-type: none"> • Regional Chief Executive, Southeast Asia, The Bank of East Asia, Limited (BEA) <p>Past:</p> <ul style="list-style-type: none"> • Various positions in the operating department in BEA, Singapore • Head of Treasury, BEA, Singapore • General Manager, BEA, New York Branch • President of East Asia Holding Company, Inc. • President and Chief Executive Officer of BEA (USA) N.A.
Directorship of Other Public Companies	NIL
Membership of Board Committees in AFFINBANK	NIL
Attendance for the financial year ended 31 December 2017	7 scheduled monthly Board Meetings and 3 Special Board Meetings held since his appointment as Director

* Mr. Tang is a nominee of BEA, a major shareholder of AFFINBANK.

PROFILE OF DIRECTORS



YBHG. DATO' ABDUL AZIZ BIN ABU BAKAR

Independent Non-Executive Director

Nationality/Age/ Gender	Malaysian/64 years old/Male
Date of Appointment	17 October 2017
Academic/ Professional Qualification(s)	<ul style="list-style-type: none"> • Bachelor of Economics (Honours), University of Malaya • Senior Management Development Programme (SMDP), Harvard Business School • Council Member at the Malaysian Employers Federation (MEF) • Member of the Resources Committee of Razak School of Government (RSOG)
Working Experience	<p>Present:</p> <ul style="list-style-type: none"> • Director of the Institute of Corporate Directors of Malaysia (ICDM) <p>Past:</p> <ul style="list-style-type: none"> • Managing Director of INTRIA Berhad (currently known as UEM Builders) • Director of Costain Group PLC (UK) • Director of Rangkaian Segar Sdn Bhd • Director of FCW Holdings Berhad • Chief Human Capital Officer of Telekom Malaysia Berhad (TM) • Executive VP, Human Resources of RHB Bank Berhad • Various management positions including Internal & IT Audit, Marketing Economics, Sales & Distribution, Supply & Planning and Human Resource (HR) in Shell Malaysia for 20 years • Shareholders' representative at Shell Group HQ, London overseeing Shell's business interest in Hong Kong and China • Senior positions across a number of industries including aviation, oil & gas, construction, banking and telecommunication
Award(s)	National HR Leader Award by the Ministry of Human Resources and Malaysian Institute of HR Management
Directorship of Other Public Companies	<ul style="list-style-type: none"> • Director of ALKHAIR International Islamic Bank Malaysia Bhd (AKIIB) • Director of Merchant Trade Asia Bhd • Alternate Director of SOCSO
Membership of Board Committees in AFFINBANK	<ul style="list-style-type: none"> • Chairman of Board Nomination and Remuneration Committee • Member of Group Board Credit Review and Recovery Committee
Attendance for the financial year ended 31 December 2017	All the 2 scheduled monthly Board Meetings and 1 Special Board Meeting held since his appointment as Director

PROFILE OF DIRECTORS



YBHG. DATO' MOHD HATA BIN ROBANI

Independent Non-Executive Director

Nationality/Age/ Gender	Malaysian/65 years old/Male
Date of Appointment	17 October 2017
Academic/ Professional Qualification(s)	<ul style="list-style-type: none"> • Bachelor of Economics (Business Administration), University of Malaya • Management Development Programme, University of Harvard, USA
Past Working Experience	<ul style="list-style-type: none"> • Managing Director, Malaysian Electronic Payment System Sdn Bhd (MEPS) • Executive Director (representing Danamodal Nasional Berhad), BSNC Bank • Senior Assistant Manager of Bank Inspection Department, Bank Negara Malaysia (BNM) • Director of IT Department, BNM • Director of Banking Department, BNM • General Manager of the Financial Services Division, Amanah Capital Partners Group • Group Chief Operating Officer, Amanah Capital Partners Group • Director of Short Deposits Malaysia Berhad • Director of Asia Unit Trust Berhad • Director of Taisho Marine & Fire Insurance (M) Berhad • Director of Seacorp Schroeder Asset Management Berhad
Directorship of Other Public Companies	NIL
Membership of Board Committees in AFFINBANK	<ul style="list-style-type: none"> • Chairman of Group Board Risk Management and Compliance Committee • Member of Board Nomination and Remuneration Committee • Member of Group Board Audit Committee • Member of Board Oversight Transformation Committee
Attendance for the financial year ended 31 December 2017	All the 2 scheduled monthly Board Meetings and 1 Special Board Meeting held since his appointment as Director

PROFILE OF DIRECTORS



MR. IGNATIUS CHAN TZE CHING

Non-Independent Non-Executive Director

Nationality/Age/ Gender	Chinese National/61 years old/Male
Date of Appointment	1 December 2017
Academic/ Professional Qualification(s)	<ul style="list-style-type: none"> • Bachelor of Business Administration, University of Hawaii, USA • Master of Business Administration, University of Hawaii, USA • Certified Public Accountant, American Institute of Certified Public Accountants
Working Experience	<p>Present:</p> <ul style="list-style-type: none"> • Senior Advisor at The Bank of East Asia, Limited and CVC Capital Partners <p>Past:</p> <ul style="list-style-type: none"> • Management Associate, Citibank, Hong Kong • Country Treasurer and Head of Sales and Trading, Citibank, Hong Kong • Head, Corporate Banking Business, Citibank, Hong Kong • Country Officer, Citibank, Hong Kong • Country Officer, Citibank, Taiwan • Chief Operating Officer, Citibank, Greater China • Head of Corporate and Investment Banking Business, Citibank, Greater China • Deputy Chief Executive, Bank of China (Hong Kong) • Vice President and Fellow, Hong Kong Institute of Bankers • Member of Banking Advisory Committee of the Hong Kong Monetary Authority • Member of HKSAR Small and Medium Size Enterprises Committee • Council member of Hong Kong Treasury Markets Association • Member of Hong Kong Open University Sponsorship and Development Fund Committee • Council member of Employer's Federation of Hong Kong • Director of Hong Kong Export Credit Insurance Corporation • Honorary Chairman of Hong Kong Chinese Bankers Club • Chairman of HKSAR Advisory Committee on Human Resources Development in the Financial Services Sector • Member of HKSAR Advisory Committee on Board Market Development • Chairman of Financial & Treasury Services Committee, Hong Kong General Chamber of Commerce • Chairman of HKSAR Travel Industry Compensation Fund Management Board • Member of Greater Pearl River Delta Business Council (Convener of Services Industry Development & Human Resources Sub-group) • Director of Larry Jewelry International Company Limited

PROFILE OF DIRECTORS

Directorship of Other Public Companies	<ul style="list-style-type: none"> • Director of Hong Kong Exchanges and Clearing Limited • Director of Mongolian Mining Corporation (MMC) • Director of Rizal Commercial Banking Corporation • Chairman of Prasac Microfinance Institution Limited (Cambodia) (PRASAC)
Other Appointments	<ul style="list-style-type: none"> • Honorary Advisory Vice President, Hong Kong Institute of Bankers • Chairman of Hong Kong Polytechnic University Council • Member of The Hong Kong Community Chest Board (Chairman of Investment Sub-committee) • Member of Hong Kong Red Cross Council (Chairman of Audit Committee) • Member of Executive Committee of Investor Education Centre, Securities and Futures Commission • Member of Hong Kong Tourism Board • Member of Standing Commission on Civil Service Salaries and Conditions of Service (SCCS) • Member of Standing Committee on Judicial Salaries and Conditions of Service
Membership of Board Committees in AFFINBANK	<ul style="list-style-type: none"> • Member of Group Board Risk Management and Compliance Committee
Attendance for the financial year ended 31 December 2017	1 Special Board Meeting held since his appointment as Director

* *Mr. Chan is a nominee of BEA, a major shareholder of AFFINBANK.*

Save as disclosed, none of the Director has:

- Any family relationship with any Director and/or major shareholders of AFFINBANK
- Any conflict of interest with AFFINBANK
- Any conviction for offences within the past 5 years
- Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2017

GROUP MANAGEMENT

**EN. KAMARUL ARIFFIN
BIN MOHD JAMIL**

Group Chief Executive Officer
Affin Bank Berhad

EN. NAZLEE BIN KHALIFAH

Chief Executive Officer
Affin Islamic Bank Berhad

**YBHG. DATUK MAIMOONAH BINTI
MOHAMED HUSSAIN**

Group Managing Director
AFFIN Hwang Investment
Bank Berhad

**MR. EMMANUEL JEAN
LOUIS NIVET**

Chief Executive Officer
AXA AFFIN General Insurance
Berhad



**MR. ROHIT CHANDRASEKHARAN
NAMBIAR**

Chief Executive Officer
AXA AFFIN Life Insurance Berhad

MR. CHANDRA NAIR

Chief Executive Officer
Affin Moneybrokers Sdn Bhd

MR. TENG CHEE WAI

Managing Director & Executive
Director
AFFIN Hwang Asset Management
Berhad

EN. AKMAL BIN HASSAN

Managing Director &
Executive Director
AIMAN Asset Management
Sdn Bhd

PROFILE OF GROUP MANAGEMENT



EN. KAMARUL ARIFFIN BIN MOHD JAMIL

Group Chief Executive Officer
Affin Bank Berhad

Nationality/ Age/Gender	Malaysian/49 years old/Male
Date of Appointment	1 April 2015
Academic/ Professional Qualification(s)	<ul style="list-style-type: none"> Bachelor of Arts in Economics, Cambridge University, England Chartered Banker, Asian Institute of Chartered Bankers
Past Working Experience	<ul style="list-style-type: none"> Prior to Affin Bank Berhad, Kamarul held various positions at Pengurusan Danaharta Nasional Berhad, Trenergy Malaysia Berhad and Shell Malaysia Trading Sdn Bhd in business development and strategic planning Joined Affin Bank Berhad in 2003 as Head, Corporate Strategy Division Appointed as Head, Islamic Banking Division in 2005 Appointed as Chief Executive Officer for Affin Islamic Bank Berhad in 2006
Other Appointments	<ul style="list-style-type: none"> Director of IAP Integrated Sdn Bhd Director of Raeed Holdings Sdn Bhd
<p>Note: En. Kamarul Ariffin has no interest in the share of the Bank and its subsidiaries</p>	



