
AFFIN GROUP RECORDS RM449.7 MILLION PROFIT BEFORE TAX FOR NINE MONTHS ENDED 30 SEPTEMBER 2023

KUALA LUMPUR – AFFIN Group recorded a Profit Before Tax (PBT) after zakat of **RM449.7 million for the nine (9) months ended 30 September 2023 (9M2023)**, a decrease of 9.2% as compared to the same period last year (9M2022) of RM495.3 million on a business-as-usual basis excluding the AHAM gain on disposal last year. AFFIN Group made a gain of RM1.058 billion from its divestment of its Asset Management business in 2022. AFFIN Group's profit has been impacted by Net Interest Margin (NIM) compression from elevated cost of funds.

The President & Group Chief Executive Officer of AFFIN Group, Datuk Wan Razly Abdullah stated, "This year has been a challenging year with margin compression due to elevated cost of funds led by the US Federal Reserve. Globally, all banks are experiencing increased deposit cost. Capital Markets are beginning to price in an inverted yield curve, with the expectation of a pause in monetary policy, leading to an aggressive cut in Federal Reserve interest rates for 2024. Analysts are attributing this view on the anticipation of lower US inflation and rising US unemployment rates.

AFFIN Group has made progress in our CASA strategy, which has grown 21.4% YoY to RM16.6 billion. This strategy will be powered by the launch of the new AffinAlways Mobile App, which has seen 43,800 downloads in the past weeks, and the AFFINMAX Corporate Mobile App 2.0. These developments are to counter the global challenges by bolstering our CASA and staying on track with our long-term A25 Transformation Plan.

We have also made great strides in terms of our digital initiatives with our collaboration with Google on our Big Data Analytics platform, our new Cloud Accounting Platform, new Lead Management System, upgrading of Server Farms, expansion of our Data Centre and Machine Learning Chatbot which went live in the 3Q23. There are still a further 117 technology projects still in flight expecting to go live in 2024."

These initiatives and strategic directions are part of AFFIN Group's continuous effort to evolve into a forward-looking, tech-enabled, and customer-centric organisation, aligning with its long-term vision **of Unrivalled Customer Service, Digital Leadership and Responsible Banking with Impact.**



In October 2023, AFFIN Group successfully issued the second Additional Tier 1 Capital (Affin Islamic Bank Berhad) and the first Tier 2 issuance (Affin Islamic Bank Berhad) for the year. These issuances were well-received, with oversubscriptions of more than **2.1 times and 3.7 times**, respectively. This success, amidst the current volatile credit markets, underscores the Group's robust reputation and continued trust from investors.

Net Interest Income

Net interest income (NII) recorded at RM605.6 million, a decrease of RM150.5 million or 19.9% as compared to the previous financial period of RM756.1 million, mainly due to NIM compression.

Islamic Banking

Affin Islamic Bank Berhad's PBT recorded a decrease of 6.5% to RM218.7 million due to compression of Net Profit Margin.

Non-Interest Income

Non-interest income for the period under review was RM449.6 million, **an increase of RM220.5 million or 96.2% from RM229.1 million** registered in the previous corresponding period, excluding the sales proceeds from the disposal of our asset management business.

Operating expenses

Operating expenses decreased slightly to RM1.02 billion for the period ended 30 September 2023 as compared to RM1.07 billion in the previous year. The Cost-to-Income ratio for the period under review was 68.1%, a slight increase from 63.24% in 9M2022.

Asset Quality

As of 30 September 2023, the Gross Impaired Loan (GIL) ratio for the Group recorded an **improvement of 1.84% as compared to 1.91% as of 30 September 2022**.



Loan Loss Coverage and Loan Loss Reserve

The Group's Loan Loss Coverage (LLC) and Loan Loss Reserve (LLR) **has strengthened further to 127.1% compared to the LLC of 112.3% on 30 September 2022**, while the LLR remains at 150.0%.

Loans and Deposits Growth

As of 30 September 2023, **the Group's total loans, advances and financing grew by 12.3% YoY to RM64.3 billion contributed** mainly by the 19.2% growth in the Community Banking segment. Housing Loans grew by 20.3%, whilst Auto Finance loans rose by 14.2%.

CASA (Current Account/Savings Account) stood at RM16.6 billion for the period ended 30 September 2023 and CASA ratio stood at 23.23%. The Group's customer deposits increased by 12.0% YoY to RM71.6 billion as of 30 September 2023 as our CASA initiatives continue to deliver positive results.

Capital Adequacy Ratios and Liquidity

As of 30 September 2023, the Group's Total Capital ratio was at 18.08%, Tier 1 capital ratio at 15.61% and Common Equity Tier 1 (CET1) capital ratio at 14.60%. The Liquidity Coverage Ratio remains healthy at 175.94% in 9M2023, well above the regulatory requirement of 100%.

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About AFFIN Group

Affin Bank Berhad operates as the financial holding entity of Affin Islamic Bank Berhad, Affin Hwang Investment Bank Berhad, Affin Moneybrokers Sdn Bhd. Generali Insurance Malaysia Berhad and Generali Life Insurance Malaysia Berhad are affiliated companies of Affin Bank Berhad.

AFFIN Group provides an array of financial products and services catering to individual, enterprise, commercial, and corporate clients. The focus market segments are categorised under essential business units such as Community Banking, Enterprise Banking, Corporate Banking, Treasury, and Investment Banking. For more information, please visit www.affingroup.com.

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