

PRESENTATION TO ANALYSTS AND FUND MANAGERS

**FINANCIAL RESULTS FOR 9-MONTHS PERIOD ENDED
30 SEPTEMBER 2021**

AFFIN BANK BERHAD

Monday, 22 NOVEMBER 2021



KEY PERFORMANCE HIGHLIGHTS FOR 9-MONTHS PERIOD RESULTS ENDED 30 SEPTEMBER 2021

PROFITABILITY

- PBT of RM469.0 million in 9M2021 vs RM363.2 million in 9M2020 PBT, YoY increase of 29.1%.
- Net income recorded was RM1,669.0 million in 9M2021 vs RM1,644.1 million in 9M2020 (YoY improved by 1.5%).
- Improved NIM and Steady Loan/Financing growth contribute to increasing trend of core earnings, with Net Interest Income growing 24.3% YoY and 11.3% YoY growth in Islamic Banking Income.
- Annualised ROE was 4.46% in 9M2021 as compared to 3.38% in 9M2020.
- Cost to Income ratio of 60.35% for 9M2021 as compared to 57.85% in 9M2020.

ASSET QUALITY

- Gross Impaired Loan ratio increased to 3.14% in 3Q2021 vs 2.86% in 3Q2020, 0.28% YoY. Priority remains to improve Gross Impaired Loan Ratio.
- Strengthening the Bank's Loan Loss Coverage to 61.89% in 3Q2021 as compared to 50.24% in 4Q2020.
- Credit Cost improved to 0.51% in 9M2021 vs 0.83% in 9M2020, reducing by 32 bps YoY in line with improved underwriting standards.

LIQUIDITY

- CASA grew 18.7% YoY to RM12.1 billion resulting in improvement in CASA ratio of 21.14% in 3Q2021 compared to 20.67% in 3Q2020, an increase of 0.47% YoY.
- COF improved by a reduction of 117 bps to 2.03% in 9M2021 vs 3.20% in 9M2020
- LCR comfortable at 181.40% in 3Q2021 vs 159.93% in 3Q2020 and NSFR of 112.83% in 3Q2021 vs 115.28% in 3Q2020.



KEY PERFORMANCE HIGHLIGHTS FOR 9-MONTHS PERIOD RESULTS ENDED 30 SEPTEMBER 2021

LOANS

- Gross Loans/Financing growth moderated to 6.9% YoY to RM49.1 billion for 3Q2021 vs RM45.9 billion for 3Q2020.

CAPITAL ADEQUACY

- CET-1 capital ratio decreased by 139 bps to 13.62% (3Q2020:15.01%).
- Tier-1 capital ratio decreased by 146 bps to 15.30% (3Q2020:16.76%).
- Total capital ratio of 20.74%, a decrease by 290 bps (3Q2020:23.64%).

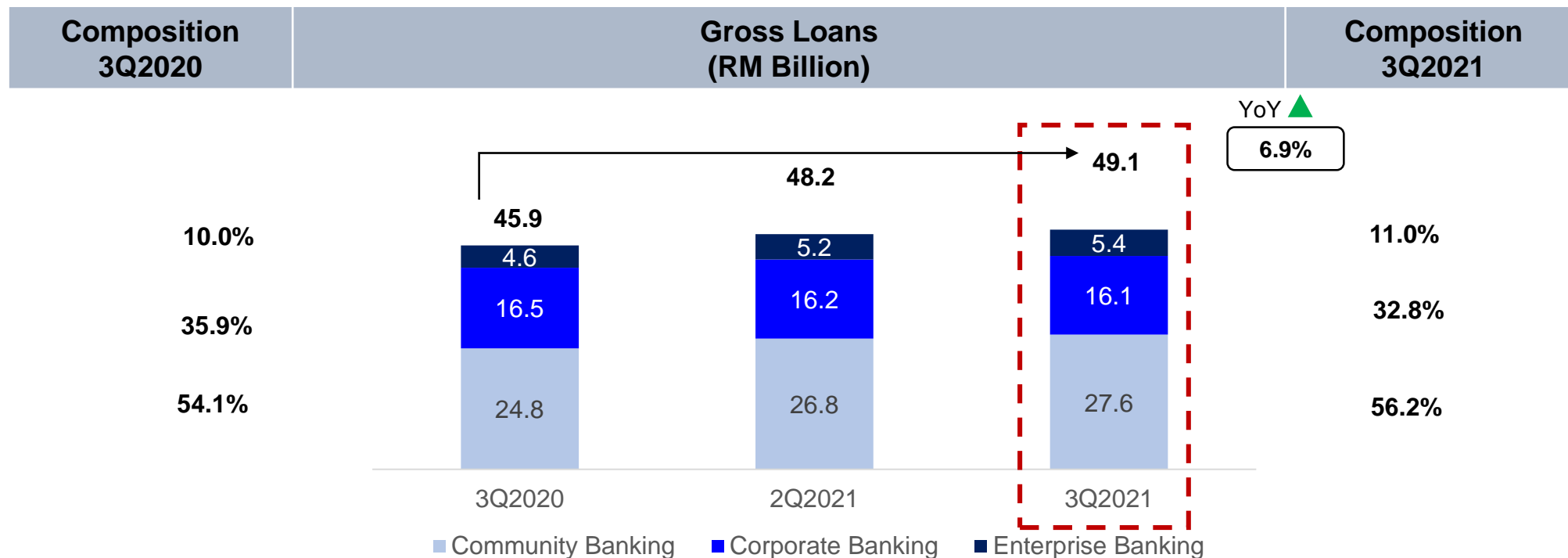


BALANCE SHEET

RM Million	3Q2020	2Q2021	3Q2021	QoQ (%)	YoY (%)
Cash & short-term funds	8,032.1	7,901.5	7,696.0	(2.6)	(4.2)
Financial assets/investments	12,079.7	14,463.2	15,549.3	7.5	28.7
Gross loans, advances & financing	45,935.9	48,203.8	49,110.9	1.9	6.9
Less : ECL	(803.8)	(867.3)	(913.2)	5.2	13.6
Other assets	4,452.3	4,683.8	4,581.9	(2.2)	2.9
TOTAL ASSETS	69,696.2	74,385.0	76,024.9	2.2	9.1
Deposits from customers	49,504.9	53,795.8	57,459.0	6.8	16.1
of which : (Current Account)	7,273.5	8,728.0	8,864.8	1.6	21.9
(Savings Account)	2,959.7	3,172.1	3,283.0	3.5	10.9
Total CASA	10,233.2	11,900.1	12,147.8	2.1	18.7
Fixed Deposits, NIDs, MMD & CMD	39,271.7	41,895.7	45,311.2	8.2	15.4
Deposits & placement of banks & other FIs	4,398.1	4,857.3	3,236.2	(33.4)	(26.4)
Other liabilities	2,569.8	2,844.7	2,456.4	(13.6)	(4.4)
Borrowings	3,586.8	3,336.2	3,278.0	(1.7)	(8.6)
Total Equity	9,636.6	9,551.0	9,595.3	0.5	(0.4)
TOTAL LIABILITIES & EQUITY	69,696.2	74,385.0	76,024.9	2.2	9.1



THE BANK PRIORITIZED LOAN GROWTH FROM ENTERPRISE BANKING AND COMMUNITY BANKING SEGMENTS

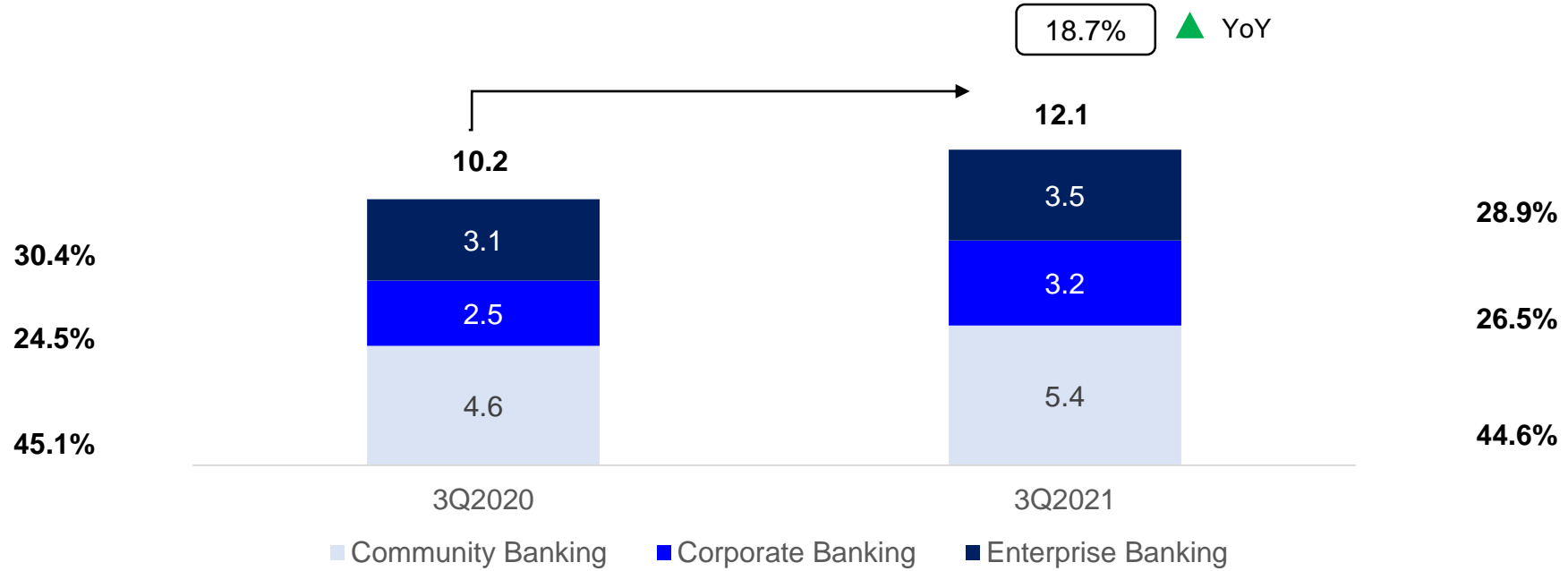


RM Billion	3Q2020	2Q2021	3Q2021	QoQ (%)	YoY (%)
Community Banking	24.8	26.8	27.6	3.0	11.3
Corporate Banking	16.5	16.2	16.1	(0.6)	(2.4)
Enterprise Banking	4.6	5.2	5.4	3.9	17.4
TOTAL	45.9	48.2	49.1	1.9	6.9

