



media release

FOR IMMEDIATE RELEASE

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AFFIN Bank Group recorded a PBT of RM185.0 million for the first quarter ended 31 March 2019

Summary of 1Q2019 Financial Results

	Financial Quarter Ended		Variance	
	31/03/2019 RM '000	31/03/2018 RM'000	RM'000	%
Net Interest Income	188,383	215,807	(27,424)	(12.7)
Net Income	472,516	476,617	(4,101)	(0.9)
Operating Profit	178,054	174,726	3,328	1.9
Profit before Zakat and Tax	185,423	186,987	(1,564)	(0.8)
Profit Before Tax	184,976	186,750	(1,774)	(1.0)
Net Profit	143,745	145,987	(2,242)	(1.5)
Profit attributable to equity holders of the Bank	137,231	141,467	(4,236)	(3.0)
Earnings per share (EPS) - Sen	6.94	7.28	(0.34)	4.7

AFFIN Bank Group recorded a profit before tax after zakat (PBT) of RM185.0 million for the first quarter ended 31 March 2019, slightly lower than PBT of RM186.8 million in the same quarter of the previous year. The Profit after tax (PAT) was RM143.7 million for the quarter under review as compared to RM146.0 million in the same quarter of the previous year. During the quarter, the decrease in net interest income, net fee and commission income were substantially cushioned by higher net gain on financial instruments and lower overhead expenses.

Highlights of financial performance by entities - Profit Before Tax after Zakat

Entity	1Q2019 (RM'000)	1Q2018 (RM'000)	Variance %	Commentary
AFFINBANK	103.7	108.0	(4.0)	Lower PBT was mainly due to reduction in net income and lower writeback of credit impairment losses, offset by lower overhead expenses.
AFFIN ISLAMIC	32.0	32.3	(0.9)	Slightly lower PBT was mainly attributable to lower operating income, higher overhead expenses, net of lower allowance for credit impairment losses.

Highlights of financial performance by entities - Profit Before Tax after Zakat

Entity	1Q2019 (RM'000)	1Q2018 (RM'000)	Variance %	Commentary
Affin Hwang Capital	45.2	42.0	7.6	Higher PBT was mainly attributed to higher net gain on financial instruments, offset by lower net fee and commission income and net interest income.
AXA Affin Life Insurance Berhad	(4.7)	(3.0)	(56.7)	Higher pre-tax loss was due to lower interest rates leading to higher reserves for future policyholders' liabilities.
AXA Affin General Insurance Berhad	29.1	38.0	(23.4)	Lower PBT as the results of 1Q2018 included a writeback of claim reserves. Excluding this one-off writeback, the results for 1Q2019 is consistent with the results of 1Q2018.
Affin Moneybrokers Sdn Bhd	0.7	0.3	133.3	Higher PBT was mainly due to higher net brokerage income net of higher overhead expenses.
AFFINBANK Group	185.0	186.8	(1.0)	

Future prospects and outlook

Against the backdrop of a challenging global environment, we are forecasting the Malaysian economy to remain on a steady growth path, expanding about 4.5% in 2019 as compared to actual achievement of 4.7% in 2018. The growth will continue to be supported by domestic demand and firm private sector activities, stable income and employment growth, recovery in commodity sectors and on-going projects. Meanwhile, inflation is projected to remain broadly low due to policy measures which include the price ceiling on domestic retail fuel prices until the end of 1H2019 and the impact of changes in the consumption tax policy. With the latest 25bps cut in OPR by BNM, we expect the OPR will remain unchanged throughout 2019.

All economic sectors are expected to expand with services and manufacturing sector remain the key contributors to overall growth. Malaysia's fundamentals and diversified economy will help weather global risks and vulnerabilities while preserving macroeconomic and financial stability. Downside risk would be on low commodity prices i.e. Palm oil and rubber as well as geopolitical issues.

In 2019, the banking industry is expected to be characterised by moderate loan growth and soft capital markets. The industry's loan growth is expected to ease slightly to around 5% in 2019 from 5.6% in 2018 due to a slight moderation in GDP growth of 4.5% in year 2019. Although there is some pressure in the loan growth, the asset quality on the whole is expected to stay robust with healthy liquidity in the banking system. The prevailing market conditions, both globally and domestically will continue to drive volatility and uncertainty in the industry. Caution will prevail in the industry due to the soft economic outlook globally and selective asset growth will be the focus for the banks.

