



media release

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AFFIN Bank Group reports a PBT of RM267.9 million for 6-months ended 30 June 2020

Highlights of Financial Results

Overall Group Performance

For the half year ended 30 June 2020, Affin Bank Group (“the Group”)s net income increased by 17.8% as compared to the same period of previous year, driven by higher net gain on financial instruments of RM239.5 million and higher net fee and commission income of RM22.2 million. The Group reported a Profit Before Tax (PBT) of RM267.9 million in 1H2020, a decrease of 33% as compared to RM400.0 million in 1H2019, mainly from higher credit impairment losses of RM170.9 million due to COVID-19, higher overhead expenses of RM99.7 million and recognition of modification loss of RM79.7 million. The modification loss was incurred arising from the waiving of interest charges during the 6-month loan and financing moratorium for Hire Purchase and Personal Financing. Earnings Per Share for 1H2020 was 9.62 sen as compared to 14.80 sen in 1H2019.

For the 2Q2020, the Group recorded a PBT of RM93.6 million as compared to RM215.0 million for the same quarter of previous year. The reduction in PBT was mainly due to the recognition of modification loss of RM79.9 million in the current quarter.

Encik Wan Razly Abdullah bin Wan Ali, President & Group Chief Executive Officer of Affin Bank Berhad (“AFFINBANK”) said, “The Bank is committed to support all our customers in weathering through this challenging time with financial relief programs provided by the Government through the Penjana schemes for Covid-19. The Bank remains the highest capitalized bank in Malaysia with total capital ratio of 23.5% and the Group has launched its own Financial Assistance and Instalment Relief Program (FAIR) for its customers. FAIR is a specially customised and supportive financial assistance for customers of the Bank to ensure customers’ business sustainability and financial well-being”

The Group has also recently announced its Metamorphosis Plan, called AIM22 for the financial year 2020-2022, of which some of the key focus areas include:

- ROE Focus;
- Lowering the overall Cost of Fund by reengineering the Balance Sheet;
- Digital Transformation to reduce the Bank’s gap with its peers;
- Focus on People and Productivity;
- Improved Risk Management through enhanced Asset Quality Management, Liquidity Risk and Capital Management initiatives.



AIM22 comprises of our Advance 30 (A30) initiatives that takes into consideration key levers such as improving net interest margin, increasing fee-based income, reducing cost of funds, managing cost and expanding our digital capabilities.

Summary of Group's financial results for 6 months ended 30 June 2020

	6 Months Ended		Variance	
	30/06/2019 RM'000	30/06/2020 RM'000	RM'000	%
Net Interest Income	375,368	330,680	(44,688)	(11.9)
Income from Islamic Banking business	202,117	237,024	34,907	17.3
Modification loss	-	(79,728)	(79,728)	(100.0)
Other operating income	392,958	655,357	262,399	66.8
Net Income	970,443	1,143,333	172,890	17.8
Other operating expenses	(615,116)	(714,822)	(99,706)	(16.2)
Operating profit before allowances	355,327	428,511	73,184	20.6
Writeback of /(allowances for) credit impairment losses and other assets	36,128	(171,939)	(208,067)	(>100.0)
Operating Profit	391,455	256,572	(134,883)	(34.5)
Share of results of joint venture and associates	12,871	14,520	1,649	12.8
Profit before Zakat and Tax	404,326	271,092	(133,234)	(33.0)
Profit before Tax	400,016	267,927	(132,089)	(33.0)
Net Profit	306,823	205,358	(101,465)	(33.1)
Profit attributable to equity holders of the Bank	293,262	190,968	(102,294)	(34.9)
Earnings per share (EPS) - Sen	14.80	9.62	(5.18)	(35.0)

Net Interest Income

Net interest income reduced by RM44.7 million or 11.9% in line with the reduction in gross loans, advances and financing by RM2.6 billion and financial Investments at FVOCI by RM2.0 billion as well as the OPR cuts during the period under review.

Islamic Banking Income

The Group recorded an increase in Islamic Banking Income of RM34.9 million or 17.3% in 1H2020 as compared to 1H2019 mainly due to net gain on financial instruments.



Non Interest Income

The Group posted a higher Non Interest Income of RM655.4 million, an increase of RM262.4 million or 66.8% amidst the challenging external environment. The net gains on financial instruments, net fee and commission income and other income were higher by RM239.5 million, RM22.2 million and RM0.7 million respectively. The higher net fee and commission income were contributed by the asset management and stockbroking businesses.

Operating expenses

The Group's operating expenses increased by RM99.7 million or 16.2% driven by a rise in personnel costs linked to trading performance. Nevertheless, the cost to income ratio improved to 58.5% in 1H2020 from 63.4% in 1H2019.

Loan and Deposits Growth

In 1H2020, the Group's total gross loans, advances and financing shrunk by 2.0% to RM45.0 billion mainly due to rebalancing of portfolios. In line with the reduction in gross loans, advances and financing, the Group's customer deposits also reduced by 5.5% to RM48.3 billion as compared 31 December 2019. The Loan-to-Fund ratio was stable at 82.7% as at 30 June 2020 as compared to 75.7% as at 30 June 2019. Meanwhile the Loan-to-Fund and Equity ratio stood at 71.3% (30 June 2019: 67.2%).

Asset Quality

As at 30 June 2020, the Gross Impaired Loan ("GIL") ratio for the Group decreased to 3.06% from 3.49% as at 30 June 2019. Meanwhile, the Loan Loss Reserve was stable at 97.0%.

Liquidity Position

As at 30 June 2020, the Group's Liquidity Coverage ratio ("LCR") increased to 163.42% from 146.79% as at 30 June 2019 while the Group's Net Stable Funding ratio ("NSFR") increased to 115.59% from 98.34% as at 30 June 2019, thus meeting BNM's guidelines on liquidity requirements.

Capital Adequacy Ratios

The Common Equity Tier 1 ("CET 1"), Tier 1 and Total Capital ratios of all the banking entities in the Group as at 30 June 2020 remained strong and well above the regulatory requirements, a testament to the Group's financial strength. The capital ratios of AFFIN Bank Group as at 30 June 2020 as compared to as at 30 June 2019 are as follows:-



	30/06/2019 (%)	30/6/2020 (%)
CET 1	12.67	14.66
Tier 1	14.36	16.45
Total Capital	21.14	23.51

For media enquiries, kindly contact the Corporate Communications Department at head.corpcomm@affinbank.com.my or call 03-2055 9034.

About Affin Bank Berhad

Affin Bank Berhad (AFFINBANK) is the financial holding company of Affin Islamic Bank Berhad, Affin Hwang Investment Bank Berhad, Affin Moneybrokers Sdn Bhd and AXA AFFIN Life Insurance Berhad, whereas AXA AFFIN General Insurance Berhad is an associate company of AFFINBANK.

AFFINBANK 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 Community Banking, Enterprise 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 30 June 2020, AFFINBANK and AFFIN ISLAMIC have a network of 110 branches in Malaysia. For more information, log on to www.affinbank.com.my or www.affinislamic.com.my, or visit any of AFFINBANK or AFFIN ISLAMIC branches nationwide.