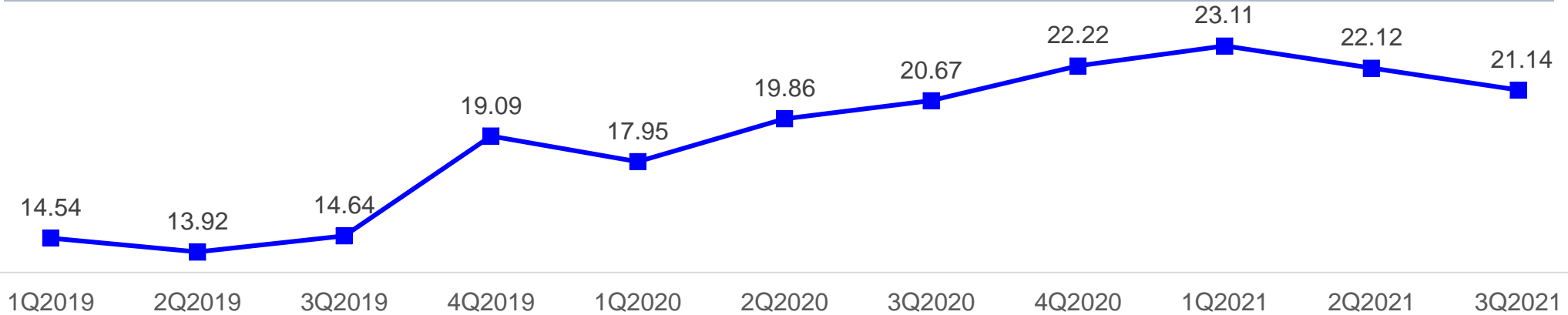


CASA MOMENTUM TAPERED DURING MCO

Composition 3Q2020	CASA (RM Billion)	Composition 3Q2021
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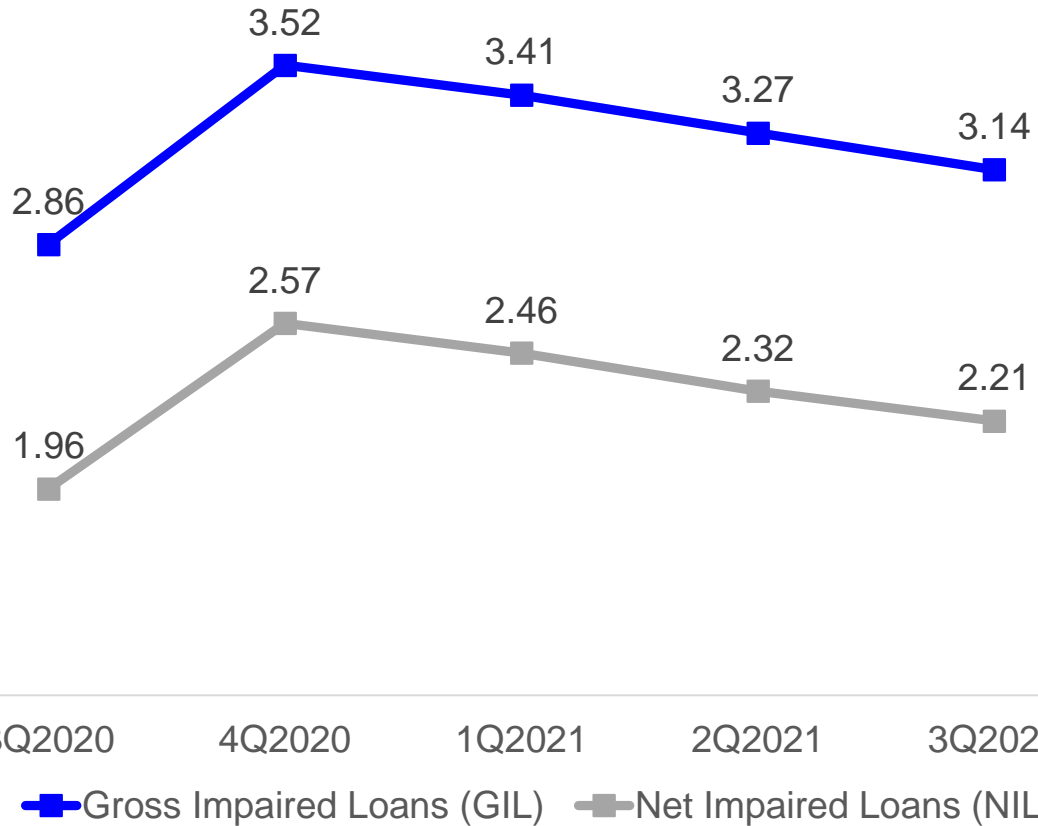
CASA Ratio (%)





MONITORING ASSET QUALITY ESPECIALLY FROM THE CORPORATE BANKING DIVISION

Impaired Loans Ratio (%)



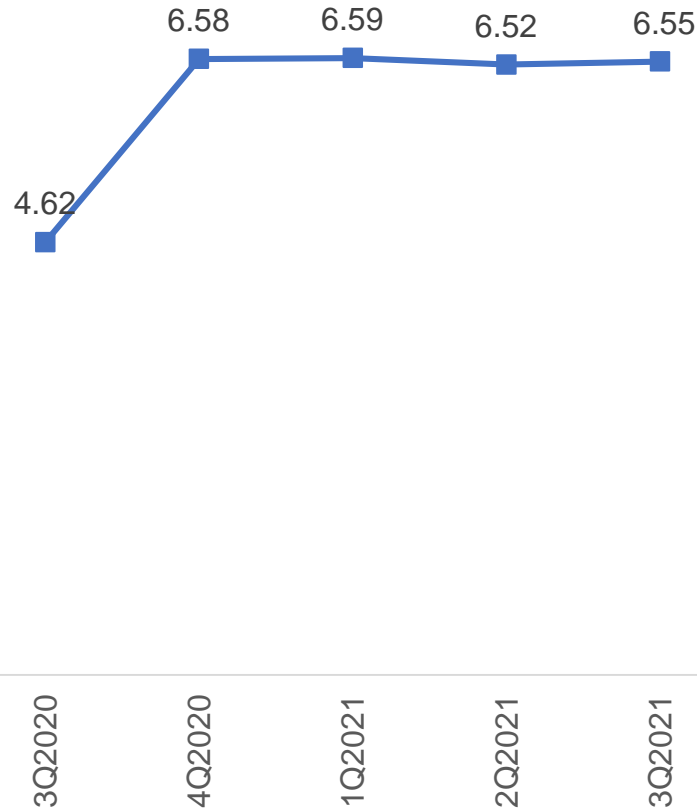
- *GIL ratios improved by 13 bps QoQ although it recorded a YoY growth at 3.14% in 3Q2021 vs 2.86% 3Q2020.*
- *NIL ratio at 2.21% in 3Q2021 vs 1.96% in 3Q2020.*



CONTINUOUS IMPROVEMENT IN ENTERPRISE AND COMMUNITY BANKING

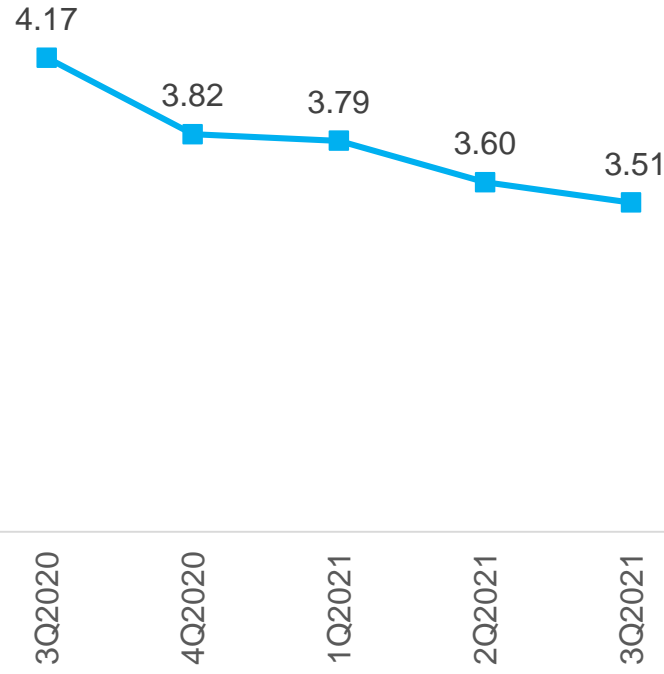
Gross Impaired Loans Ratio (%)

Corporate



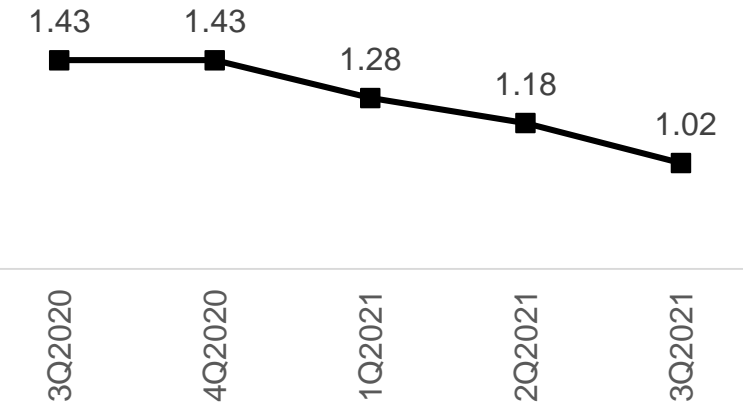
Enhance early warning framework to ensure timely detection and rehabilitation.

Enterprise



Regional Asset Quality Management set-up for faster response.

Community

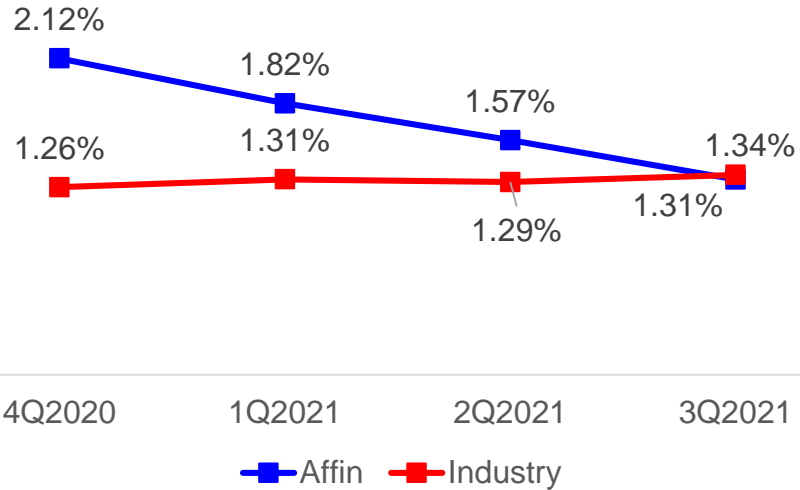


Enhance collections strategy and execution through use of collection scorecards and associated analytics.

