AFFIN BANK

Into the Future
with Florescence

Mekar Bersama dan Maju Ke Hadapan

ANNUAL REPORT 2020

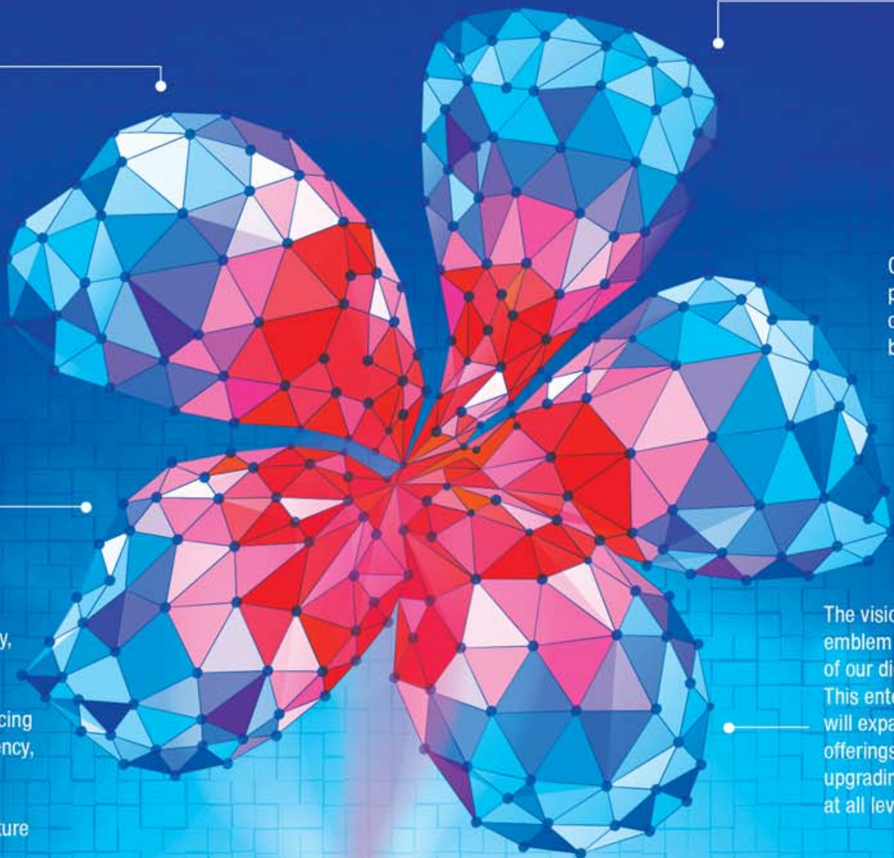
"All the flowers of all the tomorrows are in the seeds of today."

- Proverb

Inspired by the Bunga Raya and our new logo, this futuristic floral emblem of the hibiscus represents our hopes and beliefs as we pursue a journey into the future that is brimming with endless possibilities.

The time-honoured tradition of gifting flowers is an eloquent gesture of respect and affection. As such, this floral emblem is a powerful symbol of our customer-centricity which is centred around our new tagline, Always About You.

The strikingly majestic Bunga Raya is Malaysia's national flower. As a homegrown entity, we are proud that our corporate identity through the decades has been inspired by its glory.



Our ESG initiatives reveal our passion for sustainability and our unwavering commitment to be a caring organisation.

We are progressing with our AIM 22 metamorphosis journey, which encompasses digitalisation, turbo charging CASA, enhancing productivity and efficiency, focusing on ROE and inculcating a Team High-Performance Culture (THIPO).

The visionary aura of this emblem mirrors the acceleration of our digitalisation process. This enterprise-wide transformation will expand our spectrum of digital offerings while significantly upgrading productivity and efficiency at all levels.

IN THE WAKE OF A CHALLENGING YEAR, AFFIN BANK HAS PROVED ITS RESILIENCE BY CONTINUING TO MAKE PROGRESS IN SPITE OF THE HEADWINDS, AS WE FOCUS ON OUR METAMORPHOSIS PLAN (AIM22) TOWARDS REALISING OUR POTENTIAL FOR GROWTH, PROFITABILITY AND SUSTAINABILITY.

45th ANNUAL GENERAL MEETING

Wednesday,
2 June 2021

2.30 P.M.

Level 18, Menara Affin
80, Jalan Raja Chulan, 50200 Kuala Lumpur

2020 ANNUAL REPORT

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01 ORGANISATION

Cover Rationale

'Florescence' refers to the blossoming of a flower as well as the fulfillment of true potential.

The futuristic floral emblem on the cover celebrates our multi-faceted transformation towards digital banking and a high-performance corporate culture.

The customer is the heart of our new ethos, as can be seen in the depiction of a customer enjoying the convenience and accessibility of our digital banking innovations.

AFFIN BANK

02 EXECUTIVE SUMMARY

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05 OTHER INFORMATION

Scan to view our
Annual Report 2020

www.affinbank.com.my

OUR ROADMAP

THE WORD **AFFIN** STANDS FOR THE FOLLOWING **5 CORE VALUES**

A ALWAYS INNOVATING AND ADAPTING

F FAIR TREATMENT, DIVERSITY AND SUSTAINABILITY

F FOREVER WORKING AS A TEAM AS WE ARE ONE FAMILY

I INTEGRITY IS OUR FOUNDATION

N NEVER ENDING CUSTOMER CENTRICITY

OUR VISION

A premier partner for Financial Growth and Innovative Services.

OUR MISSION

To provide innovative financial solutions and services to target customers in order to generate profits and create value for our shareholders and other stakeholders.

In doing so, we provide opportunities for employees to contribute and excel; and be competitive in providing our solutions and services to our valued customers.

We shall conduct our business with integrity and professionalism in compliance with good corporate governance, principles and practices.

ABOUT AFFIN BANK

WHO WE ARE

COMMERCIAL BANKING

ISLAMIC BANKING

INVESTMENT BANKING

ASSET MANAGEMENT

MONEY BROKING

LIFE INSURANCE

GENERAL INSURANCE

The **AFFIN Bank Group** is a financial services conglomerate. The Group's activities focus on commercial, Islamic and investment banking services, money broking, asset management and underwriting of life and general insurance business. AFFIN BANK provides a suite of financial products and services that is catered to both retail and corporate customers. The target business segments are categorised under key business units such as Community Banking, Enterprise Banking, Corporate Banking and Treasury.

The Community Banking Directorate provides conventional and Shariah financial solutions for individuals and families. We support the community via Cards, Mortgages, Hire Purchase and Personal Financing, ASB, Wealth and Bancassurance offerings through our network of branches, call centers and digital platforms.

The Enterprise Banking Directorate focuses on businesses from start-ups to enterprises and provides a comprehensive suite of financial solutions ranging from financing, transactional, protection and advisory & support.

The Corporate Banking Directorate supports mid-sized and large corporations from various economic sectors and industries and provides a wide range of products including loans and financing, trade finance, cash management and deposits.

The Treasury Directorate offers a wide range of foreign exchange and money market products and services and cater to a broad range of corporate and institutional customers ranging from large multinationals, small and medium sized companies as well as individuals.

AFFIN BANK

always about **you**

The new **AFFIN** logo is a visual statement of the Bank's vision, values, strength, service and integrity as the Bank strives to become a modern and progressive organisation that is embracing a new era.

The Bank's new identity is essentially represented by the Hibiscus, Malaysia's national flower, that symbolises courage, life and rapid growth. The origin of the Bank's past logos, the Hibiscus is now transformed into a modern emblem of the Bank. The Hibiscus's stigma is visualised using 3 red dots to represent the close relationships with our customers, shareholders and employees. The 5 petals stand for AFFIN, acronymised to describe the core values of the Bank.

The blue represents our customer centricity and loyalty to our core values and its harmonious combination with red that represents the energy and passion towards our work in bringing value to our customers, people and stakeholders.

Our tagline of "always about you" signifies that we strive to always connect and engage with our customers, to understand their changing needs and aspirations better. It represents our passion and commitment to the community we operate in, enabling us to quickly respond to changes and provide a personalised experience.

EVOLUTION OF OUR LOGO

The first version of our logo was proudly introduced in 1975. As we continue to grow and transform, our logo has evolved in accordance with our changing characteristics and aspirations.

The logo's evolution represents the Bank's organisational metamorphosis to emerge as a modern financial institution of the future, embracing creativity and technology in the ever-changing business environment.

Perwira Habib Bank Malaysia Berhad

1975

Perwira Habib Bank Malaysia Berhad was incorporated in Malaysia on 23 October 1975. It was established as a joint venture between Habib Bank Limited of Pakistan and local interests comprising Lembaga Tabung Angkatan Tentera, Syarikat Permodalan Kebangsaan Berhad and others.

Perwira Habib Bank Malaysia Berhad

1983

Malaysianisation of the Management to emphasize the Malaysian identity of the bank.

The Bank's new logo, a stylised Bunga Raya (Hibiscus) was introduced at the beginning of 1983.

Five petals represent the five principles of Rukun Negara while the centre symbolises one homogenous and indivisible nation.

PERWIRA AFFIN BANK

1994

Perwira Habib Bank Malaysia Berhad changed its name to Perwira Affin Bank Berhad on 21 April 1994 as Affin Holdings Berhad owned 100% of the Bank.

2000

Perwira Affin Bank Berhad changed its name to Affin Bank Berhad on 25 April 2000.

Merger of Affin Bank Berhad and BSN Commercial Bank (M) Berhad was completed, paving the way for the formation of a new AFFIN BANK on 30 August 2000.

2005

Merger with Affin-ACF Finance Berhad was completed on 1 June 2005.

Introduction of the new logo and tagline – 'Banking Without Barriers' in 2005.

Incorporation of Affin Islamic Bank Berhad, a wholly-owned subsidiary of Affin Bank Berhad, on 13 September 2005.

2020

Launching of the new logo and tagline - "**always about you**" in 2020.

The Bank's new identity is represented by the Hibiscus, Malaysia's national flower that symbolises courage, life and rapid growth.

The new logo is a visual statement of the Bank's vision, values, strength, service and integrity as the Bank strives to become a modern and progressive organisation that is embracing a new era.

KEY HIGHLIGHTS OF 2020

Revenue
RM2.3 billion

Net Interest Income
RM772.1 million

Profit Before Tax
RM386.7 million

Earnings Per Share
11.4 sen

Cost of Funds
2.89 %

CASA ratio
22.22 %

Gross Loans
RM46.3 billion

Total Assets
RM69.5 billion

Strong Capital Position
14.52 % CET 1 Capital Ratio
16.29 % Tier 1 Capital Ratio
22.24 % Total Capital Ratio

AFFIN DUO CREDIT CARD RINGGITPLUS READERS' CHOICE AWARDS 2020

SME COLONY APP

SUSTAINABLE ENERGY FINANCING AWARD

SUPPORT FOR CUSTOMERS DURING THE TIME OF COVID-19

No of Customers Supported under financial relief programs
>35,000 customers

BANK WITH THE BEST FD RATES IN MALAYSIA
Ringgitplus Awards 2020

NEW FINANCIAL AND WEALTH PLANNING OFFERING
AFFIN AVANCE
On 11 November 2020, AFFIN AVANCE was launched for mass affluent segment customised with unique benefits for techsavvy, on-the-go professionals.

NEW CORPORATE INTERNET BANKING SOLUTION
AFFINMAX
On 11 December 2020, AFFINMAX was soft launched. AFFINMAX is a One Stop Account Management system that manages account swiftly through a dedicated platform which suit business needs. It comes with Integrated Payment Solution and Online Trade Service

PERSONALISED SOLUTIONS FOR PREMIER CUSTOMERS
AFFIN INVIKTA
On 8 March 2021, AFFIN INVIKTA was launched which is a banking service focusing on delivering wealth advisory and solutions with a personalised approach and bonus lifestyle privileges and is marketed towards high net worth individuals.

PRIORITY ISLAMIC BANKING
Affin Islamic Bank achieved 43% of the Group's total financing/loans assets, exceeding 40% target set by BNM.

CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

Dato' Agil Natt
Independent Non-Executive Director

DIRECTORS

Mohd Suffian bin Haji Haron
Non-Independent Non-Executive Director

Dato' Mohd Hata bin Robani
Independent Non-Executive Director

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

Chan Tze Ching Ignatius
Non-Independent Non-Executive Director

Dato' Rozalila binti Abdul Rahman
Independent Non-Executive Director

Yuen Wai Hung Peter
Non-Independent Non-Executive Director

Marzida binti Mohd Noor
Independent Non-Executive Director
(appointed w.e.f. 1 March 2020)

Gregory Jerome Gerald Fernandes
Independent Non-Executive Director
(appointed w.e.f. 1 April 2020)

Chan Wai Yu
Independent Non-Executive Director
(appointed w.e.f. 1 April 2021)

Abd Malik bin A Rahman
Re-designated as Non-Independent Non-Executive Director on 16 February 2020
(completed his tenure of directorship w.e.f 15 April 2020)

Tan Sri Mohd Ghazali bin Mohd Yusoff
Independent Non-Executive Director
(completed his tenure of directorship w.e.f. 20 June 2020)

Nik Amlizan binti Mohamed
Non-Independent Non-Executive Director
(appointed w.e.f. 1 September 2020)
(resigned w.e.f. 5 October 2020)

COMPANY SECRETARY

Nimma Safira Khalid
LS0009015
(SSM PC No. 201908001266)
Tel : 603-2055 9019
E-mail : nimma@affinbank.com.my

REGISTERED OFFICE

17th Floor, Menara AFFIN
80, Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia
Tel : 603-2055 9000
Fax : 603-2026 1415

HEAD OFFICE

Menara AFFIN
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50200 Kuala Lumpur
Malaysia
Tel : 603-2055 9000
Fax : 603-2026 1415

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32
Tower A
Vertical Business Suite Avenue
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel : 603-2783 9299
Fax : 603-2783 9222
E-mail:
is.enquiry@my.tricorglobal.com

Tricor Customer Service Centre
Unit G-3
Ground Floor Vertical Podium
Avenue 3 Bangsar South
No 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

AUDITORS

PricewaterhouseCoopers PLT
LLP0014401-LCA& AF1146
Level 10, 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur
Malaysia

WEBSITE

www.affinbank.com.my

INVESTOR RELATIONS

E-mail : ir@affinbank.com.my

AGM HELPDESK

Tel : 603-2783 9299
(Tricor Investor & Issuing House Services Sdn Bhd)

STOCK EXCHANGE

Bursa Malaysia Securities Berhad
Stock Code : 5185
Stock Name : AFFIN
Listed on Main Market of Bursa Malaysia Securities Berhad on 2 February 2018

CORPORATE STRUCTURE

AS AT 31 MARCH 2021

LEMBAGA TABUNG ANGKATAN TENTERA — Lembaga Tabung Angkatan Tentera 35.24%

59.42% (Lembaga Tabung Angkatan Tentera in Boustead Holdings Berhad)

Boustead Holdings Berhad (A member of LTAT Group) 20.81%

BEA 東亞銀行 The Bank of East Asia, Limited 23.65%

EPF 7.08%

OTHERS 13.22%

AFFIN BANK

100% AFFIN ISLAMIC

- 50% AFFIN-i Nadayu Sdn Bhd
- 30% KL South Development Sdn Bhd
- 16.7% Raeed Holdings Sdn Bhd

100% AFFIN MONEYBROKERS

100% PAB Properties Sdn Bhd

100% ABB Nominee (Tempatan) Sdn Bhd

100% ABB Nominees (Asing) Sdn Bhd

100% AFFIN Holdings Berhad

51% AXA AFFIN Life Insurance Berhad

49.95% AXA AFFIN General Insurance Berhad

100% AFFIN HWANG CAPITAL

- 63% AFFIN Hwang Asset Management Berhad
  - 100% AIIMAN AssetManagement Sdn Bhd
  - 100% TradePlus HSCEI Daily (-2x) Leveraged Tracker
  - 81% TradePlus NYSE FANG+ Daily (-1x) Inverse Tracker
  - 75% TradePlus HSCEI Daily (-1x) Inverse Tracker
  - 59% AIIMAN Global Equity Fund
  - 57% TradePlus NYSE FANG+ Daily (2x) Leveraged Tracker
  - 51% AccelVantage Academy Sdn Bhd
  - 51% Bintang Capital Partners Berhad
  - 50% TradePlus DWA Malaysia Momentum Tracker
  - 42% AIIMAN Asia Pacific (ex Japan) Dividend Fund
  - 36% AFFIN Hwang AIIMAN Global Sukuk Fund
  - 34% AFFIN Hwang Shariah Gold Tracker Fund
  - 15% TradePlus S&P New China Tracker
- 100% AHC Global Sdn Bhd
- 100% AHC Associates Sdn Bhd
- 100% AFFIN Hwang Nominees (Tempatan) Sdn Bhd
- 100% AFFIN Hwang Nominees (Asing) Sdn Bhd

100% AFFIN Hwang Trustees Berhad

GROUP ORGANISATION STRUCTURE

Datuk Wan Razly Abdullah bin Wan Ali
President & Group Chief Executive Officer

BUSINESSES

ISLAMIC BANKING
Nazlee bin Khalifah
Chief Executive Officer, Affin Islamic Bank Berhad

COMMUNITY BANKING
Nazri bin Othman
Executive Director, Community Banking

CORPORATE BANKING
Hanif Mohd Yusof
Executive Director,
Corporate Banking (in acting capacity)

ENTERPRISE BANKING
Lim Kee Yeong
Executive Director, Enterprise Banking

GROUP TREASURY
Tan Kok Toon
Executive Director, Group Treasury

INVESTMENT BANKING
Mona Suraya binti Kamaruddin
Group Managing Director,
Affin Hwang Investment Bank Berhad

ASSET MANAGEMENT
Dato' Teng Chee Wai
Managing Director and Executive Director,
Affin Hwang Asset Management Berhad

AIIMAN
Akmal bin Hassan
Managing Director and Executive Director,
AIIMAN Asset Management Sdn Bhd

INSURANCE
Emmanuel Jean Louis Nivet
Country Head, AXA Malaysia

MONEYBROKING
Chandra Nair
Chief Executive Officer
AFFIN Moneybrokers Sdn Bhd

ENABLERS

CORPORATE STRATEGY
Abdul Malek bin Mohamed Said
Chief Corporate Strategy Officer

FINANCE
Joanne Rodrigues
Chief Financial Officer

OPERATIONS & STRATEGIC SERVICES
Risham Akashah bin Kamaruzaman
Chief Operating Officer

GROUP CREDIT MANAGEMENT
Norhazlizawati binti Mohd Razali
Group Chief Credit Officer

PEOPLE OFFICE
Mohd Syukri bin Ahmad Sudari
Chief People Officer

LEGAL & SECRETARIAL
Nimma Safira binti Khalid
Chief Legal Officer and Company Secretary

CORPORATE SERVICES
Lee Yoke Kiow
Chief Corporate Services Officer/Advisor

CONTROL

GROUP RISK MANAGEMENT
Steven Low Weng Haw
Group Chief Risk Officer

GROUP COMPLIANCE
Adzamimah binti Adzmi
Group Chief Compliance Officer

GROUP INTERNAL AUDIT
Wahdania binti Mohd Khir
Group Chief Internal Auditor

MESSAGE FROM THE CHAIRMAN

"As a result of our collective efforts, AFFIN BANK recorded commendable growth and progress in a number of key areas of our business in 2020"

DATO' AGIL NATT
Chairman

MESSAGE FROM THE CHAIRMAN

The Board of Directors attended a half-day talk on Mind-shift Series: Staying Relevant in the Age of Disruption and Innovation on 30 September 2020

Dear Shareholders,

During the height of the global COVID-19 pandemic in the first half of 2020, we at Affin Bank Berhad ("AFFIN BANK", "the Group", or "the Bank") decided to embark on our journey of transformation, taking on the challenges and turning them into opportunities.

In November 2020, as the country was still in the Movement Control Order (MCO), we took the opportunity to refresh our brand by revealing our new logo to the nation, signaling the metamorphosis journey that the Group is undertaking. The new logo is a modern depiction of Malaysia's beloved national flower, the hibiscus. It is a fitting logo, as it not only takes us back to the Group's earliest days; it symbolises our future as a blossoming creative and innovative financial organisation.

