

PRESENTATION TO ANALYSTS AND FUND MANAGERS

**FINANCIAL RESULTS FOR FIRST QUARTER ENDED
31 MARCH 2021**

AFFIN BANK BERHAD

25 MAY 2021



Key Performance Highlights for First Quarter ended 31 March 2021

PROFITABILITY

- Achieved a PBT of RM108.2 million in 1Q2021 vs. RM174.3 million in 1Q2020. PBT YoY decline of 37.9% mainly due to lower gain on treasury assets and additional provision overlays due to prolonged Covid-19 pandemic.
- Net income recorded was RM537.6 million in 1Q2021 vs RM624.8 million in 1Q2020 (YoY decline of 14.0%).
- Core Earnings demonstrated positive growth with Net Interest Income growing by 11.1% YoY with the reduction of Cost of Funds and 7.7% growth YoY of Islamic Banking Income. Stable earnings have replaced one-off earnings from treasury.
- Annualised ROE was 2.93% in 1Q2021 as compared to 5.34% in 1Q2020.
- Cost to Income Ratio of 63.33% for 1Q2021 as compared to 52.25% for 1Q2020.

ASSET QUALITY

- Gross Impaired Loans ratio of 3.41% in 1Q2021 vs 3.11% in 1Q2020. However it is down by 11bps QoQ.
- Loan Loss Coverage improved to 53.56% in 1Q2021 vs 48.66% in 1Q2020
- Gross Credit Cost improved to 53bps in 1Q2021 vs 108bps in 1Q2020, a reduction of 55bps.

LIQUIDITY

- CASA grew 28.6%YoY to RM11.7 billion resulting in significant improvement in CASA ratio of 23.11% in 1Q2021 compared to 17.95% in 1Q2020, an increase of 5.16% YoY.
- COF was 2.10% in 1Q2021 vs 3.53% in 1Q2020, a reduction of 143bps.
- LCR optimised to 132.69% in 1Q2021 vs 141.68% in 1Q2020 and NSFR of 109.32% in 1Q2021 vs 114.29% in 1Q2020.



Key Performance Highlights for First Quarter ended 31 March 2021

LOANS

- Gross Loans increased by 3.3% YoY to RM47.0 billion for 1Q2021 vs RM45.5 billion for 1Q2020.

CAPITAL ADEQUACY

- CET-1 capital ratio decreased by 45 bps to 13.80% in 1Q2021 vs. 14.25% in 1Q2020
- Tier-1 capital ratio decreased by 50 bps to 15.54% compared to 16.04% in 1Q2020
- Total capital ratio of 21.27%, a decrease of 184bps in 1Q2021 vs. 23.11% in 1Q2020

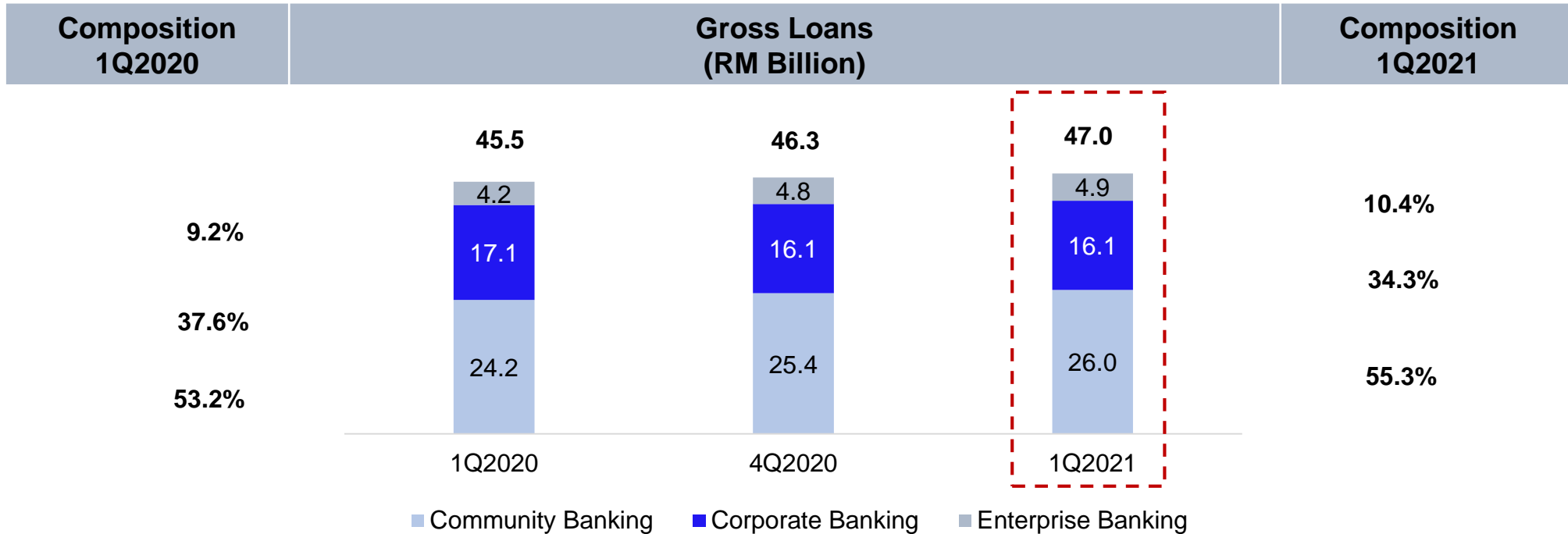


Balance Sheet Highlights

RM Million	1Q2020	4Q2020	1Q2021	QoQ (%)	YoY (%)
Cash & short-term funds	5,559.0	5,461.4	6,042.9	10.6	8.7
Financial assets/investments	12,430.4	13,875.4	13,812.0	(0.5)	11.1
Gross loans, advances & financing	45,484.4	46,272.6	47,000.7	1.6	3.3
<i>of which : ECL</i>	(655.9)	(779.8)	(819.3)	5.1	24.9
Other assets	4,391.0	4,706.9	4,841.4	2.9	10.2
TOTAL ASSETS	67,208.9	69,536.5	70,877.7	1.9	5.5
Deposits from customers	50,932.9	49,884.4	50,643.0	1.5	(0.6)
<i>of which : (Current Account)</i>	<i>6,618.1</i>	<i>8,070.0</i>	<i>8,576.0</i>	<i>6.3</i>	<i>29.6</i>
<i>(Savings Account)</i>	<i>2,525.6</i>	<i>3,012.3</i>	<i>3,129.0</i>	<i>3.9</i>	<i>23.9</i>
Total CASA	9,143.7	11,082.3	11,705.0	5.6	28.6
<i>Fixed Deposits, NIDs, MMD & CMD</i>	<i>41,789.2</i>	<i>38,802.1</i>	<i>38,938.0</i>	<i>0.4</i>	<i>(6.8)</i>
Deposits & placement of banks & other FIs	1,418.6	3,720.4	4,336.8	16.6	>100
Other liabilities	2,029.3	2,949.1	3,271.4	10.9	61.2
Borrowings	3,587.3	3,345.5	3,312.1	(1.0)	(7.7)
Total Equity	9,240.8	9,637.1	9,314.4	(3.3)	0.8
TOTAL LIABILITIES & EQUITY	67,208.9	69,536.5	70,877.7	1.9	5.5



