

Board of Directors

Affin Islamic Bank Berhad



Musa Bin Abdul Malek

Chairman/Independent Non-Executive Director



11/11

4/4

2/2

Appointment Date

22 June 2022 (as Chairman)

1 August 2019 (as INED)

ACADEMIC/PROFESSIONAL QUALIFICATION

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

PAST WORKING EXPERIENCES

- Group Head, Islamic Banking, Consumer Banking, CIMB Islamic Bank Berhad (2014-2016)
- Adjunct Professor, International Islamic University Malaysia (IIUM) – Institute of Islamic Banking and Finance (IIBAF) (2014)
- Part Time Lecturer, IIUM Graduate School (2013-2014)
- Deputy Chief Executive Officer, Bank Muamalat Malaysia Berhad (2010-2013)
- Chief Executive Officer, HSBC Amanah of HSBC Bank Malaysia Berhad (2008 – 2010)
- Deputy Managing Director, HSBC Amanah of HSBC Bank Malaysia Berhad (2007-2008)
- Various positions in HSBC including Branch Manager, Corporate Relationship Manager, Product Development Manager and Attachment with Debt Origination team in Debt Capital Market, HSBC Hong Kong (1979 – 2007)

DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES

- NIL

DIRECTORSHIP(S) IN PUBLIC LISTED COMPANIES

- NIL

EXTERNAL PROFESSIONAL COMMITMENTS

- NIL

MEMBERSHIP OF BOARD COMMITTEES

- Member, Group Board Credit Review and Recovery Committee
- Member, Group Board Sustainability Committee

CONFLICT OF INTEREST (COI) OR POTENTIAL COI WITH AFFIN

- NIL



Haizad Rizal Bin A Aziz

Non-Independent Non-Executive Director



10/10

4/4

1/1

Appointment Date

15 February 2025

ACADEMIC/PROFESSIONAL QUALIFICATION

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

PAST WORKING EXPERIENCES

- Chief Financial Officer, Lembaga Tabung Angkatan Tentera (LTAT) (2024-present)
- Chief Financial Officer, Kumpulan Wang Persaraan (Diperbadankan) (2022-2024)
- Chief Financial Officer, Sime Darby Oils (2021-2022)
- Group Chief Financial Officer, Small Medium Enterprise Development Bank Malaysia Berhad (SME Bank Group) (2016-2021)
- Group Chief Financial Officer, Johawaki Group of Companies (2013-2016)
- Director (Managing Director until July 2014), Halagel (M) Sdn Bhd (a subsidiary of Johawaki Group of Companies) (2013-2015)
- Vice President, RHB Investment Bank Berhad (2011-2012)
- Head, Finance – Division, RHB Islamic Bank Berhad (2010-2011)
- Head, Group Statutory & Management Reporting – Department, RHB Bank Berhad (2009-2010)
- Audit Senior, KPMG, Finance Services, Dublin, Ireland (2007-2009)
- Senior Consultant (secondment at CIT Leasing between March 2008 – November 2008), KPMG, Business Advisory Services, Dublin, Ireland (2008)
- Fund Accountant, Daiwa Securities Trust and Banking (Europe), Plc, Dublin, Ireland (2004-2006)
- Audit Senior, Bluett Conran & Co., Dublin, Ireland (2002-2004)
- Trainee Chartered Accountant, BDO Simpson Xavier, Business Assurance & Advisory Department (2000-2002)

DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES

- Non-Independent Non-Executive Director, Boustead Properties Berhad (Representing LTAT)
- Alternate Director, Boustead Holdings Berhad (Representing LTAT)

DIRECTORSHIP(S) IN PUBLIC LISTED COMPANIES

- NIL

EXTERNAL PROFESSIONAL COMMITMENTS

- Chief Financial Officer, LTAT

MEMBERSHIP OF BOARD COMMITTEES

- NIL

CONFLICT OF INTEREST (COI) OR POTENTIAL COI WITH AFFIN

- NIL

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

Board of Directors Affin Islamic Bank Berhad


Suffian Bin Baharuddin

Independent Non-Executive Director



11/11

4/4

2/2

 Appointment Date
1 July 2020

Datuk Mohd Farid Bin Mohd Adnan

Independent Non-Executive Director



11/11

4/4

2/2

 Appointment Date
1 March 2021
ACADEMIC/PROFESSIONAL QUALIFICATION

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

PAST WORKING EXPERIENCES

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

DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES

- NIL

DIRECTORSHIP(S) IN PUBLIC LISTED COMPANIES

- NIL

EXTERNAL PROFESSIONAL COMMITMENTS

- NIL

MEMBERSHIP OF BOARD COMMITTEES

- Member, Group Board Audit Committee
- Member, Group Board Nomination and Remuneration Committee (w.e.f. 1 June 2025)
- Member, Group Board Risk Management Committee (up to 1 June 2025)

CONFLICT OF INTEREST (COI) OR POTENTIAL COI WITH AFFIN

- NIL

ACADEMIC/PROFESSIONAL QUALIFICATION

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

PAST WORKING EXPERIENCES

- Managing Director/CEO, Engen Limited South Africa (2015-2017)
- Vice President Oil Business, Petronas (2010-2015)
- Senior General Manager, Petronas Dagangan Berhad (PDB) (2009-2010)
- Managing Director/CEO, Petronas Trading Corporation (PETCO) (2008-2009)
- Senior General Manager, Commercial MLNG and CEO Asean LNG Trading Corporation, Petronas LNG Business (2006-2007)
- General Manager, Malaysia International Trading Corporation (MITCO) (2003-2006)
- General Manager, Strategic Alliances, Engen Limited, South Africa (1999-2003)
- Manager, Business Evaluation Unit, Corporate Planning of Petronas (1997-1999)
- Oil Trader, Petronas Trading Corporation (PETCO) (1992-995)
- Operations Analyst, International Marketing Division of Petronas (1985-1991)

DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES

- Independent Non-Executive Director, Ancom Logistics Berhad

DIRECTORSHIP(S) IN PUBLIC LISTED COMPANIES

- NIL

EXTERNAL PROFESSIONAL COMMITMENTS

- NIL

MEMBERSHIP OF BOARD COMMITTEES

- Member, Group Board Compliance Committee
- Member, Group Board Risk Management Committee (w.e.f. 1 June 2025)
- Member, Group Board Nomination and Remuneration Committee (up to 1 June 2025)

CONFLICT OF INTEREST (COI) OR POTENTIAL COI WITH AFFIN

- NIL



Tan Ler Chin, Cindy

Independent Non-Executive Director



11/11

4/4

2/2

Appointment Date
1 October 2021

ACADEMIC/PROFESSIONAL QUALIFICATION

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

PAST WORKING EXPERIENCES

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

DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES

- NIL

DIRECTORSHIP(S) IN PUBLIC LISTED COMPANIES

- Independent Non-Executive Director, Sunway Construction Group Berhad
- Independent Non-Executive Director, Bursa Malaysia Berhad

EXTERNAL PROFESSIONAL COMMITMENTS

- NIL

MEMBERSHIP OF BOARD COMMITTEES

- Member, Group Board Risk Management Committee
- Member, Group Board Information Technology & Transformation Committee

CONFLICT OF INTEREST (COI) OR POTENTIAL COI WITH AFFIN

- NIL



Dali Kumar @ Dali Bin Sardar

Independent Non-Executive Director



11/11

4/4

2/2

Appointment Date
16 June 2023

ACADEMIC/PROFESSIONAL QUALIFICATION

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

PAST WORKING EXPERIENCES

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

DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES

- NIL

DIRECTORSHIP(S) IN PUBLIC LISTED COMPANIES

- NIL

EXTERNAL PROFESSIONAL COMMITMENTS

- NIL

MEMBERSHIP OF BOARD COMMITTEES

- Member, Group Board Credit Review and Recovery Committee
- Member, Group Board Audit Committee

CONFLICT OF INTEREST (COI) OR POTENTIAL COI WITH AFFIN

- NIL

Board of Directors Affin Islamic Bank Berhad





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Dr. Sharbanom Binti Abu Bakar
Independent Non-Executive Director

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11/11

4/4

2/2

Appointment Date
6 October 2023

ACADEMIC/PROFESSIONAL QUALIFICATION

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

PAST WORKING EXPERIENCES

- Lead Consultant, United Nations Development Programme (UNDP) (2022-2023)
- Assistant Professor, University of Warwick, United Kingdom (2020-2021)
- Project Researcher (UKCITE), University of Warwick, United Kingdom (2018-2019)
- Senior Specialist, United Nations Industrial Development Organisation (UNIDO) Austria (2017-2018)
- Doctoral Researcher, University of Warwick, UK (2015-2018)
- Director, Delivery Management Office of Ministry of International Trade and Industry (MITI) (2013-2014)
- Director, Government Programs, IBM (2009-2014)
- Senior General Manager, Group Business Development, Sapura Secured Technologies (2008-2009)
- General Manager Marketing & Sales, Domestic Wholesale, Telekom Malaysia Bhd (2001-2007)
- Chief Executive Officer, Telekom Technologies Sdn Bhd (2002-2004)
- VP Financial Services (and board member of GMPC Konsortium), EPNCR (1998-2000)
- Project Executive, Andersen Consulting (July 1991-December 1997)

DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES

- NIL

DIRECTORSHIP(S) IN PUBLIC LISTED COMPANIES

- NIL

EXTERNAL PROFESSIONAL COMMITMENTS

- NIL

MEMBERSHIP OF BOARD COMMITTEES

- Member, Group Board Sustainability Committee
- Member, Group Board Information Technology and Transformation Committee

CONFLICT OF INTEREST (COI) OR POTENTIAL COI WITH AFFIN

- NIL

Main skillsets:

- Au Audit
- CF Corporate Finance
- ESG ESG
- F Finance
- FM Financial Management
- GM General Management
- HR Human Resource
- O Operations
- PM Programme Management
- S Strategy
- SM Sales & Marketing
- SP Strategic Planning
- T Technology/Digital

Attendance in 2025:



Declaration:

Save as disclosed above, I do not have:-

- Any family relationship with any Director and/or major shareholders of AFFIN
- Any conflict of interest (COI) or potential COI with AFFIN
- Any conviction for offences within the past 5 years
- Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2025.

Note:

Age is as at 28 February 2026

Shariah Committee



Associate Professor Dr. Kamaruzaman bin Noordin

Chairman,
Shariah Committee

Appointment Date
1 August 2023

Attendance 2025
16/16

QUALIFICATION(S)

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

PRESENT OCCUPATION(S)

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

RELEVANT WORKING EXPERIENCE(S)

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



Professor Dr. Asmak Binti Ab Rahman

Member,
Shariah Committee

Appointment Date
1 July 2022

Attendance 2025
16/16

QUALIFICATION(S)

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

PRESENT OCCUPATION(S)

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

RELEVANT WORKING EXPERIENCE(S)

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



Encik Lokmanulhakim Bin Hussain

Member,
Shariah Committee

Appointment Date
3 January 2023

Attendance 2025
16/16

QUALIFICATION(S)

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

PRESENT OCCUPATION(S)

- Member, Shariah Committee of Bank Pembangunan Malaysia Berhad
- Member, Shariah Committee of TEKUN Nasional
- Member, Shariah Advisory Committee of Association of Islamic Banking and Financial Institutions Malaysia (AIBIM).
- Registered Shariah Adviser, Securities Commission Malaysia

RELEVANT WORKING EXPERIENCE(S)

- Former Member, Shariah Advisory Committee of BIMB Securities Sdn Bhd
- Former Member, Committee of Fatwa Research and Management, JAKIM
- Former Member, Shariah Committee of Al Rajhi Bank Malaysia
- Former Member, FWD Takaful Berhad
- Former Member, Shariah Committee of Deutsche Bank (Malaysia) Berhad
- Former Member, Shariah Committee of Co-opbank Pertama Malaysia Berhad
- Former Researcher, International Shari'ah Research Academy for Islamic Finance (ISRA)
- Former Fellow for the Fatwa Committee of the National Council for Islamic Religious Affairs Malaysia
- Former Fatwa Think-tank Panel, the Department of Islamic Development Malaysia (JAKIM)

Shariah Committee



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En. Mohamad Salihin bin Deris

Member,
Shariah Committee

Appointment Date
1 April 2021

Attendance 2025
16/16

QUALIFICATION(S)

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

PRESENT OCCUPATION(S)

- Chairman, Shariah Committee of AmMetLife Takaful Berhad
- Member, Shariah Committee, Koperasi Permodalan Felda Malaysia Berhad
- Registered Shariah Adviser, Securities Commission Malaysia
- Fellow Member & EXCO, Association of Shariah Advisors in Islamic Finance
- Ordinary Member, Institute of Corporate Directors Malaysia
- Affiliate Member of the Asian Institute of Chartered Bankers

RELEVANT WORKING EXPERIENCE(S)

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



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Encik Ahmad Husni Bin Dato' Abd Rahman

Member,
Shariah Committee

Appointment Date
1 April 2021

Attendance 2025
16/16

QUALIFICATION(S)

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

PRESENT OCCUPATION(S)

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

RELEVANT WORKING EXPERIENCE(S)

- Former General Secretary of Pertubuhan Multaqa Asatizah & Du'at (MURSHID)
- Columnist of SOLUSI, GenQ and al-Ustaz Magazine
- Panelist for television and radio talk show.
- Finance Institute Malaysia (IBFIM)



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Dr. Azmir Azri bin Dato' Ahmad

Member,
Shariah Committee

Appointment Date
1 April 2025

Attendance 2025
13/13

QUALIFICATION(S)

- Bachelor Degree in Shariah (Fiqh and Usul), University of Mu'tah, Jordan
- Master in Shariah and Economy, Universiti Malaya (UM)
- Doctoral Degree (PhD) in Islamic Finance, Universiti Sultan Zainal Abidin (UnisZA)
- Certified Shariah Advisor, Association of Shariah Advisors in Islamic Finance (ASAS)
- Certified Shariah Advisor and Auditor (CSAA), Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)

PRESENT OCCUPATION(S)

- Head, Shariah Risk Management at Lembaga Tabung Haji
- Member, Shariah Committee of Koperasi Sahabat Amanah Ikhtiar Malaysia (Koop Sahabat) Berhad
- Secretary, General Secretary of Pertubuhan Multaqa Asatizah & Du'at (MURSHID)

RELEVANT WORKING EXPERIENCE(S)

- Former Manager of Shariah Compliance and Review, Lembaga Tabung Haji
- Former Assistant Manager of Shariah Research and Secretariat, Bank Pembangunan Malaysia Berhad.
- Former Senior Executive, Shariah Coordination for Direct Investment and Subsidiaries
- Former Executive of Shariah Advisory and Development, Kuwait Finance House (M) Berhad.

Board of Directors

Affin Hwang Investment Bank Berhad





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Hasli Bin Hashim
Chairman/Independent Non-Executive Director





67

M

Eugene Hon Kah Weng
Independent Non-Executive Director



Appointment Date
1 April 2021



ACADEMIC/PROFESSIONAL QUALIFICATION

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

PAST WORKING EXPERIENCES

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

DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES

- NIL

DIRECTORSHIP(S) IN PUBLIC LISTED COMPANIES

- NIL

EXTERNAL PROFESSIONAL COMMITMENTS

- Member, Corporate Debt Restructuring Committee - Bank Negara Malaysia

MEMBERSHIP OF BOARD COMMITTEES

- Member, Board Risk Management Committee
- Member, Board Audit Committee (ceased as member w.e.f. 1/6/2025)
- Member, Group Board IT & Transformation Committee (appointed as member w.e.f. 1/6/2025)
- Member, Group Board Credit Review & Recovery Committee (ceased as member w.e.f. 1/6/2025)
- Chairman, Strategic Investment Committee (appointed as Chairman w.e.f. 29/1/2024)

CONFLICT OF INTEREST (COI) OR POTENTIAL COI WITH AFFIN

- NIL



Appointment Date
1 March 2021



ACADEMIC/PROFESSIONAL QUALIFICATION

- Chartered Accountant
- Member of Malaysian Institute of Accountants (MIA)
- Member of Malaysian Institute of Certified Public Accountants (MICPA)

PAST WORKING EXPERIENCES

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

DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES

- NIL

DIRECTORSHIP(S) IN PUBLIC LISTED COMPANIES

- Kawan Food Berhad

EXTERNAL PROFESSIONAL COMMITMENTS

- NIL

MEMBERSHIP OF BOARD COMMITTEES

- Chairman, Board Audit Committee
- Member, Group Board Audit Committee
- Member, Group Board Compliance Committee (appointed as a member w.e.f. 1/2/2026)

CONFLICT OF INTEREST (COI) OR POTENTIAL COI WITH AFFIN

- NIL

Board of Directors Affin Hwang Investment Bank Berhad





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





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Kong Yuen Ling
Non-Independent Non-Executive Director



ACADEMIC/PROFESSIONAL QUALIFICATION

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

PAST WORKING EXPERIENCES

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

DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES

- NIL

DIRECTORSHIP(S) IN PUBLIC LISTED COMPANIES

- NIL

EXTERNAL PROFESSIONAL COMMITMENTS

- NIL

MEMBERSHIP OF BOARD COMMITTEES

- Member, Board Audit Committee
- Member, Group Board Nomination and Remuneration Committee
- Member, Group Board Sustainability Committee

CONFLICT OF INTEREST (COI) OR POTENTIAL COI WITH AFFIN

- NIL

ACADEMIC/PROFESSIONAL QUALIFICATION

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

PAST WORKING EXPERIENCES

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

DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES

- NIL

DIRECTORSHIP(S) IN PUBLIC LISTED COMPANIES

- NIL

EXTERNAL PROFESSIONAL COMMITMENTS

- NIL

MEMBERSHIP OF BOARD COMMITTEES

- Member, Board Audit Committee (ceased as member w.e.f. 1/2/2026)
- Member, Board Risk Management Committee (ceased as member w.e.f. 1/6/2025)
- Member, Group Board Compliance Committee (ceased as member w.e.f. 1/2/2026)

CONFLICT OF INTEREST (COI) OR POTENTIAL COI WITH AFFIN

- NIL



64

F



Tracy Ong Guat Kee

Independent Non-Executive Director



Appointment Date
18 May 2023

11/11

6/6

1/1

ACADEMIC/PROFESSIONAL QUALIFICATION

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

PAST WORKING EXPERIENCES

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

DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES

- NIL

DIRECTORSHIP(S) IN PUBLIC LISTED COMPANIES

- NIL

EXTERNAL PROFESSIONAL COMMITMENTS

- NIL

MEMBERSHIP OF BOARD COMMITTEES

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

CONFLICT OF INTEREST (COI) OR POTENTIAL COI WITH AFFIN

- NIL



65

M



Datuk Jamaludin Nasir

Independent Non-Executive Director



Appointment Date
15 April 2025

8/8

6/6

1/1

ACADEMIC/PROFESSIONAL QUALIFICATION

- MBA from Laredo State University (currently Texas A&M International University), USA
- Bachelor of Science in Finance & Business Economics from Southern Illinois University, USA
- Bachelor of Arts in Economics from Southern Illinois University, USA

PAST WORKING EXPERIENCES

- Advisor of MARC (June 2024 to November 2024)
- Group Chief Executive Officer of MARC (2019 to 2024).
- Deputy Chief Executive Officer of Asian Finance Bank (presently known as MBSB Bank) (2010 to 2012).
- Group Chief Credit Officer of Malayan Banking Bhd (2005 to 2010).
- Chief Operating Officer, Malaysia and Director, Capital Markets and Syndicate, Asia Pacific ex Japan of Dresdner Kleinwort Wasserstein (1999 to 2005)
- General Manager, Labuan, and the Group Principal Officer, Malaysia of Dresdner Bank AG (1997 to 2005).
- Head and Assistant General Manager, Corporate and Capital Market of Kwong Yik Bank (1986 to 1997).

DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES

- Chairman, EI Power Berhad

DIRECTORSHIP(S) IN PUBLIC LISTED COMPANIES

- Chairman, Kotra Industries Berhad
- Director, Swift Haulage Berhad

EXTERNAL PROFESSIONAL COMMITMENTS

- NIL

MEMBERSHIP OF BOARD COMMITTEES

- Member, Board Risk Management Committee (appointed w.e.f. 1/6/2025)
- Member, Board Audit Committee (appointed w.e.f. 1/2/2026)
- Member, Group Board Credit Review and Recovery Committee (appointed w.e.f. 15/6/2025)
- Member, Group Board IT & Transformation Committee (appointed w.e.f. 1/6/2025)

CONFLICT OF INTEREST (COI) OR POTENTIAL COI WITH AFFIN

- NIL

Board of Directors Affin Hwang Investment Bank Berhad

Main skillsets:

- Ac** Accounting
- Au** Audit
- B** Banking
- BA** Business Administration
- C** Credit
- D** Debt Capital Market
- E** Economics
- GM** General Management
- HR** Human Resource
- I** Investment Banking
- RM** Risk Management

Attendance in 2025:



Declaration:

Save as disclosed above, I do not have:-

- a) Any family relationship with any Director and/or major shareholders of AFFIN
- b) Any conflict of interest (COI) or potential COI with AFFIN
- c) Any conviction for offences within the past 5 years
- d) Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2025.

Note:

Age is as at 28 February 2026

Chairman of Subsidiaries



70

M

Musa Bin Abdul Malek

Chairman/Independent Non-Executive Director
Affin Islamic Bank Berhad

Appointment Date

22 June 2022 (as Chairman)

1 August 2019 (as INED)

- Refer to Profile of Board of Directors Affin Islamic Bank Berhad



64

M

Hasli Bin Hashim

Chairman/Independent Non-Executive Director
Affin Hwang Investment Bank Berhad

Appointment Date

1 April 2021

- Refer to Profile of Board of Directors Affin Hwang Investment Bank Berhad



67

M

Admiral (R) Tan Sri Dato' Seri Panglima Dr. Ahmad Kamarulzaman Hj. Ahmad Badaruddin

Chairman
Affin Moneybrokers Sdn Bhd

Appointment Date

22 June 2022 (as Chairman)

1 August 2019 (as INED)

ACADEMIC/PROFESSIONAL QUALIFICATION

- Advanced Management Program (AMP), Harvard Business School, USA
- Executive Leadership Program in Business Management, Kenan-Flagler Business School, University of North Carolina, USA
- MBA - University of Strathclyde Business School, UK
- Masters in Defence Studies & International Relations, National University Malaysia
- Honorary Doctorates Management, UNITAR International University & University Malaysia Terengganu (UMT)
- Graduated with distinction and honors from Fu Hshing Kang Political Warfare College, Republic of China

PAST WORKING EXPERIENCES

- Former Chief, the Royal Malaysian Navy
- Chief of Staff, Malaysian Armed Forces
- Joint Forces Commander

DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES

- Chairman of TRC Synergy Berhad
- Chairman of Lagenda Properties Berhad

CEO of Subsidiaries



51

M

Dato' Paduka Syed Mashafuddin Syed Badarudin Jamalullail

Chief Executive Officer,
Affin Islamic Bank Berhad

Appointment Date
8 November 2022

- Refer to Group Management Committee profile



46

M

Hanif Ghulam Mohammed

Chief Executive Officer
Affin Hwang Investment Bank Berhad

Appointment Date
9 September 2025

- Refer to Group Management Committee profile



54

M

Emrran Raez Abdullah

Chief Executive Officer
Affin Moneybrokers Sdn Bhd

Appointment Date
24 March 2025

ACADEMIC/PROFESSIONAL QUALIFICATION

- MBA with Entrepreneurship, Institute Adelaide, Australia (2006–2009)
- Diploma, University Malaya (2002–2004)

PAST WORKING EXPERIENCES AND OCCUPATION

- Over 30 years of experience in treasury, foreign exchange trading, money market, fixed income and banking operations.
- Prior to joining AFFIN MONEYBROKERS, he served as Senior Vice President, FX Proprietary Trading at Kenanga Investment Bank (2011–March 2025), overseeing proprietary FX trading, MYR swaps, interbank trading, portfolio management and treasury platform migration projects and correspondent banking.
- Previously held senior treasury and trading leadership roles including Vice President, Balance Sheet Management at Kenanga Investment Bank and Associate Director, Head of FX & Bond Trading at ECM Libra Investment Bank.
- Earlier career includes positions at EON Bank Berhad, EONCap Securities and Citibank Malaysia.
- He also has experience in the money broking and financial services industry, including roles with Affin Moneybrokers Sdn Bhd and Harlow's Malaysia, with extensive exposure in FX trading, fixed income, treasury operations, marketing and client relationship management.

OTHER APPOINTMENTS

- Secretary of the Association of Moneybrokers Malaysia

Group Organisation Structure



Our Approach to Value Creation

01 Assess and Evaluate our Operating Environment

Our strategic direction is shaped by continuous assessment of macroeconomic conditions, evolving financial markets, technological advancements, sustainability imperatives and workforce transformation trends. These external drivers influence our risk appetite, capital deployment and growth priorities under the AX28 Plan. By proactively evaluating structural shifts and emerging opportunities, we position the Group to remain resilient, competitive and responsive in a dynamic operating environment.

 Refer to *Operating Environment and Key Market Trends* on pages 100 to 116

02 Manage Risks and Capture Opportunities

Our approach to risk management is anchored by 8 principal risks. In addition we proactively assess potential risks and opportunities across business units and key stakeholders, providing comprehensive oversight that mitigates uncertainties while positioning ourselves strongly for sustainable growth.

 Refer to *Key Risks and Mitigation* on pages 119 to 127

03 Strengthen Stakeholder Engagements

We align our strategic priorities with stakeholder expectations through regular dialogue and feedback mechanisms, strengthening trust and enhancing accountability. These engagements directly inform business decisions, risk management practices and service improvements.

Our key Stakeholders are:

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

 Refer to *Key Stakeholders and Value Creation and How We Distribute Value Created* on pages 84 to 93

04 Identify and Prioritise our Material Matters

Through continuous engagement with our stakeholder groups, we gain insights into their needs and expectations, enabling us to identify and prioritise material matters that form the basis of our initiatives and actions. This structured and focused approach guides our strategic priorities and supports long-term value creation.

 Refer to *Material Matters* on pages 94 to 99

05 Embed Sustainability

Our dedication to long-term stakeholder value guides the full integration of ESG and climate action within our organisational practices. The Sustainability Strategy provide the framework for this commitment, defining our focus across these key sustainability pillars:

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

 Refer to *Sustainability Material Matters and Sustainability Statement* on pages 264 to 281

06 Develop a Comprehensive Business Strategy

We pursue long-term value creation through three strategic objectives set out in the AX28 Plan, with the ultimate ambition of becoming a modern and progressive bank by 2028. In line with the Plan, we are driving new levels of growth by entering new markets, tapping underpenetrated segments and diversifying our portfolio, while strengthening operational excellence and efficiency across the business. Progress is measured against the key performance indicators set out in the Plan.

Our three strategic objectives are:

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

Refer to Our Strategy and Key Performance Indicators (KPIs) on pages 292 to 297

07 Integrate Resource Allocation

We recognise that our ability to create and preserve value is driven by the resources and relationships we rely on. These are organised into six capitals within our business model and applied across our operations to produce outputs that lead to meaningful outcomes for our stakeholders. While many outcomes contribute to value creation, others focus on maintaining capital strength or mitigating risks of erosion. We strive to manage the inherent trade-offs between immediate performance and long-term value, ensuring that our growth remains sustainable.

The Six Capitals are:

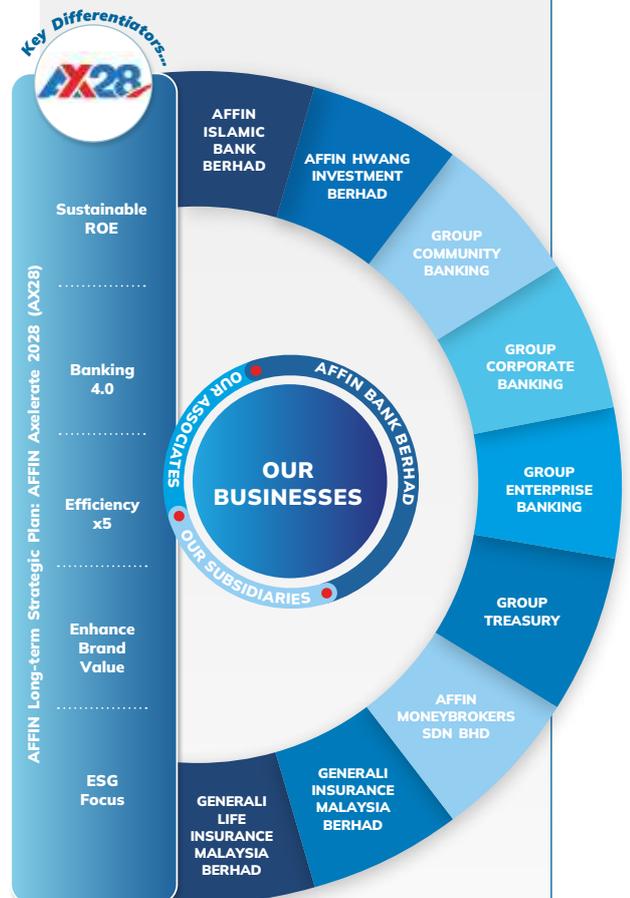
- FC** Financial Capital
- HC** Human Capital
- NC** Natural Capital
- MC** Manufactured Capital
- SRC** Social & Relationship Capital
- IC** Intellectual Capital
- ALL** All Six Capitals

Refer to Our Value Creating Business Model on pages 80 to 93

08 Create Sustainable Value for Positive Impact

Our commitment to long-term, sustainable value creation is anchored by rigorous risk management and governance frameworks. To ensure measurable progress, we have identified key performance indicators that capture the value we generate for stakeholders at both the business and Group levels.

Refer to How We Engage and Create Value for Our Stakeholders and Key Performance Indicators on pages 84 to 93 and page 132



Our Value Creation Business Model

Our Vision

To be the most creative and innovative financial company in Malaysia

Our Mission

Products & Services

- To become an innovative organisation with unrivalled customer service

People

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

OUR CAPITALS

CAPITALS INPUT

FC FINANCIAL CAPITAL

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

- Shareholders' Equity: RM12.2 billion (FY24: RM11.6 billion)
- Liquidity Coverage Ratio: 162.4% (FY24: RM170.3%)
- CASA balances stood at RM20.0 billion, contributing to a CASA ratio of 25% (FY24: RM22.4 billion)
- Building our assets through sustainable financing

MC MANUFACTURED CAPITAL

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

- Convenient mobile banking for retail customers with AffinAlwaysX
- Cash management and payroll solutions for businesses with AFFINMAX
- 145 retail branches and 1,055 SSTs nationwide

HC HUMAN CAPITAL

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

- Over 5,845 Affinbankers nationwide
- Investment of RM10.3 million in learning and development programmes

IC INTELLECTUAL CAPITAL

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

- 50 years of experience in the banking industry
- Well-established brand presence in key markets

SC SOCIAL AND RELATIONSHIP

The value we create by building trust through stakeholder engagement, empowering communities, and promoting financial inclusion.

- Advancing sustainable development and responsible ESG practices
- Responsible ESG practices and ethical business conduct
- Financial inclusion initiatives that support underserved groups, microenterprises and SMEs
- Entrepreneurship and community development initiatives
- Alignment with the United Nations Sustainable Development Goals and established ESG objectives
- Integration of sustainability considerations into business and financing decisions

NC NATURAL CAPITAL

The natural resources used in our operations and the environmental stewardship measures we adopt to minimise our impact.

- Optimise energy consumption by accelerating the transition to renewable and energy-efficient solutions for selected business premises
- Expand our sustainable-financing portfolio including green and transition financing to enable positive environmental outcomes
- Invest in initiatives that safeguard, restore and conserve natural resources

OUR KEY DIFFERENTIATORS

OUR KEY DIFFERENTIATORS



Group Strategic Objectives

- Unrivalled Customer Service
- Digital Leadership
- Responsible Banking with Impact

5 Strategic Thrusts

- Sustainable ROE
- Banking 4.0
- Efficiency x5
- Enhanced Brand Value
- ESG Focus

Refer to Strategy on pages 128 to 139

Material Matters

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

Refer to Material Matters on pages 94 to 99

Principal Risk

- | | |
|----------------------------|---|
| CR Credit Risk | TCR Technology/ Cyber Risk |
| MR Market Risk | BCR Business Continuity Risk |
| LR Liquidity Risk | RR Reputational Risk |
| OR Operational Risk | SNCR Shariah Non-Compliance (SNC) Risk |
| | ALL All Eight Principal Risk |

Refer to Key Risks and Mitigation on pages 119 to 127

Macrotrend

- | | |
|--|--|
| MT1 Global Economic Uncertainty | MT5 Geopolitical Turbulence |
| MT2 Digitalisation | MT6 Transition to a Low-carbon Economy |
| MT3 Workforce Challenges | MT7 Malaysia's Shifting Demographics |
| MT4 Growing Consumer Sophistication | MT8 Growth of Cross-Border Digital Payments |

Refer to Key Market Trends on pages 105 to 116

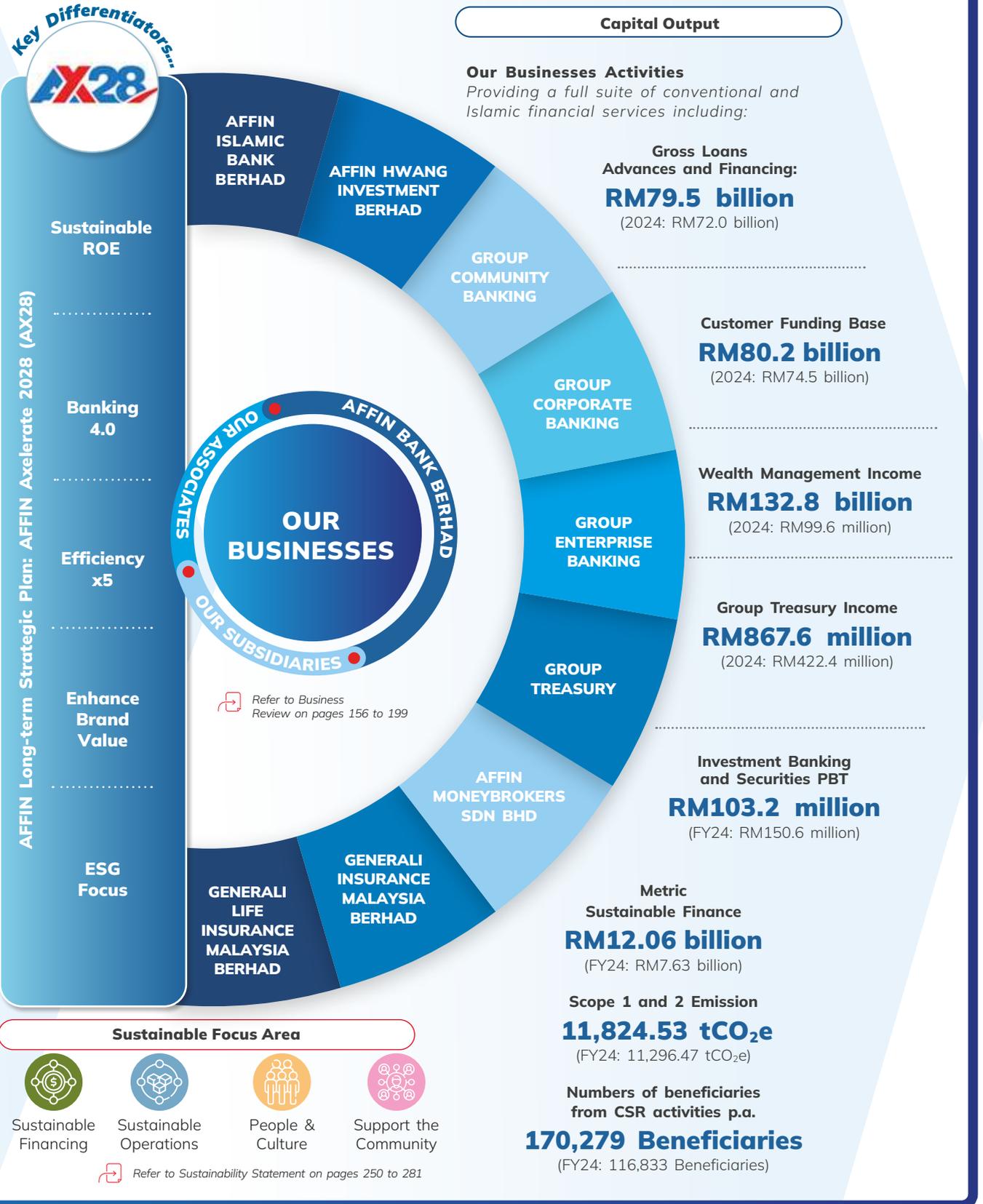
Value

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

Core Values

- A**lways innovating and adapting
- F**orever working as a team as we are one family
- F**air treatment, diversity and sustainability
- I**ntegrity is our foundation
- N**ever-ending customer centricity

OUR BUSINESS OUTCOMES



Our Value Creation Business Model

CREATE VALUE FOR OUR STAKEHOLDER

OUTCOMES

ACTIONS TO...

PERFORMANCE BY CAPITALS

FC FINANCIAL CAPITAL

- Earnings Per Share (EPS): 21.3 Sen (FY24: 20.3 Sen*) +
- Return on Equity (ROE): 4.5% (FY24: 4.5%) +
- Total Group Asset: RM124.1 billion (FY24: RM111.8 billion) +
- Market Capitalisation: RM5.96 billion (FY24: RM6.99 billion) -
- Composition of Sustainable Financing: 15.19% (FY24: 10.56%) +

* EPS has been restated to reflect the bonus issue of one (1) bonus share for every eighteen (18) existing ordinary shares which was completed on 5 May 2025.

- Grow fee-based income by expanding high-value solutions across retail and corporate segments.
- Expand into high-growth markets and sectors aligned with the Group's strategy.
- Maintain strong capital adequacy levels through prudent risk

MC MANUFACTURED CAPITAL

- Net Promoter Score (NPS) = +53 (FY24: +48) +
- Customer Satisfaction Score (CSAT) = 82% (FY24: 81%) +
- Digital transaction volume: 44.71 million online transactions via Mobile Banking and Retail Internet Banking, representing a 226% growth since FY2021

- Invest in scalable technology platforms to support innovation and future business growth.
- Explore advanced Artificial Intelligence capabilities to strengthen and streamline internal processes, enhancing efficiency and improving overall turnaround time.

HC HUMAN CAPITAL

- Employee Engagement Score (eNPS): 20 (FY24: N/A*)
- High potential performers identified: 416 (FY24: 351) +
- 35% representation of women on the Board =
- Average hours of training per employee: 57 hours (FY24: 53 hours) +

* The employee engagement survey was not conducted in FY2024 due to the Group's strategic transition from Lenses to an online survey.

- Strengthen workforce capabilities through structured learning pathways, digital skill development, and leadership programmes.
- Build a high-performance culture with real-time feedback, improved performance management, and recognition of excellence.
- Deepen employee engagement and

IC INTELLECTUAL CAPITAL

- Achieved first ever Moody's International Credit Rating A3 in the Group's 50-year history
- Constituent of the Bursa Malaysia FTSE4Good Index
- Constituent of the Dow Jones Sustainability Index
- Awards & recognition received:
 - Fortune Southeast Asia 500 for the second consecutive year (AFFIN Group)
 - Bank of the Year, ESG Champion at the Sustainability & CSR Malaysia Awards 2025
 - Global Sustainable Finance Awards 2025
 - ASEAN Outstanding Banker Excellence Award at the ASEAN 25 Partnership Forum
 - Global Banking & Finance Awards 2025, Best Trade Finance Bank in Malaysia & Fastest Growing Trade Finance Bank in Malaysia
 - Red Hat APAC Innovation Awards 2025 (Category: Automation)
- The Asset Triple A Islamic Finance Awards 2025
 - a) Best Islamic Retail Bank in Malaysia
 - b) Best Sustainability - Linked Sukuk
 - c) Best Islamic IPO
 - d) Best Sustainability Sukuk
- Sustainable Bank of the Year at the International Banker Awards 2025
- Best Bank for Islamic Wealth Management Solutions in Malaysia by the Cambridge Islamic Fund Awards (CIFA) 2025
- Consumers' Choice Award 2024/2025
- Recognised as one of the Top 50 out of 569 large-cap ASEAN Public Listed Companies in the 2024 ASEAN Corporate Governance Scorecard Regional Assessment
- Citywire ASEAN Awards 2025: Recognised for Best Digital & Technology in wealth management

- Strengthen brand trust through consistent service quality and customer-focused innovation.
- Advance operational excellence through structured continuous improvement and standardisation efforts.
- Enhance cyber-resilience by investing in advanced monitoring tools to detect fraudulent and phishing platforms.

SC SOCIAL AND RELATIONSHIP

- Mobilised more than RM12.06 billion in sustainable financing +
- Reached 170,279 beneficiaries through community programmes and initiatives +
- Remained a member of the United Nations Global Compact Network Malaysia and Brunei (UNGCMYB)

- Strengthen community engagement through targeted social programmes focused on education, community empowerment, health, environmental sustainability, and disaster relief, ensuring meaningful and targeted community investments.

NC NATURAL CAPITAL

- Solar panel installations across 12 branches contributed to:
 - Generating 271,467.50 kWh of renewable energy +
 - Avoiding 210.12 tCO₂e of carbon emissions +
- Subscription of Renewable Energy Certificates (RECs) reduced operational emissions by up to 6,496.17 tCO₂e against the FY2022 baseline +

- Advance the Net Zero Roadmap by 2050 through targeted emissions-reduction actions in high-emitting sectors, including scaling up transition and sustainable financing to support customer decarbonisation and strengthen long-term portfolio resilience.

Supported by a robust governance framework

... ENHANCE OUTCOMES

STAKEHOLDERS

UNSDG

TRADE-OFFS

- management and capital planning.
- Enhance stability of funding base through targeted customer engagement initiatives.
- Maintain transparent communication on financial strategies and performance.

Stakeholders: CU, EM, BP, IV, AR, ME, GR

UNSDG: 12 Economic Sustainable Consumption and Production, 16 Peace, Justice and Strong Institutions, 8 Decent Work and Economic Growth

In strengthening Financial Capital, we manage the balance between short-term profitability and long-term transformation. Capital allocated to digital modernisation, cybersecurity enhancement and risk management capabilities may place pressure on near-term margins but supports long-term resilience. Loan growth to enhance returns is pursued alongside prudent underwriting standards to safeguard asset quality. Dividend distribution and business expansion are similarly balanced against the need to maintain robust capital buffers in line with regulatory expectations and macroeconomic conditions

- Enhance customer experience through modernised branches and high-performance digital channels.
- Implement infrastructure upgrades to ensure faster, more reliable digital transactions.
- Optimise number of branches and self-service networks to align with evolving customer preferences.

Stakeholders: CU, EM, BP, VD

UNSDG: 9 Industry, Innovation and Infrastructure

We also balance investment in digital infrastructure with optimisation of the physical branch network. Enhancing digital platforms improves customer convenience and operational efficiency but requires upfront expenditure that may affect short-term performance. Rationalising branches improves cost efficiency but may reduce accessibility for certain segments. In addition, the pace of technological modernisation is managed to support customer experience while maintaining operational stability, cybersecurity and service continuity.

- well-being via enhanced communication, pulse surveys, and holistic well-being initiatives.
- Drive strategic workforce planning using data-driven analytics, succession planning, and future-skills forecasting.
- Enhance talent attraction and retention by improving employer branding, career pathways, and competitive and differentiated reward structures.

Stakeholders: EM

UNSDG: 8 Decent Work and Economic Growth, 9 Industry, Innovation and Infrastructure, 11 Sustainable Cities and Communities

Human Capital development centres on building digital capabilities, deepening expertise and strengthening leadership bench strength to support execution. However, time and resources allocated to training, capability-building and retention initiatives must be carefully managed alongside operational requirements. Remuneration structures and flexible work arrangements are calibrated to attract and retain talent while preserving cost discipline, productivity and organisational cohesion.

- Deepen customer protection through targeted financial-fraud awareness and education programmes.
- Strengthen fraud risk management by refining detection rules and leveraging analytics to improve early-warning capabilities.

Stakeholders: CU, EM, BP, IV, VD, ME

UNSDG: 3 Good Health and Well-being, 4 Quality Education, 5 Gender Equality, 8 Decent Work and Economic Growth, 9 Industry, Innovation and Infrastructure

Strengthening Intellectual Capital requires disciplined investment in technology, data and digital capabilities to enhance innovation and process efficiency. These initiatives involve upfront costs and sustained implementation efforts, and require corresponding upgrades in infrastructure and workforce capabilities. While such investments may place pressure on short-term resources, they position the Group for improved competitiveness, scalability and long-term value creation.

- Expand financial-education initiatives to empower underserved communities and promote responsible banking
- Prioritise local suppliers and implement development programmes to strengthen SME capabilities
- Enhance customer trust and satisfaction through continuous improvements in service quality

Stakeholders: ALL

UNSDG: 3 Good Health and Well-being, 4 Quality Education, 8 Decent Work and Economic Growth, 9 Industry, Innovation and Infrastructure, 11 Sustainable Cities and Communities

In strengthening Social and Relationship Capital, we balance commercial objectives with long-term stakeholder value. Financial inclusion and community initiatives support sustainable growth and stronger stakeholder relationships over time. Transparent engagement enhances trust, accountability and brand credibility. These efforts reinforce long-term relationships with customers, communities, regulators and business partners, supporting resilience and sustained performance.

- Expand solar panel installations across additional selected branches to increase renewable energy generation and further reduce operational emissions.

Stakeholders: BP, GR, VD, NG

UNSDG: 7 Affordable and Clean Energy, 8 Decent Work and Economic Growth, 13 Climate Action

We adopt a measured approach to environmental stewardship, investing in energy efficiency and waste reduction to improve long-term environmental performance. In parallel, we expand green and transition financing while integrating climate-related risk considerations into portfolio management.

Stakeholder Engagement and Value Creation

Customers

CU

Our customers are central to AFFIN’s operations. We build trust and loyalty by focusing on their needs and convenience, and by developing an ecosystem that enhances their overall banking experience.

Engagement Purpose (Why We Engage)

To understand their evolving financial needs and expectations, enhance service quality and digital experience, and build long-term relationships anchored in trust, reliability and responsible banking.

Channel & Frequency of Engagement (How We Engage)

- Interactions at branches and customer service centres
- Mobile financial centre (MFC) outreach
- Digital platforms such as our mobile apps, online banking platform, etc.
- Dedicated relationship managers
- Customer surveys & Net Promoter Score (NPS) assessments
- Our social media platforms

Key Concerns Raised

- Service turnaround time in branches
- Reliability, usability and security of our digital banking platform
- Data protection and cybersecurity safeguards
- Consistency of service experience across channels

Risks

- Customer attrition due to inconsistent service experiences
- Reputational damage from service disruptions
- Cyber threats, potentially leading to operational disruptions, financial penalties and reputational damage

Responses / Business Initiatives

- Launched our next-generation AffinAlwaysX mobile banking app, which delivers enhanced user experience, security and digital functionality
- Introduced AFFIN Cards on Google Play, enabling a seamless payment experience for our customers
- Strengthened community presence through nationwide engagements, including Karnival Jom Heboh, Jelajah Wira roadshows and LIMA 2025
- Expanded our exclusive state and institution-themed debit and credit card portfolio with the Kenyalang, Selangor and Kinabalu debit cards, as well as the Borneo credit cards

Opportunities

Value Created for Stakeholders

- Enhanced accessibility of banking services
- More personalised banking experiences
- Enhanced safety and convenience, and improved turnaround time, via digital-centric enhancements
- Broader financial inclusion for underserved segments

Value Created for AFFIN

- Increased brand loyalty and market share
- Opportunities for cross-selling, driving customer value and revenue growth
- Deep customer insights to drive informed strategic planning

Value Creation Indicators & Highlights / Achievements

- Achieved strong 12% YoY growth in our retail customer base
- Recorded 22% YoY credit card portfolio growth

Map To

Capitals:

FC SRC IC MC

Material Matters

DI DS CC
EI FI FS

SDGs



Employees EM

Our employees are a strategic enabler of our performance and business outcomes. A capable, engaged and future-ready workforce strengthens execution, advances digital transformation and enhances customer experience, supporting long-term value creation.

Engagement Purpose (Why We Engage)

To build an agile, capable and future-ready workforce that strengthens execution effectiveness, accelerates transformation priorities, enhances customer experience and sustains long-term organisational performance.

Channel & Frequency of Engagement (How We Engage)

- Group and divisional townhall
- Leadership briefings
- One-on-one performance & development-related conversations
- Employee engagement surveys and pulse feedback
- Structured learning, development and leadership programmes
- Well-being and engagement initiatives delivered through integrated digital and on-ground programmes

Key Concerns Raised

- Workload, work-life balance and wellbeing
- Readiness for evolving digital capability requirements
- Clarity on career pathways and progression opportunities

Risks

- Workforce fatigue impacting execution effectiveness and productivity
- Talent attrition affecting service quality, delivery continuity and institutional knowledge
- Capability gaps in critical and emerging skill domains

Responses / Business Initiatives

- Strengthen enterprise capability and leadership effectiveness through an integrated approach to learning, performance, and talent management, anchored by the Affin Management Institute (AMI)
- Enhance workforce sustainability through a structured wellbeing and engagement platform, anchored by AFFIN Wellness and supported by strategic partnerships
- Accelerate digital capability development through targeted training programmes aligned to transformation priorities

Opportunities

Value Created for Stakeholders

- Clearer career pathways and structured leadership development
- Continuous upskilling and digital capability enhancement
- A supportive and inclusive work environment focused on wellbeing

Value Created for AFFIN

- Higher organisational productivity and service quality driven by a workforce of skilled, competent and digitally savvy employees across critical roles
- A stronger internal talent pipeline supported by systematic capability development
- Enhanced organisational resilience and agility

Value Creation Indicators & Highlights / Achievements

- 18.52% YoY increase in high-potential performers across the organisation, reaching 416 talents
- Invested over RM10.4 million in learning and development, contributing to a 7.6% y-o-y increase in average training hours per employee (FY25: 57 hours)

Map To

Capitals: FC, IC, HC, MC, SRC

Material Matters: FI, DE, TM, FE, DE, EI

SDGs: 3, 4, 5, 8, 9, 10, 13

Stakeholder Engagement and Value Creation

Business Partners

BP

Our business partners enable us to innovate faster and broaden our customer reach by delivering innovative digital solutions and opening access to new platforms, ecosystems, and high-value customer segments.

Engagement Purpose (Why We Engage)

To build resilient, mutually beneficial strategic partnerships and deliver solutions that drive customer value, anchored in sustainable innovation and co-creation aligned with our strategic priorities.

Channel & Frequency of Engagement (How We Engage)

- Industry forums, conferences and strategic dialogues
- Regular business engagements

Key Concerns Raised

- Business continuity
- Clarity on long-term direction of partnership
- Commercial and data-sharing transparency and confidentiality

Risks

- Misaligned partnership objectives, affecting achievement of objectives
- Technology or service delivery failure, disrupting customer experience
- Reputational spillover from potential partner non-compliance

Responses / Business Initiatives

- Launched the Mbassador Programme in collaboration with 14 real estate agencies, driving significant growth in mortgage products and services
- Expanded market reach through collaborations with luxury automobile brands including Porsche, Aston Martin, Bofori, Harley-Davidson, and Triumph, enhancing value propositions for affluent customer segments
- Partnered with Marriott International, Malaysia, providing access to 58 Marriott Bonvoy Hotels & Resorts nationwide to elevate lifestyle privileges for premium customers

Opportunities

Value Created for Stakeholders

- Fair and transparent partnership terms
- Long-term business opportunities
- Expanded customer access through our distribution platform

Value Created for AFFIN

- Faster time-to-market for digital and ecosystem offerings
- Broader customer reach
- Stronger ecosystem for digital transformation
- Operational efficiencies and cost optimisation

Value Creation Indicators & Highlights / Achievements

- Strengthened engagement with High-Net-Worth customers through strategic alliances with renowned luxury automobile brands
- Expanded our mortgage loan portfolio by 7.03% YoY
- Recorded a 4.41% YoY increase in auto financing loans

Map To

Capitals:



Material Matters



SDGs



Government and Regulators GR

Regulators are fundamental to our operating environment, providing the framework that safeguards financial stability and customer interests. By aligning with regulatory expectations, we position ourselves to minimise risk and enhance long-term resilience.

Engagement Purpose (Why We Engage)

To remain abreast of regulatory developments, support ongoing compliance, and contribute constructively, where possible, to policy dialogue.

Channel & Frequency of Engagement (How We Engage)

- Regular supervisory engagements and consultations
- Participation in industry dialogues, briefings, and townhalls

<p>Key Concerns Raised</p> <ul style="list-style-type: none"> • Continuous adherence to banking secrecy requirements and data privacy regulations • Strengthening of AML/CFT and sanctions controls to meet evolving regulatory expectations • Sustained operational resilience • Enhancements to risk management practices 	<p>Risks</p> <ul style="list-style-type: none"> • Regulatory fines, penalties or sanctions • Reputational harm from non-compliance • Increased operational and resource demands to meet emerging risks and evolving regulatory expectations
<p>Responses / Business Initiatives</p> <ul style="list-style-type: none"> • Offering new or enhanced technologies and digital services that align with regulatory requirements • Accelerating our digitalisation journey to deliver greater accessibility, convenience and customer value, in line with national objective • Continually enhancing our risk governance and enterprise risk management frameworks 	<p>Opportunities</p> <p>Value Created for Stakeholders</p> <ul style="list-style-type: none"> • Transparent and credible communications and disclosures • Exchange of meaningful industry perspectives in relation to the size, nature, and complexity of our business <p>Value Created for AFFIN</p> <ul style="list-style-type: none"> • Strengthened overall risk profile due to constructive engagement • Alignment with emerging regulatory standards and best practices • Enhanced trust and investor confidence

Value Creation Indicators & Highlights / Achievements

- Delivery of high quality, value adding compliance risk assessments and reviews
- Increased in conduct and compliance culture programmes including AML/CFT and anti-bribery & corruption

Map To

Capitals: FC SRC NC

Material Matters: DS EI FS DI RM CH

SDGs: 2, 4, 8, 10, 11, 13, 16, 17

Stakeholder Engagement and Value Creation

Shareholders & Investors

IV

Our shareholders and investors are essential as they provide the capital and confidence that enable us to execute our strategies and drive sustainable growth.

Engagement Purpose (Why We Engage)

To maintain transparency, build trust, and strengthen confidence in the Group's strategic direction.

Channel & Frequency of Engagement (How We Engage)

- Annual General Meetings (AGM)
- Integrated Annual reports
- Quarterly analyst briefings
- One-on-one engagements with investors

Key Concerns Raised

- Profitability and sustainable growth
- Future strategic priorities and transformation agenda
- Corporate governance and risk management
- Capital strength and liquidity position
- Advancements of our Group's sustainability journey

Risks

- Shareholder dissatisfaction impacting capital access
- Market volatility affecting share price
- Insufficient transparency eroding investor trust

Responses / Business Initiatives

- Enhanced transparency with comprehensive disclosures on strategy and growth plans
- Issued quarterly results, analyst briefings, and press statements to maintain consistent market communication
- Strengthened shareholder engagement through timely responses to queries and feedback
- Reported key sustainability and governance practices through our annual and sustainability reports, presentations, and corporate website

Opportunities

Value Created for Stakeholders

- Sustainable long-term returns
- Transparent disclosures on business performance
- Active engagement on our transformation journey

Value Created for AFFIN

- Strengthened market confidence and stable valuation
- Stronger capital and liquidity position to support sustainable business growth

Value Creation Indicators & Highlights / Achievements

- Delivered NIM: 1.45%, Loan growth: 10.4%, Gross Credit Cost: 13bps, GIL: 1.64%, ESG Financing: 15.19% reflecting solid performance
- Stable Group CET-1 ratio of 13.34% and Total Capital Ratio of 17.22%
- First ever A3 rating from Moody's

Map To

Capitals:



Material Matters



SDGs



Vendors VD

Our vendors play a critical role by delivering specialised expertise, technology, and operational support that enable us to operate efficiently, manage risks, and execute our strategic priorities effectively.

Engagement Purpose (Why We Engage)

To build and maintain an efficient and resilient supply chain built on responsible and ethical sourcing, while fostering long-term engagement that drives innovation and enhances operational efficiency.

Channel & Frequency of Engagement (How We Engage)

- Periodic evaluation of vendors based on vendor category
- Our vendor portal (for tenders and payments)
- Periodic contract reviews and performance monitoring

Key Concerns Raised

- Turnaround time for vendor registration and onboarding
- Cybersecurity and data protection standards
- Payment timelines and contract governance

Risks

- Supply chain disruptions impacting service continuity
- Regulatory non-compliance by vendors, impacting our reputation
- Vendor technology failures resulting in system downtime

Responses / Business Initiatives

- Enhanced Group Strategic Procurement Guideline to fully align with governance and compliance standards
- Digitalised our procurement processes to improve convenience and shorten turnaround time
- Strengthened our vendor onboarding programme with greater emphasis on data security, ESG and ethical standards
- Implemented structured supplier performance metrics alongside monitoring tools

Opportunities

Value Created for Stakeholders

- Transparent and fair procurement processes
- Strengthen business relationships through long-term, collaborative partnerships
- Equitable business opportunities that promote long-term vendor sustainability

Value Created for AFFIN

- Improved cost efficiency through strategic outsourcing to vendors
- Enhance service reliability and performance consistency
- Strengthen overall supply chain resilience and continuity

Value Creation Indicators & Highlights / Achievements

- Improved processing turnaround time through digital procurement
- Increased transparency and accessibility of procurement information
- Strengthened compliance through standardised documentation and monitoring
- Improved visibility of supplier performance enabled by more consistent evaluation and reporting
- Improved vendor engagement experience through clearer processes and streamlined communication channels

Map To

Capitals:

IC MC SRC MC

Material Matters

SP EI DS

DI RM

SDGs



Stakeholder Engagement and Value Creation

Communities Non-Governmental Organisations (NGOs)

NG

We are committed to serve communities and partnering with NGOs to contribute to a more financially literate and advanced economy. Our initiatives aim to further our responsible banking agenda and strengthening brand trust while supporting sustainable development.

