

TERM INVESTMENT AFFIN (TIA) & AFFIN COMPREHENSIVE ACCESSIBLE SHARIAH INVESTMENT ACCOUNT-i (AFFIN CASIA-i)

Fund Performance Report for the Quarter Ended 30 June 2026

TERM INVESTMENT AFFIN (TIA)

1.0 Product Type

TIA is an unrestricted investment account with a specific investment amount and tenure where the Investor provides the Bank with the mandate to make the ultimate investment decision without specifying any particular restrictions or conditions. TIA is offered based on the Shariah concept of Mudarabah where the Investor provides capital to be managed by the Bank. Any profit generated from the capital is shared between the Investor and the Bank according to a mutually agreed profit-sharing-ratio. TIA was launched on 2 November 2024.

2.0 Investor Profile

Type of Investor: Individual and Non-Individual.

3.0 Investment Currency

Subscription into TIA must be in Ringgit Malaysia.

4.0 Investment Objective

To provide stable returns through low to moderate risk investments.

5.0 Investment Strategies

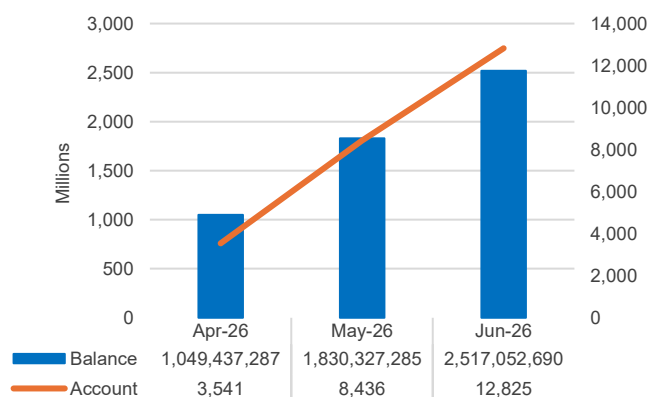
TIA strategically allocates its funds into a range of Personal Financing-i and Corporate Financing-i portfolios that are not only competitively priced but also exhibit high asset quality. This approach ensures that the investment account benefits from both cost-effective opportunities and robust, reliable asset performance. By carefully selecting and managing these portfolios, TIA aims to optimize returns while maintaining a balanced risk profile, ultimately providing investors with a stable and potentially rewarding investment experience.

6.0 Investment Asset Allocation

TIA funds are invested by the Bank into the pool of Shariah compliant personal financing and corporate financing portfolios of the Bank.

7.0 Analysis of Fund Performance and Asset Valuation

TIA fund balance was recorded as follows:

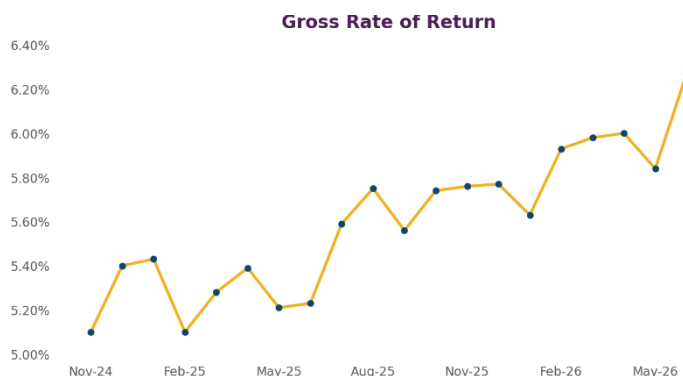


The Bank will perform valuation of the underlying assets of the Investment Asset in accordance with the Malaysian Financial Reporting Standards (MFRS) which will be carried out on a monthly basis.

TIA delivered an exceptional performance in Q2 2026, with balances growing to RM2.52 billion and the customer base expanding to 12,825 accounts by June 2026. The strong month-on-month growth in both balances and accounts reflects encouraging market traction and the effectiveness of customer acquisition and deposit mobilisation initiatives.

Gross Rate of Return

The Gross Rate of Return refers to total profit generated from the investment before the application of Profit-Sharing Ratio (PSR).



TIA's Gross Rate of Return continued its upward trajectory throughout the review period, reaching approximately 6.3% in June 2026. The sustained increase in returns reflects strong portfolio performance, effective asset allocation strategies, and the ability to capture higher yields while maintaining stability. Overall, the results demonstrate TIA's growing earnings capability and strengthening financial performance heading into the second half of 2026.

