AFFIN BANK



BANK TO THE FUTURE

INTEGRATED REPORT 2024



As we step into a new era of banking, AFFIN BANK is committed to redefining the future of financial services with a proactive, customer-centric approach. Being future-ready embodies our vision of integrating advanced technology with a deep understanding of evolving customer needs. By harnessing innovations like open banking, artificial intelligence, and data analytics, we are empowering our customers with timely, personalised solutions that align with their goals and aspirations.

This future-focused vision is reflected in our annual report cover. Two children walking towards a futuristic skyline symbolises our forward-looking approach and dedication to nurturing future generations. This image of progress is reinforced by a mirrored reflection, representing the seamless integration of modern technology into banking—underscoring progress, connectivity, and innovation.

Our strategy is built on the principles of trust and adaptability, ensuring we not only meet current demands but also anticipate future ones. This includes forging meaningful partnerships and expanding our digital ecosystem to unlock greater financial possibilities. With a focus on personalised, future-ready banking solutions, we aim to deliver outcomes that empower individuals, businesses, and communities.

At AFFIN BANK, we are committed to shaping the next generation of banking with foresight and innovation as we are the Bank to the Future.

ABOUT OUR INTEGRATED REPORT

As we continue to take firm steps towards the future of banking, our focus during the past financial year was to build on our strengths, drive sustainable growth and be ever ready for opportunity. Staying always agile, forward-looking and sustainable is the key to delivering greater value for our customers, employees and shareholders.

We are proud to embark on our integrated reporting journey, aiming to provide a cohesive and connected narrative of how our processes, strategies and thinking enable the creation of sustainable outcomes across the short, medium and long term.

SCOPE AND BOUNDARY

This Integrated Report (IR) covers Affin Bank Berhad's (AFFIN, AFFIN Group or the Group) financial and non-financial performance during the period of 1st January to 31st December 2024 (2024).

This report aims to keep our stakeholders apprised of our strategies, key developments and achievements across our various business segments and at Group-level. It also outlines our planned initiatives for the upcoming year and beyond through forward-looking statements.

REPORTING FRAMEWORK

The report is prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Integrated Reporting Framework (January 2021) (<IR> Framework) issued by the IFRS Foundation.

This report is guided by:

- Malaysian Financial Reporting Standards
- Malaysian Companies Act 2016
- Corporate Governance Guide (4th edition) issued by Bursa Malaysia Securities Berhad
- Malaysian Code on Corporate Governance 2021 issued by Securities Commission Malaysia
- Bank Negara Malaysia's Corporate Governance Policy
- Bank Negara Malaysia's Policy Documents and Guidelines
- Financial Services Act 2013
- Islamic Financial Services Act 2013
- FTSE4Good Bursa Malaysia Index ESG

It also complies with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Malaysian Code of Corporate Governance 2017 issued by Securities Commission Malaysia.

Our Sustainability Statement, as contained within this report, has been prepared with care and forethought to provide a comprehensive and objective view of our Environmental, Social and Governance (ESG) in a transparent and easy to understand manner. The statement is guided by:

- The Global GHG Accounting and Reporting Standard for the Financial Industry by the Partnership for Carbon Accounting Financials (PCAF)
- Bursa Malaysia Sustainability Reporting Guide
- Task Force on Climate related Financial Disclosures
- Global Reporting Initiative (GRI)

In aligning our sustainability focus with globally important areas of focus, our material sustainability matters have been mapped against the United Nations Sustainable Development Goals (UN SDGs).

The financial statements contained within this report aim to provide an in-depth and transparent disclosure of our financial performance, and have been independently audited by PricewaterhouseCoopers PLT – whose unmodified report is available on pages 280 to 481. Unless indicated otherwise, all data presented relates to AFFIN and its subsidiaries.

INDEPENDENT COMBINED ASSURANCE STATEMENT

We implement a coordinated assurance model for the purpose of evaluating and ensuring the efficacy of our business operations, as well as components of external reporting. These assurances are provided by management and the Board of Directors (Board), in tandem with our internal audit function and independent external.

FORWARD-LOOKING STATEMENTS

Statements regarding the future financial conditions and results of AFFIN's operations are forward-looking and inherently involve risks and uncertainties as they pertain to events that may or may not transpire in the future. These statements may encompass our future growth opportunities, priorities and strategies. They are founded on expectations and projections that are subject to evolution and alteration based on the operating environment, market conditions and other factors beyond our influence, and should not be interpreted as conclusive.

MATERIALITY

Our reporting approach is guided by the concept of materiality, and issues that are deemed to be material to AFFIN and its stakeholders are identified, prioritised and validated via a three-step assessment. This report focuses on the matters that have been identified as a result of this process and seeks to demonstrate the strategies we have adopted to maximise positive value and minimise negative impacts within each area.

STATEMENT OF THE BOARD OF DIRECTORS OF AFFIN GROUP

The Board acknowledges its responsibility to ensure the integrity of this report. In its opinion, this report addresses all issues that are material to AFFIN's ability to create value and present fairly the bank's performance for 2024.

Dato' Agil Natt
Chairman

Datuk Wan Razly Abdullah
President and Group Chief Executive Officer

Cross References

You can find more information within the report.

You can find more information online at: **www.affingroup.com**

ICON USED IN THIS REPORT

OUR CAPITALS

- FC Financial Capital
- HC Human Capital
- NC Natural Capital
- MC Manufactured Capital
- SRC Social & Relationship Capital
- ALL All Six Capitals
- IC Intellectual Capital

OUR PRINCIPAL RISK

- CR Credit Risk
- IRR Information Technology (IT) Risk
- MR Market Risk
- CoR Compliance Risk
- FLR Funding & Liquidity Risk
- BCR Business Continuity Risk
- FR Financial Risk
- SuR Sustainability Risk
- NFR Non-Financial Risk
- ALL All Ten Principal Risks
- OR Operational Risk

OUR KEY STAKEHOLDERS

- CU Customers
- VD Vendors
- EM Employees
- NG Communities and Non-Governmental Organisations (NGOs)
- BP Business Partners
- AR Analysts/Rating Agencies
- GR Government and Regulators
- ME Media
- IV Shareholders and Investors
- ALL All Nine Stakeholders

OUR STRATEGIC OBJECTIVES

- CS Unrivalled Customer Service
- DL Digital Leadership
- RB Responsible Banking with Impact

OUR STRATEGIC TRUSTS

- ST1 Sustainable ROE
- ST4 Enhanced Brand Value
- ST2 Banking 4.0
- ST5 ESG Focus
- ST3 Efficiency x5

OUR PRIORITISED MATERIAL MATTERS

- SP Sustainable Procurement Practices
- DS Data Privacy & Security
- FE Fair Employment Practices
- EI Ethics & Integrity
- RM Systemic Risk Management
- CE Community Empowerment
- FS Responsible Financial Services
- EM Environmental Management
- FI Financial Inclusion
- CC Customer Centricity
- CH Climate Change
- DE Diversity, Equity and Inclusion
- DI Digital Innovation
- TM Talent Management

MACROTREND IMPACTING OUR STRATEGY

- MT1 Economic Growth
- MT4 Sustainability
- MT2 Evolving customer preferences
- MT5 People & Culture Transformation
- MT3 Technology & Digital Advancement

UN SDGS



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49TH ANNUAL GENERAL MEETING



Venue:
Taming Sari Grand Ballroom
The Royale Chulan Kuala Lumpur
5 Jalan Conlay, 50450 Kuala Lumpur

Wednesday
16th April 2025

10:00 a.m.

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Read this report online

ABOUT US

Affin Bank Berhad is a commercial bank and the financial holding company of Affin Islamic Bank Berhad (AIBB), Affin Hwang Investment Bank Berhad (AHIBB) and Affin Moneybrokers Sdn Bhd (AMB).

Generali Life Insurance Malaysia Berhad and Generali Insurance Malaysia Berhad are the associate companies of the AFFIN Group.

We provide a suite of financial products and services that are catered to retail, SME and corporate and corporate customers. The target business segments are categorised under key business units such as Group Community Banking, Group Enterprise Banking, Group Corporate Banking, Group Treasury, Investment Banking and Money Broking.

OUR VISION...

To be the most creative and innovative financial company in Malaysia

- **Creative** in terms of innovation and technology
- **Creative** in terms of unrivalled customer service
- **Create** value for our shareholders, customers and our people

OUR MISSION...

- **Products & Services**
  To become an innovative organisation with unrivalled customer service
- **People**
  Our commitment and passion touches the hearts and minds of everyone in our world
- **Value**
  To always create value for our shareholders, customers and our people

CORE VALUES...

- **A** **Always** innovating and adapting
- **F** **Forever** working as a team as we are one family
- **F** **Fair** treatment, diversity and sustainability
- **I** **Integrity** is our foundation
- **N** **Never** ending customer centricity

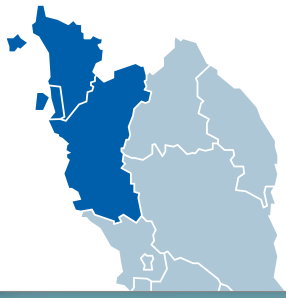
OUR PRESENCE

as at 31 December 2024



NORTHERN REGION

Branches
25



CENTRAL REGION

Branches
62



SOUTHERN REGION

Branches
19



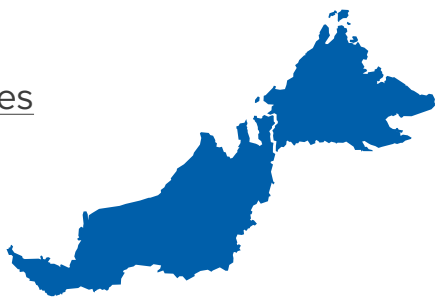
EASTERN REGION

Branches
11



EAST MALAYSIA

Branches
13



OUR PRODUCTS & SERVICES

PERSONAL

- Deposits
- Cards
- Loans & Financing
- Insurance/Takaful
- Investment
- Wealth Management

SME

- Deposits
- Loans & Financing
- Trade Services
- Insurance/Takaful
- Digital Solutions
- All-In-One Solutions

AFFIN HWANG INVESTMENT BANK BERHAD

- Investment Banking
- Securities
- Trustee
- Treasury & Markets

CORPORATE

- Deposits
- Loans & Financing
- Trade Services
- Cash Management Solutions

BANK SERVICES

- Over-The-Counter Services
- Online Banking
- Financial Assistance

DIGITAL BANKING SERVICES

- Mobile Internet Banking (AffinAlways)
- AFFINMAX

PRIVATE

- AFFIN DIVENTIUM

PREMIER

- AFFIN INVIKTA

PROFESSIONAL

- AFFIN AVANCE

DIGITAL

- A1ADDIN

MASS

- AFFIN

SELF-SERVICE TERMINALS

Automated Teller Machine (ATM)	281
Cash Recycler Machines (CRM)	440
Coin Deposit Machines (CoDM)	9
Drop box (cheque)	1
Sidecar	125
Self-Service Terminals (SST) Nationwide	856

2024 PERFORMANCE SNAPSHOT

FINANCIAL HIGHLIGHTS

GROSS LOANS/FINANCING
RM**72,045** million
2023: RM66,663 million

TOTAL ASSETS
RM**111,842** million
2023: RM105,248 million

REVENUE
RM**2,170** million
2023: RM1,986 million

NET INTEREST INCOME
RM**826** million
2023: RM783 million

PROFIT BEFORE TAXATION
RM**701** million
2023: RM518 million

TOTAL EQUITY
RM**11,601** million
2023: RM11,109 million

EARNINGS PER SHARE
21.4 sen
2023: 17.4 sen

BUSINESS HIGHLIGHTS

AFFIN Term Investment Account-i (AFFIN TIA-i)

Launched new Private Banking services **AFFIN DIVENTIUM,** targets **Ultra-high Net Worth clients**

Launched the new **AFFIN Savings Vault/-i**

Enhanced **AFFIN's brand presence nationwide,** total **130 branches** as of December 2024

Strategic collaboration with **Management & Science University (MSU)** and **University Teknologi MARA (UiTM)**

2024 PERFORMANCE SNAPSHOT

SUSTAINABILITY HIGHLIGHTS

Reduced our operational emissions of 38.3% an equivalent of
7,024.23 tCO_2e
from FY2022 baseline

Our sustainable financing portfolio stands at
10.56%,
exceeding our 2024 target of
10%

Contributed a value of
RM7.63 million
enriching the lives of approximately 116,833 beneficiaries across various demographics

Solar panel installation at 12 branches that contributes to
268,430 kWh of renewable energy generated in 2024

207.76 tCO_2e of harmful carbon emissions prevented in 2024, reducing our environmental footprint.

Subscription Of Renewable Energy Certificates (REC) Reduced up to
6,682 MWh
of operational emission against 2022 baseline, equivalent to
5,172.32 tCO_2e

AWARDS & RECOGNITION

LIFE BELOW WATER AND LIFE ON LAND AWARD (CHAMPION)



ABM 50th Anniversary Celebration CSR Excellence Awards 2024
by The Association of Banks in Malaysia (ABM)

WORLD ISLAMIC BANK EXCELLENCE AWARD



World Muslim Leadership Forum (WMLF) 2024
by Strategic Institute for Asia Pacific & Global One

BEST PROJECT AWARD – BUILDING PROJECT (MAJOR CATEGORY)



Excellence Award 2024
by The Malaysian Construction Industry

THE BEST SME BANK IN MALAYSIA



The 100 Most Influential Young Entrepreneurs (MIYE) Awards
by Entrepreneurs Insight

BEST ISLAMIC RETAIL BANK IN MALAYSIA



Triple A Awards 2024
by The Asset

BEST ISLAMIC SYNDICATED LOAN – RENEWABLE ENERGY IN MALAYSIA



Triple A Awards 2024
by The Asset

BEST NEW SUKUK IN MALAYSIA



Triple A Awards 2024
by The Asset

BEST SUSTAINABILITY SUKUK - HEALTHCARE



Triple A Awards 2024
by The Asset

MALAYSIA BRAND EXPERIENCE OF THE YEAR - BANKING



Asian Experience Awards 2024
by The Asian Business

MALAYSIA PRODUCT EXPERIENCE OF THE YEAR - BANKING



Asian Experience Awards 2024
by The Asian Business

THE GREEN BUILDING AWARD



ESG Business Award
by ESG Business

BEST CLIENT SERVICES - AUTOMATED SAFE DEPOSIT LOCKER



ASEAN Awards 2023/2024
by Citywire Asia

INDUSTRY EXCELLENCE IN INNOVATIVE PAYMENT SOLUTION



Malaysian Top Achievers 2023
by The Leaders Online

WINNER: BEST BANK FOR SMES IN MALAYSIA



Group Enterprise Banking
by Asiamoney Best Bank Awards 2023

MORTGAGE AND HOME LOAN PRODUCT OF THE YEAR 2023 - MALAYSIA



by Asian Banking & Finance Retail Banking Awards

BEST SME FINANCIAL INCLUSION INITIATIVE



by The Digital Banker

STRATEGIC ACHIEVEMENTS

LIST OF COMPLETED INITIATIVES 2024

48% (31 Initiatives)

- Initiative #2: Grow Affluent Base via INVIKTA
- Initiative #6: Secured Personal Financing – Customer Propensity Modelling
- Initiative #11: Corporate Banking | Trade Growth
- Initiative #17: AHIBB Private Equity Investment Framework
- Initiative #20: AHIBB Top 4 Position by Fee Income & Market Share
- Initiative #21: AHIBB Client Strategy Deep Dives & Account Planning
- Initiative #23: AHIBB Business Focus Deal Origination
- Initiative #24: AHIBB Retail Sales Expansion
- Initiative #26: AHIBB Product Development | Discretionary Trading
- Initiative #31: Big Data Analytics | Phase 1a, 1b & 2
- Initiative #34: CRM 360 | Personalized services with customer holistic view
- Initiative #40: Cards – Digital Terminal Receipt (ACQUIRING) & Digital Onboarding
- Initiative #43: Mortgage – To enhance and upgrade overall mortgage loan
- Initiative #59: CX Change & Culture – Affin CARES
- Initiative #60: People & Culture (Project Rockstar)
- Initiative #66: Auto Finance – Robotic Process Automation (RPA) for Business Acquisition (Porsche)
- Initiative #67: Foreign Telegraphic Transfer (FTT)

Our strategies are anchored on three (3) main Strategic Objectives, namely Unrivalled Customer Service, Digital Leadership and Responsible Banking with Impact. These Strategic Objectives are the guiding principles of how we operate and differentiate ourselves.

CS Unrivalled Customer Service

We commit to provide unrivalled customer service. We strive to exceed expectations at every touchpoint which cover both physical and digital. We are dedicated to understanding and anticipating customer needs, delivering personalised services that not only meet but exceed expectations. Our approach is rooted in the belief that every customer interaction is an opportunity to strengthen relationships and build trust.

DL Digital Leadership

We aim to always be pioneers by embracing innovation to deliver cutting-edge solutions. We are investing in state-of-the-art technology to provide innovative, user-friendly solutions that ensure convenience and security for our customers. Our digital platforms are secure, intuitive, and constantly evolving to meet the dynamic needs of our customers.

RB Responsible Banking with Impact

We believe in banking that benefits all. We are committed to responsible banking practices that have a lasting, positive impact on society and the environment. Our operations are guided by ethical principles that prioritise the well-being of our communities and the planet, while upholding the highest standards of ethics and integrity. Through responsible investment and inclusive financial services, we are contributing to a more equitable and sustainable future.

AFFIN GROUP

AFFIN BANK BERHAD

GROUP COMMUNITY BANKING

Provides conventional and Shariah financial solutions for individuals and families. Supports the community through various offerings, namely debit/credit cards, mortgages, hire purchase and personal financing, ASB financing, wealth management and bancassurance/bancatakaful through a wide network of branches, call centres and digital platforms.

Asset Growth **10.82%**

Income Growth **5.97%**

GROUP CORPORATE BANKING

Supports mid-sized and large corporations from various economic sectors and industries, with a deep focus on building strong customer relationships and cross-selling a wide range of products and services which include loans and financing, trade finance, cash management and deposits, insurance/takaful and treasury.

Asset Growth **3.39%**

Income Growth **14.02%**

GROUP ENTERPRISE BANKING

Focuses on businesses from start-ups to enterprises and provides a comprehensive suite of financial solutions including financing, transactional, protection and advisory & support. Products offered include working capital and capex financing, trade facilities, deposit facilities, remittances, payments and business protection plans.

Asset Growth **3.08%**

Income Growth **4.15%**

GROUP TREASURY

Offers foreign exchange and money market products and services to cater to a broad range of corporate and institutional customers including large multinationals, small-and-medium-sized companies and individuals. Provides customers with risk coverage and customised solutions ranging from the simplest to the most complex derivatives and for all kinds of financial assets/products – generally fixed income, interest rates, foreign exchange and money market for both the Conventional and Islamic segments.

Asset Growth **14.71%**

Income Growth **21.41%**

OUR SUBSIDIARIES

AFFIN ISLAMIC BANK BERHAD

Affin Islamic Bank Berhad (AIBB) is the Group's full-fledged Islamic bank, offering a range of products and services to small and medium-sized enterprises, institutional, corporate, and retail customers in accordance with Shariah principles. AIBB has been at the forefront in introducing innovative Shariah-compliant products, utilising various Shariah concepts such as Musyarakah Mutanaqisah, Mudarabah, Istisna', Ijarah, Murabahah, and more.

Asset Growth **14.29%**

Income Growth **17.58%**

AFFIN HWANG INVESTMENT BANK BERHAD

Affin Hwang Investment Bank Berhad (AHIBB) is ranked as the second-largest investment bank in Malaysia by trading volume and value in 2024 and currently holds the top position in Bursa Malaysia's stockbroking rankings. AHIBB serves the full spectrum of corporates, investment institutions, retail, high net worth individuals and capital market counterparties. Its comprehensive suite of products and solutions cover investment banking, securities, and trustee services.

Asset Growth **-4.16%**

Income Growth **28.39%**

AFFIN MONEYBROKERS SDN BHD

Affin Moneybrokers Sdn Bhd (AMB) is an international money broker engaged in wholesale foreign exchange and money market broking services. As an international money broker, AMB has business relationships with international money broking companies to act as an agent for transactions that involve foreign financial institutions.

Asset Growth **-3.41%**

Income Growth **-3.06%**

OUR ASSOCIATES

GENERALI LIFE INSURANCE MALAYSIA BERHAD

Generali Life Insurance Malaysia Berhad (GLIMB) is an emerging life insurer in Malaysia, offering protection solutions including protection, medical, savings and legacy planning to meet evolving customer's needs.

Asset Growth **9.48%**

Income Growth **6.97%**

GENERALI INSURANCE MALAYSIA BERHAD

Generali Insurance Malaysia Berhad (GIMB) is one of the fastest-growing general insurance companies in Malaysia and a leader in medical and health insurance. Its comprehensive offerings include medical, health, travel, home, travel, personal accident and savings solutions for individuals and businesses.

Asset Growth **0.92%**

Income Growth **6.12%**

GROUP CORPORATE STRUCTURE

As at 28 February 2025

Sarawak Government (4.81%) via SG Assetfin Holdings Sdn Bhd (26.44%)	The Bank of East Asia Limited	Lembaga Tabung Angkatan Tentera	Other Institutions and Retail Investors
31.25%	23.93%	22.01%	22.81%

AFFIN BANK

- 100% AFFIN ISLAMIC
  - 50% Affin-i Nadayu Sdn Bhd
  - 30% KL South Development Sdn Bhd
- 100% AFFIN MONEYBROKERS
- 100% PAB Properties Sdn Bhd
- 100% ABB Nominee (Tempatan) Sdn Bhd
- 100% ABB Nominee (Asing) Sdn Bhd
- 100% Affin Holdings Berhad
- 100% Affin Business Services Sdn Bhd
- 100% AFFIN HWANG INVESTMENT BANK
  - 100% Affin Hwang Trustees Berhad#
  - 100% Affin Hwang Nominees (Tempatan) Sdn Bhd
  - 100% Affin Hwang Nominees (Asing) Sdn Bhd
  - 100% AHC Associates Sdn Bhd
  - 100% AHC Global Sdn Bhd
- 30% Generali Malaysia Holdings Berhad
  - 100% Generali Insurance Malaysia Berhad
  - 100% Generali Life Insurance Malaysia Berhad

Notes:

1. The companies reflected above are operating subsidiaries and associates.

Held by the following companies with direct shareholdings of 20% each

a. Affin Hwang Investment Bank Berhad
b. Affin Hwang Nominees (Tempatan) Sdn Bhd
c. Affin Hwang Nominees (Asing) Sdn Bhd
d. AHC Associates Sdn Bhd
e. AHC Global Sdn Bhd

OUR INVESTOR PROPOSITION

INDICES REPRESENTATION

Constituent of the **FTSE Bursa Malaysia Mid 70 Index**

Constituent of the **FTSE4Good Bursa Malaysia (F4GBM) Index**

MSCI Global Small Cap Index

CREDIT RATINGS

AFFIN BANK BERHAD

Financial Institution Ratings:

AA3 Long term Financial Institution Rating

P1 Short term Financial Institution Rating

RM6 bil Senior and Subordinated Medium-Term Notes Programme:

AA3 RM6 billion Senior Notes Programme*

A1 RM6 billion Subordinated Medium-Term Notes Programme*

RM3 billion Additional Tier-1 Capital Securities Programme (2018/2118)

A3

** Subject to a combined limit of RM6 billion.*

AFFIN ISLAMIC BANK BERHAD

Financial Institution Ratings:

AA3 Long term Financial Institution Rating

P1 Short term Financial Institution Rating

RM5 billion Islamic Medium Term Notes Programme (2018/2118):

AA3 RM5 billion Senior Sukuk Murabahah Programme*

A1 RM5 billion Tier-2 Sukuk Murabahah Programme*

AA3 RM5 billion Additional Tier-1 Capital Sukuk Wakalah Programme

** Subject to a combined limit of RM5 billion.*

AFFIN HWANG INVESTMENT BANK BERHAD

Financial Institution Ratings:

AA3 Long term Financial Institution Rating

P1 Short term Financial Institution Rating

OUR INVESTOR PROPOSITION

OUR STRATEGIC ALLIANCES

PGCEO OFFICE

AFFIN ISLAMIC BANK BERHAD

AFFIN HWANG INVESTMENT BANK

GROUP COMMUNITY BANKING

Kuala Lumpur and Selangor Chinese Assembly Hall

Dewan Perhimpunan Cina Pulau Pinang

Malaysian Institute of Planner

GROUP CORPORATE BANKING

Terengganu State (Museum)

GROUP ENTERPRISE BANKING

180 Degrees Brandcom Sdn Bhd

GROUP TREASURY

OUR COMPETITIVE ADVANTAGE

Unrivalled Customer Service
NPS score +48



Triple Banking Model

Strengthened AFFIN's brand presence nationwide



Premier Stockbroking Market Leader:
Top Malaysia #2 Stockbroking House

Innovative Digital Leadership Solutions:
AffinAlways, AFFINMAX, multi-award winning SMEColony

Progressive ESG Advocate:
Inclusion of AFFIN BANK in FTSE4GOOD Bursa Malaysia Index

2024 KEY MILESTONES

YEAR 2020

JUNE
- Launch of AFFIN DUO, a dual credit card for millennials

JULY
- Launch of AIM22 metamorphosis plan for the period of 2020 to 2022

NOVEMBER
- Launch of AFFIN AVANCE™ with unique benefits for tech-savvy, on-the-go professionals
- Launch of AFFIN new logo and tagline – "Always About You"

DECEMBER
- Digital launch of AFFINMAX, AFFIN360 and AFFINWRKFZ, a new corporate banking platform for SME and corporate clients

YEAR 2021

FEBRUARY
- Launch of the first end-to-end sales portal by AXA Affin Life Insurance which provides all-in-one solutions for sales, essential for non-face-to-face digitalisation during the pandemic

MARCH
- Launch of AFFIN INVIKTA for the high-net worth segment
- Refreshed Affin Core Values & Commitments

APRIL
- Opening of the bank's 111th branch, a new cafe-themed concept branch at UiTM, Puncak Alam, in collaboration with TeaLive

MAY
- AHIBB becomes the first financial institution in Malaysia selected by Capital Markets Malaysia to be the preferred investment bank for their ELEVATE programme

JUNE
- Signing of implementation agreement between AFFIN, AXA Asia and Generali Asia N.V.
- AHIBB launches eInvest Go, a fully online and seamless account opening service for prospective clients to trade and invest in more than 900 stocks listed on Bursa Malaysia
- Announcement on proposed disposal of 21% equity interest in AXA Affin Life Insurance, proposed disposal of approximately 2.95% equity interest in AXA Affin General Insurance and proposed acquisition by AXA Affin General Insurance of certain assets and liabilities of MPI Generali Insurans Berhad via a business transfer to AXA Affin General Insurance

OCTOBER
- Launch of new AFFIN Merchantrade Multi-currency Prepaid Card with an E-wallet

NOVEMBER
- Launch of A1addin, a new digital banking proposition
- Launch of first-in-market pandemic cover by AXA Affin General Insurance for overseas trips, offering protection up to RM350,000
- Introduction of new biometric login method for AFFINMAX

YEAR 2022

JANUARY

- Announcement on proposed divestment of 63% of the equity interest in Affin Hwang Asset Management Berhad (AHAM) by Affin Hwang Investment Bank Berhad

FEBRUARY

- Signing of MOU with Universiti Teknologi MARA (UiTM) on the establishment of "Kompleks At-Tijarah AFFIN-UiTM" to provide entrepreneurship opportunities to its students and local communities

MAY

- Opening of Desa Park City Branch



- Launch of AFFIN x MyTHEO, our first marketing collaboration with GAX MD Sdn Bhd (MyTHEO), an innovative robo-advisor licensed by Securities Commission Malaysia that delivers algorithm-driven and automated discretionary investment portfolio management services powered by Artificial Intelligence (AI) technology
- Launch of AFFIN Solar Financing-i, a sustainable and personal financing plan for retail customers to purchase and install solar photovoltaic systems at residential and non-residential properties

JULY

- Announcement on the completion of the divestment of 63% of AHIBB's equity interest in AHAM, following the completion of which AHAM shall cease to be a subsidiary of AHIBB

AUGUST

- Announcement on the completion of disposal of 21% equity interest in Generali Life Insurance Malaysia Berhad (formerly known as AXA Affin Life Insurance Berhad); and disposal of approximately 2.95% equity interest in Generali Insurance Malaysia Berhad (formerly known as AXA Affin General Insurance Berhad) (AAGI)
- Launch of AFFIN Mobile Financial Centre
- Launch of AFFIN Aspira, a start-up banking proposition to support the aspiration of Malaysian start-up companies
- Launch of BizDana/BizDana-i Start-Up Financing Scheme between AFFIN and Credit Guarantee Corporation Malaysia Berhad (CGC)
- Proposed establishment of a long-term incentive plan in the form of an employee share grant scheme

SEPTEMBER

- Opening of the AFFIN Balakong branch
- Launch of AFFIN Merchantrade Prepaid Card, an enhanced e-wallet created in collaboration with Merchantrade Asia Sdn Bhd

NOVEMBER

- AFFIN and AIBB enter into a tripartite collaboration with Malaysia Department of Insolvency (MDI) and
- Berry Pay (M) Sdn. Bhd. (BerryPay) to launch Malaysia's first e-insolvency mobile application
- Launch of AFFIN UKM co-branded credit and debit cards for alumni
- Launch of Dinar Gold under AFFIN Emas Account-i

2024 KEY MILESTONES

YEAR 2023

JANUARY
- Strategic Partnership Takaful Malaysia X Affin Islamic Bank Berhad

FEBRUARY
- Bandar Cassia Branch Opening

MARCH
- AFFIN Group Treasury held its first Market Outlook in 2023, titled "Propelling Malaysia Forward"
- Relocation of Affin Triple Banking Branch of KK (Luyang)



APRIL
- Head Offices of Affin Bank Berhad and Affin Islamic Bank Berhad official relocation to our own building at TRX



MAY
- Langkawi Branch Opening

JUNE
- Rollout of Enterprise Data Hub – Phase 1a

JULY
- AFFIN PJ SS14, Cameron Highlands and Seremban 2 branches opening

AUGUST
- Launch of Affina. AI based digital assistant on AffinAlways website

SEPTEMBER
- Opening Ceremony of Selangor Accelerator Program (SAP) & E-Commerce Xccelerator (ECX) 2023
- AFFIN BANK organised SME BizChat Northern as part of the Bank's commitment to adopt Environmental, Social and Governance (ESG) practices together with SMEs on their business journey

OCTOBER
- Entrepreneurs Summit IV 2023

NOVEMBER
- Launch of AFFINMAX 2.0. Second generation app for business
- Global Muslim Business Forum 2023 (GMBF2023)

DECEMBER
- Launch of AffinAlways mobile banking app
- Opening Ceremony of MyREF Hijrahpreneur Skills Program 2023 (MyREF HSP)

YEAR 2024

28 MAY 2024
- AFFIN Group Partners with Landasan Lumayan Sdn Bhd for Interceptor 002



2 AUGUST 2024
- Launch of AFFIN London Home



3 SEPTEMBER 2024

- Launch of AFFIN Diventium Private Banking



27 SEPTEMBER 2024

- The Signing of Sale and Purchase Agreement (SPA) between the Sarawak Government, the Armed Forces Fund Board (LTAT) and its subsidiary Boustead Holdings Bhd
- Launch of AFFIN Diventium Private Banking



1 OCTOBER 2024

- Launch of e-Trade, first equities market trading feature in partnership with Bursa Malaysia and Touch 'n Go



2 NOVEMBER 2024

- Launch of AFFIN Term Investment Account-i (TIA-i)



29 NOVEMBER 2024

- Renewed as the Official Bank Partner of Badminton Association of Malaysia



23 DECEMBER 2024

- Inclusion in the FTSE4Good Bursa Malaysia Index Series, marking a significant milestone in the Group's efforts towards ESG principles





Dato' Agil Natt
Chairman

CHAIRMAN'S Letter to Stakeholders



DEAR VALUED STAKEHOLDERS,

On behalf of the Board of Directors, it gives me great pleasure to present to you AFFIN's Integrated Annual Report for the financial year ended 31 December 2024.

In a year of continued geopolitical and economic instability, AFFIN has emerged as a forerunning financial institution, delivering improvement across all key financial metrics while making strong strides in sustainability, digital transformation, and governance. These achievements are a testament to our unique ethos and approach to business, which combines necessary prudence with a willingness to drive innovation for the benefit of our business and stakeholders. Equally, they are a result of the focused and purpose-driven work of our people, who have steadily built new avenues for growth amidst the changing tides of the industry, future-proofing AFFIN to achieve sustainable success.

CHAIRMAN'S LETTER TO STAKEHOLDERS

OUR OPERATING ENVIRONMENT IN 2024

The Malaysian economy outperformed expectations in 2024, achieving growth of 5.1% supported by increased foreign direct investment and resilience in the services and manufacturing sectors. Additionally, the easing of global inflation contributed to lower borrowing costs for consumers and businesses, bolstering credit expansion and driving growth in financing.

While these economic conditions have been favourable for the banking sector, the fall in interest rate has squeezed Net Interest Margins ("NIM") and increased competition for deposits and loan products in the retail and corporate banking segments. Meanwhile, more stringent compliance requirements have been implemented, particularly in areas such as anti-money laundering (AML) and know-your-customer (KYC) protocols, while the regulatory framework surrounding sustainable finance and corporate ESG impact – led by Bank Negara Malaysia – has evolved, requiring financial institutions to adapt swiftly.

Growth of **35.26%** In Profit Before Taxation (PBT)

Achieving **RM111.8 billion** In Total Asset

Against this fluid backdrop, our focus has remained on delivering progress in line with our three strategic pillars – Unrivalled Customer Service, Digital Leadership, and Responsible Banking with Impact. Through these pillars, we aim to differentiate ourselves against other industry players, building a strong foundation for our resilience even as stakeholder expectations and market realities evolve.

- In 2024, we recorded a commendable **38.3%** reduction in our operational emissions
- Positively impacting **more than 100,000** through our CSR initiatives

CHARTING A SUSTAINABLE PATH FORWARD

We are operating in a fast changing banking landscape, where sustainability has evolved from a matter of compliance to a central pillar of growth and value creation. This shift is evident in the rapid growth of sustainable financing and investment mechanisms and the introduction of more stringent ESG regulations.

Staying ahead of the curve, we launched the Affin Axelerate (AX28) Transformation Plan in 2024, shifting our strategic focus towards driving long-term value for our business and stakeholders. Unlike our preceding A25 plan, AX28 is distinguished by its setting of explicit sustainability goals alongside operational and financial targets. These goals include expanding sustainable financing to constitute 25% of our total portfolio, positively impacting more than 200,000 people through our CSR initiatives, and further reduce our emission to achieve Net Zero Carbon by 2050. Through these commitments, we signal that our success as an organisation is predicated on being a responsible corporate citizen that creates shared value alongside business growth.

To achieve these goals, we are harnessing collaborative efforts at all levels of the organisation. This begins from the top, with the Group Board Sustainability Committee (GBSC) developing an enhanced Sustainability Framework and Roadmap that dovetails our business and ESG goals for more holistic impact. The GBSC has also spearheaded the development of our Sustainability & Climate Disclosure Policy and Diversity, Equity, and Inclusion Framework, empowering purposeful progress in these key areas of our sustainability agenda, while taking the lead in driving capacity-building initiatives to enhance sustainability expertise and implementation across the bank.

Notably, our dedication to improvement in sustainability was recognised with our inclusion in FTSE4GOOD Bursa Malaysia Index in 2024, positioning us as one of the nation's progressive proponents of ESG-friendly business practices.

STEPPING UP ON CLIMATE ACTION

Climate action is a core pillar of our sustainability strategy and, in 2024, we recorded a commendable 38.3% reduction in our Scope 1 and 2 emissions compared to our baseline year of 2022. This improvement was driven by a range of measures, including the installation of energy-efficient equipment and the purchase of Renewable Energy Certificates ("RECs") to offset a portion of our electricity consumption.

As a responsible financial institution, we are also stepping up our contribution to the nation's decarbonisation goals by channelling capital towards sustainable and low-carbon initiatives. This includes providing transition finance to clients aiming to reduce their carbon footprint, conducting detailed climate change risk assessments to guide financing decisions, and engaging with clients from high-emitting industries to support their transition to low-carbon business models.

To further strengthen our impact, we have commenced the process of measuring our financed emissions baseline based on the methodology of the Partnership for Carbon Accounting Financials ("PCAF"), according to our portfolio as of 31 December 2023. Once this process is completed, the baseline will inform the development of a comprehensive Greenhouse Gas (GHG) and Net Zero Strategy which will define our path towards achieving Net Zero Carbon by 2050.

Furthermore, we recently established our Sustainable Finance Framework, which establishes clear standards governing our social and environmental financing portfolio, specifically clarifying the activities that are classified as sustainable under our definition.

Cognisant of the risks posed to our business by climate change, we have made significant strides in developing climate risk stress testing ("CRST") models, guided by BNM's CRST methodology paper. The models we have developed enable us to evaluate the potential impacts of transitional and physical risks under various scenarios, providing us with a clearer picture of the resilience of our portfolio and business at different levels of climate change severity.

Collectively, these initiatives equip us to mitigate the risks that climate change exposes our business to and maximise our opportunity to be a driver of positive climate action – both through our operations and across the Malaysian business landscape.

CREATING ON-THE-GROUND IMPACT

Looking beyond decarbonisation, we made significant progress across the broader ESG spectrum in 2024, with our community-based initiatives continuing to expand in scale and impact. Highlights of our efforts included:

Highlight

- Our financial literacy awareness programme at KEM Tentera Port Dickson, where we provided army personnel with personal finance skills and knowledge on how to avoid scams.
- Our collaboration with PERTIWI Soup Kitchen, which harnessed the contributions of AFFIN volunteers to donate packed meals to homeless people in the Klang Valley.
- Our Majlis Ziarah Raya community engagements, which provided underprivileged families in Sarawak with essential food aid and Raya hampers, and gained positive coverage on state TV.

In addition to the direct contributions we have made through these initiatives, we are leveraging strategic partnerships to introduce infrastructure and technology that can create more lasting change across society. Illustrating this, we worked with Landasan Lumayan Sdn. Bhd. and The Ocean Cleanup to deploy Interceptor 002, a high-tech, solar-powered river cleanup solution that has since removed over 2,600 metric tonnes of waste from the Klang River, creating knock-on benefits for communities that live in the river's vicinity.

In another example, we partnered with Auto Bavaria to expand the nation's EV charging infrastructure, installing multiple charging stations at Menara AFFIN in the Tun Razak Exchange to encourage the uptake of EVs amongst our staff and visitors.

For a complete picture of the on-ground impact we are creating across Malaysia, please read our Sustainability Statement from pages 202-295 of this report.

EMPOWERING OUR PEOPLE

As we drive forward to achieve our business and sustainability goals, we recognise the central role that people play in unlocking success. To this end, we are committed to fostering workplaces that promote wellbeing, provide opportunities for meaningful two-way engagement, and drive continuous personal and professional development.

A major achievement in this regard in 2024 was the launch of Affin Wellness, our comprehensive digital employee assistance programme aimed at supporting holistic mental, physical, social, and financial well-being. Delivered in collaboration with Naluri, Affin Wellness provides our employees with access to health assessments, digital coaching, a comprehensive suite of digital resources on wellness and much more, marking a gamechanger in our efforts to support our workforce.

In 2024, we also rolled out Lenses 3.0, an innovative employee feedback tool that unlocks granular insights into the level of engagement that employees feel across nine dimensions. Through the deep insights delivered, Lenses 3.0 enables highly targeted interventions at the individual level, empowering us to address any issues that our employees may be facing in an effective and timely manner while fostering a more cohesive and motivated workforce.

Meanwhile, upskilling and talent development remains central to our long-term strategy. Through the AFFIN Management Programme and the AFFIN Talent Summit, aspiring leaders are provided with targeted pathways to achieve their fullest potential, plus a range of experiential learning and mentorship resources to empower these journeys. By investing in our leadership pipeline in this committed way, we are improving the retention of our best talent and building a sustainable basis for our long-term success.

CHAIRMAN'S LETTER TO STAKEHOLDERS

UPHOLDING EXCELLENCE IN GOVERNANCE

In line with our commitment to ethics and compliance, 2024 was also a year of progress on the governance front.

During the year, we completed a comprehensive review of our Group Corporate Governance Framework ("CGF"), identifying areas where our practices may be refined to robustly meet emerging governance risks and ensure compliance with evolving regulatory requirements. We also strengthened oversight of conflicts of interest and connected party transactions by conducting dedicated training for the Board and Senior Management, with the training raised awareness of Bursa Malaysia Securities Berhad's amendments to the Main Market Listing Requirements. Additionally, we instituted quarterly reporting of conflicts of interest to the respective Boards of our banking entities, ensuring that key personnel across the Group remain abreast of any relevant risks.

To further reinforce integrity in our governance structure, we also adopted a mandatory three-year cooling-off period for former CEOs and senior officers before they can be appointed as Directors within the Group. Moreover, we reactivated the AFFIN Group Chairmen Committee after a four-year hiatus, reinstating a crucial forum for collaboration in the governance of entities under the AFFIN Group.

OUR ACCOLADES IN 2024

Our achievements in 2024 were recognised through numerous accolades, underscoring our leadership in sustainability, Islamic banking and financial sector innovation.

- **Listed in the FORTUNE Southeast Asia 500**
- **The Best SME Bank in Malaysia**
  The 100 Most Influential Young Entrepreneur (MIYE) Awards 2024 by Entrepreneur Insight
- **World Islamic Bank Excellence Award**
  World Muslim Leadership Forum (WMLF) 2024 by Strategic Institute for Asia Pacific & Global One
- **Top 50 in the National Corporate Governance & Sustainability Awards (NACGSA) 2024 Excellence Award**

LOOKING AHEAD: 2025 AND BEYOND

As we move into 2025 and beyond, economic and market uncertainties are expected to persist. The evolving geopolitical landscape, compounded by a new U.S. administration, adds layers of complexity to an already challenging global environment. Additionally, interest rate volatility remains a key factor shaping the financial sector's outlook, making the trajectory of the banking industry increasingly uncertain.

Domestically, Malaysia's economy is projected to grow at an accelerated pace of 4.5% to 5.5% in 2025, with inflation expected to remain low. While this presents a more optimistic outlook for businesses, the nation's exposure to global economic conditions introduces an element of unpredictability for exporters, warranting cautious optimism.

In this context, we remain resolute in our commitment to sustainable growth by driving revenue expansion, championing digital transformation, and enhancing operational efficiency. Our customer-centric approach will continue to be a catalyst for progress, enabling us to extend our market presence and tap into new opportunities. Investments in digital innovation will unlock new growth avenues, while our strategic focus on sustainable finance and responsible lending reaffirms our commitment to being a responsible bank that delivers a positive impact.

At the same time, cybersecurity remains a top priority. We are making significant investments in digital tools and technologies to fortify our systems, implement robust security measures, and safeguard customer data.

Ultimately, our success is not solely defined by macroeconomic or industry challenges. Instead, we view the evolving market landscape as an opportunity to refine our business strategies, articulate a compelling vision, and instill confidence among our stakeholders. By embracing these challenges, we strengthen our competitive advantage and create long-term value for our business, stakeholders, and the communities we serve.

REWARDING OUR SHAREHOLDERS

For FY2024, the Board proposed a bonus issue on the basis of one bonus share for every 18 existing shares held in the Bank. This bonus issue is in recognition of the appreciation of our share price during the year under review and strong demand from foreign investors for our shares.



ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to extend my heartfelt gratitude to the entire AFFIN community. Your collaborative efforts and unwavering commitment have been instrumental in shaping our continued success.

To our shareholders, thank you for your trust and confidence in our vision. To our valued customers, we deeply appreciate your loyalty and for choosing us as your financial partner. I also extend my sincere appreciation to our dedicated employees, whose resilience and hard work continue to drive our achievements. Lastly, I am grateful for the guidance and oversight of our Board of Directors, whose strategic insights have been invaluable.

Additionally, I would like to take this opportunity to acknowledge recent leadership transitions. We extend our appreciation to Encik Muhammad Fitri bin Othman for his contributions during his tenure as Non-Independent Non-Executive Director (NINED) of AIBB. Furthermore, we express our gratitude to Datuk Wan Razly Abdullah Wan Ali for his dedicated service as Non-Independent Executive Director (NIED) of AHIBB, whose tenure concluded on 2 April 2024.

With a clear strategic roadmap, AFFIN is well-positioned to navigate uncertainties while unlocking new avenues for value creation. We remain committed to long-term success for our business, stakeholders, and the communities we serve. As we move forward, let us embrace the future with courage, innovation, and determination – ready to seize the opportunities that lie ahead.

Dato' Agil Natt
Chairman

Message from the PRESIDENT and Group Chief Executive Officer



2024
TOTAL LOAN AND FINANCING
8.1%
YoY

2024
CASA RATIO
30.4%

2024
PBT
RM701
Million

Datuk Wan Razly Abdullah
President & Group Chief Executive Officer

In FY2024, Affin Bank faced a complex operating environment shaped by macroeconomic, regulatory, competitive, and technological challenges. In response, we remained steadfast in executing our AX28 Plan, anchored on three strategic pillars: Unrivalled Customer Service, Digital Leadership, and Responsible Banking with Impact.

Our growth momentum has been further strengthened by the entry of a new prominent shareholder, the Sarawak Government. Their support unlocks exciting opportunities as we approach our golden 50th anniversary.

We are also proud to be recognised for our achievements, including our inclusion in the Fortune Southeast Asia 500 and the FTSE4Good Bursa Malaysia Index. Additionally, we celebrate the recognition of our Group Chief Financial Officer, Ms. Joanne Rodrigues, as one of Fortune's Most Powerful Women in Asia, underscoring our commitment to leadership, excellence and inclusiveness.

> "WE REMAINED STEADFAST IN EXECUTING OUR AX28 PLAN, ANCHORED ON THREE STRATEGIC PILLARS: UNRIVALLED CUSTOMER SERVICE, DIGITAL LEADERSHIP, AND RESPONSIBLE BANKING WITH IMPACT."



2024 HIGHLIGHTS

Allow me to share some of the highlights from an eventful, challenging, yet ultimately successful year, which was divided into four quarters.

1Q 24 Strategic Responses To External Pressures

The year started with heightened global macroeconomic uncertainty. Elevated interest rates in the US, driven by the Federal Reserve's policies fighting inflation, led to intense deposit competition amongst local banks and industry Net Interest Margin (NIM) compression. Amidst these challenges, we focused on enhancing operational efficiency and strengthening our internal capabilities to build resilience for future growth.

A key milestone this quarter was the successful launch of our new Customer Relationship Management (CRM) system, designed to enhance sales productivity and customer service capabilities. This advancement enables us to better understand and serve our customers with greater efficiency and personalisation.

Additionally, we introduced the Quantum treasury system, further strengthening our treasury operations, and launched an enhanced version of AFFINMAX, our Corporate Internet Banking solutions offering improved functionality and a seamless user experience for our corporate clients.

2Q 24 Digital Investments To Enable Resilience And Sustained Growth

The second quarter saw a continuation of soft global economic conditions, with elevated interest rates slowing trade and economic activity. Despite this, our intense focus on technological advancement has resulted in several measurable outcomes:

- Higher Net Promoter Score (NPS): Increased significantly from -19 (FY2019) to +48 in FY2024, reflecting improved customer satisfaction and loyalty.
- Increased Customer Engagement: The number of customers using the AffinAlways app (our Mobile Banking App) and AFFINMAX 2.0 (our Corporate Internet Banking platform) has grown, indicating higher engagement and adoption of our digital banking solutions.

MESSAGE FROM THE PRESIDENT AND GROUP CHIEF EXECUTIVE OFFICER

3Q 24 Product Innovation and Cost Optimisation

> WE LAUNCHED AFFIN DIVENTIUM A BESPOKE WEALTH MANAGEMENT SOLUTION SERVING HIGH NET WORTH INDIVIDUALS WITH ASSETS OF RM2 MILLION OR MORE.

We also continued to expand our product suite to capture new market opportunities. In September, we launched Affin Diventium, a bespoke wealth management solution and financial advisory product serving high net worth and ultra high net worth individuals. Diventium is our interpretation of Private Banking - natural progression from Affin Invikta - and is available to both Malaysians and foreigners with investable assets of RM2 million or more. The innovative solutions offered under Diventium include financing for yachts and homes in London.

Our aim is to acquire 250 new private banking customers in the first year, to which end we have already seen an encouraging take up rate, with 55 new customers coming in within the quarter.

In Q3, we continued to implement robust and strategic cost-saving initiatives in response to industry margin pressures. Initiatives included targeted measures to optimise operational efficiency across the organisation and reduce costs. We also rolled out an early retirement scheme (ERS), which was taken up by 210 employees. The ERS had an initial impact of RM49 million but will ultimately generate RM37 million in annual savings, and through the scheme we aim to increase the Bank's productivity by 10%. Excluding the cost of the ERS, our PBT for the year was RM749.5 million.

4Q 24 Strong Market Confidence and Expansion Drive

The fourth quarter saw a range of key milestones and achievements, validating the effectiveness of our transformation efforts. A vital development was the Sarawak Government's successful completion of a share acquisition from Lembaga Tabung Angkatan Tentera (LTAT) and Boustead Holdings Berhad, making it the largest shareholder of the Bank, with a 31.25% stake.

Meanwhile, we took a major stride in building our Islamic banking business through the launch of our Islamic Term Investment Account (TIA-i). TIA-i is designed to serve customers who seek ethical and high-yield investment opportunities and will enable us to enhance our liquidity, improve our CASA ratio, and further establish our leadership in the Islamic banking sector.

We were also heartened to receive various recognitions in Q4, including:

- Being listed in the Fortune Southeast Asia 500
- Being included in the FTSE4Good Bursa Malaysia Index
- Four awards at The Asset Triple A Islamic Finance Awards 2024, namely "Best Islamic Retail Bank in Malaysia" and "Best Islamic Syndicated Loan – Renewable Energy in Malaysia" for the banking group, with Affin Hwang Investment Bank Berhad (AHIBB) bagging four awards, namely: "Best Sustainability Sukuk – Healthcare", "Best Sustainability Sukuk – Healthcare in Malaysia", "Best New Sukuk in Malaysia" and "Best Sukuk – Shipping in Malaysia". The award I am most proud of is the "Best Islamic Retail Bank in Malaysia", which is the first win for us in this category recognising the strides we have made in our retail banking business.
- "Best SME Bank in Malaysia" at the 100 Most Influential Young Entrepreneurs (MIYE) Awards.
- Two awards for Affin Islamic Bank Berhad (AFFIN ISLAMIC) at the Asian Experience Awards 2024: the "Malaysia Brand Experience of the Year – Banking," and "Malaysia Product Experience of the Year – Banking".

> THE SARAWAK GOVERNMENT'S SUCCESSFUL COMPLETION OF A SHARE ACQUISITION FROM LEMBAGA TABUNG ANGKATAN TENTERA (LTAT) AND BOUSTEAD HOLDINGS BERHAD MAKES IT THE LARGEST SHAREHOLDER OF THE BANK, WITH A 31.25% STAKE.

FINANCIAL OVERVIEW: STEERING AFFIN BANK TOWARDS SUSTAINABLE GROWTH

Amidst the significant global and local headwinds described above, our focused execution of cost efficiency measures and efforts to diversify income resulted in a commendable financial performance.

While the headline was our strong 35.3% YoY increase in Profit Before Tax (PBT) to RM701 million, we also recorded an improved CASA ratio of 30.4% from 26.7% in 2023, growth in loans, advances, and financing of 8.1% YoY to reach RM72 billion, and a Gross Impaired Loan (GIL) ratio at 1.94%, below our target of 2%.

Looking ahead, our strategic direction remains unwavering: accelerating business growth, optimising fee-based income streams, and strengthening our balance sheet under the AX28 Plan. With a solid capital position, including a CET1 ratio of 13.2% and liquidity coverage ratio (LCR) of 165.2%, we are well-positioned to deliver sustainable value for our stakeholders.

Financial:

- Profit Before Tax: RM1.8 billion
- CASA Ratio: 35%
- Cost-to-Income Ratio: <53%
- Gross Impaired Loan (GIL) Ratio: 1.5%
- Return on Equity (ROE): 12%
- Total Loans/Financing: RM116 billion
- Total Deposits: RM123 billion
- Total Customer Base: 3 million

AX28 Targets

Sustainability:

- Sustainable Financing: 25% of total portfolio
- Group-wide Paper Usage Reduction: 100%
- Beneficiaries from CSR Activities: 200,000 people
- Percentage of Suppliers Assessed on ESG Criteria: 100%

OUR STRATEGIC DIRECTION: AX28

Moving ahead under our AX28 Plan, we will continue to strengthen our market position as a modern and progressive bank that is able to deliver long-term value in an evolving economic landscape.

To counter the intense competition in the banking sector, we are razor-focused on strengthening our market position through diversification and digitalisation. Specifically, our strategy is to move beyond traditional banking models and create value for our stakeholders through targeted initiatives in segments where there are untapped opportunities:

- **Expanding Non-Interest Income Streams** – We are broadening our revenue base by accelerating growth in Islamic banking, wealth management, and ESG-related financing. These segments will play a critical role in enhancing profitability while reinforcing our commitment to responsible banking.

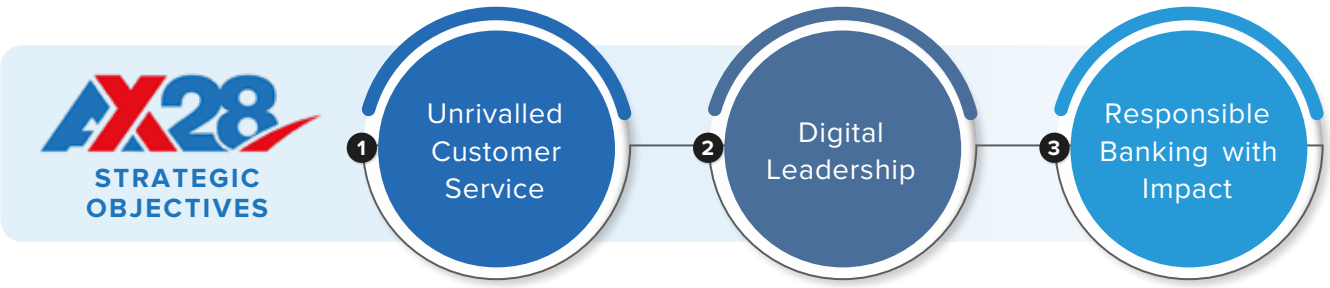
- **Leveraging Digital Leadership** – Technology remains central to our growth strategy. We will continue to enhance customer experience and operational efficiency by strengthening our digital banking platforms, including the expansion of AFFINAlways (Our Mobile Internet Banking app). As we look ahead, we are excited to launch our Digital Core soon, a key initiative that will enhance our digital capabilities, drive operational efficiency, and elevate the customer experience.

- **Strengthening Cost Management** – In a highly competitive environment, maintaining healthy margins requires disciplined financial and risk management. To this end, we are focused on optimising operational costs, automating processes, and improving resource allocation.

These strategic priorities will support our drive to ensure resilience in the face of industry challenges while driving sustainable value for our customers, shareholders, and the communities we serve.

MESSAGE FROM THE PRESIDENT AND GROUP CHIEF EXECUTIVE OFFICER

OUR STRATEGIC PROGRESS





Unrivalled Customer Service

A key initiative throughout the year was the continued rollout of our Triple Banking concept which integrates Islamic banking, conventional banking, and investment banking under one roof at flagship branches nationwide. This unique model enhances convenience for customers, unlocks operational efficiencies, and differentiates our brand as future-oriented and innovative, securing a strong competitive advantage in the retail banking sector.

In 2024, we achieved an NPS of +48, reflecting strong customer satisfaction and trust in our services. Building on this momentum, our goal for 2025 is to achieve or exceed +50, further reinforcing our commitment to service excellence and strengthening our position as a leading customer-centric bank.

We expanded our Triple Banking concept nationwide, integrating Islamic, conventional, and investment banking. In 2024, our NPS was +48; we aim to achieve or exceed +50 in 2025.

Digital Leadership

We are making significant strides towards becoming a digital leader, with major system upgrades successfully completed in FY2024. One of the key advancements was the launch of our AffinAlways app in 2024, which includes features such as real-time transaction history updates, seamless fund transfers to bank accounts, mobile numbers, or ID numbers, and simple bill payments through JomPAY (including recurring payments), driving greater convenience for users. Enhanced security measures, such as biometric login and AFFIN SECURE for transaction authorisation, further strengthen its proposition.

In line with our commitment to digital innovation, we have introduced real-time payment capabilities through a strategic partnership with ACI Worldwide, modernising our payment systems to improve efficiency by 75% and increasing transaction capacity by over 20% in 2024. Additionally, with our new Mobile Internet Banking (MIB) platform IN Q1 2025, we aspire to provide an elevated, omnichannel digital banking experience further enhancing our digital maturity.

Meanwhile, our online banking services will be significantly improved, with personalised dashboards that allow customers to tailor their banking interface, advanced security measures with multi-factor authentication and real-time fraud detection, and a redesigned user interface for a more intuitive and user-friendly experience.

We have integrated a new CRM system that provides better visibility into customer needs, enabling improved service and enhanced sales productivity. This investment streamlines customer acquisition and supports better service delivery, setting the foundation for the Bank's future growth.

In treasury operations, meanwhile, our new Quantum treasury system provides enhanced visibility and control over liquidity management, risk management, regulatory reporting, and cash forecasting. With real-time processing capabilities and strengthened risk management tools, we are now better equipped to make agile, data-driven decisions in response to business conditions.

We have also expanded our use of Robotic Process Automation (RPA) in 2024, streamlining repetitive tasks, reducing manual intervention, and enhancing operational efficiency. Utilising tools such as Power BI, Power Automate, and Power Apps, we have significantly improved processing speed, minimised errors, and freed up our employees to focus on higher-value tasks.

Lastly, we have continued to further the impact of our Enterprise Data Hub (EDH), which was introduced in 2023 to improve customer insights and enhance decision-making across the bank. Since its launch, the EDH has significantly increased data monetisation, growing from RM1.744 million (in December 2023) to RM9.515 million (in December 2024), with a cumulative data monetisation value of RM11.26 million. This demonstrates the power of data in driving revenue generation, cost savings, and overall business efficiency.

DRIVING DIGITAL ADVANCEMENT IN 2024

- Expanded use of Robotic Process Automation to drive operational efficiencies
- Introduced an upgraded CRM system to enhance customer service
- Launched AffinAlways, our new mobile internet banking app
- Launched our Quantum treasury system



Responsible Banking with Impact

As of the fourth quarter of FY2024, sustainable financing accounted for 10.56% of our total loan portfolio, marking significant progress towards our target of 25% by 2028. To achieve this goal, we are actively implementing various initiatives, including the introduction of new green financing products and the establishment of a sustainable finance framework. This framework serves as a standardised reference for classifying sustainability activities, guiding us in expanding financing beyond our traditional focus areas, such as green buildings, renewable energy, and infrastructure, to contribute more broadly to Malaysia's environmental and net-zero objectives.

One of our key sustainable financing initiatives is the Green Technology Financing Scheme 4.0 (GTFS 4.0), which has been well-received across multiple sectors, including energy, manufacturing, transport, construction waste, and water. Under this scheme, we provide financing for green technology projects,

MESSAGE FROM THE PRESIDENT AND GROUP CHIEF EXECUTIVE OFFICER

covering up to 60% of green technology costs across most sectors and up to 80% for the waste sector. Additionally, the scheme offers a rebate on interest or profit rates for the initial years, further incentivising sustainable investments.

During the year, we also took a significant step forward in our own sustainability journey by reporting Scope 3 emissions for the first time. We are proud to announce that we have successfully met our interim target of reducing operational emissions by 2030. This achievement marks a significant milestone in our sustainability journey. Building on this success, we are now in the process of developing a comprehensive roadmap aimed at further reducing our operational emissions. Our ultimate goal is to achieve net zero carbon by 2050. This roadmap will outline the specific strategies, initiatives, and actions we will undertake to continue our progress towards a more sustainable and environmentally responsible future. By committing to these long-term goals, we are demonstrating our dedication to combating climate change and contributing to a healthier planet for future generations.

We also intend to expand GTFS to include additional sectors and offer enhanced benefits to further encourage the adoption of green technologies. Additionally, we are actively exploring new sustainable investment products that align with our long-term commitment to achieving net-zero carbon by 2050. Through these strategic efforts, we aim to play a pivotal role in driving sustainable growth and fostering a greener future for Malaysia.

On this note, we are proud to announce our inclusion in the FTSE4Good Bursa Malaysia Index for the first time, marking a milestone in AFFIN BANK's sustainability journey. This recognition underscores our commitment to sustainability and responsible banking.

Furthermore, our partnership with Landasan Lumayan Sdn. Bhd. and The Ocean Cleanup on the Interceptor 002 project has delivered meaningful environmental impact. This initiative has contributed to improving water quality, the return of aquatic life to the river, and the removed over 2,600 metric tonnes from the river.

In addition, Affin is a proud partner of the Badminton Association of Malaysia, reinforcing our commitment to healthy living and the development of Malaysia's national sport. As a dedicated supporter of badminton, we take great pride in sponsoring both the senior and junior national badminton teams, playing a role in the growth and success of the sport across the nation.

On this note, we extend our heartfelt congratulations to men's doubles pair Aaron Chia and Soh Wooi Yik, as well as men's singles player Lee Zii Jia, for their outstanding achievement in winning bronze medals at the 2024 Paris Olympic Games.

At the same time, we remain committed to nurturing the next generation of badminton champions through our continued investment in the junior team. By providing resources, training support, and fostering a strong foundation for young athletes, we aim to ensure the long-term success of Malaysian badminton and uphold the nation's legacy in the sport.

A POSITIVE OUTLOOK

Looking forward, we expect market volatility to continue in the year ahead. However, we remain cautiously optimistic that we will be able to successfully navigate the currents and maintain our positive growth trajectory.

To this end, our focus will remain guided by our strategic objectives. By investing in cutting-edge technology to strengthen our digital capabilities, implementing new approaches that enhance the customer experience, and capitalising on growth opportunities in sustainable finance, we have three clear pathways to differentiate ourselves in an evolving banking landscape. Underscoring our commitment to growth and inclusivity, we will continue to develop and launch innovative financial products tailored to diverse market segments. These include Diventium (Private Banking), Invikta (High Net Worth), and Avance (Professional), alongside dedicated solutions for digital, SME and corporate clients. Through this, we aim to broaden our addressable market, enhance customer engagement, and drive financial empowerment across various client segments.

At the same time, we recognise the importance of investing in our people, and will continue fostering a culture of innovation and excellence by investing in leadership training, digital upskilling programmes, and initiatives that promote a diverse and inclusive workforce. Additionally, we will strengthen our financial literacy programmes, support local businesses, and engage in social responsibility projects to build trust and loyalty within the communities we serve.

The Sarawak Government's increased stake reaffirms the market's confidence in our growth and transformation plan, with their presence also providing us with a unique opportunity to accelerate our growth in Sarawak. Early market response has been encouraging, with increased account openings, and we plan to capitalise on this momentum to expand our market presence across retail banking, stockbroking, insurance, and commercial and corporate lending.

> "WE WILL SEEK TO DEVELOP AND LAUNCH INNOVATIVE FINANCIAL PRODUCTS THAT CATER TO A RANGE OF MARKET SEGMENTS SUCH AS DIVENTIUM (PRIVATE BANKING), INVIKTA (HIGH NET WORTH AVANCE (PROFESSIONAL) AND DIGITAL, THEREFORE WIDENING OUR ADDRESSABLE TARGET MARKETS."



TO 50 YEARS AND BEYOND

As we commemorate a year of progress, I would like to extend my heartfelt gratitude to the various stakeholders whose unwavering support and contributions have been instrumental to our success.

To our customers, your trust and loyalty drive us to innovate and improve continuously. We remain committed to enhancing our offerings to meet your evolving financial needs.

To our valued shareholders, your unwavering belief in our vision continues to drive our growth and success. We extend our deepest appreciation to our newest investors, including the Sarawak Government and other esteemed local and international shareholders, whose trust and support open new avenues for expansion and innovation. Our partners and collaborators, meanwhile, your contributions have helped us expand our product and service offerings, elevate the customer experience and advance shared goals in innovation and sustainability. Your insights and expertise are invaluable to our progress.

To our employees, your dedication and passion are the backbone of our success. Your commitment to excellence ensures that we will continue to deliver exceptional service.

To the regulatory bodies and government agencies we work with, your guidance has fostered a stable business environment, enabling us to grow responsibly while driving financial innovation.

Lastly, to our community and NGO partners, your collaboration in corporate social responsibility initiatives, including Interceptor, has allowed us to make a meaningful impact in building a more sustainable and inclusive future.

The year 2025 marks our 50th anniversary - a significant milestone on our journey. More than just a celebration, this anniversary represents the culmination of decades of transformation, resilience, and growth. It is also a pivotal moment to reflect on our achievements and set bold, ambitious goals for the future, ensuring that AFFIN will realise its vision to be the Most Creative and Innovative Financial Company in Malaysia. On this note, I look forward to celebrating this momentous milestone with each of you and reaffirming our commitment to unfolding The Future of Banking in ways that create shared and sustainable value for all.

Thank you, again, for your continued support.

Datuk Wan Razly Abdullah
President & Group Chief Executive Officer



GROUP CHIEF FINANCIAL OFFICER'S STATEMENT

BUILDING RESILIENCE, DELIVERING GROWTH

2024 was a year of resilience and progress for AFFIN BANK. Despite industry-wide margin pressures, our diversified business model drove a 35.2% increase in Profit Before Tax ("PBT"), supported by higher Net Interest Income ("NII") and Non-Interest Income ("NOII"). At the same time, we remain committed to long-term value creation, reinforcing the Bank's growth trajectory under the AX28 Transformation Plan.

JOANNE RODRIGUES
Group Chief Financial Officer

A RESILIENT FINANCIAL PERFORMANCE DESPITE MARKET CHALLENGES

2024 was a challenging year for AFFIN BANK. However, the Bank successfully navigated market volatility and margin pressure from interest rate fluctuations to achieve a strong financial performance. This was headlined by a 35.2% rise in PBT to RM701 million, driven by higher NII, stronger NOII and recoveries from troubled loans.

Our CASA ratio improved from 26.7% to 30.4%, bringing us closer to our AX28 target of 35%. Financing grew by 8.7%, from RM65.2 billion to RM70.9 billion, while Gross Impaired Loans ("GIL") remained below our 2% target, at 1.94%, despite remaining pockets of weakness in credit.

PBT grew by 35.2% to

RM701 million

Gross Impaired Loan (GIL) ratio at

1.94%

Loan Growth of 8.7% to

RM70.9 billion

CASA ratio improved to

30.4%

Strengthening our position further, in December 2024, we welcomed the Sarawak state government's acquisition of a 31.25% stake in AFFIN BANK through SG Assetfin Holdings Sdn Bhd, making them our single largest shareholder. Their support along with our existing stakeholders will be instrumental as we continue to realise our growth potential and enhance our financial standing.

DIVERSIFICATION DRIVES STABLE GROWTH

In 2024 we made great strides in our non interest income, including a 58.3% increase in net brokerage income, a 93.8% increase in advisory income and a 58.0% rise in net gains on financial instruments. Community Banking loans portfolio, now accounts for 65% of our total portfolio, up from 56% in 2020. This diversification of revenue and balance sheet enhances the overall stability, laying the groundwork for long-term resilience.

Profitability (RM million)

2024 **Net interest income** **1,372.8**
2023 1,256.4
YoY growth ^**9.3%**

2024 **Non-interest income** **797.1**
2023 729.6
YoY growth ^**9.3%**

CASA ratio **30.4**
2023 **26.7**
YoY growth ^**3.7%**

Profit before tax **701.0**
2023 518.4
YoY growth ^**35.2%**

Asset quality ratios (%)

Gross impaired loans **1.94**
2023 1.90
YoY growth ↓**0.04%**

Loan loss reserve **117.5**
2023 143.5
YoY growth ↓**26.0%**

Loan-to-deposit ratio **96.7**
2023 92.1
YoY growth ↓**4.6%**

Assets (RM million)

Loans, advances and financing **70,892.1**
2023 65,225.0
YoY growth ^**8.7%**

Total Assets **111,842.1**
2023 105,247.7
YoY growth ^**6.3%**

Earnings per share **21.4**
2023 17.4
YoY growth ^**4.0%**

Profitability ratios (%)

Capital and liquidity ratios (%)

CET 1 capital ratio **13.217**
2023 13.806
YoY growth ↓**0.589%**

Liquidity coverage ratio **165.2**
2023 174.1 YoY growth ↓**8.9%**

STRONGER NET INTEREST INCOME DESPITE A HIGHLY COMPETITIVE LIQUIDITY ENVIRONMENT

NII increased by 9.3% year-on-year (YoY) to RM1,372.8 million, driven by a growing loan base and strong demand for financing from the retail segment. While industry-wide Net Interest Margin ("NIM") compression persisted due to price competition, our proactive balance sheet management ensured growth at an adjusted NIM of 1.45% in 2024, up from 1.42% in 2023.

FOCUS ON NON-INTEREST INCOME CONTRIBUTES TO IMPROVED OVERALL PERFORMANCE

In 2024, we intensified our efforts to build strong fee income pipelines, resulting in a 9.3% YoY increase in NOII to RM797.1 million. Our stockbroking business gained traction, recording a 58% increase in net broking income alongside treasury asset gains. Additionally, our Investment Banking advisory business posted a 93.8% YoY increase, reflecting the early success of our efforts to transform this segment of our business.

CALIBRATING OUR BALANCE SHEET FOR GROWTH AND STABILITY

A well-diversified balance sheet remains central to our strategy for sustainable growth. In the last 5 years, total assets have grown by 12.9% CAGR to where it is now at RM111.8 billion in 2024. This growth was contributed largely by the Community Banking segment which is now a comfortable 65% of the total loan/financing book, thereby diversifying the overall credit risk. Loans, advances, and financing expanded to RM70.9 billion, up 8.7% YoY, driven by strategic growth in targeted lending segments. This was further supported by a 17.9% YoY growth in CASA, bringing total CASA to RM22,398 million from RM19,019 million in 2023. These gains marked a significant milestone for the Bank's CASA Ratio bringing it up to 30.4% in 2024 from 22.22% in 2023.

GROUP CHIEF FINANCIAL OFFICER'S STATEMENT

MAINTAINING ASSET QUALITY THROUGH CLOSE MONITORING

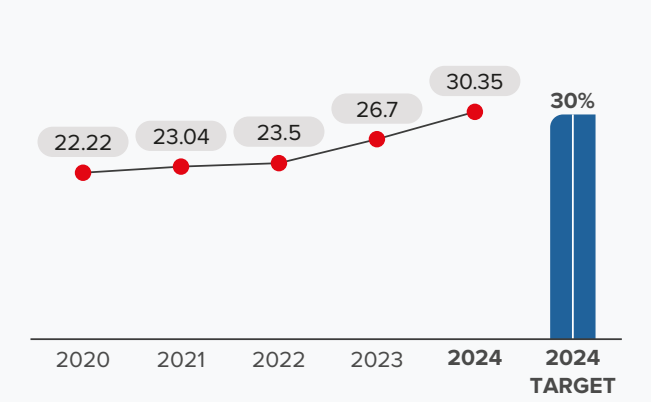
Since launching the AIM22 Transformation Plan in 2020, we have made substantial progress in improving asset quality and Loan Loss Coverage ("LLC"). We are encouraged by the progress we have made since, with GIL levels falling to below 2% and LLC strengthening to align with industry standards.

In 2024, we sustained this momentum, keeping our GIL ratio at 1.94% and LLC at 83.65%. Moving forward, we remain vigilant in managing asset quality by continuously analysing our loan portfolio to identify any underwriting or recovery process weaknesses. We have established a robust internal review system that assesses all high-risk accounts at both portfolio and individual levels, leveraging data-driven insights to detect potential risks alongside forward-looking assessments.

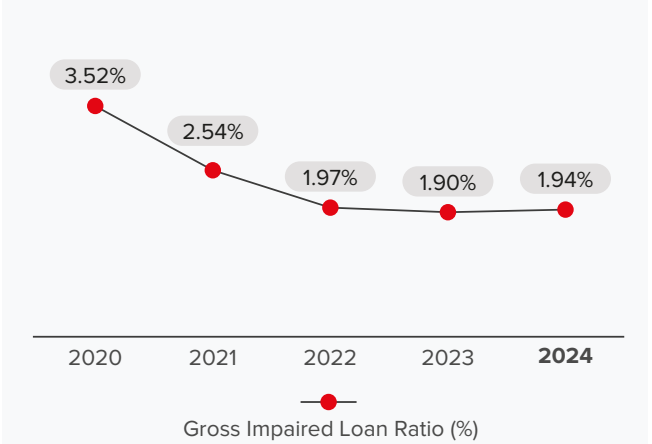
CAPITAL AND LIQUIDITY MANAGEMENT

Our Common Equity Tier 1 ("CET1") ratio (excluding transitional arrangements) stood at 13.2% as of end-2024 (2023: 13.8%), remaining well above the 7.0% regulatory minimum. Liquidity remains strong, with a Liquidity Coverage Ratio ("LCR") of 165.2% (2023: 174.1%).

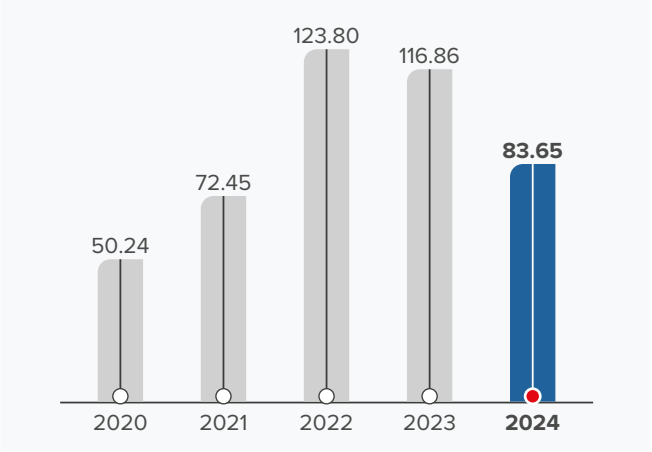
CASA RATIO (%)



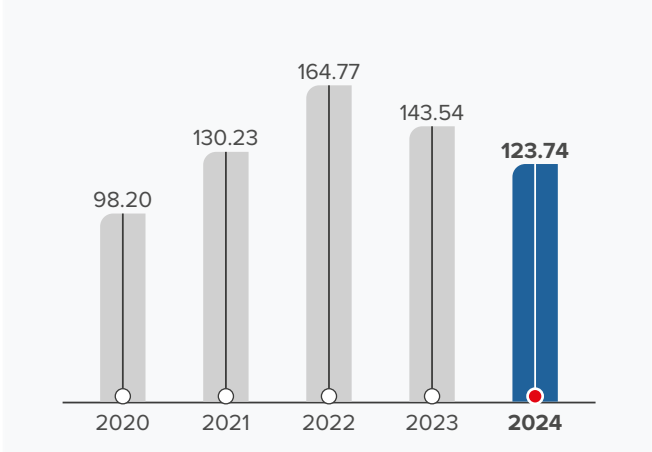
GROSS IMPAIRED LOAN RATIO (%)



LOAN LOSS COVERAGE (%)



LOAN LOSS RESERVE (%)



TRANSFORMATION EFFORTS DELIVER IMPROVED RESULTS ACROSS BUSINESS SEGMENTS

AFFIN ISLAMIC BANK BERHAD (AIBB)

AIBB had a strong year, delivering total revenue of RM684.8 million in 2024, representing a 15.6% year-on-year increase. This growth was driven by a 14.8% rise in financing, alongside improved fee income. Our Islamic financing portfolio now constitutes 46% of the Bank's total loan and financing book, and we anticipate further expansion as we continue to enhance our Islamic banking solutions and services for our customers.

AFFIN HWANG INVESTMENT BANK BERHAD (AHIBB)

AHIBB's performance improved significantly in 2024, with revenue increasing by 28.4% and Profit Before Tax (PBT) growing by 62%. This was driven by a renewed focus on the stockbroking and advisory business. The expansion of the share margin business, which now accounts for RM1,964 million of the total loan base – up from RM605 million in 2020 – alongside a 74% year-on-year increase in net brokerage fees has been instrumental in strengthening the overall performance of the investment bank.

GROUP COMMUNITY BANKING

Group Community Banking remains the largest contributor to the Bank's loan growth, driven by strong demand for higher-yielding assets, particularly Personal Finance and Credit Cards, which grew by 20.3% and 25.0% year-on-year, respectively. This aligns with our strategy to expand high-yielding assets to support overall NIM growth.

We also see good momentum in the growth of lower-cost deposits, with the division's CASA balance rising to RM9.8 billion in 2024, reflecting a 5.4% year-on-year increase. Moving forward, the division will continue to implement strategies to further enhance CASA growth through its digital and physical channels.

GROUP ENTERPRISE BANKING

2024 was a year of recalibration for Group Enterprise Banking as the division reprioritised its strategies and strengthened its underwriting and asset quality processes. Under new leadership, the division achieved an improved revenue of RM329.1 million, marking a 4.1% increase compared to 2023.

Loan growth slowed to 3% year-on-year as the SME market softened, prompting the adoption of a more cautious approach on onboarding new credit. However, with our newly enhanced credit scoring system providing more up-to-date data, we are well-positioned to continue advancing our growth agenda for Enterprise Banking.

At the same time, the division's CASA ratio improved significantly, rising to 53% in 2024 from 46.5% in 2023.

GROUP CORPORATE BANKING

Group Corporate Banking has consistently been a strong contributor to the Group's overall PBT, and 2024 was no exception. Revenue increased by 14%, driven by higher fee income and NII.

At the same time, intensive recovery efforts led to improved overall collections, enabling expected credit loss ("ECL") writebacks. As a result, the division's PBT increased to RM589.7 million, almost doubling its profit of RM298.8 million in 2023.

GROUP TREASURY

Despite a challenging market in 2024, Group Treasury achieved strong results, with revenue increasing by 43% year-on-year, driven by growth in derivatives and foreign exchange ("FX") income.

As we continue to enhance our FX solutions, we are already seeing early signs of improved FX sales revenue. At the same time, new revenue streams are being developed through the introduction of structured products designed to meet evolving customer demands.

TOWARDS AX28: DRIVING DIGITAL TRANSFORMATION AND EFFICIENCY

In 2024, we began moving forward with our AX28 transformation plan. Spanning five years from 2024 to 2028, AX28 marks the next stage of our transformation journey as we set new targets and aspirations for the Bank, including RM1.8 billion in revenue, a CASA ratio of 35%, a Return on Equity ("ROE") of 12%, a Cost-to-Income Ratio ("CIR") below 53%, and a GIL ratio of 1.5%.

We have made strategic capital expenditure investments over the past years in digital transformation initiatives, with the aim of enhancing operational efficiency and the customer experience. This is in line with our key strategic of AX28. Key initiatives include:

- Enhancing our AffinAlways and AFFINMAX digital platforms, which have played a pivotal role in improving our CASA and NIM ratios.
- Automating key banking operations to streamline processes and reduce turnaround times.
- Implementing a robust HR system and internal productivity tools to track productivity and establish more precise KPIs.
- Strengthening cybersecurity and data governance frameworks to ensure strict compliance with regulatory requirements and safeguard customer trust.

These strategic investments are made to future-proof the Bank while positioning us for long-term sustainable growth.

GROUP CHIEF FINANCIAL OFFICER'S STATEMENT

RESPONSIBLE BANKING WITH IMPACT

At AFFIN, we take our responsibilities as a corporate citizen seriously and are committed to ensuring that all our initiatives and strategies create a positive impact on our stakeholders and the environment. In 2024, we made the following progress on our ESG journey:

- Our ESG financing portfolio expanded to 10.56% of our total portfolio, surpassing our 10% target. We provided funding to a wide range of green initiatives, including renewable energy and sustainable infrastructure projects.
- We have invested in installing solar panels across our owned branches, resulting in annual energy savings of 268,430 kWh, equivalent to RM136,630.80.
- We collaborated with *The Ocean Cleanup* initiative, deploying the Interceptor in partnership with MBI Inc. Since the project's inception, the Interceptor 002 has successfully removed 2,600 metric tonnes of waste from the Klang River, improving water quality and enhancing biodiversity.
- Menara AFFIN BANK at TRX has earned multiple certifications, including a Gold rating from the Green Building Index (GBI) with 79 points, a Gold certification from Leadership in Energy and Environmental Design (LEED), a Qlassic score of 86%, and an Industrialised Building System (IBS) score of 70 points.

Meanwhile, our dedication to transparent sustainability reporting was recognised with our admission as a new entrant to the FTSE4Good Bursa Malaysia Index, earmarking AFFIN as a leading choice for responsible investors.

REWARDING OUR SHAREHOLDERS WITH BONUS SHARES

As we close the chapter on 2024, we reflect on the unwavering support provided by our shareholders throughout our transformation journey. On this note, we are pleased to note that those who have been with us since the beginning have achieved a 114% return on their shareholding, driven by sustained improvement in our share price over the past few years.

In recognition of our shareholders' continued trust, the Board has approved a 1:18 bonus share issue for 2024. This issuance represents 72% of our 2024 PAT, with valuations equating to an implied dividend yield of 5.26%.

We deeply appreciate our shareholders' continued trust and support and look forward to creating more value for them as we drive future growth and transformation.



AFFIN BANK Share Price: 1-Year Chart (2024)

OUTLOOK AND STRATEGIC PRIORITIES FOR 2025

Our strategic priorities for 2025 include:

- Strengthening deposit growth by increasing our CASA ratio to 35% and enhancing NIM through strategic investments in customer acquisition channels and margin optimisation.
- Pursuing further growth by focusing on high-margin financing segments, including personal financing, credit cards, share margin financing, and SME financing.
- Strengthening financial stability by diversifying revenue streams and scaling up low-capital-intensive businesses such as wealth management, bancassurance, advisory, and securities services.
- Driving growth by leveraging synergy across our banking ecosystem to create cross-selling opportunities, particularly with high-net-worth (HNW) customers.
- Establishing strategic partnerships to reinforce financial stability and ensure sustainable long-term growth.
- Strengthening ESG initiatives by expanding our green financing portfolio and supporting more social development projects.

As we step into 2025, we remain committed to executing these strategic priorities with discipline and innovation, ensuring sustained growth, enhanced financial resilience, and greater value creation for all stakeholders.

CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

Dato' Agil Natt
Chairman/Independent Non-Executive Director

DIRECTORS

Dato' Abdul Aziz Bin Abu Bakar
Independent Non-Executive Director

Dato' Mohd Hata Bin Robani
Independent Non-Executive Director

Chan Tze Ching, Ignatius
Non-Independent Non-Executive Director

Dato' Rozalila Binti Abdul Rahman
Independent Non-Executive Director

Yuen Wai Hung, Peter
Non-Independent Non-Executive Director

Marzida Binti Mohd Noor
Independent Non-Executive Director

Gregory Jerome Gerald Fernandes
Independent Non-Executive Director

Chan Wai Yu
Independent Non-Executive Director

Mohammad Ashraf Bin Md Radzi
Non-Independent Non-Executive Director

Emeliana Dallan Rice-Oxley
Independent Non-Executive Director

COMPANY SECRETARY

Nimma Safira Khalid
LS0009015
(SSM PC No. 201908001266)
Tel : 603-2302 1000
E-mail : nimma@affingroup.com

REGISTERED OFFICE

Level 19, Menara AFFIN
Lingkaran TRX
Tun Razak Exchange
55188 Kuala Lumpur
Malaysia
Tel : 603-2302 1000

HEAD OFFICE

Menara AFFIN
Lingkaran TRX
Tun Razak Exchange
55188 Kuala Lumpur
Malaysia
Tel : 603-2302 1000

SHARE REGISTRAR

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Unit 32-01, Level 32
Tower A, Vertical Business Suite
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No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel : 603-2783 9299
Fax : 603-2783 9222
Email : is.enquiry@vistra.com
Website : www.tricorglobal.com

Dropbox located at:
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Vertical Podium Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

EXTERNAL AUDITORS

PricewaterhouseCoopers PLT
LLP0014401-LCA & AF1146
Level 10, Menara TH 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur
Malaysia

WEBSITE

www.affingroup.com

SOCIAL MEDIA CHANNEL

https://www.facebook.com/AffinMy
https://www.instagram.com/affinmy
https://x.com/AffinMy
https://www.youtube.com/c/affin

INVESTOR RELATIONS

Tel : 603-2302 1030 (ext : 921030)
Email : ir@affingroup.com

AGM HELPDESK

Tel : 603-2783 9299
(Tricor Investor & Issuing House Services Sdn Bhd)

STOCK EXCHANGE

Bursa Malaysia Securities Berhad
Stock Code : 5185
Stock Name : AFFIN
Listed on Main Market of Bursa Malaysia Securities Berhad on 2 February 2018

FINANCIAL YEAR END

31 December 2024

BOARD OF DIRECTORS AFFIN BANK BERHAD



1
DATO' AGIL NATT
Chairman/Independent
Non-Executive Director



2
DATO' MOHD HATA BIN ROBANI
Independent
Non-Executive Director



3
DATO' ABDUL AZIZ BIN ABU BAKAR
Independent
Non-Executive Director



4
CHAN TZE CHING, IGNATIUS
Non-Independent
Non-Executive Director



5
DATO' ROZALILA BINTI ABDUL RAHMAN
Independent
Non-Executive Director



6
YUEN WAI HUNG, PETER
Non-Independent
Non-Executive Director



7
MARZIDA BINTI MOHD NOOR
Independent
Non-Executive Director



8
GREGORYJEROME GERALD FERNANDES
Independent
Non-Executive Director



9
CHAN WAI YU
Independent
Non-Executive Director



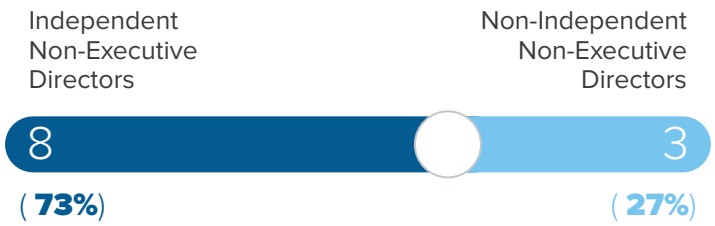
10
MOHAMMAD ASHRAF BIN MD RADZI
Non-Independent
Non-Executive Director



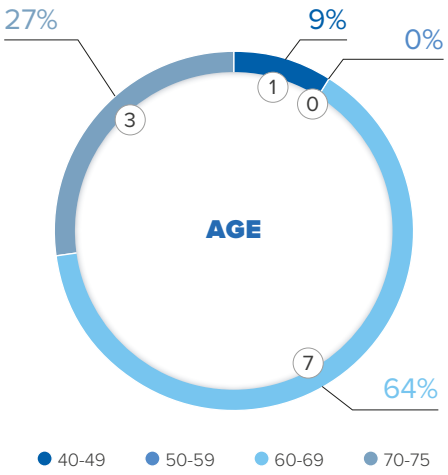
11
EMELIANA DALLAN RICE-OXLEY
Independent
Non-Executive Director

BOARD COMPOSITION

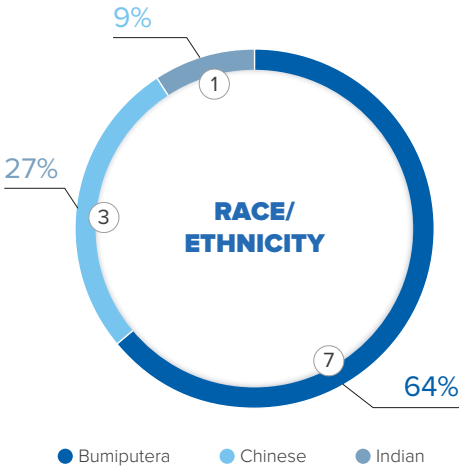
COMPOSITION (% AND TOTAL)



AGE



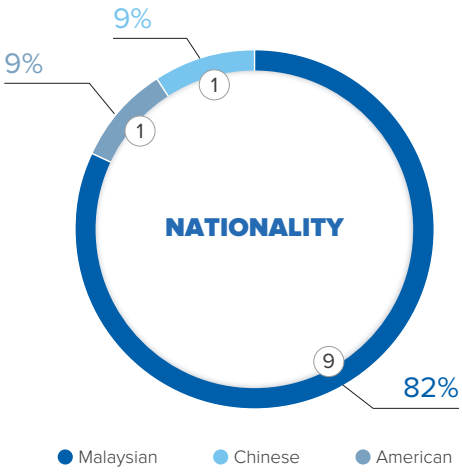
RACE/ETHNICITY



GENDER



NATIONALITY



BOARD SKILLS AND EXPERIENCE



PROFILE OF BOARD OF DIRECTORS AFFIN BANK BERHAD

1. DATO' AGIL NATT

Chairman/Independent Non-Executive Director

Age 73 | Male | Malaysian

Appointment Date
8 November 2019

B E F

Academic/Professional Qualification
- Advanced Management Program (AMP163), Harvard Business School, USA
- Master of Science in Finance, Bayes Business School, City, University of London, United Kingdom
- Bachelor of Science in Economics (Hons), Brunel University, United Kingdom

Working Experience and Occupation
- Investment Panel member of Employees Provident Fund Board (June 2017 to May 2021)
- President & CEO, International Centre for Education in Islamic Finance (INCEIF) (July 2006 to July 2011)
- Executive Director & Deputy President, Maybank (September 2004 to June 2006)
- MD/CEO, Aseambankers Bhd (now known as Maybank Investment Bank) (November 2000 to August 2004)
- Senior GM, Corporate Banking, Maybank (March 1995 to October 2000)
- Regional Chief Representative, Kleinwort Benson Ltd (Investment Bank), Malaysia & UK (January 1990 to February 1995)
- Senior GM, Finance, Island & Peninsular Bhd (April 1982 to December 1989)
- Manager, Corporate Finance, Bumiputra Merchant Bankers Berhad (September 1977 to March 1982)

Directorship(s) in Other Public Companies
- NIL

Directorship(s) in Public Listed Companies
- NIL

External Professional Commitments
- NIL

Membership of Board Committees
- Chairman of AFFIN Group Chairmen Committee
- Member, Group Board Credit Review and Recovery Committee
- Member, Group Board Information Technology Committee

Conflict of Interest (COI) or potential COI with AFFIN
- NIL

Attendance in 2024 (100%)



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2. DATO' MOHD HATA BIN ROBANI

Independent Non-Executive Director

Age 72 | Male | Malaysian

Appointment Date
17 October 2017

B R

Academic/Professional Qualification
- Bachelor of Economics (Business Administration), University of Malaya
- Management Development Programme, University of Harvard, USA

Working Experience and Occupation
- Advisor, Agenda Harmoni Sdn Bhd (2009 to 2019)
- Executive Chairman, Excellent Tank Treatment Services Sdn Bhd (2009 to 2015)
- Managing Director, Malaysian Electronic Payment System Sdn Bhd (MEPS) (2000 to 2008)
- Executive Director, BSN Commercial Bank Berhad (1998 to 1999)
- General Manager of the Financial Services Division, Amanah Capital Partners Group (1994 to 1997)
- Group Chief Operating Officer, Amanah Capital Partners Group (1994 to 1997)
- Head of Banking Department, Bank Negara Malaysia (1993 to 1994)
- Head of Technology Department, Bank Negara Malaysia (1989 to 1992)
- Senior Officer of Bank Inspection Department, Bank Negara Malaysia (1975 to 1989)

Directorship(s) in Other Public Companies
- Director, Affin Holdings Berhad

Directorship(s) in Public Listed Companies
- NIL

External Professional Commitments
- Member of Finance and Investment Committee of Perbadanan Wakaf Selangor

Membership of Board Committees
- Chairman, Group Board Credit Review and Recovery Committee
- Member, Group Board Audit Committee

Conflict of Interest (COI) or potential COI with AFFIN
- NIL

Attendance in 2024 (100%)



PROFILE OF BOARD OF DIRECTORS AFFIN BANK BERHAD

3. DATO' ABDUL AZIZ BIN ABU BAKAR

Independent
Non-Executive Director

Age 71 | Male | Malaysian

Appointment Date
17 October 2017

H
B

Academic/Professional Qualification
- Bachelor of Economics (Hons.), University of Malaya
- Senior Management Development Programme (SMDP), Harvard Business School

Relevant Experiences
- CEO/ED, Malaysian Directors Academy (MINDA) (2010 to 2017)
- Chief Human Capital Officer, Telekom Malaysia Berhad (TM) (2005 to 2009)
- Executive VP, Human Resources, RHB Bank Berhad (2002 to 2004)
- General Manager/Human Resources, Shell Malaysia Trading Sdn Bhd (SMTSB) (1998 to 2001)
- Managing Director, INTRIA Berhad (currently known as UEM Builders) (1996 to 1997)
- Shareholders' representative for China and Hong Kong, SHELL Group (1991 to 1993)
- Area GM/East Coast, SMTSB (1988 to 1990)
- Manager/Marketing Economics, SMTSB (1984 to 1987)
- Executive/Internal Audit, SMTSB (1979 to 1983)
- Fleet Planning Coordinator/Fleet Planning Department, Malaysian Airlines System (MAS) (1977 to 1978)

Directorship(s) in Other Public Companies
- NIL

Directorship(s) in Public Listed Companies
- NIL

External Professional Commitments
- Fellow of Institute of Corporate Directors Malaysia (ICDM)
- Member of the Nomination and Remuneration Committee of Razak School of Government (RSOG)

Membership of Board Committees
- Chairman, Group Board Nomination and Remuneration Committee

Conflict of Interest (COI) or potential COI with AFFIN
- NIL

Attendance in 2024 (100%)



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4. CHAN TZE CHING, IGNATIUS

Non-Independent
Non-Executive Director

Age 68 | Male | Chinese

Appointment Date
1 December 2017

B
R
AC

Academic/Professional Qualification
- Bachelor of Business Administration, University of Hawaii, USA
- Master of Business Administration, University of Hawaii, USA
- Certified Public Accountant, American Institute of Certified Public Accountants

Working Experience and Occupation
- Senior Advisor, CVC Capital Partners (2010 to 2021)
- Deputy Chief Executive, Bank of China (Hong Kong) (2008 to 2008)
- Head of Corporate and Investment Banking Business, Citibank, Greater China (2005 to 2007)
- Chief Operating Officer, Citibank Greater China (2004 to 2005)
- Country Officer, Citibank Taiwan (2003 to 2005)
- Country Officer, Citibank Hong Kong (1999 to 2003)
- Head, Corporate Banking Business, Citibank Hong Kong (1997 to 1999)
- Country Treasurer and Head Sales and Trading, Citibank Hong Kong (1994 to 1997)
- Vice President, Citibank Japan (1986 to 1994)
- Management Associate, Citibank, Hong Kong and Japan (1980 to 1986)

Directorship(s) in Other Public Companies
- NIL

Directorship(s) in Public Listed Companies
- Director of Mongolian Mining Corporation (MMC)
- Director of China State Construction International Holdings Limited

External Professional Commitments
- Senior Advisor, The Bank of East Asia, Limited (BEA)

Other Appointment(s)
- NIL

Membership of Board Committees
- NIL

Conflict of Interest (COI) or potential COI with AFFIN
- NIL

Chan Tze Ching, Ignatius is a nominee of BEA, a substantial shareholder of Affin Bank Berhad.

Attendance in 2024 (95%)



5. DATO' ROZALILA BINTI ABDUL RAHMAN

Independent
Non-Executive Director

Age 63 | Female | Malaysian

Appointment Date
4 February 2019

BA eC T FC

Academic/Professional Qualification
- Bachelor of Science, Food Science & Technology, Universiti Pertanian Malaysia
- Certificate of Merit from Sophia University, Tokyo, Japan
- Diploma of Science with Education (Math Major), Universiti Pertanian Malaysia

Relevant Experiences
- Chief Executive Officer, Astro GS Shop Sdn Bhd (2014 to 2016)
- Adjunct Professor, Faculty of Economics and Management, Universiti Putra Malaysia (2013 to 2014)
- Chief Marketing Officer, Telekom Malaysia Berhad (TM) (2010 to 2014)
- General Manager, Maxis Berhad (2006 to 2010)
- Sales & Marketing Director, Bank Simpanan Nasional (2003 to 2005)
- Marketing Manager, Reckitt Benckiser, Malaysia & Singapore (2002 to 2003)
- Marketing Manager, Kellogg Asia Inc., South East Asia (1999 to 2002)
- Senior Brand Manager, Unilever (M) Holdings Sdn Bhd, Malaysia & Singapore (1997 to 1999)
- Brand Manager, Unilever (M) Holdings Sdn Bhd, Malaysia & Singapore (1995 to 1997)
- Quality Manager, Unilever (M) Holdings Sdn Bhd, Malaysia & Singapore (1994 to 1995)
- Lab/Quality Control Manager, Unilever (M) Holdings Sdn Bhd, Malaysia & Singapore (1992 to 1994)
- Product Development Manager, Unilever (M) Holdings Sdn Bhd, Malaysia & Singapore (1990 to 1992)
- Management Trainee, Unilever (M) Holdings Sdn Bhd, Malaysia (1989)
- Cold Room Supervisor, Perwira Niaga Malaysia, PERNAMA (1988)

Directorship(s) in Other Public Companies
- NIL

Directorship(s) in Public Listed Companies
- Independent Non-Executive Director and Chairman of AGX Group Berhad

External Professional Commitments
- NIL

Membership of Board Committees
- Chairperson, Group Board Compliance Committee
- Member, Group Board Sustainability Committee

Conflict of Interest (COI) or potential COI with AFFIN
- NIL

Attendance in 2024 (100%)



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6. YUEN WAI HUNG, PETER

Non-Independent
Non-Executive Director

Age 62 | Male | American

Appointment Date
1 November 2019

BA B

Academic/Professional Qualification
- Stanford Executives Program, Stanford Graduates School of Business, USA
- Master of Business Administration, University of Houston, USA
- Bachelor of Business Administration (Major in Finance), University of Hawaii, USA

Working Experience and Occupation
- General Manager & Head of Strategic Partnerships Group, The Bank of East Asia, Limited (BEA) (2020 to 2022)
- General Manager & Head of Strategic Partnerships/Financial Institutions, BEA (2017 to 2019)
- General Manager/Head of Financial Institutions Department, BEA (2009 to 2017)
- Head/Financial Institutions Department, BEA (1996 to 2008)

Directorship(s) in Other Public Companies
- NIL

Directorship(s) in Public Listed Companies
- NIL

External Professional Commitments
- NIL

Membership of Board Committees
- NIL

Conflict of Interest (COI) or potential COI with AFFIN
- NIL

Yuan Wai Hung, Peter is a nominee of BEA, a substantial shareholder of Affin Bank Berhad.

Attendance in 2024 (95%)



PROFILE OF BOARD OF DIRECTORS AFFIN BANK BERHAD

7. MARZIDA BINTI MOHD NOOR

Independent
Non-Executive Director

Age 61 | Female | Malaysian

Appointment Date
1 March 2020

IT O

Academic/Professional Qualification
- Master of Science in Management Information Systems, United States International University, San Diego, California, USA
- Bachelor of Science in Business, Indiana University Bloomington, Indiana, USA

Relevant Experiences
- Manager, HRIT Competency Centre, Shell Business Operations Oil & Gas (2012 to 2017)
- Programme Manager, SAP Business Objects Software License Management, Shell Business Operations Oil & Gas (2011 to 2012)
- Programme Manager, Global Retail Site Systems Support Services, Shell Business Operations Oil & Gas (2009 to 2011)
- Planning and Programme Manager & Downstream IT Global Strategy, Shell Business Operations Oil & Gas (2007 to 2009)
- Chief Information Officer, Malaysia Airlines Air Transportation (2001 to 2007)
- Senior General Manager, Programme Management Office, Malaysia Airlines Air Transportation (2005 to 2006)
- Programme Manager, Support Services Business Improvement Programme, Malaysia Airlines Air Transportation (2004 to 2005)
- Vice President, IT Planning & Development, Malaysia Airlines Air Transportation (1998 to 2001)
- Programme Director, Y2K Corporate, Malaysia Airlines Air Transportation (1998 to 1999)
- Business Information Controller, Corporate Planning Department, Malaysia Airlines Air Transportation (1992 to 1998)
- IT Management Consultant, KPMG Peat Marwick Management Consulting (1989 to 1992)
- IT Executive, Head of Department, Intradagang Merchant Bank Banking (1988 to 1989)

Directorship(s) in Other Public Companies
- NIL

Directorship(s) in Public Listed Companies
- NIL

External Professional Commitments
- A volunteer member of 30% Club Malaysia, a platform which is set up to improve gender diversity on the board of public listed companies
- Member of Advisory Panel, Precious Amber International Berhad

Other Appointment(s)
- NIL

Membership of Board Committees
- Chairperson, Group Board Information Technology Committee
- Member, Group Board Risk Management Committee (w.e.f. 1 July 2024)
- Member, Group Board Nomination and Remuneration Committee (up to 1 July 2024)

Conflict of Interest (COI) or potential COI with AFFIN
- NIL

Attendance in 2024 (90%)



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8. GREGORY JEROME GERALD FERNANDES

Independent
Non-Executive Director

Age 69 | Male | Malaysian

Appointment Date
1 April 2020

AC B CA M

Academic/Professional Qualification
- Registered Accountant, Malaysian Institute of Accountants
- Associate, Institute of Chartered Accountants in England & Wales
- Fundamentals of Accounting, North East London Polytechnic, United Kingdom

Working Experience and Occupation
- Corporate Advisor/CEO Office, Offshore Works Sdn Bhd (2011 to 2016)
- Consultant/Finance, Platinum Energy Sdn Bhd (2010 to 2011)
- Senior Vice President (Global Marketing), Scomi Engineering Berhad (2008 to 2010)
- Chief Financial Officer, Scomi Engineering Berhad (2006 to 2008)
- Associate Director, Innovation Associates (2003 to 2005)
- Director/Corporate Finance, Nikkei Pacific Corporate Advisors Sdn Bhd (2000 to 2002)
- Principal/Assurance, AJ Shah & Associates (EY Technical Associate Firm), Seychelles (1999 to 2000)
- Manager-Principal/Assurance, Ernst & Young (1983 to 1999)
- Trainee Supervisor/Assurance, Ernst & Young (1976 to 1983)

Directorship(s) in Other Public Companies
- NIL

Directorship(s) in Public Listed Companies
- NIL

External Professional Commitments
- NIL

Membership of Board Committees
- Chairman, Group Board Audit Committee
- Member, Group Board Compliance Committee

Conflict of Interest (COI) or potential COI with AFFIN
- NIL

Attendance in 2024 (95%)



9. CHAN WAI YU

Independent
Non-Executive Director

Age 66 | Female | Malaysian

Appointment Date
1 April 2021

B R

Academic/Professional Qualification
- BEcons (Analytical Economics), 2nd Class Upper Hons, University of Malaya

Working Experience and Occupation
- Vice President, Chairman/CEO Secretariat, OCBC Bank (Malaysia) Berhad (2016)
- Director, Head, Operational Risk Management, Bank of Singapore (2013 to 2015)
- Vice President, Head, Operational Risk Management, OCBC Bank (Malaysia) Berhad (2012)
- Head, Risk Portfolio Management, OCBC Bank (Malaysia) Berhad (2010 to 2012)
- Head, Credit Risk Management, Maybank (2009)
- Head, Operational Risk Management, Maybank (2007 to 2008)
- Project Director, Basel II Project Management Office, Maybank (2004 to 2006)
- Project Manager, Integrated Risk Management Project, Maybank (2002 to 2004)
- Head, Credit Risk Analytics, Maybank (2000 to 2006)
- Head, Credit Policy, Maybank (1993 to 2000)
- Officer, Credit Processing & Loans Supervision, Maybank (1983 to 1993)
- Officer, Branch Operations, Maybank (1981 to 1982)

Directorship(s) in Other Public Companies
- NIL

Directorship(s) in Public Listed Companies
- NIL

External Professional Commitments
- NIL

Other Appointment(s)
- NIL

Membership of Board Committees
- Chairperson, Group Board Risk Management Committee
- Member, Group Board Nomination and Remuneration Committee (w.e.f. 1 July 2024)

Conflict of Interest (COI) or potential COI with AFFIN
- NIL

Attendance in 2024 (100%)



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10. MOHAMMAD ASHRAF BIN MD RADZI

Non-Independent
Non-Executive Director

Age 47 | Male | Malaysian

Appointment Date
3 October 2022

AC F CA I

Academic/Professional Qualification
- Capital Markets Services Representative License Modules 12 & 19, Security Commission
- Chartered Accountant, Malaysian Institute of Accountants
- Member of Association of Chartered Certified Accountants, United Kingdom
- Bachelor of Accountancy (Hons), Universiti Tenaga Nasional
- A-Levels, MARA Institute of Technology

Working Experience and Occupation
- Chief Executive, Lembaga Tabung Angkatan Tentera (2024 – Present)
- Chief Financial Officer, Lembaga Tabung Angkatan Tentera (2020 – 2024)
- Chief Financial Officer, Ahmad Zaki Resources (2017 to 2020)
- General Manager, Corporate Finance, Ahmad Zaki Resources (2016 to 2017)
- Associate Director, Corporate Advisory and Structuring, MIDF Amanah Investment Bank (2015 to 2016)
- General Manager, Finance Special Projects, Johawaki Holdings Sdn Bhd (2013 to 2015)
- Associate Director, Capital Market, Prokhas Sdn Bhd (2009 to 2013)
- Regulatory Reporting Analyst, UBS Investment Bank, London (2007 to 2009)

Directorship(s) in Public Listed Companies
- Non-Independent Non-Executive Director, Pharmaniaga Berhad

Directorship(s) in Public Companies
- Non-Independent Non-Executive Director, Boustead Holdings Berhad
- Non-Independent Non-Executive Director, Boustead Plantations Berhad

External Professional Commitments
- Chief Executive, Lembaga Tabung Angkatan Tentera (LTAT)

Membership of Board Committees
- Member of Group Board Risk Management Committee (up to 7 May 2024)

Conflict of Interest (COI) or potential COI with AFFIN
- Nil

Encik Mohammad Ashraf Md Radzi is a nominee of LTAT, a substantial shareholder of Affin Bank Berhad.

Attendance in 2024 (100%)



PROFILE OF BOARD OF DIRECTORS AFFIN BANK BERHAD

11. EMELIANA DALLAN RICE-OXLEY

Independent
Non-Executive Director

Age 61 | Female | Malaysian

Appointment Date
1 October 2023

EE G D

Academic/Professional Qualification
- Advanced Management Program from Harvard Business School, USA
- Professional Certification in Decision Quality and Risk Management from Stanford University, USA
- Bachelor of Science, Geology from University of South Carolina, USA

Relevant Experiences
- VP, Exploration Upstream, Petronas (2016 to 2022)
- VP, Exploration Malaysia, Petronas (2014 to 2016)
- Senior General Manager, Exploration Malaysia, Petronas (2012 to 2014)
- Hydrocarbon Maturation Manager, Onshore US and Latin America, SHELL (2010 to 2012)
- Brazil Exploration Team Leader, SHELL (2006 to 2009)
- Manager, Exploration Portfolio & Planning Asia Pacific, SHELL (2001 to 2006)
- Various Technical and team leaders role, SHELL (1985 to 2001)

Directorship(s) in Other Public Companies
- NIL

Directorship(s) in Public Listed Companies
- Director, Hibiscus Petroleum Berhad
- Director, TGS ASA (merged with PGS ASA), Norway

External Professional Commitments
- NIL

Membership of Board Committees
- Chairperson of Group Board Sustainability Committee

Conflict of Interest (COI) or potential COI with AFFIN
- NIL

Attendance in 2024 (95%)



Main skillsets:

- B Banking/General Insurance
- E Economics
- F Finance
- R Risk Management
- H Human Capital
- BA Business Administration
- eC e-Commerce & TV Home Shopping
- T Telecommunication
- FC Fast Moving Consumer Goods R&D, Quality Assurance & Operations
- IT Information Technology
- O Operations
- AC Accountancy/Audit
- CA Corporate Advisory/Corporate Finance
- M Global Marketing
- I Investments

Attendance in 2024:

- Scheduled meetings
- Special meetings
- Joint Board meetings

- EE Energy/ESG
- G Board Governance
- D Diversity, Equity and Inclusion

Declaration:

Save as disclosed above, none of the Directors have:

a. Any family relationship with any Director and/or major shareholders of AFFIN
b. Any conflict of interest (COI) or potential COI with AFFIN
c. Any conviction for offences within the past 5 years
d. Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2024.

GROUP MANAGEMENT COMMITTEE



DATUK WAN RAZLY ABDULLAH

President & Group Chief Executive Officer
Affin Bank Berhad

Date of Appointment
2 April 2020

53 years old | Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION

- Bachelor of Arts in Law and Accounting from the University of Manchester, United Kingdom
- Member of Institute of Chartered Accountants in England and Wales (ICAEW)

PAST WORKING EXPERIENCES

- Senior Managing Director, with a leading Bank Group in Malaysia
- Chief Financial Officer, CIMB Niaga
- CIMB Investment Bank as Director, Corporate Client Solutions
- Head, Business Development, Aseambankers Malaysia (now known as Maybank Investment Bank Berhad)
- Audit Services Department Northern Trust, London, United Kingdom PricewaterhouseCoopers, London, United Kingdom

OTHER APPOINTMENTS

- Director of ABM Investments Sdn Bhd
- Alternate Director of Payments Network Malaysia Sdn Bhd



DATO' PADUKA SYED MASHAFUDDIN SYED BADARUDIN JAMALULLAIL

Chief Executive Officer
Affin Islamic Bank Berhad

Date of Appointment
8 November 2022

51 years old | Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION

- Joint Honours Degree in Computer Science and Accounting (B.Sc. Honours) from the University of Manchester, United Kingdom
- Master of Science Degree (MSc) in International Banking from the University of Manchester Institute of Science and Technology (UMIST), United Kingdom
- Diploma in Islamic Finance, Chartered Institute of Management Accountants
- Chartered Financial Analyst (CFA)
- Chartered Professional In Islamic Finance (CPIF)
- Chartered Banker (CB)

PAST WORKING EXPERIENCES

- CEO of Principal Islamic Asset Management
- Head of International and Institutional Business, CIMB-Principal Asset Management
- Managing Director, Investment Banking, CIMB Investment Bank Berhad
- Manager, Corporate Finance Dept, Commerce International Merchant Bankers Berhad

OTHER APPOINTMENTS

- Council Member – Association of Islamic Banking and Financial Institutions Malaysia (AIBIM)

GROUP MANAGEMENT COMMITTEE



NURJESMI BIN MOHD NASHIR

Chief Executive Officer
Affin Hwang Investment Bank Berhad

Date of Appointment
1 June 2023

53 years old | Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION

- Bachelor's Degree in Finance from Syracuse University, New York

PAST WORKING EXPERIENCES

- Has over 30 years in banking and securities business, of which 27 years were in two leading global banks namely JP Morgan and Citi
- Headed the Global Corporate Bank at J.P. Morgan Chase Bank Berhad as an Executive Director for 10 years prior to joining Affin Hwang Investment Bank
- Held a succession of roles over 17 years at Citibank, starting from the bank's Commercial Bank Division in 1996, various roles in Corporate Banking and subsequently appointed as Head of Public Sector overseeing predominantly the GLC portfolio up to 2013
- His banking experience includes the extensive exposure to various client segments ranging from the government & public sector entities, family-owned local corporates/ conglomerates, FIs (banks), SMEs and multinationals, while also being made responsible for the delivery of a wide product-range from transactional banking, treasury solutions, securities services & custody, structured/project financing, debt/equity-capital markets and M&A
- Started his career in the brokerage industry as an Equity Analyst at Maybank Securities and subsequently at Arab Malaysian Securities, from 1994 until 1996

OTHER APPOINTMENTS

- Has served as an Independent Board Member of Perbadanan Usahawan Nasional Bhd (PUNB) between 2018 to 2023, a position appointed by the Prime Minister's Office & Yayasan Pelaburan Bumiputra (YPB)



MOHAMMAD FAIRUZ BIN MOHD RADI

Executive Director
Group Community Banking

Date of Appointment
1 December 2023

47 years old | Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION

- Master of Science (MSc) in Technologies for Broadband Communication from University College London, United Kingdom
- Bachelor of Science (BSc) in Electrical Engineering from Pennsylvania State University, United States of America
- Chartered Professional in Islamic Finance (CPIF)

PAST WORKING EXPERIENCES

- About 20 years of experience across multiple industries, including Banking, Property Development, and Consulting
- In his recent tenure at Bank Muamalat, he played a crucial role in establishing and led the Transaction Banking business with a focus on deposit growth across all segment of customers
- Held the position of Head of Strategy for Community Financial Services (retail banking) for Maybank, where he focused on expanding the retail loan and deposit portfolio through the extensive sales distribution network
- Has served as the Chief Strategy Officer in various organisations and companies

OTHER APPOINTMENTS

- Has served as an Independent Board member for Perbadanan Nasional Berhad (PERNAS) between 2019 up to 2023, a position appointed by Ministry of Finance (MOF)
- Has represented Bank Muamalat as the Co-Chairman of the Sustainability Working Group for the Council of Islamic Banks and Financial Institutions (CIBAFI), an organisation with over 130 members spanning more than 30 jurisdictions worldwide

ACADEMIC/PROFESSIONAL QUALIFICATION

- Bachelor of Science in Finance, Iowa State University, United States of America
- Certificate of Islamic Law, International Islamic University Malaysia

PAST WORKING EXPERIENCES

- Over 22 years of experience in banking and finance, primarily in Corporate Banking
- Head, Public Sector, Affin Bank Berhad
- Senior Vice President & Head, GLC, Wholesale Banking Coverage, AmBank Group
- Head, Corporate Amanah, HSBC Amanah

OTHER APPOINTMENTS

- Nil



HANIF MOHD YUSOF

Executive Director
Group Corporate Banking

Joined Date
29 September 2017

Date of Appointment
1 June 2022

52 years old | Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Master of Business Administration, Curtin University Western Australia, Australia
- Bachelor of Construction Economics (Quantity Surveying), Royal Melbourne Institute of Technology Melbourne, Australia

PAST WORKING EXPERIENCES

- More than 30 years of banking experience with international and regional financial institutions. Prior to Affin Bank Berhad, he was CEO of Sathapana Bank Plc, Cambodia for 3 years and Head of SME Division/Deputy CEO of VPBank Vietnam for more than 7 years. He was also Executive Vice President, Head of Commercial Banking at Alliance Bank Malaysia Berhad and General Manager, SME Banking at Standard Chartered Bank Malaysia Berhad.

OTHER APPOINTMENTS

- Nil



FUNG KAI JIN

Executive Director
Group Enterprise Banking

Date of Appointment
15 July 2024

60 years old | Malaysian

GROUP MANAGEMENT COMMITTEE



HANIF GHULAM MOHAMMED

Executive Director
Group Treasury

Date of Appointment
1 December 2021

45 years old | Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION

- Professional Certificate in Islamic Finance from INCEIF
- Bachelor's degree in Science, majoring in Economics & Management from the University of London, London School of Economics
- Chartered Member of Chartered institute of Islamic Finance Professionals (CPIF)

PAST WORKING EXPERIENCES

- More than 20 years of working experience in the banking industry, particularly in Treasury
- He has assumed various roles as Regional Head of Islamic Treasury and Director Fixed Income in a renowned Bank in Malaysia

OTHER APPOINTMENTS

- Chairman of Treasury & Markets Committee for AIBIM
- Member of Financial Markets Committee (BNM)
- Member of Financial Markets Association Malaysia (PPKM)
- Member of Islamic Financial Markets Committee
- Board Member of Generali Malaysia Holding Berhad



JOANNE RODRIGUES

Group Chief Financial Officer

Date of Appointment
1 June 2020

50 years old | Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION

- BSc. Economics and Accounting, University of Bristol, United Kingdom
- Global Master of Business Administration, Manchester Business School, University of Manchester
- Fellow Chartered Accountant (FCA) of The Institute of Chartered Accountants in England and Wales (ICAEW)

PAST WORKING EXPERIENCES

- More than 20 years of working experience in the financial services industry with various senior roles, such as Chief Financial Officer (Wholesale Banking), Regional Head, Strategy & Business Analytics of Commercial Banking and Chief Internal Auditor

OTHER APPOINTMENTS

- Non-Independent Non-Executive Director, Generali Insurance Malaysia Berhad
- Director of ABB Nominee (Asing) Sdn Bhd
- Director of ABB Nominee (Tempatan) Sdn Bhd
- Director of Affin Business Services Sdn Bhd



IRWIN MOHD EUSOFF

Group Chief Corporate Strategy and Sustainability Officer

Date of Appointment
2 September 2024

50 years old | Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION

- Master of Business Administration, International Islamic University Malaysia (IIUM)
- B. Eng (Honours) Mechanical Engineering, University of Manchester Institute of Science & Technology (UMIST), UK
- Executive Education from Harvard Business School, INSEAD and Cranfield School of Management

PAST WORKING EXPERIENCES

- Specialising in Corporate Strategy, M&A, Transformation, and Sustainability with 27 years of Multi-Sectors (Banking, Telco, and Real-Estate) and Cross-Border experience
- Previously the Chief Strategy & Transformation Officer (CSTO) of UEM Sunrise Berhad

OTHER APPOINTMENTS

- Non-Independent Non-Executive Director of Generali Life Insurance Malaysia Berhad
- Director of Affin Business Services Sdn Bhd



RISHAM AKASHAH KAMARUZAMAN

Group Chief Operating Officer

Date of Appointment
1 December 2020

53 years old | Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION

- Bachelor of Science in Electrical/Electronics Engineering, California State University, Chico

PAST WORKING EXPERIENCES

- Chief Technology Officer, MBSB Bank
- Head of Information Technology/Chief Information Officer, Maybank Indonesia
- Chief Information Officer, Maybank International

OTHER APPOINTMENTS

- Director of Affin Business Services Sdn Bhd

GROUP MANAGEMENT COMMITTEE

ACADEMIC/PROFESSIONAL QUALIFICATION

- Bachelor of Arts (Hons) in Business Studies majoring in Accounting and Statistics, Leeds Metropolitan University, United Kingdom
- Certified Credit Professional, Asian Institute of Chartered Bankers
- Leadership Certificate in Islamic Banking and Finance, Cambridge IFA, UK

PAST WORKING EXPERIENCES

- Diverse experience across the Banking industry with major disciplines in Credit Risk, Risk Management, Credit Artificial Intelligence and Business development

OTHER APPOINTMENTS

- Director of Affin Moneybrokers Sdn Bhd



NORHAZLIZAWATI MOHD RAZALI

Group Chief Credit Officer

Date of Appointment
1 August 2015

57 years old | Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION

- Doctor of Business Administration, Asia e University
- Master of Business Administration, Universiti Kebangsaan Malaysia
- Bachelor of Human Sciences, International Islamic University Malaysia
- Chartered Professional in Islamic Finance (CPIF)

PAST WORKING EXPERIENCES

- With over 28 years of extensive experience in human resources, spanning diverse industries including financial services, telecommunications, aerospace, engineering, and insurance. Proven track record of working with a Fortune 500 multinational corporation, driving strategic workforce initiatives and organisational transformation. Actively engaged in shaping human resource policies and strategies at national, regional, and international levels, collaborating with esteemed organisations such as the International Labour Organization (ILO) and the International Organisation of Employers (IOE).

OTHER APPOINTMENTS

- Board Member of Human Resource Development Corporation (HRDCORP) – Representing Employers
- Vice President and Council Members of the Malaysian Employers Federation (MEF)
- Member for National Labor Advisory Council (NLAC)
- EXCO Members of Malayan Commercial Bank's Association (MCBA)



DR. MOHD SYUKRI AHMAD SUDARI, CPIF

Group Chief People Officer

Date of Appointment
20 October 2020

53 years old | Malaysian



NIMMA SAFIRA KHALID

Group Chief Legal Officer and Company Secretary

Joined Date
1 January 2001

Date of Appointment
1 January 2012

55 years old | Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION

- Bachelor of Laws (Hons), International Islamic University, Malaysia
- Bachelor of Laws (Shariah) (Hons), International Islamic University, Malaysia
- ICA Professional Postgraduate Diploma in Governance, Risk and Compliance, International Compliance Association, UK
- Certificate of Mediation by The Accord Group, Australia
- Advanced Mediation, San Francisco, USA (2018)
- Advanced Mediation, United Kingdom/Scotland (2024)
- Leadership Certificate in Islamic Banking and Finance, Cambridge IFA, UK

PAST WORKING EXPERIENCES

- More than 25 years of experience in the banking industry as in-house counsel and Company Secretary for commercial and Islamic bank
- Advocate and Solicitor of the High Court of Malaya

OTHER APPOINTMENTS

- Director of ABB Nominee (Tempatan) Sdn Bhd
- Director of ABB Nominee (Asing) Sdn Bhd
- Director of PAB Properties Sdn Bhd



RICKY DANG CHEONG MIN

Group Chief Risk Officer

Date of Appointment
28 April 2022

52 years old | Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION

- Master of Business Administration from University of South Australia
- Association of Chartered Certified Accountants (ACCA)
- Chartered Financial Analyst (CFA)
- Financial Risk Manager (FRM)
- Chartered Banker (CB)
- Member of Malaysian Institute of Accountants (MIA)

PAST WORKING EXPERIENCES

- Ricky possesses more than 25 years of experience spanning across risk management, regulatory supervision and financial audit
- He was attached to various organisations including Bank Negara Malaysia, Ernst & Young and financial institutions such as Maybank Investment Bank, HSBC Bank and Alliance Bank. Prior to joining Affin Bank Berhad, he was the Chief Risk Officer at Cagamas Berhad

OTHER APPOINTMENTS

- Nil

GROUP MANAGEMENT COMMITTEE

ACADEMIC/PROFESSIONAL QUALIFICATION

- Bachelor of Science in Business Administration, Bryant University in Rhode Island, USA
- Certificate in Associate Qualification in Islamic Finance, Islamic Banking and Finance Institute Malaysia
- Certificate in Islamic Law, International Islamic University Malaysia

PAST WORKING EXPERIENCES

- More than 20 years experience in the financial services industry, primarily in managing and leading the compliance unit at both local and foreign banks such as MUFG Bank, MBSB Bank and Standard Chartered Bank

OTHER APPOINTMENTS

- Director of Affin Moneybrokers Sdn Bhd



ADZAMIMAH ADZMI

Group Chief Compliance Officer

Date of Appointment
17 July 2018

47 years old | Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION

- Bachelor of Business in Accountancy, Queensland University of Technology, Australia
- Master of Science in Quantitative Finance, University of Westminster, London
- Chartered Banker, Chartered Banker Institute & Asian Institute of Chartered Bankers
- Malaysian Financial Markets Certificate, Financial Markets Association Malaysia
- Certificate of Islamic Law, International Islamic University Malaysia

PAST WORKING EXPERIENCES

- More than 25 years of working experience in the financial services industry, serving both the banking industry, as well as the market operator & frontline market regulator, Bursa Malaysia
- Head of Global Market Compliance & Treasury Operations and Senior Director (Wholesale Banking) of Group Audit at a major financial institution

OTHER APPOINTMENTS

- Member of the Financial Markets Association Malaysia
- Chartered Banker



WAHDANIA MOHD KHIR

Group Chief Internal Auditor

Date of Appointment
1 May 2020

54 years old | Malaysian

BOARD OF DIRECTORS AFFIN ISLAMIC BANK BERHAD



MUSA BIN ABDUL MALEK

CHAIRMAN/INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointment Date
22 June 2022 (as Chairman)
1 August 2019 (as INED)

69 years old | Male | Malaysian

Academic/Professional Qualification
- Bachelor of Business Administration (Honours), University of Ohio, USA/Mara Institute of Technology, Malaysia
- Diploma in Tourism Administration (Dean's List), Mara Institute of Technology, Malaysia

Working Experience and Occupation
- Group Head, Islamic Banking, Consumer Banking, CIMB Islamic Bank Berhad (2015-2016)
- Adjunct Professor, International Islamic University Malaysia (IIUM) – Institute of Islamic Banking and Finance (IIBAF) (2014)
- Part Time Lecturer, IIUM Graduate School (2013-2014)
- Deputy Chief Executive Officer, Bank Muamalat Malaysia Berhad (2010-2013)
- Deputy Managing Director, HSBC Amanah of HSBC Bank Malaysia Berhad (2007-2008)
- Deputy Head, HSBC Amanah of HSBC Bank Malaysia Berhad (2005-2007)
- Manager, HSBC Amanah, Product Development & Management of HSBC Bank Malaysia Berhad (2004-2005)
- Manager, Amanah Finance, Business Development of HSBC Bank Malaysia Berhad (2003-2004)
- Manager, Islamic Banking and Bumiputra Unit of HSBC Bank Malaysia Berhad (2000-2003)
- Manager, Business Development, Corporate & Institutional Banking of HSBC Bank Malaysia Berhad (1998-2000)
- Attachment with Debt Origination team in Debt Capital Market, HSBC Hong Kong (1997-1998)
- Manager, Corporate Relationship, HSBC Bank Malaysia Berhad, Petaling Jaya Branch (1994-1997)
- Branch Manager, HSBC Bank Malaysia Berhad, Kota Bharu Branch (1992-1994)
- Credit Manager, HSBC Bank Malaysia Berhad, Ipoh Rd Branch, Kuala Lumpur (1990-1992)
- Branch Manager, HSBC Bank Malaysia Berhad, Cameron Highlands Branch (1988-1990)
- Assistant Manager Credit, HSBC Bank Malaysia Berhad, Ipoh Branch (1986-1988)
- Relief Manager, HSBC Bank Malaysia Berhad, Penang Branch (1986)
- Remittances, Current Account, Trade Services & Credit Loan Officer HSBC Bank Malaysia Berhad, Kuala Lumpur Main Office (1980-1986)
- Executive Trainee, HSBC Bank Malaysia & HSBC Hong Kong (1979-1980)

Directorship(s) in Other Public Companies
- NIL

Directorship(s) in Public Listed Companies
- NIL

External Professional Commitments
NIL

Membership of Board Committees
- Member of Group Board Credit Review and Recovery Committee
- Member of Group Board Sustainability Committee

Attendance in 2024 (100%)
- Scheduled meetings (10/10)
- Special meetings (2/2 with 2 abstained meetings)
- Joint Board meetings (1/1)

Conflict of Interest (COI) or potential COI with AFFIN
- NIL

Main skillset
- Finance
- Operations
- Sales/Marketing
- General Management
- Strategy



SUFFIAN BIN BAHARUDDIN

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointment Date
1 July 2020

55 years old | Male | Malaysian

Academic/Professional Qualification
- Bachelor of Science (Hons) in Accounting, University of East Anglia
- Chartered Accountant (Member), Malaysian Institute of Accountants (MIA)
- Chartered Certified Accountant (Fellow), The Association of Chartered Certified Accountants (ACCA)

Working Experience and Occupation
- Director of Special Projects, Office of Chairman, Johor Port Berhad (2012 to 2016)
- Deputy Chief Executive Officer, Senai Airport Terminal Services Sdn Bhd (2011 to 2012)
- Senior General Manager (Corporate Division), Pelabuhan Tanjung Pelepas Sdn Bhd (2010 to 2011)
- Managing Director/Chief Executive Officer, Rangkaian Pengangkutan Integrasi Deras Sdn Bhd (2008 to 2009)
- General Manager, Corporate Planning, Indah Water Konsortium Berhad (2006 to 2008)
- General Manager, Finance Division Malaysia Airports Holdings Berhad (1999 to 2006)
- Senior Manager, Finance Division, Renong Berhad (1996 to 1999)
- Assistant Manager, Corporate Finance, Arab-Malaysian Merchant Bank Berhad (1994 to 1996)

Directorship(s) in Other Public Companies
- NIL

Directorship(s) in Public Listed Companies
- NIL

External Professional Commitments
- NIL

Membership of Board Committees
- Member of Group Board Risk Management Committee
- Member of Group Board Audit Committee

Attendance in 2024 (100%)
- Scheduled meetings (11/11)
- Special meetings (4/4)
- Joint Board meetings (1/1)

Conflict of Interest (COI) or potential COI with AFFIN
- NIL

Main skillset
- Finance
- Operations
- General Management
- Strategy
- Audit

BOARD OF DIRECTORS
AFFIN ISLAMIC BANK BERHAD



DATUK MOHD FARID BIN MOHD ADNAN

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointment Date
1 March 2021

62 years old | Male | Malaysian

Academic/Professional Qualification
- Master of International Business Studies (MIBS), University of South Carolina, Columbia, USA
- Bachelor of Science Chemical Engineering, University of Tennessee, Knoxville, USA

Academic/Professional Qualification
- Managing Director/CEO, Engen Limited South Africa (2015 to 2017)
- Vice President Oil Business, Petronas (2010 to 2015)
- Senior General Manager, Petronas Dagangan Berhad (PDB) (2009 to 2010)
- Managing Director/CEO, Petronas Trading Corporation (PETCO) (2008 to 2009)
- Senior General Manager, Commercial MLNG and CEO Asean LNG Trading Corporation, Petronas LNG Business (2006 to 2007)
- General Manager, Malaysia International Trading Corporation (MITCO) (2003 to 2006)
- General Manager, Strategic Alliances, Engen Limited, South Africa (1999 to 2003)
- Manager, Business Evaluation Unit, Corporate Planning of Petronas (1997 to 1999)
- Oil Trader, Petronas Trading Corporation (PETCO) (1992 to 1995)
- Operations Analyst, International Marketing Division of Petronas (1985 to 1991)

Directorship(s) in Other Public Companies
- NIL

Directorship(s) in Public Listed Companies
- Independent Non-Executive Director, Ancom Logistics Berhad

External Professional Commitments
- NIL

Membership of Board Committees
- Member of Group Board Nomination and Remuneration Committee
- Member of Group Board Compliance Committee

Attendance in 2024 (100%)
- Scheduled meetings (11/11)
- Special meetings (4/4)
- Joint Board meetings (1/1)

Conflict of Interest (COI) or potential COI with AFFIN
- NIL

Main skillset
- Operations
- Sales and Marketing
- General Management
- Strategy
- Human Resource
- Compliance



TAN LER CHIN, CINDY

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointment Date
1 October 2021

64 years old | Female | Malaysian

Academic/Professional Qualification
- Honours Degree in Economics (Majoring in Statictics), Universiti Kebangsaan Malaysia (1984)
- Certified Diploma in Investment Analysis, Malaysian Association of Productivity (1988)
- Diploma in Accounting and Finance, Chartered Association of Certified Accountants (1991)

Working Experience and Occupation
- Head, Enterprise Risk, Employees Provident Fund (EPF) (2019 to 2021)
- Head, Investment Compliance, Employees Provident Fund (EPF) (2009 to 2019)
- Senior Investment Manager, Employees Provident Fund (EPF) (1996 to 2009)
- Investment Manager, Employees Provident Fund (EPF) (1984 to 1995)

Directorship(s) in Other Public Companies
- NIL

Directorship(s) in Public Listed Companies
- Independent Non-Executive Director, Sunway Construction Group Berhad
- Independent Non-Executive Director, Bursa Malaysia Berhad

External Professional Commitments
- NIL

Membership of Board Committees
- Member of Group Board Risk Management Committee
- Member of Group Board Information Technology Committee

Attendance in 2024 (100%)
- Scheduled meetings (11/11)
- Special meetings (4/4)
- Joint Board meetings (1/1)

Conflict of Interest (COI) or potential COI with AFFIN
- NIL

Main skillsets
- Finance
- Operations
- General management
- Strategy



ENCIK DALI KUMAR @ DALI BIN SARDAR

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointment Date
16 June 2023

65 years old | Male | Malaysian

Academic/Professional Qualification
- Master of Business Administration, American Graduate School of International Management (Thunderbird), Glendale, Arizona, USA (have since merged with Arizona State University, Phoenix, Arizona) (1982)
- Bachelor of Economics, Knox College, Galesburg, Ilinois, USA (1981)

Working Experience and Occupation
- Regional Advisor, The Lorry.com (2017 to 2018)
- Advisor, Rage Coffee (2017 to 2018)
- Advisor, Tillata Concept (2017 to 2018)
- Advisor, Socar (2017 to 2019)
- Advisor, Beam (2017 to 2019)
- Regional Advisor, Uber BV (2015 to 2017) – South East Asian
- Executive Director, Malaysian General Investment Corporation Berhad (2000 to 2003)
- CEO, Utama Merchant Bank Berhad (1996 to 1996)
- Managing Director, Citicorp Capital Sdn Bhd (1994 to 1996)
- Executive Director, Citicorp Capital Sdn Bhd (1991 to 1993)
- VP, Citicorp Venture Capital New York/ Citibank New York (1989 to 1991)
- Senior Relationship Manager, Citicorp/ Citibank (1986 to 1988)
- Account & Relationship Manager, Citicorp/ Citibank (1982 to 1986)

Directorship(s) in Other Public Companies
- NIL

Directorship(s) in Public Listed Companies
- NIL

External Professional Commitments
- NIL

Membership of Board Committees
- Member of Group Board Credit Review and Recovery Committee
- Member of Group Board Audit Committee

Attendance in 2024 (100%)
- Scheduled meetings (11/11)
- Special meetings (4/4)
- Joint Board meetings (1/1)

Conflict of Interest (COI) or potential COI with AFFIN
- NIL

Main skillsets
- Finance/ Restructuring
- Operations
- Sales/Marketing
- Strategy



DR. SHARBANOM BINTI ABU BAKAR

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointment Date
6 October 2023

56 years old | Female | Malaysian

Academic/Professional Qualification
- PhD in Engineering, University of Warwick, United Kingdom (2018)
- MSc in Electronic Business Management (Distinction) WMG, University of Warwick, United Kingdom (2005)
- Bachelor of Commerce and Administration, Victoria University of Wellington, New Zealand (1991)

Working Experience and Occupation
- Non-Executive Director, Radikale Konzept (June 2023 to current)
- Lead Consultant, United Nations Development Programme (UNDP) (2022 to 2023)
- Assistant Professor, University of Warwick, United Kingdom (2020 to 2021)
- Project Researcher (UKCITE), University of Warwick, United Kingdom (2018 to 2019)
- Senior Specialist, United Nations Industrial Development Organisation (UNIDO) Austria (2017 to 2018)
- Doctoral Researcher, University of Warwick, UK (2015 to 2018)
- Director, Delivery Management Office of Ministry of International Trade and Industry (MITI) (2013 to 2014)
- Director, Government Programs, IBM (2009 to 2014)
- Senior General Manager, Group Business Development, Sapura Secured Technologies (2008 to 2009)
- General Manager Marketing & Sales, Domestic Wholesale, Telekom Malaysia Bhd (2001 to 2007)
- VP Financial Services (and board member of GMPC Konsortium), EPNCR (1998 to 2000)
- Project Executive, Andersen Consulting (July 1991 to December 1997)

Directorship(s) in Other Public Companies
- NIL

Directorship(s) in Public Listed Companies
- NIL

External Professional Commitments
- NIL

Membership of Board Committees
- Member of Group Board Sustainability Committee
- Member of Group Board Information Technology Committee

Attendance in 2024 (100%)
- Scheduled meetings (11/11)
- Special meetings (4/4)
- Joint Board meetings (1/1)

Conflict of Interest (COI) or potential COI with AFFIN
- NIL

Main skillsets
- Technology/Digital
- ESG
- Strategy
- Programme Management
- Sales/Marketing

BOARD OF DIRECTORS
AFFIN ISLAMIC BANK BERHAD



ENCIK HAIZAD RIZAL BIN A AZIZ

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointment Date
15 February 2025

46 years old | Male | Malaysian

Academic/Professional Qualification
- Fellow Chartered Accountant (FCA), Institute of Chartered Accounts (ICAI), Ireland (2018)
- Advanced Management and Leadership Programme (OAMLP), Said Business School, University of Oxford, United Kingdom (2017)
- Associate Chartered Accountant (ACA), ICAI, Ireland (2006)
- BA (Hons), Accounting & Finance, Dublin Business School, Ireland (2000)
- Professional Diploma in Accounting, Accountancy and Business College (YPM), Malaysia (1999)
- National Certificate in Accounting, YPM, Malaysia (1997)
- Military Certificate, The Royal Military College, Malaysia (1995)
- Sijil Pelajaran Malaysia (SPM), The Royal Military College, Malaysia (1995)

Working Experience and Occupation
- Chief Financial Officer, Lembaga Tabung Angkatan Tentera (LTAT) (15 August 2024 to present)
- Chief Financial Officer, Kumpulan Wang Persaraan (Diperbadankan) (3 October 2022 to 14 August 2024)
- Chief Financial Officer, Sime Darby Oils (1 November 2021 to 1 February 2022)
- Group Chief Financial Officer, Small Medium Enterprise Development Bank Malaysia Berhad (SME Bank Group) (1 April 2016 to 1 October 2021)
- Group Chief Financial Officer, Johawaki Group of Companies (1 January 2013 to 1 March 2016)
- Director (Managing Director until July 2014), Halagel (M) Sdn Bhd (a subsidiary of Johawaki Group of Companies) (1 October 2013 to 1 December 2015)
- Vice President, RHB Investment Bank Berhad (1 June 2011 to 1 December 2012)
- Head, Finance – Division, RHB Islamic Bank Berhad (1 June 2010 to 1 June 2011)
- Head, Group Statutory & Management Reporting – Department, RHB Bank Berhad (1 October 2009 to 1 June 2010)
- Audit Senior, KPMG, Finance Services, Dublin, Ireland (1 January 2007 to 1 April 2009)
- Senior Consultant (secondment at CIT Leasing between March 2008 – November 2008), KPMG, Business Advisory Services, Dublin, Ireland (1 March 2008 to 1 November 2008)
- Fund Accountant, Daiwa Securities Trust and Banking (Europe), Plc, Dublin, Ireland (1 December 2004 to 1 July 2006)
- Audit Senior, Bluett Conran & Co., Dublin, Ireland (1 November 2002 to 1 December 2004)
- Trainee Chartered Accountant, BDO Simpson Xavier, Business Assurance & Advisory Department (1 October 2001 to 1 July 2002)

Directorship(s) in Other Public Companies
- Boustead Properties Berhad
- Boustead Holdings Berhad (Alternate Director)

Directorship(s) in Public Listed Companies
- NIL

External Professional Commitments
- Chief Financial Officer, LTAT

Conflict of Interest (COI) or potential COI with AFFIN
- NIL

Main skillsets
- Corporate Finance
- Strategic Planning
- Financial Management

Encik Haizad Rizal Aziz is a nominee of LTAT, a substantial shareholder of Affin Bank Berhad

Declaration:

Save as disclosed above, none of the Directors have:

a. Any family relationship with any Director and/or major shareholders of AFFIN

b. Any conflict of interest (COI) or potential COI with AFFIN

c. Any conviction for offences within the past 5 years

d. Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2024.

SHARIAH COMMITTEE



ASSOCIATE PROFESSOR DR. KAMARUZAMAN BIN NOORDIN

Chairman, Shariah Committee

Malaysian | Age 49

13/13 Number of Meetings Attended

Appointment Date: 1st August 2023

QUALIFICATION(S)

- Bachelor Degree in Shariah (Hons), Universiti Malaya (UM)
- Master in Business Administration, Universiti Malaya (UM)
- Doctoral Degree (PhD) in Islamic Studies, University of Wales, UK
- Certified Shariah Advisor, Association of Shariah Advisors in Islamic Finance (ASAS)

PRESENT OCCUPATION(S):

– Other Companies/Bodies:

- Deputy Dean (Development), Academy of Islamic Studies, Universiti Malaya
- Associate Professor in the Department of Shariah Management, Academy of Islamic Studies, Universiti Malaya
- Independent Non-Executive Director, Bank Simpanan Nasional
- Deputy Chairman, Shariah Committee of Bank Simpanan Nasional
- Member, Shariah Advisory Committee of Employees Provident Fund (EPF)
- Member, Shariah Committee of TEKUN Nasional
- Member, Shariah Committee of PruBSN Takaful
- Member, Shariah Committee of Lembaga Zakat Selangor
- Registered Shariah Adviser, Securities Commission Malaysia

RELEVANT WORKING EXPERIENCE(S):

- Former Chairman, Shariah Advisory Committee of Kenanga Investment Bank Berhad
- Former Chairman, Shariah Advisory Committee of Swiss Reinsurance Company Ltd.
- Former Member, Shariah Committee of RHB Islamic Bank Berhad
- Former Deputy Dean (Value Creation and Enterprise), Academy of Islamic Studies, Universiti Malaya
- Former Deputy Director, International Institute of Public Policy and Management University of Malaya (INPUMA)
- Former Head, Department of Shariah and Management Academy of Islamic Studies, Universiti Malaya

PROFESSOR DR. ASMAK BINTI AB RAHMAN

Member, Shariah Committee

Malaysian | Age 51

11/13 Number of Meetings Attended

Appointment Date: 1st July 2022

QUALIFICATION(S)

- Bachelor Degree in Shariah (Hons), Universiti Malaya (UM)
- Master in Shariah, Universiti Malaya (UM)
- Doctoral Degree (PhD) in Islamic Economics, Universiti Malaya (UM)

PRESENT OCCUPATION(S):

– Other Companies/Bodies:

- Professor in the Department of Shariah and Economics, Academy of Islamic Studies, Universiti Malaya
- Member, Shariah Advisory Committee of Lembaga Tabung Haji
- Member, Shariah Committee of FWD Takaful Berhad
- Member, Shariah Committee of Perbadanan Usahawan Nasional Berhad (PUNB)
- Chartered Member, Chartered Institute of Islamic Finance Professionals
- Registered Shariah Adviser, Securities Commission Malaysia
- Member, Association of Shariah Advisors in Islamic Finance Malaysia (ASAS)
- Member of Qualitative Research Association of Malaysia (QRAM)

RELEVANT WORKING EXPERIENCE(S):

- Former Member, Shariah Committee of SME Bank
- Former Member, Shariah Committee of Hong Leong MSIG Takaful
- Former Member, Shariah Committee of Ambank Islamic Bank Berhad
- Former Shariah Panel of BIMB Investment Management Berhad
- Former Member, Syariah Supervisory Council of Bank Islam Malaysia Berhad
- Former Member, Shariah Committee of AIA AFG Takaful
- Former Exco, International Council of Islamic Finance Educators (ICIFE)

ENCIK LOKMANULHAKIM BIN HUSSAIN

Member, Shariah Committee

Malaysian | Age 46

13/13 Number of Meetings Attended

Appointment Date : 3rd January 2023

QUALIFICATION(S)

- Bachelor in Syariah (Hons), Islamic University of Madinah, Kingdom of Saudi Arabia
- Masters in Syariah (Fiqh), Islamic University of Madinah, Kingdom of Saudi Arabia

PRESENT OCCUPATION(S):

– Other Companies/Bodies:

- Member, Shariah Committee of FWD Takaful Berhad
- Member, Shariah Committee of Bank Pembangunan Malaysia Berhad
- Member, Shariah Advisory Committee of BIMB Securities Sdn Bhd
- Member, Shariah Committee of Co-opbank Pertama Malaysia Berhad
- Member, Shariah Advisory Committee of Association of Islamic Banking and Financial Institutions Malaysia (AIBIM)
- Member, Committee of Fatwa Research and Management, JAKIM
- Registered Shariah Adviser, Securities Commission Malaysia

RELEVANT WORKING EXPERIENCE(S):

- Former Member, Shariah Committee of Al Rajhi Bank Malaysia
- Former Member, Shariah Committee of Deutsche Bank (Malaysia) Berhad
- Former Member, Shariah Committee of TEKUN Nasional
- Former Researcher, International Shari'ah Research Academy for Islamic Finance (ISRA)
- Former Fellow for the Fatwa Committee of the National Council for Islamic Religious Affairs Malaysia
- Former Fatwa Think-tank Panel, the Department of Islamic Development Malaysia (JAKIM)

SHARIAH COMMITTEE



ASSOCIATE PROFESSOR DR. NOR FAHIMAH BINTI MOHD RAZIF

Member, Shariah Committee

Malaysian | Age 39

13/13 Number of Meetings Attended

Appointment Date: 1st February 2016

QUALIFICATION(S)

- Bachelor Degree in Fiqh and Usul (Hons), Universiti Malaya (UM)
- Doctoral Degree (PhD) in Fiqh Al-Muamalat, Universiti Malaya (UM)
- Certified Shariah Advisor, Association of Shariah Advisors in Islamic Finance (ASAS)

PRESENT OCCUPATION(S):

– Other Companies/Bodies:

- Associate Professor at Department of Fiqh and Usul, University of Malaya
- Independent Shariah Advisor at Masryef Sdn Bhd
- Shariah Advisor Committee Member at Dana Peladang Kebangsaan, Pertubuhan Peladang Kebangsaan
- Member, Association of Shariah Advisor in Islamic Finance Malaysia (ASAS)

RELEVANT WORKING EXPERIENCE(S):

- Writer of articles, books and journals in the field of Islamic banking, Islamic wealth management, Islamic finance, sukuk, debt, Islamic franchise and derivatives products
- Presenter for international and local conferences in Islamic banking, finance and capital market
- Former Executive of Islamic Capital Market, Securities Commission Malaysia
- Former Research Assistant, International Shari'ah Research Academy for Islamic Finance (ISRA)



ENCIK MOHAMAD SALIHIN BIN DERIS

Member, Shariah Committee

Malaysian | Age 49

13/13 Number of Meetings Attended

Appointment Date: 1st April 2021

QUALIFICATION(S)

- Bachelor Degree of Laws LLB (Hons) from the International Islamic University Malaysia
- Bachelor Degree of Laws (Shariah) (Hons) from the International Islamic University Malaysia
- Certified Shariah Advisor (CSA), Association of Shariah Advisors in Islamic Finance (ASAS)
- Intermediate Qualification in Islamic Finance (IQIF) from the Islamic Banking and Finance Institute Malaysia (IBFIM)

PRESENT OCCUPATION(S):

– Other Companies/Bodies:

- Chairman, Shariah Committee of AmMetLife Takaful Berhad
- Subject Matter Expert (Shariah Consultancy), Islamic Banking and Finance Institute Malaysia (IBFIM)
- Registered Shariah Adviser, Securities Commission Malaysia
- Fellow Member & EXCO, Association of Shariah Advisors in Islamic Finance (ASAS)
- Ordinary Member, Institute of Corporate Directors Malaysia
- Affiliate Member, Asian Institute of Chartered Bankers

RELEVANT WORKING EXPERIENCE(S):

- Former Senior Executive of Islamic Banking and Takaful Department, Central Bank of Malaysia
- Former Senior Manager of Shariah Advisory & Research, CIMB Group
- Former Head of Shariah Review, Hong Leong Islamic Bank Berhad
- Former Director, Association of Islamic Banking & Financial Institutions Malaysia (AIBIM)
- Former Group Head of Shariah Management, Bank Pembangunan Malaysia Berhad
- Former Director of Shariah Business Advisory, Islamic Banking and Finance Institute Malaysia (IBFIM)



ENCIK AHMAD HUSNI BIN DATO' ABD RAHMAN

Member, Shariah Committee

Malaysian | Age 46

12/13 Number of Meetings Attended

Appointment Date: 1st April 2021

QUALIFICATION(S)

- Bachelor Degree (B.A) in Shariah Islamiyyah, Islamic University of Madinah Munawwarah, Kingdom of Saudi Arabia
- Candidate of Postgraduate Studies (M.A), Halal Science, Universiti Teknologi Malaysia, Skudai, Malaysia
- Candidate of Certified Shariah Advisor by Association of Shariah Advisor in Islamic Finance (ASAS)

PRESENT OCCUPATION(S):

– Other Companies/Bodies:

- Senior Manager, Shariah & International Relation Unit of Pusat Pungutan Zakat - MAIWP
- Member, Shariah Committee of SME Bank Berhad
- Member of Wakalah Zakat Distribution Committee, Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN)
- Member of Wakalah Zakat Distribution Committee, Malaysia External Trade Development Corporation (MATRADE)
- Member of Jawatankuasa Penyelidikan Korporat dan Syariah Pusat Pungutan Zakat (PPZ)
- Chairman of Shariah Advisors for AWARIS (Amanah Warisan Berhad)
- Member, Association of Shariah Advisors in Islamic Finance (ASAS)
- Member of International Union for Muslim Scholars (Ittihad al-'Alami li 'Ulama' al-Muslimin), Qatar

RELEVANT WORKING EXPERIENCE(S):

- General Secretary of Pertubuhan Multaqa Asatizah & Du'at (MURSHID)
- Columnist of SOLUSI, GenQ and alUstaz Magazine
- Panelist for television and radio talk show

BOARD OF DIRECTORS
AFFIN HWANG INVESTMENT BANK BERHAD



TUNKU AFWIDA BINTI TUNKU A.MALEK

Chairman/Independent Non-Executive Director

Appointment Date
9 May 2022

59 years old
Female
Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION
- Bachelor of Science (Honours) in Economics and Accounting, City University, London, United Kingdom
- Chartered Accountant, Institute of Chartered Accountants in England and Wales (ICAEW)
- Member of Malaysian Institute of Accountants (MIA)

WORKING EXPERIENCE AND OCCUPATION
- Chief Executive Officer and Executive Director, Kenanga Investment Bank Berhad (formerly known as K & N Kenanga Berhad) (2006 to 2008)
- Chief Executive Officer & Executive Director, MIMB Investment Bank Berhad (currently known as Hong Leong Investment Bank Berhad) (2003 to 2006)
- Executive Director/Chief Investment Officer, Commerce Asset Fund Managers Sdn Bhd (currently known as Principal Asset Management Bhd) (1995 to 2003)
- Equities Analyst/Manager, UOB Asset Management, Singapore (1994 to 1995)
- Fund Manager/Analyst, Rashid Hussain Asset Management (1993 to 1994)
- Unit Trust Fund Accountant, Henderson Administration Ltd, London, United Kingdom (1992 to 1993)
- Auditor/Chartered Accountant, Touche Ross & Co, London, United Kingdom (1988 to 1991)

DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES
- Nil

DIRECTORSHIP(S) IN PUBLIC LISTED COMPANIES
- DXN Holdings Berhad
- ENRA Group Berhad
- Sam Engineering & Equipment (M) Berhad

EXTERNAL PROFESSIONAL COMMITMENTS
- Member, Investment Advisory Panel of Lembaga Pembangunan Langkawi (LADA)
- Member, Investment Panel of Kumpulan Wang Persaraan (Diperbadankan) (KWAP)

MEMBERSHIP OF BOARD COMMITTEES
- Member, Strategic Investment Committee *(w.e.f. 29 January 2024)*
- Member, Group Board Information Technology Committee

ATTENDANCE FOR BOARD MEETING IN 2024 (100%)
- Scheduled meetings (12/12)
- Special meetings (8/8)

CONFLICT OF INTEREST (COI) OR POTENTIAL COI WITH AFFIN
- Nil

MAIN SKILLSETS
- Audit
- Accounting
- Investment Banking
- Investment Management
- Risk Management



MR. EUGENE HON KAH WENG

Independent Non-Executive Director

Appointment Date
1 March 2021

66 years old
Male
Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION
- Chartered Accountant
- Member of Malaysian Institute of Accountants (MIA)
- Member of Malaysian Institute of Certified Public Accountants (MICPA)

WORKING EXPERIENCE AND OCCUPATION
- Finance Director, Bank Negara Malaysia (2011 to 2018)
- Group Chief Financial Officer, SKS Corporation Sdn Bhd (2007 to 2011)
- Head of Group Risk Management, MIDF Berhad/Amanah Capital Group (2002 to 2007)
- Chief Executive Officer, Amanah Property Trust Management Sdn Bhd (2000 to 2002)
- Head of Operations (Finance, Treasury Operations, Information Technology & Administration), Amanah Merchant Bank Berhad (1998 to 2000)
- Group Financial Controller, Amanah Capital Malaysia Berhad (restructured as Amanah Capital Partners Berhad) (1991 to 1998)
- Consultant Manager, KPMG (1990 to 1991)
- Manager, Azman Wong Salleh & Co/Salleh Leong Azlan & Co (1982 to 1990)
- Audit Assistant, Yuen Tang & Co (1978 to 1982)

DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES
- Nil

DIRECTORSHIP(S) IN PUBLIC LISTED COMPANIES
- Kawan Food Berhad

EXTERNAL PROFESSIONAL COMMITMENTS
- Nil

MEMBERSHIP OF BOARD COMMITTEES
- Chairman, Board Audit Committee
- Member, Group Board Audit Committee

ATTENDANCE FOR BOARD MEETING IN 2024 (100%)
- Scheduled meetings (12/12)
- Special meetings (8/8)

CONFLICT OF INTEREST (COI) OR POTENTIAL COI WITH AFFIN
- Nil

MAIN SKILLSETS
- Audit
- Accounting
- Banking
- Risk Management

BOARD OF DIRECTORS
AFFIN HWANG INVESTMENT BANK BERHAD



ENCIK HASLI BIN HASHIM

Independent Non-Executive Director

Appointment Date
1 April 2021

63 years old
Male
Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION
- Bachelor Degree in Science (Finance/Economics), Indiana State University, USA
- Alumnus, Royal Military College, Sungai Besi, Kuala Lumpur

WORKING EXPERIENCE AND OCCUPATION
- Senior Banker, Head of Real Estate Ventures/Acting Head of Financial Institutions, Malayan Banking Berhad (2019 to 2020)
- Managing Director, Head of Client Coverage, Maybank Investment Bank Berhad (2015 to 2019)
- Managing Director, Head of Corporate Banking, Malayan Banking Berhad (2012 to 2015)
- Managing Director, Head of Client Coverage, Maybank Investment Bank Berhad (2010 to 2012)
- Head of Corporate Investment Banking, Malayan Banking Berhad (2007 to 2010)
- Head, Public & Institutional Banking, Head of Financial Institutions, OCBC Bank Berhad (Head Office) (2000 to 2007)
- Branch Manager, Perai Branch, Pacific Bank Berhad (1994 to 2000)
- Branch Manager, Teluk Intan Branch, United Malayan Banking Corp. Bhd (UMBC) (1992 to 1994)
- Deputy Branch Manager, Tasek Branch and poll Marina Branch, UMBC (1989 to 1992)
- Officer, Head Office/KL Main Branch, UMBC (1985 to 1989)

DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES
- Nil

DIRECTORSHIP(S) IN PUBLIC LISTED COMPANIES
- Nil

EXTERNAL PROFESSIONAL COMMITMENTS
- Member, Corporate Debt Restructuring Committee - Bank Negara Malaysia

MEMBERSHIP OF BOARD COMMITTEES
- Member, Board Audit Committee
- Member, Board Risk Management Committee
- Chairman, Strategic Investment Committee *(w.e.f. 29 January 2024)*
- Member, Group Board Credit Review and Recovery Committee

ATTENDANCE FOR BOARD MEETING IN 2024 (95%)
- Scheduled meetings (12/12)
- Special meetings (7/8)

CONFLICT OF INTEREST (COI) OR POTENTIAL COI WITH AFFIN
- Nil

MAIN SKILLSETS
- Audit
- Accounting
- Banking
- Credit
- Risk Management



DATO' ABDUL WAHAB BIN ABU BAKAR

Independent Non-Executive Director

Appointment Date
22 November 2021

71 years old
Male
Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION
- Bachelor in Economics (Hons) (Applied Economics), Universiti Malaya
- Alumni of International Management Development, Lausanne, Switzerland and London Business School

WORKING EXPERIENCE AND OCCUPATION
- Executive Director Human Resources, Nestle Malaysia Bhd & Nestle Singapore (2004 to 2010)
- Human Resource Director, Nestle Malaysia Bhd & Nestle Singapore (1998 to 2003)
- Group Human Resource Manager, Nestle Malaysia Bhd (1997)
- Human Resources Advisor, Nestle Australia (1996 to 1997)
- Group Human Resource Manager, Nestle Malaysia Bhd (1990 to 1996)
- Vice President Human Resources, Citibank Bhd (1990)
- Human Resource Planning Manager, Nestle Malaysia Bhd (1988 to 1989)
- Employee Relations Manager, Nestle Products Sdn Bhd (1985 to 1987)
- Personnel Manager, Nestle Products Sdn Bhd (1984 to 1985)
- Staff Personnel Officer, Esso Production Malaysia Inc. (1982 to 1984)
- Personnel Relations Manager, Malaysia Mining Corporations (1982)
- Senior Personnel Officer, Esso Malaysia Bhd (1981)
- Personnel Officer, Esso Malaysia Bhd (1979 to 1980)
- Industrial Relations Administrator prior to Industrial Relations Administrator: Management Trainee, Malaysia Airline System (MAS) (1976 to 1979)

DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES
- Nil

DIRECTORSHIP(S) IN PUBLIC LISTED COMPANIES
- Nil

EXTERNAL PROFESSIONAL COMMITMENTS
- Non-Executive Director, Perbadanan Wakaf Selangor

MEMBERSHIP OF BOARD COMMITTEES
- Member, Board Audit Committee
- Member, Group Board Nomination and Remuneration Committee
- Member, Group Board Sustainability Committee

ATTENDANCE FOR BOARD MEETING IN 2024 (100%)
- Scheduled meetings (12/12)
- Special meetings (8/8)

CONFLICT OF INTEREST (COI) OR POTENTIAL COI WITH AFFIN
- Nil

MAIN SKILLSETS
- Economics
- Human Resource
- General Management
- Audit



KONG YUEN LING

Non-Independent Non-Executive Director

Appointment Date
27 December 2021

51 years old

Female

Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION

- Bachelor of Business (Management), Monash University (Caulfield Campus), Australia

WORKING EXPERIENCE AND OCCUPATION

- Country Manager & Chief Representative, Malaysia, The Bank of East Asia, Limited (2017 to present)
- Senior Vice President of Multinational Client Coverage (MNC), Global Banking and Markets, HSBC Bank Berhad (2017)
- Director, Head of MNC, The Royal Bank of Scotland Berhad (formerly known as ABN Amro Bank, Malaysia) (2008 to 2016)
- Vice President, Credit Portfolio Management and Relationship Management, The Royal Bank of Scotland Berhad (2005 to 2007)
- Assistant Vice President, Credit Portfolio Management, The Royal Bank of Scotland Berhad (2002 to 2004)
- Risk Management Division, Pengurusan Danaharta Nasional Berhad (Danaharta) (1999 to 2002)
- Assistant Manager, ALCO Support/Risk Management, Southern Bank Berhad (1997 to 1999)
- Assistant Manager, Corporate Banking Department, Southern Bank Berhad (1996 to 1997)
- Account Officer, Corporate Banking Department, Southern Bank Berhad (1995 to 1996)

DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES

- Nil

DIRECTORSHIP(S) IN PUBLIC LISTED COMPANIES

- Nil

EXTERNAL PROFESSIONAL COMMITMENTS

- Nil

MEMBERSHIP OF BOARD COMMITTEES

- Member, Board Risk Management Committee
- Member, Group Board Compliance Committee

ATTENDANCE IN BOARD MEETING FOR 2024 (95%)

- Scheduled meetings (11/12)
- Special meetings (8/8)

CONFLICT OF INTEREST (COI) OR POTENTIAL COI WITH AFFIN

- Nil

MAIN SKILLSETS

- Accounting
- Banking
- Risk Management
- Credit
- Business Administration



TRACY ONG GUAT KEE

Independent Non-Executive Director

Appointment Date
18 May 2023

63 years old

Female

Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION

- Master of Business Administration, University of Strathclyde, United Kingdom
- Bachelor of Economics (Hons), Universiti Malaya

WORKING EXPERIENCE AND OCCUPATION

- Chief Representative of Australia and New Zealand (ANZ) Malaysia Representative Office & Principal Officer of ANZ Labuan Branch, ANZ Banking Group Limited (2014 to 2022)
- Chief Executive Officer and Managing Director of Corporate Banking, Bank of America Malaysia Berhad (2011 to 2014)
- Deputy Chief Executive Officer, Danajamin Nasional Berhad (2010 to 2011)
- Senior Executive Vice President and Head of Corporate Banking, Malayan Banking Berhad (2008 to 2010)
- Chief Commercial Officer and Head of Debt Markets, Maybank Investment Bank Berhad (2004 to 2008)
- Assistant General Manager and Head of Business Group, Maybank Banking Berhad (1999 to 2004) from Trainee Officer to Head of Corporate Banking, Aseambankers Malaysia Berhad (currently known as Maybank Investment Bank Berhad) (1985 to 1999)
- Finance Executive, Metroplex Berhad (1984 to 1985)

DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES

- Nil

DIRECTORSHIP(S) IN PUBLIC LISTED COMPANIES

- Nil

EXTERNAL PROFESSIONAL COMMITMENTS

- Nil

MEMBERSHIP OF BOARD COMMITTEES

- Chairman, Board Risk Management Committee
- Member, Group Board Risk Management Committee
- Member, Group Board Credit Review and Recovery Committee

ATTENDANCE FOR BOARD MEETING IN 2024 (100%)

- Scheduled meetings (12/12)
- Special meetings (8/8)

CONFLICT OF INTEREST (COI) OR POTENTIAL COI WITH AFFIN

- Nil

MAIN SKILLSETS

- Economics
- Business Administration
- Banking
- Investment Banking
- Credit
- Debt Capital Market
- Risk Management

CEO OF SUBSIDIARIES



1

DATO' PADUKA SYED MASHAFUDDIN SYED BADARUDIN JAMALULLAIL
Chief Executive Officer,
Affin Islamic Bank Berhad

Malaysian | Age 51

Date of Appointment
8 November 2022

- Refer to Group Management Committee profile



2

NURJESMI MOHD NASHIR
Chief Executive Officer,
Affin Hwang Investment Bank Berhad

Malaysian | Age 53

Date of Appointment
1 June 2023

- Refer to Group Management Committee profile



3

NG SEOW PANG
Chief Executive Officer
Affin Moneybrokers Sdn Bhd

Malaysian | Age 59

Date of Appointment
15 April 2021

ACADEMIC/PROFESSIONAL QUALIFICATION

- Bachelor of Science, Computer Science and Management Science, Keele University, United Kingdom
- Master of Science, Management Science, Imperial College, United Kingdom

PAST WORKING EXPERIENCES

- More than 28 years of banking experience particularly in treasury and money market broking in various financial institutions which include OCBC Bank Berhad (Malaysia), Standard Chartered Bank (Philippines, Singapore and Malaysia), Malaysia French Bank Berhad (Malaysia)
- Prior to join Affin Moneybrokers, he was attached with Pronex Management for 5 years

SKILLS AND EXPERIENCE

- Nil

GROUP ORGANISATION STRUCTURE

DATUK WAN RAZLY ABDULLAH
President & Group Chief Executive Officer

BUSINESSES

GROUP COMMUNITY BANKING
Mohammad Fairuz Mohd Radi
Executive Director
Group Community Banking

GROUP CORPORATE BANKING
Hanif Mohd Yusof
Executive Director
Group Corporate Banking

GROUP ENTERPRISE BANKING
Fung Kai Jin
Executive Director
Group Enterprise Banking

GROUP TREASURY
Hanif Ghulam Mohammed
Executive Director
Group Treasury

ISLAMIC BANKING
Dato' Paduka Syed Mashafuddin Syed Badarudin Jamalullail
Chief Executive Officer
Affin Islamic Bank Berhad

INVESTMENT BANKING
Nurjesmi Mohd Nashir
Chief Executive Officer
Affin Hwang Investment Bank Berhad

MONEYBROKING
Ng Seow Pang
Chief Executive Officer
Affin Moneybrokers Sdn Bhd

GENERAL INSURANCE
Fabrice Bernard
Chief Executive Officer
Generali Insurance Malaysia Berhad

LIFE INSURANCE
Soo Wai Har
Chief Executive Officer
Generali Life Insurance Malaysia Berhad

ENABLERS

GROUP CORPORATE STRATEGY
Irwin Mohd Eusoff
Group Chief Corporate Strategy and Sustainability Officer

GROUP FINANCE
Joanne Rodrigues
Group Chief Financial Officer

GROUP OPERATIONS, TECHNOLOGY, DIGITAL, AND FRAUD
Risham Akashah Kamaruzaman
Group Chief Operating Officer

GROUP CREDIT MANAGEMENT
Norhazlizawati Mohd Razali
Group Chief Credit Officer

GROUP PEOPLE OFFICE
Dr. Mohd Syukri Ahmad Sudari
Group Chief People Officer

GROUP LEGAL & SECRETARIAL
Nimma Safira Khalid
Group Chief Legal Officer and Company Secretary

CONTROL

GROUP RISK MANAGEMENT
Ricky Dang Cheong Min
Group Chief Risk Officer

GROUP COMPLIANCE
Adzamimah Adzmi
Group Chief Compliance Officer

GROUP INTERNAL AUDIT
Wahdania Mohd Khir
Group Chief Internal Auditor

OUR APPROACH TO VALUE CREATION

1 ASSESS

ASSESS AND EVALUATE OPERATING CONTEXT

Dedicated on developing and delivering responsible financial solutions that generate significant value while adhering with highest standards of integrity and strategic foresight. We diligently monitor and assess our operating model to ensure it remains adaptive, efficient, and aligned with prevailing financial standards. By keeping abreast with both global and local trends, we are equipped to navigate market changes with agility and precision. We prioritise cost optimisation and operational efficiency as key drivers of sustainable growth, ensuring the long-term success and resilience of our organisation.

