

AFFIN TERM INVESTMENT ACCOUNT-i (AFFIN TIA-i)

Performance Report for the Quarter Ended 31 March 2025

1.0 Product Type

AFFIN TIA-i 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. AFFIN TIA-i 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. AFFIN TIA-i was launched on 2 November 2024.

2.0 Investor Profile

Type of Investor: Individual and Non-Individual.

3.0 Investment Currency

Subscription into AFFIN TIA-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 TIA-i strategically allocates its funds into a range of Personal 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, AFFIN TIA-i 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

The AFFIN TIA-i funds are invested by the Bank into the pool of Shariah compliant personal financing portfolios of the Bank.

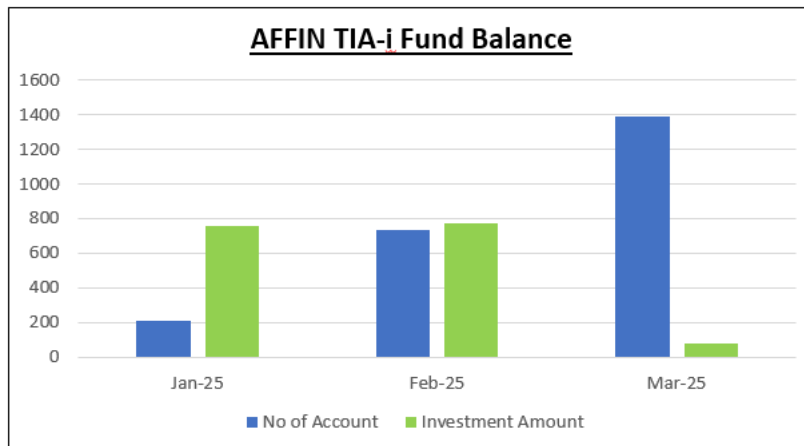
7.0 Analysis of Fund Performance and Asset Valuation

AFFIN TIA-i fund balance was recorded as follows:

Investor Type	January 2025		February 2025		March 2025	
	No. of Account	Investment Amount (RM)	No. of Account	Investment Amount (RM)	No. of Account	Investment Amount (RM)
Individual	211	6,645,716.94	735	24,955,164.66	1,385	75,213,656.85
Non-Individual	1	750,000,000.00	2	750,100,000.00	2	350,000.00
TOTAL	212	756,645,716.94	737	775,055,164.66	1,387	75,563,656.85

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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

Period (Month)	16/01/2025 to 15/02/2025		16/02/2025 to 15/03/2025		16/03/2025 to 15/04/2025	
	Rate of Return (RoR) (p.a.)	Gross Rate (%)	Rate of Return (RoR) (p.a.)	Gross Rate (%)	Rate of Return (RoR) (p.a.)	Gross Rate (%)
1	3.42	5.42	3.21	5.09	3.32	5.27
3	3.80		3.56		3.69	
4	4.34		4.07		4.22	
6	3.96		3.72		3.85	
9	4.01		3.77		3.90	
12	4.07		3.82		3.95	

Note: As disclosed via AFFIN TIA-i's Terms and Conditions, the Investor agree 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.

9.0 Statement of Any Changes

During the quarter, the investment objectives, strategies, restrictions, and limitations remained unchanged.

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.

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11.0 Any Charge imposed on AFFIN TIA-i

AFFIN TIA-i does not impose any fees or charges.

12.0 Commentary on the Fund Performance Up to Date and A Review of Future Prospects of the Investment Asset and Proposed Strategies**Economic Performance & Growth Forecast**

Malaysia's economy is projected to grow between 4.5% and 5.5% in 2025, as guided by the official projection, following a 5.1% expansion in 2024. Growth is driven by strong domestic demand, sustained investment activity, and stable exports. Bank Negara Malaysia (BNM) has maintained the Overnight Policy Rate (OPR) at 3.00% since May 2023, indicating confidence in economic stability and manageable inflation.

Inflation & Fiscal Policy

In February, headline inflation declined to 1.5% (January: 1.7%) while core inflation edged up to 1.9% (January: 1.8%). In terms of components, inflation was higher for rental housing, personal transport insurance/Takaful, as well as jewellery and watches.

Inflation is expected to remain stable at around 2.0-2.5% in 2025, up from 1.8% in 2024, mainly due to the possible rationalization of fuel subsidies (RON95) and increases in public sector wages and minimum wages. The government is also widening the Sales and Services Tax (SST) and introducing additional taxes to boost revenue and reduce the fiscal deficit to 3.8% of GDP.

