

Affin Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Statements of Financial Position as at 30 June 2025

		Economic Entity		The Bank	
	Note	30/06/2025 RM'000	31/12/2024 RM'000	30/06/2025 RM'000	31/12/2024 RM'000
ASSETS					
Cash and short-term funds		3,101,946	2,442,382	3,101,946	2,442,382
Deposits and placements with banks and other financial institutions		500,172	-	500,172	-
Reverse repurchase agreements with financial institutions		198,306	-	198,306	-
Financial assets at fair value through profit or loss ('FVTPL')	13	1,172,434	451,582	1,172,434	451,582
Derivative financial instruments	14	43,904	25,387	43,904	25,387
Financial investments at fair value through other comprehensive income ('FVOCI')	15	3,045,721	3,940,222	3,045,721	3,940,222
Financial investments at amortised cost ('AC')	16	4,526,015	4,594,961	4,526,015	4,594,961
Financing and other financing	17	35,107,918	33,009,886	35,107,918	33,009,886
Other assets	18	202,778	174,366	202,778	174,366
Amount due from joint ventures	19	252	4,639	252	4,639
Tax recoverable		-	9,042	-	9,042
Deferred tax assets		30,602	39,640	30,602	39,640
Statutory deposits with Bank Negara Malaysia		319,000	539,000	319,000	539,000
Property and equipment		1,083	1,090	1,083	1,090
Intangible assets		949	1,004	949	1,004
Right-of-use assets		81	133	81	133
TOTAL ASSETS		48,251,161	45,233,334	48,251,161	45,233,334
LIABILITIES AND EQUITY					
Deposits from customers	20	33,140,310	28,762,862	33,140,310	28,762,862
Investment accounts of customers	21	531,660	757,600	531,660	757,600
Deposits and placements of banks and other financial institutions	22	2,375,253	4,164,774	2,375,253	4,164,774
Investment accounts due to designated financial institutions	23	2,723,643	3,262,300	2,723,643	3,262,300
Recourse obligation on financing sold to Cagamas Berhad		3,134,029	2,125,431	3,134,029	2,125,431
Derivative financial instruments	14	59,976	21,357	59,976	21,357
Other liabilities	24	367,655	256,624	367,655	256,624
Amount due to holding company		352,525	546,064	352,525	546,064
Provision for taxation		13,298	-	13,298	-
Lease liabilities	25	108	162	108	162
Subordinated and Senior Sukuk	26	2,428,180	2,368,791	2,428,180	2,368,791
TOTAL LIABILITIES		45,126,637	42,265,965	45,126,637	42,265,965
Share capital	27	1,310,000	1,310,000	1,310,000	1,310,000
Reserves	28	1,814,524	1,657,369	1,814,524	1,657,369
TOTAL EQUITY		3,124,524	2,967,369	3,124,524	2,967,369
TOTAL LIABILITIES AND EQUITY		48,251,161	45,233,334	48,251,161	45,233,334
COMMITMENTS AND CONTINGENCIES	39	13,698,324	12,635,865	13,698,324	12,635,865
CAPITAL ADEQUACY RATIOS	42				
CET 1 capital ratio		11.056%	11.732%	11.056%	11.732%
Tier 1 capital ratio		12.970%	13.801%	12.970%	13.801%
Total capital ratio		15.917%	17.045%	15.917%	17.045%
Net assets per share attributable to equity holders of the Bank (RM)		2.67	2.58	2.67	2.58

The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2024.

Affin Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Quarter Ended 30 June 2025

		Economic Entity Individual Quarter Ended		Economic Entity Cumulative Quarter Ended	
	Note	30/06/2025 RM'000	30/06/2024 RM'000	30/06/2025 RM'000	30/06/2024 RM'000
Income derived from investment of depositors' funds and others	30	498,420	398,667	962,897	801,019
Income derived from investment of investment accounts	31	42,127	46,695	90,465	95,967
Income derived from investment of shareholders' funds	32	45,423	38,152	88,866	76,306
Allowances for impairment losses on financing and other financing	33	(14,101)	(26,586)	(26,533)	(10,402)
Allowances for impairment losses on other assets	34	(6,484)	-	(6,484)	(32)
Total distributable income		565,385	456,928	1,109,211	962,858
Income attributable to the depositors and others	35	(330,315)	(275,502)	(645,489)	(551,416)
Income attributable to the investment account holders	36	(39,931)	(42,863)	(80,545)	(86,314)
Total net income		195,139	138,563	383,177	325,128
Other operating expenses	37	(96,798)	(87,043)	(197,765)	(174,986)
Profit before zakat and taxation		98,341	51,520	185,412	150,142
Zakat		-	(1,343)	-	(1,343)
Profit before taxation		98,341	50,177	185,412	148,799
Taxation		(24,576)	(14,153)	(47,926)	(39,495)
Net profit after zakat and taxation		73,765	36,024	137,486	109,304
Attributable to:					
Equity holders of the Bank		73,765	36,024	137,486	109,304
Earnings per share (sen):					
- Basic/Diluted	38	6.30	3.14	11.74	9.52

The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2024.

Affin Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Quarter Ended 30 June 2025

	Economic Entity Individual Quarter Ended		Economic Entity Cumulative Quarter Ended	
	30/06/2025	30/06/2024	30/06/2025	30/06/2024
	RM'000	RM'000	RM'000	RM'000
Profit after zakat and taxation	73,765	36,024	137,486	109,304
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Net fair value change in				
financial investments at FVOCI	37,599	(4,554)	53,943	(4,382)
Net credit impairment loss change in				
financial investments at FVOCI	93	69	129	163
Realised gain transferred to statement of income on disposal (debt instruments)	(23,778)	(608)	(27,405)	(2,048)
Deferred tax on				
financial investments at FVOCI	(3,899)	861	(7,568)	1,258
Other comprehensive income / (loss) for the financial period, net of tax	10,015	(4,232)	19,099	(5,009)
Total comprehensive income for the financial period	83,780	31,792	156,585	104,295
Total comprehensive income for the financial period attributable to:				
Equity holders of the Bank	83,780	31,792	156,585	104,295

The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2024.

Affin Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Quarter Ended 30 June 2025

		The Bank Individual Quarter Ended		The Bank Cumulative Quarter Ended	
	Note	30/06/2025 RM'000	30/06/2024 RM'000	30/06/2025 RM'000	30/06/2024 RM'000
Income derived from investment of depositors' funds and others	30	498,420	398,667	962,897	801,019
Income derived from investment of investment accounts	31	42,127	46,695	90,465	95,967
Income derived from investment of shareholders' funds	32	45,423	38,152	88,866	76,306
Allowances for impairment losses on financing and other financing	33	(14,101)	(26,586)	(26,533)	(10,402)
Allowances for impairment losses on other assets	34	(6,484)	-	(6,484)	(32)
Total distributable income		565,385	456,928	1,109,211	962,858
Income attributable to the depositors and others	35	(330,315)	(275,502)	(645,489)	(551,416)
Income attributable to the investment account holders	36	(39,931)	(42,863)	(80,545)	(86,314)
Total net income		195,139	138,563	383,177	325,128
Other operating expenses	37	(96,798)	(87,043)	(197,765)	(174,986)
Profit before zakat and taxation		98,341	51,520	185,412	150,142
Zakat		-	(1,343)	-	(1,343)
Profit before taxation		98,341	50,177	185,412	148,799
Taxation		(24,576)	(14,153)	(47,926)	(39,495)
Net profit after zakat and taxation		73,765	36,024	137,486	109,304
Attributable to:					
Equity holders of the Bank		73,765	36,024	137,486	109,304
Earnings per share (sen):					
- Basic/Diluted	38	11.74	9.52	11.74	9.52

The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2024.