8.0 Analysis of Historical Performance and Rate of Returns

The Actual Rate of Returns refers to the returns generated or realised from the investment assets given to the customer after applying PSR.

TIA Non-Promotional Actual Rate of Return to Investors

Period (Month)	1	3	6	9	10	12
April	1.80%	2.46%	2.70%	2.76%	2.76%	2.76%
May	1.75%	2.39%	2.63%	2.69%	2.69%	2.69%
June	1.88%	2.57%	2.82%	2.88%	2.88%	2.88%

Campaign Actual Rate of Return to Investors

TIA Campaign 1.0

Period (Month)	12
April	4.49%
May	4.38%
June	4.70%

TIA Campaign 2.0

Period (Month)	10 months	12
April	4.11%	4.43%
May		4.32%
June		4.63%

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TIA Campaign 2.1

Period (Month)	10 months	12
April	4.17%	4.49%
May		4.38%
June		4.70%

TIA Campaign 3.0

Period (Month)	Investment Amount	April	May	June
12	RM 50,000	4.31%	4.20%	4.51%
	RM 100,000	4.37%	4.26%	4.57%
	RM 500,000	4.43%	4.32%	4.63%
	RM 1,000,000	4.49%	4.38%	4.70%

TIA Campaign 3.1

Period (Month)	Investment Amount	April	May	June
12	RM 50,000	4.49%	4.38%	4.70%
	RM 100,000	4.55%	4.44%	4.76%
	RM 500,000	4.61%	4.50%	4.82%
	RM 1,000,000	4.67%	4.56%	4.88%

TIA Campaign 4.0

Period (Month)	Investment Amount	April	May	June
9	RM 50,000	4.31%		
	RM 100,000	4.37%		
	RM 500,000	4.43%		
	RM 1,000,000	4.49%		
12	RM 50,000	4.13%	4.03%	4.32%
	RM 100,000	4.19%	4.09%	4.38%
	RM 500,000	4.25%	4.15%	4.44%
	RM 1,000,000	4.31%	4.20%	4.51%

TIA Campaign 5.0

Period (Month)	Investment Amount	April	May	June
9	RM 50,000	4.07%	3.97%	
	RM 100,000	4.13%	4.03%	
	RM 500,000	4.19%	4.09%	
	RM 1,000,000	4.25%	4.15%	
	RM 50,000	4.31%	4.20%	4.51%
12	RM 100,000	4.37%	4.26%	4.57%
	RM 500,000	4.43%	4.32%	4.63%
	RM 1,000,000	4.49%	4.38%	4.70%

TIA Campaign 6.0

Period (Month)	Investment Amount	April	May	June
9	RM 50,000	3.65%	3.56%	3.82%
	RM 100,000	3.71%	3.62%	3.88%
	RM 500,000	3.77%	3.68%	3.94%
	RM 1,000,000	3.83%	3.74%	4.01%
12	RM 50,000	3.71%	3.62%	3.88%
	RM 100,000	3.77%	3.68%	3.94%
	RM 500,000	3.83%	3.74%	4.01%
	RM 1,000,000	3.89%	3.80%	4.07%

TIA Campaign 7.0

Period (Month)	Investment Amount	April	May	June
6	RM 50,000	3.56%		
	RM 100,000	3.62%		
	RM 500,000	3.67%		
	RM 1,000,000	3.74%		
9	RM 50,000	3.56%	3.47%	3.72%
	RM 100,000	3.62%	3.53%	3.78%
	RM 500,000	3.67%	3.58%	3.84%
	RM 1,000,000	3.74%	3.64%	3.90%
12	RM 50,000	3.62%	3.53%	3.78%
	RM 100,000	3.67%	3.58%	3.84%
	RM 500,000	3.74%	3.64%	3.90%
	RM 1,000,000	3.79%	3.69%	3.96%

TIA Campaign 8.0

Period (Month)	Investment Amount	April	May	June
6	RM 50,000	3.67%	3.58%	
	RM 100,000	3.74%	3.65%	
	RM 500,000	3.79%	3.70%	
	RM 1,000,000	3.86%	3.76%	
9	RM 50,000	3.67%	3.58%	3.84%
	RM 100,000	3.74%	3.65%	3.91%
	RM 500,000	3.79%	3.70%	3.96%
	RM 1,000,000	3.86%	3.76%	4.03%
12	RM 50,000	3.74%	3.65%	3.91%
	RM 100,000	3.79%	3.70%	3.96%
	RM 500,000	3.86%	3.76%	4.03%
	RM 1,000,000	3.91%	3.81%	4.09%

