

PRESENTATION TO ANALYSTS AND FUND MANAGERS

**FINANCIAL RESULTS FOR FINANCIAL YEAR ENDED
31 DECEMBER 2021**

AFFIN BANK BERHAD

TUESDAY, 1 MARCH 2022



KEY PERFORMANCE HIGHLIGHTS FOR FINANCIAL YEAR ENDED

31 DECEMBER 2021

PROFITABILITY

- RM703.9m PBT in FY2021 vs RM386.7m FY2020, YoY increase of 82.0% as the AIM22 metamorphosis journey continues to show positive results.
- Results were contributed by Net Interest Income growing 16.4% YoY on the back of improved NIM and strong loan growth. Total income of RM2,241m FY2021 vs RM2,264m FY2020 was flattish with a slight decline 1.0% YoY as stable earnings replaced volatile treasury gains.
- Annualised ROE was 5.4% in FY2021 as compared to 2.4% in FY2020.
- Cost to Income ratio of 60.3% for FY2021 as compared to 59.7% in FY2020.

ASSET QUALITY

- Significant improvement in GIL to 2.54% FY2021 from 3.5% FY2020, reduction of 0.98% YoY.
- Loan Loss coverage continues increasing trend, ending the year at 72.5% FY2021 as compared to 50.2% FY2020.
- Focusing on Asset Quality has resulted in the improvements of credit cost to 0.41% FY2021 vs 1.14% FY2020.

LIQUIDITY

- CASA ratio improved to a new high for Affin Bank at 23.0% FY2021 compared to 22.2% FY2020, as CASA balances reached RM13.5b an increase of 22.2% YoY.
- COF improved by 89 bps to 2.00% FY2021 vs 2.89% FY2020.

LOANS

- Gross Loans growth has outperformed expectation with growth of 11.1% YoY to RM51.4b FY2021 vs RM46.3b FY2020 driving by strong demand from Enterprise and Community segment in 4Q21.

CAPITAL ADEQUACY

- CET-1 capital ratio decreased by 32bps YoY to 14.20% (FY2020: 14.52%).
- Tier-1 capital ratio decreased by 47 bps YoY to 15.82% (FY2020: 16.29%).
- Total capital ratio of 21.09%, a decrease by 115 bps YoY (FY2020: 22.24%).

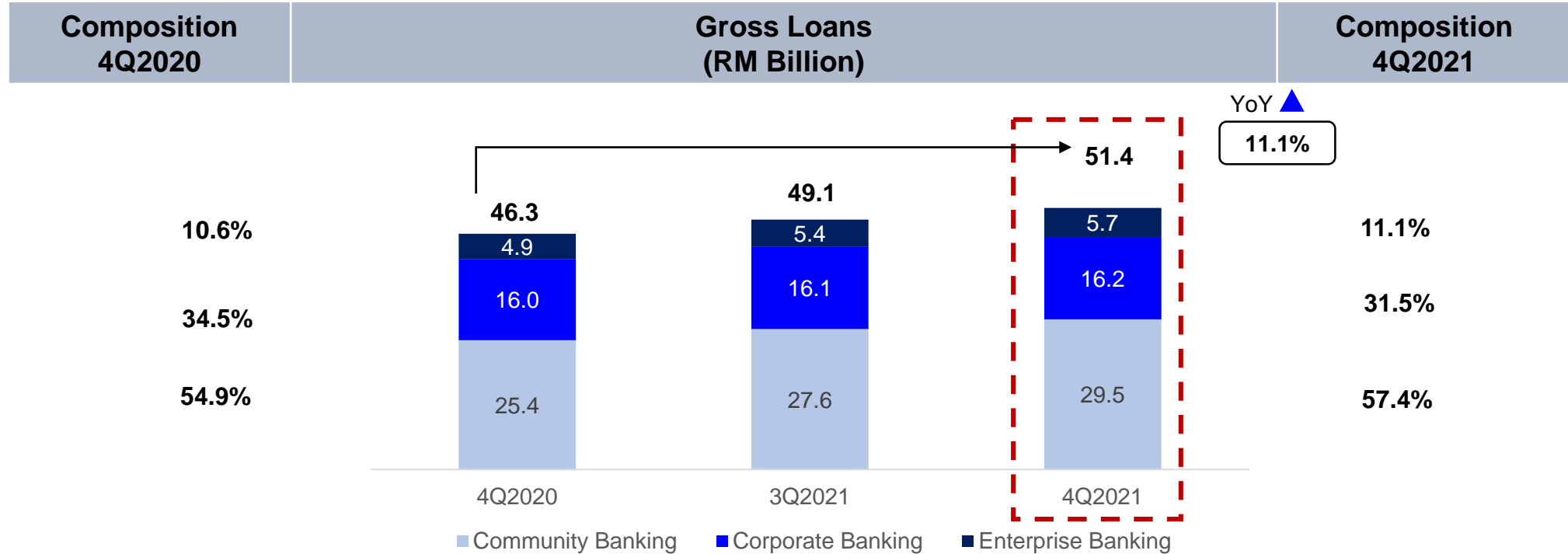


BALANCE SHEET

RM Million	4Q2020	3Q2021	4Q2021	QoQ (%)	YoY (%)
Cash & short-term funds	5,511.4	7,696.0	7,564.3	(1.7)	37.2
Financial assets/investments	13,875.4	15,549.3	15,911.4	2.3	14.7
Gross loans, advances & financing	46,272.7	49,110.9	51,417.5	4.7	11.1
Less : ECL	(779.8)	(913.2)	(889.4)	2.6	(14.0)
Other assets	4,655.5	4,581.9	4,425.3	(3.4)	(4.9)
TOTAL ASSETS	69,535.2	76,024.9	78,429.1	3.2	12.8
Deposits from customers	49,884.4	57,459.0	58,794.4	2.3	17.9
<i>of which : Current Account</i>	8,070.0	8,864.8	10,330.3	16.5	28.0
<i>Savings Account</i>	3,012.3	3,283.0	3,209.8	(2.2)	6.6
<i>Total CASA</i>	11,082.3	12,147.8	13,540.1	11.5	22.2
<i>Fixed Deposits, NIDs, MMD & CMD</i>	38,802.1	45,311.2	45,254.3	(0.1)	16.6
Deposits & placement of banks & other FIs	3,720.4	2,960.4	2,866.0	(3.2)	(23.0)
Other liabilities	2,947.9	2,732.4	3,531.9	29.3	19.8
Borrowings	3,345.5	3,278.0	3,303.1	0.8	(1.3)
Total Equity	9,637.1	9,595.3	9,933.7	3.5	3.1
TOTAL LIABILITIES & EQUITY	69,535.2	76,024.9	78,429.1	3.2	12.8



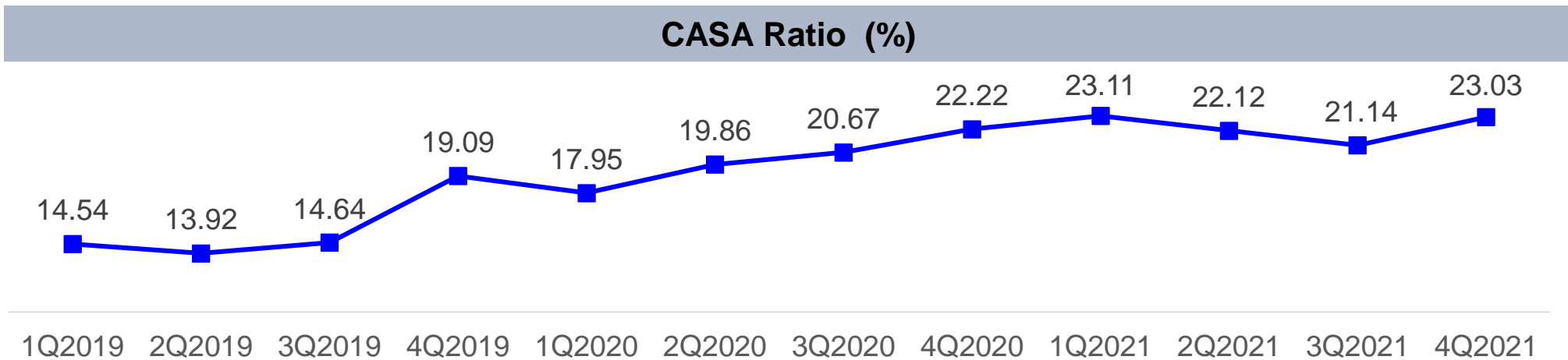
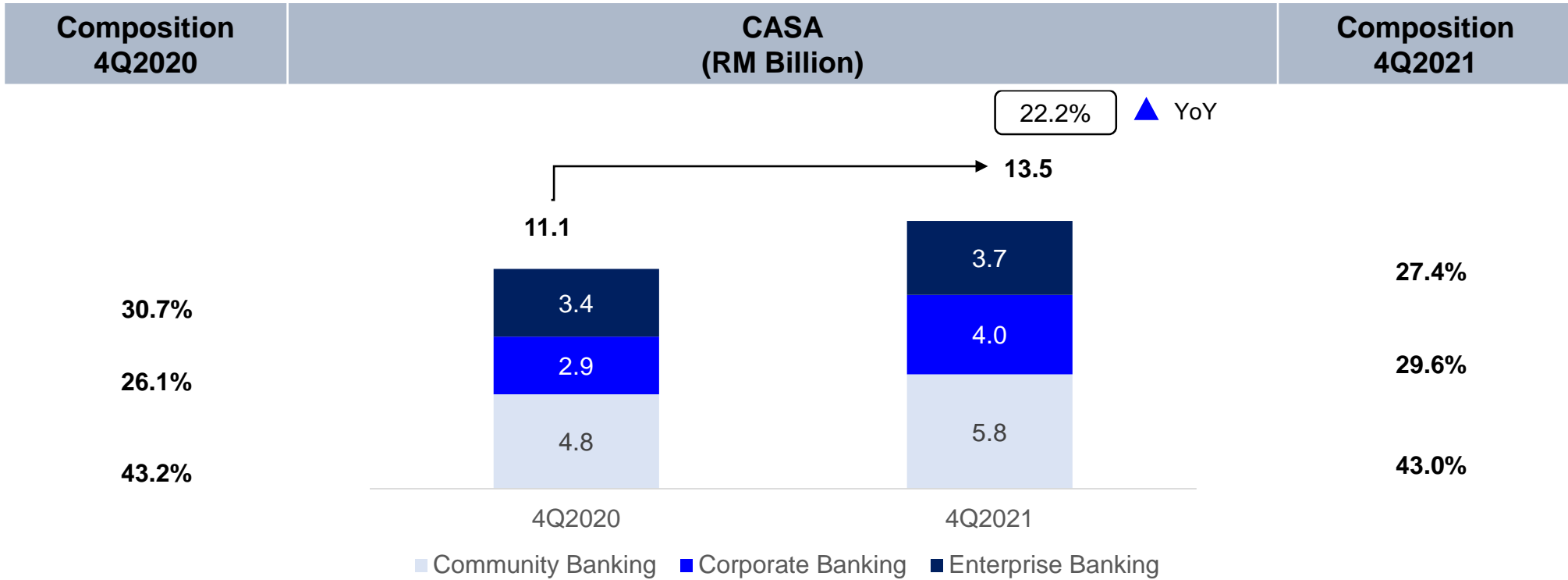
KEY DRIVERS OF COMMUNITY AND ENTERPRISE



RM Billion	4Q2020	3Q2021	4Q2021	QoQ (%)	YoY (%)
Community Banking	25.4	27.6	29.5	6.9	16.1
Corporate Banking	16.0	16.1	16.2	0.6	0.6
Enterprise Banking	4.9	5.4	5.7	5.6	16.3
TOTAL	46.3	49.1	51.4	4.7	11.1