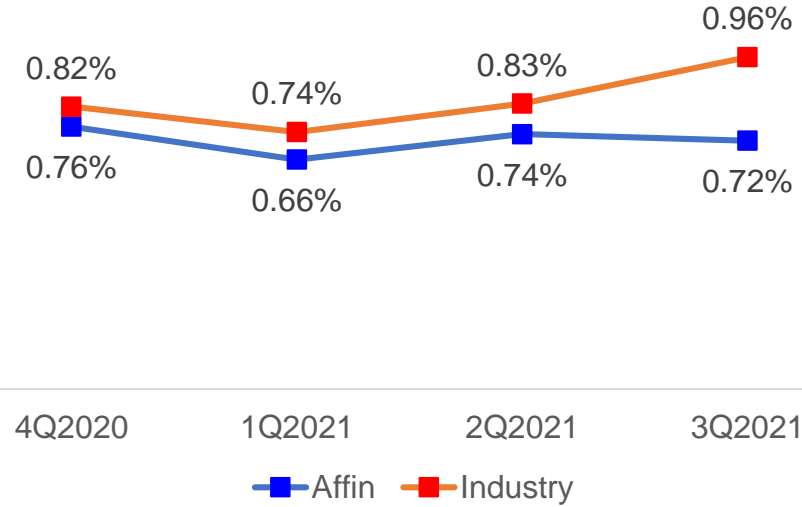


COMMUNITY GROSS IMPAIRED RATIO BELOW INDUSTRY

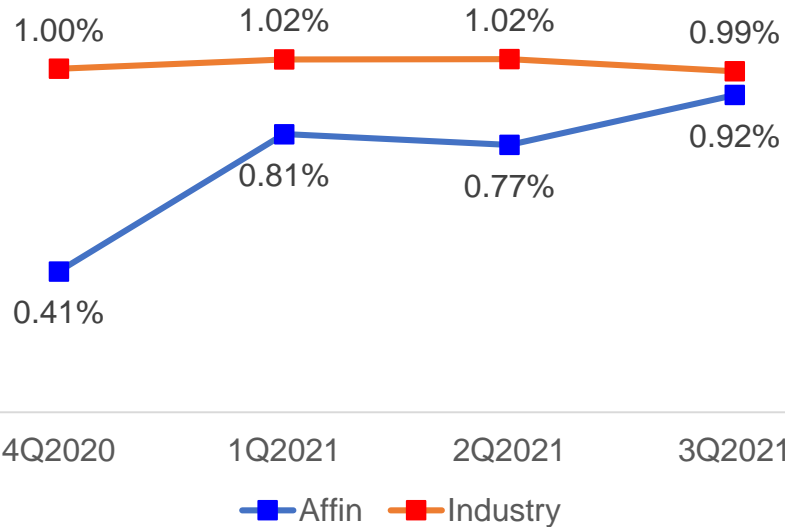
Mortgage GIL (%)



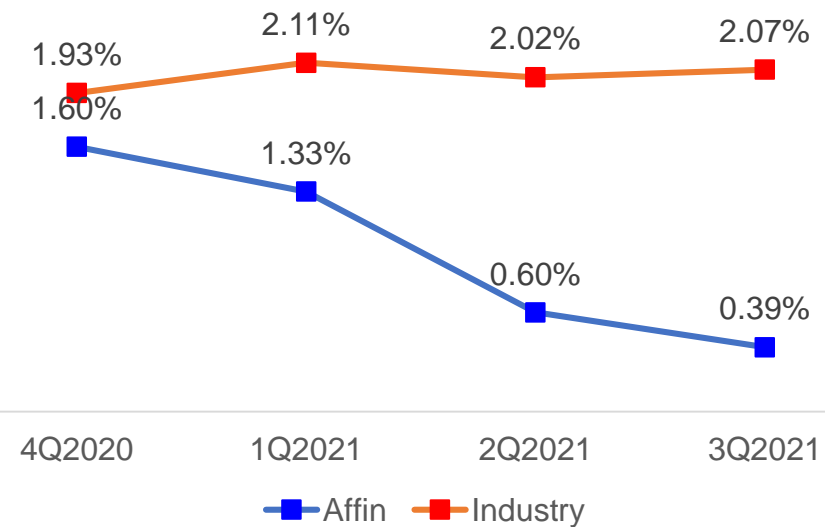
Hire Purchase GIL (%)



Credit Card GIL (%)



Personal Financing GIL (%)

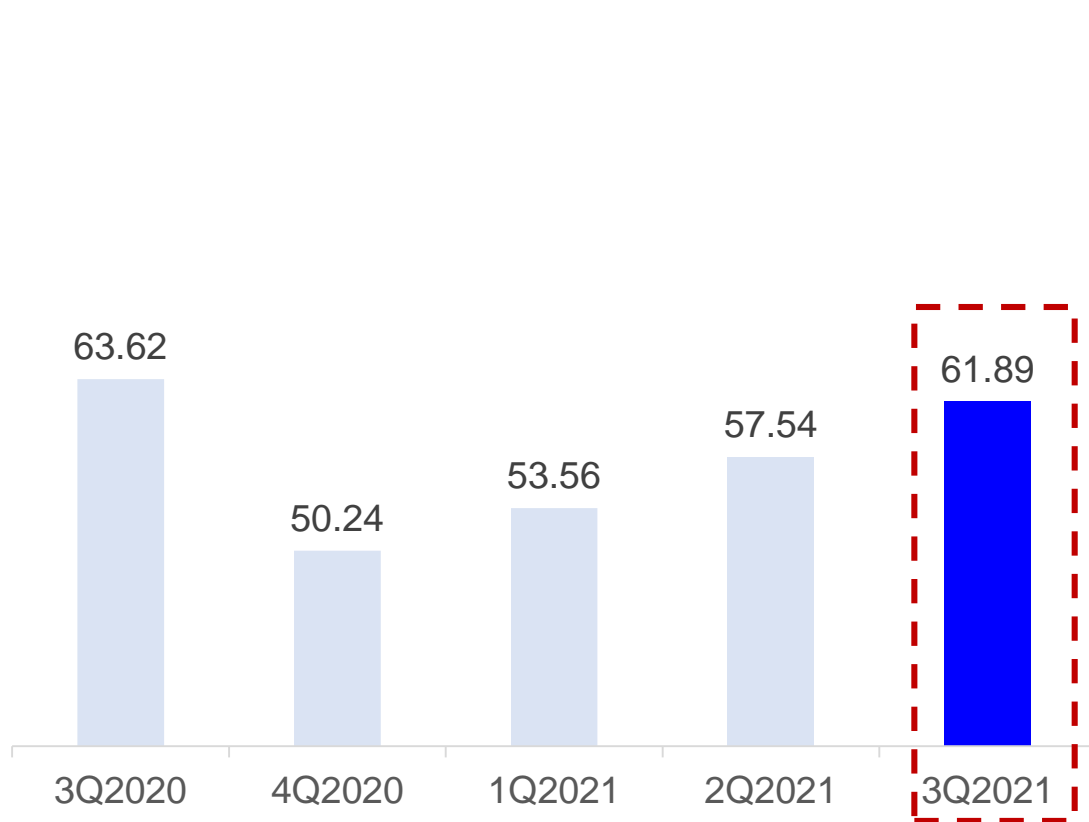


* Industry data based on Monthly Statistical Report 1.19 & 1.22 Bank Negara Malaysia



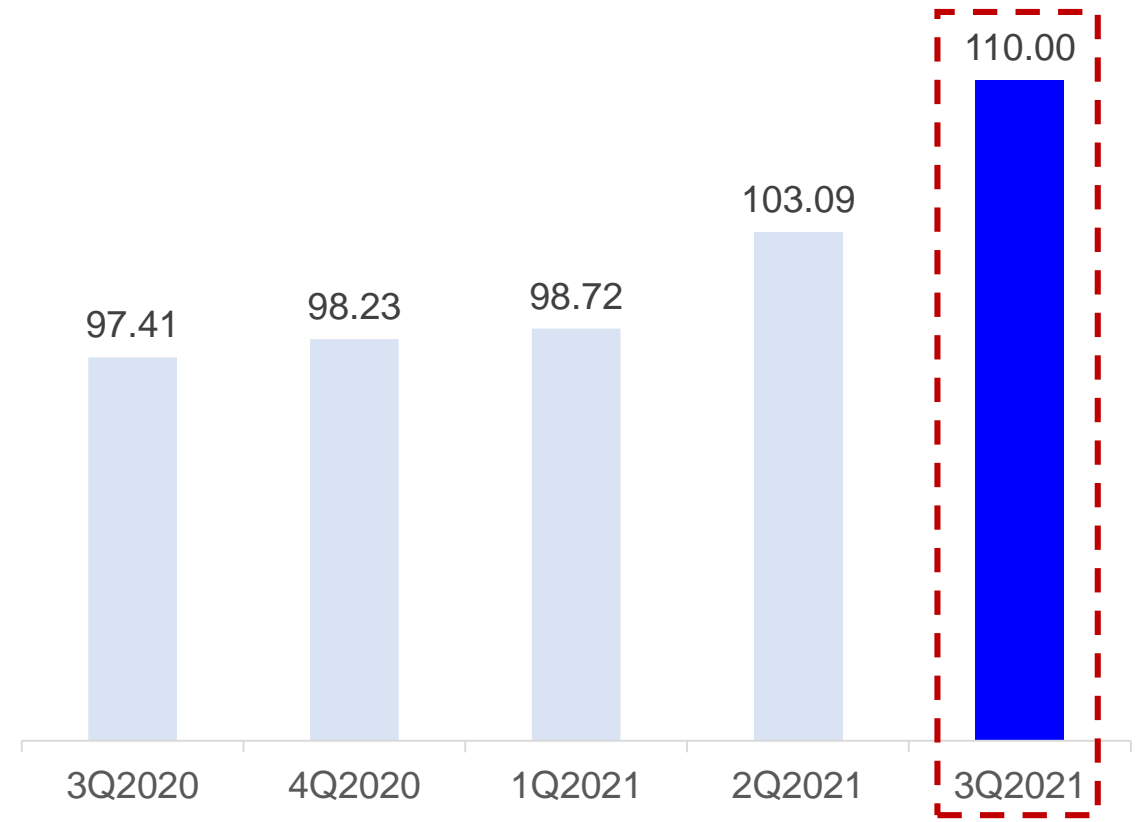
PRIORITY TO INCREASE LOAN LOSS COVERAGE

Loan Loss Coverage (%)



- Loan Loss Coverage ratio was 61.89% in 3Q2021 vs 50.24 % in 4Q2020, 11.65% improvement.