STRENGTHEN STAKEHOLDER ENGAGEMENTS

We elevate stakeholder engagement by cultivating profound, strategic partnerships that foster unwavering trust, seamless collaboration, and dynamic synergy across all parties. By embedding groundbreaking, responsible, and eco-conscious practices into the very heart of our business strategy, we drive enduring sustainable value that fuels transformative growth, benefiting Affin and advancing the broader global community. Our stakeholder communications are unparalleled transparent, swift, and compelling dialogues that keep all stakeholders profoundly informed, passionately engaged, and impeccably aligned with our visionary pursuit of unmatched success.

Our key Stakeholders are:

- CU Customers
- EM Employees
- BP Business Partners
- GR Government and Regulators
- IV Shareholders and Investors
- VD Vendors
- NG Communities and Non-Governmental Organisations (NGOs)
- AR Analysts/Rating Agencies
- ME Media
- ALL All Nine Stakeholders

BALANCED RISK AND RETURN MANAGEMENT

We offer a holistic risk management strategy that identifies and mitigates crucial risks encompassing market, funding, liquidity, operational, business continuity, technology, cybersecurity, and sustainability domains. Our approach ensures a harmonious balance between risk and return, paving the way for sustainable growth across the industry. Through our unwavering commitment, we safeguard the future while fostering resilience and innovation.

Our key risk identified are:

- CR Credit Risk
- MR Market Risk
- FLR Funding & Liquidity Risk
- FR Financial Risk
- NFR Non-Financial Risk
- OR Operational Risk
- IRR Information Technology (IT) Risk
- CoR Compliance Risk
- BCR Business Continuity Risk
- SuR Sustainability Risk
- ALL All Ten Principal Risks

2 IDENTIFY

IDENTIFY AND PRIORITISE OUR MATERIAL ISSUES

We identify and prioritise our material issues by focusing on the pivotal factors that shape both Affin trajectory and societal impact. These include ground-breaking digital innovation, robust data privacy and security, unwavering ethics and integrity, an uncompromising client/customer focus, responsible marketing, accountable financial services, sustainable procurement practices, equitable employment standards, transformative talent development, proactive environmental management, and community-driven development. In tackling these critical matters, we engage in dynamic collaboration with diverse stakeholders to craft pioneering, impactful solutions, ensuring that we align our strategies with both business objectives and the broader.

Our prioritised material matters are:

- SP Sustainable Procurement Practices
- EI Ethics & Integrity
- FS Responsible Financial Services
- CC Customer Centricity
- DI Digital Innovation
- DS Data Privacy & Security
- RM Systemic Risk Management
- EM Environmental Management
- CH Climate Change
- TM Talent Management
- FE Fair Employment Practices
- CE Community Empowerment
- FI Financial Inclusion
- DE Diversity, Equity and Inclusion

3 FORMULATE

FORMULATE BUSINESS STRATEGY

Our business strategy is meticulously crafted by thoroughly considering material matters, alongside a comprehensive analysis of both current and forward-looking risks and opportunities, to ensure a robust, future proof approach. Through the strategic integration of the six key capital pillars financial, manufactured, intellectual, human, social, and natural, we adopt a value driven framework that aligns with our overarching objectives and long-term ambitions. This sophisticated approach enables us to optimise financial performance, enhance operational excellence, drive innovation, invest in human potential, cultivate enduring social impact, and champion environmental stewardship, thereby ensuring the creation of sustainable value for all stakeholders while fortifying our resilience and securing enduring success in an ever-evolving landscape.

ALIGNING WITH AX28 PLAN

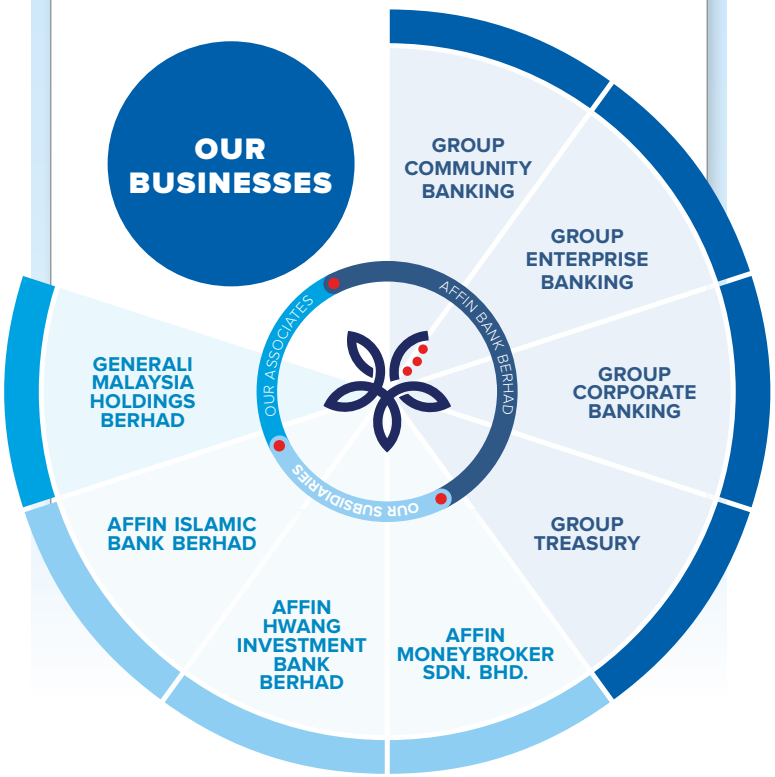
In alignment with the ambitious AX28 Plan, Affin are steadfast in the pursuit of becoming a Universal Bank by 2028, driven by three strategic objectives that will underpin our transformative journey. By emphasising strategic prioritisation and elevating our business operations, we are poised to unlock unprecedented growth and operational excellence. Our forward-looking approach includes penetrating new markets and untapped segments, allowing us to expand our reach, diversify our portfolio, and solidify our position as a Malaysian financial powerhouse. This bold trajectory is designed to elevate Affin capabilities and redefine the industry standards, setting the stage for a future of unparalleled success and market dominance.

4 DISCIPLINED CAPITAL ALLOCATION

With disciplined capital allocation, we strategically direct our resource capitals to generate both financial and non-financial value, cultivating a comprehensive approach to growth on sustainability. By expertly managing our key capitals financial, manufactured, intellectual, human, social and relationship, and natural capital, we create a dynamic foundation for long-term value creation, operational efficiency, and innovation. This calculated deployment strengthening our financial position and enriches our human resources, enhances vital social connections, drives environmental responsibility, ensuring a balanced and resilient future for all stakeholders.

5 CREATE VALUE

INTEGRATE INTO OUR BUSINESS MODEL



6 CREATING VALUE

CREATE VALUE AND DRIVE POSITIVE OUTCOMES

1. A source of sustained growth in total returns for investors and funders
2. An employer of choice for employees
3. A preferred business partner for vendors and suppliers
4. A responsible community partner

OUR CAPITALS

CAPITAL INPUTS

FC FINANCIAL CAPITAL

Funds available to AFFIN to sustain its operations and activities, and to invest in the growth of other key capitals.

Supported by:

- Shareholders' Equity of **RM11.6 billion (2023: RM11.1 billion)**
- Liquidity Coverage Ratio of **165.18% (2023: 174.11%)**
- CASA balances stood at **RM22.4 billion**, contributing to CASA ratio of **30.35% (2023: 26.70%)**
- Building our assets through **Sustainable Financing**

MC MANUFACTURED CAPITAL

The fixed assets and digital infrastructure that facilitates the provision of products and services to our customers.

Supported by:

- Convenient access to **130 branches** and **859 self-service terminals**.
- Seamless Mobile Banking Applications through **AffinAlways**.
- Concentrated effort to **enhance delivery of digital solutions and deployment of automated processes** through major investment in IT development and infrastructure, including cyber-security.
- **Effective Information and Technology infrastructure.**

HC HUMAN CAPITAL

Our employees' knowledge, skills, and experience, which drive our strategies and deliver long-term value.

Supported by:

- **High performance & innovative culture.**
- **Talented, agile & diverse workforce inspired** to achieve operational excellence.
- Future skill pipeline through **apprenticeships, internships & leaderships**.
- Provided **mental health support via Naluri** and maintaining a safe working environment for AFFIN employee.

IC INTELLECTUAL CAPITAL

Our intangible assets such as brand reputation, organisational systems, proprietary innovations, in-house capabilities and strategic partnerships.

- **Strong Brand and Presence in Key Markets** – a reputable and ethical brand.
- Enhanced value propositions through **growing strategic partnerships with key institutions, organisations and public agencies**.
- **The knowledge, processes, technologies and systems embedded in our operations nurture the capacity for innovation**, which is key to maintaining our competitive edge.
- Efficient Business Processes and Robust Management Systems.

SC SOCIAL & RELATIONSHIP

Supported by:

- **Embracing sustainable development** as well as **responsible ESG Practices**.
- Providing access to **financial inclusion solutions to vulnerable groups, microenterprises and SMEs**.
- Adoption of **sustainable practices** based on **realising the UN SDGs and ESG objectives**.

NC NATURAL CAPITAL

The natural resources used in our operations and the environmental

Supported by:

- **Optimised energy usage** by **transitioning to renewable energy sources for business premises**.
- Efforts to **protect and conserve natural environments**.
- Continued commitment to **sustainable Financing effort**, which focuses on financing within the **category of green, social and transition.**

OUR KEY DIFFERENTIATORS

GROUP VISION:

To be the most creative financial company in Malaysia

GROUP STRATEGIC OBJECTIVES:

1. Unrivalled Customer Service
2. Digital Leadership
3. Responsible Banking with Impact

GROUP STRATEGIC TRUSTS:

1. Sustainable ROE
2. Banking 4.0
3. Efficiency x5
4. Enhanced Brand Value
5. ESG Focus

SUPPORTED BY:

MATERIAL MATTERS

- SP Sustainable Procurement Practices
- EI Ethics & Integrity
- FS Responsible Financial Services
- CC Customer Centricity
- DI Digital Innovation
- DS Data Privacy & Security
- RM Systemic Risk Management
- EM Environmental Management
- CH Climate Change
- TM Talent Management
- FE Fair Employment Practices
- CE Community Empowerment
- FI Financial Inclusion
- DE Diversity, Equity and Inclusion

PRINCIPAL RISK

- CR Credit Risk
- MR Market Risk
- FLR Funding & Liquidity Risk
- FR Financial Risk
- NFR Non-Financial Risk
- OR Operational Risk
- IRR Information Technology (IT) Risk
- CoR Compliance Risk
- BCR Business Continuity Risk
- SuR Sustainability Risk
- ALL All Ten Principal Risks

MACROTREND

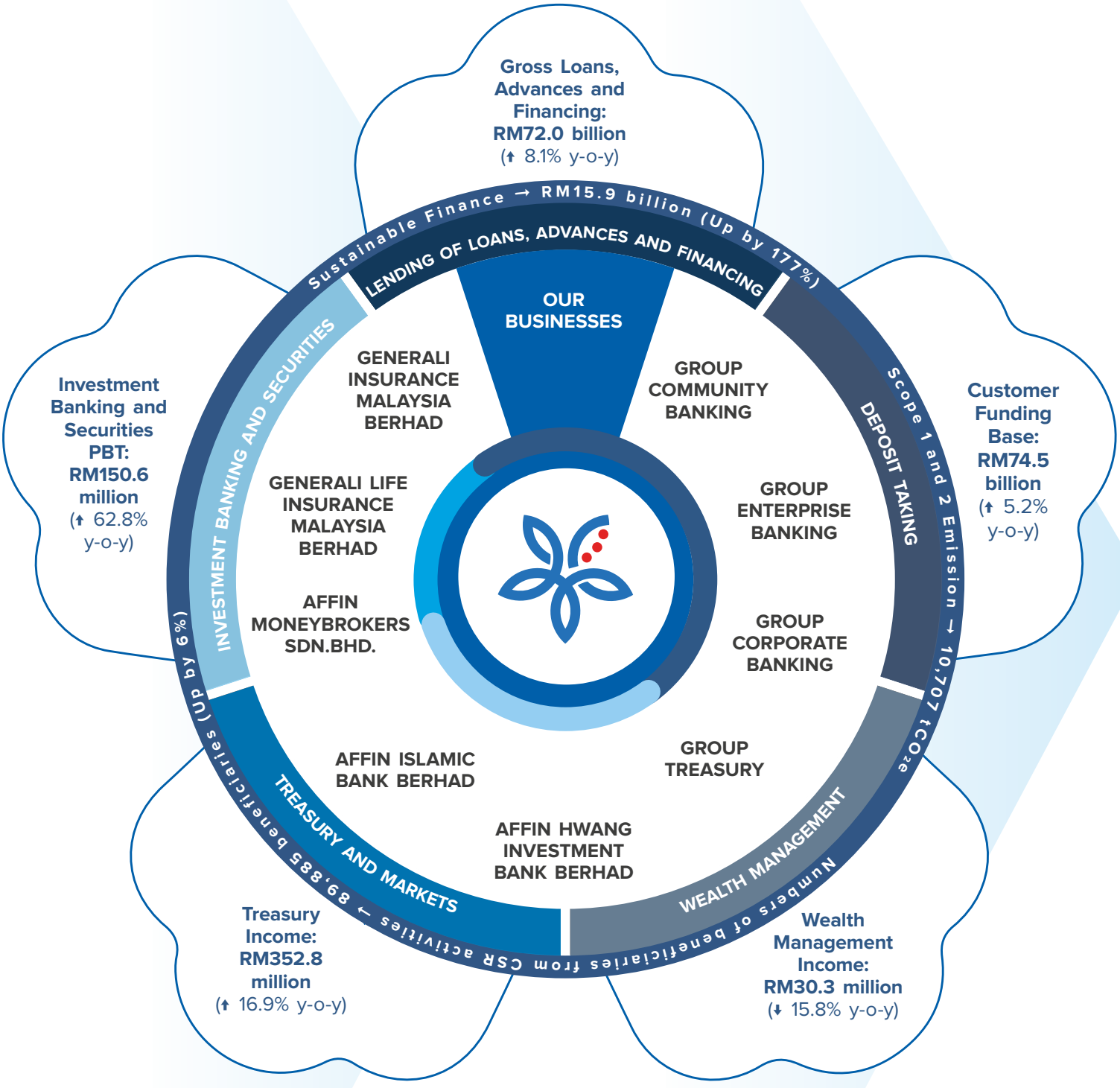
- MT1 Economic Growth
- MT2 Evolving customer preferences
- MT3 Technology & Digital Advancement
- MT4 Sustainability
- MT5 People & Culture Transformation

SUSTAINABILITY FOCUS AREA

- Sustainable Financing
- Sustainable Operations
- People & Culture
- Support the Community

Supported by a robust governance framework

OUR BUSINESS OUTCOMES



OUR VALUE CREATING BUSINESS MODEL

CREATE VALUE-ADDED OUTCOMES FOR OUR STAKEHOLDER

PERFORMANCE BY CAPITALS		ACTION TO ENHANCE OUTCOMES
FC FINANCIAL CAPITAL		
• Earnings Per Share (EPS) up by **22.4%** y-o-y to **21.4 sen** • Return on Equity (ROE) improved to **4.49%** from **3.70%** • Total Assets increased by 6.3% y-o-y to **RM111.8 billion**	• Market capitalisation increased by **43.1%** to **RM7.0 billion (2023: RM4.9 billion)** • The composition of Sustainable Financing increased to **10.56% (2023: 8.6%)**	• Regular engagement with investors and stakeholders to manage their expectations of our financial decisions. • Adopt ways towards enhancing service culture and encouraging customer loyalty.
MC MANUFACTURED CAPITAL		
• Net Promoter Score (NPS) = **+48** • Customer Satisfaction Score (CSAT) = **81%** • Improved customer 360-view, leads generation, time-to-market, internal collaboration, efficiency and cost optimisation		• Mystery shopping by appointed independent agency to improve the quality of AFFIN branches. • Continue to automate and digitalise branch operations for operational efficiency. • Installed solar panels at 12 branches to improve energy efficiency.
IC INTELLECTUAL CAPITAL		
• Constituent of the **FTSE4Good Index** • Constituent of the **Dow Jones Sustainability Index** • **Awards & recognition** received: o ABM 50th Anniversary Celebration CSR Excellence Awards 2024 by The Association of Banks in Malaysia (ABM) o World Muslim Leadership Forum (WMLF) 2024 by Strategic Institute for Asia Pacific & Global One • Excellence Award 2024 by The Malaysian Construction Industry • Triple A Awards 2024 by The Asset o Best Islamic Retail Bank in Malaysia o Best Islamic Syndicated Loan – Renewable Energy in Malaysia o Best New Sukuk in Malaysia o Best Sustainability Sukuk – HEALTHCARE • The 100 Most Influential Young Entrepreneurs (MIYE) Awards by Entrepreneurs Insight	• Asian Experience Awards 2024 by The Asian Business o Malaysia Brand Experience of The Year – Banking o Malaysia Product Experience of The Year – Banking • The Green Building Award, ESG Business Award • Best Client Services - Automated Safe Deposit Locker, ASEAN Awards 2023/2024 by Citywire Asia • Malaysian Top Achievers 2023 by The Leaders Online • Winner: Best Bank for SMEs in Malaysia • Mortgage and Home Loan Product of The Year 2023 – Malaysia by Asian Banking & Finance Retail Banking Awards • Best SME Financial Inclusion Initiative by The Digital Banker	• Expand our digital banking platforms to deliver more inclusive and cost-effective financial solutions. • Invest in cybersecurity to continuously monitor fake platforms and phishing platforms. • Optimisation of fraud rules to strengthen/amplify fraud detection capabilities. • Provide educational programmes to raise customer awareness on financial fraud.
HC HUMAN CAPITAL		
• Average **36%** representation of women on the Board • High potential performers identified: **353** (2023: 303) • Average hour of training per employee: **53** hours (2023: 59 hours)		• Transform our workforce for engaged and proficient employees. • Implementation of DEI policies. • Competitive benefits with a focus on employee's health and well-being. • Talented, agile and diverse workforce to achieve operational excellence. • Differentiated culture (client and people-centred, innovative and competitive). • Health and safety programmes to protect employees.
SC SOCIAL & RELATIONSHIP		
• Mobilised more than **RM7.6 billion** in sustainable financing • Reached approximately **116,833 beneficiaries** benefited through community programmes and initiatives • Increased allocation amount by **more than 100% for Asnafpreneurs programme**	• Provide long-term partnership for sustainable growth, our strategic partners: • Member of United Nations Global Combat Malaysia and Brunei (UNGCMYB) • Member of MyWakaf 2.0 on Solar-Dome Dryer initiative and MyZakat through Program Transformasi Usahawan Asnaf (PTUA)	• Regularly engage with stakeholders to understand their evolving expectations and needs. • Allow payment deferment for selected loans to assist flood victims. • Priorities local suppliers and offer development programmes for SME vendors. • Deliver a seamless banking experience where turnaround times and processes are clear and transparent. • Maintain interactive and open communication with stakeholders to increase their confidence in the bank.
NC NATURAL		
• Installation of solar panels at **12 branches**, contributing to: o Generated **268,430 kWh** of renewable energy in 2024 o Avoid **207.76 tCO_2e** of carbon emissions in 2024	• Subscribed of **Renewable Energy Certificates (REC)** reduced up to **5,172.32 tCO_2e** of operational emission against 2022 baseline	• Reducing our financed emissions and finance the transition to achieve Net zero Carbon by 2050. • Increase the usage of solar panel as a source for renewable energy. • Undertaking mangrove tree planting to support our decarbonisation plan.

STAKEHOLDERS	UNSDG	STRATEGIC TRADE-OFFS
ALL CAPITAL OUTCOMES FC		Reinvesting our financial capital into the strategic expansion of Affin, while simultaneously cultivating and optimising other critical forms of capital, is at the heart of our vision. By maintaining a disciplined approach to our obligations and decision-making processes, we are poised to deliver exceptional, sustainable returns. This unwavering commitment to value creation will drives robust growth, ensuring that our shareholders and investors receive an attractive financial return for long-term financial gains.
ALL CAPITAL OUTCOMES FC MC SRC		In our pursuit of operational excellence, we are meticulously optimising the cost of Manufactured Capital through the strategic streamlining of physical touchpoints at our bank branches, Automatic Teller Machines (ATM), and SSTs. Making substantial investment in refining our digital assets on ensuring that it is seamlessly intuitive as well as customer centric. Expanding our network across Malaysia serves as a catalyst for enhanced convenience, broader accessibility, and deeper customer trust, all while reinforcing our Social and Relationship Capital.
ALL CAPITAL OUTCOMES FC IC HC		We continued to deliver new innovative products and solutions to our customers amidst recent challenges. Our strategic in building Intellectual Capital are focused on driving digital innovation, incurring changes to Human Capital and manufactured Capital. This requires the right digital and technology skill sets and infrastructure to support digital process. Moving forward, the benefits of strengthening Intellectual Capital outweigh the changes undergone by other capitals to facilitate the process.
ALL CAPITAL OUTCOMES IC MC HC		We invest in training programs to develop future-ready employees. Although these efforts impact our near-term Financial Capital, they help forge more productive and high-performing employees in the long run. The productivity gains obtained from upskilling and digital transformation benefit Human Capital and Intellectual capital. Investments in employee health and wellbeing create an engaged workforce that can maximise Financial capital.
ALL CAPITAL OUTCOMES FC SRC		Our investment in community initiatives and payment assistance programs aimed to ease the burden on our individual and SME customers. While these allocations had a short-term impact on our Financial Capital, the diverse financing facilities significantly mitigated the risk of default. Ultimately, these efforts bolster our Social and Relationship Capital over the long term.
ALL		To effectively manage our financed emissions and adhere to our overarching goal of achieving Net Zero Carbon by 2050, we must allocate Financial Capital. As a forward-thinking and sustainable financial institution, we are equally committed to strengthening our Social and Relationship Capital by embracing an active stewardship role.

OUR VISION

To be the most creative and innovative financial company in Malaysia

- Creative in terms of innovation and technology
- Creative in terms of unrivalled customer service
- Create value for our shareholders, customers and our people

OUR MISSION

Products & Services

- To become an innovative organisation with unrivalled customer service

People

- Our commitment and passion touch the hearts and minds of everyone in our world

Value

- To always create value for our shareholders, customers and our people

CORE VALUES

Always innovating and adapting

Forever working as a team as we are one family

Fair treatment, diversity and sustainability

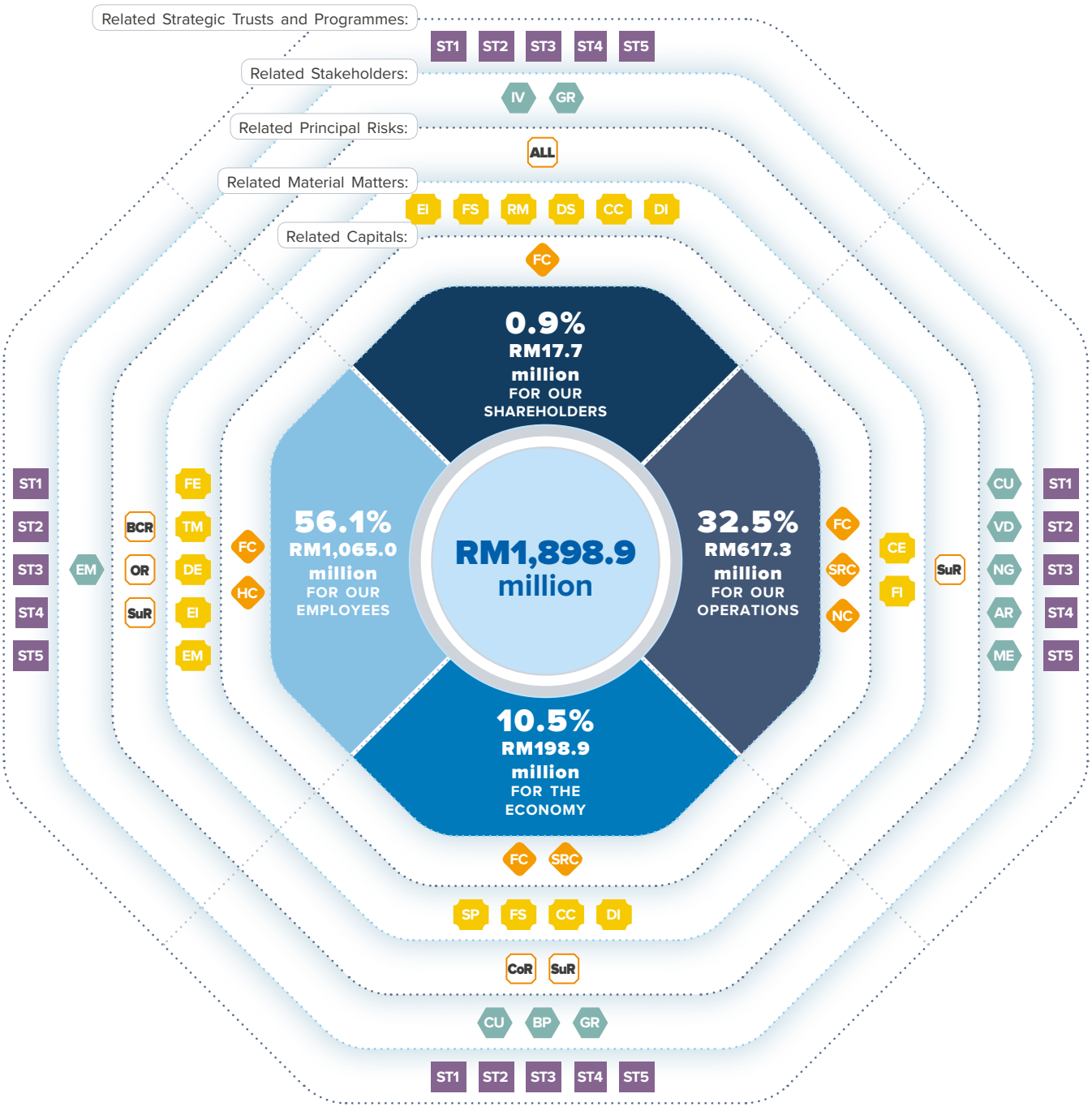
Integrity is our foundation

Never-ending customer centricity

HOW WE DISTRIBUTE VALUE CREATED

In alignment with our commitment to stakeholders, AFFIN delivers value in impactful and meaningful ways, extending beyond financial contributions for all stakeholders. Our stakeholders benefit from a range of intangible assets, including employee development programs and diverse community initiatives, all aimed at fostering a more sustainable future.

Value created in 2024 was distributed as follows:



OPERATING ENVIRONMENT: GLOBAL AND MALAYSIAN ECONOMIC REVIEW AND OUTLOOK

The Global Economy

The global economy performed resiliently in 2024, growing at a respectable rate of 3.2%, according to the International Monetary Fund (IMF), despite a raft of economic and geopolitical challenges.

A significant development in 2024 was the notable decline in global inflation rates, which fell to near pre-pandemic levels with minimal impact on economic growth. This trend allowed central banks, including the Federal Reserve and the European Central Bank, to begin easing their monetary policies by reducing interest rates, with the effect of driving borrowing and stimulating equity markets.

In 2024, we navigated multiple global challenges that influenced our operations, strategic planning and financial performance. Key challenges included:

Geopolitical Risks

Rising geopolitical tensions in the Middle East, the Russia-Ukraine conflict, China-Taiwan relations and South China Sea territorial disputes created uncertainties in the financial markets.

Commodity Price Volatility

Fluctuating commodity prices, particularly Brent crude oil ranging between US$75 and US$80 per barrel, impacted government revenues and economic performance, especially within the mining sector.

Trade Policy Disruptions

Protectionist trade policies from major economies, including tariff hikes and retaliatory measures, disrupted global supply chains and commodity prices.

Climate-Related Risks

Climate change remained a long-term threat, posing risks to agriculture, infrastructure and overall economic stability.

Looking ahead to 2025, the IMF projects a slight uptick in global growth to 3.3%, which nevertheless remains below the historical average of 3.7% observed between 2000 and 2019. However, this is predicated on the assumption of continued interest rate declines which will be affected by changes in the geopolitical and geoeconomic climate. Specifically, the policy shifts adopted by the new US administration has brought the potential impact of tariffs back to the table, raising the threat of renewed inflationary pressure and stunted global growth due to the mass imposition of trade barriers.

The Malaysian Economy

The Malaysian economy recorded healthy growth of 5.1% in 2024, supported by strong investment activity and improving exports, with household spending remaining resilient due to positive labour market conditions and effective policy support.

Exports continued to expand during the year, benefiting from recovering global demand and the tech upcycle, while imports rose in tandem with higher demand for capital and intermediate goods, reflecting increased investment and trade activity. These positive trends were supported by manageable inflation, which averaged 1.8% throughout the year, reinforcing economic stability.

In summary, the economy's key growth drivers were:

Consumer Spending & Labour Market

Private consumption grew by **+5.1%** y-o-y in 2024 (2023: +4.7%) supported by stable unemployment rate at 3.2% for both 4Q and 3Q 2024 as well as steady growth in employment, private sector wages, increase tourism activities and supportive policy measures.

Trade & Exports

Malaysia's total trade increased **9.2%** y-o-y in 2024 at RM2.9 trillion as compared to RM2.6 trillion in 2023.

Export for 2024 increased by 5.7% y-o-y (2023 : -8.0%) driven by a strong growth in export goods particularly the electric and electronic ("E&E") products.

Investment & Infrastructure Development

Investment increased by **11.7%** valued at RM89.1 billion supported by higher private and public spending in construction and equipments on going infrastructure projects.

Manufacturing

The Manufacturing sector moderated to **4.4%** as compared to 5.6% in Q3 2024, sustained by strong export demand in E&E segment and resilient domestic consumption.

Overall for 2024, the Manufacturing sector grew much better by 4.2% as compared to 0.7% growth in 2023.

Construction

The Construction sector expanded further by **20.7%** y-o-y in 4Q 2024 (Q3 2024: 19.9%) fueled by strong momentum across all segments especially under the large-scale infrastructure projects under the government's agenda.

Looking ahead to 2025, Malaysia's economy is expected to maintain solid growth of between 4.5% and 5.5%, fuelled by strong domestic consumption, strong investment, and sustained external trade activity. The services, manufacturing and ICT sectors will be key drivers of this growth, with digital technology in particular set to be a hotbed for innovation.

At the household level, inflation will be outpaced by higher disposable incomes, a favourable labour market, and targeted government initiatives. Furthermore, the salary hike for government servant in December 2024 and the minimum wages increase from RM1,500 to RM1,700, which comes into effect in 1st February 2025, will help sustain household purchasing power.

Nevertheless, planned fiscal reforms, including the potential RON95 fuel subsidy restructuring and electricity tariff hike plan in 1st July 2025, might impact prices and increase the cost of living, creating knock-on impacts across the economy.

In summation, despite potential headwinds, Malaysia's strong economic fundamentals, proactive policy measures, and resilient domestic demand will provide a solid foundation for continued growth in 2025. Against this backdrop, we remain well-positioned to navigate evolving market conditions, leveraging strong risk management, strategic planning, and a focus on remaining agile and customer focused.

Sources

1. World Economic Outlook Update, January 2025: Global Growth: Divergent and Uncertain I IMF I January 2025
2. Department of Statistics (DOSM), 14 February 2025; Gross Domestic Product Fourth Quarter 2024
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STRATEGIC REVIEW

OPERATING ENVIRONMENT: BANKING SECTOR REVIEW AND OUTLOOK

Banking Sector Review & Outlook

The banking sector continued to exhibit steady growth in 2024, supported by resilient loan expansion, a healthy influx of loan applications and robust deposit growth. However, rising gross impaired loans (GIL) and liquidity challenges posed potential risks, underscoring the need for prudent risk management and sustainable financial strategies.

LOAN GROWTH

The increase in the total value of loans issued by banks over a specific period, reflecting credit demand and economic activity.

DEVELOPMENTS IN 2024

POSITIVE

- The banking industry's loan growth grew 5.5% y-o-y in 2024 as compared to 5.3% y-o-y-growth in 2023 driven by strong growth in retail loans and business loans.
- The retail loans grew by 6.0% y-o-y, supported by loans for purchasing residential and passenger cars while the business loan grew by 3.9% y-o-y, contributing by robust loan growth for construction and working capital.
- The government's initiatives under Ekonomi Madani framework such as the National Energy Transition Roadmap (NETR), the New Industrial Master Plan 2030 (NIMP), the 12th Malaysia Plan Mid-Term Review (12MP MTR) and Budget 2024 measures implemented have supported the landing activities particularly in sectors such as manufacturing, retail and construction.

NEGATIVE

- Weaker expansion in auto loans, slowing from 10.1% year-on-year (y-o-y) at end-July 2024 to 8.5% y-o-y at end-December 2024.
- Average Lending Rate (ALR) is being compressed. It has dropped -34bps from 5.45% by end-2023 to 5.11% by end-2024
- Residential mortgages and SME segments remain highly competitive.
- The banking sector faced higtened competition among local and foreign lenders, potentially limiting profitability and pressuring net interest margins.

OUTLOOK FOR 2025

- Banking sector loan growth for 2025 is expected to be 6%, assuming the Overnight Policy Rate (OPR) rate remains stable at 3.0%.
- Festive seasons such as Chinese New Year and Hari Raya in Q1 2025, the minimum wage increase effective 1st February 2025, the launch of new passenger vehicles models and property launches in Johor-Singapore Special Economic Zone (JS-SEZ) and Penang robust development are expected to boost household and business loan demand further.

LOAN APPLICATIONS

The total number or value of requests from individuals and businesses seeking credit from banks, indicative of borrowing trends and economic confidence.

DEVELOPMENTS IN 2024

POSITIVE

- The SME Sentiment Index showed rising confidence among micro, small and medium enterprises (MSMEs), signalling a positive outlook for business financing and economic activity.

NEGATIVE

- A noticeable decline in loan applications and approvals within the household segment, reflecting weaker credit demand.
- Loan application growth from Jan-Dec 2024 slowed by 3.0% y-o-y with loan approval rate stands at 1.2% y-o-y.
- Based on segment, the business loan application grew at 3.5% y-o-y with loan approval rate at 2.5% y-o-y while household loan application grew at 2.5% y-o-y with loan approval rate at -0.3% y-o-y.
- The potential rationalisation of RON 95 fuel subsidies and electricity tariff hike in 2H2025, minimum salary hike in 1st February 2025 and mandatory EPF contribution for foreign workers could further dampen consumer and business credit demand, adding pressure on low-income households and SMEs.

OUTLOOK FOR 2025

- **Business Loans:** Expected to be the main driver of loan growth, supported by ongoing infrastructure projects and increased investments in renewable energy (RE).
- **Consumer Loans:** While demand may soften slightly due to potential inflationary pressures from subsidy rationalisation, overall appetite remains strong, particularly for housing and automotive loans.

DEPOSITS GROWTH

The rise in banking total deposits over time, driven by consumer confidence, liquidity levels and economic stability.

DEVELOPMENTS IN 2024

POSITIVE

- Competition for deposits began to normalise, leading to lower costs for banks in attracting and retaining deposits.
- Current Accounts Saving Accounts (CASA) deposit growth at 4.7% y-o-y in 2024, outpaced Fixed deposit (FD) growth at 3.9% y-o-y.
- CASA ratio stands at 31.4% following FD decline rates across multiple tenor, as the banks continue to manage down funding cost to preserve Net Interest Margin (NIM).
- Malaysian banks experienced a recovery in NIM due to easing in deposit competition and improved management of funding costs.

NEGATIVE

- The deposit growth, grew slower at 3.0% y-o-y in December 2024 as compared with 5.6% y-o-y in December 2023, posing potential challenges for banks in maintaining liquidity and funding loan portfolios.
- Uncertainties remain in the broader economic environment, particularly in global economic conditions and domestic investment activity, posing risks to banking performance and deposit growth.

OUTLOOK FOR 2025

- Malaysia's deposit growth outlook for 2025 appears positive, supported by improving economic conditions and rising consumer confidence.
- The banking sector is expected to maintain a steady deposit growth rate of 5% to 6% y-o-y.
- Stronger economic fundamentals and stable financial conditions will drive deposit accumulation.

STRATEGIC REVIEW

OPERATING ENVIRONMENT: BANKING SECTOR REVIEW AND OUTLOOK

GROSS IMPAIRED LOANS (GIL)

The total non-performing loans in the banking sector, which indicates asset quality and credit risk exposure.

DEVELOPMENTS IN 2024

POSITIVE

- The GIL ratio for Malaysian banks remained low at 1.4% as of December 2024, improving from 1.65% in December 2023, driven by reduction on all segments especially personal use and construction. This the best performance since April 2021.
- Banks' loan loss coverage ratio (including regulatory reserves) remain prudent at 129.1% of impaired loans in end-December 2024 as compared to 128.0% in end-November 2024.
- The lower GIL was contributed by robust economic performance and stable labour market conditions.

NEGATIVE

- The banking sector may face challenges from subsidy rationalisation and policy shifts that could impact borrower repayment capabilities, while any adverse changes in the currently low 3.2% unemployment rate may further weaken loan performance.
- Although overall asset quality remained stable, loan disbursements in manufacturing and construction showed signs of slowing, posing risks if economic conditions deteriorated.
- Loan growth moderated towards the end of 2024, with credit to the private non-financial sector grew 5.2% y-o-y (November 2024: 5.4%), amid a moderation in growth for outstanding business loans and corporate bonds.
- The growth in business loans moderated, following slower loan growth among non-SMEs. Nevertheless, SME loan growth remained broadly sustained.

OUTLOOK FOR 2025

- The outlook for Malaysia's GIL in 2025 remains positive, with indicators suggesting continued improvement in asset quality and stable loan growth.
- As of December 2024, the GIL ratio improved to 1.44% y-o-y, down from 1.65% y-o-y in December 2023, driven by further GIL reduction under construction and personal use due stable employment and higher infrastructure activities.
- Malaysia's economy is forecasted to grow by 4.5% to 5.5% in 2025, supporting continued loan demand and lower impaired loans.
- The banking sector is expected to see 5-6% total loan growth in 2025, driven by strong demand for personal financing, mortgages and business loans, further strengthening overall asset quality.

LIQUIDITY

The ability of banks to meet short-term obligations and sustain lending activities while managing funding costs and deposit levels.

DEVELOPMENTS IN 2024

POSITIVE

- The banking system maintained strong liquidity buffers, with an aggregate Liquidity Coverage Ratio (LCR) of 161% in December 2024, up from 148% in November 2024.
- The loan to deposit ratio remained broadly stable at 87.8% in December 2024, compared to 85.8% in December 2023.

NEGATIVE

- Despite stable liquidity, Malaysian banks may face pressure on net interest margins due to intense competition.
- A slowdown in loan growth could impact liquidity, as banks depend on lending for revenue generation.
- FD rates for conventional had decreased for all maturities except 3-months tenure but FD rates for Islamic had increased for all maturities. Islamic banks operate on a profit-sharing basis rather than paying interest. Higher FD rates in the market may require Islamic banks to adjust their profit-sharing ratios to remain attractive to depositor.

OUTLOOK FOR 2025

- Malaysia's liquidity outlook for 2025 remains positive, underpinned by strong domestic demand, a stable banking sector and investment opportunities.
- However, external uncertainties, including high US Treasury yields and global trade policy concerns, could pose risks to liquidity conditions.

KEY MARKET TRENDS

GLOBAL ECONOMIC UNCERTAINTY

The global economy demonstrated remarkable resilience, and it is projected that this resilience will continue, with global GDP increasing by 3.3% in 2025. However, this sustained overall performance masks significant differences across regions and countries and is surrounded by important downside risks and uncertainties. More specifically, there were increasing risks related to rising trade tensions and protectionism, a possible escalation of geopolitical conflicts, tariff wars and challenging fiscal policies in some countries.

RISKS & OPPORTUNITIES

Risks

- Disruptions in trade and supply chains, rising energy prices, increased financial market volatility and higher borrowing costs driving up inflation due to ongoing geopolitical conflicts and uncertainties.
- Reduced spending capabilities and limited credit generation restricting investment due to slowing economic growth, as many central banks raised interest rates to curb inflation, leading to higher borrowing costs.

Opportunities

- Develop proactive scenario planning to prepare for various potential economic conditions, enabling us to navigate global economic uncertainty more effectively.
- Prioritise regular risk assessments and implement strategies such as diversification of lending and investments, as well as hedging, to protect against financial volatility.

OUR RESPONSE

- Constantly assessed and monitored global events that could influence inflation, interest rates and ringgit movements.
- Progressively phased out all high fixed interest rate products to keep liquidity costs at a lower level, thereby ensuring profitability by maintaining our net interest margin at an adequate level.

OUTLOOK

While geopolitical tensions persist, there are signs that countries are beginning to navigate these challenges more effectively. However, new policies from the US, particularly under President Donald Trump, may introduce protectionist measures that could create short-term volatility while also encouraging domestic economic adjustments.

Key Alignments

Capitals: FC SC

Risks: FLR MR CR FR OR CoR BCR

Stakeholder Groups: CU IV EM GR

Our Strategic Objectives: RB

Material Matters: FS CC SP DI DS RM TM

STRATEGIC REVIEW

KEY MARKET TRENDS

DIGITALISATION

Malaysia's digital investment surged to RM66.22 billion in the first half of 2024, surpassing 2023's total, as the country continues driving digital transformation through key incentives like Malaysia Digital (MD) Tax Incentives, the streamlined Foreign Knowledge Worker (FKW) process and the National e-Invoicing (NEI) initiative. In the banking sector, two new digital banking licences were approved in December 2024 – KAF Digital Bank and Ryt Bank (under YTL Digital Banking) – bringing the total number of digital banks in Malaysia to five. Additionally, Japan's Seven Bank entered the market under the brand name Reachful, planning to install 100 units of Cash Recycling Machines (CRM) at 100 selected 7-Eleven stores to enhance digital banking accessibility.

RISKS & OPPORTUNITIES

Risks

- Increased competition in the banking industry, particularly in deposits, personal loan financing, investment, insurance, remittances and payment solutions, as a result of the increasing presence of new players in the digital banking space.

Opportunities

- Leverage the current gap in digital loan products by learning and monitoring the benefits of digital banking while gradually enhancing our own digital capabilities without the urgency of an immediate upgrade.
- Upgrade our banking capabilities to serve more customers with enhanced and sophisticated products while improving banking efficiency.

OUR RESPONSE

- Promoted our digital products, such as SME Colony, AFFINMAX, mobile banking and internet banking, to help businesses enhance efficiency and improve customer experiences.
- Leveraged our partnership with ACI Worldwide, a Nasdaq-listed company that operates global payments software, to deliver integrated, value-driven payment solutions that cater to the diverse needs of today's dynamic business landscape and customer demands.

OUTLOOK

Malaysia's rapid digitisation is transforming the financial sector, with internet penetration exceeding 97% and mobile penetration reaching nearly 130%. The digital economy, which contributed 23% to GDP in 2022, is expected to surpass 25% by 2025. Digital banking adoption continues to rise, with 90% of Malaysians using digital services regularly, while e-wallets and financial technology play a crucial role in expanding financial inclusion, particularly for underbanked populations. Islamic fintech is also growing, driven by demand for Shariah-compliant services and Malaysia's strong regulatory framework, positioning the country as a global Islamic finance hub. Additionally, SMEs, especially micro-SMEs, are increasingly adopting digital banking to enhance financial access and efficiency.

Key Alignments

Capitals: FC IC HC SRC
Risks: CR MR FR NFR BCR IRR OR CoR
Stakeholder Groups: CU IV EM NG BP VP GR
Our Strategic Objectives: DL
Our Strategic Trusts: ST2 ST3 ST4
Material Matters: FS CC DI DS TM FI

WORKFORCE CHALLENGES

The banking industry faces ongoing workforce challenges driven by rapid technological advancements, changing market demands, shifting employee expectations, and evolving skill requirements. Digitalisation has profoundly transformed financial services, with automation, artificial intelligence (AI) and data-driven strategic decision-making becoming essential to operations. At the same time, changing customer expectations and evolving regulatory frameworks have intensified the demand for specialised expertise, further shaping the industry's workforce dynamics.

RISKS & OPPORTUNITIES

Risks

- Reduced pace of digital transformation and innovation due to a significant skills gap in critical areas such as AI, data science and machine learning.
- Rising operational costs and complexity as a result of heightened regulatory scrutiny on compliance and cybersecurity.

Opportunities

- Redefine our workforce strategies to attract top digital talent while investing in reskilling initiatives for current staff to drive innovation and enhance customer-centric services.
- Strengthen our risk management and governance frameworks to ensure ongoing compliance, build customer trust and gain a competitive edge in secure digital banking.

OUR RESPONSE

- Structured the organisation and retrained staff to ensure they can adapt to new job roles, expectations and work environments.
- Assessed risk and compliance issues related to regulatory requirements and cybersecurity to maintain operational integrity.
- Equipped our staff with the necessary knowledge and skills to uphold trust and stability in the financial system.
- Provided better opportunities for existing staff to grow, develop new skills and maintain a healthy work-life balance.
- Offered incentives to attract new talent and strengthen our workforce.
- Took deliberate steps to attract and retain skilled professionals by extending counter offers to retain existing talent and enhancing benefits such as flexible work arrangements to meet employee expectations.

OUTLOOK

The presence of new digital banks in Malaysia will intensify talent competition, particularly in the financial sector. Demand for professionals in regulatory compliance is rising as financial institutions navigate evolving regulations in governance, data privacy and ESG requirements. Additionally, the transition towards sustainability in the banking sector is driving significant demand for candidates with expertise in green financing, impact assessment, risk management, sustainable financing and corporate responsibility. As a result, most companies are expected to offer pay increases between 20% to 25% for job movers, with increments reaching up to 30% for individuals possessing niche or in-demand skill sets.

Key Alignments

Capitals: FC HC SRC

Risks: ALL

Stakeholder Groups: CU IV EM NG GR

Our Strategic Objectives: CS DL RB

Our Strategic Trusts: ST1 ST2 ST3 ST4 ST5

Material Matters: FS TM DE FE EI DS

STRATEGIC REVIEW

KEY MARKET TRENDS

GROWING CONSUMER SOPHISTICATION

As consumer sophistication grows in Malaysia's banking sector, industry players face both challenges and opportunities to innovate, compete and expand their market share while adapting to changing customer expectations and enhancing digital offerings. In view of the development of blockchain and digital assets as key to digital transformation, as the market expands, financial institutions can explore blockchain-driven products while ensuring regulatory compliance.

RISKS & OPPORTUNITIES

Risks

- Challenges in talent retention and rising operational costs as competition for fintech, cybersecurity and AI expertise intensifies.
- Customer attrition and weaker market position due to insufficient investment in user-friendly, sustainability-focused digital banking solutions.
- Cybersecurity vulnerabilities and regulatory pressures as increasing digital transactions expose us to higher risks of data breaches, fraud and stricter compliance requirements.

Opportunities

- Invest in advanced technologies to enhance customer experience, operational efficiency and competitive strength.
- Collaborate with fintech firms and embrace ESG-driven strategies to attract investors and expand our market reach.
- Improve our security frameworks to safeguard data, mitigate threats and reinforce customer trust.

OUR RESPONSE

- Allocated 80% of our RM400 million capital expenditure for digital initiatives, enabling us to develop advanced digital banking solutions to meet the evolving expectations of tech-savvy consumers.
- Continued executing an extensive growth strategy to transform into a forward-looking, tech-enabled and customer-centric organisation.

OUTLOOK

To meet evolving consumer expectations and remain competitive in the rapidly changing financial landscape, we must prioritise innovation, security and ethical practices. Embracing collaboration with fintech firms, investing in cutting-edge digital infrastructure, and aligning with global trends such as ESG, sustainability and open banking will be crucial for long-term success. As customer demands grow more sophisticated, the ability to integrate advanced technologies, ensure robust cybersecurity and uphold responsible banking practices will play a vital role in driving trust, enhancing user experience and sustaining market leadership.

Key Alignments

Capitals: FC IC HC SRC

Risks: CR MR FLR FR NFR OR IRR CoR BCR SuR ALL

Stakeholder Groups: CU IV EM NG GR

Our Strategic Objectives: CS DL RB

Our Strategic Trusts: ST1 ST2 ST3 ST4 ST5

Material Matters: EI FS CC DI DS RM EM CH TM CM FI DE FE



Political events, international conflicts and economic policies that disrupt global financial systems directly impact banks by driving market volatility, currency fluctuations, trade restrictions and regulatory shifts. For example, trade tensions from tariffs imposed by the Trump administration have disrupted supply chains and global financial markets, while conflicts such as the war in Ukraine and tensions in the Middle East have led to rising energy costs, inflation and financial uncertainty.

RISKS & OPPORTUNITIES

Risks

- Increased credit risk as the US-China trade war reduces demand for key Malaysian exports, such as semiconductors, potentially impacting businesses reliant on these markets.
- Rising global inflation and borrower repayment challenges due to the ongoing Russia-Ukraine conflict, which continues to drive up global energy prices and increase the financial strain on businesses and consumers.

Opportunities

- Attract foreign investments to mitigate the direct impact from protectionism measures such as tariffs, where the domestic economy supported by stable political environment and friendly business policies.

OUR RESPONSE

- Enhanced risk assessment in our loan evaluations, investments and trade finance applications to mitigate potential financial risks.
- Reduced our exposure to sectors vulnerable to sanctions or supply chain disruptions to safeguard asset quality.
- Hedged against volatile exchange rates to protect trade financing and foreign currency-denominated assets.
- Maintained higher liquidity buffers to cushion against sudden capital outflows or credit crunches.
- Diversified our risks by focusing on less vulnerable sectors such as digital transformation, renewable energy (RE) and sustainable agriculture.

OUTLOOK

The new US administration could introduce tariffs that impact Malaysia's export-driven sectors. Approximately 5% of its total value-added is linked to US demand, making the economy vulnerable to shifts in trade policies. At the same time, escalating conflicts in the Middle East threaten global oil supplies, leading to volatile commodity prices that could affect Malaysia's energy security and economic stability. Geopolitical uncertainties, including US-China tensions and the Russia-Ukraine conflict, continue to disrupt global supply chains, creating challenges for Malaysia's manufacturing sector, particularly in semiconductors and other key industries. However, Malaysia's upcoming ASEAN chairmanship in 2025 presents opportunities to strengthen regional trade, infrastructure development and investment flows. Additionally, the country's commitment to energy transition through the National Energy Transition Roadmap (NETR) will drive cleaner technology adoption, reinforcing long-term economic resilience and sustainability.

Key Alignments

Capitals: FC HC SRC
Risks: ALL
Stakeholder Groups: CU IV EM NG GR
Our Strategic Objectives: DL RB
Our Strategic Trusts: ST1 ST2 ST3
Material Matters: FS CC RM DI FI

STRATEGIC REVIEW

KEY MARKET TRENDS

TRANSITION TO A LOW-CARBON ECONOMY

The transition to a low-carbon economy remains a key global priority, with industries, governments and societies increasingly adopting sustainable practices to minimise greenhouse gas (GHG) emissions. The shift towards RE, enhanced energy efficiency and technological innovation continues to drive systemic changes across various sectors, aiming to reduce reliance on fossil fuels while maintaining economic growth. Policymakers and businesses are accelerating efforts to align with climate targets, integrating sustainability into governance frameworks and corporate strategies.

RISKS & OPPORTUNITIES

Risks

- Phasing out coal and gas require substantial investment, regulatory support and infrastructure development. Challenges in the transition process may impact on energy security and economic stability.
- Slower transition to electric vehicles (EVs) resulting from inadequate EV infrastructure and limited growth in battery production, make it difficult to achieve the target of 80% EV sales by 2040.

Opportunities

- Improve waste management and promote a circular economy to reduce pollution and preserve resources while making steady progress towards the 40% landfill diversion target by 2025.
- Expand energy management solutions and develop hydrogen hubs to boost efficiency, drive economic growth and position Malaysia as a leader in sustainable energy innovation.

OUR RESPONSE

- Established the Group Board Sustainability Committee in 2023 to oversee climate opportunities, ensuring alignment with national sustainability goals.
- Financed solar energy projects for commercial and industrial clients to support the transition to RE.
- Implemented paperless banking initiatives by enhancing digitalisation efforts, including e-statements and online banking platforms, to reduce paper usage.
- Converted 9.2% of branch offices to RE, primarily solar, to minimise our carbon footprint.
- Joined the Klang River Transformation Project as a corporate sponsor to contribute to environmental conservation and waterway rehabilitation through Interceptor 002.
- Established Sustainable Finance Framework to guide our business unit in identifying activities/ projects that promote sustainable development and the the trainsition to low-carbon economy.
- Initiated measurement of our financed emission to understand and manage our environmental footprint associated with our value chain and subsequently seek to decrease our financed emission to facilitate a just transition to a low carbon economy.

OUTLOOK

Malaysia's transition to a low-carbon economy is expected to accelerate over the next decade, driven by the government's pledge to achieve carbon neutrality by 2050. The NETR and the Hydrogen Economy and Technology Roadmap outline key strategies for integrating RE and hydrogen-based solutions into the national energy mix. The Bursa Carbon Exchange and the planned carbon tax regime will further incentivise emissions reductions and attract green investments.

Domestically, the Net Energy Metering (NEM) scheme is offering financial incentives to businesses and households to promote solar rooftop adoption, further supporting the country's transition to RE.

Additionally, Malaysia is strengthening regional cooperation through the ASEAN Power Grid, a cross-border RE initiative aimed at enhancing energy security and sustainability across member states.

Key Alignments

Capitals: FC IC HC SRC NC
Risks: ALL
Stakeholder Groups: CU IV EM NG GR
Our Strategic Objectives: CS RB
Our Strategic Trusts: ST1 ST2 ST3 ST4 ST5
Material Matters: FS EM CH SP EI

KEY TRENDS AND EXPECTATIONS FOR MALAYSIAN BANKING BY 2030

Rise of Digital Banks

The increasing number of digital banks is set to disrupt traditional banking models. These digital banks are able to leverage technology to offer competitive products and services, at lower costs and with faster turnaround times. Digital platforms also allow banks to target underserved segments and improve financial inclusion. Increased competition may lead to consolidation among traditional banks as they adapt to the new landscape. However, traditional banking system will complement each other for broader reach and customer engagement.

Growth of Islamic Banking

By 2030, Malaysia's Islamic banking sector is projected to achieve parity with conventional banking, with 50% market share of total banking assets. This growth reflects rising consumer demand for ethical and Shariah-compliant financial products and the industry's strong response to providing high-quality Islamic finance.

Decline of Physical Branches

The number of physical bank branches is expected to continue decreasing significantly, with projections of nearly 600 closures by 2030. While branches will still exist, their role will change to other roles such as **branding awareness** to increase visibility and attract foot traffic, a **community engagement centre** especially in creating financial education awareness, advisory services and fraud deterrence, a problem solving centre which **provide special services to handle complex issues** which cannot on be handle online or via call centre.

Enhanced Digital Finance Adoption

The fintech sector is anticipated to grow substantially, with the market expected to grow substantially in double digit by 2030. The adoption of digital finance solutions such as e-wallets, peer-to-peer lending, and alternative financing will continue to rise, driven by regulatory support and changing consumer preferences.

Data-Driven Personalisation

Banks will increasingly utilise advance data analytics to offer personalised services tailored to individual customer needs. This approach will enhance customer engagement and loyalty while improving operational efficiency through targeted marketing strategies.

Integration of Advanced Technologies

Technologies such as artificial intelligence (AI), blockchain, and automation will play crucial roles in making banking operations more accurate and efficient. AI-driven insights will facilitate better decision-making, while blockchain technology could enhance transparency and security in transactions.

Workforce Transformation

The financial workforce will undergo significant changes, with an emphasis on developing skills relevant to digital banking and fintech innovations. Initiatives like the Future Skills Framework aim to equip workers with the necessary competencies for a rapidly evolving industry.

Increased Focus on Sustainability

Sustainability will become a priority for banks in response to consumer expectations of responsible banking practices. This includes integrating sustainability into their operations and business models, in addition to offering sustainable financing options to support sustainability efforts.

Open Banking Initiatives

The move towards open banking will allow third-party providers access to bank data (albeit with expressed customer consent), fostering innovation in financial services and creating new opportunities for collaboration between banks and fintech companies.

STRATEGIC REVIEW

KEY RISKS AND MITIGATION

Through a rigorous approach to risk management, we strive to safeguard ourselves against negative impacts that would affect our performance, prospects, and stakeholders.

Our approach is premised on an established, five-step risk management process that is applied consistently across our operations:

Establish Context

- Identify internal and external factors that may impact the Group.
- Establish risk appetite and criteria for evaluating risk.

Risk Identification and Assessment

- Identify potential risks across business and support units.
- Once risks are identified, they are evaluated based on their likelihood of occurrence and potential impact, before being prioritised according to their significance.

Risk Treatment

- Implement controls to manage and mitigate identified risks. This is established through the various policies, standards, and procedures that define responsibility and authority for risk-taking.
- Establish management action triggers to ensure sufficient cushion for the determination of key measures and adequate time for the implementation of action plans before regulatory limits are breached.
- Develop contingency plans to further minimise potential impact.

Risk Monitoring & Review

- Continuously monitor, manage, and report risks treatment measures to ensure their effectiveness and develop further remedial actions in a timely manner.
- Conduct regular reviews to identify process gaps and ensure risks are managed effectively.

Communication & Consultation

- Communicate identified risks and measures taken with all relevant stakeholders, ensuring they clearly understand the risk landscape and providing the basis for informed decisions to be made.
- Engaging stakeholders in this consultation process helps to gather valuable insights and foster a sense of ownership, which can further improve our risk management strategy.

During the year under review, we conducted an updated assessment of our risk landscape. The assessment confirmed that the risks outlined in our 2023 report remain highly relevant to our business operations.

MANAGEMENT OF KEY RISKS

CR CREDIT RISK

Description & Implication on Value Creation

The loss of principal or income when obligors or counterparties fail to fulfil their contractual obligations as per agreed terms.

Response & Mitigation Actions

- To ensure prudent and effective credit risk management, the Group has put a comprehensive credit risk policy framework in place, designed to systematically identify, assess, measure, control, and monitor credit exposures across diverse counterparties.
- The Bank's Business Units are the primary parties responsible for risk management. Oversight is provided by independent functions such as the Group Credit Management Division and Group Risk Management Division, which provide objective input with regards to credit risk-taking activities. Additionally, multiple subcommittees at both the senior management and Board levels carefully monitor and manage delegated authority limits to ensure compliance.
- The Bank takes a proactive approach to credit risk monitoring to mitigate potential losses in addition to regular reviews. The Group Early Alert Committee (GEAC) is tasked with identifying accounts that show signs of increased credit risk to manage the Group's credit exposure.
- While the risks associated with COVID-19 have diminished, the Bank remains vigilant in continuously assessing any residual risks arising from the expiry of repayment assistance programmes. This ensures that necessary measures are in place for us to achieve a balanced outcome for all stakeholders. Furthermore, the Group has committed to exercising greater caution when extending credit to counterparties in high-risk industries or regions to protect its capital and liquidity.
- The Annual Credit Plan (ACP), which aligns with the Group's Risk Appetite Statement, guides the Group's key credit strategies for the year. The principles outlined in the ACP provide the framework for the Group's diversification, safeguarded with internal limits and controls. By establishing prudential targets and limits, the ACP strikes a balance between managing credit risk activities with prudent business growth.
- Post-approval credit reviews and post-mortem assessments are a key part of the Group's risk management framework. Insights from these reviews are shared with the Group Management Credit Committee (GMCC), the Group Board Risk Management Committee (GBRMC), and the Group Board Audit Committee (GBAC), fostering continuous improvements in credit risk governance.
- Data-driven decision-making is integral to the Group's risk management approach. Through ongoing portfolio analysis, existing or emerging risks can be accurately identified, allowing for timely and well-informed responses to safeguard our credit portfolio.

Opportunities Arising From This Risk

- Capitalising on resilient domestic expenditures and strategic government initiatives to support economic stability and growth.
- Leveraging our large and diverse client base and extensive geographical footprint to sustain long-term growth.
- Enhancing credit risk management through new or improved controls, mitigation measures, and refined credit strategies that proactively address emerging risks.

Outlook

According to Bank Negara Malaysia's (BNM) Financial Stability Review, domestic market conditions have remained stable despite global volatility, supporting credit quality, and broader financial stability risks remain contained. However, cost of living pressures continue to impact vulnerable segments. External shocks, particularly geopolitical conflicts and financial market fluctuations, pose ongoing downside risks as well.

The Group's portfolio remained steady throughout the year, with minor pressures in some retail and SME segments. Asset quality indicators remained stable, supported by favourable business conditions that strengthened non-retail portfolios and drove loan and financing growth.

However, inflationary pressures and disruptions in certain sections of the property market introduced certain risks within the retail segment, prompting proactive mitigation measures to uphold asset quality.

Key Risk Indicators

- Gross Loans, Advances, and Financing – December 2024: RM72.04 billion; December 2023: RM66.66 billion
- Gross Impaired Loans/Financing Ratio – December 2024: 1.94%; December 2023: 1.90%
- Credit RWA – December 2024: RM63.84 billion; December 2023: RM59.60 billion

Link to

Capitals: FC MC IC HC SRC NC

Strategies: CS DL RB

Material Matters: GV EV SC PS

Stakeholders: CU IV EM CM RG

STRATEGIC REVIEW

KEY RISKS AND MITIGATION

MR MARKET RISK

Description & Implication on Value Creation

Loss of earnings and capital due to fluctuations in rates and prices across foreign exchange, fixed income, credit instruments, equities, commodities, and alternative assets.

Response & Mitigation Actions

- To ensure effective and prudent market risk management, the Group has implemented a comprehensive policy framework, led by Group Market Risk Management (GMRM). Our approach addresses market and balance sheet risks affected by earnings and capital variations, and is aligned with the Basel risk standards.
- Firm-wide risk control policies are imposed in each of our business lines to mitigate any market risk-taking activities that may result in realised or unrealised losses. A Treasury Framework had been instituted to separate the differentiated business risks associated with proprietary risk-taking, capital investments and liquidity management.
- Our reporting and analytics infrastructure for market risk management is regularly enhanced to strengthen risk controls. Automation and advanced systems enable us to be more robust and effective in risk control, measurement, and mitigation.
- To assess and intercept any potential impacts on earnings and capital, all market risk-sensitive positions in our banking entities' balance sheets are scrutinised daily. Regular back-testing of risk models ensures accuracy in evaluating expected losses against present performances.
- GMRM, in tandem with the management and Board, regularly review market risk developments, leveraging forward-looking financial scenarios to extract valuable insights.

Opportunities Arising From This Risk

- Optimising income returns while creating buffers against volatility.
- Adjusting strategies to mitigate against interest rate fluctuations.
- Managing risk exposure while optimising returns.

Outlook

Global financial markets in 2024 faced significant volatility due to a mix of economic and political factors. While central banks successfully curbed inflation, leading to a general trend of interest rate reductions, the pace and extent of these cuts varied across regions, causing fluctuations in major currencies. The U.S. Dollar emerged as a top performer, with the U.S. Dollar Index (DXY) appreciating due to expectations of shifts in U.S. trade policy and its economic strength relative to other advanced economies. Meanwhile, political uncertainties in France, Germany, and the U.K. weighed on the euro and pound, contributing to their depreciation.

Amidst global turbulence, Malaysia's economy demonstrated resilience, bolstered by strong domestic and foreign investments, a sustained current account surplus, and a diversified export base. Reflecting confidence in its economic fundamentals, Fitch Ratings reaffirmed Malaysia's long-term foreign-currency issuer default rating at 'BBB+' with a stable outlook. Additionally, the FTSE Bursa Malaysia KLCI (FBM KLCI) showed robust performance, signalling a recovery in the Malaysian equity market, largely driven by gains in banking stocks.

Despite signs of economic recovery, global markets remained volatile in 2024, requiring investors to navigate a complex landscape shaped by evolving monetary policies, political developments, and geopolitical risks. Market Risk-Weighted Assets (RWA) increased due to higher capital charges from interest rate risk, underscoring ongoing financial challenges even as new opportunities emerged.

Market RWA Highlights

- Dec 2024: RM2.84 billion; Dec 2023: RM1.83 billion

Link to

Capitals

FC MC IC HC

Strategies

CS DL RB

Material Matters

GV EV PS

Stakeholders

CU IV CM RG

LR LIQUIDITY RISK

Description & Implication on Value Creation

Reputational damage, asset losses, and capital erosion can result from inadequate balance sheet solvency management. These risks may stem from insufficient funding support for asset growth, an inability to meet obligations as they arise, or difficulties in liquidating assets without substantial value loss amid market fluctuations.

Response & Mitigation Actions

- Group Liquidity Risk Management (GLRM) has established liquidity frameworks and policies designed to manage potential liquidity risks stemming from both idiosyncratic and systemic events.
- The Group practices prudent management of its liquidity position. Action plans are in place to recover from balance sheet failures, with a forward-looking liquidity stress test scrutinising worst-case scenarios, and a reverse stress test scenario determining the point of non-viability.
- To ensure effective liquidity management under varying market and economic conditions, the Group's Strategic Funding Plan is regularly reviewed by the Group Asset Liability Committee (GALCO) to track performance against liquidity targets and Board-approved risk appetites.
- The management sets and approves internal tolerance thresholds for liquidity positions on the balance sheet. Compliance is enforced to mitigate risks by constantly monitoring positions against their original currency and maturity breakdowns.
- To assess the readiness and effectiveness of the Group's recovery options in managing unexpected liquidity events, regular contingency funding plan simulations are conducted.
- To ensure that the Group's short- and medium-term liquidity positions remain sound, daily evaluations of our liquidity risk profile are conducted. Concerns are flagged and escalated, following an approved process involving both management and the Board.

Opportunities Arising From This Risk

- Reduced interest rate pressure and enhanced market sentiment.
- Gaining support from economic recovery and stabilised financial conditions.
- Leveraging Malaysia's stable OPR to provide businesses and investors with greater stability and predictability.
- Maintaining sufficient liquidity buffers to effectively address year-end seasonal deposit fluctuations.

Outlook

With the threat of potentially higher tariffs imposed on foreign goods by the U.S. following the conclusion of its 2024 election, global economic uncertainty has increased. A rate hike in the U.S. may be imminent, in response to possible higher inflation in the U.S. resulting from tariffs. Emerging markets may be compelled to respond in kind to address exchange rate pressures from the interest rate differential. The Bank's liquidity and profitability could potentially be impacted should this inflationary scenario occur and expectations rise for BNM to increase the OPR rate, as it could lead to intensified deposit competition.

In response to anticipated year-end seasonal fluctuations in deposit levels, the banking system's liquidity coverage ratio (LCR) rose in October 2024 as banks proactively managed their liquidity buffers. As of FY2024, the monthly average LCR for ABB, AIBB, and AHIBB were maintained at comfortable levels of 160.4%, 164.0%, and 158.4%, respectively.

LCR for FYE 2024:

- ABB: 167.8%
- AIBB: 149.2%
- AHIBB: 171.1%

Link to

Capitals

FC MC IC HC

Strategies

CS DL RB

Material Matters

GV SC PS

Stakeholders

CU IV CM RG

STRATEGIC REVIEW

KEY RISKS AND MITIGATION

OR OPERATIONAL RISK

Description & Implication on Value Creation

Risks of direct or indirect loss could arise from inadequate or failure of internal processes, people, systems, or external events. Operational risks also include outsourcing arrangements.

Legal risks are included in this risk category, but strategic, business, and reputational risks are excluded.

Response & Mitigation Actions

- The Group takes a prudent approach to operational risk management (ORM), with a comprehensive policy in place to effectively identify, assess, monitor, and mitigate operational risks across all counterparties.
- This policy involves the creation, communication, and maintenance of ORM procedures, processes, and limits, ensuring that Business and Support Units (BUs/SUs) adhere to the approved guidelines.
- Operational risks across BUs/SUs are identified and reviewed for adequacy, with assessments challenged, and risk mitigation strategies evaluated using ORM tools like Risk Control Self-Assessment (RCSA), Control Self-Testing (CST), Key Risk Indicators (KRI), Operational Risk Event Reporting, and Scenario Analysis (ORSA).
- Close coordination and open communication with other risk management and control functions are in place to facilitate a cohesive approach to operational risk management.
- Significant operational risk events are promptly reported to the Board, GBRMC, and Senior Management to support timely and well-informed decision-making on risk developments.
- Among the first line of defence in the Three Lines of Defence (3-LOD) model is the Business Risk and Compliance Manager (BRCM) and the Designated Risk and Compliance Officer (DRCO), who are responsible for reporting ORM activities and acting as the liaison with Group Operational Risk Management on all issues and outcomes.
- The second and third lines of defence are Group Compliance and Group Internal Audit, who act as independent assessors, reviewing the effectiveness of the operational risk governance framework and evaluating the effectiveness of oversight provided by senior management.

Opportunities Arising From This Risk

- Streamlining processes and automating tasks to reduce errors, inefficiencies, and operational risks.
- Conducting training and awareness programmes to promote ethical behaviour, fostering a positive culture and minimising employee-related risks.
- Ensuring proactive regulatory compliance to strengthen operational resilience.

Outlook

Operational risks in the Malaysian banking industry stem from internal processes, people, systems, technology, and external events. To address these challenges, the Group optimises internal processes to reduce the potential for errors and inefficiencies by streamlining procedures, enhancing controls, and investing in digital automation.

To mitigate risks related to human factors such as employee errors and misconduct, the Bank prioritises training and awareness programmes while whistleblowing mechanisms are in place to uphold integrity. These initiatives cultivate a culture of compliance, ethics, and accountability, mitigating the risk of fraudulent behaviour. Business continuity plans are in place to closely monitor and minimise the impact of external risks, including regulatory changes, geopolitical tensions, and natural disasters. We proactively engage regulators and conduct thorough due diligence on outsourcing providers to ensure compliance and resilience.

Continued vigilance, innovation, and collaboration remain key priorities in managing operational risks effectively. By optimising processes, promoting integrity, and strengthening resilience, the Group is well-positioned to navigate challenges in a complex business environment.

Operational RWA Highlights

- Dec 2024: RM3.88 billion; Dec 2023: RM4.04 billion

Link to

Capitals: FC MC IC HC SRC NC

Strategies: CS DL RB

Material Matters: GV EV EM SC PS

Stakeholders: CU IV EM CM RG

TC TECHNOLOGY/CYBER RISK

Description & Implication on Value Creation

Cyber attacks can render critical services unavailable, severely disrupting business operations and causing financial losses.

Response & Mitigation Actions

- The Technology Risk Management Framework (TRMF) and Cyber Resilience Framework (CRF) are integral to the Group's enterprise risk management framework. They establish leadership and organisational structures to align IT strategy with business objectives, optimise resources, deliver value, and manage performance. TRMF and CRF outline the standards and control objectives for IT departments, third-party service providers, and other technology-related functions.
- The Group adopts the Three Lines of Defence (LOD) model to technology risk management, covering both processes and people, which ensures functional segregation, independent oversight, and active risk management across business and support units in involved in managing risk outcomes.
- The Board oversees the entirety of the IT strategy, from end to end including approvals for TRMF, CRF, cybersecurity policies, risk appetites, key performance and risk indicators, and risk tolerances. The Group ensures all software and hardware strictly comply with regulatory requirements such as BNM Risk Management in Technology (RMiT), SC Guidelines on Technology Risk Management, and Bursa Malaysia's Guidance on Cyber Risk Management.
- Proactive monitoring of critical systems ensures timely upgrades before reaching capacity limits, while active IT incident management ensures the swift restoration of critical systems within committed Maximum Tolerable Downtime (MTD) and Recovery Time Objective (RTO). Business Continuity Management (BCM) mandates regular testing to ensure effectivenes during crises.
- Independent specialists conduct regular compromise assessments, cyber drills, red team, and bug bounty programmes to enhance IT security vigilance and sustained competence. Third-party vendors also conduct regular risk briefings to strengthen the Group's overall risk culture. Cyber insurance further mitigates risks associated with cyber incidents.
- Mandatory e-learning and new staff onboarding sessions reinforce cybersecurity awareness, while periodic phishing simulations keep reinforce the need to be alert among employees.
- Group Management Committees, including the Group Board Information Technology and Transformation Committee and the Group Board Risk Management Committee, oversee cyber risks and receive regular reports on risk monitoring and reviews.

Opportunities Arising From This Risk

- Enhancing customer experience to ensure competitiveness.
- Reinforcing cyber resilience through innovation.
- Minimising cyber risks with robust security measures.
- Building trust and safeguarding stakeholders' interests.
- Strengthening defences against internal and external threats.

Outlook

Digital transformation is key to enhancing the Group's competitiveness, customer experience, and cyber resilience. The Group's digital transformation is aligned with our A25 and AX28 strategies, with a strong focus on integrating Cloud and AI while reinforcing security through strong cyber hygiene, faster response times, and a 'zero-trust' approach.

Regulatory compliance and responsible growth remain key priorities, ensuring robust risk management for emerging technologies. Recognising the risks posed by third-party vendors, the Group has established a comprehensive third-party risk management programme to mitigate supply chain threats and protect stakeholders' interests.

Link to

Capitals: FC MC IC HC

Strategies: CS DL RB

Material Matters: GV EM SC PS

Stakeholders: CU IV EM CM RG

STRATEGIC REVIEW

KEY RISKS AND MITIGATION

BCR BUSINESS CONTINUITY RISK

Description & Implication on Value Creation

Disruptions in business operations or services may result in potential losses in assets, revenue, reputation, and stakeholder confidence. A lack of resilience to the following threats can have a significant impact on the organisation and result in irreversible losses:

- Pandemics or endemics
- Unexpected technology and infrastructure failures
- Cyberattacks
- Fire incidents
- Security breaches
- Data breaches
- Natural disasters
- Supply chain disruptions
- Health and safety issues
- Acts of terrorism
- Regulatory changes

Other unforeseen risks

Response & Mitigation Actions

- The Group's business continuity risk management is governed by the Contingency Planning Framework (GCPF) and the Business Continuity Management (BCM) Policy, in alignment with BNM's Guidelines in Business Continuity Management. These frameworks outline principles that guide policy-making and promote annual BCM activities to ensure compliance with regulatory standards.
- The GBRMC exercises oversight over all matters related to business continuity risk. The Group BCM Committee (GBCMC) assists GBRMC in reviewing and monitoring business continuity risk and provides a platform for managing risk aspects and addressing control lapses.
- All BUs within the Group are required to participate in the BCM Programme. Outcomes from this assessment will ensure that adequate risk mitigation measures, continuity strategies, and crisis response plans are in place for effective management of business continuity risk.
- Regular testing of business continuity plans ensures readiness for prompt and effective recovery in case of disruptions. BCM programmes adhere to GCPF, Group BCM Policy, BNM's BCM Guidelines, and ISO 22301 standards to ensure effective and smooth execution.
- Guided by the Enterprise Crisis Management Plan (ECMP), the Crisis Management Team (CMT) enables BCM to handle crises arising from BC Risk, and ensures effective crisis management and high operational resilience.

Opportunities Arising From This Risk

- Annual BCM efforts could mitigate major losses and ensure regulatory compliance.
- Strengthening oversight and risk management processes to enhance resilience.
- Continuously implementing prudent risk management practices to safeguard the organisation.
- Enhancing readiness for swift recovery and seamless resumption of operations during disruptions.
- Fostering operational resilience to effectively navigate and manage crises.

Link to

Capitals: FC MC IC HC SRC

Strategies: CS DL RB

Material Matters: EM SC PS

Stakeholders: CU IV EM RG

RR REPUTATIONAL RISK

Description & Implication on Value Creation

Reputational risk is defined as risk arising from negative perception of customers, shareholders, investors or regulators that may adversely affect the Group's ability to maintain existing or establish new business relationships and continued access to sources of funding.

Such risks may arise due to:

- Mismanagement of business or operational activities, such as product or service delivery failures.
- Non-compliance with regulatory requirements.
- Inappropriate corporate activities.
- Negative media coverage or public perception

Response & Mitigation Actions

- The Board and Management Committee oversee the effectiveness of risk management and control measures.
- The Group adopts the 3-LOD model, where the first line (risk owner) manages risks at their source, the second line provides independent oversight, and the third line provides independent audit assurance.
- The effectiveness of internal controls to adequately mitigate material risks is regularly assessed and reviewed, and any lapses in internal controls are promptly addressed.
- A comprehensive customer complaint management process is in place to log, track, and resolve complaints within an appropriate timeframe.
- The Group responds promptly to potentially harmful comments on social media to mitigate negative speculation regarding the Group.
- A robust crisis management plan was established to effectively manage crises in a structured manner.

Opportunities Arising From This Risk

- Aligning with strategic objectives to safeguard reputation.
- Strengthening risk controls while minimise the impact on reputation.
- Responding to adverse social media comments in a timely and appropriate manner to uphold a positive image.
- Promptly addressing lapses through regular assessment of internal controls.

Link to

Capitals

FC MC IC HC SRC NC

Strategies

CS DL RB

Material Matters

GV EV EM SC PS

Stakeholders

CU IV EM CM RG

STRATEGIC REVIEW

OUR STRATEGIC ROADMAP

In continuing the good momentum of AFFIN 2025 Transformation Plan ("A25"), the Group has set its new transformation plan, which is the AFFIN Axelerate 2028 ("AX28") Plan.

The AX28 is essential for the Group to navigate ever-changing financial landscape, deliver exceptional customer experience whilst maintaining its competitive edge in an increasingly digital and dynamic environment.

The aim is to become a Universal Bank by 2028, a one-stop financial centre, offering a wide spectrum of financial services which include Commercial, Islamic and Investment Banking under one roof. It will be supported by the Group's strategic objectives namely Unrivalled Customer Service, Digital Leadership & Responsible Banking with Impact.

AX28 Targets

PBT **RM1.8 billion**

CASA **35%**

ROE **12%**

CIR **<53%**

GIL **1.5%**

AX28 PLAN

5 FOCUS AREAS

- **Private Banking Business to support T20**
  Capitalise on growing demand for bespoke wealth management services by the top 20% income group
- **New Digital Core**
  Leverage rapid advancement in digital technologies to enhance our digital banking capabilities
- **Greater Presence in Sarawak**
  Expand our presence in the state to tap into growing customer demand for comprehensive banking services
- **Becoming Capital Efficient to Unlock ROE**
  Increase our Return on Equity as a buffer against intense competition in the banking landscape
- **Bigger ESG Game**
  Satisfy the growing demand from investors for sustainable and responsible investment options

5 STRATEGIC THRUSTS

- **Sustainable ROE**
  Elevate the level to 12%
- **Banking 4.0**
  Accessible banking services anytime, anywhere
- **Efficiency x5**
  Maximise productivity through operational excellence
- **Enhanced Brand Value**
  Progressive and modern organisation
- **ESG Focus**
  Responsible banking with impact



STRATEGIC REVIEW

AX28 FIVE FOCUS AREA

OUR FIVE FOCUS AREAS

Our AX28 strategy is driven by five key focus areas, forming the foundation for transforming the bank into a stronger, more customer-centric, and sustainable financial institution. Within each focus area, we have defined short-to-medium-term and long-term priorities to guide our progress.

1

FOCUS AREA

Private Banking Business To Support T20

KEY STRATEGIC PRIORITIES

- Offer bespoke financial advice and solutions, focusing on wealth management.
- Improve the client experience with personalised service and innovative solutions customer stickiness.
- Build strong, long-term relationships with clients.
- Leverage advanced technology and digital platforms to provide seamless and efficient services.

2

FOCUS AREA

New Digital Core

KEY STRATEGIC PRIORITIES

- Enhance product innovation and efficiency of roll-out.
- Increase scalability and expand our customer base.
- Adopt agile methodologies to accelerate product development and deployment.
- Leverage big data and analytics to gain insights into customer behaviour and market trends.

3

FOCUS AREA

Greater Presence in Sarawak

KEY STRATEGIC PRIORITIES

- Establish partnerships and collaborations to solidify our presence in Sarawak.
- Increase our branch network across Sarawak.
- Build long-term relationships to increase our customer base and drive customer loyalty in Sarawak.
- Offer curated products and solutions catering to the needs of local communities.

4

FOCUS AREA

Becoming Capital Efficient to Unlock ROE

KEY STRATEGIC PRIORITIES

- Focus on high margin products and services to optimise capital allocation.
- Leverage technology and automation to streamline operations, reduce costs and improve efficiency.
- Invest in automation and process optimisation across the Group to reduce operational costs and improve efficiency.
- Diversify revenue streams through innovative financial products and services to become a Universal Bank.

5

FOCUS AREA

Bigger ESG Game

KEY STRATEGIC PRIORITIES

- Embed ESG initiatives and considerations into overall Group strategy.
- Contribute to a more sustainable future by promoting sustainable finance and implementing sustainable practices into our business.
- Engagement with clients to support their decarbonisation journey.
- Manage overall exposure to carbon-intensive sectors by increasing portfolio exposure to climate supporting clients, activities and technologies.

STRATEGIC PERFORMANCE REVIEW

Our Five Strategic Thrusts

We have developed targeted strategies to achieve our goals under each strategic thrust. These approaches are outlined below.

Sustainable ROE

Leverage an abundance of capital to grow our business to the next level by expanding our range of products and services and ramping up fee-based income streams.

GROW AFFLUENT BASE VIA INVIKTA

To increase fee-based income, we have successfully launched total 15 iNVIKTA centres and 5 iNVIKTA loungest to serve our affluent customer base as of 2024.

TRADE GROWTH

- Provide unrivalled trade services through innovative digital solutions
- Grow topline trade revenue and assets
- Enhance export-based portfolio with low risk exposure
- Maintain strong control over operational/ transactional risks and operating costs

AHIB PRIVATE EQUITY

- Enable AHIBB to offer an extensive and integrated range of banking and investment products under one roof
- Broaden AHIBB's participation in the equity cycle, including pre-IPO and secondary equity funding
- Create new business synergies by accessing clientele from throughout the Affin Banking Group to cross-sell financing, advisory services, and deposit growth products

AHIBB PRODUCT DEVELOPMENT – DISCRETIONARY TRADING

- Capture new client demand for managed portfolios and securities in the equities market
- Introduce a new securities product enabling remisiers/dealers to manage client funds/assets/ assets on a discretionary basis
- Establish a new revenue stream for AHIBB

AHIB BUSINESS FOCUS – DEAL ORIGINATION

- Develop a cross-selling strategy among Investment Banking coverage bankers for core products (Corporate Finance/ Equity Capital Market/ Debt Capital Market) and Treasury (FX/ Derivatives), Equities, Share Margin Financing, and Corporate Banking
- Leverage CF/ECM/DM products to cross-sell IS/Corporate Banking offerings to increase wallet share for ABB/AIBB
- Strengthen the wholesale banking model through enhanced group-wide communication and events

STRATEGIC REVIEW
STRATEGIC PERFORMANCE REVIEW

Banking 4.0

Accelerate our digital transformation through the following key initiatives:

CRM 360

- **Holistic Customer View**
  - Unlock a 360-degree view of customer interactions.
  - Leverage data-driven insights into customer behaviour and history to enhance our customer management strategy
- **Improve Cross-Selling & Upselling**
  - Foster cross-department collaboration between sales and services.
  - Use CRM360 for seamless information sharing and improved customer responsiveness.
- **Enhance Engagement & Customer Experience**
  - Build personalised engagement journeys to increase interaction and reactivation rates.
  - Equip front liners with a unified platform for better issue resolution, powered by customer history insights.

BIG DATA ANALYTICS

- **Leverage Data & Analytics for Revenue Growth:** Utilise data-driven initiatives to create value and enhance revenue generation.
- **Become an Insight-Driven Organisation:** Strengthen analytics maturity and collaboration through the Data Analytics COE.
- **Establish a Single Source of Truth:** Centralise customer, relationship, and behaviour data for consistency and accuracy.
- **Optimise Cost Efficiency:** Reduce costs and improve resource utilisation through an optimised enterprise information infrastructure.
- **Standardise Data Management:** Implement an enterprise-wide data dictionary and definitions for consistent data usage.

Efficiency x5

Drive people and process efficiency via technology and business process improvement.

DIGITAL TERMINAL RECEIPT (ACQUIRING) & DIGITAL ONBOARDING

Digitalize onboarding

System to configure the turn-around time for each merchant application submitted and to approve within the timeline. Example, checking merchant application 1 day, Fraud & Authorization 1 day and final approval by Head, Cards Business 1 day (Currently, email approval average 7 days).

Digitalise terminal receipt

Hard copy of terminal receipt converts into e-receipt and store in the cloud within PCIDSS certified data center. Allow user to access by retrieve the PDF copy of terminal receipt Cost saving of thermal paper roll

Go green initiative with save the tree.

RPA IN AUTO FINANCE

Implement Robotic Process Automation (RPA) to optimise the user journey up to the issuance of the letter of undertaking. This enables us to:

- **Enhance Efficiency:** Automate tasks in business processes to optimise workflows and improve productivity.
- **Gain Competitive Advantage:** Leverage automation to create a more efficient and productive working environment.
- **Handle High Transaction Volume:** Utilise RPA to enhance workflow efficiency and support expansion into the national segment.

Enhanced Brand Value

Accelerate our journey towards becoming "the most inspiring company to work for" through three pillars:

- Talent & Development: Build talent and leadership bench for business sustainability.
- Culture: Foster a high-performance culture among the team.
- People Solutions: Be a trusted advisor and a credible business partner.

NEW HR MANAGEMENT SYSTEM

- Our strategy is to reinvent our employee value proposition to drive business performance, strengthen workforce resilience, and enhance employee experience. This initiative covers the following areas:

- **Improved Recruitment:**

  Streamlining the recruitment process through automation of job postings, application tracking, and candidate screening accelerates hiring and improves the quality of hires.

- **Enhanced Onboarding:**

  A new HR system can facilitate a smooth onboarding process by providing digital access to necessary forms, training materials, and resources, helping new employees become productive quicker.

- **Integrated E-learning Platform:**

  E-learning platforms allow employees to access training materials anytime, anywhere. Features like multimedia content, gamification, and interactive quizzes significantly enhance user engagement.

CX CHANGE & CULTURE – AFFIN CARES

- **Customer Centricity:** Foster a customer-centric culture across the Bank through CX initiatives and promote adoption to enhance customer experience at all functions and levels.
- **Service Culture:** Implement the Service Culture Blueprint across channels and touchpoints to embed service excellence that aligns with customers' needs and expectations.

ESG Focus

Address the growing demand for ESG by raising awareness and driving greater adoption across our offerings and business practices, with a specific focus on the following areas:

- Sustainable Finance: Applying our expertise to channel funds and financing towards sustainable initiatives.
- Sustainable Operations: Unlock environmental and financial benefits to foster innovation and strengthen our reputation.
- People & Culture: Embed ESG values into our daily business operations and company culture.
- Community Support: Leverage our financial expertise to create value for individuals, businesses, and communities while building inclusive communities.

Please refer to Sustainability Statement for more details

STRATEGIC REVIEW

KEY PERFORMANCE INDICATORS

Indicators	Value Drivers	2022	2023	2024	y-o-y Change	Assurance	Relevant STs
Financial Value Proposition:							
Income Growth	Growth	11.4%	-3.4%	9.3%	↑	**MO, FS**	ALL
Fee to Income Ratio	Growth	16.7%	30.6%	30.1%	↓	**MO, FS**	ALL
Loan Growth	Growth	14.7%	12.6%	8.7%	↓	**MO, FS**	ALL
Cost to Income Ratio	Productivity	43.0%	71.6%	76.9%	↑	**MO, FS**	ST3
Return to Equity	Growth/ risk and capital management	11.5%	3.7%	4.5%	↑	**MO, FS**	ST1
Customer-centricity:							
Net Promoter Score (NPS)	Engagement	+40	+69	+48	↓	**IN**	ST4
Customer Satisfaction (CSAT)	Growth	84%	91%	81%	↓	**IN**	ST4
Employee Proposition:							
High potential performers identified	Growth	303	303	353	↑	**MO**	ALL
Average Hour of Training per employee	Growth	48 Hours	59 Hours	53 Hours	↓	**MO**	ST3
Sustainability Commitments:							
Sustainable Financing Composition	Growth	4.5%	8.6%	10.56%	↑	**MO**	ST5
Events for local communities on environmental and social programmes	Engagement	67,183 Beneficiaries	83,283 Beneficiaries	116,833 Beneficiaries	↑	**MO**	ST5
Operational Emission (tCO_2e)	Reduction	18,320.70 tCO_2e	17,611.90 tCO_2e	11,296.47 tCO_2e	↓	**MO**	ST5

Assurance indicators:

MO: *Board and management oversight through rigorous reporting.*
FS: *Financial information extracted from the 2024 Affin Bank Group Audited Financial Statements or Financial Presentation.*
LA: *External limited assurance on selected sustainability information.*
IN: *Esternal source information i.e. independent surveys.*



INTEGRATING DIGITAL TECHNOLOGY

AFFIN BANK has embarked on a comprehensive digital transformation journey to enhance its banking services and customer experience. Recognising the rapid shift towards digital banking, the bank has partnered with leading technology firms to modernise its IT infrastructure and digital capabilities. This strategic move aims to streamline operations, improve service delivery, and meet the evolving needs of its tech-savvy customers.

One of the key initiatives in AFFIN BANK's digital transformation is the implementation of Affin Mobile Banking platform. This platform enables the bank to offer a seamless and engaging mobile banking experience, allowing customers to perform transactions, access financial services, and manage their accounts with ease. By leveraging advanced technologies, AFFIN BANK aims to provide a more personalised and efficient banking experience.

In addition to enhancing customer-facing services, AFFIN BANK has also focused on strengthening its internal IT operations. The bank has transitioned from outsourcing its IT operations to building a robust internal IT team. This shift allows AFFIN BANK to have greater control over its hybrid datacenter infrastructure (i.e. on-premises and cloud), ensuring better security, reliability, and compliance with regulatory requirements. The insourcing of IT operations is a critical step in the bank's journey towards becoming a fully digital bank.

AFFIN BANK's commitment to digital transformation is also evident in its efforts to comply with the Central Bank of Malaysia's Risk Management in Technology (RMiT) regulations. By modernising its data centers and adopting multicloud technology, the bank aims to minimise downtime, enhance business continuity, and improve operational agility. These measures are essential for maintaining the trust and confidence of its customers in a rapidly changing digital landscape.

Overall, AFFIN BANK's integration of digital technology is a testament to its forward-looking approach and dedication to innovation. By embracing digital agility and leveraging cutting-edge technologies, the bank is well-positioned to meet the challenges of the future and deliver exceptional value to its customers. As AFFIN BANK continues to evolve, its digital transformation journey will play a pivotal role in shaping the future of banking in Malaysia.

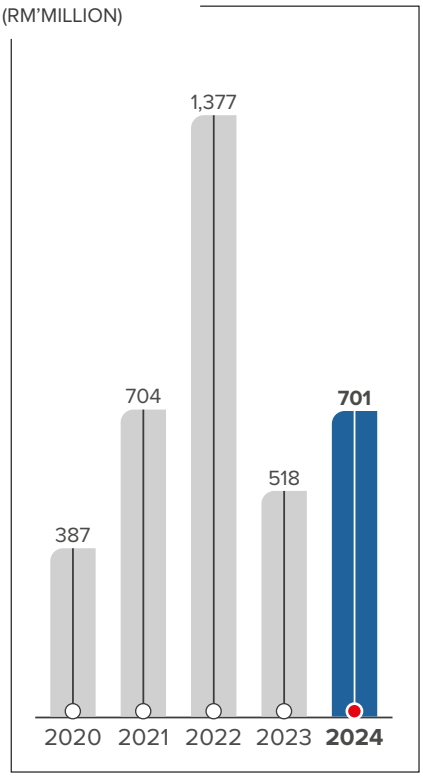
PERFORMANCE REVIEW

5-YEAR FINANCIAL SUMMARY

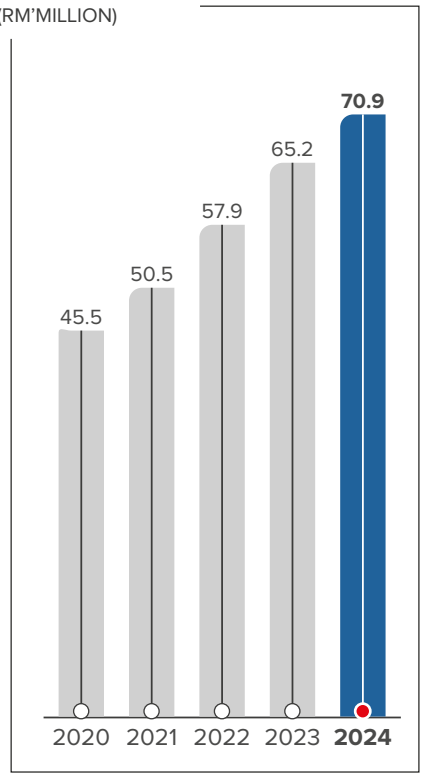
	2020	2021	2022	2023	2024
OPERATING RESULTS					
For the financial year ended 31 December (RM'million)					
Revenue	2,265	2,241	3,297	1,986	**2,170**
Profit before taxation	387	704	1,377	518	**701**
Net profit attributable to the equity holders of the Company	230	527	1,179	402	**510**
KEY BALANCE SHEET DATA					
As at 31 December (RM'million)					
Loans, advances and financing	45,493	50,528	57,932	65,225	**70,892**
Total assets	69,537	78,429	90,121	105,248	**111,842**
Deposits from customers	49,884	58,794	64,995	70,834	**73,744**
Total liabilities	59,899	68,495	79,492	94,139	**100,241**
Commitments and contingencies	36,250	45,197	56,648	87,431	**85,186**
Paid-up capital	4,902	4,969	5,245	5,371	**5,489**
Shareholders' equity attributable to the equity holders of the Company	9,567	9,889	10,629	11,109	**11,601**
FINANCIAL RATIOS					
(%)					
Profitability Ratios	2.44	5.42	11.49	3.70	**4.49**
Net return on average assets	0.33	0.71	1.40	0.41	**0.31**
Net return on average risk-weighted assets	0.49	1.07	2.16	0.65	**0.49**
Cost to income ratio	59.65	60.25	42.99	71.57	**76.88**
Asset Quality Ratios	3.52	2.54	1.97	1.90	**1.94**
Net impaired loans ratio	2.57	1.89	1.27	1.06	**1.26**
Loan loss reserve	98.23	130.23	164.77	143.54	**117.49**
CASA Ratio	22.24	21.03	23.50	26.70	**30.40**
SHARE INFORMATION					
– Per share (sen)					
Earnings – basic	11.43	24.96	54.37	17.42	**21.45**
Earnings – fully diluted	11.03	24.96	54.37	17.31	**21.22**
Gross dividend	3.50	12.50	30.39	5.76	**0.00**
Net assets	4.60	4.66	4.67	4.73	**4.83**
Share price – high	193	184	205	210	**292**
Share price – low	133	162	202	208	**288**
Share price as at 31 December	184	173	203	208	**291**
Market capitalisation (RM'million)	3,827	3,675	4,616	4,881	**6,985**
SHARE VALUATION					
Gross dividend yield (%)	1.90	7.23	14.97	2.77	**5.26**
Dividend payout ratio (%)					
– based on Group's profit after tax	31.60	50.39	57.45	33.61	**72.54**
– based on Company's profit after tax	78.29	68.92	53.29	53.78	**146.18**
Price to earnings multiple (times)	16.10	6.93	3.73	11.98	**13.64**
SEGMENT INFORMATION					
Profit before taxation and zakat by activity (RM'million)					
Commercial banking	195	647	1,511	583	**648**
Investment banking	344	281	1,197	92	**152**
Insurance (net of tax)	41	45	9	36	**55**
Others	(186)	(264)	(1,335)	(189)	**(147)**
	394	710	1,382	522	**708**

5-YEAR FINANCIAL HIGHLIGHTS

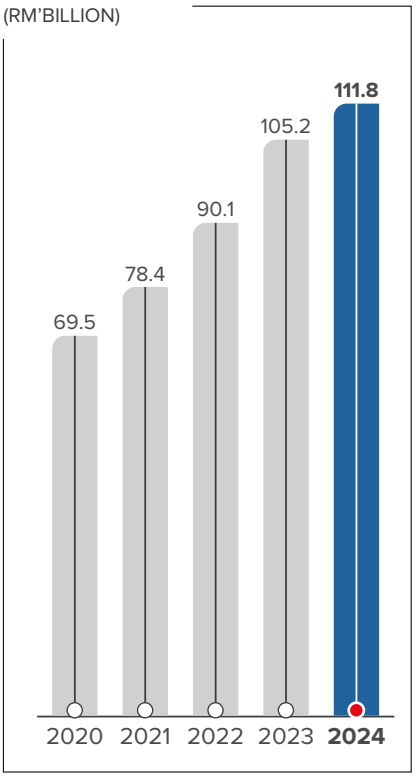
PROFIT BEFORE TAXATION
(RM'MILLION)



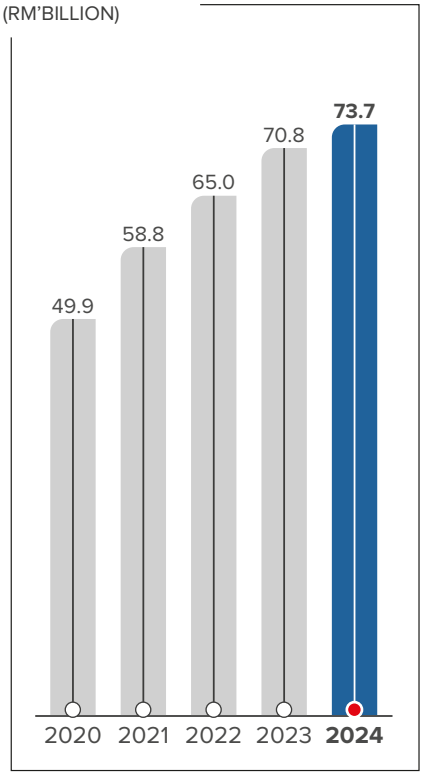
LOANS, ADVANCES AND FINANCING
(RM'MILLION)



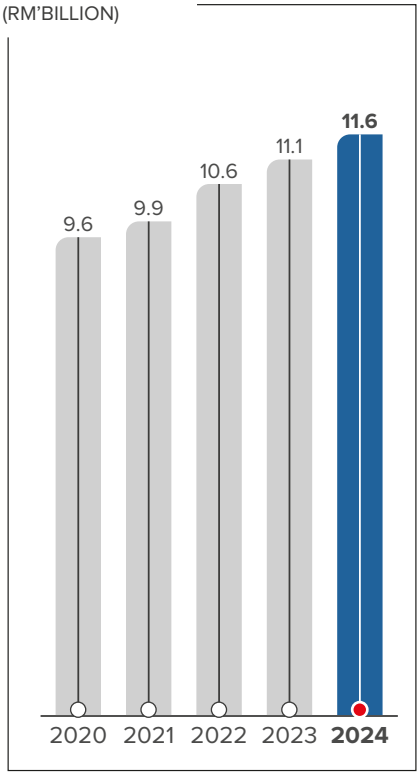
TOTAL ASSETS
(RM'BILLION)



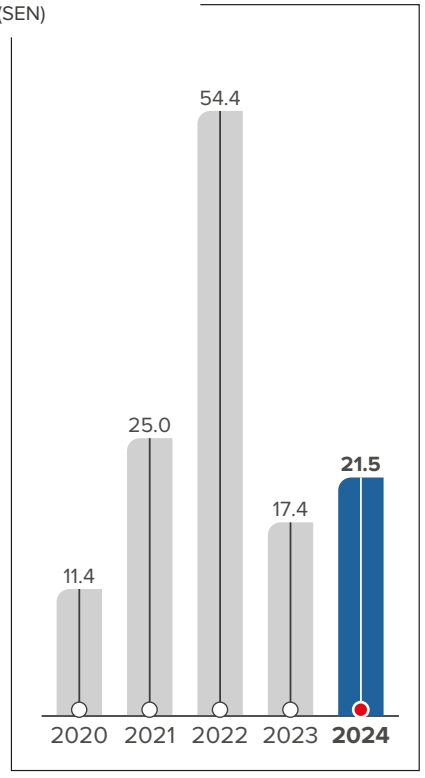
DEPOSITS FROM CUSTOMERS
(RM'BILLION)



SHAREHOLDERS' EQUITY
(RM'BILLION)



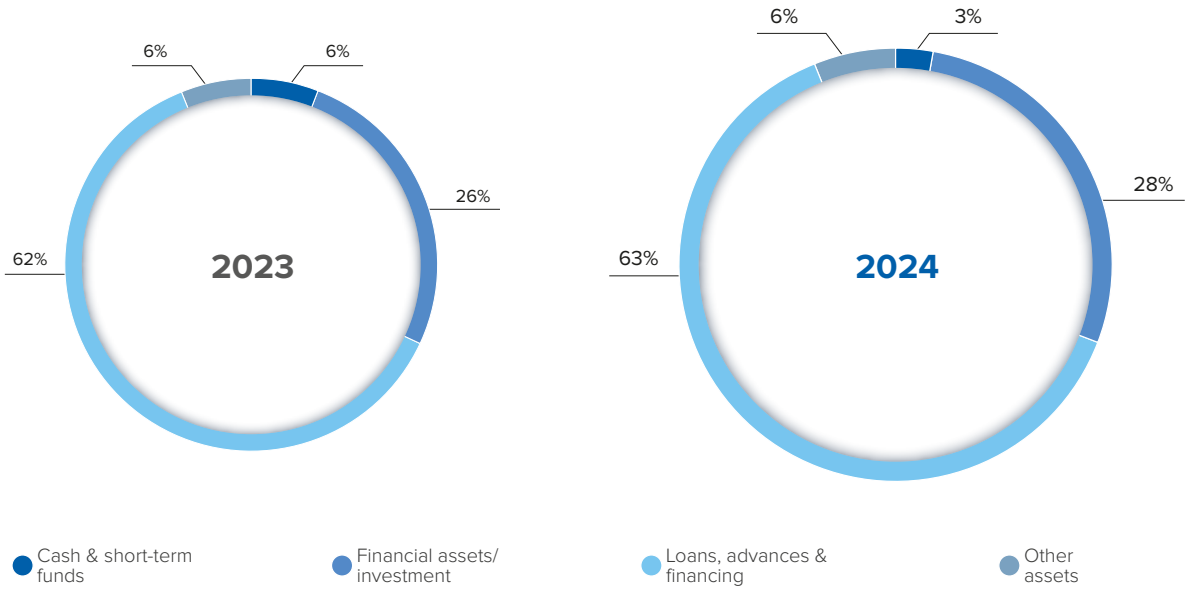
EARNING PER SHARE (EPS)
(SEN)



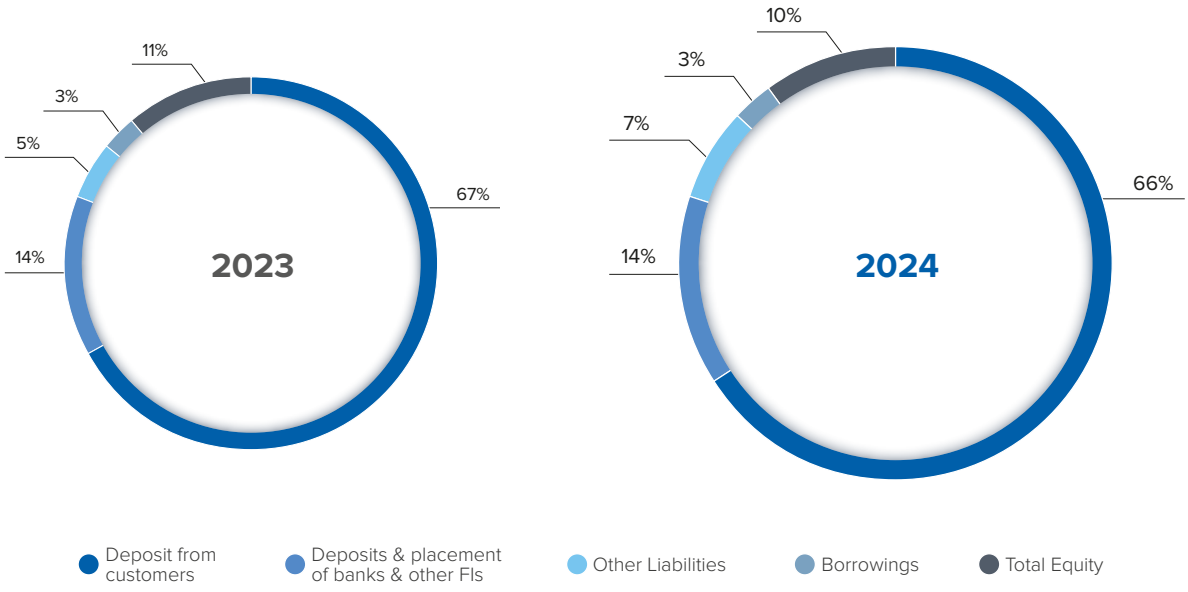
PERFORMANCE REVIEW

SIMPLIFIED STATEMENTS OF FINANCIAL POSITION

TOTAL ASSETS

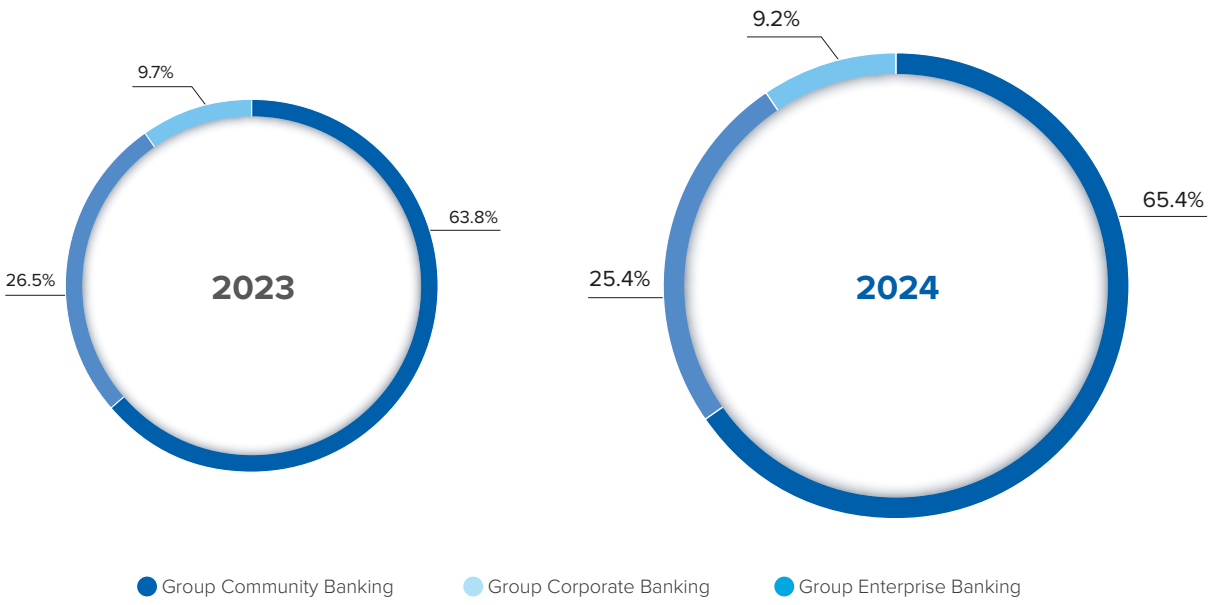


TOTAL LIABILITIES & SHAREHOLDERS FUNDS

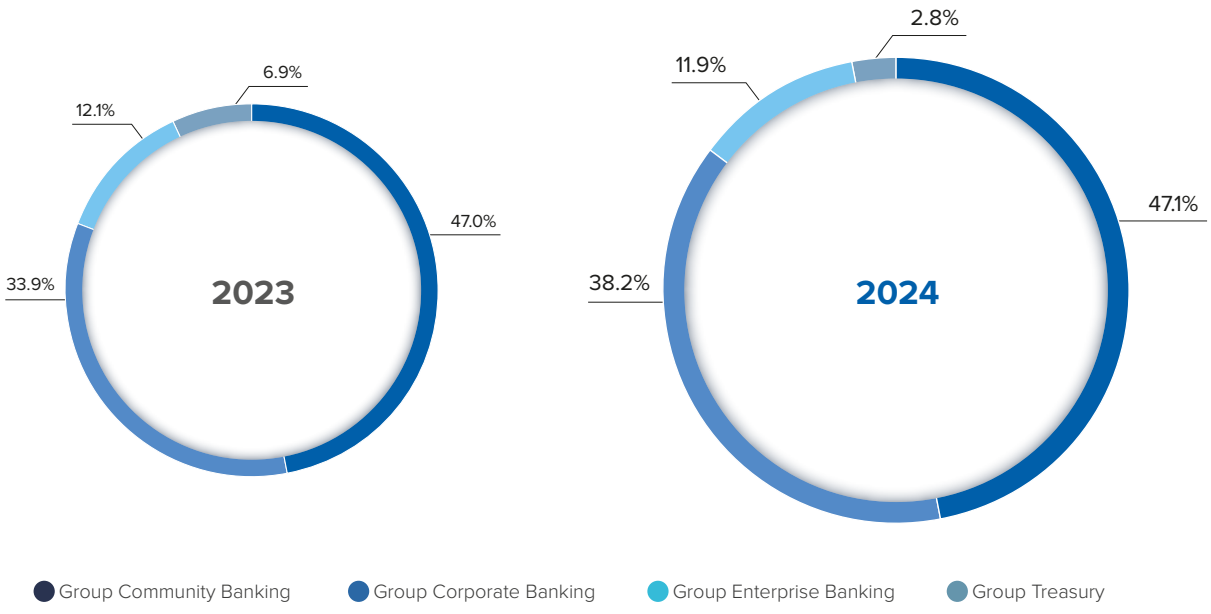


BUSINESS UNIT ANALYSIS

GROSS LOANS, ADVANCES & FINANCING



DEPOSIT FROM CUSTOMERS

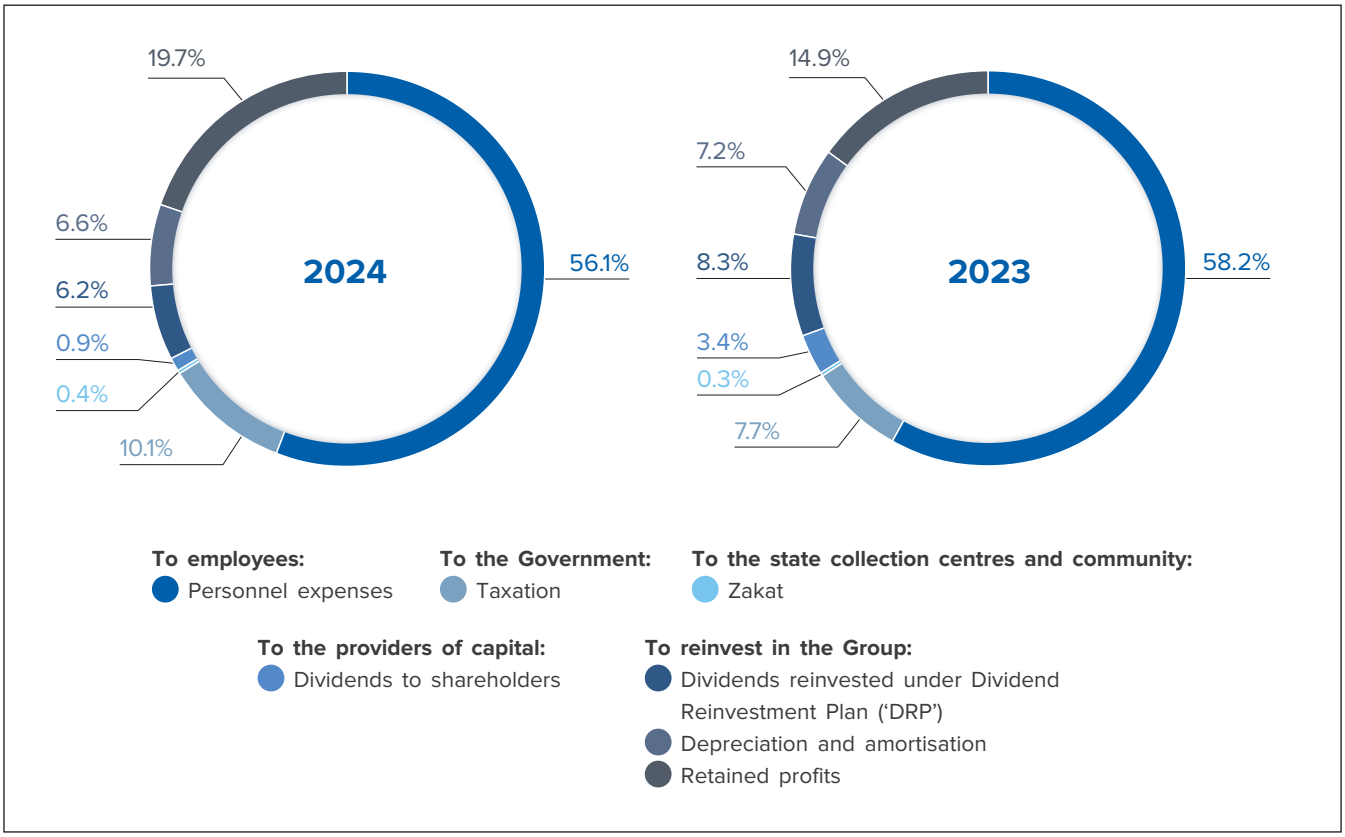


PERFORMANCE REVIEW

STATEMENT OF VALUE ADDED AND DISTRIBUTION

	2024 RM million	2023 RM million
VALUE ADDED		
Net interest income	826.4	782.9
Income from Islamic banking business	691.1	595.6
Other operating income	652.2	607.3
Share of results of associates	54.7	36.5
Other operating expenses excluding personnel expenses, depreciation and amortisation	(476.9)	(427.9)
Write-back of/(allowances for) credit impairment losses	170.2	(75.0)
Allowances for impairment losses on other assets	(18.8)	(3.2)
Value added available for distribution	**1,898.9**	**1,516.2**

DISTRIBUTION OF VALUE ADDED



GROUP QUARTERLY PERFORMANCE

	2024			
RM'000	**Q1**	**Q2**	**Q3**	**Q4**
Revenue	504.5	494.8	612.8	557.7
Net interest income	193.7	192.4	214.6	225.7
Income from Islamic banking operation	168.3	160.8	169.0	193.1
Net non-interest income	142.6	141.6	229.2	138.9
Other operating expenses	(378.9)	(367.8)	(455.9)	(465.5)
Profit before taxation	144.0	149.0	201.6	206.3
Taxation	(33.8)	(30.4)	(55.8)	(71.3)
Profit after taxation	110.2	118.6	145.8	135.1
Net profit attributable to equity holders of the Company	110.2	118.6	145.8	135.1

	2023			
RM'000	**Q1**	**Q2**	**Q3**	**Q4**
Revenue	494.3	504.9	500.4	486.2
Net interest income	233.6	202.5	169.4	177.3
Income from Islamic banking operation	154.1	145.3	144.9	151.4
Net non-interest income	106.6	157.0	186.1	157.6
Other operating expenses	(330.0)	(316.4)	(374.3)	(400.4)
Profit before taxation	196.3	149.3	104.1	68.5
Taxation	(47.4)	(36.1)	(3.6)	(29.0)
Profit after taxation	149.0	113.2	100.5	39.5
Net profit attributable to equity holders of the Company	149.0	113.2	100.5	39.5

PERFORMANCE REVIEW

KEY INTEREST-EARNING ASSETS AND INTEREST-BEARING LIABILITIES

	2024			2023		
	Balance as at 31 December RM million	Average rate %	Interest income/ expense RM million	Balance as at 31 December RM million	Average rate %	Interest income/ expense RM million
INTEREST-EARNING ASSETS						
Cash, short-term funds, deposits and placements with banks and other financial institutions	3,155.1	3.69	168.6	6,483.0	3.17	167.6
Total securities [1]	31,153.2	3.28	1,034.9	27,239.4	3.00	772.0
Loans, advances and financing	70,892.1	5.17	3,496.7	65,225.0	5.16	3,158.0
INTEREST-BEARING LIABILITIES						
Total deposits [2]	83,119.5	3.35	2,782.7	79,885.2	3.33	2,446.3
Obligation on securities sold under repurchase agreements	5,567.4	3.85	197.6	4,917.9	3.45	139.0
Recourse obligation on loans/financing sold to Cagamas Berhad	5,128.0	3.98	162.8	3,974.5	3.63	106.5
Borrowings and Sukuk	3,764.9	4.65	167.1	3,304.4	4.71	136.4

Notes:

[1] Total securities include financial assets at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised cost.

[2] Total deposits include deposits from customers, investment accounts of customers, deposits and placements of banks and other financial institutions.

CAPITAL MANAGEMENT

OUR APPROACH TO CAPITAL MANAGEMENT AND PLANNING

AFFIN Group's capital management strategy is anchored on three key objectives to ensure resilient and sustainable business growth:

- Ensuring compliance with regulatory capital requirements at all times.
- Aligning capital levels with the Group's risk appetite and strategic business plans.
- Maintaining an appropriate balance between optimising returns for shareholders and prudent capital management practices.

Our capital management approach is underpinned by AFFIN Group's Internal Capital Adequacy Assessment Process (ICAAP), through which we assess projected capital supply and demand in relation to regulatory requirements and capital targets. This involves a comprehensive identification and assessment of all material risks, as well as evaluation of the adequacy of capital to support the Group's business operations, under both normal and stressed conditions. Rigorously evaluating these factors ensures robust and strategically aligned capital management practices.

Our annual Capital Plan, updated and approved by the Board at the beginning of each financial year, is crucial to our strategy. The plan focuses on maintaining healthy capital ratios over a three-year period, taking into consideration the expected business plans, risk profiles and liquidity needs to ensure holistic planning.

The Group Capital Management Committee is responsible for managing and overseeing the capital position of the Group and its banking subsidiaries. Their objectives include ensuring adequate capital levels, optimising the return on capital usage at both the entity and business line levels and guiding the capital structure and allocation. Various risk-weighted asset (RWA) optimisation initiatives are carried out throughout the year to ensure sufficient capital for higher risk-adjusted return uses and ensure effective capital deployment.

The table below presents the capital ratios (without transitional arrangements) of the Group and its banking subsidiaries as of 31 December 2024:

	AFFIN Group	ABB	AIBB	AHIBB
As at 31 December 2024				
CET I capital ratio	13.217%	12.145%	11.732%	35.273%
Tier I capital ratio	14.635%	13.272%	13.801%	35.273%
Total capital ratio	17.063%	15.258%	17.046%	35.944%
As at 31 December 2023				
CET I capital ratio	13.760%	12.651%	12.076%	36.394%
Tier I capital ratio	15.288%	13.833%	14.443%	36.394%
Total capital ratio	17.954%	16.167%	17.985%	37.054%

As announced on 25 February 2025, ABB's Board proposed a bonus issue of 1 new ordinary share for every 18 existing ordinary shares held in ABB on an entitlement date to be announced, subject to approval of ABB's shareholders at the forthcoming AGM. This bonus issue aims to reward the shareholders for their loyalty and continuous support to the Group by increasing their equity participation in the Company, while still conserving capital and enhancing the long-term value of investment in ABB's shares.

PERFORMANCE REVIEW

BALANCE SHEET MANAGEMENT

The Balance Sheet Management (BSM) Department plays a critical strategic role in supporting the Group Asset Liability Management Committee by identifying, managing, and mitigating interest rate and liquidity risks. This is crucial for the success of Affin Bank and Affin Islamic Bank's transformation journey, as it ensures successful execution of business strategy.

The Group continues to adopt a robust and forward-looking approach to balance sheet management, aligned with our transformation journey towards the future of banking. Our focus remains on optimising the balance sheet mix to drive sustainable growth in net interest income (NII) and net interest margin (NIM) while maintaining financial stability. Our key priority is guiding our structural funding to ensure the Bank is able to navigate the dynamic financial landscape with resilience in pursuit of our long-term growth.

BSM employs strategic management tools, including Funds Transfer Pricing (FTP) and Funding Plans, to guide the Bank towards an optimal funding profile while ensuring compliance with regulatory requirements such as the Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR). FTP pricing is continuously reviewed to ensure it accurately reflects prevailing market funding costs. Additionally, BSM is consistently exploring new solutions to enhance balance sheet management. Additionally, regular engagement with the front office ensures a real-time understanding of market conditions, enabling informed and agile decision-making.

To strengthen our balance sheet management framework in preparation for the future of banking, BSM embarked on a three-year transformation programme in 2022, investing in cutting-edge solutions to enhance the Bank's asset-liability management capabilities. The benefits will continue to be realised in phases over the next three-years, including improved automation for higher efficiency, increased data granularity for more insightful decision-making and new forecasting frontiers for better strategic planning.

In 2025, we will implement the core analytics solutions, with further developments coming online progressively to further enhance our analytics capabilities. These include new and transformative applications such as interactive data visualisation, statistical portfolio analysis and iterative simulation methods.

The development of an integrated balance sheet management platform will provide enhanced visibility into the interactions between profitability, interest rate risk, and liquidity risk measures and their impacts, ensuring the Bank remains well-positioned to respond to market shifts with speed and agility.

Through this structured and forward-thinking approach, AFFIN BANK and Affin Islamic Bank continue to strengthen financial resilience while driving sustainable growth, in line with our commitment to excellence in banking amidst the ever more challenging banking environment of the future.

FINANCIAL CALENDAR

2024

29 February 2024

4th Quarter Results

Announcement of the unaudited consolidated financial results for the fourth quarter and financial year ended 31 December 2023.

26 March 2024

Notice of 48th Annual General Meeting of Affin Bank Berhad.

25 April 2024

AGM

The Board of Directors of Affin Bank Berhad (the Company) wishes to announce that all the resolutions set out in the Notice of the 48th Annual General Meeting (AGM) of the Company dated 26 March 2024 were duly passed by the shareholders of the Company at the 48th AGM held on 25 April 2024.

25 April 2024

Single-tier final dividend in respect of the financial year ended 31 December 2023 of 5.76 sen per ordinary share of Affin Bank Berhad.

15 May 2024

Affin Bank Berhad dividend reinvestment plan applicable to the final dividend in respect of the financial year ended 31 December 2023.

21 May 2024

1st Quarter Results

Announcement of the unaudited consolidated financial results for the first quarter and financial year ended 31 March 2024.

23 August 2024

2nd Quarter Results

Announcement of the unaudited consolidated financial results for the second quarter and financial year ended 30 June 2024.

27 September 2024

Execution of sale and purchase agreement between LTAT, BHB and Sarawak Government for the Divestment of approximately 26% equity interest in AFFIN BANK.

22 November 2024

3rd Quarter Results

Announcement of the unaudited consolidated financial results for the third quarter and financial year ended 30 September 2024.

27 November 2024

Completion of Share Transfer between LTAT, BHB and Sarawak Government for the Divestment of approximately 26% equity interest in AFFIN Bank.

25 February 2025

4th Quarter Results

Announcement of the unaudited consolidated financial results for the fourth quarter and financial year ended 31 December 2024.

Final Dividend	Ex Date :	Entitlement Date :	Payment Date :
MYR 0.0576	10 May 2024	13 May 2024	12 June 2024

2025

TENTATIVE DATES

1Q 2025	30 May 2025
2Q 2025	29 August 2025
3Q 2025	28 November 2025
4Q 2025	27 February 2026

PERFORMANCE REVIEW

INVESTOR RELATIONS

At AFFIN Group, we are deeply committed to transparency, ensuring that timely and accurate latest financial and operational data are readily accessible to the investment community. We recognise that open and continuous engagement with stakeholders is essential to building trust, strengthening relationships, and fostering a deeper understanding of our vision and performance.

To maintain strong communication with institutional investors, financial analysts, fund managers, and credit rating agency, we have a dedicated Investor Relations (IR) team that proactively manages interactions and ensures seamless information flow.

Our engagement strategies include one-on-one and group meetings, investor conferences, roadshows, conference calls, emails, and our corporate website. Additionally, following the release of financial results on Bursa Malaysia, we conduct in-depth presentations and conference calls to provide further insights and clarity.

To maximise transparency, we leverage multiple public communication platforms, including stock exchange news services, corporate press releases, and our company website, which serves as a central hub for the latest and historical financial reports, company announcements, and other relevant disclosures.

In 2024, we expanded our investor engagement efforts through targeted roadshows in Singapore and Hong Kong and actively participated in key investment conferences across Malaysia, Singapore, and Indonesia. These initiatives reaffirm our commitment to keeping investors informed and engaged as we drive sustainable growth and long-term value creation.

Our share price in 2024 closed higher than the previous year and outperformed the KLCI and KLFIN indices, while our 1-year Total Shareholder Returns (TSR) improved.

TOTAL SHAREHOLDER RETURN

TSR (%)	2020	2021	2022	2023	2024
AFFIN BANK	1.75	-3.56	37.71	7.39	**43.13**
KLCI	9.66	1.88	0.53	2.82	**17.71**
KLFIN	8.31	4.47	0.76	-0.19	**24.23**

Source: Bloomberg

TOTAL SHAREHOLDERS AS AT 31 DECEMBER

2024	**25,084**
2023	23,030
2022	21,862
2021	18,422
2020	18,447

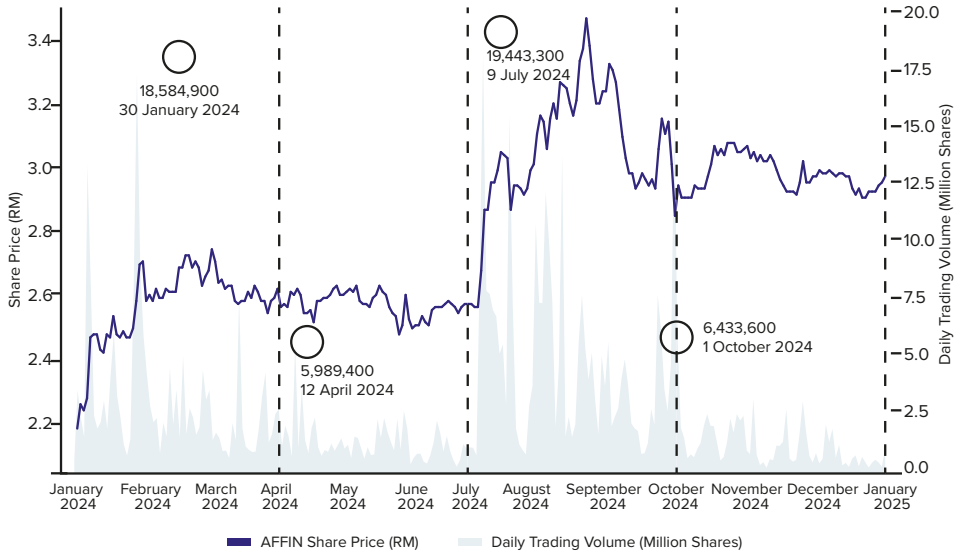
SHARE PRICE PERFORMANCE

Affin Bank Share Price Movements (1 January 2024 - 31 December 2024)

Opening Price (1 January 2024)	RM2.08
Closing Price (31 December 2024)	RM2.91
Highest Price	RM3.43
Lowest Price	RM2.38

AFFIN SHARE PRICE AND VOLUME PERFORMANCE

SHARE PRICE GRAPHS BY QUARTER



1Q

High	RM2.70	30 Jan 2024
Low	RM2.08	1 Jan 2024
Close	RM2.50	29 Mar 2024

2Q

High	RM2.58	12 Apr 2024
Low	RM2.38	31 May 2024
Close	RM2.49	28 Jun 2024

3Q

High	RM3.43	21 Aug 2024
Low	RM2.48	1 Jul 2024
Close	RM2.78	30 Sep 2024

4Q

High	RM3.03	23 Oct 2024
Low	RM2.79	1 Oct 2024
Close	RM2.91	31 Dec 2024

ANNUAL GENERAL MEETING (AGM)

The AGM is a statutory requirement under the Companies Act 2016 which provides platform for shareholders to interact and engage with the Board & Management of AFFIN vide face-to-face as well as online to discuss the business performance and governance aspects of the Bank. The AGM provided an avenue for shareholders to seek clarification and gain a deeper understanding of the Group's financial performance as well as corporate strategies.

YEAR	AGM	DATE	MODE
2020	44th	22 July 2020	Virtual
2021	45th	2 June 2021	Virtual
2022	46th	25 May 2022	Virtual
2023	47th	25 May 2023	Virtual
2024	48th	25 April 2024	Hybrid

The Board encourages shareholders to attend the AGM, notice of which appears in this Integrated Report, where shareholders have the opportunity to put questions to the Board, management and chairs of the various committees.

The Bank convened its 48th AGM on Thursday, 25 April 2024 at the Royale Chulan Hotel, Kuala Lumpur. It was the first hybrid AGM for the Bank i.e. combination of physical and virtual participation by the shareholders. The past four (4) years since the pandemic started in year 2020, the AGM of the Bank was held virtually. The last physical AGM was held in year 2019.

Chairman, Dato' Agil Natt and President & Group CEO, Datuk Wan Razly Abdullah responded to the questions posed by the shareholders. The duration of the AGM was 4 hours from 10.00 am to 2.00 pm. All the 11 resolutions tabled pursuant to the Notice of 48th AGM dated 27 March 2024 were carried. The minutes of the AGM are available on the corporate website https://affin.listedcompany.com/agm_egm.html.

ENGAGEMENTS WITH KEY FINANCIAL AUDIENCES

Throughout 2024, the Bank actively engaged with key financial audiences, including investors, institutional shareholders, financial analysts, fund managers, and credit rating agency. These engagements were pivotal in fostering transparency, building investor confidence, and ensuring stakeholders remained well-informed about our financial performance and strategic direction.

Below is a summary of our key engagement initiatives:

FINANCIAL RESULTS ANNOUNCEMENTS & ANALYST BRIEFINGS

DATE	FINANCIAL RESULTS	NUMBER OF ATTENDEES (FUND MANAGERS/ANALYST)
29 Feb 2024	FY2023	68
21 May 2024	1Q2024	60
23 August 2024	1H2024	60
22 November 2024	3Q2024	65
25 February 2025	FY2024	68

All the briefings were conducted virtually

INVESTOR MEETINGS, CONFERENCES & ROADSHOWS

DATE	INVESTOR MEETINGS, CONFERENCES & ROADSHOWS
22 January 2024	Investor Meeting organised by CGS International
16 April 2024	CGS-Daiwa Non-Deal Roadshow in Hong Kong
3 June 2024	Nomura Investment Forum Asia 2024 in Singapore
11 June 2024	Maybank Invest ASEAN 2024
13 June 2024	CITIC-CLSA 20th ASEAN Forum in Jakarta, Indonesia
14 October 2024	Investor Meeting organised by Hong Leong IB
22 October 2024	Investor Meeting organised by RHB IB
6 November 2024	Daiwa Non-Deal Roadshow in Singapore

PERFORMANCE REVIEW

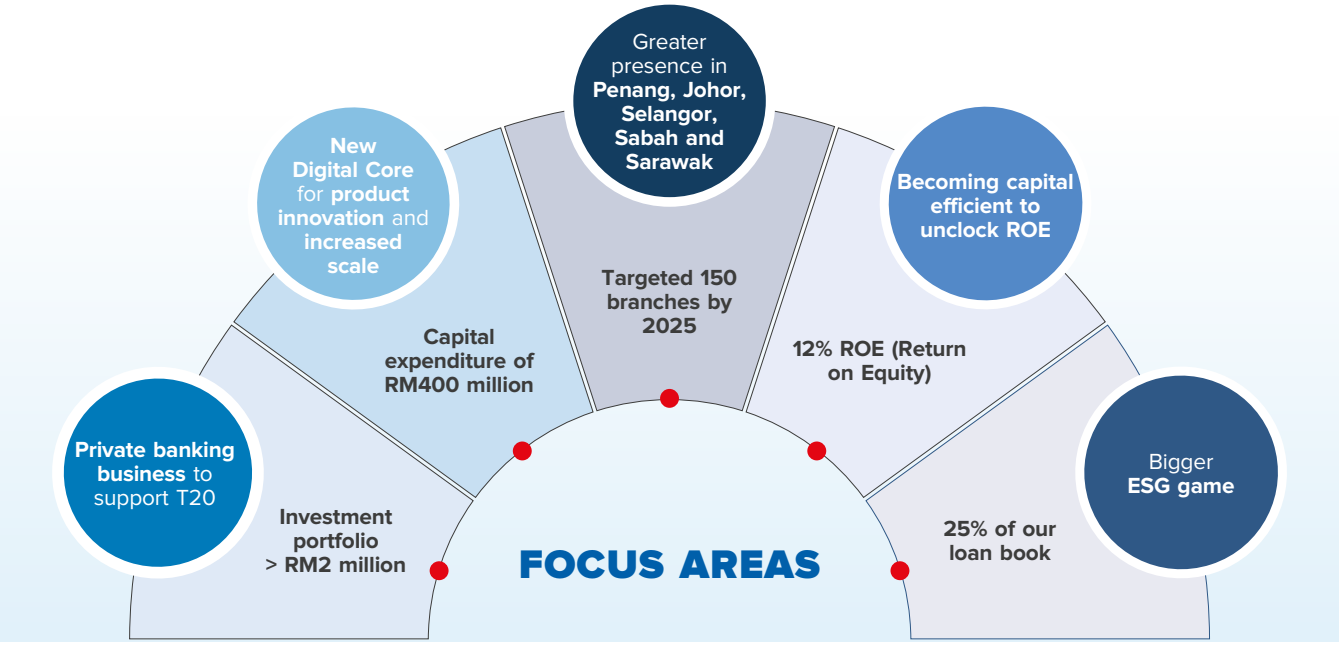
INVESTOR RELATIONS

ANALYST COVERAGE LIST

1. Apex Securities
2. CGS Securities
3. CIMB Securities
4. Hong Leong Investment Bank
5. Kenanga Investment Bank
6. MIDF Securities
7. Nomura Securities
8. Phillip Capital
9. RHB Research
10. Sadif Research
11. TA Securities
12. UOB Kay Hian

CREDIT RATINGS

Rating Agency	Rating Classification	Rating Accorded	Outlook
Affin Bank Berhad			
RAM Ratings Services Berhad	Financial Institution Ratings: • Long term Financial Institution Rating • Short term Financial Institution Rating	Long term – AA3 Short term – P1	Stable
	RM500 mil Additional Tier-1 Capital Securities Programme	A3	
Affin Islamic Bank Berhad			
RAM Ratings Services Berhad	Financial Institution Ratings: • Long term Financial Institution Rating • Short term Financial Institution Rating	Long term – AA3 Short term – P1	Stable
	RM500 mil Tier-2 Sukuk Murabahah Programme	A3	
	RM500 mil Additional Tier-1 Capital Sukuk Wakalah Programme	A1	
Affin Hwang Investment Bank Berhad			
RAM Ratings Services Berhad	Financial Institution Ratings: • Long term Financial Institution Rating • Short term Financial Institution Rating	Long term – AA3 Short term – P1	Stable



MEDIA COVERAGE

In 2024, AFFIN Group maintained a strong media presence, showcasing its leadership in banking.

4,272 media articles showcasing AFFIN's influence and leadership.

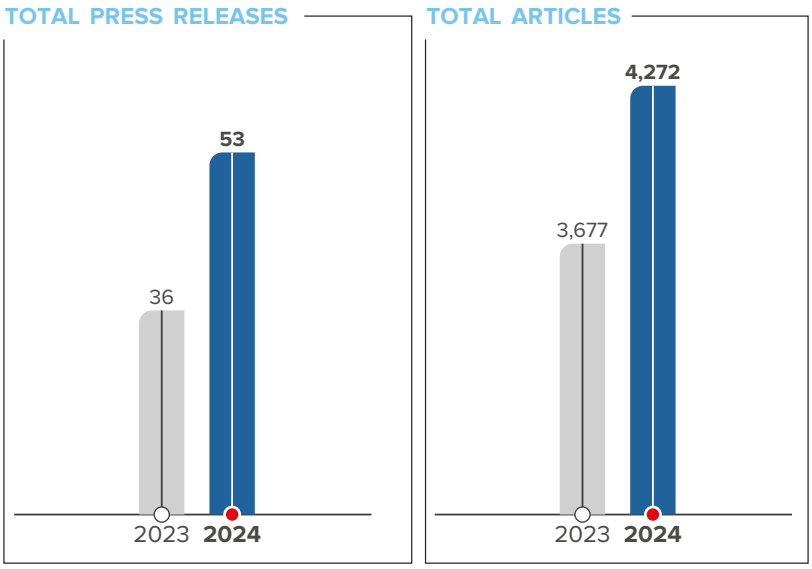
53 press releases announcing key milestones and initiatives.

September highest coverage

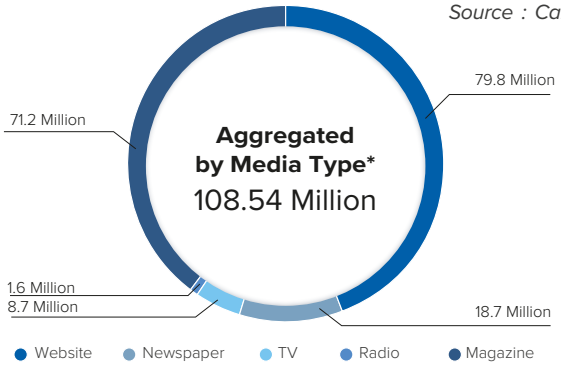
11 media engagements enhancing the Group's industry presence.

Four publications highlighting thought leadership and innovation.

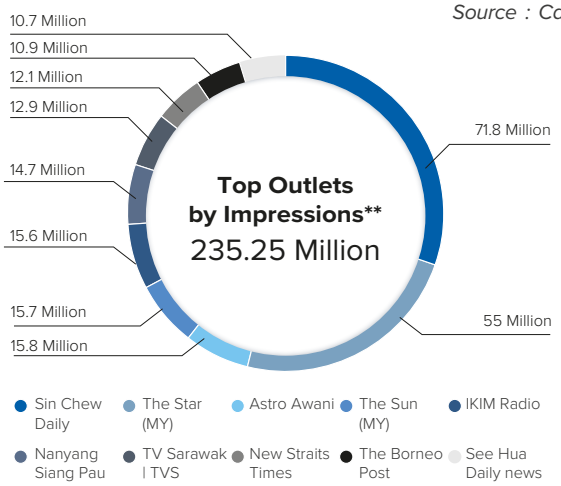
Three crisis simulations strengthening resilience and risk management.



Source : Carma Insight



Source : Carma Insight



Source : Carma Insight

The month September 2024 marked the highest media coverage for AFFIN Group, a testament to its relentless pursuit of excellence and strategic engagement with stakeholders. This momentum reflects the Group's commitment to driving sustainable growth while remaining agile in a competitive landscape.

* *The image presents a breakdown of media coverage totaling 108.54 million, with website (79.8M), newspaper (18.7M), TV (8.4M), radio (1.6M) and magazines (71.2K).*

** *The image presents a breakdown of top media outlets by impressions, totaling 235.25 million. Leading sources include Sin Chew Daily (71.8M), The Star (55M), Astro Awani (15.8M), The Sun (15.7M), TVS (12.9M) and various newspapers and radio stations.*

BUSINESS REVIEW

AFFIN ISLAMIC BANK BERHAD



DATO' PADUKA SYED MASHAFUDDIN SYED BADARUDIN JAMALULLAIL
Chief Executive Officer
Affin Islamic Bank Berhad

AFFIN ISLAMIC remains committed to advancing innovation of Shariah-compliant financial products and solutions. Our diverse portfolio includes products based on Musharakah Mutanaqisah, Mudarabah, Istisna', Ijarah, Tawarruq, and Murabahah principles, strengthening our market position in Islamic banking.

In 2024, we achieved a key milestone with the launch of our Term Investment Account-i (TIA-i), providing customers with an innovative, flexible, and ethical investment option. As we navigate an evolving market, our focus on sustainability and ethical finance continues to drive our growth and success.

WHO WE ARE AND WHAT WE DO

AFFIN Islamic Bank Berhad (AFFIN ISLAMIC) is a wholly owned subsidiary of the AFFIN Group. It operates independently as a full-fledged Islamic bank, providing a comprehensive suite of Shariah-compliant financial solutions tailored for SMEs, institutional clients, corporate entities, and retail customers. Since our inception in 2006, AFFIN ISLAMIC has been one of the pioneers in Islamic banking, offering competitive products structured around key Shariah principles.

Our diverse portfolio of Shariah-compliant financial products demonstrates our dedication to delivering comprehensive banking solutions. We offer specialised financial services, savings and investment options, and a range of products designed for various segments.

BUSINESS UPDATES

A key milestone this year was the introduction of the Term Investment Account-i (TIA-i), a product that offers customers a flexible investment option. As the Halal economy grows in Malaysia, and is recognised for its leadership in Islamic finance and Halal products. TIA-i aligns with the increasing demand for principled investment solutions. This product supports the aspirations of the Bank's customer base and caters to the broader market's interest in Shariah-compliant investment options.

As Malaysia continues to emphasise Environmental, Social, and Governance (ESG) criteria in its development agenda, the Bank's sustainability initiatives have resonated with customers and investors, enhancing its reputation as a socially responsible institution. AFFIN Islamic's commitment to sustainable banking was recognised in 2024 with various awards and accolades for promoting principled finance, responsible banking, and social impact.

AFFIN Islamic's Commitment in supporting ESG and VBI agenda demonstrated through the following initiatives:

Renewable Energy Financing
AFFIN BizSolar-i and AFFIN Solar Financing-i programs are designed to facilitate the shift of both corporate and retail customers towards renewable energy. These programs provide financing for the acquisition and installation of solar photovoltaic (PV) systems on residential and commercial premises, without the need for property as collateral, aligning with the objectives of the 12th Malaysia Plan.

Education Financing-i
In 2024, more than RM140 million was dedicated to the education sector. The AFFIN Education Financing-i is a Shariah-compliant financial plan tailored for eligible students pursuing education at selected universities or colleges approved by the Bank.

AFFIN Islamic Empowers National Warriors with AFFIN BizWira-i Financing
AFFIN Islamic proudly introduces AFFIN BizWira-i, a transformative Tawarruq term financing solution designed to empower Malaysian Armed Forces Veterans (MAF Veterans) on their entrepreneurial journeys. This innovative program recognises the valuable contributions of our veterans and fosters their continued success by providing crucial working capital financing to viable start-up businesses.

Eligibility for the AFFIN BizWira-i Financing is streamlined for qualified MAF Veterans, defined as active cardholders of the Malaysian Armed Forces Veteran Card (VC) issued under the Veteran Act 2012.

This program exemplifies AFFIN Islamic's commitment to supporting military veterans, aligning with both Maqasid Shariah and the 12th Malaysia Plan's focus on improved well-being for armed forces veterans.

AFFIN Islamic Empowers Financial Independence for Low-Income Asnaf Through iTEKAD

AFFIN Islamic takes pride in its active participation in the transformative iTEKAD program, a national initiative by Bank Negara Malaysia. This program empowers low-income microentrepreneurs, particularly Asnaf (deserving recipients of zakat), to achieve financial independence and build thriving businesses.

iTEKAD: A Holistic Approach to Empowerment and offers a unique combination of support:
- Seed Capital: Providing essential capital to jumpstart businesses.
- Financial and Business Training: Equipping participants with the knowledge and skills for success.
- Microfinance: Financing essential assets through social finance instruments, ensuring sustainability.

Empowering Military Veterans with iTEKAD Perwira-i
In collaboration with MyREF, AFFIN Islamic extends this empowerment to veterans through the iTEKAD Perwira-i program. This initiative provides:

- Seed Capital: A launching pad for their entrepreneurial journeys.
- Microfinancing Access: Removing financial barriers to growth.
- Structured Training: Building a strong foundation for success.

This program stands as a testament to the Bank's unwavering commitment to supporting asnaf veterans. It adheres to Shariah principles and aligns seamlessly with the 12th Malaysia Plan's goal of enhancing veterans' well-being. Through this initiative, the Bank upholds its social responsibilities and significantly contributes to the broader national agenda of improving the quality life for veterans.

Equipping for Success: Business Skills and Financial Literacy
AFFIN Islamic, alongside esteemed partners, goes beyond financial support. We offer business skills training and financial literacy workshops, equipping iTEKAD participants with the knowledge and tools to:

- Manage finances effectively.
- Make sound business decisions.
- Operate efficiently and sustainably.

By fostering financial independence and entrepreneurial spirit, AFFIN Islamic empowers Asnaf communities and contributes to a more inclusive and prosperous Malaysia.

STRATEGIC BUSINESS PERFORMANCE REVIEW

Strategic Objectives	Focus Areas	Execution Strategies
Unrivalled Customer Service	Product innovation and service excellence.	• **Expand Halal Market Presence** by developing specialised financial solutions tailored to the specific needs of Halal businesses and supply chains. • **Innovative Islamic Wealth Management:** Offer new Shariah-compliant investment products to meet our customers' diverse financial goals. • **Introduced New Term Investment Account-i (TIA-i)** Launched in 2024, providing customers with Shariah-compliant investment options.
Responsible Banking with Impact – ESG Revolution	Driving sustainable growth by integrating ESG principles into banking practices.	• **Supporting Sustainable Development:** Collaborating with religious institutions and community organisations to foster sustainable development. • **Empowering Communities:** Rolled out tailored financial solutions and support such as iTekad, aimed at improving the social and economic status of underserved groups, including the asnaf. • **Enhancing Social Capital:** Social responsibility initiatives reinforce our reputation as a bank that is making a positive impact. • **Strengthening Group Synergy:** Leverage Group synergy to ensure a unified approach to social responsibility and sustainability.

BUSINESS REVIEW

AFFIN ISLAMIC BANK BERHAD

CHALLENGES / OPPORTUNITIES

Challenges

Margin Compression: Rising competition and shifting market conditions may pressure profit margins, affecting overall profitability.

Maintaining Asset Quality: Balancing the pursuit of higher-margin, riskier financing options with the need to ensure optimal asset quality.

Mitigation Action

- **Focus on Higher-Margin Products:** Prioritise financing options such as personal, education, and secured financing that provide higher margins.
- **Expand Customer Base:** Expand into new regions such as Penang, Johor, and East Malaysia, especially Sarawak.
- **Leverage Digital Banking:** Enhance digital capabilities to attract new customers and streamline operations.
- **Manage Costs:** Implement strict cost control measures to safeguard profitability amidst margin compression.
- **Strengthen Credit Risk Management:** High-risk sectors are subject to stricter credit assessment criteria and continuous monitoring.
- **Enhance Underwriting Standards:** Robust credit underwriting and risk management policies are in place.
- **Regular Stress Testing:** Frequent assessment of the bank's resilience to economic shocks, and strategies are adjusted accordingly.
- **Diversify Loan Portfolio:** Spread risk across various sectors to reduce exposure to any single market.

Results

- **Improved Profit Margins:** Improved NPM from 1.33% to 1.37% year-on-year.
- **Increased Market Share:** Increase market share and drive revenue growth.
- **Operational Efficiency:** Digital banking and cost management strategies will reduce operational expenses and enhance fiscal performance.
- **Robust Asset Quality:** AFFIN ISLAMIC's GIF ratio remained at 0.86, below the industry average of 1.
- **Resilience to Economic Shocks:** Regular stress testing and portfolio diversification bolstered the Bank's ability to withstand economic shocks.
- **Sustained Profitability:** Maintaining strong asset quality ensures sustained profitability and stability.

OPPORTUNITIES

Operating under the Triple Banking Model, AFFIN ISLAMIC aims to achieve sustainable growth through innovative financial solutions and quality service, in alignment with the Group's strategic priorities.

Digital transformation is essential for meeting customer expectations and staying competitive. By expanding mobile banking, online account management, and digital payment solutions, we strive to enhance customer experience and operational efficiency, reinforcing the Bank's position as a forward-thinking institution.

As the world moves towards sustainability, green financing is gaining significance. AFFIN ISLAMIC is well-positioned to contribute to this area, aligning with Islamic finance principles while promoting environmental and economic stability.

Recognising SMEs as key economic drivers in Malaysia, we offer tailored, Shariah-compliant financial solutions to support their growth and development.

2024 ACHIEVEMENTS

Key Financial & Business Highlights

- **PBT Growth:** Recorded a 1.8% year-on-year increase in Profit Before Tax (PBT) to RM323.3 million.
- **Total Assets Increase:** Total assets grew by 14.29% to RM45.2 billion, driven by higher gross financing as well as financial assets and investments.
- **Customer Deposits Growth:** Customer deposits expanded by RM3.4 billion, a 13.4% increase from 2023.
- **Stable Asset Quality:** Gross Impaired Financing ratio remained stable at 0.86%.
- **Improved CASA Ratio:** CASA / Total Deposits ratio increased by 1.63% year-on-year, from 32.96% to 35.50%.
- **NPM Growth:** NPM on earning assets increased by 4bps, from 1.33% to 1.37%. year-on-year.

Sustainability and VBI Highlights

- **Established VBI Framework:** Introduced the Value-Based Intermediation (VBI) Framework to align financial practices with sustainability principles.
- **Panel for VBIAF Sectoral Guides:** Contributed as a panellist to review the Renewable Energy & Manufacturing sectoral guides for Cohorts 1 & 2.
- **Agriculture Sectoral Guide Development:** Participated in developing the agriculture sectoral guide for the third cohort of VBIAF sectoral guides.
- **MSU Sustainability Symposium 2024:** Participated as panellist at the symposium, discussing 'Aligning Sustainability with Financial Prosperity.'
- **Melaka International Halal Festival 2024:** Collaborated with industry experts to present on 'The Role of AFFIN ISLAMIC in Community Empowerment' strengthening our commitment to sustainable development.
- **Establishment of AFFIN Double Materiality & Scope 3 Emission Baseline:** Contributed to the working committee on Double Materiality Assessment and Scope 3 Enterprise & Financed Emission Baseline for AFFIN Group.
- **PCAF Subscription:** Subscribed to PCAF for the calculation of financed emissions, enhancing sustainability metrics.

Awards & Recognition

- **ASIAN Experience Awards 2024 – Brand Experience:** Recognised as Malaysia's Fastest Growing Islamic Bank.
- **ASIAN Experience Awards 2024 – Product Experience of the Year:** Awarded for outstanding product experience.
- **The Asset Triple A Islamic Finance Awards 2024:** Named Best Islamic Retail Bank in Malaysia.
- **The Asset Triple A Islamic Finance Awards 2024:** Awarded Best Islamic Syndicated Loan.
- **Best Paper Award at European Journal of Islamic Finance Conference:** Awarded for the paper titled "Enhancing Social Impact Through Ijarah-Based Education Financing" at the 10th Anniversary of the Conference held at Turin, Italy.

OUTLOOK AND PROSPECTS

In 2025, AFFIN ISLAMIC will continue to be a key part of AFFIN Group, focusing on sustainability and value-based banking.

With the Halal economy growing locally and globally, we will keep innovating in Halal finance, developing products for both regional and domestic markets. To strengthen our presence in Halal Market, we will provide tailored solutions for Halal businesses and supply chains, supporting industry growth while adhering to Islamic principles.

Embedding ESG criteria across operations will remain a priority to ensure the long-term sustainability of our businesses and the broader society. This includes offering ESG-aligned financing and emphasising value-based intermediation (VBI) to uphold high standards.

Additionally, we are committed to continue in supporting underserved communities, including the asnaf. Through targeted financial solutions and community empowerment initiatives, we aim to provide them with the tools and resources to improve their quality of life.

Moving forward, AFFIN ISLAMIC will continue building an inclusive and sustainable financial ecosystem, reinforcing our role in value-based banking and Halal Market.

BUSINESS REVIEW

AFFIN HWANG INVESTMENT BANK BERHAD



NURJESMI MOHD NASHIR
Chief Executive Officer
Affin Hwang Investment Bank Berhad

2024 was a year of remarkable achievement and transformation. We not only reinforced our market leadership in Securities but also made significant strides in Investment Banking, climbing the industry ranks with undeniable momentum. Winning sole mandates and being recognised by multiple prestigious awards across our core business pillars, we activated every business engine to deliver our strongest financial performance in a decade.

Amid global uncertainties and digital disruption, we stayed ahead of the curve, providing innovative, client-centric solutions while seamlessly integrating digital advancements. With an exceptional team propelling our success, we enter the future with stronger capabilities, determined to set new industry standards and create lasting value for our clients and stakeholders.

WHO WE ARE AND WHAT WE DO

Affin Hwang Investment Bank Berhad (AHIBB) is a leading investment banking, securities, and trustee group in Malaysia. Established in 1970, we operate from two main offices in Kuala Lumpur and Penang, with a nationwide network of strategically located branch offices. Our business is built on four core pillars: Investment Banking, Securities, Strategic Investments, and Treasury. We deliver comprehensive financial solutions, expertise and insights that businesses, investors and individuals need to navigate dynamic markets.

BUSINESS UPDATES

Against a dynamic financial landscape shaped by market volatility and technological disruption, AHIBB sharpened its focus on 13 strategic growth engines:

1. Equity-Retail
2. Equity-Institutional
3. Structured Warrants
4. Share Margin Financing
5. Proprietary Trading
6. Treasury
7. Corporate Finance
8. Debt Markets
9. Equity Capital Markets
10. Corporate Loans
11. Mergers & Acquisitions
12. Strategic Investments
13. Trustee Services

Our strategy is anchored in sustainable growth, client-centric innovation, and technology-driven efficiency. By prioritising ideation, deeper client engagement, and service excellence, we reinforced our capital markets leadership while expanding market access. Our fee-based model ensured revenue stability, enhanced turnaround times boosted operational efficiency, and our unwavering commitment to regulatory compliance strengthened our foundation.

To further solidify our market positioning and thought leadership, we played a pivotal role in marquee events that shaped industry discourse. From the inaugural Annual Johor Investment Summit in Singapore to the Penang Economic Forum 2024—held in collaboration with Penang Institute, a leading force in regional economic policymaking—we amplified our brand, engaged key stakeholders, and reinforced our influence in capital markets. These platforms enabled us to showcase our expertise, strengthen investor confidence, and contribute to shaping Malaysia's financial ecosystem.

At the core of our strategy lies technological integration. Leveraging AI-driven analytics, automation, and advanced cybersecurity, we have enhanced agility and risk management, positioning AHIBB at the forefront of innovation to navigate disruption and seize emerging opportunities.

STRATEGIC BUSINESS PERFORMANCE REVIEW

Strategic Objectives

To sustain long-term value creation and market leadership, we focused on four key strategic objectives:

- Increase Market & Wallet Share
- Enhance Client Relationships
- Improve Operational Efficiency
- Innovative Financial Products

Focus Areas

- **Client Retention and Acquisition**
  Proactively engaging with existing clients while attracting new investors through tailored financial solutions and market-driven insights.
- **Technological Integration & Improvement**
  Adopting the latest financial technologies, AI-driven analytics, and automation to optimise service delivery.
- **Risk Management**
  Strengthening governance frameworks, compliance, and risk assessment models to ensure sustainable and responsible growth.
- **Talent Development**
  Learning programmes, leadership development, and upskilling initiatives are continuously rolled out.

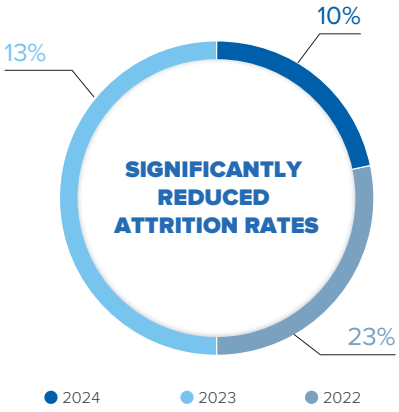
Execution Strategies

- **Identify Emerging Markets & Forming Partnerships**
  Expanding our reach by establishing strategic alliances and tapping into new business opportunities in high-growth sectors.
- **Offer Personalised Financial Solutions**
  Customising investment strategies and banking products to align with the diverse needs of retail, institutional, and corporate clients.
- **Drive operational Excellence**
  Integrating automation, optimising workflows, and conducting regular efficiency audits.
- **Leverage Technologies**
  Upgrading our digital infrastructure to enhance security, scalability, and overall client experience.
- **Continuous Talent Development**
  Fostering a culture of innovation and expertise through targeted training programmes, leadership development, and industry certifications.

BUSINESS REVIEW

AFFIN HWANG INVESTMENT BANK BERHAD

KEY FOCUS AREAS

Focus Area	Actions and Initiatives	Outcomes
Building Culture & Trust	• **29 Breakfast & Tea sessions with the CEO,** providing direct interaction with employees to foster open communication. • **69 Branch visits by the CEO & COO,** demonstrating leadership's commitment to staying connected with teams. • **4 Branch visits by the AHIBB Board of Directors (BOD)** to strengthen engagement with employees and gain insights into branch performance. • **15 Physical Townhalls,** facilitating open conversations on the bank's strategic direction and key initiatives. • **2 Virtual chats with the CEO,** enabling a wider reach for employee engagement.	**Increase in all LENSES Categories:** • 98% Participation Rate (+17% y-o-y) • 78% SMC Leadership (+12% y-o-y) • 60% Communication (+9% y-o-y) • 77% Immediate Management (+5% y-o-y) • 66% Development Opportunities (+6% y-o-y)
Talent Management & Succession Planning	• **Attracting high-performing talents from leading institutions** to bring fresh perspectives and innovative thinking into the bank. • This is vital given that 67% of the division's workforce are aged 40 and above, with an even higher percentage within the securities operations department.	
Capacity Upskilling	• **Appointed change agents** within the organisation, empowering them to drive transformation and create positive impact across departments. • **Arranged focus groups, engagement sessions, and spotlight programmes** to encourage leadership development, knowledge sharing, and team collaboration, including. • Townhall with CEO & Mini Townhall with Head of Division • Employee Career Development • AHIBB Teambuilding • Talent (THIPO) Engagement • Breakfast/Lunch/Hi-tea with CEO • Succession Planning	• Successfully retained and nurtured key staff while attracting top talents to enhance bench strength.
Productivity Enhancement	**Team enhancement** through continuous restructuring and refinement, led by Subject Matter Experts	• **Overall productivity rose** across multiple departments, resulting in 84.3% increase in PBT, from RM44.6 million in 2023 to RM82.2 million in 2024. • **An increase in brokerage productivity**, driven by streamlined processes, improved systems, and a focus on client service excellence.
Strategic Positioning	• **Extended branding and marketing activities** which helped increase brand visibility and market presence.	Co-organised the • Penang Economic Forum 2024 • State of the Nation: Spotlight on Johor • Annual Johor Investment Summit • Affin Market Outlook

	• **Participated in key Investor Conferences & Client Appreciation events** to strengthen relationships with institutional investors and key stakeholders.	• **O&G Conference** • **Sarawak Conference** • **Plantation and Commodities Investor Day** • **Hosted the Annual AFFIN ESG Conference**
	• Expanded our **branch network** to enhance our service footprint across the country.	• **Added 17 locations nationwide, including 11 Triple Banking Branches** • **Target to have 24 branches by 2025,** 23 of which will be Triple Banking branches
Technology Adoption	• **Developed new revenue-generating systems** that improve operational efficiency and client satisfaction.	• **Brokerage Management Systems** • **Research Management Systems** • **Insti Dealing Trading System**
	• **Developed new digital channels** to expand our customer base in the retail business.	• **Strategic collaboration** with TNG Digital and Bursa Malaysia to expand Retail distribution, driving eInvest Go account openings via TNG eWallet App.

CHALLENGES / OPPORTUNITIES

Challenges

Market Headwinds & Resistance

Mitigation Action

- **Comprehensive Business Review:** Conducted in-depth analysis of operations to identify areas of improvement and growth opportunities.
- **Enhanced Retail Sales Strategy:** Focused on expanding number of Triple Banking branches
- **Aligning Market Demands with Technological Advancements:** Leverage technology to better serve clients, improve internal processes, and stay competitive.

Result

- **Expanded our branch network** to 17 locations across the nation, including 11 Triple Banking Branches, and further expansion to 24 branches by 2025.
- **Launched a new Brokerage Management System**, which streamlines trading operations and enhances efficiency.
- **Collaboration with Touch 'n Go**, to expand retail business offerings.
- **SDR & CDR Expansion:** Increased our Structured Debt Reports (SDR) and Corporate Debt Reports (CDR) to enhance our advisory capabilities and positioning in capital markets.
- **Private Banking Cross-Sell:** Broadened our service offerings to create cross-sell opportunities to high-net-worth individuals through Private Banking.

OPPORTUNITIES

AHIBB will deepen client relationships and strengthen our coverage strategy to unlock new opportunities in untapped client segments. To grow the share of wallet, AHIBB is committed to broadening and deepening key relationships, focusing on landmark transactions to create 3 or more cross-selling opportunities per client, such as acquisition financing, FX/hedging, and cash management. Collaboration will be key to accessing quality clients with broad up-tiering potential.

Diversification of our portfolio is also a priority to enhance revenue stability, with an expanded focus on project finance, multi-asset distribution, FX, hedging, deposits, and cash management. AHIBB continues to strengthen its talent pool by attracting top professionals, continually enhancing our LENSES Scores, enhancing engagement, and fostering a culture of trust and collaboration. To support these initiatives, digital and technology enhancements will play a critical role in scaling our business potential, with the implementation of new revenue-generating systems.

Through these strategic initiatives, AHIBB is well-positioned to reinforce its leadership in Malaysia's financial sector while ensuring long-term value creation for its stakeholders.

BUSINESS REVIEW

AFFIN HWANG INVESTMENT BANK BERHAD

2024 ACHIEVEMENTS

Key Financial & Business Highlights

- **Strong Revenue Growth:** We achieved significantly improved revenue, growing 28% year-on-year, for a total of RM308.9 million compared to RM240.6 million in 2023.
- **Significantly Improved PBT:** We recorded a strong 64% growth in profit before tax, to RM151.9 million compared to RM92.50 million in 2023.
- **Improved Investment Banking Performance:** Fee-related income improved significantly, with AHIBB advancing two positions to rank #4 in the industry.
- **Leading Position in Bursa Traded Value Ranking:** Secured the #2 position in Bursa's traded value ranking, reaffirming our strong market presence and growing influence.

Sustainability Highlights

- **Best Sustainability Sukuk – Healthcare (Malaysia):** Awarded for **Point Zone (M) (KPJ Healthcare)**, recognising excellence in sustainable financing within the healthcare sector.
- **Best Sustainability Sukuk – Healthcare:** A prestigious recognition for Point Zone (M) (KPJ Healthcare), reinforcing our leadership in ESG-focused solutions.
- **First Issuance of Sustainability Sukuk:** Issuance of a RM1.4 billion sustainability sukuk for Pelaburan Hartanah Berhad (PHB), a milestone in socially responsible financing.