Engagement Purpose (Why We Engage)

To understand community needs, supporting the creation of initiatives that promote financial inclusion, strengthen financial literacy, support community empowerment, empower disadvantaged communities, and addresses unemployment.

Channel & Frequency of Engagement (How We Engage)

- Collaboration with Non-profit and Non-governmental Organisations (NGOs) on social projects
- Donations, sponsorships, and ESG-driven engagements
- Social empowerment programme for MSMEs

Key Concerns Raised

- Financial literacy among unserved and underserved communities
- Access to financial solutions, with low awareness, especially among the MSME segment, a key issue
- Trust gaps arising from limited awareness or engagement

Risks

- Misalignment between programme design and actual community needs, leading to ineffective initiatives and reputational impacts
- Low community trust due to gaps in engagement or poor service visibility

Responses / Business Initiatives

- Established Yayasan AFFIN as our central platform for community empowerment initiatives
- Collaborations with the Malaysian Research & Education Foundation (MyREF), Jabatan Hal Ehwal Veteran (JHEV), and PERHEBAT to deliver financial literacy programmes tailored for armed forces veterans
- Financial awareness initiatives conducted through school visits, as well as broader public outreach via our participation in Bank Negara Malaysia's Karnival Celik Kewangan (KCK) Penang 2025
- Implemented financial literacy and awareness programmes, such as the Jelajah Wira Roadshows, to empower communities
- Participated in the Program iTEKAD Perwira-i 2025/2026, an initiative under Bank Negara Malaysia's iTEKAD framework, aimed at strengthening the financial resilience and business capabilities of low-income micro-entrepreneurs
- Deployed our Mobile Financial Centre (MFC) units to enhance access to essential financial services in rural areas

Opportunities

Value Created for Stakeholders

- Enhanced effectiveness and reach of social programmes.
- Improved entrepreneurial capability for micro-entrepreneurs and MSMEs
- Addressed critical community needs, including financial literacy, education, and economic empowerment.

Value Created for AFFIN

- Advancement against our Responsible Banking with Impact strategic objective
- Sharper understanding of community needs and social gaps, enabling more targeted financial inclusion and ESG initiatives
- Enhanced corporate credibility and elevated brand visibility

Value Creation Indicators & Highlights / Achievements

- Reached 170,279 beneficiaries through a wide range of community programmes and initiatives
- Recorded total community investment of RM8.39 million

Map To

Capitals:



Material Matters



SDGs



Analyst/ Rating Agencies AR

Analysts and Rating Agencies provide independent assessments of our financial strength, governance, and risk profile, shaping investor confidence, influencing capital access, and reinforcing our market credibility.

Engagement Purpose (Why We Engage)

To facilitate independent assessments of our financial health, risk profile and overall performance, identify areas for improvement, and ultimately enhance investor trust and strengthen our investment standing.

Channel & Frequency of Engagement (How We Engage)

- Quarterly financial briefings
- Dedicated investor relations communication
- Review of Ratings and assessment
- One-on-one engagements with analysts and rating agencies

Key Concerns Raised

- Transparency and accuracy of financial reporting
- Impact of market volatility on investment income and funding costs

Risks

- A negative rating outlook or downgrade may signal weakness.
- Misinterpretation of financial performance or strategic priorities
- Increased scrutiny during periods of market volatility
- Market sensitivity to macroeconomic and sectoral developments

Responses / Business Initiatives

- Provided regular financial updates and disclosures to analysts and rating agencies
- Maintained structured communication through dedicated Investor Relations teams
- Engaged senior management in periodic rating reviews and key assessment discussions
- Conducted analyst and investor briefings to communicate strategic direction and business outlook

Opportunities

Value Created for Stakeholders

- Transparent and consistent access to performance data
- Clear articulation of strategy, risk, performance and outlook

Value Created for AFFIN

- Strengthened investor trust
- Enhanced access to capital markets
- Improved liquidity resilience under volatile market conditions
- Ability to counter misinformation or negative sentiment

Value Creation Indicators & Highlights / Achievements

- Maintained a rating of AA3 from RAM Rating Services Berhad
- Achieved an A3 rating from Moody's - the first in our history - with standalone rating upgraded to Baa2, reflecting confidence in our liquidity and funding position
- Upgraded from an 'A' to an 'AA' rating in MSCI's ESG assessment
- Upgraded to a 4-star rating from 3-star for FTSE4Good Rating

Map To

Capitals:



Material Matters



SDGs



Stakeholder Engagement and Value Creation

Media

ME

The media play an important role in shaping public perception of the Group, influencing stakeholder trust, reinforcing brand reputation and enabling clear, timely communication, particularly during high-visibility periods.

Engagement Purpose (Why We Engage)

To provide timely, accurate and balanced information on our strategy, financial performance, products and initiatives, thereby supporting fair reporting and strengthening the confidence of the public.

Channel & Frequency of Engagement (How We Engage)

- Press conferences and briefings
- Media releases and official statements
- Events
- Corporate website and social media updates

Key Concerns Raised

- Timeliness and accuracy of corporate disclosures
- Transparency during incidents or service disruptions
- Response to economic volatility and uncertainty

Risks

- Decline in public trust following negative coverage
- Inaccurate or unbalanced reporting affecting stakeholder perception
- Reputational impacts arising from crisis events or operational disruptions

Responses / Business Initiatives

- Engaged proactively with media to communicate key updates on product launches, branch expansions, and major business milestones
- Responded promptly and accurately to media enquiries, supported by a structured rapid-response protocol

Opportunities

Value Created for Stakeholders

- Strengthened journalistic credibility arising from access to reliable financial data and commentary on the Group
- Revenue generation opportunities from advertising, campaigns, and sponsored content

Value Created for AFFIN

- Key corporate messages delivered to our target audiences, consistently and at scale
- Ability to promote new products, segments, and digital enhancements
- Ability to amplify awareness of our ESG and community initiatives

Value Creation Indicators & Highlights / Achievements

- Strengthened brand visibility through strong, ongoing relationships with media partners
- Maintained proactive outreach, ensuring timely updates and transparent communication

Map To

Capitals:



Material Matters



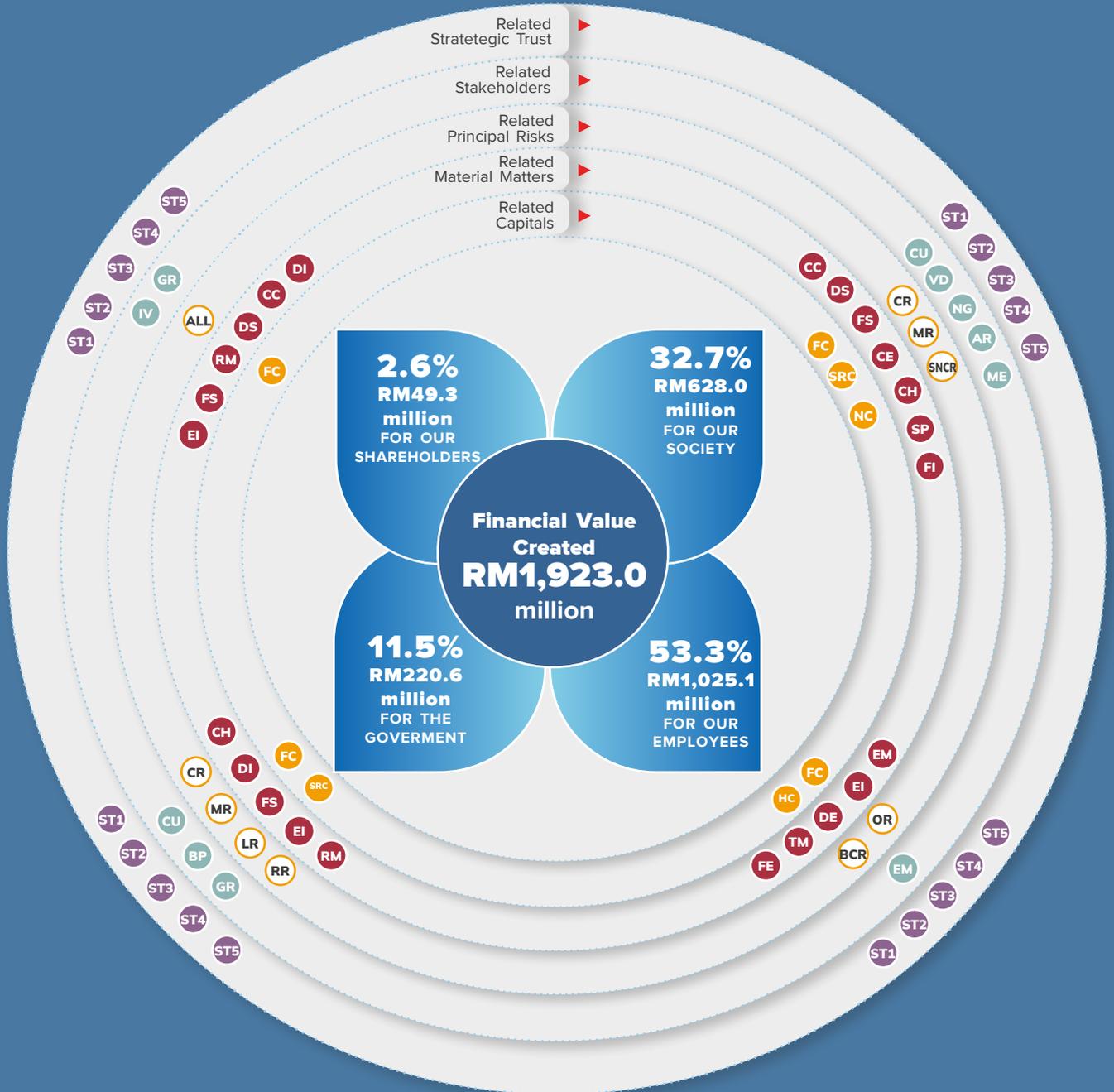
SDGs



How We Distribute Value Created

In line with our commitment to sustainable and shared value creation, we continued to deliver positive impact for our stakeholders through financial returns, investments in talent development and community advancement, taxes paid to the Government and returns distributed to shareholders. Through the value distributed, we contributed to positive multiplier effects across the economy and society, reinforcing our role as a responsible Bank committed to delivering impact beyond our immediate business.

The value created in 2025 was distributed as follows:



Material Matters

As a banking group with a central role in allocating capital and supporting customers, businesses and communities, AFFIN remains committed to understanding and responding to the economic, environmental and social matters that are most relevant to the Group and its stakeholders. These material matters reflect the issues that have the greatest significance to our long-term resilience, value creation and competitiveness. Our approach is anchored in the principle of double materiality, whereby we consider both how sustainability-related matters may affect AFFIN’s performance and enterprise value over time (outside-in) and how AFFIN’s activities, products, services and relationships may impact the economy, environment and people (inside-out). By integrating both perspectives, the Group is better able to identify sustainability-related impacts, risks and opportunities across its operations and value chain, strengthening decision-making and supporting responsible allocation of resources. Further details on our materiality assessment approach are provided in the Sustainability Statement on page 265.

 Refer to Approach on page 268

FS Responsible Financial Services

Importance

- Responsible financial services are critical to ensuring the resilience, prosperity, and stability of the global and regional financial ecosystems.
- By embracing this material matter, we can unlock growth in new market segments and forge deeper customer partnerships.
- Through responsible financial services, we foster shared value creation, enabling us to achieve our business objectives while contributing to a more sustainable, low-carbon future.

Risks

- Potential conflicts of interest with the expectations of all stakeholders because it is not as profitable as traditional financial products.
- Perceived as overstating its ESG integration or inaccurately marketing financial products as responsible or sustainable, leading to accusations

Opportunities

- Enable sustainable growth in business by integrating sustainability factors into financial decisions, considering the long-term viability of investments.
- Capitalise on demand for sustainable financial products from both institutional and retail investors.

Mapped to:



 Refer to Approach on page 269

CH Climate Change

Importance

- The financial sector has a crucial role to play in catalysing Malaysia’s transition to a low-carbon economy.
- To contribute to the nation’s decarbonisation goals, we are directing capital towards sustainable and low-carbon activities.
- We aim to achieve a 70% reduction in operational emissions (Scope 1 and 2) by 2030, compared to 2022 baseline. This progress will pave the way for us to achieve Net Zero by 2050.
- Our Net Zero by 2050 strategy outlines a comprehensive roadmap for our decarbonisation, encompassing key interim and long-term targets.

Risks

- Failure to address significant physical and transition risks, including mitigation and adaptation efforts.

Opportunities

- Ability to develop new and improved sustainability-related products and solutions.

Mapped to:



Refer to Approach on page 270

RM Systemic Risk Management

Importance

- Mitigating systemic risks is essential to building a strong and resilient financial foundation.
- By proactively addressing both immediate and long-term threats, we safeguard our business and ensure its long-term stability.

Risks

- Failure to manage systemic risks, unable to meet short term liabilities, liquidity requirements.

Opportunities

- Managing risks related to systemic stresses often requires improved technological infrastructure for risk modelling and compliance reporting, pushing banks to innovate.

Mapped to:



Refer to Approach on page 271

CC Customer Centricity

Importance

- Customer satisfaction is paramount to AFFIN's success. We prioritise building strong, trusting relationships with our customers by ensuring fair and transparent interactions. We are dedicated to exceeding customer expectations through, underscored by a customer-centric approach to business. a customer-centric approach, focusing on enhancing the entire customer journey.

Risks

- Any misalignment between the expectations of our customers and our service delivery may result in negative customer experiences.

Opportunities

- Providing tailored financial services that meet the specific needs of individuals and businesses.
- Delivering improved customer service by driving innovation, lowering costs and improving financial products.

Mapped to:



Refer to Approach on page 272

SP Sustainable Procurement Practices

Importance

- Customers increasingly prioritise environmental and social responsibility, extending to businesses' procurement practices. They care about the journey of products and services, demanding responsible sourcing with minimal environmental impact and respect for human rights.
- Therefore, sustainable procurement: considering environmental, social, and economic factors in purchasing, is crucial for building trust and loyalty with these discerning customers, enhancing brand reputation, and attracting those who share these values.

Risks

- Failure to manage sustainable resourcing practices in AFFIN's supply chain, e.g., AFFIN's suppliers breaches environmental, labour, ethics regulatory requirements.

Opportunities

- Engaging with clients to improve supply chain resilience to ensure minimal social and environmental impacts through responsible sourcing practices.

Mapped to:



Material Matters

Refer to Approach on page 272

DI Digital Innovation

Importance

- The embrace of digital technologies and processes offers significant benefits. It enhances customer value through improved services and expanded reach while simultaneously empowering employees to achieve increased productivity. These combined advantages are crucial to long-term organisational success.

Risks

- Failure to keep pace with new market players by embracing emerging technologies and establishing partnerships with platform companies.

Opportunities

- Leveraging technology to create innovative financial solutions and enhance customer efficiency by expanding a digitally driven advisory model.
- Strengthens governance, reporting and compliance capabilities through improved data quality, traceability and real-time monitoring across digital platforms.

Mapped to:



Refer to Approach on page 273

DS Data Privacy & Security

Importance

- In the digital era, safeguarding personal and sensitive information is of critical importance.
- Through a robust approach to data privacy and security, we can optimise operational efficiency, drive continued business success, and foster enduring trust with our customers.
- As a data-driven financial institution, we can also leverage customer data to analyse behaviour, develop targeted products, and navigate risks.

Risks

- Lack of data security systems and insufficient safeguards for sensitive customer, client and employee information poses a risk to unauthorised access and potential fraud.

Opportunities

- Improved data protection controls and employee awareness enable AFFIN to safeguard sensitive information while supporting responsible data-driven decision-making.

Mapped to:



Refer to Approach on page 273

EM Environmental Management

Importance

- Resource efficiency is key to minimising our environmental footprint, which in turn upholds our reputation as a responsible corporate citizen and improves relations with our stakeholders.

Risks

- Lack of environmental management may heighten the risk of exposure to new and existing regulatory requirements and environmental standards.

Opportunities

- Strengthening environmental management practices enables more efficient use of resources, reduces environmental impacts, and supports long-term cost optimisation across operations.

Mapped to:



Refer to Approach on page 274

EI Ethics and Integrity

Importance

- The long-term viability of our organisation is predicated upon a robust foundation of compliance, integrity, trust, and professionalism. As a financial institution operating within a highly regulated environment, we recognise the paramount importance of strict adherence to all applicable laws and regulations.
- Non-compliance carries significant risks, including legal and regulatory repercussions that can jeopardise our financial stability and irreparably damage our reputation.

Risks

- Unethical behaviour, corruption or conflicts of interest.

Opportunities

- Maintaining sound and effective corporate governance policies and procedures.

Mapped to:



Refer to Approach on page 275

TM Talent Management

Importance

- Attracting and retaining top talent is crucial to maximising the potential of our resources and driving continued success.
- By cultivating a diverse and agile workforce, we foster innovation, build a strong leadership pipeline, and enhance employee engagement for greater productivity.
- Investing in continuous upskilling ensures our employees possess the future-ready competencies necessary to maintain a competitive edge within the industry.

Risks

- Inability to retain or attract top talent due to inadequate succession planning or uneven resource allocation.
- Lack of investment in upskilling and reskilling, causing skills gap in areas such as digital transformation, regulatory updates or climate-related risks.

Opportunities

- Create learning and development opportunities to develop skills that equip for business and technological landscapes.

Mapped to:



Material Matters

 Refer to Approach on page 276

FE Fair Employment Practices

Importance

- As a responsible financial services provider, we recognise the importance of transparent and accurate communication with our employees. This enables them to make informed choices and aligns with our commitment to fair treatment and compliance.
- Misinformation or ambiguity can have significant consequences, including regulatory breaches, legal liabilities and reputational damage.

Risks

- Risk of not properly managing talent such as inadequate handling of workplace disputes, discrimination or non-compliance with labour laws.

Opportunities

- Create an optimum and positive work environment to support employees' safety and promotes their wellbeing.

Mapped to:



 Refer to Approach on page 277

DE Diversity, Equity and Inclusion

Importance

- Actively promoting diversity, equity and inclusion in the workplace while ensuring a safe and inclusive environment for all employees.

Risks

- Risk to stifle the variety of perspectives and ideas which lead to decreased innovation and problem-solving capacity.

Opportunities

- Ability to retain and attract best talent by embracing diversity and cultivating inclusive workforce, with the aim to also provide equal opportunities and equal pay for the same work.

Mapped to:



Refer to Approach on page 278

CE Community Empowerment

Importance

- Undertaking initiatives to empower and support individuals or groups and make a positive impact within the communities where we operate.
- Conducting initiatives focused on addressing issues in environmental management, disaster relief, education, and health.

Risks

- Neglecting to implement community development programmes to the communities AFFIN serves.

Opportunities

- Building on AFFIN’s existing CSR initiatives, AFFIN can further increase its community empowering initiatives.

Mapped to:



Refer to Approach on page 279

FI Financial Inclusion

Importance

- Financial inclusion is about more than simply providing access to financing services. It entails empowering individuals and businesses to achieve economic improvement and stability.
- By offering targeted financial services and assistance to underserved segments, including students, entry-level workers, SMEs, and microenterprises, we contribute to the development of more resilient economies, the reduction of inequality, and the enhancement of the overall quality of life. This aligns with our goal of fostering long-term financial wellbeing and economic empowerment within the communities we serve.

Risks

- Failure to uphold financial inclusion and offer financial literacy to the underserved community.

Opportunities

- Offer financial products to new customer segments, such as low-income individuals, rural populations, or small businesses to grow their customer base and generate additional revenue streams.

Mapped to:



STRATEGIC REVIEW

Operating Environment: Economic Review and Outlook

The Global Economy

In 2025, the global economy remained resilient despite trade and tariff-related shocks, with the International Monetary Fund (IMF) estimating global growth at approximately 3.3% in its January 2026 World Economic Outlook Update. This performance was supported by the front-loading of imports as market participants sought to avoid anticipated tariff increases, robust expansion in technology-related exports, and lower inflation, which provided greater scope for monetary easing.

Nevertheless, the global economy remained structurally fragile and uneven. While large-cap firms thrived on easier access to funding, financial conditions for SMEs and emerging-market corporates remained tight. Furthermore, global growth has continued to lag behind pre-pandemic averages, constrained by subdued investment, high public debt, geopolitical tensions, and protectionist measures.

Key challenges faced during the year included:

- **Trade and Geopolitical Risks**

Rising geopolitical tensions and the introduction of new tariffs created uncertainty for global trade and investment flows. These developments contributed to disruptions in supply chains, with sectors like Electronics and Electrical (E&E), where production and logistics span multiple countries, particularly vulnerable. At the same time, the situation created caution around investment and capital expenditure, impacting growth across the global business landscape.

- **Policy Uncertainty**

Central banks faced a challenging macroeconomic environment. Despite easing inflation, many kept interest rates elevated or adjusted them cautiously due to ongoing price pressures and uncertainty on economic growth.

- **Commodity Price Volatility**

Significant swings in energy and food prices contributed to uneven inflation across economies. These fluctuations affected real incomes and created uncertainty for businesses and households worldwide.

- **Climate-Related Risks**

The increasing frequency of extreme weather events caused supply chain disruptions and added unexpected costs as businesses adapted their operations and infrastructure to cope with these events.

- **Logistics Fragility**

Global logistics networks remained vulnerable to geopolitical disruptions, keeping freight costs and delivery times volatile and complicating international trade and business planning.

- **Tech Concentration**

Productivity gains from AI adoption remain concentrated within a small set of firms and economies, potentially exacerbating global inequality.

+ Outlook

Global GDP growth in 2026 is projected to sustain at 3.3%, amid the ongoing brisk expansion in technology-related exports, with a persistent growth divergence as advanced economies slow while emerging Asia remains relatively strong. The financial landscape will be defined by valuation dispersion, with investors increasingly prioritising earnings certainty and balance-sheet strength over speculative growth narratives. Consequently, capital flows are likely to remain volatile and more reactive to shifts in risk sentiment than to underlying fundamentals, significantly elevating foreign exchange risks.

While the substantial capital expenditure required for the energy transition is expected to support global growth over the medium term, it will add to near-term inflationary and fiscal pressures. Furthermore, global trade and investment will continue to be dampened by geopolitical tensions and evolving tariff barriers, accelerating the need for supply chain diversification.

The Malaysian Economy

Malaysia's economy recorded stronger-than-anticipated momentum in 2025, expanding 5.2% for the full year (2024: 5.1%), underpinned by robust domestic demand, a firmer labour market, and broad-based sectoral improvements. GDP at current prices rose to RM2.02 trillion, while real GDP reached RM1.74 trillion.

Growth accelerated markedly toward year-end, with 4Q25 GDP rising 6.3% year-on-year (4Q24: 4.9% yoy) supported by service-sector strength, manufacturing recovery, and construction expansion. On a seasonally adjusted basis, the economy grew 0.8% quarter-to-quarter in 4Q25 (3Q25: 2.7%). Despite a challenging global landscape, especially tariff and external demand uncertainties, Malaysia benefited from resilient consumer spending, revived investment activity, and improving external trade performance.

Key Growth Drivers in 2025:

- **Consumer Spending and Labour Market Strength**

Malaysia's labour market strengthened in 2025, with the unemployment falling to 2.9% in 4Q25, its lowest level since December 2014.

The labour force expanded to 17.6 million, and job creation remained healthy across services, construction, and manufacturing.

Private consumption in Malaysia grew 5.2% in 2025, supported by steady employment gains, modest inflation (CPI averaged 1.4% in 2025; 4Q at 1.3%), and gradual improvement in wages.

While household consumption remained resilient, high debt servicing costs continued to pressure lower-income groups. Yet overall, demand conditions stayed favourable and contributed strongly to full-year GDP performance.

- **Trade Recovery and Export Uncertainty**

External trade regained momentum towards late 2025 with exports growing by 3.9% yoy while imports surged 7.9% yoy in 4Q25. In terms of full year growth, export growth increased by 3.1% while imports increased by 4.6%.

The rebound in trade was led by electrical & electronics (E&E), machinery, and palm-based commodities.

Malaysia maintained a current account surplus of RM31.8 billion for 2025 (2024:RM32.8 billion). However, global tariff risks, weaker China-US demand, and external trade uncertainty continues to cloud the external outlook.

- **Investment Expansion and Infrastructure Development**

Overall Gross fixed capital formation (GFCF) accelerated strongly in 2025, rising 9.6% yoy, amongst the fastest pace in in the past 10 years, driven by broad-based improvements across structures 11.1% yoy and machinery & equipment 8.9% yoy with private investment accounting for 77.2% share of total capital formation and expanding 9.4% yoy during the year.

The government continued to prioritize fiscal consolidation while supporting national development. Budget 2026 allocates RM131.8 billion for public development expenditure, with strong emphasis on transport networks, water security, and digital infrastructure, including the development of a sovereign AI cloud. This aligns with ongoing multi-year national initiatives and complements the strong public-sector contribution to investment growth.

+ Outlook

The Malaysian economy is projected to grow by 4.8% in 2026, supported by steady household spending, low inflation, and low unemployment. The 13th Malaysia Plan (13MP) will accelerate public development projects in water security, transport, and digital infrastructure, helping to attract private-sector investment and sustain construction and manufacturing activity. While growth momentum is positive, the outlook remains cautious as Malaysia faces potential risks from a global economic slowdown in the US and China, ongoing tariff and geopolitical uncertainty, and the volatility in electronics demand cycles.

STRATEGIC REVIEW

Operating Environment:
Economic Review and Outlook

The Malaysian Economy (continued)

Key Growth Drivers in 2025: (continued)

Infrastructure activity strengthened further in 4Q25, reflecting double-digit construction expansion (+11.0% yoy) supported by non-residential buildings (+17.6% yoy), specialised construction (+13.7% yoy), and continued progress in civil engineering and utilities projects.

At the same time, private construction activity faced persistent headwinds. Volatility in material costs and the application of the Sales and Service Tax (SST) on fixed-price contracts continued to squeeze margins and complicate project planning. Firms remained cautious in committing to new builds due to rising input costs, even as overall investment momentum improved toward year-end.

Collectively, the combination of robust public investment, revived private-sector capital spending, and ongoing infrastructure modernisation solidified investment as one of Malaysia's key economic pillars in 2025. This would ensure a strong foundation for the growth outlook heading into 2026.

- **Manufacturing Stabilisation and Inventory Caution**

Manufacturing activity improved notably toward year-end. In 4Q25, the sector expanded 6.1% yoy compared to 4.1% in 3Q25. For the full year growth in 2025, the manufacturing sector increased by 4.5% (2024: +4.2%)

Key outperformers included Electrical, electronic & optical products (+12.7%), Vegetable & animal oils & fats and food processing (+10.0%) and Non-metallic mineral, basic metals & fabricated metal products (+4.9%).

While global demand remained uneven, E&E stabilisation late in the year 2025, supported by restocking cycles, has helped lift overall manufacturing sentiment.

- **Construction Momentum and Persistent Cost Pressures**

The construction sector continue to record double-digit growth in 2025 driven by transport infrastructure, flood-mitigation works, and rapid expansion of data centres.

Despite strong performance, the sector remained highly sensitive to shifts in market sentiment and continued to face persistent cost pressures. Rising operating costs, particularly from material price volatility, combined with the impact of Sales and Service Tax (SST) on fixed-price contracts, significantly compressed margins and complicated project planning for private developers.

Overall, 2025 marked a year of high construction throughput but challenging cost management, as firms worked to balance strong demand from public and data-infrastructure projects with mounting pricing pressures and financial constraints.

The Banking Sector

The Malaysian banking sector performed steadily in 2025, supported by moderate loan growth, stable asset quality, and healthy liquidity and capital buffers. Household and SME lending remained resilient, while deposits expanded moderately amid cautious consumer behaviour. However, challenges were presented by uneven deposit trends, cost pressures on vulnerable borrowers, and sensitivity to external trade and macroeconomic development. Overall, the 2025 growth was considered a normalization, with the industry maintaining healthy capital buffers and liquidity.

This review focuses on five key areas: loan growth and applications, deposits growth and funding, asset quality, liquidity and capital, and policy rate and profitability.

Key challenges faced during the year included:

- **Loan Growth and Applications**

Malaysia's banking system experienced a moderation in loan growth to 4.8% year-on-year in December 2025 (2024: 5.5%). This deceleration was primarily driven by slower business lending, particularly among non-SMEs, while loan growth to SMEs was broadly sustained. Household loans growth remained stable at 5.6% (November 2025 : 5.7%) amid sustained loan growth across most purposes. Non-SME loans in the non-household sector continued to soften to 2.9% yoy in December 2025 as larger corporates likely pivoted to wholesale markets for funding. Slower loan growth for SMEs, was due to cautious stand in response to trade uncertainty and cost pressures. Business loan growth for investment-related purposes also eased but remained above its long-term average.

Looking ahead, loan growth for 2026 is projected at 4.5% to 5.5%, driven by resilient domestic demand, Visit Malaysia Year 2026 campaign, strong private-sector investment pipelines, and ongoing E&E-related activity. Business loan momentum may improve if global tech and trade conditions strengthen. Loan applications are expected to remain steady in retail mortgages, underpinned by steady employment and income conditions. For business loans, especially for SMEs, loan appetite may recover gradually as confidence improves, though external risks may keep firms cautious in 1H2026. That said, SMEs are expected to remain a significant portion of lending (46.6% of non-household sector loans in December 2025) as large corporates leverage on more accommodative funding costs in wholesale markets.

- **Deposits Growth and Funding**

Funding conditions were stable and cost-efficient throughout 2025. Retail fixed-deposit (FD) rates fell by 1 to 7 basis points in 4Q25, reflecting banks' strategic management of funding costs. Average lending rates (ALR) fell 6 basis points, continuing the downward pass-through from the OPR cut in July 2025. Cost of funds trended lower, preserving net interest margins (NIM). Deposit stability supported system liquidity despite seasonal fluctuations.

For 2026, deposit growth is expected to remain moderate but more stable, supported by stronger economic activity and continued repricing of fixed deposit products. CASA ratios are anticipated to trend upward, though competition for deposits may tighten liquidity spreads in parts of the year. Funding cost are likely to stabilise with OPR maintained at 2.75%, supporting NIM preservation.

- **Asset Quality (GIL)**

Asset quality improved significantly in 2025. Gross and net impaired loan ratios remained stable as at December 2025 by 1.4% and 0.9% (November 2025:1%) respectively, supported by prudent loan loss coverage of 128.7% of gross impaired loans (November 2025: 124.6%). Total loan impairments fell sharply by 71.6% YoY in 4Q25, signalling easing credit stress across both household and business segments. Although impairments declined sharply, pockets of business vulnerability remain in sectors facing global trade headwinds. This may be more

+ Outlook

The banking sector faces several potential headwinds in 2026, including renewed global trade disruptions that could weigh on business credit demand and asset quality, as well as cost-of-living pressures that may strain repayment capacity among more vulnerable households.

Competition for deposits may intermittently tighten liquidity spreads, placing greater emphasis on banks with strong systemic liquidity buffers, diversified earnings streams and robust capital positions. Banks will also need to remain alert to macroeconomic shifts, sector-specific risks and evolving regulatory expectations.

In response, banks are expected to prioritise portfolio positioning towards sectors with resilient domestic demand, including consumer staples, healthcare, utilities and infrastructure aligned with the 13th Malaysia Plan. Disciplined capital management, operational resilience through continued digital investment, and early funding of long-gestation projects will remain important in supporting stability and measured growth.

STRATEGIC REVIEW

Operating Environment:
Economic Review and Outlook

The Banking Sector (continued)

Key challenges faced during the year included: (continued)

evident in smaller businesses such as the SME segment, which continues to see elevated GIL ratios of 3.6% as at December 2025.

In 2026, asset quality is expected to remain broadly stable, underpinned by disciplined underwriting and healthy employment conditions. Key segments to monitor include lower-income households facing cost-of-living pressures and selected trade-exposed businesses. Inflationary pressures arising from elevated input costs and prolonged uncertainty on trade relations and policies could weigh on businesses.

• Liquidity and Capital

Liquidity buffers remained healthy in 2025, with the system-wide Liquidity Coverage Ratio standing at 154.8% in December 2025 (November 2025: 145.6%). Capital positions were robust, supporting continued credit expansion while maintaining strong Net Stable Funding Ratio (NSFR) levels.

Looking ahead to 2026, funding profiles are expected to remain sound even as loan growth slightly outpaces deposit growth, keeping Malaysia's banking system among regional leaders in financial stability.

• Policy Rate and Profitability

The July 2025 OPR cut to 2.75% fostered accommodative conditions, supporting stable credit costs and normalising non-interest income, while sector ROE strengthened to 13.1% in 4Q25 from 12.1% in 4Q24.

In 2026, the OPR is expected to remain unchanged, aiding Net Interest Margin (NIM) protection and reducing earnings volatility, while overall profitability benefits from disciplined balance sheet management and stable funding costs. That said, competitive dynamics are expected to weigh on yields particularly in the retail and SME space as banks eye for market share in key customer segments.

STRATEGIC REVIEW

Key Market Trends

Time horizon



Short-term
(0-2 years)



Medium-term
(2-5 years)



Long-term
(>5 years)



Negative



Positive

TREND 1

Global Economic Uncertainty

Time horizon



Net Implication

Global economic uncertainty has become an enduring operating condition rather than a cyclical phase. Uneven global growth, prolonged restrictive monetary policy, volatile inflation, elevated leverage levels, geopolitical tensions, including current developments in the Middle East, fragmentation, climate-related disruptions and rapid technological change continue to increase uncertainty around asset quality, funding costs and customer behaviour.

Value creation in banking continues to shift towards capital discipline, resilience and risk-adjusted returns, rather than pure growth-at-scale, reflecting the challenges of an uncertain and volatile economic environment.

Growth trajectories across major economies remain uneven and subject to frequent revisions. As households, corporates and investors adopt shorter planning horizons and maintain higher liquidity buffers, banks face compressed visibility and heightened sensitivity to shocks. In this environment, value creation increasingly depends on balance sheet resilience, disciplined liquidity management and dynamic risk pricing.

Impact + Implication on Value Creation

Opportunities

- | | |
|--|---|
| <ul style="list-style-type: none"> ➕ Reinforces the importance of prudent risk management and portfolio diversification, strengthening long-term stability ➕ Creates demand for hedging solutions, advisory services, digital capabilities and alternative financing structures ➕ Accelerates investment in efficiency-enhancing technologies, automation and data-driven decision-making | <ul style="list-style-type: none"> ➖ Higher borrowing costs and tighter liquidity may dampen investment appetite and slow credit expansion. ➖ Market volatility can affect earnings visibility and compress margins, particularly in interest rate-sensitive segments ➖ Weaker confidence may moderate consumer demand and business activity ➖ Supply chain and trade disruptions may increase operational and compliance costs |
|--|---|

- Investing in scenario modelling, stress testing and predictive analytics to enhance preparedness
- Diversifying portfolios across markets and sectors to reduce concentration risk
- Driving innovations in financial solutions such as risk hedging products, structured financing, sustainability-linked instruments and digital financial services
- Re-engineering our supply chain, including through nearshoring, dual sourcing and digital tracking, to improve resilience
- Building stronger customer trust through transparent communication, advisory guidance and support during volatile periods

Risk

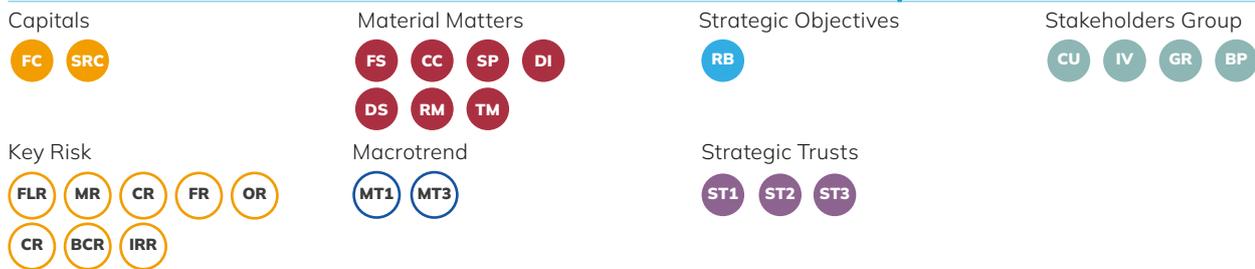
- Inflation volatility, interest rate movements and currency fluctuations affecting profitability and capital costs
- Geopolitical escalation, sanctions and energy supply disruptions impacting trade and commodity markets
- Protectionist policies and regulatory fragmentation affecting cross-border flows
- Tightening credit conditions that may slow economic activity
- Deteriorating market sentiment leading to liquidity pressures and asset price corrections

STRATEGIC REVIEW

Key Market Trends

Our Response	Outlook
<ul style="list-style-type: none"> Monitoring global economic developments closely, including inflation, interest rate trends and ringgit movements, to support timely decision-making Revise all high fixed interest rate products to reduce liquidity costs and protect net interest margin. Strengthening risk management practices through continuous assessment of geopolitical tensions, supply chain disruptions and market volatility Optimising our balance sheet via prudent lending, selective asset allocation and careful liquidity positioning Diversifying our lending and investment portfolios to mitigate concentration risks and improve resilience Exploring hedging strategies to reduce exposure to interest rate and market fluctuations 	<p>Over the next 2–3 years, global economic uncertainty is expected to remain elevated. Banks with strong capital positions, disciplined risk management and operational agility will be better placed to navigate volatility.</p> <p>While geopolitical and policy risks persist, many economies are demonstrating adaptability through policy recalibration, regional cooperation and supply chain restructuring. Overall, growth is expected to remain moderate. Institutions that prioritise resilience, agility and digital capability will be better positioned to capture opportunities amid continued uncertainty.</p>

Mapped to



TREND 2

Digitalisation Time horizon

Digitalisation is rapidly reshaping Malaysia's banking sector, driven by strong mobile penetration, supportive regulatory initiatives, the rollout of digital bank licences and changing consumer expectations for seamless, always-on financial services. Malaysian banks are moving beyond basic online banking into end-to-end digital ecosystems, integrating digital onboarding (e-KYC), instant payments (DuitNow), embedded finance partnerships, AI-driven servicing and platform-based distribution.

The competitive landscape is also evolving as traditional banks face growing pressure from digital banks, fintech players and super-app ecosystems, accelerating the shift towards technology-enabled banking models.

Net Implication

Digitalisation in 2025 yields an overall positive effect on long-term value creation. However, the outcomes depend on an organisation's ability to scale digital capabilities, integrate AI effectively and differentiate competitively. Achieving these benefits requires continuous reinvestment in modern technologies, cybersecurity, digital talent and innovation capabilities. As a result, net value creation is highly dependent on an organisation's ability to build strategic capabilities and execute digital transformation efficiently.

Impact + Implication on Value Creation	Opportunities
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<ul style="list-style-type: none"> + Stronger customer engagement and convenience through mobile-first services, instant transfers and personalised offerings + Cost efficiency gains via automation, reduced branch dependency and straight-through processing - Higher investment burden in cloud migration, cybersecurity, talent and core system modernisation - Margin pressure as competition intensifies and pricing becomes more transparent 	<ul style="list-style-type: none"> • Expanding digital SME financing using alternative data and automated underwriting • Developing embedded finance partnerships with e-commerce, telecommunications and lifestyle platforms
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Impact + Implication on Value Creation (Continued)

- + Improved financial inclusion by reaching underserved segments, especially MSMEs and rural communities
- + Enhanced risk monitoring through real-time analytics, fraud detection and digital credit scoring
- + New income streams from ecosystem partnerships, embedded finance, digital takaful and wealth platforms
- Disintermediation risk if fintechs and platforms capture the customer interface, relegating banks to back-end providers
- Execution challenges in modernising legacy systems
- Reputational and trust risks arising from outages, cyber incidents or data breaches

Opportunities (Continued)

- Growing Islamic digital banking through Shariah-compliant wealth, financing and takaful solutions
- Strengthening payments ecosystem capabilities, building on DuitNow adoption and regional QR interoperability
- Deploying AI to enhance customer service, credit monitoring and fraud prevention
- Supporting green and transition finance through digital loan origination and reporting capabilities

Risk

- Cybersecurity and fraud risks, including scams, mule accounts and digital identity threats
- Operational resilience risks arising from increased reliance on cloud infrastructure and third-party providers
- Regulatory compliance risks relating to data privacy, outsourcing requirements and consumer protection standards under Bank Negara Malaysia
- Technology execution risks linked to legacy system upgrades
- Talent shortages in specialised digital, AI and cybersecurity roles

Our Response

- Continuing to advance digital transformation by strengthening key platforms such as AFFINMAX and introducing the AffinAlwaysX mobile app
- Deepened SME digital enablement through the SME Colony platform, helping businesses improve efficiency and customer experience
- Leveraging our partnership with ACI Worldwide to deliver integrated, value-driven solutions that meet evolving customer expectations in digital payments, while progressively upgrading our digital banking capabilities to scale services, accelerate turnaround times and maintain competitiveness against digital-first players
- Continuing to build readiness for AI-enabled banking by aligning with national digital and AI priorities while enhancing data and automation capabilities to strengthen decision-making and service delivery
- Reinforcing cybersecurity, governance and secure-by-design practices to safeguard digital trust as adoption accelerates

Outlook

Digital competition in Malaysia is expected to intensify as digital banks scale and regulatory expectations around cyber resilience and third-party risk continue to strengthen. Institutions that approach digitalisation as an enterprise-wide transformation, rather than a channel enhancement, will be better positioned to sustain growth and create long-term value.

Mapped to

Capitals



Material Matters



Strategic Objectives



Stakeholders Group



Key Risk



Macrotrend



Strategic Trusts



STRATEGIC REVIEW

Key Market Trends

TREND 3

Workforce Challenges

Time horizon



Net Implication

Workforce challenges have become a structural constraint and strategic priority for Malaysia's banking sector. Competition for talent in digital, data, cybersecurity, risk management and Shariah expertise continues to intensify, while legacy operational and branch-based roles face gradual obsolescence. This is occurring amid accelerated digitalisation, rising customer expectations, evolving regulatory requirements and shifting employee preferences towards flexibility, purpose-driven work and faster career progression.

As capability requirements evolve, workforce strategy is becoming central to long-term competitiveness. Banks must manage both skills shortages and large-scale capability transformation to remain resilient and relevant.

Value creation is shifting from scale-based headcount models to deeper digital, advisory and risk capabilities supported by automation and stronger organisational culture. Institutions that successfully manage this transition can enhance productivity and sustain growth, while those that lag risk higher cost pressures, weaker execution and declining competitiveness.

Impact + Implication on Value Creation

- | | |
|---|--|
| <ul style="list-style-type: none"> + Catalyst for productivity gains through automation and operating model redesign + Workforce modernisation, shifting talent towards higher-value advisory, digital and analytics roles + Competitive differentiation for institutions with stronger culture, capability depth and leadership + Faster innovation driven by younger, digitally fluent talent entering the sector | <ul style="list-style-type: none"> - Wage inflation and rising personnel costs, particularly for scarce digital and risk specialists - Execution delays where capability gaps constrain transformation initiatives - Higher attrition risk among high-performing and mobile talent - Loss of institutional knowledge as experienced employees retire or exit - Service and operational strain if workforce capacity is misaligned with demand |
|---|--|

Opportunities

- Reskilling and redeploying legacy staff into growth segments such as SME advisory, digital sales and Islamic finance
- Leveraging hybrid workforce models to access broader domestic and regional talent pools
- Strengthening partnerships with fintechs and universities to build AI, analytics and cybersecurity solutions
- Expanding AI and automation adoption to reduce dependency on manual roles and improve service consistency
- Differentiating ourselves amongst potential hires as a stable, purpose-driven and digitally progressive institution
- Strengthening Malaysia's leadership in Shariah-compliant finance through specialised talent development

Risk

- Operational risk arising from overstretched teams and process weaknesses
- Cyber and technology risk due to shortages of specialised security and IT resilience talent
- Conduct and compliance risk as inexperienced staff handle complex regulatory requirements
- Key-person dependency risk in critical areas such as treasury, Shariah governance and risk modelling
- Transformation fatigue, reducing employee engagement and increasing turnover
- Outsourcing risk as banks rely more on third-party contractors and vendors

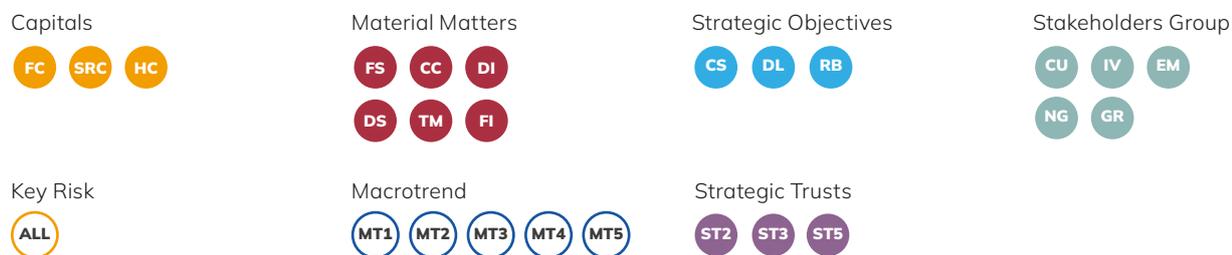
Our Response

- Strengthening our future-ready capabilities through AMI, focusing on digital fluency, customer-centricity, credit decisioning, sustainability and AI readiness
- Aligning capability building with the Asian Institute of Chartered Bankers (AICB) Future Skills Framework (FSF) to address emerging skill gaps in a transforming industry
- Accelerating digital workforce transformation under AX28, with the target of an 80% digitally-native workforce by 2028
- Enhancing employee engagement through the shift from Lenses 3.0 to the Workday Peakon platform, enabling real-time sentiment insights and stronger leadership accountability
- Strengthened well-being support through the AFFIN Wellness digital assistance programme and on-ground activities such as workout sessions and sports events
- Improving workplace safety governance with trained OSH Coordinators and structured oversight
- Reinforcing culture and performance discipline through an enhanced Performance Management framework aligned with our A.F.F.I.N. Core Values
- Strengthened retention with rewards modernisation, including the AFFIN Miles share-based programme, wage band updates and streamlined allowance policies
- Strengthening our leadership pipeline, with nearly 70% of mission-critical roles filled internally, supported by structured succession reviews and partnerships with global institutions
- Advanced Strategic Workforce Planning (SWP) to anticipate capability gaps, redesign job roles and support long-term workforce readiness

Outlook

Workforce transformation will remain a structural priority over the next 3–5 years. Competition for specialised digital and risk talent is expected to remain intense, while automation and regulatory expectations continue to reshape workforce requirements. Institutions that integrate reskilling, technology adoption and cultural renewal into a coherent workforce strategy will be better positioned to support digital growth, operational resilience and sustained long-term value creation.

Mapped to



TREND 4

Growing Consumer Sophistication Time horizon

Consumer sophistication is becoming a defining structural trend in Malaysia’s banking sector. Retail and SME customers are increasingly digitally fluent, financially informed and value-conscious. High mobile penetration, widespread adoption of cashless payments such as DuitNow, easier access to financial information and experiences shaped by fintech and e-commerce platforms have significantly raised expectations.

Customers increasingly expect personalised, transparent and seamless financial solutions, and are more willing to switch providers if service quality or value proposition falls short. Competition is therefore shifting from product-led offerings to customer experience-led ecosystems.

Net Implication

With growing consumer sophistication, customer experience and personalisation are emerging as key points of differentiation for banking industry players. With the use of data-driven insights, banks can cross-sell effectively and increase their share of wallet, while advisory and wealth solutions are growing in importance as customers demand more tailored financial outcomes beyond traditional lending. Banks that respond effectively to these shifts can unlock stronger customer lifetime value and more diversified revenue streams, while those that lag risk becoming commoditised and losing customers to more agile competitors.

STRATEGIC REVIEW

Key Market Trends

Impact + Implication on Value Creation

- + Higher digital engagement supporting lower cost-to-serve and deeper customer relationships
- + Growing demand for sophisticated solutions such as wealth management, Islamic investment and structured savings
- + Expansion of fee-based income from advisory, digital wealth and lifestyle-linked services
- + Customer-led innovation driving product enhancement and service improvement
- Reduced customer loyalty due to increased price transparency and ease of switching
- Margin compression from heightened competition
- Continuous investment required to meet rising expectations for omnichannel service quality
- Greater reputational sensitivity as complaints can spread rapidly via social media

Opportunities

- Leveraging AI-driven personalisation to tailor retail and SME propositions
- Expanding digital wealth and Islamic investment offerings to cater to Malaysia's expanding middle class
- Developing lifestyle and embedded finance partnerships that integrate banking into daily consumer journeys
- Strengthening next-generation payments capabilities by leveraging DuitNow and regional cross-border QR linkages
- Enhancing financial literacy and advisory positioning through education-led engagement
- Differentiating our premium Islamic banking propositions by delivering ethical, transparent and values-aligned solutions

Risk

- Customer churn, particularly among digitally active and younger segments
- Conduct and transparency risk as customers scrutinise pricing, terms and product suitability
- Operational strain in delivering consistent omnichannel experiences
- Cyber and fraud risk as increased digital usage increases exposure to scams and identity threats
- Competitive disruption as fintechs and digital banks capture high-value customer relationships

Our Response

- Enhancing key customer journeys across digital and physical channels to improve convenience, responsiveness and service quality
- Strengthening data and analytics capabilities to improve customer insights and targeted engagement
- Continuing to expand wealth and Islamic banking propositions to better serve evolving customer needs
- Reinforcing service quality and customer support to maintain trust and brand credibility
- Continuing to invest in secure digital infrastructure and fraud controls to protect customer confidence

Outlook

Consumer expectations are expected to continue rising over the near-to-mid-term, driven by digital adoption and competitive innovation. Banks that consistently deliver convenience, transparency and advisory-led value, supported by strong data capabilities and secure digital journeys, will be better positioned to deepen customer relationships and sustain long-term growth.

Mapped to

Capitals



Material Matters



Strategic Objectives



Stakeholders Group



Key Risk



Macrotrend



Strategic Trusts



TREND 5

Geopolitical turbulence

Time horizon



Geopolitical turbulence has become a persistent structural feature of the global environment, driven by intensified great-power rivalry, regional conflicts, trade fragmentation, sanctions regimes and commodity supply disruptions. For Malaysia, as an open and trade-dependent economy, geopolitical shocks transmit quickly through export demand, supply chains, energy prices, currency movements and investor sentiment.

For us, geopolitical turbulence is no longer a peripheral risk. It increasingly influences credit conditions, funding costs, trade finance flows and sectoral stress dynamics, requiring more dynamic risk management and scenario-based balance sheet planning.

Net Implication

Geopolitical turbulence is reinforcing a shift from volume-driven growth towards resilience, disciplined underwriting and diversified income streams. Value creation increasingly depends on selective risk-taking, strong liquidity management and the ability to expand trade, treasury and advisory capabilities. Banks that manage geopolitical exposure effectively can strengthen franchise stability and deliver superior risk-adjusted returns, while less prepared institutions face greater earnings volatility and asset quality pressures.

Impact + Implication on Value Creation

- | | |
|---|--|
| <ul style="list-style-type: none"> ⊕ Higher demand for trade finance and risk mitigation products, including FX hedging, guarantees and supply-chain solutions ⊕ Greater scope for disciplined risk repricing, supporting stronger risk-adjusted returns ⊕ Opportunities in resilient and policy-supported domestic sectors ⊕ Safe-haven positioning for Malaysia within ASEAN, attracting selective regional capital flows | <ul style="list-style-type: none"> ⊖ Volatile commodity and energy prices, raising inflation and pressuring household and SME affordability ⊖ Currency and capital flow volatility impacting funding costs and balance sheet stability ⊖ Slower investment and trade activity reducing loan demand and fee-based income ⊖ Heightened credit stress in export-oriented and globally exposed sectors |
|---|--|

Opportunities

- Expanding trade finance and cash management capabilities to support supply-chain reconfiguration
- Providing advisory and treasury solutions, including hedging, restructuring and geopolitical risk assessment
- Financing regional diversification strategies including ASEAN supply-chain relocation and nearshoring
- Islamic finance positioning, offering asset-backed and ethical structures during periods of uncertainty
- Pursuing selective counter-cyclical lending into resilient and policy-supported sectors
- Developing public-private partnerships aligned with national resilience priorities

Risk

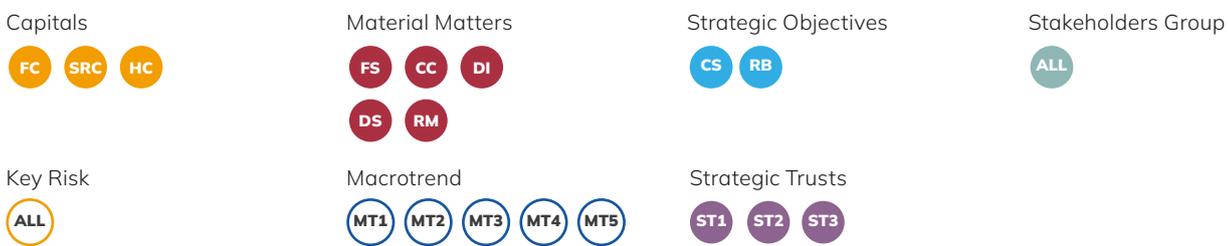
- Sanctions and compliance risk, including indirect exposure through counterparties and trade corridors
- FX and market risk, driven by ringgit volatility and global risk-off sentiment
- Credit concentration risk in sectors vulnerable to trade disruption, such as electronics exports, shipping and commodities
- Funding and liquidity risk, particularly for institutions reliant on wholesale markets
- Operational risk from supply-chain disruptions affecting clients' repayment capacity
- Sovereign and cross-border counterparty risk in geopolitically sensitive jurisdictions

STRATEGIC REVIEW

Key Market Trends

Our Response	Outlook
<ul style="list-style-type: none"> • Embedding geopolitical risk into credit and portfolio strategy, sectoral limits and stress-testing frameworks • Strengthening trade finance and treasury franchise to capture higher client demand for hedging, guarantees and cross-border solutions • Diversifying our exposure toward resilient domestic growth sectors, including infrastructure, renewables and food systems • Enhancing our compliance and sanctions screening capabilities to mitigate regulatory and reputational vulnerabilities • Leveraging Islamic banking solutions to provide stability-oriented, asset-backed financing • Maintaining strong liquidity buffers to reinforce confidence during periods of market volatility 	<p>Geopolitical turbulence is expected to remain elevated over the next 3–5 years, characterised by episodic shocks, deeper fragmentation in trade and capital flows, and heightened regulatory scrutiny. In this environment, banks with strong liquidity, diversified income streams and disciplined risk management will be better positioned to sustain stable, risk-adjusted value creation.</p>

Mapped to



TREND 6

Transition to a low-carbon economy

Time horizon

Net Implication

The low-carbon transition is reshaping value creation by redirecting capital towards green and transition-aligned assets. For banks, this creates opportunities to expand revenue streams through sustainable finance and advisory solutions while strengthening portfolio resilience. Institutions that move early to build credible frameworks and capabilities can secure long-term competitive advantage, while those that lag may face stranded asset exposure, heightened regulatory scrutiny and reputational pressure.

The transition to a low-carbon economy is a defining structural shift in Malaysia. National climate commitments, evolving regulations, rising investor expectations and accelerating decarbonisation efforts are increasing pressure on companies to take meaningful climate action.

The banking sector is central to this transition, providing sustainable and transition financing solutions that support corporate adaptation. At the same time, regulatory expectations in the sector are becoming more stringent, with greater emphasis on climate risk management, disclosure standards and responsible financing practices. As a result, the low-carbon transition is no longer a peripheral ESG initiative but a strategic imperative shaping long-term competitiveness.

