

# **PRESENTATION TO ANALYSTS AND FUND MANAGERS**

**FINANCIAL RESULTS FOR FIRST QUARTER ENDED  
31 MARCH 2022**

## **AFFIN BANK BERHAD**

**FRIDAY, 27 MAY 2022**



# KEY PERFORMANCE HIGHLIGHTS FOR FIRST QUARTER ENDED

## 31 MARCH 2022

### PROFITABILITY

- RM200.2 million PBT in 1Q2022 vs RM108.2 million in 1Q2021, YoY increase of 85.0% as the AIM22 metamorphosis journey continues to show positive results.
- Net income of RM528.8 million in 1Q2022 a decline of 1.6% YoY compared to RM537.6 million in 1Q2021 as stable income flows replaced volatile treasury gains and fee income.
- Annualised ROE was 5.69% in 1Q2022 as compared to 2.94% in 1Q2021.
- Cost to Income ratio of 64.36% for 1Q2022 as compared to 63.33% in 1Q2021.

### ASSET QUALITY

- Significant improvement in GIL to 2.43% from 3.41% in 1Q2021, reduction of 0.98% YoY.
- Loan Loss Coverage continues to increase, at 74.54% as compared to 53.56% in 1Q2022.
- Keeping the focus on Asset Quality management has resulted in the improvement of credit cost to 25bps in 1Q2022 vs 53bps in 1Q2021.

### LIQUIDITY

- CASA balance improved to RM13.4b, an increase of 14.6% YoY as compared RM11.7b.
- COF improved by 17bps to 1.93% in 1Q2022 vs 2.10% in 1Q2020.

### LOANS

- Gross Loans growth of 13.8% YoY to RM53.3billion for 1Q2022, reflects the initiatives undertaken as part of AIM22 plan.

### CAPITAL ADEQUACY

- CET-1 capital ratio decreased by 8 bps to 13.725% (1Q2021: 13.806%).
- Tier-1 capital ratio decreased by 26 bps to 15.290% (1Q2021: 15.547%).
- Total capital ratio of 18.685%, a decrease by 259 bps (1Q2021: 21.278%).



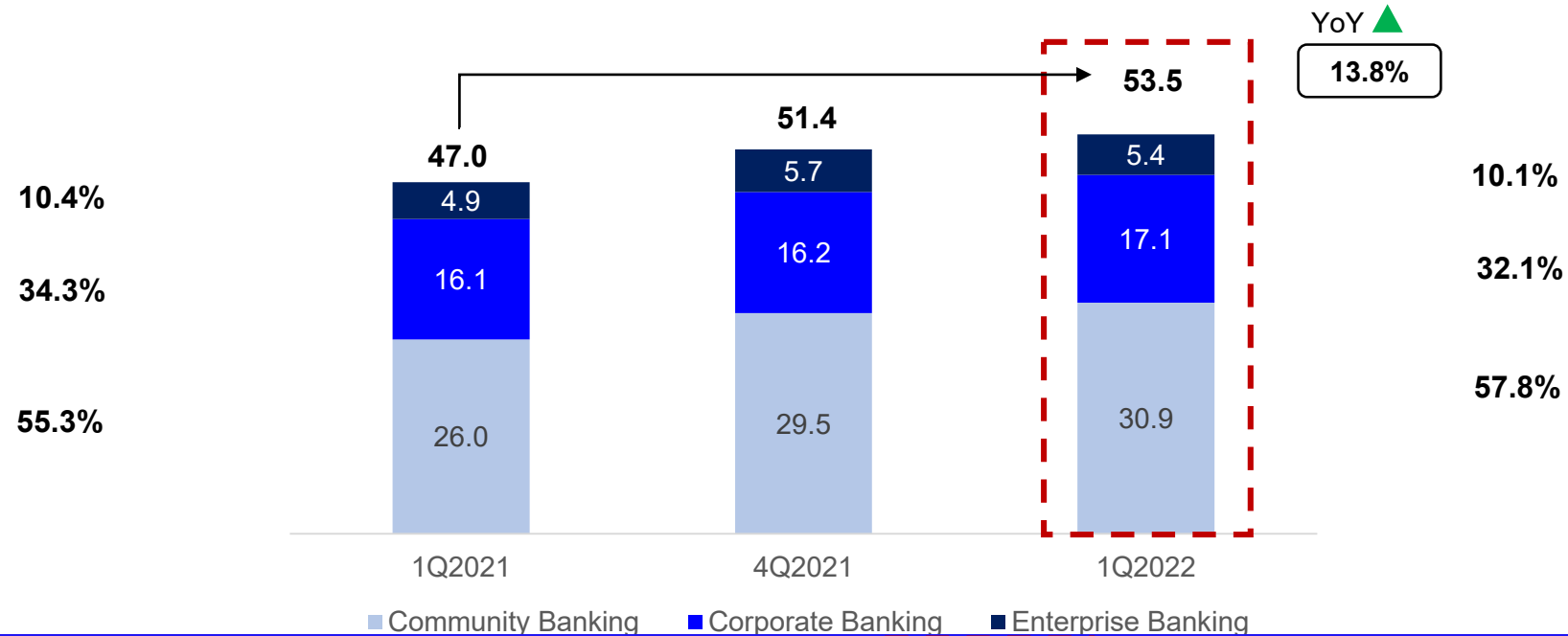
# BALANCE SHEET HIGHLIGHTS

RM Million	1Q2021	4Q2021	1Q2022	QoQ (%)	YoY (%)
Cash & short-term funds	6,042.9	7,564.3	6,076.6	(19.7)	0.6
Financial assets/investments	13,812.0	15,911.4	20,306.4	27.6	47.0
Gross loans, advances & financing	<b>47,000.7</b>	<b>51,417.5</b>	<b>53,498.8</b>	<b>4.0</b>	<b>13.8</b>
<i>Less : ECL</i>	(819.3)	(889.4)	(911.3)	(2.5)	(11.2)
Other assets	4,841.4	4,425.3	4,514.2	2.0	(6.8)
<b>TOTAL ASSETS</b>	<b>70,877.7</b>	<b>78,429.1</b>	<b>83,484.7</b>	<b>6.4</b>	<b>17.8</b>
Deposits from customers	50,643.0	58,794.4	62,254.6	5.9	22.9
<i>of which : Current Account</i>	8,576.0	10,330.3	10,153.7	(1.7)	18.4
<i>Savings Account</i>	3,129.0	3,209.8	3,259.8	1.6	4.2
<b>Total CASA</b>	<b>11,705.0</b>	<b>13,540.1</b>	<b>13,413.5</b>	<b>(0.9)</b>	<b>14.6</b>
<i>Fixed Deposits, NIDs, MMD &amp; CMD</i>	38,938.0	45,254.3	48,841.1	7.9	25.4
Deposits & placement of banks & other FIs	4,336.8	2,866.0	5,419.2	89.1	25.0
Other liabilities	3,271.4	3,531.9	3,483.6	(1.4)	6.5
Borrowings	3,312.1	3,303.1	2,272.3	(31.2)	(31.4)
Total Equity	9,314.4	9,933.7	10,055.0	1.2	8.0
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>70,877.7</b>	<b>78,429.1</b>	<b>83,484.7</b>	<b>6.4</b>	<b>17.8</b>



# THE BANK STRATEGY TO RIGHT SCALE OUR LOAN/FINANCING ASSET

Composition 1Q2021	Gross Loans (RM Billion)	Composition 1Q2022
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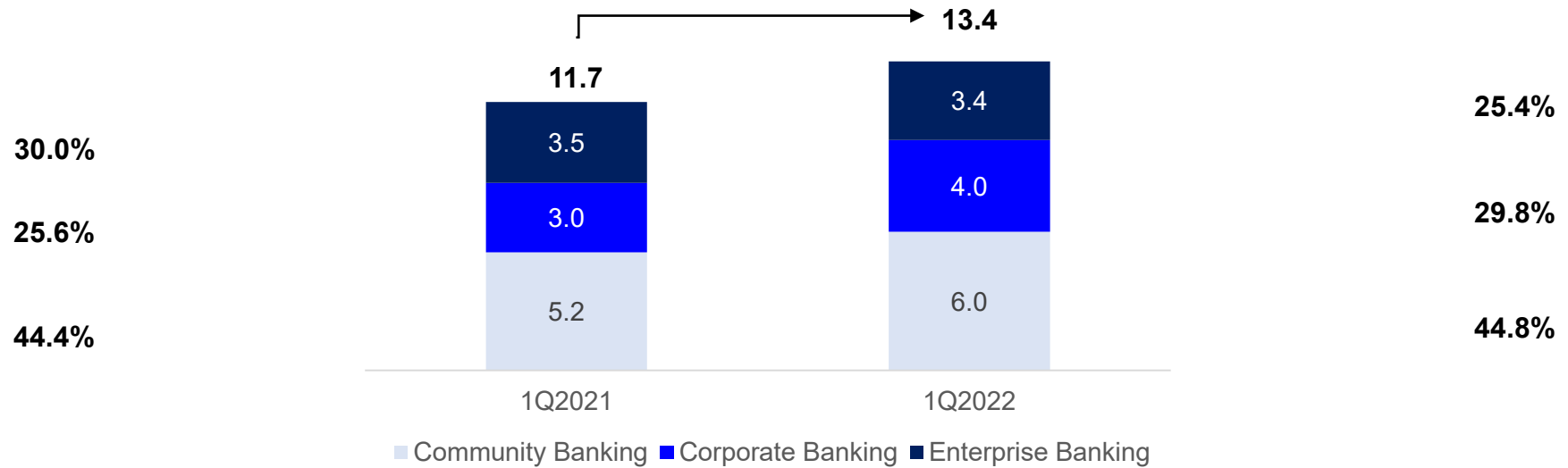
RM Billion	1Q2021	4Q2021	1Q2022	QoQ (%)	YoY (%)
Community Banking	26.0	29.5	30.9	4.7	18.8
Corporate Banking	16.1	16.2	17.1	5.6	6.3
Enterprise Banking	4.9	5.7	5.4	(5.3)	10.2
<b>TOTAL</b>	<b>47.0</b>	<b>51.4</b>	<b>53.5</b>	<b>4.1</b>	<b>13.8</b>