EN. NAZLEE BIN KHALIFAH

Chief Executive Officer
Affin Islamic Bank Berhad

Nationality/ Age/Gender	Malaysian/50 years old/Male
Date of Appointment	3 June 2015
Academic/ Professional Qualification(s)	<ul style="list-style-type: none"> Bachelor of Business Administration Degree, majoring in Accounting & Finance, Simon Fraser University, Canada
Past Working Experience	<ul style="list-style-type: none"> Started his career in Banking industry with Maybank for 17 years in various capacity, focusing on Strategic Management Joined Affin Bank Berhad as Head, Business Strategy & Support, Business Banking Division in February 2009 Subsequently, in April 2011, Nazlee was appointed as Chief Corporate Strategist
Other Appointments	<ul style="list-style-type: none"> Director of Islamic Banking and Finance Institute Malaysia (IBFIM) Alternate Director to Kamarul Ariffin Bin Mohd Jamil for IAP Integrated Sdn Bhd and Raeed Holdings Sdn Bhd Honorary Treasurer for The Association of Islamic Banking Institutions Malaysia (AIBIM) Appointed to the Charter Governing Panel of Chartered Institute of Islamic Finance Professionals (CIIF) in 2016

PROFILE OF GROUP MANAGEMENT



YBHG. DATUK MAIMOONAH BINTI MOHAMED HUSSAIN

Group Managing Director
Affin Hwang Investment Bank Berhad

Nationality/ Age/Gender	Singaporean/59 years old/Female
Date of Appointment	3 November 2014
Academic/ Professional Qualification(s)	<ul style="list-style-type: none"> Bachelor of Accountancy, University of Singapore
Past Working Experience	<ul style="list-style-type: none"> Managing Director at Affin Investment Bank Berhad (now known as Affin Hwang Investment Bank Berhad) since 2007 Director, Debt & Capital Markets at Affin Bank Berhad Head of Syndications at Standard Chartered Bank where she was responsible for debt syndications business for Malaysia, Singapore, Thailand and the Philippines. She was also seconded to Standard Chartered Bank Malaysia Berhad for three years to develop the local as well as cross border debt business Attached to Morgan Grenfell (Asia) Ltd where she was involved in syndicated debt financing, structured debt financing and project finance advisory across South East Asian markets
Other Appointments	<ul style="list-style-type: none"> Director of Affin Hwang Asset Management Berhad Director of Affin Hwang Trustee Berhad (formerly known as ABB Trustee Berhad), Director of AIIMAN Asset Management Sdn Bhd, Director of AHC Associates Sdn Bhd (formerly known as Sole Delta Sdn Bhd) Director of AHC Global Sdn Bhd (formerly known as Classic Uptrend Sdn Bhd)



MR. EMMANUEL JEAN LOUIS NIVET

Chief Executive Officer
AXA AFFIN General Insurance Berhad

Nationality/ Age/Gender	French/59 years old/Male
Date of Appointment	14 September 2012
Academic/ Professional Qualification(s)	<ul style="list-style-type: none"> Master of Economics, Normandie Business School
Past Working Experience	<ul style="list-style-type: none"> After 8 years in "Groupe Victoire", Mr. Emmanuel joined AXA Group where he was appointed Chief Underwriting Officer in 2001, supervising all international entities of AXA Corporate Solutions Prior to joining the Company in 2012, he was the Chief Executive Officer of AXA Corporate Solutions, UK Branch for 5 years. He is currently the Chief Executive Officer and Executive Director of the Company His leadership and underwriting expertise has brought the Company from Number 8 in 2012 to number 4 in 2016 in the market place, delivering successfully in both Growth and Profit
Other Appointments	-

PROFILE OF GROUP MANAGEMENT



MR. ROHIT CHANDRASEKHARAN NAMBIAR

Chief Executive Officer
AXA AFFIN Life Insurance Berhad

Nationality/ Age/Gender	Indian/38 years old/Male
Date of Appointment	15 December 2017
Academic/ Professional Qualification(s)	<ul style="list-style-type: none"> • Post Graduate Programme in Entrepreneurship and Management • Associate from the Insurance Institute of India
Past Working Experience	<ul style="list-style-type: none"> • Analyst with the Business Intelligence and Analytics team in India. He has experience working across various departments and roles within India, Singapore, Malaysia, Hong Kong and board member experience in Vietnam with Bao Minh Insurance (of which AXA is a minority shareholder) • Led AXA Asia's successful customer experience transformation programme covering 17 entities. He also won the AXA Group Chairman's Award for 2015 • Chief Transformation & Operations Officer at AXA Affin General Insurance from January 2016 and was in charge of Transformation, Operations, IT and Big Data
Other Appointments	-



MR. CHANDRA NAIR

Chief Executive Officer
Affin Moneybrokers Sdn Bhd

Nationality/ Age/Gender	Malaysian/64 years old/Male
Date of Appointment	1 June 2004
Academic/ Professional Qualification(s)	<ul style="list-style-type: none"> • Master in Business Administration (MBA), RMIT University Melbourne, Australia
Past Working Experience	<ul style="list-style-type: none"> • Senior Manager /Head of Money Market Section in 1995 • Assistant General Manager in year 2000 to monitor and supervise the domestic money market activities • In year 2003 he was appointed as General Manager/Head of Treasury • In September 2003, he was appointed as the acting CEO, managing the overall company operations and functions. Mr. Chandra has more than 3 decades of experience in the industry
Other Appointments	-

PROFILE OF GROUP MANAGEMENT



MR. TENG CHEE WAI

Managing Director & Executive Director
Affin Hwang Asset Management Berhad

Nationality/ Age/Gender	Malaysian/51 years old/Male
Date of Appointment	22 September 2014
Academic/ Professional Qualification(s)	<ul style="list-style-type: none"> Bachelor of Science, National University of Singapore Post-Graduate Diploma in Actuarial Studies, City University, London
Past Working Experience	<ul style="list-style-type: none"> Mr. Teng began his career in the financial industry as an Investment Manager with NTUC Income, Singapore He subsequently assumed the role of General Manager of Investments at Overseas Assurance Corporation and was responsible for the investment function of the Overseas Assurance Corporation Group Prior to his current position, he was the Chief Executive Officer of Hwang Investment Management Berhad
Other Appointments	-



EN. AKMAL BIN HASSAN

Managing Director & Executive Director
AllMAN Asset Management Sdn Bhd

Nationality/ Age/Gender	Malaysian/45 years old/Male
Date of Appointment	18 November 2010
Academic/ Professional Qualification(s)	<ul style="list-style-type: none"> Degree in Business Administration, Oklahoma State University, USA Master of Business Administration, University of the Sunshine Coast, Queensland, Australia
Past Working Experience	<ul style="list-style-type: none"> Prior to his current appointment, Akmal was the Chief Investment Officer at a subsidiary of a local Islamic Bank He has more than 20 years' experience in the investment management industry primarily in portfolio management, investment research and marketing strategy
Other Appointments	-

None of the Management has:

- Any family relationship with any Director and/or major shareholders of AFFINBANK
- Any conflict of interest with AFFINBANK
- Any conviction for offences within the past 5 years
- Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2017

MANAGEMENT TEAM



PN. KHATIMAH
BINTI MAHADI

MR. LIM KEE
YEONG

YBHG. DATUK
MAIMOONAH
BINTI
MOHAMED
HUSSAIN

EN. ZULKANAIN
BIN KASSIM

EN. KAMARUL
ARIFFIN BIN
MOHD JAMIL

PN.
NORHAZLIZAWATI
BINTI MOHD
RAZALI

MR. TAN KOK
TOON

MS. LEE YOKE
KIOW

MANAGEMENT TEAM



EN. FERDAUS
TOH
ABDULLAH

EN. IDRIS BIN
ABD HAMID

PN. NOR
ROZITA BINTI
NORDIN

PN. NIMMA
SAFIRA BINTI
DATO' KHALID

EN. NAZLEE
BIN KHALIFAH

EN.
MOHAMMED
NIZAR FAISAL

MR. WONG
KOK LEONG

EN. ABU
BAKAR BIN
ABDUL
RAHMAN

MR.
RAMANATHAN
RAJOO

PROFILE OF MANAGEMENT TEAM

Nationality

Malaysian

Age

48



EN. ZULKANAIN BIN KASSIM

Chief Operating Officer
Male

En. Zulkanain Bin Kassim joined Affin Bank Berhad on 1 October 2016 as Chief Operating Officer. He is responsible for planning, organizing and controlling of all operational activities of the Bank, which includes IT Services, Banking Operations, and Loan Administration and Documentation. Prior to AFFINBANK, Zulkanain held the position as Group Managing Director of MEPS.

Zulkanain holds a Bachelor of Science (Hons) degree in Computer Science, Universiti Teknologi Malaysia, and recipient of the coveted Leadership Award – Individual by CEPI Asia in modernising Malaysia's payment infrastructure as well recipient of Transformation Corporate Leader Brand ICON Leadership Award 2015 by Asia Pacific Brands Foundation.

Zulkanain brings with him more than 26 years of experience in financial services industry, primarily in Information Technology, Banking Operations, Customer Solutions, and Payments from both focal and foreign banks.

Nationality

Malaysian

Age

55



MR. RAMANATHAN RAJOO

Chief Financial Officer
Male

Mr. Ramanathan Rajoo began his career in 1988 as an audit trainee with Coopers & Lybrand and rose to the position of Audit Senior before joining AFFINBANK in 1991 as an Executive in Finance Division. Rama was appointed as Chief Financial Officer of Affin Bank Group in 2014.

With an extensive experience of over 30 years ranging from auditing, financial accounting, financial management, capital management, regulatory reporting and recovery, Rama serves as a strategic Business Partner to the Chief Executive Officer and Senior Management to achieve the overall objective of the Bank. He currently chairs various committees within the Bank and participates as key member in some of the other committees.

He is a Fellow member of the CPA Australia and a member of the Malaysian Institute of Accountants. He holds a certified Credit Professional qualification from the Asian Institute of Chartered Bankers. He also holds a degree in Accounting from Universiti Kebangsaan Malaysia and a Master in Business Administration from Universiti Putra Malaysia.

PROFILE OF MANAGEMENT TEAM

Nationality

Malaysian

Age

63

**EN. IDRIS BIN ABD HAMID**

Director, Consumer Banking
Male

En. Idris Bin Abd Hamid is the Director, Consumer Banking, a position he has held since May 2009.

Idris began his career with Malayan Finance Corporation (MFC) in 1978 and later pursued his career at Arab-Malaysian Finance Bhd for 10 years holding various positions and his last post was Head, Retail Banking.

