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

Performance Report for the Quarter Ended 31 December 2024

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 (Public Sector).

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

As at 31 December 2024, AFFIN TIA-i fund balance was recorded at RM753,091,745.02.

Investor Type	November 2024		December 2024	
	No. of Account	Investment Amount	No. of Account	Investment Amount
Individual	80	RM871,836.88	149	RM3,091,745.02
Non-Individual	1	RM750,000,000.00	1	RM750,000,000.00
TOTAL	**81**	**RM750,871,836.88**	**150**	**RM753,091,745.02**

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.

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8.0 Analysis of Historical Performance and Rate of Returns

Month	Tenure (Month)	Gross Rate (p.a.)	Rate of Return (RoR) (p.a.)
December 2024	1	5.39%	3.39%
	3		3.77%
	6		4.31%
	4		3.93%
	9		3.99%
	12		4.04%

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.

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

Malaysia Economic growth

The Malaysian economy recorded positive GDP growth in 3Q24, 2Q24 and 1Q24 at 5.3%, 5.9% and 4.2%. According to advance estimates from the Department of Statistics Malaysia (DOSM), Malaysia's real GDP is expected to expand by 4.8% yoy in 4Q24 (compared to 5.3% in 3Q24). The growth of GDP in 4Q24 is supported by all the major sectors except for agriculture and mining & quarrying sectors which slowed during the quarter. The services sector remained the primary driver of economic growth, contributing 3.1ppt to overall GDP growth.

DOSM reported that Malaysia's GDP for 2024 is estimated to grow to 5.1% yoy from 3.6% in 2023.

Looking ahead to 2025, the Malaysian government expects the economic growth momentum to remain robust, with growth projected to range between 4.5-5.5%, driven primarily by private expenditure. Private consumption is expected to grow for the fourth quarter and rising investment is expected to boost the economy.

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Our Research's Department GDP forecast for 2025 stand at 5.2%.

Inflation

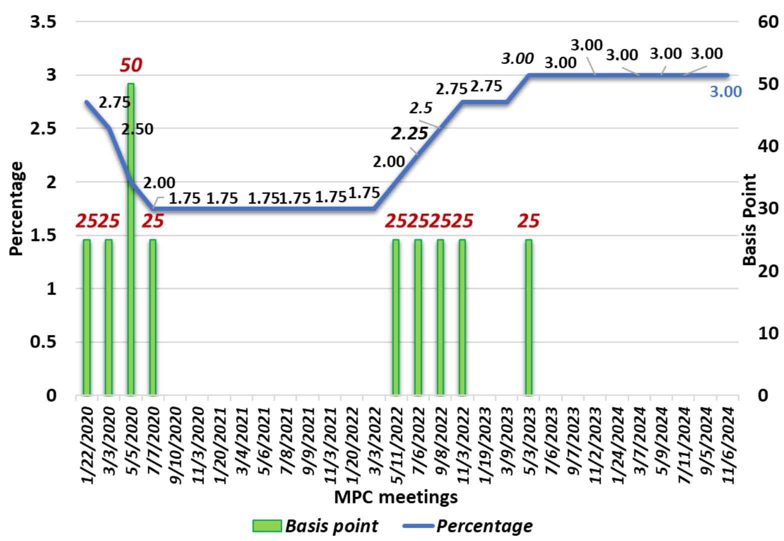
Malaysia's headline inflation or CPI inclined slightly to 1.8% yoy in Nov`24 (1.9% in Oct'24) driven by moderation in health, 1.2% yoy (Oct'24: 1.4%) and transport, 0.4% yoy (Oct'24: 1.4%) cost as well as a steeper drop in clothing and communication cost. In contrast, Malaysia's core inflation held steady at 1.80% yoy in Nov'24. Malaysian headline inflation for 2024 is forecast at 1.8%.

Overnight Policy Rates (OPR)

BNM maintained its policy rate at **3.00% in its 6th and last MPC meeting for 2024** on 5th and 6th November 2024 mainly contributed by sustained strength in economic activity driven by resilient domestic expenditure and higher export activity.