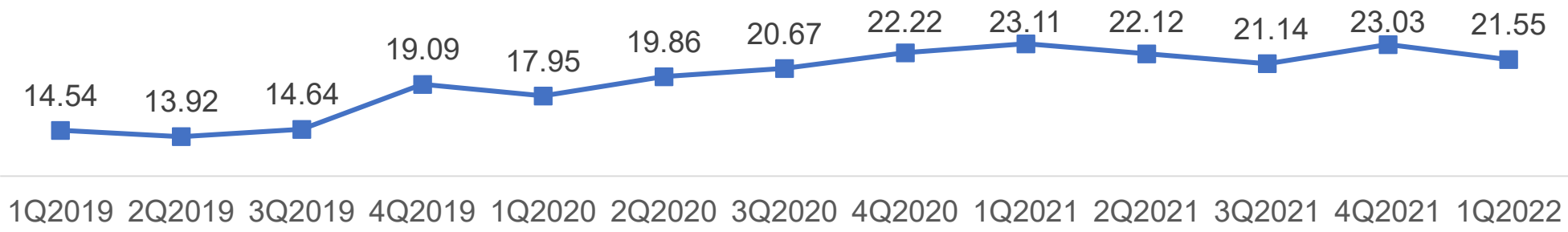
# CASA MOMENTUM TAPERING

Composition 1Q2021	CASA (RM Billion)	Composition 1Q2022
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14.6% ▲ YoY



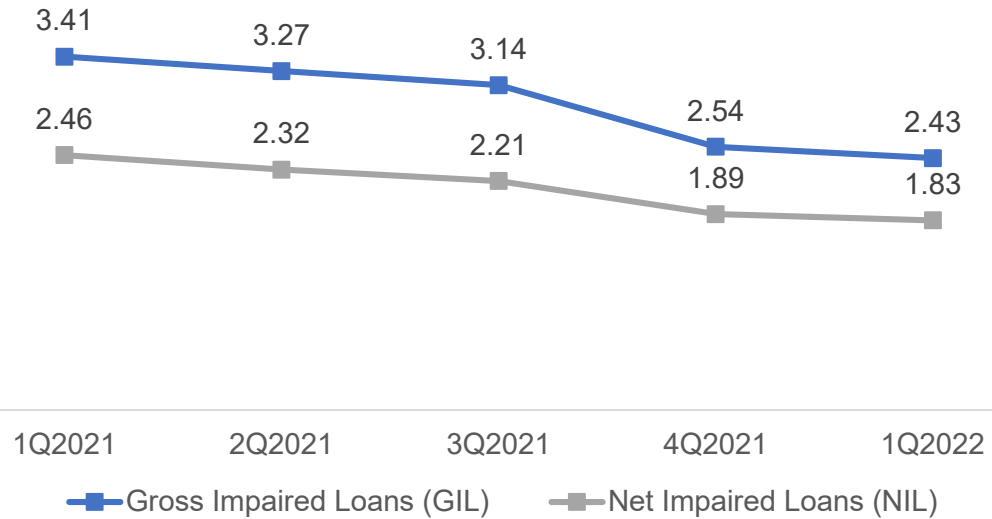
## CASA Ratio (%)





## IMPROVING GIL TO <2.50%

### Gross Impaired Ratio (%)



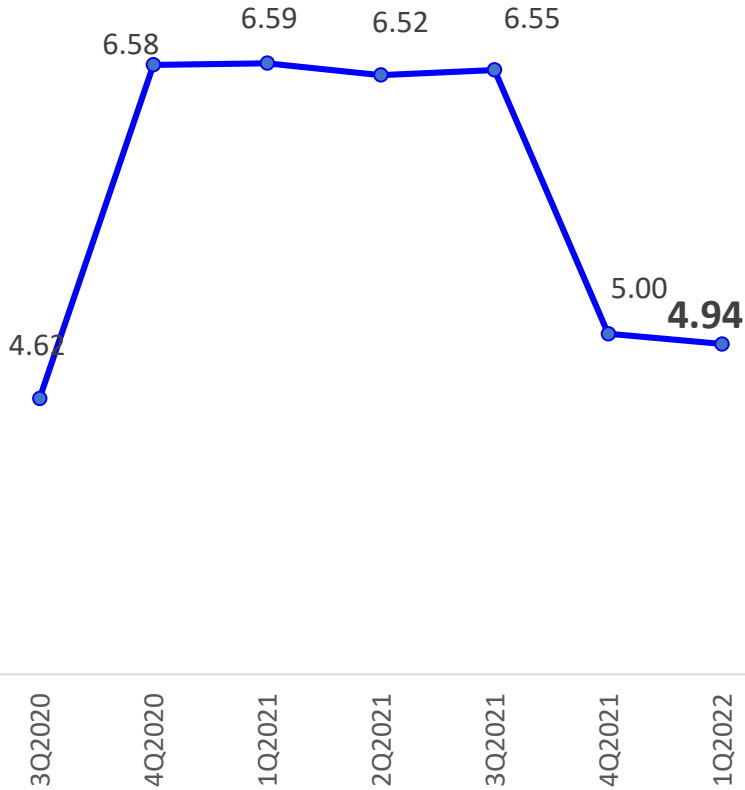
- *GIL ratios improved to 2.43% in 1Q2022 vs 3.41% in 1Q2021.*
- *NIL ratio at 1.83% in 1Q2022 vs 2.46% in 1Q2021.*
- *Recoveries of RM26m in 1Q2022.*



# GIL IMPROVEMENT SEEN TO BE SLOWING

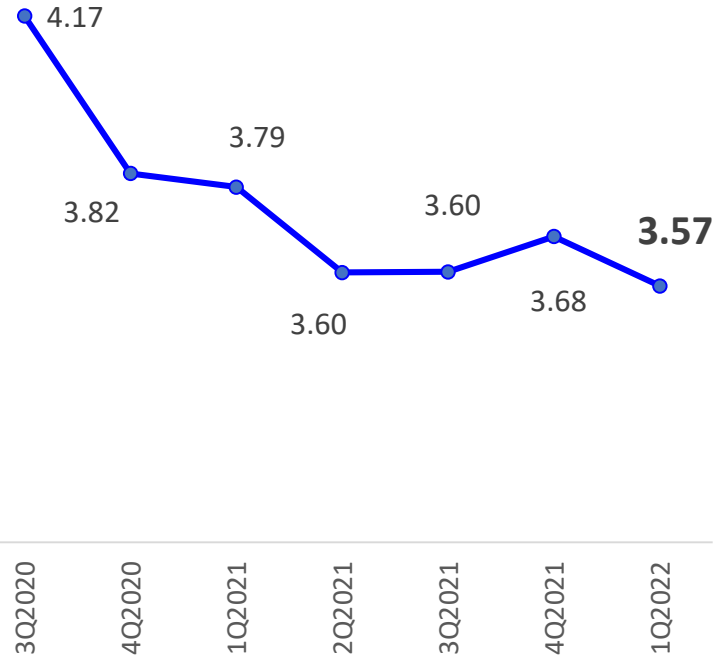
## Gross Impaired Loans Ratio (%)

### Corporate



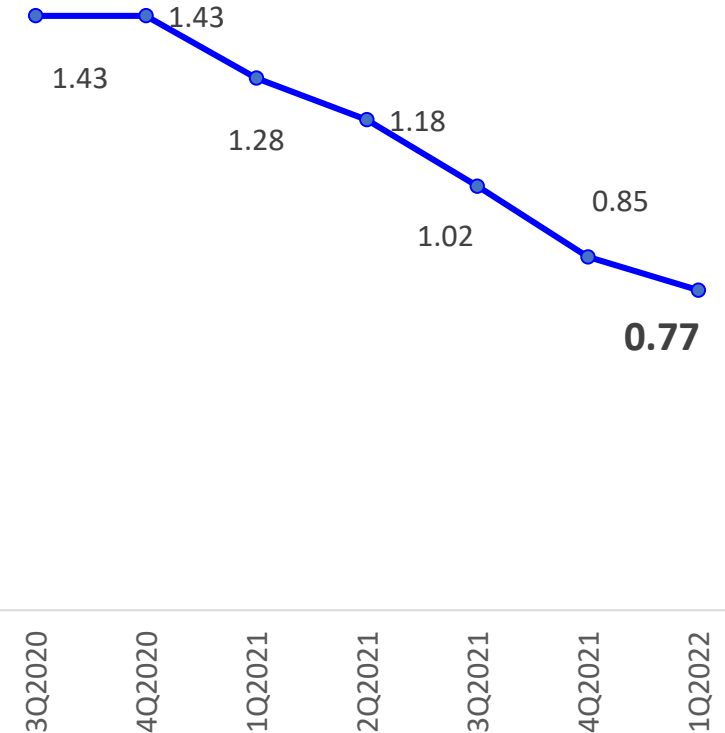
*Enhance early warning framework to ensure timely detection and rehabilitation.*