Later in 1994, he joined AFFIN Finance Bhd as General Manager and subsequently as the Chief Executive Officer. He was the Deputy Chief Executive Officer of Affin-ACF Finance Berhad from 2000 to 2005.

Idris has over 30 years of experience in the banking industry covering both Corporate and Consumer banking business.

Idris graduated with a Master in Business Administration from the University of Northern Colorado in 1984 and a Bachelor of Science (Finance) degree from University of Southern Illinois in 1982.

Nationality

Malaysian

Age

56

**MR. TAN KOK TOON**

Director, Group Treasury
Male

Mr. Tan Kok Toon joined Affin Bank Berhad as Head of Treasury in October 2004 and is responsible for managing all aspects of Treasury. He is currently the Honorary Secretary of Financial Market Association Malaysia (Association Cambiste Internationale) and Chair to the Seminar and Education Committee.

Prior to AFFINBANK, Tan was with a leading bank in Malaysia. Tan has 30 years of banking experience, particularly in Treasury Operations. He has served as Treasury Manager with the New York Branch, and was the Treasury Business Advisor to turn around a business project in the Philippines.

Tan graduated from University of Malaya in 1987 with a Bachelor of Science (Hons) in Mathematics.

PROFILE OF MANAGEMENT TEAM

Nationality

Malaysian

Age

47



EN. MOHAMMED NIZAR FAISAL

Director, Corporate & Public Sector Business
Male

En. Mohammed Nizar Faisal joined Affin Bank Berhad on 1 October 2016 as Director, Corporate & Public Sector Business. He is responsible for developing and implementing strategies to drive the growth of Corporate & Public Sector Business for Affin Bank Group, which include among others, to drive revenue and growth, deepen business relationship with all stakeholders involved, to implement strategies aligned to new products, clients and markets, to bring best practice tools to enhance the existing model, to ensure good corporate governance and practices and lastly to build a sustainable and cohesive wholesale proposition within Affin Bank Berhad.

Nizar holds a Bachelor of Arts (Hons) in Marketing from Middlesex University, United Kingdom. Nizar brings with him more than 19 years of experience in the financial services industry, primarily in Wholesale Banking and Public Sector Banking. The last 17 years of his career have been mainly in foreign banks in Malaysia under Client Coverage for both Public Sector and Large Local Corporate names operating in Malaysia. As part of the wholesale proposition, Nizar has been involved in various dealings related to Credit Policy, Corporate Banking, Debt Capital Markets, Capital Markets and Advisory, Project and ECA Financing, Islamic Banking and Business Banking.

Nationality

Malaysian

Age

48



MR. LIM KEE YEONG

Director, SME & Commercial Business
Male

Mr. Lim Kee Yeong joined Affin Bank Berhad on 1 September 2016 and is responsible for developing and implementing strategies to drive the growth of SME and Commercial Business for the Bank.

Lim brings with him more than 23 years of experience in banking and finance, primarily in Commercial & SME business at both local and foreign banks. Prior to joining AFFINBANK, he was the Vice-President of SME & Commercial Banking and a member of the Board of Directors of a Singapore-based Financial Holdings company, focusing on investments and financial services in the ASEAN region.

Lim also served as Senior Vice-President of SME Business at a local bank, where he was instrumental in the impressive growth of the Bank's SME Business, resulting in several local and regional awards.

Lim holds a Master of Business Administration and Bachelor of Business Administration, both from Wichita State University, Kansas, USA.

PROFILE OF MANAGEMENT TEAM

Nationality

Malaysian

Age

56

**MR. WONG KOK LEONG**

Group Chief Risk Officer

Male

Mr. Wong Kok Leong joined Affin Group in 2000 as Head, Risk Management at Affin Investment Bank. Prior to his appointment as Group Chief Risk Officer on 1 August 2015, he held the dual positions of Group Chief Credit Officer and Head, Group Market Risk.

His previous career stints include a law firm, regulatory body and stock exchange. Wong holds a Master of Law from Cambridge University, UK, Bachelor of Laws from Buckingham University, UK and Bachelor of Economics (Accounting) from Monash University, Australia. He is a Fellow of CPA Australia and the Financial Services Institute of Australasia (FINSIA).

He also holds professional certifications in risk management, project management, financial planning, training, coaching and mentoring.

Wong sits on the Examinations Committee, Asian Institute of Chartered Bankers.

Nationality

Malaysian

Age

51

**PN. NORHAZLIZAWATI BINTI MOHD RAZALI**

Group Chief Credit Officer

Female

Puan Norhazlizawati Binti Mohd Razali joined Affin Bank Berhad as Group Chief Credit Officer, on 1 August 2015.

Norhazlizawati has more than 24 years of banking experience, primarily in credit risk management and business lending. She has been a member of senior management for many years, holding key positions in business, risk management and credit risk disciplines. Her areas of strength include Credit and Risk Management, Commercial, SME and Retail Lending, Relationship Management and Project Management.

Norhazlizawati holds a Bachelor of Arts (Hons) in Business Studies majoring in Accounting and Statistics from Leeds Metropolitan University, United Kingdom. She also holds a Certified Credit Professional (Business) qualification from the Asian Institute of Chartered Bankers.

PROFILE OF MANAGEMENT TEAM

Nationality

Malaysian

Age

58



PN. NOR ROZITA BINTI NORDIN

Chief Human Resource Officer
Female

Pn. Nor Rozita Binti Nordin has more than 35 years' experience in Human Resource Development and Customer Relations Strategy, in both local conglomerates and multi-national corporations. She has acquired invaluable experience in diverse industries, comprising banking and finance, oil and gas, manufacturing, automotive retail, and global shared services, among others.

She has taken on strategic and operational roles, both locally and abroad. Rozita has been invited to speak at various forums, seminars and conferences, on people management and HR matters, both locally and abroad.

Rozita graduated from Southern Illinois University with a Master of Science in 1984, and a Bachelor of Science in Education and a Bachelor of Arts in Linguistics, both in 1982.

Nationality

Malaysian

Age

58



MS. LEE YOKE KIOW

Chief Corporate Services Officer
Female

Ms. Lee Yoke Kiow joined AFFIN Bank Berhad on 1 April 2018 as Chief Corporate Services Officer upon the completion of the AFFIN Group Reorganization. She is also the Executive Director of AFFIN Holdings Berhad.

Ms Lee is an accountant by profession and a member of Malaysian Institute of Certified Public Accountants ("MICPA") and Malaysia Institute of Accountants ("MIA"). She has more than 36 years of experience in auditing, accounting, banking and finance.

Her career with AFFIN group began in 1991 when she was first appointed as Manager, Finance and Treasury by AFFIN Finance Berhad. Prior to joining AFFIN Holdings Berhad in June 2015, she was the Head, Finance and Treasury of AFFIN-ACF Finance Berhad and also the Financial Controller of AFFIN-ACF Holdings Berhad from 2000 to 2005.

PROFILE OF MANAGEMENT TEAM

Nationality

Malaysian

Age

60

**PN. KHATIMAH BINTI MAHADI**

Group Chief Internal Auditor
Female

Pn. Khatimah Binti Mahadi joined Affin Bank Berhad as Chief Internal Auditor in November 2004 and subsequently appointed as Group Chief Internal Auditor in April 2007. Prior to Affin Bank Group, she served Citibank Malaysia as Country Internal Audit Head & Compliance Director.

She has over 35 years of banking experiences particularly in the areas of Auditing, Compliance, Investigations, Project Management and Quality Assurance. She is a trainer in Compliance & Control areas. She is also a panel member of the Disciplinary Committee, Asian Institute of Chartered Bankers.

She attained her leadership trainings at Harvard University, Boston & Disney Institute, LA and is an Associate Fellow of Institute of Bankers Malaysia.

Khatimah holds a Diploma in Accountancy from UiTM in 1978. She is a qualified Chartered Banker and was one of the first 45 Chartered Bankers in Malaysia.

Nationality

Malaysian

Age

57

**EN. ABU BAKAR BIN
ABDUL RAHMAN**

Chief Compliance Officer
Male

Encik Abu Bakar Bin Abdul Rahman joined Affin Bank Berhad on 3 September 2012 as Head of Banking Group with the Group Internal Audit responsible for strategizing, planning and executing audit activities for Affin Bank Berhad, Affin Islamic Bank Berhad and subsidiaries of Affin Bank Group.

He has over 35 years of experience in local and foreign financial institutions primarily in Internal Audit, Compliance, Risk Management and held various management roles in the areas.

In January 2017, he took a new role as the Bank's Chief Compliance Officer and has overall responsibility for coordinating the identification and management of compliance risk and ensuring compliance monitoring and testing are carried out consistently across the Bank.

Abu Bakar graduated from Universiti Kebangsaan Malaysia in 2000 with Bachelor in Business Administration and holds a certification in Islamic estate planning.

PROFILE OF MANAGEMENT TEAM

Nationality

Malaysian

Age

48



PN. NIMMA SAFIRA BINTI DATO' KHALID

Chief Legal Officer and Company Secretary

Female

Puan Nimma Safira Binti Dato' Khalid joined Affin Bank Berhad in January 2001 as Manager, Legal & Secretarial Division. She then assumed the role of Executive Assistant to the President/CEO for the period 2003 to 2005. She became the Company Secretary at Affin Bank Berhad in 2005 and later at AFFIN Holdings Berhad in 2011. Nimma was designated the Chief Legal Officer and Company Secretary of Affin Bank Berhad and Affin Islamic Bank Berhad (AFFIN Bank Group) on 1 January 2012.

Nimma graduated with Bachelor of Laws (Hons) in 1992 and Bachelor of Laws (Shariah) (Hons) in 1993; both from the International Islamic University, Malaysia. In 2017, Nimma attained her Professional Postgraduate Diploma in Governance, Risk and Compliance from the International Compliance Association (ICA), UK.

Nimma holds Certificate of Mediation by The Accord Group, Australia. She is an Affiliate member of The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and a member of the Asian Institute of Chartered Bankers (AICB).

None of the Management has:

- Any family relationship with any Director and/or major shareholders of AFFINBANK except for Encik Mohammed Nizar Faisal who has a family relationship with a Director of AFFINBANK
- Any conflict of interest with AFFINBANK
- Any conviction for offences within the past 5 years
- Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2017

MANAGEMENT DISCUSSION & ANALYSIS

As the dynamics of the economy and industry continue to evolve, it is important that we put in place the right strategies focused on efficiency, productivity and adaptability to thrive and differentiate ourselves. Our new corporate structure will enhance the Group synergy and drive us into the next phase of growth.



