

ANNUAL REPORT 2018



BUILDING **AFFINITY** ECOSYSTEM

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COVER RATIONALE

In 2018, AFFINBANK & AFFIN ISLAMIC embarked on the third phase of its AFFINITY transformation programme which focused on capabilities building and implementation. One of the major initiatives focused on was realigning culture and values towards a Group-wide synergy to deliver an enhanced customer experience; as part of our journey towards greater affinity with our stakeholders.

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43rd

Annual General Meeting

VENUE

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

DATE



TIME



OUR VISION



A premier partner for Financial Growth and Innovative Services.

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.



OUR MISSION

CORPORATE INFORMATION



BOARD OF DIRECTORS

CHAIRMAN

Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi Bin Haji Zainuddin (Retired)
Non-Independent Non-Executive Director

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

Dato' Mohd Hata Bin Robani
Independent Non-Executive Director

Dato' Abdul Aziz Bin Abu Bakar
Independent Non-Executive Director

Mr. Ignatius Chan Tze Ching
Non-Independent Non-Executive Director

Mr. Joseph Yuk Wing Pang
Non-Independent Non-Executive Director

Dato' Rozalila Binti Abdul Rahman
Independent Non-Executive Director
(Appointed w.e.f. 4 February 2019)

COMPANY SECRETARY

Nimma Safira Khalid
LS0009015
Tel : 603-2055 9019
E-mail : 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
E-mail : 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
50706 Kuala Lumpur
Malaysia

WEBSITE

www.affinbank.com.my

INVESTOR RELATIONS

E-mail : ir@affinbank.com.my

AGM HELPDESK

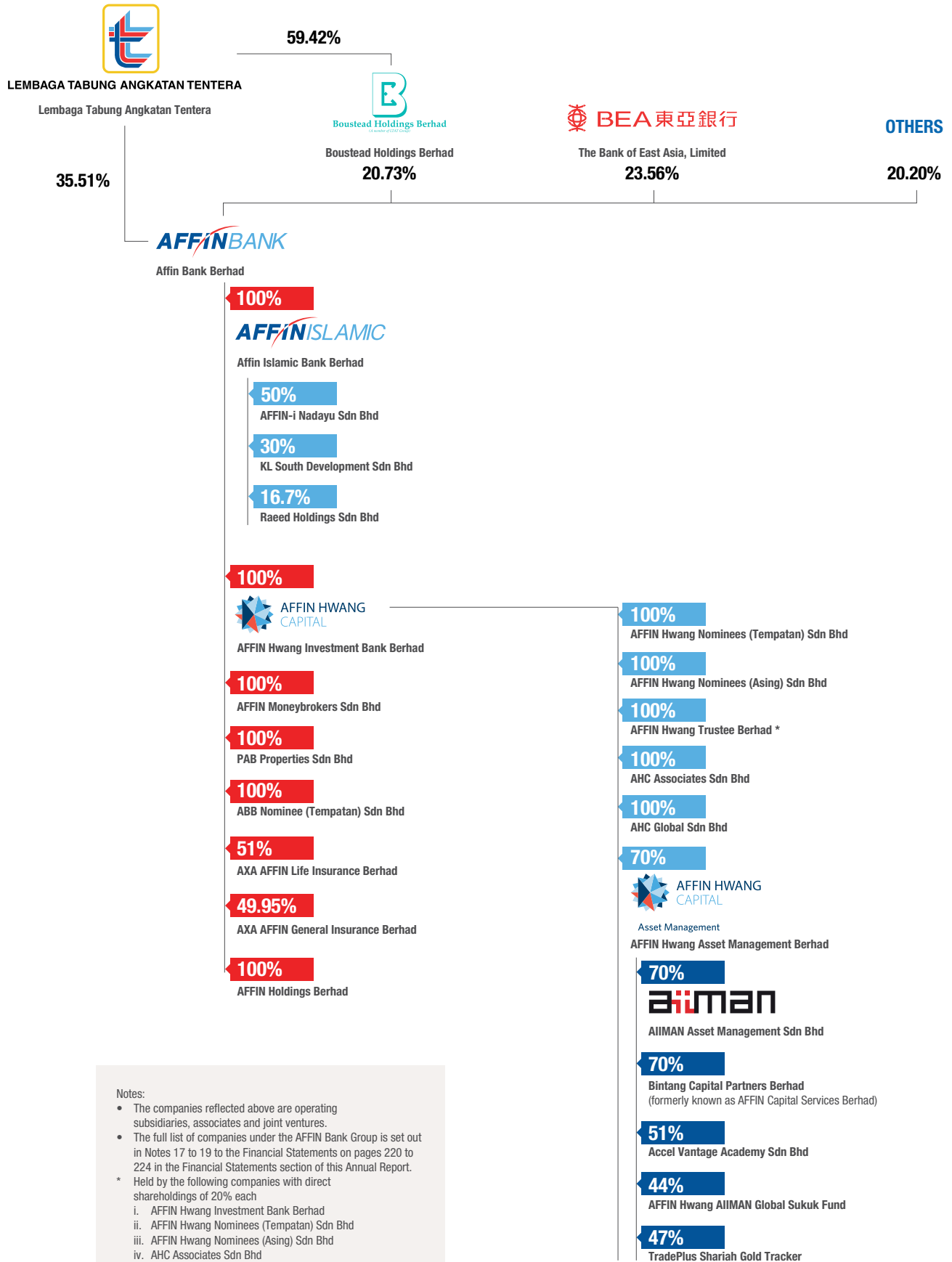
Tel : 603-2783 9299
(Tricor Investor & Issuing House Services Sdn Bhd)

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 28 February 2019



Notes:

- The companies reflected above are operating subsidiaries, associates and joint ventures.
- The full list of companies under the AFFIN Bank Group is set out in Notes 17 to 19 to the Financial Statements on pages 220 to 224 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

AWARDS & RECOGNITION

AFFIN BANK BERHAD



Achieved Payment Card Industry Data Security Standard (PCI DSS) Certification



Winner of ICT Organisation Excellence Award, from PIKOM, The National ICT Association of Malaysia



Winner of The Achievement in Liquidity Risk Management Award by The Asian Banker Business Achievement Awards 2018 Risk Management Awards



Second Place for Best New Contact Centre at Contact Centre Association of Malaysia (CCAM)'s 19th Malaysia Contact Centre Awards 2018



Second Place for Best New Contact Centre and Best New Contact Centre – Campaign & Programme at CCAM's 19th Malaysia Contact Centre Awards 2018



Winner of CX Pioneer: Best New Customer - Breaking Silos with a Fast Deployment (Small) at 2018 Genesys Customer Innovation Award



Best Recruitment Programme for Non-Degree Holders at Human Resources Asia Recruitment Award 2018

AFFIN ISLAMIC BANK BERHAD

Five Star Rating in the Financial Sector National Language Star Rating evaluation system in collaboration with Dewan Bahasa dan Pustaka

AWARDS & RECOGNITION

AFFIN HWANG CAPITAL



Project Finance Benchmark Deal of the Year for Tadau Energy Sdn Bhd in RAM League Awards 2018 by RAM Rating Services Berhad



Best Asset Management, Malaysia in Euromoney Private Banking and Wealth Management Survey 2018



Best Institutional House, Malaysia in Asia Asset Management 2018 Best of the Best Awards



Asset Manager of the Year, Malaysia in The Asset Triple A Islamic Finance Awards 2018



Best Securities House in Malaysia, in The Siamoney Awards 2018



Best Equity Award – Malaysia in The Edge Thomson Reuters Lipper Malaysia Fund Awards 2018



Most Innovative ETF Product Awards, Malaysia for TradePlus Shariah Gold Tracker in The Asset Triple A Private Banking, Wealth Management, Investment and ETF Awards 2018

- Best Securities Houses in Southeast Asia 2018: Malaysia in Best Securities Houses Awards by Asiamoney
- Third place for Best Local Brokerage in Brokers Poll 2018 by Asiamoney
- Champion for Best Overall Equities Participating Organisation in Bursa Excellence Awards
- Second Runner Up for Best Institutional Equities Participating Organisation (IB) in Bursa Excellence Awards
- Rank 3 (Asian Local Currency Bond Benchmark Review 2018) for Top Bank In Corporate Bonds in Benchmark Research Awards 2018 by The Asset Triple A
- Rank 4 (Asian Local Currency Bond Benchmark Review 2018) for Top Bank Arrangers in Benchmark Research Awards 2018 by The Asset Triple A
- Rank 5 (Asian Local Currency Bond Benchmark Review 2018) for Top Bank Arrangers in Benchmark Research Awards 2018 by The Asset Triple A
- Ranked third for Investment Banking Capabilities (Malaysia) in Private Banking and Wealth Management Survey 2018 by Euromoney
- Award for innovation – Bond Structure for Tadau Energy Sdn Bhd in Green Bond Awards 2018 by Environmental Finance
- 2nd Runner Up – Hah Sing Khean for Best Proprietary Day Trader in Bursa Excellence Awards
- Silver Award for Best Use Of Digital Media in Asia Recruitment Awards 2018, Malaysia by Human Resources Magazine
- Top 10 for Best Graduate Recruitment Programme in Asia Recruitment Awards 2018, Malaysia by Human Resources Magazine
- Top 50 for Best Employer Brand Awards in Best Employer Brand Awards 2018, Malaysia by World HRD Congress
- Top 3 for Award for Talent Management in Best Employer Brand Awards 2018, Malaysia by World HRD Congress

AWARDS & RECOGNITION

- Deals of the Year – Green Project of the Year for Tadau Energy Sdn Bhd in Asia Infrastructure Awards 2018 by The Asset Triple A
- Project Finance Deal of the Year, Malaysia for Tadau Energy Sdn Bhd in Asia Infrastructure Awards 2018 by The Asset Triple A
- Renewable Energy Deal of the Year, Malaysia for Tadau Energy Sdn Bhd in Asia Infrastructure Awards 2018 by The Asset Triple A
- Green Project of the Year, Malaysia for Tadau Energy Sdn Bhd in Asia Infrastructure Awards 2018 by The Asset Triple A
- Most Innovative Deal of the Year, Malaysia for Tadau Energy Sdn Bhd in Asia Infrastructure Awards 2018 by The Asset Triple A
- Transport Deal of the Year, Malaysia for Projek Lintasan Sungai Besi-Ulu Klang in Asia Infrastructure Awards 2018 by The Asset Triple A
- Utility Deal of the Year, Malaysia for BEWG (M) Sdn Bhd in Asia Infrastructure Awards 2018 by The Asset Triple A
- Best Deal for Capital Markets – Best Green Sukuk for Tadau Energy Sdn Bhd in Islamic Finance Awards 2018 by The Asset Triple A
- Best Deal for Capital Markets – Most Innovative Deal for Tadau Energy Sdn Bhd in Islamic Finance Awards 2018 by The Asset Triple A
- Best Deal for Project Finance – Best Project for Projek Lintasan Sungai Besi-Ulu Klang in Islamic Finance Awards 2018 by The Asset Triple A
- Best Deal in Malaysia for Tadau Energy Sdn Bhd in Islamic Finance Awards 2018 by The Asset Triple A
- Most Innovative Green Sukuk Issuer for Tadau Energy Sdn Bhd in Utility/Energy Awards 2018 by International Finance
- Best Analyst for Industrials – Loong Chee Wei (Malaysia) in Brokers Poll 2018 by Asiamoney
- Winner – Tan Jian Yuan (Research) for call on Sapura Energy Bhd in Best Call Awards 2018 by The Edge
- Winner – Tan Jian Yuan (Research) for call on Petronas Chemicals Berhad in Best Call Awards 2018 by The Edge
- Asia-Pacific Equity Category Winner for Affin Hwang Select Asia (ex Japan) Opportunity Fund in Morningstar Awards 2018 Malaysia
- Malaysia Large-Cap Equity Category Winner for Affin Hwang Select Opportunity Fund in Morningstar Awards 2018 Malaysia
- Best Mixed Assets Award – Malaysia in The Edge Thomson Reuters Lipper Malaysia Fund Awards 2018
- Mixed Asset MYR Conservative – Malaysia, 3 years for Affin Hwang Select Income Fund in The Edge Thomson Reuters Lipper Malaysia Fund Awards 2018
- Equity Malaysia Diversified – Malaysia Pensions, 10 years for Affin Hwang Select Opportunity Fund in The Edge Thomson Reuters Lipper Malaysia Fund Awards 2018
- Mixed Asset MYR Conservative – Malaysia Islamic, 3 years for Affin Hwang Aiiman Select Income Fund in The Edge Thomson Reuters Lipper Malaysia Fund Awards 2018
- Equity Malaysia – Malaysia Pensions, 10 years for Affin Hwang Aiiman Growth Fund in The Edge Thomson Reuters Lipper Malaysia Fund Awards 2018
- Best Domestic Equity 3-Year TWRR 2017 in KWAP 2018 External Fund Managers Awards
- Best Domestic Fixed Income 2017 in KWAP 2018 External Fund Managers Awards
- Best Global Bond Portfolio Manager 2017 in EPF External Portfolio Managers Annual Awards 2018
- Best Fund Over 10 Years, Equity Malaysia for Affin Hwang Aiiman Growth Fund in Thomson Reuters Lipper Global Islamic Fund Awards 2018
- Best Fund Over 3 Years, Mixed Asset MYR Conservative for Affin Hwang Aiiman Select Income Fund in Thomson Reuters Lipper Global Islamic Fund Awards 2018
- Asset Management Company of the Year, Malaysia in The Asset Triple A Asset Servicing, Institutional Investor and Insurance Awards 2018
- Fund Manager of the Year, Malaysia – Fixed Income for Esther Teo, Director of Fixed Income, Affin Hwang Asset Management in The Asset Triple A Asset Servicing, Institutional Investor and Insurance Awards 2018
- Best ETF Provider, Malaysia – Highly Commended in The Asset Triple A Private Banking, Wealth Management, Investment and ETF Awards 2018
- Top Investment House, Malaysia – Rank 4 in The Asset Benchmark Research Awards 2018 – The Most Astute Investors in Asian Local Currency Bonds
- Most Astute Investor, Malaysia – Rank 8 for Ahmad Raziq bin Abdul Rahman, Senior Portfolio Manager, Affin Hwang Asset Management in The Asset Benchmark Research Awards 2018 – The Most Astute Investors in Asian Local Currency Bonds
- Most Astute Investor, Malaysia – Highly Commended for Muhd Taufiq bin Saifuddin, Senior Potfolio Manager, AIIMAN Asset Management in The Asset Benchmark Research Awards 2018 – The Most Astute Investors in Asian Local Currency Bonds