Loan Loss Reserve (%)



- Loan Loss Reserve ratio was 110.00% in 3Q2021 vs 97.41% in 3Q2020, 12.59% improvement



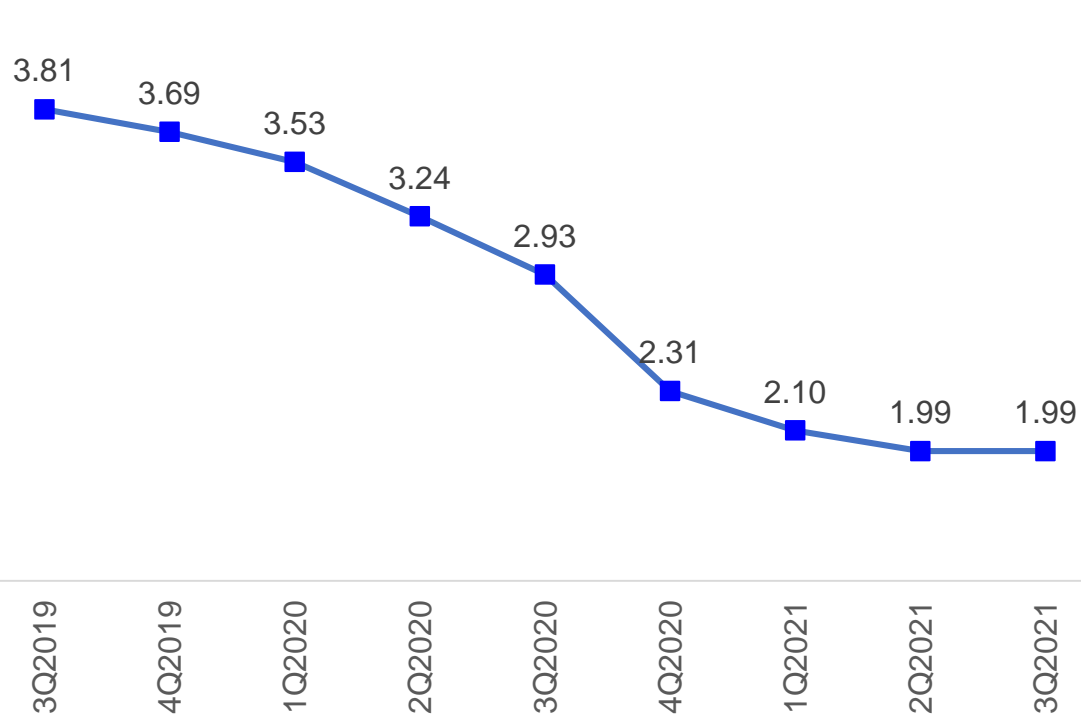
INCOME STATEMENT

RM Million	Quarter		QoQ	YTD		YoY
	2Q2021	3Q2021	%	9M2020	9M2021	%
Net Interest Income	225.5	232.5	3.1	523.5	650.6	24.3
Income from Islamic Banking Business	126.7	134.2	5.9	350.1	389.8	11.3
Modification Loss	-	-	-	(79.7)	-	100.0
Other operating Income	226.7	185.8	(18.0)	850.2	628.6	(26.1)
<i>of which :</i>						
<i>Net Fee & Commission Income</i>	174.0	146.3	(15.9)	370.2	481.9	30.2
<i>Net Gains on Financial Instruments</i>	41.3	31.5	(23.7)	442.5	112.2	(74.6)
<i>Other income</i>	11.4	8.0	(29.8)	37.5	34.5	(8.0)
Net Income	578.9	552.5	(4.6)	1,644.1	1,669.0	1.5
Operating Expenses	(340.6)	(326.3)	(4.2)	(997.2)	(1,007.3)	1.0
Operating profit before allowances	238.3	226.2	(5.1)	646.9	661.7	2.3
Allowances for Impairment Losses	(81.5)	(49.3)	(39.5)	(295.5)	(224.6)	(24.0)
Share of results of a Joint Venture & an Associate	18.0	12.2	(32.2)	18.6	36.1	94.1
Zakat	(0.8)	(2.3)	187.5	(6.8)	(4.2)	(38.2)
Profit Before Taxation	174.0	186.8	7.4	363.2	469.0	29.1

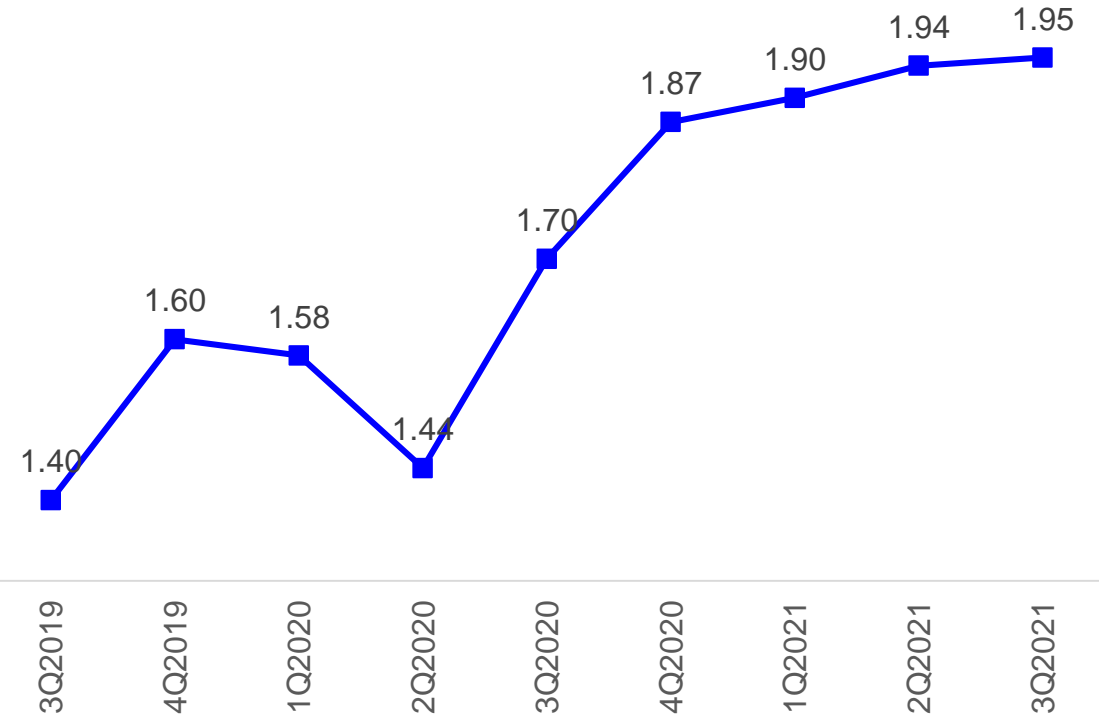


NET INTEREST INCOME MARGIN CONTINUES TO INCREASE

Cost of Funds (%)



Net Interest Margin (%)



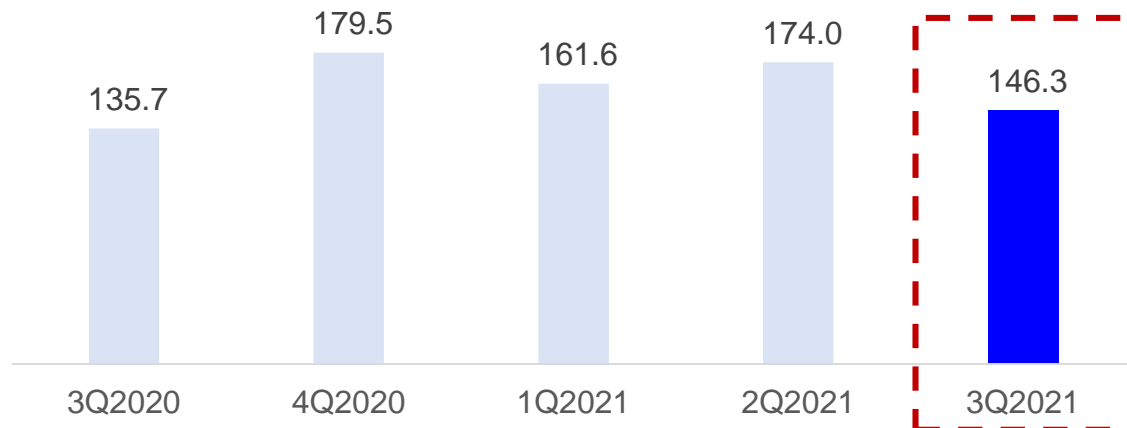
- The Bank continues to focus on CASA (Current and Savings Account) which has recorded a growth of 18.7% YoY.



GROWING FEE BASED INCOME

RM Million	Quarter		QoQ %	YTD		YoY %
	2Q2021	3Q2021		9M2020	9M2021	
Fees & Commission	51.3	22.0	(57.1)	61.6	112.9	83.3
Stockbroking @net brokerage	25.4	24.4	(3.9)	82.1	83.4	1.6
Portfolio management fees	83.9	86.4	3.0	200.5	247.9	23.6
Wealth income	11.6	11.7	0.9	20.9	32.4	55.0
Advisory income	1.8	1.8	0.0	5.2	5.3	4.8
Net Fee And Commission Income	174.0	146.3	(15.9)	370.2	481.9	30.2
Net Gains On Financial Instruments	41.3	31.5	(23.7)	442.5	112.2	(74.6)
Other Income	11.4	8.0	(29.8)	37.5	34.5	(8.0)
Other Operating Income	226.7	185.8	(18.0)	850.2	628.6	(26.1)

NET FEE AND COMMISSION INCOME



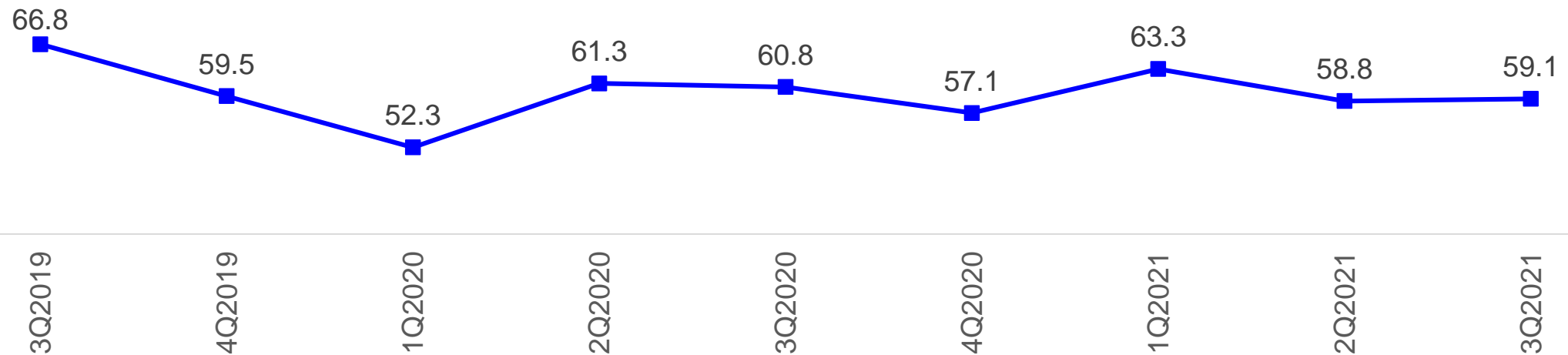
- Strong growth in trade finance fee income business
- Wealth Management gaining momentum with Affin Invikta



