

Affin Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Statements of Financial Position as at 31 December 2024

	Note	Economic Entity		The Bank	
		31/12/2024 RM'000	31/12/2023 RM'000	31/12/2024 RM'000	31/12/2023 RM'000
ASSETS					
Cash and short-term funds		2,442,382	3,161,757	2,442,382	3,161,757
Deposits and placements with banks and other financial institutions		-	400,526	-	400,526
Financial assets at fair value through profit or loss ('FVTPL')	13	451,582	-	451,582	-
Derivative financial instruments	14	25,387	18,907	25,387	18,907
Financial investments at fair value through other comprehensive income ('FVOCI')	15	3,940,222	1,674,282	3,940,222	1,674,282
Financial investments at amortised cost ('AC')	16	4,594,961	4,568,010	4,594,961	4,568,010
Financing and other financing	17	33,009,886	28,760,767	33,009,886	28,760,767
Other assets	18	174,366	135,546	174,366	135,546
Amount due from holding company		-	288,431	-	288,431
Amount due from joint ventures	19	4,639	32	4,639	32
Tax recoverable		9,042	43,746	9,042	43,746
Deferred tax assets		39,640	39,040	39,640	39,040
Statutory deposits with Bank Negara Malaysia		539,000	485,000	539,000	485,000
Property and equipment		1,090	782	1,090	782
Intangible assets		1,004	863	1,004	863
Right-of-use assets		133	238	133	238
TOTAL ASSETS		45,233,334	39,577,927	45,233,334	39,577,927
LIABILITIES AND EQUITY					
Deposits from customers	20	28,762,862	25,360,547	28,762,862	25,360,547
Investment accounts of customers	21	757,600	359	757,600	359
Deposits and placements of banks and other financial institutions	22	4,164,774	4,172,179	4,164,774	4,172,179
Investment accounts due to designated financial institutions	23	3,262,300	3,579,578	3,262,300	3,579,578
Recourse obligation on financing sold to Cagamas Berhad		2,125,431	1,115,041	2,125,431	1,115,041
Derivative financial instruments	14	21,357	23,539	21,357	23,539
Other liabilities	24	256,624	319,188	256,624	319,188
Amount due to holding company		546,064	-	546,064	-
Lease liabilities	25	162	271	162	271
Subordinated and Senior Sukuk	26	2,368,791	2,363,770	2,368,791	2,363,770
TOTAL LIABILITIES		42,265,965	36,934,472	42,265,965	36,934,472
Share capital	27	1,310,000	1,210,000	1,310,000	1,210,000
Reserves	28	1,657,369	1,433,455	1,657,369	1,433,455
TOTAL EQUITY		2,967,369	2,643,455	2,967,369	2,643,455
TOTAL LIABILITIES AND EQUITY		45,233,334	39,577,927	45,233,334	39,577,927
COMMITMENTS AND CONTINGENCIES	39	12,635,865	11,396,972	12,635,865	11,396,972
CAPITAL ADEQUACY RATIOS	41				
CET 1 capital ratio		11.732%	12.733%	11.732%	12.733%
Tier 1 capital ratio		13.801%	15.100%	13.801%	15.100%
Total capital ratio		17.045%	18.473%	17.045%	18.473%
Net assets per share attributable to equity holders of the Bank (RM)		2.58	2.34	2.58	2.34

The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2023.

Affin Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Year Ended 31 December 2024

	Note	Economic Entity Individual Quarter Ended		Economic Entity Cumulative Quarter Ended	
		31/12/2024 RM'000	31/12/2023 RM'000	31/12/2024 RM'000	31/12/2023 RM'000
Income derived from investment of depositors' funds and others	30	461,165	372,692	1,693,968	1,442,523
Income derived from investment of investment accounts	31	47,689	42,662	189,534	161,804
Income derived from investment of shareholders' funds	32	41,362	34,113	156,686	131,768
Write-back / (allowances for) impairment losses on financing and other financing	33	23,814	24,153	(7,199)	2,583
Allowances for impairment losses on other assets	34	-	(4,649)	(6,948)	(4,649)
Total distributable income		574,030	468,971	2,026,041	1,734,029
Income attributable to the depositors and others	35	(313,401)	(260,675)	(1,171,114)	(993,739)
Income attributable to the investment account holders	36	(41,463)	(38,943)	(170,090)	(147,889)
Total net income		219,166	169,353	684,837	592,401
Other operating expenses	37	(96,490)	(68,356)	(356,120)	(270,081)
Profit before zakat and taxation		122,676	100,997	328,717	322,320
Zakat		(2,014)	(1,971)	(5,370)	(4,600)
Profit before taxation		120,662	99,026	323,347	317,720
Taxation		(34,119)	(25,897)	(87,305)	(83,244)
Net profit after zakat and taxation		86,543	73,129	236,042	234,476
Attributable to:					
Equity holders of the Bank		86,543	73,129	236,042	234,476
Earnings per share (sen):					
- Basic/Diluted	38	7.5	6.5	20.5	20.8

The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2023.

Affin Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Year Ended 31 December 2024

	Economic Entity Individual Quarter Ended		Economic Entity Cumulative Quarter Ended	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
	RM'000	RM'000	RM'000	RM'000
Profit after zakat and taxation	86,543	73,129	236,042	234,476
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Net fair value change in				
financial investments at FVOCI	(35,366)	18,799	(11,347)	16,136
Net credit impairment loss change in				
financial investments at FVOCI	36	(1,012)	387	42
Net loss on financial investments measured at FVOCI reclassified to profit or loss on disposal (debt instruments)	(1,916)	(464)	(6,627)	(464)
Deferred tax on				
financial investments at FVOCI	10,491	(4,901)	4,672	(4,262)
Other comprehensive (loss) / income for the financial year, net of tax	(26,755)	12,422	(12,915)	11,452
Total comprehensive income for the financial year	59,788	85,551	223,127	245,928
Total comprehensive income for the financial year attributable to:				
Equity holders of the Bank	59,788	85,551	223,127	245,928

The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2023.

Affin Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Year Ended 31 December 2024

	Note	The Bank Individual Quarter Ended		The Bank Cumulative Quarter Ended	
		31/12/2024 RM'000	31/12/2023 RM'000	31/12/2024 RM'000	31/12/2023 RM'000
Income derived from investment of depositors' funds and others	30	461,165	372,692	1,693,968	1,442,523
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Write-back / (allowances for) impairment losses on financing and other financing	33	23,814	24,153	(7,199)	2,583
Allowances for impairment losses on other assets	34	-	(4,649)	(6,948)	(4,649)
Total distributable income		574,030	468,971	2,026,041	1,734,029
Income attributable to the depositors and others	35	(313,401)	(260,675)	(1,171,114)	(993,739)
Income attributable to the investment account holders	36	(41,463)	(38,943)	(170,090)	(147,889)
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Taxation		(34,119)	(25,897)	(87,305)	(83,244)
Net profit after zakat and taxation		86,543	73,129	236,042	234,476
Attributable to:					
Equity holders of the Bank		86,543	73,129	236,042	234,476
Earnings per share (sen):					
- Basic/Diluted	38	7.53	6.48	20.54	20.77

The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2023.

Affin Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Year Ended 31 December 2024

	The Bank		The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
	RM'000	RM'000	RM'000	RM'000
Profit after zakat and taxation	86,543	73,129	236,042	234,476
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
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Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Statements of Changes In Equity for the Financial Year Ended 31 December 2024

Economic Entity	Attributable to Equity Holder 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	1,210,000	11,452	46,469	214	1,375,320	2,643,455
Net profit for the financial year	-	-	-	-	236,042	236,042
Other comprehensive income (net of tax)						
- Financial investments at FVOCI	-	(12,915)	-	-	-	(12,915)
Total comprehensive income for the financial year	-	(12,915)	-	-	236,042	223,127
Issued during the financial year	100,000	-	-	-	-	100,000
Share grant scheme granted	-	-	-	787	-	787
Transfer to regulatory reserves	-	-	45,999	-	(45,999)	-
At 31 December 2024	1,310,000	(1,463)	92,468	1,001	1,565,363	2,967,369

Economic Entity	Attributable to Equity Holder 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 2023	1,210,000	-	46,469	-	1,140,844	2,397,313
Net profit for the financial year	-	-	-	-	234,476	234,476
Other comprehensive income (net of tax)						
- Financial investments at FVOCI	-	11,452	-	-	-	11,452
Total comprehensive income for the financial year	-	11,452	-	-	234,476	245,928
Share grant payment granted	-	-	-	214	-	214
At 31 December 2023	1,210,000	11,452	46,469	214	1,375,320	2,643,455

The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2023.