AWARDS & RECOGNITION

AXA AFFIN GENERAL INSURANCE BERHAD



Malaysia's Best Employer Brand Award 2018



HR Asia Best Companies To Work For In Asia 2018



International General Insurer of the Year – Malaysia in Asian Banking and Finance (ABF) Insurance Asia Awards 2018

- AXA ranked as the No.1 Global Insurance Brand for 10 Consecutive Years
- Top Community Care Companies in Asia, ACES Awards
- Best Brand Experience Award – Bronze, CX Asia Excellence Award



Global Best Employer Brand in Global HR Excellence Awards & 12th Employer Branding Awards, World HRD Congress 2018

- CEO with HR Orientation in Global HR Excellence Awards & 12th Employer Branding Awards, World HRD Congress 2018
- Innovation in Recruitment in Global HR Excellence Awards & 12th Employer Branding Awards, World HRD Congress 2018
- Innovation in Retention Strategy in Global HR Excellence Awards & 12th Employer Branding Awards, World HRD Congress 2018
- Talent Management in Global HR Excellence Awards & 12th Employer Branding Awards, World HRD Congress 2018
- Bronze – Best Recruitment Evaluation Technique in Asia Recruitment Awards 2018
- Bronze – Best Diversity & Inclusion Strategy in Asia Recruitment Awards 2018
- New Insurance Product of the Year – Malaysia (AXA FlexiDrive) in Asian Banking and Finance (ABF) Insurance Asia Awards 2018
- Claims Initiative of the Year 2018 in Asian Banking and Finance (ABF) Insurance Asia Awards 2018



Gold in Best Recruitment Innovation by a Corporate HR Team in Asia Recruitment Awards 2018

AXA AFFIN LIFE INSURANCE BERHAD



GOLD AWARD for Excellence in Direct Marketing, Marketing Excellence Awards 2018

BOARD OF DIRECTORS



From left to right:

YBhg. Dato' Mohd Hata Bin
Robani

Y.A.Bhg. General Dato' Seri DiRaja
Tan Sri (Dr.) Mohd Zahidi Bin Haji
Zainuddin (Retired)

YBhg. Tan Sri Mohd Ghazali Bin
Mohd Yusoff

Mr. Joseph Yuk Wing Pang

BOARD OF DIRECTORS



From left to right:

Encik Abd Malik Bin
A Rahman

YBhg. Dato' Abdul Aziz Bin
Abu Bakar

Encik Mohd Suffian Bin
Haji Haron

Mr. Ignatius Chan Tze
Ching

YBhg. Dato' Rozalila Binti
Abdul Rahman

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	70	Male



Date of Appointment

22 June 2017

Academic/Professional Qualification

- 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

- 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(s) in Other Public/Public Listed Companies

- Chairman of Lembaga Tabung Angkatan Tentera (LTAT)
- Chairman of Genting Plantations Berhad
- Chairman of AFFIN Holdings Berhad
- Director of Genting Malaysia Berhad
- Director of Bintulu Port Holdings Berhad
- Director of Bintang Capital Partners Berhad

Other Appointment(s)/Commitment(s)

- 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

- Chairman of AFFIN Group Oversight Committee
- Member of Board Nomination and Remuneration Committee

Attendance for the Financial Year Ended 31 December 2018

All the 10 scheduled Board Meetings and 6 special Board Meetings

* *Tan Sri Zahidi is a nominee of LTAT, a major shareholder of Affin Bank Berhad.*

PROFILE OF DIRECTORS

Encik Mohd Suffian Bin Haji Haron

Non-Independent Non-Executive Director

Nationality:	Age:	Gender:
Malaysian	73	Male

Date of Appointment

15 August 2009

Academic/Professional Qualification

- Bachelor of Economics, University of Malaya
- Master of Business Administration, University of Oregon, USA

Past Working Experience

- Managing Director of Willis Faber (M) Sdn Bhd (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(s) in Other Public/Public Listed Companies

- Chairman of Affin Islamic Bank Berhad
- Director of Pharmaniaga Berhad
- Director of Lonpac Insurance Bhd

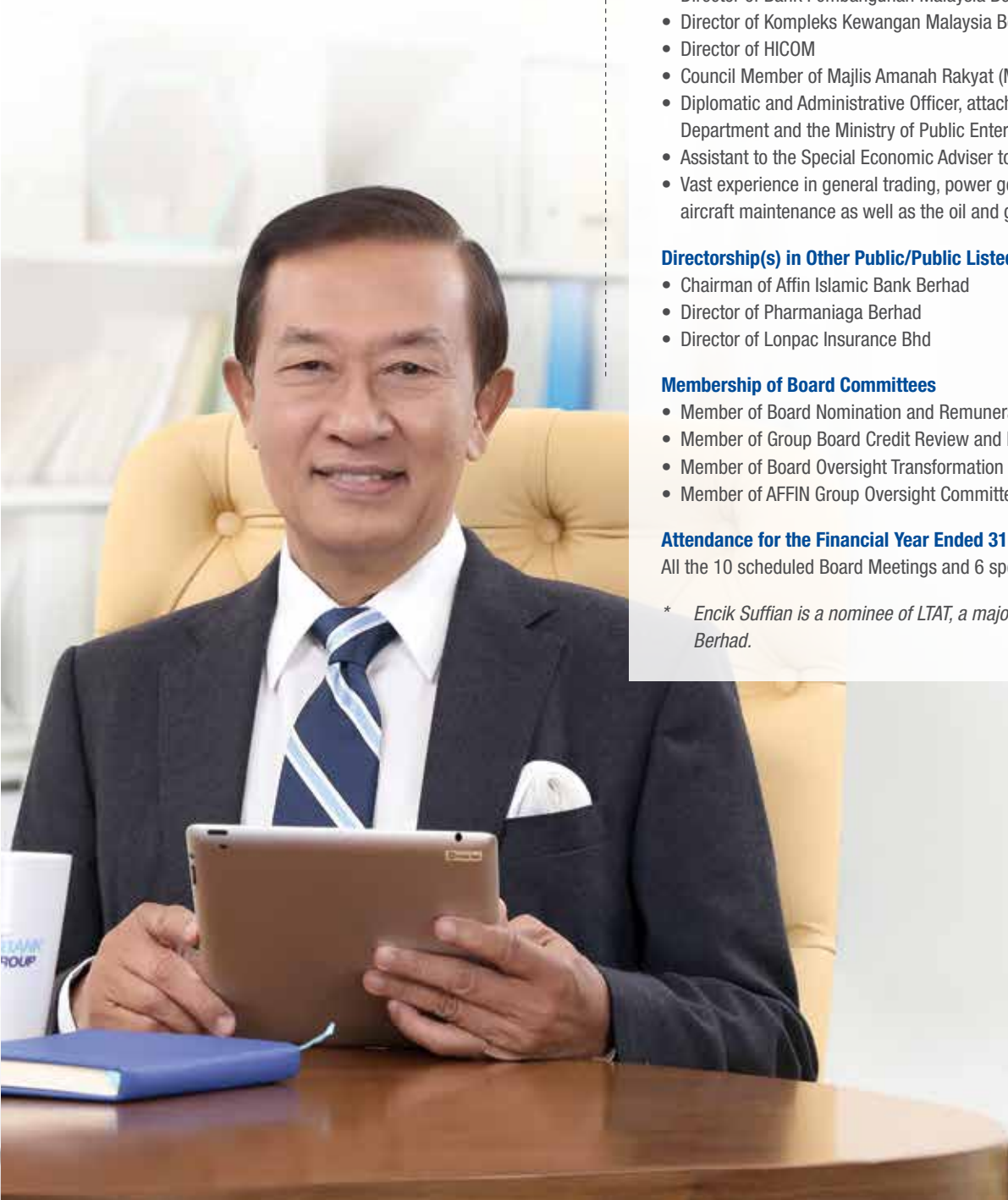
Membership of Board Committees

- Member of Board Nomination and Remuneration Committee
- Member of Group Board Credit Review and Recovery Committee
- Member of Board Oversight Transformation Committee
- Member of AFFIN Group Oversight Committee

Attendance for the Financial Year Ended 31 December 2018

All the 10 scheduled Board Meetings and 6 special Board Meetings

* *Encik Suffian is a nominee of LTAT, a major shareholder of Affin Bank Berhad.*



PROFILE OF DIRECTORS

YBhg. Tan Sri Mohd Ghazali Bin Mohd Yusoff

Independent Non-Executive Director

Nationality:	Age:	Gender:
Malaysian	73	Male

Date of Appointment

20 June 2014

Academic/Professional Qualification

- Degree of the Utter Bar from Middle Temple, Inns-of-Court, London

Past Working Experience

- 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(s) in Other Public/Public Listed Companies

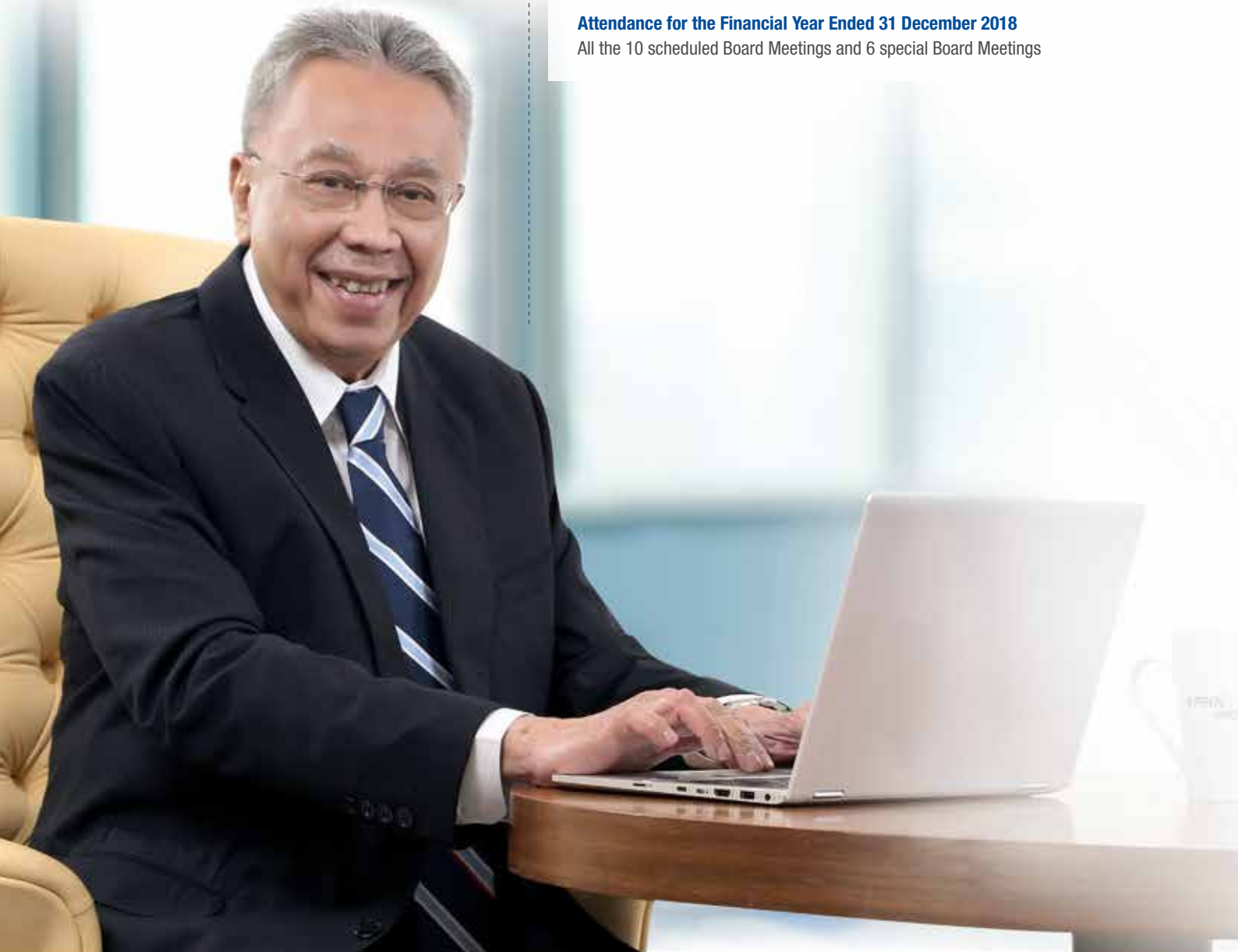
- Director of AXA AFFIN Life Insurance Berhad

Membership of Board Committees

- 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 2018

All the 10 scheduled Board Meetings and 6 special Board Meetings



PROFILE OF DIRECTORS

Encik Abd Malik Bin A Rahman

Independent Non-Executive Director

Nationality:	Age:	Gender:
Malaysian	70	Male

Date of Appointment

3 March 2015

Academic/Professional Qualification

- 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

- Senior Management of Peat Marwick Mitchell (currently known as KPMG)
- Senior Management of Esso Group of Companies
- Senior Management of Colgate-Palmolive (M) Sdn Bhd
- Senior Management of Amway (Malaysia) Sdn Bhd
- Senior Management of Fima Metal Box Berhad
- Senior Management of Guinness Anchor Berhad
- General Manager of Corporate Services of Kelang Multi Terminal Sdn Bhd (currently known as Westports Malaysia Sdn Bhd)
- Director of Innity Corporation Berhad
- Director of CYL Corporation Berhad