TIA Campaign 9.0

Period (Month)	Investment Amount	April	May	June
6	RM 50,000	3.57%	3.48%	3.73%
	RM 100,000	3.63%	3.54%	3.79%
	RM 500,000	3.68%	3.59%	3.85%
	RM 1,000,000	3.74%	3.65%	3.91%
9	RM 50,000	3.57%	3.48%	3.73%
	RM 100,000	3.63%	3.54%	3.79%
	RM 500,000	3.68%	3.59%	3.85%
	RM 1,000,000	3.74%	3.65%	3.91%
12	RM 50,000	3.63%	3.54%	3.79%
	RM 100,000	3.68%	3.59%	3.85%
	RM 500,000	3.74%	3.65%	3.91%
	RM 1,000,000	3.80%	3.70%	3.97%

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TIA Campaign 10.0

Period (Month)	Investment Amount	April	May	June
6	RM 10,000	3.57%	3.48%	3.73%
	RM 100,000	3.63%	3.54%	3.79%
	RM 500,000	3.68%	3.59%	3.85%
	RM 1,000,000	3.74%	3.65%	3.91%
9	RM 10,000	3.57%	3.48%	3.73%
	RM 100,000	3.63%	3.54%	3.79%
	RM 500,000	3.68%	3.59%	3.85%
	RM 1,000,000	3.74%	3.65%	3.91%
12	RM 10,000	3.63%	3.54%	3.79%
	RM 100,000	3.68%	3.59%	3.85%
	RM 500,000	3.74%	3.65%	3.91%
	RM 1,000,000	3.80%	3.70%	3.97%

TIA Campaign 10.1

Period (Month)	Investment Amount	April	May	June
6	RM 10,000	3.55%	3.46%	3.71%
	RM 100,000	3.61%	3.52%	3.77%
	RM 500,000	3.66%	3.57%	3.83%
	RM 1,000,000	3.72%	3.63%	3.89%
9	RM 10,000	3.55%	3.46%	3.71%
	RM 100,000	3.61%	3.52%	3.77%
	RM 500,000	3.66%	3.57%	3.83%
	RM 1,000,000	3.72%	3.63%	3.89%
12	RM 10,000	3.61%	3.52%	3.77%
	RM 100,000	3.66%	3.57%	3.83%
	RM 500,000	3.72%	3.63%	3.89%
	RM 1,000,000	3.78%	3.68%	3.95%

TIA Campaign 10.2

Period (Month)	Investment Amount	April	May	June
3	RM 10,000	3.32%	3.23%	
6	RM 10,000	3.55%	3.46%	3.71%
	RM 100,000	3.61%	3.52%	3.77%
	RM 500,000	3.66%	3.57%	3.83%
	RM 1,000,000	3.72%	3.63%	3.89%
9	RM 10,000	3.55%	3.46%	3.71%
	RM 100,000	3.61%	3.52%	3.77%
	RM 500,000	3.66%	3.57%	3.83%
	RM 1,000,000	3.72%	3.63%	3.89%
12	RM 10,000	3.61%	3.52%	3.77%
	RM 100,000	3.66%	3.57%	3.83%
	RM 500,000	3.72%	3.63%	3.89%
	RM 1,000,000	3.78%	3.68%	3.95%

TIA Campaign 11.0

Period (Month)	Investment Amount	April	May	June
3	RM 10,000	3.39%	3.31%	3.55%
6	RM 10,000	3.63%	3.54%	3.79%
	RM 100,000	3.69%	3.60%	3.86%
	RM 500,000	3.75%	3.65%	3.91%
	RM 1,000,000	3.81%	3.71%	3.98%
9	RM 10,000	3.63%	3.54%	3.79%
	RM 100,000	3.69%	3.60%	3.86%
	RM 500,000	3.75%	3.65%	3.91%
	RM 1,000,000	3.81%	3.71%	3.98%
12	RM 10,000	3.69%	3.60%	3.86%
	RM 100,000	3.75%	3.65%	3.91%
	RM 500,000	3.81%	3.71%	3.98%
	RM 1,000,000	3.86%	3.77%	4.04%

