

media release

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**AFFIN BANK GROUP RECORDS RM1.325 BILLION FOR 9M2022 PBT,
AN INCREASE OF 182.5%**

KUALA LUMPUR – AFFIN Bank Group (“the Group”) reported profit before tax (PBT) of RM1,324.9 million, an increase of 182.5% for the nine (9) months ended 30 September 2022 (9M2022) as compared to the same period last year (2021). The Group also reported an increase in its net income in 9M2022 which rose by 63.6% or RM2,730.6 million versus RM1,669.0 million in 9M2021.

According to Datuk Wan Razly Abdullah, President & Group Chief Executive Officer of Affin Bank Berhad, contributing to the PBT increase were its Net Interest Income (NII) which rose by RM105.5 million or 16.2% to RM756.1 million compared to 9M2021 as well as Affin Islamic Bank Berhad, a significant contributor to the Group, posted a PBT increase of 62.3% to RM233.9 million due to a more robust financing growth.

Overall, the Group’s loan and financing grew by 16.6% year-on-year (YoY) with its Net Interest Margin (NIM) expanded to 2.01% from 1.95% in 9M2021, as the Group focuses on building its CASA (Current Account/Savings Account) franchise.

AFFIN Bank Group continued to show significant improvement in Gross Impaired Loan (GIL) ratio as GIL decreased further to under 2% or exactly 1.91% as compared to 3.14% as at 9M2021 due to strong recovery efforts and tighten underwriting standards. The Group continued to strengthen its reserves evident by its significant increase in Loan Loss Coverage (LLC) and Loan Loss Reserve (LLR) at 112.25% and 150.00%, respectively, thus achieving its A22 target ahead of schedule.

“Our financials continue to demonstrate resiliency, stable and consistent growth. With the year coming to a close, I’m pleased to report that the Group has met and even exceeded several of our A22 targets. We will now focus our efforts to realise our A25 transformation plan which will see us for the next three years (2023 to 2025) focusing on these three (3) pillars – Unrivalled Customer Service, Digital Leadership and Responsible Banking with Impact,” said Datuk Wan Razly.

Under the A25 plan, the Group aims to achieve 10% Return on Equity (ROE), drive revenue growth and double its customer base to 2 million by 2025, and it will be doing so by focusing on retail

community banking and SME enterprise banking. The Group will also push its digitalisation plan which will see an increase in its information technology capital expenditure to about RM330 million in 2023 from RM316 million this year.

Net Interest Income

Net interest income (NII) recorded at RM756.1 million, an increase of RM105.5 million or 16.2% as compared to the previous financial period of RM650.6 million, mainly due to loan growth in 16.6%.

Islamic Banking

AFFIN Islamic Bank Berhad was a significant contributor to the Group as its PBT recorded an increase of 62.3% to RM233.9 million due to financing growth. AFFIN Islamic Bank's stronger PBT was due to more robust financing growth which grew by 19.1% YoY. AFFIN Islamic Bank Berhad recorded a significant improvement of asset quality of 0.56% in Gross Impaired Financing to 0.84% in 9M2022 as compared to 1.40% in 9M2021.

Non-Interest Income

Non-interest income for the period under review was RM1,470.9 million, an increase of RM842.3 million or 134.0% from RM628.6 million registered in the previous corresponding period. The increase was largely attributed by the one-off gain received following the divestment of Affin Hwang Asset Management Bhd offset with lower net gain on sales of financial instruments, other income, net fee and commission income.

Asset Quality

As of 9M2022, GIL ratio for the Group recorded a significant improvement of 1.91% as compared to 3.14% as at 9M2021. The Group continues to offer repayment assistance to customer who have been impacted by the COVID pandemic.

Operating expenses

Operating expenses increased slightly to RM1,074.4 million for the period ended 9M2022 as compared to RM1,007.3 million in the same period of previous year. The Cost-to-Income ratio for the period under review was 63.21%, a slight increase from 60.35% in 9M2021.

Loans, Deposits Growth and Liquidity

As of 9M2022, the Group's total loans, advances and financing grew by 16.6% YoY to RM57.2 billion contributed mainly by the 60.0% growth in the Community Banking segment. Housing Loans grew by 24.8%, whilst Auto Finance loans rose by 16.5%.

On the deposits, CASA (Current Account/Savings Account) recorded at RM13.7 billion for the period ended 30 September 2022 and CASA ratio stood at 21.4%. The Group's customer deposits increased by 11.3% YoY to RM64.0 billion as of 9M2022 as our CASA initiatives continue to deliver positive results.

Capital Adequacy Ratios

As at 9M2022, the Group's Total Capital ratio was at 20.11%, Tier 1 capital ratio at 17.74% and CET1 capital ratio at 16.33%, a testament to the Group's capital strength.

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About Affin Bank Berhad

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

AFFIN BANK provides a suite of financial products and services that is catered to both retail and corporate customers. The target business segments are categorized under key business units such as Community Banking, Enterprise Banking, Corporate Banking and Treasury. As at 21 November 2022, AFFIN BANK has a network of 115 branches in Malaysia.

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