Registration No: 197301000792 (14389-U)

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Reports and financial statements
for the financial year ended 31 December 2024

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Contents

Directors' report
for the financial year ended 31 December 2024

The Directors of Affin Hwang Investment Bank Berhad ("the Bank") hereby submit their report together with the audited financial statements of the Bank including the consolidated financial statements of the Bank and its subsidiaries ("the Group") for the financial year ended 31 December 2024.

Principal activities

The principal activities of the Bank are investment banking, stockbroking activities, dealing in options and futures and related financial services.

The principal activities of the subsidiaries are as set out in Note 12 to the financial statements. They consist of provision of investment holding, trustee and nominee services.

Financial results

	The Group RM'000	The Bank RM'000
Profit before zakat and taxation	151,892	151,751
Zakat	(1,337)	(1,337)
Profit before taxation	150,555	150,414
Taxation	(36,955)	(36,932)
Net profit for the financial year	**113,600**	**113,482**

Dividends

The dividends on ordinary shares paid by the Bank since 31 December 2023 were as follows:

	RM'000
In respect of the financial year ended 31 December 2024:	
Single-tier special dividend of 9.615 sen per share paid on 21 November 2024	75,000

The Directors do not recommend the payment of final dividend in respect of the financial year ended 31 December 2024.

Reserves and provisions

All material transfers to or from reserves or provisions during the financial year are shown in the financial statements and notes to the financial statements.

Directors' report
for the financial year ended 31 December 2024 (continued)

Statutory information on the financial statements

Before the financial statements of the Group and of the Bank were prepared, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for bad and doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Bank have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amount written off for bad debts, or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Bank inadequate to any substantial extent;

(b) which would render the values attributed to the current assets in the financial statements of the Group and of the Bank misleading; or

(c) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group or of the Bank that has arisen since the end of the financial year other than in the ordinary course of business of the Group and the Bank.

No contingent or other liability in the Group or of the Bank has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of Directors, will or may substantially affect the ability of the Bank and its subsidiaries to meet their obligations when they fall due.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Bank that would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the operations of the Group and of the Bank for the financial year were not substantially affected by any item, transaction, or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Bank for the current financial year in which this report is made.

Directors' report
for the financial year ended 31 December 2024 (continued)

Directors

The Directors of the Bank who have held office during the financial year and during the period from the end of the financial year to the date of this report are:

Tunku Afwida binti Tunku A.Malek
Chairman/Independent Non-Executive Director

Mr Eugene Hon Kah Weng
Independent Non-Executive Director

Encik Hasli bin Hashim
Independent Non-Executive Director

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

Ms Tracy Ong Guat Kee
Independent Non-Executive Director

Ms Kong Yuen Ling
Non-Independent Non-Executive Director
Nominee Director representing The Bank of East Asia, Limited ("BEA")

Datuk Wan Razly Abdullah bin Wan Ali
Non-Independent Executive Director
Nominee Director representing Affin Bank Berhad ("ABB")
Completion of Directorship Tenure w.e.f 2 April 2024

The Directors of the Bank's subsidiaries who have held office during the financial year and during the period from the end of the financial year to the date of this report (not including those Directors listed above) are:

Affin Hwang Nominees (Asing) Sdn. Bhd. and Affin Hwang Nominees (Tempatan) Sdn. Bhd.
Mr Ng Meng Wah (Resigned w.e.f 2 October 2024)
Puan Anita binti Talib (Resigned w.e.f 2 October 2024)
Ms Kan Chew Gan (Resigned w.e.f 2 October 2024)
Mr Premtilaka A/L N.Amarasingham (Appointed w.e.f 4 October 2024)
Ms Chung Pei Ching (Appointed w.e.f 4 October 2024)
Mr Liao Pieng Sin
Ms Yeong Sook Kwan
Ms Ang Swee Lean

Directors' report
for the financial year ended 31 December 2024 (continued)

Directors (continued)

The Directors of the Bank's subsidiaries who have held office during the financial year and during the period from the end of the financial year to the date of this report (not including those Directors listed above) are: (continued)

AHC Global Sdn. Bhd. and AHC Associates Sdn. Bhd.
Mr Ng Meng Wah (Resigned w.e.f 2 October 2024)
Mr Ahmad Gazzara Czillich (Appointed w.e.f 1 October 2024)
Mr Ong Teng Chong, Andy

Affin Hwang Trustee Berhad
Mr Ng Meng Wah (Resigned w.e.f 16 October 2024)
Encik Feizal Zawry Bin Mohamed
Mr Ong Teng Chong, Andy

Responsibility statement by Board of Directors

In preparing the financial statements, the Directors have ensured that the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia have been complied with and reasonable and prudent judgements and estimates have been made.

It is the responsibility of the Directors to ensure that the financial statements of the Group and of the Bank present a true and fair view of the financial position of the Group and of the Bank as at 31 December 2024 and financial performance of the Group and of the Bank for the financial year ended 31 December 2024.

The financial statements are prepared on a going concern basis and the Directors have ensured that proper accounting records are kept so as to enable the preparation of the financial statements of the Group and of the Bank with reasonable accuracy.

The Directors have also taken the necessary steps to safeguard the assets of the Group and the Bank and for the implementation and continued implementation and continued operation of adequate accounting and internal control systems for the prevention and detection of fraud and other irregularities. The system of internal controls is designed to provide reasonable and not absolute assurance against material misstatements, whether due to fraud or error.

The Statement by Directors pursuant to Section 251(2) of the Companies Act 2016 is set out on page 180 of the financial statements.

Directors' report
for the financial year ended 31 December 2024 (continued)

Directors' interest in shares, shares options and debentures

According to the Register of Directors' shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held the office during the financial year held any shares or debentures in the Bank or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year except as per disclosed below.

	Number of ordinary shares			
	As at 1.1.2024	**Bought**	**Sold**	**As at 31.12.2024**
Affin Bank Berhad				
Datuk Wan Razly Abdullah bin Wan Ali *Completion of Directorship Tenure w.e.f 2 April 2024*	2,490,401	-	-	2,490,401

Other than the above, the Directors in office at during the financial year did not have any other interest in the shares, warrants and option over shares of the Bank and its related companies during the financial year.

The Bank implemented the Deferred Discretionary Performance Bonus Scheme ("DDPB") in 2022 and shall be paid in 2 tranches:

i) 75% after Board's approval in the first quarter of the financial year, and
ii) the balance of 25% will be paid after completion of the Bank's Audit and approval of Bank's financial statements in the following financial year.

The DDPB is subject to claw back provisions. Any unvested element under the deferred plan can be forfeited/adjusted or the delivered variable remuneration payout be recovered in situations such as:

i) Misbehavior or material error by the staff causing harm to the Bank's reputation, or in cases of misconduct, incompetence or negligence;
ii) The staff's business unit suffers a material downturn in its financial performance or a material restatement of financial statements of the Bank;
iii) The staff's business unit suffers a material risk management failure;
iv) The staff deliberately misleads the market and/or shareholder in relation to the financial performance of the Bank;
v) A significant deterioration in the financial health of the Bank; and
vi) If the Bank and/or relevant line of business incurs losses in any year during the vesting period, the unvested portions will be subject to malus.

The annual KPIs for officers in control functions are subject to approval by the Board, as this will determine the compensation payout. This is to ensure and safeguard the independence and authority of individuals engaged in control functions whose remuneration is based on the achievement of the control functions' KPIs.

On an annual basis, the Management is required to table to the Board, the performance metrics (Financial, Business and Non-Financial) to determine the variable pay and remuneration. Criteria for determination of weak performance is based on the performance rating falling under "below expectation" as set out in the Bank's performance rating scale.

Executive Directors who has been awarded with DDPB during the financial year are listed below:

	No of DDPB Awarded (Units '000)
Other Directors	36

Directors' report
for the financial year ended 31 December 2024 (continued)

Directors' interest in shares, shares options and debentures (continued)

Long Term Incentive Plan ("LTIP")

In 1 August 2023, Affin Bank Berhad ("ABB") implemented a Long Term Incentive Plan ("LTIP") in the form of an employees' Share Grant Scheme ("SGS"). The SGS is governed by the SGS by-laws and is administered by the Group Board Nomination & Remuneration Committee ("SGS Committee").

The SGS is a performance share unit scheme where vesting is subject to performance conditions and the SGS Committee may, at any time within the duration of the SGS, grant an SGS award to eligible employees, subject to the terms and conditions of the SGS by-laws. The SGS shares may be settled through issuance and transfer of new shares, or other modes of settlement as provided by the SGS by-laws.

Affin Bank Berhad's ("ABB") subsidiaries include Affin Islamic Bank Berhad ("AiBB"), Affin Hwang Investment Bank Berhad ("AHIB"), and Affin Moneybrokers Sdn Bhd ("AMB"). ABB, AiBB, AHIB, and AMB will be collectively referred to as the "Affin Group".

The SGS primarily serves as an incentive plan to reward eligible employees and to align their interest with the corporate goals and objectives of the Affin Bank Berhad Group ("Affin Group") including AHIB. Eligible employees refer to employees of Affin Group (excluding dormant subsidiary companies) who fulfil the eligibility criteria and have been selected to participate in the SGS by ABB's Board of Directors, on the recommendations of the SGS Committee, subject to terms and conditions of the SGS by-laws.

Any offer awarded to a person who is a Director or Chief Executive of the Group or a person connected to a Director, major shareholder or Chief Executive of the Group, and the related allotment of shares must be approved by shareholders at a general meeting. The SGS will not be extended to any non-executive directors of any company within our Group.

The maximum number of shares which may be made available under the SGS shall not in aggregate exceed 5% of the Group's total number of issued shares (excluding treasury shares, if any) at any point in time during the duration of the SGS. Details of the SGS are set out in Note 43 to the financial statements.

The fair value of the SGS shares granted, taking into consideration the impact of market vesting condition, in exchange for the services of the employees is recognised over the vesting period. On each reporting date, the Bank estimates the number of SGS shares that are expected to vest based on the non-market vesting conditions and service conditions, and recognises estimation of share based expenses in the income statement as employee benefit with a corresponding increase to capital contribution within equity. As ABB will recharge the cost of the equity instruments to the Bank, the Bank will subsequently reclassify the equity instruments as a payable to ABB.

The maximum number of shares which may be made available under the SGS shall not in aggregate exceed 5% of ABB's total number of issued shares (excluding treasury shares, if any) at any point in time during the duration of the SGS. Details of SGS are set out below.

Executive Directors who has been awarded with SGS during the financial year are listed below:

	No of SGS Awarded (Units '000)
Datuk Wan Razly Abdullah bin Wan Ali *Completion of Directorship Tenure w.e.f 2 April 2024*	1,350
Other Directors	301

Directors' report
for the financial year ended 31 December 2024 (continued)

Directors' benefits

Neither at the end of the financial year nor at any time during the financial year, no other arrangements subsisted to which the Bank or any of its subsidiaries is a party with the object or objects of enabling Directors of the Bank or any of its subsidiaries to acquire benefits by means of the acquisition of shares in, or debenture of the Bank or any other body corporate. Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive a benefit (other than Directors' remuneration as disclosed in Note 34 to the financial statements) by reason of a contract made by the Bank or by a related corporation with the Director or with a firm of which he/she is a member, or with a company in which he/she has a substantial financial interest.

Directors' Remuneration

The remuneration in aggregate for Directors of the Bank and its subsidiaries for the financial year are as follows:

	The Group RM'000	The Bank RM'000
Directors of the Bank:		
- Director fees	1,477	1,477
- Directors' other emoluments	961	961
Directors of the Bank's subsidiaries:		
- Director fees	-	-
- Directors' other emoluments	-	-

During the financial year, Directors and Officers of the Group and the Bank are covered under the Directors & Officers Liability Insurance ("D&O Insurance") subscribed and borne by the holding company of the Bank namely Affin Bank Berhad for the period from 19 April 2024 to 18 April 2025. The Directors and Officers of the Group and the Bank are also covered under the Comprehensive Crime and Professional Indemnity Insurance ("CCPI Insurance") pursuant to the terms of the CCPI Insurance policy. The total amount of premium payable for the CCPI Insurance by the Group and the Bank amounted to RM431,760.37 for coverage period from 19 November 2023 to 18 April 2024 and RM642,540.15 for coverage period from 19 April 2024 to 18 April 2025.

There were no professional fees paid to Directors or any firms, of which the Directors are members, for services rendered and no amount was paid to or receivable by any third party for services provided by Directors, except for director's fees paid and payable to ABB amounting to RM50,000.00 for services provided by Datuk Wan Razly Abdullah bin Wan Ali during the financial year 2024 (2023: RM182,500).

The holding company, Affin Bank Berhad maintained on a group basis, a Directors and Officers Liability Insurance against any Legal Liability incurred by the Directors in the discharge of their duties while holding office for the Bank. The Directos shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

The total remuneration paid to the Chief Executive Officer and Directors of the Group and Bank during the financial year are disclosed in Note 34 to the financial statements.

Directors' report
for the financial year ended 31 December 2024 (continued)

Corporate Governance

The Directors of the Bank regard corporate governance as vitally important to the success of the Bank's business and are unreservedly committed to applying the principles necessary to ensure that the following principles of good governance are practised in all of its business dealings in respect of its shareholder and relevant stakeholders:

- The Board of Directors (the "Board") is the focal point of the Bank's corporate governance system. It is ultimately accountable and responsible for the performance and affairs of the Bank;
- All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities;
- All Board members are responsible to the Bank for achieving high levels of good governance; and
- The Board is entrusted with leading and guiding the Bank in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Bank. The Directors, collectively and individually, are aware of their responsibilities to shareholder and stakeholders for the manner in which the affairs of the Bank are managed. The Board sets the Bank's values and standards and ensures that its obligations to its shareholder(s) and stakeholders are understood and met.

1 Board of Directors' Responsibility and Oversight

The Board as at the date of this report, comprises six (6) Directors, of which five (5) are Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Board, with a wide range of experience and knowledge, has been instrumental in the formulation and crafting of the Bank's vision and its strategic business direction.

During the financial year, the Board met twenty (20) times to review the Bank's financial and business performance, to oversee the conduct of the Bank's business as well as to ensure that adequate internal control systems are in place.

The profile of the Board has been published on the Bank's website.

The composition of the Board and the number of meetings attended by each Director during the financial year are as follows:

Directors	Total meetings attended
Tunku Afwida binti Tunku A.Malek	20 out of 20
Mr Eugene Hon Kah Weng	20 out of 20
Encik Hasli bin Hashim	19 out of 20
Dato' Abdul Wahab bin Abu Bakar	20 out of 20
Ms Tracy Ong Guat Kee	20 out of 20
Ms Kong Yuen Ling	19 out of 20
Datuk Wan Razlu Abdullah bin Wan Ali *Completion of Directorship Tenure w.e.f 2 April 2024*	6 out of 6

Directors' report
for the financial year ended 31 December 2024 (continued)

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(i) The Board's Role and Responsibilities

- The Board is entrusted with leading and guiding the Bank in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Bank. The Directors, collectively and individually, are aware of their responsibilities to shareholder(s) and stakeholder for the manner in which the affairs of the Bank are managed. The Board sets the Bank's values and standards and ensures that its obligations to its shareholder and stakeholders are understood and met.

- 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 Framework.

- Duties of the Board include establishing the corporate vision and mission, as well as the philosophy of the Bank, setting aims of Management and monitoring the performance of Management.

- The Board has the overall responsibility for promoting the sustainable growth and financial soundness of the Bank, and for ensuring reasonable standards of fair dealing, without undue influence from any party. This includes a consideration of the long-term implications of the Board's decisions on the Bank and its customers, officers and the general public.

  In fulfilling this role, the Board must:

  a) approve the Bank's risk appetite (including without limitation, the technology risk appetite which is aligned with the Bank's risk appetite statement), business plans and other initiatives which would, singularly or cumulatively, have a material impact on the Bank's risk profile;
     - oversee the adequacy of the Bank's information technology ("IT") and cybersecurity strategic plans covering a period of no less than three (3) years, and periodically review these plans once every three (3) years;
     - oversee the effective implementation of a sound and robust technology risk management framework ("TRMF") and cyber resilience framework ("CRF"), and periodically review and affirm the TRMF and CRF, at least once every three (3) years to guide the Bank's management of technology risks;

  b) oversee the selection, performance, remuneration and succession plans of the CEO, control function heads and other members of the Senior Management, such that the Board is satisfied with the collective competence of Senior Management to effectively lead the operations of the Bank;

  c) oversee the implementation of the Bank's governance framework and internal control framework, and periodically ascertaining whether they remain appropriate in light of material changes to the size, nature and complexity of the Bank's operations;

  d) promote, together with Senior Management, a sound corporate culture within the Bank which reinforces ethical, prudent and professional behaviour;

  e) promote, together with Senior Management, ensure governance of sustainability in the Bank through appropriate environmental, social and governance considerations in the Bank's business strategies, priorities and targets;

  f) oversee and approve the recovery and resolution as well as business continuity plans of the Bank to restore its financial strength and maintain or preserve critical operations and critical services when it comes under stress;

  g) promote timely and effective communication between the Bank and Bank Negara Malaysia ("BNM") on matters affecting, or that may affect, the safety and soundness of the Bank;

  h) undertake various functions and responsibilities as specified in the policy documents and directives issued by BNM and other relevant laws from time to time; and

  i) ensure the establishment and implementation of group-wide policies and procedures to ensure Group's compliance with the various regulatory requirements and guidelines issued by BNM, Securities Commission ("SC"), Bursa Malaysia Securities Berhad ("BMSB") and Companies Commission of Malaysia ("CCM").

Directors' report
for the financial year ended 31 December 2024 (continued)

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(i) The Board's Role and Responsibilities (continued)

- The Board is responsible over the Bank's capital management as follows:-
  a) approving the capital plan as part of the budget;
  b) approving significant capital raising and repayment excercises; and
  c) reviewing and noting the monitoring reports on capital adequacy.

- The Board, in carrying out its functions or duties shall have regard to the interests of depositors or policy owners of the Bank and Participants as defined in the Financial Services Act 2013 ("FSA").

  Without limiting the generality of Section 56(1) of FSA, the Board of the Bank shall:-
  a) set and oversee the implementation of business and risk objective and strategies and in doing so shall have regard to the long-term viability of the Bank and reasonable standards of fair dealing;
  b) ensure and oversee the effective design and implementation of sound internal controls, compliance and risk management systems which commensurate with the nature, scale and complexity of the business and structure of the Bank;
  c) oversee the performance of Senior Management in managing the business and affairs of the Bank;
  d) ensure that there is a reliable and transparent financial reporting process within the Bank; and
  e) promote timely and effective communications between the Bank and BNM on matters affecting or that may affect the safety and soundness of the Bank.

- The Board regularly reviews the anti-corruption compliance activities of the Bank.

(ii) Board Risk Management Committee ("BRMC")

The BRMC, as at 31 December 2024 comprises three (3) Board members and convenes on a monthly basis throughout the financial year, with the exception of December. Throughout the financial year, the committee held a total of eleven (11) meetings.

The composition of the BRMC and the number of meetings attended by each member are as follows:

Directors	Total meetings attended
Ms Tracy Ong Guat Kee *Chairman/ Independent Non-Executive Director*	11 out of 11
Encik Hasli bin Hashim *Independent Non-Executive Director*	11 out of 11
Ms Kong Yuen Ling *Non-Independent Non-Executive Director*	10 out of 11

The BRMC is established to ensure that the risk management framework, policies, infrastructure and controls (including procedures and processes) adequately protect the Bank against all relevant risks, comprising but not limited to, Credit Risk, Market, and Liquidity and Interest Rate Risk, Operational Risk (which include Legal Risk and Regulatory Risks), Cyber Risk, Technology Risk, Reputational Risk, Human Resource Risk as well as Environmental, Social and Governance ("ESG") Risk.

Whilst BRMC represents a committee to assess the adequacy of the risk management framework, policies, infrastructure and controls (including procedures and processes), it is not a duplicate of the Board Audit Committee ("BAC"). Hence, the composition of BRMC shall not mirror that of the BAC. The BRMC shall be chaired by an Independent Director. With the segregation of functions, BRMC shall constitute an auditable area by the BAC.

Directors' report
for the financial year ended 31 December 2024 (continued)

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(ii) Board Risk Management Committee ("BRMC") (continued)

The BRMC is responsible for:

- Deliberating/reviewing proposals pertaining to risk management strategies, risk tolerance, risk frameworks, policies and guidelines, and recommend the same to the Board of Directors ("the Board") for approval;

- Ensuring that adequate and robust risk management frameworks, policies, guidelines, infrastructure and controls (including procedures and processes) are in place to identify, measure, monitor and manage all relevant risks relating to the Bank's business activities;

- Overseeing and evaluating the risk management frameworks, policies, guidelines, infrastructure and controls (including procedures and processes) in respect of credit risks, market and liquidity risks, operational risks, including anti-money laundering and counter financing of terrorism ("AML/CFT") risks;

- Overseeing and reviewing periodic reports in respect of the Bank's exposures to all relevant risks across the Bank's business activities, risk management activities and compliance-related matters;

- Oversee the Bank's capital management to ensure its effectiveness, which include:

    a) reviewing capital management standards, policies and guidelines, capital plans, capital adequacy and allocation reports; and

    b) approving the mandate of the Asset & Liability Committee ("ALCO") to manage the Bank's capital.

- Where applicable, assisting the Board in the implementation of a sound remuneration system, by providing feedback where appropriate, with regards to the Bank's remuneration system taking into consideration whether the Bank's remuneration system is aligned to the risk-taking activities in terms of risk appetite, capital, liquidity and likelihood and timing of earnings, without prejudice to the tasks of the Group Board Nomination and Remuneration Committee;

- Ensuring that adequate AML/CFT framework and policies are in place in the Bank to protect it against the risks of money laundering and terrorism financing;

- Evaluating and making recommendations to the Board on risk management issues, the level of risk exposure and appropriate risk mitigants in relation to credit transactions and exposures with connected parties, on a quarterly basis;

- Reviewing and concurring on proposals pertaining to the introduction of new and/or variation of products and/or services for the Board's approval; and

- Reviewing and deliberating the recommendations by the Group Board Risk Management Committee (GBRMC) on all risk matters of the Bank, prior to escalation to the Board, for decision and approval.

The BRMC shall not be an approving authority except for matters specified in the BRMC's Terms of Reference and where delegated in the Authority Manual (Part I) approved by the Board.

The Director representing the Bank at GBRMC:-
i) Ms Tracy Ong Guat Kee

Directors' report
for the financial year ended 31 December 2024 (continued)

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(iii) Board Audit Committee ("BAC")

The BAC as at 31 December 2024 comprises three (3) members, of which are all Independent Non-Executive Director and is scheduled to convene on a monthly basis throughout the financial year.

Throughout the financial year, the committee held a total of thirteen (13) meetings.

The composition of the BAC and the number of meetings attended by each member are as follows:

Directors	Total meetings attended
Mr Eugene Hon Kah Weng *Chairman/Independent Non-Executive Director*	13 out of 13
Encik Hasli bin Hashim *Independent Non-Executive Director*	13 out of 13
Dato' Abdul Wahab bin Abu Bakar *Independent Non-Executive Director*	13 out of 13

The BAC is chaired by an Independent Non-Executive Director and was established in compliance with BNM requirements and the Code on Corporate Governance.

The primary goals of the BAC are as follows:

- Establish the framework for and oversee the audit function of the Bank and its subsidiaries (if any);
- 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 Bank;
- Implement and support the function of the Board by reinforcing the independence and objectivity of the internal audit activity; and
- Ensure that Internal and External Audit functions are properly conducted, and audit recommendations are implemented in a timely manner.

The functions and duties of BAC shall include, but are not limited to the following:

a) To review the Quarterly Financial Results and Year-End Financial Statements prior to the submission and approval by the Board focusing on the following:
   - Changes in or implementation of major accounting policies;
   - Significant and/or unusual events or any going concern assumptions;
   - Significant adjustments arising from the audit; and
   - Compliance with accounting standards, disclosure requirements and other legal requirements.

b) To ensure that the accounts and financial statements are prepared in a timely and accurate manner with frequent reviews of the adequacy of provisions against contingencies, bad and doubtful debts;

c) To review any related party transactions that may arise within the Bank and its subsidiaries;

d) To act upon any request from the Board to investigate and report on any issues of concern with regards to the Management of Bank and its subsidiaries;

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(iii) Board Audit Committee ("BAC") (continued)

The functions and duties of BAC shall include, but are not limited to the following (continued):

e) To consider the major findings of internal investigations and Management responses;

f) To obtain external professional advice and to invite outsiders with relevant experience to attend meetings, subject to the approval of the relevant regulatory body, where necessary;

g) To recommend to the Board on the appointment of External Auditors and their audit fees;

h) To review alongside the External Auditors the scope of the audit plan, system of internal controls, the audit reports (including Management letters and Management responses) and the assistance provided by the Management and/or any findings or action to be taken;

i) To meet with the External Auditors without the presence of Management at least twice a year;

j) To review the proposals for non-audit services rendered by the External Auditors. Should the External Auditors be engaged, the BAC is responsible for ensuring that such engagement does not compromise the independence of the External Auditors in their role as Statutory Auditors of the Bank;

k) To review the adequacy and effectiveness of the Bank's control environment through existing policies, procedures and practices within the bank in order to regulate and streamline the same to ensure uniformity;

l) To provide oversight on the effectiveness of internal control systems implemented by the Management in view of establishing and maintaining high ethical standards for all employees of the Bank;

m) To oversee Management's arrangements for the prevention and deterrence of fraud and ensure that appropriate action is taken against known perpetrators of fraud;

n) To challenge Management, internal and external auditors to ensure that the Bank has appropriate anti-fraud programmes and controls in place to identify potential fraud and ensure that investigations are undertaken if fraud is detected;

o) To provide oversight over the Internal Audit function; encompassing reviewing performance and adequacy of the scope internal audit reviews, functions, competency and resources of the internal audit activity and the necessary authority to carry out its duties. The review may cover the planned audit work, internal audit programmes, the results of completed work and Management implementation of agreed actions as recommended by the Chief Internal Auditor. Where appropriate, the Committee may direct the Management to rectify and improve the system of internal controls and procedures based on the internal auditors' recommendations;

p) To review the findings of any examination by regulatory authorities and the Management response and monitor implementation of corrective actions adopted by the Bank; and

q) To review and deliberate on the recommendations by the Group Board Audit Committee ("GBAC") on all audit matters of relating to the Bank, prior to escalation to the Board.

The Director representing the Bank at GBAC:-
i) Mr Eugene Hon Kah Weng

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(iv) Group Board Nomination and Remuneration Committee ("GBNRC")

The GBNRC was established for the banking entities within Affin Group on 1 August 2020. The Board continues to remain accountable for decisions taken at the GBNRC. Hence, the recommendations made by the GBNRC are deliberated and approved by the Board.

Affin Bank Berhad's ("ABB") subsidiaries include Affin Islamic Bank Berhad ("AiBB"), Affin Hwang Investment Bank Berhad ("AHIBB"), and Affin Moneybrokers Sdn Bhd ("AMB"). ABB, AiBB, AHIB, and AMB will be collectively referred to as the "Affin Group".

Responsibilities of the GBNRC are as follows:

- Appointment/Re-appointment of Directors, Shariah Committee Members, Key Senior Management Officers (KSMO) and Company Secretary
- Performance/Fit and Proper Assessment of Directors, Shariah Committee Members, Chief Executive Officers (CEO)/Managing Directors (MD), KSMOs and Company Secretary
- Performance indicators/targets
- The remuneration of Directors, Shariah Committee members, CEOs/ MDs, KSMOs, Company Secretary and Other Material Risk Takers
- Succession Planning and Talent Management
- Others - to recommend to the Board the appointment of external consultants/advisors related to the GBNRC's areas of responsibilities

The Director representing the Bank at GBNRC:-
i) Dato' Abdul Wahab bin Abu Bakar

(v) Group Board Credit Review and Recovery Committee ("GBCRRC")

The Board had at its meeting held on 20 August 2021 approved the dissolution of Board Credit Review Committee ("BCRC") with effect from 1 October 2021, following the centralisation of the GBRCC at ABB which was approved by the ABB board on 30 June 2021.

This dissolution was made in view of the consolidation of the functions of the Bank's BCRC.

The GBCRRC was 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 GBCRRC 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 Group Management Credit Committee ("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;

- To consider whether to affirm/veto credit/underwriting proposal, impose additional terms or modify the terms approved by the GMCC;

- To ensure that the GMCC has discharged its responsibilities in a timely and proper manner;

- To monitor the progress of recovery efforts;

- To offer advice and direction relating to the group's credit portfolio; and

- Assisting the Board of Directors in performing its oversight function and provide recommendations in respect of investment strategies, credit risk assessment and management, management and performance of partnership investment accounts under Islamic Banking such as Musyarakah financing/ventures or Mudharabah financing/ventures.

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(v) Group Board Credit Review and Recovery Committee ("GBCRRC") (continued)

Authority Limit
- Nil. The authority is restricted to veto powers where deemed necessary.

The Directors representing the Bank at GBCRRC:-
(i) En Hasli bin Hashim
(ii) Ms Tracy Ong Guat Kee

(vi) Group Board Compliance Committee ("GBCC")

The GBCC represents a Board committee of ABB to assess and examine the adequacy of group compliance as well as integrity and governance frameworks including the policies, procedures and processes for the Affin Group.

The duties and responsibilities of the GBCC shall include the following:

a) Overseeing the management of Affin Group's compliance risk by ensuring that the compliance process is in place and functioning in line with the expectations of the regulators namely BNM, SC and Bursa Malaysia Berhad ("Bursa");
b) Overseeing Affin Group's integrity and governance matters inclusive of corruption, fraud, malpractice, unethical conduct and abuse of power within the organization that are guided by applicable laws and regulations, including but not limited to, Malaysian Anti Corruption Commission ("MACC") Act 2009 and Malaysian Code on Corporate Governance and subsequently, make the necessary recommendations to align to the Group's long-term strategy;
c) Overseeing the management of climate-related risks to safeguard the Bank's resilience against the adverse impacts of Environmental, Social, and Governance ("ESG") including climate change;
d) Reviewing and approving, as delegated by the Board the compliance risk management philosophy and strategy;
e) Ensuring clear and independent reporting lines and responsibilities for the overall business activities, compliance functions and integrity and governance functions as well as recommending organisational alignments where necessary to the Board; and
f) Ensuring the practice of excellent work culture among employees, with strong morals and ethics which include practicing the highest level of integrity and ethics within the organization.

The GBCC may be supported by the Group Board Risk Management Committee ("GBRMC") or any other appointed Board committees at the subsidiary level.

The Director representing the Bank at GBCC:-
(i) Ms Kong Yuen Ling

(vii) Group Board Information Technology Committee ("GBITC")

The Board had at its meeting held on 24 November 2021 approved the following:-

- Centralisation and consolidation of Information Technology ("IT") governance of AHIB at GBITC of ABB with representatives from both ABB and AHIB; and
- GBITC to replace and assume the responsibilities of AHIB's Board Risk Management Committee ("BRMC") in relation to IT management and governance matters of AHIB.

The GBITC was established to oversee the overall development, risk management, integration and alignment of the Information Technology (IT) strategy and plan with Affin 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.

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(vii) Group Board Information Technology Committee ("GBITC") (continued)

The duties and responsibilities of GBITC are as follows:

1) **Oversee the management and governance of Affin Group's IT management framework:-**
   - Oversee and review IT and Digital strategies, costs and planning, including the financial, tactical and strategic benefits of proposed major IT and operational related initiatives.
   - Review and assess progress of major IT initiatives, technology architecture decisions and IT priorities as well as overall IT performance, including metrics concerning technology investments, system availability, integrity, capacity and performance.
   - Review and recommend annual IT Operating and Capital Expenditure budget for Board approval.
   - Review, endorse or approve IT Operating and Capital Expenditure as per GBITC's approval limit.
   - Provide advice and direction on the Group synergy of key IT strategies and initiatives within Affin Group for operational and cost efficiencies.
2) **Oversee the management and governance of Affin Group's IT and cyber risks including ex-ante risk assessment on e-banking services of the Group:-**
   - Review the IT risks to ensure alignment with Affin Group's risk appetite statement, framework and tolerances.
   - Review the corresponding risk tolerances for technology related events, key performance indicators and forward-looking risk indicators provided by Management together with detailed information on key technology risks and critical technology operations.
   - Oversee the management of Affin Group's IT risks by ensuring the compliance process is in place and functioning in line with the expectations of BNM, SC and Bursa.
   - Review and provide input on Group IT Risk Management frameworks and policies to be submitted to Group Board Risk Management Committee (GBRMC) for its recommendation to the Board of Affin Bank Berhad or the respective entities' Board (where applicable) for approval.
3) **Strategic Transformation Programme:-**
   - Ensure that Management develop and implement an effective strategic transformation programme for Affin Group.
   - Ensure the strategic transformation programme established is aligned and supports Affin Group's business strategy as approved by the Board.
   - Oversee and monitor the implementation of the strategic transformation programme from people, process, and technology in alignment with Affin Group's strategic objectives. Specific actions include the following:
     i) Endorse the transformation timelines and reporting milestones.
     ii) Review progress of transformation initiatives against the programme milestones, and provide appropriate direction and advice as required.
     iii) Review transformation initiatives in terms of performance and realisation of expected outcomes and benefits including achieving Group synergy by leveraging on shared resources, processes, and technologies between the different entities, where applicable.
     iv) Monitor strategic transformation programme key risks and the effectiveness of mitigating measures.
4) Serve as a level of escalation to review and make recommendation to the Board on appropriate resolution for strategic transformation matters.
5) Monitor the communication of progress of the strategic transformation programme to employees, shareholders, regulators, and any other stakeholders in compliance with the relevant laws and guidelines.
6) To review and endorse strategic transformation investment proposal from Management prior to submission for Board approval.
7) The Chairman of GBITC will report to the Board on the strategic transformation programme status and key issues at its meetings.

The Director representing the Bank at GBITC are:-
(i) Tunku Afwida binti Tunku A.Malek

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(viii) Group Board Sustainability Committee ("GBSC")

The GBSC was established on 1 November 2023 to assist the Board of Affin Group by providing ongoing oversight of the development and implementation of the Group's Sustainability matters including Value based Intermediation Financing and Impact Assessment Framework ("VBIAF"). The GBSC shall, amongst others:

- provide oversight, advice, and direction in the development, implementation, and monitoring of the strategies, frameworks, and policies in respect to sustainability, VBIAF, climate change, and corporate social responsibility of Affin Group.
- 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.

The duties and responsibilities of the GBSC are as follows:

1) <u>**Sustainability Strategy**</u>
   a) Oversee the development and implementation of Affin Group's Sustainability Strategy. This includes ensuring that the strategy is aligned with the Group's overall business strategy as well as the management of the Group's Environmental, Social, and Governance (ESG) risks and opportunities.
   b) Ensure that Affin Group's sustainability strategy is aligned with the recommendations, regulations, guidelines, and related documents issued by Bank Negara Malaysia and Bursa Malaysia.
   c) Review and endorse the development and implementation of the internal governance and relevant control framework including the policy to manage the Group's sustainability matter and integrate sustainability considerations into the Group's decision-making processes (e.g., project lending,and investment decisions).
   d) Review and endorse the overall strategy, roadmap, action plans, and performance target to ensure alignment and integration within the Group.
   e) Ensure that Affin Group's sustainability goals are achievable and realistic and that Affin Group has the necessary resources and capabilities in place to achieve them.

2) <u>**Sustainability Performance & Targets**</u>
   a) Endorse the performance targets by ensuring the alignment and integration within Affin Group with clear targets and goals assigned to the responsible function.
   b) Track Affin Group's progress on its sustainability performance and identify any areas of improvement.
   c) Review and endorse external sustainability reporting and disclosures, the Sustainability Statement in the Annual Report, and the Sustainability Report to the Board.

3) <u>**Sustainability Awareness & Stakeholder Engagement**</u>
   a) Provide oversight on the promotion of sustainability awareness and support actions to increase proficiencies of Sustainability knowledge within the Group and its employees, Sustainability team, Management team, and the Board.
   b) Provide oversight on the outcome of the stakeholder engagement on sustainability issues (alongside the Strategic Communications team) on the Group's Sustainability strategy and performance.

4) <u>**Corporate Social Responsibility**</u>
   a) To take note on a quarterly basis or as and when required, on the implementation and progress of the corporate social responsibility initiatives and programmes by management.

Directors' report
for the financial year ended 31 December 2024 (continued)

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(viii) Group Board Sustainability Committee ("GBSC") (continued)

5) <u>**Others**</u>
   a) Advise the Board on sustainability matters which includes providing the Board with information and advice on emerging sustainability trends and risks as well as the Group's response to the trends and risks.
   b) Review and make recommendations to the Board on the resources, training, benchmarking data, third party and related matters required by the Sustainability team to successfully develop and implement the Group's Sustainability strategy.
   c) Ensure appropriate disclosures are made in accordance with relevant legislation and regulatory requirements.
   d) Report to the Board the broad activities of the GBSC and the decisions made within its Terms of Reference.
   e) The integrity, compliance and governance matter inclusive of corruption, fraud, malpractice, unethical conduct, and abuse of power within the organisation that is guided by applicable laws and regulations, including but not limited to, the Malaysian Anti-Corruption Commission (MACC) Act 2009 and Malaysia Code on Corporate Governance will be under the purview of Group Board Compliance Committee.

The Director representing the Bank at GBSC:-
(i) Dato' Abdul Wahab bin Abu Bakar

(ix) Directors' Training

The Bank shall ensure that structured training programmes are set up to better enable Directors to fulfil their responsibilities and shall also ensure that all Directors receive continuous training to keep abreast with latest developments in the industry, particularly on relevant new laws, regulations and the changing risk factors from time to time.

All new Directors are required to attend the Directors Orientation Programme to familiarise themselves with Affin Group's organisation structure, business and the financial industry. A formalised orientation programme has been developed and the relevant Heads of Departments/Divisions will brief the new members of the Board on the functions and areas of responsibility of their respective department/divisions. This serves to provide them with a platform in establishing effective channel of communication and interaction with Senior Management as well as to ensure that any new Director understands the following:

a) their roles and responsibilities;
b) the nature of the Group's business;
c) overview of risks on the Group's business and the risk management strategy; and
d) legal requirements and compliance controls.

Directors' report
for the financial year ended 31 December 2024 (continued)

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(ix) Directors' Training (continued)

All Directors appointed to the Board are required to complete the Financial Institutions Directors' Education training ("FIDE") organised by BNM within one year from the date of appointment. The Securities Commission ("SC") has revised its Licensing Handbook which stipulated the requirement for Director to attend the Capital Market Director Programme ("CMDP") and the timeline to complete the programme.