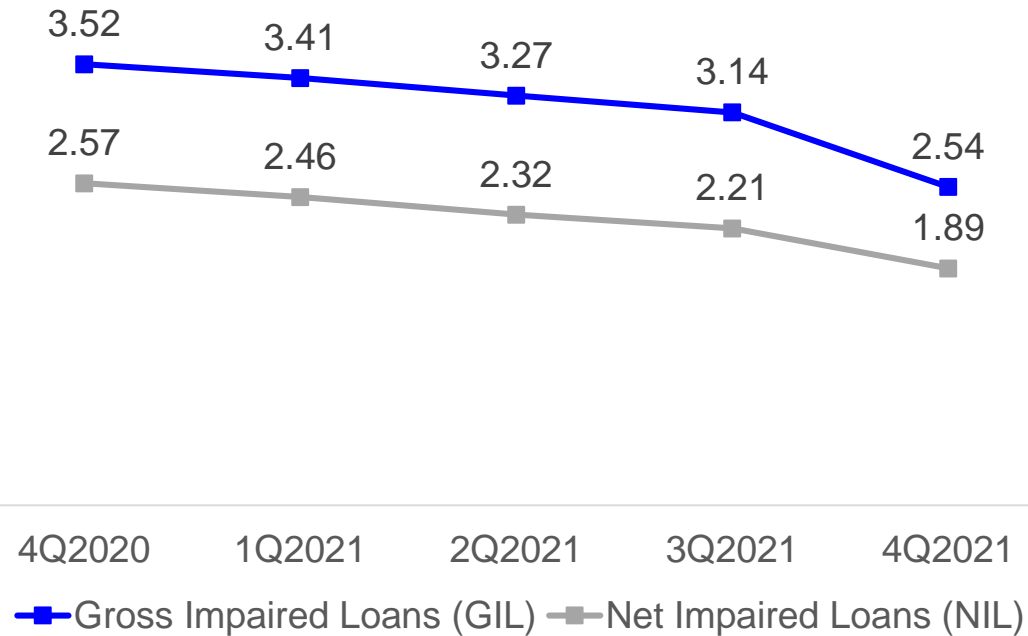
CASA DRIVEN BY COMMUNITY AND CORPORATE





IMPROVED GIL TO 2.54%, NO LONGER A 3% GIL BANK

Impaired Loans Ratio (%)



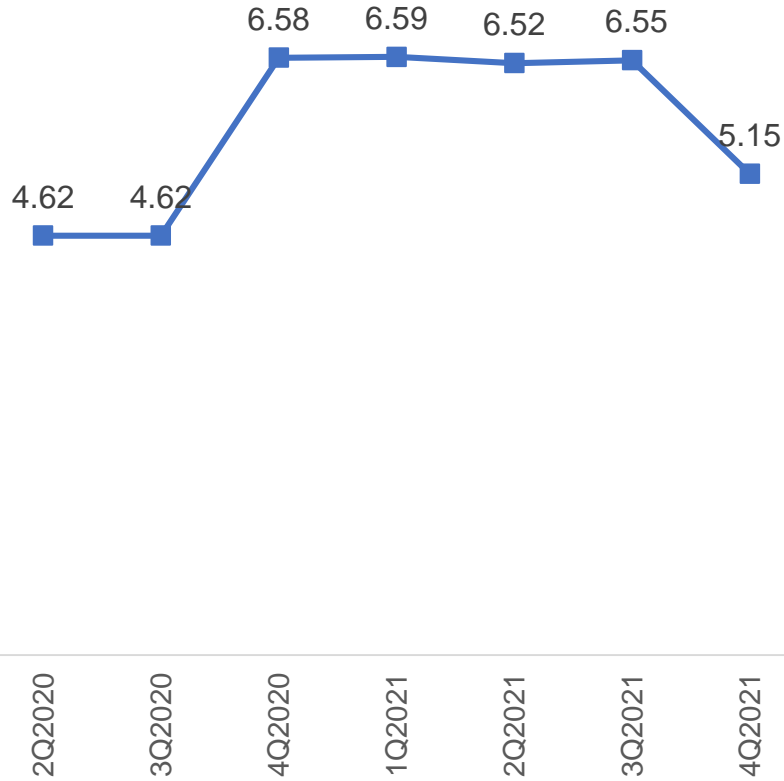
- *GIL ratios improved by 98 bps YoY reduction to 2.54% in FY2021 vs 3.52% FY2020.*
- *NIL ratio at 1.89% in FY2021 vs 2.57% in FY2020.*
- *Repayment of RM484.4 million of impaired loans for the year with RM361.9 million received in 4Q21.*



GIL IMPROVEMENT IN CORPORATE

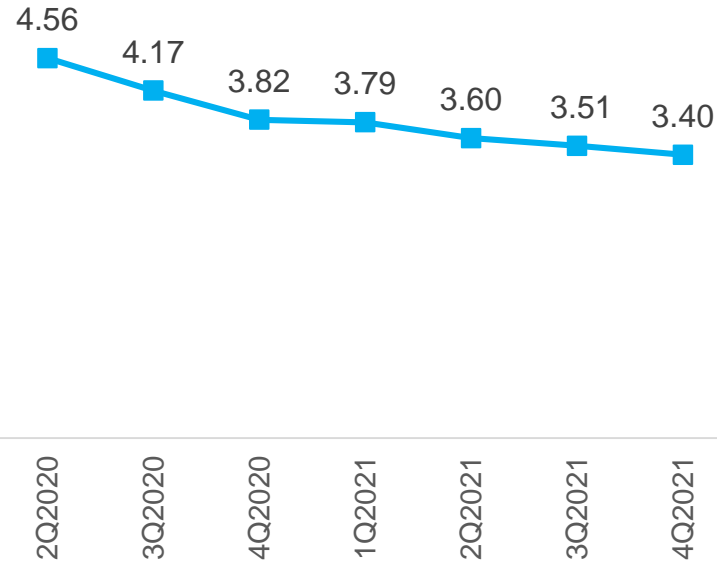
Gross Impaired Loans Ratio (%)

Corporate



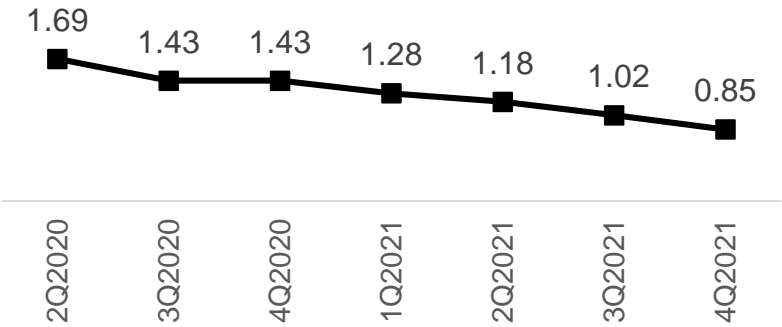
*Seek Repayments or rehabilitation of loans.
Enhanced early warning framework.*

Enterprise



Regional Asset Quality Management set-up for faster response.

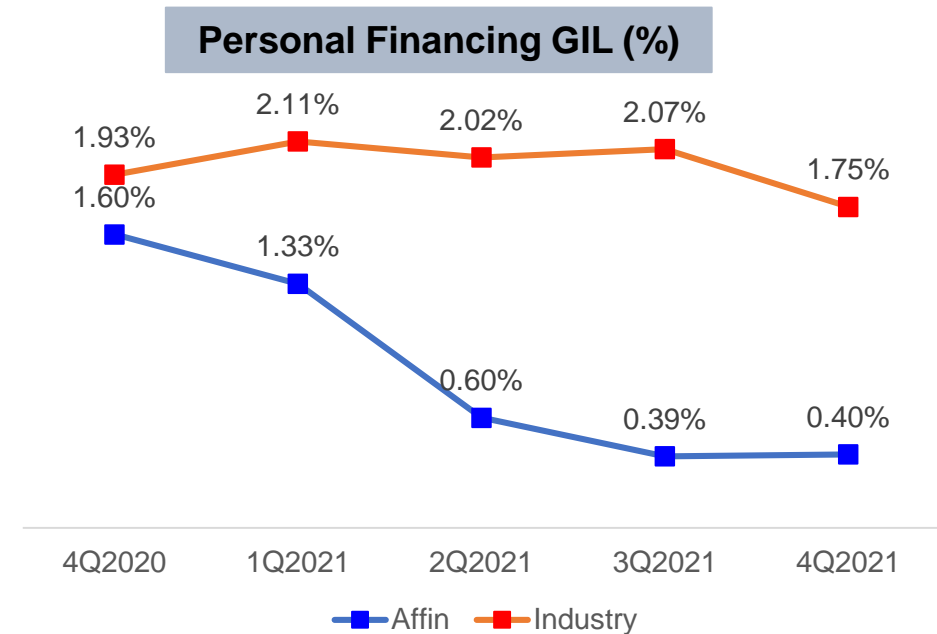
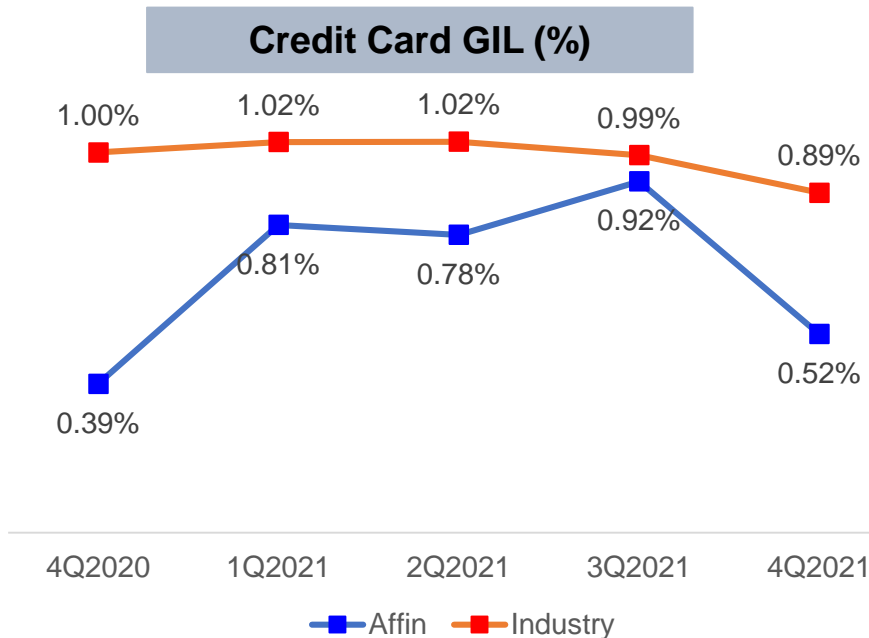
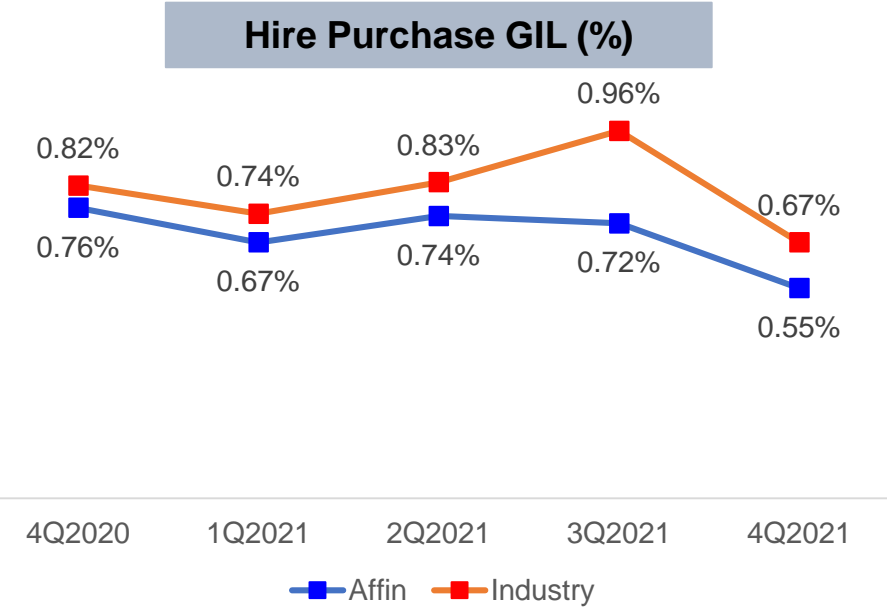
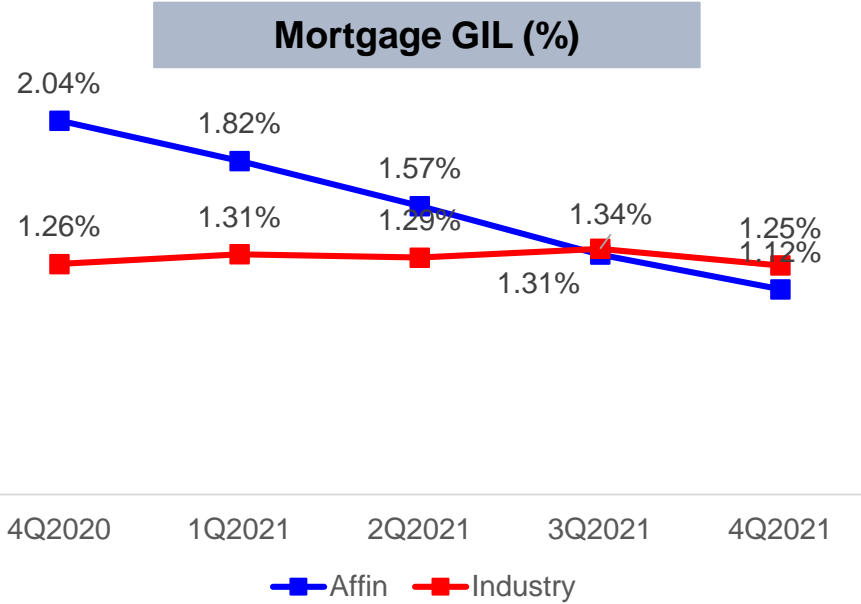
Community



