

PRESENTATION TO ANALYSTS AND FUND MANAGERS

**FINANCIAL RESULTS FOR FIRST HALF ENDED
30 JUNE 2021**

AFFIN BANK BERHAD

Friday, 27 AUGUST 2021



Key Performance Highlights for First Half Results ended 30 June 2021

PROFITABILITY

- AIM22 gaining traction with PBT of RM282.2 million in 1H2021 vs RM267.9 million in 1H2020 PBT, YoY increase of 5.3%.
- Net income recorded was RM1,116.5 million in 1H2021 vs RM1,087.2 million in 1H2020 (YoY improved by 2.7%).
- Core Earnings continue to strengthen with Net Interest Income growing 26.4% YoY and 7.8% YoY growth in Islamic Banking Income due to better NIM and steady Loan/Financing growth.
- Annualised ROE was 3.92% in 1H2021 as compared to 4.06% in 1H2020.
- Progressive improvement in Cost to Income ratio of 58.8% for 2Q21 as compared to 63.3% in 1Q21.

ASSET QUALITY

- Gross Impaired Loans ratio improved QoQ, however at 3.27% in 1H2021 vs 3.06% in 1H2020, increased by 0.21% YoY.
- Loan Loss Coverage further improved by 4.34% YoY to 57.54% in 1H2021 vs 53.20% in 1H2020.
- Credit Cost improved to 0.53% in 1H2021 vs 0.78% in 1H2020, a reduction of 25bps YoY.

LIQUIDITY

- CASA grew 24.1% YoY to RM11.9 billion resulting in significant improvement in CASA ratio of 22.12% in 1H2021 as compared to 19.86% in 1H2020, an increase of 2.26% YoY.
- COF significantly improved by a reduction of 118 bps to 2.05% in 1H2021 vs 3.23% in 1H2020
- LCR comfortable at 160.90% in 1H2021 vs 163.42% in 1H2020 and NSFR of 113.01% in 1H2021 vs 115.59% in 1H2020.



Key Performance Highlights for First Half Results ended 30 June 2021

LOANS

- Gross Loans increased by 7.1% YoY to RM48.2 billion for 1H2021 vs RM45.0 billion for 1H2020.

CAPITAL ADEQUACY

- CET-1 capital ratio decreased by 61 bps to 14.05% (1H2020:14.66%).
- Tier-1 capital ratio decreased by 68 bps to 15.77% (1H2020:16.45%).
- Total capital ratio of 21.41%, a decrease by 210 bps (1H2020:23.51%).

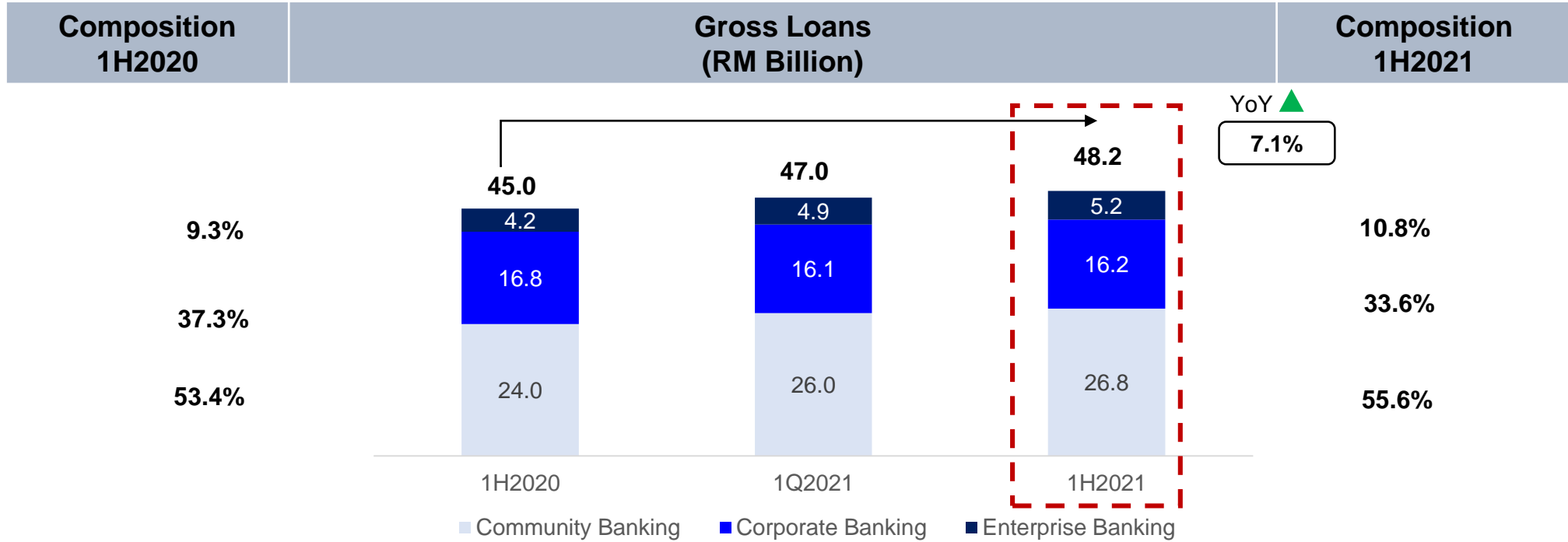


Balance Sheet Highlights

RM Million	1H2020	1Q2021	1H2021	QoQ (%)	YoY (%)
Cash & short-term funds	8,165.2	6,042.9	7,901.5	30.8	(3.2)
Financial assets/investments	10,672.5	13,812.0	14,463.2	4.7	35.5
Gross loans, advances & financing	45,023.5	47,000.7	48,203.8	2.6	7.1
Less : ECL	(700.5)	(819.3)	(867.3)	5.9	23.8
Other assets	4,014.3	4,841.4	4,683.8	(3.3)	16.7
TOTAL ASSETS	67,175.0	70,877.7	74,385.0	4.9	10.7
Deposits from customers	48,294.7	50,643.0	53,795.8	6.2	11.4
of which : (Current Account)	6,778.0	8,576.0	8,728.0	1.8	28.8
(Savings Account)	2,814.4	3,129.0	3,172.1	1.4	12.7
Total CASA	9,592.4	11,705.0	11,900.1	1.7	24.1
Fixed Deposits, NIDs, MMD & CMD	38,702.3	38,938.0	41,895.7	7.6	8.3
Deposits & placement of banks & other FIs	3,403.5	4,338.7	4,857.3	12.0	42.7
Other liabilities	2,338.0	3,269.5	2,844.7	(13.0)	21.7
Borrowings	3,606.2	3,312.1	3,336.2	0.7	(7.5)
Total Equity	9,532.6	9,314.4	9,551.0	2.5	0.2
TOTAL LIABILITIES & EQUITY	67,175.0	70,877.7	74,385.0	4.9	10.7