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Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Quarter Ended 30 June 2025

	The Bank Individual Quarter Ended		The Bank Cumulative Quarter Ended	
	30/06/2025	30/06/2024	30/06/2025	30/06/2024
	RM'000	RM'000	RM'000	RM'000
Profit after zakat and taxation	73,765	36,024	137,486	109,304
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
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Total comprehensive income for the financial period	83,780	31,792	156,585	104,295
Total comprehensive income for the financial period attributable to:				
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The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2024.

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Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Statements of Changes In Equity for the Financial Quarter Ended 30 June 2025

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 2025	1,310,000	(1,463)	92,468	1,001	1,565,363	2,967,369
Net profit for the financial period	-	-	-	-	137,486	137,486
Other comprehensive income (net of tax)						
- Financial investments at FVOCI	-	19,099	-	-	-	19,099
Total comprehensive income for the financial period	-	19,099	-	-	137,486	156,585
Share grant scheme granted	-	-	-	570	-	570
Transfer to regulatory reserves	-	-	28,000	-	(28,000)	-
At 30 June 2025	1,310,000	17,636	120,468	1,571	1,674,849	3,124,524

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 period	-	-	-	-	109,304	109,304
Other comprehensive income (net of tax)						
- Financial investments at FVOCI	-	(5,009)	-	-	-	(5,009)
Total comprehensive income for the financial period	-	(5,009)	-	-	109,304	104,295
Issued during the financial period	100,000	-	-	-	-	100,000
Share grant payment granted	-	-	-	268	-	268
Transfer to regulatory reserves	-	-	45,999	-	(45,999)	-
At 30 June 2024	1,310,000	6,443	92,468	482	1,438,625	2,848,018

The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2024.

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Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Statements of Changes In Equity for the Financial Quarter Ended 30 June 2025

	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 2025	1,310,000	(1,463)	92,468	1,001	1,565,363	2,967,369
Net profit for the financial period	-	-	-	-	137,486	137,486
Other comprehensive income (net of tax)						
- Financial investments at FVOCI	-	19,099	-	-	-	19,099
Total comprehensive income for the financial period	-	19,099	-	-	137,486	156,585
Share grant scheme granted	-	-	-	570	-	570
Transfer to regulatory reserves	-	-	28,000	-	(28,000)	-
At 30 June 2025	1,310,000	17,636	120,468	1,571	1,674,849	3,124,524

	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 period	-	-	-	-	109,304	109,304
Other comprehensive income (net of tax)						
- Financial investments at FVOCI	-	(5,009)	-	-	-	(5,009)
Total comprehensive income for the financial period	-	(5,009)	-	-	109,304	104,295
Issued during the financial period	100,000	-	-	-	-	100,000
Share grant payment granted	-	-	-	268	-	268
Transfer to regulatory reserves	-	-	45,999	-	(45,999)	-
At 30 June 2024	1,310,000	6,443	92,468	482	1,438,625	2,848,018

The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2024.

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Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Statements of Cash Flow for the Financial Quarter Ended 30 June 2025

	Economic Entity		The Bank	
	30/06/2025	30/06/2024	30/06/2025	30/06/2024
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	185,412	148,799	185,412	148,799
Adjustments for items not involving the movement of cash and cash equivalents	(65,508)	(40,071)	(65,508)	(40,071)
Operating profit before changes in working capital	119,904	108,728	119,904	108,728
Net changes in operating assets	(2,923,067)	(770,598)	(2,923,067)	(770,598)
Net changes in operating liabilities	1,934,291	421,817	1,934,291	421,817
Tax and Zakat paid	(24,116)	(44,154)	(24,116)	(44,154)
Net cash used in operating activities	(892,988)	(284,207)	(892,988)	(284,207)
CASH FLOWS FROM INVESTING ACTIVITIES				
Finance income and profit received from:				
- financial investments at FVOCI	55,812	34,851	55,812	34,851
- financial investments at AC	79,289	87,464	79,289	87,464
Purchase of:				
- financial investments at FVOCI	(1,437,808)	(1,850,260)	(1,437,808)	(1,850,260)
- financial investments at AC	(34,800)	-	(34,800)	-
Redemption/Disposal of:				
- financial investments at FVOCI	2,289,402	280,532	2,289,402	280,532
- financial investments at AC	95,041	25,561	95,041	25,561
Purchase of:				
- property and equipment	(41)	(247)	(41)	(247)
- intangible assets	(1)	(3)	(1)	(3)
Net cash generated from/(used in) investing activities	1,046,894	(1,422,102)	1,046,894	(1,422,102)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance in Subordinated and Senior Sukuk	63,765	-	63,765	-
Issuance of new shares	-	100,000	-	100,000
Redemption in Subordinated and Senior Sukuk	(5,000)	-	(5,000)	-
Addition of recourse obligation on financing sold to Cagamas Berhad	999,998	-	999,998	-
Profit payment from recourse obligation on financing sold to Cagamas Berhad	(41,092)	(23,879)	(41,092)	(23,879)
Profit payment from Subordinated and Senior Sukuk	(54,432)	(54,433)	(54,432)	(54,433)
Lease payments	(57)	(247)	(57)	(247)
Net cash generated from financing activities	963,182	21,441	963,182	21,441
Net increase/(decrease) in cash and cash equivalents	1,117,088	(1,684,868)	1,117,088	(1,684,868)
Effects of foreign exchange	42,648	(1,706)	42,648	(1,706)
Cash and cash equivalents at beginning of the financial year	2,442,382	3,161,757	2,442,382	3,161,757
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	3,602,118	1,475,183	3,602,118	1,475,183
CASH AND CASH EQUIVALENTS COMPRISE:				
Cash and short-term funds	3,101,946	1,124,310	3,101,946	1,124,310
Deposits and placements with banks and other financial institutions	500,172	350,873	500,172	350,873
	3,602,118	1,475,183	3,602,118	1,475,183

The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2024.

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 2025:

Amendments to MFRS 121 'Lack of Exchangeability'

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.

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 quarter 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 quarter 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 period other than the following:

Issuance/ Redemption	Issuance Date	First Call Date	Maturity Date	Nominal Value	Description	Tenure
Issuance	27 March 2025	Not applicable	25 September 2025	RM65.0 million	Islamic Commercial Paper	182 days
Redemption	27 September 2024	Not applicable	27 March 2025	RM5.0 million	Islamic Commercial Paper	181 days

8 DIVIDENDS PAID

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

9 SUBSEQUENT MATERIAL EVENTS

There is no material subsequent event after the financial period 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 period under review.

11 PURCHASE AND SALE OF QUOTED SECURITIES

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

12 STATUS OF CORPORATE PROPOSAL

There is no corporate proposal reported during the financial period under review.