### Enterprise



*Regional Asset Quality Management set-up for faster response.*

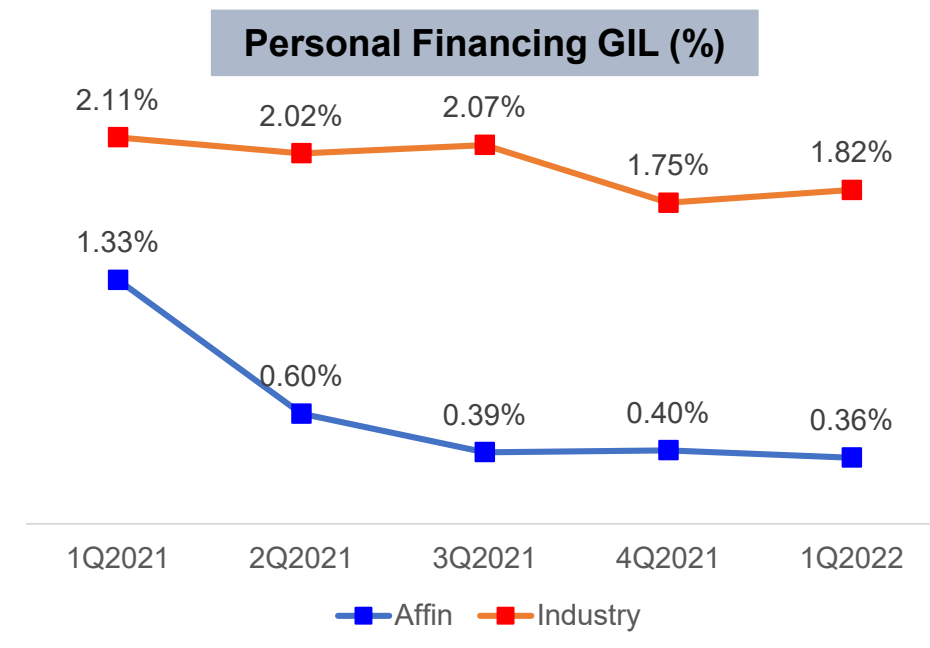
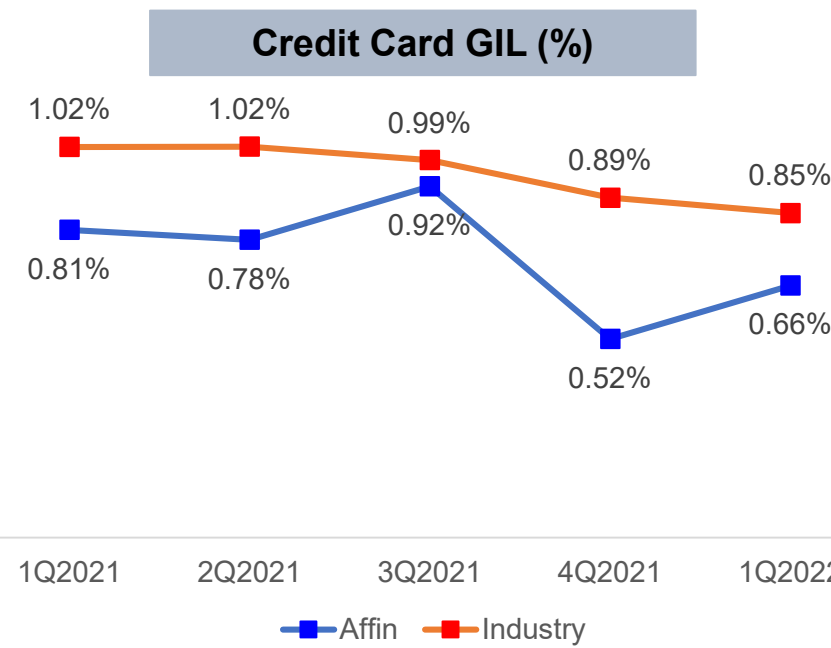
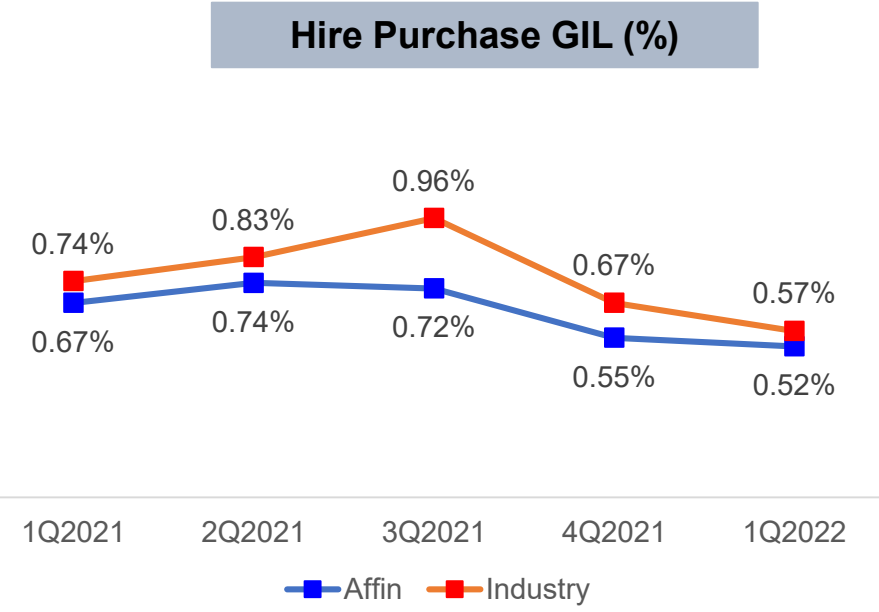
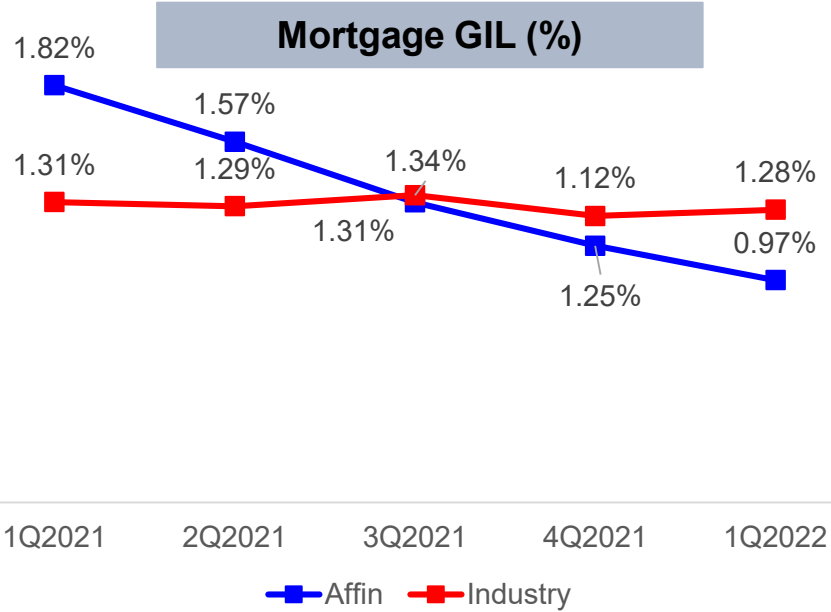
### Community



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



# COMMUNITY BANKING GIL BELOW INDUSTRY

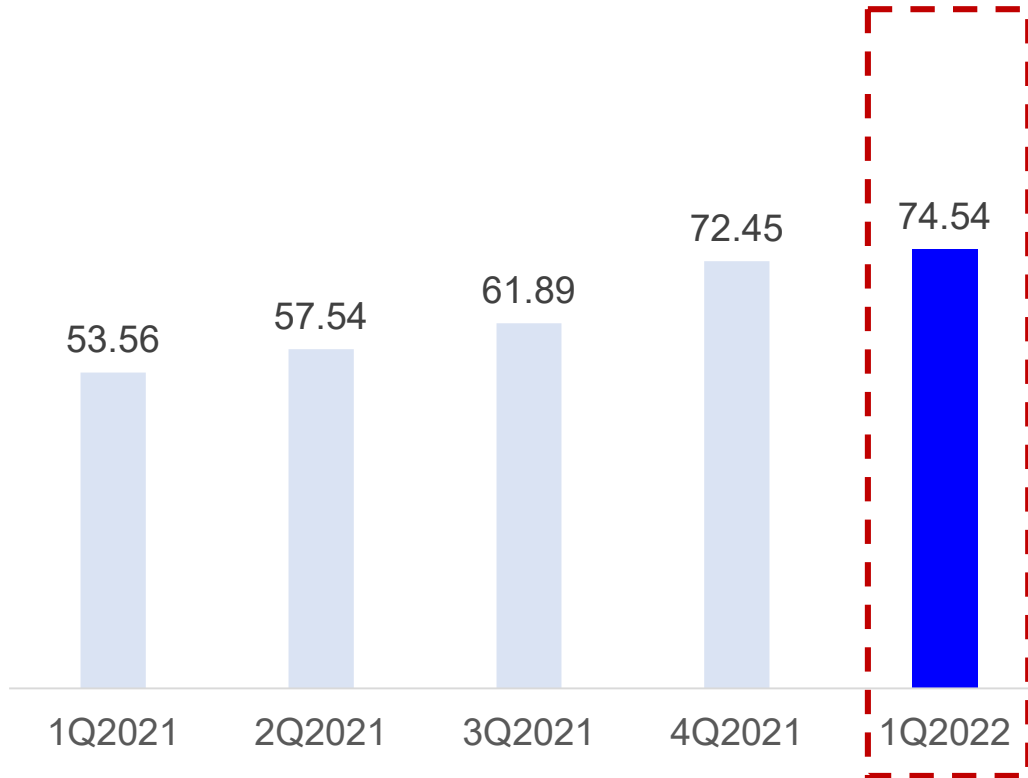






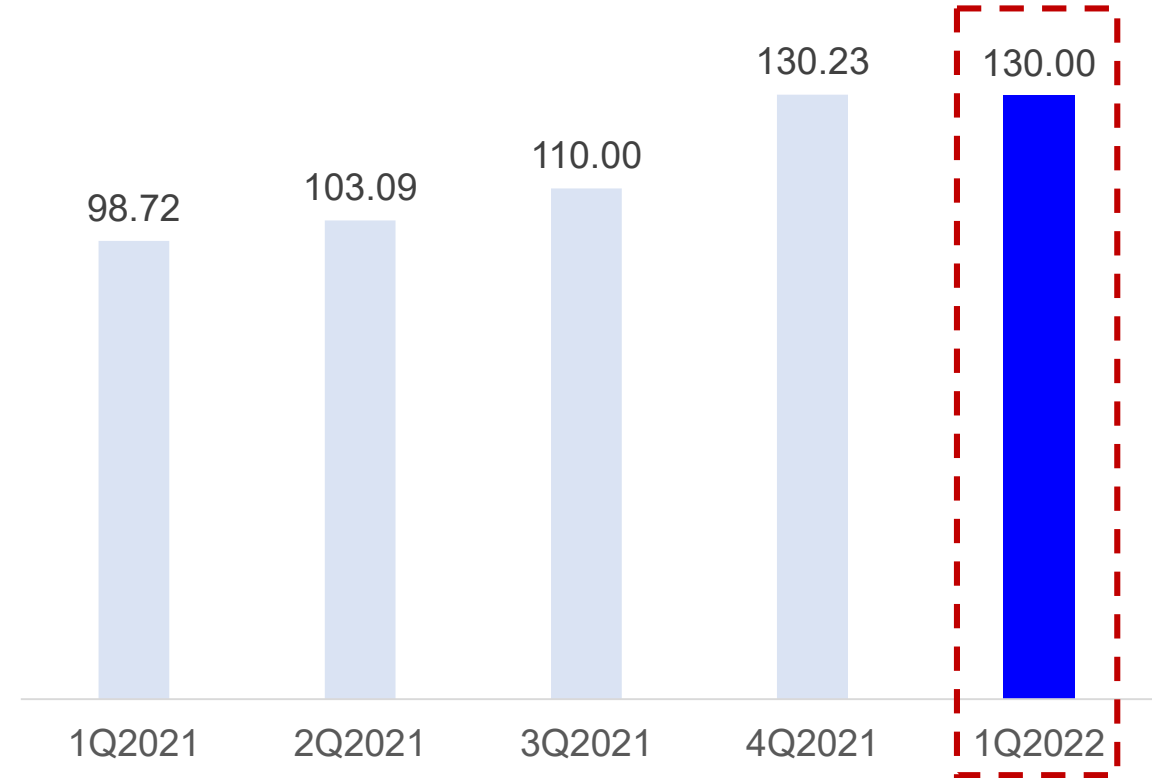
# LOAN LOSS COVERAGE APPROACHING 75%

Loan Loss Coverage (%)



- Loan Loss Coverage ratio was 74.54% in 1Q2022 vs 53.56% in 1Q2021, 20.98% improvement.