Impact + Implication on Value Creation	Opportunities
<ul style="list-style-type: none"> • Growth in sustainable finance demand, including renewable energy, green buildings, EV infrastructure, and transition projects • New fee and financing income pools, such as sustainability-linked loans, green sukuk, and advisory services • Higher compliance and reporting costs, driven by climate disclosure and taxonomy requirements • Pressure on carbon-intensive sectors, increasing credit risk and potential loan re-pricing challenges • Short-term profitability trade-offs, as banks invest in capabilities, data systems, and sustainable product development 	<ul style="list-style-type: none"> • Expanding green and transition financing to support renewable energy and infrastructure development • Strengthening leadership in Islamic sustainable finance through green sukuk and Shariah-compliant ESG solutions

Impact + Implication on Value Creation (Continued) **Opportunities (Continued)**

- ⊕ Stronger investor and stakeholder confidence, improving funding access for banks with credible transition strategies
- ⊕ Enhanced long-term portfolio resilience, as exposure shifts toward future-proof industries
- ⊖ Reputational risk arising from potential perceptions of greenwashing if sustainability disclosures or claims lack sufficient credibility

- Supporting SME transition through advisory and financing for energy efficiency and decarbonisation upgrades
- Developing sustainability-linked products tied to measurable climate KPIs
- Partnering in public-private initiatives to mobilise capital for national transition projects
- Differentiating portfolios to attract global investors seeking credible ASEAN sustainability exposure

Risk

- Transition risk from policy shifts, carbon pricing and technological disruption affecting high-emission borrowers
- Physical climate risk, including floods and extreme weather events impacting collateral and repayment capacity
- Stranded asset risk within carbon-intensive portfolios
- Data and measurement risk arising from limited emissions transparency among SMEs and mid-sized corporates
- Reputational and greenwashing risk if financing activities are misaligned with stated sustainability commitments
- Regulatory risk as climate disclosure and governance standards continue to tighten

Our Response

- Developed AFFIN Net Zero Roadmap by 2050 that is aligned with Malaysia's Transition Plan
- Engaging carbon-intensive clients proactively and supporting them with structured transition pathways rather than abrupt de-risking
- Embedding climate risk integration consideration into credit underwriting, portfolio limits, and stress testing
- Enhancing emissions data, measurement and sustainability-related disclosures in line with evolving regulatory and reporting expectations.
- Leveraging Islamic finance capabilities to provide ethical, asset-backed sustainable investment solution and expanding our sustainable product suite/ services
- Building partnerships with government agencies, development financial institutions and technology providers to scale transition financing

Outlook

Over the next 3–5 years, Malaysia's low-carbon transition is expected to accelerate, supported by stronger regulatory expectations, growing investor alignment with sustainable finance and increased capital investment in renewable energy and green infrastructure. For banks, this environment presents both material risk and structural opportunity. Institutions that integrate climate considerations into strategy, risk management and product development will be better positioned to deliver sustainable, risk-adjusted long-term value.

Mapped to



STRATEGIC REVIEW

Key Market Trends

TREND 7

Malaysia's Shifting Demographics

Time horizon



Net Implication

Malaysia's population profile is changing. While the country continues to have a relatively young population, declining birth rates, longer life expectancy and a growing elderly segment are reshaping the composition of society and influencing patterns of demand. These shifts are affecting demand for financial services across different life stages, including education-related financing and longer-term financial planning needs.

At the same time, demographic ageing in more mature Asian economies such as Japan and South Korea is influencing regional economic activity. Malaysia's close trade and investment links with these markets mean that such demographic trends have broader implications for economic growth and, in turn, for Malaysia's financial system.

Demographic shifts in Malaysia and the wider Asian region are creating new growth opportunities in the financial services, healthcare and consumer industries, while also introducing structural headwinds that may affect long-term economic growth and fiscal sustainability, with implications for the banking sector.

Impact + Implication on Value Creation

- ⊕ Expanding middle-income segments supporting demand for consumer credit, digital financial services, takaful, educational financing and property financing
- ⊕ Longer life expectancy increasing structural demand for retirement planning, wealth management and long-term savings solutions
- ⊕ Youthful ASEAN markets supporting digital banking adoption and regional cross-border opportunities
- ⊕ Rising intergenerational wealth transfers supporting advisory and estate planning services
- ⊖ Ageing demographics in key Asian trade and investment partners moderating long-term regional growth, indirectly affecting Malaysian exports and Foreign Direct Investment (FDI).
- ⊖ Rising old-age dependency ratios in Malaysia placing pressure on fiscal sustainability and household disposable income
- ⊖ Shifting consumption patterns in ageing markets reduce discretionary spending, impacting sectors such as luxury goods, leisure, tourism and selected retail

Opportunities

- Expanding takaful, pension, investment-linked and structured retirement solutions
- Supporting the expansion of mobile banking, e-wallets, digital credit and payments ecosystems among Malaysian and ASEAN youth
- Leveraging foreign workforce and regional talent flows to mitigate demographic slowdown

Risk

- Fiscal strain from pension, healthcare and elderly support systems, both in Malaysia and other Asian markets
- Slower regional growth and reduced export and investment flows due to ageing in major economies, affecting Malaysia's trade and supply chains
- Talent shortages in skilled sectors and increased reliance on foreign labour
- Increased inequality due to a lack of inclusive financial planning mechanisms in carrying out intergenerational wealth transfers
- Reduced demand for discretionary goods, impacting sectors linked to credit and banking activity

Our Response	Outlook
<ul style="list-style-type: none"> Developing life-stage financial solutions Enhancing digital offering for youth segments by expanding mobile banking, e-wallet integration, digital credit and payment ecosystems. Offering estate planning and advisory services to support rising wealth transfers. Aligning long term strategies with demographic transition. 	<p>Over the next decade, demographic transition will remain a structural driver of Malaysia’s economic and financial landscape. The gradual ageing of the population, alongside continued digital adoption among younger cohorts, will reshape savings behaviour, credit demand and wealth accumulation patterns. Institutions that anticipate and align their strategies with these shifts will be better positioned to sustain growth and resilience.</p>

Mapped to



TREND 8

Growth of Cross-Border Digital Payments Time horizon

Cross-border digital payments are growing rapidly, driven by the recovery of the tourism sector, expansion of the digital economy, regional trade integration and e-commerce, among other factors. Asian markets are strengthening cooperation through bilateral and multilateral payment platforms, enabling consumers to pay in foreign markets using domestic wallets and banking apps. This growth is supported by initiatives such as ASEAN QR and cross-border payment linkages between national banking systems.

At the same time, fintechs and ecosystem players are integrating FX conversion, multi-currency wallets and instant settlement capabilities, further supporting the expansion of cross-border digital payments and reducing reliance on legacy correspondent banking models.

Net Implication

Cross-border digital payments are expanding value for consumers, SMEs and digital platforms while shifting profit pools away from legacy banking models towards low-cost, high-scale digital channels. This creates margin pressure for traditional incumbents and requires banks to adapt operating models and revenue strategies to remain competitive.

Impact + Implication on Value Creation

- | | |
|--|---|
| <ul style="list-style-type: none"> Enhanced convenience, transparency, and speed for consumers, merchants and SMEs engaged in tourism, e-commerce, and trade Reduced transaction costs by bypassing intermediaries and enabling competitive real-time FX pricing Expanded merchant acceptance networks, increasing sales conversion for cross-border commerce and digital platforms | <ul style="list-style-type: none"> Compressed margins in traditional correspondent banking, remittances, and FX revenue pools as fees trend toward zero or low-cost models Increased competitive intensity as fintechs, wallets, digital banks and card networks target cross-border flows traditionally dominated by banks |
|--|---|

Opportunities

- Expanding FX and multi-currency wallet products for travellers, SMEs and digital workers
- Developing digital remittance platforms offering instant cross-border transfers
- Enabling Malaysian consumers to transact abroad through DuitNow-linked wallets and applications

STRATEGIC REVIEW

Key Market Trends

Impact + Implication on Value Creation (Continued)

- + Strengthened financial inclusion for migrant workers and gig economy participants who rely on remittances or international payouts
- + Improved data visibility for banks and regulators compared to cash-based cross-border transfers
- Increased investment required in interoperability, FX engines, compliance systems, and settlement infrastructure to compete in the evolved banking environment

Opportunities (Continued)

- Integrating embedded finance solutions into cross-border e-commerce and supply chains
- Supporting SME trade enablement through faster and lower-cost cross-border payment rails
- Monetising APIs and compliance infrastructure through ecosystem partnerships

Risk

- Regulatory fragmentation across licensing, FX, AML/CFT and data regimes complicating interoperability
- Increased exposure to fraud, money laundering and illicit financing if controls are insufficient
- Market risk from real-time FX pricing requiring robust hedging capabilities
- System outages or settlement failures disrupting multiple markets
- Revenue erosion in remittance and FX businesses due to fintech and wallet competition

Our Response

- Expanding ecosystem partnership such as partnering with ACI Worldwide to upgrade our payment systems into a single centralised enterprise payments platform, enabling real-time interoperability across PayNet, RENTAS, and SWIFT
- Collaborate with Fiuu (Malaysia's largest digital payments platform), to provides SMEs customers with seamless access to digital payment solutions and banking products and directly supporting cross-border e-commerce and cashless payments.
- Enhancing digital payment infrastructure by upgrading the system to support low-cost instant cross-border transactions.
- Strengthening FX-related capabilities.

Outlook

Between 2026 and 2030, cross-border digital payments in ASEAN are expected to accelerate as QR linkages evolve from bilateral arrangements into broader multilateral networks. Greater central bank real-time payment interconnectivity will further reduce reliance on traditional correspondent banking for low-value payments and retail FX.

Competition among banks, e-wallets and fintechs is likely to intensify as institutions seek to capture consumer and SME flows previously dominated by card networks and remittance banking platforms, requiring traditional banking institutions to invest in advanced capabilities and evolve their strategies to maintain their competitiveness.

Mapped to

Capitals



Material Matters



Strategic Objectives



Stakeholders Group



Key Risk



Macrotrend



Strategic Trusts



Key Trends and Expectations for the Malaysian Banking Sector by 2030

Malaysia's banking sector is expected to undergo significant structural evolution by 2030, driven by technological advancement, demographic shifts, regulatory adaptation, sustainability imperatives and continued capital market deepening. While traditional banking franchises will remain central to credit intermediation, competitive boundaries are likely to broaden as digital platforms, embedded finance and non-bank financial institutions (NBFIs) gain scale.

Digital Banking as the Dominant Distribution Channel

Digital-first interaction is expected to dominate retail banking, SME onboarding, payments and servicing. Branch distribution is likely to shift from universal presence towards selective advisory and complex sales functions.

By 2030:

- More than 80% of transactional banking is expected to be digital or automated
- Branch networks are likely to be rationalised and repurposed towards advisory and wealth services
- Product fulfilment cycles are expected to shorten through real-time onboarding and KYC
- Cost-to-income ratios are projected to be structurally lower for digitally mature banks

Platform Ecosystems and Embedded Finance Reshaping Competition

Financial services are expected to be increasingly distributed through non-bank platforms across retail, gig, logistics, mobility and e-commerce ecosystems.

By 2030:

- Banks are likely to partner with ecosystems rather than compete directly
- Growth is projected in micro-lending, BNPL-type credit, gig insurance and treasury-lite SME modules
- Open data frameworks are expected to enhance credit assessment for thin-file and informal segments

AI and Advanced Analytics Transforming Credit and Risk Infrastructure

AI and advanced analytics are expected to reshape underwriting, early warning systems, collections, portfolio optimisation and personal finance advisory.

By 2030:

- Credit risk models are likely to shift from static scoring to behavioural and real-time data
- SME underwriting turnaround times are expected to reduce significantly through automation
- AI-driven personal finance assistants are projected to gain broader retail adoption
- More precise credit pricing may reduce system-wide credit cost volatility

Expansion of Islamic Finance into Capital Markets and ESG Solutions

Malaysia is expected to maintain its position as a global Islamic finance hub, with product depth expanding from consumer financing into capital markets, treasury and ESG-linked offerings.

By 2030:

- Increased traction is expected in Islamic wealth management, global sukuk origination and Shariah-compliant ESG funds
- Institutional allocation to Shariah-compliant structured assets is likely to rise
- Greater integration with sustainability reporting frameworks may strengthen international capital flows

Sustainability and Transition Finance as Core Revenue Drivers

Regulatory, investor and corporate decarbonisation commitments are expected to reshape lending, capital markets and product design.

By 2030:

- Transition finance is likely to become a material contributor across industrial, property, energy and transport sectors
- Green and sustainability-linked instruments are expected to form a meaningful share of corporate loan books
- Climate risk stress testing is likely to be integrated into ICAAP and pricing models
- Data infrastructure relating to emissions, taxonomy and traceability is expected to become a key competitive differentiator

STRATEGIC REVIEW

Key Trends and Expectations for the Malaysian Banking Sector by 2030

Capital Market Deepening and the Evolution of Bank Intermediation

As corporate Malaysia scales and regionalises, capital market utilisation is expected to increase across bonds, sukuk, private credit and equity solutions.

By 2030:

- Banks are likely to expand beyond traditional lending into arranger, underwriter, distributor and advisory roles
- Private credit and infrastructure funds are expected to increase participation in long-term assets
- Recapitalisation of transition-related assets may increase syndication and blended finance structures

SME and Mid-Corporate Banking as a Strategic Growth Engine

Productivity initiatives, supply-chain integration and reshoring trends are expected to increase financing requirements for Malaysian SMEs.

By 2030:

- SME financial deepening is expected to improve through alternative data, credit guarantees and digital supply-chain financing
- FX, trade, treasury and payroll bundles are likely to become standardised for mid-corporate clients
- Default risk dispersion may improve as underwriting models become more data-rich

Regulatory Shift towards Open Data and Operational Resilience

Regulatory frameworks are expected to converge towards open banking, digital identity, cyber resilience and systemic risk prevention.

By 2030:

- Operational resilience requirements are likely to extend beyond capital adequacy metrics
- Open data interoperability is expected to enhance customer portability and competition
- Cybersecurity investment and cloud audit frameworks may become baseline scale requirements
- Anti-fraud and AML systems are likely to become increasingly automated and AI-enabled

Structural Shift towards Fee-Based and Advisory Income

As margin compression and competition intensifies, fee-based income is expected to become an increasingly important stabiliser.

By 2030:

- Wealth advisory, trade finance, FX, payments, asset management and embedded finance are projected to generate larger fee pools
- Convergence in NIM across player types may encourage further product diversification
- Cross-border payments and remittance corridors are expected to represent meaningful fee income opportunities

Digital Challengers Driving Industry Efficiency and Innovation

Digital banks are expected to scale customer acquisition in entry-level retail and micro-SME segments, while facing funding, risk and compliance constraints.

By 2030:

- The market is likely to stabilise into a hybrid structure comprising incumbents, digital-first hybrids and niche digital banks, with competition accelerating innovation in user experience, onboarding and micro-lending
- Incumbent banks are projected to capture efficiency gains through digital transformation rather than experiencing systemic share erosion

STRATEGIC REVIEW

Key Risks and Mitigation

We maintain a disciplined and structured approach to risk management, enabling the effective identification, management and mitigation of risks within an evolving operating environment. This approach is premised on a five-step risk management process that enables us to safeguard the Group against potential adverse impacts on our business and stakeholders.

1 Establish Context

- Identify internal and external factors that may influence the Group's risk profile.
- Define the Group's risk appetite and establish criteria for evaluating and prioritising risks.

2 Risk Identification & Assessment

- Identify potential risks across business and support functions.
- Assess identified risks by evaluating their likelihood of occurrence and potential impact, and prioritise them according to their significance.

3 Risk Treatment

- Implement appropriate controls to manage and mitigate identified risks through the various policies, standards, and procedures that define responsibility and authority for risk-taking.
- Ensure mitigation strategies are proportionate to the nature and scale of risks and aligned with the Group's risk appetite.
- Establish management action triggers to ensure action plans are implemented before regulatory limits are breached.
- Develop contingency plans to further minimise potential adverse impacts.

4 Risk Monitoring & Review

- Continuously monitor, manage and report on the effectiveness of risk treatment measures to ensure their effectiveness.
- Implement further remedial actions as necessary in a timely manner.
- Conduct regular reviews to identify process gaps and ensure risks are being managed effectively.

5 Communication & Consultation

- Communicate identified risks and mitigation measures to relevant stakeholders to ensure shared understanding of the Group's risk landscape and support informed decision-making.
- Engage stakeholders throughout the risk management process to gather valuable insights and foster a sense of ownership, thus further improving our risk management strategy.

STRATEGIC REVIEW

Key Risks and Mitigation

CR Credit Risk

Description & Implication on Value Creation

Credit risk refers to the loss of principal or income arising from the failure of obligors or counterparties to meet contractual obligations in accordance with agreed terms. Ineffective management of credit risk may adversely affect asset quality and earnings stability, impacting the Group's ability to support sustainable value creation.

Response & Mitigating Actions

- The Group has in place a robust credit risk policy framework designed to ensure effective and prudent credit risk management through the identification, assessment, measurement, control and monitoring of credit risk exposures across counterparties.
- Credit risk management is primarily the responsibility of Business Units, supported by independent oversight from the Group Credit Management Division and the Group Risk Management Division. These functions provide independent input and oversight of credit risk-taking activities, with delegated authority limits governed through subcommittees at senior management and Board levels.
- In addition to periodic reviews, credit exposures are proactively monitored through the Group Early Alert Committee (GEAC), which manages exposures exhibiting increases in credit risk with the objective of minimising potential credit losses.
- In light of market and macroeconomic volatility arising from global trade tensions and geopolitical developments, the Group conducts regular portfolio reviews and enhanced monitoring to identify emerging risks at an early stage. A more cautious approach is adopted for exposures to higher-risk sectors or jurisdictions to preserve capital strength and liquidity.
- The Group practices portfolio diversification and applies internal limits and controls through the Annual Credit Plan (ACP), which is aligned with the Group's Risk Appetite Statement. The ACP sets out key credit strategies, prudential targets and limits to manage credit risk activities while supporting prudent business growth.
- The Group regularly conducts thematic reviews, post-approval credit reviews and post-mortem reviews to strengthen credit risk practices. Key findings are escalated to the Group Management Credit Committee (GMCC), Group Board Risk Management Committee (GBRMC) and Group Board Audit Committee (GBAC).
- Data and analytics are utilised to analyse portfolio trends and identify potential areas of concern, enabling timely and appropriate responses to emerging credit risk developments.

Opportunities

- Leveraging resilient domestic demand and targeted government initiatives to support economic stability and growth.
- Optimising a diversified client base and geographical footprint to drive sustainable lending growth.
- Implementing new or revised credit risk controls and mitigation measures, complemented by enhanced credit strategies, to address identified emerging risks effectively.

Outlook

The Group's credit risk outlook is shaped by domestic financial and market conditions that have remained orderly and resilient, notwithstanding elevated global volatility arising from geopolitical tensions and trade-related developments. According to Bank Negara Malaysia's Financial Stability Review, both household and business sectors continued to exhibit strong debt-servicing capacity, supported by sustained labour market strength and prudent lending standards. Credit quality across the banking system remained intact, with key indicators holding steady and overall asset quality remaining sound.

Within this environment, the Group's portfolio remained broadly stable during the year, experiencing only minimal fluctuations despite pockets of pressure in selected retail and SME segments. Asset quality indicators continued to hold steady, supported by resilient consumer sentiment and favourable labour market conditions. In the non-retail segment, strong domestic demand and continued activity across resilient sectors contributed to improvements in asset quality and sustained growth in loans and financing.

Looking ahead, uneven adjustments in parts of the residential and commercial property markets, together with lingering inflationary effects, may introduce isolated downside risks. Consistent with observations of emerging but contained stress pockets among certain SME and consumer borrowers, the Group remains vigilant and will continue to apply proactive risk mitigation measures to preserve credit quality and portfolio resilience.

Gross Loans, Advances and Financing

December 2025: RM79.51 billion
 December 2024: RM72.04 billion
 December 2023: RM66.66 billion

Gross Impaired Loans/Financing Ratio

December 2025: 1.64%
 December 2024: 1.94%
 December 2023: 1.90%

Credit Risk-Weighted Assets

December 2025: RM67.40 billion
 December 2024: RM63.84 billion

Link to:

Capitals



Material Matters



Strategies



Stakeholders



MR Market Risk

Description & Implication on Value Creation

Market risk refers to the risk of losses in earnings and capital due to fluctuations in rates and prices across foreign exchange, fixed income, credit instruments, equities, commodities, and alternative assets. If not effectively managed, adverse market movements may affect income stability, capital adequacy and the Group’s ability to generate sustainable returns.

Response & Mitigating Actions

- The Group has implemented a comprehensive market risk management policy framework, led by Group Market Risk Management (GMRM), to ensure effective identification, measurement, monitoring and control of market and balance sheet risks affecting earnings and capital, in line with Basel standards.
- Firm-wide risk control policies are applied across business lines to mitigate market risk-taking activities that may result in realised or unrealised losses. A Treasury Framework is in place to distinguish risks arising from proprietary risk-taking, capital investments and liquidity management.
- Market risk reporting and analytics infrastructure are continuously enhanced to strengthen risk controls, with automation and advanced systems supporting more robust risk measurement, monitoring and mitigation.
- All market risk-sensitive positions on the balance sheets of the Group’s banking entities are monitored daily to assess potential impacts on earnings and capital. Regular back-testing of risk models is conducted to validate accuracy and reliability.
- GMRM, together with Management and the Board, regularly reviews market risk developments and employs forward-looking financial scenarios to assess potential exposures and emerging risks.

Opportunities

- Optimising income returns while maintaining adequate buffers against market volatility.
- Adjusting strategies to manage exposure to interest rate movements.
- Balancing risk exposure with return optimisation within established risk appetite parameters.

Market Risk-Weighted Assets
 December 2025: RM2.34 billion
 December 2024: RM2.84 billion

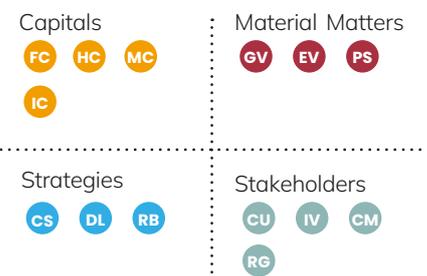
Outlook

The Group’s market risk outlook is shaped by heightened global financial market volatility, as central banks continue to adopt cautious and data-dependent approaches to monetary policy amid moderating inflation and ongoing geopolitical uncertainties. Shifts in interest rate expectations have driven repricing across rate and currency markets, while investor sentiment remains sensitive to macroeconomic developments.

Within this environment, Malaysia’s financial markets have demonstrated relative resilience. The Malaysian Ringgit remained supported by stable domestic fundamentals, sustained current account surpluses and continued foreign investment inflows, while Bank Negara Malaysia’s prudent policy stance contributed to orderly adjustments in domestic bond markets.

Looking ahead, expectations of gradual global policy easing may create a more constructive environment for fixed income markets. The Group will continue to manage market risk exposures within its established risk appetite, while selectively leveraging opportunities arising from evolving yield curve dynamics across MYR and selected foreign currency markets to support disciplined portfolio diversification and sustainable income generation.

Link to:



STRATEGIC REVIEW

Key Risks and Mitigation

LR Liquidity Risk

Description & Implication on Value Creation

Liquidity risk refers to the risk of reputational damage, asset losses and capital erosion arising from inadequate balance sheet solvency management. This may result from insufficient funding to support asset growth, an inability to meet obligations as they fall due, or challenges in liquidating assets without incurring significant value loss during periods of market stress.

Response & Mitigating Actions

- Group Liquidity Risk Management (GLRM) has established liquidity risk frameworks and policies to manage potential liquidity risks arising from both idiosyncratic and systemic events.
- The Group adopts a prudent approach to liquidity management, supported by action plans to recover from balance sheet stress. Forward-looking liquidity stress testing is conducted to assess severe but plausible scenarios, complemented by reverse stress testing to identify points of non-viability.
- The Group's Strategic Funding Plan is reviewed regularly by the Group Asset Liability Committee (GALCO) to monitor performance against liquidity targets and Board-approved risk appetite parameters under varying market and economic conditions.
- Internal tolerance thresholds for liquidity positions are established and approved by Management. Compliance is enforced through continuous monitoring of balance sheet positions by currency and maturity profiles.
- Regular contingency funding plan simulations are conducted to assess the effectiveness and readiness of recovery options in managing unexpected liquidity events.
- The Group conducts daily assessments of its short- and medium-term liquidity risk profile. Any emerging concerns are promptly escalated in accordance with established governance and reporting processes involving Management and the Board.

Opportunities

- Benefiting from a more stable interest rate environment and improved market sentiment to support funding stability.
- Leveraging supportive macroeconomic conditions to strengthen funding access and balance sheet resilience.
- Providing greater predictability to businesses and investors through Malaysia's stable OPR environment.
- Maintaining adequate liquidity buffers to manage year-end and seasonal deposit fluctuations effectively.

Average Liquidity Coverage Ratio (LCR) for December 2025

ABB: 166.6%
 AIBB: 150.2%
 AHIBB: 174.0%

Average Liquidity Coverage Ratio (LCR) for December 2024

ABB: 160.4%
 AIBB: 164.0%
 AHIBB: 158.4%

Outlook

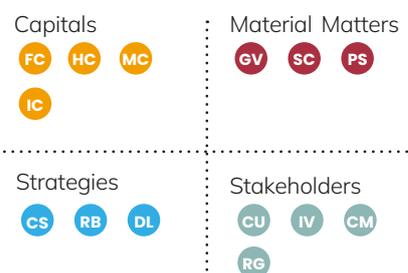
The Group's liquidity risk outlook is shaped by a supportive domestic economic environment, underpinned by resilient demand and favourable growth momentum heading into 2026. Moderate inflation expectations and stable macroeconomic conditions support the view that Bank Negara Malaysia is likely to maintain a steady monetary policy stance, providing a degree of stability to funding costs.

At the same time, continued credit expansion, particularly within the corporate and SME segments, is expected to increase liquidity utilisation across the banking system. This may intensify competition for deposits and place upward pressure on funding costs, potentially affecting liquidity indicators if not carefully managed.

Notwithstanding these dynamics, sector-wide liquidity conditions remain supported by earlier policy measures, including the SRR reduction implemented in 2025, which injected additional liquidity into the financial system. In addition, the adoption of the Basel III capital framework is expected to support capital optimisation initiatives, indirectly reinforcing liquidity positions across the sector.

Against this backdrop, the Group will remain vigilant in strengthening its liquidity management and optimisation strategies. Growth opportunities will continue to be balanced against disciplined funding management to mitigate rising funding pressures and maintain liquidity resilience.

Link to:



OR Operational Risk

Description & Implication on Value Creation

Operational risk refers to the risk of direct or indirect loss arising from inadequate or failed internal processes, people, systems or external events. Ineffective management of such incidents may result in financial losses, regulatory breaches and operational disruptions, which could adversely affect the Group’s ability to deliver services and sustain value creation.

This risk category includes legal risk, but excludes strategic, business and reputational risks.

Response & Mitigating Actions

- The Group adopts a prudent approach to operational risk management (ORM), supported by a comprehensive policy framework to identify, assess, monitor, mitigate and report operational risks across the organisation.
- The policy establishes clear procedures, processes and governance requirements to ensure that Business and Support Units, as the First Line of Defence, operate in accordance with approved policies and guidelines.
- Operational risks across Business and Support Units are identified and assessed using established ORM tools, including Risk Control Self-Assessment (RCSA), Control Self-Testing (CST), Key Risk Indicators (KRI), Loss Event Reporting (LER) and Operational Risk Scenario Analysis (ORSA). Risk assessments and mitigation actions are reviewed and challenged for adequacy.
- Close coordination with other risk management and control functions is maintained to promote a consistent and integrated approach to operational risk management across the Group.
- Significant operational risk events are promptly reported to Senior Management, the Group Board Risk Management Committee (GBRMC) and the Board to support timely and informed decision-making.
- Supporting the First Line of Defence are the Business Risk and Compliance Managers (BRCM) and Designated Risk and Compliance Officers (DRCO), who facilitate ORM activities and act as key liaisons with Group Operational Risk Management.
- Independent oversight is provided by Group Compliance and Group Internal Audit as the Second and Third Lines of Defence respectively, to assess the effectiveness of the operational risk governance framework and internal controls.

Opportunities

- Streamlining processes and increasing automation to reduce errors, inefficiencies and other operational risks.
- Enhancing staff competency and awareness through targeted training programmes to promote risk-conscious behaviour.
- Encouraging proactive regulatory compliance to strengthen operational risk orientation.

Operational Risk-Weighted Assets
 December 2025: RM3.56 billion
 December 2024: RM3.88 billion
 December 2023: RM4.04 billion

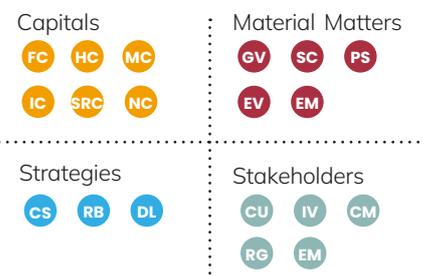
Outlook

The Group’s operational risk outlook continues to be shaped by risks arising from internal processes, people, systems, technology and external events within the Malaysian banking industry. Increasing business complexity, heightened regulatory expectations and greater reliance on technology underscore the importance of maintaining strong operational risk management practices to support business continuity and service delivery.

To address these risks, the Group will continue to invest in training and awareness programmes delivered through both online and in-person platforms, with the aim of cultivating a strong culture of risk awareness, compliance and accountability. These initiatives help mitigate risks associated with employee errors, misconduct and fraudulent behaviour. The Group will also maintain close coordination with the Business Continuity Department to monitor and minimise the impact of external risks on the Bank’s operations. In addition, outsourcing arrangements remain a key area of operational risk, and the Group will continue to work closely with the Strategic Procurement Department and other relevant stakeholders to ensure adherence to Bank Negara Malaysia’s Outsourcing Policy and effective risk oversight.

Overall, continued vigilance, innovation and collaboration remain key priorities in managing operational risks effectively, supporting the Group’s resilience in an increasingly complex operating environment.

Link to:



STRATEGIC REVIEW

Key Risks and Mitigation

TR Technology/Cyber Risk

Description & Implication on Value Creation

Technology and cyber risk refers to the potential impact of cyber attacks, which may render critical services unavailable, disrupt business operations and result in the loss of organisational or confidential customer data. This may in turn result in financial losses, regulatory breaches or reputational damage, damaging customer trust and the Group's ability to sustain value creation.

Response & Mitigating Actions

- As integral parts of the Group's enterprise risk management framework, the Technology Risk Management Framework (TRMF) and Cyber Resilience Framework (CRF) establish leadership structures, standards and control objectives to align IT strategy with business objectives, optimise resources and manage technology and cyber risks across the Group, third-party service providers, and other technology-related functions.
- The Group adopts the Three Lines of Defence model for technology risk management, covering both processes and people. The model ensure appropriate segregation of duties, independent oversight and effective management of technology and cyber risk outcomes across Business and Support Units.
- The Board provides end-to-end oversight of the Group's IT strategy, including approval of the TRMF, CRF, cybersecurity policies, risk appetites, key performance indicators and risk tolerances. Compliance of all hardware and software with regulatory requirements, including BNM's Risk Management in Technology (RMiT), SC Guidelines on Technology Risk Management and Bursa Malaysia's Guidance on Cyber Risk Management is strictly enforced.
- Critical systems are proactively monitored to ensure timely upgrades and capacity management before capacity limits are reached, while IT incident management processes support the prompt restoration of systems within established Maximum Tolerable Downtime (MTD) and Recovery Time Objectives (RTO). In addition, Business Continuity Management mandates regular testing to validate effectiveness during crisis situations.
- Independent specialists conduct regular compromise assessments, cyber drills, red teaming exercises and bug bounty programmes to strengthen cyber competence and resilience. Cyber insurance is maintained to mitigate potential financial losses arising from cyber incidents.
- Cybersecurity training programmes, including mandatory e-learning modules, onboarding sessions and periodic phishing simulations, are conducted to reinforce employee vigilance
- Cyber risks are overseen by Group Management Committees, including the Group Board Information Technology and Transformation Committee and the Group Board Risk Management Committee, which receive regular updates on risk monitoring and control effectiveness.

Opportunities

- Enhancing customer experience through secure and resilient digital platforms to remain competitive.
- Strengthening cyber resilience by leveraging innovation and advanced security capabilities.
- Building stakeholder trust by safeguarding data, systems and critical services.

Outlook

The Group's technology and cyber risk outlook is shaped by ongoing digital transformation initiatives aligned with the Group's AX28 strategic plan, as well as the increasing adoption of cloud and AI technologies, which continue to expand the Group's overall attack surface.

In this context, strict regulatory compliance remains a key priority, particularly in relation to the responsible adoption and management of emerging technologies. At the same time, risks arising from third-party vendors and service providers will be managed through a comprehensive third-party risk management programme, which is designed to mitigate supply chain threats and safeguard stakeholders' interests.

The Group's approach to managing technology and cyber risks will continue to be underpinned by a technology-centric 'zero-trust' security model. This approach assumes no implicit trust within the network and emphasises continuous verification, strong access controls and enhanced monitoring to reduce the risk of unauthorised access and cyber incidents across the organisation.

Link to:

Capitals



Material Matters



Strategies



Stakeholders



BCR Business Continuity Risk

Description & Implication on Value Creation

Business continuity risk refers to the potential impacts of disruptions to business operations or critical services arising from events such as pandemics, technology or infrastructure failures, cyberattacks, fire incidents, security or data breaches, natural disasters, supply chain disruptions, health and safety issues, acts of terrorism or significant regulatory changes. Such disruptions may impair service delivery, restrict customer access, expose the Group to regulatory non-compliance and result in reputational damage, with potential long-term financial and non-financial implications.

Response & Mitigating Actions

- Business continuity risk management is governed by the Group Contingency Planning Framework (GCPF) and the Group Business Continuity Management (GBCM) Policy, which are aligned with Bank Negara Malaysia’s Guidelines on Business Continuity Management and mandate annual BCM activities to ensure operational readiness and regulatory compliance.
- Oversight of business continuity risk is provided by the Group Board Risk Management Committee, while the Group Management Committee – Business Continuity Management (GMC-BCM) reviews BCM outcomes, monitors risk exposures and addresses identified control gaps.
- All Business Units are required to participate in the Group’s BCM Programme, which ensures that critical business processes are identified, continuity strategies are established and crisis response plans are maintained.
- Regular testing and simulation exercises of Business Continuity Plans (BCPs) are conducted to validate preparedness and ensure timely and effective recovery in the event of disruptions.
- BCM programmes are executed in accordance with the GCPF, Group BCM Policy, BNM’s BCM Guidelines and ISO 22301 standards to promote consistency, effectiveness and continuous improvement.
- The Enterprise Crisis Management Plan (ECMP) guides the Crisis Management Team (CMT) in coordinating crisis response, strengthening decision-making during crisis situations and enhancing the Group’s overall operational resilience.

Opportunities

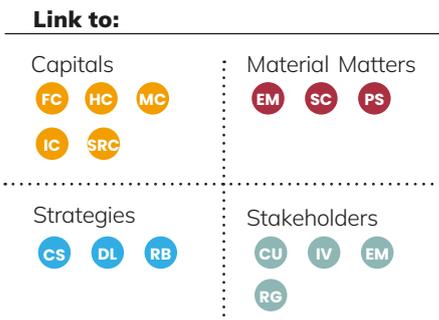
- Strengthening operational resilience through regular BCM initiatives to mitigate potential operational losses and ensure sustained regulatory compliance.
- Enhancing governance and oversight to improve enterprise-wide resilience and risk management maturity.
- Continuously strengthening prudent risk management practices to safeguard business continuity and stakeholder interests.
- Improving readiness and recovery capabilities to enable timely resumption of operations during disruptions.
- Strong operational resilience positions the Group to effectively navigate crises and sustain long-term value creation.

- Risk assessment and business impact analysis conducted and BCPs reviewed annually across 255 Critical Business Functions (CBFs) and 65 Non-CBFs.
- 100% success rate for BCP testing covering 255 CBFs and 65 Non-CBFs.
- 99% success rate for Disaster Recovery Plan testing across 72 systems and applications.
- Over 95% response rate within stipulated timeframes for bank-wide Call Tree exercises.

Outlook

The Group’s business continuity risk outlook is shaped by an evolving operating environment characterised by increasing operational complexity, heightened reliance on technology and a broadening range of external threats, underscoring the importance of maintaining strong operational resilience.

To protect business continuity in this environment, the Group will continue to invest in strengthening its BCM capabilities, including enhancing scenario coverage, increasing the frequency and sophistication of BCP testing, and embedding resilience considerations into business and technology transformation initiatives. To ensure crisis preparedness and sustained operational resilience, continued efforts will be made to align with regulatory expectations and consistently meet relevant international standards.



STRATEGIC REVIEW

Key Risks and Mitigation

RR Reputational Risk

Description & Implication on Value Creation

Reputational risk refers to the risk arising from negative perceptions held by customers, shareholders, investors or regulators, which may adversely affect the Group's ability to maintain existing or establish new business relationships and sustain access to funding sources.

Such risks may arise from mismanagement of business or operational activities, non-compliance with regulatory requirements, inappropriate corporate conduct, or adverse media coverage and public perception. If not effectively managed, reputational risk may result in loss of stakeholder trust and have long-term financial and non-financial implications for the Group.

Response & Mitigating Actions

- The Board and Management Committee oversee the effectiveness of risk management and control measures to mitigate reputational risk across the Group.
- The Group adopts the Three Lines of Defence model, whereby the first line manages risks at source, the second line provides independent oversight, and the third line delivers independent audit assurance.
- The effectiveness of internal controls in mitigating material risks is regularly assessed and reviewed. Any identified lapses are promptly addressed to prevent escalation and minimise reputational impact.
- A comprehensive customer complaint management process is in place to ensure complaints are logged, tracked and resolved within appropriate timeframes.
- The Group actively monitors and responds to potentially harmful comments on social media to mitigate negative speculation and manage public perception.
- A structured crisis management plan is maintained to enable timely and coordinated responses to reputational incidents and crises.

Opportunities

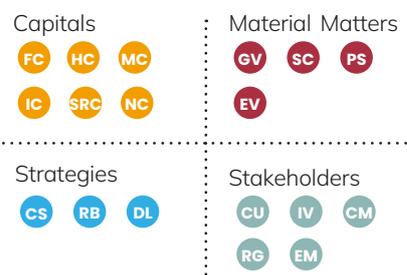
- Strengthening alignment with strategic objectives to safeguard and enhance the Group's reputation.
- Reinforcing internal controls and risk management practices to minimise reputational exposure.
- Responding promptly and appropriately to adverse publicity to maintain stakeholder confidence.
- Addressing control gaps through regular assessments to support a positive corporate image.

Outlook

The Group's reputational risk outlook is shaped by increasing stakeholder expectations, heightened regulatory scrutiny and the speed at which information is disseminated through digital and social media channels.

In this environment, the Group will continue to place emphasis on strong governance, effective internal controls and timely stakeholder engagement. Proactive monitoring, clear communication and disciplined crisis management will remain key to protecting the Group's reputation and sustaining stakeholder trust.

Link to:



SNCR Shariah Non-Compliance (SNC) Risk

Description & Implication on Value Creation

Shariah Non-Compliance (SNC) Risk refers to the risk of legal or regulatory sanctions, financial loss or non-financial implications, including reputational damage, arising from failure to comply with rulings of the Shariah Advisory Council (SAC) of Bank Negara Malaysia (BNM) and the Securities Commission, standards on Shariah matters issued by BNM pursuant to Section 29(1) of the Islamic Financial Services Act (IFSA), or decisions and advice of the AFFIN ISLAMIC Shariah Committee.

As part of Malaysia’s dynamic Islamic finance ecosystem, continuous adherence to Shariah requirements is fundamental to safeguarding customer trust and integral to the Group’s future value creation prospects. Accordingly, Shariah Risk Management forms part of the Group’s integrated risk management approach, under which Shariah risks are systematically identified, assessed, measured and monitored across the Bank’s operations, business activities and affairs.

Response & Mitigating Actions

- Shariah governance is anchored by the Board and the Shariah Committee, supported by three distinct Shariah control functions, namely Shariah Risk Management, Shariah Review and Shariah Audit, each operating with independent reporting lines to ensure effective oversight.
- SNC risk considerations are integrated into the Group’s enterprise-wide risk management framework to enable the identification and assessment of SNC risk exposures across business operations and activities.
- SNC risks are proactively managed and evaluated using established Shariah risk management tools, including Shariah Risk and Control Self-Assessment, Shariah Key Control Self-Assessment, Shariah Key Risk Indicators and SNC Loss Event Reporting.
- A structured SNC incident management and escalation process is in place to facilitate the timely detection of potential SNC events, proper income purification and accurate reporting of all SNC incidents to Management and the Board, in line with BNM requirements.
- Relevant Shariah policies, guidelines and procedures governing Shariah requirements across the Group are developed, reviewed and maintained on an ongoing basis.
- SNC stress testing scenarios are conducted to assess the Group’s resilience to potential SNC events that may impact operations, financial position and compliance integrity.
- Independent Shariah risk assessments and advisory support are provided on proposals submitted by Business Units to ensure Shariah considerations are appropriately addressed.

Opportunities

- Enhancing confidence among customers, investors and regulators by upholding Shariah principles, thereby strengthening the Group’s position as a trusted Islamic financial institution.
- Supporting employee development through targeted programmes on Shariah awareness and risk management, thereby fostering a culture in which Business Units understand and take ownership of their Shariah compliance responsibilities.
- Embedding stronger preventive controls across the Group and strengthening the integration of Shariah risk within enterprise-wide risk management, thereby reinforcing stakeholder confidence and reducing the likelihood of Shariah non-compliance occurrences.

The Group adopts zero tolerance towards non-adherence to Shariah requirements.
 Number of SNC incidents in FY2025: 1 (total amount RM1,451.05)
 Number of SNC incidents in FY2024: 3 (total amount RM6,240.53)

Outlook

The Group’s SNC risk outlook is shaped by a maturing Shariah governance framework, as reflected in Bank Negara Malaysia’s Shariah Governance policy, which places increasing emphasis on rigorous and robust implementation. This is expected to elevate regulatory expectations for Islamic financial institutions, requiring the Group to further strengthen governance, Shariah assurance practices and institutional readiness.

In addition, BNM is expected to maintain a proactive supervisory approach through ongoing policy issuances, thematic reviews and capacity-building initiatives. These developments will continue to raise industry standards and require the Group to further enhance its monitoring, reporting and compliance culture to meet evolving supervisory expectations.

Link to:



STRATEGIC REVIEW

Our Strategic Roadmap



Aims

To become a Modern and Progressive Bank by 2028

Strategic Objectives

Unrivalled Customer Service

Digital Leadership

Responsible Banking with Impact

Targets



Financial

PBT
RM1.8 billion

CASA
35%

ROE
12%

GIL
1.5%

CIR
<53%

Strategic Thrusts

<p>SUSTAINABLE ROE Elevate the level to 12%</p>	<p>BANKING 4.0 Accessible banking services anytime, anywhere</p>	<p>EFFICIENCY X5 Maximise productivity through operational excellence</p>	<p>ENHANCED BRAND VALUE Modern and progressive organisation</p>	<p>ESG FOCUS Responsible Banking with Impact</p>
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Focus Areas

Private Banking Business to Support T20	New Digital Core	Greater Presence in Sarawak	Becoming Capital Efficient to Unlock ROE	Bigger ESG Game
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Key Enablers

People & Culture	Technology	Process
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Strategic Performance Review

1 STRATEGIC THRUSTS 1

Sustainable ROE

New Core Banking System (Digital Core)

- Improved end-to-end turnaround time for personal financing loan processing by 20%, supported by process automation and enhanced operational efficiency
- Reduced average time required to configure a new sub-product by 75%, enhancing speed-to-market and operational agility

Priorities

- Future digital readiness: Modernising core banking capabilities to improve scalability, operational efficiency, and cybersecurity resilience, supporting long-term digital transformation.
- Enabling cross-border transaction growth: Offering multi-currency accounts that allow customers to hold, receive, and transact in multiple foreign currencies, facilitating overseas payments, travel, international trade, and foreign investments.

Resource Allocation: FC MC

Map to:

Material Matters



Risks



Key Trends



2 STRATEGIC THRUSTS 2

BANKING 4.0

AffinAlwaysX

- Launched the AffinAlwaysX mobile banking app in May 2025, which provides:
 - Advanced security features such as biometric authentication and two-factor AFFIN SECURE authentication
 - On-the-go access allowing customers to manage finances anytime and anywhere
 - Push notification functionality that sends immediate alerts for transactions and other account activities
 - A more intuitive and streamlined user experience compared to Internet Banking versions
- Recorded a 29% improvement in customer experience and achieved a Net Promoter Score (NPS) of +53 through the upgraded app, up from +48 in FY2024
- Introduced QR Pay via smartphone, eliminating the need for physical cash or cards

Map to:

Material Matters



Risks



Key Trends



STRATEGIC REVIEW

Strategic Performance Review

2 STRATEGIC THRUSTS 2 (Continued)

BANKING 4.0 (Continued)

AFFINMAX

- Successfully launched Phase 2 of AFFINMAX in December 2025, marking a significant milestone in the platform's evolution and positioning it as a comprehensive payroll hub offering:
 - End-to-end salary automation
 - Integrated statutory payment processing
 - Enhanced onboarding for payroll partners
 - Real-time payroll validation capabilities
- Unlocked stronger CASA payroll flows, improved cash management, and further integration into the day-to-day operations of customer businesses, reinforcing client loyalty and retention
- Achieved a 12% increase in payroll companies on board, resulting in a strong 55% year-on-year growth in payroll deposits

Priorities

- Enhancing customer experience: Introducing value-added features to better meet customer needs, strengthen customer stickiness, and improve scalability and service resilience in a digital-first environment.
- Payroll CASA growth: Driving payroll-based CASA growth through a targeted regional strategy and deeper ecosystem partnerships to enhance customer engagement and wallet share.

Resource Allocation: FC MC IC

Map to:

Material Matters



Risks



Key Trends



3 STRATEGIC THRUSTS 3

EFFICIENCY X5

New AML Compliance Platform

- Launched Phase 1 in June 2025, enabling the AML Compliance team to strengthen internal compliance processes through a system-driven monitoring framework, increasing productivity and efficiency
- Enhanced operational productivity, strengthened compliance oversight and accelerated completion of the Compliance Matrix, reinforcing regulatory adherence and risk governance

Priorities

- Strengthening internal compliance systems: Ensuring regulatory adherence, safeguarding the bank's integrity, and maintaining stakeholder trust in an increasingly complex regulatory environment.
- Improving credit processing: Enhancing efficiency and turnaround time to deliver better customer experience while supporting sustainable business growth and competitiveness.

Resource Allocation: FC MC

Map to:

Material Matters



Risks



Key Trends



4 STRATEGIC THRUSTS 4

ENHANCED BRAND VALUE

Implementing Triple Banking Branches

- Launched 14 Triple Banking branches
- Established AFFIN's Regional Office in Kuching, Sarawak, at the Hikmah Exchange, which is also a Triple Banking branch

Priorities

- One-stop banking solution: Enhancing customer convenience, cross-selling opportunities, and branch efficiency to support sustainable CASA and loan growth.

Resource Allocation: **FC MC IC HC**

Map to:

Material Matters



Risks



Key Trends



5 STRATEGIC THRUSTS 5

ESG FOCUS

- Developed the Group's Net Zero Roadmap with a 2050 target, outlining AFFIN decarbonisation pathways to support Malaysia's national aspiration for a low-carbon and climate-resilient economy
- Launched Yayasan AFFIN as the Group's central platform to drive community empowerment initiatives, enhancing the structure, visibility and impact of our social contribution programmes
- Revised the Group's operational emissions reduction target from 30% to 70%, reflecting an accelerated commitment to reducing our owned greenhouse gas emissions through energy efficiency improvements, renewable energy adoption and other low-carbon initiatives
- Achieved upgraded ESG ratings from both local and international rating agencies, reaffirming the Group's continuous efforts in delivering our strategic objective, Responsible Banking with Impact

Priorities

- Group-wide ESG data strategy: Strengthening governance, quality, and consistency of sustainability data to support regulatory disclosures, risk management, and informed decision-making.
- Integrated sustainability risk management: Embedding climate-related and broader ESG considerations into the Group's credit and non-credit risk management framework.
- Community and social impact: Leveraging Yayasan AFFIN as a key catalyst to strengthen coordination, visibility, and measurement of social initiatives.

Resource Allocation: **SRC NC**

Map to:

Material Matters



Risks



Key Trends



STRATEGIC REVIEW

Key Performance Indicators (KPIs)

Indicators	Aim/ Objective	2023	2024	2025	YoY Change	Assurance	Linked Strategic Thrusts
Income Growth	To ensure sustainable business growth	-3.4%	9.3%	12.5%	3.2%	MO, FS	ALL
Fee to Income Ratio (%)	To maximise value creation and deliver high returns to shareholders	30.6%	30.1%	28.7%	-1.4%	MO, FS	ALL
Loan Growth	To grow our business across the Group, in a profitable and responsible manner	12.6%	8.7%	10.4%	1.7%	MO, FS	ALL
Cost to Income Ratio (%)	To ensure effective cost management and sustain cost growth at a pace slower than revenue over the long term.	71.6%	76.9%	69.7%	7.2%	MO, FS	ST3
Return to Equity	To deliver a reasonable return while balancing the need to maintain a healthy capital base	3.7%	4.5%	4.54%	0.04%	MO, FS	ST1
Net Promoter Score (NPS)	Customer advocacy metrics showing how likely customers are to recommend AFFIN versus competitors	+69	+48	+53	+10.4%	IN	ST4
Customer Satisfaction (CSAT)	To provide superior value and service, and ensuring customer satisfaction as expectations evolve	91%	81%	82%	+1.0%	IN	ST4
High Potential Performers Identified	To ensure strong succession pipelines by recognising and preparing internal talent for pivotal roles	303	353	416	17.9%	MO	ALL
Average Hour of Training per employee	To build outstanding Human Capital in growing, nurturing and developing our talent pipeline	59 Hours	53 Hours	57 hours	7.6%	MO	ST3
Sustainable Financing Composition	To drive a higher composition of sustainable financing, supporting responsible growth and positive environmental and social outcomes	8.6%	10.56%	15.19%	4.6%	MO	ST5
Events for local communities on environmental and social programmes	To deliver environmental and social programmes that benefit and engage local communities	83,283 Beneficiaries	116,833 Beneficiaries	170,279 Beneficiaries	46.0%	MO	ST5
Operational Emission (tCO ₂ e)	To reduce operational greenhouse gas emissions and improve overall environmental performance	17,611.90 tCO ₂ e	11,296.47 tCO ₂ e	11,824.53 tCO ₂ e	+4.7	MO	ST5

Assurance indicators:

MO: Board and management oversight through rigorous reporting.

FS: Financial information extracted from the 2025 Affin Bank Group Audited Financial Statements or Financial Presentation.

IN: External source information i.e. independent surveys.

Advancing Digital Leadership

We operate in a dynamic financial services environment where digital technology is no longer optional, but essential to compete and grow. In response, we are advancing a comprehensive digital transformation programme aimed at reinforcing our market position and future-proofing the organisation.

Digital transformation is transformative in two fundamental ways. Firstly, it enables us to capture emerging growth opportunities, particularly among digitally savvy customer segments, by strengthening convenience, relevance and engagement. Secondly, it drives operational excellence by enhancing service quality, optimising costs and improving efficiency across the organisation. Together, these priorities strengthen our competitiveness and support sustainable long-term growth.

Our Digital Platforms

Over the past several years, we have invested in purpose-built digital platforms designed to meet evolving customer needs. A key milestone was reached on this journey in FY2025 with the launch of the AffinAlwaysX mobile application, delivering a seamless and interactive experience that enables customers to manage accounts and access a diverse suite of financial products fully on the go. The app enhances our value proposition in an increasingly digital marketplace, where customers expect secure, intuitive and mobile-first banking services.

Our New Digital Core

Our digital innovations are underscored on the implementation of a new digital core architecture which enhances product innovation, improves rollout efficiency and supports the adoption of agile methodologies to accelerate product development and deployment.

Through our Data Analytics Centre of Excellence, we are embedding analytics into decision-making and strategic execution, leveraging big data to generate deeper insights into customer behaviour and market trends, supporting more targeted offerings, improved customer engagement and revenue growth.

To maximise the benefits of this transformation, we have established a dedicated in-house technology team, transitioning from an outsourced model to direct oversight of our hybrid data centre infrastructure. This shift strengthens security, reliability and governance, while enabling greater agility and innovation.

Multi-cloud adoption further enhances system resilience, flexibility and business continuity, ensuring that digital capabilities remain robust and scalable.

Governance and Oversight

Digital transformation initiatives are implemented within a strong governance framework to ensure risk discipline, regulatory alignment and operational resilience. All technology initiatives are aligned with Bank Negara Malaysia's Risk Management in Technology ("RMiT") guidelines, reinforcing robust controls, system integrity and business continuity.

Future Plans

Technology and digital are central to AFFIN BANK's Axelerate 2028 strategy. Having built strong digital foundation, we are now focused on leveraging these capabilities to deliver better customer experiences, improve productivity, and drive sustainable growth. Our approach is pragmatic, resilient, and firmly anchored on creating long-term value for our customers and shareholders.

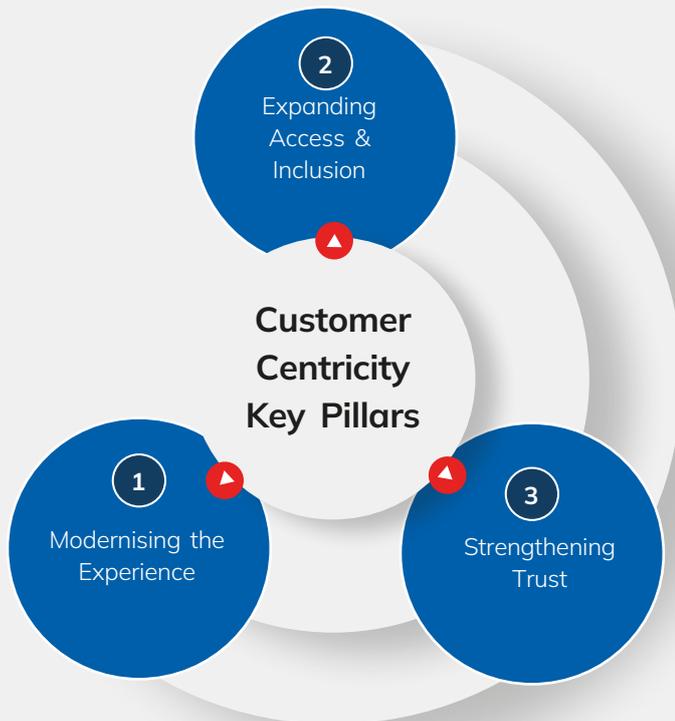
Customer Centricity at AFFIN

Building a Customer-Led, Future-Ready Bank

AX28 sets our aspiration to become a modern and progressive bank in Malaysia. To deliver on this ambition, we aim to serve customers across their full financial lifecycle and anchor every decision in a clear understanding of their needs.

Customer centricity is a defining pillar of AFFIN's transformation. It reflects our commitment to understanding our customers deeply, anticipating their needs, and delivering experiences that are seamless, accessible and trustworthy.

Our approach is anchored on three imperatives: Modernising the Experience, Expanding Access & Inclusion, and Strengthening Trust.



1 Modernising the Experience

Customer expectations today are shaped by speed, simplicity and digital fluency. In response, we are accelerating our digital transformation by investing in our core infrastructure and launching platforms that deliver greater convenience, functionality, and security.

The launch of our next-generation AffinAlwaysX mobile banking app marked a significant milestone in this journey. Designed with an intuitive interface and enhanced security features, it delivers seamless on-the-go banking supported by biometric authentication and multi-factor secure authentication. Customers also benefit from improved functionality, including QR payment capabilities and real-time push notifications.

In FY2025, we also launched AFFINMAX 2.0, positioning it as a comprehensive payroll hub offering end-to-end salary automation, integrated statutory payment processing, enhanced onboarding for payroll partners and real-time payroll validation capabilities. These platforms are supported by investments in our New Core Banking System (Digital Core), which has significantly reduced the time required to configure new sub-products and improved personal financing loan processing turnaround time, enhancing speed-to-market and operational agility. We also launched backend solutions such as the Affin Investment Digital Assistant (AIDA), which streamlines the unit trust sales process and supports more efficient onboarding of wealth management clients.

Key highlights:

- Achieved a 29% improvement in customer experience and an NPS of +53 through the upgraded AffinAlwaysX mobile banking app (FY2024: +48)
- Improved personal financing loan processing time by 20% due to our new Digital Core
- Introduced QR Pay and AFFIN Cards on Google Pay to enhance digital payment convenience

2 Expanding Access and Inclusion

As we modernise digitally, we remain equally committed to ensuring accessibility and inclusion on the ground.

The continued rollout of our Triple Banking branches which integrate conventional, Islamic and investment services under a single roof plays a vital role for customers who may not be digitally savvy or who live far from urban centres and are unable to visit branches frequently. The model also strengthens our proposition within the banking industry and enables greater cross-selling capabilities, driving top-line growth.

To drive inclusion, we have also invested in building our presence in Sarawak with additional branches, ATMs and Mobile Financial Centres. These centres provide essential financial services to residents in rural and physically less accessible areas who may otherwise be out of reach of conventional banking infrastructure.

We also view inclusion through the development of segment-specific propositions that meet the needs of defined customer groups. In FY2025, this included the introduction of FINTURA, our youth banking segment, which provides an accessible entry point for young Malaysians into the financial ecosystem and supports early financial literacy.

Further supporting our commitment to inclusive access, we enhanced OKU-friendly features within the 15 new branches completed in 2025. Within these new locations, 12 branches have been equipped with wheelchair access ramps, 8 branches now provide designated parking bays for persons with disabilities, and 7 branches feature automatic sliding doors at the SST areas. These upgrades ensure that customers with mobility challenges can access essential banking services with greater convenience, independence and dignity.

Key highlights:

- Expanded to 145 branches nationwide
- Installed 223 self-service terminals nationwide
- Strengthened presence in Sarawak with 13 branches, 76 ATMs and three Mobile Financial Centres
- Launched a range of segment-specific and community-centric offerings including exclusive state and institution-themed debit and credit cards

STRATEGIC REVIEW

Customer Centricity at AFFIN

3 Strengthening Trust Through Security and Service Excellence

Being customer-centric goes beyond the products and solutions we offer. It also encompasses how we listen, respond and safeguard our customers at every interaction.