Awards & Recognition

- **Best Retail Brokerage,** awarded by Euromoney Securities Houses Brokerage 2024.
- **Best New Sukuk,** recognised by The Asset Triple A Awards for structuring and executing 1.5 billion sukuk wakala programme for Johor Corporation.
- **Best Sukuk – Shipping (Malaysia),** The Asset Triple A Awards for our role in MTT Shipping's Sukuk issuance.
- **1st Runner-Up,** Best Overall Equities Participating Organisation, awarded by Bursa Malaysia
- **2nd Runner-Up, Best Institutional Equities Participating Organisation (Investment Bank)** awarded by Bursa Malaysia
- **Best Market Maker (Structured Warrants)** awarded by Bursa Malaysia
- **Best Market Maker (Exchange-Traded Funds)** awarded by Bursa Malaysia.
- **Top Remisier Recognition** in the Retail Investor Campaign 2023 by Bursa Malaysia for achieving the highest number of new accounts opened.

OUTLOOK AND PROSPECTS

Malaysia's economic outlook for 2025 is positive, with GDP expected to grow by 4.6%, driven by strong domestic demand and improving external trade environment. Despite global uncertainties, the nation's resilient economic fundamentals and supportive government policies will sustain growth, bolstered by consumer spending and strategic investments in emerging sectors.

The banking sector remains a critical economic enabler, supporting strong credit demand. Dividend outlook remains favourable, with banks expected to sustain attractive yields. Market resilience, coupled with proactive risk management and regulatory alignment, will ensure the sector's stability and long-term growth.

Earnings prospects remain positive, with loan growth projected at 5%, with stable net interest margins, and strong asset quality. Dividend yields are expected to remain attractive, underpinned by market resilience and proactive risk management.

Looking ahead, AHIBB remains cautiously optimistic. Our on-going transformation will further enhance our efficiencies and improve customer engagement, strengthening our ability to secure landmark deals. Expanding our product offerings and leveraging the Triple Banking model is unlocking cross-selling synergies and high-value opportunities. With a strong 2024 and a continued focus on innovation and market expansion, AHIBB is well-positioned for sustained growth and market leadership.

GROUP COMMUNITY BANKING



MOHAMMAD FAIRUZ BIN MOHD RADI
Executive Director
Group Community Banking

In 2024, Malaysia's retail banking sector experienced significant transformation driven by digitalisation and evolving customer expectations. Key trends included the increasing adoption of advanced technologies such as artificial intelligence (AI) and fintech solutions to achieve greater efficiencies, drive innovation and expand the range of financial products available to consumers. Regulatory changes aimed at promoting financial stability and consumer protection continued to shape the operating environment. Competition was high with traditional banks and new entrants, including digital-only banks, vying for market share, which further drove innovation in the sector.

WHO WE ARE AND WHAT WE DO

The Group Community Banking Division offers comprehensive consumer banking solutions through seven key business portfolios: Mortgage Business, Auto Finance, Personal Financing, Secured Personal Financing, Credit Cards, Deposit Business, and Wealth Management. To broaden our customer base, we take a two-pronged approach—expanding our network by partnering with external collaborators and increasing our presence with new branch openings in key locations.

BUSINESS UPDATES

Overall, the retail banking sector in Malaysia in 2024 was characterised by a strong emphasis on digital transformation, customer-centricity, and regulatory compliance.

In line with our dedication to continuous innovation and delivering unrivalled customer experience, we have introduced multiple new products and services this year. Among others are:

- AFFIN London Home Financing, a specialised product catering to individuals purchasing residential properties in the United Kingdom
- AFFIN Diventium, our premium banking and curated financial solutions serving the Ultra High Net-Worth clients
- New affiliate credit cards, in collaboration with esteemed organisations such as Management & Science University (MSU) and Universiti Teknologi MARA (UiTM)
- AFFIN Savings Vault/-i, a secure and flexible savings solution with added protection against scams and unauthorised transactions

Our network expansion remains robust, with the addition of 10 new branches, bringing our total to 130 branches as of December 2024, up from 120 the previous year. This year, we also launched our second Mobile Financial Centre in Sarawak. Additionally, we have significantly increased our physical touchpoints by installing 176 new Cash Recycler Machines (CRMs) and Automated Teller Machines (ATMs) nationwide.

BUSINESS REVIEW
GROUP COMMUNITY BANKING

STRATEGIC BUSINESS PERFORMANCE REVIEW

Strategic Objectives	Focus Areas	Execution Strategies
Maximise High-Yield Loan/Financing	Increase NIM by maximising higher-yield loan/financing product	• Focus on high NIM products such as AFFIN London Home Financing and commercial properties as well as vacant land • Expand into higher-yield Auto segments • Expansion of Potongan Gaji Majikan (PGM) segment • Ramp-up Edu-i financing • Increase card acquisition and utilisation through campaigns and affiliate engagement • Expand profitable merchants with focus on eCommerce segment
Elevate Fee Income	Expand non-interest revenue streams by enhancing service offerings and implementing new fee-generating products	• Cross sell of Banca products • New investment product offerings • Grow Investment Asset Under Management (AUM) • Increase Foreign Exchange transactions
Accelerate CASA and Deposit Growth	Drive growth in low-cost funding sources	• Expand our branch network from 120 to 130 • Drive payroll acquisition (AFFINWRKFZ solution) • Umbrella campaigns to promote CASA • Regional Deposit hunter roles
Expand Market Penetration and Customer Base	Implement targeted strategies to attract new customers, increasing market share and brand presence	• Grow affluent base via INVIKTA • Establish AFFIN Diventium for Ultra High Net-Worth clients
Enhance Productivity & Customer Experience	Leverage technology to streamline operations and improve service delivery	• Customer Digital Onboarding Initiatives • Robotic Process Automation • Customer Propensity Modelling
Strengthen Asset Quality & Fraud Monitoring	Maintain robust loan portfolio by proactively managing risks	• Improve Delinquency • Manage Impairment • Increase Collection • Established Centralised Fraud Management Unit

CHALLENGES

Challenges

Stiff Pricing On Credit-Related Products

Increased Market Competition For Deposits

Elevated Funding Costs

Mitigation Action

- Be agile and innovative to meet customer demands
- Continuously innovate and improve our deposit offerings to retain and attract new deposits
- Be more cautious in our lending business, while not compromising our profit margin

Results

- Switched focus to higher NIM products which are less price-sensitive
- Launched Flexible Savings Plan (FSP) and AFFIN Savings Vault/-i
- Run campaigns such as “Drive Away in Style! Bundled AFFIN Financing & CASA”
- Lowered Cost of Funds (COF) via growth of low interest deposits, improving Net Interest Margin (NIM) y-o-y

OPPORTUNITIES

The establishment of AFFIN Diventium, a new service offering bespoke wealth management and financial advisory services to Ultra High Net-Worth individuals, presents a significant opportunity to enlarge our market share within this segment to drive income growth.

Our strong affiliation with Sarawak presents opportunities to expand our market share and build a leadership position in East Malaysia.

We also foresee playing a more active role in Johor, especially with the Johor-Singapore Special Economic Zone expected to catalyse growth for both Malaysia and Singapore. Additionally, the Government’s recently announced tax incentives for the Forest City Financial Zone bodes well for our Wealth Management business, particularly targeting family offices to be established in the zone.

The Government’s proposed rationalisation of education subsidies for children from the top 15 percent (T15) families may also increase demand for our Edu-i Financing.

BUSINESS REVIEW
GROUP COMMUNITY BANKING

2024 ACHIEVEMENTS

Key Financial & Business Highlights

- **Strong Loan and Financing Growth:** An 11% y-o-y increase of RM4.6 billion to RM47.1 billion in total loan and financing.
- **Steady Deposit Expansion:** Growing by 4% y-o-y to RM34.7 billion. CASA grew 5.94% versus industry growth of 4.92%.
- **ESG Financing Momentum:** New ESG-linked financing reached RM4.4 billion, up from RM3.7 billion in 2023.
- **Record ASB Financing Disbursement:** Surpassed RM1.0 billion in 2024, doubling the RM0.5 billion recorded in 2023, marking an all-time high.
- **New Credit Card Milestone:** Ending Net Receivables reached RM0.514 billion and increased our market share.
- **Surge in Unit Trust Performance:** Unit trust investments grew by an impressive 268% y-o-y.

Sustainability Highlights

- **Nationwide Corporate Social Responsibility (CSR) Day:** In October, we held our inaugural Nationwide CSR Day across 10 regions at 15 locations simultaneously, with the participation of 1,500 employees, resulting in the cleaning of 198 community areas and the collection of 2,413 kg of waste.
- **Centralised Fraud Management.** We established this function in January 2024 to serve the entire Bank, and was transitioned into the Enterprise Fraud Management Department at the Group level in September 2024.

Awards & Recognition

- **Best Islamic Retail Bank in Malaysia:** Recognised at The Asset Triple A Islamic Finance Awards 2024.
- **Consumers Choice Award 2024/2025:** Honoured by Majlis Tindakan Pengguna Sarawak.
- **Best ATM and Self-Service Innovation:** Awarded at the Retail Banker International Asia Trailblazer Awards 2024, recognising innovation in self-service banking for our Automated Safe Deposit Locker.
- **BrandLaureate Global Banking & Finance Awards 2024:** Awarded for our Wealth Management Services.
- **Best Client Services – Malaysia:** Awarded at the Citywire ASEAN Awards 2023/24 for our Automated Safe Deposit Locker.

OUTLOOK AND PROSPECTS

Malaysia's strengthening economic fundamentals are expected to drive private consumption growth and economic resilience. Wage growth, supported by government policies such as minimum wage adjustments and progressive wage schemes, will drive rising household incomes. Deposit growth is expected to rise in tandem providing good potential for deposit growth. We will leverage multiple enablers to capitalise on this, including the AFFINWRKFZ payroll solution, the new Diventium segment, enhanced mobile applications, and AFFIN Nexus lead management system.

Rising graduate salaries are shifting consumer spending towards premium products and home ownership. This is expected to boost applications for mortgages, auto loans, and credit cards.

While the rationalisation of RON95 fuel subsidies may slightly dampen consumption, this is expected to be offset by a strong labour market and new job creation across industries. Higher cost of living may also drive increased demand for credit cards and personal financing Our 2024 data highlights a growing preference for travel-focused lifestyles, reflected in higher credit card usage and increased travel insurance subscriptions. In response, we are enhancing our credit card offerings through campaigns like "Flights with AFFIN Visa Cards" as well as through strategic collaborations.

Looking ahead, we anticipate sustained growth in our loan and deposit portfolios. Moving forward, we will continue to focus on digitalisation and innovation in pursuit of our goal to be the most modern and progressive retail bank. We aim to deliver exceptional products and services, as well as seamless banking experiences, to meet customer needs and address market dynamics.

GROUP CORPORATE BANKING



HANIF MOHD YUSOF
Executive Director
Group Corporate Banking

In 2024, we made significant strides towards our strategic goals despite ongoing market challenges. Building on the successes of 2023, we successfully expanded our solutions and strengthened our presence across key sectors. Noteworthy achievements include a substantial growth in our customer base, CASA deposits, and profit before tax. Our continued focus on expanding digital capabilities, strengthening customer relationships, and capitalising on market opportunities has positioned us well for future growth.

WHO WE ARE AND WHAT WE DO

Group Corporate Banking (GCB) offers wide ranging products and services designed to support the growth ambitions of medium to large corporations. Our customised financial solutions include business loans and financing, trade finance facilities, cash management and deposit solutions, insurance and takaful coverage, as well as specialised treasury services. GCB has extensive experience serving diverse sectors and industries, including manufacturing, healthcare, education, real estate, renewable energy, wholesale and retail trade, as well as government infrastructure projects.

BUSINESS UPDATES

GCB recorded strong year-on-year performance improvements, with PBT rising by 76.7%, driven by higher net interest income (NII), non-interest income (NOI), and ECL writeback. CASA growth increased by 38.5%, bringing the CASA ratio to 31.42%, supported by a diversified deposit base and funding sources, strong customer relationships, and digital channels.

Non-interest income expanded by 30.6%, attributed to higher participation fees, trade and treasury-related income. Cost-to-income ratio improved from 27.98% in December 2023 to 26.6% in December 2024, with a positive JAWS of +5.9%.

Additionally, RAROC improved from 16.93% in December 2023 to 27.83% in December 2024, reflecting stronger cross-selling efforts and optimised capital allocation.

BUSINESS REVIEW

GROUP CORPORATE BANKING

STRATEGIC BUSINESS PERFORMANCE REVIEW

Strategic Objectives	Focus Areas	Execution Strategies
Develop resilient deposit base and manage liquidity levels to ensure sound liquidity position to support asset growth	• **CASA Push** Strengthen liquidity and reduce reliance on expensive funding sources.	• **Strengthen Funding Strategy:** Focus on remaining self-funded while diversifying the CASA deposit base and funding sources, leveraging strong customer relationships and digital channels.
Grow non-interest income with other ancillary business	• **Building stable income** Maintaining a consistent revenue base to ensure financial resilience and mitigate risks from market fluctuations.	• **Diversify Income Sources:** Reduce reliance on net interest income by prioritising to grow non-interest income (NOII), with cross selling all products within the Group; trade, treasury and investment banking related income.
Grow loans and financing and maintain LDR between 90-95% level	• **Expand loans & financing portfolio** Drive profitability and support growth.	• **Diversify Our Portfolio:** Expand our loans and financing portfolio while maintaining a healthy RAROC, optimising capital allocation, and actively managing asset quality.
Drive regional growth through integration across the Group	• **Targeted market opportunities** Focus on high-potential segments to maximise returns and enhance competitive positioning.	• **Expand Regional Presence:** Capitalise on opportunities in selected regional markets to enhance AFFIN's nationwide footprint.
Minimise the Cost-to-Income Ratio (CIR) while maintaining profitability and sustainable growth	• **Improve productivity & efficiency** Optimising operations to reduce costs, boost profitability, and improve customer experience.	• **Optimise Cost and Process Efficiency:** Proactively manage the Cost-to-Income Ratio (CIR) through cost containment strategies, effective manpower planning, and improving processes to enhance turnaround time (TAT) and customer experience.

2024 KEY FOCUS AREAS

Focus Area	Actions and Initiatives	Outcomes
CASA push	• **Identify new opportunities.** strategic account planning and collaboration across the Group (FX, AFFINMAX, payroll, AFFINWRKFZ) to tap into New-To-Bank (NTB) customers, cross-selling opportunities, and product-bundling solutions • **Focus on virtual accounts & liquidity management** to increase deposits and account stickiness • **Capture Market Segments.** Target regional segments and procuring CASA deposits from large corporates • **Leverage on both physical and digital channels** (AFFINmax, MIB, CRM360, and new branches)	Improved CASA growth of 38.5% y-o-y, resulting in CASA ratio of 31.42%
Building stable income	• **Grow topline trade revenue & assets** while sustaining strong risk management & cost efficiency • **Grow FX and derivatives income** • **Focus on fee income** generating business solutions	NOII growth of 9.6% y-o-y
Grow loans & financing portfolio	• **Coordinated account planning** to grow quality NTB customers and identify opportunities for Existing-To-Bank (ETB) customers • **Explore emerging industries**, i.e. data centres and green energy • **Maximise RAROC** by expanding product holding and deepening relationships • **Maintain healthy asset quality** position through active management	Loans & financing portfolio grew y-o-y by 2.07% while NII grew 15.6%
Targeted market opportunities	• **Explore sizable development budget** for local corporates in targeted regions • **New branches and self-service terminals (SST)** at targeted regions • **Deep understanding of local market** conditions, and the risk/credit profile of clienteles regionally • **Enhance branding and presence** via events, campaigns and visits	Improved market presence supported by:- 1. Loan growth 2. Deposits growth 3. Fee Income
Improve productivity & efficiency	• **End-to-end credit process improvement** for improved turnaround time through credit application revamp, accelerating credit approvals, system enhancement • **Revamp of UIUX for AFFINMAX** to improve customer journey and experience • **Diversification of trade products** and expansion of submission channels via e-Trade	Better CIR y-o-y from 27.98% YTD Dec'23 to 26.6% YTD Dec'24

BUSINESS REVIEW
GROUP CORPORATE BANKING

CHALLENGES / OPPORTUNITIES

Challenges

Pressure to reprice NIM and deposit to maintain healthy utilisation rate

Direct cost rising faster than the conversion of business income

Customer expansion

Sustainable finance solutions

Mitigation Action

- **Diversify CASA Deposits and Funding Sources:** Transition to a broader CASA deposit base and multiple funding sources, using both physical and digital channels.
- **Deepening relationships with targeted customers** for continue excess to liquidity, when required.
- **Enhance Credit Process Efficiency:** Optimise the entire credit process, focusing on reducing turnaround time for faster approvals and decision-making.
- **Expand AFFIN's Regional Presence:** Identify and capitalise on growth opportunities in key regional markets to strengthen AFFIN's nationwide footprint.
- **Supporting Sustainability:** Uphold sustainability principles by offering solutions that support clients' transition to more sustainable practices.

Result

- **Steady Growth in Deposits:** Successfully grew deposits from RM20.28 billion in 2023 to RM25.03 billion in 2024
- **CASA grew** by RM2.2 billion about 38.5%
- **Improved Credit Application System:** Upgraded the credit application structure and system to streamline the credit process end-to-end, ensuring smoother operations.
- **Streamlined credit application memorandum**
- **Strengthened Branding:** Improved brand awareness and profile through diverse collaborative efforts, including events, campaigns, and visits.
- **Deepened Market Insights:** Gained a deeper understanding of local market conditions and the risk/credit profiles of clients to support relationship building and long-term growth.
- **Exceeded Financing Target:** Deployed RM2.1 billion in green and social financing, surpassing the 2024 sustainable finance target.
- **Higher ESG Portfolio:** ESG financing grew y-o-y at 12.3% in Dec'24 vs 8.15% in Dec-'23)
- **Built Stronger Relationships:** Support clients' transition to sustainable practices and achieve ESG goals, guided by the Bank's ESG Financing Framework.

OPPORTUNITIES

We are actively exploring business opportunities in key sectors, including engagements with MINDEF and AG, as well as infrastructure financing for multi-year, high-value projects such as the West Ipoh Span Expressway, Penang Airport expansion, and Sarawak deep-sea port. Additionally, we are strengthening our regional presence in Sabah, Sarawak, and Johor, with a particular focus on the Johor-Singapore Economic Zone to capitalise on cross-border economic growth.

2024 ACHIEVEMENTS

Key Financial & Business Highlights

Strong Profit Growth
Profit Before Tax (PBT) rose significant by 76.7% year-on-year

Improved Asset Quality
Demonstrated improved asset quality with 31.2% y-o-y reduction in Debt-at-Risk (DaR) exposure.

Higher ECL Writeback
Recorded a 227% y-o-y increase in ECL writebacks.

Robust NTB Financing
Secured 44 NTB customers, with approved deals totalling RM4.03 billion in financing in 2024.

Healthy CASA Growth
Maintained a strong overall CASA growth, with a 38.5% y-o-y increase in 2024.

Note: DaR refers to exposure in Stage 2 financing.

Sustainability Highlights

- **Expanded Submission Channels:** Enhanced submission channels by introducing e-Trade, streamlining the process and improving accessibility for users.
- **Cashless Initiative for Lembaga Muzium Negeri Terengganu:** Launched a cashless ticketing initiative for Lembaga Muzium Negeri Terengganu, offering greater convenience for museum visitors.
- **Contribution to Sekolah Bimbingan Jalinan Kasih:** Contributed RM37,000 through a collection effort to Sekolah Bimbingan Jalinan Kasih in Kuala Lumpur, supporting the institution's educational initiatives.

Awards & Recognition

Malaysia Top Achievers 2023 – Excellence in Banking & Finance Industry: Awarded for excellence in the banking and finance industry with an innovative payment solution for AFFINMAX.

Marine Money – The Offshore East Deal of the Year Award 2023: Recognised with the Offshore East Deal of the Year Award in 2023 for the Yinson Production project.

Asian Banking & Finance Wholesale Banking Awards: Named Malaysia Domestic Cash Management Bank of the Year at the Asian Banking & Finance Wholesale Banking Awards.

The Asset Triple A Awards 2024: Won the Best Syndicated Loan Renewable Energy Award at the Asset Triple A Awards 2024 for the Uzma Kuala Muda project.

OUTLOOK AND PROSPECTS

In 2025, the bank will maintain a selective lending strategy, prioritising high-growth, sustainability-focused sectors such as Education, Health, Manufacturing, Wholesale and Retail Trade, Renewable Energy, Digital Technologies, and Telecommunications. These industries align with Malaysia's economic development priorities and present strong opportunities for long-term growth, while supporting broader sustainability goals. This targeted approach will help the bank maintain a balanced and resilient portfolio amidst evolving market conditions.

Despite an expanding global economy, careful navigation is required amidst moderate growth rate and slowing demand in key markets, which may impact sectors dependent on global trade and ultimately the Bank's performance. Additionally, increased competition for sourcing of funding, tighter margins and rising capital costs may pressure net interest margins (NIM), potentially impacting profitability. However, the bank remains committed to optimising strategies and enhancing efficiencies to mitigate these challenges.

As we move into 2025, we remain focused on delivering exceptional value to our stakeholders to maintain our growth momentum.

BUSINESS REVIEW

GROUP ENTERPRISE BANKING



FUNG KAI JIN
Executive Director,
Group Enterprise Banking

AFFIN BANK's Group Enterprise Banking (GEB) division continued its strong momentum in 2024, achieving healthy growth in our financing base, deposits, Net Interest Margin (NIM), ESG Financing and CASA ratio. Despite rising costs and global uncertainties, we continued to empower Malaysian SMEs with innovative, tailored solutions targeting different segments of entrepreneurs. Increased engagement, along with digital initiatives such as our SME Colony app, helped businesses navigate challenges and unlock new growth opportunities. Looking ahead to 2025, AFFIN will continue to support SMEs, and drive our digital transformation to ensure we remain the preferred financial partner.

WHO WE ARE AND WHAT WE DO

The Group Enterprise Banking (GEB) division is dedicated to supporting start-ups, micro-SMEs, SMEs, and the ACE Market community. We offer a full suite of financial solutions designed to help businesses manage capital, improve cash flow, secure funding, and navigate international trade. Recognising that each business has unique needs, our team provides specialised expertise, tailoring right-fit solutions for businesses.

BUSINESS UPDATES

2024 was a challenging year for Malaysian SMEs, shaped by domestic and global economic uncertainties, technological shifts, and evolving consumer expectations. Micro and small businesses faced rising costs, inflation, and cash flow constraints, leading to mixed performance.

Recognising SMEs' vital role in the economy, we remain committed to their growth. GEB actively supported government initiatives for micro-SMEs and women entrepreneurs. We also strengthened client relationships, diversified products, and leveraged technology to enhance efficiency to better support businesses navigate economic pressures and seize opportunities.

In 2024, our division saw strong expansion, with PBT rising 111% to RM153 million and a 10% growth in our customer base. To enhance resilience, we implemented robust risk management frameworks, mitigating credit, market, and operational risks for greater stability. This strategy minimised market disruptions and regulatory shifts, ensuring greater stability for our clients.

STRATEGIC BUSINESS PERFORMANCE REVIEW

Strategic Objectives

- **Develop a structured customer verticals framework** with tailored approaches for different business segments.
- **Expand product holdings** and secure businesses' primary operating accounts with us.
- **Diversify our portfolio** by targeting high-value customer segments and seeking new growth opportunities.
- **Focus on regional specialty industries**, capitalising on growth opportunities in Sarawak, Sabah, Penang, Johor, and the East Coast to drive growth.

Focus Areas

- **Exceptional Customer Service:** Tailored support and solutions to meet clients' unique needs.
- **Pioneering Digital Innovation:** Supporting SME customers' digital transformation to enhance competitiveness and efficiency.
- **Impactful Banking:** Responsible banking practices that create meaningful, positive outcomes for customers, communities and the environment.

Execution Strategies

- **Targeted Customer Engagement:** Specialised account managers for key sectors to ensure consistent, high-quality service.
- **Comprehensive Business Solutions:** Launched AFFINBiz Prime Solution, a bundle of financial and non-financial services designed for business owners.
- **Improve Digital Engagement:** Streamlined user interfaces in SME Colony and AFFINMAX apps to boost customer experience.
- **Empower Women Entrepreneurs:** Launched the AFFINGEM financing solution for women entrepreneurs in support of the government's entrepreneurship and financial inclusion agenda.
- **Promoting ESG Awareness:** Continued to drive ESG awareness among SME customers through thought leadership articles and events.

KEY FOCUS AREAS

Focus Area	Actions and Initiatives	Outcomes
Expand Market Reach	• **Strengthen current offerings** to support start-ups, women entrepreneurs, and other targeted segments.	• **Empowering Start-Ups for Growth** – AFFIN ASPIRA remained a continuous initiative in fostering the development and expansion of start-ups. • **Supporting Women Entrepreneurs** – The AFFINGEM Financing Scheme/-i was introduced to help women-led businesses scale and thrive. • **Mentorship for Business Success** – Partnering with The Artisans Haven, we launched a mentorship programme, providing a platform for women entrepreneurs to share experiences and gain inspiration, empowering and inspiring them in their entrepreneurship journey. • **Tailored Solutions for SMEs** – AFFINBiz Prime Solution was launched, offering a comprehensive suite of financial and non-financial services to meet SME customers' needs.
Improve Customer Engagement	• **Proactive outreach and engagement** with businesses through targeted initiatives to strengthen relationships and build trust.	• **SME Thought Leadership:** Actively contributed as strategic speakers at key external SME events such as the Smart City & Digital Economy Convention (SDEC) 2024 and the Digital Village Accelerator Programme (DiVA). • **Building SME Connections:** Continued reaching out to SME customers and engaging them through digital mailers, social media, and the SME BizChat series to share valuable content, and nurture a thriving community of entrepreneurs.
Spearhead SME Digital Transformation	• **Created and provided digital resources** to empower SMEs through their digitalisation journey.	• **Surging SME Colony App Downloads:** Reached over 120,000 downloads in 2024. • **Enhanced Content and Features:** Introduced new sections and enriched content mix to provide greater value to SME Colony users.

BUSINESS REVIEW

GROUP ENTERPRISE BANKING

Establish & Nurture Partnerships	• **Host and sponsor events** tailored to SMEs, providing networking opportunities and valuable business insights.	**Build Strategic Partnerships:** Collaborated with prominent partners like SIDEC and MyStartr to develop and sponsor events designed to support the SME community, including: • The 7th Selangor Accelerator Programme • CXO Club: C-Level Synergy • SIDEC Corporate Sponsorship 2024 • The 9th Malaysia Top E-Commerce Merchant Awards, featuring the AFFIN Rising Star Awards and AFFINGEM Women Trailblazer Awards for start-ups and women entrepreneurs • The 8th Dream Factory Startup Contest, alongside the AFFINGEM Awards (女創業家獎) • The 100 Most Influential Young Entrepreneurs 2024 (100 MIYE) • Selangor 1000 Digital - Invest Selangor State • PJ Startup Festival 2024 • MSME Mobile Clinic Program • Chan Fong Brand Talk • SME Digitise Module Kewangan • Sarawak Digital Mall: TikTok Shop Seller Incubation Training • Go Digital: Digital Finance Literacy

CHALLENGES / OPPORTUNITIES

Challenges

Intense competition with other Financial Institutions

Asset quality

Disruption by fintech companies

Mitigation Action

- **Customer-centric approach:** Focus on offering personalised banking services for different client segments.
- **Specialised Solutions:** Developed customised solutions for SMEs and underserved markets, ensuring more targeted support and enhanced accessibility.
- **Strengthen Asset Management:** Enhance asset quality control and ensure sufficient provisions to safeguard financial stability and mitigate risks.
- **Inclusive Financial Solutions:** Create and refine financial and non-financial offerings that prioritise inclusivity and accessibility to all businesses.

Result

- **Empower Women Entrepreneurs:** Introduced a new financing product tailored specifically for women entrepreneurs.
- **Refined AFFIN BizSolar-i:** Enhanced the AFFIN BizSolar-i financing scheme to better support businesses in adopting sustainable solar energy solutions.
- **Diversified Portfolio:** Strengthened our loan portfolio by diversifying risk across different sectors, regions, and borrower types.
- **Comprehensive Business Solutions:** Launched AFFINBiz Prime Solution, offering a full range of financial and non-financial services for businesses.
- **Takaful Product Launch:** Introduced AFFIN Takaful myUltimate Keyman, a new takaful advisory product designed to provide financial protection for key individuals in businesses.

OPPORTUNITIES

As a key driver of Malaysia's economy, SMEs remain a priority for the Bank. With projected economic growth in 2025, we aim to attract new customers through targeted segmental propositions. AFFINBiz Prime Solution offers SMEs a seamless banking experience with tailored financing, cash management, digital banking, and advisory services that addresses the distinct needs of SMEs.

We will strengthen our position as an SME growth enabler by deepening industry collaborations to enhance customer engagement and visibility. Expanding accessibility to financing is critical in this effort, and we are increasing business centres in high-growth regions like Sabah, Sarawak, and the Southern region to improve market penetration and drive business growth. Additionally, we are continuously upgrading our digital touch points to ensure a more convenient and seamless customer experience.

With sustainability a growing focus, we support SMEs in their ESG journey through green financing solutions such as BizSolar Financing and AFFINGEM Financing. We will also introduce programmes to help SMEs align with global sustainability trends and provide them with practical tools to implement ESG strategies effectively.

2024 ACHIEVEMENTS

Awards & Recognition

- **Best SME Bank in Malaysia,** recognised at the prestigious 100 Most Influential Young Entrepreneurs (MIYE) Awards 2024
- **ASEAN Master Class Award:** AFFIN received the China ASEAN Outstanding Business Award 2024: Malaysia ASEAN Master Class Award – Leading in Banking & Finance Excellence at the Malaysia-China Summit 2024

Key Financial & Business Highlights

- **Strong Funding Position:** Self-funded with a Loan-to-Deposit ratio of 75.8%.
- **Moderate Growth:** 111% increase in PBT and a 10% growth in customer base.
- **Improved Net Interest Margin (NIM):** NIM reached 4.55%, up by 54 basis points from 2023.
- **Growth in ESG Financing:** ESG financing grew by 28% of the total financing base.
- **Increased CASA Ratio:** CASA ratio reached 53.1%, marking a 6.3 percentage point increase year-on-year.

Sustainability Highlights

Environmental

- **Supporting SMEs' ESG Journey:** Incorporated the ESG Carbon Footprint Calculator and ESG Self-Assessment Form in the SME Colony app for SMEs to assess ESG readiness.
- **ESG & Sustainability Podcast:** Produced the ESG & Sustainability in Business podcast, featuring the Chemsain BizMiniseries, highlighting how ESG principles can transform business strategies.

Social

- **Empowering Women Entrepreneurs:** Supported government financial inclusion goals with the launch of AFFINGEM financing solution dedicated to women entrepreneurs.
- **Mentorship for Home-Based Entrepreneurs:** Partnered with Artisans Haven to provide mentorship for women entrepreneurs.
- **Enhanced AFFINGEM Experience:** Improved the AFFINGEM UI/UX page in the SME Colony app, offering exclusive digital promotions for AFFINGEM members via Rakaniaga.
- **Interactive Business Talks:** Organised SME BizChat & SMEngage, a series of business talks to promote financial literacy, connect SMEs with growth resources, and support ESG-focused industries. Highlights include: MOU Exchange with Dewan Usahawan Bumiputera Sarawak (DUBS), Sarawak Economic Development Corporation (SEDC), and Chemsain Konsultant Sdn Bhd.
- **Supporting Start-Ups:** Participated in the Tabung Ekonomi Gagasan Anak Sarawak (TEGAS) BizMiniseries, offering valuable insights for start-ups.
- **Driving Innovation Culture:** Hosted the SIRIM Smart Solution podcast, part of the SIRIM BizMiniseries, exploring strategies and technologies for efficiency and growth.
- **Promoting E-Payment Adoption:** Organised the Rakaniaga e-Bazaar to showcase SME products and services, while encouraging the adoption of e-payment solutions.
- **Championing Integrity:** Shared the Corruption Perception Index through AFFIN's infographics eDM to promote awareness and knowledge sharing.

Governance

- **Transparent Practices:** Implemented clear and transparent practices with well-defined reporting structures, ensuring accountability at all levels.

OUTLOOK AND PROSPECTS

The outlook for Malaysia's SME sector is encouraging in 2025, with the nation's GDP projected to rise between 4.5% and 5.5%. Recognising SMEs' critical role in economic expansion, the government continues to offer support through initiatives such as SJPP and RM3.8 billion in Bank Negara loans, providing financial security for innovation, expansion and eventually achieving industry leadership.

As an active champion of the Malaysian SME community, AFFIN Bank delivers tailored financing solutions to support business ambitions. Our specialised propositions include AFFIN ASPIRA, tailored for start-ups; AFFINWRKFZ, designed for business payroll solution; and AFFINGEM, dedicated to women entrepreneurs.

We will continue to forge strategic collaborations to provide the innovative tools, expertise, and resources that help SMEs thrive in an increasingly competitive landscape. This customer-focused approach, coupled with a favourable economic outlook, ensures SMEs have the support needed to drive growth and succeed in 2025.

BUSINESS REVIEW

GROUP TREASURY



HANIF GHULAM MOHAMMED
Executive Director
Group Treasury

In 2024, the Treasury Division demonstrated resilience and strategic growth amidst market volatility characterised by fluctuations in foreign exchange rates, interest rates, and bond yields. Our agility, driven by innovation and proactive risk management, enabled us to navigate these uncertainties effectively.

Key strategies implemented included portfolio optimisation, asset diversification, and upgrades to our digital infrastructure. These initiatives significantly strengthened our position, resulting in a 25% increase in net income and reinforcing our financial stability.

Looking ahead to 2025, Malaysia's positive economic outlook and expansionary policies provide a favourable environment for sustained growth. We remain committed to excellence and are well-positioned to capitalise on these opportunities.

WHO WE ARE AND WHAT WE DO

Affin's Group Treasury Division is a pivotal player in the financial services sector, offering both conventional and Islamic banking solutions tailored to meet a wide array of financial needs. Driven by a commitment to innovation and excellence, we consistently deliver bespoke strategies that foster growth and ensure stability for our diverse clientele, ranging from large multinationals and SMEs to institutional and individual investors.

Our services span sales and trading, as well as comprehensive financial market and hedging solutions, across a robust suite of products across key asset classes, including fixed income, interest rates, and currencies. In addition, we manage funding and liquidity for the banking group and oversee the investment portfolios of the banking book.

BUSINESS UPDATES

2024 was a volatile year for the banking sector, driven by significant developments in foreign exchange (FX), interest rates, and bond markets. The US Dollar appreciated by 2.6%, bolstered by global economic uncertainties and potential tariffs. Despite bouts of volatility, the Malaysian Ringgit remained resilient, supported by strong GDP growth in key export sectors like electronics and palm oil, along with balanced monetary policy.

In December 2024, US Treasury yields saw a notable increase, with the 10-year yield rising by 40 basis points to 4.57%, despite cumulative Federal Reserve rate cuts of 100 basis points throughout the year. Investor concerns over fiscal and monetary policies contributed to this shift toward higher long-term bond yields.

Japan's move away from negative interest rates strengthened the yen and caused market disruptions. The Wall Street crash in August, triggered by Japan's rate hike and concerns about the US economy, further amplified volatility in both bond and FX markets. Geopolitical developments added complexity, underscoring the need for agile and proactive risk management.

Economic conditions led to stabilising interest rates, creating a more predictable environment for financial planning, though vigilant risk management remained essential. Overall, 2024 was marked by strategic growth and resilience, reflecting our commitment to innovation and regulatory excellence.

In January, AFFIN Group hosted the Malaysia Market Outlook event at Menara AFFIN, Tun Razak Exchange. The event featured panel discussions with 14 distinguished speakers, covering topics such as economic forecasts, sustainable communities, and the Sarawak Economic and Development Plan. The objective was to provide innovative solutions and insights to propel Malaysia forward, aligning with AFFIN's vision of becoming the 'Most Creative Financial Group'. The one-day event saw over 500 key industry players and stakeholders exchanging ideas and exploring innovative solutions.

The second edition of the Propelling Malaysia Forward Conference was held at the Marriott Hotel in Penang. This conference brought together over 300 industry leaders and business executives to discuss strategic investment and economic growth. The focus was on fostering collaboration and innovation among industry pioneers to drive Malaysia's progress through strategic partnerships and stakeholder engagement.

AFFIN Group hosted its inaugural "Treasure Trails: Navigating the Financial Frontier" event in Kuala Lumpur, with about 200 participants This event aimed to promote financial literacy through an engaging treasure hunt across the city. Participants, including clients, media representatives, and AFFIN staff, navigated various locations using public transportation. The initiative emphasised teamwork, exploration, and financial education, aligning with AFFIN's commitment to sustainability and community engagement.

STRATEGIC BUSINESS PERFORMANCE REVIEW

Strategic Objectives	Focus Areas	Execution Strategies
Optimising Asset Performance	**Increasing Yield of Assets**	• **Maximise yield** by enhancing portfolios, securing financing through repos, and introducing new investment accounts.
Enhancing Non-Interest Income Streams	**Generating Stable NOII**	• **Introduced innovative financial solutions** tailored to meet diverse client needs.
Enhancing Technological Capabilities	**Upgrading Digital Infrastructure**	• **Raising efficiency with technology** with Rollout of FXDS to 111 branches (86% activated) and upgrading the Treasury Front Office System.
Expanding Market Reach	**Harvesting Group Synergy**	• Foster close collaboration between three Bank entities and other stakeholders to increase income.

KEY FOCUS AREAS

Focus Area	Actions and Initiatives	Outcomes
Increasing Asset Yield	• **Boost returns** by optimising investments and managing risks.	Successfully rebalanced the portfolio by swapping lower-yielding securities for higher-yielding ones, boosting overall returns. This approach improved the FVOCI portfolio's yield by around 20bps while maintaining diversification and enhancing income generation.
Generating Stable NOII	• **Foster new growth** by diversifying revenue streams while strengthening customer relationships through closer engagement.	Achieved a 25% year-over-year increase in Non-Interest Income (NOII) and introduced new products as part of our initiative to diversify revenue streams.
Upgrading Digital Infrastructure	• **Invest in technology** to automate tasks and optimise operational efficiency	FXDS significantly boosted 2024 FX revenue by 30%, streamlined dealer focus on complex hedging, increased client onboarding for all transaction sizes, and enhanced branch awareness and usage of online FX contracts.
Leveraging Group Synergy	• **Foster collaboration** by strengthening group-wide collaboration and strategic alignment.	Achieve successful cross-selling of Group Treasury products with other business units, enhancing overall revenue and client satisfaction.

BUSINESS REVIEW
GROUP TREASURY

CHALLENGES

Challenges

Operational Efficiency: Many operational processes remain manual or semi-manual, and the use of multiple, disparate systems in operations further complicates efficiency and integration efforts.

Market Volatility: Global financial market fluctuations increase uncertainty and complicate risk management.

Mitigation Action

- **Digital Process Optimisation:** Integrate all operational systems into a single platform to enhance efficiency and reduce manual processes.
- **Focus on Diversification:** Spread investment risk across asset classes and markets.
- **Ensuring Stability:** Maintain adequate liquidity to address market volatility to ensure operational stability.

Result

- Streamlined operations, enhanced productivity, and improved client satisfaction.
- Enhanced resilience and financial stability through diversified investments and effective liquidity management.

OPPORTUNITIES

In 2025, we foresee numerous growth opportunities across various strategic areas. We plan to expand our FX hedging client base and increase transaction volumes through the introduction of uncommitted FX lines, targeting both new clients and existing ones. Our goal is to roll out FXDS to 146 branches nationwide, capturing more transactional volume and enhancing our market presence. Additionally, our joint venture with Affin's investment arm opens up new business lines, such as selling down unrated sukuk, which we expect to contribute significantly to our revenue streams.

The introduction of Affin Diventium presents potential income generation from the secondary fixed income market, further diversifying our revenue sources. We also see opportunities to explore the equity space in key regions like the US, Asia Pacific, and emerging markets, positioning us to capitalise on global market trends. Furthermore, with the Sarawak government as a major shareholder, we anticipate vast opportunities to support and benefit from the growth of Sarawak, leveraging our strategic partnerships to drive overall growth and success.

2024 ACHIEVEMENTS

Key Financial & Business Highlights

Strong Growth: In 2024, net income grew by 25% and PBT by 28% compared to 2023. Income growth was driven by robust sales and proactive funding management despite market volatility.

OUTLOOK AND PROSPECTS

Looking ahead to 2025, Malaysia's economic outlook remains positive. With a 2024 GDP growth of 5.1%, forecasts suggest a modest growth of between 4.5% and 4.8% in the coming year, supported by strong domestic consumption and investment. Healthy performances in the services and construction sectors, fuelled by significant infrastructure projects and a recovery in tourism, are expected to be strong performance drivers. Additionally, strategic policy initiatives and an expansionary national budget are expected to further bolster economic performance, even as the country navigates external challenges such as uncertainties in US tariff policies and global trade dynamics.

Overall, while 2024 was characterised by significant shifts and uncertainties, Malaysia's solid economic fundamentals and proactive fiscal strategies position Group Treasury well for continued resilience and steady growth into 2025.

AFFIN MONEYBROKERS SDN BHD



NG SEOW PANG
Chief Executive Officer
Affin Moneybrokers Sdn Bhd

Our growth journey is powered by our people, our most valuable asset. The foundation of our business success is in the trust and relationships that our team had cultivated with clients. In our quest to become the market leader in the inter-dealer broking industry, we are committed to nurture our young talent, particularly in relationship management. To this end, we continuously invest in learning and development programmes. Concurrently, we are harnessing advancements in technology to optimise our internal processes, ensuring that our collective efforts are streamlined and focused on propelling us towards excellence.

WHO WE ARE AND WHAT WE DO

Affin Moneybrokers Sdn Bhd (AMB) is a leading international money broker, specialising in wholesale foreign exchange and money market broking services. We bridge authorised financial institutions in the foreign exchange and domestic money markets, enabling seamless transactions for banks, insurance companies, and other entities. Our main revenue is derived from brokerage commissions earned through the successful execution of wholesale foreign exchange and money market broking services.

BUSINESS UPDATES

Affin Moneybrokers serves banking and financial institutions within the over-the-counter financial markets. Our market operations can be broadly segmented into 2 categories: foreign exchange, and interest rates, with an additional focus on the derivatives space.

Foreign Exchange:
The interbank broker market saw a 10.75% volume increase in 2024. However, this positive uptick is tempered by persistent challenges within the interdealer broking industry. The growth observed in 2024 was primarily concentrated in the first half of the year, largely driven by the central bank's coordinated repatriation initiatives with government-linked companies and investment entities. Both trading volumes and fee structures have actually remained flat over the past five years.

Interest Rates:
This segment comprises money market cash and fixed income components. In 2024, money market cash volume surged by 21.3%, but growth was restrained when a certain market condition excluded interdealer brokers from servicing their client base. This significantly impacted our business volume as it was in affected a product where we hold a strong position. Ironically, the same event drove increased activity in the fixed income market, which saw an 8.9% rise in volumes, partly supported by an appreciating local currency due to offshore investors activity.

Derivatives:
Our activity in the foreign exchange derivatives market remains modest. Early-year staffing challenges affected our performance. Although volumes have stabilised, they have not yet returned to normal levels due to ongoing hiring challenges. On the other hand, the interest rate derivatives market has shown remarkable grwoth, with volumes surging by 41.7%, driven primarily by increased offshore trading and cross-border transactions. Despite this strong market performance, ongoing personnel concerns limited our capability to fully capitalise on the growth opportunities.

Overall, opportunities for business growth is limited due to the industry's limited potential, hindered by a stagnant participant base. Market development has also remained subdued, with few new trading products introduced and no major regulatory shifts to stimulate further progress.

BUSINESS REVIEW

AFFIN MONEYBROKERS SDN BHD

KEY FOCUS AREAS

Focus Area	Actions and Initiatives
Cultivating Relationships Strong relationships are paramount in interdealer broking. Deepening connections will further enhance our business.	• **Maintain and Strengthen Client Relationships:** Continue to invest in interdealer relationships to enhance service offerings in this relationship-driven business.

CHALLENGES / OPPORTUNITIES

Challenges

Talent Challenges
Risk of losing talent in an industry uniquely dependent on relationships

Digital Disruption
Rising digital platforms may displace current market structure

Mitigation Action

- **Talent Retention Strategy:** Adjust hiring strategies to mitigate the risk of losing talent in an industry where we heavily invest in human capital.

OPPORTUNITIES

In line with global market trends, Bank Negara Malaysia is taking active steps to transition from the Kuala Lumpur Interbank Offered Rate (KLIBOR) to the Malaysian Overnight Rate (MYOR). As the market infrastructure for interest rates is set for a significant transformation, we anticipate the introduction of innovative financial products that will reflect and support this evolving regulatory landscape, especially as the official cutover date approaches.

OUTLOOK AND PROSPECTS

The foreign exchange market remains largely subdued. While select years showed promising figures, these were primarily the result of targeted central bank interventions. In the absence of such measures, these periods would have likely aligned with the broader trend of stagnation, with annual volumes over the past five years exhibiting no sustainable growth. Furthermore, rising service provision costs are anticipated to compress margins even further.

Interest rates are set to enter an extended period of uncertainty, influenced by long-term shifts in the commodity markets that may persist for years. On a global scale, central banks are increasingly challenged by inflation management. However, this environment of uncertainty often creates opportunities for interdealer brokers, as increased market volatility tends to drive higher levels of activity and engagement.

BUSINESS REVIEW

GENERALI INSURANCE MALAYSIA BERHAD



FABRICE BENARD
Country Head of Generali Entities in Malaysia & CEO of Generali Insurance Malaysia Berhad

In 2024, we continued to strengthen our market position as a trusted partner in safeguarding the future of individuals, families, and businesses. While we are dedicated to delivering innovative and personalised insurance solutions, our focus extends beyond financial protection. We integrate sustainability into our business strategy to drive long-term resilience and social impact. By leveraging our expertise, scale, and digital capabilities, we empower Malaysians with trusted tools to ensure security, stability, and a more sustainable future for generations to come.

WHO WE ARE AND WHAT WE DO

Generali Group, with over 190 years of legacy, is a leading global insurer. Our journey in Malaysia began in 2015 with a 49% stake in Multi-Purpose Insurans Berhad, forming MPI Generali. In 2022, we acquired full ownership of MPI Generali and a controlling majority in AXA Affin General and Life Insurance, marking a key milestone.

Building on these acquisitions, Generali Malaysia was launched in 2023, supported by over 1,600 employees, an extensive network of more than 9,000 agents and partners, and 49 branches nationwide. It has since become one of Malaysia's largest general insurers and a growing force in life insurance.

With significant scale, expertise, and a unified brand, Generali Malaysia is well-positioned to be a trusted Lifetime Partner. We provide comprehensive insurance solutions to safeguard the present and future of Malaysians. Our Purpose—enabling people to shape a safer, more sustainable future for themselves, their families and their businesses—guides our commitment to innovation, customer care, and long-term resilience.

BUSINESS UPDATES

In 2024, we reinforced our commitment to sustainable growth by integrating sustainable underwriting principles. Guided by Generali's Responsible Underwriting Group Guidelines, this strategic initiative not only mitigates ESG-related risk exposure across our business portfolio – it also reinforces our mission to generate positive societal impact and generates long-term financial performance.

Concurrently, we maintained a robust focus on sustainable business development by fortifying our core distribution channels. Agency-based and bancassurance sales remained at the heart of our market strategy, enabling us to extend our reach into traditionally underserved customer segments and the SME business segment. By forging and leveraging strategic partnerships, we successfully deepened market penetration and laid a strong foundation for future growth.

BUSINESS REVIEW

GENERALI INSURANCE MALAYSIA BERHAD

STRATEGIC BUSINESS PERFORMANCE REVIEW

Strategic Objectives	Focus Areas	Execution Strategies
Financial Growth	• Drive profitability through strategic market expansion, product innovation, and operational efficiency	• Expand top-line revenue while maintaining best-in-class technical margins • Focus on growing preferred customer segments for sustainable profitability • Upgrade IT core systems with automation, AI, and data-driven capabilities to support business scalability and simplify operations
Empowered People	• Upskilling and reskilling • Culture • Diversity, equity and inclusion (DEI) • Effective organisation	• Invest in programmes for employee growth • Ensuring engagement and performance-driven organisation • Ensure equal opportunities and inclusion to foster a diverse work environment • Create effective hybrid working model that is sustainable
Creating Social & Environmental Value	• Drive positive change through sustainability and community-focused initiatives	• Promote risk awareness and improve awareness on insurance/protection • Partner with NGOs to develop and drive corporate responsibility activities that align with our social and environmental goals
Customer & Distribution Transformation	• Need bases value proposition • Seamless omnichannel experience • Independent distribution excellence • Strengthen channels to enhance market reach and accessibility	• Stabilise the business throughout the integration period • Ensure recruitment of quality talent and retain productive agents • Develop data-driven digital enablers and productivity enhancement tools • Segment distribution and enhance sustainable compensation planning • Product alignment and market penetration • Become the preferred insurer in key segment • Continuous improvement in distributors competency and professionalism in the best interest of customers

KEY FOCUS AREAS

Focus Area	Actions and Initiatives	Outcomes
Financial Growth	• Maintaining strong margins • Targeted segment expansion • Digital transformation	• Gross written premium (GWP) of RM2,111 million, a growth of 2.7% y-o-y • Net profit outperformed budget and last year, driven by proactive expense management, improvement in loss ratio and higher than expected investment income
Empowered People	• Upskilling & Reskilling o Increased learning interventions o Generali Volare Scholarship	• Achieved Upskilling Index of 82% • Invested over RM1 million in upskilling and training programmes for 1,463 employees with over 29,927 hours of formal learning involving • 107 external professional certifications or examinations • Programme offerings span management & leadership, professional and technical development • 8 Scholarship recipients in 2024, supporting undergraduate students in their studies
	• Culture o Employee engagement o Performance-driven organisation	• Achieved employee engagement of 88%, above the Malaysia benchmark • Full Implementation of Generali Performance Management Framework
	• Diversity, Equity and Inclusion o Diverse workforce o Equal opportunity	• 62.1% female representation at managerial level, and equal pay gap of 0.2% confirm that we have an environment that supports DEI
	• Effective Organisation o Organisation simplification o Hybrid working model leveraging on digital	• Achieved an Organisational Simplification Index of 80% and hybrid working models are available
Creating Social & Environmental Value	• **Project Bright Beginnings** o Partnered with Suriana Welfare Society to provide early childhood education for underserved children at PPR Kg Muhibbah	• Raised a total of RM354,513 to support vulnerable children aged 3 to 6 years and their families from Kg Muhibbah through the Suriana Welfare Society Malaysia
	• **Munch and Move** o Collaborated with Yayasan Generasi Gemilang to empower parents and children through nutrition, caregiving, and early learning support	• 9 playgroup sessions with Generali volunteers were held, benefitting 29 parents and over 40 children from PPR Taman Putra Damai

BUSINESS REVIEW

GENERALI INSURANCE MALAYSIA BERHAD

Creating Social & Environmental Value	• **UNDP Collaboration** o Developed customised insurance and risk financing solutions to enhance SME resilience in collaboration with UNDP	• Hosted over 250 attendees at the Building SME Resilience in Southeast Asia launch event, with 320+ attendees present at the live streaming • Launched SME Loss Prevention Framework to help SMEs understand their risk profiles based on their activities and locations and provides recommendations based on these risk profiles • Organised SME Loss Prevention Masterclass to educate SMEs on how to leverage on the framework, hosted close to 120 attendees • VSure Tech announced as winner of the "Insurance Innovation Challenge Fund" and awarded up to US$40,000, along with technical assistance to support the development of their ideas and opportunity to leverage Generali and UNDP's global presence
	• **Embracing the Joy of Giving** o Organised a fun-filled event with Suriana Welfare Society, sharing gifts and activities with families at PPR Kg Muhibbah, Puchong	• A total of 43 gifts were collected, bringing joy to the children of PPR Kg Muhibbah, Puchong
	• **CSR Initiatives** o Participated in the "Reading for Change" programme at Buku Jalanan Chow Kit and a school refurbishment project at SML Pendidikan Khas Setapak	• 3 sessions held over three weeks by both Generali Malaysia volunteers and scholars to foster learning opportunities for children in need • Each session combined interactive reading, vocabulary-building, and lively games, helping participants boost their English skills in an engaging environment
	• **Eco Guardian Mangrove Planting** o Planted mangrove saplings at Kuala Selangor Nature Park with the Malaysian National Society	• 100 volunteers from Generali planted over 500 mangrove saplings, contributing to the restoration of mangrove forests to protect coastal ecosystems
	• **Generali Malaysia Run** o Promoted health and fitness while supporting social causes in partnership with the National Cancer Society, Pintar Foundation, and Malaysian Nature Society	• Attracted over 12,000 runners to run for a good cause • Raised RM105,000 for 3 NGO partners - PINTAR Foundation, Malaysian Nature Society and National Cancer Society Malaysia • Contributed RM354,513 to empower underserved families and children with access to early education

Creating Social & Environmental Value	• **Autism Awareness Programme** o Hosted a Lunch & Learn session with Autism Cafe Project to promote inclusivity and support for individuals with autism	• A half day event was held in honour of the International Day of Persons with Disabilities • Key highlight of the event was an inspiring sharing session by Mr. Adli Yahya, founder of the Autism Café Project, who spoke about his journey and mission to support individuals with autism in leading fulfilling lives
	• **Books & Toys Donation Drive** o 77 volunteers devoted over 170 hours to sort and organise donated books and toys for PPR communities	• Close to 2,500 books and toys collected, which were then distributed to the children in the Projek Perumahan Rakyat (PPR) communities of Kg Muhibbah, Desa Tun Razak, and Lembah Subang
	• **Festival Del Leone** o A platform to help local SMEs promote their business, showcase local artists, and raise funds to support the education of underserved children and families	• Attracted an impressive 37,000 attendees, 150 SME vendors • Nearly 30 local artists joined to recreate the Mona Lisa painting, raising RM3,288 for Yayasan Generasi Gemilang to support education opportunities for underserved children and families in Malaysia
	• **Gotong-Royong at Sarawak Cheshire Home** o Cleaning and improving living spaces for residents of the home	• 18 team members dedicated 45 hours to a gotong-royong cleanup, creating a cleaner and more comfortable environment for the residents
	• **Beach Clean-up** o Collected trash at Tanjong Lobang Beach, contributing to environmental sustainability	• Close to 10 colleagues from the Generali Miri branch collected four big bags of trash at Tanjong Lobang Beach
Distribution	• **Strengthen Distribution Channels** o Fortified our core agency and bancassurance channels	• Achieved a 2% growth in our agency channel
	• **Optimise Agency Model** o Integrated both legacy agency channels to into a unified operating model to enhance agency force productivity and add value to agents and partners	• Agent productivity increased from 80% to 83%
	• **Branch Rationalisation** o Completed branch rationalisation exercise, enabling us to offer a full suite of life and general insurance products under one roof	• Completed unification of 13 branches* in various locations **Excludes branches completed in 2023*

BUSINESS REVIEW

GENERALI INSURANCE MALAYSIA BERHAD

CHALLENGES

Challenges

Sustainability and Climate-related Regulations

Risks from Emerging Technologies and Geopolitical Shifts

Competitive Labour Market

Mitigation Action

- **Sustainable Underwriting Principles:** Guided by Generali's Responsible Underwriting Group Guidelines, made a commitment to sustainable growth by integrating sustainable underwriting principles.
- **Climate Strategy Implementation:** Integrated climate risk considerations into financial institutions' governance, risk management, and strategic planning to align with Bank Negara Malaysia's Climate Risk Management and Scenario Analysis (CRMSA) Policy Document.
- **Proactive Risk Management:** Monitored and enhanced risk management measures, where necessary, to ensure continued compliance with local regulations and ensure effective mitigation of potential risk impacts.
- **Engaging Key Stakeholders:** Worked closely with regulators and other key stakeholders to effectively navigate a dynamic risk landscape.
- **Investing in Innovation:** Developed products and services to address the protection gaps raised by emerging and escalating risks such as climate change.
- **Investing in Our People and Culture:** Continued to invest in the development of our people to cultivate a high-performance work culture and to reinforce our position as the employer of choice.

Result

- Sustainability and climate strategy is now embedded across business functions, guiding decision-making and resource allocation.
- Sustainability and climate-related risk exposure is mitigated across the business portfolio.
- Aligned with local regulations on sustainability and climate change.
- Adopted a proactive and collaborative approach to risk management that complies with all regulations, is fit-for-purpose, and forward-looking.
- Transformed potential threats into business opportunities.
- Received three top employer awards in 2024.
- Retained and attracted top talent.

OPPORTUNITIES

As climate risk management and sustainability regulations continue to evolve globally and locally, Generali Malaysia recognises the growing importance of integrating these developments into our business strategy. We are committed to formulating and implementing a robust sustainability and climate strategy in collaboration with relevant stakeholders. This includes proactive climate risk management initiatives that not only strengthen our resilience but also contribute to a more sustainable future. By embedding sustainability at the core of our operations, we aim to play a pivotal role in building a healthier, more resilient society over the long term, ensuring lasting value for our customers and communities.

2024 ACHIEVEMENTS

Key Financial & Business Highlights

- **GWP Growth** – Achieved RM2,111 million in Gross Written Premium (GWP), a 2.7% increase from last year.
- **Strong Profit Performance:** Net profit exceeded budget and previous year, due to effective expense management, improved loss ratio, and higher investment income.

Sustainability Highlights

- **Accelerated System Integration:** Completed system integration within schedule and budget to ensure more stable operations.
- **Advancing DEI Goals:** Achieved equalised Gender Pay Gap and 54% women representation in senior managerial roles.

Awards & Recognition

- **International General Insurance of the Year** – Malaysia by Insurance Asia Awards 2024
- **MSME Insurance Initiative of the Year** – Malaysia by Insurance Asia Awards 2024
- **Most Preferred Employer (Insurance Sector)**, named the winner by GRADUAN Brand Awards 2024
- **Top Employer of the Year** by Jobstore Awards
- **Top Employer Branding (Private Sector)** by Jobstore Awards
- **BMI Sustainable Brand Award** by SME 100 Awards
- **CSR Initiative of the Year** by Insurance Asia News Awards for Excellence 2024

OUTLOOK AND PROSPECTS

Forecasts for the Malaysian insurance industry are encouraging. A confluence of factors, including economic recovery, an aging population, and increased consumer spending is positioning the insurance industry for continued expansion in the coming years.

The life insurance segment is anticipated to grow at a Compound Annual Growth Rate (CAGR) of 5.2% from 2024 to 2028. This growth is primarily attributed to rising life expectancy and an increased demand for endowment insurance products.

In tandem, the general insurance market is expected to expand at an even stronger CAGR of 7.8% over the same period, with demand driven by higher premiums, a surge in claims, and inflationary pressures. Motor insurance is expected to continue to be the dominant product line.

Key Strategic Priorities for 2025

1. **Scaling Distribution Channels**
   We will continue expanding our distribution network to drive sustained and profitable growth. Our strategy focuses on enhancing the Agency force and bolstering our Bancassurance capabilities through targeted recruitment and improved productivity measures.
2. **Accelerating Digitalisation and Transformation**
   Digital transformation remains a key priority in our ongoing efforts to enhance operational efficiency and elevate the customer experience. We are actively investing in right-fit digital solutions to streamline our processes, enhance service delivery, and maintain a competitive edge in a rapidly evolving market environment.
3. **Strengthening Talent and Workplace Culture**
   Recognising that our people are truly our greatest asset, we remain committed to talent development. To cultivate a high-performance culture, investing in people will remain a key priority. This will also enable us to attract and retain top talent, reinforcing our position as an employer of choice.

Together, these strategic priorities underscore our proactive approach to sustaining long-term growth and capturing emerging opportunities in the Malaysian insurance market.

BUSINESS REVIEW

GENERALI LIFE INSURANCE MALAYSIA BERHAD



SOO WAI HAR
Chief Executive Officer
Generali Life Insurance Malaysia Berhad

2024 has been a year of strong growth and strategic advancements for Generali Life. We continue to enhance our offerings with innovative solutions that provide greater security and peace of mind for our customers. By leveraging digitalisation, expanding our distribution network, and strengthening our customer experience, we are making insurance accessible and relevant to more people. As we navigate an evolving landscape, our focus remains on delivering value, fostering long-term relationships, and ensuring Malaysians have the protection they need at every stage of life.

BUSINESS UPDATES

In 2024, Malaysia's economy maintained its upward trajectory, driven by strong GDP growth, a stable labour market, moderate inflation, and supportive fiscal and monetary policies. A rebound in tourism, rising disposable incomes, and increased focus on health and financial planning further boosted the insurance market.

The Malaysia Madani policy, introduced by Prime Minister Anwar Ibrahim, outlines a 10-year plan to elevate Malaysia's global economic ranking from 38th in 2023 to the top 30. This strategy aims to restructure the economy, positioning Malaysia as a leading Asian economy and enhancing quality of life.

We launched GenWealth and Affin Maxi Wealth, achieving superior business margins and strengthening our market position. Additionally, we completed the core systems migration on time and within budget, reinforcing our commitment to operational excellence and future efficiencies.

WHO WE ARE AND WHAT WE DO

Generali Group, with over 190 years of legacy, is a leading global insurer. Our journey in Malaysia began in 2015 with a 49% stake in Multi-Purpose Insurans Berhad, forming MPI Generali. In 2022, we acquired full ownership of MPI Generali and a controlling majority in AXA Affin General and Life Insurance, marking a key milestone.

Building on these acquisitions, Generali Malaysia was launched in 2023, supported by over 1,600 employees, an extensive network of more than 9,000 agents and partners, and 49 branches nationwide. It has since become one of Malaysia's largest general insurers and a growing force in life insurance.

With significant scale, expertise, and a unified brand, Generali Malaysia is well-positioned to be a trusted Lifetime Partner. We provide comprehensive insurance solutions to safeguard the present and future of Malaysians. Our Purpose—enabling people to shape a safer, more sustainable future for themselves, their families and their businesses—guides our commitment to innovation, customer care, and long-term resilience.

STRATEGIC BUSINESS PERFORMANCE REVIEW

Strategic Objectives	Focus Areas	Execution Strategies
Strengthen Financial Position	• Drive profitability through strategic intermediaries' productivity enhancement, product innovation, and operational efficiency	• Scale up and skill up intermediaries • Diversify product offering to capture new market segments • Automate and digitalise key operational processes
Empowered People	• Upskilling and reskilling • Culture • Diversity, equity and inclusion (DEI) • Effective organisation	• Invest in programmes for employee growth • Ensuring engagement and performance-driven organisation • Ensure equal opportunities and inclusion to foster a diverse work environment • Create effective hybrid working model that is sustainable
Corporate Social Responsibility	• Drive positive change through sustainability and community-focused initiatives	• Support programmes for children's development • Create programmes to encourage green practices to reduce environmental impact
Market Expansion	• Strengthen channels to enhance market reach and accessibility	• Optimise existing distribution channels • Strengthen agent and banca network through value-added engagements • Improve product offerings to capture new customers

BUSINESS REVIEW

GENERALI LIFE INSURANCE MALAYSIA BERHAD

KEY FOCUS AREAS

Focus Area	Actions and Initiatives	Outcomes
Financial Growth	• **Launch High-Value Products** o Improve net results by introducing new products with higher business value	• Launched new products such as GenWealth and Affin Maxi Wealth with better new business margin than existing similar products
	• **Optimise Costs** o Leverage digitalisation and automation to optimise management expenses	• Annualised Premium Equivalent (APE) of RM113 million, exceeding plan by 46% • New business value exceeded plan by 65%
Empowered People	• **Upskilling & Reskilling** o Increased learning interventions o Generali Volare Scholarship	• Achieved Upskilling Index of 82% • Invested over RM0.2 million in upskilling and training programmes for 360 employees with over 5,888 hours of formal learning • Programme offerings span management & leadership, professional and technical development • 2 Scholarship recipients in 2024, supporting undergraduate students in their studies
	• **Culture** o Employee engagement o Performance-driven organisation	• Achieved employee engagement of 83%, aligned with the Malaysia benchmark • Full Implementation of Generali Performance Management Framework
	• **Diversity, Equity and Inclusion** o Diverse workforce o Equal opportunity	• 53.1% female representation at managerial level, and equal pay gap of 0.57% confirm that we have an environment that supports DEI
	• **Effective Organisation** o Organisation simplification o Hybrid working model leveraging on digital tools	• Achieved an Organisational Simplification Index of 80% and hybrid working models are available
Creating Social & Environmental Value	• **Project Bright Beginnings** o Partnered with Suriana Welfare Society to provide early childhood education for underserved children at PPR Kg Muhibbah	• Raised a total of RM354,513 to support vulnerable children aged 3 to 6 years and their families from Kg Muhibbah through the Suriana Welfare Society Malaysia
	• **Munch and Move** o Collaborated with Yayasan Generasi Gemilang to empower parents and children through nutrition, caregiving, and early learning support	• 9 playgroup sessions with Generali volunteers were held, benefitting 29 parents and over 40 children from PPR Taman Putra Damai

Creating Social & Environmental Value	• **Embracing the Joy of Giving** o Organised a fun-filled event with Suriana Welfare Society, sharing gifts and activities with families at PPR Kg Muhibbah, Puchong	• A total of 43 gifts were collected, bringing joy to the children of PPR Kg Muhibbah, Puchong
	• **Eco Guardian Mangrove Planting** o Planted mangrove saplings at Kuala Selangor Nature Park with the Malaysian National Society	• 100 volunteers from Generali planted over 500 mangrove saplings, contributing to the restoration of mangrove forests to protect coastal ecosystems
	• **Generali Malaysia Run** o Promoted health and fitness while supporting social causes in partnership with the National Cancer Society, Pintar Foundation, and Malaysian Nature Society	• Attracted over 12,000 runners to run for a good cause • Raised RM105,000 for 3 NGO partners - PINTAR Foundation, Malaysian Nature Society and National Cancer Society Malaysia • Contributed RM354,513 to empower underserved families and children with access to early education
	• **Autism Awareness Programme** o Hosted a Lunch & Learn session with Autism Cafe Project to promote inclusivity and support for individuals with autism	• A half day event was held in honour of the International Day of Persons with Disabilities • Key highlight of the event was an inspiring sharing session by Mr. Adli Yahya, founder of the Autism Café Project, who spoke about his journey and mission to support individuals with autism in leading fulfilling lives
	• **Books & Toys Donation Drive** o 77 volunteers devoted over 170 hours to sort and organise donated books and toys for PPR communities	• Close to 2,500 books and toys collected, which were then distributed to the children in the Projek Perumahan Rakyat (PPR) communities of Kg Muhibbah, Desa Tun Razak, and Lembah Subang
	• **Festival Del Leone** o A platform to help local SMEs promote their business, showcase local artists, and raise funds to support the education of underserved children and families	• Attracted an impressive 37,000 attendees, 150 SME vendors • Nearly 30 local artists joined to recreate the Mona Lisa painting, raising RM3,288 for Yayasan Generasi Gemilang to support education opportunities for underserved children and families in Malaysia
	• **Gotong-Royong at Sarawak Cheshire Home** o Cleaning and improving living spaces for residents of the home	• 18 team members dedicated 45 hours to a gotong-royong cleanup, creating a cleaner and more comfortable environment for the residents
	• **Beach Clean-up** o Collected trash at Tanjong Lobang Beach, contributing to environmental sustainability	• Close to 10 colleagues from the Generali Miri branch collected four big bags of trash at Tanjong Lobang Beach

BUSINESS REVIEW

GENERALI LIFE INSURANCE MALAYSIA BERHAD

Distribution	• **Agency Force Transformation** o Restructured to boost productivity, profitability, and recruitment	• Agency channel grew 29%, and the number of Million Dollar Round Table (MDRT) members doubled compared to last year
	• **New La Femmina Programme** o This programme focuses on recruiting women and empowering them to excel	• Productivity from La Femmina members 37% higher than normal female agents
	• **Banca Affin Expansion** o Strengthened this advisory business by boosting penetration into high-net-worth segment with differentiated products and sales strategies	• Banca grew 122% year-on-year
	• **Mass Market Growth** o Accelerated Banca Specialist recruitment and productivity to expand mass market reach	• Worked closely with AFFIN BANK to achieve a high penetration rate
	• **Credit Life Enhancement** o Supported business growth through product improvements and strategic initiatives	

CHALLENGES / OPPORTUNITIES

Challenges

Medical Cost Inflation

Business Sustainability and Profitability

Mitigation Action

- **Cost Containment Strategy:** Evaluating initiatives for health portfolio management and loss ratio improvement
- **Execute Strategic Roadmap:** Key business drivers are outlined in the company's three-year strategic plan

Result

- Appointed preferred panel hospital for negotiated rates
- Reviewed non-chargeable list for hospitals
- Established a claims adjudication system to identify fraud and leakages
- Appointed a 2nd Third Party Administrator for pricing/service competitiveness
- Delivered on the 2024 Plan
- Structural transformation of Agency force
- Alignment with AFFIN BANK

OPPORTUNITIES

Anticipated reforms by the government, private healthcare providers, and insurers are crucial to curb rising medical cost inflation, ensuring a more sustainable medical insurance sector that continues to deliver long-term value to policyholders while withstanding economic pressures.

In line with our commitment to sustainable growth and operational excellence, we are driving key initiatives to meet evolving customer and stakeholder needs. Expanding our agency force will strengthen distribution, enhance customer engagement, and accelerate growth. Leveraging our regional platform will boost brand visibility and solidify our market position. Additionally, our partnership with Affin (Sarawak) remains a key growth driver, unlocking new opportunities and synergies.

2024 ACHIEVEMENTS

Key Financial & Business Highlights

- **Strong APE Growth:** Achieved RM113 million in Annualised Premium Equivalent (APE), surpassing our target by 46%
- **Exceptional Yearly Growth:** Recorded 62% APE growth, with Agency channel income up 29% and Banca surging by 122%
- **New Business Surge:** New business value exceeded our original plan by 65%

Sustainability Highlights

- **Accelerated System Integration:** Completed Big Bang system integration 5 months ahead of schedule and within budget
- **Advancing DEI Goals:** Achieved a 0.57% Equal Pay Gap (EPG) and 51.3% women representation in managerial roles

Awards & Recognition

- **Corporate Excellence Award**, received at the Asia Pacific Enterprise Awards
- **Insurance Initiative of the Year**, awarded at the Insurance Asia Awards 2024

OUTLOOK AND PROSPECTS

Forecasts for the Malaysian insurance industry are encouraging. A confluence of factors, including economic recovery, an aging population, and increased consumer spending is positioning the insurance industry for continued expansion in the coming years.

The life insurance segment is anticipated to grow at a Compound Annual Growth Rate (CAGR) of 5.2% from 2024 to 2028. This growth is primarily attributed to rising life expectancy and an increased demand for endowment insurance products.

In tandem, the general insurance market is expected to expand at an even stronger CAGR of 7.8% over the same period, with demand driven by higher premiums, a surge in claims, and inflationary pressures. Motor insurance is expected to continue to be the dominant product line.

Key Strategic Priorities for 2025

1. **Scaling Distribution Channels**
   We will continue expanding our distribution network to drive sustained and profitable growth. Our strategy focuses on enhancing the Agency force and bolstering our Bancassurance capabilities through targeted recruitment and improved productivity measures.
2. **Accelerating Digitalisation and Transformation**
   Digital transformation remains a key priority in our ongoing efforts to enhance operational efficiency and elevate the customer experience. We are actively investing in right-fit digital solutions to streamline our processes, enhance service delivery, and maintain a competitive edge in a rapidly evolving market environment.
3. **Strengthening Talent and Workplace Culture**
   Recognising that our people are truly our greatest asset, we remain committed to talent development. To cultivate a high-performance culture, investing in people will remain a key priority. This will also enable us to attract and retain top talent, reinforcing our position as an employer of choice.

Together, these strategic priorities underscore our proactive approach to sustaining long-term growth and capturing emerging opportunities in the Malaysian insurance market.

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE



DATO' AGIL NATT
Chairman, Affin Bank Berhad

KEY AGENDA ITEMS FOR 2024 INCLUDE:

- Approving the 2025 budget and business plan.
- Monitoring performance against AX28 targets.
- Managing risks and opportunities in a changing environment.
- Supporting digital transformation and innovation.
- Accelerating sustainability initiatives.
- Strengthening corporate culture and human capital.
- Enhancing stakeholder engagement and social responsibility.
- Ensuring compliance with laws and standards.
- Updating governance policies and practices.

Dear Stakeholder,

On behalf of the Board of Directors, I am pleased to present the Corporate Governance Overview Statement for 2024. As Chairman, I am committed to maintaining high corporate governance standards and ensuring the Board fulfils its fiduciary duties to shareholders and stakeholders of the AFFIN Group.

Good corporate governance is crucial for the Group's sustainability and stakeholder value creation. The Board has adopted a strategic approach to managing the Group and established an effective governance framework covering composition, roles, functions, committees, policies, and practices.

This report highlights key aspects of our corporate governance practices in 2024, focusing on their contribution to our vision, mission, values, and goals.

The Board, with support from the respective Board Committees as well as Senior Management, has analysed these items for objectives, outcomes, benefits, risks, and alignment. The Integrated Report illustrates potential stakeholder value, including for shareholders, customers, employees, regulators, suppliers, partners, communities, and the environment.

The Board believes these initiatives align with the Group's vision, mission, values, and strategic goals, supporting growth, profitability, resilience, competitiveness, innovation, reputation, and social impact. Initiatives are prioritised based on urgency, impact, feasibility, and relevance.

By upholding strong governance, the Group aims to deliver value to stakeholders and meet governance expectations. The Board will regularly review and adjust governance initiatives as needed.

In conclusion, I extend my sincere appreciation to Board Members, Senior Management, employees, and stakeholders for their support and cooperation. The Board remains dedicated to excellence in governance and acting in the best interests of the Group and its stakeholders.

Thank you.

Yours faithfully
Dato' Agil Natt
Chairman

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Affin Bank Berhad (ABB, the Company or the Bank) strongly promotes and supports the principles of good Corporate Governance. The Board continuously strives to enhance and strengthen the Group's governance framework and processes to ensure that best practices are adopted Groupwide. The Board acknowledges that Corporate Governance standards help to establish a culture of **accountability**, **transparency**, and **ethical behaviour**, which in turn enhances shareholders and stakeholders' trust and confidence in the Bank as well as the Group.

This Corporate Governance Overview Statement (CG Statement) provides insights into the corporate governance (CG) practices of AFFIN during the financial year ended 31 December 2024 and up to the date of publication of this Integrated Report 2024 (year under review). This CG Statement outlines the Bank's compliance with the three (3) principles set out in the Malaysian Code of Corporate Governance 2021 issued by the Securities Commission (MCCG 2021) as follows:-

Board leadership and effectiveness	Effective audit and risk management	Integrity in corporate reporting and meaningful relationship with stakeholders
27 practices, **3** step-ups	**8** practices, **2** step-ups	**8** practices

To ensure compliance with the most recent relevant Corporate Governance and regulatory obligations, the Board regularly reviews its governance procedures and processes. Throughout the year in review, the Bank has adopted all the provisions of the MCCG 2021 (including all five (5) step ups), save for Practice 8.2 (disclosure of senior management's remuneration). Over the years, the Bank has been making efforts to transform its Integrated Report into a full Integrated Integrated Report. For the financial year ended 31 December 2024, the Bank has produced its first full Integrated Integrated Report, providing insights into the Bank's strategy, and how it relates to the Bank's ability to create value in the short, medium and long-term and its use of and effects on capitals. A more thorough description of the manner in which the Bank is addressing these departures is set out in the Corporate Governance Report (CG Report) which is available on AFFIN Group's corporate website at https://www.affingroup.com/ or the Bursa Malaysia announcement web page.

The Bank adopts best corporate governance approaches based on the following guidelines and best practices:-

- Bank Negara Malaysia's (BNM) Policy Document on Corporate Governance (BNM CG)
- Malaysian Code of Corporate Governance (MCCG) 2021
- Guidelines on Conduct of Directors of Listed Corporations and their Subsidiarles published by the Securities Commission of Malaysia
- Corporate Governance Guide 4th Edition published by Bursa Securities
- Main Market Listing Requirements (MMLR) issued by Bursa Malaysia Securitles Berhad (Bursa Securities)
- Corporate Governance Monitor 2022 published by the SC
- Other relevant guidelines/ circulars/practice notes issued by relevant regulatory authorities
- MSWG's Malaysia-ASEAN Corporate Governance Scorecard

The Bank's commitment towards upholding high standards of Corporate Governance was recognised when it received the following awards by the Minority Shareholders Watch Group (MSWG) via National Corporate Governance & Sustainability Awards (NACGSA) 2024, MSWG-ASEAN CG Award 2021 and ASEAN Asset Class PLCs (Malaysia) at the 2021 ASEAN Corporate Governance Scorecard Award:-



INDUSTRY EXCELLENCE AWARD FOR FINANCIAL SERVICES 2021



RANKED NO: 16 (IN THE TOP 100 COMPANIES FOR CG DISCLOSURE)



ASEAN ASSET CLASS PLCS (MALAYSIA)



RANKED NO. 46 (IN THE TOP 50 PUBLIC LISTED COMPANIES)

The Bank is grateful for the above recognitions and endeavours to improve its corporate governance disclosure, as well as to continue adopting good corporate governance practices.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

GOVERNANCE STRUCTURE AND FRAMEWORK

The Board views corporate governance as a fundamental process contributing towards achieving long-term shareholder value, taking into account the interest of all other stakeholders. The Board champions transparency and accountability in the boardroom, fostering these vital components of governance throughout the Group.

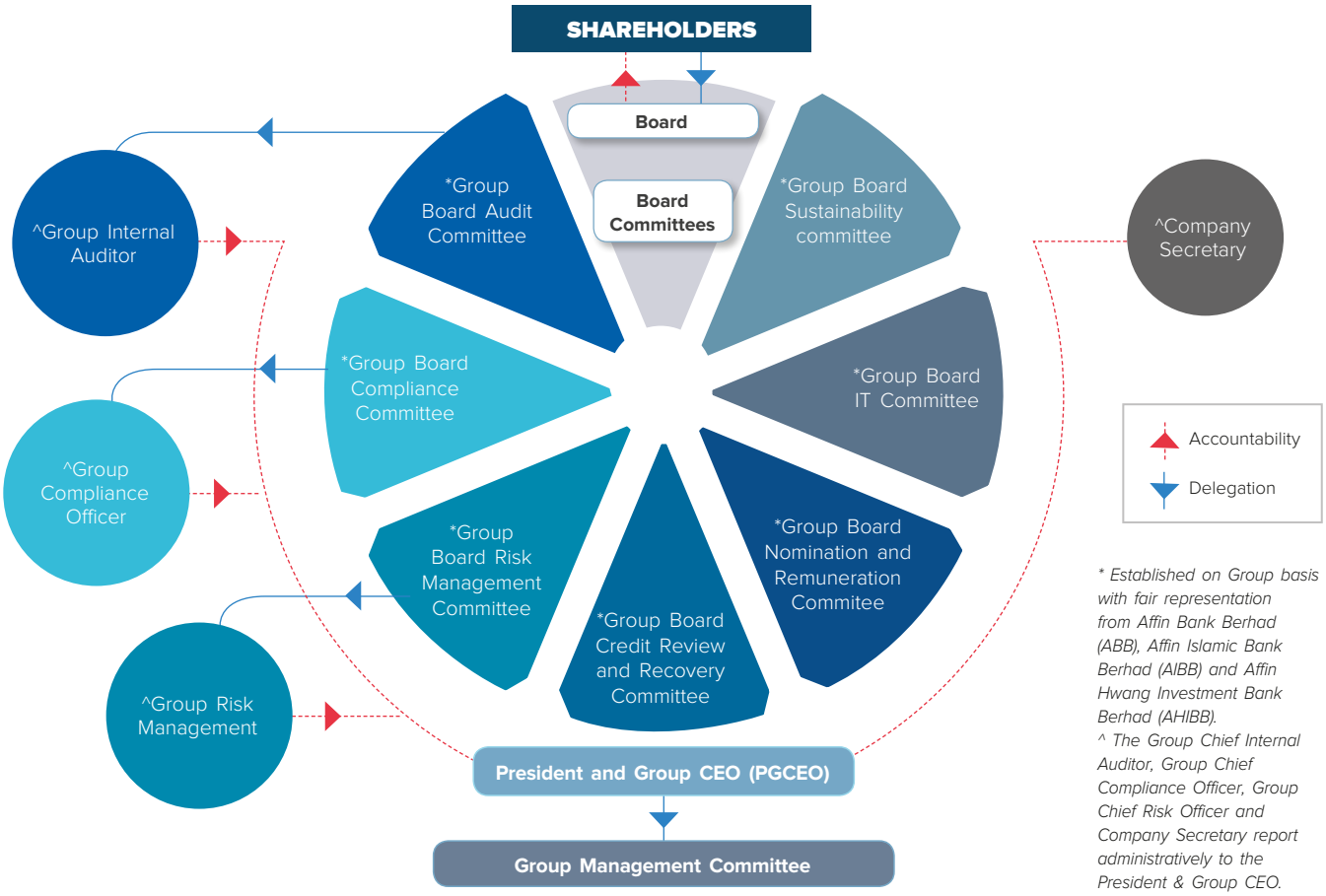
The Group believes that a healthy corporate culture and robust governance framework ensures that the organisation continues to run smoothly and efficiently. ABB, as the apex entity, has the overall responsibility in ensuring the establishment and operation of a clear governance structure appropriate to the nature, size and complexity of the respective entities within the Group.

Amidst an increasingly challenging business environment, the Board is committed to strengthening the Group's corporate governance practices and processes to effectively meet growing operating challenges. During the year under review, AFFIN has revised its Group Corporate Governance Framework (Group CF Framework) to include the recent updates and changes to MMLR, MCCG 2021, the Board Charter of the Bank and centralisation of selected common as well as control functions under Project Synergy within the Group. The Group CG Framework is applicable across all levels within the Group.

The Group CG Framework enhanced the Group's structure and processes as well as the Authority Limits aligning with the Terms of Reference of the respective Board Committees, policies and procedures of the Group. The Group CG Framework outlines the Board's practices for overseeing the Board Committees and Management as well as its subsidiaries and affiliates, and details the delegation of responsibilities without abdicating the Board's duties.

An important role of corporate governance is to ensure sustainable long-term performance, maximise returns for our stakeholders and create long-term economic value and growth. The Group has put in place the best practices in all the businesses dealing with customers, vendors, stakeholders, depositors and participants to ensure its long-term sustainability. This will also ensure that the Group remains resilient, capable of delivering durable and sustainable value, and maintains the confidence of its stakeholders.

The Board endeavours to ensure that the Group's governance structure continues to remain appropriate and that it keeps abreast with relevant corporate governance and regulatory requirements. The structure and associated practices are reviewed when necessary to reflect the market and the communities within which the Group operates.



** Established on Group basis with fair representation from Affin Bank Berhad (ABB), Affin Islamic Bank Berhad (AIBB) and Affin Hwang Investment Bank Berhad (AHIBB).*
^ The Group Chief Internal Auditor, Group Chief Compliance Officer, Group Chief Risk Officer and Company Secretary report administratively to the President & Group CEO.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Roles and Responsibilities of the Board

The Board is responsible to provide effective oversight on the management and direction of the Bank. Their primary role is to act in the best interests of the Bank and its stakeholders, as well as to ensure that the Bank operates in accordance with applicable laws and regulations.

The Board Charter sets out, among others, the Board's strategic intent, authority and delegations to the respective Board Committees and it serves as a primary source of reference and induction literature. The Board Charter identifies clearly, the issues and decisions reserved for the Board.

For individual Directors, the Board Charter also outlines what is expected of them in terms of commitment, roles and responsibilities as Directors.

While appropriately delegating its authority to Board Committees or Management, the Board does not abdicate its responsibility. The Board ensures that it does not leave the management of the Bank's affairs to the Board Committees and that the Directors remain responsible for the exercise of such powers.

This is guided by the principles of good corporate governance as prescribed in the policy documents and guidelines issued by BNM as well as relevant regulatory authorities. The Bank's Board Charter is available on the Bank's website at https/:/affin.listedcompany.com/others.html.

Amongst the key responsibilities of the Board are, but not limited to, the following:-

- Establish the corporate vision and mission as well as the philosophy of the Bank
- Set and oversee the implementation of business and risk objectives as well as strategies
- Oversee the performance of the Senior Management in managing the business and affairs of the Bank
- Ensure reliable and transparent financial reporting process within the Bank
- Promote sustainable growth and financial soundness of the Bank
- Promote timely and effective communications between the Bank and regulators on matters affecting or that may affect the safety and viability of the Bank
- Consider the significant matters reserved for the Bank

The Board and Senior Management strive to ensure that greater vigilance is in place amidst the challenging operating environment. The Board ensures effective leadership through oversight on management and robust monitoring of the performance, initiatives and internal controls within the Bank.

Leadership and management

The Bank is led by the Board which is responsible for the stewardship of the business and affairs of the Group on behalf of our shareholders and all other stakeholders.

The Board's primary role is to determine ABB's strategic objectives and policies to deliver sustainable value to its shareholders. In ensuring the protection of shareholder value, the Board takes into account the interests of stakeholders including employees, business partners, local communities, regulators and the general public.

Whilst the Board provides oversight on the control and management of the Bank, the ultimate decision-making authority vests with the shareholders at the Annual General Meeting where, amongst others, important resolutions such as the re-election and remuneration of the Directors and appointment of External Auditors are considered and approved.

The Board, on the other hand, is accountable to the shareholders for the performance of the Bank. In this regard, the Board directs and monitors the business and affairs of the Bank on behalf of the shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A:

The Board sets, oversees and approves the overall strategic objectives, direction and performance of the Group with some strategic oversight delegated to Board Committees. The Board takes appropriate action to ensure that the Group is suitably resourced to achieve its strategic aspirations. The Board considers the impact of its decisions and its responsibility to all the Group's stakeholders.

The Board ensures that the Group's strategic plan supports long-term value creation and includes strategies on economic, environmental, social and governance (ESG) considerations thereby strengthening the integration of sustainability in the Group's operations. Through sustainable practices, the Group becomes more resilient, is able to be create durable and sustainable value and maintains simultaneously, the confidence of its stakeholders.

The Board ensures that it is well-positioned to satisfy its oversight responsibility through periodic assessment of Board agenda priorities to ensure that it is well-informed on a timely basis of matters requiring attention.

Together with Management, the Board promotes good corporate governance culture within the Group ensuring ethical leadership, prudent and professional behaviour in the conduct of its business and in all aspects of its operations.

The Board considers each Non-Executive Director to be independent in character and judgement.

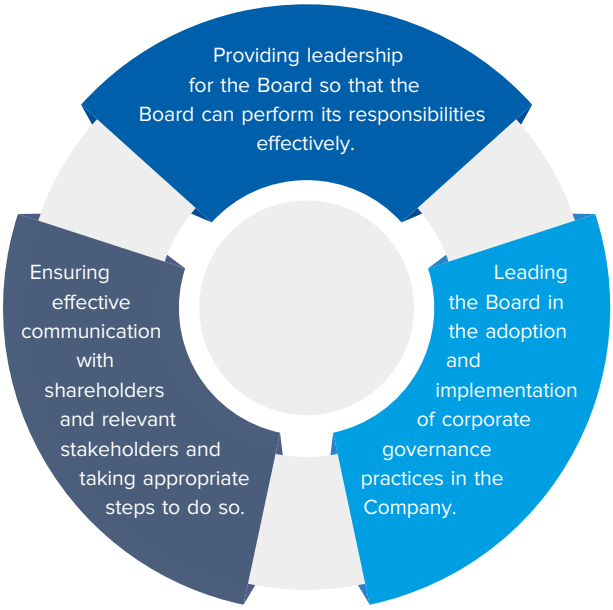
The current composition of Directors has a blend of skills, experience and knowledge enabling them to provide effective oversight, strategic guidance and constructive challenge, examine, review and decide on Management's proposals and empower the PGCEO to implement strategies approved by the Board.

Chairman

The Bank is headed by the Chairman, whose roles are strictly separated and distinct from the PGCEO. The respective roles of the Chairman and PGCEO are clearly defined and documented in the Board Charter so as to promote accountability and facilitate division of responsibilities between them and to further ensure a balance of power and authority.

The Chairman is responsible for leading the Board in its collective oversight of Senior Management. He ensures the smooth functioning of the Board and that procedures and processes are in place to facilitate effective conduct of business by the Board.

The main roles of the Chairman, among others, are as follows:



The Chairman is not a member of either the GBNRC or the GBAC.

PGCEO

The PGCEO focuses on the business and day-to-day management of the Bank and is responsible for developing business strategies and ensuring implementation of such strategies and policies. The balance of responsibilities between the Chairman and PGCEO is regularly reviewed to ensure the division of functions remains appropriate to the needs of the Bank.

Company Secretary

The Company Secretary acts as secretary to the Board and Board Committees, ensuring compliance with Board procedures and advising on regulatory and governance matters. She is responsible for ensuring that the Board and Board Committee members receive accurate, timely and clear information. She supports the Chairman of the Board in the delivery of the corporate governance agenda and facilitates the Director Induction programme and on-going professional development trainings.

The Company Secretary is qualified and competent to act as company secretary under Section 235 of the Companies Act 2016. The Board members have full access to the Company Secretary's advice and services.

Directors	Designation	Board	GBNRC	GBCRRC	GBAC	GBITC	GBRMC	GBCC	GBSC
ABB									
YBhg. Dato' Md Agil bin Mohd Natt	Chairman/INED	20/20	–	29/29	–	12/12	–	–	–
YBhg. Dato' Abdul Aziz bin Abu Bakar	INED	20/20	11/11 (C)	–	–	–	–	–	–
YBhg. Dato' Mohd Hata bin Robani	INED	20/20	–	29/29 (C)	13/14	–	–	–	–
Mr. Ignatius Chan Tze Ching	NINED (BEA representative)	19/20	–	–	–	–	–	–	–
YBhg. Dato' Rozalila binti Abdul Rahman	INED	20/20	–	–	–	–	–	12/12 (C)	7/7
Mr. Yuen Wai Hung, Peter	NINED (BEA representative)	19/20	–	–	–	–	–	-	–
Puan Marzida binti Mohd Noor[1]	INED	18/20	4/4	–	–	12/12 (C)	5/5	–	–
Mr. Gregory Jerome Gerald Fernandes	INED	19/20	–	–	14/14 (C)	–	–	12/12	–
Ms. Chan Wai Yu[2]	INED	20/20	7/7	–	–	–	12/12 (C)	–	–
Encik Mohammad Ashraf bin Md Radzi[3]	NINED (LTAT representative)	20/20	–	–	–	–	4/5	–	–
Ms. Emeliana Dalian Rice–Oxley	INED	19/20	–	–	–	–	–	–	7/7 (C)
AIBB									
YBrs. Tuan Haji Musa bin Abdul Malek *(Chairman, AIBB)*	Chairman/INED		–	29/29	–	–	–	–	7/7
Encik Suffian bin Baharuddin	INED		–	–	14/14	–	12/12	–	–
YBhg. Datuk Mohd Farid bin Mohd Adnan	INED		11/11	–	–	–	–	12/12	–
Ms. Tan Ler Chin, Cindy	INED		–	–	–	12/12	12/12	–	–
Encik Muhammad Fitri bin Othman *(Resigned as Director of AIBB w.e.f 1 September 2024)*	NINED (LTAT representative)		–	–	–	–	–	8/8	–
Encik Dali Kumar @ Dali bin Sardar	INED		–	29/29	14/14	–	–	–	–
Dr. Sharbanom binti Abu Bakar	INED		–	–	–	11/12	–	–	7/7
AHIBB									
YM Tunku Afwida binti Tunku A Malek *(Chairperson, AHIBB)*	Chairperson/ INED		–	–	–	10/12	–	–	–
Encik Hasli Hashim	INED		–	28/29	–	–	–	–	–
Mr. Eugene Hon Kah Weng	INED		–	–	14/14	–	–	–	–
Datuk Wan Razly Abdullah *(completion of tenure as approved by BNM w.e.f. 2 April 2024)*	NIED (ABB representative)								
Dato' Abdul Wahab Abu Bakar	INED		11/11	–	–	–	–	–	7/7
Ms. Kong Yuen Ling	NINED (BEA representative)		–	–	–	–	–	11/12	–
Ms. Tracy Ong Guat Kee	INED		–	29/29	–	–	12/12	–	–

Note:
INED : Independent Non-Executive Director
NINED : Non-Independent Non-Executive Director
NIED : Non-Independent Executive Director

[1] Stepped down as member of GBNRC and appointed as a member of GBRMC w.e.f 1 July 2024.
[2] Appointed as a member of GBNRC w.e.f 1 July 2024
[3] Stepped down as a member of GBRMC w.e.f 7 May 2024.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A:

BOARD AND BOARD COMMITTEES' DELIBERATIONS

The highlights of matters reviewed, deliberated and approved by the Board and Board Committees during 2024 were as follows:-

Board

Key Activities of the Board and Board Committee in 2024

STRATEGY, TECHNOLOGY & ESG

1. Climate Risk Management and Scenario Analysis (CRMSA) Implementation Plan
2. Affin Value-based Intermediation (VBI) Framework
3. Affin Bank Berhad 2025 Transformation Plan (T25 Plan)
4. Renewal partnership with the Badminton Association of Malaysia
5. Group Budget 2025, Forecast 2026 - 2028 and 2025 Business Plan & Strategy
6. Sustainability & Climate Disclosure Policy
7. Capital Position & Capital Plan
8. 2024 Group Recovery Plan
9. Dividend payment for 2024 and Dividend Reinvestment Plan
10. Proposed relocation of branches and opening of new branches
11. Integrated Report 2024 – Cover and Theme
12. SME Credit Models – Application Behavioural Scorecard (B-Score)
13. Monthly updates from Group Operations & Technology
14. Bi-Monthly updates from Group Board Sustainability Committee

GOVERNANCE, RISK & COMPLIANCE

1. BNM Composite Risk Rating findings
2. Re-appointment of external auditors for the Group
3. Appointment and Re-Appointment of Directors
4. Appointment and Re-Appointment of Shariah Committee
5. Group Board and Board Committee Composition
6. Board Effectiveness Evaluation 2024
7. Fit and Proper Assessment
8. Conflict of Interest (COI) reporting
9. Reporting Framework for Beneficial Ownership (BO) of Companies
10. Revision of Shariah Governance Policy and Zakat and Charity Policy
11. Group Risk Appetite Statement
12. Annual Credit Plan
13. Group Enterprise Risk Dashboard
14. Implementation Plan for BNM Policy Documents on Hajah and Darurah
15. Various revision of policies/frameworks not limited to Approving Authority Framework, MFRS9 Model Review, Credit Transactions and Exposure with Connected Parties, Technology Risk Management Framework, Group Credit Risk Policy, Credit Authority Framework and Group Business Continuity Policy
16. Adoption of Level 2 Policy Document for Interest Rate and Rate of Return Risk in Banking Book
17. Group ICAAP Framework Annual Review for 2025
18. Review of Dividend Policy for AFFIN Group
19. Monthly updates from Group Compliance, Group Internal Audit and Group Risk Management.

FINANCIALS & PERFORMANCE

1. Group Budget 2024
2. Quarterly Business Performance for Group Corporate Banking Division, Group Community Banking Division, Group Treasury Division and Group Enterprise Banking Division
3. Capital Position for the FYE 2024 to 2027
4. Group Corporate Governance Framework
5. Establishment of Islamic Commercial Papers (i-CP) Programme of RM3.0 billion in nominal value
6. Group ICAAP Framework Annual Review
7. E-Invoice Implementation
8. Outsourcing Plan 2024
9. Group Internal Capital Threshold and Stress Test Results

CSR, CULTURE & PEOPLE

1. Revision on the List of Staff Identified as Other Material Risk Taker for 2024 at AFFIN Group
2. Group Organisational Structure
3. Consequence Management Framework
4. Directors and Shariah Training Plan 2024
5. Updates on employees' engagement surveys – Lenses 3.0
6. Group Talent Management Progress
7. Appointment and contract renewal of senior management
8. Renewal Contract of Senior Management
9. AFFIN Share Grant Scheme
10. 2024 Mandatory Mid-Year Performance Review
11. Revision of Group Board Committee's Term of Reference
12. AFFIN x LLSB Interceptor Project
13. Zakat Contributions
14. AFFIN-Universiti Malaysia Sarawak (UNIMAS) Apprenticeship Programme

GROUP BOARD AUDIT COMMITTEE

Members (Latest)

1) Mr. Gregory Jerome Gerald Fernandes (Chairman) (Representing ABB)
2) Dato' Mohd Hata Robani (Representing ABB)
3) Encik Suffian Baharuddin (Representing AIBB)
4) Encik Dali Kumar @ Dali Sardar (Representing AIBB)
5) Mr. Eugene Hon Kah Weng (Representing AHIBB)

(Adopted Practice 1.4 and Step Up 9.4 of MCCG 2021)

TOTAL MEETINGS IN 2024:

(SCHEDULED)
12
(SPECIAL)
2
JOINT GBAC & GBRMC
2 MEETINGS

MAIN ROLES & RESPONSIBILITIES

- To establish the framework and oversee the audit function of AFFIN.
- To provide assistance to the Board in fulfilling its statutory and fiduciary responsibilities in ensuring that good corporate governance, system of internal controls, codes of conduct and compliance with regulatory and statutory requirements are maintained by the Group.
- Implement and support the function of the Board by reinforcing the independence and objectivity of the Group Internal Audit Division (GIA).
- Ensure that Internal and External Audit functions are properly conducted, and audit recommendations are implemented timely and effectively.

MATTERS DISCUSSED IN 2024

- Approval of the GIA Annual Audit Plan for 2024.
- Deliberated on and approved revisions made to GIA's AAP during the year, in alignment with the dynamic risk profiles of the respective auditable areas/functions.
- Reviews of audit reports and findings, both regular and ad-hoc audit, according to the Annual Audit Plan.
- Review of internal investigation reports as directed by the Board or requested by Management.
- Oversee subsidiary audits, providing recommendations to their Board Audit Committees on significant governance, risk management, and control issues as needed.
- Review on the progress of Annual Audit Plan 2024.
- Monitoring of the corrective actions taken by Management on findings from regulators, internal and external auditors.
- Review and recommendation on the appointment of external auditors for non-audit related services.
- Deliberation on monthly financial results and endorsements of quarterly and year-end financial statements prepared by the Group Finance Division.
- Reviewed, monitored, and assessed GIA's overall performance and progress on the annual audit plan and other key audit activities.
- Review and recommendations regarding the appointment of external auditors for non-audit related services.
- Reviewed and recommended to the Board for approval the revised Group Board Audit. Committee Terms of Reference and the Audit Charter.
- Reviewed quarterly conflict of interest reporting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A:

GROUP BOARD RISK MANAGEMENT COMMITTEE

Members (Latest)

1) Ms. Chan Wai Yu (Chairman) (representing ABB)
2) Pn. Marzida Mohd Noor (representing ABB) (appointed w.e.f. 1 July 2024)
3) Encik Suffian Bin Baharuddin (representing AIBB)
4) Ms. Tan Ler Chin, Cindy (representing AIBB)
5) Ms. Tracy Ong Guat Kee (representing AHIBB)
6) Encik Mohammad Ashraf bin Md Radzi (representing ABB)
(ceased to be a member w.e.f. 7 May 2024)

TOTAL MEETINGS IN 2024:

(SCHEDULED)
11
(SPECIAL)
1
JOINT GBAC & GBRMC -
1 MEETING

(Note: The second meeting was rescheduled from 5 December 2024 to 9 January 2025)

MAIN ROLES & RESPONSIBILITIES

The GBRMC is established to assist the BOD in respect of the following:-

- Oversee, review, assess and examine the adequacy of the Group-wide enterprise risk management framework, policies and guidelines to adequately protect the Group against all relevant risks, comprising but not limited to, Credit Risk, Market, Liquidity and Interest Rate Risk, Operational Risk (including Legal/ Regulatory Risks and Shariah Non-Compliance Risk), Reputational Risk, Technology Risk as well as Environmental, Social and Governance (ESG) risk.
- Review and recommend the Group's enterprise-wide risk strategy, risk appetite and risk management framework for approval by the respective entities' Board of Directors.
- Providing oversight on the Group's ability to build resilience against the adverse impacts of ESG and climate-related risks.
- Oversee the overall recovery planning process, including the development, maintenance, and implementation of the Group Recovery Plan (GRP) in all phases.

MATTERS DISCUSSED IN 2024

1) Review and endorse the risk-related frameworks, policies (including risk controls and thresholds), standards, guidelines and strategies for recommendation to the Board for approval.
2) Review the key risk management highlights and analysis, including emerging risk assessment, key risk indicators and exposures reported in the monthly Group Enterprise Risk Dashboard (GERD).
3) Review and evaluate risk reporting by the Chief Risk Officers (CRO) of the respective subsidiaries to the GBRMC on risks that may have financial and non-financial impacts to the entities and/or Group.
4) Review the reports and findings by the Independent Credit Review function.
5) Review the capital and liquidity management of the Group.
6) Review and endorse the Group Recovery Plan, including the Key Recovery Indicators, Scenario Analysis and Recovery Options.
7) Other risk management matters reviewed include but are not limited to:
   - Regulatory Stress Test and/or any ad-hoc stress test exercise
   - Annual ICAAP Framework and Internal Capital Threshold (ICT) review. Annual Risk Appetite Statement (RAS).
   - Annual Business Continuity Management (BCM)/Business Continuity Plan (BCP). Annual Outsourcing Plan.
   - Annual Credit Plan.
   - Independent Validation report on MFRS 9 and credit models.
   - Independent Credit Review's (ICR) Post-Mortem Review (PMR) and Post-Approval Credit Review (PACR) reports.
   - Connected Party Transaction reports.
   - Update on the Mortgage Portfolio Asset Quality.
   - Shariah-related developments affecting the banking industry.
   - Environmental, Social and Governance (ESG) and Climate-related Risk updates.
   - Status Updates on Key Risk Management Initiatives.

GROUP BOARD COMPLIANCE COMMITTEE

Members (Latest)

1) Dato' Rozalila Abdul Rahman (Chairman) (Representing ABB)
2) Mr. Gregory Jerome Gerald Fernandes (Representing ABB)
3) Datuk Mohd Farid Bin Mohd Adnan (Representing AIBB)
4) Encik Muhammad Fitri Othman (Representing AIBB)
   (ceased to be member w.e.f. 1 September 2024)
5) Ms. Kong Yuen Ling (Representing AHIBB)

TOTAL MEETINGS IN 2024:

(SCHEDULED)
12

MAIN ROLES & RESPONSIBILITIES

- Assess and examine the adequacy of group compliance and integrity as well as governance frameworks, including the policies, procedures and processes for the Group.
- Support the Board to fulfil its responsibilities to:-
  - Oversee the management of compliance risk by ensuring process is in place in line with the expectations of regulators.
  - Oversee integrity and governance matters inclusive of corruption, fraud, malpractice, unethical conduct and abuse of power within the organisation that are guided by applicable laws and regulations and make the necessary recommendations to align to the Group's long-term strategy.
  - Review and approve compliance risk management philosophy and strategy.
  - Ensuring clear and independent reporting lines and responsibilities for the overall business activities, compliance functions and integrity & governance function as well as recommending organisational alignments where necessary to the Board.
  - Ensuring the practice of excellent work culture among employees, with strong morale and ethics within the organisation.
- Monitor the Bank's management of compliance risk through periodic reporting on anti-money laundering and counter financing of terrorism (AML/CFT) updates, outcome from compliance review exercise, statistics of whistleblowing cases as well as non-compliance incidences.

MATTERS DISCUSSED IN 2024

- Revision of policies/guidelines/framework (in relation to ABB, AIBB and AHIBB) including:
  - Policy on Management of Customer Information and Permitted Disclosure
  - Foreign Exchange Administration Master Policies
  - Group e-KYC Policy
  - AML/CFT Compliance Framework
- Review and endorsement of annual attestations to Bank Negara Malaysia (BNM).
- Monitor the status of remediation actions on BNM Composite Risk Rating for issues related to the Compliance function.
- Outcome of the annual Compliance Risk Assessment conducted on ABB, AIBB and AHIBB.
- Outcome of the Bank-wide AML/CFT risk assessment & risk appetite.
- Monthly regulatory compliance updates, compliance reviews and AML/CFT/PF updates.
- Progress and status updates for the Annual Compliance Plan 2024.
- Review and approval of the Annual Compliance Plan 2025.
- Deliberation of regulatory non-compliance incidents.
- Deliberation of Integrity & Governance Unit's monthly reporting of whistleblowing cases.
- Monitoring of the Integrity & Governance Unit (IGU)'s bi-annual reporting to the Malaysian Anti-Corruption Commission (MACC).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A:

GROUP BOARD NOMINATION AND REMUNERATION COMMITTEE

Members (Latest)

1) Dato' Abdul Aziz Abu Bakar (Chairman) (Representing ABB)
2) Ms. Chan Wai Yu (Representing ABB) *(appointed as member w.e.f 1 July 2024)*
3) Datuk Mohd Farid bin Mohd Adnan (Representing AIBB)
4) Dato' Abdul Wahab Abu Bakar (Representing AHIBB)
5) Puan Marzida Mohd Noor (Representing ABB) *(ceased to be member w.e.f. 1 July 2024)*

(Adopted Practice 1.4 of MCCG 2021)

TOTAL MEETINGS IN 2024:

(SCHEDULED)
9

(SPECIAL)
2

MAIN ROLES & RESPONSIBILITIES

- To provide a centralised platform in setting the Group principles, procedures and framework relating to the composition of the Board and Management including their appointment/re-appointment, effectiveness and performance as well as remuneration policy for the Board, Management and the Group as a whole. This Group approach would promote compensation philosophy which would drive performance of the Group as a whole.
- To review the diversity, matrix skills of the Board and Management from broader perspective to ensure that it aligns with the Group's strategy and placement of human capital at entity level with the right skills set.
- The GBNRC is set-up with the following objectives:-
  - The selection and appointment of new Directors and PGCEO as well as assessment of effectiveness of individual Directors, Board as a whole, Board Committees and performance of PGCEO and Key Senior Management Officers (KSMO); and
  - Develop remuneration policy for Directors, PGCEO and KSMO and ensuring that compensation is competitive and consistent with the Bank's culture, objectives and strategies.

MATTERS DISCUSSED IN 2024

- Appointment of Non-Independent Directors nominated by the substantial shareholders.
- Setting up of KPIs and Scorecard for 2024.
- Performance assessment of KSMO for new appointment and contract renewal of ABB, AIBB and AHIBB.
- Assessment of fitness and propriety of Directors and Key Responsible Persons.
- Assess suitability of candidates for appointment and re-appointment of Directors and Shariah Committee members.
- Review the remuneration of Directors, Shariah Committee and KSMO.
- Outcome of the Board Effectiveness Evaluation exercise for 2023.
- Review of Board and Management Succession Plan.
- Review of List of OMRT and Senior Management.
- Review of the BNM's Guidelines on Investor Protection.
- Review of the Group's Organisation Structure.
- Review of Directors' and Shariah Committees' training plan for the year 2024.
- Introduction of new AFFIN Group Consequence Management Framework.
- Nomination of new Directors to the boards of subsidiaries and affiliates.
- Review of employees' benefits package.
- Review of Directors & Officers Liability Insurance Coverage.
- Mid-year performance review of the employees.

GROUP BOARD CREDIT REVIEW AND RECOVERY COMMITTEE

Members (Latest)

1) Dato' Mohd Hata Robani (Chairman) (Representing ABB)
2) Dato' Agil Natt (Representing ABB)
3) Encik Musa Abdul Malek (Representing AIBB)
4) Encik Dali Kumar @ Dali Sardar (Representing AIBB)
5) Encik Hasli Hashim (Representing AHIBB)
6) Ms. Tracy Ong Guat Kee (Representing AHIBB)

TOTAL MEETINGS IN 2024:

(SCHEDULED)
23

(SPECIAL)
6

MAIN ROLES & RESPONSIBILITIES

The Group Board Credit Review and Recovery Committee is established to assist the functions of the Board in respect of its inherent authority over approval on loan/financing application/ proposals which are considered by the Group Management Credit Committee (GMCC).

The duties and responsibilities of the Committee shall include the following:-

- Critically review credit facilities application, after due process of checking, analysis, review and recommendation by the Group Credit Management Division to GMCC, and if found necessary, to exercise the power of veto on behalf of the Board, on credit applications that have been approved by the GMCC.
- Assisting the Board of Directors in performing oversight function and provide recommendations in respect of investment strategies, credit risk assessment, management and performance of partnership investment accounts under Islamic Banking such as Musyarakah financing/ventures or Mudharabah financing/ventures.
- To consider whether to affirm/veto credit/underwriting proposal, impose additional terms or modify the terms approved by the GMCC thereof.
- To set and review recovery targets as well as monitor the progress of recovery efforts.
- To ensure that the GMCC has discharged its responsibilities in a timely and proper manner.
- To offer advice and directions relating to credit portfolio.

MATTERS DISCUSSED IN 2024

- Review and concur/veto credit financing decisions made by GMCC.
- Update and revised the relevant credit policies.
- Overview of the retail and Non-retail exceptional credits, Business Units' Portfolio Monitoring, End Financing (EF) Policy Refinement.
- Oversight view and review of the Annual Credit Plan (ACP) formulation.
- Oversight view and review of the Single Counterparty Exposures Limit (SCEL) Status Report and Group accounts review.
- Oversight view and review of the impaired loans, written-off accounts and recoveries efforts/plans made by Management.
- Exceptional credits.
- Oversight view and review of the Revision of Credit Authority Framework as well as analysis and treatment of the Risk-Weighted Assets (RWAs) in Undrawn Credit Limits.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A:

GROUP BOARD INFORMATION TECHNOLOGY COMMITTEE

Members (Latest)

1) Puan Marzida Binti Mohd Noor (Chairman) (Representing ABB)
2) Dato' Agil Natt (Representing ABB)
3) Ms. Tan Ler Chin, Cindy (Representing AIBB)
4) Tunku Afwida Tunku A. Malek (Representing AHIBB)
5) Dr. Sharbanom Binti Abu Bakar (Representing AIBB)

TOTAL MEETINGS IN 2024:

(SCHEDULED)
11

(SPECIAL)
1

MAIN ROLES & RESPONSIBILITIES

- Oversee the overall development, risk management, integration and alignment of the Technology strategy and plan with AFFIN Group strategic business direction and plan.
- Ensure the right talent and culture in developing an organisational capabilities which are agile, innovative, adaptable and focused on business value creation.
- Oversee the timely and effective implementation of the AFFIN Group strategic transformation programme, ensuring business strategic objectives alignment and collective synergy within the Group (including all subsidiaries).

MATTERS DISCUSSED IN 2024

- Deliberation of investment proposals for technology transformation emcompassig channels and support systems for AFFIN Group.
- Review the productivity and efficiency in technology, processes and resources in managing the Group's technology.
- Review and monitor the Group's strategic transformation plan and its progressions as encapsulated in the AX28 plan.
- Review of technology risk and information security strategies to maintain confidentiality, integrity and availability standards.
- Oversees technology and transformation risk management covering operational, cybersecurity, and emerging risks.

GROUP BOARD SUSTAINABILITY COMMITTEE

Members (Latest)

1) Ms. Emeliana Dalian Rice-Oxley (Representing ABB)
2) Dato' Rozalila Abdul Rahman (Representing ABB)
3) Dr. Sharbanom Abu Bakar (Representing AIBB)
4) Encik Musa Abdul Malek (Representing AIBB)
5) Dato' Abdul Wahab Abu Bakar (Representing AHIBB)

TOTAL MEETINGS IN 2024:

(SCHEDULED)
6

(SPECIAL)
2

MAIN ROLES & RESPONSIBILITIES

- Assist the Board of AFFIN (the Board) by providing ongoing oversight of the development and implementation of the Group's Sustainability matter including Value based Intermediation Financing and Impact Assessment Framework (VBIAF).
- Provide oversight, advice, and direction in the development, implementation, and monitoring of the strategies, framework, and policies with respect to sustainability, VBIAF, climate change, and corporate social responsibility of AFFIN.
- Review and make recommendations to the Board on the suitability of the Group's climate, VBIAF, and sustainability strategy, position statements, frameworks, ambitions, metrics, and targets.
- Report to the Board on the climate, VBIAF, and sustainability matters for which it is responsible, escalate issues, and make recommendations to the Board where appropriate.

MATTERS DISCUSSED IN 2024

- Sustainability Statement 2023.
- ESG Plan 2024.
- CRMSA Implementation Plan Progress.
- Appointment of Consultant for Implementation of Scenario Analysis for CRMSA.
- Gap Analysis & Action Plan for Bursa Malaysia Enhanced Sustainability Reporting, Task Force on Climate Related Financial Disclosure, EPF Sustainable Investment and Data Collection & Management.
- Materiality Assessment Exercise.
- BNM 2024 Climate Risk Stress Testing Exercise.
- Sustainability Initiatives and Activities Updates.
- Sustainable Finance Framework.
- Calculation Scope 3 Emission Baseline and Materiality Assessment.
- AFFIN Group's CSR Activities.
- ESG Dashboard.
- Value-based Intermediation (VBI) Framework.
- Sustainability Roadmap.
- Enhanced Sustainability Framework.
- Diversity, Equity, and Inclusion (DEI) Framework.
- Climate Risk Stress Testing Exercise.
- Sustainability & Climate Disclosure Policy.
- Sustainability Statement 2024.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A:

BOARD COMPOSITION

Board Composition, Independence and Diversity

Board Composition

The Bank ensures ongoing review is being conducted on the Board composition so that the Bank complies with the relevant regulatory requirements and recommendations made by BNM, Bursa Securities as well as Securities Commission. The Board, through the GBNRC, took cognisance that the composition, independence, and diversity are important aspects of corporate governance that can have a significant impact on the Bank's performance, reputation, and long-term success.

The Board composition of the Bank consists of individuals who possess relevant and diverse set of skills, knowledge, and experience that can guide the Bank towards achieving its strategic goals. The review undertaken by GBNRC on Board composition took into consideration the Bank's size, desired skillsets, mid to long term objectives as well as specific challenges and opportunities.

The Bank's Board consists of majority Independent Directors with more than 70% Independent Non-Executive Directors (INED) whilst the remaining are the Non-Independent NonExecutive Directors [all of whom are appointed via nomination by major shareholders, namely Lembaga Tabung Angkatan Tentera (LTAT) and The Bank of East Asia, Limited (BEA)]. Therefore, majority Independent Directors serves as a check and balance on the potential influence by the nominees from the Bank's major shareholders which would provide assurance that the interest of the minority shareholders is not compromised.

Board decisions are made taking into account the views of the INEDs which carry substantial weight. They fulfil their roles in ensuring that strategies proposed by Management are deliberated and examined taking into account the interests of the shareholders and stakeholders. Their role is also particularly critical for related party transactions as these require independent judgement and objective impartiality to protect the interests of minority shareholders.

In addition to the fit and proper assessment of Directors carried out annually, an independent assessment is also conducted on each INED based on the independent criteria set out in BNM Policy Document on Corporate Governance (BNM CG), MCCG 2021 and MMLR of Bursa Securities.

Every INED is required to provide an annual declaration of his/her independence, which is assessed by the GBNRC. Based on the outcome of the fit and proper assessment for the financial year under review, all INEDs have complied with the Bank's guidelines on conflict of interest.

The Board is of the view that each INED has retained his/her independence throughout his/her tenure and had not under any circumstances formed any association with Management that might compromise his/her ability to exercise independent judgement that could ultimately affect the interest of stakeholders.

The Bank values diversity as a vital factor for staying effective, adaptable and viable in a fast-changing business context.

The Board values innovation and creativity that can come from a diverse Board. The Board is dedicated in following and keeping the recommendation on diversity and inclusion in all aspects of its decision-making. The Board understands that diversity has many different aspects, such as gender, age, race, ethnicity, nationality, experience, skills and length of service, that are important for its good performance. However, the Board will give priority to the choice of Directors based on their combination of competencies, skills, broad experience and knowledge in areas that the Board identifies.

The Bank did not appoint any new Directors in 2024. The GBNRC continued to review the composition of the Board to ensure that it consists of Directors with appropriate skills and backgrounds to support the Bank in achieving its long-term strategy and for succession planning purposes.

The Bank wishes to affirm that:-

- The Board continuously strives to ensure that Directors have a collective mix of skills, experience, expertise and diversity to add value to Board processes and decisions. These Directors bring their expertise and experience to bear on policy formulation and decision making, facilitating effective oversight, strategic guidance and constructive challenge.
- The Board is currently chaired by an Independent Non-Executive Director.
- The current Board composition in which the majority are Independent Directors (i.e. 8 out of 11 Directors are Independent), fulfils requirements stated in the MMLR and BNM CG and allows for more effective collective oversight of Management.
- The Board had adopted the maximum tenure of nine (9) years of service for Independent Directors within the Group to ensure the Board's independence as well as to encourage fresh views and ideas. However, the Board retains the flexibility for Independent Directors, upon reaching the maximum tenure of nine (9) years of service and subject to the approval of BNM for his/her reappointment as Director, to remain as a Director but shall be re-designated as Non-Independent Non-Executive Director.
- The time commitments of Non-Executive Directors are considered by the GBNRC at appointment/re-appointment and reviewed annually.

As at 31 December 2024, the Board composition, independence and diversity for the Bank is depicted below:-

COMPOSITION (% AND TOTAL)

Independent Non-Executive Directors: 8 (**73%**)

Non-Independent Non-Executive Directors: 3 (**27%**)

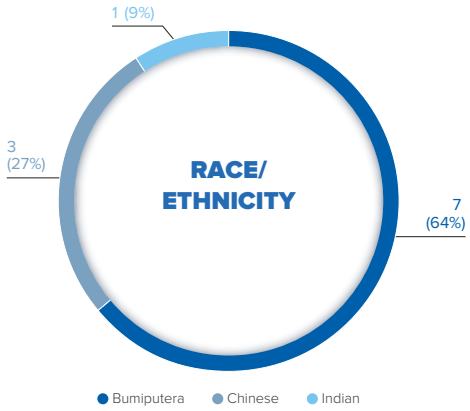
GENDER

Male: 7 (**64%**)

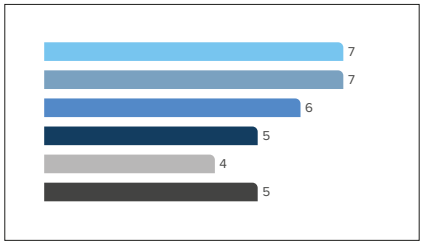
Female: 4 (**36%**)

AGE

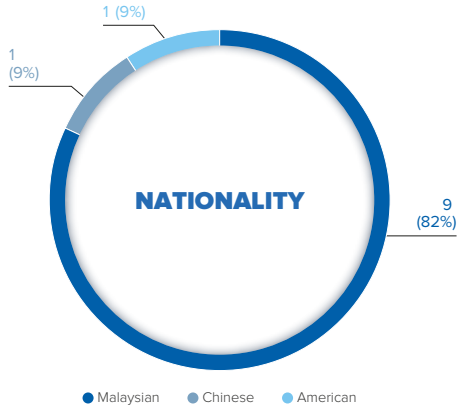
40-49	**1 (9%)**
50-59	**0 (0%)**
60-69	**7 (64%)**
70-75	**3 (27%)**



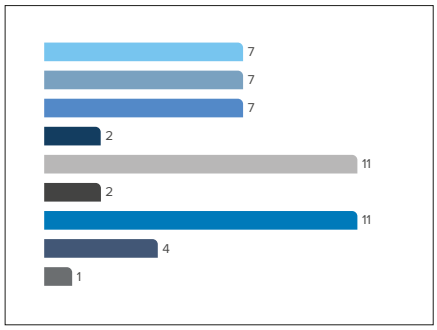
INDUSTRY EXPERIENCE



- Banking, Islamic Banking, Investment Banking
- Finance and Economics
- Insurance
- Audit or Consulting Firm
- Information Technology/e-Commerce/telecommunication
- Oil & Gas/Transportation



FUNCTIONAL EXPERIENCE



- Banking, Credit
- Information Technology
- Risk Management
- Operations, Strategic & Corporate Advisory
- Accounting
- Marketing & Sales
- Human Capital/People Management
- ESG, DEI, Sustainability
- Business Administration

The existing size and composition of the Board are able to promote effective deliberation, encourage active participation among Directors and allow the work to be discharged without giving rise to an over-extension of Directors who are required to serve on multiple Board Committees. The Board acknowledges that Board refresh exercise is important to ensure effective Board composition to enable the Bank to weather challenges and take advantage of opportunities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A:

Board and Senior Management Appointments, Removals and Re-election of Directors

NEW APPOINTMENTS OR RE-APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

New appointments of Directors and Senior Management require thorough consideration and planning to ensure that the Bank has the right leadership team in place to achieve its strategic objectives.

The GBNRC identifies prospective Board and Senior Management candidates from various sources such as referrals from existing Directors or officers maintained in the Bank's internal Directors' list, recommendation by major shareholders, Directors' Register maintained by Institute of Corporate Directors Malaysia (ICDM), FIDE or other leadership development and consulting organisations.

When making assessment(s) on new appointments of Directors and Senior Management, the GBNRC will take into account the following considerations:-

Board

- The desired skillsets as reviewed and approved by the Board (in terms of qualification, diversity, alignment with the Bank's strategic direction/focus).
- Candidate(s)' knowledge and experiences in order to evaluate whether candidate will be a strategic and effective fit for the Board
- Outcome of the due diligence process to ascertain candidate's fitness and propriety to assume the role based on the minimum requirements as set out in relevant regulatory requirements.

Senior Management

Candidate's fitness and propriety to assume the role based on the minimum requirements as set out in relevant regulatory requirements. In determining whether a person is fit and proper, the Bank shall consider the following:

- Probity, personal integrity, and reputation
- Competence and capability
- Financial integrity

For re-appointment of Director(s), GBNRC is to ensure that submission is made to BNM at least three (3) months prior to the expiry of his/her current term of appointment. The same assessment process will be undertaken with additional emphasis be given on Directors' contribution during his/her tenure with the Bank.

After undertaking the due process and being fully satisfied, based on their objective assessment, that the candidate meets the minimum requirements, the GBNRC will then submit its recommendation to the Board for decision and onward submission to BNM for approval, if applicable (for Directors and CEO level position). (Note: All appointments of Directors and CEOs are subject to the approval of BNM which is for a specific term of appointment).

ACTIVITIES IN 2024

New Appointment of Director

No new Directors appointed during the year under review

Re-appointment of Director

There was one (1) re-appointment of Director, namely, Dato' Rozalila binti Abdul Rahman (INED – 3rd term).

New Appointment of Senior Management

There were two (2) new appointments of Senior Management, namely, Mr Fung Kai Jin as the Executive Director of Group Enterprise Banking (joined on 15 July 2024) and Encik Irwin Mohd Eusoff as the Group Chief Corporate Strategy & Sustainability Officer (joined on 2 September 2024).

REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT

Each Director and Senior Management shall be assessed for compliance with the BNM Policy Document on Fit & Proper Criteria including their performance and effectiveness. Should any of them are found no longer fit and proper or is underperforming, the GBNRC will take corrective measures to manage such event accordingly.

Re-Election Of Directors

The Constitution of the Bank provides that at every Annual General Meeting, at least one-third of the Directors are subject to retirement by rotation or, if their number is not three (3) or a multiple of three (3), the number nearest to one-third shall retire from office, but shall be eligible for re-election. The Constitution of the Bank further provides that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

Fit and Proper Assessment

The Board, through the GBNRC, assessed the fitness and propriety of the Directors in accordance with the Bank's Fit and Proper Policy on Key Responsible Persons as well as Declaration by Independent Directors on annual basis.

The Annual Fit and Proper Declaration by the Directors are verified against independent sources such as credit reporting agencies and/or reference check agencies. For 2024, the Board was satisfied that each of the Directors met the required standard of fitness and propriety as required under relevant regulations.

Time Commitment

Any Director, while holding office, may accept other Board appointments (outside of the Group) so long as the appointment is not in conflict with the business of the Bank and does not detrimentally affect the Director's performance. When a Director has multiple board representations, he must ensure sufficient time and attention are given to the affairs of the Bank.

The Board values the experience and perspective that the Directors may gain from external appointment with other companies, organisations or associations. However, prior to the acceptance of any relevant external appointments, Directors should first consult with the Chairman of the Board and Chairman of GBNRC on such proposed appointment. In situation where such external appointment falls under potential of conflict situations as stated in the Bank's Board Charter, the matter would need to be escalated to GBNRC for deliberation.

To ensure full commitment and sufficient time is given to the affairs of the Bank, a Non-Executive Director (NED) of the Bank must not hold more than five (5) Directorships in listed companies and ten (10) Directorships in non-listed companies (Pursuant to Paragraph 15.06 (1) of the MMLR and Practice 5.5 of MCCG 2021).

The Board is satisfied that each Director has allocated sufficient time for the Bank as evident from the Directors' record of attendance at Board and Board Committees' meetings held in the financial year ended 31 December 2024 as stated above.

Board Effectiveness Evaluation

The effectiveness of the Board is crucial to the success of the Bank and the Group. An effective Board is able to guide the Bank and the Group both for the present and the future. Every year, the Board conducts a thorough evaluation process through the Board Effectiveness Evaluation (BEE) to assess the performance of the Board, its Board Committees and each individual Director. The objective of the BEE is to enhance the Board's effectiveness and the Group's overall performance.

The Board is dedicated to achieving the highest outcomes for stakeholders and continually improving governance quality through the annual BEE exercise.

The Bank had appointed an external expert to conduct the BEE exercise for the Bank as well as for its banking subsidiaries in 2022. In line with the recommendation by MCCG 2021, the Board is committed to appoint an external expert to carry out the BEE exercise at every three (3) years interval.

In light of the above, the Board had decided that the BEE 2024 to be carried out internally via an online platform with the assistance from the Company Secretarial team based on the framework which was designed and concurred by the GBNRC and the Board of ABB.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A:

Themes

Themes enumerated for the evaluation of the Board, Board Committee and Individual Directors are as follows:-

Board as a whole

- Section A – Board Composition, Skills & Development
- Section B – Agenda, Meetings, Information & Decision Making
- Section C – Board Dynamics & Culture
- Section D – Board's Role in Sustainability/ESG Matters
- Section E – Board & Management Relationship
- Section F – Board & Stakeholder Engagement

Individual Directors

- Section A – Fit & Proper
- Section B – Board Quadrant
- Section C – Organisation Quadrant

Board Committees

- Section A – Quality & Composition
- Section B – Skills & Competencies
- Section C – Meeting Administration

Notes:
• A Director must have served on the Board/Board Committees for at least six (6) months to be able to participate in the BEE.
• Management feedback on the BEE was obtained and collated vide the PGCEO.

Process and Reporting Structure

STEP 1 – ONLINE EVALUATION
BEE is conducted internally through a secured online platform.

STEP 2 – INDIVIDUAL SESSIONS
Interviewees are asked to elaborate or identify relevant factors impacting Board effectiveness.

STEP 3 – ANALYSIS
Comprehensive report highlighting feedback and issues identified. Thereafter, shared with the Chairman of the Board, Chairman of GBNRC and PGCEO.

STEP 4 – ACTION-PLANNING DISCUSSION
Chairman of the Board, Chairman of GBNRC and PGCEO participate in action-planning discussion and the outcome will be part of the report. Highlevel report is tabled to GBNRC/ Board for deliberation.

STEP 5 – FEEDBACK STORAGE
Original input from the survey will be destroyed upon tabling to GBNRC/Board.

STEP 6 – IMPLEMENTATION AND MONITORING
The action plan will be undertaken by the relevant parties for implementation, with regular updates to the GBNRC/Board.

The main highlights of the results are as follows:-

Areas of strength

1 Board Composition, Skills & Development

The Board has a good balance of Directors with banking and non-banking skillsets, and virtually all skill sets are represented, including diversity in all form.

2 Board Dynamics & Culture

The Board is dedicated to upholding ethical business practices and sustaining a positive organisational culture that values accountability, integrity, transparency, and fairness. Under the leadership of a competent Chairman, the Board cultivates an atmosphere that encourages comprehensive input to facilitate informed decision-making.

3 Board & Management Relationship

The Board and Management have a well-defined division of responsibilities and authority. The Board encourages Management to engage in open communication with Board members and provides ample support and strategic guidance to Management, fostering a productive working partnership.

Considerations for Improvement

1 Agenda, Meetings, Information & Decision Making

The Boardroom culture encourages constructive, candid, and thorough discussions, with a high regard for diversity of opinion. The quality of board information is typically sufficient to enable the Board to effectively assess the Bank's progress towards its strategic business objectives. Nevertheless, there is an opportunity to enhance this process by improving the timeliness of meeting paper submissions, thereby allowing Board Members adequate time to review and prepare for Board meeting, which will lead to more informed and productive discussions.

2 Board Sustainability Matters

The Board, in collaboration with Management, incorporates environmental, social, and governance (ESG) considerations, as well as sustainability risks and opportunities, into the review and oversight of the development and implementation of the Bank's strategies, business plans, major action plans, and risk management. Oversight responsibility for ESG risks and opportunities has been appropriately allocated across the relevant Board Committees, ensuring a holistic and coordinated approach. The Bank consistently engages with and communicates its ESG and sustainability strategies, priorities, targets, and performance against these targets to internal and external stakeholders. However, it is recognised that the Bank needs to accelerate its efforts to raise awareness of ESG values among its internal and external stakeholders, fostering a deeper understanding and commitment towards these principles.

The Board resolved to adopt the results for BEE 2024 as recommended by the GBNRC. The results of these assessments form part of the basis of the GBNRC's recommendations to the Board for the re-election of Directors at the 49th AGM in April 2025.

The Board and GBNRC will work on development plans to address the areas of improvement based on their priorities, with the support from respective Board Committees. The BEE 2024 outcome will also be considered for the re-appointment of Directors and Board Committees' membership appointment, where applicable.

Board Conduct

All Directors commit themselves to ethical business and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. They are guided by the Code of Ethics for Company Director & Company Secretary issued by the Companies Commission of Malaysia.

All Directors discharge their duties and responsibilities as fiduciaries in the best interest of the Bank. They are expected to act with integrity, lead by example, keep abreast of their responsibilities as Directors and of the conduct, business and development of the Bank.

In directing or managing the Bank's business and affairs, they exercise reasonable care, skill and diligence by applying their knowledge, skill and experience.

The Board ensures that key transactions or critical decisions are deliberated and decided by the Board in a meeting. The Board also ensures that decisions and basis for those decisions, including any dissenting views are made known and properly minuted.

Board Meetings and Attendance

The Board conducts active and inclusive discussions at Board meetings to ensure that all Directors have the opportunity to participate and contribute to the decision-making process. Vigorous deliberations and robust discussions at Board meetings promote constructive and healthy dialogue.

Board deliberations and decisions arrived at during Board meetings are clearly minuted in a timely manner and action items for Management will be communicated to the relevant parties within a reasonable timeframe after the Board meetings. The draft minutes are then tabled at the following meeting for confirmation and thereafter signed by the Chairman as a correct record of the proceedings thereat.

Directors are expected to attend at least 75% of the total Board meetings in any applicable financial year and must not appoint another person to attend/participate in a Board meeting on their behalf. Directors who were unable to attend a meeting during the financial year under review were encouraged to give the Chairman their views and comments on matters to be discussed in advance.

Members of Senior Management have also been invited to attend selected Board meetings to support the Board with further and additional information on the matters being deliberated.

Supply of information to the Board

The Board meetings are held on a monthly basis with option to convene special meeting(s) as and when necessary to consider urgent proposals that require the Board's review or consideration. The Board and Board Committee meetings are scheduled in advance before the year end in order for the Directors to be able to plan ahead and ensure their full attendance at the meetings.

Under normal circumstances, the Bank ensures that attendance at a Board meeting, by way other than physical presence, remains the exception rather than the norm.

The Bank leveraged on technology to convene its Board and Board Committee meetings, subject to appropriate safeguards to preserve the confidentiality of deliberations. The Board has adopted internal Guiding Principles and Protocols for Board, Board Committees and Management meetings as part of the Business Continuity Plan.

The Board has full and timely access to information on Board matters via materials distributed in advance at least 5 business days from the date of meeting to enable the Directors to obtain further explanation, where necessary, in order to be properly briefed prior to the meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A:

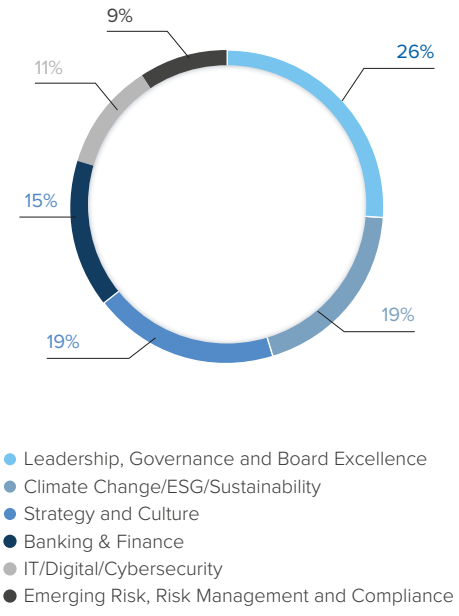
Access to Third Party Experts

The Board may seek independent professional advice at the Bank's expense on specific issues to enable the Board to discharge its duties in relation to the matters being deliberated. Individual Directors may also obtain independent professional or other advice in furtherance of their duties subject to relevant approval as prescribed in the Board Charter.

Continuing Education and Development

Directors play a critical role in guiding the strategy and operations of organisations, therefore, on going education and development ensures that Directors are kept up-to-date on emerging trends, best practices, and regulatory requirements.

During 2024, all the Board members attended various training programmes relevant to areas of development as highlighted in BEE2023. The topics of the training programme attended by the Directors in 2024 are, as follows:-



Details on the training programmes attended by Directors are as per Part B of the CG Report.

Induction Programme

An induction programme will be conducted to ready new Directors into their role and to assist them in their understanding of the Group's business strategy and operations. New Directors are to attend the programme upon their appointment. The programme consists of session with members of the Group Management Committees, wherein new Directors will be briefed on the business operations and structure.

BOARD REMUNERATION

Board Remuneration

The Board acknowledges that MCCG 2021 emphasises that Directors' remuneration, which is well structured, clearly linked to the strategic objectives of a company, and which rewards contribution to the long-term success of the company is important in promoting business stability and growth.

In line with the above practice, ABB had in March 2022, engaged an external consultant, Willis Towers Watson Malaysia (WTW) to conduct an independent review of the Non-Executive Directors' fees of the Board and Board Committees of AFFIN Banking Entities.

In its review, WTW had adopted comparators which include public and non-public listed financial institutions. Based on the outcome of the review, WTW recommended the revision of the Directors' remuneration to be streamlined and aligned with peers in the market.

The fees review was necessary to commensurate with the Directors' heightened responsibilities, accountabilities, commitment and contribution with reference to their statutory duties, the complexity of the Group's businesses and the increased expectations from various stakeholders.

Further, the review was crucial to determine the Board's competitiveness to attract as well as retain individuals with strong credentials and high calibre to serve on the Board of AFFIN Banking Entities.

The revised fees were duly approved by the respective Boards and Annual General Meetings of AFFIN Banking Entities in April 2022 and May 2022, respectively.

Generally, the remuneration package for the Directors of the Bank comprises the following:-

Directors' Fee

The Directors are entitled to Annual Directors' fees.

Board Committees' Fee

Directors who sit on Board Committees are entitled to receive Board Committee fees.

Meeting Allowances

Directors are also entitled to Meeting allowances when they attend any Board/Boad Committee meetings.

GBNRC had recently conducted an internal review on the existing Directors' remuneration and concluded that there are no changes to the remuneration of the Directors up to Annual General Meeting of the Bank to be held in 2026.

The Directors' fees and benefits-in-kind payable to Directors are subject to shareholders' approval at the upcoming Annual General Meeting scheduled in April 2025. The details of the Directors' remuneration are set out in the Financial Statements of this Integrated Report 2024.

Senior Management Remuneration

The Bank observed the Bank Negara Malaysia (BNM) Policy Document on Corporate Governance, BNM Policy Document on Risk Governance and the Bank's risk appetite when formulating the Senior Management remuneration.

The Bank also adopts a mix compensation that is competitive to market, in the form of fixed pay and variable component which provides a balanced approach between fixed and variable components that correlates to the performance of the Bank, Divisions and the accountability level of the individual. It also provides for reward adjustment (malus and clawback) in cases involving breaches, bad performance of the business unit or the Bank, attributable to the individual or if he/she commits serious legal, regulatory, or internal policy breaches or misconduct which are not aligned to the Bank's standard.

The Group's Remuneration Policy acts as a guiding principle in relation to the design and management of the Group's remuneration and is reviewed periodically to ensure its adequacy and mandates are carried out in accordance with the regulatory requirements.

The Group's remuneration philosophy is established to provide a competitive level of total compensation to attract and retain qualified and competent staff and is driven primarily based on performance whilst appropriately balanced with prudent risk-taking across its business practices in support of the Group's strategies and its long-term vision.

The remuneration policy is developed based on the following guiding principles:-

A. SUPPORT STRATEGIC OBJECTIVES:

Remuneration and reward framework shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Bank's vision and strategy.

B. PERFORMANCE-DRIVEN REMUNERATION:

The Bank shall develop a performance-driven workforce, with remuneration driven through the Bank's Performance Management System. Rewards will be differentiated based on the performance of the Bank, the Division, the Department/Centre/Hub/Branch and the individual employee.

C. CONSEQUENCE MANAGEMENT:

To inculcate a culture of ethics, risk and compliance, employees who have been disciplined for misconduct, negligence, and/or non-compliance will have their rewards reduced, held-back, deferred, clawed-back or forfeited. Staff who are under performing shall be enrolled in the Bank's Performance Improvement Programme and their rewards forfeited.

D. INTERNAL EQUITY:

The Bank shall remunerate all staff fairly in terms of their roles within the organisation.

E. MARKET-RELATED REMUNERATION:

The Bank shall measure its remuneration practices against both local and global market through use of remuneration surveys and benchmarking with other similar institutions.

F. AFFORDABILITY AND SUSTAINABILITY:

The Bank shall ensure that remuneration is affordable and sustainable for the future growth.

G. FLEXIBILITY:

Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of employees while complying with relevant statutory requirements and other legislations.

H. TRANSPARENCY:

The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A:

Leading Sustainability

The Board together with Senior Management takes responsibility for the governance of sustainability in the Bank including setting the company's sustainability strategies, priorities and targets. Further, the Board is mindful on the philosophy promoted by MCCG 2021, effective board leadership and oversight also require the integration of sustainability considerations in corporate strategy, governance and decision-making.

The Bank views sustainable development as a vital part of its business, considering not only financial returns, but also ESG factors in making wise and sustainable business choices. The Bank promotes sustainability practices throughout its business operations, and provides and enables responsible financial solutions that benefit people, businesses, society and the environment.

At ABB, sustainability means making long-term investments for our organisation and stakeholders that support the wider sustainability goals in the financial sector. The Bank have made its sustainability approach a core part of organisation and the Bank keep integrating ESG practices or factors into our businesses and operations as part of our overall sustainability journey. The Bank have also improved the incorporation of ESG risks factors into its financing risk evaluation.

The Bank base its sustainability strategy on MMLR and global reporting initiative standards, United Nations Sustainable Development Goals. The strategy also takes into account the Bank's material issues and the net positive effect that it has on its stakeholders.

The Board, assisted by the Group Board Sustainability Committee, leads the Bank's ESG efforts in achieving its long-term strategy. The Bank also has a sustainability team that reports to the Group Chief Corporate Strategy & Sustainability Officer, who is the assigned person to oversee sustainability in a strategic way, including how to incorporate sustainability factors in the Bank's operations.

Further, the sustainability risks have been embedded in the performance evaluations at the Board and Management in line with Practice 4.4 of the MCCG 2021. The Board also ensures that they stay abreast with and understand the sustainability issues which are depicted in the list of training programmes attended by the Board under CG Report.

Code of Ethics, Conduct and Whistleblowing Policy

The Board understands that the responsibility for good corporate governance and ethics rests with them and therefore strives to follow the principles and best practices of corporate governance and adopts a "zero tolerance" approach on all forms of corruption, and bribery which is enumerated under the Bank's Anti-Bribery and Corruption Policy.

The Bank has put in place a Code of Ethics and Standard of Professional Conduct. The Code of Ethics is to ensure that staff consistently adhere to a high standard of professionalism and ethics in the conduct of business and professional activities to serve the legitimate interest of the Bank's clients with high standards of professional and ethical behaviour.

The Standard of Professional Conduct specifies the minimum standards of conduct expected of the Bank's staff in demonstrating a high level of integrity and professionalism at all times.

All Directors and employees of the Bank are expected to exercise caution and due care in safeguarding confidential and price-sensitive information of the Bank and its business associates from being misused including for personal benefits, at all times. The Directors and Senior Management are reminded periodically of the prohibition of insider trading and the dealings in securities during closed periods in accordance with the relevant provisions of the MMLR.

The Board has also in place Whistleblowing Policy to promote whistleblowing in a positive manner that provides an avenue to escalate concerns on improper conduct and to handle such concerns appropriately, in line with the fundamental objectives of Whistleblower Protection Act 2010.

The relevant policies and code can be found at AFFIN website https://www.affingroup.com/en/affin-bank-berhad.

Board Administration

The Board is supported by a qualified Company Secretary in discharging its functions. The Company Secretary plays an advisory role to the Board and is qualified under Section 235(2) of the Companies Act, 2016, experienced and competent in performing her duties.

The Board has direct access to the advice and services of the Company Secretary who is responsible for ensuring that all governance matters and the Board procedures are followed, and that applicable laws and regulations are complied with. The Company Secretary attends the Board, selected Board Committees' as well as Management Committee meetings which she is the appointed Secretary and is responsible for supporting the effective functioning of the Board.

Details on the roles and responsibilities of the Company Secretary is enumerated in CG Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

The Group has a comprehensive and effective system of risk management and internal controls to ensure that risks are adequately managed and mitigated in achieving the Group's strategic goals.

The Board recognises its responsibility for the effective governance and oversight of the Bank's risk management framework and internal controls system. Further, the Board took cognisance of its responsibility towards oversight of the Group's internal and external auditors activities as well as the risk management function which have been delegated to the GBAC and GBRMC.

INDEPENDENCE OF EXTERNAL AUDITORS

The Group's External Auditors play an essential role to the shareholders by enhancing the reliability of the Group's financial statements and giving such reliability assurance to users of these financial statements. The GBAC manages the relationship with the External Auditors on behalf of the Board. The GBAC reviews and considers the re-appointment, remuneration and terms of engagement of the External Auditors annually.

The GBAC meets with the External Auditors regularly to discuss their audit plans and audit findings in relation to the Group's financial statements. Private sessions between the GBAC and the External Auditors were held without the presence of Management at least twice a year to discuss any other matters the external auditors may wish to highlight and to ensure that there were no restrictions in the scope and performance of their audit activities. In addition, the External Auditors are invited to attend the Annual General Meeting of the Bank and be available to answer shareholders' enquiries on the conduct of the statutory audit and preparation of their audit report.

ABB has in place a process to consider the appointment/reappointment of External Auditors. The process requires the GBAC to assess the External Auditors' compliance with the qualification criteria including, evaluating the independence, objectivity and performance of the External Auditors. As part of its remit, the GBAC must ensure that the objectivity, independence and effectiveness of the External Auditors are maintained.

The External Auditors have confirmed their independence and that there were no circumstances and relationship that could impair their independence and that the ethical requirements have been complied with. The GBAC has also reviewed the nature and extent of non-audit services rendered by the External Auditors and ascertained that there is no conflict of interest.

The amount of non-audit fees payable to the external auditors and their associates during the financial year 2024 is set out in the Financial Statements in this Integrated Report 2024.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Group recognises the importance of maintaining a sound system of internal controls and risk management practices. The Board affirms its overall responsibility for the effectiveness of the Group's risk management and internal controls framework.

In the discharge of its responsibility to effectively manage risks across the Group, determining its risk appetite and ensuring the implementation of adequate and appropriate controls, the Board reviews its risk management processes and internal control procedures to ensure a sound system of risk management and internal control to safeguard shareholders' investments and the assets of the Group.

Apart from having oversight of the Group's risk management, internal control and financial reporting, the GBRMC also ensures the required in-depth review into specific financial, operational and regulatory areas of the Group's business.

The Group's system of internal financial control is primarily aimed at safeguarding the Group's assets, ensuring proper accounting records are kept, identifying and managing business risks and maintaining compliance with appropriate legislation and regulations.

The Group's risk management and internal control systems are regularly reviewed by the Board and are consistent with Bursa Securities' guidance on Risk Management & Internal Control and related Financial and Business Reporting issued by the Malaysian Financial Reporting Council and compliant with the requirements of BNM. They have been in place for the financial year under review and are periodically reviewed and updated.

The Statement on Risk Management and Internal Control which provides an overview of the state of internal controls of the Group is set out on pages 190 to 198.

INTERNAL AUDIT FUNCTION

The Group has an internal audit function that is supported by the Group Internal Audit (GIA) Division. GIA provides independent and objective assurance of the adequacy and effectiveness of the Bank's risk management, internal controls and governance processes. To preserve the independence and objectivity of GIA, the Group Chief Internal Auditor reports functionally to the GBAC and administratively to the PGCEO.

Further details on the Audit, Risk and Compliance Committees' roles are as per the Statement on Risk Management and Internal Control on pages 190 to 198.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

Ongoing engagement and communication with stakeholders are vital in fostering a healthy relationship between the Bank and its stakeholders and are critical for the sustainable growth of our business as this gives stakeholders a much better insight of the Bank and facilitates mutual understanding of each other's expectations.

As such, we have consistently maintained an open dialogue with relevant stakeholder groups such as regulatory agencies, employees, shareholders, investors, consumers and the general public, non-governmental associations and suppliers. Their views and concerns on the Bank's business, its policies on governance, the environment and social responsibility are given due consideration in our decision-making process.

The Board is committed to providing a fair, objective and meaningful assessment of the financial position and prospects of the Group in the quarterly financial results, annual financial statements, Integrated Report and all other reports to shareholders, investors, regulatory authorities and other stakeholders.

The protection of shareholders' and stakeholders' interests both in the short and long-term is central to the way the Board operates. This has been the primary governing principle behind the Board's response to the COVID-19 pandemic. Its impact on all key stakeholders was always considered in Management's decisions. Effective engagement has been crucial in understanding the views of our stakeholders in order to make informed choices.

EFFECTIVE COMMUNICATION WITH SHAREHOLDERS

In order to promote disclosure and transparency, the Board and Senior Management are dedicated to delivering effective and open two-way communication. This would provide the Bank a platform to maintain good relationships with shareholders and stakeholders.

INVESTOR RELATIONS ENGAGEMENTS

The Bank continuously ensures that timely, complete, transparent and accurate disclosures are made to the shareholders and stakeholders in accordance with the requirements of BNM CG and MMLR. Various communication channels are used to promote effective communication between the Bank and its stakeholders which includes quarterly results announcement, analyst briefing, general meetings and issuance of Integrated Report.

Presentation materials used for the investor relations engagements are available on AFFIN Group's corporate website at https://affin.listedcompany.com/financials.html where investors are able to engage with the Group and provide feedback through the Investor Relations team, whose contact details are available on AFFIN Group's corporate website.

GENERAL MEETINGS

Annual General Meeting (AGM) is an important platform for the shareholders to interact with the Board and Management and have a robust discussion on the Bank's financials, non-financials as well as long-term strategies. Shareholders are furnished with the Bank's Integrated Report which include amongst others, Directors' Report, Financial Statements and operational performance of the Bank.

The AGM notice was dispatched to shareholders not less than twenty-eight (28) days before the AGM. Shareholders were given ample time to consider the resolutions that will be discussed at Annual General Meetings and are given the opportunity to raise questions or seek clarifications on the agenda items as well as other matters concerning the Bank.

The Bank continues to leverage on technology to conduct its General Meetings with assurance that it has in place the required infrastructure to support proactive interactions with shareholders and smooth broadcast of the General Meetings. The Bank has adopted Practice 13.5 of the MCCG where questions posed by shareholders were made visible to all meeting participants during the meeting itself. The Chairman, who chaired the proceedings provided fair opportunity and time to all shareholders to exercise their rights to raise questions and make recommendations.

After four (4) years of having fully virtual AGMs/EGMs, the Bank's AGM in 2024 was convened via a hybrid method (i.e. virtual and physical) which was the first hybrid AGM conducted in the history of the Bank. The said event was broadcasted live from the AGM venue with participation by shareholders, through live streaming and online remote voting via the Remote Participation and Voting (RPV) facilities provided by the Bank's appointed share registrar.

Resolutions during the AGM and EGMs were arrived at via online electronic poll voting to enable all shareholders to cast their votes. The Share Registrar, acted as the Poll Administrator to conduct the online electronic polling process. An Independent Scrutineer was also appointed to verify the poll results.

PRINCPLE C:

CORPORATE GOVERNANCE PRIORITIES

The Bank has applied all recommended practices in MCCG save for Practice 8.2. The Board has reviewed the Bank's readiness to adopt the practices and identified the following forward-looking action to achieve its corporate governance objectives:

PRACTICE 8.2

Disclosure of Remuneration of Top 5 Key Senior Management

The Board is of the opinion that such disclosure would be disadvantageous to the Bank's business interest, given the highly competitive conditions in the banking industry where poaching of executives is common.

Nevertheless, the Board wishes to give assurance that the remuneration of Directors and Senior Management commensurate with their individual performance, taking into consideration of the Bank's performance as it is benchmarked against the market. The remuneration packages of Senior Management are based on experience, expertise, skills and industry benchmark. Total remuneration of its employees is also set out in the Audited Financial Statements for financial year ended 31 December 2024 which allow shareholders to assess whether the remuneration of Directors and Senior Management commensurate with their performance taking into consideration of the Bank's performance. The Board is committed to consider disclosing the aggregate of the top 5 Senior Management's remuneration component including salary, bonus, benefits in-kinds and other emoluments.

THE BANK'S KEY FOCUS AREAS AND FUTURE PRIORITIES

Given the anticipated challenging global market environment, active corporate governance and robust oversight systems are essential. Despite significant challenges, global market conditions are expected to remain resilient. Therefore, the Board has identified the following key areas for future priorities:

- Effective implementation of the AX28 Strategy.
- Accelerate the Group's efforts in implementing ESG/Sustainability initiatives to meet stakeholders' expectations.
- Continue exploring the potential of artificial intelligence (AI) and understanding how it could benefit the organisation as a whole.

GROUP BOARD AUDIT COMMITTEE REPORT



Chairman of Group Board Audit Committee (GBAC)
MR. GREGORY JEROME GERALD FERNANDES
The Board of AFFIN Group is pleased to present the Report on Group Board Audit Committee (GBAC) for the Financial Year ended 31 December 2024.

COMPOSITION

The Group Board Audit Committee (GBAC) exclusively comprising Independent Non-Executive Directors, includes a Board-appointed Chairman who is distinct from the Chairman of the Board of Directors:

- **DATO' MOHD HATA BIN ROBANI**
- **MR. EUGENE HON KAH WENG**
- **EN. SUFFIAN BAHARUDDIN**
- **EN. DALI SARDAR**

The GBAC's composition complies with Bursa Malaysia Securities Berhad's listing requirements and adheres to the principles and best practices of the Malaysian Code on Corporate Governance of the Securities Commission Malaysia. The committee's diverse expertise and caliber enable it to provide independent, objective, and effective oversight in fulfilling its responsibilities. Empowered by the Board, the GBAC has the authority to scrutinise and investigate any matters within its defined scope, among other responsibilities. It can also engage directly with external and internal auditors and regulators, seek independent professional advice when necessary, and access Management and essential resources for the effective execution of its duties.

The full terms of reference of the GBAC are available on the Bank's corporate website at https://affin.listedcompany.com/others.html

MAIN ROLES AND RESPONSIBILITIES

- To establish the framework and oversee the audit function of AFFIN Group.
- To provide assistance to the Board in fulfilling its statutory and fiduciary responsibilities in ensuring that good corporate governance, system of internal controls, codes of conduct and compliance with regulatory and statutory requirements are maintained by the Group.
- Implement and support the function of the Board by reinforcing the independence and objectivity of the Group Internal Audit Division (GIA).
- Ensure that Internal and External Audit functions are properly conducted, and audit recommendations are implemented timely and effectively.

ACTIVITIES OF GBAC FOR FINANCIAL YEAR ENDED 31 DECEMBER 2024

- Reviewed and approved GIA Annual Audit Plan for 2024 to ensure the scope coverage were sufficient, comprehensive and the audit resource at all levels were adequate to execute the plans.
- Deliberated the audit and investigation reports presented by GIA.
- Deliberated the monthly financial results and endorsed the quarterly and year-end financial statements prepared by the Group Finance Division.
- Reviewed the Internal Control Healthcheck of the Bank as presented by GIA.
- Reviewed the corrective actions taken by Management on findings from regulators, internal and external auditors.
- Provided oversight over audit matters of the Group's subsidiaries, discussing, and providing recommendations to subsidiaries' Board Audit Committee as and when deemed necessary on the matters of significant governance, risk management and controls issues.
- Reviewed the progress of the Annual Audit Plan FY2024.
- Reviewed audit reports and internal control recommendations by the external auditors, including key audit matters and significant accounting issues.
- Informed and updated the Board the audit and investigations conducted by GIA via GBAC summary reports.
- Reviewed and recommended the re-appointment and fees of external auditors.
- Reviewed and recommended the appointment of external auditors for non-audit related services.
- Revised the GBAC Terms of Reference for Board approval.
- Reviewed the internal control processes and procedures relating to Related Party Transaction (RPT).
- Deliberated the Quality Assurance and Improvement Programme (QAIP) report to ensure conformance to IIA standards.

MEETING HELD AND ATTENDED

A total of fourteen (14) GBAC meetings were held during FY2024, encompassing both scheduled and special sessions, which are set out below:

Name of GBAC Member	Number of meetings held and attended during 2024
Mr. Gregory Jerome Gerald Fernandes	14/14
Dato' Mohd Hata Bin Robani	13/14
Mr. Eugene Hon Kah Weng	14/14
En. Suffian Baharuddin	14/14
En. Dali Sardar	14/14

The Group Chief Internal Auditor (GCIA), alongside the Chief Internal Auditor (CIA) of Affin Hwang Investment Bank Berhad, and members of the AFFIN Group Audit Leadership team attended these meetings to present internal audit and investigation reports. In addition, representatives of the audited divisions were also invited to the meetings as and when required to clarify specific topics or issues arising from the audit reports, to provide assurance that the necessary rectifications would be undertaken. Crucial issues discussed during GBAC meetings, along with the committee's recommendations and decisions, are promptly summarised and presented to the Board in the same month. This ensures that the Board is well-informed and can take necessary actions based on the provided information.

TRAINING

During the financial year ending in 2024, GBAC members participated in various seminars and training programs to stay updated on the latest developments in the banking industry. Details regarding the seminars and training programs attended by GBAC members are outlined in Section A of the Corporate Governance Report.

INTERNAL AUDIT

a) Reviewed and approved the 2024 GIA Annual Audit Plan (AAP) to ensure comprehensive scope and coverage of critical risk areas, based on GIA's risk assessment methodology.
b) Deliberated on and approved revisions made to GIA's AAP during the year, in alignment with the dynamic risk profiles of the respective auditable areas/functions, due to the dynamic changes in the business, operations and regulatory environment.
c) Deliberated and approved the FY2024 Key Performance Indicator (KPI) for the GCIA taking into consideration the relevance and importance of key performance indicators set for the year.
d) Reviewed, monitored and assessed the overall performance of GIA, including its progress of achievement against the approved annual audit plan and other key audit activities.
e) Reviewed and deliberated on significant internal control issues (including fraud) identified by GIA, as well as Management's responses to audit recommendations and implementation of agreed action plans;
f) Deliberated the audit and internal investigation reports, as well as the action plans implemented by Management to remediate or to enhance oversight mechanisms thereby strengthening the internal control system.
g) Reviewed and monitored the corrective actions undertaken by Management to rectify deficiencies identified by GIA, regulatory authorities' as well as external auditors to ensure that all gaps highlighted were adequately resolved in a timely manner;
h) Reviewed and approved Management's requests on audit finding rectification timeline extension, considering the justifications provided;
i) Reviewed interim GIA Dashboard outlining the audit progress as per approved AAP FY2024;
j) Exercised oversight over audit matters of the Group's subsidiaries, discussing and providing recommendations to those subsidiaries' Board Audit Committees as and when deemed necessary on matters of significant governance, risk management, and controls issues;
k) Conducted one (1) joint meeting with Group Board Risk Management Committee ("GBRMC") to deliberate on the overall Group's risk and control environment.
l) Reviewed and recommended to the Board for approval the revised Group Board Audit Committee Terms of Reference;
m) Evaluated the adequacy and efficiency of GIA's resources and the collective competencies of its staff to ensure effective deployment for executing the audit plan.
n) Deliberated on the results of the Internal Quality Assurance and Improvement Programme (QAIP) to ensure GIA's continuous conformance with the IPPF.

GROUP BOARD AUDIT COMMITTEE REPORT

FINANCIAL RESULTS & REPORTING

a) Reviewed the quarterly unaudited financial results and interim unaudited financial result, as well as, the annual audited financial statements of the Bank and the Group to ensure that they have been prepared in accordance with the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and requirements of the Companies Act 2016 in Malaysia, before recommending the financial results and financial statements to the Board for approval.

b) In reviewing the financial result and financial statements of the Group, the GBAC discussed and made enquiries among others on:
- Changes in major accounting policy and adoption of new or updated accounting standards, and its impact to the financial statements;
- Significant accounting and audit matters highlighted; including financial reporting, credit, treasury, taxation, impairment related matters, summary of corrected and uncorrected misstatements, significant judgements made by Management, significant and unusual events, or transactions, and how these matters are addressed and resolved; and
- Compliance with accounting standards and other legal requirements.

EXTERNAL AUDIT

a) Reviewed with the external auditors:
- The 2024 audit plan, covering significant risk areas and activities of AFFIN Group, in ensuring alignment with evolving laws and regulations. The audit plan comprised the detailed terms of the external auditors' responsibilities and affirmation of their independence as external auditors, outlines the audit strategy and engagement team, details the risk assessment process, and specifies the key areas of audit emphasis for the financial year.
- The result of audits, significant audit and accounting matters observed including those pertaining to emerging external events and business development.

b) Conducted (3) three meetings with the External Auditors to discuss financial review and audit results. Additionally, the GBAC held (2) two private sessions with the External Auditors in January and August 2024, without Senior Management and the GCIA present, to allow the auditors to raise any concerns, ensure unrestricted audit activities, and gather feedback for improvements.

c) During its meeting on 22 January 2024, the GBAC was briefed by the External Auditors on the key audit matters outlined in their Independent Auditors' Report for the financial year ending 31 December 2023. Overall, the GBAC is satisfied that based on the audit procedures performed by the External Auditors, no material exceptions were noted on these key audit matters;

d) Evaluated and confirmed the independence, performance, and effectiveness of the External Auditors based on the criteria outlined in BNM's Policy Document on External Auditors. The GBAC recommended their reappointment to the Board, considering various criteria, including:

- Independence, Objectivity, Familiarity Threats and Professional Scepticism;
- Ability to demonstrate an unbiased stance when interpreting the standards/policies adopted by the licensed institutions;
- Qualification criteria;
- Level of knowledge, capabilities, experience and quality of previous work;
- Level of engagement with the Board and GBAC;
- Ability to provide constructive observations, implications and recommendations in areas which require improvements;
- Appropriateness of audit approach, adequacy of resources and the effectiveness of overall audit planning; and
- Ability to perform the audit work within the agreed duration given.

RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

a) The GBAC conducted quarterly reviews on the adequacy of the internal control processes and procedures pertaining to identification, monitoring, reporting of related party transactions (RPTs) and recurrent related party transactions (RRPTs) in ensuring the RPTs and RRPTs are carried out in a fair and reasonable manner as well as in the best interest of the Bank.

b) The bank has established processes and procedures to ensure transactions with RPTs and RRPTs are conducted fairly, in line with standard business practices, and on terms no more advantageous than those offered to the general public, where applicable.

c) The GBAC reviewed and reported to the Board any conflict of interest and potential conflict of interest situation within the Bank, including the measures taken to resolve, eliminate or mitigate such conflicts.

d) The GBAC reviewed and endorsed a revised Policy on Directors' Conflict of Interest to ensure effective identification and management of conflicts, in line with the amended Main Market Listing Requirement (MMLR) of Bursa Malaysia Securities Berhad.

NON-AUDIT SERVICES

a) Reviewed and recommended to the Board for approval non-audit services rendered by the External Auditors and the fees involved.

b) The Group has an internal policy for the appointment of the Group's External Auditor to provide non-audit services where the criteria and threshold has been set for such fees, to maintain the independence and objectivity of the External Auditors.

OTHERS

a) Reviewed the Statement on Risk Management and Internal Control for inclusion in the FY2024 Integrated Report before recommending to the Board for approval.

b) Reviewed the Group Board Audit Committee Report for inclusion in the FY2024 Integrated Report.

INTERNAL AUDIT FUNCTION

Group Internal Audit (GIA) continued to advance its transformation into a future-proof internal audit function by embracing innovation and leading-edge practices. Promoting continuous learning and development, GIA closely collaborates with Group Risk and Group Compliance to build a more robust and resilient future for the Bank.

Ramped Up Data Analytics Drive to Advance Risk Profiling and Audit Insights

- The extended utilisation of data analytics across the Bank facilitates the implementation of continuous auditing practices. GIA's successful execution of data analytics practices and sharing the outcomes to relevant divisions, strengthen management's monitoring capabilities.
- Building on previous successes, GIA further integrated advanced analytics into its audit methodology in FY2024. By leveraging tools such as CAATs, Power BI, and Python, GIA enhanced audit quality, provided deeper insights, and improved overall audit value.

Enhancing Audit Assessment Through a Cultural Lens

- GIA broadened its audit scope by integrating a specific cultural aspect into its methodology, recognising culture's incontrovertible effect on the Bank's overall risk and control environment.
- To accurately identify the less tangible root causes of non-compliances and facilitate more effective improvement strategies, culture assessments gathered information from various data sources. This data was used to evaluate how well the auditable area aligns with the Bank's desired culture.

Fostering Collaboration Across Boundaries

Recognising the importance of a robust risk control culture, GIA, as the third line of defense, proactively collaborates with the first and second lines of defence promoting enterprise-wide awareness of risk control practices. This collaboration is demonstrated through:

- Continuing the Guest Auditor Programme ("GAP"), which is aimed at heightening staff's internal controls awareness and reinforcing a strong risk control culture within the Bank;
- Joint reviews with Group Compliance Division (GCD).

Internal Control Healthcheck (ICH)

- The ICH provided a holistic overview of the Group's internal controls environment based on the audits conducted during the year.
- The ICH dashboard visualises year-over-year trends and identifies key control areas and root causes requiring attention, and supports informed decision-making. This dynamic tool enhances the Group's internal control effectiveness, mitigates risks, and boosts operational resilience.

GROUP BOARD AUDIT COMMITTEE REPORT

ORGANISATIONAL INDEPENDENCE

The GIA function of AFFIN Bank was established by the Board to provide independent and objective assurance of the adequacy and operating effectiveness of the governance, risk management, and internal control processes implemented by Management. GIA reports functionally to the GBAC and administratively to the PGCEO.

Operating independently from the activities it audits and the day-to-day internal control processes, the GIA function maintains the requisite independence and objectivity as outlined in the Board-approved Audit Charter.