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Condensed Interim Financial Statements

Unaudited Statements of Changes In Equity for the Financial Year Ended 31 December 2024

	Non-Distributable			Distributable		Total equity RM'000
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Other reserves RM'000	Retained profits RM'000	
The Bank						
At 1 January 2024	1,210,000	11,452	46,469	214	1,375,320	2,643,455
Net profit for the financial year	-	-	-	-	236,042	236,042
Other comprehensive income (net of tax)						
- Financial investments at FVOCI	-	(12,915)	-	-	-	(12,915)
Total comprehensive income for the financial year	-	(12,915)	-	-	236,042	223,127
Issued during the financial year	100,000	-	-	-	-	100,000
Share grant scheme granted	-	-	-	787	-	787
Transfer to regulatory reserves	-	-	45,999	-	(45,999)	-
At 31 December 2024	1,310,000	(1,463)	92,468	1,001	1,565,363	2,967,369

	Non-Distributable			Distributable		Total equity RM'000
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Other reserves RM'000	Retained profits RM'000	
The Bank						
At 1 January 2023	1,210,000	-	46,469	-	1,140,844	2,397,313
Net profit for the financial year	-	-	-	-	234,476	234,476
Other comprehensive income (net of tax)						
- Financial investments at FVOCI	-	11,452	-	-	-	11,452
Total comprehensive income for the financial year	-	11,452	-	-	234,476	245,928
Share grant payment granted	-	-	-	214	-	214
At 31 December 2023	1,210,000	11,452	46,469	214	1,375,320	2,643,455

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Condensed Interim Financial Statements

Unaudited Statements of Cash Flow for the Financial Year Ended 31 December 2024

	Economic Entity		The Bank	
	31/12/2024 RM'000	31/12/2023 RM'000	31/12/2024 RM'000	31/12/2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	323,347	317,720	323,347	317,720
Adjustments for items not involving the movement of cash and cash equivalents	(97,853)	(52,677)	(97,853)	(52,677)
Operating profit before changes in working capital	225,494	265,043	225,494	265,043
Net changes in operating assets	(4,316,673)	(3,192,639)	(4,316,673)	(3,192,639)
Net changes in operating liabilities	4,321,369	2,855,021	4,321,369	2,855,021
Tax and Zakat paid	(54,408)	(106,569)	(54,408)	(106,569)
Net cash generated from/(used in) operating activities	175,782	(179,144)	175,782	(179,144)
CASH FLOWS FROM INVESTING ACTIVITIES				
Finance income and hibah received from:				
- financial investments at FVOCI	100,157	10,470	100,157	10,470
- financial investments at AC	174,077	169,732	174,077	169,732
Purchase of:				
- financial investments at FVOCI	(3,855,047)	(1,998,158)	(3,855,047)	(1,998,158)
- financial investments at AC	(269,312)	(337,930)	(269,312)	(337,930)
Redemption/Disposal of:				
- financial investments at FVOCI	1,570,193	359,216	1,570,193	359,216
- financial investments at AC	226,425	603,458	226,425	603,458
Proceeds from disposal of:				
- property and equipment	502	-	502	-
- foreclosed properties	10,592	1,950	10,592	1,950
Purchase of:				
- property and equipment	(700)	(310)	(700)	(310)
- intangible assets	(7)	-	(7)	-
Net cash used in investing activities	(2,043,120)	(1,191,572)	(2,043,120)	(1,191,572)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net issuance in Subordinated and Senior Sukuk	4,908	500,000	4,908	500,000
Issuance of new shares	100,000	-	100,000	-
Addition of recourse obligation on financing sold to Cagamas Berhad	1,000,000	1,099,999	1,000,000	1,099,999
Profit payment from recourse obligation on financing sold to Cagamas Berhad	(44,923)	(22,469)	(44,923)	(22,469)
Profit payment from Subordinated and Senior Sukuk	(108,865)	(92,515)	(108,865)	(92,515)
Lease payments	(116)	(317)	(116)	(317)
Net cash generated from financing activities	951,004	1,484,698	951,004	1,484,698
Net (decrease)/increase in cash and cash equivalents	(916,334)	113,982	(916,334)	113,982
Effects of foreign exchange	(3,163)	20,718	(3,163)	20,718
Cash and cash equivalents at beginning of the financial year	3,361,879	3,227,179	3,361,879	3,227,179
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	2,442,382	3,361,879	2,442,382	3,361,879
Cash and cash equivalents comprise:				
Cash and short-term funds	2,442,382	3,161,757	2,442,382	3,161,757
Deposits and placements with banks and other financial institutions	-	400,526	-	400,526
	2,442,382	3,562,283	2,442,382	3,562,283
Less: Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months	-	(200,404)	-	(200,404)
	2,442,382	3,361,879	2,442,382	3,361,879

The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2023.

1 BASIS OF PREPARATION

The unaudited condensed interim financial statements for the financial period under review have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values :

- (i) financial assets at FVTPL;
- (ii) financial investments at FVOCI; and
- (iii) derivative financial instruments.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board ('MASB') and Policy Document on Financial Reporting issued by Bank Negara Malaysia ('BNM').

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2024. The explanatory notes to the interim financial statements provide an explanation of events and transactions that are significant to an understanding in the financial position and performance of the Bank since the financial year ended 31 December 2024.

2 ACCOUNTING POLICIES

The material accounting policies and methods of computation applied in the condensed interim financial statements are consistent with those applied in the annual financial statements for the financial year ended 31 December 2024, except for the adoption of the following amendments to MFRS that are applicable to the Bank effective for the financial year beginning on 1 January 2024:

Amendments to MFRS 101 'Presentation of Financial Statements'

There are two amendments to MFRS 101 'Presentation of Financial Statements'. The first amendments, 'Classification of liabilities as current or non-current' clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

The second amendments, 'Non-current Liabilities with Covenants' specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or noncurrent at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed after the reporting date.

Both amendments are effective for annual reporting periods beginning on or after 1 January 2024 and shall be applied retrospectively.

Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback'

Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback' (effective 1 January 2024) specify the measurement of the lease liability arises in a sale and leaseback transaction that satisfies the requirements in MFRS 15 'Revenue from Contracts with Customers' to be accounted for as a sale. In accordance with the amendments, the seller-lessee shall determine the 'lease payments' or 'revised lease payments' in a way that it does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains.

The amendments shall be applied retrospectively to sale and leaseback transactions entered into after the date when the seller-lessee initially applied MFRS 16.

The adoption of the above new accounting standards, amendments to published standards, and interpretations are not expected to give rise to any material financial impact on the Bank.

3 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2024 was not subjected to any qualification.

4 SEASONAL OR CYCLICAL FACTORS

The operations of the Bank are generally not affected by any seasonal or cyclical factors but in tandem with the country's economic situation.

5 ITEMS OF UNUSUAL NATURE, SIZE AND INCIDENCE AFFECTING NET ASSETS, EQUITY, NET INCOME OR CASH

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank during the financial year under review.

6 CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial period that have a material effect during the financial year under review.

7 SUKUK AND EQUITY SECURITIES

There were no shares issuance or cancellations, share buy-backs, resale of shares bought back and repayment of sukuk and equity securities by the Bank during the financial year other than the following:

Issuance/ Redemption	Issuance Date	First Call Date	Maturity Date	Nominal Value	Description	Tenor
Issuance	27 September 2024	Not applicable	27 March 2025	RM5.0 million	Islamic Commercial Paper	6 months

8 DIVIDENDS PAID

No dividend has been paid during the financial year under review.

9 SUBSEQUENT MATERIAL EVENTS

There is no material subsequent event after the financial year under review that have material financial impact.

10 CHANGES IN THE COMPOSITION OF THE BANK

There is no change in the composition of the Bank during the financial year under review.

11 PURCHASE AND SALE OF QUOTED SECURITIES

There is no purchase or disposal of quoted securities during the financial year under review other than in the ordinary course of business.

12 STATUS OF CORPORATE PROPOSAL

Other than as disclosed below, there were no material events during and subsequent to the balance sheet date that require disclosure or adjustments to the unaudited condensed interim financial statements:

On 27 September 2024, Lembaga Tabung Angkatan Tentera ('LTAT'), the substantial shareholder of AFFIN Bank, together with Boustead Holdings Berhad ('BHB'), a wholly-owned subsidiary of LTAT, had entered into a sale and purchase agreement with SG Assetfin Holdings Sdn Bhd ('SAH'), a wholly-owned special purpose vehicle of the State Financial Secretary, Sarawak ('SFS'). This agreement involves the divestment of 634,725,096 shares, representing a 26.44% equity interest in AFFIN Bank ('the Divestment').