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



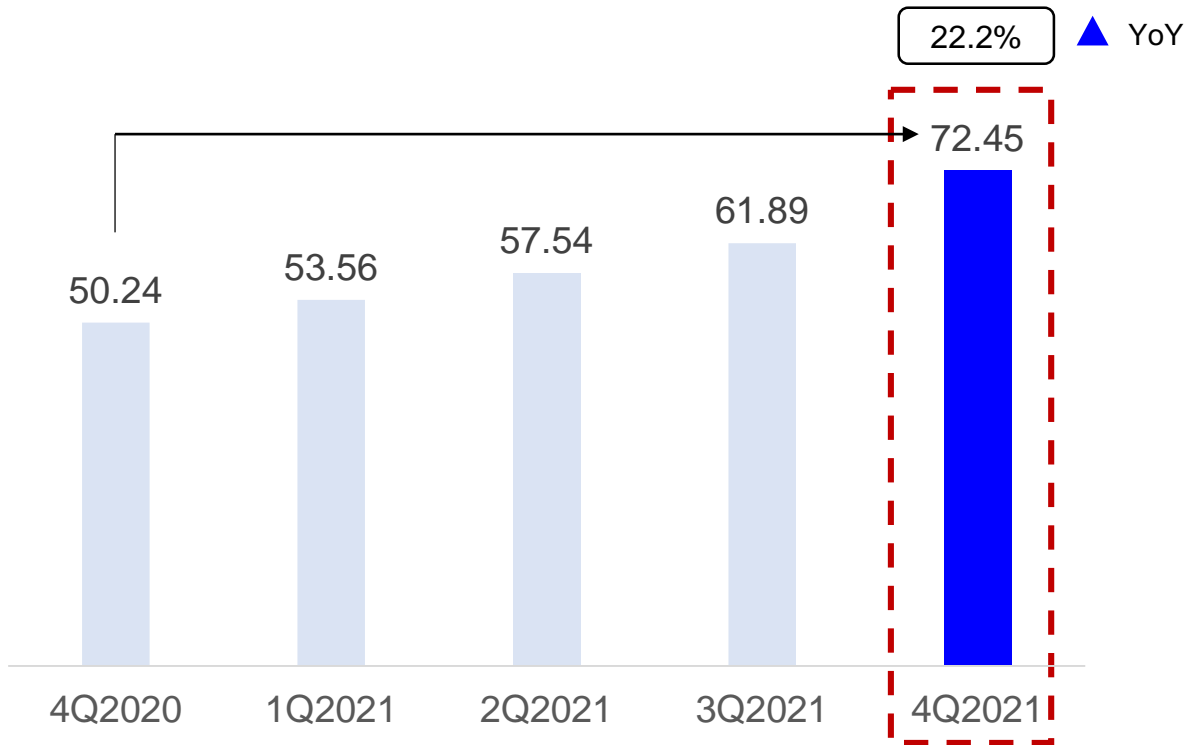
COMMUNITY BANKING GROSS IMPAIRED RATIO BELOW INDUSTRY





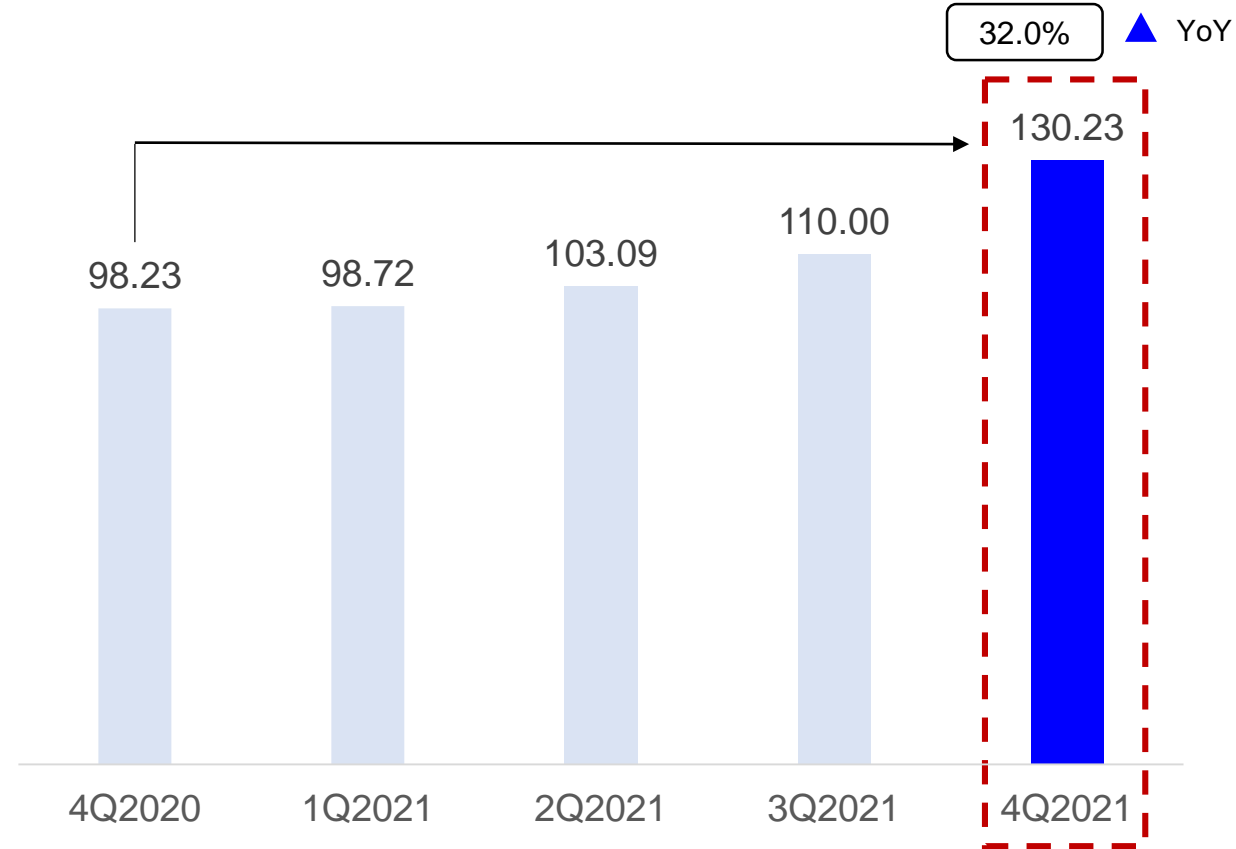
PRIORITY TO INCREASE LOAN LOSS COVERAGE TO 90% IN FY22

Loan Loss Coverage (%)



- Loan Loss Coverage ratio was 72.45% in FY2021 vs 50.24% in FY2020, 22.21% improvement.

Loan Loss Reserve (%)



- Loan Loss Reserve ratio was 130.23% in FY2021 vs 98.23% in FY2020, 32.00% improvement