Loan Loss Reserve (%)



- Loan Loss Reserve ratio was 130.00% in 1Q2022 vs 98.72% in 1Q2021.



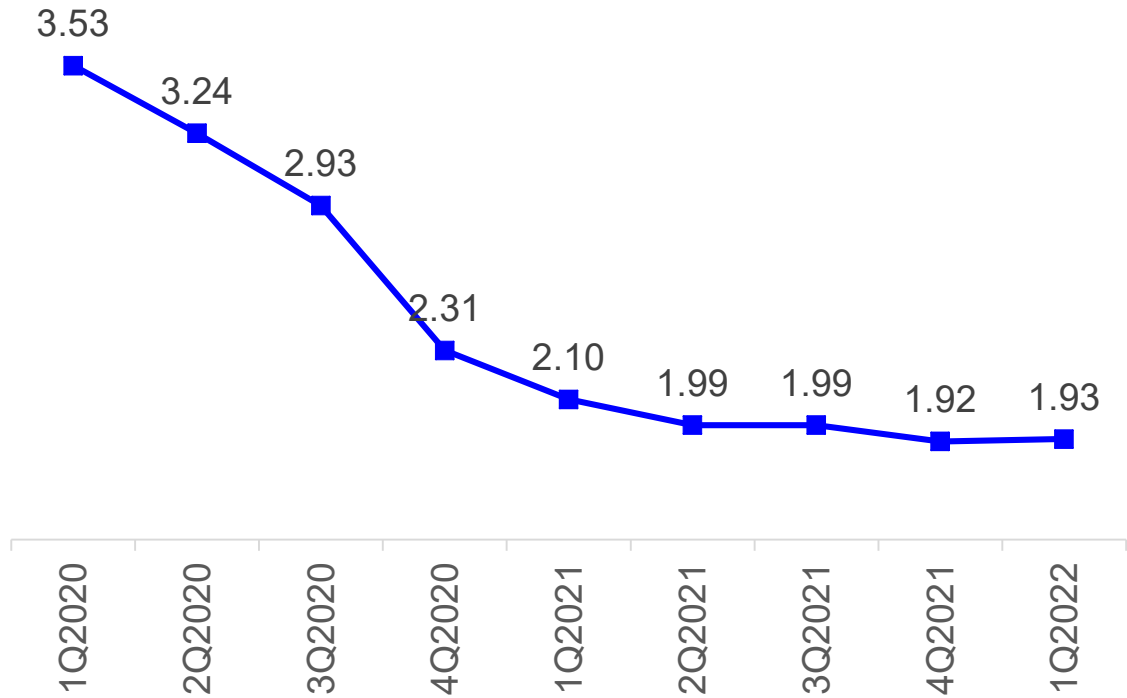
# INCOME STATEMENT

RM Million	1Q2021	4Q2021	1Q2022	QoQ (%)	YoY (%)
Net Interest Income	192.6	248.2	229.0	(7.7)	18.9
Income from Islamic Banking Business	128.9	159.7	148.9	(6.8)	15.5
Modification Loss	-	(5.6)	-	-	100.0
Other operating Income	216.1	169.8	150.9	(11.1)	(30.2)
<i>of which :</i>					
<i>Net Fee and Commission Income</i>	<i>176.7</i>	<i>159.6</i>	<i>143.7</i>	<i>(10.0)</i>	<i>(18.7)</i>
<i>Net Gains on Financial Instruments</i>	<i>39.4</i>	<i>10.2</i>	<i>7.2</i>	<i>(29.4)</i>	<i>(81.8)</i>
<b>Net Income</b>	<b>537.6</b>	<b>572.1</b>	<b>528.8</b>	<b>(7.6)</b>	<b>(1.6)</b>
Operating Expenses	(340.4)	(346.3)	(340.4)	(1.7)	0.0
<b>Operating profit before allowances</b>	<b>197.2</b>	<b>225.8</b>	<b>188.4</b>	<b>(16.6)</b>	<b>(4.5)</b>
Allowances for Impairment Losses	(93.8)	1.9	-	(100.0)	(100.0)
Share of results of a Joint Venture & an Associate	5.9	9.3	12.1	30.1	105.1
Zakat	(1.1)	(2.2)	(0.3)	(86.4)	(72.7)
<b>Profit Before Taxation</b>	<b>108.2</b>	<b>234.8</b>	<b>200.2</b>	<b>(14.7)</b>	<b>85.0</b>
Taxation	(26.6)	(12.4)	(47.6)	(283.9)	78.9
<b>Profit After Taxation</b>	<b>81.6</b>	<b>222.4</b>	<b>152.6</b>	<b>(31.4)</b>	<b>87.0</b>

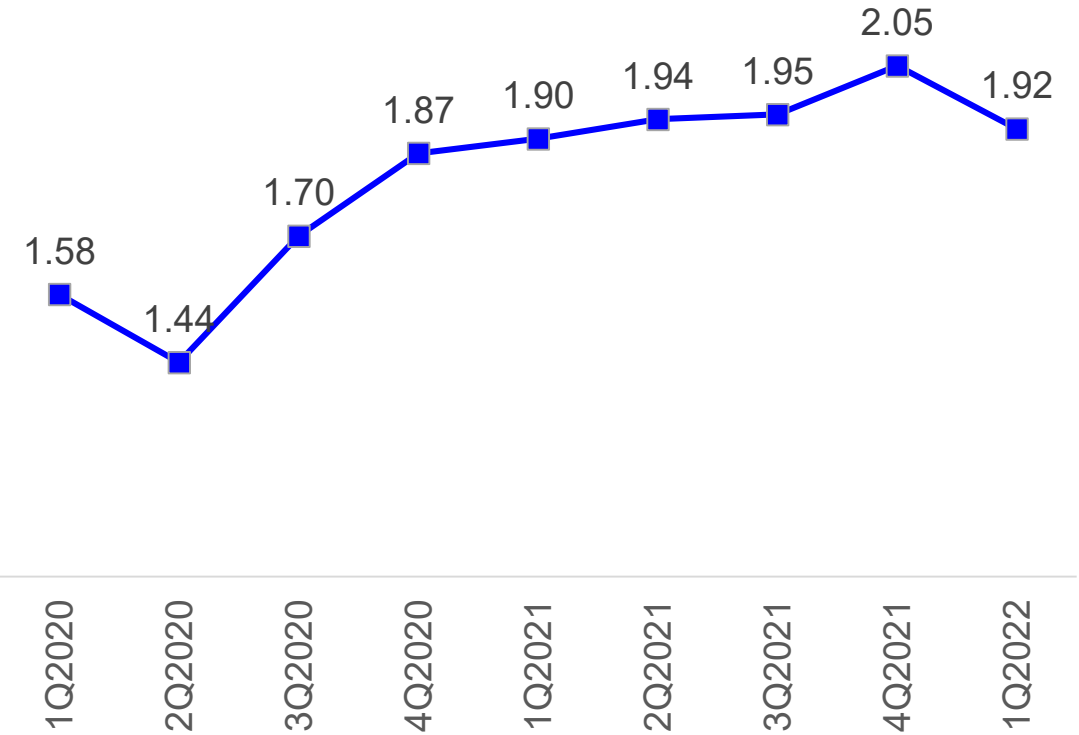


# NIM COMPRESSION FROM COST OF FUNDS

Cost of Funds (%)



Net Interest Margin (%)

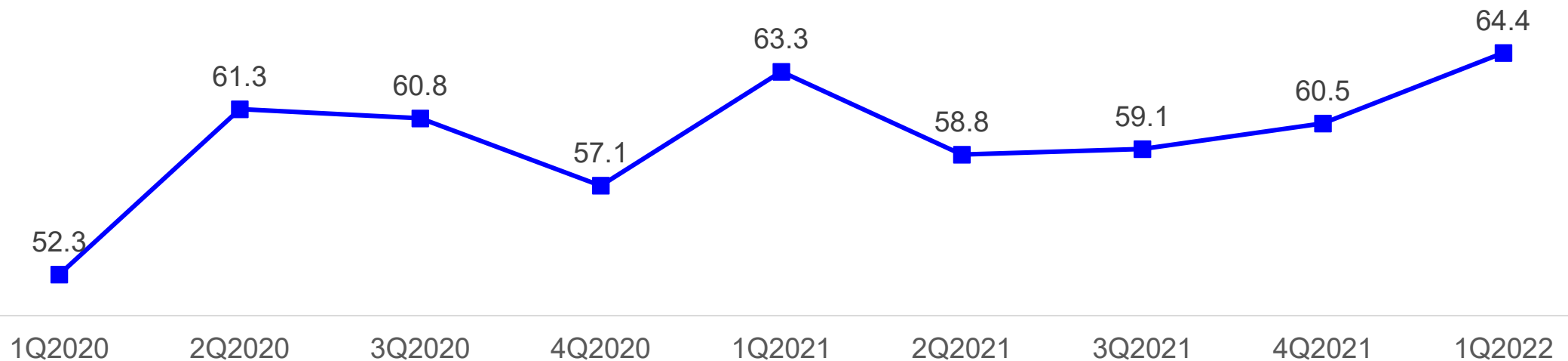




## INCREASE IN CIR DUE TO DECREASE IN FEE INCOME

RM Million	1Q2021	4Q2021	1Q2022	QoQ (%)	YoY(%)
Personnel costs	229.9	225.9	218.6	(3.2)	(4.9)
Promotion & marketing related expenses	11.1	5.6	14.5	158.9	30.6
Establishment related expenses	75.1	79.1	80.4	1.6	7.1
General & administrative expenses	24.3	35.7	26.9	(24.6)	10.7
<b>TOTAL</b>	<b>340.4</b>	<b>346.3</b>	<b>340.4</b>	<b>(1.7)</b>	<b>0.0</b>
<b>Cost to Income ratio (%)</b>	<b>63.3</b>	<b>60.5</b>	<b>64.4</b>		
<b>JAWS</b>	<b>(18.2)</b>	<b>(1.2)</b>	<b>(1.6)</b>		