Event to commemorate the transfer of listing status from AFFIN Holdings Berhad to AFFIN Bank Berhad

REORGANIZATION OF THE GROUP

In 2017, AFFIN Holdings Berhad (AHB) and AFFIN Bank Berhad (AFFINBANK) undertook a corporate exercise which entailed the transfer of AHB's entire equity interests in its subsidiaries, joint venture and associate to AFFINBANK and subsequently the transfer of the listing status from AHB to AFFINBANK.

The Reorganization was completed on 16 October 2017 and AFFINBANK became the new bank holding company to AFFIN Islamic Bank Berhad (AFFIN ISLAMIC), AFFIN Hwang Investment Bank Berhad, AFFIN Moneybrokers Sdn Bhd and AXA AFFIN Life Insurance Berhad (AXA AFFIN Life Insurance) while AXA AFFIN General Insurance Berhad (AXA AFFIN General Insurance) is an associate company to AFFINBANK.

AHB's listing status on the Main Market of Bursa Securities had been transferred to AFFINBANK as part of the group reorganization exercise, whereby AFFINBANK assumed its listing status via an exchange of AHB's shares with the shares in AFFINBANK on a one-to-one basis.

The transfer of listing status was completed on 2 February 2018, where AFFINBANK was admitted to the Official List of Bursa Malaysia Securities Berhad (Bursa Securities) in place of AHB. Concurrently, AHB and AHB's shares were withdrawn from the Official List of Bursa Securities.

Moving forward, AFFINBANK will spearhead the Group's future growth.

NET INCOME

+17.8%

2017 : RM1,560.5 MILLION

2016 : RM1,324.4 MILLION

NET LOANS, ADVANCES & OTHER FINANCING

+7.0%

2017 : RM45.7 BILLION

2016 : RM42.7 BILLION

DEPOSITS FROM CUSTOMERS

+6.9%

2017 : RM50.9 BILLION

2016 : RM47.6 BILLION

MANAGEMENT DISCUSSION & ANALYSIS

MARKET RISKS & OPPORTUNITIES REVIEW

For 2017 as a whole, Malaysia's gross domestic product (GDP) grew at a stronger rate of 5.9% as compared with 4.2% in 2016 reflected mainly in stronger exports and healthy domestic demand for the year. Growth in private consumption reached 7.0% yoy in 4Q17 (7.2% in 3Q17), supported by stable labour market conditions and healthy wage growth. However, when measured against the previous quarter, private consumption contracted by 2.2% qoq in 4Q17 (7.1% in 3Q17), which was also reflected in the services sector during the quarter, signalling some moderation in private consumption.

This translated into lacklustre domestic demand, easing loan growth, greater pressure on earnings and concerns over asset quality from the possible rise in impaired loans. However, in late 2017 going into 2018, the appreciation of Malaysian Ringgit against the US Dollar and the increase in export of manufactured goods are positive signs moving forward.

With the emergence of financial technology (Fintech), banking operations and traditional products as well as service offering in the market are evolving rapidly. Competition coming from non-financial institutions continue to emerge and influence customers' behavior.

As an era of digitalization takes shape, there is also the need to be vigilant against threats of non-financial risks such as cyber risk and technology risk. Banking institutions need to continuously improve systems and methodologies in minimizing security compromises such as security breaches, hacking and malware attacks. Additionally, sufficient processes and contingency plans must be in place to ensure that all parties involved are knowledgeable and to minimize impact of disruption to business in the event of system failure arising from such threats.

OUR MITIGATING MEASURES

Risk Management is embedded across all business lines throughout the Group. The Bank operates within its predefined risk appetite, covering diverse customer segments, industries and products, which are in line with the Group's strategic objectives. In addition, risk management initiatives are intended to align with the strategic objectives under the AFFINITY Programme (AFFINITY).

In view of these emerging risks and current market challenges, the AFFIN Group embarked on a broad-based Risk Management Review initiative to design a risk management enhancement roadmap to support the future sustainability of the Group.

Understanding that mindpower and ethical conduct are key assets in this challenging time, the Group also took measure to empower staff to develop risk return based decision making skills and to align ethical core behavior through its collaboration with Asian Banking School (ABS) on Ethics, Risk and Compliance Culture Awareness programme. We are proud to be the first bank to partner with ABS on this customised training initiative.

We have also been proactive in the operationalization of Malaysian Financial Reporting Standards 9 (MFRS 9) compliance within the Group. In 2017, we began the implementation of MFRS 9 system, the development of MFRS 9 Stage Transfer Policy and the introduction of significant increase in credit risk (SICR) process to manage accounts with early warning signal. This was accompanied with the revision of all relevant credit policies.

The Bank's Risk Management Unit also fortified an improved funding structure to enhance the Bank's asset liability management in this competitive scenario. A bank-wide funding plan for 2017 was implemented and this supported the development of Budget 2018 by providing input on deposits, assets and capital growth premised on impending Basel III requirements for Net Stable Funding Ratio (NSFR) implementation by 2019. At the same time, we strengthened risk management framework and practices to ensure awareness and compliance of technical know-how for the implementation of Operational Risk Management Scenario Analysis.

All these initiatives were accompanied by comprehensive training on Operational Risk Management, Shariah Non-Compliance (SNC) Risk Management, Business Continuity Management and MFRS 9 implementation to ensure improved awareness and appreciation for Operational Risk Management, SNC Risk Management and Business Continuity Management throughout the Group.

AFFINBANK is now the bank holding company of AFFIN ISLAMIC, AFFIN Hwang Investment Bank Berhad, AFFIN Moneybrokers Sdn Bhd and AXA AFFIN Life Insurance Berhad whereas AXA AFFIN General Insurance Berhad is an associate company of AFFINBANK.



AFFINBANK and AFFIN ISLAMIC are now in the second phase of its AFFINITY initiatives to improve earnings and operating efficiencies.

MANAGEMENT DISCUSSION & ANALYSIS

2017 GROUP OPERATIONAL REVIEW

AFFINBANK and AFFIN ISLAMIC have been focusing on the AFFINITY initiatives to improve earnings and operating efficiencies. The focus is on building digital banking capabilities with enhanced analytics for better customer engagement, expanding targeted growth segments, enhancing productivity through automation and emphasizing customer experience.

As part of our organizational renewal and rejuvenation strategy, the Bank had during the year carried out a voluntary separation scheme whereby a total of 327 staff were released. The total cost incurred was approximately RM46.5 million.

The Management had been and will continue to identify and recruit new talents to fill some of the critical areas. This building of workforce capacity is regarded as a crucial and necessary investment to ensure sustainability and competitiveness of the Group.

Profit before zakat and taxation decreased by 8.1% to RM554.1 million from RM602.8 million in 2016 due to higher overhead expenses and higher impairment allowance on loan/financing. On a positive note, net income rose 17.8% to RM1,560.5 million from RM1,324.4 million in 2016. The Bank continues to rebalance its book via booking in loans/financing with higher yields and at the same time exiting those with thin margin. In addition, the Bank will continue to grow its non-interest income through its investment banking, asset management and stockbroking business.

Earnings per share (EPS) for 2017 was 24.0 sen as compared to 27.5 sen the year before.

Item	2017 vs 2016	Growth (%)
Profit before Zakat and Taxation	RM554.1 million vs RM602.8 million	▼ 8.1%
Net Income	RM1,560.5 million vs RM1,324.4 million	▲ 17.8%
Other Operating Income	RM370.9 million vs RM219.5 million	▲ 69.0%
Net Loans, Advances & Financing	RM45.7 billion vs RM42.7 billion	▲ 7.0%
Customer Deposits	RM50.9 billion vs RM47.6 billion	▲ 6.9%

Gross financing and customer deposits registered a growth of 7.0% and 6.9% respectively, with Consumer Banking being the major contributor.

On the capital management front, the Group has established a RM6.0 billion Subordinated Medium Term Notes (MTNs) and/or Senior MTNs programme. The Group has also established a RM3.0 billion Additional Tier 1 Capital Securities programme. As at to-date the Bank has issued RM2.0 billion Subordinated MTNs.

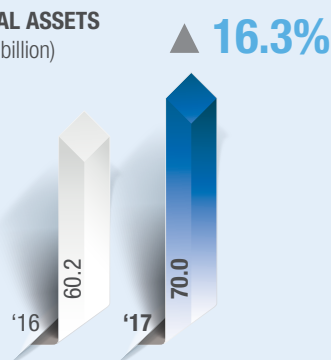
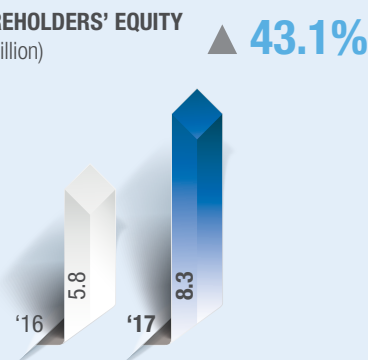
As part of our strategies, AFFINITY was introduced in 2016 to improve processes and customer experience. As a result, a total of 32 new projects/initiatives were identified and as at 31 December 2017, 16 projects have been completed. Significant progress has since been made namely in terms of loan stock, net interest margin, capital, fee & interest income, turnaround time and customer experience initiatives.

Separately, the Group's Priority Islamic Policy (PIP) has now grown to encompass 34.0% of the Group's total portfolio. PIP is the Group's strategic move to align with Bank Negara Malaysia's (BNM) 10-year Financial Sector Strategic Blueprint on the direction of financial through institutions to enhance its Islamic financing portfolio to 40.0% by the year 2020.

As part of the Group's digital strategy, we have been pro-actively building digital solutions to meet our aspiration of becoming a highly digital and innovative Bank with customer centricity at heart. In December 2017, we entered into a Memorandum of Understanding with Fullrich Malaysia Sdn Bhd, a local financial technology solutions provider to launch its e-wallet called TaPay. TaPay is a mobile application that allows users to store loyalty cards within it, thereby reducing the need of carrying cash, credit cards, membership/rewards programme cards and receipts. This adds on to the Group's plans of enhancing customer experience and building infrastructure capability through developing a comprehensive digital banking platform.