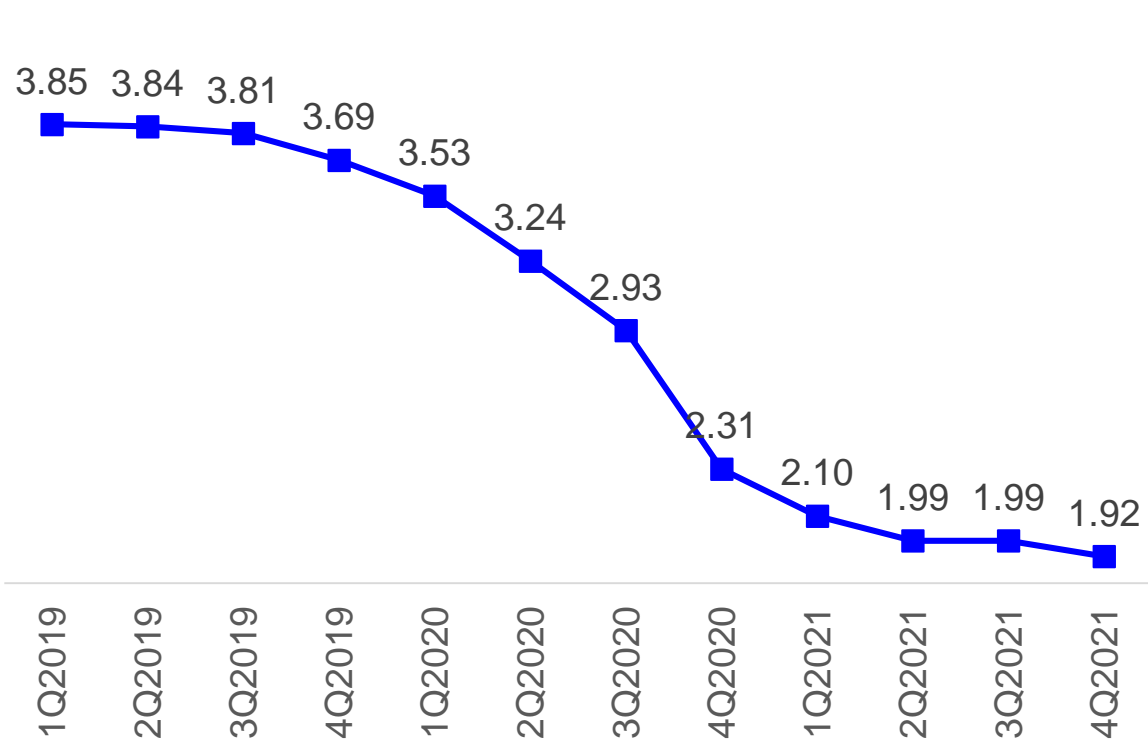
INCOME STATEMENT

RM Million	Quarter		QoQ	YTD		YoY
	3Q2021	4Q2021	%	FY2020	FY2021	%
Net Interest Income	232.5	248.2	6.8	772.1	898.8	16.4
Income from Islamic Banking Business	134.2	159.7	19.0	481.2	549.5	14.2
Modification Loss	-	(5.6)	(100.0)	(78.4)	(5.6)	92.9
Other operating Income	185.9	169.8	(8.6)	1,090.0	798.5	(26.7)
<i>of which :</i>						
<i>Net Fee & Commission Income</i>	<i>154.3</i>	<i>159.6</i>	<i>3.4</i>	<i>602.7</i>	<i>676.0</i>	<i>12.2</i>
<i>Net Gains on Financial Instruments</i>	<i>31.5</i>	<i>10.3</i>	<i>67.5</i>	<i>487.3</i>	<i>122.5</i>	<i>(74.9)</i>
Net Income	552.5	572.1	3.6	2,264.9	2,241.2	(1.0)
Operating Expenses	(326.3)	(346.3)	(6.1)	(1,351.0)	(1,353.6)	(0.2)
Operating profit before allowances	226.2	225.8	(0.2)	913.9	887.6	(2.9)
Allowances for Impairment Losses	(49.3)	1.9	103.9	(561.6)	(222.7)	60.4
Share of results of a Joint Venture & an Associate	12.2	9.3	(23.8)	41.9	45.4	8.4
Zakat	(2.3)	(2.2)	(4.3)	(7.5)	(6.4)	14.1
Profit Before Taxation	186.8	234.8	25.7	386.7	703.9	82.0

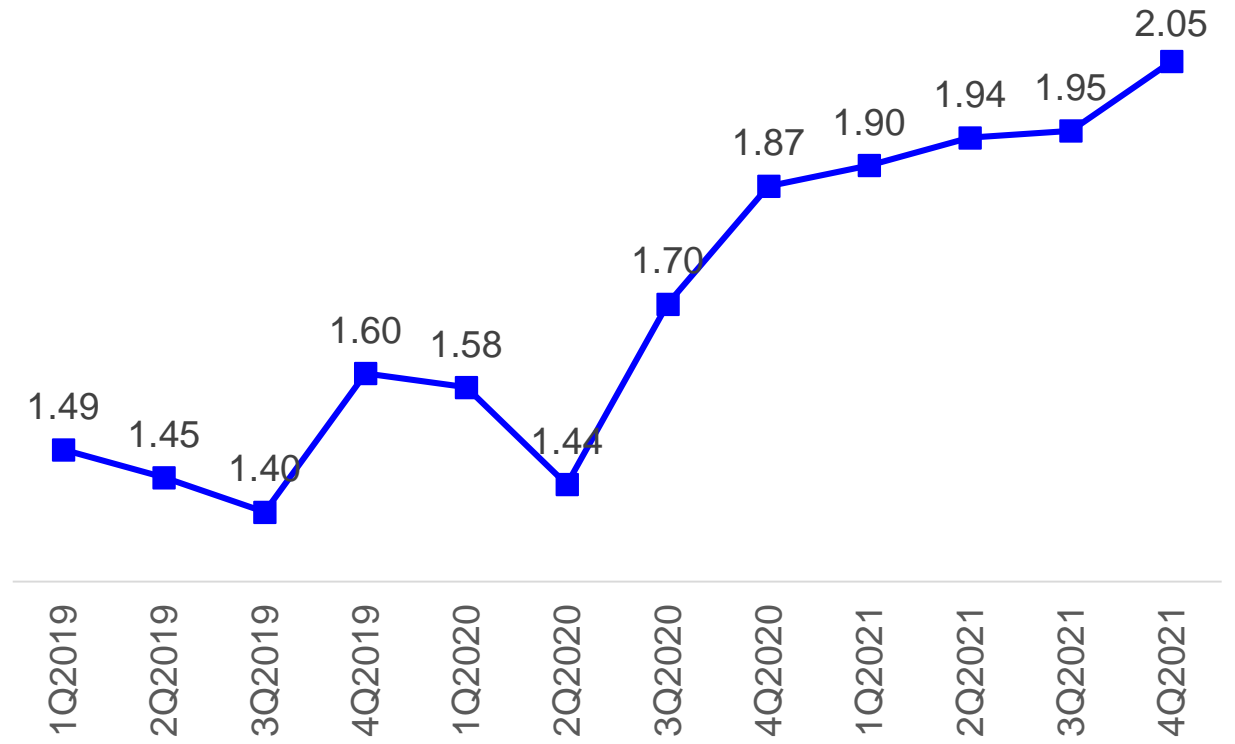


REENGINEERING BALANCE SHEET HAS REDUCED COF SIGNIFICANTLY

Cost of Funds (%)



Net Interest Margin (%)

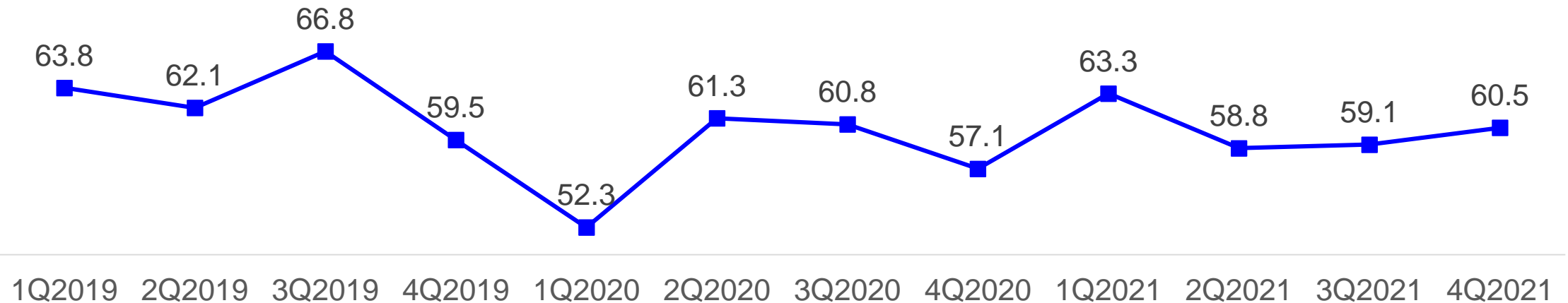




CONTINUE TO PRESS CIR BELOW 60%

RM Million	Quarter		QoQ	YTD		YoY
	3Q2021	4Q2021	%	FY2020	FY2021	%
Personnel costs	219.9	225.9	6.0	881.4	908.6	3.1
Promotion & marketing related expenses	7.0	5.6	(1.5)	53.4	34.7	(34.9)
Establishment related expenses	73.9	79.1	5.3	312.6	300.6	(3.8)
General & administrative expenses	25.5	35.7	10.2	103.6	109.7	5.9
TOTAL	326.3	346.3	20.0	1,351.0	1,353.6	0.2
Cost to Income ratio (%)	59.1	60.5		57.6	60.3	
JAWS	(0.4)	(2.9)		7.0	(2.6)	

Cost to Income Ratio (%)

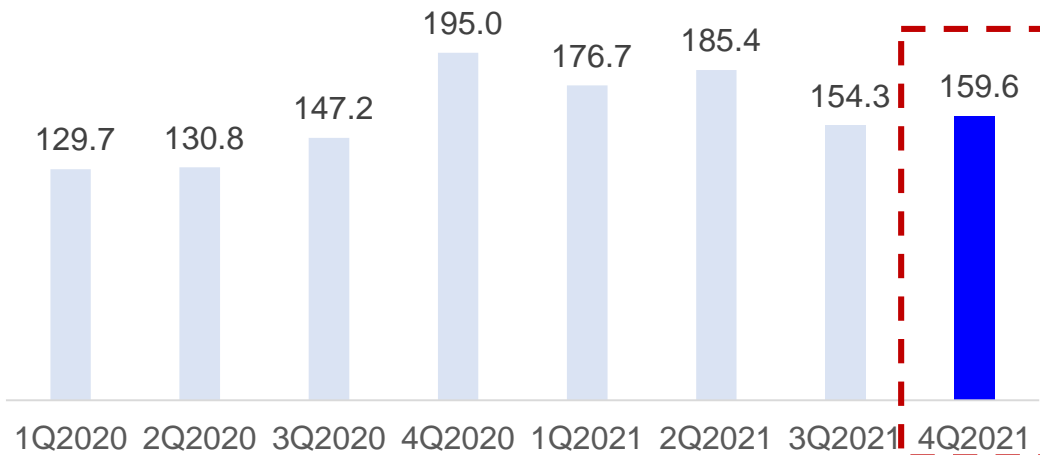




THE BANK'S RECORDED BETTER CONTRIBUTION FROM OUR FX, BANCA AND WEALTH SEGMENT

RM Million	Quarter		QoQ %	YTD		YoY %
	3Q2021	4Q2021		FY2020	FY2021	
Fees & Commission	22.0	33.8	53.6	124.5	146.7	17.8
Stockbroking @net brokerage	24.4	21.2	(13.1)	114.4	104.6	(8.6)
Portfolio management fees	86.4	87.1	0.8	273.1	335.0	22.7
Wealth income	11.7	12.8	9.4	29.2	45.2	54.8
Advisory income	1.8	1.9	5.6	8.5	7.3	(14.1)
Other Income	8.0	2.8	(65.0)	53.0	37.2	(29.8)
Fee And Commission Income	154.3	159.6	3.4	602.7	676.0	12.2
Gains On Financial Instruments	31.5	10.2	(67.6)	487.3	122.5	(74.9)
Other Operating Income	185.8	169.8	(8.6)	1,090.0	798.5	(26.7)

NET FEE AND COMMISSION INCOME

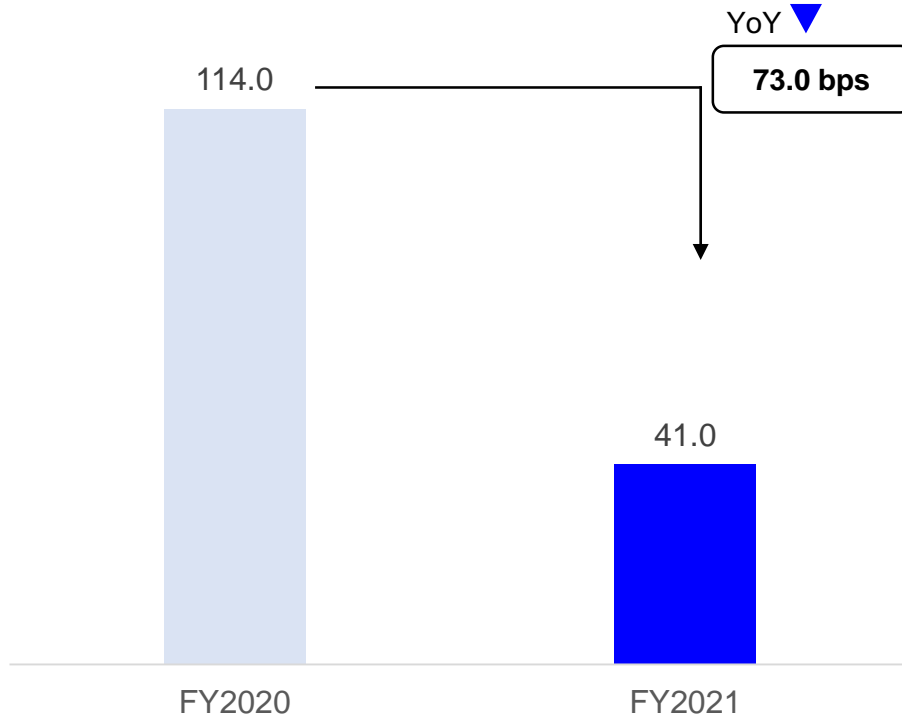


- Higher fees commission mainly AHAM's performance fee portfolio fee (RM 97.8 m) due to increase in AUA by RM 8.1b YoY (2021: RM81.1b; 2020: RM73.0b).
- Invikta is showing traction with improved wealth income with investment portfolio of RM5.5b as at FY2021.