On 27 November 2024, SFS became the substantial shareholder of AFFIN Bank, after acquiring for a 6.87% stake from LTAT, a 20.08% stake from Boustead Holdings Berhad and the Sarawak government now owns the largest stake in AFFIN Bank. Consequently, LTAT's shareholdings in AFFIN Bank were reduced to 22.01%, from 28.88% as of 27 September 2024, while the Sarawak government total shareholdings increased to 31.25%, from 4.81%.

Other than the significant change in AFFIN Bank's shareholding structure upon completion of the Divestment, there is no financial impact on the Group and on the Bank during or subsequent to the financial year ended 31 December 2024.

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ('FVTPL')

	Economic Entity and The Bank	
	31/12/2024	31/12/2023
	RM'000	RM'000
At fair value		
<u>Money market instruments</u>		
Malaysian Government investment issues	392,859	-
<u>Unquoted securities</u>		
Corporate Sukuk in Malaysia	45,300	-
Corporate Sukuk outside Malaysia	13,423	-
	451,582	-

14 DERIVATIVE FINANCIAL INSTRUMENTS

	Economic Entity and The Bank					
	31/12/2024			31/12/2023		
	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000
At fair value						
<u>Trading Derivatives</u>						
Foreign exchange derivatives:						
- Currency forwards	787,659	5,280	5,328	980,320	5,981	8,014
- Currency options	17,943	42	42	57,989	263	263
Profit rate derivatives:						
- Profit rate swap	1,325,887	11,213	6,654	339,780	2,107	1,768
<u>Hedging Derivatives</u>						
Profit rate derivatives:						
- Profit rate swap	867,286	8,852	9,333	874,115	10,556	13,494
	2,998,775	25,387	21,357	2,252,204	18,907	23,539

15 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI')

	Economic Entity and The Bank	
	31/12/2024	31/12/2023
At fair value	RM'000	RM'000
<u>Money market instruments</u>		
Malaysian Government investment issues	1,204,132	646,399
Bank Negara Malaysia Bills	-	9,994
Cagamas Sukuk	181,585	237,506
	1,385,717	893,899
<u>Unquoted securities</u>		
Commercial paper	29,838	-
Corporate Sukuk in Malaysia	1,743,469	620,588
Corporate Sukuk outside Malaysia	781,198	159,795
	3,940,222	1,674,282

Movements in expected credit losses ('ECL') 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
	Economic Entity and The Bank			
31/12/2024				
At beginning of the financial year	42	-	-	42
New financial assets originated or purchased	438	-	-	438
Financial assets derecognised (other than write-off)	(149)	-	-	(149)
Changes due to change in credit risk	107	-	-	107
Other adjustments				
- Foreign exchange and other movements	(9)	-	-	(9)
At end of the financial year	429	-	-	429
	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
Economic Entity and The Bank				
31/12/2023				
At beginning of the financial year	-	-	-	-
New financial assets originated or purchased	1,171	-	-	1,171
Financial assets derecognised (other than write-off)	(862)	-	-	(862)
Changes due to change in credit risk	(267)	-	-	(267)
At end of the financial year	42	-	-	42

16 FINANCIAL INVESTMENTS AT AMORTISED COST ('AC')

	Economic Entity and The Bank	
	31/12/2024	31/12/2023
	RM'000	RM'000
At amortised cost		
<u>Money market instruments</u>		
Malaysian Government investment issues	2,370,750	2,456,957
Cagamas Sukuk	10,074	40,291
<u>Unquoted securities</u>		
Corporate Sukuk in Malaysia	2,218,096	2,077,019
	4,598,920	4,574,267
Fair value changes arising from fair value hedges	(313)	-
Less: Expected Credit Losses ('ECL')	(3,646)	(6,257)
	4,594,961	4,568,010

Movements in expected credit losses ('ECL') 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
	Economic Entity and Bank 31/12/2024			
At beginning of the financial year	6,252	5	-	6,257
Financial assets derecognised (other than write-off)	(416)	-	-	(416)
New financial assets originated or purchased	468	-	-	468
Changes due to change in credit risk	(2,659)	(4)	-	(2,663)
At end of the financial year	3,645	1	-	3,646

Economic Entity and Bank
31/12/2023

At beginning of the financial year	6,645	-	-	6,645
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)	(448)	(94)	-	(542)
New financial assets originated or purchased	65	-	-	65
Change due to change in credit risk	89	-	-	89
At end of the financial year	6,252	5	-	6,257

17 FINANCING AND OTHER FINANCING

(i) By type

	Economic Entity and The Bank	
	31/12/2024	31/12/2023
	RM'000	RM'000
Cash Line-i	856,320	891,940
Term financing		
- House financing	10,342,543	10,145,796
- Hire purchase receivables	7,882,486	5,943,398
- Syndicated financing	1,151,080	1,523,392
- Other term financing	10,405,745	8,791,847
Bills receivables	136,133	270,729
Trust receipts	22,354	14,487
Claims on customers under acceptances credits	1,239,055	1,008,939
Staff financing (of which RM Nil to Directors)	140,107	124,027
Credit/charge cards	94,064	77,780
Revolving credit	1,135,577	397,810
Gross financing and other financing	33,405,464	29,190,145
Less: ECL	(395,578)	(429,378)
Total net financing and other financing	33,009,886	28,760,767

Included in other term financing before expected credit losses as at reporting date is RM57.7 million (31 December 2023: RM56.8 million) of term financing disbursed by the Bank to a joint venture company with Affin-i Nadayu Sdn Bhd.

(ii) By maturity structure

	Economic Entity and The Bank	
	31/12/2024	31/12/2023
	RM'000	RM'000
Maturing within one year	4,210,156	3,346,275
One year to three years	1,086,796	1,466,057
Three years to five years	2,238,380	2,078,210
Over five years	25,870,132	22,299,603
	33,405,464	29,190,145

17 FINANCING AND OTHER FINANCING (continued)

(iii) By contract

Economic Entity and The Bank 31/12/2024	Ijarah		Al-Ijarah		Musyarakah			Istisna'	Others	Total
	Al-Bai Bithaman Ajil	Muntahiyah Bitamlik	Thumma Al-Bai	Murabahah	Tawarruq	Mutanaqisah	RM'000			
Cash Line-i	-	-	-	-	847,887	-	-	8,433	856,320	
Term financing										
- House financing	427,989	-	-	-	438,889	9,475,665	-	-	10,342,543	
- Hire purchase receivables	-	-	7,882,486	-	-	-	-	-	7,882,486	
- Syndicated financing	-	184,761	-	-	966,319	-	-	-	1,151,080	
- Other term financing	39,641	396,796	-	41,344	8,343,880	1,119,194	464,890	-	10,405,745	
Bills receivables	-	7,672	-	67,574	-	-	-	60,887	136,133	
Trust receipts	-	-	-	22,354	-	-	-	-	22,354	
Claims on customers under acceptances credits	-	-	-	1,239,055	-	-	-	-	1,239,055	
Staff financing	1,682	-	-	33,867	48,923	55,635	-	-	140,107	
Credit/charge cards	-	-	-	-	94,064	-	-	-	94,064	
Revolving credit	-	-	-	-	1,135,577	-	-	-	1,135,577	
Gross financing and other financing	469,312	589,229	7,882,486	1,404,194	11,875,539	10,650,494	464,890	69,320	33,405,464	

Economic Entity and The Bank 31/12/2023	Ijarah		Al-Ijarah		Musyarakah			Istisna'	Others	Total
	Al-Bai Bithaman Ajil	Muntahiyah Bitamlik	Thumma Al-Bai	Murabahah	Tawarruq	Mutanaqisah	RM'000			
Cash Line-i	-	-	-	-	880,425	-	-	11,515	891,940	
Term financing										
- House financing	476,535	-	-	-	339,143	9,330,118	-	-	10,145,796	
- Hire purchase receivables	-	-	5,943,398	-	-	-	-	-	5,943,398	
- Syndicated financing	-	221,152	-	-	1,302,240	-	-	-	1,523,392	
- Other term financing	52,251	488,713	-	99,908	6,511,560	1,136,303	503,112	-	8,791,847	
Bills receivables	-	5,371	-	134,765	-	-	-	130,593	270,729	
Trust receipts	-	-	-	14,487	-	-	-	-	14,487	
Claims on customers under acceptances credits	-	-	-	1,008,939	-	-	-	-	1,008,939	
Staff financing	2,086	-	-	28,913	36,095	56,933	-	-	124,027	
Credit/charge cards	-	-	-	-	77,780	-	-	-	77,780	
Revolving credit	-	-	-	-	397,810	-	-	-	397,810	
Gross financing and other financing	530,872	715,236	5,943,398	1,287,012	9,545,053	10,523,354	503,112	142,108	29,190,145	