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

	Economic Entity and The Bank	
	30/06/2025	31/12/2024
	RM'000	RM'000
At fair value		
<u>Money market instruments</u>		
Malaysian Government investment issues	1,009,855	392,859
<u>Unquoted securities</u>		
Commercial paper	29,383	-
Corporate Sukuk in Malaysia	61,125	45,300
Corporate Sukuk outside Malaysia	72,071	13,423
	1,172,434	451,582

14 DERIVATIVE FINANCIAL INSTRUMENTS

	Economic Entity and The Bank					
	30/06/2025			31/12/2024		
	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	1,284,863	23,595	25,072	787,659	5,280	5,328
- Currency options	103,905	839	839	17,943	42	42
Profit rate derivatives:						
- Profit rate swap	1,265,681	9,930	13,137	1,325,887	11,213	6,654
<u>Hedging Derivatives</u>						
Profit rate derivatives:						
- Profit rate swap	1,224,235	9,540	20,928	867,286	8,852	9,333
	3,878,684	43,904	59,976	2,998,775	25,387	21,357

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

	Economic Entity and The Bank	
	30/06/2025	31/12/2024
	RM'000	RM'000
At fair value		
<u>Money market instruments</u>		
Malaysian Government investment issues	628,628	1,204,132
Cagamas Sukuk	337,139	181,585
	965,767	1,385,717
 <u>Unquoted securities</u>		
Commercial paper	-	29,838
Corporate Sukuk in Malaysia	1,205,888	1,743,469
Corporate Sukuk outside Malaysia	874,066	781,198
	3,045,721	3,940,222

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				
30/06/2025				
At beginning of the financial year	429	-	-	429
Financial assets derecognised (other than write-off)	(109)	-	-	(109)
New financial assets originated or purchased	245	-	-	245
Changes due to change in credit risk	22	-	-	22
Other adjustments				
- Foreign exchange and other movements	(29)	-	-	(29)
At end of the financial period	558	-	-	558
 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

16 FINANCIAL INVESTMENTS AT AMORTISED COST ('AC')

	Economic Entity and The Bank	
	30/06/2025	31/12/2024
	RM'000	RM'000
At amortised cost		
<u>Money market instruments</u>		
Malaysian Government investment issues	2,362,564	2,370,750
Cagamas Sukuk	10,073	10,074
<u>Unquoted securities</u>		
Corporate Sukuk in Malaysia	2,154,247	2,218,096
	4,526,884	4,598,920
Fair value changes arising from fair value hedges	2,817	(313)
Less: Expected Credit Losses ('ECL')	(3,686)	(3,646)
	4,526,015	4,594,961

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 30/06/2025				
At beginning of the financial year	3,645	1	-	3,646
New financial assets originated or purchased	50	-	-	50
Financial assets derecognised (other than write-off)	(51)	-	-	(51)
Changes due to change in credit risk	41	-	-	41
At end of the financial period	3,685	1	-	3,686
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
Change due to change in credit risk	(2,659)	(4)	-	(2,663)
At end of the financial year	3,645	1	-	3,646

17 FINANCING AND OTHER FINANCING

(i) By type

	Economic Entity and The Bank	
	30/06/2025	31/12/2024
	RM'000	RM'000
Cash Line-i	1,057,646	856,320
Term financing		
- House financing	10,362,522	10,342,543
- Hire purchase receivables	8,704,891	7,882,486
- Syndicated financing	1,713,365	1,151,080
- Other term financing	10,995,365	10,405,745
Bills receivables	256,182	136,133
Trust receipts	23,091	22,354
Claims on customers under acceptances credits	1,406,048	1,239,055
Staff financing (of which RM Nil to Directors)	145,259	140,107
Credit/charge cards	106,184	94,064
Revolving credit	715,342	1,135,577
Gross financing and other financing	35,485,895	33,405,464
Less: ECL	(377,977)	(395,578)
Total net financing and other financing	35,107,918	33,009,886

Included in other term financing before expected credit losses as at reporting date is RM22.7 million (31 December 2024: RM57.7 million) of term financing disbursed by the Bank to a joint venture company Affin-i Nadayu Sdn Bhd.

(ii) By maturity structure

	Economic Entity and The Bank	
	30/06/2025	31/12/2024
	RM'000	RM'000
Maturing within one year	4,198,100	4,210,156
One year to three years	1,159,329	1,086,796
Three years to five years	2,456,945	2,238,380
Over five years	27,671,521	25,870,132
	35,485,895	33,405,464

17 FINANCING AND OTHER FINANCING (continued)

(iii) By contract

Economic Entity and The Bank	Ijarah		Al-Ijarah		Musyarakah		Istisna'	Others	Total
	Al-Bai Bithaman Ajil	Muntahiyah Bitamlik	Al-Bai Thumma	Murabahah	Tawarruq	Mutanaqisah			
30/06/2025	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash Line-i	-	-	-	-	1,051,255	-	-	6,391	1,057,646
Term financing									
- House financing	409,216	-	-	-	502,378	9,450,928	-	-	10,362,522
- Hire purchase receivables	-	-	8,704,891	-	-	-	-	-	8,704,891
- Syndicated financing	-	158,738	-	-	1,554,627	-	-	-	1,713,365
- Other term financing	35,036	388,003	-	37,796	8,920,622	1,144,534	469,374	-	10,995,365
Bills receivables	-	18,026	-	77,521	-	-	-	160,635	256,182
Trust receipts	-	-	-	23,091	-	-	-	-	23,091
Claims on customers under acceptances credits	-	-	-	1,406,048	-	-	-	-	1,406,048
Staff financing	1,514	-	-	33,535	54,292	55,918	-	-	145,259
Credit/charge cards	-	-	-	-	106,184	-	-	-	106,184
Revolving credit	-	-	-	-	715,342	-	-	-	715,342
Gross financing and other financing	445,766	564,767	8,704,891	1,577,991	12,904,700	10,651,380	469,374	167,026	35,485,895

Economic Entity and The Bank	Ijarah		Al-Ijarah		Musyarakah		Istisna'	Others	Total
	Al-Bai Bithaman Ajil	Muntahiyah Bitamlik	Al-Bai Thumma	Murabahah	Tawarruq	Mutanaqisah			
31/12/2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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