The Bank made notable progress in strengthening complaint management in 2025, with 80% of cases resolved within SLA and improved turnaround times across entities, including a 2.5% faster TAT for ABB/AIBB and 11% YoY improvement for AHIBB. Stronger root-cause actions helped reduce repeat complaints. The rollout of the new AffinAlwaysX app delivered a 73% YoY drop in technical-related complaints. Together, these outcomes reflect a more resilient, accountable and insight-led complaints framework that strengthens customer trust and service confidence.

CX advocacy begins with listening to the customer. In 2025, AFFIN enhanced its VOC programme to enable always-on, real-time, closed-loop feedback for faster service recovery. The Phase 1 roll-out of Branch QR across all 145 branches strengthened responsiveness by enabling quicker follow-ups and timely service improvements. The programme introduced 3 (three) key capabilities; always-on listening, closed-looped feedback and integrated feedback insights to identify friction points across journeys and channels. We also introduced a 24/7 Contact Centre for AFFIN BANK and AFFIN ISLAMIC retail customers, enabling support at any hour of the day.

At the same time, we strengthened our cybersecurity stance by enhancing scam-prevention journeys across mobile, web, cards and payments, expanding fraud monitoring capabilities using behaviour-based detection, and conducting customer education campaigns to raise awareness of emerging security risks.

Key highlights:

- Branch QR deployment across 145 branches via the VOC enterprise platform resulted in a 94% uplift in customer feedback.
- Branch transactional NPS of +80 and CSAT score of 99%
- Introduced a 24/7 Contact Centre for ABB and AIBB retail customers
- 93% success rate in resolving complex customer complaints

We will continue driving customer centricity through the voice of our customers, ensuring AFFIN remains responsive to their needs and future-ready in its ambition.

Looking Ahead

Looking ahead, customer expectations around convenience, speed and seamless engagement are only set to grow. In response, we will continue refining our operating model to reduce customer effort and improve turnaround times across key journeys.

Our focus will include introducing greater process automation, strengthening straight-through processing, and improving onboarding and fulfilment speed. By simplifying internal workflows and enhancing monitoring capabilities, we aim to deliver faster, more consistent outcomes while maintaining strong governance standards.

At the same time, accessibility across branches will remain an important consideration in meeting the needs of our customers. We will continue investing in expanding branch coverage, enhancing our 24/7 support capabilities and building on the success of our Contact Centre. We will also extend our network of self-service terminals to ensure customers can access essential services conveniently and reliably.

Through this balanced approach combining digital efficiency with physical accessibility we remain committed to building a customer-led bank that is responsive, resilient and ready for the future.

Harnessing Agility to Deliver in a Dynamic Environment

We operate in an environment where change is constant, as the banking industry transforms rapidly to meet evolving customer demands, sustainability standards and digital opportunities. Against this backdrop, our ability to adapt, innovate and deliver new solutions responsibly is a vital determinant of competitiveness and long-term success.

Over the past few years, we have been steadily embedding agility into our ways of working across the Group. We strengthened this journey in FY2025 by elevating agility into an enterprise operating agenda, integrating agile ways of working more explicitly into our performance architecture, decision governance, organisational sensing mechanisms and capability model to drive greater value for the business.

What Agility Means at AFFIN

At AFFIN, agility is therefore not about rapid change for its own sake. It is a disciplined capability to respond to complexity responsibly, anchored in strong governance, risk awareness and values-based decision-making. In this context, we view agility across three interconnected dimensions: behaviours, capabilities and mindsets.



3 Dimensions of Agility

Behaviours

how we act and execute

Anchored in our aspiration to build a Team of a High-Performance Organisation (THIPO) and guided by our Cultural Trifecta of Business, Service and Risk, we emphasise:

- Clear ownership and accountability at all levels
- The ability to challenge legacy practices to improve outcomes
- Cross-functional collaboration rather than silo-based execution
- Openness to feedback

Together, these behaviours foster individuals and teams that embrace change, drive innovation and seek continuous improvement. To encourage their adoption, we have embedded them in the standards we set for our leaders and are increasingly linking them to performance evaluation and rewards.

Mindsets

how we adapt to change

The third dimension of agility is mindset: how we adapt and respond to pressure in an increasingly complex operating environment. Through leadership development initiatives, enhancements to performance management and strengthened employee listening mechanisms, we emphasise:

- Outcome-driven problem solving over role-based execution
- Continuous learning and adaptability
- Living the A.F.F.I.N. Core Values in decision-making

By reinforcing adaptability, accountability and sound judgement through formal performance and reward structures, we ensure that agility drives how we lead and operate.

Capabilities

the quality of our decisions

We recognise that speed without capability increases risk. We therefore provide our employees with the necessary tools, skills and structured development initiatives to enable higher-quality decision-making while maintaining consistency, prudence and control.

Capability development is focused on key skill areas, including digital, sustainability and risk management, which are aligned to the structural evolution of the industry. These priorities are enshrined within our Future Skills Framework and supported by the Affin Management Institute, which outlines structured development pathways to help employees maximise their potential.

By investing in capability depth across these areas, we strengthen our ability to make decisions not only with agility, but with precision and quality, driving sustainable value for the Group.

STRATEGIC REVIEW

Agility at AFFIN

Embedding Agility in FY2025

In FY2025, we strengthened agility through targeted initiatives across capability building, performance management and organisational listening.

Capability building for execution readiness

Through the Affin Management Institute, capability development in FY2025 focused on priority capabilities including digital fluency, AI readiness, credit decisioning excellence and competencies in sustainability-related areas and regulatory requirements, such as BNM's Climate Risk Management and Scenario Analysis policy.

Leadership development programmes were also delivered in partnership with Asian Banking School, Asia School of Business, Melbourne Business School and IMD, further strengthening management capability and execution readiness.

Key outcomes included:

- Improved decision quality and consistency in credit, risk and sustainability-related matters
- Stronger management confidence in navigating regulatory and risk complexity
- Enhanced organisational readiness for digital-enabled execution and delivery

Incentivising agile behaviours

To drive agile behaviours across the organisation, our enhanced Performance Management framework introduced a values-linked multiplier that explicitly links performance outcomes and rewards to the demonstration of the A.F.F.I.N. Core Values in everyday behaviour. This includes behaviours such as collaboration, accountability and adaptability, directly aligning incentives with the standards expected of a high-performance organisation.

Key outcomes included:

- Stronger alignment between strategy, behaviours and performance outcomes
- Reinforcement of THIPO as an operating culture
- Clearer behavioural expectations supporting faster execution with disciplined accountability

Listening to our employees

A key component of agility is fostering an open culture where employees feel able to express their views. In FY2025, we transitioned to the Workday Peakon Employee Voice platform, an AI-powered listening solution that provides a real-time, holistic view of employee sentiment and feedback.

This platform enables employees to provide insights and recommendations to leadership in a secure and confidential manner, strengthening trust and participation. It also equips management with timely, decision-useful information to detect emerging risks, execution challenges and capability gaps at an earlier stage.

Key outcomes included:

- Earlier detection of operational and conduct risks
- Shorter response cycles to organisational issues impacting execution
- Stronger trust and participation due to built-in anonymity and governance safeguards

Tangible Impacts in FY2025

In FY2025, these advancements translated into measurable improvements in decision-making and execution across the Group. Key outcomes included:

01

Stronger credit and risk decisioning, driven by clearer ownership, faster turnaround times and improved capability in credit assessment and risk governance

02

Earlier issue detection and faster resolution, enabled by near real-time organisational feedback loops

03

More efficient policy and process optimisation, including targeted refinements such as the Subsistence Allowance Policy revision, improving consistency, governance clarity and cost discipline

04

Tighter enterprise coordination across Group People Office, business units and governance functions, enabling quicker alignment on execution priorities and reduced duplication of effort

As a whole, these improvements enabled the right changes and solutions to be advanced efficiently across the Group, supporting our ongoing AX28 transformation agenda.

Looking Ahead

Looking ahead to FY2026 and beyond, agility will remain a key lever of value creation across the Group. To further our journey, we will place particular focus on strengthening digital fluency and accelerating AI readiness, deepening cross-functional collaboration across the business, leveraging employee insights more proactively to guide organisational decisions, and further embedding Strategic Workforce Planning into business and talent strategies.

At the same time, we remain mindful of the risks associated with moving too quickly, including change fatigue and uneven levels of digital and data fluency across the workforce. Regulatory and governance expectations will continue to evolve. For this reason, targeted capability building, rather than one-size-fits-all solutions, will remain central to our approach.

Ultimately, agility is enabled by a motivated, supported and engaged workforce. Employee well-being, engagement and safety are therefore non-negotiable foundations of our high-performance culture. Initiatives such as Affin Wellness, our digital Employee Assistance Programme providing confidential support services and professional guidance, play an important role in sustaining employee resilience and engagement. By supporting our people holistically, we strengthen retention, build confidence in change and create the conditions necessary for continuous upskilling and performance excellence.

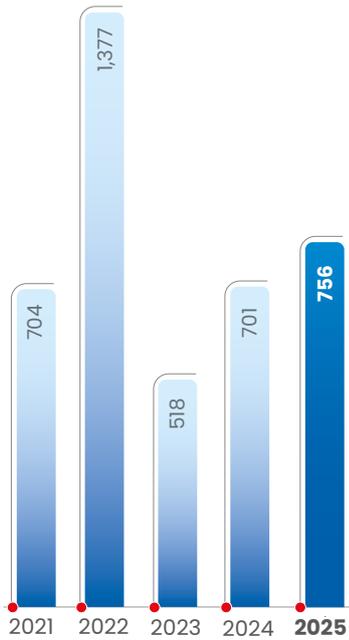
PERFORMANCE REVIEW

5-Year Financial Summary

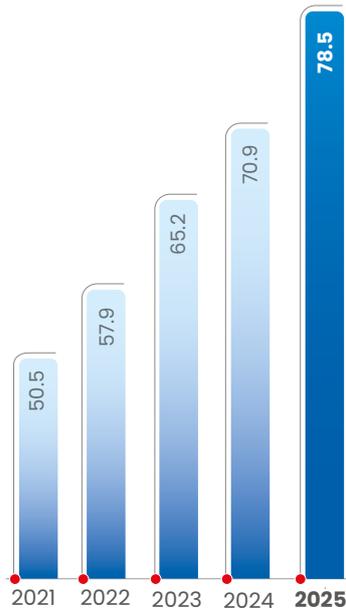
	2025	2024	2023	2022	2021
OPERATING RESULTS					
<i>For the financial year ended 31 December (RM'million)</i>					
Revenue	2,442	2,170	1,986	3,297	2,241
Profit before taxation	756	701	518	1,377	704
Net profit attributable to the equity holders of the Company	540	510	402	1,179	527
KEY BALANCE SHEET DATA					
<i>As at 31 December (RM'million)</i>					
Loans, advances and financing	78,546	70,892	65,225	57,932	50,528
Total assets	124,074	111,842	105,248	90,121	78,429
Deposits from customers	79,000	73,744	70,834	64,995	58,794
Total liabilities	111,855	100,241	94,139	79,492	68,495
Commitments and contingencies	91,763	85,186	87,431	56,648	45,197
Paid-up capital	5,489	5,489	5,371	5,245	4,969
Shareholders' equity attributable to the equity holders of the Company	12,219	11,601	11,109	10,629	9,889
FINANCIAL RATIOS					
<i>(%)</i>					
Profitability Ratios	4.54	4.49	3.70	11.49	5.42
Net return on average assets	0.46	0.31	0.41	1.40	0.71
Net return on average risk-weighted assets	0.75	0.49	0.65	2.16	1.07
Cost to income ratio	69.71	76.88	71.57	42.99	60.25
Asset Quality Ratios	1.64	1.94	1.90	1.97	2.54
Net impaired loans ratio	1.02	1.26	1.06	1.27	1.89
Loan loss reserve	121.30	117.49	143.54	164.77	130.23
CASA Ratio	24.96	30.40	26.70	23.50	21.03
SHARE INFORMATION					
<i>– Per share (sen)</i>					
Earnings – basic	21.3	20.3	17.4	54.4	25.0
Earnings – fully diluted	21.0	20.1	17.3	54.4	25.0
Gross dividend	8.53	0.00	5.76	30.39	12.50
Net assets	4.82	4.83	4.73	4.67	4.66
Share price – high	236	292	210	205	184
Share price – low	234	288	208	202	162
Share price as at 31 December	235	291	208	203	173
Market capitalisation (RM'million)	5,955	6,985	4,881	4,616	3,675
SHARE VALUATION					
Gross dividend yield (%)	3.63	5.26	2.77	14.97	7.23
Dividend payout ratio (%)					
– based on Group's profit after tax	40.00	72.54	33.61	57.45	50.39
– based on Company's profit after tax	100.00	146.18	53.78	53.29	68.92
Price to earnings multiple (times)	11.10	13.64	11.98	3.73	6.93
SEGMENT INFORMATION					
<i>Profit before taxation and zakat by activity (RM'million)</i>					
Commercial banking	735	648	583	1,511	647
Investment banking	103	152	92	1,197	281
Insurance (net of tax)	52	55	36	9	45
Others	(129)	(147)	(189)	(1,335)	(264)
	761	708	522	1,382	710

PERFORMANCE REVIEW
5-Year Financial Highlights

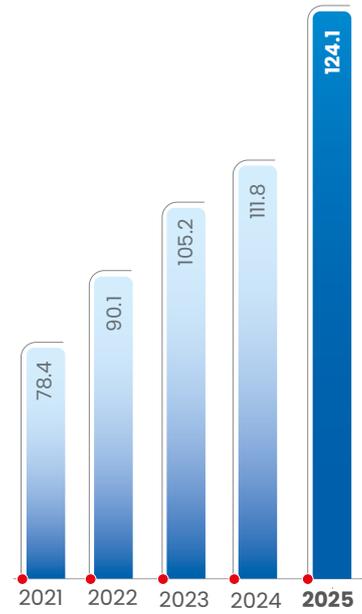
➤ **PROFIT BEFORE TAXATION**
 (RM'million)



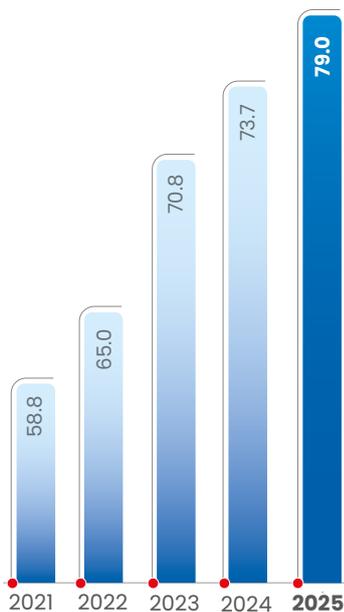
➤ **LOANS, ADVANCES AND FINANCING**
 (RM'billion)



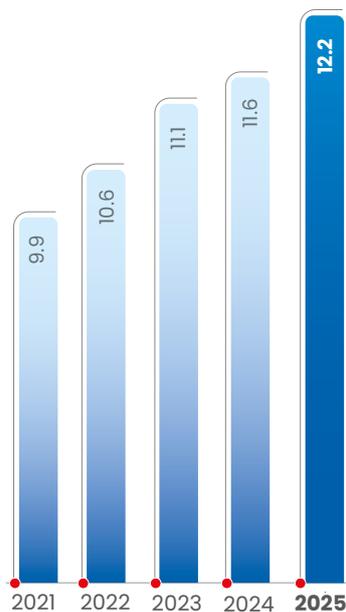
➤ **TOTAL ASSETS**
 (RM'billion)



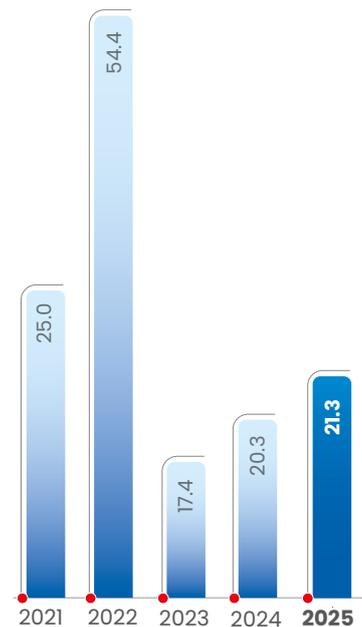
➤ **DEPOSITS FROM CUSTOMERS**
 (RM'billion)



➤ **SHAREHOLDERS' EQUITY**
 (RM'billion)



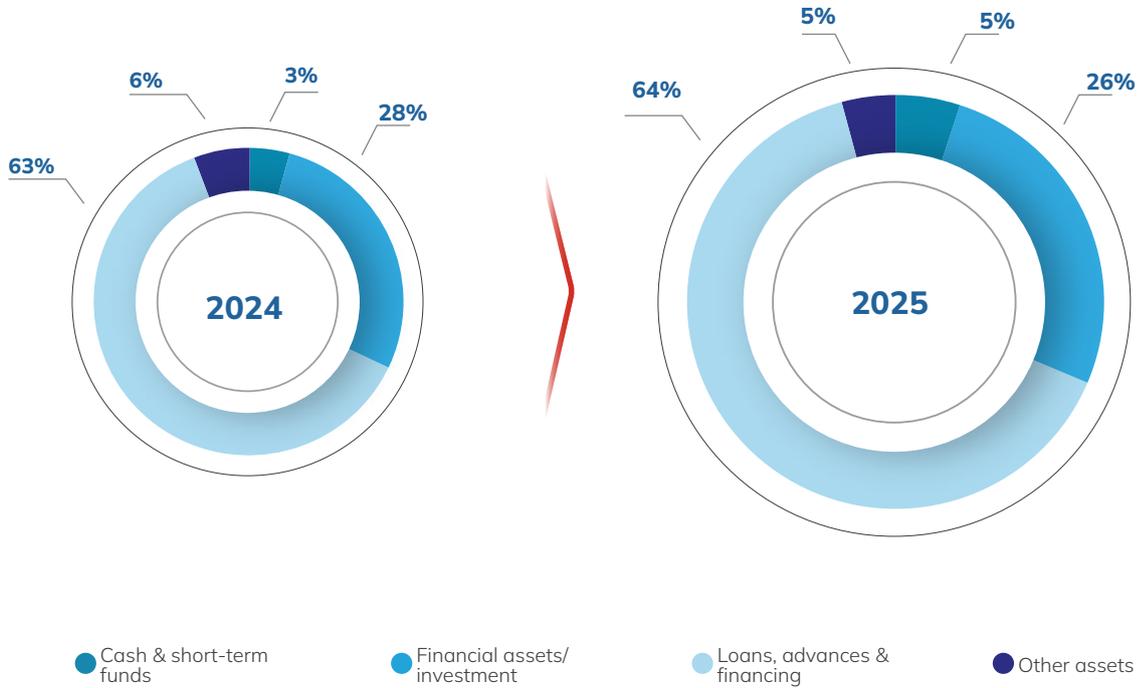
➤ **EARNING PER SHARE (EPS)**
 (sen)



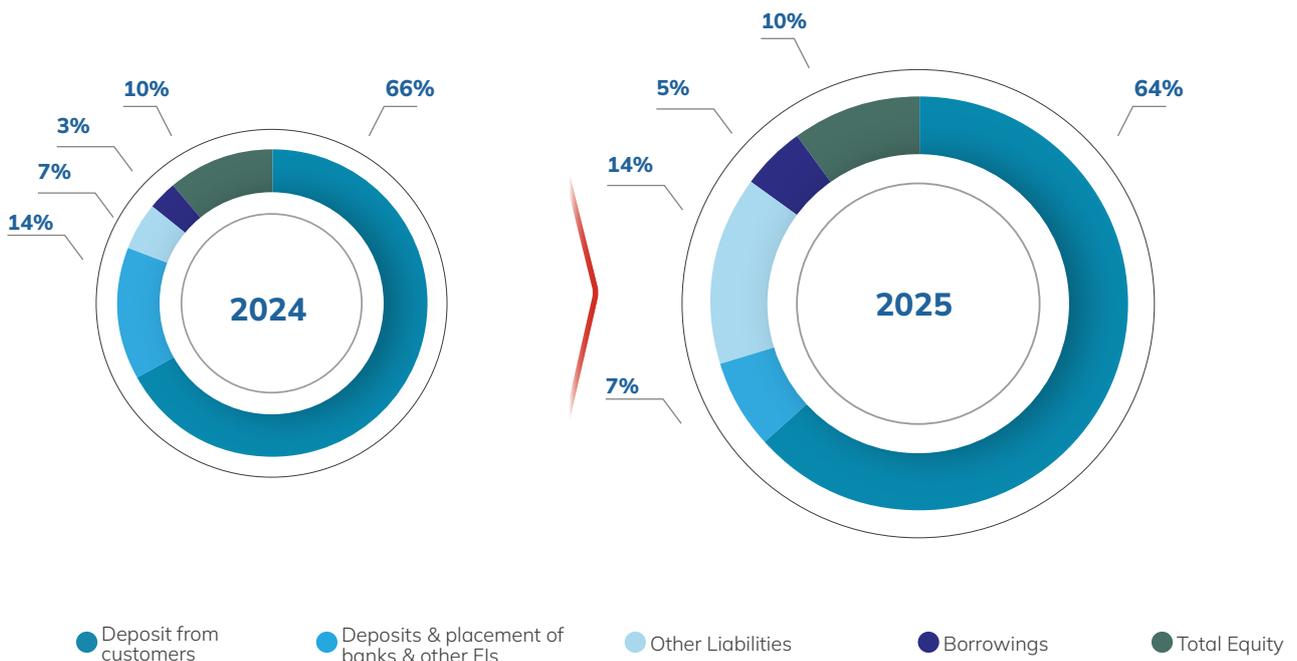
PERFORMANCE REVIEW

Simplified Statements of Financial Position

TOTAL ASSETS

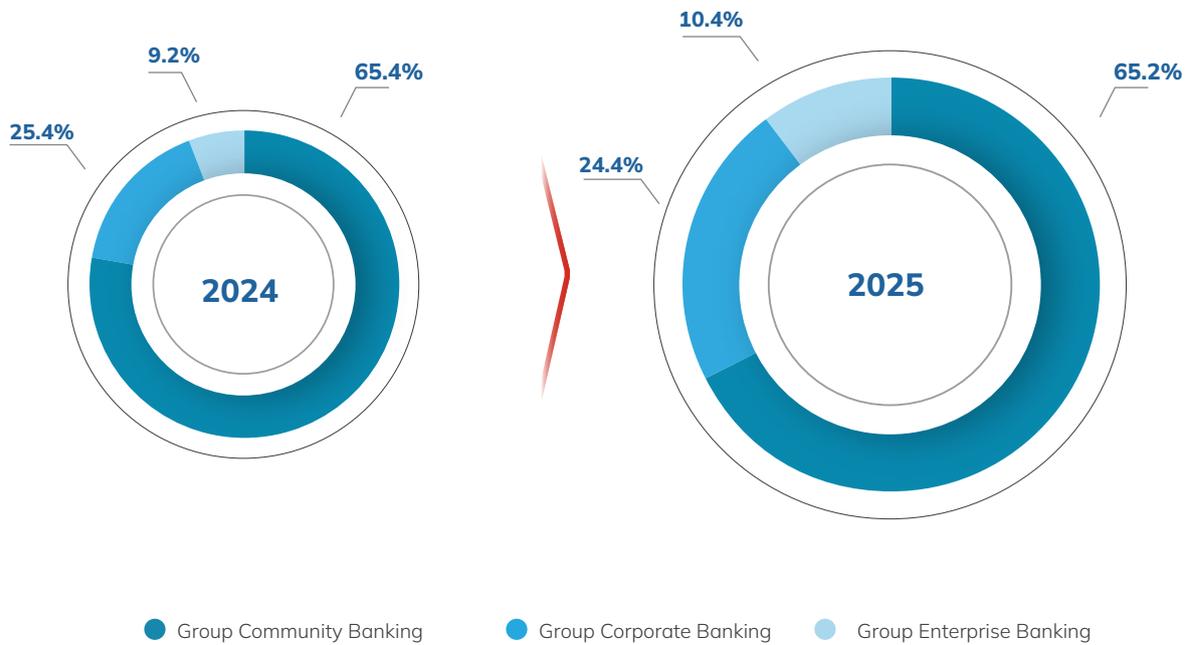


TOTAL LIABILITIES & EQUITY

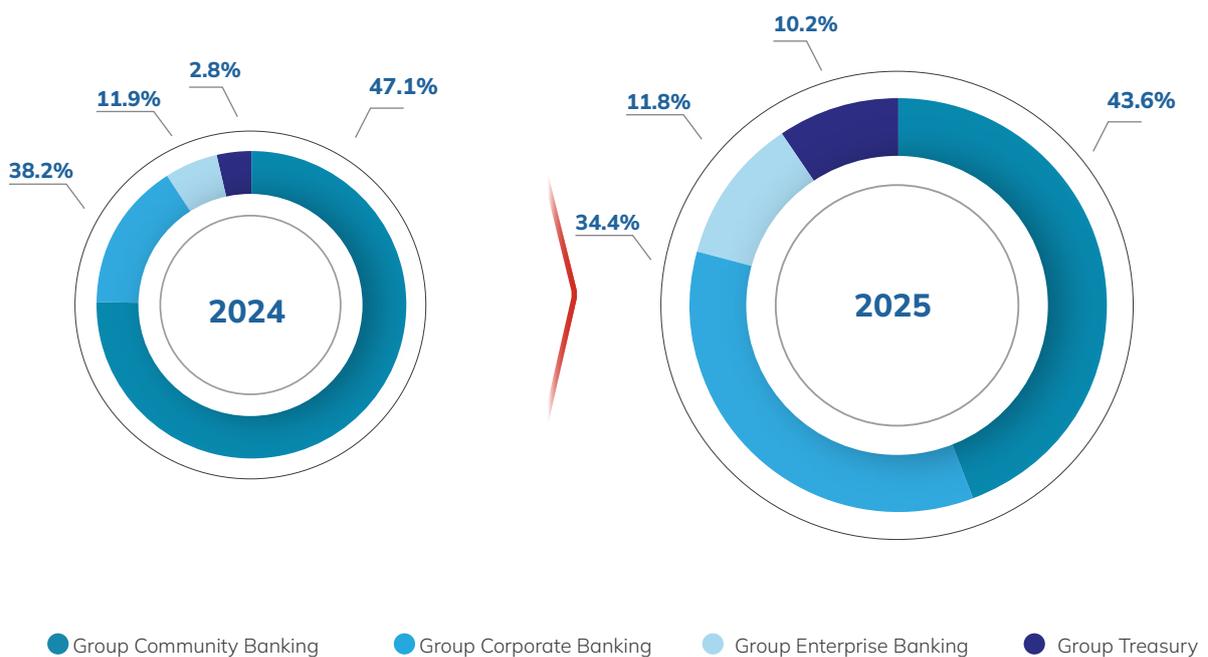


PERFORMANCE REVIEW
Business Unit Analysis

> **GROSS LOANS, ADVANCES & FINANCING**



> **DEPOSIT FROM CUSTOMERS**

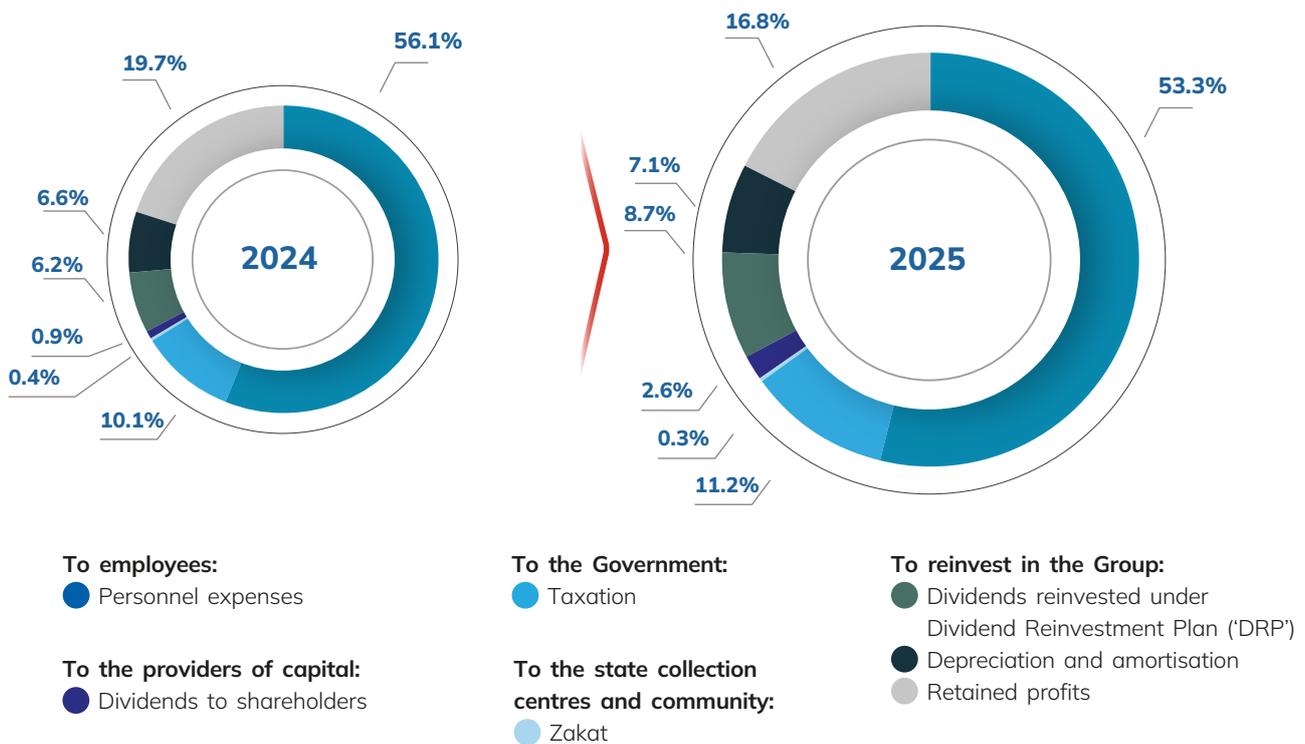


PERFORMANCE REVIEW

Statement of Value Added and Distribution

	2025 RM'million	2024 RM'million
VALUE ADDED		
Net interest income	874.8	826.4
Income from Islamic banking business	866.8	691.1
Other operating income	699.9	652.2
Share of results of associates	52.4	54.7
Other operating expenses excluding personnel expenses, depreciation and amortisation	(539.7)	(476.9)
Write-back of/(allowances for) credit impairment losses	(24.2)	170.2
Allowances for impairment losses on other assets	(7.0)	(18.8)
Value added available for distribution	1,923.0	1,898.9

DISTRIBUTION OF VALUE ADDED



Group Quarterly Performance

RM'Million	2025			
	Q1	Q2	Q3	Q4
Revenue	543.9	616.4	587.8	693.4
Net interest income	206.0	212.8	207.6	248.4
Income from Islamic banking operation	197.8	218.9	217.5	232.6
Net non-interest income	140.1	184.7	162.7	212.4
Other operating expenses	(379.1)	(420.1)	(440.1)	(462.7)
Profit before taxation	178.2	179.8	182.1	215.6
Taxation	(54.1)	(36.3)	(37.1)	(88.0)
Profit after taxation	124.1	143.5	145.0	127.6
Net profit attributable to equity holders of the Company	124.1	143.5	145.0	127.6

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

PERFORMANCE REVIEW

Key Interest-Earning Assets and Interest-Bearing Liabilities

	2025			2024		
	Balance as at 31 December RM million	Average rate %	Interest income/ expense RM million	Balance as at 31 December RM million	Average rate %	Interest income/ expense RM million
INTEREST-EARNING ASSETS						
Cash, short-term funds, deposits and placements with banks and other financial institutions	6,406.1	2.78	149.2	3,155.1	3.69	168.6
Total securities (1)	32,810.8	3.24	1,045.0	31,153.2	3.28	1,034.9
Loans, advances and financing	78,545.7	5.42	3,712.0	70,892.1	5.17	3,496.7
INTEREST-BEARING LIABILITIES						
Total deposits (2)	88,733.3	3.31	2,721.2	83,119.5	3.35	2,782.7
Obligation on securities sold under repurchase agreements	5,569.8	3.23	174.5	5,567.4	3.85	197.6
Recourse obligation on loans/ financing sold to Cagamas Berhad	7,705.1	3.90	242.1	5,128.0	3.98	162.8
Borrowings and Sukuk	6,126.6	5.03	227.3	3,764.9	4.65	167.1

Notes:

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

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

PERFORMANCE REVIEW

Capital Management

AFFIN Group’s capital management strategy is anchored on maintaining a resilient and high-quality capital base that supports sustainable business growth while withstanding economic and market volatility. The strategy is guided by three core priorities:

- 01** Maintaining prudent capital buffers above regulatory minimum requirements
- 02** Aligning capital deployment with business priorities and the Group’s risk appetite
- 03** Optimising capital efficiency to enhance long-term shareholder value

Governance and Oversight

The Group’s Internal Capital Adequacy Assessment Process (“ICAAP”) remains central to its capital framework, incorporating forward-looking projections, stress testing and material risk assessments to ensure capital adequacy under both normal and adverse conditions.

The annual Capital and Liquidity Plan, approved by the Board, sets out a multi-year roadmap aligned with business growth, evolving risk profiles and regulatory expectations. Oversight is provided by the Group Management Committee – Capital Management, which monitors capital adequacy, allocation and utilisation across business divisions within the Group.

As part of Bank Negara Malaysia’s Basel III reform rollout, the Operational Risk – Standardised Approach and Exposures to Central Counterparties took effect on 1 January 2025 with minimal impact on the Group’s capital ratios, while preparations for the Standardised Approach for Credit Risk, effective 1 July 2026, remain ongoing. The more granular and risk-sensitive asset classification is expected to contribute positively, albeit modestly, to the Group’s capital position.

Capital Position and Performance

CAPITAL RATIOS	31 December 2025	31 December 2024
CET I capital ratio	13.338%	13.217%
Tier I capital ratio	14.703%	14.635%
Total capital ratio	17.216%	17.063%

The Group’s capital ratios improved year-on-year, reflecting healthy internal capital generation, disciplined balance sheet management and continued progress in risk-weighted asset (“RWA”) optimisation initiatives. A range of targeted capital efficiency initiatives were undertaken during the year including portfolio refinement, active management of undrawn commitments and continued data quality enhancements.

Dividend

For financial year 2025, the Group proposed a final dividend of 8.53 sen per share, with full application of the Dividend Reinvestment Plan. This approach supports capital preservation while providing shareholders with the option to reinvest and participate in the Group’s long-term growth.

Outlook

Moving forward, the Group remains focused on maintaining adequate capital buffers, enhancing capital efficiency and ensuring readiness for evolving regulatory developments. With steady internal capital generation, continued RWA optimisation efforts and prudent governance, the Group is well-positioned to support its strategic priorities and deliver sustainable value to stakeholders.

PERFORMANCE REVIEW

Balance Sheet Management

In support of its strategic objectives, the Group maintains a disciplined and forward-looking approach to balance sheet management, aligned with its defined risk appetite. Balance Sheet Management (“BSM”) plays a central role in this framework, supporting the Group Asset Liability Management Committee in overseeing interest rate and liquidity risks across the AFFIN Group and Affin Islamic Bank Berhad (“AIBB”), while ensuring compliance with regulatory requirements.

A structured funding framework underpins this approach. Funds Transfer Pricing (“FTP”) and funding plans are utilised to promote a stable and sustainable funding mix, with pricing levels calibrated to reflect prevailing market conditions. Regular coordination with the front office facilitates timely responsiveness to market movements and supports well-informed balance sheet decisions.

Building on the multi-year asset-liability management programme launched in FY2022, further refinements were embedded in FY2025. Core analytics and system capabilities introduced in earlier phases are now fully incorporated into day-to-day balance sheet management processes, strengthening forecasting capabilities, scenario analysis and portfolio-level assessments.

The Group’s integrated BSM platform enhances visibility across key metrics, linking profitability with interest rate risk and liquidity risk measures. This enables a more holistic view of balance sheet dynamics and supports effective planning in a dynamic market environment.

Through robust governance structures, prudent risk practices and continued enhancement of analytical capabilities, the AFFIN Group and AIBB remain focused on preserving balance sheet resilience while enabling sustainable growth.

PERFORMANCE REVIEW
Financial Calendar

2025

25 February 2025

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

17 March 2025

Notice of 49th Annual General Meeting of Affin Bank Berhad.

16 April 2025

The Board of Directors of Affin Bank Berhad (the Company) wishes to announce that all the resolutions set out in the Notice of the 49th Annual General Meeting (AGM) of the Company dated 17 March 2025 were duly passed by the shareholders of the Company at the 49th AGM held on 16 April 2025.

30 April 2025

Ex-Bonus
Bonus issue 1:18
Record date: 2 May 2025

19 May 2025

Announcement of the unaudited consolidated financial results for the first quarter and financial year ended 31 March 2025.

15 August 2025

Announcement of the unaudited consolidated financial results for the second quarter and financial year ended 30 June 2025.

20 November 2025

Announcement of the unaudited consolidated financial results for the third quarter and financial year ended 30 September 2025.

2026

26 February 2026

Announcement of the unaudited consolidated financial results for the fourth quarter and financial year ended 31 December 2025.

➔ **2026 Tentative Dates**



29 May 2026

1Q 2026 Financial Result



28 August 2026

2Q 2026 Financial Result



27 November 2026

3Q 2026 Financial Result



26 February 2027

4Q 2026 Financial Result

PERFORMANCE REVIEW

Investor Relations

At AFFIN Group, we remain steadfast in our commitment to transparency, ensuring that timely, accurate, and comprehensive financial and operational information is readily available to the investment community. To support this commitment, our dedicated Investor Relations (IR) team proactively manages all communication with institutional investors, financial analysts, fund managers, and credit rating agencies. The team ensures seamless information flow and facilitates meaningful engagement across various platforms.

Our engagement activities include one-on-one and group meetings, investor conferences, roadshows, conference calls, and email communications. Following the release of financial results on Bursa Malaysia, we conduct detailed presentations and conference calls to provide further insights into our performance and outlook.

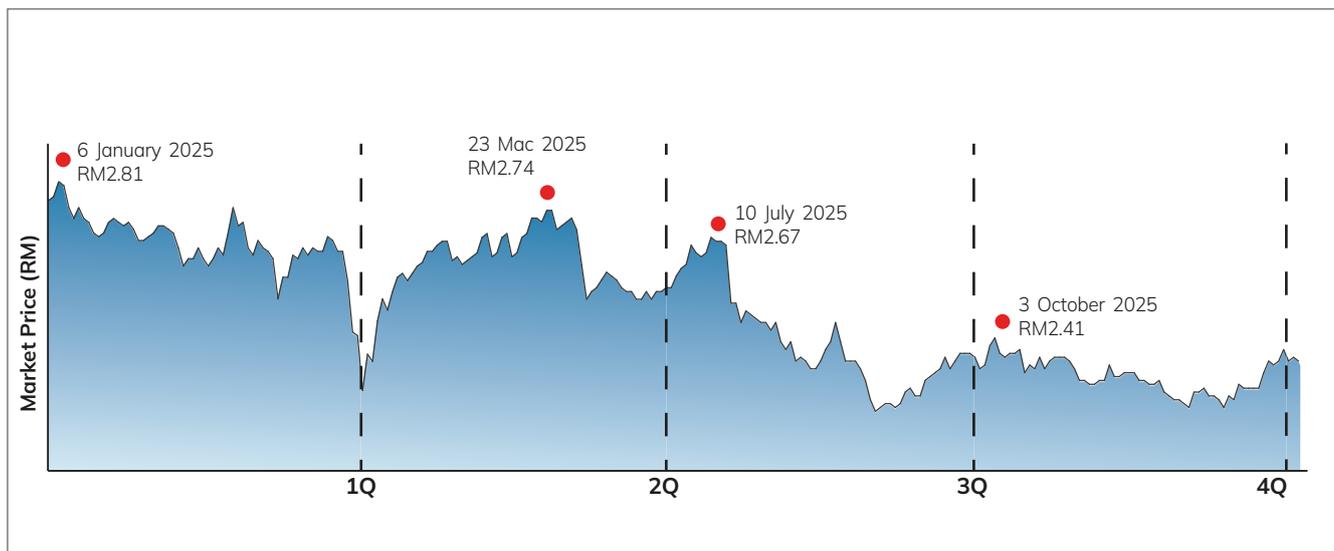
To maximise transparency, we leverage multiple public communication channels, including Bursa Malaysia announcements, corporate press releases, and our company website. The website serves as a central repository for the latest and historical financial reports, investor presentations, disclosures, and other relevant updates.

In 2025, AFFIN Group expanded its investor outreach through targeted roadshows in Singapore and Hong Kong and actively participated in key investment conferences across Malaysia, Singapore, and Indonesia. These initiatives reinforce our commitment to keeping investors informed, engaged, and aligned with our long-term value creation journey.

Years	Total shareholders as at 31 December
2021	18,422
2022	21,862
2023	23,030
2024	25,084
2025	28,294

2025 SHARE PRICE BY QUARTER

AFFIN BANK’s share price performance throughout the year reflects market sentiment, operational developments, and broader macroeconomic conditions. The following quarterly charts illustrate the Bank’s share price movements, trading volumes, and key performance indicators across first quarter (1Q) to fourth quarter (4Q).



ENGAGEMENTS WITH KEY FINANCIAL AUDIENCES

Throughout 2025, the Bank actively engaged with key financial audiences, including investors, institutional shareholders, financial analysts, fund managers, and credit rating agencies. These engagements were pivotal in fostering transparency, building investor confidence, and ensuring stakeholders remained well-informed about our financial performance and strategic direction.

Below is a summary of our key engagement initiatives:

FINANCIAL RESULTS ANNOUNCEMENTS & ANALYST BRIEFINGS

DATE	Financial Results	Number of Attendees (Fund Managers/Analyst)
25 February 2025	FY2024	68
19 May 2025	1Q2025	60
15 August 2025	1H2025	60
20 November 2025	3Q2025	65
26 February 2026	FY2025	60

All the briefings were conducted virtually

INVESTOR MEETINGS, CONFERENCES & ROADSHOWS

Daiwa Non-Deal Roadshow in Hong Kong 24 February 2025	Standard Chartered MUFG, HSBC Marketing Non-Deal Roadshow in Singapore 26 May 2025	Malaysia Non-Deal Roadshow with Hong Leong and RHB 26 June 2025
Macquarie Equity Non-Deal Roadshow in Singapore 18 August 2025	Engagement Session with Top International Fund Managers at UBS Singapore 16 October 2025	Nomura Non-Deal Roadshow in Singapore 2 December 2025

ANALYST COVERAGE LIST & RECOMMENDATIONS POST 4Q25 ANNOUNCEMENT (FEBRUARY 2026)

CGS Securities	Hong Leong Investment Bank	Sadif Research	TA Securities
CIMB Securities	UBS Securities	Kenanga Investment Bank	MIDF Securities
Nomura Securities	Phillip Capital	RHB Research	UOB Kay Hian

Legend: Buy Hold

PERFORMANCE REVIEW

Investor Relations

CREDIT RATINGS

Rating Agency	Rating Classification	Rating Accorded	Outlook
AFFIN Group			
Moody's Ratings	Financial Institution Ratings: <ul style="list-style-type: none"> International Long-term Rating Standalone Rating (BCA) 	A3 (Overall) Baa2 (Standalone)	Stable
Affin Bank Berhad			
RAM Ratings Services Berhad	Financial Institution Ratings: <ul style="list-style-type: none"> Long term Financial Institution Rating Short term Financial Institution Rating 	Long-term-AA3 Short-term-P1	Stable
	RM500 million Additional Tier-1 Capital Securities Programme	A3	Stable
Affin Islamic Bank Berhad			
RAM Ratings Services Berhad	Financial Institution Ratings: <ul style="list-style-type: none"> Long term Financial Institution Rating Short term Financial Institution Rating 	Long-term-AA3 Short-term-P1	Stable
	RM500 million Tier-2 Sukuk Murabahah Programme	A3	
	RM500 million Additional Tier-1 Capital Sukuk Wakalah Programme	A1	
Affin Hwang Investment Bank Berhad			
RAM Ratings Services Berhad	Financial Institution Ratings: <ul style="list-style-type: none"> Long term Financial Institution Rating Short term Financial Institution Rating 	Long term – AA3 Short term – P1	Stable

FTSE BURSA MALAYSIA MID 70 INDEX

Affin Bank Berhad was reaffirmed as a constituent of the FTSE Bursa Malaysia Mid 70 Index pursuant to the December 2025 semi-annual review conducted by FTSE Russell and Bursa Malaysia. The review, which takes effect on 22 December 2025, assesses companies according to stringent criteria including market capitalisation, liquidity, and free-float investability. AFFIN's continued presence in this benchmark index reflects its solid financial standing, operational resilience, and consistent performance within Malaysia's mid-capitalisation segment.

As part of the FTSE Bursa Malaysia Index Series, an established suite of indices widely used by market participants for benchmarking, index-tracking products, and investment decision-making. AFFIN's reaffirmation strengthens its visibility

among both domestic and global investors. The FTSE Bursa Malaysia Mid 70 Index, which comprises the next 70 companies below the KLCI constituents within the broader EMAS universe, serves as a widely recognised indicator of mid-cap corporate performance in Malaysia. AFFIN's inclusion reinforces investor confidence in the Group's growth trajectory and positions the Bank prominently within a competitive and diverse peer group.

This recognition aligns with AFFIN's strategic commitment to long-term value creation and reinforces the Bank's standing as a trusted financial institution within the Malaysian capital market. As FTSE indices remain important benchmarks for institutional investors, exchange-traded funds, and derivative products, AFFIN's reaffirmed position in the Mid 70 Index underscores its relevance within the investment landscape and supports broader capital-market engagement as the Group advances its transformation initiatives.

ESG RATINGS

Rating Agency	Rating Classification	Previous Rating	Rating Accorded
Affin Bank Berhad			
FTSE4Good	ESG Rating	3-star	4-star
MSCI	ESG Rating	A	AA

The Group continued to demonstrate strong progress on its sustainability journey in 2025, reflected through notable recognition from leading ESG rating bodies and industry award platforms. During the year, we achieved a 4-star ESG Rating under the FTSE4Good framework, highlighting meaningful improvements across environmental stewardship, social responsibility, and governance practices. This achievement reinforces our strengthened commitment to responsible banking and demonstrates our ongoing efforts to embed ESG considerations across key business decisions.

Complementing this, we attained an upgraded MSCI ESG Rating of AA, positioning us among recognised global ESG leaders. This rating acknowledges our strengthened governance structures, enhanced risk management practices, and continued focus on transparency, ethics, and data security. In addition to these rating upgrades, we were honoured as Bank of the Year - ESG Champion 2025 by CSR Malaysia, a prestigious award that further affirms our leadership and dedication to sustainability-driven performance. Together, these achievements reflect our ambition to deliver long-term value while championing responsible and sustainable growth for our stakeholders.

AX28 FOCUS AREAS

01

Private banking business to support T20

Investment Portfolio >RM2 million

02

New Digital Core for product innovation and increased sale

Capital expenditure of RM400 million

03

Greater presence in Penang, Johor, Selangor, Sabah and Sarawak

Unrivalled customer service through digital leadership and responsible banking with impact

04

Becoming capital efficient to unlock ROE

12% ROE (Return on Equity)

05

Bigger ESG game

25% of our loan book

ANNUAL GENERAL MEETING (AGM)

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

YEAR	AGM	DATE	MODE
2021	45 th	2 June 2021	Virtual
2022	46 th	25 May 2022	Virtual
2023	47 th	25 May 2023	Virtual
2024	48 th	24 April 2024	Hybrid
2025	49 th	16 April 2025	Hybrid

PERFORMANCE REVIEW

Investor Relations

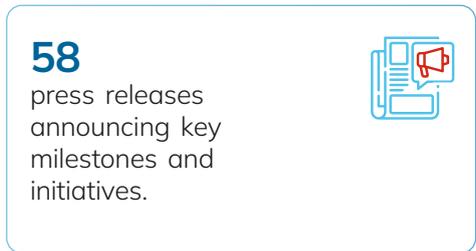
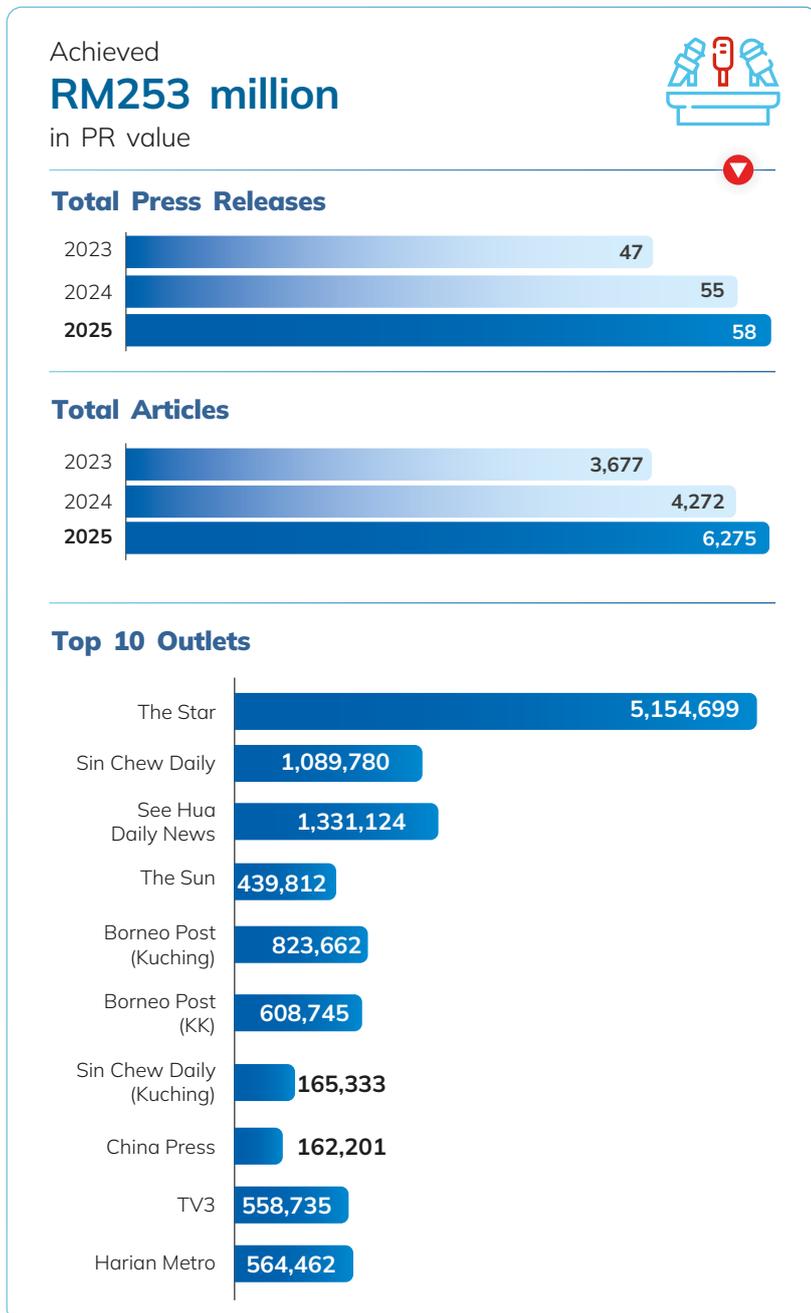
The Board encourages shareholders to attend the AGM, notice of which appears in this Integrated Report, where shareholders have the opportunity to put questions to the Board, management and chairs of the various committees.

The Bank convened its 49th AGM on Thursday, 16 April 2025 at the Royale Chulan Hotel, Kuala Lumpur. It was the second hybrid AGM for the Bank i.e. combination of physical and virtual participation by the shareholders. The past five (5) years since the pandemic started in year 2020, the AGM of the Bank was held virtually and hybrid last year. The last full physical AGM was held in year 2019.

Chairman, Dato’ Agil Natt and President & Group CEO, Datuk Wan Razly Abdullah responded to the questions posed by the shareholders. The duration of the AGM was 4 hours, from 10.00 am to 2.00 pm. All the 10 resolutions tabled pursuant to the Notice of 49th AGM dated 17 March 2025 were carried. The minutes of the AGM are available on the corporate website https://affin.listedcompany.com/agm_egm.html.

MEDIA COVERAGE

In 2025, AFFIN Group maintained a strong media presence,





BUSINESS REVIEW


**YBhg. Dato' Paduka Syed
Mashafuddin Syed Badarudin**

Chief Executive Officer
Affin Islamic Bank Berhad

Affin Islamic Bank Berhad

OVERVIEW

Affin Islamic Bank Berhad (AFFIN ISLAMIC) continues to deliver Shariah-compliant banking solutions that support the needs of corporate and retail customers, offering a diverse portfolio of products based on various underlying Shariah principles such as Musharakah Mutanaqisah, Mudarabah, Istisna', Ijarah, Tawarruq, Qard and Murabahah.

Key developments in 2025 included strategic expansion into the Armed Forces ecosystem, the empowerment of MSMEs within the Halal sector through dedicated and targeted financing solutions and the introduction of innovative funding strategies. The Bank also optimised its Term Investment AFFIN (TIA) portfolio and rolled out integrated digital solutions for community partners, reinforcing its standing as a leading player in Malaysia's Islamic banking landscape.

WHO WE ARE AND WHAT WE DO

Affin Islamic Bank Berhad (AFFIN ISLAMIC), a wholly owned entity under AFFIN, operates as a standalone Islamic financial institution offering a full range of Shariah-compliant products and services. Since its establishment in 2006, the Bank has played an active role in Malaysia's Islamic banking landscape, delivering competitive solutions grounded in core Shariah principles to SMEs, corporate clients, institutional customers, and the retail market.

KEY FOCUS AREAS

Unrivaled Customer Service

AFFIN ISLAMIC is committed to delivering unrivalled customer service by embedding care, empathy and integrity into every aspect of its banking operations. Guided by Shariah principles and the Group's Responsible Banking with Impact agenda, the Bank views customer service not merely as a transactional function, but as a long-term responsibility to support customers' financial well-being and life aspirations.

Anchored by the brand promise "Where Care and Banking Converge", AFFIN ISLAMIC adopts a customer-centric approach that balances commercial objectives with ethical considerations. This approach ensures that products, services and customer engagements are delivered transparently, fairly and with due regard to customers' diverse needs and circumstances.

1) Customer Service Delivery Across the AFFIN Network

Customer service delivery for AFFIN ISLAMIC is enabled through AFFIN Group's extensive branch and distribution network, supported by specialised Islamic banking expertise and Shariah-compliant products and services. This operating model allows customers to access comprehensive Islamic financial solutions seamlessly across the Group's network, while ensuring consistent service standards, relationship-based engagement and accessibility across key markets.

2) Expand Halal Market Presence:

Strengthen our position in the Halal sector by introducing specialised financial solutions tailored to the unique requirements of Halal businesses and their supply chains, supporting growth across the broader Islamic economy.

3) Innovative Islamic Treasury offerings

Broadened our Shariah-compliant hedging and investment solutions by enhancing the Islamic Structured Forward suite and introduction of FX-linked Islamic Structured Products and Callable Range Accrual Islamic Structured Product.

4) Innovative Islamic Wealth Management

Strengthen our Islamic Wealth Management portfolio by introducing new Shariah-compliant investment solutions that address the diverse and evolving financial objectives of our customers, supporting long-term wealth preservation and growth.

KEY FOCUS AREAS

Capital Efficiency & Financial Stability

- Total assets increased by 11.0% to RM50.2 billion from RM45.2 billion in December 2024, while total customer deposits rose by 13.7% to RM33.6 billion, reflecting continued balance sheet expansion and strengthening funding fundamentals.
- Despite strong financing growth and higher risk-weighted assets, the CET1 ratio remained resilient, closing above 11%. This was supported by solid profitability and TIA-i growth, while continuing to remain above regulatory and internal thresholds.

Asset Quality

- Asset quality at AFFIN ISLAMIC remained robust, with the GIF ratio stable at 0.84%, reflecting disciplined credit management. Resilience was strengthened through regular stress testing and portfolio diversification, while profitability remained supported by sound asset performance and prudent risk management.

BUSINESS ENVIRONMENT

- Demand for Shariah-compliant banking solutions remained supported by steady domestic economic activity and continued policy emphasis on Islamic finance and the Halal economy.
- Competitive conditions in Islamic banking intensified, with customers showing increased price sensitivity and expectations for accessible, digital-enabled services.
- Regulatory and policy frameworks continued to encourage responsible financing, financial inclusion, and alignment with national development initiatives, including support for MSMEs and Halal-based industries.
- The Bank has expanded the hedging solutions by enhancing its Islamic Structured suite with newly introduced features. Reinforcing the commitment to continuous product innovation, the Bank also broadened its treasury offerings through the introduction of FX-linked Islamic Structured Products and Callable Range Accrual Islamic Structured Product.

BUSINESS UPDATES

During the year, AFFIN ISLAMIC rolled out a range of targeted products and initiatives aimed at meeting specific financial needs across its customer base. These products included AFFIN Halal-i, a dedicated Shariah-compliant financing solution designed to support SMEs operating within Malaysia's Halal economy. The product facilitates access to financing for businesses participating in Halal value chains, supporting business expansion and capacity building while strengthening the Halal industry's supply chain in line with the Halal Industry Master Plan 2030.