Our employees are our greatest asset and I am proud to say that our people have shown tremendous resilience in this challenging time, particularly our frontliners who have to face the customers everyday. The ability to adapt and to learn helped the Group to record its commendable growth and progress in a number of key business areas.

With the close of 2020, we are pleased to see the beginnings of what we hope to be the florescence of the Bank in the coming year, hence the theme of our Annual Report for 2020.

On this note, I am pleased to share with you the highlights and achievements for the financial year ended 31 December 2020 ("FY2020").

UNIQUE CHALLENGES IN A UNIQUE LANDSCAPE

The year 2020 has brought unprecedented challenges that gave rise to the "new normal" in Malaysia and the banking industry. The modern world has never faced a pandemic of this scale and the resulting adverse economic conditions.

As most countries in the world started to shut down its borders and its businesses due to this pandemic, Malaysia, too, announced its nationwide MCO in March 2020 which impacted all economic sectors and saw a systemic shift in the way businesses operate. Many of these businesses – including individuals – were left in dire need of financial assistance due to the loss of business, unemployment, inability to service debt obligations, tenancy commitments and supply chain disruptions.

To cushion the impact, the Government introduced four stimulus packages: PRIHATIN, PRIHATIN SME+, PENJANA and KITA PRIHATIN, which aimed at protecting the livelihood of Malaysians. Following the implementation of MCO 2.0 in 2021, the Government also announced additional stimulus measures worth RM16.2 billion under the PERMAI and PEMERKASA schemes. Spillover effects of the RM321.2 billion or 20.4% of GDP worth of economic stimulus packages are expected to augment economic recovery in 2021.

To maintain an accommodative monetary policy, Bank Negara Malaysia (BNM) cut its Overnight Policy Rate (OPR) by a total of 125 basis points in 2020, down to 1.75% in July 2020, the lowest in this decade. This placed further pressure on the Bank's margins. The Bank sought sustainable growth by remaining disciplined in pricing, supported by stringent risk management practices with emphasis on improving liquidity and capital strength.

In support of government initiatives, the Bank disbursed COVID-19 relief funds to help ease the burdens of our customers. In order to play our part to help our customers, we introduced our own Financial Assistance and Instalment Relief (FAIR) programme. The FAIR programme is a specially customised and supportive financial assistance solution for individual, SME and corporate customers. Under the FAIR programme, we approved more than 200 SME customer applications with outstanding financing of approximately RM900

MESSAGE FROM THE CHAIRMAN

“FY2020 also saw the launch of several digital banking solutions to meet the evolving requirements of our business customers.”

million, more than 60 applications from our corporate clients with a total of RM3.8 billion in outstanding financing and more than 13,000 applications for our community banking customers with total outstanding financing of RM2.4 billion.

Nonetheless, with every challenge, there are new opportunities for growth. In order for our business to be sustainable, we need to remain agile, swift and innovative in anticipating the evolving customer habits and to keep up with the advances in digital technology.

REVOLUTIONISING THROUGH DIGITALISATION

The MCO has drastically changed the way all businesses operate, not least the banking industry. With the majority of the workforce required to work from home, simple banking transactions that we used to take for granted become unavailable. Customers had to move to the digital realm to get their banking needs fulfilled and banks had to keep up with the customers’ expectations by ensuring that they were digitally equipped. It is with this understanding that the bank rolled out its new strategies as part of its AFFINITY IN MOTION 22 (AIM22) programme. One of the key strategic thrusts of AIM22 is that of digital transformation acceleration.

AFFIN BANK introduced Affin Invikta, an invitation-only suite of banking solutions for premier customers.

As part of our transformation journey, we have also stepped up our digitalisation plan to cater to the ever-evolving needs of our customers. In pursuing digital transformation, our focus is to enhance our customer’ experience via developing an ecosystem of digital solutions to cater to both our individual and corporate customers. Efforts were put in to speed up the enhancement to our Retail Internet Banking, the launch of our AFFINMAX corporate internet banking solution, the development of our new Internet Banking App and our new Lifestyle App (our digital banking proposition) which are expected to go live in 2021.

Moving towards a true digitisation of our customer onboarding process, we have revolutionised the traditional account opening process through the Paperless Account Opening Initiative, eliminating the reliance on paper and manual processes. We have also embarked on a strategy to upgrade and increase our Self-Service Terminals (SST) through the nationwide deployment of Cash Recycler Machines.

In line with the growing popularity of mobile banking, we have been working to enhance customers experience with our Mobile Banking App targetted for launch in 2021. Through this app which offers new innovative solutions, we expect not only to improve customer experience, but also increase customer acquisition.

We aim to grow progressively and proactively by continue building and strengthening the strategic partnerships we have built with our stakeholders, business partners and market influencers. With this, we aim to further increase our brand visibility, improve customer interactions and create new opportunities to fulfill the demands of our customers.

MESSAGE FROM THE CHAIRMAN

The 111th AFFIN BANK branch at UiTM Puncak Alam campus was officially launched on 8 April 2021. It is the first branch of the Bank that is integrated with Tealive concept.

To ensure the sustainability of businesses in the new normal and to reach a wider audience, the Bank upgraded its digital offerings to create a seamless online transaction experience for our SME customers. Apart from encouraging them to perform their transactions online, we also advocated digital engagement for all business-related activities via AFFIN BANK's multiple award-winning mobile application, the SME Colony, which won nine awards in 2020.

FY2020 also saw the launch of several digital banking solutions to meet the evolving requirements of our business customers. Among such initiatives was the launching of AFFINMAX in December 2020.

SMEs and start-ups are the catalysts for economic growth, and we have developed targeted banking solutions to meet their business needs. I am proud to announce that the Bank launched AFFINWRKFZ, a new proposition available on the SMEColony, offering total business and talent management solutions that include talent retention, staff insurance packages and human resource development solutions.

Launched together with AFFINWRKFZ is AFFIN360 is a robust payroll platform solution for both employers and employees. AFFIN360, integrated with AFFINMAX and is available to AFFINWRKFZ's subscribers.

The Bank will embark on more digital initiatives and continuous enhancements of our in-house developed SMEColony mobile application to ensure that SMEs, especially the start-ups, are equipped with the right solutions, support and opportunities to not just sustain, but to have access to much needed resources for business use, particularly during the current challenging landscape. We are dedicated to assisting our customers, providing better propositions in terms of financial, product and knowledge enrichment.

The COVID-19 pandemic has to a certain extent, accelerated the future of our banking operating model. We have shifted away from product-focused offerings and moved to a customer centric model. AFFINMAX comes with a complete suite of Cash Management solutions and Financial Supply Chain modules which aid the clients in efficiently managing and moving business funds from one account to another with AFFIN BANK. Clients are also able to quickly glance at their payables or receivables and be provided with real-time updates on transactions using data analytics features.

> "The COVID-19 pandemic has to a certain extent, accelerated the future of our banking operating model"

MESSAGE FROM THE CHAIRMAN

AFFIN BANK participated in Soup Kitchen activities organised together with Pertiwi Soup Kitchen, an NGO dedicated to provide free food, medical checks and other activities for homeless people around Kuala Lumpur.

"In view of the COVID-19 pandemic, we are committed to enhancing our ESG management practices, strengthening our business and increasing our investors' and Shareholders' trust."

The full details of our highlights and achievements can be found in the Management Discussion and Analysis section of this Annual Report.

EMBRACING CHANGE FOR THE BENEFIT OF ALL

The MCOs had resulted in changes to our operating hours, reduced branch footfalls and face-to-face interactions with our customers. Our sales and processing times were also affected due to slower turnaround time by those involved. We also saw a shift in the credit and cashflow landscapes brought about by the repayment moratoriums as well as our internal repayment assistance programs. In addition, the decentralisation of our operations (for business continuity and staff safety reasons) and the shutting down and sanitisation of our branches and offices due to suspected COVID-19 cases had an effect on our operating cost.

During the MCOs, the Bank had adopted split operations for hubs and branches. With regards to our head office, we adopted a precautionary 20:80 Work-in-office: Work-from-home ratio. We also installed tracking QR codes and contactless thermometers at the entrances of our branches and offices, and enforced strict social distancing protocols. We streamlined our processes and procedures as much as possible to derive as much efficiency as possible and accelerated our digitalisation efforts to keep pace with the demands of our customers.

By helping our customers through the tough times, we will achieve our long term goal of growing together. Our personal financing products will provide short-term solutions for our customers whereas our deposits and wealth management propositions will provide longer-term assistance to our customers in reprioritising their savings and investment options.

With all these initiatives firmly in place, we have taken this pandemic as a test of strength and a learning opportunity. In line with the Group's direction of refocusing on the basics, we have started to re-examine all our processes and procedures to eliminate unnecessary redundancies, enhance customer value propositions and automate multi-layer repetitive tasks. We aim to emerge as an organisation that is more streamlined, data driven, and focused on the essentials.

DRIVING VALUE THROUGH SUSTAINABILITY

Financial Institutions today are more than just lenders of capital or financial solution providers – we are active members of the communities around us. We are committed to building a better community, a better country and planet for future generations.

The impact of the COVID-19 pandemic has shown the importance of Environmental, Social and Governance (ESG) initiatives and to have a holistic approach to risk mitigation. ESG risks are likely to increase in the aftermath of the pandemic. Pandemics and environmental risks have material impact on businesses and are an important wake-up call for decision-makers across all industries.

MESSAGE FROM THE CHAIRMAN

In view of the COVID-19 pandemic, we are committed to enhancing our ESG management and practices effectively, strengthening our business and increasing investors' and Shareholders' trust. The Bank will continue with its efforts in innovative approaches for business continuity while consciously managing its financial and non-financial risks. We are determined to manage our capital and assets responsibly to create value for our stakeholders in the short, medium and long term.

We will also enhance our overall sustainability practices to contribute to our Sustainable Development Goals by providing inclusive financial solutions while being a responsible employer as well as corporate citizen in the environment and the communities that we operate in.

Our efforts so far have been recognised. In 2020, our wholly-owned subsidiary, AFFIN ISLAMIC was bestowed with the Special Award under the Sustainable Energy Financing (Islamic Financing) category for National Energy Awards 2020 (NEA 2020). This is a significant achievement that will motivate us to continue along this responsible financing path. Moving forward, we will continuously promote green technology by making available financing for companies that supply and utilise green technology.

ENHANCING CORPORATE GOVERNANCE

At the Board of Directors level, we continue to uphold strong corporate governance policies and practices to promote corporate integrity, accountability and transparency. These will ultimately lead to the robustness and sustainability of our business model and strategy. Our efforts are guided by the principles of the Malaysian Code of Corporate Governance 2017, BNM's guidelines, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and Securities Commission's guidelines.

The Board supports the principles of good governance and continues to improve on the Group's governance structure. The Board and Management are fully committed to the areas of corporate governance, business conduct and ethical standards, inculcating the principles of transparency, integrity and accountability in the Group's corporate culture.

The Group adopts the best corporate governance practices that conform to requirements of the regulators. The Group's Corporate Governance Framework outlines broad principles, minimum standards and requirements for sound corporate governance and practices to be adopted by the Bank.

MOVING FORWARD

FY2021 is expected to be yet another challenging year as the global economies recover from the impact of the pandemic. We expect Malaysia to recover and continue to grow albeit moderately this year, backed by its robust economic policies.

Despite the challenges, the Bank will remain committed and continue to deliver sustainable growth and create value for our shareholders by further improving our business propositions and innovative offerings.

APPRECIATION AND ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to express my sincere appreciation to our major stakeholders for their continued support of AFFIN BANK and its group of companies. This includes our principal shareholders Lembaga Tabung Angkatan Tentera, Boustead Holdings Berhad, The Bank of East Asia, Limited and the Employees Provident Fund, as well as our clients and business partners. Given the highly competitive and dynamic industry we operate in, your contributions have been invaluable to us.

I would like to commend and acknowledge the commitment and dedication of our employees in overcoming the challenges in this tough operating environment.

I also wish to extend our sincere gratitude to BNM, Securities Commission, Bursa Malaysia and other relevant regulatory bodies for their continued support and cooperation over the years.

On this note and on behalf of the Bank and Group, I extend my deepest appreciation to my fellow Board of Directors, the Board members of subsidiary and associate companies as well as our senior management team for their guidance in this challenging time.

It is my hope that we will continue to work together as a team in the year ahead.

Dato' Agil Natt
Chairman

MESSAGE FROM THE PRESIDENT AND GROUP CHIEF EXECUTIVE OFFICER

IMPROVING COST OF FUNDS

2018	2019	2020
3.71%	3.82%	2.89%

GROWING NET INTEREST INCOME (RM MILLION)

2018	2019	2020
845.4	743.1	772.1

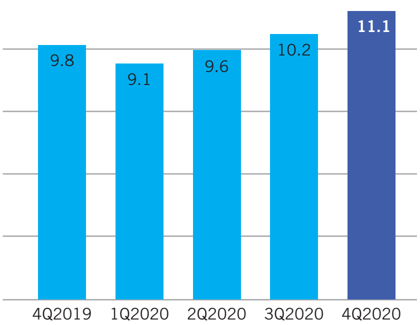
I write this message to you to share with shareholders the impact of the COVID-19 pandemic and our strategies to build AFFIN Banking Group into an institution that offers unrivalled customer service. This evolution has begun.

I came on board as the President and Group Chief Executive Officer of AFFIN BANK ("the Group" or "the Bank") at the height of the crisis, and through the sheer determination and support of all our employees, customers and all stakeholders, we continue to weather the storm. Eventually, after all of this we want to emerge stronger and become more resilient as an organisation and a Banking Group. Every cloud has a silver lining, and ours has been the strength of our employees and their ability to adapt.

CASA

11.1 bil

(RM'billion)



GROWTH IN ADVERSITY

Over the last 12 months, the Bank has put in place key initiatives and actions as part of our AIM22 Transformation Program, Under AIM22, our key levers on value creations are:

1) Improving Net Interest Margin ("NIM") Via Reducing Cost Of Funds.
2) Increasing Fee-Based Income.
3) Growing CASA & Managing Cost.
4) Expanding Our Digital Capabilities.
5) Creating A Team High Performance Culture Where We Exceed Our Limits.

This will entail a transformational change of mindset across the Bank, as we focus on our operational and service weaknesses and capitalise on the strength of our branch network and offer personalised services. As we evolve into a modern progressive bank and accelerate our growth engine, I will report the progress of this program to our stakeholders on the journey. I am pleased to report some early successes of our transformation journey. Fundamental to the banks competitiveness, we have reduced our cost of funds from 3.71% in FY2018 to 2.89% in FY2020. Consequently, our NIM has expanded to 1.7% level in FY2020. We continue to make progress on CASA acquisitions to reduce our cost of funds further and improving our NIM.

The impact of the COVID-19 pandemic on the Group's FY2020 financial results was significant. The profit before tax ("PBT") was lower by 43% at RM386.7 million, although the Group recorded an increase in revenue of 18.3% to RM2.3 billion, our earnings were impacted as a result of modification loss due to the support the country provided to borrowers for the 6 months moratorium period and pre-emptive COVID-19 provisioning due to the economic slowdown.

I would like to highlight that despite the challenges, our cost to income ratio improved from 63.0% in FY2019 to 59.6% in FY2020 with an increasing number of new to bank customer acquisition. The Bank's NIM expanded from 1.5% in FY2019 to 1.7% in FY2020. Net interest income increased by RM29.0 million, or 3.9% in FY2020, driven by improved NIM from falling cost of funds following an increase in CASA by 13.6% to RM11.1billion. As a result, our CASA ratio improved to 22.2% in FY2020 from 19.1% in FY2019. This is in line with our strategy to grow our CASA franchise while shifting away from expensive fixed deposits.

We have intensified our efforts to increase our Loan Loss Coverage to 50%, as the provisions in FY2020 increased ten-fold to RM561.6 million. The Bank has pre-emptively set aside additional overlay provisions of RM120 million given the COVID-19 pandemic environment, to fortify our provisioning buffers. For FY2021, we plan to increase our Loan Loss Coverage to 70%. As we strengthen our financial buffers which are currently lagging compared to our peers, we will see value return in the form of our share price.

The Group places great emphasis in ensuring its capital position meets regulatory requirements and is able to withstand stressed economic and market conditions. The Common Equity Tier 1 capital ratios, Tier 1 capital ratios and Total capital ratios of all the banking entities in the Group are well above regulatory requirements, a testament to the Group's financial strength and ability to withstand

MESSAGE FROM THE PRESIDENT AND GROUP CHIEF EXECUTIVE OFFICER

future headwinds. Through prudent capital management, we will ensure that our capital levels remain robust as we continue to maintain the optimum capital for the future needs of our business.

ENGAGING ALL OUR STAKEHOLDERS

Every aspect of the business is crucial in ensuring the highest performance, especially in tough times. This is why we engage every stakeholder, from customers and suppliers, investors, regulators and employees, to the communities we serve.

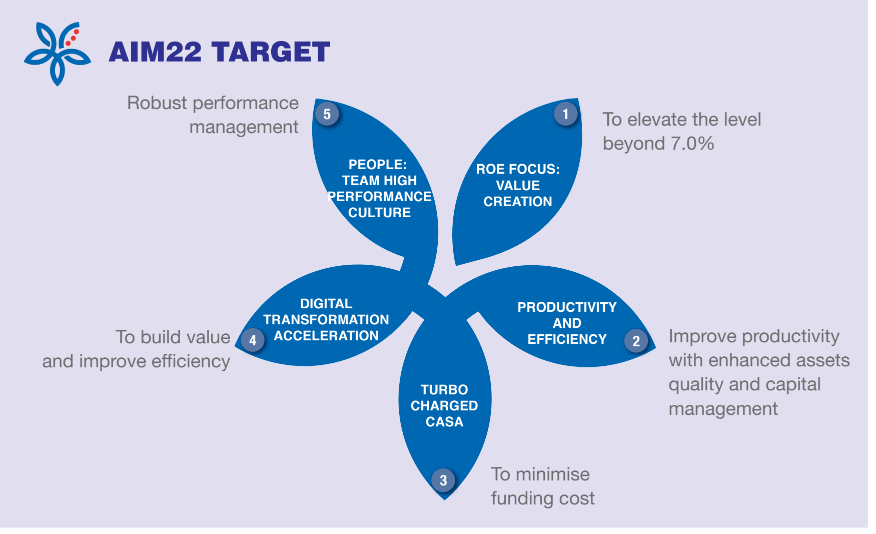
Our topmost priority during this pandemic has been to safeguard the well-being of our employees and customers. The Bank will continue to support its customers who have been adversely impacted by the pandemic and are in dire need of financial aid, by providing financial relief facilities under various programs, including BNM schemes, the Bank's Financial Assistance and Instalment Relief (FAIR) and Expanded Targeted Repayment Assistance (XTRA). To date, the Bank has helped more than 35,000 customers under the various financial assistance programs. We are also extensively promoting the financial relief facilities through our various communication channels.

Staff development remained another important agenda for the Group's growth strategy in 2020. Given the evolving banking environment arising from more stringent regulatory requirements and the changing dynamics of customer expectations and banking trends, the Group continued to initiate steps to ensure the relevance and competency of staff and ensuring their readiness for future challenges. We intend to be a continuous learning driven organization, embedding the values and culture of being respectful, empowering and collaborative to attract and retain the best talents

NEW IDENTITY AND KEEPING CUSTOMERS AT OUR HEART

In November 2020, we unveiled our new brand identity in conjunction with our 45th year of serving the Nation. Our new refreshed logo, featuring the national flower, the hibiscus, is a modern emblem symbolising courage, life and rapid growth.

We launched our new tagline 'Always About You' which is our promise that our customers are at the heart of everything we



do. We aspire to make banking seamless and convenient for our customers, and we are always looking at how we can improve to ensure we meet their current and future needs. With this in mind, as part of our rebranding strategy, we introduced several initiatives to our customers. We launched AFFIN AVANCE to cater to the mass affluent, AFFIN INVIKTA, which provides personalised solutions to high-net-worth individuals, AFFINMAX for Corporate clients and an upgraded SMEColony for SMEs.

The pandemic has also accelerated the demand for digitalised product offerings, evidenced by the significant increase in online transactions during the pandemic. To support the increasing demand for digital products and further increase in operational efficiency, the Bank has several exciting digital initiatives lined up in 2021. The Bank has allocated a total budget of RM178 million for this purpose. Among others, we plan to introduce our new Lifestyle Banking App and Branch Delivery System in 2021, giving our customers the experience of a digital offering in the market.