17 FINANCING AND OTHER FINANCING (continued)

	Economic Entity and The Bank	
	31/12/2024	31/12/2023
	RM'000	RM'000
(iv) <u>By type of customer</u>		
Domestic non-banking institutions		
- Others	69,833	94,271
Domestic business enterprises		
- Small medium enterprises	3,049,935	3,026,199
- Others	5,455,128	4,723,811
Government and statutory bodies	793,374	902,888
Individuals	23,945,902	20,304,599
Other domestic entities	6,411	7,017
Foreign entities	84,881	131,360
	33,405,464	29,190,145
(v) <u>By profit rate sensitivity</u>		
Fixed rate		
- House financing	62,426	50,493
- Hire purchase receivables	7,229,190	5,792,103
- Other fixed rate financing	888,718	936,761
Variable rate		
- Base funding rate and base rate plus	13,573,561	14,261,496
- Cost plus	3,394,736	3,200,454
- Other variable rate	8,256,833	4,948,838
	33,405,464	29,190,145
(vi) <u>By economic sector</u>		
Primary agriculture	740,541	781,507
Mining and quarrying	57,711	108,673
Manufacturing	1,453,467	1,262,754
Electricity, gas and water supply	413,422	386,502
Construction	1,032,926	879,185
Real estate	1,083,425	1,210,456
Wholesale & retail trade and restaurants & hotels	1,615,149	1,425,624
Transport, storage and communication	1,100,753	829,242
Finance, takaful and business services	522,286	450,989
Education, health & others	1,379,631	1,493,452
Household	24,005,671	20,361,761
Others	482	-
	33,405,464	29,190,145
(vii) <u>By economic purpose</u>		
Purchase of securities	1,803,171	1,023,667
Purchase of transport vehicles	8,175,018	6,257,995
Purchase of landed properties of which:		
- Residential	10,494,116	10,357,986
- Non-residential	2,062,814	2,403,125
Fixed assets other than land and building	257,065	288,021
Personal use	4,131,880	3,055,682
Credit/charge cards	94,064	77,780
Consumer durable	306	220
Construction	831,675	891,342
Working capital	4,805,327	4,480,385
Others	750,028	353,942
	33,405,464	29,190,145

17 FINANCING AND OTHER FINANCING (continued)

	Economic Entity and The Bank	
	31/12/2024	31/12/2023
	RM'000	RM'000
(viii) <u>By geographical distribution</u>		
Perlis	136,351	106,422
Kedah	1,676,660	1,369,481
Pulau Pinang	1,880,878	1,700,718
Perak	1,284,809	972,341
Selangor	10,713,670	9,333,905
Wilayah Persekutuan	6,048,256	5,836,593
Negeri Sembilan	1,680,510	1,501,231
Melaka	633,483	524,790
Johor	3,897,058	3,486,262
Pahang	1,274,129	1,113,792
Terengganu	1,030,302	933,657
Kelantan	842,698	710,310
Sarawak	1,095,593	785,823
Sabah	1,013,139	804,634
Labuan	196,098	8,984
Outside Malaysia	1,830	1,202
	33,405,464	29,190,145

(ix) Movements of impaired financing

	Economic Entity and The Bank	
	31/12/2024	31/12/2023
	RM'000	RM'000
At beginning of the financial year	220,978	357,422
Classified as impaired	474,586	323,439
Reclassified as non-impaired	(239,033)	(357,881)
Amount recovered	(81,586)	(51,218)
Amount written-off	(69,095)	(50,784)
At end of the financial year	305,850	220,978
Ratio of gross impaired financing and other financing to gross financing and other financing*	0.98%	0.86%

* For the Bank, Restricted Investment Account ('RIA') excluded in the ratio calculation amounting to RM3,259.6 million (31 December 2023: RM3,572.1 million) with impaired financing amounting to RM11.4 million (31 December 2023: Nil).

The outstanding contractual amounts of such assets written-off during the quarter ended 31 December 2024 for the Bank was RM69.1 million (2023: RM50.8 million).

17 FINANCING AND OTHER FINANCING (continued)

	Economic Entity and The Bank	
	31/12/2024	31/12/2023
	RM'000	RM'000
(x) <u>Impaired financing by economic sectors</u>		
Primary agriculture	176	173
Mining and quarrying	-	19,817
Manufacturing	6,425	6,726
Electricity, gas and water supply	42	3
Construction	28,255	11,526
Real estate	15,414	12,428
Wholesale & retail trade and restaurants & hotels	46,547	19,618
Transport, storage and communication	7,185	2,627
Finance, takaful and business services	13,896	10,594
Education, health and others	2,297	1,011
Household	185,613	136,455
	305,850	220,978
(xi) <u>Impaired financing by economic purpose</u>		
Purchase of securities	173	257
Purchase of transport vehicles	38,328	36,409
Purchase of landed properties of which:		
- Residential	131,939	94,873
- Non-residential	37,676	39,134
Fixed assets other than land and building	-	66
Personal use	16,906	9,200
Credit card	228	656
Working capital	79,842	40,306
Others	758	77
	305,850	220,978
(xii) <u>Impaired financing by geographical distribution</u>		
Perlis	3,894	3,816
Kedah	23,692	15,553
Pulau Pinang	14,981	9,434
Perak	10,569	6,657
Selangor	124,461	87,108
Wilayah Persekutuan	53,622	34,736
Negeri Sembilan	14,074	15,206
Melaka	13,279	8,934
Johor	24,274	23,972
Pahang	6,836	3,313
Terengganu	3,450	2,939
Kelantan	8,720	6,488
Sarawak	525	245
Sabah	3,473	2,577
	305,850	220,978

17 FINANCING AND OTHER FINANCING (continued)

(xiii) Movements in expected credit losses for financing and other financing

Economic Entity and The Bank	12-Month	Lifetime ECL	Lifetime ECL	Total
		not credit	credit	
31/12/2024	Stage 1	impaired	impaired	RM'000
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	52,663	294,440	82,275	429,378
Total transfer between stages due to change in credit risk:	(108,497)	137,310	(28,813)	-
- Transfer to 12-month ECL (Stage 1)	35,659	(27,627)	(8,032)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(142,421)	192,763	(50,342)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(1,735)	(27,826)	29,561	-
Financing derecognised (other than write-off)	(16,489)	(188,402)	(5,221)	(210,112)
New financing originated or purchased	170,247	-	-	170,247
Changes due to change in credit risk	(33,573)	(26,447)	112,396	52,376
Write-off	-	-	(55,319)	(55,319)
Other adjustments	29	2	8,977	9,008
At end of the financial year	64,380	216,903	114,295	395,578

Economic Entity and The Bank	ECL	Lifetime ECL	Lifetime ECL	Total
		not credit	credit	
31/12/2023	Stage 1	impaired	impaired	RM'000
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	65,218	302,452	87,445	455,115
Total transfer between stages due to change in credit risk:	(168,533)	204,749	(36,216)	-
- Transfer to 12-month ECL (Stage 1)	21,720	(19,994)	(1,726)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(190,123)	244,851	(54,728)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(130)	(20,108)	20,238	-
Financing derecognised (other than write-off)	(22,024)	(13,709)	(2,189)	(37,922)
New financing originated or purchased	216,912	-	-	216,912
Changes due to change in credit risk	(38,912)	(199,052)	66,833	(171,131)
Write-off	-	-	(43,096)	(43,096)
Other adjustments	2	-	9,498	9,500
At end of the financial year	52,663	294,440	82,275	429,378

18 OTHER ASSETS

	Economic Entity and The Bank	
	31/12/2024	31/12/2023
	RM'000	RM'000
Other debtors	65,106	64,070
Deposits and prepayments	76,208	40,141
Cheque clearing accounts	37,145	17,920
Foreclosed properties (i)	2,823	13,415
Less: Expected credit losses (ii)	(6,916)	-
	174,366	135,546
(i) Foreclosed properties		
At beginning of the financial year	13,415	15,465
Disposal during the financial year	(10,592)	(2,050)
At end of the financial year	2,823	13,415
(ii) Movement in expected credit losses		
At beginning of the financial period/year	-	-
Allowance made	16,800	-
Amount written-back	(9,884)	-
At end of the financial period/year	6,916	-

19 AMOUNT DUE FROM JOINT VENTURES

	Economic Entity and The Bank	
	31/12/2024	31/12/2023
	RM'000	RM'000
Advances to joint ventures	57,138	52,499
Less: Expected credit losses	(52,499)	(52,467)
	4,639	32
Movements in expected credit losses		
At beginning of the financial year	52,467	47,818
Charge during the financial year	32	4,649
At end of the financial year	52,499	52,467

The advances to joint ventures are unsecured, bear no profit rate and repayable on demand.