The Management has also enhanced Investor Relations through the following activities:

- Quarterly analysts' briefings
- Participated in three equity Non Deal Roadshow (KL, Singapore and Hong Kong)
- Monthly one-on-one meetings with fund managers/analysts
- Re-designed the Group's Investor Relations website
- Expanded the role of the Investor Relations Department
- Corporate member of Malaysia Investor Relations Association (MIRA)

TOTAL ASSETS
(RM billion)SHAREHOLDERS' EQUITY
(RM billion)

MANAGEMENT DISCUSSION & ANALYSIS



AFFINBANK Group and Moody's Analytics won The Asian Banker's Liquidity Risk Technology Implementation of the Year award



AXA AFFIN General Insurance being named HR Asia's Best Companies to Work in Asia 2017 Award by HR Asia

AWARDS & RECOGNITIONS

In 2017, the Bank has received many international and domestic awards, including the prestigious Asian Banker's Liquidity Risk Technology Implementation of the Year, JomPAY National Biller Acquisition (Mid-sized Acquirers) Award and runner up for Best Cash Management Poll (Small) 2017.

Our subsidiaries have also received industry recognition. Affin Hwang Capital (AHC) was awarded the prestigious Best Securities House in Malaysia by Asiamoney, Euromoney's Best Asset Management House in Malaysia, Champion in the Best Overall Equities by Bursa Malaysia, Most Improved Brokerage in the Asiamoney's Brokers Poll 2017, The Edge's Best IPO and was recognised at the 11th Annual Alpha Southeast Asia Deal & Solution Awards 2017 for Bonds-Most innovative Wakalah deal in Southeast Asia 2017 and Equity-Best Mid-Cap Equity Deal in Southeast Asia 2017. At the IFR Asia Awards, AHC won the Islamic Issue of the Year 2017 Regional Awards. AHC was also awarded by Employer Branding Institute as one of the Top 50 Employers in the Malaysia Best Employer Brand Award 2017.

AXA AFFIN General Insurance made a mark as an employer of choice winning three awards at the Asia Recruitment Awards 2017: Gold – Best Recruitment Evaluation Technique, Silver – Best Diversity and Inclusion Strategy, Bronze – Best Use of Digital Media; the Asia's Best Employer Brand for 2017 at Asia's Best Employer Brand Awards – 8th Edition; and being named HR Asia's Best Companies to Work for in Asia 2017 Award by HR Asia.

AXA AFFIN General Insurance was also recognised as International General Insurer of the Year – Malaysia and won New Insurance Product of the Year – Malaysia at the Insurance Asia Awards 2017; and was named Claims Fraud Management Team of the Year 2017 at Claims Award Asia-Pacific.

MOVING FORWARD

In view of evolving customer behaviour and increasing customer expectations, we have to constantly reinvent ourselves and become more agile. The reorganization of the Group is unleashing new opportunities for us to harness Group-wide synergy in meeting these expectations. By leveraging on the offerings

of our Commercial Banking, Islamic Banking, Investment banking, Stockbroking, Asset Management and Insurance businesses and catalysing cross-sell possibilities, we further build our capabilities as a one stop banking solutions provider.

At the same time, the Group will focus on enhancing brand visibility, meeting compliance requirements and improving asset quality. In addition, efforts will be made to accelerate and deepen strategic engagements with the industry on the adoption of BNM's Value-Based Intermediation through Corporate Value-intent (CVI) approach; and to improve fee-based income generation for a more sustainable and competitive profitability level.

2018 will thus be a momentous period for the Group as we continue our growth trajectory with AFFINITY, completion of the Group's reorganization and the launch our Digital Solutions.

MANAGEMENT DISCUSSION & ANALYSIS

Consumer Banking managed to achieve a healthy loan and deposit growth in 2017. Loan grew 10.8% anchored by Mortgage Business which continues to be the main driver. In line with gradual shift towards Islamic products, 92.2% of the mortgage applications in 2017 was Islamic as compared to 81.6% in 2016. Our deposits grew 11.3% as a result of the realignment of branch focus to deposits. We also saw the return of our successful OMG deposits campaign, which we named “OMG Bigger than Ever”.

CONSUMER BANKING

On the digital front, affinonline.com users increased by 31.3% whilst financial transactions have increased by 51.7%. We have forged an exclusive partnership with Berjaya Group - B Infinite Loyalty Card to create an e-commerce platform to enable online payment services that facilitate online merchants or online store in Malaysia to process online transactions securely using AFFINBANK debit and credit cards. Notwithstanding the increase of online transactions, we continue to intensify our efforts to promote more e-payments which are in line with Bank Negara Malaysia (BNM) aspiration. We are also not letting our guard down in terms of cyber security. It is paramount that customers feel secured and have peace of mind when they transact through us. As such, we are implementing Fraud Management System to prevent online banking fraud and Anti-Phishing Services for protection against brand and social media abuse. To serve our customers better, we have also revamped our Contact Centre to be more customer-centric whereby we have moved from 5-day operations to 7-day operations beginning November 4, 2017.



Grand Winners of ‘OMG Bigger than Ever’ campaign

MANAGEMENT DISCUSSION & ANALYSIS

Mortgage Business

Property prices have been trending upwards since 2010 and they are outpacing the rise of income levels, making affordability an issue to many in major towns and cities. The cooling measures to address the high level of consumer debts and higher cost of living have affected the property market with sales volume continued to decline. Despite such challenges, the Bank's Mortgage Business chalked an impressive growth by focusing on the right segments and revamping its processes which include enhancing its approval process with straight through processing that resulted in faster turnaround time. As a result, loan base grew 21.9% and loan stock increased 28.0% compared to 2016. We are expecting another tough year in 2018 where housing affordability is still the key issue. Our focus remains on targeting the right segment – affordable residential property with prices ranging from RM300,000 to RM700,000 and continuously seek ways to improve our processes.

Hire Purchase

The Total Industry Volume (TIV) for the new car market in 2017 was 576,635 which is 0.6% lower when compared to 2016 TIV of 580,085. This is the second year in a row that the TIV is below 600,000 despite aggressive promotional campaigns by dealers and introduction of new models. Higher cost of living which impacted the consumer wallet continued to prevail in 2017. Despite this, the Bank's Hire

Purchase managed a modest growth of 3.7% and remained vigilant on asset quality in the light of the MFRS9 implementation in 2018. Moving forward, asset preservation remains a priority and we continue to cross sell relevant products to improve customer share of wallet and stickiness.

Amanah Saham Nasional Berhad (ASNB)

ASNB had another good year, achieving an impressive 65.0% growth. Our success in growing Amanah Saham Berhad loans has spurred us to intensify our engagement with PNB to get a bigger quota to sell. ASNB is an area which we want to grow in a big way because it is secured lending with decent yield. We plan to offer Islamic Financing for ASNB unit trusts and this will open up another big segment for us to market.

Cards Business

Cards Business achieved double digit growth of 22.3% compared to 8.7% in 2016. The growth is fueled by aggressive cards acquisition by branches and Cards Sales teams that saw a 229.3% spike in applications whilst the number of approved cards grew 212.6%. The growth was also supported with the introduction of various promotional campaigns and AFFIN Rewards. AFFIN Rewards is a loyalty programme that rewards our customers with points which they can exchange for electrical appliance, household items and shopping vouchers. We have also launched AFFIN

Islamic Credit Card-i in December 2017 which is an alternative of product offering to our customers and at the same time allow us to tap on a growing market segment.

Cards Business was involved in a massive migration exercise to CHIP and PIN 2016 which involved 45,853 number of cards and we had successfully completed it within the deadline set by BNM. In June 2017, we launched the AFFINBANK and AFFIN ISLAMIC Visa Debit card, a multifunctional card which combines the features and benefits of an ATM and a debit card where customers can enjoy the convenience of using a single card for cash withdrawals and cashless transactions at all retailers that accept Visa, both locally and abroad. In conjunction with the launch, we collaborated with Jakes Trading to offer exclusive promotions to cardholders.

In keeping with the evolving consumer demands and market trend, Cards Business is exploring new boundaries such as QR codes for payment, launching credit cards for business purposes as well as pushing for more market share of frequent travelers to Asian countries such as China, Taiwan, Hong Kong and Japan with UnionPay this year.

Wealth Management

In 2017, we laid down the foundation for personalized banking offerings which helped to grow our Asset under Management (AUM) from RM142.4 million to RM244.4 million. We are continuously enhancing our financial planning advisory competence as we increased the number of product and service offerings to our valued customers. We are looking towards offering more quality products in 2018 such as gold investment and trustee services with the aspiration of being a one-stop financial centre for our customers.



AFFINBANK and AFFIN ISLAMIC launched its very own Visa Debit Card, a multifunctional card which combines the features and benefits of ATM and a debit card

MANAGEMENT DISCUSSION & ANALYSIS

In 2017, Corporate and Public Sector Business' profit contributed to about 44.0% of the overall commercial banking segment profit. Total income grew by 14.8% compared to prior year.



AFFIN ISLAMIC provides Senior Financing Credit Facilities of up to RM339.0 million for Large Scale Solar Photovoltaic Plant of 50MWac to TNB Sepang Solar Sdn Bhd

CORPORATE & PUBLIC SECTOR BUSINESS (CPSB)

CPSB Division focuses on building strong customer relationships and offers wholesale banking solutions including lending, trade finance, cash management, deposits and a platform for a national network presence to support our clients domestically.

We continually seek to commit excellence and take pride in being the trusted advisor to our Corporate Clients. We believe that through quality engagement with our clients and having the ability to market and cross-sell a wide range of products and services within the Group, we could better serve our clients.

The birth of CPSB was formulated on a focused client coverage model. Since then, the Division had undergone few key transformations which are in line with AFFINITY. Specific to CPSB, the AFFINITY focuses on improving the coverage model, risk-based pricing, cross-sell opportunities, new product development, talent grooming, cultivation of risk cultures and virtues and enhancing digital banking capabilities and credit management tools.

CPSB continued to be the key contributor to AFFINBANK's and AFFIN ISLAMIC's income generation with profit contribution of about 44.0% of the commercial banking segment. The total income in 2017 grew by 14.8% underpinned by a significant increase of 64.6% in our fee based income. Our current portfolio performance begins to reflect the better risk based pricing and reduction in exposure towards sector concentration and high risk industries.