Our customers and our wider community, will benefit from the agile comprehensive digital ecosystem that we are creating. The agile platform will support robust product offerings and scalability.

METAMORPHOSIS JOURNEY

Our AIM22 journey, which is also known as our Metamorphosis Plan, is to transform every corner and space of AFFIN Bank Group completely. We are evolving and changing every day, week and month. The inspiration we get is from our customers, who cheer us on and cannot wait in anticipation for what comes next. The list of things we plan to do the stretches a mile long, and shareholders and customers will witness our new offerings and services almost every month in 2021. I always remind my team that customers expectations are high, but the Affin Team has been able to rise to these expectations. The journey forward is already committed so there is no turning back and the momentum is gaining speed.

ACKNOWLEDGEMENTS

Throughout these endeavours, we've been steadfast in our commitment to sustainability. In recognition of our efforts in driving the country's sustainable energy agenda, AFFIN ISLAMIC was awarded the Special Award - Sustainable Energy Financing (Islamic Financing) category for the National Energy Awards 2020, organised by the Ministry of Energy and Natural Resources.

I would like to take this opportunity to thank our stakeholders – our network of partners, shareholders, employees, as well as our customers and communities – for your continued support.

It is with this spirit of courage and optimism that we will continue to serve you.

Datuk Wan Razly Abdullah bin Wan Ali
30 April 2021

AWARDS & RECOGNITION

2020 AFFIN BANK BERHAD

Digital CX Awards

Best Digital Customer Experience in SME Banking

The Asset Triple A Digital Project Awards

Best Digital Collaboration

Asian Banking & Finance Retail Banking Awards

- Insurance Product Innovation of the Year – Malaysia (AFFIN SMEasy Protect)
- Start-up Banking Initiative of the Year – Malaysia

Retail Banker International Asia Trailblazer Awards

- Excellence in SME Banking (Winner)
- Dynamic Third-Party Collaboration (Highly Commended)

The Malaysia Book of Records

First SME Community Development Mobile App “SMEColony”

Malaysia Technology Excellence Awards

Mobile – Banking Category award at Malaysia Technology Excellence Awards 2020.

The Asian Banker Malaysia Awards

Best Ecosystem Project award

AWARDS & RECOGNITION

2020 AFFIN BANK BERHAD

Genesys 2020 Customer Innovation Awards

CX Sales and Marketing Performer

2020 Omni-Innovator

IDC Digital Transformation Awards Malaysia

RinggitPlus Readers' Choice Awards 2020

- Best New Credit Card of 2020: Affin DUO
- Best Cashback Credit Card in Malaysia: Affin DUO
- Best Online Cashback Credit Card in Malaysia: Affin DUO
- Best Backup/Secondary Credit Card in Malaysia: Visa Signature

2020 AFFIN ISLAMIC BANK BERHAD

National Energy Awards

- AFFIN ISLAMIC was bestowed with the Special Award under the Sustainable Energy Financing (Islamic Financing) category for National Energy Awards 2020. ("NEA 2020).
- The NEA 2020 organised by the Ministry of Energy and Natural Resources is an annual recognition event to acknowledge outstanding achievements and best practices in driving the country's sustainable energy agenda.

AWARDS & RECOGNITION

2020 AFFIN HWANG CAPITAL

Asset Triple A Country Awards 2019 (Received in 2020)

Affin Hwang Capital in partnership with Daiwa Securities received the "Best Bond" award for Best Deals in Malaysia by The Asset Triple A at the Country Awards 2019. The award was received by the Deputy Group Managing Director of Affin Hwang Capital, Yip Kit Weng. Affin Hwang Capital is the only Malaysian bank among the lead arrangers and bookrunners for the Ministry of Finance's (MoF) successful issuance of the RM7.34 billion Samurai Bond on 15 March 2019. The award further enforces Affin Hwang Capital's Vision to be the leading investment bank in Malaysia and living up to its promise to "Out think. Out perform."

The EDGE Best Call Awards 2019 (Received in 2020)

International Finance Awards 2019

- Most Innovative Sukuk Structures – Malaysia – 2019
- Best Funded Water/Wastewater Project – Malaysia – 2019

Asia Asset Management 2020 Best of the Best Awards

- Best Institutional House, Malaysia, 3 years
- CEO of the Year, Malaysia, 2 years

Insights & Mandate, 2020 Professional Investment Awards

- Best Fund House, Malaysia
- CEO of the Year, Malaysia
- CIO of the Year (Equity & Fixed Income), Malaysia
- ETF Sponsor of the Year, Malaysia
- ETF Product of the Year, Malaysia

Refinitive Lipper Fund Awards 2020

- Mixed Asset Myr Conservative – Malaysia, 5 Years
- Mixed Asset Myr Bal - Global – Malaysia Pension, 3 Years
- Mixed Asset Myr Bal - Global – Malaysia Pension, 3 Years
- Mixed Asset Myr Bal - Global – Malaysia Pension, 5 Years
- Equity Asia Pacific Ex Japan – Malaysia Pension, 3 Years
- Equity Asia Pacific Ex Japan – Malaysia Pension, 5 Years
- Equity Malaysia Diversified – Malaysia Pension, 10 Years

EPF External Fund Managers Award 2019 (Received in 2020)

- Best Global Bond Fund Manager 2019
- Best Domestic Fixed Income Fund Manager 2019
- Best 3-year ROI Domestic Equity Fund Manager (conventional) 2019
- Best 3-Year ROI Domestic Fixed Income Fund Manager 2019

The Asset Triple A Sustainable Investing Awards for Institutional Investor, ETF, and Asset Servicing Providers 2020

- Asset Management Company of the Year, Malaysia
- Long-only Equity Fund Manager of the Year, Malaysia
- Long-only Fixed Income Fund Manager of the Year, Malaysia
- Most Innovative ETF, Malaysia

Bursa Excellence Awards 2019 (Received in 2020)

Affin Hwang received 5 awards at the Bursa Excellence Awards 2019 ceremony.

Champion:

- Best Institutional Bursa Malaysia-i Participating Organisation,
- Best Overall Bursa Malaysia-i Participating Organisation

1st Runner Up:

- Best Overall Equities Participating Organisation
- Best Institutional Participating Organisation (Investment Bank),
- Best Proprietary Day Trader

The Asset Triple A Islamic Finance Awards 2020 - Best Deals by Country

The Asset Triple A recently published a list of winners for the Islamic Finance Awards 2020, and KAJV project was named the Best Structured Financing – Konsortium KAJV one billion ringgit wakala bi al-istithmar and murabaha sukuk.

The sukuk represents the largest ringgit sukuk program for specified water supply infrastructure project financing amounting to one billion ringgit. It is the only second water supply infrastructure project to be funded through the Islamic debt capital markets.

The lead arrangers and lead managers of this sukuk are Affin Hwang Investment Bank (Principal adviser) and HSBC Amanah Malaysia (Shariah adviser).

AWARDS & RECOGNITION

2020	AFFIN HWANG CAPITAL

Asiamoney Awards 2020

Affin Hwang Capital was announced as the Best Securities House in Malaysia by Asiamoney for the fourth consecutive year.

This is truly a remarkable feat on the international stage for the Bank, recognising its achievements in 2019 in spite of the turbulence affecting us globally and locally.

This achievement follows the 5 top awards received at the Bursa Excellence Awards by Bursa Malaysia Berhad in July 2020.

The Asset Triple A Islamic Finance Awards 2020

Best Asset Manager of the Year, Malaysia

Asia Asset Management 2020 Best of the Best Awards

- Best Institutional House, Malaysia
- CEO of the Year, Malaysia

International Banker 2020 Asia & Australasia Award

Affin Hwang Capital won the 'Best Investment Bank of the Year Malaysia' at the International Banker 2020 Asia & Australasia Awards, voted by readers and journalists of UK-based International Banker Magazine.

Alpha Southeast Asia Best Deals and Solutions Awards 2020

Optimax IPO Wins Best Small-Cap Equity Deal of the Year Award

The Optimax IPO listing on the ACE Market of Bursa Malaysia on 18 August 2020 was accorded the Best Small-Cap Equity Deal of the Year 2020 by Alpha Southeast Asia.

The IPO was the largest healthcare ACE Market IPO in Malaysia since August 2018, completed in the midst of the challenges of the COVID-19 pandemic and Recovery Movement Control Order (RMCO). Affin Hwang Capital was the Principal Adviser, Sole Placement Agent, Sole Underwriter, and Sponsor for the IPO exercise.

The Asset Benchmark Research

- Top Investment Houses in Asian Local Currency Bonds for 2020, Malaysia – Highly Commended
- The Most Astute Investors in Asian local Currency Bonds for 2020, Malaysia – Highly Commended
- Top Investment Houses in Asian Local Currency Bonds for 2020, Malaysia – Rank 5
- The Most Astute Investors in Asian local Currency Bonds for 2020, Malaysia – Rank 2

The Asset Triple a Country Awards 2020

Serba Dinamik's Primary Placement Wins at Best Primary Placement Award

Affin Hwang Capital was announced as the winner of the Best Primary Placement award of The Asset Triple A Country Awards 2020 for Serba Dinamik Holdings Berhad's RM456 million primary placement which was completed on 24 April 2020.

The exercise was the largest primary placement in Malaysia since January 2018 and the third largest in Southeast Asia in 2020. Affin Hwang Capital was the Sole Principal Adviser and Joint Bookrunner for the placement exercise.

AWARDS & RECOGNITION

2020 AXA AFFIN GENERAL INSURANCE BERHAD

Motordata Research Consortium

The Most Accurate Average Estimate to Claims Approval Amount 2019

Global HR Excellence Awards 2020

- Innovation in Retention Strategy
- CHRO of the Year

Global Best Employer Brand Award 2020
Managing Health at Work

501 Global HR Leaders of the World

World HRD Congress

- Malaysia Best Employer Brand Awards 2020 (for 5th consecutive year)
- World HRD Congress: Most Influential HR Leaders Award 2020

HR Asia Best Companies to Work for in Asia 2020 Awards - Malaysia (for 4th consecutive year)

WeCare HR Asia Most Caring Companies Award 2020

Asian Banking and Finance (ABF) Insurance Asia Awards 2020

5th consecutive year

- International General Insurer of the Year - Malaysia
- New Insurance Product of the Year - Malaysia awards (for AXA SmartCare Xtra)

AWARDS & RECOGNITION

2020 | AXA AFFIN LIFE INSURANCE BERHAD

Digital Insurance Initiative of the Year by Insurance Asia Awards 2020

The Insurance Asia Awards distinguishes the conscious efforts of insurers who creates solutions and deliver exceptional value that will fit the diverse needs of the market, especially during the pandemic.

Our digital flagship product - AXA eMedic has bagged this award through the concentrated effort in making insurance accessible and affordable for young families and professionals. The fully digitalised seamless customer journey and other value-added telehealth support have proven to be vital during the COVID-19 period.

This has positioned AXA AFFIN Life as the leader in digitalisation with a 66% market share in Malaysia's digital space as of Q4 2020.

Health Insurance Company of the Year by Asia Insurance Industry Awards 2020

This prestigious award recognizes the innovation in products and services which facilitate an improvement in both the curative and preventative aspects of healthcare management. AXA AFFIN Life earned this award by going beyond insurance to build "Payer to Partner" services at scale and adopted a differentiated strategy to target Malaysian millennials who are relatively under-insured and unhealthy through lifestyle apps as part of the holistic health ecosystem.

Through this strategy, we have outperformed the market in five out of six quarters in 2019 as well as achieved over 100% growth and improved our market share in 2020.

Best Employer Brand Award by 11th Asia Best Employer Brand Awards

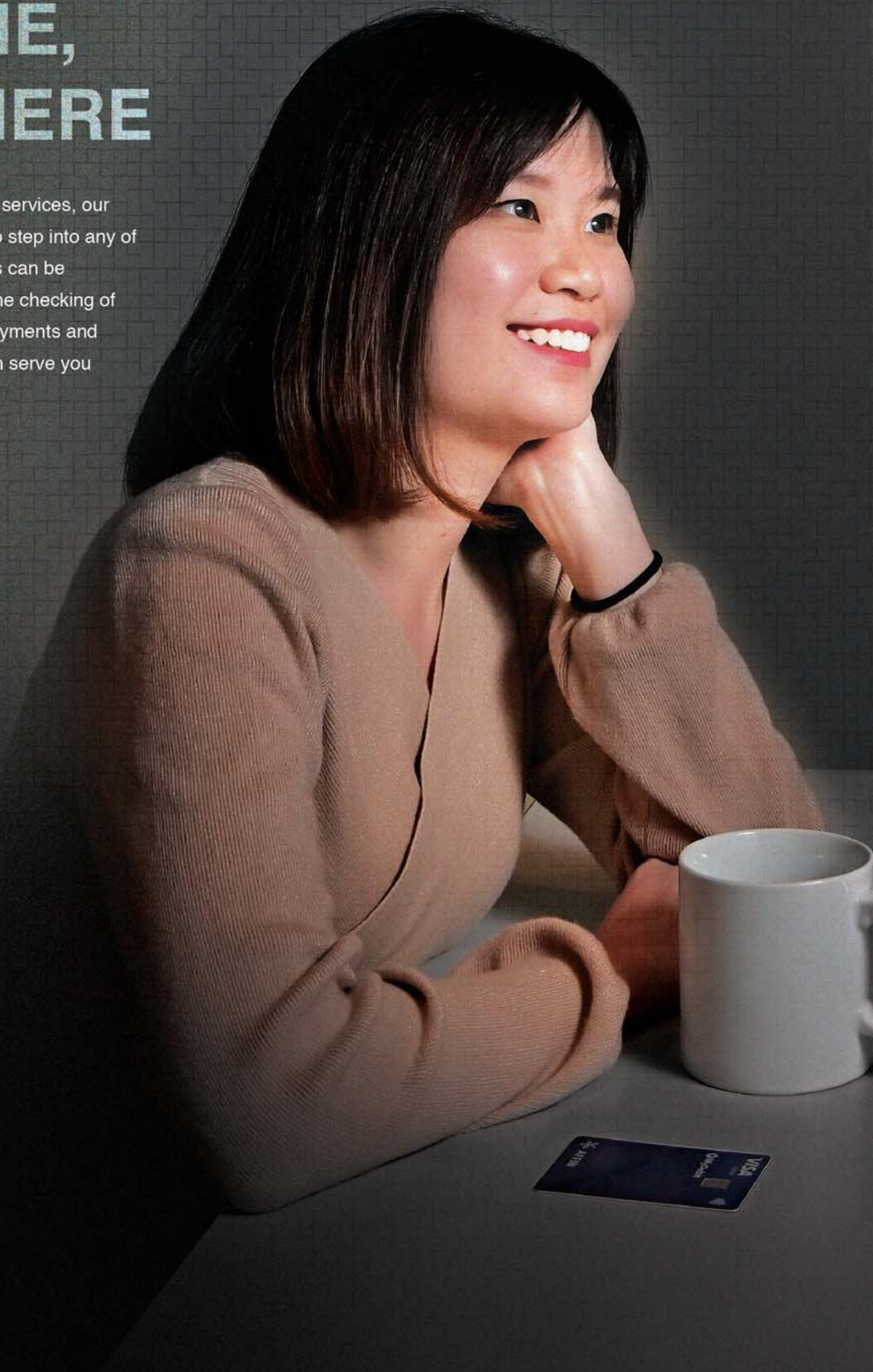
AXA AFFIN Life was bestowed the Best Employer Brand Award through our HR leaders' outstanding performances as well as our continuous effort and adoption of best practices in various function of Human Resources specifically in the context of Employer Branding, Talent Management, Talent Development, Talent Innovation and Employee Experience.

Best CSR Initiative – Life Insurance - "Smash the Curve" COVID-19 – Malaysia 2020 by International Finance Awards 2020

International Finance Insurance Awards seeks to highlight the achievement and reward those who are striving to safeguard the interests of customers around the world and spur further innovation in the insurance industry. AXA AFFIN Life has showcased a strong commitment in serving and protecting people by stepping up to support the battle against the COVID-19 virus for our frontline workers, the community as well as our customers and employees through a series of CSR initiatives.

DIGITAL BANKING SERVES YOU ANYTIME, ANYWHERE

Thanks to our digital banking services, our customers may never have to step into any of our branches. All transactions can be conducted online, including the checking of account balances. making payments and transactions. As such, we can serve you anytime, anywhere.




ON-DEMAND FINANCIAL GUIDANCE
DIGITAL FINANCIAL DASHBOARD
PRIVILEGES
ENHANCED BANKING BENEFITS
Terokai Kelebihan Tanpa Batasan
dengan AFFIN AVANCE
Hubungi kami sekarang di 03-8230 2222
DIGITAL INVESTMENT TOOLS WITH AI CAPABILITIES///
MARKET INSIGHTS
Stay informed with the latest news and market trends
AFFIN INVIKTA
Market Insights
Engage, Indulge and Relish
Recognised for Excellence
Exclusive Preferential Rates
Curated Financial Solutions
Dedicated Personalised Service
Premium Privileges For Your Banking Convenience

BOARD OF DIRECTORS

DATO' ABDUL AZIZ BIN ABU BAKAR
Independent Non-Executive Director

DATO' ROZALILA BINTI ABDUL RAHMAN
Independent Non-Executive Director

DATO' AGIL NATT
Chairman/Independent Non-Executive Director

MOHD SUFFIAN BIN HAJI HARON
Non-Independent Non-Executive Director

DATO' MOHD HATA BIN ROBANI
Independent Non-Executive Director

BOARD OF DIRECTORS

YUEN WAI HUNG PETER
Non-Independent Non-Executive Director

MARZIDA BINTI MOHD NOOR
Independent Non-Executive Director

CHAN TZE CHING IGNATIUS
Non-Independent Non-Executive Director

GREGORY JEROME GERALD FERNANDES
Independent Non-Executive Director

CHAN WAI YU
Independent Non-Executive Director

Save as disclosed, none of the Director has:-

- Any family relationship with any Director and/or major shareholders of AFFIN BANK
- Any conflict of interest with AFFIN BANK
- Any conviction for offences within the past 5 years
- Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2020

DIRECTORS PROFILE

DATO' AGIL NATT

Chairman/Independent Non-Executive Director

70/Male

Date of Appointment: 8 November 2019

Attendance in 2020: 15/15

Nationality

Malaysian

Academic/Professional Qualification

- Advanced Management Program, Harvard Business School, USA
- Master of Science in Finance City Business School, University of London, UK
- Bachelor of Science in Economics (Hons), Brunel University, UK

Past Working Experience

- Director, Cagamas Berhad
- Chairman/Independent Director, Credit Guarantee Corporation Malaysia Bhd
- Director, Sogo (KL) Sdn Bhd
- Independent Director, Export-Import Bank of Malaysia Bhd
- Chairman/Independent Director, Sumitomo Mitsui Banking Corporation Malaysia Bhd
- President & CEO, International Centre for Education in Islamic Finance (INCEIF)
- Executive Director & Deputy President, Maybank
- MD/CEO, Aseambankers Bhd (now known as Maybank Investment Bank Bhd)
- Senior GM, Corporate Banking, Maybank
- Regional Chief Representative, Kleinwort Benson Ltd (Investment Bank), Malaysia & UK
- Senior GM, Finance, Island & Peninsular Bhd
- Corporate Finance Manager, Bumiputra Merchant Bankers Berhad

Directorship(s) in Other Public/Public Listed Companies

- Chairman/Independent Director, Manulife Insurance Bhd
- Chairman/Independent Director, Manulife Investment Management (M) Berhad

External Professional Commitments

- Investment Panel member of the Employees Provident Fund Board

Membership of Board Committees

- Chairman, AFFIN Group Oversight Committee
- Member, Group Board Nomination and Remuneration Committee
- Member, Group Board Credit Review and Recovery Committee
- Member, Group Board Information Technology Committee

MOHD SUFFIAN BIN HAJI HARON

Non-Independent Non-Executive Director

76/Male

Date of Appointment: 15 August 2009

Attendance in 2020: 15/15

**Mohd Suffian is a nominee of Lembaga Tabung Angkatan Tentera, a major shareholder of AFFIN BANK*

Nationality

Malaysian

Academic/Professional Qualification

- Bachelor of Economics, University of Malaya
- Master of Business Administration, University of Oregon, USA