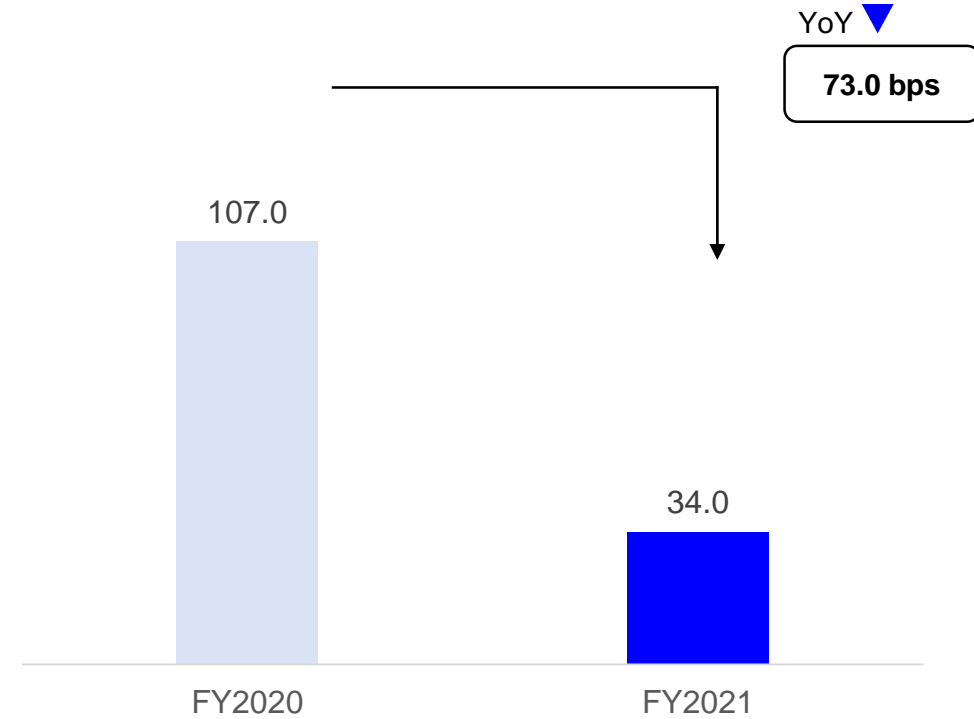


IMPROVING CREDIT COST FROM IMPAIRED LOAN REPAYMENTS

Gross Credit Cost (bps)



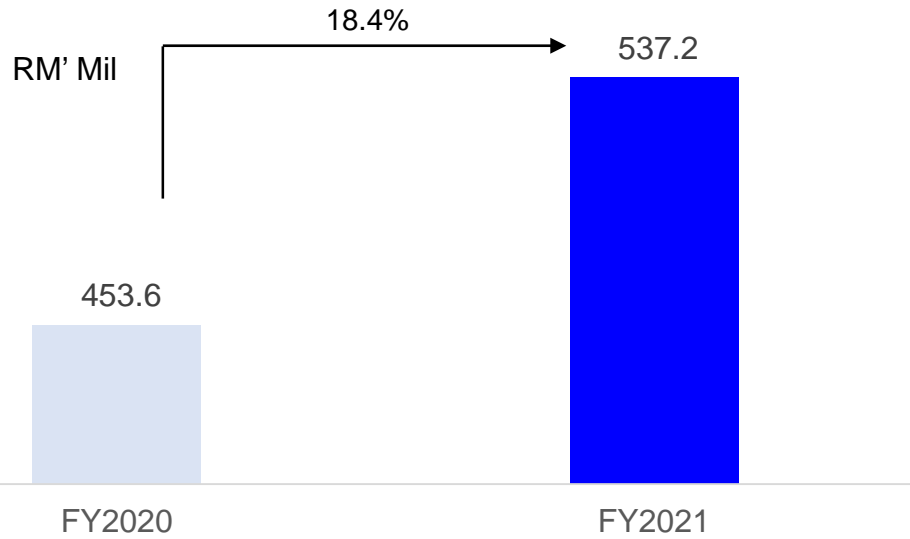
Net Credit Cost (bps)



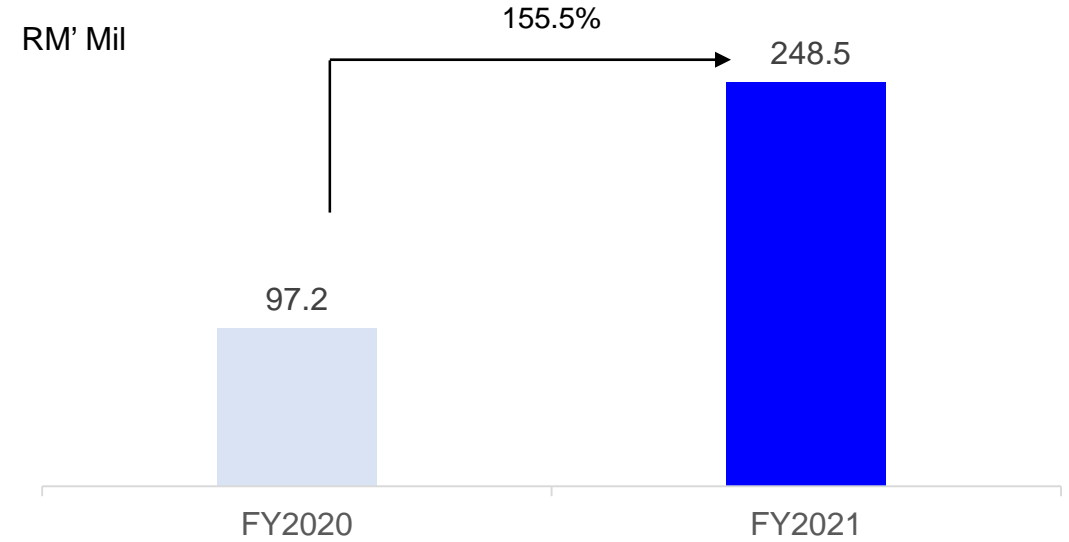


AFFIN ISLAMIC HIGHEST PBT EVER RECORDED SINCE ITS INCEPTION

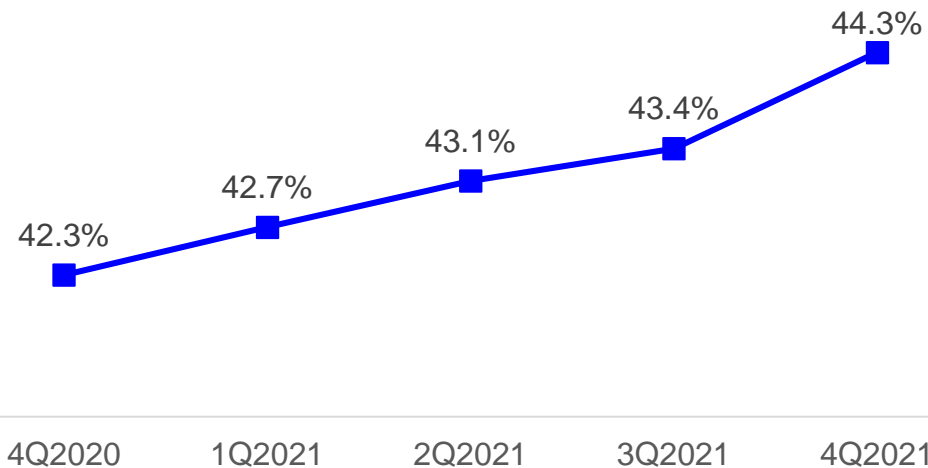
Islamic Income



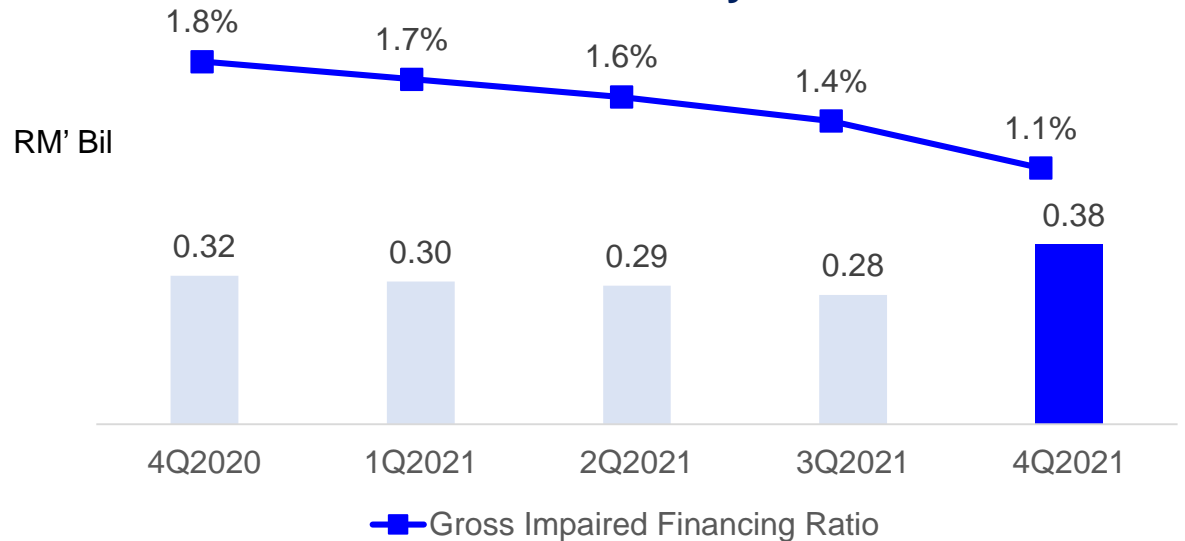
Profit Before Tax



Islamic Financing Composition / Total Gross Loan



Asset Quality





PBT CONTRIBUTION BY SUBSIDIARIES, JV AND ASSOCIATE

Entity / RM Million	Quarter		QoQ	YTD		YoY
	3Q2021	4Q2021	%	FY2020	FY2021	%
Affin Bank (Bank Level)	44.7	58.3	30.4	(98.4)	134.5	236.7
Affin Islamic Bank (Bank Level)	57.3	104.4	82.2	96.6	248.5	157.2
Affin Hwang Investment Bank	33.9	21.0	(38.1)	209.2	101.1	(51.7)
Affin Hwang Asset Management	32.2	28.2	(12.4)	137.3	156.8	14.2
AXA AFFIN General Insurance	11.3	14.1	24.8	41.9	42.8	2.1
AXA AFFIN Life Insurance	0.9	(4.8)	(633.3)	(0.4)	2.6	(750.0)
AFFIN Moneybrokers	0.1	0.2	100.0	1.9	1.4	(26.3)
Consol Adjustment	6.4	13.4	109.4	(1.4)	16.2	(1,273.9)
AFFIN Bank Group	186.8	234.8	25.7	386.7	703.9	82.0