LOANS AND FINANCING

CPSB's total loans and financing accounted for 41.9% of the commercial banking segment. As at end-2017, the total loans and financing contracted slightly by 2.3% as compared to a year ago as a result of conscious portfolio realignment to seek out more resilient sustainable relationships.

In line with conservative approach on credit and discipline on impairments, CPSB's impairment ratio stood at 2.9% as at end-2017 (2016: 1.9%). We, however, expect that the impairment trend will reduce moving forward. With current enhancement made on credit tools and constant upskilling of our Relationship Managers and Credit Analysts, we foresee even better credit control process being put in place.

TRADE BUSINESS

In 2017, CPSB managed to build a relatively large network of branches (107 nationwide) to support and facilitate payments and collections. With our new own Digital Stamp Franking Machine, we are currently able to perform same day delivery of our trade processing for Bank Guarantee applications. Moving forward, we are continuously developing more relevant supply chain solutions and driving more automation in processes so that we are able to offer better quality and more efficient services to our customers.



1st place

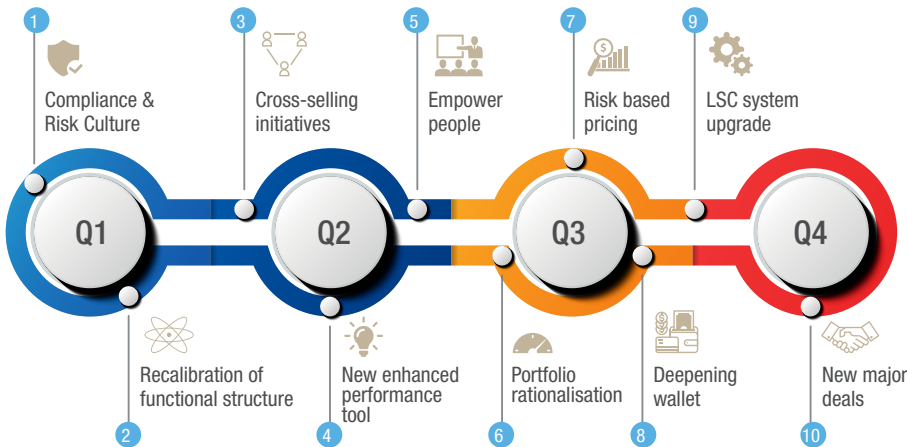
for **JomPAY National Biller Acquisition** under Mid-Sized Acquirers category for 2016. Malaysia E-Payment Excellence Award 2017 by MyClear.

1st runner-up

for **Best Local Cash Management** as voted by small-sized Corporates for 2016 in Malaysia, an Award by Asiamoney, a division of Euromoney Trading Limited.

MANAGEMENT DISCUSSION & ANALYSIS

2017 KEY INITIATIVES



A branch manager receiving a certificate from the Director of CPSB during a Corporate Banking Internet (CIB) Open Day organized to raise awareness on CIB

CASH MANAGEMENT

CPSB's deposits position grew tremendously by 11.6% due to continuous marketing efforts from the Division. In addition, the new product introduced in 2017, Inter Bank Funds Transfer (IBFT), has also contributed to the growth. IBFT allows our corporate customers to initiate an instant transfer and crediting to the beneficiaries on real-time basis. We take pride in being one of the two banks in Malaysia that have the capability to offer this product to our clients. For our Corporate Internet Banking services, the application processing time takes around five business days to complete.

In 2018, we target to further grow our deposits by 16.5% from 2017 position in order to prepare the Group in meeting the Bank Negara Malaysia's Liquidity requirements. A new Cash Management platform is currently being upgraded to the full-suite of Cash Management solutions covering Payables, Receivables and Liquidity Management. It will also be able to offer OnlineTrade Finance submission together with Treasury services such as the booking of contract rates online.

MOVING FORWARD

With the successful completion of the group reorganization exercise in February 2018, where AFFINBANK assumed the listing status in place of AHB, we expect CPSB to move one step closer in becoming a Wholesale Bank. The Group's reorganization allows us to operate as a Group, sharing common goals and harnessing the full synergies. We will continue to expand our businesses and become a key strategic partner to our clients, offer new products and services, cross-sell within the Group and grow a sustainable risk based return portfolio.

MAJOR DEALS



KV ASIA CAPITAL
Syndicated Term Facilities of up to RM125.0 million
Joint Lender
January 2018



DANUM SINAR SDN BHD
Financing Facilities of up to RM290.0 million
Sole Financier
November 2017



SUMBER WANG (L) LTD
SUMBER RIBU SDN BHD
Syndicated Facilities of up to USD550.0 million
Mandated Lead Arranger, Participating Bank
November 2017



STRAITSCAPE SDN BHD
Financing Facilities of up to RM189.0 million
Sole Financier
November 2017



AIRASIA X BERHAD
Trade Facilities of up to RM100.0 million
Financier
August 2017



PLB GREEN SOLAR SDN BHD
Financing Facilities of up to RM91.0 million
Large Scale Solar Photovoltaic Plant of 20MWac
Solar Financier
November 2017



TNB SEPANG SOLAR SDN BHD
Senior Financing Credit Facilities RM339.0 million
Large Scale Solar Photovoltaic Plant of 50MWac
Sole Financier and Administrative Agent
July 2017

EFINITE STRUCTURE SDN BHD
(Subsidiary of Johor Corporation)
Syndicated Term Facilities of up to RM325.0 million
Principal Adviser, Lead Arranger, Lead Manager, Facility Agent
July 2017



AFFIN BANK BERHAD
MTN Programme of RM6.0 billion for the issuance of Senior MTN and/or Subordinated MTN
Joint Principal Adviser/Joint Lead Arranger & Joint Lead Manager/ Joint Bookrunner
February 2017



SYMPHONY LIFE BERHAD
Financing Facilities of up to RM105.0 million
Coordinator
January 2017

MANAGEMENT DISCUSSION & ANALYSIS

SME & Commercial Business commenced its first operational day formally in January 2017 after an internal reorganization of the Bank's Business Banking. The year 2017 was indeed a period of transition into the new business model with resources, manpower and efforts invested to strengthen its foundation. For the year under review, initiatives were executed primarily to stabilise the existing base; build new footprints and expand coverage; revise propositions and enhance speed-to-market; and to introduce new or enhance existing solutions.

SME & COMMERCIAL BUSINESS (SMECB)

In 2017, Small and Medium Enterprises (SMEs) in Malaysia continued to expand in tandem with the strong performance of the economy. In the Bank's effort towards supporting Malaysian SMEs, strengthening the foundation was the key in 2017. Emphasis was put into firming up the infrastructure, people and process.

From a coverage perspective, the year started with 16 business centres and increased to 21 nationwide. The business centres opened in 2017 were Bandar Bukit Tinggi, Batu Pahat, Central, Kinrara and Kajang. We have also added five Alternate Channels sales offices nationwide for the purpose of serving specific segments/products.

On business segment and diversifying our portfolio, we aligned our focus per the national growth and share of economy. Manufacturing, wholesale & retail trade and healthcare were among them in 2017.



AFFINBANK was the official bank for the Langkawi International Maritime and Aerospace Exhibition (LIMA) 2017

MANAGEMENT DISCUSSION & ANALYSIS

One of the segments that is of keen interest to the Bank is “start-up”. The Bank sees extended opportunities within this category and has set-up a dedicated team to serve this segment. This team has started to set-up kiosks in Companies Commission of Malaysia offices to facilitate the opening of new Current Accounts, providing them with an avenue for its first business current account and online banking access. More products will be added and propositions will be enhanced over time.

To further increase our visibility in the SME segment, we have participated in multiple national level financial functions and roadshows as well as sponsorship for two major SME events. The sponsored events were SME100 Awards organized by SME Magazine and Platinum Business Award 2017 by SME Association of Malaysia.

Along with our AFFINITY and continuous business building activities, various short and long term initiatives were completed or initiated during the year. These initiatives have resulted in the following positive changes:-

1. Notable increase in sales productivity by more than 50.0% with rollout of multiple campaigns and enhancements of proposition;
2. Re-introduction of several existing core products;
3. Doubling of bancassurance production against 2016;
4. Over 100 new talents joined the Bank to support expansion;
5. Skillset development with new credit and product trainings all year long;
6. Enhancement of overall governance approach and asset quality indicators; and
7. Centralization, elimination and automation of several core processes to improve overall front and back-office efficiency.



AFFINBANK Group participated in the third series of Karnival Kewangan 2017, organized by Bank Negara Malaysia, held at CityONE Exhibition Centre in Kuching, Sarawak

In summary, these initiatives have resulted in a healthy loan and deposit growth of over 6.4% and 13.4%, respectively, as well as NIM improvement for the division and a good foundation for its 2018 business plan.

Efforts will continue in 2018 and beyond to build a sustainable segmental franchise for the Bank. We foresee that regulation and compliance will get more challenging and complex. To address this ever-changing regulatory environment, a robust framework of “3 lines of defense” to support the business growth without compromising the need to stay in compliance will be adopted.

The division will stand guided by the following in execution of our 2018 plan:-

1. Maintain a balanced growth approach to asset and liability;
2. Continue to expand footprint, coverage and visibility;

3. Enhance risk-based/informed pricing approach;
4. Strengthen overall compliance & credit culture; and
5. Deploy practical digital and automated solutions.

Barring unforeseen circumstances, we see a generally positive year in 2018 in terms of business and economic momentum. Necessary resources will be made available to build a strong SME franchise riding on the fact that SMEs are in fact the backbone of the Malaysian economy, serving as crucial drivers towards employment and economic growth.

MANAGEMENT DISCUSSION & ANALYSIS

The Treasury Division will continue to complement the Bank's role to consistently deliver reliable and quality financial services and solutions not only to meet but exceed our customer's requirements and expectations. This is also in line with Pillar One of AFFINITY where we aspire to create greater customer experience while servicing our clients.



TREASURY

The ever-changing demands of compliance environment made Treasury Division's roles in managing the Bank's Foreign Exchange (FX) and liquidity risk management more challenging while we serve the needs of our customers in products and advisory services.

The intense competition in both Treasury FX and money market products had resulted in the erosion of margin which posed as one of the major challenges in FY 2017. Few major events that happened in FY 2017, namely Federal Reserve Bank raising interest rates, continued development in BREXIT, geopolitical tension, added much volatility to the financial markets. The strong growth stories of emerging markets has seen the regional currencies gaining strong footing with MYR appreciating by almost 10.0% against the greenback.