TIA Campaign 12.0

Period (Month)	Investment Amount	April	May	June
3	RM 10,000	3.23%	3.15%	3.37%
6	RM 10,000	3.45%	3.36%	3.61%
	RM 100,000	3.51%	3.42%	3.67%
	RM 500,000	3.56%	3.47%	3.72%
	RM 1,000,000	3.62%	3.53%	3.79%
9	RM 10,000	3.45%	3.36%	3.61%
	RM 100,000	3.51%	3.42%	3.67%
	RM 500,000	3.56%	3.47%	3.72%
	RM 1,000,000	3.62%	3.53%	3.79%
12	RM 10,000	3.51%	3.42%	3.67%
	RM 100,000	3.56%	3.47%	3.72%
	RM 500,000	3.62%	3.53%	3.79%
	RM 1,000,000	3.67%	3.58%	3.84%

12 MONTHS TIA Campaign

Period (Month)	Minimum Investment Amount	April	May	June
12	RM 10,000	3.83%	3.73%	4.00%

12 MONTHS TIA Campaign 2.0

Period (Month)	Minimum Investment Amount	April	May	June
12	RM 10,000	NA	3.83%	4.11%

12 MONTHS TIA Campaign 3.0

Period (Month)	Minimum Investment Amount	April	May	June
12	RM 10,000	NA	NA	3.83%

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Note: As disclosed via TIA's Terms and Conditions, the Investor agrees that if:

- (a) the Actual Profit is equivalent or below the Indicative Profit, the Actual Profit shall be shared based on the agreed PSR; or*
- (b) the Actual Profit exceeds the Indicative Profit, the Investor agrees to waive the excess profit and the excess amount shall be paid to the Bank.*
- (c) Notwithstanding clause (b) above, the Bank may, at its discretion, relinquish its entitlement to the excess profit.*

9.0 Statement of Any Changes

No changes made to the product in Q2 2026.

10.0 Profit Distributions made and Proposed during the Period, and the Effects in Terms of the Valuation of the Investment Account Before and After the Distribution

Profit distribution is made upon maturity.

11.0 Any Charge imposed on TIA

TIA does not impose any fees or charges.

TERM INVESTMENT AFFIN (TIA) & AFFIN COMPREHENSIVE ACCESSIBLE SHARIAH INVESTMENT ACCOUNT-i (AFFIN CASIA-i)

Fund Performance Report for the Quarter Ended 30 June 2026

AFFIN COMPREHENSIVE ACCESSIBLE SHARIAH INVESTMENT ACCOUNT-i (AFFIN CASIA-i)

1.0 Product Type

AFFIN CASIA-i is an unrestricted investment account based on the Shariah principle of Wakalah bi al-istithmar, where investors appoint the Bank as their agent to invest in a pool of Shariah-compliant Hire Purchase-i financing assets. The product offers flexible investment and withdrawal with no fixed tenure, and returns are derived from the performance of the underlying assets. AFFIN CASIA-i was launched on 30 April 2026.

2.0 Investor Profile

Individuals

3.0 Investment Currency

Subscription into AFFIN CASIA-i must be in Ringgit Malaysia.

4.0 Investment Objective

To provide stable returns through low to moderate risk investments.

5.0 Investment Strategies

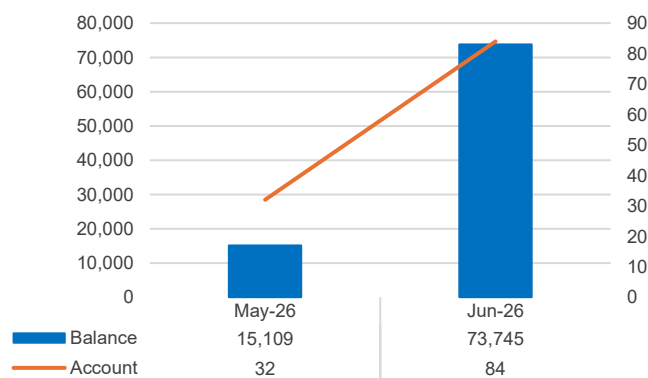
AFFIN CASIA-i invests in the Bank's Hire Purchase-i financing portfolio. The Bank actively manages and may rebalance the investment portfolio when necessary to preserve the investment fund and optimize performance. This approach aims to balance risk and return while maintaining adequate liquidity, providing investors with a flexible investment solution that offers the potential for stable and sustainable returns based on the performance of the underlying Hire Purchase-i assets.