OPERATING EXPENSES HIGHER DUE TO HIGHER PERSONNEL COSTS

RM Million	Quarter		QoQ	YTD		YoY
	2Q2021	3Q2021	%	9M2020	9M2021	%
Personnel costs	232.9	219.9	(5.6)	652.5	682.7	4.6
Promotion & marketing related expenses	11.0	7.0	(36.4)	33.2	29.2	(12.0)
Establishment related expenses	72.5	73.9	1.9	232.8	221.4	(4.9)
General & administrative expenses	24.2	25.5	5.4	78.7	74.0	(5.9)
TOTAL	340.6	326.3	(4.2)	997.2	1,007.3	1.0
Cost to Income ratio (%)	58.8	59.1		57.9	60.3	
JAWS	7.7	(0.4)		6.4	0.5	

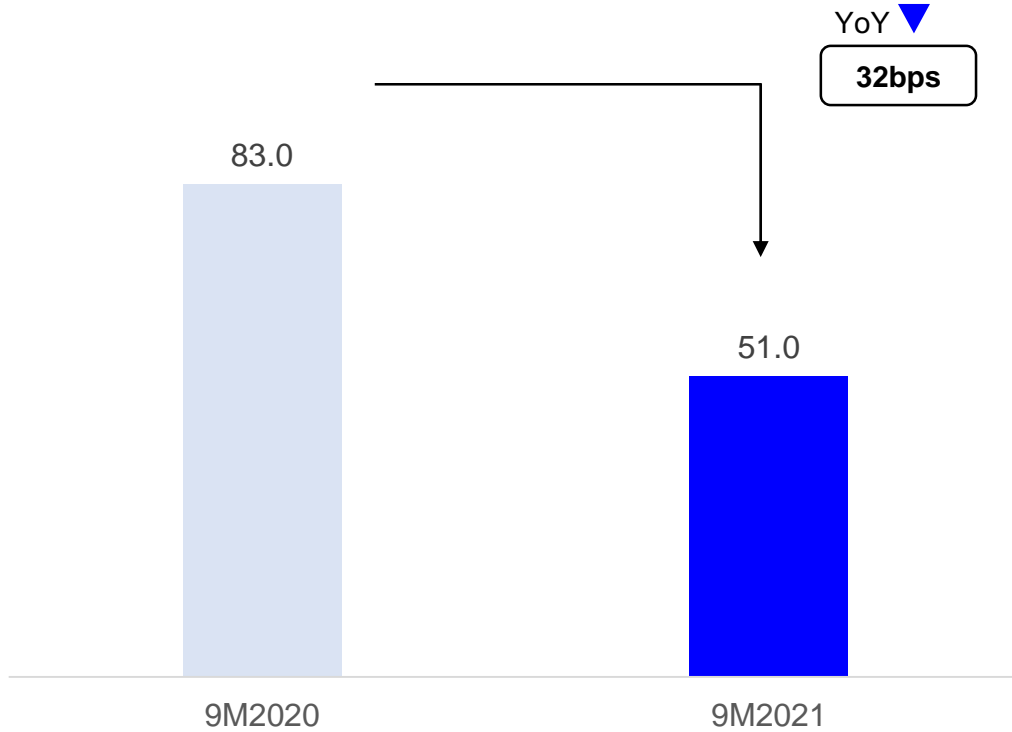
Cost to Income Ratio (%)



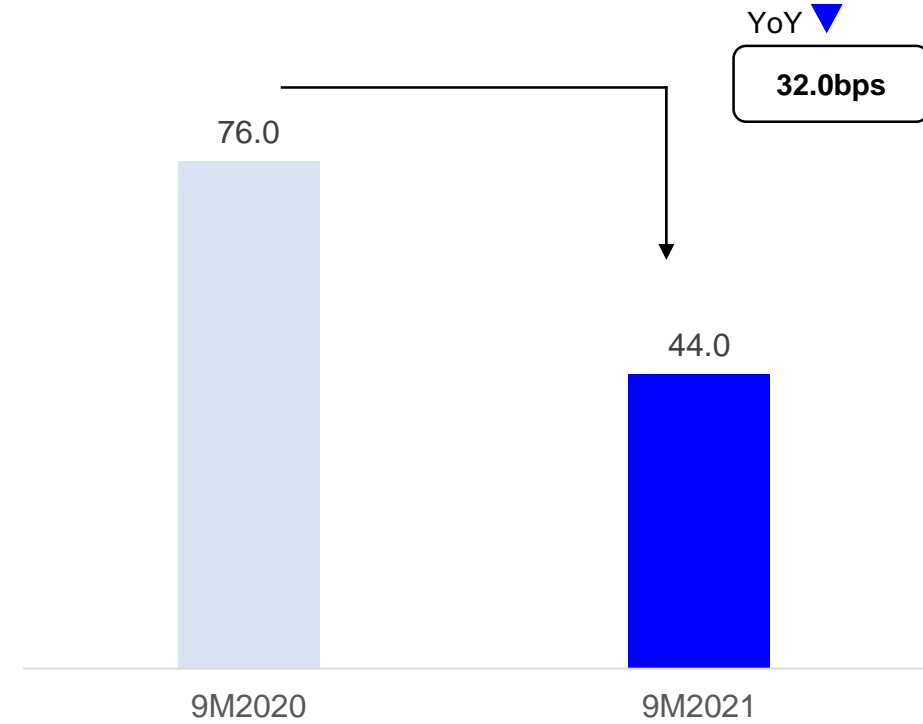


REDUCING CREDIT COST IN LINE WITH IMPROVED UNDERWRITING STANDARDS

Gross Credit Cost (bps)



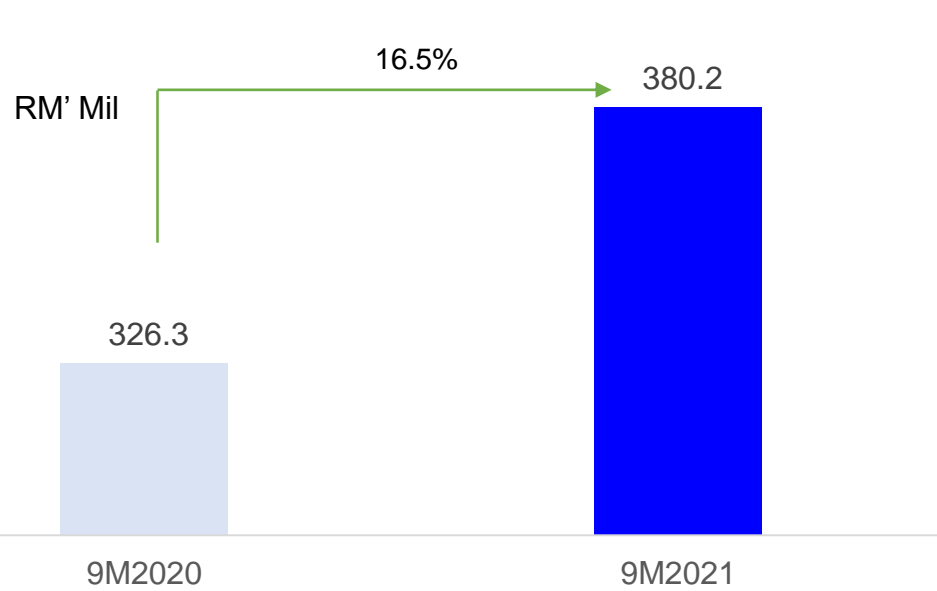
Net Credit Cost (bps)