Loans Growth driven by Enterprise Banking and Community Banking Segments

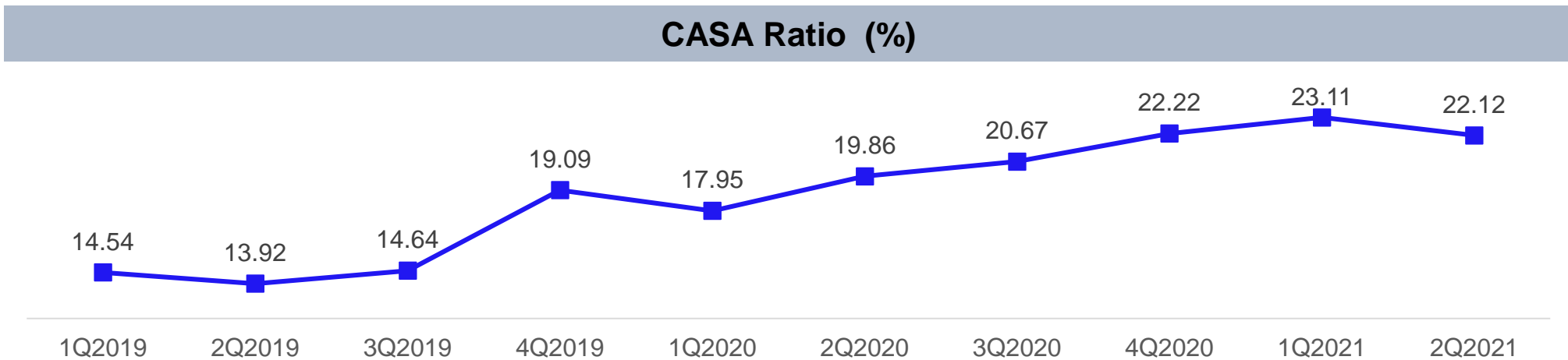
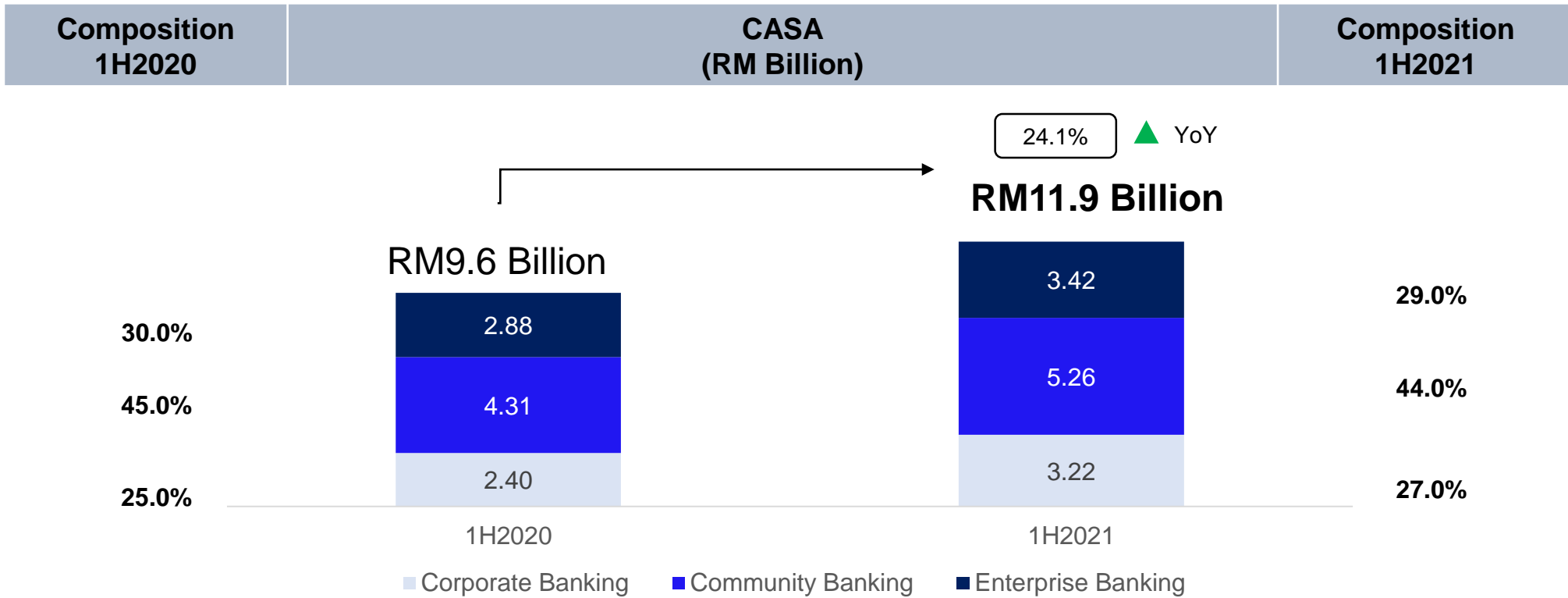


Loans by Business Segments (RM Billion)

RM Billion	1H2020	1Q2021	1H2021	QoQ (%)	YoY (%)
Community Banking	24.0	26.0	26.8	3.2	11.9
Corporate Banking	16.8	16.1	16.2	0.7	(3.5)
Enterprise Banking	4.2	4.9	5.2	5.8	23.4
TOTAL	45.0	47.0	48.2	2.6	7.1



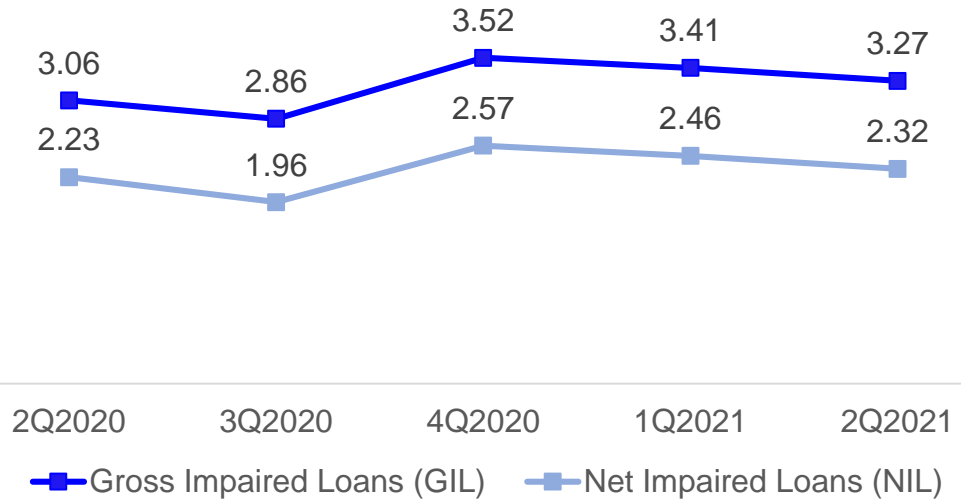
Slow CASA Momentum Due To Movement Control Order





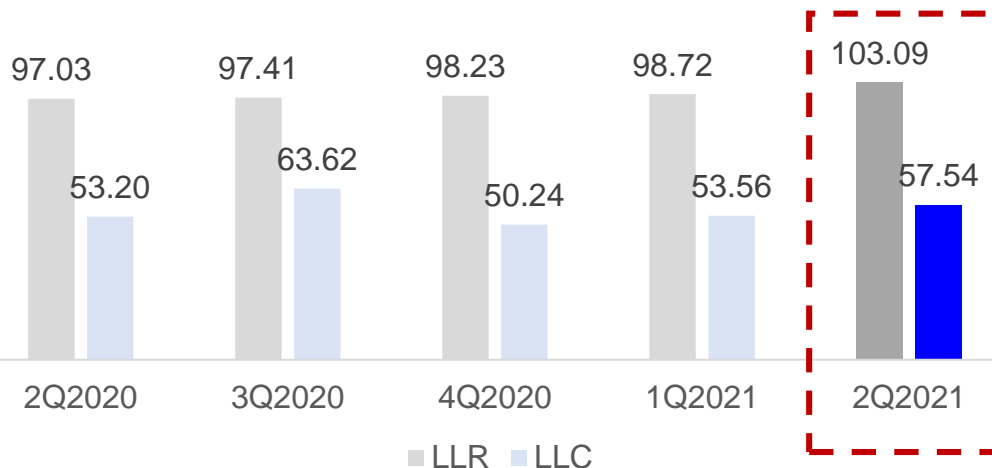
Monitoring Asset Quality Under NRA 2.0 & Priority To Increase Loan Loss Coverage

Impaired Loans Ratio (%)



- *GIL recorded at 3.27% in 1H2021 vs 3.06% 1H2020, but improved by 14 bps QoQ.*
- *NIL at 2.32% in 1H2021 vs 2.23% in 1H2020.*

Loan Loss Reserve and Loan Loss Coverage (%)



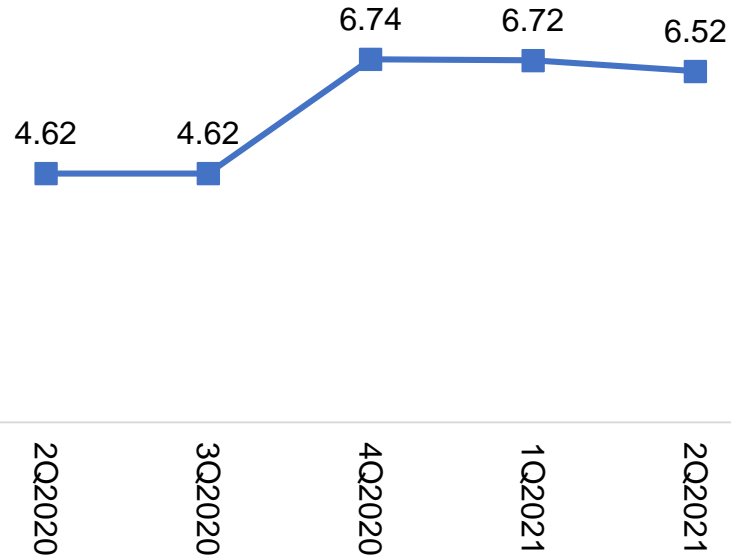
- *Loan Loss Coverage ratio was 57.54% in 1H2021 vs 53.20% in 1H2020, 4.34% improvement.*
- *Loan Loss Reserve ratio was 103.09% in 1H2021 vs 97.03% in 1H2020, 6.06% improvement*



Improvement In Asset Quality By Business Segments

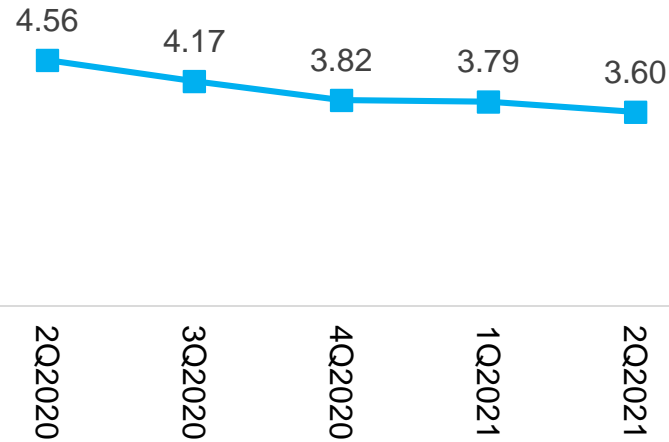
Gross Impaired Loans Ratio (%)

Corporate



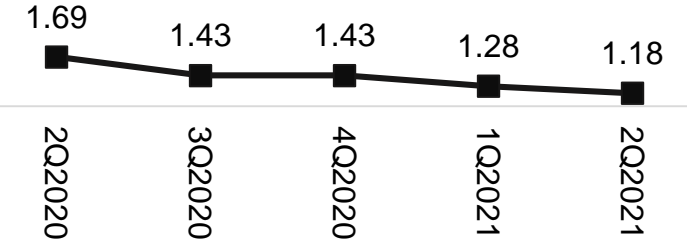
Enhance early warning framework to ensure timely detection and rehabilitation.