Reengineering the Balance Sheet focusing on Enterprise and Community Banking

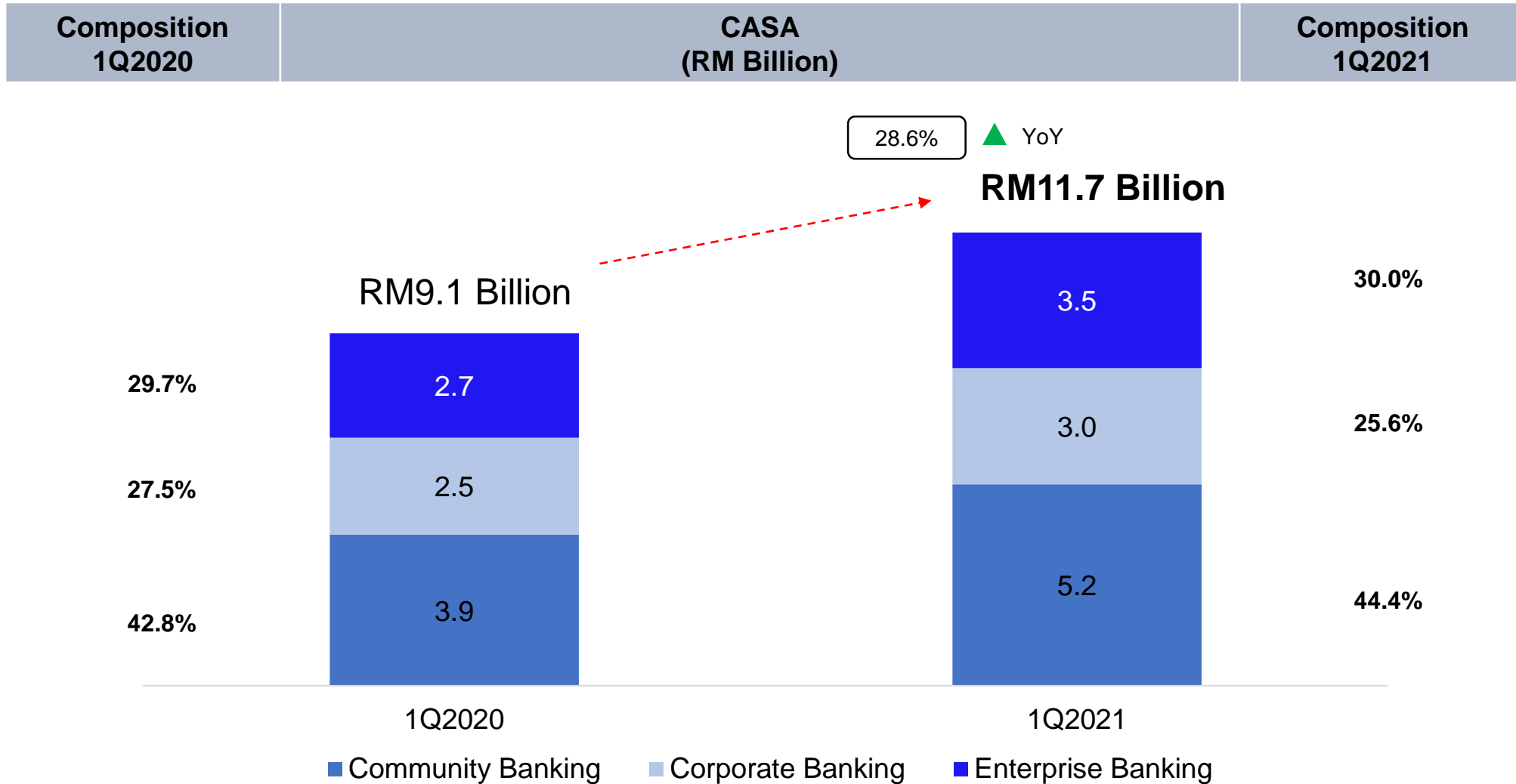


Loans by Business Segments (RM Billion)

RM Billion	1Q2020	4Q2020	1Q2021	QoQ (%)	YoY (%)
Community Banking	24.2	25.4	26.0	2.4	7.4
Corporate Banking	17.1	16.1	16.1	0.0	(5.8)
Enterprise Banking	4.2	4.8	4.9	2.1	16.7
TOTAL	45.5	46.3	47.0	1.6	3.3



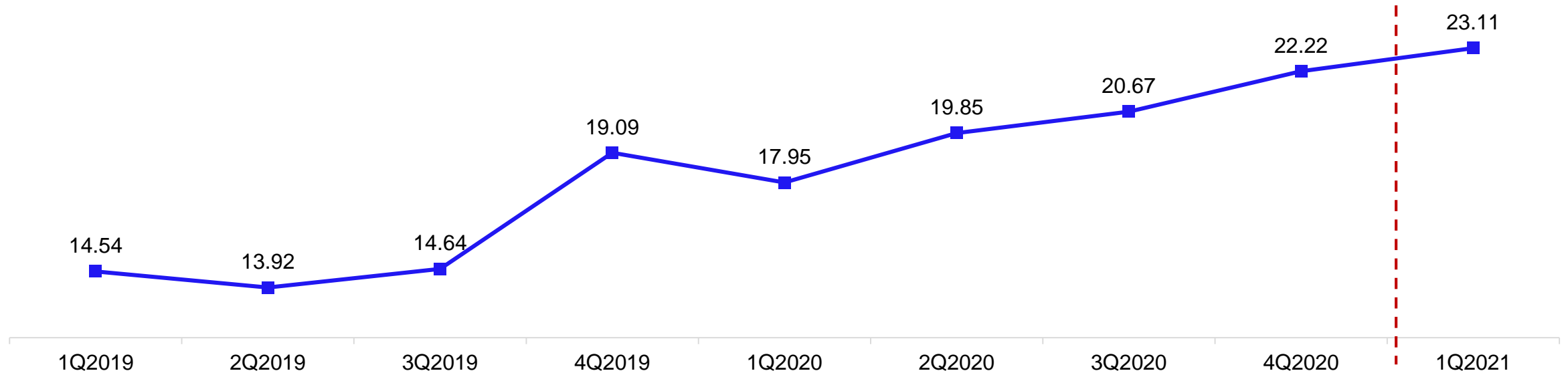
Continuing CASA Momentum





CASA Ratio continues to improve

CASA Ratio (%)

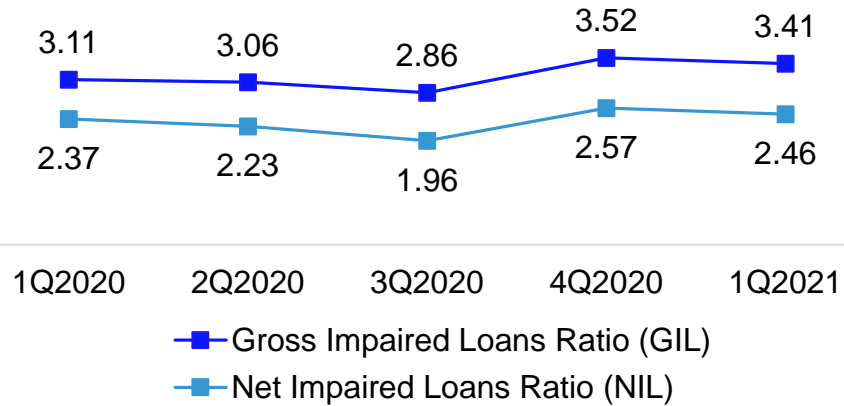


	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	3Q2020	4Q2020	1Q2021
LCR (%)	146.76	146.79	237.78	171.72	141.68	163.42	159.93	154.91	132.69
NSFR(%)	81.19	98.34	121.14	115.60	114.29	115.59	115.28	111.18	109.32



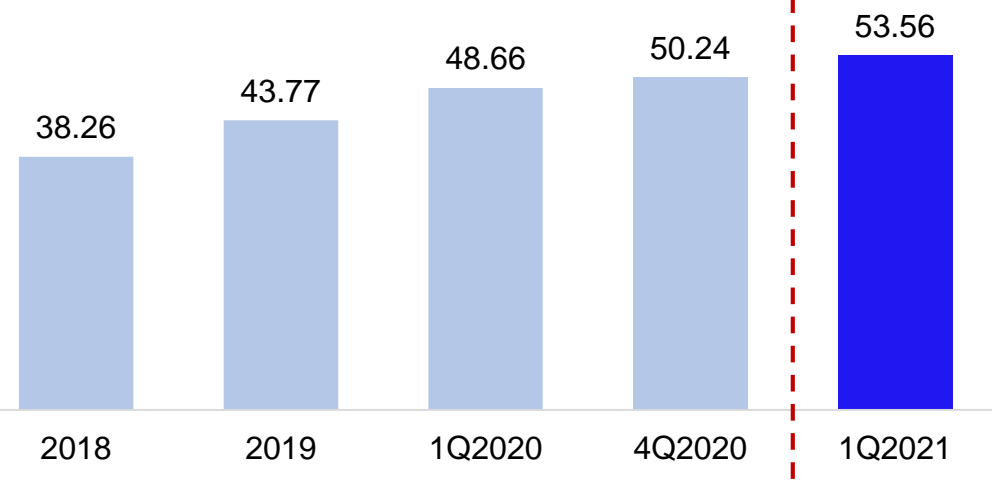
Priority to increase Loan Loss Coverage

Impaired Loans Ratios (%)