Directorship(s) in Other Public/Public Listed Companies

- Chairman of AFFIN Hwang Investment Bank Berhad
- Director of AFFIN Holdings Berhad
- Director of AFFIN Hwang Asset Management Berhad
- Director of Boustead Heavy Industries Corporation Berhad
- Director of Lee Swee Kiat Group Berhad
- Director of Mah Sing Group Bhd
- Director of Amway (Malaysia) Holdings Berhad

Membership of Board Committees

- 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
- Member of AFFIN Group Oversight Committee

Attendance for the Financial Year Ended 31 December 2018

All the 10 scheduled Board Meetings and 6 special Board Meetings



PROFILE OF DIRECTORS

YBhg. Dato' Abdul Aziz Bin Abu Bakar

Independent Non-Executive Director

Nationality:	Age:	Gender:
Malaysian	65	Male



Date of Appointment

17 October 2017

Academic/Professional Qualification

- Bachelor of Economics (Honours), University of Malaya
- Senior Management Development Programme (SMDP), Harvard Business School
- Member of the Resources Committee of Razak School of Government (RSOG)

Past Working Experience

- Fleet Planning Coordinator of Malaysian Airlines System (MAS)
- 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
- 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 of Human Resources of RHB Bank Berhad
- CEO/ED of Malaysian Directors Academy (MINDA)

Awards

- National HR Leader Award by the Ministry of Human Resources and Malaysian Institute of HR Management

Directorship(s) in Other Public/Public Listed Companies

- Director of ALKHAIR International Islamic Bank Malaysia Bhd (AKIIB)
- Director of Merchant Trade Asia Bhd

Other Appointment(s)

- Director of Institute of Corporate Directors of Malaysia (ICDM)

Membership of Board Committees

- Chairman of Board Nomination and Remuneration Committee
- Member of Group Board Credit Review and Recovery Committee

Attendance for the Financial Year Ended 31 December 2018

9 scheduled Board Meetings and 6 special Board Meetings

PROFILE OF DIRECTORS

YBhg. Dato' Mohd Hata Bin Robani

Independent Non-Executive Director

Nationality:	Age:	Gender:
Malaysian	66	Male

Date of Appointment

17 October 2017

Academic/Professional Qualification

- Bachelor of Economics (Business Administration), University of Malaya
- Management Development Programme, University of Harvard, USA

Past Working Experience

- 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 Fulton Preborn Sdn Bhd
- Executive Director of BSN Commercial Bank (M) Berhad
- Managing Director of Malaysian Electronic Payment System Sdn Bhd (MEPS)
- Executive Chairman of Excellent Tank Treatment Services Sdn Bhd
- Director of Seacorp Schroeder Asset Management Berhad
- Director of AFFIN Holdings Berhad

Directorship(s) in Other Public/Public Listed Companies

NIL

External Professional Commitment

- Advisor, Agenda Harmoni Sdn Bhd

Membership of Board Committees

- 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 2018

All the 10 scheduled Board Meetings and 6 special Board Meetings



PROFILE OF DIRECTORS

Mr. Ignatius Chan Tze Ching

Non-Independent Non-Executive Director

Nationality:	Age:	Gender:
Chinese	62	Male



Date of Appointment

1 December 2017

Academic/Professional Qualification

- 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

Past Working Experience

- Management Associate, Citibank, Hong Kong and Japan
- Country Treasurer and Head of Sales and Trading, Citibank, Hong Kong
- Head, Corporate Banking Business, Citibank, Hong Kong
- Country Officer, Citibank, Hong Kong and 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
- 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 Bond 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
- Member of Hong Kong Open University Sponsorship and Development Fund Committee
- Member of Executive Committee of Investor Education Centre, Securities and Futures Commission
- Director of AFFIN Holdings Berhad

Directorship(s) in Other Public/Public Listed Companies

- 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)

External Professional Commitment

- Senior Advisor at The Bank of East Asia, Limited (BEA) and CVC Capital Partners

Other Appointment(s)

- 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 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
- Member of The Financial Reporting Council

Membership of Board Committees

- Member of Group Board Risk Management and Compliance Committee

Attendance for the Financial Year Ended 31 December 2018

8 scheduled Board Meetings and 5 special Board Meetings

* Mr. Ignatius Chan is a nominee of BEA, a major shareholder of Affin Bank Berhad

PROFILE OF DIRECTORS

Mr. Joseph Yuk Wing Pang

Non-Independent Non-Executive Director

Nationality:	Age:	Gender:
Chinese	70	Male

Date of Appointment

18 April 2018

Academic/Professional Qualification

- Bachelor of Social Science in Economics (Hons), The Chinese University of Hong Kong
- Master of Business Administration, The Chinese University of Hong Kong
- Conferred the Doctor of Social Sciences Honoris Causa by Lingnan University
- Fellow of The Hong Kong Institute of Bankers
- Associate of The Chartered Institute of Bankers

Past Working Experience

- Executive Director & Deputy Chief Executive, The Bank of East Asia, Limited (BEA)
- Various positions in BEA
- Director of AFFIN Holdings Berhad

Directorship(s) in Other Public/Public Listed Companies

- Director of several BEA Group of companies
- Chairman of East Asia Securities Company Limited

Business Occupation

- Senior Advisor, BEA

Membership of Board Committees

NIL

Attendance for the Financial Year Ended 31 December 2018

All the 8 scheduled Board Meetings and 4 special Board Meetings held since his appointment as Director

* *Mr. Joseph Pang is a nominee of BEA, a major shareholder of Affin Bank Berhad*



PROFILE OF DIRECTORS

YBhg. Dato' Rozalila Binti Abdul Rahman

Independent Non-Executive Director

Nationality:	Age:	Gender:
Malaysian	57	Female

Date of Appointment

4 February 2019

Academic/Professional Qualification

- Bachelor of Science, Food Science & Technology, Universiti Pertanian Malaysia
- Certificate of Merit, Sophia University, Japan
- Diploma of Science with Education (Math Major), Universiti Pertanian Malaysia

Past Working Experience

- Chief Executive Officer of Astro GS Shop Sdn Bhd
- Chief Marketing Officer of TM Berhad
- General Manager of Maxis Berhad
- Sales & Marketing Director of Bank Simpanan Nasional
- Marketing Manager of Reckitt Benckiser, Malaysia & Singapore
- Marketing Manager of Kellogg Asia Inc. South East Asia
- Cold Room Supervisor, Perwira Niaga Malaysia (PERNAMA)
- Various Managerial positions at Unilever (M) Holdings Sdn Bhd, Malaysia & Singapore

Directorship(s) in Other Public/Public Listed Companies

- Director of MISC Berhad

Membership of Board Committees

NIL

Attendance for the Financial Year Ended 31 December 2018

N/A

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 2018

GROUP MANAGEMENT



1. **En. Kamarul Ariffin Bin Mohd Jamil**
Group Chief Executive Officer
Affin Bank Berhad
2. **En. Nazlee Bin Khalifah**
Chief Executive Officer
Affin Islamic Bank Berhad
3. **YBhg. Datuk Maimoonah Binti Mohamed Hussain**
Group Managing Director
AFFIN Hwang Investment Bank Berhad
4. **Mr. Emmanuel Jean Louis Nivet**
Chief Executive Officer
AXA AFFIN General Insurance Berhad
5. **Mr. Rohit Chandrasekharan Nambiar**
Chief Executive Officer
AXA AFFIN Life Insurance Berhad
6. **Mr. Chandra Nair**
Chief Executive Officer
Affin Moneybrokers Sdn Bhd
7. **Mr. Teng Chee Wai**
Managing Director & Executive Director
AFFIN Hwang Asset Management
Berhad
8. **En. Akmal Bin Hassan**
Managing Director & Executive Director
AIIIMAN 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	50	Male

Date of Appointment

1 April 2015

Academic/Professional Qualification(s)

- Bachelor of Arts in Economics, Cambridge University, England
- Chartered Banker, Asian Institute of Chartered Bankers

Past Working Experience

- 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

- Director of ABM Investment Sdn. Bhd.

Note: En. Kamarul Ariffin Mohd Jamil has no interest in the share of the Bank and its subsidiaries

En. Nazlee Bin Khalifah

Chief Executive Officer
Affin Islamic Bank Berhad

Nationality:	Age:	Gender:
Malaysian	51	Male

Date of Appointment

3 June 2015

Academic/Professional Qualification(s)

- Bachelor of Business Administration Degree, majoring in Accounting & Finance, Simon Fraser University, Canada

Past Working Experience

- 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
- In April 2011, Nazlee was appointed as the Chief Corporate Strategist, Affin Bank Berhad

Other Appointments

- Director for IAP Integrated Sdn Bhd and Raed Holdings Sdn Bhd
- Council member of The Association of Islamic Banking Institutions Malaysia (AIBIM)
- Appointed to the Charter Governing Panel of Chartered Institute of Islamic Finance (CIIF) in 2016
- Permanent member of the Masters of Business Administration Program Committee, Faculty of Economics and Management, Universiti Putra Malaysia (UPM)



PROFILE OF GROUP MANAGEMENT



YBhg. Datuk Maimoonah Binti Mohamed Hussain

Group Managing Director
Affin Hwang Investment Bank Berhad

Nationality:	Age:	Gender:
Singaporean	60	Female

Date of Appointment

3 November 2014

Academic/Professional Qualification(s)

- Bachelor of Accountancy, University of Singapore

Past Working Experience

- Managing Director at Affin Investment Bank Berhad from March 2007 until September 2014
- 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
- Director, Structured Finance at Morgan Grenfell (Asia) Ltd where she was involved in syndicated debt financing, structured finance and project finance advisory across South East Asian markets

Other Appointments

- Director of Affin Hwang Asset Management Berhad
- Director of Affin Hwang Trustee Berhad (formerly known as ABB Trustee Berhad)
- Director of AII MAN 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	60	Male

Date of Appointment

14 September 2012

Academic/Professional Qualification(s)

- Master of Economics, Normandie Business School

Past Working Experience

- 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 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	39	Male

Date of Appointment

15 December 2017

Academic/Professional Qualification(s)

- Post Graduate Programme in Entrepreneurship and Management
- Associate from the Insurance Institute of India
- Fellowship from Malaysian Insurance Institute

Past Working Experience

- Experience of 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	65	Male

Date of Appointment

1 June 2004

Academic/Professional Qualification(s)

- Master in Business Administration (MBA), RMIT University Melbourne, Australia

Past Working Experience

- 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

Chairman of the Association of Money Brokers Malaysia



PROFILE OF GROUP MANAGEMENT



Mr. Teng Chee Wai

Managing Director & Executive Director
Affin Hwang Asset Management Berhad

Nationality:	Age:	Gender:
Malaysian	52	Male

Date of Appointment

22 September 2014

Academic/Professional Qualification(s)

- Bachelor of Science, National University of Singapore
- Post-Graduate Diploma in Actuarial Studies, City University, London

Past Working Experience

- He 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	46	Male

Date of Appointment

18 November 2010

Academic/Professional Qualification(s)

- Degree in Business Administration, Oklahoma State University, USA
- Master of Business Administration, University of the Sunshine Coast, Queensland, Australia

Past Working Experience

- 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 2018

MANAGEMENT TEAM



PN. KHATIMAH
BINTI MAHADI

MR. LIM KEE
YEONG

MR.
RAMANATHAN
RAJOO

PN.
NORHAZLIZAWATI
BINTI MOHD
RAZALI

EN. KAMARUL
ARIFFIN BIN
MOHD JAMIL

EN. ZULKANAIN
BIN KASSIM

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

PN.
ADZAMIMAH
BINTI ADZMI

PROFILE OF MANAGEMENT TEAM



En. Zulkanain Bin Kassim

Chief Operating Officer

Nationality:	Age:	Gender:
Malaysian	49	Male

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

Zulkanain is the recipient of the coveted Leadership Award – Individual 2015 by Cards and Electronic Payments International Asia (CEPI Asia) in modernising Malaysia's payment infrastructure. He is also awarded Transformation Corporate Leader Brand ICON Leadership Award 2015 by Asia Pacific Brands Foundation.

Zulkanain brings with him more than 27 years of experience in financial services industry, primarily in Information Technology, Banking Operations, Customer Solutions and Payments from both local and foreign banks.



Mr. Ramanathan Rajoo

Chief Financial Officer

Nationality:	Age:	Gender:
Malaysian	55	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 Affin Bank Berhad 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 31 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.

Rama is a Fellow member of CPA Australia and a member of the Malaysian Institute of Accountants. He is a certified Credit Professional from Asian Institute of Chartered Bankers.

Rama graduated with a Master in Business Administration from Universiti Putra Malaysia in 1997 and a Bachelor of Accounting (Hons) degree from Universiti Kebangsaan Malaysia in 1987.

PROFILE OF MANAGEMENT TEAM



En. Idris Bin Abd Hamid

Director, Consumer Banking

Nationality: Malaysian	Age: 64	Gender: Male
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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 31 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.

He has attended Leadership Programme at UCLA and Stanford in California.



Mr. Tan Kok Toon

Director, Group Treasury

Nationality: Malaysian	Age: 57	Gender: Male
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Mr. Tan Kok Toon joined Affin Bank Berhad as Head of Treasury in October 2004 and is responsible for managing all aspects of Treasury businesses. He is currently the Honorary Secretary of Financial Market Association Malaysia (Association Cambiste Internationale) and Chair to the Seminar and Education Committee. He is also Economic Council member of Federation of Chinese Association Malaysia (Hua Zong).