THE GROUP CET1 CONSUMED FROM STRONG LOAN GROWTH

Ratio (%)		CET 1			Tier 1			Total Capital		
		2019	2020	4Q2021	2019	2020	4Q2021	2019	2020	4Q2021
AFFIN BANK BERHAD	Group	14.46	14.52	14.20	16.24	16.29	15.82	23.19	22.24	21.09
	Bank	12.96	13.06	13.21	14.64	14.79	14.79	22.19	21.25	20.47
AFFIN ISLAMIC BANK BERHAD	Bank	11.72	12.23	12.14	13.82	14.23	13.87	20.53	20.27	19.03
AFFIN HWANG INVESTMENT BANK BERHAD	Group	33.24	34.07	31.43	33.99	35.00	32.51	34.76	35.42	33.03
	Bank	42.74	45.53	45.80	42.74	45.53	45.80	43.57	46.14	46.58



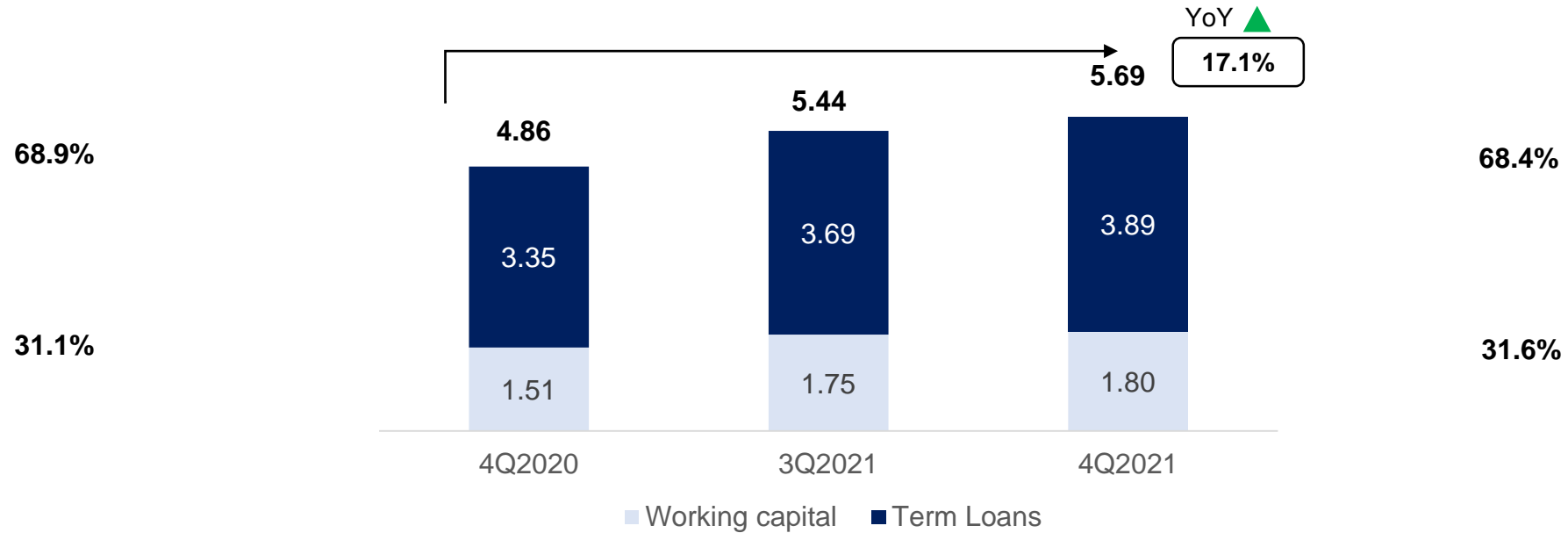
KEY RATIOS

	3Q2021 (%)	4Q2021 (%)	QoQ (%)	FY2020 (%)	FY2021 (%)	YoY (%)
PROFITABILITY						
Return on Equity (After Tax)	5.60	8.51	▲ 2.91	2.44	5.42	▲ 2.98
Fee to Income Ratio	33.65	29.68	▼ (3.97)	46.51	35.63	▼ (10.88)
Net Interest Margin	1.96	2.05	▲ 0.09	1.66	1.97	▲ 0.31
Cost to Income Ratio	59.06	60.53	▲ 1.47	59.65	60.25	▲ 0.60
ASSETS QUALITY						
Gross Credit Cost	0.46	0.16	▼ (0.30)	1.14	0.41	▼ (0.73)
Gross Impaired Loans Ratio	3.14	2.54	▼ (0.60)	3.52	2.54	▼ (0.98)
Loan Loss Coverage Ratio	61.89	72.45	▲ 10.56	50.24	72.45	▲ 22.21
Loan Loss Reserve Ratio	109.82	130.23	▲ 20.41	98.23	130.23	▲ 32.00
LIQUIDITY						
Cost of Funds	1.99	1.92	▼ (0.07)	2.89	2.00	▼ (0.89)
CASA Ratio	21.14	23.03	▲ 1.89	22.22	23.03	▲ 0.81
CAPITAL ADEQUACY						
CET 1 Ratio	13.62	14.20	▲ 0.58	14.52	14.20	▼ (0.32)
Total Capital Ratio	20.74	21.09	▲ 0.35	22.24	21.09	▼ (1.15)



ENTERPRISE BANKING: LOANS

Composition 4Q2020	Loans RM' Billion	Composition 4Q2021
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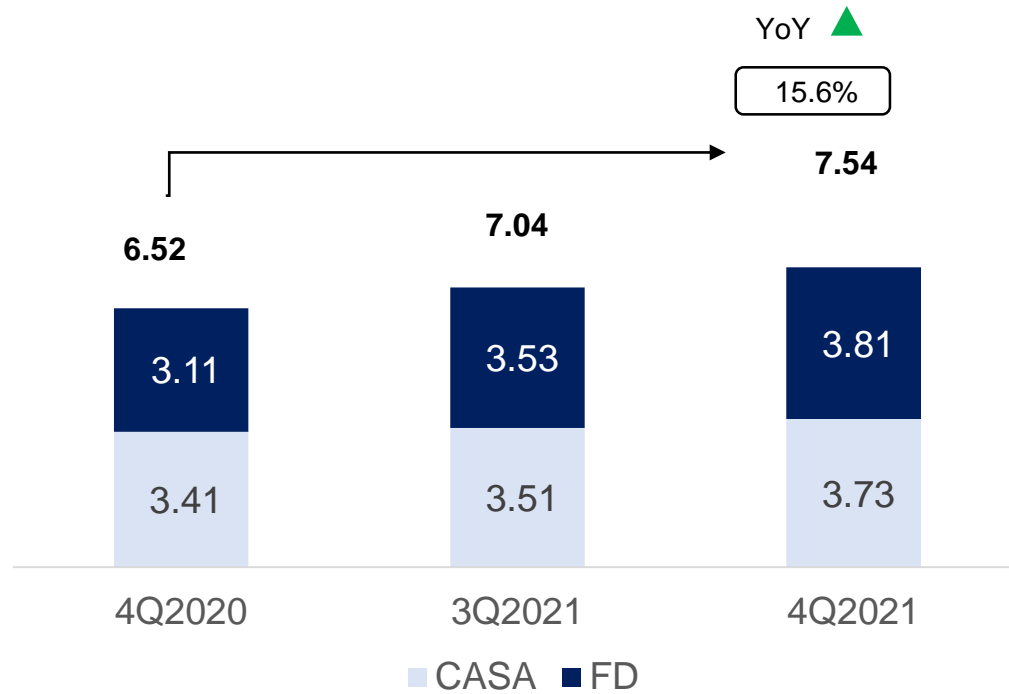


	4Q2020	3Q2021	4Q2021	QoQ (%)	YoY (%)
Working capital	1.51	1.75	1.80	11.6	19.2
Term Loans	3.35	3.69	3.89	1.6	16.1
Total	4.86	5.44	5.69	4.5	17.1

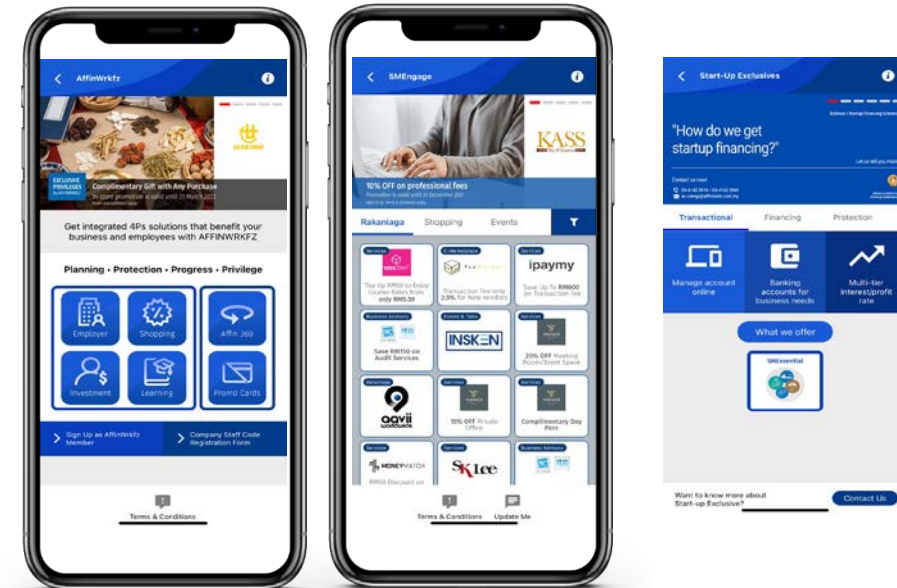


ENTERPRISE BANKING: DEPOSITS

Deposits (RM Billion)



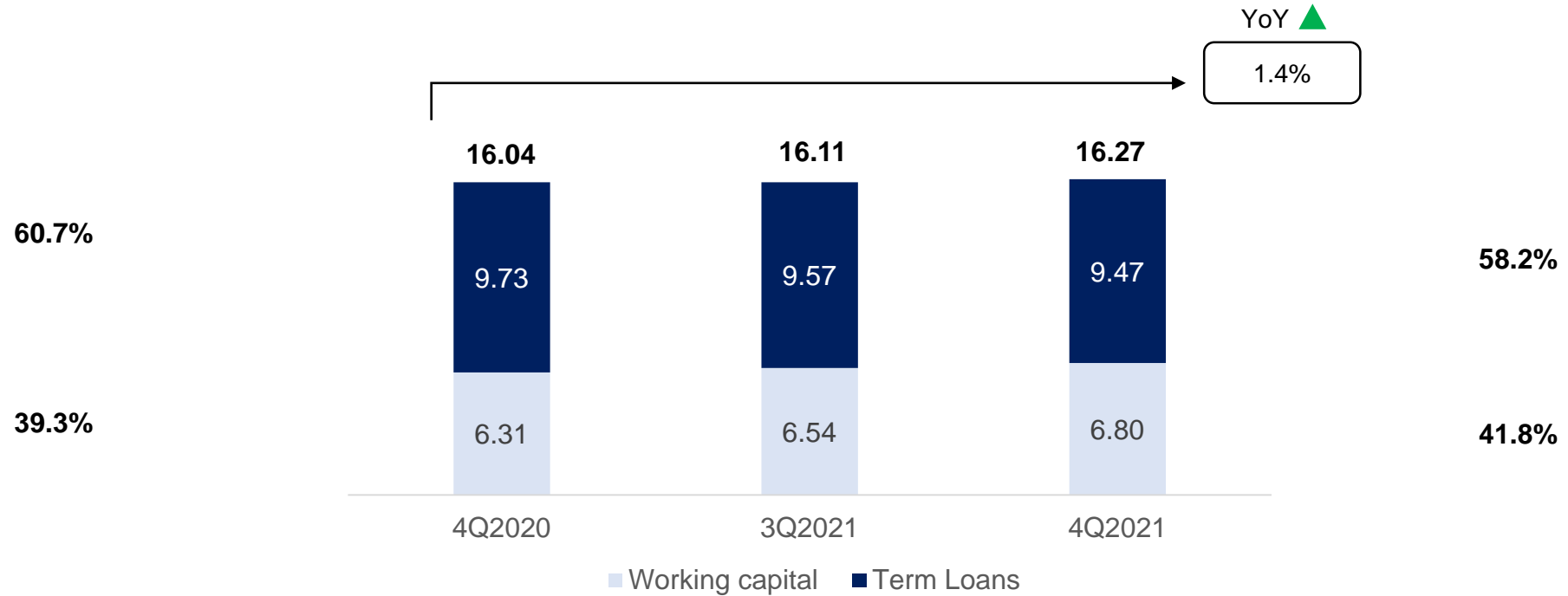
	4Q2020	3Q2021	4Q2021
CASA Ratio	52.3%	49.8%	49.5%