6.0 Investment Asset Allocation

The funds are invested by the Bank into its pool of Shariah-compliant Hire Purchase-i financing portfolio.

7.0 Analysis of Fund Performance and Asset Valuation

AFFIN CASIA-i fund balance was recorded as follows:



The Bank will perform valuation of the underlying assets of the Investment Asset in accordance with the Malaysian Financial Reporting Standards (MFRS) which will be carried out on a monthly basis

8.0 Analysis of Historical Performance and Rate of Returns

The Gross Rate of Return refers to total profit generated from the investment before any profit distributed to investors.

Months	Tiers	Rate of Return (%)	Investment Account Holder (IAH) Rate (%)	Bank Rate (%)
May 2026	All Balance	4.93	0.30	4.63
June 2026	All Balance	5.00	0.30	4.70

Note: If the Actual Profit exceeds the Indicative Profit, the Investor agrees to waive the access profit and the excess amount shall be paid to the Bank as Performance Incentive Fee.

9.0 Statement of Any Changes

No changes made to the product in Q2 2026.

10.0 Profit Distributions made and Proposed during the Period, and the Effects in Terms of the Valuation of the Investment Account Before and After the Distribution

Profit distribution is made monthly.

11.0 Any Charge imposed on AFFIN CASIA-i

No fees or charges applicable to AFFIN CASIA-i.

Agency Fee: The Bank is waiving the Agency Fee until further notice.

TERM INVESTMENT AFFIN (TIA) & AFFIN COMPREHENSIVE ACCESSIBLE SHARIAH INVESTMENT ACCOUNT-i (AFFIN CASIA-i)

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COMMENTARY ON THE FUND PERFORMANCE UP TO DATE AND A REVIEW OF FUTURE PROSPECTS OF THE INVESTMENT ASSET AND PROPOSED STRATEGIES

Malaysia Economic Outlook in the Second Quarter of 2026

Malaysia's economy strengthened further in the second quarter of 2026, supported by resilient domestic demand, stronger manufacturing activity, improving external trade, and continued investment inflows, particularly in the electrical and electronics (E&E) sector. According to the Department of Statistics Malaysia (DOSM) advance estimates, Malaysia's GDP expanded by 5.8% year-on-year in Q2 2026, up from 5.4% in Q1 2026, reflecting broad-based growth across most sectors of the economy.

The services sector remained the primary driver of economic activity, expanding by 5.4%, supported by wholesale and retail trade, transportation and storage, and information and communication services. Manufacturing growth accelerated to 7.5%, boosted mainly by stronger production of electrical and electronic products, petroleum-related products, and fabricated metal products. Meanwhile, the mining sector rebounded sharply, growing 10.2% following higher natural gas production, while construction remained robust at 6.6%, supported by non-residential and infrastructure projects. The agriculture sector, however, contracted by 3.7%, weighed down by weaker oil palm and fisheries output.

Domestic demand continued to underpin economic growth. Household spending remained resilient amid stable labour market conditions, ongoing wage growth and supportive government policies.

Bank Negara Malaysia maintained the Overnight Policy Rate (OPR) at 2.75%, providing a stable monetary environment for consumption and investment activities. Strong investment momentum, particularly in semiconductor, artificial intelligence and digital infrastructure projects, also contributed positively to economic expansion during the quarter.

Employment, wage growth and policy measures will remain supportive of household spending. Investment activity will be driven by the progress of multi-year projects in both the private and public sectors, implementation of new smaller-scale public projects, continued high realisation of approved investments, as well as the ongoing implementation of national master plans. The external sector will be further lifted by improved global prospects and robust demand for electrical and electronics (E&E). Additional support will come from the rebound in non-E&E exports and sustained tourist spending.

Therefore, the growth projection for 2026 is expected to be firmly within the forecast range of 4%–5%. Nevertheless, the growth outlook is still subject to downside risks from a prolonged conflict in the Middle East and lower commodity production. The upside potential to growth could arise from a better global growth outlook following the de-escalation of the conflict, stronger demand for E&E goods and higher tourism activity.