Enterprise



Regional Asset Quality Management set-up for faster response.

Community



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



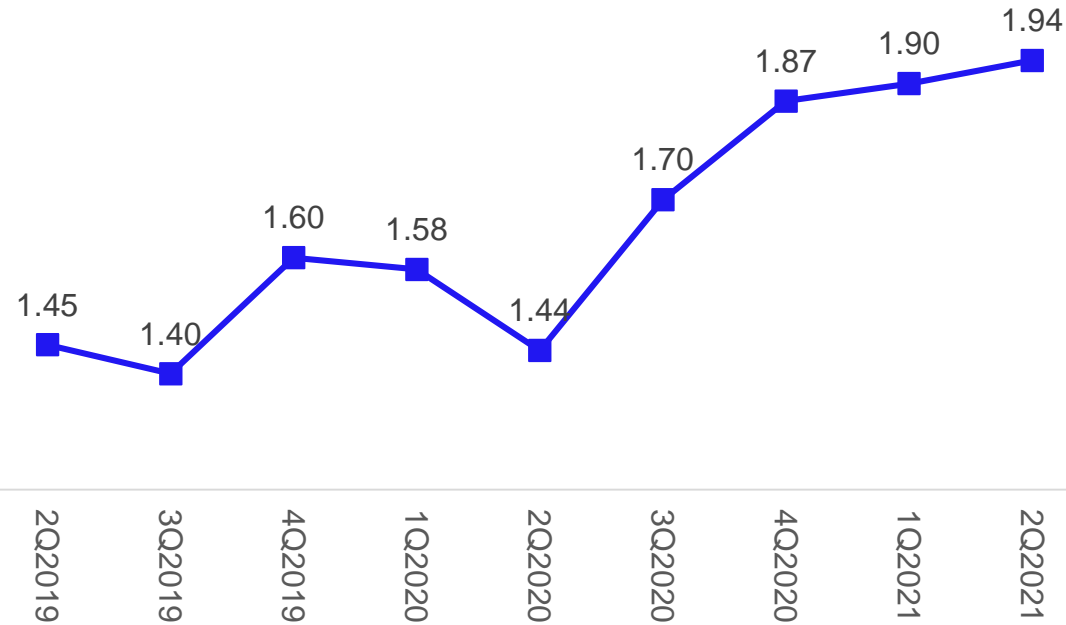
Income Statement

RM Million	Quarter		QoQ	YTD		YoY
	1Q2021	2Q2021	%	1H2020	1H2021	%
Net Interest Income	192.6	225.5	17.1	330.7	418.1	26.4
Income from Islamic Banking Business	128.9	126.7	(1.7)	237.0	255.6	7.8
Modification Loss	-	-	-	(79.7)	-	100.0
Other operating Income	216.1	226.7	4.9	599.2	442.8	(26.1)
<i>of which :</i>						
<i>Net Fee & Commission Income</i>	161.6	174.0	7.7	234.5	335.6	43.1
<i>Net Gains on Financial Instruments</i>	39.4	41.3	4.8	338.8	80.7	(76.2)
<i>Other income</i>	15.1	11.4	(24.5)	25.9	26.5	2.3
Net Income	537.6	578.9	7.7	1,087.2	1,116.5	2.7
Operating Expenses	(340.4)	(340.6)	0.0	(658.7)	(681.0)	(3.4)
Operating profit before allowances	197.2	238.3	20.9	428.5	435.5	1.7
Allowances for Impairment Losses	(93.8)	(81.5)	13.1	(171.9)	(175.3)	(2.0)
Share of results of a Joint Venture & an Associate	5.9	18.0	205.8	14.5	23.9	64.7
Zakat	(1.1)	(0.8)	27.3	(3.2)	(1.9)	40.6
Profit Before Taxation	108.2	174.0	60.8	267.9	282.2	5.3

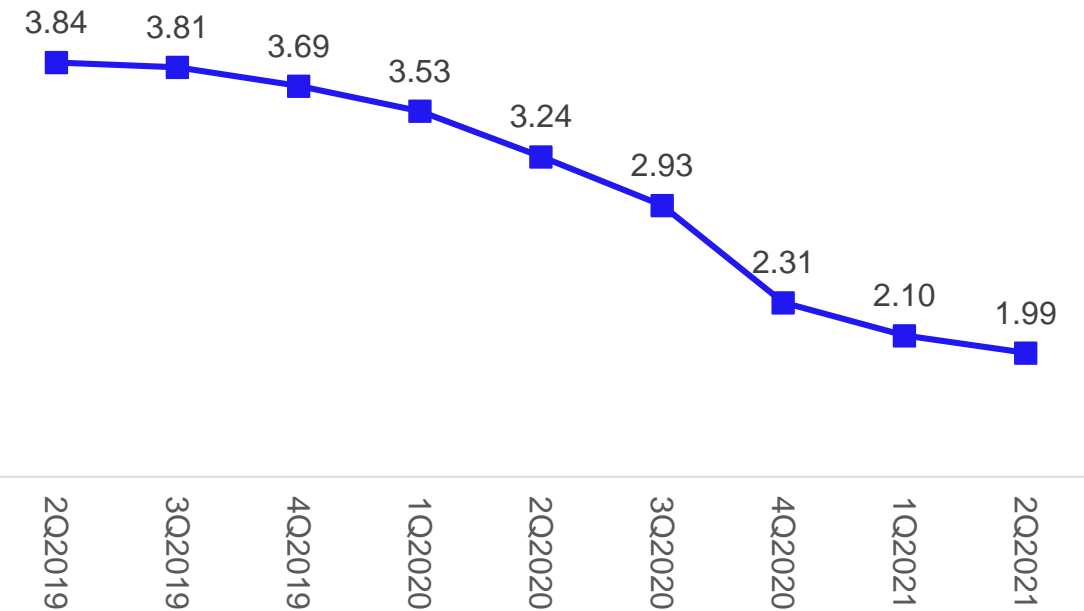


Net Interest Income Making Good Progress And Grew By 26.4% YoY With The Reduction Of Cost Of Funds

Net Interest Margin (%)



Cost of Funds (%)



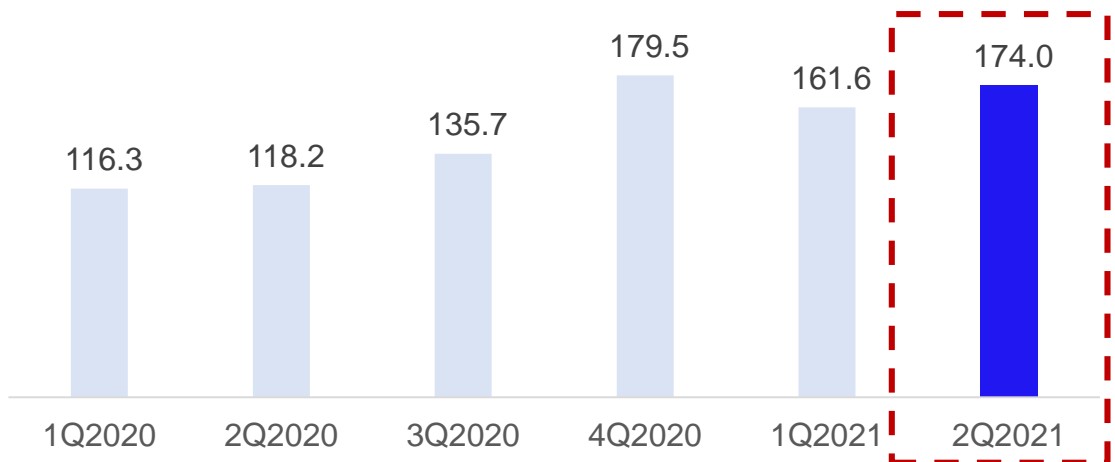
- The Group will continue its deposit strategy to expand CASA franchise whilst reducing dependency on high cost fixed deposits.