The development and training programmes attended by the Directors during the financial year ended 31 December 2024 are as follows:

No.	Name of Director	Programme/Course		
		Topic of training	**Date**	**Organiser**
1	Tunku Afwida binti Tunku A. Malek	AMLA Training	14 February 2024	AHIB
		Conflict of Interest and Related Party Transactions	15 February 2024	ABB
		Mobile World Capital (MWC) Barcelona: An Unparalleled Success	26 - 29 February 2024	GSMA: MWC Barcelona
		Future-Proofing Malaysian Businesses: Navigating Cyber-Threats in the Age of AI & Thriving in a High Risk Landscape	11 March 2024	ICDM
		Webinar: Cybersecurity and Data Privacy - The	2 April 2024	SIDC
		BNM - FIDE FORUM Engagement: Responsibility Mapping with Directors of Financial Institutions	24 April 2024	BNM/FIDE
		BESPOKE WORKSHOP: Cultivating Strategic Thinking Competence	25 May 2024	ICDM
		Mandatory Accreditation Programme Part II : Leading for Impact	5-6 June 2024	ICDM
		Structural Reforms - Making It A Reality For Malaysia	12-13 June 2024	BNM
		Data Innovation to Drive Financial Inclusion - Pushing New Frontiers	21 June 2024	FIDE
		Strategic Insights - Navigating Islamic Finance, Climate Change & Cybersecurity	3 October 2024	ABB
		Sarawak Future Forum 2024 Beyond GDP: Rethinking Success in the Future Economy	9 October 2024	KWAP
		Lead Women APAC Diversity Equity Inclusion Summit 2024: Humanity Rebalanced	16-17 October 2024	FIDE
		1st Annual Johor Investment Summit - The Gateway to Southeast Asia	7 November 2024	Johor Corporation
		Malaysia Market Outlook – Propelling Malaysia Forward	11-12 November 2024	ABB
		Future – Proofing Finance Empowering Digital Transformation in Banking	12 November 2024	Digital Banking Asia Summit
		BESPOKE WORKSHOP: A Delicate Balance - Board & Management Relationship	7 December 2024	ICDM

Directors' report
for the financial year ended 31 December 2024 (continued)

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(ix) Directors' Training (continued)

The development and training programmes attended by the Directors during the financial year ended 31 December 2024 are as follows: (continued)

No.	Name of Director	Programme/Course		
		Topic of training	Date	Organiser
2	Mr Eugene Hon Kah Weng	AMLA Training	14 February 2024	AHIB
		Conflict of Interest and Related Party Transactions	15 February 2024	ABB
		Webinar: Cybersecurity and Data Privacy - The Fight Against Financial Crime	2 April 2024	SIDC
		BNM - FIDE FORUM Engagement: Responsibility Mapping with Directors of Financial Institutions	24 April 2024	BNM/FIDE
		Bespoke Workshop : Cultivating Strategic Thinking Competence	25 May 2024	ICDM
		CGM Masterclass Series 2024 – "Latest Developments in Climate: Aligned Executive Compensation"	17 July 2024	ASB
		Preventing Fraud: Directors Role and Responsibilities	8 August 2024	FIDE
		STRATEGIC INSIGHTS - Navigating Islamic Finance, Climate Change & Cybersecurity	3 October 2024	ABB
		Launch Of The Directors' Remuneration Report 2024	11 November 2024	FIDE
		Economic Outlook & Post-Budget 2025 Forum	14 November 2024	FIDE
		BESPOKE WORKSHOP : A Delicate Balance - Board & Management Relationship	7 December 2024	ICDM
3	Encik Hasli bin Hashim	AMLA Training	14 February 2024	AHIB
		Conflict of Interest and Related Party Transactions	15 February 2024	ABB
		Webinar: Cybersecurity and Data Privacy - The Fight Against Financial Crime	2 April 2024	SIDC
		STRATEGIC INSIGHTS - Navigating Islamic Finance, Climate Change & Cybersecurity	3 October 2024	ABB
		BESPOKE WORKSHOP : A Delicate Balance - Board & Management Relationship	7 December 2024	ICDM
4	Dato' Abdul Wahab bin Abu Bakar	AMLA Training	14 February 2024	AHIB
		Conflict of Interest and Related Party Transactions	15 February 2024	ABB
		Webinar: Cybersecurity and Data Privacy - The Fight Against Financial Crime	2 April 2024	SIDC
		AFFIN ESG CONFERENCE 2024 - Charting The Path To Sustainability	16 May 2024	ABB
		Bespoke Workshop : Cultivating Strategic Thinking Competence	25 May 2024	ICDM
		Webinar On Governance & Risk Directors & Senior Management Of Intermediaries	10 September 2024	BURSA
		LIVE WEBINAR - The New Technologies: Elevating Cyber Resilience Against Emerging Threats	18 September 2024	BURSA
		STRATEGIC INSIGHTS - Navigating Islamic Finance, Climate Change & Cybersecurity	3 October 2024	ABB
		Launch Of The Directors' Remuneration Report 2024	11 November 2024	FIDE
		BESPOKE WORKSHOP : A Delicate Balance - Board & Management Relationship	7 December 2024	ICDM

Directors' report
for the financial year ended 31 December 2024 (continued)

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(ix) Directors' Training (continued)

The development and training programmes attended by the Directors during the financial year ended 31 December 2024 are as follows: (continued)

No.	Name of Director	Programme/Course		
		Topic of training	**Date**	**Organiser**
5	Ms. Tracy Ong Guat Kee	AMLA Training	14 February 2024	AHIB
		Conflict of Interest and Related Party Transactions	15 February2024	ABB
		Webinar: Cybersecurity and Data Privacy - The Fight Against Financial Crime	2 February2024	SIDC
		Board Oversight of Climate Risks and Opportunities	23 April 2024	Asia School of Business
		BNM - FIDE FORUM Engagement: Responsibility Mapping with Directors of Financial Institutions	24 April 2024	BNM/FIDE
		ICDM Powertalk Series: Being Sued as an INED	10 May 2024	ICDM
		CGM Masterclass: What Directors Must Know: Recent Developments in Cilmate Science	15 May 2024	FIDE
		AFFIN ESG CONFERENCE 2024 - Charting The Path To Sustainability	16 May 2024	ABB
		Bespoke Workshop : Cultivating Strategic Thinking Competence	25 May 2024	ICDM
		BNM Annual Report 2023, Economic and Monetary Review 2023 and Financial Stability Review 2H 2023	30 May 2024	FIDE
		Engagement Session with FIDE FORUM Members on BNM Annual Report 2023, Economic and Monetary Review 2023, and Financial Stability Review 2H 2023	30 May 2024	FIDE
		ICDM Advocacy Dialogue: Boards as Stewards of Sustainability	4 June 2024	ICDM
		Kuala Lumpur International Sustainability Conference	7 June 2024	ASB
		Navigating Directorship: Legal Consequences, Responsibilities and Risks in Office	12 July 2024	ICDM
		Preventing Fraud: The Board's Roles & Responsibilities	8 August 2024	FIDE
		ICDM Advocacy Dialogue & Networking Session in Collaboration with Capital Market Malaysia	19 September 2024	ICDM
		Director Preparedness for AI-Powered Attacks on People, Tech and Governance	27 September 2024	ICDM
		Launch Of The Directors' Remuneration Report 2024	11 November 2024	FIDE
		BESPOKE WORKSHOP : A Delicate Balance - Board & Management Relationship	7 December 2024	ICDM

Directors' report
for the financial year ended 31 December 2024 (continued)

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(ix) Directors' Training (continued)

The development and training programmes attended by the Directors during the financial year ended 31 December 2024 are as follows: (continued)

No.	Name of Director	Programme/Course		
		Topic of training	**Date**	**Organiser**
6	Ms. Kong Yuen Ling	Refresher on Regulatory Requirements of Banking (Exposure Limits) Rules (BELR) – Part 7 & 8	January 2024	BEA
		Aircraft Finance Training-SMBC	January 2024	SMBC
		AMLA Training	14 February 2024	AHIB
		Conflict of Interest and Related Party Transactions	15 February 2024	ABB
		Refresher on Information Security Training 2024	March 2024	BEA
		Refresher on Code of Conduct Refresher 2024	March 2024	BEA
		Refresher Training on Operational Risk Management 2024	April 2024	BEA
		Climate Fresk Workshop at BEA, Hong Kong	May 2024	BEA
		Moody's China's Property Market	May 2024	Moody's
		Refresher on Cyber Security Risk Training (Common Cyber Threat and Basic Security)	May 2024	BEA
		AFFIN ESG CONFERENCE 2024 - Charting The Path To Sustainability	16 May 2024	ABB
		The Power of Growth Mindset	June 2024	BEA
		Revamp of the ESG Checklist	June 2024	BEA
		Refresher on Business Continuity Management Training Session 2024	July 2024	BEA
		Refresher on Our Culture and Values Refresher 2024	July 2024	BEA
		Refresher on Environmental, Social & Governance ESG Essentials 2024	August 2024	BEA
		NexLeaders Micro-Learning Programmes	September 2024	BEA
		Design Thinking Training	September 2024	BEA
		Webinar On Governance & Risk Directors & Senior Management Of Intermediaries	10 September 2024	BURSA
		LIVE WEBINAR - The New Technologies: Elevating Cyber Resilience Against Emerging Threats	18 September 2024	BURSA
		Design Thinking & Growth Mindset Training	October 2024	BEA
		The Climate Challenge and BEA's Net Zero Journey 2024	October 2024	BEA
		Enterprise Risk Management Refresher 2024	October 2024	BEA
		STRATEGIC INSIGHTS - Navigating Islamic Finance, Climate Change & Cybersecurity	3 October 2024	ABB
		Refresher training on Reputation Risk Management	November 2024	BEA
		Refresher on Climate Risk Management training	November 2024	BEA
		Refresher training on Cyber Security Risk Training (Security Best Practice)	December 2024	BEA
		Fintech 201: AI and Generative AI – Opportunities & Limitation in Banking Industry	December 2024	BEA
7	Datuk Wan Razly Bin Wan Ali *(Completion of Directorship w.e.f 2 April 2024)*	AMLA Training	14 February 2024	AHIB
		Conflict of Interest and Related Party Transactions	15 February 2024	ABB
		Webinar: Cybersecurity and Data Privacy - The Fight Against Financial Crime	2 April 2024	SIDC

Directors' report
for the financial year ended 31 December 2024 (continued)

Corporate Governance (continued)

2 Internal Control Framework

The Board recognises and exercises overall responsibilities in promoting good corporate governance and ensures sound system of internal controls and risk management practices are maintained throughout the Bank. The Board affirms its overall responsibility of the Bank's system of internal controls, which includes the establishment of appropriate control environment and risk management framework as well as on-going reviews on the effectiveness, adequacy and integrity of the systems.

The Board and Senior Management 'set the tone from the top' on the importance of internal control through their actions and words. This includes the ethical values that Senior Management display in their business dealings, both inside and outside the Bank. The words, attitudes and action of the Board and Senior Management affect the integrity ethics and other aspects of the Bank's control culture/environment.

The Bank's system of internal controls involve the senior management and all personnel from all business and support units. The Board is responsible for determining key strategies and policies for significant risks and control issues, while functional managers of the Bank are responsible for the effective implementation of the Board's policies by designing, operating, monitoring and managing risks and control processes.

The Board meets regularly to review the Bank's financial and business performance, oversee the conduct of the Bank's business as well as to ensure the effectiveness and adequacy of internal control systems are in place.

The Bank's organisation structure sets out clearly the defined lines of job responsibilities and delegation of authority to ensure effective communication of risk control objectives as well as the establishment of authority, accountability and control processes. The Bank's internal control framework encompasses the following:

(i) Internal audit and control activities

The scope of internal audit encompasses the objective examination and evaluation of the adequacy and effectiveness of the Group's governance, risk management, and internal controls. The reviews by Group Internal Audit ("GIA") focused on areas of significant risks and effectiveness of internal controls in accordance with the audit plan approved by the Board Audit Committee.

Based on GIA's review, identification and assessment of risk, testing, and evaluation of controls, GIA will provide an opinion on the effectiveness and efficiency of the internal controls established by management in addressing the applicable policies, plans, procedures, laws and regualtions including Shariah related matters and BNM's directive and instructions. The risks highlighted on the respective auditable areas as well as a recommendation made by the GIA are addressed at BAC and Management meetings. The BAC also conducts annual reviews on the adequacy of the internal audit function, scope of work, resources, and budget of GIA.

Corporate Governance (continued)

2 Internal Control Framework (continued)

(ii) Risk Management

- Board Risk Management Committee
  BRMC is responsible for the oversight of the effective implementation of the Bank's Risk Management framework and policies.

- Risk Assessment
  Risk assessment is in place for the identification of the Bank's material risks, from the perspective of impact on the Bank's financial standing and reputation.

  Consistent and well-accepted methodologies of risk measurement are in place to assess Liquidity, Asset and Liability Management and other relevant risk metrics.

- Risk Governance Structure
  The Group Risk Management Department ("GRM") of the Bank which operates in an independent capacity is an integral part of the Bank and works closely with all business and support units of the Bank to manage risks to enhance stakeholders' value.

  The Bank has an established, comprehensive and robust risk management framework and internal control system in tandem with the complexity and diversity of the investment banking activities undertaken by the Bank. On-going initiatives and periodic reviews are undertaken by the Group Risk Management ("GRM") at the Bank to enhance the risk management framework, policies, processes and procedures to ensure that credit, market, liquidity, operational and technology risks associated with the Bank's business activities are adequately identified and mitigated.

  GRM is functionally independent of the business divisions and is primarily responsible for identifying, measuring, monitoring, mitigating and controlling credit, market, liquidity, operational and technology risks of the Bank.

  The Bank's comprehensive risk management framework and internal control systems are pivotal and instrumental towards achieving the corporate objective of maximising profitability and returns to shareholder while ensuring prudential management of the associated risks.

  The risk management process is reviewed regularly by the BRMC to ensure that the risk management framework and policies are adequate to protect the Bank against all relevant risks.

- Risk Governance Policies and Procedures
  Risk Management policies and procedures are reviewed and updated regularly to ensure relevance to the current business needs as well as current and applicable regulatory requirements.

- Operational Risk Management
  A Risk Control Self Assessment ("RCSA") process is in place to enable Business Units to identify and assess the risks under their areas of supervision and control on a continuous basis. This serves as a trigger point to determine Key Risk Indicators ("KRIs") for operational risk monitoring purposes.

  The Operational Risk Management Department ("ORMD") under GRM plays a centralised function for operational risk management within GRM and it is independent of any other functions within the Bank. Exception reports are produced on a regular basis, highlighting material operational risk related issues to the Senior Management Committee-Governance, Risk and Compliance ("SMC-GRC") and BRMC for risk monitoring and appropriate level of management decision making. Relevant trainings relating to Operational Risk such as Business Continuity Planning is being provided by GRM.

  Concerns and breaches, if any, will be escalated to the Chief Executive Officer, SMC-GRC, BRMC and the Board. The same will be escalated to the Board committee(s) at the Affin Group level.

Directors' report
for the financial year ended 31 December 2024 (continued)

Corporate Governance (continued)

2 Internal Control Framework (continued)

(iii) Compliance

The Bank has in place an independent compliance function, which is responsible for advising, monitoring and educating the business and support units in respect of compliance with applicable laws, regulations and guidelines. In line with good governance practices, the Compliance Department ("CD") reports independently to the Board of the Bank, and the Group Board Compliance Committee ("GBCC") as well as the Bank's Senior Management Committee - Governance, Risk and Compliance ("SMC-GRC").

- Compliance Policy
  The CD departmental policy set out the guiding principles for the sound management of compliance risk within the Bank. It also sets out, the roles and responsibilities of the Board and Senior Management and the establishment of an independent compliance function.

- Policies and Procedures
  Policies and procedures are reviewed and updated regularly to reflect current practices and changes in applicable regulatory requirements.

- Training
  Regular training sessions are conducted by CD on the identified focus area to create compliance awareness among the staff and to assist the business and support units to better understand the effect and application of relevant regulatory and internal requirements.

- Annual Compliance Plan
  An Annual Compliance Plan is drawn up, concurred and approved by GBCC and the Board of AHIB respectively. Compliance reviews are performed regularly by CD to assess adherence to the existing and new regulatory requirements as well as internal policies and procedures. Any deviations or breaches are reported to SMC-GRC, GBCC and the Board of the Bank for deliberation.

- Whistle Blowing Policy
  The Policy provides a safe avenue for a whistleblower to disclose any serious concern or improper conduct which has come to their knowledge. It also provides the necessary safeguards to protect the whistleblower against any detrimental action, in line with the fundamental objectives of the Whistleblower Protection Act 2010.

- Anti-Money Laundering And Counter Financing of Terrorism ("AML/CFT")

  The Bank has in place an AML/CFT Framework comprising policies, procedures and processes which are duly approved by the Board and the GBCC. The framework was reviewed during the financial year following the revision of regulatory policy documents.

Directors' report
for the financial year ended 31 December 2024 (continued)

Corporate Governance (continued)

2 Internal Control Framework (continued)

(iv) Escalation Process

- The channels of communication and procedures have been established for timely reporting to the Board and the senior management of the Bank on any significant control failing or weaknesses that have been identified together with details of corrective action being undertaken.

- Corrective Action Tracking on resolution of findings highlighted by external audit, internal audit and regulators, if any, have also been escalated to the relevant Management Committees, BAC and the Board.

(v) Policies/Procedures including Empowerment and Approving Authority Policies

- Policies and procedures covering all functions are in place and updated periodically to incorporate changes to systems, work environment and guidelines issued by regulators.

- The Bank has in place an Authority Manual which is approved by the Board and the manual which set out the approving authorities and the delegated approved limits. It provides a sound framework of authority and accountability within the Bank and facilitates proper corporate decision making at the appropriate level in the Bank's hierarchy. The delegation of limits is subject to periodic reviews as to its implementation and continuing suitability in meeting the business objectives and operational needs.

(vi) Financial Performance Review

- The Finance Department ("FD") regularly provides comprehensive information to the Board and BAC on key financial reports, key variances and analysis of financial data of the Group and Bank. The FD ensures maintenance of proper accounting records and the reliability of the financial information is in accordance with the approved standards and in compliance with the regulatory and statutory requirements.

(vii) Business and Capital Plan including Budget

- The annual business plan and financial budget of the Bank are tabled and approved by the Board. The variances between the actual and budgeted results are presented to the Board on a periodic basis to allow for timely responses and corrective actions to be taken to mitigate risks.

- A structured framework and processes with regard to capital expenditure and revenue is in place and is reviewed annually.

- The internal capital threshold is set on annual basis.

(viii) People Office

The Bank acknowledges that people development is key and critical to the Bank. This is to ensure that employees have the right competencies, skills and knowledge to discharge their responsibilities they are entrusted with, and must able to exercise sound judgement when fulfilling those responsibilities. People Office is also tasked with preparing the employees of the Bank for the future through various training programmes to upskill and reskill employees. These would also future proof the Bank and support the Bank's future aspirations. The Bank and its employees are also governed by the Bank's Code of Ethics and Code of Conduct.

Directors' report
for the financial year ended 31 December 2024 (continued)

Corporate Governance (continued)

2 Internal Control Framework (continued)

(viii) People Office (continued)

The Human Resources ("HR") Strategies, Policies and Procedures are in place and provide clarity in all aspects of human resource management in the Bank. These policies and procedures are reviewed periodically to ensure that they remain relevant. Appropriate controls are in place to manage operational risks.

People Office has undertaken various efforts, initiatives and training programmes to address the human capital requirement, including knowledge management and mandatory programmes. The Bank has in place online Key Performance Indicators ("KPIs") and performance-based appraisal system ("ePMS") to evaluate and compensate/reward its employees accordingly. Staff performance assessment is conducted biannually, based on KPIs and Competency Based Behavioral/Leadership Competencies with performance calibration exercise during Year-End Performance Appraisal (YEPA) to ensure objectivity in assessment.

The recruitment process including the sourcing of the right candidates and screening process, which includes the fit and proper assessment is in place.

The e-learning facilities provides staff with the freedom of time and space to learn and update their knowledge at their convenience while meeting the Bank's needs for its employees, who are spread across geographical areas, to be competent in key areas.

3 Remuneration System

The Bank's remuneration system for employees comprises the following key elements:

a) fixed pay;
b) variable pay (short term incentive plan); and
c) benefits.

The remuneration policy is structured for the Bank to recruit, motivate, reward and retain employees who believe in, and live by the Bank's culture and values. The Bank also endeavour to create a working environment that motivates high performance so that all employees can positively contribute to the strategy, vision, goals and values of the Bank.

The Bank's remuneration mix is aligned with the financial services industry remuneration mix of fixed and performance-linked variable pay. Individual performance is measured through a structured and transparent performance appraisal process vide the Performance Management System.

It is the Bank's basic compensation philosophy to provide a competitive level of compensation to attract and retain qualified and competent staff. The Bank's variable remuneration policy is driven by a performance-based culture that aligns staff interests with the shareholder of the Bank. These elements support the achievement of the Bank's objectives through balancing rewards for both short-term results and long-term sustainable performance, and to align employees' incentives with the Bank's risk framework and risk outcomes.

The quality and long-term commitment of our employees is fundamental to the Bank's success. The Bank therefore aims to attract, retain and motivate the very best people who are committed to maintaining a career with the Bank, and who will perform their role in the long-term interests of our shareholders.

Directors' report
for the financial year ended 31 December 2024 (continued)

Corporate Governance (continued)

3 Remuneration System (continued)

Pursuant to the BNM Corporate Governance Guidelines ("BNM CG"), the remuneration system for the Bank (as per the BNM CG guidelines) shall:

a) be subject to Board's active oversight to ensure that the system operates as intended;
b) be in line with the business and risk strategies, corporate values and long-term interests of the Bank;
c) promote prudent risk-taking behaviour and encourage individuals to act in the interests of the Bank as a whole, taking into account the interests of its customers; and
d) be designed and implemented with input from the control functions and GBRMC to ensure that risk exposures and risk outcomes are adequately considered.

With the establishment of the Group Board Nomination & Remuneration Committee ("GBNRC") on 1 August 2020, the remuneration of the Chief Executive Officer, Key Senior Management Officers and Company Secretary must be recommended by the GBNRC and approved by the Bank's Board annually and the Bank will maintain and regularly review the list of officers who fall within the definition of Senior Management and other material risk takers.

The Bank has 10 Senior Officers comprising Chief Operating Officer, Managing Director Securities, Chiefs of Support Units, Chiefs of Control Functions and Senior Management.

The Bank will ensure transparency in accordance with the BNM CG, by the disclosure of remuneration policies and information on paid remuneration to regulators, through the Annual Financial Statements.

Remuneration for individuals shall be aligned with prudent risk-taking. Hence, remuneration outcomes shall be symmetric with risk outcomes. This includes ensuring that:

a) remuneration is adjusted to account for all types of risk, and determined by both quantitative measures and qualitative judgement;
b) the size of the bonus pool is linked to the overall performance of the Bank;
c) incentive payments are linked to the contribution of the individual and business unit to the overall performance of the Bank;
d) bonuses are not guaranteed, except in the context of sign-on bonuses; and
e) for members of senior management and other material risk takers:
   - a portion of remuneration consists of variable remuneration to be paid on the basis of individual, business-unit and Bank-wide measures that adequately assess performance; and
   - the variable portion of remuneration increases along with the individual's level of accountability.
   - portion of the performance-based bonus is deferred for the senior personnel and Other Material Risk Takers ("OMRTs") in ensuring their sustainable performance over a longer duration and payment will only be released if there is no consequence of their actions/decision which may only be realized after some time.

Directors' report
for the financial year ended 31 December 2024 (continued)

Business review for 2024

As at 31 December 2024, total assets of the Group and the Bank stood at RM8,982.1 million (financial year ended 31 December 2023 ("FY2023") RM9,371.8 million) and RM8,974.9 million (FY2023: RM9,370.5 million) respectively.

The Group recorded a net income of RM308.9 million for the financial year ended 31 December 2024 ("FY2024") compared to RM240.6 million in the previous financial year ("FY2023"). The Bank meanwhile recorded a net income of RM307.2 million versus FY2023's net income of RM239.3 million. The higher net income for the Group and the bank in FY2024 was mainly due to higher fee income, higher investment income and higher interest income, which was partially offset by foreign exchange losses. Securities business contributed 69.7% (2023: 66.9%) to the Group's overall net income, while Investment Banking and Treasury & Markets businesses contributed 15.0% and 12.3% (2023: 9.9% and 22.8%) of the Group's total net income respectively.

For FY2024, the Group registered a profit before tax ("PBT") of RM150.6 million from RM92.5 million reported in FY2023. As for the Bank, it achieved a PBT of RM150.4 million for FY2024, compared to RM92.5 million reported in FY2023.

In 2024, the Group's securities division demonstrated commendable performance by ranking 2nd position in Bursa Malaysia Berhad's Broker Ranking. 0.01% behind the top broker for FY2024.

Directors' report
for the financial year ended 31 December 2024 (continued)

Economic and Business Outlook for 2025

Malaysia's Gross Domestic Product ('GDP') growth is projected to strengthen to 5.2% in 2025, an improvement from the 5.0% anticipated for 2024, supported by key economic drivers. Sustained low unemployment rates, coupled with income and wage growth, are expected to bolster private consumption, which constitutes a significant component of GDP. Additionally, economic expansion will be underpinned by steady domestic and foreign investment flows, as well as stable trade performance.

The Malaysian Ringgit is forecasted to appreciate in 2025, reflecting robust economic fundamentals and the anticipated monetary easing in advanced economies. Bank Negara Malaysia ('BNM') is expected to maintain the Overnight Policy Rate ('OPR') at 3.0%, ensuring monetary policy continuity that supports economic growth.

While the planned removal of petrol subsidies may impact private consumption if not effectively managed, these challenges are expected to be mitigated through prudent policy adjustments and measures to support affected segments of the population.

On the global front, heightened geopolitical conflicts, US-China trade tensions, and potential supply chain disruptions remain key risks. Nevertheless, Malaysia's diversified economy and adaptive strategies position it to navigate these uncertainties effectively.

The expected economic expansion provides the banking sector, with opportunities arising from increased demand for loans/financing and financial services. While deposit competition may lead to margin compression, this impact is anticipated to be offset by higher credit growth and improved asset quality. Malaysian banks remain well-capitalized, supported by adequate impairment buffers to cushion against moderate credit stress. Despite potential market volatility and margin compression, Malaysian banks remain agile to respond to evolving conditions, ensuring sustained profitability and stability.

Business Strategy Moving Forward

Affin Hwang Investment Bank Group is focused on fulfilling the Affin Group's AX28 Transformation Plan which will see the Group and the Bank playing a significant role in contributing to the Affin Group and the Bank profitability through its business pillars. Unrivalled Customer Service, Digital Leadership and Responsible Banking with Impact will continue to be the guiding principles in the Group and the Bank's strategies moving forward.

Rating by extenal rating agency

The Group's long term rating of AA3 and short term rating of P1 were reaffirmed by the Rating Agency Malaysia in May 2024.

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Affin Hwang Investment Bank Berhad
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Directors' report
for the financial year ended 31 December 2024 (continued)

Subsidiaries

Details of subsidiaries are disclosed in Note 12 to the financial statements.

Holding company and substantial shareholder

The holding company of the Bank is Affin Bank Berhad, a public limited liability company incorporated and domiciled in Malaysia. The substantial shareholder of Affin Bank Berhad are State Financial Secretary, Sarawak ("SFS"), Lembaga Tabung Angkatan Tentera, a statutory body incorporated under the Tabung Angkatan Tentera Act, 1973 and the Bank of East Asia.

Auditors' remuneration

Auditors' remuneration of the Group and the Bank are RM799,000 and RM729,000 respectively. Details of auditors' remuneration are disclosed in Note 32 to the financial statements.

Auditors

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 12 March 2025. Signed on behalf of the Board of Directors in accordance with their resolution.

Tunku Afwida binti Tunku A.Malek
Chairman

Mr Eugene Hon Kah Weng
Director

12 March 2025

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Statements of financial position as at 31 December 2024

	Note	The Group 31.12.2024 RM'000	The Group 31.12.2023 RM'000	The Bank 31.12.2024 RM'000	The Bank 31.12.2023 RM'000
Assets					
Cash and short-term funds	2	**317,360**	686,512	**309,257**	684,062
Financial assets at fair value through profit or loss ("FVTPL")	3	**163,051**	106,836	**161,752**	105,579
Financial investments at fair value through other comprehensive income ("FVOCI")	4	**4,030,805**	4,439,658	**4,030,805**	4,439,658
Financial investments at amortised cost	5	**1,056,332**	1,056,550	**1,056,332**	1,056,550
Loans and advances	6	**2,242,268**	1,953,780	**2,242,268**	1,953,780
Amount due from clients and brokers	7	**512,673**	397,533	**512,673**	397,533
Derivative financial assets	8	**35,600**	141,380	**35,600**	141,380
Other assets	9	**121,079**	65,077	**120,744**	64,823
Statutory deposits with Bank Negara Malaysia	10	**118,530**	130,600	**118,430**	130,500
Amounts due from subsidiaries	11	**-**	-	**472**	654
Investment in subsidiaries	12	**-**	-	**1,794**	1,794
Investment in associates	13	**-**	-	**372**	372
Tax recoverable		**19,773**	33,634	**19,757**	33,631
Deferred tax assets	14	**32,110**	27,652	**32,110**	27,652
Property and equipment	15	**11,378**	9,937	**11,375**	9,932
Intangible assets	16	**308,192**	307,321	**308,192**	307,285
Right-of-use assets	17	**12,975**	15,302	**12,975**	15,302
Total assets		**8,982,126**	9,371,772	**8,974,908**	9,370,487
Liabilities and equity					
Deposits from customers	18	**3,890,577**	4,801,493	**3,890,577**	4,801,493
Deposits and placements of banks and other financial institutions	19	**2,342,947**	1,545,169	**2,342,947**	1,545,169
Obligations on securities sold under repurchase agreements		**386,672**	813,956	**386,672**	813,956
Senior debt securities	20	**4,957**	-	**4,957**	-
Amount due to clients and brokers	21	**370,262**	214,100	**370,262**	214,100
Derivative financial liabilities	22	**51,059**	82,340	**51,059**	82,340
Amount due to holding company		**27,416**	9,324	**27,416**	9,324
Lease liabilities	23	**12,943**	17,212	**12,943**	17,212
Other liabilities	24	**429,864**	465,447	**422,761**	464,158
Provision for taxation		**2**	1	**-**	-
Total liabilities		**7,516,699**	7,949,042	**7,509,594**	7,947,752
Share capital	25	**999,800**	999,800	**999,800**	999,800
Reserves	26	**465,627**	422,930	**465,514**	422,935
Total equity		**1,465,427**	1,422,730	**1,465,314**	1,422,735
Total liabilities and equity		**8,982,126**	9,371,772	**8,974,908**	9,370,487
Commitments and contingencies	39	**8,346,930**	16,785,067	**8,346,930**	16,785,067

The accounting policies and notes form an integral part of these financial statements.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Income statements
for the financial year ended 31 December 2024

	Note	The Group 31.12.2024 RM'000	The Group 31.12.2023 RM'000	The Bank 31.12.2024 RM'000	The Bank 31.12.2023 RM'000
Interest income	27	**372,107**	308,215	**372,063**	308,185
Interest expense	28	**(281,578)**	(243,601)	**(281,578)**	(243,601)
Net interest income		**90,529**	64,614	**90,485**	64,584
Fee and commission income	29	**139,353**	82,860	**137,805**	81,618
Net gains and losses on financial instruments	30	**105,208**	78,590	**105,166**	78,540
Other operating (loss)/income	31	**(26,147)**	14,572	**(26,237)**	14,572
Net income		**308,943**	240,636	**307,219**	239,314
Other operating expenses	32	**(209,136)**	(173,416)	**(207,482)**	(172,180)
Operating profit before allowances		**99,807**	67,220	**99,737**	67,134
Write-back of credit impairment losses	33	**52,085**	25,274	**52,014**	25,364
Profit before zakat and taxation		**151,892**	92,494	**151,751**	92,498
Zakat		**(1,337)**	-	**(1,337)**	-
Profit before taxation		**150,555**	92,494	**150,414**	92,498
Taxation	36	**(36,955)**	(23,029)	**(36,932)**	(23,024)
Profit for the financial year		**113,600**	69,465	**113,482**	69,474
Attributable to:					
Equity holders of the Bank		**113,600**	69,465	**113,482**	69,474
		113,600	69,465	**113,482**	69,474
Earnings per share (sen):					
Basic/diluted earnings per share (sen) attributable to equity holders of the Bank	37	**14.56**	8.91	**14.55**	8.91

The accounting policies and notes form an integral part of these financial statements.

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Affin Hwang Investment Bank Berhad
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Statements of comprehensive income for the financial year ended 31 December 2024

		The Group		The Bank	
		31.12.2024	31.12.2023	**31.12.2024**	31.12.2023
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Net profit after zakat and taxation		**113,600**	69,465	**113,482**	69,474
Other comprehensive income/(expenses):					
Items that may be reclassified subsequently to profit or loss:					
Net fair value change in financial investments at FVOCI (debt instruments)		**30,780**	84,795	**30,780**	84,795
Net credit impairment loss change in financial investments at FVOCI (debt instruments)		**(20,928)**	2,061	**(20,928)**	2,061
Net gain on financial investments at FVOCI reclassified to profit or loss on disposal (debt instruments)		**268**	(1,724)	**268**	(1,724)
Deferred tax on financial investments at FVOCI	14	**(7,452)**	(19,937)	**(7,452)**	(19,937)
Item that will not be reclassified subsequently to profit or loss:					
Net fair value change in financial investments designated at FVOCI (equity instruments)		**1,429**	844	**1,429**	844
Other comprehensive income for the financial year, net of tax		**4,097**	66,039	**4,097**	66,039
Total comprehensive income for the financial year		**117,697**	135,504	**117,579**	135,513
Attributable to equity holders of the Bank:					
Total comprehensive income for the financial year		**117,697**	135,504	**117,579**	135,513

The accounting policies and notes form an integral part of these financial statements.

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Affin Hwang Investment Bank Berhad
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Statements of changes in equity
for the financial year ended 31 December 2024

		<--------------	Attributable to equity holders of the Bank	------------>		
The Group	**Note**	**Share capital RM'000**	**FVOCI revaluation reserves RM'000**	**Regulatory reserves RM'000**	**Retained profits RM'000**	**Total equity RM'000**
At 1 January 2024		**999,800**	**(26,516)**	**20,728**	**428,718**	**1,422,730**
Comprehensive income:						
Net profit for the financial year		-	-	-	**113,600**	**113,600**
Other comprehensive income (net of tax)						
- Financial investments at FVOCI		-	**4,097**	-	-	**4,097**
Total comprehensive income		-	**4,097**	-	**113,600**	**117,697**
Transfer to regulatory reserves		-	-	**24,383**	**(24,383)**	-
Dividends paid	38	-	-	-	**(75,000)**	**(75,000)**
At 31 December 2024		**999,800**	**(22,419)**	**45,111**	**442,935**	**1,465,427**

The accounting policies and notes form an integral part of these financial statements.

Affin Hwang Investment Bank Berhad
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Statements of changes in equity
for the financial year ended 31 December 2024 (continued)

		<------ Attributable to equity holders of the Bank ------				
The Group	**Note**	**Share capital RM'000**	**FVOCI revaluation reserves RM'000**	**Regulatory reserves RM'000**	**Retained profits RM'000**	**Total equity RM'000**
At 1 January 2023		999,800	(92,555)	16,709	513,272	1,437,226
Net profit for the financial year		-	-	-	69,465	69,465
Other comprehensive income (net of tax)						
- Financial investments at FVOCI		-	66,039	-	-	66,039
Total comprehensive income		-	66,039	-	69,465	135,504
Transfer to regulatory reserves		-	-	4,019	(4,019)	-
Dividends paid	38	-	-	-	(150,000)	(150,000)
At 31 December 2023		999,800	(26,516)	20,728	428,718	1,422,730

The accounting policies and notes form an integral part of these financial statements.

Affin Hwang Investment Bank Berhad
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Statements of changes in equity
for the financial year ended 31 December 2024 (continued)

		<---- Non-Distributable		---->	<- Distributable ->	
The Bank	**Note**	**Share capital RM'000**	**FVOCI revaluation reserves RM'000**	**Regulatory reserves RM'000**	**Retained profits RM'000**	**Total equity RM'000**
At 1 January 2024		**999,800**	**(26,516)**	**20,728**	**428,723**	**1,422,735**
Net profit for the financial year		-	-	-	113,482	113,482
Other comprehensive income (net of tax)						
- Financial investments at FVOCI		-	4,097	-	-	4,097
Total comprehensive income		-	**4,097**	-	**113,482**	**117,579**
Transfer to regulatory reserves		-	-	**24,383**	**(24,383)**	-
Dividends paid	38	-	-	-	**(75,000)**	**(75,000)**
At 31 December 2024		**999,800**	**(22,419)**	**45,111**	**442,822**	**1,465,314**
At 1 January 2023		999,800	(92,555)	16,709	513,268	1,437,222
Net profit for the financial year		-	-	-	69,474	69,474
Other comprehensive income (net of tax)						
- Financial investments at FVOCI		-	66,039	-	-	66,039
Total comprehensive income		-	66,039	-	69,474	135,513
Transfer to regulatory reserves		-	-	4,019	(4,019)	-
Dividends paid	38	-	-	-	(150,000)	(150,000)
At 31 December 2023		999,800	(26,516)	20,728	428,723	1,422,735

The accounting policies and notes form an integral part of these financial statements.