- *GIL recorded at 3.41% in 1Q2021 vs 3.11% 1Q2020, but improving 11bps QoQ.*
- *NIL at 2.46% in 1Q2021 vs. 2.37% in 1Q2020*

Loan Loss Coverage (%)



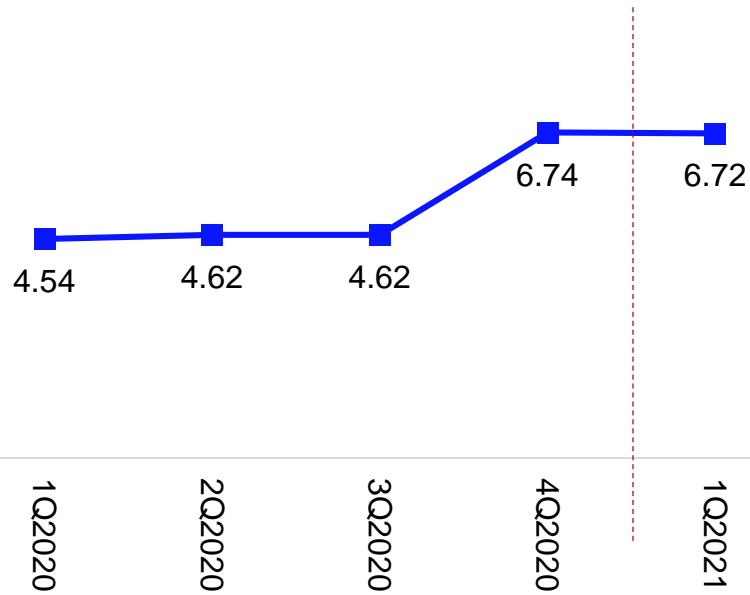
Loan Loss Coverage ratio was 53.56% in 1Q2021 vs 48.66% in 1Q2020, 4.9% improvement.



Community Banking showing good progress in Asset Quality in line with our strategy to focus on Community Banking and Enterprise Banking

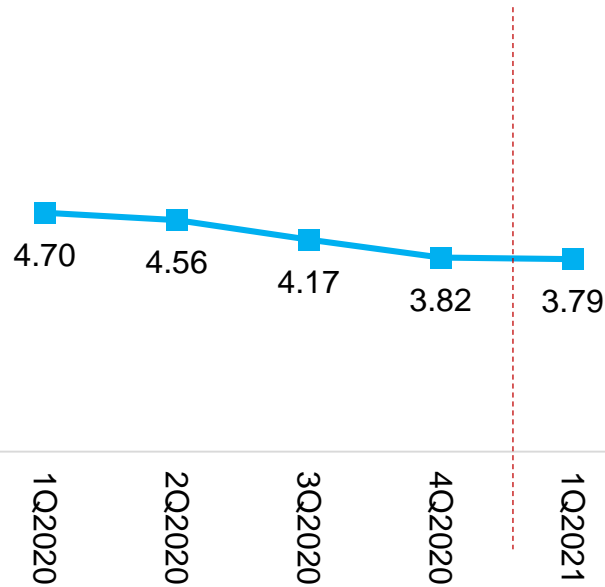
Gross Impaired Loans Ratio (%)

Corporate



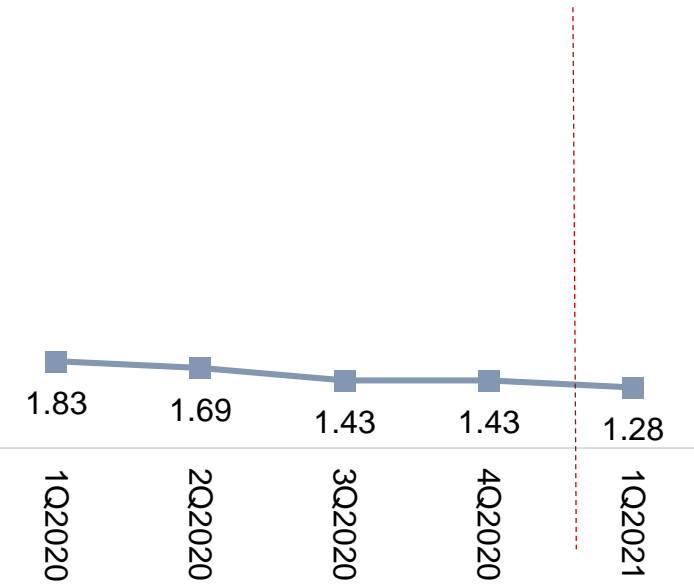
Enhanced early warning framework to ensure timely detection and rehabilitation.

Enterprise



Regional Asset Quality Management set-up for faster response.

Community



Enhanced collections strategy and execution through use of collection scorecards and associated analytics.



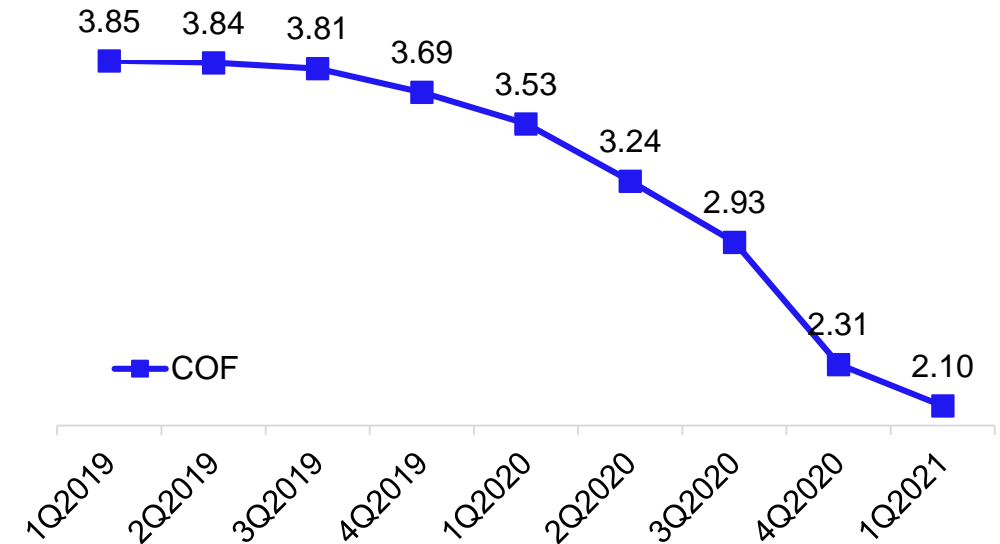
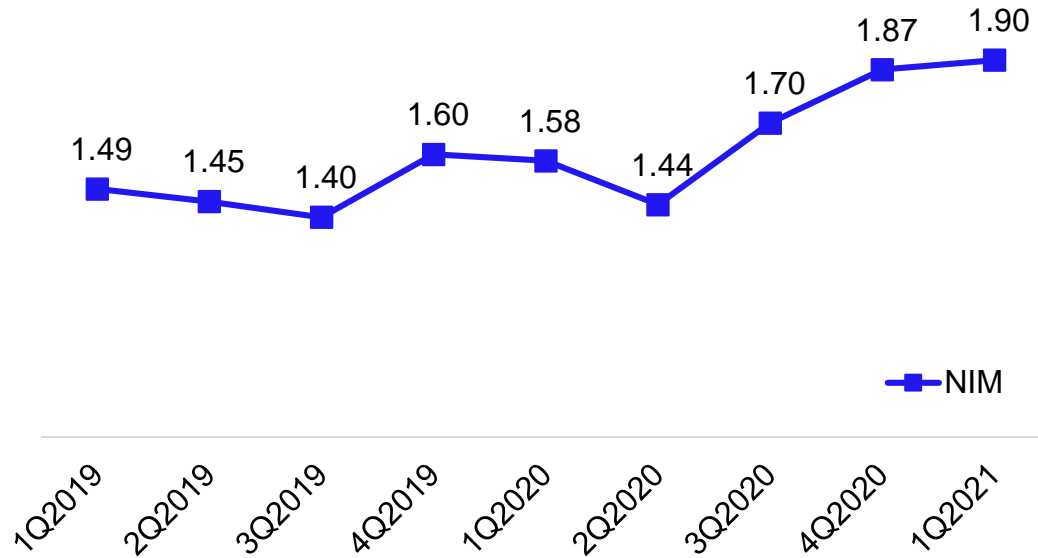
Income Statement

