

AFFIN GROUP ANNOUNCES PROFIT BEFORE TAX OF RM293.1 MILLION IN 1H2024

KUALA LUMPUR – AFFIN Group (“the Group”) recorded a Profit Before Tax (PBT) after zakat of RM293.1 million for the six (6) months ended 30 June 2024 (1H2024), a decrease of 15.2% as compared to the same period last year (1H2023) of RM345.7 million, mainly due to Net Interest Margin (NIM) compression. The Group’s focus on strategic growth is evident in its total assets, which expanded by 7.2% to RM108.2 billion, up from RM100.9 billion in the previous corresponding period. This was driven by a 10.5% increase in loan and financing portfolios, reaching RM69.0 billion.

Datuk Wan Razly Abdullah, President & Group Chief Executive Officer of Affin Bank Berhad, announced that the Group anticipates NIM to normalise by the first half of 2025, staying the course of our AX28 Strategic Plan, with the expectation that the Federal Reserve rate will be cut by 50 – 75bps in the immediate future and improving economic conditions in Malaysia.

“The Group aims to optimise our operational cost structure and Cost of Funds while delivering innovative customer solutions to meet evolving expectations. NIM is expected to compress in the short-term as we focus on higher credit quality clients given the soft economic conditions.”

In line with this outlook, he further highlighted the Group’s ongoing digital transformation. “Our **Digital Core** is ready, pending regulatory approval for Go-Live. In the meantime, we are proceeding with Phase 2 of our Digital Core developments, which include enhancements to CASA, Deposits, and e-Wallet capabilities. Additionally, the **New Mobile Banking Platform** is progressing well, with a target Go-Live in December 2024, which is expected to further strengthen the Group’s deposit franchise.”

“We remain committed to our AX28 three key strategic pillars - **Unrivalled Customer Service, Digital Leadership, and Responsible Banking with Impact.** The Unrivalled Customer Service pillar has been achieved and exceeded, as evidenced by our NPS Score of +69 (according to a recent survey by IPSOS). The Group will launch AFFIN Private Banking in September 2024 to provide another engine of expansion and evolution.”



“The Group’s progress on the Digital Leadership pillar is on track to be achieved by the end of 2025, providing the catalyst and platform for future growth. Additionally, the anticipated entry of the Sarawak State Shareholder, although slightly delayed, is expected to provide a quantum shift in the masterplan with access to a large number of customers and deposits/liquidity base. The Group’s presence in Sarawak will be amplified by the end of 2024.”

“We are excited to share that the Group has been honoured with several prestigious awards, reflecting our dedication to excellence in the banking and finance sector. Notably, we have been recognised as the **‘Malaysia Domestic Cash Management Bank of the Year for AFFINMAX’** by the **Asian Banking & Finance Wholesale Banking Awards 2024**. In addition, **Affin Islamic Bank Berhad** has been awarded the **Best Retail Bank in Malaysia and Best Syndicated Loan in Renewable Energy** by **The Asset Triple A Islamic Finance Awards 2024**. **Affin Hwang Investment Bank Berhad** was also recognised with the **Best Sustainability Sukuk – Healthcare** by the **Asset Triple A Islamic Finance Awards 2024**,” he concluded.

Net Interest Income

Net interest income (NII) recorded was RM386.0 million, a decrease of RM50.2 million or 11.5% as compared to the previous financial period of RM436.2 million.

Islamic Banking

Affin Islamic Bank Berhad’s PBT recorded an increase of 12.0% to RM148.8 million, supported by Gross Financing growth by 13.9% Year-on-Year (YoY).

Non-Interest Income

Non-interest income for the period under review was RM284.2 million, an increase of RM20.6 million or 7.8% from RM263.6 million registered in the previous corresponding period.

Asset Quality

In 1H2024, the Gross Impaired Loan (GIL) ratio for the Group stood at 1.89% as compared to 1.78% in 1H2023.



Loan Loss Coverage (LLC) and Loan Loss Reserve (LLR)

The Group's Loan Loss Coverage (LLC) and Loan Loss Reserve (LLR) remained well above 100%, with its LLC and LLR stood at 100.06% and 130.12% respectively.

Operating expenses

Operating expenses increased to RM746.7 million in 1H2024 as compared to RM646.4 million in the previous year. The Cost-to-Income ratio for the period under review was 74.7%, an increase from 64.7% in 1H2023.

Loans, Deposits Growth and Liquidity

In 1H2024, the Group's total loans, advances and financing grew by 10.5% YoY to RM69.0 billion contributed mainly by the 13.6% growth in the Community Banking segment. Housing Loans grew by 13.4%, whilst Auto Finance loans rose by 9.2%.

On the deposits, CASA (Current Account/Savings Account) recorded at RM18.4 billion for the period ended 30 June 2024 and CASA ratio stood at 25.89%. The Group's customer deposits decreased by 0.4% YoY to RM71.2 billion in 1H2024.

Capital Adequacy Ratios and Liquidity

As at 1H2024, the Group's Total Capital ratio was at 16.84%, Tier 1 capital ratio at 14.27% and Common Equity Tier 1 (CET1) capital ratio at 12.84%. The Liquidity Coverage Ratio remains healthy at 170.23% in 1H2024, well above the regulatory requirement of 100%.

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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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