Past Working Experience

- Chairman/Director, Affin Islamic Bank Berhad
- Director, Pharmaniaga Berhad
- Managing Director, Willis Faber (M) Sdn Bhd (an Insurance Broking Company)
- Director, Far East Computers (India)
- Director, Affin Discount Berhad
- Director, Fraser's Hill Development Corporation
- Director, the State Development Corporations of Perak, Pahang and Terengganu
- Director, Bank Pembangunan Malaysia Berhad
- Director, Kompleks Kewangan Malaysia Berhad
- Director, HICOM
- Council Member, Majlis Amanah Rakyat (MARA)
- Diplomatic and Administrative Officer attached to the Prime Minister's Department and the Ministry of Public Enterprises
- Assistant to the Special Economic Adviser to the Government
- Vast experience in general trading, power generation and transmission, aircraft maintenance as well as the oil and gas services sectors

Directorship(s) in Other Public/Public Listed Companies

- Director, Lonpac Insurance Bhd

Membership of Board Committees

- Member, Group Board Nomination and Remuneration Committee
- Member, Group Board Credit Review and Recovery Committee

DIRECTORS PROFILE

DATO' MOHD HATA BIN ROBANI

Independent Non-Executive Director

69/Male

Date of Appointment: 17 October 2017

Attendance in 2020: 15/15

Nationality

Malaysian

Academic/Professional Qualification

- Bachelor of Economics (Business Administration), University of Malaya
- Management Development Programme, University of Harvard, USA

Past Working Experience

- Advisor, Agenda Harmoni Sdn Bhd
- Executive Chairman, Excellent Tank Treatment Services Sdn Bhd
- Managing Director, Malaysian Electronic Payment System Sdn Bhd (MEPS)
- Executive Director, BSN Commercial Bank (M) Berhad
- Director, Seacorp Schroeder Asset Management Berhad
- General Manager, Financial Services Division of Amanah Capital Partners Group
- Group Chief Operating Officer, Amanah Capital Partners Group
- Director, Short Deposits Malaysia Berhad
- Director, Asia Unit Trust Berhad
- Director, Taisho Marine & Fire Insurance (M) Berhad
- Director, Fulton Preborn Sdn Bhd
- Director, Banking Department of BNM
- Director, IT Department of BNM
- Senior Assistant Manager, Bank Inspection Department, Bank Negara Malaysia (BNM)

Directorship(s) in Other Public/Public Listed Companies

- Director, Affin Holdings Berhad

Membership of Board Committees

- Chairman, Group Board Compliance Committee
- Member, Group Board Audit Committee

DATO' ABDUL AZIZ BIN ABU BAKAR

Independent Non-Executive Director

68/Male

Date of Appointment: 17 October 2017

Attendance in 2020: 15/15

Nationality

Malaysian

Academic/Professional Qualification

- Bachelor of Economics (Honours), University of Malaya
- Senior Management Development Programme (SMDP), Harvard Business School

Past Working Experience

- CEO/ED, Malaysian Directors Academy (MINDA)
- Chief Human Capital Officer, Telekom Malaysia Berhad (TM)
- Executive VP, Human Resources of RHB Bank Berhad
- Management positions including Internal & IT Audit, Marketing Economics, Sales & Distribution, Supply & Planning and Human Resource (HR) in Shell Malaysia for 20 years
- Shareholders' representative at Shell Group HQ, London overseeing Shell's business interest in Hong Kong and China
- Fleet Planning Coordinator of Malaysian Airlines System (MAS)
- Director, Alkhair International Islamic Bank Berhad (AKIIB)
- Managing Director of INTRIA Berhad (currently UEM Builders)
- Director, Costain Group PLC (UK)
- Director, Rangkaian Segar Sdn Bhd
- Director, FCW Holdings Berhad

Awards

- National HR Leader Award by the Ministry of Human Resources and Malaysian Institute of HR Management

Directorship(s) in Other Public/Public Listed Companies

- Director, Merchant Trade Asia Bhd
- Director, Institute of Corporate Directors Malaysia (ICDM)

Membership of Board Committees

- Chairman, Group Board Nomination and Remuneration Committee
- Chairman, Group Board Credit Review and Recovery Committee

DIRECTORS PROFILE

**Chan Tze Ching Ignatius is a nominee of BEA, a major shareholder of AFFIN BANK*

CHAN TZE CHING IGNATIUS

Non-Independent Non-Executive Director

64/Male

Date of Appointment: 1 December 2017

Attendance in 2020: 15/15

Nationality

Chinese

Academic/Professional Qualification

- Bachelor of Business Administration, University of Hawaii, USA
- Master of Business Administration, University of Hawaii, USA
- Certified Public Accountant, American Institute of Certified Public Accountants

Past Working Experience

- Director, The Community Chest of Hong Kong
- Chairman, Prasac Microfinance Institution limited, Cambodia (PRASAC)
- Chairman, Investment Sub-Committee, The Community Chest of Hong Kong
- Member, Executive Committee, The Community Chest of Hong Kong
- Member, The Financial Reporting Council, Hong Kong
- Member, Standing Commission on Civil Service Salaries and Conditions of Service (SCCS)
- Non-Executive Director, Rizal Commercial Banking Corporation (RCBC)
- Member, Hong Kong Tourism Board
- Chairman, Hong Kong Polytechnic University Council
- Member, Executive Committee of Investor Education Centre, Securities and Futures Commission
- Director, Affin Holdings Berhad
- Member, Hong Kong Open University Sponsorship and Development Fund Committee

Directorship(s) in Other Public/Public Listed Companies

- Independent Non-Executive Director, Mongolian Mining Corporation (MMC)
- Independent Non-Executive Director, Hong Kong Exchanges and Clearing Limited
- Non-Executive Director, East Asia Futures Limited
- Non-Executive Director, East Asia Securities Company Limited
- Director, Portofino (165) Limited

External Professional Commitments

- Senior Advisor at The Bank of East Asia, Limited (BEA) and CVC Capital Partners

Other appointment(s)

- Honorary Advisory Vice President, Hong Kong Institute of Bankers
- Vice Patron of The Community Chest of Hong Kong
- Member, Judicial Committee, Standing Comm on Judicial Salaries and Cond of Service
- Board Adviser, HK New Territories General Chamber of Commerce
- Chairman, Panel Nomination Committee, Hong Kong Exchanges and Clearing Limited
- Member, Corporate Governance Committee, Mongolian Mining Corporation
- Chairman, Audit Committee, Mongolian Mining Corporation
- Council Member, Hong Kong Red Cross
- Member, Disciplinary Appeals Committee, Hong Kong Securities
- Member, Audit Committee, Hong Kong Exchanges and Clearing Limited
- Member, Nomination Committee, Hong Kong Exchanges and Clearing Limited

Membership of Board Committee

Nil

DATO' ROZALILA BINTI ABDUL RAHMAN

Independent Non-Executive Director

59/Female

Date of Appointment: 4 February 2019

Attendance in 2020: 14/15

Nationality

Malaysian

Academic/Professional Qualification

- Bachelor of Science, Food Science & Technology, Universiti Pertanian Malaysia
- Certificate of Merit from Sophia University, Japan
- Diploma of Science with Education (Math Major), Universiti Pertanian Malaysia

Past Working Experience

- Chief Executive Officer, Astro GS Shop Sdn Bhd
- Chief Marketing Officer, TM Berhad
- General Manager, Maxis Berhad
- Sales & Marketing Director, Bank Simpanan Nasional
- Marketing Manager, Reckitt Benckiser, Malaysia & Singapore
- Marketing Manager, Kellogg Asia Inc. South East Asia
- Senior Brand Manager, Unilever (M) Holdings Sdn Bhd, Malaysia & Singapore
- Quality Manager, Unilever (M) Holdings Sdn Bhd, Malaysia & Singapore
- Product Development Manager, Unilever (M) Holdings Sdn Bhd, Malaysia & Singapore
- Cold Room Supervisor, Perwira Niaga Malaysia, (PERNAMA)

Directorship(s) in Other Public/Public Listed Companies

- Independent Non-Executive Director, MISC Berhad

Membership of Board Committees

- Chairperson, Group Board Risk Management Committee
- Member, Group Board Audit Committee

DIRECTORS PROFILE

**Yuen Wai Hung Peter is a nominee of BEA, a major shareholder of AFFIN BANK*

YUEN WAI HUNG PETER

Non-Independent Non-Executive Director

59/Male

Date of Appointment: 1 November 2019

Attendance in 2020: 15/15

Nationality

American

Academic/Professional Qualification

- Master of Business Administration, University of Houston, USA
- Bachelor of Business Administration (Major in Finance), University of Hawaii, USA

Past Working Experience

- Director, East Asia Property Holdings (Jersey) Limited
- Director, PRASAC Microfinance Institution Limited
- General Manager & Head of International Division, The Bank of East Asia, Limited (BEA)
- Head of Financial Institutions Department, BEA

Directorship(s) in Other Public/Public Listed Companies

- Director, East Asia Indonesian Holding Limited
- Director, Leader One Limited
- Director, Industrial and Commercial Bank of China (Canada)
- Director, East Asia Holding Company, Inc
- Director, Industrial and Commercial Bank of China (USA) NA

Other Appointment(s)

- General Manager and Head of Strategic Partnerships Group, BEA

Membership of Board Committees

- Member, Group Board Risk Management Committee

MARZIDA BINTI MOHD NOOR

Independent Non-Executive Director

58/Female

Date of Appointment: 1 March 2020

Attendance in 2020: 12/12
(since her appointment as Director)

Nationality

Malaysian

Academic/Professional Qualification

- Master of Science in Management Information Systems, United States International University, San Diego, California (USA)
- Bachelor of Science in Business, Indiana University Bloomington, Indiana (USA)

Past Working Experience

- HRIT Competency Centre Manager, Shell Business Operations Oil & Gas
- Programme Manager, SAP Business Objects Software License Management, Shell Business Operations Oil & Gas
- Programme Manager, Global Retail Site Systems Support Services, Shell Business Operations Oil & Gas
- Downstream IT Global Strategy & Planning and Programme Manager, Shell Business Operations Oil & Gas
- Chief Information Officer, Malaysia Airlines Air Transportation
- Senior General Manager, Programme Management Office, Malaysia Airlines Air Transportation
- Programme Manager, Support Services Business Improvement Programme, Malaysia Airlines Air Transportation
- Vice President IT Planning & Development, Malaysia Airlines Air Transportation
- Director, Allianz Malaysia Berhad

Directorship(s) in Other Public/Public Listed Companies

- Nil

External Professional Commitment

- A volunteer member of 30% Club Malaysia, a platform which is set up to improve gender diversity on the board of public listed companies

Membership of Board Committees

- Chairperson, Group Board Information Technology Committee

DIRECTORS PROFILE

GREGORY JEROME GERALD FERNANDES

Independent Non-Executive Director

66/Male

Date of Appointment: 1 April 2020

Attendance in 2020: 10/10
(since his appointment as Director)

Nationality

Malaysian

Academic/Professional Qualification

- Registered Accountant from Malaysian Institute of Accountants
- Associate, Institute of Chartered Accountants in England & Wales
- Fundamentals of Accounting, North East London Polytechnic, United Kingdom

Past Working Experience

- Corporate Advisor, Offshore Works Sdn Bhd
- Consultant, Platinum Energy Sdn Bhd
- SVP/CFO, Scomi Engineering Berhad
- Director, Scomi Engineering Berhad
- Associate Director, Innovation Associates
- Team Director, Nikkei Pacific Corporate Advisors Sdn Bhd
- Principal, AJS & Associates (EY Technical Associate Firm)
- Principal, Ernst & Young, Kuala Lumpur
- Supervisor, Ernst & Young, London

Directorship(s) in Other Public/Public Listed Companies

- Director, Chubb Insurance Malaysia Berhad

External Professional Commitment

- Advocate/Mentor of 30% Club Malaysia, a platform which is set-up to improve gender diversity on the Boards of public listed companies.

Membership of Board Committees

- Chairman, Group Board Audit Committee
- Member, Group Board Risk Management Committee

CHAN WAI YU

Independent Non-Executive Director

62/Female

Date of Appointment: 1 April 2021

Nationality

Malaysian

Academic/Professional Qualification

- BEcons (Analytical Economics), University of Malaya (UM)

Past Working Experience

- Chairman/CEO Secretariat, OCBC Bank (Malaysia) Berhad
- Head, Operational Risk Management, Bank of Singapore
- Head, Operational Risk Management, OCBC Bank (Malaysia) Berhad
- Head, Risk Portfolio Management, OCBC Bank (Malaysia) Berhad
- Head, Credit Risk Management, Maybank
- Head, Operational Risk Management, Maybank
- Project Director, Basel II Project Management Office, Maybank
- Project Manager, Integrated Risk Management Project, Maybank
- Head, Credit Risk Analytics, Maybank
- Head, Credit Policy, Maybank
- Credit and Branch Officer, Maybank

Directorship(s) in Other Public/Public Listed Companies

- Nil

GROUP MANAGEMENT TEAM

DATUK WAN RAZLY ABDULLAH BIN WAN ALI
President & Group Chief Executive Officer
Affin Bank Berhad

Malaysian / 50 / Male

Date of Appointment: 2 April 2020

Academic/Professional Qualification(s)
- Bachelor of Arts in Law and Accounting from the University of Manchester, United Kingdom
- Member of Institute of Chartered Accountants in England and Wales (ICAEW)

Past Working Experiences
- Senior Managing Director, with a leading Bank Group in Malaysia
- Chief Financial Officer, CIMB Niaga
- CIMB Investment Bank as Director, Corporate Client Solutions
- Head, Business Development, Aseambankers Malaysia (now known as Maybank Investment Bank Berhad)
- Audit Services Department Northern Trust, London, United Kingdom PricewaterhouseCoopers, London, United Kingdom

Other Appointments
- Director, ABM Investments Sdn Bhd
- Alternate Director, Payments Network Malaysia Sdn Bhd

** Datuk Wan Razly Abdullah bin Wan Ali has no interest in the share of the Bank and its subsidiaries*

NAZLEE BIN KHALIFAH
Chief Executive Officer, Affin Islamic Bank Berhad

Malaysian / 53 / Male

Date of Appointment: 3 June 2015

Academic/Professional Qualification(s)
- Bachelor of Business Administration Degree, majoring in Accounting & Finance, Simon Fraser University, Canada
- Chartered Institute of Islamic Finance Professionals (CIIF)
- Asian International Executive Programme, INSEAD, Singapore
- Cambridge Islamic Finance Leadership Programme, Cambridge IFA, UK
- Financial Institutions Directors' Education (FIDE) Core Programme, The ICLIF Leadership and Governance Centre

Past Working Experience
- Started his career in Banking industry with Maybank for 17 years in various capacity, focusing on Strategic Management
- Joined Affin Bank Berhad as Head, Business Strategy & Support, Business Banking Division in February 2009
- In April 2011, Nazlee was appointed as the Chief Corporate Strategist, Affin Bank Berhad

Other Appointments
- Director for IAP Integrated Sdn Bhd and Raeed Holdings Sdn Bhd
- Council member of The Association of Islamic Banking Institutions Malaysia (AIBIM)

GROUP MANAGEMENT TEAM

NAZRI BIN OTHMAN
Executive Director, Community Banking

Malaysian / 59 / Male

Nazri was appointed as Executive Director of Community Banking on 1 December 2019. Nazri is responsible for all aspects of the Bank's consumer banking business, including the development and implementation of strategies to achieve business growth, profit, operational efficiency and customer service. As Executive Director of Community Banking, Nazri also oversees and supervises Branch Networks, Electronic Channels, Sales and Distributions, Digital Banking, Consumer Credit, Consumer Operations, Consumer Strategy and Consumer Loans Collection. He is also responsible for ensuring compliance with all regulations that impact Community Banking business.

Nazri brings with him more than 28 years of working experience in the banking industry. He has served in both local and foreign banks and assumed various roles as Chief Operating Officer, Head of Group Retail Banking (Acting) and Head of Group Retail Distribution among others.

Nazri holds a Bachelor of Science (Hons.) in Civil Engineering from the University of Leeds, United Kingdom.

HANIF MOHD YUSOF
Executive Director, Corporate Banking *

Malaysian / 48 / Male

Hanif was appointed as Acting Executive Director of Corporate Banking on 1 June 2020. From the onset, he has been deputising the Corporate Banking Director in portfolio rebalancing mainly exiting high-risk loans and replacing them with moderate risk loan portfolio to ensure good asset quality with sustainable growth. He is responsible in implementing and leading strategies to drive revenue growth which are aligned to new products, clients and markets, ensuring good corporate governance and practices and lastly building a sustainable and cohesive corporate banking proposition within Affin Bank Group.

Hanif holds a Bachelor of Science in Finance from Iowa State University, the United States and obtained Certificate of Islamic Law (CIL) from International Islamic University Malaysia. Hanif brings with him more than 17 years of experience in the financial services industry, primarily in Corporate Banking and Government Linked Companies. As part of the corporate banking proposition, Hanif has been involved in various dealings related to Islamic Banking, Corporate Banking, Project Financing, Trade Financing and Credit Policy.

** In acting capacity*

GROUP MANAGEMENT TEAM

LIM KEE YEONG
Executive Director, Enterprise Banking

Malaysian / 51 / Male

Lim Kee Yeong joined Affin Bank Berhad on 1 September 2016 and is responsible for developing and implementing strategies to drive the growth of SME and Commercial Business for the Bank.

Lim brings with him more than 24 years of experience in banking and finance, primarily in Commercial & SME business at both local and foreign banks. Prior to joining Affin Bank Berhad, he was the Vice-President of SME & Commercial Banking and a member of the Board of Directors of a Singapore-based financial holdings company, focusing on investments and financial services in the ASEAN region.

Lim also served as Senior Vice-President of SME Business at a local bank, where he was instrumental in the impressive growth of the Bank's SME Business, resulting in several local and regional awards.

Lim holds a Master of Business Administration and Bachelor of Business Administration, both from Wichita State University, Kansas, United States.

ABDUL MALEK BIN MOHAMED SAID
Chief Corporate Strategy Officer

Malaysian / 50 / Male

Malek was appointed as Chief Corporate Strategy Officer on 17 August 2020. In his role as the Chief Corporate Strategy Officer, he is responsible for the overall vision and mission of the Bank to conceptualise and formulate strategic initiatives to transform the Bank.

Malek is a Chartered Accountant and a member of the Malaysian Institute of Accountants. He holds a Certificate of Fellowship from the Institute of Chartered Accountants in England and Wales (ICAEW) and also a member of the Insolvency Practitioners Association of Malaysia.

Malek brings with him more than 20 years of working experiences, primarily in strategic management, corporate planning, restructuring and insolvency. He has served in various consulting firms and assumed various roles including as Partner in Deloitte Malaysia and Executive Director in PwC Malaysia.

Malek holds a Bachelor degree in Mathematics with Applied Mathematics/Mathematical Physics from Imperial College of Science Technology & Medicine, University of London.

GROUP MANAGEMENT TEAM

JOANNE RODRIGUES
Chief Financial Officer

Malaysian / 47 / Female

Joanne was appointed as Chief Financial Officer on 1 June 2020. In her role as the Chief Financial Officer, she is responsible for formulating, directing and controlling the Bank's overall financial plans and policies, accounting practices and maintains relationships with regulators, other lending institutions, shareholders and the financial community at large.

Joanne is a Fellow Chartered Accountant (FCA) of The Institute of Chartered Accountants in England And Wales (ICAEW). She also holds a Masters in Business Administration from the University of Manchester, United Kingdom and a Bachelor of Science, majoring in Economics and Accounting from the University of Bristol, United Kingdom.

Joanne brings with her more than 23 years working experience in the Financial Services Industry. In the banking industry, she has held various senior roles as the Chief Financial Officer (Wholesale Banking), Chief Internal Auditor and Regional Head, Strategy & Business Analytics at major financial institutions.

RISHAM AKASHAH BIN KAMARUZAMAN
Chief Operating Officer

Malaysian / 49 / Male

Risham was appointed as Chief Operating Officer on 1 December 2020. In his role as the Chief Operating Officer, he is responsible for the Bank's technological services and banking operations.