20 DEPOSITS FROM CUSTOMERS

		Economic Entity and The Bank	
		31/12/2024	31/12/2023
		RM'000	RM'000
(i)	<u>By type of deposit</u>		
	Qard		
	Demand deposits	6,879,112	5,181,358
	Savings deposits	786,248	809,322
		7,665,360	5,990,680
	Mudarabah		
	General investment deposits	27,660	28,557
	Tawarruq		
	Murabahah term deposits	17,947,587	16,371,873
	Commodity Murabahah	576,349	601,655
	Savings deposits	1,373,544	1,111,106
	Demand deposit	1,172,362	1,256,676
		21,069,842	19,341,310
		28,762,862	25,360,547
(ii)	<u>By maturity structure of Murabahah term deposits and general investment deposits</u>		
	Due within six months	12,279,457	11,686,469
	Six months to one year	5,680,841	4,623,008
	One year to three years	14,635	65,769
	Three years to five years	314	287
	Five years and above	-	24,897
		17,975,247	16,400,430
(iii)	<u>By type of customer</u>		
	Government and statutory bodies	9,160,954	7,926,155
	Business enterprises	8,612,294	7,970,235
	Individuals	9,563,299	8,627,880
	Domestic banking institutions	500	966
	Domestic non-banking financial institutions	895,545	297,112
	Foreign entities	180,485	129,234
	Others entities	349,785	408,965
		28,762,862	25,360,547

21 INVESTMENT ACCOUNTS OF CUSTOMERS

	Economic Entity and The Bank	
	31/12/2024	31/12/2023
	RM'000	RM'000
(i) <u>By type of deposit</u>		
Mudarabah	757,600	359
(ii) <u>By maturity structure</u>		
Due within six months	755,891	-
Six months to one year	1,709	-
One year to three years	-	359
	757,600	359
(iii) <u>By type of customer</u>		
Individuals	-	169
Corporate	754,503	-
Other entities	3,097	190
	757,600	359
(iv) <u>By contract</u>		
Business Term Financing	757,600	359
(v) <u>Movements in investment accounts</u>		
At beginning of the financial year	359	859
New placement	757,600	-
Redemption during the year	(357)	(497)
Finance expense on Restricted Investment Account ('RIA')	3	23
Profit distributed	(5)	(26)
At end of the financial year	757,600	359

Profit Sharing Ratio ('PSR') and Rate of Return ('ROR')

	Economic Entity and The Bank			
	31/12/2024		31/12/2023	
	Average profit sharing ratio ('PSR') %	Average rate of return ('ROR') %	Average profit sharing ratio ('PSR') %	Average rate of return ('ROR') %
<u>Due within:</u>				
One year to three years	85	5.56	85	5.58

22 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Economic Entity and The Bank	
	31/12/2024	31/12/2023
	RM'000	RM'000
Tawarruq		
Licensed banks	362,533	887,741
Licensed investment banks	132,010	187,834
Other financial institutions	3,670,231	3,096,604
	4,164,774	4,172,179
Maturity structure of deposits		
Due within six months	3,611,694	4,170,678
Six months to one year	553,080	1,501
	4,164,774	4,172,179

23 INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	Economic Entity and The Bank	
	31/12/2024	31/12/2023
	RM'000	RM'000
Mudarabah		
Licensed banks	3,262,300	3,579,578
	Economic Entity and The Bank	
	31/12/2024	31/12/2023
	RM'000	RM'000
Movements in investment accounts		
At beginning of the financial year	3,579,578	2,720,263
New placement	346,460	1,368,323
Redemption	(666,611)	(479,063)
Finance expense on RIA	206,623	150,703
Profit distributed	(167,897)	(147,419)
Exchange differences	(35,853)	(33,229)
At end of the financial year	3,262,300	3,579,578

Profit Sharing Ratio ('PSR') and Rate of Return ('ROR')

	Economic Entity and The Bank			
	31/12/2024		31/12/2023	
	Average PSR %	Average ROR %	Average PSR %	Average ROR %
<u>Due within:</u>				
One month	74	4.89	89	4.88
Three to six months	63	4.83	-	-
Six months to one year	88	4.82	88	5.34
One year to three years	84	5.65	92	4.65
Three years to five years	92	5.66	94	5.28
Five years and above	85	4.93	91	3.99

The above table provides analysis of PSR & ROR as at reporting date into relevant maturity tenures based on remaining contractual maturities.

Inclusive of RIA is an amount placed by the holding company amounting to RM3,262.3 million (31 December 2023: RM3,579.6 million). These investments are used to fund certain specific financing. The RIA is a contract based on the Mudarabah principle between two parties to finance a financing where the investor (i.e. 'Affin Bank Berhad') solely provides capital and the business venture is managed solely by the Mudarib (Manager) (i.e. 'the Bank'). The profit of the business venture is shared between both parties based on pre-agreed ratio. Losses shall be borne by the investor.

24 OTHER LIABILITIES

	Economic Entity and The Bank	
	31/12/2024	31/12/2023
	RM'000	RM'000
Bank Negara Malaysia and Credit Guarantee Corporation Funding programmes	21,376	16,802
Margin and collateral deposits	26,376	20,338
Other creditors and accruals	49,596	48,676
Sundry creditors	56,958	126,607
Provision for zakat	3,965	4,472
Defined contribution plan (i)	2,044	1,784
Accrued employee benefits	4,632	3,318
Charity funds (ii)	42	16
Unearned income	86,550	90,188
Expected credit losses: Financing commitments and financial kafalah (iii)	5,085	6,987
	256,624	319,188

(i) Defined contribution plan

The Bank contributes to the Employee Provident Fund ('EPF'), the national defined contribution plan. Once the contributions have been paid, the Bank has no further payment obligations.

	Economic Entity and The Bank	
	31/12/2024	31/12/2023
	RM'000	RM'000
(ii) Charity funds		
At beginning of the financial year	16	24
<u>Sources of charity funds</u>		
- Non-Islamic/prohibited income	60	-
- AFFIN Barakah Charity Account-i	9	7
<u>Uses of charity funds</u>		
- Contribution to non-profit organisation	(10)	-
- Contribution to program/event	(33)	(15)
	(43)	(15)
At end of the financial year	42	16

The source of charity funds were from the following categories:

- (a) Sources from Shariah non-compliant events.
- (b) AFFIN Barakah Charity Account-i refers to a savings account with element of "Save and Donate" by transferring the earned Hibah* to charity with the flexibility to change the percentage of contribution agreed by the depositor.
(*Hibah refers to the historical Hibah paid to the depositor at the Bank's discretion).
- (c) Any other charity allocation by the Bank or funds collected from customers/depositors.

The charity funds were channelled to a number of charitable or public purposes, for example, centres for disabled children and the less fortunate which includes non-Muslims.