Cost to Income Ratio (%)





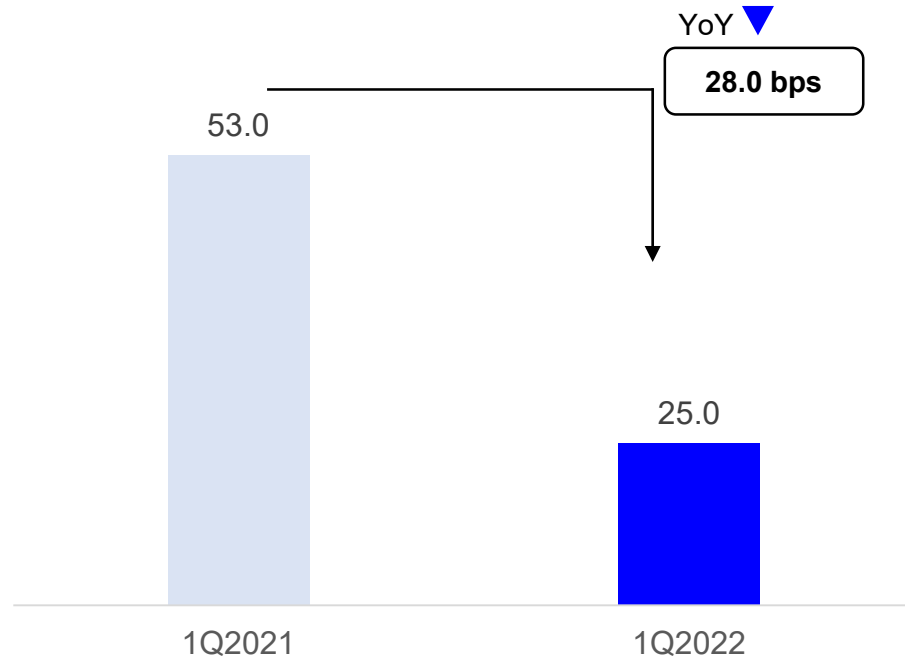
## FEE BASED INCOME IMPACTED BY GEOPOLITICAL TENSION

RM Million	1Q2021	4Q2021	1Q2022	QoQ (%)	YoY (%)
Fees & Commission	39.6	33.8	28.3	(16.3)	(28.5)
Stockbroking @net brokerage	33.6	21.2	22.3	5.2	(33.6)
Portfolio management fees	77.6	87.1	78.7	(9.6)	1.4
Wealth income	9.1	12.8	11.9	(7.0)	30.8
Advisory income	1.8	1.9	2.6	36.8	44.4
Other Income	15.0	2.8	-	(100.0)	(100.0)
<b>Net Fee and Commission Income</b>	<b>176.7</b>	<b>159.6</b>	<b>143.8</b>	<b>(9.9)</b>	<b>(18.6)</b>
<b>Net Gains on Financial Instruments</b>	<b>39.4</b>	<b>10.2</b>	<b>7.2</b>	<b>(29.4)</b>	<b>(81.7)</b>
<b>Other Operating Income</b>	<b>216.1</b>	<b>169.8</b>	<b>150.9</b>	<b>(11.1)</b>	<b>(30.2)</b>

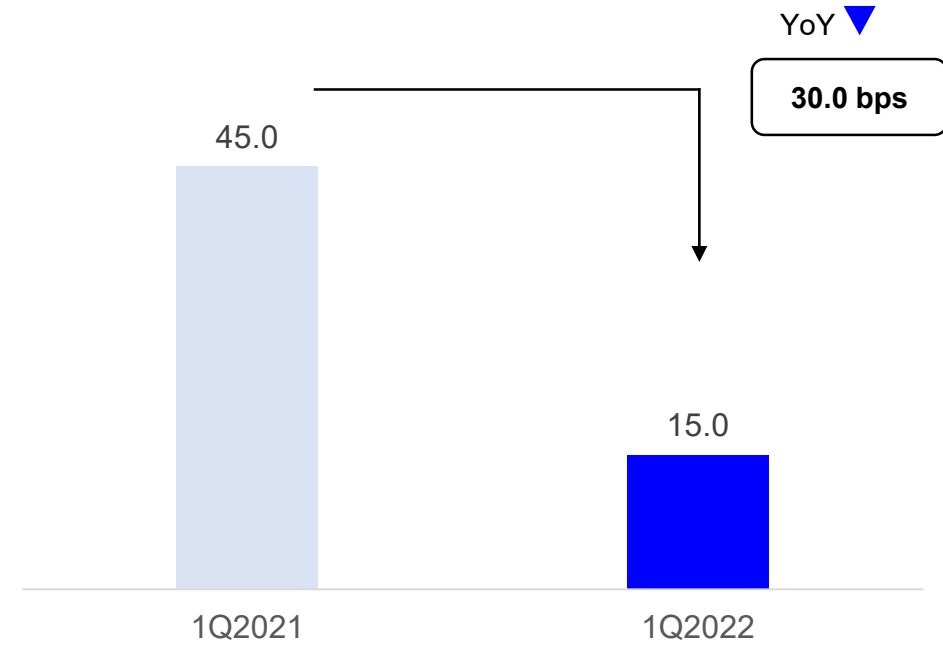


# REDUCING CREDIT COST WITH RECOVERIES

Gross Credit Cost (bps)

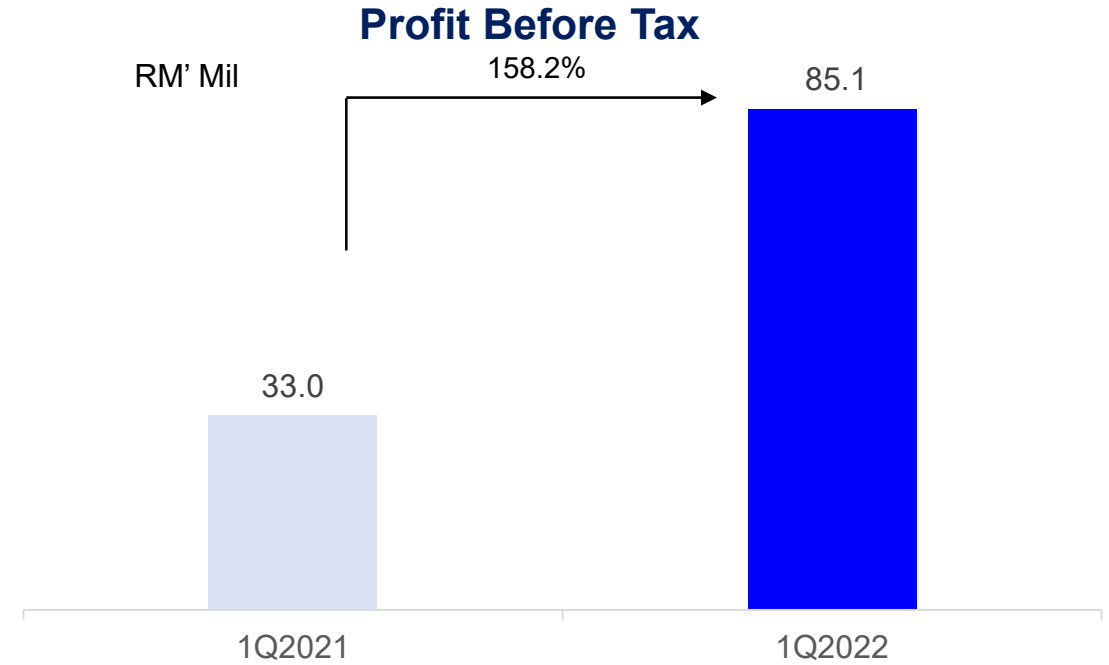
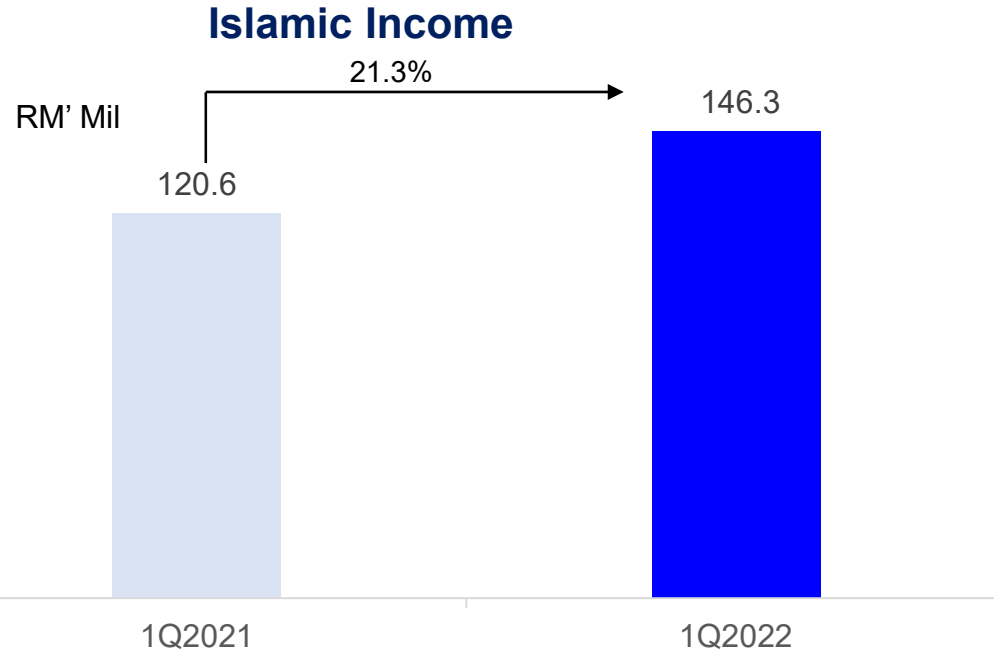


Net Credit Cost (bps)