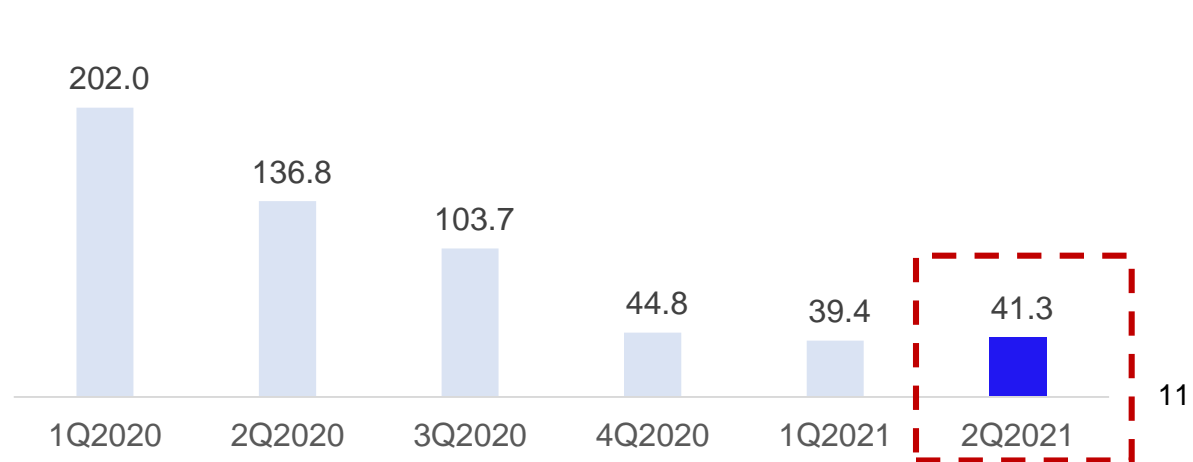
Growing Fee Based Income And Reducing Dependency On Treasury FVOCI Gains

RM Million	Quarter		QoQ	YTD		YoY
	1Q2021	2Q2021	%	1H2020	1H2021	%
Fees & Commission	39.6	51.3	29.5	38.2	89.7	134.8
Stockbroking @net brokerage	33.6	25.4	(24.5)	49.9	58.9	18.0
Portfolio management fees	77.6	83.9	8.1	130.6	161.5	23.7
Wealth income	9.0	11.6	28.9	12.1	21.8	80.2
Advisory income	1.8	1.8	-	3.7	3.7	-
Net Fee And Commission Income	161.6	174.0	7.7	234.5	335.6	43.1
Net Gains On Financial Instruments	39.4	41.3	4.8	338.8	80.7	(76.2)
Other Income	15.1	11.4	(24.5)	25.9	26.5	2.3
Other Operating Income	216.1	226.7	4.9	599.2	442.8	(26.1)

NET FEE AND COMMISSION INCOME



NET GAINS ON FINANCIAL INSTRUMENTS

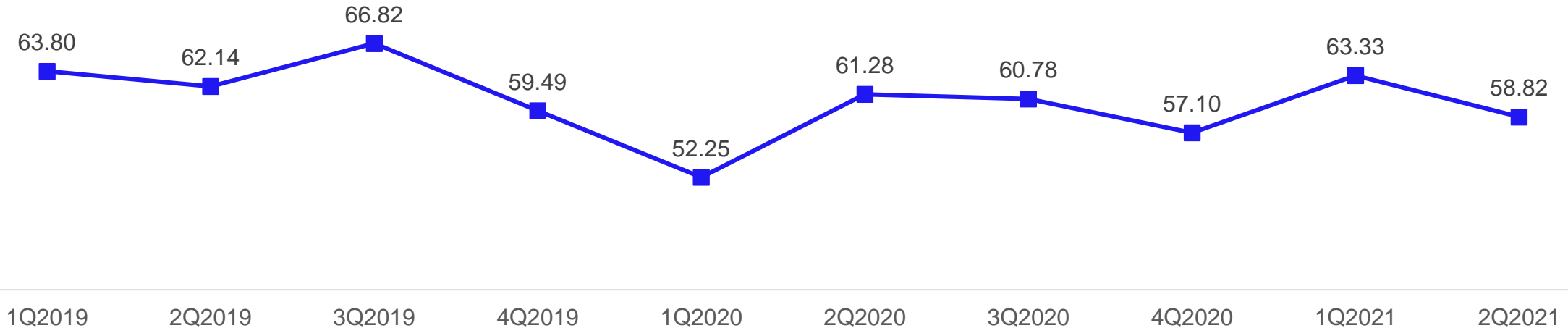




Operating Expenses higher due to higher personnel costs

RM Million	1Q2021	2Q2021	QoQ (%)	1H2020	1H2021	YoY (%)
Personnel costs	229.9	232.9	1.3	425.6	462.8	8.7
Promotion & marketing related expenses	11.1	11.0	(0.9)	21.0	22.1	5.2
Establishment related expenses	75.1	72.5	(3.5)	156.4	147.6	(5.7)
General & administration expenses	24.3	24.2	(0.4)	55.7	48.5	(12.9)
Total	340.4	340.6	0.0	658.7	681.0	3.4
Cost to Income Ratio (%)	63.33	58.82	(4.51)	56.45	60.99	4.54
JAWS Position (%)	(9.63)	7.66	17.29	4.24	(0.68)	(4.92)

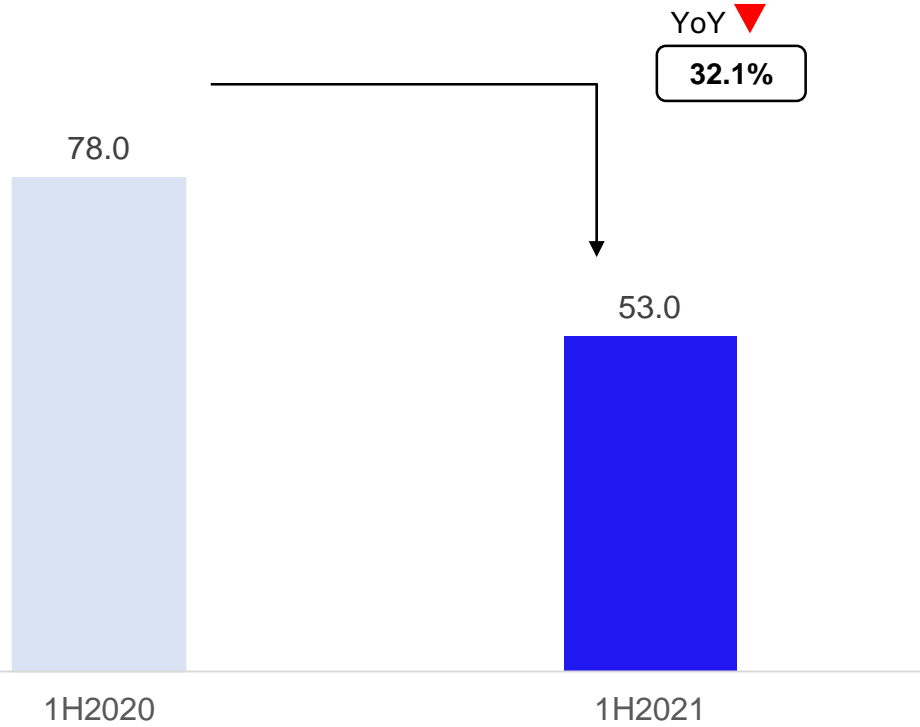
Cost to Income Ratio (%)



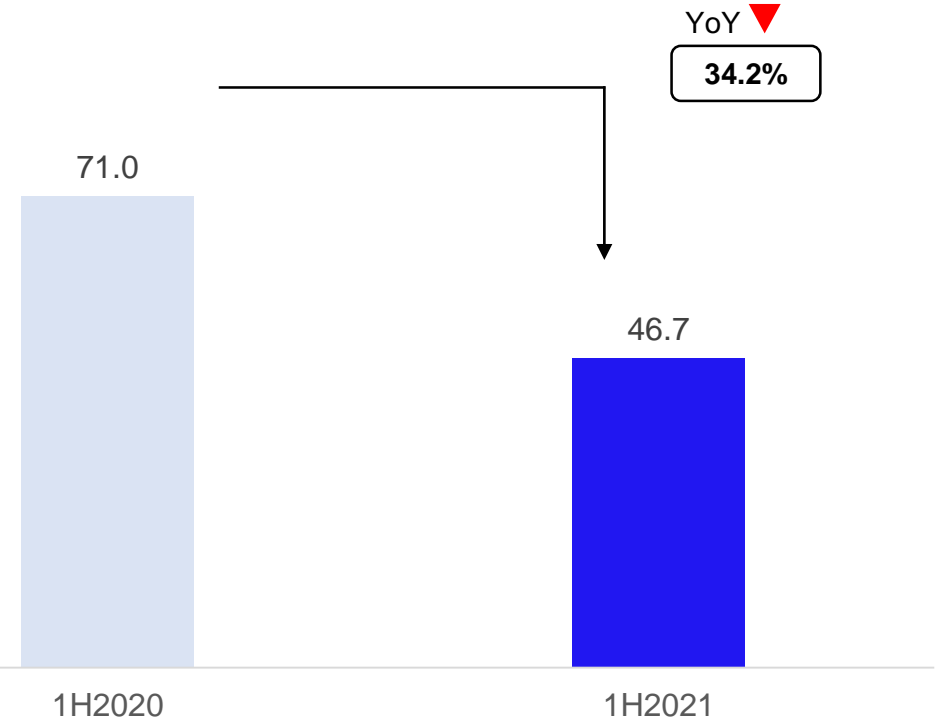


Reducing Credit Cost In Line With Prudent Management Of Asset Quality

Gross Credit Cost (bps)