(iii) Movements in expected credit losses ('ECL')

	Lifetime ECL not credit impaired		Lifetime ECL credit impaired		Total
	12-Month ECL Stage 1	Stage 2	Stage 3	RM'000	
Economic Entity and the Bank	RM'000	RM'000	RM'000	RM'000	RM'000
31/12/2024					
At beginning of the financial year	4,357	1,787	843		6,987
Net remeasurement of loss allowance	(2,403)	331	825		(1,247)
New financing commitments/financial kafalah	2,097	940	-		3,037
Financing commitment/financial kafalah derecognised	(1,325)	(1,789)	(578)		(3,692)
At end of the financial year	2,726	1,269	1,090		5,085
Economic Entity and the Bank					
31/12/2023					
At beginning of the financial year	4,671	962	734		6,367
Net remeasurement of loss allowance	(1,752)	1,767	457		472
New financing commitments and financial kafalah	3,652	479	-		4,131
Financing commitment/financial kafalah derecognised	(2,214)	(1,421)	(348)		(3,983)
At end of the financial year	4,357	1,787	843		6,987

25 LEASE LIABILITIES

	Economic Entity and The Bank	
	31/12/2024	31/12/2023
	RM'000	RM'000
At beginning of financial year	271	573
Finance expense	7	15
Lease payment	(116)	(317)
At end of the financial year	162	271

26 SUBORDINATED AND SENIOR SUKUK

	Economic Entity and The Bank	
	31/12/2024	31/12/2023
	RM'000	RM'000
(a) Medium Term Notes Tier-2 Sukuk Murabahah ('MTN Tier-2 Sukuk Murabahah')	505,178	505,113
(b) Additional Tier-1 Sukuk Wakalah ('AT1S')	505,808	505,808
(c) Senior Sukuk	1,352,849	1,352,849
(d) Islamic Commercial Paper	4,956	-
	2,368,791	2,363,770

- (a) The Bank 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, the Bank 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 the Bank.

- (b) The Bank 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, the Bank 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 the Bank.

- (c) The Bank 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 the Bank.

On 12 December 2023, the Bank 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 the Bank.

- (d) The Bank had on 27 September 2024, issued Islamic Commercial Paper ('ICP') of RM5.0 million for a tenure of 181 days from the issue date, at a profit rate of 3.70%. The ICP was issued for the purpose of general banking business and working capital requirements of the Bank.

27 SHARE CAPITAL

	Economic Entity and the Bank			
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
	Number of ordinary shares ('000)		RM'000	RM'000
Ordinary share issued and fully paid:				
At beginning of the financial year	1,128,807	1,128,807	1,210,000	1,210,000
Issued during the financial year	42,708		100,000	-
At end of the financial year	1,171,515	1,128,807	1,310,000	1,210,000

During the financial year ended 31 December 2024, the Bank increased its issued ordinary shares from 1,128.8 million to 1,171.5 million via issuance of 42.7 million new ordinary shares amounting to RM100.0 million. Meanwhile, during the financial year ended 31 December 2023, there were no new ordinary shares were issued.

28 RESERVES

	Economic Entity		The Bank	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
	RM'000	RM'000	RM'000	RM'000
Retained profits	1,565,363	1,375,320	1,565,363	1,375,320
FVOCI revaluation reserves (a)	(1,463)	11,452	(1,463)	11,452
Regulatory reserves (b)	92,468	46,469	92,468	46,469
Other reserves (c)	1,001	214	1,001	214
	1,657,369	1,433,455	1,657,369	1,433,455

(a) Fair value reserves represent the unrealised gains or losses arising from the change in fair value of investments classified as financial investment at FVOCI. The gain or losses are transferred to the income statement upon disposal or when the securities become impaired.

(b) Pursuant to BNM Financial Reporting policy, the Bank must maintain, in aggregate, loss allowance for non-credit impaired exposures and regulatory reserves of no less than 1% all credit exposures, net of loss allowance for credit-impaired exposures.

(c) Other reserves arose from the Long Term Incentive Plan (LTIP).

29 INCOME FROM ISLAMIC BANKING BUSINESS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended	Individual Quarter Ended	Cumulative Quarter Ended	Cumulative Quarter Ended
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	461,165	372,692	1,693,968	1,442,523
Income derived from investment of investment account funds	47,689	42,662	189,534	161,804
Income derived from investment of shareholders' funds	41,362	34,113	156,686	131,768
Income attributable to depositors and others	(313,401)	(260,675)	(1,171,114)	(993,739)
Income attributable to investment account holders	(41,463)	(38,943)	(170,090)	(147,889)
	195,352	149,849	698,984	594,467

30 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
- General investment deposits (i)	267,123	222,423	1,027,391	883,257
- Other deposits (ii)	194,042	150,269	666,577	559,266
	461,165	372,692	1,693,968	1,442,523

30 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (continued)

(i) INCOME DERIVED FROM INVESTMENT OF GENERAL INVESTMENT DEPOSITS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and other financing	197,997	178,214	777,594	693,403
Financial investments at FVOCI	20,093	7,991	60,754	14,054
Financial investments at AC	21,847	21,820	88,755	90,931
Money at call and deposit placements with financial institution	7,333	7,478	39,041	35,832
	247,270	215,503	966,144	834,220
Accretion of discount less amortisation of premium	(3,190)	(2,997)	(11,531)	(13,077)
Total finance income and hibah	244,080	212,506	954,613	821,143
Other operating income				
Fee income:				
Commission	3,875	3,623	14,779	11,410
Service charges and fees	2,357	2,377	8,009	6,867
Kafalah fees	1,001	1,003	3,097	3,152
	7,233	7,003	25,885	21,429
Fee and comission paid	(12)	(81)	(82)	(95)
Income from financial instruments:				
Gain arising on financial assets at FVTPL				
- net gain on disposal	515	(1,022)	1,160	2,983
- finance income	1,533	1,282	4,279	1,299
Net gain on revaluation of derivative	4,917	(2,808)	5,064	(2,808)
Gain on sale of financial investments at FVOCI	933	(3)	3,337	236
Gain arising from redemption of financial investments at AC	1,548	377	1,548	31
Unrealised (loss)/gain on fair value changes arising from fair value hedges	(2,724)	(1,299)	218	368
	6,722	(3,473)	15,606	2,109
Other income:				
Foreign exchange profit/(loss)				
- realised	5,695	11,675	19,985	11,685
- unrealised	62	(8,942)	1,000	10,540
Other non-operating income	3,343	3,733	10,384	16,446
	9,100	6,466	31,369	38,671
Total income derived from investment of general investment deposits	267,123	222,421	1,027,391	883,257

30 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (continued)

(ii) INCOME DERIVED FROM INVESTMENT OF OTHER DEPOSITS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/12/2024 RM'000	31/12/2023 RM'000	Cumulative Quarter Ended 31/12/2024 RM'000	31/12/2023 RM'000
Finance income and hibah				
Financing and other financing	144,267	120,198	504,507	439,053
Financial investments at FVOCI	14,146	5,146	39,418	8,899
Financial investments at AC	15,999	14,803	57,585	57,576
Money at call and deposit placements with financial institution	5,623	5,140	25,330	22,688
	180,035	145,287	626,840	528,216
Accretion of discount less amortisation of premium	(2,297)	(2,041)	(7,481)	(8,280)
Total finance income and hibah	177,738	143,246	619,359	519,936
Other operating income				
Fee income:				
Commission	2,811	2,406	9,589	7,225
Service charges and fees	1,683	1,529	5,196	4,348
Kafalah fees	707	666	2,010	1,996
Other fees income	-	48	-	-
	5,201	4,649	16,795	13,569
Fee and comission paid	(10)	(60)	(53)	(60)
Income from financial instruments:				
Gain arising on financial assets at FVTPL				
- net gain on disposal	352	44	753	1,889
- unrealised (loss)/gain	(187)	-	25	-
- finance income	1,256	188	2,751	822
Net gain/(loss) on revaluation of derivative	3,193	(2,820)	3,285	(1,778)
Gain on sale of financial investments at FVOCI	671	2	2,165	150
Gain arising from redemption of financial investments at AC	-	-	-	20
Unrealised (loss)/gain on fair value changes arising from fair value hedges	(683)	467	1,146	233
	4,602	(2,119)	10,125	1,336
Other income:				
Foreign exchange profit/(loss)				
- realised	4,085	7,393	12,966	7,399
- unrealised	65	(5,384)	648	6,674
Other non-operating income	2,361	2,544	6,737	10,412
	6,511	4,552	20,351	24,485
Total income derived from investment of other deposits	194,042	150,268	666,577	559,266