The United States (US) Federal Reserve (Fed) at its last policy meeting on 19 December 2024 had cut 25 basis points (bps) bringing its policy rate from 4.50% to 4.25%. The Fed is expected to make 2 rate cuts in 2025 which could bring the rate closer to BNM's OPR rate.

BNM is expected to maintain the policy rate level next year (2025) as economic fundamentals remain stable and supportive to economic growth. However, on the risk side, Trump tariff policy, FED interest rates and slow down in China's economy could influence the movement of OPR rates.



Labour market

Malaysia's labour market continued to demonstrate resilience which is in line with the encouraging economic growth. **The unemployment rate is forecast to remain stable around 3.3% in 2024 underpinned by expansion in the economy that supported the job market (3.4% in 2023). Meanwhile, the unemployment market is forecast to average 3.2% in 2025.**

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Malaysian Trade

Malaysia's total trade ended 2024 on a high note with double-digit growth in exports and imports, signalling a stronger economic foundation. Total trade recorded an increase of 14.6% or RM32.8 billion ("bil") to reach a value of RM257.9 bil as compared to RM225.1 bil in the previous year.

Imports showed a positive trend in December 2024 with an increase of 11.9% or RM12.7 bil to RM119.3 bil. Moreover, exports recorded an increase by 16.9 per cent or RM20.1 billion to RM138.5 bil. Trade balance recorded a surplus of RM19.2 bil, escalated by 62.3% from RM11.8 bil to RM19.2 bil in December 2024.

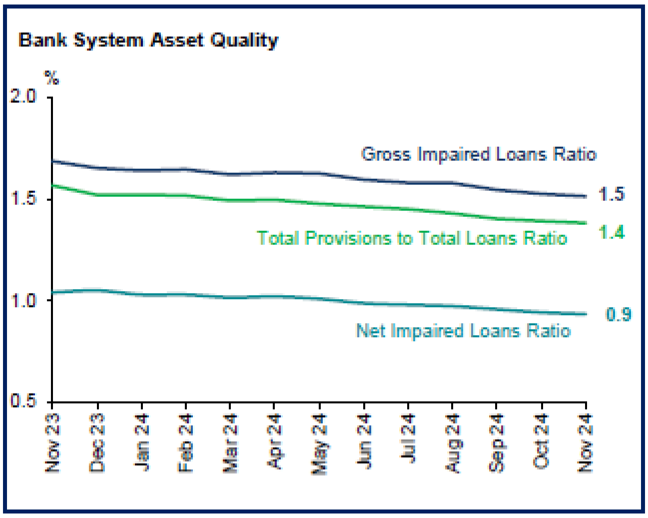
As compared to November 2024, exports, imports, total trade and trade surplus recorded positive growth of 9.7%, 7.3%, 8.5% and 27.4%, respectively.

For the fourth quarter (Q4) 2024, exports imports, total trade and trade surplus also recorded an expansion as compared to Q4 2023 by 7.3%, 5.3%, 6.4% and 25.0%, respectively.

Exports, imports and total trade for the period of January to December 2024 rose by 5.7%, 13.2% and 9.2%, respectively, as compared to the same period of the preceding year. Meanwhile, trade surplus declined by 36.4% compared with 2023 to post a value of RM136.9 bil.

Asset quality

As of November 2024, overall gross and net impaired loans/financings ratios remained stable at 1.5% and 0.9% respectively indicating a healthier banking sector. Loan/Financing loss coverage ratio (including regulatory reserves) continued to be prudent at 128.1% of impaired loans/financings (October 2024: 126.6%).



Source: Bank Negara Malaysia

Conclusion

AFFIN Term Investment Account (AFFIN TIA-i) perform better in 4Q24 due to positive economic variables which will lead to positive personal financing portfolio demand and growth. With lower OPR rates and lower banking industry gross and net impaired financing ratio, the AFFIN TIA-i investment risk would be lower and should give the investors a stable return on the investment.

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