GIA is led by Puan Wahdania Mohd Khir, a Chartered Banker with a Master of Science in Quantitative Finance from the University of Westminster, London and a member of the Financial Markets Association Malaysia. She is also an active member of the Chief Internal Auditors Networking Group (CIANG). Her extensive experience spans over 28 years in the financial services industry, as well as, market operator and frontline market regulator Bursa Malaysia. She has also held senior roles such as Head of Global Market Compliance & Treasury Operations and Senior Director of Group Audit at a major financial institution.

RESPONSIBILITIES

- The primary responsibility of the GIA is to assist the GBAC by independently reviewing and assessing the adequacy and effectiveness of the Group's risk management, internal controls, and governance processes, ensuring they operate efficiently, effectively, and in accordance with regulatory requirements.
- Processes and activities are conducted in accordance with the IIA's International Professional Practices Framework (IPPF) and regulatory standards governing the internal audit functions.
- Adopts the five (5) components outlined in the Internal Control Integrated Framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In addition to COSO, GIA also integrates the Control Objectives for Information and Related Technologies (COBIT) framework into its Information Technology (IT) audits.
- Determines and prioritises the scope of its coverage through a systematic and regular risk assessment of key business and support units across the Group. The audited areas encompass, among others, retail and non-retail banking, islamic banking, treasury-related functions, investment banking, IT infrastructure and operations, as well as, specific focus areas like AML/CFT, anti-bribery and corruption, stress testing, ESG, cyber security and business continuity management.
- Undertakes investigations into suspected fraudulent activities, staff misconduct, whistleblowing cases, and other incidences as and when required, and recommends appropriate improvements to the internal control system to prevent recurrence.
- Closely monitors the rectification of audit findings and the implementation status of audit recommendations via the Pentana Audit Management System, ensuring that all major risk and control concerns are duly addressed. GIA regularly apprises the GBAC of all significant audit issues until they are satisfactorily resolved.
- Works closely with the external auditors and regulators to ensure that significant issues identified by them are duly addressed and resolved on a timely basis.

RESOURCES

- The overall costs incurred for maintaining internal audit function in the Group FY2024 was approximately RM10.5 million, comprising mainly salaries, staff training and development, information technology costs and other audit related operating costs.
- As of 31 December 2024, GIA has a total staff strength of 52 qualified internal auditors from diverse backgrounds and disciplines, specialising in credit, information technology, risk management, Islamic Banking, fraud and investigation, treasury, finance/accounting, law, investment banking, stockbroking, anthropology, actuarial science and construction.
- GIA actively fosters staff development, encouraging employees to expand and diversify their skillsets through accessible and flexible learning opportunities. Internal auditors exemplify this commitment, regularly developing their competencies through structured on-the-job training and external programs from accredited providers. GIA remains committed to the continual upskilling of the auditors, by enabling the auditors to advance through relevant certifications, including Bank Audit Practices (BKA), Certified Information Systems Auditor (CISA), Chartered/ Certified Accountant (e.g., ACCA, CPA, MICPA), Certified Professional Shariah Auditor (CPSA), Chartered Banker (CB), and other relevant qualifications including ESG-related certification.

SUMMARY OF GROUP INTERNAL AUDIT ACTIVITIES UNDERTAKEN IN 2024

a) GIA champions a robust risk control culture at all levels, collaborating with the first and second lines to promote enterprise-wide awareness of risk control practices through GRC collaboration initiatives.

b) Conducted joint reviews with the GCD for identified audits, combining expertise and perspectives from GIA and GCD, for a more holistic evaluation of the Bank's risk control environment.

c) Presented the Internal Control Health Check Reports to the GBAC and Group Management Committee (GMC) providing a comprehensive review of the internal control status based on the audits conducted throughout FY2024. The report highlighted areas with identified improvements and outlined contributing factors to areas requiring attention.

d) The Guest Auditor Program (GAP), attended by the Regional Heads of Operations and representatives from Affin Hwang Investment Bank staff. This aimed to enhance internal controls awareness and foster a strong risk control culture among staff across the Bank.

e) Continued to utilise data analytics across the broader spectrum within the Bank to facilitate the implementation of continuous auditing practice, data analytics projects and sharing the outcomes with the divisions/departments to enhance monitoring activities.

f) Engaged with key stakeholders and business heads to have better insight and feedback on AAP FY2025. These interactive sessions served as a platform for transparent communication and collaborative exchange of ideas and perspectives contributing to the refinement of the overall audit plan.

g) Monitored and reported the progress of action plans undertaken by the Management to address audit findings identified by the GIA.

h) Provided advisory services and independent recommendations on IT systems and controls prior to implementation, ensuring adequate controls were established and identified risks were mitigated.

i) Organised a study visit for university students in collaboration with the Group People Office, Group Risk, and Compliance. This initiative aims to provide valuable exposure to internal audit and other assurance functions, showcasing career paths and opportunities within the professions at AFFIN.

j) Partnered with the PERTIWI Soup Kitchen for an AFFIN Corporate Social Responsibility (CSR) initiative, providing humanitarian food aid to the homeless community and demonstrating AFFIN's commitment to ESG principles.

k) Reviewed the effectiveness of the business continuity management process (including the alternate business operations sites and remote working arrangement) to ensure smooth resumption of business operations of its implementation in real scenario.

SHARIAH COMMITTEE'S REPORT



In the name of Allah, the Most Beneficent, the Most Merciful

Praise be to Allah, the Lord of the Worlds, and peace and blessings upon our Prophet Muhammad and on his scion and companions.
'Assalamualaikum warahmatullahi wabarakatuh'

INTRODUCTION

In compliance with the Policy Document of Shariah Governance, Financial Reporting for Islamic Banking Institutions, and other relevant guidelines issued by Bank Negara Malaysia, we affirm the following report:

We, the members of the Shariah Committee of Affin Islamic Bank Berhad ('the Bank'), do hereby confirm that we have thoroughly reviewed the principles and the contracts related to the transactions and applications offered by the Bank during the financial period ended 31 December 2024. Our review is aimed to form an opinion as to whether the Bank has complied with the Shariah principles and rulings issued by the Shariah Advisory Council of Bank Negara Malaysia, relevant resolutions and rulings made by the Shariah Advisory Councils of Securities Commission Malaysia, as well as the Shariah rulings and decisions made by us.

MANAGEMENT'S RESPONSIBILITY

The Management is responsible to ensure that the Bank conducts its operations, business, affairs, and activities in accordance with the Shariah principles. We have provided Shariah advisory services across various aspects of the Bank's operations. This ensures compliance with the applicable Shariah principles as well as the resolutions and rulings issued by the Shariah Advisory Councils of the regulatory bodies.

SHARIAH REVIEW AND SHARIAH AUDIT

We have assessed the work carried out by the Shariah review and Shariah audit which includes examining, on a sample testing basis, each type of transaction, the relevant documentation and procedures adopted by the Bank. It is our responsibility to form an independent opinion based on the review work carried out by the Shariah review and Shariah audit of the Bank and provide our report.

We planned and performed our review to obtain all information and explanations which we considered necessary to obtain sufficient evidence in order to give reasonable assurance that the Bank has not violated any Shariah principles.

ENGAGEMENT SESSIONS FOR BOARD OF DIRECTORS AND SHARIAH COMMITTEE

As part of the initiative to strengthen the good governance and oversight function over Shariah matters, two (2) interactive engagement sessions were held with Affin Islamic Bank Berhad's Board of Directors and Senior Management. The engagement sessions were the avenues for effective discussion on, among others, the Bank's strategic direction, understanding key Shariah Committee resolutions, and issues in operationalising Shariah Committee resolutions.

TRAINING OF THE SHARIAH COMMITTEE

The SC Members have attended and participated in various conferences and seminars, among others, the 18th Muzakarah Cendekiawan Syariah Nusantara 2024, 19th Kuala Lumpur Islamic Finance Forum 2024, 44th AlBaraka Symposium, and 20th International Shariah Scholars Forum 2024. A training session had been conducted by Ustaz Burhanuddin Lokman, a member of Shariah Advisory Council of BNM, on the topic of Key Insights of Hajah and Darurah Principles and Application.

On behalf of the Bank, Professor Dr. Asmak Ab Rahman had participated in the 10th Anniversary Conference of the European Journal of Islamic Finance Conference held in Turin, Italy and was awarded with "Certificate of Best Paper in European Journal of Islamic Finance Conference".

The Shariah Committee Members have enrolled in the Certified Shariah Advisors (CSA) program offered by the Association of Shariah Advisors in Islamic Finance (ASAS). As of 31st December 2024, three (3) of the Bank's Shariah Committee Members have completed the certification and the remaining Members are in the process of completing the program.

KEY SHARIAH/ISLAMIC FINANCE TRAININGS ATTENDED BY STAFF

The Bank is dedicated to improving Shariah knowledge and skills within the organisation by providing awareness and training programs. The Bank has enrolled employees from both the Bank and staff of Affin Bank in relevant certification programs, such as the Certified Qualification in Islamic Finance (CQIF), Certified Shariah Advisor (CSA), Certified Professional Shariah Auditor (CPSA), and Islamic Professional Credit Certification (IPCC), among others. Additionally, all staff within the Bank and the staff of Affin Bank have participated in e-learning and assessments on the Fundamentals of Islamic Banking.

The Bank had also organised training sessions led by representatives from the Shariah Committee Members through the Shariah Insight Series, providing valuable insights and enhancing the understanding of Shariah principles among the participating staff.

ZAKAT AND CHARITY FUND

The calculation of zakat is based on 2.5775% of the prior year's based on working capital method. The calculation of zakat was disclosed to us and is in accordance with the Shariah rules and principles. The zakat fund is distributed through various channels i.e., States Zakat Authorities, non-governmental organisations, and individuals under selected asnaf categories such as poor and needy.

We have performed an oversight function over the Management and distribution of the Bank's Charity Funds. The sources of these funds are inclusive of contributions from the realised profits by the depositors sourced from Affin Barakah Charity Account-i, a portion of the Bank's income derived from Affin Islamic Credit Card-i and tainted income. The Charity Funds are allocated to eligible beneficiaries, including asnaf zakat as well as charitable societies, organisations and institutions.

We are of the opinion that:

1. The Bank's overall operations, business, affairs, and activities which we have reviewed during the financial year ended 31 December 2024 are in compliance with the Shariah principles except for those involved in the below-mentioned Shariah Non-Compliant events.
2. The allocation of profit and incurrence of losses relating to investment accounts conform to the basis that we have approved in accordance with Shariah principles.
3. No earnings and purification of income were realised from sources or means prohibited by Shariah except for thereafter Shariah Non-Compliant (SNC) events disclosed.
4. It has come to our attention that three (3) Shariah Non-Compliant (SNC) events had been reported within the Bank and have been rectified. Details of the SNC events are as follows:

   a) Event: Overcharging of Ijarah rate
   The Bank has refunded the overpaid amount of RM5,150.53 to the customer. Additionally, the specification of the Ijarah rate has been informed to the customer.

   b) Event: Delay in completing gold redemption process
   The Bank shall not recognise the income generated amounting to RM1,090.00 from the transaction.

   c) Event: Absence of Tawarruq trading for Islamic facility
   Non-execution of Tawarruq trading prior to disbursement of the facility. The rectification has successfully been carried out by immediately performing Tawarruq trading for the account involved.

   Apart from the purification of income from SNC events, the Bank has implemented several rectification measures to enhance internal processes and procedures. These improvements aim to strengthen control mechanisms and prevent the recurrence of SNC incidents.

During the financial year ended 31 December 2024, a total of 13 meetings were held where all Shariah Committee Members had satisfied the minimum of 75% attendance requirement under BNM Shariah Governance Policy Document. The Shariah Committee comprises of the following esteemed members, with their respective attendance records for the financial year as follows:

Members	Total Meetings Attended
Associate Professor. Dr. Kamaruzaman bin Noordin Chairman	13/13
Professor Dr. Asmak binti Ab Rahman Member	11/13
Associate Professor Dr. Nor Fahimah binti Mohd Razif Member	13/13
Lokmanulhakim bin Hussain Member	13/13
Mohamad Salihin bin Deris Member	13/13
Ahmad Husni bin Abd Rahman Member	12/13

We, the members of the Shariah Committee of Affin Islamic Bank Berhad, hereby confirm, to the best of our knowledge based on the information provided and disclosed to us, that the operations, business, affairs and activities of the Bank for the financial year ended 31 December 2024 have been conducted in conformity with Shariah principles.

On behalf of the Shariah Committee:

Chairman of the Shariah Committee:
Associate Professor Dr. Kamaruzaman bin Noordin

Member:
Lokmanulhakim bin Hussain

Kuala Lumpur, Malaysia.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is pleased to provide the Statement on Risk Management and Internal Control, pursuant to Chapter 15, Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Principle B of the Malaysian Code on Corporate Governance 2021, with guidance from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The Group's Key Risks are detailed on pages 86 to 93 of the Management Discussion and Analysis of this Integrated Report.

BOARD'S RESPONSIBILITY & OVERSIGHT

The Board affirms its responsibility in promoting good corporate governance and oversight in ensuring that the Bank and its subsidiaries (the Group) maintain a sound system of risk management and internal controls to manage the Group's relevant and material risks within its risk appetite in the Group's pursuit of its strategies and business objectives. For this purpose, the Board has ensured the establishment of key processes for reviewing the effectiveness, adequacy and integrity of the Group's risk management and system of internal controls. These provide reasonable assurance against the occurrence of any material misstatement, loss or fraud. In addition, regular testing on the adequacy, effectiveness, efficiency and integrity of the internal control systems and processes is conducted to ensure its viability and robustness.

The process for assessing the adequacy and effectiveness of the risk management and internal control system is regularly reviewed by the Board, with the assistance of the Group Board Risk Management Committee (GBRMC), Group Board Compliance Committee (GBCC) and Group Board Audit Committee (GBAC). whose responsibilities have been extended to include the role of oversight of financial reporting, disclosures, internal controls, compliance and risk management strategies, policies and other risk related matters. Regular meetings are held with the GBRMC, and GBAC to discuss matters related to the system of internal controls which cover inter alia financial, operational, compliance controls and risk management procedures.

The Board is of the view that the risk management and system of internal controls instituted by the Group's operating units for the year under review and up to the date of Integrated Report is sound and sufficient to safeguard shareholders ' investment, the interests of customers, regulators and employees, and the Group's assets.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the overall implementation of the Group's policies and procedures in ensuring that the day-to-day management of the Group's activities is consistent with the Board-approved risk strategy, risk appetite and policies, as well as the effectiveness of the internal controls system to mitigate, manage and monitor risks. Regular senior management meetings are held to review, identify, discuss and resolve strategic, operational, financial and key management issues/risks. Comprehensive management reports and updates are made available to the Board on various frequencies, to keep the Board informed on any changes to risks or emerging risks and mitigating actions taken.

KEY RISK MANAGEMENT AND SYSTEM OF INTERNAL CONTROLS

RISK MANAGEMENT

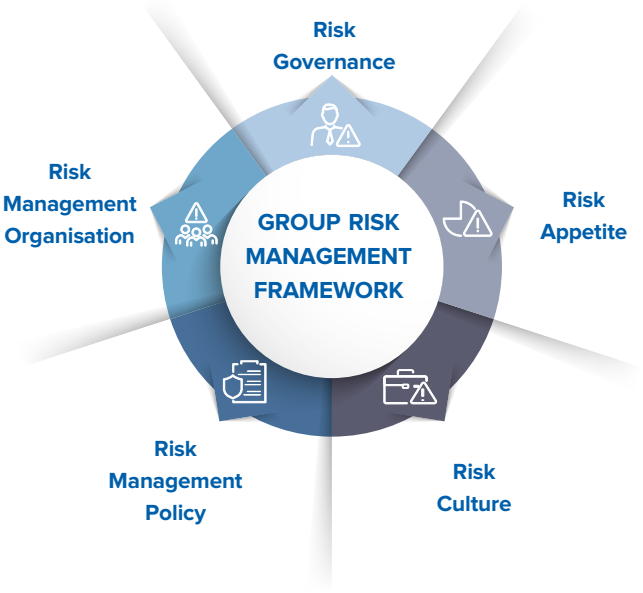
The Group Risk Management Division (GRM) was established to provide oversight of risk management on an enterprise-wide level. The roles and responsibilities of GRM encompass the following:

- Define strategies, policies, limits and guidelines in line with risk appetite and regulatory requirements
- Dynamically measure and monitor the risk profile
- Monitor and identify actual and potential breaches of the risk appetite
- Build, develop and monitor performance of risk models and tools
- Conduct validation and back testing of risk models and tools
- Track corrective actions to remediate risk issues
- Provide risk advisory role
- Risk reporting and portfolio analytics

Group Risk Management Framework ("GRMF")

The risk management approach of the Group is underpinned by a sound and robust GRMF which is periodically enhanced to remain relevant and resilient in ensuring the effective management of risks.

The GRMF is supported by the following pillars:

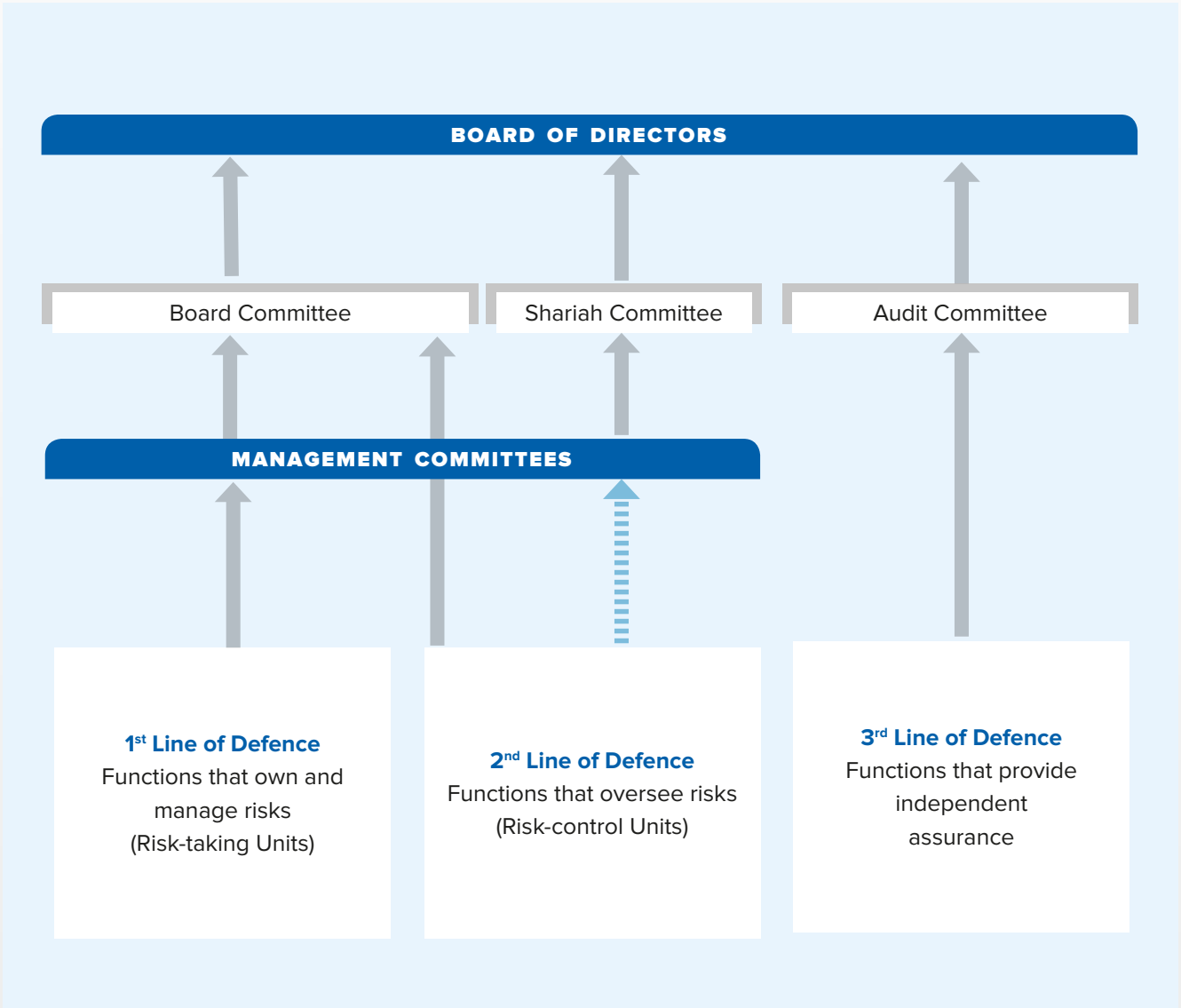


Risk Governance

Risk governance is the element through which the Board and Management establish the Group's strategy, articulate and monitor adherence to risk appetite and risk limits, as well as identify, measure and manage risks. The Group adopts the 13 Principles of Risk Governance as prescribed by Bank Negara Malaysia (BNM) to promote sound governance for the assessment and management of risks. The governance of risk is further supported by the Three Lines of Defence (3-LOD) model which outlines the functional segregation and key roles and responsibilities of the independent oversight functions as well as the business and support units within the organisation.

The 3-LOD model demonstrates the relationship of the stakeholders in risk-taking activities to promote effective risk management control, assurance and governance at all levels of the organisation. The relevant parties involved in the 3-LOD for risk management consist of the business and support units as the first line of defence, risk management and compliance functions as the second line of defence and internal audit, as the third line of defence.

The operationalisation of the 3-LOD model is illustrated below:



Note: The dotted blue line (arrow) refers to indirect reporting to Management Committees.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

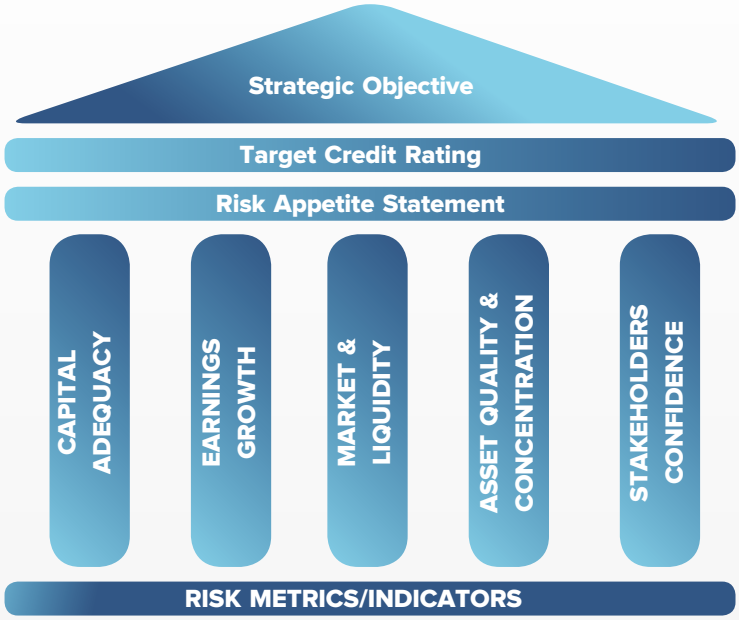
Risk Appetite

Risk Appetite demonstrates the risk-bearing capacity the Group and its subsidiaries are prepared to undertake and sustain whilst pursuing business objectives and strategic goals, which takes into consideration the potential adverse scenarios impacting the execution of its business plans.

It is established based on strategic directions set by the Board, combining a top-down view of the Group's capacity to take risks with a bottom-up view of the business risk profile associated with each business unit's short- and longer-term plans as well as taking into consideration other key risk areas.

The Group's strategic goals are aligned with the Risk Appetite through the Risk Appetite Framework (RAF); an integrated framework encompassing the components of setting the Risk Appetite Statement (RAS) periodically for each subsidiary.

There are five pillars guiding the development of the RAS, grouped according to the risk types as well as qualitative and /or quantitative impact as follows:



Risk Culture

Risk Culture stems from the values, beliefs, knowledge and understanding of risk shared by the employees within the Group. Effective implementation of the GRMF is grounded on a robust and healthy Risk Culture, achieved through components of Tone from the Top, accountability, effective communication and financial/non-financial incentives.

Risk Management Organisation

Risk Management Organisation indicates that the appropriate structure is in place to support risk management and risk ownership at all levels of the Group. The effectiveness of a Risk Management Organisation stems from the implementation of all elements within the GRMF.

Risk Management Policy

The Risk Management Policy is a statement of the Group's overall intentions and approach with respect to certain areas of risk management. Risk Management Policies should clearly state the objectives for, and commitment to risk management.

The GRMF is supported by several Risk Management Policies which address the respective risk areas in further detail. At a minimum, these policies would entail:

- The rationale for managing the risk areas
- Links between the Group's objectives and the Risk Management Policy
- Accountabilities and responsibilities for managing risks
- Commitment to make the necessary resources available to assist those accountable and responsible for managing risks
- The way in which risk management performance will be measured and reported
- Commitment to review and improve the Risk Management Policy periodically and in response to an event or regulatory changes

Adherence to Risk Management Policies is always mandatory. Any deviations or exceptions are required to be escalated to the appropriate approving authorities in support of good governance.

TECHNOLOGY RISK MANAGEMENT FRAMEWORK (TRMF)

The TRMF sets out the Group's expectations in managing technology risks and building technology resilience by providing a framework to ensure the confidentiality, integrity and availability of the Group's information infrastructure and the underlying data. The TRMF covers the control objectives and minimum standards to guide the Group's Technology department, third-party service providers and other technology-related services/functions/departments in managing the technology and cyber risks involved in daily operations. It is imperative that employees at all levels understand their roles and responsibilities in managing technology and cyber risks to minimise disruptions to critical business operations. As the second line of defence, the Group Technology Risk Management Department will provide oversight and risk monitoring on critical technology projects and ensure critical issues that may have an impact on the Group's risk tolerance are adequately deliberated or escalated in a timely manner; and provide independent views to the board and senior management on third party risk as per criticality.

GROUP COMPLIANCE FRAMEWORK

A Group Compliance Framework has been put in place to facilitate, educate and monitor the management of business and support units'/subsidiaries' activities to act in accordance with relevant laws, regulations and guidelines. In line with good governance, the Compliance function reports independently to the Board and functionally to the GBCC. The Framework covers key compliance tools, including controls for escalation and reporting of non-compliances, compliance reviews, and the Integrity and Governance Unit (IGU)'s review plans on anti-corruption measures. This programme is regularly reviewed and improved to incorporate regulatory and industry changes as well as regulatory expectations.

a) Policies and Procedures

Policies and Procedures are reviewed on a periodic basis or as and when required to reflect changes in applicable legal/regulatory requirements and business practices.

b) Compliance Culture

In line with the Group's risk culture, the compliance culture is driven with a strong tone from the top, complemented by clear accountabilities, and effective communication, to embed expected values and principles of conduct that shape the behaviour and attitude of employees at all levels of business and activities across the Group.

c) Compliance Programme

The Compliance Programme consists of planned activities which include implementation of compliance related policies, compliance risk assessment, corruption risk assessment, regulatory gap analysis, compliance review plan, compliance matrix self-assessment, and the Integrity and Governance Unit (IGU)'s review plans on anti-corruption measures. This programme is regularly reviewed and improved to incorporate regulatory and industry changes as well as regulatory expectations.

d) Compliance Risk Management

Compliance Risk Management methodology and tools are established to facilitate, support and monitor the effectiveness of the identification and assessment of compliance risk associated with operations as well as requirements by regulators whilst corruption risk assessment identifies business areas and employees having potential exposures to bribery and corruption.

e) Compliance Awareness

Scheduled compliance trainings, e-learning, communication and assessments are regularly conducted to continuously enhance compliance awareness and culture amongst the staff, Management and Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

SHARIAH GOVERNANCE POLICY (SGP)

The SGP among others sets out the guiding principles to ensure that the planning, development and implementation of the Bank's Islamic banking business products, services and conducts of business are in accordance with the Shariah principles. The SGP clearly defines the roles and responsibilities of the Board of Directors, Shariah Committee, the Management, and Shariah Functions in alignment with Bank Negara Malaysia's Shariah Governance Policy Document.

The Shariah Committee of Affin Islamic Bank Berhad has the responsibility to provide objective and sound advice to ensure that its aims and operations, business, affairs and activities of Affin Islamic Bank Berhad and Islamic banking business of Affin Bank Berhad are in compliance with Shariah rulings and principles.

The implementation of the SGP is supported through the following Shariah Functions:

a) Shariah Research

The Shariah Research function is carried out by officers who possess Shariah qualifications, mainly facilitating the product development process and conducting in-depth research on highlighted Shariah issues.

b) Shariah Secretariat

The Shariah Secretariat serves as the secretariat to the Shariah Committee and among others is responsible for coordinating Shariah Committee meetings and ensuring efficient dissemination of Shariah Committee resolutions.

c) Shariah Advisory

The Shariah Advisory function serves as an internal advisor on all Shariah related matters arising from operations, products, documentation, and systems. This function is responsible for providing day-to-day advice to relevant parties within the Bank on Shariah matters based on the rulings of the Shariah Advisory Council (SAC) of BNM, SAC of Securities Commission, and decisions or advice of the Shariah Committee. This function is undertaken by officers who possess Shariah qualifications.

d) Shariah Review

Shariah Review is conducted by qualified Shariah officers as a critical compliance function. This function encompasses regular assessment on Shariah compliance in the operations, business, affairs and activities of Affin Islamic Bank Berhad and the Islamic banking business of Affin Bank Berhad, including identifying, assessing and monitoring the compliance of the business operations and activities with Shariah findings related to Shariah Non-Compliance (SNC) risks are reported to the Shariah Committee and the Group Board Compliance Committee.

e) Shariah Risk Management

SNC risk is identified as one of the material risks under the Islamic banking business. The Group Risk Management Division has established a dedicated Shariah Risk Management team that systematically identifies, measures, monitors and reports SNC risks in the operations, business, affairs and activities of the Islamic banking business of the Bank. The SNC risks are reported to the Shariah Committee and the Group Board Risk Management Committee.

f) Islamic Banking Audit

The Group Internal Audit Division provides an independent assessment on the adequacy of the effectiveness of the internal control systems. This division evaluates the overall compliance of the Islamic operations, business, affairs and activities with Shariah rulings and principles. Observations or findings related to SNC risks are reported to the Shariah Committee and the Group Board Audit Committee.

INTERNAL CONTROLS SYSTEM

The Board has established an internal control system with key elements designed to provide effective governance and oversight of internal controls, including:

- **Group Organisation Structure**

  The Board and Senior Management have established a system of internal controls with clearly defined lines of responsibility, authority limits and accountabilities to align with business and operations requirements. The authority limits are imposed on the Management to govern the day-today risk-taking activities in matters relating to credit and treasury operations, acquisitions and disposals of assets and others to support a strong control environment in the Bank.

- **Annual Business Plan and Budget**

  The Board sets the Bank's strategic direction by approving the annual plan and budget. Performance achievements are reviewed monthly against targeted results, enabling appropriate responses, and required actions to be taken. Various Management Committees have been established to ensure oversight over the achievement of the overall Group strategic and business objectives. The Board also regularly reviews reports from senior management on key operational metrics, legal and regulatory matters, as well as reviews all proposed policy changes before approval.

- **Oversight by Group Board Audit Committee**

  The Group Board Audit Committee (GBAC) is established by the Board to provide independent oversight on the reliability and transparency of the financial reporting and disclosure process, as well as reviewing the effectiveness of the overall internal controls system within the Group.

  GBAC's responsibilities encompass assisting the Board in evaluating the adequacy and effectiveness of the Group's internal controls, risk management, and governance processes through the Group Internal Audit function. GBAC also plays a pivotal role in appointing and evaluating the Group Chief Internal Auditor and the external auditor in safeguarding audit objectivity and upholding ethical conduct through conflict-of-interest reviews.

  Significant control lapses and material findings are escalated by the GBAC to the Board for further deliberation, where necessary. In addition, GBAC has the authority to direct investigations in respect of any specific instances or events, which are deemed to have violated policies and procedures that have a material impact on the Group.

Group Board Risk Management Committee (GBRMC)

The Board is assisted by the GBRMC to oversee the sound management of all identified enterprise-wide risks including ensuring proper risk infrastructures, processes and controls are in place to proactively manage and monitor risks within the Group's risk appetite.

Detailed information on GBRMC is available on page 489 of this Integrated Report.

Group Board Compliance Committee (GBCC)

The GBCC assists the Board in the oversight and effective management of compliance risks, covering compliance strategy, policy, practices, and controls, including ethical business conduct as expected under regulatory requirements as well as the integrity and governance matters for the Group.

Detailed information on GBCC is available on page 489 of this Integrated Report.

Group Internal Audit Division (GIA)

The Board established GIA as the third line of defence, positioned to support the GBAC in providing independent and objective assessment on the adequacy and effectiveness of internal controls, risk management and governance processes of the Group. It is led by a Group Chief Internal Auditor, who reports functionally to the GBAC and administratively to the President & Group Chief Executive Officer (PGCEO). The purpose, authority and responsibilities of the GIA are guided by the provisions outlined in the Audit Charter, which is reviewed and approved by the GBAC annually and governed by the regulatory guidelines, Code of Ethics and mandatory guidance established under the International Professional Practices Framework by the Institute of Internal Auditors (IIA).

The GBAC oversees the activities of the GIA, its independence, adequacy of scope coverage and resources and approves the risk-based annual audit plan. All significant and material findings by GIA, external auditors and regulatory authorities are reported to the GBAC for review and deliberation and are subsequently escalated to the Board. Shariah related findings are escalated to the Shariah Committee. Through GIA, the GBAC monitors the status of remedial actions taken by Management to address issues identified by GIA, external auditors and regulatory authorities.

Detailed information on GIA is available on page 186 of this Integrated Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Policies, Plans & Procedures

Policies and procedures are formulated to ensure compliance with internal controls, relevant laws and regulations and to govern the business and operations of the Group. Our policies and procedures undergo regular reviews through a structured governance process to ensure they remain relevant to changing business and regulatory requirements, as well as operational needs.

There is a clearly defined framework and empowerment approved by the main operating subsidiaries' respective Board for acquisitions and disposals of property, plant and equipment, awarding tenders, applications for capital expenditure, writing off operational and credit items, approving general expenses including donations, gift policy, etc.

Some of the key policies, plans and procedures in place include:

a) People Office Policies and Procedures (POPP)

People Office Policies and Procedures are in place and provide clarity to the organisation in all aspects of people management within the Group. The POPP are reviewed as and when there are any changes to ensure policies and procedures remain relevant and appropriate controls are in place to manage operational risks. Updates and revisions to the POPP, if any, are communicated timely to all employees via the intranet.

The Code of Ethics sets out sound guiding principles and standards of behaviour and conduct expected of all employees. It is aligned to the BNM's Code of Ethics for banking institutions in all its entities. It is the minimum code of conduct that is expected from all employees in the conduct of their daily business operations.

Various initiatives and training programmes are conducted regularly to address ongoing human capital requirements and knowledge management. The e-learning facilities at Affin Bank Berhad, Affin Islamic Bank Berhad and Affin Hwang Investment Bank Berhad provides employees with the freedom of time and space to continuously upskill and enhance their knowledge in building core technical competencies relevant to their area of work.

A performance-based appraisal system is also established to evaluate, develop and compensate/reward its employees accordingly.

A transparent consequence management process is in place in dealing with staff who fail to ensure their conduct, behaviour and work performance to be in line with the principle of natural justice as according to Group's expected standards of internal control, compliance and Code of Ethics.

b) Group Business Continuity Management Policy

The Group has established the Group Business Continuity Management Policy which sets out the objectives, scope, strategies and response procedures as well as the lines of authority and responsibility for effective implementation of business continuity management throughout the organisation. In addition, Business Continuity Plans (BCP) and Disaster Recovery Plans (DRP) are established for critical business functions and critical application systems respectively and are regularly tested to ensure the preparedness of staff, the readiness of alternate worksites, the reliability of backup IT systems, and the effectiveness of communication, escalation and recovery procedures. Any changes in systems, applications and procedures are updated in the DRP.

c) Group Contingency Funding Plan (CFP)

The Group's Contingency Funding Plan outlines the liquidity countermeasures for deployment in the event of adverse liquidity circumstances to ensure the response, continuation and recovery of business during short-term or prolonged liquidity disruptions. The Group manages low-impact and high-probability events as part of our business-as-usual (BAU) funding and liquidity risk management activities. On the other end, we use CFPs to address high-impact low-probability events. The Group uses CFPs to develop and implement our financial and operational strategies for effective management of contingent liquidity events.

d) Stress testing

Stress testing is an essential risk management tool to assess the Group's resilience to withstand potential adverse events or stressed economic conditions. The stress test exercise is governed by the Group Stress Test Policy and is conducted regularly to provide a forward-looking assessment by identifying the potential vulnerabilities and ascertaining the impact on the Group. This allows a better understanding of the risk profile and ensures proactive risk mitigation strategies can be taken to manage the risk. The Group is enhancing the climate risk scenario analysis and stress testing capabilities in compliance with the BNM Climate Risk Management and Scenario Analysis (CRMSA) requirements.

e) Group Credit Policy on Sustainable Financing (GCPSF)

The GCPSF was established as an internal policy, framework and approach to manage the ESG aspects of financing and investment activities that the Group is involved in. It sets the standards for the recognition of ESG aspects to be considered by the respective business divisions within the Group.

The Group's commitment to sustainable financing and investment is guided by the following principles:

- The incorporation of ESG considerations into the Group's financing and investment activities to effectively manage ESG risks and realise ESG opportunities

- Classifying financing and investment flows that support climate objectives by applying Climate Change and Principle-based Taxonomy (CCPT) methodology
- Engagement and dialogue with clients or counterparties to improve on ESG awareness and compliance
- Identifying opportunities to minimise the ESG impact of the Group's operations, products and services
- Avoid financing and investment activities which contravene any laws or regulations pertaining to environmental, social and governance matters

The Group continues to develop its policy, framework and approach to manage the ESG aspects of financing and investment proposals it undertakes to cater for the dynamic changes demanded through regulation and market trends in general.

f) Anti-Money Laundering/Counter Financing Terrorism (AML/CFT)

The Group continues to strengthen its enterprise-wide AML/CFT programme by adopting a risk-based approach to ensure that key measures emplaced to prevent and mitigate money laundering and terrorist & proliferation financing activities, commensurate with business and compliance risks that have been identified and assessed. The Group remains vigilant over the level of compliance at all business divisions with regards to AML/CFT requirements and measures. Thematic audits are also carried out regularly at branches and subsidiaries to ensure continuous AML/CFT compliance.

g) Group Anti-Bribery and Corruption Policy

In the Group's sustained efforts to ensure continuous compliance to applicable laws and regulations against bribery and corruption, the Group has put in place a Group Anti-Bribery and Corruption Policy (ABC Policy) in May 2020, pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009 that provides criminal liability (corporate liability) of an organisation for the corrupt practices of its associated persons. The ABC Policy adopts a zero-tolerance stance on bribery and corrupt activities amongst its associated persons. The Group is committed to conduct business dealings with the highest integrity and ethical principles and is against all forms of bribery and corruption, regardless of the amount involved. The Group's strong stance against such acts has been published on the corporate website. The ABC Policy is referred to on contractual document with third parties, such as vendors and service providers, having business relationship with the Group.

An Integrity and Governance Unit (IGU) was established in 2020, in line with the Prime Minister's Directive Series 1 No. 1 of Year 2018, tasked to implement the required core functions as set out under the Malaysian Anti-Corruption Commission (MACC) Guidelines on the Management of IGU 2018. The IGU monitors complaints received in relation to bribery and corruption, if any. In addition, the IGU leads the implementation of the Group's anti-corruption plan which entails measures such as regular awareness programs, corruption risk assessment and other antibribery and corruption efforts in promoting good business ethics and integrity among staff.

h) The Group's Whistleblowing Policy (GWB Policy)

GWB Policy encapsulates the governance and standards to promote an ethical, responsible and secure whistleblowing practice. This is in line with the requirements in BNM's Corporate Governance Policy, MACC's Guidelines on the Management of IGU 2018 and the principles prescribed in the Whistleblower Protection Act 2010. The Policy is aimed to provide proper and secure avenue(s) for the Group's employees and/or members of the public who have knowledge of or is aware of any improper conduct to report any suspected bribery, corruption, fraud, and any other criminal activity. This does not exclude complaint on staff unethical conduct behaviour. The IGU was established to handle these whistleblowing cases and complaints in relation to suspected briberies or corruption.

All whistleblowing cases are reported to the Group Whistleblowing Committee and oversight is performed by an independent non-executive Director. The Group is wholly committed to ensure strict confidentiality and will not only protect the identity of the whistleblower but will also protect them from any harassment and victimisation due to the disclosure. Our whistleblowing channels are published on the corporate website.

i) Annual Business and Capital Plan

Structured framework and processes are in place with regard to the development of annual business and capital plans. The significant operating entities' annual business plans and financial budgets as well as the capital plans are tabled and approved at their respective Boards, before consolidation at the Group's level and all internal capital targets are set on a yearly basis. Variances between the actual and targeted results are presented to the Board on a periodic basis to allow for timely responses and corrective actions to be taken to mitigate risks. Status update of the capital plan is presented to the Board on half yearly basis, including any capital actions required to ensure there are sufficient buffers against the minimum requirements prescribed by BNM.

j) Anti-Fraud Policy

Our Group Anti-Fraud Policy ensures everyone is aware of fraud prevention measures. It includes steps for detecting, addressing, and preventing fraud, supported by various tools and programs. Roles and responsibilities are clearly defined across the organisation. Management upholds a zero-tolerance stance on fraud, expecting integrity and professionalism from all employees. Any employee involved in fraudulent activities will face disciplinary actions as per Group procedures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONCLUSION

The Board has received reasonable assurance from the President and Group Chief Executive Officer and Group Chief Financial Officer that the Group's risk management and systems of internal control are operating adequately and effectively in all material aspects during the financial year under review based on Shariah requirements, Risk Management and Internal Control system adopted by the Group.

Taking into consideration the assurance from the management and input from the relevant assurance providers, it is viewed that the Group's risk management and systems of internal control are operating adequately and effectively to safeguard shareholders' investments, customers' interests and the company's assets.

MATERIAL JOINT VENTURE AND ASSOCIATES

The disclosures in this statement do not include the risk management and internal control practice of AFFIN Group's material joint ventures and associates. The Group's interest in these entities is safeguarded through the appointment of representatives to the respective Board of Directors or through nominated representatives. Additionally, where necessary, key financial and other appropriate information on the performance of these entities is obtained and reviewed by the Board.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS (APPOINTED EXTERNAL AUDITOR PWC)

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group 's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Integrated Report will, in fact, remedy the problems.

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

During the financial year ended 31 December 2024, Affin Bank and its subsidiaries have issued the following debt instruments:

(a) Medium-term notes ("MTN") programme of up to RM6.0 billion in nominal value for the issuance of Subordinated MTNs and/or senior MTNs ("MTN Programme") by Affin Bank

On 8 May 2024, Affin Bank had issued RM500.0 million senior MTNs under the Bank's MTN programme. The tenure of the senior MTNs is 5 years.

The proceeds raised have been utilised for the general banking working capital requirements and business purposes of Affin Bank.

(b) Commercial papers ("CP") programme of RM3.0 billion in nominal value by Affin Bank ("CP Programme")

On 28 June 2024, Affin Bank had established the CP Programme, which gives Affin Bank an additional option to raise funds in the local bond market from time to time. The first tranche of the CPs of RM5.0 million was issued on 27 September 2024 with maturity date of 27 March 2025.

The proceeds raised have been utilised for the general banking working capital requirements and business purposes of Affin Bank.

(c) Islamic Commercial papers ("ICP") programme of RM3.0 billion in nominal value by Affin Islamic ("ICP Programme")

On 12 July 2024, Affin Islamic had established the ICP Programme, which gives Affin Islamic an additional option to raise funds in the local bond market from time to time. The first tranche of the ICPs of RM5.0 million was issued on 27 September 2024 with maturity date of 27 March 2025.

The proceeds raised have been utilised for general banking working capital requirements and business purposes of Affin Islamic in Shariah compliant manner.

(d) Commercial papers/medium-term notes ("CP/MTN") programme of RM2.0 billion in nominal value by Affin Hwang Investment Bank ("CP/MTN Programme")

On 28 June 2024, Affin Hwang Investment Bank had established the CP/MTN Programme, which gives Affin Hwang Investment Bank an additional option to raise funds in the local bond market from time to time. The first tranche of the CPs of RM5.0 million was issued on 27 September 2024 with maturity date of 27 March 2025.

The proceeds raised have been utilised for the general banking working capital requirements and business purposes of Affin Hwang Investment Bank.

Disclosed in accordance with Appendix 9C, Part A, item 13 of the Listing Requirements of Bursa Malaysia.

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

2. AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2024, the total audit and non-audit fees paid or payable incurred for services rendered to the Group and the Bank by the external auditors or a firm affiliated to the external auditors, Messrs. PricewaterhouseCoopers are as follows:

	The Group	The Bank
	RM'000	RM'000
Audit related services		
• Statutory Audit	2,516	1,525
• Limited Review	213	104
• SORMIC	18	18
Total Audit Services	**2,747**	**1,647**
Non-Audit related services		
• Tax Services	168	38
• Red team exercise	238	238
• E-invoicing implementation	1,280	1,280
• Tax advisory on Proposed Proprietary Fund Structure	55	–
• Tax finalisation for Affin Holdings Berhad	40	–
Total Non-Audit Related Services	**1,781**	**1,556**
TOTAL FEES	**4,528**	**3,203**

Disclosed in accordance with Appendix 9C, Part A, item 18 of the Listing Requirements of Bursa Malaysia.

3. RECURRENT RELATED PARTY TRANSACTIONS

The Bank did not seek any mandate from its shareholders as required under Paragraph 10.09(2)(b), Part E of Chapter 10 of the Listing Requirements of Bursa Malaysia as the aggregate value of the recurrent related party transactions of a revenue or trading nature entered into by the Affin Bank Group does not exceed the threshold under Paragraph 10.09(1)(a), Part E of Chapter 10 of the Listing Requirements of Bursa Malaysia.

Disclosed in accordance with Paragraph 10.09(2)(b) of the Listing Requirements of Bursa Malaysia.

4. MATERIAL CONTRACTS

There were no material contracts entered into by Affin Bank and/or its subsidiary companies involving the interests of Directors or major shareholders which subsisted at the end of the financial year ended 31 December 2024 or, if not then subsisting entered into since the end of the previous financial year.

Disclosed in accordance with Appendix 9C, Part A, item 21 of the Listing Requirements of Bursa Malaysia.

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The Directors are responsible for ensuring that the Group's and the Bank's annual audited financial statements comply with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the Companies Act 2016, Bank Negara Malaysia's Guidelines, and Bursa Malaysia Securities Berhad's Listing Requirements.

Additionally, they must ensure that these financial statements are accurately prepared based on the Group's and the Bank's accounting records, providing a true and fair representation of their financial position as of 31 December 2023, as well as their financial performance and cash flows for the year.

In preparing the financial statements, the Directors have:

- Considered the relevant approved accounting standards in Malaysia;
- Adopted and consistently applied suitable accounting policies;
- Exercised prudent and reasonable judgment and estimates; and
- Prepared the financial statements on a going concern basis, as they reasonably believe, after due inquiry, that the Group and the Bank have sufficient resources to continue operating in the foreseeable future.

Furthermore, the Directors are generally responsible for implementing reasonable measures to protect the Group's and the Bank's assets, as well as to prevent and detect fraud and other irregularities.



Sustainability Statement

INTRODUCTION

SCOPE: REPORTING COVERAGE & PRINCIPLES

In pursuit of our AX28 transformation goals, AFFIN acknowledges the significant role that sustainability plays in driving innovation, cultivating productive and inspiring work environments, and safeguarding our reputation as a responsible and progressive organisation.

Our Sustainability Statement 2024 offers a comprehensive overview of our sustainability journey, highlighting our achievements, challenges, and performance. We delve into the material issues that significantly impact our business and stakeholders, showcasing our commitment to addressing them responsibly. By reflecting on our strengths and capabilities, we aim to refine our sustainability focus areas and maximise our positive impact and contribution.

This statement encompasses the activities of our three primary business entities—ABB, AIBB, and AHIBB. Consistent with the prior year, the scope has been determined by focusing on areas of our operations that we believe have a significant impact on the economy, the environment, and local communities. It provides an overview of the latest achievements in our ESG-related focus areas, governance, and initiatives for 2024 and is intended to be read in conjunction with our previous statements. We have strived to ensure our report is balanced, comparable, clear, complete, reliable, and accurate. Our previous report was released in March 2024.

Reporting Standards

This report is prepared with the aim of providing our stakeholders with meaningful disclosures to make well-informed decisions. It has been developed according to best practices and standards, adhering to international and local sustainability guidelines and frameworks. These include:

- Bursa Malaysia's Main Market Listing Requirements
- Bursa Malaysia's Sustainability Reporting Guide
- The Global Reporting Initiative (GRI) Standards
- The recommendations of the Task Force on Climate related Financial Disclosures (TCFD)
- The United Nations Sustainable Development Goals (UN SDG)
- The Sustainability Accounting Standards Board (SASB) Standards

Feedback for Continuous Improvement

In our efforts to continuously improve our sustainability performance and disclosures, we welcome any feedback and suggestions regarding this statement. Please address all feedback to our Sustainability Office at sustainability@affingroup.com.

AFFIN'S SUSTAINABILITY JOURNEY IN A SNAPSHOT

KEY HIGHLIGHTS

FY2023 HIGHLIGHTS

Appointed our **Group Corporate Strategy & Sustainability Officer (GCCSSO)** to drive sustainability integration across the organisation.

Established the **Group Board Sustainability Committee (GBSC)** to enhance oversight and governance of ESG initiatives.

Established our **Sustainability Framework** to guide our efforts in adopting Responsible Banking with Impact practices.

Committed to **30% reduction** in operational emissions by 2030 and achieving Net Zero Carbon by 2050

NET ZERO 2050

FY2024 HIGHLIGHTS

Updated the **Group Credit Policy on Sustainable Financing** on the ESG Risk Assessment Template

Established the **Sustainable Finance Framework** to advance our commitment to responsible financing.

Implemented our **Value-Based Intermediation (VBI) Framework** to support the social and green aspects under Responsible Banking with Impact.

Formed a **strategic partnership** with DHL, Klean and Landasan Lumayan. Reinforcing our dedication to environmental stewardship.

Conducted a **Double Materiality Assessment** to better understand and address our economic, environmental, and social impacts.

Initiated the measurement of greenhouse gas (GHG) emissions for Category 6 (Business Travel), Category 7 (Employee Commuting), and Category 15 (Financed Emissions) of Scope 3 emissions, establishing our Scope 3 baseline emissions.

Developed the **Diversity, Equity, and Inclusion (DEI) Framework** to promote a more equitable and inclusive workplace.

Established the **Sustainable & Climate Disclosure Policy** to strengthen transparency and accountability in our sustainability and climate disclosures.

Completed mandatory initiative under Climate Risk Management & Scenario Analysis.

AFFIN'S SUSTAINABILITY JOURNEY IN A SNAPSHOT

KEY RATINGS & AWARDS



Included in the FTSE4Good Bursa Malaysia (F4GBM) Index.

In 2024, we achieved our initial inclusion into the FTSE4Good Bursa Malaysia (F4GBM) Index. This prestigious recognition is based on a thorough assessment of the ESG performance of selected companies listed on Bursa Malaysia. Our inclusion has since solidify our commitment to strong corporate governance, sound business practices and sustainable actions.

MSCI ESG RATINGS A

Received an "A" rating in the 2024 MSCI ESG Ratings assessments.



Honoured with the Green Building Award at the ESG Business Awards 2024, recognising the sustainability of our headquarters, Menara AFFIN in TRX.



- Received the National Corporate Governance & Sustainability Awards (NACGSA) 2024 Excellence Award Top 50 from the Minority Shareholders Watch Group (MSWG).



- Won "The Best Major Building Project," for Menara AFFIN, TRX, at the Malaysian Construction Industry Excellence Awards (MCIEA) 2024, which was organised by the Construction Industry Development Board (CIDB) Malaysia.



- Received the following honours during *The Asset* Triple A Islamic Finance Awards 2024:
  a. Best Islamic Retail Bank in Malaysia
  b. Best Islamic Syndicated Loan – Renewable Energy in Malaysia
  c. Best Sustainability Sukuk – Healthcare
  d. Best Sustainability Sukuk – Healthcare in Malaysia
  e. Best New Sukuk in Malaysia
  f. Best Sukuk – Shipping in Malaysia



- Recognised as the Champion for the Life Below Water and Life on Land Award at the ABM 50th Anniversary Celebration CSR Excellence Awards 2024, highlighting our impactful contributions to environmental sustainability.

MEMBERSHIPS & SIGNATORIES

AFFIN has established strategic affiliations with key industry stakeholders to accelerate our sustainability agenda and advance Responsible Banking with Impact. These efforts include active membership in international organisations, industry association and regulatory working groups. This allows us to drive industry-wide collective action and champion initiatives that encourage the adoption of best practices across the region.

Joint Committee on Climate Change (JC3) Sub-Committee

We actively engage with the subcommittees of the Joint Committee on Climate Change (JC3) to keep abreast of the shifting global landscape and emerging sustainability trends.

The Company is also a member of the following subcommittees:

Sub Committee 1	Sub Committee 2
Risk Management	Governance and Disclosure

Climate Change and Principle-based Taxonomy (CCPT) Implementation Group

In alignment with our ongoing support for BNM's Climate Change and Principle-based Taxonomy (CCPT), we actively participate as members of the CCPT Implementation Group. Additionally, we serve as one of the leads for the SME Subgroup within the Implementation Group, working to ensure smooth implementation of the policy across all financial institutions.

Association of Islamic Banking and Financial Institutions Malaysia

We proudly participated in myWakaf, an initiative led by the Association of Islamic Banking and Financial Institutions Malaysia (AIBIM). myWakaf is a collaboration between nine Islamic banks under AIBIM, together with the State Islamic Religious Councils (SIRCs) for waqf initiatives, and aims to generate economic impact for local communities. It places strong emphasis on community and economic empowerment, health, education and waqf investment.

We also engaged in myZakat, an Islamic banking industry initiative led by AIBIM. This initiative promotes a collaborative zakat distribution effort among participating banks. By contributing a portion of the zakat refund received from the State Islamic Religious Councils, the pooled funds are directed to sustainable projects that benefit eligible Asnaf individuals - a community group that is eligible to receive zakat aid collected from Muslims.

United Nations Global Compact Malaysia and Brunei

In 2023, AFFIN joined the United Nations Global Compact Network Malaysia & Brunei (UNGCMYB) as a Participant to enhance our sustainability initiatives in alignment with the United Nations Global Compact (UNGC). Building on this commitment, in 2024, AFFIN collaborate with UNGCMYB on its Sustainability Leaders Pathway programme. This initiative aims to equip our leaders with tailored sustainability development plans, enabling them to champion ESG integration at the highest level of the organisation.

Partnership on Carbon Accounting Financials

The Partnership for Carbon Accounting Financials (PCAF) is a collaboration between financial institutions worldwide to enable harmonised assessments and disclosures of GHG emissions financed by loans/financing and investments.

By participating, we reaffirm our commitment to aligning our business operations with the Paris Agreement. Specifically, we pledge to measure and publicly disclose the GHG emissions associated with our lending/financing and investment activities, starting from the data for the financial year of 2023 onwards. This transparency will enable us to set science-based climate targets and transition our portfolio towards a low-carbon future.

Furthermore, by leveraging technical guidance and insights from this partnership, we aim to closely assess our climate impact and enhance our reporting on emissions.

Value-based Intermediation Community of Practitioners (VBI CoP)

As envisioned by BNM, Value-based Intermediation (VBI) aims to "deliver the intended outcomes of Shariah through practices, conduct and offerings that generate positive and sustainable impact to the economy, community and environment, consistent with shareholders' sustainable returns and long-term interests".

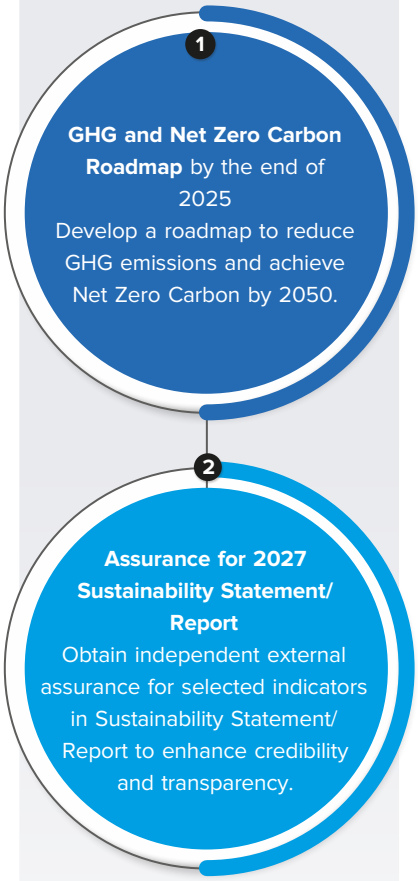
Through our Islamic banking subsidiary AFFIN Islamic Bank Berhad, we play an active role as a member of the VBI CoP by working on the implementation of key components such as the VBI Scorecard, the VBI Assessment Framework (VBIAF) and the VBI Sectoral Guides.

The development of VBI Sectoral Guides is instrumental in promoting responsible financing. These guides, which complement the CCPT, provide sector-specific ESG risk assessment templates to guide our business and credit teams in evaluating financing risks, particularly those related to the environment and social factors. Notably, we participated in the second and third cohorts of the VBIAF Sectoral Guides, contributing to the development of the Sectoral Guides for Manufacturing and Agriculture.

SUSTAINABILITY ROADMAP

Our sustainability roadmap underscores our commitments and targets, as outlined in **AFFIN's Sustainability Approach** of this statement. We have established the necessary frameworks and policies to ensure alignment with our AX28 targets.

In the coming years, we shall implement the following initiatives:



These initiatives will accelerate our progress towards achieving our targets while strengthening our performance measurement capabilities to ensure the accuracy and reliability of our reporting.

AFFIN'S SUSTAINABILITY LEADERSHIP

MESSAGE FROM CHAIRMAN OF GROUP BOARD SUSTAINABILITY COMMITTEE

Reflecting on our sustainability journey, our commitment to integrating sustainable practices into our operations has never been stronger. 2024 marked significant milestones for AFFIN as we continued to advance our sustainability agenda. A key achievement was our inclusion in the FTSE4Good Bursa Malaysia (F4GBM) Index, a testament to our ongoing efforts and performance across key areas, including sustainability. This inclusion underscores our commitment to transparency and robust ESG practices.

In 2024, we conducted a double materiality assessment, encompassing both financial and impact materiality. This assessment considers the broader social and environmental consequences of the Bank's operations on external stakeholders. This strategic review of our material matters aims to amplify our positive impact and ensure our sustainability efforts align with evolving regulations, stakeholder expectations, and the AX28 strategic plan. By integrating financial and impact materiality, we gain a more holistic understanding of ESG issues, facilitating informed and responsible decision-making. This process has enabled us to prioritise the material matters most relevant to our business and stakeholders, ensuring resources are focused on critical issues and supporting the development of effective sustainability strategies that bolster long-term resilience.

We believe a robust and well-integrated sustainability agenda is essential for creating long-term value for our organisation, our internal stakeholders (including employees, management, and shareholders), and our external stakeholders (such as customers, communities, and partners). This involves a deep understanding and careful consideration of the environmental and social consequences of our operations, ensuring we minimise negative impacts and maximise positive contributions. Our commitment to sustainability seeks to balance economic growth with environmental stewardship and social responsibility, fostering a resilient and thriving future for all.

Looking ahead, I am confident that with the collective efforts of our dedicated team and stakeholders, we will achieve our sustainability objectives and contribute to a more sustainable future. At AFFIN, we believe that sustainable practices are not just a responsibility, but a fundamental driver of long-term value creation. This Sustainability Statement reflects our unwavering commitment to integrating environmental, social, and governance (ESG) factors into every aspect of our business. We are dedicated to building a more sustainable future for our stakeholders, our communities, and the planet.



EMELIANA DALLAN RICE-OXLEY
Chairman Group Board Sustainability Committee

IRWIN MOHD EUSOFF
Group Chief Corporate Strategy and Sustainability Officer

MESSAGE FROM GROUP CHIEF CORPORATE STRATEGY & SUSTAINABILITY OFFICER

At AFFIN, sustainability is not just a concept, it's a core value that drives our decisions and actions. We believe that long-term success is inextricably linked to our commitment to environmental stewardship, social responsibility, and ethical governance. This statement reflects our ongoing journey to integrate sustainability into every facet of our operations, creating value for our stakeholders and contributing to a more sustainable future.

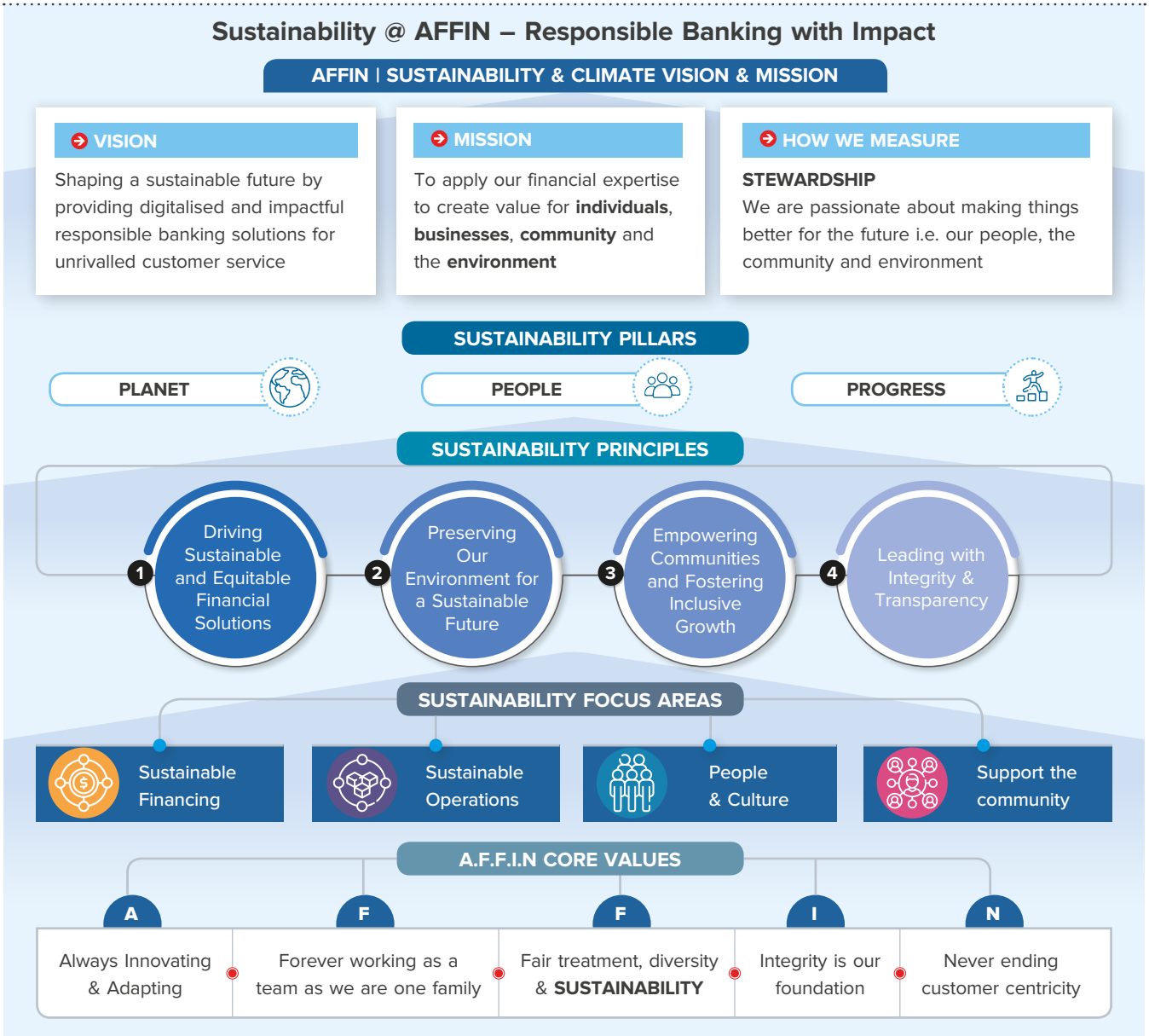
We are pleased to share our progress in embedding sustainability into the heart of our business strategy. While we are proud of the strides we have made, we recognise that our journey is continuous. This statement outlines our achievements, our challenges, and our future commitments as we strive to create a positive impact on the world around us. We are committed to transparency and accountability in our sustainability efforts and look forward to continuing this journey with our stakeholders.



AFFIN'S SUSTAINABILITY APPROACH

SUSTAINABILITY FRAMEWORK, PILLARS, PRINCIPLES AND FOCUS AREAS

Sustainability Framework



In alignment to:

At AFFIN, we recognise our pivotal role in creating a sustainable future. Our AFFIN Sustainability Framework is thus central to our strategic objective of driving Responsible Banking with Impact. Guided by this framework, we provide digitalised and impactful banking solutions to create value for individuals, businesses, local communities, and the environment. Through our efforts, we also empower our clients and stakeholders to embrace change positively.

Sustainability Pillars

At an overarching level, our sustainability efforts are anchored by three overarching pillars: Planet, People, and Progress.

Planet: We prioritise environmentally responsible practices to nurture a healthier ecosystem.

People: We implement initiatives that promote social well-being, economic inclusivity, and reduced inequities.

Progress: We are committed to driving positive change and contributing to societal advancement.

Sustainability Principles

Our pillars are guided by four core principles, ensuring that our actions are closely linked to meaningful outcomes. These principles embody AFFIN's commitment to embedding sustainability into every aspect of our business operation and decision-making processes.

Principle 1	Principle 2	Principle 3	Principle 4
Driving Sustainable & Equitable Financial Solutions	**Preserving our environment for a sustainable future**	**Empowering communities and fostering inclusive growth**	**Leading with integrity & transparency**
We are committed to driving meaningful transformation in the finance industry by demonstrating how sustainable and equitable practices can deliver superior outcomes for both people and the planet.	By embedding the principles of environmental preservation into every aspect of our operations—from sourcing materials responsibly to reducing our carbon footprint—we believe that our actions today can support the building of a sustainable future.	We empower inclusive growth and champion diversity, equity and inclusion to cultivate a socially conscious environment and foster a sense of shared responsibility.	We believe that integrity and transparency are essential for the creation of long-term value for our stakeholders as these principles drive responsible growth and innovation.

Sustainability Focus Areas

Our four key focus areas aligns with our most material matters, which collectively serve as the foundation of this report. These focus areas guide the implementation of our sustainability efforts, linking our actions to desired outcomes and reflecting AFFIN's commitment to embedding sustainability principles into every aspect of our operations.

SUSTAINABLE FINANCING

To drive the transition to a sustainable economy by providing sustainable products and financing support to customers.

SUSTAINABLE OPERATIONS

To minimise the negative environmental and social impacts of our operations while maintaining economic viability.

PEOPLE & CULTURE

To create a diverse, inclusive, and sustainability-focused organisation united by shared values across all levels.

SUPPORT THE COMMUNITY

To reach out and share prosperity with local communities, improving the livelihoods of their residents through impactful Corporate Social Responsibility (CSR) activities.

AFFIN'S SUSTAINABILITY APPROACH

AFFIN CORE VALUES

The four key focus areas are underpinned by our AFFIN Core values, which serve as the bedrock of our Sustainability Framework. These values ensure that our sustainability initiatives are aligned with our overall business objectives and that we operate in a responsible and ethical manner:

A	F	F	I	N
Always Innovating and Adapting	**F**orever working as a Team as We are One Family	**F**air Treatment, Diversity and Sustainability	**I**ntegrity is Our Foundation	**N**ever Ending Customer Centricity
Nurture creativity that challenges constraints, drives progress and encourages thinking out of the box	Sustainable success comes when we think and collaborate as one team for a common vision. We are stronger together	Our success and competitiveness depend upon our ability to embrace diversity and realise its benefits	Be responsible, protect your family, protect your organisation, protect what you love	Putting the customer first in everything we do

SUSTAINABILITY COMMITMENTS

Our sustainability commitments reflect our dedication to investing for our planet, people, and products while supporting stakeholders' goals in line with our Sustainability Principles and Focus Areas. With that, our current primary commitments are as listed below:

- Achieve a 25% target for sustainable financing within our overall loan/financing portfolio by 2028.
- Reduce operational emissions (Scope 1 and 2) by 30% by 2030 and achieve Net Zero Carbon by 2050.
- Enhance societal well-being through impactful CSR activities that improve livelihoods.

In addition, these targets further align our objectives with the UN-SDGs.

Sustainability Targets

Our sustainability commitments are translated and monitored through a set of robust value-creation indicators, which include quantitative targets, where feasible, and qualitative commitments for the remaining indicators. These targets are aligned with national priorities, UN SDGs, and industry benchmarks.

Key Performance Indicator: % of Environment & Social Financing/Loans against total loan/financing portfolio

Our performance over providing sustainable finance in 2024 shows a healthy improvement, in which our portfolio contributed to 10.56% in 2024.

The result indicates that we are taking gradual but committed steps to promote sustainability through our offerings, i.e., either by requiring our customers to commit to more sustainable practices or to promote and educate our stakeholders on sustainability awareness at the very least.

Related UN SDGs

Commitments	FY2024 Performance
25% of Sustainable Finance against total loan/financing portfolio by 2028	10.56% Sustainable Finance

Key Performance Indicator: Reduction tonnes of operational emissions (Scope 1 and 2)

We managed to achieve a total reduction of 7,024.23 tonnes of CO_2e (carbon dioxide equivalent) emissions in 2024.

As we acknowledged that the reduction is largely due to the procurement of Renewable Energy Certificates (RECs), such actions will allow us to contribute indirectly to reducing emissions while we prepare to embark on more effective ways to reduce our emissions throughout the organisation.

Hence, in line with said commitment, we are currently developing a new roadmap for operational emissions reduction which is aligned with our expansion plans, focusing in Sarawak, Penang and Johor.

Related UN SDGs

Commitments	FY2024 Performance
Achieve a 30% reduction in operational emissions by 2030	7,024.23 tCO_2e against 2022 baseline

Key Performance Indicator Established baseline for Scope 3 emissions (Categories 6, 7, and 15)

Related UN SDGs

We have established the baseline for Scope 3 emissions (Categories 6, 7 and 15) in 2024. By embarking this, it will help to advance the Bank's decarbonisation and sustainability journey. Similarly, it also allows an entity like AFFIN to be conscious of all its source of emissions prior to strategising on effective emissions reduction plan.

– For more details on this, please refer to Sustainable Financing & Sustainable Operation section

FY2024 Performance

Ongoing

Commitments

Achieve Net Zero Carbon by 2050

Key Performance Indicator Numbers of beneficiaries from CSR activities per annum

Related UN SDGs

With our CSR activities in 2024, we reached the lives of 116,833 beneficiaries in 2024. This milestone reflects our deep commitment to enhance the wellbeing of the communities we serve, fostering sustainable development.

This indicate that our programmes and activities are bringing better value and engaging with more well-diversified communities through initiatives that promote Environmental, Economic and Social wellbeing, while addressing the diverse needs of stakeholders.

FY2024 Performance

116,833 beneficiaries in proximity

Commitments

Improve the livelihood of society through impactful CSR activities

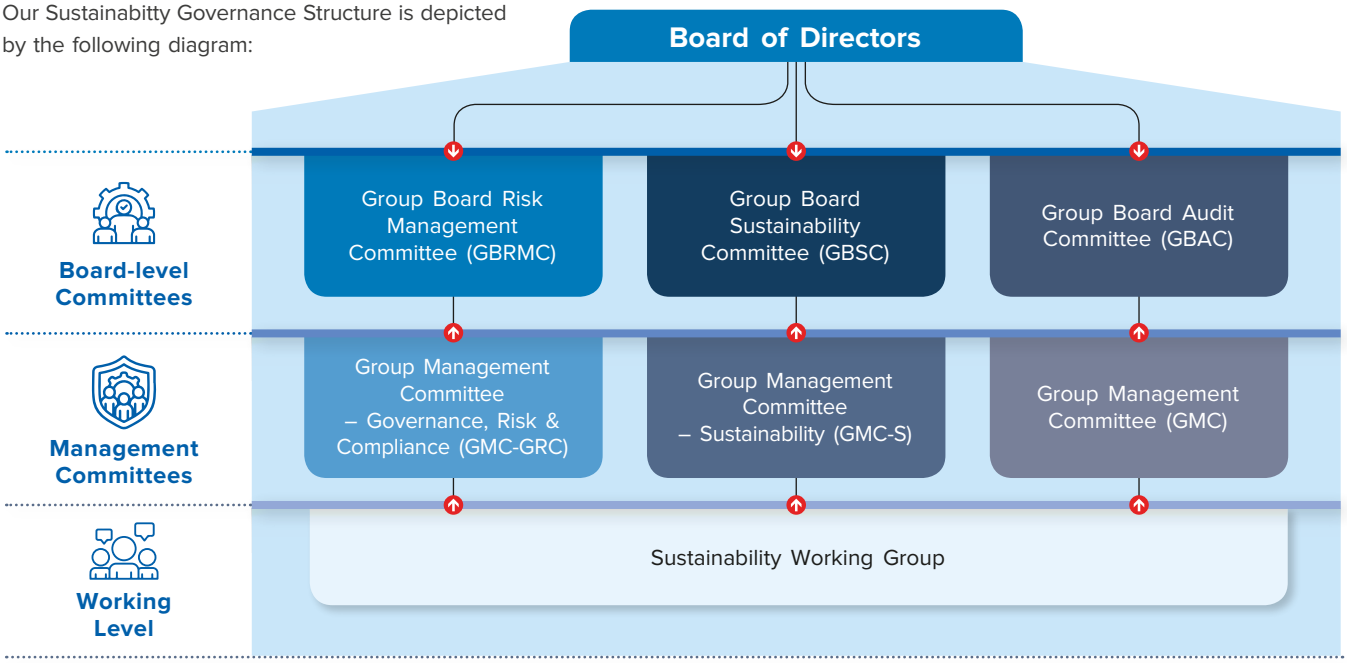
SUSTAINABILITY GOVERNANCE

Our sustainability governance is a structured approach to embed sustainability into every facet of the Bank's operations. AFFIN's commitment to sustainability is anchored by a robust governance structure that aligns with best practices and regulatory standards, enabling us to execute our strategies effectively.

By fostering collaboration and leveraging diverse expertise, we are well-positioned to navigate the evolving sustainability landscape and drive a just and responsible transition to a low-carbon future, whilst meeting the expectations of our stakeholders.

SUSTAINABILITY GOVERNANCE STRUCTURE

Our Sustainabitty Governance Structure is depicted by the following diagram:



AFFIN'S SUSTAINABILITY APPROACH

Sustainability governance at AFFIN is overseen by the Board of Directors, which bears responsibility for the Bank's strategic direction and performance on sustainability matters. The Board delegates specific oversight functions to key committees:

Group Board Sustainability Committee (GBSC):
Responsible for providing strategic guidance and oversight to the bank's sustainability strategy, including setting targets, monitoring progress, and assessing material sustainability risks and opportunities.

Group Board Risk Management Committee (GBRMC):
Oversees the identification, assessment, and mitigation of sustainability-related risks, including climate risk, and the integration of these considerations into the bank's overall risk management framework.

Group Board Audit Committee (GBAC):
Ensures the integrity of the bank's sustainability reporting and oversees the independent assurance of sustainability-related data and disclosures.

The Group Management Committee, through its Sustainability Committee (GMC-S), is responsible for the day-to-day implementation of the Bank's sustainability strategy, ensuring alignment with the Board's strategic direction and overseeing the achievement of sustainability objectives. A dedicated Sustainability Working Group, comprising representatives from various departments across the bank, supports the Management in the development and implementation of sustainability initiatives, providing operational expertise and driving cross-functional collaboration. Our Group CEO and the relevant top management have sustainability KPIs integrated into their scorecards. These scorecards, which reflect our key sustainability priorities, directly influence bonus pool funding and, consequently, executive and employee compensation.

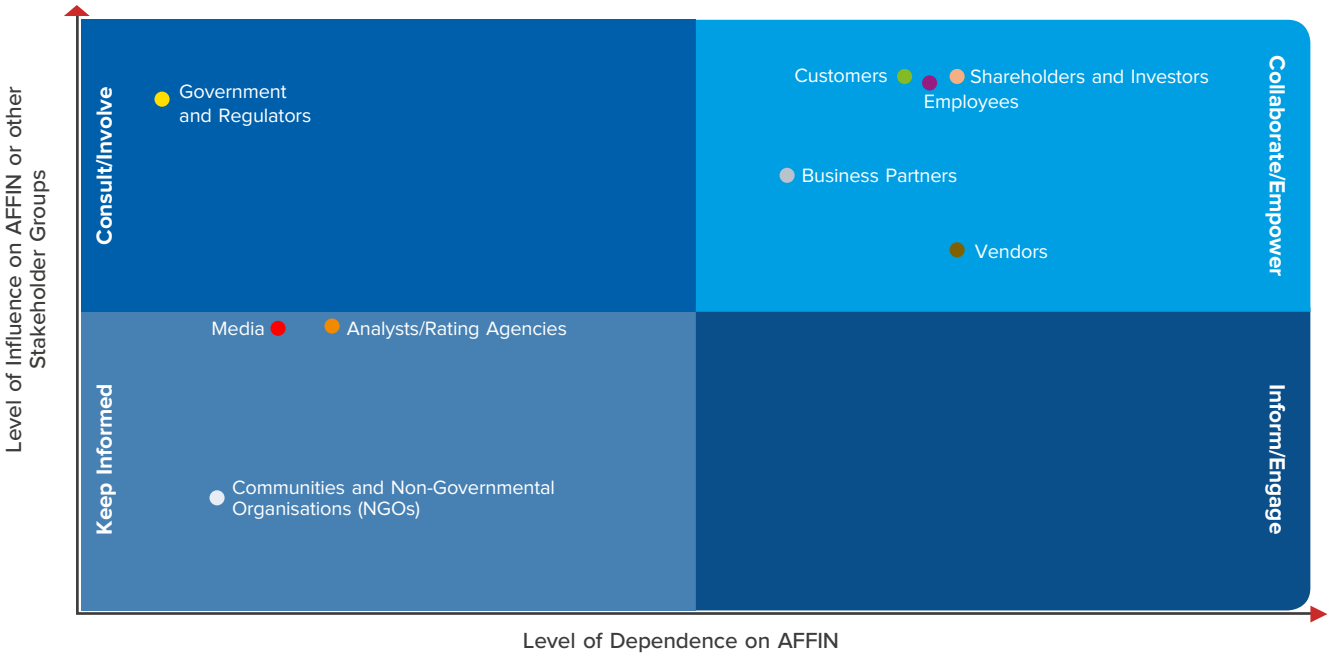
We adopt the Three Lines of Defence (3LOD) model in implementing our Group Risk Management Framework (GRMF), which outlines the functional segregation and key roles and responsibilities of our independent oversight function as well as for the business and support units within AFFIN. This highlights our ability to provide targeted supervision to our sustainability strategies as well as to enhance internal and external processes to be more sustainability-aligned.

STAKEHOLDER ENGAGEMENT

Our ability to create long-term shared value is built upon the trust of our stakeholders, who are at the heart of our sustainability journey. Through our materiality assessment process, we have identified nine (9) key stakeholder groups critical to the success, growth and resilience of our business and operations. These stakeholders are engaged actively by us to gather valuable feedback for us to understand and address their evolving needs and expectations.

We further categorised our key stakeholders into four groups to better reflect their impact and influence on our businesses, as per the mapping below.

AFFIN's Stakeholder Matrix



In addition, the table below details how we engage with our stakeholders, our frequency of engagement, our stakeholders' objectives, and how we respond to these objectives.

Customer

Frequency: **Daily/Annually**

How We Engage

- Annual and post-interaction surveys.
- Frontline channels, including call centres, branches and social media.
- Complaints and feedback mechanisms.
- Relationship Managers.

Objectives for Stakeholders

- Enhance customer experience with fast, simple, secure, and convenient real-time banking services.
- Educate customers on market risks, fraud and scams, while also implementing robust prevention measures.
- Ensure the reliability and performance of digital platforms.
- Prioritise data privacy and cybersecurity to safeguard customer information.
- Maintain transparent and fair business relationships with all stakeholders.

How We Responded

- Enhanced customer experiences through personalised solutions.
- Accelerated digital transformation for seamless and convenient banking.
- Continuously innovated to meet evolving customer needs.
- Ensured fair and ethical treatment for all customers.

Employees

Frequency: **Daily/Annually**

How We Engage

- Department meetings.
- Performance reviews and regular check-ins and surveys.
- Feedback platforms, including Yammer, an employee communication platform.
- Employee engagement and appreciation events.

Objectives for Stakeholders

- Support for staff physical and mental well-being.
- Create a conducive and inclusive working environment.
- Greater flexibility for performing daily functions with technology tools and arrangements that enable seamless remote work.

How We Responded

- Prioritised employee well-being and work-life balance.
- Promoted a diverse, equitable and inclusive workplace.

Business Partners

Frequency: **Quarterly/Annually**

How We Engage

- Meetings.
- Webinars/Seminar.
- Workshops.

Objectives for Stakeholders

- Develop the Group business strategy and identify key strategic priorities.
- Organise engagement initiatives to enable collaborative efforts.

How We Responded

- Build mutually beneficial partnerships to support the transition to a low-carbon economy.
- Forged strategic collaborations with key industry partners to drive the low-carbon transition.

AFFIN'S SUSTAINABILITY APPROACH

Government and Regulators

Frequency: **Quarterly/Annually**

How We Engage

- One-on-one meetings.
- Participation in industry initiatives, such as the Joint Committee on Climate Change (JC3) and its subcommittees.

Objectives for Stakeholders

- Cultivate an ethical, risk-aware culture that ensures regulatory compliance.
- Uphold laws and regulations, manage cyber risks, and promote monetary and financial stability, professional conduct and fair treatment of financial consumers.

How We Responded

- Strengthened climate risk management to ensure long-term sustainability.
- Developed a climate strategy to reduce carbon and invest in renewable energy.
- Maintained strong corporate governance and ethical business practices to build stakeholder trust.

Shareholders and Investors

Frequency: **Quarterly/Annually**

How We Engage

- Quarterly financial results briefings.
- Investor roadshows.
- One-on-one investor engagements.
- Annual General Meetings.
- Meetings with ESG and credit rating agencies.

Objectives for Stakeholders

- Implement sustainability practices and disclosures.
- Integrate sustainability considerations into lending/financing and investment practices.

How We Responded

- Provide guided disclosures on company strategy and growth initiatives.
- Issue quarterly results announcements, quarterly analyst briefings and press statements.
- Engage continuously with relevant stakeholders
- Respond promptly to queries and shareholder feedback.
- Disclose sustainability and governance practices in the annual report, company presentations and website.

Vendors

Frequency: **Quarterly/Annually**

How We Engage

- Procurement processes.
- Performance evaluations.
- Seminars and conferences.

Objectives for Stakeholders

- Policies and guidelines for vendor criteria, including sustainable procurement practices.
- User-friendly e-procurement system.
- Privacy and confidentiality of contracts and business arrangements.

How We Responded

- Conducted guidance and knowledge-sharing sessions with suppliers.
- Continuously refine the e-procurement system.
- Incorporated confidentiality clauses in contracts and provide ongoing reassurance to suppliers.

Communities Non-Governmental Organisations (NGOs)

Frequency: **Quarterly/Annually**

How We Engage

- Engagement with non-governmental organisations (NGO).
- One-on-one meetings.
- Community partnerships.
- Donations and sponsorships.
- Employee volunteer activities.

Objectives for Stakeholders

- Maximise the positive impact of community initiatives to build a sustainable future for all.
- Support programmes that address unemployment, improve financial literacy and empower disadvantaged communities.

How We Responded

- Empowered the community through financial inclusion.
- Lowered barriers to capital for SMEs through digital solutions for efficient loan/financing applications and approvals, complemented by a social empowerment programme to support MSMEs.

Analysts/Rating Agencies

Frequency: **Annually**

How We Engage

- Quarterly and annual financial results announcements.
- Meetings and briefings with analysts and fund managers.
- Periodic meetings and discussions.

Objectives for Stakeholders

- Financial performance, capital structure, asset quality and liquidity.
- Updates on the Group's sustainability journey and the financial impact of ESG risks and opportunities.
- Corporate governance practices.
- Revenue growth and strategic thrust of the Group.

How We Responded

- Regularly engaged with analysts to share updates on the Group's financial performance.

Media

Frequency: **Quarterly**

How We Engage

- Events.
- Media releases.
- Interviews.
- Engagements.

Objectives for Stakeholders

- Announcements of Senior Appointments.
- Updates about products, services and innovations.
- Business strategies, progress and key achievements.

How We Responded

- Regularly engaged with various media outlets to provide updates on the Group's financial and business performance.

AFFIN'S SUSTAINABILITY APPROACH

MATERIALITY ASSESSMENT

In 2024, AFFIN undertook a double materiality assessment involving the participation of over 2,000 internal and external stakeholders through online surveys and other various engagement methods. This two-pronged approach evaluated both impact materiality and financial materiality to identify the most significant sustainability issues. This approach allows us to not only evaluate factors affecting financial performance and shareholder value, but also consider an outward-looking perspective which evaluates how our actions contribute to or detract from environmental and social well-being. The findings enable us to prioritise sustainability matters relevant to our business and stakeholders, ensuring we allocate resources effectively, develop impactful sustainability strategies, and enhance our long-term resilience.

Building on our previous materiality assessment, we reviewed and updated our material topics to ensure their alignment with key ESG standards and industry trends. This assessment considered recent updates to sustainability reporting standards, including GRI and SASB. Additionally, we benchmarked our material topics against the AFFIN Sustainability Framework and peer materiality assessments. To further align with Bursa Malaysia's enhanced sustainability reporting requirement, we incorporated the common sustainability matters that were identified. We will continue to review our sustainability issues on bi-annual basis.

The double materiality assessment was conducted using a multi-faceted method that involves four (4) key steps:

1 IDENTIFICATION OF MATERIAL MATTERS

We compile a preliminary list of material sustainability matters that align with AFFIN's operating context and environment, leveraging the guidance of:

Internal Framework & Guidelines

- AFFIN's 11 existing material matters across Economic, Environmental, Social and Governance topics.
- The Group's sustainability frameworks, strategies, and commitments.

→ **Regulatory Requirements and Landscape, based on Bursa Malaysia's Sustainability Reporting Guide (3rd Edition) and TCFD.**

→ **Industry Best Practices in Sustainability Reporting and Disclosures, based on GRI, SASB and UN SDGs.**

→ **Peer Benchmarking with other Financial Institutions.**

2 STAKEHOLDER IDENTIFICATION AND ENGAGEMENT



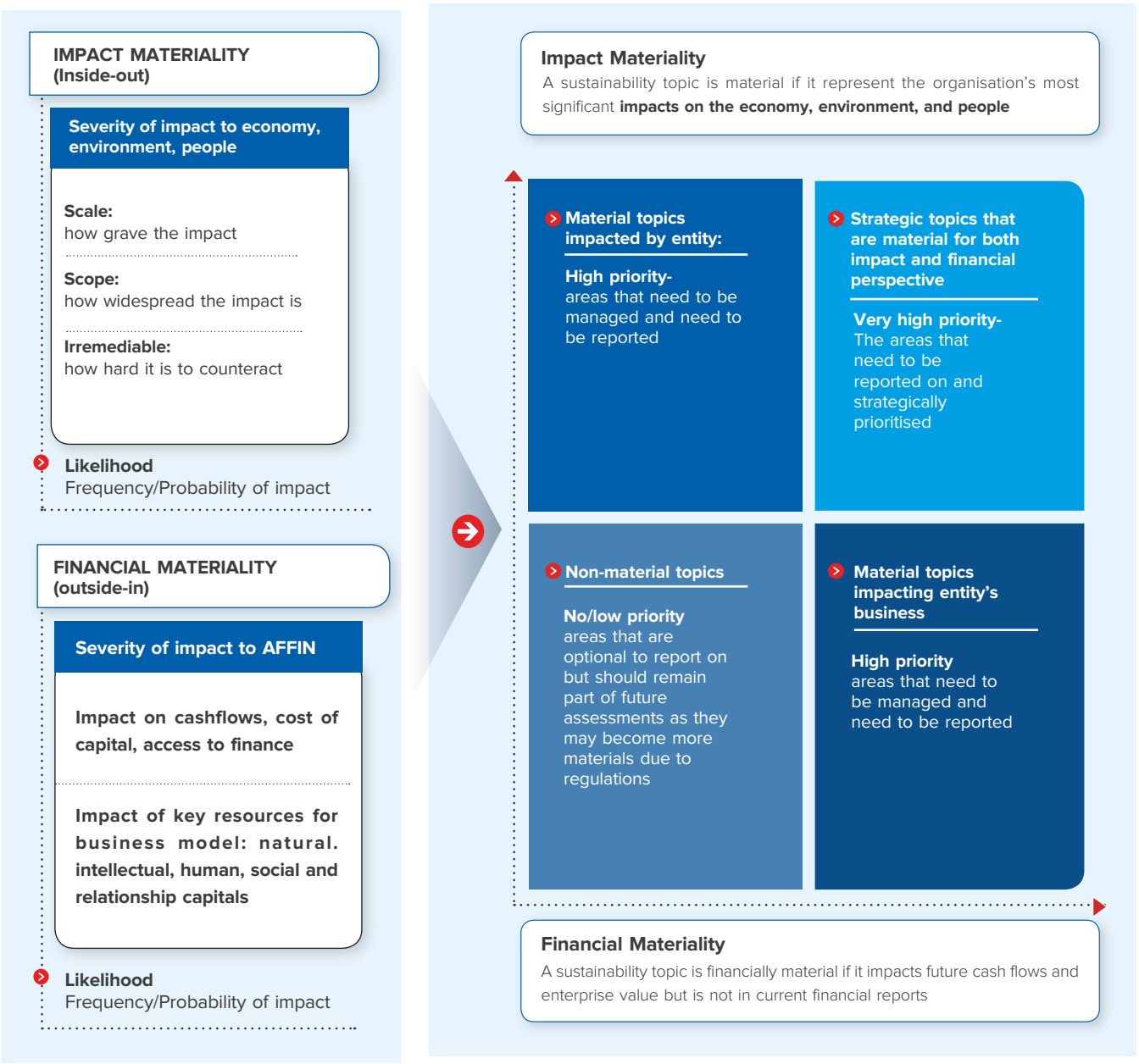
We identify key stakeholder groups to engage during the materiality assessment exercise to understand their concerns and expectations regarding AFFIN's sustainability impacts.

3 ASSESSMENT AND PRIORITISATION OF MATERIAL MATTERS

a) We engage with identified key stakeholder groups to refine and prioritise the preliminary list of material matters through workshops, online surveys, feedback from the Annual General Meeting (AGM), rating agency reports and meetings with various stakeholders.

b) Based on stakeholder input, we prioritise material matters by conducting an impact and likelihood assessment that:

- Evaluates the likelihood and magnitude of financial impacts from external risks and opportunities on our business and value chain for each identified material matter (outside-in).
- Assesses the likelihood and magnitude of our impact on the economy, people, and environment for each identified material matter (inside-out)



AFFIN'S SUSTAINABILITY APPROACH

4 CONSOLIDATION AND VALIDATION OF THE RESULTS

The outcome of our materiality assessment is submitted to the relevant governing bodies for validation and approval, namely the GMC, GBSC and ultimately Board of Directors.

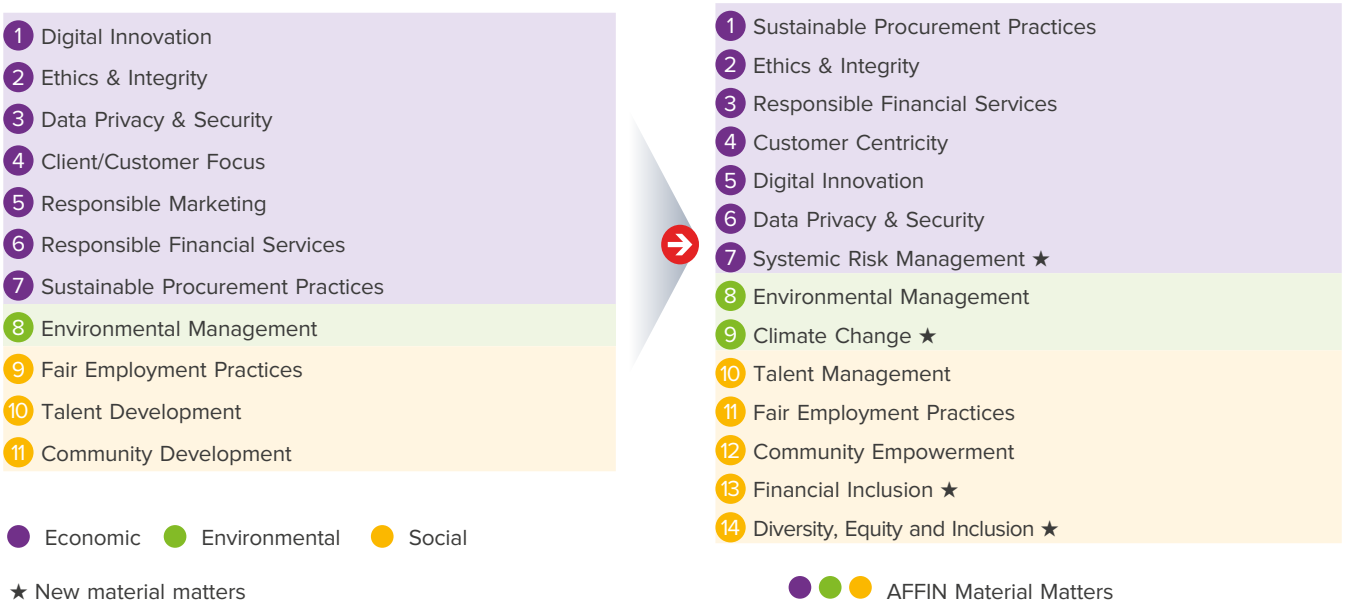
From the abovementioned assessment, we decided to restructure our material matters in order to be aligned with the evolved expectations of our stakeholders as well as due to other contributing factors as noted below:

A A dynamic external environment shaped by evolving regulations, national sustainability frameworks, and emerging climate risks and opportunities.

B Enhanced stakeholder engagement that has allowed us to better understand their interests, priorities, and expectations in relation to the Group.

C Strategic alignment with the material themes in our existing Sustainability Framework, commitments and the AX28 strategic plan.

Recognising our stakeholders' feedback alongside other key factors as well as benchmark made against peers and industry best practices, our material matters were increased to fourteen (14) for 2024. This marked an increase from the earlier eleven (11) identified in 2020.



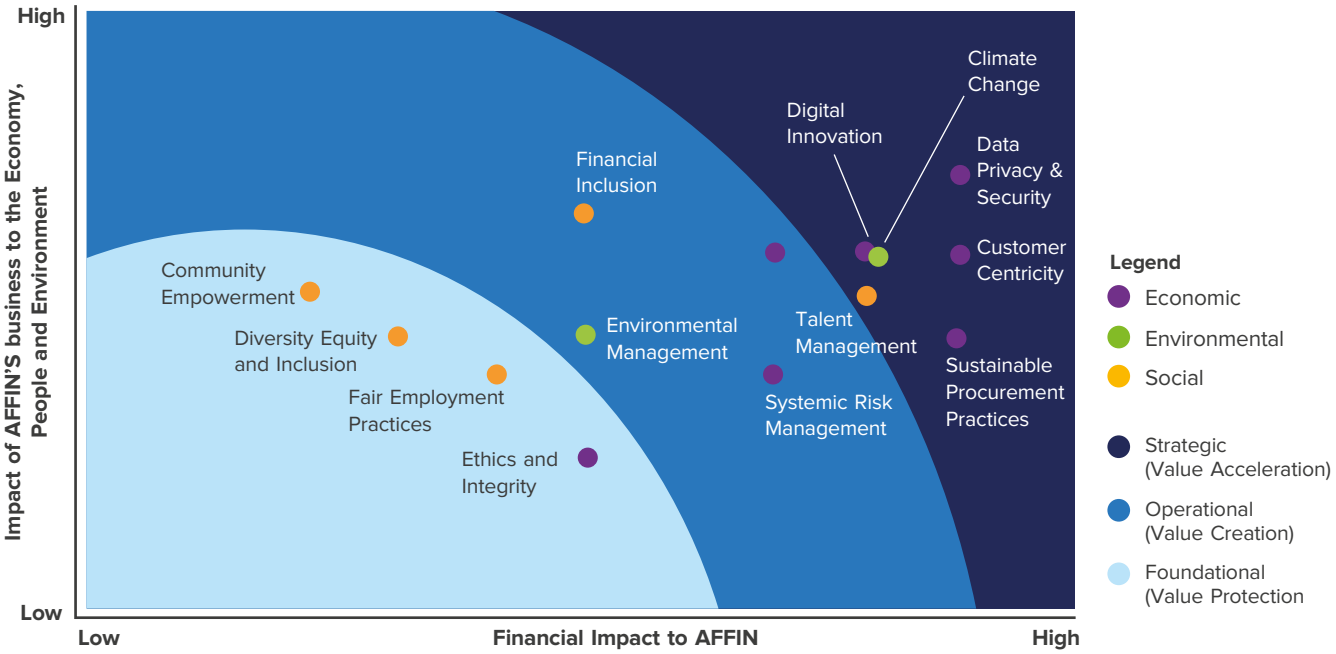
For the new material matters included and the revisions made to existing ones, the following table reflect our rational behind the process:

Updated Material Matters	Remarks
Climate Change ★	The addition of Climate Change as a new material matter reflects both our significant impact on the climate through our financing activities and the potential financial risks to our business from climate-related events. Our assessment revealed that continued financing of high-carbon industries could significantly hinder global climate goals, while physical and transition risks could lead to financial losses and operational disruptions. Growing concerns from stakeholders and Malaysia's commitment to carbon neutrality have further emphasised the importance of addressing climate change. This has led us to strengthen the integration of climate considerations into our overall business strategy via our focus on sustainable finance and our commitment to achieving Net Zero Carbon by 2050.

Community Empowerment	Renamed "Community Development" to "Community Empowerment" and expanded its scope to reflect the Group's commitment to empowering communities.
Customer Centricity	Renamed "Customer/Customer Focus" to "Customer Centricity", to reflect our emphasis in maintaining customer satisfaction by continuously improving services, addressing evolving customer needs and implementing initiatives designed to elevate customer experience.
Diversity, Equity and Inclusion ★	The addition of Diversity, Equity, and Inclusion (DEI) as a new material matter reflects the growing recognition of DEI as a critical factor towards ensuring our long-term success. We recognise that a diverse and inclusive workforce fosters creativity, innovation, and improved decision-making. This in turn enhance our employee engagement, reduce turnover, and strengthening our position as an attractive employer.
Financial Inclusion ★	The addition of Financial Inclusion as a new material matter recognises our significant role at contributing to the underserved communities through our products and services. A lack of financial inclusion can exacerbate inequality, limit economic opportunities, and hinder community financial well-being. Consequently, we are strengthening our commitment to financial inclusion by providing access to banking as well as financial literacy programmes for underserved communities, including low-income individuals and rural populations.
Systemic Risk Management ★	The addition of Systemic Risk Management as a new material matter reflects the interconnectedness of the financial system and the potential for significant disruptions arising from systemic events. Our objective is to remain resilient against such events, including the ability to withstand impacts from financial and economic crises while complying with evolving regulatory frameworks.
Talent Management	Renamed "Talent Development" to "Talent Management" to reflect the broader scope of activities involved in managing our human capital.
Responsible Financial Services	To reflect a more holistic approach to responsible business conduct, "Responsible Marketing" was combined into a broader category Responsible Financial Services. This combined material matter now includes responsible marketing practices, fair customer treatment, and the ethical delivery of all financial products and services.

MATERIALITY MATRIX

The comprehensive materiality assessment process as outlined above led to the development of our revised materiality matrix. The matrix provides a visual representation of our most significant material matters based on its importance to our stakeholders as well as its potential impact on our business activities.



Our materiality matrix established in 2024 as shown above depicts the positioning of our fourteen (14) material matters according to their financial impact on AFFIN (x-axis) and the impact of AFFIN's business on the economy, people, and environment (y-axis).

These matters have been further classified under three categories – Strategic (Value Acceleration), Operational (Value Creation), and Foundational (Value Protection) – to enhance strategic alignment between sustainability initiatives and overall business objectives. The table below provides definitions for the three categories.

AFFIN'S SUSTAINABILITY APPROACH

Foundational (Value protection)	Operational (Value creation)	Strategic (Value acceleration)
Consistently managed areas that **protect the company's existing value and maintain operational continuity** through well-established policies and practices, thereby aligning with traditional risk management and prioritising regulatory and compliance	Sustainability matters that are integrated into operations that **create value** by enhancing efficiency, reducing risks, and improving stakeholder relations	Forward-looking matters that can **accelerate the company's growth and leadership**, driving innovation, competitive ad advantage, and lorge-scale impact

ROLES IN DOUBLE MATERIALITY

Focuses on ensuring the organisation **meets baseline expectations and avoids negative impacts**	**Supports day-to-day operations** while contributing to financial and sustainability goals	Positions the organisation as a key player in sustainability, **unlocking future opportunities and driving transformation**

ALIGNMENT TO STRATEGY, INITIATIVES AND TARGETS

STRATEGY	Maintain the current strong foundations and ensure compliance	• Focus on embedding into operational processes and enhancing the overall resilience of the business	Forward looking strategy • Focus on driving growth and positioning the company as a key player in sustainability
INITIATIVES	Sustain existing initiatives that deliver reliable results and maintain compliance with regulatory or industry expectations	Prioritise actionable initiatives. • Streamline processes, mitigate risks, and deliver tangible efficiency improvements	Involve multiple high-impact initiatives • Foster innovation, and capitalise on emerging opportunities
TARGETS	Maintain consistent performance and ensuring no disruptions in meeting baseline standards or compliance requirements	Emphasise on efficiency in operations • Achieve operational efficiency, minimise risks, deliver measurable improvements in cost savings, productivity, and stakeholder satisfaction	Forward-looking targets • Aligned with capturing new opportunities and driving transformational change

Our material matters established in 2024 are aligned with our AX28 strategy, as outlined below:

Key Outcome	Analysis of Material Matters
High Priority Matters where AFFIN's impact has changed • Sustainable Procurement Practices	Sustainable Procurement Practices has been elevated from a medium to a high priority matter since the last assessment due to a shift in stakeholder priorities and the greater impact that sustainable procurement practices have on AFFIN, especially as we undergo a comprehensive digital transformation. AFFIN's innovation strategy is heavily reliant on its suppliers, particularly those providing cutting-edge digital and technology solutions, making sustainable procurement crucial for several reasons. It helps mitigate potential risks associated with vendor relationships, ensures compliance with evolving regulations, and enables AFFIN to thrive in the rapidly changing digital landscape. By prioritising sustainable procurement, AFFIN can ensure responsible sourcing, optimise costs, and foster long-term, mutually beneficial partnerships with key technology providers.
New Matters of Priority • Climate Change • Systemic Risk Management • Financial Inclusion • Diversity, Equity, and Inclusion (DEI)	Climate Change, Systemic Risk Management, Financial Inclusion, and DEI have become key priorities for financial institutions due to their significant organisational impact and importance to the environment and society. Climate change has increasingly affect AFFIN's financial performance and customer base, requiring effective risk management. Systemic risk management now includes non-financial risks like climate risk, demanding a holistic approach to identify and mitigate complex risks. Financial inclusion initiatives aim to improve financial literacy and access, contributing to economic stability and creating new market opportunities. DEI is recognised as crucial for organisational success, fostering innovation, improving customer service, and attracting talent. These material matters are integrated into AFFIN's operations, contributing to financial and sustainability goals by enhancing efficiency, improving stakeholder relations, and mitigating risks. This is reflected in AFFIN's focus on Responsible Financial Services, Environmental Management, and Talent Management, which are linked to the Group's Sustainability & Division KPIs.
High Priority Matters with minimal change to AFFIN's impact • Data Privacy & Security • Digital Innovation • Customer Centricity	Based on the latest assessment, Data Privacy and Security, Digital Innovation, and Customer Centricity continue to be high priority matters due to their consistent presence within our operations and the significant impact they can influence. With consideration to the nature of our business, we are conscious of the need to adapt and capitalise on the latest technologies to enhance our product and services. Thus, this adaptation, must be balanced with a strong commitment to data privacy and security to maintain trust and confidence among our customers.

AFFIN'S SUSTAINABILITY APPROACH

OVERVIEW OF OUR MATERIAL MATTERS

Our identified material matters represent the key issues that are most critical to our business strategy and stakeholder interests. To enhance our practices across these matters, we develop targeted approaches that enable us to minimise associated risks and seize opportunities to generate sustainable value for our stakeholders, as highlighted in the table below.

SUSTAINABLE FINANCING

RESPONSIBLE FINANCIAL SERVICES

Our Approach

- Integrating ESG considerations into every stage of decision-making process for green financing.
- Ensuring transparency and clarity in marketing materials.
- Assessing the suitability and appropriateness of transactions when providing advice to customers, while also supporting customers' sustainability needs through our financial offerings.

Importance

- Responsible financial services are critical to ensuring the resilience, prosperity, and stability of the global and regional financial ecosystems.
- By embracing this material matter, we can unlock growth in new market segments and forge deeper customer partnerships.
- Through this, we are able to create shared value with our customers and other stakeholders, enabling us to achieve our business objectives while contributing to sustainable growth.

Associated Risks

- Potential conflicts of interest with stakeholder expectations, as ESG products may be less profitable than traditional financial offerings.
- Risk of being perceived as overstating ESG integration or inaccurately presenting our financial products as responsible or sustainable.

Opportunities

- Promote sustainable business growth by incorporating sustainability factors into financial decisions, ensuring the long-term viability of investments.
- Leverage the growing demand for sustainable financial products from both institutional and retail investors.

Impact to AFFIN (Outside-In)

Positive

- ESG-aligned investments enhance risk management, promote long-term financial resilience and reduce volatility.
- Capture new investment flows and expand the financial intermediation business.

Negative

- Uncertain financial returns from responsible lending/financing or investment practices, as these services may yield lower-than-expected profitability, potentially resulting in losses.
- Reputational damage could erode customer trust, lead to customer attrition, and attract penalties or lawsuits, resulting in significant financial and legal consequences.

Impact to Economy, Environment, People (Inside-Out)

Positive

- Promote the development of green technologies, ethical businesses and responsible governance, to stimulate innovation and economic growth in sectors aligned with global sustainability goals.
- Channel capital into green industries such as renewable energy, sustainable agriculture and green infrastructure, fostering economic growth, creating diverse job opportunities and contributing to a sustainable future for all.

Negative

- ESG-focused investments may sometimes underperform compared to traditional investments. If these products fail to meet return expectations, it could result in slower economic growth and diminished investor interest in ESG markets.

LINKS TO

Our Key Stakeholders: CU IV RG EM RG

Relevant Bursa in Common Sustainability Matters: Anti-Coruption

Strategic Thrusts Impacted: ST1 ST5

UN SDG:

SUSTAINABLE FINANCING

CLIMATE CHANGE

Our Approach

- Undertaking initiatives to achieve a 30% reduction in operational emissions (Scope 1 & 2) by 2030, compared to 2022 baseline, paving the way to our goal of net zero carbon by 2050.
- Ensuring effective stewardship of GHG emissions including the comprehensive management of climate-related risks and opportunities.

Importance

- Climate-related events such as adverse weather affect us and our stakeholders financially. Nevertheless, as a financial institution, we have a role to play in encouraging sustainable financing and catalysing Malaysia's transition to a low-carbon economy.

Associated Risks

- Failure to address significant physical and transition risks, including mitigation and adaptation efforts, can impact our reputation and compliance.

Opportunities

- The ability to develop innovative and enhanced sustainability-focused products and solutions will enhance our competitiveness.

Impact to AFFIN (Outside-In)

Positive

- Supporting a diverse range of customers in their transition to net zero by offering tailored guidance, financial solutions and resources to facilitate sustainable practices and carbon reduction efforts.
- Enhancing long-term financial stability by reducing exposure to high-risk sectors, protecting assets from physical climate risks and mitigating credit and regulatory risks.
- Contribute to AFFIN's target of achieving a 30% reduction in operational emissions by 2030.

Negative

- Possible increase in costs associated with transitioning to a low-carbon economy.
- Risk of financial losses and reduced market competitiveness due to exposure to high-risk assets affected by climate-related events.
- Insufficient adaptation efforts may result in operational disruptions to physical infrastructure (e.g. branches, data centres) due to climate-related events.

Impact to Economy, Environment, People (Inside-Out)

Positive

- Supporting the financing of green technologies, renewable energy and energy-efficient infrastructure accelerates the transition to a low-carbon economy.
- Proactive climate risk management helps reduce the economic costs associated with climate-related disasters, such as insurance claims, property damage and business disruptions.
- Contributes to national and global efforts to reduce the environmental footprint.

Negative

- Continued financing of industries that fail to transition to sustainable business models contributing to increased carbon footprint, impeding global climate goals.
- Financial losses from loan/financing defaults, stranded assets and operational disruptions could lead to economic instability, resulting in credit shortages, reduced lending/financing capacity and slower economic growth.

LINKS TO

Our Key Stakeholders: CU IV RG EM RG

Relevant Bursa in Common Sustainability Matters: Emission

Strategic Thrusts Impacted: ST5

UN SDG:

AFFIN'S SUSTAINABILITY APPROACH

SUSTAINABLE FINANCING

SYSTEMIC RISK MANAGEMENT

Our Approach

- Managing our contributions and safeguarding our business against systemic risk.
- This includes our ability to withstand impacts from financial and economic crises while complying with stricter regulations.

Importance

- Mitigating systemic risks is essential to building a strong and resilient financial foundation.
- By proactively addressing both immediate and long-term threats, we safeguard our business and ensure its long-term stability.

Associated Risks

- Failure to manage systemic risks or meet short-term liabilities and liquidity requirements.

Opportunities

- Managing the risks related to systemic stresses often requires technological infrastructure upgrades for more sophisticated risk modelling and compliance reporting, thus driving banks to innovate.

Impact to AFFIN (Outside-In)

Positive

- Increased resilience to economic shocks, helping to avoid significant financial disruptions and ensure continuity of the bank's operations.
- Enhanced operational efficiency through the adoption of advanced analytics.
- Greater investor and stakeholder trust fostered by offering more secure and reliable services could attract more capital.

Negative

- Potential penalties, reprimands from regulatory bodies and legal costs could significantly impair profitability and financial stability.
- Operational disruptions, such as transaction settlement failures could result in customer dissatisfaction and a loss of investor confidence.

Impact to Economy, Environment, People (Inside-Out)

Positive

- Effective management of systemic risks enables the Bank to absorb financial shocks and maintain operations during economic downturns, contributing to overall economic stability.
- A bank that effectively manages systemic risks is better positioned to continue financing green projects and environmentally sustainable initiatives, even during periods of economic stress. This ensures the flow of capital into renewable energy, climate-resilient infrastructure and environmental conservation efforts.

Negative

- Widespread financial instability, may result in market crashes, loss of confidence and potential recessions.
- It will further disrupt economic activity, leading to business failures, job losses and prolonged downturns.
- A liquidity crisis could freeze lending/financing and stifle business activity, which may lead to layoffs, slower economic growth and higher unemployment.
- A systematic financial crisis may shift focus from green projects, as mismanaged risks drive economic priorities towards short-term survival, thus sidelining environmental initiatives in favour of immediate recovery efforts.

LINKS TO

Our Key Stakeholders: CU IV RG

Strategic Thrusts Impacted: ST1 ST3

UN SDG:

CUSTOMER CENTRICITY

Our Approach

- Maintaining high customer satisfaction levels by continually improving our services to address evolving needs and implementing initiatives designed to elevate the overall customer experience.
- Adhering to a customer-centric approach that focuses on enhancing the entire customer journey.
- Ensuring the fair treatment of financial consumers.

Importance

- Customer satisfaction is paramount to our success. By building strong, trusting relationships with our customers by ensuring fair and transparent interactions, underscored by a customer-centric approach to business, we ensure long-term success and building shared value with our customers.

Associated Risks

- Any misalignment between the expectations of our customers and our service delivery may result in negative customer experiences.

Opportunities

- Providing tailored financial services that meet the specific needs of individuals and businesses.
- Delivering improved customer service by driving innovation, lowering costs and improving financial products.

Impact to AFFIN (Outside-In)

Positive

- Builds brand loyalty and increased market share.

Negative

- Negative customer experience may negatively impact our reputation, leading to reduced market share.

Impact to Economy, Environment, People (Inside-Out)

Positive

- Boosts consumer confidence, drives spending, and supports business growth, ultimately contributing to economic expansion.
- Promotes competition within the financial sector, which enhances overall economic productivity.

Negative

- In efforts to expand customer services, additional physical branches or more resources for marketing and service delivery may be increased, which could lead to higher resource consumption and waste if sustainability is not prioritised.

LINKS TO

Our Key Stakeholders: CU IV EM

Strategic Thrusts Impacted: ST1 ST2 ST6

UN SDG:



AFFIN'S SUSTAINABILITY APPROACH

SUSTAINABLE OPERATIONS

SUSTAINABLE PROCUREMENT PRACTICES

Our Approach

- Responsibly and efficiently managing our procurement of goods, supplies, and services.
- Supporting local suppliers that uphold sustainable practices in their business operations.

Importance

- Through sustainable procurement, we empower suppliers who share the same sustainable values that we do.
- We also reduce our risk of corruption in our procurement practices, while also promoting sustainability leadership among our stakeholders.

Associated Risks

- Failure to manage sustainable resourcing practices in our supply chain, such as supplier breaches of environmental, labour, or ethical regulatory requirements.

Opportunities

- Engaging with clients to enhance supply chain resilience by promoting responsible sourcing practices to minimise social and environmental impact.

Impact to AFFIN (Outside-In)

Positive

- Suppliers' sustainable practices can improve operational efficiency and help avoid penalties, potentially reducing their operational costs while being able to offer more competitive pricing.

Negative

- Reputational damage for engaging non-compliant suppliers.
- Increased costs due to supply chain disruptions due to supplier controversies.

Impact to Economy, Environment, People (Inside-Out)

Positive

- Supplier's sustainable practices can improve operational efficiency, reduce pollution and contribute to the growth of suppliers.
- These practices have material impacts such as the creation of new job opportunities that boost local employment and support broader economic growth.

Negative

- Non-compliant suppliers may cause environmental pollution, harming the wider environment.
- Non-compliant suppliers may exacerbate inequality by failing to provide fair wages, thus contributing to poverty and social instability.

LINKS TO

Our Key Stakeholders: IV EM

Relevant Bursa in Common Sustainability Matters: Supply Chain Management

Strategic Thrusts Impacted: ST1

UN SDG:

DIGITAL INNOVATION

Our Approach

- Accelerating efficiency and fostering innovation by leveraging technology to meet the evolving business needs of customers.

Importance

- The embrace of digital technologies and processes offers significant benefits. It enhances customer value through improved services and expanded reach while simultaneously increasing operational effciency. These combined advantages are crucial to long-term organisational success.

Associated Risks

- Failure to stay competitive with market players by embracing emerging technologies and establishing partnerships with platform companies.

Opportunities

- Leveraging technology to develop innovative financial solutions and enhance customer efficiency through a digitally driven advisory model.
- Enabling more efficient operations across the Group, such as improved risk assessments.

Impact to AFFIN (Outside-In)

Positive

- Increased operational efficiency may lead to higher profits.
- Enhanced monitoring of ESG impacts within the portfolio ensures that AFFIN meets its portfolio sustainability targets, raising stakeholder confidence.

Negative

- Increased operational costs may arise from the need for rapid adaptation and investments in technologies, as well as the expenses associated with maintaining outdated and inefficient systems.
- Failure to meet stakeholder expectations on innovation could lead to customer attrition and a loss of investor confidence.

Impact to Economy, Environment, People (Inside-Out)

Positive

- Broaden access to financial services for underserved populations, fostering greater economic participation.
- Improved operational efficiency enables faster application processing, allowing SMEs faster access to credit and contributing to overall economic growth.
- Minimise environmental impact by reducing the need for printing, transportation and document storage.
- Enhance monitoring of ESG portfolio impacts, ensuring positive outcomes.

Negative

- Delayed adoption of advanced technology may hinder access to digital financial services, marginalising unbanked and underserved populations.

LINKS TO

Our Key Stakeholders: CU IV RG EM RG

Strategic Thrusts Impacted: ST1 ST2 ST3

UN SDG:



AFFIN'S SUSTAINABILITY APPROACH

SUSTAINABLE OPERATIONS

DATA PRIVACY & SECURITY

Our Approach

- Ensuring the responsible collection, use, storage, and protection of data to safeguard the privacy of our employees and customers.
- This includes protecting against cyberattacks and preventing data and information breaches.

Importance

- In the digital era, safeguarding personal and sensitive information is of critical importance.
- Through a robust approach to data privacy and security, we can optimise operational efficiency, drive continued business success, and foster enduring trust with our customers.

Associated Risks

- Insufficient data security systems and safeguards for sensitive customer, client and employee information increases the risk of unauthorised access and potential fraud.

Opportunities

- By upskilling employees with technical training and investing in enhanced cybersecurity, we can strengthen our ability to protect customer data effectively.
- Utilising customer data safely and responsibly to analyse behaviour, develop targeted products, and reduce risk.

Impact to AFFIN (Outside-In)

Positive

- Maintaining our reputation as a trusted financial institution, attracting more customers.
- Prevent data breaches and associated risks, avoiding service disruptions and improving operational efficiency.

Negative

- May lead to penalties, reprimands from regulatory bodies and legal costs, which may significantly impair profitability and financial stability.

Impact to Economy, Environment, People (Inside-Out)

Positive

- Security features such as encryption and fraud detection safeguard customers' personal data and assets, contributing to social stability.

Negative

- Disruptions to customers' access to our financial services and IT system failures could lead to broader economic instability and reduced economic activity.

LINKS TO

Our Key Stakeholders: CU EM RG

Relevant Bursa in Common Sustainability Matters: Data Privacy and Security

Strategic Thrusts Impacted: ST2

UN SDG:



ENVIRONMENTAL MANAGEMENT

Our Approach

- Adopting comprehensive practices to manage our environmental impacts, including energy management, water consumption and waste management.
- Advocating for the responsible use of natural resources beyond our business.
- Empowering both internal and external stakeholders to actively participate in environmental conservation.

Importance

- Resource efficiency is key to minimising our environmental footprint, which in turn upholds our reputation as a responsible corporate citizen and improves relations with our stakeholders.

Associated Risks

- Inadequate environmental management may increase the risk of non-compliance with new and existing regulatory requirements and environmental standards.

Opportunities

- Demonstrating leadership in environmental management within AFFIN's operations.

Impact to AFFIN (Outside-In)

Positive

- May improve operational efficiency, resulting in cost savings and supporting long-term sustainability.

Negative

- Reputational damage and potential penalties for non-compliance with environmental management regulations.
- Poor energy efficiency, excessive waste generation and failure to adopt resource-saving technologies may result in higher operating costs over time.

Impact to Economy, Environment, People (Inside-Out)

Positive

- To promote a sustainable future by reducing environmental impact, enhancing operational efficiency and contributing to a healthier society, thereby driving long-term economic growth and improving the quality of life for our stakeholders.

Negative

- Inefficient energy use, high waste production, and excessive reliance on non-renewable resources can contribute to environmental degradation, including increased pollution and resource depletion.

LINKS TO

Our Key Stakeholders: IV RG EM

Relevant Bursa in Common Sustainability Matters: Energy Management; Water; Waste Management

Strategic Thrusts Impacted: ST5

UN SDG:

AFFIN'S SUSTAINABILITY APPROACH

PEOPLE & CULTURE

ETHICS AND INTEGRITY

Our Approach

- Upholding ethical practices and preventing all forms of corruption, including bribery, facilitation payments, fraud, extortion, collusion, and money laundering.

Importance

- The long-term viability of our organisation is predicated upon a robust foundation of compliance, integrity, trust, and professionalism. As a financial institution operating within a highly regulated environment, we recognise the paramount importance of strict adherence to all applicable laws and regulations.
- Non-compliance carries significant risks, including legal and regulatory repercussions that can jeopardise our financial stability and irreparably damage our reputation.

Associated Risks

- Unethical behaviour, corruption or conflicts of interest.

Opportunities

- Maintaining robust and effective corporate governance policies and procedures.

Impact to AFFIN (Outside-In)

Positive

- Enhance our reputation as a trustworthy organisation among stakeholders, potentially attracting more customers, increasing profits and delivering higher returns to shareholders.
- Good governance supports better decision-making in lending/financing and investments, enabling efficient capital allocation and potentially boosting returns.

Negative

- Potential penalties, reprimands and legal consequences from regulatory bodies due to data breaches.
- Adverse impact on our reputation, leading to decreased customer confidence and a potential decline in customer base.
- Poor governance may result in inefficient capital allocation in lending/financing and investments, leading to suboptimal decisions that would affect our returns.

Impact to Economy, Environment, People (Inside-Out)

Positive

- Set a benchmark for ethical behaviour and transparency, inspiring other organisations to adopt similar practices and fostering a more ethical business landscape.
- Contribute to an improvement in Malaysia's Corruption Perceptions Index (CPI), enhancing Malaysia's ability to attract foreign direct investment (FDI) to support economic growth.

Negative

- A tarnished reputation may reduce our ability to support economic activities through lending/financing and investments, potentially impacting small businesses, job creation and economic growth in the communities that we serve.
- A decline in Malaysia's CPI could hinder Malaysia's ability to attract FDI.

LINKS TO

Our Key Stakeholders: IV RG EM RG

Relevant Bursa in Common Sustainability Matters: Anti-Coruption

Strategic Thrusts Impacted: ST5 ST6

UN SDG:

TALENT MANAGEMENT

Our Approach

- Adopting a proactive approach to talent acquisition to enhance our stock of human capital.
- Taking steps to engage and retain employees with relevant expertise.
- Promoting diversity and inclusion in our hiring and employee management practices.
- Enhancing skills and improving our talent pool through robust employee development programmes.
- Nurturing a high-performance culture that rewards employee performance.

Importance

- Attracting and retaining top talent is crucial to maximising the potential of our resources and driving continued success.
- By cultivating a diverse and agile workforce, we foster innovation, build a strong leadership pipeline, and enhance employee engagement for greater productivity.
- Investing in continuous upskilling ensures our employees possess the future-ready competencies necessary to maintain a competitive edge within the industry.

Associated Risks

- Difficulty in retaining or attracting top talent due to inadequate succession planning or uneven resource allocation.
- Insufficient investment in upskilling and reskilling, leading to skills gaps in important areas such as digital transformation, regulatory updates or climate-related risks.

Opportunities

- Providing learning and development opportunities to develop skills that are aligned with evolving business and technological landscapes.

Impact to AFFIN (Outside-In)

Positive

- Higher productivity and improved business outcomes as employees gain relevant skills.
- Retaining skilled employees ensures continuity, reduces recruitment costs and strengthens the bank's capacity to innovate and grow.

Negative

- Employees may feel undervalued or disengaged, resulting in lower productivity and reduced innovation.
- High employee turnover can disrupt workflow and business operations.
- Slower innovation, reduced productivity and failure to keep pace with technological advancements may lead to higher costs from hiring external talent to bridge these gaps.

Impact to Economy, Environment, People (Inside-Out)

Positive

- Foster a culture of innovation and continuous improvement to drive growth and enhance the competitiveness of businesses within the industry.
- Improve operational efficiency, drive innovation and deliver better services to customers and businesses, thus boosting economic activity through increased lending/financing and investment.

Negative

- Trigger widespread financial instability, potentially leading to market crashes, loss of confidence and even recession.
- Disrupt economic activity, resulting in business failures, job losses and prolonged economic downturns.
- Liquidity crises may freeze lending/financing, stifle business activity, cause layoffs, slow economic growth and increase unemployment.
- Mismanaged systemic risks may reduce investment in green projects as economic priorities shift to short-term survival, sidelining environmental initiatives in favour of immediate economic recovery efforts.

LINKS TO

Our Key Stakeholders: CU CM EM RG

Relevant Bursa in Common Sustainability Matters: Labour Practices and Standards

Strategic Thrusts Impacted: ST5 ST6

UN SDG:

AFFIN'S SUSTAINABILITY APPROACH

PEOPLE & CULTURE

FAIR EMPLOYMENT PRACTICES

Our Approach

- Adopting a systematic and fair approach to hiring, recruitment, retention, and their related practices.
- Managing of employment and working conditions to ensure safe working environments and promote employee health and safety.

Importance

- As a responsible financial services provider, we recognise the importance of transparent and accurate communication with our employees. This enables them to make informed choices and aligns with our commitment to fair treatment and compliance.
- Misinformation or ambiguity can have significant consequences, including regulatory breaches, legal liabilities, and reputational damage.

Associated Risks

- Risk of inadequate talent management, including poor handling of workplace disputes, discrimination or non-compliance with labour laws.

Opportunities

- Creating an optimal and positive work environment that ensures employee safety and promotes well-being.

Impact to AFFIN (Outside-In)

Positive

- Increased employee productivity and efficiency can boost business performance and profitability.
- Strengthened brand reputation boosts market share and improves access to capital.

Negative

- Reputational damage and potential penalties for non-compliance with relevant regulations.
- Unfair practices may limit career advancement and professional growth opportunities, hindering work performance and overall progress.

Impact to Economy, Environment, People (Inside-Out)

Positive

- Contribute to job stability in the financial sector, creating long-term employment opportunities and reducing unemployment, which positively impacts local and national economies.

Negative

- Undermining principles of social justice and equity may lead to widespread dissatisfaction, fostering a sense of unfairness and inequity within the workforce.

LINKS TO

Our Key Stakeholders: EM RG

Relevant Bursa in Common Sustainability Matters: Health and Safety

Strategic Thrusts Impacted: ST5 ST6

UN SDG:

DIVERSITY, EQUITY AND INCLUSION

Our Approach

- Actively promoting diversity, equity and inclusion in the workplace while ensuring a safe and inclusive environment for all employees.

Importance

- We recognise that DEI is a strategic imperative for achieving sustainable growth and are committed to cultivating an inclusive workplace environment, built upon a foundation of fairness and sustainability.
- By fostering a culture of openness, innovation and creativity, where diverse perspectives are valued and leveraged, we are able to effectively adapt and thrive within a dynamic and evolving market.

Associated Risks

- Risk of limited perspectives and ideas, which can decrease innovation and problem-solving capacity.

Opportunities

- Enhancing the ability to attract and retain the best talent by embracing diversity, fostering an inclusive workforce, and ensuring equitable opportunities and pay.

Impact to AFFIN (Outside-In)

Positive

- Employees from diverse backgrounds bring unique perspectives, enhancing the bank's ability to develop innovative products and services that expand opportunities.
- A strong DEI culture fosters psychological safety, collaboration and career development, resulting in higher job satisfaction and reduced employee turnover.

Negative

- Potential revenue and growth losses due to the loss of business partnerships, particularly in global or multicultural markets.

Impact to Economy, Environment, People (Inside-Out)

Positive

- Enhance industry and global competitiveness, creating job opportunities across the market.
- Better to understand and serve diverse communities, including historically underserved or minority markets, leading to market expansion, increased revenue, and overall economic growth.

Negative

- Missed opportunities to build a more equitable and inclusive workforce, potentially exacerbating social inequity if certain groups remain underrepresented or face barriers to career advancement within the bank.
- Diminished ability to effectively serve diverse customer segments effectively, further marginalising underserved segments.

LINKS TO

Our Key Stakeholders: EM RG

Relevant Bursa in Common Sustainability Matters: Diversity

Strategic Thrusts Impacted: ST5 ST6

UN SDG:

AFFIN'S SUSTAINABILITY APPROACH

SUPPORTING THE COMMUNITY

COMMUNITY EMPOWERMENT

Our Approach

- Undertaking initiatives to empower and support individuals or groups and make a positive impact within the communities where we operate.
- Conducting initiatives focused on addressing issues in environmental management, disaster relief, education, and health.

Importance

- Community empowerment initiatives are crucial in strengthening the trust shown in us, as well as highlighting the important role we play in the community as a financial institution.
- Equally, we are energised by the opportunity to foster societal progress, improve quality of life, and create other long-term positive impacts through targeted and well-planned initiatives.

Associated Risks

- Failure to implement community development programmes in the communities served by AFFIN.

Opportunities

- Building on our existing CSR initiatives, we can further expand our community empowering initiatives.
- Increasing brand recognition through community initiatives and positive media coverage.

Impact to AFFIN (Outside-In)

Positive

- Strengthen connections with local communities through initiatives that foster trust, loyalty and a positive brand perception.

Negative

- Potential controversies and/or poor communication may erode trust, hindering AFFIN's ability to collaborate with stakeholders.
- Loss of trust from the communities in areas where we operate could decrease customer loyalty.

Impact to Economy, Environment, People (Inside-Out)

Positive

- Enhance SMEs' access to financial resources, education and growth opportunities, fostering economic development, promoting financial inclusion and improving local community livelihoods.
- Boost economic growth by fostering entrepreneurship, reducing poverty and improving financial literacy, contributing to a stronger and more resilient economy.
- Encourage sustainable practices by supporting green businesses and promoting responsible consumption.
- Implement impactful community programmes to strengthen our reputation as a socially and environmentally responsible financial services provider.

Negative

- Disadvantaged groups, youth and SMEs may face restricted access to financial services, limited growth opportunities and insufficient economic support, exacerbating inequality.
- Neglecting sustainable development initiatives may harm the environment and limit access to financial services, negatively impacting local communities.

LINKS TO

Our Key Stakeholders: EM RG

Relevant Bursa in Common Sustainability Matters: Community/Society

Strategic Thrusts Impacted: ST5

UN SDG:

FINANCIAL INCLUSION

Our Approach

- Supporting inclusive access to financial services through our diverse range of products and services and initiatives to enhance financial literacy among clients and in local communities, with a emphasis on youth, unserved and underserved populations.

Importance

- Financial inclusion is about more than simply providing access to financing services. It entails empowering individuals and businesses to achieve economic improvement and stability.
- By offering targeted financial services and assistance to underserved segments, including students, entry-level workers, SMEs, and microenterprises, we contribute to the development of more resilient economies, the reduction of inequality, and the enhancement of the overall quality of life. This aligns with our goal of fostering long-term financial well-being and economic empowerment within the communities we serve.

Associated Risks

- Failure to promote financial inclusion and provide financial literacy to underserved communities.

Opportunities

- Providing financial products tailored to new customer segments, such as low-income individuals, rural populations, and small businesses, to grow the customer base and generate additional revenue streams.

Impact to AFFIN (Outside-In)

Positive

- Enhance our market share and revenue growth, strengthen customer loyalty and boost our brand value.

Negative

- Failure to meet societal expectations or involvement in social controversies could harm brand reputation and result in financial losses.

Impact to Economy, Environment, People (Inside-Out)

Positive

- Help marginalised communities achieve financial independence, reduce vulnerability to financial risks, gain greater access to financial services and access enhanced economic opportunities.

Negative

- Lack of inclusion may exacerbate inequality, limit economic opportunities and worsen financial exclusion within the local community.
- Extending excessive credit to individuals without sufficient financial literacy or risk awareness could result in high default rates and personal debt, leading to economic instability.

LINKS TO

Our Key Stakeholders: IV CM

Strategic Thrusts Impacted: ST5

UN SDG:

AFFIN'S SUSTAINABILITY APPROACH

CONTRIBUTION TO SDGs

Our Contribution to SDGs

SDGs	SDG Target	AFFIN's Key Contribution in 2024
	• 1.4 Equal rights to economic resources • 1.a Mobilisation of resources to implement programmes to end poverty	**Financial Inclusion** • Extending financial assistance to micro businesses and eligible recipients • Offering financial support to small and medium enterprises (SME)
	• 3.4 Promote mental health and well-being	**Fair treatment practices** • Providing mental health support via Naluri and maintaining a safe working environment for AFFIN employee
	• 4.4 Skills for employment, decent jobs and entrepreneurship • 4.5 Equal access to education for the vulnerable	**Talent Management** • Committing to the development of AFFIN employees through investments in training and upskilling opportunities • Implementing sustainability-related training for the Board, Management level and AFFIN employees **Data Privacy and Security** • Upskilling employees with technical abilities and training and investing in improved cybersecurity
	• 5.1 End all forms of discrimination against women and girls • 5.5 Women's full and effective participation in political, economic and public life	**Diversity, Equity, and Inclusion** • Enhancing the presence of women in top governance and leadership roles in AFFIN
	• 7.1 Universal access to modern energy services • 7.2 Increase the share of renewable energy • 7.a Investment in energy infrastructure and clean energy technology • 7.b Expand infrastructure and upgrade technology for supplying modern and sustainable energy services	**Climate Change** • Purchased Malaysia Renewable Energy Certificates (mRECs) from Tenaga Nasional Berhad in 2024 • Initiated the measurement of GHG emissions for Category 15 (Financed Emissions) using the PCAF methodology to make transparent climate disclosures about AFFIN GHG emissions exposure • Conduct climate risk stress testing to assess AFFIN's resilience under various adverse scenarios
	• 8.3 Growth of micro-, small- and medium-sized enterprises • 8.10 Access to banking, insurance and financial services to all	**Customer Centricity** • Empowering customers with tailored, sustainable, digital financial solutions for a better future
	• 9.3 Access to small-scale enterprises to financial services • 9.a Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial support	**Responsible Financial Services** • Providing financial support to SME customers • Green related, social and transition project • Adopting emissions reduction initiatives **Digital Innovation** • Digital financial solutions to AFFIN customers

SDGs	SDG Target	
	• 10.3 Ensure equal opportunity and reduce inequalities of outcome	**Community Empowerment** • RM6.03 million total Zakat contribution • Launched Asnafpreneurs Development Programme over a 7-month period for microentrepreneurs to improve their business skills
	• 12.6 Companies to adopt sustainable practises and integrate sustainability information into reporting • 12.7 Promote procurement practices that are sustainable • 12.8 Ensure that people have the relevant information and awareness for sustainable development	**Environmental Management** • Yearly sustainability reporting and disclosures **Sustainable Procurement Practices** • Procuring from local suppliers and supporting our suppliers in their ESG journey
	• 13.1 Strengthen resilience and adaptive capacity to climate related hazards • 13.2 Integrate climate change measures into national policies, strategies and planning	**Climate Change** • Incorporating climate considerations into our operational activities • AFFIN a member of Joint Committee on Climate Change (JC3) Sub-Committee **Systemic Risk Management** • Conducting rigorous stress test and scenario analyses to evaluate our resilience under various adverse economic and financial conditions
	• 16.4 Significantly reduce illicit financial flows • 16.5 Substantially reduce corruption and bribery in all their forms • 16.6 Develop effective, accountable and transparent institutions at all levels	**Ethics and Integrity** • Upholding good governance • Maintaining high integrity standards and ethical business practices by having code of ethics
	• 17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships	**Community Empowerment** • Member of the VBI CoP • Participant of the United Nation Global Compact Malaysia & Brunei (UNGCMYB) • Partnered with AIBIM for MyWakaf and MyZakat

ADVANCING SUSTAINABLE FINANCE

OUR APPROACH

Under our focus area of sustainable financing, we are driving the transition to a sustainable economy by providing sustainable products and financing to our customers. Our commitment to sustainability is reflected in our goal to achieve 25% sustainable financing against our total loan/financing portfolio by 2028.

By integrating robust systemic risk management practices, adhering to responsible financial principles, and actively addressing climate change challenges, our comprehensive approach enables us to mitigate risks, seize opportunities, and contribute to a more resilient and sustainable future.

FY2024 KEY HIGHLIGHTS



Since we started this initiative in 2022, **we have reached 10.56% of our sustainable finance composition goal. This translates to an outstanding amount of RM7.6 billion in sustainable finance, against our total outstanding loan/financing portfolio in 2024**. This encompasses both social and environmental financing portfolios.

RESPONSIBLE FINANCIAL SERVICES

Responsible financial services are not only critical for ensuring the resilience and sustainable growth of global and regional financial ecosystems, they also present significant opportunities for growth and innovation. By integrating responsible practices into our core business strategy, we can unlock new, underserved market segments and cultivate deeper, more meaningful customer partnerships, leading to shared value creation.

Frameworks & Policies

Robust frameworks, policies, and guidelines are essential for effective controls in sustainable financial services. Hence, we are committed to aligning our practices with evolving international sustainable finance standards, complying with current regulations, and adopting industry best practices. Our approach to facilitating sustainable financial services is guided by the following policies and frameworks:

a) **Sustainable Finance Framework**
This guides our business in identifying activities that promote sustainable development and the transition to a low-carbon economy. It encompasses various subcategories such as green finance, transition finance and social finance, and includes how we measure or define metrics.

b) **Sustainability & Climate Disclosure Policy**
This policy ensures that we comply with regulatory requirements for disclosing material sustainability-related information, implement efficient procedures to ensure timely, accurate, clear, and complete disclosure, and continuously improve the quality of disclosed information.

Partnership with Industry Experts

We are committed to actively collaborating with industry peers to integrate sustainability across all aspects of our business. This commitment involves fostering open communication, facilitating knowledge sharing, and engaging in joint efforts to establish industry-wide standards and best practices.

Furthermore, we harness industry-leading practices and tools by leveraging external resources and expertise. This collaborative approach not only enables us to implement the most effective sustainability measures, but also allows us to advocate for best practices while enhancing the capabilities of our customers.

A selection of the industry-focused events we contributed to in 2024 are showcased below:

AFFIN ESG Conference 2024: Charting the Path to Sustainability, hosted by Affin Hwang Investment Bank (AHIB) in Q2 2024.



The panel collectively urged businesses and policymakers to integrate zero-waste principles into their operations and strategies, reinforcing the session's call to action for a sustainable and waste-free future.

Platinum Sponsor of the SIDC Sustainable and Responsible Investment Conference (SRI), 20 June 2024.



The conference emphasised the need for global unity in prioritising sustainable investments for human wellbeing and the planet amidst escalating environmental challenges. Specifically, the conference delved into the challenges of limiting global warming to 1.5°C, highlighting the need for immediate action to achieve this goal.

Market maker and participating dealer for the world's first Waqf exchange traded fund (ETF) to be listed on Bursa Malaysia.

This pioneering Waqf ETF offers investors the opportunity to achieve dual impact investing goals. It aims to distribute income annually, with half allocated as Waqf assets and the remaining half paid to unit holders.

ADVANCING SUSTAINABLE FINANCE

CLIMATE CHANGE

AFFIN recognises the financial sector's role in the transition to a low-carbon economy. As part of our efforts to achieve Net Zero Carbon by 2050, we are proactively directing capital towards sustainable activities and contributing to Malaysia's decarbonisation goals.

We further recognise that both physical risks (e.g., extreme weather events) and transitional risks (e.g., policy changes, technological shifts) associated with climate change can significantly impact our operations and financial performance. To address these challenges, we have enhanced our Sustainability Framework, explicitly incorporating climate change and systemic risk management as material sustainability matters to guide our efforts to tackle climate change effectively.

Hence, to drive emissions reductions and achieve our Net Zero targets, we have identified and established key strategic pillars under the AFFIN Climate Change Strategy. These pillars will be supported by our GHG and Net Zero Carbon Roadmap by 2050, which we will develop in 2025. This roadmap is essential for providing a clear pathway towards our climate goals and ensuring accountability in our progress.

AFFIN Climate Change Strategy

Interim target ····· **Final target**

1

Reducing 30% of operational emission

- Implementation of renewable energy and energy-saving initiatives, as well as promotion of behavioural changes toward sustainable practices
- Procurement of Renewable Energy Certificate (REC) through Green Energy Tariff (GET)

2

Reducing our financed emissions

- Engagement with clients to support their decarbonisation journey
- Provide sustainable/transition financing to top carbon – emitting clients
- Manage exposure to new and existing high carbon emitting clients

3

Financing the transition and increasing sustainable financing position

- Manage overall exposure to carbon-intensive sectors
- Increase portfolio exposure to climate supporting clients, activities and technologies
- Increase sustainable products/services

For details on the interim targets, please refer to the section on Environmental Management at page 249.

Our Scope 3 Financed Emissions

We continuously seek to decrease our financed emissions to facilitate a just climate transition. As a financial institution, the majority of our GHG emission fall within Category 15 (Financed Emissions) of Scope 3. This category of emissions is attributed to the business activities of our clients/investees, which we finance and invest in, and their respective value chains.

We marked a significant milestone on our sustainability journey by measuring and reporting our generated GHG emissions for for Category 15 of Scope 3 for the first time. of Scope 3 for the first time, In addition, we have also measured and reported our avoided emissions for selected project financing accounts where the estimated annual power production data is available. These initiatves represent major steps forward in our efforts to understand and manage our full environmental footprint, including the emissions associated with our value chain.

In 2024, we initiated the measurement of our first baseline for Financed Emissions, encompassing our 2023 on-balance sheet financing and investments for all clients across three primary business entities — ABB, AIBB, and AHIBB. The scope of our 2023 Financed Emissions included seven asset classes prescribed by the Partnership for Carbon Accounting Financials (PCAF): listed equity and corporate bonds, business loans and unlisted equity, project finance, commercial real estate, mortgages, motor vehicle loans, and sovereign debt. In estimating our Financed Emissions, we referred to the Global GHG Accounting and Reporting Standard for Financed Emissions developed by PCAF (PCAF Standard Part A – Financed Emissions).

With this, we have established a Scope 3 financed emissions inventory, which informs our upcoming GHG and Net Zero Carbon Roadmap, which will include interim and long-term targets.

Measurement Standard

Our financed emissions inventory is measured and calculated in accordance with PCAF Standard Part A – Financed Emissions, which provides comprehensive methodological guidance for measuring and disclosing these emissions. The specific calculation details vary by asset class and sector, with PCAF providing guidance on how to aggregate emissions intensities.

Understanding our Financed Emissions

Our calculations for financed emissions inventory prioritises the reported emissions of our clients to ensure the highest data accuracy. When self-reported data is unavailable, we use proxies such as physical activity data or revenues to estimate clients' emissions in accordance with the PCAF Standard. If both the client's physical activity and/or financial data are absent, we apply an appropriate technique to estimate the emissions.

Our Financed Emissions Inventory

Asset Class (AC)		In-Scope	In-Scope 1 & 2**		
		Exposure* (RM'mil) (a)	Absolute Emissions** (tCO_2e) (b)	Emissions Intensity (tCO_2e/RM'mil) (formula: b/a)	Weighted Data Quality Score
AC1: Listed Equity and Corporate Bonds		12,058	276,262	22.91	4.62
AC2: Business Loans and Unlisted equity		18,013	1,141,432	63.37	5.00
AC3: Project Finance		1,176	55,374	47.08	4.40
AC4: Commercial Real Estate		5,326	133,078	24.98	4.38
AC5: Mortgage		19,976	271,483	13.59	4.62
AC6: Motor Vehicle Loans		14,785	692,161	46.82	3.42
AC7: Sovereign Debt	Excluding LULUCF	14,501	861,343	59.40	2.00
	Including LULUCF		1,038,663	71.63	
Total Excluding LULUCF		85,835	3,431,133	39.97	
Total Including LULUCF			3,608,453	42.04	

LULUCF refers to Land Use, Land-Use Change and Forestry

* *This refers to the total outstanding amount that is in-scope for financed emissions calculation and estimation. The scoping process excluded certain types of financing facilities and investments as guided by PCAF and/or for clarity purposes.*

** *Scope 3 emissions of our clients were excluded due to challenges related to data availability and quality, as well as to minimise double counting.*

The figures provided have been reviewed by Group Internal Audit

The asset classes which contribute most to AFFIN's total financed emissions (covering only scope 1 and 2 of our client's emissions) are Asset Class 2: Unlisted Equiry and Business Loans, Asset Class 7: Sovereign Debt and Asset Class 6: Motor Vehicle Loans. The top three AFFIN sectors that contribute most to AFFIN's financed emissions from Asset Class 1, 2 and 3 are palm oil, energy supply and oil & gas.

To strategically manage our projected emissions trajectory from the high-emitting portfolio, we are engaging clients to understand their strategies and provide support for their transition to low-carbon practices. We are also focusing on transition finance, leveraging government policies and incentives to further facilitate sustainable transformation.

Limitations of Data and Methodology of Scope 3 Financed Emissions

1. We measure and estimate our financed emissions using the GHG Accounting and Reporting Standard for the Financial Industry, developed by PCAF. Our estimates and methods depend on the data available for the sectors we analyse. We are dedicated to constantly improving our estimates and refining our methods. Additionally, we aim to improve how we collect actual emissions data from clients and investees.
2. We aim to improve our data quality scores in each measurement exercise and expect these scores to keep improving as companies enhance their disclosures due to growing regulatory and stakeholder expectations. However, there will likely be annual fluctuations and differences between sectors because of changes in data availability and quality.

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3. Due to the variable timing of financial/emissions data publication by some of our clients and investees, our disclosed financed emissions inventory will be 12-months behind our current reporting period.
4. Most of our clients have not yet measured or disclosed their GHG emissions, especially Scope 3 emissions. When client-reported data is missing, we use emission proxies based on company production and revenue figures. Although we try to minimise the use of non-company-specific data, we use industry averages when specific data is unavailable. We will improve our estimates as data availability and quality get better.
5. The methods and data we use to assess financed emissions and set targets are always evolving. We expect ongoing updates in industry guidance, market practices, and regulations. We aim to refine our analysis using the appropriate data sources and the industry methods as they become available.
6. We know that the factors used to calculate our financed emissions can change due to variations in drawn amounts or market fluctuations, as well as regularly updates to PCAF guidance and emission factors. We commit to be as transparent as possible about what causes changes in our portfolio's financed emissions.
7. We classify our clients by sector with help from experts, and this process will keep improving as our data and sector classification methods get better. This could lead to inconsistencies or changes in our financed emissions.

Disclaimer: We have made every effort to provide our stakeholders with a complete, timely, and accurate overview of the Group's financed emission baseline. However, the Scope 3 financed emissions data presented may have significant uncertainties, challenges, and risks (e.g., inconsistent interpretations and definitions, complex calculations and estimates, data availability and reliability, double counting) that could affect its usefulness, accuracy, and completeness. Readers should exercise caution and conduct their own independent assessment when interpreting and analysing the data points.

SYSTEMIC RISK MANAGEMENT

Mitigating risks is essential for building a strong and resilient organisation. We take a proactive approach to risk management, addressing both immediate and long-term threats to safeguard our business and ensure long-term stability. This includes identifying and assessing potential risks such as credit risk, market risk, operational risk, and strategic risk, and developing appropriate mitigation strategies. By anticipating and preparing for these challenges, we strengthen our resilience and protect our stakeholders' interests.

In addition, our approach to systemic risk management now includes non-financial risks like climate risk, encompassing a holistic approach to identify and mitigate complex, interconnected risks. In 2024, we started conducting climate risk stress testing to enhance our resilience to climate related risks. For this inaugural exercise, our purpose is to facilitate the Bank's capacity building in addressing climate change. By assessing the potential impacts of climate change on our assets, liabilities, and operations, we aim to identify and manage climate-related risks effectively.



Our Initiatives

Lead the Change: ESG Journey With SME Colony

a. **SME Carbon Footprint Calculator**
Inspired by the Low Carbon Operating System (LCOS) calculator developed by Malaysia Green Technology Corporation (MGTC), our carbon footprint calculator enables SMEs to assess their environmental impact and identify opportunities for reduction.

b. ESG Self-Assessment Form
Aligned with Bank Negara's Climate Change Principal Taxonomy (CCPT), our self-assessment tool helps SMEs evaluate their ESG performance across environmental, social, and governance dimensions and recommends green financing products depending on the customer's assessment.

Compliance with Climate Regulatory Requirements

We are committed to staying informed on emerging sustainability and climate-related requirements, ensuring seamless integration with our current risk management framework to support our long-term goals. This includes adhering to key guidelines such as Bank Negara's CCPT guidance, Climate Risk Management and Scenario Analysis (CRMSA) policy document, and the Climate Risk Stress Testing (CRST) Methodology Paper.

Integration into Risk Management

Since 2023, climate-related risks have been integrated into the enterprise-wide Group Risk Management Framework (GRMF), providing guiding principles to better identify, assess, monitor, manage, and mitigate risks. This ensures that we remain resilient while supporting the transition to a low-carbon economy. To complement this, a Climate Risk and Scenario Analysis Policy is currently being developed to outline a more detailed approach for embedding climate-related risks into the overall risk management process.

Recognising the importance of managing sustainability risks and opportunities in building resilience against climate change, we have also introduced the Group Credit Policy on Sustainable Financing (GCPSF). This policy defines our approach to managing sustainability aspects in the lending/financing and investment activities that we undertake.

Climate-related risks can significantly impact other major risk types. Acknowledging this, we have incorporated climate-related risk considerations into our risk management process and enhanced relevant risk policies. We have also strengthened our capabilities to assess the impact of climate-related risks on existing risk types through qualitative approaches. Looking ahead, we will be exploring a more comprehensive approach by leveraging climate risk stress testing results.

Risk Identification and Assessment

In 2024, we have taken several steps to enhance the CCPT methodology and assessment tool, designed to assist Business Units to better understand their clients' business operations and its impact on climate change, as well as remedial actions taken to reduce their negative impact. The enhancement of the CCPT assessment undertaken includes Guiding Principle (GP) incorporation of the CCPT GP3 & GP 4 Due Diligence Questionnaire into the existing assessment criteria to better guide Business Units in classifying our lending/financing and investment transactions.

During the year, we prioritised and completed the CCPT GP3 & GP4 Due Diligence Questionnaire for all reportable exposures from SME accounts in high carbon-emitting sectors, such as agriculture, manufacturing, energy, transport, construction, and waste management. As a responsible financial institution, we are committed to supporting our clients' long-term climate change mitigation and adaptation efforts, as well as helping reduce GHG emissions through our financing activities. Additionally, we conducted a climate risk assessment as part of our annual Material Risk Assessment (MRA) exercise. With the future creation of a climate data repository, it will further improve our ability to manage climate risks, make better-informed decisions and embark on robust risk management strategies.

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Scenario Analysis and Stress Testing

We use scenario analysis and stress testing as essential tools for evaluating the impact of climate-related risks on assets and business operations. These methodologies enhance our accuracy of estimating climate risk stress impacts and bolster resilience against evolving climate-related challenges. By leveraging such testing, we identify potential gaps in data, methodologies, and systems while formulating solutions to address these challenges.

In 2024, various climate risk stress testing models were developed, achieving significant progress in our scenario analysis capabilities. These models are designed to assess the potential impacts of various climate change scenarios on our operations and portfolios.

- **Transition Risk Assessment:** We employed a scenario transmission model to conduct sector-specific, bottom-up assessments for non-retail portfolios. This model delivers valuable insights into potential losses from transition risks under different climate scenarios.
- **Physical Risk Assessment:** For physical risk modelling, flood hazards were selected as a focus area. This model analyses how such hazards could impact asset and collateral values while identifying potential business and operational disruptions.
- **Macroeconomic Impact:** A top-down model was also developed to evaluate the influence of climate-sensitised macroeconomic variables across our portfolios.

The outcomes of these stress tests provide us with a forward-looking perspective on portfolio exposures to transition and physical risks. These insights enable us to manage risks more effectively and inform the development of customer and portfolio transition strategies, aligned with our objective of achieving Net Zero Carbon by 2050.

	Data Collection	Model Implementation		Final Results
Transition Risk	Identify and collect financial information for customers	Project changes in key financial drivers by utilising Network for Greening the Financial System (NGFS) variables	Translate the impact on financials to change in rating and Probability of Default (PD)	Extrapolate the PD impact to the remaining portfolios with similar characteristics Compute the climate-adjusted Expected Credit Loss (ECL) at portfolio and entity level based on the stressed PD and LGD.
Physical Risk	Identify location of collaterals and business operations	Compute the expected collateral damage by mapping the location to expected damage	Translate the collateral damage to stressed Loss Given Default (LGD)	

Overview of climate risk stress testing approach

Scenario Transmission Model

Key financial drivers
- Volume
- Unit cost
- Price
- Capital expenditure
- Impairment

Financial Statement Model

Reconstruct the company's financials:
- Income statement
- Balance sheet
- Cash flow statement

Forecast the financial statement at counterparty level

Scorecard Model

Input stressed financials into the scorecard to project stressed rating and PD

Overview of transition risk modelling framework

Risk Appetite

In ensuring effective management of climate-related risk, the Board approved a qualitative Risk Appetite Statement (RAS) in 2023. This has been embedded into our Group Risk Appetite Framework, which sets out the strategic direction towards managing climate-related risk.

Following the completion of our climate risk stress testing models, sectors with high transition risk impact were identified. To effectively manage transition risk, climate related considerations have been included in the setting of sectoral limits, with these being regularly reviewed to align with our broader sustainability goals.

Moving forward, we will be adopting a phased deployment approach in setting more refined climate risk metrics, considering the evolvement of climate strategies and climate risk management requirements.

CUSTOMER CENTRICITY

Customer satisfaction is paramount to AFFIN's success. We prioritise building strong, long-term relationships with our customers by ensuring fair and transparent interactions in all our dealings. This includes clear communication about our products and services, honest and ethical practices, and readily accessible channels for customer feedback. We are also focusing on enhancing the entire customer journey, from initial contact and onboarding to ongoing service and support, constantly seeking ways to improve and personalise the experience.

One of our AX28 Strategic Objectives is to deliver "Unrivalled Customer Service," which requires understanding and meeting our customers' needs. This is especially important as customer experience (CX) becomes a growing focus in the Malaysian banking industry. To meet evolving customer needs, we have launched new initiatives as well as spearheaded various other initiatives in collaboration with departments and business units at the Group CX Management level.

Measuring Customer Experience

Customer Satisfaction Metrics

Continued in house exercise of measuring Net Promoter Score (NPS) for all AFFIN entities. In 2024, they have achieved above their respective targets

- AFFIN Bank/AFFIN Islamic Bank: **+48,** with a **6%** growth in Promoters
- AFFIN Hwang Investment Bank: **+46** with an **8%** growth in Promoters
- AFFIN Moneybrokers: **+23** with a **13%** growth in Promoters

Achieved customer satisfaction (CSAT) score growth of **3%** in the top 2 boxes of the survey (i.e. number of respondents who rated 5 – completely satisfied, and 4 – satisfied)

Customer Centricity Survey

The Customer Centricity Survey had the aim of measuring the level of CX maturity in AFFIN against a framework of four core competencies, namely Purposeful Leadership, Compelling Brand Values, Employee Engagement, and Customer Connectedness. It assesses the comprehension and adaptation of a customer-centric culture within AFFIN.

Bank-wide engagement and improvements have been implemented in response to the survey results, leading to an increase in the Bank's CX Maturity Index in 2024 by 1%, going from 79% to 80%.

This reflects the concerted effort of the department and highlights the importance of prioritising and sustaining a customer-centric culture within the Bank.

The outcome of our CX metrics is a positive indicator for us, as we continue to strive in improving the lives of our customers through our service and offerings.

ADVANCING SUSTAINABLE FINANCE

AFFIN C.A.R.E.S

AFFIN C.A.R.E.S remains a central theme in our initiatives, supporting our promise to customers through 5 key attributes: Customer Focus, Accountability, Responsiveness, Empathy, Simplicity. This is embedded and prioritised in all initiatives and interactions with customers.

1 C.A.R.E.S. Recognition

- Since its launch in 2023, the C.A.R.E.S. Recognition programme has seen a tremendous uptick in customer compliments, with a year-on-year (y-o-y) increase of 300%.
- Employees exhibiting the C.A.R.E.S. attributes are awarded with a special custom-made pin and certificate in recognition for their dedication to delivering unrivalled customer service.





"During credit card activation, the SMS activation service was not working. I could not use IVR and hear the phone well, as I am Deaf. Although Ee Mun, tried to get HQ to call me. Yet she was being patient to assist me on seeking for assistance with activating my credit card via text or video call through credit card department. Thankfully Zhafran, her colleague, came to assist me to communicate via WhatsApp text to get the necessary done. Their assistance is truly appreciated to consider the need of Deaf for accessibilities support"

Customer Compliment to Zhafran Zulaiman & Wong Ee Mun | Card Business & PJ SS2 Branch

"Your proactive approach to client feedback reflects the essence of what it means to prioritise client needs and enhance the overall client experience. It is evident that Affin Hwang Investment Bank values its clients and is committed to delivering excellence in service. I am truly impressed with the level of professionalism and dedication exhibited by your team, and I am confident that our partnership will continue to thrive as a result of such exemplary service"

Customer Compliment to Ms. Low Wen Dy and Mr. Lim Say Hean | Affin Hwang Investment Bank, Penang Branch





2 Jelajah CX

- This programme aims at elevating sales and service excellence among our employee through essential elements from the C.A.R.E.S. Playbook in achieving unrivalled customer service.
- In 2024, 140 participants joined the programme, consisting of Senior Regional Directors, Regional Operations Managers, and Assistant Branch Managers.
- The modules were developed in-house and comprised of topics that are critical to branch frontliners:
  - **Navigating Unrivalled Customer Service:** Emphasising the delivery of unrivalled customer service through the key tenets of Positive First Impression, 6 Levels of Service, and Grooming.
  - **First Time Wins: C.A.R.E.S. Principles in Action:** Reinforcing the C.A.R.E.S. values through application in real-life case scenarios.
  - **Unlocking Potential: Customer Profiling for Lifelong Value:** Providing critical tools to help frontliners deliver priority service for the right customer persona and segment proposition.
  - **Building a Future Ready C.A.R.E.S. Service Culture:** Delving into service gaps and providing analysis from real cases and application of all module learnings.





3 Branch Hygiene PowerApps

- The need to manage branch hygiene issues led to the in-house development of the Branch Hygiene App. This app streamlines and digitalises the escalation of hygiene issues to relevant departments, with service level tracking and monitoring.
- This initiative, aligned with our key C.A.R.E.S. theme, ensures adherence to and consistency with branch standards, providing AFFIN customers a conducive and comfortable environment for their banking transactions.
- Since its launch in July 2024, we received positive feedback by employees with an internal satisfaction score of 94%. Feedback also indicates that branch employees are delighted with the user-friendly features which has allowed for faster incident reporting and quicker turnaround time from stakeholders to rectify the issues.

4 GMC Field Day: Jom Sarapan with AFFIN

- **Jom Sarapan with AFFIN** recently brought a delightful start to the mornings of staff and customers at two AFFIN branches. Held on November 7 at AFFIN Ampang Jaya and November 14 at AFFIN Taman Tun Dr Ismail (TTDI), the program aimed to immerse GMC members in the daily operations of the branches and celebrate the contributions of our frontline team.
- **Customer Open Day**
  The Ampang Jaya staff invited their customers for a special breakfast while showcasing some of AFFIN's products to generate more deposits and increase its fee income through cross-selling of bancassurance products. Additionally, the Spin the Wheel Activity provided an exciting opportunity for customers to win various prizes.





ADVANCING SUSTAINABLE FINANCE

Customer Journey Mapping

- We completed six customer journey mappings to establish and digitally enhance the customer onboarding process, improve user experience, and introduce new systems to further elevate customer satisfaction.
- The process involved collaborating with our stakeholders and conducting two focus group sessions with AFFIN customers to explore their preferences and feedback, identify their pain points, address concerns, and implement process improvements.

Customer Complaints Management

Complaints Resolution Turnaround Time (TAT):

- We recorded significant improvements in TAT:
  - ABB/AIBB: Duration was reduced from 9.6 working days in 1H2024 to 4.6 wokring days in 2H2024.
  - AHIBB: Duration was reduced from 7.2 working days in 1H2024 to 5.2 working days in 2H2024.
- Post project synergy: 74% reduction in TAT for AHIBB from 26 working days in 2022 to 6.7 working days in 2024.

Repeat Complaints

- We achieved a total reduction of repeat complaints by 28%, primarily attributed to the significant reduction of technical and system related complaints within 3 months.



First Contact Resolution (FCR):

- We recorded a year-over-year improvement of 57% in FCR from 28% in 2023 to 44% in 2024. This was achieved through the establishment of the FCR for Complaints Feedback & Resolution Management (CFM) Unit. With this, employees are qualified to provide immediate solutions via upskilling through training, knowledge sharing, and process improvements.

Centralisation of Complaints Management

- The centralisation of complaints in our Case Management System (CMS) has significantly improved complaints management. This includes several improvements such as enhancements to the Complaints Performance Dashboard, integrating complaint lodgement and escalation to key business units, and refining the processing flow of complaints form. These changes have led to better information recording, reduced manual escalation errors, and established a comprehensive process for fraud disputes.

As a result, although there has been a 26% increase in reported complaints, we recorded an improvement in the complaints resolution SLA from 66.73% in June 2024 to 88% by December 2024, attributable to better compliance in handling fraud disputes by frontline staff.

ENVIRONMENTALLY RESPONSIBLE OPERATION

OUR APPROACH

At AFFIN, we are committed to minimising our environmental footprint. We strive to reduce our carbon, conserve natural resources, and minimise waste generation. By adopting effective environmental practices, we aim to minimise waste, lower energy consumption, and meet regulatory requirements, all while contributing to the preservation of natural resources. Beyond compliance, we also believe that strong environmental management enhances a company's reputation, attracts environmentally-conscious consumers, and can lead to cost savings. In today's world, where sustainability is increasingly valued, proactive environmental efforts not only supports long-term growth but also demonstrates our commitment to creating a positive impact on both the environment and society.

2024 KEY HIGHLIGHTS

Successfully reduced operational emissions (Scope 1 and 2) by **38.3%** in 2024 compared to our 2022 baseline, surpassing our initial target

Reduced our total emissions by **28.2%**, due to the procurement of Renewable Energy Certificates (REC)

As one of our key commitments to fight climate change, in 2023, we set an interim target to guide our efforts and measure our performance. Hence, the target of achieving a 30% reduction in operational emissions (Scope 1 and 2) by 2030 in comparison to a 2022 baseline was set.

Moving forward to 2024, our efforts in managing our emissions resulted in us surpassing our initial target for operational emission reduction. The result, which was essentially aided by the purchase of Renewable Energy Certificates (RECs), provided us with positive encouragement to further commit to continuously improve and accelerate our decarbonisation efforts. In addition, we are also focused at evaluating the best approach to create a positive value in sustainability for our stakeholders and the planet.

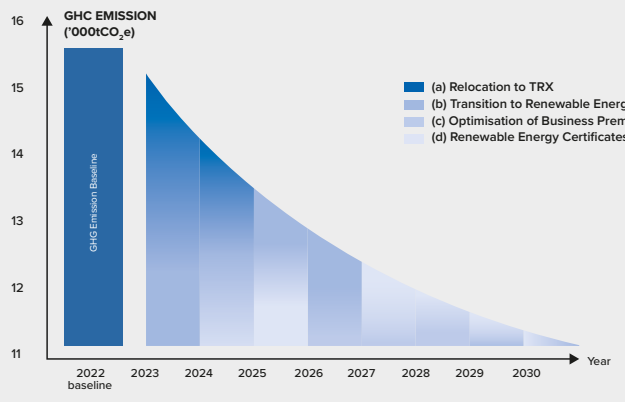
As we look towards maintaining our achievement, we have since embarked on developing a new roadmap for reducing operational emissions. which is aligned with our expansion plans notably for Sarawak, Penang and Johor.

ENVIRONMENTAL MANAGEMENT

Integrating sound environmental practices into our operations is essential for long-term sustainability. We are committed to implementing environmentally sustainable practices across our entire business, while empowering both internal and external stakeholders to actively participate in these efforts. We believe that by working together, we can achieve greater impact and create a more sustainable future.

Operational Emissions Reduction Approach

Our target of reducing our operational emissions (Scope 1 and 2) to 30% by 2030 remained a critical component within our long term objective of achieving Net Zero Carbon by 2050. To achieve this goal, we have developed various comprehensive strategies to reduce net emission from our operations. For 2024, we have made key progress in reducing emissions and we are developing a new roadmap for further reducing our operational emissions.