Net Credit Cost (bps)





PBT Contribution by Subsidiaries, JV and Associate

Entity / RM Million	Quarter		QoQ	YTD		YoY
	1Q2021	2Q2021	%	1H2020	1H2021	%
Affin Bank (Bank Level)	38.5	35.4	(8.1)	38.7	73.9	91.0
Affin Islamic Bank	33.0	53.8	63.0	46.6	86.8	86.3
Affin Hwang Investment Bank	52.8	56.3	6.6	156.2	109.1	(30.2)
Affin Hwang Asset Management	41.2	55.2	34.2	52.1	96.4	85.0
AFFIN Moneybrokers	0.6	0.4	(33.3)	1.1	1.0	(9.1)
AXA AFFIN Life Insurance	2.8	3.7	32.1	2.9	6.5	124.1
AXA AFFIN General Insurance	3.1	14.3	361.3	12.3	17.4	41.3
Consol Adjustment	(63.8)	(45.1)	(29.3)	(42.0)	(108.9)	159.3
AFFIN Bank Group	108.2	174.0	60.8	267.9	282.2	5.3



Capital in Strong Position

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

Ratio (%)		CET 1			Tier 1			Total Capital		
		2019	2020	Jun 2021	2019	2020	Jun 2021	2019	2020	Jun 2021
AFFIN BANK BERHAD	Group	14.46	14.52	14.05	16.24	16.28	15.77	23.19	22.24	21.41
	Bank	12.96	13.06	12.54	14.64	14.79	14.21	22.19	21.25	20.31
AFFIN ISLAMIC BANK BERHAD	Bank	11.72	12.23	11.79	13.82	14.22	13.70	20.53	20.27	19.38
AFFIN HWANG INVESTMENT BANK BERHAD	Group	33.24	34.07	28.27	33.99	35.00	29.18	34.76	35.41	29.55
	Bank	42.74	45.53	40.67	42.74	45.53	40.67	43.57	46.13	41.24



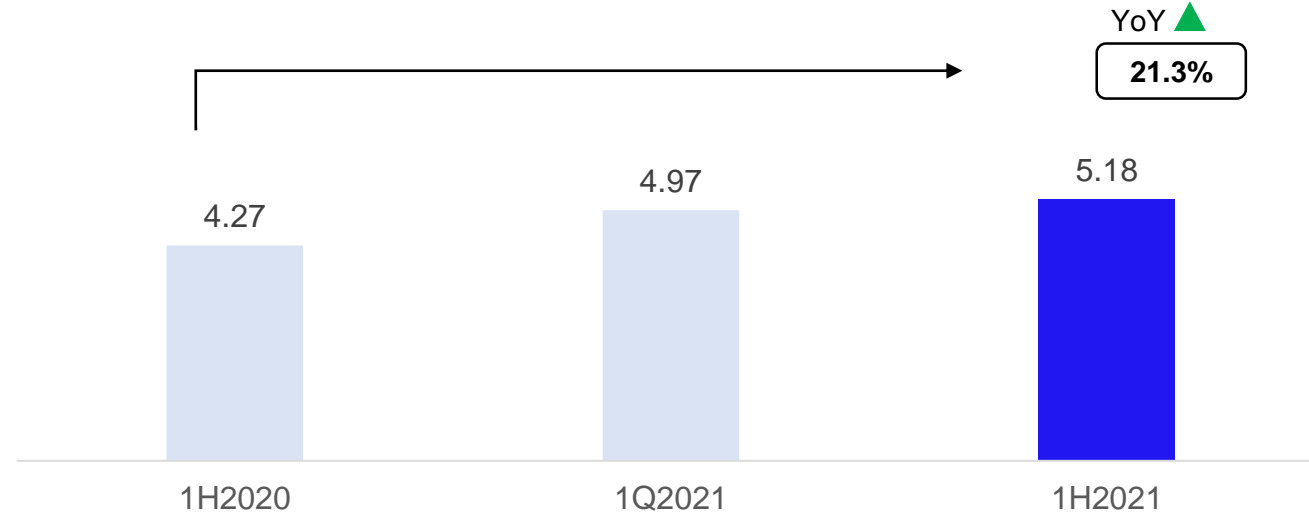
Key Ratios

	1Q2021 (%)	2Q2021 (%)	QoQ (%)	1H2020 (%)	1H2021 (%)	YoY (%)
PROFITABILITY						
Return on Equity (After Tax)	2.93	5.04	▲ 2.11	4.06	3.92	▼ (0.14)
Fee to Income Ratio	40.20	39.15	▼ (1.05)	55.12	39.65	▼ (15.47)
Net Interest Margin	1.90	1.94	▲ 0.04	1.80	1.94	▲ 0.14
Cost to Income Ratio	63.33	58.82	▼ (4.51)	56.45	60.99	▲ 4.54
ASSETS QUALITY						
Gross Credit Cost	0.53	0.53	■ 0.00	0.78	0.53	▼ (0.25)
Gross Impaired Loans Ratio	3.41	3.27	▼ (0.14)	3.06	3.27	▲ 0.21
Loan Loss Coverage Ratio	53.56	57.54	▲ 3.98	53.20	57.54	▲ 4.34
LIQUIDITY						
Cost of Funds	2.10	1.99	▼ (0.11)	3.23	2.05	▼ (1.18)
CASA Ratio	23.11	22.12	▼ (0.99)	19.86	22.12	▲ 2.26
Net Stable Funding Ratio (NSFR)	109.32	113.01	▲ 3.69	115.59	113.01	▼ (2.58)
Liquidity Coverage Ratio (LCR)	132.69	160.90	▲ 28.21	163.42	160.90	▼ (2.52)
CAPITAL ADEQUACY						
CET 1 Ratio	13.80	14.05	▲ 0.25	14.66	14.05	▼ (0.61)
Total Capital Ratio	21.27	21.41	▲ 0.14	23.51	21.41	▼ (2.10)



Enterprise Banking: Loans

Loans (RM Billion)



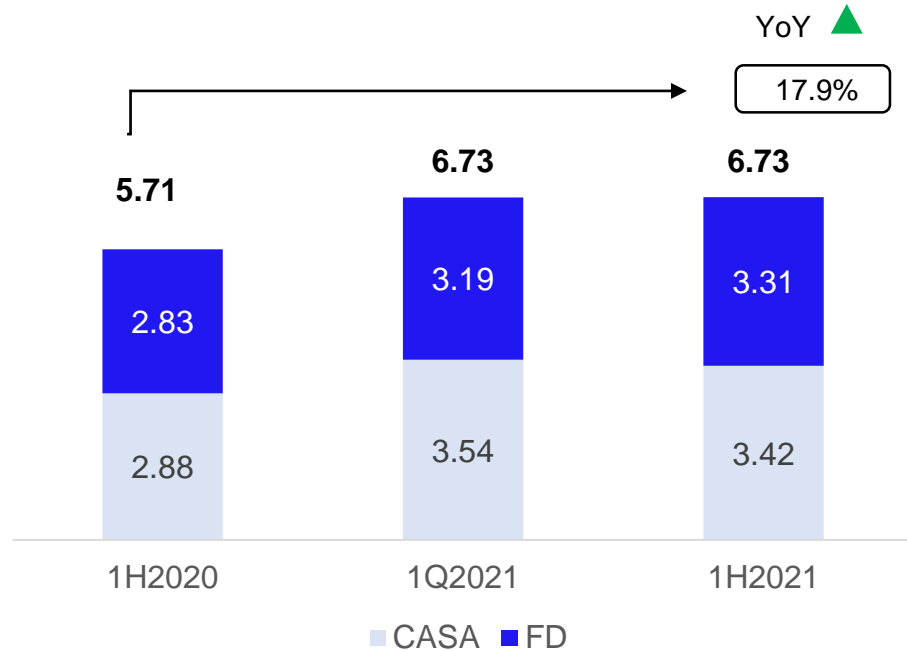
Loan growth steady at 21.3% YoY with RM1.7 billion loan stocks pending acceptance, documentation and disbursement on the book for Enterprise Banking segment