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Statements of cash flows
for the financial year ended 31 December 2024

	Note	The Group 31.12.2024 RM'000	The Group 31.12.2023 RM'000	The Bank 31.12.2024 RM'000	The Bank 31.12.2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation:		**150,555**	92,494	**150,414**	92,498
Adjustments for items not involving the movement of cash and cash equivalents:					
Interest income:					
- financial investments at FVOCI		**(144,146)**	(124,544)	**(144,146)**	(124,544)
- financial investments at amortised cost		**(48,467)**	(44,318)	**(48,467)**	(44,318)
Interest expense on lease liability		**574**	602	**574**	602
Unwinding of discount on provision for restoration cost		**136**	45	**136**	45
Interest expense on borrowings		**49**	-	**49**	-
Dividend income:					
- financial assets at FVTPL		**(2,350)**	(38)	**(2,350)**	-
- financial investments at FVOCI		**(150)**	(190)	**(150)**	(190)
(Gain)/loss on disposal of property and equipment		**(30)**	(1)	**40**	(1)
(Gain)/loss arising from disposal/redemption of:					
- derivative instruments		**(81,499)**	(9,650)	**(81,499)**	(9,650)
- financial assets at FVTPL		**(47,587)**	(28,505)	**(47,587)**	(28,505)
- financial investments at FVOCI		**268**	(1,751)	**268**	(1,751)
- financial investments at amortised cost		**(1,756)**	-	**(1,756)**	-
Property and equipment written off		**109**	-	**109**	-
Intangible assets written off		**139**	-	**139**	-
Depreciation of property and equipment		**2,318**	2,519	**2,315**	2,516
Depreciation of ROU		**9,428**	7,207	**9,428**	7,207
Amortisation of intangible assets		**740**	826	**704**	776
Share Grant Scheme granted		**2,795**	1,010	**2,795**	1,010
Unrealised loss/(gain) on:					
- derivative instruments		**64,441**	1,947	**64,441**	1,947
- financial assets at FVTPL		**(8,770)**	(11,580)	**(8,768)**	(11,568)
Expected credit losses ("ECL") (written-back)/made on:					
- financial investments		**(20,979)**	(5,543)	**(20,979)**	(5,543)
- loans and advances		**(16,284)**	(17,398)	**(16,284)**	(17,398)
- amount due from clients and brokers		**4**	(533)	**4**	(533)
- other assets		**2,575**	(1,449)	**2,646**	(1,534)
- loan commitments and financial guarantee		**(18,013)**	69	**(18,013)**	69
Zakat		**1,337**	-	**1,337**	-
Bad debt written off		**2,852**	5	**2,852**	-
Bad debt recovered		**(2,240)**	-	**(2,240)**	-
Unrealised foreign exchange loss/(gain)		**59,730**	(67,275)	**59,730**	(67,275)
Operating (loss) before changes in working capital		**(94,221)**	(206,051)	**(94,258)**	(206,140)

The accounting policies and notes form an integral part of these financial statements.

Affin Hwang Investment Bank Berhad
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Statements of cash flows
for the financial year ended 31 December 2024 (continued)

		The Group		The Bank	
		31.12.2024	31.12.2023	**31.12.2024**	31.12.2023
	Note	**RM'000**	RM'000	**RM'000**	RM'000
(Increase)/Decrease in operating assets					
Loan and advances		**(277,224)**	(365,231)	**(277,224)**	(365,231)
Statutory deposits with Bank Negara Malaysia		**12,070**	(29,000)	**12,070**	(29,000)
Amount due from clients and brokers		**(115,144)**	6,754	**(115,144)**	6,754
Other assets		**(74,441)**	(16,810)	**(74,427)**	(16,623)
Intercompany balances		**-**	-	**182**	(345)
Derivative financial assets		**157,404**	32,828	**157,404**	32,828
Financial assets at FVTPL		**143**	(30,680)	**182**	(30,642)
		(297,192)	(402,139)	**(296,957)**	(402,259)
Increase/(Decrease) in operating liabilities					
Deposit from customers		**(911,001)**	276,404	**(911,001)**	276,404
Deposits and placements of banks and other financial institutions		**797,778**	835,649	**797,778**	835,649
Obligations on securities sold under repurchase agreements		**(427,284)**	813,956	**(427,284)**	813,956
Amount due to clients and brokers		**156,162**	(124,767)	**156,162**	(124,767)
Amount due to holding company		**15,297**	2,479	**15,297**	2,479
Derivative financial liabilities		**(91,353)**	(20,225)	**(91,353)**	(20,225)
Other liabilities		**(18,656)**	138,633	**(24,471)**	138,773
		(479,057)	1,922,129	**(484,872)**	1,922,269
Cash (used in)/generated from operating activities		**(870,470)**	1,313,939	**(876,087)**	1,313,870
Tax paid		**(35,002)**	(3,793)	**(34,968)**	(3,786)
Zakat paid		**(250)**	-	**(250)**	-
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES		**(905,722)**	1,310,146	**(911,305)**	1,310,084
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property and equipment		**238**	1	**167**	1
Purchase of property and equipment		**(4,076)**	(5,762)	**(4,075)**	(5,762)
Purchase of intangible assets		**(1,750)**	(359)	**(1,750)**	(359)
Interest received:					
- financial investments at FVOCI		**170,539**	137,039	**170,539**	137,039
- financial investments at amortised cost		**54,517**	41,753	**54,517**	41,753
Purchase of:					
- financial investments at FVOCI		**(1,923,840)**	(1,175,929)	**(1,923,840)**	(1,175,929)
- financial investments at amortised cost		**(24,100)**	(332,859)	**(24,100)**	(332,859)

The accounting policies and notes form an integral part of these financial statements.

Registration No: 197301000792 (14389-U)

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Statements of cash flows
for the financial year ended 31 December 2024 (continued)

	Note	The Group 31.12.2024 RM'000	The Group 31.12.2023 RM'000	The Bank 31.12.2024 RM'000	The Bank 31.12.2023 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES (continued)					
Redemption/Disposal of:					
- financial investments at FVOCI		**2,296,803**	389,007	**2,296,803**	389,007
- financial investments at amortised cost		**20,074**	167,696	**20,074**	167,696
Dividend income received from:					
- financial assets at FVTPL		**2,350**	38	**2,350**	-
- financial investments at FVOCI		**150**	190	**150**	190
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		**590,905**	(779,185)	**590,835**	(779,223)
CASH FLOWS FROM FINANCING ACTIVITIES					
Lease payments		**(9,750)**	(6,322)	**(9,750)**	(6,322)
Dividends paid to holding company		**(75,000)**	(150,000)	**(75,000)**	(150,000)
Proceeds from issuance of Commercial Paper		**4,908**	-	**4,908**	-
NET CASH USED IN FINANCING ACTIVITIES		**(79,842)**	(156,322)	**(79,842)**	(156,322)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(394,659)**	374,639	**(400,312)**	374,539
EFFECT OF FOREIGN EXCHANGE		**25,507**	-	**25,507**	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**686,512**	311,873	**684,062**	309,523
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL YEAR	2	**317,360**	686,512	**309,257**	684,062

The accounting policies and notes form an integral part of these financial statements.

Summary of material accounting policies for the financial year ended 31 December 2024

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

A Basis of preparation

The financial statements of the Group and the Bank have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and the Bank have been prepared under the historical cost convention, unless otherwise indicated in this summary of material accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported financial year. It also requires Directors to exercise their judgement in the process of applying the Group and the Bank's accounting policies. Although these estimates and judgements are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note Z.

(a) Standards, amendments to published standards and interpretations that are effective and applicable to the Group and the Bank

Below are the annual improvements and amendments to MFRS effective for the financial year beginning 1 January 2024:

- Amendments to MFRS 101 'Presentation of Financial Statements'
- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback'

The adoption of other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) IFRIC agenda decisions that are concluded and published

IFRIC agenda decision - disclosure of revenues and expenses for reportable segments

This agenda decision clarified that entities reporting segment information in their financial statements should disclose specified income and expense items for each reportable segment, provided these items are included in the segment profit measure reviewed by the chief operating decision maker ('CODM'), regardless of whether they are separately reviewed by the CODM. Additionally, entities should apply the requirements for materiality and aggregation under MFRS 101 when determining which additional material items of income and expense should be disclosed in segment reporting.

The Group and the Bank are in the midst of assessing the full impact of the above agenda decision on the financial information of the Group and the Bank.

Summary of material accounting policies for the financial year ended 31 December 2024 (continued)

A Basis of preparation (continued)

(c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning after 1 January 2024.

- MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027) replaces MFRS 101 'Presentation of Financial Statements'.

  The new MFRS introduces a new structure of profit or loss statement.

  (a) Income and expenses are classified into 3 new main categories:

    i. Operating category which typically includes results from the main business activities;

    ii. Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and

    iii. Financing category that presents income and expenses from financing liabilities.

  (b) Entities are required to present two new specified subtotals: 'Operating profit or loss' and 'Profit or loss before financing and income taxes'

Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards.

Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

- Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments' (effective 1 January 2026) have:

  - require financial assets to be derecognised on the date the contractual rights to the cash flows expire and financial liabilities to be derecognised when obligation under the contract is discharged (i.e. the settlement date). In addition, there is an optional exception to derecognise financial liabilities before the settlement date for settlement using electronic payment systems (if specified criteria are met);
  - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
  - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
  - update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

Summary of material accounting policies for the financial year ended 31 December 2024 (continued)

A Basis of preparation (continued)

(c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (continued)

- Amendments to MFRS 121 'Lack of Exchangeability' (effective 1 January 2025) have:

  An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.

  A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

  When a currency is not exchangeable into another currency, the spot exchange rate needs to be estimated, i.e. to determine the rate at which an orderly exchange transaction would take place at that date between market participants under prevailing economic conditions.

  The amendments do not specify how an entity estimates the spot exchange rate, but permit an entity to use observable exchange rate without adjustment or another estimation technique, provided it could meet the objective of estimating the spot exchange rate set out in the amendments.

  When the amendments are first applied, an entity is not permitted to restate comparative information. Instead, the entity should translate the amount affected by foreign currency that lacks exchangeability using the estimated spot exchange rates at the date of initial application. Entity is also required to make additional disclosures when exchangeability is lacking.

- Annual improvements to MFRS Accounting Standards for enhanced consistency (effective 1 January 2026) have:

  The annual improvements comprise the following amendments:

  - Amendments to MFRS 7 on gain or loss on derecognition – obsolete cross-referencing is removed.
  - Additionally, the implementation guidance is revised to address the inconsistency within MFRS 7 on disclosure of deferred difference between fair value and transaction price. The amendments also clarify that the credit risk guidance does not cover all MFRS 7 requirements.
  - Amendments to MFRS 9 clarify that the derecognition principle of MFRS 9 should be applied by lessees to account for extinguished lease liabilities.
  - In addition, the term "transaction price" as defined in MFRS 15 has also been removed from MFRS 9.
  - Amendments to MFRS 10 resolve an inconsistency in determining whether a party is acting as a de facto agent.
  - Amendments to MFRS 107 replace the term 'cost method' which is not a defined term in MFRS.

An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

The adoption of the accounting standards, amendments to published standards and interpretations to existing standards above are not expected to give rise to any material impact to the Group and the Bank, except for the adoption of MFRS 18 and amendments to MFRS 9, of which the Group and the Bank are in the midst of assessing the financial and disclosures impact.

Summary of material accounting policies for the financial year ended 31 December 2024 (continued)

B Consolidation

The consolidated financial statements include the financial statements of the Bank, subsidiaries and associates, made up to the end of the financial year.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations when the acquired sets of activities and assets meet the definition of a business. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement. Refer to Note E for the accounting policy on goodwill.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in the profit or loss.

Summary of material accounting policies for the financial year ended 31 December 2024 (continued)

B Consolidation (continued)

(a) Subsidiaries (continued)

The Group applies predecessor accounting to account for business combinations under common control. Under predecessor accounting, assets and liabilities acquired are not restated to their respective fair values. They are recognised at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to ensure uniform accounting policies of the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities (as of the date of the transaction) of the acquired entity is recognised as an adjustment to equity. No additional goodwill is recognised.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(c) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

Summary of material accounting policies for the financial year ended 31 December 2024 (continued)

B Consolidation (continued)

(d) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in profit or loss, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but the significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains or losses arising in investments in associates are recognised in profit or loss.

C Investments in subsidiaries and associates in separate financial statements

In the Bank's separate financial statements, investments in subsidiaries and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the profit or loss.

Summary of material accounting policies for the financial year ended 31 December 2024 (continued)

D Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are recognised as expenses in the profit or loss during the financial year in which they are incurred.

Property and equipment are depreciated on the straight-line basis to allocate the cost, to their residual value over their estimated useful life summarised as follows:

Renovations	5 to 10 years
Office equipment and furniture	5 years
Motor vehicles	5 years
Computer equipment	5 years

Depreciation of capital work in progress commences when the assets are ready for their intended use.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

At the end of the reporting period, the Group and the Bank assess whether there is any indication of impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. A write-down is made if the carrying amount exceeds the recoverable amount. Refer to Note F for the accounting policy on impairment of non-financial assets.

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are recognised within other operating income in the income statement.

E Intangible assets

(a) Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of the previously held interest in the acquiree is less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in the profit or loss.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Summary of material accounting policies for the financial year ended 31 December 2024 (continued)

E Intangible assets (continued)

(a) Goodwill (continued)

Various circumstances may necessitate a reallocation of goodwill among CGUs (or groups of CGUs) including:

(i) Disposal of an operation to which goodwill has been allocated

When goodwill has been allocated to a CGU and the entity disposes of an operation within that unit, the goodwill associated with the disposed operation must be:

- included in the carrying amount of the operation when determining the gain or loss on disposal; and
- measured on the basis of the relative values of the operation disposed of and the portion of the CGU retained (unless another method better reflects the goodwill associated with the disposed operation).

(ii) Reorganisation of an entity's reporting structure

When an entity reorganises its reporting structure in a way that changes the composition of one or more CGUs to which goodwill has been allocated, the goodwill must be:

- reallocated to the units affected; and
- measured using a relative value approach (again, unless another method better reflects the goodwill associated with the reorganised units).

(b) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software controlled by the Group and the Bank are recognised as intangible assets when the following criteria are met:

(i) it is technically feasible to complete the software product so that it will be available for use;
(ii) management intends to complete the software product and use or sell it;
(iii) there is an ability to use or sell the software product;
(iv) it can be demonstrated how the software product will generate probable future economic benefits;
(v) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
(vi) the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised from the point at which the asset is ready for use over their estimated useful lives of five years.

(c) Merchant bank license

The merchant bank license represents contribution by the Bank to the Government of Malaysia for a license to carry on merchant banking business and is considered to have an indefinite useful life, which is not amortised and is assessed for impairment annually.

Summary of material accounting policies for the financial year ended 31 December 2024 (continued)

F Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows that are largely independent of the cash inflows from other assets or group of assets ("CGU"). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

G Financial assets

(a) Classifications

The Group and the Bank classify their financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the settlement date, the date on which the Group and the Bank settle the commitment to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Bank have transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group and the Bank measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI").

Summary of material accounting policies for the financial year ended 31 December 2024 (continued)

G Financial assets (continued)

(c) Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Bank's business model for managing the asset and the cash flow characteristics of the asset. The Group and the Bank reclassify debt investments when and only when its business model for managing those assets changes.

There are three measurement categories into which the Group and the Bank classify their debt instruments:

(i) Amortised cost ("AC")

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in "interest income" using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "net gains and losses on financial instruments" together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the income statements.

(ii) Fair value through other comprehensive income ("FVOCI")

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "net gains and losses on financial instruments". Interest income from these financial assets is included in "interest income" using the effective interest rate method. Foreign exchange gains and losses are presented in "net gains and losses on financial instruments" and impairment expenses are presented as a separate line item in the income statement.

Summary of material accounting policies for the financial year ended 31 December 2024 (continued)

G Financial assets (continued)

(c) Measurement (continued)

Debt instruments (continued)

There are three measurement categories into which the Group and the Bank classify its debt instruments: (continued)

(iii) Fair value through profit or loss ("FVTPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Bank may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes are recognised in profit or loss and presented net within "net gains and losses on financial instruments" in the period in which it arises.

- Business model:

The business model reflects how the Group and the Bank manage the assets in order to generate cash flows. That is, whether the Group's and the Bank's objectives are solely to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets at FVTPL purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group and the Bank in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the Bank's business model for the loan book is to hold to collect contractual cash flows. Another example is the liquidity portfolio of assets, which is held by the Group and the Bank as part of liquidity management and is generally classified within the hold to collect and sell business model. For financial assets which were managed for the purpose of preserving the capital and generating a return on a longer turn, with the objective to hold and collect contractual cash flows and measured at Amortised Cost. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

- SPPI:

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group and the Bank assess whether the financial instruments' cash flows represent solely payments of principal and interest (the "SPPI test"). In making this assessment, the Group and the Bank consider whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Equity instruments

The Group and the Bank subsequently measure all equity investments at fair value. Where the Group's and the Bank's management have elected to present fair value gains and losses on equity investments in OCI, cumulative gain or loss previously recognised in other comprehensive income is not subsequently reclassified to profit or loss, but may be transferred within equity following the derecognition of the investment. The gains or losses will be recognised in retained earnings. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Bank's right to receive payments is established.

Changes in the fair value of equity investments at FVTPL are recognised in "net gains and losses on financial instruments" in the income statement.

Summary of material accounting policies for the financial year ended 31 December 2024 (continued)

G Financial assets (continued)

(d) IBOR modification

When the basis to determine the future contractual cash flows of financial assets classified as amortised cost or FVOCI are modified entirely as a result of IBOR reform, the Group applies the reliefs provided by the Phase 2 amendments related to IBOR reform to adjust the effective interest rate with no modification gain or loss is recognised.

In situations where some or all of a change in the basis for determining the contractual cash flows of financial assets classified as amortised cost or FVOCI does not meet the criteria of the Phase 2 amendments, the Group first applies the practical expedient to the changes required by IBOR reform, including updating the effective interest rate. Any additional changes are accounted for as a modification of financial assets in accordance with the requirement in MFRS 9 (that is, assessed for modification or derecognition, with the resulting modification gain/loss recognised immediately in profit or loss where the financial assets are not derecognised).

(e) Subsequent measurement – Impairment

Impairment for debt instruments and financial guarantee contracts

The Group and the Bank assess on a forward-looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECL represents a probability-weighted estimate of the difference between the present value of cash flows according to the contract and the present value of cash flows the Group and the Bank expect to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group and the Bank expect to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(i) General 3-stage approach

At each reporting date, the Group and the Bank measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. Note 44 sets out the measurement details of ECL. The Group and the Bank apply 3-stage approach on debt instruments measured at amortised cost and FVOCI, except for those that are under simplified approach, as explained below.

(ii) Simplified approach

The Group and the Bank apply MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for amount due from clients and brokers and other assets.

Summary of material accounting policies for the financial year ended 31 December 2024 (continued)

G Financial assets (continued)

(e) Subsequent measurement – Impairment (continued)

Significant increase in credit risk

The Group and the Bank consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Bank compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:
- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor/issuer's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increase in credit risk on other financial instruments of the same debtor;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor/issuer is more than 30 days or 1 month past due in making a contractual payment.

Definition of default and credit-impaired financial assets

The Group and the Bank define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the mandatory and/or judgemental indicators, which include amongst others, the following criteria:

(i) Mandatory indicators
- Failure to make contractual payment within 90 days or 3 months or when they fall due;
- Rescheduling and/or Restructuring ("R&R"), count of 3 times or more in 9 rolling 24 months period;
- Internal rating deteriorated to Credit Grade 15 or worse;
- Rating downgrade to default grade "D";
- Distressed restructuring or rescheduling of coupon and/or principal redemption resulting in an extended grace period to service coupon or even capitalise coupon;
- Primary repayment source is terminated indefinitely, or business model is deemed no longer viable, and no other alternative source of repayment is available;
- Cessation of business operations and business operation is unlikely able to resume;
- Borrower/customer is adjudicated bankrupt;
- Winding-up order issued against the company;
- Receiver and manager appointed;
- Corporate Rescue Mechanism, implementation of Corporate Voluntary Arrangement ("CVA") or Order for Judicial Management ("JM") granted by Court;
- Classification by Bursa Malaysia as distressed company due to credit deterioration, e.g. PN17, GN3 and failing to comply with the timeline for remedial action, and/or evidence of business failure; and
- Account classified as fraud.

Summary of material accounting policies for the financial year ended 31 December 2024 (continued)

G Financial assets (continued)

(e) Subsequent measurement – Impairment (continued)

Definition of default and credit-impaired financial assets (continued)

The Group and the Bank define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the mandatory and/or judgemental indicators, which include amongst others, the following criteria: (continued)

(ii) Judgemental indicators

- Other debts including Treasury Instruments default and/or transferred to Stage 3 (Cross Default).

The Group and the Bank first assess whether objective evidence of impairment exists for financial assets which are individually significant. If the Group and the Bank determine that objective evidence of impairment exists, i.e. credit impaired, for an individually assessed financial asset, a lifetime ECL will be recognised.

Financial assets which are individually significant but non-impaired and not individually significant are grouped on the basis of similar credit risk characteristics (such as credit quality, instrument type, credit risk ratings, credit utilisation, customer types and other relevant factors) for collective assessment.

Write-off policy

The Group and the Bank write-off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

Indicators that there is no reasonable expectation of recovery include:

(i) ceasing enforcement activity; and
(ii) where the Groups recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

Summary of material accounting policies for the financial year ended 31 December 2024 (continued)

G Financial assets (continued)

(e) Subsequent measurement – Impairment (continued)

Modification of loans

The Group and the Bank sometimes renegotiate or otherwise modify the contractual cash flows of loans to customers. When this happens, the Group and the Bank assess whether or not the new terms are substantially different from the original terms. The Group and the Bank do this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group and the Bank derecognise the original financial asset and recognises a "new" asset at fair value and recalculate a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group and the Bank also assess whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group and the Bank recalculate the gross carrying amount based on the revised cash flows of the financial asset and recognise a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Summary of material accounting policies for the financial year ended 31 December 2024 (continued)

G Financial assets (continued)

(e) Subsequent measurement – Impairment (continued)

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group and the Bank transfer substantially all the risks and rewards of ownership, or (ii) the Group and the Bank neither transfer nor retain substantially all the risks and rewards of ownership and the Group and the Bank have not retained control.

The Group and the Bank enter into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfer substantially all of the risks and rewards. These transactions are accounted for as "pass-through" transfers that result in derecognition if the Group and the Bank:

i) Have no obligation to make payments unless it collects equivalent amounts from the assets;
ii) Are prohibited from selling or pledging the assets; and
iii) Have obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Group and the Bank under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group and the Bank retain substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group and the Bank retain a subordinated residual interest.

(f) Regulatory reserve requirements

Pursuant to BNM Financial Reporting policy dated 29 April 2022, the Group and the Bank must maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of all credit exposures, net of loss allowance for credit-impaired exposures.

Summary of material accounting policies for the financial year ended 31 December 2024 (continued)

H Financial liabilities

Financial liabilities are classified and subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss

  This classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss; and

- Financial guarantee contracts and loan commitments (see Note I).

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, canceled or expires).

I Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Loan commitments provided by the Group and the Bank are measured as the amount of the loss allowance (calculated as described in Note 44). The Group and the Bank have not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group and the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 "Financial Instruments" and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 "Revenue from Contracts with Customers", where appropriate.

J Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

Summary of material accounting policies
for the financial year ended 31 December 2024 (continued)

K Derivative financial instruments

Derivatives are initially recognised at fair values on the date on which derivative contracts are entered into and are subsequently remeasured at their fair values at the end of each reporting period. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group and the Bank recognises the fair value of derivatives in income statements immediately.

As at reporting date, the Group and the Bank have not designated any derivative as hedging instruments.

L Amount due from clients and brokers and other financial assets

In accordance with the Rules of Bursa Malaysia Securities Berhad ("Bursa Securities"), clients' accounts are classified as credit impaired accounts under the following circumstances:

Types	Criteria for classification of accounts as impaired
Contra losses	When an account remains outstanding for 16 calendar days or more from the date of contra transaction.
Overdue purchase contracts	When an account remains outstanding from T+5 market days onwards (non-margin purchase) and T+9 market days onwards (discretionary financing).

Bad debts are written off when identified. Impairment allowances are made based on simplified approach (see Note G) for balances due from clients which have been classified as impaired, after taking into consideration collateral held by the Group and deposits of and amounts due to dealer representative in accordance with the Rules of Bursa Securities.

The Group and the Bank adopt the MFRS 9 simplified approach for amount due from clients and brokers and other financial assets, whereby loss allowance is measured at an amount equal to lifetime expected credit losses. An entity that applies a provision matrix using historical loss experience on its amount due from clients and brokerss and other financial assets, and adjust historical loss rates to reflect information about current conditions and reasonable and supportable forecasts of future economic conditions. amount due from clients and brokerss that are in default or credit impaired are assessed individually. Other financial assets that are outstanding for more than 90 days are assessed individually for impairment provision.

Summary of material accounting policies for the financial year ended 31 December 2024 (continued)

M Current and deferred income taxes

(a) Current tax

Tax expense for the financial year comprises current and deferred income tax. The income tax expense or credit for the year is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

(b) Deferred tax

Deferred tax is provided in full using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unutilised tax credits can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the reporting period and are expected to apply when the related deferred tax assets are realised or the deferred tax liability is settled.

Deferred tax liability is recognised for all temporary differences associated with investment in subsidiaries and associates except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the investor is unable to control the reversal of the temporary difference for associate. Only where there is an agreement in place that gives the investor the ability to control the reversal of the temporary difference, a deferred tax liability is not recognised.

Deferred tax assets are recognised on deductible temporary differences arising from investment in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred and income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Summary of material accounting policies for the financial year ended 31 December 2024 (continued)

N Foreign currency translations

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Bank's functional and presentation currency.

(b) Foreign currency transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rate prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flows or net investment hedge or are attributable to items that form part of the net investment in a foreign operation.

Changes in the fair value of monetary securities denominated in foreign currency classified as financial instruments at FVOCI are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in the income statement, and other changes in the carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit and loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as financial investment at FVOCI are included in other comprehensive income.

O Provisions

Provisions are recognised by the Group and the Bank when all of the following conditions have been met:

- the Group and the Bank have a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources to settle the obligation will be required; and
- a reliable estimate of the amount of obligation can be made.

Where the Group and the Bank expect a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as finance cost expense.

Summary of material accounting policies for the financial year ended 31 December 2024 (continued)

P Employee benefits

(a) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(b) Defined contribution plan

The defined contribution plan is a pension plan under which the Group pays fixed contributions to the National Pension Scheme, the Employees' Provident Fund ("EPF") and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(c) Long Term Incentive Plan ('LTIP')

The Bank's holding company, AFFIN Bank Berhad ("ABB") operates Long Term Incentive Plan ('LTIP') in the form of Share Grant Scheme ("SGS"), which is an equity-settled share-based payment arrangements with the Bank's employees as compensation for services provided by the employees. Equity-settled share-based payment arrangements entitle the employees to receive equity instruments of the holding company.

The cost of share-based payment arrangements with employees is measured by reference to the fair value of equity instruments on the date they are granted and recognised as an expense over the vesting period, with a corresponding credit to the equity as capital contribution. As the holding company recharges the Bank for the equity instruments granted, an intercompany charge payable to holding company is debited against the capital contribution. The vesting period is the period during which all the specified vesting conditions of a share-based payment arrangement are to be satisfied.

Fair value is determined by using market prices or appropriate valuation models, taking into account the terms and conditions upon which the equity instruments were granted. Vesting conditions include service conditions and performance conditions; any other features of a share-based payment arrangement are non-vesting conditions. Market performance conditions and non-vesting conditions are taken into account when estimating the fair value of equity instruments at the date of grant, so that an award is treated as vesting irrespective of whether the market performance condition or non-vesting condition is satisfied, provided all other vesting conditions are satisfied.

Vesting conditions, other than market performance conditions, are not taken into account in the initial estimate of the fair value at the grant date. They are taken into account by adjusting the number of equity instruments included in the measurement of the transaction, so that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. On a cumulative basis, no expense is recognised for equity instruments that do not vest because of a failure to satisfy non-market performance or service conditions.

Where an award has been modified, as a minimum, the expense of the original award continues to be recognised as if it had not been modified. Where the effect of a modification is to increase the fair value of an award or increase the number of equity instruments, the incremental fair value of the award or incremental fair value of the extra equity instruments is recognised in addition to the expense of the original grant, measured at the date of modification, over the modified vesting period.

A cancellation that occurs during the vesting period is treated as an acceleration of vesting, and recognised immediately for the amount that would otherwise have been recognised for services over the remaining vesting period.

Summary of material accounting policies for the financial year ended 31 December 2024 (continued)

Q Zakat

This represents business zakat payable by the Group in compliance with the principles of Shariah. The Bank only pays zakat on its business and does not pay zakat on behalf of depositors.

Zakat provision is calculated based on 2.5% of net revenue (from Shariah-Compliant services), less allocated operating expenses as approved by the Affin Islamic Shariah Committee.

R Cash and short-term funds

Cash and short-term funds consist of cash on hand, bank balances and deposits and placements maturing within one month which are held for the purpose of meeting short-term commitments and are readily convertible to known amount of cash without significant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash and short-term funds and deposits and placements with financial institutions, with original maturity 3 months or less.

S Contingent assets and contingent liabilities

The Group and the Bank do not recognise contingent assets and contingent liabilities other than those arising from the business combination, but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events where existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank. The Group and the Bank do not recognise contingent assets but disclose their existence where inflows of economic benefits are probable, but not virtually certain.

Summary of material accounting policies for the financial year ended 31 December 2024 (continued)

T Leases

Leases are recognised as right-of-use ("ROU") assets and a corresponding liability at the date on which the leased asset is available for use by the Group and the Bank (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Bank allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group and the Bank are lessees, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of the lease liability.

Lease term

In determining the lease term, the Group and the Bank consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Bank reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Bank and affects whether the Group and the Bank are reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in the lease term results in the remeasurement of the lease liabilities. See the accounting policy below on the reassessment of lease liabilities.

Right-of-use ("ROU") assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

If the Group and the Bank are reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurements of the lease liabilities.

Summary of material accounting policies
for the financial year ended 31 December 2024 (continued)

T Leases (continued)

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- The exercise price of a purchase and extension options if the group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Bank exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Bank, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with the similar term, security and conditions.

Lease payments are allocated between principal and finance costs. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The Group and the Bank present the lease liabilities as a separate line item in the statements of financial position. Interest expense on the lease liability is presented within the interest expense in the income statements.

Reassessment of lease liabilities

The Group and the Bank are also exposed to potential future increase in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office equipment. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line bases as an operating expense in profit or loss.

Rent concession

If a rent concession results from a lease modification, the Group and the Bank account for the rent concession as either a new lease or as a remeasurement of existing lease liability, depending on the criteria set in MFRS 16. If a rent concession does not result from a lease modification, the Group and the Bank account for the rent concession as a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs.

U Recognition of interest income and expense

Interest income and expenses for all interest financial instruments are recognised within "interest income" and "interest expense" respectively in the income statement using the effective interest method. Interest income from financial assets at FVTPL is recognised as part of net gains and losses on financial instruments.

Interest income is calculated by applying effective interest rate to the gross carrying amount of financial assets except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset after deducting the loss allowance.

V Recognition of fees and other income

The Group and the Bank earn fee and commission income from a diverse range of products and services provided to its customers. Fee and commission income is recognised when the Group and the Bank have satisfied their performance obligation in providing the promised products and services to the customer, and are recognised based on contractual rates or amounts agreed with customers, and net of expenses directly related to it. The Group and the Bank generally satisfy their performance obligation and recognises the fee and commission income on the following basis:

- Transaction-based fee and commission income is recognised on the completion of the transaction. Such fees include fees related to the completion of corporate advisory transactions, brokerage income, arrangement fees and rollover fees. These fees constitute a single performance obligation.

- For a service that is provided over a period of time, fee and commission income is recognised on equal proportion basis over the period during which the related service is provided or credit risk is undertaken. This basis of recognition most appropriately reflects the nature and pattern of the provision of these services to the customers over time. Fees for these services can be billed to customers in advance or periodically over time. Such fees include portfolio management fees, guarantees fees, commitment fees, agency fees and initial service charges on close-ended funds.

- Income that forms an integral part of the effective interest/profit rate of a financial instrument is recognised as an adjustment to the effective interest/profit rate. Such fees include loan/financing commitment fees, origination and participation fees.

The Group and the Bank do not provide any significant credit terms to customers for the above products and services.

Directly related expenses typically include transaction costs, sales commissions and referral fees, but do not include expenses for services delivered over a period and other expenses that are not specifically related to fee and commission income transactions.

Other income recognition are as follows:

(a) Dividends are recognised when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

Dividends that clearly represent a recovery of part of the cost of investment are recognised in other comprehensive income if it relates to an investment in equity instruments measured at FVOCI.

(b) Net gain or loss from disposal of FVTPL and debt instruments at FVOCI are recognised in profit or loss upon disposal of the securities, as the difference between disposal proceeds, the carrying amount of the securities and incremental costs that are directly attributable to the disposal. The Bank has included certain employee costs as part of the incremental costs directly attributable to the acquisition, issue or disposal of the securities.

(c) Other income are recognised on an accrual basis.

Summary of material accounting policies for the financial year ended 31 December 2024 (continued)

W Share capital

(a) Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the substance of the contractual agreement of the particular instrument.

(b) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

(c) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

i) the profit attributable to owners of the Bank, excluding any costs of servicing equity other than ordinary shares; and
ii) by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

i) the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
ii) the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

X Trust activities

The Group and the Bank act as trustees in other fiduciary capabilities that result in holding or placing of assets on behalf of individuals, trusts and other institutions, These assets and income arising thereon are excluded from the financial statements, as they are not assets of the Group and the Bank.

Y Sale and repurchase agreements

Securities purchased under resale agreements are securities within the Group and the Bank have purchased with a commitment to resell at future dates. The commitment to resell the securities is reflected as an asset on the statements of financial position.

Conversely, obligations on securities sold under repurchase agreements are securities that the Group and the Bank have sold from its portfolio, with a commitment to repurchase at future dates. Such financing and the obligation to repurchase the securities is reflected as a liability on the statements of financial position.

The difference between sale and repurchase prices as well as purchase and resale prices are amortised as interest income and interest expense respectively on an effective interest rate method.

Summary of material accounting policies for the financial year ended 31 December 2024 (continued)

Z Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's and the Bank's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). An explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 44, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Impact arising from unprecedented economy on ECL

As the current MFRS 9 models are not expected to generate levels of ECL with sufficient reliability in view of the unprecedented economy, overlays have been applied to determine a sufficient overall level of ECLs for the financial year ended and as at 31 December 2024.

These overlays were taken to reflect the latest macro-economic outlook not captured in the modelled outcome and the potential impact on delinquencies and defaults in line with the Bank's annual credit plan.

The overlays involved a significant level of judgement and reflect the management's views of possible severities of the pandemic and paths of recovery in the forward-looking assessment for ECL estimation purposes. The overlays were made at the account level.

Estimated impairment on goodwill

The Group performs an impairment review on an annual basis to ensure that the carrying value of the goodwill does not exceed its recoverable amounts from cash-generating units to which the goodwill is allocated. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercise judgement in estimating the future cash flows, growth rate and discount rate. The uncertainties arising from the macroeconomic environment, such as the rising interest rate and inflation, have been reflected in the cash flow projections.

The recoverable amounts of the Stockbroking business, Investment Banking and Treasury & Markets (the cash-generating units to which goodwill is allocated) were determined based on discounted cash flow valuation model. The calculations require the use of estimates as set out in Note 16 to the financial statements.

Notes to the financial statements for the financial year ended 31 December 2024

1 General information

The principal activities of the Bank are in investment banking, stockbroking activities, dealing in options and futures, and related financial services.

The principal activities of the subsidiaries are investment holdings, trustee services and nominee services.

The holding company of the Bank is Affin Bank Berhad, a public limited liability company incorporated and domiciled in Malaysia. The substantial shareholder of the Affin Bank Berhad are State Financial Secretary, Sarawak ("SFS"), an Invesment Corporation of the State Government of Sarawak, Lembaga Tabung Angkatan Tentera, a statutory body incorporated under the Tabung Angkatan Tentera Act, 1973 and the Bank of East Asia.

The Bank is a limited liability company, incorporated and domiciled in Malaysia.

The address of the registered office of the Bank is Level 19, Menara AFFIN, Lingkaran TRX, TRX Exchange, 55188, Kuala Lumpur, Malaysia.

2 Cash and short-term funds

	The Group		The Bank	
	31.12.2024	31.12.2023	**31.12.2024**	31.12.2023
	RM'000	RM'000	**RM'000**	RM'000
Cash and balances with banks and other financial institutions	**185,026**	197,636	**177,342**	195,596
Money at call and deposit placements maturing within one month	**132,334**	488,876	**131,915**	488,466
	317,360	686,512	**309,257**	684,062

Inclusive in cash and short-term funds of the Group and the Bank are accounts maintained for dealer's representatives amounting to RM62,890,455 (2023:RM64,818,024).

Notes to the financial statements for the financial year ended 31 December 2024 (continued)

3 Financial assets at fair value through profit or loss ("FVTPL")

	The Group		The Bank	
	31.12.2024	31.12.2023	**31.12.2024**	31.12.2023
At fair value	**RM'000**	RM'000	**RM'000**	RM'000
Quoted securities				
Unit trusts in Malaysia	**1,299**	1,257	-	-
Shares and warrants in Malaysia	**146,375**	89,123	**146,375**	89,123
	147,674	90,380	**146,375**	89,123
Unquoted securities				
Corporate bonds and/or Sukuk in Malaysia	-	2	-	2
Corporate bonds and/or Sukuk outside Malaysia	**15,377**	16,454	**15,377**	16,454
	15,377	16,456	**15,377**	16,456
	163,051	106,836	**161,752**	105,579

4 Financial investments at fair value through other comprehensive income ("FVOCI")

	The Group and the Bank	
	31.12.2024	31.12.2023
At fair value	**RM'000**	RM'000
Money market instruments		
Malaysian government securities	**1,340,874**	1,055,875
Malaysian government islamic investment issues	**1,051,696**	1,362,482
Cagamas bonds	**10,138**	65,450
	2,402,708	2,483,807
Unquoted securities		
Corporate bonds and/or Sukuk in Malaysia	**1,052,797**	1,902,608
Corporate bonds and/or Sukuk outside Malaysia	**544,155**	28,484
Commercial paper	**4,957**	-
Shares in Malaysia *	**26,188**	24,759
	4,030,805	4,439,658

* Equity securities designated at fair value through other comprehensive income.

Included in the financial investments at FVOCI are Malaysian Government Islamic Investment Issue and Malaysian Government Securities, which are pledged as collateral for obligations on securities sold under repurchase agreements for the Group and the Bank amounting to face value of RM 250,000,000 (2023: RM 858,900,000).

Notes to the financial statements for the financial year ended 31 December 2024 (continued)

4 Financial investments at fair value through other comprehensive income ("FVOCI") (continued)

Equity investments designated at fair value through other comprehensive income

The Group and the Bank designated certain equity investments at FVOCI as shown in the following table. The FVOCI designation was made as the investments were made for strategic purposes rather than with a view to profit on a subsequent sale, these strategic investment is more of medium term investment.

