

media release

FOR IMMEDIATE RELEASE

26 FEBRUARY 2021

AFFIN BANK RECORDS 18.3% HIGHER REVENUE FOR FY2020. HOWEVER, PBT WAS LOWER AT RM386.7 MILLION DUE TO THE COVID19 SLOWDOWN

Overall Group Performance

AFFIN Bank Berhad (ABB) recorded a Net Income of RM2,264 million for the Financial Year ended 2020. This was an 18.3% increase in Net Income Year on Year on the back of higher Non-Interest Income, particularly from gains on financial instruments. The Group's Profit Before Tax (PBT) was RM386.7 million for the financial year ended 2020, a decrease of 42.9% as compared to RM677.0 million in the previous financial year. This was mainly attributed to higher allowances for credit losses, particularly COVID19 related pre-emptive provisioning, higher operating expenses and a one-off modification loss relating to COVID19 relief measures of approximately RM80 million.

Our Metamorphosis Plan AIM22, launched in 2020, has shown positive results evident by higher revenue by 18.3%, CASA growth of 14% and the cost to income ratio improved from 63% in 2019 to 57% this year with increasing number of new to bank customer acquisitions. The Bank also plans to launch several digital initiatives in the first half of 2021 to support the increasing demand of digital products.

ABB's President & Group Chief Executive Officer, YBhg Datuk Wan Razly Abdullah bin Wan Ali said, "2020 has been a tough year for the Bank in terms of the financial impact and provisioning that we had to endure because of asset quality issues arising from the COVID19 economic slowdown. However, we have intensified our efforts to help our customers during this difficult period through the moratorium and different financial relief packages with the Government's support. We are optimistic that the government's rollout of the vaccine programme will accelerate Malaysia's economic recovery in the coming months"

The Bank will continue to support its customers who have been adversely impacted by the pandemic by providing financial relief facilities under BNM schemes, the Bank's Financial Assistance and Instalment Relief (FAIR), Expanded Targeted Repayment Assistance (XTRA) and others. As at to-date, the Bank has helped more than 33,000 customers under the various financial assistance programmes. The Bank is also promoting the financial relief facilities extensively through various communication channels.

The Bank has declared a dividend of 3.5 sen per share in respect of the financial year ended 31 December 2020.

Summary of Group results for Financial Year ended 31 December 2020

	Financial Year Ended		Variance	
	31/12/2020 RM '000	31/12/2019 RM'000	RM'000	%
Net Interest Income	772,143	743,117	29,026	3.9
Income from Islamic Banking business	481,228	410,683	70,545	17.2
Other operating income	1,089,975	760,616	329,359	43.3
Net Income	2,264,899	1,914,416	350,483	18.3
Other operating expenses	(1,350,985)	(1,206,599)	(144,386)	(12.0)
Operating profit before allowances	913,914	707,817	206,097	29.1
Allowances for credit impairment losses and other assets	(561,598)	(55,476)	506,122	>100
Operating Profit	352,316	652,341	(300,025)	(46.0)
Profit before Zakat and Tax	394,180	682,501	(288,321)	(42.2)
Profit before Tax	386,711	676,971	(290,260)	(42.9)
Net Profit	272,848	516,091	(243,243)	(47.1)
Profit attributable to equity holders of the Bank	230,322	487,766	(257,444)	(52.8)
Earnings per share (EPS) - Sen	11.43	24.59	(13.16)	(53.5)

Net Interest Income

Net interest income increased by RM29.0 million or 3.9% in FY2020 driven by improved net interest margin (NIM) from falling cost of funds following an increase in CASA composition and the repricing of deposits post OPR cuts.

Income from Islamic Banking Business

The Group recorded an increase in Islamic Banking Income of RM70.5 million or 17.2% in FY2020 as compared to FY2019 mainly due to higher net gain on financial instruments.

Other Operating Income

The Group posted a higher other operating income of RM1,090.0 million, an increase of RM329.4 million or 43.3% year on year amid the extremely challenging environment due to the COVID19 pandemic. The net gains on financial instruments was higher by RM217.5 million whilst both fee-based income and other income increased by RM108.3 million and RM3.5 million respectively.

Net Income

The Group recorded a higher net income of RM2,264.9 million in FY2020 as compared to RM1,914.4 million in FY2019, an increase of RM350.5 million or 18.3% mainly contributed by higher Operating Income, Islamic Banking Income and Net Interest Income.

Operating expenses

Operating expenses recorded an increase of RM144.4 million or 12.0% to RM1,351.0 million as compared to RM1,206.6 million in FY2019. This is in line with the increase in revenue, resulting in the cost to income ratio improving to 57.65% from 63.03% in FY2019.

Loan and Deposits Growth

For the FY2020, the Group's total loans, advances and financing increased by 0.7% to RM46.3 billion from RM46.0 billion. However, the Group's customer deposits decreased by 2.4% from RM51.1 billion to RM49.9 billion in FY2020. The loan-to-fund ratio was stable at 83.1% as at 31 December 2020 as compared to 84.0% as at 31 December 2019. Meanwhile the Loan to Fund and Equity ratio was as at 72.0% [31 December 2019 : 72.8%].

Asset Quality

As at 31 December 2020, the Gross Impaired Loan (GIL) ratio for the Group increased by 52bps to 3.52% compared to 3.00% as at 31 December 2019. The Net Impaired Loan (NIL) ratio for the Group also increased by 29bps to 2.57% compared to 2.28% as at 31 December 2019.

Liquidity Position

As at 31 December 2020, the Group's liquidity coverage ratio (LCR) optimised to 154.9% from 171.7% as at 31 December 2019 while the Group's Net Stable Funding Ratio (NSFR) also optimised to 111.2% from 115.6%, thus meeting BNM's guidelines on 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 31 December 2020 remained sturdy and well above the regulatory requirements, a testament to the Group's financial strength. The capital ratios of AFFIN Bank Group as at 31 December 2020 are as follows:-

CET 1	14.52%
Tier 1	16.29%
Total Capital	22.24%

Earnings Per Share and Net Assets Per Share

Earnings per share (EPS) for FY2020 was 11.43 sen (FY2019 : 24.59 sen). Net assets per share was RM4.60 as at 31 December 2020 (31 December 2019: RM4.70) while the Group's shareholders equity stood at RM9.6 billion (31 December 2019: RM9.3 billion).

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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 (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, whereas AXA AFFIN General Insurance Berhad is an associate company of AFFIN BANK.

AFFIN BANK 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 31 December 2020, AFFIN BANK 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 AFFIN BANK or AFFIN ISLAMIC branches nationwide.