RM Million	1Q2020	4Q2020	1Q2021	QoQ (%)	YoY (%)
Net Interest Income	173.4	249.9	192.6	(22.9)	11.1
Income from Islamic Banking Business	119.7	131.1	128.9	(1.7)	7.7
Other Operating Income	331.7	239.8	216.1	(9.9)	(34.9)
<i>of which :</i>					
<i>Net Gains on Financial Instruments</i>	<i>202.0</i>	<i>44.8</i>	<i>39.4</i>	<i>(12.1)</i>	<i>(80.5)</i>
<i>Net Fee & Commissions Income</i>	<i>116.3</i>	<i>179.5</i>	<i>161.7</i>	<i>(9.9)</i>	<i>39.0</i>
<i>Other Income</i>	<i>13.4</i>	<i>15.5</i>	<i>15.1</i>	<i>(2.6)</i>	<i>12.7</i>
Total Income	624.8	620.8	537.6	(13.4)	(14.0)
Operating Expenses	(326.5)	(353.8)	(340.4)	(3.8)	4.3
Operating profit before allowances	298.3	267.0	197.2	(26.1)	(33.9)
Allowances for Impairment Losses	(118.1)	(266.0)	(93.8)	(64.7)	(20.6)
Share of results of a Joint Venture & an Associate	(3.7)	23.2	5.9	(74.6)	>100
Zakat	(2.2)	(0.7)	(1.1)	57.1	(50.0)
Profit Before Taxation	174.3	23.5	108.2	>100	(37.9)



Net Interest Income making good progress and grew by 11.1% YoY with the reduction of Cost of Funds

Net Interest Margin & Cost of Funds (%)



- BNM reduced OPR rate by 125 bps (in January, March, May, July) in FY2020.
- The Group will continue its deposit strategy to expand CASA franchise whilst reducing dependency on high cost fixed deposits.



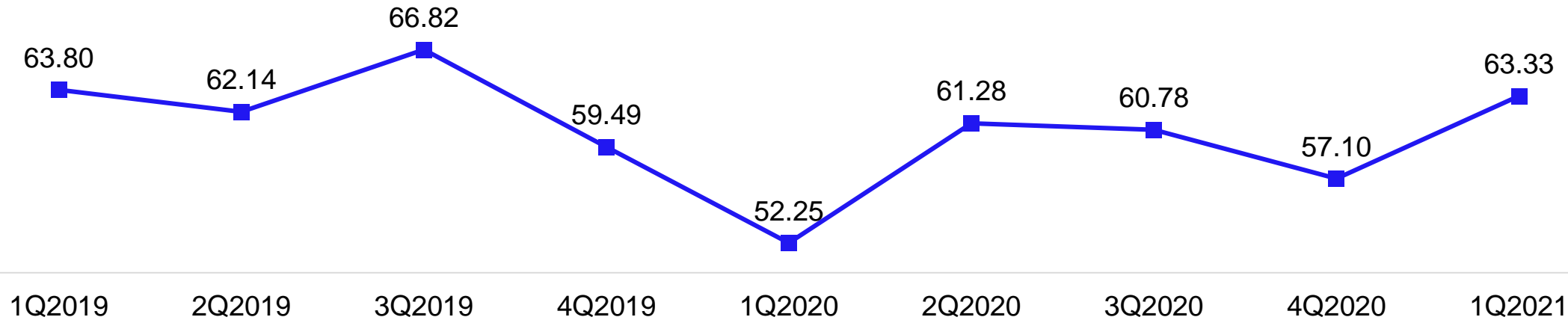
Growing the Bank's Fee-Based Income

RM Million	1Q2020	4Q2020	1Q2021	YoY Variance	YoY (%)
Fees & Commission (Commission, FX etc)	21.5	63.0	39.6	18.1	84.1
Stockbroking @net brokerage	24.4	32.3	33.6	9.2	37.7
Portfolio management fees + Initial Service Charges	63.0	72.5	77.6	14.6	23.2
Wealth Income	5.1	8.3	9.1	4.0	78.4
Advisory Income	2.3	3.4	1.8	(0.5)	(21.7)
NET FEE AND COMMISSION INCOME	116.3	179.5	161.7	45.4	39.0



Operating Expenses higher due to higher personnel costs

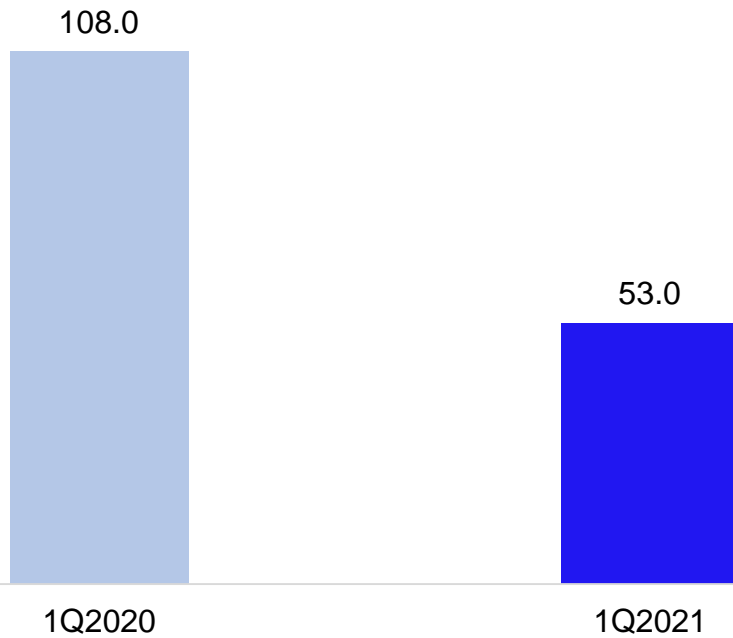
RM Million	1Q2020	4Q2020	1Q2021	QoQ (%)	YoY (%)
Personnel costs	208.5	228.9	229.9	0.4	10.3
Promotion & marketing related expenses	12.3	20.3	11.1	(45.3)	(9.8)
Establishment related expenses	77.1	79.8	75.1	(5.9)	(2.6)
General & administrative expenses	28.6	24.8	24.3	(2.0)	(15.0)
TOTAL	326.5	353.8	340.4	(3.8)	4.3
Cost to Income ratio (%)	52.25	57.10	63.33	6.23	11.08



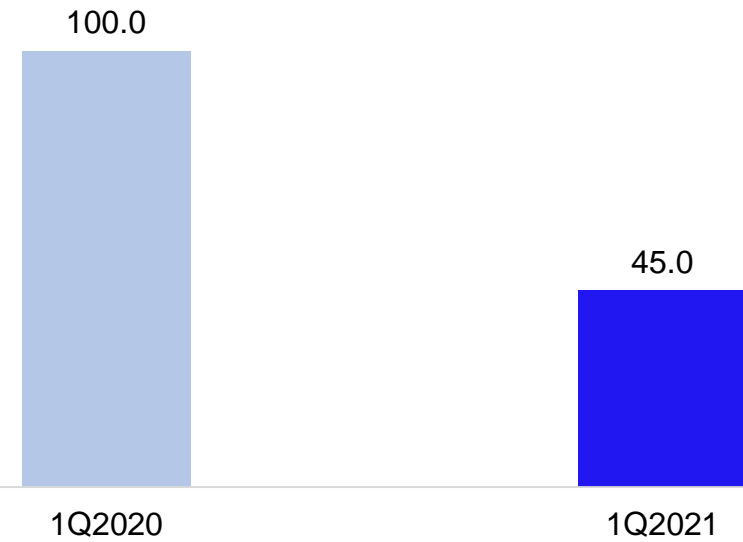


Cost of credit dependent on economic recovery

Gross Credit Cost (bps)