QUARTERLY AND FIRST HALF-YEAR GDP PERFORMANCE



Source: DOSM – Advance Gross Domestic Product (GDP) Estimates

Inflation in Q2 2026 increased but remain within the comfort range

Inflation remained manageable despite geopolitical tensions in the Middle East and intermittent volatility in global energy prices. Headline inflation moderated to 1.9% in June 2026, compared with 2.0% in May, reflecting slower increases in transportation-related costs.

For Q2 2026 as a whole, inflation averaged 1.9%, an acceleration from the 1.6% recorded in Q 2026. However, the inflation rate is still well within the government's and Bank Negara Malaysia's comfort range. This manageable rate was supported by targeted subsidies (such as Budi Madani for fuel), government price controls, and stable domestic demand, which shielded most households from global price volatility. The benign inflation environment helped preserve household purchasing power and reduced pressure for monetary policy tightening.

On the external front, Malaysia continued to benefit from strong demand for E&E exports, particularly semiconductors linked to global artificial intelligence and data-centre investments. The recovery in global technology demand helped offset persistent uncertainties arising from geopolitical tensions, trade fragmentation, and slower growth in several major economies. Overall, Malaysia's economy expanded 5.6% in the first half of 2026, compared with 4.5% during the same period in 2025, underscoring the economy's resilience amid a challenging global environment.

Labour Market and Unemployment

Malaysia's labour market remained resilient during Q2 2026, reflecting the continued strength of domestic economic activity and sustained hiring across key sectors. According to the Department of Statistics Malaysia (DOSM), the unemployment rate remained low at 3.0% in May 2026, unchanged from April, while the number of employed persons increased marginally to 16.82 million. The labour force participation rate (LFPR) also remained stable at 70.9%, indicating sustained workforce engagement.

Employment growth continued to be supported primarily by the services sector, particularly wholesale and retail trade, accommodation and food & beverage services, and information and communication activities. Other major sectors, including manufacturing, construction, agriculture, and mining, also recorded increases in employment levels during the quarter.

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The low unemployment rate, together with continued wage growth and favourable labour market conditions, should continue to support household consumption and overall economic growth in the second half of 2026. While external uncertainties may affect hiring activities in selected industries, the overall labour market is expected to remain stable, supported by ongoing investment projects and economic transformation initiatives.

Manufacturing PMI Signals Continued Expansion

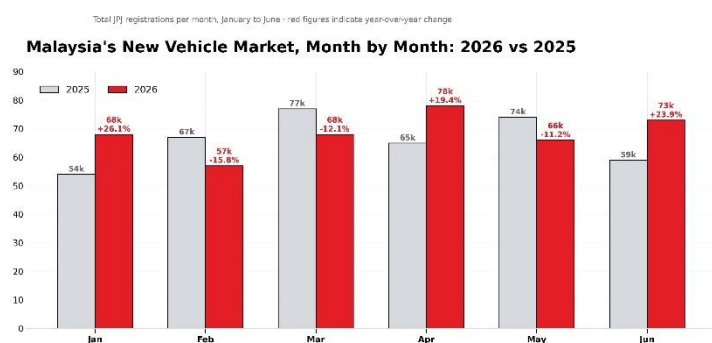
Malaysia's manufacturing sector showed further improvement during Q2 2026, consistent with the stronger performance recorded in manufacturing output and exports. The S&P Global Malaysia Manufacturing PMI remained above the neutral 50-point threshold for much of the quarter, indicating continued expansion in business activity, supported by improving external demand, particularly for electrical and electronic (E&E) products, as well as resilient domestic orders. The sustained recovery in global technology demand, driven by artificial intelligence and data-centre investments, continued to support production, new orders, and business confidence within the manufacturing sector.

This improvement in PMI trends is consistent with the acceleration in manufacturing GDP growth to 7.5% in Q2 2026, reinforcing expectations that the technology upcycle will remain an important growth driver for Malaysia throughout the remainder of 2026.

Automotive Industry

Malaysia's automotive sector remained resilient in the second quarter of 2026, supported by healthy consumer demand, attractive financing conditions, and increasing model offerings from both domestic and foreign manufacturers. Industry data indicates that vehicle registrations reached approximately 409,310 units during the first half of 2026, representing a 3.1% increase compared with the same period in 2025, making it the second-best first-half performance on record.