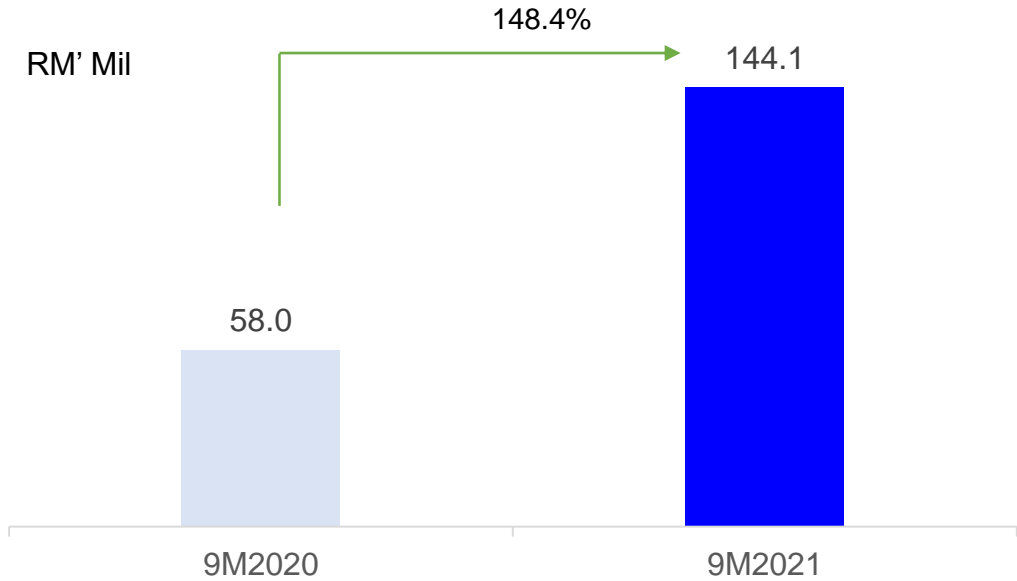


AFFIN ISLAMIC BANK BERHAD TURNAROUND

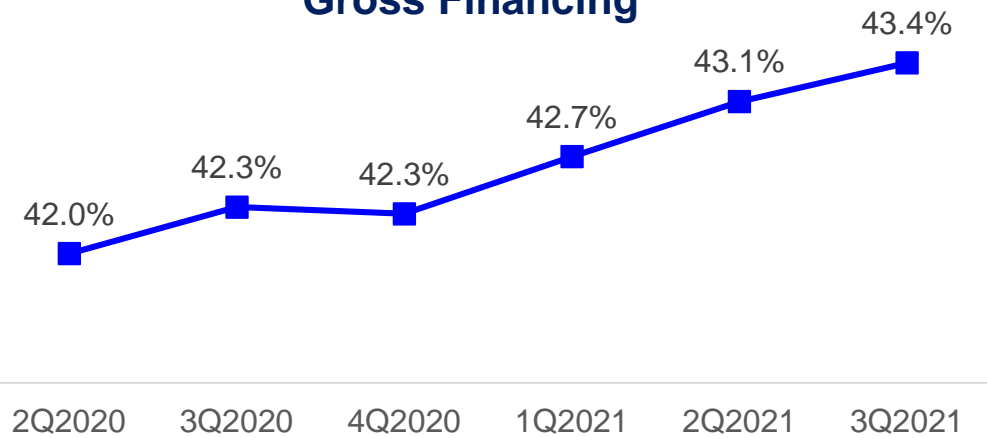
Islamic Income



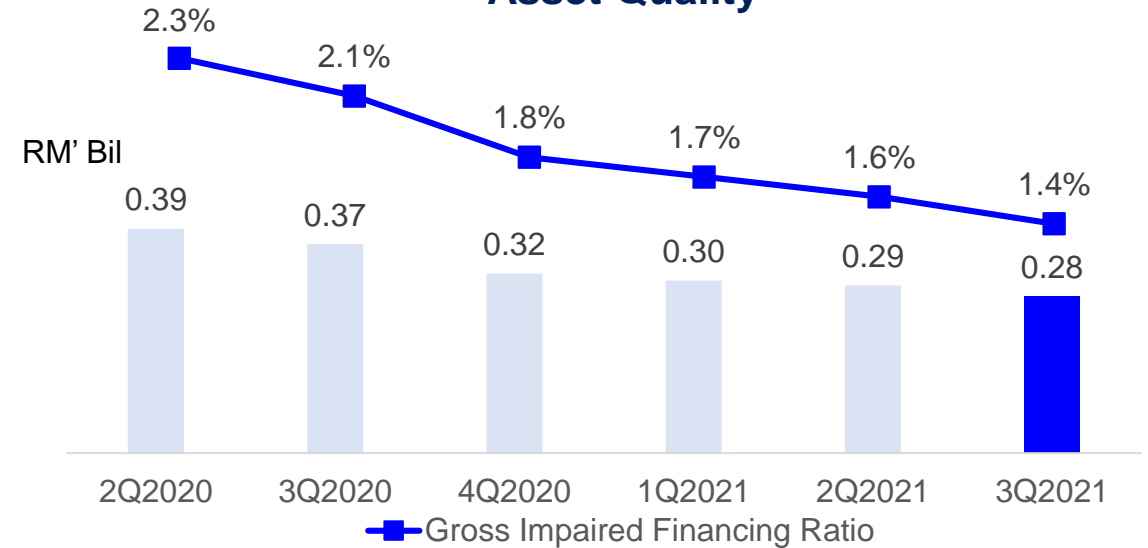
Profit Before Tax



Islamic Financing Composition / Total Gross Financing



Asset Quality





PBT CONTRIBUTION BY SUBSIDIARIES, JV AND ASSOCIATE

Entity / RM Million	Quarter		QoQ	YTD		YoY
	2Q2021	3Q2021	%	9M2020	9M2021	%
Affin Bank (Bank Level)	35.4	144.7	308.8	54.3	218.6	302.6
Affin Islamic Bank	53.8	57.3	6.5	58.0	144.1	148.4
Affin Hwang Investment Bank	56.3	82.9	47.3	237.9	192.0	(19.3)
Affin Hwang Asset Management	55.2	32.2	(41.6)	84.2	128.6	52.7
AXA AFFIN General Insurance	14.3	11.3	(21.0)	19.1	28.7	50.3
AXA AFFIN Life Insurance	3.7	0.9	(75.7)	0.2	7.4	3,600.0
AFFIN Moneybrokers	0.4	0.1	(75.0)	1.6	1.1	(31.3)
Consol Adjustment	(45.1)	(142.6)	216.2	(92.1)	(251.5)	173.1
AFFIN Bank Group	174.0	186.8	7.4	363.2	469.0	29.1



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	3Q2021	2019	2020	3Q2021	2019	2020	3Q2021
AFFIN BANK BERHAD	Group	14.46	14.52	13.62	16.24	16.28	15.30	23.19	22.24	20.74
	Bank	12.96	13.06	12.13	14.64	14.79	13.76	22.19	21.25	19.61
AFFIN ISLAMIC BANK BERHAD	Bank	11.72	12.23	11.47	13.82	14.22	13.32	20.53	20.27	18.79
AFFIN HWANG INVESTMENT BANK BERHAD	Group	33.24	34.07	26.77	33.99	35.00	27.73	34.76	35.41	28.16
	Bank	42.74	45.53	40.80	42.74	45.53	40.80	43.57	46.13	41.43

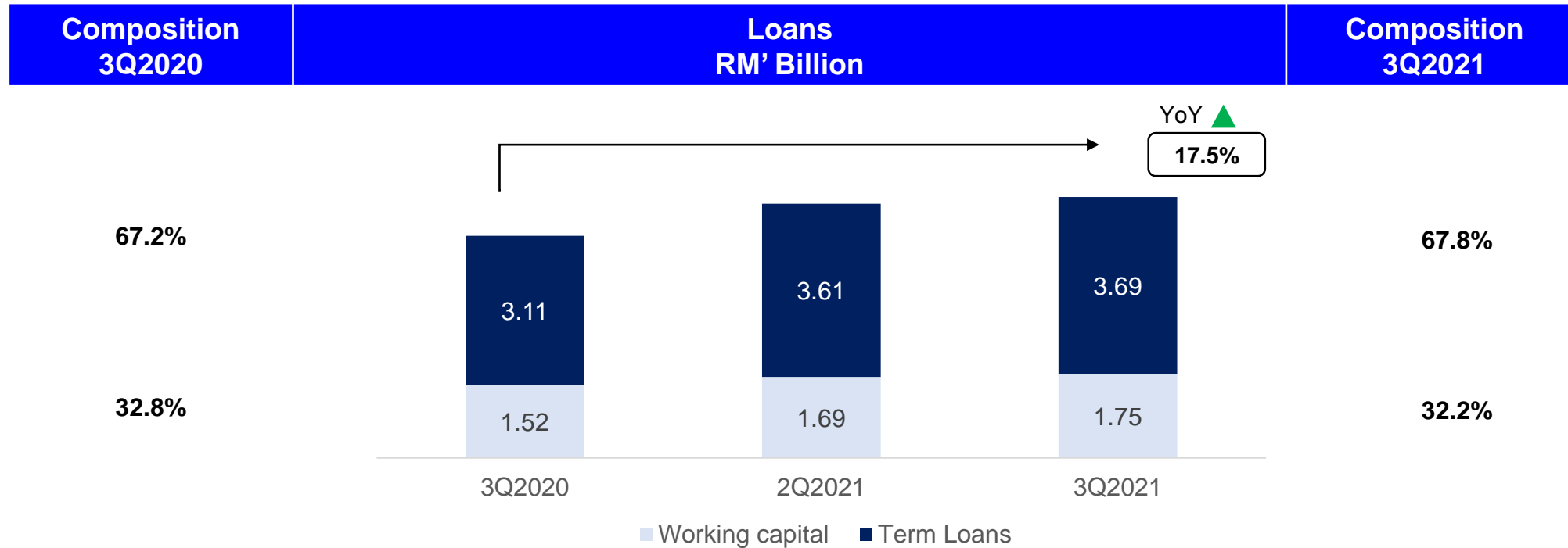


KEY RATIOS

	2Q2021 (%)	3Q2021 (%)	QoQ (%)	9M2020 (%)	9M2021 (%)	YoY (%)
PROFITABILITY						
Return on Equity (After Tax)	5.04	5.60	▲ 0.56	3.38	4.46	▲ 1.08
Fee to Income Ratio	39.15	33.65	▼ (5.50)	49.32	37.67	▼ (11.65)
Net Interest Margin	1.94	1.96	▲ 0.02	1.57	1.95	▲ 0.38
Cost to Income Ratio	60.78	59.06	▼ (1.72)	57.85	60.35	▲ 2.50
ASSETS QUALITY						
Gross Credit Cost	0.53	0.46	▼ (0.07)	0.83	0.51	▼ (0.32)
Gross Impaired Loans Ratio	3.27	3.14	▼ (0.13)	2.86	3.14	▲ 0.28
Loan Loss Coverage Ratio	57.54	61.89	▲ 4.35	63.62	61.89	▼ (1.73)
Loan Loss Reserve Ratio	103.09	109.82	▲ 6.73	97.41	109.82	▲ 12.41
LIQUIDITY						
Cost of Funds	1.99	1.99	■ -	3.20	2.03	▼ (1.17)
CASA Ratio	22.12	21.14	▼ (0.98)	20.67	21.14	▲ 0.47
Net Stable Funding Ratio (NSFR)	113.01	112.83	▼ (0.18)	115.28	112.83	▼ (2.45)
Liquidity Coverage Ratio (LCR)	160.90	181.40	▲ 20.50	159.93	181.40	▲ 21.47
CAPITAL ADEQUACY						
CET 1 Ratio	14.05	13.62	▼ (0.43)	15.01	13.63	▼ (1.38)
Total Capital Ratio	21.41	20.74	▼ (0.67)	23.64	20.74	▼ (2.90)



ENTERPRISE BANKING: LOANS



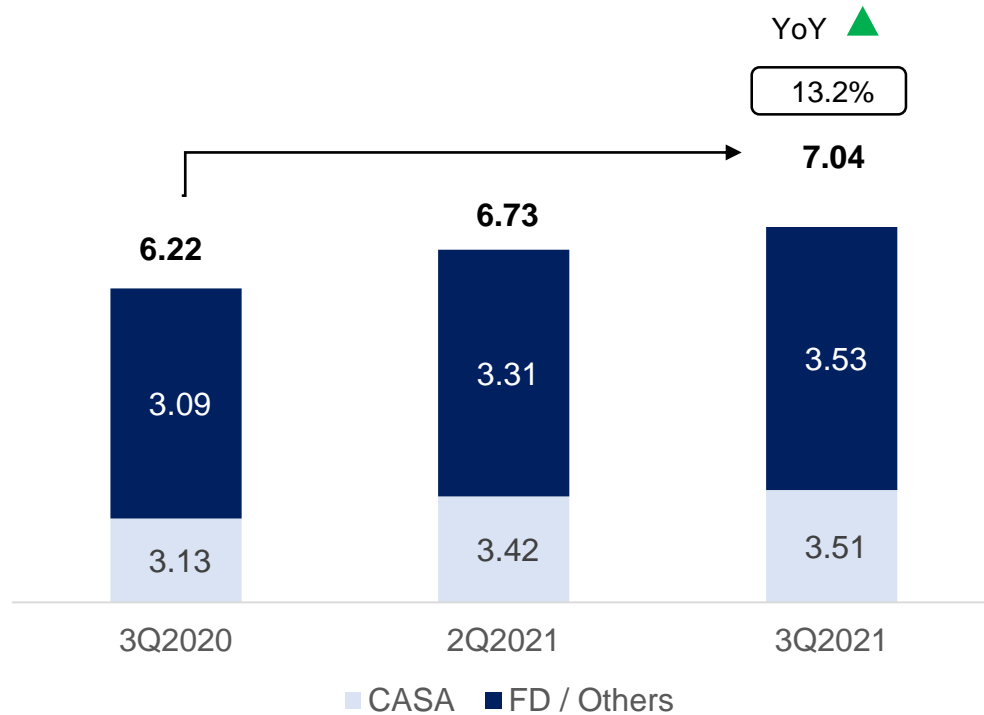
Loan growth steady at 17.5% YoY with RM1.7 billion loan stocks pending acceptance, documentation and disbursement on the book for Enterprise Banking segment

