

media release

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AFFIN BANK GROUP RECORDS PROFIT BEFORE TAX OF RM703.9 MILLION FOR FINANCIAL YEAR 2021

Highlights on Financial Performance

Affin Bank Group recorded a profit before tax (PBT) after zakat of RM703.9 million for the financial year ended 31 December 2021 (FY2021), this represents a 82.0% increase compared to RM386.7 million recorded in the previous financial year (FY2020). The improvement in PBT was driven by higher net interest income of 16.4% YoY, higher net fee and commission income of 16.2% YoY and higher income from Islamic Banking business of 14.2% YoY.

4Q2021 PBT came in at RM234.8 million, an increase of 25.7% QoQ. The strong earnings were supported by the opening of the economy after the prolonged MCO. Buoyed by the encouraging financial results for the financial year ended 31 December 2021, the Bank has declared a dividend of 12.5 sen per share. The final dividend paid will be via a Dividend Reinvestment Plan where shareholders can re-elect to invest in new Affin Bank shares or receive cash dividends.

President and Group Chief Executive Officer of Affin Bank Berhad, Datuk Wan Razly Abdullah, said, "In 2021, Affin Group's key focus was on re-engineering our balance sheet, launching new products, improving our asset quality and assisting customers during this challenging period.

"Affin Group has granted financial assistance worth RM13.96 billion to help our customers during the pandemic; this represents 27.2% of our total loans. As part of the AIM22 metamorphosis plan, the Group has launched multiple innovative products such as A1ADDIN (our new Digital Bank Proposition), AFFIN DUO+ Credit Card and INVIKTA (Affluent segment). Affin Group has also reduced the Cost of Funds to 2.00% and has seen a substantial improvement in asset quality with Gross Impaired Loans Ratio reducing by 0.98% YoY to 2.54% as at 31 December 2021".

"We have now built up the capacity to begin a new chapter in 2022 as we continue with our mission to provide Unrivalled Customer Service and Digital Leadership. This year will see us increasing our momentum in terms of what we plan to achieve in our business transformation strategy (AIM22)."

Net Interest Income

Net interest income (NII) recorded was RM898.8 million, an increase of RM126.7 million or 16.4% as compared to the previous financial year of RM772.1 million, mainly attributable to improvement in Net Interest Margin (NIM) by 0.31% to 1.97% NIM as compared to 1.66% NIM in the previous financial year and contribution from loan growth of RM5.1 billion during the financial year.

Islamic Banking PBT grown 2.6x

Affin Islamic Bank (AiBB) is becoming a significant contributor to Affin Group evident by its profit before tax (PBT) that has grown 2.6X from RM97.2 million to RM248.5 million, an increase of 155.5% YoY. Affin Islamic stronger PBT was due to more robust financing growth which grew 16.5% YoY, improved net financing margin and lower impairment allowances. Affin Islamic recorded a significant

improvement of asset quality of 0.66% in Gross Impaired Financing to 1.11% in FY2021 compared to 1.77% in FY2020.

Non-Interest Income

Non-Interest Income of the Group for the financial year ended 31 December 2021 was RM798.5 million. A reduction of RM291.5 million or 26.7% from the RM1,090.0 million registered in the previous financial year, mainly due to lower treasury gains on the sale of financial instruments of RM364.8 million. However, Affin Group's fee and commission income business has grown 16.2% to RM638.8 million to compensate for Treasury one-off gains.

Operating expenses

Operating expenses increased by 0.2% to RM1,353.6 million for the financial year ended 31 December 2021 due to a rise in personnel cost but partially cushioned by lower establishment expenses. The cost to income ratio for the financial year under review was slightly higher at 60.25% than 59.65% in the previous financial year.

Loans, Deposits Growth and Liquidity

As of 31 December 2021, the Group's total loans, advances and financing grew by 11.1% YoY to RM51.4 billion driven by strong consumer spending in 4Q 2021, contributed mainly by the 16.1% growth in the Community Banking segment. Mortgages grew by 18.2%, whilst Hire Purchase loans rose by 7.1%.

On the Bank's deposits, CASA (Current Account Savings Account) grew 22.2% YoY to RM13.5 billion. The CASA ratio stood at 23.03% as of 31 December 2021. The Group's customer deposits increased by 17.9% YoY to RM58.8 billion as of 31 December 2021 as our CASA initiatives continued to deliver positive results.

Asset Quality

As of 31 December 2021, the Gross Impaired Loan (GIL) ratio for the Group recorded a significant improvement of 0.98% to 2.54% in FY2021 against 3.52% in FY2020. This substantial improvement was due to RM484.4 million repayments from impaired loans during the year.

Capital Adequacy Ratios

The Group's Total Capital ratio was at 21.09%, Tier 1 capital ratio at 15.82% and CET1 capital ratio at 14.20% at the end of the financial year, 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 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 31 December 2021, AFFIN BANK has a network of 111 branches in Malaysia.