Prior to AFFINBANK, Tan was with a leading bank in Malaysia. Tan has 31 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 Bachelor of Science (Hons) in Mathematics.

PROFILE OF MANAGEMENT TEAM



En. Mohammed Nizar Faisal

Director, Corporate Banking Division

Nationality:	Age:	Gender:
Malaysian	48	Male

En. Mohammed Nizar Faisal joined Affin Bank Berhad on 1 October 2016 as Director, Corporate Banking Division (f.k.a Corporate & Public Sector Business). He is responsible for developing and implementing strategies to drive the growth of Corporate Banking Division 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 banking 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 21 years of experience in the financial services industry, primarily in Wholesale Banking and Public Sector Banking. He spent 18 years of his career 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.



Mr. Lim Kee Yeong

Director, SME & Commercial Business

Nationality:	Age:	Gender:
Malaysian	49	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 24 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



Mr. Wong Kok Leong

Group Chief Risk Officer

Nationality: Malaysian	Age: 57	Gender: Male
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Mr. Wong Kok Leong joined AFFIN Bank 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.



Pn. Norhazlizawati Binti Mohd Razali

Group Chief Credit Officer

Nationality: Malaysian	Age: 51	Gender: Female
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Pn. Norhazlizawati Binti Mohd Razali joined Affin Bank Berhad as Group Chief Credit Officer on 1 August 2015.

Norhazlizawati has more than 25 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.

She 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



Pn. Nor Rozita Binti Nordin

Chief Human Resource Officer

Nationality:	Age:	Gender:
Malaysian	59	Female

Pn. Nor Rozita Binti Nordin has more than 36 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.



Ms. Lee Yoke Kiow

Chief Corporate Services Officer

Nationality:	Age:	Gender:
Malaysian	59	Female

Ms. Lee Yoke Kiow joined Affin Bank Berhad on 1 April 2018 as Chief Corporate Services Officer upon the completion of the AFFIN Bank Group Reorganisation. 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 37 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



Pn. Khatimah Mahadi

Group Chief Internal Auditor

Nationality: Malaysian	Age: 61	Gender: Female
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Pn. Khatimah 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 Berhad as Country Internal Audit Head & Compliance Director.

She has over 36 years of banking experiences particularly in the areas of Auditing, Compliance, Investigations, Project Management and Quality Assurance. She is also a trainer in Compliance & Control areas. She sits on the Disciplinary Committee, Asian Institute of Chartered Bankers.

She attained her leadership trainings at Harvard University, Boston, Judge Business School, Cambridge University, UK and Disney Institute, LA. She is an Associate Fellow of Asian Institute of Chartered Bankers Malaysia.

Khatimah holds a Diploma in Accountancy from UiTM in 1978. She is a qualified Chartered Banker.



Pn. Adzamimah Binti Adzmi

Group Chief Compliance Officer

Nationality: Malaysian	Age: 42	Gender: Female
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Pn. Adzamimah Adzmi (Mimi) joined Affin Bank Berhad on 17 July 2018 as Group Chief Compliance Officer with the Group Compliance division. Her overall responsibilities are to coordinate the identification and management of compliance risks, and to ensure compliance monitoring and testing are carried out consistently across the Banking Group.

She has over 16 years of experience in the financial services industry, primarily in managing and leading compliance at both local and foreign banks. Prior joining the Bank, Mimi was a Chief Compliance Officer at foreign based Japanese bank operating in Malaysia.

Mimi graduated from Bryant University in Rhode Island, USA with Bachelor of Science in Business Administration. She also holds the Certificate in Associate Qualification in Islamic Finance from Islamic Banking and Finance Institute Malaysia (IBFIM), and the Certificate in Islamic Law from International Islamic University Malaysia (IIUM).

PROFILE OF MANAGEMENT TEAM



En. Ferdaus Toh Bin Abdullah

Deputy Chief Executive Officer, Affin Islamic Bank Berhad

Nationality:	Age:	Gender:
Malaysian	58	Male

Encik Ferdaus Toh Bin Abdullah was appointed as the Deputy Chief Executive Officer of Affin Islamic Bank Berhad on 3 June 2015. Prior to this appointment, he held several key positions in both Affin Bank Berhad and Affin Islamic Bank Berhad.

He holds a Master's Degree in Strategic Management from Universiti Teknologi Malaysia and Chartered Islamic Finance Professional (CIFP) from INCEIF.

He joined Perwira Affin Bank Berhad in 1995 and moved to Affin Islamic Bank in 2005 and brings with him more than 35 years of experience in banking, primarily in Audit, Risk Management and Business Development.



Pn. Nimma Safira Binti Dato' Khalid

Chief Legal Officer and Company Secretary

Nationality:	Age:	Gender:
Malaysian	50	Female

Pn. 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 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. She is a Fellow Member of the ICA.

Nimma holds Certificate of Mediation and Advanced 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 2018

MANAGEMENT DISCUSSION & ANALYSIS

IN 2018, WE CONTINUED OUR GROWTH TRAJECTORY IN BUILDING THE AFFINITY ECOSYSTEM TO IMPROVE EARNINGS AND OPERATING EFFICIENCIES, REVITALISE HIGH PERFORMANCE SERVICE DELIVERY IN TANDEM WITH EVOLVING CUSTOMER BEHAVIOUR, DIGITAL TECHNOLOGY AND INCREASED EXPECTATIONS OF THE BANKING INDUSTRY.



42nd Annual General Meeting of Affin Bank Berhad held on 15 May 2018

OPERATIONAL REVIEW

The Group was on a steadfast path as we reaped the results of a more streamlined and synergised group structure having completed the Group's reorganisation with Affin Bank Berhad (AFFINBANK) listed as the Apex entity in February 2018. This laid the ground for the capabilities building and implementation phase of our AFFINITY Programme whereby initiatives to improve earnings and operating efficiencies were rolled out. Significant progress was made in terms of turnaround time and consumer credit scoring system which enhanced customer experience in Mortgage, Credit Card, Hire Purchase and ASB.

UPDATES ON AFFINITY PROGRAMME

The AFFINITY Programme has 33 projects and 26 quick wins which have been identified to support the building and enhancements of the identified capabilities. The Programme is supported by 8 key pillars, cutting across all functions and departments. The Programme's Vision by 2020 is to transform AFFINBANK and Affin Islamic Bank Berhad (AFFIN ISLAMIC) to a vibrant financial services player that creates value for all its key stakeholders by possessing the requisite capabilities and people to compete successfully in the market.

To date, 24 of the projects have been completed, nine projects in progress and two have yet to start.

Phase 1 Analysis and Planning has been completed.

Phase 2 Detail Design & Quick Wins Implementation has also been completed.

Phase 3 Capabilities building & implementation is on-going.

MANAGEMENT DISCUSSION & ANALYSIS



PROFIT BEFORE TAXATION AND ZAKAT

+22.6%

2018 : RM679.1 MILLION
2017 : RM554.1 MILLION



NET INCOME

+23.1%

2018 : RM1,920.6 MILLION
2017 : RM1,560.5 MILLION



OTHER OPERATING INCOME

+80.4%

2018 : RM677.0 MILLION
2017 : RM375.3 MILLION

The Bank launched the Big Six DNA values towards realising a giant leap in branding and customer experience. The Big Six DNA values, namely Affin First, Resourceful, Customer Focus, Synergistic, Risk Culture and Ethical represents the key characteristics and traits that identify who AffinBankers are and how AffinBankers should perform. It embodies the desired culture for the AFFIN Bank Group besides building distinctive branding of the Bank and its workforce. This holds the key to transform the Bank and build our reputation as the most admired bank in Malaysia.

In 2018, the Group had also implemented several key capital management initiatives as follows:

Issuance of Additional Tier 1 Capital Securities (AT1CS) by AFFINBANK

On 31 July 2018, AFFINBANK issued RM500 million in nominal value of AT1CS under its RM3.0 billion AT1CS Programme established during the year. The AT1CS issued had been

assigned a rating of A3 by RAM Rating Services Berhad and the tenure is perpetual on a non-callable 5-year basis. The AT1CS qualified as Basel III compliant Additional Tier 1 Capital of AFFINBANK.

Issuance of Additional Tier 1 Capital Sukuk Wakalah (AT1 Sukuk Wakalah) and Tier 2 Sukuk Murabahah (T2 Sukuk Murabahah) by AFFIN ISLAMIC

In October 2018, AFFIN ISLAMIC had also established a Sukuk Programme of up to RM5.0 billion in nominal value for the issuance of Senior Sukuk Murabahah, Tier 2 Sukuk Murabahah and/or Additional Tier 1 Sukuk Wakalah from time to time.

AFFIN ISLAMIC had on 18 October 2018 issued RM300 million in nominal value of AT1 Sukuk Wakalah under the Sukuk Programme. The AT1 Sukuk Wakalah had been assigned a long-term rating of A3 by RAM Rating Services Berhad and the tenure is perpetual on a non-callable 5-year basis.

On 23 October 2018, AFFIN ISLAMIC had also issued RM800 million in nominal value of T2 Sukuk Murabahah under the same Programme. The T2 Sukuk Murabahah had been assigned a long-term rating of A1 by RAM Rating Services Berhad and the tenure is 10 years on a non-callable 5-year basis.

Both the AT1 Sukuk Wakalah and T2 Sukuk Murabahah issued under the said Sukuk Programme qualified as Basel III-compliant Additional Tier 1 Capital and Tier 2 Capital respectively for AFFIN ISLAMIC.

Establishment of Dividend Reinvestment Plan

A Dividend Reinvestment Plan (DRP) had been established by the Bank following the approval of the shareholders at the Extraordinary General Meeting held on 15 May 2018. The DRP gives the shareholders of the Company the option to reinvest their whole or a portion of the Dividend for which the reinvestment option applies in new AFFINBANK shares.

The Bank had applied the first DRP to the interim dividend of 5.0 sen per share for the financial year ended 31 December 2018 and the take up rate was 92.7% of the total interim dividend. The DRP may also be made available for any dividend to be declared by the Bank in future.

The AFFINITY Programme has introduced various changes to the Bank's core operating structure

9 New Methodologies	4 New Forums	7 New Divisions/ Departments
<ul style="list-style-type: none"> • Customer Experience • New RM Model for Biz Banking • Branch-Hub Management • Product Economics • Product Development & Innovation • New Credit Management Model • IT Architecture • Data Governance • Ethics, Risk & Compliance 	<ul style="list-style-type: none"> • Branch/Hub/BC Monthly Collaboration Meeting • Quarterly Digital Forum • Data Governance Council • Product Development & Innovation Committee 	<ul style="list-style-type: none"> • Customer Experience • SME & Commercial Business • Corporate Banking • Islamic Client Solution • IT Retained Organisation • Data Governance • Affin Digital

MANAGEMENT DISCUSSION & ANALYSIS



GROSS LOANS, ADVANCES & FINANCING

+6.3%

2018 : RM49.0 BILLION
2017 : RM46.1 BILLION



CUSTOMER DEPOSITS

+12.6%

2018 : RM57.3 BILLION
2017 : RM50.9 BILLION



TOTAL ASSETS

+8.6%

2018 : RM76.0 BILLION
2017 : RM70.0 BILLION

REVIEW OF FINANCIAL PERFORMANCE

AFFIN Bank Group recorded a consolidated profit before tax and zakat (PBT) of RM679.1 million for the financial year ended 31 December 2018, an increase of RM125.0 million or 22.6% as compared to the previous year while profit after tax (PAT) for the financial year stood at RM527.4 million.

Net income and overhead expenses expanded by RM360.1 million and RM283.2 million respectively, mainly attributable to the full year contribution of the various subsidiaries, joint venture and associate which were transferred to AFFINBANK from AFFIN Holdings Berhad on 16 October 2018, pursuant to the Group re-organisation exercise.

Our "Priority Islamic" approach to further tap into the faster growing Islamic banking segment within the industry also contributed to the good performance, with the Priority Islamic Policy (PIP) hitting 39% of total Islamic Financing Portfolios against total AFFINBANK's and AFFIN ISLAMIC's Portfolio target of 40% by year 2020.

For 2018, earning per share was 25.89 sen as compared to 23.98 sen the previous year while the net return on equity remained at 5.94%, similar to that of 2017.

Gross loan, advances and financing at the Group level expanded by RM2.9 billion or 6.3%, and closed at RM49.0 billion as at 31 December 2018. Total customer deposits increased by RM6.4 billion or 12.6% to RM57.3 billion with higher contribution of RM8.5 billion from the term or fixed deposits. The total assets of the Group grew by 8.5% to RM76.0 billion.

On the asset quality, the net impaired loan/financing ratio was at 2.59% [2017: 2.10%] while the loan loss coverage was at 97.08% [98.47%].

As at 31 December 2018, the Group maintained Total Capital ratio of 19.00%, while Common Equity Tier 1 and Tier 1 ratios stood at 11.92% and 13.56% respectively.

At the Bank's level, AFFINBANK recorded a higher PBT of RM675.0 million in 2018 as compared to RM374.4 million in the previous year, mainly due to higher dividend income, higher other income and lower allowance for credit impairment losses. Its 100% owned Islamic banking subsidiary, AFFIN ISLAMIC recorded a higher PBT of RM158.5 million for 2018 as compared to RM121.0 million

for 2017 mainly due to higher income from financing and advances, in line with the financing growth of RM3.3 billion or 21.3%.

Notwithstanding the extremely challenging capital market environment, Affin Hwang Capital managed to marginally grow its fee and brokerage income. However, PBT fell by 12% from RM184.0 million in 2017 to RM161.5 million, dragged by the fall in investment income from its trading activities.

Affin Moneybrokers Sdn Bhd contributed a higher PBT of RM1.5 million for 2018 as compared to RM0.4 million for 2017 mainly due to lower overhead expenses for the year under review. There was a total cost of RM1.2 million incurred on Mutual Separation Scheme in 2017.