	The Group and the Bank	
	31.12.2024	31.12.2023
Unquoted securities	**RM'000**	RM'000
Shares in Malaysia:		
Cagamas Berhad	**24,813**	23,420
Malaysian Rating Corporation Berhad	**1,375**	1,339
Total unquoted securities	**26,188**	24,759

The dividend income for equity investments designated at FVOCI held and disposed during the financial year are as follows :

	Carrying amount as at		Dividend income of equity investments held as at the end of the financial year		Dividend income of equity investments disposed during the financial year	
	31.12.2024	31.12.2023	**31.12.2024**	31.12.2023	**31.12.2024**	31.12.2023
	RM'000	RM'000	**RM'000**	RM'000	**RM'000**	RM'000
Unquoted securities	**26,188**	24,759	**150**	190	**-**	-
	26,188	24,759	**150**	190	**-**	-

Notes to the financial statements for the financial year ended 31 December 2024 (continued)

4 Financial investments at fair value through other comprehensive income ("FVOCI") (continued)

Movements in allowance for impairment which reflect the expected credit losses ("ECL") model on impairment are as follows:

The Group and the Bank 31.12.2024	**12-month ECL Stage 1 RM'000**	**Lifetime ECL not Credit Impaired Stage 2 RM'000**	**Lifetime ECL Credit Impaired Stage 3 RM'000**	**Total RM'000**
At beginning of the financial year	**68**	**21,172**	-	**21,240**
Transfer between stages due to change in credit risk:				
- Transfer to 12-month ECL (Stage 1)	-	-	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	-	-	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	-	-	-	-
Derecognised during the financial year (other than write-offs)	**(61)**	**(29,707)**	-	**(29,768)**
New financial assets originated or purchased	**200**	-	-	**200**
Changes due to change in credit risk	**88**	**8,559**	-	**8,647**
Changes due to change in model/risk parameters	-	-	-	-
Write-offs	-	-	-	-
Other adjustments:				
- Unwind of discount	-	-	-	-
- Foreign exchange and other adjustments	**(7)**	-	-	**(7)**
At end of the financial year	**288**	**24**	-	**312**

The Group and the Bank 31.12.2023	12-month ECL Stage 1 RM'000	Lifetime ECL not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At beginning of the financial year	803	18,376	-	19,179
Transfer between stages due to change in credit risk:				
- Transfer to 12-month ECL (Stage 1)	-	-	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(196)	196	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	(196)	196	-	-
Derecognised during the financial year (other than write-offs)	(69)	-	-	(69)
New financial assets originated or purchased	346	-	-	346
Changes due to change in credit risk	(803)	2,619	-	1,816
Changes due to change in model/risk parameters	(13)	(19)	-	(32)
At end of the financial year	68	21,172	-	21,240

Notes to the financial statements for the financial year ended 31 December 2024 (continued)

4 Financial investments at fair value through other comprehensive income ("FVOCI") (continued)

Movements in the gross carrying amount of financial assets that contributed to changes in the expected credit losses:

The Group and the Bank 31.12.2024	**12-month ECL Stage 1 RM'000**	**Lifetime ECL not Credit Impaired Stage 2 RM'000**	**Lifetime ECL Credit Impaired Stage 3 RM'000**	**Total RM'000**
At beginning of the financial year	**4,267,354**	**147,545**	-	**4,414,899**
Transfer between stages due to change in credit risk:				
- Transfer to 12-month ECL (Stage 1)	-	-	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	-	-	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	-	-	-	-
Derecognised during the financial year (other than write-offs)	**(2,209,299)**	**(105,041)**	-	**(2,314,340)**
New financial assets originated or purchased	**1,923,840**	-	-	**1,923,840**
Changes in interest accruals and accretion/amortisation	**(12,909)**	**(1,786)**	-	**(14,695)**
Changes due to change in fair value	**30,911**	**138**	-	**31,049**
Other adjustments:				
- Foreign exchange and other adjustments	**(36,136)**	-	-	**(36,136)**
At end of the financial year	**3,963,761**	**40,856**	-	**4,004,617**

The Group and the Bank 31.12.2023	12-month ECL Stage 1 RM'000	Lifetime ECL not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At beginning of the financial year	3,450,924	100,662	-	3,551,586
Transfer between stages due to change in credit risk:				
- Transfer to 12-month ECL (Stage 1)	-	-	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(51,028)	51,028	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	(51,028)	51,028	-	-
Derecognised during the financial year (other than write-offs)	(369,226)	-	-	(369,226)
New financial assets originated or purchased	1,175,929	-	-	1,175,929
Changes in interest accruals and accretion/amortisation	(21,661)	(4,999)	-	(26,660)
Changes due to change in fair value	82,217	854	-	83,071
Other adjustments:				
- Foreign exchange and other adjustments	199	-	-	199
At end of the financial year	4,267,354	147,545	-	4,414,899

5 Financial investments at amortised cost

	The Group and the Bank	
	31.12.2024	31.12.2023
At amortised cost	**RM'000**	RM'000
Money market instruments		
Malaysian government islamic investment issues	**149,603**	149,318
Malaysian government securities	**190,427**	190,695
	340,030	340,013
Unquoted securities		
Corporate bonds and/or Sukuk in Malaysia	**682,971**	679,060
Corporate bonds and/or Sukuk outside Malaysia	**33,589**	37,786
Loan stocks in Malaysia	**-**	8,101
	1,056,590	1,064,960
Expected credit losses ("ECL")	**(258)**	(8,410)
	1,056,332	1,056,550

Included in the financial investments at amortised cost are Malaysian government securities, which are pledged as collateral for obligations on securities sold under repurchase agreements for the Group and the Bank amounting to face value of RM 140,000,000 (2023: RM 10,000,000).

Movements in allowance for impairment which reflect the expected credit losses ("ECL") model on impairment are as follows:

The Group and the Bank 31.12.2024	**12-month ECL Stage 1 RM'000**	**Lifetime ECL not Credit Impaired Stage 2 RM'000**	**Lifetime ECL Credit Impaired Stage 3 RM'000**	**Total RM'000**
At beginning of the financial year	**309**	**-**	**8,101**	**8,410**
New financial assets originated or purchased	**43**	**-**	**-**	**43**
Changes due to change in credit risk	**(94)**	**-**	**-**	**(94)**
Other adjustments	**-**	**-**	**-**	**-**
- Foreign exchange and other adjustments	**-**	**-**	**(165)**	**(165)**
Write-offs	**-**	**-**	**(7,936)**	**(7,936)**
At end of the financial year	**258**	**-**	**-**	**258**

The Group and the Bank 31.12.2023	12-month ECL Stage 1 RM'000	Lifetime ECL not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At beginning of the financial year	849	-	15,560	16,409
Derecognised during the financial year (other than write-offs)	(12)	-	(7,064)	(7,076)
New financial assets originated or purchased	82	-	-	82
Changes due to change in credit risk	(496)	-	-	(496)
Changes due to change in model/risk parameters	(114)	-	-	(114)
Other adjustments	-	-	(395)	(395)
At end of the financial year	309	-	8,101	8,410

5 Financial investments at amortised cost (continued)

Movements in the gross carrying amount of financial assets that contributed to changes in the expected credit losses:

The Group and the Bank 31.12.2024	**12-month ECL Stage 1 RM'000**	**Lifetime ECL not Credit Impaired Stage 2 RM'000**	**Lifetime ECL Credit Impaired Stage 3 RM'000**	**Total RM'000**
At beginning of the financial year	**1,056,859**	-	**8,101**	**1,064,960**
Derecognised during the financial year (other than write-offs)	**(20,074)**	-	-	**(20,074)**
New financial assets originated or purchased	**24,100**	-	-	**24,100**
Changes in interest accruals and accretion/amortisation	**(92)**	-	-	**(92)**
Write-offs	-	-	**(7,936)**	**(7,936)**
Other adjustments				
- Foreign exchange and other adjustments	**(4,203)**	-	**(165)**	**(4,368)**
At end of the financial year	**1,056,590**	-	-	**1,056,590**

The Group and the Bank 31.12.2023	12-month ECL Stage 1 RM'000	Lifetime ECL not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At beginning of the financial year	880,496	-	15,560	896,056
Derecognised during the financial year (other than write-offs)	(160,632)	-	(7,064)	(167,696)
New financial assets originated or purchased	332,859	-	-	332,859
Changes in interest accruals and accretion/amortisation	2,565	-	-	2,565
Other adjustments				
- Foreign exchange and other adjustments	1,571	-	(395)	1,176
At end of the financial year	1,056,859	-	8,101	1,064,960

Notes to the financial statements for the financial year ended 31 December 2024 (continued)

6 Loans and advances

	The Group and the Bank	
	31.12.2024	31.12.2023
	RM'000	RM'000
(i) By type		
Term loans:		
- Syndicated term loans	**39,443**	41,163
- Other term loans	**95,026**	144,143
Revolving credits	**164,678**	189,339
Share margin financing	**1,963,919**	1,623,784
Staff loans	**4,326**	6,054
Gross loans and advances	**2,267,392**	2,004,483
Less: Expected credit losses	**(25,124)**	(50,703)
Total net loans and advances	**2,242,268**	1,953,780
(ii) By maturity structure		
Maturing within one year	**2,008,681**	1,808,939
One year to three years	**68,538**	71,699
Three years to five years	**146,917**	30,171
Over five years	**43,256**	93,674
	2,267,392	2,004,483
(iii) By type of customer		
Domestic business enterprises:		
- Small medium enterprises	**103,560**	63,388
- Others	**352,230**	387,726
Domestic non-bank financial institutions	**356,549**	363,246
Individuals	**1,405,083**	1,136,465
Foreign individuals	**1,027**	453
Foreign entities	**48,943**	53,205
	2,267,392	2,004,483
(iv) By interest rate sensitivity		
Fixed rate		
- Other fixed rate loans	**-**	47,359
- Housing loans	**3,887**	5,046
- Hire purchase receivables	**439**	1,008
Variable rate		
- Cost plus	**2,092,617**	1,799,846
- BFR plus *	**121,506**	122,120
- Other floating rate	**48,943**	29,104
	2,267,392	2,004,483

* refers to Base Financing Rate ("BFR") from Affin Bank Berhad.

Notes to the financial statements for the financial year ended 31 December 2024 (continued)

6 Loans and advances (continued)

	The Group and the Bank	
	31.12.2024	31.12.2023
	RM'000	RM'000
(v) By economic sectors		
Household	**1,406,110**	1,136,917
Finance, insurance and business services	**429,162**	399,936
Real estate	**163,738**	149,932
Construction	**160,502**	193,993
Transport, storage and communication	**50,569**	54,645
Agriculture	**6,015**	18,274
Manufacturing	**29,725**	26,735
Wholesale, retail trade, hotels and restaurants	**5,139**	7,129
Education, health and others	**15,912**	16,335
Electricity, gas and water supply	**520**	587
	2,267,392	2,004,483
(vi) By economic purpose		
Purchase of securities	**2,015,886**	1,675,076
Purchase of landed properties of which		
- Residential	**3,887**	5,046
- Non-residential	**6,015**	19,650
Working capital	**4,451**	68,706
Construction	**5,676**	12,613
Purchase of transport vehicles	**15,389**	25,109
Others	**216,088**	198,283
	2,267,392	2,004,483
(vii) By geographical distribution		
Wilayah Persekutuan	**1,599,165**	1,335,149
Selangor	**364,409**	372,212
Johor	**192,138**	135,747
Sarawak	**4,204**	54,664
Pulau Pinang	**30,994**	31,310
Sabah	**11,013**	24,599
Terengganu	**5,676**	12,613
Perak	**2,522**	2,811
Kedah	**5,632**	3,961
Negeri Sembilan	**2,696**	2,313
Labuan	**28,088**	29,104
Outside Malaysia	**20,855**	-
	2,267,392	2,004,483

Notes to the financial statements for the financial year ended 31 December 2024 (continued)

6 Loans and advances (continued)

	The Group and the Bank	
	31.12.2024	31.12.2023
	RM'000	RM'000
(viii) Movements of impaired loans and advances		
At beginning of the financial year	**71,288**	78,325
Classified as impaired during the financial year	**12,288**	-
Reclassified as non-impaired during the financial year	**(1,330)**	-
Amount recovered	**(60,340)**	(10,398)
Interest on credit impaired loans and advances	**3,212**	3,361
At end of the financial year	**25,118**	71,288
Ratio of gross impaired loans and advances to gross loans and advances	**1.11%**	3.56%
(ix) Impaired loans and advances analysed by sector		
Construction	**-**	47,359
Real estate	**25,118**	23,929
	25,118	71,288
(x) Impaired loans and advances by economic purpose		
Working capital	**-**	47,359
Purchase of securities	**18,923**	18,032
Others	**6,195**	5,897
	25,118	71,288
(xi) Impaired loans and advances by geographical distribution		
Sarawak	**-**	47,359
Selangor	**25,118**	23,929
	25,118	71,288

6 Loans and advances (continued)

(xii) Movement in expected credit losses for loans and advances

The Group and the Bank **31.12.2024**	**12-month ECL** **Stage 1** **RM'000**	**Lifetime ECL not Credit Impaired** **Stage 2** **RM'000**	**Lifetime ECL Credit Impaired** **Stage 3** **RM'000**	**Total** **RM'000**
At beginning of the financial year	**953**	**17,428**	**32,322**	**50,703**
Transfer between stages due to change in credit risk:				
- Transfer to 12-month ECL (Stage 1)	**647**	**(647)**	**-**	**-**
- Transfer to Lifetime ECL not credit impaired (Stage 2)	**(14)**	**14**	**-**	**-**
- Transfer to Lifetime ECL credit impaired (Stage 3)	**(2)**	**-**	**2**	**-**
Total transfer between stages	**631**	**(633)**	**2**	**-**
Loans derecognised during the financial year (other than write-offs)	**(30)**	**(14,266)**	**(12,586)**	**(26,882)**
New loans originated or purchased	**37**	**-**	**-**	**37**
Changes due to change in credit risk	**(414)**	**(1,697)**	**76**	**(2,035)**
Other adjustments:				
- Foreign exchange and other adjustments	**4**	**85**	**3,212**	**3,301**
At end of the financial year	**1,181**	**917**	**23,026**	**25,124**

The Group and the Bank 31.12.2023	12-month ECL Stage 1 RM'000	Lifetime ECL not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At beginning of the financial year	1,582	26,769	36,389	64,740
Transfer between stages due to change in credit risk:				
- Transfer to 12-month ECL (Stage 1)	-	-	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(219)	219	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	(219)	219	-	-
Loans derecognised during the financial year (other than write-offs)	(205)	-	(3,172)	(3,377)
New loans originated or purchased	222	-	-	222
Changes due to change in credit risk	(165)	(9,362)	(4,256)	(13,783)
Changes due to change in model/risk parameters	(263)	(198)	-	(461)
Other adjustments:				
- Foreign exchange and other adjustments	1	-	3,361	3,362
At end of the financial year	953	17,428	32,322	50,703

6 Loans and advances (continued)

(xiii) Movement in the gross carrying amount of financial assets that contributed to changes in the expected credit losses

The Group and the Bank **31.12.2024**	**12-month ECL** **Stage 1** **RM'000**	**Lifetime ECL not Credit Impaired** **Stage 2** **RM'000**	**Lifetime ECL Credit Impaired** **Stage 3** **RM'000**	**Total** **RM'000**
At beginning of the financial year	**1,875,134**	**58,061**	**71,288**	**2,004,483**
Transfer between stages due to change in credit risk:				
- Transfer to 12-month ECL (Stage 1)	**18,450**	**(17,120)**	**(1,330)**	**-**
- Transfer to Lifetime ECL not credit impaired (Stage 2)	**(69,083)**	**69,083**	**-**	**-**
- Transfer to Lifetime ECL credit impaired (Stage 3)	**(12,288)**	**-**	**12,288**	**-**
Total transfer between stages	**(62,921)**	**51,963**	**10,958**	**-**
Loans derecognised during the financial year (other than write-offs)	**(116,573)**	**(14,266)**	**(51,760)**	**(182,599)**
New loans originated or purchased	**1,031,682**	**9,374**	**-**	**1,041,056**
Changes due to additional drawdown/(partial settlement)	**(563,886)**	**(22,271)**	**(8,580)**	**(594,737)**
Other adjustments				
- Foreign exchange and other adjustments	**(3,343)**	**(680)**	**3,212**	**(811)**
At end of the financial year	**2,160,093**	**82,181**	**25,118**	**2,267,392**

The Group and the Bank 31.12.2023	12-month ECL Stage 1 RM'000	Lifetime ECL not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At beginning of the financial year	1,497,059	59,361	78,325	1,634,745
Transfer between stages due to change in credit risk:				
- Transfer to 12-month ECL (Stage 1)	-	-	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(23,534)	23,534	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	(23,534)	23,534	-	-
Loans derecognised during the financial year (other than write-offs)	(133,437)	-	(3,180)	(136,617)
New loans originated or purchased	1,023,354	-	-	1,023,354
Changes due to additional drawdown/(partial settlement)	(489,290)	(26,168)	(7,218)	(522,676)
Other adjustments				
- Foreign exchange and other adjustments	982	1,334	3,361	5,677
At end of the financial year	1,875,134	58,061	71,288	2,004,483

Notes to the financial statements for the financial year ended 31 December 2024 (continued)

7 Amount due from clients and brokers

	The Group and the Bank	
	31.12.2024	31.12.2023
	RM'000	RM'000
Amounts due from clients:		
- performing accounts	**293,933**	337,519
- impaired accounts	**151**	114
Amounts due from brokers	**58,876**	33,648
Amount due from Bursa Securities Clearing Sdn. Bhd.	**159,940**	26,475
	512,900	397,756
Less: Expected credit losses ("ECL")	**(227)**	(223)
	512,673	397,533

Movements of impaired amounts due from clients:

	The Group and the Bank	
	31.12.2024	31.12.2023
	RM'000	RM'000
At beginning of the financial year	**114**	941
Classified as impaired during the financial year	**3,809**	412
Amount recovered	**(3,772)**	(1,239)
At end of the financial year	**151**	114

	The Group and the Bank	
	31.12.2024	31.12.2023
	RM'000	RM'000
Expected credit losses		
At beginning of the financial year	**223**	756
Allowance made	**3,957**	506
Amount written back	**(3,953)**	(1,039)
At end of the financial year	**227**	223

8 Derivative financial assets

	The Group and the Bank			
	31.12.2024		31.12.2023	
	Principal amount	**Assets**	Principal amount	Assets
At fair value	**RM'000**	**RM'000**	RM'000	RM'000
Foreign exchange related contracts				
- Currency forwards	**630,650**	**13,115**	555,466	10,847
- Currency swaps	**604,628**	**11,563**	6,439,778	117,182
- Cross currency interest rate swaps	**50,867**	**1,067**	57,704	1,343
	1,286,145	**25,745**	7,052,948	129,372
Interest rate related contracts				
- Interest rate swaps	**2,042,000**	**9,855**	1,767,000	12,008
	3,328,145	**35,600**	8,819,948	141,380

9 Other assets

	The Group		The Bank	
	31.12.2024	31.12.2023	**31.12.2024**	31.12.2023
	RM'000	RM'000	**RM'000**	RM'000
Other debtors, deposits and prepayments	**55,399**	22,343	**55,046**	22,000
Collaterals pledged for derivatives transactions	**1,790**	2,700	**1,790**	2,700
Collateral pledged for securities borrowing transactions	**63,996**	37,478	**63,996**	37,478
Clearing guarantee fund (a)	**1,544**	1,847	**1,544**	1,847
Clearing fund (b)	**2,961**	2,745	**2,961**	2,745
Transferable membership	**250**	250	**250**	250
	125,940	67,363	**125,587**	67,020
Less: Expected credit losses ("ECL")	**(4,861)**	(2,286)	**(4,843)**	(2,197)
	121,079	65,077	**120,744**	64,823

(a) Interest-bearing contributions made by the Bank amounted to RM1,544,000 (2023: RM1,847,000) as a trading clearing participant in accordance with the Rules of Bursa Malaysia Securities Clearing Sdn. Bhd. ("Bursa Clearing") to a fund maintained by Bursa Clearing.

(b) Interest-bearing contributions made by the Bank amounted to RM2,960,849.69 (2023: RM2,745,000) in accordance with the Business Rules of Bursa Malaysia Derivatives Clearing Berhad.

Movements of credit impaired accounts

	The Group		The Bank	
	31.12.2024	31.12.2023	**31.12.2024**	31.12.2023
	RM'000	RM'000	**RM'000**	RM'000
At beginning of the financial year	**2,293**	4,757	**2,205**	4,753
Classified as impaired during the financial year	**6,120**	1,533	**5,984**	1,238
Amount recovered	**(3,546)**	(2,983)	**(3,340)**	(2,772)
Amount written off	**-**	(1,014)	**-**	(1,014)
At end of the financial year	**4,867**	2,293	**4,849**	2,205

9 Other assets (continued)

Movements in allowances for impairment on other assets:

	The Group 31.12.2024 RM'000	The Group 31.12.2023 RM'000
Expected credit losses		
At beginning of the financial year	**2,286**	4,749
Allowance made	**6,253**	1,576
Amount written back	**(3,678)**	(3,025)
Amount written off	**-**	(1,014)
At end of the financial year	**4,861**	2,286

	The Bank 31.12.2024 RM'000	The Bank 31.12.2023 RM'000
Expected credit losses		
At beginning of the financial year	**2,197**	4,745
Allowance made	**6,107**	1,270
Amount written back	**(3,461)**	(2,804)
Amount written off	**-**	(1,014)
At end of the financial year	**4,843**	2,197

Notes to the financial statements for the financial year ended 31 December 2024 (continued)

10 Statutory deposits with Bank Negara Malaysia

The non-interest bearing statutory deposits is maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) and Section 26(3) of the Central Bank of Malaysia Act 2009, the amount of which are determined as a set percentage of total eligible liabilities.

11 Amounts due from subsidiaries

	The Bank	
	31.12.2024	31.12.2023
	RM'000	RM'000
Amounts due from subsidiaries	**472**	654

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

12 Investment in subsidiaries

	The Bank	
	31.12.2024	31.12.2023
	RM'000	RM'000
Cost at the beginning/end of the financial year	**5,310**	5,310
Less: Accumulated impairment losses	**(3,516)**	(3,516)
Net carrying value at the end of financial year	**1,794**	1,794

Notes to the financial statements for the financial year ended 31 December 2024 (continued)

12 Investment in subsidiaries (continued)

The subsidiaries of the Bank, all of which are incorporated in Malaysia, are as follows:

		Issued and paid up share capital		Percentage of equity held	
Name		**31.12.2024**	31.12.2023	**31.12.2024**	31.12.2023
Direct subsidiaries:	**Principal activities**	**RM'000**	RM'000	**%**	%
Affin Hwang Nominees (Asing) Sdn. Bhd.	Nominee services	**1,326**	1,326	**100**	100
Affin Hwang Nominees (Tempatan) Sdn. Bhd.	Nominee services	**1,331**	1,331	**100**	100
AHC Global Sdn. Bhd.	Investment holdings	**1,332**	1,332	**100**	100
AHC Associates Sdn. Bhd.	Investment holdings	**1,332**	1,332	**100**	100
Affin Hwang Trustee Berhad (Note 12 (c))	Trustee services	**6,500**	6,500	**100**	100

(c) Details of entities that holds interest in Affin Hwang Trustee Berhad ("AHTB") are as follows:

	Percentage of equity held	
	31.12.2024	31.12.2023
Held by the Bank -	**%**	%
Affin Hwang Investment Bank Berhad	**20**	20
Held by subsidiaries of the Bank -		
Affin Hwang Nominees (Asing) Sdn. Bhd.	**20**	20
Affin Hwang Nominees (Tempatan) Sdn. Bhd.	**20**	20
AHC Global Sdn. Bhd.	**20**	20
AHC Associates Sdn. Bhd.	**20**	20

At Group level, AHTB is deemed as wholly owned subsidiary of the Bank by virtue of its 100% effective equity interest in AHTB.

Notes to the financial statements for the financial year ended 31 December 2024 (continued)

13 Investment in associates

	The Bank	
	31.12.2024	31.12.2023
	RM'000	RM'000
Cost at the beginning/end of the financial year	**1,332**	1,332
Less: Accumulated impairment losses	**(960)**	(960)
Net carrying value at the end of financial year	**372**	372

(a) Recoverable amount is tested annually or more frequently if events, or changes in circumstances indicate that impairment might be required. Management has assessed the recoverable amount of AHTB based on its VIU, calculated based on the cash flow projections derived from the financial budgets and business plans prepared by management that were updated to reflect the most recent market developments. The impairment test has indicated no impairment loss for the financial year ended 2024.

(b) Information about associates:

The Bank		Issued and paid up share capital		Percentage of equity held	
Name	**Principal activities**	**2024**	2023	**2024**	2023
		RM'000	RM'000	**%**	%
Affin Hwang Trustee Berhad ("AHTB") #	Provision of trustee services	**6,500**	6,500	**20%**	20%

\# The associate company is deemed as a wholly owned subsidiary of the Bank at Group level by virtue of the 20% shareholding by each of the subsidiary companies of the Bank as disclosed in Note 12 to the financial statements.

14 Deferred tax assets

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets and current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting are shown in the statements of financial position:

	The Group and The Bank	
	31.12.2024	31.12.2023
	RM'000	RM'000
Deferred tax assets	**32,110**	27,652
	32,110	27,652
Deferred tax assets:		
- to be recovered in more than 12 months	**23,249**	27,047
- to be recovered within 12 months	**27,748**	26,704
Deferred tax liabilities:		
- to be recovered in more than 12 months	**(4,974)**	(9,683)
- to be recovered within 12 months	**(13,913)**	(16,416)
	32,110	27,652

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2024 (continued)

14 Deferred tax assets (continued)

The movement in deferred tax assets and liabilities during the financial year are as follows:

The Group and the Bank 31.12.2024	**Note**	**Property and equipment RM'000**	**Intangible assets RM'000**	**Right-of-use assets RM'000**	**Lease liabilities RM'000**	**Loans and advances RM'000**	**Financial investments at amortised cost RM'000**	**Other liabilities RM'000**	**Foreign exchange translation gain RM'000**	**Financial investments at FVOCI RM'000**	**Total RM'000**
At beginning of the financial year		**(518)**	**(839)**	**(3,673)**	**4,791**	**2,003**	**18**	**26,048**	**(20,406)**	**20,228**	**27,652**
Recognised in income statements	36	**(10)**	**(15)**	**559**	**(597)**	**(1,927)**	**(12)**	**2,062**	**14,335**	**(2,485)**	**11,910**
Recognised in statements of other comprehensive income		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(7,452)**	**(7,452)**
At end of the financial year		**(528)**	**(854)**	**(3,114)**	**4,194**	**76**	**6**	**28,110**	**(6,071)**	**10,291**	**32,110**
The Group and the Bank 31.12.2023											
At beginning of the financial year		(474)	(954)	(3,290)	4,040	3,097	140	24,997	(4,260)	40,006	63,302
Recognised in income statements	36	(44)	115	(383)	751	(1,094)	(122)	1,051	(16,146)	159	(15,713)
Recognised in statements of other comprehensive income		-	-	-	-	-	-	-	-	(19,937)	(19,937)
At end of the financial year		(518)	(839)	(3,673)	4,791	2,003	18	26,048	(20,406)	20,228	27,652

15 Property and equipment

The Group 31.12.2024	**Renovations RM'000**	**Office equipment & furniture RM'000**	**Motor vehicles RM'000**	**Computer equipment RM'000**	**Total RM'000**
Cost					
At beginning of the financial year	**25,560**	**6,896**	**1,575**	**46,260**	**80,291**
Additions	**2,022**	**168**	**-**	**1,886**	**4,076**
Disposals	**-**	**-**	**(577)**	**(344)**	**(921)**
Write-offs	**-**	**-**	**-**	**(109)**	**(109)**
At end of the financial year	**27,582**	**7,064**	**998**	**47,693**	**83,337**
Less: Accumulated depreciation					
At beginning of the financial year	**20,598**	**6,418**	**1,152**	**42,186**	**70,354**
Charge for the financial year	**375**	**172**	**112**	**1,659**	**2,318**
Disposals	**-**	**-**	**(484)**	**(229)**	**(713)**
At end of the financial year	**20,973**	**6,590**	**780**	**43,616**	**71,959**
Net book value					
At end of the financial year	**6,609**	**474**	**218**	**4,077**	**11,378**

The Group 31.12.2023	Renovations RM'000	Office equipment & furniture RM'000	Motor vehicles RM'000	Computer equipment RM'000	Total RM'000
Cost					
At beginning of the financial year	21,537	6,749	1,443	45,212	74,941
Additions	4,271	154	132	1,205	5,762
Disposals	-	(7)	-	(157)	(164)
Write-offs	(248)	-	-	-	(248)
At end of the financial year	25,560	6,896	1,575	46,260	80,291
Less: Accumulated depreciation					
At beginning of the financial year	20,477	6,246	989	40,535	68,247
Charge for the financial year	369	179	163	1,808	2,519
Disposals	-	(7)	-	(157)	(164)
Write-offs	(248)	-	-	-	(248)
At end of the financial year	20,598	6,418	1,152	42,186	70,354
Net book value					
At end of the financial year	4,962	478	423	4,074	9,937

15 Property and equipment (continued)

The Bank 31.12.2024	**Renovations RM'000**	**Office equipment & furniture RM'000**	**Motor vehicles RM'000**	**Computer equipment RM'000**	**Total RM'000**
Cost					
At beginning of the financial year	**25,562**	**6,879**	**1,346**	**46,210**	**79,997**
Additions	**2,022**	**168**	**-**	**1,885**	**4,075**
Disposals	**-**	**-**	**(348)**	**(344)**	**(692)**
Write-offs	**-**	**-**	**-**	**(109)**	**(109)**
At end of the financial year	**27,584**	**7,047**	**998**	**47,642**	**83,271**
Less: Accumulated depreciation					
At beginning of the financial year	**20,598**	**6,401**	**923**	**42,143**	**70,065**
Charge for the financial year	**375**	**172**	**109**	**1,659**	**2,315**
Disposals	**-**	**-**	**(255)**	**(229)**	**(484)**
At end of the financial year	**20,973**	**6,573**	**777**	**43,573**	**71,896**
Net book value					
At end of the financial year	**6,611**	**474**	**221**	**4,069**	**11,375**

The Bank 31.12.2023					
Cost					
At beginning of the financial year	21,291	6,732	1,214	45,162	74,399
Additions	4,271	154	132	1,205	5,762
Disposals	-	(7)	-	(157)	(164)
At end of the financial year	25,562	6,879	1,346	46,210	79,997
Less: Accumulated depreciation					
At beginning of the financial year	20,229	6,231	760	40,493	67,713
Charge for the financial year	369	177	163	1,807	2,516
Disposals	-	(7)	-	(157)	(164)
At end of the financial year	20,598	6,401	923	42,143	70,065
Net book value					
At end of the financial year	4,964	478	423	4,067	9,932

16 Intangible assets

	The Group		The Bank	
	31.12.2024	31.12.2023	**31.12.2024**	31.12.2023
	RM'000	RM'000	**RM'000**	RM'000
Goodwill on consolidation (a)	**253,341**	253,341	**253,341**	253,341
Intangible assets (b):				
- Merchant bank licence	**52,500**	52,500	**52,500**	52,500
- Computer software licence	**2,351**	1,480	**2,351**	1,444
	308,192	307,321	**308,192**	307,285

(a) Goodwill on consolidation

	The Group and the Bank	
	31.12.2024	31.12.2023
	RM'000	RM'000
At the beginning of the financial year	**280,609**	280,609
Less: Accumulated impairment losses	**(27,268)**	(27,268)
At the end of the financial year	**253,341**	253,341

The carrying amounts of goodwill (after impairment allowances) allocated to the respective Group's CGUs are as follows:

	The Group and the Bank	
	31.12.2024	31.12.2023
	RM'000	RM'000
CGU		
Investment Banking ("IB")	**17**	17
Treasury & Markets ("T&M")	**90,261**	90,261
Stockbroking ("SB")	**163,063**	163,063
	253,341	253,341

Notes to the financial statements for the financial year ended 31 December 2024 (continued)

16 Intangible assets (continued)

(a) Goodwill on consolidation (continued)

(i) Goodwill impairment assessment

Goodwill is tested for impairment annually or more frequently if events, or changes in circumstances indicate that it might be impaired. The recoverable amount of the CGUs are determined based on value-in-use ("VIU") calculations using the cash flow projections based on financial budgets or forecasts covering a five-year (2023: five-year) period, revised to account for economic conditions. Cash flows beyond the fifth-year period are assumed to grow at 5.2% (2023: 4.50%) on a perpetual basis for all CGUs which is based on the forecast Gross Domestic Product ("GDP") growth rate of Malaysia.

In view of the uncertainty in the economic outlook, the VIU estimated during the financial years ended 31 December 2024 and 31 December 2023 was based on the discounted cash flow ("DCF") method with multiple cash flow projections taking into consideration the assumed probability of different future events and/or scenarios. Four scenarios have been adopted to represent the possible outcomes, namely the aspirational case scenario, stretched case scenario, base case scenario and the worst case scenario, where probability weightage are assigned to these scenarios. The Directors are in the opinion that the probability weightage provides a reasonable assessment of the likelihood of the scenarios. The discount rates used are pre-tax and reflects specific risk relating to the relevant CGUs.

The terminal growth rates and discount rates used for value in use calculation are as follows:

	Discount rate		**Terminal Growth rate**	
	31.12.2024	31.12.2023	**31.12.2024**	31.12.2023
	%	%	**%**	%
Investment Banking	**8.01**	9.50	**5.20**	4.50
Treasury & Markets	**8.02**	9.49	**5.20**	4.50
Stockbroking	**7.67**	9.23	**5.20**	4.50

In the opinion of the Directors, there is no reasonable possible change in any of the key assumptions would cause the carrying value of the CGU to exceed its recoverable amount. Accordingly, no impairment on the carrying amount of goodwill and other intangible assets (merchant bank license) has been recognised during the current and preceding financial years.

16 Intangible assets (continued)

(b) Intangible assets

The Group 31.12.2024	**Merchant bank licence RM'000**	**Computer software RM'000**	**Total RM'000**
Cost			
At beginning of the financial year	**52,500**	**21,239**	**73,739**
Additions	**-**	**1,750**	**1,750**
Write-offs	**-**	**(139)**	**(139)**
At end of the financial year	**52,500**	**22,850**	**75,350**
Accumulated amortisation			
At beginning of the financial year	**-**	**19,759**	**19,759**
Amortised during the financial year	**-**	**740**	**740**
At end of the financial year	**-**	**20,499**	**20,499**
Net carrying value			
At end of the financial year	**52,500**	**2,351**	**54,851**

The Group 31.12.2023	Merchant bank licence RM'000	Computer software RM'000	Total RM'000
Cost			
At beginning of the financial year	52,500	20,880	73,380
Additions	-	359	359
At end of the financial year	52,500	21,239	73,739
Accumulated amortisation			
At beginning of the financial year	-	18,933	18,933
Amortised during the financial year	-	826	826
At end of the financial year	-	19,759	19,759
Net carrying value			
At end of the financial year	52,500	1,480	53,980

Notes to the financial statements
for the financial year ended 31 December 2024 (continued)

16 Intangible assets (continued)

(b) Intangible assets (continued)

The Bank **31.12.2024**	**Merchant bank licence** **RM'000**	**Computer software** **RM'000**	**Total** **RM'000**
Cost			
At beginning of the financial year	**52,500**	**20,983**	**73,483**
Additions	**-**	**1,750**	**1,750**
Write-off	**-**	**(139)**	**(139)**
At end of the financial year	**52,500**	**22,594**	**75,094**
Accumulated amortisation			
At beginning of the financial year	**-**	**19,539**	**19,539**
Amortised during the financial year	**-**	**704**	**704**
At end of the financial year	**-**	**20,243**	**20,243**
Net carrying value			
At end of the financial year	**52,500**	**2,351**	**54,851**

The Bank 31.12.2023	Merchant bank licence RM'000	Computer software RM'000	Total RM'000
Cost			
At beginning of the financial year	52,500	20,624	73,124
Additions	-	359	359
At end of the financial year	52,500	20,983	73,483
Accumulated amortisation			
At beginning of the financial year	-	18,763	18,763
Amortised during the financial year	-	776	776
At end of the financial year	-	19,539	19,539
Net carrying value			
At end of the financial year	52,500	1,444	53,944

The merchant bank license is allocated to the CGU. The amount allocated to the Investment Banking, Treasury & Markets and Stockbroking CGUs are RM2,206,000, RM38,865,000 and RM11,429,000 respectively based on the relative net assets at at 1 October 2022 (i.e. upon the reorganisation of the Group's reporting structure). It is assessed for impairment on an annual basis together with the goodwill impairment testing. Refer to Note 16 (a) for the sensitivity analysis performed on the key assumptions of the value-in-use.

Notes to the financial statements for the financial year ended 31 December 2024 (continued)

17 Right-Of-Use Assets

The Group and the Bank 31.12.2024	**Properties RM'000**	**Equipment RM'000**	**Total RM'000**
Cost			
At beginning of the financial year	**24,339**	**1,421**	**25,760**
Additions	**7,101**	**-**	**7,101**
End of lease term	**(2,941)**	**-**	**(2,941)**
At end of the financial year	**28,499**	**1,421**	**29,920**
Less: Accumulated depreciation			
At beginning of the financial year	**10,070**	**388**	**10,458**
Charge for the financial year	**9,144**	**284**	**9,428**
End of lease term	**(2,941)**	**-**	**(2,941)**
At end of the financial year	**16,273**	**672**	**16,945**
Net book value at end of the financial year	**12,226**	**749**	**12,975**

The Group and the Bank 31.12.2023	Properties RM'000	Equipment RM'000	Total RM'000
Cost			
At beginning of the financial year	24,354	1,421	25,775
Modification	3,141	-	3,141
Additions	5,661	-	5,661
End of lease term	(8,817)	-	(8,817)
At end of the financial year	24,339	1,421	25,760
Less: Accumulated depreciation			
At beginning of the financial year	11,964	104	12,068
Charge for the financial year	6,923	284	7,207
End of lease term	(8,817)	-	(8,817)
At end of the financial year	10,070	388	10,458
Net book value at end of the financial year	14,269	1,033	15,302

Notes to the financial statements
for the financial year ended 31 December 2024 (continued)

18 Deposits from customers

	The Group and the Bank	
	31.12.2024	31.12.2023
	RM'000	RM'000
(i) By type of deposit		
Fixed deposits	**3,856,414**	3,777,394
Negotiable instrument of deposits	**-**	1,004,305
Other deposits	**34,163**	19,794
	3,890,577	4,801,493
(ii) By maturity structure		
Due within six months	**3,490,326**	3,921,919
Six months to one year	**400,251**	326,359
One year to three years	**-**	553,215
	3,890,577	4,801,493
(iii) By type of customer		
Domestic non-banking financial institutions	**2,702,904**	2,326,611
Domestic banking institutions	**-**	1,004,305
Business enterprises	**1,061,570**	1,107,866
Government and statutory bodies	**32,487**	308,574
Individuals	**-**	39,514
Foreign entities	**83,776**	7,294
Other entities	**9,840**	7,329
	3,890,577	4,801,493

19 Deposits and placements of banks and other financial institutions

	The Group and the Bank	
	31.12.2024	31.12.2023
	RM'000	RM'000
Licensed banks	**2,192,935**	1,376,318
Licensed investment banks	**150,012**	168,851
	2,342,947	1,545,169

20 Senior debt securities

	The Group and the Bank	
	31.12.2024	31.12.2023
	RM'000	RM'000
Commercial Paper	**4,957**	-
	4,957	-

On 28 June 2024, the Bank has established a Commercial Paper (CP) / Medium Term Note (MTN) programme of RM2.0 billion in nominal value. The CP/MTN programme is established for the purpose of general banking business and working capital requirements of the Bank.