Net Credit Cost (bps)





PBT Contribution by Subsidiaries, JV and Associate

Entity	1Q2020 (RM Million)	4Q2020 (RM Million)	1Q2021 (RM Million)	QoQ (%)	YoY (%)
Affin Bank (Bank Level)	31.9	38.8	38.5	(0.8)	20.7
Affin Islamic Bank	19.2	37.8	32.9	(13.0)	71.4
Affin Hwang Investment Bank	106.2	20.3	52.8	>100	(50.2)
Affin Hwang Asset Management	21.4	52.2	41.2	(21.2)	>100
AXA AFFIN Life Insurance	(3.7)	(0.6)	2.8	>100	>100
AXA AFFIN General Insurance	0.7	22.7	3.1	(86.3)	>100
AFFIN Moneybrokers	0.9	0.4	0.6	50.0	(33.3)
AFFIN Bank Group*	174.3	23.5	108.2	>100	(37.9)

* Consolidated results are after consol adjustments which are not shown in this table



Capital in Strong Position

Common Equity Tier 1 (“CET 1”) Capital Ratio, Tier 1 (“Tier 1”) Capital Ratio and of all banking entities within the Group remained at above the minimum regulatory requirements.

		CET 1 2019	CET 1 2020	CET 1 Mar 2021	Tier 1 2019	Tier 1 2020	Tier 1 Mar 2021	Total Capital 2019	Total Capital 2020	Total Capital Mar 2021
AFFIN BANK BERHAD	Group	14.46	14.52	13.80	16.24	16.28	15.54	23.19	22.24	21.27
	Bank	12.96	13.06	12.62	14.64	14.79	14.33	22.19	21.25	20.58
AFFIN ISLAMIC BANK BERHAD	Bank	11.72	12.23	11.54	13.82	14.22	13.52	20.53	20.27	19.30
AFFIN HWANG INVESTMENT BANK BERHAD	Group	33.24	34.07	29.67	33.99	35.00	30.44	34.76	35.41	30.93
	Bank	42.74	45.53	37.92	42.74	45.53	37.92	43.57	46.13	38.63



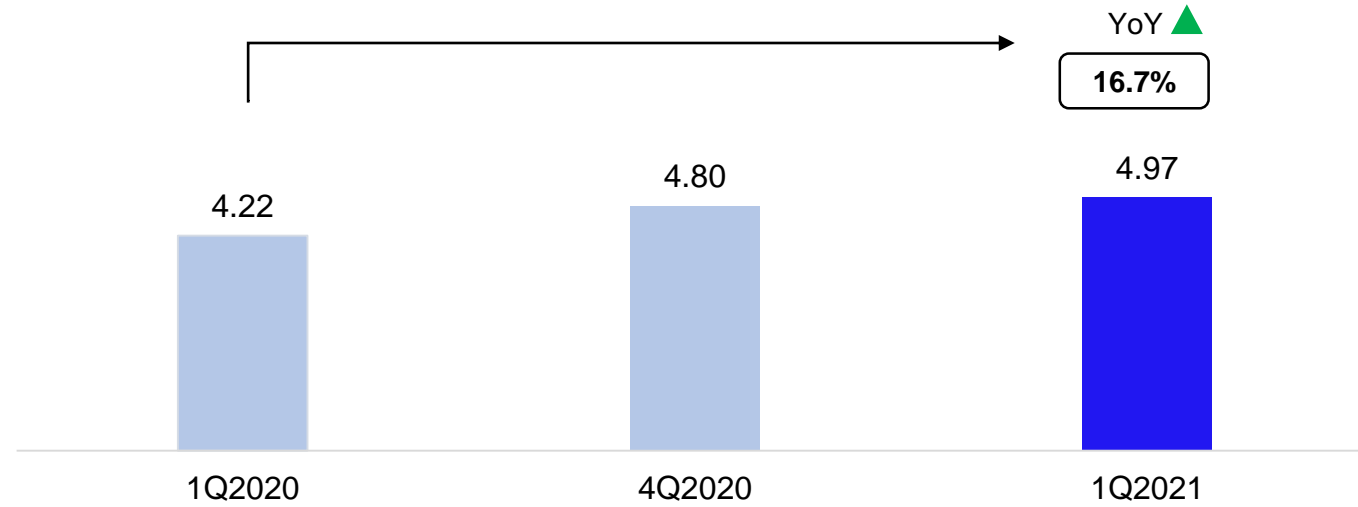
Key Ratios

		1Q2020 (%)	4Q2020 (%)	1Q2021 (%)	QoQ (%)		YoY (%)	
PROFITABILITY	Return on Equity (After Tax)	5.34	(0.39)	2.93	3.32	▲	(2.41)	▼
	Fee to Income	53.09	38.70	40.20	1.50	▲	(12.89)	▼
	Net Interest Margin	1.58	1.87	1.90	0.03	▲	0.32	▲
	Cost to Income	52.25	57.10	63.33	6.23	▲	11.08	▲
LIQUIDITY	Cost of Funds	3.53	2.31	2.10	(0.21)	▼	(1.43)	▼
	CASA Ratio	17.95	22.22	23.11	0.89	▲	5.16	▲
	CET 1	14.25	14.51	13.80	(0,71)	▼	(0.45)	▼
	Total Capital	23.11	22.23	21.27	(0.96)	▼	(1.84)	▼
ASSET QUALITY	Gross Credit Cost	1.08	2.08	0.53	(1.55)	▼	(0.55)	▼
	Gross Impaired Loans Ratio	3.11	3.52	3.41	(0.11)	▼	0.30	▲
	Loan Loss Coverage Ratio	48.66	50.24	53.56	3.32	▲	4.90	▲



Enterprise Banking: Loans

Loans (RM Billion)



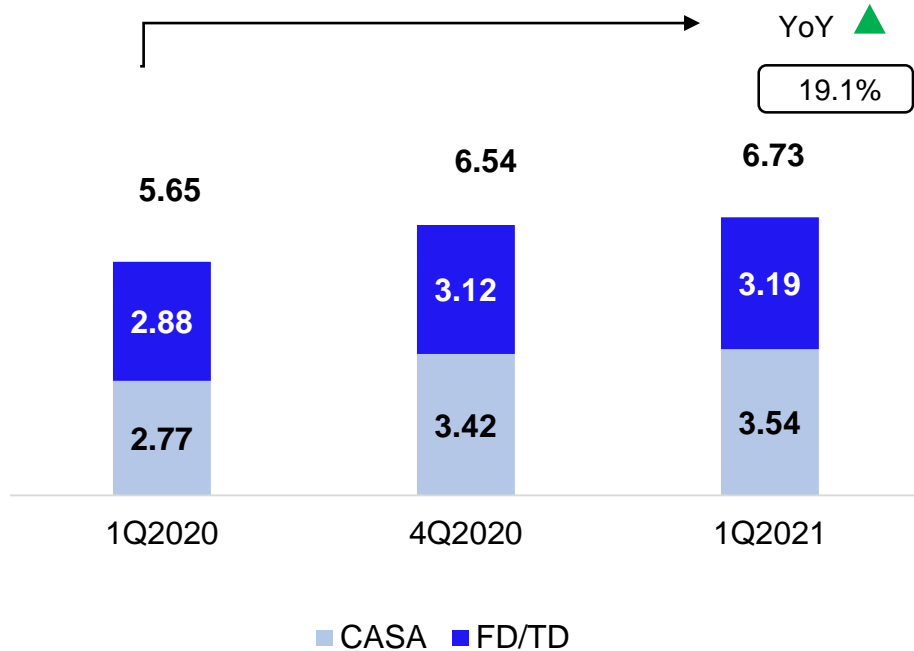
Loan growth steady at 16.7% YoY with RM750 million loan stocks on the book for SME segment

	1Q2020	4Q2020	1Q2021	QoQ (%)	YoY (%)
Working capital	1.43	1.51	1.60	5.3	11.9
Term Loans	2.79	3.29	3.37	0.6	20.8
Total	4.22	4.80	4.97	2.1	16.7



Enterprise Banking: Deposits

Deposits (RM Billion)



- Total deposits registered steady growth at 19.1% (+RM1.08b) of which CASA grew 27.8% (+RM770m)
- CASA ratio improved to 52.6% in 1Q2021
- Improvement in CASA was driven by targeted campaigns at high net worth entities and SMEEdge series of CASA products

	1Q2020	4Q2020	1Q2021
CASA Ratio	49.0%	52.3%	52.6%

Benefits For All
Get integrated solutions and privileges that benefit your business and employees with AFFINWRKFZ.