17 FINANCING AND OTHER FINANCING (continued)

		Economic Entity and The Bank	
		30/06/2025	31/12/2024
		RM'000	RM'000
(iv) <u>By type of customer</u>			
Domestic non-banking institutions			
- Others		161,150	69,833
Domestic business enterprises			
- Small medium enterprises		3,215,030	3,049,935
- Others		5,948,187	5,455,128
Government and statutory bodies		399,606	793,374
Individuals		25,678,494	23,945,902
Other domestic entities		6,052	6,411
Foreign entities		77,376	84,881
		35,485,895	33,405,464
(v) <u>By profit rate sensitivity</u>			
Fixed rate			
- House financing		67,534	62,426
- Hire purchase receivables		7,868,845	7,229,190
- Other fixed rate financing		355,005	888,718
Variable rate			
- Base funding rate and base rate plus		13,590,593	13,573,561
- Cost plus		3,581,852	3,394,736
- Other variable rate		10,022,066	8,256,833
		35,485,895	33,405,464
(vi) <u>By economic sector</u>			
Primary agriculture		883,706	740,541
Mining and quarrying		31,652	57,711
Manufacturing		1,497,743	1,453,467
Electricity, gas and water supply		520,642	413,422
Construction		1,105,968	1,032,926
Real estate		1,183,262	1,083,425
Wholesale & retail trade and restaurants & hotels		1,713,866	1,615,149
Transport, storage and communication		1,126,930	1,100,753
Finance, takaful and business services		732,136	522,286
Education, health & others		945,760	1,379,631
Household		25,743,141	24,005,671
Others		1,089	482
		35,485,895	33,405,464
(vii) <u>By economic purpose</u>			
Purchase of securities		2,300,207	1,803,171
Purchase of transport vehicles		9,008,818	8,175,018
Purchase of landed properties of which:			
- Residential		10,505,636	10,494,116
- Non-residential		2,106,632	2,062,814
Fixed assets other than land and building		252,092	257,065
Personal use		4,690,311	4,131,880
Credit/charge cards		106,185	94,064
Consumer durable		238	306
Construction		832,338	831,675
Merger & acquisition		88,178	-
Working capital		4,960,930	4,805,327
Others		634,330	750,028
		35,485,895	33,405,464

17 FINANCING AND OTHER FINANCING (continued)

	Economic Entity and The Bank	
	30/06/2025	31/12/2024
	RM'000	RM'000
(viii) <u>By geographical distribution</u>		
Perlis	145,804	136,351
Kedah	1,862,510	1,676,660
Pulau Pinang	1,792,923	1,880,878
Perak	1,453,549	1,284,809
Selangor	11,676,109	10,713,670
Wilayah Persekutuan	5,820,016	6,048,256
Negeri Sembilan	1,780,130	1,680,510
Melaka	690,057	633,483
Johor	4,267,236	3,897,058
Pahang	1,347,679	1,274,129
Terengganu	1,083,757	1,030,302
Kelantan	914,987	842,698
Sarawak	1,378,870	1,095,593
Sabah	1,089,576	1,013,139
Labuan	180,704	196,098
Outside Malaysia	1,988	1,830
	35,485,895	33,405,464

(ix) Movements of impaired financing

	Economic Entity and The Bank	
	30/06/2025	31/12/2024
	RM'000	RM'000
At beginning of the financial period/year	305,850	220,978
Classified as impaired	224,129	474,586
Reclassified as non-impaired	(131,371)	(239,033)
Amount recovered	(15,840)	(81,586)
Amount written-off	(57,237)	(69,095)
At end of the financial period/year	325,531	305,850
Ratio of gross impaired financing and other financing to gross financing and other financing*	0.96%	0.98%

* For the Bank, Restricted Investment Account ('RIA') amounting to RM2,715.4 million (31 December 2024: RM3,259.6 million) with impaired financing amounting to RM11.4 million (31 December 2024: RM11.4 million), were excluded from the ratio calculation.

The outstanding contractual amounts of such assets written-off during the quarter ended 30 June 2025 for the Bank was RM57.2 million (2024: RM69.1 million).

17 FINANCING AND OTHER FINANCING (continued)

		Economic Entity and The Bank	
		30/06/2025	31/12/2024
		RM'000	RM'000
(x)	<u>Impaired financing by economic sectors</u>		
	Primary agriculture	46	176
	Manufacturing	7,097	6,425
	Electricity, gas and water supply	-	42
	Construction	22,823	28,255
	Real estate	12,763	15,414
	Wholesale & retail trade and restaurants & hotels	44,314	46,547
	Transport, storage and communication	7,836	7,185
	Finance, takaful and business services	13,151	13,896
	Education, health and others	1,571	2,297
	Household	215,930	185,613
		325,531	305,850
(xi)	<u>Impaired financing by economic purpose</u>		
	Purchase of securities	267	173
	Purchase of transport vehicles	46,294	38,328
	Purchase of landed properties of which:		
	- Residential	153,357	131,939
	- Non-residential	34,472	37,676
	Personal use	21,296	16,906
	Credit card	532	228
	Working capital	68,326	79,842
	Others	987	758
		325,531	305,850
(xii)	<u>Impaired financing by geographical distribution</u>		
	Perlis	4,267	3,894
	Kedah	25,307	23,692
	Pulau Pinang	15,372	14,981
	Perak	10,525	10,569
	Selangor	130,561	124,461
	Wilayah Persekutuan	62,440	53,622
	Negeri Sembilan	16,871	14,074
	Melaka	8,056	13,279
	Johor	22,913	24,274
	Pahang	8,397	6,836
	Terengganu	3,094	3,450
	Kelantan	10,775	8,720
	Sarawak	1,364	525
	Sabah	5,475	3,473
	Labuan	114	-
		325,531	305,850

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	
30/06/2025	Stage 1	not credit	credit	Total
	RM'000	impaired	impaired	RM'000
		Stage 2	Stage 3	
		RM'000	RM'000	
At beginning of the financial year	64,380	216,903	114,295	395,578
Total transfer between stages due to change in credit risk:	(573,854)	593,650	(19,796)	-
- Transfer to 12-month ECL (Stage 1)	31,799	(26,868)	(4,931)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(605,631)	630,986	(25,355)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(22)	(10,468)	10,490	-
Financing derecognised (other than write-off)	(8,037)	(612,449)	(728)	(621,214)
New financing originated or purchased	616,916	-	-	616,916
Changes due to change in credit risk	(31,723)	378	50,806	19,461
Write-off	-	-	(36,013)	(36,013)
Other adjustments	(14)	(4)	3,267	3,249
At end of the financial period	67,668	198,478	111,831	377,977

Economic Entity and The Bank	ECL	Lifetime ECL	Lifetime ECL	
31/12/2024	Stage 1	not credit	credit	Total
	RM'000	impaired	impaired	RM'000
		Stage 2	Stage 3	
		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

18 OTHER ASSETS

	Economic Entity and The Bank	
	30/06/2025	31/12/2024
	RM'000	RM'000
Other debtors	52,934	65,106
Deposits and prepayments	87,011	76,208
Cheque clearing accounts	66,926	37,145
Foreclosed properties (i)	2,823	2,823
Less: Expected credit losses (ii)	(6,916)	(6,916)
	202,778	174,366
(i) Foreclosed properties		
At beginning of the financial period/year	2,823	13,415
Disposal	-	(10,592)
At end of the financial period/year	2,823	2,823
(ii) Movement in expected credit losses		
At beginning of the financial period/year	6,916	-
Allowance made	-	16,800
Amount written-back	-	(9,884)
At end of the financial period/year	6,916	6,916

19 AMOUNT DUE FROM JOINT VENTURES

	Economic Entity and The Bank	
	30/06/2025	31/12/2024
	RM'000	RM'000
Advances to joint ventures	49,351	47,254
Less: Expected credit losses	(49,099)	(42,615)
	252	4,639
Movements in expected credit losses		
At beginning of the financial period/year	42,615	52,467
Charge during the financial period/year	6,484	32
Other adjustment	-	(9,884)
At end of the financial period/year	49,099	42,615