On 27 September 2024, the Group and the Bank had issued RM5.0 million of CP out of its CP/MTN programme. The CP was issued for a tenure of 6 months from the issue date, at a discount rate of 3.70%.

An analysis of changes in liabilities arising from financing activities is as follows:

	The Group and the Bank	
	31.12.2024	31.12.2023
	RM'000	RM'000
At beginning of the financial year	-	-
Issuance during the financial year	**4,908**	-
Accrued interest	**49**	-
At the end of the financial year	**4,957**	-

21 Amount due to clients and brokers

	The Group and the Bank	
	31.12.2024	31.12.2023
	RM'000	RM'000
Amount due to clients	**191,016**	174,921
Amount due to brokers	**179,246**	39,179
	370,262	214,100

Amount due to clients and brokers include amount payable under outstanding contracts from the stock and share broking activities. The credit terms of amounts due to clients and brokers range from 1 to 30 days (2023: 1 to 30 days).

Notes to the financial statements
for the financial year ended 31 December 2024 (continued)

22 Derivative financial liabilities

	The Group and the Bank			
	31.12.2024		31.12.2023	
	Principal amount RM'000	**Liabilities RM'000**	Principal amount RM'000	Liabilities RM'000
At fair value				
Foreign exchange related contracts				
- Currency forwards	**153,831**	**5,963**	1,814,552	37,584
- Currency swaps	**895,268**	**17,201**	2,898,307	30,265
- Cross currency interest rate swaps	**50,866**	**986**	57,704	1,216
	1,099,965	**24,150**	4,770,563	69,065
Interest rate related contracts				
- Interest rate swaps	**1,746,000**	**9,712**	1,415,000	10,713
Equity related contracts				
-Structured warrants	**94,098**	**17,197**	16,910	2,562
	2,940,063	**51,059**	6,202,473	82,340

23 Lease Liabilities

	The Group and the Bank	
	31.12.2024 RM'000	31.12.2023 RM'000
At beginning of the financial year	**17,212**	14,459
Modification	**-**	2,812
Additions	**4,907**	5,661
Interest expense	**574**	602
Lease payment	**(9,750)**	(6,322)
At end of the financial year	**12,943**	17,212

The Group and the Bank have not included potential future rental payments after the exercise date of extension options because the Group and the Bank are not reasonably certain on the extension of the leases beyond the date.

Potential future rental payments relating to periods following the exercise date of extension options are summarised below:-

	The Group and the Bank	
	31.12.2024 RM'000	31.12.2023 RM'000
Lease liabilities recognised (discounted)	**12,943**	17,212
Potential future lease payments not included in lease liabilities (undiscounted):		
Payable in 2025 to 2029	**23,562**	23,617
	36,505	40,829

Notes to the financial statements for the financial year ended 31 December 2024 (continued)

24 Other liabilities

	The Group		The Bank	
	31.12.2024	31.12.2023	**31.12.2024**	31.12.2023
	RM'000	RM'000	**RM'000**	RM'000
Commissioned dealer's representatives trust balances	**62,890**	64,818	**62,890**	64,818
Amounts payable to commissioned and salaried dealer's representatives	**54,515**	58,775	**54,515**	58,775
Accrued employee benefit	**43,522**	33,122	**43,337**	32,896
Collaterals pledged for securities lending transactions	**202,696**	151,709	**202,696**	151,709
Other creditors and accruals	**61,026**	53,114	**54,108**	52,051
Collaterals pledged for derivatives transactions	**5,165**	85,846	**5,165**	85,846
	429,814	447,384	**422,711**	446,095
Add: Expected credit loss - loan commitments and financial guarantees (a)	**50**	18,063	**50**	18,063
	429,864	465,447	**422,761**	464,158

(a) Movement in expected credit losses ("ECL")

The Group and the Bank 31.12.2024	**12-month ECL Stage 1 RM'000**	**Lifetime ECL Not Credit Impaired Stage 2 RM'000**	**Lifetime ECL Credit Impaired Stage 3 RM'000**	**Total RM'000**
At beginning of the financial year	**1**	**301**	**17,761**	**18,063**
Transfer between stages due to change in credit risk:				
- Transfer to 12-month ECL (Stage 1)	-	-	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	-	-	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	-	-	-	-
New loan commitments/financial guarantees issued	**70**	-	-	**70**
Changes due to change in credit risk	**(21)**	**(301)**	**(17,761)**	**(18,083)**
At end of the financial year	**50**	-	-	**50**

The Group and the Bank 31.12.2023	12-month ECL Stage 1 RM'000	Lifetime ECL Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At beginning of the financial year	69	-	17,925	17,994
Transfer between stages due to change in credit risk:				
- Transfer to 12-month ECL (Stage 1)	-	-	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(52)	52	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	(52)	52	-	-
New loan commitments/financial guarantees issued	181	-	-	181
Changes due to change in credit risk	(197)	378	(164)	17
Changes due to changes in model/risk parameters	-	(129)	-	(129)
At end of the financial year	1	301	17,761	18,063

25 Share capital

	Number of ordinary shares		The Group and the Bank	
	31.12.2024	31.12.2023	**31.12.2024**	31.12.2023
	'000	'000	**RM'000**	RM'000
Issued and fully paid				
At beginning and end of the financial year	**780,000**	780,000	**999,800**	999,800

26 Reserves

	The Group		The Bank	
	31.12.2024	31.12.2023	**31.12.2024**	31.12.2023
	RM'000	RM'000	**RM'000**	RM'000
FVOCI revaluation reserves (a)	**(22,419)**	(26,516)	**(22,419)**	(26,516)
Regulatory reserves (b)	**45,111**	20,728	**45,111**	20,728
Retained profits (c)	**442,935**	428,718	**442,822**	428,723
	465,627	422,930	**465,514**	422,935

(a) The FVOCI revaluation reserves, net of deferred tax represent the unrealised gains or losses arising from a change in the fair value of investments classified as financial investments at FVOCI, as well as the expected credit loss allowance for financial investments at FVOCI. The gains or losses are transferred to the income statement upon disposal or when the securities becomes impaired.

(b) Pursuant to BNM Financial Reporting policy dated 29 April 2022, the Group and the Bank shall maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of all credit exposures, net of loss allowance for credit-impaired exposures.

(c) As at 31 December 2024, the Bank has sufficient tax exempt account balances to pay tax exempt dividends of RM7,809,808 (2023: RM7,741,391) under Section 12 of the Income Tax (Amendment) Act 1999 and Para 28, Schedule 6 of the Income Tax Act,1967, subject to agreement by the Inland Revenue Board.

27 Interest income

	The Group		The Bank	
	31.12.2024	31.12.2023	**31.12.2024**	31.12.2023
	RM'000	RM'000	**RM'000**	RM'000
Loans and advances	**144,994**	109,537	**144,994**	109,537
Money at call and deposit placements with financial institutions	**28,322**	23,816	**28,278**	23,786
Financial investments at FVOCI	**144,146**	124,544	**144,146**	124,544
Financial investments at amortised cost	**48,467**	44,318	**48,467**	44,318
Others	**6,178**	6,000	**6,178**	6,000
	372,107	308,215	**372,063**	308,185
of which:				
Interest income earned on impaired loans and advances	**12,838**	1,845	**12,838**	1,845

28 Interest expense

	The Group		The Bank	
	31.12.2024	31.12.2023	**31.12.2024**	31.12.2023
	RM'000	RM'000	**RM'000**	RM'000
Deposits from customers	**222,461**	183,050	**222,461**	183,050
Deposits and placements of banks and other financial institutions	**34,755**	35,723	**34,755**	35,723
Obligations on securities sold under repurchase agreements	**11,781**	15,994	**11,781**	15,994
Lease liabilities	**574**	602	**574**	602
Senior debt securities	**49**	-	**49**	-
Others	**11,958**	8,232	**11,958**	8,232
	281,578	243,601	**281,578**	243,601

29 Fee and commission income

	The Group		The Bank	
	31.12.2024	31.12.2023	**31.12.2024**	31.12.2023
	RM'000	RM'000	**RM'000**	RM'000
(a) Fee and commission income				
Gross Brokerage Income	**114,362**	71,997	**114,362**	71,997
Corporate advisory fees	**12,953**	4,806	**12,953**	4,806
Loan related fees	**20,202**	14,163	**20,202**	14,163
Underwriting commissions	**2,137**	647	**2,137**	647
Arrangement fees	**3,226**	2,173	**3,226**	2,173
Placement fees	**3,948**	2,315	**3,948**	2,315
Others	**12,563**	10,412	**11,015**	9,170
	169,391	106,513	**167,843**	105,271
(b) Fee and commission expenses				
Brokerage expenses	**(30,038)**	(23,653)	**(30,038)**	(23,653)
Net fee and commission income	**139,353**	82,860	**137,805**	81,618

30 Net gains and losses on financial instruments

	The Group		The Bank	
	31.12.2024 RM'000	31.12.2023 RM'000	**31.12.2024 RM'000**	31.12.2023 RM'000
Gains arising on financial assets at FVTPL:				
- net gains on disposal	**47,587**	28,505	**47,587**	28,505
- unrealised gain	**8,770**	11,580	**8,768**	11,568
- gross dividend income	**2,350**	1,375	**2,350**	1,375
- interest income	**26,042**	25,254	**26,002**	25,216
Gains/(losses) on derivatives instruments:				
- net gains on disposal	**81,499**	9,650	**81,499**	9,650
- unrealised losses	**(64,441)**	(1,947)	**(64,441)**	(1,947)
- interest income	**10,163**	10,925	**10,163**	10,925
- interest expense	**(8,400)**	(8,693)	**(8,400)**	(8,693)
Gains arising on financial investments at FVOCI:				
- (losses)/net gains on disposal	**(268)**	1,751	**(268)**	1,751
- gross dividend income	**150**	190	**150**	190
Gains arising on financial assets at amortised cost:				
- net gains on disposal	**1,756**	-	**1,756**	-
	105,208	78,590	**105,166**	78,540

31 Other operating income

	The Group		The Bank	
	31.12.2024 RM'000	31.12.2023 RM'000	**31.12.2024 RM'000**	31.12.2023 RM'000
Realised foreign exchange gains/(losses)	**33,196**	(52,906)	**33,197**	(52,906)
Unrealised foreign exchange (losses)/gains	**(59,730)**	67,275	**(59,730)**	67,275
Gain on disposal of property and equipment	**30**	1	**(40)**	1
Others	**357**	202	**336**	202
	(26,147)	14,572	**(26,237)**	14,572

32 Other operating expenses

	The Group		The Bank	
	31.12.2024	31.12.2023	**31.12.2024**	31.12.2023
	RM'000	RM'000	**RM'000**	RM'000
Personnel costs				
Salaries, allowances and bonuses	**95,032**	69,179	**93,932**	68,312
Defined contribution plan	**15,481**	11,297	**15,287**	11,150
Other personnel costs	**16,122**	11,264	**16,000**	11,328
	126,635	91,740	**125,219**	90,790
Establishment cost				
Rental of premises and equipment	**2,440**	5,242	**2,440**	5,197
Repair and maintenance	**5,990**	8,727	**5,956**	8,673
Amortisation of intangible assets	**740**	826	**704**	776
Depreciation of property and equipment	**2,318**	2,519	**2,315**	2,516
Depreciation – ROU	**9,428**	7,207	**9,428**	7,207
Electricity, water and sewerage	**1,214**	1,323	**1,214**	1,322
Insurance and indemnities	**518**	914	**518**	914
Others	**1**	4	**2**	4
	22,649	26,762	**22,577**	26,609
Marketing expenses				
Business promotion and advertisement	**1,133**	913	**1,133**	913
Entertainment	**617**	398	**617**	398
Travelling and accommodation	**1,072**	558	**1,072**	557
Brokerage expenses	**338**	728	**290**	693
Others	**213**	-	**213**	-
	3,373	2,597	**3,325**	2,561
Administration and general expenses				
Directors' remuneration (Note 34)	**2,438**	2,464	**2,438**	2,464
Subscription fees	**11,571**	9,998	**11,549**	9,966
Telecommunication expenses	**9,814**	5,588	**9,814**	5,585
Professional fees	**3,132**	8,133	**3,075**	8,090
Auditors' remuneration	**799**	966	**729**	897
Intangible assets written off	**139**	-	**139**	-
Property and equipment written off	**109**	-	**109**	-
Management fees #	**22,070**	22,362	**22,070**	22,362
Others	**6,407**	2,806	**6,438**	2,856
	56,479	52,317	**56,361**	52,220
Total other operating expenses	**209,136**	173,416	**207,482**	172,180

The Group and the Bank incur intercompany charges for shared operating costs of Affin Bank Berhad in Malaysia. The services received for group shared services are in respect of Finance, Company Secretary, Legal, People Office, Procurement, Admin & Facility Management, Information Technology, Corporate Affairs, Internal Audit, Risk Management, Compliance, Treasury & Markets effective from 1 October 2022, and Customer Service Unit (Retail Business, Securities) effective from 1 April 2023.

Notes to the financial statements for the financial year ended 31 December 2024 (continued)

32 Other operating expenses (continued)

The expenditure includes the following statutory disclosure:

	The Group		The Bank	
	31.12.2024 RM'000	31.12.2023 RM'000	**31.12.2024 RM'000**	31.12.2023 RM'000
Directors' remuneration (Note 34)	**2,438**	2,464	**2,438**	2,464
Auditors' remuneration:				
(i) Statutory audit fees	**598**	611	**567**	581
(ii) Regulatory related fees	**61**	262	**61**	262
(iii) Tax fees	**85**	45	**46**	30
(iv) Non-audit fees	**55**	48	**55**	24

33 Write-back of credit impairment losses on financial assets

	The Group		The Bank	
	31.12.2024 RM'000	31.12.2023 RM'000	**31.12.2024 RM'000**	31.12.2023 RM'000
Expected credit losses (made)/written-back on:				
- loans and advances	**16,284**	17,398	**16,284**	17,398
- amount due from clients and brokers	**(4)**	533	**(4)**	533
- financial investments	**20,979**	5,543	**20,979**	5,543
- other assets	**(2,575)**	1,449	**(2,646)**	1,534
- loan commitments and financial guarantees	**18,013**	(69)	**18,013**	(69)
Bad debts recovered	**2,240**	425	**2,240**	425
Bad debts written off	**(2,852)**	(5)	**(2,852)**	-
	52,085	25,274	**52,014**	25,364

34 Chief Executive Officer and Directors' remuneration

The Chief Executive Officer and Directors of the Bank who have held office during the financial year are as follows:

Chief Executive Officer
En Nurjesmi Mohd Nashir

Executive Director
Datuk Wan Razly Abdullah bin Wan Ali
Nominee Director representing Affin Bank Berhad ("ABB")
Completion of Directorship Tenure w.e.f 2 April 2024

Non-Executive Directors
Tunku Afwida binti Tunku A.Malek
Mr Eugene Hon Kah Weng
Encik Hasli bin Hashim
Dato' Abdul Wahab Abu Bakar
Ms Tracy Ong Guat Kee
Ms Kong Yuen Ling

The aggregate amount of remuneration for all Directors during the financial year are as follows:

	The Group		The Bank	
	31.12.2024	31.12.2023	**31.12.2024**	31.12.2023
	RM'000	RM'000	**RM'000**	RM'000
Chief Executive Officer				
Fixed and non-deferred remuneration				
- Salary and other emoluments	**2,099**	1,300	**2,099**	1,300
- Benefits-in-kind	-	-	-	-
Variable and non-deferred remuneration				
- Bonus	**649**	-	**649**	-
- Benefits-in-kind	**70**	26	**70**	26
	2,818	1,326	**2,818**	1,326
* **Executive Director**				
Fixed and non-deferred remuneration				
- Fees	**37**	145	**37**	145
- Other emoluments	**13**	38	**13**	38
	50	183	**50**	183
Non-Executive Directors				
Fixed and non-deferred remuneration				
- Fees	**1,440**	1,356	**1,440**	1,356
- Other emoluments	**792**	713	**792**	713
- Benefits-in-kind	**108**	108	**108**	108
Variable and non-deferred remuneration				
- Benefits-in-kind	**48**	104	**48**	104
Directors' remuneration	**2,388**	2,281	**2,388**	2,281
	5,256	3,790	**5,256**	3,790
Total Directors' remuneration	**5,256**	3,790	**5,256**	3,790

* All fees are paid to Affin Bank Berhad.

Notes to the financial statements for the financial year ended 31 December 2024 (continued)

34 Chief Executive Officer and Directors' remuneration (continued)

During the financial year, Directors and Officers of the Group and the Bank are covered under the Directors & Officers Liability Insurance ("D&O Insurance") subscribed and borne by the holding company of the Bank namely Affin Bank Berhad for the period from 19 April 2024 to 18 April 2025. The Directors and Officers of the Group and the Bank are also covered under the Comprehensive Crime and Professional Indemnity Insurance ("CCPI Insurance") pursuant to the terms of the CCPI Insurance policy. The total amount of premium payable for the CCPI Insurance by the Group and the Bank amounted to RM431,760.37 for coverage period from 19 November 2023 to 18 April 2024 and RM642,540.15 for coverage period from 19 April 2024 to 18 April 2025.

There were no professional fees paid to Directors or any firms, of which the Directors are members, for services rendered and no amount was paid to or receivable by any third party for services provided by Directors, except for Director's fees paid and payable to Affin Bank Berhad ("ABB") amounting to RM50,000.00 for services provided by Datuk Wan Razly Abdullah bin Wan Ali during the financial year 2024 (2023: RM185,200).

The Executive Director of the Bank, Datuk Wan Razly Abdullah bin Wan Ali is no longer serve as the Executive Director of the Bank in which Datuk Wan Razly Abdullah bin Wan Ali has completed his directorship with effect from 2 April 2024. However, Datuk Wan Razly Abdullah bin Wan Ali still be the representing director of the Bank from Affin Bank Berhad.

Details of remuneration of the Group are as follows:

The Group
31.12.2024

	Fixed and non-deferred remuneration				Variable and non-deferred remuneration		
	Salaries	Directors' Fees	Other emoluments[1]	Benefits-in-kind	Bonuses	Benefits-in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Chief Executive Officer							
En Nurjesmi Mohd Nashir	1,386	-	713	-	649	70	2,818

	Fixed and non-deferred remuneration				Variable and non-deferred remuneration		
	Salaries	Directors' Fees	Other emoluments[1]	Benefits-in-kind	Bonuses	Benefits-in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Executive Director[2]							
Datuk Wan Razly Abdullah bin Wan Ali	-	37	13	-	-	-	50
Non-Executive Directors							
Tunku Afwida binti Tunku A.Malek	-	230	80	108	-	35	453
Mr Eugene Hon Kah Weng	-	230	120	-	-	2	352
Encik Hasli bin Hashim	-	250	180	-	-	1	431
Dato' Abdul Wahab Abu Bakar	-	250	130	-	-	7	387
Ms Tracy Ong Guat Kee	-	265	182	-	-	2	449
Ms Kong Yuen Ling[3]	-	215	100	-	-	1	316
Allayarham Dato' Mohd Ali bin Mohd Tahir	-	-	-	-	-	-	-
Total	-	1,440	792	108	-	48	2,388
Grand Total	1,386	1,477	1,518	108	649	118	5,256

1) Other emoluments include allowances, gratuity & attendance fees.
2) Director fees amounting to RM50,000 are paid to ABB.
3) Director fees amounting to RM314,950 are paid to BEA.

Notes to the financial statements
for the financial year ended 31 December 2024 (continued)

34 Chief Executive Officer and Directors' remuneration (continued)

Details of remuneration of the Group are as follows: (continued)

The Group
31.12.2023

	Fixed and non-deferred remuneration				Variable and non-deferred remuneration		
	Salaries RM'000	Directors' Fees RM'000	Other emoluments[1] RM'000	Benefits-in-kind RM'000	Bonuses RM'000	Benefits-in-kind RM'000	Total RM'000
Chief Executive Officer [2]							
Dato' Mona Suraya binti Kamaruddin	770	-	530	-	-	26	1,326

	Fixed and non-deferred remuneration				Variable and non-deferred remuneration		
	Salaries RM'000	Directors' Fees RM'000	Other emoluments[1] RM'000	Benefits-in-kind RM'000	Bonuses RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Director [3]							
Datuk Wan Razly Abdullah bin Wan Ali	-	145	38	-	-	-	183
Non-Executive Directors							
Tunku Afwida binti Tunku A.Malek	-	230	70	108	-	20	428
Mr Eugene Hon Kah Weng	-	247	145	-	-	14	406
Encik Hasli bin Hashim	-	292	202	-	-	31	525
Dato' Abdul Wahab Abu Bakar	-	250	132	-	-	27	409
Ms Tracy Ong Guat Kee	-	122	72	-	-	8	202
Ms Kong Yuen Ling [4]	-	215	92	-	-	4	311
Allayarham Dato' Mohd Ali bin Mohd Tahir	-	-	-	-	-	-	-
Total	-	1,356	713	108	-	104	2,281
Grand Total	770	1,501	1,281	108	-	130	3,790

1) Other emoluments include allowances, gratuity & attendance fees.
2) Director fees amounting to RM21,063 are paid to the Bank.
3) Director fees amounting to RM184,532 are paid to ABB.
4) Director fees amounting to RM311,680 are paid to BEA.

34 Chief Executive Officer and Directors' remuneration (continued)

Details of remuneration of the Bank are as follows:

The Bank

31.12.2024

	Fixed and non-deferred remuneration				Variable and non-deferred remuneration		
	Salaries	Directors' Fees	Other emoluments [1]	Benefits-in-kind	Bonuses	Benefits-in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Chief Executive Officer							
En Nurjesmi Mohd Nashir	1,386	-	713	-	649	70	2,818

	Fixed and non-deferred remuneration				Variable and non-deferred remuneration		
	Salaries	Directors' Fees	Other emoluments [1]	Benefits-in-kind	Bonuses	Benefits-in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Executive Director [2]							
Datuk Wan Razly Abdullah bin Wan Ali	-	37	13	-	-	-	50
Non-Executive Directors							
Tunku Afwida binti Tunku A.Malek	-	230	80	108	-	35	453
Mr Eugene Hon Kah Weng	-	230	120	-	-	2	352
Encik Hasli bin Hashim	-	250	180	-	-	1	431
Dato' Abdul Wahab Abu Bakar	-	250	130	-	-	7	387
Ms Tracy Ong Guat Kee	-	265	182	-	-	2	449
Ms Kong Yuen Ling [3]	-	215	100	-	-	1	316
Allayarham Dato' Mohd Ali bin Mohd Tahir	-	-	-	-	-	-	-
Total	-	1,440	792	108	-	48	2,388
Grand Total	1,386	1,477	1,518	108	649	118	5,256

1) Other emoluments include allowances, gratuity & attendance fees.

2) Director fees amounting to RM50,000 are paid to ABB.

3) Director fees amounting to RM314,950 are paid to BEA.

Notes to the financial statements
for the financial year ended 31 December 2024 (continued)

34 Chief Executive Officer and Directors' remuneration (continued)

Details of remuneration of the Bank are as follows: (continued)

The Bank
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	Fixed and non-deferred remuneration				Variable and non-deferred remuneration		
	Salaries	Directors' Fees	Other emoluments [1]	Benefits-in-kind	Bonuses	Benefits-in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Chief Executive Officer [2]							
Dato' Mona Suraya binti Kamaruddin	770	-	530	-	-	26	1,326

	Fixed and non-deferred remuneration				Variable and non-deferred remuneration		
	Salaries	Directors' Fees	Other emoluments [1]	Benefits-in-kind	Bonuses	Benefits-in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Executive Director [3]							
Datuk Wan Razly Abdullah bin Wan Ali	-	145	38	-	-	-	183
Non-Executive Directors							
Tunku Afwida binti Tunku A.Malek	-	230	70	108	-	20	428
Mr Eugene Hon Kah Weng	-	247	145	-	-	14	406
Encik Hasli bin Hashim	-	292	202	-	-	31	525
Dato' Abdul Wahab Abu Bakar	-	250	132	-	-	27	409
Ms Tracy Ong Guat Kee	-	122	72	-	-	8	202
Ms Kong Yuen Ling [4]	-	215	92	-	-	4	311
Allayarham Dato' Mohd Ali bin Mohd Tahir	-	-	-	-	-	-	-
							-
Total	-	1,356	713	108	-	104	2,281
Grand Total	770	1,501	1,281	108	-	130	3,790

1) Other emoluments include allowances, gratuity & attendance fees.
2) Director fees amounting to RM21,063 are paid to the Bank.
3) Director fees amounting to RM184,532 are paid to ABB.
4) Director fees amounting to RM311,680 are paid to BEA.

35 Significant related party transactions and balances

The identified related parties and their relationship with the Group and the Bank are as follows:

Related parties	Relationship
State Financial Secretary, Sarawak ("SFS")	Substantial shareholder, which is an Investment Corporation of the State Government of Sarawak
Lembaga Tabung Angkatan Tentera ("LTAT")	Substantial shareholder, which is a Government-Linked Investment Company ("GLIC") of the Government of Malaysia
Bank of East Asia ("BEA")	Substantial shareholder
AFFIN Bank Berhad ("ABB")	Holding company
Subsidiaries and associate of LTAT	Subsidiaries and associated companies of the substantial shareholder
Subsidiaries and associate of ABB as disclosed in its financial statements	Subsidiaries and associated companies of the holding company
Subsidiaries and associate of the Bank as disclosed in Note 12 & Note 13	Subsidiaries and associated companies of the Bank
Key management personnel	The key management personnel of the Group and the Bank consists of: - Directors; - Members of senior management team and material risk takers.
Related parties of key management personnel (deemed as related to the Bank)	Close family members and dependents of key management personnel Entities that are controlled or jointly controlled by, or for which significant voting power in such entity resides with, directly or indirectly by key management personnel or its close family members

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. All the Directors and Chief Executive Officer are part of the Group and of the Bank key management personnel and the remuneration for the financial year are disclosed in Note 34.

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Notes to the financial statements for the financial year ended 31 December 2024 (continued)

35 Significant related party transactions and balances (continued)

The Group and the Bank do not have any individual or collective significant transactions outside the ordinary course of business with the Government of Malaysia and government related entities. In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are the other significant related party transactions and balances.

(a) Related parties transactions

	Substantial Shareholder		Holding Company		Other Related Parties *	
	31.12.2024	31.12.2023	**31.12.2024**	31.12.2023	**31.12.2024**	31.12.2023
The Group	**RM'000**	RM'000	**RM'000**	RM'000	**RM'000**	RM'000
Income						
Interest on deposits & interbank placements	**-**	-	**39,104**	18,434	**226**	302
Interest on financial investments at FVOCI	**-**	-	**-**	-	**5,575**	5,900
Interest on loans and advances	**-**	-	**-**	-	**674**	2,526
Brokerage income	**384**	428	**-**	-	**-**	415
Corporate advisory fees	**1,500**	-	**65**	110	**5,959**	-
Agency fees	**-**	-	**69**	60	**209**	330
Other fee income	**155**	141	**587**	250	**886**	535
Other income	**-**	-	**-**	-	**-**	1
Net gain/(loss) arising from disposal of financial instruments	**-**	1	**(620)**	336	**(390)**	926
Realised gain/(loss) on foreign exchange for derivatives instruments	**-**	-	**119,892**	(102,495)	**6**	8
	2,039	570	**159,097**	(83,305)	**13,145**	10,943
Expenses						
Rental of premises	**-**	-	**-**	76	**2,381**	3,615
Interest expense on derivatives	**-**	-	**272**	263	**-**	-
Interest expense on deposits	**666**	818	**53,987**	51,887	**3,527**	6,240
Travel services	**-**	-	**-**	-	**479**	190
Securities borrowing and lending fees	**776**	707	**-**	-	**-**	-
Management fee expense	**-**	-	**22,070**	22,362	**-**	-
MFRS 16 lease rental expenses	**-**	-	**4,713**	5,515	**-**	-
Other expenses	**-**	-	**11**	215	**1,016**	226
	1,442	1,525	**81,053**	80,318	**7,403**	10,271

* Other Related Parties including key management personnel, related parties of key management personnel, subsidiaries and associate of LTAT and ABB.

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Notes to the financial statements for the financial year ended 31 December 2024 (continued)

35 Significant related party transactions and balances (continued)

The Group and the Bank do not have any individual or collective significant transactions outside the ordinary course of business with the Government of Malaysia and government related entities. In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are the other significant related party transactions and balances. (continued)

(b) Related parties balances

	Substantial Shareholder		Holding Company		Other Related Parties *	
	31.12.2024	31.12.2023	**31.12.2024**	31.12.2023	**31.12.2024**	31.12.2023
The Group	**RM'000**	RM'000	**RM'000**	RM'000	**RM'000**	RM'000
Amounts due to						
Deposits from customers	**12,085**	33,179	**-**	1,004,305	**76,560**	135,323
Deposits and placements of banks and other financial institutions	**-**	-	**1,973,661**	1,331,302	**-**	-
Other liabilities	**-**	-	**27,202**	62,665	**174**	249
Deposit from tenants			**8**			
Lease liabilities	**-**	-	**5,492**	10,803	**-**	-
Derivative financial liabilities	**-**	-	**12,314**	10,803	**-**	-
Senior debt securities	**-**	-	**4,957**			
	12,085	33,179	**2,023,634**	2,409,075	**76,734**	135,572
Amounts due from						
Cash and short-term funds	**-**	-	**142,305**	302,008	**-**	100,379
Loans and advances	**-**	-	**-**	-	**6,018**	35,891
Refundable deposits	**-**	-	**1,878**	1,860	**1,152**	1,152
Right-of-use assets	**-**	-	**4,443**	10,156	**-**	-
Other assets	**10,350**	-	**-**	-	**-**	-
Financial investments	**-**	-	**4,957**	-	**96,494**	136,783
Derivative Financial Assets	**-**	-	**4,840**	12,287	**-**	-
	10,350	-	**158,423**	326,311	**103,664**	274,205
Commitments and contingencies						
Foreign exchange related contracts	**-**	-	**744,548**	2,894,364	**-**	-
Irrevocable commitments to extend credit	**-**	-	**-**	-	**-**	268
	-	-	**744,548**	2,894,364	**-**	268

* Other Related Parties including key management personnel, related parties of key management personnel, subsidiaries and associate of LTAT and ABB.

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Notes to the financial statements for the financial year ended 31 December 2024 (continued)

35 Significant related party transactions and balances (continued)

The Group and the Bank do not have any individual or collective significant transactions outside the ordinary course of business with the Government of Malaysia and government related entities. In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are the other significant related party transactions and balances. (continued)

(c) Related parties transactions

	Substantial Shareholder		Holding Company		Subsidiaries		Other Related Parties *	
	31.12.2024	31.12.2023	**31.12.2024**	31.12.2023	**31.12.2024**	31.12.2023	**31.12.2024**	31.12.2023
The Bank	**RM'000**	RM'000	**RM'000**	RM'000	**RM'000**	RM'000	**RM'000**	RM'000
Income								
Interest on deposits & interbank placements	-	-	**39,061**	18,404	-	-	**226**	302
Interest on financial investments at FVOCI	-	-	-	-	-	-	**5,575**	5,900
Interest on loans and advances	-	-	-	-	-	-	**674**	2,526
Brokerage income	**384**	428	-	-	-	-	-	415
Corporate advisory fees	**1,500**	-	**65**	110	-	-	**5,959**	-
Agency fees	-	-	**69**	60	-	-	**209**	330
Other fee income	**155**	141	**587**	250	**2**	1	**886**	535
Realised gain/(loss) on foreign exchange for derivatives instruments	-	-	**119,892**	(102,495)	-	-	**6**	8
Net gain/(loss) arising from disposal of financial instruments	-	1	**(620)**	336	-	-	**(390)**	926
Other income	-	-	-	-	-	-	-	1
	2,039	570	**159,054**	(83,335)	**2**	1	**13,145**	10,943
Expenses								
Rental of premises	-	-	-	76	-	-	**2,381**	3,615
Interest expense on derivatives	-	-	**272**	263	-	-	-	-
Interest expense on deposits	**666**	818	**53,987**	51,887	-	-	**3,527**	6,240
Management fee expense	-	-	**22,070**	22,362	-	-	-	-
SBL fees	**776**	707	-	-	-	-	-	-
Travel services	-	-	-	-	-	-	**479**	190
MFRS 16 lease rental expenses	-	-	**4,713**	5,515	-	-	-	-
Other expenses	-	-	**10**	214	-	-	**1,016**	226
	1,442	1,525	**81,052**	80,317	-	-	**7,403**	10,271

* Other Related Parties including key management personnel, related parties of key management personnel, subsidiaries and associate of LTAT and ABB.

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Notes to the financial statements for the financial year ended 31 December 2024 (continued)

35 Significant related party transactions and balances (continued)

The Group and the Bank do not have any individual or collective significant transactions outside the ordinary course of business with the Government of Malaysia and government related entities. In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are the other significant related party transactions and balances. (continued)

(d) Related parties balances

	Substantial Shareholder		Holding Company		Subsidiaries		Other Related Parties *	
	31.12.2024	31.12.2023	**31.12.2024**	31.12.2023	**31.12.2024**	31.12.2023	**31.12.2024**	31.12.2023
The Bank	**RM'000**	RM'000	**RM'000**	RM'000	**RM'000**	RM'000	**RM'000**	RM'000
Amounts due to								
Deposits from customers	**12,085**	33,179	**-**	1,004,305	**-**	-	**76,560**	135,323
Deposits and placements of banks and other financial institutions	**-**	-	**1,973,661**	1,331,302	**-**	-	**-**	-
Other liabilities	**-**	-	**27,202**	62,665	**-**	-	**174**	249
Deposit from tenants	**-**	-	**8**	-	**-**	-	**-**	-
Lease liabilities	**-**	-	**5,492**	10,803	**-**	-	**-**	-
Derivative financial liabilities	**-**	-	**12,314**	-	**-**	-	**-**	-
Senior debt securities	**-**	-	**4,957**	-	**-**	-	**-**	-
	12,085	33,179	**2,023,634**	2,409,075	**-**	-	**76,734**	135,572
Amounts due from								
Cash and short-term funds	**-**	-	**134,224**	299,581	**-**	-	**-**	100,379
Loans and advances	**-**	-	**-**	-	**-**	-	**6,018**	35,891
Refundable deposits	**-**	-	**1,878**	1,860	**-**	-	**1,152**	1,152
Intercompany balances	**-**	-	**-**	-	**472**	654	**-**	-
Right-of-use assets	**-**	-	**4,443**	10,156	**-**	-	**-**	-
Other assets	**10,350**	-	**-**	-	**-**	-	**-**	-
Financial investments	**-**	-	**4,957**	-	**-**	-	**96,494**	136,783
Derivative financial assets	**-**	-	**4,840**	12,287	**-**	-	**-**	-
	10,350	-	**150,342**	323,884	**472**	654	**103,664**	274,205
Commitments and contingencies								
Foreign exchange related contracts	**-**	-	**744,548**	2,894,364	**-**	-	**-**	-
Irrevocable commitments to extend credit	**-**	-	**-**	-	**-**	-	**-**	268
	-	-	**744,548**	2,894,364	**-**	-	**-**	268

* Other Related Parties including key management personnel, related parties of key management personnel, subsidiaries and associate of LTAT and ABB.

Notes to the financial statements for the financial year ended 31 December 2024 (continued)

35 Significant related party transactions and balances (continued)

(e) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly.

The remuneration of key management personnel of the Group and the Bank are as follows:

	The Group		The Bank	
	31.12.2024	31.12.2023	**31.12.2024**	31.12.2023
	RM'000	RM'000	**RM'000**	RM'000
Short-term employee benefits:				
- Salaries, allowances and commissions	**7,397**	4,777	**7,397**	4,777
- Bonuses	**2,859**	1,041	**2,859**	1,041
- Defined contribution plan	**1,938**	1,082	**1,938**	1,082
- Other employee benefits	**778**	801	**778**	801
- Benefits-in-kind	**135**	118	**135**	118
Other emoluments	**805**	751	**805**	751
Benefits-in-kind	**156**	212	**156**	212
Directors' fees	**1,477**	1,501	**1,477**	1,501
	15,545	10,283	**15,545**	10,283

Included in the table above is the Chief Executive Officer & Non-Executive Directors' remuneration as disclosed in Note 34.

Loans to key management personnel is included in Note 35 (b) and Note 35 (d) loans and advances to other related parties, as disclosed in the table below:

	The Group		The Bank	
	31.12.2024	31.12.2023	**31.12.2024**	31.12.2023
	RM'000	RM'000	**RM'000**	RM'000
At end of the financial year	**-**	2,361	**-**	2,361

36 Taxation

	The Group		The Bank	
	31.12.2024	31.12.2023	**31.12.2024**	31.12.2023
	RM'000	RM'000	**RM'000**	RM'000
Malaysian income tax:				
- Current financial year	**49,418**	7,243	**49,395**	7,238
- Deferred tax (Note 14)	**(11,910)**	15,713	**(11,910)**	15,713
	37,508	22,956	**37,485**	22,951
(Over)/Under provision in prior financial years	**(553)**	73	**(553)**	73
	36,955	23,029	**36,932**	23,024

The numeric reconciliation between the applicable statutory income tax rate to the effective income tax rate of the Group and the Bank are as follows:

	The Group		The Bank	
	31.12.2024	31.12.2023	**31.12.2024**	31.12.2023
	%	%	**%**	%
Statutory tax rate in Malaysia	**24.00**	24.00	**24.00**	24.00
Tax effect in respect of:				
- Non-allowable expenses	**2.74**	1.05	**2.73**	1.04
- Tun Razak Exchange Marquee status incentive	**(1.84)**	-	**(1.84)**	-
- Non-taxable income	**(0.21)**	(0.23)	**(0.19)**	(0.23)
- (Over)/Under provision in prior financial years	**(0.36)**	0.08	**(0.36)**	0.08
Average effective tax rate	**24.33**	24.90	**24.34**	24.89

Notes to the financial statements for the financial year ended 31 December 2024 (continued)

37 Earnings per share

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

The Group	**31.12.2024**	31.12.2023
Net profit attributable to equity holders (RM'000)	**113,600**	69,465
Weighted average number of ordinary shares in issue ('000)	**780,000**	780,000
Basic earnings per share (sen)	**14.56**	8.91

The Bank	**31.12.2024**	31.12.2023
Net profit attributable to equity holders (RM'000)	**113,482**	69,474
Weighted average number of ordinary shares in issue ('000)	**780,000**	780,000
Basic earnings per share (sen)	**14.55**	8.91

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

38 Dividends

Dividends recognised as distribution to ordinary equity holders of the Bank.