CORPORATE BANKING: LOANS

Composition 4Q2020	Loans (RM Billion)	Composition 4Q2021
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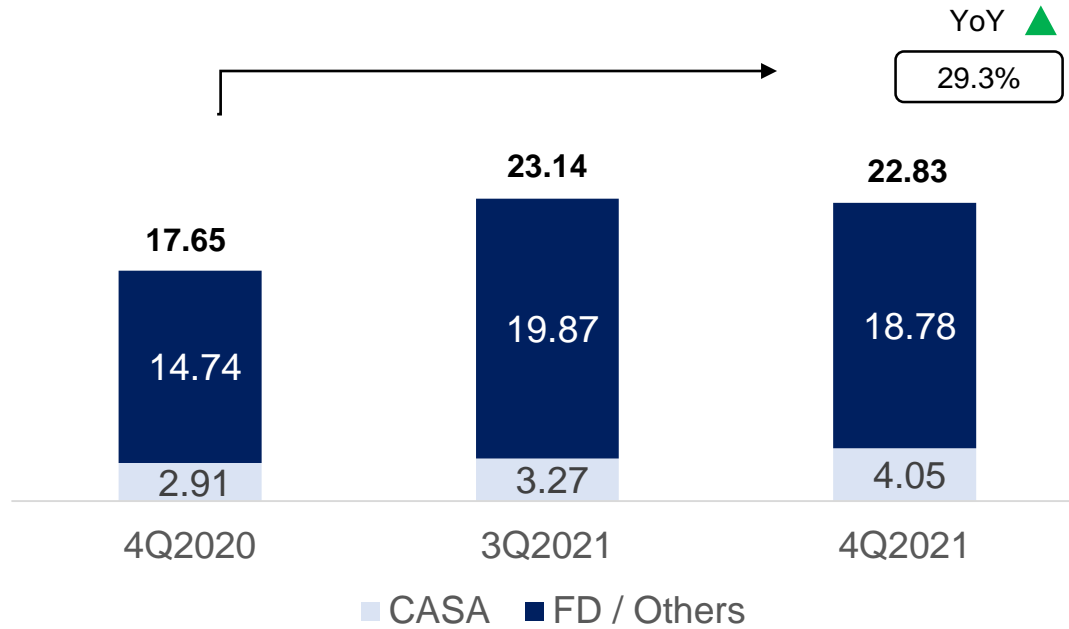


	4Q2020	3Q2021	4Q2021	QoQ (%)	YoY (%)
Working capital	6.31	6.54	6.80	4.0	7.8
Term Loans	9.73	9.57	9.47	(1.0)	(2.7)
Total	16.04	16.11	16.27	1.0	1.4



CORPORATE BANKING: DEPOSITS

Deposits (RM Billion)



	4Q2020	3Q2021	4Q2021
CASA Ratio	16.5%	14.1%	17.7%

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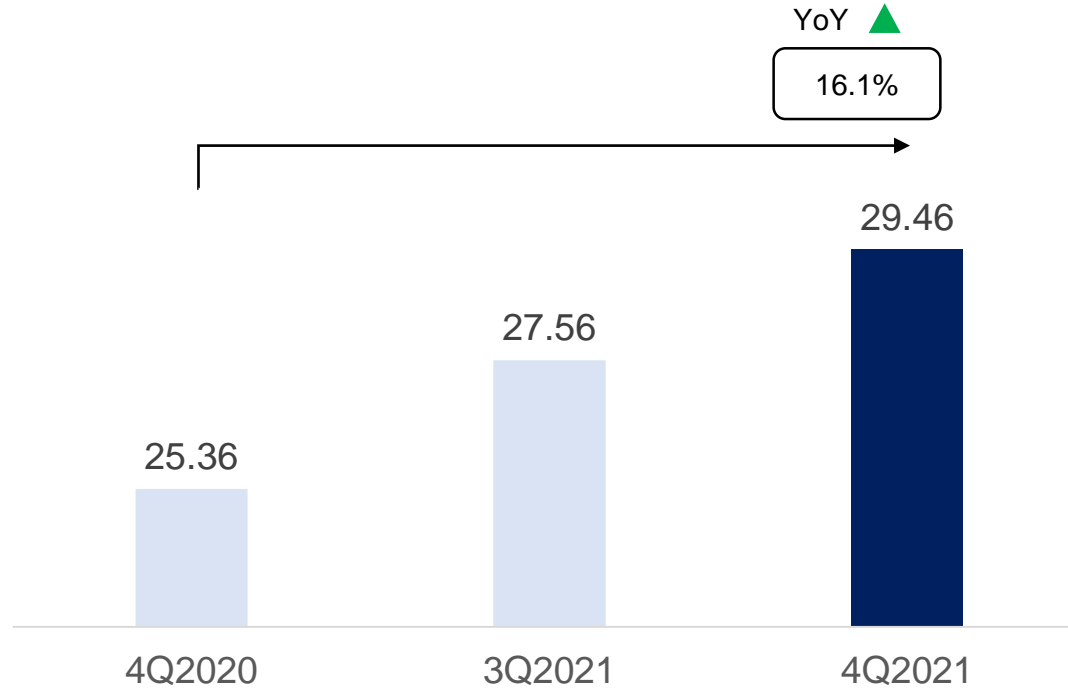
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COMMUNITY BANKING: LOANS



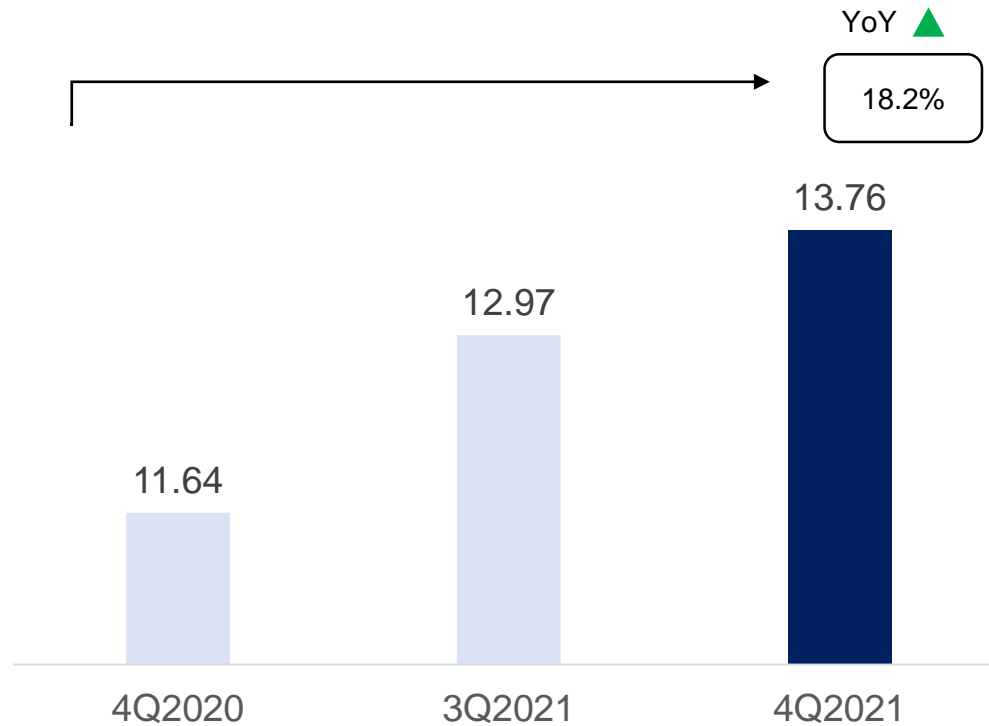
Affin Duo+ Credit Card launched on 7 December 2021

RM Billion	4Q2020	3Q2021	4Q2021	QoQ (%)	YoY (%)
Mortgage	11.64	12.97	13.76	6.1	18.2
Hire Purchase	10.71	10.89	11.47	5.3	7.1
Credit Card	0.21	0.23	0.27	15.4	26.7
ASB	0.60	0.69	0.78	13.5	29.7
Personal and Other Loans/Financing	2.20	2.78	3.18	14.4	44.5
TOTAL	25.36	27.56	29.46	6.9	16.1



COMMUNITY BANKING: MORTGAGE

Mortgage Loans (RM Billion)



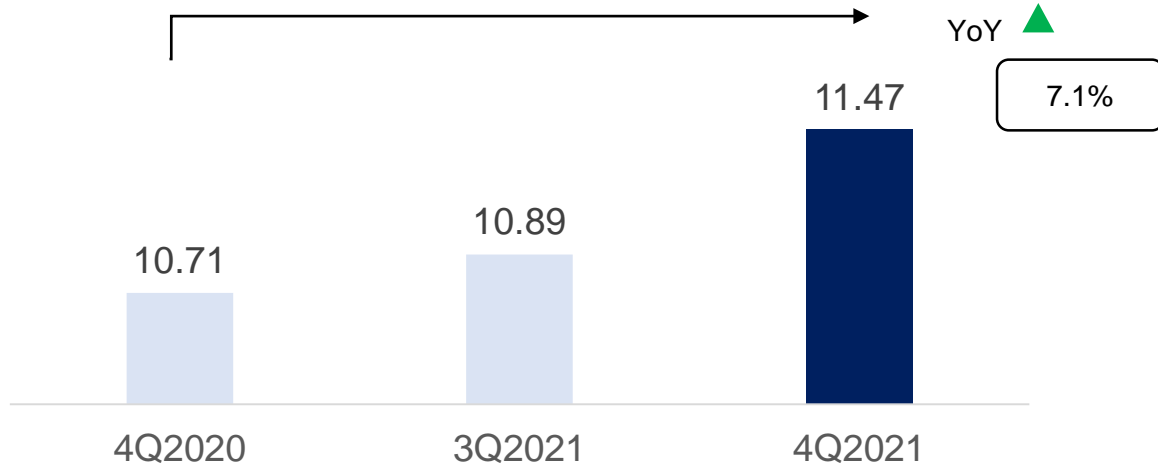
RM Billion	%	4Q2020	4Q2021	YoY (%)
Primary	11.05	1.06	1.52	43.04
Secondary	88.15	10.58	12.13	14.72
Others	0.80	0.00	0.11	>100.00
Total	100.0	11.64	13.76	18.27

Mortgage loans improved 18.2% YoY to RM13.76 billion as at 4Q2021.