	3Q2020	2Q2021	3Q2021	QoQ (%)	YoY (%)
Working capital	1.52	1.68	1.75	3.6	15.1
Term Loans	3.11	3.51	3.69	2.2	18.6
Total	4.63	5.19	5.44	2.6	17.5



ENTERPRISE BANKING: DEPOSITS

Deposits (RM Billion)



	3Q2020	2Q2021	3Q2021
CASA Ratio	50.3%	50.8%	49.9%

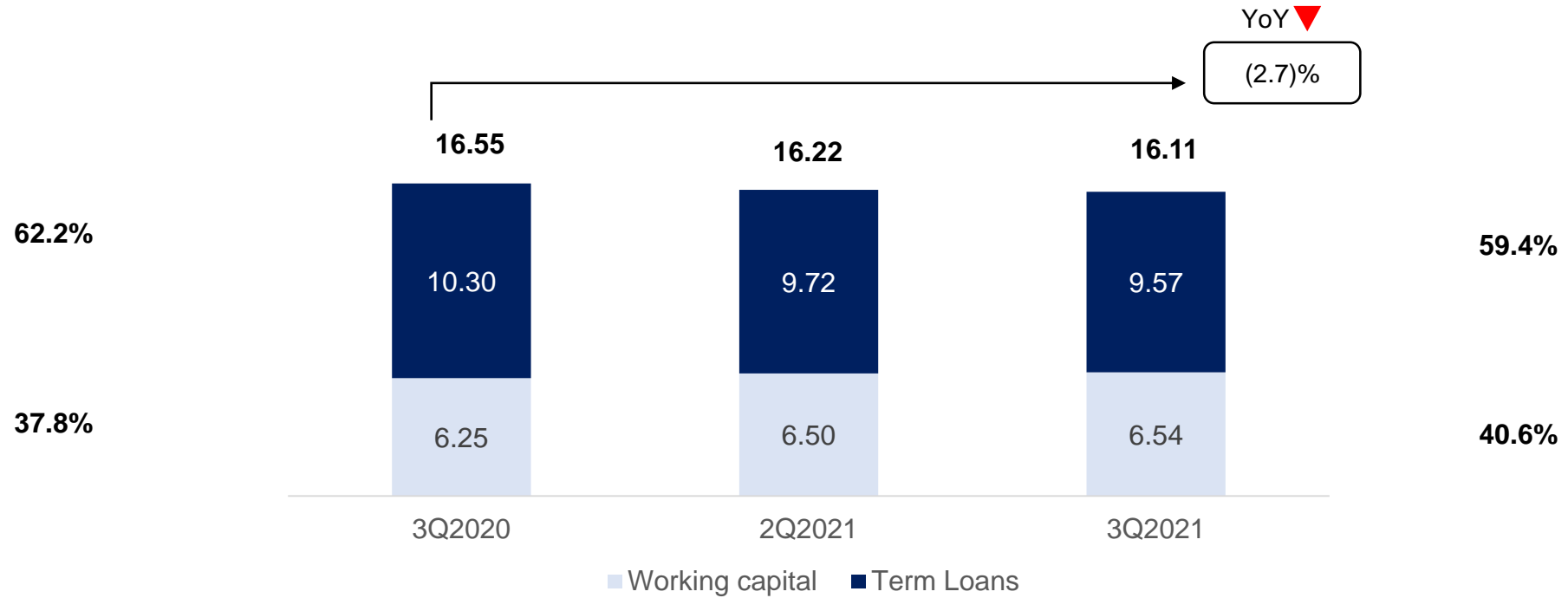


AFFIN Bank became **First Malaysian bank** to be recognised for the development of its **innovative digital flagship mobile app**, the SME COLONY, at the global SME finance awards 2021, organised by the International Finance Corporation (IFC)



CORPORATE BANKING: LOANS

Composition 3Q2020	Loans (RM Billion)	Composition 3Q2021
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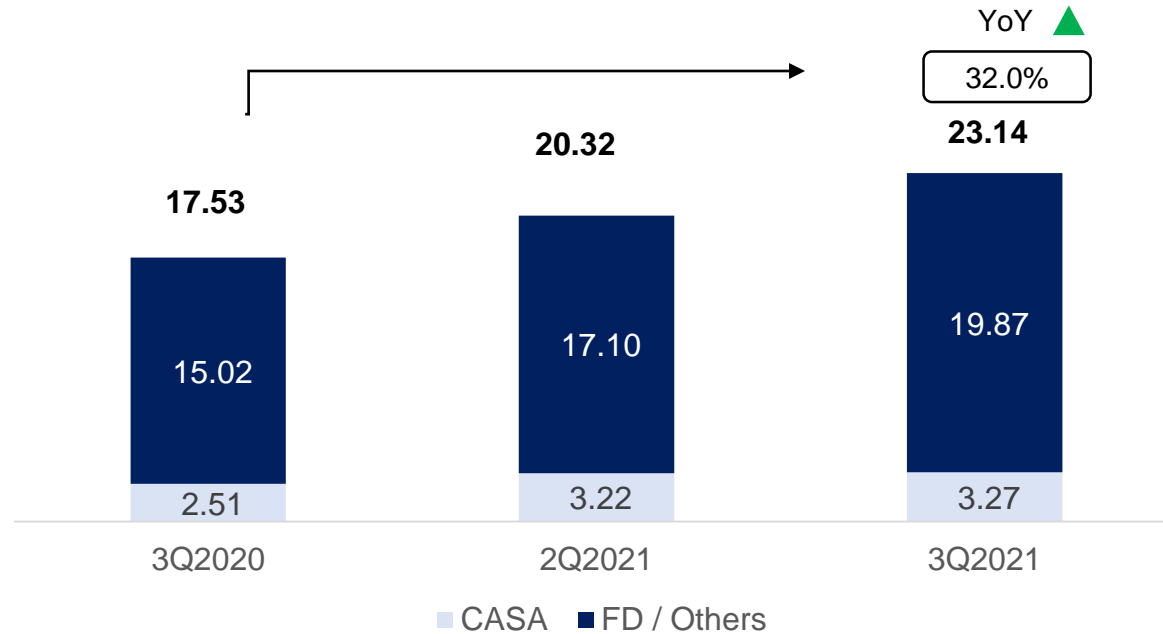
Corporate Banking experienced a marginal decline in loans in the 3Q2021

	3Q2020	2Q2021	3Q2021	QoQ (%)	YoY (%)
Working capital	6.25	6.50	6.54	0.6	4.6
Term Loans	10.30	9.72	9.57	(1.5)	(7.1)
Total	16.55	16.22	16.11	(0.7)	(2.7)



CORPORATE BANKING: DEPOSITS

Deposits (RM Billion)



	3Q2020	2Q2021	3Q2021
CASA Ratio	14.3%	15.8%	14.1%

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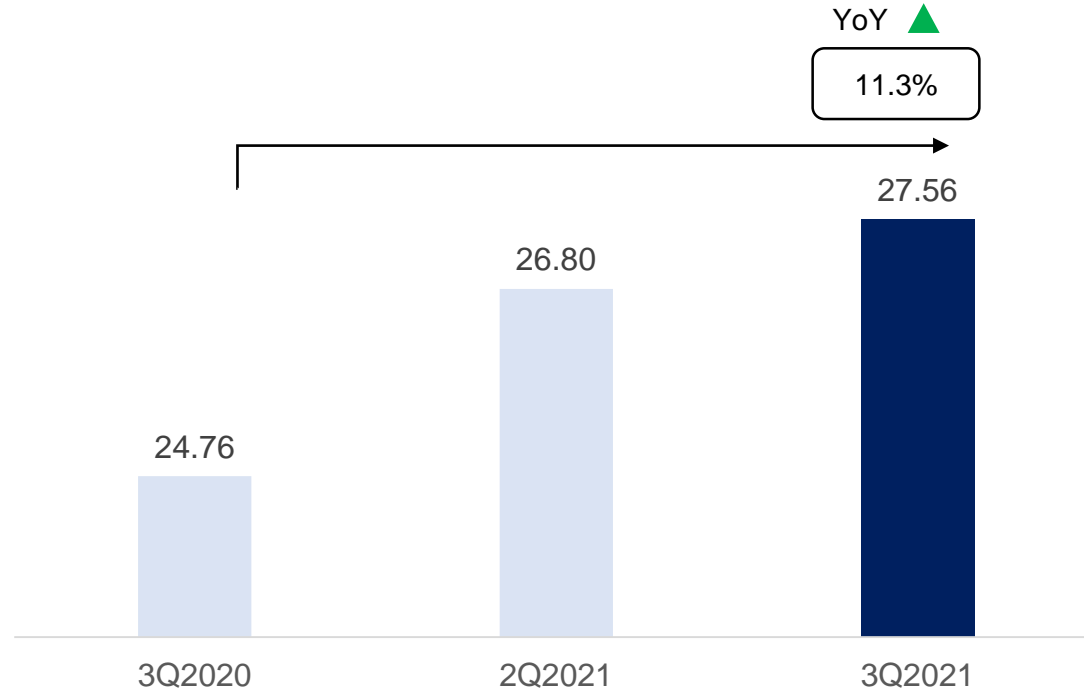
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COMMUNITY BANKING: LOANS