In parallel, another key highlight during the year was Education Financing-i, a Shariah-compliant financing solution designed to support students pursuing higher education at various institutions. In 2025, the Bank provided more than RM230 million in education financing reflecting its commitment to delivering community benefit in line with Shariah principles and responsible banking practices.

The Bank also rolled out FINTURA Savr-i and FINTURA Spend-i as part of the Group's broader youth banking proposition. These offerings are designed to build early and meaningful banking relationships with youths, students, and young adults by promoting responsible financial habits through digital-first savings and spending solutions. During the year, FINTURA recorded strong digital uptake,

underscoring growing relevance among the next generation of customers.

In addition, AFFIN ISLAMIC continued to support sector recovery and community resilience through initiatives such as Penjana Tourism Financing-i, providing Shariah-compliant financing to tourism-related SMEs as they resumed and expanded operations, particularly in secondary and emerging destinations.

iTEKAD Perwira-i, a structured support programme for asnaf from armed forces veterans that combines funding, entrepreneurial guidance, and mentoring. The Bank also advanced its social finance agenda through continued participation in iTEKAD, the national Islamic social finance initiative led by Bank Negara Malaysia. Complementing this, AFFIN ISLAMIC introduced AFFIN BizWira-i, a Tawarruq-based term financing solution providing working capital to support Malaysian Armed Forces (MAF) veterans in starting and growing their businesses led by Bank Negara Malaysia.

In parallel, AFFIN ISLAMIC expanded the underlying Shariah-compliant investment portfolio for TIA during the year by incorporating additional asset classes, strengthening its ability to meet customers' investment and financial needs.

BUSINESS REVIEW
Affin Islamic Bank Berhad
KEY HIGHLIGHTS

Financial and Business Highlights

- > Profit Before Tax (PBT): RM449.7 million (+39.1% or RM126.4 million YoY increase)
- > Total assets: RM50.2 billion (+11.0% or RM4.99 billion YoY increase)
- > Customer deposits: RM33.6 billion (+13.7% or RM4.03 billion YoY increase)
- > Gross Impaired Financing (GIF) ratio stable at 0.84% (-0.14% YoY)
- > Hire Purchase portfolio: RM9.4 billion (+19.0% or RM1.50b YoY growth)
- > Personal Financing-i portfolio: RM5.0 billion (+27.4% or RM1.08 billion YoY growth)
- > Net Profit Margin (NPM) on Earning Assets: 1.44% (+0.07% YoY growth)


Sustainability Highlights

- > Signed a Memorandum of Understanding (MoU) with the Halal Development Corporation (HDC).
- > Organised the AFFIN Halal Agropreneurs Event at Menara AFFIN in collaboration with HDC.
- > Conducted financial literacy sessions in partnership with HDC
- > Delivered a sharing session to Universiti Malaya students during UM's Academic Week on "The Role of Islamic Banking in Achieving the SDGs."
- > Supported B40 students at the Borneo International Innovation & Creativity Competition.
- > Developed the Affin Impact Assessment Template (AFIAT): to strengthen the Bank's sustainability and impact measurement framework.
- > Signed a Memorandum of Understanding (MoU) with International Centre for Halal Studies (ICHLAS), MSU and International Institute for Halal Research and Training (INHART), IIUM.


Awards and Recognition

- > Best Bank for Islamic Wealth Management Solutions in Malaysia 2025, Cambridge Islamic Funds Awards (CIFA) 2025
- > Bank of the Year – ESG Champion Award, Sustainability & CSR Malaysia Awards
- > Best Islamic Retail Bank in Malaysia The Asset Triple A Islamic Finance Awards 2025: Named Best Islamic Retail Bank in Malaysia.
- > Global Sustainable Finance Awards 2025 (The Digital Banker) for outstanding energy efficiency and sustainability
- > Progress in FTSE4GOOD Bursa: Inclusion of Affin Bank Berhad in FTSE4GOOD Bursa upgraded from 3-star to 4-star
- > MSCI ESG A Rating: Achieved MSCI ESG AA rating for sustainable practices

> STRATEGIC BUSINESS PERFORMANCE REVIEW

Unrivalled Customer Service

Actions and Initiatives

- Continued to deepen engagement within the Halal ecosystem through collaboration with strategic partners, including the Halal Development Corporation (HDC) International Centre for Halal Studies, Management and Science University (MSU) and International Institute for Halal Research and Training, International Islamic University Malaysia (IIUM)
- Continued to strengthen market presence through participation in Halal-focused platforms and industry events, including the Melaka International Halal Festival (MIHF) 2025
- Continued to expand community outreach and knowledge-sharing initiatives to improve awareness and accessibility of Islamic banking solutions
- Enhanced Islamic wealth management offerings by broadening the range of Shariah-compliant investment products, providing customers with more diversified investment options
- Expanded the underlying Shariah-compliant investment portfolio for TIA with additional asset classes, strengthening its ability to meet customers' investment and savings needs.
- Broadened the Shariah-compliant hedging instruments and investment solutions to provide greater flexibility and stronger resonance with clients' financial objectives.

Outcomes

Delivered five impact-focused initiatives to advance Halal development in Bumiputera businesses and support socioeconomic growth in 2025:

- i) Marketplace engagement and knowledge-sharing (financial literacy), benefitting 95 beneficiaries, including 21 Halal product entrepreneurs.
- ii) Kicked off the inaugural Halal-certified talent development initiative, targeting 20 beneficiaries through structured upskilling and industry placement.
- iii) Strengthened market presence through participation in Halal-focused platforms and industry events, including the Melaka International Halal Festival (MIHF) 2025.
- iv) Participated in the Greening Halal Business (GHB) industry initiative by equipping Halal SMEs with sustainability training and carbon-accounting tools, enabling early adoption of green practices and improving access to transition financing.

Banking for Impact – ESG Revolution

Actions and Initiatives

- Supported sustainable development initiatives through collaboration with religious institutions, industry partners, and community organisations
- Continued to uplift underserved communities through inclusive financing and development programmes, including participation in iTEKAD initiatives supporting asnaf-eligible armed forces veteran microentrepreneurs.
- Delivered financial literacy and education programmes to strengthen financial awareness, capability, and long-term resilience.
- Continued to scale social impact initiatives aligned with value-based intermediation, reinforcing responsible banking practices and stakeholder trust.
- Strengthened collaboration across the Group to support a more coordinated and effective approach towards ESG and social responsibility objectives.

Outcome

- In conjunction with the month of Ramadan, AFFIN ISLAMIC provided RM250,000 to Tabung Zakat Angkatan Tentera Malaysia (TZATM) on 3 March 2025 to support religious programmes and welfare assistance for approximately 2,500 eligible beneficiaries within the Malaysian Armed Forces community.
- As part of its commitment to educational support and social upliftment, AFFIN ISLAMIC contributed RM150,000 to Yayasan MSU on 12 March 2025, benefitting 300 B40 asnaf students through endowment and zakat funding.
- Support for veteran entrepreneurship was extended through a contribution of RM131,976 to the iTEKAD Perwira-i Programme, which benefited 12 Malaysian Armed Forces veterans via structured entrepreneurship and business management training, implemented in collaboration with Jabatan Hal Ehwal Veteran (JHEV), PERHEBAT and MyREF.

BUSINESS REVIEW

Affin Islamic Bank Berhad

Banking for Impact – ESG Revolution (continued)

- AFFIN ISLAMIC Inclusivity Week 2025 was organised to promote inclusive engagement and awareness in support of persons with disabilities and the neurodivergent community which benefited 756 participants through total contributions amounting to RM192,000. The initiative comprised three events, including one indoor and two outdoor activities:
 - AFFIN ISLAMIC Adventure Without Limits (Kayaking, Abseiling & Flying Fox)
 - OK-YOUth Project
 - AFFIN ISLAMIC x LOE: NeuroStars Discovery Day at Petrosains KLCC
- Financial literacy initiatives were strengthened through Edu Tour 2025 involving a visit by the Banking and Finance Academy (BFA) of Uzbekistan which focused on Islamic banking principles and Shariah-compliant product structures with 25 participants.
- An academic exchange programme was hosted for students from the International Islamic University Malaysia (IIUM), Kulliyah of Economics and Management Sciences which aimed to enhance understanding of Islamic finance while promoting financial literacy and involved the participation of 40 students.
- The Selangkah ke Universiti 2025 initiative at the PPD Keramat level was implemented to promote financial literacy awareness among secondary school students, benefiting a total of 250 participants.

CHALLENGES

Profitability Constraints in a Competitive Market

Mitigation Actions

- Focus on higher-margin financing products, including personal, education, and secured financing
- Apply disciplined cost management to support profitability and long-term value creation
- Leverage digital banking platforms to attract new customers and improve operational efficiency
- Expand customer base by targeting high-potential regions, including Penang, Johor, the East Coast and Sarawak

Results

- Improved profit margins, supported by a higher mix of higher-margin products and customer base expansion, reflected in an improvement in NPM from 1.37% to 1.44% year-on-year
- Increased market presence and revenue contribution from targeted regions
- Improved operational efficiency through greater digital adoption and cost discipline

Safeguarding Asset Quality While Pursuing Growth

Mitigation Actions

- Strengthen credit risk management through stricter assessment criteria for higher-risk sectors
- Enhance underwriting standards to ensure prudent risk selection
- Conduct regular stress testing to assess resilience to economic shocks and adjust strategies accordingly
- Maintain a diversified financing portfolio across industries to reduce concentration risk.

Results

- Asset quality remained robust, with GIF ratio remaining stable at 0.84%
- Improved resilience to economic shocks through regular stress testing and portfolio diversification
- Sustained profitability supported by sound asset quality and risk discipline

OPPORTUNITIES

- Strengthen engagement within the Armed Forces and uniformed bodies ecosystem through targeted financing solutions and dedicated programmes.
- Continue prioritising Islamic Current Account and Savings Account (CASA-i) mobilisation to enhance funding stability cost efficiency.
- Deepen engagement with state religious institutions while strengthening participation in Malaysia's halal ecosystem to enhance awareness and acquisition amongst the target audience.

OUTLOOK AND PROSPECTS

In 2026, AFFIN ISLAMIC will continue to serve as a key business pillar of AFFIN, advancing Shariah-compliant, value-based banking in Malaysia and capturing opportunities to strengthen Halal financial solutions and introduce offerings that meet evolving domestic and regional market needs.

The Bank will reinforce its presence in the Halal financing landscape by delivering tailored Shariah-compliant solutions for Halal businesses and supply chains, supporting sustainable growth and broadening access to ESG-aligned financing solutions. The Bank will also strengthen the implementation of value-based intermediation (VBI), ensuring alignment with principles of ethics, accountability, and transparency, while advancing its social finance agenda to support underserved communities, including the asnaf.

Against this backdrop, AFFIN ISLAMIC will prioritise disciplined execution of Shariah-compliant financing strategies, broaden ESG and Halal-focused product offerings, and enhance community-focused programmes to strengthen financial resilience and sustain its role within Malaysia's Islamic banking landscape.



Hanif Ghulam Mohammed
Chief Executive Officer
Affin Hwang Investment
Bank Berhad

Affin Hwang Investment Bank Berhad

OVERVIEW

Affin Hwang Investment Bank Berhad (“AHIBB”) recorded a year of solid performance, supported by strong execution across its securities and investment banking businesses. During the year, the Bank achieved the top position in the FY2025 Bursa Malaysia Broker Ranking and led the market in direct business trades by value, reinforcing its standing as a leading investment bank.

The Bank’s capabilities in Islamic and sustainable finance also continued to gain recognition, with multiple awards received for its involvement in sukuk issuances and initial public offerings. These achievements underscore the strength of AHIBB’s platform and its continued relevance to issuers, investors, and players in the broader capital markets ecosystem.

WHO WE ARE AND WHAT WE DO

Affin Hwang Investment Bank Berhad is an established investment banking institution in Malaysia, with a long-standing presence in the domestic capital markets. Founded in 1970, the Bank operates from its headquarters in Kuala Lumpur, supported by a nationwide branch network including Penang, Johor Bahru and Kuching. The Bank’s activities are anchored on four core business pillars: Investment Banking, Securities, Strategic Investments, and Treasury. Leveraging deep market expertise and strong institutional capabilities, AHIBB delivers comprehensive financial solutions to support businesses, investors, and individuals in navigating evolving market conditions.

KEY FOCUS AREAS

Launch of a new online retail broking platform

Strengthening AHIBB’s positioning as a leading and innovative investment bank in Malaysia

To be the most creative investment bank in Malaysia

EXPECTATIONS OF KEY STAKEHOLDERS AND VALUE CREATED

AHIBB seeks to create sustainable value by meeting the expectations of its key stakeholders, including clients, shareholders, regulators, and the broader financial market.

Clients

Expectation: Timely execution, efficient turnaround times, and reliable access to a full suite of capital market solutions through seamless trading channels

Value Created: Convenient and seamless access to stock trading on Bursa Malaysia through both physical touchpoints and the eInvest online investment platform.

Shareholders

Expectation: Sustainable financial performance, disciplined cost management and sound governance.

Value Created: An operating model that aligns resources with client needs and optimises costs through fit-for-purpose touchpoints, supporting stable performance and long-term shareholder value.

Regulators

Expectation: Strong governance, regulatory compliance and transparent reporting.

Value Created: Centralised controls, consistent operational processes and robust oversight, reinforcing compliance, accountability and operational integrity.

Financial market and ecosystem

Expectation: Responsible participation and meaningful contribution to market development.

Value Created: Securities and Investment Banking Advisory activities that support market accessibility, efficiency and investor confidence.

BUSINESS ENVIRONMENT

- The capital markets environment remained client-driven and transaction-oriented in FY2025, with demand centred on advisory execution and fee-based services across investment banking and securities, within a competitive landscape shaped by evolving investor behaviour and growing demand for digital trading and investment platforms.
- Business operations placed a premium on timely execution and fast turnarounds, with digital access channels helping to meet rising client expectations and systems integration supporting streamlined execution and reporting.
- Regulatory expectations remained high, requiring consistent and timely regulatory reporting across business activities, with continued emphasis on governance, compliance and market conduct.
- Exposure to multiple markets required trading activities to operate across extended and overlapping global market hours.

BUSINESS UPDATES

AHIBB delivered a strong operating performance across its core business pillars in FY2025, supported by sustained client activity and disciplined execution. The Bank maintained its leadership position in the domestic brokerage market, while investment banking activity continued across capital market transactions, including debt and equity-related mandates.

AHIBB participated in multiple initial public offerings ("IPO") during the year, serving as Principal Adviser, Sponsor, Underwriter and Sole Placement Agent for the listing THMY Holdings Berhad and Pan Merchant Berhad, and as Joint Underwriter for Signature Alliance Group Berhad and Orkim Berhad.

In parallel, the Bank operationalised its Strategic Investment Division, strengthening its capability to pursue private equity investments and value-creation opportunities. AHIBB also strengthened its strategic partnership with Daiwa Securities Group Inc. to jointly develop wealth management solutions for high-net-worth clients in Malaysia, with the partnership also opening the door to growth opportunities within the broader Asian wealth management market.

Alongside business execution, the Bank strengthened its operating foundation, focusing on talent development to support continuity and execution quality, and investing in systems and processes to support regulatory compliance and meet turnaround expectations.

BUSINESS REVIEW

Affin Hwang Investment Bank Berhad

KEY HIGHLIGHTS

Financial and Business Highlights	Sustainability Highlights	Awards and Recognition
<ul style="list-style-type: none"> Revenue: RM318.8 million (+5% year-on-year) PBT: RM103.2 million (-31.50% year-on-year) More than RM2 billion in Share Margin Financing ("SMF") loans closed BNM CRR Rating: Moderate (Stable) 21 locations nationwide 16 Triple Banking Branches 	<ul style="list-style-type: none"> Adopt-a-PPKI School Programme MERCY Malaysia Fundraising Campaign – Wish Tree and Fundraising Bazaar ESG Conference 2025 – “Sustainable Horizons: Shaping a Fair, Green and Inclusive Future” 	<ul style="list-style-type: none"> No. 1 Bursa Malaysia Broker Ranking with an 11.11% market share No. 1 Broker for Direct Business Transaction (“DBT”) Best Securities House in Malaysia, Euromoney Awards 2025 The Asset Triple A Islamic Finance Awards 2025 <ul style="list-style-type: none"> • Best Islamic IPO in Malaysia: Johor Plantations Group Berhad • Best Sustainability-Linked Sukuk: Johor Plantations Group Berhad • Best Sustainability-Linked Sukuk – Plantation in Malaysia: Johor Plantations Group Berhad • Best Sustainability Sukuk – Real Estate in Malaysia: Pelaburan Hartanah Berhad

STRATEGIC BUSINESS PERFORMANCE REVIEW

Increase Loan Book Base	
<p>Actions and Initiatives</p> <ul style="list-style-type: none"> • Increased promotion of SMF facilities to retail stockbroking clients to deepen wallet share and broaden financing uptake. • Leveraged collaboration with Group Corporate Banking to originate and deliver corporate loan solutions to eligible clients. 	<p>Outcomes</p> <ul style="list-style-type: none"> • Achieved a 16% compound annual growth rate (“CAGR”) in loan book over a two-year period, despite market volatility and challenging economic conditions. • Generated a steady stream of Net Interest Income for the Bank, providing earnings stability despite market downturns.

Enhance Client Coverage and Origination Focus

Actions and Initiatives

- Sector prioritisation refined to align with state-level economic drivers across Malaysia, with emphasis on infrastructure development, energy, agribusiness and government-linked initiatives.
- Client engagement models enhanced through more structured coverage planning, including targeted outreach to key accounts, systematic pipeline reviews and proactive engagement with ecosystem partners.

Outcomes

- Strengthened relationship coverage with key corporates, public sector entities and strategic stakeholders, leading to improved visibility of upcoming opportunities and mandates.
- Strengthened internal alignment on coverage responsibilities and sector focus, reducing overlaps and driving more disciplined execution, alongside closer coordination with other Bank divisions to provide integrated, full-suite solutions to clients.
- Delivered a stronger origination platform, with regional contributions becoming more meaningful and sustainable. Enhanced client coverage translated into stronger relationships, earlier deal visibility and improved conversion potential.
- The strengthened regional and sector coverage framework provides a foundation for continued expansion, deeper client engagement and sustained origination momentum.

Strengthening Partnerships with Foreign Partners

Actions and Initiatives

- Strengthened relationships with existing strategic partners, including Daiwa Securities Group, as well as other international counterparts, to leverage complementary strengths, co-develop cross-border solutions and deliver differentiated customers experiences.

Outcomes

- Signed an MOU with Daiwa Securities Group to jointly develop wealth management solutions for high-net-worth clients in Malaysia, with a strategic focus on capturing opportunities in the broader Asian wealth management market.
- Enhanced product suite and advisory capabilities, building a stronger foundation for regional and international expansion.

➤ CHALLENGES

High dependence on market conditions and increasing cybersecurity threats

Mitigation Actions

- Rebalanced business focus towards expanding loan product offerings to enhance Net Interest Income.
- Continued to strengthen systems and controls to mitigate cybersecurity risks

Results

- Maintained a stable income stream over the year, demonstrating resilience despite market volatility and fluctuations in investor confidence.
- Strengthened cybersecurity posture, reducing exposure to cyber threats through enhanced controls and monitoring.

BUSINESS REVIEW**Affin Hwang Investment Bank Berhad****OPPORTUNITIES**

- Increased demand for active trading, risk management and structured solutions, creating opportunities to enhance trading activity, advisory engagement and fee-based income while supporting clients in navigating uncertain and rapidly changing market conditions.
- Expansion of capital markets offerings into regulated digital asset-related services, supported by increasing regulatory clarity around digital asset broking activities, subject to applicable licensing and compliance requirements.

OUTLOOK AND PROSPECTS

Looking ahead, AHIBB anticipates that market volatility will continue to influence investment activity, alongside evolving investor sentiment, increasing digital adoption and regulatory developments. The Bank remains focused on enhancing operational efficiency, expanding product offerings and strengthening digital capabilities, including the launch of its new online retail broking platform. In addition, AHIBB will continue to leverage its integrated service model to support client needs, manage risks prudently and pursue sustainable growth opportunities.



Risham Akashah Kamaruzaman
Acting Executive Director,
Group Community Banking

Group Community Banking

OVERVIEW

Group Community Banking performed resiliently in 2025, strengthening its position as one of the Group’s core businesses. Loan and financing balances surpassed RM50 billion for the first time, supported by higher income, prudent cost management, and continued investment in customer-facing capabilities. Alongside balance sheet growth, the Division advanced product innovation, expanded physical and digital touchpoints, and deepened community engagement, maintaining a strong contribution to the Group’s overall performance.

WHO WE ARE AND WHAT WE DO

Group Community Banking offers a comprehensive suite of banking products and solutions across three core areas: loans and financing, deposit business, and wealth management. The Division serves customers across Malaysia, supporting financial needs across different life stages and income segments.

The loans and financing portfolio spans mortgages, auto and personal financing, as well as Amanah Saham Bumiputera (ASB) financing. The Division also offers a full range of unsecured business and payment solutions, including credit cards, education financing, and overdraft facilities, providing customers with accessible and flexible financing options to meet everyday and longer-term needs.

KEY FOCUS AREAS

Turbocharge Business Growth

- Enhance Earnings and Asset Quality
- Accelerate CASA Growth
- Expand Market Segments, Sales Channels and Strategic Partnerships

Unrivalled Customer Experience

- Repurpose Branch of the Future
- Deliver a Seamless Banking Experience

Digital Leadership

- Digitalise Processes and Platform
- Enhance our Digital Capabilities and Functionalities

Operational Efficiency

- Enhance Productivity and Improve Processes
- Embed a Strong Risk and Compliance culture

Responsible Banking with Impact

- Roll-out Green and Community-Centric Solutions

BUSINESS REVIEW

Group Community Banking

BUSINESS ENVIRONMENT

- Malaysia's retail banking sector recorded resilient performance in 2025, underpinned by steady domestic demand despite a more challenging external economic environment.
- Household lending continued to expand at a measured pace during the year, underpinned by strengthening asset quality. Sector profitability remained broadly stable, supported by relatively steady net interest margins (NIM) despite a competitive operating environment.
- Key trends during the year included:
 - **Rise of Digital Banks:** The market entry of digital banks introduced new competition, particularly in underserved segments, with offerings such as high-interest savings products
 - **Digital Transformation of Incumbents:** Traditional banks responded to increasing digital competition by accelerating their digital initiatives, forming fintech partnerships and enhancing cybersecurity measures to strengthen trust and retain customers in technology-driven markets.
 - **Focus on Financial Inclusion:** Financial inclusion remained a key focus across the Malaysian retail banking sector, including both digital and traditional banks, as technology was increasingly leveraged to bridge the financial inclusion gap and provide accessible, tailored services to unbanked and underbanked populations in both urban and rural areas.
 - **Heightened Focus on Sustainability:** Banks continued to integrate environmental, social, and governance (ESG) principles into lending practices, expand green financing products, and align operations with national climate objectives.

BUSINESS UPDATES

During the year, Group Community Banking continued to roll out new products and services, expand its physical and digital touchpoints, and deepen customer engagement across Malaysia.

Among the new products and services launched during the year to cater to specific customer segments were:

- **AFFIN DIVENTIUM Credit Card**, offering premium privileges and lifestyle benefits for Diventium customers
- **AFFIN Borneo Credit Card**, supporting deeper market penetration in East Malaysia
- **Regional Debit Cards**, including AFFIN Kenyalang, AFFIN Kinabalu and AFFIN Selangor, catering to niche and personalised customer segments
- **AFFIN Home Reno/-i**, an all-in-one home renovation financing solution covering both interior and exterior works
- **AFFIN Flexi Save/-i**, enabling customers to offset financing balances against deposit savings
- **Advance Salary Payment Solution**, introduced in collaboration with Shoraka Group, allowing employees to access earned salaries ahead of payday via a digital platform
- **AFFIN FINTURA**, a rebranded youth-focused segment formerly known as Affin Junior Saver, supported by structured savings products such as FINTURA Savr/-i and FINTURA Spend/-i
- New investment offerings, including an **FX-linked Islamic Structured Product** and the launch of conventional gold coin
- **AFFIN Cash Tunai-i**, providing unsecured overdraft and cash line facilities for personal consumption

The Division expanded its physical presence to enhance accessibility and service reach. 15 new branches were added nationwide, bringing the total to 145 branches as of December 2025. In addition, 233 new Self-Service Terminals (SSTs) were installed throughout Malaysia, significantly increasing customer access to self-service banking facilities.

The year also saw the establishment of new strategic partnerships to support business growth and customer acquisition, including:

- Collaboration with fourteen real estate agencies as ambassadors for mortgage products
- Partnerships with luxury automobile brands to support auto financing offerings
- Onboarding of new credit card merchant partners
- Collaboration with new business partners, offering enhanced rewards and curated experiences for customers

> KEY HIGHLIGHTS



Financial and Business Highlights

- > Total loan and financing balances: RM51.8 billion (surpassing RM50 billion for the first time)
- > Total Customer Deposits (including TIA) : RM35.0 billion
- > Term Investment AFFIN (TIA) deposits reached RM1.1 billion in its first year
- > 233 new Self-Service Terminals (SSTs) installed nationwide
- > 15 new branches added, bringing total branch network to 145



Sustainability Highlights

- > ESG portfolio recorded 12% year-on-year growth
- > Embedded sustainable solutions and technologies, including solar panels, energy-efficient fittings, recycling facilities and disabled-friendly access, across branches
- > Accelerated paperless onboarding across operations
- > Organised a nationwide CSR Day covering 27 locations with participation from approximately 1,500 staff
- > Strengthened nationwide community engagement through participation in Karnival Jom Heboh, Jelajah Wira roadshows at selected Army camps, and LIMA 2025
- > Enhanced financial literacy and awareness amongst the youth
- > Reduced carbon footprint through the installation of solar panels across 12 branches in 2025



Awards and Recognition

- > Best Bank for Islamic Wealth Management Solutions in Malaysia 2025 - Cambridge Islamic Funds Award (CIFA)
- > Mastercard Malaysia Award for Leadership in Co-Brand Programs 2025

BUSINESS REVIEW

Group Community Banking

STRATEGIC BUSINESS PERFORMANCE REVIEW
Unrivalled Customer Service
Actions and Initiatives

- Expanded range of retail and lifestyle banking products during the year to respond to evolving customer preferences across different segments and life stages

Outcome

- Grew payroll balances by more than 100% YoY
- Launched a broader range of product offerings tailored to key customer segments

Digital Leadership
Actions and Initiatives

- Launched AFFIN Investment Digital Assistant (AIDA) to streamline unit trust sales and onboarding
- Rolled out the new AffinAlwaysX mobile banking application, equipped with QR payment features
- Introduced AFFIN cards on Google Pay, providing a seamless payment experience for our customers

Outcome

- Improved efficiency and accessibility of customer touchpoints and core business processes through digitalisation
- Total number of AffinAlwaysX users in 2025 – 269,305
- Active digital users grew by 61% YoY

Responsible Banking with Impact
Actions and Initiatives

- Expanded ESG-aligned financing and the integration of environmentally responsible features across branch operations
- Strengthened community empowerment and financial inclusion through outreach, mobile banking access, and financial literacy initiatives
- Accelerated paperless onboarding across all business operations.

Outcome

- ESG financing portfolio grew by 12% year-on-year
- Improved access to basic banking services and financial education through nationwide outreach and our Mobile Financial Centres (MFCs)

CHALLENGES, MITIGATION ACTIONS AND RISKS
Elevated Credit Risk in Retail Portfolio

Deterioration in asset quality, mainly in mortgage and auto finance portfolios

Mitigation Actions

- Strengthened collection and recovery efforts through both internal teams and external agencies
- Tightened credit underwriting standards, controls, and ongoing portfolio monitoring

Results

- Recovery improved by 29% YoY
- Gross Impaired Loan (GIL) ratio improved from 1.11% in January 2025 to 1.08% in December 2025

Limited Retail Liquidity Conditions

Industry-wide total deposit growth of 1.4% only, and negative CASA growth

Mitigation Actions

- Accelerated payroll acquisition initiatives
- Launched segment-specific debit cards (Kenyalang, Kinabalu, Selangor), introduced a new segment (AFFIN FINTURA, for the younger generation), and established new third-party collaborations
- Focused on growing Term Investment Account (TIA) balances



Results

- Payroll balances increased by more than 100% YoY
- Customer deposits recorded positive growth of 0.85%
- TIA balances exceeded RM1 billion

🔍 OPPORTUNITIES

- Implementation of the Consumer Credit Bill 2025, expected to take effect in Q1 2026 to regulate Buy Now Pay Later (BNPL) activities, is expected to benefit traditional lenders by creating a more level playing field, while non-bank players face tighter regulatory controls. This shift could steer demand back towards regulated banks.
- Expansion of wealth management activities, driven by rising affluence and increasing adoption of robo-advisory and digital investment platforms. AFFIN's acquisition of PHEIM Asset Management provides an enhanced platform and a wider customer base to scale up wealth management offerings.
- Expansion of sustainable banking, through accelerated green financing, embedded ESG risk assessments and support for customers' transition to low-carbon solutions.
- Opportunities to expand market share in East Malaysia, leveraging the Group's strong affiliation with Sarawak to strengthen presence and deepen customer relationships in the region.
- Emerging trends in technology, fintech integration and diversified customer segments are creating opportunities to deepen customer engagement and enhance personalised financial solutions.

🔍 OUTLOOK AND PROSPECTS

Looking ahead, the Division's outlook remains positive, supported by expectations of a relatively stable OPR environment that sustains lending affordability and steady credit expansion. Domestic demand is projected to remain resilient, underpinned by stable economic growth and contained inflation, which in turn supports consumer confidence and repayment capacity. Meanwhile, the lower interest rate environment has also improved affordability and debt service ratios, encouraging refinancing activity and selective new loan uptake.

Policy measures under Budget 2026, including stamp duty exemptions and the increase in SJKP's guarantee limit to RM20 billion, are expected to enhance access to financing for first-time homebuyers, particularly within the RM500,000 segment. Together with strong capital positions across the banking sector and moderated industry growth, these factors contribute to a generally supportive credit environment.

Notwithstanding this, pockets of vulnerability may persist among lower-income households, particularly amid elevated household debt levels and ongoing cost-of-living pressures. While borrowers with stable employment and sound repayment records are expected to remain resilient, these headwinds may temper overall loan growth. Liquidity conditions may also remain tight, with continued competition for deposits across the sector.

Against this backdrop, Group Community Banking will maintain a disciplined approach to underwriting, strengthen credit monitoring, and continue proactive collection and recovery efforts to safeguard asset quality. At the same time, the Division will focus on growing deposits including TIA and payroll balances expanding targeted product offerings, deepening regional penetration, particularly in East Malaysia, and accelerating digital adoption through AffinAlwaysX and AIDA. These priorities are intended to support operational efficiency, customer acquisition, and sustainable performance in 2026.

BUSINESS REVIEW



Hanif bin Mohd Yusof
Executive Director,
Group Corporate Banking

Group Corporate Banking

OVERVIEW

In a year marked by rising geopolitical tensions and new tariff measures that disrupted global trade flows, Malaysia’s stable political environment and clear economic agenda provided relative certainty. Against this backdrop, Group Corporate Banking remained focused and disciplined, safeguarding asset quality, strengthening client partnerships, and delivering resilient performance. Despite external pressures, the Division achieved its 2025 targets, reinforcing its commitment to prudent growth, funding stability, and sustainable value creation for clients and the Group.

WHO WE ARE AND WHAT WE DO

The Group Corporate Banking Division (GCBD) of Affin Bank Berhad focuses on serving corporate and institutional clients, offering a full suite of financial solutions including corporate loans and financing, trade finance, cash management, and deposit services. The division acts as a key engine of the Bank’s overall performance, contributing a substantial share of group loans and profits. Our core mission is to support businesses – from mid-sized enterprises to large corporations and government-linked entities – with tailored financing solutions that fuel their growth while safeguarding the Bank’s asset quality.

Corporate Banking operates nationwide, with dedicated Corporate Offices in Sarawak, Sabah, Johor and Penang to support regional economic activities across Malaysia. Our team comprises experienced relationship managers and product specialists who collaborate to deliver solutions.

KEY FOCUS AREAS

CASA Push

- Boosting cheap CASA deposits for margin improvement through deposit mix optimisation, differentiated Cash Management solutions and payroll penetration by strengthening collaboration with banking partners

Asset Growth

- Enhance team capabilities and optimize RAROC by concentrating on a more targeted portfolio, while considering the impact of economic conditions
- Pushing for continuous synergy through cross-selling
- Elevating the hunter strategy
- Continue to dedicate efforts toward promoting a sustainable economy through sustainable financing
- Widening AFFIN’s nationwide presence through localized market strategies in targeted regions

Building Stable Income

- Elevating topline trade revenue through unrivalled trade services by providing digital & innovative solutions
- Growing ancillary business while sustaining strong risk management & cost efficiency

Productivity & Efficiency

- Continuous investment in talent and harnessing the power of data, artificial intelligence and sales enablement to drive operational efficiency
- Continuous process improvements & targeted upskilling to support end-to-end productivity and accelerate conversion of business income

BUSINESS ENVIRONMENT

Malaysia's GDP grew by 5.2% in 2025, supported by stable domestic demand, commodity activity, and strategic foreign direct investment in technology, manufacturing, and renewable energy. These drivers contributed to improved business confidence, capital formation, and sectoral expansion across the economy.

Capital inflow and expectation of potential U.S. Federal Reserve rate cuts helped to moderate net interest margin (NIM) pressure, contributing to a more balanced funding environment. At the regional level, Sarawak's development spending continued to prioritise infrastructure, supporting project-related activity, while Malaysia's engagement with BRICS strengthened its positioning in digitalisation and regional economic integration.

Collectively, these conditions shaped the operating environment for Group Corporate Banking, supporting client activity across selected sectors while reinforcing the importance of disciplined risk management and prudent balance sheet management.

The operating environment remained underpinned by a stable regulatory and supervisory framework, reinforcing financial resilience amid evolving global and regional conditions.

BUSINESS UPDATES

During the year, Group Corporate Banking remained focused on disciplined execution amid a dynamic macroeconomic environment, maintaining a strong emphasis on safeguarding asset quality, strengthening client partnerships and reinforcing funding stability. The Division continued to manage measured growth in its loans and financing portfolio while upholding prudent credit discipline, supported by robust credit governance frameworks and active portfolio monitoring practices. New-to-bank transactions and deal origination remained a key area of emphasis, underpinned by sustained pipeline execution and targeted customer acquisition efforts.

In 2025, the Division reached a new milestone by successfully originated a significant acquisition financing transaction, underscoring its execution capability to originate and underwrite large-scale, complex financing. Announced in January 2026, the transaction saw AFFIN as the largest financier in a RM3.8 billion syndicated facility supporting Mawar Setia Sdn Bhd's acquisition of a controlling stake in U Mobile Sdn Bhd. This landmark transaction further reinforces AFFIN's role in enabling strategically important deals.

Transaction banking continued to play a pivotal role in strengthening primary banking relationships, complementing lending activities and enhancing client stickiness. The Group supported a collaborative digital initiative with Universiti Sains Islam Malaysia (USIM) through the USIMMasjidPro platform, providing virtual account infrastructure to facilitate transparent and secure fund management for mosques nationwide. In addition, the Group partnered with Fiuu as the official bank partner for its merchant ecosystem, delivering transaction banking and collection solutions that enable seamless digital payment flows and support the evolving cash management needs of businesses.

BUSINESS REVIEW

Group Corporate Banking

KEY HIGHLIGHTS

Financial and Business Highlights	Sustainability Highlights	Awards and Recognition
<p>Resilient Profit Performance: Profit Before Tax (PBT) before HOCA of RM683.0 million (+1.9% year-on-year)</p> <p>Strengthened Liquidity Deposits increased to RM27.63 billion (FY2024: RM25.03 billion) CASA growth of 10.2% year-on-year</p> <p>Robust NTB Financing New-to-bank (NTB) customers accounted for 67.9% of total approved financing in 2025, amounting to RM10.93 billion.</p> <p>Improved Asset Quality Gross Impaired Loan (GIL) ratio at 2.15%</p>	<p>Expanded Submission Channels: Continued expansion of e-Trade channels and digital cash management initiatives</p> <p>Notable Sustainable Financing Deal: Mandated Lead Arranger for GP Industries Limited's HK\$504 million equivalent Sustainability-Linked Syndicated Loan Facility</p>	<p>Best Trade Finance Bank in Malaysia, The Asian Banker Awards 2025</p> <p>Best Trade Finance Bank Malaysia 2025, Global Banking & Finance Awards</p> <p>Fastest Growing Trade Finance Bank Malaysia 2025, Global Banking & Finance Award</p>

STRATEGIC BUSINESS PERFORMANCE REVIEW

Deepening CASA and Transactional Franchise	
<p>Actions and Initiatives</p> <ul style="list-style-type: none"> Boosted low-cost CASA deposits for margin improvement with differentiated Cash Management solutions and payroll penetration by strengthening collaboration with banking partners Diversified funding sources across physical and digital channels while maintaining a self-funded position 	<p>Outcome</p> <ul style="list-style-type: none"> CASA growth of 10.2% year-on-year in FY2025 Acquired new payroll and operating accounts Strengthened and diversified funding base
Expanding revenue through fee-income generating businesses	
<p>Actions and Initiatives</p> <ul style="list-style-type: none"> Strengthened fee-based income streams Expanded client base by boosting cross-selling initiatives Increased foreign exchange and derivatives utilisation 	<p>Outcome</p> <ul style="list-style-type: none"> NOII growth of 7.1%, driven by increased contribution from ancillary businesses

Accelerating Asset Growth While Maintaining Asset Quality

Actions and Initiatives

- Expanded loans and financing portfolio across targeted market segments
- Strengthened coordinated account planning and client coverage
- Maintained risk-adjusted return discipline and exercised prudent risk management during credit onboarding process

Outcome

- Loans and financing (including unrated bond & sukuk) expanded by 10.0% year on year
- Several landmark deals were closed
- Asset quality and risk-adjusted returns remained solid

Digitalization and Process Excellence

Actions and Initiatives

- Implemented end-to-end credit process enhancements, including application revamp, adoption of artificial intelligence and staff upskilling, to improve turnaround time
- Expanded trade product offerings and submission channels through digital platforms, including e Trade
- Strengthened workforce capability and deployment to support productivity objectives
- Disciplined cost management

Outcome

- Cost to Income Ratio (CIR) improved to 39.0% in 2025, from 41.7% a year earlier

> CHALLENGES, MITIGATION ACTIONS AND RISKS

Margin Compression from Funding Repricing and Competitive Environment

Mitigation Actions

- Diversified CASA and funding sources through digital and physical channels
- Optimised deposit mix and disciplined pricing strategy

Results

- Deposits of RM27.63 billion in FY2025
- Resilient NIM

Rising Operating and Credit Processing Costs

Mitigation Actions

- Enhanced the efficiency of end-to-end credit operations by leveraging process improvement initiatives and artificial intelligence capabilities

Results

- Positive JAWS relative to cost base
- Improved CIR year-on-year

Customer Acquisition in Targeted Regions

Mitigation Actions

- Employed a targeted regional expansion strategy in Sabah, Sarawak, and Johor

Results

- Loans and financing in targeted regions grew by 13.3% year-on-year

BUSINESS REVIEW

Group Corporate Banking

Growing Demand for Sustainable Financing Solutions

Mitigation Actions

- Delivered financing solutions aligned with the Group's Sustainable Financing Framework



Results

- RM1.7 billion of sustainable financing was approved in 2025

OPPORTUNITIES

- Driving CASA uplift through digital cash management solutions to enhance funding stability and liquidity efficiency
- As Malaysia's economy gradually recovers in 2026 and the government undertakes several major infrastructure projects, loan growth is expected to gain momentum fueled by strong pipeline.
- Increasing foreign exchange and trade utilisation to grow transaction flows and non-interest income
- Deepening regional presence and cross-selling synergies to strengthen client relationships and revenue contribution
- Expanding into sustainable and transition sectors to strengthen portfolio quality and support long-term growth

OUTLOOK AND PROSPECTS

The operating environment in 2026 is expected to remain fluid, shaped by geopolitical uncertainties, evolving trade policies and uneven global growth. These external factors continue to influence market sentiment and near-term visibility, reinforcing the importance of prudent balance sheet management and disciplined risk-taking across the banking sector.

Against this backdrop, Malaysia's domestic environment remains relatively resilient. Improving liquidity conditions, a firmer ringgit and the potential for a more accommodative global interest rate environment are expected to support capital flows and selective investment activity. As a result, corporate activity among fundamentally strong businesses is anticipated to persist, particularly in balance sheet optimisation, mergers and acquisitions and strategic realignments. This should sustain measured demand for transaction banking, trade finance, foreign exchange and structured financing solutions.

Group Corporate Banking remains focused on disciplined and sustainable growth. The Division continues to prioritise asset quality and portfolio resilience through robust underwriting standards, selective balance sheet deployment and proactive portfolio management. Close client engagement across key economic sectors remains central to supporting informed financing decisions and long-term partnerships.

Looking ahead, the Division approaches 2026 with measured confidence, well positioned to support clients through evolving conditions while delivering sustainable value for stakeholders.



Fung Kai Jin
Executive Director,
Group Enterprise Banking

Group Enterprise Banking

OVERVIEW

In 2025, Group Enterprise Banking (GEB) delivered a strong and resilient performance, achieving solid growth across key financial and operating metrics despite a challenging operating environment marked by global economic uncertainty, tariff-related disruptions, and uneven recovery trends.

Profitability was underpinned by robust asset growth, disciplined cost management, and sustained customer engagement. The Division expanded its customer base by 10% year-on-year, supported by a healthy financing pipeline, deeper penetration of core banking products, and effective cross-selling initiatives. These efforts strengthened topline performance while preserving portfolio quality.

As market conditions continue to evolve, GEB remains focused on disciplined growth, prudent risk management, and delivering financial solutions that empower Small and Medium Enterprises (SMEs) to scale sustainably and contribute meaningfully to broader economic resilience.

WHO WE ARE AND WHAT WE DO

Group Enterprise Banking serves businesses from start-ups to listed companies with market capitalisation of up to RM2 billion, providing tailored financial solutions across the enterprise lifecycle.

Since 2016, GEB has steadily strengthened its presence by offering a comprehensive suite of services, including:

- Business financing and working capital solutions
- Deposit and transactional banking
- Payments and cash management
- Trade finance and supply chain solutions
- Bancassurance offerings

Leveraging specialised sector expertise, the Division supports clients in optimising capital structures, improving cash flow management, securing growth funding and managing trade. These capabilities enable sustainable business expansion while supporting inclusive economic participation across Malaysia.

KEY FOCUS AREAS

Strengthening Customer Coverage

- GEB continues to enhance its segment-focused coverage model to better serve businesses at different growth stages. Dedicated relationship teams and tailored propositions enable the Division to deliver a differentiated banking experience aligned with the evolving needs of enterprise clients.

Deepening Customer Engagement

- The Division has expanded its outreach beyond traditional high-value segments to support a broader SME and Commercial customer base. By strengthening long-term relationships, GEB has driven sustainable deposit growth and reinforced its role as a trusted financial partner.

Prudent Portfolio Stewardship

- Disciplined portfolio oversight remains a core priority. Through proactive monitoring, portfolio optimisation, and strong credit governance, GEB continues to uphold sound asset quality while supporting responsible growth.

Driving Future Growth

- GEB continues to introduce and pilot new initiatives that support long-term business expansion, including scalable propositions such as lending programmes and Bank-To-Business (B2B) ecosystem. These initiatives lay the foundation for sustainable growth in 2026 and beyond.

BUSINESS REVIEW

Group Enterprise Banking

BUSINESS ENVIRONMENT

In 2025, SMEs operated in a complex environment shaped by global economic volatility, persistent tariff uncertainties, and rising regulatory requirements, including the implementation of e-invoicing and Sales and Service Tax (SST). These developments increased cost pressures and operational complexity across the sector.

Against this backdrop, GEB strengthened its delivery of innovative and inclusive financial solutions to support SME resilience and continuity. Key initiatives such as AFFIN ASPIRA and AFFINGEM were expanded to address financing, governance, and leadership needs.

The Division also continued to:

- Help customers to network and expand market reach via SME Colony
- Reduce cost of doing business through RAKANIAGA partnership
- Support government-backed programmes for start-ups and women entrepreneurs, reinforcing its commitment to sustainable and inclusive enterprise growth.

BUSINESS UPDATES

GEB delivered a strong year-on-year performance, with PBT increased by 37.2%, driven by higher net interest income (NII), non-interest income (NOII), and resilient cost discipline. CASA grew by 14.0%, lifting the CASA ratio to 55.2%, driven by our strengthened relationship management approach and enhanced coverage model.

GEB’s established foothold in Sarawak has been instrumental in accelerating our expansion across the SME segment. In FY2025, we delivered robust year-on-year performance, achieving significant growth across key business metrics: Financing surged by 92%, Deposits increased by 24%, and our customer base expanded by 15%. These achievements reinforce our rising presence in East Malaysia and affirm our position as a trusted financial partner committed to supporting the region’s economic development.

KEY HIGHLIGHTS



Financial and Business Highlights

- > Profit Before Tax (PBT) increased by 37.2% year-on-year
- > Financing and Deposits expanded by 24.2% and 9.6%, respectively
- > Loan-to-Deposit Ratio (LDR) remained healthy at 85.9%, reflecting a self-funded position
- > Cost-to-Income Ratio (CIR) improved by 5.6 percentage points year-on-year
- > CASA ratio strengthened to 55.2%, an increase of 2.1 percentage points
- > Gross Impaired Loan (GIL) ratio improved by 30 basis points
- > Customer base expanded by 10% year-on-year



Sustainability Highlights

- > ESG financing increased from 22% to 24% of total financing base
- > Organised SME BizChat 2025 to advance ESG awareness and knowledge-sharing among SMEs
- > Collaborated with the Ministry of Women, Family and Community Development (KPWK), BG International, and Wasiyyah under the AFFINGEM initiative to strengthen governance and leadership capabilities among women-owned family businesses
- > Partnered with MYSED to support Sarawak Youth Start-Up and SME Financing Programmes
- > Introduced the RAKANIAGA platform to connect SMEs, showcase products and services, and promote cashless payment adoption

STRATEGIC BUSINESS PERFORMANCE REVIEW

Expanding Market Reach

Actions and Initiatives

- GEB advanced Sarawak-focused programmes in collaboration with MYSED, MINTRED, and other agencies, while empowering women entrepreneurs through AFFINGEM initiatives and supporting youth start-ups through targeted financing programmes.

Outcome

- Financing base grew by 92% year-on-year
- Deposit base increased by 24%
- Customer base expanded by 15%

Improving Customer Engagement

Actions and Initiatives

- Targeted outreach initiatives were implemented to deepen customer relationships and reinforce long-term SME partnerships. SME digitalisation and ESG adoption were promoted through SME BizChat and SMEngage 2025.

Outcome

- Increased participation in ESG and digital initiatives

Spearheading SME Digital Transformation

Actions and Initiatives

- The Division continued to develop and deliver digital tools to support SME digitalisation, including driving adoption of the SME Colony App and AFFINMAX platform.

Outcome

- Over 140,000 SME Colony app downloads recorded
- More than 61,000 AFFINMAX subscribers achieved

Establishing and Nurturing Partnerships

Actions and Initiatives

- GEB organised and sponsored SME-focused events to facilitate networking, market access, and knowledge-sharing. Collaborations with ecosystem partners such as SIDEC, SDEC, MyStarttr, Chemsain, and others supported accelerator and digital economy programmes.

Outcome

- Organised 58 SME-focused events in 2025

BUSINESS REVIEW

Group Enterprise Banking

CHALLENGES, MITIGATION ACTIONS AND RISKS

Heightened Competitive Pressures

Mitigation Actions

- Strengthening revenue mix through CASA growth and fee income expansion
- Deepening customer relationship

Results

- Improved revenue diversification and a stronger deposit base

Sustaining Asset Quality and NIM Compression

Mitigation Actions

- Rolled out SME lending programme within defined risk parameters
- Maintained discipline credit assessment and monitoring processes

Results

- Asset quality was preserved while continuing to support SME growth

OPPORTUNITIES

- Expanding supply chain financing and scaling business credit card solutions to grow SME loans and CASA
- Bundle CASA products with Bancassurance offerings to enhance product penetration
- Expand the RAKANIAGA ecosystem through API integration and collaboration with SME Colony to broaden market reach

OUTLOOK AND PROSPECTS

Malaysia's economy is projected to remain resilient in 2026, with GDP growth expected to range between 4.0% and 4.5%, supported by SME contributions to domestic demand, employment, and productivity. The Government's allocation of RM30 billion in financing and guarantee facilities for SMEs under Budget 2026 is expected to further stimulate enterprise activity.

In this environment, GEB will focus on high-potential sectors such as logistics and supply chain finance, while maintaining strong coverage across Manufacturing, Trading, and Services. The Division will continue leveraging differentiated propositions including AFFIN ASPIRA, AFFINGEM, and AFFINWRKFZ to deepen SME engagement.

Through disciplined execution, SME lending programme, expanded digital and ESG initiatives, and prudent risk management, GEB aims to strengthen its position as a trusted banking partner and support the long-term resilience of Malaysia's enterprise ecosystem.



Nazim Mohd Nor
Executive Director,
Group Treasury

Group Treasury

OVERVIEW

In 2025, the Treasury Division continued to demonstrate resilience and strategic discipline amid persistent market volatility. Through proactive risk management, enhanced digital capabilities, and ongoing portfolio optimisation, the Division strengthened its operational performance and supported the Group’s financial stability. Key initiatives, including improved asset diversification, enhanced liquidity management, and refined investment strategies, further strengthened performance and financial resilience.

To support disciplined balance sheet growth and effective liquidity risk management, the Strategic Business Alliance and Wealth Management Team were consolidated under Group Treasury. This integration streamlined deposit origination, aligned pricing and liquidity deployment, and strengthened governance over funding activities, positioning the Division to deliver resilient returns through the cycle.

Collectively, these efforts contributed to a 108% increase in net income compared with the previous year, reflecting the Division’s focus on disciplined execution and sustainable value creation.

WHO WE ARE AND WHAT WE DO

Group Treasury is a core pillar of the Group’s financial ecosystem, providing conventional and Islamic treasury and wealth management solutions to a broad client base, including corporates, SMEs, institutional investors, and individual clients.

The Division’s activities span sales and trading, delivering access to a wide range of financial market products and hedging instruments across fixed income, interest rates, and foreign exchange. It works closely with clients to support their risk management and investment needs across varying market conditions.

Beyond client solutions, the Division manages the Group’s funding and liquidity, supporting financial stability, regulatory compliance, and efficient balance sheet utilisation. It also oversees the banking book investment portfolios, with a focus on optimising returns while maintaining a disciplined risk posture.

KEY FOCUS AREAS

Optimising Asset Return

Optimise asset returns through disciplined balance sheet management, active portfolio rebalancing and improved capital deployment efficiency.

Generating Stable NOII

Broadening fee-based revenue streams and deepening customer engagement across priority segments

Upgrading Digital Infrastructure

Modernised digital infrastructure to improve resilience, efficiency and scalability

Harvesting Group Synergy

Strengthened collaboration across the Group to unlock synergies, enhance customer value propositions and capture cross-segment growth opportunities.

BUSINESS REVIEW

Group Treasury

BUSINESS ENVIRONMENT

- 2025 saw heightened uncertainty as widespread tariffs disrupted trade flows and pressured sentiment, prompting diversification away from the US Dollar and US Treasuries. The Federal Reserve held rates steady for most of the year before shifting stance after the Jackson Hole symposium, with tensions with the administration adding uncertainty to rate expectations.
- Global equity markets reached new all-time highs, driven by optimism around artificial intelligence and technology valuations. Ongoing conflicts in the Middle East and Ukraine triggered episodic risk-off movements across currency and bond markets.
- Malaysia's economy expanded by an estimated 4.9% in 2025, with growth accelerating to 5.7% in the fourth quarter on firm domestic demand and solid services and manufacturing performance. Approved investments rose 13.2% year-on-year, signalling continued investor confidence despite external pressures.
- Monetary policy varied as major central banks maintained cautious stances for most of the year before selective easing, including Bank Negara Malaysia's reduction of the Overnight Policy Rate by 25 basis points to 2.75% in mid-2025. The pre-emptive move aimed to shield the economy from rising external risks and softening global trade, while moderate inflation provided room to support domestic demand, business sentiment, and overall liquidity conditions.
- Client behaviour shifted during the year in response to changing market conditions, leading to fluctuations in the use of liquidity management, hedging, and investment solutions.

BUSINESS UPDATES

During the year, Group Treasury consolidated the Strategic Business Alliance and Wealth Management Team under its remit to streamline deposit origination, align pricing and liquidity deployment, and strengthen governance over funding activities across the Group.

The Division also focused on strengthening client engagement and market capability through initiatives such as the Affin Treasury Innovation Lab: Initial Adaptation (ATILIA) 2025 programme. Held over two days at Menara AFFIN, Tun Razak Exchange, the programme comprised workshops on treasury fundamentals, market intelligence, and simulated trading and hedging strategies, designed to support clients' decision-making in volatile market conditions.

In parallel, Wealth Management progressed its product and digital agenda during the year, supported by closer integration with Group Treasury. Key developments included the launch of Islamic Structured Investment Products and the introduction of a Shariah-compliant Halogen Bitcoin Fund. These were complemented by client engagement initiatives such as the "AFFIN Treasure Trails: A Journey Through 5 Decades" event, held as part of the Bank's 50th anniversary programme.

KEY HIGHLIGHTS

 <h3>Financial and Business Highlights</h3> <ul style="list-style-type: none"> > Net income increased by 108% > PBT increased by 123% > Non-Interest Income (NOII) increased by 63% > Consolidated Strategic Business Alliance and Wealth Management Team under Group Treasury > Launched Islamic structured investment products during the year > Introduced the Shariah-compliant Halogen Bitcoin Fund > FX Digital Solutions (FXDS) achieved 95% branch activation 	 <h3>Sustainability Highlights</h3> <ul style="list-style-type: none"> > Supported the issuance of sustainability-linked sukuk, enabling the mobilisation of capital towards sustainable related initiatives relevant to the Issuer 	 <h3>Awards and Recognition</h3> <ul style="list-style-type: none"> > Citywire – Best Digital & Technology (Malaysia) > FPAM Financial Planning Leadership Award 2025 – Platinum Award (Charter Category) > The Asset Triple A – Sustainable Finance Awards - Best Sustainability-Linked Sukuk – Johor Plantations Group Berhad > The Asset Triple A – Sustainable Finance Awards - Best Sustainability- Linked Sukuk (Plantations) – Johor Plantations Group Berhad > The Asset Triple A – Sustainable Finance Awards - Best Sustainability Sukuk (Real Estate) - Pelaburan Hartanah Berhad
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STRATEGIC BUSINESS PERFORMANCE REVIEW

Optimising Asset Return	
<p>Actions and Initiatives</p> <ul style="list-style-type: none"> • Expanded foreign currency (FCY) opportunities • Optimised interest-rate exposure • Applied dynamic hedging strategies to manage downside risk 	<p>Outcome</p> <ul style="list-style-type: none"> • Through portfolio repositioning and rebalancing, we were able to preserve asset yields during the year, despite the OPR cut.

BUSINESS REVIEW

Group Treasury

Generate Stable NOII

Actions and Initiatives

- Diversified revenue streams
- Strengthened customer engagement across treasury products

Outcome

- Non-Interest Income (NOII) increased by 63% year-on-year
- Islamic Structured Investment Products introduced

Upgrade Digital Infrastructure

Actions and Initiatives

- Invested in technology to automate processes and improve operational efficiency

Outcome

- FX Digital Solutions (FXDS) achieved 95% branch activation during the year
- Recorded increased FX-related transaction activity

Leverage Group Synergy to Drive Value

Actions and Initiatives

- Strengthened collaboration across business units
- Integrated Strategic Business Alliance and Wealth Management functions under Group Treasury

Outcome

- Strengthened cross-selling of treasury solutions across business units, supporting broader revenue contribution
- Achieved greater alignment in treasury solution delivery across the Group following organisational integration

CHALLENGES

Uncertain Economic Landscape

Geopolitical tensions and uncertain trade policies affecting market conditions

Mitigation Actions

- Diversified market and product exposures to reduce reliance on any single segment
- Provided tailored hedging and risk management solutions to clients

Results

- Maintained stable performance despite external uncertainty
- Increased client engagement in risk management and treasury solutions

OPPORTUNITIES

- Opportunity to deepen client participation in foreign exchange and treasury solutions, supported by the introduction of uncommitted FX lines that offer greater flexibility for both new and existing clients.
- Efforts to achieve full branch activation of FX Digital Solutions (FXDS), together with closer integration with AFFINMAX, are expected to broaden access and enable more efficient transaction flows for Corporate and Enterprise clients.
- Expansion of the Division's investment offerings through Islamic Structured Investment Products, alongside supporting client participation in global equity markets across the US, Asia Pacific, and selected emerging economies.

OUTLOOK AND PROSPECTS

Entering 2026, Malaysia's economic conditions remain broadly supportive, with stable growth and contained inflation providing a relatively steady domestic backdrop. However, global trade uncertainties, geopolitical developments and shifting monetary policy expectations are likely to continue driving volatility across interest rate, foreign exchange and bond markets.

In this environment, liquidity conditions and funding dynamics will remain key considerations for Treasury operations. While domestic activity supports underlying financial stability, market movements in rates and currencies are expected to influence client hedging demand, funding costs and portfolio positioning.