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

20 DEPOSITS FROM CUSTOMERS

		Economic Entity and The Bank	
		30/06/2025	31/12/2024
		RM'000	RM'000
(i)	<u>By type of deposit</u>		
	Qard		
	Demand deposits	7,108,719	6,879,112
	Savings deposits	804,363	786,248
		7,913,082	7,665,360
	Mudarabah		
	General investment deposits	27,660	27,660
	Tawarruq		
	Murabahah term deposits	22,504,979	17,947,587
	Commodity Murabahah	683,052	576,349
	Savings deposits	865,847	1,373,544
	Demand deposit	1,145,690	1,172,362
		25,199,568	21,069,842
		33,140,310	28,762,862
(ii)	<u>By maturity structure of Murabahah term deposits and general investment deposits</u>		
	Due within six months	14,847,715	12,279,457
	Six months to one year	7,675,253	5,680,841
	One year to three years	9,525	14,635
	Three years to five years	146	314
		22,532,639	17,975,247
(iii)	<u>By type of customer</u>		
	Government and statutory bodies	10,152,584	9,160,954
	Business enterprises	9,423,391	8,612,294
	Individuals	12,402,117	9,563,299
	Domestic banking institutions	289,814	500
	Domestic non-banking financial institutions	164,901	895,545
	Foreign entities	261,286	180,485
	Others entities	446,217	349,785
		33,140,310	28,762,862

21 INVESTMENT ACCOUNTS OF CUSTOMERS

		Economic Entity and The Bank	
		30/06/2025	31/12/2024
		RM'000	RM'000
(i)	<u>By type of deposit</u>		
	Mudarabah	531,660	757,600
(ii)	<u>By maturity structure</u>		
	Due within six months	281,450	755,891
	Six months to one year	250,210	1,709
		531,660	757,600
(iii)	<u>By type of customer</u>		
	Individuals	493,772	-
	Corporate	30,709	754,503
	Other entities	7,179	3,097
		531,660	757,600
(iv)	<u>By contract</u>		
	Business Term Financing	531,660	757,600
(v)	<u>Movements in investment accounts</u>		
	At beginning of the financial period/year	757,600	359
	New placement	513,649	757,600
	Redemption	(779,662)	(357)
	Finance expense	50,975	3
	Profit distributed	(10,902)	(5)
	At end of the financial period/year	531,660	757,600
Of which Term Investment Account-I ('TIA') investment asset:			
Personal financing		531,660	757,600

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

		Economic Entity and The Bank	
		30/06/2025	31/12/2024
		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	5.30
		85	5.56

22 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

		Economic Entity and The Bank	
		30/06/2025	31/12/2024
		RM'000	RM'000
Tawarruq			
	Licensed banks	577,113	362,533
	Licensed investment banks	-	132,010
	Other financial institutions	1,798,140	3,670,231
		2,375,253	4,164,774
Maturity structure of deposits			
	Due within six months	2,375,253	3,611,694
	Six months to one year	-	553,080
		2,375,253	4,164,774

23 INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	Economic Entity and The Bank	
	30/06/2025	31/12/2024
	RM'000	RM'000
Mudarabah		
Licensed banks	2,723,643	3,262,300
	Economic Entity and The Bank	
	30/06/2025	31/12/2024
	RM'000	RM'000
Movements in investment accounts		
At beginning of the financial year	3,262,300	3,579,578
New placement	310,373	346,460
Redemption	(836,593)	(666,611)
Finance expense on Restricted Investment Account ('RIA')	78,532	206,623
Profit distributed	(80,847)	(167,897)
Exchange differences	(10,122)	(35,853)
At end of the financial period/year	2,723,643	3,262,300

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

	Economic Entity and The Bank			
	30/06/2025		31/12/2024	
	Average PSR %	Average ROR %	Average PSR %	Average ROR %
<u>Due within:</u>				
One month	85	4.92	74	4.89
One to three months	85	4.69	90	5.31
Three to six months	93	6.33	63	4.83
Six months to one year	82	4.96	88	4.82
One year to three years	93	5.72	84	5.65
Three years to five years	85	5.33	92	5.66
Five years and above	85	4.92	85	4.93

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 RM2,723.6 million (31 December 2024: RM3,262.3 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	
	30/06/2025	31/12/2024
	RM'000	RM'000
Bank Negara Malaysia and Credit Guarantee Corporation Funding programmes	37,937	21,376
Margin and collateral deposits	28,233	26,376
Other creditors and accruals	49,664	49,596
Sundry creditors	178,171	56,958
Structured Investment Product	58,163	-
Provision for zakat	2,277	3,965
Defined contribution plan (i)	1,354	2,044
Accrued employee benefits	1,039	4,632
Charity funds (ii)	48	42
Unearned income	5,617	86,550
Expected credit losses: Financing commitments and financial kafalah (iii)	5,152	5,085
	367,655	256,624

(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	
	30/06/2025	31/12/2024
	RM'000	RM'000
(ii) Charity funds		
At beginning of the financial period/year	42	16
<u>Sources of charity funds</u>		
- Non-Islamic/prohibited income	3	60
- Affin Barakah Charity Account-i	3	9
<u>Uses of charity funds</u>		
- Contribution to non-profit organisation	-	(10)
- Contribution to program/event	-	(33)
	-	(43)
At end of the financial period/year	48	42

The source of charity funds were from the following categories:

- Sources from Shariah non-compliant events.
- Affin Barakah Charity Account-i refers to a savings account with element of "Save and Donate" by transferring the earned profit to charity with the flexibility to change the percentage of contribution agreed by the depositor.
- 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')

	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				
30/06/2025				
At beginning of the financial year	2,726	1,269	1,090	5,085
Net remeasurement of loss allowance	184	413	(907)	(310)
New financing commitments/financial kafalah	1,010	178	-	1,188
Financing commitment/financial kafalah derecognised	(536)	(214)	(61)	(811)
At end of the financial period	3,384	1,646	122	5,152
Economic Entity and the Bank				
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 and 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

25 LEASE LIABILITIES

	Economic Entity and The Bank	
	30/06/2025	31/12/2024
	RM'000	RM'000
At beginning of financial period/year	162	271
Finance expense	2	7
Lease payment	(56)	(116)
At end of the financial period/year	108	162

26 SUBORDINATED AND SENIOR SUKUK

	Economic Entity and The Bank	
	30/06/2025	31/12/2024
	RM'000	RM'000
(a) Medium Term Notes Tier-2 Sukuk Murabahah ('MTN Tier-2 Sukuk Murabahah')	505,113	505,178
(b) Additional Tier-1 Sukuk Wakalah ('AT1S')	505,808	505,808
(c) Senior Sukuk	1,352,849	1,352,849
(d) Islamic Commercial Paper ('ICP')	64,410	4,956
	2,428,180	2,368,791

(a) 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) 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 an ICP of RM5.0 million for a tenure of 181 days from the issue date, at a profit rate of 3.70%. The ICP of RM5.0 million was fully redeemed on 27 March 2025.

On 27 March 2025, the Bank issued another tranche of ICP of RM65.0 million for a tenure of 182 days from the issue date, at a profit rate of 3.81%. 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			
	30/06/2025	31/12/2024	30/06/2025	31/12/2024
	Number of ordinary shares		RM'000	
	('000)		RM'000	
Ordinary share issued and fully paid:				
At beginning of the financial year	1,171,515	1,128,807	1,310,000	1,210,000
Issued during the financial year	-	42,708	-	100,000
At end of the financial period/year	1,171,515	1,171,515	1,310,000	1,310,000

During the financial quarter ended 30 June 2025, there were no new ordinary shares were issued.