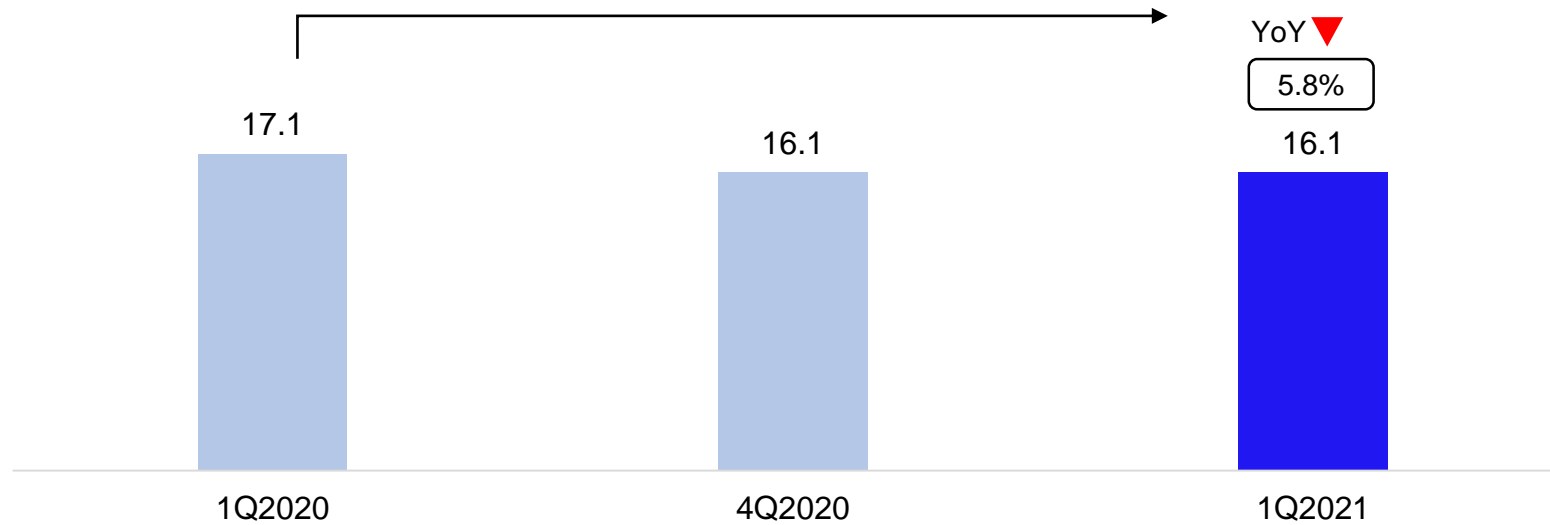
PLANNING PROTECTION PROGRESS PRIVILEGE

AFFINWRKFZ



Corporate Banking: Selective Loans

Loans (RM Billion)



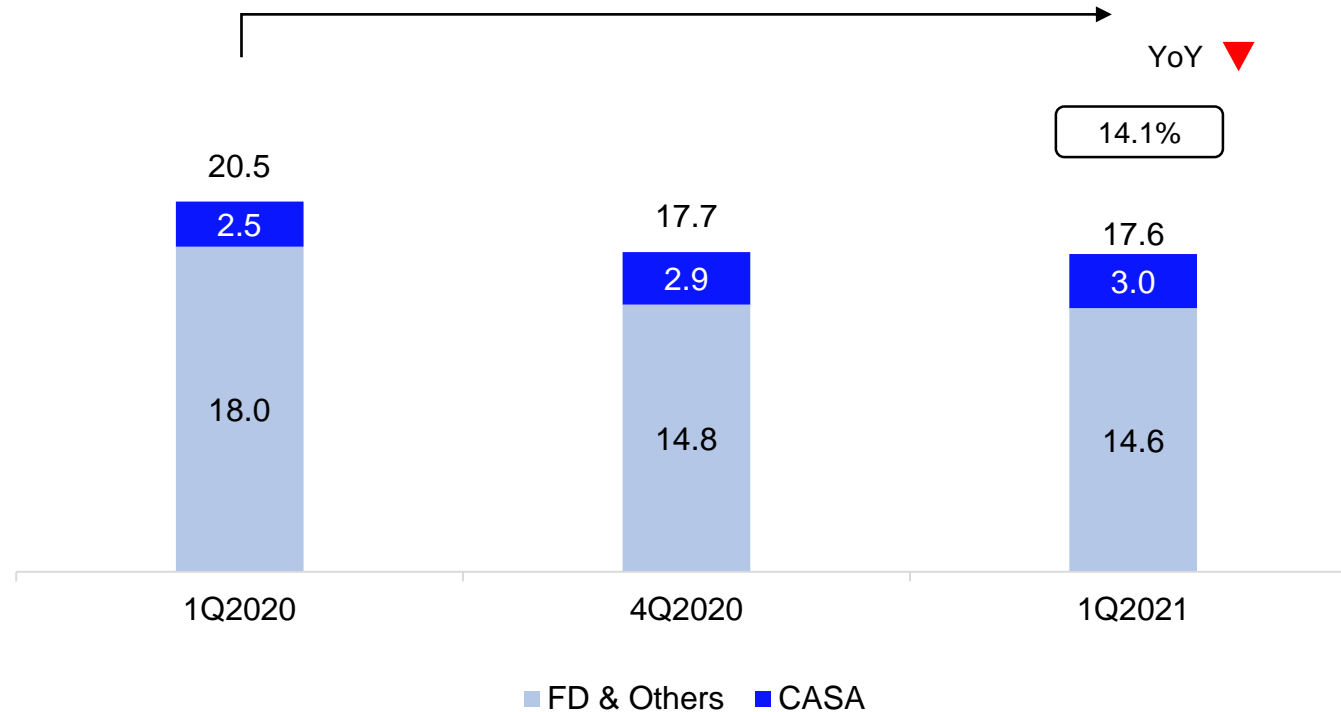
Corporate Banking experienced a marginal decline in loans in the 1Q2021

	1Q2020	4Q2020	1Q2021	QoQ (%)	YoY (%)
Working capital	6.6	6.3	6.3	0.0	(4.5)
Term Loans	10.5	9.8	9.8	0.0	(6.7)
Total	17.1	16.1	16.1	0.0	(5.8)



Corporate Banking: Deposits

Deposits (RM Billion)