Launch of the AFFIN Big Six DNA in Menara AFFIN

MANAGEMENT DISCUSSION & ANALYSIS



AFFINBANK collaborated with Asian Banking School for the Operational Risk Review and Scenario Analysis Programme

As for its 51% owned joint venture namely, AXA-Affin Life Insurance Berhad, the Group shared a lower loss of RM3.1 million as compared to the share of loss of RM4.1 million for 2017. The Company reported a lower pre-tax loss of RM7.3 million for 2018 as compared to the pretax loss of RM26.1 million in the previous year, mainly due to lower reserve for future policy holders' liabilities and better operating earnings. During the financial year, there was an improvement in new business margin from 42% to 47%, driven by focus on higher margin protection, health protection, health products and effective cost management, despite lower annualised new business premium.

The associated company, AXA-Affin General Insurance Berhad contributed a higher share of profit of RM50.0 million for 2018 as compared to RM17.1 million for 2017. For the year under review, the Company reported a slightly lower pre-tax profit of RM140.0 million as compared to RM142.2 million in the previous year. The increase in investment income, underwriting results and capital gain on disposal of investments were slightly outpaced by the claims incurred. The gross written premium grew by 4.8% backed by momentum in Motor, Health and Retail businesses.

MARKET RISKS AND OPPORTUNITIES REVIEW

During the financial year, a few key events caused further volatility in the market. These included continued trade tension between the US and its major trading partners, indeterminate outcome of Brexit, increasing interest rates in the US, significant political and economic developments in Malaysia as well as change in the Malaysian government for the first time in May 2018, since the country's independence 61 years ago.

The uncertainty and pressure arising from the above events resulted in negative net external demand, which declined by 7.5% in the third quarter of 2018. Coupled with volatility in commodity price and exchange rates, Malaysia's real GDP growth slowed to 4.7% in 2018. However, the economy has demonstrated resilience and registered growth in private investment, underpinned mainly by capital spending in the manufacturing and services sectors. With this economic backdrop, the banking industry faced another challenging year with unrelenting pressure on asset quality and profitability.

The following are the risks and challenges that were identified by the Group during the financial year:

a) Property Market Uncertainty

Malaysia is still facing substantial supply-and-demand imbalances within the country's property market. Although there has been a reduction on new development of shopping complexes, offices, serviced apartments and luxury condominiums priced over RM1 million, the oversupply of office retail space as well as luxury condominiums still persists. If left unchecked, it may lead to deeper imbalances that could adversely impact the real estate market and have negative spillover effects to other parts of the economy.

b) Evolving regulatory requirements

Regulatory requirements and expectations will continue to evolve with new regulations, including but not limited to capital, liquidity, corporate governance, business conduct, compliance and operational risk. The cost of compliance continues to be on an uptrend and adds pressure to our existing business model.

c) Increasing competition

The continuous advancement and dependency on technology have already shaped the behaviour of banking customers. Given the opportunity, more non-financial institutions will join the banking landscape as service providers.

Market competition has forced traditional financial service providers to innovate in order to meet customers' expectation. Consequently, investment in data and IT infrastructure requirements will further escalate.

d) Non-financial risks

The increasing threat of cyber risk and technology risk remain as major concerns. Banking institutions will need to continuously adopt sophisticated systems and methodologies to minimise system failures or security compromises such as data breaches, hacking and malware attacks.

As a response to these identified risks, concerted effort was directed towards strengthening the Group's risk management functions and practices in accordance with the strategic priorities under the AFFINITY Programme and implementing the identified initiatives under the Strategic Risk Programme. These are intended to provide more advanced analytics and systems capabilities focused on enabling risk-reward decision making as well as promote more proactive risk management and business advisory across the Group.

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

CONSUMER BANKING

The strategic priorities for year 2018 for consumer banking were to attract deposits, drive our Priority Islamic initiative and to increase digitalisation.



AFFINBANK and AFFIN ISLAMIC launched their very own AFFIN Visa Business Platinum Credit Card which is packed with benefits that best suit established SME owners

2018 PERFORMANCE REVIEW

The Bank's Consumer Banking Division achieved robust loan and deposit growth in 2018. Loans for its consumer banking segment grew by 11.3% driven by an increasingly robust Mortgage business and supported by increased contribution from all other financing segments. The Division also achieved commendable deposit growth of 11.5% or RM1.7 billion in spite of the intense competition for deposits as banks rushed to fulfil their Net Stable Funding Ratio (NSFR) requirements by 2020.

Organic growth was also in the cards as the Bank continued to grow its footprint with the establishment of three new branches in Meru, Sendayan and MyTown Shopping Centre, Cheras. The MyTown branch was conceptualised as a flagship AFFINBANK Innovation branch and offers enhanced digital capabilities to provide a whole new level of customer experience.

Deposit Campaign

Several deposit promotion packages were launched during the year as part of the Division's strategies to aggressively retain and acquire new customer base for deposit growth. These promotions, including the ongoing annual OMG Campaign are in line with the



CONSUMER BANKING ACHIEVED ROBUST LOAN AND DEPOSIT GROWTH IN 2018. LOANS FOR THE COMMERCIAL BANKING SEGMENT GREW BY 11.3% WITH INCREASES RECORDED ACROSS ALL SEGMENTS THAT IS ANCHORED ON MORTGAGE BUSINESS WHICH CONTINUES TO BE THE MAIN DRIVER.

AFFINITY Programme initiative to offer more innovative products and services in order to enhance customers experience.

Having received good response over the years, the promotions target new customers as well as existing account holders as customers look forward to participating each year. Currently these promotions are packaged to attract more new customers from the Gen-Y segment, which represents a substantial segment in the country's population today.

Digitalisation

On the digital front, the Call Centre capabilities have been revamped to enhance customer service. Operating hours have been extended till 12 am for 7 days a week, from the previous hours of 8 am to 9 pm for 5 days a week. Features such as Live Chat, Social interactions, email and SMS are now offered under a single integrated platform. The Retail Internet Banking operations are being revamped to improve customer satisfaction and increase transaction volume.

Property

The property market was subdued last year with an overhang of 30,000 unsold completed residential units entering into 2019. The prognosis for 2019 remains sluggish as buyer's affordability is limited due to the higher cost of living and borrowings coupled with the possibility of interest rate hikes in the near future.

Despite the sluggish property market, the Mortgage product continued to register strong growth, increasing by RM2.1 billion from RM8.5 billion in 2017 to RM10.5 billion in 2018. Capitalising on the robust demand for more affordable property, the bank shifted to focus on selective acquisitions in this segment.

Automotive

The automotive market was subdued in the first quarter of 2018 but later gained traction to hit a total industry volume (TIV) of 598,714 by the end of 2018. This was an increase of 22,089 units or 3.8% compared to 576,625 in 2017. The turnaround was due to the GST tax holiday from June to August 2018 which saw a spate of forward buying by consumers. However, the Malaysian Automotive Association (MAA) has projected a flattish growth rate for 2019 with expected TIV of 600,000.

In the hire purchase business, the focus is on managing growth with asset preservation as the key priority. To retain market share in this price sensitive business, the Bank has strengthened sales culture at the branches and this has seen us doubling our motor insurance sales at branches.

MANAGEMENT DISCUSSION & ANALYSIS



Crowd at Karnival Kewangan Kedah 2018

Amanah Saham Nasional Berhad (ASNB)

The ASNB business is growing and the Division managed to achieve PNB's allocation target of RM250 million for the year under review. We launched AFFIN Tawarruq Term Financing-i Secured by Securities to cater for the strong demand for Islamic financing secured by ASB/ASB2/AiTD-i and we managed to achieve sales of RM100 million within eight months.

ASNB is an area which the Bank target to grow in a big way because it is secured lending with decent yield. We believe that launching of this AFFIN Tawarruq Term Financing-i Secured by Securities will open up another big segment for us to market.

Card Business

The Card industry has becoming highly challenging as it faces reduced margins to retain and grow merchants as well as reduced interchange fees as part of Bank Negara Malaysia's (BNM) efforts to promote e-commerce. This is further exacerbated by the imposition of RM25 sales and service tax for every credit card which has led to increased card attrition rates.

Despite the challenging environment, the Cards business outperformed industry growth in 2018 with double digit growth recorded in all key business drivers such as Card base at 50% vs Industry at 5%, Billings at 22% vs Industry at 8% and Receivables at 29% vs Industry at 4%. The Bank has also increased its product offering with the introduction of the AFFIN ISLAMIC credit card and Visa Business Platinum card.

The Bank will continue to expand tactical promotions for the Cards business as well as introduce more card offerings in 2019 to provide customers with a greater choice of cards that suits their lifestyle and expenditure requirements.



Official launch of AFFINBANK branch in Bandar Sri Sendayan, Negeri Sembilan

CORPORATE BANKING (CBD)

Corporate Banking's strategic priorities for 2018 were to be more client centric and value focused, reduce concentration on vulnerable sectors and drive greater customisation of products and services



AFFINBANK launched its corporate Direct Debit Facility with Cuckoo International Malaysia Sdn Bhd as its first customer for the facility

MANAGEMENT DISCUSSION & ANALYSIS



MoU signing with MAHSA University on AFFIN Education Financing-i

dropped slightly by 1.3% as we remained highly selective in growing our loans and financing portfolio. We have successfully reduced our sector concentration exposure in real estate as this has currently been classified as a vulnerable segment at Group level. Despite the decline, we were still able to achieve higher profitability as compared to prior year due to our loan portfolio which is now correctly priced at higher average lending rate of 5.8% in 2018 (2017: 5.7%) corresponding to the level of risk assumed.

DEPOSITS

CBD's total deposits represents 48.2% of the total deposits of the commercial banking segment. We grew our total deposits significantly at 20.2% in 2018 higher than the Industry's deposit growth of 7.65% year on year.

For 2019, like most other banks, we will continue to focus on growing our deposits base to comply with regulatory liquidity requirements.

MOVING FORWARD

As a nimble Bank, we pride ourselves in strong relationships and made to measure solutions for our clients.

2018 PERFORMANCE REVIEW

The Bank's Corporate and Public Sector division was renamed to Corporate Banking Division (CBD) in 2018 to be in line with its on-going strategic direction to become more client centric and value focused.

We continued to leverage on the client coverage model as a one stop contact point for Corporate customers to access our full range of products and services offered within the Group.

At the same time, we remained committed to exercise greater customisation of products and solutions and increase network presence to allow for greater engagements with customers. A new tagline, "Your success. Made to measure.", was also adopted to represent our understanding of different business models and dedication in tailoring solutions to suit specific requirements.



During the year, CBD continued to be the key contributor to AFFINBANK's and AFFIN ISLAMIC's income generation. The total income in 2018 grew by 3.4% underpinned by higher interest income and pool income which arising from higher deposits growth as compared to loans.

LOANS & FINANCING

CBD's total loan and financing represents 39.0% of the loans and financing portfolio of the commercial banking segment, in line with the Bank's strategic direction to achieve the equal customer composition mix between Corporate, SME and Consumer. As at end-2018, the total loans and financing



Client coverage model

MANAGEMENT DISCUSSION & ANALYSIS

Our strategies in meeting upcoming challenges and capitalising opportunities to move forward include:

a) Upskilling our team

We have been diligently upskilling our manpower keeping in mind that a more informed Relationship Manager (RM) who has a better understanding of the credit and industry cycle of the client and appropriately structure facilities in accordance to the Bank's risk appetite. Training for our RMs covers areas such as financial analysis, cash flow analysis, working capital management, credit review, loan structuring and compliance related modules.

b) Deepening our relationships with our clients

Maintaining excellent customer relationship is crucial to achieve sustainable income growth for the division.

Based on a survey conducted by an external party, "The Voice of Internal & External Stakeholders" by Nielson Company, the Corporate Banking team is recognised for our warm and friendly services as compared to bigger banks. This shows that despite the advancement of digital banking platforms, human interactions remain important especially when dealing with complex requirements or greater personalisation of solutions. Therefore, we continue to be more proactive and personal in engaging with our customers.



CBD CONTINUED TO BE THE KEY CONTRIBUTOR TO AFFINBANK'S AND AFFIN ISLAMIC'S INCOME GENERATION. TOTAL INCOME GREW BY 3.4% IN 2018.

c) Delivering the right solutions through new systems, tools and processes.

In today's competitive landscape, innovation of current systems, tools and processes are crucial to remain relevant in the banking industry. Some new innovation initiatives in the division's pipeline include: Transactional Banking system, Digital platform – Financial Supply Chain Scheme & e-Trade, Flexi Trade loan and Data scrubbing.