28 RESERVES

	Economic Entity		The Bank	
	30/06/2025	31/12/2024	30/06/2025	31/12/2024
	RM'000	RM'000	RM'000	RM'000
Retained profits	1,674,849	1,565,363	1,674,849	1,565,363
FVOCI revaluation reserves (a)	17,636	(1,463)	17,636	(1,463)
Regulatory reserves (b)	120,468	92,468	120,468	92,468
Other reserves (c)	1,571	1,001	1,571	1,001
	1,814,524	1,657,369	1,814,524	1,657,369

- (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) Included in these other reserves is the capital contribution made by the holding company in relation to Long Term Incentive Plan ('LTIP').

29 INCOME FROM ISLAMIC BANKING BUSINESS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended	30/06/2024	Cumulative Quarter Ended	30/06/2024
	30/06/2025	30/06/2024	30/06/2025	30/06/2024
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	498,420	398,667	962,897	801,019
Income derived from investment of investment account funds	42,127	46,695	90,465	95,967
Income derived from investment of shareholders' funds	45,423	38,152	88,866	76,306
Income attributable to depositors and others	(330,315)	(275,502)	(645,489)	(551,416)
Income attributable to investment account holders	(39,931)	(42,863)	(80,545)	(86,314)
	215,724	165,149	416,194	335,562

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	
	30/06/2025	30/06/2024	30/06/2025	30/06/2024
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
- General investment deposits (i)	306,982	247,666	585,251	494,710
- Other deposits (ii)	191,438	151,001	377,646	306,309
	498,420	398,667	962,897	801,019

(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	
	30/06/2025	30/06/2024	30/06/2025	30/06/2024
	RM'000	RM'000	RM'000	RM'000
Finance income and profit				
Financing and other financing	229,451	192,711	437,659	377,655
Financial investments at FVOCI	20,859	12,522	42,456	22,888
Financial investments at AC	23,744	22,284	46,165	44,384
Money at call and deposit placements with financial institution	6,492	8,796	11,391	21,959
	280,546	236,313	537,671	466,886
Accretion of discount less amortisation of premium	(3,314)	(2,942)	(6,702)	(5,975)
Total finance income and profit	277,232	233,371	530,969	460,911
Other operating income				
Fee income:				
Commission	3,580	3,395	8,201	6,676
Service charges and fees	2,449	1,592	4,078	3,063
Kafalah fees	591	578	2,066	1,324
	6,620	5,565	14,345	11,063
Fee and comission paid	(15)	(14)	(31)	(47)
Income from financial instruments:				
Gain arising on financial assets at FVTPL				
- net gain on disposal	1,803	99	2,312	99
- unrealised gain	-	208	-	208
- finance income	6,434	245	10,164	1,362
Net gain on revaluation of derivative				
- realised	424	394	1,062	830
- unrealised	(6,455)	242	(9,687)	2,601
Gain on sale of financial investments at FVOCI	12,226	315	14,041	1,041
Unrealised gain on fair value changes arising from fair value hedges	2,576	942	4,055	1,322
	17,008	2,445	21,947	7,463
Other income:				
Foreign exchange profit/(loss)				
- realised	3,907	4,791	12,659	8,918
- unrealised	(371)	(353)	(732)	867
Other non-operating income	2,601	1,861	6,094	5,535
	6,137	6,299	18,021	15,320
Total income derived from investment of general investment deposits	306,982	247,666	585,251	494,710

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		Cumulative Quarter Ended	
	30/06/2025	30/06/2024	30/06/2025	30/06/2024
	RM'000	RM'000	RM'000	RM'000
Finance income and profit				
Financing and other financing	143,085	117,565	282,412	233,833
Financial investments at FVOCI	12,944	7,655	27,396	14,171
Financial investments at AC	14,785	13,587	29,789	27,481
Money at call and deposit placements with financial institution	4,072	5,321	7,350	13,596
	<u>174,886</u>	<u>144,128</u>	<u>346,947</u>	<u>289,081</u>
Accretion of discount less amortisation of premium	(2,058)	(1,793)	(4,325)	(3,700)
Total finance income and profit	<u>172,828</u>	<u>142,335</u>	<u>342,622</u>	<u>285,381</u>
Other operating income				
Fee income:				
Commission	2,200	2,071	5,292	4,133
Service charges and fees	1,541	972	2,631	1,897
Kafalah fees	346	351	1,333	820
	<u>4,087</u>	<u>3,394</u>	<u>9,256</u>	<u>6,850</u>
Fee and comission paid	(9)	(8)	(20)	(29)
Income from financial instruments:				
Gain arising on financial assets at FVTPL				
- net gain on disposal	1,151	(642)	1,492	61
- unrealised gain	1,060	129	2,030	129
- finance income	3,003	843	4,529	843
Net gain on revaluation of derivative				
- realised	272	221	683	536
- unrealised	(4,103)	146	(6,250)	1,588
Gain on sale of financial investments at FVOCI	7,847	188	9,061	645
Unrealised gain on fair value changes arising from fair value hedges	<u>1,627</u>	<u>580</u>	<u>2,616</u>	<u>819</u>
	<u>10,857</u>	<u>1,465</u>	<u>14,161</u>	<u>4,621</u>
Other income:				
Foreign exchange profit/(loss)				
- realised	2,311	2,928	8,168	5,522
- unrealised	(231)	(230)	(473)	537
Other non-operating income	1,595	1,117	3,932	3,427
	<u>3,675</u>	<u>3,815</u>	<u>11,627</u>	<u>9,486</u>
Total income derived from investment of other deposits	<u>191,438</u>	<u>151,001</u>	<u>377,646</u>	<u>306,309</u>

31 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 30/06/2025	30/06/2024	Cumulative Quarter Ended 30/06/2025	30/06/2024
	RM'000	RM'000	RM'000	RM'000
Finance income and profit				
Financing and other financing	31,483	36,374	67,651	73,260
Financial investments at FVOCI	2,811	2,373	6,563	4,440
Financial investments at AC	3,241	4,202	7,136	8,610
Money at call and deposit placements with financial institution	910	1,635	1,761	4,260
	<u>38,445</u>	<u>44,584</u>	<u>83,111</u>	<u>90,570</u>
Accretion of discount less amortisation of premium	(448)	(554)	(1,036)	(1,159)
Total finance income and profit	<u>37,997</u>	<u>44,030</u>	<u>82,075</u>	<u>89,411</u>
Other operating income				
Fee income:				
Commission	465	641	1,268	1,295
Service charges and fees	347	301	630	594
Kafalah fees	63	108	319	257
	<u>875</u>	<u>1,050</u>	<u>2,217</u>	<u>2,146</u>
Fee and comission paid	(2)	(2)	(5)	(9)
Income from financial instruments:				
Gain arising on financial assets at FVTPL				
- net gain on disposal	269	(204)	357	19
- unrealised gain	234	40	486	40
- finance income	689	264	1,085	264
Net gain on revaluation of derivative				
- realised	66	74	164	260
- unrealised	(948)	35	(1,497)	406
Gain on sale of financial investments at FVOCI	1,855	57	2,170	202
Unrealised gain on fair value changes arising from fair value hedges	<u>370</u>	<u>180</u>	<u>627</u>	<u>256</u>
	<u>2,535</u>	<u>446</u>	<u>3,392</u>	<u>1,447</u>
Other income:				
Foreign exchange profit/(loss)				
- realised	437	907	1,957	1,730
- unrealised	(50)	(75)	(113)	168
Other non-operating income	335	339	942	1,074
	<u>722</u>	<u>1,171</u>	<u>2,786</u>	<u>2,972</u>
Total income derived from investment of investment account	<u>42,127</u>	<u>46,695</u>	<u>90,465</u>	<u>95,967</u>