AFFIN Reduction of Operational Emission Roadmap

ENVIRONMENTALLY RESPONSIBLE OPERATION

As a result of these initiatives in 2024, we have seen a Group-wide **reduction in operational emissions of 38.3%** compared to 2022 baseline.

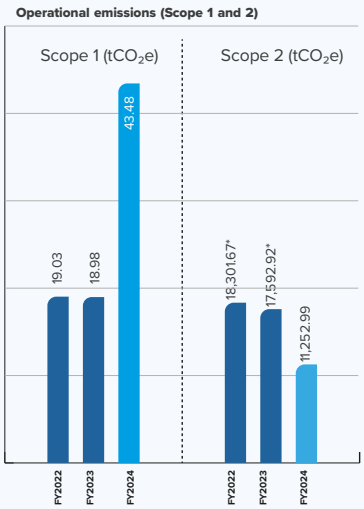


Utilising renewable energy certificates

To accelerate our commitment to mitigating the environmental impact of our operations, we've prioritised the efficient management of both direct (Scope 1) and indirect (Scope 2) greenhouse gas (GHG) emissions. A key initiative in this effort was the purchase of 6,682,589 kWh of Renewable Energy Certificates (RECs). This purchase resulted in a significant reduction of GHG emissions by 5,172.32 tCO_2e, equivalent to 28.2% of our 2022 Group baseline GHG emissions for Scope 1 and 2. This demonstrates our proactive approach to reducing our carbon footprint and contributing to a more sustainable future.

Operational emissions (Scope 1 and 2)

Year	FY2022	FY2023	FY2024
Scope 1 (tCO_2e)	19.03	18.98	43.38
Scope 2 (tCO_2e)	18,301.67*	17,592.92*	11,252.99



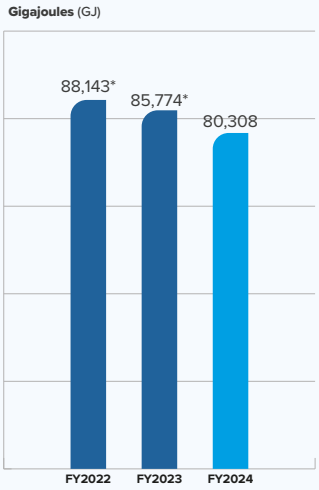
* *Note: The figures for 2022 and 2023 have been restated to reflect the latest Grid Emission Factor*

Reducing Energy Consumption

To date, the bank has recorded a significant 8.9% reduction of energy consumption compared to the 2022 baseline. This reduction was achieved through a combination of energy efficiency upgrades implemented in Menara AFFIN TRX, with the largest contribution resulting from the complete cessation of operations at Menara Affin Raja Chulan and Menara Boustead. By continuing to focus on improving energy efficiencies in our practices and infrastructure, we aimed to better manage our energy consumption, while further reducing any redundancy.

Year	FY2022	FY2023	FY2024
Gigajoules (GJ)	88,143*	85,774*	80,308

* *Note: The figures for 2022 and 2023 have been restated to reflect improvements in the coverage and quality of available data*

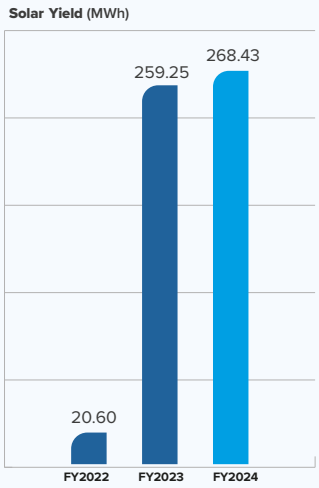


Adopting Renewable Energy

In an effort to mitigate our reliance on non-renewable energy sources, we have embarked on utilising green energy source, with the installation of solar panels at twelve (12) of our branches. With the current installations, our solar yield accounts to 1% of our total annual electricity consumption which resulted to estimated 207.76 tCO_2e emission avoided. With that, these installations allow us to reduce our Group-wide carbon emissions while providing us with greater control over our electricity consumption. Aiming towards expanding on that goal, we are planning to install an additional sixteen (16) solar-powered branches during 2025.

Solar Yield

Year	FY2022	FY2023	FY2024
MWh	20.60	259.25	268.43



Enterprise Emissions: Category 6 (Business Travel) and Category 7 (Employee Commuting)

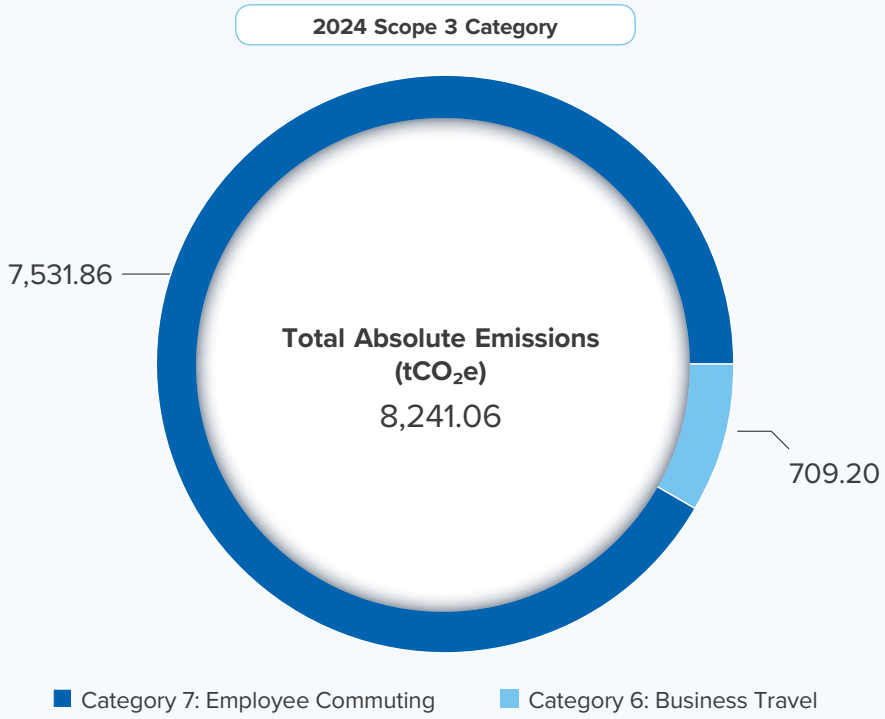
In 2024, we have initiated the measurement of GHG emissions for Category 6 (Business Travel) and Category 7 (Employee Commuting) for the first time. Category 6 encompasses emissions resulting from employees' business travel in vehicles that are owned or operated by external parties. Meanwhile, Category 7 covers emissions from employees commuting between their residence and workplaces. This measurement allows us to establish our baseline for tracking our progress in reducing our carbon footprint from Categories 6 and 7. Understanding the emissions associated with these activities is crucial for developing targeted strategies to minimise their impact. By quantifying these emissions, we can identify opportunities for improvement, such as promoting virtual meetings to reduce business travel, encouraging the use of public transportation or cycling for employee commutes, and implementing policies that support remote work options. This data-driven approach will enable us to implement effective measures to reduce our emissions in these areas and contribute to our broader sustainability goals.

Furthermore, this initial step in measuring Scope 3 emissions lays the groundwork for expanding our measurement and reporting to other relevant categories of Scope 3 in the future, providing a more comprehensive understanding of our environmental impact and enabling us to pursue further emissions reductions.

EMISSIONS MANAGEMENT

Bursa C11(c) Scope 3 emissions in tonnes of tCO_2e

Category	FY2022 (tCO_2e)	FY2023 (tCO_2e)	FY2024 (tCO_2e)
Category 6: Business Travel	n/a	658.43	709.20
Category 7: Employee Commuting	n/a	7,245.90	7,531.86
Overall Total of Scope 3 Emissions	**n/a**	**7,904.33**	**8,241.06**



Note: The figures have been reviewed by Group Internal Audit

ENVIRONMENTALLY RESPONSIBLE OPERATION

Reduction of Paper Consumption

Reducing our paper consumption has been a crucial step in enhancing operational efficiency, minimising waste, lowering costs, and supporting our environmental goals. In today's increasingly paperless world, cutting down on paper use not only benefits the environment but also enhances a company's reputation as a responsible and forward-thinking organisation.

The following initiatives were implemented in FY2024 to reduce our paper consumption:



REDUCING A4 PAPER PRINTING (ONE FLOOR ONE PRINTER & DUAL MONITOR)

About the initiative	Initiatives by Business Process Management department aims to reduce the number of multi-function printers at Menara Affin TRX by promoting paperless practices. In doing so, we can lower our carbon footprint, support our ESG goals of reducing greenhouse gas emissions, promote sustainability, and enhance employee productivity. There are two sub-units of the project: **1. One Floor One Printer Initiative (reduced from 49 to 40 Multi-function printers (MFPs))** **2. Dual Monitor Initiative (148 dual monitor was given to Business Units)**
Quantitative Result	• **Cost Savings:** – Printing cost: Reduced by **78%** from RM30,614.40 (2023) to RM6,754.71 (2024) – Energy cost: Reduced by **20%** from RM3,255 (2023) to RM2,604 (2024) • **Carbon Footprint Saving:** – Paper: Total reduction of **2.87 tCO_2e** from year 2023 to 2024 – Energy Consumption: Total reduction of **2.71 tCO_2e** from the year 2023 to 2024 • **ESG Paper Savings:** – About 800,000 A4 papers (1,600 reams) were saved by this initiative
Qualitative Result	• **Efficient.** – Transitioning to digital documents and workflows not only streamlines processes but also supports our sustainability and ESG goals by reducing paper waste and energy consumption. This shift has led to increased productivity, better collaboration, and a more sustainable operational model.

STOP SIBS PHYSICAL STATEMENT FOR NON-INDIVIDUAL CURRENT ACCOUNT/CURRENT ACCOUNT ISLAMIC

About the initiative	As of March FY2024, the Bank has discontinued the issuance of physical statements for non-individual customers. In FY2023, the annual cost reached RM2.4 million, with projections indicating a 25% increase due to rising mailing fees imposed by Pos Malaysia. To ensure continued access to account information, alternative options have been provided for non-individual current account holders: 1. **Email Statements** 2. **Downloadable Statements via Internet Banking (AFFINMAX)** 3. **Secured File Transfer (SharePoint) for Large Corporate Customers** These digital alternatives enhance efficiency, reduce costs, and align with our sustainability commitments.
Quantitative Result	• **Cost Savings** – Reduced statement printing and mailing costs, resulting in savings of approximately MYR 1.3 million. • **Paper Savings** – Saved approximately 14 million A4 sheets of paper. • **Turnaround Time (TAT) & Productivity** – Razer Merchant processes around 1 million pages of statements per month. By transitioning from the Branch Statement Delivery (BSD) system to this vendor, we achieved a 70% improvement in system capacity. Previously, statement processing took 14 days under the BSD system; with Razer Merchant, it now only takes 3 days.
Qualitative Result	• **Improved Processing Capacity** – Our system can now process up to 999,999-page statements, a significant increase from the previous limit of 9,999 pages, enabling us to better support five key customers. • **Enhanced Accessibility** – We offer easy, convenient, and fast access to e-Statements via Email Statements, AffinMax, and SharePoint. • **Elimination of Blank Pages** – We have stopped printing blank pages in Current Account Statements and Consolidated Statements for all customer segments (Individual & Non-Individual).

REVISED ENHANCED CUSTOMER DUE DILIGENCE FORM

About the initiative	• This initiative aims to standardise the Enhanced Customer Due Diligence (ECDD) form, which was last reviewed in 2020, to identify high-risk customers for Money Laundering/Terrorism Financing (ML/TF) while excluding the Transaction Monitoring fields during onboarding. As a result, the form has been streamlined from four pages to two, reducing paper usage, lowering costs, and supporting our sustainability efforts.
Quantitative Result	• **Cost Savings** – Reduction in paper printing costs. • **Paper Savings** – Approximately 14 million A4 sheets saved through this initiative.
Qualitative Result	• **Customer Experience** – Enhanced customer experience by reducing redundant fields from 20–34 fields to just 18. This streamlining makes the onboarding process more straightforward, minimising confusion and potential errors. • **Environmental Impact** – Reduced paper usage as printed documents are no longer required, aligning with the Bank's overall paper reduction goals.

ENVIRONMENTALLY RESPONSIBLE OPERATION

TO DISCONTINUE THE CERTIFIED TRUE COPY (CTC) / ORIGINAL SIGHTED (OS) ON ALL FINANCING SUPPORTING DOCUMENT PAGES FOR COMMUNITY BANKING FINANCING ONBOARDING PRODUCTS.

About the initiative	• This initiative — a Business Process Improvement collaboration between Business and Governance — focuses on digitising the CTC/OS process. By transitioning from 10 to 60 physical signatures and stamps on printed documents (ranging from 10 to 60 pages) to just two digital signatures (Maker and Checker) on a PDF checklist, we have significantly reduced paper usage and streamlined the approval process
Quantitative Result	• **Cost Savings –** Estimated reduction in operational costs related to document printing by approximately 15–20%. • **ESG & Paper Savings –** Saved approximately 14 million sheets of paper annually, contributing to a reduced carbon footprint. • **Turnaround Time (TAT) & Productivity –** Improved document processing efficiency, reducing turnaround time for loan/financing approvals by approximately 20–30%.
Qualitative Result	• **Operational Efficiency –** Significantly reduces the risk of human errors (e.g., incomplete stamping) and enhances the efficiency of the verification process. • **Customer Experience –** Simplifies the onboarding process, minimising confusion and potential errors. • **Environmental Impact –** Reduces paper usage by eliminating the need for printed documents, aligning with the bank's sustainability goals.

SUSTAINABLE PROCUREMENT PRACTICES

Encouraging Sustainable Practices among our Suppliers

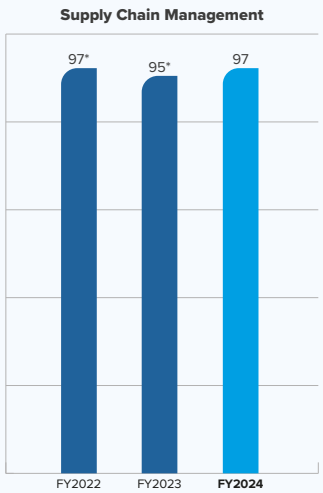
We strive to support the local business ecosystem through our procurement practices and commit to appointing local suppliers wherever it is practicable to our business.

To ensure alignment with our overall sustainability goals, we've implemented a process requiring our potential suppliers to disclose information about their sustainability practices. This transparency is crucial for making informed vendor selection decisions. By understanding our suppliers' environmental and social performance, we can partner with those who are committed to sustainable operations and contribute to a more responsible supply chain.

Supply Chain Management

FY2022 Percentage	FY2023 Percentage	FY2024 Percentage
97*	95*	97

* *The figures for 2022 and 2023 have been restated to reflect improvements in the coverage and quality of available data*



Promoting Environmental Responsibility through Partnership with Industry Players

Promoting environmental responsibility through partnerships with key stakeholders is a powerful way to drive sustainability across sectors. By collaborating with like-minded organisations, we can share resources, knowledge, and best practices to implement more effective environmental initiatives. These partnerships not only strengthen individual business efforts but also create a collective impact, encouraging innovation, reducing environmental footprints, and fostering a shared commitment to a sustainable future.

Further to this, the following are some initiatives which we have collaborated and embarked in 2024 with key industry partners:

AFFIN X DHL Express 'Gogreen Plus' Program On **Sustainable Aviation Fuel**



Description

DHL Express has signed **AFFIN** Group into its **GoGreen Plus program** that promotes **sustainable aviation** fuel (SAF). The service supports the **AFFIN** Group's target to reduce the carbon emissions associated with its time-definite international shipments by 70 percent.

Impact

- We achieved a total reduction of 1.61 tCO_2e for Well-to-Wheel (WTW) emissions.

Note: Well-to-Wheel describes the full lifecycle, encompassing all relevant emissions and energy consumption.

AFFIN Group partners with Auto Bavaria to expand Malaysia's EV charging infrastructure



Description

AFFIN Group has teamed up with Auto Bavaria to expand Malaysia's electric vehicle (EV) charging infrastructure, marking a key milestone in the nation's shift towards sustainable mobility. Seven (7) alternating current (AC) chargers and one (1) direct current (DC) charger have been installed at EV charging stations located at Menara Affin in the Tun Razak Exchange (TRX), Malaysia's International Financial Centre.

Impact

Promote green vehicles and EV ownership easier and more achievable, contributing to a broader shift towards sustainability.

ENVIRONMENTALLY RESPONSIBLE OPERATION

DIGITAL INNOVATION

At AFFIN, we embrace technological innovation as a catalyst for growth and transformation. By leveraging data analytics and artificial intelligence, we are able to deliver personalised financial solutions that meet the evolving needs of our customers. This data-driven approach enables us to provide insightful recommendations and empower our customers to make informed decisions.

We are committed to enhancing the digital experience for our customers by streamlining processes and improving operational efficiency. By investing in cutting-edge digital technologies, we ensure our customers can access our services seamlessly and securely.

Enriching Customers Through Digital Innovation

We are dedicated to providing a comprehensive range of financial products, services and assistance tailored to meet the diverse needs of businesses, from large corporations to SMEs and microenterprises. As we recognise the vital role that these businesses play in driving economic growth, the Bank is committed to empowering them with the tools, knowledge, and support they need to thrive in the digital age.

By leveraging on the latest technology and offering digital solutions, AFFIN aims to be a trusted partner for businesses of all sizes, helping them navigate the complexities of the modern business landscape.

Digitally Enabling Businesses

This is aligned with our strategic pillar to become Digital Leadership:

Initiative
Rollout of RPP phase 2 services for AFFINMAX & Affin Always
Description
RPP Phase 2 services (DuitNow Request, DuitNow Online Banking/Wallets and DuitNow AutoDebit) are now available on both corporate internet banking (AFFINMAX) and retail internet banking (Affin Always) platforms. This rollout expands the Bank's digital payment and collection module offerings for customers. The Bank is committed to creating a future-ready banking ecosystem in line with our sustainability objective to increase adoption of digital banking.

Initiative
Secured Authentication via Digital Token for Financial (FT) & Non-Financial Transaction (NFT) for both AFFINMAX & Affin Always
Description
The migration from SMS OTP to Multi Factor Authentication (MFA) via Digital Token enhances the security and significantly reduced the Bank's costs. From July 2024, average monthly SMS expenses dropped from RM300k to RM30k, resulting in cost savings of approximately RM1.62 million.

Initiative
Integration to LHDN HITS API
Description
The Bank has integrated AFFINMAX systems with the LHDN HITS API, enabling seamless and efficient tax payment submission to the Inland Revenue Board of Malaysia (LHDN). This integration ensures compliance and enhances operational efficiency.

Initiative
AFFINMAX API Management
Description
AFFINMAX API Management enables fast and secure integration between AFFINMAX and the software systems of third-party providers (TPPs) or direct providers (DPs), allowing customers and businesses to make payments, check account balances, and initiate transactions directly from their own applications. This API readiness ensures faster turnaround time (TAT) for onboarding TPPs/DPs, thus enhancing overall operational efficiency.

Initiative
AFFINMAX Foreign Telegraphic Transfer (FTT) with Special Rate
Description
Customers can now perform Foreign Telegraphic Transfers (FTT) using board rate, special rate, or contract rate in AFFINMAX. This enhancement streamlines the process by allowing customers to choose the most suitable rate for their foreign remittance transactions without the need to physically visit the branch to perform the transaction physically. This initiative supports the Bank's sustainability objectives by reducing reliance on physical branch interactions and promoting the adoption of digital banking.

Initiative
Implementation of Build in Mobile SDK (Software Development Kit) for AFFINMAX Mobile App
Description
Developing the Bank's own Software Development Kit (SDK) for AFFINMAX Mobile removes dependency on third-party providers and allows for greater customisation and control. This initiative supports the Bank's sustainability objectives by fostering innovation and improving the resilience of digital infrastructure.

Initiative

AFFINMAX Mobile UIUX Enhancements

Description

Enhancing the user interface (UI) and user experience (UX) of the AFFINMAX mobile app ensures a more intuitive, user-friendly, and engaging banking experience. These improvements encourage the adoption of digital banking and contribute to the Bank's overall environmental sustainability goals.

Initiative

AFFIN Term Investment Account-i (AFFIN TIA-i) on RIB

Description

The introduction of the AFFIN Term Investment Account-i (AFFIN TIA-i) on the Retail Internet Banking (RIB) platform offers customers a convenient way to manage their investments online. This initiative provides a seamless and secure digital solution for placement, withdrawal and managing AFFIN Term Investment Account-i (AFFIN TIA-i), enhancing customer experience and accessibility.

Robotic Process Automation (RPA)

In 2024, we expanded on our use of RPA to streamline repetitive tasks and reduce manual intervention. By integrating RPA into our workflows, we achieved faster processing times, minimised errors, and freed up our employees to focus on more strategic activities. This automation led to a notable increase in productivity and operational efficiency.

Additionally, we have leveraged on our existing automation tools such as Power BI, Power Automate, and Power Apps and Salesforce internal development. These tools were instrumental in creating custom automation solutions tailored to our specific needs. All developments were carried out internally by our dedicated talent resources, showcasing our team's expertise and commitment to innovation.

We also embedded an "automation-first" attitude across the organisation, encouraging everyone to identify and automate processes wherever possible. This cultural shift not only enhanced our operational efficiency but also fostered a mindset of continuous improvement and innovation among our employees.

Customer relationship management (CRM) system

Energy Efficiency	Our centralised CRMs enhanced internal communication and collaboration by centralising information. This centralisation minimises the need for physical meetings and travel, thus further decreasing carbon emissions.
Sustainable Targeted Approach	Our CRM systems also enable businesses to create personalised and targeted marketing campaigns that meet individual customer preferences. This strategy minimises waste by reaching the right audience with the right message, thereby reducing unnecessary resource expenditure.

DATA GOVERNANCE AND DATA ANALYTICS

Data Governance (DG) was established in 2018 to develop a framework and oversee governance of our data sources and repository. Data Analytics (DA) was created to lead the Big Data Analytics (BDA) Project, which contributed to the creation of the Enterprise Data Hub (EDH).

ENVIRONMENTALLY RESPONSIBLE OPERATION

Over the last 2 years, the project shown achievement through these metrices where the data monetisation value calculated based on revenue generation, cost saving and cost avoidance.

2023 – 2024 Key Achievements

Key Metrics	2023	2024
Data Monetisation Value:	RM1.744M	RM9.515M
No. of Leads Campaign:	21	18
Total No. of Leads Delivered:	1.8M	698k
Avg. Conversion Rate:	1.5%	2.0%
Analytics Request Completed:	211 requests	179 requests
No. of Data Sources go into EDH:	2 sources	8 sources
No. of EDH Users:	21 users	124 users
Active EDH Users:	Not measured	58%
No. of Metadata Users:	75 users	126 users
No. of Data Quality Rules:	287 rules	289 rules
No. of Data Quality Cases Reported:	155 cases	116 cases
TAT Data Quality cases resolved in 1-month:	127 (81%)	99 (85%)

What We Did Well

1. DA & DG integration.
2. Leverage others (IT, BU & Vendors)
3. Continuous growth while developing
4. Courage & resilience

What Could Be Better

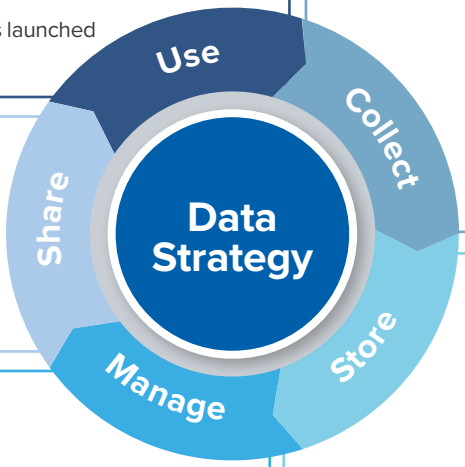
1. Capacity continuity
2. Integrating earlier
3. Drive & influence
4. Address stability

Along the way the AFFIN Data Strategy that we have put in place since 2021 are also bearing the fruits with latest progress and led to how the building blocks had evolved.

- Google Looker Studio & Qlik Sense for users to access to EDH Data
- 25 Dashboards/Reports Created
- 2 Machine Learning Use Case Models launched

- Affin Enterprise Metadata launched in January 2024
- Implemented control over data sharing & whitelisting

- AHIB Integrated into Group Data Governance Framework
- Clear Guidance on email and document classification of data



- Email data completeness up to 71% (2023: <50%)
- Data Quality: CIF Data Error Rate 0.34% (2023: 0.6%)

- Enterprise Data Hub (Google Cloud Platform) completed in December 2024 with data from 8 major source systems
- Data Purging Exercise ongoing to ensure efficient use of storage

SHAPING OUR PEOPLE THROUGH CULTURE

OUR APPROACH



We recognise that our employees are among our most valuable assets, essential to the sustainability of our business. This recognition has led to the inclusion of **'People and Culture'** as a key focus area within our Sustainability Framework.

Under this focus area, we strive to promote sustainable human resource practices, enhance employee skills and well-being, and cultivate an inclusive workplace environment. With that, we prioritise constructive teamwork, talent retention, and treating all employees with dignity and respect, irrespective of their background or gender.

Outlined below are our 2024 efforts, commitments and achievements in making AFFIN a excellent place to work. In overall, these are aligned with our overarching goal of **Responsible Banking with Impact**, highlighting the importance of a strong internal foundation to drive meaningful contributions toward a sustainable future.

Key Highlights in 2024

276
Employees Certified with Professional Industry Certificates

Zero
confirmed incidents of corruption

26%
Women in Top Senior Management

ETHICS & INTEGRITY

Our organisation's long-term success is built on core values of compliance, integrity, trust, and professionalism. These principles are not merely aspirational; they are the bedrock of our operations. As a financial institution, we prioritise strict adherence to laws and regulations to maintain ethical conduct and the trust of our stakeholders. Non-compliance poses significant risks, including legal consequences, reputational damage, and threats to our financial stability and sustainability.

Zero – Tolerance Against Bribery and Corruption

We are committed to responsible and transparent business practices, maintaining a zero-tolerance policy against bribery and corruption. As adherence to all applicable laws and guidelines is paramount, our comprehensive training programmes equip our workforce to uphold the highest ethical standards and avoid from any illegal conducts. Thus, this builds trust among our stakeholders in the face of evolving regulatory requirements and risks of misconduct.

Most employees fulfil the mandatory e-learning training requirement during the final quarter of the year. This trend resulted in increased total training hours by the end of FY2024.

Year	2022	2023	2024
Total hours of training by employee Category (Hours)	238,374*	305,987*	315,155

** The figures for 2022 and 2023 have been restated to reflect improvements in the coverage and quality of available data*

SHAPING OUR PEOPLE THROUGH CULTURE

Description

Code of Ethics

As employees of AFFIN Bank Berhad/AFFIN Islamic Bank Berhad, we are committed to serving our clients with integrity and professionalism, upholding the highest ethical standards in the financial services industry.

PRINCIPLE 1: COMPETENCE	PRINCIPLE 2: INTEGRITY	PRINCIPLE 3: FAIRNESS	PRINCIPLE 4: CONFIDENTIALITY	PRINCIPLE 5: OBJECTIVITY
As AFFINBanker I will develop and maintain the relevant knowledge, skills and behaviour to ensure that the activities are conducted professionally and proficiently. This includes acting with diligence, as well as obtaining, and regularly updating, the appropriate qualifications, training, expertise and practical experience	As AFFINBanker I will be honest and open in all the dealings. This includes behaving in an accountable and trustworthy manner, and avoiding any acts that might damage the reputation of, or bring discredit to the Bank at any time.	As AFFINBanker I will act responsibly and embrace a culture of fairness and transparency. This includes treating those with whom I have professional relationships with respect and ensuring that I consider the impact of the decisions and actions towards all stakeholders.	As AFFINBanker I will protect the confidentiality and sensitivity of information provided to me. This includes using it for its intended purposes only and not divulging information to any unauthorised persons, including third parties, without the necessary consent from those involved unless disclosure is required by law or regulation.	As AFFINBanker I will not allow any conflict of interest, bias or undue influence of others to override the business and professional judgment. I will declare, to those concerned, all matters that could impair the objectivity.

Embedding Good Practices

In 2024, we proactively addressed compliance and ethical conduct by training our employees on critical regulations, including the Personal Data Protection Act (PDPA), the Anti-Money Laundering Act (AMLA), and anti-bribery practices. Our established policies, including a No Gift Policy and guidelines for Dealing with Third Parties, further protect against potential breaches of guidelines, rules and regulations.

Policy	Description
Gifts, Entertainment, Travel, Donation and Sponsorship	AFFIN Bank Group has implemented a "No-Gift Policy" for its staff. This policy prohibits the solicitation or acceptance of gifts from third parties with business interests related to the bank. Additionally, both giving and receiving of gifts, entertainment, travel, donations, and sponsorships to influence business decisions are strictly forbidden. Staff members are required to comply with all relevant internal policies, procedures, and legal regulations across all locations where AFFIN Bank Group operates in Malaysia.
Dealing with Third Parties	AFFIN Bank Group is committed to combating bribery and corruption. In all business dealings, including interactions with customers, contractors, vendors, suppliers, solicitors, agents, consultants, joint venture partners, and government intermediaries, third parties are expected to avoid any corrupt behaviour and strictly comply with anti-corruption laws and regulations.

Initiative by Integrity and Governance Unit as below:

1 **Collaboration with the Malaysian Anti-Corruption Academy (MACA)**

AFFIN's Integrity and Governance Unit (IGU) and MACA joined forces to deliver the Certified Integrity Officer (CeIO) Programme on 25 July 2024. The Programme brought together 60 participants from various industries, providing a platform to share AFFIN's integrity and anti-corruption practices. This collaborative effort contributes to strengthening the nation's commitment to good governance and fostering a more ethical business environment.



2 **National Integrity Month**

AFFIN reinforced its commitment to integrity during National Integrity Month in November 2024. Led by the Integrity and Governance Unit (IGU), initiatives included prominently displaying the Group's zero-tolerance policy against corruption at Menara Affin @ TRX and conducting "White"-themed anti-bribery and corruption training. These efforts highlight AFFIN's dedication to fostering accountability and upholding the highest ethical standards across all operations.





TALENT MANAGEMENT

At AFFIN, we believe our people are our greatest asset and attracting and retaining top talent is key to our success. Our strategy includes proactive hiring, investment in employee development, and fostering a high-performance culture. We empower employees to drive improvement, ensuring a diverse and agile workforce that supports innovation and leadership. Continuous upskilling enhances adaptability, job satisfaction, and talent retention, helping AFFIN maintain a competitive edge and industry leadership.

Initiatives by Talent & Development Department

High Performers Leadership Development Programme (HPLDP) 2024

AFFIN Group, in collaboration with the Australian Institute of Management (AIM) and the Association of Development Finance Institutions of Malaysia (ADFIM), has launched the High Performers Leadership Programme in Perth. This Programme reflects our commitment to continuous learning by developing high-potential employees into leaders who will drive AFFIN's sustainable growth and positive community impact.



Impact

- Exposed our Senior Leaders to international leadership training/global best practices to enhance leadership and decision-making capabilities.

Project Mathematics and English Program (PROME) in collaboration with UUM and Sekolah Menengah Sri Rampai

Impact

- The collaboration has involved approximately 50 students from Sekolah Menengah Sri Rampai, Setapak and they have been mentored by trainees from the Affin Management Program, who provided guidance and support throughout the programme.



AFFIN Management Programme 2024

The AFFIN Management Programme (AMP), an 18-month graduate programme, develops future-ready leaders through experiential learning and a comprehensive 360-degree development approach.

Impact

- In 2023, one cohort successfully graduated and was deployed to their respective divisions, while another is on track for completion in 2025. We have selected 24 trainees to join AMP 2024, offering them numerous benefits that will significantly enhance their professional growth and leadership capabilities.



SHAPING OUR PEOPLE THROUGH CULTURE

AFFIN Talent Summit 2024

Impact

- AFFIN Bank Group demonstrated its commitment to talent development by hosting the AFFIN Talent Summit on May 2024, as a platform for high-potential employees to connect and engage. This event is aimed to improve employee engagement and cultivate transformational leaders capable of realising AFFIN's vision of becoming 'The Most Creative Financial Company in Malaysia.'



AFFIN-UNIMAS APPRENTICESHIP PROGRAMME 2024

Impact

- The AFFIN-UNIMAS Apprenticeship Programme offers a unique blended learning experience, combining 70% practical training with 30% classroom instruction. This bachelor degree-equivalent Programme develops highly skilled professionals ready to contribute to the banking, finance, and management sectors.



Lan Berambeh Anak Sarawak

Impact

- AFFIN Bank's participation in Lan Berambeh Anak Sarawak 2024 supports its commitment to the Sarawak community.
- As a strategic partner, AFFIN announced six "Anak Sarawak" as AMP 2024 management trainees, a significant contribution to the Kenyalang Career Initiative and a demonstration of AFFIN's investment in local talent.

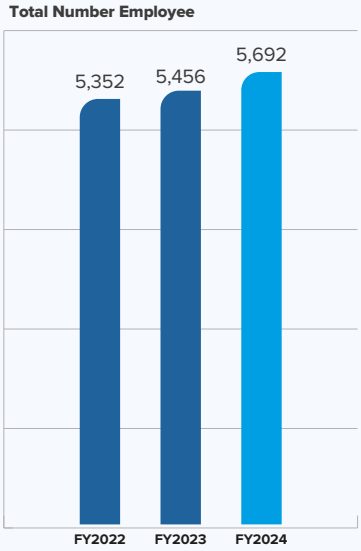


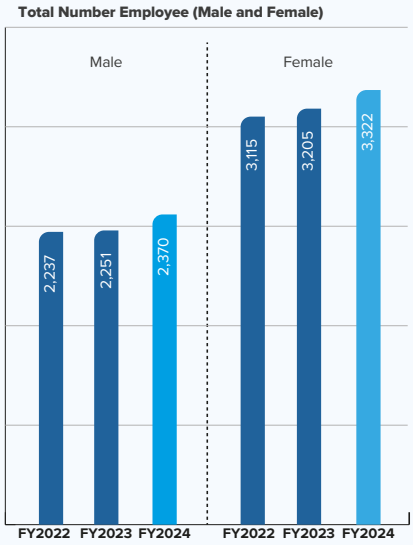


The total employee count has seen a notable increase, rising from 5,456 in 2023 to 5,692 in 2024. This growth reflects the company's expansion efforts and the need to support its evolving business operations.

Year	FY2022	FY2023	FY2024
Total Number Employee	5,352	5,456	5,692

Year	FY2022	FY2023	FY2024
Male	2,237	2,251	2,370
Female	3,115	3,205	3,322



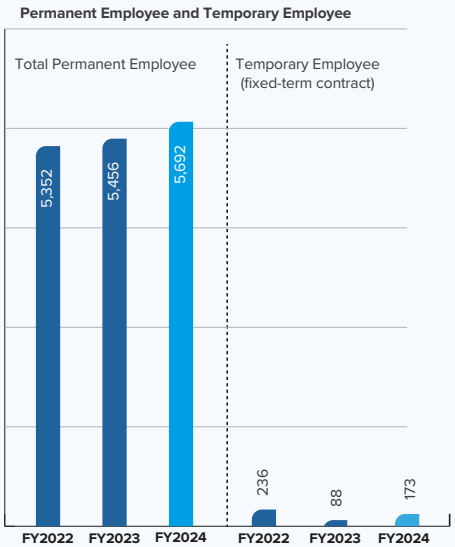


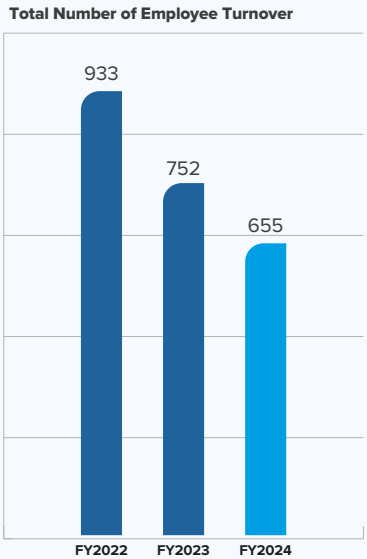
There is an increase in temporary employees in 2024, primarily among non-management and sales personnel, driven by business requirements.

Year	FY2022	FY2023	FY2024
Temporary Employee (fixed-term contract)	236	88	173

The number of employee turnover decreased from 752 in 2023 to 655 in 2024.

Year	FY2022	FY2023	FY2024
Overall Total Number of Employee Turnover	933	752	655





SHAPING OUR PEOPLE THROUGH CULTURE

FAIR EMPLOYMENT PRACTICES

As a responsible financial service provider, we prioritise creating a safe and supportive workplace that promotes employee well-being, performance, and rights. A safe environment ensures physical and psychological safety, while a conducive environment offers the resources and support needed for employees to thrive. This leads to higher productivity, job satisfaction, and engagement. By fostering a positive work culture, we empower our employees to reach their full potential, contributing to both individual and organisational success.

Initiatives by Group People Office

Group People Office Open Day

AFFIN Group's annual People Office Open Days create a supportive and engaging environment for employees and their families.

This year's week-long initiative included valuable sessions for employees' children, focusing on both academic success (SPM exam preparation) and future career readiness (resume writing, mock interviews). These programmes demonstrate AFFIN's belief that a thriving organisation is built on the holistic well-being of its people.



Impact

- Approximately 40 staff's children attended the program, which offered them a unique opportunity to enhance their academic performance and prepare for their future careers

Employee Well-Being

Recognising the importance of holistic well-being, AFFIN Group supports its employees through after-work activities like sports clubs and the development of a state-of-the-art on-site gym.



Impact

- By providing easy access to fitness facilities and promoting healthy work-life balance, AFFIN aims to enhance employee physical and mental health, increase productivity, strengthen company culture, and improve overall job satisfaction.

Launch of AFFIN Wellness x Naluri

AFFIN has partnered with Naluri to provide employees with comprehensive wellness support. Naluri's comprehensive Programme combines cutting-edge technology and expert guidance to deliver personalised digital coaching, mental health check-ups, nutrition and diet counselling, with fitness and exercise guidance.

Besides, Affin Wellness is built on four key pillars, i.e., Mental, Physical, Social, and Financial Wellness, designed to improve employee well-being and productivity.



Impact

- The program fosters long-term employee resilience by prioritising mental, physical, social, and financial wellness, leading to a healthier and more engaged workforce

Initiatives by Group People Office

International Women's Day

AFFIN celebrates International Women's Day to recognise the significant contributions of women to the workforce and our society.

By acknowledging the diverse talents and perspectives that women bring to the organisation, we strive to create a fair and inclusive workplace where everyone has equitable opportunities to succeed.









Impact

- Strengthens AFFIN's commitment to gender equality by recognising and empowering women in leadership roles, fostering a more diverse and inclusive workforce.

Employee Engagement: LENSES 3.0

The AFFIN's Lenses 3.0 initiative has significantly benefited from the 18 focus group sessions, which involved a total of 519 employees.

By measuring employee engagement across key dimensions, AFFIN has implemented targeted improvements from July 2024, creating a supportive environment where employees can thrive.



AFFIN EDUCATION EXCELLENCE AWARD

AFFIN Bank proudly recognised the academic achievements of 39 employees' children at its annual Education Excellence Award Ceremony. The recipients demonstrated exceptional performance in SPM, STPM, IGCSE/'O' Level, and A Level examinations.



Impact

- This event showcases AFFIN's commitment to supporting the educational pursuits of its employees' families and nurturing a culture of excellence within our extended community.

SHAPING OUR PEOPLE THROUGH CULTURE

Safeguarding Our Employees

Our employees are the foundation of our business, and protecting their health and safety is a key investment that fosters loyalty, retention, and growth. To minimise risks, we follow a comprehensive Occupational Safety and Health (OSH) Policy that outlines processes to identify and eliminate hazards. We continuously assess our workplaces and update safety measures to align with industry best practices. Additionally, we invest in OSH training to equip employees with the knowledge and skills to proactively ensure a safe working environment.

Work-related Fatalities

FY2022	FY2023	FY2024
0	0	0

Supported by our comprehensive OSH policies and practices, we maintained our record of zero work-related fatalities in 2024

Training on Health & Safety Standards

In 2024, we have continuously made stride at improving our delivery of health and safety trainings for our employees. From our increased emphasis on workplace safety, the percentage of employees trained in these critical standards has tripled in 2024.

Common Indicators	FY2022	FY2023	FY2024
Number of employees trained on health and safety standards	160*	140*	539

Note: The figures for 2022 and 2023 have been restated to reflect improvements in the coverage and quality of available.

OSH Coordinator (representative) training for all branches.





Bomb threat management and evacuation exercise at Menara Affin, TRX.





Collective Bargaining Agreement

AFFIN is committed to being a responsible corporate citizen aligned with our strategic objective, Responsible Banking with Impact. We believe that supporting the right to collective bargaining is an integral part of our social responsibility. By empowering our employees to have a voice in shaping their working conditions, we are contributing to a more just and equitable society.

To this end, Affin Bank Berhad has entered into a Memorandum of Agreement with the AFFIN Bank Berhad Officer Association (ABBOA) on 13 October 2023. Additionally, as a member of the Malayan Commercial Banks' Association, we actively support the Association's agreement with the National Union of Bank Employees, State of Malaya, signed on 12 April 2023.

56% of total employees covered by collective bargaining agreements (UNION)

As a responsible financial institution, ABB is dedicated to providing fair and equitable employment. We strictly comply with Malaysia's Labor Law, ensuring that all employees receive the minimum wage and work standard hours. This commitment reflects our dedication to the well-being of our workforce.

Grievance Mechanism

The grievance mechanism provides multiple channels for transparent communication between employees and employers to ensure a productive and safe work environment for all employees. This mechanism allows employees to raise concerns, seek advice, and report any grievances they may have. The process is designed to be fair, confidential, and accessible to all employees, ensuring that their voices are heard and their issues are addressed promptly and effectively.

Employee Well-being

Our employees are provided access to a wide range of benefits, including

Type of Benefit	Coverage
Healthcare	• Outpatient and Hospitalisation treatment • Dental benefit • Spectacles benefit
Leave	**1. Education Leave** Allows employee to take leave to attend examinations, study and other education-related purposes **2. Pilgrimage Leave** All employees are entitled to take leave for Hajj and Umrah for 30 days and 7 days respectively for Muslim employees, and 7 days for Non-Muslims employees to perform pilgrimage **3. Parental Leave** Complies with Employment Act (Amendment) 2022 and allows the following parental leave for employees with newborns: – 98 days of maternity leave for female employees – 7 days of paternity leave for male employees **4. CSR Leave** All employees are entitled with CSR leave for participating in Corporate Social Responsibility (CSR) initiatives.
Staff Welfare Funds	**Death** Demise of staff – RM1,500.00 Demise of dependents – RM1,000.00 Demise of Parents – RM700.00 **Natural Disaster Relief** Up to RM2,000.00 (case to case basis)

Education Excellence Award

EXAMINATIONS	RESULT	QUANTUM (RM)
SPM	A+	200
	A	150
	A-	100
IGCSE / 'O' Level	A+	200
	A	150
'A' Level	3'A's	2,000
	4'A's & above	2,500

SHAPING OUR PEOPLE THROUGH CULTURE

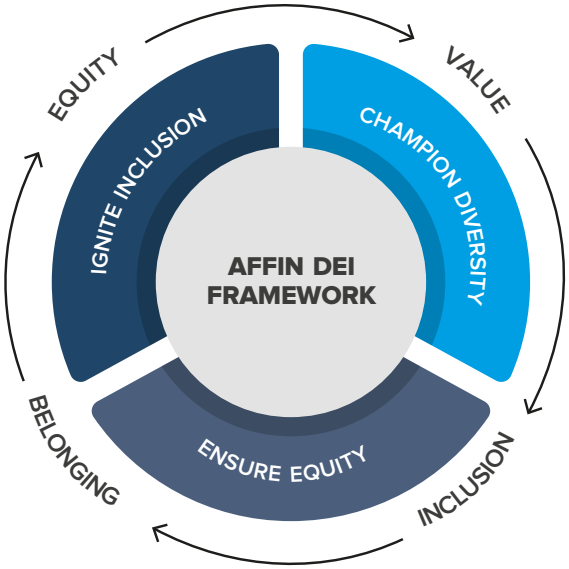
DIVERSITY, EQUITY AND INCLUSION

OUR WORKFORCE DEMONSTRATES A HEALTHY DISTRIBUTION ACROSS AGE GROUPS, REFLECTING A BLEND OF EXPERIENCE AND NEW PERSPECTIVES.

AFFIN is committed to diversity, equity, and inclusion (DEI) as key drivers of sustainable growth and innovation. A diverse and inclusive workforce fosters creativity, adaptability, and new perspectives. By embedding DEI principles into our culture, we ensure every employee feels valued and empowered. This culture of inclusion drives innovation, helping us better understand our customers and respond to market trends. Ultimately, it allows us to thrive in a dynamic, evolving market.

Establishment of Diversity, Equity and Inclusion (DEI) Framework

AFFIN's DEI framework cultivates an inclusive and equitable workplace where diversity is celebrated and every individual is empowered to thrive. Integrated through Vibe@AFFIN initiatives, these principles promote sustainable performance and organisational resilience.



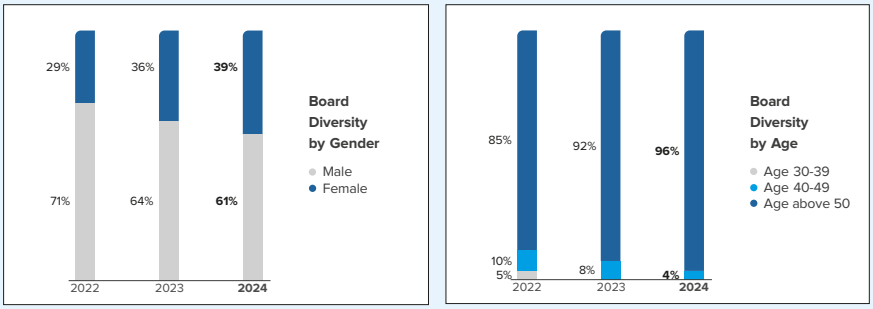
Diversity is a cornerstone of our identity as an organisation. We strive to nurture workplaces that celebrate differences and value all employees equitably regardless of their age, gender, race, religion, background, or other characteristics, with this commitment extending from our rank-and-file employees to the Board.

As we move forward in advancing diversity at the employee and Board levels, we remain guided by relevant regulations and industry standards including the Financial Services Industry Act 2013 (FSIA), Bank Negara Malaysia's (BNM) Prudential Guidelines on Corporate Governance and the National Human Resources Policy 2006, each of which detail expectations of Malaysian companies in promoting equal opportunity and eliminating workplace discrimination.

Diversity at the Highest Level

Over the past two years, we have seen a positive increase in women's representation on the Boards of AFFIN companies, rising from 29% in 2022 to 39% in 2024. Most of our Board members are in the "Above 50" age category, bringing stability and experience. This age diversity is complemented by a mix of skills, backgrounds, and experiences, leading to more effective decision-making at the highest level.

Composition of Directors by Gender and Age



Diversity Transcends at the Working Level

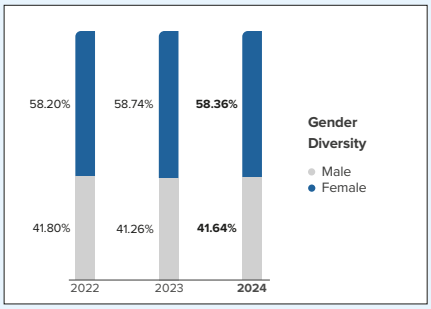
At the Senior Management level, female representation has modestly risen from 29% in 2022 to 34% in 2024. Women represent the majority at the Middle Management level, making up around 52% of the workforce in 2024. At the Junior Management level, women account for approximately 60% of employees, with a similar distribution observed among Non-management staff and sales personnel.

Composition of Employees by Employment Type



Gender Diversity

Our gender diversity statistics are a testament to our commitment to promoting a diverse and inclusive work environmen



EMPOWER THE COMMUNITY

Our vision under this focus area is to remain steadfast in empowering the local community through various programmes which focused on enhancing community well-being, educational access, environmental sustainability, disaster relief and healthcare.

In alignment with our Responsible Banking with Impact strategic objective, we work hand in hand with local communities and other stakeholders to implement impactful initiatives for our local communities. Our initiatives are designed to address the specific needs of local communities, ensuring that we create positive social and environmental impacts alongside our commercial activities.

KEY HIGHLIGHTS

In 2024, we continue to engage in various community development and outreach programmes:

- Contributed a value of RM7.63 million, enriching the lives of approximately 116,833 beneficiaries across various demographics.
- The AFFIN-MyREF Hijrahpreneur Skills Programme reported in a 200.21% average income increase for 10 Asnaf individuals throughout the programme.

This section highlights AFFIN's commitment to reaching out and sharing prosperity with the communities we serve through impactful Corporate Social Responsibility (CSR) activities. Such activities are also designed to improve the livelihoods of families and individuals within the local communities.

Under the **'Support the Community'** focus area, we have identified two key material matters: **Community Empowerment** and **Financial Inclusion**. These priorities are essential for empowering communities by enhancing their financial literacy and driving economic growth.

COMMUNITY EMPOWERMENT

By addressing these critical areas, we strive to make a meaningful contribution to the people that we serve in the community.

Promoting Environmental Responsibility

AFFIN is committed to assist local communities with sustainable development, aiming to promote environmental stewardship and encourage sustainable living practices. Managing environmental impacts through effective waste management, water consumption and biodiversity conservation are some of the key elements of environmental stewardship in our aspiration towards a circular economy.

This is in line with the strategies and aspirations outlined by **the Twelfth Malaysia Plan (RMK-12)**, that push for sustainability and circular economy in Malaysia.

An example of action taken by the Bank under this ambition, is with our sponsorship of the Interceptor 002's operation in supporting the Klang River cleanup initiative. This initiative is part of the **Selangor Maritime Gateway** project and is a collaboration with **Landasan Lumayan Sdn Bhd**, a subsidiary of ***Menteri Besar Selangor (Incorporated)***.





Impact

- Water quality improved by 69% of the days in a year, reaching Class III or better.
- A total of 557.34 metric tons of floating garbage was collected in 2024.
- Improve the overall condition of Klang River and its tributaries.

As of December 2024, the Interceptor 002, which has been moored at Pangkalan Batu Urban Park, has collected 2,600 metric tons of waste since November 2019.

The Klang river's improved Water Quality Index (currently at Class 3) demonstrates our shared commitment to its restoration and the Selangor government's vision for it as a new community water source.

Educating the community on recycling best practices.

AFFIN and KLEAN are partnering to boost the recycling practice in Malaysia by using an AI-powered reverse vending machine system. Users earn points for each recyclable material/item deposited via the **Klean Recycling App**, which can be redeemed for rewards from partners such as Grab, Touch 'n Go, and Amanah Saham.



Impact

- Increased accessibility of recycling
- Encourage broader public to recycle by making it convenient, thus reducing litter headed to waste
- Hastening the recycling process
- Estimated CO_2 reduction of 130 tonnes (tCO_2e)

Empowering Health and Wealth

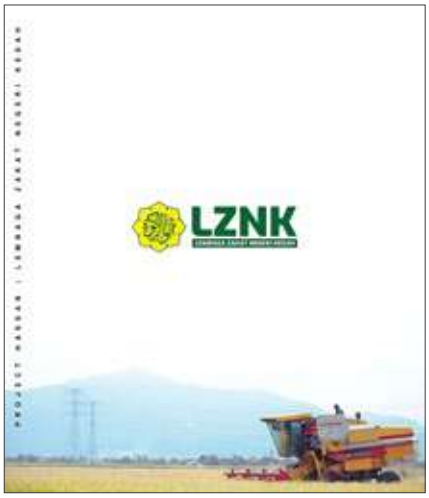
AFFIN is committed to ensuring that underserved communities receive the support and resources they need for a better quality of life. A cornerstone of our community value creation lies in enhancing access to education, socio-economic opportunities, and healthcare.

In September 2024, we collaborated with Johor Deaf Sports Association (JSDeaf) for **Bahasa Isyarat Malaysia (BIM) Run, Ride & Walk 2024**, in conjunction with the International Month of the Deaf and Sign Language, which is celebrated every year in September in most countries around the world.



Impact

- Amount Contributed: RM50,000
- Attracted approximately 1,500 participants, including members of the deaf community, individuals with disabilities, and able-bodied participants



In October 2024, we entered into another significant collaboration between ***Lembaga Zakat Negeri Kedah*, MIFC Leadership Council (MLC), the Association of Islamic Banking and Financial Institutions Malaysia (AIBIM), and INCEIF University** that aims to improve the socio-economic conditions of the asnaf among farmers in Kedah via ***Projek Hassan***.

Projek Hassan was established in line with the Malaysian Government's policy on food security, which is primarily focused on increasing domestic food production. Guided by the policy, assistances are provided in the form of incentives, financial assistance to farmers and agricultural entrepreneurs, and the development of necessary infrastructure such as factories, markets, warehouses, and a more efficient logistics system.

Impact

- Amount Contributed: RM731,250
- Sponsored one unit of crane loader and one unit of rice purchasing centre

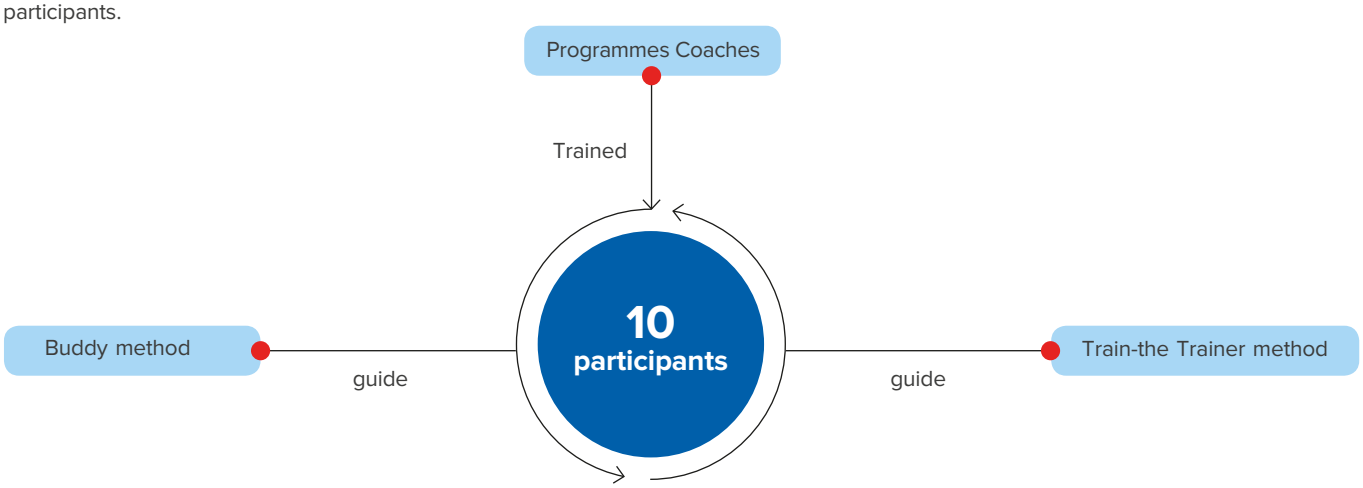
EMPOWER THE COMMUNITY

FINANCIAL INCLUSION

Financial inclusion goes beyond merely providing basic assistance to underserved communities, it focuses on empowering individuals and businesses to attain long-term economic growth and stability. Besides, it involves equipping them with the tools and resources necessary to create a brighter future and improve social status.

Where Care and Banking Converge – Asnafpreneur Development Programme

Under this programme, we fund eligible *asnaf* entrepreneurs to participate in our business up-skilling Programme **(AFFIN-MyREF Hijrahpreneur Skills Programme)**, which employs a dual training strategy. The "train-the-trainer" component provides skills training to 10 participants via programme coaches, while the "buddy" component fosters learning through mutual guidance and support among participants.



This is in line with **BNM's Financial Inclusion Framework (FIS) 2023-2026 Strategy Paper** which encourages information-sharing and strategic collaboration between financial institutions and relevant stakeholders to expand capacity building efforts and widen outreach to vulnerable segments.



Impact

- Overall, all participants showed an average increase in total income of 200.21% throughout the programme.

In May 2024, AFFIN has launched the iTEKAD Perwira-i Programme to support military veterans in establishing sustainable income streams. This initiative, in collaboration with the Malaysian Research and Education Foundation (MyREF) provides seed capital, micro financing, and structured training to low-income individuals. The launch event was officiated by the Minister of Defence, Dato' Seri Mohamed Khaled bin Nordin, and attended by AFFIN ISLAMIC's Chairman, Tuan Haji Musa Abdul Malek.



Impact

- Over seven months, participants will receive training in financial literacy, business management, and soft skills development.
- The goal is to equip veterans with comprehensive skills to enhance their post-service lives and become successful business owners.

Financial Literacy for All

We are committed to empowering individuals by enhancing financial literacy within our local communities. With our efforts focused on youth, underprivileged, and underserved populations, we strive to create an environment which allows for financial stability, growth and freedom.



Celik Kewangan Bersama Warga Akademi Tentera Udara Ipoh (ATU)

This initiative sought to empower 500 Air Force Academy members to manage their finances responsibly by providing them with a comprehensive understanding of financial assistance repayment, including various PTPTN repayment plans, thereby reducing the likelihood of financial challenges in the future.



MSU Sustainability Symposium 2024: Green Skills

The Management and Science University (MSU) Sustainability Symposium 2024, centered on “Green Skills,” featured Affin Islamic as a panellist to discuss on how to align sustainability with financial prosperity, while engaging with both industry experts and MSU university students during the event.



Melaka International Halal Festival 2024

We were engaged alongwith industry experts as speaker in Melaka International Halal Festival 2024 titled ‘The Role of Affin Islamic in Community Empowerment’.

The session highlighted Affin Islamic’s commitment to not just providing financial services, but also actively contributing to the socio-economic well-being of the communities.

PERFORMANCE DATA

As a publicly listed company on Bursa Malaysia, we are dedicated to transparent reporting of our sustainability initiatives. Our disclosures highlight key sustainability indicators, showcasing how we manage critical aspects of our operations to drive sustainable outcomes.

Our sustainability reporting encompasses the last three financial years, unless stated otherwise, and provides insights into our performance in addressing sustainability issues. Below are the key components of our disclosures:

1. **Indicators**
   We report on a set of prescribed common indicators identified as material to our organisation. These indicators align with Bursa Malaysia's enhanced Sustainability Reporting Guide, ensuring relevance and consistency.
2. **Data**
   Except were noted otherwise, we present a minimum of three years of historical data for each reported indicator. This enables stakeholders to track our progress over time. The data provided reflects the reasonable and reliable information available at the time of reporting.
3. **Internal Assurance**
   All indicators undergo internal review by our Group Internal Audit.

When undertaking the 22 common indicators by Bursa Malaysia, we embraced several opportunities to enhance our processes. We relied on the expertise of data owners to furnish and extract non-financial data points of the organization. In cases where data was not available, we applied thoughtful proxies and assumptions, both internally and externally, to ensure comprehensive reporting.

We endeavour to take pragmatic steps such as working closely with the relevant stakeholders to overcome data challenges through automation, strengthening process and internal validation process in the future.

THE ESG PERFORMANCE DATA TABLE

ANTI-CORRUPTION									
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category									
Category	**FY2022**			**FY2023**			**FY2024**		
	Numbers	**Total Numbers**	**%**	**Numbers**	**Total Numbers**	**%**	**Numbers**	**Total Numbers**	**%**
Top Management	9	20	45.00	19	21	90.48	**13**	**19**	**68.42**
Senior Management	96	144	66.67	151	160	94.38	**172**	**187**	**91.98**
Middle Management	766	904	84.73	848	913	92.88	**892**	**944**	**94.49**
Junior Management	2,113	2,447	86.35	2,459	2,594	94.80	**2,536**	**2,660**	**95.34**
Non-Management	1,080	1,270	85.04	1,013	1,106	91.59	**811**	**1,091**	**74.34**
Sales Personnel	498	567	87.83	525	662	79.31	**703**	**791**	**88.87**
Overall Total Number of Employees	**4,562**	**5,352**	**85.24**	**5,015**	**5,456**	**91.92**	**5,127**	**5,692**	**90.07**

Notes:
- The figures for 2022 and 2023 have been restated to account for improvements in the coverage and quality of available data.
- AHIBB is not part of the training record for FY2022.

ANTI-CORRUPTION						
Bursa C1(b) Percentage of operations assessed for corruption-related risks						
Assessed for corruption-related risks	FY2022		FY2023		FY2024	
	Number of Operations	%	Number of Operations	%	Number of Operations	%
	4	100	8	100	**3**	**100**
Total	**4**	**100**	**8**	**100**	**3**	**100**

Note:
- The figures for 2022 and 2023 excludes AHIBB.
- No incident at AHIBB in 2024.

ANTI-CORRUPTION			
Bursa C1(c) Confirmed incidents of corruption and action taken			
Confirmed incidents of corruption and action taken	FY2022	FY2023	FY2024
	Numbers	Numbers	Numbers
	0	0	**0**
Total	**0**	**0**	**0**

Note: The figure refer to the confirmed cases reported to the MACC.

COMMUNITY INVESTMENT			
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer			
Indicator	FY2022	FY2023	FY2024
	(RM 'mil)	(RM 'mil)	(RM 'mil)
Total amount invested in the community where the target beneficiaries are external to the listed issuer	3.68	4.81	**7.63**
Total	**3.68**	**4.81**	**7.63**

Note:
- The figures for 2022 and 2023 have been restated to reflect improvements in the coverage and quality of available data.
- The figures for 2022 refer to Zakat distributed only.
- The figures for 2023 exclude AHIBB.

COMMUNITY INVESTMENT			
Bursa C2(b) Total number of beneficiaries of the investment in communities			
Indicator	FY2022	FY2023	FY2024
	Unit Number	Unit Number	Unit Number
Bursa C2(b) Total number of beneficiaries of the investment in communities	67,183	83,283	**116,833**
Total	**67,183**	**83,283**	**116,833**

Note:
- The figures for 2022 and 2023 have been restated to reflect improvements in the coverage and quality of available data.
- The figures for 2022 refers to Zakat distributed.
- The figures for 2023 exclude AHIBB.

PERFORMANCE DATA

DIVERSITY, EQUITY & INCLUSION							
Bursa C3(a) Percentage of employees by gender by employee category							
Employee Category	**Gender**	**FY2022**		**FY2023**		**FY2024**	
		Numbers	**% Split**	**Numbers**	**% Split**	**Numbers**	**% Split**
Top Management	Male	15	75.00	16	76.19	**14**	**73.68**
	Female	5	25.00	5	23.81	**5**	**26.32**
	Total	20	100	21	100	**19**	**100**
Senior Management	Male	102	70.83	103	64.38	**123**	**65.78**
	Female	42	29.17	57	35.63	**64**	**34.22**
	Total	144	100	160	100	**187**	**100**
Middle Management	Male	433	48.00	442	48.00	**455**	**48.20**
	Female	471	52.00	471	52.00	**489**	**51.80**
	Total	904	100	913	100	**944**	**100**
Junior Management	Male	981	40.00	1,013	39.00	**1,044**	**39.25**
	Female	1,466	60.00	1,581	61.00	**1,616**	**60.75**
	Total	2,447	100	2,594	100	**2,660**	**100**
Sales Personnel	Male	239	42.00	263	40.00	**332**	**41.97**
	Female	328	58.00	399	60.00	**459**	**58.03**
	Total	567	100	662	100	**791**	**100**
Non-management	Male	467	37.00	414	37.00	**402**	**36.85**
	Female	803	63.00	692	63.00	**689**	**63.15**
	Total	1,270	100	1,106	100	**1,091**	**100**
Overall Total Number of Employees		**5,352**		**5,456**		**5,692**	

Note: The job categories for 2022 and 2023 were divided into top and senior management categories.

DIVERSITY, EQUITY & INCLUSION							
Bursa C3(a) Percentage of employees by age group by employee category							
Employee Category	**Age Group**	**FY2022**		**FY2023**		**FY2024**	
		Numbers	**% Split**	**Numbers**	**% Split**	**Numbers**	**% Split**
Top Management	Under 30 years	–	–	–	–	**–**	**–**
	30-39 years	–	–	–	–	**–**	**–**
	40-49 years	5	25.00	6	28.57	**4**	**21.05**
	50-59 years	11	55.00	13	61.90	**13**	**68.42**
	>=60 years	4	20.00	2	9.52	**2**	**10.53**
	Total	20	100	21	100	**19**	**100**
Senior Management	30 years	–	–	–	–	**–**	**–**
	30-39 years	10	6.94	11	6.88	**20**	**10.70**
	40-49 years	52	36.11	56	35.00	**74**	**39.57**
	50-59 years	77	53.47	88	55.00	**87**	**46.52**
	>=60 years	5	3.47	5	3.13	**6**	**3.21**
	Total	144	100	160	100	**187**	**100**
Middle Management	30 years	3	0.33	3	0.33	**7**	**0.74**
	30-39 years	238	26.33	240	26.29	**234**	**24.79**
	40-49 years	362	40.04	368	40.31	**391**	**41.42**
	50-59 years	292	32.30	297	32.53	**309**	**32.73**
	>=60 years	9	1.00	5	0.55	**3**	**0.32**
	Total	904	100	913	100	**944**	**100**
Junior Management	30 years	543	22.19	555	21.40	**543**	**20.41**
	30-39 years	795	32.49	838	32.31	**880**	**33.08**
	40-49 years	700	28.61	718	27.68	**708**	**26.62**
	50-59 years	406	16.59	480	18.50	**516**	**19.40**
	>=60 years	3	0.12	3	0.12	**13**	**0.49**
	Total	2,447	100	2,594	100	**2,660**	**100**
Sales Personnel	30 years	202	35.63	206	31.12	**220**	**27.81**
	30-39 years	314	55.38	390	58.91	**483**	**61.06**
	40-49 years	49	8.64	62	9.37	**81**	**10.24**
	50-59 years	2	0.35	4	0.60	**7**	**0.88**
	>=60 years	–	–	–	–	**–**	**–**
	Total	567	100	662	100	**791**	**100**
Non-Management	30 years	162	12.76	112	10.13	**127**	**11.64**
	30-39 years	257	20.24	250	22.60	**261**	**23.92**
	40-49 years	593	46.69	459	41.50	**409**	**37.49**
	50-59 years	254	20.00	276	24.95	**288**	**26.40**
	>=60 years	4	0.31	9	0.81	**6**	**0.55**
	Total	1,270	100	1,106	100	**1,091**	**100**
Overall Total Number of Employees		**5,352**		**5,456**		**5,692**	

Note: The job categories for 2022 and 2023 were divided into top and senior management categories.

PERFORMANCE DATA

DIVERSITY, EQUITY & INCLUSION						
Bursa C3(b) Percentage of Directors by gender group						
Gender	**FY2022**		**FY2023**		**FY2024**	
	Unit Number	**Percentage**	**Unit Number**	**Percentage**	**Unit Number**	**Percentage**
Male	15	71.43	16	64.00	**14**	**60.87**
Female	6	28.57	9	36.00	**9**	**39.13**
Overall Total Number of Directors	**21**		**25**		**23**	

Note: The figures for 2022 have been restated to reflect improvements in the coverage and quality of available data.

DIVERSITY, EQUITY & INCLUSION						
Bursa C3(b) Percentage of Directors by age group						
Age Group	**FY2022**		**FY2023**		**FY2024**	
	Unit Number	**Percentage**	**Unit Number**	**Percentage**	**Unit Number**	**Percentage**
70-75 years	2	9.52	4	16.00	**4**	**17.39**
60-69 years	12	57.14	14	56.00	**14**	**60.87**
50-59 years	4	19.05	5	20.00	**4**	**17.39**
40-49 years	2	9.52	2	8.00	**1**	**4.35**
30-39 years	1	4.76	–	–	**–**	**–**
Overall Total Number of Directors	**21**		**25**		**23**	

Note: The figures for 2022, have been restated to reflect improvements in the coverage and quality of available data.

ENERGY MANAGEMENT		
Bursa C4 a (i) Total energy consumption		
FY2022	**FY2023**	**FY2024**
(MWh)	**(MWh)**	**(MWh)**
24,407	23,749	**22,131**
(L)	**(L)**	**(L)**
8,144	8,008	**18,346**
Bursa C4 a (ii) Total energy consumption		
FY2022	**FY2023**	**FY2024**
(gigajoules)	**(gigajoules)**	**(gigajoules)**
88,143	85,774	**80,308**

Notes:
- The figures includes renewable and non-renewable energy
  - (Total nRE fuel consumed + electricity purchased + self-generated electricity)
- The data accounts for headquarters and branches.
- The figures for 2022 and 2023 have been restated to reflect improvements in the coverage and quality of available data.

HEALTH AND SAFETY		
Bursa C5(a) Number of work-related fatalities		
FY2022 (Unit Number)	**FY2023 (Unit Number)**	**FY2024 (Unit Number)**
0	0	**0**
0	0	**0**

Notes:
- The data excludes workers who are not employees of AFFIN.

HEALTH AND SAFETY								
Bursa C5(b) Lost Time Incident Rate (LTIR)								
FY2022			**FY2023**			**FY2024**		
Number of hours worked	**Number of incidents**	**Rate**	**Number of hours worked**	**Number of incidents**	**Rate**	**Number of hours worked**	**Number of incidents**	**Rate**
9,692,200	3	0.06	10,770,864	3	0.06	**11,501,824**	**4**	**0.07**

Notes:
- The figures for 2023 have been restated to reflect improvements in the coverage and quality of available data.

HEALTH AND SAFETY		
Bursa C5(c) Number of employees trained on health and safety standards		
FY2022	**FY2023**	**FY2024**
Number	**Number**	**Number**
160	140	**539**

Notes:
- The figures exclude workers who are not employees of AFFIN.
- The figures for 2022 and 2023 have been restated to reflect improvements in the coverage and quality of available data
- AHIBB was excluded from the data for FY2022.

PERFORMANCE DATA

LABOUR PRACTICES AND STANDARD			
Bursa C6(a) Total hours of training by employee category			
Employee Category	**FY2022**	**FY2023**	**FY2024**
	Hours	**Hours**	**Hours**
Top Management	322	681	**619**
Senior Management	4,943	7,679	**8,147**
Middle Management	40,999	53,895	**55,455**
Junior Management	113,077	149,366	**158,052**
Non-Management	53,432	56,624	**44,201**
Sale Personnel	25,601	37,742	**48,681**
Overall Total Number of Training Hours	**238,374**	**305,987**	**315,155**

Notes:
- The figures for 2022 and 2023 have been restated to reflect improvements in the coverage and quality of available data.
- The numbers 2022 excludes AHIBB.

LABOUR PRACTICES AND STANDARD						
Bursa C6(b) Percentage of employees that are contractors or temporary staff						
Employee Category	**FY2022**		**FY2023**		**FY2024**	
	Unit Number	**Percentage**	**Unit Number**	**Percentage**	**Unit Number**	**Percentage**
Top Management	19	0.36	19	0.35	**18**	**0.32**
Senior Management	10	0.19	7	0.13	**7**	**0.12**
Middle Management	15	0.28	11	0.20	**8**	**0.14**
Junior Management	66	1.23	31	0.57	**77**	**1.35**
Sales Personnel	122	2.28	16	0.29	**4**	**0.07**
Non-Management	4	0.07	4	0.07	**59**	**1.04**
Total	236	4.41	88	1.61	**173**	**3.04**
Overall Total Number of Employees	**5,352**		**5,456**		**5,692**	

Notes:
- The job categories for 2022 and 2023 were devided into top and senior management categories.

LABOUR PRACTICES AND STANDARD						
Bursa C6(c) Total number of employee turnover by employee category						
Employee Category	**FY2022**		**FY2023**		**FY2024**	
	Unit Number	**Percentage**	**Unit Number**	**Percentage**	**Unit Number**	**Percentage**
Top Management	5	0.54	3	0.40	**3**	**0.46**
Senior Management	49	5.25	19	2.53	**25**	**3.82**
Middle Management	196	21.01	163	21.68	**134**	**20.46**
Junior Management	405	43.41	274	36.44	**272**	**41.53**
Sales Personnel	185	19.83	251	33.38	**184**	**28.09**
Non-Management	93	9.97	42	5.59	**37**	**5.65**
Overall Total Number of Employee Turnover	**933**		**752**		**655**	

Note: The job categories for 2022 and 2023 were divided into top and senior management categories.

LABOUR PRACTICES AND STANDARD		
Bursa C6(d) Number of substantiated complaints concerning human rights violations		
FY2022 (unit number)	**FY2023 (unit number)**	**FY2024 (unit number)**
1	0	**0**

SUPPLY CHAIN MANAGEMENT		
Bursa C7(a) Proportion of spending on local suppliers		
FY2022 Percentage	**FY2023 Percentage**	**FY2024 Percentage**
97	95	**97**

Note:
- The figures represent the actual payments made during the year.
- The figures for 2022 and 2023 have been restated to reflect improvements in the coverage and quality of available data.

PERFORMANCE DATA

DATA PRIVACY AND SECURITY		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy or losses of customer data		
FY2022	**FY2023**	**FY2024**
Unit Number	**Unit Number**	**Unit Number**
1	4	**13**

Note:

- The figures for 2023 have been restated to reflect improvements in the coverage and quality of available data.

WATER MANAGEMENT		
Bursa C9(a) Total volume of water used		
FY2022	**FY2023**	**FY2024**
Megalitres	**Megalitres**	**Megalitres**
177	193	**173**

Note:

- The figures for 2022 and 2023 have been restated to reflect improvements in the coverage and quality of available data.

WASTE MANAGEMENT			
Bursa C10(a) Total waste generated			
Category	**FY2022 (tCO_2e)**	**FY2023 (tCO_2e)**	**FY2024 (tCO_2e)**
Total waste diverted from disposal	n/a	n/a	**5.68**
Total waste directed to disposal	n/a	n/a	**82.04**

Note:

- n/a = Not available as we first initiate the measurement of our waste in 2024 onwards.
- The figures reflect Menara AFFIN TRX operations only.

EMISSIONS MANAGEMENT			
Bursa C11(a) Scope 1 emissions in tonnes of tCO_2e			
Category	**FY2022 (tCO_2e)**	**FY2023 (tCO_2e)**	**FY2024 (tCO_2e)**
Facilities' Generators	0.76	2.51	**1.31**
Own Vehicles	18.27	16.47	**42.17**
Overall Total of Scope 1 Emissions	**19.03**	**18.98**	**43.48**

Notes:
- The figures covers our facilities' generators and own vehicles.
- Default emission factors for petrol were obtained from US EPA 2021AR5, which stands at 2.3228 kg tCO_2e per liter, MGTC.
- Default emission factors for diesel were obtained from US EPA 2021AR5, which stands at 2.7325 kg tCO_2e per liter, MGTC.

EMISSIONS MANAGEMENT			
Bursa C11(b) Scope 2 emissions in tonnes of tCO_2e			
Category	**FY2022 (tCO_2e)**	**FY2023 (tCO_2e)**	**FY2024 (tCO_2e)**
Purchased Electricity	18,301.67	17,592.92	11,252.99
Overall Total of Scope 2 Emissions	**18,301.67**	**17,592.92**	**11,252.99**

Notes:
- The figures for 2022 and 2023 have been restated to reflect the latest Grid Emission.
- Our calculation methodology is based on the GHG Protocol Corporate Accounting and Reporting Standard.
- Default emission factors for grid electricity were obtained from the Malaysia Energy Information Hub in 2022 as follows:
  i. Peninsular: 0.774 Gg tCO_2e/GWh
  ii. Sabah: 0.525 Gg tCO_2e/GWh
  iii. Sarawak: 0.199 Gg tCO_2e/GWh
- The data accounts for headquarters, branches, and data centres.

EMISSIONS MANAGEMENT			
Bursa C11(c) Scope 3 emissions in tonnes of tCO_2e			
Category	**FY2022 (tCO_2e)**	**FY2023 (tCO_2e)**	**FY2024 (tCO_2e)**
Category 6: Business Travel	n/a	658.43	**709.20**
Category 7: Employee Commuting	n/a	7,245.90	**7,531.86**
Overall Total of Scope 3 Emissions	**n/a**	**7,904.33**	**8,241.06**

Notes:
- Methodology by GHG Protocol - Technical Guidance for Calculating Scope 3 Emissions.
- Source of emission factor:
  1. Spend-based: US EPA - Supply Chain Greenhouse Gas Emission Factors v1.2 by NAICS-6
  2. Distance-based: UK Government Conversion Factors by the Department of Environment Food & Rural Affairs (DEFRA) and the Department for Energy Security & Net Zero (DESNZ) - Passenger Vehicles.

BURSA MALAYSIA ESG PERFORMANCE DATA: SUSTAINABILITY PERFORMANCE TABLE

Indicator	Measurement Unit	2022	2023	2024
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Top Management	Percentage	45.00 *	90.48 *	68.42
Senior Management	Percentage	66.67 *	94.38 *	91.98
Middle Management	Percentage	84.73 *	92.88 *	94.49
Junior Management	Percentage	86.35 *	94.80 *	95.34
Non-Management	Percentage	85.04 *	91.59 *	74.34
Sales Personnel	Percentage	87.83 *	79.31 *	88.87
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	3,678,390.60 *	4,812,927.88 *	7,631,389.30
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	67,183 *	83,283 *	116,833

Internal assurance | External assurance | No assurance | (*)Restated

Indicator	Measurement Unit	2022	2023	2024
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Top Management Under 30	Percentage	0.00	0.00	0.00
Top Management Between 30-39	Percentage	0.00	0.00	0.00
Top Management Between 40-49	Percentage	25.00 *	28.57 *	21.05
Top Management Between 50-59	Percentage	55.00 *	61.90 *	68.42
Top Management 60 and above	Percentage	20.00 *	9.52 *	10.53
Senior Management Under 30	Percentage	0.00	0.00	0.00
Senior Management Between 30-39	Percentage	6.94 *	6.88 *	10.70
Senior Management Between 40-49	Percentage	36.11 *	35.00 *	39.57
Senior Management Between 50-59	Percentage	53.47 *	55.00 *	46.52
Senior Management 60 and above	Percentage	3.47 *	3.13 *	3.21
Middle Management Under 30	Percentage	0.33 *	0.33 *	0.74

Internal assurance | External assurance | No assurance | (*)Restated

Indicator	Measurement Unit	2022	2023	2024
Middle Management Between 30-39	Percentage	26.33 *	26.29 *	24.79
Middle Management Between 40-49	Percentage	40.04 *	40.31 *	41.42
Middle Management Between 50-59	Percentage	32.30 *	32.53 *	32.73
Middle Management 60 and above	Percentage	1.00 *	0.55 *	0.32
Junior Management Under 30	Percentage	22.19 *	21.40 *	20.41
Junior Management Between 30-39	Percentage	32.49 *	32.31 *	33.08
Junior Management Between 40-49	Percentage	28.61 *	27.68 *	26.62
Junior Management Between 50-59	Percentage	16.59 *	18.50 *	19.40
Junior Management 60 and above	Percentage	0.12 *	0.12 *	0.49
Sales Personnel Under 30	Percentage	35.63 *	31.12 *	27.81
Sales Personnel Between 30-39	Percentage	55.38 *	58.91 *	61.06
Sales Personnel Between 40-49	Percentage	8.64 *	9.37 *	10.24
Sales Personnel Between 50-59	Percentage	0.35 *	0.60 *	0.88
Sales Personnel 60 and above	Percentage	0.00	0.00	0.00
Non Management Under 30	Percentage	12.76 *	10.13 *	11.64

Internal assurance External assurance No assurance (*)Restated

Indicator	Measurement Unit	2022	2023	2024
Non Management Between 30-39	Percentage	20.24 *	22.60 *	23.92
Non Management Between 40-49	Percentage	46.69 *	41.50 *	37.49
Non Management Between 50-59	Percentage	20.00 *	24.95 *	26.40
Non Management 60 and above	Percentage	0.31 *	0.81 *	0.55
Gender Group by Employee Category				
Top Management Male	Percentage	75.00 *	76.19 *	73.68
Top Management Female	Percentage	25.00 *	23.81 *	26.32
Senior Management Male	Percentage	70.83 *	64.38 *	65.78
Senior Management Female	Percentage	29.17 *	35.63 *	34.22
Middle Management Male	Percentage	48.00 *	48.00 *	48.20
Middle Management Female	Percentage	52.00 *	52.00 *	51.80
Junior Management Male	Percentage	40.00	39.00	39.25
Junior Management Female	Percentage	60.00	61.00	60.75
Sales Personnel Male	Percentage	42.00	40.00	41.97
Sales Personnel Female	Percentage	58.00	60.00	58.03

Internal assurance External assurance No assurance (*)Restated

BURSA MALAYSIA ESG PERFORMANCE DATA: SUSTAINABILITY PERFORMANCE TABLE

Indicator	Measurement Unit	2022	2023	2024
Non Management Male	Percentage	37.00 *	37.00 *	36.85
Non Management Female	Percentage	63.00 *	63.00 *	63.15
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	71.43 *	64.00	60.87
Female	Percentage	28.57 *	36.00	39.13
70-75 years	Percentage	9.52 *	16.00	17.39
60-69 years	Percentage	57.14 *	56.00	60.87
50-59 years	Percentage	19.05 *	20.00	17.39
40-49 years	Percentage	9.52 *	8.00	4.35
30-39 years	Percentage	4.76 *	0.00	0.00
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	24,407.00 *	23,749.00 *	22,131.00
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.06	0.06 *	0.07
Bursa C5(c) Number of employees trained on health and safety standards	Number	160 *	140 *	539
Bursa (Labour practices and standards)				

Internal assurance | External assurance | No assurance | (*)Restated

Indicator	Measurement Unit	2022	2023	2024
Bursa C6(a) Total hours of training by employee category				
Top Management	Hours	322 *	681 *	619
Senior Management	Hours	4,943 *	7,679 *	8,147
Middle Management	Hours	40,999 *	53,895 *	55,455
Junior Management	Hours	113,077 *	149,366 *	158,052
Non Management	Hours	53,432 *	56,624 *	44,201
Sales Personnel	Hours	25,601 *	37,742 *	48,681
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	4.41 *	1.61	3.04
Bursa C6(c) Total number of employee turnover by employee category				
Top Management	Number	5 *	3 *	3
Senior Management	Number	49 *	19 *	25
Middle Management	Number	196	163	134
Junior Management	Number	405	274	272
Sales Personnel	Number	185	251	184
Non Management	Number	93 *	42 *	37
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	1	0	0
Bursa (Supply chain management)				

Internal assurance | External assurance | No assurance | (*)Restated

Indicator	Measurement Unit	2022	2023	2024
Bursa C7(a) Proportion of spending on local suppliers	Percentage	97.00 *	95.00 *	97.00
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	1	4 *	13
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	177.000000 *	193.000000 *	173.000000
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	-	-	87.72
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	-	-	5.68
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	-	82.04
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	19.03	18.98	43.48
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	18,301.67 *	17,592.92 *	11,252.99

Internal assurance | External assurance | No assurance | (*)Restated

Indicator	Measurement Unit	2022	2023	2024
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	7,904.33 *	8,241.06

Internal assurance | External assurance | No assurance | (*)Restated

GRI CONTENT INDEX

AFFIN has reported in accordance with the GRI Standards for the period 1 January 2024 to 31 December 2024.

GRI Disclosure	Disclosure Description	Page Number(s), URL or Direct Answer
GRI 2: General Disclosures 2021		
The organisation and its reporting practices		
2-1	Organisational details	About Us, pages 4 - 5
2-2	Entities included in the organisation's sustainability reporting	Introduction, page 202
2-3	Reporting period, frequency, and contact point	Introduction, page 202
2-4	Restatements of information	Performance Data, pages 274 - 284
2-5	External assurance	Statement of Assurance, page 293
Activities and Workers		
2-6	Activities, value chain, and other business relationships	Our Presence | Our Products & Services, page 5 Group Corporate Structure, page 12
2-7	Employees	Performance Data, pages 276 - 278 Bursa Malaysia ESG Platform: Sustainability Performance Table, pages 284 & 285
2-8	Workers who are not employees	Performance Data, pages 276-278 Bursa Malaysia ESG Platform: Sustainability Performance Table, pages 284 & 285
Governance		
2-9	Governance structure and composition	Sustainability Governance, pages 211 & 212
2-10	Nomination and selection of the highest governance body	Corporate Governance Overview Statement, page 170
2-11	Chair of the highest governance body	Corporate Governance Overview Statement, page 160
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Governance, pages 211 & 212
2-13	Delegation of responsibility for managing impacts	Sustainability Governance, pages 211 & 212
2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance, pages 211 & 212
2-15	Conflicts of interest	• Refer statement in page 24 under Upholding Excellence In Governance • Refer statement page 43 - 48 • Refer page 184
2-16	Communication of critical concerns	• Refer page 48 • Refer page 175 under Board of Conduct • Refer page 178 under Code of Ethics, Conduct and Whistleblowing Policy
2-17	Collective knowledge of the highest governance body	• Refer page 211 • Refer CG Report (Training attended) – page 176
2-18	Evaluation of the performance of the highest governance body	• Refer Page 210 - 211 for Sustainability Commitment and Governance Structure
2-19	Remuneration policies	Corporate Governance Overview Statement, pages 176 & 177
2-20	Process to determine the remuneration	Corporate Governance Overview Statement, pages 176 & 177
2-21	Annual total compensation ratio	Corporate Governance Overview Statement, pages 176 & 177
Strategy, Policies, and Practices		
2-22	Statement on Sustainable Development Strategy	Affin's Sustainability Leadership, pages 206 & 207
2-23	Policy commitments	Advancing Sustainable Finance, page 238 Shaping Our People Through Culture, pages 259, 260 & 268
2-24	Embedding policy commitments	• Refer Page 211 for Governance Structure • Refer Page 238 for the establishment of the policies • Refer Part B of CG report for the list of training attended
2-25	Processes to remediate negative impacts	• Page 178 for whistleblowing
2-26	Mechanisms for seeking advice and raising concerns	Grievance Mechanism, page 267

GRI Disclosure	Disclosure Description	Page Number(s), URL or Direct Answer
2-27	Compliance with laws and regulations	Group Compliance Framework, page 193
2-28	Membership associations	Affin's Sustainability Journey In A Snapshot, page 205
Stakeholder Engagement		
2-29	Approach to Stakeholder Engagement	Affin's Sustainability Approach, pages 212 - 215
2-30	Collective bargaining agreements	Shaping Our People Through Culture, page 267
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	Affin's Sustainability Approach, pages 216 - 218 & 220
3-2	List of material topics	Affin's Sustainability Approach, pages 218 & 219
MATERIAL TOPICS		
Indirect Economic Impacts		
GRI 3: Material Topics 2021		
3-3	Management of material topics	Empower The Community, page 270
GRI 203: Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	Empower The Community, pages 270 & 271
203-2	Significant indirect economic impacts	Empower The Community, pages 270 & 271
Procurement Practices		
GRI 3: Material Topics 2021		
3-3	Management of material topics	Affin's Sustainability Approach, page 226 Environmentally Responsible Operation, page 254
GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	Environmentally Responsible Operation, page 254 Performance Data, page 281 Bursa Malaysia ESG Platform: Sustainability Performance Table, page 287
Anti-Corruption		
GRI 3: Material Topics 2021		
3-3	Management of material topics	Affin's Sustainability Approach, page 230 Shaping Our People Through Culture, page 259
GRI 2025: Anti-Corruption 2016		
205-1	Operations assessed for risks related to corruption	Performance Data, page 275 Bursa Malaysia ESG Platform: Sustainability Performance Table, page 284
205-2	Communication and training about anti-corruption policies and procedures	Shaping Our People Through Culture, pages 259 & 260 Performance Data, page 274 Bursa Malaysia ESG Platform: Sustainability Performance Table, page 284
205-3	Confirmed incidents of corruption and action taken	Performance Data, page 275 Bursa Malaysia ESG Platform: Sustainability Performance Table, page 284
Energy		
GRI 3: Material Topics 2021		
3-3	Management of material topics	Affin's Sustainability Approach, page 229 Environmentally Responsible Operation, page 249
GRI 302: Energy 2016		
302-1	Energy consumption within the organisation	Environmentally Responsible Operation, pages 249 & 250 Performance Data, page 278
Emissions		
GRI 3: Material Topics 2021		

GRI CONTENT INDEX

GRI Disclosure	Disclosure Description	Page Number(s), URL or Direct Answer
3-3	Management of material topics	Affin's Sustainability Approach, page 223 Advancing Sustainable Finance, page 240 Environmentally Responsible Operation, page 249
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Environmentally Responsible Operation, page 249 Performance Data, page 283 Bursa Malaysia ESG Platform: Sustainability Performance Table, page 287
305-2	Energy indirect (Scope 2) GHG emissions	Environmentally Responsible Operation, page 249 Performance Data, page 283 Bursa Malaysia ESG Platform: Sustainability Performance Table, page 287
305-3	Other indirect (Scope 3) GHG emissions	Environmentally Responsible Operation, page 251 Performance Data, page 283 Bursa Malaysia ESG Platform: Sustainability Performance Table, page 287
305-4	GHG emissions intensity	Advancing Sustainable Finance, page 241
305-5	Reduction of GHG emissions	Environmentally Responsible Operation, page 249
Water		
GRI 3: Material Topics 2021		
3-3	Management of material topics	Affin's Sustainability Approach, page 229 Environmentally Responsible Operation, page 249
GRI 303: Water and Effluents 2018		
303-5	Water Consumption	Performance Data, page 282
Waste		
GRI 3: Material Topics 2021		
3-3	Management of material topics	Affin's Sustainability Approach, page 229 Environmentally Responsible Operation, pages 249 & 252
GRI 306: Waste 2020		
306-3	Waste generated	Bursa Malaysia ESG Platform: Sustainability Performance Table, page 287
306-4	Waste diverted from disposal	Performance Data, page 283 Bursa Malaysia ESG Platform: Sustainability Performance Table, page 287
Employment		
GRI 3: Material Topics 2021		
3-3	Management of material topics	Affin's Sustainability Approach, page 232 Shaping Our People Through Culture, pages 259, 261 & 264
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	Shaping Our People Through Culture, page 263 Performance Data, page 281
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Shaping Our People Through Culture, page 267
Occupational Health and Safety		
GRI 3: Material Topics 2021		
3-3	Management of material topics	Shaping Our People Through Culture, page 266
GRI 403: Occupational Health and Safety 2018		

GRI Disclosure	Disclosure Description	Page Number(s), URL or Direct Answer
403-5	Worker training on occupational health and safety	Shaping Our People Through Culture, page 266 Performance Data, page 279
403-9	Work-related injuries	Performance Data, page 279
Training and Education		
GRI 3: Material Topics 2021		
3-3	Management of material topics	Affin's Sustainability Approach, page 231 Shaping Our People Through Culture, page 261
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	= Overall Total Number of Training Hours/Total numbers of employee = 315,155 / 5,692 = 55.4
404-2	Programmes for upgrading employee skills and transition assistance programmes	Shaping Our People Through Culture, page 261
Diversity & Equal Opportunity		
GRI 3: Material Topics 2021		
3-3	Management of material topics	Affin's Sustainability Approach, page 233 Shaping Our People Through Culture, page 268
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Shaping Our People Through Culture, page 269 Performance Data, pages 276 - 278 Bursa Malaysia ESG Platform: Sustainability Performance Table, pages 284 & 285
Local Communities		
GRI 3: Material Topics 2021		
3-3	Management of material topics	Affin's Sustainability Approach, pages 234 & 235 Empower The Community, page 270
GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments and development programmes	Empower The Community, pages 270 - 273 Performance Data, page 275 Bursa Malaysia ESG Platform: Sustainability Performance Table, page 284
Customer Privacy		
GRI 3: Material Topics 2021		
3-3	Management of material topics	Affin's Sustainability Approach, page 228
GRI 418: Customer Privacy 2018		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Performance Data, page 282 Bursa Malaysia ESG Platform: Sustainability Performance Table, page 287

TCFD INDEX

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) GUIDE FOR MALAYSIAN FINANCIAL INSTITUTIONS

GOVERNANCE		
Item	**Recommendation**	**Reference**
G1	Board Oversight of Sustainability and Climate-related Matters	211 - 212
G2	Sustainability Governance Structure Including Climate-Related Matters at the Management Level	211 - 212
G3	Sustainability and Climate-related Board Credentials	42
G4	Sustainability and Climate-Related Training	Part B of CG Report
G5	Sustainability and Climate-related Discussions in Board Meetings	162
G6	Sustainability Climate-linked Remuneration	212

STRATEGY		
Item	**Recommendation**	**Reference**
S1	Identification of Climate-related Risks and Opportunities	223
S2	Impact of Climate-related Risks and Opportunities	223
S3	Strategy and Risk Appetite on Climate Change Related Risks and Sustainability Measures	223

RISK MANAGEMENT		
Item	**Recommendation**	**Reference**
R1	Process for Identifying and Assessing Climate-related Risks	242 - 244
R2	Process for Managing Climate related Risks	242 - 244
R3	Process for Integrating (i) Process for Identifying and Assessing Climate-related Risks and (ii) Process for Managing Climate-related Risks; into Overall Risk Management	242 - 244

METRIC AND TARGETS		
Item	**Recommendation**	**Reference**
M1	Key Climate-related Metrics	250, 251 & 283
M2	Key Climate-related Targets	249

STATEMENT OF ASSURANCE

In strengthening the credibility of our reporting, selected parts of this Sustainability Statement have been subjected to an internal review by the Group's Internal Auditors and has been approved by the Group Board Audit Committee.

Subject Matter

1. Percentage of employees who have received training on anti-corruption by employee category
2. Percentage of operations assessed for corruption-related risks
3. Confirmed incidents of corruption and action taken
4. Total amount invested in the community where the target beneficiaries are external to the listed issuer
5. Total number of beneficiaries of the investment in communities
6. Percentage of employees by gender and age group by employee category
7. Percentage of Directors by gender and age group
8. Total energy consumption
9. Number of work-related fatalities
10. Lost Time Incident Rate (LTIR)
11. Number of employees trained on health and safety standards
12. Total hours of training by employee category
13. Percentage of employees that are contractors or temporary staff
14. Total number of employee turnover by employee category
15. Number of substantiated complaints concerning human rights violations
16. Proportion of spending on local suppliers
17. Number of substantiated complaints concerning breaches of customer privacy or losses of customer data
18. Total volume of water used
19. Total waste generated
20. Scope 1 emissions in tonnes of tCO_2e
21. Scope 2 emissions in tonnes of tCO_2e
22. Scope 3 emissions in tonnes of tCO_2e
    1. Category 6: Business Travel
    2. Category 7: Employee Commuting
    3. Category 15: Investment

Scope

The boundary of the internal review includes the company's operation in the following location:

a) Malaysia

GLOSSARY

Term		Definition
Asset Class	Listed Equity and Corporate Bonds (AC 1)	- Common and preferred stock traded on a market, held by the Group All types of corporate bonds, including available-for-sale and held-to-maturity, traded on a market, held by the Group
	Business Loans and Unlisted Equity (AC2)	- Loans/financing extended to non-individual clients of Group Corporate Banking and Group Enterprise Banking for general corporate purposes, i.e., with unknown use of proceeds Equity investments in organisations that are not traded on a market
	Project Finance (AC3)	Loans/financing extended to projects designated for specific purposes, i.e., with known use of proceeds
	Commercial Real Estate(AC4)	Loans/financing extended to individuals and small and medium-sized enterprises (SMEs) for specific corporate purposes, namely the purchase and refinancing of commercial real estate
	Mortgages (AC5)	Loans/financing extended to individual customers for specific consumer purposes, namely the purchase and refinancing of residential property
	Motor Vehicle Loans (AC6)	Loans/financing extended to individual and non-individual customers for specific corporate or consumer purposes, namely the financing of motor vehicles
	Sovereign Debt (AC7)	Sovereign bonds issued in domestic or foreign currencies
CCPT		Climate Change & Principle based Taxonomy
CRMSA		Climate Risk Management & Scenario Analysis
GRI		Global Reporting Initiative
ECL		Expected Credit Loss
Group-wide		The “Group” term covers: 1. AFFIN Bank Berhad (ABB) 2. AFFIN Islamic Bank Berhad (AIBB) 3. AFFIN Hwang Investment Bank Berhad (AHIBB)
GHG		Greenhouse Gas Greenhouse gas emissions result from human activities which contribute to climate change such as gas released from burning fossil fuels, deforestation, industrial processes etc.
LCTF		Low Carbon Transition Facility
LGD		Loss Given Default
LULUCF		Land Use, Land-Use Change, and Forestry
Materiality		Refers to the importance of specific issues within an organisation. It focuses on the significance of certain aspects in relation to their potential impact on investor decision

Term	Definition
Materiality Assessment	Materiality Assessment is a process that evaluates the perceived information of both financial and non-financial information about an organisation. The primary objective is to identify which information/ topic that is material to the stakeholders
Materiality Matrix	The final output of materiality assessment is the materiality matrix. The matrix provides a graphical representation of the assessment results, forming a two-dimensional coordinate system: - The horizontal x-axis indicates the material that matters for an organisation - The vertical y-axis indicates the material that matters to stakeholders
MGTC	Malaysia Green Technology Corporation
Net Zero Carbon	Means "Total emissions produced (such as carbon dioxide) are offset by an equal amount of emissions removed (such as through carbon capture or natural process)"
NGFS	Network for Greening the Financial System
NPS	Net Promoter Score is a customer loyalty and satisfaction measurement. It gauges how likely customers are to recommend a product or service to others
Offset	Means "compensate for something else"
Operational Emissions	Refers to Scope 1 and Scope 2 emissions
PD	Probability of Default
Scope 1	Direct emissions owned or controlled by the company such as: - Fuel burned by company-owned vehicles - On site combustion processes (e.g., generators, boiler etc.) These emissions are directly attributable to the company's operations and activities
Scope 2	Indirect emissions from purchased energy such as: - Purchase and use of electricity, steam, heating and cooling by the company These emissions occur from sources not owned or controlled by the company but are a consequence of its activities
Scope 3	Broader indirect emissions across the entire value chain such as: - Supply chain emissions: Emissions from raw material extraction, manufacturing and transportation - Product use emissions: Emissions generated when customers use the company's products or services - End-of-life emissions: Emissions related to disposal or recycling of products These emissions often constitute a significant portion of a company's total carbon footprint
TCFD	Task Force on Climate related Financial Disclosure
TOR	Terms of Reference
Sector	This exercise covers all sectors available in our financing and investment portfolio using the PCAF EXIOBASE classification

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DIRECTORS' REPORT

for the financial year ended 31 December 2024

The Directors hereby submit their report together with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activities of the Bank during the financial year are banking and related financial services. The principal activities of the subsidiaries are Islamic banking business, investment banking and stock-broking, money-broking, property management services, nominee, trustee services and information technology services. The principal activities of the joint venture is property development while the associates are principally engaged in the underwriting of general and life insurance business and investment holding.

Islamic banking business refers generally to the acceptance of deposits and granting of financing under the Shariah principles.

The details of the subsidiary companies are disclosed in Note 16 of the financial statements.

There were no other significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	The Group	The Bank
	RM'000	RM'000
Profit before zakat and taxation	707,736	319,446
Zakat	(6,707)	-
Profit before taxation	701,029	319,446
Taxation	(191,326)	(66,520)
Net profit for the financial year	509,703	252,926

DIVIDENDS

The dividends on ordinary shares paid or declared by the Bank since 31 December 2023 is as follows:

In respect of the financial year ended 31 December 2023:	
Single-tier final dividend of 5.76 sen per share paid on 11 June 2024	135,157

No dividend has been proposed by the Board of Directors for the financial year ended 31 December 2024. However, the Bank had on 25 February 2025 announced a proposed share reward to the shareholders in the form of a bonus issue of up to 133,360,363 new ordinary shares in the Bank ('Bonus Shares') on the basis of 1 Bonus Share for every 18 existing ordinary shares held in the Bank ('Proposed Bonus Issue').

The Proposed Bonus Issue is subject to the approvals of Bursa Malaysia Securities Berhad for the listing of and quotation for the Bonus Shares and shareholders of the Bank at an annual general meeting to be convened.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are shown in the financial statements and notes to the financial statements.

DIRECTORS' REPORT

for the financial year ended 31 December 2024

SIGNIFICANT EVENTS DURING THE CURRENT AND PRECEDING FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 57 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

Events subsequent to the balance sheet date are disclosed in Note 58 to the financial statements.

DIRECTORS

The Directors of the Bank in office since the date of the last report and at the date of the report are:

Dato' Agil Natt
Chairman/Independent Non-Executive Director

Dato' Abdul Aziz bin Abu Bakar
Independent Non-Executive Director

Dato' Mohd Hata bin Robani
Independent Non-Executive Director

Dato' Rozalila binti Abdul Rahman
Independent Non-Executive Director

Marzida binti Mohd Noor
Independent Non-Executive Director

Gregory Jerome Gerald Fernandes
Independent Non-Executive Director

Chan Wai Yu
Independent Non-Executive Director

Ignatius Chan Tze Ching
Non-Independent Non-Executive Director

Peter Yuen Wai Hung
Non-Independent Non-Executive Director (resigned w.e.f. 28 February 2025)

Mohammad Ashraf bin Md Radzi
Non-Independent Non-Executive Director

Emeliana Dallan Rice-Oxley
Non-Independent Non-Executive Director

DIRECTORS' REPORT
for the financial year ended 31 December 2024

DIRECTORS (CONTINUED)

The Directors of the Bank's subsidiaries who have held office during the financial year and during the period from the end of the financial year to the date of this report (not including those Directors listed above) are:

Affin Islamic Bank Berhad
Musa bin Abdul Malek
Suffian bin Baharuddin
Datuk Mohd Farid bin Mohd Adnan
Tan Ler Chin, Cindy
Muhammad Fitri bin Othman (resigned w.e.f. 1 September 2024)
Dali Kumar @ Dali bin Sardar
Dr. Sharbanom binti Abu Bakar
Haizad Rizal bin A Aziz (appointed w.e.f. 15 February 2025)

PAB Properties Sdn Bhd
Nazri bin Othman (resigned w.e.f. 27 May 2024)
Mohammad Fairuz bin Mohd Radi (appointed w.e.f. 27 May 2024)
Nimma Safira binti Khalid

Affin Business Services Sdn Bhd
Risham Akashah bin Kamaruzaman
Joanne May Rodrigues
Abdul Malek bin Mohamed Said (resigned w.e.f. 5 November 2024)
Irwin bin Mohd Eusoff (appointed w.e.f. 5 November 2024)

ABB Nominee (Asing) Sdn Bhd and ABB Nominee (Tempatan) Sdn Bhd
Nimma Safira binti Khalid
Joanne May Rodrigues

Affin Hwang Investment Bank Berhad
Tunku Afwida binti Tunku A.Malek
Eugene Hon Kah Weng
Hasli bin Hashim
Dato' Abdul Wahab bin Abu Bakar
Kong Yuen Ling
Datuk Wan Razly Abdullah bin Wan Ali (completion of Directorship Tenure w.e.f. 2 April 2024)
Ong Guat Kee, Tracy

Affin Hwang Nominees (Asing) Sdn Bhd and Affin Hwang Nominees (Tempatan) Sdn Bhd
Liao Pieng Sin
Ng Meng Wah (resigned w.e.f. 2 October 2024)
Anita binti Talib (resigned w.e.f. 2 October 2024)
Kan Chew Gan (resigned w.e.f. 2 October 2024)
Yeong Sook Kwan
Ang Swee Lean
Premtilaka a/l N.Amarasingham (appointed w.e.f. 4 October 2024)
Chung Pei Ching (appointed w.e.f. 4 October 2024)

AHC Global Sdn Bhd and AHC Associates Sdn Bhd
Ng Meng Wah (resigned w.e.f. 2 October 2024)
Ong Teng Chong, Andy
Ahmad Gazzara Czillich (appointed w.e.f. 1 October 2024)

Affin Hwang Trustee Berhad
Feizal Zawry bin Mohamed
Ng Meng Wah (resigned w.e.f. 16 October 2024)
Ong Teng Chong, Andy

DIRECTORS' REPORT
for the financial year ended 31 December 2024

DIRECTORS (CONTINUED)

The Directors of the Bank's subsidiaries who have held office during the financial year and during the period from the end of the financial year to the date of this report (not including those Directors listed above) are (continued):

Affin Moneybrokers Sdn Bhd
Admiral Tan Sri Dato' Seri Panglima Dr. Ahmad Kamarulzaman Hj Ahmad Badaruddin (R)
Chandra a/l K.V. Sreedharan Nair (resigned w.e.f. 29 February 2024)
Norhazlizawati binti Mohd Razali
Adzamimah binti Adzmi

In accordance with Article 118 of the Bank's Constitution, the following Directors retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election:
1. Dato' Mohd Hata bin Robani
2. Dato' Abdul Aziz bin Abu Bakar
3. Mohammad Ashraf bin Md Radzi

In accordance with Article 124 of the Bank's Constitution, none of the Directors retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

The Directors' names of the subsidiaries and their remuneration details are set out in the subsidiaries' statutory accounts and the said names and details are deemed incorporated herein by such reference and made a part hereof.

RESPONSIBILITY STATEMENT BY BOARD OF DIRECTORS

In the course of preparing the annual financial statements of the Group and of the Bank, the Directors are collectively responsible in ensuring that these financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

It is the responsibility of the Directors to ensure that the financial reporting of the Group and of the Bank present a true and fair view of the state of affairs of the Group and of the Bank as at 31 December 2024 and of the financial results and cash flows of the Group and of the Bank for the financial year then ended.

The financial statements are prepared on the going concern basis and the Directors have ensured that proper accounting records are kept, applied the appropriate accounting policies on a consistent basis and made accounting estimates that are reasonable and fair so as to enable the preparation of the financial statements of the Group and of the Bank with reasonable accuracy.

The Directors have also taken the necessary steps to ensure that appropriate systems are in place for the assets of the Group and of the Bank to be properly safeguarded for the prevention and detection of fraud and other irregularities. The systems, by their nature, can only provide reasonable and not absolute assurance against material misstatements, whether due to fraud or error.

The Statement by Directors pursuant to Section 251(2) of the Companies Act 2016 is set out on page 482 of the financial statements.

DIRECTORS' REPORT

for the financial year ended 31 December 2024

DIRECTORS' INTERESTS

The Directors in office at the end of the financial year did not hold any interest in shares in the Bank or its related companies during the financial year.

LONG TERM INCENTIVE PLAN ('LTIP')

The Group implemented a Long Term Incentive Plan ('LTIP') in the form of an employees' Share Grant Scheme ('SGS') on 1 August 2023, which was approved by the shareholders at the Annual General Meeting held on 25 May 2023. The SGS is governed by the SGS By-Laws and is administered by the Group Board Nomination & Remuneration Committee ('SGS Committee').

The SGS is a performance share unit scheme where vesting is subject to performance conditions and the SGS Committee may, at any time within the duration of the SGS, grant an SGS award to eligible employees, subject to the terms and conditions of the SGS By-Laws. The SGS shares may be settled through issuance and transfer of new shares, or other modes of settlement as provided by the SGS By-Laws.

The SGS primarily serves as an incentive plan to reward eligible employees and to align their interest with the corporate goals and objectives of the Group. Eligible employees refer to employees of the Group (excluding dormant subsidiary companies) who fulfil the eligibility criteria and have been selected to participate in the SGS by the Bank's Board of Directors, on the recommendations of the SGS Committee, subject to terms and conditions of the SGS By-Laws.

Any offer awarded to a person who is a director or chief executive of the Bank or a person connected to a director, major shareholder or chief executive of the Bank, and the related allotment of shares must be approved by shareholders at a general meeting. The SGS will not be extended to any non-executive directors of any company within the Group.

The maximum number of shares which may be made available under the SGS shall not in aggregate exceed 5% of the Bank's total number of issued shares (excluding treasury shares, if any) at any point in time during the duration of the SGS. Details of SGS are set out in Note 59 to the financial statements.

President & Group CEO who has been awarded with SGS during the financial year is listed below:

	No of SGS Awarded (Units '000)
Datuk Wan Razly Abdullah bin Wan Ali *(completion of Directorship Tenure w.e.f. 2 April 2024)*	1,350
Other directors	2,275

DIRECTORS' BENEFITS

During and at the end of the financial year, no other arrangements subsisted to which the Bank or any of its subsidiaries is a party with the object or objects of enabling Directors of the Bank or any of its subsidiaries to acquire benefits by means of the acquisition of shares in, or debenture of, the Bank or any other body corporate.

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive a benefit (other than the fees and other emoluments shown in the Note 42 to the financial statements) by reason of a contract made by the Bank or by a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

DIRECTORS' REPORT
for the financial year ended 31 December 2024

OTHER STATUTORY INFORMATION

Statutory information regarding the Group and the Bank

(a) As at the end of the financial year

Before the financial statements of the Group and the Bank were prepared, the Directors took reasonable steps:

- to ascertain that proper action had been taken in relation to the writing off of bad debts and financing and the making of allowance for doubtful debts and financing and satisfied themselves that all known bad debts and financing had been written-off and that adequate allowance had been made for doubtful debts; and
- to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Bank had been written down to an amount which the current assets might be expected so to realise.

(b) From the end of the financial year to the date of this report

The Directors are not aware of any circumstances:

- which would render the amounts written-off for bad debts and financing or the amount of the allowance for doubtful debts and financing inadequate to any substantial extent;
- which would render the values attributed to current assets in the financial statements of the Group and of the Bank misleading; and
- which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

(c) As at the date of this report

- there are no charges on the assets of the Group and of the Bank which have arisen since the end of the financial year which secures the liabilities of any other person; and
- there are no contingent liabilities in the Group and in the Bank which have arisen since the end of the financial year other than in the ordinary course of banking business or activities of the Group.

(d) No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Bank and its subsidiaries to meet their obligations when they fall due.

(e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Bank which would render any amount stated in the respective financial statements misleading.

(f) In the opinion of the Directors:

- the results of the operations of the Group and of the Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except the item disclosed on Note 57; and
- there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Bank for the financial year in which this report is made.

DIRECTORS' REPORT

for the financial year ended 31 December 2024

ECONOMIC AND BUSINESS OUTLOOK FOR 2025

Malaysia's Gross Domestic Product ('GDP') growth is projected to strengthen to 5.2% in 2025, an improvement from the 5.0% anticipated for 2024, supported by key economic drivers. Sustained low unemployment rates, coupled with income and wage growth, are expected to bolster private consumption, which constitutes a significant component of GDP. Additionally, economic expansion will be underpinned by steady domestic and foreign investment flows, as well as stable trade performance.

The Malaysian Ringgit is forecasted to appreciate in 2025, reflecting robust economic fundamentals and the anticipated monetary easing in advanced economies. Bank Negara Malaysia ('BNM') is expected to maintain the Overnight Policy Rate ('OPR') at 3.0%, ensuring monetary policy continuity that supports economic growth.

While the planned removal of petrol subsidies may impact private consumption if not effectively managed, these challenges are expected to be mitigated through prudent policy adjustments and measures to support affected segments of the population.

On the global front, heightened geopolitical conflicts, US-China trade tensions, and potential supply chain disruptions remain key risks. Nevertheless, Malaysia's diversified economy and adaptive strategies position it to navigate these uncertainties effectively.

The expected economic expansion provides the banking sector with opportunities arising from increased demand for loans/financing and financial services. While deposit competition may lead to margin compression, this impact is anticipated to be offset by higher credit growth and improved asset quality. Malaysian banks remain well-capitalised, supported by adequate impairment buffers to cushion against moderate credit stress.

BUSINESS STRATEGY MOVING FORWARD

AFFIN Group is focused on fulfilling the Group's AX28 Transformation Plan which will see the Group and the Bank playing a significant role in contributing to the Group and the Bank profitability through its growth in loans/financing and current account. Unrivalled Customer Service, Digital Leadership and Responsible Banking with Impact will continue to be the guiding principles in the Group and the Bank's strategies moving forward.

RATING BY EXTERNAL RATING AGENCY

The Bank has been rated by the following external rating agency:

Name of rating agency:	RAM Rating Services Berhad ('RAM')
Date of rating:	21 May 2024
Rating classifications:	
Long term:	AA_3
Short term:	P1

RAM has reaffirmed the Bank's long-term and short-term financial institution ratings, at AA_3 and P1, respectively, with stable outlook.

'AA' rating is defined by RAM as an entity which has a strong capacity to meets its financial obligations and is resilient against adverse changes in circumstances, economic condition and/or operating environment. The subscript 3 in this category indicates the lower end of its generic rating in the AA category.

A 'P1' rating is defined by RAM as obligations which are supported by superior ability with regards to timely payment of obligations.

DIRECTORS' REPORT

for the financial year ended 31 December 2024

ZAKAT OBLIGATION

The Bank's subsidiaries, Affin Islamic Bank Berhad ('AFFIN ISLAMIC') and Affin Hwang Investment Bank ('AHIB') are obliged to pay zakat to comply with the principles of Shariah. AFFIN ISLAMIC does not pay zakat on behalf of its depositors.

SUBSIDIARIES

Details of subsidiaries are set out in Note 16 to the financial statements.

DIRECTORS' REMUNERATION

The remuneration in aggregate for Directors of the Group and the Bank for the financial year are as follows:

	The Group	The Bank
	RM'000	RM'000
Directors of the Group and the Bank		
Director fees	3,382	3,382
Directors' other emoluments	183	183
Directors of the Bank's Subsidiaries		
Director fees	4,525	
Directors' other emoluments	328	

There was no amount paid to or receivable by any third party for services provided by Directors of the Bank and its subsidiaries.

During the financial year, Directors and Officers of the Group and the Bank are covered under the Directors' & Officers' Liability Insurance/Takaful in respect of liabilities arising from acts committed in their capacity as, inter alia, Directors and Officers of the Group and the Bank subject to the terms of the policy. The total amount of Directors' & Officers' Liability Insurance/Takaful effected for the Directors & Officers of the holding company was RM40.0 million. The total amount of premium paid by the Group and the Bank was RM1,373,697 (2023: RM1,537,334) and RM214,336 (2023: RM210,367) respectively.

There were no professional fees paid to Directors or any firms, of which the Directors are members, for services rendered and no amount was paid to or receivable by any third party for services provided by Directors.

The Bank maintained on a group basis, a Directors and Officers Liability Insurance against any Legal Liability incurred by the Directors in the discharge of their duties while holding office for the Bank. The Directors shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

Details of Directors' remuneration and total amount of indemnity given are set out in Note 42 to the financial statements.

ISSUANCE OF SHARES

During the financial year ended 31 December 2024, the Bank had increased its issued ordinary shares from 2,346.5 million to 2,400.5 million via issuance of 54.0 million new ordinary shares amounting to RM117.5 million arising from the Dividend Reinvestment Plan ('DRP') relating to electable portion of the final dividend of 5.76 sen per ordinary share, in respect of the financial year ended 31 December 2023, as disclosed in Note 33 to the financial statements.

DIRECTORS' REPORT

for the financial year ended 31 December 2024

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and the Bank are RM4,528,000 (2023: RM3,442,000) and RM3,203,000 (2023: RM1,872,000) respectively. Details of auditors' remuneration are set out in Note 41 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

DATO' AGIL NATT
Independent Non-Executive Director (Chairman)

GREGORY JEROME GERALD FERNANDES
Independent Non-Executive Director

Kuala Lumpur
12 March 2025

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2024

	Note	The Group		The Bank	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
ASSETS					
Cash and short-term funds	2	**2,852,881**	5,642,363	**1,960,558**	3,545,685
Reverse repurchase agreements with financial institutions		**–**	–	**8,033**	–
Deposits and placements with banks and other financial institutions	3	**302,241**	840,592	**604,294**	1,143,443
Investment accounts due from designated financial institutions	4	**–**	–	**3,248,280**	3,665,450
Financial assets at fair value through profit or loss ('FVTPL')	5	**1,562,337**	606,734	**1,852,836**	1,302,516
Derivative financial instruments	6	**450,370**	470,438	**412,598**	348,883
Financial investments at fair value through other comprehensive income ('FVOCI')	7	**13,901,457**	10,027,767	**6,046,007**	3,979,219
Financial investments at amortised cost ('AC')	8	**15,689,413**	16,604,902	**10,038,120**	11,180,419
Loans, advances and financing	9	**70,892,085**	65,224,997	**35,640,014**	34,510,450
Amount due from client and brokers	10	**513,907**	398,876	**–**	–
Other assets	11	**663,742**	702,252	**384,312**	500,681
Amount due from subsidiaries	12	**–**	–	**756,357**	22,126
Amount due from joint ventures	13	**4,639**	32	**–**	–
Tax recoverable		**217,929**	255,645	**188,728**	178,043
Deferred tax assets	14	**114,938**	138,283	**43,840**	72,072
Statutory deposits with Bank Negara Malaysia	15	**1,524,530**	1,395,600	**867,000**	780,000
Investment in subsidiaries	16	**–**	–	**3,304,950**	3,204,123
Investment in joint ventures	17	**–**	–	**–**	–
Investment in associates	18	**830,917**	841,260	**676,279**	667,279
Property and equipment	19	**1,361,772**	1,383,137	**1,298,483**	1,368,091
Investment property	20	**124,988**	–	**171,859**	–
Right-of-use assets	21	**71,865**	54,127	**60,733**	44,938
Intangible assets	22	**762,096**	660,680	**314,681**	214,276
TOTAL ASSETS		**111,842,107**	105,247,685	**67,877,962**	66,727,694
LIABILITIES AND EQUITY					
Deposits from customers	23	**73,743,519**	70,834,111	**41,104,818**	41,782,111
Investment accounts of customers	24	**757,600**	359	**–**	–
Deposits and placements of banks and other financial institutions	25	**8,618,411**	9,050,682	**5,183,589**	5,695,017
Obligation on securities sold under repurchase agreements	26	**5,567,418**	4,917,910	**5,188,779**	4,103,954
Derivative financial instruments	6	**365,936**	395,726	**316,611**	328,579
Bills and acceptances payable		**32,341**	40,686	**32,341**	40,686
Recourse obligation on loans/financing sold to Cagamas Berhad	27	**5,127,995**	3,974,491	**3,002,564**	2,859,450
Amount due to client and brokers	28	**370,282**	214,162	**–**	–
Lease liabilities	29	**65,404**	45,721	**57,251**	38,278
Other liabilities	30	**1,827,022**	1,360,615	**1,135,745**	657,093
Amount due to subsidiaries	31	**–**	–	**175,656**	292,935
Provision for taxation		**7**	6	**–**	–
Borrowings and Sukuk	32	**3,764,880**	3,304,401	**1,506,229**	1,006,030
TOTAL LIABILITIES		**100,240,815**	94,138,870	**57,703,583**	56,804,133
Share capital	33	**5,488,544**	5,371,044	**5,488,544**	5,371,044
Reserves	34	**6,112,748**	5,737,771	**4,685,835**	4,552,517
TOTAL EQUITY		**11,601,292**	11,108,815	**10,174,379**	9,923,561
TOTAL LIABILITIES AND EQUITY		**111,842,107**	105,247,685	**67,877,962**	66,727,694
COMMITMENTS AND CONTINGENCIES	49	**85,186,497**	87,430,950	**66,865,818**	63,141,622

The accounting policies and notes form an integral part of these financial statements.

INCOME STATEMENTS

for the financial year ended 31 December 2024

	Note	The Group		The Bank	
		2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Interest income	35	**3,001,707**	2,649,698	**2,699,242**	2,389,999
Interest expense	36	**(2,175,302)**	(1,866,817)	**(1,971,666)**	(1,671,175)
Net interest income		**826,405**	782,881	**727,576**	718,824
Income from Islamic banking business	37	**691,149**	595,643	**–**	–
		1,517,554	1,378,524	**727,576**	718,824
Fee and commission income	38(a)	**345,162**	261,508	**165,748**	166,963
Fee and commission expense	38(b)	**(47,254)**	(10,930)	**(17,216)**	(10,930)
Net fee and commission income	38	**297,908**	250,578	**148,532**	156,033
Net gains on financial instruments	39	**212,091**	168,084	**135,414**	87,881
Other income	40	**142,194**	188,597	**311,455**	383,057
Other operating income		**652,193**	607,259	**595,401**	626,971
Net income		**2,169,747**	1,985,783	**1,322,977**	1,345,795
Other operating expenses	41	**(1,668,108)**	(1,421,157)	**(1,108,392)**	(992,855)
Operating profit before allowances		**501,639**	564,626	**214,585**	352,940
Write-back of/(allowances for) credit impairment losses	43	**170,181**	(75,005)	**114,151**	(92,457)
Allowances for impairment losses on other assets	44	**(18,813)**	(3,200)	**(9,290)**	–
Operating profit		**653,007**	486,421	**319,446**	260,483
Share of results of associates	18	**54,729**	36,466	**–**	–
Profit before zakat and taxation		**707,736**	522,887	**319,446**	260,483
Zakat		**(6,707)**	(4,600)	**–**	–
Profit before taxation		**701,029**	518,287	**319,446**	260,483
Taxation	46	**(191,326)**	(116,096)	**(66,520)**	(9,161)
Net profit after zakat and taxation		**509,703**	402,191	**252,926**	251,322
Attributable to:					
Equity holders of the Bank		**509,703**	402,191	**252,926**	251,322
Earnings per share attributable to equity holders of the Bank (sen):					
- Basic	47	**21.4**	17.4	**10.6**	10.9
- Diluted	47	**21.2**	17.3	**10.6**	10.8

The accounting policies and notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2024

	Note	The Group		The Bank	
		2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Net profit after zakat and taxation		**509,703**	402,191	**252,926**	251,322
Other comprehensive (loss)/income:					
Items that may be reclassified subsequently to profit or loss:					
Net fair value change in financial investments at FVOCI (debt instruments)		**9,678**	136,232	**(9,756)**	35,304
Net credit impairment loss change in financial investments at FVOCI (debt instruments)		**(20,415)**	2,747	**613**	407
Net loss on financial investments measured at FVOCI reclassified to profit or loss on disposal (debt instruments)		**(21,084)**	(4,642)	**(14,725)**	(2,454)
Deferred tax on financial investments at FVOCI	14	**3,359**	(33,237)	**6,140**	(9,038)
Share of other comprehensive (loss)/income of associates	18	**(5,813)**	8,908	**-**	-
Items that may not be reclassified subsequently to profit or loss:					
Net fair value change in financial investments designated at FVOCI (equity instruments)		**21,611**	14,726	**20,182**	13,882
Other comprehensive (loss)/income for the financial year, net of tax		**(12,664)**	124,734	**2,454**	38,101
Total comprehensive income for the financial year		**497,039**	526,925	**255,380**	289,423
Total comprehensive income for the financial year attributable to:					
Equity holders of the Bank		**497,039**	526,925	**255,380**	289,423

The accounting policies and notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2024

The Group	Note	Attributable to Equity Holders of the Bank					
		Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Other reserves RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2024		**5,371,044**	**169,540**	**337,761**	**4,146**	**5,226,324**	**11,108,815**
Net profit for the financial year			-	-	-	**509,703**	**509,703**
Other comprehensive income (net of tax)							
- Financial investments at FVOCI		-	**(6,851)**	-	-	-	**(6,851)**
- Share of other comprehensive income/(loss) of associates		-	**7,935**	-	**(13,748)**	-	**(5,813)**
Total comprehensive (loss)/income for the financial year		-	**1,084**	-	**(13,748)**	**509,703**	**497,039**
Issuance of new shares	33	**117,500**	-	-	-	-	**117,500**
Share grant scheme granted		-	-	-	**13,095**	-	**13,095**
Transfer to regulatory reserves		-	-	**135,382**	-	**(135,382)**	-
Dividends	48	-	-	-	-	**(135,157)**	**(135,157)**
At 31 December 2024		**5,488,544**	**170,624**	**473,143**	**3,493**	**5,465,488**	**11,601,292**

The accompanying policies and notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2024

		← Attributable to Equity Holders of the Bank →					
The Group	Note	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Other reserves RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2023		5,245,447	44,806	479,799	-	4,858,776	10,628,828
Net profit for the financial year		-	-	-	-	402,191	402,191
Other comprehensive income (net of tax)							
- Financial investments at FVOCI		-	115,826	-	-	-	115,826
- Share of other comprehensive income of associates		-	8,908	-	-	-	8,908
Total comprehensive income for the financial year		-	124,734	-	-	402,191	526,925
Issuance of new shares	33	125,597	-	-	-	-	125,597
Share grant scheme granted		-	-	-	4,146	-	4,146
Transfer from regulatory reserves		-	-	(142,038)	-	142,038	-
Dividends	48	-	-	-	-	(176,681)	(176,681)
At 31 December 2023		5,371,044	169,540	337,761	4,146	5,226,324	11,108,815

The accounting policies and notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2024

The Bank	Note	Non-distributable				Distributable	
		Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Other reserves RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2024		**5,371,044**	**204,573**	**270,563**	**4,146**	**4,073,235**	**9,923,561**
Net profit for the financial year		-	-	-	-	**252,926**	**252,926**
Other comprehensive income (net of tax)							
- Financial investments at FVOCI		-	**2,454**	-	-	-	**2,454**
Total comprehensive income for the financial year		-	**2,454**	-	-	**252,926**	**255,380**
Issuance of new shares	33	**117,500**	-	-	-	-	**117,500**
Share grant scheme granted		-	-	-	**13,095**	-	**13,095**
Transfer to regulatory reserves		-	-	**65,000**	-	**(65,000)**	-
Dividends	48	-	-	-	-	**(135,157)**	**(135,157)**
At 31 December 2024		**5,488,544**	**207,027**	**335,563**	**17,241**	**4,126,004**	**10,174,379**

The Bank	Note	Non-distributable				Distributable	
		Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Other reserves RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2023		5,245,447	166,472	416,620	-	3,852,537	9,681,076
Net profit for the financial year		-	-	-	-	251,322	251,322
Other comprehensive income (net of tax)							
- Financial investments at FVOCI		-	38,101	-	-	-	38,101
Total comprehensive income for the financial year		-	38,101	-	-	251,322	289,423
Issuance of new shares	33	125,597	-	-	-	-	125,597
Share grant scheme granted		-	-	-	4,146	-	4,146
Transfer from regulatory reserves		-	-	(146,057)	-	146,057	-
Dividends	48	-	-	-	-	(176,681)	(176,681)
At 31 December 2023		5,371,044	204,573	270,563	4,146	4,073,235	9,923,561

The accounting policies and notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2024

	Note	The Group 2024 RM'000	The Group 2023 RM'000	The Bank 2024 RM'000	The Bank 2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		**701,029**	518,287	**319,446**	260,483
Adjustments for items not involving the movement of cash and cash equivalents:					
Interest income:					
- financial investments at FVOCI	35	**(390,979)**	(197,510)	**(249,580)**	(72,966)
- financial investments at AC	35	**(369,904)**	(393,869)	**(379,244)**	(397,581)
Dividend income:					
- financial assets at FVTPL	39	**(4,388)**	(3,201)	**(2,038)**	(1,826)
- financial investments at FVOCI	39	**(1,340)**	(922)	**(1,190)**	(732)
- subsidiaries	40	**–**	–	**(76,369)**	(151,295)
- associates	40	**–**	–	**(64,800)**	–
Gain on sale/redemption:					
- financial assets at FVTPL	39	**(55,078)**	(44,892)	**(7,491)**	(14,774)
- financial investments at FVOCI	39	**(14,457)**	(4,669)	**(14,725)**	(2,454)
- financial investments at AC	39	**(6,796)**	(62)	**(5,040)**	(62)
- derivatives	39	**6,948**	(15,494)	**(1,317)**	(5,843)
Unrealised (gain)/loss on revaluation:					
- financial assets at FVTPL	39	**(13,120)**	(16,286)	**(3,963)**	(4,706)
- derivatives	39	**(28,298)**	757	**(31,893)**	(1,191)
- fair value hedges	39	**(988)**	963	**(988)**	1,686
- foreign exchange	40	**70,915**	(119,399)	**(49,661)**	(52,124)
Depreciation of property and equipment	19	**70,306**	59,741	**67,494**	56,574
Depreciation of right-of-use assets	21	**35,851**	27,535	**30,179**	24,003
Property and equipment written-off	19	**183**	3	**73**	5
Intangible assets written-off	22	**139**	–	**–**	–
Gain on sale of property and equipment	40	**(2,667)**	(1,043)	**(2,637)**	(1,032)
Amortisation of intangible assets	41	**20,016**	21,651	**19,122**	20,678
Gain on sale of foreclosed properties	40	**–**	(661)	**–**	(661)
Gain on disposal of associates	40	**–**	(25,000)	**–**	(56,317)
Share of results of associates		**(54,729)**	(36,466)	**–**	–
Expected credit losses made/(written-back) on:					
- loans, advances and financing	43	**(58,514)**	94,686	**(54,771)**	104,223
- amount due from client and brokers	43	**4**	(533)	**–**	–
- securities and placements	43	**(97,442)**	25,734	**(74,710)**	31,845
- loans/financing commitments and financial guarantee	43	**(32,318)**	10,209	**(3,358)**	520
Bad debt and financing written-off	43	**68,594**	10,302	**53,394**	6,189
Allowances for impairment losses on other assets		**18,813**	3,200	**9,290**	–
Interest/profit expense on borrowings and sukuk		**169,846**	150,545	**60,964**	56,836
Interest/profit expense on the lease liability	29	**2,258**	457	**1,922**	249
Profit expense - Recourse obligation on loans/financing sold to Cagamas Berhad	27	**162,784**	106,521	**105,237**	72,250
Share grant scheme granted		**13,095**	4,146	**9,502**	4,146
Zakat		**6,707**	4,600	**–**	–
Operating profit/(loss) before changes in working capital		**216,470**	179,330	**(347,152)**	(123,877)

The accounting policies and notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2024

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)				
Decrease/(Increase) in operating assets:				
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months	**1,996,898**	(1,773,991)	**438,308**	(870,209)
Investment accounts due from designated financial institutions	**–**	–	**417,170**	(945,703)
Financial assets at FVTPL	**(887,405)**	(1,052)	**(538,865)**	(774,603)
Loans, advances and financing	**(5,677,168)**	(7,398,129)	**(1,128,187)**	(4,062,941)
Other assets	**184,272**	(221,343)	**261,636**	(194,040)
Amount due from client and brokers	**(115,035)**	7,058	**–**	–
Derivative financial instruments	**18,335**	(102,750)	**(32,952)**	(41,836)
Statutory deposits with Bank Negara Malaysia	**(128,930)**	(144,728)	**(87,000)**	(30,728)
Reverse repurchase agreements with financial institutions	**–**	–	**(8,033)**	–
Amount due to subsidiaries	**–**	–	**(848,705)**	(23,728)
Amount due to joint ventures	**(23,420)**	(2,777)	**–**	–
Increase/(Decrease) in operating liabilities:				
Deposits from customers	**2,909,408**	5,839,061	**(677,293)**	5,706,981
Investment accounts of customers	**757,241**	(500)	**–**	–
Deposits and placements of banks and other financial institutions	**(432,271)**	5,686,526	**(511,428)**	4,509,897
Obligation on securities sold under repurchase agreements	**649,508**	104,503	**1,084,825**	(709,453)
Bills and acceptances payable	**(8,345)**	5,215	**(8,345)**	5,215
Amount due to client and brokers	**156,120**	(124,705)	**–**	–
Other liabilities	**488,858**	(425,681)	**468,009**	(201,740)
Cash generated from operations	**104,536**	1,626,037	**(1,518,012)**	2,243,235
Zakat paid	**(6,127)**	(3,211)	**–**	–
Tax refund	**1,125**	54,091	**1,125**	44,917
Tax paid	**(188,179)**	(185,059)	**(43,958)**	(77,917)
Net cash (used in)/generated from operating activities	**(88,645)**	1,491,858	**(1,560,845)**	2,210,235
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received:				
- financial investments at FVOCI	**396,718**	166,332	**225,724**	31,888
- financial investments at AC	**459,081**	(439,163)	**447,607**	456,773
Dividend income:				
- financial assets at FVTPL	**4,388**	3,201	**2,038**	1,826
- financial investments at FVOCI	**1,340**	922	**1,190**	732
- subsidiaries	**–**	–	**76,369**	151,295
- associates	**64,800**	–	**64,800**	–
Purchase of:				
- financial investments at FVOCI	**(11,411,418)**	(8,064,570)	**(8,501,028)**	(4,890,483)
- financial investments at AC	**(1,736,029)**	(1,442,667)	**(1,542,808)**	(771,878)
Redemption/Disposal of:				
- financial investments at FVOCI	**7,392,518**	2,012,624	**6,368,527**	1,217,427
- financial investments at AC	**2,653,263**	2,526,489	**2,708,348**	1,755,397

The accounting policies and notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2024

	Note	The Group		The Bank	
		2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES (continued)					
Proceeds from disposal of:					
- property and equipment		**4.000**	1,313	**3,762**	1,227
- foreclosed properties		**10,592**	5,295	**–**	–
Purchase of property and equipment	19	**(289,726)**	(187,258)	**(284,950)**	(181,009)
Purchase of intangible assets	22	**(7,290)**	(2,130)	**(5,520)**	(1,767)
Investment in subsidiary	16	**–**	–	**(100,040)**	(224)
Investment in associate	18	**(9,000)**	(24,600)	**(9,000)**	(24,600)
Net cash used in investing activities		**(2,466,763)**	(5,444,212)	**(544,981)**	(2,253,396)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment in borrowings	32	**–**	(1,200,000)	**–**	(500,000)
Drawdown in borrowings	32	**500,000**	2,035,000	**504,956**	500,000
Interest/profit payment on borrowings	32	**(207,440)**	(209,755)	**(63,794)**	(68,683)
Payment of dividend to the equity holders of the Bank		**(17,657)**	(51,084)	**(17,657)**	(51,084)
Addition of recourse obligation on loans/financing sold to Cagamas Berhad	27	**2,495,000**	2,872,012	**1,495,000**	1,772,013
Redemption of recourse obligation on loans/financing sold to Cagamas Berhad	27	**(1,350,008)**	–	**(1,350,008)**	–
Interest/profit payment from recourse obligation on loans/financing sold to Cagamas Berhad	27	**(148,866)**	(84,596)	**(103,943)**	(62,127)
Lease payments	29	**(33,087)**	(24,697)	**(28,847)**	(17,684)
Net cash generated from financing activities		**1,237,942**	3,336,880	**435,707**	1,572,435
Net (decrease)/increase in cash and cash equivalents		**(1,317,466)**	(615,474)	**(1,670,119)**	1,529,274
Effects of foreign exchange		**(13,468)**	119,399	**(15,849)**	52,124
Cash and cash equivalents at beginning of the financial year		**4,435,730**	4,931,805	**3,545,685**	1,964,287
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		**3,104,796**	4,435,730	**1,859,717**	3,545,685
Cash and cash equivalents comprise the following:					
Cash and short-term funds	2	**2,852,881**	5,642,363	**1,960,558**	3,545,685
Deposits and placements of banks and other financial institutions	3	**302,241**	840,592	**604,294**	1,143,443
		3,155,122	6,482,955	**2,564,852**	4,689,128
Less:					
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months		**(50,326)**	(2,047,225)	**(705,135)**	(1,143,443)
		3,104,796	4,435,730	**1,859,717**	3,545,685

The accounting policies and notes form an integral part of these financial statements.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

for the financial year ended 31 December 2024

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

(A) BASIS OF PREPARATION

The financial statements of the Group and the Bank have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRS'), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The financial statements incorporate those activities relating to Islamic banking business which have been undertaken by Affin ISLAMIC, a wholly owned subsidiary of the Bank. Islamic banking business refers generally to the acceptance of deposits and granting of financing under the Shariah principles.

The financial statements of the Group and the Bank have been prepared under the historical cost convention, unless otherwise indicated in the summary of material accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires Directors to exercise their judgement in the process of applying the Group's and Bank's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are material to the financial statements are disclosed in Note AF.

(a) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank and are effective

Below are the annual improvements and amendments to MFRS effective for the financial year beginning 1 January 2024:

- Amendments to MFRS 101 'Presentation of Financial Statements'
- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback'

The adoption of other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) International Financial Reporting Interpretations Committee ('IFRIC') agenda decisions that are concluded and published

This agenda decision clarified that entities reporting segment information in their financial statements should disclose specified income and expense items for each reportable segment, provided these items are included in the segment profit measure reviewed by the chief operating decision maker ('CODM'), regardless of whether they are separately reviewed by the CODM. Additionally, entities should apply the requirements for materiality and aggregation under MFRS 101 when determining which additional material items of income and expense should be disclosed in segment reporting.

The Group and the Bank are in the midst of assessing the full impact of the above agenda decision on the financial information of the Group and the Bank.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

for the financial year ended 31 December 2024

(A) BASIS OF PREPARATION (CONTINUED)

(c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning after 1 January 2024.

- MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027) replaces MFRS 101 'Presentation of Financial Statements'.

  The new MFRS introduces a new structure of profit or loss statement.

  (a) Income and expenses are classified into 3 new main categories:
  - i. Operating category which typically includes results from the main business activities;
  - ii. Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
  - iii. Financing category that presents income and expenses from financing liabilities.

  (b) Entities are required to present two new specified subtotals: 'Operating profit or loss' and 'Profit or loss before financing and income taxes'.

  Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards.

  Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

- Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments' (effective 1 January 2026) have:

  - require financial assets to be derecognised on the date the contractual rights to the cash flows expire and financial liabilities to be derecognised when obligation under the contract is discharged (i.e. the settlement date). In addition, there is an optional exception to derecognise financial liabilities before the settlement date for settlement using electronic payment systems (if specified criteria are met);
  - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ('SPPI') criterion;
  - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
  - update the disclosures for equity instruments designated at fair value through other comprehensive income ('FVOCI').

SUMMARY OF MATERIAL ACCOUNTING POLICIES

for the financial year ended 31 December 2024

(A) BASIS OF PREPARATION (CONTINUED)

(c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (continued)

- Amendments to MFRS 121 'Lack of Exchangeability' (effective 1 January 2025) have:

  An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.

  A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

  When a currency is not exchangeable into another currency, the spot exchange rate needs to be estimated, i.e. to determine the rate at which an orderly exchange transaction would take place at that date between market participants under prevailing economic conditions.

  The amendments do not specify how an entity estimates the spot exchange rate, but permit an entity to use observable exchange rate without adjustment or another estimation technique, provided it could meet the objective of estimating the spot exchange rate set out in the amendments.

  When the amendments are first applied, an entity is not permitted to restate comparative information. Instead, the entity should translate the amount affected by foreign currency that lacks exchangeability using the estimated spot exchange rates at the date of initial application. Entity is also required to make additional disclosures when exchangeability is lacking.

- Annual improvements to MFRS Accounting Standards for enhanced consistency (effective 1 January 2026) have:

  The annual improvements comprise the following amendments:

  - Amendments to MFRS 7 on gain or loss on derecognition – obsolete cross-referencing is removed.
  - Additionally, the implementation guidance is revised to address the inconsistency within MFRS 7 on disclosure of deferred difference between fair value and transaction price. The amendments also clarify that the credit risk guidance does not cover all MFRS 7 requirements.
  - Amendments to MFRS 9 clarify that the derecognition principle of MFRS 9 should be applied by lessees to account for extinguished lease liabilities.
  - In addition, the term 'transaction price' as defined in MFRS 15 has also been removed from MFRS 9.
  - Amendments to MFRS 10 resolve an inconsistency in determining whether a party is acting as a de facto agent.
  - Amendments to MFRS 107 replace the term 'cost method' which is not a defined term in MFRS.

  An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

The adoption of the accounting standards, amendments to published standards and interpretations to existing standards above are not expected to give rise to any material impact to the Group and the Bank, except for the adoption of MFRS 18 and amendments to MFRS 9, of which the Group and the Bank are in the midst of assessing the financial and disclosures impact.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

for the financial year ended 31 December 2024

(B) CONSOLIDATION

The consolidated financial statements include the financial statements of the Bank, subsidiaries, joint ventures and associates, made up to the end of the financial year.

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs. The acquisition would be classified as acquisition of assets if definition of business is not met.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on the acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of the consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The Group applies predecessor accounting to account for business combinations under common control. Under the predecessor accounting, assets and liabilities acquired are not restated to their respective fair values but at the carrying amounts from the consolidated financial statements of the substantial shareholder of the Group and adjusted to ensure uniform accounting policies of the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities (as of the date of the transaction) of the acquired entity is recognised as an adjustment to equity. No additional goodwill is recognised.

Inter-company transactions, balances, unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the income statements, statements of comprehensive income, statement of changes in equity and statements of financial position respectively.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

for the financial year ended 31 December 2024

(B) CONSOLIDATION (CONTINUED)

The consolidated financial statements include the financial statements of the Bank, subsidiaries, joint ventures and associates, made up to the end of the financial year (continued).

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(iii) Obligation to purchase the subsidiary's shares from non-controlling interest

When there is an obligation to purchase the subsidiary's shares held by non-controlling interest, at initial recognition, a liability is to be recognised with a corresponding reduction to equity (other reserves) in the consolidated financial statements. The financial liability is recognised at the present value of the redemption amount and accreted through finance charges in the income statement over the contract period, up to the final redemption amount. Any adjustments to the redemption amount are recognised as finance charges in the income statements.

In the separate financial statements, subsidiary's shares are other entity's shares and not considered own equity instrument. The contractual obligation to buy the subsidiary's shares from the non-controlling interest meets the definition of financial liability and is accounted as disclosed in Note I.

(iv) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

for the financial year ended 31 December 2024

(B) CONSOLIDATION (CONTINUED)

The consolidated financial statements include the financial statements of the Bank, subsidiaries, joint ventures and associates, made up to the end of the financial year (continued).

(v) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest. If the Group's ownership interest in a joint venture is reduced, but the investment continues to be classified either as an associate or a joint venture respectively, the Group shall reclassify to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

for the financial year ended 31 December 2024

(B) CONSOLIDATION (CONTINUED)

The consolidated financial statements include the financial statements of the Bank, subsidiaries, joint ventures and associates, made up to the end of the financial year (continued).

(vi) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in profit or loss, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains or losses arising in investments in associates are recognised in the profit or loss.

(C) INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES IN SEPARATE FINANCIAL STATEMENTS

In the Bank's separate financial statements, investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries and joint ventures, the difference between disposal proceeds and carrying amounts of the investments are recognised in profit or loss.

Investment in debt instruments issued by subsidiary companies at amortised cost are measured in accordance with Note H.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

for the financial year ended 31 December 2024

(D) INTANGIBLE ASSETS

Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in the profit or loss.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units ('CGUs'), or groups of CGUs, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Identifiable intangible assets arising from business combination

Identifiable intangible assets arising from business combination are recognised at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. The fair value of intangible assets are generally determined using income approach methodologies such as the discounted cash flow method. Intangible assets with a definite useful life are amortised using the straight-line method over their estimated useful economic life. Intangible assets within an indefinite useful life are not amortised. Generally, the identified intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exist, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount. Intangible assets with indefinite useful life are annually tested for impairment and whether there is an indication that the asset may be impaired.

The identifiable intangible assets arising from business combination consist of brand and customer relationship. Brand and customer relationship are amortised over their useful lives in a manner that reflects the pattern to which they contribute to future cash flows as follows:

Brand	- 3 years
Customer relationship	- 7 years

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group and the Bank are recognised as intangible assets when the following criteria are met:

(i) it is technically feasible to complete the software product so that it will be available for use;
(ii) management intends to complete the software product and use or sell it;
(iii) there is an ability to use or sell the software product;
(iv) it can be demonstrated how the software product will generate probable future economic benefits;
(v) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
(vi) the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised from the point at which the asset is ready for use over their estimated useful lives of five years.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

for the financial year ended 31 December 2024

(E) IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

(F) RECOGNITION OF INTEREST AND FINANCING INCOME AND EXPENSE

Interest and financing income and expense for all interest/profit-bearing financial instruments are recognised within 'interest income', 'interest expense' and 'income from Islamic banking business' respectively in the income statement using the effective interest/profit method. Interest/Profit income from financial assets at FVTPL is recognised as part of net gains and losses on financial instrument.

Interest/Profit income is calculated by applying effective interest/profit rate to the gross carrying amount of a financial assets except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest/profit rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance).

(G) RECOGNITION OF FEES AND OTHER INCOME

The Group and the Bank earns fee and commission income from a diverse range of products and services provided to its customers. Fee and commission income are recognised when the Group and the Bank has satisfied its performance obligation in providing the promised products and services to the customer, and are recognised based on contractual rates or amount agreed with customers, and net of expenses directly related to it. The Group and the Bank generally satisfies its performance obligation and recognises the fee and commission income on the following basis:

- Transaction-based fee and commission income is recognised on the completion of the transaction. Such fees include fees related to the completion of corporate finance transactions, brokerage income, arrangement fees and initial service charges. These fees constitute a single performance obligation.
- For a service that is provided over a period of time, fee and commission income is recognised on equal proportion basis over the period during which the related service is provided or credit risk is undertaken. This basis of recognition most appropriately reflects the nature and pattern of provision of these services to the customers over time. Fees for these services will be billed periodically over time. Such fees include portfolio management fees, financial guarantees fee, agency fees and initial service charges on close ended funds.

The Group and the Bank do not provide any significant credit terms to customers for the above products and services.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

for the financial year ended 31 December 2024

(G) RECOGNITION OF FEES AND OTHER INCOME (CONTINUED)

Directly related expenses typically include brokerage fees paid, card-related expenses and sales commissions, but do not include expenses for services delivered over a period (such as service contracts) and other expenses that are not specifically related to fee and commission income transactions.

Other income recognition are as follows:

(a) Dividends are recognised when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

Dividends that clearly represent a recovery of part of the cost of investment is recognised in other comprehensive income if it relates to an investment in equity instruments measured at FVOCI.

(b) Net gain or loss from disposal of FVTPL and debt instruments at FVOCI are recognised in profit or loss upon disposal of the securities, as the difference between net disposal proceeds and the carrying amount of the securities.

(c) Income from bancassurance/bancatakaful agreements are recognised based on time apportionment method throughout the exclusive services agreement period.

(d) Other income are recognised on an accrual basis.

(H) FINANCIAL ASSETS

(a) Classification

The Group and the Bank classify their financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ('OCI') or through profit or loss); and
- those to be measured at amortised cost.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on settlement-date, the date on which the Group and the Bank settle the commitment to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Bank have transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group and the Bank measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments for principal and interest/profit ('SPPI').

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Bank's business model for managing the asset and the cash flows characteristics of the asset. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

There are three measurement categories into which the Group and the Bank classify its debt instruments:

(i) Amortised cost ('AC')

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest/Profit income from these financial assets is included in 'interest income' and 'income from Islamic banking business' using the effective interest/profit rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'net gains and losses on financial instruments' together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the income statements.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

for the financial year ended 31 December 2024

(H) FINANCIAL ASSETS (CONTINUED)

(c) Measurement (continued)

Debt instruments (continued)

(ii) Fair value through other comprehensive income ('FVOCI')

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'net gains and losses on financial instruments'. Interest/profit income from these financial assets is included in 'interest income' and 'income from Islamic banking business' using the effective Interest/Profit rate method. Foreign exchange gains and losses are presented in 'net gains and losses on financial instruments' and impairment expenses are presented as separate line item in the income statement.

(iii) Fair value through profit or loss ('FVTPL')

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Bank may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss and presented net within 'net gains and losses on financial instruments' in the period which it arises.

Business model

The business model reflects how the Group and the Bank manage the assets in order to generate cash flows. That is, whether the Group's and the Bank's objectives are solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (i.e. financial assets at FVTPL purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group and the Bank in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the Group's and the Bank's business model for the mortgage loan book is to hold to collect contractual cash flows with no resulting derecognition by the Group and the Bank. Another example is the liquidity portfolio of assets, which is held by the Group and the Bank as part of liquidity management and is generally classified within the hold to collect and sell business model. For financial assets which are held by the Group and the Bank for the purposes of capital preservation and to generate returns on a longer term basis, they are generally classified within the hold to collect business model, and are measured at Amortised Cost. Securities are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

SPPI

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group and the Bank assess whether the financial instruments' cash flows represent solely payments of principal and interest/profit (the 'SPPI test'). In making this assessment, the Group and the Bank consider whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Equity instruments

The Group and the Bank subsequently measure all equity investments at fair value. Where the Group's and the Bank's management have elected to present fair value gains and losses on equity investments in FVOCI, cumulative gain or loss previously recognised in other comprehensive income is not subsequently reclassified to profit or loss, but may be transferred within equity following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Bank's right to receive payments is established.

Changes in the fair value of equity instruments at FVTPL are recognised in 'net gains and losses on financial instruments' in the income statement.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

for the financial year ended 31 December 2024

(H) FINANCIAL ASSETS (CONTINUED)

(d) Subsequent measurement – Impairment

Impairment for debt instruments and financial guarantee contracts

The Group and the Bank assess on a forward looking basis the expected credit losses ('ECL') associated with its debt instruments carried at amortised cost and at FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Bank expect to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group and the Bank expect to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(i) General 3-stage approach

At each reporting date, the Group measures ECL through loss allowance at an amount equal to 12 - Month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. Note 50 sets out the measurement details of ECL. The Group applies 3-stage approach on debt instruments measured at amortised cost and FVOCI, except for those that are under simplified approach, as explained below.

(ii) Simplified approach

The Group and the Bank apply MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for amount due from client and brokers and other assets.

Significant increase in credit risk

The Group and the Bank consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Bank compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower/issuer's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same debtor;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a borrower/issuer is more than 30 days or 1 month past due in making a contractual payment.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

for the financial year ended 31 December 2024

(H) FINANCIAL ASSETS (CONTINUED)

(d) Subsequent measurement – Impairment (continued)

Definition of default and credit-impaired financial assets

The Group and the Bank define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the mandatory and/or judgemental symptoms, which include amongst others, the following criteria:

(i) Mandatory symptoms:

- Failure to make contractual payment within 90 days or 3 months or when they fall due;
- Rescheduled and/or Restructured ('R&R') due to Impairment Symptoms or Corporate Debt Restructuring Committee ('CDRC');
- Internal rating deteriorated to Credit Grade 15 or worse;
- Rating downgrade to default grade 'D';
- Distressed restructuring or rescheduling of coupon and/or principal redemption resulting in an extended grace period to service coupon or even capitalise coupon;
- Primary repayment source is terminated indefinitely, or business model is deemed no longer viable, and no other alternative source of repayment is available;
- Cessation of business operations and business operation is unlikely able to resume;
- Borrower/Customer is adjudicated bankrupt;
- Winding-up order issued against the company;
- Receiver and manager appointed;
- Corporate Rescue Mechanism, implementation of Corporate Voluntary Arrangement ('CVA') or Order for Judicial Management ('JM') granted by Court;
- Classification by Bursa Malaysia as distressed company due to credit deterioration e.g. PN17, GN3 and failing to comply with the timeline for remedial action, and/or evidence of business failure; and
- Account classified as Fraud.

(ii) Judgemental symptoms:

- Other debts including Treasury Instruments default and/or transferred to Stage 3 (Cross Default).

The Group and the Bank first assess whether objective evidence of impairment exists for financial assets which are individually significant. If the Group and the Bank determine that objective evidence of impairment exists, i.e. credit impaired, for an individually assessed financial asset, a lifetime ECL will be recognised.

Financial assets which are individually significant but non-impaired and not individually significant are grouped on the basis of similar credit risk characteristics (such as credit quality, instrument type, credit risk ratings, credit utilisation, customer types and other relevant factors) for collective assessment.

Write-off policy

The Group and the Bank writes-off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

Indicators that there is no reasonable expectation of recovery include:

- ceasing enforcement activity; and
- where the Group's and the Bank's recoveries method are foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

SUMMARY OF MATERIAL ACCOUNTING POLICIES
for the financial year ended 31 December 2024

(H) FINANCIAL ASSETS (CONTINUED)

(d) Subsequent measurement – Impairment (continued)

Modification of loans/financing

The Group and the Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group and the Bank assess whether or not the new terms are substantially different to the original terms. The Group and the Bank do this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest/profit rate.
- Change in the currency the loan/financing is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan/financing.

If the terms are substantially different, the Group and the Bank derecognise the original financial asset and recognise a 'new' asset at fair value and recalculate a new effective interest/profit rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group and the Bank also assess whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group and the Bank recalculate the gross carrying amount based on the revised cash flows of the financial asset and recognise a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest/profit rate (or credit-adjusted effective interest/profit rate for purchased or originated credit-impaired financial assets).

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either

(i) the Group and the Bank transfer substantially all the risks and rewards of ownership; or
(ii) the Group and the Bank neither transfer nor retain substantially all the risks and rewards of ownership and the Group and the Bank have not retained control.

The Group and the Bank enter into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group and the Bank:

(i) Have no obligation to make payments unless it collects equivalent amounts from the assets;
(ii) Are prohibited from selling or pledging the assets; and
(iii) Have obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and sukuk) furnished by the Group and the Bank under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group and the Bank retain substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group and the Bank retain a subordinated residual interest/profit.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

for the financial year ended 31 December 2024

(H) FINANCIAL ASSETS (CONTINUED)

(e) Regulatory reserve requirements

Pursuant to BNM Financial Reporting policy dated 29 April 2022, the Group and the Bank must maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of all credit exposures, net of loss allowance for credit-impaired exposures.

(f) Adoption of MFRS 17 'Insurance Contracts' for an associate

The Group's insurance associates have adopted MFRS 17 'Insurance Contracts,' issued by MASB, effective 1 January 2024, replacing MFRS 4. The implementation of MFRS 17 is retrospectively, leading to changes in the accounting policies for recognising, classifying, and measuring insurance assets and liabilities, without adjusting previously recognised amounts in the financial statements.

(g) Financing assistance scheme

Financing under a government scheme is recognised and measured in accordance with MFRS 9 'Financial Instruments', with the benefit at a below market and concession rate measured as the difference between the initial carrying amount or fair value of the financing and the amount received.

The benefit of government schemes that addresses identified costs or expenses incurred by the Group and the Bank are recognised in the profit or loss in the same financial year when the costs or expenses are recognised, when the required conditions are fulfilled in accordance with MFRS 120 'Accounting for Government Grants and Disclosure of Government Assistance'.

(h) IBOR modification

When the basis to determine the future contractual cash flows of the financial assets measured using as amortised cost or FVOCI are modified entirely as a result of IBOR reform, the Group applies the reliefs provided by the Phase 2 amendments related to IBOR reform to adjust the effective interest rate with no modification gain or loss is recognised.

In situations where some or all of a change in the basis for determining the contractual cash flows of financial assets classified as amortised cost or FVOCI does not meet the criteria of the Phase 2 amendments, the Group first applies the practical expedient to the changes required by IBOR reform, including updating the effective interest/profit rate. Any additional changes are accounted for as modification of financial assets in accordance with the requirement in MFRS 9 (that is, assessed for modification or derecognition, with the resulting modification gain/loss recognised immediately in profit or loss where the financial assets are not derecognised).

(I) FINANCIAL LIABILITIES

Financial liabilities are classified and subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss; and
- Financial guarantee contracts and loan commitments (see Note J).

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

SUMMARY OF MATERIAL ACCOUNTING POLICIES

for the financial year ended 31 December 2024

(J) FINANCIAL GUARANTEE CONTRACTS AND LOAN/FINANCING COMMITMENTS

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Loan/financing commitments provided by the Group and the Bank are measured as the amount of the loss allowance. The Group and the Bank have not provided any commitment to provide loans/financing at a below-market interest/profit rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For Loan/Financing commitments and financial guarantee contracts, the loss allowance is recognised as provision. However, for contracts that include both a loan/financing and undrawn commitment and the Group and the Bank cannot separately identify the expected credit losseses on the undrawn commitment component from those on the loan/financing component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan/financing. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan/financing, the expected credit losses are recognised as a provision.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit losses model under MFRS 9 'Financial Instruments' and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 'Revenue from Contracts with Customers', where appropriate.

(K) OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount is presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(L) PROPERTY AND EQUIPMENT AND DEPRECIATION

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial year in which they are incurred.

Buildings	50 years
Leasehold buildings	50 years or over the remaining lease period, whichever is shorter
Renovation and leasehold premises	5 to 10 years or the period of the lease, whichever is greater
Office equipment and furniture	3 to 10 years
Computer equipment and software	5 years
Motor vehicles	5 years

Depreciation on capital work in progress commences when the assets are ready for their intended use.

Residual value and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

At the end of the reporting period, the Group and the Bank assess whether there is any indication of impairment or whenever events or changes in circumstances indicate the carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are recognised within other operating income in the income statement.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

for the financial year ended 31 December 2024

(M) INVESTMENT PROPERTIES

Investment properties are properties which are held to earn rental income or for capital appreciation or both. Properties that are occupied by companies in the Group for conduct of business operations are accounted for as owner-occupied rather than as investment properties upon consolidation.

The Group and the Bank have adopted the cost method in measuring investment properties. Investment properties is measured initially at its cost. After initial recognition, investment properties are stated at cost less any accumulated depreciation and impairment losses.

Investment properties is depreciated on the straight-line basis to allocate the cost to their residual values over their estimated useful lives of 50 years.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and to the Bank, and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Transfers are made to or from investment property only when there is a change in use. If an item of owner-occupied property becomes an investment property because its use has changed, the carrying amount of the property does not change.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss.

(N) LEASES

Leases are recognised as right-of-use assets and a corresponding liability at the date on which the leased asset is available for use by the Group and the Bank (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Bank allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group and the Bank are lessees, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

Lease term

In determining the lease term, the Group and the Bank consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Bank reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Bank and affects whether the Group and the Bank is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

Right-of-use ('ROU') assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

If the Group and the Bank is reasonably certain to exercise a purchase option, the ROU assets are depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

for the financial year ended 31 December 2024

(N) LEASES (CONTINUED)

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments depend on index or rate;
- The exercise price of a purchase options if the group is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Bank exercising that option; and
- The amount expected to be payable by the Group and the Bank under residual value guarantees.

Lease payments are discounted using the interest/profit rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Bank, the lessee's incremental borrowing/financing is used. This is the rate that the individual lessee would have to pay to borrow/raise the funds necessary to obtain an asset of similar value to the ROU assets in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest/profit on the remaining balance of the liability for each period.

The Group and the Bank present the lease liabilities as a separate line item in the statements of financial position. Interest/Profit expense on the lease liability is presented within the interest/profit expense in the income statements.

The Group is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

Reassessment of lease liabilities

The Group and the Bank are also exposed to potential future increase in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office equipment. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an operating expense in profit or loss.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

for the financial year ended 31 December 2024

(O) FOREIGN CURRENCY TRANSLATIONS

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Ringgit Malaysia ('RM'), which is the Bank's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flows or net investment hedge or are attributable to items that form part of the net investment in a foreign operation.

Changes in the fair value of monetary securities denominated in foreign currency classified as financial investment at FVOCI are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in income statement, and other changes in the carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit and loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as financial investment at FVOCI are included in other comprehensive income.

(P) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

Derivatives are initially recognised at fair values on the date on which derivative contracts are entered into and are subsequently remeasured at their fair values at the end of each reporting period. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flows models and option pricing models, as appropriate. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group and the Bank recognised the fair value of derivatives in income statements immediately.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group and the Bank designated its derivatives as hedge of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge).

The Group and the Bank documents at the inception of the hedge relationship, the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group and the Bank also documented its risk management objective and strategy for undertaking its hedge transactions.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

for the financial year ended 31 December 2024

(P) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING (CONTINUED)

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

(b) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

(Q) CURRENT AND DEFERRED INCOME TAXES

Current tax

Tax expense for the financial year comprises current and deferred income tax. The income tax expense or credit for the financial year is the tax payable on the current financial period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and branch operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax assets is realised or the deferred tax liability is settled.

Deferred tax liability is recognised for all temporary differences associated with investment in subsidiaries, associates and joint venture except where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future. Generally, the investor or joint venture is unable to control the reversal of the temporary differences for joint ventures. Only where there is an agreement in place that gives the investor or joint venture the ability to control the reversal of the temporary differences, a deferred tax liability is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investment in subsidiaries, associates and joint venture only to the extent that it is probable the temporary differences will reverse in the future and there is sufficient taxable profit available against which the deductible temporary differences can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on net basis.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

for the financial year ended 31 December 2024

(R) ZAKAT

This represents business zakat payable by the Group in compliance with Shariah principles and as approved by the Group's Shariah Committee.

(S) CASH AND CASH EQUIVALENTS

Cash and short-term funds consists of cash in hand, bank balances and deposits and placements maturing within one month which are held for the purpose of meeting short-term commitments and are readily convertible to known amount of cash without significant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash and short-term funds and deposits and placements with financial institutions, with original maturity 3 months or less.

(T) FORECLOSED PROPERTIES

Foreclosed properties are stated at the lower of their carrying amount and fair value less cost to sell.

(U) CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Group and the Bank do not recognise contingent assets and liabilities other than those arising from business combination, but disclose its existence in the financial statements. A contingent liability is possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank. The Group and the Bank do not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(V) BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable, which are financial liabilities, represent the Bank's own bills and acceptances rediscounted and outstanding in the market (Note I).

(W) PROVISIONS

Provisions are recognised by the Group and the Bank when all of the following conditions have been met:

- the Group and the Bank have a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources to settle the obligation will be required; and
- a reliable estimate of the amount of obligation can be made.

Where the Group and the Bank expect a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

for the financial year ended 31 December 2024

(X) EMPLOYEE BENEFITS

Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution plan

The defined contribution plan is a pension plan under which the Group pays fixed contributions to the National Pension Scheme, the Employees Provident Fund ('EPF') and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Group's contribution to defined contribution plans are charged to the income statement in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without any possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Share-based payments

The settlement method of the Bank's stock option incentive scheme for key employees is dependent on an uncertain future event which is outside the control of the Bank or its employees. At each reporting date, the Bank assesses the probability of the outcome of the uncertain future event in giving rise to a liability in determining whether the stock option incentive scheme is treated as cash-settled or equity-settled. If obligation to settle in cash exists, the entity accounts for the transaction as a cash-settled share-based payment transaction. If there is no obligation to settle in cash or other assets, the transaction should be treated as an equity-settled share-based payment transaction.

An equity-settled share-based payment plan is where the Bank receives services from employees as consideration for equity instruments (stock options) of the Bank. The fair value of the stock options granted in exchange for services of the employees are recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the stock options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting date, the Bank revises its estimates of the number of stock options that are expected to vest based on the non-market conditions and service conditions. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to stock option reserves in equity.

If the terms of an equity-settled share-based payment plan is modified, at a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increase the total fair value of the share-based payment arrangement, or its otherwise beneficial to the employee, as measured at the date of modification.

A cash-settled share-based payment plan is initially recognised at the fair value of the liability at reporting date and is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in liability. The total amount to be expensed over the vesting period is determined by reference to the fair value of the stock options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The Bank re-measures the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss. The Bank revises its estimate of the number of stock options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to liability.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

for the financial year ended 31 December 2024

(X) EMPLOYEE BENEFITS (CONTINUED)

Long Term Incentive Plan ('LTIP')

The Bank operates Long Term Incentive Plan ('LTIP') in the form of Share Grant Scheme ('SGS'), which is an equity-settled share-based payment arrangements with the Group's and the Bank's employees as compensation for services provided by the employees. Equity-settled share-based payment arrangements entitle the employees to receive equity instruments of the Bank.

In the consolidated financial statements of the Group, the cost of share-based payment arrangements with the employees is measured by reference to the fair value of equity instruments on the date they are granted and recognised as an expense over the vesting period, with a corresponding credit to the equity.

In the separate financial statements of the Bank, the SGS granted to the subsidiaries without recharge is accounted for as capital contribution to the subsidiary with a corresponding credit to equity, while the SGS granted to the subsidiaries with recharge is accounted for as amount due from subsidiaries with a corresponding credit to equity. The vesting period is the period during which all the specified vesting conditions of a share-based payment arrangement are to be satisfied.