	The Bank			
	31.12.2024		31.12.2023	
	Dividend per share sen	**Dividend amount RM'000**	Dividend per share sen	Dividend amount RM'000
Ordinary shares:				
Dividend for the financial year ended 31.12.2024:				
- Interim dividend	**9.615**	**75,000**	-	-
Dividend for the financial year ended 31.12.2023:				
- Single-tier special dividend	-	-	19.231	150,000
	9.615	**75,000**	19.231	150,000

The Directors do not recommend any final dividend for the financial year ended 31 December 2024.

39 Commitments and contingencies

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The principal amount of commitments and contingencies constitute the following:

	The Group and the Bank	
	31.12.2024	31.12.2023
	Principal amount	Principal amount
	RM'000	RM'000
Transaction related contingent items	**64,606**	64,606
Irrevocable commitments to extend credit #:		
- maturity less than one year	**1,992,303**	1,651,226
- maturity more than one year	**21,813**	46,814
Interest rate related contracts*:		
- less than one year	**605,000**	670,000
- one year to less than five years	**3,183,000**	2,512,000
Foreign exchange related contracts*:		
- less than one year	**2,275,776**	11,496,621
- one year to less than five years	**110,334**	326,890
Equity related contracts*:		
- less than one year	**94,098**	16,910
	8,346,930	16,785,067

* The fair value of these derivatives have been recognised as "derivative financial assets" and "derivative financial liabilities" in the statement of financial position and disclosed in Notes 8 and 22 respectively to the financial statements.

\# The comparative balance of the commitment on share margin financing have been reclassified to conform to current year's presentation.

40 Capital management

The total capital and capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components) updated on 14 June 2024. The Group and the Bank are currently adopting Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.

The Group and Bank has opted to apply BNM's transitional arrangement for the financial years spanning from 1 January 2020 to 31 December 2023. Under this transitional arrangement, financial institutions are permitted to add-back the amount of loss allowance measured at an amount equal to 12-month ECL and Lifetime ECL to the extent they are ascribed to non-credit impaired exposures (which is Stage 1 and Stage 2 provisions) to their CET 1 capital. This strategic move aligns with the ongoing shift toward sustainable financial practices and prudent capital management. For the financial year beginning 1 January 2024, this transitional arrangement is no longer applicable.

In line with the Capital Adequacy Framework (Capital Components) Policy, the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ("CET 1") and Tier 1 Capital Ratio are 7.0% (2023: 7.0%) and 8.5% (2023: 8.5%) respectively for the financial year ended 31 December 2024. The minimum regulatory Total Capital Ratio remains at 10.5% (2023: 10.5%).

40 Capital management (continued)

The Group and the Bank's objectives when managing capital are:

- To comply with the capital requirements set by the regulators of the banking markets where the entities within the Group and the Bank operates;
- To safeguard the Group's and the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

41 Capital adequacy

The table below summarises the composition of regulatory capital and the ratios of the Group and the Bank:

	The Group		The Bank	
	31.12.2024	31.12.2023	**31.12.2024**	31.12.2023
	RM'000	RM'000	**RM'000**	RM'000
Basel III				
Common Equity Tier (CET) 1 Capital :				
Share capital	**999,800**	999,800	**999,800**	999,800
Other reserves	**45,111**	20,728	**45,111**	20,728
Retained profits	**442,935**	428,718	**442,822**	428,723
FVOCI reserve	**(22,419)**	(26,516)	**(22,419)**	(26,516)
	1,465,427	1,422,730	**1,465,314**	1,422,735
Less : Regulatory adjustments				
Goodwill and other intangible assets	**(308,192)**	(307,321)	**(308,192)**	(307,285)
Investment in associates/subsidiaries	**-**	-	**(2,166)**	(2,166)
Regulatory reserves	**(45,111)**	(20,728)	**(45,111)**	(20,728)
Deferred tax assets	**(32,110)**	(27,652)	**(32,110)**	(27,652)
Other CET1 regulatory adjustments specified by BNM	**-**	8,101	**-**	8,113
CET 1 Capital	**1,080,014**	1,075,130	**1,077,735**	1,073,017
Tier 2 Capital				
Qualifying loss provisions #	**20,544**	19,353	**20,509**	19,336
Total Tier 2 Capital	**20,544**	19,353	**20,509**	19,336
Total Capital	**1,100,558**	1,094,483	**1,098,244**	1,092,353

Qualifying loss provisions are restricted to allowances on the unimpaired portion of the loans and advances.

Notes to the financial statements
for the financial year ended 31 December 2024 (continued)

41 Capital adequacy (continued)

The table below summarises the composition of regulatory capital and the ratios of the Group and the Bank: (continued)

	The Group		The Bank	
	31.12.2024	31.12.2023	**31.12.2024**	31.12.2023
	RM'000	RM'000	**RM'000**	RM'000
Credit risk	**1,643,511**	1,548,262	**1,640,688**	1,546,887
Market risk	**832,279**	555,321	**832,279**	555,321
Operational risk	**586,099**	828,299	**463,531**	461,829
Total Risk Weighted Assets	**3,061,889**	2,931,882	**2,936,498**	2,564,037

	The Group		The Bank	
	31.12.2024	31.12.2023	**31.12.2024**	31.12.2023
Capital Ratios				
With transitional arrangements				
CET 1 Capital ratio	***N/A**	36.670%	***N/A**	41.849%
Tier 1 Capital ratio	***N/A**	36.670%	***N/A**	41.849%
Total Capital ratio	***N/A**	37.330%	***N/A**	42.603%
Without transitional arrangements				
CET 1 Capital ratio	**35.273%**	36.394%	**36.701%**	41.532%
Tier 1 Capital ratio	**35.273%**	36.394%	**36.701%**	41.532%
Total Capital ratio	**35.944%**	37.054%	**37.400%**	42.286%

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

42 Significant events during the current and preceding financial year

Current Financial Year

Other than as disclosed below, there is no significant event during and subsequent to the financial year ended 31 December 2024.

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

In November 2024, Sarawak's state government became the largest shareholder of the Group, after acquiring for 6.87% from LTAT, a 20.08% stake from Boustead Holdings Bhd and the Sarawak's state government now owns the largest stake in Affin Bank. Consequently, LTAT's shareholdings in Affin were reduced to 22.01%, from 28.88% as of Sept 27, 2024, while SAH's shareholdings increased to 31.25%, from 4.81%.

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

Preceding Financial Year

There is no significant event during the financial year.

43 Long Term Incentive Plan ("LTIP")

In 2023, Affin Bank Berhad ("ABB") implemented a Long Term Incentive Plan ('LTIP') in the form of an employees' Share Grant Scheme ('SGS'). The SGS is governed by the SGS by-laws and is administered by the Group Board Nomination & Remuneration Committee ('SGS Committee').

The SGS is a performance share unit scheme where vesting is subject to performance conditions and the SGS Committee may, at any time within the duration of the SGS, grant an SGS award to eligible employees, subject to the terms and conditions of the SGS by-laws. The SGS shares may be settled through issuance and transfer of new shares, or other modes of settlement as provided by the SGS by-laws.

The SGS primarily serves as an incentive plan to reward eligible employees and to align their interest with the corporate goals and objectives of the Group, including AHIB. Eligible employees refer to employees of the Group (excluding dormant subsidiary companies) who fulfil the eligibility criteria and have been selected to participate in the SGS by Affin Bank Berhad's Board of Directors, on the recommendations of the SGS Committee, subject to terms and conditions of the SGS by-laws.

Any offer awarded to a person who is a Director or Chief Executive of the Group or a person connected to a Director, major shareholder or Chief Executive of the Group, and the related allotment of shares must be approved by shareholders at a general meeting. The SGS will not be extended to any non-executive directors of any company within our Group.

The maximum number of shares which may be made available under the SGS shall not in aggregate exceed 5% of the Group's total number of issued shares (excluding treasury shares, if any) at any point in time during the duration of the SGS.

The fair value of the SGS shares granted, taking into consideration the impact of market vesting condition, in exchange for the services of the employees is recognised over the vesting period. On each reporting date, the Bank estimates the number of SGS shares that are expected to vest based on the non-market vesting conditions and service conditions, and recognises estimation of share based expenses in the income statement as employee benefit with a corresponding increase to capital contribution within equity. As ABB will recharge the cost of the equity instruments to the Bank, the Bank will subsequently reclassify the equity instruments as a payable to ABB.

43 Long Term Incentive Plan ("LTIP") (continued)

The maximum number of shares which may be made available under the SGS shall not in aggregate exceed 5% of ABB's total number of issued shares (excluding treasury shares, if any) at any point in time during the duration of the SGS. Details of SGS are set out below.

Award Date	Fair value RM	Awarded (Units '000)	Vesting Date *
7 August 2023 – First grant	1.806	3,989	30 June 2026
1 July 2024 – Second grant	2.080	1,314	30 June 2027

** subject to performance conditions*

Executive Directors who have been awarded with SGS during the financial year are listed below:

	No of SGS Awarded (Units '000)
Datuk Wan Razly Abdullah bin Wan Ali *Completion of Directorship Tenure w.e.f 2 April 2024*	1,350
Other Directors	301

The following table indicates the number and movement of SGS shares during the financial year ended 31 December 2024:

Award Date	As at 1 January 2024 (Units '000)	Movement during the year Awarded (Units '000)	Forfeited (Units '000)	As at 31 December 2024 (Units '000)
The Group and The Bank				
7 August 2023 – First grant	3,909	-	(451)	3,458
1 July 2024 – Second grant	-	1,334	-	1,314

The fair value of SGS shares awarded was estimated by an external valuer, taking into account the terms and conditions upon which the SGS shares were awarded. The fair value of SGS shares measured, closing share price at grant date and the assumptions were as follows:

	Award Date 1 July 2024	Award Date 7 August 2023
Fair value of SGS Shares (RM)	2.080	1.806
Closing share price at award date (RM)	2.490	1.905
Expected volatility (%)	23.73	22.21
Vesting period (years)	3.0	2.9
Risk-free rate (%)	3.54	3.47
Expected dividend yield (%)	3.44	5.44

44 Financial risk management objectives and policies

As a full-fledged investment bank, the Bank has established robust and comprehensive risk management framework and policies, based on best practices, to ensure that the salient risk elements in the operations of the Bank are adequately managed and mitigated. The Bank's framework for the management of financial risks is congruent with the primary corporate objective of creating and enhancing shareholders' value, guided by a prudent and robust framework of risk management methodologies and policies.

The Bank's risk management framework and policies are reviewed periodically to ensure that they are comprehensive in addressing the multi-faceted risks associated with the investment banking sector.

The Risk Management Department ("RMD") is primarily responsible for the development and maintenance of the risk management framework and policies of the Bank and supports the functions of the Asset and Liability Committee ("ALCO"), Compliance and Risk Oversight Committee ("CROC"), Board Risk Management Committee ("BRMC"), as well as Group committees of the Affin Banking Group.

A. Credit risk

Credit risk is the risk that a counterparty will fail to meet its contractual obligations which could result in a financial loss to the Bank. The Bank's exposure to credit risks arises primarily from stockbroking amount due from clients and brokers, share margin financing, securities borrowing and lending, corporate/inter-bank lending activities, bond/sukuk investments, foreign exchange trading, equity and debt underwriting as well as from participation in securities settlements and payment transactions.

The management of credit risk is governed by a set of approved credit policies, guidelines and procedures to ensure that the overall lending objectives are in compliance with internal and regulatory requirements. The risk management policies are subject to review by BRMC, a sub-committee of the Board that reviews the adequacy of the Bank's risk policies and framework. The Bank's credit risk framework is further strengthened through an established process for the approval and review of proposals that comprises of Group Management Credit Committee ("GMCC") and Group Board Credit Review and Recovery Committee ("GBCRRC"). The GMCC represents the approving authority for credit and underwriting proposals, whilst GBCRRC is the committee that reviews proposals that exceed specified limits and criteria, as well as considers whether to veto the approval by GMCC on the proposal or modify the terms of the proposal.

The Bank recognises that learning is a continuous journey and is committed to enhancing the knowledge and skills set of its staff. It places strong emphasis on creating and enhancing risk awareness in the organisation.

The Bank is supportive of credit officers in taking the relevant credit-related certification programme such as the Chartered Banker Program offered by the Asian Institute of Chartered Bankers ("AICB"). Upon attaining the relevant certification, credit officers are expected to demonstrate a sound understanding of the credit process and competence to undertake credit roles and responsibilities.

Credit risk evaluation

Credit evaluation is the process of analysing the creditworthiness of the prospective customer against the Bank's underwriting criteria and the ability of the Bank to make a return commensurate to the level of risk undertaken. A critical element in the evaluation process is the assignment of a credit risk grade to the counterparty. This assists in the risk assessment and decision making process. The Bank has developed internal rating models to support the assessment and quantification of credit risk.

A number of qualitative and quantitative factors are taken into consideration in the identification and analysis of a counterparty's credit risk. Each counterparty is assigned a credit rating which considers factors such as competitive position, operating performance, cash flow strength and management strength.

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Credit risk evaluation (continued)

All corporate lending, underwritings and corporate debt securities investments are independently evaluated by the Bank's credit management function and approved by the relevant approving authorities based on the Authority Matrix approved by the Board.

For share margin financing, the credit decisions are guided by an internally developed rating scorecard as well as other terms and conditions stipulated in the Bank's Margin Financing Policy. The credit risk of share margin financing is largely mitigated by the holding of collateral in the form of marketable securities.

Credit risk limit control and mitigation policies

The Bank employs various policies and practices to control and mitigate credit risk.

Lending limits

The Bank establishes internal limits and related lending guidelines to manage large exposures and avoid undue concentration of credit risk in its credit portfolio. The limits include single counterparty exposure, connected parties, and industry segments. These risks are monitored regularly and the limits are reviewed annually or sooner depending on the changing market and economic conditions.

The credit risk exposure for derivatives due to potential exposure arising from market movements, and loan books are managed on an aggregated basis as part of the overall lending limits with customers.

Collateral

Credits are established against customer's capacity to pay rather than to rely solely on collateral. However, collateral may be taken to mitigate credit risk.

The main collateral types accepted and ascribed value by the Group and the Bank are:

- Mortgages over residential real estate;
- Charges over commercial real estate or vehicles financed;
- Charges over business assets such as business properties, equipment and fixed deposits;
- Charges over financial instruments such as marketable securities; and
- Debentures, personal guarantees and corporate guarantees.

Where relevant, the Group and the Bank undertake a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically.

Term loan lending to corporate entities are generally secured, revolving individual credit facilities are generally unsecured.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments. Derivatives are also collateralised.

The Group's and the Bank policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group and the Bank since the prior period.

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Credit risk limit control and mitigation policies (continued)

Collateral (continued)

The Bank closely monitors collateral held for financial assets that are credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

The Group and the Bank	**Gross loans and advances**	**Expected credit losses**	**Net loans and advances**	**Fair value of collateral held**
31.12.2024	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Loans and advances:				
Term loans	**25,118**	**(23,026)**	**2,092**	**12,084**
Total credit-impaired assets	**25,118**	**(23,026)**	**2,092**	**12,084**

The Group and the Bank	Gross loans and advances	Expected credit losses	Net loans and advances	Fair value of collateral held
31.12.2023	RM'000	RM'000	RM'000	RM'000
Loans and advances:				
Term loans	71,288	(32,322)	38,966	65,391
Total credit-impaired assets	71,288	(32,322)	38,966	65,391

The financial effect of collateral held for loans and advances is 89.54% as at 31 December 2024 (2023: 87.45%). The financial effects of collateral for the other financial assets are insignificant.

Collateral for financial assets at fair value through profit or loss ("FVTPL")

	The Group and the Bank	
	31.12.2024	31.12.2023
	RM'000	RM'000
Derivatives	5,165	86,001

The Bank mitigates the credit risk of derivatives by entering into master netting agreements and holding collateral in the form of cash.

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Credit related commitments

Commitment to extend credit represents unutilised portion of approved credit in the form of loans/financing, guarantees or letters of credit. Unutilised credits give rise to potential or contingent credit losses to the Bank in an amount equal to the total unutilised commitments. The Bank manages and mitigates the amount of potential and contingent losses arising from unutilised credit lines by imposing minimum specific credit standards on counterparties.

The Group and the Bank monitors the term to maturity of credit commitments as longer-term commitments generally have a greater degree of credit risk than short-term commitments.

Credit Risk Measurement

Credit risk grades

The Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially with the deterioration of credit risk. For example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically takes into consideration a number of relevant factors when identifying and analysing of counterparty credit risk. These factors determines the credit rating under the Credit Risk Grading Policy, which considers factors such as competitive position, operating performance, cash flow strength and management strength. The Bank leverages on its holding company, Affin Bank Berhad's models for loans and advances and bonds.

Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in probability of default ("PDs") and qualitative factors, including a backstop based on delinquency.

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on quantitative modelling, the remaining lifetime probability of default is determined to have increased by more than a predetermined percentage/range.

Using expert credit judgement and, where possible, relevant historical experience, the Bank may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Bank considers that a significant increase in credit risk is presumed if a borrower/issuer is more than 30 days past due. Days past due are determined by counting the number of days or month since the earliest elapsed due date in respect of which full payment due has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Credit Risk Measurement (continued)

Determining whether credit risk has increased significantly (continued)

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

Measurement of expected credit losses ("ECL")

The Bank uses the following three categories for recognising ECL:

Category	Definition	Basis for recognising
Performing accounts (Stage 1)	• Financial assets that do not have significant increase in credit risk since initial recognition of the asset and therefore, less likely to default; • Performing accounts with credit grade 13 or better; • Accounts past due less than or equal to 30 days; or • For early control acounts that have risk or potential weakness which if left unchecked, may result in significant deterioration of repayment prospect and transfer to underperforming status (Stage 2) or worse. • Generally, for Share Margin Financing (SMF) with Collateral Coverage Ratio of more than or equal to 130%, and Initial Public Offering (IPO) is more than or equal to 111%.	12-month ECL
Underperforming accounts (Stage 2)	• An account with significant increase in credit risk since initial recognition and if left uncorrected, may result in impairment of the account within the next 12 months; • Accounts past due more than 30 days but less than 90 days or 3 months • Accounts demonstrating critical level of risk and therefore, credit graded to 14 and place under Watchlist or; • Restructuring and rescheduling ("R&R") with significant increase in credit risk. • Generally, for SMF with Collateral Coverage Ratio of more than or equal to 100% and less than 130%, and IPO with Collateral Coverage Ratio of more than or equal to 100% and less than 111%.	Lifetime ECL - not credit impaired
Impaired accounts (Stage 3)	• Impaired credit; • Credit grade 15 or worse; • Accounts past due more than 90 days or 3 months or; • R&R which has resulted in a reclassification to Stage 3. • Generally, for SMF with Collateral Coverage Ratio and IPO with Collateral Coverage Ratio of less than 100%.	Lifetime ECL - credit impaired

The Bank has not used the low credit risk exemption for any financial instruments for the financial year ended 31 December 2024 and 31 December 2023.

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Credit Risk Measurement (continued)

Measurement of ECL (continued)

The key inputs into the measurement of ECL comprise the following variables:
- probability of default ("PD");
- loss given default ("LGD"); and
- exposure at default ("EAD").

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described in the "Incorporation of forward-looking information" section.

PD is the likelihood of a counterparty defaulting on its contractual obligations over a given time horizon and are estimates at a certain date, which are calculated based on statistical models. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

Credit risk grades and past due status are primary inputs into the determination of the term structure of PD for exposures. The Bank's holding company collects performance and default information about its credit risk exposures analysed by type of product and borrower as well as by credit risk grading. For some portfolios, information from external credit reference agencies are also used.

The Bank leverages on its holding company's statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

LGD is the magnitude of the likely loss if there is a default. LGD parameters are estimated based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the original effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

The 12-month and lifetime EAD is determined based on the expected payment profile, which varies by product type.

ECL is determined by projecting the PD, LGD and EAD at each future point on a yearly basis on individual exposure, or collective segment, and discounting these monthly expected losses back to the reporting date. The discount rate used in the ECL calculation is the original interest rate or an approximation thereof.

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Credit Risk Measurement (continued)

Measurement of ECL (continued)

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, LGD and EAD.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- product/instrument type;
- past due status;
- credit risk gradings;
- collateral type;
- date of initial recognition; and
- remaining terms to maturity.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

There have been no significant changes in estimation technique or significant assumptions made during the reporting period that have material impact to the ECL.

Incorporation of forward-looking information

The Bank incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. A "base case" view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios are formulated.

This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities.

The base case represents a most-likely outcome and is aligned with information used by the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Bank carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 3 years and above.

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Credit Risk Measurement (continued)

Incorporation of forward-looking information (continued)

The economic scenarios used for the expected credit losses ("ECL") estimate and the effect to the ECL estimate due to the changes in the macro economic variables ("MEVs") by percentage are set out as below:

	31.12.2024	31.12.2023
Measurement variables:	**%**	%
House Price Index	**0.43**	1.02
Private Consumption Expenditure	**12.26**	28.03
USD Dollar to Malaysian Ringgit Exchange Rate	**0.02**	1.25
Malaysia Economic Indicator Leading Index (MEILI)_2015	**0.49**	0.55
Automative Association Malaysia Total Car Sales Growth (AAM)	***N/A**	*N/A
Overnight Policy Rate	***N/A**	*N/A
Malaysia Debt Service Ratio	**0.82**	0.32
Current Account (as a percentage of Gross Domestic Product)	***N/A**	5.22
Average Lending Rate	**10.26**	2.77

*N/A - Not applicable as a results of change in MEV made during the financial year

The impact on ECL based on 3 years historical MEV are as follows:

	The Group and the Bank			
	31.12.2024		31.12.2023	
	+	**-**	+	-
	RM'000	**RM'000**	RM'000	RM'000
(Write-back)/Additional provision of ECL	**(79)**	**96**	(1)	15

Credit risk monitoring

Corporate credits and large individual accounts are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. This is to ensure that the credit grades remain appropriate and to detect any signs of weaknesses or deterioration in the credit quality. Remedial action is taken where evidence of deterioration exists.

Significant Increase in Credit Risk process is in place as part of a means to pro-actively identify, report and manage deteriorating credit quality. Watchlist accounts are closely reviewed and monitored with corrective measures initiated to prevent them from turning non-performing.

The Bank adopts the Group's MFRS 9 - Stage Transfer Policy to provide guidance in determining significant increases in credit risk of financial assets. There are 3 stages to differentiate the credit risk of financial assets in conjunction with MFRS 9 standards: Performing Accounts (Stage 1), Underperforming Accounts (Stage 2) and Impaired Accounts (Stage 3).

Active portfolio monitoring as well as exceptions reporting is in place to manage the overall risk profile, identify, analyse and mitigate adverse trends or specific areas of risk concerns. The Affin Banking Group's Early Alert Committee ("GEAC") is a senior management committee, established to monitor credit quality through monthly reviews of the Early Control (Stage 1) and Underperforming (Stage 2) accounts as well as to review the actions taken to address the emerging risks and issues in these accounts.

Notes to the financial statements
for the financial year ended 31 December 2024 (continued)

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Credit risk monitoring (continued)

The Bank conducts post-mortem reviews on newly impaired loans to determine the key reason(s) and/or driver(s) leading to the account being classified as impaired, take appropriate remedial actions or measures and establish lessons learned to minimise potential or future credit loss from similar or repeat events.

In addition, an independent credit review is periodically undertaken by Risk Mamanagement Department to ensure that credit decision-making is consistent with the Bank's overall credit risk appetite and strategy.

Maximum exposure to credit risk

For financial assets recognised in the statements of financial position, the exposure to credit risk equals their carrying amount. For financial guarantees granted, the maximum exposures to credit risk is the maximum amount that the Group and the Bank would have to pay if the guarantees were to be called upon. For loan commitments and other credit related commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

All financial assets of the Group and the Bank are subject to credit risk except for cash in hand, equity securities held as financial assets at FVTPL or as financial investments at FVOCI, as well as non-financial assets.

The exposure to credit risk of the Group and the Bank equals their carrying amount in the statements of financial position as at reporting date, except for the following:

	The Group	
	31.12.2024 Maximum credit risk exposure RM'000	31.12.2023 Maximum credit risk exposure RM'000
Credit risk exposures of on-balance sheet assets:		
Cash and short-term funds *	**317,360**	686,512
Financial assets at FVTPL#	**15,377**	16,456
Financial investments at FVOCI##	**4,004,617**	4,414,899
Other assets&	**113,812**	59,608
	4,451,166	5,177,475
Credit risk exposures of off-balance sheet items:		
Transaction related contingent items	**64,606**	64,606
Irrevocable commitments to extend credit%	**2,014,116**	1,698,040
	2,078,722	1,762,646
Total maximum credit risk exposure	**6,529,888**	6,940,121

* Excludes cash in hand
\# Excludes investments in shares, unit trusts and warrants
\## Excludes investments in unquoted shares
& Excludes prepayment
% The comparative balance of the commitment on share margin financing have been reclassified to conform to current year's presentation

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Maximum exposure to credit risk (continued)

The exposure to credit risk of the Group and the Bank equals their carrying amount in the statements of financial position as at reporting date, except for the following (continued):

	The Bank	
	31.12.2024	31.12.2023
	Maximum credit risk exposure	Maximum credit risk exposure
	RM'000	RM'000
Credit risk exposures of on-balance sheet assets:		
Cash and short-term funds *	**309,257**	684,062
Financial assets at FVTPL#	**15,377**	16,456
Financial investments at FVOCI##	**4,004,617**	4,414,899
Other assets &	**113,950**	60,044
	4,443,201	5,175,461
Credit risk exposures of off-balance sheet items:		
Transaction related contingent items	**64,606**	64,606
Irrevocable commitments to extend credit %	**2,014,116**	1,698,040
	2,078,722	1,762,646
Total maximum credit risk exposure	**6,521,923**	6,938,107

* Excludes cash in hand
\# Excludes investments in shares, unit trusts and warrants
\## Excludes investments in unquoted shares
& Include amounts due from subsidiaries and other assets, excluding prepayment
% The comparative balance of the commitment on share margin financing have been reclassified to conform to current year's presentation

Whilst the Group's and the Bank's maximum exposure to credit risk is the carrying value of the assets, or in the case of off-balance sheet items, the amount guaranteed, committed or accepted, in most cases the likely exposure is reduced by collateral, credit enhancements and other actions taken to mitigate the credit exposure.

Affin Hwang Investment Bank Berhad
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Notes to the financial statements
for the financial year ended 31 December 2024 (continued)

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Credit risk concentrations

Credit risk is the risk of financial loss from the failure of customers to meet their obligations. Exposure to credit risk is managed through portfolio management. The credit portfolio's risk profiles and exposures are reviewed and monitored regularly to ensure that an acceptable level of risk diversification is maintained. Exposure to credit risk is also managed in part by obtaining collateral security and corporate and personal guarantees.

The credit risk concentrations of the Group and the Bank, by industry concentration, are set out in the following tables:

The Group 31.12.2024	Short-term funds RM'000	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Financial investments at amortised cost RM'000	Loans and advances RM'000	Amount due from brokers and clients RM'000	Derivative financial assets RM'000	Other assets RM'000	Total on-balance sheet RM'000	Commitments and contingencies RM'000
Agricultural	-	-	10,342	84,303	6,011	-	-	-	100,656	1,400
Mining and quarrying	-	-	75,946	5,097	-	-	-	-	81,043	-
Manufacturing	-	15,377	38,238	61,244	29,719	-	-	111	144,689	43,276
Electricity, gas and water	-	-	23,223	32,394	520	-	-	-	56,137	2,480
Construction	-	-	119,096	15,598	160,314	-	-	24	295,032	74,287
Real estate	-	-	106,438	5,056	140,290	-	-	509	252,293	8,910
Wholesale, retail trade, hotels and restaurants	-	-	-	-	4,236	-	-	-	4,236	8,110
Transport, storage and communication	-	-	215,337	24,609	50,372	-	-	-	290,318	88,101
Finance, insurance and business	317,186	-	531,598	301,426	429,076	-	35,600	2,822	1,617,708	111,357
Government and government agencies	174	-	2,523,673	390,561	-	-	-	-	2,914,408	-
Education, Health and Others	-	-	14,100	-	15,909	-	-	100,259	130,268	4,088
Household	-	-	-	-	1,405,821	512,673	-	-	1,918,494	1,686,713
Others	-	-	346,626	136,044	-	-	-	10,087	492,757	50,000
	317,360 *	15,377 #	4,004,617 ##	1,056,332	2,242,268	512,673	35,600	113,812 &	8,298,039	2,078,722

* Excludes cash in hand of RM nil.
\# Excludes investment in shares, unit trust & warrants amounting to RM147.67 million.
\## Excludes investments in unquoted shares amounting to RM26.19 million.
& Include other assets, excluding prepayment amounting to RM7.27 million.

Affin Hwang Investment Bank Berhad
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Notes to the financial statements
for the financial year ended 31 December 2024 (continued)

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Credit risk concentrations (continued)

The credit risk concentrations of the Group and the Bank, by industry concentration, are set out in the following tables: (continued)

The Group 31.12.2023	Short-term funds RM'000	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Financial investments at amortised cost RM'000	Loans and advances RM'000	Amount due from brokers and clients RM'000	Derivative financial assets RM'000	Other assets RM'000	Total on-balance sheet RM'000	Commitments and contingencies RM'000
Agricultural	-	-	-	59,963	18,244	-	-	-	78,207	18,039
Mining and quarrying	-	-	-	5,097	-	-	-	-	5,097	-
Manufacturing	-	16,456	10,138	61,260	11,242	-	-	235	99,331	15,491
Electricity, gas and water	-	-	20,475	32,735	587	-	-	297	54,094	-
Construction	-	-	154,076	15,638	183,093	-	-	-	352,807	269,106
Real estate	-	-	75,684	5,058	127,909	-	-	699	209,350	66,701
Wholesale, retail trade, hotels and restaurants	-	-	101,563	-	6,686	-	-	-	108,249	8,059
Transport, storage and communication	-	-	320,688	24,462	53,169	-	-	185	398,504	58,210
Finance, insurance and business	686,369	-	596,155	325,688	399,856	-	141,380	-	2,149,448	6,412
Government and government agencies	143	-	2,705,827	390,549	-	-	-	-	3,096,519	-
Education, Health and Others	-	-	-	-	16,332	-	-	53,956	70,288	-
Household	-	-	-	-	1,136,662	397,533	-	-	1,534,195	1,320,628
Others	-	-	430,293	136,100	-	-	-	4,236	570,629	-
	686,512 *	16,456 #	4,414,899 ##	1,056,550	1,953,780	397,533	141,380	59,608 &	8,726,718	1,762,646

* Excludes cash in hand of RM221.
\# Excludes investment in shares, unit trust & warrants amounting to RM90.38 million.
\## Excludes investments in unquoted shares amounting to RM24.76 million.
& Include amounts due from subsidiaries and other assets, excluding prepaymeny amounting to RM5.47 million

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2024 (continued)

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Credit risk concentrations (continued)

The credit risk concentrations of the Group and the Bank, by industry concentration, are set out in the following tables: (continued)

The Bank 31.12.2024	Short-term funds RM'000	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Financial investments at amortised cost RM'000	Loans and advances RM'000	Amount due from brokers and clients RM'000	Derivative financial assets RM'000	Other assets RM'000	Total on-balance sheet RM'000	Commitments and contingencies RM'000
Agricultural	-	-	10,342	84,303	6,011	-	-	-	100,656	1,400
Mining and quarrying	-	-	75,946	5,097	-	-	-	-	81,043	-
Manufacturing	-	15,377	38,238	61,244	29,719	-	-	111	144,689	43,276
Electricity, gas and water	-	-	23,223	32,394	520	-	-	-	56,137	2,480
Construction	-	-	119,096	15,599	160,314	-	-	24	295,033	74,287
Real estate	-	-	106,438	5,056	140,290	-	-	509	252,293	8,910
Wholesale, retail trade, hotels and restaurants	-	-	-	-	4,236	-	-	-	4,236	8,110
Transport, storage and communication	-	-	215,337	24,609	50,372	-	-	-	290,318	88,101
Finance, insurance and business	309,083	-	531,598	301,426	429,076	-	35,600	3,294	1,610,077	111,357
Government and government agencies	174	-	2,523,673	390,561	-	-	-	-	2,914,408	-
Education, Health and Others	-	-	14,100	-	15,908	-	-	100,004	130,012	4,088
Household	-	-	-	-	1,405,822	512,673	-	-	1,918,495	1,686,713
Others	-	-	346,626	136,045	-	-	-	10,008	492,679	50,000
	309,257 *	15,377 #	4,004,617 ##	1,056,334	2,242,268	512,673	35,600	113,950 &	8,290,076	2,078,722

* Exclude cash in hand of RM nil.
# Excludes investment in shares & warrants amounting to RM146.38 million.
Excludes investments in unquoted shares amounting to RM26.19 million.
& Include amount due from subsidiaries and other assets, excluding prepayment amounting to RM7.27 million.

Affin Hwang Investment Bank Berhad
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Notes to the financial statements
for the financial year ended 31 December 2023 (continued)

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Credit risk concentrations (continued)

The credit risk concentrations of the Group and the Bank, by industry concentration, are set out in the following tables: (continued)

The Bank 31.12.2023	Short-term funds RM'000	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Financial investments at amortised cost RM'000	Loans and advances RM'000	Amount due from brokers and clients RM'000	Derivative financial assets RM'000	Other assets RM'000	Total on-balance sheet RM'000	Commitments and contingencies RM'000
Agricultural	-	-	-	59,963	18,244	-	-	-	78,207	18,039
Mining and quarrying	-	-	-	5,097	-	-	-	-	5,097	-
Manufacturing	-	16,456	10,138	61,260	11,242	-	-	235	99,331	15,491
Electricity, gas and water	-	-	20,475	32,735	587	-	-	297	54,094	-
Construction	-	-	154,076	15,638	183,093	-	-	-	352,807	269,106
Real estate	-	-	75,684	5,058	127,909	-	-	699	209,350	66,701
Wholesale, retail trade, hotels and restaurants	-	-	101,563	-	6,686	-	-	-	108,249	8,059
Transport, storage and communication	-	-	320,688	24,462	53,169	-	-	185	398,504	58,210
Finance, insurance and business	683,919	-	596,155	325,688	399,856	-	141,380	640	2,147,638	6,412
Government and government agencies	143	-	2,705,827	390,549	-	-	-	-	3,096,519	-
Education, Health and Others	-	-	-	-	16,332	-	-	53,649	69,981	-
Household	-	-	-	-	1,136,662	397,533	-	-	1,534,195	1,320,628
Others	-	-	430,293	136,100	-	-	-	4,339	570,732	-
	684,062 *	16,456 #	4,414,899 ##	1,056,550	1,953,780	397,533	141,380	60,044 &	8,724,704	1,762,646

* No cash in hand
\# Excludes investment in shares & warrants amounting to RM89.12 million.
\## Excludes investments in unquoted shares amounting to RM24.76 million.
& Include amounts due from subsidiaries and other assets, excluding prepayment amounting to RM5.43 million.

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Total loans and advances - credit quality

All loans and advances are categorised into "neither past due nor impaired", "past due but not impaired" and "impaired".

Past due loans refer to loans and advances that are overdue by one day or more.

Loans and advances are classified impaired when they fulfill any of the following criteria:
i) the principal or interest/profit or both is past due more than 90 days or 3 months from the first day of default; or
ii) where the account is in arrears for less than 90 days or 3 months, there is evidence of impairment to indicate that the borrower/customer is "unlikely to meet" its credit obligations; or
iii) the loan/financing is classified as rescheduled and restructured in the Central Credit Reference Information System.

Distribution of loans and advances by credit quality:

	31.12.2024			
	Stage 1 RM'000	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
The Group and the Bank				
Neither past due nor impaired	**2,160,093**	**82,181**	**-**	**2,242,274**
Impaired	**-**	**-**	**25,118**	**25,118**
Gross loans and advances	**2,160,093**	**82,181**	**25,118**	**2,267,392**
Less: Expected credit losses ("ECL")	**(1,181)**	**(917)**	**(23,026)**	**(25,124)**
Net loans and advances	**2,158,912**	**81,264**	**2,092**	**2,242,268**

	31.12.2023			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Group and the Bank				
Neither past due nor impaired	1,875,134	58,061	-	1,933,195
Impaired	-	-	71,288	71,288
Gross loans and advances	1,875,134	58,061	71,288	2,004,483
Less: Expected credit losses ("ECL")	(953)	(17,428)	(32,322)	(50,703)
Net loans and advances	1,874,181	40,633	38,966	1,953,780

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Total loans and advances - credit quality (continued)

Distribution of loans and advances by credit quality: (continued)

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amounts of financial assets below also represent the Group's and the Bank's maxinum exposure to credit risk on these assets.

	31.12.2024			
	Stage 1 RM'000	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
The Group and the Bank				
Credit grade				
Satisfactory [1]	**2,099,686**	**-**	**-**	**2,099,686**
Special mention [2]	**60,407**	**82,181**	**-**	**142,588**
Default/impaired	**-**	**-**	**25,118**	**25,118**
Gross loans and advances	**2,160,093**	**82,181**	**25,118**	**2,267,392**
Less: Expected credit losses ("ECL")	**(1,181)**	**(917)**	**(23,026)**	**(25,124)**
Net loans and advances	**2,158,912**	**81,264**	**2,092**	**2,242,268**

	31.12.2023			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Group and the Bank				
Credit grade				
Satisfactory [1]	1,753,015	-	-	1,753,015
Special mention [2]	122,119	58,061	-	180,180
Default/impaired	-	-	71,288	71,288
Gross loans and advances	1,875,134	58,061	71,288	2,004,483
Less: Expected credit losses ("ECL")	(953)	(17,428)	(32,322)	(50,703)
Net loans and advances	1,874,181	40,633	38,966	1,953,780

(1) Satisfactory: Exposures demonstrate a strong capacity to meet financial commitments, with negligible or low probability of default and/or levels of expected loss.