Affin Bank Berhad (AFFINBANK) is upgrading its capabilities and operating efficiencies specifically on digital front in enriching customer experience. 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 enable AFFINBANK to on board new customers and enhance existing customers' experience. On the Small and Medium Enterprises ('SME') front, the new SME colony is also in progress and AFFINBANK is working with renowned Fintech partners to realise this initiative.

Leveraging on the Group's infrastructure, AFFINBANK 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. AFFINBANK's strategic focus for the 2019 will remain on both retail and business banking segments, especially in the SME segment.

The Group will continuously strive to maximise synergistic value and put in place more strategies to drive the next phase of growth and meet the ever-changing business environment and requirements.

Awards and recognitions

Affin Hwang Capital was conferred several major awards and recognition in the first four months of 2019, recognising it as one of the leading investment bank and asset management company in Malaysia. For the 5th consecutive year, Affin Hwang Capital was again named as the best broker in the country by Bursa Malaysia as "Champion in the Best Overall Equities Participating Organisation" Award. Other notable awards received were "Most Outstanding Sustainable Sukuk Product" Award for Tadau Energy's RM250 million Green Sukuk at the 15th KL Islamic Finance Forum (KLIFF) 2019 Islamic Finance Awards and three (3) "Lead Manager" Awards for Program Value and Number of Issues from the RAM League Awards 2019.

Affin Hwang Capital also won several major awards for its asset management business namely "Best Asset Management in Malaysia" for the 5th consecutive year 2019 by Euromoney Private Banking & Wealth Management Survey, "Best Institutional House 2019" by Best of the Best Awards by Asia Asset Management, "Best Asia-Pacific Equity Fund – Affin Hwang Select Asia Pacific (ex-Japan) Dividend Fund" by Morningstar Malaysia Fund Awards 2019 and six (6) other awards by the Lipper Fund Awards by Refinitiv 2019.

In addition, the Malaysia Best Employer Brand Awards 2019 awarded Affin Hwang Capital with the "Continuous Innovation in HR Strategy" Award, the "Talent Management" Award, "Malaysia Best Employer Brand" Award and YBhg Datuk Maimoonah Hussain, the Group Managing Director of Affin Hwang Capital was recognised as "CEO with HR Orientation" Award. At the same time, Mr. Teng Chee Wai, the Managing Director and Executive Director of Affin Hwang Asset Management Berhad was awarded as "CEO of the Year" by the Best of the Best Awards, Asia Asset Management 2019.

The Joint Venture Company, AXA-Affin Life Insurance Berhad bagged 2 awards at the Malaysia Best Employer Brands Award 2019, namely CEO with HR Orientation Award and Award for Excellence in HR Through Technology.

AFFINBANK's Associate Company, AXA Affin General Insurance Berhad (AAGI) bagged 3 awards in May 2019 for its outstanding achievements in 2018, namely Malaysia Best Brands Award 2019, Malaysia Best Employer Brands Award 2019 for the 4th consecutive year and Best use of Recruitment Technology Tools Gold Award. AAGI also named as one of Malaysia's Best Brands at the Golden Globe Tiger Awards 2019 in recognition of its strong brand presence as one of the market leaders in the country.

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About Affin Bank Berhad (AFFINBANK) (25046-T)

The AFFIN Bank Group is a financial services conglomerate. The Group's activities focus on commercial, Islamic and investment banking services, money broking, asset management and underwriting of life and general insurance business.

Affin Bank Berhad (AFFINBANK) provides a suite of financial products and services that is catered to both retail and corporate customers. The target business segments are categorised under key business units such as Consumer Banking, SME & Commercial Business Banking, Corporate Banking and Treasury.

Our tagline of "Banking Without Barriers" signifies the removal of boundaries within the processes of the Bank as well as its attitude in servicing its customers. The latter means reaching out to the customers, improving relationships with them, making each one of them feel privileged and enhancing a new approach to banking and changing the face of conventional banking.

AFFIN Bank Group also provides Islamic banking products and services via its Islamic banking subsidiary Affin Islamic Bank Berhad (AFFIN ISLAMIC). AFFIN ISLAMIC commenced operations on 1st April 2006 as a full-fledged Islamic bank and offers a complete range of Islamic Banking products and services for individuals and corporates which are in compliance with Shariah principles and laws.

As at 31 March 2019, AFFINBANK and AFFIN ISLAMIC have a network of 110 branches in Malaysia. For more information, log on to www.affinbank.com.my or visit any of the AFFINBANK or AFFIN ISLAMIC branches nationwide.