Risham brings with him more than 20 years of working experience in various industries, primarily in Information Technology, Digital Banking and Banking Operations. He has served major financial services and assumed various roles as Chief Technology Officer, Chief Digital Officer and Chief Information Officer, among others.

Risham graduated from California State University in Electrical / Electronics Engineering.

GROUP MANAGEMENT TEAM

TAN KOK TOON
Executive Director, Group Treasury

Malaysian / 59 / Male

Tan Kok Toon joined Affin Bank Berhad as Head of Treasury in October 2004 and is responsible for managing all aspects of Group Treasury businesses. He is the Honorary Secretary of Financial Market Association Malaysia (Association Cambiste Internationale) and Chair to the Seminar and Education Committee from June 2007 to June 2019.

He is also Economic Council member of the Federation of Chinese Association Malaysia (Huazong). Tan was appointed as Central Working Council (CWC) of Malaysia China Chamber of Commerce (MCCC) and the Deputy Chairman of Business, Economic and Investment Committee in June 2019. Prior to AFFIN BANK, Tan was with a leading bank in Malaysia.

Tan has more than 30 years of banking experience, particularly in Treasury Operations. He has served as Treasury Manager with the New York Branch and was the Treasury Business Advisor to turn around a business project in the Philippines.

Tan graduated from University of Malaya in 1987 with Bachelor of Science (Honours) in Mathematics and obtained Certification of Financial Accounting from New York Institute of Finance.

NORHAZLIZAWATI BINTI MOHD RAZALI
Group Chief Credit Officer

Malaysian / 53 / Female

Norhazlizawati joined Affin Bank on 1 August 2015 as Group Chief Credit Officer. She is a Certified Credit Professional (Business) from the Asian Institute of Chartered Bankers. She obtained her Bachelor of Arts (Hons) in Business Studies majoring in Accounting and Statistics from Leeds Metropolitan University, United Kingdom. She started her career as Management Trainee in a manufacturing-based company in the United Kingdom.

Upon her return to Malaysia, she joined a local financial institution holding key senior positions in various capacities and disciplines. Her portfolio coverage includes corporate, commercial, SME and Retail Lending. Prior to joining Affin Bank, she was the Head of Risk Management for the Retail Banking of a local bank.

Liza brings with her more than 21 years of experience in the financial services industry specialising in credit underwriting, credit policies and processes, development of credit models and analytics, portfolio management capabilities and project management involving mergers and acquisitions.

GROUP MANAGEMENT TEAM

MOHD SYUKRI BIN AHMAD SUDARI
Chief People Officer

Malaysian / 49 / Male

Syukri was appointed as Chief People Officer on 20 October 2020. He is responsible for developing and executing human resource strategy in support of the overall business plan and strategic direction of the Bank, specifically in the areas of talent management, employees' experience, culture, performance management, learning and organizational development, and rewards management.

Syukri brings with him more than 24 years of working experience in human resources, which covers a diversified industry including financial, telecommunications, aerospace, engineering and insurance sectors. Syukri is also the President of Association of Insurance Employers, Council Member of the Malaysia Employers Federation (MEF), Chairman of MEF Transformation Committee, Alternate Member for National Labor Advisory Council (NLAC) and accredited practitioner of Human Synergistics.

Syukri holds a Master degree in Business Administration from Universiti Kebangsaan Malaysia and a Bachelor's degree in Human Sciences, majoring in Political Science from the International Islamic University Malaysia.

NIMMA SAFIRA BINTI KHALID
Chief Legal Officer and Company Secretary

Malaysian / 52 / Female

Nimma Safira joined Affin Bank Berhad on 1 January 2001 as Manager, Legal & Secretarial Division. She then assumed the role of Executive Assistant to the President/CEO in 2003. She became the Company Secretary at Affin Bank Berhad in 2005 and later at AFFIN Holdings Berhad in 2011. Nimma was designated the Chief Legal Officer and Company Secretary of Affin Bank Berhad and Affin Islamic Bank Berhad on 1 January 2012.

Nimma graduated with Bachelor of Laws (Hons) in 1992 and Bachelor of Laws (Shariah) (Hons) in 1993; both from the International Islamic University, Malaysia. In 2017, Nimma attained her Professional Postgraduate Diploma in Governance, Risk and Compliance from the International Compliance Association (ICA), UK. Nimma holds Certificate of Mediation and Advanced Mediation by The Accord Group, Australia. She is an Affiliate member of The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and a Fellow Member of the ICA.

GROUP MANAGEMENT TEAM

LEE YOKE KIOW
Chief Corporate Services Officer

Malaysian / 61 / Female

Lee Yoke Kiow joined Affin Bank Berhad on 1 April 2018 as Chief Corporate Services Officer upon the completion of the AFFIN Bank Group Reorganisation. She has been appointed as Advisor at the Bank with effect from 1 January 2021. She is also the Executive Director of AFFIN Holdings Berhad.

Lee is an accountant by profession and a member of Malaysian Institute of Certified Public Accountants (MICPA) and Malaysia Institute of Accountants (MIA). She has more than 39 years of experience in auditing, accounting, banking and finance.

Her career with AFFIN Group began in 1991 when she was first appointed as Manager, Finance and Treasury by AFFIN Finance Berhad. Prior to joining AFFIN Holdings Berhad in June 2015, she was the Head, Finance and Treasury of AFFIN-ACF Finance Berhad and also the Financial Controller of AFFIN-ACF Holdings Berhad from 2000 to 2005.

STEVEN LOW WENG HAW
Group Chief Risk Officer

Malaysian / 51 / Male

Steven Low Weng Haw was appointed as Group Chief Risk Officer on 1 September 2019. Steven is responsible for directing and implementing the Bank's risk management programs, policies and procedures. He is also entrusted to oversee the Bank's governance and strategy for risk management and compliance, including relationships with key regulators and supervisory institutions.

Steven brings with him more than 28 years of working experience in the Financial Services Industry, encompassing Risk and Credit Management, Credit Evaluation, Account Management, Research and Data Analytics. He has served in both local and foreign banks as Chief Risk Officer.

Steven holds the professional qualification in ICSA from the Institute of Chartered Secretaries and Administrators, and a Diploma in Commerce (Business Management) from Universiti Tunku Abdul Rahman.

GROUP MANAGEMENT TEAM

ADZAMIMAH BINTI ADZMI
Group Chief Compliance Officer

Malaysian / 44 / Female

Adzamimah (Mimi) joined Affin Bank Berhad on 17 July 2018 as Group Chief Compliance Officer with the Group Compliance division. Her overall responsibilities are to coordinate the identification and management of compliance risks, and to ensure compliance monitoring and testing are carried out consistently across the Banking Group.

She has over 16 years of experience in the financial services industry, primarily in managing and leading compliance at both local and foreign banks. Prior to joining the Bank, Mimi was a Chief Compliance Officer at a foreign-based Japanese bank operating in Malaysia.

Mimi graduated from Bryant University in Rhode Island, USA with Bachelor of Science in Business Administration. She also holds the Certificate in Associate Qualification in Islamic Finance from Islamic Banking and Finance Institute Malaysia (IBFIM) and the Certificate in Islamic Law from International Islamic University Malaysia (IIUM).

WAHDANIA BINTI MOHD KHIR
Group Chief Internal Auditor

Malaysian / 51 / Female

Wahdania was appointed as the Group Chief Internal Auditor of Affin Bank Berhad on 1 May 2020. She is responsible for providing independent and objective assurance on the effectiveness of internal controls and governance, as well as, consulting services to add value and improve the Group's operations. Her scope covers Affin Bank Berhad, Affin Islamic Bank Berhad, Affin Moneybrokers Sdn Bhd, Affin Hwang Investment Bank Berhad and Affin Hwang Asset Management Berhad.

Wahdania brings with her more than 24 years of working experience in the Financial Services Industry, serving both the banking industry, as well as the regulatory body. She was an Investigation Officer and thereafter Manager for Offshore & Islamic Market at Bursa Malaysia. In the banking industry, she has held various senior roles as the Head of Global Market Compliance & Treasury Operations and Senior Director of Group Audit at a major financial institution.

Wahdania holds a Master of Science in Quantitative Finance from the University of Westminster, London, a Bachelor of Business in Accountancy from the Queensland University of Technology, Australia and Certificate of Islamic Law from the International Islamic University Malaysia. She is also a member of the Financial Markets Association Malaysia and a Chartered Banker.

GROUP MANAGEMENT TEAM

MONA SURAYA BINTI KAMARUDDIN
Group Managing Director,
Affin Hwang Investment Bank Berhad

Malaysian / 55 / Female

Academic/Professional Qualification(s)
- BSc (Econs) in Accounting from the University College of Wales, Aberystwyth

Past Working Experience
- 29 years of experience in the capital markets, specialising in Malaysian equities which includes close to nine years in Equity Research and 20 years in Equity Sales
- Country Head and Managing Director at Nomura Securities Malaysia
- Vice President of Institutional Sales at JPMorgan Securities Malaysia
- Investment analyst in various financial institutions which include Arab Malaysian Securities, Standard Chartered Securities Malaysia and Crosby Securities Malaysia
- Head of Research at MGI Securities Malaysia

DATO' TENG CHEE WAI
Managing Director and Executive Director,
Affin Hwang Asset Management Berhad

Malaysian / 54 / Male

Academic/Professional Qualification(s)
- Bachelor of Science, Majoring in Mathematics, National University of Singapore
- Post-Graduate Diploma in Actuarial Studies, City University, London

Past Working Experience
- He began his career in the financial industry as an Investment Manager with NTUC Income, Singapore
- He subsequently assumed the role of Assistant General Manager of Investment at Overseas Assurance Corporation and was responsible for the investment function of the Group Overseas Assurance Corporation Limited
- Prior to his current position, he was the Chief Executive Officer of Hwang Investment Management Berhad

AKMAL BIN HASSAN
Managing Director and Executive Director
AIIMAN Asset Management Sdn Bhd

Malaysian / 47 / Male

Academic/Professional Qualification(s)
- Bachelor of Science in Business Administration (Major: Finance), Oklahoma State University, USA
- Master of Business Administration, University of the Sunshine Coast, Queensland, Australia

Past Working Experience
- Prior to his current appointment, Akmal was the Chief Investment Officer at a subsidiary of a local Islamic Bank
- He has more than 20 years experience in the investment management industry primarily in portfolio management, investment research and marketing strategy

GROUP MANAGEMENT TEAM

EMMANUEL JEAN LOUIS NIVET
Country Head
AXA Malaysia

Chief Executive Officer
AXA AFFIN General Insurance Berhad

French / 62 / Male

Academic/Professional Qualification(s)
- Master of Management of Normandy Business School

Past Working Experience
- Emmanuel has strong technical expertise in commercial line underwriting. He started his career as an underwriter in Groupe Victoire and had assumed multiple roles at various AXA entities before being appointed as the Chief Underwriting Officer.
- In 2007, Emmanuel moved to a leadership role as the Chief Executive Officer of AXA Corporate Solutions UK Branch.
- In 2012, he was appointed as the Chief Executive Officer of AXA Affin General Insurance Berhad in Malaysia.

Other Appointments
- PIAM Management Committee in 2015 and 2018
- Currently overseeing the operations of AXA Affin Life Insurance Berhad since December 2019

CHANDRA NAIR
Chief Executive Officer
AFFIN Moneybrokers Sdn Bhd

Malaysian / 67 / Male

Academic/Professional Qualification(s)
- Master in Business Administration (MBA), RMIT University Melbourne, Australia

Past Working Experience
- Senior Manager/Head of Money Market Section in 1995
- Assistant General Manager in year 2000 to monitor and supervise the domestic money market activities
- In year 2003 he was appointed as General Manager/Head of Treasury
- In September 2003, he was appointed as the acting CEO, managing the overall company operations and functions. Mr. Chandra has more than 3 decades of experience in the industry

Other Appointments
- Chairman of the Association of Money Brokers Malaysia


5
PEOPLE: TEAM HIGH PERFORMANCE CULTURE
Robust performance management
4
DIGITAL TRANSFORMATION ACCELERATION
To build value and improve efficiency

KEY FOCUS AREAS OF AIM22 TRANSFORMATION PROGRAMME

1

ROE FOCUS: VALUE CREATION

To elevate the level beyond 7.0%

2

PRODUCTIVITY AND EFFICIENCY

Improve productivity with enhanced assets quality and capital management

3

TURBO CHARGED CASA

To minimise funding cost

MANAGEMENT DISCUSSION & ANALYSIS

DESPITE THE EXTREME CHALLENGES BROUGHT BY THE COVID-19 PANDEMIC, POLITICAL INSTABILITY AND STIFF COMPETITION IN THE MARKET, AFFIN BANK BERHAD ("AFFIN BANK", "THE GROUP" OR "THE BANK") HAS PERSEVERED, MAKING COMMENDABLE PROGRESS TOWARDS REALISING GROWTH AND PROFITABILITY, UNDERLINED BY CONTINUED EFFORTS IN SUSTAINABILITY.

THE BANK IS TRANSFORMING ITSELF INTO AN AGILE, FOCUSED AND ALIGNED ENTITY IN ADDRESSING THE CHALLENGES AND CREATING OPPORTUNITIES WITHIN A DYNAMIC AND DRASTICALLY CHANGING MARKETPLACE. IN DOING SO, THE BANK HAS REGISTERED VARIOUS BUSINESS AND OPERATIONAL ACHIEVEMENTS.

2020 OPERATIONAL REVIEW

GROUP STRATEGIC THRUSTS

AFFINITY IN MOTION 22 (AIM22) Transformation Programme

Aligned with our vision to be the most creative financial institution in Malaysia, we have taken various strategic steps to elevate the way we operate and service our clients and stakeholders. Anchored to the five key elements of the Group's value creation i.e. technology, services, innovation, rewards and people & culture - we continue to strive to elevate the Group to greater heights through the two-year transformation programme known as AIM22.

The AIM22 Transformation Programme is a continuation of the Bank's efforts to achieve sustainable growth which begun to show early success. While the AFFINITY Transformation Programme (2016 to 2019) was mainly focused on building our internal strength and capabilities, AIM22 (2020 to 2022) revolves around the business model's viability, sustainability, and management of critical vulnerabilities.

AIM22 is a two-year Metamorphosis Plan programme with 30 initiatives, covering the connectivity between organisation and individuals, supplemented by processes and capabilities to improve the banking proposition.

2020 TO 2022

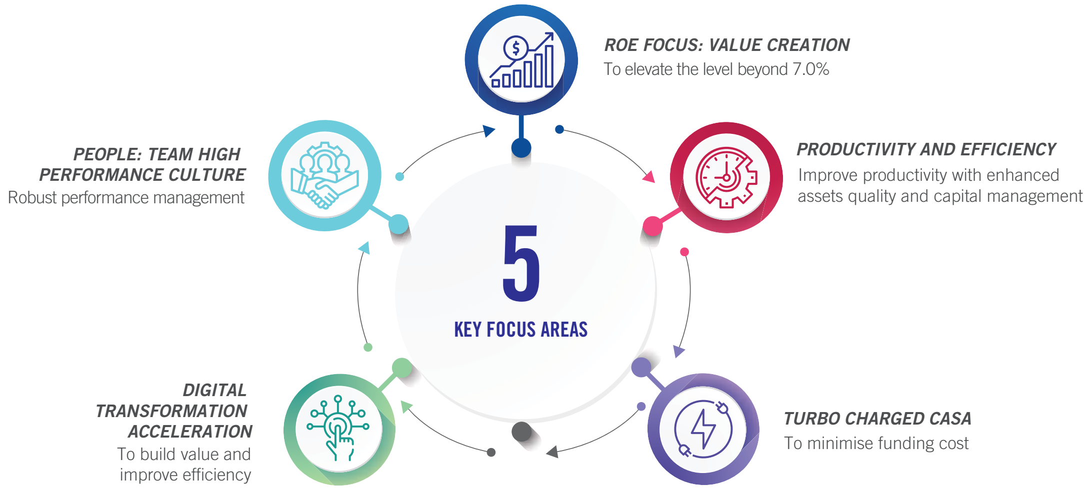
AIM22 METAMORPHOSIS PLAN (A30 INITIATIVES)

ENHANCING BANKING PROPOSITION

- ROE FOCUS: VALUE CREATION
- PRODUCTIVITY AND EFFICIENCY
- TURBO CHARGED CASA
- DIGITAL TRANSFORMATION ACCELERATION
- PEOPLE: TEAM HIGH PERFORMANCE CULTURE

MANAGEMENT DISCUSSION & ANALYSIS

The Programme requires a shift in the underlying business mix of organisation, people, process and capabilities and efficiency improvements involving all business units within the Bank. Through AIM22, our approach focuses on five Key Areas: i.e. ROE Focus, Productivity & Efficiency, Turbo Charged CASA, Digital Transformation Acceleration and People.



AIM22 Transformation Programme to develop a high-performance culture

We will focus on key areas to provide valid and reliable performance indicators to achieve value creation. Effective dissemination of various initiatives such as economics improvement, segment prioritisation, wealth proposition to support functions, cost management, big-data analytics and ecosystem strategy will enable us to acquire usable knowledge for our banking structure. This will allow us to expand the scope and depth of our pursuits, particularly in relation to measuring value creation and performance.

PRODUCTIVITY AND EFFICIENCY

The Group will continue to improve its productivity and efficiency by enhancing its asset quality and capital management via various initiatives which include active loan management, digitalisation, new loan originating system, operations model, risk return optimisation as well as cost optimisation exercise with the aim to reduce operating expenses to improve our cost to income ratio.

TURBO CHARGED CASA

The Bank is aware of the importance to build its CASA for stability and management of funding costs. The Bank has launched two new products, AVANCE and INVIKTA to capture affluent and high net worth segments. During the financial year, we also made improvements to our retail internet banking and launched AFFINMAX, our new corporate internet banking solution that will help to attract more CASA to the Bank.

DIGITAL TRANSFORMATION ACCELERATION

As part of our multi-channel engagement approach, we are committed in providing resilient digital platform with innovative products and services for customers to leverage on. 2020 had been a year with a dramatic growth of digital initiatives across all industries worldwide. With staying home being the best way of protection against COVID-19, digital transformation has inevitably been accelerated to cater to tremendously increased demand to improve efficiency and value creation. Our digital projects, ie Lifestyle App, Mobile App, Digital Imaging Solutions and Branch Delivery System Enhancement are progressing well and scheduled to go live in 2021.

PEOPLE: TEAM HIGH PERFORMANCE CULTURE

The development of a high-performance culture starts by having the right people, according them with the right incentives and ensuring that they are surrounded with the right culture; one that is conducive, supportive and goal-oriented. These components are currently being assessed and evaluated for effective recommendations. We have established Affin Academy Institute which would equip our people with the relevant knowledge and soft-skills to tap for more businesses and strengthen our position in the industry.

ROE FOCUS: VALUE CREATION

With the achievement of the four key focus areas, the ultimate goal would be the improvement of ROE for the Group which is targeted at 7%. The Group will also continuously review its capital position, capital mix and capital allocation taking into consideration the Group's strategic direction, organisational and regulatory requirements to support the business growth while optimising returns to shareholders.

DIGITAL TRANSFORMATION ACCELERATION

With the growing demand for speed and mobility, we have been working hard to put everyday banking tasks at the customers' fingertips with our soon-to-be-launched Mobile Banking App

Preparing for the digital future

In 2020, we crafted the bank-wide Digital Transformation agenda as the fundamental principle in transforming existing internal processes into a future-ready digital ecosystem. As part of the sustainable digital agenda, we have lined up various digital innovations to be deployed across the Bank. Initiatives such as Robotic Process Automation and the development of our Mobile Banking Application will be the Bank's platforms to simplify processes, maximise efficiency and improve customer satisfaction.

With increasing innovation and partnerships with viable fintech solution providers and in line with BNM's digital licensing framework, our customers can expect new enhancements to improve their banking experience.

Mobile Banking

The on-going COVID-19 pandemic has accelerated the growth of digital adoption and stimulated the demand for contactless service. At AFFIN BANK, we go a step further by enhancing customer experiences through our mobile banking services.

With the growing demand for speed and mobility, we have been working hard to put everyday banking tasks at the customers' fingertips with our soon-to-be-launched Mobile Banking App. Checking account balances, making payments and transactions and more will be made simpler and more convenient with just a few taps on the customers' mobile phone.