	1H2020	1Q2021	1H2021	QoQ (%)	YoY (%)
Working capital	1.40	1.60	1.67	4.4	19.3
Term Loans	2.87	3.37	3.51	4.1	22.3
Total	4.27	4.97	5.18	4.2	21.3



Enterprise Banking: Deposits

Deposits (RM Billion)



- Total deposits registered steady growth at 17.9% (+RM1.02b) of which CASA grew 18.8% (+RM540m)
- CASA ratio improved to 50.8% in 1H2021
- Improvement in CASA was driven by targeted campaigns at high net worth entities and SMEEdge series of CASA products

	1H2020	1Q2021	1H2021
CASA Ratio	50.4%	52.6%	50.8%

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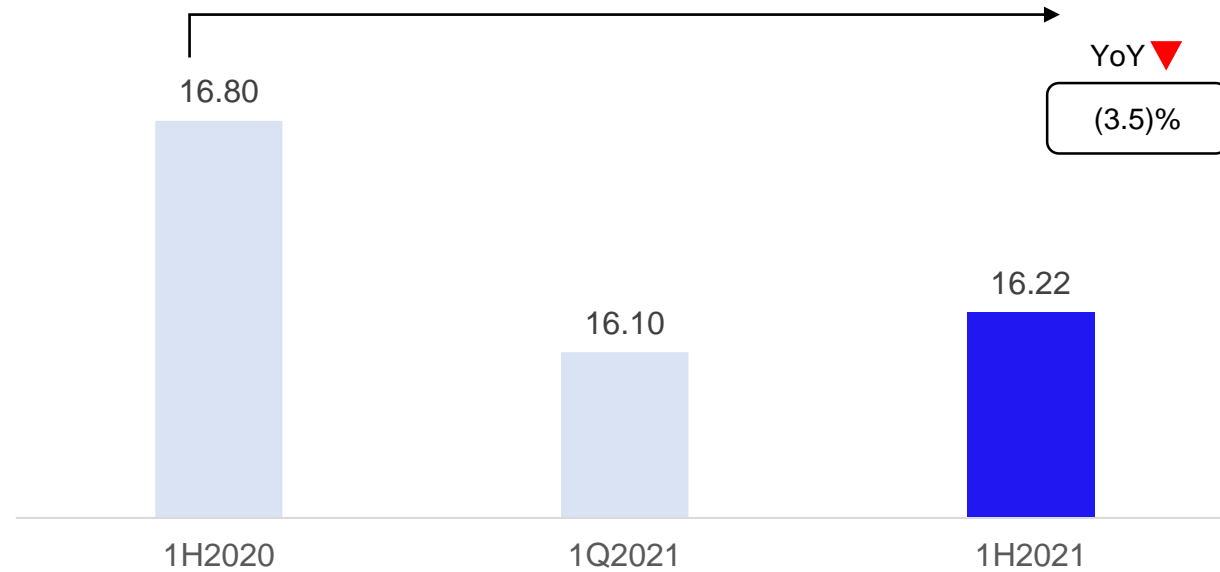
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Corporate Banking: Loans

Loans (RM Billion)



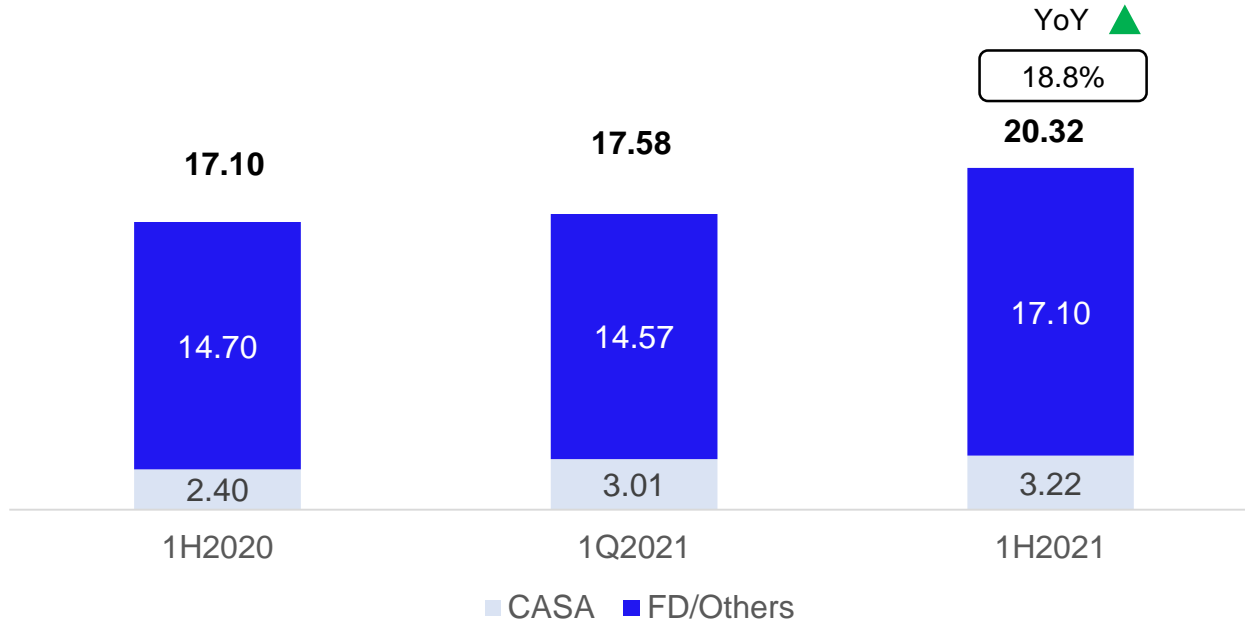
Corporate Banking experienced a marginal decline in loans in the 1H2021

	1H2020	1Q2021	1H2021	QoQ (%)	YoY (%)
Working capital	6.51	6.30	6.50	3.1	(0.3)
Term Loans	10.29	9.80	9.72	(0.8)	(5.4)
Total	16.80	16.10	16.22	0.7	(3.5)

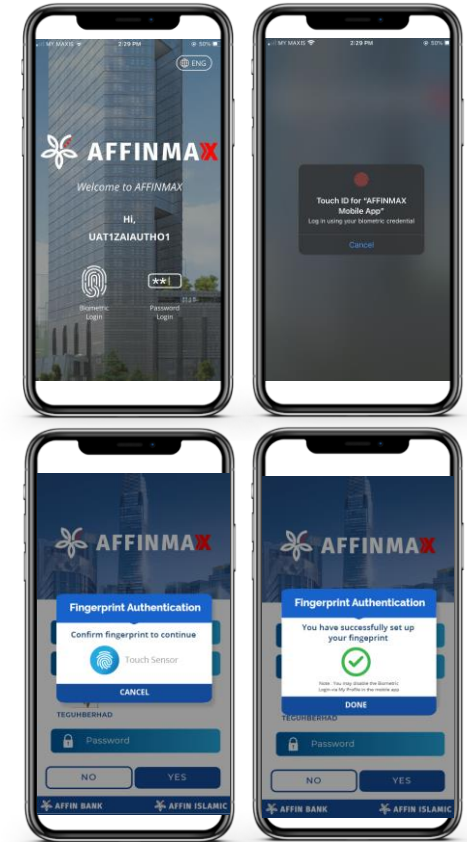


Corporate Banking: Deposits

Deposits (RM Billion)



