

**AFFIN GROUP RECORDS RM518.3 MILLION PROFIT BEFORE TAX FOR
FINANCIAL YEAR 2023**

KUALA LUMPUR – AFFIN Group (“the Group”) recorded a Profit Before Tax (PBT) after zakat (BAU and excluding AHAM Gain) of **RM518.3 million for the Financial Year 2023 (FY2023)**, a decrease of 28.1% as compared to the same period last year (FY2022) of RM720.5 million.

The President & Group Chief Executive Officer of Affin Bank Berhad, Datuk Wan Razly Abdullah said, “The year 2023 was challenging as the industry continued to see margin compression arising from the competition for deposits caused by the sharp increase in the US Federal Reserve and European Central Bank interest rates.”

Net Interest Margin (NIM) compression has continued to impact revenue, but the Group has shown resilience by building stronger and deeper foundations for **CASA, Loan Growth, Gross Impaired Loans, Loan Loss Coverage**, and customer acquisitions that will catapult us into the future.

The Group has exceeded our CASA ratio target of 25% for 2023, achieving **26.7%**, its highest CASA Ratio ever. This achievement underscores our Unrivalled Customer Service and effective customer acquisition strategy, which has fuelled a CASA increase of RM7.7 billion in 2023 at **RM18.9 billion** compared to three years ago in 2020 at RM11.2 billion.

Our total assets as at December 2023 have surpassed **RM105 billion**, remarkably growing from RM70 billion in 2020. This is driven by a significant loan growth of 12.3% year-on-year. Our in-house economist view is that the US Federal Reserve will cut its rates by 75 basis points by the end of 2024. The marked increase in our assets will therefore strategically position our balance sheet for NIM expansion with the potential reduction in interest rates later in the year.

Our current **Gross Impaired Loan** ratio currently stands at **1.90%**, signifying a substantial enhancement in our underwriting standards from **3.52% in 2020**. Furthermore, our Loan Loss Coverage has reached **116.86%**, offering a robust buffer against impaired loans, a significant improvement from **50% Loan Loss Coverage in 2020**.

In our commitment to Responsible Banking with Impact which is a focus on environmental, social, and governance (ESG) principles, we have achieved **8.6% ESG Financing in 2023**, surpassing our ESG Target of 8%. This achievement reflects our dedication to integrating ESG considerations into our banking practices.

Net Interest Income

Net interest income (NII) recorded at **RM782.9 million**, a decrease of RM240.5 million or 23.5% as compared to the previous financial period of RM1,023.4 million, mainly due to NIM compression.

Islamic Banking

Affin Islamic Bank Berhad registered the **highest PBT ever of RM317.7 million** for the period ended 31 December 2023, an increase of RM144.6 million, or 83.5%, compared to RM173.1 million recorded in the previous corresponding period. The increase was mainly due to a lower allowance for impairment losses of RM246.3 million which was partially offset by a lower gain in net financing income of RM81.3 million.

Non-Interest Income

Non-interest income for the period under review was **RM607.3 million**, an increase of RM263.5 million or 76.6% from RM343.8 million registered in the previous corresponding period, excluding the sales proceeds from the disposal of our asset management business.

Operating expenses

Operating expenses increased slightly to RM1,421.2 million for the period ended 31 December 2023 as compared to RM1,417.4 million in the previous year. The Cost-to-Income ratio for the period under review was 71.57%, a slight increase from 62.55% in FY2022.

Asset Quality

As at 31 December 2023, the Gross Impaired Loan (GIL) ratio for the Group recorded a decrease to **1.90%** as compared to 1.97% as at 31 December 2022.

Loan Loss Coverage and Loan Loss Reserve

The Group's Loan Loss Coverage (LLC) continued to record more than 100% at **116.86%** compared to the LLC of 123.80% as at 31 December 2022, while the Loan Loss Reserve (LLR) stood at **143.54%** compared to 164.77% for the same period in 2022.

Loans and Deposits Growth

For the FY2023, the Group's total loans, advances and financing grew by **12.3% YoY** to **RM66,662.8 million** contributed mainly by the 17.1% growth in the Community Banking segment. Housing Loans grew by 18.1%, whilst Auto Finance loans rose by 12.9%.

On the deposits, CASA (Current Account/Savings Account) recorded at **RM18.9 billion** for the period ended 31 December 2023 and CASA ratio stood at **26.70%**. The Group's customer deposits **increased by 9.0%** YoY to **RM70.8 billion** as at 31 December 2023 as our CASA initiatives continue to deliver positive results.

Capital Adequacy Ratios and Liquidity

As at 31 December 2023, the Group's Total Capital ratio was at 18.22%, Tier 1 capital ratio at 15.79% and Common Equity Tier 1 (CET1) capital ratio at 14.26%. The Liquidity Coverage Ratio stood at a healthy 174.11% in FY2023, well above the regulatory requirement of 100%.

Dividends

The Board of Directors proposed a final dividend of 5.76 sen per share for FY2023. This represents a total dividend payout of approximately RM135.3 million or 33.6% of the Group's net profit for FY2023.

AX28

The Group has strategically realigned our vision from the **A25** to the **AX28 Strategic Plan**, setting the stage for AFFIN's transformative leap forward. Our blueprint for success pivots around five critical pillars:

1. Elevating our commitment to customer excellence with a focus on the T20 segment,
2. Spearheading a digital revolution,
3. Expanding our presence in Sarawak,
4. Maximizing capital efficiency, and
5. Amplifying our ESG ambitions to weave sustainability into the fabric of our operations.



About AFFIN Group

Affin Bank Berhad operates as the financial holding entity of Affin Islamic Bank Berhad, Affin Hwang Investment Bank Berhad, Affin Moneybrokers Sdn Bhd. Generali Insurance Malaysia Berhad and Generali Life Insurance Malaysia Berhad are affiliated companies of Affin Bank Berhad.

AFFIN Group provides an array of financial products and services catering to individual, enterprise, commercial, and corporate clients. The focus market segments are categorised under essential business units such as Community Banking, Enterprise Banking, Corporate Banking, Treasury, and Investment Banking. For more information, please visit www.affingroup.com.

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