Digital Bank

In December 2020, BNM announced its digital banking licensing framework to enable innovative application of technology to uplift the financial well-being of individuals and businesses and foster sustainable growth.

Digital banks will be required to comply with the requirements under the Financial Services Act 2013, or Islamic Financial Services Act 2013, including standards on prudential, shariah, business conduct and consumer protection, as well as on anti-money laundering and counter-terrorism financing.

Our brand new offering under Digital Bank, our new Lifestyle App is expected to be launched in 2021.

REVIEW OF GROUP'S FINANCIAL PERFORMANCE

AFFIN BANK ("the Group") recorded a consolidated profit before tax (PBT) of RM386.7 million for the financial year ended 31 December 2020 (FY2020), a decrease of RM290.3 million or 42.9% compared to the previous financial year, while profit after tax (PAT) for the financial year stood at RM272.8 million.

Net income expanded by

RM350.5 million

The Group Total Assets

RM69.5 billion

Net income expanded by RM350.5 million, mainly attributable to higher gains on sale of financial instruments of RM217.5 million, higher net fee income of RM108.3 million, higher income from Islamic Banking of RM70.5 million and higher net interest income of RM29.0 million.

For FY2020, basic earnings per share was 11.43 Sen compared to 24.59 Sen in the previous financial year, while net return on equity was 2.44%.

The total assets of the Group increased by RM1.2 billion or 1.7% to RM69.5 billion mainly attributable to the increase in cash and short-term funds, financial investments at FVOCI, trade receivables and net loans, advances and financing.

Gross loans, advances and financing increased by RM310.8 million or 0.7% to RM46.3 billion as at 31 December 2020 due to rebalancing of portfolios. Total customer deposits, however decreased by RM1.2 billion or 2.4% to RM49.9 billion, with a 7.1% reduction in high cost long term fixed deposits. During the financial year, CASA ratio improved to 22.22% as compared to 19.09% in FY2019.

On asset quality, the gross impaired loan ratio was at 3.52% [2019: 3.00%] while loan loss reserve remained at a healthy level of 98.2% [2019: 96.9%].

As at 31 December 2020, the Common Equity Tier 1 ("CET 1"), Tier 1 and Total Capital ratios of all the banking entities within the Group remained sturdy and well above regulatory requirements, a testament to the Group's financial strength. The Group maintained Total Capital Ratio of 22.24%, while its CET 1 and Tier 1 ratios stood at 14.52% and 16.29%, respectively.

At the Bank's level, AFFIN BANK recorded a lower PBT of RM93.1 million for FY2020, from RM460.1 million previously, attributable to higher allowance for credit impairment losses and higher operating expenses.

Amid the challenging capital market environment and the impact of COVID-19 pandemic, AFFIN ISLAMIC, recorded a higher PBT of RM97.2 million in 2020 as compared to RM93.2 million in 2019, mainly attributable to higher net profit income and higher net gain on sales of financial instruments.

Affin Hwang Capital performed remarkably well; its PBT surged to RM351.1 million in FY2020, an increase of RM176.6 million of 101.2% year on year. Higher net gain on sales of financial instruments, fee and commission income and other income totalling RM758.8 million contributed to the sterling performance. Its 63%-owned subsidiary, Affin Hwang Asset Management's PBT increased by 25.1% to RM137.3 million for FY2020, attributable to higher net fee and commission income.

Affin Moneybrokers Sdn Bhd contributed a PBT of RM1.9 million in FY2020 compared to RM2.5 million in FY2019, in line with its net brokerage income.

As for its 51%-owned Joint Venture Company, AXA AFFIN Life Insurance Berhad, the Group shared a lower net loss of RM0.4 million compared to a net loss of RM3.9 million in FY2019. The Company reported a lower loss after tax of RM0.8 million for FY2020 compared to a loss after tax of RM7.6 million in the previous year, mainly due to higher investment income and lower reserves for future policyholders' liabilities.

The 49.95%-associated company, AXA AFFIN General Insurance Berhad, contributed a higher share of RM41.9 million in FY2020 compared to RM33.6 million in FY2019. The Company reported a higher profit after tax of RM83.8 million in FY2020 as compared to RM67.2 million in the previous year, mainly attributable to the improved underwriting results.

IMPACT OF COVID-19

The COVID-19 pandemic brought with it many different challenges for the banking industry. The Movement Control Order (MCO) and its derivatives resulted in a slowdown in the economy and as a result, had wide-ranging effects on individuals as well as small and medium businesses and corporations. At AFFIN, we provided as much support as possible to all affected customers through the moratorium and various financial assistance plans.

The Group's exposures in 2020 to those sectors that were most affected by COVID-19 is summarised below:-

Exposures to COVID-19 impacted sectors (RM'000)

Real estate	The Group	5,727,243
	The Bank	4,006,230
Wholesale, retail trade, hotels and restaurants	The Group	3,996,064
	The Bank	3,236,141
Education, health and others	The Group	2,114,353
	The Bank	923,591
Construction	The Group	1,995,028
	The Bank	1,331,552

Maintained a Total Capital Ratio of

22.24%

MANAGEMENT DISCUSSION & ANALYSIS

CAPITAL MANAGEMENT

Overview

AFFIN Bank Group's capital management focuses on the following key objectives:-

- Compliance with regulatory capital requirements;
- Alignment of capital levels to the Group's risk appetite and strategic business plan; and
- Maintaining a healthy capital position to support the Group's business growth while optimising returns to shareholders.

The Group pro-actively assesses and manages capital adequacy so as to meet the regulatory requirements, various stakeholders' expectations and support AFFIN Bank Group's strategic business objectives.

Capital Management and Planning

AFFIN BANK's capital management objectives are implemented through the Group Internal Capital Adequacy Assessment Process ("ICAAP"). The Group's ICAAP involves a comprehensive assessment of all material risks that the Group is exposed to as well as an evaluation of the adequacy of the Group's capital to support its business activities in relation to those risks.

The Group's capital management is supplemented by the Annual Capital Plan to facilitate efficient capital utilisation and to maintain healthy capital ratios. The plan is updated on an annual basis and covers at least a three-year horizon and is approved by the Board for implementation at the beginning of the financial year. The Board reviews status update on the Annual Capital Plan to keep abreast with the latest developments in capital management and ensure effective and timely execution of the plans.

The Capital Management Committee is responsible for monitoring and managing the capital position of banking entities to ensure capital levels are maintained at appropriate levels in line with the overall risk profile and business strategy.

Capital Adequacy Ratios

AFFIN Bank Group places great emphasis in ensuring its capital position meets regulatory capital requirements and be able to withstand stressed economic and market conditions.

All the regulated banking entities within the Group have been maintaining internal capital targets that provide a healthy buffer above the minimum regulatory requirements.

BNM's Policy Document on Capital Adequacy Framework (Capital Components) - *Part G Transitional Arrangements* allows a financial institution to add back the amount of loss allowance measured at an amount equal to 12-month and lifetime expected credit losses to the extent they are ascribed to non-credit-impaired exposures (which is Stage 1 and Stage 2 provisions), to CET 1 capital. The Group and the Bank have elected to apply the said BNM's transitional arrangement for four financial years beginning 1 January 2020.

The table below shows the relevant capital ratios (after dividend) of each of the regulated banking entities of the AFFIN Bank Group as at 31 December 2020.

As at 31.12.2020^	AFFIN Bank Group	AFFIN BANK	AFFIN ISLAMIC	Affin Hwang Investment Bank
After Deducting Proposed Dividends:				
CET I capital ratio	14.517	13.061	12.234	45.531
Tier I capital ratio	16.288	14.790	14.226	45.531
Total capital ratio	22.242	21.254	20.271	46.136

As at 31.12.2019	AFFIN Bank Group	AFFIN BANK	AFFIN ISLAMIC	Affin Hwang Investment Bank
After Deducting Proposed Dividends:				
CET I capital ratio	14.459	12.958	11.720	42.745
Tier I capital ratio	16.241	14.644	13.826	42.745
Total capital ratio	23.188	22.185	20.535	43.574

^ *With transitional arrangements*

Capital Composition

The table below shows the capital composition of the Group and the Bank as at the end of 2020 as compared to end of 2019:-

	AFFIN Bank Group		AFFIN BANK	
	2020^ RM'000	2019 RM'000	2020^ RM'000	2019 RM'000
Equity Capital	8,784,832	8,604,631	7,884,879	7,940,172
Additional Tier I Capital Instruments	831,015	825,329	500,000	500,000
Regulatory adjustments	(1,958,032)	(1,887,437)	(4,092,909)	(4,078,176)
Tier I Capital	7,657,815	7,542,523	4,291,970	4,361,996
Tier II Capital	2,793,678	3,217,613	1,869,510	2,235,531
Capital Base	10,451,493	10,760,136	6,161,480	6,597,527
Risk-weighted assets	46,923,395	46,317,333	28,919,871	29,647,725

^ *With transitional arrangements*

MANAGEMENT DISCUSSION & ANALYSIS

Key capital management initiatives

Key capital management initiatives undertaken by the Group and the Bank since the previous years, which amongst others include the following:

(i) Dividend and Dividend Reinvestment Plan (DRP)

During the year, the DRP was applied for the second time to the dividend declared for financial year 2019 since its establishment in 2018 and had recorded a reinvestment rate of 91.7%, reflecting investor confidence in the AFFIN Bank Group and generating an additional RM127.5 million of capital.

In respect of the interim dividend of 3.5 sen per share for the financial year ended 31 December 2020 (“Interim Dividend”), the Board had also determined that the DRP be applied to the said Interim Dividend and 100% of the Interim Dividend can be elected to be reinvested into new AFFIN BANK shares. Pursuant to the DRP, dividend amounting to RM66.85 million had been reinvested in 44.27 million new AFFIN BANK shares representing an acceptance rate of 91.85%.

The DRP is part of AFFIN BANK’s strategy to preserve equity capital whilst providing steady dividend income to shareholders.

(ii) Perpetual medium-term notes (MTN) programme of up to RM6.0 billion in nominal value for the issuance of subordinated MTN and / or senior MTN (“MTN Programme”)

AFFIN BANK had issued 2 tranches of Tier-2 Subordinated MTNs of RM1.0 billion in nominal value each in February and September 2017.

(iii) Perpetual Additional Tier 1 Capital Securities Programme of RM3.0 billion in nominal value ("AT1CS Programme")

AFFIN BANK had in July 2018 issued RM500 million in nominal value of AT1CS.

(iv) Perpetual Sukuk Programme of up to RM5.0 billion in nominal value for the issuance of Senior Sukuk Wakalah, Tier 2 Sukuk Murabahah (“T2 Sukuk Murabahah”) and/or Additional Tier 1 Sukuk Wakalah (“AT1 Sukuk) (“Sukuk Programme”)

AFFIN ISLAMIC had in October 2018 issued RM300 million in nominal value of AT1 Sukuk and RM800 million in nominal value of T2 Sukuk Murabahah.

RISKS AND OPPORTUNITIES FOR GROWTH IN 2020

The year 2020 was extremely challenging, largely due to the COVID-19 pandemic and its impact on the social, business and economic fronts. While the world was gearing up to sustain the impact of the pandemic, Malaysia had to wade through the health crisis against the backdrop of lingering political uncertainty and already higher than peers fiscal burden. Accordingly, Fitch Ratings has downgraded Malaysia's Long-Term Foreign-Currency Issuer Default Rating to "BBB+ with stable outlook" from A- due the weakening key credit metrics.

During the financial year, Malaysia's GDP recorded a contraction of 5.6%. Several key developments have caused further market volatility, namely the continued trade tensions between the US and its major trading partners, the volatility of oil prices and other commodities, the moderating global growth across developed and emerging economies and geopolitical tensions. These headwinds and others have resulted in flattened financing growth, NIM compression and deteriorating asset quality in the banking industry.

The following are the risks and challenges identified by the Group during the financial year:-

a) **Digital Disruptions**

The banking industry has seen a rise in digital technologies and fintech. With increasing internet penetration, consumers have become more responsive and agile in embracing alternative financial products and service offerings.

b) **Property Market Uncertainty**

Despite the government's introduction of initiatives to manage the property market, Malaysia still faces significant supply and demand imbalances. If left unchecked, it may lead to deeper imbalances, which will adversely affect the real estate market and create spill-over effects on other parts of the economy.

c) **Evolving Regulatory Requirements**

Regulatory requirements and expectations will continue to evolve with new regulations, including but not limited to capital, liquidity, corporate governance, business conduct, compliance and operational risk. Compliance costs continue to increase and place more pressure on the existing business model.

d) **Business and Operational Risks**

Cybersecurity and data privacy are significant concerns for the Bank. Lapses or compromises in the Bank's systems could create risks and expose the Bank and its stakeholders to commercial losses and damage to reputation. To minimise system failures or security compromises, such as data breaches, hacking and malware attacks, the Bank will continue to adapt sophisticated systems and methodologies to prevent and neutralise potential threats.

The Group's Risk Management Committee continues to strengthen its risk management roles and responsibilities by improving risk management infrastructures and practices, the continuation of data analytics improvement capabilities and increased awareness of risk culture and the integration of risk management culture.

In ensuring that risks are managed in an integrated, comprehensive and strategic manner, the Group will continue to adopt the following standards and practices:-

- Refining the established Policy Architecture/Authority Structure
- Automating risk management processes to enhance efficiency
- Risk ownership clarity to inculcate 'entrepreneur' mentality
- Providing insights through 'big data' analytical capabilities
- The setting of KPIs and KRIs linked to Risk Appetite and its tracking mechanism
- Enhancing risk governance and risk-taking activities over new business

MANAGEMENT DISCUSSION & ANALYSIS

OUTLOOK AND PROSPECTS IN 2021

Amid exceptional uncertainty, the International Monetary Fund (IMF) in its January 2021 issue of the World Economic Outlook (WEO) Update, anticipates global GDP to grow by 5.2% in 2021 and 4.2% in 2022. The 2021 forecast has been revised reflecting expectation of vaccine-powered strengthening of activities later part of the year and additional policy support in a few large economies.

Malaysia's real GDP decline of 5.6% in 2020 was the first annual decline in GDP growth since 2009 and sharpest drop since 1998, as domestic demand contracted by 5.7% while exports dropped by 8.8%. The restriction on movements, especially inter-district and inter-state travel, weighed on the domestic demand particularly in the second and last quarters of 2020.

The Government announced a second round of Movement Control Order 2.0 (MCO 2.0) from 13 January 2021 until 4 March 2021 in all states except Sarawak which was under Conditional Movement Control Order (CMCO) to curb the spike in COVID-19 cases since end-November 2020. The CMCO was extended to 28 April 2021 for 6 states while the other states were under Recovery Movement Control Order. The implementation of MCO 2.0 will lead to higher corporate earnings risk, although the negative impact on most economic sectors is expected to be less severe than that experienced in 2Q2020.

Following the implementation of MCO 2.0, the Government announced additional stimulus measures worth RM16.2 billion under Perlindungan Ekonomi dan Rakyat Malaysia (PERMAI) and PEMERKASA on top of the earlier stimulus packages namely Economic Stimulus Packages, PRIHATIN, PRIHATIN SME+, PENJANA and KITA PRIHATIN to mitigate the impact of the pandemic on affected households and businesses. The implementations of the stimulus packages are being tracked by LAKSANA, a unit under the Ministry of Finance to ensure the aids reach the targeted groups. The RM321.2 billion economic stimulus packages is anticipated to generate spill-over effects and augment the economic recovery in 2021.

Malaysia's GDP is expected to bounce back to between 6.5% and 7.5% in 2021. Monthly economic data has shown promising recovery signs in production and trade statistics, diversifying employment opportunities, and increasing private consumption. Internally, the nation's diversified economy, backed by strong economic fundamentals shall provide the desired support to promote continuous growth in the years to come.

On the inflation front, with higher global oil prices, it is expected that the country's headline inflation to average higher at 2% projected for 2021 vs -1.2% in 2020, which may lead to gradual normalisation of policy interest rates in the early part of 2022.

FY2021 is expected to be a year of recovery for businesses, with the effective roll-out of COVID-19 vaccines leading to improvements in the manufacturing and services sectors. The Government, through the National COVID-19 Immunisation Programme is targeting to vaccinate 80% of the population or 26.5 million people by 1Q2022.

The GDP growth is expected to remain negative in 1Q2021 due to the MCO 2.0 but projected to improve and turn positive from 2Q2021 onwards supported by better external demand from expansion in global growth, ongoing fiscal measures as well as expected roll-out of vaccines.

The introduction of Government measures during the Budget 2021, coupled with tax incentives, and the targeted Wage Subsidy Program will support private consumption growth. Private investment is likely to improve in 2021 with the resumption and implementation of mega infrastructure projects and other new projects. This is evidenced by the Government's proposal to allocate a substantial RM69 billion to development expenditure focusing on construction-related and infrastructure projects with high multiplier impact. Export growth in 2021 will be underpinned by a sustained pick-up in external demand led by a rebound in global economic growth. The strong turnaround expected in China's economy will help support the external demand as China remain one of Malaysia's main trading partners.

COMMUNITY BANKING

Community Banking deposits grew by **7.5%,** outperforming the average industry growth rate of 5%.

MANAGEMENT DISCUSSION & ANALYSIS

MORTGAGES GROWTH RATE FOR THE LAST 5 YEARS

66%

2020 OPERATIONAL REVIEW

Community Banking's strategic priorities for FY2020 were to attract deposits, increase digitisation initiatives, improve productivity, control costs, manage asset quality and expand our customer base.

The Community Banking Directorate ("CMBD") achieved decent loan growth and robust deposit growth in 2020, despite facing stiff competition for funds. The Directorate achieved loan growth of 3.3% or RM0.8 billion and deposit growth of 7.5% or RM1.8 billion. However, excluding the modification loss, the Directorate achieved loan growth of 4.1% or RM1.0 billion.

Given the larger deposits, our loan deposit ratio (LDR) reduced to 98.4% in FY2020, from 102.5% in FY2019, while our mortgage portfolio saw a 6.0% growth. Meanwhile, our cards portfolio grew by 17.1%, despite the challenging environment.

DEPOSITS

During the year, deposits have shown a growth of 7.5%, outperforming the average industry growth rate of 5%. With more Malaysian professionals being upwardly mobile, there is an increased demand for personalised financial and wealth products. Affin Avance was created to meet this demand and is a new customer segment with unique benefits tailored for the on-the-go professionals. In this regard, we launched the new Savvy and Savvy I-products in 2020 to cater specifically to this segment.

MORTGAGE

Despite the sluggish property market, mortgages grew by 6.0% or RM0.7 billion to reach RM12.4 billion in FY2020 (FY2019: RM11.7 billion). Our sales were driven partly by Home Ownership campaigns and further boosted by the lower interest rate regime brought about by OPR cuts.

In 2020, we expanded our focus to include the RM400,000 to RM800,000 range. We continued to target first-time home-buyers, owner occupied properties and upgraders.

CARDS

The Cards Business achieved healthy growth in FY2020 with our card base increasing 59% (vs Industry of -3%), despite the challenging and competitive market conditions.

Double-digit growth was recorded in most key business drivers. Billings and receivables grew at 16% (vs Industry of -12%) and 17% (vs Industry of -11%) respectively. Asset Quality also improved, with Gross Impaired Loans (GIL) ratio dipping from 0.49% to 0.39%, well below the Industry ratio of 0.98%.

To target the growing millennial segment, we launched the Affin DUO Credit Card in August 2020 featuring attractive cashback and rewards points. For the mass affluent segment, the Affin Avance Credit Card was launched in December 2020, offering unique benefits for forward-thinking professionals, many of whom are members of professional bodies such as MICPA, The Malaysian Bar Council and others.
To encourage customers to adopt cashless and e-payment methods in line with BNM's goal of a cashless society, we launched more promotions, resulting in debit card usage growth of 35% in FY2020.

The Cards Business achieved healthy growth

59%

(vs Industry of -3%)

HIRE PURCHASE

The Industry loan base for vehicle financing showed a declining trend, from RM173.2 billion in 2015 to RM167.4 billion in 2020. In FY2019, due to thinning margins, the Group made a conscious decision to reduce exposure in Hire Purchase, instead of concentrating our attention on the passenger vehicle segment.