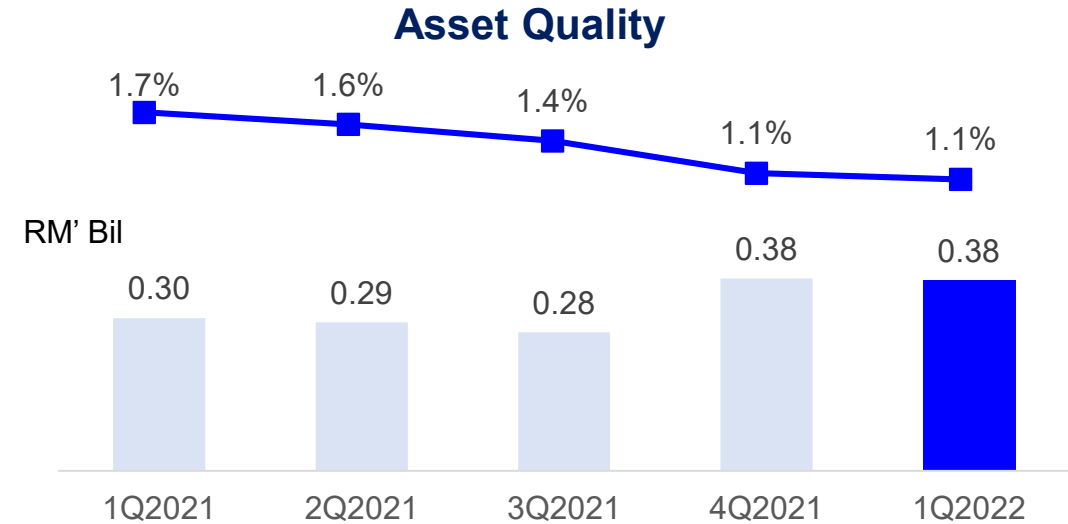
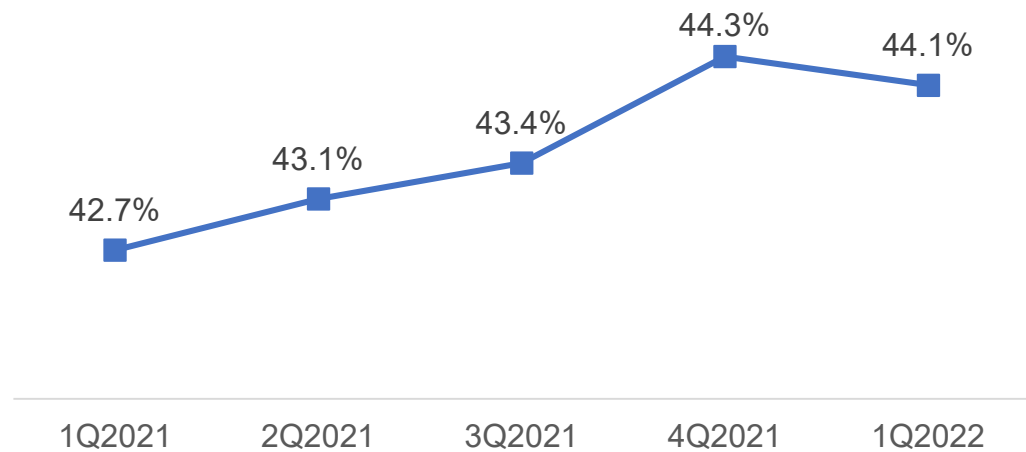




# AFFIN ISLAMIC CONTINUES TO RECORD HIGHER PBT



### Islamic Financing Composition / Total Gross Loan



■ Gross Impaired Financing Ratio



# PBT CONTRIBUTION BY SUBSIDIARIES, JV AND ASSOCIATE

Entity / RM Million	1Q2021	4Q2021	1Q2022	QoQ(%)	YoY(%)
Affin Bank (Bank Level)	3.5	58.3	54.6	▼ (6.3)	▲ 1,460.0
Affin Islamic Bank (Bank Level)	33.0	104.4	85.0	▼ (18.6)	▲ 157.6
Affin Hwang Investment Bank	24.8	21.0	13.3	▼ (36.7)	▼ (46.4)
Affin Hwang Asset Management	41.2	28.2	34.8	▲ 23.4	▼ (15.5)
AXA AFFIN General Insurance	3.1	14.1	8.2	▼ (41.8)	▲ 164.5
AXA AFFIN Life Insurance	2.8	(4.8)	3.8	▲ 179.2	▲ 35.7
Consol Adjustment	(0.2)	13.6	0.5	▼ (96.3)	▲ (350.0)
<b>AFFIN Bank Group</b>	<b>108.2</b>	<b>234.8</b>	<b>200.2</b>	<b>▼ (14.7)</b>	<b>▲ 85.0</b>





## SUFFICIENT CAPITAL TO SUPPORT AIM22

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		
		2020	2021	1Q2022	2020	2021	1Q2022	2020	2021	1Q2022
AFFIN BANK BERHAD	Group	14.52	14.20	<b>13.73</b>	16.29	15.82	<b>15.29</b>	22.24	21.09	<b>18.69</b>
	Bank	13.06	13.21	12.71	14.79	14.79	14.24	21.25	20.47	16.87
AFFIN ISLAMIC BANK BERHAD	Bank	12.23	12.14	11.75	14.23	13.87	13.43	20.27	19.03	18.59
AFFIN HWANG INVESTMENT BANK BERHAD	Group	34.07	31.43	31.51	35.00	32.51	32.43	35.42	33.03	33.09
	Bank	45.53	45.80	44.27	45.53	45.80	44.27	46.14	46.58	45.05

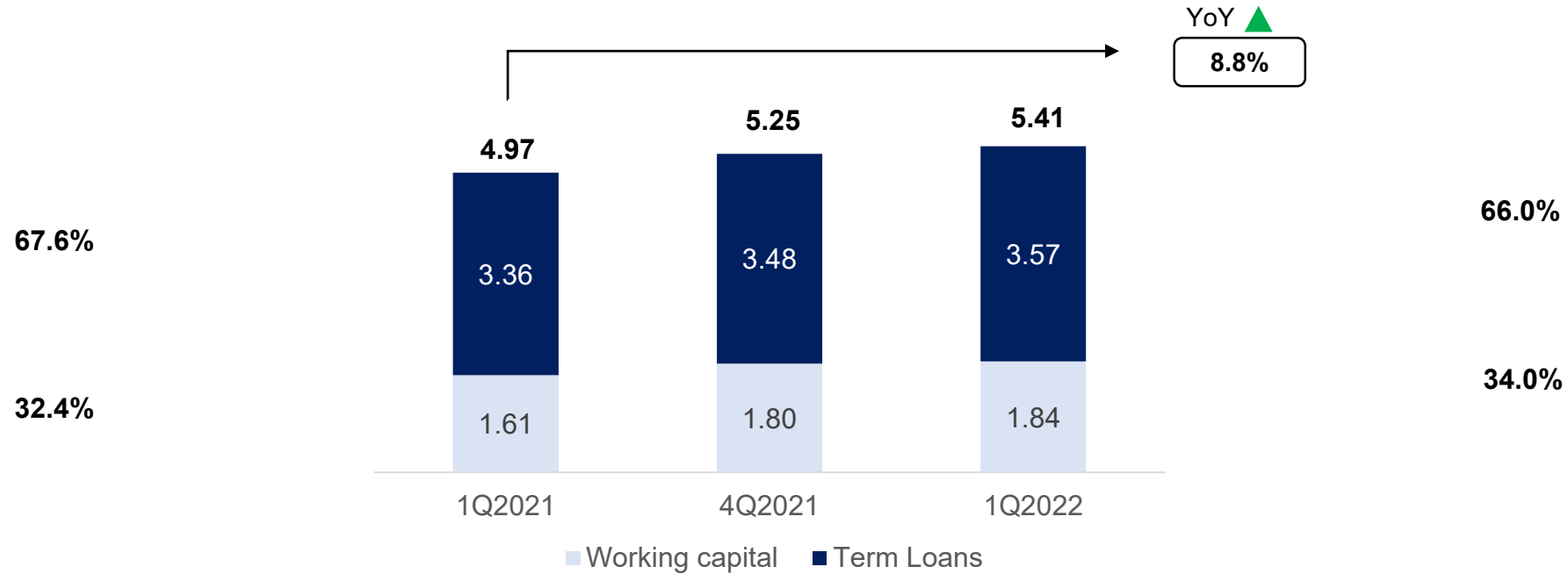


				QoQ Fav/(Adv)		YoY Fav/(Adv)	
Ratio (%)	1Q2021	4Q2021	1Q2022				
<b>PROFITABILITY</b>							
Return on Equity (After Tax)	2.93	5.42	<b>5.69</b>	▲	0.27	▲	2.76
Net Interest Margin	1.90	1.97	<b>1.92</b>	▼	(0.05)	▲	0.02
Cost to Income Ratio	63.33	60.40	<b>64.36</b>	▲	3.96	▲	1.03
<b>LIQUIDITY</b>							
CASA Ratio	23.11	23.04	<b>21.55</b>	▼	(1.49)	▼	(1.56)
<b>ASSET QUALITY</b>							
Gross Impaired Loans Ratio	3.41	2.54	<b>2.43</b>	▼	(0.11)	▼	(0.98)
Loan Loss Coverage Ratio	53.56	72.45	<b>74.54</b>	▲	2.09	▲	20.98
Loan Loss Reserve Ratio	98.72	130.23	<b>130.00</b>	▼	(0.23)	▲	31.28
<b>CAPITAL ADEQUACY</b>							
CET1 capital ratio	13.80	14.20	<b>13.73</b>	▼	(0.47)	▼	(0.07)
Tier 1 capital ratio	15.54	15.82	<b>15.29</b>	▼	(0.53)	▼	(0.25)
Total Capital ratio	21.27	21.09	<b>18.69</b>	▼	(2.40)	▼	(2.58)