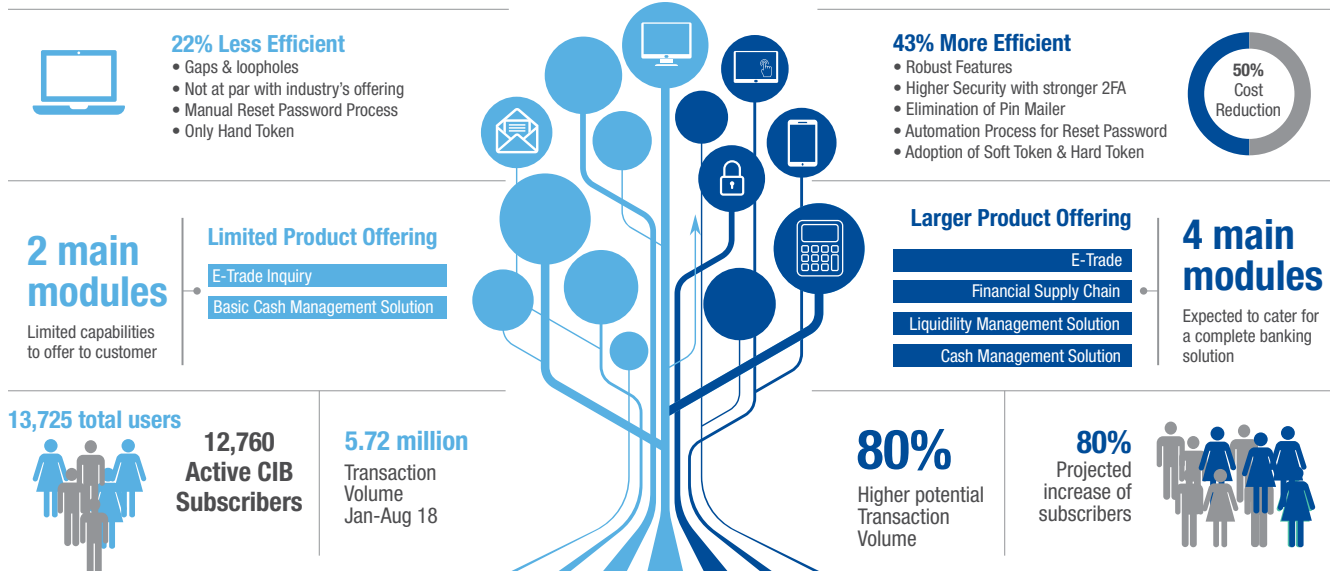
Featuring product improvements and relatively cheaper operational cost, the Bank is confident that these initiatives will ultimately increase utilisation rate and income. The Bank foresees that these initiatives will attract new customers and encourage existing Corporate clients to do business with the Bank.

The Liquidity and Supply Chain Department, under the Corporate Banking Division, is in the midst of implementing a new robust platform with extensive cash management and trade finance capabilities. This new transaction banking system (NTBS) is expected to go-live in mid-2019 and will enable the Bank to unlock new revenue potential across its Small Medium Enterprise & Commercial (SMEC) and Corporate Banking segment, in line with the Affin's Digital Banking road map.

In meeting our long-term strategic direction, we aim to:

- improve our asset quality position
- enhance business synergies & cost competitiveness
- grow fee-based income and our Islamic loan book
- enhance product and sector diversification
- increase trade utilisation and engage in more cross-selling initiatives

Before and After NTBS



Before and after the implementation of the new NTBS, our new Corporate Internet Banking (CIB).

MANAGEMENT DISCUSSION & ANALYSIS

SME & COMMERCIAL BUSINESS (SMEC)

2018 strategic initiatives for SMEC were to maintain a balanced growth approach to asset and liability; expand footprint, coverage and visibility; enhance risk-based understanding and pricing practices; strengthen overall compliance & credit culture; and to deploy practical digital and automated solutions.



MOU Signing between AFFINBANK and SAMENTA during an Engagement Session with YAB Tuan Chow Kon Yeow, Chief Minister of Penang on 12 September 2018

2018 PERFORMANCE REVIEW

The importance of Small and Medium Enterprises (SMEs) is undeniable as they collectively contribute to over one-third of Malaysia's economy. SME Corp's statistics reveal that 96% of SME financial needs are provided by banks, so with the Ministry of Entrepreneur Development's recent announcement of the government's plan to create one million SME entrepreneurs in the next five years, banks are capitalising on the growing potential of this segment. All these developments drive the Bank's SMEC Division's aspiration to be a meaningful player in this economic segment.



THE BUSINESS HAS MANAGED TO ACQUIRE ALMOST 6,000 NEW CUSTOMERS IN 2018 AND CONTRIBUTE MEANINGFULLY TO THE BANKING GROUP PROFITABILITY.

The SMEC Division was established about two years ago after an internal reorganisation initiated under the Bank's AFFINITY programme. Rising to the challenges faced in 2018, the Bank's young team has shown that they have a strong teamwork, determination and dedication to resiliently deliver on all our strategic initiatives for the year, with promising outcome and opportunities for growth.

To achieve the Bank's goals in 2018, short and long-term initiatives were rolled out to fortify its competitiveness and relevance within the sector. The first step was to expand SMEC's footprint to 23 sales and service centres nationwide to make its services accessible to more SMEs with further expansion planned for 2019. Next, to increase reach and appeal to targeted segments, SMEC participated in Credit Guarantee Corporation's (CGC's) "imSME" online portal, worked with business partners in business events and functions and added more products for it to evolve into a more sustainable proposition for start-ups.

In demonstrating commitment and heightening brand awareness, the Bank participated in multiple trade events and roadshows, and continued its patronage of the SME 100 Awards organised by SME Magazine. The SMEC division also launched the "SMEngage" customer engagement series as its core customer-facing theme, under which multiple initiatives were implemented. Among them were business education partnership with International Council of SME & Entrepreneurship Malaysia (ICSMEEM) in a Brand Building Workshop; collaborative arrangement via a Memorandum of Understanding (MoU) with Small and Medium Enterprises Association (SAMENTA); and commencement of our Biz Talk series in late 2018.

Several key targets for the Division were completed during the year under review. Notably, the Bank has on-boarded new and supportive business partners, including a new general insurance partner. The business also rolled out new RM100 million portfolio-guarantee loan tranche via CGC for both conventional and Islamic product lines, taking the bank's collaboration with CGC to almost RM200 million in a span of three years.

Despite being relatively new to the segment, during the year, SMEC introduced several innovative deposit-related products and an affordable SME business continuity insurance. These new products coupled with our operational strategies saw the Division achieving a deposit growth of over RM1.1 billion. The business managed to acquire almost 6,000 new customers in 2018 and contribute meaningfully to the Group's profitability. The numbers achieved are comparable to industry peers.

MANAGEMENT DISCUSSION & ANALYSIS



AFFINBANK supported the SME 100 Awards, an annual recognition programme naming the fastest moving businesses of the SME sector

Digitalisation is a buzz word in the banking world of late and a prerequisite for a sustainable growth. The SMEC division began its digitalisation initiative in 2018 by developing and testing a beta-version of SME web/mobile portal. This is a digital/QR platform showcasing our offerings, third party promotions, partners' information and business support resources for SMEs.

Further improvements to this portal and eventual commercialisation will be executed in 2019 and the Bank looks forward to utilising it as an additional channel to engage with the SMEs. Future drivers towards continuing the growth trajectory and momentum include a reorganised and strengthened business wealth sales force; an improved factoring service and support structure; and an enlarged business development/engagement planning team.

Regardless of uncertainties within the operating environment, our collective objective, driven through various transformation activities, shall remain unchanged in differentiating the bank positively in the market and creating value for all stakeholders.

TREASURY

The principal objectives of Group Treasury Division are to:

- Manage foreign exchange (FX) and interest rate risk of the Banking Group
- Satisfy customer's needs in Treasury related products and services
- Fulfil the liquidity needs and asset and liability (ALM) functions of the Group
- Comply with Regulatory and internal requirements
- Operate profitable trading/arbitraging/investment businesses



2018 PERFORMANCE REVIEW

Significant major events - such as Malaysia's change in government, the China-U.S. trade war and the Federal Reserve Bank's hawkish monetary policy stance - created much uncertainty and heightened market volatility in 2018.

MANAGEMENT DISCUSSION & ANALYSIS

The huge movements in USD/MYR exchange rates due to these domestic and international events and net outflow of fund movements added operating challenges to the already volatile foreign exchange (FX) and interest rate markets as well as the on-going intense pricing competition in both FX and money market products had resulted in margin compression during the year.

However, with careful planning and focus on a few strategic initiatives via prudent management of investment portfolio, asset building and focus on creative marketing, the Bank's Treasury Division was able to deliver the targets set for the year. Treasury Division's non-interest income growth in 2018 was also in-line with the Bank's long-term strategic ratio intent of 65%:35%.

We expect greater uncertainty and volatility to continue with global growth forecast being revised downward by most esteemed institutions. Interest rate cycles are also not in sync globally with the Federal Reserve Bank's continued raising of rates. The foreign exchange market is expected to experience greater capital and fund flows due to interest rate differentials and this will lead to heightened volatility.



THOUGH THE ON-GOING INTENSE PRICING COMPETITION IN BOTH FX AND MONEY MARKET PRODUCTS HAD RESULTED IN MARGIN COMPRESSION DURING THE YEAR, THE TREASURY DIVISION WAS ABLE TO DELIVER THE TARGETS SET FOR FY2018.

In view of these expectations, the Treasury Division will be vigilant and adopt a more agile stance to prepare and position ourselves to seize any potential opportunities available. We will also focus on closing our technical competency gap to better face the challenging industry landscape and meet customer expectations.

A more strategic approach will be taken to fulfil liquidity needs and Asset Liability Management functions in enhancing the Group's funding/liability portfolio mix. This is not only for compliance purposes but also to reduce the cost of fund to support business units to price their products efficiently.

Moving forward, in enhancing our market share, we will continue to complement AFFINBANK's role to consistently deliver reliable and quality financial services and solutions that exceed customer expectations as guided by the AFFINITY CX framework.



AFFINBANK's Innovation Branch at MyTown Shopping Centre

MANAGEMENT DISCUSSION & ANALYSIS

REVIEW OF PERFORMANCE OF SUBSIDIARIES

AFFIN ISLAMIC BANK BERHAD

“AFFIN ISLAMIC’s priorities in 2019 will be in line with the Group initiatives under its AFFINITY Programme which is to focus on profitable growth and operating efficiencies. The Bank is aiming to enhance its Group’s Islamic financing portfolio to 40% by the year 2020 as per the BNM’s 10-year Financial Sector Blueprint.”



The official launch of AFFIN ISLAMIC Debit Card-i which provides world-class payment solutions with faith-based needs

2018 STRATEGIC PRIORITIES

- Focus on the business sectors of Retail, SME and Corporate Banking with high yield financing package and specific target segments;
- Build stronger client relationship by developing innovative product suites and strategic solutions;
- Focus on fee-based products & services (Bancatakaful and Ar Rahn); and
- Build infrastructure capability through digital banking platform.

2019 STRATEGIC PRIORITIES

- Ensure preservation of capital and regulatory compliance;
- Focus on high yield products and embed responsible financing towards business sustainability;
- Develop and grow fee-based services i.e. SME Remittance, Ar-Rahn and Bancatakaful;
- Retail segment to focus on Credit Card, Education Financing and Personal Financing;
- Business segment to focus on SMEs;
 - To build business sustainability with SME Community;
 - To develop digital platform to assist SME customers in financing, business advisory and banking services; and
 - Continue to drive innovation and digital reinvention to deliver superior customer experience.

MANAGEMENT DISCUSSION & ANALYSIS



MoU signing with PMB Investment Berhad to distribute, promote and market 6 Unit Trust Funds of PMB Investment Berhad through AFFINBANK and AFFIN ISLAMIC branches nationwide

In 2018, AFFIN ISLAMIC leveraged on the Group's strengths to further develop its business and improve its market position in order to achieve sustainable growth. Focus was placed on developing its product suite and this has ushered the following new products in 2018:

- Education Financing-i – with financing limit extended up to RM400,000
- AFFIN ISLAMIC Credit Card-i. – Launched with new and exciting customer rewards programme
- Mortgage Level Term Takaful (MLTT)
- Tawarruq Term Financing-i secured by ASB/TD-i
- I-Great Golden underwritten by Great Eastern Takaful Berhad
- Portfolio Guarantee
- Affin Emas-i – Launched to encourage customers to participate in the precious metal market

For 2018, the Bank's gross financing expanded by 21.3% driven mainly by the retail segment for mortgage and auto financing. House Financing increased by 46.2%, Auto Financing increased by 9.8% and Business Term Financing increased by 30.0%. These were attributed to strategic business initiatives and surge in vehicle demand during the three months tax holiday from June 2018 to August 2018.

As a result, AFFIN ISLAMIC recorded a Profit before Zakat and Taxation (PBT) of RM158.5 million for the financial year ended 31 December 2018 against the PBT of RM121.0 million for the previous financial year. This was driven by the increase in total revenue from RM876 million previous year to RM1,158 million this year, supported by the enlarged financing and treasury portfolios.

Total assets as at 31 December 2018 rose by 26.5% to RM25.4 billion as compared to the corresponding period ended 31 December 2017. This was contributed by the growth in net financing, advances and other financing by 21.1% to RM18.6 billion supported by the incremental cash and short-term funds of 125.5% to RM3.2 billion. Bank's liquidity requirement and business growth were well reinforced by the increase in Deposits from customers by 38.7% to RM 19.7 billion year-on-year basis.

As at 31 December 2018, the Bank's total Capital ratio was at 19.44%, while Common Equity Tier 1 and Tier 1 ratios stood at 10.87% and 12.88% respectively.

In response to the current economic environment and rapid improvement in technologies, the Bank's key initiatives in 2019 will be on enhancing digital capabilities to provide convenient access such as online banking as well as to expedite service delivery.

The Bank will continuously strengthen its collaboration with learning institutions to increase our Education Financing-I portfolio and continue to grow fee-based income particularly on Ar-Rahnu and Bancatakaful. For the Business segment, the Bank is partnering with Credit Guarantee Corporation (CGC) to further expand our SMEs customer segment business.

The Bank will also be focusing on its liquidity requirement by growing deposits particularly on retail segment and longer-term deposits. Another area of focus will be on risk-based pricing that commensurate with the underlying risk undertaken. This approach will enable the bank to protect its capital position and deliver sustainable returns to the shareholders.

Overall, for 2019 the Bank is committed in upgrading its go-to-market capability and operating efficiencies specifically on the digital front in enriching customer experience. AFFIN ISLAMIC will continuously strive to maximise synergistic value within the Group and put in place more differentiated strategies to drive us to the next phase of growth.