Excluding modification loss, we saw a drop in loan balances to RM10.2 billion in June 2020, from RM10.7 billion in the previous corresponding period, but managed to reverse the trend to close the year with a marginal growth of 1.6 %, or RM10.9 billion year on year. However with modification loss, our loan book remained flat.

AMANAH SAHAM NASIONAL BERHAD

While over-the-counter Amanah Saham Nasional Berhad ("ASNB") funds recorded decent sales at RM101 million, financing contracted in 2020 due to poorer fund returns, which led customers to select alternative investments. This was coupled with lower sales due to the restriction of movements imposed during the pandemic. Nonetheless, we were able to meet the quota of units allocated by PNB for distribution. Subsequently, PNB has increased our quota for 2021.

MANAGEMENT DISCUSSION & ANALYSIS

RISKS AND OPPORTUNITIES

From a Mortgage Business perspective, the Group has reviewed our collection strategies in anticipation of the impact of the economic slowdown caused by the US-China Trade War, the COVID-19 outbreak and the property overhang in the country.

We expect to face continued competition from other major banks. However, we also expect the Cards Business to grow in FY2021 and to drive the growth of our Cards Business, we will continue to target the mass affluent (Avance) and emerging affluent (Invikta) segments and selectively manage the vulnerable/high-risk customer segments.

The current COVID-19 pandemic has affected the Hire Purchase Business with slower sales during the MCO period. The mandatory moratorium and our Financial Assistance and Instalment Relief (FAIR) and XTRA programs have provided temporary relief and we anticipate that the extension of sales tax exemption for passenger vehicle until 30 June 2021 will help the recovery and drive take up of loans. Meanwhile, we have put in place proactive measures to assist our existing customers to continue make payments over the period.

The COVID-19 customer relief and support measures provided in the year 2020 are as follows:-

	Retail Portfolio			
The Group 2020	**Mortgages RM'000**	**Hire Purchase RM'000**	**Others RM'000**	**Total RM'000**
Total outstanding moratoriums, repayment assistances and Rescheduling and Restructuring ('R&R') granted	11,354,223	8,386,154	541,815	20,282,192
Of which : Resumed repayments	8,706,495	6,980,049	448,680	16,135,224
Extended and repaying as per revised schedules	2,166,427	970,810	58,308	3,195,545
Missed payments	481,301	435,295	34,827	951,423
The Bank 2020				
Total outstanding moratoriums, repayment assistances and Rescheduling and Restructuring ('R&R') granted	3,971,923	5,194,307	332,178	9,498,408
Of which : Resumed repayments	3,016,926	4,408,217	282,462	7,707,605
Extended and repaying as per revised schedules	768,379	517,038	29,523	1,314,940
Missed payments	186,618	269,052	20,193	475,863

Based on the downward trend of dividend payments over the past few years, we anticipate a change in customer demand for ASNB investment products. Of late, customers who seek safer and more secure investment products with fixed returns may place their money back into the Bank to avoid adverse risk from alternative investments. ASNB, on the other hand, expects agent banks to offer competitive loan or financing rates to customers, given lower declared dividends. The challenge will be to convince the public that ASNB investment products through financing are worthwhile. As long as the returns are above the deposit rates, we are optimistic that we can overcome the challenges.

We continue to build momentum in our Wealth Management Business and foresee better traction in 2021 as we launch new products and distribution channels alongside our revamped investor advisory services.

LOOKING AHEAD

In the year ahead, the CMBD will be concentrating on developing our Avance and Invikta segments. We will be scaling up our mortgages, increasing our card base, maintaining the quality of our hire purchase loans and aggressively growing our personal financing book. In 2020, we outpaced the industry in terms of deposit growth and we will maintain this momentum for our CASA and increase our fee based income via our wealth management and bancassurance offerings.

As the Mortgage Business is our largest loan portfolio, we will continue offering financing to those employed under emerging industries such as Education, Healthcare and Information Technology and Communication.

In terms of our Cards Business, we anticipate that customers will be more discerning, knowledgeable and have higher expectations of innovative offerings, convenience and real-time processing, along with better and differentiating value proposals. In response, we will continue to focus on product innovation to enhance the value proposition of our cards to meet our customers' lifestyles and needs. We believe that consumers will be more prudent in their expenditure, especially with job security at stake given the current uncertain economic environment.

The motor vehicle sector is poised to start 2021 in high gear following the extension of sales tax exemption for passenger vehicle until 30 June 2021. It is envisaged that 2021 will show a stronger recovery with TIV target at 585,000 units based on 17% growth year-on-year. The latest development of vaccination roll-out and new technologies developed locally will create a more positive atmosphere for the economy and a more vibrant business for Hire Purchase financiers in the market.

Our newly launched Personal Financing Business has built good traction with a RM63 million growth in 2020, and we are confident in scaling this business significantly in the year ahead.

For those that choose to invest in funds, the investment of ASNB funds through loan/financing remains attractive given the lower rate charged by banks and we are confident that this type of investment will remain a viable avenue of wealth creation for the long term.

We have also started to grow our Smart Money offering, a Fixed Deposit backed Overdraft facility that allows customers to access funds without premature upliftment of their long-term deposits.

Despite the pandemic, prices and risk appetite continue to dictate the market. Priority will be given to investments that provide better returns and/or reduce risk as customer demand will be polarized by their view of economic recovery. We are prepared to serve them regardless of their need.

We believe that our deposits and emas-i wealth management product growth will be driven by the risk adverse customers. Our ASNB financing will be attractive to those who prefer low risk leveraged investment while our suite of other wealth management offerings will appeal to those who have a more optimistic stance on the economy.

ENTERPRISE BANKING

2020 OPERATIONAL REVIEW

Previously known as SME & Commercial Banking in August 2019, the Division was renamed Enterprise Banking Directorate (EBD) in 2020 to reflect refined roles, focus and differentiated propositions to serve the SME ecosystem's overall facets. With over 35 locations throughout Malaysia, Enterprise Banking is committed to serving its customers, especially during this unprecedented time.

Despite a challenging year, EBD has remained steadfast, growing its financing at a steady rate of over 18.8%. The Gross Impaired Loan (GIL) ratio improved further to 3.8% from a height of 9% about four (4) years ago, largely due to continuous efforts in improving asset quality with aggressive collection and prudent lending activities.

The carefully crafted strategies and action plans in 2020 produced positive results with overall achievement materially better compared to 2019, despite challenging market sentiments. Loan-to-Deposit ratio was stable at 74.5%, with NIM at 4% while the CASA ratio improved further to 52.3% year-on-year.

The Bank concentrated on its digitalisation and automation efforts in 2020 to help customers embrace the new normal situation. To ease SMEs' financial burdens during the pandemic, EBD facilitated various initiatives during and post-MCO. In April 2020, the SME Colony mobile app, one of Enterprise Banking's key digital tools, underwent enhancements and version 2.0 was released, with improved user experience and API capabilities.

Since its initial launch in October 2019, this award-winning mobile app onboarded over 100 SMEs Rakaniaga from various sectors, serving the SME community as a comprehensive online business resource and reference platform with the latest business-related articles, podcasts, promotions, and more. The SME Colony also acts as an exclusive B2B and B2C online platform for SMEs to offer their products and services.

In 2020, EBD garnered a total of nine awards and/or recognitions from seven national and internationally renowned awarding bodies for the Bank's remarkable achievements in the SME segment covering the areas of digital innovation, insurance and start-up banking solutions. Most notably, the SME Colony set a record achievement for AFFIN BANK as the first SME community development mobile app, recognised by The Malaysia Book of Records.

SME Colony was also recognised as SME Banking Awards' Winner of the Excellence and Highly Commended in the Dynamic Third-Party Collaboration Award at the Retail Banking International Asia Trailblazer Awards 2020, as well as the coveted Best Ecosystem Project at the highly prestigious The Asian Banker Malaysia Awards 2020.

In December 2020, EBD officially launched AFFINWRKFZ, a new proposition available on SME Colony that provides total business and talent management solutions covering talent retention, business planning, insurance protection and human resource solutions to help future-proof SMEs.

In response to the challenges caused by the pandemic, EBD adapted by reaching out to stakeholders via digital and online engagement strategies. SME BizChat organised a series of live webinars with major industry experts to share insights and strategies with SMEs on how to cope with business challenges in this current situation, covering key topics such as financial aid, business advisory and digital transformation.

SMEngage initiative involved participating in business engagement activities such as the virtual SME Solutions Expo 2020 by Business Media International (BMI), Phygital Transformation Townhall by Brand 21, Hari Terbuka Bantuan Pembayaran Balik Pinjaman PKS by the Selangor State Government and SMEs engagement sessions held by Bank Negara Malaysia (BNM). Additionally, EBD had also increased the Bank's visibility and outreach to SMEs through the broadcasting of radio and podcast programmes with Bernama Radio and eFM Live.

Apart from the digital programmes, we rolled-out multiple financial relief assistance initiatives throughout 2020, including the disbursement of COVID-19 financial relief funds from BNM and Government-initiated aid programmes, benefiting more than 2,000 SMEs.

The Bank also took the initiative to introduce its own Financial Assistance & Instalment Relief (FAIR) Programme to ease our customers' financial burden, where nearly 200 applications involving RM800 million in outstanding loan balances were approved.

In 2020, EBD expanded its focus on the start-up segment, often unserved and under served despite being one of the most robust segments of the economy. With the aim of nurturing and building this high-potential segment, EBD launched a full suite of start-up banking solutions covering financing, protection, transactions and advisory & support. The SMEmerge start-up financing scheme was launched in May, followed by the BizDana-i start-up financing scheme in October to provide start-ups with working capital assistance.

As part of the Bank's efforts to assist SMEs, an innovative start-up insurance plan, SMEasy Protect was introduced to provide business continuity protection with incredibly low premiums starting from RM15 per annum, drawing approximately 10,000 sign-ups. In August 2020, the SMEasy Protect won "Insurance Product Innovation of the Year" at the Asian Banking & Finance Retail Banking Awards 2020.

MANAGEMENT DISCUSSION & ANALYSIS

RISKS AND OPPORTUNITIES

The COVID-19 pandemic caused concern among businesses at the beginning of 2020. The implementation of MCO 1.0 and subsequent recovery phases caused drastic changes in the modus operandi of most sectors, especially SMEs and start-ups.

This unprecedented event left many in direct need of financial assistance as cashflow tightened from loss of sales, an increase in debts and a surge in operational costs, among other issues. To ensure business sustainability in the new normal, the Bank upgraded its technology solutions to enable customers to reduce contact and conduct online banking transactions efficiently.

The Bank promoted the SME Colony mobile app to encourage SMEs to pivot their business strategies by using digital approach to boost sales, increase brand visibility, and expand market penetration. As SME Colony functions as a one-stop centre for all business-related activities, SMEs can grow their business by customising financial solutions, assessing comprehensive industry references and resources, and accessing networking opportunities.

The EBD continues to play a significant role in supporting SMEs and start-ups in their sustainability journey and business goals. We participated as an exclusive benefactor for the SME100-AFFIN BANK Group SME Icon Award in the annual SME100 Awards that recognises highly successful SME companies over a four-year period, with the objective of strengthening the Bank's presence in this segment. We also partnered with MyStartr, a Securities Commission-licensed Equity Crowdfunding platform to co-organise the 4th Dream Factory Startup Contest and was the benefactor of the AFFIN Rising Star Awards in the 5th Edition of Malaysia Top E-Commerce Merchant Awards 2020 organised by the Selangor Information Technology and Digital Economy Corporation (Sidec).

LOOKING AHEAD

It is expected that the economy will remain challenging for SMEs in 2021, especially in the first half. Although the pandemic restricted domestic economic growth, the rollout of the nationwide vaccination programme may change public sentiment, resulting in increased household spending and improved income.

The EBD will continue to introduce innovative digital tools and automated solutions while working around present conditions. Being mindful of the challenges and possible limitations, the EBD will grow market share through various outreach and engagement initiatives with a long-term view of mutual growth.

The EBD is also set to strengthen its asset quality management. Market traction is expected to improve with the introduction of exciting propositions to entice new customers. We are looking forward especially to the rollout of a new segment-focused proposition supporting the growth of women entrepreneurs in Malaysia.

The start-up segment will remain EBD's niche focus, with plans to introduce more financial solutions and initiatives to complement the start-up ecosystem. The long-term plan is to constantly enhance and improve the SME Colony mobile app to meet SMEs' growing and evolving needs. Since many SMEs are shifting towards digitalisation, EBD will introduce a seamless digital onboarding process for better customer experience.

Lastly, in our effort to grow progressively and proactively in 2021, EBD will continue to build and strengthen its relationship with stakeholders, key strategic partners and market influencers to increase brand awareness, grow market share and initiate networking for partnership opportunities.

CORPORATE BANKING

2020 OPERATIONAL REVIEW

For the financial year ended 31 December 2020 ("FY2020"), the Corporate Banking Directorate ("CBD") has continued to support the growth of AFFIN BANK.

CBD's business focus remained aligned to growing contingent asset-based facilities, stabilising net interest margin ("NIM") and cost of funds ("COF") through active management of its liabilities portfolio. This will be done by actively managing liabilities portfolios and leveraging on AFFINMAX, our newly launched Corporate Internet Banking Channel.

Improving asset quality is one of CBD's Key Strategies for 2021 in anticipation of the inherent credit risk within the portfolio which was compounded by the adverse effects of the COVID-19 pandemic since early 2020.

To boost balance sheet growth and revenue, CBD will provide a broader and enhanced its suite of products and services. This entails accelerating product innovation, introducing digital offerings which enable greater business efficiency and competency, and continuous efforts in the area of process improvement to drive operational excellence and cost optimisation.

LOANS, ADVANCES AND FINANCING

CBD's total loans, advances and financing represent 32.0% of the Commercial Banking segment. In line with our strategy, CBD concentrated on better risk-returns, contributing to higher risk-adjusted return on capital ("RAROC"). As part of the initiatives, CBD aims to strike the right balance between profit margin, asset quality, impact of MFRS 9, funding, capital management and growth in defending market share and profitability. CBD seeks to provide competitive products and services while building excellent rapport with customers.

32%

Total loan and financing of the Commercial Banking segment

MANAGEMENT DISCUSSION & ANALYSIS

Net Interest Income decreased by 7.0% which was consistent with the decrease in loan assets. Notwithstanding this, CBD has a positive fee to income ratio growth of 0.87% in line with CBD's current strategy, i.e shifting focus to strategically grow on non-interest income, ensure asset quality and avoid sector concentration risk, mainly in the real estate. A revamping of cost structures will be carried out to improve RAROC pricing tools and optimise profitability.

TRADE FINANCING

Trade financing revenue for FY2020 decreased by 17.7% year-on-year attributable to overall lower trade utilisation of 59.1% (FY2019: 59.6%) due to the pandemic. Certain trade facilities were converted to term loans or temporary overdrafts to accommodate the moratorium and allowing more time for customers to pay overdue trade bills. As a precautionary measure, CBD did not aggressively push trade utilisation for certain industries to minimise the probability of default.

DEPOSITS

Liquidity is paramount to the Bank's ability to continue in its business to provide financing. The Bank initiated efforts to reduce high-cost deposits while managing the overall balance sheet to ensure the liquidity of the bank remained intact. As a result, CBD's total deposits decreased by 18.1% from withdrawals made by its CASA and fixed deposit customers to finance repayments and business operations.

Loan-to-deposit ratio ("LDR") increased by 10.4% and CASA Ratio stood at 16.5% in FY2020 as compared to 15.3% in FY2019. CBD will focus on attracting cheaper deposits via accelerating the Bank's digital readiness to encourage customers to use AFFINMAX to manage and perform transaction and banking activities online. CBD aims to provide excellent customer service and increase fee and float incomes by building rapport with high valued customers.

MANAGEMENT DISCUSSION & ANALYSIS

RISKS AND OPPORTUNITIES

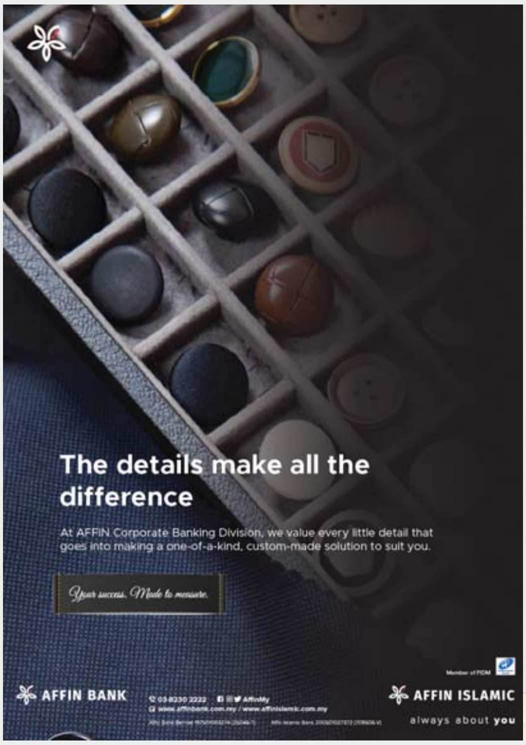
In 2021, economic uncertainties will continue to affect asset growth and push expected credit loss ("ECL") upwards. The adverse impact on CBD's profitability was due to clients' failure to fulfil financial and contractual obligations as per the agreed terms. To mitigate this risk, an agile approach is adopted on the stress test with close monitoring of ECL, capital impact, RWA and economic indicators. Proactive engagement was also carried out to identify options to support viable customers.

One of BNM's initiatives is to improve the liquidity in the Malaysian market; the OPR was cut by 125 basis points (bps) to 1.75% as at the end of FY 2020, putting pressure on the NIM of CBD.

We will continue to help customers weather the pandemic via FAIR Program while waiting for the economy to recover. However, this is done proactively on a case-by-case basis without compromising our asset quality position. The Government has also provided financial assistance under the RM50.0 Billion Danajamin Prihatin Guarantee Scheme to mitigate the impact of the pandemic.

Our agile and resilient approach is responsive to the changing economic activities, enabling investment in growth opportunities and deliver sustainable results to stakeholders. CBD will continue to identify and create value propositions in niche markets, be a trendsetter and strive to be a Professional Corporate Banker. We will continue to leverage on the client coverage model as a one-stop contact point for CBD customers to access the full range of products and services offered by the Group.

Throughout this, CBD remains focused in providing excellent customer relationship complementing AFFIN BANK's new tagline "Always About You", deepening relationships with our clients in adopting a contemporary client-centric approach, with an emphasis on building product and service propositions that ring true to our brand. In the future, we plan to explore new revenue potential across the Commercial Banking segment.



MANAGEMENT DISCUSSION & ANALYSIS

LOOKING AHEAD

For 2021, CBD will continue to focus on minimising the impact of the downside risks from the pandemic outbreak, while accelerating digitalisation to improve efficiencies

The Key Strategic Objectives to meet our goals are as follows:-

Proactively manage and safeguard the Bank's asset quality by monitoring of Corporate Customers' accounts for any early warning signs or deterioration in their credit quality to ensure timely detection and early intervention/remedial actions.

Support and assist eligible corporations that are impacted by COVID-19 seeking temporary relief on a case-by-case basis to maintain their business viability until the conditions improve as part of the BNM's directive.

Accelerate our digital readiness and encourage our customers to use AFFINMAX to perform their transaction banking business activities online, indirectly attracting more stable funding deposits.

The economy remains slow and subdued and CBD will continue to adopt measures to not only sustain but also to grow the business. We will continue to serve and provide a seamless banking experience to our customers by broadening our product offerings, introducing digital capabilities, enhancing existing online platforms and improving cross-selling activities.

CBD has also stepped up its digitisation innovations to improve customer experience. Among such initiatives is AFFINMAX, which encompasses cash management, liquidity management, financial supply chain and foreign exchange ("FX"). This integration provides clients with a wide range of banking solutions within a single platform to ease their daily business transactions and concurrently serve as a key differentiator to strengthen our footprint in the market.

The Bank is committed to staff development, encouraging interdepartmental collaboration for more self-directed career planning. CBD supports digital innovation within the workforce, investing in a Customer Relationship Management system (CRM) to enable performance measurement, talent benchmarking and a holistic view of client information in real-time. With the combined reach, customer knowledge, capabilities and influence, CBD can penetrate target market with compelling asset or capital financing propositions. We are seeking to become digitally powered relationship management platform that can offer clients real-time analysis and execution.