Fair value is determined by using market prices or appropriate valuation models, taking into account the terms and conditions upon which the equity instruments were granted. Vesting conditions include service conditions and performance conditions; any other features of a share-based payment arrangement are non-vesting conditions. Market performance conditions and non-vesting conditions are taken into account when estimating the fair value of equity instruments at the date of grant, so that an award is treated as vesting irrespective of whether the market performance condition or non-vesting condition is satisfied, provided all other vesting conditions are satisfied.

Vesting conditions, other than market performance conditions, are not taken into account in the initial estimate of the fair value at the grant date. They are taken into account by adjusting the number of equity instruments included in the measurement of the transaction, so that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. On a cumulative basis, no expense is recognised for equity instruments that do not vest because of a failure to satisfy non-market performance or service conditions.

Where an award has been modified, as a minimum, the expense of the original award continues to be recognised as if it had not been modified. Where the effect of a modification is to increase the fair value of an award or increase the number of equity instruments, the incremental fair value of the award or incremental fair value of the extra equity instruments is recognised in addition to the expense of the original grant, measured at the date of modification, over the modified vesting period.

A cancellation that occurs during the vesting period is treated as an acceleration of vesting, and recognised immediately for the amount that would otherwise have been recognised for services over the remaining vesting period.

(Y) SALE AND REPURCHASE AGREEMENTS

Securities purchased under resale agreements are securities which the Group and the Bank have purchased with a commitment to resell at future dates. The commitment to resell the securities is reflected as an asset on the statements of financial position.

Conversely, obligations on securities sold under repurchase agreements are securities which the Group and the Bank have sold from its portfolio, with a commitment to repurchase at future dates. Such financing and the obligation to repurchase the securities is reflected as a liability on the statement of financial position.

The difference between sale and repurchase price as well as purchase and resale price are amortised as interest income and interest expense respectively on an effective yield method.

(Z) RESTRICTED INVESTMENT ACCOUNTS ('RIA')

These deposits are used to fund specific financing. The RIA is a contract based on the Shariah concept of Mudharabah between two parties, i.e. investor and entrepreneur to finance a business venture where the investor provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture will be shared-based on pre-agreed ratios between the capital provider and the Mudarib (manager or manager of funds), and losses shall be borne solely by capital provider.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

for the financial year ended 31 December 2024

(AA) SHARE CAPITAL

Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the substance of the contractual agreement of the particular instrument.

Share issue costs

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction net of tax, from the proceeds.

Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument are recognised directly in equity.

In declaring dividend, Dividend Reinvestment Plan ('DRP') is offered to the Shareholders. Where the Electable Portion is not reinvested by the Shareholders, the remaining portion of the dividend will be paid in cash.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Bank, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(AB) BORROWINGS/FINANCING

Borrowings/Financing are recognised initially at fair value, net of transaction costs incurred.

Borrowings/Financing are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings/financing using the effective interest/profit method.

General and specific borrowing/financing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing/financing costs eligible for capitalisation.

All borrowing/financing costs are recognised in profit or loss in the financial year in which they are incurred.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

for the financial year ended 31 December 2024

(AC) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is the person or group that allocates resources to and assess the performance of the operating segments of an entity. The Group has determined the Chief Executive Officer ('CEO') of the respective operating segments as its chief operating decision-maker.

(AD) TRUST ACTIVITIES

The Group act as trustees in other fiduciary capabilities that result in holding or placing of assets on behalf of individuals, trust and other institutions. These assets and income arising thereon are excluded from the financial statements, as they are not assets of the Group.

(AE) AMOUNT DUE FROM CLIENT AND BROKERS

In accordance with the Rules of Bursa Securities, clients' accounts are classified as impaired accounts under the following circumstances:

Types	Criteria for classification of accounts as impaired
Contra losses	When an account remains outstanding for 16 calendar days or more from the date of contra transaction.
Overdue purchase contract	When an account remains outstanding from T+5 market days onwards (non-margin purchase) and T+9 market days onwards discretionary financing.

Bad debts are written-off when identified. Impairment allowances are made based on simplified approach (see Note H) for balances due from clients which are considered doubtful or which have been classified as impaired, after taking into consideration collateral held by the Group and deposits of and amounts due to dealer representative in accordance with the Rules of Bursa Malaysia Berhad.

(AF) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's and the Bank's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

Measurement of the expected credit losses ('ECL') allowance

The measurement of the expected credit losses allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (i.e. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 50, which also sets out key sensitivities of the ECL to changes in these elements.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

for the financial year ended 31 December 2024

(AF) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Measurement of the expected credit losses ('ECL') allowance (continued)

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

ECL allowance overlays were taken to reflect the latest macro-economic outlook not captured in the modelled outcome and the potential impact on delinquencies and defaults in line with the Bank's annual credit plan. The overlays involved a significant level of judgement and reflect the management's views of possible severities of credit losses for ECL estimation purposes. The overlays were made at the account level.

Estimated impairment of goodwill

The Group performs an impairment review on an annual basis to ensure that the carrying value of the goodwill does not exceed its recoverable amounts from cash generating units to which the goodwill is allocated. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercise judgement in estimating the future cash flows, growth rate and discount rate.

The recoverable amounts of the cash generating units to which goodwill is allocated were determined based on discounted cash flows valuation model. The calculations require the use of estimates as set out in Note 22 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

1 GENERAL INFORMATION

The Bank is principally engaged in all aspects of banking and related financial services. The principal activities of the Bank and its subsidiaries are commercial banking and hire purchase business, Islamic banking business, investment banking and stock-broking, money-broking, property management services, nominee, trustee services and information technology services. The principal activity of the joint venture is property development while the associates are principally engaged in general and life insurance business and investment holding.

The Bank is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia as at 31 December 2024.

There have been no other significant changes in the principal activities of the Group and the Bank during the financial year.

2 CASH AND SHORT-TERM FUNDS

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Cash and bank balances with banks and other financial institutions	**1,242,970**	1,095,505	**674,225**	856,235
Money at call and deposit placements maturing within one month	**1,609,942**	4,546,878	**1,286,364**	2,689,465
Less: Expected credit losses	**(31)**	(20)	**(31)**	(15)
	2,852,881	5,642,363	**1,960,558**	3,545,685

Inclusive in cash and short-term funds of the Group and the Bank are accounts maintained for dealer's representatives amounting to RM62,890,455 (2023: RM64,818,024).

3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Licensed banks	**302,241**	810,449	**604,294**	1,113,299
Other financial institutions	**–**	30,144	**–**	30,144
Less: Expected credit losses	**–**	(1)	**–**	–
	302,241	840,592	**604,294**	1,143,443

4 INVESTMENT ACCOUNTS DUE FROM DESIGNATED FINANCIAL INSTITUTIONS

	The Bank	
	2024 RM'000	2023 RM'000
Licensed banks	**3,248,280**	3,665,450

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ('FVTPL')

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
At fair value				
Money market instruments:				
Malaysian Government treasury bills	**450,055**	79,679	**450,055**	79,679
Malaysian Government investment issues	**392,859**	–	**–**	–
Cagamas Bonds/Sukuk	**–**	45,165	**–**	45,165
Bank Negara Malaysia Bills	**88,589**	–	**88,589**	–
Negotiable Instruments of Deposit and Islamic Debt Certificates	**244,576**	239,229	**1,149,708**	1,041,847
	1,176,079	364,073	**1,688,352**	1,166,691
Quoted securities:				
Shares, warrants and REITs in Malaysia	**146,375**	89,123	**–**	–
Unit Trusts in Malaysia	**1,299**	1,257	**–**	–
	147,674	90,380	**–**	–
Unquoted securities:				
Shares in Malaysia	**136,991**	115,602	**136,991**	115,602
Corporate bonds/Sukuk in Malaysia	**70,534**	20,225	**25,234**	20,223
Corporate bonds/Sukuk outside Malaysia	**31,059**	16,454	**2,259**	–
	238,584	152,281	**164,484**	135,825
	1,562,337	606,734	**1,852,836**	1,302,516

IBOR Reform

The Group and the Bank hold the following financial assets at FVTPL which are referenced to the current benchmark interest rates and have yet to transition to an alternative benchmark interest rate.

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
The Group				
Money market instruments:				
Negotiable Instruments of Deposit				
- Kuala Lumpur Interbank Offered Rate ('KLIBOR')	**244,576**	239,229	**244,576**	239,229

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

6 DERIVATIVE FINANCIAL INSTRUMENTS

	2024			2023		
	Contract/ Notional amount RM'000	**Assets RM'000**	**Liabilities RM'000**	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000
The Group						
At fair value						
Trading Derivatives						
Foreign exchange derivatives:						
- Currency forwards	**8,554,907**	**98,791**	**120,730**	9,438,954	36,254	101,014
- Cross currency interest rate swaps	**101,734**	**1,067**	**986**	115,408	1,343	1,216
- Currency swaps	**30,540,461**	**159,920**	**77,879**	39,468,251	283,523	151,516
- Currency options	**14,300**	**59**	**35**	82,951	514	504
Interest/profit rate derivatives:						
- Interest/profit rate swaps	**16,950,675**	**134,234**	**104,868**	11,183,722	116,800	104,827
- Interest/profit rate options	**529,422**	**1,125**	**1,125**	–	–	–
Equity derivatives	**94,098**	**–**	**17,197**	16,910	–	2,562
Hedging Derivatives						
Interest/profit rate derivatives:						
- Interest/profit rate swaps (a)	**4,085,848**	**55,174**	**43,116**	3,493,945	32,004	34,087
	60,871,445	**450,370**	**365,936**	63,800,141	470,438	395,726
The Bank						
At fair value						
Trading Derivatives						
Foreign exchange derivatives:						
- Currency forwards	**7,444,470**	**82,110**	**112,910**	6,726,288	23,446	58,497
- Currency swaps	**30,950,583**	**169,049**	**79,490**	33,327,215	200,789	156,640
- Currency options	**14,300**	**59**	**35**	82,951	514	504
Interest rate derivatives:						
- Interest rate swaps	**12,109,239**	**113,933**	**89,268**	7,661,942	102,686	92,345
- Interest rate options	**529,422**	**1,125**	**1,125**	–	–	–
Hedging Derivatives						
Interest rate derivatives:						
- Interest rate swaps (a)	**3,218,562**	**46,322**	**33,783**	2,619,830	21,448	20,593
	54,266,576	**412,598**	**316,611**	50,418,226	348,883	328,579

(a) Fair value hedges

The Group and the Bank's fair value hedges principally consist of interest/profit rate swaps that are used to protect against changes in the fair value of financial assets and financial liabilities due to movement in interest/profit rates. The Group and the Bank have undertaken fair value hedges on interest/profit rate risk of RM4,085.8 million (2023: RM3,493.9 million) at the Group and RM3,218.6 million (2023: RM2,619.8 million) at the Bank respectively on financial investments measured at AC/ FVOCI, borrowings and recourse obligation on loans/financing using interest/profit rate swaps. The total fair value net gain of the said profit/interest rate swaps related to these hedges amounted to RM1,420,000 (2023: net loss RM963,000) at the Group and RM988,000 (2023: net loss RM1,686,000) at the Bank.

The Group and the Bank's hedge accounting policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessment to ensure that an economic relationship exists between the hedged item and hedging instrument. The hedge effectiveness is assessed by comparing changes in the fair value of the hedged items attributable to changes in the benchmark rate of interest with changes in the fair value of the interest rate swaps.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

6 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) Fair value hedges (continued)

The Group and the Bank establishes the hedge ratio by matching the notional of the derivatives with the principal of the underlying being hedged. Ineffectiveness is recognised on hedge where the change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk. In hedges of the above interest rate risk, this may arise if differences arise between the credit risk inherent within the hedged item and the hedging instrument. The Group uses collateral/credit enhancement to mitigate the risk. However, the remaining risk can result in hedge ineffectiveness.

The main source of ineffectiveness that are expected to affect the hedging relationship during the financial year are:

- The effect of the counterparty and the Group's own credit risk on the fair value of the interest rate swap, which is not reflected in the fair value of the hedged item attributable to the change in interest rate; and
- Differences in maturities and reset dates of the interest rate swaps and the fixed rate bonds or liabilities.

Included in the net non-interest income is the net loss arising from fair value hedges that were effective during the financial year are as follows:

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Loss on hedging instruments	**(6,329)**	(2,809)	**(6,328)**	(4,684)
Gain on hedged items attributable to the hedged risks	**7,749**	1,846	**7,316**	2,998
	1,420	(963)	**988**	(1,686)

The following table sets out the notional amount of the hedging instrument, categorised by the maturity profile and average price used in fair value hedges:

		Maturity		
	Average fixed interest rate %	**Up to 12 months RM'000**	**> 1 - 5 years RM'000**	**Over 5 years RM'000**
The Group				
2024				
Interest/profit rate swaps:				
- USD interest/profit rates	**4.05**	**–**	**313,594**	**202,254**
- MYR interest/profit rates	**4.06**	**–**	**3,570,000**	**–**
2023				
Interest/profit rate swaps:				
- USD interest/profit rates	4.38	–	194,174	229,771
- MYR interest/profit rates	4.09	–	3,070,000	–
The Bank				
2024				
Interest rate swaps:				
- USD interest rates	**4.05**	**–**	**259,333**	**99,229**
- MYR interest rates	**4.17**	**–**	**2,860,000**	**–**
2023				
Interest rate swaps:				
- USD interest rates	4.39	–	147,284	112,546
- MYR interest rates	4.21	–	2,360,000	–

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

6 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) Fair value hedges (continued)

The amounts relating to items designated as hedging instruments are as follows:

	Risk	Hedge Type	Notional amount RM'000	Fair value assets RM'000	Fair value liabilities RM'000	Changes in fair value used to calculate hedge ineffectiveness RM'000
The Group						
2024						
Interest/profit rate swap	**Interest/profit rate**	**Fair value hedge**	**4,085,848**	**55,174**	**43,116**	**(6,329)**
2023						
Interest/profit rate swap	Interest/profit rate	Fair value hedge	3,493,945	32,004	34,087	(2,809)
The Bank						
2024						
Interest rate swaps	**Interest rate**	**Fair value hedge**	**3,218,562**	**46,322**	**33,783**	**(6,328)**
2023						
Interest rate swaps	Interest rate	Fair value hedge	2,619,830	21,448	20,593	(4,684)

The amounts relating to items designated as hedged items are as follows:

	Risk	Hedge Type	Carrying amount RM'000	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item RM'000	Change in value used for recognising hedge ineffectiveness RM'000
The Group					
2024					
Assets					
Financial investments at FVOCI	**Interest/profit rate**	**Fair value hedge**	**1,702,572**	**4,306**	**(2,591)**
Financial investments at AC	**Interest/profit rate**	**Fair value hedge**	**208,822**	**(5,672)**	**(3,090)**
Liabilities					
Recourse obligation on loans/ financing sold to Cagamas Berhad	**Interest/profit rate**	**Fair value hedge**	**(1,222,783)**	**(1,277)**	**5,406**
Borrowings and Sukuk	**Interest/profit rate**	**Fair value hedge**	**(1,540,310)**	**13,352**	**8,024**
2023					
Assets					
Financial investments at FVOCI	Interest/profit rate	Fair value hedge	1,698,161	6,897	4,809
Financial investments at AC	Interest/profit rate	Fair value hedge	196,213	(2,582)	312
Liabilities					
Recourse obligation on loans/ financing sold to Cagamas Berhad	Interest/profit rate	Fair value hedge	(1,233,506)	(6,683)	(4,595)
Borrowings and Sukuk	Interest/profit rate	Fair value hedge	(1,037,352)	1,320	1,320

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

6 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) Fair value hedges (continued)

The amounts relating to items designated as hedged items are as follows: (continued)

	Risk	Hedge Type	Carrying amount RM'000	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item RM'000	Change in value used for recognising hedge ineffectiveness RM'000
The Bank					
2024					
Assets					
Financial investments at FVOCI	**Interest rate**	**Fair value hedge**	**1,306,445**	**3,706**	**(1,103)**
Financial investments at AC	**Interest rate**	**Fair value hedge**	**201,132**	**(5,359)**	**(2,777)**
Liabilities					
Recourse obligation on loans/ financing sold to Cagamas Berhad	**Interest rate**	**Fair value hedge**	**(716,104)**	**(271)**	**3,172**
Borrowings and Sukuk	**Interest rate**	**Fair value hedge**	**(1,553,662)**	**13,352**	**8,024**
2023					
Assets					
Financial investments at FVOCI	Interest rate	Fair value hedge	1,312,604	4,809	4,809
Financial investments at AC	Interest rate	Fair value hedge	198,795	(2,582)	312
Liabilities					
Recourse obligation on loans/ financing sold to Cagamas Berhad	Interest rate	Fair value hedge	(719,237)	(3,443)	(3,443)
Borrowings and Sukuk	Interest rate	Fair value hedge	(1,038,672)	1,320	1,320

IBOR Reform

The Group and the Bank hold the following derivative financial instruments which are referenced to the current benchmark interest rates and have yet to transition to an alternative benchmark interest rate.

	The Group Contract/Notional Amount		The Bank Contract/Notional Amount	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
2024				
Interest rate derivatives:				
Interest rate swaps				
- KLIBOR	**70,093**	**31,487**	**64,193**	**29,828**
2023				
Interest rate derivatives:				
Interest rate swaps				
- KLIBOR	63,238	38,998	58,147	37,676

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

7 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI')

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
At fair value				
Money market instruments:				
Malaysian Government treasury bills	**99,538**	307,819	**99,538**	307,819
Malaysian Government securities	**2,604,068**	1,736,804	**1,263,194**	680,929
Malaysian Government investment issues	**2,793,101**	2,360,106	**537,273**	351,225
Cagamas Bonds/Sukuk	**429,355**	923,900	**237,632**	620,944
Bank Negara Malaysia Bills	**–**	9,994	**–**	–
	5,926,062	5,338,623	**2,137,637**	1,960,917
Unquoted securities:				
Shares in Malaysia*	**267,251**	245,640	**241,057**	220,875
Commercial Paper	**29,839**	29,832	**9,918**	29,832
Corporate bonds/Sukuk in Malaysia#	**4,509,024**	3,639,256	**1,813,467**	1,181,458
Corporate bonds/Sukuk outside Malaysia	**3,169,281**	774,416	**1,843,928**	586,137
	7,975,395	4,689,144	**3,908,370**	2,018,302
	13,901,457	10,027,767	**6,046,007**	3,979,219

* Equity securities designated at FVOCI.
\# Certain unquoted perpetual bonds are designated at FVOCI.

Included in the financial investments at FVOCI are Corporate bonds/Sukuk outside Malaysia, Malaysian Government Securities and Malaysian Government investment issues which are pledged as collateral for obligations on securities sold under repurchase agreements for the Group amounting to RM250,000,000 (2023: RM924,790,000), while for the Bank is Corporate bonds/Sukuk outside Malaysia and Malaysian Government Securities amounting to RM Nil (2023: RM65,890,000).

Debt instruments at FVOCI

Movements in expected credit losses for financial investments at FVOCI are as follows:

	12-Month ECL Stage 1 RM'000	**Lifetime ECL not credit impaired Stage 2 RM'000**	**Lifetime ECL credit impaired Stage 3 RM'000**	**Total RM'000**
The Group				
2024				
At beginning of the financial year	**533**	**21,156**	**–**	**21,689**
Financial assets derecognised (other than write-off)	**(535)**	**(29,707)**	**–**	**(30,242)**
New financial assets purchased	**1,339**	**206**	**–**	**1,545**
Changes due to change in credit risk	**(36)**	**8,364**	**–**	**8,328**
Other adjustments			**–**	
– Foreign exchange and other movements	**(46)**	**–**	**–**	**(46)**
At end of the financial year	**1,255**	**19**	**–**	**1,274**
The Group				
2023				
At beginning of the financial year	817	18,125	–	18,942
Total transfer between stages due to change in credit risk:-	(393)	393	–	–
– Transfer to Lifetime ECL not credit impaired (Stage 2)	(393)	393	–	–
Financial assets derecognised (other than write-off)	(3,079)	–	–	(3,079)
New financial assets purchased	4,985	–	–	4,985
Changes due to change in credit risk	(1,797)	2,638	–	841
At end of the financial year	533	21,156	–	21,689

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

7 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI') (CONTINUED)

Debt instruments at FVOCI (continued)

Movements in expected credit losses for financial investments at FVOCI are as follows (continued):

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
2024				
At beginning of the financial year	**172**	**235**	**–**	**407**
Financial assets derecognised (other than write-off)	**(325)**	**–**	**–**	**(325)**
New financial assets purchased	**701**	**206**	**–**	**907**
Changes due to change in credit risk	**263**	**(195)**	**–**	**68**
Other adjustments				
– Foreign exchange and other movements	**(37)**	**–**	**–**	**(37)**
At end of the financial year	**774**	**246**	**–**	**1,020**
The Bank				
2023				
At beginning of the financial year	**–**	–	–	–
Total transfer between stages due to change in credit risk:-	(197)	197	–	–
– Transfer to Lifetime ECL not credit impaired (Stage 2)	(197)	197	–	–
Financial assets derecognised (other than write-off)	(2,148)	–	–	(2,148)
New financial assets purchased	3,468	–	–	3,468
Changes due to change in credit risk	(951)	38	–	(913)
At end of the financial year	172	235	–	407

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

7 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI') (CONTINUED)

Movements in the gross carrying amount of financial investments at FVOCI that contributed to changes in the ECL:

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Group				
2024				
At beginning of the financial year	**9,582,738**	**199,389**	**–**	**9,782,127**
Financial assets derecognised (other than write-off)	**(7,273,020)**	**(105,041)**	**–**	**(7,378,061)**
New financial assets purchased	**11,381,241**	**30,177**	**–**	**11,411,418**
Changes in interest/profit accrual and accretion/amortisation	**(4,106)**	**(1,633)**	**–**	**(5,739)**
Other adjustments				
– Foreign exchange and other movements	**(161,543)**	**–**	**–**	**(161,543)**
– Changes in fair value	**(14,560)**	**564**	**–**	**(13,996)**
At end of the financial year	**13,510,750**	**123,456**	**–**	**13,634,206**
The Group				
2023				
At beginning of the financial year	3,450,924	100,662	–	3,551,586
Total transfer between stages due to change in credit risk:-	(103,024)	103,024	–	–
– Transfer to Lifetime ECL not credit impaired (Stage 2)	(103,024)	103,024	–	–
Financial assets derecognised (other than write-off)	(2,007,951)	–	–	(2,007,951)
New financial assets purchased	8,064,570	–		8,064,570
Changes in interest/profit accrual and accretion/amortisation	36,178	(5,000)	–	31,178
Other adjustments				
– Foreign exchange and other movements	4,258	–	–	4,258
– Changes in fair value	137,783	703	–	138,486
At end of the financial year	9,582,738	199,389	–	9,782,127

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Bank				
2024				
At beginning of the financial year	**3,706,500**	**51,844**	**–**	**3,758,344**
Financial assets derecognised (other than write-off)	**(6,353,802)**	**–**	**–**	**(6,353,802)**
New financial assets purchased	**8,470,851**	**30,177**	**–**	**8,501,028**
Changes in interest accrual and accretion/amortisation	**23,703**	**153**	**–**	**23,856**
Other adjustments				
– Foreign exchange and other movements	**(98,892)**	**–**	**–**	**(98,892)**
– Changes in fair value	**(26,010)**	**426**	**–**	**(25,584)**
At end of the financial year	**5,722,350**	**82,600**	**–**	**5,804,950**
The Bank				
2023				
At beginning of the financial year	–	–	–	–
Total transfer between stages due to change in credit risk:-	(51,996)	51,996	–	–
– Transfer to Lifetime ECL not credit impaired (Stage 2)	(51,996)	51,996	–	–
Financial assets derecognised (other than write-off)	(1,214,973)	–	–	(1,214,973)
New financial assets purchased	4,890,483	–		4,890,483
Changes in interest accrual and accretion/amortisation	41,079	(1)	–	41,078
Other adjustments				
– Foreign exchange and other movements	4,098	–	–	4,098
– Changes in fair value	37,809	(151)	–	37,658
At end of the financial year	3,706,500	51,844	–	3,758,344

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

7 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI') (CONTINUED)

Equity instruments designated at FVOCI

The Group and the Bank designated certain equity instruments at FVOCI, which include equity instruments made for strategic and socio-economic purpose rather than with a view to perform subsequent sale.

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Unquoted securities:				
Shares in Malaysia:				
Credit Guarantee Corporation	**41,321**	40,072	**41,321**	40,072
Cagamas Berhad	**24,813**	23,420	**–**	–
PayNet	**105,779**	87,937	**105,779**	87,937
TPPT Sdn Bhd	**93,209**	92,173	**93,209**	92,173
Malaysian Rating Corporation Berhad	**1,375**	1,339	**–**	–
Others *	**754**	699	**748**	693
	267,251	245,640	**241,057**	220,875

* Other socio-economic shares

The dividend income for equity investments designated at FVOCI held and disposed during the financial year are as follows:

	Carrying amount		Dividend income of equity investments held as at the end of the financial year		Dividend income of equity investments disposed during the financial year	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000	**2024 RM'000**	2023 RM'000
The Group						
Unquoted securities	**267,251**	245,640	**1,340**	922	**–**	–
The Bank						
Unquoted securities	**241,057**	220,875	**1,190**	732	**–**	–

There have been no new acquisition or disposal of equity investments designated at FVOCI during the current and previous financial years.

IBOR Reform

The Group and the Bank hold the following financial instruments at FVOCI which are referenced to the current benchmark interest rates and have yet to transition to an alternative benchmark interest rate.

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Unquoted securities:				
Corporate bonds/Sukuk outside Malaysia				
- Bank Bill Swap Rate ('BBSW')	**144,316**	36,251	**144,316**	36,251

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

8 FINANCIAL INVESTMENTS AT AMORTISED COST ('AC')

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
At amortised cost				
Money market instruments:				
Malaysian Government securities	**3,847,842**	3,908,873	**3,657,415**	3,718,178
Malaysian Government investment issues	**5,450,848**	5,672,708	**2,930,495**	3,066,433
Cagamas Bonds/Sukuk	**35,409**	121,143	**25,335**	80,852
Negotiable Instruments of Deposit and Islamic Debt Certificates	**–**	–	**–**	200,074
	9,334,099	9,702,724	**6,613,245**	7,065,537
Unquoted securities:				
Shares in Malaysia	**14,915**	14,915	**14,915**	14,915
Corporate bonds/Sukuk in Malaysia	**5,850,134**	6,370,749	**2,949,064**	3,614,670
Corporate bonds/Sukuk outside Malaysia	**514,416**	615,576	**480,827**	577,790
Loan stock in Malaysia	**–**	8,101	**–**	–
	6,379,465	7,009,341	**3,444,806**	4,207,375
Fair value changes arising from fair value hedges	**(5,672)**	(2,582)	**(5,359)**	(2,582)
	15,707,892	16,709,483	**10,052,692**	11,270,330
Less: Expected credit losses	**(18,479)**	(104,581)	**(14,572)**	(89,911)
	15,689,413	16,604,902	**10,038,120**	11,180,419

Included in the financial investments at AC are Corporate bonds/Sukuk outside Malaysia, Malaysian Government Securities and Malaysian Government investment issues which are pledged as collateral for obligations on securities sold under repurchase agreements for the Group amounting to RM3,931,600,733 (2023: RM3,476,712,000), while for the Bank is Corporate bonds/Sukuk outside Malaysia, Malaysian Government Securities and Malaysian Government investment issues amounting to RM3,791,600,733 (2023: RM3,466,712,000).

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

8 FINANCIAL INVESTMENTS AT AMORTISED COST ('AC') (CONTINUED)

Movements in expected credit losses for financial investments at AC are as follows:

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Group				
2024				
At beginning of the financial year	**6,707**	**89,773**	**8,101**	**104,581**
Financial assets derecognised (other than write-off)	**(433)**	**(98,588)**	**–**	**(99,021)**
New financial assets purchased	**539**	**–**	**–**	**539**
Changes due to change in credit risk	**(2,658)**	**23,149**	**–**	**20,491**
Write-off	**–**	**–**	**(7,936)**	**(7,936)**
Other adjustments				
- Foreign exchange and other movements	**(10)**	**–**	**(165)**	**(175)**
At end of the financial year	**4,145**	**14,334**	**–**	**18,479**
The Group				
2023				
At beginning of the financial year	9,985	55,736	15,560	81,281
Total transfer between stages due to change in credit risk:-	(198)	198	–	–
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(198)	198	–	–
Financial assets derecognised (other than write-off)	(1,137)	–	(7,064)	(8,201)
New financial assets purchased	407	–	–	407
Changes due to change in credit risk	(2,369)	33,839	–	31,470
Other adjustments				
- Foreign exchange and other movements	19	–	(395)	(376)
At end of the financial year	6,707	89,773	8,101	104,581

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

8 FINANCIAL INVESTMENTS AT AMORTISED COST ('AC') (CONTINUED)

Movements in expected credit losses for financial investments at AC are as follows (continued):

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
2024				
At beginning of the financial year	**143**	**89,768**	**–**	**89,911**
Financial assets derecognised (other than write-off)	**(17)**	**(98,588)**	**–**	**(98,605)**
New financial assets purchased	**28**	**–**	**–**	**28**
Changes due to change in credit risk	**94**	**23,153**	**–**	**23,247**
Other adjustments				
– Foreign exchange and other movements	**(9)**	**–**	**–**	**(9)**
At end of the financial year	**239**	**14,333**	**–**	**14,572**
The Bank				
2023				
At beginning of the financial year	2,616	55,736	–	58,352
Total transfer between stages due to change in credit risk:–	(99)	99	–	–
– Transfer to Lifetime ECL not credit impaired (Stage 2)	(99)	99	–	–
Financial assets derecognised (other than write-off)	(677)	–	–	(677)
New financial assets purchased	260	–	–	260
Changes due to change in credit risk	(1,976)	33,933	–	31,957
Other adjustments				
– Foreign exchange and other movements	19	–	–	19
At end of the financial year	143	89,768	–	89,911

Movements in the gross carrying amount of financial investments at AC that contributed to changes in the ECL:

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Group				
2024				
At beginning of the financial year	**16,067,305**	**636,659**	**8,101**	**16,712,065**
Financial assets derecognised (other than write-off)	**(2,246,467)**	**(400,000)**	**–**	**(2,646,467)**
New financial assets purchased	**1,736,029**	**–**	**–**	**1,736,029**
Changes in interest/profit accrual and accretion/amortisation	**(81,988)**	**(7,189)**	**–**	**(89,177)**
Writ-off	**–**	**–**	**(7,936)**	**(7,936)**
Other adjustments				
– Foreign exchange and other movements	**9,215**	**–**	**(165)**	**9,050**
At end of the financial year	**15,484,094**	**229,470**	**–**	**15,713,564**
The Group				
2023				
At beginning of the financial year	16,310,291	611,424	15,560	16,937,275
Total transfer between stages due to change in credit risk:–	(25,439)	25,439	–	–
– Transfer to Lifetime ECL not credit impaired (Stage 2)	(25,439)	25,439	–	–
Financial assets derecognised (other than write-off)	(2,519,363)	–	(7,064)	(2,526,427)
New financial assets purchased	1,442,667	–	–	1,442,667
Changes in interest/profit accrual and accretion/amortisation	833,236	(204)	–	833,032
Other adjustments				
– Foreign exchange and other movements	25,913	–	(395)	25,518
At end of the financial year	16,067,305	636,659	8,101	16,712,065

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

8 FINANCIAL INVESTMENTS AT AMORTISED COST ('AC') (CONTINUED)

Movements in the gross carrying amount of financial investments at AC that contributed to changes in the ECL (continued):

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Bank				
2024				
At beginning of the financial year	**10,636,134**	**636,778**	**–**	**11,272,912**
Financial assets derecognised (other than write-off)	**(2,303,308)**	**(400,000)**	**–**	**(2,703,308)**
New financial assets purchased	**1,542,808**	**–**	**–**	**1,542,808**
Changes in interest accrual and accretion/amortisation	**(61,180)**	**(7,183)**	**–**	**(68,363)**
Other adjustments				
- Foreign exchange and other movements	**14,002**	**–**	**–**	**14,002**
At end of the financial year	**9,828,456**	**229,595**	**–**	**10,058,051**
The Bank				
2023				
At beginning of the financial year	11,679,795	611,424	–	12,291,219
Total transfer between stages due to change in credit risk:-	(25,439)	25,439	–	–
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(25,439)	25,439	–	–
Financial assets derecognised (other than write-off)	(1,755,335)	–	–	(1,755,335)
New financial assets purchased	771,878	–	–	771,878
Modifications to contractual cash flows of financial asset	(59,107)	(85)	–	(59,192)
Other adjustments				–
- Foreign exchange and other movements	24,342	–	–	24,342
At end of the financial year	10,636,134	636,778	–	11,272,912

IBOR Reform

The Group and the Bank hold the following financial instruments at AC which are referenced to the current benchmark interest rates and have yet to transition to an alternative benchmark interest rate.

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Unquoted securities:				
Corporate bonds/Sukuk inside Malaysia				
- KLIBOR	**337,082**	100,037	**–**	–
Corporate bonds/Sukuk outside Malaysia				
- USD LIBOR	**–**	–	**–**	–
- BBSW	**100,855**	143,648	**100,855**	143,648
	437,937	243,685	**100,855**	143,648

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

9 LOANS, ADVANCES AND FINANCING

		The Group		The Bank	
		2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
(i)	**By type**				
	Overdrafts	**2,227,336**	2,448,677	**1,371,016**	1,556,737
	Term loans/financing				
	– Housing loans/financing	**21,871,406**	20,187,936	**11,528,863**	10,042,140
	– Hire purchase receivables	**15,877,544**	14,844,361	**7,995,058**	8,900,963
	– Syndicated financing	**2,912,929**	2,806,668	**1,722,406**	1,242,113
	– Business term loans/financing	**18,992,992**	17,365,088	**8,587,247**	8,573,241
	– Other term loans/financing	**95,026**	144,143	**–**	–
	Bills receivables	**773,858**	877,094	**637,725**	606,365
	Trust receipts	**219,437**	298,452	**197,083**	283,965
	Claims on customers under acceptances credits	**3,253,242**	2,904,620	**2,014,187**	1,895,681
	Staff loans/financing (of which RM Nil to Directors)	**232,278**	217,849	**87,845**	87,768
	Credit cards	**515,922**	454,513	**421,941**	376,733
	Revolving credits	**3,108,766**	2,489,684	**1,808,511**	1,902,535
	Margin financing	**1,963,919**	1,623,784	**–**	–
	Gross loans, advances and financing	**72,044,655**	66,662,869	**36,371,882**	35,468,241
	Less: Expected credit losses	**(1,152,570)**	(1,437,872)	**(731,868)**	(957,791)
	Total net loans, advances and financing	**70,892,085**	65,224,997	**35,640,014**	34,510,450

Included in the Group's other term loans/financing before expected credit losses as at reporting date is RM57.7 million (2023: RM56.8 million) of term financing disbursed by AFFIN ISLAMIC to its joint venture company Affin–i Nadayu Sdn Bhd.

(ii)	**By maturity structure**				
	Maturing within one year	**13,028,163**	12,275,006	**6,809,409**	7,119,792
	One year to three years	**3,468,962**	3,913,266	**2,313,628**	2,375,510
	Three years to five years	**6,507,527**	6,181,258	**4,122,230**	4,072,877
	Over five years	**49,040,003**	44,293,339	**23,126,615**	21,900,062
		72,044,655	66,662,869	**36,371,882**	35,468,241
(iii)	**By type of customers**				
	Domestic banking institutions	**2,173**	7,287	**2,173**	7,287
	Domestic non-banking institutions				
	- Others	**628,511**	669,501	**202,212**	211,984
	Domestic business enterprises				
	- Small medium enterprises	**11,229,492**	11,087,598	**8,075,997**	7,998,011
	- Others	**12,747,758**	12,560,264	**6,940,400**	7,448,727
	Government and statutory bodies	**794,959**	904,324	**1,585**	1,436
	Individuals	**44,807,791**	39,960,390	**19,456,806**	18,519,326
	Other domestic entities	**7,072**	7,882	**661**	865
	Foreign entities	**1,826,899**	1,465,623	**1,692,048**	1,280,605
		72,044,655	66,662,869	**36,371,882**	35,468,241

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

		The Group		The Bank	
		2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
(iv)	**By interest/profit rate sensitivity**				
	Fixed rate				
	- Housing loans/financing	**201,013**	199,596	**134,700**	144,057
	- Hire purchase receivables	**15,224,681**	14,694,074	**7,995,052**	8,900,963
	- Other fixed rate loans/financing	**1,455,208**	1,514,610	**566,573**	530,490
	Variable rate				
	- Base lending rate and base rate plus	**28,954,603**	29,829,841	**15,259,536**	15,446,225
	- Cost plus	**10,069,169**	9,649,847	**4,581,816**	4,649,547
	- Other variable rate	**16,139,981**	10,774,901	**7,834,205**	5,796,959
		72,044,655	66,662,869	**36,371,882**	35,468,241
(v)	**By economic sector**				
	Primary agriculture	**1,411,019**	1,501,595	**664,463**	701,814
	Mining and quarrying	**106,498**	393,026	**48,787**	284,353
	Manufacturing	**4,407,474**	4,042,298	**2,924,282**	2,752,809
	Electricity, gas and water supply	**477,639**	474,648	**63,697**	87,559
	Construction	**2,455,996**	2,083,785	**1,262,568**	1,010,607
	Real estate	**4,568,302**	4,938,887	**3,321,139**	3,578,499
	Wholesale, retail trade, hotels and restaurants	**6,175,182**	6,226,712	**4,554,894**	4,793,959
	Transport, storage and communication	**3,252,058**	2,420,702	**2,100,736**	1,536,815
	Finance, insurance and business services	**2,240,367**	2,331,069	**1,289,002**	1,480,144
	Education, health and others	**1,922,851**	2,113,853	**527,308**	604,066
	Household	**45,025,501**	40,135,534	**19,613,720**	18,636,856
	Others	**1,768**	760	**1,286**	760
		72,044,655	66,662,869	**36,371,882**	35,468,241
(vi)	**By economic purposes**				
	Purchase of securities	**4,125,098**	3,024,949	**306,041**	326,206
	Purchase of transport vehicles	**16,569,587**	15,500,675	**8,379,180**	9,217,571
	Purchase of landed property of which:				
	- Residential	**22,178,419**	20,548,761	**11,680,416**	10,185,729
	- Non-residential	**6,728,751**	6,993,057	**4,659,922**	4,570,282
	Fixed assets other than land and building	**461,013**	479,659	**203,948**	191,638
	Personal use	**4,763,966**	3,746,713	**632,086**	691,031
	Credit card	**515,922**	454,513	**421,941**	376,733
	Consumer durable	**320**	237	**14**	17
	Construction	**2,155,973**	2,353,404	**1,318,622**	1,449,449
	Merger and acquisition	**87,026**	12,078	**-**	12,078
	Working capital	**11,545,408**	11,613,969	**6,735,630**	7,064,878
	Others	**2,913,172**	1,934,854	**2,034,082**	1,382,629
		72,044,655	66,662,869	**36,371,882**	35,468,241

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

		The Group		The Bank	
		2024 RM'000	2023 RM'000	**2024 RM'000**	2024 RM'000
(vii)	**By geographical distribution**				
	Perlis	**153,572**	129,564	**17,220**	23,142
	Kedah	**2,359,430**	2,055,506	**677,138**	682,064
	Pulau Pinang	**4,248,905**	4,084,333	**2,337,033**	2,352,305
	Perak	**2,087,763**	1,847,668	**800,432**	872,516
	Selangor	**22,038,580**	20,247,720	**10,960,501**	10,541,603
	Wilayah Persekutuan	**14,892,730**	14,815,495	**7,245,392**	7,643,753
	Negeri Sembilan	**2,592,694**	2,331,533	**909,488**	827,989
	Melaka	**1,230,047**	1,199,734	**596,564**	674,944
	Johor	**10,563,453**	9,476,772	**6,474,257**	5,854,763
	Pahang	**2,199,430**	1,992,509	**925,301**	878,717
	Terengganu	**1,211,472**	1,132,807	**175,494**	186,537
	Kelantan	**881,357**	748,713	**38,659**	38,403
	Sarawak	**3,207,311**	2,918,423	**2,107,514**	2,077,936
	Sabah	**2,602,905**	2,504,646	**1,578,753**	1,675,413
	Labuan	**487,209**	282,039	**263,023**	243,951
	Outside Malaysia	**1,287,797**	895,407	**1,265,113**	894,205
		72,044,655	66,662,869	**36,371,882**	35,468,241
(viii)	**Movements of impaired loans, advances and financing**				
	At beginning of the financial year	**1,265,411**	1,171,181	**973,145**	735,434
	Classified as impaired	**1,165,240**	1,251,499	**675,154**	924,699
	Reclassified as non-impaired	**(467,156)**	(884,100)	**(226,793)**	(526,219)
	Amount recovered	**(229,669)**	(163,173)	**(87,743)**	(101,557)
	Amount written-off	**(335,821)**	(109,996)	**(266,726)**	(59,212)
	At end of the financial year	**1,398,005**	1,265,411	**1,067,037**	973,145
	Ratio of gross impaired loans, advances and financing to gross loans, advances and financing *	**1.94%**	1.90%	**2.72%**	2.49%

* For the Bank, RIA included in the ratio calculation amounting to RM3,259.6 million (2023: RM3,572.1 million) with impaired financing amounting to RM11.4 million (2023: RM Nil).

The outstanding contractual amounts of such assets written-off during the financial year amounting to RM335,821,000 (2023: RM109,996,000) for the Group and RM266,726,000 (2023: RM59,212,000) for the Bank respectively.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

		The Group		The Bank	
		2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
(ix)	**Impaired loans by economic sector**				
	Primary agriculture	**10,510**	9,686	**10,334**	9,513
	Mining and quarrying	**8,811**	29,941	**8,811**	10,124
	Manufacturing	**56,684**	40,733	**50,259**	34,007
	Electricity, gas and water supply	**11,499**	4	**11,457**	1
	Construction	**138,757**	179,913	**110,502**	121,028
	Real estate	**338,063**	204,395	**297,531**	168,038
	Wholesale, retail trade, hotels and restaurants	**220,703**	343,533	**174,156**	323,915
	Transport, storage and communication	**93,589**	98,939	**86,404**	96,312
	Finance, insurance and business services	**26,509**	21,211	**12,613**	10,617
	Education, health and others	**14,186**	13,671	**11,889**	12,660
	Household	**478,694**	323,385	**293,081**	186,930
		1,398,005	1,265,411	**1,067,037**	973,145
(x)	**Impaired loans by economic purposes**				
	Purchase of securities	**19,098**	18,305	**2**	16
	Purchase of transport vehicles	**76,865**	79,745	**38,537**	43,336
	Purchase of landed property of which:				
	- Residential	**378,797**	242,475	**246,858**	147,602
	- Non-residential	**200,436**	186,479	**162,760**	147,345
	Fixed assets other than land and building	**11,551**	5,139	**11,551**	5,073
	Personal use	**30,563**	18,434	**13,657**	9,234
	Credit card	**1,885**	4,163	**1,657**	3,507
	Construction	**181,462**	194,380	**181,462**	194,380
	Working capital	**468,528**	490,761	**388,686**	403,096
	Others	**28,820**	25,530	**21,867**	19,556
		1,398,005	1,265,411	**1,067,037**	973,145
(xi)	**Impaired loans by geographical distribution**				
	Perlis	**3,962**	4,437	**68**	621
	Kedah	**61,163**	48,031	**37,471**	32,478
	Pulau Pinang	**68,942**	129,073	**53,961**	119,639
	Perak	**125,371**	15,768	**114,802**	9,111
	Selangor	**467,092**	374,058	**317,513**	263,021
	Wilayah Persekutuan	**421,591**	350,641	**367,969**	315,905
	Negeri Sembilan	**36,266**	34,555	**22,192**	19,349
	Melaka	**77,180**	132,140	**63,901**	123,206
	Johor	**66,798**	54,104	**42,524**	30,132
	Pahang	**35,053**	27,532	**28,217**	24,219
	Terengganu	**4,028**	3,606	**578**	667
	Kelantan	**9,080**	6,732	**360**	244
	Sarawak	**7,286**	73,315	**6,761**	25,711
	Sabah	**14,193**	11,373	**10,720**	8,796
	Outside Malaysia	**–**	46	**–**	46
		1,398,005	1,265,411	**1,067,037**	973,145

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

(xii) Movements in expected credit losses for loans, advances and financing

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Group				
2024				
At beginning of the financial year	**149,260**	**704,665**	**583,947**	**1,437,872**
Total transfer between stages due to change in credit risk:-	**(116,467)**	**130,781**	**(14,314)**	**–**
- Transfer to 12-month ECL (Stage 1)	**111,925**	**(99,145)**	**(12,780)**	**–**
- Transfer to Lifetime ECL not credit impaired (Stage 2)	**(198,254)**	**302,463**	**(104,209)**	**–**
- Transfer to Lifetime ECL credit impaired (Stage 3)	**(30,138)**	**(72,537)**	**102,675**	**–**
Loans/financing derecognised (other than write-off)	**(61,011)**	**(326,640)**	**(60,350)**	**(448,001)**
New loans/financing originated or purchased	**287,718**	**–**	**–**	**287,718**
Changes due to change in credit risk	**(110,326)**	**(4,427)**	**203,793**	**89,040**
Write-off	**–**	**–**	**(251,623)**	**(251,623)**
Other adjustments	**11**	**111**	**37,442**	**37,564**
At end of the financial year	**149,185**	**504,490**	**498,895**	**1,152,570**

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Group				
2023				
At beginning of the financial year	211,373	778,214	421,234	1,410,821
Total transfer between stages due to change in credit risk:-	(169,761)	305,516	(135,755)	–
- Transfer to 12-month ECL (Stage 1)	46,853	(41,757)	(5,096)	–
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(215,896)	436,284	(220,388)	–
- Transfer to Lifetime ECL credit impaired (Stage 3)	(718)	(89,011)	89,729	–
Loans/financing derecognised (other than write-off)	(67,652)	(58,675)	(26,487)	(152,814)
New loans/financing originated or purchased	290,231	–	–	290,231
Changes due to change in credit risk	(115,159)	(320,651)	371,623	(64,187)
Write-off	–	–	(69,723)	(69,723)
Other adjustments	228	261	23,055	23,544
At end of the financial year	149,260	704,665	583,947	1,437,872

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

(xii) Movements in expected credit losses for loans, advances and financing (continued)

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
2024				
At beginning of the financial year	**95,645**	**392,797**	**469,349**	**957,791**
Total transfer between stages due to change in credit risk:-	**(8,601)**	**(5,896)**	**14,497**	**–**
– Transfer to 12-month ECL (Stage 1)	**75,619**	**(70,871)**	**(4,748)**	**–**
– Transfer to Lifetime ECL not credit impaired (Stage 2)	**(55,819)**	**109,686**	**(53,867)**	**–**
– Transfer to Lifetime ECL credit impaired (Stage 3)	**(28,401)**	**(44,711)**	**73,112**	**–**
Loans/financing derecognised (other than write-off)	**(44,492)**	**(123,972)**	**(42,443)**	**(210,907)**
New loans/financing originated or purchased	**117,434**	**–**	**–**	**117,434**
Changes due to change in credit risk	**(76,339)**	**23,717**	**91,322**	**38,700**
Write-off	**–**	**–**	**(196,304)**	**(196,304)**
Other adjustments	**(22)**	**24**	**25,152**	**25,154**
At end of the financial year	**83,625**	**286,670**	**361,573**	**731,868**

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
2023				
At beginning of the financial year	144,574	448,993	297,399	890,966
Total transfer between stages due to change in credit risk:-	(1,009)	100,548	(99,539)	–
– Transfer to 12-month ECL (Stage 1)	25,133	(21,763)	(3,370)	–
– Transfer to Lifetime ECL not credit impaired (Stage 2)	(25,554)	191,214	(165,660)	–
– Transfer to Lifetime ECL credit impaired (Stage 3)	(588)	(68,903)	69,491	–
Loans/financing derecognised (other than write-off)	(45,423)	(44,966)	(21,126)	(111,515)
New loans/financing originated or purchased	73,097	–	–	73,097
Changes due to change in credit risk	(75,819)	(112,039)	309,046	121,188
Write-off	–	–	(26,627)	(26,627)
Other adjustments	225	261	10,196	10,682
At end of the financial year	95,645	392,797	469,349	957,791

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

(xiii)Movements in the gross carrying amount of loans, advances and financing that contributed to changes in the ECL

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Group				
2024				
At beginning of the financial year	**59,621,797**	**5,775,661**	**1,265,411**	**66,662,869**
Total transfer between stages due to change in credit risk:-	**(4,735,423)**	**4,045,258**	**690,165**	**–**
- Transfer to 12-month ECL (Stage 1)	**3,527,895**	**(3,485,697)**	**(42,198)**	**–**
- Transfer to Lifetime ECL not credit impaired (Stage 2)	**(8,171,865)**	**8,596,823**	**(424,958)**	**–**
- Transfer to Lifetime ECL credit impaired (Stage 3)	**(91,453)**	**(1,065,868)**	**1,157,321**	**–**
Loans/financing derecognised (other than write-off)	**(24,352,721)**	**(4,416,197)**	**(170,355)**	**(28,939,273)**
New loans/financing originated or purchased	**39,117,494**	**9,374**	**–**	**39,126,868**
Changes due to additional drawdown/partial settlements	**(3,695,875)**	**(642,887)**	**(61,147)**	**(4,399,909)**
Unwinding of modification loss during the year *(Note)*	**13,681**	**3,356**	**–**	**17,037**
Write-off	**–**	**–**	**(335,821)**	**(335,821)**
Other adjustments				
- Foreign exchange and other movements	**(96,843)**	**(25)**	**9,752**	**(87,116)**
At end of the financial year	**65,872,110**	**4,774,540**	**1,398,005**	**72,044,655**

Note: The amount of loans, advances and financing whose cash flows were modified in 2024 were RM1,156,443,000.

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Group				
2023				
At beginning of the financial year	53,533,797	4,637,699	1,171,181	59,342,677
Total transfer between stages due to change in credit risk:-	(5,827,730)	5,484,437	343,293	–
– Transfer to 12-month ECL (Stage 1)	1,954,096	(1,940,731)	(13,365)	–
– Transfer to Lifetime ECL not credit impaired (Stage 2)	(7,714,617)	8,585,352	(870,735)	–
– Transfer to Lifetime ECL credit impaired (Stage 3)	(67,209)	(1,160,184)	1,227,393	–
Loans/financing derecognised (other than write-off)	(23,107,525)	(3,659,775)	(79,947)	(26,847,247)
New loans/financing originated or purchased	37,696,495	–	–	37,696,495
Changes due to additional drawdown/partial settlements	(2,682,634)	(705,648)	(64,170)	(3,452,452)
Unwinding of modification loss during the year *(Note)*	22,257	2,762	–	25,019
Write-off	–	–	(109,996)	(109,996)
Other adjustments				
- Foreign exchange and other movements	(12,863)	16,186	5,050	8,373
At end of the financial year	59,621,797	5,775,661	1,265,411	66,662,869

Note: The amount of loans, advances and financing whose cash flows were modified in 2023 were RM1,962,999,172.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

(xiii) Movements in the gross carrying amount of loans, advances and financing that contributed to changes in the ECL (continued)

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Bank				
2024				
At beginning of the financial year	**31,252,134**	**3,242,962**	**973,145**	**35,468,241**
Total transfer between stages due to change in credit risk:-	**(1,249,162)**	**804,752**	**444,410**	**–**
- Transfer to 12-month ECL (Stage 1)	**1,826,861**	**(1,812,815)**	**(14,046)**	**–**
- Transfer to Lifetime ECL not credit impaired (Stage 2)	**(3,058,951)**	**3,271,698**	**(212,747)**	**–**
- Transfer to Lifetime ECL credit impaired (Stage 3)	**(17,072)**	**(654,131)**	**671,203**	**–**
Loans/financing derecognised (other than write-off)	**(11,160,988)**	**(936,277)**	**(57,622)**	**(12,154,887)**
New loans/financing originated or purchased	**14,825,541**	**–**	**–**	**14,825,541**
Changes due to additional drawdown/partial settlements	**(1,048,743)**	**(352,913)**	**(30,124)**	**(1,431,780)**
Unwinding of modification loss during the year *(Note)*	**7,494**	**1,503**	**–**	**8,997**
Write-off	**–**	**–**	**(266,726)**	**(266,726)**
Other adjustments				
- Foreign exchange and other movements	**(80,992)**	**(466)**	**3,954**	**(77,504)**
At end of the financial year	**32,545,284**	**2,759,561**	**1,067,037**	**36,371,882**

Note: The amount of loans, advances and financing whose cash flows were modified in 2024 were RM581,553,860.

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Bank				
2023				
At beginning of the financial year	27,898,976	2,814,477	735,434	31,448,887
Total transfer between stages due to change in credit risk:-	(1,809,488)	1,430,591	378,897	–
- Transfer to 12-month ECL (Stage 1)	1,040,092	(1,032,896)	(7,196)	–
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(2,789,386)	3,308,409	(519,023)	–
- Transfer to Lifetime ECL credit impaired (Stage 3)	(60,194)	(844,922)	905,116	–
Loans/financing derecognised (other than write-off)	(10,753,962)	(597,878)	(71,074)	(11,422,914)
New loans/financing originated or purchased	17,059,410	–	–	17,059,410
Changes due to additional drawdown/partial settlements	(1,158,936)	(420,403)	(13,586)	(1,592,925)
Unwinding of modification loss during the year *(Note)*	12,860	1,351	–	14,211
Write-off	–	–	(59,212)	(59,212)
Other adjustments				
- Foreign exchange and other movements	3,274	14,824	2,686	20,784
At end of the financial year	31,252,134	3,242,962	973,145	35,468,241

Note: The amount of loans, advances and financing whose cash flows were modified in 2023 were RM1,024,420,996.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

IBOR Reform

The Group and the Bank hold the following loans, advances and financing which are referenced to the current benchmark interest rates and have yet to transition to an alternative benchmark interest rate.

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Gross loans, advances and financing:				
- KLIBOR	**376,719**	402,094	**194,221**	207,473
	376,719	402,094	**194,221**	207,473

10 AMOUNT DUE FROM CLIENT AND BROKERS

	The Group	
	2024 RM'000	2023 RM'000
Amount due from stock-broking clients:		
- performing accounts	**293,933**	337,519
- impaired accounts (i)	**151**	114
Amount due from brokers	**60,110**	34,991
Amount due from Bursa Securities Clearing Sdn Bhd	**159,940**	26,475
	514,134	399,099
Less: Expected credit losses (ii)	**(227)**	(223)
	513,907	398,876
(i) Movements of impaired amount due from client and brokers		
At beginning of the financial year	**114**	941
Classified as impaired	**3,809**	412
Reclassified as non-impaired	**(3,772)**	(1,239)
At end of the financial year	**151**	114
(ii) Movements in expected credit losses		
At beginning of the financial year	**223**	756
Allowance made	**3,957**	506
Amount written-back	**(3,953)**	(1,039)
At end of the financial year	**227**	223

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

11 OTHER ASSETS

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Other debtors	**437,041**	528,999	**262,298**	396,842
Prepayments and deposits	**165,006**	125,901	**88,510**	85,536
Cheque clearing accounts	**74,038**	51,287	**36,893**	33,368
Foreclosed properties (i)	**8,724**	19,316	**5,901**	5,901
	684,809	725,503	**393,602**	521,647
Less: Expected credit losses (ii)	**(21,067)**	(23,251)	**(9,290)**	(20,966)
	663,742	702,252	**384,312**	500,681
(i) Foreclosed properties				
At beginning of the financial year	**19,316**	23,950	**5,901**	8,485
Disposal	**(10,592)**	(4,634)	**–**	(2,584)
At end of the financial year	**8,724**	19,316	**5,901**	5,901
(ii) Movements in expected credit losses				
At beginning of the financial year	**23,251**	4,749	**20,966**	–
Allowance made	**32,343**	22,500	**9,290**	20,966
Amount written-back	**(34,527)**	(2,983)	**(20,966)**	–
Amount written-off	**–**	(1,015)	**–**	–
At end of the financial year	**21,067**	23,251	**9,290**	20,966

12 AMOUNT DUE FROM SUBSIDIARIES

	The Bank	
	2024 RM'000	2023 RM'000
Amount due from subsidiaries	**756,357**	22,126

The advances to/amount due from subsidiaries are unsecured, bear no interest/profit rate and repayable on demand.

13 AMOUNT DUE FROM JOINT VENTURES

	The Group	
	2024 RM'000	2023 RM'000
Advances to joint ventures	**47,254**	52,499
Less: Expected credit losses (i)	**(42,615)**	(52,467)
	4,639	32
(i) Movements in expected credit losses		
At beginning of the financial year	**52,467**	47,818
Allowance made	**32**	4,649
Other adjustment	**(9,884)**	-
At end of the financial year	**42,615**	52,467

The advances to joint ventures are unsecured, bear no interest/profit rate and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

14 DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts determined after appropriate offsetting, are shown in the statements of financial position:

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Deferred tax assets	**114,938**	138,283	**43,840**	72,072
Deferred tax assets:				
– settled more than 12 months	**37,069**	50,773	**11,488**	21,395
– settled within 12 months	**237,517**	251,913	**172,840**	184,507
Deferred tax liabilities:				
– settled more than 12 months	**(145,735)**	(147,079)	**(140,488)**	(132,922)
– settled within 12 months	**(13,913)**	(17,324)	**–**	(908)
	114,938	138,283	**43,840**	72,072

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
At beginning of the financial year	**138,283**	233,973	**72,072**	125,964
Recognised in income statement (Note 46)	**(26,704)**	(62,453)	**(34,372)**	(44,854)
Recognised in equity	**3,359**	(33,237)	**6,140**	(9,038)
At end of the financial year	**114,938**	138,283	**43,840**	72,072

14 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The movements in deferred tax assets and liabilities during the financial year are as follows:

	Property and equipment RM'000	Right-of-use assets RM'000	Lease liabilities RM'000	Intangible assets RM'000	Loans, advances and financing RM'000	Other liabilities RM'000	Foreign exchange translation gain RM'000	Financial investment at AC RM'000	Financial investment at FVOCI RM'000	Total RM'000
The Group										
2024										
At beginning of financial year	**(45,789)**	**(8,820)**	**9,274**	**(10,701)**	**98,616**	**85,905**	**(20,406)**	**23,219**	**6,985**	**138,283**
Recognised in income statement	**(15,813)**	**(3,435)**	**4,118**	**(10,987)**	**(9,084)**	**16,755**	**14,335**	**(20,329)**	**(2,264)**	**(26,704)**
Recognised in equity	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3,359**	**3,359**
At end of the financial year	**(61,602)**	**(12,255)**	**13,392**	**(21,688)**	**89,532**	**102,660**	**(6,071)**	**2,890**	**8,080**	**114,938**
2023										
At beginning of the financial year	(9,870)	(10,377)	11,069	(8,182)	107,127	88,906	(4,260)	19,550	40,010	233,973
Recognised in income statement	(35,919)	1,557	(1,795)	(2,519)	(8,511)	(3,001)	(16,146)	3,669	212	(62,453)
Recognised in equity	–	–	–	–	–	–	–	–	(33,237)	(33,237)
At end of the financial year	(45,789)	(8,820)	9,274	(10,701)	98,616	85,905	(20,406)	23,219	6,985	138,283

14 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The movements in deferred tax assets and liabilities during the financial year are as follows (continued):

	Property and equipment RM'000	Right-of-use assets RM'000	Lease liabilities RM'000	Intangible assets RM'000	Loans, advances and financing RM'000	Other liabilities RM'000	Financial investment at AC RM'000	Financial investment at FVOCI RM'000	Total RM'000
The Bank									
2024									
At beginning of the financial year	**(46,227)**	**(8,742)**	**9,187**	**(9,126)**	**59,130**	**55,927**	**20,920**	**(8,997)**	**72,072**
Recognised in income statement	**(15,818)**	**(3,836)**	**4,554**	**(10,940)**	**(3,718)**	**14,168**	**(18,910)**	**128**	**(34,372)**
Recognised in equity	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6,140**	**6,140**
At end of the financial year	**(62,045)**	**(12,578)**	**13,741**	**(20,066)**	**55,412**	**70,095**	**2,010**	**(2,729)**	**43,840**
2023									
At beginning of the financial year	(10,042)	(10,309)	10,906	(6,463)	65,037	59,706	17,129	–	125,964
Recognised in income statement	(36,185)	1,567	(1,719)	(2,663)	(5,907)	(3,779)	3,791	41	(44,854)
Recognised in equity	–	–	–	–	–	–	–	(9,038)	(9,038)
At end of the financial year	(46,227)	(8,742)	9,187	(9,126)	59,130	55,927	20,920	(8,997)	72,072

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

15 STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The non-interest/profit bearing statutory deposits are maintained with BNM in compliance with requirements of Section 26(2)(c) of the Central Bank of Malaysia Act 2009, the amount of which is determined at a set percentage of total eligible liabilities. The Statutory Reserve Requirement ('SRR') rate for banking industry is 2.0% of eligible liabilities.

16 INVESTMENT IN SUBSIDIARIES

	The Bank	
	2024 RM'000	2023 RM'000
Unquoted shares, at cost	**3,306,828**	3,206,788
Capital contribution to a subsidiary [@]	**1,001**	214
	3,307,829	3,207,002
Less: Allowance for impairment losses	**(2,879)**	(2,879)
	3,304,950	3,204,123

[@] Pertaining to the LTIP, implemented by the Bank since 2023, which is granted to the employees of Affin Islamic Bank Berhad.

Movements in cost of investment in subsidiaries		
At beginning of the financial year	**3,207,002**	3,206,778
Capital contribution to a subsidiary	**787**	214
Capital injection into Affin Business Services Sdn Bhd	**40**	10
Capital injection into Affin Islamic Bank Berhad	**100,000**	–
At end of the financial year	**3,307,829**	3,207,002
Movement in allowance for impairment losses		
At beginning/end of the financial year	**2,879**	2,879

The subsidiaries of the Bank, all of which are incorporated in Malaysia, are as follows:

Name	Principal Activities	Issued and Paid-up share capital RM'000	Percentage of equity held 2024 %	Percentage of equity held 2023 %
Affin Islamic Bank Berhad	Islamic banking business	**1,310,000**	**100**	100
Affin Moneybrokers Sdn Bhd	Money-broking	**1,000**	**100**	100
PAB Properties Sdn Bhd	Property management services	**8,000**	**100**	100
ABB Nominee (Tempatan) Sdn Bhd	Share nominee services	**40**	**100**	100
Affin Business Services Sdn Bhd	Information technology services	**40**	**100**	100
ABB Nominee (Asing) Sdn Bhd	Dormant	**^**	**100**	100
Affin Holdings Bhd	Investment holding	**@**	**100**	100
Affin Hwang Investment Bank Berhad ('AHIB')	Provision of investment banking services	**999,800**	**100**	100
Affin Hwang Trustee Berhad ('AHTB')	Trustee services	**6,500**	**100**	100
Affin Hwang Nominees (Asing) Sdn Bhd	Nominee services	**1,326**	**100**	100
Affin Hwang Nominees (Tempatan) Sdn Bhd	Nominee services	**1,331**	**100**	100
AHC Global Sdn Bhd	Investment holding	**1,332**	**100**	100
AHC Associates Sdn Bhd	Investment holding	**1,332**	**100**	*100*

^ Subsidiary with issued and paid-up share capital of RM2.00 each.

@ Subsidiary with issued and paid-up share capital of RM2.00 each and in member's voluntary winding-up.

NOTES TO THE FINANCIAL STATEMENTS
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17 INVESTMENT IN JOINT VENTURES

	The Group	
	2024 RM'000	2023 RM'000
At beginning/end of the financial year	**–**	–

The joint ventures, all of which are incorporated in Malaysia, are as follows:

Name	Principal Activities	Issued and Paid-up share capital RM'000	Percentage of equity held 2024 %	Percentage of equity held 2023 %
Affin-i Nadayu Sdn Bhd #	Property development	1,000	**50**	50
KL South Development Sdn Bhd #	Property development	500	**30**	30

Shareholding held directly by Affin Islamic Bank Berhad.

The financial information of Affin-i Nadayu Sdn Bhd and KL South Development Sdn Bhd are not significant to the Group. As at 31 December 2024, the Bank's share of cumulative loss is RM27.8 million (2023: cumulative loss of RM25.9 million).

18 INVESTMENT IN ASSOCIATES

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
At beginning of the financial year	**841,260**	794,779	**667,279**	642,679
Share of profit for the financial year	**54,729**	36,466	**–**	–
Share of other comprehensive income/(loss) for the financial year	**(5,813)**	8,908	**–**	–
Acquisition of additional shares (a)	**9,000**	24,600	**9,000**	24,600
Other adjustment	**(3,459)**	–	**–**	–
Loss on dilution of interest arising from the Merger (b)	**–**	(23,493)	**–**	–
Dividend received during the financial year	**(64,800)**	–	**–**	–
At end of the financial year	**830,917**	841,260	**676,279**	667,279

The associates, all of which are incorporated in Malaysia, are as follows:

Name	Principal Activities		Issued and Paid-up share capital RM'000	Percentage of equity held 2024 %	Percentage of equity held 2023 %
Generali Malaysia Holding Berhad ('GMHB') #	Investment holding company	57	**2,553,318**	**30.00**	–
Generali Life Insurance Malaysia Berhad *	Underwriting of life insurance business	(a)	**581,000**	**–**	30.00
Generali Insurance Malaysia Berhad *	Underwriting of general insurance business	(b)	**945,645**	**–**	47.00

The Share Swap was completed on 31 May 2023, since then GMHB became an associate of the Group.
* Shareholding held directly by the Bank in 2023

(a) During the financial year, the Bank subscribed RM9,000,000 (2023: RM24,600,000) new ordinary shares at RM1.00 each in GMHB.

(b) Generali Insurance Malaysia Berhad ('GIMB') (formerly known as AXA Affin General Insurance Berhad ('AAGI'))

On 1 April 2023, the merger of the general insurance business of GIMB and MPI Generali Insurance Berhad ('MPIG') has been completed. The consideration was satisfied by the issuance of new GIMB shares to Generali Asia A.V. and subsequently, the Bank's interest was diluted from 47% to 30%.

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18 INVESTMENT IN ASSOCIATES (CONTINUED)

The summarised financial information of the material associates are as follows:

	2024	2023	
	GMHB RM'000	GIMB RM'000	GLIMB RM'000
Total assets	**9,682,545**	6,132,057	3,070,398
Total liabilities	**(7,011,981)**	(3,858,090)	(2,639,324)
Net assets	**2,670,564**	2,273,967	431,074
Capital commitment for property and equipment	**47,159**	9,057	–
The above amounts of assets and liabilities include the following:			
Cash and cash equivalent	**206,984**	149,485	44,015
Revenue	**2,342,059**	1,982,833	229,815
Profit/(loss) after taxation	**182,430**	139,511	(23,623)
Other comprehensive (loss)/income	**(19,377)**	10,509	18,140
Total comprehensive income/(loss)	**163,053**	150,020	(5,483)

Reconciliation of the summarised financial information to the carrying amount of the interest in associates recognised in the consolidated financial statements:

	2024	2023	
	GMHB RM'000	GIMB RM'000	GLIMB RM'000
Net assets			
At beginning of the financial year	**2,705,041**	1,365,547	354,557
Profit/(loss) for the financial year	**182,430**	139,511	(23,623)
Other comprehensive (loss)/income	**(19,377)**	10,509	18,140
Issuance of new shares	**30,000**	758,400	82,000
Other reserves movements	**(11,530)**	–	–
Dividend payout	**(216,000)**	–	–
At end of the financial year	**2,670,564**	2,273,967	431,074
Interest in associate:			
- in percentage (%)	**30.00**	30.00	30.00
- in thousand (RM'000)	**801,169**	682,190	129,322
- premium on acquisition	**29,748**	29,748	–
	830,917	711,938	129,322
Share of results of an associate	**54,729**	43,553	(7,087)
Share of other comprehensive (loss)/income of an associate	**(5,813)**	3,466	5,442

19 PROPERTY AND EQUIPMENT

	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land RM'000	Renovation RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Capital work in progress RM'000	Total RM'000
The Group									
2024									
Cost									
At beginning of the financial year	278,905	695,658	28,473	195,140	162,099	250,079	5,143	234,478	1,849,975
Additions	–	20,293	–	23,597	11,022	52,611	1,026	181,177	289,726
Disposals	–	(2,870)	–	–	–	(344)	(1,572)	–	(4,786)
Write-off	–	–	–	(96)	(516)	(785)	–	–	(1,397)
Reclassification to intangible assets (Note 22)	–	–	–	–	–	–	–	(114,281)	(114,281)
Reclassification to investment properties (Note 20)	–	(130,154)	–	–	–	–	–	–	(130,154)
Reclassification	–	–	–	3	–	42,073	–	(42,076)	–
At end of the financial year	278,905	582,927	28,473	218,644	172,605	343,634	4,597	259,298	1,889,083
Accumulated depreciation and impairment losses									
At beginning of the financial year	140	28,589	13,859	158,244	67,771	194,905	3,330	–	466,838
Charge	–	14,761	538	7,964	12,296	34,061	686	–	70,306
Disposal	–	(1,745)	–	–	–	(229)	(1,479)	–	(3,453)
Write-off	–	–	–	(94)	(448)	(672)	–	–	(1,214)
Reclassification to investment properties (Note 20)	–	(5,166)	–	–	–	–	–	–	(5,166)
At end of the financial year	140	36,439	14,397	166,114	79,619	228,065	2,537	–	527,311
Net book value at end of the financial year	278,765	546,488	14,076	52,530	92,986	115,569	2,060	259,298	1,361,772

19 PROPERTY AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land RM'000	Renovation RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Capital work in progress RM'000	Total RM'000
The Group									
2023									
Cost									
At beginning of the financial year	278,905	683,233	26,967	172,704	135,870	233,785	4,167	182,781	1,718,412
Additions	–	–	1,929	22,768	27,455	11,030	1,136	122,940	187,258
Disposals	–	–	(423)	–	(7)	(157)	(160)	–	(747)
Write-off	–	–	–	(1,007)	(1,219)	(1,890)	–	–	(4,116)
Reclassification to intangible assets (Note 22)	–	–	–	–	–	–	–	(50,832)	(50,832)
Reclassification	–	12,425	–	675	–	7,311	–	(20,411)	–
At end of the financial year	278,905	695,658	28,473	195,140	162,099	250,079	5,143	234,478	1,849,975
Accumulated depreciation and impairment losses									
At beginning of the financial year	140	14,723	13,514	149,403	57,930	173,162	2,815	–	411,687
Charge	–	13,866	573	9,846	11,065	23,791	600	–	59,741
Disposal	–	–	(228)	–	(7)	(157)	(85)	–	(477)
Write-off	–	–	–	(1,005)	(1,217)	(1,891)	–	–	(4,113)
At end of the financial year	140	28,589	13,859	158,244	67,771	194,905	3,330	–	466,838
Net book value at end of the financial year	278,765	667,069	14,614	36,896	94,328	55,174	1,813	234,478	1,383,137

19 PROPERTY AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land RM'000	Renovation RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Capital work in progress RM'000	Total RM'000
The Bank									
2024									
Cost									
At beginning of the financial year	276,397	694,359	27,565	165,565	153,005	199,862	2,758	233,542	1,753,053
Additions	–	20,293	–	21,528	10,854	50,725	1,026	180,524	284,950
Disposals	–	(2,870)	–	–	–	–	(511)	–	(3,381)
Write-off	–	–	–	(96)	(500)	(402)	–	–	(998)
Reclassification to intangible assets (Note 22)	–	–	–	–	–	–	–	(114,007)	(114,007)
Reclassification to investment properties (Note 20)	–	(178,962)	–	–	–	–	–	–	(178,962)
Reclassification	–	–	–	3	–	42,033	–	(42,036)	–
At end of the financial year	276,397	532,820	27,565	187,000	163,359	292,218	3,273	258,023	1,740,655
Accumulated depreciation and impairment losses									
At beginning of the financial year	–	27,546	13,130	133,649	59,311	149,809	1,517	–	384,962
Charge	–	14,735	520	7,575	12,083	32,071	510	–	67,494
Disposal	–	(1,745)	–	–	–	–	(511)	–	(2,256)
Write-off	–	–	–	(94)	(432)	(399)	–	–	(925)
Reclassification to investment properties (Note 20)	–	(7,103)	–	–	–	–	–	–	(7,103)
At end of the financial year	–	33,433	13,650	141,130	70,962	181,481	1,516	–	442,172
Net book value at end of the financial year	276,397	499,387	13,915	45,870	92,397	110,737	1,757	258,023	1,298,483

19 PROPERTY AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land RM'000	Renovation RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Capital work in progress RM'000	Total RM'000
The Bank									
2023									
Cost									
At beginning of the financial year	276,397	681,934	26,059	147,149	125,816	184,545	1,757	181,536	1,625,193
Additions	–	–	1,929	18,500	27,364	9,830	1,001	122,385	181,009
Disposals	–	–	(423)	–	–	–	–	–	(423)
Write-off	–	–	–	(759)	(175)	(1,824)	–	–	(2,758)
Reclassification to intangible assets	–	–	–	–	–	–	–	(49,968)	(49,968)
Reclassification	–	12,425	–	675	–	7,311	–	(20,411)	–
At end of the financial year	276,397	694,359	27,565	165,565	153,005	199,862	2,758	233,542	1,753,053
Accumulated depreciation and impairment losses									
At beginning of the financial year	–	13,680	12,830	124,957	48,597	129,989	1,316	–	331,369
Charge	–	13,866	528	9,449	10,888	21,642	201	–	56,574
Disposal	–	–	(228)	–	–	–	–	–	(228)
Write-off	–	–	–	(757)	(174)	(1,822)	–	–	(2,753)
At end of the financial year	–	27,546	13,130	133,649	59,311	149,809	1,517	–	384,962
Net book value at end of the financial year	276,397	666,813	14,435	31,916	93,694	50,053	1,241	233,542	1,368,091

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20 INVESTMENT PROPERTIES

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Cost				
At beginning of the financial year	**–**	–	**–**	–
Reclassification from property and equipment (Note 19)	**130,154**	–	**178,962**	–
At end of the financial year	**130,154**	–	**178,962**	–
Less: Accumulated depreciation				
At beginning of the financial year	**–**	–	**–**	–
Reclassification from property and equipment (Note 19)	**5,166**	–	**7,103**	–
At end of the financial year	**5,166**	–	**7,103**	–
Net book value at end of the financial year	**124,988**	–	**171,859**	–

21 RIGHT-OF-USE ASSETS

	Leasehold land RM'000	Properties RM'000	Equipment RM'000	Total RM'000
The Group 2024				
Cost				
At beginning of the financial year	**15,181**	**149,069**	**17,196**	**181,446**
Additions	**–**	**50,186**	**5,289**	**55,475**
Termination of contracts	**–**	**(1,886)**	**–**	**(1,886)**
End of lease term	**–**	**(101,899)**	**–**	**(101,899)**
At end of the financial year	**15,181**	**95,470**	**22,485**	**133,136**
Less: Accumulated depreciation				
At beginning of the financial year	**5,099**	**115,448**	**6,772**	**127,319**
Charge	**197**	**31,158**	**4,496**	**35,851**
End of lease term	**–**	**(101,899)**	**–**	**(101,899)**
At end of the financial year	**5,296**	**44,707**	**11,268**	**61,271**
Net book value at end of the financial year	**9,885**	**50,763**	**11,217**	**71,865**

	Leasehold land RM'000	Properties RM'000	Equipment RM'000	Total RM'000
The Group 2023				
Cost				
At beginning of the financial year	15,689	153,242	16,676	185,607
Additions	–	23,836	520	24,356
Termination of contracts	(508)	–	–	(508)
End of lease term	–	(28,009)	–	(28,009)
At end of the financial year	15,181	149,069	17,196	181,446
Less: Accumulated depreciation				
At beginning of the financial year	5,129	119,583	3,315	128,027
Charge	204	23,874	3,457	27,535
Termination of contracts	(234)	–	–	(234)
End of lease term	–	(28,009)	–	(28,009)
At end of the financial year	5,099	115,448	6,772	127,319
Net book value at end of the financial year	10,082	33,621	10,424	54,127

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21 RIGHT-OF-USE ASSETS (CONTINUED)

	Leasehold land RM'000	Properties RM'000	Equipment RM'000	Total RM'000
The Bank				
2024				
Cost				
At beginning of the financial year	**13,292**	**134,937**	**15,560**	**163,789**
Additions	**–**	**42,571**	**5,289**	**47,860**
Termination of contracts	**–**	**(1,886)**	**–**	**(1,886)**
End of lease term	**–**	**(97,424)**	**–**	**(97,424)**
At end of the financial year	**13,292**	**78,198**	**20,849**	**112,339**
Less: Accumulated depreciation				
At beginning of the financial year	**4,775**	**107,798**	**6,278**	**118,851**
Charge	**189**	**25,821**	**4,169**	**30,179**
End of lease term	**–**	**(97,424)**	**–**	**(97,424)**
At end of the financial year	**4,964**	**36,195**	**10,447**	**51,606**
Net book value at end of the financial year	**8,328**	**42,003**	**10,402**	**60,733**

	Leasehold land RM'000	Properties RM'000	Equipment RM'000	Total RM'000
The Bank				
2023				
Cost				
At beginning of the financial year	13,799	137,363	15,041	166,203
Additions	–	16,758	519	17,277
Termination of contracts	(507)	–	–	(507)
End of lease term	–	(19,184)	–	(19,184)
At end of the financial year	13,292	134,937	15,560	163,789
Less: Accumulated depreciation				
At beginning of the financial year	4,812	106,300	3,154	114,266
Charge	197	20,682	3,124	24,003
Termination of contracts	(234)	–	–	(234)
End of lease term	–	(19,184)	–	(19,184)
At end of the financial year	4,775	107,798	6,278	118,851
Net book value at end of the financial year	8,517	27,139	9,282	44,938

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22 INTANGIBLE ASSETS

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Intangible assets (a)				
– Computer software	**180,727**	79,311	**177,358**	76,953
Goodwill on consolidation (b)	**581,369**	581,369	**137,323**	137,323
	762,096	660,680	**314,681**	214,276

(a) Intangible assets

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Computer software				
Cost				
At beginning of the financial year	**367,468**	314,506	**336,719**	284,984
Additions	**7,290**	2,130	**5,520**	1,767
Write-off	**(161)**	–	**(5)**	–
Reclassification from property and equipment (Note 19)	**114,281**	50,832	**114,007**	49,968
At end of the financial year	**488,878**	367,468	**456,241**	336,719
Less: Accumulated amortisation				
At beginning of the financial year	**288,157**	266,506	**259,766**	239,088
Amortised	**20,016**	21,651	**19,122**	20,678
Write-off	**(22)**	–	**(5)**	–
At end of the financial year	**308,151**	288,157	**278,883**	259,766
Net book value at end of the financial year	**180,727**	79,311	**177,358**	76,953

(b) Goodwill on consolidation

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Cost				
At beginning/end of the financial year	**646,013**	646,013	**137,323**	137,323
Less: Accumulated impairment losses				
At beginning/end of the financial year	**64,644**	64,644	**–**	–
Net book value at end of the financial year	**581,369**	581,369	**137,323**	137,323

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22 INTANGIBLE ASSETS (CONTINUED)

(b) Goodwill on cosolidation (continued)

The carrying amount of the Group's and the Bank's goodwill (after impairment allowances) has been allocated to the following Group and the Bank's cash-generating units ('CGUs'):

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
CGU				
Business banking	**123,591**	123,591	**123,591**	123,591
Community banking	**13,732**	13,732	**13,732**	13,732
Investment banking - Advisory ('IB')	**–**	–	**–**	–
Investment banking - Treasury & Markets ('T&M')	**213,360**	213,360	**–**	–
Stock-broking ('SB')	**230,686**	230,686	**–**	–
	581,369	581,369	**137,323**	137,323

(i) Goodwill impairment assessment

Goodwill is tested for impairment annually or more frequently if events, or changes in circumstances indicate that it might be impaired. The recoverable amount of the CGUs are determined based on value-in-use ('VIU') calculations using the cash flow projections based on financial budgets or forecasts covering a five-year period. Cash flows beyond the fifth-year period are assumed to grow at 5.20% (2023: 4.50%) on a perpetual basis for all CGUs which is based on the forecast Gross Domestic Product ('GDP') growth rate of Malaysia.

In view of the uncertainty in the economic and global recession outlook, the VIU estimated during the financial year ended 31 December 2024 and 31 December 2023 was based on the discounted cash flow ('DCF') method with multiple cash flow projections taking into consideration the assumed probability of different future events and/or scenarios. Three scenarios have been adopted to represent the possible outcomes, namely the best case scenario, base case scenario and the worst case scenario, where probability weightage are assigned to these scenarios. Management believes that the probabilty weightage provides a reasonable assessment of the likelihood of the scenarios. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGUs.

The discount rate and terminal growth rate used for the value in use calculation are as follows:

	Discount rate (%)		Terminal growth rate (%)	
	2024 %	2023 %	**2024 %**	2023 %
Business banking	**7.28**	8.58	**5.20**	4.50
Community banking	**7.27**	8.56	**5.20**	4.50
Investment banking - Advisory ('IB')	**8.01**	9.50	**5.20**	4.50
Investment banking - Treasury & Markets ('T&M')	**8.02**	9.49	**5.20**	4.50
Stock-broking ('SB')	**7.67**	9.23	**5.20**	4.50

There are no impairment losses recognised during the financial year 31 December 2024 and 31 December 2023.

(ii) Sensitivity to changes in assumptions

Management believes that no reasonably changes in any of the key assumption would cause the carrying value of the CGU to exceed its recoverable amount.

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23 DEPOSITS FROM CUSTOMERS

		The Group		The Bank	
		2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
(i)	**By type of deposit**				
	Demand deposits	**16,251,930**	13,592,568	**8,214,689**	7,259,773
	Savings deposits	**6,131,696**	5,321,126	**3,971,904**	3,400,698
	Fixed deposits	**49,863,800**	50,613,977	**28,032,644**	30,436,648
	Commodity Murabahah	**576,349**	601,655	**–**	–
	Money market deposits	**225,506**	273,597	**225,506**	273,597
	Negotiable Instruments of Deposit ('NID')	**660,075**	411,394	**660,075**	411,395
	Others	**34,163**	19,794	**–**	–
		73,743,519	70,834,111	**41,104,818**	41,782,111
(ii)	**Maturity structure of fixed deposits, NID and others**				
	Due within six months	**35,843,215**	36,909,085	**20,073,937**	21,751,922
	Six months to one year	**14,539,671**	13,815,130	**8,458,579**	8,865,763
	One year to three years	**172,748**	294,052	**158,113**	228,643
	Three years to five years	**2,404**	2,001	**2,090**	1,715
	Five years and above	**–**	24,897	**–**	–
		50,558,038	51,045,165	**28,692,719**	30,848,043
(iii)	**By type of customers**				
	Government and statutory bodies	**14,465,811**	10,092,396	**5,272,370**	1,857,667
	Business enterprises	**17,972,061**	21,272,651	**8,298,197**	12,194,550
	Individuals	**34,038,820**	32,748,571	**24,475,521**	24,081,177
	Domestic banking institutions	**829,164**	423,641	**839,178**	524,354
	Domestic non-banking financial institutions	**4,427,691**	4,486,579	**829,242**	1,862,856
	Foreign entities	**879,551**	619,851	**615,290**	483,323
	Other entities	**1,130,421**	1,190,422	**775,020**	778,184
		73,743,519	70,834,111	**41,104,818**	41,782,111

24 INVESTMENT ACCOUNTS OF CUSTOMERS

		The Group	
		2024 RM'000	2023 RM'000
(i)	**By type of deposit**		
	Mudharabah	**757,600**	359
(ii)	**Movement in investment accounts**		
	At beginning of the financial year	**359**	859
	New placement	**757,600**	–
	Redemption	**(357)**	(497)
	Finance expense on Restricted Investment Account ('RIA')	**3**	23
	Profit distributed	**(5)**	(26)
	At end of the financial year	**757,600**	359
	Of which TIA investment asset:		
	Personal financing	**757,600**	–

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for the financial year ended 31 December 2024

24 INVESTMENT ACCOUNTS OF CUSTOMERS (CONTINUED)

	The Group			
	Average PSR (%)		Average ROR (%)	
	2024	2023	**2024**	2023
(iii) Profit Sharing Ratio ('PSR') and Rate of Return ('ROR')				
Due within:				
One year to three years	**85**	85	**5.69**	5.58

25 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Licensed banks	**2,953,794**	4,416,132	**3,339,215**	4,513,756
Licensed investment banks	**194,972**	1,241,807	**44,960**	885,122
Other financial institutions	**5,469,645**	3,392,743	**1,799,414**	296,139
	8,618,411	9,050,682	**5,183,589**	5,695,017
Maturity structure of deposits				
Due within six months	**7,419,943**	9,013,954	**5,092,622**	5,659,790
Six months to one year	**644,047**	36,728	**90,967**	35,227
One year to three years	**554,421**	–	**–**	–
	8,618,411	9,050,682	**5,183,589**	5,695,017

26 OBLIGATIONS ON SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Obligations on securities sold under repurchase agreements are securities which the Group and the Bank have sold from its portfolio, with a commitment to repurchase at future dates. Such financing and the obligations to repurchase the securities are reflected as a liability on the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

27 RECOURSE OBLIGATION ON LOANS/FINANCING SOLD TO CAGAMAS BERHAD

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Recourse obligation on loans/financing sold to Cagamas Berhad	**5,127,995**	3,974,491	**3,002,564**	2,859,450
Movements in recourse obligation on loans/financing sold to Cagamas Berhad:				
At beginning of the financial year	**3,974,491**	1,073,871	**2,859,450**	1,073,871
Additions	**2,495,000**	3,490,020	**1,495,000**	2,390,021
Redemption	**(1,350,008)**	(618,008)	**(1,350,008)**	(618,008)
Interest/Profit payment	**(148,866)**	(84,596)	**(103,943)**	(62,127)
Interest/Profit expense	**162,784**	106,521	**105,237**	72,250
Fair value changes arising from fair value hedges	**(5,406)**	6,683	**(3,172)**	3,443
At end of the financial year	**5,127,995**	3,974,491	**3,002,564**	2,859,450

This represents the proceeds received from housing loans/financing sold directly to Cagamas Berhad with recourse to the Group. Under this agreement, the Group undertakes to administer the loans/financing on behalf of Cagamas Berhad and to buy back any loans/financing which are regarded as defective based on the prudential criteria set by Cagamas Berhad. Such loans/financing transactions and the obligation to buy back the loans/financing are reflected as a financial liability on the statements of financial position and stated at amortised cost.

28 AMOUNT DUE TO CLIENT AND BROKERS

	The Group	
	2024 RM'000	2023 RM'000
Amount due to clients	**191,016**	174,921
Amount due to brokers	**179,266**	39,241
	370,282	214,162

Amount due to clients and brokers include amount payable under outstanding contracts from the stock and share broking activities. The credit terms of amounts due to clients and brokers range from 1 to 30 days (2023: 1 to 30 days).

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

29 LEASE LIABILITIES

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
At beginning of the financial year	**45,721**	49,233	**38,278**	45,440
Additions	**50,512**	20,728	**45,898**	10,273
Interest/Profit expense	**2,258**	457	**1,922**	249
Lease payment	**(33,087)**	(24,697)	**(28,847)**	(17,684)
At end of the financial year	**65,404**	45,721	**57,251**	38,278
Potential future rental payments relating to periods following the exercise date of extension options are summarised below:				
Lease liabilities recognised (discounted)	**65,404**	45,721	**57,251**	38,278
Potential future lease payments not included in lease liabilities (undiscounted):				
- Payable in 2025 to 2029	**160,611**	85,587	**136,410**	66,306
- Payable in 2030 to 2034	**18,925**	13,339	**18,859**	13,193
	179,536	98,926	**155,269**	79,499

The Group and the Bank have not included potential future rental payments after the exercise date of extension options because the Group and the Bank are not reasonably certain to extend the lease beyond the date.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

30 OTHER LIABILITIES

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Bank Negara Malaysia and Credit Guarantee Corporation Funding programmes (a)	**217,603**	212,017	**196,227**	195,215
Margin and collateral deposits	**128,852**	125,111	**102,476**	104,773
Other creditors and accruals	**291,487**	316,832	**145,045**	115,297
Sundry creditors	**518,993**	78,757	**489,463**	56,650
Provision for zakat	**6,301**	5,383	**1,048**	710
Defined contribution plan (b)	**37,114**	61,048	**34,822**	59,074
Accrued employee benefits	**168,291**	109,736	**120,024**	73,183
Unearned income	**121,481**	127,312	**34,931**	37,124
Commissioned dealer's representatives trust balances	**62,890**	64,818	**–**	–
Collaterals pledged for securities lending and borrowings transactions	**202,696**	151,709	**–**	–
Amounts payable to commissioned and salaried dealer's representatives	**54,515**	58,775	**–**	–
Expected credit losses (c)				
- loan/financing commitments and financial guarantees	**16,799**	49,117	**11,709**	15,067
	1,827,022	1,360,615	**1,135,745**	657,093

(a) Includes monies received by the Group and the Bank under government financing scheme 'BNM SRF SME Fund' and 'SRF Tourism Fund' as part of the government support measures in response to COVID-19 for the purpose of SME lending with a six-year maturity amounting to RM160.8 million (2023: RM160.8 million). The financing under the government scheme is for lending at concession rates to SMEs.

(b) The Group and the Bank contribute to EPF, the national defined contribution plan. Once the contributions have been paid, the Group and the Bank have no further payment obligations.

(c) Movement in expected credit losses:

	12-Month ECL Stage 1 RM'000	**Lifetime ECL not credit impaired Stage 2 RM'000**	**Lifetime ECL credit impaired Stage 3 RM'000**	**Total RM'000**
The Group				
2024				
At beginning of the financial year	**13,452**	**16,172**	**19,493**	**49,117**
Net remeasurement of loss allowance	**(8,044)**	**(8,489)**	**(15,528)**	**(32,061)**
New loan commitments and financial guarantees issued	**10,441**	**2,959**	**–**	**13,400**
Loan commitment and financial guarantees derecognised	**(5,801)**	**(6,191)**	**(1,665)**	**(13,657)**
At end of the financial year	**10,048**	**4,451**	**2,300**	**16,799**
2023				
At beginning of the financial year	15,821	3,876	19,211	38,908
Total transfer between stages due to change in credit risk:-	(52)	52	–	–
– Transfer to Lifetime ECL not credit impaired (Stage 2)	(52)	52	–	–
Net remeasurement of loss allowance	(6,711)	34,026	888	28,203
New loan commitments and financial guarantees issued	10,501	1,165	–	11,666
Loan commitment and financial guarantees derecognised	(6,107)	(22,947)	(606)	(29,660)
At end of the financial year	13,452	16,172	19,493	49,117

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for the financial year ended 31 December 2024

30 OTHER LIABILITIES (CONTINUED)

(c) Movement in expected credit losses (continued):

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
2024				
At beginning of the financial year	**9,090**	**5,085**	**892**	**15,067**
Net remeasurement of loss allowance	**(5,574)**	**482**	**1,408**	**(3,684)**
New loan commitments and financial guarantees issued	**8,273**	**2,019**	**–**	**10,292**
Loan commitment and financial guarantees derecognised	**(4,476)**	**(4,403)**	**(1,087)**	**(9,966)**
At end of the financial year	**7,313**	**3,183**	**1,213**	**11,709**
2023				
At beginning of the financial year	11,079	2,915	554	14,548
Net remeasurement of loss allowance	(5,168)	1,952	1,084	(2,132)
New loan commitments and financial guarantees issued	6,951	2,153	–	9,104
Loan commitment and financial guarantees derecognised	(3,772)	(1,935)	(746)	(6,453)
At end of the financial year	9,090	5,085	892	15,067

31 AMOUNT DUE TO SUBSIDIARIES

The amount due to subsidiaries are relating to intercompany transactions which are unsecured, bear no interest/profit rate and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

32 BORROWINGS AND SUKUK

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
(a) Tier-2 Subordinated Medium Term Notes ('MTN')	**510,890**	510,890	**510,890**	510,890
(b) Additional Tier-1 Capital Securities ('AT1CS')	**500,703**	500,468	**500,703**	500,468
(c) Additional Tier-1 Sukuk Wakalah ('AT1S')	**505,808**	505,808	**–**	–
(d) MTN Tier-2 Sukuk Murabahah	**470,099**	505,113	**–**	–
(e) Senior MTN/Sukuk	**1,790,732**	1,287,450	**503,032**	–
(f) Commercial Paper ('CP')	**–**	–	**4,956**	–
	3,778,232	3,309,729	**1,519,581**	1,011,358
Fair value changes arising from fair value hedges	**(13,352)**	(5,328)	**(13,352)**	(5,328)
	3,764,880	3,304,401	**1,506,229**	1,006,030

(a) Tier-2 Subordinated Medium Term Notes ('MTN')

The Bank had, on 26 July 2022, issued the 3rd series of the Subordinated MTNs amounting to RM500.0 million out of its approved BASEL III Compliant MTN Programme of up to RM6.0 billion in nominal value. The Subordinated MTNs were issued for a tenure of 10 years from the issue date on a 10-year non-callable 5-year basis, at a coupon rate of 5.00%. The Subordinated MTNs were issued for the purpose of general banking business and working capital requirements of the Bank.

(b) Additional Tier-1 Capital Securities ('AT1CS')

The Bank had, on 31 July 2018, issued first series of AT1CS of RM500.0 million out of its approved BASEL III Compliant AT1CS Programme of up to RM3.0 billion in nominal value. The first series AT1CS was issued on perpetual non-callable 5-year basis, at a coupon rate of 5.80%. The Bank had on, 31 July 2023 fully redeemed the first series of AT1CS of RM500.0 million and on 23 June 2023, the Bank had issued a second series of AT1CS of RM500.0 million. The second series AT1CS was issued on perpetual non-callable 5-year basis, at a fixed coupon rate of 5.70%. The second series AT1CS was issued for the purpose of general banking business and working capital requirements of the Bank.

(c) Additional Tier-1 Sukuk Wakalah ('AT1S')

AFFIN ISLAMIC had, on 18 October 2018, issued the AT1S of RM300.0 million out of its approved BASEL III Compliant Islamic MTN Programme of RM5.0 billion in nominal value. The AT1S was issued on a perpetual non-callable 5 years basis, at a distribution rate of 5.65%. The AT1S was fully redeemed on the first callable date on 18 October 2023.

On 10 October 2023, AFFIN ISLAMIC had issued the second tranche of AT1S of RM500.0 million. The AT1S was issued on a perpetual non-callable 5-year basis, at a fixed distribution rate of 5.10%. The AT1S was issued for the purpose of general banking business and working capital requirements of AFFIN ISLAMIC.

(d) MTN Tier-2 Sukuk Murabahah

AFFIN ISLAMIC had, on 23 October 2018, issued the MTN Tier-2 Sukuk Murabahah of RM800.0 million out of its approved BASEL III Compliant MTN programme. The Sukuk Murabahah was issued for a tenure of 10 years from the issue date on a 10-year non-callable 5-year basis, at a profit rate of 5.05%. The MTN Tier-2 Sukuk Murabahah was fully redeemed on the first callable date on 23 October 2023.

On 13 October 2023, AFFIN ISLAMIC had issued the second tranche of MTN Tier-2 Sukuk Murabahah of RM500.0 million. This Sukuk Murabahah was issued for a tenure of 10 years from the issue date on a 10-year non-callable 5-year basis, at a profit rate of 4.66%. This Sukuk Murabahah was issued for the purpose of general banking business and working capital requirements of AFFIN ISLAMIC.

(e) Senior MTN/Sukuk

AFFIN ISLAMIC had, on 16 December 2022, issued two Senior Sukuk of RM230.0 million for a tenure of 3 years from the issue date, at a profit rate of 4.55% and RM520.0 million for a tenure of 5 years from the issue date, at a profit rate of 4.75%. The Senior Sukuk was issued for the purpose of general banking business and working capital requirements of AFFIN ISLAMIC.

NOTES TO THE FINANCIAL STATEMENTS
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32 BORROWINGS AND SUKUK (CONTINUED)

(e) Senior MTN/Sukuk (continued)

On 12 December 2023, AFFIN ISLAMIC had issued another tranche of Senior Sukuk Murabahah of RM600.0 million out of its Sukuk Programme. The Sukuk is issued for a tenure of 3 years from the issue date, at a profit rate of 4.15%. The Senior Sukuk Murabahah was issued for the purpose of general banking business and working capital requirements of AFFIN ISLAMIC.

On 8 May 2024, the Bank had issued another tranche of Senior MTN of RM500.0 million out of its MTN Programme. The MTN is issued for a tenure of 5 years from the issue date, at a coupon rate of 4.10%. The Senior MTN was issued for the purpose of general banking business and working capital requirements of the Bank.

(f) Commercial Paper ('CP')

The Bank, AFFIN ISLAMIC and AHIB had on 27 September 2024, each issued RM5.0 million of Commercial Paper ('CP') or Islamic Commercial Paper ('ICP') for a tenure of 181 days from the issue date, at a discount/profit rate of 3.70%. The CP and ICP were issued for the purpose of general banking business and working capital requirements of their respective institutions. The Bank subscribed to the CP issued by AFFIN ISLAMIC and AHIB, while AHIB subscribed to the CP issued by the Bank.

	At beginning of the financial year RM'000	Net Issuance/ (Redemption) RM'000	Interest/Profit expense RM'000	At end of the financial year RM'000
The Group				
2024				
Tier-2 Subordinated MTN	**510,890**	**(25,068)**	**25,068**	**510,890**
AT1CS	**500,468**	**(28,343)**	**28,578**	**500,703**
AT1S *	**505,808**	**(25,500)**	**25,500**	**505,808**
MTN Tier-2 Sukuk Murabahah *	**505,113**	**(58,379)**	**23,365**	**470,099**
Senior MTN/Sukuk *	**1,287,450**	**429,850**	**73,432**	**1,790,732**
	3,309,729	**292,560**	**175,943**	**3,778,232**
The Group				
2023				
Tier-2 Subordinated MTN	510,890	(25,000)	25,000	510,890
AT1CS	512,315	(43,683)	31,836	500,468
AT1S *	303,425	183,049	19,334	505,808
MTN Tier-2 Sukuk Murabahah *	455,768	11,442	37,903	505,113
Senior Sukuk *	751,541	499,437	36,472	1,287,450
	2,533,939	625,245	150,545	3,309,729

	At beginning of the financial year RM'000	Net Issuance/ (Redemption) RM'000	Interest expense RM'000	At end of the financial year RM'000
The Bank				
2024				
Tier-2 Subordinated MTN	**510,890**	**(25,068)**	**25,068**	**510,890**
AT1CS	**500,468**	**(28,343)**	**28,578**	**500,703**
Senior MTN	**–**	**489,665**	**13,367**	**503,032**
Commercial Paper ('CP')	**–**	**4,908**	**48**	**4,956**
	1,011,358	**441,162**	**67,061**	**1,519,581**
The Bank				
2023				
Tier-2 Subordinated MTN	510,890	(25,000)	25,000	510,890
AT1CS	512,315	(43,683)	31,836	500,468
	1,023,205	(68,683)	56,836	1,011,358

* inclusive of profit expense on ATIS, Senior Sukuk and Senior Sukuk Murabahah from Islamic banking business.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

33 SHARE CAPITAL

	The Group and The Bank			
	2024		2023	
	Number of ordinary shares '000	**RM'000**	Number of ordinary shares '000	RM'000
Ordinary shares issued and fully paid (no par value):				
At beginning of the financial year	**2,346,488**	**5,371,044**	2,273,889	5,245,447
Issued on 11 July 2023 (a)	**–**	**–**	72,599	125,597
Issued on 11 June 2024 (b)	**53,998**	**117,500**	–	–
At end of the financial year	**2,400,486**	**5,488,544**	2,346,488	5,371,044

(a) The Bank increased its issued ordinary shares from 2,273.9 million to 2,346.5 million via issuance of 72.6 million new ordinary shares amounting to RM125.6 million arising from the DRP relating to electable portion of the final dividend of 7.77 sen per ordinary share, in respect of the financial year ended 31 December 2022.

(b) The Bank increased its issued ordinary shares from 2,346.5 million to 2,400.5 million via issuance of 54.0 million new ordinary shares amounting to RM117.5 million arising from the DRP relating to electable portion of the final dividend of 5.76 sen per ordinary share, in respect of the financial year ended 31 December 2023.

34 RESERVES

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
FVOCI revaluation reserves (a)	**170,624**	169,540	**207,027**	204,573
Regulatory reserves (b)	**473,143**	337,761	**335,563**	270,563
Other reserves (c)	**3,493**	4,146	**17,241**	4,146
Retained profits	**5,465,488**	5,226,324	**4,126,004**	4,073,235
	6,112,748	5,737,771	**4,685,835**	4,552,517

(a) FVOCI revaluation reserves represent the unrealised gains or losses arising from the change in fair value of investments classified as financial investments at FVOCI. The gains or losses are transferred to the income statement upon disposal or when the securities become impaired.

(b) Pursuant to BNM Financial Reporting policy dated 29 April 2022, the Group and the Bank must maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of all credit exposures, net of loss allowance for credit-impaired exposures.

(c) Included in these other reserves are the Long Term Incentive Plan (LTIP), as disclosed in Note 59, and share of insurance finance reserve from the associates.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

35 INTEREST INCOME

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Loans, advances and financing	**2,141,243**	1,953,143	**1,810,114**	1,690,598
Money at call and deposit placements with financial institutions	**91,104**	97,210	**257,901**	226,889
Reverse repurchase agreements with financial institutions	**445**	–	**551**	–
Financial investments at FVOCI	**390,979**	197,510	**249,580**	72,966
Financial investments at AC	**369,904**	393,869	**379,244**	397,581
Others	**8,032**	7,966	**1,852**	1,965
	3,001,707	2,649,698	**2,699,242**	2,389,999

36 INTEREST EXPENSE

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	**2023 RM'000**
Deposits from customers	**1,535,277**	1,414,709	**1,366,802**	1,261,478
Deposits and placements of banks and other financial institutions	**258,890**	171,035	**247,642**	154,244
Obligation on securities sold under repurchase agreements	**197,559**	139,026	**185,884**	123,032
Recourse obligation on loans/financing sold to Cagamas Berhad	**105,237**	72,250	**105,237**	72,250
Borrowings and Sukuk	**60,866**	56,836	**60,964**	56,836
Others	**17,473**	12,961	**5,137**	3,335
	2,175,302	1,866,817	**1,971,666**	1,671,175

37 INCOME FROM ISLAMIC BANKING BUSINESS

	The Group	
	2024 RM'000	2023 RM'000
Income derived from investment of depositors' funds and others	**1,693,968**	1,442,523
Income derived from investment of investment account funds	**189,534**	161,804
Income derived from investment of shareholders' funds	**156,686**	131,768
Total distributable income	**2,040,188**	1,736,095
Income attributable to depositors and others	**(1,349,039)**	(1,140,452)
	691,149	595,643

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38 NET FEE AND COMMISSION INCOME

		The Group		The Bank	
		2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
(a)	**Fee and commission income:**				
	Gross brokerage income	**125,858**	60,462	**–**	–
	Corporate advisory fees	**11,645**	4,696	**–**	–
	Commission	**48,791**	54,074	**48,532**	53,843
	Service charges and fees	**103,404**	99,456	**103,044**	99,130
	Guarantee fees	**14,367**	14,173	**13,211**	13,574
	Arrangement fees	**3,226**	1,923	**–**	–
	Other fee income	**37,871**	26,724	**961**	416
		345,162	261,508	**165,748**	166,963
(b)	**Fee and commission expenses:**				
	Commission and referral expense	**(47,254)**	(10,930)	**(17,216)**	(10,930)
	Net fee and commision income	**297,908**	250,578	**148,532**	156,033

39 NET GAINS ON FINANCIAL INSTRUMENTS

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Gain arising on financial assets at FVTPL:				
- net gain on disposal	**55,078**	44,892	**7,491**	14,774
- unrealised gain	**13,120**	16,286	**3,963**	4,706
- interest/profit income	**78,472**	78,302	**52,430**	53,048
- gross dividend income	**4,388**	3,201	**2,038**	1,826
	151,058	142,681	**65,922**	74,354
(Loss)/Gain on derivatives instruments:				
- realised (loss)/gain	**(6,948)**	15,494	**1,317**	5,843
- unrealised gain/(loss)	**28,298**	(757)	**31,893**	1,191
- interest/profit income	**16,102**	7,163	**14,339**	4,931
	37,452	21,900	**47,549**	11,965
Gain arising on financial investments at FVOCI:				
- net gain on disposal	**14,457**	4,205	**14,725**	2,454
- gross dividend income	**1,340**	922	**1,190**	732
	15,797	5,127	**15,915**	3,186
Gain arising on financial investments at AC:				
- net gain on sale/redemption	**6,796**	62	**5,040**	62
Unrealised gain/(loss) on fair value changes arising from fair value hedges	**988**	(1,686)	**988**	(1,686)
Net gains on financial instruments	**212,091**	168,084	**135,414**	87,881

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for the financial year ended 31 December 2024

40 OTHER INCOME

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Foreign exchange gain/(loss):				
- realised	**209,417**	35,985	**86,457**	88,891
- unrealised	**(70,915)**	119,399	**49,661**	52,124
Rental income	**74**	227	**7,436**	3,018
Gain on sale of property and equipment	**2,667**	1,043	**2,637**	1,032
Gain on disposal of foreclosed properties	**–**	661	**–**	661
Other non-operating income	**951**	6,282	**24,095**	29,719
Gross dividend received from:				
- subsidiaries	**–**	–	**76,369**	151,295
- associates	**–**	–	**64,800**	–
Net gain on disposal/dilution of interest in associates	**–**	25,000	**–**	56,317
	142,194	188,597	**311,455**	383,057

41 OTHER OPERATING EXPENSES

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Personnel costs	**1,065,014**	884,380	**677,491**	599,662
Establishment costs	**399,872**	346,136	**289,465**	260,166
Marketing expenses	**56,258**	48,498	**46,323**	40,070
Administrative and general expenses	**146,964**	142,143	**95,113**	92,957
	1,668,108	1,421,157	**1,108,392**	992,855
Personnel costs				
Wages, salaries and bonuses	**771,654**	673,049	**472,043**	460,106
Defined contribution plan ('EPF')	**133,864**	116,709	**84,049**	81,800
Voluntary separation scheme	**47,426**	963	**45,839**	610
Employee benefits share grant scheme ('SGS') [1]	**13,095**	4,146	**9,502**	2,922
Other personnel costs	**98,975**	89,513	**66,058**	54,224
	1,065,014	884,380	**677,491**	599,662
Establishment costs				
Equipment rental	**4,121**	2,888	**3,247**	1,930
Repair and maintenance	**159,094**	126,821	**95,023**	92,955
Depreciation of property and equipment	**70,306**	59,741	**67,494**	56,574
Depreciation of right-of-use assets	**35,851**	27,535	**30,179**	24,003
Amortisation of intangible assets	**20,016**	21,651	**19,122**	20,678
IT consultancy fees	**1,070**	967	**1,070**	605
Dataline rental	**36,922**	21,187	**27,139**	12,250
Security services	**21,150**	16,955	**14,973**	12,722
Electricity, water and sewerage	**16,838**	15,786	**10,590**	11,524
Insurance/Takaful and indemnities	**20,741**	25,724	**14,889**	19,118
Other establishment costs	**13,763**	26,881	**5,739**	7,807
	399,872	346,136	**289,465**	260,166

[1] The long term incentive plan ('LTIP') was implemented by the Group in August 2023. The LTIP awards ordinary shares of the Bank to eligible employees within the Group and its subsidiary companies. The eligibility of participation in the LTIP shall be at the discretion of SGS Committee, and the awarded shares will be vested by stages at predetermined dates subject to continuation employment and performance conditions. Kindly refer to Note 59.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

41 OTHER OPERATING EXPENSES (CONTINUED)

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Marketing expenses				
Business promotion and advertisement	**27,492**	22,572	**25,764**	20,735
Entertainment	**2,091**	1,654	**1,401**	985
Traveling and accommodation	**5,658**	4,612	**3,302**	3,142
Commission and brokerage expenses	**13,799**	13,170	**12,779**	11,892
Other marketing expenses	**7,218**	6,490	**3,077**	3,316
	56,258	48,498	**46,323**	40,070
Administration and general expenses				
Telecommunication expenses	**13,642**	9,172	**2,033**	2,236
Auditors' remuneration	**4,528**	3,442	**3,203**	1,872
Professional fees	**21,869**	22,328	**17,153**	7,185
Property and equipment written-off	**183**	3	**73**	5
Intangible assets written-off	**139**	–	**–**	–
Mail and courier charges	**2,634**	4,463	**2,530**	3,405
Stationery and consumables	**12,456**	12,269	**8,905**	8,679
Directors' fees and allowances	**8,418**	7,912	**3,565**	3,337
Donations	**2,097**	2,933	**1,478**	2,641
Settlement, clearing and bank charges	**37,536**	50,158	**33,053**	45,383
Stamp duties	**2,105**	225	**212**	170
Operational and litigation write-off expenses	**25**	1,678	**24**	1,678
Subscription fees	**11,574**	9,998	**3**	–
Other administration and general expenses	**29,758**	17,562	**22,881**	16,366
	146,964	142,143	**95,113**	92,957

Included in other operating expenses of the Group and the Bank are President/Group CEO and Directors' remuneration totalling RM11,694,000 (2023: RM15,360,000) and RM6,841,000 (2023: RM10,785,000) respectively.

The expenditure includes the following required statutory disclosures:

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Directors' remuneration (Note 42)	**8,418**	7,912	**3,565**	3,337
Auditors' remuneration ^:				
(i) Statutory audit fees	**2,516**	2,333	**1,525**	1,370
(ii) Regulatory related fees	**231**	854	**122**	385
(iii) Tax fees	**208**	166	**38**	37
(iv) Non audit fees	**1,573**	89	**1,518**	80

^ There was no indemnity given to or insurance effected for the Group and the Bank during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

42 PRESIDENT/GROUP CHIEF EXECUTIVE OFFICER AND DIRECTORS' REMUNERATION

The President/Group CEO and Directors of the Bank who have held office during the financial year are as follows:

President/Group CEO

Datuk Wan Razly Abdullah bin Wan Ali
(completion of Directorship Tenure w.e.f. 2 April 2024)

Non-Executive Directors

Dato' Agil Natt (Chairman)
Dato' Abdul Aziz bin Abu Bakar
Dato' Mohd Hata bin Robani
Ignatius Chan Tze Ching
Dato' Rozalila binti Abdul Rahman
Peter Yuen Wai Hung
Gregory Jerome Gerald Fernandes
Marzida binti Mohd Noor
Chan Wai Yu
Mohammad Ashraf bin Md Radzi
Emeliana Dallan Rice-Oxley

The aggregate amount of remuneration for the Directors of the Group and the Bank for the financial year are as follows:

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
President/Group CEO				
Salaries	**2,268**	2,160	**2,268**	2,160
Bonuses	**–**	3,713	**–**	3,713
Defined contribution plan ('EPF')	**767**	1,326	**767**	1,326
Other employee benefits	**166**	166	**166**	166
Benefits-in-kind	**75**	83	**75**	83
President/Group CEO remuneration	**3,276**	7,448	**3,276**	7,448
Non-Executive Directors				
Fees and other emoluments	**3,382**	3,229	**3,382**	3,229
Benefits-in-kind	**183**	108	**183**	108
Directors' remuneration	**3,565**	3,337	**3,565**	3,337
Directors of subsidiaries	**4,853**	4,575	**–**	–
Total Directors' remuneration (Note 41)	**8,418**	7,912	**3,565**	3,337
President/Group CEO and Directors' remuneration	**11,694**	15,360	**6,841**	10,785

The Directors' remuneration in the current financial year represents remuneration for Directors of the Group, the Bank and its subsidiaries to comply with the requirements of the Companies Act 2016. The names of Directors of subsidiaries and their remuneration details are set out in the respective subsidiary's statutory accounts and the said information is deemed incorporated herein by such reference and made a part thereof.

Included in the Directors' emoluments are benefits-in-kind (based on estimated monetary value) receivable from the Bank and its subsidiaries of RM183,000 (2023: RM108,000) and RM183,000 (2023: RM108,000) respectively.

During the financial year, Directors and Officers of the Group and the Bank are covered under the Directors' & Officers' Liability Insurance/Takaful in respect of liabilities arising from acts committed in their capacity as, inter alia, Directors and Officers of the Group and the Bank subject to the terms of the policy. The total amount of Directors' & Officers' Liability Insurance/Takaful effected for the Directors & Officers of the holding company was RM40.0 million. The total amount of premium paid by the Group and the Bank was RM1,373,697 (2023: RM1,537,334) and RM214,336 (2023: RM210,367) respectively.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

42 PRESIDENT/GROUP CHIEF EXECUTIVE OFFICER AND DIRECTORS' REMUNERATION (CONTINUED)

A summary of the total remuneration of the President/Group CEO and Directors are as follows:

	Salaries RM'000	Bonuses RM'000	Directors' fees RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
The Group						
2024						
President & Group CEO						
Datuk Wan Razly Abdullah bin Wan Ali *(completion of Directorship Tenure w.e.f. 2 April 2024)*	**2,268**	**–**	**–**	**933**	**75**	**3,276**
Total	**2,268**	**–**	**–**	**933**	**75**	**3,276**
Non-Executive Directors						
Dato' Agil Natt	**–**	**–**	**508**	**–**	**164**	**672**
Dato' Abdul Aziz bin Abu Bakar	**–**	**–**	**295**	**–**	**1**	**296**
Dato' Mohd Hata bin Robani	**–**	**–**	**410**	**–**	**10**	**420**
Ignatius Chan Tze Ching	**–**	**–**	**212**	**–**	**1**	**213**
Dato' Rozalila binti Abdul Rahman	**–**	**–**	**350**	**–**	**1**	**351**
Peter Yuen Wai Hung	**–**	**–**	**212**	**–**	**1**	**213**
Marzida binti Mohd Noor	**–**	**–**	**350**	**–**	**1**	**351**
Gregory Jerome Gerald Fernandes	**–**	**–**	**370**	**–**	**1**	**371**
Chan Wai Yu	**–**	**–**	**335**	**–**	**1**	**336**
Mohammad Ashraf bin Md Radzi	**–**	**–**	**60**	**–**	**1**	**61**
Emeliana Dallan Rice-Oxley	**–**	**–**	**280**	**–**	**1**	**281**
Total	**–**	**–**	**3,382**	**–**	**183**	**3,565**
Grand total	**2,268**	**–**	**3,382**	**933**	**258**	**6,841**

	Salaries RM'000	Bonuses RM'000	Directors' fees RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
The Group						
2023						
President & Group CEO						
Datuk Wan Razly Abdullah bin Wan Ali	2,160	3,713	–	1,492	83	7,448
Total	2,160	3,713	–	1,492	83	7,448
Non-Executive Directors						
Dato' Agil Natt	–	–	489	–	108	597
Dato' Abdul Aziz bin Abu Bakar	–	–	293	–	–	293
Dato' Mohd Hata bin Robani	–	–	365	–	–	365
Ignatius Chan Tze Ching	–	–	207	–	–	207
Dato' Rozalila binti Abdul Rahman	–	–	360	–	–	360
Peter Yuen Wai Hung	–	–	262	–	–	262
Marzida binti Mohd Noor	–	–	362	–	–	362
Gregory Jerome Gerald Fernandes	–	–	362	–	–	362
Chan Wai Yu	–	–	387	–	–	387
Mohammad Ashraf bin Md Radzi	–	–	82	–	–	82
Emeliana Dallan Rice-Oxley	–	–	60	–	–	60
Total	–	–	3,229	–	108	3,337
Grand total	2,160	3,713	3,229	1,492	191	10,785

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

42 PRESIDENT/GROUP CHIEF EXECUTIVE OFFICER AND DIRECTORS' REMUNERATION (CONTINUED)

A summary of the total remuneration of the President/Group CEO and Directors are as follows (continued):

	Salaries RM'000	Bonuses RM'000	Directors' fees RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
The Bank						
2024						
President & Group CEO						
Datuk Wan Razly Abdullah bin Wan Ali *(completion of Directorship Tenure w.e.f. 2 April 2024)*	**2,268**	**–**	**–**	**933**	**75**	**3,276**
Total	**2,268**	**–**	**–**	**933**	**75**	**3,276**
Non-Executive Directors						
Dato' Agil Natt	**–**	**–**	**508**	**–**	**164**	**672**
Dato' Abdul Aziz bin Abu Bakar	**–**	**–**	**295**	**–**	**1**	**296**
Dato' Mohd Hata bin Robani	**–**	**–**	**410**	**–**	**10**	**420**
Ignatius Chan Tze Ching	**–**	**–**	**212**	**–**	**1**	**213**
Dato' Rozalila binti Abdul Rahman	**–**	**–**	**350**	**–**	**1**	**351**
Peter Yuen Wai Hung	**–**	**–**	**212**	**–**	**1**	**213**
Marzida binti Mohd Noor	**–**	**–**	**350**	**–**	**1**	**351**
Gregory Jerome Gerald Fernandes	**–**	**–**	**370**	**–**	**1**	**371**
Chan Wai Yu	**–**	**–**	**335**	**–**	**1**	**336**
Mohammad Ashraf bin Md Radzi	**–**	**–**	**60**	**–**	**1**	**61**
Emeliana Dallan Rice-Oxley	**–**	**–**	**280**	**–**	**1**	**281**
Total	**–**	**–**	**3,382**	**–**	**183**	**3,565**
Grand total	**2,268**	**–**	**3,382**	**933**	**258**	**6,841**

	Salaries RM'000	Bonuses RM'000	Directors' fees RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
The Bank						
2023						
President & Group CEO						
Datuk Wan Razly Abdullah bin Wan Ali	2,160	3,713	–	1,492	83	7,448
Total	2,160	3,713	–	1,492	83	7,448
Non-Executive Directors						
Dato' Agil Natt	–	–	489	–	108	597
Dato' Abdul Aziz bin Abu Bakar	–	–	293	–	–	293
Dato' Mohd Hata bin Robani	–	–	365	–	–	365
Ignatius Chan Tze Ching	–	–	207	–	–	207
Dato' Rozalila binti Abdul Rahman	–	–	360	–	–	360
Peter Yuen Wai Hung	–	–	262	–	–	262
Marzida binti Mohd Noor	–	–	362	–	–	362
Gregory Jerome Gerald Fernandes	–	–	362	–	–	362
Chan Wai Yu	–	–	387	–	–	387
Mohammad Ashraf bin Md Radzi	–	–	82	–	–	82
Emeliana Dallan Rice-Oxley	–	–	60	–	–	60
Total	–	–	3,229	–	108	3,337
Grand total	2,160	3,713	3,229	1,492	191	10,785

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

43 (WRITE-BACK OF)/ALLOWANCES FOR CREDIT IMPAIRMENT LOSSES

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Expected credit losses (written-back)/made on:				
- loans, advances and financing	**(58,514)**	94,686	**(54,771)**	104,223
- amount due from client and brokers	**4**	(533)	**–**	–
- securities and placements	**(97,442)**	25,734	**(74,710)**	31,845
- loans/financing commitments and financial guarantee	**(32,318)**	10,209	**(3,358)**	520
Bad debts and financing				
- recovered	**(50,505)**	(65,393)	**(34,706)**	(50,320)
- written-off	**68,594**	10,302	**53,394**	6,189
	(170,181)	75,005	**(114,151)**	92,457

44 ALLOWANCES FOR/(WRITE-BACK OF) IMPAIRMENT LOSSES ON OTHER ASSETS

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Allowance for impairment made/(written-back) on:				
- amount due from joint ventures	**32**	4,649	**–**	–
- other debtors	**18,781**	(1,449)	**9,290**	–
	18,813	3,200	**9,290**	–

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

45 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

Related parties that have transactions and their relationship with the Bank are as follows:

Related parties	Relationship
State Financial Secretary, Sarawak ('SFS')	Substantial shareholder, which is an Investment Corporation of the Government of Sarawak
Lembaga Tabung Angkatan Tentera ('LTAT')	Substantial shareholder, which is Government-Linked Investment Company of the Government of Malaysia
Bank of East Asia ('BEA')	Substantial shareholder
Subsidiaries of SFS	Subsidiary companies of the substantial shareholder
Subsidiaries of LTAT	Subsidiary companies of the substantial shareholder
Subsidiaries of Affin Bank Berhad as disclosed in Note 16	Subsidiaries
Joint ventures as disclosed in Note 17	Joint ventures
Associates as disclosed in Note 18	Associates
Key management personnel	The key management personnel of the Group and the Bank consist of: - Directors - President & Group CEO - Members of Senior Management team and the Company Secretary
Related parties of key management personnel (deemed as related to the Bank)	Close family members and dependents of key management personnel Entities that are controlled, jointly controlled or for which significant voting power in such entity resides with, directly or indirectly by key management personnel or its close family members

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. Key management personnel include the President & Group CEO of the Bank in office during the financial year and his remuneration for the financial year is disclosed in Note 42.

45 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

The Group and the Bank do not have any individually or collectively significant transactions outside the ordinary course of business with the Government of Malaysia and government-related entities. In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances.

(a) Related parties transactions and balances

	Substantial shareholders		Other related companies		Joint ventures/ Associates		Companies in which certain Directors have substantial interest		Key management personnel	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000	**2024 RM'000**	2023 RM'000	**2024 RM'000**	2023 RM'000	**2024 RM'000**	2023 RM'000
The Group										
Income										
Interest on NID purchased	**–**	–	**–**	5,900	**–**	–	**–**	–	**–**	–
Interest on loans, advances and financing	**–**	12	**27,761**	42,340	**–**	–	**213**	2,198	**278**	185
Interest/profit on corporate bonds/Sukuk	**–**	–	**33,044**	36,000	**–**	–	**–**	–	**–**	–
Commisision income	**–**	–	**–**	–	**14,459**	17,810	**–**	–	**–**	–
Interest on unquoted entities	**–**	–	**3,139**	–	**–**	–	**–**	–	**–**	–
Other income	**2,039**	570	**6,003**	3,028	**–**	–	**–**	–	**–**	–
	2,039	582	**69,947**	87,268	**14,459**	17,810	**213**	2,198	**278**	185
Expenditure										
Interest/profit on deposits and placements of banks and other financial institutions	**6,016**	851	**10,406**	6,847	**2,940**	246	**168**	570	**124**	21
Insurance premium	**–**	–	**–**	–	**2,749**	279	**–**	–	**–**	–
Rental	**–**	26	**4,098**	13,193	**–**	–	**–**	–	**–**	–
Other expenditure	**776**	707	**3,621**	1,380	**–**	1,414	**–**	–	**–**	–
	6,792	1,584	**18,125**	21,420	**5,689**	1,939	**168**	570	**124**	21

45 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Related parties transactions and balances (continued)

	Substantial shareholders		Other related companies		Joint ventures/ Associates		Companies in which certain Directors have substantial interest		Key management personnel	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000	**2024 RM'000**	2023 RM'000	**2024 RM'000**	2023 RM'000	**2024 RM'000**	2023 RM'000
The Group										
Amount due from										
Cash and short-term funds	**–**	–	**–**	100,379	**–**	–	**–**	–	**–**	–
Corporate bonds/Sukuk/NID	**–**	–	**385,420**	598,786	**–**	–	**–**	–	**–**	–
Loans, advances and financing	**–**	–	**829,223**	1,190,143	**–**	–	**9,116**	29,912	**7,624**	8,523
Intercompany balances	**–**	–	**–**	–	**4,639**	–	**–**	–	**–**	–
Unquoted equities	**–**	–	**15,000**	15,082	**–**	–	**–**	–	**–**	–
Other assets	**10,350**	–	**1,152**	1,152	**–**	–	**–**	–	**–**	–
	10,350	–	**1,230,795**	1,905,542	**4,639**	–	**9,116**	29,912	**7,624**	8,523
Amount due to										
Demand and savings deposits	**435,012**	28,641	**192,774**	277,247	**11,020**	–	**2,080**	1,477	**2,804**	24,585
Fixed deposits	**2,164,014**	–	**643,420**	352,709	**75,557**	–	**38,323**	297,580	**5,406**	8,471
Short-term deposits	**–**	33,719	**–**	–	**–**	–	**–**	–	**–**	–
Money market deposits	**–**	87,455	**62,577**	91,748	**–**	–	**–**	–	**–**	–
Other liabilities	**–**	–	**203**	90,013	**–**	–	**–**	–	**–**	–
	2,599,026	149,815	**898,974**	811,717	**86,577**	–	**40,403**	299,057	**8,210**	33,056
Commitments and contingencies	**29,500**	2,923,864	**217,023**	437,531	**50,346**	–	**16,560**	610	**3,703**	39

45 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Related parties transactions and balances (continued)

	Substantial shareholders		Subsidiaries		Other related companies		Joint ventures/ Associates		Companies in which certain Directors have substantial interest		Key management personnel	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000	**2024 RM'000**	2023 RM'000	**2024 RM'000**	2023 RM'000	**2024 RM'000**	2023 RM'000	**2024 RM'000**	2023 RM'000
The Bank												
Income												
Interest on deposits and placements with banks and other financial institutions	–	–	**35,518**	17,395	–	–	–	–	–	–	–	–
Profit on RIA	–	–	**169,552**	146,918	–	–	–	–	–	–	–	–
Interest on NID	–	–	**34,755**	28,617	–	–	–	–	–	–	–	–
Interest on loans, advances and financing	–	12	–	–	**16,664**	28,816	–	–	**21**	–	**103**	–
Interest on corporate bonds/Sukuk	–	–	–	–	**28,922**	36,000	–	–	–	–	–	–
Interest on borrowings	–	–	**2,747**	15,222	–	–	–	–	–	–	–	–
Rental Income	–	–	**6,717**	–	–	–	–	–	–	–	–	–
Other income	–	–	**330,705**	–	**2,044**	1,748	**14,459**	17,810	–	–	–	–
	–	12	**579,994**	208,152	**47,630**	66,564	**14,459**	17,810	**21**	–	**103**	–
Expenditure												
Interest on fixed deposits	**5,030**	20	**120**	216	**680**	28	–	246	–	–	**118**	11
Interest on NID	–	–	**22,678**	5,240	–	–	–	–	–	–	–	–
Interest on deposits and placements of banks and other financial institutions	–	–	–	648	–	–	–	–	–	–	–	–
Interest on money market deposits	–	33	**13,481**	1,885	**1,423**	327	**115**	–	–	–	–	–
Brokerage fees	–	–	**731**	656	–	–	–	–	–	–	–	–
Rental	–	26	**451**	1,024	**1,344**	9,212	–	–	–	–	–	–
Other expenditure	–	–	**2,241**	19,325	**2,207**	964	**1,719**	1,414	–	–	–	–
	5,030	79	**39,702**	28,994	**5,654**	10,531	**1,834**	1,660	–	–	**118**	11

45 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Related parties transactions and balances (continued)

	Substantial shareholders		Subsidiaries		Other related companies		Joint ventures/ Associates		Companies in which certain Directors have substantial interest		Key management personnel	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000	**2024 RM'000**	2023 RM'000	**2024 RM'000**	2023 RM'000	**2024 RM'000**	2023 RM'000	**2024 RM'000**	2023 RM'000
The Bank												
Amount due from												
Restricted investment accounts	**–**	–	**3,248,280**	3,665,451	**–**	–	**–**	–	**–**	–	**–**	–
Negotiable instruments of deposit	**–**	–	**899,613**	804,231	**–**	–	**–**	–	**–**	–	**–**	–
Loans, advances and financing	**–**	–	**–**	–	**324,904**	502,471	**–**	–	**439**	–	**422**	4,079
Deposits and placements with banks and other financial institutions	**–**	–	**1,370,168**	1,331,334	**–**	–	**–**	–	**–**	–	**–**	–
Intercompany balance	**–**	–	**756,357**	–	**–**	–	**–**	–	**–**	–	**–**	–
Borrowings	**–**	–	**65,309**	65,252	**–**	–	**–**	–	**–**	–	**–**	–
Corporate Bonds/Sukuk	**–**	–	**9,918**	–	**324,176**	598,786	**–**	–	**–**	–	**–**	–
Unquoted equities	**–**	–	**–**	–	**15,000**	15,082	**–**	–	**–**	–	**–**	–
Security deposits	**–**	–	**8**	–	**–**	–	**–**	–	**–**	–	**–**	–
	–	–	**6,349,653**	5,866,268	**664,080**	1,116,339	**–**	–	**439**	–	**422**	4,079
Amount due to												
Demand and savings deposits	**398,928**	–	**57,798**	172,960	**93,763**	189,167	**11,020**	–	**–**	–	**1,509**	9,866
Fixed deposits	**1,550,000**	–	**152,497**	92,993	**37,074**	79,860	**–**	–	**–**	51,007	**4,493**	6,681
Negotiable instruments of deposit	**–**	–	**657,568**	400,576	**–**	–	**–**	–	**–**	–	**–**	–
Money market deposits	**–**	87,455	**322,229**	395,600	**62,577**	4,852	**–**	–	**–**	–	**–**	–
Security Deposits	**–**	–	**1,878**	–	**–**	–	**–**	–	**–**	–	**–**	–
Intercompany balances	**–**	–	**175,656**	315,062	**–**	–	**–**	–	**–**	–	**–**	–
	1,948,928	87,455	**1,367,626**	1,377,191	**193,414**	273,879	**11,020**	–	**–**	51,007	**6,002**	16,547
Commitments and contingencies	**28,000**	28,000	**2,677,976**	309,822	**114,941**	219,342	**50,336**	–	**–**	–	**2,164**	39

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for the financial year ended 31 December 2024

45 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Key management personnel compensation

The remuneration of key management personnel of the Group and the Bank during the financial year are as follows:

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Directors' fees, other emoluments and benefits				
Fees	**7,907**	6,630	**3,382**	3,229
Other emoluments	**–**	854	**–**	–
Benefits-in-kind	**511**	428	**183**	108
	8,418	7,912	**3,565**	3,337
Short-term employment benefits				
Salaries	**22,068**	17,898	**11,743**	11,632
Bonuses	**3,562**	10,839	**224**	9,123
Defined contribution plan ('EPF')	**6,662**	6,866	**3,979**	5,296
Other employee benefits	**2,956**	3,189	**1,686**	1,817
Benefits-in-kind	**622**	616	**445**	437
	35,870	39,408	**18,077**	28,305

Included in the above is the President/Group CEO and directors' remuneration as disclosed in Note 42.

46 TAXATION

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Malaysian income tax				
Current tax	**157,349**	90,882	**25,998**	2,786
Under/(over) provision in prior financial year	**7,273**	(37,239)	**6,150**	(38,479)
Deferred tax (Note 14)	**26,704**	62,453	**34,372**	44,854
Tax expense for the financial year	**191,326**	116,096	**66,520**	9,161

	The Group		The Bank	
	2024 %	2023 %	**2024 %**	2023 %
Statutory tax rate in Malaysia	**24.00**	24.00	**24.00**	24.00
Tax effect in respect of:				
- Non-allowable expenses	**4.52**	5.92	**5.76**	9.60
- Non taxable income	**(2.11)**	(3.01)	**(10.86)**	(19.75)
- Under/(over) provision in prior financial year [+]	**1.03**	(7.06)	**1.93**	(14.77)
- Unutilised capital allowances for lease income	**–**	2.19	**–**	4.44
- Unrecognised tax losses of which temporary differences not recognised	**(0.01)**	(0.03)	**–**	–
- Tun Razak Exchange Marquee status incentive	**(0.39)**	–	**–**	–
Average effective tax rate	**27.04**	22.01	**20.83**	3.52

[+] The overprovision of tax in 2023 is mainly due to claims on capital allowances on TRX building.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

47 EARNINGS PER SHARE

(a) BASIC EARNINGS PER SHARE

The basic earnings per ordinary share for the Group and the Bank have been calculated by dividing the net profit attributable to equity holders of the Group and the Bank by the weighted average number of ordinary shares in issue during the financial year.

	The Group		The Bank	
	2024	2023	**2024**	2023
Net profit attributable to equity holders of the Bank (RM'000)	**509,703**	402,191	**252,926**	251,322
Weighted average number of ordinary shares in issue ('000)	**2,376,438**	2,308,498	**2,376,438**	2,308,498
Basic earnings per share (sen)	**21.4**	17.4	**10.6**	10.9

(b) DILUTED EARNINGS PER SHARE

During the financial year ended 31 December 2024, diluted EPS is calculated by dividing the net profit attributable to equity holders of the Bank, which require no adjustment for the effects of dilutive potential ordinary shares, by the weighted average number of ordinary shares in issue during the financial year and the weighted average number of ordinary shares that would be issued on conversion of dilutive potential ordinary shares.

	The Group		The Bank	
	2024	2023	**2024**	2023
The Group				
Net profit attributable to equity holders of the Bank (RM'000)	**509,703**	402,191	**252,926**	251,322
Weighted average number of ordinary shares in issue ('000)				
- during the year	**2,376,438**	2,308,498	**2,376,438**	2,308,498
- effect of dilutive of potential ordinary shares [1]	**26,037**	15,425	**19,526**	10,858
Weighted average number of potential shares for diluted EPS ('000)	**2,402,475**	2,323,923	**2,395,964**	2,319,356
Diluted earnings per share (sen)	**21.2**	17.3	**10.6**	10.8

[1] The dilutive potential ordinary shares is arising from Shares Grant Scheme ('SGS'). The SGS is a restricted share unit scheme where vesting is subject to performance conditions. The number of shares calculated as above is compared with the number of shares that would have been issued assuming performance conditions are achieved.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

48 DIVIDENDS

Dividends recognised as distribution to ordinary equity holders of the Bank:

	2024		2023	
	Dividend per share sen	**Amount of dividend RM'000**	Dividend per share sen	Amount of dividend RM'000
The Group and The Bank				
Ordinary shares				
Dividend for the financial year ended 31 December 2022:				
- Single-tier final dividend	**–**	**–**	7.77	176,681
Dividend for the financial year ended 31 December 2023:				
- Single-tier final dividend	**5.76**	**135,157**	–	–
	5.76	**135,157**	7.77	176,681

No dividend has been proposed by the Board of Directors for the financial year ended 31 December 2024. However, the Bank had on 25 February 2025 announced a proposed share reward to the shareholders in the form of a bonus issue of up to 133,360,363 new ordinary shares in the Bank (Bonus Shares) on the basis of 1 Bonus Share for every 18 existing ordinary shares held in the Bank (Proposed Bonus Issue).

The Proposed Bonus Issue is subject to the approvals of Bursa Malaysia Securities Berhad for the listing of and quotation for the Bonus Shares and shareholders of the Bank at an annual general meeting to be convened.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

49 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions. These commitments and contingencies are not secured over the assets of the Group and the Bank. The principal amount of commitments and contingencies constitute the following:

	The Group		The Bank	
	2024 RM'000	2023 **RM'000**	**2024 RM'000**	2023 **RM'000**
Direct credit substitutes*	**547,957**	528,245	**395,893**	370,153
Transaction-related contingent items	**1,166,378**	1,385,471	**715,944**	840,151
Short-term self-liquidating trade-related contingencies	**3,695,873**	4,620,093	**43,616**	100,039
Irrevocable commitments to extend credit:	**13,457,136**	11,834,979	**6,380,826**	6,405,339
– maturity less than one year	**10,816,768**	9,008,132	**4,553,519**	4,480,382
– maturity more than one year	**2,640,368**	2,826,847	**1,827,307**	1,924,957
Foreign exchange related contracts #	**39,197,534**	49,035,370	**38,404,456**	40,095,245
– less than one year	**39,087,200**	48,708,481	**38,404,456**	40,095,245
– one year to less than five years	**110,334**	326,889	**–**	–
Interest/Profit rate related contracts #:	**21,301,233**	14,677,667	**15,592,512**	10,281,772
– less than one year	**2,119,000**	2,577,284	**1,514,000**	1,907,284
– one year to less than five years	**18,313,866**	11,343,119	**13,313,170**	7,734,449
– more than five years	**868,367**	757,264	**765,342**	640,039
Equity related contracts:	**94,098**	16,910	**–**	–
Lending of the Banks' securities or the posting of securities as collateral by Banks, including instances where these arise out of repo-style transactions. (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions)	**3,739,622**	3,619,584	**3,739,622**	3,619,584
Unutilised credit card lines	**1,986,666**	1,712,631	**1,592,949**	1,429,339
	85,186,497	87,430,950	**66,865,818**	63,141,622

* Included in direct credit substitutes above are financial guarantee contracts of RM548.0 million and RM395.9 million at the Group and the Bank respectively (2023: RM528.2 million and RM370.2 million at the Group and the Bank respectively), of which fair value at the time of issuance is zero.

\# The fair value of these derivatives have been recognised as 'derivative financial instruments' in the statement of financial position and disclosed in Note 6 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT

The Group has set up objectives and policies to manage the risks that arise in connection with financial instruments. The risk management policies of the Group are guided by specific objectives to ensure that comprehensive and adequate risk management procedures are established to mitigate the salient risk elements in the operations of the Group. The establishment of the overall financial risk management objectives is consistent and in tandem with the strategy to create and enhance shareholders' value, whilst guided by a prudent and robust framework of risk management policies. In achieving the objective of maximising returns to shareholders, the Board takes cognisance of the risk elements that the Group is confronted within its operations. In view of the multi-faceted risks inherent especially in the Group's operations in the banking sector, the Group places great emphasis on the importance of risk management and has put in place clear and comprehensive risk management mechanisms and strategies to identify, monitor, manage and control the relevant risk factors.

(i) Credit risk

Credit risk is the risk that a counterparty will fail to meet its contractual obligations which could result in a financial loss to the Group and the Bank. The Group's and the Bank's exposure to credit risks arises primarily from loans, advances and financing, amount due from client and brokers, share margin financing, corporate/inter-bank lending activities, securities borrowing and lending, bonds/sukuk investment, foreign exchange trading as well as equity and debt underwriting and from participation in securities settlements and payment transactions.

The management of credit risk is governed by a set of approved credit policies, guidelines and procedures to ensure that the overall lending objectives are in compliance with the internal and regulatory requirements. The risk management policies are subject to review by the Group Board Risk Management Committee ('GBRMC'), a sub-committee of the Board that reviews the adequacy of the Group's and the Bank's risk policies and framework. The Group's and the Bank's credit risk framework is further strengthened through an established process for the approval and review of proposals that comprises the Group Management Credit Committee ('GMCC') and the Group Board Credit Review and Recovery Committee ('GBCRRC'). The GMCC represents the approving authority for credit and underwriting proposals, whilst the GBCRRC is the committee that reviews proposals that exceed specified limits and criteria, as well as to consider whether to veto the approval of GMCC on the proposal or modify the terms of the proposal.

The Group and the Bank recognise that learning is a continuous journey and are committed to enhance the knowledge and skills set of its staff. They placed strong emphasis on creating and enhancing risk awareness in the organisation.

The Group and the Bank are supportive of credit officers in pursuing Professional Credit Certification ('PCC') programmes offered by the Asian Institute of Chartered Bankers ('AICB'). Upon attaining the Chartered Banker certification, credit officers are expected to demonstrate sound understanding of credit process and competence to undertake credit roles and responsibilities.

Credit risk evaluation

Credit evaluation is the process of analysing the creditworthiness of a prospective counterparty against the Group's and the Bank's underwriting criteria and the ability of the Group and the Bank to make a return commensurate to the level of risk undertaken. Apart from conducting a holistic risk assessment on the prospective counterparty, a critical element in the evaluation process is the assignment of a credit risk grade to the counterparty. This assists in the risk assessment and decision making process. A number of relevant qualitative and quantitative factors are taken into consideration in the identification and analysis of a counterparty's credit risk. Each counterparty is assigned a credit rating which considers factors such as competitive position, operating performance, cash flow financial strength and management strength. The Group and the Bank have developed internal rating models to support the assessment and quantification of credit risk.

All corporate lending/financing, underwritings and corporate debt securities investments/Sukuk are independently evaluated by the Group's and Bank's credit management function and approved by the relevant approving authorities based on the Authority Matrix approved by the Board.

For consumer mass market products, statistically developed application scorecards are used to assess the risks associated with the credit application as a decision support tool at loans, advances and financing origination. For share margin financing, the credit decisions are guided by an internally developed rating scorecard as well as other terms and conditions stipulated in the Group's and the Bank's Margin Financing Policy. The credit risk of share margin financing is largely mitigated by the holding of collateral in the form of marketable securities.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Risk limit control and mitigation policies

The Group and the Bank employ various policies and practices to control and mitigate credit risk.

Lending/Financing limits

The Group and the Bank establish internal limits and related lending/financing guidelines to manage large exposures and avoid undue concentration of credit risk in its credit portfolio. The limits include single customer groupings, connected parties and industry segments. These risks are monitored regularly and the limits are reviewed annually or sooner depending on changing market and economic conditions.

The credit risk exposure for derivatives due to potential exposure arising from market movements, and loan books are managed on an aggregated basis as part of the overall lending limits with customers.

Collateral

Credits are established against customer's capacity to pay rather than to rely solely on collateral. However, collateral may be taken to mitigate credit risk.

The main collateral types accepted and ascribed value by the Group and the Bank are:
- Mortgages over residential real estate;
- Charges over commercial real estate or vehicles financed;
- Charges over business assets such as business properties, equipment and fixed deposits;
- Charges over financial instruments such as marketable securities; and
- Debentures, personal guarantees and corporate guarantees.

Where relevant, the Group and the Bank undertake a valuation of the collateral obtained as part of the loan/financing origination process. This assessment is reviewed periodically.

Term loans/financing and lending to corporate entities are generally secured, revolving individual credit facilities are generally unsecured.

Collateral held as security for financial assets other than loans, advances and financing depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments. Derivatives are also collateralised.

The Group's and the Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group and the Bank since the prior period.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Risk limit control and mitigation policies (continued)

Collateral (continued)

The Group and the Bank closely monitor collateral held for financial assets that are credit-impaired, as it becomes more likely that the Group and the Bank will realise the collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

	Gross loans, advances and financing RM'000	Expected credit losses RM'000	Net loans, advances and financing RM'000	Fair value of collateral held RM'000
The Group				
2024				
Community Banking				
- Overdraft/Cash Line-i	**12,403**	**(3,863)**	**8,540**	**28,809**
- Credit cards	**1,885**	**(1,179)**	**706**	**–**
- Term loans/financing	**99,844**	**(45,697)**	**54,147**	**105,395**
- Mortgages	**343,785**	**(90,371)**	**253,414**	**376,980**
- Hire purchase	**76,947**	**(42,960)**	**33,987**	**256,153**
Corporate Banking	**540,876**	**(164,494)**	**376,382**	**18,625,077**
Enterprise Banking	**322,265**	**(150,331)**	**171,934**	**1,633,131**
Total credit-impaired assets	**1,398,005**	**(498,895)**	**899,110**	**21,025,545**
The Group				
2023				
Community Banking				
- Overdraft/Cash Line-i	5,582	(1,819)	3,763	13,957
- Credit cards	4,163	(2,863)	1,300	–
- Term loans/financing	122,228	(46,761)	75,467	138,350
- Mortgages	210,871	(53,084)	157,787	229,108
- Hire purchase	79,868	(44,971)	34,897	263,239
Corporate Banking	526,965	(253,031)	273,934	1,479,926
Enterprise Banking	315,734	(181,418)	134,316	906,699
Total credit-impaired assets	1,265,411	(583,947)	681,464	3,031,279

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Risk limit control and mitigation policies (continued)

Collateral (continued)

The Group and the Bank closely monitor collateral held for financial assets that are credit-impaired, as it becomes more likely that the Group and the Bank will realise the collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below (continued):

	Gross loans, advances and financing RM'000	Expected credit losses RM'000	Net loans, advances and financing RM'000	Fair value of collateral held RM'000
The Bank				
2024				
Community Banking				
- Overdraft	**12,122**	**(3,772)**	**8,350**	**28,239**
- Credit cards	**1,657**	**(1,037)**	**620**	**–**
- Term loans/financing	**39,378**	**(10,107)**	**29,271**	**42,510**
- Mortgages	**217,455**	**(58,705)**	**158,750**	**245,427**
- Hire purchase	**38,619**	**(20,237)**	**18,382**	**161,853**
Corporate Banking	**514,101**	**(154,598)**	**359,503**	**18,543,909**
Enterprise Banking	**243,705**	**(113,117)**	**130,588**	**1,379,702**
Total credit-impaired assets	**1,067,037**	**(361,573)**	**705,464**	**20,401,640**
The Bank				
2023				
Community Banking				
- Overdraft	5,487	(1,788)	3,699	13,957
- Credit cards	3,507	(2,412)	1,095	–
- Term loans/financing	32,427	(7,842)	24,585	32,139
- Mortgages	116,819	(29,374)	87,445	128,764
- Hire purchase	43,393	(24,444)	18,949	164,037
Corporate Banking	496,655	(245,257)	251,398	1,446,526
Enterprise Banking	274,857	(158,232)	116,625	753,820
Total credit-impaired assets	973,145	(469,349)	503,796	2,539,243

The financial effect of collateral held for loans, advances and financing of the Group and the Bank are 82.1% (2023: 82.4%) and 78.7% (2023: 79.5%) respectively. The financial effects of collateral for the other financial assets are insignificant.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Risk limit control and mitigation policies (continued)

Collateral (continued)

Collateral and other credit enhancements obtained

The Group and the Bank obtained assets by taking possession of collateral held as security or calling upon other credit enhancements.

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Nature of assets				
Industrial and residential properties	**8,724**	19,316	**5,901**	5,901

Foreclosed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. The carrying amount of foreclosed properties held by the Group and the Bank as at reporting date has been classified as 'Other assets' as disclosed in Note 11.

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Derivatives	**5,165**	86,001	**–**	–

The Group mitigates the credit risk of derivatives by entering into master netting agreements and holding collateral in the form of cash.

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Reverse repurchase agreements with financial institutions	**3,363**	–	**3,363**	–

The Group mitigates the credit risk of reverse repurchase agreements with financial institutions by holding collateral in the form of cash.

Credit related commitments

Commitment to extend credit represents unutilised portion of approved credit in the form of loans/financing, guarantees or letters of credit. Unutilised credits give rise to potential or contingent credit losses to the Group and the Bank in an amount equal to the total unutilised commitments. The Group and the Bank manage and mitigate the amount of potential and contingent losses arising from unutilised credit lines by imposing minimum specific credit standards on counterparties.

The Group and the Bank monitor the term to maturity of credit commitments as longer-term commitments generally have a greater degree of credit risk than short-term commitments.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Credit risk measurement

Credit risk grades

The Group and the Bank allocate a credit risk grade to each exposure. Credit risk grades are indicative of the risk of default and are generated using qualitative and quantitative factors which are supplemented by experienced credit judgement. These inputs vary depending on the nature of the exposure and the type of customer.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates.

Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in probability of default ('PD') and qualitative factors, including a backstop based on delinquency.

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's and the Bank's quantitative modelling, the remaining lifetime PD is determined to have increased by more than a predetermined percentage/range.

Using its expert credit judgement and, where possible, relevant historical experience, the Group and the Bank may determine that an exposure has undergone a significant increase in credit risk based on qualitative indicators that it considers are indicative of such and which effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Group and the Bank consider that a significant increase in credit risk is presumed if a borrower/issuer/customer is more than 30 days or 1 month past due. Days or months past due are determined by the number of days or month since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Group and the Bank monitor the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Credit risk measurement (continued)

Measurement of expected credit losses ('ECL')

The Group and the Bank use three categories on financial instruments at FVOCI and AC for recognising ECL.

Category	Definition	Basis for recognising
Performing accounts (Stage 1)	• Financial assets that do not have significant increase in credit risk since initial recognition of the asset and therefore, less likely to default; • Performing accounts with credit grade 13 or better; • Accounts past due less than or equal to 30 days or; • For early control accounts where one that has risk or potential weakness which if left unchecked, may result in significant deterioration of repayment prospect and transfer to Underperforming status (Stage 2) or worse.	12-Months ECL
Underperforming accounts (Stage 2)	• An account with significant increase in credit risk since initial recognition and if left uncorrected, may result in impairment of the account within the next 12 months; • Accounts past due more than 30 days or 1 month but up to 90 days or 3 months; • Account demonstrating critical level of risk and therefore, credit grade 14 and placed under Watchlist or; • Restructuring and rescheduling ('R&R') due to significant increase in credit risk.	Lifetime ECL – not credit impaired
Impaired accounts (Stage 3)	• Impaired credit; • Credit grade 15 or worse; • Accounts past due more than 90 days or 3 months or; • R&R which warrants a reclassification to Stage 3.	Lifetime ECL – credit impaired
Write-off	• Evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or; • Assets unable to generate sufficient future cash flows to repay the amount.	Asset is written-off

The Group and the Bank have not used the low credit risk exemption for any financial instrument for the financial year ended 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Credit risk measurement (continued)

Measurement of expected credit losses ('ECL') (continued)

The key inputs into the measurement of ECL are the term structure of the following variables:
- probability of default ('PD');
- loss given default ('LGD'); and
- exposure at default ('EAD').

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information.

PD is the likelihood of a counterparty defaulting on its contractual obligations over a given time horizon and are estimates at a certain date, which are calculated based on statistical models. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. If a counterparty or exposure migrates between rating classes, this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

The Group and the Bank collect performance and default information relating to its credit risk exposures which are analysed by type of product and customer as well as by credit risk grading. For some portfolios, information from external credit assessment institutions are also used.

The Group and the Bank employ statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile is used to determine how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans/financing. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

LGD is the magnitude of loss in an event of a default. LGD parameters are estimated based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the original effective interest/profit rate as the discounting factor.

EAD represents the exposure outstanding in the event of a default. The Group and the Bank derived the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For financing commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

The 12-month and lifetime EAD are determined based on the expected payment profile, which varies by product type.

ECL is determined by projecting the PD, LGD and EAD at each future point on a yearly basis on individual exposures, or collective segments, and discounting these monthly expected losses back to the reporting date. The discount rate used in the ECL calculation is the original interest/profit rate or an approximation thereof.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Credit risk measurement (continued)

Measurement of expected credit losses ('ECL') (continued)

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group and the Bank measure ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group and the Bank consider a longer period. The maximum contractual period extends to the date at which the Group and the Bank have the right to require repayment of an advance or terminate a loan commitment or guarantee.

Forward looking economic information is also included in determining the 12-month and lifetime PD, LGD and EAD.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics which include:

- product/instrument type;
- past due status;
- credit risk grading;
- collateral type;
- date of initial recognition; and
- remaining term to maturity.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period that have material impact to ECL.

Incorporation of forward-looking information

The Group and the Bank incorporate forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. A 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios are formulated.

This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities.

The base case represents a most-likely outcome and is aligned with information used by the Group and the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group and the Bank carry out stress testing which involves more extreme shocks to calibrate its determination of these other representative scenarios.

The Group and the Bank have identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, have estimated relationships between macro-economic variables and credit risk and credit losses.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Credit risk measurement (continued)

Incorporation of forward-looking information (continued)

The Group and the Bank have also identified the key economic variables and carried out sensitivity assessment of ECL for loans, advances and financing, financing commitments and guarantees, treasury bonds and placements in relation to the changes in these key economic variables while all other variables remain constant. The sensitivity factors used are derived based on expected standard deviation determined for each key economic variable to assess the impact on the ECL of the Group and the Bank.

The economic scenario used for the expected credit losses ('ECL') estimate and the effect to the ECL estimate due to the changes in the macro-economic variables ('MEVs') by percentage are set out as below:

	2024 %	2023 %
Measurement variables - MEV change		
House Price Index	**0.43**	1.02
Private Consumption Expenditure	**12.26**	28.03
USD Dollar to Malaysian Ringgit Exchange Rate	**0.02**	1.25
Malaysia Economic Indicator Leading Index ('MEILI') 2015	**0.49**	0.55
Malaysia Debt Service Ratio	**0.82**	0.32
Current Account (as a percentage of Gross Domestic Product)	***N/A**	5.22
Unemployment Rate	**4.43**	2.39
Average Lending Rate	**10.26**	2.77

*N/A - Not applicable as a result of change in MEV made during the financial year.

	2024 (Write-back)/made		2023 (Write-back)/made	
	RM'000 +	RM'000 -	RM'000 +	RM'000 -
The Group				
Impact on expected credit losses	**657**	**809**	23	491
The Bank				
Impact on expected credit losses	**1,231**	**(108)**	1,373	(1,047)

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Credit risk monitoring

Corporate credits and large individual accounts are subject to ongoing monitoring. This is to ensure that the credit grades remain appropriate and to detect any signs of weaknesses or deterioration in the credit quality. Appropriate remedial action is taken where evidence of deterioration exists.

The credit monitoring process is also to identify significant increase in credit risk as a means to pro-actively report and manage potentially deteriorating credit quality. Watchlist accounts are closely reviewed and monitored with appropriate corrective measures employed to prevent further credit deterioration into non-performing status. Watchlist accounts are either managed up or managed out within a period of twelve months.

The Group and the Bank have established MFRS 9 - Stage Transfer Policy to provide guidance in determining significant increases in credit risk of financial assets. There are 3 stages to differentiate the credit risk of financial assets in conjunction with MFRS 9 standards: Performing Accounts (Stage 1), Underperforming Accounts (Stage 2) and Impaired Accounts (Stage 3).

Active portfolio monitoring as well as exceptions reportings are in place to identify, analyse and manage the overall risk profile to mitigate adverse trends or specific areas of risk concerns.

The Group and the Bank conduct post-mortem reviews on newly impaired loans/financing to determine the key reason(s) and/or driver(s) leading to the account being classified as impaired. The findings are communicated at both management and Board levels as lessons learned which are used to assist in formulating appropriate remedial actions or measures to minimise potential or future credit loss from similar or repeat events.

In addition, post-approval independent credit review is undertaken by the Group and the Bank to ensure that credit decision-making is consistent with the overall credit risk appetite and strategy.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Maximum exposure to credit risk

For financial assets recognised on the statement of financial position, the exposure to credit risk equals their carrying amount. For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that the Group and the Bank would have to pay if the guarantee was to be called upon. For loan commitments and other commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

All financial assets of the Group and the Bank are subject to credit risk except for cash in hand, equity securities held as financial assets at FVTPL or financial investments at FVOCI, as well as non-financial assets.

The exposure to credit risk of the Group and the Bank equals their carrying amount in the statement of financial position as at reporting date, except for the followings:

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Maximum credit risk exposure				
Credit risk exposures of on-balance sheet assets:				
Cash and short-term funds *	**2,536,859**	5,359,108	**1,644,541**	3,262,435
Financial assets at FVTPL **	**1,277,672**	400,753	**1,715,845**	1,186,915
Financial investments at FVOCI #	**13,634,206**	9,782,127	**5,804,950**	3,758,344
Others @	**1,120,972**	1,040,365	**1,094,547**	482,433
	18,569,709	16,582,353	**10,259,883**	8,690,127
Credit risk exposure of off-balance sheet items:				
Financial guarantees	**547,957**	528,245	**395,893**	370,153
Loan commitments and other credit related commitments^	**20,306,053**	19,553,174	**8,733,335**	8,774,868
	20,854,010	20,081,419	**9,129,228**	9,145,021
Total maximum credit risk exposure	**39,423,719**	36,663,772	**19,389,111**	17,835,148

* Excluded cash in hand

** Excluded investment in exchange traded fund, shares, unit trusts and REITs

\# Excluded investment in unquoted shares

@ Included amount due from joint ventures and subsidiaries, amount due from client and brokers and other assets (excluded prepayment and foreclosed properties)

^ The comparative balance of the commitment on Lending of the Banks' securities or the posting of securities as collateral by Banks have been excluded to conform to current year's presentation.

Whilst the Group's and the Bank's maximum exposure to credit risk is the carrying value of the assets, or in the case of off-balance sheet items, the amount guaranteed, committed or accepted, in most cases the likely exposure is far less due to collateral, credit enhancements and other actions taken to mitigate the credit exposure.

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Credit risk concentrations

Credit risk is the risk of financial loss from the failure of customers to meet their contractual obligations. Exposure to credit risk is managed through portfolio management. The credit portfolio's risk profiles and exposures are reviewed and monitored regularly to ensure that an acceptable level of risk diversification is maintained. Exposure to credit risk is also managed in part by obtaining collateral, security, corporate and personal guarantees.

The credit risk concentrations of the Group and the Bank, by industry, are set out in the following tables:

	Short-term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets at FVTPL RM'000	Derivative financial instruments RM'000	Financial investments at FVOCI RM'000	Financial investments at AC RM'000	Loans, advances and financing RM'000	^ Others RM'000	Total on-balance sheet RM'000	Commitments and contingencies RM'000
The Group										
2024										
Agriculture	–	–	10,106	–	60,928	84,303	1,320,036	–	1,475,373	297,770
Mining and quarrying	–	–	2,259	–	342,604	15,290	98,424	–	458,577	225,984
Manufacturing	–	–	15,377	1,968	420,016	177,213	4,337,441	111	4,952,126	1,842,944
Electricity, gas and water supply	–	–	–	3,127	364,999	252,763	470,044	–	1,090,933	305,855
Construction	–	–	20,179	52	698,495	1,091,680	2,362,288	24	4,172,718	1,964,217
Real estate	–	–	35,194	3,040	644,119	544,245	4,400,390	509	5,627,497	645,816
Transport, storage and communication	–	–	–	649	825,561	772,477	3,225,304	–	4,823,991	868,824
Finance, insurance and business services	853,591	302,241	257,999	440,328	6,480,069	10,320,833	2,136,674	1,564	20,793,299	1,519,699
Government and government agencies	1,683,268	–	931,503	–	2,929,300	1,767,375	794,600	–	8,106,046	5,472,676
Wholesale, retail trade, hotel and restaurants	–	–	–	1,206	–	189,948	5,947,635	–	6,138,789	1,616,593
Others	–	–	5,055	–	868,115	464,044	45,799,249	1,118,764	48,255,227	6,093,632
Total assets	2,536,859	302,241	1,277,672	450,370	13,634,206	15,680,171	70,892,085	1,120,972	105,894,576	20,854,010

^ Others include amount due from joint ventures, amount due from client and brokers and other assets (excluded prepayment and foreclosed properties).

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Credit risk concentrations (continued)

Credit risk is the risk of financial loss from the failure of customers to meet their contractual obligations. Exposure to credit risk is managed through portfolio management. The credit portfolio's risk profiles and exposures are reviewed and monitored regularly to ensure that an acceptable level of risk diversification is maintained. Exposure to credit risk is also managed in part by obtaining collateral, security, corporate and personal guarantees (continued).

The credit risk concentrations of the Group and the Bank, by industry, are set out in the following tables (continued):

	Short-term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets at FVTPL RM'000	Derivative financial instruments RM'000	Financial investments at FVOCI RM'000	Financial investments at AC RM'000	Loans, advances and financing RM'000	^ Others RM'000	Total on-balance sheet RM'000	Commitments and contingencies RM'000
The Group										
2023										
Agriculture	–	–	–	–	–	75,208	1,486,285	–	1,561,493	372,114
Mining and quarrying	–	–	–	–	–	15,291	381,515	–	396,806	260,640
Manufacturing	–	–	16,456	4,627	25,488	274,641	3,865,896	235	4,187,343	1,915,772
Electricity, gas and water supply	–	–	–	1,086	109,210	141,073	468,482	297	720,148	360,682
Construction	–	–	5,086	–	355,333	101,668	1,980,543	–	2,442,630	2,207,231
Real estate	–	–	–	22	100,972	218,457	4,740,278	699	5,060,428	920,215
Transport, storage and communication	–	–	–	3,514	453,815	776,176	2,355,418	185	3,589,108	685,985
Finance, insurance and business services	2,249,216	840,592	284,394	458,120	4,463,128	10,951,591	2,213,988	33,734	21,494,763	962,234
Government and government agencies	3,109,892	–	79,679	–	3,082,791	2,901,989	2,338,283	–	11,512,634	5,394,329
Wholesale, retail trade, hotel and restaurants	–	–	15,138	3,069	101,563	521,694	5,858,174	–	6,499,638	1,535,052
Others	–	–	–	–	1,089,827	614,780	39,536,135	1,005,215	42,245,957	5,467,165
Total assets	5,359,108	840,592	400,753	470,438	9,782,127	16,592,568	65,224,997	1,040,365	99,710,948	20,081,419

^ Others include amount due from joint ventures, amount due from client and brokers and other assets (excluded prepayment and foreclosed properties).

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Credit risk concentrations (continued

Credit risk is the risk of financial loss from the failure of customers to meet their contractual obligations. Exposure to credit risk is managed through portfolio management. The credit portfolio's risk profiles and exposures are reviewed and monitored regularly to ensure that an acceptable level of risk diversification is maintained. Exposure to credit risk is also managed in part by obtaining collateral, security, corporate and personal guarantees (continued).

The credit risk concentrations of the Group and the Bank, by industry, are set out in the following tables (continued):

	Short-term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Investment accounts due from designated financial institutions RM'000	Financial assets at FVTPL RM'000	Derivative financial instruments RM'000	Financial investments at FVOCI RM'000	Financial investments at AC RM'000	Loans, advances and financing RM'000	^ Others RM'000	Total on-balance sheet RM'000	Commitments and contingencies RM'000
The Bank											
2024											
Agriculture	–	–	–	–	–	20,238	–	644,132	–	664,370	161,388
Mining and quarrying	–	–	–	2,259	–	157,436	5,097	40,907	–	205,699	51,196
Manufacturing	–	–	–	–	869	255,342	70,585	2,877,508	–	3,204,304	1,468,243
Electricity, gas and water supply	–	–	–	–	–	126,966	157,460	56,183	–	340,609	36,297
Construction	–	–	–	20,179	52	354,968	644,428	1,181,916	–	2,201,543	1,148,566
Real estate	–	–	–	–	3,040	219,544	101,233	3,201,432	–	3,525,249	494,571
Transport, storage and communication	–	–	–	–	649	304,708	433,204	2,081,718	–	2,820,279	580,311
Finance, insurance and business services	1,644,541	604,294	3,248,280	1,149,708	407,384	3,765,023	7,481,833	1,200,511	–	19,501,574	922,065
Government and government agencies	–	–	–	538,644	–	192,951	740,136	1,298	–	1,473,029	66,234
Wholesale, retail trade, hotel and restaurants	–	–	–	–	604	–	189,948	4,387,314	–	4,577,866	1,088,628
Others	–	–	–	5,055	–	407,774	204,640	19,967,095	1,094,547	21,679,111	3,111,729
Total assets	1,644,541	604,294	3,248,280	1,715,845	412,598	5,804,950	10,028,564	35,640,014	1,094,547	60,193,633	9,129,228

^ Others include amount due from subsidiaries and other assets (excluded prepayment and foreclosed properties).

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Credit risk concentrations (continued)

Credit risk is the risk of financial loss from the failure of customers to meet their contractual obligations. Exposure to credit risk is managed through portfolio management. The credit portfolio's risk profiles and exposures are reviewed and monitored regularly to ensure that an acceptable level of risk diversification is maintained. Exposure to credit risk is also managed in part by obtaining collateral, security, corporate and personal guarantees (continued).