COMMUNITY BANKING: HIRE PURCHASE

Hire Purchase Loans (RM Billion)



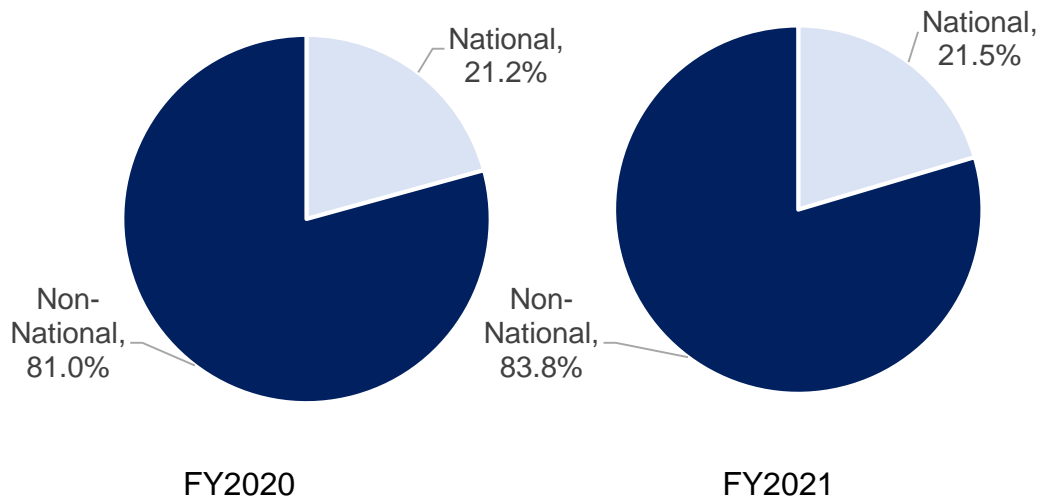
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Campaign Period : Now until 31st Dec 2021
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HP Portfolio Composition (%)



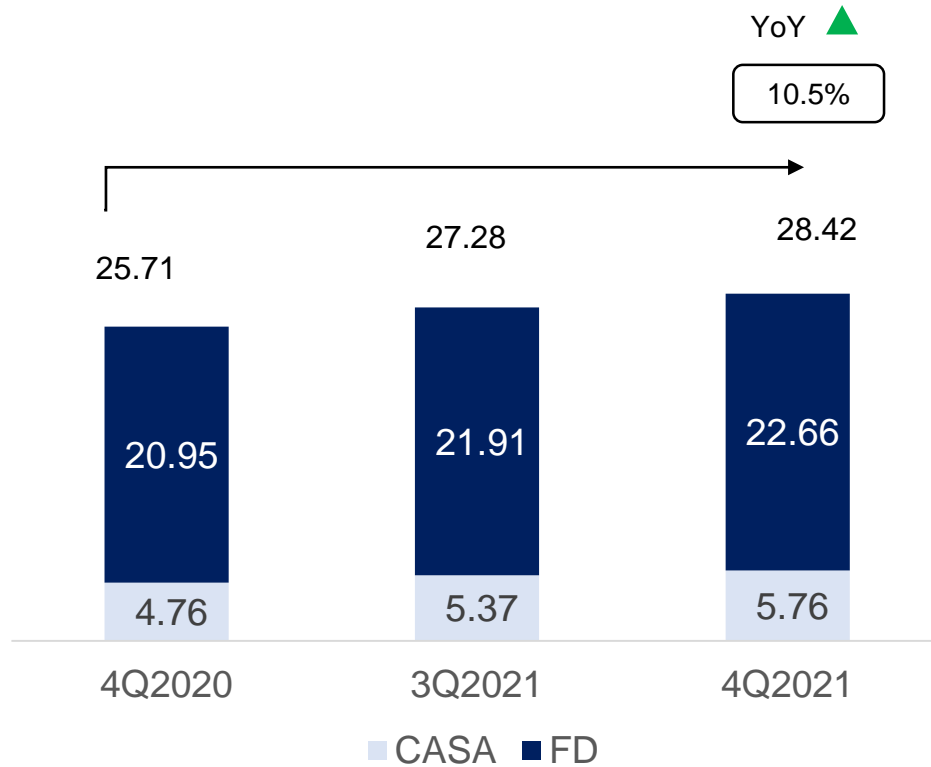
- Non-national makes e.g. Toyota, Honda, Mazda, Mercedes Benz, BMW constitutes 83.8% of HP Portfolio in December 2021.

RM Billion	%	FY2020	FY2021	YoY (%)
National cars	21.5	2.22	2.34	5.41%
Non-National cars	83.8	8.49	9.13	7.54%
Total	100.00	10.71	11.47	7.10%



COMMUNITY BANKING: DEPOSITS

Deposits (RM Billion)



	4Q2020	3Q2021	4Q2021
CASA Ratio	18.5%	19.7%	20.3%

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SCAN TO DOWNLOAD

Affin Bank Berhad 197501003274 (25046-T) Affin Islamic Bank Berhad 200501027372 (709506-V) Member of FICM



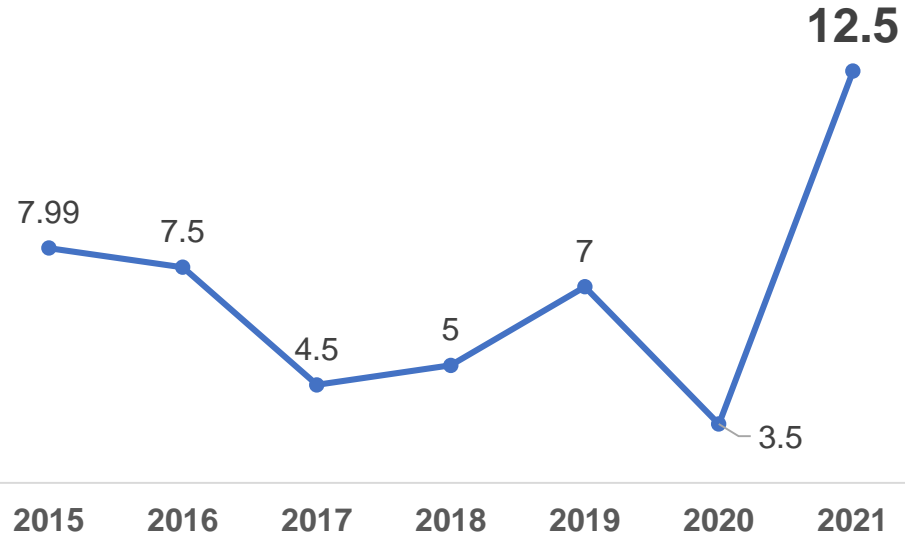
PROPOSED FINAL DIVIDEND OF 12.5 SEN UNDER DRP

Affin Bank has proposed a single tier final dividend of 12.5 sen per share amounting to approximately RM265.5 million for the FY2021.

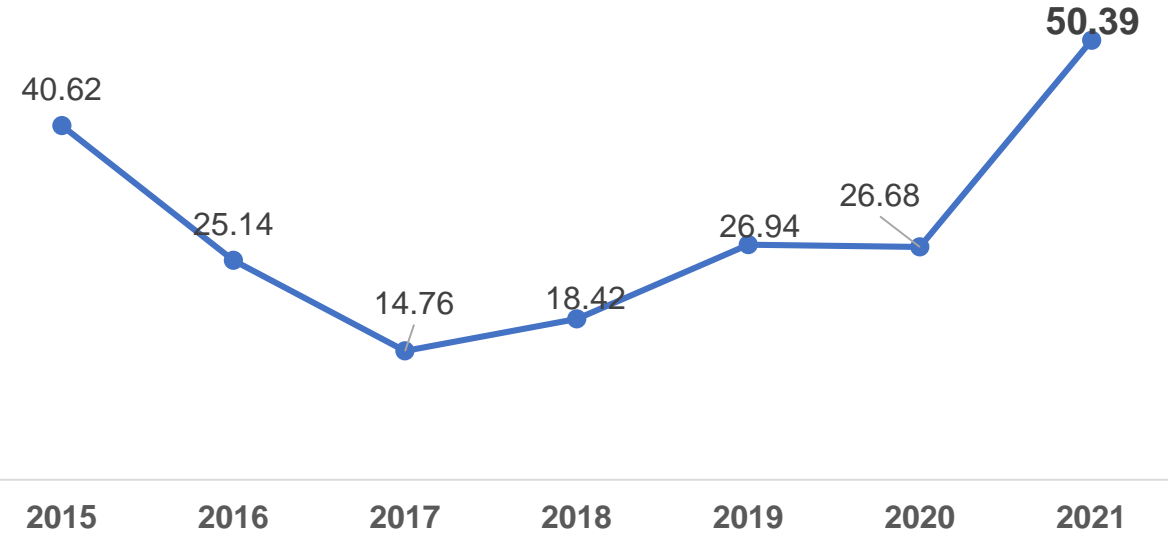


AFFIN GROUP DECLARED 12.5 SEN PER SHARE FOR FY2021

Gross Dividend Per Share (sen)



Dividend Payout (%)



	2015	2016	2017	2018	2019	2020	2021
Total (RM m)	155.2	145.7	87.4	97.1	139.0	72.8	265.5



NEW DIVIDEND POLICY

- The Bank shall maintain a minimum Dividend Payout Ratio of 25% with a ***target range of payout*** between **40% to 60%**.
- Any dividend payout exercise shall be capped such that it will not result in the Internal Capital Threshold (ICT) being breached.



REPAYMENT ASSISTANCE



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



URUS

Pelanggan/peminjam B50 yang layak boleh mendapatkan PELAN KEWANGAN PERIBADI untuk bantuan bayaran balik dan sokongan pembangunan ketahanan 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	Dec-21	
	RM' Mil	%
Corporate Banking		
FAIR	3,496.4	21.49%
NRA	302.1	1.86%
Covid-19 R&R	167.4	1.03%
Total	3,965.9	24.38%
Enterprise Banking		
FAIR	998.7	17.56%
NRA	926.9	16.30%
Covid-19 R&R	30.6	0.54%
Total	1,978.30	34.79%
Community Banking		
FAIR	83.93	0.28%
NRA	7,922.59	26.89%
URUS	12.97	0.04%
Total	8,019.49	27.22%
Total Loans Under Repayment Assistance	13,963.68	27.16%



KEY TAKEAWAYS



REPORT CARD FY2021

	Actual	Budget	
Loan Growth	11.1%	6.0%	✓
Deposit Growth	17.9%	6.0%	✓
NIM	1.97%	1.9%	✓
CIR	60.7%	60.0%	=
Credit Cost	41bps	~40bps	=
ROE	5.4%	6.0%	✗
Gross Impaired Loan	2.54%	2.90%	✓
Loan Loss Coverage	72.45%	70.00%	✓



KEY TAKEAWAYS

- The Bank remains optimistic that the post pandemic recovery is underway and that Affin Group will ride the wave of recovery. The Group is committed to its AIM22 financial targets, supported by the business drivers of Community and Enterprise Banking.
- Net Interest Income and Fee Income contribution continues to grow to cement the shift to core earnings without relying on one-off Treasury gains.
- CASA momentum continues to grow as the Bank builds on its CASA franchise, and prepares for the launch of its new Mobile Banking App in 3Q22.
- Affin Islamic has seen a significant turnaround and has become a major contributor to Affin Group with new products introduced in 2021 including the A1ADDIN, a new Digital Banking Proposition and AffinMax Corporate Internet Banking App.
- The Bank is committed to improving its asset quality through recoveries whilst at the same time increasing its Loan Loss Reserve and Coverage.



BUDGET 2022

	Actual FY2021	Budget FY2022
Loan Growth	11.1%	12.0%
NIM	1.97%	2.04%
CIR	60.7%	55%
Credit Cost	41bps	30bps
ROE / PBT (RM)	5.4% 703.9m	7.0% 1,000m
Gross Impaired Loan	2.54%	2.20%
Loan Loss Coverage	72.45%	90%
ESG Financing Target (<i>New</i>)	NA	4%



END OF PRESENTATION