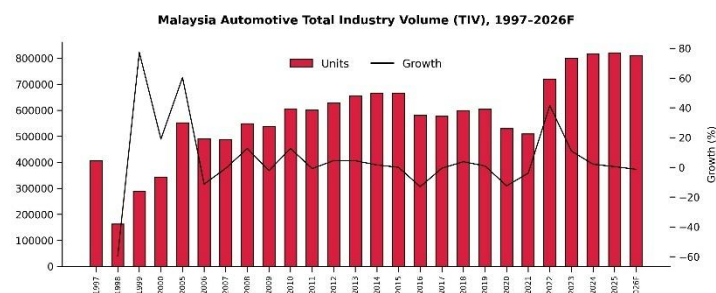
National automakers continued to dominate the market. Proton experienced particularly strong growth, driven by the success of its S70 and e.MAS electric vehicle lineup, while Perodua maintained its leadership position in the mass-market segment. The growing presence of Chinese automotive brands also intensified competition by offering technologically advanced vehicles at competitive price points, particularly in the electric vehicle (EV) segment.



Source :JPJ New Vehicle Registration via data.gov.my

The transition towards electrification continued to gain momentum. EVs now account for approximately 6% of total industry volume (TIV), compared with less than 1% five years ago. Continued investments in EV assembly, battery-related activities, and charging infrastructure are expected to support longer-term industry transformation. Industry analysts project EVs could account for around 10% of TIV by 2027 as local production expands and consumer acceptance improves. However, the transition from petrol to EV is expected to be gradual, as domestic market continues to benefit from subsidised fuel prices, while EV infrastructure development remains behind the government's target of 10,000 public charging points. As of mid-2026, only 5,719 charging points (57% of the target) had been installed nationwide.

Despite the encouraging first-half performance, the Malaysian Automotive Association (MAA) remains cautious regarding the full-year outlook, projecting 2026 TIV at approximately 790,000 units, slightly below the record levels achieved in 2025. Key risks include rising living costs, expiration of selected EV tax incentives, increasing competition, and potential shifts in consumer spending patterns. Nevertheless, resilient domestic demand, stable fuel prices supported by subsidies, and supportive financing conditions should help prevent a significant slowdown in vehicle sales.



Source: Malaysian Automotive Association (MAA) and industry estimates.

Bank's credit growth, asset quality and liquidity

Credit growth

Banking sector continued to record healthy credit expansion during Q2 2026, supported by resilient domestic demand, steady household borrowing/financing, and stronger business financing activities. Total banking system loans/financing expanded by 5.7% year-on-year (YoY) in May 2026, slightly higher than the 5.6% growth recorded in April. Growth was mainly driven by the non-household segment (+6.4% YoY), while household loans/financing remained resilient at 5.2% YoY. Lending to sectors such as electricity, gas and water, transport and communications, and real estate continued to support business loan/financing growth.

Leading indicators remained supportive of further credit expansion. Loan/financing applications, approvals, and disbursements for the first five months of 2026 increased by 5.1%, 10.6%, and 4.3% YoY, respectively. Notably, business loan/financing approvals surged by 18.7%, indicating a healthy pipeline of future lending/financing activity. Meanwhile, Bank Negara Malaysia (BNM) reported that credit to the private non-financial sector accelerated to 6.4% in May 2026, underpinned by stronger business borrowing/financing and working capital financing needs.

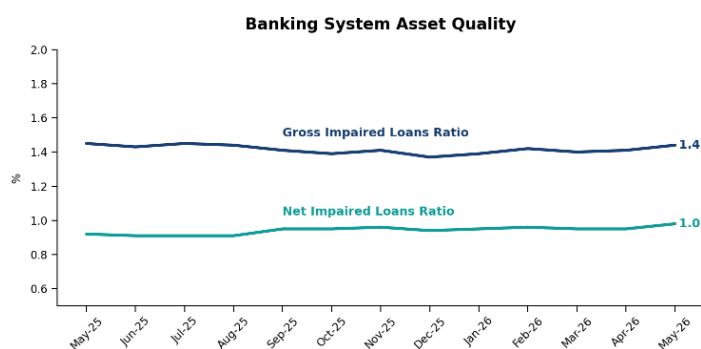
TERM INVESTMENT AFFIN (TIA) & AFFIN COMPREHENSIVE ACCESSIBLE SHARIAH INVESTMENT ACCOUNT-i (AFFIN CASIA-i)

Fund Performance Report for the Quarter Ended 30 June 2026

Asset Quality

Asset quality remained broadly sound despite a marginal uptick in impaired loans/financing during the quarter. The banking system's gross impaired loan/financing (GIL) ratio increased slightly to 1.43% in May 2026 from 1.40% in April 2026, reflecting a modest rise in impaired loans/financing across several sectors, including wholesale and retail trade, restaurants and hotels, transport and communications, and education and healthcare.