The credit risk concentrations of the Group and the Bank, by industry, are set out in the following tables (continued):

	Short-term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Investment accounts due from designated financial institutions RM'000	Financial assets at FVTPL RM'000	Derivative financial instruments RM'000	Financial investments at FVOCI RM'000	Financial investments at AC RM'000	Loans, advances and financing RM'000	^ Others RM'000	Total on-balance sheet RM'000	Commitments and contingencies RM'000
The Bank											
2023											
Agriculture	–	–	–	–	–	–	10,164	687,618	–	697,782	134,293
Mining and quarrying	–	–	–	–	–	–	5,097	274,801	–	279,898	68,763
Manufacturing	–	–	–	–	4,223	5,148	162,727	2,618,506	–	2,790,604	1,435,663
Electricity, gas and water supply	–	–	–	–	–	57,289	60,307	82,089	–	199,685	36,171
Construction	–	–	–	5,086	–	148,286	50,700	934,176	–	1,138,248	1,330,195
Real estate	–	–	–	–	22	15,189	35,313	3,443,096	–	3,493,620	679,664
Transport, storage and communication	–	–	–	–	3,514	40,955	435,780	1,477,817	–	1,958,066	429,244
Finance, insurance and business services	2,613,277	1,143,443	3,665,450	1,087,012	340,011	2,780,486	8,036,655	1,379,965	–	21,046,299	850,490
Government and government agencies	649,158	–	–	79,679	–	239,681	1,524,336	1,435,553	–	3,928,407	84,622
Wholesale, retail trade, hotel and restaurants	–	–	–	15,138	1,113	–	521,694	4,488,836	–	5,026,781	1,010,630
Others	–	–	–	–	–	471,310	325,312	17,687,993	482,433	18,967,048	3,085,286
Total assets	3,262,435	1,143,443	3,665,450	1,186,915	348,883	3,758,344	11,168,085	34,510,450	482,433	59,526,438	9,145,021

^ Others include amount due from subsidiaries and other assets (excluded prepayment and foreclosed properties).

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Total loans, advances and financing - credit quality

All loans, advances and financing are categorised into 'neither past due nor impaired', 'past due but not impaired' and 'impaired'.

Past due loans refer to loans, advances and financing that are overdue by one day or more.

Loans, advances and financing are classified as impaired when they fulfil any of the following criteria:
i) the principal or interest/profit or both is past due more than 90 days or 3 months from the first day of default; or
ii) where the account is in arrears for less than 90 days or 3 months, there is evidence of impairment to indicate that the borrower/customer is 'unlikely to meet' its credit obligations.

Distribution of loans, advances and financing by credit quality

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Group				
2024				
Neither past due nor impaired	**62,350,290**	**2,721,922**	**–**	**65,072,212**
Past due but not impaired	**3,521,820**	**2,052,618**	**–**	**5,574,438**
Impaired	**–**	**–**	**1,398,005**	**1,398,005**
Gross loans, advances and financing	**65,872,110**	**4,774,540**	**1,398,005**	**72,044,655**
Less: Expected credit losses	**(149,185)**	**(504,490)**	**(498,895)**	**(1,152,570)**
Net loans, advances and financing	**65,722,925**	**4,270,050**	**899,110**	**70,892,085**

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Group				
2023				
Neither past due nor impaired	56,917,985	3,103,555	–	60,021,540
Past due but not impaired	2,703,812	2,672,106	–	5,375,918
Impaired	–	–	1,265,411	1,265,411
Gross loans, advances and financing	59,621,797	5,775,661	1,265,411	66,662,869
Less: Expected credit losses	(149,260)	(704,665)	(583,947)	(1,437,872)
Net loans, advances and financing	59,472,537	5,070,996	681,464	65,224,997

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Total loans, advances and financing - credit quality (continued)

Distribution of loans, advances and financing by credit quality (continued)

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
2024				
Neither past due nor impaired	**30,631,289**	**1,708,286**	**–**	**32,339,575**
Past due but not impaired	**1,913,995**	**1,051,275**	**–**	**2,965,270**
Impaired	**–**	**–**	**1,067,037**	**1,067,037**
Gross loans, advances and financing	**32,545,284**	**2,759,561**	**1,067,037**	**36,371,882**
Less: Expected credit losses	**(83,625)**	**(286,670)**	**(361,573)**	**(731,868)**
Net loans, advances and financing	**32,461,659**	**2,472,891**	**705,464**	**35,640,014**

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
2023				
Neither past due nor impaired	29,969,670	1,802,538	–	31,772,208
Past due but not impaired	1,282,464	1,440,424	–	2,722,888
Impaired	–	–	973,145	973,145
Gross loans, advances and financing	31,252,134	3,242,962	973,145	35,468,241
Less: Expected credit losses	(95,645)	(392,797)	(469,349)	(957,791)
Net loans, advances and financing	31,156,489	2,850,165	503,796	34,510,450

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Total loans, advances and financing - credit quality (continued)

Distribution of loans, advances and financing by credit quality (continued)

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's and the Bank's maximum exposure to credit risk on these assets.

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Group				
2024				
Credit grade				
Satisfactory	**15,579,363**	**2,003,372**	**–**	**17,582,735**
Special mention	**5,915,861**	**673,859**	**–**	**6,589,720**
Default/impaired	**–**	**–**	**1,398,005**	**1,398,005**
Unrated	**44,376,886**	**2,097,309**	**–**	**46,474,195**
Gross loans, advances and financing	**65,872,110**	**4,774,540**	**1,398,005**	**72,044,655**
Less: Expected credit losses	**(149,185)**	**(504,490)**	**(498,895)**	**(1,152,570)**
Net loans, advances and financing	**65,722,925**	**4,270,050**	**899,110**	**70,892,085**

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Group				
2023				
Credit grade				
Satisfactory	17,139,593	2,776,422	–	19,916,015
Special mention	2,980,090	428,201	–	3,408,291
Default/impaired	–	–	1,265,411	1,265,411
Unrated	39,502,114	2,571,038	–	42,073,152
Gross loans, advances and financing	59,621,797	5,775,661	1,265,411	66,662,869
Less: Expected credit losses	(149,260)	(704,665)	(583,947)	(1,437,872)
Net loans, advances and financing	59,472,537	5,070,996	681,464	65,224,997

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Total loans, advances and financing - credit quality (continued)

Distribution of loans, advances and financing by credit quality (continued)

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's and the Bank's maximum exposure to credit risk on these assets (continued):

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
2024				
Credit grade				
Satisfactory	**8,649,176**	**1,314,026**	**–**	**9,963,202**
Special mention	**3,206,817**	**395,546**	**–**	**3,602,363**
Default/impaired	**–**	**–**	**1,067,037**	**1,067,037**
Unrated	**20,689,291**	**1,049,989**	**–**	**21,739,280**
Gross loans, advances and financing	**32,545,284**	**2,759,561**	**1,067,037**	**36,371,882**
Less: Expected credit losses	**(83,625)**	**(286,670)**	**(361,573)**	**(731,868)**
Net loans, advances and financing	**32,461,659**	**2,472,891**	**705,464**	**35,640,014**

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
2023				
Credit grade				
Satisfactory	9,393,060	1,708,806	–	11,101,866
Special mention	1,969,638	286,960	–	2,256,598
Default/impaired	–	–	973,145	973,145
Unrated	19,889,436	1,247,196	–	21,136,632
Gross loans, advances and financing	31,252,134	3,242,962	973,145	35,468,241
Less: Expected credit losses	(95,645)	(392,797)	(469,349)	(957,791)
Net loans, advances and financing	31,156,489	2,850,165	503,796	34,510,450

Satisfactory: Exposures demonstrate a strong capacity to meet financial commitments, with negligible or low probability of default and/or levels of expected loss.

Special mention: Exposures require varying degrees of special attention and default risk is of greater concern which are under the monitoring of Group Early Alert Committee ('GEAC').

Deposits and short-term funds, corporate bonds/Sukuk and treasury bills - credit quality

Most listed and some unlisted securities are rated by external rating agencies. The Group and the Bank mainly use external credit ratings provided by recognised External Credit Assessment Institutions ('ECAIs').

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Deposits and short-term funds, corporate bonds/Sukuk and treasury bills - credit quality (continued)

The table below presents the deposits and short-term funds, corporate bonds/Sukuk, treasury bills and other eligible bills that neither past due nor impaired and impaired, analysed by rating:

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Group				
2024				
Short-term funds, deposits and placements with banks and other financial institutions				
Sovereigns	1,683,268	–	–	1,683,268
AAA	201,384	–	–	201,384
AA- to AA+	569,274	–	–	569,274
A- to A+	257,267	–	–	257,267
Lower than A-	83,153	–	–	83,153
Unrated	44,785	–	–	44,785
Expected credit losses ('ECL')	(31)	–	–	(31)
	2,839,100	–	–	2,839,100
Financial investments at FVOCI				
Sovereigns	6,578,454	–	–	6,578,454
AAA	1,693,438	–	–	1,693,438
AA- to AA+	3,428,179	123,456	–	3,551,635
A- to A+	1,150,801	–	–	1,150,801
Lower than A-	634,388	–	–	634,388
Unrated	25,490	–	–	25,490
	13,510,750	123,456	–	13,634,206
Expected credit losses ('ECL') ^^	(1,255)	(19)	–	(1,274)
Financial investments at AC				
Sovereigns	12,404,762	–	–	12,404,762
AAA	777,824	–	–	777,824
AA- to AA+	1,292,721	50,392	–	1,343,113
A- to A+	221,605	–	–	221,605
Lower than A-	190,532	–	–	190,532
Unrated	556,530	204,281	–	760,811
Expected credit losses ('ECL')	(4,142)	(14,334)	–	(18,476)
	15,439,832	240,339	–	15,680,171
Amount due from joint ventures				
Unrated	–	47,254	–	47,254
Expected credit losses ('ECL')	–	(42,615)	–	(42,615)
	–	4,639	–	4,639

^^ The ECL is recognised in other comprehensive income instead of in the statement of financial position as the carrying amount of debt instruments at FVOCI are equivalent to their fair value.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Deposits and short-term funds, corporate bonds/Sukuk and treasury bills - credit quality (continued)

The table below presents the deposits and short-term funds, corporate bonds/Sukuk, treasury bills and other eligible bills that neither past due nor impaired and impaired, analysed by rating (continued):

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Group				
2023				
Short-term funds, deposits and placements with banks and other financial institutions				
Sovereigns	3,109,897	–	–	3,109,897
AAA	960,039	–	–	960,039
AA- to AA+	1,663,397	–	–	1,663,397
A- to A+	340,032	–	–	340,032
Lower than A-	103,398	–	–	103,398
Unrated	22,958	–	–	22,958
Expected credit losses ('ECL')	(21)	–	–	(21)
	6,199,700	–	–	6,199,700
Financial investments at FVOCI				
Sovereigns	5,765,420	–	–	5,765,420
AAA	1,665,347	–	–	1,665,347
AA- to AA+	1,447,162	97,825	–	1,544,987
A- to A+	359,501	–	–	359,501
Lower than A-	310,229	–	–	310,229
Unrated	35,079	101,564	–	136,643
	9,582,738	199,389	–	9,782,127
Expected credit losses ('ECL') ^^	(533)	(21,156)	–	(21,689)
Financial investments at AC				
Sovereigns	13,014,574	–	–	13,014,574
AAA	1,025,221	–	–	1,025,221
AA- to AA+	1,177,744	50,404	–	1,228,148
A- to A+	308,937	–	–	308,937
Lower than A-	186,428	–	–	186,428
Unrated	314,283	611,457	8,101	933,841
Expected credit losses ('ECL')	(6,707)	(89,773)	(8,101)	(104,581)
	16,020,480	572,088	–	16,592,568
Amount due from joint ventures				
Unrated	–	52,499	–	52,499
Expected credit losses ('ECL')	–	(52,467)	–	(52,467)
	–	32	–	32

^^ The ECL is recognised in other comprehensive income instead of in the statement of financial position as the carrying amount of debt instruments at FVOCI are equivalent to their fair value.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Deposits and short-term funds, corporate bonds/Sukuk and treasury bills - credit quality (continued)

The table below presents the deposits and short-term funds, corporate bonds/Sukuk, treasury bills and other eligible bills that neither past due nor impaired and impaired, analysed by rating (continued):

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
2024				
Short-term funds, deposits and placements with banks and other financial institutions				
Sovereigns	–	–	–	–
AAA	180,153	–	–	180,153
AA- to AA+	1,759,744	–	–	1,759,744
A- to A+	245,960	–	–	245,960
Lower than A-	18,224	–	–	18,224
Unrated	44,785	–	–	44,785
Expected credit losses ('ECL')	(31)	–	–	(31)
	2,248,835	–	–	2,248,835
Investment accounts due from designated financial institution				
AA- to AA+	3,248,280	–	–	3,248,280
Expected credit losses ('ECL')	–	–	–	–
	3,248,280	–	–	3,248,280
Financial investments at FVOCI				
Sovereigns	2,213,417	–	–	2,213,417
AAA	714,540	–	–	714,540
AA- to AA+	1,841,045	82,600	–	1,923,645
A- to A+	658,188	–	–	658,188
Lower than A-	295,160	–	–	295,160
Unrated	–	–	–	–
	5,722,350	82,600	–	5,804,950
Expected credit losses ('ECL')	(774)	(246)	–	(1,020)
Financial investments at AC				
Sovereigns	8,307,883	–	–	8,307,883
AAA	413,561	–	–	413,561
AA- to AA+	741,160	25,196	–	766,356
A- to A+	160,523	–	–	160,523
Lower than A-	190,532	–	–	190,532
Unrated	–	204,281	–	204,281
Expected credit losses ('ECL')	(239)	(14,333)	–	(14,572)
	9,813,420	215,144	–	10,028,564
Amount due from subsidiaries				
AA- to AA+	–	756,357	–	756,357

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Deposits and short-term funds, corporate bonds/Sukuk and treasury bills - credit quality (continued)

The table below presents the deposits and short-term funds, corporate bonds/Sukuk, treasury bills and other eligible bills that neither past due nor impaired and impaired, analysed by rating (continued):

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
2023				
Short-term funds, deposits and placements with banks and other financial institutions				
Sovereigns	649,158	–	–	649,158
AAA	424,068	–	–	424,068
AA- to AA+	3,105,855	–	–	3,105,855
A- to A+	166,718	–	–	166,718
Lower than A-	37,136	–	–	37,136
Unrated	22,958	–	–	22,958
Expected credit losses ('ECL')	(15)	–	–	(15)
	4,405,878	–	–	4,405,878
Investment accounts due from designated financial institution				
Unrated	3,665,451	–	–	3,665,451
Expected credit losses ('ECL')	(1)	–	–	(1)
	3,665,450	–	–	3,665,450
Financial investments at FVOCI				
Sovereigns	1,579,654	–	–	1,579,654
AAA	857,647	–	–	857,647
AA- to AA+	774,021	51,844	–	825,865
A- to A+	298,688	–	–	298,688
Lower than A-	196,490	–	–	196,490
Unrated	–	–	–	–
	3,706,500	51,844	–	3,758,344
Expected credit losses ('ECL')	(172)	(235)	–	(407)
Financial investments at AC				
Sovereigns	8,795,819	–	–	8,795,819
AAA	589,818	–	–	589,818
AA- to AA+	801,421	25,202	–	826,623
A- to A+	247,851	–	–	247,851
Lower than A-	186,428	–	–	186,428
Unrated	–	611,457	–	611,457
Expected credit losses ('ECL')	(143)	(89,768)	–	(89,911)
	10,621,194	546,891	–	11,168,085
Amount due from subsidiaries				
AA- to AA+	–	22,126	–	22,126

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Other financial assets - credit quality

Other financial assets of the Group and the Bank are neither past due nor impaired and impaired are summarised as below:

Simplified approach

	Current RM'000	Current to less than 90 days past due RM'000	More than 90 days past due RM'000	Total RM'000	Provision for credit loss RM'000
The Group					
2024					
Amount due from client and brokers	**–**	**513,973**	**161**	**514,134**	**(227)**
Other assets	**580,461**	**26,598**	**4,867**	**611,926**	**(4,861)**
2023					
Amount due from client and brokers	–	398,908	191	399,099	(223)
Other assets	614,884	26,598	2,293	643,775	(2,286)

	Current RM'000	Current to less than 90 days past due RM'000	More than 90 days past due RM'000	Total RM'000	Provision for credit loss RM'000
The Bank					
2024					
Other assets	**1,094,547**	**–**	**–**	**1,094,547**	**–**
2023					
Other assets	482,433	–	–	482,433	–

Other financial assets that are past due but not impaired or impaired are not significant.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Other financial assets - credit quality (continued)

The following table contains an analysis of the credit risk exposure of loans/financing commitments and financial guarantees for which an ECL is recognised.

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Group				
2024				
Loans/Financing commitments and financial guarantees				
Satisfactory	**20,202,475**	**522,111**	**–**	**20,724,586**
Special mention	**1,194**	**90,565**	**–**	**91,759**
Default/impaired	**–**	**–**	**37,665**	**37,665**
	20,203,669	**612,676**	**37,665**	**20,854,010**
Expected credit losses	**10,048**	**4,451**	**2,300**	**16,799**
2023				
Loans/Financing commitments and financial guarantees				
Satisfactory	19,377,403	454,536	–	19,831,939
Special mention	55	93,742	–	93,797
Default/impaired	–	–	155,683	155,683
	19,377,458	548,278	155,683	20,081,419
Expected credit losses	13,452	16,172	19,493	49,117

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
2024				
Loans/Financing commitments and financial guarantees				
Satisfactory	**8,757,934**	**293,695**	**–**	**9,051,629**
Special mention	**1,194**	**46,103**	**–**	**47,297**
Default/impaired	**–**	**–**	**30,302**	**30,302**
	8,759,128	**339,798**	**30,302**	**9,129,228**
Expected credit losses	**7,313**	**3,183**	**1,213**	**11,709**
2023				
Loans/Financing commitments and financial guarantees				
Satisfactory	8,761,689	232,962	–	8,994,651
Special mention	55	25,160	–	25,215
Default/impaired	–	–	125,155	125,155
	8,761,744	258,122	125,155	9,145,021
Expected credit losses	9,090	5,085	892	15,067

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk

Market risk is defined as changes in the market value of a trading or investment position arising from movements in market factors such as interest/profit rate, foreign exchange rates and implied volatility rates. The Group and the Bank's exposure to market risk results largely from interest/profit rate and foreign exchange rate risks.

Market risk may arise from proprietary trading position and investment activities (including those for liquidity requirement purposes) in the Trading and Investment Book respectively.

The Market Risk Management Framework governs the market risk activities of the Group and the Bank which are supported by a set of approved market risk management policies, guidelines and procedures.

Risk control parameters are established based on risk appetite, market liquidity and business strategies as well as macro-economic conditions. These parameters are reviewed at least annually.

Market risk arising from the Trading Book is primarily controlled through the imposition of Stop-loss, Value-at-Risk ('VaR') and sensitivity limits.

Periodic stress tests are conducted to quantify market risk arising from probability of abnormal market movements.

Risk Management Policies and Procedures

Value-at-Risk ('VaR')

VaR estimates the potential loss of a Trading portfolio from adverse market price movements which may occur over a specified holding period of the Trading portfolio.

It measures the risk of losses arising from potential adverse movements in interest/profit rates, implied volatility rates and foreign exchange rates that could affect values of financial instruments.

Backtesting of the VaR results is conducted to validate and reassess the accuracy of the risk measurement systems.

Other risk measures

- Mark-to-market
  Mark-to-market valuation tracks the current market value of the outstanding financial instruments.

- Stress testing
  Stress tests are conducted to attempt to quantify market risk arising from abnormal market movements. Stress tests measure the changes in values primarily arising from extreme movements in interest/profit rates and foreign exchange rates based on Marco-economic Variables ('MEV') provided by in-house research team.

Interest/profit rate sensitivity analysis

The table below shows the interest/profit sensitivity for the financial assets and financial liabilities held as at reporting date.

Impact on profit after tax is measured using Repricing Gap Simulation methodology based on 100 basis point parallel shifts in interest/profit rate.

Impact on equity represents the changes in fair value of fixed income instruments held in financial investments at FVOCI portfolio arising from the shifts in interest/profit rate.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Interest/profit rate sensitivity analysis (continued)

	2024		2023	
	+100 basis point RM million	-100 basis point RM million	+100 basis point RM million	-100 basis point RM million
The Group				
Impact on profit after taxation	**46.7**	**(46.7)**	10.8	(10.8)
Impact on equity	**(187.0)**	**187.0**	(183.0)	183.0
The Bank				
Impact on profit after taxation	**11.7**	**(11.7)**	(1.9)	1.9

Foreign exchange risk sensitivity analysis

The following table sets out the analysis of the exposure to assess the impact of a 1% change in exchange rate to the profit after taxation.

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
+1%				
Euro	**2,079**	348	**2,710**	218
United States Dollar	**(161)**	(24,519)	**(1,009)**	(26,376)
Great Britain Pound	**(918)**	(153)	**165**	19
Australian Dollar	**5,007**	4,532	**2,221**	1,960
New Zealand Dollar	**(69)**	(59)	**(68)**	(59)
Japanese Yen	**5**	13	**(2)**	3
Others	**(673)**	198	**(1,196)**	(290)
	5,270	(19,640)	**2,821**	(24,525)
-1%				
Euro	**(2,079)**	(348)	**(2,710)**	(218)
United States Dollar	**161**	24,519	**1,009**	26,376
Great Britain Pound	**918**	153	**(165)**	(19)
Australian Dollar	**(5,007)**	(4,532)	**(2,221)**	(1,960)
New Zealand Dollar	**69**	59	**68**	59
Japanese Yen	**(5)**	(13)	**2**	(3)
Others	**673**	(198)	**1,196**	290
	(5,270)	19,640	**(2,821)**	24,525

Foreign exchange risk

The Group and the Bank are exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The risk of fluctuations in foreign currency exchange rates is managed via setting of thresholds on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Foreign exchange risk (continued)

The following table summarises the Group's and the Bank's exposure to foreign currency exchange rate risk at reporting date. Included in the table are the Group's and the Bank's financial instruments at carrying amounts, categorised by currency.

	Euro RM'000	United States Dollar RM'000	Great Britain Pound RM'000	Australian Dollar RM'000	New Zealand Dollar RM'000	Japanese Yen RM'000	Others RM'000	Total RM'000
The Group								
2024								
Assets								
Short-term funds	12,398	571,122	10,265	11,615	681	1,270	121,533	728,884
Deposits and placements with banks and other financial institutions	–	–	–	–	–	–	–	–
Financial assets at FVTPL	–	13,423	–	–	–	–	15,377	28,800
Derivative financial instruments	5,519	283,286	203	142	–	209	609	289,968
Financial investments at FVOCI	–	2,117,809	–	1,051,472	–	–	–	3,169,281
Financial investments at AC	–	344,188	–	169,989	–	–	–	514,177
Loans, advances and financing	359,210	1,332,963	263,184	–	–	–	117,987	2,073,344
Amount due from client and brokers	–	21,199	254	160	–	–	8,398	30,011
Other assets	–	4,199	–	(157)	–	3	988	5,033
Total financial assets	377,127	4,688,189	273,906	1,233,221	681	1,482	264,892	6,839,498
Liabilities								
Deposits from customers	94,231	1,259,918	44,460	70,434	9,217	774	193,541	1,672,575
Deposits and placements of banks and other financial institutions	–	3,047,265	349,546	491,977	–	–	151,755	4,040,543
Derivative financial instruments	9,160	200,042	589	11,836	557	–	4,680	226,864
Amount due to client and brokers	–	1,958	138	103	–	–	3,376	5,575
Other liabilities	129	200,184	15	12	5	–	77	200,422
Total financial liabilities	103,520	4,709,367	394,748	574,362	9,779	774	353,429	6,145,979
Net on-balance sheet financial position	273,607	(21,178)	(120,842)	658,859	(9,098)	708	(88,537)	693,519
Off balance sheet commitments	1,462,324	43,984,034	45,380	223,898	10,134	12,595	544,345	46,282,710

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Foreign exchange risk (continued)

The following table summarises the Group's and the Bank's exposure to foreign currency exchange rate risk at reporting date. Included in the table are the Group's and the Bank's financial instruments at carrying amounts, categorised by currency (continued).

	Euro RM'000	United States Dollar RM'000	Great Britain Pound RM'000	Australian Dollar RM'000	New Zealand Dollar RM'000	Japanese Yen RM'000	Others RM'000	Total RM'000
The Group								
2023								
Assets								
Short-term funds	72,988	515,636	16,827	7,431	953	2,736	85,194	701,765
Deposits and placements with banks and other financial institutions	–	–	–	7,905	–	–	–	7,905
Financial assets at FVTPL	–	–	–	–	–	–	16,454	16,454
Derivative financial instruments	8,274	321,245	1,380	279,376	212	98	5,961	616,546
Financial investments at FVOCI	–	670,200	–	104,216	–	–	–	774,416
Financial investments at AC	–	394,268	–	221,193	–	–	65	615,526
Loans, advances and financing	2,758	1,088,935	435,148	–	–	–	208,126	1,734,967
Amount due from client and brokers	–	2,971	1,034	149	–	–	7,790	11,944
Other assets	–	2,648	1	(159)	–	3	1,411	3,904
Total financial assets	84,020	2,995,903	454,390	620,111	1,165	2,837	325,001	4,483,427
Liabilities								
Deposits from customers	33,610	3,562,835	34,170	23,770	8,910	1,142	101,986	3,766,423
Deposits and placements of banks and other financial institutions	–	2,229,532	440,158	–	–	–	192,232	2,861,922
Investment accounts due to designated financial institutions	–	–	–	–	–	–	–	
Derivative financial instruments	4,603	286,446	41	(41)	78	13	1,552	292,692
Amount due to client and brokers	–	686	85	59	–	–	3,168	3,998
Other liabilities	54	142,641	22	12	6	–	73	142,808
Total financial liabilities	38,267	6,222,140	474,476	23,800	8,994	1,155	299,011	7,067,843
Net on-balance sheet financial position	45,753	(3,226,237)	(20,086)	596,311	(7,829)	1,682	25,990	(2,584,416)
Off balance sheet commitments	1,141,192	53,692,471	87,339	210,005	20,457	881	458,180	55,610,525

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Foreign exchange risk (continued)

The following table summarises the Group's and the Bank's exposure to foreign currency exchange rate risk at reporting date. Included in the table are the Group's and the Bank's financial instruments at carrying amounts, categorised by currency (continued).

	Euro RM'000	United States Dollar RM'000	Great Britain Pound RM'000	Australian Dollar RM'000	New Zealand Dollar RM'000	Japanese Yen RM'000	Others RM'000	Total RM'000
The Bank								
2024								
Assets								
Short-term funds	7,377	464,992	1,669	3,146	681	680	58,926	537,471
Deposits and placements with banks and other financial institutions	–	–	–	–	–	–	–	–
Investment accounts due from designated financial institution	–	25,063	–	–	–	–	–	25,063
Financial assets at FVTPL	–	–	–	–	–	–	–	–
Derivative financial instruments	3,442	272,333	203	52	–	19	450	276,499
Financial investments at FVOCI	–	1,118,085	–	725,843	–	–	–	1,843,928
Financial investments at AC	–	344,188	–	136,404	–	–	–	480,592
Loans, advances and financing	359,210	1,053,653	235,058	–	–	–	116,342	1,764,263
Other assets	–	1,740	–	–	–	–	–	1,740
Total financial assets	370,029	3,280,054	236,930	865,445	681	699	175,718	4,929,556
Liabilities								
Deposits from customers	6,308	651,682	44,266	69,108	9,217	742	176,591	957,914
Deposits and placements of banks and other financial institutions	–	2,570,125	170,319	491,977	–	–	151,755	3,384,176
Derivative financial instruments	7,051	189,784	589	12,123	420	235	4,675	214,877
Other liabilities	129	1,254	15	12	5	–	3	1,418
Total financial liabilities	13,488	3,412,845	215,189	573,220	9,642	977	333,024	4,558,385
Net on-balance sheet financial position	356,541	(132,791)	21,741	292,225	(8,961)	(278)	(157,306)	371,171
Off balance sheet commitments	1,386,513	39,389,585	45,380	227,385	10,134	5,791	488,889	41,553,677

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Foreign exchange risk (continued)

The following table summarises the Group's and the Bank's exposure to foreign currency exchange rate risk at reporting date. Included in the table are the Group's and the Bank's financial instruments at carrying amounts, categorised by currency (continued).

	Euro RM'000	United States Dollar RM'000	Great Britain Pound RM'000	Australian Dollar RM'000	New Zealand Dollar RM'000	Japanese Yen RM'000	Others RM'000	Total RM'000
The Bank								
2023								
Assets								
Short-term funds	54,368	475,488	41,203	1,291	953	1,411	48,048	622,762
Deposits and placements with banks and other financial institutions	–	–	–	7,905	–	–	–	7,905
Investment accounts due from designated financial institution	–	66,374	–	–	–	–	–	66,374
Derivative financial instruments	5,698	234,320	156	3,698	212	10	1,346	245,440
Financial investments at FVOCI	–	501,136	–	85,001	–	–	–	586,137
Financial investments at AC	–	394,268	–	183,409	–	–	–	577,677
Loans, advances and financing	–	973,156	406,067	–	–	–	206,386	1,585,609
Other assets	–	1,784	–	–	–	–	–	1,784
Total financial assets	60,066	2,646,526	447,426	281,304	1,165	1,421	255,780	3,693,688
Liabilities								
Deposits from customers	28,854	3,895,313	34,045	23,440	8,910	1,036	101,618	4,093,216
Deposits and placements of banks and other financial institutions	–	1,978,312	410,848	–	–	–	192,232	2,581,392
Derivative financial instruments	2,500	242,942	40	12	1	13	100	245,608
Other liabilities	54	524	22	12	6	–	–	618
Total financial liabilities	31,408	6,117,091	444,955	23,464	8,917	1,049	293,950	6,920,834
Net on-balance sheet financial position	28,658	(3,470,565)	2,471	257,840	(7,752)	372	(38,170)	(3,227,146)
Off balance sheet commitments	975,507	40,765,444	32,891	79,023	9,230	881	158,466	42,021,442

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50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Interest/profit rate risk

Interest/profit rate risk is the risk to earnings and capital arising from exposure to adverse movements in interest/profit rates mainly due to mismatches in timing repricing of assets and liabilities. These mismatches are actively managed from an earnings and economic value perspective.

The objective of interest/profit rate risk management is to achieve a stable and sustainable net interest/profit income from the following perspectives:

1. Next 12 months' Earnings - Interest/profit rate risk from the earnings perspective is the impact based on changes to the net interest/profit income over the next 12 months. This risk is measured through sensitivity analysis including the application of an instantaneous 100 basis point parallel shock in interest/profit rates across the yield curve.
2. Economic Value - Measuring the change in the EVE is an assessment of the long-term impact to the Group and the Bank's capital. This is assessed through the application of relevant duration factors to capture the net economic value impact over the long term or total life of all balance sheet assets and liabilities to adverse changes in interest/profit rates.

Interest/profit rate risk thresholds are established in line with the Group and the Bank's strategy and risk appetite. These thresholds are reviewed regularly to ensure relevance in the context of prevailing market conditions.

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Interest/profit rate risk (continued)

The following table represents the Group's and the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates as at reporting date.

	Non-trading book							
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest/ profit sensitive RM'000	Trading book RM'000	Total RM'000
The Group								
2024								
Assets								
Cash and short-term funds	1,786,819	–	–	–	–	1,066,062	–	2,852,881
Deposits and placements with banks and other financial institutions	–	97,947	200,000	–	–	4,294	–	302,241
Financial assets at FVTPL	–	–	–	–	–	–	1,562,337	1,562,337
Derivative financial instruments	–	–	–	–	–	–	450,370	450,370
Financial investments at FVOCI	9,999	105,021	75,166	1,438,743	2,292,155	9,980,373	–	13,901,457
Financial investments at AC	50,000	189,311	676,138	10,045,345	4,597,847	130,772	–	15,689,413
Loans, advances and financing								
- non-impaired	51,176,400	1,189,452	2,270,449	6,199,901	9,810,448	(653,675)^	–	69,992,975
- impaired	–	–	–	–	–	899,110#	–	899,110
Others [1]	65,593	–	–	–	–	1,055,379	–	1,120,972
Statutory deposits with Bank Negara Malaysia	–	–	–	–	–	1,524,530	–	1,524,530
Total assets	53,088,811	1,581,731	3,221,753	17,683,989	16,700,450	14,006,845	2,012,707	108,296,286

^ The negative balance represents ECL for loans, advances and financing in accordance with the Group's accounting policy on allowance for unimpaired loans, advances and financing.

Net of ECL for impaired loans, advances and financing.

[1] Others include other assets, amount due from joint ventures and amount due from client and brokers.

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Interest/profit rate risk (continued)

The following table represents the Group's and the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates as at reporting date (continued).

	Non-trading book							
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest/ profit sensitive RM'000	Trading book RM'000	Total RM'000
The Group								
2024								
Liabilities								
Deposits from customers	32,825,006	14,498,422	25,561,399	173,906	–	648,786	–	73,743,519
Investment accounts of customers	375	750,451	2,106	–	–	4,668	–	757,600
Deposits and placements of banks and other financial institutions	4,374,398	2,819,814	1,361,227	–	–	62,972	–	8,618,411
Obligation on securities sold under repurchase agreements	2,529,433	2,472,214	521,985	–	–	43,786	–	5,567,418
Derivative financial instruments	–	–	–	–	–	–	365,936	365,936
Bills and acceptances payable	–	–	–	–	–	32,341	–	32,341
Recourse obligation on loans/financing sold to Cagamas Berhad	–	300,002	350,000	4,436,561	–	41,432	–	5,127,995
Lease liabilities	3,078	1,996	5,708	54,565	57	–	–	65,404
Borrowings and Sukuk	–	–	230,000	1,519,921	1,986,648	28,311	–	3,764,880
Others [2]	207,699	–	–	–	–	1,784,204	–	1,991,903
Total liabilities	39,939,989	20,842,899	28,032,425	6,184,953	1,986,705	2,682,500	365,936	100,035,407
Net interest/profit sensitivity gap	13,148,822	(19,261,168)	(24,810,672)	11,499,036	14,713,745			

[2] Others include amount due to client and brokers and other liabilities.

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Interest/profit rate risk (continued)

The following table represents the Group's and the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates as at reporting date (continued).

	Non-trading book							
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest/ profit sensitive RM'000	Trading book RM'000	Total RM'000
The Group								
2023								
Assets								
Cash and short-term funds	4,735,423	–	–	–	–	906,940	–	5,642,363
Deposits and placements with banks and other financial institutions	–	626,623	207,841	–	–	6,128	–	840,592
Financial assets at FVTPL	–	–	–	–	–	–	606,734	606,734
Derivative financial instruments	–	–	–	–	–	–	470,438	470,438
Financial investments at FVOCI	9,992	94,993	676,464	1,982,085	1,610,741	5,653,492	–	10,027,767
Financial investments at AC	250,000	107,776	639,681	9,341,600	6,122,235	143,610	–	16,604,902
Loans, advances and financing								
- non-impaired	43,546,653	4,569,083	1,297,639	6,627,452	9,356,631	(853,925)^	–	64,543,533
- impaired	–	–	–	–	–	681,464#	–	681,464
Others (1)	40,113	–	–	–	–	1,000,252	–	1,040,365
Statutory deposits with Bank Negara Malaysia	–	–	–	–	–	1,395,600	–	1,395,600
Total assets	48,582,181	5,398,475	2,821,625	17,951,137	17,089,607	8,933,561	1,077,172	101,853,758

^ The negative balance represents ECL for loans, advances and financing in accordance with the Group's accounting policy on allowance for unimpaired loans, advances and financing.

Net of ECL for impaired loans, advances and financing.

(1) Others include other assets, amount due from joint ventures and associates and amount due from client and brokers.

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Interest/profit rate risk (continued)

The following table represents the Group's and the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates as at reporting date (continued).

	Non-trading book							
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
The Group								
2023								
Liabilities								
Deposits from customers	31,854,813	12,881,038	25,066,865	316,560	24,807	690,028	–	70,834,111
Investment accounts of customers	345	–	–	12	–	2	–	359
Deposits and placements of banks and other financial institutions	5,305,276	2,257,963	1,449,619	–	–	37,824	–	9,050,682
Obligation on securities sold under repurchase agreements	2,205,203	2,184,460	490,794	–	–	37,453	–	4,917,910
Derivative financial instruments	–	–	–	–	–	–	395,726	395,726
Bills and acceptances payable	–	–	–	–	–	40,686	–	40,686
Recourse obligation on loans/financing sold to Cagamas Berhad	–	450,008	–	3,496,712	–	27,771	–	3,974,491
Lease liabilities	3,430	1,015	7,502	33,774	–	–	–	45,721
Borrowings and Sukuk	–	–	–	2,284,601	994,672	25,128	–	3,304,401
Others [2]	240,425	–	–	–	–	1,163,568	–	1,403,993
Total liabilities	39,609,492	17,774,484	27,014,780	6,131,659	1,019,479	2,022,460	395,726	93,968,080
Net interest/profit sensitivity gap	8,972,689	(12,376,009)	(24,193,155)	11,819,478	16,070,128			

[2] Others include amount due to client and brokers and other liabilities.

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Interest/profit rate risk (continued)

The following table represents the Group's and the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates as at reporting date (continued).

	Non-trading book							
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
The Bank								
2024								
Assets								
Cash and short-term funds	**1,286,333**	**–**	**–**	**–**	**–**	**674,225**	**–**	**1,960,558**
Deposits and placements with banks and other financial institutions	**–**	**400,000**	**200,000**	**–**	**–**	**4,294**	**–**	**604,294**
Investment accounts due from designated financial institutions	**314,449**	**130,526**	**628,310**	**818,019**	**1,356,976**	**–**	**–**	**3,248,280**
Financial assets at FVTPL	**–**	**–**	**–**	**–**	**–**	**–**	**1,852,836**	**1,852,836**
Derivative financial instruments	**–**	**–**	**–**	**–**	**–**	**–**	**412,598**	**412,598**
Financial investments at FVOCI	**–**	**–**	**–**	**–**	**–**	**6,046,007**	**–**	**6,046,007**
Financial investments at AC	**–**	**86,821**	**441,047**	**6,836,010**	**2,589,624**	**84,618**	**–**	**10,038,120**
Loans, advances and financing	**–**	**–**	**–**	**–**	**–**	**–**		
- non-impaired	**25,078,514**	**195,417**	**1,584,592**	**4,269,611**	**4,176,711**	**(370,295)^**	**–**	**34,934,550**
- impaired	**–**	**–**	**–**	**–**	**–**	**705,464#**	**–**	**705,464**
Others [(1)]	**–**	**–**	**–**	**–**	**–**	**1,094,547**	**–**	**1,094,547**
Statutory deposits with Bank Negara Malaysia	**–**	**–**	**–**	**–**	**–**	**867,000**	**–**	**867,000**
Total assets	**26,679,296**	**812,764**	**2,853,949**	**11,923,640**	**8,123,311**	**9,105,860**	**2,265,434**	**61,764,254**

^ The negative balance represents ECL for loans, advances and financing in accordance with the Group's accounting policy on allowance for unimpaired loans, advances and financing.

Net of ECL for impaired loans, advances and financing.

(1) Others include other assets and amount due from subsidiaries.

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Interest/profit rate risk (continued)

The following table represents the Group's and the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates as at reporting date (continued).

	Non-trading book							
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
The Bank								
2024								
Liabilities								
Deposits from customers	17,159,443	8,568,956	14,799,993	159,017	–	417,409	–	41,104,818
Deposits and placements of banks and other financial institutions	2,618,757	2,355,979	184,510	–	–	24,343	–	5,183,589
Obligation on securities sold under repurchase agreements	2,151,280	2,472,214	521,985	–	–	43,300	–	5,188,779
Derivative financial instruments	–	–	–	–	–	–	316,611	316,611
Bills and acceptances payable	–	–	–	–	–	32,341	–	32,341
Recourse obligation on loans/financing sold to Cagamas Berhad	–	–	350,000	2,635,544	–	17,020	–	3,002,564
Borrowings and Sukuk	–	4,907	–	–	1,486,648	14,674	–	1,506,229
Lease liabilities	1,437	458	4,425	50,874	57	–	–	57,251
Others [2]	–	–	–	–	–	1,156,555	–	1,156,555
Total liabilities	21,930,917	13,402,514	15,860,913	2,845,435	1,486,705	1,705,642	316,611	57,548,737
Net interest sensitivity gap	4,748,379	(12,589,750)	(13,006,964)	9,078,205	6,636,606			

[2] Others include other liabilities and amount due to subsidiaries.

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Interest/profit rate risk (continued)

The following table represents the Group's and the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates as at reporting date (continued).

	Non-trading book							
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
The Bank								
2023								
Assets								
Cash and short-term funds	2,689,465	–	–	–	–	856,220	–	3,545,685
Deposits and placements with banks and other financial institutions	–	1,130,000	7,841	–	–	5,602	–	1,143,443
Investment accounts due from designated financial institutions	371,615	20,000	247,395	1,243,245	1,783,195	–	–	3,665,450
Financial assets at FVTPL	–	–	–	–	–	–	1,302,516	1,302,516
Derivative financial instruments	–	–	–	–	–	–	348,883	348,883
Financial investments at FVOCI	–	–	–	–	–	3,979,219	–	3,979,219
Financial investments at AC	200,000	55,152	715,291	6,723,472	3,387,875	98,628	–	11,180,419
Loans, advances and financing								
- non-impaired	21,239,021	2,793,355	1,131,498	4,439,062	4,892,160	(488,442)^	–	34,006,654
- impaired	–	–	–	–	–	503,796#	–	503,796
Others [1]	–	–	–	–	–	482,433	–	482,433
Statutory deposits with Bank Negara Malaysia	–	–	–	–	–	780,000	–	780,000
Total assets	24,500,101	3,998,507	2,102,025	12,405,779	10,063,230	6,217,456	1,651,399	60,938,498

^ The negative balance represents ECL for loans, advances and financing in accordance with the Group's accounting policy on allowance for unimpaired loans, advances and financing.

Net of ECL for impaired loans, advances and financing.

(1) Others include other assets and amount due from subsidiaries and associates.

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Interest/profit rate risk (continued)

The following table represents the Group's and the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates as at reporting date (continued).

	Non-trading book							
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
The Bank								
2023								
Liabilities								
Deposits from customers	17,482,778	7,916,790	15,678,370	249,290	–	454,883	–	41,782,111
Deposits and placements of banks and other financial institutions	3,449,419	1,686,718	533,176	–	–	25,704	–	5,695,017
Obligation on securities sold under repurchase agreements	1,672,320	1,907,454	490,794	–	–	33,386	–	4,103,954
Derivative financial instruments	–	–	–	–	–	–	328,579	328,579
Bills and acceptances payable	–	–	–	–	–	40,686	–	40,686
Recourse obligation on loans/financing sold to Cagamas Berhad	–	450,008	–	2,393,467	–	15,975	–	2,859,450
Borrowings and Sukuk	–	–	–	–	994,672	11,358	–	1,006,030
Lease liabilities	2,308	291	4,580	31,099	–	–	–	38,278
Others [2]	–	–	–	–	–	817,771	–	817,771
Total liabilities	22,606,825	11,961,261	16,706,920	2,673,856	994,672	1,399,763	328,579	56,671,876
Net interest sensitivity gap	1,893,276	(7,962,754)	(14,604,895)	9,731,923	9,068,558			

[2] Others include other liabilities and amount due to subsidiaries.

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50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk

Liquidity risk is the risk of inability of a bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. Liquidity risk includes the inability to manage sudden decreases or changes in funding sources. Liquidity risk also arises from the failure to recognise changes in market conditions that affect the ability to liquidate assets quickly and with minimal loss in value.

The Liquidity Risk Management Framework governs the liquidity risk management activities of the Group and the Bank. The objective of liquidity risk management is to ensure that there are sufficient funds to meet contractual and regulatory obligations without incurring unacceptable losses as well as to undertake new transactions. The Group and the Bank's liquidity management process involves establishing liquidity risk management policies and prudential thresholds, liquidity risk threshold monitoring, stress testing and establishing contingency funding plans. These building blocks of liquidity risk management are subject to regular reviews to ensure relevance in the context of prevailing market conditions and regulatory landscape.

The Group and the Bank's short term liquidity risk management is premised on BNM's Liquidity Coverage Ratio ('LCR') standards. The LCR is a quantitative requirement which seeks to ensure that the Group and the Bank holds sufficient High Quality Liquid Assets ('HQLA') to withstand a significant liquidity stress scenario over a 30-day horizon.

Long-term liquidity risk profile is assessed via the Net Stable Funding Ratio ('NSFR') which promotes resilience over a longer time horizon for the Group and the Bank to fund its activities with more stable sources of funding on an ongoing basis.

The Group and the Bank also employs a set of liquidity risk indicators as an early alert of any structural change for liquidity risk management. The liquidity risk indicators include internal and external qualitative as well as quantitative indicators.

Liquidity stress tests are conducted periodically and on ad-hoc basis to gauge the Group and the Bank's resilience in the event of a liquidity disruption.

The Contingency Funding Plan provides a systematic approach in handling liquidity disruption. The document encompasses strategies, decision-making authorities, and courses of action to be taken in the event of liquidity crisis and emergencies, enabling the Group and the Bank to respond to an unexpected liquidity disruption in an effective and efficient manner.

The Group Board Risk Management Committee ('GBRMC') is responsible for the Group and the Bank's liquidity policy and the strategic management of liquidity has been delegated to the Group Asset Liability Management Committee ('GALCO'). The GBRMC is informed regularly on the liquidity position of the Group and the Bank.

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50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (continued)

Liquidity risk disclosure table which is based on contractual undiscounted cash flows

The table below provides analysis of cash flow payables for financial liabilities based on remaining contractual maturities on undiscounted basis. The balances in the table below do not agree directly to the balances reported in the statement of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest/profit payments.

	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
The Group						
2024						
Deposits from customers	**32,943,240**	**14,853,224**	**26,416,405**	**180,822**	**–**	**74,393,691**
Investment accounts of customers	**376**	**760,528**	**2,177**	**–**	**–**	**763,081**
Deposits and placements of banks and other financial institutions	**4,415,950**	**2,866,607**	**1,402,116**	**24,409**	**–**	**8,709,082**
Obligation on securities sold under repurchase agreements	**2,567,197**	**2,496,568**	**526,212**	**–**	**–**	**5,589,977**
Bills and acceptances payable	**32,341**	**–**	**–**	**–**	**–**	**32,341**
Recourse obligation on loans/ financing sold to Cagamas Berhad	**–**	**330,860**	**104,863**	**2,302,610**	**2,729,977**	**5,468,310**
Amount due to client and brokers	**370,282**	**–**	**–**	**–**	**–**	**370,282**
Lease liabilities	**3,299**	**6,519**	**21,619**	**31,157**	**–**	**62,594**
Other liabilities	**315,409**	**25,403**	**1,037,367**	**226,644**	**16,794**	**1,621,617**
Borrowings and Sukuk	**12,603**	**132**	**169,712**	**3,244,985**	**1,112,904**	**4,540,336**
	40,660,697	**21,339,841**	**29,680,471**	**6,010,627**	**3,859,675**	**101,551,311**

	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
The Group						
2023						
Deposits from customers	31,998,671	13,194,647	25,981,650	362,939	27,727	71,565,634
Investment accounts of customers	–	–	355	14	–	369
Deposits and placements of banks and other financial institutions	5,329,411	3,016,647	1,479,659	–	–	9,825,717
Obligation on securities sold under repurchase agreements	2,222,590	2,205,445	505,960	–	–	4,933,995
Bills and acceptances payable	40,686	–	–	–	–	40,686
Recourse obligation on loans/ financing sold to Cagamas Berhad	–	469,035	1,012,059	2,736,897	–	4,217,991
Amount due to client and brokers	214,162	–	–	–	–	214,162
Lease liabilities	2,064	3,887	17,310	23,788	–	47,049
Other liabilities	330,035	15,680	578,810	243,251	22,055	1,189,831
Borrowings and Sukuk	26,942	–	114,233	3,411,774	600,616	4,153,565
	40,164,561	18,905,341	29,690,036	6,778,663	650,398	96,188,999

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (continued)

Liquidity risk disclosure table which is based on contractual undiscounted cash flows (continued)

The table below provides analysis of cash flow payables for financial liabilities based on remaining contractual maturities on undiscounted basis. The balances in the table below do not agree directly to the balances reported in the statement of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest/profit payments (continued).

	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
The Bank						
2024						
Deposits from customers	**17,225,900**	**8,796,854**	**15,289,453**	**165,538**	**–**	**41,477,745**
Deposits and placements of banks and other financial institutions	**2,635,783**	**2,383,354**	**190,344**	**–**	**–**	**5,209,481**
Obligation on securities sold under repurchase agreements	**2,179,800**	**2,496,568**	**526,212**	**–**	**–**	**5,202,580**
Bills and acceptances payable	**32,341**	**–**	**–**	**–**	**–**	**32,341**
Recourse obligation on loans/ financing sold to Cagamas Berhad	**–**	**–**	**59,525**	**411,546**	**2,729,977**	**3,201,048**
Lease liabilities	**2,487**	**4,895**	**19,257**	**27,494**	**–**	**54,133**
Other liabilities	**–**	**–**	**770,594**	**198,596**	**11,709**	**980,899**
Amount due to subsidiaries	**175,656**	**–**	**–**	**–**	**–**	**175,656**
Borrowings and Sukuk	**12,603**	**5,000**	**61,432**	**708,582**	**1,112,904**	**1,900,521**
	22,264,570	**13,686,671**	**16,916,817**	**1,511,756**	**3,854,590**	**58,234,404**

	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
The Bank						
2023						
Deposits from customers	17,578,214	8,118,258	16,259,974	261,949	–	42,218,395
Deposits and placements of banks and other financial institutions	3,467,298	1,712,161	548,224	–	–	5,727,683
Obligation on securities sold under repurchase agreements	1,685,097	1,925,787	505,960	–	–	4,116,844
Bills and acceptances payable	40,686	–	–	–	–	40,686
Recourse obligation on loans/ financing sold to Cagamas Berhad	–	456,813	979,335	1,581,473	–	3,017,621
Lease liabilities	1,990	3,781	15,362	17,822	–	38,955
Other liabilities	–	–	310,326	199,442	15,068	524,836
Amount due to subsidiaries	292,935	–	–	–	–	292,935
Borrowings and Sukuk	26,942	–	26,649	713,874	600,616	1,368,081
	23,093,162	12,216,800	18,645,830	2,774,560	615,684	57,346,036

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (continued)

Derivative financial instruments

Derivative financial instruments (liabilities) based on contractual undiscounted cash flows:

	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
The Group						
2024						
Derivatives settled on net basis						
Interest rate derivatives	**(1,259)**	**(5,226)**	**(9,471)**	**(41,665)**	**(27,554)**	**(85,175)**
Derivatives settled on gross basis						
Foreign exchange derivatives:						
Outflow	**(2,190,301)**	**(2,228,476)**	**(566,369)**	**(13,399)**	**–**	**(4,998,545)**
Inflow	**2,120,737**	**2,172,209**	**546,433**	**13,333**	**–**	**4,852,712**
	(69,564)	**(56,267)**	**(19,936)**	**(66)**	**–**	**(145,833)**

	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
The Group						
2023						
Derivatives settled on net basis						
Interest rate derivatives	(2,040)	(1,637)	(10,757)	(47,864)	2,569	(59,729)
Derivatives settled on gross basis						
Foreign exchange derivatives:						
Outflow	(11,066,570)	(7,558,938)	(7,309,496)	(178,312)	–	(26,113,316)
Inflow	10,982,821	7,471,913	7,207,073	169,555	–	25,831,362
	(83,749)	(87,025)	(102,423)	(8,757)	–	(281,954)

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (continued)

Derivative financial instruments (continued)

Derivative financial instruments (liabilities) based on contractual undiscounted cash flows (continued):

	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
The Bank						
2024						
Derivatives settled on net basis						
Interest rate derivatives	**(1,205)**	**(1,538)**	**(5,354)**	**(15,238)**	**(14,825)**	**(38,160)**
Derivatives settled on gross basis						
Foreign exchange derivatives:						
Outflow	**(1,664,668)**	**(1,617,045)**	**(323,025)**	**–**	**–**	**(3,604,738)**
Inflow	**1,603,885**	**1,572,082**	**312,603**	**–**	**–**	**3,488,570**
	(60,783)	**(44,963)**	**(10,422)**	**–**	**–**	**(116,168)**

	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
The Bank						
2023						
Derivatives settled on net basis						
Interest rate derivatives	(1,514)	(1,007)	(7,257)	(35,824)	2,569	(43,033)
Derivatives settled on gross basis						
Foreign exchange derivatives:						
Outflow	(8,975,295)	(5,111,474)	(6,682,945)	–	–	(20,769,714)
Inflow	8,915,340	5,050,576	6,595,621	–	–	20,561,537
	(59,955)	(60,898)	(87,324)	–	–	(208,177)

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group and the Bank. The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities.

	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
The Group							
2024							
Assets							
Cash and short-term funds	**2,852,881**	**–**	**–**	**–**	**–**	**–**	**2,852,881**
Deposits and placements with banks and other financial institutions	**–**	**100,535**	**201,706**	**–**	**–**	**–**	**302,241**
Financial assets at FVTPL	**8,985**	**103,966**	**4,950**	**545,322**	**614,449**	**284,665**	**1,562,337**
Derivative financial instruments	**138,391**	**90,831**	**121,990**	**93,104**	**6,054**	**–**	**450,370**
Financial investments at FVOCI	**10,138**	**106,738**	**75,607**	**1,451,948**	**2,315,019**	**9,942,007**	**13,901,457**
Financial investments at AC	**–**	**133,335**	**683,931**	**10,191,360**	**4,671,231**	**9,556**	**15,689,413**
Loans, advances and financing	**4,886,187**	**2,539,541**	**2,296,150**	**9,821,818**	**51,346,311**	**2,078**	**70,892,085**
Amount due from client and brokers	**513,907**	**–**	**–**	**–**	**–**	**–**	**513,907**
Other assets	**449,019**	**2,909**	**132,061**	**11,936**	**3,843**	**2,658**	**602,426**
Amount due from joint ventures	**4,639**	**–**	**–**	**–**	**–**	**–**	**4,639**
Statutory deposits with Bank Negara Malaysia	**1,524,530**	**–**	**–**	**–**	**–**	**–**	**1,524,530**
Other non-financial assets[1]	**84,441**	**253**	**58,954**	**39,729**	**–**	**3,362,444**	**3,545,821**
	10,473,118	**3,078,108**	**3,575,349**	**22,155,217**	**58,956,907**	**13,603,408**	**111,842,107**

(1) Other non-financial assets include tax recoverable, deferred tax assets, investment in associates, property and equipment, investment property, right-of-use assets, intangibles assets, prepayments and foreclosed properties.

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group and the Bank. The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities (continued).

	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
The Group							
2024							
Liabilities							
Deposits from customers	32,928,744	14,767,039	25,872,585	175,151	–	–	73,743,519
Investment accounts of customers	375	755,114	2,111	–	–	–	757,600
Deposits and placements of banks and other financial institutions	4,409,249	2,839,618	1,369,518	26	–	–	8,618,411
Obligation on securities sold under repurchase agreements	2,555,636	2,488,118	523,664	–	–	–	5,567,418
Derivative financial instruments	145,933	76,084	41,988	96,383	5,548	–	365,936
Bills and acceptances payable	32,341	–	–	–	–	–	32,341
Recourse obligation on loans/financing sold to Cagamas Berhad	–	20,204	371,228	4,736,563	–	–	5,127,995
Amount due to client and brokers	370,282	–	–	–	–	–	370,282
Lease liabilities	2,271	1,996	6,526	54,565	46	–	65,404
Other liabilities	315,409	25,403	1,037,367	226,644	16,794	–	1,621,617
Borrowings and Sukuk	10,890	–	247,571	1,519,772	1,986,647	–	3,764,880
Other non-financial liabilities [2]	161,527	569	41,644	1,670	–	2	205,412
	40,932,657	20,974,145	29,514,202	6,810,774	2,009,035	2	100,240,815
Net liquidity gap	(30,459,539)	(17,896,037)	(25,938,853)	15,344,443	56,947,872	13,603,406	

[2] Other non-financial liabilities include provision for taxation, defined contribution plan and accrued employee benefits.

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group and the Bank. The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities (continued).

	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
The Group							
2023							
Assets							
Cash and short-term funds	5,642,363	–	–	–	–	–	5,642,363
Deposits and placements with banks and other financial institutions	–	632,284	208,308	–	–	–	840,592
Financial assets at FVTPL	324	361	60,303	260,085	79,679	205,982	606,734
Derivative financial instruments	296,102	77,760	23,904	66,664	6,008	–	470,438
Financial investments at FVOCI	10,094	96,207	682,379	2,000,110	1,626,109	5,612,868	10,027,767
Financial investments at AC	200,071	71,017	577,416	9,438,768	6,317,630	–	16,604,902
Loans, advances and financing	4,251,378	2,350,701	2,215,013	9,914,753	46,450,476	42,676	65,224,997
Amount due from client and brokers	398,876	–	–	–	–	–	398,876
Other assets	542,147	740	81,898	10,662	2,766	3,244	641,457
Amount due from joint ventures	32	–	–	–	–	–	32
Statutory deposits with Bank Negara Malaysia	1,395,600	–	–	–	–	–	1,395,600
Other non-financial assets [1]	113,187	281	41,905	33,532	–	3,205,022	3,393,927
	12,850,174	3,229,351	3,891,126	21,724,574	54,482,668	9,069,792	105,247,685

[1] Other non-financial assets include tax recoverable, deferred tax assets, investment in joint ventures, investment in associates, property and equipment, right-of-use assets, intangibles assets, prepayments and foreclosed properties.

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group and the Bank. The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities (continued).

	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
The Group							
2023							
Liabilities							
Deposits from customers	31,969,632	13,105,574	25,410,778	323,319	24,808	–	70,834,111
Investment accounts of customers	346	–	–	13	–	–	359
Deposits and placements of banks and other financial institutions	5,321,610	2,274,981	1,454,091	–	–	–	9,050,682
Obligation on securities sold under repurchase agreements	2,220,193	2,191,757	505,960	–	–	–	4,917,910
Derivative financial instruments	131,873	107,497	87,726	63,467	5,163	–	395,726
Bills and acceptances payable	40,686	–	–	–	–	–	40,686
Recourse obligation on loans/financing sold to Cagamas Berhad	–	462,506	15,273	3,496,712	–	–	3,974,491
Amount due to client and brokers	214,162	–	–	–	–	–	214,162
Lease liabilities	2,679	1,014	8,266	33,762	–	–	45,721
Other liabilities	330,035	15,680	578,810	243,251	22,055	–	1,189,831
Borrowings and Sukuk	10,890	–	14,238	2,284,601	994,672	–	3,304,401
Other non-financial liabilities [2]	137,364	3,816	29,609	–	–	1	170,790
	40,379,470	18,162,825	28,104,751	6,445,125	1,046,698	1	94,138,870
Net liquidity gap	(27,529,296)	(14,933,474)	(24,213,625)	15,279,449	53,435,970	9,069,791	

[2] Other non-financial liabilities include deferred tax liabilities, provision for taxation, defined contribution plan and accrued employee benefits.

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group and the Bank. The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities (continued).

	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
The Bank							
2024							
Cash and short-term funds	1,960,558	–	–	–	–	–	1,960,558
Deposits and placements with banks and other financial institutions	–	402,588	201,706	–	–	–	604,294
Reverse repurchase agreements with financial institutions	8,033	–	–	–	–	–	8,033
Investment accounts due from designated financial institutions	314,449	130,526	628,310	818,018	1,356,977	–	3,248,280
Financial assets at FVTPL	50,069	389,682	–	859,995	416,099	136,991	1,852,836
Derivative financial instruments	141,247	80,196	113,615	72,912	4,628	–	412,598
Financial investments at FVOCI	–	–	–	–	–	6,046,007	6,046,007
Financial investments at AC	–	87,739	447,254	6,880,876	2,612,695	9,556	10,038,120
Loans, advances and financing	1,724,603	1,540,482	1,225,566	6,358,559	24,790,804	–	35,640,014
Other assets	289,408	–	36,865	8,200	3,717	–	338,190
Amount due from subsidiaries	756,357	–	–	–	–	–	756,357
Statutory deposits with Bank Negara Malaysia	867,000	–	–	–	–	–	867,000
Other non-financial assets [1]	44,798	253	57,833	33,583	–	5,969,208	6,105,675
	6,156,522	2,631,466	2,711,149	15,032,143	29,184,920	12,161,762	67,877,962

[1] Other non-financial assets include tax recoverable, deferred tax assets, investment in joint ventures, investment in associates, property and equipment, investment property, right-of-use assets, intangibles assets, prepayments and foreclosed properties.

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group and the Bank. The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities (continued).

	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
The Bank							
2024							
Liabilities							
Deposits from customers	17,219,623	8,750,422	14,974,570	160,203	–	–	41,104,818
Deposits and placements of banks and other financial institutions	2,632,055	2,365,198	186,336	–	–	–	5,183,589
Obligation on securities sold under repurchase agreements	2,176,997	2,488,118	523,664	–	–	–	5,188,779
Derivative financial instruments	154,357	65,124	16,323	76,528	4,279	–	316,611
Bills and acceptances payable	32,341	–	–	–	–	–	32,341
Lease liabilities	1,448	458	4,425	50,874	46	–	57,251
Recourse obligation on loans/financing sold to Cagamas Berhad	–	–	367,020	2,635,544	–	–	3,002,564
Other liabilities	–	–	770,594	198,596	11,709	–	980,899
Amount due to subsidiaries	175,656	–	–	–	–	–	175,656
Borrowings and Sukuk	10,890	4,956	3,736	–	1,486,647	–	1,506,229
Other non-financial liabilities [2]	154,846	–	–	–	–	–	154,846
	22,558,213	13,674,276	16,846,668	3,121,745	1,502,681	–	57,703,583
Net liquidity gap	(16,401,691)	(11,042,810)	(14,135,519)	11,910,398	27,682,239	12,161,762	

[2] Other non-financial liabilities include defined contribution plan and accrued employee benefits.

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group and the Bank. The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities (continued).

	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
The Bank							
2023							
Assets							
Cash and short-term funds	3,545,685	–	–	–	–	–	3,545,685
Deposits and placements with banks and other financial institutions	–	1,135,538	7,905	–	–	–	1,143,443
Investment accounts due from designated financial institutions	371,615	20,000	247,395	1,243,244	1,783,196	–	3,665,450
Financial assets at FVTPL	100,193	150,861	60,303	795,878	79,679	115,602	1,302,516
Derivative financial instruments	222,438	34,924	44,090	43,048	4,383	–	348,883
Financial investments at FVOCI	–	–	–	–	–	3,979,219	3,979,219
Financial investments at AC	200,071	55,776	653,131	6,755,830	3,515,611	–	11,180,419
Loans, advances and financing	1,494,135	1,560,106	1,618,878	6,340,258	23,497,073	–	34,510,450
Other assets	408,840	–	42,880	5,878	2,709	–	460,307
Amount due from subsidiaries	22,126	–	–	–	–	–	22,126
Statutory deposits with Bank Negara Malaysia	780,000	–	–	–	–	–	780,000
Other non-financial assets [1]	74,144	281	38,893	29,651	–	5,646,227	5,789,196
	7,219,247	2,957,486	2,713,475	15,213,787	28,882,651	9,741,048	66,727,694

[1] Other non-financial assets include tax recoverable, deferred tax assets, investment in joint ventures, investment in associates, property and equipment, right-of-use assets, intangibles assets, prepayments and foreclosed properties.

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group and the Bank. The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities (continued).

	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
The Bank							
2023							
Liabilities							
Deposits from customers	17,564,109	8,063,818	15,902,349	251,835	–	–	41,782,111
Deposits and placements of banks and other financial institutions	3,461,987	1,697,185	535,845	–	–	–	5,695,017
Obligation on securities sold under repurchase agreements	1,683,918	1,914,076	505,960	–	–	–	4,103,954
Derivative financial instruments	111,921	65,682	105,324	41,789	3,863	–	328,579
Bills and acceptances payable	40,686	–	–	–	–	–	40,686
Lease liabilities	2,308	291	4,580	31,099	–	–	38,278
Recourse obligation on loans/financing sold to Cagamas Berhad	–	455,037	10,946	2,393,467	–	–	2,859,450
Other liabilities	–	–	310,326	199,442	15,068	–	524,836
Amount due to subsidiaries	292,935	–	–	–	–	–	292,935
Borrowings and Sukuk	10,890	–	468	500,000	494,672	–	1,006,030
Other non-financial liabilities [2]	132,257	–	–	–	–	–	132,257
	23,301,011	12,196,089	17,375,798	3,417,632	513,603	–	56,804,133
Net liquidity gap	(16,081,764)	(9,238,603)	(14,662,323)	11,796,155	28,369,048	9,741,048	

[2] Other non-financial liabilities include defined contribution plan and accrued employee benefits.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iv) Operational risk management

Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people, and systems, or from external events. The definition includes legal risk, but excludes strategic, business, and reputational risks.

The management of operational risk is governed by the Group Operational Risk Management Policy, with ancillary aspects of reputational and outsourcing risks under the purview of the Reputational Risk Policy and the Outsourcing Policy, respectively. Any material changes to the policies require endorsement from the Group Board Risk Management Committee ('GBRMC') before seeking approval from the Board. The Group Management Committee – Governance, Risk and Compliance ('GMC-GRC') which is responsible for reviewing and monitoring operational risk and supporting the GBRMC, provides a forum to discuss and manage all aspects of operational risk, amongst other risk types.

The Group and the Bank employs the Three Lines of Defence model to clearly delineate key roles and responsibilities in managing operational risk. Group Operational Risk Management, a function within Group Risk Management, operates independently as the 2nd Line of Defence. In the 1st Line of Defence, Business Risk and Compliance Managers are designated as champions for their respective divisions. They act as liaisons with the 2nd Line of Defence to oversee and report their respective operational risk via the following tools:

- Risk Control Self-Assessment
- Operational Risk Event Reporting
- Control Self Testing
- Key Risk Indicator
- Operational Risk Scenario Analysis
- Outsourcing Assessment
- Process Risk Control Assessment

(v) Technology risk

Technology risk refers to any risk emanating from technology failures and cyber threats that may disrupt the Group's and the Bank's business such as failures of information technology ('IT') systems, applications, platforms or infrastructures including threats or vulnerabilities exposed from external network or Internet, which could result in financial loss, financial services disruption or the operations of the Group and the Bank. Failures or errors in any of the elements above could also lead to adverse reputational impact to the Group and the Bank.

The technology risk management function within GRM manages the risks associated with technology risk of the Bank. The Group Board IT and Transformation Committee ('GBITC') supports GBRMC in the review and monitoring of technology risks and provides the forum to discuss and manage all aspects of technology risk. GBRMC is responsible to provide oversight of overall technology related matters of the Group and the Bank.

The Group Technology Risk Management Framework and Cyber Resilience Framework governs the management of technology risk across the Group and the Bank.

GBITC represents the Board committee to oversee and review the formulation of IT and digital strategies, costs and planning, including the financial, tactical and strategic benefits of proposed major IT and operational related initiatives.

GBITC reviews and provides input on Technology Risk Management Framework/Cyber Resilience Framework, risk appetite and KRIs to be submitted to GBRMC, for its recommendation to the Board for approval. It also oversees, guides and endorses/approves (as required) major IT initiatives, IT/Cybersecurity policies, technology architecture decisions, IT expenditure and IT priorities as well as overall IT performance for the Group and the Bank.

The Group and the Bank use risk identification and assessment to determine the extent of the potential threat and the risk associated with an IT system throughout its System Development Life Cycle ('SDLC'). The output of this process helps to identify appropriate controls for reducing or eliminating risk during the risk mitigation process.

Technology risk controls encompass the use of technical and non-technical methods. Technical controls are safeguards that are incorporated into computer hardware, software, or firmware (i.e. access control mechanisms, identification and authentication mechanisms, encryption methods, intrusion detection software). Non-technical controls are management and operational controls, such as security policies, operational procedures and personnel, physical and environmental security.

Technology Risk Management reports are produced periodically for the respective stakeholders and committees.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(vi) Shariah non-compliance risk

Shariah non-compliance ('SNC') is the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which the Bank may suffer arising from the failure to comply with the rulings of the Shariah Advisory Council of BNM ('SAC'), standards on Shariah matters issued by BNM pursuant to Section 29(1) of the IFSA or decisions or advice of the Shariah Committee.

BNM's policy document on Shariah governance together with the Bank's internal Shariah Governance Policy and Shariah Risk Management Policy are the main references for the Shariah risk management process within the Bank.

Affin Islamic Bank's Shariah Committee is established to provide objective and sound advice to the management to ensure that the aims and operations, business, affairs and activities are in compliance with Shariah.

Shariah Risk Management is part of an integrated risk management that systematically identify, assess, measure, monitor and report Shariah non-compliance risks in the operations, business, affairs and activities of the Bank.

SNC risk is proactively managed via the following risk tools:

1. SNC Loss Event Reporting ('LER') ensure effective and timely SNC internal reporting process;
2. Shariah Risk and Control Self-Assessment ('RCSA') assists business/support unit within the Bank to identify and assess key SNC risks and controls;
3. Shariah Key Risk Indicator ('KRI') facilitates business/support unit within the Bank to measure and monitor a residual risk from the Shariah Risk and Control Self-Assessment; and
4. Shariah Key Control Self-Assessment ('KCSA') facilitates business/support unit within the Bank to assess the effectiveness of control measures.

(vii) Business continuity risk

Business continuity risk encompasses the potential loss of assets, revenue, reputation, and stakeholder confidence resulting from disruptions in business or technology operations. Mitigating this risk is essential to ensuring seamless service continuity, protecting the Bank's financial stability, and maintaining the trust and confidence of Affin's stakeholders and customers.

The Group Business Continuity Management Policy is strategically designed to govern the management of business continuity across the Bank, ensuring strict adherence to the standards set by Bank Negara Malaysia ('BNM'), PayNet, Bursa Malaysia, and the Securities Commission Malaysia. This policy underscores the Bank's commitment to resilience, regulatory compliance, and the seamless continuity of Affin banking operations.

The Group Board Risk Management Committee ('GBRMC') represents the Board committee in reviewing, monitoring, and evaluating business continuity management reports, providing vital insights. To support the GBRMC, the Group Business Continuity Management Committee ('GBCMC') offers an essential forum for in-depth review and proactive management of business continuity risks and operational risk controls, fostering a culture of resilience and accountability across AFFIN Group.

The BCM function plays a vital role in safeguarding the Group and the Bank by overseeing the management of business continuity risks and ensuring effective crisis management. Its strategic oversight is essential in minimising disruptions, protecting critical operations, and maintaining organisational resilience, making it a cornerstone of the Group and the Bank's commitment to operational stability and long-term success.

Annual Risk Assessment ('RA') and Business Impact Analysis ('BIA') are mandatory for all business and support units within the Group and the Bank, reflecting our unwavering commitment to proactive risk management. The outcomes of these assessments will provide a detailed risk register, compelling each unit to implement focused action plans to mitigate identified risks.

Robust policies, plan and processes are in place to support the monitoring and reporting of business continuity risks, ensuring proactive identification, assessment, and management of potential disruptions. These measures enable timely and accurate reporting, facilitating informed decision-making and continuous improvement in managing the business continuity risk.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(viii) Interest/Profit rate benchmark reform

Interest/Profit rate benchmarks (or interbank offered rates ['IBORs']) such as London Interbank Offered Rate ('LIBOR'), Euro Interbank Offered Rate ('EURIBOR') and Kuala Lumpur Interbank Offered Rate ('KLIBOR') were used as reference rates for various financial products, for instance, loans, derivatives and bonds/Sukuk. In the light of recent scandals where IBORs are subjected to rate manipulation, new alternative reference rates ('ARR') or IBOR reforms are initiated to facilitate usage of benchmarks rates that are more transparent and based on actual transactions. They are known as Secured Overnight Financing Rate ('SOFR') in the U.S., Sterling Overnight Index Average ('SONIA') in the U.K. and Euro Short-Term Rate ('ESTR') in the Europe. The Group and the Bank have completed its IBOR migration on 30 June 2023, the last date before USD LIBOR was decommissioned. As at 31 December 2024, the Group and the Bank only has exposures to KLIBOR, AUD Bank Bill Swap ('BBSW') and EURIBOR based financial instruments. BNM and Reserve Bank of Australia ('RBA') have yet to phase out the current KLIBOR and BBSW index to an ARR while the EURIBOR tagged deals were transacted on a back-to-back basis, hence, no exposure to interest/profit rates.

(ix) Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group and the Bank measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Where fair value is determined using quoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ix) Fair value of financial instruments (continued)

This category includes unquoted shares held for socio-economic reasons. Fair values for shares held for socio-economic reasons are based on the net tangible assets of the affected companies. The Group and the Bank's exposure to financial instruments classified as Level 3 comprised a small number of financial instruments which constitute an insignificant component of the Group and the Bank's portfolio of financial instruments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

The Group and the Bank recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. Transfers between fair value hierarchy primarily due to change in the level of trading activity, change in observable market activity related to an input, reassessment of available pricing information and change in the significance of the unobservable input. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial year (2023: Nil).

The following table presents financial assets and financial liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Group				
2024				
Financial Assets				
Financial assets at FVTPL				
- Money market instruments	**–**	**1,176,079**	**–**	**1,176,079**
- Corporate bonds/Sukuk	**–**	**101,593**	**–**	**101,593**
- Shares and unit trusts	**147,674**	**–**	**136,991**	**284,665**
Derivative financial instruments	**–**	**450,370**	**–**	**450,370**
Financial investments at FVOCI				
- Money market instruments	**–**	**5,926,062**	**–**	**5,926,062**
- Shares	**–**	**–**	**267,251**	**267,251**
- Corporate bonds/Sukuk	**–**	**7,708,144**	**–**	**7,708,144**
Total	**147,674**	**15,362,248**	**404,242**	**15,914,164**
Financial Liabilities				
Derivative financial instruments	**–**	**365,936**	**–**	**365,936**

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Group				
2023				
Financial Assets				
Financial assets at FVTPL				
- Money market instruments	–	364,073	–	364,073
- Corporate bonds/Sukuk	–	36,679	–	36,679
- Shares and unit trusts	90,380	–	115,602	205,982
Derivative financial instruments	–	470,438	–	470,438
Financial investments at FVOCI				
- Money market instruments	–	5,338,623	–	5,338,623
- Shares	–	–	245,640	245,640
- Corporate bonds/Sukuk	–	4,443,504	–	4,443,504
Total	90,380	10,653,317	361,242	11,104,939
Financial Liabilities				
Derivative financial instruments	–	395,726	–	395,726
Other liabilities - equities trading	981	–	–	981
Total	981	395,726	–	396,707

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for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ix) Fair value of financial instruments (continued)

The following table presents financial assets and financial liabilities measured at fair value and classified by level of the following fair value measurement hierarchy (continued):

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Bank				
2024				
Financial Assets				
Financial assets at FVTPL				
- Money market instruments	**–**	**1,688,352**	**–**	**1,688,352**
- Corporate bonds/Sukuk	**–**	**27,493**	**–**	**27,493**
- Unquoted shares	**–**	**–**	**136,991**	**136,991**
Derivative financial instruments	**–**	**412,598**	**–**	**412,598**
Financial investments at FVOCI				
- Money market instruments	**–**	**2,137,637**	**–**	**2,137,637**
- Unquoted shares	**–**	**–**	**241,057**	**241,057**
- Corporate bonds/Sukuk	**–**	**3,667,313**	**–**	**3,667,313**
Total	**–**	**7,933,393**	**378,048**	**8,311,441**
Financial Liabilities				
Derivative financial instruments	**–**	**316,611**	**–**	**316,611**

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Bank				
2023				
Financial Assets				
Financial assets at FVTPL				
- Money market instruments	–	1,166,691	–	1,166,691
- Corporate bonds/Sukuk	–	20,223	–	20,223
- Unquoted shares	–	–	115,602	115,602
Derivative financial instruments	–	348,883	–	348,883
Financial investments at FVOCI				
- Money market instruments	–	1,960,917	–	1,960,917
- Unquoted shares	–	–	220,875	220,875
- Corporate bonds/Sukuk	–	1,797,427	–	1,797,427
Total	–	5,294,141	336,477	5,630,618
Financial Liabilities				
Derivative financial instruments	–	328,579	–	328,579

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ix) Fair value of financial instruments (continued)

The following table present the changes in Level 3 instruments for the financial year ended:

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
At beginning of the financial year	**361,242**	341,313	**336,477**	317,388
Total gains recognised in other comprehensive income	**43,000**	19,929	**41,571**	19,089
At end of the financial year	**404,242**	361,242	**378,048**	336,477

Effect of changes in significant unobservable assumptions to reasonably possible alternatives

As at reporting date, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) mainly include unquoted shares held for socio-economic purposes.

Qualitative information about the fair value measurements using significant unobservable inputs (Level 3):

	Fair value assets				
Description	**2024 RM'000**	2023 RM'000	**Valuation techniques**	**Unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Financial assets at FVTPL					
The Group and The Bank					
Unquoted shares	**136,991**	115,602	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value
Financial investments at FVOCI					
The Group					
Unquoted shares	**267,251**	245,640	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value
The Bank					
Unquoted shares	**241,057**	220,875	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value

In estimating its significance, the Group and the Bank used an approach that is currently based on methodologies used for fair value adjustments. These adjustments reflects the values that the Group and the Bank estimate are appropriate to adjust from the valuations produced to reflect for uncertainties in the inputs used. The methodologies used can be a statistical or other relevant approved techniques.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ix) Fair value of financial instruments (continued)

The following table summarises the carrying amounts and the fair values of financial instruments of the Group and the Bank which are not carried at fair value in the statement of financial position. It does not include those short term/on demand financial assets and liabilities where the carrying amounts are reasonable approximate to their fair values.

	Carrying amount RM'000	Fair value			
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Group					
2024					
Financial assets					
Deposits and placements with banks and other financial institutions	**302,241**	**–**	**302,241**	**–**	**302,241**
Financial investments at AC	**15,689,413**	**–**	**15,303,605**	**–**	**15,303,605**
Loans, advances and financing	**70,892,085**	**–**	**71,521,263**	**–**	**71,521,263**
	86,883,739	**–**	**87,127,109**	**–**	**87,127,109**
Financial liabilities					
Deposits from customers	**73,743,519**	**–**	**73,827,888**	**–**	**73,827,888**
Deposits and placements of banks and other financial institutions	**8,618,411**	**–**	**8,610,209**	**–**	**8,610,209**
Obligation on securities sold under repurchase agreements	**5,567,418**	**–**	**5,585,629**	**–**	**5,585,629**
Recourse obligation on loans/financing sold to Cagamas Berhad	**5,127,995**	**–**	**5,668,736**	**–**	**5,668,736**
Borrowings and Sukuk	**3,764,880**	**–**	**3,810,195**	**–**	**3,810,195**
	96,822,223	**–**	**97,502,657**	**–**	**97,502,657**

	Carrying amount RM'000	Fair value			
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Group					
2023					
Financial assets					
Deposits and placements with banks and other financial institutions	840,592	–	840,592	–	840,592
Financial investments at AC	16,604,902	1,056,550	15,069,261	–	16,125,811
Loans, advances and financing	65,224,997	–	65,738,113	–	65,738,113
	82,670,491	1,056,550	81,647,966	–	82,704,516
Financial liabilities					
Deposits from customers	70,834,111	–	70,838,245	–	70,838,245
Deposits and placements of banks and other financial institutions	9,050,682	–	9,049,822	–	9,049,822
Obligation on securities sold under repurchase agreements	4,917,910	–	4,953,282	–	4,953,282
Recourse obligation on loans/financing sold to Cagamas Berhad	3,974,491	–	4,498,852	–	4,498,852
Borrowings and Sukuk	3,304,401	–	3,360,434	–	3,360,434
	92,081,595	–	92,700,635	–	92,700,635

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ix) Fair value of financial instruments (continued)

The following table summarises the carrying amounts and the fair values of financial instruments of the Group and the Bank which are not carried at fair value in the statement of financial position. It does not include those short term/on demand financial assets and liabilities where the carrying amounts are reasonable approximate to their fair values (continued).

	Carrying amount RM'000	Fair value			
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Bank					
2024					
Financial assets					
Deposits and placements with banks and other financial institutions	**604,294**	**–**	**604,294**	**–**	**604,294**
Investment accounts due from designated financial institutions	**3,248,280**	**–**	**3,259,280**	**–**	**3,259,280**
Financial investments at AC	**10,038,120**	**–**	**9,779,173**	**–**	**9,779,173**
Loans, advances and financing	**35,640,014**	**–**	**35,975,136**	**–**	**35,975,136**
	49,530,708	**–**	**49,617,883**	**–**	**49,617,883**
Financial liabilities					
Deposits from customers	**41,104,818**	**–**	**41,153,932**	**–**	**41,153,932**
Deposits and placements of banks and other financial institutions	**5,183,589**	**–**	**5,182,088**	**–**	**5,182,088**
Obligation on securities sold under repurchase agreements	**5,188,779**	**–**	**5,188,779**	**–**	**5,188,779**
Recourse obligation on loans/financing sold to Cagamas Berhad	**3,002,564**	**–**	**3,527,630**	**–**	**3,527,630**
Borrowings and Sukuk	**1,506,229**	**–**	**1,524,789**	**–**	**1,524,789**
	55,985,979	**–**	**56,577,218**	**–**	**56,577,218**

	Carrying amount RM'000	Fair value			
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Bank					
2023					
Financial assets					
Deposits and placements with banks and other financial institutions	1,143,443	–	1,143,443	–	1,143,443
Investment accounts due from designated financial institutions	3,665,450	–	3,671,695	–	3,671,695
Financial investments at AC	11,180,419	–	10,850,217	–	10,850,217
Loans, advances and financing	34,510,450	–	34,815,765	–	34,815,765
	50,499,762	–	50,481,120	–	50,481,120
Financial liabilities					
Deposits from customers	41,782,111	–	41,802,668	–	41,802,668
Deposits and placements of banks and other financial institutions	5,695,017	–	5,694,134	–	5,694,134
Obligation on securities sold under repurchase agreements	4,103,954	–	4,103,954	–	4,103,954
Recourse obligation on loans/financing sold to Cagamas Berhad	2,859,450	–	2,888,336	–	2,888,336
Borrowings and Sukuk	1,006,030	–	1,029,415	–	1,029,415
	55,446,562	–	55,518,507	–	55,518,507

Other than as disclosed above, the total fair value of each financial assets and liabilities presented on the statements of financial position as at reporting date of the Group and the Bank approximates the total carrying amount.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ix) Fair value of financial instruments (continued)

The fair value estimates were determined by application of the methodologies and assumptions described below.

Short-term funds and placements with banks and other financial institutions

For short-term funds and placements with banks and other financial institutions with maturity of less than six months, the carrying amount is a reasonable estimate of fair value.

For amounts with maturities of six months or more, fair values have been estimated by reference to current rates at which similar deposits and placements would be made to banks with similar credit ratings and maturities.

Financial investments at AC

The fair values of financial investments at AC are reasonable estimates based on quoted market prices. In the absence of such quoted prices, the fair values are based on the expected cash flows of the instruments discounted by indicative market yields for the similar instruments as at reporting date or the audited net tangible asset of the invested company.

Loans, advances and financing

Loans, advances and financing of the Group comprise of floating rate loans/financing and fixed rate loans/financing. For performing floating rate loans/financing, the carrying amount is a reasonable estimate of their fair values.

The fair values of performing fixed rate loans/financing are arrived at using the discounted cash flows based on the prevailing market rates of loans, advances and financing with similar credit ratings and maturities.

The fair values of impaired loans, advances and financing, whether fixed or floating are represented by their carrying values, net ECL, being the reasonable estimate of recoverable amount.

Other assets/liabilities and amount due from client and brokers/payables

The carrying value less any estimated allowance for financial assets and liabilities included in other assets/liabilities and amount due from client and brokers/payables are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest/profit rates.

Amount due (to)/from subsidiaries and related companies

The estimated fair values of the amount due (to)/from subsidiaries and related companies approximate the carrying values as the balances are either recallable on demand or are based on the current rates for such similar loans.

Deposits from customers, banks and other financial institutions, investment accounts of customers, bills and acceptances payable

The carrying values of deposits and liabilities with maturities of six months or less are assumed to be reasonable estimates of their fair values. Where the remaining maturities of deposits and liabilities are above six months, their estimated fair values are arrived at using the discounted cash flows based on prevailing market rates currently offered for similar remaining maturities.

The estimated fair value of deposits with no stated maturity, which include non-interest/profit bearing deposits, approximates carrying amount which represents the amount repayable on demand.

Obligation on securities sold under repurchase agreements

The estimated fair values of obligations on securities sold under repurchase agreements with maturities of less than six months approximate the carrying values. For obligations on securities sold under repurchase agreements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing market interest rates with similar remaining period to maturity.

Borrowings and Sukuk

For fixed rate borrowings and sukuk, the estimate of fair value is based on discounted cash flows model using prevailing lending/financing rates for borrowings/Sukuk with similar risks and remaining term to maturity.

For floating rate borrowings and sukuk, the carrying value is generally a reasonable estimate of their fair values.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

51 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

In accordance with MFRS 132 'Financial Instruments: Presentation', the Group and the Bank report financial assets and financial liabilities on a net basis on the statements of financial position only if there is a legally enforceable right to set-off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangement on:

- All financial assets and liabilities that are reported net on statements of financial position; and
- All derivative financial instruments and reverse repurchase and repurchased agreements and other similar secured lending/financing and borrowing/funding agreements that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for statements of financial position netting.

The table identifies the amounts that have been offset in the statements of financial position and also those amounts that are covered by enforceable netting arrangements (offsetting arrangements and financial collateral) but do not qualify for netting under the requirements of MFRS 132 described below.

The 'Financial instruments' column identifies financial assets and liabilities that are subject to set-off under netting agreements, such as the ISDA Master Agreement or derivative exchange or clearing counterparty agreements and Global Master Repurchase Agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transaction covered by the agreements if an event of default or other predetermined events occur.

Financial collateral refers to cash and non-cash collateral obtained, typically daily or weekly, to cover the net exposure between counterparties by enabling the collateral to be realised in an event of default or if other predetermined events occur.

The 'Net amounts' presented below are not intended to represent the Group and the Bank's actual exposure to credit risk, as a variety of credit mitigation strategies are employed in addition to netting and collateral arrangements.

Obligation on securities sold under repurchase agreements

The 'Financial instruments' column identifies financial assets and liabilities that are subject to set-off under netting agreements, such as Global Master Repurchase Agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transaction covered by the agreements if an event of default or other predetermined events occur.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

51 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

	Effects of offsetting on the statements of financial position			Related amounts not offset in the balance sheet		
	Gross amount RM'000	Amount offset RM'000	Net amount reported on statement of financial position RM'000	Financial instruments RM'000	Financial collateral RM'000	Net amount RM'000
The Group						
2024						
Financial assets						
Reverse repurchase agreements with financial institutions	**8,033**	**–**	**8,033**	**–**	**(8,033)**	**–**
Derivative financial instruments	**450,370**	**–**	**450,370**	**(343,955)**	**(5,165)**	**101,250**
Amount due from client and brokers						
– Amount due from Bursa Securities Clearing Sdn Bhd	**669,694**	**(509,754)**	**159,940**	**–**	**–**	**159,940**
	1,128,097	**(509,754)**	**618,343**	**(343,995)**	**(13,198)**	**261,190**
Financial liabilities						
Obligation on securities sold under repurchase agreement	**5,575,451**	**–**	**5,575,451**	**(4,152,284)**	**(92,495)**	**1,330,672**
Derivative financial instruments	**365,936**	**–**	**365,936**	**(343,955)**	**(8,074)**	**13,907**
Amount due to client and brokers						
– Amount due to Bursa Securities Clearing Sdn Bhd	**509,754**	**(509,754)**	**–**	**–**	**–**	**–**
	6,451,141	**(509,754)**	**5,941,387**	**(4,496,239)**	**(100,569)**	**1,344,579**
The Group						
2023						
Financial assets						
Derivative financial instruments	470,438	–	470,438	(322,889)	(86,001)	61,548
Amount due from client and brokers						
– Amount due from Bursa Securities Clearing Sdn Bhd	699,866	(673,391)	26,475	–	–	26,475
	1,170,304	(673,391)	496,913	(322,889)	(86,001)	88,023
Financial liabilities						
Obligation on securities sold under repurchase agreements	4,917,910	–	4,917,910	(4,467,641)	(87,503)	362,766
Derivative financial instruments	395,726	–	395,726	(322,889)	(60,504)	12,333
Amount due to client and brokers						
– Amount due to Bursa Securities Clearing Sdn Bhd	673,391	(673,391)	–	–	–	–
	5,987,027	(673,391)	5,313,636	(4,790,530)	(148,007)	375,099

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

51 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

	Effects of offsetting on the statements of financial position			Related amounts not offset in the balance sheet		
	Gross amount RM'000	Amount offset RM'000	Net amount reported on statement of financial position RM'000	Financial instruments RM'000	Financial collateral RM'000	Net amount RM'000
The Bank						
2024						
Financial assets						
Reverse repurchase agreements with financial institutions	**8,033**	**–**	**8,033**	**–**	**(8,033)**	**–**
Derivative financial instruments	**412,598**	**–**	**412,598**	**(310,369)**	**–**	**102,229**
	420,631	**–**	**420,631**	**(310,369)**	**(8,033)**	**102,229**
Financial liabilities						
Obligation on securities sold under repurchase agreements	**5,188,779**	**–**	**5,188,779**	**(3,765,612)**	**(92,495)**	**1,330,672**
Derivative financial instruments	**316,611**	**–**	**316,611**	**(310,369)**	**(6,242)**	**–**
	5,505,390	**–**	**5,505,390**	**(4,075,981)**	**(98,737)**	**1 ,330,672**
The Bank						
2023						
Financial assets						
Derivative financial instruments	348,883	–	348,883	(275,253)	–	73,630
Financial liabilities						
Obligation on securities sold under repurchase agreements	4,103,954	–	4,103,954	(3,653,685)	(87,503)	362,766
Derivative financial instruments	328,579	–	328,579	(275,253)	(53,326)	–
	4,432,533	–	4,432,533	(3,928,938)	(140,829)	362,766

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

52 CAPITAL MANAGEMENT

The capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) updated on 14 June 2024.

The Group and the Bank are currently adopting the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the BNM's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ('CET 1'), Tier 1 Capital Ratio and Total Capital Ratio are 7.00%, 8.50% and 10.50% respectively for the financial year ended 31 December 2024.

The Group and the Bank have opted to apply BNM's transitional arrangements for the financial years spanning from 1 January 2020 to 31 December 2023. Under this transitional arrangement, financial institutions are permitted to add-back the amount of loss allowance measured at an amount equal to 12-month ECL and Lifetime ECL to the extent they are ascribed to non-credit impaired exposures (which is Stage 1 and Stage 2 provisions) to their CET 1 capital. This strategic move aligns with the ongoing shift toward sustainable financial practices and prudent capital management. For the financial year beginning 1 January 2024, this transitional arrangements is no longer applicable.

The Group and the Bank's objectives when managing capital are:

- To comply with the capital requirements set by the regulators of the banking markets where the entities within the Group and the Bank operates;
- To safeguard the Group and the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

The Group and the Bank have elected to apply BNM's transitional arrangements for four years beginning on 1 January 2020. Under the transitional arrangements, a financial institution is allowed to add back the amount of loss allowance measured at an amount equal to 12-month ECL and Lifetime ECL to the extent they are ascribed to non-credit impaired exposures (which is Stage 1 and Stage 2 provisions) to CET 1 capital.

The Group and the Bank maintain a ratio of total regulatory capital to its risk-weighted assets above a minimum level agreed with the management which takes into account the risk profile of the Group and the Bank.

The table in Note 53 below summarises the composition of regulatory capital and the ratios of the Group and the Bank for the financial year ended 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

53 CAPITAL ADEQUACY

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
The components of CET 1, Tier 1 and Tier 2 capital:				
CET 1				
Paid-up share capital	**5,488,544**	5,371,044	**5,488,544**	5,371,044
Retained profits	**5,465,488**	5,226,324	**4,126,004**	4,073,235
Unrealised gains on FVOCI instruments	**170,624**	169,540	**207,027**	204,573
Other reserves	**3,493**	4,146	**17,241**	4,146
	11,128,149	10,771,054	**9,838,816**	9,652,998
Less: Regulatory adjustments:				
- Goodwill and other intangibles	**(762,096)**	(660,680)	**(314,681)**	(214,275)
- Deferred tax assets	**(114,938)**	(138,283)	**(43,840)**	(72,072)
- 55% of cumulative unrealised gains on FVOCI instruments	**(93,843)**	(93,247)	**(113,865)**	(112,515)
- Investment in subsidiaries, joint ventures and associates	**(830,917)**	(841,260)	**(3,981,229)**	(3,871,402)
- Other CET 1 transitional adjustment	**–**	326,618	**–**	175,370
Total CET 1 capital	**9,326,355**	9,364,202	**5,385,201**	5,558,104
Additional Tier 1 capital				
Additional Tier 1 capital	**1,000,000**	1,000,000	**500,000**	500,000
Total Tier 1 capital	**10,326,355**	10,364,202	**5,885,201**	6,058,104
Tier 2 capital				
Subordinated medium term loans	**1,000,000**	1,000,000	**500,000**	500,000
Expected loss provisions #	**713,313**	594,530	**380,792**	346,186
Total Tier 2 capital	**1,713,313**	1,594,530	**880,792**	846,186
Total Capital	**12,039,668**	11,958,732	**6,765,993**	6,904,290
The breakdown of risk-weighted assets:				
Credit risk	**63,843,561**	59,600,642	**40,161,190**	39,013,653
Market risk	**2,839,765**	1,828,658	**2,005,594**	1,230,139
Operational risk	**3,877,820**	4,029,830	**2,175,932**	2,063,846
Total risk-weighted assets	**70,561,146**	65,459,130	**44,342,716**	42,307,638
Capital adequacy ratios:				
With transitional arrangements				
CET 1 capital ratio	***N/A**	14.305%	***N/A**	13.137%
Tier 1 capital ratio	***N/A**	15.833%	***N/A**	14.319%
Total capital ratio	***N/A**	18.269%	***N/A**	16.319%
CET 1 capital ratio (net of proposed dividends) Note 1	***N/A**	14.259%	***N/A**	13.066%
Tier 1 capital ratio (net of proposed dividends) Note 1	***N/A**	15.787%	***N/A**	14.247%
Total capital ratio (net of proposed dividends) Note 1	***N/A**	18.223%	***N/A**	16.247%
Without transitional arrangements				
CET 1 capital ratio	**13.217%**	13.806%	**12.145%**	12.723%
Tier 1 capital ratio	**14.635%**	15.334%	**13.272%**	13.905%
Total capital ratio	**17.063%**	18.000%	**15.258%**	16.239%
CET 1 capital ratio (net of proposed dividends) Note 1	**13.217%**	13.760%	**12.145%**	12.651%
Tier 1 capital ratio (net of proposed dividends) Note 1	**14.635%**	15.288%	**13.272%**	13.833%
Total capital ratio (net of proposed dividends) Note 1	**17.063%**	17.954%	**15.258%**	16.167%

Qualifying loss provisions are restricted to allowances on the unimpaired portion of the loans, advances and other financing.

* N/A - Not applicable since the transitional arrangement has ended on 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

53 CAPITAL ADEQUACY (CONTINUED)

Note 1 :
Under the DRP, the amount of declared dividend to be deducted in the calculation of CET 1 Capital Ratio is determined in accordance with BNM's Implementation Guidance on Capital Adequacy Framework (Capital Components) (Implementation Guidance) issued on 9 December 2020.

Under the said Implementation Guidance, where a portion of the dividend may be reinvested under a DRP (the electable portion), the amount of the declared dividend to be deducted in the calculation of CET 1 Capital Ratio may be reduced as follows:-

(i) where an irrevocable written undertaking from shareholder has been obtained to reinvest the electable portion of the dividend; or

(ii) where there is no irrevocable written undertaking provided, the average of the preceding 3-year take-up rates or if less than 3 preceding years, the available average historical take-up rates, subject to the amount being not more than 50% of the total electable portion of the dividend.

In arriving at the capital adequacy ratios, the portion of the proposed dividends where no irrevocable written undertaking from shareholders to reinvest the electable portion into new ordinary shares of the Bank is obtained, is assumed to be paid in cash and has been deducted from the calculation of CET 1 Capital Ratio.

In accordance with BNM's Guidelines on Investment Account, the credit and market risk weighted on the assets funded by the RIA are included in calculation of capital adequacy for the Bank. As at 31 December 2024, RIA assets included in the Total Capital Ratio calculation amounted to RM3,259.6 million (2023: RM3,572.1 million).

The capital adequacy ratios of the Affin Islamic is as follows:

	Economic Entity		The Bank	
	2024	2023	**2024**	2023
With transitional arrangements				
CET 1 capital ratio	***N/A**	12.733%	***N/A**	12.733%
Tier 1 capital ratio	***N/A**	15.100%	***N/A**	15.100%
Total capital ratio	***N/A**	18.473%	***N/A**	18.473%
Without transitional arrangements				
CET 1 capital ratio	**11.732%**	12.076%	**11.732%**	12.076%
Tier 1 capital ratio	**13.801%**	14.443%	**13.801%**	14.443%
Total capital ratio	**17.046%**	17.985%	**17.046%**	17.985%

The capital adequacy ratios of the AHIB is as follows:

	The Group		The Bank	
	2024	2023	**2024**	2023
With transitional arrangements				
CET 1 capital ratio	***N/A**	36.670%	***N/A**	41.849%
Tier 1 capital ratio	***N/A**	36.670%	***N/A**	41.849%
Total capital ratio	***N/A**	37.330%	***N/A**	42.603%
Without transitional arrangements				
CET 1 capital ratio	**35.273%**	36.394%	**36.701%**	41.532%
Tier 1 capital ratio	**35.273%**	36.394%	**36.701%**	41.532%
Total capital ratio	**35.944%**	37.054%	**37.400%**	42.286%

* N/A - Not applicable since the transitional arrangement has ended on 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

54 LITIGATION AGAINST THE BANK

There is no material litigation during the financial year ended 31 December 2024.

55 CREDIT EXPOSURES ARISING FROM TRANSACTIONS WITH CONNECTED PARTIES

The following credit exposures are based on BNM's revised Guidelines on Credit Transaction and Exposures with Connected Parties, which are effective 1 January 2008.

	The Group		The Bank	
	2024	2023	**2024**	2023
(i) The aggregate value of outstanding credit exposures with connected parties (RM'000)	**5,387,892**	6,603,913	**3,502,766**	4,796,082
(ii) The percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	**5%**	6%	**6%**	8%
(iii) The percentage of outstanding credit exposures with connected parties which is impaired or in default	**Nil**	Nil	**Nil**	Nil

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

56 SEGMENT ANALYSIS

Operating segments are reported in a manner consistent with the internal financial reporting system provided to the Chief Operating decision-maker, who is the person or group that allocates resources to and assess the performance of the operating segments of an entity. The Group has determined the President/Group CEO of the respective operating segments as its Chief Operating decision-maker.

The Group's operations are principally conducted in Malaysia and accordingly, no analysis in respect of geographical segments has been presented. The Group comprises the following main segments:

Commercial Banking

The Commercial Banking segment focuses on the business of banking in all aspects including Islamic Banking operations. Its activities are generally structured into four (4) key areas, Corporate Banking, Enterprise Banking, Community Banking and Treasury.

Corporate Banking and Enterprise Banking provide a full range of financial products and services to cater mainly the business and funding needs of corporate customers, ranging from large corporate and the public sector to small and medium enterprises. The products and services offered include long-term loans/financing, project and equipment financing and short-term credit such as overdrafts and trade financing and other fee-based services.

Community Banking comprises the full range of products and services offered to individuals, including savings and fixed deposits, remittance services, current accounts, consumer loans/financing such as vehicle loans/financing (i.e. hire purchase), housing loans/financing, overdrafts/cashlines and personal loans/financing, treasury, credit cards, unit trusts and bancassurance products.

The treasury department oversees liquidity and investments, ensuring optimal financial performance by strategically allocating funds and monitoring market conditions.

Investment Banking

The Investment Banking segment focuses on business of a merchant bank, stock-broking and other related financial services.

This segment focuses on business needs of large corporate customers and financial institutions. The products and services offered to customers include advisory services and structuring of private debt securities, corporate finance and advisory services for corporate listings, mergers and acquisitions, capital raising through issues of equity and debt instruments, corporate and debts restructuring exercises.

It also provides structured lending solutions mainly in support of corporate finance and capital market activities as well as access to a variety of funds and capital market investment products to corporate, institutional and individual investors for competitive returns and other investment benefits including portfolio diversification and liquidity enhancement.

The stock-broking business comprises institutional and retail stock-broking business for securities listed on local and foreign stock exchanges, investment management and research services.

Insurance

The insurance segment includes the business of underwriting all classes of general and life insurance businesses in Malaysia.

Others

Other business segments in the Group include operation of investment holding companies, money-broking, information technology and other related financial services whose results are not material to the Group and therefore do not render separate disclosure in the financial statements and have been reported in aggregate.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

56 SEGMENT ANALYSIS (CONTINUED)

2024	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External revenue	1,957,216	200,750	–	11,781	–	2,169,747
Intersegment revenue	64,881	108,193	–	1,087	(174,161)	–
Segment revenue	2,022,097	308,943	–	12,868	(174,161)	2,169,747
Operating expenses of which:	(1,464,323)	(209,137)	–	(22,000)	27,352	(1,668,108)
Depreciation of property and equipment	(67,655)	(2,319)	–	(332)	–	(70,306)
Depreciation of right-of-use assets	(30,292)	(9,427)	–	(435)	4,303	(35,851)
Amortisation of intangible assets	(19,262)	(740)	–	(14)	–	(20,016)
Write-back of impairment losses on loans, advances, financing and amount due from client and brokers/securities/other assets	90,714	52,084	–	–	8,570	151,368
Segment results	648,488	151,890	–	(9,132)	(138,239)	653,007
Share of results of associates (net of tax)	–	–	54,729	–	–	54,729
Profit before zakat and taxation	648,488	151,890	54,729	(9,132)	(138,239)	707,736
Zakat	(5,370)	(1,337)	–	–	–	(6,707)
Profit before taxation	643,118	150,553	54,729	(9,132)	(138,239)	701,029
Taxation						(191,326)
Net profit for the financial year						509,703
Segment assets	102,653,423	8,282,736	–	3,166	–	110,939,325
ROU assets	62,426	12,975	–	798	(4,334)	71,865
Investment in associates	–	–	830,917	–	–	830,917
Total segment assets						111,842,107
Segment liabilities						
Total segment liabilities	94,728,766	5,496,992	–	15,057	–	100,240,815
Other information						
Capital expenditure	339,038	12,927	–	492	35	352,492

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

56 SEGMENT ANALYSIS (CONTINUED)

2023	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External revenue	1,749,614	223,758	–	12,411	–	1,985,783
Intersegment revenue	190,778	16,877	–	864	(208,519)	–
Segment revenue	1,940,392	240,635	–	13,275	(208,519)	1,985,783
Operating expenses of which:	(1,262,736)	(173,416)	–	(13,577)	28,572	(1,421,157)
Depreciation of property and equipment	(56,852)	(2,519)	–	(370)	–	(59,741)
Depreciation of right-of-use assets	(24,305)	(7,207)	–	(359)	4,336	(27,535)
Amortisation of intangible assets	(20,812)	(826)	–	(13)	–	(21,651)
(Allowances for)/write-back of impairment losses on loans, advances, financing and amount due from client and brokers/ securities/other assets	(94,715)	25,276	–	–	(8,766)	(78,205)
Segment results	582,941	92,495	–	(302)	(188,713)	486,421
Share of results of associates (net of tax)	–	–	36,466	–	–	36,466
Profit before zakat and taxation	582,941	92,495	36,466	(302)	(188,713)	522,887
Zakat	(4,600)	–	–	–	–	(4,600)
Profit before taxation	578,341	92,495	36,466	(302)	(188,713)	518,287
Taxation						(116,096)
Net profit for the financial year						402,191
Segment assets	95,288,834	9,053,699	–	9,765	–	104,352,298
ROU assets	46,744	15,302	–	753	(8,672)	54,127
Investment in associates	–	–	841,260	–	–	841,260
Total segment assets						105,247,685
Segment liabilities						
Total segment liabilities	88,531,754	5,602,598	–	4,518	–	94,138,870
Other information						
Capital expenditure	200,554	14,924	–	1,078	(2,812)	213,744

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

57 SIGNIFICANT EVENTS DURING THE CURRENT AND PRECEDING FINANCIAL YEAR

Current Financial Year

Transfer of 26.44% equity interest in Affin Bank between Lembaga Tabung Angkatan Tentera ('LTAT'), the substantial shareholder of the Bank, and its wholly-owned subsidiary, the Boustead Holdings Berhad ('BHB') and the Government of Sarawak ('Divestment').

On 27 September 2024, the Bank announced that the Government of Sarawak through its wholly-owned subsidiary SG Assetfin Holdings Sdn Bhd ('SG Assetfin'), had entered into a sale and purchase agreement ('SPA') with Lembaga Tabung Angkatan Tentera ('LTAT'), the substantial shareholder of the Bank, together with Boustead Holdings Berhad ('BHB'), a wholly-owned subsidiary of LTAT. This agreement involves the divestment of 634,725,096 shares, representing a 26.44% equity interest in Affin Bank ('Divestment').

The SPA was completed on 27 November 2024 and subsequent to completion of the SPA, the Government of Sarawak became the largest shareholder in Affin Bank, holding a 31.25% equity interest.

The shareholdings of LTAT, BHB and SG Assetfin in Affin Bank after the share transfer are as follows:
(i) LTAT's shareholding decreased from 693,338,029 shares (28.88%) to 528,290,622 shares (22.01%);
(ii) BHB's shareholding reduced from 482,110,333 shares (20.08%) to Nil, including 12,432,644 shares disposed of via the open market; and
(iii) The Government of Sarawak's collective shareholding, through SG Assetfin, increased from 4.81% to 31.25%.

Preceding Financial Year

Disposals of 21% equity interest in Generali Life Insurance Malaysia Berhad ('GLIMB') (formerly known as AXA Affin Life Insurance Berhad) and 2.95% equity interest in Generali Insurance Malaysia Berhad ('GIMB') (formerly known as AXA Affin General Insurance Berhad) and proposed merger of the businesses of MPI Generali Insurans Berhad and GIMB.

On 22 June 2021, the Bank announced that it had entered into an Implementation Agreement with Generali Asia N.V. ('Generali') in respect of the following proposals:
(i) Disposal of 21% equity interest in AXA Affin Life Insurance Berhad (now known as Generali Life Insurance Malaysia Berhad) ('GLIMB Disposal'); and
(ii) Disposal of 2.95% equity interest in AXA Affin General Insurance Berhad (now known as Generali Insurance Malaysia Berhad) ('GIMB Disposal').

Simultaneously with the GLIMB Disposal and GIMB Disposal, AXA Asia has also sold its entire 49% shareholding in GLIMB and 49.99% shareholding in GIMB.

The Minister of Finance had on 28 April 2022, approved the GLIMB Disposal and GIMB Disposal pursuant to Sections 89 and 90(6) of the Financial Services Act 2013 to Generali and the share sale agreement ('SSA') was entered into on 18 May 2022.

The SSA became unconditional on 19 August 2022 and was completed on 30 August 2022. Following the completion of the SSA, the Bank holds 30% equity interest in GLIMB and 47% equity interest in GIMB.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

57 SIGNIFICANT EVENTS DURING THE CURRENT AND PRECEDING FINANCIAL YEAR (CONTINUED)

Preceding Financial Year (continued)

With the completion of the GLIMB Disposal and GIMB Disposal, the Bank had also on 30 August 2022 entered into the following agreements:

(i) a shareholders' agreement with Generali and GIMB for the purpose of regulating the affairs of GIMB and the respective rights and obligations of the Bank and Generali, between themselves, as shareholders of GIMB;
(ii) a shareholders' agreement with Generali and GLIMB for the purpose of regulating the affairs of GLIMB and the respective rights and obligations of the Bank and Generali, between themselves, as shareholders of GLIMB;
(iii) a 15-year bancassurance distribution agreement with GIMB for the distribution of the general insurance products through the Bank's channels in Malaysia; and
(iv) a 15-year bancassurance distribution agreement with GLIMB for the distribution of the life insurance products through the Bank's channels in Malaysia.

Following the completion of the GLIMB Disposal and GIMB Disposal, the Bank had on 9 December 2022 entered into a business transfer agreement with Generali, MPI Generali Insurans Berhad ('MPIG') and GIMB where GIMB will acquire certain assets and liabilities of MPIG via a business transfer to AAGI ('Merger'). The Merger was completed on 1 April 2023 and subsequent to completion of the Merger, the Bank holds 30% equity interest in GIMB.

On 27 April 2023, Generali had incorporated GANV Holdings Malaysia Berhad (now known as Generali Malaysia Holding Berhad) ('HoldCo') for the purpose of holding all of the shares in GLIMB and GIMB.

On 31 May 2023, Affin, Generali and HoldCo had executed a share swap agreement where Affin and Generali have agreed to sell, and HoldCo will purchase, all the shares held by Affin and Generali in GLIMB and GIMB in consideration for:

(i) 765,995,451 new ordinary shares in the capital of HoldCo to be issued by HoldCo to Affin; and
(ii) 1,787,322,713 new ordinary shares in the capital of HoldCo to be issued by HoldCo to Generali.

(Collectively referred to as the 'Share Swap')

Completion of the Share Swap had taken place on 31 May 2023 and pursuant thereto HoldCo is 30.00% and 70.00% held by Affin and Generali respectively. Affin and Generali's shareholding in HoldCo is reflective of their shareholdings in GLIMB and GIMB prior to the completion of the Share Swap.

Simultaneous with the completion of the Share Swap, Affin, Generali and HoldCo had on 31 May 2023 executed a shareholders' agreement for the purpose of regulating the affairs of HoldCo and to spell out the respective rights and obligations of Affin and Generali, among themselves, as shareholders of HoldCo and, indirectly through HoldCo, also of GLIMB and GIMB. The earlier shareholders' agreements entered into between Affin, Generali and AALI/AAGI (as the case may be) on completion of the AALI Disposal and AAGI Disposal have been terminated accordingly.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

58 SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

There are no material events subsequent to the balance sheet date.

59 LONG TERM INCENTIVE PLAN ('LTIP')

The Group implemented a Long Term Incentive Plan ('LTIP') in the form of an employees' Share Grant Scheme ('SGS') on 1 August 2023, which was approved by the shareholders at the Annual General Meeting held on 25 May 2023. The SGS is governed by the SGS By-Laws and is administered by the Group Board Nomination & Remuneration Committee ('SGS Committee').

The SGS is a performance share unit scheme where vesting is subject to performance conditions and the SGS Committee may, at any time within the duration of the SGS, grant an SGS award to eligible employees, subject to the terms and conditions of the SGS By-Laws. The SGS shares may be settled through issuance and transfer of new shares, or other modes of settlement as provided by the SGS By-Laws.

The SGS primarily serves as an incentive plan to reward eligible employees and to align their interest with the corporate goals and objectives of the Group. Eligible employees refer to employees of the Group (excluding dormant subsidiary companies) who fulfil the eligibility criteria and have been selected to participate in the SGS by the Bank's Board of Directors, on the recommendations of the SGS Committee, subject to terms and conditions of the SGS By-Laws.

Any offer awarded to a person who is a director or chief executive of the Bank or a person connected to a director, major shareholder or chief executive of the Bank, and the related allotment of shares must be approved by shareholders at a general meeting. The SGS will not be extended to any non-executive directors of any company within our Group.

The maximum number of shares which may be made available under the SGS shall not in aggregate exceed 5% of the Bank's total number of issued shares (excluding treasury shares, if any) at any point in time during the duration of the SGS. Details of SGS are set out below.

	Fair value RM	Awarded (Units '000)	Vesting Date*
Award Date			
7 August 2023 – First grant	1.806	15,592	30 June 2026
1 July 2024 – Second grant	2.080	12,301	30 June 2027

** subject to performance conditions*

The following table indicates the number and movement of SGS shares during the financial year ended 31 December 2024:

	As at 1 January 2024 (Units '000)	Movement during the year		As at 31 December 2024 (Units '000)
		Awarded (Units '000)	Forfeited (Units '000)	
Award Date				
The Group				
7 August 2023 – First grant	**15,563**	-	(1,827)	**13,736**
1 July 2024 – Second grant	**-**	12,335	(34)	**12,301**
The Bank				
7 August 2023 – First grant	**10,798**	-	(1,376)	**9,422**
1 July 2024 – Second grant	**-**	10,138	(34)	**10,104**

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

59 LONG TERM INCENTIVE PLAN ('LTIP') (CONTINUED)

President & Group CEO who has been awarded with SGS during the financial year is listed below:

	No. of SGS Awarded (Units '000)
Datuk Wan Razly Abdullah bin Wan Ali *(completion of Directorship Tenure w.e.f. 2 April 2024)*	1,350
Other directors	2,275

The fair value of SGS shares awarded was estimated taking into account the terms and conditions upon which the SGS shares were awarded. The fair value of SGS shares measured, closing share price at grant date and the assumptions were as follows:

	Award Date	
	1 July 2024	7 August 2023
Fair value of SGS Shares (RM)	**2.080**	1.806
Closing share price at award date (RM)	**2.490**	1.950
Expected volatility (%)	**23.73**	22.21
Vesting period (years)	**3.00**	2.90
Risk-free rate (%)	**3.54**	3.47
Expected dividend yield (%)	**3.44**	5.44

60 AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements have been authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 12 March 2025.

STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act 2016

We, DATO' AGIL NATT and GREGORY JEROME GERALD FERNANDES, two of the Directors of Affin Bank Berhad, state that, in the opinion of the Directors, the accompanying financial statements set out on pages 306 to 481 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Bank as at 31 December 2024 and of the results and cash flows of the Group and the Bank for the financial year ended on the date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

DATO' AGIL NATT
Chairman/Independent Non-Executive Director

GREGORY JEROME GERALD FERNANDES
Independent Non-Executive Director

Kuala Lumpur
12 March 2025

STATUTORY DECLARATION

pursuant to Section 251(1) of the Companies Act 2016

I, JOANNE MAY RODRIGUES, the officer of Affin Bank Berhad primarily responsible for the financial management of the Group and the Bank, do solemnly and sincerely declare that, in my opinion, the accompanying financial statements set out on pages 306 to 481, are correct and I make this solemn declaration conscientiously believing the same to be true, by virtue of the provisions of the Statutory Declarations Act, 1960.

JOANNE MAY RODRIGUES
MIA No. CA17745

Subscribed and solemnly declared by the abovenamed JOANNE MAY RODRIGUES at Kuala Lumpur in Malaysia on 12 March 2025, before me.

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AFFIN BANK BERHAD
(Incorporated in Malaysia)
Registration No: 197501003274 (25046-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Bank Berhad ('the Bank') and its subsidiaries ('the Group') give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Bank, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Bank, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 10 to 176.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Bank in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ('By-Laws') and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Bank. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Bank, the accounting processes and controls, and the industry in which the Group and the Bank operate.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AFFIN BANK BERHAD
(Incorporated in Malaysia)
Registration No: 197501003274 (25046-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Bank for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Bank as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	**How our audit addressed the key audit matter**
Impairment of loans, advances and financing assets *(expected credit losses)* (Refer to Summary of Material Accounting Policies Note H (d), Note AE and Note 9 to the financial statements). MFRS 9 requires an expected credit losses ('ECL') impairment model for financial assets measured at amortised cost and fair value through other comprehensive income. The measurement of ECL requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. We focused on the ECL for loans, advances and financing due to the significance of impairment allowance on loans, advances and financing assets balance. The Group and the Bank also exercised significant judgement on the following areas: Timing of identification of Stage 2 and Stage 3 loans, advances and financing • Assessment of objective evidence of impairment of loans, advances and financing based on mandatory and judgemental symptoms • Identification of loans, advances and financing that have experienced a significant increase in credit risk *Individual assessment* • Estimate on the amount and timing of futures cash flows based on realisation of collateral or borrowers'/customers' business cash flows *Collective assessment* • Choosing the appropriate collective assessment models and assumptions for the measurement of ECL such as expected future cash flows and forward-looking macro-economic factors	We tested the design and operating effectiveness of the controls over impairment of loans, advances and financing. These controls covered: • Identification of loans/financing displaying indicators of impairment or loans/financing that have experienced significant increase in credit risk • Governance over the impairment processes, including model development, model approval and model validation • Data used to determine the allowances for credit losses including the completeness and accuracy of the key inputs and assumptions into the ECL models • Calculation, review and approval of the ECL calculation *Individual assessment* We performed individual credit assessment on a sample of loans, advances and financing on those identified as Early Control, Rescheduled and restructured, Stages 2 and 3 accounts, with a particular focus on high risks industries and formed our own judgement on whether the occurrence of loss event or significant increase in credit risk had been identified. Where individual impairment has been identified for loans, advances and financing, we assessed the adequacy of impairment allowance by examining both the quantum and timing of future cash flows used by the Group and the Bank in the impairment loss calculation, challenging the assumptions and comparing estimates to external evidence where available. We also reperformed the calculations of discounted cash flows. *Collective assessment* Where ECL was calculated on a collective basis, our testing, on a sample basis, included the following: • Assessed the methodologies and significant modelling assumptions inherent within the ECL models applied against the requirements of MFRS 9 • Assessed and considered the reasonableness of forward-looking forecasts assumptions • Checked the accuracy of data inputs used in the ECL models and checked the calculation of ECL • Assessed the reasonableness and tested the identification and calculation of overlay adjustments to the ECL, where applicable

We have determined that there are no key audit matters to report for the Bank.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AFFIN BANK BERHAD
(Incorporated in Malaysia)
Registration No: 197501003274 (25046-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Bank are responsible for the other information. The other information comprises the Directors' Report and Annual Report, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Bank are responsible for the preparation of the financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the Directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Bank or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Bank's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AFFIN BANK BERHAD
(Incorporated in Malaysia)
Registration No: 197501003274 (25046-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

(Auditors' responsibilities for the audit of the financial statements (continued)

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units withing the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Bank for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Bank, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

LEE TZE WOON KELVIN
03482/01/2026 J
Chartered Accountant

Kuala Lumpur, Malaysia
12 March 2025

BASEL II PILLAR 3 disclosures

AS AT 31 DECEMBER 2024

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BASEL II PILLAR 3 DISCLOSURES

As at 31 December 2024

1. INTRODUCTION

1.1 Background

The Capital Adequacy Framework (Basel II - Risk-Weighted Assets) issued by Bank Negara Malaysia ('BNM'), which is the equivalent of the Basel II framework issued by the Basel Committee of Banking Supervision and the Islamic Financial Services Board is structured around three fundamental pillars:

- Pillar 1 defines the minimum capital requirement to ensure that financial institutions hold sufficient capital to cover their exposure to credit, market and operational risks.
- Pillar 2 requires financial institutions to have a process for assessing their overall capital adequacy in relation to their risk profile and a strategy for maintaining their capital levels.
- Pillar 3 requires financial institutions to establish and implement an appropriate disclosure policy that promotes transparency regarding their risk management practices and capital adequacy positions.
- Pillar 3 disclosure is required under the BNM Risk Weighted Capital Adequacy Framework (Basel II) ('RWCAF') - Disclosure Requirements (Pillar 3).
- Affin Bank Berhad ('the Bank') and its subsidiaries ('the Group') adopt the following approaches under Pillar 1 requirements:
  - Standardised Approach for Credit Risk
  - Standardised Approach for Market Risk
  - Basic Indicator Approach for Operational Risk

1.2 Scope of Application

This document contains the disclosure requirements under Pillar 3 for the Group and the Bank for the year ended 31 December 2024. The disclosures are made in line with the Pillar 3 disclosure requirements under the Basel II framework as laid out by BNM.

The disclosures should be read in conjunction with the Group's and the Bank's 2024 Integrated Report for the year ended 31 December 2024.

The capital requirements of the Group and the Bank are generally based on the principles of consolidation adopted in the preparation of its financial statements. The Group incorporates those activities relating to Islamic banking business which have been undertaken by Affin Islamic Bank Berhad ('Affin Islamic'), a wholly owned subsidiary of the Bank.

There are no significant restrictions or impediments on the transfer of funds or regulatory capital within the Group. Any such transfers would require the approvals of the Board of Directors and BNM.

There were no capital deficiencies in any of the subsidiaries of the Group as at the financial year ended 31 December 2024.

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

2. RISK GOVERNANCE STRUCTURE

2.1 Overview

The Board of Directors ('the Board') of the Group and the Bank are ultimately responsible for the overall performance of the Group and the Bank. The Board's responsibilities are congruent with the framework of BNM Guidelines. The Board also exercises great care to ensure that high ethical standards are upheld and that the interests of stakeholders are not compromised. These include responsibility for determining the Group and the Bank's general policies and strategies for the short, medium and long term, approving business plans, including targets and budgets, and approving major strategic decisions.

The Board has overall responsibility for maintaining the proper management and protection of the Group's and the Bank's interests by ensuring effective implementation of the risk management policy and process, as well as adherence to a sound system of internal controls. The Board also recognises that risks cannot be eliminated completely. As such, the inherent system of internal controls is designed to provide a reasonable though not absolute assurance against the risk of material errors, fraud or losses occurring. The system of internal controls encompasses controls relating to financial, operational, risk management and compliance with applicable laws, regulations, policies and guidelines.

The terms of reference of the Board Committees as disclosed in the Integrated Report provide an outline of their respective roles and functions. In carrying out its functions, the Board has delegated specific responsibilities to other Board Committees, which operate under approved terms of reference, to assist the Board in discharging their duties. The Chairmen of the various Committees report on the outcome of their Committee meetings to the Board and any further deliberation is made at Board level, if required. These reports and deliberations are incorporated into the Minutes of the Board meetings. The Board meets on a monthly basis.

2.2 Board Committee

Group Board Nomination and Remuneration Committee ('GBNRC')

The GBNRC is responsible for providing a formal and transparent procedure for the appointment of Directors, Chief Executive Officer and Senior Management. The GBNRC develops the remuneration policy for Directors, Chief Executive Officer, Senior Management and other material risk takers, whereby, it assesses the effectiveness of individual Director, the Board as a whole and the performance of the Chief Executive Officer as well as Senior Management. The Committee obtains advice from experts in compensation and benefits, both internally and externally.

Group Board Compliance Committee ('GBCC')

The GBCC is responsible for overseeing, assessing and examining the adequacy of group compliance management frameworks including the policies, procedures and processes of the Group and the Bank. The Committee assists the Board in overseeing the management of the Group's and the Bank's compliance risk by ensuring compliance process is in place and functioning in line with the expectations of the regulators namely BNM, Securities Commission and Bursa Malaysia. It reviews and recommends compliance risk management philosophy and strategy for Board's approval, also ensuring clear and independent reporting lines and responsibilities for the overall business activities and compliance functions and recommending organisational alignments, where necessary, to the Board.

Group Board Risk Management Committee ('GBRMC')

The GBRMC is responsible for overseeing the risk management activities in managing credit, market, liquidity, operational, legal, reputational and other material risks as well as ensuring that the risk management process is in place and functioning effectively. The Committee assists the Board in ensuring that the risk management framework, policies and procedures adequately safeguard the Group and the Bank against all relevant risks.

The Committee is also responsible for providing oversight on the Group's and the Bank's risk strategy and risk appetite, ensuring alignment with the strategic goals and objectives.

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

2. RISK GOVERNANCE STRUCTURE (CONTINUED)

2.2 Board Committee (continued)

Group Board Credit Review and Recovery Committee ('GBCRRC')

The GBCRRC is responsible for providing critical review of financing and other credit facilities with high risk implications and vetoing financing applications that have been approved by the Group Management Credit Committee ('GMCC') as appropriate.

Group Board Audit Committee ('GBAC')

The GBAC is responsible for providing oversight and reviewing the adequacy and integrity of the internal control systems as well as oversees the work of the internal and external auditors.

Reliance is placed on the results of independent audits performed primarily by internal auditors, the outcome of statutory audits on financial statements conducted by external auditors and on representations by Management based on their control self-assessment of all areas of their responsibility.

Minutes of GBAC meetings, which provide a summary of the proceedings, are circulated to Board members for notation and discussion. The Group and the Bank have an established Group Internal Audit Division ('GIA') which reports functionally to the GBAC and administratively to the President & Group Chief Executive Officer ('PGCEO') of the Group.

Group Board IT and Transformation Committee ('GBITC')

The GBITC is responsible to oversee overall development, risk management, integration and alignment of Information Technology (IT) strategy plan with the Group's business strategy. Leveraging on technology for new business models, changing business practices, driving competitive advantage and empowering next level thinking. GBITC also provides oversight on the overall Group's and Bank's strategic transformation programme, ensure alignment with business strategic objectives and goals, as well as ensure strategic initiatives are being implemented effectively and in a timely manner.

Shariah Committee ('SC')

The SC is formed as legislated under the Islamic Financial Services Act 2013 and as per the Shariah Governance Framework for Islamic Financial Institutions.

The roles and responsibilities of the SC include advising the Board on Shariah matters to ensure that the business operations of Affin Islamic and the Islamic financing business of the Bank comply with Shariah principles at all times.

SC is also responsible for endorsing and validating relevant documentations of Affin Islamic's products to ensure that the products comply with Shariah principles and advising Affin Islamic on matters to be referred to the Shariah Advisory Council.

Group Board Sustainability Committee ('GBSC')

The GBSC is responsible for supervising the development and execution of the Group Sustainability matters. This includes the Value-based Intermediation Financing & Investment Impact Assessment Framework (VBIAF). The committee assist the Board by providing advice and direction in the formulation, execution, and monitoring of strategies, frameworks, and policies related to Sustainability, VBIAF, climate change and ensuring compliance with regulatory requirements namely Bursa Malaysia, Bank Negara, etc. with regards to sustainability matters.

The GBSC conducts reviews and makes recommendations to the Board regarding the appropriateness of the Group's strategies related to climate, VBIAF, and sustainability. These strategies include position statements, frameworks, ambitions, metrics, and targets. The committee's recommendations are based on thorough assessments and are aimed at ensuring that the Group's strategies align with its sustainability goals and commitments to addressing climate change.

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

2. RISK GOVERNANCE STRUCTURE (CONTINUED)

2.3 Group Management Committee

Group Management Committee ('GMC')

The GMC comprises the senior management team chaired by PGCEO of Affin Bank Berhad. GMC is responsible for assisting the Board in managing the day-to-day operations, formulating tactical plans and business strategies while monitoring the banking entities' overall performance and ensuring all business activities conducted are in accordance with the Group's and the Bank's corporate objectives, strategies, policies as well as Annual Business Plan and Budget.

The GMC is supported by the following sub-committees:

- Islamic
- Capital Management
- Governance, Risk and Compliance
- Branch Performance
- IT, Operations, Digital and Customer Experience

Group Management Credit Committee ('GMCC')

The GMCC is established within senior management to approve complex and large financings and workout/recovery proposals beyond the delegated authority of the individual approvers.

Group Asset and Liability Management Committee ('GALCO')

The GALCO comprising the senior management team chaired by the PGCEO, manages the Group's and the Bank's asset and liability position by identifying, managing and controlling balance sheet risks and capital management in the execution of the business strategy, while implementing asset liability strategy and policy for the balance sheet of the respective subsidiary.

Group Management Committee – Governance, Risk and Compliance ('GMC-GRC')

The GMC-GRC is a senior management committee chaired by the PGCEO that monitors activities related to risk management, compliance, governance and audit through the review and deliberation of reports on key legal matters (including potential litigation), compliance, risk management and audit-related activities.

Group Early Alert Committee ('GEAC')

The GEAC is a senior management committee, established to monitor credit quality through monthly reviews of the Early Control (MFRS 9 Stage 1) and Underperforming (MFRS 9 Stage 2) accounts as well as to review the actions taken to address the emerging risks and issues in these accounts.

2.4 Group Risk Management Function

Group Risk Management ('GRM'), headed by the Group Chief Risk Officer ('GCRO') is segregated from the lines of business, with direct reporting line to the GBRMC to preserve the independence of the risk management function.

The independence of the risk management function is critical towards controlling and managing the risk-taking activities of the Group and the Bank to achieve an optimum balance of risk and return in line with the subsidiaries' risk appetite while taking into the differences in each subsidiary's business model.

The alignment of risk function and responsibilities across the Group and the Bank is managed through streamlined frameworks, policies, guidelines and processes with the goal of achieving uniform risk management practices as well as enhancing risk culture and awareness across all business and support units.

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

2. RISK GOVERNANCE STRUCTURE (CONTINUED)

2.5 Internal Audit and Internal Control Activities

The scope of internal auditing encompasses the objective examination and evaluation of the adequacy and effectiveness of the Group's governance, risk management, and internal controls. The reviews by GIA focused on areas of significant risks and effectiveness of internal controls in accordance with the audit plan approved by the GBAC.

Based on GIA's review, identification and assessment of risk, testing, and evaluation of controls, GIA will provide an opinion on the effectiveness and efficiency of the internal controls established by the Management in addressing the applicable policies, plans, procedures, laws and regulations including Shariah related matters and BNM's directive and instructions. The risks highlighted on the respective auditable areas as well as a recommendation made by the GIA are addressed at GBAC and Management meetings. The GBAC also conducts annual reviews on the adequacy of the internal audit function, scope of work, resources, and budget of GIA.

3. CAPITAL MANAGEMENT

3.1 Internal Capital Adequacy Assessment Process ('ICAAP')

In line with the BNM guideline on Risk-Weighted Capital Adequacy Framework - Internal Capital Adequacy Assessment Process (ICAAP) (Pillar 2), the Group and the Bank have instituted the ICAAP Framework (Framework) to assess the overall capital adequacy in relation to the nature, size and complexity of the Group and the Bank that impact the institutional risk profile. The Framework aims to ensure that the Group and Bank are able to maintain healthy capital levels to support strategic business priorities and forward-looking risk assessment in order to ensure that capital demand and supply is considered for both business as-usual and stressed conditions.

The Group's and the Bank's capital management approach is anchored in the integration of risk management and capital planning process. The Group and Bank operate within a Board approved Risk Appetite that ensures that business growth is done in a responsible and sustainable manner. A key aspect of the risk management process on an enterprise-wide basis is the annual comprehensive risk assessment undertaken by the Group and the Bank to identify and measure the following risks:

- Risks captured under Pillar 1 (credit risk including exposure to central counterparties, market risk and operational risk);
- Risks not fully captured under Pillar 1 (e.g. model risk); and
- Risk types not covered by Pillar 1 (e.g. credit concentration risk, interest rate risk/rate of return on banking book, reputation risk, business and strategic risk, amongst others).

Material Risk Assessment ('MRA') is conducted as part of the ICAAP to identify material risks of the Group and the Bank spanning across retail, commercial, investment banking and business operations. The identification of material risks is aimed to ensure that the Group and the Bank are aware of the potential downside impact that are associated with the day-to-day running of the business. The identification of risks allows for robust management of the potential impact in the event the material risks crystalise. For each material risk identified, the Group and the Bank will ensure appropriate risk mitigation is in place and conduct regular risk monitoring to manage the risk. The management of risk across the Group and the Bank is facilitated by the Risk Management Process and it is embedded through various risk policies and frameworks across the entities.

The Group's and the Bank's stress testing process is guided by the Group's Stress Testing Policy. Stress testing is an essential risk management tool to assess a banking institution's potential vulnerabilities to stressed business conditions. It involves identifying possible events or future changes in the financial and macroeconomic conditions that potentially have unfavorable effects on the Group and the Bank's exposure and ability to withstand such changes usually in relation to the resilience of its capital, earnings sustainability and liquidity strength.

It forms an integral part of the ICAAP and risk management process, enabling the Group and the Bank to assess the impact on its capital adequacy in line with supervisory expectations and requirements.

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

3. CAPITAL MANAGEMENT (CONTINUED)

3.1 Internal Capital Adequacy Assessment Process ('ICAAP') (continued)

The Group's and the Bank's stress testing has the following objectives:

- to identify and quantify vulnerabilities of the portfolio under stressed conditions;
- to develop appropriate strategies for mitigating and actively managing such risks under stressed conditions, e.g. setting of risk appetite, restructuring positions and contingency plans;
- to evaluate the capacity to withstand stressed situations in terms of solvency; and
- to produce stress test results as an input in determining the internal capital threshold.

3.2 Capital Structure

The total capital and capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components).

The Group and the Bank are currently adopting the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the BNM's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ('CET1') and Tier 1 Capital Ratio are 7.000% (2023: 7.000%) and 8.500% (2023: 8.500%) respectively for year 2024. The minimum regulatory capital adequacy requirement is 10.500% (2023: 10.500%) for total capital ratio.

The following table sets forth further details on the capital resources and capital adequacy ratios for the Group and the Bank as at 31 December 2024.

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Paid-up share capital	**5,488,544**	5,371,044	**5,488,544**	5,371,044
Retained profits	**5,465,488**	5,226,324	**4,126,004**	4,073,235
Unrealised gains/(losses) on FVOCI instruments	**170,624**	169,540	**207,027**	204,573
Other disclosed reserves	**3,493**	4,146	**17,241**	4,146
Foreign exchange reserves	**–**	–	**–**	–
	11,128,149	10,771,054	**9,838,816**	9,652,998
Less: Regulatory adjustments				
Goodwill and other intangibles	**(762,096)**	(660,680)	**(314,681)**	(214,275)
Deferred tax assets	**(114,938)**	(138,283)	**(43,840)**	(72,072)
55% cumulative unrealised gains on FVOCI instruments	**(93,843)**	(93,247)	**(113,865)**	(112,515)
Investment in subsidiaries, joint ventures and associates	**(830,917)**	(841,260)	**(3,981,229)**	(3,871,402)
Other CET1 transitional adjustment	**–**	326,618	**–**	175,370
CET1 capital	**9,326,355**	9,364,202	**5,385,201**	5,558,104

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

3. CAPITAL MANAGEMENT (CONTINUED)

3.2 Capital Structure (continued)

	The Group		The Bank	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Additional Tier 1 Capital				
Additional Tier 1 Capital	**1,000,000**	1,000,000	**500,000**	500,000
	1,000,000	1,000,000	**500,000**	500,000
Total Tier 1 Capital	**10,326,355**	10,364,202	**5,885,201**	6,058,104
Subordinated term financing and medium term notes (MTNs)	**1,000,000**	1,000,000	**500,000**	500,000
Qualifying loss provisions[#]	**713,313**	594,530	**380,792**	346,186
Less: Regulatory adjustments				
Investment in capital instruments of unconsolidated financial and insurance entities	**–**	–	**–**	–
Total Tier 2 capital	**1,713,313**	1,594,530	**880,792**	846,186
Total capital	**12,039,668**	11,958,732	**6,765,993**	6,904,290
Risk weighted assets for:				
Credit risk	**63,843,561**	59,600,642	**40,161,190**	39,013,653
Market risk	**2,839,765**	1,828,658	**2,005,594**	1,230,139
Operational risk	**3,877,820**	4,029,830	**2,175,932**	2,063,846
Total risk weighted assets	**70,561,146**	65,459,130	**44,342,716**	42,307,638
Capital adequacy ratios:				
With transitional arrangements*				
CET1 capital ratio	**N/A**	14.305%	**N/A**	13.137%
Tier 1 capital ratio	**N/A**	15.833%	**N/A**	14.319%
Total capital ratio	**N/A**	18.269%	**N/A**	16.319%
Net of proposed dividends (Note 1)				
CET1 capital ratio	**N/A**	14.259%	**N/A**	13.066%
Tier 1 capital ratio	**N/A**	15.787%	**N/A**	14.247%
Total capital ratio	**N/A**	18.223%	**N/A**	16.247%
Without transitional arrangements				
CET1 capital ratio	**13.217%**	13.806%	**12.145%**	12.723%
Tier 1 capital ratio	**14.635%**	15.334%	**13.272%**	13.905%
Total capital ratio	**17.063%**	18.000%	**15.258%**	16.239%
Net of proposed dividends (Note 1)				
CET1 capital ratio	**13.217%**	13.760%	**12.145%**	12.651%
Tier 1 capital ratio	**14.635%**	15.288%	**13.272%**	13.883%
Total capital ratio	**17.063%**	17.954%	**15.258%**	16.167%

[#] Qualifying loss provisions are restricted to allowances on the unimpaired portion of the loans, advances and other financing.

* The Group and the Bank have opted to apply BNM's transitional arrangement for four financial years spanning from 1 January 2020 to 31 December 2023. Under the transitional arrangements, financial institutions are permitted to add back the amount of loss allowance measured at an amount equal to 12-month expected credit losses and lifetime expected credit losses to the extent they are ascribed to non-credit-impaired exposures (which is Stage 1 and Stage 2 provisions), to CET1 capital. This strategic move aligns with the ongoing shift toward sustainable financial practices and prudent capital management. For the financial year beginning 1 January 2024, these transitional arrangements are no longer applicable.

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

3. CAPITAL MANAGEMENT (CONTINUED)

3.2 Capital Structure (continued)

Note 1:

In accordance with the Implementation Guidance on Capital Adequacy Framework (Capital Components) dated 9 December 2020, under the Dividend Reinvestment Plan (DRP), where a portion of the dividend may be reinvested under a DRP (the electable portion), the amount of the declared dividend to be deducted from the Group and the Bank's CET1 Capital may be reduced as follows:

(i) where an irrevocable written undertaking from shareholder has been obtained to reinvest the electable portion of the dividend; or
(ii) where there is no irrevocable written undertaking provided, the average of the preceding 3-year take-up rates or if less than 3 preceding years, the available average historical take-up rates, subject to the amount being not more than 50% of the total electable portion of the dividend.

In arriving at the capital adequacy ratios, the portion of the proposed dividends where no irrevocable written undertaking from shareholders to reinvest the electable portion into new ordinary shares of the Bank is obtained, is assumed to be paid in cash and has been deducted from the calculation of CET1 Capital.

In accordance with BNM's Guidelines on Investment Account, the credit and market risk weighted on the assets funded by the RIA are included in calculation of capital adequacy for the Bank. As at 31 December 2024, RIA assets included in the Total Capital Ratio calculation amounted to RM3,259.6 million (2023: RM3,572.1 million).

The Group and the Bank have issued capital instruments which qualify as components of regulatory capital under the BNM CAF (Capital Components), as summarised in the following table:

	RM500 million 5.70% Non-Convertible Perpetual Additional Tier 1 Capital Securities Non-Callable 5 Years	RM500 million 5.10% Non-Convertible Perpetual Additional Tier 1 Sukuk Wakalah	RM500 million 5% Non-Convertible 10Y Non-callable 5Y Tier 2 Subordinated Medium Term Notes	RM500 million 4.66% Non-Convertible 10Y Non-callable 5Y Tier 2 Sukuk Murabahah
Issuer	Affin Bank Berhad	Affin Islamic Bank Berhad	Affin Bank Berhad	Affin Islamic Bank Berhad
Governing laws	Laws of Malaysia	Laws of Malaysia	Laws of Malaysia	Laws of Malaysia
Instrument Type	Additional Tier 1	Additional Tier 1	Tier 2	Tier 2
Programme size	RM3 billion	RM5 billion	RM6 billion	RM5 billion
Par value of instrument	RM500 million	RM500 million	RM500 million	RM500 million
Original date of issuance	23-Jun-23	10-Oct-23	26-Jul-22	13-Oct-23
Perpetual or dated	Perpetual	Perpetual	Dated	Dated
Original maturity date	No Maturity	No Maturity	26-Jul-32	13-Oct-33
Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
First call date	23-Jun-28	10-Oct-28	26-Jul-27	13-Oct-28
Fixed or floating dividend/ coupon	Fixed	Fixed	Fixed	Fixed
Coupon rate	5.70%	5.10%	5.00%	4.66%
Convertibility of Issuance	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible
Details of security/ collateral pledged	Unsecured	Unsecured	Unsecured	Unsecured
Position in subordination hierarchy in liquidation	Immediately subordinated to Tier 2 capital instruments	Immediately subordinated to Tier 2 capital instruments	Immediately subordinated to senior creditors	Immediately subordinated to senior creditors

BASEL II PILLAR 3 DISCLOSURES

As at 31 December 2024

3. CAPITAL MANAGEMENT (CONTINUED)

3.3 Capital Adequacy

The Group and the Bank have in place an internal limit for its CET1 capital ratio, Tier I capital ratio and Total capital ratio, which is guided by the need to maintain a prudent relationship between available capital and the risks of its underlying businesses. The capital management process is monitored by senior management through periodic reviews.

Refer to Appendix I.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Bank are principally engaged in all aspects of banking and related financial services. The principal activities of the Bank's subsidiaries are Islamic banking business, investment banking, stockbroking activities, dealing in options and futures, property management services, nominee and trustee services.

The Group's and the Bank's business activities involved the analysis, measurement, management and acceptance of risks. The Group and the Bank operate its business activities within well-defined risk acceptance criteria and do not enter into transactions where the risks cannot be quantified or managed. The Group and the Bank do not enter into transactions where the risks arising from the same cannot be administered, quantified, monitored or valued. The Group and the Bank do not deal with persons of questionable integrity.

The Group and the Bank have established robust and comprehensive risk management policies and framework based on best practices, to ensure that the salient risk elements in the operations of the Group and the Bank are adequately managed and mitigated.

The risk management policies are established to identify, assess, measure, control and mitigate all key risks, as well as manage and monitor the risk positions. The risk measurement tools employed are commonly used in market practices and commensurate with the size and complexity of the Group's and the Bank's business operations.

The risk management policies and systems are reviewed regularly to reflect changes in markets, products and best practices in risk management processes. The Group's and the Bank's aim are to achieve an appropriate balance between risk and return as well as minimise any potential adverse effects.

5. CREDIT RISK

5.1 Credit Risk Management Objectives and Policies

Credit risk is the risk that a counterparty will fail to meet its contractual obligations which could result in a financial loss to the Group and the Bank. The Group's and the Bank's exposure to credit risks arises primarily from stockbroking trade receivables, share margin financing, corporate/inter-bank lending activities, bonds investment, foreign exchange trading as well as equity and debt underwriting and from participation in securities settlements and payment transactions.

The management of credit risk is governed by a set of approved credit policies, guidelines and procedures to ensure that the overall lending objectives are in compliance with the internal and regulatory requirements. The risk management policies are subject to review by the GBRMC, a sub-committee of the Board that reviews the adequacy of the Group's and the Bank's risk policies and framework. The Group's and the Bank's credit risk framework is further strengthened through an established process for the approval and review of proposals that comprises the GMCC and the GBCRRC. The GMCC represents the approving authority for credit and underwriting proposals, whilst the GBCRRC is the committee that reviews proposals that exceed specified limits and criteria, as well as to consider whether to reject the proposal or modify the terms of the proposal.

The Group and the Bank recognise that learning is a continuous journey and is committed to enhancing the knowledge and skills set of its staff. It places strong emphasis on creating and enhancing risk awareness in the organisation.

The Group and the Bank is supportive of credit officers in pursuing credit certification programmes offered by the Asian Institute of Chartered Bankers ('AICB'). Upon attaining the Chartered Banker certification, credit officers are expected to demonstrate sound understanding of credit process and competence to undertake credit roles and responsibilities.

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

5. CREDIT RISK (CONTINUED)

5.2 Application of Standardised Approach for Credit Risk

The Group and the Bank use the following External Credit Assessment Institutions ('ECAIs') to determine the risk weights for the rated credit exposures:-

- RAM Rating Services Berhad
- Malaysian Rating Corporation Berhad
- Standard & Poor's Rating Services
- Moody's Investors Service
- Fitch Ratings

The external ratings of the ECAIs are used to determine the risk weights of the following types of exposure: sovereigns, banks, public sector entities and corporates.

The mapping of the rating categories of different ECAIs to the risk weights is in accordance with BNM guidelines. In cases where there is no issuer or issue rating, the exposures are treated as unrated and accorded a risk weight appropriate for unrated exposure in the respective category.

The following is a summary of the prescribed rules governing the Standardised Approach for rated and unrated exposures.

Long Term Credit Rating Category by ECAIs under Standardised Approach:

Rating Category	External Credit Assessment Institutions (ECAIs)				
	S&P	Moody's	Fitch	RAM	MARC
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA3	AAA to AA-
2	A+ to A-	A1 to A3	A+ to A-	A1 to A3	A+ to A-
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB1 to BBB3	BBB+ to BBB-
4	BB+ to B-	Ba1 to B3	BB+ to B-	BB1 to B3	BB+ to B-
5	CCC+ to D	Caa1 to C	CCC+ to D	C1 to D	C+ to D
Unrated			Unrated		

Long term Credit Rating Risk Weight Category by ECAIs under Standardised Approach for Banking Institution, Corporate and Sovereign & Central Bank:

Rating Category	Risk weights based on Credit Ratings of the Counterparty Exposure Class		
	Corporate	Banking Institutions	Sovereign & Central Bank
1	20%	20%	0%
2	50%	50%	20%
3	100%	50%	50%
4	150%	100%	100%
5	150%	150%	150%
Unrated	100%	50%	100%

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

5. CREDIT RISK (CONTINUED)

5.2 Application of Standardised Approach for Credit Risk (continued)

Short term Credit Rating Category by ECAIs under Standardised Approach:

Rating Category	External Credit Assessment Institutions (ECAIs)				
	S&P	Moody's	Fitch	RAM	MARC
1	A-1	P-1	F1+. F1	P-1	MARC-1
2	A-2	P-2	F2	P-2	MARC-2
3	A-3	P-3	F3	P-3	MARC-3
4	Others	Others	B to D	NP	MARC-4

Short term Credit Rating Risk Weight Category by ECAIs under Standardised Approach for Banking Institution and Corporate:

Rating Category	Risk weights based on Credit Ratings of the Counterparty Exposure Class	
	Corporate	Banking Institutions
1	20%	20%
2	50%	50%
3	100%	100%
4	150%	150%

Refer to Appendix II and Appendix III.

5.3 Credit Risk Evaluation

Credit evaluation is the process of analysing the creditworthiness of a prospective counterparty against the Group's and the Bank's underwriting criteria and the ability of the Group and the Bank to make a return commensurate to the level of risk undertaken. Apart from conducting a holistic risk assessment on the prospective counterparty, a critical element in the evaluation process is the assignment of a credit risk grade to the counterparty. This assists in the risk assessment and decision-making process. A number of relevant qualitative and quantitative factors are taken into consideration in the identification and analysis of a counterparty's credit risk. Each counterparty is assigned a credit rating which considers factors such as competitive position, operating performance, cash flow financial strength and management strength. The Group and the Bank have developed internal rating models to support the assessment and quantification of credit risk.

5.4 Risk Limit Control and Mitigation Policies

All corporate lending/financing, underwritings and corporate debt securities investments/sukuk are independently evaluated by the Group's and Bank's credit management function and approved by the relevant approving authorities based on the Authority Matrix approved by the Board.

For consumer mass market products, statistically developed application scorecards are used to assess the risks associated with the credit application as a decision support tool at loans, advances and financing origination. For share margin financing, the credit decisions are guided by an internally developed rating scorecard as well as other terms and conditions stipulated in the Group's and the Bank's Margin Financing Policy. The credit risk of share margin financing is largely mitigated by the holding of collateral in the form of marketable securities.

The Group and the Bank employ various policies and practices to control and mitigate credit risk.

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

5. CREDIT RISK (CONTINUED)

5.4 Risk Limit Control and Mitigation Policies (continued)

Lending/Financing limits

The Group and the Bank establish internal limits and related lending guidelines to manage large exposures and avoid undue concentration of credit risk in its credit portfolio. The limits include single customer groupings, connected parties and industry segments. These risks are monitored regularly and the limits reviewed annually or sooner depending on changing market and economic conditions.

The credit risk exposure for derivatives due to potential exposure arising from market movements, and loan/financing books are managed on an aggregated basis as part of the overall lending/financing limits with customers.

Credits are established against customer's capacity to pay rather than to rely solely on collateral. However, collateral may be taken to mitigate credit risk.

The main collateral types accepted and ascribed value by the Group and the Bank are:

- Mortgage over residential real estate;
- Charges over commercial real estate or vehicles financed;
- Charges over business assets such as business properties, equipment and fixed deposits;
- Charges over financial instruments such as marketable securities; and
- Debentures, personal guarantees and corporate guarantees.

Where relevant, the Group and the Bank undertake a valuation of the collateral obtained as part of the loan/financing origination process. This assessment is reviewed periodically.

Term loan/financing and lending to corporate entities are generally secured, while revolving individual credit facilities are generally unsecured.

Collateral held as security for financial assets other than loans, advances and financing depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments. Derivatives are also collateralised.

The Group's and the Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group and the Bank since the prior period.

Guarantee

A guarantee is a legally binding contractual commitment made to the Bank that ensures that the guarantor is legally responsible to meet the obligations of a borrower in the event the borrower fails to pay.

The Bank may substitute its exposure to the direct counterparty with an exposure to the guarantor or protection provided that the guarantor or protection provider is of a better rating than the direct counterparty, and that the guarantee or the protection is irrevocable and unconditional. However, where the direct counterparty and the guarantor or protection provider are connected, the exposure shall be treated as a single group exposure.

BASEL II PILLAR 3 DISCLOSURES
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5. CREDIT RISK (CONTINUED)

5.4 Risk Limit Control and Mitigation Policies (continued)

Offsetting financial instruments

The Bank also uses legal agreements to reduce credit risk, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

Credit related commitments

Commitment to extend credit represents unutilised portion of approved credit in the form of loans/financing, guarantees or letters of credit. Unutilised credits give rise to potential or contingent credit losses to the Group and the Bank in an amount equal to the total unutilised commitments. The Group and the Bank manage and mitigate the amount of potential and contingent losses arising from unutilised credit lines by imposing minimum specific credit standards on counterparties.

The Group and the Bank monitor the term to maturity of credit commitments as longer-term commitments generally have a greater degree of credit risk than short-term commitments.

Refer to Appendix IV (a) to (b).

5.5 Credit Risk Measurement

Credit risk grades

The Group and the Bank allocate a credit risk grade to each exposure. Credit risk grades are indicative of the risk of default and are generated using qualitative and quantitative factors which are supplemented by experienced credit judgement. These inputs vary depending on the nature of the exposure and the type of customer.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates.

Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in probability of default ('PD') and qualitative factors, including a backstop based on delinquency.

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's and the Bank's quantitative modelling, the remaining lifetime PD is determined to have increased by more than a predetermined percentage/range.

Using its expert credit judgement and, where possible, relevant historical experience, the Group and the Bank may determine that an exposure has undergone a significant increase in credit risk ('SICR') based on qualitative indicators that it considers are indicative of such and which effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Group and the Bank consider that a significant increase in credit risk is presumed if a borrower/customer is more than 30 days or 1 month past due. Days or months past due are determined by the number of days or month since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Group and the Bank monitor the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

5. CREDIT RISK (CONTINUED)

5.5 Credit Risk Measurement (continued)

Measurement of expected credit losses ('ECL')

The Group and the Bank use three categories for financial instruments at fair value through other comprehensive income ('FVOCI') and amortised cost for recognising ECL.

Category	Definition	Basis for recognising
Performing accounts (Stage 1)	• Financial assets that do not have significant increase in credit risk since initial recognition of the asset and therefore, less likely to default; • Performing accounts with credit grade 13 or better; • Accounts past due less than or equal to 30 days; or • For early control acounts where one that has risk or potential weakness which if left unchecked, may result in significant deterioration of repayment prospect and transfer to Underperforming status (Stage 2) or worse.	12 months ECL
Underperforming accounts (Stage 2)	• An account with significant increase in credit risk since initial recognition and if left uncorrected, may result in impairment of the account within the next 12 months; • Accounts past due more than 30 days or 1 month but up to 90 days or 3 months; • Account demonstrating critical level of risk and therefore, credit grade 14 and placed under Watchlist; or • Restructuring and rescheduling ('R&R') due to significant increase in credit risk.	Lifetime ECL – not credit impaired
Impaired accounts (Stage 3)	• Impaired credit; • Credit grade 15 or worse; • Accounts past due more than 90 days or 3 months; or • R&R which warrants a reclassification to Stage 3.	Lifetime ECL – not credit impaired
Write-off	• Evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income; or • Assets unable to generate sufficient future cash flows to repay the amount.	Asset is written off

The Group and the Bank have not used the low credit risk exemption for any financial instrument for the financial year ended 31 December 2024.

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default ('PD');
- loss given default ('LGD'); and
- exposure at default ('EAD').

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

5. CREDIT RISK (CONTINUED)

5.5 Credit Risk Measurement (continued)

Measurement of ECL (continued)

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD is the likelihood of a counterparty defaulting on its contractual obligations over a given time horizon and are estimates at a certain date, which are calculated based on statistical models. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. If a counterparty or exposure migrates between rating classes, this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

The Group and the Bank collect performance and default information relating to its credit risk exposures which are analysed by type of product and customer as well as by credit risk grading. For some portfolios, information from external credit assessment institutions are also used.

The Group and the Bank employ statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change with time.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile is used to determine how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the financing. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

LGD is the magnitude of loss in an event of a default. LGD parameters are estimated based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective profit rate as the discounting factor.

EAD represents the exposure outstanding in the event of a default. The Group and the Bank derive the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For financing commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

The 12-month and lifetime EAD are determined based on the expected payment profile, which varies by product type.

ECL is determined by projecting the PD, LGD and EAD at each future point on a yearly basis on individual exposures, or collective segments, and discounting these monthly expected losses back to the reporting date. The discount rate used in the ECL calculation is the original profit rate or an approximation thereof.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group and the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group and the Bank consider a longer period. The maximum contractual period extends to the date at which the Group and the Bank have the right to require repayment of an advance or terminate a loan commitment or guarantee.

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

5. CREDIT RISK (CONTINUED)

5.5 Credit Risk Measurement (continued)

Measurement of ECL (continued)

Forward looking economic information is also included in determining the 12-month and lifetime PD, LGD and EAD.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics which include:

- product/instrument type;
- past due status;
- credit risk grading;
- collateral type;
- date of initial recognition; and
- remaining term to maturity.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period that have material impact to ECL.

Incorporation of forward-looking information

The Group and the Bank incorporate forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. A 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios are formulated.

This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities.

The base case represents a most-likely outcome and is aligned with information used by the Group and the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group and the Bank carry out stress testing which involves more extreme shocks to calibrate its determination of these other representative scenarios.

The Group and the Bank have identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 3 years.

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

5. CREDIT RISK (CONTINUED)

5.6 Credit Risk Monitoring

Corporate credits and large individual accounts are subject to ongoing monitoring. This is to ensure that the credit grades remain appropriate and to detect any signs of weaknesses or deterioration in the credit quality. Appropriate remedial action is taken where evidence of deterioration exists.

The credit monitoring process is also to identify significant increase in credit risk as a means to pro-actively report and manage potentially deteriorating credit quality. Watchlist accounts are closely reviewed and monitored with appropriate corrective measures employed to prevent further credit deterioration into non-performing status. Watchlist accounts are either managed up or managed out within a period of twelve months.

The Group and the Bank have established MFRS 9 - Stage Transfer Policy to provide guidance in determining significant increases in credit risk of financial assets. There are 3 stages to differentiate the credit risk of financial assets in conjunction with MFRS 9 standards: Performing Accounts (Stage 1), Underperforming Accounts (Stage 2) and Impaired Accounts (Stage 3).

Active portfolio monitoring as well as exception reporting are in place to identify, analyze and managed the overall risk profile to mitigate adverse trends or specific areas of risk concerns.

The Group and the Bank conduct post-mortem reviews on newly impaired financing to determine the key reason(s) and/or driver(s) leading to the account being classified as impaired. The findings are communicated at both management and Board levels as lessons learned which are used to assist in formulating appropriate remedial actions or measures to minimize potential or future credit loss from similar or repeat events.

In addition, post-approval independent credit review is undertaken by the Group and the Bank to ensure that credit decision-making is consistent with the overall credit risk appetite and strategy.

5.7 Credit Quality of Financial Assets

Total loans, advances and other financing - credit quality

All loans, advances and other financing are categorised into 'neither past due nor impaired', 'past due but not impaired' and 'impaired'.

Past due loans/financing refers to loans, advances and other financing that are overdue by one day or more.

Loans, advances and other financing are classified as impaired when they fulfill any of the following criteria:

i. the principal or interest/profit or both is past due more than 90 days or 3 months from the first day of default; or
ii. where the account is in arrears for less than 90 days or 3 months, there is evidence of impairment to indicate that the borrower/customer is 'unlikely to meet' its credit obligations.