Against this backdrop, Group Treasury will maintain disciplined balance sheet management, prudent liquidity oversight and active portfolio optimisation. The Division will further strengthen funding governance following the integration of the Strategic Business Alliance and Wealth Management functions, while enhancing foreign exchange and investment solution delivery. Continued utilisation of FX Digital Solutions (FXDS) will support transaction flows and risk-adjusted performance across market cycles.

BUSINESS REVIEW



Emrran Raez Abdullah
Chief Executive Officer
Affin Moneybrokers Sdn Bhd

Affin Moneybrokers Sdn Bhd

OVERVIEW

At AFFIN MONEYBROKERS, the ambition to strengthen our position within the interdealer broking industry continues to guide strategic direction. Operating at the centre of the wholesale financial markets, we remain focused on facilitating efficient liquidity intermediation and supporting clients in navigating evolving market conditions.

Growth continues to be underpinned by the expertise of our people and the trust-based relationships our brokers have built with counterparties across the financial system. We remain committed to strengthening these relationships while continuing to invest in the development of our talent and capabilities.

At the same time, we are advancing the use of technology to improve operational efficiency and support reliable execution. Together, these priorities position AFFIN MONEYBROKERS to deliver consistent value to our clients while sustaining long-term growth.

WHO WE ARE AND WHAT WE DO

Affin Moneybrokers Sdn Bhd (“AMB”) is an established interdealer broker specialising in wholesale foreign exchange and money market intermediation. AMB connects authorised financial institutions across the foreign exchange and domestic money markets, facilitating efficient price discovery and liquidity between counterparties.

AMB’s services are broadly organised across two core market segments, foreign exchange and interest rates, alongside coverage in derivatives transactions. Through its broking desks, the company supports financial institutions in executing market transactions and managing funding and hedging requirements. Its primary revenue is derived from brokerage commissions earned through the successful execution of wholesale foreign exchange and money market transactions.

KEY FOCUS AREAS

Strengthening Client Relationships

Improving Lead Conversion and Execution Efficiency

Widening Marketing Reach with Offshore Clients

BUSINESS ENVIRONMENT

- The Malaysian ringgit strengthened by approximately 8–9% against the US dollar during FY2025, supported by dollar weakness, resilient domestic economic performance, improving trade dynamics, and a narrowing interest rate differential. The stronger currency environment contributed to higher trading volumes and improved liquidity across the foreign exchange market.
- The domestic money market conditions remained orderly, supported by Bank Negara Malaysia’s liquidity management measures and steady short-term interbank funding conditions, facilitating efficient price discovery across money market tenors.
- In the fixed income market, continued issuance of Malaysian Government Securities and foreign inflows of RM25.6 billion reflected sustained investor confidence and active secondary market participation.
- Within the derivatives segment, interest rate swap (“IRS”) volumes increased from USD147 billion to USD189 billion, reflecting stronger hedging demand and greater participation by financial institutions managing duration and repricing risks.
- Malaysian financial markets are transitioning from KLIBOR to the Malaysia Overnight Rate (“MYOR”) and MYOR-i benchmarks, in line with global reforms towards transaction-based reference rates. The transition is expected to enhance pricing transparency and benchmark robustness across money market and derivatives instruments.

BUSINESS UPDATES

In 2025, AFFIN MONEYBROKERS continued to support banking and financial institution counterparties across the over-the-counter financial markets, with activity spanning foreign exchange, interest rates, and derivatives segments. Total revenue increased by 21% year-on-year compared with 2024, driven by stronger transaction flows across the Swap, Fixed Income, Islamic, and Interest Rate Swap (“IRS”) segments.

Alongside business activity, the Company strengthened its operational resilience during the year. Enhancements to trade confirmation processes, surveillance monitoring and internal controls supported execution quality and governance standards across broking activities, while incremental system upgrades improved trade capture accuracy and execution reliability during periods of increased market activity.

➤ KEY HIGHLIGHTS



Financial and Business Highlights

- 21% Revenue Growth
- Stronger Derivatives Brokerage Activity
- Technology Infrastructure Enhancements - System upgrades improved trade capture and execution reliability.



Sustainability Highlights

No sustainability initiatives were reported for the year



Awards and Recognition

No awards were received for the year

BUSINESS REVIEW

Affin Moneybrokers Sdn Bhd

STRATEGIC BUSINESS PERFORMANCE REVIEW

Enhance broking desk capabilities and market coverage

Actions and Initiatives

- Optimised resources across foreign exchange, money market, and derivatives desks to align with areas demonstrating stronger trading activity, particularly Interest Rate Swaps and Islamic instruments.

Outcome

- Improved desk coverage during periods of heightened market activity and supported higher transaction volumes across core broking segments.

Support benchmark reform and regulatory alignment

Actions and Initiatives

- Implemented system refinements, procedural updates, and broker training initiatives to support the industry transition from KLIBOR to MYOR and MYOR-i benchmarks.

Outcome

- Strengthened operational readiness for MYOR-based transactions and ensured alignment with evolving market conventions.

Strengthen operational governance and risk management

Actions and Initiatives

- Enhanced internal controls, surveillance monitoring, voice recording governance, and trade confirmation processes.

Outcome

- Reinforced market conduct standards, improved operational oversight, and reduced operational risk exposure.

Advance technology enablement and infrastructure resilience

Actions and Initiatives

- Implemented incremental system upgrades to enhance trade capture accuracy, real-time market information dissemination, and system stability.

Outcome

- Improved operational reliability and supported efficient processing of higher transaction volumes.

CHALLENGES

Talent Retention

Mitigation Actions

- Implemented performance-based incentive structures to align employee contributions with business performance.
- Introduced structured mentorship programmes to support career development succession planning.

Results

- Strengthened employee engagement across the organisation.
- Improved employee retention through enhanced incentives and career development opportunities.
- Enhanced capability development through structured mentorship and internal progression pathways.

OPPORTUNITIES

- Leveraging the market transition from KLIBOR to MYOR and MYOR-i benchmarks as financial institutions adjust to new reference rate frameworks across money market and derivatives instruments.
- Rising Interest Rate Swap (“IRS”) volumes and increased demand for hedging and duration management may support greater activity across interest rate and derivatives markets.
- Stronger liquidity and trading flows in foreign exchange and fixed income markets may support continued growth in brokerage commissions.
- Ongoing digitalisation and automation across treasury and money broking operations may support greater execution efficiency and improved connectivity across wholesale financial markets.

OUTLOOK AND PROSPECTS

Looking ahead to 2026, market activity is expected to remain supported by Malaysia’s stable economic conditions, a resilient Ringgit, and continued participation across the foreign exchange and interest rate markets.

The ongoing transition from KLIBOR to the Malaysia Overnight Rate (“MYOR”) and MYOR-i benchmarks is expected to support activity in interest rate swaps and related hedging instruments as financial institutions continue migrating to the new reference rate framework.

In this environment, AMB will maintain a focus on client relationships and operational efficiency to support its position in the wholesale financial markets. While competitive pressures and workforce retention remain ongoing considerations, disciplined execution and strong counterparty relationships are expected to support sustainable performance in 2026.

BUSINESS REVIEW



Fabrice Benard
Country Head of Generali Entities
in Malaysia & CEO of Generali
Insurance Malaysia Berhad

Generali Insurance Malaysia Berhad

OVERVIEW

In 2025, Generali Insurance Malaysia strengthened its position as a trusted Lifetime Partner, delivering comprehensive protection and risk solutions to individuals, families, and businesses. The organisation advanced sustainable and profitable growth by reinforcing underwriting discipline, expanding distribution capabilities, and accelerating digital enablement across operations. Sustainability remained embedded in decision-making through responsible underwriting practices, sound governance, and enhanced climate risk management. Continued investment in people and customer experience further supported operational resilience and long-term value creation for stakeholders.

WHO WE ARE AND WHAT WE DO

With over 190 years of heritage, the Generali Group is recognised as one of the world’s leading insurance providers. In 2022, Generali assumed full ownership of the MPI Generali joint venture and secured a controlling stake in AXA Affin General and Life Insurance in Malaysia, significantly expanding its footprint in the Malaysian market.

Generali Malaysia was launched in 2023 as a unified organisation, supported by more than 1,600 employees, over 9,000 agents and partners, and a nationwide branch network. As branch rationalisation nears completion, the organisation now operates 24 strategically located branches nationwide, optimising its footprint while maintaining strong local presence and customer accessibility.

Today, Generali Malaysia is one of Malaysia’s largest general insurers and continues to strengthen its presence in the life insurance segment. With enhanced scale and capabilities, the Division remains committed to its role as a trusted Lifetime Partner, delivering comprehensive insurance solutions that safeguard individuals, families, and businesses nationwide.

KEY FOCUS AREAS

Profitable and
Disciplined Growth

Sustainability and
Risk Management

Operational
Efficiency and
Digital Enablement

BUSINESS ENVIRONMENT

- Generali Insurance Malaysia provides general insurance solutions across motor, property, personal accident, health, and other non-motor segments. The general insurance market in 2025 remained resilient despite competitive pressures arising from economic conditions, regulatory expectations, and claims inflation, with motor insurance continuing to represent the dominant line of business.
- At the same time, non-motor segments present diversification opportunities as individuals and businesses increasingly prioritise financial protection amid heightened risk awareness. This supports a more balanced portfolio mix and reinforces long-term sustainability.

BUSINESS UPDATES

During the year, Generali Malaysia strengthened operational performance following integration by aligning processes, reinforcing governance frameworks, and enhancing organisational efficiency to support sustainable growth. Gross Written Premium (GWP) reached RM2,222 million, representing a 5.3% year-on-year increase, while Net Profit rose to RM185 million, up 16% year-on-year.

As branch rationalisation neared completion, the network was streamlined to 24 branches nationwide, improving operational consistency while maintaining strong customer access.

The organisation also advanced digital capabilities and continued investing in talent development to enhance responsiveness, elevate customer experience, and sustain resilient operations.

KEY HIGHLIGHTS

Financial and Business Highlights

-  Gross Written Premium (GWP) of RM2,222 million, representing a 5.3% year-on-year increase
-  Net Profit exceeded both budget and prior year, supported by higher investment income and disciplined expense management
-  Continued strategic execution in digitalisation, talent development, and distribution channel expansion

Sustainability Highlights

-  Published the organisation’s inaugural Climate-related Financial Disclosure Report
-  Achieved green certifications for key offices, including LEED Green Building Gold (Menara Generali HQ), GreenRE Silver (Office Interior Category), and the 2025 Penang Green Office Certification
-  Organised events in conjunction with the Company’s inaugural participation in Asia Sustainability Week
-  Delivered community and inclusion initiatives, including Generali Malaysia Run 2025, Project Bright Beginnings, Kita Main programme, and the THSN Global Challenge
-  Awarded high-potential students the Generali Malaysia Volare Scholarship in 2025 in recognition of academic excellence and leadership, supporting inclusive and sustainable development

Awards and Recognition

-  International General Insurer of the Year – Malaysia (General Insurance), Insurance Asia Awards 2025
-  Malaysia’s Most Preferred Employer, GRADUAN Brand Awards
-  Insurance Asia News Awards 2025 - CEO of the Year Award (Fabrice Benard)

BUSINESS REVIEW

Generali Insurance Malaysia Berhad

STRATEGIC BUSINESS PERFORMANCE REVIEW
Financial Growth
Actions and Initiatives

- Maintained underwriting and pricing discipline to ensure pricing adequacy and sound risk selection
- Pursued targeted expansion within preferred customer segments to support sustainable profitability
- Upgraded core IT systems with automation, AI, and data-driven capabilities to enhance scalability and operational efficiency

Outcome

- Gross Written Premium (GWP) of RM2,222 million (+5.3% year-on-year)
- Net Profit of RM185 million, exceeding budget and prior year performance (+16% year-on-year)

Empowering People
Actions and Initiatives

- Invested in continuous learning, leadership development, and technical capability building
- Reinforced a performance-driven and accountable culture
- Promoted an inclusive workplace with equal opportunities for all
- Strengthened organisational capability and resilience through structured engagement and development initiatives

Outcome

- Upskilling index of 27% vs plan of 25% for 2025.
- 100% Performance Management Coverage and Completion
- 57.7% of all managers are women
- Equal Pay Gap of 0.7%
- Engagement Index of 91%

Creating Social & Environmental Value
Actions and Initiatives

- Embedded responsible underwriting and climate risk considerations into core business activities
- Aligned sustainability practices with regulatory requirements and Group guidelines
- Promoted risk awareness and improved understanding of insurance protection
- Partnered with NGOs to drive corporate responsibility initiatives aligned with social and environmental objectives
- Incorporated environmentally conscious initiatives across business strategy
- Published the organisation's inaugural Climate-related Financial Disclosure Report
- Achieved LEED, GreenRE, and Penang Green Office certifications
- Delivered key community programmes and initiatives, including Generali Malaysia Run 2025, Project Bright Beginnings, and Project Kita Main

Outcome

- Identify and evaluate insurtech solutions through GIMB's incubator and accelerator initiative
- Complete a comprehensive IFRS S1 & S2 gap assessment and establish a Board-endorsed implementation roadmap by 2027.
- Involve at least 400 employee volunteers and record 2,600 volunteer hours across all corporate sustainability initiatives by 2026.
- Continuous trainings for all employees and directors on sustainability fundamentals, updates, and disclosures.
- Table FY 2025 Climate-related Financial Disclosure Report to the Board and publish by Quarter 2 2026.
- Annual Penang Green Office certification review and LEED recertification to pass with no major non-conformities.
- Reach 10,000 runners in Generali Malaysia Run and support 200 parents and children from underserved communities.

> CHALLENGES

Competitive General Insurance Market

Mitigation Actions

- Prioritised underwriting discipline, pricing adequacy, and portfolio optimisation over volume-driven growth

Results

- Improved portfolio quality and margin resilience amid pricing pressures
- Sustained competitiveness in a price-sensitive market

Rising Healthcare Costs and Medical Claims Inflation

Mitigation Actions

- Aligned business practices with Bank Negara Malaysia's Medical and Health Insurance/Takaful (MHIT) requirements introduced in 2025
- Strengthened medical portfolio management through enhanced pricing, underwriting, claims management, and cost containment measures to manage claims inflation and support sustainability

Results

- Greater transparency and sustainability of medical insurance offerings
- Alignment with regulatory intent to improve affordability and long-term viability of health coverage

Affordability Gap for Motorcyclists in the B40 segment

Mitigation Actions

- Identified protection gaps among lower-income motorcyclists facing challenges in affording insurance premiums
- Launched a motorcycle insurance subsidy initiative to reduce financial burden and improve access to compulsory insurance coverage

Results

- Improved insurance affordability and accessibility for B40 motorcyclists
- Increased compliance with compulsory insurance requirements

Enhancing Organisational Alignment and Collaboration

Mitigation Actions

- Consolidated operations from four separate locations into Menara Generali, bringing teams together under a unified headquarters to strengthen collaboration and organisational culture

Results

- Improved cross-functional collaboration and communication
- Stronger sense of belonging and shared culture
- Enhanced operational efficiency and employee engagement through a unified working environment

BUSINESS REVIEW

Generali Insurance Malaysia Berhad

OPPORTUNITIES

- Expanding across motor, property, and SME segments to strengthen the core general insurance portfolio and support sustained growth in financial protection for individuals and businesses.
- Reinforcing disciplined underwriting and appropriate coverage structures in response to heightened risk awareness, rising claims severity, and increasing climate-related events to preserve portfolio resilience.
- Enhancing pricing and claims management frameworks while leveraging digital capabilities to improve customer experience and support sustainable, profitable growth.

OUTLOOK AND PROSPECTS

The outlook for Malaysia's general insurance industry remains constructive, supported by steady economic conditions, demographic shifts, and growing awareness of the importance of financial protection. At the same time, rising living costs, medical inflation, and climate-related risks continue to underscore the role of insurance in strengthening financial resilience and effective risk mitigation.

The general insurance segment is expected to remain resilient, with motor insurance continuing as a key contributor, alongside increasing demand for non-motor coverage across personal, commercial, and SME segments as risk awareness deepens.

In this environment, Generali Insurance Malaysia will maintain a disciplined underwriting approach, strengthen distribution capabilities, and enhance customer experience through continued digital enablement. Embedding sustainability and risk management into core business practices will remain central to supporting long-term portfolio resilience and sustainable value creation for customers and stakeholders.



Soo Wai Har
Chief Executive Officer
Generali Life Insurance Malaysia Berhad

Generali Life Insurance Malaysia Berhad

OVERVIEW

In 2025, Generali Life Insurance Malaysia strengthened its focus on delivering customer value by aligning its business priorities with evolving customer expectations. The organisation continued to provide reliable protection solutions alongside an enhanced service experience, reinforcing its role as a trusted Lifetime Partner in safeguarding financial security and well-being. Disciplined execution, strengthened distribution capabilities, and digital enablement supported resilient growth, while its Responsible Roles commitments contributed to long-term value creation for customers and stakeholders.

WHO WE ARE AND WHAT WE DO

With over 190 years of heritage, the Generali Group is recognised as one of the world’s leading insurance providers. In 2022, Generali assumed full ownership of the MPI Generali joint venture and secured a controlling stake in AXA Affin General and Life Insurance in Malaysia, significantly expanding its footprint in the local market.

Generali Malaysia was subsequently launched in 2023 as a unified organisation, supported by more than 1,600 employees, over 9,000 agents and partners, and a nationwide branch network. As its branch rationalisation nears completion, the organisation now operates 24 strategically located branches nationwide, optimising its footprint while maintaining strong customer accessibility.

Today, Generali Malaysia is one of Malaysia’s largest general insurers and continues to strengthen its presence in the life insurance segment. With enhanced scale and capabilities, Generali Malaysia remains committed to its role as a trusted Lifetime Partner, delivering comprehensive insurance solutions that safeguard individuals, families, and businesses while supporting long-term financial security.

KEY FOCUS AREAS



BUSINESS ENVIRONMENT

- The life insurance market in 2025 remained competitive, shaped by evolving customer expectations and increasing digital adoption. Demand for life protection and savings solutions continued to be supported by growing awareness of long-term financial security and wealth accumulation.
- Generali Life Insurance Malaysia prioritised sustainable growth through disciplined product mix management and strengthened distribution capabilities. Flagship products such as Wealth Creator and Affin Maxi Wealth addressed both wealth-building and protection needs, while ongoing scaling and capability development across distribution channels expanded market reach. The organisation also accelerated the adoption of AI and digital tools to enhance operational efficiency and improve customer experience.

BUSINESS REVIEW

Generali Life Insurance Malaysia Berhad

BUSINESS UPDATES

Generali Life Insurance Malaysia delivered solid performance in 2025, exceeding its planned Annualised Premium Equivalent (APE) target of RM117 million, representing a 3.50% year-on-year increase. Growth was supported by successful sales campaigns initiation and execution by Affin Bank Berhad and Agency channels.

Performance was driven by strong contributions from Agency and Bancassurance channels, underpinned by structured agency reform initiatives focused on quality recruitment, productivity enhancement, and improved retention. The Division also strengthened its partnership with Affin Bank Berhad, reinforcing distribution effectiveness and market reach.

A disciplined approach to medical portfolio management, complemented by enhancements to product features, supported sustainable growth. In parallel, digital capabilities were further enhanced to elevate customer experience, including the implementation of a cloud-based contact centre, an AI-powered voicebot, and integrated e-services accessible via WhatsApp, the Agent Portal, and the Customer Portal.

KEY HIGHLIGHTS



Financial and Business Highlights

- > Significant Annualised Premium Equivalent (APE) growth, surpassing target by 24%
- > Bancassurance grew 7% year-on-year.
- > New business value exceeded target, supported by a favourable product mix



Sustainability Highlights

- > Published inaugural climate-related financial disclosures
- > Introduced a RM50 one-time subsidy initiative to promote life insurance uptake among youth and first-time buyers
- > Achieved a 0.72% Equal Pay Gap (EPG) and 51.67% women representation in managerial roles



Awards and Recognition

- > New Insurance Product of the Year, Insurance Asia Awards 2025
- > Ranked No. 2 among life insurers in the 2024 Customer Satisfaction Survey commissioned by LIAM, PIAM and MTA in collaboration with Bank Negara Malaysia

STRATEGIC BUSINESS PERFORMANCE REVIEW

Strengthening Financial Position

Actions and Initiatives

- Maintained a disciplined approach to portfolio management
- Implemented structured agency reform initiatives
- Strengthened Bancassurance Advisory channel partnerships
- Accelerated adoption of AI and digital capabilities

Outcome

- Annualised Premium Equivalent (APE) of RM117 million (+3.50% year-on-year)

Empowering People

Actions and Initiatives

- Continued upskilling initiatives to harness emerging technologies and strengthen technical and functional expertise
- Promoted a collaborative and agile working environment
- Enhanced organisational capability and resilience through continued learning, engagement initiatives, and inclusive culture practices

Outcome

- Upskilling index of 27% vs plan of 25% for 2025.
- 100% Performance Management Coverage and Completion
- 51.7% of all managers are women
- Equal Pay Gap of 0.7%
- Engagement Index of 85%

Creating Social & Environmental Value

Actions and Initiatives

- Aligned sustainability practices with regulatory requirements and Group guidelines
- Partnered with NGOs to drive corporate responsibility activities aligned with social and environmental objectives
- Incorporated environmentally conscious initiatives into business strategy
- Published inaugural Climate-related Financial Disclosure Report
- Achieved LEED, GreenRE and Penang Green Office certifications
- Delivered key community programmes and initiatives, including Generali Malaysia Run 2025, Project Bright Beginnings and Project Kita Main

Outcome

- Identify and evaluate insurtech solutions through GIMB’s incubator and accelerator initiative, resulting in at least one shortlisted technology to enhancing climate-risk assessment
- Complete a comprehensive IFRS S1 & S2 gap assessment and establish a Board-endorsed implementation roadmap by 2027.
- Involve at least 50 employee volunteers and record 325 volunteer hours across all corporate sustainability initiatives by 2026.
- Launch trainings for all employees on sustainability fundamentals and sustainability disclosures.
- Table FY 2025 Climate-related Financial Disclosure Report to the Board and publish by Quarter 2 2026.
- Annual Penang Green Office certification review and LEED recertification to pass with no major non-conformities.
- Reach 10,000 runners in Generali Malaysia Run and support 200 parents and children from underserved communities.

BUSINESS REVIEW

Generali Life Insurance Malaysia Berhad

Distribution

Actions and Initiatives

- Strengthened quality recruitment and productivity through structured training programmes aimed at improving performance and retention
- Empowered women in the insurance industry through targeted development sessions and initiatives such as La Femmina
- Deepened collaboration with Affin Bank Berhad branches, supported by differentiated products and tailored sales strategies

Outcome

- 88% growth in La Femmina membership

CHALLENGES

Rising Healthcare Costs and Medical Claims Inflation

Mitigation Actions

- Aligned business practices with Bank Negara Malaysia’s Medical and Health Insurance/Takaful (MHI) requirements introduced in 2025
- Strengthened medical portfolio management through enhanced pricing, underwriting, claims management, and cost containment measures to manage claims inflation and support sustainability

Results

- Greater transparency and sustainability of medical insurance offerings
- Alignment with regulatory intent to improve affordability and long-term viability of health coverage

Business Sustainability and Profitability

Mitigation Actions

- Adhered to and executed the Company’s three-year strategic plan with discipline
- Maintained a disciplined approach to portfolio management
- Enhanced digital capabilities to deliver an excellent customer experience

Results

- Delivered sustainable growth through disciplined portfolio management and prudent risk practices
- Improve long-term resilience and ensure value creation for stakeholders

OPPORTUNITIES

- Addressing rising private healthcare costs through collaborative provider strategies, prudent portfolio management and preventive health interventions to support the long-term sustainability of both the healthcare and insurance sectors
- Continuing to strengthen customer relationships to deliver meaningful, needs-based protection solutions that align with evolving expectations and different life-stage requirements.
- Strengthening operational resilience through digitalisation and process enhancements to improve efficiency, service consistency, and competitiveness in a changing regulatory and market environment.

OUTLOOK AND PROSPECTS

Malaysia's life insurance industry continues to evolve amid ongoing regulatory reforms, healthcare cost pressures, and shifting customer expectations. Initiatives aimed at improving private healthcare affordability, including the introduction of the Base MHIT Plan, underscore the importance of sustainable growth and disciplined product management within the sector.

Customers are increasingly seeking protection solutions that are comprehensive, affordable, transparent, and flexible, with offerings tailored to different life stages and financial needs. In this environment, Generali Life Insurance Malaysia will continue to balance growth ambitions with prudent risk management, cost discipline, and ongoing innovation to support sustainable performance and long-term customer value.



Chairman's Statement on Corporate Governance

DATO' AGIL NATT

Chairman, Affin Bank Berhad

Dear Stakeholder,

On behalf of the Board of Directors, I am pleased to present the Corporate Governance Overview Statement for 2025. As Chairman, I remain committed to maintaining standards of high corporate governance and ensuring that the Board continues to uphold its fiduciary duties to shareholders and stakeholders of the AFFIN Group.

Good corporate governance is crucial for the Group's sustainability and stakeholder value creation. The Board has adopted a strategic approach to managing the Group and established an effective governance framework covering composition, roles, functions, committees, policies, and practices.

This report highlights key aspects of our corporate governance practices in 2025, focusing on their contribution to our vision, mission, values, and goals.

Key agenda items for 2025 include:

- Approving the 2026 budget and business plan.
- Monitoring performance against AX28 targets.
- Managing risks and opportunities in a changing environment.
- Supporting digital transformation and innovation.
- Accelerating sustainability initiatives.
- Strengthening corporate culture and human capital.
- Enhancing stakeholder engagement and social responsibility.
- Ensuring compliance with laws and standards.
- Updating governance policies and practices.

Throughout the year, the Board, supported by the respective Board Committees and Senior Management, has reviewed these key agenda items to assess their objectives, benefits, risks, outcomes, and alignment with the Group's strategic priorities. The Annual Report highlights the potential value created for stakeholders including shareholders, customers, employees, regulators, business partners, communities, and the environment.

The Board is confident that these initiatives remain aligned with the Group's vision, mission, values, and strategic goals, supporting growth, profitability, resilience, competitiveness, innovation, reputation, and social impact. Initiatives are prioritised based on urgency, impact, feasibility, and relevance. By upholding strong governance, the Group aims to deliver value to stakeholders and meet governance expectations. The Board will regularly review and adjust governance initiatives as needed.

I extend my sincere appreciation to my fellow Board Members, Senior Management, employees, and all stakeholders for their continued trust, support and cooperation. The Board remains dedicated to excellence in governance and acting in the best interests of the Group and its stakeholders.

Thank you.

Yours faithfully
Dato' Agil Natt
Chairman

Corporate Governance Overview Statement

The Board of Affin Bank Berhad (ABB, the Company or the Bank) is committed to upholding the highest standard of Corporate Governance by strongly promoting and supporting its principles, while continuously striving to enhance and strengthen the Group's governance framework and processes to ensure the adoption of best practices across the Group.

The Board acknowledges that robust Corporate Governance standards foster a culture of **accountability, transparency, and ethical behaviour**, which in turn enhances shareholders and stakeholders' trust and confidence in the Bank as well as the Group.

This Corporate Governance Overview Statement (CG Statement) provides an overview of the corporate governance practices adopted by AFFIN during the financial year ended 31 December 2025 and up to the date of publication of this Annual Report 2025 (year under review). This CG Statement also outlines the Bank's compliance with the three (3) principles set out in the Malaysian Code of Corporate Governance 2021 issued by the Securities Commission (MCCG 2021) as follows:



To ensure compliance with the most recent relevant Corporate Governance and regulatory obligations, the Board regularly reviews its governance procedures and processes. During the year under review, the Bank has adopted all the provisions of the MCCG 2021 (including all five (5) step ups), save for Practice 8.2 (disclosure of senior management's remuneration). Over the years, the Bank has progressively transformed its Annual Report into a full Integrated Annual Report, marking a significant milestone with the publication of its first full Integrated Annual Report in the financial year 2024. Building

on this achievement, the Bank continued the practice in the financial year 2025 by issuing its full Integrated Annual Report, which provides comprehensive insights into the Bank's strategy, its ability to create value over the short, medium, and long term, and its utilisation and impact on various capital. A more thorough description of the manner in which the Bank is addressing these departures is set out in the Corporate Governance Report (CG Report) which is available on AFFIN Group's corporate website at <https://www.affingroup.com/or> the Bursa Malaysia announcement web page.

The Group's governance framework is firmly rooted in regulatory and statutory provisions as well as best practices and guidelines as follows:

- Bank Negara Malaysia's (BNM) Policy Document on Corporate Governance (BNM CG)
- Malaysian Code of Corporate Governance (MCCG) 2021
- Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries published by the Securities Commission of Malaysia (SC)
- Main Market Listing Requirements (MMLR) by Bursa Malaysia Securities Berhad (Bursa Securities)
- Corporate Governance Guide 4th Edition published by Bursa Securities
- Corporate Governance Monitor 2025 published by SC
- MSWG's Malaysia-ASEAN Corporate Governance Scorecard
- Companies Act 2016 issued by Companies Commission of Malaysia
- Corporate Governance and Voting Guidelines issued by institutional investors
- Other relevant guidelines/circulars/practice notes issued by relevant regulatory authorities

The Bank's commitment towards upholding high standards of Corporate Governance has been consistently recognised through various prestigious awards, including:

- Top 50 ASEAN PLCs for Excellence in Corporate Governance Conference & Award (ASEAN CGSA)
- National Corporate Governance & Sustainability Awards (NACGSA) 2024 by the Minority Shareholders Watch Group (MSWG)

The Bank is grateful for the above recognitions and endeavours to improve its corporate governance disclosure, as well as to continue adopting good corporate governance practices.

Corporate Governance Overview Statement

Governance Structure and Framework

The Board views corporate governance as a fundamental process contributing towards achieving long-term shareholder value, taking into account the interest of all other stakeholders. The Board champions transparency and accountability in the boardroom, fostering these vital components of governance throughout the Group.

The Group believes that a healthy corporate culture and robust governance framework ensures that the organisation continues to run smoothly and efficiently. ABB, as the apex entity, has the overall responsibility in ensuring the establishment and operation of a clear governance structure appropriate to the nature, size and complexity of the respective entities within the Group.

The Corporate Governance Structure and Framework has been built upon the foundation of trust and integrity. It is designed to establish the right balance of authority and empowerment and accountability between the Board and Management.

The Framework is based on legal requirements, best practices, policies and guidelines and is reviewed on a regular basis to ensure we account for the latest development in the corporate governance landscape.

The Corporate Governance Framework, its structure and processes ensure role clarity by clearly demarcating roles and areas of accountability and recognises the independent roles and duties required to effectively govern the Bank with specific powers of the Board delegated to the relevant Board Committees and the President and Group Chief Executive Officer (PGCEO).

Amidst an increasingly challenging business environment, the Board remains committed to strengthening the Group's corporate governance practices and processes to effectively meet growing

operating challenges. During the year under review, AFFIN has updated its Group Corporate Governance Framework (Group CF Framework) to incorporate the latest regulatory requirements and internal enhancements. These updates includes:



The Group CG Framework is applicable across all levels within the Group.

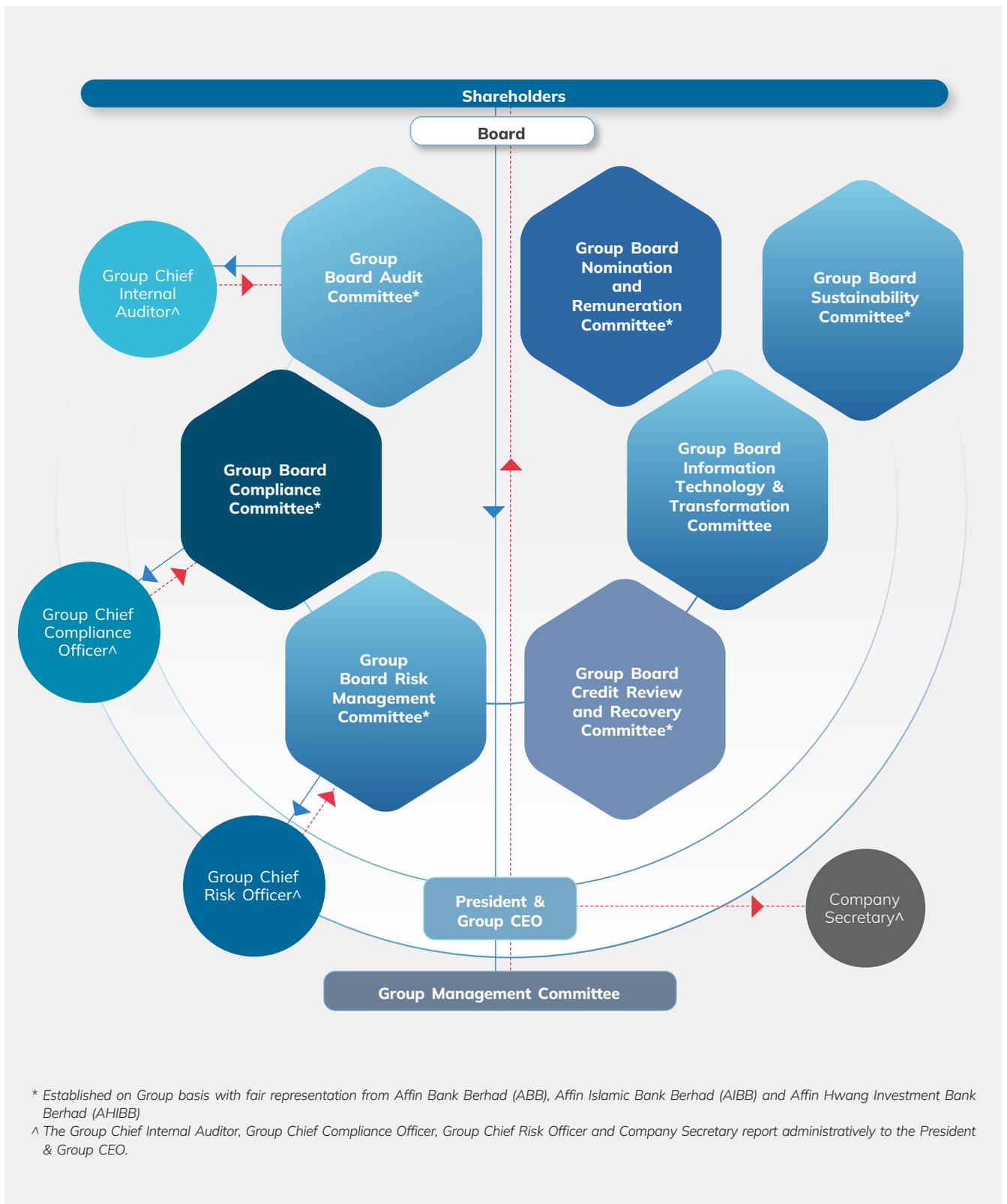
The enhanced framework strengthens the Group's structure and processes as

well as the Authority Limits, aligning them with the Terms of Reference of the respective Board Committees, policies and procedures of the Group. It outlines the Board's practices for overseeing the Board Committees and Management as well as its subsidiaries and affiliates, detailing the delegation of responsibilities without abdicating the Board's duties.

Corporate governance plays an important role in ensuring sustainable long-term performance, maximising returns for our stakeholders, and creating long-term economic value and growth. The Group has put in place the best practices in all the business dealings with customers, vendors, stakeholders, depositors and participants to ensure its long-term sustainability. This will also ensure that the Group remains resilient, capable of delivering durable and sustainable value, and maintains the confidence of its stakeholders.

The Board endeavours to ensure that the Group's governance structure continues to remain appropriate and that it keeps abreast with relevant corporate governance and regulatory requirements. The structure and associated practices are reviewed when necessary to reflect the market and the communities within which the Group operates.

The Group has put in place the best practices in all the business dealings with customers, vendors, stakeholders, depositors and participants to ensure its long-term sustainability.



Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

ROLES AND RESPONSIBILITIES OF THE BOARD

As a financial institution, the Bank is driven by its commitment to shareholders and stakeholders and steadfastly adheres to heightened standards of integrity, accountability as well as ethics in every aspect of the Group's operations. Our business strategies and policies are formulated to steer us into demonstrating responsible, transparent, inclusive and ethical conduct in all our dealings.

The Board acknowledges its role in establishing a healthy corporate culture that embeds ethical conduct within the Group. The Board believes that the pursuit of good governance is imperative to sustain long-term performance, while fostering economic value and growth for the Group.

The Board, through astute and discerning leadership as well as strategic guidance to Management, assumes responsibility for safeguarding stakeholder value-creation, employing a framework that is reinforced by rigorous and effective controls. Working seamlessly with Management, the Board initiates and leads the development of robust strategies, strengthened by unwavering governance and sound financial practices.

In providing strategic guidance and direction to the Group, the Board ensures alignment with long-term goals and objectives.

The Board oversees the Group's performance, ensuring that Management implements strategies effectively and meets performance targets.

In forging the Group's strategic direction and vision, the Board recognises the pivotal need to cultivate and deliver long-term sustainable value for its stakeholders. This pursuit is underpinned

by the Board's discerning leadership and oversight on management as well as continuous monitoring of the Group's business performance.

The Group remains committed to embedding sustainability into its operational and strategic decision-making processes, ensuring responsible business practices and foster sustainable growth.

LEADERSHIP AND MANAGEMENT

The Group's long-term success is underpinned by a well-structured and strategically focused Board, led by Directors who are collectively responsible for creating and delivering long-term sustainable value for the Group's business.

The Board has primary responsibility for the governance and management of the Bank and fiduciary responsibility for its financial and organisational health. A pivotal responsibility of the Board is to ensure that it balances the interests of the Group and its broad group of stakeholders.

The core of the Board's role is its responsibility to guide and oversee the development and implementation of the Group's strategies, monitoring its performance and providing accountability.

The Board reviews operational and financial performance against set objectives, ensuring robust risk management frameworks are in place and that necessary resources are available to achieve the Group's objectives.

The Bank's Corporate Governance Framework maintains its integrity amidst adaptation to the evolving regulatory and market landscape. This well-structured governance model supports the Board's aim of achieving sustainable value, and at the same time, fostering a culture that values

ethical behaviour, integrity and accountability.

The Board continuously assesses and manages emerging risks and opportunities through effective controls to ensure long-term sustainability development and growth.

The Board ensures that the Group's strategic plan supports long-term value creation and includes strategies on ESG considerations thereby strengthening the integration of sustainability in the Group's operations. Through sustainable practices, the Group becomes more resilient, is able to be create durable and sustainable value and maintains simultaneously, the confidence of its stakeholders.

The Board ensures that it is well-positioned to satisfy its oversight responsibility through periodic assessment of Board agenda priorities to ensure that it is well-informed on a timely basis of matters requiring attention.

The Board embraces transparency and accountability in the boardroom and promotes these critical components of governance throughout the Group. The Board which comprises of Non-Executive Directors, ensures that no individual or small group of Directors dominates the decision-making process and that the interests of shareholders are protected. The Board is satisfied that each Director has devoted sufficient time to effectively discharge his/her responsibilities.

The current composition of Directors has a blend of skills, experience and knowledge enabling them to provide effective oversight, strategic guidance and constructive challenge, examine, review and decide on Management's proposals and empower the PGCEO to implement strategies approved by the Board.

Board Charter

The Board is responsible to provide effective oversight on the management and direction of the Bank. Their primary role is to act in the best interests of the Bank and its stakeholders, as well as to ensure that the Bank operates in accordance with applicable laws and regulations.

The Board Charter sets out the Board's strategic intent, authority and Term of Reference and serves as a primary source of reference and induction literature. The Board Charter identifies clearly, the issues and decisions reserved for the Board.

For individual Directors, the Board Charter also outlines what is expected of them in terms of commitment, roles and responsibilities as Directors.

While appropriately delegating its authority to Board Committees or Management, the Board does not abdicate its responsibility and exercises at all times, collective oversight of them. The Board further ensures that it does not leave the management of the Bank's affairs to the Board Committees and that the Directors remain responsible for the exercise of such powers.

This is guided by the principles of good corporate governance as prescribed in the policy documents and guidelines issued by BNM as well as relevant regulatory authorities. The Bank's Board Charter is available on the Bank's website at:
<https://affin.listedcompany.com/others.html>.

Amongst the key responsibilities of the Board are, but not limited to, the following:

- Establish the corporate vision and mission as well as the philosophy of the Bank
- Set and oversee the implementation of business and risk objectives as well as strategies
- Oversee the performance of the Senior Management in managing the business and affairs of the Bank
- Ensure reliable and transparent financial reporting process within the Bank
- Promote sustainable growth and financial soundness of the Bank
- Promote timely and effective communications between the Bank and regulators on matters affecting or that may affect the safety and viability of the Bank
- Consider the significant matters reserved for the Bank

The Board and Senior Management strive to ensure that greater vigilance is in place amidst the challenging operating environment. The Board ensures effective leadership through oversight on management and robust monitoring of the performance, initiatives and internal controls within the Bank.

Chairman

The Bank is headed by the Chairman, whose roles are strictly separated and distinct from the PGCEO. The respective roles of the Chairman and PGCEO are clearly defined and documented in the Board Charter so as to promote accountability and facilitate division of responsibilities between them and to further ensure a balance of power and authority.

The Chairman is responsible for leading the Board in its collective oversight of Senior Management. He ensures the smooth functioning of the Board and that procedures and processes are in place to facilitate effective conduct of business by the Board.

The main roles of the Chairman, among others, are as follows:



Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PGCEO

The PGCEO focuses on the business and day-to-day management of the Bank and is responsible for developing business strategies and ensuring implementation of such strategies and policies. The balance of responsibilities between the Chairman and PGCEO is regularly reviewed to ensure the division of functions remains appropriate to the needs of the Bank.

Company Secretary

The Company Secretary acts as secretary to the Board and Board Committees, ensuring compliance with Board procedures and advising on regulatory and governance matters. She is responsible for ensuring that the Board and Board Committee members receive accurate, timely and clear information. She supports the Chairman of the Board in the delivery of the corporate governance agenda and facilitates the Director Induction programme and on-going professional development trainings.

The Company Secretary is qualified and competent to act as company secretary under Section 235 of the Companies Act 2016. The Board members have full access to the Company Secretary's advice and services.

Activities of the Board and Board Committees as at 31 December 2025

Directors	Designation	Board	GBNRC	GBCRRC	GBAC	GBITC	GBRMC	GBCC	GBSC
ABB									
YBhg. Dato' Md Agil bin Mohd Natt	Chairman/INED	19/19	–	29/29	–	13/13	–	–	–
YBhg. Dato Sharkawi bin Alis ¹ <i>(appointed as Director of ABB on 9 May 2025)</i>	NINED (SG Assetfin representative)	12/12	9/9	–	–	–	–	6/7	–
YBhg. Datu Hajah Elean binti Masa'at <i>(appointed as Director of ABB on 15 August 2025)</i>	NINED (SG Assetfin representative)	6/6	–	–	–	–	–	–	–
Mr. Chan Tze Ching, Ignatius	NINED (BEA representative)	19/19	–	–	–	–	–	–	–
Mr. Yuen Wai Hung, Peter <i>(Resigned as Director of ABB w.e.f. 28 February 2025)</i>	NINED (BEA representative)	3/3	–	–	–	–	–	–	–
Encik Mohammad Ashraf bin Md Radzi	NINED (LTAT representative)	17/19	–	–	–	–	–	–	–
YBhg. Dato' Abdul Aziz bin Abu Bakar	INED	18/19	16/16 (C)	–	–	–	–	–	–
YBhg. Dato' Mohd Hata bin Robani	INED	19/19	–	29/29 (C)	20/20	–	–	–	–
YBhg. Dato' Rozalila binti Abdul Rahman	INED	19/19	–	–	–	–	–	12/12 (C)	6/7
Puan Marzida binti Mohd Noor	INED	19/19	–	–	–	13/13 (C)	18/18	–	–
Mr. Gregory Jerome Gerald Fernandes	INED	19/19	–	–	20/20 (C)	–	–	12/12	–
Ms. Chan Wai Yu	INED	19/19	16/16	–	–	–	18/18 (C)	–	–
Ms. Emeliana Dalian Rice-Oxley	INED	17/19	–	–	–	–	–	–	7/7 (C)

Directors	Designation	Board	GNRC	GBCRRC	GBAC	GBITC	GBRMC	GBCC	GBSC
AIBB									
YBrs. Tuan Haji Musa bin Abdul Malek (Chairman, AIBB)	Chairman/INED		-	29/29	-	-	-	-	6/7
Encik Haizal Rizal bin A Aziz (appointed as Director of AIBB on 15 February 2025)	NINED (LTAT representative)		-	-	-	-	-	-	-
Encik Suffian bin Baharuddin ²	INED		10/10	-	20/20	-	6/6	-	-
YBhg. Datuk Mohd Farid bin Mohd Adnan ³	INED		6/6	-	-	-	12/12	11/12	-
Ms. Tan Ler Chin, Cindy	INED		-	-	-	13/13	18/18	-	-
Encik Dali Kumar @ Dali bin Sardar	INED		-	29/29	20/20	-	-	-	-
Dr. Sharbanom binti Abu Bakar	INED		-	-	-	13/13	-	-	7/7
AHIBB									
Encik Hasli Hashim ⁴ (Redesignated as Chairman w.e.f. 23 October 2025)	Chairman/INED		-	11/11	-	8/8	-	-	-
YM Tunku Afwida binti Tunku A Malek (Completion of tenure as approved by BNM w.e.f. 8 May 2025)	Chairperson/ INED		-	-	-	3/4	-	-	-
Mr. Eugene Hon Kah Weng	INED		-	-	20/20	-	-	-	-
Dato' Abdul Wahab Abu Bakar	INED		15/16	-	-	-	-	-	7/7
Ms. Kong Yuen Ling	NINED (BEA representative)		-	-	-	-	-	11/12	-
Ms. Tracy Ong Guat Kee	INED		-	29/29	-	-	18/18	-	-
Datuk Jamaludin bin Nasir ⁵ (appointed as Director of AHIBB on 15 April 2025)	INED		-	17/17	-	8/8	-	-	-

Note:

INED : Independent Non-Executive Director

NINED : Non-Independent Non-Executive Director

¹ Appointed as a member of GNRC and GBCC w.e.f. 1 June 2025² Appointed as a member of GNRC and stepped down as a member of GBRMC w.e.f. 1 June 2025³ Appointed as a member of GBRMC and stepped down as a member of GNRC w.e.f. 1 June 2025⁴ Appointed as a member of GBITC and stepped down as a member of GBCRRC w.e.f. 1 June 2025⁵ Appointed as a member of GBITC w.e.f. 1 June 2025 and a member of GBCRRC w.e.f. 15 June 2025

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD AND BOARD COMMITTEES' DELIBERATIONS

The highlights of matters reviewed, deliberated and approved by the Board and Board Committees during FY2025 were as follows:

Board

Key Activities of the Board and Board Committee in 2025

STRATEGY, TECHNOLOGY & ESG

1. Various Projects involvement: Project Banjaran, Project Eras, Project Atlas, Project Emerald, Project Osaka, Project Boomerang, Project Ynova
2. New Mobile Banking (AffinAlwaysX) Implementation
3. Affin Bank Berhad 2025 Transformation Plan (T25 Plan)
4. AFFIN Net Zero Roadmap by 2050
5. Group Budget 2026, Forecast 2027 - 2030 and 2026 Business Plan & Strategy
6. 2025 Group Recovery Plan
7. Opening of New Branches
8. Annual Report 2025 – Cover and Theme
9. Establishment of Corporate Office - Hikmah Exchange, Kuching, Sarawak
10. Bi-Monthly updates from Group Board Sustainability Committee
11. Monthly updates from Group Board IT & Transformation Committee
12. API Management & Gateway, Google Pay API & AFFINMAX 3rd Party API Implementation: Assessment and Attestation Outcome for BNM Notification
13. Establishment of the Group Anti-Fraud Management Policy
14. Various VBI Initiatives
15. Enhanced Sustainability Framework and Strategy
16. Revision of Group Technology's Framework and Policy
17. Opening of Currency Exchange Kiosk / Bureau De Change (BDC)
18. Operationalisation of Affin Business Services Sdn Bhd (ABS)
19. SME Credit Models – New Retail Application Scorecard (A-Score)
20. Risk Management in Technology (RMiT) progress update

CSR, CULTURE & PEOPLE

1. Revision on the List of Staff Identified as Other Material Risk Taker for 2024 at AFFIN Group
2. Affin Miles Program 2025
3. Appointment & contract renewal of PGCEO, CEOs and Senior Management
4. Affin's Consequence Management 2024
5. Zakat and Charity Funds Distribution Plan 2025/2026
6. Directors and Shariah Committee's Training Plan 2025
7. Group Talent Management Progress
8. AFFIN Share Grant Scheme
9. 2025 Mandatory Mid-Year Performance Review
10. Establishment and Operationalisation of Yayasan AFFIN
11. Iftar Pack Distribution
12. Projek Pelangi: Baju Raya for orphanage homes
13. AFFIN x LLSB 002 Interceptor Project
14. CSR with Children of KIDS by AMP
15. AFFIN INVIKTA™ TOP50 Women of Excellence Awards 2025)
16. Launching of Debit Cards (AFFIN Borneo Card, AFFIN Kinabalu Visa Debit Card, AFFIN Selangor Visa Debit Card)
17. CSR Day 2025 "Green Hearts, Lasting Impact"
18. Contribution to Yayasan Lembaga Tabung Angkatan Tentera (Yayasan LTAT)
19. Strategic Workforce Planning (SWP)

FINANCIALS & PERFORMANCE

1. Group Budget 2026
2. Revised Budget 2025
3. Quarterly Business Performance for Group Corporate Banking Division, Group Community Banking Division, Group Treasury Division and Group Enterprise Banking Division
4. Capital Position & Capital Plan
5. Outsourcing Plan Year 2025
6. Group Internal Capital Threshold and Stress Test Results
7. Capital and Liquidity Plan for FYE2025-2028
8. Proposed Bonus Issue
9. 2025 CAPEX Mid-Year Review
10. Review of Business Plan for ABB subsidiaries
11. Approval of Quarterly Unaudited Financial Statement

GROUP BOARD AUDIT COMMITTEE

Members (Latest)

1. Mr. Gregory Jerome Gerald Fernandes (Chairman) (Representing ABB)
2. Dato' Mohd Hata Robani (Representing ABB)
3. Encik Suffian Baharuddin (Representing AIBB)
4. Encik Dali Kumar @ Dali Sardar (Representing AIBB)
5. Mr. Eugene Hon Kah Weng (Representing AHIBB)

(Adopted Practice 1.4 and Step Up 9.4 of MCCG 2021)

Total Meetings in 2025:

scheduled: 12
special: 5

JOINT GBAC & GBRMC:

3 Meetings

MAIN ROLES & RESPONSIBILITIES

- To establish the framework and oversee the audit function of AFFIN.
- To provide assistance to the Board in fulfilling its statutory and fiduciary responsibilities in ensuring that good corporate governance, system of internal controls, codes of conduct and compliance with regulatory and statutory requirements are maintained by the Group.
- Implement and support the function of the Board by reinforcing the independence and objectivity of the Group Internal Audit Division (GIA).
- Ensure that Internal and External Audit functions are properly conducted, and audit recommendations are implemented timely and effectively.

KEY FOCUS AREAS AND PRIORITIES FOR FUTURE

- Internal Audit (IA) transformation, including the use of data analytics, automation, and emerging AI tools to improve audit depth, efficiency, and continuous risk monitoring.
- Further enhance assurance over ESG and climate related risks by broadening its review of sustainability reporting, climate risk governance, and compliance with sustainable finance standards, supporting the Bank's sustainability objectives.
- IA enhancement its oversight of cybersecurity and technology resilience by intensifying reviews of digital platforms, cloud security, IT resilience, and incident response readiness to safeguard the Bank's systems and data.

MATTERS DISCUSSED IN 2025

- Approved the Group Internal Audit (GIA) Annual Audit Plan for FY2025.
- Deliberated on and endorsed revisions to the GIA Annual Audit Plan, ensuring alignment with evolving risk profiles across auditable areas and functions.
- Reviewed audit reports and findings from both regular and ad-hoc audits in accordance with the approved Annual Audit Plan.
- Examined internal investigation reports as directed by the Board or requested by Management.
- Oversaw audits of subsidiaries and provided recommendations to their respective Board Audit Committees on significant governance, risk management, and internal control matters.
- Monitored the progress and execution of the Annual Audit Plan for FY2025.
- Tracked corrective actions implemented by Management in response to findings from regulators, internal auditors, and external auditors.
- Reviewed and recommended the appointment of external auditors for non-audit services.
- Deliberated on monthly financial results and endorsed quarterly and year-end financial statements prepared by the Group Finance Division.
- Assessed GIA's overall performance and progress on the Annual Audit Plan and other key audit activities.
- Reviewed and recommended for Board approval the revised Group Board Audit Committee Terms of Reference and Audit Charter.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

GROUP BOARD RISK MANAGEMENT COMMITTEE	<p>Members (Latest)</p> <ol style="list-style-type: none"> 1) Ms. Chan Wai Yu (Chairman) (representing ABB) 2) Pn. Marzida Mohd Noor (representing ABB) 3) Datuk Mohd Farid Bin Mohd Adnan (Representing AIBB) (appointed as member w.e.f. 1 June 2025) 4) Ms. Tan Ler Chin, Cindy (representing AIBB) 5) Ms. Tracy Ong Guat Kee (representing AHIBB) 6) Encik Suffian Bin Baharuddin (representing AIBB) (ceased to be a member w.e.f. 1 June 2025) <p>(Adopted Step-Up 10.3 of MCCG 2021)</p>	<p>Total Meetings in 2025 scheduled: 12 special: 3</p> <p>JOINT GBAC & GBRMC: 3 Meetings</p>
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MAIN ROLES & RESPONSIBILITIES

The GBRMC is established to assist the BOD in respect of the following:

- Oversee, review, assess and examine the adequacy of the Group-wide enterprise risk management framework, policies and guidelines to adequately protect the Group against all relevant risks, comprising but not limited to, Credit Risk, Market, Liquidity and Interest Rate Risk, Operational Risk (including Legal/ Regulatory Risks and Shariah Non-Compliance Risk), Reputational Risk, Technology Risk, as well as Environmental, Social and Governance (ESG) risk.
- Review and recommend the Group's enterprise-wide risk strategy, risk appetite and risk management framework for approval by the respective entities' Board of Directors
- Providing oversight on the Group's ability to build resilience against the adverse impacts of ESG and climate-related risks.
- Oversee the overall recovery planning process, including the development, maintenance, and implementation of the Group Recovery Plan (GRP) in all phases.

KEY FOCUS AREAS AND PRIORITIES FOR FUTURE

- | | |
|---|--|
| <ul style="list-style-type: none"> • Enable Business Growth in a Sustainable Manner • Embrace Digitalisation to Strengthen Risk Management Capabilities | <ul style="list-style-type: none"> • Proactive Risk Vigilance • Strengthen Risk Governance and Culture |
|---|--|

MATTERS DISCUSSED IN 2025

- 1) Review and endorse the risk-related frameworks, policies (including risk controls and thresholds), standards, guidelines and strategies for recommendation to the Board for approval.
- 2) Review the key risk management highlights and analysis, including emerging risk assessment, key risk indicators and exposures reported in the monthly Group Enterprise Risk Dashboard (GERD).
- 3) Review and evaluate risk reporting by the Chief Risk Officers (CRO) of the respective subsidiaries to the GBRMC on risks that may have financial and non-financial impacts to the entities and/or Group.
- 4) Review the reports and findings by the Independent Credit Review function.
- 5) Review the capital and liquidity management of the Group.
- 6) Review and endorse the Group Recovery Plan, including the Key Recovery Indicators, Scenario Analysis and Recovery Options.
- 7) Other risk management matters reviewed include but are not limited to:
 - Regulatory Stress Test and /or any ad-hoc stress test exercise.
 - Annual ICAAP Framework and Internal Capital Threshold (ICT) review.
 - Annual Risk Appetite Statement (RAS).
 - Annual Business Continuity Management (BCM)/Business Continuity Plan (BCP).
 - Annual Outsourcing Plan.
 - Annual Credit Plan.
 - Independent Validation report on MFRS 9 and credit models.
 - Independent Credit Review's (ICR) Post-Mortem Review (PMR) and Post-Approval Credit Review (PACR) reports.
 - Connected Party Transaction reports.
 - Update on the Mortgage Portfolio Asset Quality.
 - Shariah-related developments affecting the banking industry.
 - Environmental, Social and Governance (ESG) and Climate-related Risk updates.
 - Status Updates on Key Risk Management Initiatives.

GROUP BOARD COMPLIANCE COMMITTEE	Members (Latest)	Total Meetings in 2025 scheduled: 12
	<ol style="list-style-type: none"> 1) Dato' Rozalila Abdul Rahman (Chairman) (Representing ABB) 2) Dato Sharkawi Alis (Representing ABB) (appointed as member w.e.f. 1 June 2025) 3) Mr. Gregory Jerome Gerald Fernandes (Representing ABB) 4) Datuk Mohd Farid Bin Mohd Adnan (Representing AIBB) 5) Ms. Kong Yuen Ling (Representing AHIBB) 	

MAIN ROLES & RESPONSIBILITIES

- Assess and examine the adequacy of group compliance and integrity as well as governance frameworks, including the policies, procedures and processes for the Group.
- Support the Board to fulfil its responsibilities to:
 - Oversee the management of compliance risk by ensuring process is in place in line with the expectations of regulators.
 - Oversee integrity and governance matters inclusive of corruption, fraud, malpractice, unethical conduct and abuse of power within the organisation that are guided by applicable laws and regulations and make the necessary recommendations to align to the Group's long-term strategy.
 - Review and approve compliance risk management philosophy and strategy.
- Ensuring clear and independent reporting lines and responsibilities for the overall business activities, compliance functions and integrity & governance function as well as recommending organisational alignments where necessary to the Board.
- Ensuring the practice of excellent work culture among employees, with strong morale and ethics within the organisation.
- Monitor the Bank's management of compliance risk through periodic reporting on anti-money laundering and counter financing of terrorism (AML/CFT) updates, outcome from compliance review exercise, statistics of whistleblowing cases as well as non-compliance incidences.

