

**media release****FOR IMMEDIATE RELEASE****26 AUGUST 2021****AFFIN BANK GROUP REPORTS 5.3% HIGHER PROFIT BEFORE TAX  
OF RM282.2 MILLION IN 1H2021**

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**Highlights on Financial Performance**

Affin Bank Berhad (ABB) Group recorded a higher profit before tax after zakat (PBT) of RM282.2 million for the 6-months ended 30 June 2021, as compared to RM267.9 million recorded in the same period of previous year. The higher PBT of 5.3% YoY was attributed largely to 26.4% higher net interest income and 7.8% higher income from Islamic banking business. The result is expected given the tough operating environments under the MCO conditions. We continue to invest in the digitalisation of our business to build a stronger and sustainable business for the long term.

President & Group Chief Executive Officer, YBhg. Datuk Wan Razly Abdullah Wan Ali said, "The COVID-19 pandemic has had a devastating impact on the economy and society. The Bank launched its New Repayment Assistance (NRA) 2.0 program on 7 July 2021 which aims to provide financial relief to all customers during this difficult time. Apart from NRA 2.0, the Bank continues to engage with customers that have been affected by the COVID-19 pandemic through its Repayment Assistance Program, which has recently been extended to 31 December 2021. We are continuing with more and more NRA applications with the prolonged MCO and are doing our best to support our customers who have been impacted by the slowdown."

In addition, AFFIN BANK is ramping up its journey to create and expand digital offerings for individuals and business customers alike. The Bank has launched SME Colony mobile app version 3.0 to our SME customers with enhanced functionality and user friendliness. The Bank will continue to build a sustainable journey through the implementation of the AIM22 Program anchored on 5 key elements of value creation and to continue with its objective to increase productivity and build a strong foundation with focus on digital transformation acceleration, cost optimization and asset quality.

**Net Interest Income**

Net interest income (NII) increased by RM87.4 million or 26.4% to RM418.1 million as compared to the same period of previous year of RM330.7 million attributed to lower interest expense as we continue to focus on CASA (Current Account Savings Account) which has recorded a growth of 24.1% year-on-year. This core earnings have replaced volatile treasury one-off earnings which has strengthened the Bank's earnings capacity. NII has improved due to significant reduction in cost of funds from 3.23% in 1H2020 to 2.05% in 1H2021.

### **Income from Islamic Banking Business**

The income from Islamic Banking business improved by RM18.6 million or 7.8% for the 6-months ended 30 June 2021 to RM255.6 million from RM237.0 million in the same period previous year mainly due to higher net profit income and lower operating expenses, offset by higher allowance for impairment losses.

### **Non-Interest Income**

Non-Interest Income of the Group for the 6-months ended 30 June 2021 was RM442.8 million, a contraction of RM156.4 million or 26.1% from the RM599.2 million registered in the previous corresponding period, mainly due to lower gains from treasury business.

### **Operating expenses**

Operating expenses recorded an increase of 3.4% to RM681.0 million for the 6-months ended 30 June 2021 due to higher personal cost but partially cushioned by lower other expenses. Stronger earnings and better cost management has seen the Bank show an improving trend of cost to income ratio from 63.3% in 1Q2021 to 58.8% in 2Q2021.

### **Loans, Deposits Growth and Liquidity**

As at 30 June 2021, the Group's total loans, advances and financing grew by 7.1% YoY to RM48.2 billion, contributed mainly from 23.4% growth in Enterprise Banking segment and 11.7% growth in the Community Banking segment.

On the Bank's deposits, CASA grew 24.1%YoY to RM11.9 billion resulting in significant improvement in CASA ratio from 19.9% in 2Q2020 to 22.1% in 2Q2021. The Group's customer deposits increased by 11.4% YoY to RM53.8 billion as at 30 June 2021 as our CASA initiatives continued to deliver positive results.

As at 30 June 2021, the Group Liquidity coverage ratio (LCR) was 160.9% and Net Stable Funding Ratio (NSFR) was 113.0%.

### **Asset Quality**

As at 30 June 2021, the Gross Impaired Loan (GIL) ratio for the Group was 3.27% against 3.06% as at 30 June 2020. Affin Islamic Bank (AiBB) recorded a significant improvement in Gross Impaired Financing of 1.55% in 1H2021 as compared to 2.32% in 1H2020. The Group remains vigilant in monitoring its loans portfolios to detect any signs of weakness from an early stage so that proactive engagement can be taken to assist affected borrowers in managing their financial commitments effectively.

Overall, ABB Group's Loan Loss Coverage has improved from 53.2% in 1H2020 to 57.5% in 1H2021. However, AiBB has seen the biggest improvement in Financing Loss Coverage from 46.7% in 1H2020 to 74.3% in 1H2021. We can see the early success of AIM22 transformation initiatives for AiBB with the significant improvements in its key ratios and earnings.



### **Capital Adequacy Ratios**

Ensuring a stable and healthy capital position remains a key priority for the Group to continue to safeguard the Group in view of the on-going uncertainty and risks posed by the COVID-19 pandemic. The Group's Total Capital ratio is at 21.41%, Tier 1 capital ratio at 15.77% and CET1 capital ratio at 14.05% at the end of reporting period, a testament to the Group's capital strength.

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### **About Affin Bank Berhad**

Affin Bank Berhad (AFFIN BANK) is the financial holding company of Affin Islamic Bank Berhad (AFFIN ISLAMIC), Affin Hwang Investment Bank Berhad, Affin Moneybrokers Sdn Bhd and AXA AFFIN Life Insurance Berhad. AXA AFFIN General Insurance Berhad is an associate company of Affin Bank Berhad.

AFFIN BANK provides a suite of financial products and services that is catered to both retail and corporate customers. The target business segments are categorized under key business units such as Community Banking, Enterprise Banking, Corporate Banking and Treasury. As at 30 June 2021, AFFIN BANK and AFFIN ISLAMIC have a network of 111 branches in Malaysia.