BASEL II PILLAR 3 DISCLOSURES

As at 31 December 2024

5. CREDIT RISK (CONTINUED)

5.7 Credit Quality of Financial Assets (continued)

Analysed by economic sectors

The Group 31.12.2024	Past Due But Not Credit-impaired Stage 1 RM'000	Past Due But Not Credit-impaired Stage 2 RM'000	Impaired Stage 3 RM'000	Total RM'000
Primary agriculture	**14,142**	**8,613**	**10,510**	**33,265**
Mining and quarrying	**15,381**	**1,224**	**8,811**	**25,416**
Manufacturing	**219,554**	**104,473**	**56,684**	**380,711**
Electricity, gas and water supply	**2,198**	**2,004**	**11,499**	**15,701**
Construction	**269,755**	**83,735**	**138,757**	**492,247**
Real estate	**505,122**	**85,388**	**338,063**	**928,573**
Wholesale & retail trade and restaurants & hotels	**141,153**	**129,037**	**220,703**	**490,893**
Transport, storage and communication	**112,059**	**25,137**	**93,589**	**230,785**
Finance, insurance/takaful and business services	**482,225**	**48,099**	**26,509**	**556,833**
Education, health and others	**33,226**	**27,594**	**14,186**	**75,006**
Household	**3,887,101**	**1,619,596**	**478,694**	**5,985,391**
	5,681,916	**2,134,900**	**1,398,005**	**9,214,821**

The Group 31.12.2023	Past Due But Not Credit-impaired Stage 1 RM'000	Past Due But Not Credit-impaired Stage 2 RM'000	Impaired Stage 3 RM'000	Total RM'000
Primary agriculture	13,548	10,882	9,686	34,116
Mining and quarrying	309	1,587	29,941	31,837
Manufacturing	26,946	81,616	40,733	149,295
Electricity, gas and water supply	3,313	10,540	4	13,857
Construction	165,752	99,240	179,913	444,905
Real estate	23,569	270,248	204,395	498,212
Wholesale & retail trade and restaurants & hotels	173,259	111,194	343,533	627,986
Transport, storage and communication	67,583	51,476	98,939	217,998
Finance, insurance/takaful and business services	58,984	56,461	21,211	136,656
Education, health and others	17,122	101,142	13,671	131,935
Household	2,153,427	1,877,720	323,385	4,354,532
	2,703,812	2,672,106	1,265,411	6,641,329

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

5. CREDIT RISK (CONTINUED)

5.7 Credit Quality of Financial Assets (continued)

Analysed by economic sectors (continued)

The Bank 31.12.2024	Past Due But Not Credit-impaired Stage 1 RM'000	Past Due But Not Credit-impaired Stage 2 RM'000	Impaired Stage 3 RM'000	Total RM'000
Primary agriculture	**6,637**	**8,152**	**10,334**	**25,123**
Mining and quarrying	**182**	**201**	**8,811**	**9,194**
Manufacturing	**179,316**	**44,205**	**50,259**	**273,780**
Electricity, gas and water supply	**830**	**2,004**	**11,457**	**14,291**
Construction	**43,058**	**23,465**	**110,502**	**177,025**
Real estate	**362,378**	**77,224**	**297,531**	**737,133**
Wholesale & retail trade and restaurants & hotels	**78,794**	**66,803**	**174,156**	**319,753**
Transport, storage and communication	**46,312**	**16,939**	**86,404**	**149,655**
Finance, insurance and business services	**27,855**	**29,228**	**12,613**	**69,696**
Education, health and others	**7,685**	**23,019**	**11,889**	**42,593**
Household	**1,160,948**	**760,137**	**293,081**	**2,214,166**
	1,913,995	**1,051,377**	**1,067,037**	**4,032,409**

The Bank 31.12.2023	Past Due But Not Credit-impaired Stage 1 RM'000	Past Due But Not Credit-impaired Stage 2 RM'000	Impaired Stage 3 RM'000	Total RM'000
Primary agriculture	5,370	9,592	9,513	24,475
Mining and quarrying	205	451	10,124	10,780
Manufacturing	17,976	35,787	34,007	87,770
Electricity, gas and water supply	2,068	10,391	1	12,460
Construction	45,430	41,123	121,028	207,581
Real estate	21,598	219,067	168,038	408,703
Wholesale & retail trade and restaurants & hotels	91,650	67,777	323,915	483,342
Transport, storage and communication	49,175	31,863	96,312	177,350
Finance, insurance and business services	34,667	29,307	10,617	74,591
Education, health and others	8,503	97,673	12,660	118,836
Household	1,005,822	897,393	186,930	2,090,145
	1,282,464	1,440,424	973,145	3,696,033

BASEL II PILLAR 3 DISCLOSURES

As at 31 December 2024

5. CREDIT RISK (CONTINUED)

5.7 Credit Quality of Financial Assets (continued)

Analysed by economic sectors (continued)

Expected credit losses

The Group 31.12.2024	12-month ECL Stage 1 RM'000	Lifetime ECL Not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total
Primary agriculture	**4,092**	**8,159**	**9,236**	**21,487**
Mining and quarrying	**107**	**443**	**7,554**	**8,104**
Manufacturing	**6,523**	**38,828**	**25,455**	**70,806**
Electricity, gas and water supply	**479**	**1,177**	**5,979**	**7,635**
Construction	**3,538**	**15,852**	**75,182**	**94,572**
Real estate	**10,919**	**21,626**	**79,230**	**111,775**
Wholesale & retail trade and restaurants & hotels	**13,888**	**87,091**	**124,650**	**225,629**
Transport, storage and communication	**9,545**	**6,359**	**11,100**	**27,004**
Finance, insurance/takaful and business services	**2,435**	**86,267**	**12,771**	**101,473**
Education, health and others	**4,037**	**110,074**	**4,782**	**118,893**
Household	**93,622**	**128,613**	**142,954**	**365,189**
Government	**–**	**1**	**2**	**3**
	149,185	**504,490**	**498,895**	**1,152,570**

The Group 31.12.2023	12-month ECL Stage 1 RM'000	Lifetime ECL Not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total
Primary agriculture	5,110	1,734	8,359	15,203
Mining and quarrying	601	4,934	10,087	15,622
Manufacturing	11,762	112,461	19,632	143,855
Electricity, gas and water supply	1,619	3,834	4	5,457
Construction	4,999	14,809	70,797	90,605
Real estate	21,470	119,078	41,929	182,477
Wholesale & retail trade and restaurants & hotels	18,746	86,754	259,724	365,224
Transport, storage and communication	4,344	31,340	23,463	59,147
Finance, insurance/takaful and business services	3,343	87,324	22,534	113,201
Education, health and others	3,056	181,067	4,635	188,758
Household	74,210	61,330	122,783	258,323
Government	–	–	–	–
	149,260	704,665	583,947	1,437,872

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

5. CREDIT RISK (CONTINUED)

5.7 Credit Quality of Financial Assets (continued)

Analysed by economic sectors (continued)

Expected credit losses (continued)

The Bank 31.12.2024	12-month ECL Stage 1 RM'000	Lifetime ECL Not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total
Primary agriculture	**3,495**	**7,876**	**9,136**	**20,507**
Mining and quarrying	**69**	**266**	**7,554**	**7,889**
Manufacturing	**4,216**	**20,530**	**22,500**	**47,246**
Electricity, gas and water supply	**416**	**1,172**	**5,962**	**7,550**
Construction	**2,247**	**13,586**	**65,112**	**80,945**
Real estate	**9,573**	**20,233**	**47,815**	**77,621**
Wholesale & retail trade and restaurants & hotels	**9,469**	**57,464**	**101,623**	**168,556**
Transport, storage and communication	**8,553**	**4,747**	**5,890**	**19,190**
Finance, insurance and business services	**1,454**	**78,979**	**5,857**	**86,290**
Education, health and others	**2,051**	**3,138**	**3,700**	**8,889**
Household	**42,082**	**78,679**	**86,424**	**207,185**
Government	**–**	**–**	**–**	**–**
	83,625	**286,670**	**361,573**	**731,868**

The Bank 31.12.2023	12-month ECL Stage 1 RM'000	Lifetime ECL Not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total
Primary agriculture	4,200	1,667	8,184	14,051
Mining and quarrying	556	746	8,423	9,725
Manufacturing	9,715	93,244	16,192	119,151
Electricity, gas and water supply	935	3,826	1	4,762
Construction	4,045	10,885	61,885	76,815
Real estate	20,357	88,353	34,620	143,330
Wholesale & retail trade and restaurants & hotels	13,509	44,803	248,339	306,651
Transport, storage and communication	3,732	29,038	21,982	54,752
Finance, insurance and business services	2,070	79,366	5,488	86,924
Education, health and others	1,895	10,927	4,156	16,978
Household	34,631	29,942	60,079	124,652
Government	–	–	–	–
	95,645	392,797	469,349	957,791

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

5. CREDIT RISK (CONTINUED)

5.7 Credit Quality of Financial Assets (continued)

Analysed by economic sectors (continued)

Expected credit losses written-off

	The Group		The Bank	
	Write-Offs for Lifetime ECL Credit Impaired (Stage 3)		Write-Offs for Lifetime ECL Credit Impaired (Stage 3)	
	31.12.2024 RM'000	31.12.2023 RM'000	**31.12.2024 RM'000**	31.12.2023 RM'000
Primary agriculture	**134**	292	**43**	94
Mining and quarrying	**1,083**	–	**1,083**	–
Manufacturing	**3,690**	536	**2,617**	451
Electricity, gas and water supply	**1**	–	**1**	–
Construction	**5,182**	973	**3,259**	934
Real estate	**4,119**	451	**4,119**	451
Wholesale & retail trade and restaurants & hotels	**120,030**	938	**116,005**	523
Transport, storage and communication	**3,715**	378	**2,978**	177
Finance, insurance/takaful and business services	**3,639**	227	**831**	164
Education, health and others	**242**	83	**60**	54
Household	**110,378**	86,812	**65,699**	44,746
	252,213	90,690	**196,695**	47,594

Analysed by geographical area

	Past Due But Not Credit-impaired		Impaired	
The Group 31.12.2024	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Perlis	**6,022**	**3,186**	**3,962**	**13,170**
Kedah	**124,694**	**141,786**	**61,163**	**327,643**
Pulau Pinang	**177,258**	**94,907**	**68,942**	**341,107**
Perak	**104,227**	**62,672**	**125,371**	**292,270**
Selangor	**1,420,886**	**698,026**	**467,092**	**2,586,004**
Wilayah Persekutuan	**1,922,549**	**390,528**	**421,591**	**2,734,668**
Negeri Sembilan	**181,748**	**124,560**	**36,266**	**342,574**
Melaka	**58,449**	**53,873**	**77,180**	**189,502**
Johor	**647,488**	**323,532**	**66,798**	**1,037,818**
Pahang	**77,836**	**40,757**	**35,053**	**153,646**
Terengganu	**61,619**	**30,334**	**4,028**	**95,981**
Kelantan	**42,197**	**37,358**	**9,080**	**88,635**
Sarawak	**130,277**	**61,395**	**7,286**	**198,958**
Sabah	**165,949**	**71,748**	**14,193**	**251,890**
Labuan	**28,153**	**134**	**–**	**28,287**
Outside Malaysia	**532,564**	**104**	**–**	**532,668**
	5,681,916	**2,134,900**	**1,398,005**	**9,214,821**

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

5. CREDIT RISK (CONTINUED)

5.7 Credit Quality of Financial Assets (continued)

Analysed by geographical area (continued)

	Past Due But Not Credit-impaired		Impaired	
The Group 31.12.2023	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Perlis	4,835	3,052	4,437	12,324
Kedah	110,437	138,070	48,031	296,538
Pulau Pinang	141,183	151,748	129,073	422,004
Perak	82,292	189,885	15,768	287,945
Selangor	1,017,187	864,288	374,058	2,255,533
Wilayah Persekutuan	411,068	370,604	350,641	1,132,313
Negeri Sembilan	139,262	154,294	34,555	328,111
Melaka	55,688	71,143	132,140	258,971
Johor	379,663	451,358	54,104	885,125
Pahang	65,089	56,363	27,532	148,984
Terengganu	43,580	33,307	3,606	80,493
Kelantan	32,154	28,388	6,732	67,274
Sarawak	94,078	61,497	73,315	228,890
Sabah	113,259	97,840	11,373	222,472
Labuan	125	119	–	244
Outside Malaysia	13,912	150	46	14,108
	2,703,812	2,672,106	1,265,411	6,641,329

	Past Due But Not Credit-impaired		Impaired	
The Bank **31.12.2024**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total** **RM'000**
Perlis	**1,257**	**643**	**68**	**1,968**
Kedah	**31,200**	**25,698**	**37,471**	**94,369**
Pulau Pinang	**76,050**	**55,071**	**53,961**	**185,082**
Perak	**43,078**	**28,196**	**114,802**	**186,076**
Selangor	**454,018**	**348,274**	**317,513**	**1,119,805**
Wilayah Persekutuan	**201,431**	**187,349**	**367,969**	**756,749**
Negeri Sembilan	**61,813**	**48,496**	**22,192**	**132,501**
Melaka	**23,453**	**32,339**	**63,901**	**119,693**
Johor	**261,635**	**216,359**	**42,524**	**520,518**
Pahang	**25,858**	**13,420**	**28,217**	**67,495**
Terengganu	**2,478**	**2,298**	**578**	**5,354**
Kelantan	**2,494**	**1,086**	**360**	**3,940**
Sarawak	**97,527**	**35,677**	**6,761**	**139,965**
Sabah	**120,106**	**56,399**	**10,720**	**187,225**
Labuan	**22**	**19**	**–**	**41**
Outside Malaysia	**511,575**	**53**	**–**	**511,628**
	1,913,995	**1,051,377**	**1,067,037**	**4,032,409**

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

5. CREDIT RISK (CONTINUED)

5.7 Credit Quality of Financial Assets (continued)

Analysed by geographical area (continued)

	Past Due But Not Credit-impaired		Impaired	
The Bank 31.12.2023	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Perlis	1,728	904	621	3,253
Kedah	31,762	26,104	32,478	90,344
Pulau Pinang	79,133	97,090	119,639	295,862
Perak	32,566	144,433	9,111	186,110
Selangor	431,762	414,878	263,021	1,109,661
Wilayah Persekutuan	188,027	188,785	315,905	692,717
Negeri Sembilan	47,557	47,238	19,349	114,144
Melaka	23,127	37,136	123,206	183,469
Johor	224,194	320,344	30,132	574,670
Pahang	22,710	18,415	24,219	65,344
Terengganu	2,308	1,929	667	4,904
Kelantan	1,781	2,028	244	4,053
Sarawak	84,126	53,815	25,711	163,652
Sabah	97,696	87,226	8,796	193,718
Labuan	125	–	–	125
Outside Malaysia	13,862	99	46	14,007
	1,282,464	1,440,424	973,145	3,696,033

Expected credit losses

	12-month ECL	Lifetime ECL Not credit impaired	Lifetime ECL credit impaired	
The Group **31.12.2024**	**Stage 1** **RM'000**	**Stage 2** **RM'000**	**Stage 3** **RM'000**	**Total**
Perlis	**284**	**1,589**	**2,916**	**4,789**
Kedah	**4,716**	**22,512**	**41,473**	**68,701**
Pulau Pinang	**7,437**	**66,476**	**30,072**	**103,985**
Perak	**4,756**	**4,931**	**7,670**	**17,357**
Selangor	**45,894**	**198,486**	**161,727**	**406,107**
Wilayah Persekutuan	**26,262**	**140,322**	**163,324**	**329,908**
Negeri Sembilan	**6,072**	**7,810**	**7,773**	**21,655**
Melaka	**2,539**	**8,431**	**22,544**	**33,514**
Johor	**23,881**	**27,265**	**22,082**	**73,228**
Pahang	**4,568**	**2,839**	**23,128**	**30,535**
Terengganu	**5,220**	**1,598**	**1,762**	**8,580**
Kelantan	**2,203**	**8,184**	**4,446**	**14,833**
Sarawak	**7,052**	**6,460**	**2,869**	**16,381**
Sabah	**5,363**	**7,572**	**7,109**	**20,044**
Labuan	**1,542**	**2**	**–**	**1,544**
Outside Malaysia	**1,396**	**13**	**–**	**1,409**
	149,185	**504,490**	**498,895**	**1,152,570**

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

5. CREDIT RISK (CONTINUED)

5.7 Credit Quality of Financial Assets (continued)

Analysed by geographical area (continued)

Expected credit losses (continued)

The Group 31.12.2023	12-month ECL Stage 1 RM'000	Lifetime ECL Not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total
Perlis	156	2,405	2,576	5,137
Kedah	3,802	21,604	38,484	63,890
Pulau Pinang	7,726	75,043	103,236	186,005
Perak	4,846	21,213	6,091	32,150
Selangor	48,526	247,473	122,744	418,743
Wilayah Persekutuan	30,894	219,070	121,967	371,931
Negeri Sembilan	4,760	10,082	30,230	45,072
Melaka	2,460	8,577	81,937	92,974
Johor	20,057	32,061	22,299	74,417
Pahang	4,312	8,856	19,896	33,064
Terengganu	1,527	22,150	2,160	25,837
Kelantan	1,931	3,439	3,021	8,391
Sarawak	8,076	9,280	23,840	41,196
Sabah	5,725	9,824	5,433	20,982
Labuan	1,422	133	–	1,555
Outside Malaysia	3,040	13,455	33	16,528
	149,260	704,665	583,947	1,437,872

The Bank **31.12.2024**	12-month ECL Stage 1 RM'000	Lifetime ECL Not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total
Perlis	**37**	**1,458**	**25**	**1,520**
Kedah	**1,201**	**2,669**	**32,853**	**36,723**
Pulau Pinang	**4,306**	**48,503**	**23,902**	**76,711**
Perak	**1,577**	**3,326**	**4,546**	**9,449**
Selangor	**24,968**	**63,558**	**92,322**	**180,848**
Wilayah Persekutuan	**15,521**	**127,496**	**148,373**	**291,390**
Negeri Sembilan	**1,989**	**1,475**	**3,531**	**6,995**
Melaka	**1,083**	**6,841**	**12,035**	**19,959**
Johor	**16,323**	**19,701**	**14,211**	**50,235**
Pahang	**1,885**	**1,143**	**20,386**	**23,414**
Terengganu	**3,505**	**137**	**322**	**3,964**
Kelantan	**177**	**182**	**209**	**568**
Sarawak	**5,040**	**3,333**	**2,759**	**11,132**
Sabah	**3,496**	**6,839**	**6,099**	**16,434**
Labuan	**1,133**	**1**	**–**	**1,134**
Outside Malaysia	**1,384**	**8**	**–**	**1,392**
	83,625	**286,670**	**361,573**	**731,868**

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

5. CREDIT RISK (CONTINUED)

5.7 Credit Quality of Financial Assets (continued)

Analysed by geographical area (continued)

Expected credit losses (continued)

The Bank 31.12.2023	12-month ECL Stage 1 RM'000	Lifetime ECL Not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total
Perlis	49	2,259	95	2,403
Kedah	1,270	2,249	31,496	35,015
Pulau Pinang	4,245	57,026	100,215	161,486
Perak	2,304	19,186	3,558	25,048
Selangor	32,475	55,410	85,180	173,065
Wilayah Persekutuan	21,592	187,910	109,512	319,014
Negeri Sembilan	1,799	1,625	3,539	6,963
Melaka	1,394	5,622	74,978	81,994
Johor	13,738	22,524	13,657	49,919
Pahang	2,435	6,035	18,153	26,623
Terengganu	178	19,623	401	20,202
Kelantan	150	88	206	444
Sarawak	6,185	3,912	23,720	33,817
Sabah	3,596	9,320	4,606	17,522
Labuan	1,417	1	–	1,418
Outside Malaysia	2,818	7	33	2,858
	95,645	392,797	469,349	957,791

Movement in expected credit loss for loans/financing

The Group **31.12.2024**	12-month ECL Stage 1 RM'000	Lifetime ECL Not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total
At beginning of the financial period	**149,260**	**704,665**	**583,947**	**1,437,872**
Total transfer between stages due to change in credit risk:	**(116,467)**	**130,781**	**(14,314)**	**–**
- Transfer to 12-month ECL (Stage 1)	**111,925**	**(99,145)**	**(12,780)**	**–**
- Transfer to Lifetime ECL not credit impaired (Stage 2)	**(198,254)**	**302,463**	**(104,209)**	**–**
- Transfer to Lifetime ECL credit impaired (Stage 3)	**(30,138)**	**(72,537)**	**102,675**	**–**
Loans/financing derecognised (other than write-off)	**(61,011)**	**(326,640)**	**(60,350)**	**(448,001)**
New loans/financing originated or purchased	**287,718**	**–**	**–**	**287,718**
Changes due to change in credit risk	**(110,326)**	**(4,427)**	**203,793**	**89,040**
Write-off	**–**	**–**	**(251,623)**	**(251,623)**
Other adjustments	**11**	**111**	**37,442**	**37,564**
At end of the financial period	**149,185**	**504,490**	**498,895**	**1,152,570**

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

5. CREDIT RISK (CONTINUED)

5.7 Credit Quality of Financial Assets (continued)

Expected credit losses (continued)

Movement in expected credit loss for loans/financing (continued)

The Group 31.12.2023	12-month ECL Stage 1 RM'000	Lifetime ECL Not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total
At beginning of the financial period	211,373	778,214	421,234	1,410,821
Total transfer between stages due to change in credit risk:	(169,761)	305,516	(135,755)	–
- Transfer to 12-month ECL (Stage 1)	46,853	(41,757)	(5,096)	–
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(215,896)	436,284	(220,388)	–
- Transfer to Lifetime ECL credit impaired (Stage 3)	(718)	(89,011)	89,729	–
Loans/financing derecognised (other than write-off)	(67,652)	(58,675)	(26,487)	(152,814)
New loans/financing originated or purchased	290,231	–	–	290,231
Changes due to change in credit risk	(115,159)	(320,651)	371,623	(64,187)
Write-off	–		(69,723)	(69,723)
Other adjustments	228	261	23,055	23,544
At end of the financial period	149,260	704,665	583,947	1,437,872

The Bank **31.12.2024**	**12-month ECL** **Stage 1** **RM'000**	**Lifetime ECL Not credit impaired** **Stage 2** **RM'000**	**Lifetime ECL credit impaired** **Stage 3** **RM'000**	**Total**
At beginning of the financial period	**95,645**	**392,797**	**469,349**	**957,791**
Total transfer between stages due to change in credit risk:	**(8,601)**	**(5,896)**	**14,497**	**–**
- Transfer to 12-month ECL (Stage 1)	**75,619**	**(70,871)**	**(4,748)**	**–**
- Transfer to Lifetime ECL not credit impaired (Stage 2)	**(55,819)**	**109,686**	**(53,867)**	**–**
- Transfer to Lifetime ECL credit impaired (Stage 3)	**(28,401)**	**(44,711)**	**73,112**	**–**
Loans/financing derecognised (other than write-off)	**(44,492)**	**(123,972)**	**(42,443)**	**(210,907)**
New loans/financing originated or purchased	**117,434**	**–**	**–**	**117,434**
Changes due to change in credit risk	**(76,339)**	**23,717**	**91,322**	**38,700**
Write-off	**–**	**–**	**(196,304)**	**(196,304)**
Other adjustments	**(22)**	**24**	**25,152**	**25,154**
At end of the financial period	**83,625**	**286,670**	**361,573**	**731,868**

BASEL II PILLAR 3 DISCLOSURES

As at 31 December 2024

5. CREDIT RISK (CONTINUED)

5.7 Credit Quality of Financial Assets (continued)

Expected credit losses (continued)

Movement in expected credit loss for loans/financing (continued)

The Bank 31.12.2023	12-month ECL Stage 1 RM'000	Lifetime ECL Not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total
At beginning of the financial period	144,574	448,993	297,399	890,966
Total transfer between stages due to change in credit risk:	(1,009)	100,548	(99,539)	–
- Transfer to 12-month ECL (Stage 1)	25,133	(21,763)	(3,370)	–
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(25,554)	191,214	(165,660)	–
- Transfer to Lifetime ECL credit impaired (Stage 3)	(588)	(68,903)	69,491	–
Loans/financing derecognised (other than write-off)	(45,423)	(44,966)	(21,126)	(111,515)
New loans/financing originated or purchased	73,097	–	–	73,097
Changes due to change in credit risk	(75,819)	(112,039)	309,046	121,188
Write-off	–	–	(26,627)	(26,627)
Other adjustments	225	261	10,196	10,682
At end of the financial period	95,645	392,797	469,349	957,791

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

5. CREDIT RISK (CONTINUED)

5.8 Distribution of Credit Exposure

(i) The following table depicts the Group's Gross Credit Exposure by Geographical Distribution based on the geographical location where the credit risk resides.

	31.12.2024			31.12.2023		
The Group **Exposure class**	**Malaysia**	**Other countries**	**Total**	Malaysia	Other countries	Total
On Balance Sheet Exposures						
Corporates	**32,604,990**	**2,123,735**	**34,728,725**	28,209,355	724,377	28,933,732
Regulatory Retail	**28,354,316**	**3,856**	**28,358,172**	27,959,467	2,814	27,962,281
Other Assets	**6,795,096**	**–**	**6,795,096**	5,304,673	–	5,304,673
Sovereigns/Central Banks	**22,469,866**	**473,299**	**22,943,165**	21,944,937	364,017	22,308,954
Public Sector Entities	**–**	**–**	**–**	–	–	–
Banks, Development Financial Institutions & MDBs	**2,652,955**	**1,505,526**	**4,158,481**	5,435,811	858,026	6,293,837
Insurance/Takaful Companies, Securities Firms & Fund Managers	**54,890**	**–**	**54,890**	53,337	–	53,337
Residential Mortgages	**13,158,288**	**–**	**13,158,288**	12,810,207	–	12,810,207
Higher Risk Assets	**65,575**	**–**	**65,575**	45,213	–	45,213
Defaulted Exposures	**931,249**	**–**	**931,249**	819,240	14	819,254
Total for On-Balance Sheet Exposures	**107,087,225**	**4,106,416**	**111,193,641**	102,582,240	1,949,248	104,531,488
Off Balance Sheet Exposures						
Over-the-counter (OTC) derivatives	**1,113,767**	**75,848**	**1,189,615**	1,328,425	25,984	1,354,409
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	**9,509,692**	**259,356**	**9,769,048**	9,338,260	243,560	9,581,820
Defaulted Exposures	**17,463**	**–**	**17,463**	41,116	–	41,116
Total for Off-Balance Sheet Exposures	**10,640,922**	**335,204**	**10,976,126**	10,707,801	269,544	10,977,345
Total for On and Off-Balance Sheet Exposures	**117,728,147**	**4,441,620**	**122,169,767**	113,290,041	2,218,792	115,508,833

BASEL II PILLAR 3 DISCLOSURES

As at 31 December 2024

5. CREDIT RISK (CONTINUED)

5.8 Distribution of Credit Exposure

(i) The following table depicts the Bank's Gross Credit Exposure by Geographical Distribution based on credit risk resides.

	31.12.2024			31.12.2023		
The Bank **Exposure class**	**Malaysia**	**Other countries**	**Total**	Malaysia	Other countries	Total
On Balance Sheet Exposures						
Corporates	**18,233,389**	**1,743,150**	**19,976,539**	18,649,145	693,963	19,343,108
Regulatory Retail	**17,909,875**	**2,027**	**17,911,902**	17,533,514	1,612	17,535,126
Other Assets	**5,213,941**	**–**	**5,213,941**	4,074,512	–	4,074,512
Sovereigns/Central Banks	**10,972,550**	**446,254**	**11,418,804**	10,725,303	364,017	11,089,320
Banks, Development Financial Institutions & MDBs	**3,850,470**	**1,299,298**	**5,149,768**	6,141,828	791,756	6,933,584
Insurance Companies, Securities Firms & Fund Managers	**15,679**	**–**	**15,679**	15,812	–	15,812
Residential Mortgages	**3,358,092**	**–**	**3,358,092**	3,084,139	–	3,084,139
Higher Risk Assets	**45,807**	**–**	**45,807**	34,673	–	34,673
Defaulted Exposures	**743,351**	**–**	**743,351**	639,509	14	639,523
Total for On-Balance Sheet Exposures	**60,343,154**	**3,490,729**	**63,833,883**	60,898,435	1,851,362	62,749,797
Off Balance Sheet Exposures						
Over-the-counter (OTC) derivatives	**937,487**	**75,848**	**1,013,335**	936,431	25,984	962,415
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	**7,031,178**	**258,943**	**7,290,121**	6,931,195	242,943	7,174,138
Defaulted Exposures	**14,899**	**–**	**14,899**	39,082	–	39,082
Total for Off-Balance Sheet Exposures	**7,983,564**	**334,791**	**8,318,355**	7,906,708	268,927	8,175,635
Total for On and Off-Balance Sheet Exposures	**68,326,718**	**3,825,520**	**72,152,238**	68,805,143	2,120,289	70,925,432

5. CREDIT RISK (CONTINUED)

5.8 Distribution of Credit Exposure (continued)

(ii) The following table depicts the Group's Gross Credit Exposure by Sectorial Analysis or Industry Distribution.

	The Group												
31.12.2024 Exposure class	Primary agriculture	Mining and quarrying	Manufac-turing	Electricity, gas and water supply	Construction	Real estate	Wholesale & retail trade and restaurants & hotels	Transport, storage and communication	Finance, insurance/ takaful and business services	Education, health and others	Household	Others	Total
On Balance Sheet Exposures													
Corporates	1,452,597	437,680	4,552,184	1,281,144	2,615,204	5,278,009	4,775,282	3,313,342	2,756,587	1,897,410	5,601,713	767,573	34,728,725
Regulatory Retail	94,863	10,646	495,830	8,946	407,552	189,476	1,173,271	352,269	448,395	138,018	25,037,339	1,567	28,358,172
Other Assets	–	–	–	–	–	–	–	–	26,188	–	–	6,768,908	6,795,096
Sovereigns/Central Banks	–	–	–	46,957	1,192,801	418,343	–	1,310,753	18,662,824	830,664	253	480,570	22,943,165
Public Sector Entities	–	–	–	–	–	–	–	–	–	–	–	–	–
Banks, Development Financial Institutions & MDBs	2,857	–	–	–	–	–	835	–	4,153,279	1,510	–	–	4,158,481
Insurance/Takaful Companies, Securities Firms & Fund Managers	–	–	–	–	–	–	675	–	54,215	–	–	–	54,890
Residential Mortgages	–	–	–	–	–	–	–	–	–	–	13,158,288	–	13,158,288
Higher Risk Assets	–	–	–	–	–	–	–	–	–	–	27,310	38,265	65,575
Defaulted Exposures	1,389	1,257	31,751	5,519	64,992	259,030	101,314	86,101	17,619	29,568	332,709	–	931,249
Total for On-Balance Sheet Exposures	1,551,706	449,583	5,079,765	1,342,566	4,280,549	6,144,858	6,051,377	5,062,465	26,119,107	2,897,170	44,157,612	8,056,883	111,193,641
Off Balance Sheet Exposures													
Over-the-counter (OTC) derivatives	–	–	9,250	8,890	296	17,929	4,746	9,104	1,139,400	–	–	–	1,189,615
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	114,513	78,467	558,785	95,372	614,995	233,129	449,971	319,261	4,822,456	1,149,919	1,318,094	14,086	9,769,048
Defaulted Exposures	–	958	52	–	10,214	5	698	559	41	–	4,936	–	17,463
Total for Off-Balance Sheet Exposures	114,513	79,425	568,087	104,262	625,505	251,063	455,415	328,924	5,961,897	1,149,919	1,323,030	14,086	10,976,126
Total for On and Off-Balance Sheet Exposures	1,666,219	529,008	5,647,852	1,446,828	4,906,054	6,395,921	6,506,792	5,391,389	32,081,004	4,047,089	45,480,642	8,070,969	122,169,767

5. CREDIT RISK (CONTINUED)

5.8 Distribution of Credit Exposure (continued)

(ii) The following table depicts the Group's Gross Credit Exposure by Sectorial Analysis or Industry Distribution. (continued)

	The Group												
31.12.2023 Exposure class	Primary agriculture	Mining and quarrying	Manufac-turing	Electricity, gas and water supply	Construction	Real estate	Wholesale & retail trade and restaurants & hotels	Transport, storage and communication	Finance, insurance/ takaful and business services	Education, health and others	Household	Others	Total
On Balance Sheet Exposures													
Corporates	1,470,273	353,707	3,795,628	843,462	1,892,993	5,001,586	5,348,081	2,119,013	2,451,806	1,763,111	2,548,091	1,345,981	28,933,732
Regulatory Retail	90,066	14,336	517,068	8,292	434,037	183,493	1,248,624	399,483	475,959	141,068	24,449,095	760	27,962,281
Other Assets	–	–	–	–	–	–	–	–	24,759	–	–	5,279,914	5,304,673
Sovereigns/Central Banks	–	–	–	27,215	767,345	–	–	1,033,203	18,758,013	949,370	21	773,787	22,308,954
Public Sector Entities	–	–	–	–	–	–	–	–	–	–	–	–	–
Banks, Development Financial Institutions & MDBs	1,910	–	–	–	–	–	403	–	6,289,706	1,818	–	–	6,293,837
Insurance/Takaful Companies, Securities Firms & Fund Managers	–	–	–	–	–	–	807	–	52,530	–	–	–	53,337
Residential Mortgages	–	–	–	–	–	–	–	–	–	–	12,810,207	–	12,810,207
Higher Risk Assets	–	–	–	–	–	–	–	–	–	–	30,298	14,915	45,213
Defaulted Exposures	1,667	25,153	22,123	–	101,367	142,185	97,002	76,830	45,276	70,446	237,205	–	819,254
Total for On-Balance Sheet Exposures	1,563,916	393,196	4,334,819	878,969	3,195,742	5,327,264	6,694,917	3,628,529	28,098,049	2,925,813	40,074,917	7,415,357	104,531,488
Off Balance Sheet Exposures													
Over-the-counter (OTC) derivatives	–	–	14,358	2,849	–	–	7,526	11,715	1,262,921	55,040	–	–	1,354,409
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	120,686	90,509	616,406	116,881	670,346	299,875	407,118	250,281	4,540,400	1,130,689	1,338,402	227	9,581,820
Defaulted Exposures	–	7,731	392	–	9,926	–	15,597	1,155	2,916	1,847	1,552	–	41,116
Total for Off-Balance Sheet Exposures	120,686	98,240	631,156	119,730	680,272	299,875	430,241	263,151	5,806,237	1,187,576	1,339,954	227	10,977,345
Total for On and Off-Balance Sheet Exposures	1,684,602	491,436	4,965,975	998,699	3,876,014	5,627,139	7,125,158	3,891,680	33,904,286	4,113,389	41,414,871	7,415,584	115,508,833

5. CREDIT RISK (CONTINUED)

5.8 Distribution of Credit Exposure (continued)

(ii) The following table depicts the Bank's Gross Credit Exposure by Sectorial Analysis or Industry Distribution. (continued)

	The Bank												
31.12.2024 Exposure class	Primary agriculture	Mining and quarrying	Manufac-turing	Electricity, gas and water supply	Construction	Real estate	Wholesale & retail trade and restaurants & hotels	Transport, storage and communication	Finance, insurance/ takaful and business services	Education, health and others	Household	Others	Total
On Balance Sheet Exposures													
Corporates	1,054,879	229,504	3,087,386	769,453	1,486,272	3,752,808	3,556,767	2,524,788	1,324,878	1,309,762	377,036	503,006	19,976,539
Regulatory Retail	72,864	7,620	374,269	3,898	270,997	159,609	836,039	253,866	274,502	76,395	15,580,758	1,085	17,911,902
Other Assets	–	–	–	–	–	–	–	–	–	–	–	5,213,941	5,213,941
Sovereigns/Central Banks	–	–	–	20,184	713,929	198,254	–	593,819	9,506,388	283,327	253	102,650	11,418,804
Public Sector Entities	–	–	–	–	–	–	–	–	–	–	–	–	–
Banks, Development Financial Institutions & MDBs	2,758	–	–	–	–	–	499	–	5,146,511	–	–	–	5,149,768
Insurance Companies, Securities Firms & Fund Managers	–	–	–	–	–	–	675	–	15,004	–	–	–	15,679
Residential Mortgages	–	–	–	–	–	–	–	–	–	–	3,358,092	–	3,358,092
Higher Risk Assets	–	–	–	–	–	–	–	–	–	–	17,426	28,381	45,807
Defaulted Exposures	1,307	1,257	28,129	5,495	57,659	249,914	75,305	81,069	8,061	28,273	206,882	–	743,351
Total for On-Balance Sheet Exposures	1,131,808	238,381	3,489,784	799,030	2,528,857	4,360,585	4,469,285	3,453,542	16,275,344	1,697,757	19,540,447	5,849,063	63,833,883
Off Balance Sheet Exposures													
Over-the-counter (OTC) derivatives	–	–	6,670	–	296	17,929	1,942	9,104	977,394	–	–	–	1,013,335
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	58,458	10,763	411,232	8,564	352,270	180,153	309,229	248,390	4,691,197	45,784	973,567	514	7,290,121
Defaulted Exposures	–	958	52	–	9,740	5	698	559	–	–	2,887	–	14,899
Total for Off-Balance Sheet Exposures	58,458	11,721	417,954	8,564	362,306	198,087	311,869	258,053	5,668,591	45,784	976,454	514	8,318,355
Total for On and Off-Balance Sheet Exposures	1,190,266	250,102	3,907,738	807,594	2,891,163	4,558,672	4,781,154	3,711,595	21,943,935	1,743,541	20,516,901	5,849,577	72,152,238

5. CREDIT RISK (CONTINUED)

5.8 Distribution of Credit Exposure (continued)

(ii) The following table depicts the Bank's Gross Credit Exposure by Sectorial Analysis or Industry Distribution. (continued)

	The Bank												
31.12.2023 Exposure class	Primary agriculture	Mining and quarrying	Manufac-turing	Electricity, gas and water supply	Construction	Real estate	Wholesale & retail trade and restaurants & hotels	Transport, storage and communication	Finance, insurance/ takaful and business services	Education, health and others	Household	Others	Total
On Balance Sheet Exposures													
Corporates	1,050,819	334,034	2,713,561	522,528	1,102,785	4,144,447	4,160,451	1,669,592	1,073,115	1,275,179	419,026	877,571	19,343,108
Regulatory Retail	73,162	9,790	407,541	3,496	308,713	152,234	939,009	309,423	311,299	86,033	14,933,666	760	17,535,126
Other Assets	–	–	–	–	–	–	–	–	–	–	–	4,074,512	4,074,512
Sovereigns/Central Banks	–	–	–	–	232,394	–	–	430,745	9,798,364	310,785	21	317,011	11,089,320
Banks, Development Financial Institutions & MDBs	1,910	–	–	–	–	–	–	–	6,931,674	–	–	–	6,933,584
Insurance Companies, Securities Firms & Fund Managers	–	–	–	–	–	–	807	–	15,005	–	–	–	15,812
Residential Mortgages	–	–	–	–	–	–	–	–	–	–	3,084,139	–	3,084,139
Higher Risk Assets	–	–	–	–	–	–	–	–	–	–	19,758	14,915	34,673
Defaulted Exposures	1,667	6,836	18,918	–	62,311	134,817	88,119	75,620	38,814	69,616	142,805	–	639,523
Total for On-Balance Sheet Exposures	1,127,558	350,660	3,140,020	526,024	1,706,203	4,431,498	5,188,386	2,485,380	18,168,271	1,741,613	18,599,415	5,284,769	62,749,797
Off Balance Sheet Exposures													
Over-the-counter (OTC) derivatives	–	–	13,159	–	–	–	2,245	11,656	880,315	55,040	–	–	962,415
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	46,344	19,387	411,426	9,320	428,039	247,431	268,799	185,751	4,509,143	66,691	981,580	227	7,174,138
Defaulted Exposures	–	7,731	392	–	9,667	–	15,597	1,155	2,693	1,847	–	–	39,082
Total for Off-Balance Sheet Exposures	46,344	27,118	424,977	9,320	437,706	247,431	286,641	198,562	5,392,151	123,578	981,580	227	8,175,635
Total for On and Off-Balance Sheet Exposures	1,173,902	377,778	3,564,997	535,344	2,143,909	4,678,929	5,475,027	2,683,942	23,560,422	1,865,191	19,580,995	5,284,996	70,925,432

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

5. CREDIT RISK (CONTINUED)

5.8 Distribution of Credit Exposure (continued)

(iii) The following table depicts the Group's Gross Credit Exposure analysed into relevant maturity tenures by residual contractual maturity.

	The Group				
31.12.2024 **Exposure class**	**< 1 year**	**> 1-5 years**	**> 5 years**	**No specific maturity**	**Total**
On Balance Sheet Exposures					
Corporates	**9,910,739**	**7,708,084**	**15,482,507**	**1,627,395**	**34,728,725**
Regulatory Retail	**649,766**	**5,207,577**	**21,630,697**	**870,132**	**28,358,172**
Other Assets	**–**	**–**	**–**	**6,795,096**	**6,795,096**
Sovereigns/Central Banks	**3,583,869**	**9,469,374**	**9,770,999**	**118,923**	**22,943,165**
Public Sector Entities	**–**	**–**	**–**	**–**	**–**
Banks, Development Financial Institutions & MDBs	**1,602,283**	**2,019,053**	**534,304**	**2,841**	**4,158,481**
Insurance/Takaful Companies, Securities Firms & Fund Managers	**18,506**	**36,113**	**267**	**4**	**54,890**
Residential Mortgages	**1,482**	**57,086**	**13,065,628**	**34,092**	**13,158,288**
Higher Risk Assets	**38,319**	**3,537**	**23,718**	**1**	**65,575**
Defaulted Exposures	**231,848**	**83,393**	**531,542**	**84,466**	**931,249**
Total for On-Balance Sheet Exposures	**16,036,812**	**24,584,217**	**61,039,662**	**9,532,950**	**111,193,641**
Off Balance Sheet Exposures					
Over-the-counter (OTC) derivatives	**594,109**	**522,956**	**72,550**	**–**	**1,189,615**
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	**7,221,728**	**1,145,012**	**98,907**	**1,303,401**	**9,769,048**
Defaulted Exposures	**2,945**	**9,631**	**134**	**4,753**	**17,463**
Total for Off-Balance Sheet Exposures	**7,818,782**	**1,677,599**	**171,591**	**1,308,154**	**10,976,126**
Total for On and Off-Balance Sheet Exposures	**23,855,594**	**26,261,816**	**61,211,253**	**10,841,104**	**122,169,767**

BASEL II PILLAR 3 DISCLOSURES

As at 31 December 2024

5. CREDIT RISK (CONTINUED)

5.8 Distribution of Credit Exposure (continued)

(iii) The following table depicts the Group's Gross Credit Exposure analysed into relevant maturity tenures by residual contractual maturity. (continued)

	The Group				
31.12.2023 Exposure class	< 1 year	> 1-5 years	> 5 years	No specific maturity	Total
On Balance Sheet Exposures					
Corporates	8,862,922	7,023,489	11,313,707	1,733,614	28,933,732
Regulatory Retail	586,298	5,192,595	21,352,056	831,332	27,962,281
Other Assets	–	–	–	5,304,673	5,304,673
Sovereigns/Central Banks	4,649,411	8,558,535	8,970,315	130,693	22,308,954
Banks, Development Financial Institutions & MDBs	4,386,794	1,565,124	339,902	2,017	6,293,837
Insurance/Takaful Companies, Securities Firms & Fund Managers	12,675	40,194	463	5	53,337
Residential Mortgages	1,600	57,534	12,721,394	29,679	12,810,207
Higher Risk Assets	923	18,915	25,375	–	45,213
Defaulted Exposures	102,292	112,767	512,622	91,573	819,254
Total for On-Balance Sheet Exposures	18,602,915	22,569,153	55,235,834	8,123,586	104,531,488
Off Balance Sheet Exposures					
Over-the-counter (OTC) derivatives	883,172	414,220	57,017	–	1,354,409
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	6,748,010	446,693	1,025,329	1,361,788	9,581,820
Defaulted Exposures	27,029	10,775	123	3,189	41,116
Total for Off-Balance Sheet Exposures	7,658,211	871,688	1,082,469	1,364,977	10,977,345
Total for On and Off-Balance Sheet Exposures	26,261,126	23,440,841	56,318,303	9,488,563	115,508,833

BASEL II PILLAR 3 DISCLOSURES

As at 31 December 2024

5. CREDIT RISK (CONTINUED)

5.8 Distribution of Credit Exposure (continued)

(iii) The following table depicts the Bank's Gross Credit Exposure analysed into relevant maturity tenures by residual contractual maturity. (continued)

	The Bank				
31.12.2024 **Exposure class**	**< 1 year**	**> 1-5 years**	**> 5 years**	**No specific maturity**	**Total**
On Balance Sheet Exposures					
Corporates	**5,672,457**	**5,175,507**	**8,219,045**	**909,530**	**19,976,539**
Regulatory Retail	**222,350**	**3,270,112**	**13,763,875**	**655,565**	**17,911,902**
Other Assets	**–**	**–**	**–**	**5,213,941**	**5,213,941**
Sovereigns/Central Banks	**754,769**	**5,932,075**	**4,731,641**	**319**	**11,418,804**
Banks, Development Financial Institutions & MDBs	**2,719,078**	**1,982,021**	**445,828**	**2,841**	**5,149,768**
Insurance Companies, Securities Firms & Fund Managers	**–**	**15,408**	**267**	**4**	**15,679**
Residential Mortgages	**1,191**	**37,334**	**3,290,117**	**29,450**	**3,358,092**
Higher Risk Assets	**28,435**	**433**	**16,938**	**1**	**45,807**
Defaulted Exposures	**225,116**	**47,573**	**387,920**	**82,742**	**743,351**
Total for On-Balance Sheet Exposures	**9,623,396**	**16,460,463**	**30,855,631**	**6,894,393**	**63,833,883**
Off Balance Sheet Exposures					
Over-the-counter (OTC) derivatives	**567,684**	**378,252**	**67,399**	**–**	**1,013,335**
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	**5,982,923**	**308,197**	**21,142**	**977,859**	**7,290,121**
Defaulted Exposures	**2,457**	**9,588**	**134**	**2,720**	**14,899**
Total for Off-Balance Sheet Exposures	**6,553,064**	**696,037**	**88,675**	**980,579**	**8,318,355**
Total for On and Off-Balance Sheet Exposures	**16,176,460**	**17,156,500**	**30,944,306**	**7,874,972**	**72,152,238**

BASEL II PILLAR 3 DISCLOSURES

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5. CREDIT RISK (CONTINUED)

5.8 Distribution of Credit Exposure (continued)

(iii) The following table depicts the Bank's Gross Credit Exposure analysed into relevant maturity tenures by residual contractual maturity. (continued)

	The Bank				
31.12.2023 Exposure class	< 1 year	> 1-5 years	> 5 years	No specific maturity	Total
On Balance Sheet Exposures					
Corporates	5,456,461	5,177,375	7,730,238	979,034	19,343,108
Regulatory Retail	216,985	3,472,042	13,233,401	612,698	17,535,126
Other Assets	–	–	–	4,074,512	4,074,512
Sovereigns/Central Banks	1,102,570	5,562,589	4,424,111	50	11,089,320
Banks, Development Financial Institutions & MDBs	4,885,024	1,723,076	323,478	2,006	6,933,584
Insurance Companies, Securities Firms & Fund Managers	–	15,344	463	5	15,812
Residential Mortgages	1,256	38,177	3,016,000	28,706	3,084,139
Higher Risk Assets	923	15,401	18,349	–	34,673
Defaulted Exposures	78,795	76,474	393,802	90,452	639,523
Total for On–Balance Sheet Exposures	11,742,014	16,080,478	29,139,842	5,787,463	62,749,797
Off Balance Sheet Exposures					
Over–the–counter (OTC) derivatives	645,613	266,819	49,983	–	962,415
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	5,826,792	327,026	16,370	1,003,950	7,174,138
Defaulted Exposures	26,601	10,705	123	1,653	39,082
Total for Off–Balance Sheet Exposures	6,499,006	604,550	66,476	1,005,603	8,175,635
Total for On and Off–Balance Sheet Exposures	18,241,020	16,685,028	29,206,318	6,793,066	70,925,432

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

6. SECURITISATION

The Group and the Bank currently does not have any securitisation activities.

7. MARKET RISK

7.1 Market Risk Management Objectives and Policies

Market risk is defined as changes in the market value of a trading or investment position arising from movements in market factors such as interest/profit rate, foreign exchange rates and implied volatility rates. The Group's and the Bank's exposure to market risk results largely from interest/profit rate and foreign exchange rate risks.

Market risk may arise from proprietary trading position and investment activities (including those for liquidity requirement purposes) in the Trading and Investment Book respectively.

The Market Risk Management Framework governs the market risk activities of the Group and the Bank which are supported by a set of approved market risk management policies, guidelines and procedures.

Risk control parameters are established based on risk appetite, market liquidity and business strategies as well as macro-economic conditions. These parameters are reviewed at least annually.

Interest/profit rate risk is quantified by analysing the mismatches in timing repricing of the rate sensitive assets and rate sensitive liabilities. Earnings-at-Risk ('EaR') or Net Interest/profit Income simulation is conducted to assess the variation in short term earnings under various rates scenarios. The potential long-term effect of the overall exposure is tracked by assessing the impact on Economic Value of Equity ('EVE'), also known as Economic Value-at-Risk ('EVaR'). Thresholds are set for EaR and EVaR as management triggers.

7.2 Application of Standardised Approach for Market Risk Capital Charge Computation

The Group and the Bank adopt the Standardised Approach for the purpose of calculating the capital requirement for market risk.

Refer Appendix I.

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

7. MARKET RISK (CONTINUED)

7.3 Market Risk Measurement, Control and Monitoring

Market risk arising from the Trading Book is primarily controlled through the imposition of Stop-loss and Value-at-Risk ('VaR') risk control parameters.

Periodic stress tests are conducted to quantify market risk arising from probability of abnormal market movements.

Value-at-Risk ('VaR')

VaR estimates the potential loss of a Trading portfolio from adverse market price movements which may occur over a specified holding period of the Trading portfolio.

It measures the risk of losses arising from potential adverse movements in interest/profit rates, implied volatility rates and foreign exchange rates that could affect values of financial instruments.

Back testing of the VaR results is conducted to validate and reassess the accuracy of the risk measurement systems.

Other risk measures include the following:

i. Mark-to-market valuation tracks the current market value of the outstanding financial instruments.
ii. Stress tests are conducted to attempt to quantify market risk arising from abnormal market movements. Stress tests measure the changes in values primarily arising from extreme movements in interest/profit rates and foreign exchange rates based on Macro Economic Variables ('MEV') provided by in-house research team.

7.4 Foreign Exchange Risk

The Group and the Bank are exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The risk of fluctuations in foreign currency exchange rates is managed via setting of thresholds on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

8. LIQUIDITY RISK

8.1 Liquidity Risk Management Objectives and Policies

Liquidity risk is the risk of inability of a bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. Liquidity risk includes the inability to manage sudden decreases or changes in funding sources. Liquidity risk also arises from the failure to recognise changes in market conditions that affect the ability to liquidate assets quickly and with minimal loss in value.

The Liquidity Risk Management Framework governs the liquidity risk management activities of the Group and the Bank. The objective of liquidity risk management is to ensure that there are sufficient funds to meet contractual and regulatory obligations without incurring unacceptable losses as well as to undertake new transactions. The Group’s and the Bank's liquidity management process involves establishing liquidity risk management policies and prudential thresholds, liquidity risk threshold monitoring, stress testing and establishing contingency funding plans. These building blocks of liquidity risk management are subject to regular reviews to ensure relevance in the context of prevailing market conditions and regulatory landscape.

BASEL II PILLAR 3 DISCLOSURES
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8. LIQUIDITY RISK (CONTINUED)

8.2 Liquidity Risk Measurement, Control and Monitoring

The Group's and the Bank's short-term liquidity risk management is premised on BNM's Liquidity Coverage Ratio ('LCR') standards. The LCR is a quantitative requirement which seeks to ensure that the Group and the Bank holds sufficient High-Quality Liquid Assets ('HQLA') to withstand a significant liquidity stress scenario over a 30-day horizon.

Long-term liquidity risk profile is assessed via the Net Stable Funding Ratio ('NSFR') which promotes resilience over a longer time horizon for the Group and the Bank to fund its activities with more stable sources of funding on an ongoing basis.

The Group and the Bank also employ a set of liquidity risk indicators as an early alert of any structural change for liquidity risk management. The liquidity risk indicators include internal and external qualitative as well as quantitative indicators.

Liquidity stress tests are conducted periodically and on ad-hoc basis to gauge the Group's and the Bank's resilience in the event of a liquidity disruption.

The Contingency Funding Plan provides a systematic approach in handling liquidity disruption. The document encompasses strategies, decision-making authorities, and courses of action to be taken in the event of liquidity crisis and emergencies, enabling the Group and the Bank to respond to an unexpected liquidity disruption in an effective and efficient manner.

GBRMC endorses all policies and changes relating to liquidity risk management prior to the Board's approval. The strategic management of liquidity has been delegated to the GALCO. GBRMC is informed regularly on the liquidity position of the Group and the Bank.

9. OPERATIONAL RISK

9.1 Operational Risk Management Objectives and Policies

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. The definition includes legal risk and Shariah Non-Compliance risk but excludes strategic, business, and reputational risks.

The management of operational risk is governed by the Group Operational Risk Management Policy, with ancillary aspects of reputational and outsourcing risks under the purview of the Reputational Risk Policy and the Outsourcing Policy, respectively. Any material changes to the policies require endorsement from the Group Board Risk Management Committee ('GBRMC') before seeking approval from the Board.

9.2 Application of Basic Indicator Approach for Operational Risk

The Group and the Bank adopt the Basic Indicator Approach for the purpose of calculating the capital requirement for operational risk. The capital requirement is calculated by taking 15% of the average annual gross income over the previous three years.

Refer Appendix I.

BASEL II PILLAR 3 DISCLOSURES
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9. OPERATIONAL RISK (CONTINUED)

9.3 Operational Risk Measurement, Control and Monitoring

Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people, and systems, or from external events. The definition includes legal risk, but excludes strategic, business, and reputational risks.

The management of operational risk is governed by the Group Operational Risk Management ('GORM') Policy, with ancillary aspects of reputational and outsourcing risks under the purview of the Reputational Risk Policy and the Outsourcing Policy, respectively. Any material changes to the policies require endorsement from the Group Board Risk Management Committee ('GBRMC') before seeking approval from the Board. The Group Management Committee – Governance, Risk and Compliance ('GMC-GRC') which is responsible for reviewing and monitoring operational risk and supporting the GBRMC, provides a forum to discuss and manage all aspects of operational risk, amongst other risk types.

The Bank employs the Three Lines of Defence model to clearly delineate key roles and responsibilities in managing operational risk. Group Operational Risk Management, a function within Group Risk Management, operates independently as the 2nd Line of Defence. In the 1st Line of Defence, Business Risk and Compliance Managers are designated as champions for their respective divisions.

They act as liaisons with the 2nd Line of Defence to oversee and report their respective operational risk via the following tools:

- Risk Control Self-Assessment,
- Operational Risk Event Reporting,
- Control Self Testing,
- Key Risk Indicator,
- Operational Risk Scenario Analysis,
- Outsourcing Assessment; and
- Process Risk Control Assessment

10. TECHNOLOGY RISK

10.1 Technology Risk Objectives and Policies

Technology risk refers to any risks emanating from technology failures and cyber threats that may disrupt the Group's and the Bank's business such as failures of information technology ('IT') systems, applications, platforms or infrastructures including threats or vulnerabilities exposed from external network or Internet, which could result in financial loss, financial services disruption or the operations of the Group and the Bank. Failures or errors in any of the elements above could also lead to adverse reputational impact to the Group and the Bank.

GBITC represents the Board committee to oversee and review the formulation of IT and digital strategies, costs and planning, including the financial, tactical and strategic benefits of proposed major IT and operational related initiatives.

GBITC reviews and provides input on Technology Risk Management Framework/Cyber Resilience Framework, risk appetite and KRIs to be submitted to GBRMC, for its recommendation to the Board for approval. It also oversees, guides and endorses/approves (as required) major IT initiatives, IT/Cybersecurity policies, technology architecture decisions, IT expenditure and IT priorities as well as overall IT performance for the Group and the Bank.

The Group Technology Risk Management Framework and Cyber Resilience Framework governs the management of technology risk across the Group and the Bank. The technology risk management function within GRM manages the risks associated with technology risk of the Group and the Bank. GMC supports GBRMC in the review and monitoring of technology risks and provides the forum to discuss and manage all aspects of technology risk. GBRMC is responsible to provide oversight of overall technology related matters of the Group and the Bank.

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10. TECHNOLOGY RISK (CONTINUED)

10.2 Technology Risk Measurement, Control and Monitoring

The Group and the Bank use risk identification and assessment to determine the extent of the potential threat and the risk associated with an IT system throughout its System Development Life Cycle ('SDLC'). The output of this process helps to identify appropriate controls for reducing or eliminating risk during the risk mitigation process.

Technology risk controls encompass the use of technical and non-technical methods. Technical controls are safeguards that are incorporated into computer hardware, software, or firmware (i.e. access control mechanisms, identification and authentication mechanisms, encryption methods, intrusion detection software).

Non-technical controls are management and operational controls, such as security policies, operational procedures and personnel, physical and environmental security.

Technology Risk Management reports are produced periodically for the respective stakeholders and committees.

11. SHARIAH NON-COMPLIANCE RISK

11.1 Shariah Non-Compliance Risk Objectives and Policies

Shariah non-compliance ('SNC') is the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which the Group and the Bank may suffer arising from the failure to comply with the rulings of the Shariah Advisory Council of Bank Negara Malaysia ('SAC'), standards on Shariah matters issued by BNM pursuant to Section 29(1) of the Islamic Financial Services Act, or decisions or advice of the Shariah Committee.

BNM's policy document on Shariah governance together with the Group and the Bank's internal Shariah Governance Policy and Shariah Risk Management Policy are the main references for the Shariah risk management process within the Group and the Bank.

Affin Islamic's Shariah Committee is established to provide objective and sound advice to the management to ensure that the aims and operations, business, affairs and activities are in compliance with Shariah.

Shariah Risk Management is part of an integrated risk management that systematically identify, assess, measure, monitor and report Shariah non-compliance risks in the operations, business, affairs and activities of the Group and the Bank.

11.2 Shariah Non-Compliance Risk Measurement, Control and Monitoring

SNC risk is proactively managed via the following risk tools:

i. SNC Loss Event Reporting ('LER') ensure effective and timely SNC internal reporting process;
ii. Shariah Risk and Control Self-Assessment ('RCSA') assists business/support unit within the Bank to identify and assess key SNC risks and controls;
iii. Shariah Key Risk Indicator ('KRI') facilitates business/support unit within the Bank to measure and monitor a residual risk from the RCSA; and
iv. Shariah Key Control Self-Assessment ('KCSA') facilitates business/support unit within the Bank to assess the effectiveness of control measures.

11.3 Shariah Non-Compliance Income During The Year

	The Group	
	2024 RM'000	2023 RM'000
Shariah Non-Compliance Income	**6**	–

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12. INVESTMENT ACCOUNT

12.1 AFFIN Term Investment Account - i ('AFFIN TIA-i')

AFFIN TIA-i is a Shariah-compliant investment product under the Shariah concept of Mudarabah under the category of Mudarabah Mutlaqah (Unrestricted Mudarabah) that offers customers the opportunity to invest their funds for a fixed term, earning potential returns based on the performance of the underlying assets. AFFIN TIA-i is structured in accordance with Islamic principles, ensuring that all investments are free from elements of riba (interest), gharar (uncertainty), and maysir (gambling).

Investment funds under AFFIN TIA-i are invested into a pool of Shariah compliant personal financing portfolio of the Bank with the objective to provide stable returns through low to moderate risk investment. AFFIN TIA-i strategically allocates its funds into a range of investment assets that are not only competitively priced but also exhibit high asset quality. This approach ensures that the investment account benefits from both cost-effective opportunities and robust, reliable asset performance. By carefully selecting and managing these assets, AFFIN TIA-i aims to optimise returns while maintaining a balanced risk profile, ultimately providing investors with a stable and potentially rewarding investment experience.

Parties involved in this investment are the Customer as the Investor (Rabbul Mal) and the Bank as the entrepreneur (Mudarib), where:

- The Customer will invest their money in AFFIN TIA-i (Investment Fund).
- The Investment Fund is then invested by the Bank into the pool of Shariah compliant personal financing portfolio of the Bank (Investment Asset).
- The profit generated from the investment is to be distributed to the Customer and the Bank based on an agreed Profit-Sharing Ratio (PSR).
- The financial losses associated with the investment (if any) are to be borne by the Customer, as long as such losses are not due to the Bank's misconduct, negligence or breach of specified terms. The Bank may suffer losses in term of costs and time.

Customers are informed on the risks associated with AFFIN TIA-i with mitigation adopted by the Bank which include (but not limited to):

- Risk of capital loss and credit risk – Underlying asset under AFFIN TIA-i is set with criteria that meet low to medium risks such as limiting the involvement of active assets only into the investment arrangement.
- Market risk – Invested assets are subjected to fluctuations in market rates, which have potential impact of price movement (profit rate, exchange rate – if any) and overall income performance of the Investment Asset. The risk is managed by applying diversification of assets and continuous monitoring the performance of the investment portfolio.
- Liquidity risk – Risk occurs when withdrawal/redemptions exceed total investments. This risk is mitigated by liquidity management techniques appropriate to the investment arrangement, covering both shortfalls and surpluses.

12.2 AFFIN TIA-i Performance

AFFIN TIA-i was launched on 2 November 2024. As at 31 December 2024, balance of AFFIN TIA-i stood at RM753.1 million. The performance of AFFIN TIA-i is as described in the table below:

Return on Asset (ROA)	5.52%
Average Net Distributable Income Attributable to the Investment Account Holder (IAH)	RM2.76 million
Average Profit-Sharing Ratio to the IAH	75%

BASEL II PILLAR 3 DISCLOSURES

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13. BUSINESS CONTINUITY RISK

13.1 Business Continuity Risk Objectives and Policies

Business continuity risk encompasses the potential loss of assets, revenue, reputation, and stakeholder confidence resulting from disruptions in business or technology operations. Mitigating this risk is essential to ensuring seamless service continuity, protecting the Bank's financial stability, and maintaining the trust and confidence of Affin's stakeholders and customers.

The Group Business Continuity Management Policy is strategically designed to govern the management of business continuity across the Bank, ensuring strict adherence to the standards set by Bank Negara Malaysia (BNM), PayNet, Bursa Malaysia, and the Securities Commission Malaysia. This policy underscores the Bank's commitment to resilience, regulatory compliance, and the seamless continuity of Affin's banking operations.

The Group Board Risk Management Committee (GBRMC) represent the Board committee in reviewing, monitoring, and evaluating business continuity management reports, providing vital insights. To support the GBRMC, the Group Business Continuity Management Committee (GBCMC) offers an essential forum for in-depth review and proactive management of business continuity risks and operational risk controls, fostering a culture of resilience and accountability across AFFIN Group.

The BCM function plays a vital role in safeguarding the Bank by overseeing the management of business continuity risks and ensuring effective crisis management. Its strategic oversight is essential in minimising disruptions, protecting critical operations, and maintaining organisational resilience, making it a cornerstone of the Bank's commitment to operational stability and long-term success.

13.2 Business Continuity Risk Measurement, Control and Monitoring

Annual Risk Assessment (RA) and Business Impact Analysis (BIA) are mandatory for all business and support units within the Group and the Bank, reflecting our unwavering commitment to proactive risk management. The outcomes of these assessments will provide a detailed risk register, compelling each unit to implement focused action plans to mitigate identified risks.

Risk control is established through adherence with established BCM guidelines and standards throughout the implementation of BCM programs. Rigorous testing on business continuity and disaster recovery plans are diligently performed to ensure effective and smooth execution of the plan for resumption and recovery of disrupted business.

Robust policies, plan and processes are in place to support the monitoring and reporting of business continuity risks, ensuring proactive identification, assessment, and management of potential disruptions. These measures enable timely and accurate reporting, facilitating informed decision-making and continuous improvement in managing the business continuity risk.

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14. EQUITIES IN THE BANKING BOOK

The Group's and the Bank's banking book equity investment consists of:

- Investments held for yield and/or long-term capital gains; and
- Strategic stakes in entities held as part of growth initiatives and/or held for socio-economic reasons.

Accounting for Equity Holdings in the Banking Book

All equities are held at fair value. For quoted equities, fair value is estimated based on quoted or observable market price at the end of the reporting period. For unquoted equities, the fair value is estimated using approved valuation techniques.

Any gains and losses arising from the returns and changes in fair value of these equities holdings are reflected in the revaluation reserve and statement of income accordingly.

The details of fair value of financial instruments are disclosed in Note 51 of the Group's and the Bank's 2024 Integrated Report.

	2024		2023	
The Group	**Fair Value RM'000**	**Risk Weighted Assets RM'000**	Fair Value RM'000	Risk Weighted Assets RM'000
Type of Equity Investments				
Privately held	**267,251**	**268,581**	245,640	245,672
Publicly traded	–	–	–	–
Total	**267,251**	**268,581**	245,640	245,672

	2024	2023
	RM'000	RM'000
Cumulative realised gains/(losses) from sales and liquidations of equity investments	**-**	-
Total unrealised gains/(losses) in other comprehensive income	**21,611**	14,726

	2024		2023	
The Bank	**Fair Value RM'000**	**Risk Weighted Assets RM'000**	Fair Value RM'000	Risk Weighted Assets RM'000
Type of Equity Investments				
Privately held	**241,057**	**241,094**	220,875	220,913
Publicly traded	–	–	–	–
Total	**241,057**	**241,094**	220,875	220,913

	2024	2023
	RM'000	RM'000
Cumulative realised gains/(losses) from sales and liquidations of equity investments	**–**	–
Total unrealised gains/(losses) in other comprehensive income	**20,182**	13,882

Appendix I

BASEL II PILLAR 3 DISCLOSURES

As at 31 December 2024

The Group and the Bank have adopted Basel II - Risk Weighted Assets computation under the BNM's Risk-Weighted Capital Adequacy Framework with effect from 1 January 2008. The Group and the Bank have adopted the Standardised Approach for credit risk and market risk, and Basic Indicator Approach for operation risk computation.

The following information concerning the Group and the Bank's risk exposures are disclosed as accompanying information to the Integrated Report and does not form part of the audited accounts.

DISCLOSURE ON CAPITAL ADEQUACY (RM'000)

The Group
31.12.2024

	Exposure Class	Gross Exposures/ EAD before CRM	Net Exposures/ EAD after CRM	Risk Weighted Assets	Minimum Capital Requirements at 8%
1	**CREDIT RISK**				
	On Balance Sheet Exposures				
	Corporates	**34,728,725**	**32,919,523**	**27,324,064**	**2,185,925**
	Regulatory Retail	**28,358,172**	**26,223,564**	**19,605,568**	**1,568,445**
	Other Assets	**6,795,096**	**6,795,096**	**3,441,069**	**275,286**
	Sovereigns/Central Banks	**22,943,165**	**22,943,165**	**460,607**	**36,849**
	Public Sector Entities	**–**	**–**	**–**	**–**
	Banks, Development Financial Institutions & MDBs	**4,158,481**	**4,155,399**	**1,098,061**	**87,845**
	Insurance/Takaful Companies, Securities Firms & Fund Managers	**54,890**	**54,890**	**26,742**	**2,139**
	Residential Mortgages	**13,158,288**	**13,143,305**	**6,146,507**	**491,721**
	Higher Risk Assets	**65,575**	**65,575**	**98,362**	**7,869**
	Defaulted Exposures	**931,249**	**928,957**	**1,210,717**	**96,857**
	Total for On-Balance Sheet Exposures	**111,193,641**	**107,229,474**	**59,411,697**	**4,752,936**
	Off Balance Sheet Exposures				
	Over-the-counter (OTC) derivatives	**1,189,615**	**1,189,616**	**522,794**	**41,824**
	Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	**9,769,048**	**5,771,586**	**3,883,852**	**310,708**
	Defaulted Exposures	**17,463**	**17,463**	**25,218**	**2,017**
	Total for Off-Balance Sheet Exposures	**10,976,126**	**6,978,665**	**4,431,864**	**354,549**
	Total for On and Off-Balance Sheet Exposures	**122,169,767**	**114,208,139**	**63,843,561**	**5,107,485**

Appendix I

BASEL II PILLAR 3 DISCLOSURES

As at 31 December 2024

DISCLOSURE ON CAPITAL ADEQUACY (RM'000) (CONTINUED)

The Group
31.12.2024

	Exposure Class	Gross Exposures/ EAD before CRM: Long Position	Gross Exposures/ EAD before CRM: Short Position	Net Exposures/ EAD after CRM	Risk Weighted Assets	Minimum Capital Requirements at 8%
2	**MARKET RISK**					
	Interest Rate/Rate of Return Risk	**54,275,647**	**52,272,573**	**2,003,074**	**2,500,511**	**200,041**
	Equity Position Risk	**142,600**	**73,624**	**68,976**	**199,420**	**15,954**
	Foreign Currency Risk	**263,563**	**155,329**	**108,234**	**138,373**	**11,070**
	Option Risk	**18,373**	**84,135**	**(65,762)**	**1,461**	**117**
	TOTAL MARKET RISK	**54,700,183**	**52,585,661**		**2,839,765**	**227,182**
3	**OPERATIONAL RISK**					
	Operational Risk				**3,877,820**	**310,226**
	Total RWA and Capital Requirements				**70,561,146**	**5,644,893**

The Group
31.12.2023

	Exposure Class	Gross Exposures/ EAD before CRM	Net Exposures/ EAD after CRM	Risk Weighted Assets	Minimum Capital Requirements at 8%
1	CREDIT RISK				
	On Balance Sheet Exposures				
	Corporates	28,933,732	27,105,646	22,888,173	1,831,054
	Regulatory Retail	27,962,281	26,502,992	19,744,019	1,579,522
	Other Assets	5,304,673	5,304,673	2,737,555	219,004
	Sovereigns/Central Banks	22,308,954	22,308,954	215,033	17,203
	Banks, Development Financial Institutions & MDBs	6,293,837	6,290,262	1,483,294	118,664
	Insurance/Takaful Companies, Securities Firms & Fund Managers	53,337	53,337	25,184	2,015
	Residential Mortgages	12,810,207	12,793,856	7,027,546	562,204
	Higher Risk Assets	45,213	45,213	67,819	5,426
	Defaulted Exposures	819,254	816,545	1,028,625	82,290
	Total for On-Balance Sheet Exposures	104,531,488	101,221,478	55,217,248	4,417,380
	Off Balance Sheet Exposures				
	Over-the-counter (OTC) derivatives	1,354,409	1,354,408	524,579	41,966
	Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	9,581,820	6,714,711	3,797,872	303,830
	Defaulted Exposures	41,116	41,115	60,943	4,875
	Total for Off-Balance Sheet Exposures	10,977,345	8,110,234	4,383,394	350,671
	Total for On and Off-Balance Sheet Exposures	115,508,833	109,331,712	59,600,642	4,768,051

BASEL II PILLAR 3 DISCLOSURES

As at 31 December 2024

Appendix I

DISCLOSURE ON CAPITAL ADEQUACY (RM'000) (CONTINUED)

The Group
31.12.2023

	Exposure Class	Gross Exposures/ EAD before CRM: Long Position	Gross Exposures/ EAD before CRM: Short Position	Net Exposures/ EAD after CRM	Risk Weighted Assets	Minimum Capital Requirements at 8%
2	MARKET RISK					
	Interest Rate/Rate of Return Risk	58,216,154	57,203,775	1,012,379	1,252,134	100,171
	Equity Position Risk	89,122	976	88,146	252,365	20,189
	Foreign Currency Risk	2,570,068	2,710,802	(140,736)	324,046	25,924
	Option Risk	625	7,687	(7,062)	113	9
	TOTAL MARKET RISK	60,875,969	59,923,240		1,828,658	146,293
3	OPERATIONAL RISK					
	Operational Risk				4,029,830	322,386
	Total RWA and Capital Requirements				65,459,130	5,236,730

The Bank
31.12.2024

	Exposure Class	Gross Exposures/ EAD before CRM	Net Exposures/ EAD after CRM	Risk Weighted Assets	Minimum Capital Requirements at 8%
1	**CREDIT RISK**				
	On Balance Sheet Exposures				
	Corporates	**19,976,539**	**19,574,463**	**16,572,996**	**1,325,840**
	Regulatory Retail	**17,911,902**	**17,808,359**	**13,293,932**	**1,063,515**
	Other Assets	**5,213,941**	**5,213,941**	**3,012,196**	**240,976**
	Sovereigns/Central Banks	**11,418,804**	**11,418,804**	**262,961**	**21,037**
	Public Sector Entities	**–**	**–**	**–**	**–**
	Banks, Development Financial Institutions & MDBs	**5,149,768**	**5,149,419**	**1,442,815**	**115,425**
	Insurance Companies, Securities Firms & Fund Managers	**15,679**	**15,679**	**3,679**	**294**
	Residential Mortgages	**3,358,092**	**3,351,220**	**1,492,994**	**119,440**
	Higher Risk Assets	**45,807**	**45,807**	**68,710**	**5,497**
	Defaulted Exposures	**743,351**	**743,303**	**1,014,002**	**81,120**
	Total for On-Balance Sheet Exposures	**63,833,883**	**63,320,995**	**37,164,285**	**2,973,144**
	Off Balance Sheet Exposures				
	Over-the-counter (OTC) derivatives	**1,013,335**	**1,013,336**	**429,840**	**34,387**
	Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	**7,290,121**	**3,345,111**	**2,544,866**	**203,589**
	Defaulted Exposures	**14,899**	**14,899**	**22,199**	**1,776**
	Total for Off-Balance Sheet Exposures	**8,318,355**	**4,373,346**	**2,996,905**	**239,752**
	Total for On and Off-Balance Sheet Exposures	**72,152,238**	**67,694,341**	**40,161,190**	**3,212,896**

Appendix I

BASEL II PILLAR 3 DISCLOSURES

As at 31 December 2024

DISCLOSURE ON CAPITAL ADEQUACY (RM'000) (CONTINUED)

The Bank
31.12.2024

	Exposure Class	Gross Exposures/ EAD before CRM: Long Position	Gross Exposures/ EAD before CRM: Short Position	Net Exposures/ EAD after CRM	Risk Weighted Assets	Minimum Capital Requirements at 8%
2	**MARKET RISK**					
	Interest Rate Risk	**46,434,773**	**44,900,049**	**1,534,725**	**1,872,737**	**149,819**
	Foreign Currency Risk	**61,858**	**132,749**	**(70,892)**	**132,749**	**10,620**
	Option Risk	**9,401**	**4,896**	**4,505**	**108**	**9**
	TOTAL MARKET RISK	**46,506,032**	**45,037,694**		**2,005,594**	**160,448**
3	**OPERATIONAL RISK**					
	Operational Risk				**2,175,932**	**174,075**
	Total RWA and Capital Requirements				**44,342,716**	**3,547,419**

The Bank
31.12.2023

	Exposure Class	Gross Exposures/ EAD before CRM	Net Exposures/ EAD after CRM	Risk Weighted Assets	Minimum Capital Requirements at 8%
1	CREDIT RISK				
	On Balance Sheet Exposures				
	Corporates	19,343,108	18,813,457	16,455,014	1,316,401
	Regulatory Retail	17,535,126	17,425,168	12,994,098	1,039,528
	Other Assets	4,074,512	4,074,512	2,345,932	187,675
	Sovereigns/Central Banks	11,089,320	11,089,320	155,279	12,422
	Banks, Development Financial Institutions & MDBs	6,933,584	6,932,743	1,739,419	139,154
	Insurance Companies, Securities Firms & Fund Managers	15,812	15,812	3,812	305
	Residential Mortgages	3,084,139	3,077,005	1,489,789	119,183
	Higher Risk Assets	34,673	34,673	52,009	4,161
	Defaulted Exposures	639,523	639,465	845,212	67,617
	Total for On-Balance Sheet Exposures	62,749,797	62,102,155	36,080,564	2,886,445
	Off Balance Sheet Exposures				
	Over-the-counter (OTC) derivatives	962,415	962,415	370,864	29,669
	Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	7,174,138	4,361,168	2,503,687	200,295
	Defaulted Exposures	39,082	39,082	58,538	4,683
	Total for Off-Balance Sheet Exposures	8,175,635	5,362,665	2,933,089	234,647
	Total for On and Off-Balance Sheet Exposures	70,925,432	67,464,820	39,013,653	3,121,092

BASEL II PILLAR 3 DISCLOSURES

As at 31 December 2024

Appendix I

DISCLOSURE ON CAPITAL ADEQUACY (RM'000) (CONTINUED)

The Bank
31.12.2023

Exposure Class		Gross Exposures/ EAD before CRM		Net Exposures/ EAD after CRM	Risk Weighted Assets	Minimum Capital Requirements at 8%
		Long Position	Short Position			
2	MARKET RISK					
	Interest Rate Risk	43,266,464	42,317,469	948,995	905,944	72,476
	Foreign Currency Risk	165,595	324,195	(158,601)	324,195	25,936
	Option Risk	–	–	–	–	–
	TOTAL MARKET RISK	43,432,059	42,641,664		1,230,139	98,411
3	OPERATIONAL RISK					
	Operational Risk				2,063,846	165,108
	Total RWA and Capital Requirements				42,307,638	3,384,611

Market risk is defined as changes in the market value of a trading position arising from movements in market factors such as interest/profit rate, foreign exchange rates and implied volatility rates. The Group's and the Bank's Value-at-Risk ('VaR') is defined as the amount of the Group's and the Bank's capital that is exposed to the risk of unexpected losses arising particularly from movements in interest/profit and foreign exchange rates. Management Action Trigger ('MAT') and Limit are established for VaR in Risk Appetite Statement ('RAS') to ensure that the Group's and the Bank's capital adequacy are not impinged upon in the event of adverse market movements. The Group and the Bank currently adopt BNM's Standardised Approach for the computation of market risk capital charges. The market risk capital charge addresses among others, capital requirement for market risk which includes the interest/profit rate risk in the Group's and the Bank's Trading Book as well as foreign exchange risk in the Trading and Banking Books.

The computation of market risk capital charge covers the following financial instruments.

a) Foreign Exchange ('FX')
b) Interest/Profit Rate Swap ('IRS/IPRS')
c) Cross Currency Swap ('CCS')
d) Fixed Income Instruments (i.e. Corporate Bonds/Sukuk and Government Securities)
e) FX Options
f) Reverse Repo
g) Interest Rate Options

DISCLOSURE ON CREDIT RISK: DISCLOSURES ON RISK WEIGHTS UNDER THE STANDARDISED APPROACH (RM'000)

The Group
31.12.2024

	Exposures after Netting and Credit Risk Mitigation													
Risk Weights	Sovereigns & Central Banks	PSEs	Banks, MDBs and DFIs	Insurance/ Takaful Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securi-tisation	Equity	Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
0%	22,244,538	–	–	–	–	–	–	–	2,163,178	–	–	–	24,407,716	–
10%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
20%	1,048,644	–	4,318,824	35,184	6,647,905	219,915	–	–	1,418,350	–	–	–	13,688,822	2,737,765
35%	–	–	–	–	–	–	8,457,983	–	–	–	–	–	8,457,983	2,960,294
50%	610,535	–	1,611,037	–	721,728	14,544	3,196,675	–	–	–	–	–	6,154,519	3,077,260
70%	–	–	–	–	–	–	–	–	–	–	–	–		–
75%	–	–	–	–	–	27,098,082	26,299	–	–	–	–	–	27,124,381	20,343,285
90%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
100%	192,251	–	23,840	99,185	28,291,267	109,447	1,744,683	–	3,213,569	–	–	–	33,674,242	33,674,241
110%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
115%	–	–	–	–	–	–	–	–	–	–	–	–		–
125%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
135%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
150%	–	–	–	–	354,561	269,367	–	76,549	–	–	–	–	700,477	1,050,716
250%	–	–	–	–	–	–	–	–	–	–	–	–		–
270%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
350%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
400%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
625%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
937.5%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1250%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Average Risk Weight													–	56%
Deduction from Capital Base	–	–	–	–	–	–	–	–	–	–	–	–	–	
Total	24,095,968	–	5,953,701	134,370	36,015,461	27,711,355	13,425,640	76,549	6,795,097	–	–	–	114,208,140	63,843,561

PSE "Public Sector Entities"
MDB "Multilateral Development Bank"
DFI "Development Financial Institution"

DISCLOSURE ON CREDIT RISK: DISCLOSURES ON RISK WEIGHTS UNDER THE STANDARDISED APPROACH (RM'000) (CONTINUED)

The Group
31.12.2023

	Exposures after Netting and Credit Risk Mitigation													
Risk Weights	Sovereigns & Central Banks	PSEs	Banks, MDBs and DFIs	Insurance/ Takaful Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securi-tisation	Equity	Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
0%	23,125,230	–	–	–	–	–	–	–	1,802,961	–	–	–	24,928,191	–
10%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
20%	1,019,549	–	6,849,174	35,191	5,243,530	246,309	–	–	955,194	–	–	–	14,348,947	2,869,789
35%	–	–	–	–	–	–	6,664,322	–	–	–	–	–	6,664,322	2,332,513
50%	380,409	–	1,113,414	–	254,269	28,672	3,147,190	115	–	–	–	–	4,924,069	2,462,035
75%	–	–	–	–	–	27,325,615	30,819	–	–	–	–	–	27,356,434	20,517,325
90%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
100%	129,203	–	11,331	115,595	24,367,478	59,949	3,261,214	–	2,546,517	–	–	–	30,491,287	30,491,287
110%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
125%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
135%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
150%	–	–	9,791	–	326,427	226,096	–	56,148	–	–	–	–	618,462	927,693
270%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
350%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
400%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
625%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
937.5%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1250%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Average Risk Weight													–	55%
Deduction from Capital Base	–	–	–	–	–	–	–	–	–	–	–	–	–	
Total	24,654,391	–	7,983,710	150,786	30,191,704	27,886,641	13,103,545	56,263	5,304,672	–	–	–	109,331,712	59,600,642

PSE "Public Sector Entities"
MDB "Multilateral Development Bank"
DFI "Development Financial Institution"

DISCLOSURE ON CREDIT RISK: DISCLOSURES ON RISK WEIGHTS UNDER THE STANDARDISED APPROACH (RM'000) (CONTINUED)

The Bank
31.12.2024

	Exposures after Netting and Credit Risk Mitigation													
Risk Weights	Sovereigns & Central Banks	PSEs	Banks, MDBs and DFIs	Insurance/ Takaful Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securi-tisation	Equity	Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
0%	10,880,843	–	–	–	–	–	–	–	1,277,015	–	–	–	12,157,858	–
10%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
20%	169,925	–	4,747,972	15,000	3,508,115	117,785	–	–	1,155,913	–	–	–	9,714,710	1,942,943
35%	–	–	–	–	–	–	2,425,246	–	–	–	–	–	2,425,246	848,836
50%	280,776	–	2,029,082	–	441,505	11,874	593,927	–	–	–	–	–	3,357,164	1,678,582
70%	–	–	–	–	–	–	–	–	–	–	–	–		–
75%	–	–	–	–	–	18,655,867	23,373	–	–	–	–	–	18,679,240	14,009,430
90%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
100%	192,251	–	23,840	49,941	17,219,006	72,702	378,817	–	2,781,013	–	–	–	20,717,570	20,717,570
110%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
125%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
135%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
150%	–	–	–	–	325,932	264,012	–	52,609	–	–	–	–	642,553	963,829
270%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
350%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
400%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
625%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
937.5%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1250%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Average Risk Weight	–	–	–	–	–	–	–	–	–	–	–	–	–	59%
Deduction from Capital Base	–	–	–	–	–	–	–	–	–	–	–	–	–	
Total	11,523,795	–	6,800,894	64,941	21,494,558	19,122,239	3,421,363	52,609	5,213,941	–	–	–	67,694,341	40,161,190

PSE "Public Sector Entities"
MDB "Multilateral Development Bank"
DFI "Development Financial Institution"

DISCLOSURE ON CREDIT RISK: DISCLOSURES ON RISK WEIGHTS UNDER THE STANDARDISED APPROACH (RM'000) (CONTINUED)

The Bank
31.12.2023

	Exposures after Netting and Credit Risk Mitigation													
Risk Weights	Sovereigns & Central Banks	PSEs	Banks, MDBs and DFIs	Insurance/ Takaful Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securi-tisation	Equity	Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
0%	11,902,280	–	–	–	–	–	–	–	1,260,176	–	–	–	13,162,456	–
10%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
20%	97,506	–	6,820,248	15,000	2,880,439	140,083	–	–	585,505	–	–	–	10,538,781	2,107,756
35%	–	–	–	–	–	–	2,003,911	–	–	–	–	–	2,003,911	701,369
50%	271,886	–	1,455,253	–	194,957	19,194	589,293	115	–	–	–	–	2,530,698	1,265,349
70%	–	–	–	–	–	–	–	–	–	–	–	–		–
75%	–	–	–	–	–	18,273,023	28,672	–	–	–	–	–	18,301,695	13,726,271
90%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
100%	129,203	–	11,331	44,624	17,405,877	34,896	501,263	–	2,228,831	–	–	–	20,356,025	20,356,025
110%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
125%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
135%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
150%	–	–	9,791	–	295,024	224,939	–	41,501	–	–	–	–	571,255	856,883
270%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
350%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
400%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
625%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
937.5%	–	–	–	–	–	–	–	–	–	–		–	–	–
Average Risk Weight											–		–	58%
Deduction from Capital Base	–	–	–	–	–	–	–	–	–	–	–	–	–	
Total	12,400,875	–	8,296,623	59,624	20,776,297	18,692,135	3,123,139	41,616	4,074,512	–	–	–	67,464,821	39,013,653

PSE "Public Sector Entities"
MDB "Multilateral Development Bank"
DFI "Development Financial Institution"

DISCLOSURES ON RATED EXPOSURES ACCORDING TO RATINGS BY ECAIS (RM'000)

The Group 31.12.2024 Exposure Class	Ratings of Corporate by Approved ECAIs Moody's S&P Fitch RAM MARC	Aaa to Aa3 AAA to AA- AAA to AA- AAA to AA3 AAA to AA-	A1 to A3 A+ to A- A+ to A- A to A3 A+ to A-	Baa1 to Ba3 BBB+ to BB- BBB+ to BB- BBB1 to BB3 BBB+ to BB-	B1 to C B+ to D B+ to D B to D B+ to D	Unrated Unrated Unrated Unrated Unrated
On and Off-Balance-Sheet Exposures						
Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		–	–	–	–	–
Insurance/Takaful Companies, Securities Firms & Fund Managers		**20,186**	–	–	–	**114,184**
Corporates		**1,322,896**	**271,371**	**8,002**	–	**36,387,159**
Total		**1,343,082**	**271,371**	**8,002**	–	**36,501,343**

The Group 31.12.2023 Exposure Class	Ratings of Corporate by Approved ECAIs Moodys S&P Fitch RAM MARC	Aaa to Aa3 AAA to AA- AAA to AA- AAA to AA3 AAA to AA-	A1 to A3 A+ to A- A+ to A- A to A3 A+ to A-	Baa1 to Ba3 BBB+ to BB- BBB+ to BB- BBB1 to BB3 BBB+ to BB-	B1 to C B+ to D B+ to D B to D B+ to D	Unrated Unrated Unrated Unrated Unrated
On and Off-Balance-Sheet Exposures						
Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		–	–	–	–	–
Insurance/Takaful Companies, Securities Firms & Fund Managers		20,191	–	–	–	130,595
Corporates		2,195,749	57,945	11,514	1	29,933,719
Total		2,215,940	57,945	11,514	1	30,064,314

DISCLOSURES ON RATED EXPOSURES ACCORDING TO RATINGS BY ECAIS (RM'000) (CONTINUED)

The Bank 31.12.2024 Exposure Class	Ratings of Corporate by Approved ECAIs Moody's S&P Fitch RAM MARC	Aaa to Aa3 AAA to AA- AAA to AA- AAA to AA3 AAA to AA-	A1 to A3 A+ to A- A+ to A- A to A3 A+ to A-	Baa1 to Ba3 BBB+ to BB- BBB+ to BB- BBB1 to BB3 BBB+ to BB-	B1 to C B+ to D B+ to D B to D B+ to D	Unrated Unrated Unrated Unrated Unrated
On and Off-Balance-Sheet Exposures						
Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		–	–	–	–	–
Takaful/Insurance Companies, Securities Firms & Fund Managers		–	–	–	–	**64,941**
Corporates		**58,760**	**31,793**	**8,002**	–	**21,915,688**
Total		**58,760**	**31,793**	**8,002**	–	**21,980,629**

The Bank 31.12.2023 Exposure Class	Ratings of Corporate by Approved ECAIs Moody's S&P Fitch RAM MARC	Aaa to Aa3 AAA to AA- AAA to AA- AAA to AA3 AAA to AA-	A1 to A3 A+ to A- A+ to A- A to A3 A+ to A-	Baa1 to Ba3 BBB+ to BB- BBB+ to BB- BBB1 to BB3 BBB+ to BB-	B1 to C B+ to D B+ to D B to D B+ to D	Unrated Unrated Unrated Unrated Unrated
On and Off-Balance-Sheet Exposures						
Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		–	–	–	–	–
Takaful/Insurance Companies, Securities Firms & Fund Managers		–	–	–	–	59,624
Corporates		108,808	37,801	11,514	–	21,278,012
Total		108,808	37,801	11,514	–	21,337,636

DISCLOSURES ON RATED EXPOSURES ACCORDING TO RATINGS BY ECAIS (RM'000) (CONTINUED)

The Group
31.12.2024

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and Off-Balance-Sheet Exposures							
Sovereigns and Central Banks		15,040,162	1,691,298	27,790	582,745	–	6,753,973
Total		15,040,162	1,691,298	27,790	582,745	–	6,753,973

Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and Off-Balance-Sheet Exposures							
Banks, MDBs and DFIs		5,151,729	465,026	75,440	100	–	4,056,139
Total		5,151,729	465,026	75,440	100	–	4,056,139

DISCLOSURES ON RATED EXPOSURES ACCORDING TO RATINGS BY ECAIS (RM'000) (CONTINUED)

The Group
31.12.2023

	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
Exposure Class	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and Off-Balance-Sheet Exposures							
Sovereigns and Central Banks		15,545,558	1,096,870	108,523	271,886	–	7,631,554
Total		15,545,558	1,096,870	108,523	271,886	–	7,631,554

	Ratings of Banking Institutions by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
Exposure Class	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and Off-Balance-Sheet Exposures							
Banks, MDBs and DFIs		5,444,895	346,912	138,982	12,213	1	4,693,477
Total		5,444,895	346,912	138,982	12,213	1	4,693,477

DISCLOSURES ON RATED EXPOSURES ACCORDING TO RATINGS BY ECAIS (RM'000) (CONTINUED)

The Bank
31.12.2024

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and Off-Balance-Sheet Exposures							
Sovereigns and Central Banks	–	9,059,103	297,568	–	280,776	–	1,886,348
Total		9,059,103	297,568	–	280,776	–	1,886,348

Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and Off-Balance-Sheet Exposures							
Banks, MDBs and DFIs	–	4,431,035	314,519	75,440	100	–	5,771,800
Total		4,431,035	314,519	75,440	100	–	5,771,800

DISCLOSURES ON RATED EXPOSURES ACCORDING TO RATINGS BY ECAIS (RM'000) (CONTINUED)

The Bank
31.12.2023

	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
Exposure Class	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and Off-Balance-Sheet Exposures							
Sovereigns and Central Banks	—	10,001,258	1,069,408	–	271,886	–	1,058,323
Total		10,001,258	1,069,408	–	271,886	–	1,058,323

	Ratings of Banking Institutions by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
Exposure Class	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and Off-Balance-Sheet Exposures							
Banks, MDBs and DFIs	–	3,829,275	192,602	138,982	12,213	–	6,773,587
Total		3,829,275	192,602	138,982	12,213	–	6,773,587

Appendix IV

BASEL II PILLAR 3 DISCLOSURES

As at 31 December 2024

A) DISCLOSURES ON CREDIT RISK MITIGATION (RM'000)

The Group
31.12.2024

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	**22,943,165**	**–**	**–**	**–**
Public Sector Entities	**–**	**–**	**–**	**–**
Banks, Development Financial Institutions & MDBs	**4,158,481**	**–**	**3,083**	**–**
Insurance/Takaful Companies, Securities Firms & Fund Managers	**54,890**	**–**	**–**	**–**
Corporates	**34,728,725**	**1,188,313**	**1,809,202**	**–**
Regulatory Retail	**28,358,172**	**219,841**	**2,134,606**	**–**
Residential Mortgages	**13,158,288**	**–**	**14,983**	**–**
Higher Risk Assets	**65,575**	**–**	**–**	**–**
Other Assets	**6,795,096**	**–**	**–**	**–**
Defaulted Exposures	**931,249**	**–**	**2,292**	**–**
Total for On-Balance Sheet Exposures	**111,193,641**	**1,408,154**	**3,964,166**	**–**
Off-Balance Sheet Exposures				
Over-the-counter (OTC) derivatives	**1,189,615**	**–**	**–**	**–**
Off-Balance sheet exposures other than OTC derivatives or credit derivatives	**9,769,048**	**27,971**	**3,982,051**	**–**
Defaulted Exposures	**17,463**	**–**	**15,411**	**–**
Total for Off-Balance Sheet Exposures	**10,976,126**	**27,971**	**3,997,462**	**–**
Total On and Off-Balance Sheet Exposures	**122,169,767**	**1,436,125**	**7,961,628**	**–**

Appendix IV

BASEL II PILLAR 3 DISCLOSURES
As at 31 December 2024

A) DISCLOSURES ON CREDIT RISK MITIGATION (RM'000) (CONTINUED)

The Group
31.12.2023

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	22,308,954	–	–	–
Banks, Development Financial Institutions & MDBs	6,293,837	–	3,574	–
Insurance/Takaful Companies, Securities Firms & Fund Managers	53,337	–	–	–
Corporates	28,933,732	1,198,751	1,828,087	–
Regulatory Retail	27,962,281	245,346	1,459,288	–
Residential Mortgages	12,810,207	–	16,351	–
Higher Risk Assets	45,213	–	–	–
Other Assets	5,304,673	–	–	–
Defaulted Exposures	819,254	3,622	2,710	–
Total for On-Balance Sheet Exposures	104,531,488	1,447,719	3,310,010	–
Off-Balance Sheet Exposures				
Over-the-counter (OTC) derivatives	1,354,409	–	–	–
Off-Balance sheet exposures other than OTC derivatives or credit derivatives	9,581,820	25,158	2,867,111	–
Defaulted Exposures	41,116	–	–	–
Total for Off-Balance Sheet Exposures	10,977,345	25,158	2,867,111	–
Total On and Off-Balance Sheet Exposures	115,508,833	1,472,877	6,177,121	–

Appendix IV

BASEL II PILLAR 3 DISCLOSURES

As at 31 December 2024

A) DISCLOSURES ON CREDIT RISK MITIGATION (RM'000)

The Bank
31.12.2024

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	**11,418,804**	**–**	**–**	**–**
Public Sector Entities	**–**	**–**	**–**	**–**
Banks, Development Financial Institutions & MDBs	**5,149,768**	**–**	**350**	**–**
Insurance Companies, Securities Firms & Fund Managers	**15,679**	**–**	**–**	**–**
Corporates	**19,976,539**	**1,004,729**	**402,075**	**–**
Regulatory Retail	**17,911,902**	**117,712**	**103,542**	**–**
Residential Mortgages	**3,358,092**	**–**	**6,872**	
Higher Risk Assets	**45,807**	**–**	**–**	**–**
Other Assets	**5,213,941**	**–**	**–**	**–**
Defaulted Exposures	**743,351**	**–**	**48**	**–**
Total for On-Balance Sheet Exposures	**63,833,883**	**1,122,441**	**512,887**	**–**
Off-Balance Sheet Exposures				
Over-the-counter (OTC) derivatives	**1,013,335**	**–**	**–**	**–**
Off-Balance sheet exposures other than OTC derivatives or credit derivatives	**7,290,121**	**3,664**	**3,945,010**	**–**
Defaulted Exposures	**14,899**	**–**	**–**	**–**
Total for Off-Balance Sheet Exposures	**8,318,355**	**3,664**	**3,945,010**	**–**
Total On and Off-Balance Sheet Exposures	**72,152,238**	**1,126,105**	**4,457,897**	**–**

Appendix IV

BASEL II PILLAR 3 DISCLOSURES

As at 31 December 2024

A) DISCLOSURES ON CREDIT RISK MITIGATION (RM'000) (CONTINUED)

The Bank
31.12.2023

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	11,089,320	–	–	–
Public Sector Entities	–	–	–	–
Banks, Development Financial Institutions & MDBs	6,933,584	–	841	–
Insurance Companies, Securities Firms & Fund Managers	15,812	–	–	–
Corporates	19,343,108	1,009,603	529,639	–
Regulatory Retail	17,535,126	139,831	109,958	–
Residential Mortgages	3,084,139	–	7,134	
Higher Risk Assets	34,673	–	–	–
Other Assets	4,074,512	–	–	–
Defaulted Exposures	639,523	2,652	59	–
Total for On-Balance Sheet Exposures	62,749,797	1,152,086	647,631	–
Off-Balance Sheet Exposures				
Over-the-counter (OTC) derivatives	962,415	–	–	–
Off-Balance sheet exposures other than OTC derivatives or credit derivatives	7,174,138	3,997	2,812,980	–
Defaulted Exposures	39,082	–	–	–
Total for Off-Balance Sheet Exposures	8,175,635	3,997	2,812,980	–
Total On and Off-Balance Sheet Exposures	70,925,432	1,156,083	3,460,611	–

Appendix IV

BASEL II PILLAR 3 DISCLOSURES

As at 31 December 2024

B) DISCLOSURE ON OFF-BALANCE SHEET AND COUNTERPARTY CREDIT RISK (RM'000)

Counterparty Credit Risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cashflows. An economic loss could occur if the transactions with the counterparty has a positive economic value for the Group and the Bank at the time of default.

In contrast to the exposure to credit risk through a lending/financing, where the exposure to credit risk is unilateral and only the lending/financing bank faces the risk of loss, Counterparty Credit Risk creates a bilateral risk of loss where the market value for many types of transactions can be positive or negative to either counterparty.

In respect of off-balance sheet items, the credit risk inherent in each off-balance sheet instrument is translated into an on-balance sheet exposure equivalent (credit equivalent) by multiplying the nominal principal amount with a credit conversion factor ('CCF') as prescribed by the Standardised Approach under the Risk Weighted Capital Adequacy Framework. The resulting amount is then weighted against the risk weight of the counterparty. In addition, counterparty risk weights for over-the-counter ('OTC') derivative transactions will be determined based on the external rating of the counterparty and will not be subject to any specific ceiling.

The Group
31.12.2024

Description	Total Principal Amount	Positive Fair Value of Derivative Contracts	Total Credit Equivalent Amount	Total Risk Weighted Amount
Direct Credit Substitutes	**547,956**		**547,956**	**504,980**
Transaction related contingent items	**1,166,377**		**583,188**	**522,525**
Short Term Self Liquidating trade related contingencies	**3,695,873**		**739,175**	**166,644**
Assets sold with recourse	**–**		**–**	**–**
Forward Asset Purchases	**–**		**–**	**–**
Obligations under an on-going underwriting agreement	**–**		**–**	**–**
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions. (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions	**3,739,622**		**4,400,713**	**147,582**
Foreign exchange related contracts				
One year or less	**39,840,719**	**259,100**	**588,512**	**303,458**
Over one year to five years	**110,334**	**1,097**	**10,326**	**7,140**
Interest/Profit rate related contracts				
One year or less	**2,119,000**	**8,729**	**6,298**	**2,648**
Over one year to five years	**18,313,866**	**167,557**	**511,930**	**195,617**
Over five years	**868,367**	**13,887**	**72,550**	**27,707**
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	**2,640,367**		**1,317,881**	**1,042,345**
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	**9,001,392**		**1,800,264**	**1,218,032**
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	**1,815,376**		**–**	**–**
Unutilised credit card lines	**1,986,667**		**397,333**	**293,185**
Total	**85,845,917**	**450,370**	**10,976,126**	**4,431,864**

BASEL II PILLAR 3 DISCLOSURES

As at 31 December 2024

Appendix IV

B) DISCLOSURE ON OFF-BALANCE SHEET AND COUNTERPARTY CREDIT RISK (RM'000) (CONTINUED)

The Group
31.12.2023

Description	Total Principal Amount	Positive Fair Value of Derivative Contracts	Total Credit Equivalent Amount	Total Risk Weighted Amount
Direct Credit Substitutes	528,245		528,245	494,592
Transaction related contingent items	1,385,471		680,360	625,540
Short Term Self Liquidating trade related contingencies	4,620,093		924,019	208,024
Forward Asset Purchases	–			
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions. (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions	3,619,584		4,259,454	85,968
Foreign exchange related contracts				
One year or less	48,727,877	315,996	877,661	348,355
Over one year to five years	326,890	5,822	28,995	20,096
Interest/Profit rate related contracts				
One year or less	2,577,284	17,187	5,952	2,393
Over one year to five years	11,298,499	116,869	384,782	136,540
Over five years	757,264	14,564	57,016	17,196
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	2,826,847		1,411,690	1,070,154
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	7,383,227		1,476,644	1,121,744
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	1,624,905		–	–
Unutilised credit card lines	1,712,631		342,526	252,793
Total	87,388,817	470,438	10,977,344	4,383,395

Appendix IV

BASEL II PILLAR 3 DISCLOSURES

As at 31 December 2024

B) DISCLOSURE ON OFF-BALANCE SHEET AND COUNTERPARTY CREDIT RISK (RM'000) (CONTINUED)

The Bank
31.12.2024

Description	Total Principal Amount	Positive Fair Value of Derivative Contracts	Total Credit Equivalent Amount	Total Risk Weighted Amount
Direct Credit Substitutes	**395,893**		**395,892**	**355,026**
Transaction related contingent items	**715,944**		**357,972**	**302,841**
Short Term Self Liquidating trade related contingencies	**43,616**		**8,723**	**8,103**
Assets sold with recourse	**–**		**–**	**–**
Forward Asset Purchases	**–**		**–**	**–**
Obligations under an on-going underwriting agreement	**–**		**–**	**–**
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions. (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions	**3,739,622**		**4,400,713**	**147,582**
Foreign exchange related contracts				
One year or less	**38,404,456**	**252,343**	**562,834**	**275,137**
Interest/Profit rate related contracts				
One year or less	**1,514,000**	**7,977**	**4,851**	**1,940**
Over one year to five years	**13,313,170**	**139,816**	**378,252**	**141,408**
Over five years	**765,342**	**12,462**	**67,399**	**25,131**
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	**1,827,307**		**912,440**	**744,149**
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	**4,553,519**		**910,689**	**761,604**
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	**–**		**–**	**–**
Unutilised credit card lines	**1,592,949**		**318,590**	**233,984**
Total	**66,865,818**	**412,598**	**8,318,355**	**2,996,905**

BASEL II PILLAR 3 DISCLOSURES

As at 31 December 2024

Appendix IV

B) DISCLOSURE ON OFF-BALANCE SHEET AND COUNTERPARTY CREDIT RISK (RM'000) (CONTINUED)

The Bank
31.12.2023

Description	Total Principal Amount	Positive Fair Value of Derivative Contracts	Total Credit Equivalent Amount	Total Risk Weighted Amount
Direct Credit Substitutes	370,153		370,153	338,863
Transaction related contingent items	840,151		420,076	368,438
Short Term Self Liquidating trade related contingencies	100,039		20,008	19,772
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions. (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions	3,619,584		4,259,454	85,968
Foreign exchange related contracts				
One year or less	40,095,245	224,749	640,783	271,874
Interest/Profit rate related contracts				
One year or less	1,907,284	16,810	4,830	1,925
Over one year to five years	7,734,449	94,384	266,819	83,386
Over five years	640,039	12,940	49,983	13,679
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,924,957		961,586	775,946
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	4,480,382		896,075	762,984
Unutilised credit card lines	1,429,339		285,868	210,253
Total	63,141,622	348,883	8,175,635	2,933,088

BASEL II PILLAR 3 DISCLOSURES

As at 31 December 2024

Appendix IV

C) DISCLOSURE ON MARKET RISK – INTEREST RATE/RATE OF RETURN RISK IN THE BANKING BOOK ('IRRBB/RORRBB')

Interest rate/rate of return risk is the risk to earnings and capital arising from exposure to adverse movements in interest/profit rates mainly due to mismatches in timing repricing of assets and liabilities. These mismatches are actively managed from an earnings and economic value perspective.

The objective of interest rate/rate of return risk management is to achieve a stable and sustainable net interest/profit income from the following perspectives:

1) Next 12 months' Earnings - Interest rate/rate of return risk from the earnings perspective is the impact based on changes to the net interest/profit income ('NII') over the next 12 months. This risk is measured through sensitivity analysis including the application of an instantaneous 100 basis point parallel shock in interest/profit rates across the yield curve.

2) Economic Value - Measuring the change in the Economic Value of Equity ('EVE') is an assessment of the long-term impact to the Group's and the Bank's capital. This is assessed through the application of relevant duration factors to capture the net economic value impact over the long term or total life of all balance sheet assets and liabilities to adverse changes in interest/profit rates.

Interest rate/rate of return risk thresholds are established in line with the Group's and the Bank's strategy and risk appetite. These thresholds are reviewed regularly to ensure relevance in the context of prevailing market conditions.

When measuring the IRRBB/RORRBB as at 31 December 2024, behavioural models are employed specifically for portfolios or products exhibiting behavioural optionalities. The objective is to incorporate and analyse the behavioural patterns of customers or products concerning changes in interest rates, contributing to a comprehensive understanding of the interest rate risk profile within the banking book.

The governance of IRRBB/RORRBB within the Group and the Bank is overseen by the Group Asset and Liability Management Committee ('GALCO'), Group Board Risk Management Committee ('GBRMC') and the Board of Directors. GALCO is responsible for the strategic management and monitoring of IRRBB/RORRBB, ensuring that the Group and the Bank's interest risk exposure is within the approved risk appetite limit. On the other hand, GBRMC and the Board of Directors provide overarching oversight and ensure that the management of the IRRBB/RORRBB is integrated within the broader risk management framework and aligned with business planning and policy. This dual-layered governance structure ensures comprehensive oversight and accountability.

BASEL II PILLAR 3 DISCLOSURES

As at 31 December 2024

Appendix IV

C) DISCLOSURE ON MARKET RISK – INTERESTRATE/RATE OF RETURN RISK IN THE BANKING BOOK ('IRRBB/RORRBB') (CONTINUED)

The table below shows the Group and the Bank's IRRBB/RORRBB sensitivity under prescribed interest rate shock.

31.12.2024 Type of Currency (RM million)	The Group Impact on Positions (+100 basis points) Parallel Shift Increase/ (Decline) in Earnings	The Group Impact on Positions (+100 basis points) Parallel Shift Increase/ (Decline) in Economic Value	The Group Impact on Positions (-100 basis points) Parallel Shift Increase/ (Decline) in Earnings	The Group Impact on Positions (-100 basis points) Parallel Shift Increase/ (Decline) in Economic Value
Ringgit Malaysia	**114.2**	**(331.1)**	**(117.6)**	**312.7**
US Dollar	**(36.1)**	**(121.3)**	**36.1**	**121.3**
Euro	**(2.2)**	**0.7**	**2.2**	**(0.7)**
Great Britain Pound	**(0.9)**	**(0.6)**	**0.9**	**0.6**
Australian Dollar	**(4.8)**	**(47.3)**	**4.8**	**47.3**
Singapore Dollar	**(1.0)**	**0.3**	**1.0**	**(0.3)**
Japanese Yen	**(0.0)**	**0.0**	**0.0**	**(0.0)**
Others (#)	**(1.1)**	**0.2**	**1.1**	**(0.2)**
Total	**68.1**	**(499.0)**	**(71.6)**	**480.7**

31.12.2023 Type of Currency (RM million)	The Group Impact on Positions (+100 basis points) Parallel Shift Increase/ (Decline) in Earnings	The Group Impact on Positions (+100 basis points) Parallel Shift Increase/ (Decline) in Economic Value	The Group Impact on Positions (-100 basis points) Parallel Shift Increase/ (Decline) in Earnings	The Group Impact on Positions (-100 basis points) Parallel Shift Increase/ (Decline) in Economic Value
Ringgit Malaysia	81.6	(660.1)	(81.6)	660.1
US Dollar	(47.0)	(28.0)	47.0	28.0
Euro	(0.1)	0.1	0.1	(0.1)
Great Britain Pound	(2.7)	(2.6)	2.7	2.6
Australian Dollar	1.8	(3.1)	(1.8)	3.1
Singapore Dollar	(0.4)	0.2	0.4	(0.2)
Japanese Yen	(0.0)	0.0	0.0	(0.0)
Others (#)	(0.2)	(1.9)	0.2	1.9
Total	32.9	(695.6)	(32.9)	695.6

Others comprise of NZD and HKD currencies where the amount of each currency is relatively small.

BASEL II PILLAR 3 DISCLOSURES

As at 31 December 2024

Appendix IV

C) DISCLOSURE ON MARKET RISK – INTEREST RATE/RATE OF RETURN RISK IN THE BANKING BOOK ('IRRBB/RORRBB') (CONTINUED)

31.12.2024 Type of Currency (RM million)	The Bank Impact on Positions (+100 basis points) Parallel Shift Increase/ (Decline) in Earnings	The Bank Impact on Positions (+100 basis points) Parallel Shift Increase/ (Decline) in Economic Value	The Bank Impact on Positions (-100 basis points) Parallel Shift Increase/ (Decline) in Earnings	The Bank Impact on Positions (-100 basis points) Parallel Shift Increase/ (Decline) in Economic Value
Ringgit Malaysia	**54.4**	**(144.7)**	**(56.4)**	**136.0**
US Dollar	**(24.9)**	**(62.7)**	**24.9**	**62.7**
Euro	**(1.8)**	**(0.8)**	**1.8**	**0.8**
Great Britain Pound	**(1.2)**	**(0.6)**	**1.2**	**0.6**
Australian Dollar	**(5.4)**	**(30.2)**	**5.4**	**30.2**
Singapore Dollar	**(0.9)**	**0.3**	**0.9**	**(0.3)**
Japanese Yen	**(0.0)**	**0.0**	**0.0**	**(0.0)**
Others (#)	**(1.1)**	**0.2**	**1.1**	**(0.2)**
Total	**19.2**	**(238.5)**	**(21.1)**	**229.9**

31.12.2023 Type of Currency (RM million)	The Bank Impact on Positions (+100 basis points) Parallel Shift Increase/ (Decline) in Earnings	The Bank Impact on Positions (+100 basis points) Parallel Shift Increase/ (Decline) in Economic Value	The Bank Impact on Positions (-100 basis points) Parallel Shift Increase/ (Decline) in Earnings	The Bank Impact on Positions (-100 basis points) Parallel Shift Increase/ (Decline) in Economic Value
Ringgit Malaysia	30.3	(369.2)	(30.3)	369.2
US Dollar	(43.8)	(25.1)	43.8	25.1
Euro	(0.1)	0.1	0.1	(0.1)
Great Britain Pound	(2.8)	(2.6)	2.8	2.6
Australian Dollar	1.8	(3.1)	(1.8)	3.1
Singapore Dollar	(0.4)	0.2	0.4	(0.2)
Japanese Yen	(0.0)	0.0	0.0	(0.0)
Others (#)	(0.5)	(0.7)	0.5	0.7
Total	(15.5)	(400.4)	15.5	400.4

Others comprise of NZD and HKD currencies where the amount of each currency is relatively small.

TOP 10 PROPERTIES

As at 31 December 2024

NO.	TITLE/MUKIM	ADDRESS/PROPERTY	DESCRIPTION/ EXISTING USE	TENURE	SITE AREA (SQ FT)	APPROX AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31/12/2023 (RM)
1.	GERAN NO. HAKMILIK 75550 LOT 1207 SEKSYEN 62 (previously Lot 13151) GERAN NO. HAKMILIK 76429 LOT 20006 SEKSYEN 62 (previously Lot 11641) BANDAR & DISTRICT OF KUALA LUMPUR WILAYAH PERSEKUTUAN KUALA LUMPUR	TRX DISTRICT PLOT C7.9-CT	43 STOREY OFFICE TOWER/HEAD OFFICE	FREEHOLD	BUILT-UP: 823,740	2	926,206,006.32
2.	HS(M) 6836 P.T. 14531 MUKIM OF DAMANSARA DISTRICT OF PETALING	NO. 301, 401 & 501, BLOCK C, MENARA GLOMAC KELANA BUSINESS CENTRE 97, JALAN 227/2 47301 KELANA JAYA SELANGOR	CONSUMER COLLECTION & RECOVERY, CONTACT CENTRE	LEASEHOLD EXP: 21/11/2092	LAND: N/A BUILT-UP NO 301: 6,916 NO 401: 6,916 NO 501: 6,916	24	3,862,469.21
3.	HS(D) 67774 & 67773 LOT 29427 & 29428 MUKIM OF KUALA LUMPUR DISTRICT & STATE OF WILAYAH PERSEKUTUAN	NO. 47 & 49 JALAN TUN MOHD FUAD 3 TAMAN TUN DR ISMAIL 60000 KUALA LUMPUR	2 UNITS 3 STOREY SHOP OFFICE/ BRANCH PREMISES	FREEHOLD	LAND: 5,138 BUILT-UP: 11,250	33	3,559,559.18
4.	HS(D) 23766 PT 199, SECTION 40 MUKIM KUALA LUMPUR	133, JALAN BUNUS OFF JALAN MASJID INDIA 50100 KUALA LUMPUR	1 UNIT 4 1/2 STOREY SHOP OFFICE/ BRANCH PREMISES	FREEHOLD	LAND: 1,539.9 BUILT-UP: 7,699.8	24	3,063,380.73
5.	LOT 51412 & 51413 HS(D) 23844 & 23843 P.T. 3479 & 3480 MUKIM OF KUALA LUMPUR DISTRICT OF W. PERSEKUTUAN	NO. 4 & 6 JALAN TELAWI 3 BANGSAR BARU 59100 KUALA LUMPUR	2 UNITS 3 STOREY SHOP OFFICE/ BRANCH PREMISES	FREEHOLD	LAND: 4,659 BUILT-UP: 11,858	33	2,527,430.6
6.	HS(M) 14862 & 14863 PT 21350 & 21351 TEMPAT BUKIT RAJA MUKIM OF KAPAR DISTRICT OF KLANG	NO. 29 & 31 JALAN TIARA 3 BANDAR BARU KELANG 41150 KELANG SELANGOR	2 UNITS 4 STOREY SHOP OFFICE/ BRANCH PREMISES	LEASEHOLD EXP: 8/5/2093	LAND: 3,300 BUILT-UP: 13,200	27	2,148,416.97
7.	TOWN LEASE NO. 017541374 & NO. 017541383 LOT 82 & 83, BLOK K MUKIM OF KARAMUNSING DISTRICT OF KOTA KINABALU	LOT 19 & 20 SADONG JAYA COMPLEX JALAN JUARA IKAN 3 KARAMUNSING 88300 KOTA KINABALU SABAH	4 STOREY SHOP OFFICE/VACANT PREMISES	LEASEHOLD EXP: 21/1/2901	LAND: 2,780 BUILT-UP: 10,144	31	1,959,444.91
8.	HS(D) 96849 (30438 [new]) LOT/PT 6536 (28035 [new]) MUKIM OF SETAPAK DISTRICT & STATE OF WILAYAH PERSEKUTUAN	NO. 2, JLN 1/27F KLSC WANGSA MAJU 53300 KUALA LUMPUR [C7/5O/86-1, C7/5O/86-2 C7/5O/86-3, & C7/5O/86-4]	4 STOREY SHOP OFFICE CORNER UNIT/ BRANCH PREMISES	LEASEHOLD EXP: 19/04/2083	LAND: 4,480 BUILT-UP: 14,920	26	1,702,005.12
	HS(D) 96848 (30437 [new]) LOT/PT 6537 (28034 [new]) MUKIM OF SETAPAK DISTRICT & STATE OF WILAYAH PERSEKUTUAN	NO. 4, JLN 1/27F KLSC WANGSA MAJU 53300 KUALA LUMPUR [C7/5O/85-1, C7/50/85-2 & C7/5O/85-3]	3 STOREY SHOP OFFICE/BRANCH PREMISES	LEASEHOLD EXP: 19/04/2083	LAND: 1,920 BUILT-UP: 5,760		
9.	PTD 100479 & 100480 MUKIM OF PLENTONG DISTRICT OF JOHOR BAHRU	NO. 23 & 25, JALAN PERMAS 10/2 PERMAS JAYA, 81750 MASAI JOHOR BAHRU, JOHOR	2 UNITS 4 STOREY SHOP OFFICE/ BRANCH PREMISES	FREEHOLD	LAND: 3,840 BUILT-UP: 13,440	31	1,649,519.02
10.	LOT 14127 & 14128 GRANTS 7792 & 7793 MUKIM OF SETAPAK DISTRICT OF KUALA LUMPUR	NO. 159 & 161 JALAN GENTING KELANG 53300 SETAPAK KUALA LUMPUR	2 UNITS 3 STOREY SHOP OFFICE WITH BASEMENT/ BRANCH PREMISES	FREEHOLD	LAND: 4,306 BUILT-UP: 17,224	36	1,607,197.84

ANALYSIS OF SHAREHOLDINGS

as at 28 February 2025

Stock Code : 5185
Stock Name : AFFIN
Issued Share Capital : 2,400,486,539
Class of Shares : Ordinary Share
Number of Shareholders : 25,304
Voting Right : 1 vote per Ordinary Share

Listed on Main Market of Bursa Malaysia Securities Berhad on 2 February 2018

ANALYSIS BY SIZE OF HOLDINGS

SIZE OF HOLDINGS	No. of Holders	%	No. of Shares	%
Less than 100	1,686	6.662	44,677	0.001
100 to 1,000	4,791	18.933	3,037,634	0.126
1,001 to 10,000	14,065	55.584	57,659,209	2.401
10,001 to 100,000	4,288	16.945	120,693,162	5.027
100,001 to 120,024,325*	471	1.861	481,555,492	20.060
120,024,326 and above**	3	0.011	1,737,496,365	72.381
Total	**22,358**	**100**	**2,400,486,539**	**100**

* *Less than 5% of issued shares*
** *5% and above of issued shares*

LIST OF TOP 30 SHAREHOLDERS

No.	Name of Shareholders	Shareholdings	%
1.	SG ASSETFIN HOLDINGS SDN BHD	634,725,096	26.441
2.	CITIGROUP NOMINEES (ASING) SDN BHD CBHK FOR THE BANK OF EAST ASIA LIMITED (INVESTMENT AC)	574,480,647	23.931
3.	LEMBAGA TABUNG ANGKATAN TENTERA	528,290,622	22.007
4.	STATE FINANCIAL SECRETARY SARAWAK	115,537,476	4.813
5.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	79,048,912	3.293
6.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	71,015,400	2.958
7.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 22)	11,916,814	0.496
8.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (MEF)	10,139,020	0.422
9.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	7,684,665	0.320
10.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	4,834,500	0.201
11.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	4,313,200	0.179

ANALYSIS OF SHAREHOLDINGS

as at 28 February 2025

No.	Name of Shareholders	Shareholdings	%
12.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)	4,122,900	0.171
13.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	4,078,479	0.169
14.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD MALAYAN BANKING BERHAD (MBB1 OTC-M)	3,957,000	0.164
15.	HII YU HO SDN BHD	3,729,750	0.155
16.	CHEAH FOOK LING	3,633,800	0.151
17.	PUBLIC NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAYLAND PARKVIEW SDN BHD (KLC)	3,057,191	0.127
18.	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (TMEF)	3,030,000	0.126
19.	WAN RAZLY ABDULLAH BIN WAN ALI	2,858,383	0.119
20.	B-OK SDN BHD	2,600,013	0.108
21.	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (PF)	2,441,176	0.101
22.	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR EMERGING MARKETS SMALL CAPITALIZATION EQUITY INDEX NONLENDABLE FUND	2,205,700	0.091
23.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	2,153,441	0.089
24.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/PB)	2,137,205	0.089
25.	HSBC NOMINEES (ASING) SDN BHD MORGAN STANLEY & CO. INTERNATIONAL PLC (FIRM A/C)	1,990,182	0.082
26.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (UOB AM SC EQ)	1,834,195	0.076
27.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND ZVTG FOR STATE STREET GLOBAL ADVISORS TRUST COMPANY INVESTMENT FUNDS FOR TAX EXEMPT RETIREMENT PLANS	1,814,232	0.075
28.	KEY DEVELOPMENT SDN.BERHAD	1,756,200	0.073
29.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,729,199	0.072
30.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	1,600,700	0.066
TOTAL		**2,092,716,098**	**87.178**

LIST OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Shareholders	Direct Shareholdings	%	Indirect Shareholdings	%
1.	STATE FINANCIAL SECRETARY SARAWAK	115,537,476	4.813	634,725,096*	26.441
2.	SG ASSETFIN HOLDINGS SDN BHD	634,725,096	26.441	–	–
3.	CITIGROUP NOMINEES (ASING) SDN BHD CBHK FOR THE BANK OF EAST ASIA LIMITED (INVESTMENT AC)	574,480,647	23.931	–	–
4.	SUMITOMO MITSUI BANKING CORPORATION	–	–	574,480,647**	23.931
5.	LEMBAGA TABUNG ANGKATAN TENTERA	528,290,622	22.007	–	–

Notes:
** Deemed interest by virtue of its interest in SG AssetFin Holdings Sdn Bhd*
*** Deemed interest by virtue of its interest in The Bank of East Asia Limited*

A substantial shareholder is defined as one who has an interest (or interests) in the voting shares in the corporation that is not less than 5% of the total voting shares in the corporation.

ANALYSIS BY CATEGORY

	No. of Holders			No. of Shares			%		
	Malaysian		Foreign	Malaysian		Foreign	Malaysian		Foreign
Category of Holders	Bumiputera	Non-Bumiputera		Bumiputera	Non-Bumiputera		Bumiputera	Non-Bumiputera	
Individual	991	18,145	295	10,191,299	176,944,622	6,112,752	0.424	7.371	0.254
Body Corporate									
Banks /Finance Companies	4	0	4	72,230,900	0	387,200	3.009	0.000	0.016
Investment Trust/Foundation/ Charities	3	6	0	3,500	203,600	0	0.000	0.008	0.000
Industrial and commercial companies	26	219	12	635,622,742	23,921,207	5,975,773	26.478	0.996	0.248
Government Agencies/ Institutions	4	0	0	644,200,630	0	0	26.836	0	0
Nominees	2,486	2,888	219 #	39,429,771	126,966,837	658,290,496 #	1.642	5.289	27.423 #
Others	0	2	0	0	5,210	0	0.000	0.000	0.000
Trustee	0	0	0	0	0	0	0.000	0.000	0.000
Subtotal:	**3,514**	**21,260**		**1,401,678,842**	**328,041,476**		**58.389**	**13.664**	
Total:	**24,774**		**530**	**1,729,720,318**		**670,766,221**	**72.053**		**27.941**

	No. of Holders	No. of Shares	%
Grand Total:	**25,304**	**2,400,486,539**	**100.00**

These holdings include securities in the nominee companies with foreign beneficiaries

NOTICE OF 49TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 49TH ANNUAL GENERAL MEETING ("AGM") OF AFFIN BANK BERHAD [197501003274 (25046-T)] ("ABB/THE COMPANY") WILL BE HELD ON **WEDNESDAY, 16 APRIL 2025 AT 10.00 A.M.** AT THE TAMING SARI GRAND BALLROOM, THE ROYALE CHULAN KUALA LUMPUR, 5 JALAN CONLAY, 50450 KUALA LUMPUR ("MAIN VENUE") AND VIRTUALLY BY WAY OF ELECTRONIC MEANS VIA THE TIIH ONLINE WEBSITE AT HTTPS://TIIH.ONLINE ("ONLINE PLATFORM") TO TRANSACT THE FOLLOWING BUSINESSES:

AGENDA

AS ORDINARY BUSINESSES:

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2024 together with the Reports of the Directors and Auditors thereon.

2. To re-elect the following Directors who retire by rotation pursuant to Article 118 of the Company's Constitution and who being eligible, offer themselves for re-election:
   - 2.1 Dato' Mohd Hata bin Robani — **Ordinary Resolution 1**
   - 2.2 Dato' Abdul Aziz bin Abu Bakar — **Ordinary Resolution 2**
   - 2.3 Encik Mohammad Ashraf bin Md Radzi — **Ordinary Resolution 3**

3. To approve the following fees and payment of the same to the Non-Executive Directors for the period from the 49th AGM to the 50th AGM of the Company: — **Ordinary Resolution 4**
   - 3.1 Chairman's fee of RM265,000 per annum;
   - 3.2 Director's fee of RM165,000 per annum for each Non-Executive Director;
   - 3.3 Board Committee Chairman's fee of RM50,000 per annum for the Chairman of each Board Committee; and
   - 3.4 Board Committee member's fee of RM35,000 per annum for each member of a Board Committee.

4. To approve the payment of Directors' benefits of an amount up to RM2,500,000 to eligible Non-Executive Directors from the 49th AGM to the 50th AGM of the Company. — **Ordinary Resolution 5**

5. To re-appoint Messrs. PricewaterhouseCoopers PLT as the Company's Auditors for the financial year ending 31 December 2025 and to authorise the Directors to fix the Auditors' remuneration. — **Ordinary Resolution 6**

AS SPECIAL BUSINESSES:

To consider, and if thought fit, to pass the following Ordinary Resolutions:

6. **AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE NEW ORDINARY SHARES IN AFFIN BANK BERHAD ("ABB SHARES")** — **Ordinary Resolution 7**

   "THAT subject always to the Companies Act, 2016 ("Act"), the Company's Constitution, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and approval of the relevant government/regulatory authorities, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Act, to allot and issue ABB Shares at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of ABB Shares to be allotted pursuant to the said allotment does not exceed ten percent (10%) of the total number of issued shares (excluding treasury shares, if any) of the Company as at the date of such allotment and that the Directors be and are hereby authorised to obtain all necessary approvals from the relevant authorities for the allotment, listing of and quotation for the additional shares so allotted on Bursa Malaysia and that such authority to allot ABB Shares shall continue to be in force until the conclusion of the next AGM of the Company.

   AND THAT in connection with the above, pursuant to Section 85 of the Act read together with Article 9 of the Company's Constitution, approval be given to waive the statutory pre-emptive rights conferred upon shareholders of ABB where the Board is exempted from offering such new ABB Shares first to the existing shareholders of ABB in respect of the allotment and issuance of new ABB Shares pursuant to Sections 75 and 76 of the Act, and such new ABB Shares when issued, to rank equally in all respects with the existing ABB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other forms of distribution that may be declared, made or paid to the shareholders of the Company for which the entitlement date precedes the date of allotment and issuance of the new ABB Shares."

7. **ALLOTMENT AND ISSUANCE OF NEW ORDINARY SHARES OF AFFIN BANK BERHAD ("ABB SHARES") IN RELATION TO THE DIVIDEND REINVESTMENT PLAN BY THE COMPANY THAT GIVES THE SHAREHOLDERS OF THE COMPANY THE OPTION TO REINVEST THEIR WHOLE OR A PORTION OF THE DIVIDEND FOR WHICH THE REINVESTMENT OPTION APPLIES IN NEW ABB SHARES ("DIVIDEND REINVESTMENT PLAN")** **Ordinary Resolution 8**

"THAT pursuant to the Dividend Reinvestment Plan as approved by the shareholders at the Extraordinary General Meeting held on 15 May 2018 and subject to the approval of the relevant regulatory authority (if any), approval be and is hereby given to the Company to allot and issue such number of new ABB Shares upon the election of the shareholders of the Company to reinvest the dividend pursuant to the Dividend Reinvestment Plan until the conclusion of the next AGM upon such terms and conditions and to such persons as the Board of Directors of the Company ("Board"), in their sole and absolute discretion, deem fit and in the interest of the Company;

AND THAT, the issue price of the said new ABB Shares which will be determined by the Board on a price-fixing date to be determined ("Price-Fixing Date"), shall not be more than 10% discount to the adjusted 5-day volume-weighted average market price ("VWAMP") of ABB Shares immediately prior to the Price-Fixing Date, of which the VWAMP shall be adjusted ex-dividend before applying the abovementioned discount in fixing the issue price;

AND THAT the Board be and is hereby authorised to do all such acts and enter into all such transactions, arrangements and agreements, deeds or undertakings and to execute, sign and deliver for and on behalf of the Company, all such documents and impose such terms and conditions or delegate all or any part of its powers as may be necessary or expedient in order to give full effect to the Dividend Reinvestment Plan with full power to assent to any conditions, variations, modifications and/or amendments, as the Board may, in its absolute discretion deem fit and in the best interest of the Company and/or as may be imposed or agreed to by any relevant authorities."

8. **PROPOSED SHARE REWARD TO THE SHAREHOLDERS IN THE FORM OF BONUS ISSUE OF UP TO 133,360,363 NEW ORDINARY SHARES IN AFFIN BANK BERHAD ("ABB" OR "THE COMPANY") ("ABB SHARE(S) OR SHARES") ON THE BASIS OF 1 NEW ABB SHARE ("BONUS SHARE(S)") FOR EVERY 18 EXISTING ABB SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED BONUS ISSUE")** **Ordinary Resolution 9**

"THAT subject to the approvals being obtained from all the relevant regulatory authorities and parties (if required), authority be and is hereby given to the Board of Directors of the Company ("Board") to issue and allot up to 133,360,363 Bonus Shares on the basis of 1 Bonus Share for every 18 existing ABB Shares held by the entitled shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business at 5.00 p.m. on the entitlement date to be determined and announced later by the Board;

AND THAT the Bonus Shares in respect of the Proposed Bonus Issue shall be issued as fully paid, at nil consideration and without capitalisation of the Company's reserves;

AND THAT the Bonus Shares will, upon allotment and issuance, rank equally in all respects with the then existing ABB Shares;

AND THAT the Board be and is hereby authorised to deal with fractional entitlements (if any), including disregarding any fractional entitlements, under the Proposed Bonus Issue, in such manner at its absolute discretion as the Board may deem fit and expedient, and in the best interests of the Company;

AND THAT the Board be and is hereby authorised to sign and execute all documents and to take all such necessary steps to give effect to the Proposed Bonus Issue with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as the Board may deem necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue."

NOTICE OF 49TH ANNUAL GENERAL MEETING

9. **PROPOSED ALLOCATION TO DATUK WAN RAZLY ABDULLAH WAN ALI, THE PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER OF ABB FOR THE YEAR 2025 PURSUANT TO THE COMPANY'S LONG-TERM INCENTIVE PLAN IN THE FORM OF AN EMPLOYEES' SHARE GRANT SCHEME ("SGS")** **Ordinary Resolution 10**

"THAT the Board be and is hereby authorised to cause or procure the offering and the allocation to Datuk Wan Razly Abdullah Wan Ali, being the President & Group Chief Executive Officer of ABB, of up to a maximum of 1,558,000 new ABB Shares under the SGS as they shall deem fit, being the allocation for the year 2025 and will be measured against the 2027 targets, which will be vested to him in the year 2028, subject always to such terms and conditions of the By-Laws and provided that not more than 10% of the total number of ABB Shares to be issued under the SGS shall be allocated to any individual Eligible Employee who, either singly or collectively through persons connected with the said Eligible Employee, holds 20% or more of the total number of issued shares of ABB (excluding treasury shares, if any);

AND THAT pursuant to Section 85 of the Act read together with Article 9 of the Company's Constitution, approval be given to waive the statutory pre-emptive rights conferred upon shareholders of ABB where the Board is exempted from offering such new ABB Shares first to the existing shareholders of ABB in respect of the allotment and issuance of new ABB Shares pursuant to Sections 75 and 76 of the Act, and such new ABB Shares when issued, to rank equally in all respects with the existing ABB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other forms of distribution that may be declared, made or paid to the shareholders of the Company for which the entitlement date precedes the date of allotment and issuance of the new ABB Shares.

AND THAT the Board be and is hereby authorised to allot and issue new ABB Shares and/or transfer such number of treasury shares and/or existing ABB Shares and/or make cash payments pursuant to the SGS to him from time to time pursuant to the vesting of his Grant(s)."

10. To transact any other business of the Company for which due notice shall have been received in accordance with the Act and the Company's Constitution.

BY ORDER OF THE BOARD

NIMMA SAFIRA KHALID
(LS0009015)
(SSM PC No. 201908001266)
Company Secretary

Kuala Lumpur
17 March 2025

Notes:

1. HYBRID 49th AGM

1.1. The 49th AGM of the Company will be held through a hybrid mode whereby Member(s), proxy(ies), corporate representative(s), or attorney(s) will have an option, either:

(a) To attend in person at the Main Venue ("Physical Attendance") OR

(b) To attend virtually using the Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at https://tiih.online ("Virtual Attendance").

Please refer to the Administrative Guide for the full guide to Physical Attendance and Virtual Attendance at the 49th AGM.

1.2. All Member(s), proxy(ies), corporate representative(s) or attorney(s) who wish to attend the 49th AGM of the Company **must register** as a user with TIIH Online first and **pre-register** their attendance on TIIH Online to verify their eligibility to attend the 49th AGM based on the General Meeting Record of Depositors ("General Meeting ROD") as at 8 April 2025 and to confirm their mode of attendance, either Physical Attendance or Virtual Attendance.

1.3. The pre-registration is open from the date of the Notice of the 49th AGM on Monday, 17 March 2025 and the closing date and time shall be:

(a) at 10.00 a.m. on Monday, 14 April 2025 for Physical Attendance at the Main Venue; or

(b) until such time before the voting session ends at the 49th AGM on Wednesday, 16 April 2025 for Virtual Attendance using RPV facilities.

2. PROXY

2.1. A Member entitled to participate and vote at this AGM is entitled to appoint proxy(ies) to participate and vote in his/her stead. A proxy may but need not be a Member of the Company and there shall be no restriction as to the qualification of a proxy.

2.2. A Member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("Authorised Nominee") may appoint at least one (1) proxy but not more than two (2) proxies in respect of each security account it holds with ordinary shares of the Company ("ABB Shares") standing to the credit of the said securities account to participate and vote at this AGM.

2.3. Notwithstanding the above, for an exempt Authorised Nominee who holds ABB Shares for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies that the exempt Authorised Nominee may appoint in respect of each Omnibus Account.

2.4. Where a Member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

2.5. The instrument appointing a proxy in the case of any individual shall be signed by the appointer or his/her attorney and in the case of a corporation, under its common seal or under the hand of the officer duly authorised.

2.6. With respect to deposited securities, only Members whose names appear in the General Meeting ROD on 8 April 2025 shall be entitled to participate and vote at the 49th AGM.

2.7. The appointment of proxy may be submitted in hard copy form or electronically via the TIIH Online website at https://tiih.online. The hard copy of the Proxy Form must be deposited at the office of Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time set for the 49th AGM or no later than 14 April 2025 at 10.00 a.m.

2.8. If Members wish to submit their Proxy Form electronically via Tricor's TIIH Online website at https://tiih.online, please refer to the Procedures for Electronic Submission of Proxy Form as set out in the Administrative Guide for Members.

3. VOTING

3.1. Pursuant to Paragraph 8.29A(1) of MMLR of Bursa Malaysia, all resolutions set out in the Notice of the 49th AGM of the Company shall be put to vote by way of a poll.

4. EXPLANATORY NOTES ON ORDINARY BUSINESSES:

4.1. **Audited Financial Statements for the Financial Year Ended 31 December 2024**

The Audited Financial Statements are for discussion only in accordance with Section 340(1)(a) of the Act and do not require shareholders' approval. Hence, the same will not be put forward for voting.

4.2. **Ordinary Resolutions 1, 2, and 3 – Re-election of Directors**

Article 118 of the Company's Constitution provides that at least one-third (1/3) of the Directors who are subject to retirement by rotation or if their number is not three (3) or a multiple three (3), the number nearest to one-third (1/3) shall retire from office at every AGM of the Company and be eligible for re-election.

For the purpose of determining the eligibility of the Director to stand for re-election at the 49th AGM, the Board through its Group Board Nomination and Remuneration Committee ("GBNRC") had assessed the retiring Directors, and considered the following:

(a) The Director's performance and contribution based on the results of the Board Effectiveness Evaluation conducted internally for the financial year ended 31 December 2024;

(b) The Director's character, experience, integrity, competence and time commitment in discharging their roles as Directors of the Company;

(c) The Director's level of independence demonstrated by the independent Director and ability to act in the best interest of the Company in decision-making; and

(d) The Director's fitness and propriety as prescribed in Bank Negara Malaysia ("BNM")'s Policy Document on Fit and Proper.

Based on the results of the Board Effectiveness Evaluation 2024, the performance of each of the retiring Directors under Article 118 of the Company's Constitution was found to be satisfactory. The GBNRC also considered the performance and contribution of each of the retiring Directors and has assessed the fitness and proprietary as well as the independence of the Independent Non-Executive Directors ("INEDs") seeking re-election.

NOTICE OF 49TH ANNUAL GENERAL MEETING

In addition, two (2) retiring Directors have also provided their annual declaration/confirmation of independence in January 2025.

The Board has endorsed the GBNRC's recommendation to seek shareholders' approval for the re-election of the three (3) retiring Directors. The retiring Directors had abstained from deliberations and decisions on their re-election at the Board meeting.

No new Director was appointed either to fill a casual vacancy or as an addition to the existing Board of Directors from the 48th AGM to the 49th AGM.

The profiles of the Directors who are standing for re-election at the 49th AGM are provided herein.

4.3. **Ordinary Resolutions 4 and 5 – Remuneration Payable to Non-Executive Directors**

Section 230(1) of the Act provides that the fees of Directors and benefits payable to the Directors of a public company shall be approved at a general meeting.

The Non-Executive Chairman and Non-Executive Directors ("NEDs") are entitled to the following fees and allowances which have not changed since it was approved by the shareholders at the Company's 46th AGM in 2022:

(a) Directors' Fees:

	Chairman	Member
Board		
Director's Fee (per annum)	**265,000**	**165,000**
Board Committee		
Board Committee Fee (per annum)	**50,000**	**35,000**

(b) Meeting allowance:

	Chairman	Member
Board		
Director's Sitting Fee (per meeting)	**3,000**	**2,500**
Board Committee		
Board Committee Sitting Fee (per meeting)	**2,500**	**2,500**

The benefits payable to NEDs comprise allowances, benefits-in-kind, and other emoluments, details of which are as follows:

(i) Meeting Allowance;

(ii) Car Allowance and Company Driver for Chairman (based on maximum taxable rate); and

(iii) Other Benefits - includes claimable benefits or otherwise such as monthly subscription of club membership and other facilities made available by the Company to eligible NEDs.

At the 48th AGM of the Company held on 25 April 2024, the benefits payable to the NEDs from the 48th AGM to the 49th AGM were approved for an amount of up to RM1,800,000. The utilisation of this approved amount as of 28 February 2025 is approximately 85%.

The exact amounts received by each NED are provided in Note 42 of the Audited Financial Statements for FY2024.

The total amount of benefits payable to the NEDs is estimated to be up to RM2,500,000 for the Current Period, taking into account various factors including an increase in the Board composition, the number of meetings for the Board/Board Committees as well as the number of NEDs involved in these meetings.

4.4. **Ordinary Resolution 6 – Re-appointment of External Auditors**

The Group Board Audit Committee ("GBAC") had at its meeting held on 21 January 2025, conducted an annual review on the external auditors, Messrs. PricewaterhouseCoopers PLT in accordance with BNM's Guidelines on External Auditors and ABB's Policy and Procedures for Appointment of Group External Auditors. The assessment covered a wide spectrum of matters such as performance, independence, and objectivity of the external auditors.

Being satisfied with the performance, technical competency, audit approach as well as audit independence of Messrs. PricewaterhouseCoopers PLT, the GBAC has recommended the re-appointment of Messrs. PricewaterhouseCoopers PLT as the external auditors of the Company for the financial year ending 31 December 2025 ("FY2025").

The Board had at its meeting held on 27 January 2025 endorsed the GBAC's recommendation for the shareholders' approval to be sought at the 49th AGM on the re-appointment of Messrs. PricewaterhouseCoopers PLT as the external auditors of the Company for FY2025 in accordance with Section 340(1)(c) of the Act.

The Board is also seeking shareholders' approval to authorise the Directors to fix the remuneration of the external auditors for FY2024 in accordance with Section 274(1)(a) of the Act.

5. EXPLANATORY NOTES ON SPECIAL BUSINESSES:

5.1. **Ordinary Resolution 7 – Authority for Directors to Issue Shares**

The Company has not issued any shares under the general mandate for allotment of shares pursuant to Sections 75 and 76 of the Act which was approved at the 48th AGM held on 25 April 2024 and will lapse at the conclusion of the 49th AGM to be held on 16 April 2025.

The proposed Ordinary Resolution 7, if passed, will give powers to the Directors to issue up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company.

The authority will, unless revoked or varied by the Company in a General Meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

The general mandate sought will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding investment(s), working capital and/or acquisition(s).

Pursuant to Section 85 of the Act read together with Article 9 of the Company's Constitution, shareholders have pre-emptive rights to be offered any new ABB Shares which rank equally to the existing ABB Shares.

In order for the Board to issue any new ABB Shares under Sections 75 and 76 of the Act free of pre-emptive rights, such pre-emptive rights must be waived. The proposed Ordinary Resolution 7, if passed, will exclude Members' pre-emptive rights over all new ABB Shares arising from the issuance of new ABB Shares pursuant to Sections 75 and 76 of the Act.

5.2. **Ordinary Resolution 8 – Dividend Reinvestment Plan**

The proposed Ordinary Resolution 8, if passed, will give authority to the Board to allot and issue new ABB Shares pursuant to the Dividend Reinvestment Plan in respect of any future dividends to be declared, to which the Dividend Reinvestment Plan applies, and such authority shall expire at the conclusion of the next AGM of the Company.

5.3. **Ordinary Resolution 9 – Proposed Bonus Issue**

The proposed Ordinary Resolution 9, if passed, will give authority to the Board to allot and issue new ABB Shares pursuant to the Proposed Bonus Issue. The details of the Proposed Bonus Issue are set out in the Circular to Shareholders dated 17 March 2025 which is published together with the Notice of 49th AGM and available on the Company's website at www.affingroup.com.

5.4. **Ordinary Resolution 10 – Proposed Allocation to Datuk Wan Razly Abdullah Wan Ali, the President & Group Chief Executive Officer of ABB for the year 2025 pursuant to the Company's Long-Term Incentive Plan in the Form of SGS**

The proposed Ordinary Resolution 10, if passed, will enable the Company to allocate up to a maximum of 1,558,000 new ABB Shares under the SGS as the Board deems fit, being the allocation for the year 2025 and will be measured against the 2027 targets, which will be vested in the year 2028, to Datuk Wan Razly Abdullah Wan Ali, the President & Group Chief Executive Officer of ABB pursuant to the Group's Share Grant Scheme.

Pursuant to Section 85 of the Act read together with Article 9 of the Company's Constitution, shareholders have pre-emptive rights to be offered any new ABB Shares which rank equally to the existing ABB Shares.

For the Board to issue new ABB Shares to Datuk Wan Razly Abdullah Wan Ali free of pre-emptive rights, such pre-emptive rights must be waived. The proposed Ordinary Resolution 10, if passed, will exclude Members' pre-emptive rights over all new ABB Shares arising from the issuance of new ABB Shares to Datuk Wan Razly Abdullah Wan Ali pursuant to the SGS.

STATEMENT ACCOMPANYING NOTICE OF 49TH ANNUAL GENERAL MEETING

(pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

The profiles of the Directors who are standing for re-election as per Agenda 2 of the Notice of 49th AGM are as follows:

Resolution 1

DATO' MOHD HATA BIN ROBANI *Independent Non-Executive Director*	
Nationality/Age/Gender	Malaysian/72 years old /Male
Date of Appointment	17 October 2017
Length of Service (as at 28 February 2025)	7 years 4 months
Date of last re-election	25 May 2022
Academic/Professional Qualification	• Bachelor of Economics (Business Administration), University of Malaya • Management Development Programme, University of Harvard, USA
Past Directorship(s)/Working Experience	• Advisor, Agenda Harmoni Sdn Bhd • Executive Chairman, Excellent Tank Treatment Services Sdn Bhd • Managing Director, Malaysian Electronic Payment System Sdn Bhd (MEPS) • Executive Director, BSN Commercial Bank Berhad • General Manager of the Financial Services Division, Amanah Capital Partners Group • Group Chief Operating Officer, Amanah Capital Partners Group • Head of Banking Department, Bank Negara Malaysia • Head of Technology Department, Bank Negara Malaysia • Senior Officer of Bank Inspection Department, Bank Negara Malaysia
Present Directorship(s) in Public/ Public Listed Companies and/or appointments	**Public Companies** • Director, AFFIN Holdings Berhad
Membership of Board Committees	• Chairman, Group Board Credit Review and Recovery Committee • Member, Group Board Audit Committee

Notes:

- *Dato' Mohd Hata Robani fulfils the fit and proper criteria as specified in the Financial Services Act 2013 and the BNM Policy Document on Fit and Proper Criteria. The Board has endorsed the GBNRC's recommendation to seek shareholders' approval for the re-election of Dato' Mohd Hata Robani based on the satisfactory results of the Board Effectiveness Evaluation conducted for the financial year ended 31 December 2024.*
- *Dato' Mohd Hata Robani fulfils the criteria of an independent Director as defined under Bursa Malaysia Securities Berhad Main Market Listing Requirements, which include being independent of management, free from any business or other relationship which could interfere with the exercise of independent judgement, or the ability to act in the best interests of AFFIN.*
- *Dato' Mohd Hata Robani does not hold any shares in AFFIN Bank Berhad, has no family relationship with any Director and/or major shareholders of AFFIN, has no conflict of interest with AFFIN, has not been convicted of any offence within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during FY2024.*

Resolution 2

DATO' ABDUL AZIZ BIN ABU BAKAR *Independent Non-Executive Director*	
Nationality/Age/Gender	Malaysian/71 years old /Male
Date of Appointment	17 October 2017
Length of Service (as at 28 February 2025)	7 years 4 months
Date of last re-election	25 May 2022
Academic/Professional Qualification	• Bachelor of Economics (Hons.), University of Malaya • Senior Management Development Programme (SMDP), Harvard Business School
Past Directorship(s)/Working Experience	• CEO/ED, Malaysian Directors Academy (MINDA) • Chief Human Capital Officer, Telekom Malaysia Berhad (TM) • Executive VP, Human Resources, RHB Bank Berhad • General Manager/Human Resources, Shell Malaysia Trading Sdn Bhd (SMTSB) • Managing Director, INTRIA Berhad (currently known as UEM Builders) • Shareholders' representative for China and Hong Kong, SHELL Group • Area GM/East Coast, SMTSB • Manager/Marketing Economics, SMTSB • Executive/Internal Audit, SMTSB • Fleet Planning Coordinator/Fleet Planning Department, Malaysian Airlines System (MAS)
Present Directorship(s) in Public/ Public Listed Companies and/or appointments	**External Professional Commitments** • Fellow of the Institute of Corporate Directors Malaysia (ICDM) • Member of the Nomination and Remuneration Committee of Razak School of Government (RSOG)
Membership of Board Committees	• Chairman, Group Board Nomination and Remuneration Committee

Notes:

- *Dato' Abdul Aziz Abu Bakar fulfils the fit and proper criteria as specified in the Financial Services Act 2013 and the BNM Policy Document on Fit and Proper Criteria. The Board has endorsed the GBNRC's recommendation to seek shareholders' approval for the re-election of Dato' Abdul Aziz Abu Bakar based on the satisfactory results of the Board Effectiveness Evaluation conducted for the financial year ended 31 December 2024.*
- *Dato' Abdul Aziz Abu Bakar fulfils the criteria of an independent Director as defined under Bursa Malaysia Securities Berhad Main Market Listing Requirements, which include being independent of management, free from any business or other relationship which could interfere with the exercise of independent judgement, or the ability to act in the best interests of AFFIN.*
- *Dato' Abdul Aziz Abu Bakar does not hold any shares in AFFIN Bank Berhad, has no family relationship with any Director and/or major shareholders of AFFIN, has no conflict of interest with AFFIN, has not been convicted of any offence within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during FY2024.*

STATEMENT ACCOMPANYING NOTICE OF 49TH ANNUAL GENERAL MEETING

(pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

Resolution 3

ENCIK MOHAMMAD ASHRAF BIN MD RADZI *Non-Independent Non-Executive Director*	
Nationality/Age/Gender	Malaysian/47 years old /Male
Date of Appointment	3 October 2022
Length of Service (as at 28 February 2025)	2 years 4 months
Date of last re-election	25 May 2023
Academic/Professional Qualification	• Capital Markets Services Representative License Modules 12 & 19, Security Commission • Chartered Accountant, Malaysian Institute of Accountants • Member of the Association of Chartered Certified Accountants, United Kingdom • Bachelor of Accountancy (Hons), Universiti Tenaga Nasional • A-Levels, MARA Institute of Technology
Past Directorship(s)/Working Experience	• Chief Financial Officer, Lembaga Tabung Angkatan Tentera • Chief Financial Officer, Ahmad Zaki Resources • General Manager, Corporate Finance, Ahmad Zaki Resources • Associate Director, Corporate Advisory and Structuring, MIDF Amanah Investment Bank • General Manager, Finance Special Projects, Johawaki Holdings Sdn Bhd • Associate Director, Capital Market, Prokhas Sdn Bhd • Regulatory Reporting Analyst, UBS Investment Bank, London
Present Directorship(s) in Public/ Public Listed Companies and/or appointments	**External Professional Commitments** • Chief Executive, Lembaga Tabung Angkatan Tentera **Public Listed Companies** • Non-Independent Non-Executive Director, Pharmaniaga Berhad **Public Companies** • Non-Independent Non-Executive Director, Boustead Holdings Berhad • Non-Independent Non-Executive Director, Boustead Plantations Berhad
Membership of Board Committees	• Member of Group Board Risk Management Committee (up to 7 May 2024)

Notes:

- *Encik Mohammad Ashraf Md Radzi fulfils the fit and proper criteria as specified in the Financial Services Act 2013 and the BNM Policy Document on Fit and Proper Criteria. The Board has endorsed the GBNRC's recommendation to seek shareholders' approval for the re-election of Encik Mohammad Ashraf Md Radzi based on the satisfactory results of the Board Effectiveness Evaluation conducted for the financial year ended 31 December 2024.*
- *Encik Mohammad Ashraf Md Radzi does not hold any shares in AFFIN Bank Berhad, has no family relationship with any Director of AFFIN, has no conflict of interest with AFFIN, has not been convicted of any offence within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during FY2024.*
- *Encik Mohammad Ashraf Md Radzi is a nominee Director of Lembaga Tabung Angkatan Tentera, a substantial shareholder of AFFIN Bank.*

ADMINISTRATIVE GUIDE 49TH ANNUAL GENERAL MEETING

1. HYBRID 49TH ANNUAL GENERAL MEETING ("AGM")

The 49th AGM of Affin Bank Berhad ("the Company") will be conducted via a hybrid mode (physical and virtual) in line with Principle of the Malaysian Code of Corporate Governance ("MCCG") and as announced by Securities Commission Malaysia and Bursa Malaysia Berhad on 30 August 2024. In this respect, the Company will continue to leverage technology, to ensure that the 49th AGM supports meaningful engagement between the Board/Management and Shareholders of the Company.

The date, time and venue for the 49th AGM of the Company are as below:

Date	Time
Wednesday, 16 April 2025	10.00 a.m.

Venue	
(a) Main Venue Taming Sari Grand Ballroom The Royale Chulan Kuala Lumpur 5, Jalan Conlay, 50450 Kuala Lumpur	**(b) Online Platform** **TIIH Online** website at https://tiih.online with Remote Participation and Voting ("RPV") facilities

Shareholders shall have the option to attend the hybrid 49th AGM either in person ("Physical Attendance") at the Main Venue or virtually using the RPV facilities ("Virtual Attendance") at TIIH Online website at https://tiih.online. The Main Venue is the main venue in Malaysia where the Chairman of the meeting will be physically present in accordance with Section 327(2) of the Companies Act ("CA") 2016.

2. GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining a member who shall be entitled to attend the 49th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 69(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors ("General Meeting ROD") as at 8 April 2025. Only a depositor whose name appears on the General Meeting ROD as at 8 April 2025 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

3. PRE-REGISTRATION TO ATTEND THE 49TH AGM

Shareholders of the Company are invited to attend the 49th AGM to exercise your right to attend, participate and vote at the 49th AGM by Physical Attendance or Virtual Attendance at the AGM Main Venue or participating remotely by RPV at TIIH Online website https://tiih.online. As such, shareholders are required to take the following steps to pre-register themselves in order to participate at the 49th AGM. To do so, shareholders must take the following steps at TIIH Online:

(a) Register as a user with TIIH Online
  (i) Access the TIIH Online website at https://tiih.online.
  (ii) Under "e-Services", select the **Sign-Up** button followed by **Create Account by Individual Holder**. Refer to the tutorial guide posted on the homepage for assistance.
  (iii) Registration as a user will be approved within one (1) working day and shareholders will be notified via e-mail.

(b) Register your attendance for the 49th AGM

  (i) Shareholder(s), proxy(ies), corporate representative(s) and attorney(s) are **required to pre-register** their attendance for the 49th AGM for verification of their eligibility to attend the 49th AGM based on the General Meeting ROD as at **8 April 2025**. This is to ensure that the Company is able to make the necessary preparations to allow shareholders to attend the 49th AGM in person should they wish to.
  (ii) The pre-registration is open from the date of the Notice of 49th AGM on Monday, 17 March 2025.
  (iii) The closing date and time for the pre-registration shall be as follows:

Physical attendance	**at 10.00 am on Monday, 14 April 2025**
Remote participation	such time before the voting session ends at the 49th AGM on **Wednesday, 16 April 2025**

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(iv) Pre-registration and attendance for shareholder(s) as follows:

	Physical Meeting Attendance	Virtual remote participation via RPV
Pre-Meeting day	• Go to https://tiih.online • Login in with your user ID (e-mail address) and password and select the corporate event: **"(REGISTRATION) AFFIN BANK BERHAD 49TH AGM"**. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Physical Attendance at Meeting Venue". • Review your registration information and proceed to submit your pre-registration. • TIIH Online will send an e-mail to notify that your pre-registration for physical attendance is received and will be verified. • Upon system verification against the General Meeting ROD as at 8 April 2025, TIIH Online will send an e-mail on or after 14 April 2025 to confirm your physical attendance at the AGM Main Venue. • In the event your registration is not approved, you will be notified via e-mail. ***PLEASE NOTE:*** Should you no longer wish to attend the 49th AGM physically, kindly inform is.enquiry@vistra.com to switch your registration from physical attendance to remote participation via RPV before the cut-off date at **10.00 a.m. on 16 April 2025.**	• Go to https://tiih.online • Login in with your user ID (e-mail address) and password and select the corporate event: **"(REGISTRATION) AFFIN BANK BERHAD 49TH AGM"**. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration information and proceed to submit your pre-registration. • TIIH Online will send an e-mail to notify that your pre-registration for remote participation via RPV has been received and will be verified. • Upon system verification against the General Meeting ROD as at 8 April 2025, TIIH Online will send an e-mail on or after 14 April 2025 to confirm your remote participation via RPV. • In the event your registration is not approved, you will be notified via e-mail. ***PLEASE NOTE:*** Should you decide to attend physically after successful registration, kindly inform is.enquiry@vistra.com to switch your registration from remote participation via RPV to physical attendance before the cut-off date at **10.00 a.m. on 16 April 2025.**
Meeting day – participation at AGM	• Please produce your original MyKad/ Passport (for foreigners) for verification purposes at the verification counters on AGM day. • Kindly note that your entry into the AGM Main Venue shall only be allowed subject to verification of your pre-registration of attendance as per above.	• Please refer to **Note 9** below.

4. PROXY

(a) Appointment of Chairman of the meeting as proxy

If a shareholder is not able to attend the 49th AGM, he/she can appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Proxy Form. The same must be deposited or submitted in accordance with **Note 5** below.

(b) Appointment of proxy, corporate representative or attorney

(i) A shareholder who has appointed a proxy(ies), corporate representative(s) or attorney(s) to participate at this 49th AGM must ensure that the proxy form is completed with the required information, signed and dated accordingly. The same must be deposited in accordance with **Note 5** below.

(ii) The shareholder must also request his/her proxy(ies), authorised representative or attorney to register himself/herself as a user with the TIIH Online website at https://tiih.online.

(iii) The representative of a corporation or institutional shareholder must register as a user first in accordance with **Note 5(b)(ii)** below, before he/she can subscribe to this corporate holder electronic submission.

(c) Documents relating to appointment as corporate representative

For a corporate member who has appointed a representative to participate at the 49th AGM, please deposit the **ORIGINAL** certificate of appointment with the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment should be executed in the following manner:

(i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.

(ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by at least two (2) authorised officers, of whom one shall be a Director; or any Director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

(d) Documents relating to appointment of proxy by power of attorney

(i) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

5. CUT-OFF DATE AND TIME FOR LODGEMENT OF PROXY FORM

As approved by the Board with reference to Article 102 of the Company's Constitution, proxy forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the 49th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **10.00 a.m. on Monday, 14 April 2025** in accordance with Article 104 of the Company's Constitution:

(a) In hard copy:

(i) By hand or post: to the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;

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(b) In electronic form via TIIH Online:

(i) The steps to be taken by individual shareholders are as follows:

- You should have completed the steps in accordance with **Note 3(a)** above.
- As a registered user of TIIH Online, go to https://tiih.online and login with your user ID (i.e. e-mail address) and password.
- Select the Corporate Exercise/Event: **"AFFIN BANK BERHAD 49TH AGM – Submission of Proxy Form"**.
- Read and agree to the Terms & Conditions and confirm the Declaration.
- Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.
- Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy.
- Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote.
- Review and confirm your proxy(s) appointment.
- Print proxy form for your record.

(ii) The steps to be taken by authorised/nominated representatives of corporate/institutional shareholders are as follows:

A. Register as a user with TIIH Online

- Access the TIIH Online website at https://tiih.online.
- Under "e-Services", select the **Sign-Up** button followed by **Create Account by Representative of Corporate Holder**.
- Complete the registration form and upload the required documents.
- Registration will be verified, and you will be notified by e-mail within one (1) to two (2) working days.
- Proceed to activate your account with the temporary password given in the e-mail and reset your own password.

B. Prepare proxy appointment

- As a registered user of TIIH Online, go to https://tiih.online and login with your user ID (i.e. e-mail address) and password.
- Select the Corporate Exercise/Event: **"AFFIN BANK BERHAD 49TH AGM – Submission of Proxy Form"**.
- Read and agree to the Terms & Conditions and confirm the Declaration.
- Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note given therein.
- Prepare the file for the appointment of proxies by inserting the required data.

C. Submit the proxy appointment file

- Select the Corporate Exercise/Event: **"AFFIN BANK BERHAD 49TH AGM – Submission of Proxy Form"**.
- Proceed to upload the duly completed proxy appointment file.
- Select "Submit" to complete your submission.
- Print the confirmation report of your submission for your record.

6. INTEGRATED REPORT 2024

The Company's Integrated Report 2024 is available on the Company's website at https://affin.listedcompany.com/ar.html

In line with AFFIN Bank's commitment to reduce our environmental footprint, we strongly encourage our shareholders to refer to the document available online. Nevertheless, in the event you still require a printed copy of the Integrated Report 2024, you may request the same at https://tiih.online by selecting "Request for Annual Report/Circular" under the "Investor Services" or alternatively, request through telephone or e-mail to our Share Registrar via the contact details as set out in Note 11 below.

7. SUBMISSION OF QUESTIONS FOR THE 49TH AGM

(a) Prior to the meeting

Shareholders may submit questions in relation to the agenda items for the 49th AGM prior to the meeting via TIIH Online at https://tiih.online by selecting "e-Services" to log in, pose questions and submit electronically not later than **10.00 a.m. on Monday, 14 April 2025**. The responses to these questions will be shared at the 49th AGM.

(b) During the meeting

For submission of questions 'live' during the 49th AGM

Physical Meeting Attendance	Virtual remote participation via RPV
Verified shareholder(s), proxy(ies) and corporate representative(s) will be able to ask questions in person at the AGM Main Venue.	Verified shareholder(s), proxy(ies) and corporate representative(s) may use the **Query Box** facility to ask questions real-time (in the form of typed text) during the meeting.

The Board and Senior Management will provide the responses to the questions accordingly.

8. POLL VOTING

The voting at the 49th AGM will be conducted by poll in accordance with Paragraph 8.29A(1) of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

(a) All shareholders and proxies attending the 49th AGM physically at the Main Venue or virtually using the RPV facilities shall exercise their rights to vote via the TIIH Online website at https://tiih.online. As such, all shareholders and proxies attending the 49th AGM physically at the Main Venue are advised to bring their own personal devices to vote via the TIIH Online website at https://tiih.online. Please refer to **Note 9(c)** below on steps for online remote voting.

(b) The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as Poll Administrator to conduct the poll by way of **online remote voting**. During the meeting, the Chairman will invite the Poll Administrator to brief shareholders on the online remote voting process. The online remote voting session will commence from the start of the meeting at **10.00 a.m.** on **16 April 2025** until such time when the Chairman announces the end of the voting session. This is in line with the Securities Commission Malaysia's Guidance which provides that Members shall be allowed to cast their votes remotely and contemporaneously (live) during the proceeding of the general meeting.

(c) The Company has appointed independent scrutineers to verify the poll results. Upon completion of the "in time" voting session for the 49th AGM, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration of whether the resolutions are duly passed.

9. VIRTUAL ATTENDANCE USING RPV ON THE DATE OF THE 49TH AGM

With the approved registration for RPV, shareholders have the right to join the live stream meeting and vote remotely. Shareholders' login to TIIH Online indicates their attendance at the virtual 49th AGM. The **procedures for the RPV facilities** are summarised below:

Procedure	Action
(a) Login to TIIH Online	• Login with your user ID and password for remote participation at the 49th AGM at any time from **9.00 a.m.** i.e. one (1) hour before the commencement of the 49th AGM at 10.00 a.m. on Wednesday, 16 April 2025.
(b) Participate through Live Streaming	• Select the corporate event: **"(LIVE STREAM MEETING) AFFIN BANK BERHAD 49TH AGM"** to engage in the proceedings of the 49th AGM remotely. • If you have any questions for the Chairman/Board, you may use the **Query Box** to transmit your question. The Chairman/Board will try to respond to questions submitted by you during the 49th AGM. If the questions are received late after the Questions & Answers session, the responses will be e-mailed to you after the meeting. • Please note that the quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.

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Procedure	Action
(c) Online Remote Voting	The Online Remote Voting session commences from **10.00 a.m.** on **Wednesday, 16 April 2025** until a time when the Chairman announces the end of the said voting session. • Select the corporate event: **"(REMOTE VOTING) AFFIN BANK BERHAD 49TH AGM"** or if you are on the Live Stream meeting page, you can select **"GO TO REMOTE VOTING PAGE"** button **below the Query Box.** • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.

Helpline Contact

In the event you encounter any issues with logging in, connection to the live stream meeting or online voting, kindly call Tricor Help Line at 011-4080 5616/011-4080 3168/011-4080 3169/011-4080 3170 for assistance or e-mail to tiih.online@vistra.com for assistance.

End of Live Streaming for remote participation

The Live Streaming will end upon the announcement by the Chairman at the conclusion of the 49th AGM after the outcome of the resolutions has been declared.

10. PHYSICAL ATTENDANCE

(a) Parking

Limited parking lots are available at the meeting venue at a flat rate of RM12.70. The parking at Royale Chulan Kuala Lumpur is cashless which allows you to come and leave the hotel by tapping your TnG card, credit card or debit card on the unattended kiosk at the entry and exit lanes.

(b) Verification of attendance

(i) Verification of attendance will start at 9.00 a.m. and will end at a time as directed by the Chairman of the meeting. As you enter the hotel, the verification counters are located at Taman Mahsuri, in front of the Grand Ballroom.

(ii) Please produce your original MyKad/Passport at the verification counter and make sure you collect your MyKad/Passport thereafter.

(iii) You will be given a wristband for entry to the meeting room.

(iv) There will be no replacement of the wristband in the event that you lose or misplace the wristband.

(v) No person will be allowed to verify on behalf of another person even with the original MyKad/Passport of that other person.

(vi) The verification counter will handle only verification of your pre-registration. If you have any enquiry, please proceed to the Help Desk. The Help Desk will be located next to the verification counter in the same area.

11. ENQUIRY

If you have any enquiry prior to the 49th AGM, please contact the following officers during office hours from 9.00 a.m. to 5.00 p.m. (Monday to Friday, except for public holidays):

(b)	Tricor Investor & Issuing House Services Sdn Bhd Registration No. 197101000970 (11324-H) Unit 32-01, Level 32, Tower A Vertical Business Suite Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Malaysia	**Telephone Number** **General Line** 603-2783 9299 **Fax Number** 603-2783 9222 **E-mail** is.enquiry@my.vistra.com

The Company shall abide by the prevailing and applicable procedures and guidelines as well as precautionary measures as prescribed by the Government and other relevant authorities. In the event that any new procedures, guidelines, or measures may affect the administration of the 49th AGM as set out in this Administrative Guide and require a material change to the proceedings of the meeting, the Company will issue announcement on the same accordingly. Hence, please contact the above officers or check the Company's website for announcements on the latest update (if any) in relation to the 49th AGM.

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AFFIN BANK

FORM OF PROXY

I/We _____ NRIC No./Company No. _____
(Full Name in Block Letters)

of _____
(Full Address)

_____ Tel No. _____ being a member of AFFIN BANK BERHAD, hereby appoint:

Full name of proxy in capital letters	NRIC (new & old)/Passport No. of proxy	Proportion of shareholdings to be represented	
		No. of shares	%

and (if more than one (1) proxy)

Full name of proxy in capital letters	NRIC (new & old)/Passport No. of proxy	Proportion of shareholdings to be represented	
		No. of shares	%

or failing him/her the CHAIRMAN OF THE MEETING as my/our* proxy to participate and vote for me/us on my/our behalf at the 49th Annual General Meeting ("AGM") of the Company to be held on **Wednesday, 16 April 2025** at **10.00 a.m.** at the **Taming Sari Grand Ballroom, The Royale Chulan Kuala Lumpur, 5 Jalan Conlay, 50450 Kuala Lumpur ("Main Venue")** and virtually by way of electronic means via the TIIH Online website at **https://tiih.online ("Online Platform")** or any adjournment thereof.

My/our proxy(ies) is/are to vote on the resolutions as indicated by an "X" below. If no indication is given, my/our proxy(ies) shall vote or abstain as he/she thinks fit:

No.	Resolutions	For	Against
	Re-election of the following Directors who retire by rotation pursuant to Article 118 of the Company's Constitution and who being eligible, offer themselves for re-election:		
1	Dato' Mohd Hata bin Robani		
2	Dato' Abdul Aziz bin Abu Bakar		
3	Encik Mohammad Ashraf bin Md Radzi		
4	Approval of the following fees and payment of the same to the Non-Executive Directors for the period from the 49th AGM to the 50th AGM of the Company: 4.1 Chairman's fee of RM265,000 per annum; 4.2 Director's fee of RM165,000 per annum for each Non-Executive Director; 4.3 Board Committee Chairman's fee of RM50,000 per annum for the Chairman of each Board Committee; and 4.4 Board Committee Member's fee of RM35,000 per annum for each member of a Board Committee.		
5	Approval of payment of Directors' benefits of an amount up to RM2,500,000 to eligible Non-Executive Directors from the 49th AGM to the 50th AGM of the Company.		
6	Reappointment of Messrs PricewaterhouseCoopers PLT as the Company's Auditors for the financial year ending 31 December 2025 and to authorise the Directors to fix the Auditors' remuneration.		
7	Authorisation to the Directors to allot and issue new ordinary shares in Affin Bank Berhad ("ABB Shares") pursuant to Sections 75 and 76 of the Companies Act, 2016.		
8	Authorisation to the Directors to allot and issue new ordinary shares of Affin Bank Berhad in relation to the Dividend Reinvestment Plan.		
9	Approval of the Proposed Bonus Issue.		
10	Approval of the Proposed Allocation to Datuk Wan Razly Abdullah Wan Ali, the President & Group Chief Executive Officer of ABB for the year 2025 pursuant to the Company's long-term incentive plan in the form of an Employees' Share Grant Scheme ("SGS").		

Signed this on _____ day of _____ 2025.

_____
Signature of Member/Common Seal

CDS Account No. :	
No. of shares held :	
Proportion of shareholdings represented by proxies:	First proxy : % Second proxy: % 100%

Notes:

(1) The 49th AGM of the Company will be held via a hybrid mode whereby Member(s), proxy(ies), corporate representative(s), or attorney(s) will have an option, either:

(a) To attend in person at the Main Venue ("Physical Attendance"); OR
(b) To attend virtually using the Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at https://tiih.online ("Virtual Attendance").

Please refer to the Administrative Guide for the full guide to Physical Attendance and Virtual Attendance at the 49th AGM.

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(2) All Member(s), proxy(ies), corporate representative(s) or attorney(s) who wish to attend the 49th AGM of the Company **must register** as a user with TIIH Online first and **pre-register** their attendance on TIIH Online to verify their eligibility to attend the 49th AGM based on the General Meeting Record of Depositors ("General Meeting ROD") as at **8 April 2025** and to confirm their mode of attendance, either Physical Attendance or Virtual Attendance.

(3) The pre-registration is open from the date of the Notice of the 49th AGM on **Monday, 17 March 2025** and the closing date and time shall be:

(a) at **10.00 a.m.** on **Monday, 14 April 2025** for Physical Attendance at the Main Venue; or

(b) until such time before the voting session ends at the 49th AGM on Wednesday, 16 April 2025 for Virtual Attendance using RPV facilities.

(4) A Member entitled to participate and vote at this AGM is entitled to appoint proxy(ies) to participate and vote in his/her stead. A proxy may but need not be a Member of the Company and there shall be no restriction as to the qualification of a proxy.

(5) A Member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (Authorised Nominee) may appoint at least one (1) proxy but not more than two (2) proxies in respect of each security account it holds with ordinary shares of the Company ("ABB Shares") standing to the credit of the said securities account to participate and vote at this AGM.

(6) Notwithstanding the above, for an exempt Authorised Nominee who holds ABB Shares for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies that the exempt Authorised Nominee may appoint in respect of each Omnibus Account.

(7) Where a Member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

(8) The instrument appointing a proxy in the case of any individual shall be signed by the appointer or his/her attorney and in the case of a corporation, under its common seal or under the hand of the officer duly authorised.

(9) With respect to deposited securities, only Members whose names appear in the General Meeting ROD on 8 April 2025 shall be entitled to participate and vote at the 49th AGM.

(10) The appointment of proxy may be submitted in hard copy form or electronically via the TIIH Online website at https://tiih.online. The hard copy of the Proxy Form must be deposited at the office of Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time set for the 49th AGM or no later than **14 April 2025 at 10.00 a.m**.

(11) If Members wish to submit their Proxy Form electronically via Tricor's TIIH Online website at https://tiih.online, please refer to the Procedures for Electronic Submission of Proxy Form as set out in the Administrative Notes for Members.

(12) Pursuant to Paragraph 8.29A(1) of MMLR of Bursa Malaysia, all resolutions set out in the Notice of the 49th AGM of the Company shall be put to vote by way of a poll.

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AFFIX
STAMP

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