32 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 30/06/2025	30/06/2024	Cumulative Quarter Ended 30/06/2025	30/06/2024
	RM'000	RM'000	RM'000	RM'000
Finance income and profit				
Financing and other financing	33,949	29,688	66,455	58,251
Financial investments at FVOCI	3,075	1,929	6,447	3,530
Financial investments at AC	3,510	3,433	7,010	6,846
Money at call and deposit placements with financial institution	965	1,354	1,730	3,387
	<u>41,499</u>	<u>36,404</u>	<u>81,642</u>	<u>72,014</u>
Accretion of discount less amortisation of premium	(489)	(455)	(1,018)	(923)
Total finance income and profit	<u>41,010</u>	<u>35,949</u>	<u>80,624</u>	<u>71,091</u>
Other operating income				
Fee income:				
Commission	524	523	1,245	1,030
Service charges and fees	365	246	619	473
Kafalah fees	84	89	314	204
	<u>973</u>	<u>858</u>	<u>2,178</u>	<u>1,707</u>
Fee and comission paid	(3)	(2)	(5)	(7)
Income from financial instruments:				
Gain/(loss) arising on financial assets at FVTPL				
- net gain on disposal	271	(158)	351	15
- unrealised gain	252	32	478	32
- finance income	710	210	1,066	210
Net gain on revaluation of derivative				
- realised	257	60	161	126
- unrealised	(1,162)	37	(1,471)	403
Gain on sale of financial investments at FVOCI	1,849	49	2,132	161
Unrealised gain on fair value changes arising from fair value hedges	<u>385</u>	<u>204</u>	<u>616</u>	<u>204</u>
	<u>2,562</u>	<u>434</u>	<u>3,333</u>	<u>1,151</u>
Other income:				
Foreign exchange profit/(loss)				
- realised	556	739	1,922	1,376
- unrealised	(55)	(54)	(111)	134
Other non-operating income	380	228	925	854
	<u>881</u>	<u>913</u>	<u>2,736</u>	<u>2,364</u>
Total income derived from investment of shareholders' fund	<u>45,423</u>	<u>38,152</u>	<u>88,866</u>	<u>76,306</u>

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

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended	30/06/2024	Cumulative Quarter Ended	30/06/2024
	30/06/2025	RM'000	30/06/2025	RM'000
	RM'000		RM'000	
Expected credit loss (written-back)/made on:				
- financing and other financing	3,350	26,455	15,145	12,154
- securities	67	(420)	168	(1,577)
- financing commitments and financial kafalah	(1,487)	(611)	67	(797)
Impaired financing				
- recovered	(4,071)	(1,984)	(6,399)	(4,916)
- written-off	16,242	3,146	17,552	5,538
	14,101	26,586	26,533	10,402

34 ALLOWANCES FOR IMPAIRMENT LOSSES ON OTHER ASSETS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended	30/06/2024	Cumulative Quarter Ended	30/06/2024
	30/06/2025	RM'000	30/06/2025	RM'000
	RM'000		RM'000	
Allowance for impairment made on:				
- amount due from joint ventures	6,484	-	6,484	32
- other assets	-	-	-	-
	6,484	-	6,484	32

35 INCOME ATTRIBUTABLE TO THE DEPOSITORS AND OTHERS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended	30/06/2024	Cumulative Quarter Ended	30/06/2024
	30/06/2025	RM'000	30/06/2025	RM'000
	RM'000		RM'000	
Deposits from customers				
- mudarabah	198	201	404	369
- non-mudarabah	242,124	196,527	472,731	401,908
Deposits and placements of banks and other financial institutions				
- murabahah	33,426	38,962	67,786	72,226
Subordinated and Senior Sukuk	27,769	27,217	55,056	54,433
Recourse obligation on financing sold to Cagamas Berhad	26,776	12,590	49,481	22,467
Others	22	5	31	13
	330,315	275,502	645,489	551,416

36 INCOME ATTRIBUTABLE TO THE INVESTMENT ACCOUNT HOLDERS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended	30/06/2024	Cumulative Quarter Ended	30/06/2024
	30/06/2025	RM'000	30/06/2025	RM'000
	RM'000		RM'000	
Restricted investment account - Mudarabah	39,931	42,863	80,545	86,314

37 OTHER OPERATING EXPENSES

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended	30/06/2024	Cumulative Quarter Ended	30/06/2024
	30/06/2025	30/06/2024	30/06/2025	30/06/2024
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
Wages, salaries and bonuses	46,512	46,853	92,761	93,701
Defined contribution plan ('EPF')	7,991	8,063	15,944	16,120
Other personnel costs	6,386	2,433	17,125	2,996
	60,889	57,349	125,830	112,817
<u>Establishment costs</u>				
Equipment rental	156	153	311	306
Repair and maintenance	14,510	14,437	29,031	28,834
Depreciation of property and equipment	23	28	47	68
Depreciation of right-of-use assets	26	27	52	53
Amortisation of intangible assets	28	36	56	84
Dataline rental	2,442	2,457	4,907	4,889
Security services	1,558	1,525	3,112	3,088
Electricity, water and sewerage	1,229	1,231	2,480	2,504
Licence fees	75	76	151	152
Takaful and indemnities	1,619	1,652	3,250	3,703
Other establishment costs	6,769	787	13,081	3,291
	28,435	22,409	56,478	46,972
<u>Marketing expenses</u>				
Business promotion and advertisement	501	158	719	467
Entertainment	13	14	31	33
Travelling and accommodation	275	311	537	628
Brokerage expenses	450	371	806	926
Other marketing expenses	396	1,217	937	2,033
	1,635	2,071	3,030	4,087
<u>Administration and general expenses</u>				
Telecommunication expenses	278	245	845	540
Auditors' remuneration	187	92	237	185
Professional fees	787	874	1,269	1,818
Property and equipment written-off	-	-	-	3
Mail and courier charges	27	14	49	323
Stationery and consumables	313	475	883	2,481
Directors' fees and allowances	530	647	1,059	1,202
Shariah fees	104	-	331	133
Donations	35	37	45	61
Settlement, clearing and bank charges	1,268	800	2,534	1,726
Stamp duties	8	0	15	7
Other administration and general expenses	2,302	2,030	5,160	2,631
	5,839	5,214	12,427	11,110
Total other operating expenses	96,798	87,043	197,765	174,986

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 period.

