
**AFFIN BANK GROUP'S RECORDS PBT OF RM200.2 MILLION
FOR THE FIRST QUARTER 2022 DESPITE GLOBAL MARKET CHALLENGES**

Highlights on Financial Performance

KUALA LUMPUR – Affin Bank Group (the “Group”) registered a profit before tax (PBT) after zakat of RM200.2 million for the three (3) months ended 31 March 2022 despite global market challenges though the Group still remains optimistic to achieve substantial of its AIM22 targets.

President & Group Chief Executive Officer of Affin Bank Berhad, Datuk Wan Razly Abdullah said, “To date, AFFIN Group’s ongoing journey of reimagining and transforming its customer service experience known as Metamorphosis and our AIM22 plan bear testament to the Group’s improving financial performance where we have achieved certain milestones and targets set”.

The improvement in PBT was driven by improved net interest income, Islamic Banking Income, net fee and commission income in 1Q2022. The PBT of RM200.2 million represented an 85% increase year-on-year as compared to RM108.2 million for the same quarter of previous year (2021). Compared to 4Q2021, PBT declined by 14.7% where the Group recorded RM234.8 million.

This, according to Datuk Wan Razly is due to effects of geopolitical tension in Europe such as the Ukrainian war, high energy cost and commodity prices as well as high inflation which has impacted both debt and equity markets. The Group lost considerable fee income due to these factors, however its asset base and asset quality has held up. Some of the Group’s notable initiatives have been delayed to the second half of 2022 which includes strengthening of its digital platforms. The Group will continue to focus on upgrading its systems and enhancing its customer experience by providing unrivalled customer service.

“While there are currently strong headwinds for the first part of 2022, the Group believes that there is potential for business growth as the Malaysian economy revives from the Covid-19 pandemic. We will continue to improve our operational efficiency and harness Group-wide synergy to achieve sustainable growth despite the challenging and competitive operating environment.

“Based on the Group’s AIM22 plan, we are substantially on track with our first quarter numbers. We are optimistic that our action plans in the remaining nine months will result in the Group achieving its financial targets for 2022. The Group is getting stronger and we aim to be more resilient to withstand market volatility,” added Datuk Wan Razly.

Net Interest Income

Net interest income (NII) recorded was RM229.0 million, an increase of RM36.4 million or 18.9% as compared to the previous financial quarter of RM192.6 million, mainly due to loan growth in 1Q2022.

Islamic Banking

Affin Islamic Bank is becoming a significant contributor to the Group as evidenced by its PBT which recorded an increase of RM20.0 million or 15.5% to RM148.9 million due to financing growth, improved net financing margin and lower impairment allowances. Affin Islamic Bank's stronger PBT was due to more robust financing growth which grew 17.4% year-on-year (YoY), improved net financing margin and lower impairment allowances. Affin Islamic Bank recorded a significant improvement of asset quality of 0.61% in Gross Impaired Financing to 1.05% in 1Q2022 compared to 1.66% in 1Q2021.

Non-Interest Income

Non-interest income for the period under review was RM150.9 million, a decrease of RM65.2 million or 30.2% from the RM216.1 million registered in the previous corresponding quarter. The decrease in non-interest income was due to lower net gain on sales of financial instruments, other income and net fee and commission income.

Operating expenses

Operating expenses reduced slightly to RM340.4 million for the quarter ended 31 March 2022 as compared to RM340.5 million in the same quarter of previous year. The cost to income ratio for the quarter under review was 64.4%, a slight increase from 63.3% in 1Q2021.

Loans, Deposits Growth and Liquidity

As of 31 March 2022, the Group's total loans, advances and financing grew by 13.8% YoY to RM53.5 billion contributed mainly by the 18.8% growth in the Community Banking segment. Housing Loans grew by 20.4%, whilst Auto Finance loans rose by 9.1%.

On the deposits, CASA (Current Account Savings Account) recorded at RM13.4 billion for the quarter ended 31 March 2022 and CASA ratio stood at 21.55%. The Group's customer deposits increased by 22.9% YoY to RM62.3 billion as of 31 March 2022 as our CASA initiatives continued to deliver positive results.

Asset Quality

As of 31 March 2022, the Gross Impaired Loan (GIL) ratio for the Group recorded a significant improvement of 2.43% as compared to 3.41% as at 31 March 2021. The Group continues to offer repayment assistance to customer who have been impacted by the COVID pandemic.

Capital Adequacy Ratios

As at 31 March 2022, the Group's Total Capital ratio was at 18.69%, Tier 1 capital ratio at 15.29% and CET1 capital ratio at 13.73%, a testament to the Group's capital strength.

-END-



About Affin Bank Berhad

Affin Bank Berhad (AFFIN BANK) 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. 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 30 September 2021, AFFIN BANK has a network of 111 branches in Malaysia.