Global Risks & Trade Uncertainty

A proposed 24% U.S. tariff on Southeast Asian exports, including those from Malaysia, has created trade uncertainty. Although there's a 90-day delay in enforcement, BNM has held off revising its economic forecast until there's greater clarity. Business Confidence & Key Sectors Business confidence in Q1 2025 remains positive at +3.2%. Services (+13.5%) and construction (+12.5%) sectors show strong optimism. However, the wholesale and retail trade sector declined to -8.1%, reflecting weaker sentiment in consumer-related industries.

Currency & Financial Markets

The Malaysian ringgit has shown signs of stabilization after three years of depreciation. BNM has committed to measured interventions in the foreign exchange market to support currency stability and encourage export inflows.

Labour Market

The labour market in Q1 2025 continues to improve, with unemployment stabilizing at around 3.3%. Higher employment is driven by growth in the services, construction, and digital economy sectors. Reforms in wage policy, including public sector salary reviews and minimum wage hikes, are expected to support household income. Labour participation among youth and women has also increased, reflecting better inclusivity.

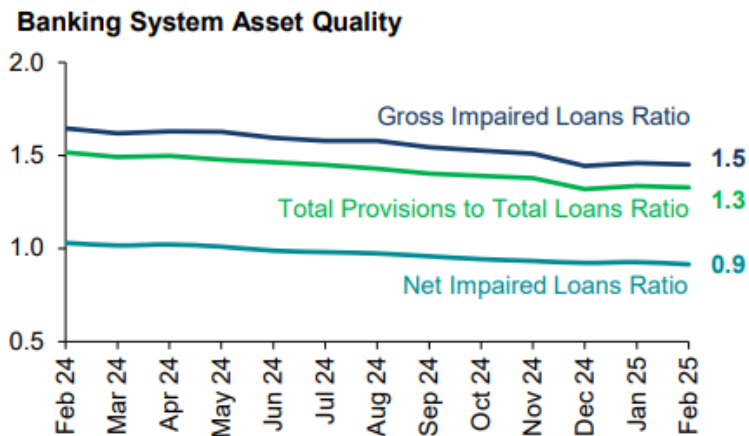
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Trade Performance

Malaysia's trade performance in Q1 2025 remains stable, though growth is moderated by external uncertainties such as the potential U.S. tariff hike. Exports of electrical and electronic products, palm oil, and LNG remain resilient. The diversification of trade partners and ongoing free trade agreements continue to provide a buffer against external shocks.

Asset Quality & Banking Sector



Source : BNM

Asset quality across Malaysian financial institutions remains healthy, with the banking system's gross impaired loans (GIL) ratio and net impaired loans (NIL) ratio holding steady at around 1.5% and 0.9% as at end-February 2025. For Islamic Banking system, the asset quality is slightly better with gross impaired financing (GIF) ratio and net impaired financing (NIF) stands at 1.4% and 0.9%. Financial institutions in Malaysia continue to show strong capital buffers and adequate liquidity. While consumer credit is expanding moderately, banks remain cautious amid global uncertainties, maintaining prudent lending standards.

Islamic Personal Financing Outlook

In Q1 2025, the Islamic personal financing sector in Malaysia remains steady, supported by low interest/profit rates and strong consumer demand, particularly from the B40 and M40 income groups. The fixed OPR at 3.00% helps maintain affordable borrowing/financing costs. Financial institutions continue to offer competitive personal loan/financing products, with digital banking platforms driving greater access and speed of approval. However, potential effects of the proposed Trump-era tariffs on Malaysian exports may pose indirect risks. Should the tariffs proceed, it could lead to slower economic activity, weakening consumer confidence and reducing appetite for personal credit. Financial institutions may also tighten lending/financing standards in response to global economic uncertainty, especially if business revenues or employment stability are affected. Nonetheless, barring major disruptions, the personal financing segment is expected to remain resilient in early 2025.

Conclusion

Malaysia's economy in Q1 2025 is stable and positive trajectory, driven by internal demand and government reforms such as the Net Energy Transition Roadmap (NETR), New Industrial Master Plan (NIMP) 2030, Madani Economy Framework etc. However, external trade risks and the fiscal transition will require close monitoring to ensure long-term sustainability and resilience.

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