KEY FOCUS AREAS AND PRIORITIES FOR FUTURE

- Strengthen AML/CFT & sanctions controls to meet evolving regulatory expectations.
- Improve effectiveness of the Group Compliance Framework & ensure effective oversight over subsidiaries.
- Deliver high-quality, forward-looking Board and Management reporting.
- Enhance conduct and culture governance across the Group.
- Enhance technical and analytical capabilities within Compliance function including upskilling Group Compliance officers in key & emerging areas (technology, ESG, etc).

MATTERS DISCUSSED IN 2025

- Revision of policies/guidelines/framework (in relation to ABB, AIBB and AHIBB) including:
 - Group Escalation of Regulatory Non-Compliance Policy and Standard Operating Procedure for Detection and Escalation on Incidence Relating to Customer Information Breach
 - Policy on Information Sharing within AFFIN Group
 - IGU's related Policies:
 - o Group Anti-Bribery and Corruption Policy
 - o Group Whistleblowing Policy
 - o IGU Framework
 - Compliance Risk Assessment Framework
 - The Competition Act Compliance Programme
- Review and endorsement of Annual Attestation to Bank Negara Malaysia (BNM) on adherence to the Policy Document on Introduction of New Products.
- Outcome of the annual Compliance Risk Assessment conducted on ABB, AIBB and AHIBB.
- Outcome of the institutional risk assessment & risk appetite for AML/CFT.
- Review of the Risk Assessment on Corruption (RAC) 2025 for Affin Bank Berhad & Affin Islamic Bank Berhad.
- Monitoring of the status of remediation actions on BNM Composite Risk Rating (CRR) for issues related to the Compliance function.
- Progress and status updates for the Annual Compliance Plan 2025.
- Review and approval of the Annual Compliance Plan 2026.
- Monthly regulatory compliance updates, compliance reviews and AML/CFT/PF updates.
- Deliberation of regulatory non-compliance incidents.
- Deliberation of Integrity & Governance Unit's monthly reporting of whistleblowing cases.
- Monitoring of the Integrity & Governance Unit (IGU)'s bi-annual reporting to the Malaysian Anti-Corruption Commission (MACC).

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

GROUP BOARD NOMINATION AND REMUNERATION COMMITTEE

Members (Latest)

- 1) Dato' Abdul Aziz Abu Bakar (Chairman) (Representing ABB)
- 2) Dato Sharkawi Alis (Representing ABB) (appointed as member w.e.f. 1 June 2025)
- 3) Ms. Chan Wai Yu (Representing ABB)
- 4) Encik Suffian Baharuddin (Representing AIBB) (appointed as member w.e.f. 1 June 2025)
- 5) Dato' Abdul Wahab Abu Bakar (Representing AHIBB)
- 6) Datuk Mohd Farid Mohd Adnan (Representing AIBB) (ceased to be member w.e.f. 1 June 2025)

(Adopted Practice 1.4 of MCG 2021)

Total Meetings in 2025:

scheduled: 12
special: 4

MAIN ROLES & RESPONSIBILITIES

- To provide a centralised platform in setting the Group principles, procedures and framework relating to the composition of the Board and Management including their appointment/re-appointment, effectiveness and performance as well as remuneration policy for the Board, Management and the Group as a whole. This Group approach would promote compensation philosophy which would drive performance of the Group as a whole.
- To review the diversity, matrix skills of the Board and Management from broader perspective to ensure that it aligns with the Group's strategy and placement of human capital at entity level with the right skills set.
- The GBNRC is set-up with the following objectives:
 - The selection and appointment of new Directors and PGCEO as well as assessment of effectiveness of individual Directors, Board as a whole, Board Committees and performance of PGCEO and Key Senior Management Officers (KSMO); and
 - Develop remuneration policy for Directors, PGCEO and KSMO and ensuring that compensation is competitive and consistent with the Bank's culture, objectives and strategies.

KEY FOCUS AREAS AND PRIORITIES FOR FUTURE

- Ongoing review of Board and Management succession planning.
- Ongoing review of Board Composition.
- Periodic assessments of future skills gaps at Board and Senior Management levels across the Group.

MATTERS DISCUSSED IN 2025

- Appointment of Non-Independent Directors nominated by the major shareholders.
- Setting up of KPIs and Scorecard for FY2025.
- Introduction of Affin Miles Program 2025.
- Performance assessment of KSMO for new appointment and contract renewal of ABB, AIBB and AHIBB.
- Review of the Fit and Proper Assessment process of the Group.
- Assessment of fitness and propriety of Directors and Key Responsible Persons.
- Assess suitability of candidates for appointment and re-appointment of Directors and Shariah Committee members.
- Comparative analysis and review of the Directors' remuneration.
- Outcome of the Board Effectiveness Evaluation exercise for FY2024.
- Review of Board and Management Succession Plan.
- Review of List of OMRT and Senior Management.
- Review of the BNM's Guidelines on Investor Protection.
- Review of the Group's Organisation Structure.
- Review of Directors' and Shariah Committees' training plan for the year 2025.
- Nomination of new directors and new Chairman to the boards of subsidiaries and affiliates.
- Review of employees' benefits package.
- Mid-year performance review of the employees.
- Revision to Board Charter.
- Revision to AFFIN Group Corporate Governance Framework.
- Review of wage band of AFFIN Group.
- Revision of Subsistence Allowance Policy.
- Assess the external commitments of Directors and KSMO.
- Review the overall composition of the Board and Board Committees.
- Appointment of External and Independent Consultant for Board Effectiveness Evaluation exercise for the year 2025.
- Appointment of Executive Search Firm for sourcing of Prospective Board Candidates.
- Revision to Remuneration Policy.

GROUP BOARD CREDIT REVIEW AND RECOVERY COMMITTEE

Members (Latest)

- 1) Dato' Mohd Hata Robani (Chairman) (Representing ABB)
- 2) Dato' Agil Natt (Representing ABB)
- 3) Encik Musa Abdul Malek (Representing AIBB)
- 4) Encik Dali Kumar @ Dali Sardar (Representing AIBB)
- 5) Ms. Tracy Ong Guat Kee (Representing AHIBB)
- 6) Datuk Jamaludin Nasir (Representing AHIBB) (appointed as member w.e.f. 15 June 2025)
- 7) Encik Hasli Hashim (Representing AHIBB) (ceased to be member w.e.f. 1 June 2025)

Total Meetings in 2025:

scheduled: 24
special: 5

MAIN ROLES & RESPONSIBILITIES

The Group Board Credit Review and Recovery Committee is established to assist the functions of the Board in respect of its inherent authority over approval on loan/financing application /proposals which are considered by the Group Management Credit Committee (GMCC).

The duties and responsibilities of the Committee shall include the following:-

- Critically review credit facilities application, after due process of checking, analysis, review and recommendation by the Group Credit Management Division to GMCC, and if found necessary, to exercise the power of veto on behalf of the Board, on credit applications that have been approved by the GMCC.
- Assisting the Board of Directors in performing oversight function and provide recommendations in respect of investment strategies, credit risk assessment, management and performance of partnership investment accounts under Islamic Banking such as Musyarakah financing/ventures or Mudharabah financing/ventures.
- To consider whether to affirm/veto credit/underwriting proposal, impose additional terms or modify the terms approved by the GMCC thereof.
- To set and review recovery targets as well as monitor the progress of recovery efforts.
- To ensure that the GMCC has discharged its responsibilities in a timely and proper manner.
- To offer advice and directions relating to credit portfolio.

KEY FOCUS AREAS AND PRIORITIES FOR FUTURE

- Modernisation of the credit approval process through involvement of AI, i.e. preparation of ES/proposal papers.
- Management Empowerment.

MATTERS DISCUSSED IN 2025

- Review and concur/veto credit financing decisions made by GMCC.
- Update and revised the relevant credit policies.
- Overview of the retail and Non-retail exceptional credits, Business Units' Portfolio Monitoring, End Financing (EF) Policy Refinement.
- Oversight view and review of the Annual Credit Plan (ACP) formulation.
- Oversight view and review of the Single Counterparty Exposures Limit (SCEL) Status Report and Group accounts review.
- Oversight view and review of the impaired loans, written-off accounts and recoveries efforts/plans made by Management.
- Exceptional credits.
- Oversight view and review of the Revision of Credit Authority Framework as well as analysis and treatment of the Risk-Weighted Assets (RWAs) in Undrawn Credit Limits.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

GROUP BOARD INFORMATION TECHNOLOGY AND TRANSFORMATION COMMITTEE

Members (Latest)

- 1) Puan Marzida Binti Mohd Noor (Chairman) (Representing ABB)
- 2) Dato' Agil Natt (Representing ABB)
- 3) Ms. Tan Ler Chin, Cindy (Representing AIBB)
- 4) Dr. Sharbanom Binti Abu Bakar (Representing AIBB)
- 5) Encik Hasli Hashim (Representing AHIBB) (appointed as member w.e.f. 1 June 2025)
- 6) Datuk Jamaludin Nasir (Representing AHIBB) (appointed as member w.e.f. 1 June 2025)
- 7) Tunku Afwida Tunku A. Malek (Representing AHIBB) (ceased to be a member w.e.f. 8 May 2025 upon completion of her tenure as approved by BNM)

Total Meetings in 2025:

scheduled: 11
special: 2

MAIN ROLES & RESPONSIBILITIES

- Oversee the overall development, risk management, integration, and alignment of the Information Technology (IT) strategy and plan with AFFIN Bank Group strategic business direction and plan. This includes leveraging on technology for new business models, changing business practices, driving competitive advantage, and empowering next level thinking.
- Ensure that IT have the right talent and culture to develop organisational capabilities which are agile, innovative, adaptable, and most importantly focused on business value creation.
- Oversee the timely and effective implementation of the AFFIN Group strategic transformation programme, ensuring business strategic objectives alignment and collective synergy within the Group (including all subsidiaries).

KEY FOCUS AREAS AND PRIORITIES FOR FUTURE

- Strengthen and monetise strategic data, analytics and insight capabilities.
- Strengthen workforce capabilities for the future.
- Continuous cybersecurity, technology risk and IT governance evolution.
- Enhance digital and technology transformation architecture with AI adoption and responsible use.

MATTERS DISCUSSED IN 2025

- Deliberated investment proposals for technology transformation encompassing channels and support systems for AFFIN Group.
- Review the productivity and efficiency across technology, processes, and resources to optimise the management of the Group's IT landscape.
- Deliberated on key strategies and frameworks, including the data strategy, AI strategy and Future Skills Framework (FSF), to strengthen future readiness.
- Review and monitor the Group's strategic transformation plan and its progressions as encapsulated in the AX28 plan.
- Review of technology risk and information security strategies to maintain confidentiality, integrity and availability standards.
- Oversees technology and transformation risk management covering operational, cybersecurity, and emerging risks.
- Oversees regulatory compliance matters pertaining to technology and cybersecurity.

GROUP BOARD SUSTAINABILITY COMMITTEE

Members (Latest)

- 1) Ms. Emeliana Dalian Rice-Oxley (Chairman)
- 2) Dato' Rozalila Abdul Rahman (Representing ABB)
- 3) Dr. Sharbanom Abu Bakar (Representing AIBB)
- 4) Encik Musa Abdul Malek (Representing AIBB)
- 5) Dato' Abdul Wahab Abu Bakar (Representing AHIBB)

Total Meetings

in 2025:

scheduled: 6
special: 1

MAIN ROLES & RESPONSIBILITIES

- Assist the Board of AFFIN (the Board) by providing ongoing oversight of the development and implementation of the Group's Sustainability matter including Value based Intermediation Financing and Impact Assessment Framework (VBIAF).
- Provide oversight, advice, and direction in the development, implementation, and monitoring of the strategies, framework, and policies with respect to sustainability, VBIAF, climate change, and corporate social responsibility of AFFIN.
- Review and make recommendations to the Board on the suitability of the Group's climate, VBIAF, and sustainability strategy, position statements, frameworks, ambitions, metrics, and targets.
- Report to the Board on the climate, VBIAF, and sustainability matters for which it is responsible, escalate issues, and make recommendations to the Board where appropriate.

KEY FOCUS AREAS AND PRIORITIES FOR FUTURE

- Oversees sustainability, climate change, VBIAF and CSR matters, the development and implementation of the Group's sustainability strategy, performance targets, disclosures and stakeholder engagement remain ongoing priorities requiring continuous reporting and Board deliberation.

MATTERS DISCUSSED IN 2025

- AFFIN's Enhanced Sustainability Framework
- AFFIN Sustainability Statement FY2024
- ESG Dashboard which consists of the following:
 - 2025 ESG Key Performance Indicators
 - Initiatives against Regulatory Requirements
 - Sustainability Market Trends/Updates
 - Peer Benchmarking
- ESG Metric and Target for climate-related targets
- AFFIN's Financed and Enterprise Emissions Baseline Calculations for FY2023.
- Cost Benefit Analysis on the revised climate target – 70% reduction of operational emission (Scope 1 & 2) by FY2030.
- Preliminary Gap Assessment of FY2024 disclosure against the National Sustainability Reporting Framework ("NSRF")
- Progress updates on decarbonisation pathway
- Sustainability team resources planning strategy
- Validation of Sustainability Reporting 2025
- Updates to Establishment of Yayasan AFFIN
- AFFIN Net Zero Roadmap by 2050
- Integrated Sustainability Risk Management
- AFFIN Impact Assessment Template ("AFIAT")
- Key Performance Indicators ("KPI") under sustainability agenda for FY2026 implementation.
- Structure of Sustainability Statement FY2025
- Presentation of Sustainability Initiatives by the Business Units
- Updates of Yayasan AFFIN

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD COMPOSITION

Board Composition, Independence and Diversity

The Bank ensures ongoing review of the Board Composition is conducted to comply with the relevant regulatory requirements and recommendations made by BNM, Bursa Securities as well as Securities Commission. The Board, through the GBNRC, took cognisance that the composition, independence, and diversity are important aspects of corporate governance that significantly influence the Bank's performance, reputation, and long-term success.

The Board composition of the Bank consists of individuals who possess relevant and diverse set of skills, knowledge, and experience that can guide the Bank towards achieving its strategic goals. The review undertaken by GBNRC on Board composition took into consideration the Bank's size, desired skillsets, mid to long term objectives as well as specific challenges and opportunities.

The Bank's Board consists of a majority Independent Directors with 67% being Independent Non-Executive Directors (INEDs), while the remaining are the Non-Independent Non-Executive Directors (NINEDs) appointed via nomination by major shareholders, namely SG Assetfin Holdings Sdn Bhd (SG Assetfin) (a wholly-owned subsidiary of the Sarawak Government), The Bank of East Asia, Limited (BEA) and Lembaga Tabung Angkatan Tentera (LTAT). The presence of a majority Independent Directors serves as an effective check and balance on the potential influence by the nominees from the Bank's major shareholders, thereby safeguarding the interest of the minority shareholders.

Board decisions are made taking into account the views of the INEDs which carry substantial weight. They play a vital role in ensuring that strategies proposed by Management are thoroughly deliberated and examined taking into account the interests of the shareholders and stakeholders. Their role is also particularly critical for related party transactions as these require independent judgement and objective impartiality to protect the interests of minority shareholders.

In addition to the fit and proper assessment of Directors carried out annually, an independent assessment is also conducted on each INED based on the independent criteria set out in BNM Policy Document on Corporate Governance (BNM CG), MCCG 2021 and MMLR of Bursa Securities.

Every INED is required to provide an annual declaration of his/her independence, which is assessed by the GBNRC. Based on the outcome of the fit and proper assessment for the financial year under review, all INEDs have complied with the Bank's guidelines on conflict of interest.

The Board is satisfied that each INED has retained his/her independence throughout his/her tenure and had not under any circumstances formed any association with Management that might compromise his/her ability to exercise independent judgement that could ultimately affect the interest of stakeholders.

The Bank values diversity as a vital factor for staying effective, adaptable and viable in a fast-changing business context.

The Board values innovation and creativity that can come from a diverse Board. The Board is dedicated in following and keeping the recommendation on diversity and inclusion in all aspects of its decision-making. The Board understands that diversity has many different aspects, such as gender, age, race, ethnicity, nationality, experience, skills and length of service, that are important for its good performance. However, the Board will give priority to the choice of Directors based on their combination of competencies, skills, broad experience and knowledge in areas that the Board identifies.

Achieving boardroom effectiveness is essential for the success of an organisation. The Board believes that fostering a culture of collaboration where Directors work together harmoniously to make well-informed decisions is extremely important. In this regard, the Board ensures that the roles and responsibilities of each Director are clearly defined to avoid overlap and to ensure accountability.

INEDs are pivotal to the Board's deliberations and decision-making by bringing a fresh perspective and impartiality.

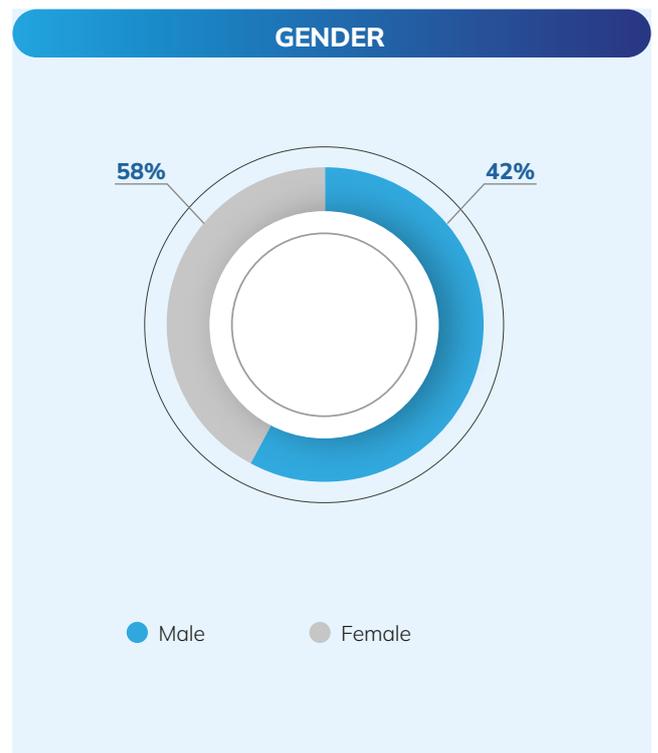
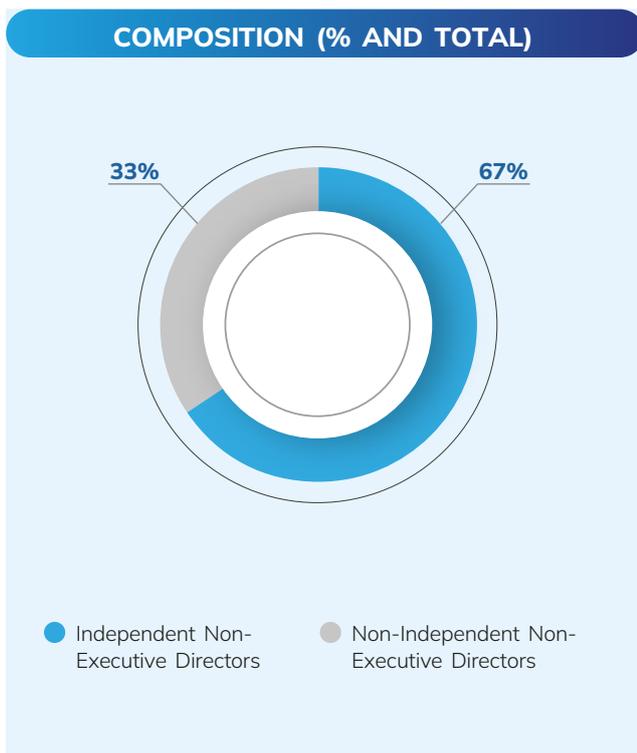
The Board comprises a majority of INEDs, fulfilling the recommendation made by the MCCG 2021, whereby the boards of large companies should be made up of predominantly independent directors.

In 2025, the Board appointed two (2) new NINEDs, representing SG Assetfin. The GBNRC continued to review the composition of the Board to ensure that it comprises of Directors with appropriate skills and backgrounds to support the Bank in achieving its long-term strategy and to strengthen its succession planning efforts, thereby enhancing overall Board effectiveness.

The Bank wishes to affirm that:

- The Board continuously strives to ensure that Directors have a collective mix of skills, experience, expertise and diversity to add value to Board processes and decisions. These Directors bring their expertise and experience to bear on policy formulation and decision making, facilitating effective oversight, strategic guidance and constructive challenge.
- The Board is currently chaired by an Independent Non-Executive Director.
- The current Board composition in which the majority are Independent Directors (i.e. 8 out of 12 Directors are Independent), fulfils requirements stated in the MMLR and BNM CG and allows for more effective collective oversight of Management.
- The Board had adopted the maximum tenure of nine (9) years of service for Independent Directors within the Group to ensure the Board's independence as well as to encourage fresh views and ideas. However, the Board retains the flexibility for Independent Directors, upon reaching the maximum tenure of nine (9) years of service and subject to the approval of BNM for his/her reappointment as Director, to remain as a Director but shall be re-designated as Non-Independent Non-Executive Director.
- The time commitments of Non-Executive Directors are considered by the GBNRC at appointment/re-appointment and reviewed annually.

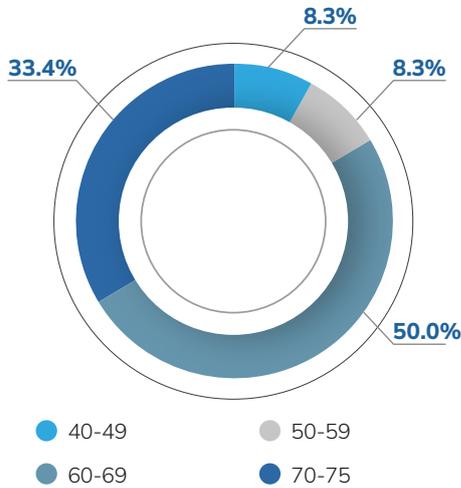
As at 31 December 2025, the Board composition, independence and diversity for the Bank is depicted below:



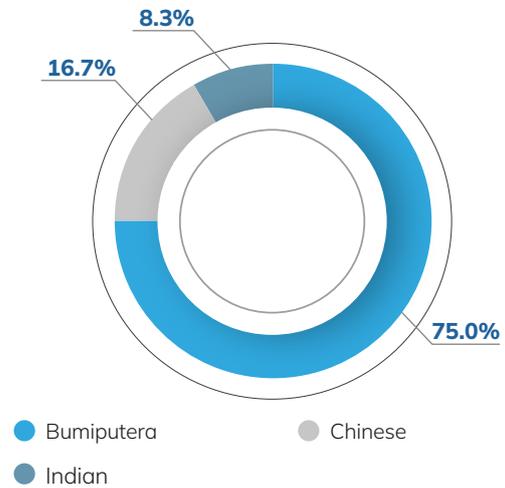
Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

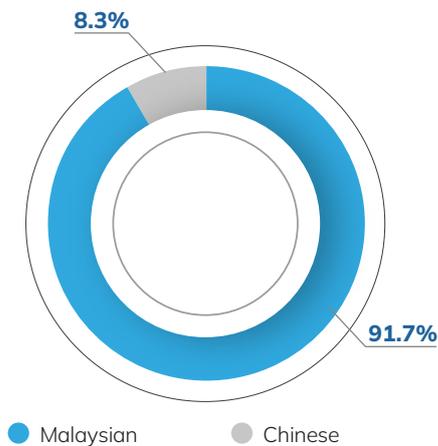
Age



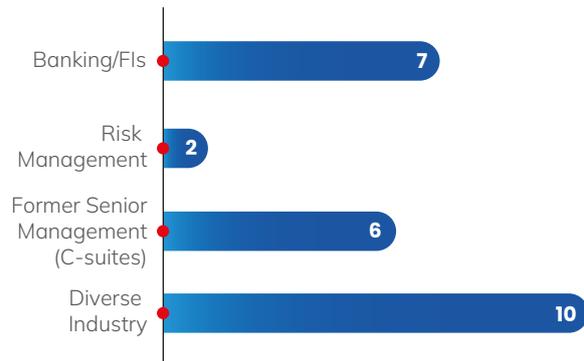
Race / Ethnicity



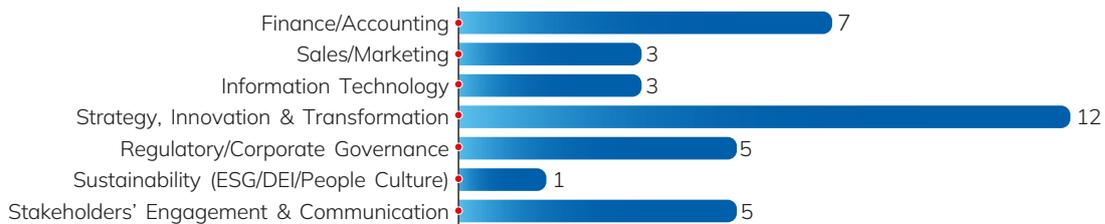
Nationality



Core Experience



Functional Experience



The existing size and composition of the Board are able to promote effective deliberation, encourage active participation among Directors and allow the work to be discharged without giving rise to an over-extension of Directors who are required to serve on multiple Board Committees. The Board acknowledges that Board refresh exercise is important to ensure effective Board composition to enable the Bank to weather challenges and take advantage of opportunities.

Board and Senior Management Appointments, Removals and Re-election of Directors

NEW APPOINTMENTS OR RE-APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

New appointments of Directors and Senior Management require thorough consideration and planning to ensure that the Bank has the right leadership team in place to achieve its strategic objectives.

The GBNRC identifies prospective Board and Senior Management candidates from various sources such as referrals from existing Directors or officers maintained in the Bank's internal Directors' list, recommendation by major shareholders, Directors' Register maintained by Institute of Corporate Directors Malaysia (ICDM), FIDE or other leadership development and consulting organisations.

When making assessment(s) on new appointments of Directors and Senior Management, the GBNRC will take into account the following considerations:

Board

- The desired skillsets as reviewed and approved by the Board (in terms of qualification, diversity, alignment with the Bank's strategic direction/focus).
- Candidate(s)' knowledge and experiences in order to evaluate whether candidate will be a strategic and effective fit for the Board.
- Outcome of the due diligence process to ascertain candidate's fitness and propriety to assume the role based on the minimum requirements as set out in relevant regulatory requirements.

Senior Management

Candidate's fitness and propriety to assume the role based on the minimum requirements as set out in relevant regulatory requirements. In determining whether a person is fit and proper, the Bank shall consider the following:

- Probity, personal integrity, and reputation
- Competence and capability
- Financial integrity

For re-appointment of Director(s), GBNRC is to ensure that submission is made to BNM at least three (3) months prior to the expiry of his/her current term of appointment. The same assessment process will be undertaken with additional emphasis be given on Directors' contribution during his/her tenure with the Bank.

After undertaking the due process and being fully satisfied, based on their objective assessment, that the candidate meets the minimum requirements, the GBNRC will then submit its recommendation to the Board for decision and onward submission to BNM for approval, if applicable (for Directors and CEO level position). (Note: All appointments of Directors and CEOs are subject to the approval of BNM which is for a specific term of appointment).

Activities in FY2025

New Appointment of Director

There were two (2) appointments of Directors, namely, Dato Sharkawi Alis and Datu Hajah Elean, who joined the Bank on 9 May 2025 and 15 August 2025, respectively.

Re-appointment of Director

There were four (4) re-appointments of Directors, namely, Dato' Agil Natt (Chairman/INED – 3rd term), Dato' Abdul Aziz bin Abu Bakar (INED – 4th term), Encik Mohammad Ashraf bin Md Radzi (NINED - 2nd term) and Puan Emeliana Dalan Rice-Oxley (INED – 2nd term).

New Appointment of Senior Management

No new Senior Management appointed during the year under review.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT

Each Director and Senior Management shall be assessed for compliance with the BNM Policy Document on Fit & Proper Criteria including their performance and effectiveness. Should any of them are found no longer fit and proper or is underperforming, the GBNRC will take corrective measures to manage such event accordingly.

Re-Election Of Directors

The Constitution of the Bank provides that at every Annual General Meeting, at least one-third of the Directors are subject to retirement by rotation or, if their number is not three (3) or a multiple of three (3), the number nearest to one-third shall retire from office, but shall be eligible for re-election. The Constitution of the Bank further provides that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

Fit and Proper Assessment

The Board, through the GBNRC, assessed the fitness and propriety of the Directors in accordance with the Bank's Fit and Proper Policy on Key Responsible Persons as well as Declaration by Independent Directors on annual basis.

The Annual Fit and Proper Declaration by the Directors are verified against independent sources such as credit reporting agencies and/or reference check agencies. For FY2025, the Board was satisfied that each of the Directors met the required standard of fitness and propriety as required under relevant regulations.

Time Commitment

Any Director, while holding office, may accept other Board appointments (outside of the Group) so long as the appointment is not in conflict with the business of the Bank and does not detrimentally affect the Director's performance. When a Director has multiple board representations, he must ensure sufficient time and attention are given to the affairs of the Bank.

The Board values the experience and perspective that the Directors may gain from external appointment with other companies, organisations or associations. However, prior to the acceptance of any relevant external appointments, Directors should first consult with the Chairman of the Board and Chairman of GBNRC on such proposed appointment. In situation where such external appointment falls under potential of conflict situations as stated in the Bank's Board Charter, the matter would need to be escalated to GBNRC for deliberation.

To ensure full commitment and sufficient time is given to the affairs of the Bank, a Non-Executive Director ("NED") of the Bank must not hold more than five (5) directorships in listed companies and ten (10) directorships in non-listed companies (Pursuant to Paragraph 15.06 (1) of the MMLR, Practice 5.5 of MCCG 2021, BNM CG and the Board Charter of the Bank).

The Board is satisfied that each Director has allocated sufficient time for the Bank as evident from the Directors' record of attendance at Board and Board Committees' meetings held in the financial year ended 31 December 2025 as stated above.

Board Effectiveness Evaluation

The effectiveness of the Board is essential to the success of both the Bank and the Group. An effective Board is equipped to provide guidance for the current operations as well as future direction, ensuring the long-term sustainability and growth of the organisation.

To assess and enhance its performance, the Board undertakes a comprehensive evaluation process known as the Board Effectiveness Evaluation (BEE) each year. This evaluation covers the performance of the Board as a whole, its various Committees, and each individual Director. The primary goal of the BEE is to continuously improve the effectiveness of the Board and, as a result, elevate the overall performance of the Group.

Demonstrating its commitment to achieving optimal outcomes for all stakeholders, the Board remains dedicated to improving governance practices through the annual BEE exercise. This ongoing effort reflects the Board's aspiration to uphold the highest standards of governance and accountability.

In accordance with the recommendations set out by the Malaysian Code on Corporate Governance (MCCG) 2021, the Board has engaged an independent consultant to conduct the BEE for 2025. This step reinforces the Board's commitment to impartiality and thoroughness in the evaluation process.

Themes

The scope of the 2025 BEE comprises the following key areas which are critical to Board effectiveness:

<p>Board</p> <ol style="list-style-type: none"> 1. Leadership and Culture 2. Composition 3. Responsibilities 4. Committees 5. Administration and Operations 	<p>Individual Directors</p> <ol style="list-style-type: none"> 1) Independence 2) Contribution and Commitment 3) Competencies, Skills and Expertise 4) General comments
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Notes:

- A Director must have served on the Board/Board Committees for at least six (6) months to be able to participate in the BEE
- Management feedback on the BEE was obtained and collated vide the PGCEO

Process and Reporting Structure



Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

The main highlights of the BEE results are, as follows:

Areas of Strength

Assessment Areas	Feedback
Leadership and Culture	Demonstrates a positive culture and strong dynamics, benefiting from mature and experienced membership. The collective expertise of the Directors enables quality deliberations, as members bring diverse skill sets and backgrounds to the table.
Composition	The Board is composed of highly diverse and knowledgeable Directors, achieving a well-balanced representation in terms of skills and gender.
Board Responsibilities	The Board exercises effective oversight in all key areas of responsibility.

Areas for Consideration

Assessment Areas	Recommendations
Leadership and Culture	The Board is encouraged to shift its focus towards strategic, long-term priorities during deliberations.
Composition	The Board should consider strengthening its composition by adding expertise in emerging areas such as cybersecurity, digital, and GenAI.
Board Responsibilities	The Board is advised to enhance its monitoring of strategic plan targets for major initiatives.

The Board resolved to adopt the results for BEE 2025 as recommended by the GBNRC. The results of these assessments form part of the basis of the GBNRC's recommendations to the Board for the re-election of Directors at the 50th AGM in April 2026.

The Board and GBNRC will work on development plans to address the areas of improvement based on their priorities, with the support from respective Board Committees. The BEE 2025 outcome will also be considered for the re-appointment of Directors and Board Committees' membership appointment, where applicable.

Board Conduct

All Directors commit themselves to ethical business and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. They are guided by the Code of Ethics for Company Director & Company Secretary issued by the Companies Commission of Malaysia.

All Directors discharge their duties and responsibilities as fiduciaries in the best interest of the Bank. They are expected to act with integrity, lead by example, keep abreast of their responsibilities as Directors and of the conduct, business and development of the Bank.

In directing or managing the Bank's business and affairs, they exercise reasonable care, skill and diligence by applying their knowledge, skill and experience.

The Board ensures that key transactions or critical decisions are deliberated and decided by the Board in a meeting. The Board also ensures that decisions and basis for those decisions, including any dissenting views are made known and properly minuted.

Board Meetings and Attendance

The Board conducts active and inclusive discussions at Board meetings to ensure that all Directors have the opportunity to participate and contribute to the decision-making process. Vigorous deliberations and robust discussions at Board meetings promote constructive and healthy dialogue.

Board deliberations and decisions arrived at during Board meetings are clearly minuted in a timely manner and action items for Management will be communicated to the relevant parties within a reasonable timeframe after the Board meetings. The draft minutes are then tabled at the following meeting for confirmation and thereafter signed by the Chairman as a correct record of the proceedings thereat.

Directors are expected to attend at least 75% of the total Board meetings in any applicable financial year and must not

appoint another person to attend/participate in a Board meeting on their behalf. Directors who were unable to attend a meeting during the financial year under review were encouraged to give the Chairman their views and comments on matters to be discussed in advance.

Members of Senior Management have also been invited to attend selected Board meetings to support the Board with further and additional information on the matters being deliberated.

Presentations to the Board are prepared and delivered in a manner that ensures clear and adequate understanding of the subject matter. If there are any urgent matters or there are additional documents that are sent less than 5 business days, the Management will take the Board through the documents for a more detailed explanation.

The minutes of Board meetings accurately reflect the deliberations and decisions of the Board including any dissenting views and if any Director had abstained from participating, deliberating or voting on a particular matter.

Supply of information to the Board

The Board meetings are held on a monthly basis with option to convene special meeting(s) as and when necessary to consider urgent proposals that require the Board's review or consideration. The Board and Board Committee meetings are scheduled in advance before the year end in order for the Directors to be able to plan ahead and ensure their full attendance at the meetings.

Under normal circumstances, the Bank ensures that attendance at a Board meeting, by way other than physical presence, remains the exception rather than the norm.

The Bank leveraged on technology to convene its Board and Board Committee meetings, subject to appropriate safeguards to preserve the confidentiality of deliberations. The Board has adopted internal Guiding Principles and Protocols for Board, Board Committees and Management meetings as part of the Business Continuity Plan.

The Board has full and timely access to information on Board matters via materials distributed in advance at least 5 business days from the date of meeting to enable the Directors to obtain further explanation, where necessary, in order to be properly briefed prior to the meetings.

Access to Third Party Experts

The Board may seek independent professional advice at the Bank's expense on specific issues to enable the Board to discharge its duties in relation to the matters being deliberated. Individual Directors may also obtain independent professional or other advice in furtherance of their duties subject to relevant approval as prescribed in the Board Charter.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

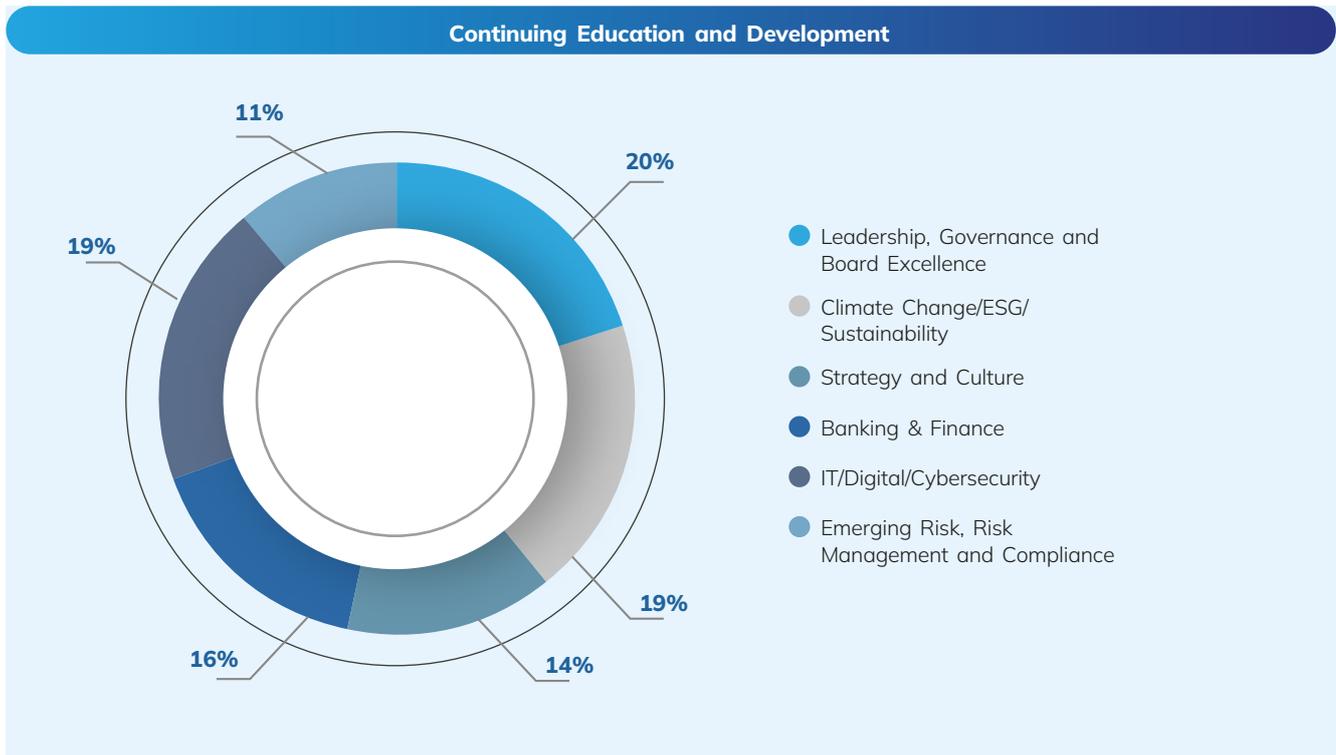
Continuing Education and Development

Directors play a critical role in guiding the strategy and operations of organisations, therefore, ongoing education and development ensures that Directors are kept up-to-date on emerging trends, best practices, and regulatory requirements.

On 6 June 2023, Bursa Malaysia announced amendments to the Listing Requirements introducing enhanced sustainability related training for Directors. Pursuant to this amendment, all Directors of listed issuers are required to complete an additional Mandatory Accreditation Programme II (MAP II), which focuses specifically on sustainability matters, in addition to the existing Mandatory Accreditation Programme I (MAP I).

All Directors appointed prior to 1 August 2023 (Effective Date) are required to complete the MAP II by 1 August 2025 and the Directors appointed after the Effective Date are required to comply with the requirement within 18 months from the date of their appointment as a Director of a listed issuer. The Board remains committed to fulfilling this requirement within the prescribed timeline as part of its ongoing commitment to strong governance and effective Board leadership.

During FY2025, all the Board members attended various training programmes relevant to areas of development as highlighted in BEE2024. The topics of the training programme attended by the Directors in 2025 are, as follows:



Details on the training programmes attended by Directors are as per Part B of the CG Report.

Induction Programme

An induction programme will be conducted to prepare new Directors into their role and to assist them in their understanding of the Group's business strategy and operations. New Directors are to attend the programme upon their appointment. The programme consists of sessions with members of the Group Management Committees, wherein new Directors will be briefed on the business operations and structure.

BOARD REMUNERATION

The Board acknowledges that MCCG 2021 emphasises that Directors' remuneration, which is well structured, clearly linked to the strategic objectives of a company, and which rewards contribution to the long-term success of the company is important in promoting business stability and growth.

In line with the above practice, ABB had in March 2022, engaged an external consultant, Willis Towers Watson Malaysia (WTW) to conduct an independent review of the Non-Executive Directors' fees of the Board and Board Committees of AFFIN Banking Entities.

In its review, WTW had adopted comparators which include public and non-public listed financial institutions. Based on the outcome of the review, WTW recommended the revision of the Directors' remuneration to be streamlined and aligned with peers in the market.

The fees review was necessary to commensurate with the Directors' heightened responsibilities, accountabilities, commitment and contribution with reference to their statutory duties, the complexity of the Group's businesses and the increased expectations from various stakeholders.

Further, the review was crucial to determine the Board's competitiveness to attract as well as retain individuals with strong credentials and high calibre to serve on the Board of AFFIN Banking Entities.

The revised fees were duly approved by the respective Boards and Annual General Meetings of AFFIN Banking Entities in April 2022 and May 2022, respectively.

Generally, the remuneration package for the Directors of the Bank comprises the following:

Directors' Fee

The Directors are entitled to Annual Directors' fees.

Board Committees' Fee

Directors who sit on Board Committees are entitled to receive Board Committee fees.

Meeting Allowances

Directors are also entitled to Meeting allowances when they attend any Board/Board Committee meetings.

GBNRC had in 2025 conducted an internal review on the existing Directors' remuneration and concluded that there are no changes to the remuneration of the Directors up to Annual General Meeting of the Bank to be held in 2027.

The Directors' fees and benefits-in-kind payable to Directors are subject to shareholders' approval at the upcoming Annual General Meeting scheduled in April 2026. The details of the Directors' remuneration are set out in the Financial Statements of this Annual Report 2025.

Senior Management Remuneration

The Bank observed the Bank Negara Malaysia (BNM) Policy Document on Corporate Governance, BNM Policy Document on Risk Governance and the Bank's risk appetite when formulating the Senior Management remuneration.

The Bank also adopts a mix compensation that is competitive to market, in the form of fixed pay and variable component which provides a balanced approach between fixed and variable components that correlates to the performance of

the Bank, Divisions and the accountability level of the individual. It also provides for reward adjustment (malus and clawback) in cases involving breaches, bad performance of the business unit or the Bank, attributable to the individual or if he/she commits serious legal, regulatory, or internal policy breaches or misconduct which are not aligned to the Bank's standard.

The Group's Remuneration Policy acts as a guiding principle in relation to the design and management of the Group's remuneration and is reviewed periodically to ensure its adequacy and mandates are carried out in accordance with the regulatory requirements.

The Group's remuneration philosophy is established to provide a competitive level of total compensation to attract and retain qualified and competent staff and is driven primarily based on performance whilst appropriately balanced with prudent risk taking across its business practices in support of the Group's strategies and its long-term vision.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

The remuneration policy is developed based on the following guiding principles:

A

SUPPORT STRATEGIC OBJECTIVES:

Remuneration and reward framework shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Bank's vision and strategy.

B

PERFORMANCE-DRIVEN REMUNERATION:

The Bank shall develop a performance-driven workforce, with remuneration driven through the Bank's Performance Management System. Rewards will be differentiated based on the performance of the Bank, the Division, the Department/Centre/Hub/Branch and the individual employee.

C

CONSEQUENCE MANAGEMENT:

To inculcate a culture of ethics, risk and compliance, employees who have been disciplined for misconduct, negligence, and/or non-compliance will have their rewards reduced, held-back, deferred, clawed-back or forfeited. Staff who are under performing shall be enrolled in the Bank's Performance Improvement Programme and their rewards forfeited.

D

INTERNAL EQUITY:

The Bank shall remunerate all staff fairly in terms of their roles within the organisation.

E

MARKET-RELATED REMUNERATION:

The Bank shall measure its remuneration practices against both local and global market through use of remuneration surveys and benchmarking with other similar institutions.

F

AFFORDABILITY AND SUSTAINABILITY:

The Bank shall ensure that remuneration is affordable and sustainable for the future growth.

G

FLEXIBILITY:

Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of employees while complying with relevant statutory requirements and other legislations.

H

TRANSPARENCY:

The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.

Leading Sustainability

Sustainability governance within the Group is anchored on accountability and transparency, ensuring that sustainability strategies are effectively implemented, monitored, and embedded into the Group's long term business direction.

The Group's sustainability strategy aims to create meaningful impacts for stakeholders and drive long term business growth. It reflects the Group's commitment to conducting business responsibly, engaging customers in an ethical manner, and investing in the long term future of the organisation and its stakeholders. Central to this is the Group's focus on reducing operational emissions, increasing sustainable financing, developing employees, contributing to communities, and upholding strong governance practices.

The Board assumes overall responsibility for the Group's sustainability direction, recognising the integration of sustainability risks and opportunities as a core fiduciary duty. In line with the philosophy of the MCCG 2021, the Board ensures that sustainability considerations are embedded into corporate strategy, governance, and decision making processes.

The Group's sustainability framework aligns business goals with its material sustainability issues, guiding how value is created for stakeholders. This framework drives sustainability performance across the organisation and strengthens the Group's commitment to long term value creation.

ESG considerations are treated as a business imperative, influencing how the Bank identifies challenges, risks, and opportunities. The Board's actions reflect a commitment to high ESG standards and to building a resilient, agile, and future ready organisation. The wellbeing of customers, employees, and other stakeholders is regarded as a critical enabler of the Group's sustained performance and success.

The Bank views sustainable development as an integral part of its business by considering both financial returns and ESG factors in its decision making. It increasingly incorporates ESG risks into financing evaluations and promotes responsible practices across operations, offering financial solutions that benefit people, businesses, society, and the environment.

The Group's sustainability strategy draws on the MMLR, Global Reporting Initiative standards, the United Nations Sustainable Development Goals, and the Group's material issues to ensure a positive impact on stakeholders.

The Board, supported by the Group Board Sustainability Committee, leads the Bank's ESG efforts. A dedicated sustainability team reports to the Group Chief Corporate Strategy & Sustainability Officer, who oversees the strategic integration of sustainability across operations.

Sustainability risk considerations have been incorporated into the performance evaluations of both the Board and Senior Management, in line with Practice 4.4 of the MCCG 2021. Directors also remain up to date on key sustainability matters through continuous training, as disclosed in the CG Report.

Further details on the Group's sustainability reporting scope, framework, and material matters are set out in the Sustainability Report for the year under review.

Code of Ethics, Conduct and Whistleblowing Policy

The Board understands that the responsibility for good corporate governance and ethics rests with them and therefore strives to follow the principles and best practices of corporate governance and adopts a "zero tolerance" approach on all forms of corruption, and bribery which is enumerated under the Bank's Anti-Bribery and Corruption Policy.

The Bank has put in place a Code of Ethics and Standard of Professional Conduct. The Code of Ethics is to ensure that staff consistently adhere to a high standard of professionalism and ethics in the conduct of business and professional

activities to serve the legitimate interest of the Bank's clients with high standards of professional and ethical behaviour.

The Standard of Professional Conduct specifies the minimum standards of conduct expected of the Bank's staff in demonstrating a high level of integrity and professionalism at all times.

All Directors and employees of the Bank are expected to exercise caution and due care in safeguarding confidential and price-sensitive information of the Bank and its business associates from being misused including for personal benefits, at all times. The Directors and Senior Management are reminded periodically of the prohibition of insider trading and the dealings in securities during closed periods in accordance with the relevant provisions of the MMLR.

The Board has also in place Whistleblowing Policy to promote whistleblowing in a positive manner that provides an avenue to escalate concerns on improper conduct and to handle such concerns appropriately, in line with the fundamental objectives of Whistleblower Protection Act 2010.

The relevant policies and code can be found at AFFIN website <https://www.affingroup.com/en/affin-bank-berhad>

Board Administration

The Board is supported by a qualified Company Secretary in discharging its functions. The Company Secretary plays an advisory role to the Board and is qualified under Section 235(2) of the Companies Act, 2016, experienced and competent in performing her duties.

The Board has direct access to the advice and services of the Company Secretary who is responsible for ensuring that all governance matters and the Board procedures are followed, and that applicable laws and regulations are complied with. The Company Secretary attends the Board, selected Board Committees' as well as Management Committee meetings which she is the appointed Secretary and is responsible for supporting the effective functioning of the Board.

Details on the roles and responsibilities of the Company Secretary is enumerated in CG Report.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

The Group has a comprehensive and effective system of risk management and internal controls to ensure that risks are adequately managed and mitigated in achieving the Group's strategic goals.

The Board recognises its responsibility for the effective governance and oversight of the Bank's risk management framework and internal controls system. Further, the Board took cognisance of its responsibility towards oversight of the Group's internal and external auditors' activities as well as the risk management function which have been delegated to the GBAC and GBRMC.

INDEPENDENCE OF EXTERNAL AUDITORS

The Group's External Auditors play an essential role to the shareholders by enhancing the reliability of the Group's financial statements and giving such reliability assurance to users of these financial statements. The GBAC manages the relationship with the External Auditors on behalf of the Board. The GBAC reviews and considers the re-appointment, remuneration and terms of engagement of the External Auditors annually.

The GBAC meets with the External Auditors regularly to discuss their audit plans and audit findings in relation to the Group's financial statements. Private sessions between the GBAC and the External Auditors were held without the presence of Management at least twice a year to discuss any other matters the external auditors may wish to highlight and to ensure that there were no restrictions in the scope and performance of their audit activities. In addition, the External Auditors are invited to attend the Annual General Meeting of the Bank and be available to answer shareholders' enquiries on the conduct of the statutory audit and preparation of their audit report.

ABB has in place a process to consider the appointment/re-appointment of External Auditors. The process requires the GBAC to assess the External Auditors' compliance with the qualification criteria including, evaluating the independence, objectivity and performance of the External Auditors. As part of its remit, the GBAC must ensure that the objectivity, independence and effectiveness of the External Auditors are maintained.

The External Auditors have confirmed their independence and that there were no circumstances and relationship that could impair their independence and that the ethical requirements have been complied with. The GBAC has also reviewed the nature and extent of non-audit services rendered by the External Auditors and ascertained that there is no conflict of interest.

The amount of non-audit fees payable to the external auditors and their associates during the financial year 2025 is set out in the Financial Statements in this Annual Report 2025.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Group recognises the importance of maintaining a sound system of internal controls and risk management practices. The Board affirms its overall responsibility for the effectiveness of the Group's risk management and internal controls framework.

In the discharge of its responsibility to effectively manage risks across the Group, determining its risk appetite and ensuring the implementation of adequate and appropriate controls, the Board reviews its risk management processes and internal control procedures to ensure a sound system of risk management and internal control to safeguard shareholders' investments and the assets of the Group.

The Group's system of internal financial control is primarily aimed at safeguarding the Group's assets, ensuring proper accounting records are kept, identifying and managing business risks and maintaining compliance with appropriate legislation and regulations.

Apart from having oversight of the Group's risk management, internal control and financial reporting, the GBRMC also ensures the required in-depth review into specific financial, operational and regulatory areas of the Group's business.

The Group's risk management and internal control systems are regularly reviewed by the Board and are consistent with Bursa Securities' guidance on Risk Management & Internal Control and related Financial and Business Reporting issued by the Malaysian Financial Reporting Council and compliant with the requirements of BNM. They have been in place for the financial year under review and are periodically reviewed and updated.

The Statement on Risk Management and Internal Control which provides an overview of the state of internal controls of the Group is set out on pages 239 to 248.

INTERNAL AUDIT FUNCTION

The Group has an internal audit function that is supported by the Group Internal Audit (GIA) Division. GIA provides independent and objective assurance of the adequacy and effectiveness of the Bank's risk management, internal controls and governance processes. To preserve the independence and objectivity of GIA, the Group Chief Internal Auditor reports functionally to the GBAC and administratively to the PGCEO.

Further details on the Audit, Risk and Compliance Committees' roles are as per the Statement on Risk Management and Internal Control on pages 239 to 248.

FINANCIAL REPORTING

For the year under review, no accounting irregularities were recorded by either the internal or external auditors.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

Ongoing engagement and communication with stakeholders are vital in fostering a healthy relationship between the Bank and its stakeholders and are critical for the sustainable growth of our business as this gives stakeholders a much better insight of the Bank and facilitates mutual understanding of each other's expectations.

As such, we have consistently maintained an open dialogue with relevant stakeholder groups such as regulatory agencies, employees, shareholders, investors, consumers and the general public, non-governmental associations and suppliers. Their views and concerns on the Bank's business, its policies on governance, the environment and social responsibility are given due consideration in our decision-making process.

The Board is committed to providing a fair, objective and meaningful assessment of the financial position and prospects of the Group in the quarterly financial results, annual financial statements, annual report and all other reports to shareholders, investors, regulatory authorities and other stakeholders.

The protection of shareholders' and stakeholders' interests both in the short and long-term is central to the way the Board operates. This has been the primary governing principle behind the Board's response to the COVID-19 pandemic. Its impact on all key stakeholders was always considered in Management's decisions. Effective engagement has been crucial in understanding the views of our stakeholders in order to make informed choices.

EFFECTIVE COMMUNICATION WITH SHAREHOLDERS

In order to promote disclosure and transparency, the Board and Senior Management are dedicated to delivering effective and open two-way communication. This would provide the Bank a platform to maintain good relationships with shareholders and stakeholders.

INVESTOR RELATIONS ENGAGEMENTS

The Bank continuously ensures that timely, complete, transparent and accurate disclosures are made to the shareholders and stakeholders in accordance with the requirements of BNM CG and MMLR. Various communication channels are used to promote effective communication between the Bank and its stakeholders which includes quarterly results announcement, analyst briefing, general meetings and issuance of Annual Report.

Presentation materials used for the investor relations engagements are available on AFFIN Group's corporate website at <https://affin.listedcompany.com/financials.html> where investors are able to engage with the Group and provide feedback through the Investor Relations team, whose contact details are available on AFFIN Group's corporate website.

GENERAL MEETINGS

Annual General Meeting ("AGM") is an important platform for the shareholders to interact with the Board and Management and have a robust discussion on the Bank's financials, non-financials as well as long-term strategies. Shareholders are

furnished with the Bank's Annual Report which include amongst others, Directors' Report, Financial Statements and operational performance of the Bank.

The AGM notice was dispatched to shareholders not less than twenty-eight (28) days before the AGM. Shareholders were given ample time to consider the resolutions that will be discussed at Annual General Meetings and are given the opportunity to raise questions or seek clarifications on the agenda items as well as other matters concerning the Bank.

The Bank continues to leverage on technology to conduct its General Meetings with assurance that it has in place the required infrastructure to support proactive interactions with shareholders and smooth broadcast of the General Meetings. The Bank has adopted Practice 13.5 of the MCCG where questions posed by shareholders were made visible to all meeting participants during the meeting itself. The Chairman, who chaired the proceedings provided fair opportunity and time to all shareholders to exercise their rights to raise questions and make recommendations.

After four (4) years of having fully virtual AGMs/EGMs, the Bank's AGM in 2024 was convened via a hybrid method (i.e. virtual and physical) which was the first hybrid AGM conducted in the history of the Bank. The said event was broadcasted live from the AGM venue with participation by shareholders, through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities provided by the Bank's appointed share registrar. In 2025, the Bank continued with the hybrid approach for its AGM, reflecting its commitment to enhancing shareholder accessibility and engagement.

Resolutions during the AGM and EGMs were arrived at via online electronic poll voting to enable all shareholders to cast their votes. The Share Registrar acted as the Poll Administrator to conduct the online electronic polling process. An Independent Scrutineer was also appointed to verify the poll results.

THE BANK'S KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board will continue with its efforts to raise the bar in terms of the Bank's corporate governance standards and instil a culture that promotes ethical conduct, transparency and sustainable value-creation, with the ultimate objective of realising long-term shareholder value.

The following matters were identified as key focus areas going forward and will be addressed and/or implemented in the next financial year and beyond:

- 1) Effective implementation of the AX28 Strategy.
- 2) Accelerate the Group's efforts in implementing ESG/Sustainability initiatives to meet stakeholders' expectations.
- 3) Continue exploring the potential of artificial intelligence (AI) and understanding how it could benefit the organization as a whole.

Apart from the above, the Board, through the respective Board Committees, has identified various key priorities as highlighted in Board and Board Committees' activities in FY2025.