The enhancement of foreign exchange administrative rules introduced in December 2016 had a spill over effect on our FX profitability in early part of 2017. However, with proper planning and by adopting the right

strategies via enhanced advisory services provided to our clients, we were able to put our business model back on track. Despite the challenging and highly competitive operating environment, we were able to contain our funding cost and at the same time improved our asset yields.

It was with the abovementioned strategies that we were able to continue delivering approximately 25.0% of the Bank's profit.

We expect greater uncertainty and volatility in FY 2018 due to Federal Reserve Bank's intention to continue raising rates and to reduce their balance sheet while the strong growth stories of emerging economies may see more central banks in this region raising their benchmark rates. Likewise, the ever changing regulatory landscape is yet another ongoing major challenge to our businesses.

In view of the above mentioned backdrop, Treasury Division will have to take a careful view base on available data and information to position ourselves in seizing any upcoming potential opportunities.

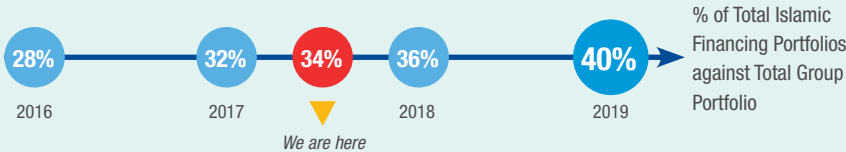
MANAGEMENT DISCUSSION & ANALYSIS

AFFIN ISLAMIC

As of 31 December 2017, the Bank's Priority Islamic Policy (PIP) surpassed targets to hit 34.0%. AFFIN ISLAMIC deposit portfolio continued to grow by 35.2% despite intense competition for deposits during the year. This was a result of various collaborations with our parent company, AFFINBANK. As part of the group restructuring, AFFIN ISLAMIC also aligned processes to meet heightened compliance and liquidity requirements and kept the spotlight on increasing asset quality while building greater brand visibility.

KEY ACHIEVEMENTS IN 2017

Item	2017 vs 2016	Growth (%)
Profit before Zakat and Taxation	RM121.0 million vs RM146.3 million	▼ 17.3%
Total Income	RM339.1 million vs RM275.4 million	▲ 23.1%
Non Financing Income	RM53.8 million vs RM46.3 million	▲ 16.2%
Gross Financing	RM15.5 billion vs RM12.0 billion	▲ 29.2%
Customer Deposits	RM14.2 billion vs RM10.5 billion	▲ 35.2%



Amidst an increasingly competitive marketplace and tighter margins, AFFIN ISLAMIC continued focusing on AFFINITY initiatives to improve earnings and operating efficiencies by offering more innovative products and services in order to enhance customer experience.

The implementation of the PIP ensured that AFFIN ISLAMIC garnered group-wide support to further tap into the faster growing segment of banking industry. As at 31 December 2017, the Bank has exceeded the target in 2017 by 2.0% to 34.0% with the Group's total gross/financing standing at RM46.1 billion.

In June 2017, the AFFIN ISLAMIC Visa Debit Card was also launched to replace the existing MyDebit card. This leverages on the latest payment technology with the provision of easy and secured access to customer's deposit accounts for the purpose of withdrawing cash at ATMs or carrying out transactions at participating retail and services outlets via VISA or MEPS network. The Bank also introduced its first point-based loyalty programme, AFFIN Rewards in which customers earned three points for

every RM10 purchased with their AFFINBANK or AFFIN ISLAMIC Debit Card. Through the points collected, customers could redeem various attractive items online from the Bank's website.

More recently, in the first quarter of 2017, the "SHOP, DINE & WIN" Campaign encouraged AFFIN ISLAMIC Debit Card members to perform retail transactions of any amount within the programme period to qualify for a prize worth more than RM73,000 and 3 million AFFIN Rewards points.

These campaigns directly and indirectly focused on attracting low cost deposits current and saving accounts (CASA) to further strengthen the Bank's liquidity and funding profile. On the back of 29.0% financing and 34.9% deposit growth respectively, AFFIN ISLAMIC ended the year with total assets of RM20.0 billion, an expansion by RM4.7 billion from RM15.3 billion the previous financial year.

Though total income grew by 23.1% to record RM339.1 million compared to RM275.4 million in 2016, AFFIN ISLAMIC registered a 17.3% drop in profit before zakat and taxation (PBZT) to RM121.0 million in 2017.



As an Islamic Bank, AFFIN ISLAMIC also steadfastly initiated community engagement activities by participation in social finance through zakat/waqf and sadaqah.

AFFIN ISLAMIC's priorities in 2018 will continue to be in line with the group's AFFINITY initiatives that promote profitable growth and operating efficiencies. The Bank is aiming to enhance its Islamic financing portfolio to 40.0% by the year 2020 as per BNM's 10-year Financial Sector Blueprint.

Our target segment remains on SME & Commercial and Corporate & Public Sector. The Bank will continue to develop innovative product suites and strategic solutions in order to build stronger client relationship with these segments. While for Consumer business, our strategic initiatives will be towards enhancing customer experience, building infrastructure capability through digital banking platform and the development of digital banking capabilities with enhanced analytics for better customer engagement.

AFFIN HWANG CAPITAL (AHC)

AHC provides capital markets advisory and execution services in investment banking, institutional and retail securities, and asset management to mid- to large-cap corporations, Government Linked Companies (GLCs) and wealth creators. It is made up of two core entities, Affin Hwang Investment Bank Berhad (investment banking and securities) and Affin Hwang Asset Management Berhad (asset management).

MANAGEMENT DISCUSSION & ANALYSIS



In 2014, AHC brought together two leading and long-established Malaysian firms – Affin Investment Bank and HwangDBS Investment Bank, and set out to become the leading independent bank-backed investment bank in Malaysia. The merger had provided the scale and platform to transform AHC’s business and harness the synergies within the group.

AHC has three principal business areas: Investment Banking, Securities and Asset Management.

It is now amongst the largest brokerages and asset managers in Malaysia, and its Investment Banking advisory business is gaining significant market recognition.



AFFIN Hwang Capital was awarded the prestigious Best Securities House in Malaysia by Asiamoney

KEY ACHIEVEMENTS IN 2017

In 2017, AHC was awarded the prestigious Best Securities House in Malaysia by Asiamoney. It accorded international recognition for AHC’s overall achievements in the Capital Markets space, and highlighted smart origination bankers, market beating coverage, reliable research and the ability to execute in difficult markets as some of its key strengths.

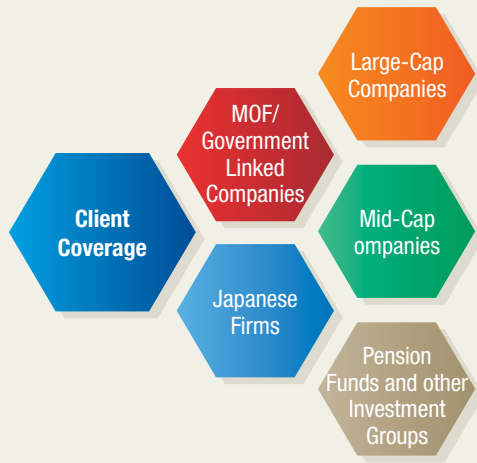
2017 Market rankings:

- No. 1 domestic broker, both in terms of value (11.9%) and volume (17.9%) traded on Bursa Malaysia
- No. 2 domestic unit trust industry ranking 2017, with RM32.664 billion in Assets Under Management (AUM)
- No. 3 ranked for Investment Banking Capabilities, per Euromoney’s Private Banking and Wealth Management Survey 2018

- 3rd consecutive year being awarded the Best Asset Management, Malaysia by Euromoney Private Banking and Wealth Management Survey 2018

In 2017, the domestic economic environment was largely driven by a strong export growth coupled with sustained domestic demand, which augured well for the AHC’s businesses. AHC capitalised on stronger than expected equity and capital market performance in 2017 where the benchmark FTSE Bursa Malaysia KLCI closed the year at 1,796.81 from 1,641.73 a year earlier.

MANAGEMENT DISCUSSION & ANALYSIS



Investment Banking Products and Services

Equity Funding including IPOs, placement exercises and rights issues
Debt Funding (Debt Capital Markets)
Corporate Finance Advisory
Mergers and Acquisitions
Corporate and Financial Restructuring
Project Advisory & Valuation
Bridging Loans and other Structured Financing
Derivatives and Structured Products
Other ancillary products and services including banking and securities related products and services

AHC recorded a higher net income of RM566.45 million for the current financial year ended 31 December 2017 (FY 2017) compared to RM418.81 million in the previous financial year (FY 2016). This was achieved across all income lines with significant improvements in fee, brokerage and investment income.

Pre-tax profit increased 40.3% to RM183.84 million in FY 2017 compared to RM131.01 million achieved in FY 2016. Correspondingly, profit attributable to equity holders increased from RM85.71 million FY 2016 to RM122.87 million in FY 2017. Earnings per share increased to 15.75 sen against 10.99 sen the previous year, and return on equity was higher at 8.7% against 6.8% previously.

AHC remained well capitalised with shareholder's funds of RM1.60 billion (2016: RM1.48 billion). Total Capital Ratio remained healthy at 35.4% with Tier 1 Capital ratio of 35.1% as at 31 December 2017.

Investment Banking Division

The Investment Banking business provides corporate advisory services in mergers and acquisitions as well as structuring and

executing, advising, equity offerings, debt issuances, project finance, and derivatives transactions. equity offerings, debt issuances and derivatives transactions.

It is committed to deliver creative ideas and solutions, and its client segment focused to deliver personalised advice and customised execution across products.

In 2017, the World Bank Group recognised AHC's role in the World's first socially responsible investment (SRI) green sukuk for Tadau Energy's RM250 million sukuk issuance. This pioneering effort received two regional awards from IFR Asia for the Islamic Issue of the Year 2017 and also the Malaysia Capital Markets Deal of the Year 2017.

The Initial Public Offering (IPO) for Serba Dinamik Holdings Berhad received the Best IPO in The Edge's Best Deals of the Year 2017 as well as the Best Mid-Cap Equity Deal in Southeast Asia 2017 from Alpha Southeast Asia. Alpha Southeast Asia also awarded AHC the Most Innovative Wakalah Deal in Southeast Asia 2017 for its role in BEWG (M)'s RM400 million Sukuk Wakalah.