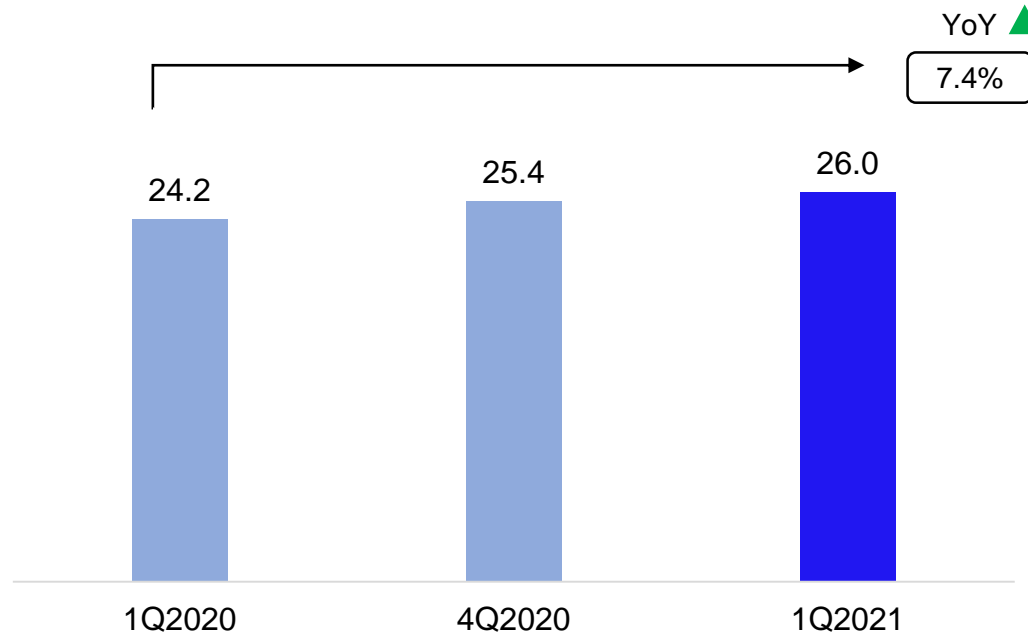
	1Q2020	4Q2020	1Q2021
CASA Ratio	12.2%	16.4%	17.0%



Our new Corporate Internet Banking solutions launched in December 2020



Community Banking Loans : Building up momentum

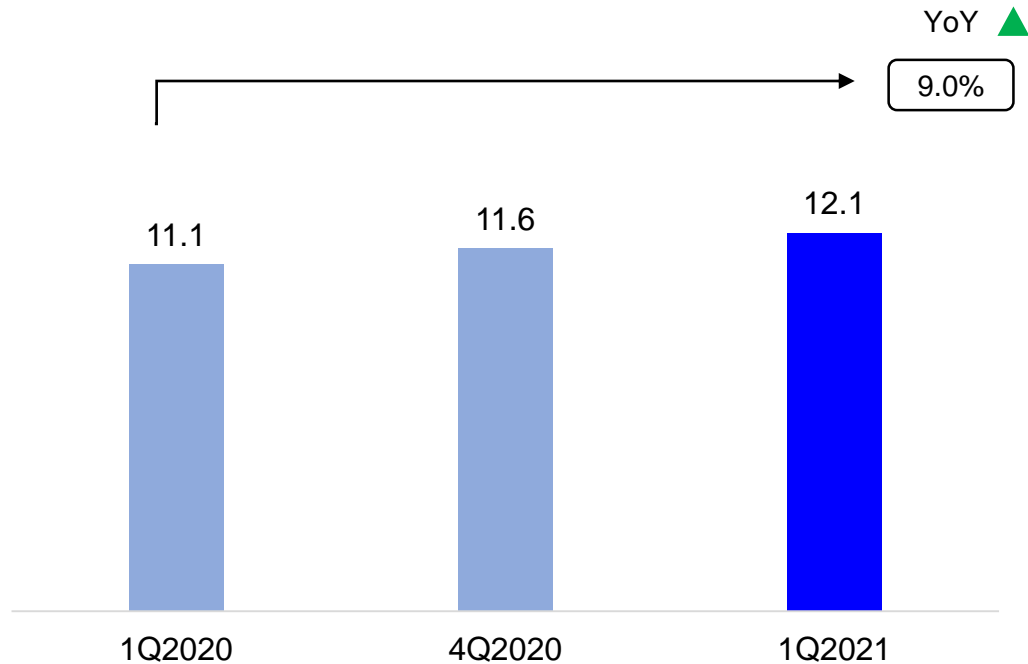


RM Billion	1Q2020	4Q2020	1Q2021	QoQ (%)	YoY (%)
Mortgage	11.1	11.6	12.1	4.3	9.0
Hire Purchase	10.3	10.7	10.8	0.9	4.9
Credit Card	0.2	0.2	0.2	0.0	0.0
ASB	0.6	0.6	0.6	0.0	0.0
Personal and other Loans/Financing	2.0	2.3	2.3	0.0	15.0
TOTAL	24.2	25.4	26.0	2.4	7.4



Community Banking: Mortgage

Mortgage Loans (RM Billion)



Mortgage loans improved 9.0% YoY to RM12.1 billion as at 1Q2021.

1Q2021	RM Million	%
Primary	7,530.60	62.3%
Secondary	2,108.47	17.5%
Others	2,444.16	20.2%
Total	12,083.23	100.0%

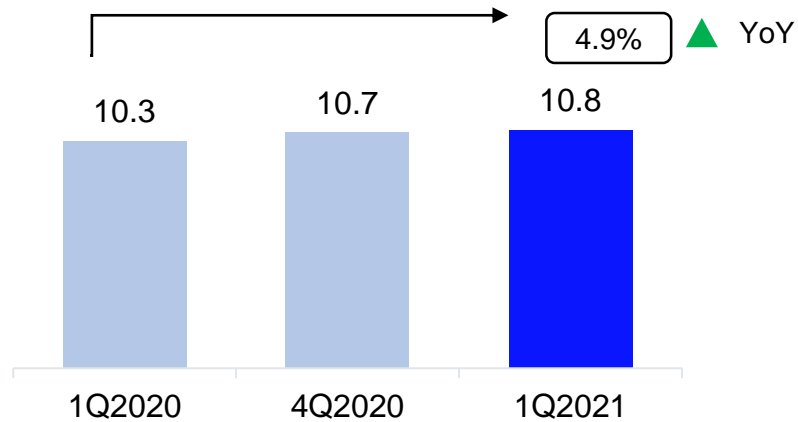
4Q2020	RM Million	%
Primary	7,104.26	61.1%
Secondary	2,027.60	17.4%
Others	2,505.24	21.5%
Total	11,637.10	100.0%

1Q2020	RM Million	%
Primary	6,530.04	58.9%
Secondary	1,950.16	17.6%
Others	2,598.58	23.5%
Total	11,078.78	100.0%



Community Banking: Hire Purchase

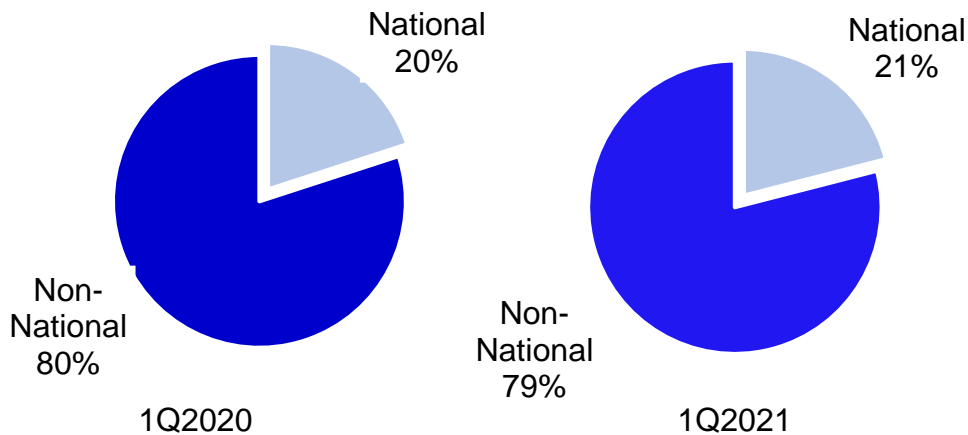
Hire Purchase Loans (RM Billion)



- HP loans base stood at RM10.8 billion as at 1Q2021, an increase of 4.9% YoY.