(2) Special mention: Exposures require varying degrees of special attention and default risk is of greater concern which are under the monitoring of GEAC.

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Deposits and short-term funds, corporate bonds/sukuk and treasury bills - credit quality

Corporate bonds/Sukuk, treasury bills and other eligible bills included in financial investments at FVOCI are measured on a fair value basis. The fair value will reflect the credit risk of the issuer.

Most listed and some unlisted securities are rated by external rating agencies. The Group and the Bank mainly use external credit ratings provided by RAM, MARC, Standard & Poors' or Moody's.

The table below presents the deposits and short-term funds, corporate bonds/sukuk, treasury bills and other eligible bills that are neither past due nor impaired and impaired, analysed by rating:

	31.12.2024			
	Stage 1 RM'000	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
The Group				
Cash and short-term funds				
Sovereigns	174	-	-	174
AAA	18,840	-	-	18,840
AA- to AA+	233,417	-	-	233,417
Lower than A-	64,929	-	-	64,929
	317,360	-	-	317,360
Financial investments at FVOCI				
Sovereigns	2,730,034	-	-	2,730,034
AAA	222,983	-	-	222,983
AA- to AA+	645,228	40,856	-	686,084
A- to A+	303,090	-	-	303,090
Lower than A-	36,936	-	-	36,936
Unrated	25,490	-	-	25,490
	3,963,761	40,856	-	4,004,617
Expected credit losses ("ECL")	288	24	-	312
Financial investments at amortised cost				
Sovereigns	429,864	-	-	429,864
AAA	202,921	-	-	202,921
AA- to AA+	308,560	-	-	308,560
A- to A+	40,839	-	-	40,839
Unrated	74,406	-	-	74,406
	1,056,590	-	-	1,056,590
Expected credit losses ("ECL")	258	-	-	258

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Deposits and short-term funds, corporate bonds/sukuk and treasury bills - credit quality (continued)

The table below presents the deposits and short-term funds, corporate bonds/sukuk, treasury bills and other eligible bills that are neither past due nor impaired and impaired, analysed by rating: (continued)

	31.12.2023			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Group				
Cash and short-term funds				
Sovereigns	143	-	-	143
AAA	22,905	-	-	22,905
AA- to AA+	597,202	-	-	597,202
Lower than A-	66,262	-	-	66,262
	686,512	-	-	686,512
Financial investments at FVOCI				
Sovereigns	3,427,646	-	-	3,427,646
AAA	329,882	-	-	329,882
AA- to AA+	459,989	45,981	-	505,970
A- to A+	10,138	-	-	10,138
Lower than A-	4,620	-	-	4,620
Unrated	35,079	101,564	-	136,643
	4,267,354	147,545	-	4,414,899
Expected credit losses ("ECL")	68	21,172	-	21,240
Financial investments at amortised cost				
Sovereigns	429,566	-	-	429,566
AAA	223,244	-	-	223,244
AA- to AA+	313,035	-	-	313,035
A- to A+	40,840	-	-	40,840
Unrated	50,174	-	8,101	58,275
	1,056,859	-	8,101	1,064,960
Expected credit losses ("ECL")	309	-	8,101	8,410

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Deposits and short-term funds, corporate bonds/sukuk and treasury bills - credit quality (continued)

The table below presents the deposits and short-term funds, corporate bonds/sukuk, treasury bills and other eligible bills that are neither past due nor impaired and impaired, analysed by rating: (continued)

	31.12.2024			
	Stage 1 RM'000	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
The Bank				
Cash and short-term funds				
Sovereigns	174	-	-	174
AAA	18,819	-	-	18,819
AA- to AA+	225,336	-	-	225,336
Lower than A-	64,928	-	-	64,928
	309,257	-	-	309,257
Financial investments at FVOCI				
Sovereigns	2,730,034	-	-	2,730,034
AAA	222,983	-	-	222,983
AA- to AA+	645,229	40,856	-	686,085
A- to A+	303,090	-	-	303,090
Lower than A-	36,936	-	-	36,936
Unrated	25,489	-	-	25,489
	3,963,761	40,856	-	4,004,617
Expected credit losses ("ECL")	288	24	-	312
Financial investments at amortised cost				
Sovereigns	429,864	-	-	429,864
AAA	202,921	-	-	202,921
AA- to AA+	308,560	-	-	308,560
A- to A+	40,839	-	-	40,839
Unrated	74,406	-	-	74,406
	1,056,590	-	-	1,056,590
Expected credit losses ("ECL")	258	-	-	258

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Deposits and short-term funds, corporate bonds/sukuk and treasury bills - credit quality (continued)

The table below presents the deposits and short-term funds, corporate bonds/sukuk, treasury bills and other eligible bills that are neither past due nor impaired and impaired, analysed by rating: (continued)

	31.12.2023			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Bank				
Cash and short-term funds				
Sovereigns	143	-	-	143
AAA	22,885	-	-	22,885
AA- to AA+	594,772	-	-	594,772
Lower than A-	66,262	-	-	66,262
	684,062	-	-	684,062
Financial investments at FVOCI				
Sovereigns	3,427,646	-	-	3,427,646
AAA	329,882	-	-	329,882
AA- to AA+	459,989	45,981	-	505,970
A- to A+	10,138	-	-	10,138
Lower than A-	4,620	-	-	4,620
Unrated	35,079	101,564	-	136,643
	4,267,354	147,545	-	4,414,899
Expected credit losses ("ECL")	68	21,172	-	21,240
Financial investments at amortised cost				
Sovereigns	429,566	-	-	429,566
AAA	223,244	-	-	223,244
AA- to AA+	313,035	-	-	313,035
A- to A+	40,840	-	-	40,840
Unrated	50,174	-	8,101	58,275
	1,056,859	-	8,101	1,064,960
Expected credit losses ("ECL")	309	-	8,101	8,410

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Other financial assets - credit quality

Credit quality of other financial assets of the Group and the Bank are as follows:

Simplified approach

			31.12.2024		
	Current RM'000	**Current to less than 90 days past due RM'000**	**More than 90 days past due RM'000**	**Total RM'000**	**Provision for credit loss RM'000**
The Group					
Gross carrying amount:					
amount due from clients and brokerss	-	**512,785**	**115**	**512,900**	**(227)**
Other assets	**71,824**	**41,983**	**4,867**	**118,674**	**(4,861)**

			31.12.2023		
	Current RM'000	Current to less than 90 days past due RM'000	More than 90 days past due RM'000	Total RM'000	Provision for credit loss RM'000
The Group					
Gross carrying amount:					
amount due from clients and brokerss	-	397,684	72	397,756	(223)
Other assets	33,003	26,598	2,293	61,894	(2,286)

			31.12.2024		
	Current RM'000	**Current to less than 90 days past due RM'000**	**More than 90 days past due RM'000**	**Total RM'000**	**Provision for credit loss RM'000**
The Bank					
Gross carrying amount:					
amount due from clients and brokerss	-	**512,785**	**115**	**512,900**	**(227)**
Other assets	**71,489**	**41,983**	**4,849**	**118,321**	**(4,843)**

			31.12.2023		
	Current RM'000	Current to less than 90 days past due RM'000	More than 90 days past due RM'000	Total RM'000	Provision for credit loss RM'000
The Bank					
Gross carrying amount:					
amount due from clients and brokerss	-	397,684	72	397,756	(223)
Other assets	32,784	26,598	2,205	61,587	(2,197)

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Other financial assets - credit quality (continued)

Credit quality of other financial assets of the Group and the Bank are as follows: (continued)

	31.12.2024 Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Bank				
Amounts due from subsidiaries				
Unrated	**472**	**-**	**-**	**472**

	31.12.2023 Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Bank				
Amounts due from subsidiaries				
Unrated	654	-	-	654

Loan commitments and financial guarantees - credit quality

The following table contains an analysis of the credit risk exposure of loan commitments and financial guarantees for which an ECL allowance is recognised.

	31.12.2024 Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Group and the Bank				
Loan commitments and financial guarantees				
Satisfactory [1]	**2,038,866**	**-**	**-**	**2,038,866**
Special mention [2]	**-**	**39,856**	**-**	**39,856**
Default/impaired	**-**	**-**	**-**	**-**
	2,038,866	**39,856**	**-**	**2,078,722**
Expected credit losses ("ECL")	**50**	**-**	**-**	**50**

	31.12.2023 Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Group and the Bank				
Loan commitments and financial guarantees				
Satisfactory [1]	1,675,632	-	-	1,675,632
Special mention [2]	-	62,264	-	62,264
Default/impaired	-	-	24,750	24,750
	1,675,632	62,264	24,750	1,762,646
Expected credit losses ("ECL")	1	301	17,761	18,063

(1) Satisfactory: Exposures demonstrate a strong capacity to meet financial commitments, with negligible or low probability of default and/or levels of expected loss.

(2) Special mention: Exposures require varying degrees of special attention and default risk is of greater concern which are under the monitoring of GEAC.

44 Financial risk management objectives and policies (continued)

B. Market risk

Market risk is the risk of losses to the Bank's positions in financial instruments that are adversely affected by movements in market risk factors such as interest rates, foreign exchange rates, equity prices or commodity prices. The Bank's primary market risk exposures are in the trading and investment portfolios. The Bank's risk management process involves the identification and measurement, mitigation and control, monitoring and testing as well as reporting and review of risk.

The Bank manages market risk through a comprehensive set of market risk controls. Key risk governance committees such as the GALCO, BRMC and the GBRMC establish and monitor controls with oversight by the Board of Directors. Market risk controls are established to ensure that the Bank's market risk profile remains within the boundaries of the Bank's risk appetite.

The Bank employs several key risk metric for monitoring market risk such as Value-at-Risk ("VaR"), sensitivities, Stop-loss limit thresholds and position size caps.

The Bank's market risk is primarily concentrated in Interest Rate Risk in the Banking Book ("IRRBB") arising from differences in the repricing mismatch between interest rate sensitive assets and liabilities. The Bank manages its banking book exposure to fluctuation in interest rate arising from differences in the repricing mismatch of interest rate sensitive assets and liabilities through measurement and monitoring of internal limit on Earnings at Risk ("EaR") sensitivity and changes in Economic Value of Equity ("EVE").

In addition to assessing market risk under normal market scenarios, the Bank also conducts periodical stress testing to anticipate potential losses under stressed scenarios.

Market Risk Measurement

Value-at-risk ("VaR")

VaR is a statistical measure of potential portfolio market value loss resulting from changes in market variables such as foreign exchange rates and interest rates, over a given holding period, measured at a specific confidence level.

Other Risk Measures

i) Mark-to-Market

Mark-to-market valuation tracks the current market value of the outstanding financial instruments.

ii) Stress Testing

Stress tests are conducted to quantify potential market risk losses arising from low probability abnormal market movements. Stress tests measure the changes in values arising from movements in relevant market risk factors based on past experience and simulated stress scenarios.

iii) Sensitivity

Sensitivities are measures that quantify the change in value of a portfolio of financial instruments resulting from a unit change in the relevant market risk factors. Sensitivities are used as measures of vulnerability to market risk factor movements and are also used to facilitate the implementation of risk controls and hedging strategies.

44 Financial risk management objectives and policies (continued)

B. Market risk (continued)

Net interest income sensitivity

The information below shows the net interest income sensitivity for the financial assets and financial liabilities held at reporting date. The sensitivity has been measured using the Repricing Gap Simulation methodology based on 100 basis points parallel shifts in the interest rate.

	The Group and The Bank		The Group and The Bank	
	31.12.2024		31.12.2023	
	Increase/(Decrease)		Increase/(Decrease)	
	+100 basis point RM million	**-100 basis point RM million**	+100 basis point RM million	-100 basis point RM million
Impact on profit after taxation	**(18)**	**18**	(31)	31
Impact on equity	**(187)**	**187**	(183)	183

Foreign exchange risk sensitivity analysis

The following table sets out the analysis of the exposures to access the impact of a 1% change in the exchange rates to the profit after taxation.

	The Group		**The Bank**	
	Increase/(Decrease)		**Increase/(Decrease)**	
	31.12.2024 RM'000	31.12.2023 RM'000	**31.12.2024 RM'000**	31.12.2023 RM'000
+ 1%				
Australian Dollar	**3,420**	1,521	**3,420**	1,521
United States Dollar	**15,826**	84,680	**15,826**	84,680
Singapore Dollar	**1,081**	1,905	**1,081**	1,905
Others	**168**	2,425	**168**	2,425
	20,495	90,531	**20,495**	90,531

	The Group		**The Bank**	
	Increase/(Decrease)		**Increase/(Decrease)**	
	31.12.2024 RM'000	31.12.2023 RM'000	**31.12.2024 RM'000**	31.12.2023 RM'000
- 1%				
Australian Dollar	**(3,420)**	(1,521)	**(3,420)**	(1,521)
United States Dollar	**(15,826)**	(84,680)	**(15,826)**	(84,680)
Singapore Dollar	**(1,081)**	(1,905)	**(1,081)**	(1,905)
Others	**(168)**	(2,425)	**(168)**	(2,425)
	(20,495)	(90,531)	**(20,495)**	(90,531)

Notes to the financial statements
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44 Financial risk management objectives and policies (continued)

B. Market risk (continued)

Foreign exchange risk

The Group and the Bank are exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Controls are imposed on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table summarises the Group's and the Bank's exposure to foreign currency exchange rate risk at reporting date. Included in the table are the Group's and the Bank's financial instruments at carrying amounts, categorised by currency.

The Group 31.12.2024	Australian Dollar RM'000	United States Dollar RM'000	Singapore Dollar RM'000	Other Currencies RM'000	Total RM'000
Assets					
Cash and short-term funds	6,572	13,352	41,296	28,850	90,070
Financial assets at FVTPL	-	-	15,377	-	15,377
Financial investments at FVOCI	325,629	218,526	-	-	544,155
Financial assets at amortised cost	33,585	-	-	-	33,585
Loans and advances	-	45,714	1,645	28,126	75,485
Amount due from clients and brokers	160	21,199	(403)	9,056	30,012
Other financial assets	(157)	2,459	266	725	3,293
Derivatives assets	45	22,614	294	2,793	25,746
	365,834	323,864	58,475	69,550	817,723
Liabilities					
Deposits from customers	-	82,436	16,790	-	99,226
Deposits and placements of banks and other financial institutions	-	-	-	179,227	179,227
Amount due to clients and brokers	103	1,958	1,508	2,006	5,575
Other financial liabilities	-	198,823	74	-	198,897
Derivatives liabilities	4,387	14,236	1,707	3,820	24,150
	4,490	297,453	20,079	185,053	507,075
Net on-balance sheet financial position	361,344	26,411	38,396	(115,503)	310,648
Off balance sheet commitments	88,657	2,056,021	103,801	137,631	2,386,110

44 Financial risk management objectives and policies (continued)

B. Market risk (continued)

Foreign exchange risk (continued)

The table summarises the Group's and the Bank's exposure to foreign currency exchange rate risk at reporting date. Included in the table are the Group's and the Bank's financial instruments at carrying amounts, categorised by currency. (continued)

The Group 31.12.2023	Australian Dollar RM'000	United States Dollar RM'000	Singapore Dollar RM'000	Other Currencies RM'000	Total RM'000
Assets					
Cash and short-term funds	4,588	15,648	18,486	18,901	57,623
Financial assets at FVTPL	-	-	16,454	-	16,454
Financial investments at FVOCI	19,215	9,269	-	-	28,484
Financial assets at amortised cost	37,784	-	-	65	37,849
Loans and advances	-	34,761	1,740	29,081	65,582
Amount due from clients and brokers	149	2,971	2,877	5,947	11,944
Other financial assets	(159)	864	251	1,164	2,120
Derivative assets	4,073	116,156	4,498	4,645	129,372
	65,650	179,669	44,306	59,803	349,428
Liabilities					
Deposits from customers	-	16,627	-	-	16,627
Deposits and placements of banks and other financial institutions	-	-	-	29,310	29,310
Amount due to clients and brokers	59	686	2,111	1,142	3,998
Other financial liabilities	-	142,010	73	-	142,083
Derivative liabilities	85	64,285	2,079	2,617	69,066
	144	223,608	4,263	33,069	261,084
Net on-balance sheet financial position	65,506	(43,939)	40,043	26,734	88,344
Off balance sheet commitments	134,631	11,185,989	210,590	292,300	11,823,510

Notes to the financial statements for the financial year ended 31 December 2024 (continued)

44 Financial risk management objectives and policies (continued)

B. Market risk (continued)

Foreign exchange risk (continued)

The table summarises the Group's and the Bank's exposure to foreign currency exchange rate risk at reporting date. Included in the table are the Group's and the Bank's financial instruments at carrying amounts, categorised by currency. (continued)

The Bank 31.12.2024	**Australian Dollar RM'000**	**United States Dollar RM'000**	**Singapore Dollar RM'000**	**Other Currencies RM'000**	**Total RM'000**
Assets					
Cash and short-term funds	6,572	13,352	41,296	28,850	90,070
Financial assets at FVTPL	-	-	15,377	-	15,377
Financial investments at FVOCI	325,629	218,526	-	-	544,155
Financial assets at amortised cost	33,585	-	-	-	33,585
Loans and advances	-	45,714	1,645	28,126	75,485
Amount due from clients and brokers	160	21,199	(403)	9,056	30,012
Other financial assets	(157)	2,459	266	725	3,293
Derivatives assets	45	22,614	294	2,793	25,746
	365,834	323,864	58,475	69,550	817,723
Liabilities					
Deposits from customers	-	82,436	16,790	-	99,226
Deposits and placements of banks and other financial institutions	-	-	-	179,227	179,227
Amount due to clients and brokers	103	1,958	1,508	2,006	5,575
Other financial liabilities	-	198,823	74	-	198,897
Derivatives liabilities	4,387	14,236	1,707	3,820	24,150
	4,490	297,453	20,079	185,053	507,075
Net on-balance sheet financial position	361,344	26,411	38,396	(115,503)	310,648
Off balance sheet commitments	88,657	2,056,021	103,801	137,631	2,386,110

44 Financial risk management objectives and policies (continued)

B. Market risk (continued)

Foreign exchange risk (continued)

The table summarises the Group's and the Bank's exposure to foreign currency exchange rate risk at reporting date. Included in the table are the Group's and the Bank's financial instruments at carrying amounts, categorised by currency. (continued)

The Bank 31.12.2023	Australian Dollar RM'000	United States Dollar RM'000	Singapore Dollar RM'000	Other Currencies RM'000	Total RM'000
Assets					
Cash and short-term funds	4,588	15,648	18,486	18,901	57,623
Financial assets at FVTPL	-	-	16,454	-	16,454
Financial investments at FVOCI	19,215	9,269	-	-	28,484
Financial assets at amortised cost	37,784	-	-	65	37,849
Loans and advances	-	34,761	1,740	29,081	65,582
Amount due from clients and brokers	149	2,971	2,877	5,947	11,944
Other financial assets	(159)	864	251	1,164	2,120
Derivatives assets	4,073	116,156	4,498	4,645	129,372
	65,650	179,669	44,306	59,803	349,428
Liabilities					
Deposits from customers	-	16,627	-	-	16,627
Deposits and placements of banks and other financial institutions	-	-	-	29,310	29,310
Amount due to clients and brokers	59	686	2,111	1,142	3,998
Other financial liabilities	-	142,010	73	-	142,083
Derivatives liabilities	85	64,285	2,079	2,617	69,066
	144	223,608	4,263	33,069	261,084
Net on-balance sheet financial position	65,506	(43,939)	40,043	26,734	88,344
Off balance sheet commitments	134,631	11,185,989	210,590	292,300	11,823,510

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44 Financial risk management objectives and policies (continued)

C. Interest rate risk

Sensitivity to interest rates arises from repricing mismatch between interest rate sensitive assets and liabilities. One of the major causes of these mismatches is timing differences in the repricing of the assets and liabilities. These mismatches are actively managed as part of the overall interest rate risk management process which is conducted in accordance with the applicable policies.

The following table represents the Group's and the Bank's assets and liabilities of carrying amount, categorised by the earlier of contractual repricing or maturity date as at reporting date.

	<------ Non-trading book ------>							
The Group	**Up to 1 month**	**1 – 3 months**	**3 – 12 months**	**1 – 5 years**	**Over 5 years**	**Non-interest sensitive**	**Trading book**	**Total**
31.12.2024	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Assets								
Cash and short-term funds	317,360	-	-	-	-	-	-	317,360
Securities:								
- Financial assets at FVTPL	-	-	-	-	-	-	163,051	163,051
- Financial investments at FVOCI	9,999	115,108	75,166	1,473,823	2,292,155	64,554	-	4,030,805
- Financial investments at amortised cost	50,000	62,489	55,000	583,436	293,920	11,487	-	1,056,332
Loans and advances:								
- Performing	2,080,637	35,811	121,527	483	3,816	(2,096) ^	-	2,240,178
- Impaired loans	-	-	-	-	-	2,090	-	2,090
Derivative financial assets	-	-	-	-	-	-	35,600	35,600
Amount due from clients and brokers	-	-	-	-	-	512,673	-	512,673
Other assets (1)	65,593	-	-	-	-	48,219	-	113,812
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	118,530	-	118,530
Total assets	**2,523,589**	**213,408**	**251,693**	**2,057,742**	**2,589,891**	**755,457**	**198,651**	**8,590,431**

^ The negative balance represents the expected credit losses for performing loans and advances.

(1) Includes other assets (exclude prepayment).

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44 Financial risk management objectives and policies (continued)

C. Interest rate risk (continued)

The following table represents the Group's and the Bank's assets and liabilities of carrying amount, categorised by the earlier of contractual repricing or maturity date as at reporting date. (continued)

The Group	<--- Non-trading book					--->		
31.12.2024	Up to 1 month RM'000	1 – 3 months RM'000	3 – 12 months RM'000	1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Liabilities								
Deposits from customers	1,876,847	836,875	1,149,350	-	-	27,505	-	3,890,577
Deposits and placement of banks and other financial institution	1,094,340	490,000	200,000	550,000	-	8,607	-	2,342,947
Obligations on securities sold under repurchase agreements	386,186	-	-	-	-	486	-	386,672
Senior debt securities	-	4,908	-	-	-	49	-	4,957
Amount due to clients and brokers	-	-	-	-	-	370,262	-	370,262
Derivative financial liabilities	-	-	-	-	-	-	51,059	51,059
Lease liabilities	805	1,538	7,053	3,547	-	-	-	12,943
Other liabilities (2)	207,699	-	-	-	-	206,059	-	413,758
Total liabilities	3,565,877	1,333,321	1,356,403	553,547	-	612,968	51,059	7,473,175
Net interest sensitivity gap	(1,042,288)	(1,119,913)	(1,104,710)	1,504,195	2,589,891			

(2) Includes amount due to holding company and other liabilities, excluding accrued employee benefits.

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44 Financial risk management objectives and policies (continued)

C. Interest rate risk (continued)

The following table represents the Group's and the Bank's assets and liabilities of carrying amount, categorised by the earlier of contractual repricing or maturity date as at reporting date. (continued)

The Group 31.12.2023	<---- Non-trading book ---- Up to 1 month RM'000	1 – 3 months RM'000	3 – 12 months RM'000	1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000 ---->	Trading book RM'000	Total RM'000
Assets								
Cash and short-term funds	686,512	-	-	-	-	-	-	686,512
Securities:								
- Financial assets at FVTPL	-	-	-	-	-	-	106,836	106,836
- Financial investments at FVOCI	9,992	94,993	676,464	1,982,085	1,610,741	65,383	-	4,439,658
- Financial investments at amortised cost	50,000	37,573	-	439,303	517,708	11,966	-	1,056,550
Loans and advances:								
- Performing	1,780,920	24,101	122,180	1,107	4,887	(18,380) ^	-	1,914,815
- Impaired loans	-	-	-	-	-	38,965	-	38,965
Derivative financial assets	-	-	-	-	-	-	141,380	141,380
Amount due from clients and brokers	-	-	-	-	-	397,533	-	397,533
Other assets [(1)]	40,112	-	-	-	-	19,496	-	59,608
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	130,600	-	130,600
Total assets	2,567,536	156,667	798,644	2,422,495	2,133,336	645,563	248,216	8,972,457

^ The negative balance represents the expected credit losses for performing loans and advances.

(1) Includes other assets (exclude prepayment), amount due from related companies, holding company and substantial shareholder.

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Notes to the financial statements
for the financial year ended 31 December 2024 (continued)

44 Financial risk management objectives and policies (continued)

C. Interest rate risk (continued)

The following table represents the Group's and the Bank's assets and liabilities of carrying amount, categorised by the earlier of contractual repricing or maturity date as at reporting date. (continued)

	<------ Non-trading book					------>		
The Group 31.12.2023	Up to 1 month RM'000	1 – 3 months RM'000	3 – 12 months RM'000	1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Liabilities								
Deposits from customers	2,371,425	934,059	916,244	550,000	-	29,765	-	4,801,493
Deposits and placement of banks and other financial institution	1,543,729	-	-	-	-	1,440	-	1,545,169
Obligations on securities sold under repurchase agreements	532,883	277,006	-	-	-	4,067	-	813,956
Amount due to clients and brokers	-	-	-	-	-	214,100	-	214,100
Derivative financial liabilities	-	-	-	-	-	-	82,340	82,340
Lease liabilities	690	1,383	5,874	9,265	-	-	-	17,212
Other liabilities [2]	236,993	-	-	-	-	204,656	-	441,649
Total liabilities	4,685,720	1,212,448	922,118	559,265	-	454,028	82,340	7,915,919
Net interest sensitivity gap	(2,118,184)	(1,055,781)	(123,474)	1,863,230	2,133,336			

(2) Includes amount due to related companies and holding company, and other liabilities, excluding accrued employee benefits.

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Notes to the financial statements
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44 Financial risk management objectives and policies (continued)

C. Interest rate risk (continued)

The following table represents the Group's and the Bank's assets and liabilities of carrying amount, categorised by the earlier of contractual repricing or maturity date as at reporting date. (continued)

The Bank	<----- Non-trading book					----->		
31.12.2024	**Up to 1 month RM'000**	**1 – 3 months RM'000**	**3 – 12 months RM'000**	**1 – 5 years RM'000**	**Over 5 years RM'000**	**Non-interest sensitive RM'000**	**Trading book RM'000**	**Total RM'000**
Assets								
Cash and short-term funds	309,257	-	-	-	-	-	-	309,257
Securities:								
- Financial assets at FVTPL	-	-	-	-	-	-	161,752	161,752
- Financial investments at FVOCI	9,999	115,108	75,166	1,473,823	2,292,155	64,554	-	4,030,805
- Financial investments at amortised cost	50,000	62,489	55,000	583,436	293,920	11,487	-	1,056,332
Loans and advances:								
- Performing	2,080,637	35,811	121,527	483	3,816	(2,096) ^	-	2,240,178
- Impaired loans	-	-	-	-	-	2,090	-	2,090
Derivative financial assets	-	-	-	-	-	-	35,600	35,600
Amount due from clients and brokers	-	-	-	-	-	512,673	-	512,673
Other assets (1)	65,593	-	-	-	-	48,357	-	113,950
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	118,430	-	118,430
Total assets	2,515,486	213,408	251,693	2,057,742	2,589,891	755,495	197,352	8,581,067

^ The negative balance represents the expected credit losses for performing loans and advances.

(1) Includes other assets (exclude prepayment) and amounts due from subsidiaries.

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for the financial year ended 31 December 2024 (continued)

44 Financial risk management objectives and policies (continued)

C. Interest rate risk (continued)

The following table represents the Group's and the Bank's assets and liabilities of carrying amount, categorised by the earlier of contractual repricing or maturity date as at reporting date. (continued)

	<---- Non-trading book					---->		
The Bank	**Up to 1 month**	**1 – 3 months**	**3 – 12 months**	**1 – 5 years**	**Over 5 years**	**Non-interest sensitive**	**Trading book**	**Total**
31.12.2024	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Liabilities								
Deposits from customers	1,876,847	836,875	1,149,350	-	-	27,505	-	3,890,577
Deposits and placement of banks and other financial institution	1,094,340	490,000	200,000	550,000	-	8,607	-	2,342,947
Obligations on securities sold under repurchase agreements	386,186	-	-	-	-	486	-	386,672
Senior debt securities	-	4,908	-	-	-	49	-	4,957
Amount due to clients and brokers	-	-	-	-	-	370,262	-	370,262
Derivative financial liabilities	-	-	-	-	-	-	51,059	51,059
Lease liabilities	805	1,538	7,053	3,547	-	-	-	12,943
Other liabilities (2)	207,699	-	-	-	-	199,141	-	406,840
Total liabilities	3,565,877	1,333,321	1,356,403	553,547	-	606,050	51,059	7,466,257
Net interest sensitivity gap	(1,050,391)	(1,119,913)	(1,104,710)	1,504,195	2,589,891			

(2) Includes amount due to holding company and other liabilities, excluding accrued employee benefits.

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44 Financial risk management objectives and policies (continued)

C. Interest rate risk (continued)

The following table represents the Group's and the Bank's assets and liabilities of carrying amount, categorised by the earlier of contractual repricing or maturity date as at reporting date. (continued)

The Bank 31.12.2023	<--- Non-trading book					--->		
	Up to 1 month RM'000	1 – 3 months RM'000	3 – 12 months RM'000	1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Assets								
Cash and short-term funds	684,062	-	-	-	-	-	-	684,062
Securities:								
- Financial assets at FVTPL	-	-	-	-	-	-	105,579	105,579
- Financial investments at FVOCI	9,992	94,993	676,464	1,982,085	1,610,741	65,383	-	4,439,658
- Financial investments at amortised cost	50,000	37,573	-	439,303	517,708	11,966	-	1,056,550
Loans and advances:								
- Performing	1,780,920	24,101	122,180	1,107	4,887	(18,380) ^	-	1,914,815
- Impaired loans	-	-	-	-	-	38,965	-	38,965
Derivative financial assets	-	-	-	-	-	-	141,380	141,380
Amount due from clients and brokers	-	-	-	-	-	397,533	-	397,533
Other assets (1)	40,112	-	-	-	-	19,932	-	60,044
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	130,500	-	130,500
Total assets	2,565,086	156,667	798,644	2,422,495	2,133,336	645,899	246,959	8,969,086

^ The negative balance represents the expected credit losses for performing loans and advances.

(1) Includes other assets (exclude prepayment) and amounts due from subsidiaries.

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44 Financial risk management objectives and policies (continued)

C. Interest rate risk (continued)

The following table represents the Group's and the Bank's assets and liabilities of carrying amount, categorised by the earlier of contractual repricing or maturity date as at reporting date. (continued)

	<----- Non-trading book					----->		
The Bank 31.12.2023	Up to 1 month RM'000	1 – 3 months RM'000	3 – 12 months RM'000	1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Liabilities								
Deposits from customers	2,371,425	934,059	916,244	550,000	-	29,765	-	4,801,493
Deposits and placement of banks and other financial institution	1,543,729	-	-	-	-	1,440	-	1,545,169
Obligations on securities sold under repurchase agreements	532,883	277,006	-	-	-	4,067	-	813,956
Amount due to clients and brokers	-	-	-	-	-	214,100	-	214,100
Derivative financial liabilities	-	-	-	-	-	-	82,340	82,340
Lease liabilities	690	1,383	5,874	9,265	-	-	-	17,212
Other liabilities (2)	236,993	-	-	-	-	203,593	-	440,586
Total liabilities	4,685,720	1,212,448	922,118	559,265	-	452,965	82,340	7,914,856
Net interest sensitivity gap	(2,120,634)	(1,055,781)	(123,474)	1,863,230	2,133,336			

(2) Includes other liabilities, excluding accrued employee benefits.

44 Financial risk management objectives and policies (continued)

D. Liquidity risk

Basel III Liquidity Standards

The Basel Committee developed the Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR") with the goal of strengthening the resilience of the banking systems. The LCR and NSFR are measured and monitored to assess the short term and long term liquidity risk profile of the Bank.

ALCO is responsible for the strategic management of the Bank's liquidity and reporting of the Bank's liquidity position to the BRMC on a periodical basis.

Liquidity risk disclosure table which is based on contractual undiscounted cash flow

The information below provides analysis of cash flow payables for financial liabilities based on remaining contractual maturities on undiscounted basis. The balances in the table below do not agree directly to the balances reported in the statement of financial position as the information incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments.

The Group 31.12.2024	**Up to 1 month RM'000**	**>1-3 months RM'000**	**>3-12 months RM'000**	**>1-5 years RM'000**	**Over 5 years RM'000**	**Total RM'000**
Liabilities						
Deposits from customers	**1,891,916**	**851,088**	**1,176,449**	**-**	**-**	**3,919,453**
Deposits and placements of banks and other financial institutions	**1,095,340**	**495,366**	**203,620**	**578,804**	**-**	**2,373,130**
Obligations on securities sold under repurchase agreements	**387,397**	**-**	**-**	**-**	**-**	**387,397**
Amount due to clients and brokers	**370,262**	**-**	**-**	**-**	**-**	**370,262**
Amount due to related companies	**-**	**-**	**-**	**-**	**-**	**-**
Amount due to holding company	**27,416**	**-**	**-**	**-**	**-**	**27,416**
Lease liabilities	**803**	**1,605**	**7,240**	**3,621**	**-**	**13,269**
Senior debt securities	**-**	**5,000**	**-**	**-**	**-**	**5,000**
Other liabilities [(1)]	**287,992**	**25,402**	**66,275**	**6,672**	**-**	**386,341**
	4,061,126	**1,378,461**	**1,453,584**	**589,097**	**-**	**7,482,268**

The Group 31.12.2023	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Liabilities						
Deposits from customers	2,385,156	946,891	940,856	579,925	-	4,852,828
Deposits and placements of banks and other financial institutions	1,546,476	-	-	-	-	1,546,476
Obligations on securities sold under repurchase agreements	537,493	279,658	-	-	-	817,151
Amount due to clients and brokers	214,100	-	-	-	-	214,100
Amount due to holding company	9,324	-	-	-	-	9,324
Lease liabilities	748	1,470	6,177	9,455	-	17,850
Other liabilities [(1)]	320,713	15,680	68,925	27,007	-	432,325
	5,014,010	1,243,699	1,015,958	616,387	-	7,890,054

(1) Other liabilities exclude accrued employee benefits.

Notes to the financial statements for the financial year ended 31 December 2024 (continued)

44 Financial risk management objectives and policies (continued)

D. Liquidity risk (continued)

Liquidity risk disclosure table which is based on contractual undiscounted cash flow (continued)

The information below provides analysis of cash flow payables for financial liabilities based on remaining contractual maturities on undiscounted basis. The balances in the table below do not agree directly to the balances reported in the statement of financial position as the information incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments. (continued)

The Bank 31.12.2024	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Liabilities						
Deposits from customers	1,891,916	851,088	1,176,449	-	-	3,919,453
Deposits and placements of banks and other financial institutions	1,095,340	495,366	203,620	578,804	-	2,373,130
Obligations on securities sold repurchase agreements	387,397	-	-	-	-	387,397
Amount due to clients and brokers	370,262	-	-	-	-	370,262
Amount due to holding company	27,416	-	-	-	-	27,416
Lease liabilities	803	1,605	7,240	3,621	-	13,269
Senior debt securities	-	5,000	-	-	-	5,000
Other liabilities [1]	287,992	18,492	66,266	6,672	-	379,422
	4,061,126	1,371,551	1,453,575	589,097	-	7,475,349

The Bank 31.12.2023	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Liabilities						
Deposits from customers	2,385,156	946,891	940,856	579,925	-	4,852,828
Deposits and placements of banks and other financial institutions	1,546,476	-	-	-	-	1,546,476
Obligations on securities sold repurchase agreements	537,493	279,658	-	-	-	817,151
Amount due to clients and brokers	214,100	-	-	-	-	214,100
Amount due to holding company	9,324	-	-	-	-	9,324
Lease liabilities	748	1,470	6,177	9,455	-	17,850
Other liabilities [1]	320,713	14,625	68,917	27,007	-	431,262
	5,014,010	1,242,644	1,015,950	616,387	-	7,888,991

(1) Other liabilities exclude accrued employee benefits.

44 Financial risk management objectives and policies (continued)

D. Liquidity risk (continued)

Derivative financial liabilities

Derivative financial liabilities based on contractual undiscounted cash flow:

Derivatives settled on a net basis

The Group and the Bank 31.12.2024	**Up to 1 month RM'000**	**>1-3 months RM'000**	**>3-12 months RM'000**	**>1-5 years RM'000**	**Over 5 years RM'000**	**Total RM'000**
Interest rate derivatives	**-**	**(290)**	**(481)**	**(2,023)**	**(7,905)**	**(10,699)**
The Group and the Bank 31.12.2023						
Interest rate derivatives	(257)	(630)	(2,720)	(8,390)	-	(11,997)

Derivatives settled on a gross basis

The Group and the Bank 31.12.2024	**Up to 1 month RM'000**	**>1-3 months RM'000**	**>3-12 months RM'000**	**>1-5 years RM'000**	**Over 5 years RM'000**	**Total RM'000**
Foreign exchange derivatives:						
Outflow	**(350,638)**	**(504,256)**	**(209,863)**	**(13,399)**	**-**	**(1,078,156)**
Inflow	**345,250**	**493,543**	**200,586**	**13,333**	**-**	**1,052,712**
	(5,388)	**(10,713)**	**(9,277)**	**(66)**	**-**	**(25,444)**
The Group and the Bank 31.12.2023						
Foreign exchange derivatives:						
Outflow	(1,987,269)	(2,107,398)	(534,569)	(178,312)	-	(4,807,548)
Inflow	1,965,224	2,085,839	521,243	169,555	-	4,741,861
	(22,045)	(21,559)	(13,326)	(8,757)	-	(65,687)

44 Financial risk management objectives and policies (continued)

D. Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group and the Bank. The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities:

The Group 31.12.2024	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	317,360	-	-	-	-	-	317,360
Financial assets at FVTPL	-	15,377	-	-	-	147,674	163,051
Financial investments at FVOCI	10,138	116,825	75,607	1,487,028	2,315,019	26,188	4,030,805
Financial investments at amortised cost	-	5,049	55,560	661,441	334,282	-	1,056,332
Loans and advances	1,963,530	5,668	39,070	188,959	42,963	2,078	2,242,268
Amount due from clients and brokers	512,673	-	-	-	-	-	512,673
Derivative financial assets	7,655	9,737	8,008	10,200	-	-	35,600
Other assets	80,547	2,909	24,527	3,352	99	2,378	113,812
Statutory deposits with Bank Negara Malaysia	118,530	-	-	-	-	-	118,530
Other financial assets	-	-	-	-	-	-	-
Other non-financial assets [1]	-	-	1,121	6,146	-	384,428	391,695
Total Assets	3,010,433	155,565	203,893	2,357,126	2,692,363	562,746	8,982,126
Liabilities							
Deposits from customers	1,889,880	846,035	1,154,662	-	-	-	3,890,577
Deposits and placements of banks and other financial institutions	1,094,666	492,154	201,706	554,421	-	-	2,342,947
Obligations on securities sold under repurchase agreements	386,672	-	-	-	-	-	386,672
Amount due to clients and brokers	370,262	-	-	-	-	-	370,262
Derivative financial liabilities	5,455	10,074	25,077	10,453	-	-	51,059
Other liabilities	287,993	25,402	66,275	6,672	-	-	386,342
Lease liabilities	805	1,538	7,053	3,547	-	-	12,943
Senior debt securities	-	4,957	-	-	-	-	4,957
Other financial liabilities [2]	27,416	-	-	-	-	-	27,416
Other non-financial liabilities [3]	-	569	41,283	1,670	-	2	43,524
Total Liabilities	4,063,149	1,380,729	1,496,056	576,763	-	2	7,516,699
Net liquidity gap	(1,052,716)	(1,225,164)	(1,292,163)	1,780,363	2,692,363	562,744	1,465,427

(1) Other non-financial assets include prepayment, tax recoverable, deferred tax assets, property and equipment, intangible assets and right-of-use assets.