AHC also advised the Malaysia's first Shariah-compliant Commodity Exchange Traded Fund and Malaysia's first Government Guaranteed Islamic Commercial Papers.

AHC is continuously building its Investment Banking capabilities, especially toward the provision of more high value service offerings to its clients. During the year, it introduced the Merger and Acquisition desk and offered the Project Advisory and Valuation services.

Securities Division

Post-merger, AHC's institutional business has further solidified itself as the preferred institutional broker by winning the coveted Bursa's Best Institutional Equities Participating Organization for FY 2015 and 1st runner up in FY2016. In FY 2017, the bank extended its financial services offering in the form of new foreign market coverage, Securities Borrowing and Lending and Islamic broking.

In the Retail segment, the Bank embarks on digital transformation. The transformation covers the whole value chain from operational efficiencies to heightening of customer experience and service level.

For the year 2017, the bank further increased its market share from 11.4% in FY 2016 to 11.8% in FY 2017.

Asset Management

The growth in Assets under Administration (AUA) and revenue has remained a pivotal focus for the Asset Management division throughout FY 2017. Endeavours that were embarked upon includes the launching of new and innovative funds, consolidation and re-packaging of existing funds, emphasis to grow the Private Retirement Funds as well as exploration of new opportunities and markets abroad.

As at 31 December 2017, total AUA stood at RM47.4 billion, an increase of 30.6% from 31 December 2016's AUA of RM36.3 billion. The strong increase is mainly attributable to the higher net inflows and the strength of financial markets. It recorded a profit before zakat and taxation of RM85.9 million for FY 2017, as compared to RM70.0 million in the previous FY 2016.

MANAGEMENT DISCUSSION & ANALYSIS

The increase of profit before tax is mainly contributed by the rise in AUA of the Company and the overall better performance of the investment portfolios. The higher management fee and performance fee earned helped offset the marginally higher personnel cost and marketing cost spent during the year under review.

Among the many accolades that solidified its leading position include the Best Institutional House, Malaysia by the Asia Asset Management 2018 Best of the Best Awards. The Asset Management division continues to be upbeat in its performance and is projected to grow steadily. It will continue to build resilience across its business, and drive efficiency savings in its business operations, with collaborative efforts to better serve its enlarged clientele.

Going into 2018, while there remain downside risks to the global and domestic economic outlook, the local bourse performance will likely withstand the uncertainties, supported by healthy macro fundamentals, sound domestic banking system, credit and liquidity conditions. This in turn will lead to higher investment activities and share trading transactions for the Group.

Positive macro prospects in the advanced economies will also support the global financial markets. Nevertheless, heightening volatility of our investment environment due to global geopolitical risks may pose some challenges, both to the industry and to the Bank, in 2018. Going forward, AHC remains positive on the industry outlook, and will continue to build resilience across its business, and drive efficiency savings in its business operations, with collaborative efforts to better serve its enlarged clientele base.

The key industry wide factors that pose as challenges include:

- Decreasing brokerage rates and growing competition,
- Business disruption posed by Fintech and digital revolution which will continue to reshape capital markets' operating models and service delivery paradigms over the next several years,
- Complexities associated with increasing burden of meeting regulatory requirements,
- Liquidity position of the local bourse,

- External factors, including shocks of global markets, which has a direct impact on the local bourse, and
- Shifting of investor interest and participation into other more sophisticated instruments on Bursa Malaysia.

AHC shall continue with its efforts to build upon its present market leading positions in the securities and asset management businesses, and focus on collaborative efforts to harness synergies across the Group.

AHC remains cautiously optimistic on the outlook for 2018. It will continue to build resilience across its businesses, and drive efficiency savings in its business operations, with collaborative efforts to better serve its enlarged clientele. It is cognisant that its businesses are very dependent on the sentiment and performance of the markets.

AXA AFFIN LIFE INSURANCE BERHAD (AXA AFFIN Life Insurance)

In 2017, AXA AFFIN Life Insurance key objective was selective growth via a multi-distribution, multi-partnership strategy to expand reach of customers amidst the changing insurance landscape.

2017 Performance Review

The life insurance industry growth, as measured by weighted annualised new business premiums, expanded at a rate of 2.0% for 2017 as the industry transitioned from high 16.0% growth for 2016 which was fueled by products with shorter premium term. Proportion of investment-linked sales had increased significantly in 2017. The phased implementation of BNM LIFE Framework impact was felt, particularly impact of revision in sales illustration for participating products.

AXA AFFIN Life Insurance, strives for continuous improvement of products and solutions to targeted customer segments, enabled by people and technology. In helping customers of the bank manage risk and achieve their financial goals, AFFIN Maximiser, a high protection single premium plan with flexible investment options that also facilitates legacy planning was introduced. This had contributed to almost doubling of protection and health gross premiums, increase in new business margin and a solid 27.0% growth in gross premium for 2017.

For the year, AXA AFFIN Life Insurance achieved 93.0% growth in health and protection gross premium, 27.0% growth in gross premium and a 3 points improvement in new business margin. Management expenses was efficiently managed with only 4% growth.

Encouraging macro indicators such as healthy GDP growth and increasing household median monthly income set the scene for a dynamic year in the life insurance industry. Penetration is still low: 55.0% including takaful, 35.0% excluding double counting per Bank Negara Malaysia as compared to the country target of 75.0% by 2020. There are also sizeable protection gaps per a study by Universiti Kebangsaan Malaysia. 56.0% are covered for Life insurance but only 22.0% are covered for Medical and Critical illness respectively.

AXA AFFIN Life Insurance aims to reposition the business towards health and protection with a focus on building multi-channel proposition targeting different customer segments, including partnership proposition for emerging customers as a leading digital insurer.



AXA AFFIN General Insurance launched AXA FlexiDrive, the 1st telematics motor insurance in Malaysia that rewards safe drivers with safe driving discounts, enhanced road safety and vehicle security

MANAGEMENT DISCUSSION & ANALYSIS

AXA AFFIN GENERAL INSURANCE BERHAD (AXA AFFIN General Insurance)

2017 has seen a new dimension for the general insurance sector with the implementation of phased liberalisation of motor and fire insurance. The de-tariffication of these segments paved the way for a more dynamic and competitive market for the insurance sector, offering consumers with better options in terms of product offerings and pricing.

The de-tariffication of motor and fire insurance has, to a certain degree, created uncertainty in these two market segments and this trend is expected to continue for one to two years before it stabilizes with full implementation of the phased liberalisation. Notwithstanding the general impact of phased liberalisation, the insurance sector in general remained stable in 2017 despite the local and global economic challenges, underpinned by the industry's solid capitalisation. Domestic demand stability and low insurance penetration will continue to support the sector despite the lower automotive sales and private consumption.

KEY 2017 ACHIEVEMENTS

- Winner of three awards at the Asia Recruitment Awards 2017:
Gold – Best Recruitment Evaluation Technique
Silver – Best Diversity and Inclusion Strategy
Bronze – Best Use of Digital Media
- New Insurance Product of the Year – Malaysia, Insurance Asia Awards 2017 (AXA SmartCancer Cash)
- International General Insurer of the Year – Malaysia, Insurance Asia Awards
- Claims Fraud Management Team of the Year 2017, Claims Award Asia-Pacific
- Asia's Best Employer Brand for 2017, Asia's Best Employer Brand Awards - 8th Edition
- HR Asia's Best Companies to Work for in Asia 2017 Award, HR Asia

AXA AFFIN General Insurance closed FY2017 with a gross written premium (GWP) of RM1.41 billion, registering profit before tax of RM144.3 million. In light of the de-tariff environment, the Company maintained

selective and sustainable growth strategy with the key objective of enhancing customer-centricity, technical and data excellence as well as attaining operational efficiency.

The Company's transformation journey embarking on process automation, deployment of robotics and system enhancement continued to progress as planned. Key milestone of the journey includes introducing the first telematics insurance product in the Malaysian market and successful roll out of SmartClaims (Phase 1).

The achievements in 2017 are a reflection of the dedication, support and commitment from the team, agents, distributors and business partners and, most importantly, trust placed by the Company's valued customers.

The Management and Board are confident that these, coupled with execution of strong action plans and prudent risk management, will enable the Company to continue achieving long term profitability and sustainability.

AFFIN MONEYBROKERS

AFFIN Moneybrokers Sdn Bhd is an intermediary or arranger of deals between authorized financial institutions in foreign exchange and domestic money market. It has been in operation for more than 25 years and currently ranks as the second top money broking company in Malaysia. It has had a challenging time during the last couple of years especially with the global financial crisis and recession. Yet, the Company was still able to remain profitable unlike some of its competitors.

The Company's net brokerage income for year 2017 was RM10.9 million which is higher by 1.5% as compared to year 2016. From the overall brokerage income of RM10.9 million, the Foreign Exchange desk contributed RM1.3 million or 13.7% higher than 2016. The Forward/Deposits desk contributed RM5.7 million or 9.7% higher than 2016. Derivatives and Islamic desk contributed RM2.9 million which was lower by 26.8% and RM1.0 million or 20.6% higher than previous year respectively. The net profit for the financial year was RM0.2 million, a decrease of RM0.9 million or 81.8% in comparison with year 2016 of RM1.1 million.

The strength of the company lies with its staff, with most of them having over 15 years of experience in the industry. The Company is highly regarded in the industry since it is a part of a public listed group and has been in operation over 25 years. Over the last five years, the Company maintained its position as one of the top two money broking companies in the industry. With tough competition within the industry, the management of human capital is vital to enhance business opportunities.

With the inevitable rising operational cost and reduction in brokerage free structure, opportunities to remain competitive are crucial. These include innovative marketing and promotion activities, introduction of new services to the market, investment in latest technologies to be effective and efficient and formation of strategic alliances with foreign partners. However, some changes in the government regulations have been seen as a threat to the industry. There is possibility of international money broking companies entering to compete in the domestic market.

The Company has been engaging with partners to launch an Electronic Trading Platform to compete in this area. The need to be linked with a foreign partner is particularly crucial for the Company to remain competitive and achieved its objectives. The planned objectives of the Company are to capture a larger market share which will result in the Company being the market leader in the industry and maximise shareholder's wealth.

Looking ahead, the possible consolidation of merger of money-broking companies and the globalisation of financial markets, i.e borderless trading will see entry of large international foreign money broking companies competing in the domestic inter-bank market. Their wide network and superior technology and technical expertise will adversely impact local money broking companies in the industry.