MANAGEMENT DISCUSSION & ANALYSIS

REVIEW OF PERFORMANCE OF SUBSIDIARIES

AFFIN HWANG CAPITAL

“Affin Hwang Capital, comprising the investment bank and asset management group of companies continued to generate positive results and garnered market recognitions amidst a challenging and volatile year for the capital markets. After the successful merger and integration of the businesses acquired from Hwang-DBS in 2014, Affin Hwang Capital’s main objective was to achieve sustainable growth by focusing on strategic long term opportunities.”



Affin Hwang Capital Conference Series 2018 at Royale Chulan Kuala Lumpur

2018 KEY INITIATIVES TOWARDS SUSTAINABLE GROWTH

- Developing higher value offerings capability
- Developing new income streams
- Strengthening client experience
- Building market profile in all core businesses
- Building strong organisational culture underpinned by Core Values

2019 STRATEGIC PRIORITIES

- Drive digital initiatives
- Sustaining growth through
 - Further development and expansion in new capabilities
 - Development and expansion in new and untapped markets
 - More effective brand and reputation building through market recognition
 - Embedding Core Values to strengthen organisational culture

MANAGEMENT DISCUSSION & ANALYSIS



The Affin Hwang Capital team participated in InvestSmart Fest 2018, Securities Commission Malaysia's annual flagship investor education event organised for members of the public to learn more about investing in the capital market

Affin Hwang Capital is committed to strengthening the culture of the organisation from within the group as part of their effort to achieve Sustainable Growth. They committed themselves to share the culture of the organisation firmly believing that the culture will drive Affin Hwang Capital to the next level. This culture will be based on the four Core Values of Integrity, Teamwork, Excellence and Pioneering.

Other key initiatives for Affin Hwang Capital in developing higher value offerings capability were the re-establishment of Affin Hwang Trustee Berhad in providing trustee services, and Bintang Capital Partners Berhad in providing private equity alternate investments for clients.

For the current financial year, Affin Hwang Capital recorded a profit before zakat and taxation (PBT) of RM161.5 million notwithstanding a challenging market environment. The positive result however is lower than the RM184.0 million PBT in the previous financial year, mainly attributable to lower investment income. Net fee, net brokerage and net interest income saw year-on-year improvements. Current year result is further adversely impacted by higher credit impairment charge required, which lowered the current year earnings per share to 13.78 sen compared to 15.75 sen in FY2017.

Affin Hwang Capital's performance is highly dependent on the capital markets and remains cautiously optimistic on the industry outlook. The group 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 by focusing on client experience. The various businesses,

in particular the Securities business shall leverage on digitalisation efforts to introduce new offerings and services to further cement its number one domestic ranking position. This is in tandem with the growing potential and opportunities in the rapidly diversifying business markets, notably the emergence and rapid growth of the fintech industry in the Malaysian market.

While the domestic economy is expected to benefit from a resilient consumption and private investments, which is supported by an accommodative monetary policy, the stability in the external environment is challenged by a confluence of factors such as rising USD interest rate, ongoing trade tension, capital outflows from emerging markets and weakened investor sentiment for global risk assets. In 2019, markets are expected to shift its attention to growth and away from the geopolitical noise that dominated the scenes throughout 2018. Affin Hwang Capital shall position itself to capture any pockets of opportunities, whilst remaining nimble to adjust its stance in the marketplace.



Chief Executive Officer of Bursa Malaysia Bhd, YBhg. Datuk Seri Tajuddin Atan with Group Managing Director of Affin Hwang Capital, YBhg. Datuk Maimoonah Hussain launching Malaysia's First Bursa Approved Islamic Securities Selling and Buying Negotiated Transaction (ISSBNT) by Affin Hwang Investment Bank Berhad

AFFIN HWANG INVESTMENT BANK BERHAD

In terms of developing new income streams, Affin Hwang Investment Bank introduced several new products and services to complement the existing suite of offerings. These include:

Investment Bank	<ul style="list-style-type: none"> Project Advisory and Valuation Mergers and Acquisitions deal making
Securities	<ul style="list-style-type: none"> Islamic Securities Selling and Buying Negotiated Transaction (ISSBNT) SBL for retail investors Retail Research

Affin Hwang Investment Bank's commitment to innovation and being the market leader is exemplified by its success in achieving several notable milestones in 2018. In June, Affin Hwang Investment Bank, together with Bursa Malaysia, launched the first Bursa approved Islamic Securities Selling and Buying Negotiated Transaction (ISSBNT), tapping into the Islamic capital market by providing market participants with a shariah-compliant alternative to conventional securities borrowing and lending activities. Additionally, in May 2018, Affin Hwang Investment Bank assisted Mi Equipment Holdings Berhad to list on Bursa Malaysia's Main Market, which was the largest IPO listing in 2018. And finally, the Bank ended the year as the No.1 ranked equity broker in trading value in Malaysia as reported by Bursa Malaysia.

Affin Hwang Investment Bank continues to gain market recognition and with the growing reputation of their brand. The Bank leveraged its brand value and strength to "Out think. Out perform." and continued to build trust and emerge as the go-to investment bank in Malaysia.

Looking ahead to 2019, Affin Hwang Investment Bank sees the potential of opportunities despite challenges in the economic environment and looks forward to better governance and financial prudence with the new government for a more innovative and dynamic capital market. Affin Hwang Investment Bank is confident in pushing ahead in achieving sustainable growth.

MANAGEMENT DISCUSSION & ANALYSIS

AFFIN HWANG ASSET MANAGEMENT BERHAD

Affin Hwang Asset Management was focused on increasing its Assets under Administration (AUA) at the beginning of the year whilst defending its AUA over the last couple of months of the year. A total of 14 new funds were launched in 2018. The focus was on building and deepening our client relationships with better client experience and growing our direct distribution base.

As at 31 December 2018, the Affin Hwang Asset Management Group's AUA stood at RM47.8 billion, an increase of 0.84% from 31 December 2017's AUA of RM47.4 billion. The increase was driven by the higher net inflows secured throughout the year despite the adverse market condition as well as the removal of tax exemption on interest income earned by wholesale money market funds.

As part of the Group's overall business objective, Affin Hwang Asset Management continually expanded its home-grown capabilities into different ventures. In 2018, the business segment embarked on the private equity (PE) business, serving the demands from both the institutional and high net-worth clients for more sophisticated investment solutions. The PE business is registered with the Securities Commission Malaysia and is a subsidiary of Affin Hwang Asset Management. They also established a joint venture company for provision



Affin Hwang Asset Management's Investment Forum 2018 included a panel discussion titled "Malaysia: A New Hope" with a line-up of distinguished panellists sharing their views on 'Malaysia Baru'

of training services exclusively for its sales agents in 2018. Affin Hwang Asset Management's wholly-owned subsidiary and shariah-compliant investment arm, AIIMAN Asset Management Sdn. Bhd. (AIIMAN) was granted the Unit Trust Management Company (UTMC) license in December 2018 and looks forward to launch its first unit trust fund in the first quarter of 2019. Given all the above, Affin Hwang Asset Management group is today better-placed to provide an all-inclusive service to various market segments.

Affin Hwang Asset Management will continue to focus on increasing its AUA and revenue by launching new and innovative products focusing on providing investors with exposure both into local and foreign investment opportunities offering investors with a suite of foreign currency share classes funds. Concurrently, it will also focus on building its funds within the Private Retirement Scheme on the back of growing need for retirement savings, as well as its product offerings within the ETF segment to cater to the growing interest in passively managed investment opportunities. The segment will also continue to build upon its various accolades as it works towards cementing its name as a major player in the asset management industry.



Affin Hwang Asset Management receiving awards at The Edge Thomson Reuters Lipper Malaysia Fund Awards 2018

MANAGEMENT DISCUSSION & ANALYSIS

REVIEW OF PERFORMANCE OF SUBSIDIARIES

AFFIN MONEYBROKERS (AMB)

“AMB’s net brokerage income for year 2018 was RM10.1 million, a 7% decrease from the previous year. The Foreign Exchange desk contributed RM1.5 million or 9.2% higher than 2017, while the Money Market desk contributed RM1.6 million or 27% higher than 2017 respectively.”



2018 OBJECTIVES

The planned objectives of the Company were to capture a larger market share which will result in the company being the market leader in the industry. This will in turn maximise the shareholder's wealth when the target profit is achieved.

2019 STRATEGIC PRIORITIES

- To strive for higher market share
- To reward shareholder's by maximising profit target
- To be the market leader in the industry

2018 PERFORMANCE REVIEW

Current economic and geo-political concerns, both globally and domestically have caused grave volatility in financial markets forcing government and regulatory authorities to impose several measures to regulate market activities. Market volumes have dropped drastically as BNM issues guidelines to calm market activity.

With the inevitable rising operational cost and reduction in brokerage fee structure, opportunities to remain competitive are much sought after. 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.

AMB's strength lies on 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 for over 25 years. Over the last five years, the Company has been 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. To increase the company's performance in 2018, talented and experienced graduate staff were appointed to boost the company's profit.

By reorganising its manpower strength in line with business objectives, the Company achieved net profit of RM1.1 million for 2018. This is higher by RM0.8 million or 400% in comparison with the corresponding period in 2017 of RM0.2 million.

With the possible consolidation or merger of money broking companies and the globalisation of financial markets, i.e. borderless trading which will see the entry of large international foreign money broking

companies competing in the domestic inter-bank market. These companies have a wide network and are superior in terms of technology and technical expertise. Their innovative skills to introduce new products and services will have an impact on local money broking companies.

Moving forward, the Company is focused on achieving higher market share in terms of brokerage fee. The planned actions to achieve higher market share in this highly competitive market is limited because all its competitors will embark on a similar strategy to capture higher market share. As a result, hiring of broking staff with the right talent to capture more business will be an ongoing process. Talent management and the ability to attract, develop, reward, engage and retain talent remains the top priority. There will be also a need to increase marketing activation to remain competitive and investment in the latest technology and provide efficient services to clients.

MANAGEMENT DISCUSSION & ANALYSIS

REVIEW OF PERFORMANCE OF JOINT VENTURE

AXA AFFIN LIFE INSURANCE BERHAD (AALI)

“In line with the Company’s 2018 strategy, AALI’s new business margin has improved from 42% to 47%, driven by focus on higher margin protection, health products, and effective cost management. Loss before tax (LBT) was reported at RM7.3 million in 2018, a significant improvement from LBT of RM26.1 million in 2017, on track to breakeven by year 2020. The effort to strengthen collaboration with AFFINBANK has shown a solid 28% growth in annualised new business premium (APE) through AFFIN’s Bancassurance channel.”



Flag-off by key representatives from AXA AFFIN Malaysia and AXA International & New Markets to officiate the launch of AXA eMedic 2.0

2018 KEY OBJECTIVES

Selective growth via a multi-distribution, multi-partnership strategy to expand reach of customers amidst the changing insurance landscape. The company mission is to breakeven by 2020 and embark on strategies that will transform the company to become the preferred Health and Protection insurer in Malaysia.

2019 STRATEGIC PRIORITIES

Transformation into the preferred Health & Protection player driven by:

- Sustainable build of professional agency force
- Strong partnership proposition for emerging customers as a leading digital insurer
- Building a high-performance culture (Be happy, not comfortable!)
- Streamlining and transforming operations with focus on being a customer centric insurer

MANAGEMENT DISCUSSION & ANALYSIS

RM Million	2018	2017	% Growth
Gross Premium	458.9	490.3	(6.4%)
Profit Before Tax	(7.3)	(26.1)	72.0%
Profit After Tax	(6.4)	(21.2)	69.8%

2018 PERFORMANCE REVIEW

The life insurance industry growth in the first half of 2018 showed -0.1% growth, compared to the industry growth in the financial year 2017 of 2.0%. Besides the slower growth, regulation changes have also led to increased cost of compliance and doing business. Responding to the new regulation requirements, in 2018, AALI has re-priced and re-designed its products to fulfil the new Minimum Allocation Rates requirements effective from year 2019; strengthened governance and risk management standards in managing risk, particularly in light of changing regulatory environment, business models and greater adoption of technology.

On the brighter side, the phased deregulation of operating cost control limits and implementation of Balance Score Card (BSC) framework effective from 1 Jan 2018 accorded life insurers greater flexibility to manage operating expenses commensurate with business strategies, and encourage greater innovation and competition. Other regulatory changes during the year was the requirement to offer critical illness, medical and health through direct channel by 1 July 2018.

AALI, in line with AFFIN Bank Group's focus on 'Capabilities Building and Implementation', strives to empower people to live a better life by providing financial protection through traditional distribution methods, digital and partnerships. This allows AALI to reach out to different segments of the market with the aim of being the preferred Health and Protection insurer in Malaysia.

AALI launched AXA emedic - the first-in-the-market online medical card - in April 2018, using a three-pronged approach of direct online/e-commerce, digital partnerships, and offline to online partnerships to build a sustainable insurtech ecosystem and penetrate underserved emerging customer market segment with lower disposable income to drive take up this online medical card. AXA eMedic offers fast, easy and affordable online Medical Card to ensure young Malaysians comprising young families and professionals are well-protected

against rising medical costs. A broad array of partners including Digi (one of the biggest telco in Malaysia), BookDoc (a health rewards platform that incentivises healthy living), Naluri (a platform with a range of professional psychologists to help customers achieve the healthy lifestyle they deserve) and a number of insurtech players (i.e. Policy Street, Ringgit Plus, iBanding, iMoney, etc.) are partnering with AALI to offer added value by providing a unique health eco-system for customers to improve their health and provide rehabilitative care when needed. AALI is now recognised as a Leader amongst the insurtech players in the market which focusses on offering low barrier to entry e-medical cards that are custom built for millennials. AXA eMedic's innovative marketing campaigns and initiatives to connect directly with consumers and build strong one-to-one relationships while being the digital disruptor in the market was recognised as a winner.