31 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/12/2024	31/12/2023	Cumulative Quarter Ended 31/12/2024	31/12/2023
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and other financing	35,314	34,142	143,451	127,025
Financial investments at FVOCI	3,622	1,481	11,208	2,575
Financial investments at AC	3,891	4,198	16,374	16,658
Money at call and deposit placements with financial institution	1,286	1,453	7,202	6,564
	44,113	41,274	178,235	152,822
Accretion of discount less amortisation of premium	(571)	(579)	(2,127)	(2,396)
Total finance income and hibah	43,542	40,695	176,108	150,426
Other operating income				
Fee income:				
Commission	691	686	2,726	2,090
Service charges and fees	422	437	1,477	1,258
Kafalah fees	180	190	571	577
	1,293	1,313	4,774	3,925
Fee and comission paid	(2)	(17)	(15)	(17)
Income from financial instruments:				
Gain arising on financial assets at FVTPL				
- net gain on disposal	94	9	214	546
- unrealised (loss)/gain	(56)	-	7	-
- finance income	333	53	782	238
Net gain/(loss) on revaluation of derivative	907	(804)	935	(514)
Gain on sale of financial investments at FVOCI	168	-	616	43
Gain arising from redemption of financial investments at AC	-	-	-	6
Unrealised (loss)/gain on fair value changes arising from fair value hedges	(223)	135	326	67
	1,223	(607)	2,880	386
Other income:				
Foreign exchange profit/(loss)				
- realised	1,021	2,139	3,687	2,141
- unrealised	9	(1,581)	184	1,931
Other non-operating income	603	720	1,916	3,012
	1,633	1,278	5,787	7,084
Total income derived from investment of investment account	47,689	42,662	189,534	161,804

32 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/12/2024 RM'000	31/12/2023 RM'000	Cumulative Quarter Ended 31/12/2024 RM'000	31/12/2023 RM'000
Finance income and hibah				
Financing and other financing	30,672	27,314	118,590	103,446
Financial investments at FVOCI	3,098	1,201	9,266	2,097
Financial investments at AC	3,387	3,353	13,536	13,566
Money at call and deposit placements with financial institution	1,144	1,156	5,954	5,346
	38,301	33,024	147,346	124,455
Accretion of discount less amortisation of premium	(494)	(461)	(1,759)	(1,951)
Total finance income and hibah	37,807	32,563	145,587	122,504
Other operating income				
Fee income:				
Commission	600	551	2,254	1,702
Service charges and fees	364	360	1,221	1,024
Kafalah fees	154	153	472	470
	1,118	1,064	3,947	3,196
Fee and comission paid	(1)	(11)	(12)	(14)
Income from financial instruments:				
Gain arising on financial assets at FVTPL				
- net gain on disposal	79	4	177	445
- unrealised (loss)/gain	(46)	-	6	-
- finance income	282	43	647	194
Net gain/(loss) on revaluation of derivative	750	(670)	772	(421)
Gain on sale of financial investments at FVOCI	144	-	509	35
Gain arising from redemption of financial investments at AC	-	-	-	5
Unrealised (loss)/gain on fair value changes arising from fair value hedges	(177)	111	269	55
	1,032	(512)	2,380	313
Other income:				
Foreign exchange profit/(loss)				
- realised	880	1,742	3,048	1,743
- unrealised	10	(1,307)	152	1,572
Other non-operating income	516	574	1,584	2,454
	1,406	1,009	4,784	5,769
Total income derived from investment of shareholders' fund	41,362	34,113	156,686	131,768

33 (WRITE-BACK) / ALLOWANCES FOR IMPAIRMENT LOSSES ON FINANCING AND OTHER FINANCING

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/12/2024	31/12/2023	Cumulative Quarter Ended 31/12/2024	31/12/2023
	RM'000	RM'000	RM'000	RM'000
Expected credit loss (written-back)/made on:				
- financing and other financing	(22,673)	(23,942)	12,542	7,861
- securities	(757)	(1,588)	(2,230)	(548)
- financing commitments and financial kafalah	(1,810)	897	(1,902)	620
Impaired financing				
- recovered	(3,319)	(1,993)	(13,559)	(14,648)
- written-off	4,745	2,472	12,348	4,132
	(23,814)	(24,153)	7,199	(2,583)

34 ALLOWANCES FOR IMPAIRMENT LOSSES ON OTHER ASSETS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/12/2024	31/12/2023	Cumulative Quarter Ended 31/12/2024	31/12/2023
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment made on:				
- amount due from joint ventures	-	4,649	32	4,649
- other assets	-	-	6,916	-
	-	4,649	6,948	4,649

35 INCOME ATTRIBUTABLE TO THE DEPOSITORS AND OTHERS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/12/2024	31/12/2023	Cumulative Quarter Ended 31/12/2024	31/12/2023
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- mudarabah	172	195	720	832
- non-mudarabah	221,149	220,433	837,325	818,152
Deposits and placements of banks and other financial institutions				
- murabahah	44,318	4,405	166,520	46,740
Finance - Subordinated and Senior Sukuk	27,328	24,399	108,978	93,709
Financing sold to Cagamas	20,430	11,236	57,547	34,271
Others	4	7	24	35
	313,401	260,675	1,171,114	993,739

36 INCOME ATTRIBUTABLE TO THE INVESTMENT ACCOUNT HOLDERS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/12/2024	31/12/2023	Cumulative Quarter Ended 31/12/2024	31/12/2023
	RM'000	RM'000	RM'000	RM'000
Restricted investment account - Mudarabah	41,463	38,943	170,090	147,889

37 OTHER OPERATING EXPENSES

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/12/2024	31/12/2023	Cumulative Quarter Ended 31/12/2024	31/12/2023
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
Wages, salaries and bonuses	49,311	34,065	189,177	135,388
Defined contribution plan ('EPF')	8,186	5,720	32,541	22,642
Other personnel costs	16,692	7,079	20,505	24,605
	74,189	46,864	242,223	182,635
<u>Establishment costs</u>				
Equipment rental	154	224	614	900
Repair and maintenance	14,424	6,301	57,697	24,882
Depreciation of property and equipment	26	43	118	234
Depreciation of right-of-use assets	44	59	105	293
Amortisation of intangible assets	28	29	140	134
IT consultancy fees	-	90	-	362
Dataline rental	2,446	2,235	9,783	8,937
Security services	1,550	1,035	6,177	4,233
Electricity, water and sewerage	1,251	727	4,995	2,893
Licence fees	76	51	305	199
Takaful and indemnities	782	438	5,328	5,677
Other establishment costs	499	3,489	5,842	14,000
	21,280	14,721	91,104	62,744
<u>Marketing expenses</u>				
Business promotion and advertisement	91	303	595	924
Entertainment	18	61	65	252
Travelling and accommodation	300	231	1,249	874
Brokerage expenses	406	200	1,551	1,205
Other marketing expenses	334	344	2,612	1,783
	1,149	1,139	6,072	5,038
<u>Administration and general expenses</u>				
Telecommunication expenses	587	227	1,325	904
Auditors' remuneration	146	296	424	548
Professional fees	(4,387)	2,354	3,157	7,341
Property and equipment written-off	(10)	(24)	-	-
Mail and courier charges	(510)	264	104	1,058
Stationery and consumables	(646)	703	3,094	3,300
Directors' fees and allowances	895	524	2,264	1,786
Shariah fees	141	155	531	516
Donations	266	62	363	267
Settlement, clearing and bank charges	2,443	793	4,470	3,199
Stamp duties	8	-	29	54
Other administration and general expenses	939	278	960	691
	(128)	5,632	16,721	19,664
Total other operating expenses	96,490	68,356	356,120	270,081

38 EARNINGS PER SHARE

The basic/diluted earnings per ordinary share for the Economic Entity and the Bank have been calculated based on the net profit attributable to equity holders of the Economic Entity and the Bank by the weighted average number of shares in issue during the financial year.

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Economic Entity and The Bank				
Net profit attributable to ordinary equity holders (RM'000)	86,543	73,129	236,042	234,476
Weighted average number of shares in issue ('000)	1,149,312	1,128,807	1,149,312	1,128,807
Basic/Diluted earnings per share (sen)	7.5	6.5	20.5	20.8

There were no dilutive potential ordinary shares outstanding as at 31 December 2024.

39 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank makes various commitments and incurs 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 Bank.

The commitments and contingencies consist of:

	Economic Entity and The Bank	
	Principal Amount 31/12/2024 RM'000	31/12/2023 RM'000
Direct credit substitutes - financial kafalah contracts	152,064	158,092
Transaction-related contingent items	385,828	480,714
Short-term self-liquidating trade related contingencies	3,652,257	4,520,054
Irrevocable commitments to extend credit:		
- maturity less than one year	4,270,946	2,876,523
- maturity more than one year	791,248	855,076
Unutilised credit card lines	393,718	283,292
Foreign exchange related contracts #		
- less than one year	796,631	1,009,326
Profit rate related contracts #		
- one year to less than five years	2,090,148	1,096,670
- more than five year	103,025	117,225
	12,635,865	11,396,972

The fair value of these derivatives have been recognised as 'derivative financial instruments' in the statements of financial position and disclosed in Note 14 to the financial statements.