HP Portfolio Composition (%)



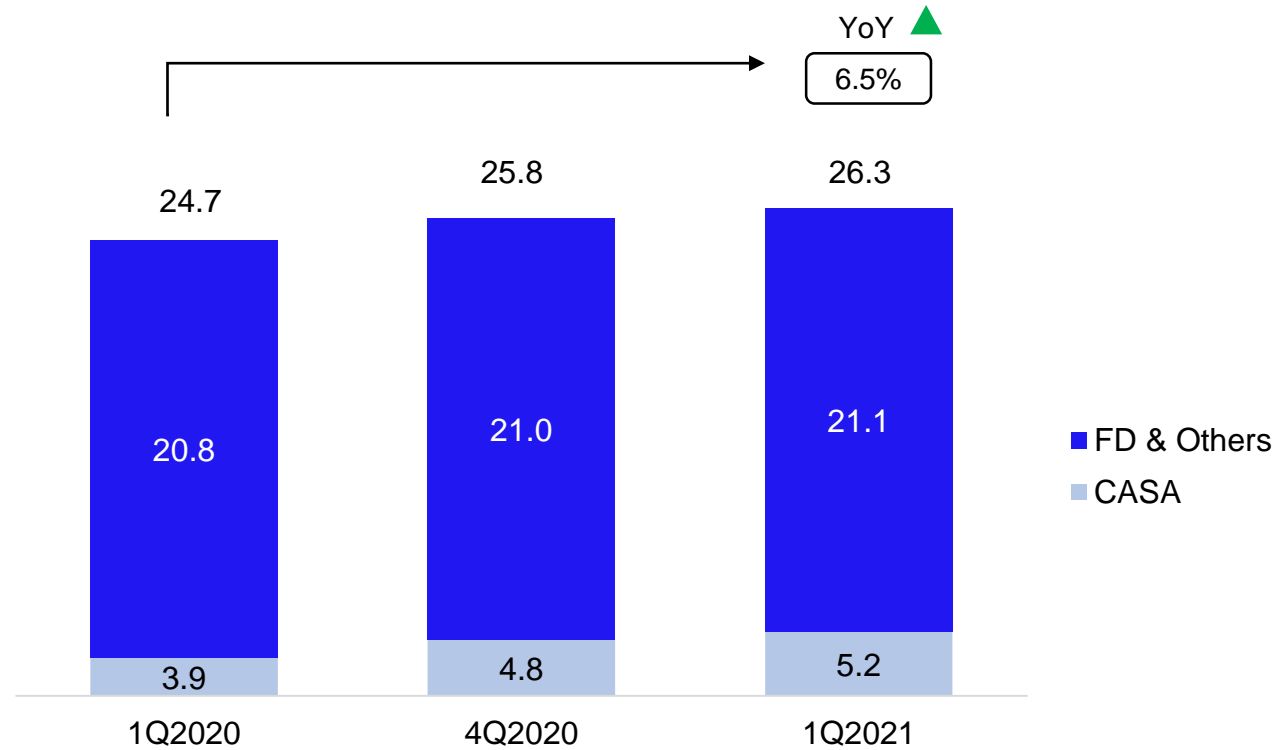
- Non-national makes e.g. Toyota, Honda, Mazda, Mercedes Benz, BMW constitutes 79% of HP Portfolio in March 2021.

PORTFOLIO	NET OUTSTANDING (RM Billion)
National cars	2.2
Non-National cars	8.6
Total	10.8



Community Banking: Deposits

Deposits (RM Billion)



	1Q2020	4Q2020	1Q2021
CASA Ratio	15.8%	18.6%	19.8%



Dividend Reinvestment Plan – paid in April 2021

- A Dividend Reinvestment Plan (DRP) had been established by the Bank following the approval of the Shareholders at the EGM held on 15 May 2018. The DRP gives the shareholders of the Company the option to reinvest their whole or portion of the Dividend for which the reinvestment option applies in new Affin Bank shares.
- Affin Bank has proposed a single tier interim dividend of 3.5 sen per share amounting to approximately RM72.8 million for the FYE 2020. The DRP will be applied to the proposed dividend.



ALWAYS FOR YOU : Assistance During COVID-19 Pandemic

REPAYMENT ASSISTANCE PROGRAM

Financial Assistance Instalment Relief (FAIR) Program

Specially customised and supportive financial assistance solutions to individuals, SME and Corporate customers

FAIR Program for Individuals

- A. Deferment program (P+I) for all consumer products - Period of deferment of 3 to 12 months depending on the following:
 - Reduction in salary or income
 - No pay leave imposed by employer
 - Retrenched and currently jobless or loss is income
- B. Relief program for credit cards
- C. R&R of existing credit facilities for all consumer products
 - Repayment arrangements with extension of financing tenure – may exceed current maximum period
 - Step-up repayment

FAIR Program for Non-Individuals

- A. R&R of existing credit facilities
 - Extension of deferment package for up to six (6) months without interest and/or principal payments
 - Repayment arrangement with extension of financing tenure, including grace period where required
 - Step-up payment plan without extension of financing tenure
 - Conversion of existing facilities into a term loan / financing for payment together with any accrued interest/profit up to six (6) years, with grace period up to one (1) year where required
 - Settlement of BA/BA-i/TR/TR-i via extension of TOD/TCL-I up to six (6) months
- B. New/Additional Credit Facilities
 - New / additional facilities, including grace period for interest / principal payment (if required)
 - Refinancing of loan/financing/trade facilities from other financial institutions

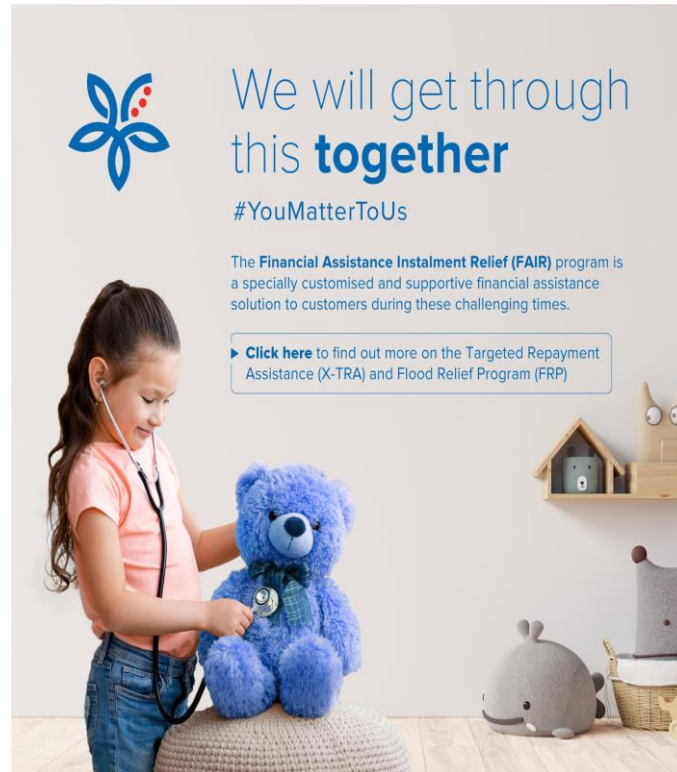
Expanded Targeted Repayment Assistance (X-TRA) Program

Specially enhanced program for B40, M40 and Micro Enterprises

- Eligible customers may opt for two (2) options:
- 3-month deferment of instalments; or
 - 50% reduction in instalments for six (6) months



ALWAYS FOR YOU : Assistance During COVID-19 Pandemic as at 1Q21



	% Against Total Outstanding Domestic Loans of Respective Loan Segments
Corporate Banking <ul style="list-style-type: none">FAIR	25%
Enterprise Banking <ul style="list-style-type: none">FAIRX-TRA	15% 6%
Community Banking <ul style="list-style-type: none">FAIRX-TRA	11% 6%



Key Takeaways

- Positive signs on core earnings of NII, Islamic and Fee based income which demonstrate significant improvement.
- Loan Growth momentum affected by continuous lockdown measures.
- Launching a number of Digital App offerings have been delayed due to MCO2.0.
- Re-engineering the balance sheet to improve Net Interest Margin and Cost of Funds.
- Focus on growing CASA.
- Asset Quality improvement is dependent on recoveries. Expected in 2H.

THANK YOU.

For any enquiries, please email ir@affinbank.com.my or call us at +603-2055-9005 (Investor Relations Department)

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