# ENTERPRISE BANKING: LOANS

Composition 1Q2021	Loans RM' Billion	Composition 1Q2022
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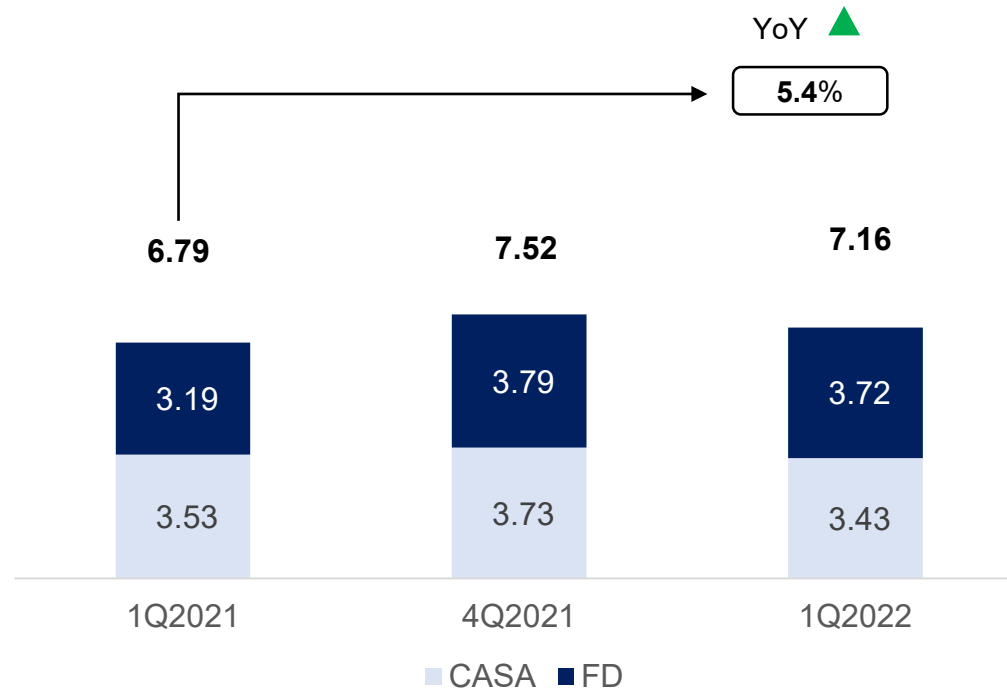


	1Q2021	4Q2021	1Q2021	QoQ (%)	YoY (%)
Working capital	1.61	1.80	1.84	2.2	14.3
Term Loans	3.36	3.48	3.57	2.6	6.2
<b>Total</b>	<b>4.97</b>	<b>5.25</b>	<b>5.41</b>	<b>3.0</b>	<b>8.8</b>



# ENTERPRISE BANKING: DEPOSITS

## Deposits (RM Billion)

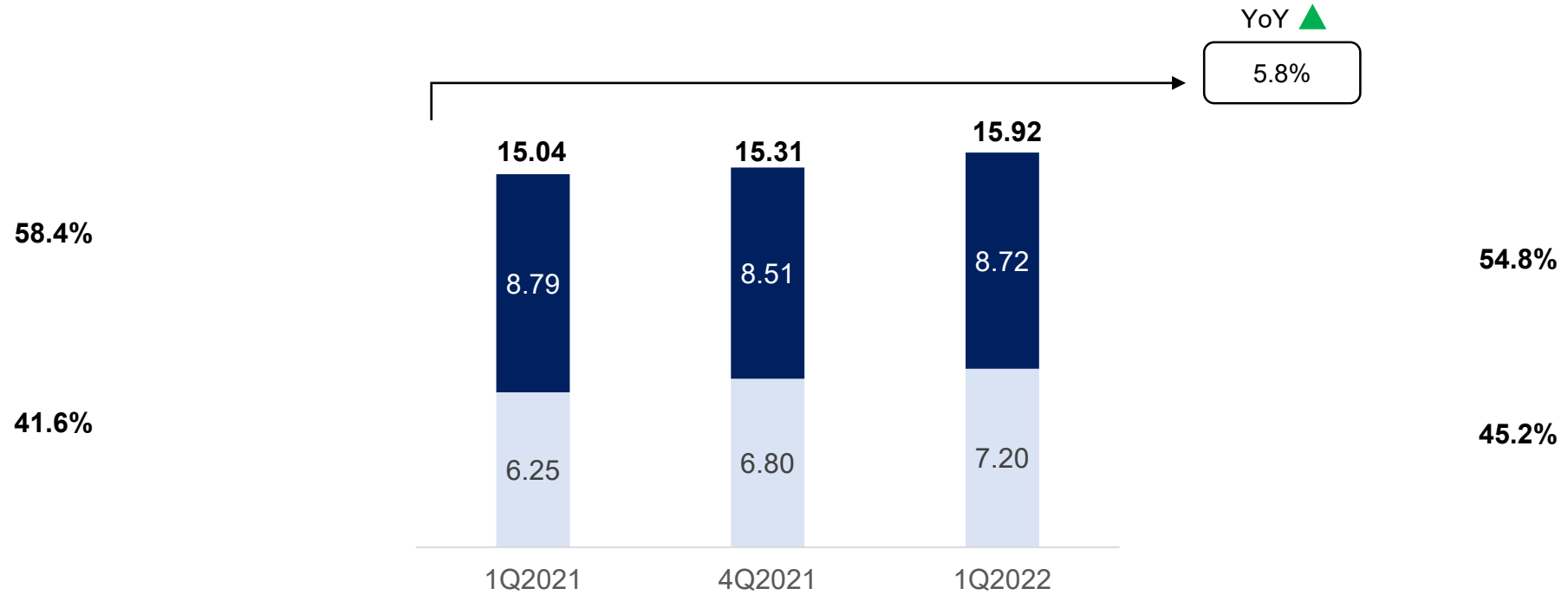


	1Q2021	4Q2021	1Q2022
CASA Ratio	52.0%	49.6%	47.9%



# CORPORATE BANKING: LOANS

Composition 1Q2021	Loans (RM Billion)	Composition 1Q2022
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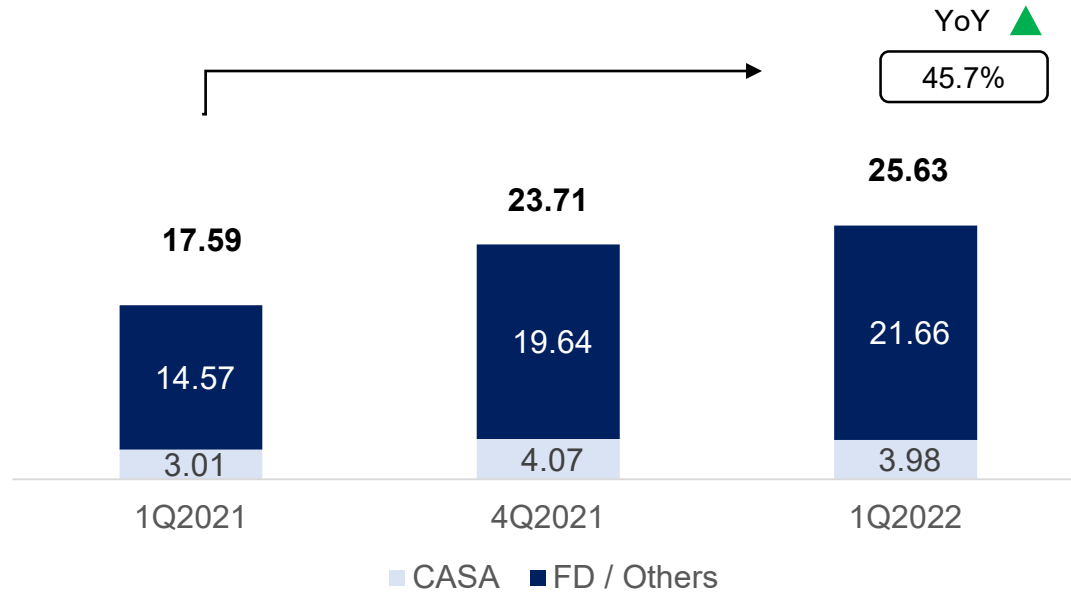


	1Q2021	4Q2021	1Q2022	QoQ (%)	YoY (%)
Working capital	6.25	6.80	7.20	5.9	15.2
Term Loans	8.79	8.51	8.72	2.5	(0.8)
<b>Total</b>	<b>15.04</b>	<b>15.31</b>	<b>15.92</b>	<b>4.0</b>	<b>5.8</b>



# CORPORATE BANKING: DEPOSITS

## Deposits (RM Billion)



	1Q2021	4Q2021	1Q2022
CASA Ratio	17.1%	17.2%	15.5%

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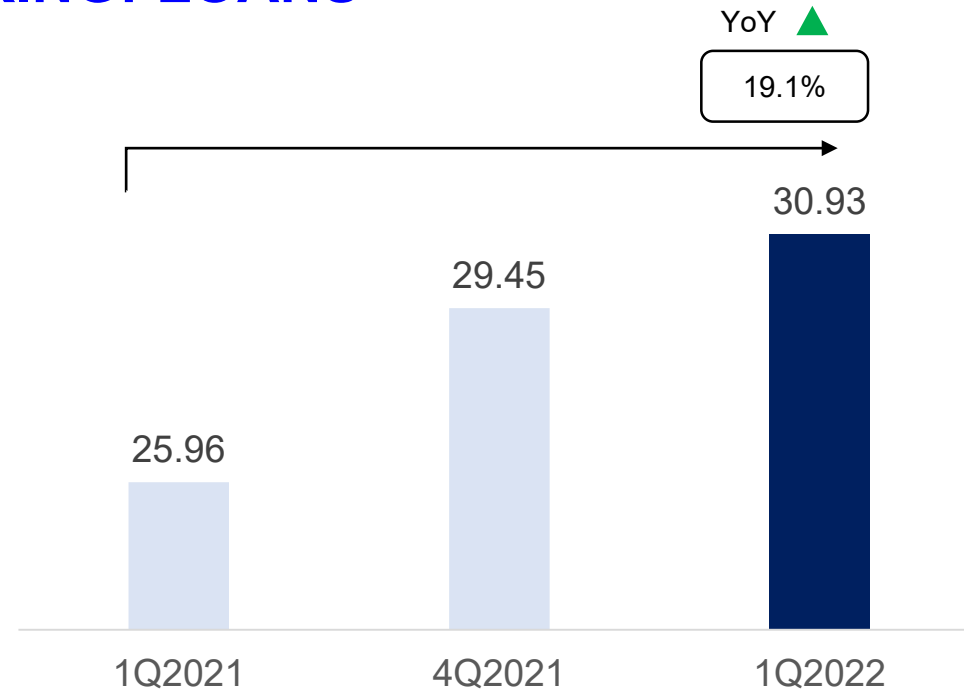
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# COMMUNITY BANKING: LOANS