(2) Other financial liabilities include amount due to holding company.

(3) Other non-financial liabilities include provision for taxation and accrued employee benefits.

44 Financial risk management objectives and policies (continued)

D. Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group and the Bank. The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities: (continued)

The Group 31.12.2023	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	686,512	-	-	-	-	-	686,512
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-
Financial assets at FVTPL	2	-	-	16,454	-	90,380	106,836
Financial investments at FVOCI	10,094	96,207	682,379	2,000,110	1,626,109	24,759	4,439,658
Financial investments at amortised cost	-	-	-	488,178	568,372	-	1,056,550
Loans and advances	1,636,051	808	156,130	72,570	45,545	42,676	1,953,780
Amount due from clients and brokers	397,533	-	-	-	-	-	397,533
Derivative financial assets	73,821	39,861	10,246	17,452	-	-	141,380
Other assets	51,068	740	452	4,400	30	2,918	59,608
Statutory deposits with Bank Negara Malaysia	130,600	-	-	-	-	-	130,600
Other non-financial assets [1]	-	-	1,588	3,881	-	393,846	399,315
Total Assets	2,985,681	137,616	850,795	2,603,045	2,240,056	554,579	9,371,772
Liabilities							
Deposits from customers	2,382,250	941,650	924,378	553,215	-	-	4,801,493
Deposits and placements of banks and other financial institutions	1,545,169	-	-	-	-	-	1,545,169
Obligations on securities sold under repurchase agreements	536,275	277,681	-	-	-	-	813,956
Amount due to clients and brokers	214,100	-	-	-	-	-	214,100
Derivative financial liabilities	16,415	37,035	13,056	15,834	-	-	82,340
Other liabilities	320,713	15,680	68,925	27,007	-	-	432,325
Lease liabilities	701	1,383	5,875	9,253	-	-	17,212
Other financial liabilities [2]	9,324	-	-	-	-	-	9,324
Other non-financial liabilities [3]	-	3,816	29,306	-	-	1	33,123
	5,024,947	1,277,245	1,041,540	605,309	-	1	7,949,042
Net liquidity gap	(2,039,266)	(1,139,629)	(190,745)	1,997,736	2,240,056	554,578	1,422,730

(1) Other non-financial assets include prepayment, tax recoverable, deferred tax assets, property and equipment, intangible assets and right-of-use assets.

(2) Other financial liabilities include amount due to related companies and holding company.

(3) Other non-financial liabilities include provision for taxation and accrued employee benefits.

44 Financial risk management objectives and policies (continued)

D. Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group and the Bank. The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities: (continued)

The Bank **31.12.2024**	**Up to 1 month RM'000**	**>1-3 months RM'000**	**>3-12 months RM'000**	**>1-5 years RM'000**	**Over 5 years RM'000**	**No specific maturity RM'000**	**Total RM'000**
Assets							
Cash and short-term funds	309,257	-	-	-	-	-	309,257
Financial assets at FVTPL	-	15,377	-	-	-	146,375	161,752
Financial investments at FVOCI	10,138	116,825	75,607	1,487,028	2,315,019	26,188	4,030,805
Financial investment at amortised cost	-	5,049	55,560	661,441	334,282	-	1,056,332
Loans and advances	1,963,530	5,668	39,070	188,959	42,963	2,078	2,242,268
Amount due from clients and brokers	512,673	-	-	-	-	-	512,673
Other assets	80,133	2,909	24,274	3,685	100	2,377	113,478
Derivative financial assets	7,655	9,737	8,008	10,200	-	-	35,600
Statutory deposits with Bank Negara Malaysia	118,430	-	-	-	-	-	118,430
Other financial assets [(1)]	472	-	-	-	-	-	472
Other non-financial assets [(2)]	-	-	1,120	6,146	-	386,575	393,841
Total Assets	3,002,288	155,565	203,639	2,357,459	2,692,364	563,593	8,974,908
Liabilities							
Deposits from customers	1,889,880	846,035	1,154,662	-	-	-	3,890,577
Deposits and placements of banks and other financial institutions	1,094,666	492,154	201,706	554,421	-	-	2,342,947
Obligations on securities sold under repurchase agreements	386,672	-	-	-	-	-	386,672
Amount due to clients and brokers	370,262	-	-	-	-	-	370,262
Derivative financial liabilities	5,455	10,074	25,077	10,453	-	-	51,059
Other liabilities	287,993	18,493	66,266	6,672	-	-	379,424
Lease liabilities	805	1,538	7,053	3,547	-	-	12,943
Senior debt securities	-	4,957	-	-	-	-	4,957
Other financial liabilities [(3)]	27,416	-	-	-	-	-	27,416
Other non-financial liabilities [(4)]	-	385	41,282	1,670	-	-	43,337
Total Liabilities	4,063,149	1,373,636	1,496,046	576,763	-	-	7,509,594
Net liquidity gap	(1,060,861)	(1,218,071)	(1,292,407)	1,780,696	2,692,364	563,593	1,465,314

(1) Other financial assets include amounts due from subsidiaries.

(2) Other non-financial assets include prepayment, investment in subsidiaries and asscociates, tax recoverable, deferred tax assets, property and equipment, intangible assets and right-of-use assets.

(3) Other financial liabilities include amount due to holding company.

(4) Other non-financial liabilities include accrued employee benefits.

Notes to the financial statements
for the financial year ended 31 December 2024 (continued)

44 Financial risk management objectives and policies (continued)

D. Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group and the Bank. The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities: (continued)

The Bank 31.12.2023	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	684,062	-	-	-	-	-	684,062
Financial assets at FVTPL	2	-	-	16,454	-	89,123	105,579
Financial investments at FVOCI	10,094	96,207	682,379	2,000,110	1,626,109	24,759	4,439,658
Financial investment at amortised cost	-	-	-	488,178	568,372	-	1,056,550
Loans and advances	1,636,051	808	156,130	72,570	45,545	42,676	1,953,780
amount due from clients and brokers:	397,533	-	-	-	-	-	397,533
Other assets	48,682	740	145	6,875	30	2,918	59,390
Derivative financial assets	73,821	39,861	10,246	17,452	-	-	141,380
Statutory deposits with Bank Negara Malaysia	130,500	-	-	-	-	-	130,500
Other financial assets (1)	654	-	-	-	-	-	654
Other non-financial assets (2)	-	-	1,552	3,881	-	395,968	401,401
Total Assets	2,981,399	137,616	850,452	2,605,520	2,240,056	555,444	9,370,487
Liabilities							
Deposits from customers	2,382,250	941,650	924,378	553,215	-	-	4,801,493
Deposits and placements of banks and other financial institutions	1,545,169	-	-	-	-	-	1,545,169
Obligations on securities sold under repurchase agreements	536,275	277,681	-	-	-	-	813,956
Amount due to clients and brokers	214,100	-	-	-	-	-	214,100
Derivative financial liabilities	16,415	37,035	13,056	15,834	-	-	82,340
Other liabilities	320,713	14,625	68,917	27,007	-	-	431,262
Lease liabilities	701	1,383	5,875	9,253	-	-	17,212
Other financial liabilities (3)	9,324	-	-	-	-	-	9,324
Other non-financial liabilities (4)	-	3,590	29,306	-	-	-	32,896
Total Liabilities	5,024,947	1,275,964	1,041,532	605,309	-	-	7,947,752
Net liquidity gap	(2,043,548)	(1,138,348)	(191,080)	2,000,211	2,240,056	555,444	1,422,735

(1) Other financial assets include amounts due from subsidiaries and holding company.

(2) Other non-financial assets include prepayment, investment in subsidiaries and asscociates, tax recoverable, deferred tax assets, property and equipment, intangible assets and right-of-use assets.

(3) Other financial liabilities include amount due to holding company.

(4) Other non-financial liabilities include accrued employee benefits.

44 Financial risk management objectives and policies (continued)

E. Operational risk management

Operational risk is the risk of loss arising from inadequate or failed internal processes, people, system or external events which include natural disasters, fraudulent activities and cyber threats. Management of operational risk also encompasses outsourcing and business continuity risks.

The Bank manages operational risk through a control based environment in which policies and procedures are formulated after taking into account individual unit's business activities, the market in which they are operating and the regulatory requirements in force.

The Bank adopts the Basic Indicator Approach for the purpose of calculating the capital requirement for operational risk. The capital requirement is calculated by taking 15% of the Bank's average annual gross income over the previous three years.

Risk is identified through the use of assessment tools and measured using threshold/limits mapped against a risk matrix. Monitoring and control procedures include the use of key control standards, independent tracking of risk, back-up procedures and contingency plans, including disaster recovery and business continuity plans.

The Bank gathers, analyses and reports operational risk loss and 'near miss' events to the CROC and BRMC. Appropriate preventive and remedial actions are reviewed for effectiveness and implemented to minimise the recurrence of such events.

Relevant training relating to Operational Risk areas (including Business Continuity Planning) are coordinated by RMD. This include training and online assessments provided to all Operational Risk Coordinators within the Bank as part of the risk awareness programme.

F. Compliance risk

Compliance risk refers to risks of liability faced by the Bank, arising from breaches of applicable laws, regulatory requirements and internal policies and procedures governing the business of the Bank.

As an investment bank, the Bank is subject to various regulatory and statutory requirements found, inter alia in the Financial Services Act 2013, Capital Markets & Services Act 2007, Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001, the Malaysian Anti-Corruption Commission Act 2009, Rules of Bursa Malaysia Securities Berhad, Rules of Bursa Malaysia Securities Clearing Berhad, Rules of Bursa Malaysia Derivatives Berhad, Rules of Bursa Malaysia Derivatives Clearing Berhad, Bank Negara Malaysia ("BNM"), Securities Commission Malaysia ("SC") and Bursa Malaysia Securities Berhad ("Bursa") policy documents, as well as directives, circulars and guidelines issued by these regulators from time to time.

Compliance Department ("CD") reports directly to the Group Board Compliance Committee ("GBCC"). Periodic reports on the state of compliance and litigation cases against the Bank are also submitted by CD and Legal Department ("LD") respectively to Senior Management Committee - Governance, Risk and Compliance, GBCC (for CD) and BRMC (for LD) to keep these management and board committees updated.

The CD renders compliance advice, monitors compliance risks faced by business and support units of the Bank while LD advises the Bank on all legal matters including, but not limited to, reviewing and/or drafting legal documents and communications for the Bank and monitoring and advising on litigation cases.

44 Financial risk management objectives and policies (continued)

G. Business continuity risk

Business continuity risk is the risk of deterioration in assets, revenue, reputation and stakeholder/customer confidence due to the discontinuation of services in both business and technology operations.

The Bank adopts the Affin Banking Group's Business Continuity Management Policy ("GBCMP") which covers the following:
i. Business Continuity Management ("BCM") Programme;
ii. BCM Governance;
iii. Crisis Management; and
iv. Third-Party Service Continuity.

The Board approves the GBCMP and overall strategies by ensuring that the GBCMP is consistent with the Bank's risk tolerance level given the nature, complexity and materiality of the Bank's business operations.

The GBCMP sets out the governance structure and defines the roles and responsibilities for effective implementation of BCM for the Bank. This includes roles and responsibilies of BRMC, Business Continuity Management Steering Committee, Crisis Management Team, BCM Working Group and Business Continuity Plan ("BCP") Coordinators.

The GBCMP provides the criteria for identifying critical business functions and application systems in order to prioritise recoveries as well as requirements in developing and maintaining the BCP of the respective business and support functions.

H. Technology risk

Technology risk is the risk of potential technology failures and cyber threats that may disrupt business such as failures of information technology systems, applications, platforms or infrastructures including threats or vulnerabilities exposed from external networks or the internet, which would result in financial loss, disruption in financial services or operations, or reputational damage to the Bank.

The Affin Banking Group's Technology Risk Management Framework ("TRMF") governs the management of technology risk across the Bank. Overview of the Technology Risk Management function resides with Group Technology Risk Management (GTRM) RMD. GTRM RMD supports Senior Management Committee - Governance Risk and Compliance (SMC-GRC) CROC which in turn supports the Board Risk Management Committee (BRMC) in the review and monitoring of technology risks and provides the forum to discuss and manage all aspects of technology risk. BRMC is responsible for providing oversight of overall technology-related matters of the Bank.

The Bank uses risk identification and assessment to determine the extent of the potential threat and the risks associated with IT systems. The output of this process helps to identify appropriate controls for reducing risk during the risk mitigation process.

Technology risk controls encompass the use of technical and non-technical methods. Technical controls are safeguards that are incorporated into computer hardware, software or firmware (e.g. access control mechanisms, identification and authentication mechanisms, encryption methods, intrusion detection software). Non-technical controls are management and operational controls, such as security policies, operational procedures and personnel, physical and environmental security.

Technology Risk Management reports are produced periodically for the respective stakeholders and committees.

44 Financial risk management objectives and policies (continued)

I. Interest rate benchmark reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, replacing some interbank offered rates ("IBOR") with alternative nearly risk-free rates (referred to as "IBOR reform"). The new alternative reference rates are being introduced to improve the integrity of financial benchmark rates as part of a transition to transaction-based rates, in line with the London Interbank Offered Rate ("LIBOR") reforms. In both financial years ended 31 December 2024 and 31 December 2023, the Bank has exposure to Kuala Lumpur Interbank Offered Rate ("KLIBOR") on its financial instruments. BNM has discontinued the publication of the two- and twelve-month KLIBOR tenors, which are the least referenced rates in the market for financial contracts, on 1 January 2023. The remaining one-, three- and six-month KLIBOR tenors, continue to reflect an active underlying market, until a further announcement from BNM.

The Bank has set up an internal working group since 2021 and the key objectives of the internal working group include the followings:

- identifying contracts in scope of benchmark reform;
- considering changes to internal systems, processes, risk management and valuation models;
- allocation of roles and responsibilities and identification of relevant responsible parties to execute and implement the transition;
- managing any related tax and accounting implications.

The main risks to which the Bank has been exposed as a result of IBOR reform are operational. The operational risks will arise during the renegotiation of financial contracts through bilateral negotiation with customers, updating of contractual terms, updating of systems that use IBOR curves and revision of operational controls related to the reform and regulatory risks. Financial risk is predominantly limited to interest rate risk.

As at 31 December 2024, changes required to systems, processes and models have been identified and have been partially implemented. The Bank has identified all KLIBOR-linked contracts as at 31 December 2024 and all contracts were referenced to three-month KLIBOR. The Bank will closely monitor the regulators' announcements on Malaysia Overnight Rate ("MYOR") or discontinuation of publication of the KLIBOR for the relevant tenors and continues to engage with industry participants, to ensure an orderly transition to MYOR and to minimise the risks arising from transition, and it will continue to identify and assess risks associated with KLIBOR replacement.

The following table contains details of the financial instruments that the Group and the Bank hold which referenced to KLIBOR:

	Notional amount		Of which: Have yet to transition to an alternative benchmark rate	
The Group and the Bank	**Derivatives Assets**	**Derivatives Liabilities**	**Derivatives Assets**	**Derivatives Liabilities**
31.12.2024	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Commitments and contingencies				
Interest rate related contracts				
- less than one year	**385,000**	**220,000**	**385,000**	**220,000**
- one year to less than five years	**1,657,000**	**1,526,000**	**1,657,000**	**1,526,000**
	2,042,000	**1,746,000**	**2,042,000**	**1,746,000**
The Group and the Bank	Assets	Liabilities	Assets	Liabilities
31.12.2023	RM'000	RM'000	RM'000	RM'000
Commitments and contingencies				
Interest rate related contracts				
- less than one year	410,000	260,000	410,000	260,000
- one year to less than five years	1,357,000	1,155,000	1,357,000	1,155,000
	1,767,000	1,415,000	1,767,000	1,415,000

45 Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group and the Bank measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

In addition, fair value information for non-financial assets and liabilities is excluded as they do not fall within the scope of MFRS 132 "Financial Instruments - Disclosure and Presentation" which requires the fair value information to be disclosed. These include property and equipment, investment in subsidiaries, deferred taxation assets and provision for taxation.

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

This category includes unquoted shares held for socio economic reasons. Fair values for shares held for socio economic reasons are based on the net tangible assets of the affected companies. The Group's and the Bank's exposure to financial instruments classified as Level 3 comprised a small number of financial instruments which constitute an insignificant component of the Group's and the Bank's portfolio of financial instruments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

The Group and the Bank recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. Transfers between fair value hierarchy primarily due to change in the leval of trading activity, change in observable market activity related to an input, reassessment of available pricing information and change in the significance of the unobservable input. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial year (2023: Nil).

45 Fair value of financial instruments (continued)

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

The Group 31.12.2024	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Assets				
Financial assets at FVTPL				
- Corporate bonds or sukuk	-	15,377	-	15,377
- Shares, warrants and unit trusts	147,674	-	-	147,674
Financial investments at FVOCI				
- Money market instruments	-	2,402,708	-	2,402,708
- Corporate bonds or sukuk	-	1,596,952	-	1,596,952
- Commercial paper	-	4,957	-	4,957
- Shares	-	-	26,188	26,188
Derivative financial assets	-	35,600	-	35,600
Total	147,674	4,055,594	26,188	4,229,456
Liabilities				
Derivative financial liabilities	-	51,059	-	51,059
Total	-	51,059	-	51,059

The Group 31.12.2023	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Financial assets at FVTPL				
- Corporate bonds or sukuk	-	16,456	-	16,456
- Shares, warrants and unit trusts	90,380	-	-	90,380
Financial investments at FVOCI				
- Money market instruments	-	2,483,807	-	2,483,807
- Corporate bonds or sukuk	-	1,931,092	-	1,931,092
- Shares	-	-	24,759	24,759
Derivative financial assets	-	141,380	-	141,380
Total	90,380	4,572,735	24,759	4,687,874
Liabilities				
Derivative financial liabilities	-	82,340	-	82,340
Other liabilities - equities trading	981	-	-	981
Total	981	82,340	-	83,321

45 Fair value of financial instruments (continued)

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy: (continued)

The Bank **31.12.2024**	**Level 1** **RM'000**	**Level 2** **RM'000**	**Level 3** **RM'000**	**Total** **RM'000**
Assets				
Financial assets at FVTPL				
- Corporate bonds or sukuk	-	**15,377**	-	**15,377**
- Shares, warrants and unit trusts	**146,375**	-	-	**146,375**
Financial investments at FVOCI				
- Money market instruments	-	**2,402,708**	-	**2,402,708**
- Corporate bonds or sukuk	-	**1,596,952**	-	**1,596,952**
- Commercial paper	-	**4,957**	-	**4,957**
- Shares	-	-	**26,188**	**26,188**
Derivative financial assets	-	**35,600**	-	**35,600**
Total	**146,375**	**4,055,594**	**26,188**	**4,228,157**
Liabilities				
Derivative financial liabilities	-	**51,059**	-	**51,059**
Total	-	**51,059**	-	**51,059**

The Bank 31.12.2023	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Financial assets at FVTPL				
- Corporate bonds or sukuk	-	16,456	-	16,456
- Shares, warrants and unit trusts	89,123	-	-	89,123
Financial investments at FVOCI				
- Money market instruments	-	2,483,807	-	2,483,807
- Corporate bonds or sukuk	-	1,931,092	-	1,931,092
- Shares	-	-	24,759	24,759
Derivative financial assets	-	141,380	-	141,380
Total	89,123	4,572,735	24,759	4,686,617
Liabilities				
Derivative financial liabilities	-	82,340	-	82,340
Other liabilities - equities trading	981	-	-	981
Total	981	82,340	-	83,321

45 Fair value of financial instruments (continued)

The following table presents the changes in Level 3 instruments for the financial year:

	The Group and the Bank	
	31.12.2024	31.12.2023
	RM'000	RM'000
At beginning of the financial year	**24,759**	23,915
Total gains recognised in other comprehensive income	**1,429**	844
At end of the financial year	**26,188**	24,759

Effect of changes in significant unobservable assumptions to reasonably possible alternatives

As at reporting date, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) mainly include unquoted shares held for socio economic purposes.

Qualitative information about the fair value measurements using significant unobservable inputs (Level 3):

The Group and the Bank	Fair value assets				
Description	**31.12.2024 RM'000**	31.12.2023 RM'000	**Valuations techniques**	**Unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Equity investments measured at FVOCI					
Unquoted shares	**26,188**	24,759	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value

In estimating its significance, the Group and the Bank used an approach that is currently based on methodologies used for fair value adjustments. These adjustments reflects the values that the Group and the Bank estimate are appropriate to adjust from the valuations produced to reflect for uncertainties in the inputs used. The methodologies used can be a statistical or other relevant approved techniques.

Notes to the financial statements
for the financial year ended 31 December 2024 (continued)

45 Fair value of financial instruments (continued)

The following tables analyse within the fair value hierarchy of the Group's and the Bank's assets and liabilities not measured at fair value as at reporting date but for which fair value is disclosed:

	Carrying		Fair Value		
The Group and the Bank	**amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
31.12.2024	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial Assets					
Financial investments at amortised cost	**1,056,332**	**-**	**1,056,332**	**-**	**1,056,332**
Loans and advances	**2,242,268**	**-**	**2,280,583**	**-**	**2,280,583**
Financial Liabilities					
Deposits from customers	**3,890,577**	**-**	**3,891,282**	**-**	**3,891,282**
Deposit and placements of banks and other fin. institutions	**2,342,947**	**-**	**2,347,028**	**-**	**2,347,028**
Obligations on securities sold under repurchase agreements	**386,672**	**-**	**404,883**	**-**	**404,883**
Senior debt securities	**4,957**	**-**	**4,958**	**-**	**4,958**
The Group and the Bank					
31.12.2023					
Financial Assets					
Financial investments at amortised cost	1,056,550	-	1,056,550	-	1,056,550
Loans and advances	1,953,780	-	1,952,854	-	1,952,854
Financial Liabilities					
Deposits from customers	4,801,493	-	4,802,449	-	4,802,449
Deposit and placements of banks and other fin. institutions	1,545,169	-	1,545,221	-	1,545,221
Obligations on securities sold under repurchase agreements	813,956	-	849,328	-	849,328

Notes to the financial statements
for the financial year ended 31 December 2024 (continued)

45 Fair value of financial instruments (continued)

Other than as disclosed above, the total fair value of each financial assets and liabilities presented on the statements of financial position as at reporting date of the Group and the Bank approximates the total carrying amount.

The fair value estimates were determined by application of the methodologies and assumptions described below.

Short-term funds and placements with banks and other financial institutions

For short-term funds and placements with banks and other financial institutions with maturity of less than six months, the carrying amount is a reasonable estimate of fair value.

For amounts with maturities of six months or more, fair values have been estimated by reference to current rates at which similar deposits and placements would be made to banks with similar credit ratings and maturities.

Financial assets at amortised costs

The fair values of financial investments at amortised cost are reasonable estimates based on quoted market prices. In the absence of such quoted prices, the fair values are based on the expected cash flows of the instruments discounted by indicative market yields for the similar instruments as at reporting date or the audited net tangible asset of the invested company.

Loans and advances

Loans and advances of the Bank comprise of floating rate loans and fixed rate loans. For performing floating rate loans, the carrying amount is a reasonable estimate of their fair values.

The fair values of performing fixed rate loans are arrived at using the discounted cash flows based on the prevailing market rates of loans and advances with similar credit ratings and maturities.

The fair values of impaired loans and advances, whether fixed or floating are represented by their carrying values, net of expected credit losses, being the reasonable estimate of recoverable amount.

Obligation on securities sold under repurchase agreements

The estimated fair values of obligations on securities sold under repurchase agreements with maturities of less than six months approximate the carrying values. For obligations on securities sold under repurchase agreements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing market interest rates with similar remaining period to maturity.

45 Fair value of financial instruments (continued)

Other assets and liabilities

The carrying value less any estimated allowance for financial assets and liabilities included in other assets and other liabilities are assumed to approximate their fair values as these items are not sensitive to the shift in market profit rates.

Deposits from customers, deposits and placements of banks and other financial institutions

The carrying values of deposits and liabilities with maturities of six months or less are assumed to be reasonable estimates of their fair values. Where the remaining maturities of deposits and liabilities are above six months, their estimated fair values are arrived at using the discounted cash flows based on prevailing market rates currently offered for similar remaining maturities.

The estimated fair value of deposits with no stated maturity, which include non-interest bearing deposits, approximates carrying amount which represents the amount repayable on demand.

46 Offsetting financial assets and financial liabilities

In accordance with MFRS 132 "Financial Instruments: Presentation" the Group and the Bank report financial assets and financial liabilities on a net basis on the statements of financial position only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangement on:

- All financial assets and liabilities that are reported net on statements of financial position; and
- All derivative financial instruments and reverse repurchase and repurchased agreements and other similar secured lending and borrowing agreements that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for statements of financial position netting.

The table identifies the amounts that have been offset in the statements of financial position and also those amounts that are covered by enforceable netting arrangements (offsetting arrangements and financial collateral) but do not qualify for netting under the requirements of MFRS 132 described above.

The "Financial instruments" column identifies financial assets and liabilities that are subject to set off under netting agreements, such as the ISDA Master Agreement or derivative exchange or clearing counterparty agreements and global master purchase agreement, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transaction covered by the agreements if an event of default or other predetermined events occur.

Financial collateral refers to cash and non-cash collateral obtained, typically daily or weekly, to cover the net exposure between counterparties by enabling the collateral to be realised in an event of default or if other predetermined events occur.

The "Net amount" presented below are not intended to represent the Group's and the Bank's actual exposure to credit risk, as a variety of credit mitigation strategies are employed in addition to netting and collateral arrangements.

Obligation on securities sold under repurchase agreements

The "Financial instruments" column identifies financial assets and liabilities that are subject to set-off under netting agreements, such as global master repurchase agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transaction covered by the agreements if an event of default or other predetermined events occur.

46 Offsetting financial assets and financial liabilities (continued)

	Effects of offsetting on the statements of financial position			Related amount not set off in the balance sheet		
The Group **31.12.2024**	**Gross amount RM'000**	**Amount offset RM'000**	**Net amount reported on statement of financial position RM'000**	**Financial instruments RM'000**	**Financial collateral received RM'000**	**Net amount RM'000**
Financial assets						
Amount due from clients and brokers						
- Amount due from Bursa Securities Clearing Sdn Bhd	669,694	(509,754)	159,940	-	-	159,940
Derivative financial assets	35,600	-	35,600	(12,271)	(5,165)	18,164
Total	705,294	(509,754)	195,540	(12,271)	(5,165)	178,104
Financial liabilities						
Amount due to clients and brokers						
- Amount due to Bursa Securities Clearing Sdn Bhd	509,754	(509,754)	-	-	-	-
Derivative financial liabilities	51,059	-	51,059	(12,271)	(1,790)	36,998
Obligations on securities sold under repurchase agreements	386,672	-	386,672	(386,672)	-	-
Total	947,485	(509,754)	437,731	(398,943)	(1,790)	36,998

The Group 31.12.2023	Gross amount RM'000	Amount offset RM'000	Net amount reported on statement of financial position RM'000	Financial instruments RM'000	Financial collateral received RM'000	Net amount RM'000
Financial assets						
Amount due from clients and brokers						
- Amount due from Bursa Securities Clearing Sdn Bhd	699,866	(673,391)	26,475	-	-	26,475
Derivative financial assets	141,380	-	141,380	(28,991)	(86,001)	26,388
Total	841,246	(673,391)	167,855	(28,991)	(86,001)	52,863
Financial liabilities						
Amount due to clients and brokers						
- Amount due to Bursa Securities Clearing Sdn Bhd	673,391	(673,391)	-	-	-	-
Derivative financial liabilities	82,340	-	82,340	(28,991)	(2,700)	50,649
Obligations on securities sold under repurchase agreements	813,956	-	813,956	(813,956)	-	-
Total	1,569,687	(673,391)	896,296	(842,947)	(2,700)	50,649

46 Offsetting financial assets and financial liabilities (continued)

	Effects of offsetting on the statements of financial position			Related amount not set off in the balance sheet		
The Bank	Gross amount	Amount offset	Net amount reported on statement of financial position	Financial instruments	Financial collateral received	Net amount
31.12.2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets						
Amount due from clients and brokers						
- Amount due from Bursa Securities Clearing Sdn Bhd	**669,694**	**(509,754)**	**159,940**	**-**	**-**	**159,940**
Derivative financial assets	**35,600**	**-**	**35,600**	**(12,271)**	**(5,165)**	**18,164**
Total	**705,294**	**(509,754)**	**195,540**	**(12,271)**	**(5,165)**	**178,104**
Financial liabilities						
Amount due to clients and brokers						
- Amount due to Bursa Securities Clearing Sdn Bhd	**509,754**	**(509,754)**	**-**	**-**	**-**	**-**
Derivative financial liabilities	**51,059**	**-**	**51,059**	**(12,271)**	**(1,790)**	**36,998**
Obligations on securities sold under repurchase agreements	**386,672**	**-**	**386,672**	**(386,672)**	**-**	**-**
Total	**947,485**	**(509,754)**	**437,731**	**(398,943)**	**(1,790)**	**36,998**
The Bank						
31.12.2023						
Financial assets						
Amount due from clients and brokers						
- Amount due from Bursa Securities Clearing Sdn Bhd	699,866	(673,391)	26,475	-	-	26,475
Derivative financial assets	141,380	-	141,380	(28,991)	(86,001)	26,388
Total	841,246	(673,391)	167,855	(28,991)	(86,001)	52,863
Financial liabilities						
Amount due to clients and brokers						
- Amount due to Bursa Securities Clearing Sdn Bhd	673,391	(673,391)	-	-	-	-
Derivative financial liabilities	82,340	-	82,340	(28,991)	(2,700)	50,649
Obligations on securities sold under repurchase agreements	813,956	-	813,956	(813,956)	-	-
Total	1,569,687	(673,391)	896,296	(842,947)	(2,700)	50,649

47 Segment analysis

Operating segments are reported in a manner consistent with the internal financial reporting system provided to the Chief Operating decision-maker, who is the person or group that allocates resources to and assess the performance of the operating segments of an entity. The Group has determined the Head of the respective operating segments as its Chief Operating decision-maker.

The Group's operations are principally conducted in Malaysia and accordingly, no analysis in respect of geographical segments has been presented. The Group comprises the following main segments:

Securities

The stockbroking business comprises institutional and retail stockbroking business for securities listed on local and foreign stock exchanges, investment management and research services. This segment also involves in the issuance and market-making of the structured warrants.

Investment Banking Advisory

This segment focuses on business needs of large corporate customers and financial institutions. The products and services offered to customers include advisory services and structuring of private debt securities, corporate finance and advisory services for corporate listings, mergers and acquisitions, capital raising through issues of equity and debt instruments, corporate and debts restructuring exercises.

Treasury and Markets

This segment provides structured lending solutions mainly in support of corporate finance and capital market activities as well as access to a variety of funds and capital market investment products to corporate, institutional and individual investors for competitive returns and other investment benefits including portfolio diversification and liquidity enhancement.

Others

Other business segments in the Group include operation of investment holding companies and provision of investment trustee and nominee services whose results are not material to the Group and therefore do not render separate disclosure in the financial statements and have been reported in aggregate.

47 Segment analysis (continued)

The segment analysis for the financial year ended 31 December 2024 and 31 December 2023 are as follows:

The Group 31.12.2024	Securities RM'000	Investment Banking Advisory RM'000	Treasury and Markets RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External revenue	210,140	44,616	52,270	1,917	-	308,943
Intersegment revenue	-	-	65,043	-	(65,043)	-
Segment revenue	210,140	44,616	117,313	1,917	(65,043)	308,943
Operating expenses	(110,426)	(22,511)	(10,903)	(65,298)	2	(209,136)
of which:						
Depreciation of property and equipment	(1,990)	(100)	(71)	(157)	-	(2,318)
Depreciation of right-of-use assets	(6,764)	(952)	(43)	(1,668)	-	(9,427)
Amortisation of intangible assets	(467)	(64)	(137)	(72)	-	(740)
(Allowances for)/write-back of credit impairment losses on financial instruments	(2,452)	31,863	20,871	1,803	-	52,085
Profit before zakat and taxation	97,262	53,968	127,281	(61,578)	(65,041)	151,892
Zakat	-	-	-	(1,337)	-	(1,337)
Profit before taxation	97,262	53,968	127,281	(62,915)	(65,041)	150,555
Taxation						(36,955)
Net profit for the financial year						113,600
Segment assets						
Total segment assets	2,855,049	361,539	5,219,474	550,096	(4,032)	8,982,126
Segment liabilities						
Total segment liabilities	2,388,911	302,511	4,367,302	458,337	(362)	7,516,699
Other information						
Capital expenditure	1,835	644	476	2,871	-	5,826

47 Segment analysis (continued)

The segment analysis for the financial year ended 31 December 2024 and 31 December 2023 are as follows: (continued)

The Group 31.12.2023	Securities RM'000	Investment Banking Advisory RM'000	Treasury and Markets RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External revenue	150,265	21,074	68,204	1,093	-	240,636
Intersegment revenue	-	-	48,511	-	(48,511)	-
Segment revenue	150,265	21,074	116,715	1,093	(48,511)	240,636
Operating expenses	(109,757)	(22,099)	(10,041)	(31,520)	1	(173,416)
of which:						
Depreciation of property and equipment	(2,147)	(132)	(91)	(149)	-	(2,519)
Depreciation of right-of-use assets	(3,398)	(333)	(20)	(3,456)	-	(7,207)
Amortisation of intangible assets	(570)	(76)	(120)	(60)	-	(826)
Write-back of/(allowances for) credit impairment losses on financial instruments	1,667	25,405	(1,708)	(90)	-	25,274
Profit before zakat and taxation	42,175	24,380	104,966	(30,517)	(48,510)	92,494
Zakat	-	-	-	-	-	-
Profit before taxation	42,175	24,380	104,966	(30,517)	(48,510)	92,494
Taxation						(23,029)
Net profit for the financial year						69,465
Segment assets						
Total segment assets	2,254,523	795,057	5,773,194	553,309	(4,311)	9,371,772
Segment liabilities						
Total segment liabilities	1,912,216	674,342	4,896,642	466,483	(641)	7,949,042
Other information						
Capital expenditure	3,241	-	2,032	848	-	6,121

Notes to the financial statements
for the financial year ended 31 December 2024 (continued)

48 Credit exposures arising from transactions with connected parties

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

	The Group and the Bank	
	31.12.2024	31.12.2023
i) The aggregate value of outstanding credit exposures with connected parties (RM'000)	**417,174**	701,371
ii) The percentage of outstanding credit exposures to connected parties as a proportion of credit exposures	**6.07%**	9.96%

49 Client trust accounts

As at 31 December 2024, cash held in trust for the clients by the Group and the Bank amounted to RM1,142,688,022 (2023: RM1,010,282,000). These amounts are not recognised in the financial statements as they are held by the Group and the Bank in its fiduciary capacity.

50 Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 12 March 2025.

Registration No: 197301000792 (14389-U)

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Statement by Directors pursuant to Section 251(2) of the Companies Act 2016

We, Tunku Afwida binti Tunku A.Malek and Mr Eugene Hon Kah Weng, being two of the Directors of Affin Hwang Investment Bank Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 32 to 179 are drawn up so as to give a true and fair view of the financial position of the Group and the Bank as at 31 December 2024 and financial performance of the Group and the Bank for the financial year ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 12 March 2025.

Tunku Afwida binti Tunku A.Malek
Chairman

Mr Eugene Hon Kah Weng
Director

Statutory declaration pursuant to Section 251(1) of the Companies Act 2016

I, Ahmad Gazzara Czillich, being the Officer primarily responsible for the financial management of Affin Hwang Investment Bank Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 32 to 179 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Ahmad Gazzara Czillich
MIA No. 35641

Subscribed and solemnly declared by the abovenamed Ahmad Gazzara Czillich at Kuala Lumpur in Malaysia on 12 March 2025.

Before me:

PESURUHJAYA SUMPAH
No. W790
Nama: ZAINUL ABIDIN BIN AHMAD
1 JAN 2023 - 31 DIS 2025
MALAYSIA

COMMISSIONER FOR OATHS

No. 59, Jalan Telawi
Bangsar Baru
59100 Kuala Lumpur

pwc

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF AFFIN HWANG INVESTMENT BANK BERHAD
(Incorporated in Malaysia)
Registration No. 197301000792 (14389-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang Investment Bank Berhad ("the Bank") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Bank, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Bank, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 32 to 179.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Bank in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The Directors of the Bank are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our opinion on the financial statements of the Group and of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Bank are responsible for the preparation of the financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the Directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Bank or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF AFFIN HWANG INVESTMENT BANK BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 197301000792 (14389-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Bank's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF AFFIN HWANG INVESTMENT BANK BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 197301000792 (14389-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF AFFIN HWANG INVESTMENT BANK BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 197301000792 (14389-U)

OTHER MATTERS

This report is made solely to the member of the Bank, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

FOONG MEI LIN
03530/09/2026 J
Chartered Accountant

Kuala Lumpur
12 March 2025