Household and business asset quality remained manageable, with the household GIL ratio at 1.10% and the non-household GIL ratio at 1.92%. Although impaired loans/financing rose by 3.8% YoY, overall credit conditions remained stable, supported by a resilient labour market, steady economic growth, and adequate loan/financing loss provisioning.

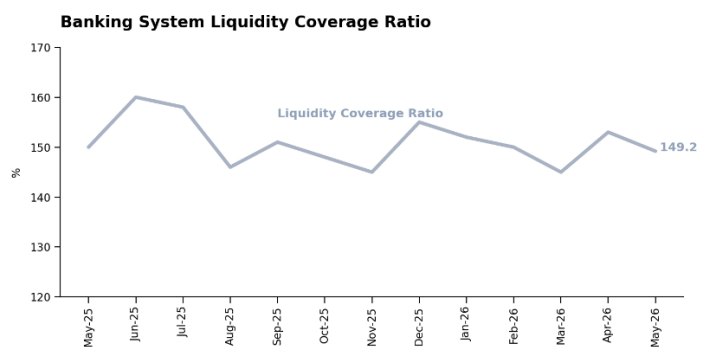


Source: Bank Negara Malaysia

BNM also noted that overall gross and net impaired loan/financing ratios remained low at approximately 1.4% and 1.0%, respectively, underscoring the banking sector's continued resilience.

Liquidity

Liquidity conditions in the banking system remained ample during Q2 2026. Deposit growth strengthened to 4.4% YoY in May 2026, up from 3.4% in April, supported by continued growth in current and savings account/-i (CASA/-i) deposits. Consequently, the banking system's CASA/-i ratio improved to 32.3%, compared with 32.1% in April and 31.0% a year earlier.



Source: Bank Negara Malaysia

The banking system loan/financing-to-deposit ratio (LDR) remained stable at 89.3%, indicating a balanced funding position. More importantly, the banking sector's Liquidity Coverage Ratio (LCR) stood at 149.2%, significantly above the regulatory minimum requirement of 100%. This suggests that banks maintained substantial high-quality liquid asset buffers, enabling them to comfortably meet short-term funding obligations while supporting ongoing credit growth.

Hire Purchase-i Financing and Personal Financing-i

Demand for hire purchase financing remained healthy amid resilient automotive sales, stable labour market conditions, and favourable financing availability. The strong performance of the automotive sector, which recorded over 409,310 vehicle registrations during the first half of 2026, continued to support the growth of vehicle financing. In addition, the implementation of the new Hire Purchase-i (Amendment) Act 2026, which introduced the reducing balance method and effective interest/profit rate framework, is expected to improve transparency and strengthen consumer confidence in hire purchase financing.

Personal financing also continued to expand during the quarter, supported by stable employment conditions, sustained wage growth, and ongoing household consumption activities. The low unemployment rate of 3.0% and resilient labour market provided a supportive environment for consumer borrowing/financing while maintaining debt repayment/payment capacity. Household asset quality remained broadly stable, indicating that personal financing growth has remained manageable despite the higher cost-of-living environment.

Hire purchase-i financing and personal financing-i are expected to remain important drivers of household loan/financing growth throughout 2026, although the pace of expansion may moderate as banks continue to maintain prudent credit assessment standards and consumers remain cautious in managing discretionary spending.

Summary

Looking ahead, Malaysia's economic outlook for the remainder of 2026 remains constructive. Growth is expected to be supported by domestic consumption, sustained investment activity, and a continuing recovery in the technology cycle. Inflation is likely to remain moderate, while monetary policy is expected to stay supportive. However, risks remain from geopolitical conflicts, trade tensions, commodity price volatility, and weaker global growth. For the automotive sector, demand should remain relatively healthy, supported by replacement purchases, EV adoption, and continued product innovation, although competition and affordability concerns may moderate growth momentum in the second half of the year.

**TERM INVESTMENT AFFIN (TIA) &
AFFIN COMPREHENSIVE ACCESSIBLE SHARIAH INVESTMENT ACCOUNT-i (AFFIN CASIA-i)**

Fund Performance Report for the Quarter Ended 30 June 2026

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