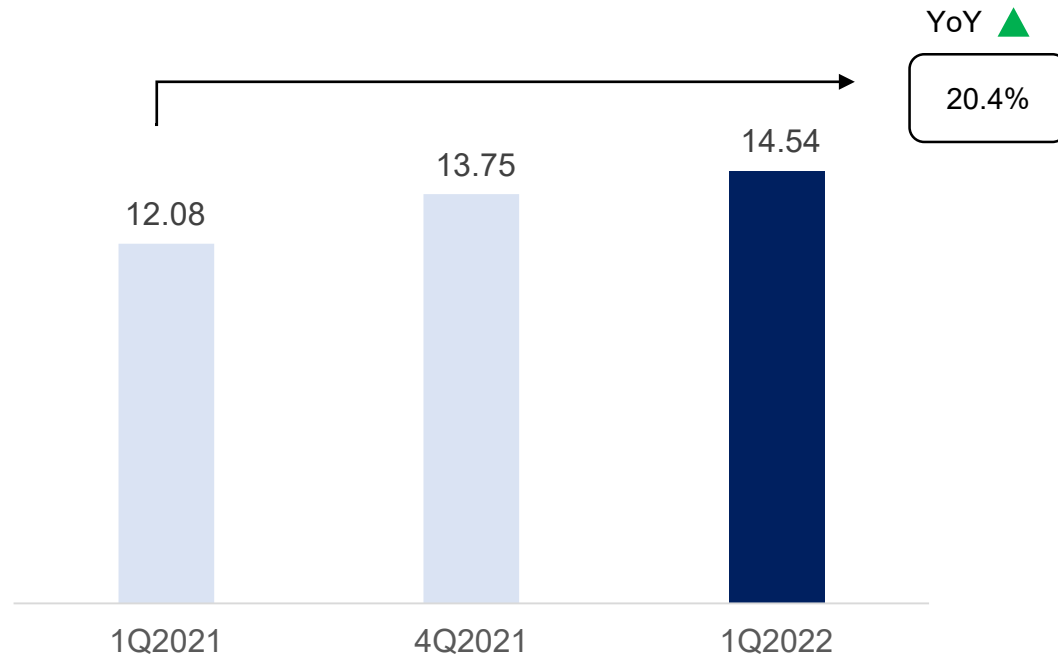


RM Billion	1Q2021	4Q2021	1Q2022	QoQ (%)	YoY (%)
Mortgage	12.08	13.75	14.54	5.8	20.4
Hire Purchase	10.77	11.47	11.75	2.4	9.1
Credit Card	0.22	0.27	0.28	6.2	27.3
ASB	0.56	0.78	0.84	7.3	50.0
Personal and Other Loans/Financing	2.33	3.18	3.52	10.7	51.1
<b>TOTAL</b>	<b>25.96</b>	<b>29.45</b>	<b>30.93</b>	<b>5.0</b>	<b>18.8</b>



# COMMUNITY BANKING: MORTGAGE

## Mortgage Loans (RM Billion)



RM Billion	%	1Q2021	1Q2022	YoY (%)
Primary	67.0	7.53	9.74	29.4
Secondary	17.5	2.11	2.54	20.4
Others	15.5	2.44	2.26	-7.4
<b>Total</b>	<b>100.0</b>	<b>12.08</b>	<b>14.54</b>	<b>20.4%</b>

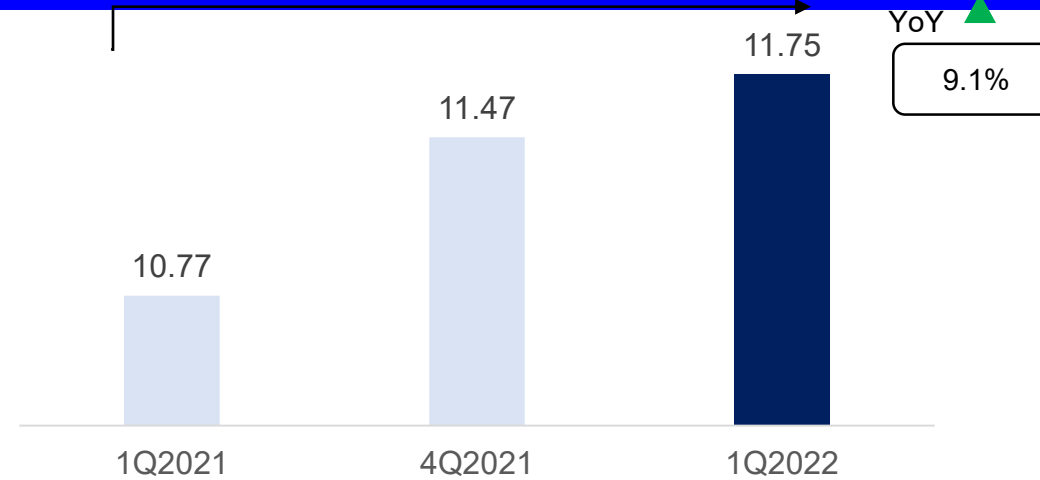
*Mortgage loans improved 20.4% YoY to RM14.54 billion as at 1Q2022.*



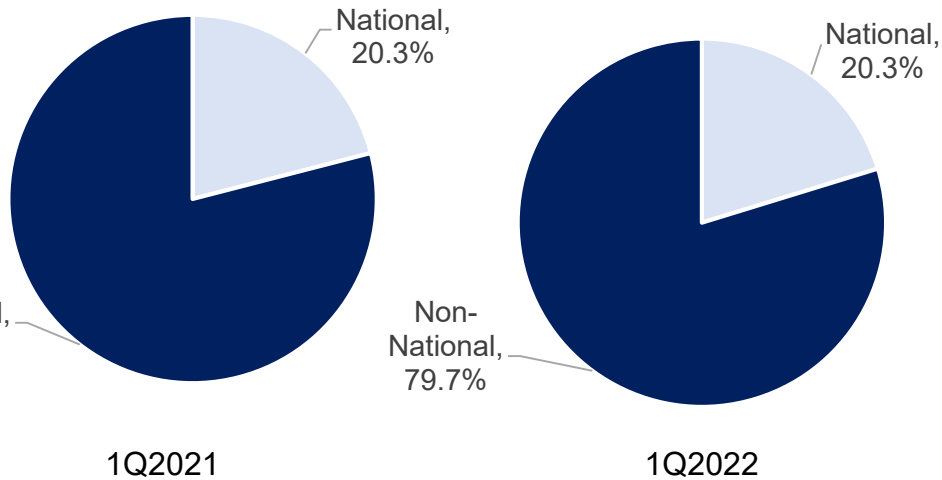


# COMMUNITY BANKING: HIRE PURCHASE

## Hire Purchase Loans (RM Billion)



## HP Portfolio Composition (%)



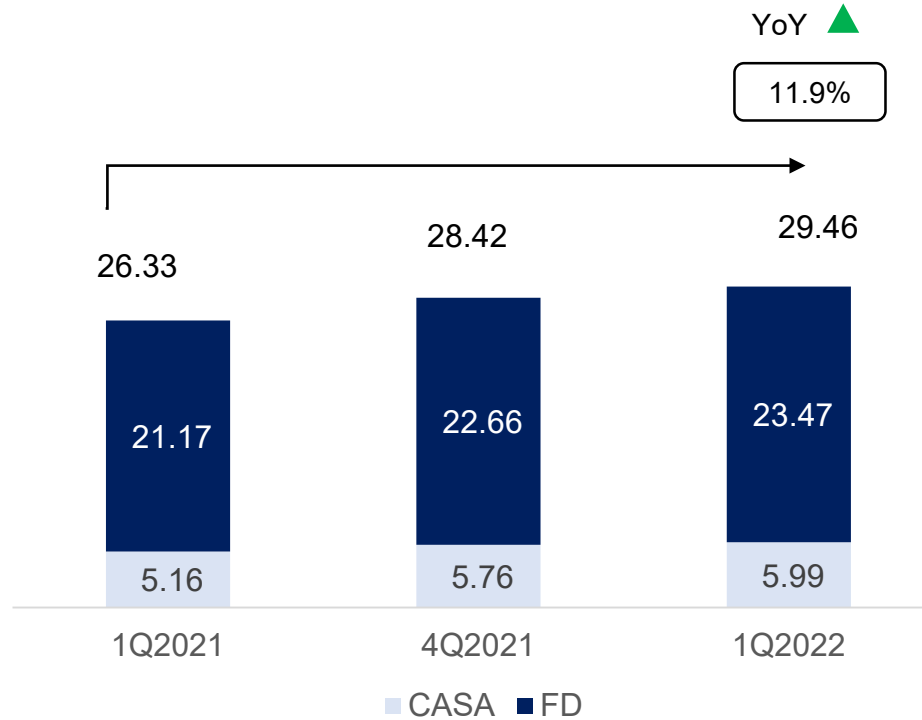
- Non-national makes e.g. Toyota, Honda, Mazda, Mercedes Benz, BMW constitutes 79.7% of HP Portfolio in March 2022.

RM Billion	%	1Q2021	1Q2022	YoY (%)
National cars	20.3	2.26	2.38	5.3
Non-National cars	79.7	8.51	9.37	10.1
<b>Total</b>	<b>100.00</b>	<b>10.77</b>	<b>11.75</b>	<b>9.1</b>



# COMMUNITY BANKING: DEPOSITS

## Deposits (RM Billion)



	1Q2021	4Q2021	1Q2022
CASA Ratio	19.6%	20.3%	20.3%



# REPAYMENT ASSISTANCE



# ASSISTANCE DURING COVID-19 PANDEMIC AS AT APRIL 2022

	April- 22	
	RM' Mil	%
<b>Corporate Banking</b>		
FAIR	2,075.2	12.01%
NRA	238.6	1.38%
Covid-19 R&R	166.0	0.96%
<b>Total</b>	<b>2,479.8</b>	<b>14.4%</b>
<b>Enterprise Banking</b>		
FAIR	700.3	12.96%
NRA	12.7	0.24%
Covid-19 R&R	28.2	0.52%
<b>Total</b>	<b>741.19</b>	<b>13.7%</b>
<b>Community Banking</b>		
FAIR	180.39	0.57%
NRA	222	0.70%
Covid-19 R&R	48.3	0.15%
URUS	74.51	0.24%
<b>Total</b>	<b>524.94</b>	<b>1.7%</b>
<b>Total Loans Under Repayment Assistance</b>	<b>3,745.94</b>	<b>6.92%</b>



# KEY HIGHLIGHTS



## KEY HIGHLIGHTS

- AFFIN Bank and AFFIN Islamic continues to anchor the Group earnings in the 1Q given the market volatility.
- Fee based income business to focus on Trade Finance, FX sales and investment banking advisory.
- AFFIN New Branch Delivery System with 90% branches done, with full roll out to be completed in June 2022.
- Our focus is now to deliver our Mobile Banking App in October 2022.
- Based on the Group's AIM22 plan, we are substantially on track with our first quarter numbers. We are optimistic that our action plans in the remaining nine months will result in the Group achieving its financial targets for 2022.

## END OF PRESENTATION

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