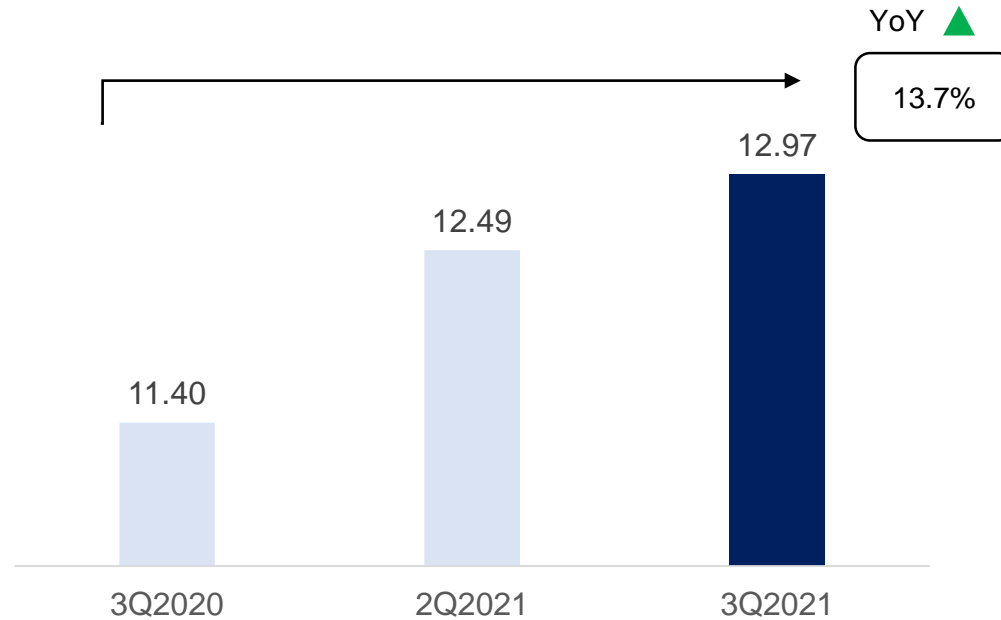
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RM Billion	3Q2020	2Q2021	3Q2021	QoQ (%)	YoY (%)
Mortgage	11.40	12.49	12.97	3.8	13.7
Hire Purchase	10.48	10.95	10.89	(0.5)	3.9
Credit Card	0.19	0.22	0.23	6.6	25.7
ASB	0.58	0.62	0.69	12.1	19.8
Personal and Other Loans/Financing	2.11	2.52	2.78	9.9	31.7
TOTAL	24.76	26.80	27.56	2.8	11.3



COMMUNITY BANKING: MORTGAGE

Mortgage Loans (RM Billion)



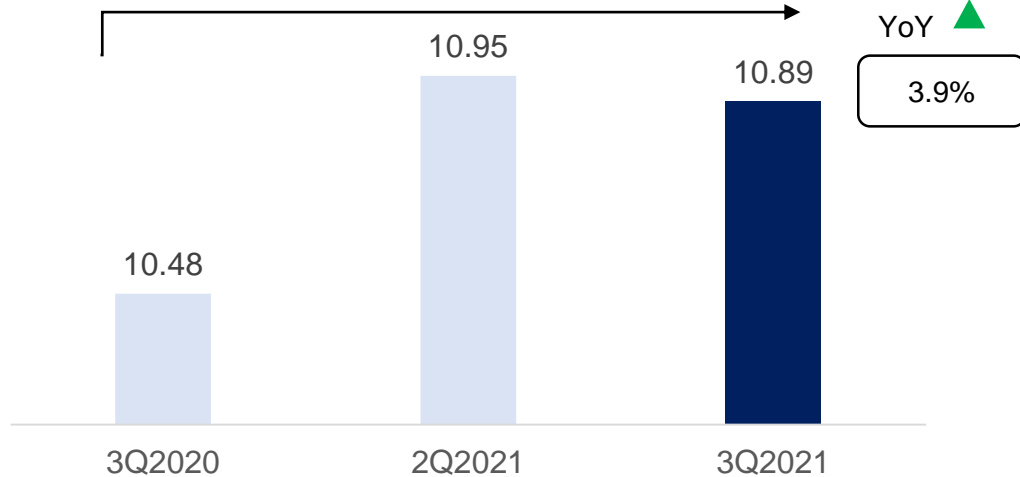
RM Billion	%	3Q2020	3Q2021	YoY (%)
Primary	64.61	6.86	8.38	22.2
Secondary	17.24	1.99	2.23	12.5
Others	18.15	2.56	2.35	(8.1)
Total	100.00	11.40	12.96	13.7%

Mortgage loans improved 13.7% YoY to RM12.97 billion as at 3Q2021.



COMMUNITY BANKING: HIRE PURCHASE

Hire Purchase Loans (RM Billion)



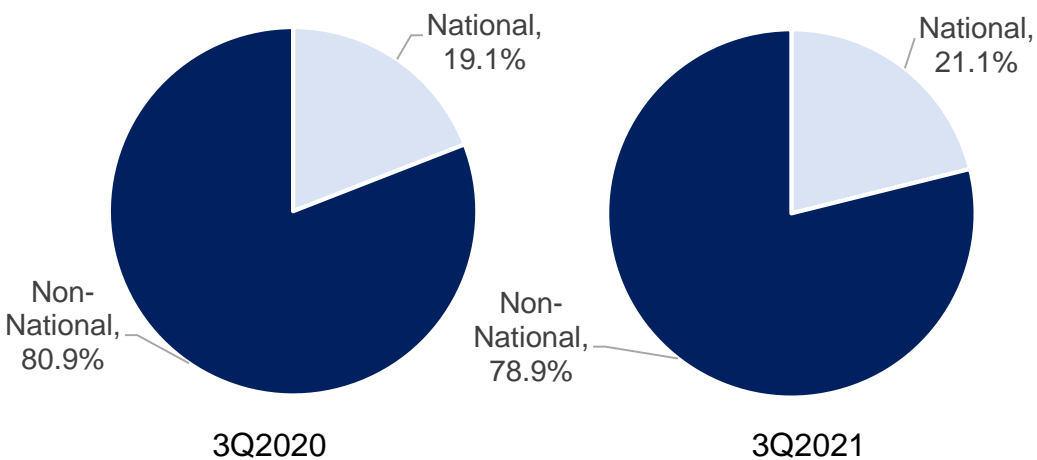
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HP Portfolio Composition (%)



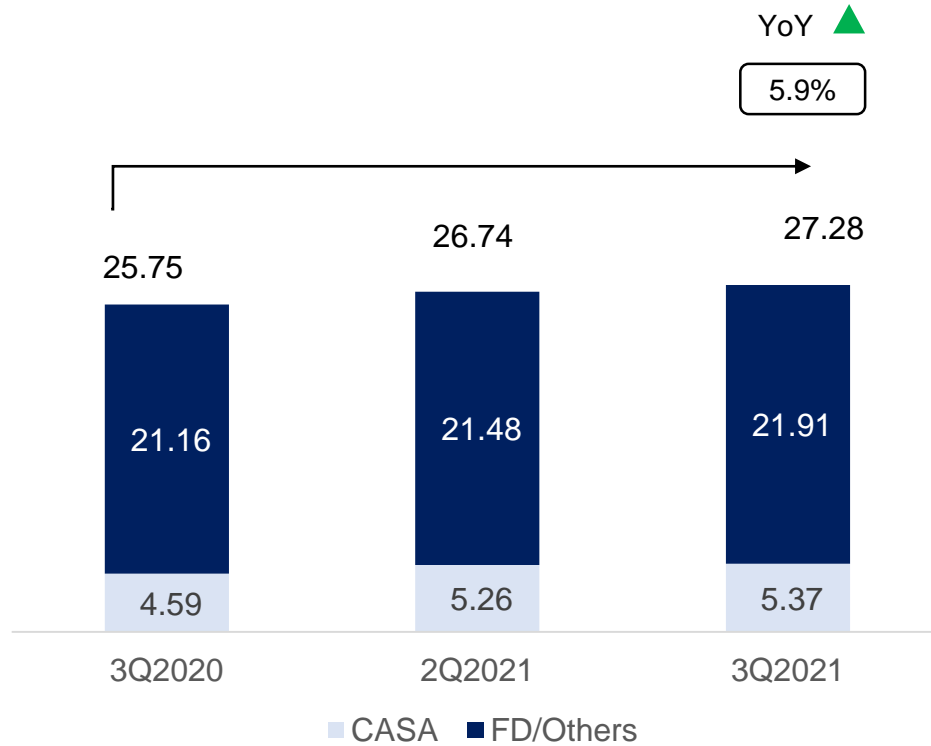
- Non-national makes e.g. Toyota, Honda, Mazda, Mercedes Benz, BMW constitutes 79% of HP Portfolio in September 2021.

RM Billion	%	3Q2020	3Q2021	YoY (%)
National cars	21.1	2.00	2.30	15.0
Non-National cars	78.9	8.48	8.59	1.3
Total	100.0	10.48	10.89	3.9



COMMUNITY BANKING: DEPOSITS

Deposits (RM Billion)



	3Q2020	2Q2021	3Q2021
CASA Ratio	17.8%	19.7%	19.7%



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REPAYMENT ASSISTANCE



APPROVED AND ACTIVE ACCOUNTS: ASSISTANCE DURING COVID-19 PANDEMIC AS AT SEP-2021



URUS

Pelanggan/peminjam B50 yang layak boleh mendapatkan PELAN KEWANGAN PERIBADI untuk bantuan bayaran balik dan sokongan pembangunan kewangan.

Eligible B50 customers/borrowers can get a PERSONALISED FINANCIAL PLAN for repayment assistance and development support to build financial resilience.

Untuk maklumat lanjut, sila rujuk Soalan Lazim (FAQ) di laman sesawang bank atau AKPK.

For more information, please refer to the Frequently Asked Questions (FAQs) in the bank's or AKPK's website

Approved and Active Accounts	Sep-21	
	RM' Mil	%
Corporate Banking		
FAIR	3,560.8	22.1%
NRA	246.9	1.5%
Covid-19 R&R	148.9	0.9%
Total	3,956.6	24.5%
Enterprise Banking		
FAIR	920.8	17.0%
NRA	1,033.50	19.1%
Covid-19 R&R	52.6	1.0%
Total	2,006.9	37.1%
Community Banking		
FAIR	126.0	0.5%
NRA	7997.0	29.0%
Covid-19 R&R	80.0	0.3%
Total	8,203.0	29.8%
Total Loans Under Repayment Assistance	14,166.5	28.80%



KEY TAKEAWAYS



KEY TAKEAWAYS

- Increasing trend of core earnings (Net Interest Income), which demonstrates our change in business model as we focus on Enterprise and Community Banking.
- Launched new Digital Bank proposition in November 2021 that will support our CASA growth.
- Launched new products (Multi Currency Card and BHPetrol Credit Card).
- Investing in high margin business model to improve Net Interest Margin.
- Asset Quality improvements gaining traction with higher underwriting standards and recoveries.
- Intensifying our Metamorphosis Plan (AIM22) as the country moves to open economy.

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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