40 FAIR VALUE MEASUREMENTS

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 Bank measures 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

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 price in less active markets or unquoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Bank then determines fair value based upon valuation techniques that uses 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.

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 Bank's exposure to financial instruments classified as Level 3 comprised a small number of financial instruments which constitute an insignificant component of 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 Bank recognises 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).

40 FAIR VALUE MEASUREMENTS (continued)

The following table presents assets and 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
Economic Entity and The Bank				
31/12/2024				
<u>Financial Assets</u>				
Financial assets at FVTPL				
- Money market instruments	-	392,859	-	392,859
- Corporate Sukuk	-	58,723	-	58,723
	-	451,582	-	451,582
Derivative financial instruments	-	25,387	-	25,387
Financial investments at FVOCI				
- Money market instruments	-	1,385,717	-	1,385,717
- Corporate Sukuk	-	2,554,505	-	2,554,505
	-	3,940,222	-	3,940,222
Total	-	4,417,191	-	4,417,191
<u>Financial Liabilities</u>				
Derivative financial instruments	-	21,357	-	21,357
Total	-	21,357	-	21,357

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Economic Entity and The Bank				
31/12/2023				
<u>Financial Assets</u>				
Derivative financial instruments				
	-	23,539	-	23,539
Financial investments at FVOCI				
- Money market instruments	-	893,899	-	893,899
- Corporate Sukuk	-	780,383	-	780,383
	-	1,674,282	-	1,674,282
Total	-	1,697,821	-	1,697,821
<u>Financial Liabilities</u>				
Derivative financial instruments	-	23,539	-	23,539
Total	-	23,539	-	23,539

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.

41 CAPITAL ADEQUACY

The capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (Capital Components) dated 14 June 2024.

The Bank is currently adopting the Standardised Approach for Credit Risk and Market Risk, the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ('CET1'), 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 Bank has 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.

i) The component of CET 1, Tier 1 and Tier 2 capital:

	Economic Entity		The Bank	
	31/12/2024 RM'000	31/12/2023 RM'000	31/12/2024 RM'000	31/12/2023 RM'000
<u>CET 1</u>				
Paid-up share capital	1,310,000	1,210,000	1,310,000	1,210,000
Retained profits	1,565,363	1,375,320	1,565,363	1,375,320
Other Reserves	1,001	214	1,001	214
Unrealised (loss)/gains on FVOCI instruments	(1,463)	11,452	(1,463)	11,452
	2,874,901	2,596,986	2,874,901	2,596,986
Less Regulatory adjustments:				
- Intangible assets	(1,004)	(863)	(1,004)	(863)
- Deferred tax assets	(39,640)	(39,040)	(39,640)	(39,040)
- 55% Cumulative unrealised gains on FVOCI	-	(6,299)	-	(6,299)
- Other CET 1 transitional adjustment	-	138,827	-	138,827
Total CET 1 Capital	2,834,257	2,689,611	2,834,257	2,689,611
Additional Tier 1 capital	500,000	500,000	500,000	500,000
Total Tier 1 capital	3,334,257	3,189,611	3,334,257	3,189,611
<u>Tier 2 capital</u>				
Subordinated medium term notes	500,000	500,000	500,000	500,000
Expected loss provision #	283,783	212,507	283,783	212,507
Total Tier 2 capital	783,783	712,507	783,783	712,507
Total Capital	4,118,040	3,902,118	4,118,040	3,902,118
ii) The breakdown of risk-weighted assets:				
Credit risk	22,702,622	19,846,357	22,702,622	19,846,357
Market risk	200,484	123,659	200,484	123,659
Operational risk	1,255,781	1,152,829	1,255,781	1,152,829
Total risk-weighted assets	24,158,887	21,122,845	24,158,887	21,122,845
iii) Capital adequacy ratios:				
<u>With transitional arrangements</u>				
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%
<u>Without transitional arrangements</u>				
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	17.045%	17.985%	17.045%	17.985%

Qualifying loss provisions are restricted to allowances on the unimpaired portion of the financing and other financing.

* N/A - Not applicable since the transitional arrangement has ended on 31 December 2023.

In accordance with BNM's Guidelines on Investment Account, the credit and market risk weighted on the assets funded by the RIA are excluded from calculation of capital adequacy. As at 31 December 2024, RIA assets excluded from Total Capital Ratio calculation amounted to RM3,259.6 million (31 December 2023: RM3,572.1 million)

42 REVIEW OF PERFORMANCE OF THE BANK

Analysis of financial performance of current period-to-date vs. previous corresponding period-to-date

For the 12 months ended 31 December 2024, the Bank has recorded a Profit Before Tax ('PBT') of RM323.3 million. This represents an increase of 1.8%, or RM5.6 million, in comparison to the PBT of RM317.7 million reported in the previous corresponding period. The improvement in PBT is principally attributable to an increase in net financing income of RM104.5 million. This was offset by an increase in overhead expenses ('OPEX') of RM86.0 million and an increase in impairment losses of RM12.1 million.

For the 12 months ended 31 December 2024, the Bank shown an increase in its allowance for impairment losses to RM14.1 million from RM2.1 million registered in the previous corresponding period, which is an increase of RM12.1 million or >100%. OPEX registered an increase of RM86.0 million or 31.9% to RM356.1 million as compared to RM270.1 million in the previous corresponding period mainly due to higher personnel cost and establishment expenses by RM59.6 million and RM28.4 million

For the twelve-month period ended 31 December 2024, the Bank's net financing income increased to RM699.0 million as compared to the RM594.5 million recorded in the corresponding period last year due to substantial growth in Gross Financing.

During the twelve-month period ended 31 December 2024, the Bank registered a 14.4% growth in gross financing and other financing activities as compared to previous corresponding period ended 31 December 2023, reaching a total of RM33.4 billion. This is an increase from the RM29.2 billion reported in the same period of the preceding year. Customer deposits exhibited an expansion of 13.4%, to RM28.8 billion. This is attributed to an increase in the Current Account and Savings Account ('CASA') by RM1.9 million, which adjusted the CASA balance to RM10.2 billion from the RM8.4 billion recorded as of 31 December 2023.

CET 1 Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio were 11.7%, 13.8% and 17.0% respectively as at 31 December 2024.

Analysis of financial performance of current quarter vs. previous year's corresponding quarter

The Bank recorded a PBT of RM120.7 million for the current quarter ended 31 December 2024, an increase of RM21.6 million compared to RM99.0 million in the corresponding quarter last year. This increase was due to growth in net financing income of RM45.5 million and an increase in write-back for impairment losses of RM4.3 million. These were offset by rise in OPEX of RM28.1 million.

The Bank's write-back for impairment losses increased by RM4.3 million to RM23.8 million, as compared to a write-back of RM19.5 million in the previous corresponding quarter.

OPEX was RM96.5 million, an increase of RM28.1 million or 41.2% from RM68.4 million recorded in the previous corresponding quarter. The increase in overhead expenses was due to rise in personnel costs by RM27.3 million.

Analysis of financial performance of current quarter vs. immediate preceding quarter

The Bank recorded a PBT of RM120.7 million for the current quarter under review, higher by RM66.8 million against the preceding quarter ended 30 September 2024 of RM53.9 million, which was contributed by higher write-back of impairment losses by RM51.3 million and increase in net financing income of RM27.3 million, offset by higher overhead expenses of RM11.8 million.

43 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 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-capitalized, supported by adequate impairment buffers to cushion against moderate credit stress.

AFFIN ISLAMIC is focused on fulfilling the Group's AX28 Transformation Plan which will see the Bank playing a significant role in contributing to the Group profitability through its growth in financing and current account. Unrivalled Customer Service, Digital Leadership and Responsible Banking with Impact will continue to be the guiding principals in the Bank's strategies moving forward.

44 CREDIT EXPOSURES ARISING FROM TRANSACTIONS WITH CONNECTED PARTIES

The following credit exposures are based on Bank Negara Malaysia's revised Guidelines on Credit Transaction and Exposures with Connected Parties for Islamic Banks, which are effective 1 January 2008.

	Economic Entity and the Bank	
	31/12/2024	31/12/2023
i) The aggregate value of outstanding credit exposures with connected parties (RM'000)	1,467,953	1,106,460
ii) The percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	<u>3%</u>	<u>2%</u>
iii) The percentage of outstanding credit exposures with connected parties which is impaired or in default	<u>Nil</u>	<u>Nil</u>