CBD will focus on enhancing synergies with product partners towards harnessing greater share of wallet from current customers by capitalising on the current clientele base as well as acquiring new-to-bank clients. To enhance customer centricity under the new Corporate Investment Banking Model, Client Coverage teams will be the single point of contact, providing structured financing, trades, cash management solutions and advisory services. This strategy will achieve product excellence and create clear segregation between product strategy and distribution.

We expect the operating environment to be tough, hence the mid-cap segment remains an important area of growth strategy. CBD will continuously drive ancillary businesses across the Group to grow share of wallet, preserve asset quality and strengthen compliance and risk culture by delivering excellent customer service based on long-term business relationships.

TREASURY

2020 OPERATIONAL REVIEW

Despite the challenging market and economic landscapes, AFFIN BANK adopted the right portfolio strategy, enabling the Bank to leverage on new opportunities. As a result, in FY2020, fee-based income for the Group's Treasury Directorate increased by 110%, and the Directorate registered a record high profit. Trade tensions continued between the US and China, while the pandemic dragged down global financial market significantly.

Globally, central banks responded by injecting liquidity via bond purchase programmes and adopted more accommodative monetary policies to support their economies. The Federal Reserve Bank launched massive rate cuts in March 2020 in two separate unscheduled meetings.

At home, BNM cut the OPR in four separate Monetary Policy Committee meetings. BNM had previously reduced statutory reserve requirement (SRR) by 50 bps from 3.5% to 3.0% to inject enough liquidity into financial markets and to stimulate lending activities towards the end of FY2019 as the growth momentum slowed. The SRR was further reduced by 100 bps to 2.0% in March 2020. The central bank also allowed financial institutions to pledge government bonds in place of cash to further inject liquidity into our financial system to spur credit growth.

The government announced five stimulus packages to assist affected sectors and individuals. While challenging, the above operating backdrop is also bond market-friendly. AFFIN Bank Group was able to leverage on this favourable market conditions and take on an approach of growing non-interest income.

RISKS & OPPORTUNITIES

Domestic financial market conditions remained in order despite significant market volatility. Developments surrounding the COVID-19 pandemic combined with uncertainty on the impact of the pandemic policy measures imposed by the government and volatile global oil prices in the first half of 2020 have led to a tightening in global financial conditions.

MANAGEMENT DISCUSSION & ANALYSIS

On the domestic front, the implementation of MCO 1.0 to curb the spread of COVID-19 pandemic followed by weak internal and external demand conditions led to a contraction in economic activity, which also resulted in higher domestic market stress levels in FY2020. Despite the abovementioned market backdrop, the Malaysian bond market experienced a net foreign inflow of RM18.30 billion in 2020.

In the near term, financial market volatility is expected to remain elevated. A resumption in the rise of COVID-19 infections in several countries will continue to weigh on financial markets and heighten market volatility. Investor sentiment could also turn more cautious on weaker-than-expected corporate earnings and an escalation of trade or regional geopolitical tensions.

LOOKING AHEAD

While the outlook for 2021 is promising, there are headwinds ahead with the potential resurgence of new COVID-19 cases and uncertainty in US foreign and trade policies with the newly elected President. The prolonged targeted containment measures are also a potential drag to the forecast GDP growth target and more fiscal and monetary policies responses may be needed.

The Group Treasury Directorate will continue to provide an excellent customer service in foreign exchange and interest rate related products and services, guided by best practices stipulated in the Code of Conduct for Malaysia Wholesale Financial Market. We will also continue to leverage on our niche market clients to support their Treasury and Capital Markets related needs.

Moving forward, we will focus on new product development, increasing traded risk appetite, portfolio optimisation, prudent cost of funds management and digitising Treasury services.

AFFIN ISLAMIC BANK BERHAD

2020 KEY OBJECTIVES

A balanced growth strategy, financing growth to accelerate and drive investments in proprietary banking technologies

Expanding the commercial platforms, strengthening fee-based income from digital banking, unit trust and credit card to mitigate the impact of margin compression on net profit income

Growing assets through prudent underwriting standards and active recovery efforts

Contributing financing portfolio up to 40% to AFFIN Bank Group with focus on the SME segments and generating sustainable returns

Strengthening the Bank's liquidity and funding profile while managing resources with effective operational costs

2021 STRATEGIC FOCUS

Effective management of balance sheet to minimise funding cost, maximise Net Profit Margin and maintaining healthy liquidity position

Revenue upliftment by focusing on high yield financing and fee income generation

Embracing digital transformation with more strategic collaborations and partnerships

The following is a condensed review of the operational highlights and business performance of AFFIN ISLAMIC. A more detailed report is provided separately in AFFIN ISLAMIC's Annual Report for the financial year ended 31 December 2020.

2020 OPERATIONAL REVIEW

In 2020, BNM revised the OPR to the lowest 1.75%, consistent with its accommodative monetary policy stance in light of the Covid-19 pandemic. Increasing unemployment and the closure of businesses led to more pressure on banks as customers lost their source of payment for their financing.

MANAGEMENT DISCUSSION & ANALYSIS

AFFIN ISLAMIC managed to navigate the challenging environment by continuously offering attractive products with unique features covered under various shariah contracts.

In order to continue persevering though those trying times, the Bank strategy focus was also on strengthening our business collaborations with universities, local authorities, federal and state governments and religious bodies.

The Corporate Banking business grew its assets prudently throughout the year supported by strong relationship with its existing and potential customers. The division targeted financing growth was in higher risk-adjusted return on capital (RAROC) sectors and products, growing fee-based income and increasing CASA-i, while moving away from high-cost fixed or term deposits.

The Enterprise Banking business focused on the asset quality management (AQM) process from on-boarding, pricing to case management. Its management of potential non-performing financing (NPF) accounts was efficient and robust.

They are focused on maintaining aggressive financing growth without significant NPM/RAROC compression and growing fee-based income. CASA-i and TD-i growth was in line with financing growth.

The Community Banking business leveraged on its strategically located network of branches, fast disbursement of financing, strong dealer/developer franchise (hire purchase and mortgage), experienced sales team and competitiveness of pricing. The business focused on cost management and optimisation, managing asset quality and improving customer relationships and experience through digitisation.

Products launched

In line with our strategic efforts, we have introduced several new products in FY2020 as follows :

Deposit

- AFFIN ISLAMIC Foreign Currency Term Deposit-i (FCTD-i) launched on 2 March 2020
- AFFIN Avance Savvy-i launched on 11 November 2020

Business

- Special Relief Facility (SRF) launched on 6 March 2020
- PENJANA launched on 1 July 2020
- PENJANA TOURISM launched on 27 August 2020
- CGC BizDana-i Start-Up Financing Scheme launched on 30 September 2020
- Financial Supply Chain-i (FSC-i) launched on 12 December 2020
- Targeted Relief and Recovery Facility (TRRF) launched on 15 December 2020

Consumer

- AFFIN Advance-i launched on 28 February 2020
- AFFIN Smart Money-i launched on 15 July 2020
- AFFIN ISLAMIC Personal Financing-i to the Pensioners launched on 3 August 2020
- AFFIN ISLAMIC Personal Financing-i to the Government Servants via Salary Deduction launched on 23 October 2020

MANAGEMENT DISCUSSION & ANALYSIS

One of our major highlights for FY2020 was achieving 43% of the total financing/loans assets of AFFIN BANK and AFFIN ISLAMIC, exceeding the 40% target set by BNM under its 10-year Financial Sector Blueprint 2011-2020 for the second consecutive year.

As recognition of our continuous efforts in sustainability, AFFIN ISLAMIC was awarded the National Energy Awards 2020 under the category of Special Award – Sustainable Energy Financing (Islamic Financing). The award signifies our commitment in embracing and supporting the Government's initiatives in supporting sustainable energy projects in Malaysia.

The Bank continued to contribute Zakat to communities by participating in a number of charity programmes, including the Harian Metro Titipan Kasih 2020 campaign with New Straits Times Publication (NSTP), where goods and assistance were delivered directly to those in need. The bank also sponsored to purchase heat scanning machines and personal protective equipment (PPE) to the frontliners at the local hospitals during the pandemic of COVID-19. This was done through its participation and collaboration in activities organised by NGOs, local authorities and universities.

AFFIN ISLAMIC achieved 43% of the total financing/loans assets of AFFIN BANK and AFFIN ISLAMIC, exceeding the 40% target set by BNM

2020 FINANCIAL REVIEW

AFFIN ISLAMIC's profit before taxation for the financial year 2020 (FY2020) increased by 4.3% to RM97.2 million (FY2019: RM93.2 million). Revenue increased by 8.6% from RM417.6 million to RM453.6 million, largely supported by the enlarged financing and treasury portfolios.

Operating expenses reduced by 6.3% year-on-year to RM245.5 million while cost-to-income ratio stood at 54.13%. The reduction in operating expenses were attributed to lower personnel expenses.

Total assets as at 31 December 2020 stood at RM25.2 billion, increasing 8.3% from RM23.2 billion in FY2019. The increase is in tandem with growth in net financing, advances and other financing of 4.3% to RM19.4 billion, supported by the increase in cash and short-term funds of 75.9% to RM2.8 billion. During the financial year, the Bank's liquidity position also improved due to the increase in customer deposits by 7.9% to RM18.7 billion with CASA-i deposits expanded by 32.1% to RM4.8 billion.

The gross impaired financing ratio improved to 1.77% from 2.47%. The Bank achieved a return on equity (ROE) of 2.91% as compared to 3.57% in FY2019. The Bank's Total Capital ratio stood at 20.27%, while Common Equity Tier 1 and Tier 1 ratios stood at 12.23% and 14.22% respectively.

MANAGEMENT DISCUSSION & ANALYSIS

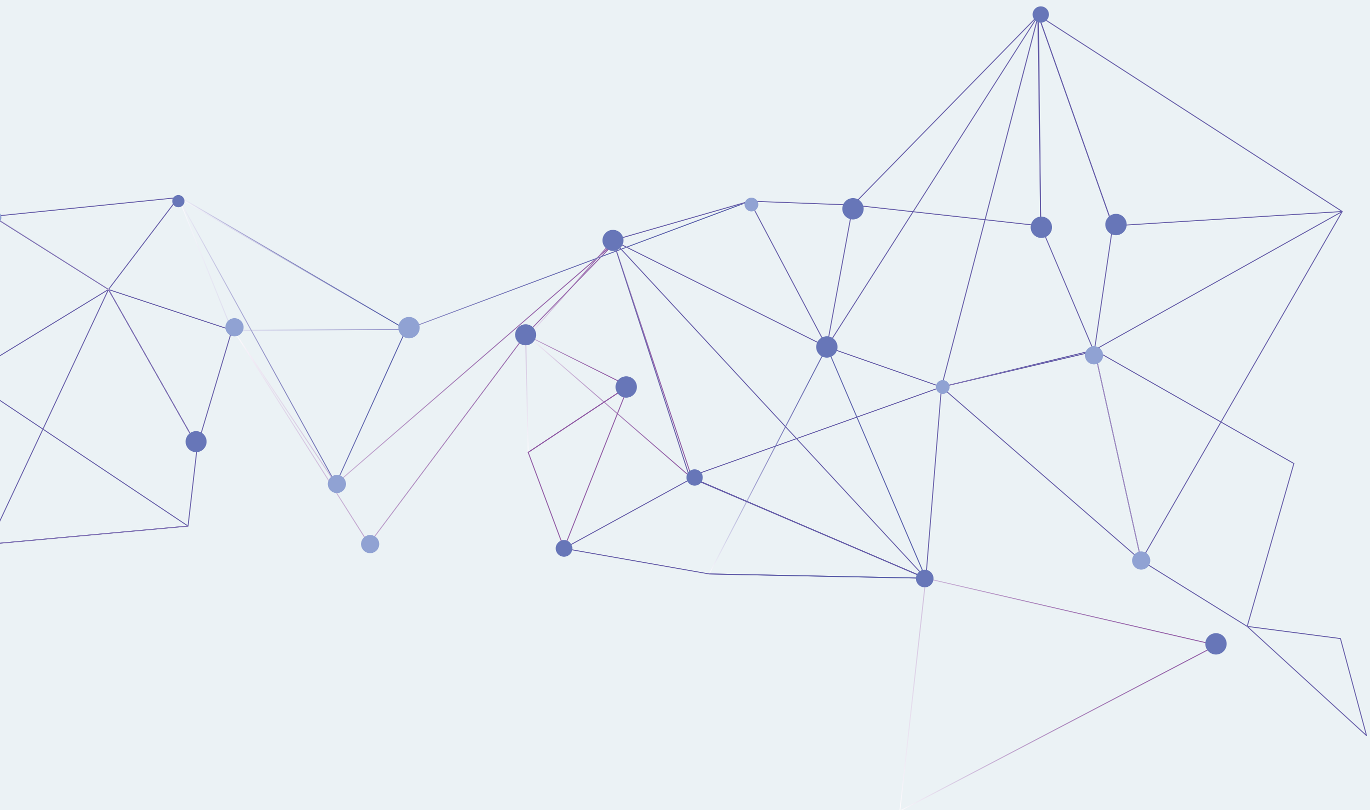
RISKS AND OPPORTUNITIES

AFFIN Islamic is aligned with AFFIN Bank Group's digital transformation agenda and have reviewed the existing processes for upgrading and automation. Those review exercises were conducted to enhance customer experience by providing excellent services to our customers. It involved improvement in our network capabilities for better customer reach.

AFFIN Islamic remained focused in strengthening its balance sheet and effectively monitoring its funding costs to ensure its liquidity position was well managed. The Bank strives to reinforce both areas with adequate resources to allow successful execution of the Business Plan and other ongoing strategic initiatives across the Group.

Based on the previous year's performance, we continue to embark on ongoing initiatives until they are completed. These include deposits strategy, driving fee income and shifting focus towards high-yielding products. At present, the Bank is focusing to strengthen its profit margin and maximising revenue generation. Nonetheless, the Bank will focus on financing growth in selected industries to avoid credit exposure in sectors heavily impacted by the pandemic. Other strategic focus areas such as sustaining profitability, preserving strong asset quality and implementing an effective cost structure will remain key considerations as we navigate the challenging economic landscape of 2021.

The Bank takes pride of its people as the backbone of its operations. We intend to strengthen our people by inculcating a high-performance work culture. Productivity and efficiency have proven to be vital elements for AFFIN ISLAMIC to continue to thrive in a challenging environment. Various development programmes relating to redefining employee values and performance management are already in place to support this cause.



LOOKING AHEAD

For FY2021, AFFIN ISLAMIC has outlined key deliverables driven by eight strategic platforms as follows:-

01 NICHE FINANCIAL SERVICE PROVIDER
- Financing and revenue growth on selected industries
- Embrace and enhance digital economy

02 REVENUE UPLIFTMENT
- Focus on high yield financing
- Accelerating fee income

03 STRATEGIC PRODUCT DEVELOPMENT
- Gold backed products
- Bancatakaful solutions
- CASA Tawaruq

04 TREASURY REVENUE CONTRIBUTION
- Growing treasury investment portfolio
- Effective management of access liquidity

05 ASSET QUALITY
- Further reduction on gross impaired financing

06 BRAND ENHANCEMENT
- Elevate brand visibility
- Branded as “bank that cares”

07 STRONG GOVERNANCE AND COMPLIANCE CULTURE
- Strengthening the states of compliance and risk
- Promote the culture of customers are an integral part of the bank business strategies and operation

08 STRENGTHENING SHARIAH CAPABILITIES AND ENGAGEMENT
- Nurturing Shariah capability and knowledge
- Supporting collaboration with external parties through waqaf and zakat
- Strengthening social finance practice

At AFFIN ISLAMIC, customers can expect more strategic alliances with digital service providers to enable value-added banking services and enhance user experience. We will continue to develop strategic partnerships with Takaful operators for Retail, SME and Corporate customers. As Group synergy is realised, opportunities for cross-selling, fee income and product development across the organisation will increase.

The Corporate Banking business will continue to focus on higher RAROC based accretive deals and replacement of low-quality financing to address the deterioration in asset quality. Increasing competition among peers is expected along with an increase in compliance costs. The rise of digital technologies and Fintech has geared the Bank towards becoming more receptive and agile in using technology-based products and service offerings and eliminate manual processes in the present system.

For the Enterprise Banking business, the low adoption of technology by the industry in serving SMEs is seen as an opportunity for the Bank to put forward more digital solutions, particularly for the underserved start-ups segment. We have established a strong presence within this segment and will continue to be the preferred partner.

In terms of human capital, the Bank has conducted developmental programs to better equip our sales team with the knowledge and expertise to meet evolving market needs. Additionally, the Bank will continue to employ talent with the potential to bring forward the Group’s values and strategic vision.

The continued slowdown in the economy is expected to further impact the Community Banking business, and a potential outflow of deposits is expected as more customers withdraw their savings to sustain their daily needs. As Fintech usage among peers increases, we can expect a reduction in interchange or Paynet service fees. Attrition of talents is also a risk that the Bank has to face as a result of the pandemic.

To grow our customer base, the Bank intends to leverage on a “family segment” proposition by targeting customers’ family members, providing facilities that meet their individual requirements. This approach extends to Wealth Management, which will grow through referrals from our existing customer base. The Community Banking business will also continue to be more agile in booking of financing to reduce impaired financing.

Giving back to the community has always been a priority of AFFIN ISLAMIC. This element will be further increased through social media engagement and participation in community events to strengthen the Bank’s identity as a community-centric bank. Due to the current COVID-19 pandemic, the Bank is taking measures to avoid mass gatherings and practising physical distancing when engaging in community works. The Bank remains optimistic for the year 2021 and will continue to support AFFIN Bank Group’s strategic vision in providing excellent banking services to meet our customer needs and expectations.

MANAGEMENT DISCUSSION & ANALYSIS

AFFIN HWANG CAPITAL

2020 KEY OBJECTIVES

- Capturing identified growth areas within Advisory, Equity & Debt Markets amidst continuing uncertainty and volatility;
- Building the eco-system for diversification and sustainability;
- Enhancing digital customer experience;
- Unlocking new market segments; and
- Strengthening corporate culture through Core Values

2021 STRATEGIC FOCUS

Accelerate transformation towards business sustainability through:-

- Expansion of business, channels and client-centricity through innovation and digitisation;
- Future proofing for sustainability and relevance;
- Capturing opportunities amidst market uncertainty; and
- Remodelling and enhancing people, systems and business to optimise efficiency.

RM351.1 million

Profit before taxation

Despite the unprecedented challenges brought by the pandemic, Affin Hwang Capital continued to outpace the industry with its highest ever Profit Before Taxation after Zakat ("PBT") of RM351.1 million for the financial year ended 31 December 2020 ("FY2020"). It further maintained its position by ending the year as the No.1 Stockbroking firm in the country, with a 15.2% Bursa Malaysia market share by value. Affin Hwang Capital also leapfrogged one position to become Malaysia's No.2 Asset Manager in the domestic Unit Trust industry.

Within a few years of Affin Hwang Capital's inception at the end of 2014, we have managed to put in place the building blocks for growing and sustaining our Investment Banking, Securities and Asset Management franchises into what they are today, one of the leading Investment Banks in the domestic capital markets.

Over this period, we have built a strong reputation, both domestically and regionally. Through our resource commitments and vast networks, including our regional partners, we have delivered value in providing solutions to our clients and connecting capital market issuers with local and foreign investors.

We will continue to commit resources to building our capabilities, while our brand promise to 'Out Think' and 'Out Perform' reflects our continuous commitment to support and sustain the growths of our clients, our partners, and also our stakeholders.

2020 OPERATIONAL REVIEW

The COVID-19 pandemic and key global developments shaped capital markets in 2020. The volatility was primarily driven by the direction and pace of world economic growth and monetary policies, as well as trade and geopolitical tensions.

Despite the turbulent macroeconomic environment, Affin Hwang Capital performed well in trading and investment activities for equities and fixed income and in growing assets under administration. The expansionary monetary policies by global central banks and low interest rate environment were among the factors conducive to our trading activities and buoyed the inflow of investments into our funds as investors sought better returns.

Investment in digitalisation was another key factor that enabled Affin Hwang Capital to continue its operations in the pandemic environment. We will continue to focus on digitalisation, especially to future proof and sustain our business operations.

The strength of our culture, built over the last few years, is based on our Core Values – ITEP (Integrity, Teamwork, