

media release

FOR IMMEDIATE RELEASE

27 NOVEMBER 2020

AFFIN Bank Group reports a PBT of RM363.2 million for 9-months ended 30 September 2020

Highlights of Financial Results

Overall Group Performance

For the nine-month period under review, the Group achieved a net income of RM1.84 billion, a 27.2% increase as compared to RM1.44 billion in 9M2019 driven by higher net gain on financial instruments of RM403.9 million, higher Islamic banking income of RM49.9 million and higher net fee and commission income of RM49.3 million.

The Group reported a PBT of RM363.2 million compared to RM510.7 million in the same period of previous year. The decline in PBT was mainly due to higher allowance on loan impairment and other assets of RM286.6 million, a one-off modification loss relating to Covid-19 loan moratorium amounting to RM79.7 million as well as lower net interest income of RM32.5 million. In the 3Q2020, the Group has taken a RM70 million preemptive Covid-19 provisioning as a precautionary measure for asset quality weakness due to the pandemic.

YBhg Datuk Wan Razly Abdullah bin Wan Ali, President & Group Chief Executive Officer of Affin Bank Berhad (“AFFINBANK”) said, “We are focusing on assisting our customers to weather the Covid-19 pandemic and providing them with financial assistance to help sustain them through the economic downturn. The Bank will continue to manage its credit risk by providing appropriate temporary relief to customers who have been most affected by the Covid-19 pandemic. We also want to ensure that we have adequate loan loss reserves to protect the Bank from asset quality weakness during this pandemic”

In addition to its existing F.A.I.R (Financial Assistance Instalment Relief) Program, the Bank also offers financial relief programs including PENJANA SME Financing Scheme and PENJANA Tourism Financing to help alleviate repayment and cash flow issues. The Bank remains committed in supporting the financial well-being of its customers and help ensure customers’ business sustainability.

The Bank also recently introduced its new financial and wealth planning segment on 11 November known as AFFIN AVANCE. AFFIN AVANCE is our new financial and wealth product with unique benefits for mass affluent segment of forward thinking on-the-go professionals, with personalised services.

Summary of Group's financial results for 9-months ended 30 September 2020

	9-Months Ended		Variance	
	30/09/2019 RM'000	30/09/2020 RM'000	RM'000	%
Net Interest Income	556,002	523,511	(32,491)	(5.8)
Income from Islamic Banking business	300,195	350,107	49,912	16.6
Modification loss	-	(79,728)	(79,728)	(100.0)
Other operating income	588,506	1,043,642	455,136	77.3
Net Income	1,444,703	1,837,532	392,829	27.2
Other operating expenses	(932,420)	(1,190,640)	(258,220)	(27.7)
Operating profit before allowances	512,283	646,892	134,609	26.3
Allowances for credit impairment losses and other assets	(8,917)	(295,515)	(286,598)	(>100.0)
Operating Profit	503,366	351,377	(151,989)	(30.2)
Share of results of joint venture and associates	12,695	18,634	5,939	46.8
Profit before Zakat and Tax	516,061	370,011	(146,050)	(28.3)
Profit before Tax	510,745	363,248	(147,497)	(28.9)
Net Profit	384,374	262,873	(121,501)	(31.6)
Profit attributable to equity holders of the Bank	365,661	239,686	(125,975)	(34.4)
Earnings per share (EPS) - Sen	18.44	11.66	(6.78)	(36.8)

Net Interest Income

Net interest income reduced by RM32.5 million or 5.8% in line with reduction in gross loans, advances and financing by RM1.3 billion YoY.

Income from Islamic Banking Business

The Group recorded an increase in Islamic Banking Income of RM49.9 million or 16.6% in 9M2020 as compared to 9M2019 mainly due to net gain on financial instruments.

Other Operating Income

Other operating income continued to be a significant contributor to the Group's profitability in 9M2020. The Group posted a higher other operating income of RM1,043.6 million, an increase of RM455.1 million or 77.3% as compared to 9M2019 amidst the challenging external environment. The net gains on financial instruments, net fee and commission income and other income were higher by RM403.9 million, RM49.4 million and RM1.8 million respectively. The higher net fee and commission income were mainly contributed by the asset management and stockbroking businesses.

Operating expenses

The Group's cost to income ratio has improved to 62.1% for 9M2020 from 64.5% in 9M2019 due to increase in revenue.

Loan and Deposits Growth

The Group's total gross loans, advances and financing decreased by 1.5% or RM679.2 million YoY to RM45.9 billion as at 30 September 2020. The Group's customer deposits reduced by RM7.4 billion or 13.0% to RM49.5 billion as compared 30 September 2019. The Loan-to-Fund ratio was stable at 81.8% as at 30 September 2020 (30 September 2019: 77.0%). Meanwhile the Loan-to-Fund and Equity ratio stood at 70.6% (30 September 2019: 68.0%).

Asset Quality

As at 30 September 2020, the Gross Impaired Loan ("GIL") ratio for the Group improved to 2.86% from 3.42% as at 30 September 2019. Meanwhile, the Loan Loss Reserve was stable at 97.4%.

Liquidity Position

As at 30 September 2020, the Group's Liquidity Coverage ratio ("LCR") decreased to 159.9% from 237.8% as at 30 September 2019 while the Group's Net Stable Funding ratio ("NSFR") also reduced to 115.3% from 121.1% as at 30 September 2019. Through active balance sheet management, the Group has managed to optimise the LCR and NSFR ratios, while at the same time meeting the BNM's 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 September 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 September 2020 as compared to as at 30 September 2019 are as follows:-

	30/09/2019 (%)	30/09/2020 (%)
CET 1	13.71	15.01
Tier 1	15.46	16.76
Total Capital	22.44	23.63

In view of the Covid-19 pandemic, the Bank will continue to prioritise capital conservation and build up capital to support future business expansion.



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 “Always about you” signifies that we strive to always connect and engage with our customers, to understand their changing needs and aspirations better. It represents our passion and commitment to the community we operate in, enabling us to quickly respond to changes and provide a personalised experience.

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 September 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.