Corporate Governance Overview Statement

CORPORATE GOVERNANCE PRIORITIES

The Bank has applied all recommended practices in MCCG save for Practice 8.2. The Board has reviewed the Bank's readiness to adopt the said practice and identified the following forward-looking action to achieve its corporate governance objectives:

PRACTICE 8.2 Disclosure of Remuneration of Top 5 Key Senior Management

The Board is of the opinion that such disclosure would be disadvantageous to the Bank's business interest, given the highly competitive conditions in the banking industry where poaching of executives is common.

Nevertheless, the Board wishes to give assurance that the remuneration of Directors and Senior Management commensurate with their individual performance, taking into consideration of the Bank's performance as it is benchmarked against the market. The remuneration packages of Senior Management are based on experience, expertise, skills and industry benchmark. Total remuneration of its employees is also set out in the Audited Financial Statements for financial year ended 31 December 2025 which allow shareholders to assess whether the remuneration of Directors and Senior Management commensurate with their performance taking into consideration of the Bank's performance. The Board is committed to consider disclosing the aggregate of the top 5 Senior Management's remuneration component including salary, bonus, benefits in-kinds and other emoluments.

Group Board Audit Committee Report

The Board of AFFIN Group is pleased to present the Group Board Audit Committee Report for the Financial Year ended 31 December 2025.



MR. GREGORY JEROME GERALD FERNANDES
Chairman of Group Board Audit Committee (GBAC)

Composition

The Group Board Audit Committee (GBAC) comprises only Independent Non-Executive Directors and is chaired by a Board-appointed Chairman who is distinct from the Chairman of the Board.

- ➔ Mr. Gregory Jerome Gerald Fernandes (Chairman)
- ➔ Dato' Mohd Hata Bin Robani
- ➔ Mr. Eugene Hon Kah Weng
- ➔ En. Suffian Baharuddin
- ➔ En. Dali Sardar

The composition of the GBAC complies with the listing requirements of Bursa Malaysia Securities Berhad and is aligned with the principles and best practices outlined in the Malaysian Code on Corporate Governance issued by the Securities Commission Malaysia. The committee's diverse expertise and professional calibre enable it to exercise independent, objective, and effective oversight in discharging its responsibilities.

Mandated by the Board, the GBAC is authorised to scrutinise and investigate any matters within its defined scope. It is also empowered to engage directly with auditors, regulators and other relevant stakeholders, obtain independent professional advice as appropriate, and access Management and the necessary resources to enable the effective discharge of its duties.

The full Terms of Reference of the GBAC are available on the corporate website at <https://affin.listedcompany.com/others.html>

Main Roles and Responsibilities

- To establish the framework and oversee the audit function of AFFIN Group.
- To support the Board in fulfilling its statutory and fiduciary responsibilities through the oversight of sound corporate governance, robust internal control systems, ethical standards of conduct, and compliance with all relevant regulatory and statutory requirements across the Group.
- To reinforce the independence and objectivity of the Group Internal Audit Division (GIA) in supporting the Board in the discharge of its functions.
- To ensure that the internal and external audit functions are effectively executed, and that audit recommendations are implemented in a timely and appropriate manner.

Activities of GBAC for Financial Year Ended 31 December 2025

- Reviewed and approved the GIA Annual Audit Plan for 2025 to ensure that it provided comprehensive and appropriate coverage of key risk areas, and that audit resources at all levels were sufficient to execute the plan effectively.
- Reviewed and deliberated on the audit and investigation reports presented by GIA.
- Reviewed the monthly financial results and endorsed the quarterly and year-end financial statements prepared by the Group Finance Division.
- Reviewed and deliberated on the Internal Control Healthcheck of the Bank, as presented by GIA.
- Reviewed the corrective actions taken by Management on findings from regulators, internal auditors, and external auditors.
- Provided oversight over audit matters of the Group's subsidiaries, including discussing and providing recommendations to subsidiaries' Board Audit Committees as deemed necessary on significant governance, risk management, and control issues.
- Reviewed the progress of the FY2025 Annual Audit Plan.
- Reviewed audit reports and internal control recommendations by the external auditors, including key audit matters and significant accounting issues.
- Updated the Board on audits and investigations conducted by GIA via GBAC summary reports.
- Reviewed and recommended the re-appointment and fees of external auditors.
- Reviewed and recommended the appointment of external auditors for non-audit-related services.
- Revised the GBAC Terms of Reference for Board approval.
- Reviewed the internal control processes and procedures relating to Related Party Transactions (RPT).
- Reviewed the Quality Assurance and Improvement Programme (QAIP) report to ensure conformance with IIA standards.

Group Board Audit Committee Report

MEETINGS HELD AND ATTENDED

A total of twenty (20) GBAC meetings were held during FY2025, encompassing both scheduled and special sessions, which are set out below:

Name of GBAC Member	Number of meetings held and attended during FY2025
Mr. Gregory Jerome Gerald Fernandes	20/20
Dato' Mohd Hata Bin Robani	20/20
Mr. Eugene Hon Kah Weng	20/20
En. Suffian Baharuddin	20/20
En. Dali Sardar	20/20

The Group Chief Internal Auditor (GCIA), alongside the Chief Internal Auditor (CIA) of Affin Hwang Investment Bank Berhad, and members of the AFFIN Group Audit Leadership Team attended these meetings to present internal audit and investigation reports. In addition, representatives from the audited divisions were also invited to the meetings as and when required to clarify specific topics or issues arising from the audit reports and to provide assurance that the necessary rectifications would be undertaken. Crucial issues discussed during GBAC meetings, along with the committee's recommendations and decisions, are promptly summarised and presented to the Board in the same month. This ensures that the Board is well-informed and able to take necessary actions based on the provided information.

TRAINING

During the financial year ending in 2025, GBAC members participated in various seminars and training programmes to stay updated on the latest developments in the banking industry. Details regarding the seminars and training programmes attended by GBAC members are outlined in Section A of the Corporate Governance Report.

INTERNAL AUDIT	
<ul style="list-style-type: none"> a) Reviewed and approved the 2025 GIA Annual Audit Plan (AAP) to ensure comprehensive scope and coverage of critical risk areas, based on GIA's risk assessment methodology. b) Deliberated on and approved revisions to GIA's AAP during the year, in alignment with the dynamic risk profiles of the respective auditable areas/functions, due to the dynamic changes in the business, operations and regulatory environment. c) Deliberated on and approved the FY2025 Key Performance Indicators (KPIs) for the GCIA, taking into consideration their relevance and importance for the year. d) Reviewed, monitored, and assessed the overall performance of GIA, including progress against the approved annual audit plan and other key audit activities. e) Reviewed and deliberated on significant internal control issues (including fraud) identified by GIA, as well as Management's responses to audit recommendations and implementation of agreed action plans. f) Deliberated the audit and internal investigation reports, as well as the action plans implemented by Management to remediate or enhance oversight mechanism thereby strengthening the internal control system. g) Reviewed and monitored the corrective actions undertaken by Management to rectify deficiencies identified by GIA, regulatory authorities, as well as external auditors, to ensure 	<ul style="list-style-type: none"> that all gaps highlighted were adequately resolved in a timely manner; h) Reviewed and approved Management's requests for extensions to the audit-finding rectification timelines, taking into consideration the justifications provided. i) Reviewed interim GIA Dashboard outlining the audit progress as per approved AAP FY2025; j) Exercised oversight over audit matters of the Group's subsidiaries, discussing and providing recommendations to those subsidiaries' Board Audit Committees as and when deemed necessary on matters of significant governance, risk management, and controls issues; k) Conducted three (3) joint meetings with Group Board Risk Management Committee ("GBRMC") to deliberate on the overall Group's risk and control environment. l) Reviewed and recommended to the Board for approval the revised Group Board Audit Committee Terms of Reference; m) Evaluated the adequacy and efficiency of GIA's resources and the collective competencies of its staff to ensure effective deployment for executing the audit plan. n) Deliberated on the results of the Internal Quality Assurance and Improvement Programme (QAIP) to ensure GIA's continuous conformance with the IIA standards.

FINANCIAL RESULTS & REPORTING

- a) Reviewed the quarterly and interim unaudited financial results, as well as the annual audited financial statements of the Bank and the Group, to ascertain that they were prepared in accordance with the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS), and the requirements of the Companies Act 2016, prior to recommending them to the Board for approval.
- b) In reviewing the financial result and financial statements of the Group, the GBAC discussed and made enquiries among others on:
- Material changes in accounting policies, the adoption of new or revised accounting standards, and their impact on the financial statements;
 - Significant accounting and audit matters highlighted, including financial reporting, credit, treasury, taxation and impairment-related matters; summaries of corrected and uncorrected misstatements; significant judgements made by Management; significant and unusual events or transactions; and the manner in which these matters were addressed and resolved; and
 - Compliance with accounting standards and other legal requirements.

EXTERNAL AUDIT

- a) Reviewed with the external auditors:
- The 2025 audit plan, covering significant risk areas and activities of AFFIN Group, in ensuring alignment with evolving laws and regulations. The audit plan comprised the detailed terms of the external auditors' responsibilities and affirmation of their independence as external auditors, outlines the audit strategy and engagement team, details the risk assessment process, and specifies the key areas of audit emphasis for the financial year.
 - The result of audits, significant audit and accounting matters observed including those pertaining to emerging external events and business development.
- b) Conducted two (2) meetings with the External Auditors to discuss financial review and audit results. Additionally, the GBAC held two (2) private sessions with the External Auditors in January and August 2025, without Senior Management and the GClA present, to allow the auditors to raise any concerns, ensure unrestricted audit activities, and gather feedback for improvements.
- c) The GBAC was briefed by the External Auditors on the key audit matters outlined in their Independent Auditors' Report for the financial year ending 31 December 2025. Overall, the GBAC is satisfied that based on the audit procedures performed by the External Auditors, no material exceptions were noted on these key audit matters.
- d) Assessed and confirmed the independence, performance, and effectiveness of the External Auditors in accordance with the criteria set out in BNM's Policy Document on External Auditors. The GBAC recommended to the Board their appointment or reappointment, including any auditor rotation where applicable, after considering, among others, the following:
- Independence, Objectivity, Familiarity Threats and Professional Scepticism;
 - Ability to demonstrate an unbiased stance when interpreting the standards/policies adopted by the licensed institutions;
 - Qualification criteria;
 - Level of knowledge, capabilities, experience and quality of previous work;
 - Level of engagement with the Board and GBAC;
 - Ability to provide constructive observations, implications and recommendations in areas which require improvements;
 - Appropriateness of audit approach, adequacy of resources and the effectiveness of overall audit planning; and
 - Ability to perform the audit work within the agreed duration given.

Group Board Audit Committee Report

RELATED PARTY TRANSACTIONS

- a) The GBAC conducted quarterly reviews to assess the adequacy of internal control processes and procedures for identifying, monitoring, and reporting related party transactions (RPTs) and recurrent related party transactions (RRPTs), ensuring that such transactions are undertaken in a fair and reasonable manner and in the best interest of the Bank.
- b) The Bank has established processes and procedures to ensure that RPTs and RRPTs are conducted fairly, in line with standard business practices, and on terms no more favourable than those available to the general public, where applicable.

CONFLICT OF INTEREST

- a) The GBAC reviewed COI matters in accordance with paragraph 15.12(1)(h) of the Bursa Malaysia Main Market Listing Requirements and the applicable COI Guidance. The Group's COI framework and policy govern the processes for identifying, assessing, managing, monitoring, and reporting COI, and set out the responsibilities of relevant parties.
- b) During the year, the GBAC reviewed COI declared by the Directors or identified by Group Legal Officer & Company Secretary.
- c) The GBAC evaluated whether the Directors had any vested interests in the business partners or were in a position to influence decisions in a manner that could result in personal benefit.
- d) The GBAC relies on the following mitigation measures to address and resolve COI matters within the Bank:
 - Requires Directors to promptly disclose any COI upon becoming aware of the relevant circumstances.
 - Directs Directors with a COI to abstain from and recuse themselves from all related deliberations and decision-making.
 - Conducts an annual assessment of Directors' independence through the evaluation by the Board.

NON-AUDIT SERVICES

- a) Reviewed and recommended to the Board for approval non-audit services rendered by the External Auditors and the fees involved.
- b) The Group has an internal policy for the appointment of the Group's External Auditor to provide non-audit services where the criteria and threshold has been set for such fees, to maintain the independence and objectivity of the External Auditors.

OTHERS

- a) Reviewed the Statement on Risk Management and Internal Control for inclusion in the FY2025 Annual Report before recommending to the Board for approval.
- b) Reviewed the Group Board Audit Committee Report for inclusion in the FY2025 Annual Report.

INTERNAL AUDIT FUNCTION

Group Internal Audit (GIA) continued to advance its transformation into a future-proof internal audit function by embracing innovation and leading-edge practices. Promoting continuous learning and development, GIA closely collaborates with Group Risk and Group Compliance to build a more robust and resilient future for the Bank.

Driving Audit Transformation with Generative Artificial Intelligence (AI)

- Applied Generative AI. i.e. Copilot strengthens audit capability by accelerating analysis, elevating documentation quality, and enabling faster, more insightful reporting.

Internal Control Healthcheck (ICH)

- The ICH provided a holistic overview of the Group's internal controls environment based on the audits conducted during the year.
- The ICH dashboard provides clear year-on-year trend visibility, highlights key control areas and underlying root causes requiring attention, and supports informed decision-making.

Fostering Collaboration Across Boundaries

- Recognising the importance of a robust risk control culture, GIA, as the third line of defense, proactively collaborates with the first and second lines of defence promoting enterprise-wide awareness of risk control practices. This collaboration is demonstrated through:
 - Continuing the Guest Auditor Program ("GAP"), which aims to enhance internal controls awareness and reinforce a strong risk control culture across the Bank;
 - Joint reviews with Group Compliance Division (GCD).

ORGANISATIONAL INDEPENDENCE

The GIA function of AFFIN BANK was established by the Board to provide independent and objective assurance of the adequacy and operating effectiveness of the governance, risk management, and internal control processes implemented by Management. GIA reports functionally to the GBAC and administratively to the PGCEO.

Operating independently from the activities it audits and the day-to-day internal control processes, the GIA function maintains the requisite independence and objectivity as outlined in the Board-approved Audit Charter.

GIA is led by Puan Wahdania Mohd Khir, a Chartered Banker and holder of a Master of Science in Quantitative Finance from the University of Westminster, London. She is a member of the Financial Markets Association Malaysia and, in January 2026, assumed the role of Chairman of the Asian Institute of Chartered Bankers (AICB) Chief Internal Auditors Networking Group (CIANG). Puan Wahdania brings about 30-years of extensive experience in the financial services industry, including roles within a market operator and frontline market regulator, Bursa Malaysia. Her career also includes senior leadership positions such as Head of Global Market & Treasury Operations Compliance and Senior Director of Group Audit at a major financial institution. Her breadth of expertise and leadership continues to strengthen the effectiveness, independence, and professional standing of the GIA function.

RESPONSIBILITIES

- The primary responsibility of the GIA is to assist the GBAC by independently reviewing and assessing the adequacy and effectiveness of the Group's risk management, internal controls, and governance processes, ensuring they operate efficiently, effectively, and in accordance with regulatory requirements.
- GIA's processes and activities are carried out in accordance with the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) and the applicable regulatory standards governing internal audit functions.
- GIA applies the five (5) components of the Internal Control-Integrated Framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In addition, GIA incorporates the Control Objectives for Information and Related Technologies (COBIT) framework in its Information Technology (IT) audits.
- Determines and prioritises its audit coverage through a systematic and regular risk assessment of key business and support units across the Group. Audited areas encompass, among others, retail and non-retail banking, Islamic banking, treasury-related functions, investment banking, IT infrastructure and operations, as well as specific focus areas such as AML/CFT, anti-bribery and corruption, stress testing, ESG, cybersecurity, and business continuity management.

- Undertakes investigations into suspected fraudulent activities, staff misconduct, whistleblowing cases, and other reportable matters as and when required, and recommends appropriate enhancements to the internal control system to prevent recurrence.
- Closely monitors the rectification of audit findings and the implementation status of audit recommendations via the Pentana Audit Management System, ensuring that all major risk and control concerns are duly addressed. GIA regularly apprises the GBAC of all significant audit issues until they are satisfactorily resolved.
- Works closely with the external auditors and regulators to ensure that significant issues identified by them are duly addressed and resolved on a timely basis.

RESOURCES

- The overall costs incurred for maintaining internal audit function in the Group FY2025 were approximately RM12.1 million, comprising mainly salaries, staff training and development, information technology costs and other audit related operating costs.
- As at 31 December 2025, GIA's total headcount comprised 59 qualified internal auditors, with diverse professional backgrounds and disciplines, including credit, information technology, risk management, Islamic banking, fraud and investigation, treasury, finance and accounting, law, investment banking, mathematics, ESG, stockbroking, anthropology, actuarial science, and construction.
- GIA is committed to continuous professional development by promoting accessible and flexible learning opportunities that broaden and deepen employees' skill sets. This commitment is supported through regular competency-building initiatives, including structured on-the-job training and participation in external programmes offered by accredited institutions. GIA encourages its auditors to pursue relevant professional certifications such as Chartered Banker (CB), Bank Audit Practices (BKA), Certified Information Systems Auditor (CISA), Chartered/Certified Accountant qualifications (e.g., ACCA, CPA, MICPA), Certified Credit Professional (CCP), Certified Professional Shariah Auditor (CPSA), Persatuan Pasaran Kewangan Malaysia Certification (PPKM), as well as other qualifications related to risk management and ESG.

Group Board Audit Committee Report

SUMMARY OF GROUP INTERNAL AUDIT ACTIVITIES UNDERTAKEN IN FY2025

- a) GIA continues to champion a strong risk control culture across all levels of the Bank, working closely with the first and second lines to promote enterprise-wide awareness of risk control practices through its GRC collaboration initiatives.
- b) Conducted joint reviews with the GCD for identified audits, combining expertise and perspectives from GIA and GCD, for a more holistic evaluation of the Bank's risk control environment.
- c) Presented the Internal Control Healthcheck Reports to the GBAC and Group Management Committee (GMC) providing a comprehensive review of the internal control status based on the audits conducted throughout FY2025. The report highlighted areas with identified improvements and outlined contributing factors to areas requiring attention.
- d) Through the Guest Auditor Program (GAP), staff from Community Banking (i.e., Business Compliance, Credit & Auto Finance Processing) and representatives from Affin Hwang Investment Bank Berhad (i.e., credit evaluation and credit management) participated in initiatives to strengthen internal controls awareness and reinforce a strong risk control culture across the Bank.
- e) Collaborated with GCD during Compliance Awareness Week to strengthen Bank wide compliance awareness through focused guidance and coordinated engagement initiatives.
- f) Continued to utilise data analytics across the broader spectrum within the Bank to facilitate the implementation of continuous auditing practice, data analytics projects and sharing the outcomes with the divisions/ departments to enhance monitoring activities.
- g) Engaged with key stakeholders and business heads to have better insight and feedback on AAP FY2026. These sessions served as a platform for transparent communication and collaborative exchange of ideas and perspectives contributing to the refinement of the overall audit plan.
- h) Monitored and reported the progress of action plans undertaken by the Management to address audit findings identified by the GIA.

Shariah Committee Report

In the name of Allah, the Most Beneficent, the Most Merciful

Praise be to Allah, the Lord of the Worlds, and peace and blessings upon our Prophet Muhammad and on his scion and Companions

'Assalamualaikum warahmatullahi wabarakatuh'

Associate Professor Dr. Kamaruzaman Bin Noordin
Chairman of Shariah Committee



Introduction

In compliance with the Policy Document of Shariah Governance, Financial Reporting for Islamic Banking Institutions, and other relevant guidelines issued by Bank Negara Malaysia, we affirm the following report:

We, the members of the Shariah Committee of Affin Islamic Bank Berhad ('the Bank'), do hereby confirm that we have thoroughly reviewed the principles and the contracts related to the transactions and applications offered by the Bank during the financial period ended 31st December 2025. Our review is aimed to form an opinion as to whether the Bank has complied with the Shariah principles and rulings issued by the Shariah Advisory Council of Bank Negara Malaysia, relevant resolutions and rulings made by the Shariah Advisory Councils of Securities Commission Malaysia, as well as the Shariah rulings and decisions made by us.

Management's Responsibility

The Management is responsible to ensure that the Bank conducts its operations, business, affairs, and activities in accordance with the Shariah principles. We have provided Shariah advisory services across various aspects of the Bank's operations. This ensures compliance with the applicable Shariah principles as well as the resolutions and rulings issued by the Shariah Advisory Councils of the regulatory bodies and the Bank's Shariah Committee.

Shariah Review and Shariah Audit

We have assessed the work carried out by the Shariah Review and Shariah Audit which includes examining, on a sample testing basis, each type of transaction, the relevant documentation and procedures adopted by the Bank. It is our responsibility to form an independent opinion based on the review work carried out by the Shariah Review and Shariah Audit of the Bank and provide our report.

We planned and performed our review to obtain all information and explanations which we considered necessary to obtain sufficient evidence in order to give reasonable assurance that the Bank has not violated any Shariah principles.

Engagement Sessions for Board of Directors and Shariah Committee

As part of the initiative to strengthen the good governance and oversight function over Shariah matters, two (2) interactive

engagement sessions were held with Affin Islamic Bank Berhad's Board of Directors and Senior Management. The engagement sessions were the avenues for effective discussion on, among others, the Bank's strategic direction, understanding key Shariah Committee resolutions, and issues in operationalising Shariah Committee resolutions.

Training of the Shariah Committee

The Shariah Committee Members have attended and participated in various conferences and seminars, among others, the 19th Muzakarah Cendekiawan Syariah Nusantara 2025, 21st Kuala Lumpur Islamic Finance Forum 2025 and 21st International Shariah Scholars Forum 2025. Specifically for Islamic Social Finance, the Shariah Committee also attended the World Zakat Waqf Forum 2025: 14th Annual Meeting & International Conference; and 4th Kedah International Zakat Conference 2025.

The Shariah Committee Members have enrolled in the Certified Shariah Advisors (CSA) programme offered by the Association of Shariah Advisors in Islamic Finance (ASAS). As of 31st December 2025, three (3) of the Bank's Shariah Committee Members have completed the certification and the remaining Members are in the process of completing the programme.

Key Shariah/Islamic Finance Trainings Attended by Staff

The Bank is dedicated to improving Shariah knowledge and skills within the organisation by providing awareness and training programmes. The Bank has enrolled employees from both the Bank and staff of AFFIN BANK in relevant certification programmes, such as the Associate Qualification in Islamic Finance ('AQIF'), Intermediate Qualification in Islamic Finance ('IQIF'), Certified Qualification in Islamic Finance ('CQIF'), Certified Shariah Advisor/Practitioner ('CSA/CSP'), Certified Professional Shariah Auditor ('CPSA'), and Islamic Professional Credit Certification ('IPCC'), amongst others. Staff from relevant departments including from AFFIN BANK are also required to attend Product and Shariah Refresher trainings to

Shariah Committee Report

equip themselves with sufficient Islamic products and Shariah knowledge. Additionally, all staff within the Bank and the staff of AFFIN BANK have participated in e-learning and assessments on the Fundamentals of Islamic Banking.

The Bank had also organised training sessions led by representatives from the Shariah Committee Members through the Shariah Insight Series conducted twice a year, providing valuable insights and enhancing the understanding of Shariah principles among the participating staff.

Zakat and Charity Fund

The calculation of zakat is based on 2.5775% of the prior year's Profit and Loss method. The calculation of zakat was disclosed to us and is in accordance with the Shariah rules and principles. The zakat fund is distributed through various channels i.e., States Zakat Authorities, non-governmental organizations, and individuals under selected asnaf categories such as poor and needy.

We have performed an oversight function over the Management and distribution of the Bank's Charity Funds. The sources of these funds are inclusive of contributions from the realized profits by the depositors sourced from Affin Barakah Charity Account-i, a portion of the Bank's income derived from Affin Islamic Credit Card-i and tainted income. The Charity Funds are allocated to eligible beneficiaries, including asnaf zakat, baitulmal as well as charitable societies, organisations and institutions.

We are of the opinion that:

1. Bank's overall operations, business, affairs, and activities which we have reviewed during the financial year ended 31 December 2025 are in compliance with the Shariah principles except for the mentioned Shariah Non-Compliance event below.
2. The allocation of profit and incurrence of losses relating to investment accounts conform to the basis that we have approved in accordance with Shariah principles.
3. No earnings and purification of income were realised from sources or means prohibited by Shariah except for Shariah Non-Compliance (SNC) event disclosed thereafter.
4. It has come to our attention that one (1) Shariah Non-Compliance ('SNC') event had been reported within the Bank and has been rectified. Details of the SNC event is as follows:
 - a) Event: Utilisation of Ijarah Trade Financing-i (Purchase) Facility for SNC activity.

The Bank has purified RM1,451.05 as part of the purification of income.

Apart from the purification of income from the SNC event, the Bank has implemented several rectification measures to enhance internal processes and procedures. These improvements aim to strengthen control mechanisms and prevent the recurrence of SNC incidents.

During the financial year ended 31st December 2025, a total of 16 meetings were held where all Shariah Committee Members had satisfied the minimum of 75% attendance requirement under BNM Shariah Governance Policy Document. The Shariah Committee comprises of the following esteemed members, with their respective attendance records for the financial year as follows:

Members	Total Meetings Attended
Associate Professor. Dr. Kamaruzaman bin Noordin <i>Chairman</i>	16/16
Professor Dr. Asmak binti Ab Rahman <i>Member</i>	16/16
En. Lokmanulhakim bin Hussain <i>Member</i>	16/16
En. Mohamad Salihin bin Deris <i>Member</i>	16/16
En. Ahmad Husni bin Dato' Abd Rahman <i>Member</i>	16/16
Dr. Azmir Azri bin Dato' Ahmad <i>Member (w.e.f. 1st April 2025)</i>	13/13
Dr. Nor Fahimah binti Mohd Razif <i>Member (completed tenure w.e.f. 31st March 2025)</i>	3/3

We, the members of the Shariah Committee of Affin Islamic Bank Berhad, hereby confirm, to the best of our knowledge based on the information provided and disclosed to us, that the operations, business, affairs and activities of the Bank for the financial year ended 31st December 2025 have been conducted in conformity with Shariah principles.

On behalf of the Shariah Committee:

Chairman of the Shariah Committee:

Associate Professor Dr. Kamaruzaman bin Noordin

Member:

En. Lokmanulhakim bin Hussain

Kuala Lumpur, Malaysia

Statement on Risk Management and Internal Control

The Board is pleased to present the Statement on Risk Management and Internal Control in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Principle B of the Malaysian Code on Corporate Governance 2021, guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The Board remains committed to continuous improvement in line with evolving regulatory expectations, including the enhancements introduced under the SORMIC Guidelines 2025.

Details of the Group's key risks are disclosed on pages 100 to 199 of the Management Discussion and Analysis section of this Annual Report.

BOARD'S RESPONSIBILITY AND OVERSIGHT

The Board affirms its responsibility in promoting good corporate governance and oversight in ensuring that the Bank and its subsidiaries ("the Group") maintain a sound system of risk management and internal controls to manage the Group's relevant and material risks within its risk appetite in the Group's pursuit of its strategies and business objectives. For this purpose, the Board has ensured the establishment of key processes for reviewing the effectiveness, adequacy and integrity of the Group's risk management and system of internal controls. These provide reasonable assurance against the occurrence of any material misstatement, loss or fraud. In addition, regular testing on the adequacy, effectiveness, efficiency and integrity of the internal control systems and processes is conducted to ensure its viability and robustness.

The process for assessing the adequacy and effectiveness of the risk management and internal control system is regularly reviewed by the Board, with the assistance of the Group Board Risk Management Committee (GBRMC), Group Board Compliance Committee (GBCC) and Group Board Audit Committee (GBAC) whose responsibilities have been extended to include the role of oversight of financial reporting, disclosures, internal controls, compliance and risk management strategies, policies and other risk related matters. Regular meetings are held with the GBRMC, GBCC and GBAC to discuss matters related to the system of internal controls which cover inter alia financial, operational, compliance controls and risk management procedures.

The Board is of the view that the risk management and system of internal controls instituted by the Group's operating units for the year under review and up to the date of annual report is sound and sufficient to safeguard shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

MANAGEMENT RESPONSIBILITY

Management is responsible for the overall implementation of the Group's policies and procedures in ensuring that the day-to-day management of the Group's activities is consistent with the Board-approved risk strategy, risk appetite and policies, as well as the effectiveness of the internal controls system to mitigate, manage and monitor risks. Regular senior management meetings are held to review, identify, discuss and resolve strategic, operational, financial and key management issues/key risks. Comprehensive management reports and updates are made available to the Board on various frequencies, to keep the Board informed on any changes to risks or emerging risks and mitigating actions taken.

KEY RISK MANAGEMENT AND SYSTEM OF INTERNAL CONTROLS

Risk Management

The Group Risk Management Division ("GRM") was established to provide oversight of risk management on an enterprise-wide level. The roles and responsibilities of GRM encompass the following:

- Define strategies, policies, limits and guidelines in line with risk appetite and regulatory requirements
- Dynamically measure and monitor the risk profile
- Monitor and identify actual and potential breaches of the risk appetite
- Identify and assess emerging risks, undertake thematic reviews and provide forward-looking risk insights to mitigate potential risks
- Build, develop and monitor performance of risk models and tools
- Conduct validation and back testing of risk models and tools
- Track corrective actions to remediate risk issues
- Provide risk advisory role
- Risk reporting and portfolio analytics

Statement on Risk Management and Internal Control

Group Risk Management Framework (GRMF)

The risk management approach of the Group is underpinned by a sound and robust GRMF which is periodically enhanced to remain relevant and resilient in ensuring the effective management of risks.

The GRMF is supported by the following pillars:

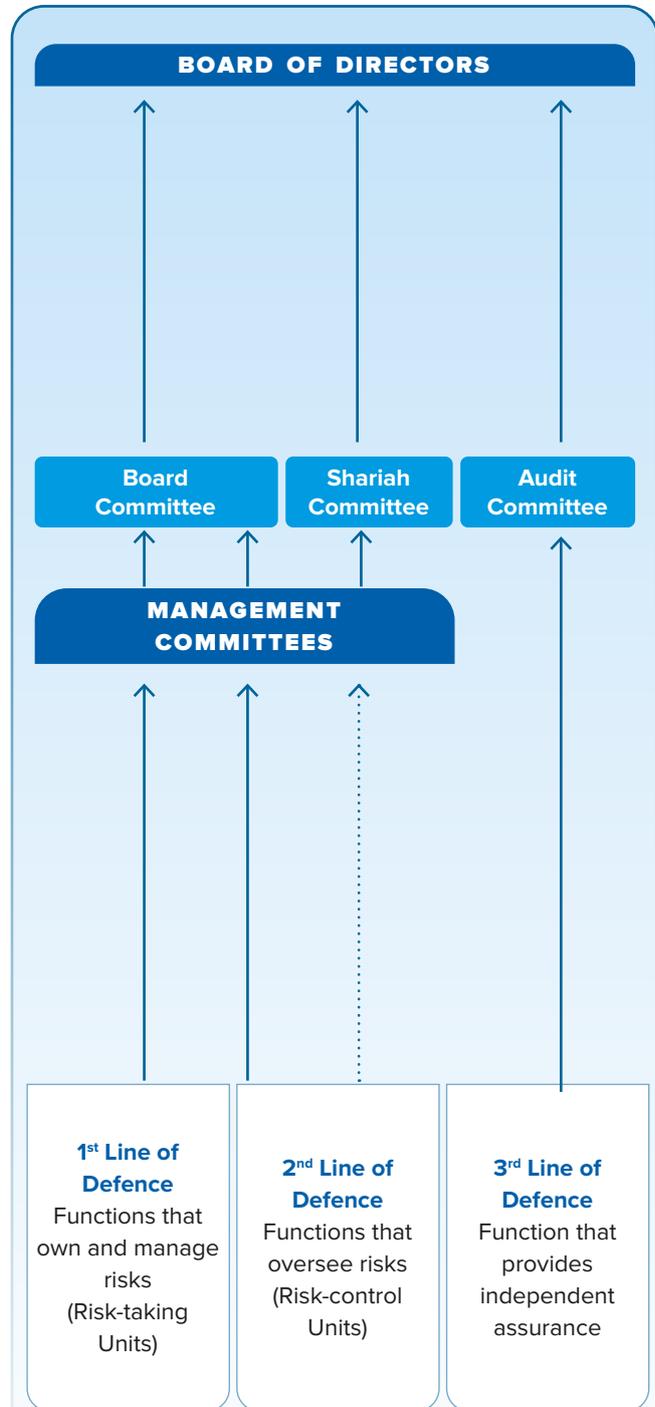


▶ Risk Governance

Risk governance is the element through which the Board and Management establish the Group’s strategy, articulate and monitor adherence to risk appetite and risk limits, as well as identify, measure and manage risks. The Group adopts the 13 Principles of Risk Governance as prescribed by Bank Negara Malaysia (BNM) to promote sound governance for the assessment and management of risks. The governance of risk is further supported by the Three Lines of Defence (3-LOD) model which outlines the functional segregation and key roles and responsibilities of the independent oversight functions as well as the business and support units within the organisation.

The 3-LOD model demonstrates the relationship of the stakeholders in risk-taking activities to promote effective risk management control, assurance and governance at all levels of the organisation. The relevant parties involved in the 3-LOD for risk management consist of the business and support units as the first line of defence, risk management and compliance functions as the second line of defence and internal audit, as the third line of defence.

The operationalisation of the 3-LOD model is illustrated below:



Note:
The dotted blue line (arrow) refers to indirect reporting to Management Committees.

▶ Risk Appetite

Risk Appetite demonstrates the risk-bearing capacity the Group and its subsidiaries are prepared to undertake and sustain whilst pursuing business objectives and strategic goals, which takes into consideration the potential adverse scenarios impacting the execution of its business plans.

It is established based on strategic directions set by the Board, combining a top-down view of the Group’s capacity to take risks with a bottom-up view of the business risk profile associated with each business unit’s short- and longer-term plans as well as taking into consideration other key risk areas.

The Group’s strategic goals are aligned with the Risk Appetite through the Risk Appetite Framework (RAF); an integrated framework encompassing the components of setting the Risk Appetite Statement (RAS) periodically for each subsidiary.

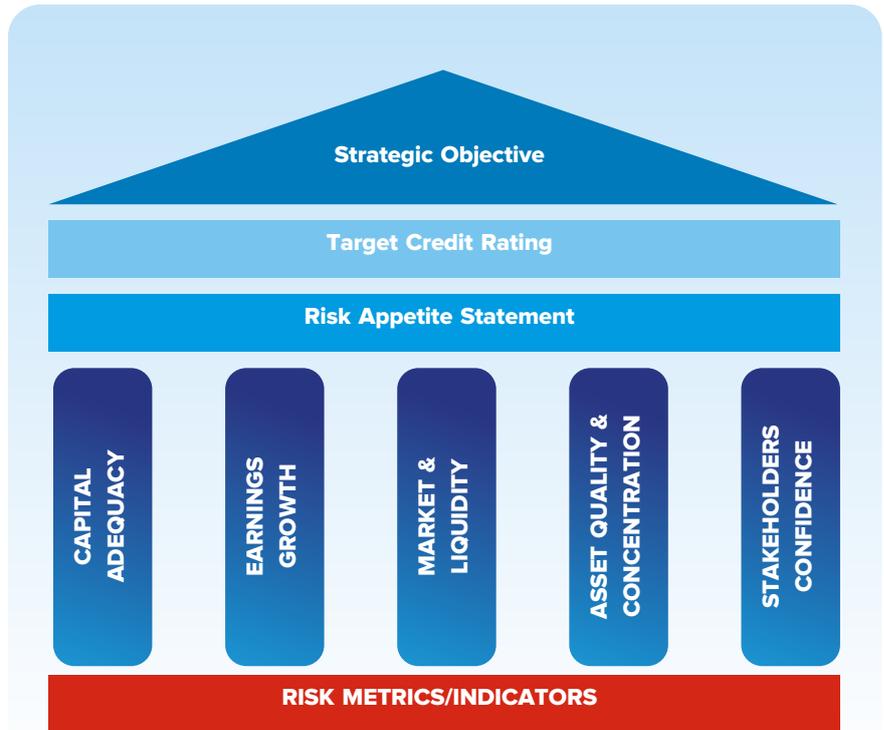
▶ Risk Culture

Risk Culture stems from the values, beliefs, knowledge and understanding of risk shared by the employees within the Group. Effective implementation of the GRMF is grounded on a robust and healthy Risk Culture, achieved through components of Tone from the Top, accountability, effective communication and financial/non-financial incentives.

▶ Risk Management Policy

The Risk Management Policy is a statement of the Group’s overall intentions and approach with respect to certain areas of risk management. Risk Management Policies should clearly state the objectives for and commitment to risk management.

There are five pillars guiding the development of the RAS, grouped according to the risk types as well as qualitative and/or quantitative impact as follows:



The GRMF is supported by several Risk Management Policies which address the respective risk areas in further detail. At a minimum, these policies would entail:

- The rationale for managing the risk areas
- Links between the Group’s objectives and the Risk Management Policy
- Accountabilities and responsibilities for managing risks
- Commitment to make the necessary resources available to assist those accountable and responsible for managing risks
- The way in which risk management performance will be measured and reported
- Commitment to review and improve the Risk Management Policy periodically and in response to an event or regulatory changes

Adherence to Risk Management Policies is always mandatory. Any deviations or exceptions are required to be escalated to the appropriate approving authorities in support of good governance.

▶ Risk Management Organisation

Risk Management Organisation indicates that the appropriate structure is in place to support risk management and risk ownership at all levels of the Group. The effectiveness of a Risk Management Organisation stems from the implementation of all elements within the GRMF.

Statement on Risk Management and Internal Control

TECHNOLOGY RISK MANAGEMENT FRAMEWORK (TRMF)

The TRMF sets out the Group's expectations in managing technology risks and building technology resilience by providing a framework to ensure the confidentiality, integrity and availability of the Group's information infrastructure and the underlying data. The TRMF covers the control objectives and minimum standards to guide the Group's Technology department, third-party service providers and other technology-related services/functions/departments in managing the technology and cyber risks involved in daily operations. It is imperative that employees at all levels understand their roles and responsibilities in managing technology and cyber risks to minimise disruptions to critical business operations. As the second line of defence, the Group Technology Risk Management Department will provide oversight and risk monitoring on critical technology projects and ensure critical issues that may have an impact on the Group's risk tolerance are adequately deliberated or escalated in a timely manner; and provide independent views to the board and senior management on third party risk as per criticality.

GROUP COMPLIANCE FRAMEWORK

The Group Compliance Framework provides the overarching structure for the Group's management and mitigation of compliance risk, including emerging risks. In line with good governance, the Compliance function reports independently to the Board and functionally to the GBCC. The Framework covers key compliance tools, including controls for escalation and reporting of non-compliances, compliance reviews, and the Integrity and Governance Unit ("IGU")'s review plans on anti-corruption measures. This Framework is regularly reviewed and enhanced to align with dynamic regulatory and industry developments as well as supervisory expectations.

a) Policies and Procedures

Policies and Procedures are reviewed on a periodic basis or as and when required to reflect changes in applicable legal/ regulatory requirements and business practices.

b) Compliance Culture

In line with the Group's risk culture, the compliance culture is driven with a strong tone from the top, complemented by clear accountabilities, and effective communication, to embed expected values and principles of conduct that shape the conduct and culture of employees at all levels of business and activities across the Group.

c) Compliance Programme

The Compliance Programme consists of planned activities which include conduct of compliance risk assessments (including for regulatory and AML/CFT areas), corruption risk assessment; and execution of regulatory gap analyses, compliance self-assessments, compliance review plan, the Integrity and Governance Unit ("IGU")'s review plans on anti-corruption measures; and implementation of relevant compliance policies. This programme is regularly reviewed and improved to incorporate regulatory and industry changes as well as regulatory expectations.

d) Compliance Risk Management

Compliance Risk Management methodology and tools are established to facilitate, support and monitor the effectiveness of the identification and assessment of compliance risk associated with operations as well as requirements by regulators whilst corruption risk assessment identifies business areas and employees having potential exposures to bribery and corruption.

e) Compliance Awareness

Scheduled compliance trainings, e-learning, communication and assessments are regularly conducted to continuously enhance compliance risk culture and awareness amongst the staff, Management and Board

SHARIAH GOVERNANCE POLICY (SGP)

The SGP among others outlines the guiding principle to ensure that the planning, development and implementation of the Affin Islamic Bank Berhad's products, services and conducts of business are in accordance with the Shariah principles. The SGP clearly defines the roles and responsibilities of the Board of Directors, Shariah Committee, the Management, Shariah Department and Shariah control functions in alignment with BNM's Shariah Governance Policy Document.

The Shariah Committee of Affin Islamic Bank Berhad has the responsibility to provide objective and sound advice to ensure that its aims and operations, business, affairs and activities of Affin Islamic Bank Berhad and Islamic banking business of Affin Bank Berhad are in compliance with Shariah rulings and principles.

The implementation of the SGP is supported through the following Shariah Functions:

1

Shariah Research

Shariah Research function is carried out by officers who possess Shariah qualifications, mainly facilitating the product development process and conducting in-depth research on highlighted Shariah issues.

2

Shariah Secretariat

Shariah Secretariat serves as the secretariat to the Shariah Committee and amongst others is responsible for coordinating Shariah Committee meetings and ensuring efficient dissemination of Shariah Committee resolutions.

3

Shariah Advisory

Shariah Advisory function serves as an internal advisor on all Shariah related matters arising from operations, products, documentation, and systems. This function is responsible for providing day-to-day advice to relevant parties within the Bank on Shariah matters based on the rulings of the Shariah Advisory Council (SAC) of BNM, SAC of Securities Commission, and decisions or advice of the Shariah Committee. This function is undertaken by officers who possess Shariah qualifications.

4

Shariah Review

Shariah Review is conducted by qualified Shariah officers as a critical component of the Bank's compliance function. This function encompasses regular assessment on Shariah compliance in the operations, business, affairs and activities of Affin Islamic Bank Berhad and the Islamic banking business of Affin Bank Berhad. It includes identifying, assessing and monitoring the compliance of the business operations and activities with Shariah requirements. Any findings related to Shariah Non-Compliance ("SNC") risks are reported to the Shariah Committee and the Group Board Compliance Committee.

5

Shariah Risk Management

Shariah Risk Management ("SRM") is a function that systematically identifies, measures, assesses, monitors and reports SNC risk in the operations, business, affairs and activities of the Bank. The SNC risks refers to the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which the Bank may suffer arising from failure to comply with the rulings of the Shariah Advisory Council ("SAC") of BNM, Shariah standards issued by BNM pursuant to section 29 (1) of the Islamic Financial Services Act (IFSA) or resolutions of the Shariah Committee. The SNC risks are reported to the Shariah Committee and the Group Board Risk Management Committee.

6

Islamic Banking Audit

The Group Internal Audit Division provides an independent assessment on the adequacy of the effectiveness of the internal control systems. This division evaluates the overall compliance of the Islamic banking business operations, business affairs and activities with Shariah rulings and principles. Observations or findings related to Islamic banking business risks are reported to the Shariah Committee and the Group Board Audit Committee.

INTERNAL CONTROLS SYSTEM

The Board has established an internal control system with key elements designed to provide effective governance and oversight of internal controls, including:

- **Group Organisation Structure**

The Board and Senior Management have instituted a comprehensive internal control framework with clearly delineated responsibilities, authority limits and accountabilities that are aligned with the Group's strategic, business and operational requirements. This

framework governs Management's conduct of day to day risk taking activities including credit and treasury operations, as well as the acquisition and disposal of assets thereby ensuring disciplined oversight and reinforcing a sound and effective control environment across the Bank.

Statement on Risk Management and Internal Control

• Annual Business Plan and Budget

The Board provides strategic leadership to the Bank through the approval of the annual business plan and budget. Performance against approved targets is monitored on a monthly basis, enabling timely evaluation and the implementation of appropriate corrective actions where necessary. To support effective oversight of the Group's strategic and business priorities, various Management Committees have been established with clearly defined mandates and reporting responsibilities.

The Board also reviews periodic reports from Senior Management covering key operational metrics, legal and regulatory matters, and other significant developments affecting the organisation. In addition, all proposed policy changes are reviewed and deliberated by the Board prior to approval, ensuring that decisions are made with due diligence and in alignment with the Bank's strategic objectives.

• Oversight by Group Board Audit Committee

The Group Board Audit Committee (GBAC), established by the Board, provides independent oversight over the reliability and transparency of the Group's financial reporting and disclosure processes. The Committee also reviews the adequacy and effectiveness of the Group's overall internal control system, risk management practices, and governance processes, supported by the independent assurance provided by the Group Internal Audit function.

The GBAC also oversees the appointment and performance evaluation of the Group Chief Internal Auditor and the external auditor to safeguard audit independence, objectivity and uphold ethical conduct, including reviewing potential conflicts of interest. Significant control lapses or material findings are escalated by the GBAC to the Board for further deliberation. The Committee is also empowered to direct investigations into any instances or events that may constitute a breach of policies and procedures and have a material impact on the Group.

Detailed information on GBAC is available on pages 231 to 236 of this Annual Report.

▶ Group Board Risk Management Committee (GBRMC)

The Board is assisted by the GBRMC to oversee the sound management of all identified enterprise-wide risks including ensuring proper risk infrastructures, processes and controls are in place to proactively manage and monitor risks within the Group's risk appetite.

Detailed information on GBRMC is available on page 210 of this Annual Report.

▶ Group Board Compliance Committee (GBCC)

The GBCC assists the Board in the oversight and effective management of compliance risks, covering compliance strategy, policy, practices, and controls, including ethical business conduct as expected under regulatory requirements as well as the integrity and governance matters for the Group.

Detailed information on GBCC is available on page 211 of this Annual Report.

▶ Group Internal Audit Division (GIA)

The Board has established Group Internal Audit (GIA) as the third line of defence to support the GBAC by providing independent and objective assurance on the effectiveness of the Group's internal controls, risk

management, and governance processes. GIA is led by the Group Chief Internal Auditor, who reports functionally to the GBAC and administratively to the President & Group Chief Executive Officer (PGCEO). GIA operates under the Audit Charter, which is reviewed annually by the GBAC, and in accordance with applicable regulatory requirements and the Institute of Internal Auditors (IIA) International Professional Practices Framework.

The GBAC provides oversight of GIA's independence, scope, and resourcing, and approves its risk based annual audit plan. Significant audit findings reported by GIA, together with observations from the external auditors and regulators, are reviewed by the GBAC and escalated to the Board. Shariah related matters are reported to the Shariah Committee. The GBAC also monitors Management's progress in implementing remedial actions arising from findings observed by internal audit, external audit, and regulatory observations to ensure timely and effective resolution.

Detailed information on GIA is available on page 234 of this Annual Report.

Policies, Plans & Procedures

Policies and procedures are formulated to ensure compliance with internal controls, relevant laws and regulations and to govern the business and operations of the Group. Our policies and procedures undergo regular reviews through a structured governance process to ensure they remain relevant to changing business and regulatory requirements, as well as operational needs.

There is a clearly defined framework and empowerment approved by the main operating subsidiaries' respective Board for acquisitions and disposals of property, plant and equipment, awarding tenders, applications for capital expenditure, writing off operational and credit items, approving general expenses including donations, gift policy, etc.

Some of the key policies, plans and procedures in place include:

1 People Office Policies and Procedures (POPP)

People Office Policies and Procedures are in place and provide clarity to the organisation in all aspects of people management within the Group. The POPP are reviewed as and when there are any changes to ensure policies and procedures remain relevant and appropriate controls are in place to manage operational risks. Updates and revisions to the POPP, if any, are communicated timely to all employees via the intranet.

The Code of Ethics sets out sound guiding principles and standards of behaviour and conduct expected of all employees. It is aligned to the BNM's Code of Ethics for banking institutions in all its entities. It is the minimum code of conduct that is expected from all employees in the conduct of their daily business operations.

Various initiatives and training programmes are conducted regularly to address ongoing human capital requirements and knowledge management. The e-learning facilities at Affin Bank Berhad, Affin Islamic Bank Berhad and Affin Hwang Investment Bank Berhad provides employees with the freedom of time and space to continuously upskill and enhance their knowledge in building core technical competencies relevant to their area of work.

A performance-based appraisal system is also established to evaluate, develop and compensate/reward its employees accordingly.

A transparent consequence management process is in place in dealing with staff who fail in their conduct, behaviour and/or work performance where the process is in line with the principle of natural justice as according to Group's expected standards of internal control, compliance and Code of Ethics.

2 Group Business Continuity Management Policy

The Group has established a Group Business Continuity Management Policy that sets out the objectives, scope, strategies, response procedures and clearly defined lines of authority and responsibility to support the effective implementation of business continuity management across the organisation. Business Continuity Plans ("BCP") and Disaster Recovery Plans (DRP) are in place for all business and support units, and critical application systems respectively, and are subject to regular testing. These tests are conducted to assess staff preparedness, the readiness of alternate working arrangements, the reliability of backup IT systems, and the effectiveness of communication, escalation, and recovery processes. Changes to systems, applications, and operating procedures are incorporated into the BCP and DRP through established update and maintenance processes to ensure continued relevance and effectiveness. In line with the Policy, the Group adopts an integrated approach incorporating the Crisis Management Plan (CMP) and key service providers for resiliency measures to strengthen organisational resilience.

Statement on Risk Management and Internal Control

3

Group Contingency Funding Plan (CFP)

The Group's Contingency Funding Plan outlines the liquidity countermeasures for deployment in the event of adverse liquidity circumstances to ensure the response, continuation and recovery of business during short-term or prolonged liquidity disruptions. The Group manages low-impact and high-probability events as part of its business-as-usual ("BAU") funding and liquidity risk management activities. On the other end, the CFP is used to address high-impact low-probability events. The Group uses CFP to develop and implement its financial and operational strategies for effective management of contingent liquidity events.

4

Stress testing

Stress testing is an essential risk management tool to assess the Group's resilience to withstand potential adverse events or stressed economic conditions. The stress test exercise is governed by the Group Stress Test Policy and is conducted regularly to provide a forward-looking assessment by identifying the potential vulnerabilities and ascertaining the impact on the Group. This allows a better understanding of the risk profile and ensures proactive risk mitigation strategies can be taken to manage the risk. The Group has completed the climate risk stress testing in compliance with the BNM Climate Risk Stress Testing ("CRST") requirements.

5

Group Credit Policy on Sustainable Financing (GCPSF)

The GCPSF was established as an internal policy, framework and approach to manage the ESG aspects of financing and investment activities that the Group is involved in. It sets the standards for the recognition of ESG aspects to be considered by the respective business divisions within the Group.

The Group's commitment to sustainable financing and investment is guided by the following principles:

- The incorporation of ESG considerations into the Group's financing and investment activities to effectively manage ESG risks and realise ESG opportunities
- Classifying financing and investment flows that support climate objectives by applying Climate Change and Principle-based Taxonomy (CCPT) methodology,
- Avoid financing and investment activities which contravene any laws or regulations pertaining to environmental, social and governance matters

The Group continues to develop its policy, framework and approach to manage the ESG aspects of financing and investment proposals it undertakes to cater for the dynamic changes demanded through regulation and market trends in general.

6

Anti-Money Laundering/Counter Financing Terrorism (AML/CFT)

The Group continues to strengthen its enterprise-wide Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) framework through a robust risk-based approach for the identification, assessment and mitigation of money laundering, terrorism financing and proliferation financing risks. Controls are regularly enhanced to remain aligned with the Group's evolving business activities and risk landscape. The Group maintains strong oversight of AML/CFT/CPF and Targeted Financial Sanctions (TFS) compliance across all business divisions through continuous risk assessment, ongoing monitoring and staff awareness initiatives. Regular thematic audits and compliance reviews are conducted across branches and subsidiaries to assess the effectiveness of controls, ensure adherence to regulatory requirements and support the continuous strengthening of the Group's financial crime risk management framework.

7

Group Anti-Bribery and Corruption Policy

The Group remains committed to maintaining the highest standards of integrity and ethical conduct in all business dealings. In support of this commitment and to ensure compliance with applicable laws and regulations on bribery and corruption, the Group established a Group Anti-Bribery and Corruption Policy (ABC Policy) in May 2020, in line with Section 17A of the Malaysian Anti-Corruption Commission Act 2009, which provides for corporate liability for corrupt practices committed by associated persons.

The ABC Policy adopts a zero-tolerance approach towards bribery and corruption, regardless of the amount involved. The policy is publicly available on the Group's corporate website and is referenced in contractual

arrangements with third parties, including vendors and service providers who maintain business relationships with the Group.

To further strengthen governance, an Integrity and Governance Unit (IGU) was established in 2020 in line with the Prime Minister's Directive Series 1 No. 1 of 2018 and the Malaysian Anti-Corruption Commission (MACC) Guidelines on the Management of IGU 2018. The IGU is responsible for overseeing the implementation of the Group's anti-corruption framework, monitoring complaints related to bribery and corruption, and leading initiatives such as corruption risk assessments, awareness programmes and other anti-bribery and corruption measures to promote a strong culture of integrity and ethical conduct across the Group.

8

ISO 37001:2016 Anti Bribery Management System (ABMS)

Affin Bank Berhad has been certified with the ISO 37001:2016 Anti-Bribery Management Systems (ABMS) standard by United Certification Services Sdn Bhd (UNICERT) in June 2025.

Through the implementation and operationalisation of ABMS requirements, the Bank has further strengthened its internal control environment in line with the "Adequate Procedures" principle. Key enhancements include strengthened corruption risk assessments, due diligence processes, internal controls, staff competency development and continuous monitoring mechanisms. These measures support the Bank's ongoing efforts to effectively manage and mitigate bribery and corruption risks across its business operations.

9

The Group's Whistleblowing Policy (GWB Policy)

The Group Whistleblowing Policy (GWB Policy) establishes the governance framework and standards to promote an ethical, responsible and secure whistleblowing environment. The policy is aligned with the requirements of Bank Negara Malaysia's Policy Document on Corporate Governance, the MACC Guidelines on the Management of Integrity and Governance Unit (IGU) 2018, and the principles set out under the Whistleblower Protection Act 2010.

The policy provides secure and appropriate reporting channels for employees and members of the public to report suspected misconduct, including bribery, corruption, fraud and other criminal activities. Reports relating to unethical conduct involving staff may also be raised through these channels.

Whistleblowing cases are managed by the IGU and reported to the Group Whistleblowing Committee, with oversight provided by an Independent Non-Executive Director. The Group is committed to maintaining strict confidentiality and ensuring that whistleblowers are protected from retaliation, harassment or victimisation. Information on the whistleblowing channels is available on the Group's corporate website.

10

Annual Business and Capital Plan

Structured framework and processes are in place with regard to the development of annual business and capital plans. The significant operating entities' annual business plans and financial budgets as well as the capital plans are tabled and approved at the respective Board of Affin Bank Berhad, Affin Islamic Bank Berhad and Affin Hwang Investment Bank Berhad, before consolidation at the Group's level and all internal capital targets are set on a yearly basis. Variances between the actual and targeted results are presented to the Board on a periodic basis to allow for timely responses and corrective actions to be taken to mitigate risks. Status update of the capital plan is presented to the Board on half yearly basis, including any capital actions required to ensure there are sufficient buffers against the minimum requirements prescribed by BNM.

11

Group Fraud Risk Management Policy

The Group Fraud Risk Management Policy details the fraud prevention measures. It includes steps for detecting, addressing, and preventing fraud, supported by various tools and programmes. Roles and responsibilities are clearly defined across the organization. Management upholds a zero-tolerance stance on fraud, expecting integrity and professionalism from all employees. Any employee involved in fraudulent activities will face disciplinary actions as per Group procedures.

Statement on Risk Management and Internal Control

CONCLUSION

The Board has received reasonable assurance from the President and Group Chief Executive Officer and Group Chief Financial Officer that the Group's risk management and systems of internal control are operating adequately and effectively in all material aspects during the financial year under review based on Shariah requirements, Risk Management and Internal Control system adopted by the Group.

Taking into consideration the assurance from the management and input from the relevant assurance providers, it is viewed that the Group's risk management and systems of internal control are operating adequately and effectively to safeguard shareholders' investments, customers' interests and the company's assets.

MATERIAL JOINT VENTURE AND ASSOCIATES

The disclosures in this statement do not include the risk management and internal control practice of AFFIN Group's material joint ventures and associates. The Group's interest in these entities is safeguarded through the appointment of representatives to the respective board of directors or through nominated representatives. Additionally, where necessary, key financial and other appropriate information on the performance of these entities is obtained and reviewed by the Board.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

Note: AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

Statement of Responsibility by the Board of Directors

The Board of Directors is responsible for ensuring that the annual audited financial statements of the Group and the Bank are prepared in compliance with **Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS), the Companies Act 2016, Bank Negara Malaysia's Guidelines, and the Listing Requirements of Bursa Malaysia Securities Berhad.**

The Directors are also accountable for ensuring that these financial statements are properly drawn up based on the Group's and the Bank's accounting records, and that they present a **true and fair view** of the financial position of the Group and the Bank as at **31 December 2025**, as well as their financial performance and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- Considered and applied the relevant approved accounting standards in Malaysia;
- Adopted suitable accounting policies and applied them consistently;
- Exercised prudent and reasonable judgment and estimates; and
- Prepared the financial statements on **a going concern basis**, as the Directors, after due inquiry, are satisfied that the Group and the Bank have adequate resources to continue operations in the foreseeable future.

Furthermore, the Directors are responsible for implementing sound internal controls and reasonable measures to safeguard the assets of the Group and the Bank, and to prevent and detect fraud, error, and other irregularities.