Another industry breakthrough during this campaign was the implementation of Robotic Process Automation (RPA) to improve operational efficiency. AALI introduced "Michelle" as a virtual assistant, and "Atom" as a Chabot to assist customers' enquiries throughout the buying journey for AXA eMedic. Whenever customers face an issue during the buying process or have difficulties understanding the benefits of eMedic, customers can WhatsApp "Michelle" or initiate a chat with ATOM to get an answer within 24 hours.

Leveraging on product innovation, AALI also boosted the existing investment linked product with a Step It Up wellness programme to drive protection and health insurance sales, by empowering and incentivising Malaysians who take proactive measures to lead a healthier lifestyle. The Step It Up programme consists of three main pillars - set your desired fitness goal, meet your goal and enjoy the rewards. Once customers have achieved their desired fitness goal throughout the months, they can enjoy premium rebates up to 24% on their first-year annual premium. Partnering with BookDoc, customers can also reap the rewards of their healthy lifestyle by enjoying

discounts in gym membership, wearable fitness devices, fitness apparel, healthy food, health screenings and movies. AALI also teamed-up with Digi to launch Digi Stepz - positioning AXA eMedic as a complete e-health solution that rewards customers for taking proactive measures to improve their health and well-being.

As a result, AALI's LBT significantly improved to RM7.3 million in 2018 from LBT of RM 26.1 million in 2017. More significantly AALI now enjoys a customer net promoter score (NPS) of +8 vs. Life insurance industry benchmark of -4. AALI recorded 69% satisfaction vs. industry at 65%, above market average, based on industry customer satisfaction index survey 2018 conducted by Nielsen Malaysia, engaged by Life Insurance Association of Malaysia (LIAM).

On the Employee Net Promoter Score (eNPS), AALI has moved from -39 in 2017 to +6 in 2018; and AALI is recognised as:

- the first insurer to offer online medical card with low barrier to entry and custom built for millennials;
- The first insurer to offer complete agile human resource proposition;
- The first insurer to offer discounts linked to steps

This puts the Company well on its way to achieve its vision to be the preferred Health & Protection insurer in Malaysia. Moving forward, encouraged by the Government's 2019 budget of tax relief separation into RM 4,000 for EPF and RM 3,000 for Life Insurance/Takaful, AALI intends to continue its multi-distribution, multi-partnership strategy.

MANAGEMENT DISCUSSION & ANALYSIS

REVIEW OF PERFORMANCE OF ASSOCIATE

AXA AFFIN GENERAL INSURANCE BERHAD (AAGI)

“In 2018, AAGI’s Gross Written Premium grew by 4.8% backed by ongoing momentum in the Motor, Health and Retail business. The Company also reported a PBT of RM140.0 million for 2018 mainly attributable to higher investment income, stable underwriting results and one-off capital gains on disposal of investments.”



Launch in partnership with Merchante Trade Asia Sdn Bhd

2018 FOCUS

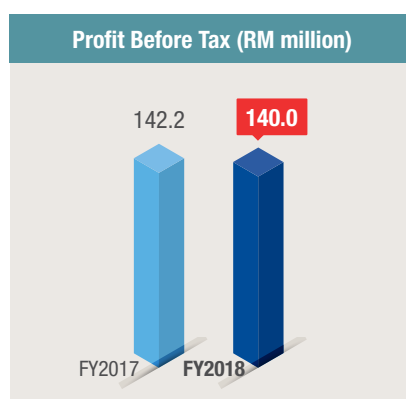
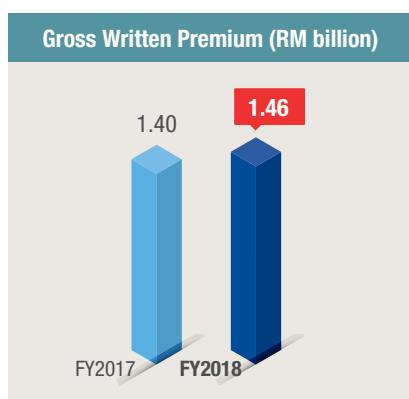
- Selective growth
- Efficiency
- Customer Experience
- Building Capabilities

2019 STRATEGIC PRIORITIES

- Selective growth: Shift in business mix towards commercial lines, lifestyle and individual health segments
- Efficiency: Drive efficiency through LEAN methodology/Robotics
- Customer Experience: Number of customers to reach two million by financial year 2020
- Building Capabilities: Structural re-alignment to optimise resources while continuing to maintain the headcount at the same level through efficiency drive

MANAGEMENT DISCUSSION & ANALYSIS

RM Million	2018	2017	% Growth
Gross Premium	1,462	1,395	4.8
Profit Before Tax	140.0	142.2	(1.5)
Profit After Tax	100.0	104.0	(3.8)



2018 PERFORMANCE REVIEW

The general insurance sector in 2018 continued to be impacted by the phased implementation of de-tariffication of motor and fire insurance. This should pave the way for a more dynamic and competitive industry with better options in terms of product offerings and pricing. However, new happenings such as the abolishment of GST and reintroduction of Service Tax during the year has created unease and a sense of uncertainty.

AAGI made good progress on its strategic priorities i.e. selective growth, efficiency, customer experience and building capabilities. The Company enjoyed commendable growth in the preferred segments of Lifestyle (8.5%) and Individual Health (7.6%) through initiatives such as cross-selling and marketing campaigns to drive online sales.

As a result, AAGI closed the year with higher gross written premium (GWP) of RM1.46 billion (2017: RM1.40 billion), registering a PBT of RM140.0 million (2017: RM142.2 million) mainly attributable to the increase in investment income, underwriting results and capital gains on disposal of investments

outpaced by the claims incurred. The written premium grew by 4.8% backed by momentum in Motor, Health and Retail businesses.

On the efficiency front, the Company invested in robotics process automation (RPA) in operations to improve efficiency across various functions. Besides robotics process automation (RPA) the Company has also embarked on claims transformation journey to enhance customer experience, MyAXA Motor Claims Journey was launched in July 2017 to simplify the claims processes and to improve the turnaround time for the customers. Part of the transformation also includes the introduction of AXA Preferred Workshops to improve the service quality of repair works and AXA Road Rescue Trucks to provide 24/7 assistance for road accidents and breakdown. AAGI also continued building capabilities among our staff by organising Agile & LEAN nationwide workshops and inculcating Creativity, Innovation & Simplicity through the Step Out! programme. This programme encourages employees to innovate and explore their creativity in coming out with innovative proposals to simplify and digitalize current processes as well as managing the implementation of the identified project until completion within the allocated budget.

The achievements in 2018 are a reflection of the dedication, support and commitment from the team, agents, distributors and business partners and, most importantly, trust placed by AAGI's valued customers. AAGI is confident that continued execution of its strategic roadmap, will enable the Company to continue achieving long term profitability and sustainability within a more challenging and liberalised 2019 environment.

Moving forward, Motor is expected to remain the largest contributor to the market in terms of gross written premiums. As such, it is the Company's ambition to remain strong in this segment but more selectively with focus on the profitable segments. Due to projected market potential growth, Group Health will be the second main growth driver, while Commercial lines as well as Lifestyle and Individual Health will be the Company's focus for greater profitability, to complement the overall portfolio mix. The main foreseeable trends identified for 2019 to 2020 are disruptive technology, lifestyle/wellness wearables, and more demand for usage based insurance. In line with these, the Company expects to relaunch AXA FlexiDrive or a similar product; and drive sales through cross selling, upselling and consolidated offers to enable acceleration and reduction of acquisition cost.

AAGI will also continue to invest in the development of digital capability to support lead generation for agents, customers and potential new partnerships mainly for Lifestyle products. As rates continue to deteriorate in order to compete in an over-capacitated market. Payer-to-Partner initiatives are in the pipeline too. The Company's vision for Payer-to-Partner aims at creating value through enhancing customers experience and enriching customer value by leveraging on digitalisation to bring about innovation in the areas of prevention and care.

MANAGEMENT DISCUSSION & ANALYSIS

AWARDS & RECOGNITIONS

Initiatives put in place during the year have earned the AFFIN Bank Group several international and domestic awards.

The awards received by AFFINBANK include Champion for the Best Customer Relationship Management for Contact Centre and runner up for Best New Contact Centre and Best New Campaign Award at the 19th Malaysia Contact Centre Awards & Gala Dinner 2018; Winner of the Achievement in Liquidity Risk Management for 2018 awarded by The Asian Banker for the Asia Pacific Region; Winner of CX Pioneer: Best New Customer - Breaking Silos with a Fast Deployment (Small) at 2018 Genesys Customer Innovation Award; ASNB Award for the overall top performing financial advisor; ICT Organisation Excellence Award, from PIKOM, The National ICT Association of Malaysia and Winner of Best Recruitment Programme for Non-Degree Holders at Human Resources Asia Recruitment Award 2018. AFFINBANK also achieved the Payment Card Industry Data Security Standard Certification.

Our subsidiaries enjoyed industry recognition during the year too. Affin Hwang Investment Bank has in 2018 received numerous awards and accolades from reputable agencies in both the local as well as international scene. Affin Hwang Investment Bank is the first bank approved by Bursa Malaysia as approved supplier and user under Islamic Securities Selling and Buying Negotiated Transaction (ISSBNT); and was named Best Securities House in Malaysia during the Best Securities Houses Awards 2018, Asiamoney; Champion, Best Overall Equities Participating Organisation during the Bursa Excellence Awards. These awards demonstrate Affin Hwang Investment Bank's relevance in being the leading player in the industry.

Other achievements also included Best Deal in Malaysia – Tadau Energy – Islamic Finance Awards 2018; and The Asset Triple A Most Innovative Deal of the Year, Malaysia – Tadau Energy – Asia Infrastructure Awards 2018. One of its personnel, Loong Chee Wei of Securities Research was also named the Best Analyst for Industrials, at the Malaysia Brokers Poll 2018, by Asiamoney. Affin Hwang Investment Bank is presently ranked number one domestic stockbroker at Bursa Malaysia Berhad.

These achievements do us proud and attest to the excellence achieved in performance and during implementation of our strategic initiatives. Meanwhile, Affin Hwang Investment Bank's subsidiary company, Affin

Hwang Asset Management won the most number of awards having secured a total of 23 awards in year 2018. Some of the notable awards are Asia Asset Management, 2018 Best of the Best Awards - Best Institutional House, Malaysia; The Asset Triple A Asset Servicing, Institutional Investor and Insurance Awards 2018 - Asset Management Company of the Year, Malaysia and Euromoney Private Banking and Wealth Management Survey - Best Asset Management, Malaysia for the third consecutive year. Affin Hwang Asset Management also continued to maintain its positioning as one of the top 3 asset management companies in the country. Affin Hwang Asset Management is currently the number two asset manager in the Malaysian unit trust industry.

AALI took home the Gold Award for Excellence in Direct Marketing at the 6th edition of Marketing Excellence Awards 2018 and was Finalist - Excellence in Brand Awareness and Excellence in Public Relations/Marketing Communication; as well as finalist for the Best eCommerce Merchant – Financial Services for the Asia eCommerce Awards; and one of the 3 winners for the AXA Group Innovation Award which was held amongst 60 countries and 120 entries.

For the 3rd consecutive year, AAGI received the International General Insurer of the Year, Malaysia and New Insurance Product of the Year, Malaysia, in addition to the inaugural Claims Initiatives of the Year, Malaysia at the Asian Banking and Finance Insurance Asia Awards 2018. The awards recognised AAGI's focus and conviction to deliver their commitment to empower people with innovative and customer centric solutions. Organised by Asian Banking and Finance Magazine, the Insurance Asia Awards 2018 is an acclaimed industry award that recognises Asia's most outstanding financial institutions. The Asian Banking and Finance Magazine is the leading publication serving Asia's dynamic financial services industry.

MOVING FORWARD

We anticipate that the unresolved global trade tensions and continued volatility in commodity price and exchange rates will continue to pose challenges. For 2019, Malaysia's economic growth is forecasted to remain at 4.7%, dampened by weak domestic and external demand as a result of a slower global economy. However, the government is maintaining the 2019 GDP growth at 4.9%, expecting the country to be supported by private consumption and private investment mainly in household

spending and on-going infrastructure projects. Despite the proposed reintroduction of targeted fuel subsidy in the second half of 2019, inflation is projected to remain manageable in the range of 2.0% to 2.2% this year versus the official target of 2.5% to 3.5%. Due to the weak ringgit and rising downside risk to global economy, BNM will likely hold its overnight policy rate (OPR) at 3.25% throughout 2019.

The banking industry is expected to be impacted by moderate loan growth with fee-based income expected to be soft due to volatile capital markets. Caution will still prevail in the industry due to the soft economic outlook. Selective asset growth will be the focus for the banks. Impairment allowances will remain consistent, which could buffer the banks' bottom lines. Competitive lending rates are expected in the near term as banks strive to achieve their loan growth targets. Although Malaysian banks may see earnings come under pressure due to keen competition on both loans and deposits, their asset quality, capital as well as funding and liquidity profiles remain strong. Malaysian banks' credit metrics compare favourably against our regional peers.

The Group is committed in upgrading its capabilities and operating efficiencies specifically on the digital front in enriching customer experience. The Group will continuously strive to maximise synergistic value and put in place more strategies to drive to the next phase of growth and meet the ever-changing business environment and requirements.

Leveraging on the Group's infrastructure, the Bank will continue to strengthen its existing offerings, accelerate the development of its digital banking solutions and further improve its innovativeness to meet customers' requirements towards becoming a premier partner for financial growth and innovative services.

In 2019, customers can look forward to more digital offerings with the new Retail Internet Banking, Affin Pay @ E-wallet and Mobile Internet Banking. On the Corporate Banking side, the new Transaction Banking System will be launched in July 2019 and will enable AFFINBANK to on board new clients and enhance existing clients' experience. On the SME front, the new SME colony is also in progress and AFFINBANK is working with renowned Fintech partners to realise this initiative.