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/06/2025	30/06/2024	30/06/2025	30/06/2024
Economic Entity and The Bank				
Net profit attributable to ordinary equity holders (RM'000)	73,765	36,024	137,486	109,304
Weighted average number of shares in issue ('000)	1,171,515	1,148,382	1,171,515	1,148,382
Basic/Diluted earnings per share (sen)	6.30	3.14	11.74	9.52

There were no dilutive potential ordinary shares outstanding as at 30 June 2025.

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	
	30/06/2025 RM'000	31/12/2024 RM'000
Direct credit substitutes - financial kafalah contracts	163,940	152,064
Transaction-related contingent items	342,661	385,828
Short-term self-liquidating trade related contingencies	2,640,323	3,652,257
Irrevocable commitments to extend credit:		
- maturity less than one year	5,363,112	4,270,946
- maturity more than one year	903,612	791,248
Unutilised credit card lines	457,905	393,718
Foreign exchange related contracts #		
- less than one year	1,336,856	796,631
Profit rate related contracts #		
- less than one year	650,000	-
- one year to less than five years	1,736,891	2,090,148
- more than five year	103,025	103,025
	13,698,324	12,635,865

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 period (2024: 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				
30/06/2025				
<u>Financial Assets</u>				
Financial assets at FVTPL				
- Money market instruments	-	1,009,855	-	1,009,855
- Unquoted shares	-	29,383	-	29,383
- Corporate Sukuk	-	133,196	-	133,196
	-	1,172,434	-	1,172,434
Derivative financial instruments	-	43,904	-	43,904
Financial investments at FVOCI				
- Money market instruments	-	965,767	-	965,767
- Corporate Sukuk	-	2,079,954	-	2,079,954
	-	3,045,721	-	3,045,721
Total	-	4,262,059	-	4,262,059
<u>Financial Liabilities</u>				
Derivative financial instruments	-	59,976	-	59,976
Total	-	59,976	-	59,976

	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

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 CREDIT EXPOSURES ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

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

	The Bank	
	30/06/2025	31/12/2024
(i) The aggregate value of outstanding credit exposures with connected parties (RM'000)	1,289,891	1,106,460
(ii) The percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	2.52%	2.49%
(iii) The percentage of outstanding credit exposures with connected parties which is impaired or in default	Nil	Nil

42 CAPITAL ADEQUACY

Capital adequacy ratios of the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) updated on 14 June 2024.

The Bank is currently adopting the Standardised Approach for Credit Risk, Market Risk and Operational Risk. Under the BNM CAF (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ('CET 1') and Tier 1 Capital Ratio are 7.000% (2024: 7.000%) and 8.500% (2024: 8.500%) respectively for year 2025. The minimum regulatory capital adequacy requirement is 10.500% (2024: 10.500%) for total capital ratio.

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

	Economic Entity		The Bank	
	30/06/2025	31/12/2024	30/06/2025	31/12/2024
	RM'000	RM'000	RM'000	RM'000
CET 1				
Paid-up share capital	1,310,000	1,310,000	1,310,000	1,310,000
Retained profits	1,601,084	1,565,363	1,601,084	1,565,363
Other Reserves	1,571	1,001	1,571	1,001
Unrealised gains/(loss) on FVOCI instruments	17,636	(1,463)	17,636	(1,463)
	2,930,291	2,874,901	2,930,291	2,874,901
Less Regulatory adjustments:				
- Intangible assets	(949)	(1,004)	(949)	(1,004)
- Deferred tax assets	(30,602)	(39,640)	(30,602)	(39,640)
- 55% Cumulative unrealised gains on FVOCI instruments	(9,700)	-	(9,700)	-
Total CET 1 Capital	2,889,040	2,834,257	2,889,040	2,834,257
Additional Tier 1 capital	500,000	500,000	500,000	500,000
Total Tier 1 capital	3,389,040	3,334,257	3,389,040	3,334,257
Tier 2 capital				
Subordinated medium term notes	500,000	500,000	500,000	500,000
Expected loss provision [#]	270,192	283,783	270,192	283,783
Total Tier 2 capital	770,192	783,783	770,192	783,783
Total Capital	4,159,232	4,118,040	4,159,232	4,118,040

ii) The breakdown of risk-weighted assets:

Credit risk	24,843,525	22,702,622	24,843,525	22,702,622
Market risk	242,362	200,484	242,362	200,484
Operational risk	1,044,871	1,255,781	1,044,871	1,255,781
Total risk-weighted assets	26,130,758	24,158,887	26,130,758	24,158,887

iii) Capital adequacy ratios:

CET 1 capital ratio	11.056%	11.732%	11.056%	11.732%
Tier 1 capital ratio	12.970%	13.801%	12.970%	13.801%
Total capital ratio	15.917%	17.045%	15.917%	17.045%

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

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 30 June 2025, RIA assets excluded from Total Capital Ratio calculation amounted to RM2,715.4 million (31 December 2024: RM3,259.6 million)

43 REVIEW OF PERFORMANCE OF THE BANK

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

For the 6 months ended 30 June 2025, the Bank recorded a Profit Before Tax (PBT) of RM185.4 million. This represents an increase of 24.6%, or RM36.6 million, in comparison to the PBT of RM148.8 million reported in the previous corresponding period. The growth in PBT is attributable to an increase in net financing income by RM80.6 million. This was partially offset by an increase in operating expenses amounting to RM22.8 million due to higher personnel cost and establishment expenses and an increase in allowances for impairment losses by RM22.6 million.

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

The Bank recorded a PBT of RM98.3 million for the current quarter ended 30 June 2025, an increase of RM48.2 million as compared to RM50.2 million in the corresponding quarter last year due to a growth in net financing income by RM50.6 million and a decrease in allowance for impairment losses by RM6.0 million. These were partially offset by an increase in operating expenses by RM9.8 million.

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

For the current financial quarter ended 30 June 2025, the Bank recorded a PBT of RM98.3 million, an increase of RM11.3 million from RM87.1 million reported in the preceding quarter ended 31 March 2025. This quarter's higher PBT is primarily due to higher net financing income by RM15.3 million and lower in operating expenses by RM4.2 million. These were partially offset by an increase in allowance for impairment losses by RM8.2 million.

44 ECONOMIC AND BUSINESS OUTLOOK FOR 2025

In July 2025, BNM reduced the Overnight Policy Rate ('OPR') by 25 basis points to 2.75%, marking its first rate cut since the Covid-19 pandemic. The decision reflects a pre-emptive response to slower economic momentum, with first-quarter GDP growth moderating to 4.4% amid external headwinds, including weaker global demand and rising trade tensions. Inflation remains manageable, with headline and core inflation trending below 2%, allowing BNM space to support growth without compromising price stability.

The recent 25-basis point reduction in OPR is expected to have a modest near-term impact on the Bank. While net profit margins may face slight compression due to lower financing rates, this is likely to be offset by improved liquidity with lower cost of funds. Financing growth may moderate amid softer economic conditions, but lower financing costs could support consumer demand. Overall, the OPR cut is expected to provide a more supportive environment for credit expansion and risk management while the Bank will continue to be watchful over its asset quality given the expected moderating of the GDP growth.

The Bank remains well-positioned to navigate the evolving landscape through disciplined cost control and diversification of income streams.