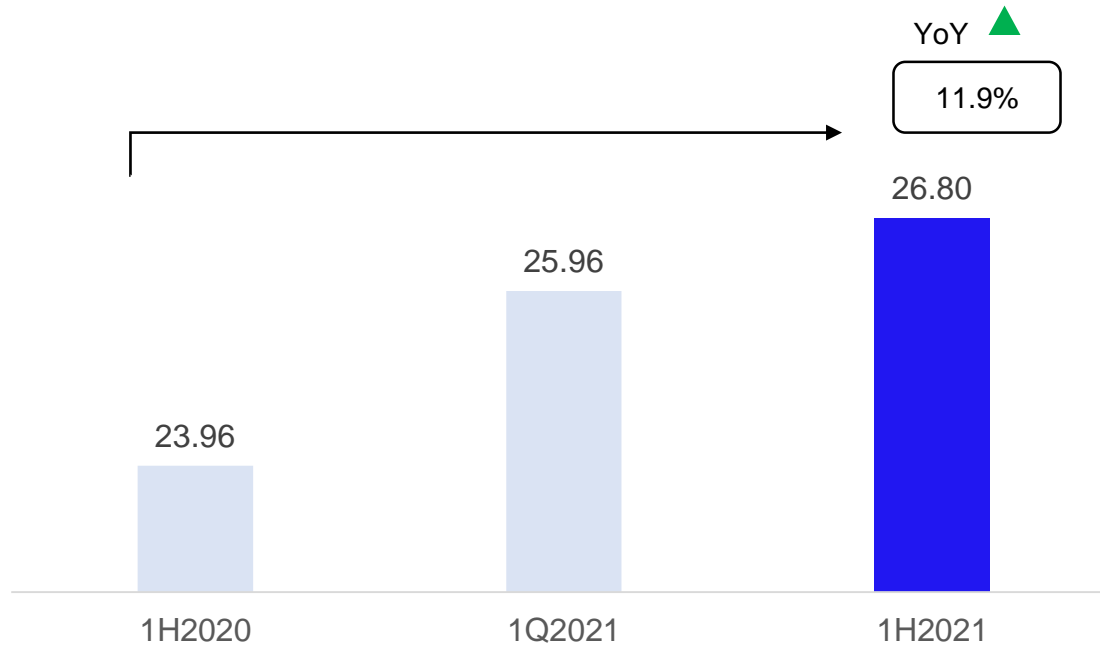
	1H2020	1Q2021	1H2021
CASA Ratio	14.0%	17.1%	15.8%



Biometric access to AffinMax



Community Banking: Loans



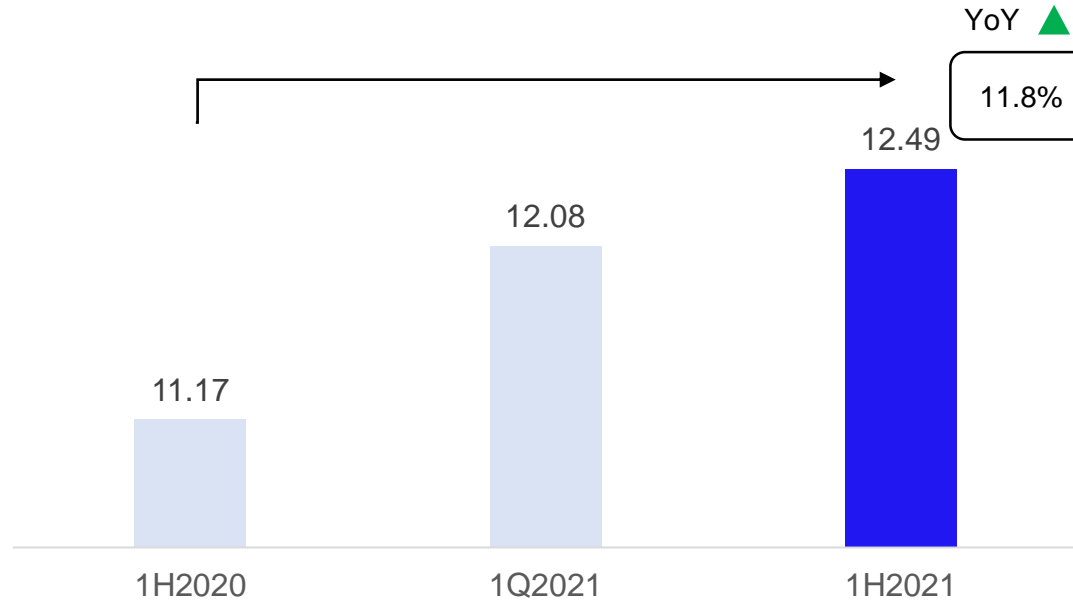
OPENING FOUR NEW BRANCHES IN 2021

RM Billion	1H2020	1Q2021	1H2021	QoQ (%)	YoY (%)
Mortgage	11.17	12.08	12.49	3.39	11.82
Hire Purchase	10.01	10.77	10.95	1.67	9.39
Credit Card	0.17	0.22	0.22	-	29.41
ASB	0.55	0.56	0.62	10.71	12.73
Personal and Other Loans/Financing	2.06	2.33	2.52	8.15	22.33
TOTAL	23.96	25.96	26.80	3.23	11.85



Community Banking: Mortgage

Mortgage Loans (RM Billion)



Mortgage loans improved 11.8% YoY to RM12.49 billion as at 1H2021.

1H2021	RM Million	%
Primary	7,927.15	63.47%
Secondary	2,173.01	17.40%
Others	2,389.83	19.13%
Total	12,489.99	100.00%

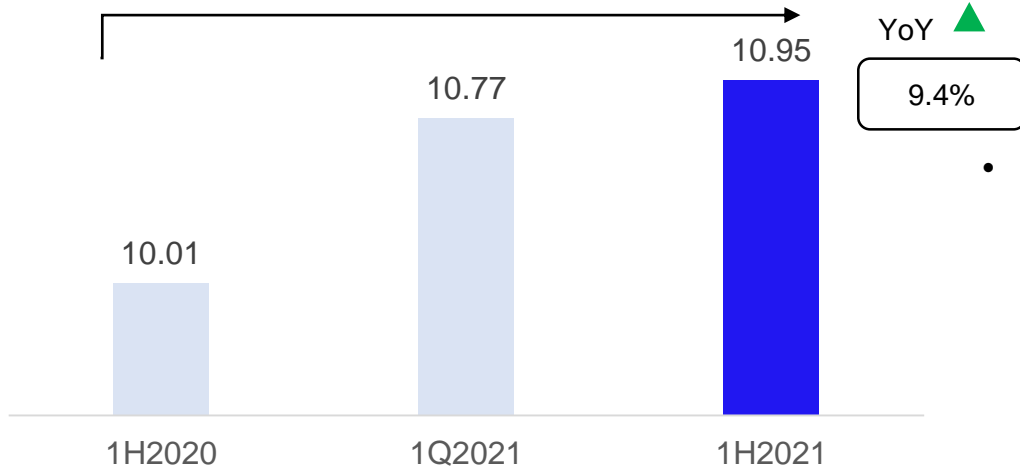
1Q2021	RM Million	%
Primary	7,530.60	62.3%
Secondary	2,108.47	17.5%
Others	2,444.16	20.2%
Total	12,083.23	100.0%

1H2020	RM Million	%
Primary	6,622.71	59.27%
Secondary	1,962.25	17.56%
Others	2,589.08	23.17%
Total	11,174.04	100.00%



Community Banking: Hire Purchase

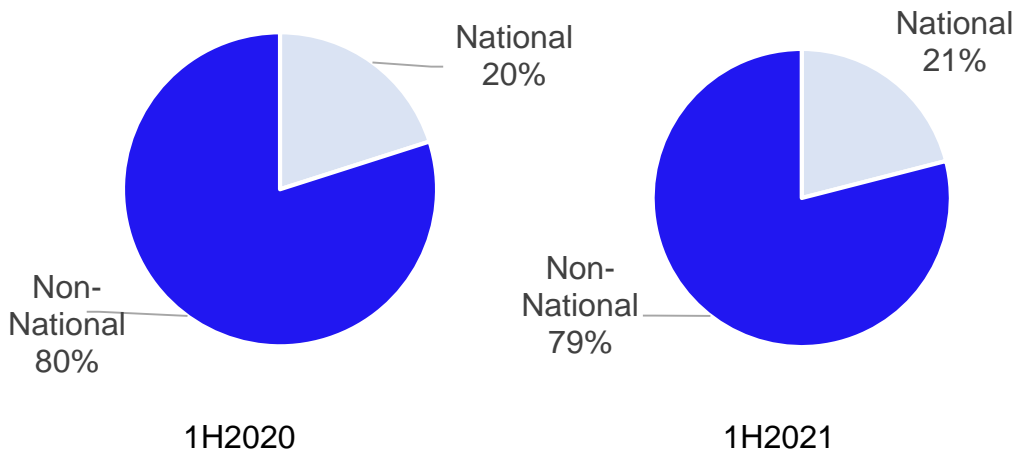
Hire Purchase Loans (RM Billion)



- HP loans base stood at RM10.95 billion as at 1H2021, an increase of 9.4% YoY.



HP Portfolio Composition (%)



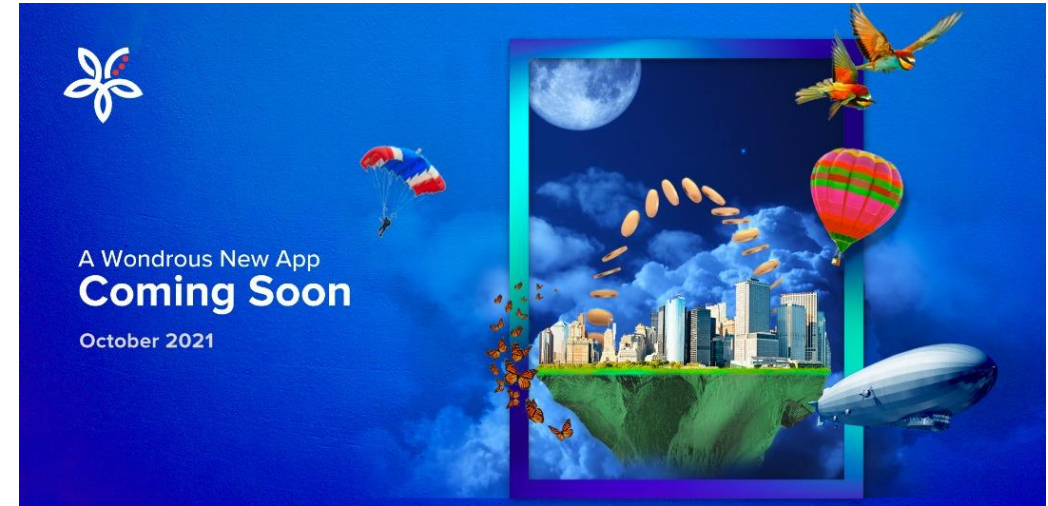
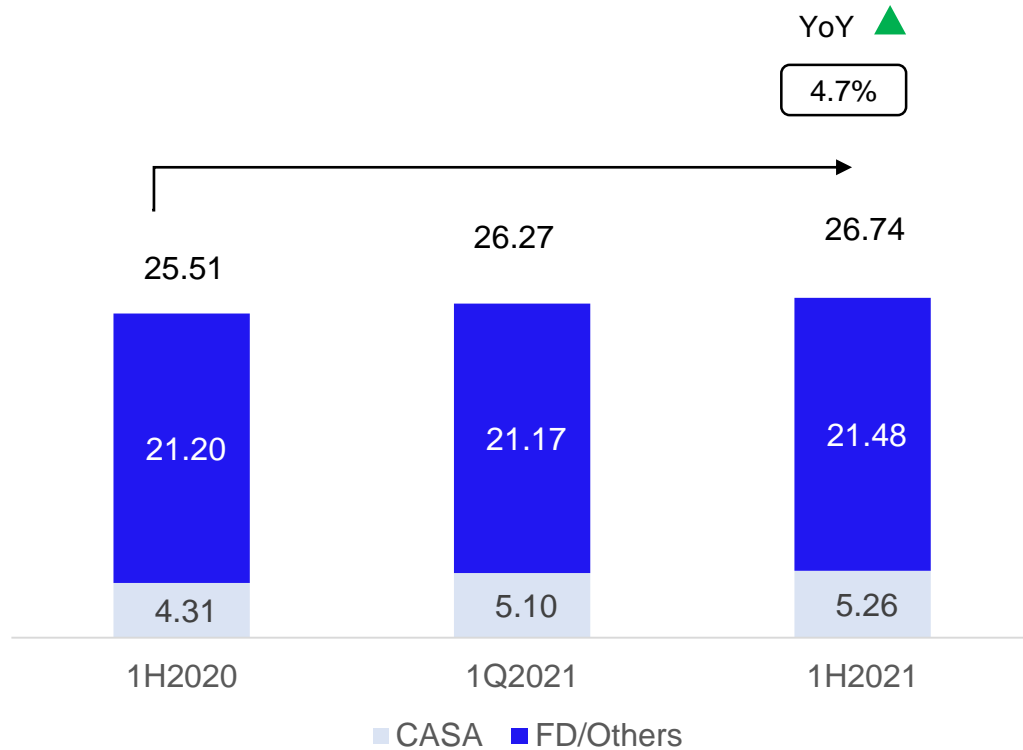
- Non-national makes e.g. Toyota, Honda, Mazda, Mercedes Benz, BMW constitutes 79% of HP Portfolio in June 2021.

RM Billion	1H2020	1H2021	YOY (%)
National cars	2.00	2.30	15.0
Non-National cars	8.01	8.65	8.0
Total	10.01	10.95	9.4



Community Banking: Deposits

Deposits (RM Billion)



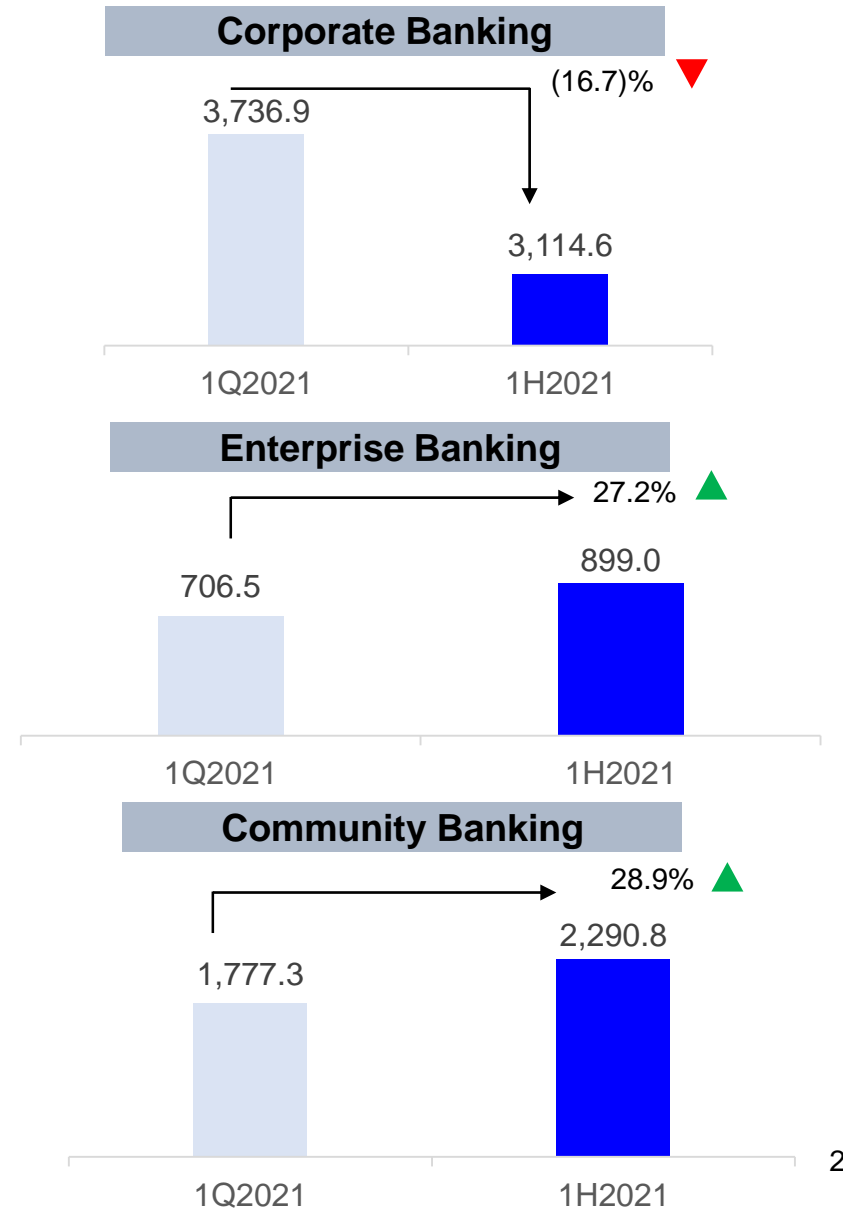
	1H2020	1Q2021	1H2021
CASA Ratio	16.9%	19.4%	19.7%

CASA ratio will remain the primary focus with our CASA hunting teams and introduction of our new Retail Internet Banking and other digital platforms.



Approved And Active Accounts: Assistance During Covid-19 Pandemic As At 1H2021

Approved and Active Accounts	1Q2021		1H2021	
	RM' Mil	%	RM' Mil	%
Corporate Banking				
FAIR	3,566.1	22.2%	2,854.4	17.6%
NRA	71.9	0.4%	118.6	0.7%
Covid-19 R&R	98.9	0.6%	141.6	0.9%
Total	3,736.9	23.3%	3,114.6	19.2%
Enterprise Banking				
FAIR	0.0	0.0%	733.0	14.1%
FAIR & NRA	701.1	14.1%	30.0	0.6%
Flood Relief Program (FRP)	5.4	0.1%	22.0	0.4%
NRA	0.0	0.0%	114.0	2.2%
Total	706.5	14.2%	899.0	17.4%
Community Banking				
FAIR	851.0	3.3%	1,120.8	4.2%
Targeted Mora Extension	97.0	0.4%	174.3	0.7%
X-TRA	829.3	3.2%	647.8	2.4%
NRA	0.0	0.0%	347.9	1.3%
Total	1,777.3	6.8%	2,290.8	8.5%
Total Loans Under Repayment Assistance	6,220.7	13.2%	6,304.4	13.1%





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.
- Focus on growing CASA with new Digital App launch in October 2021.
- Re-engineering the balance sheet to improve Net Interest Margin and Cost of Funds.
- Asset Quality improvement is dependent on recoveries delayed until 4Q2021

THANK YOU.

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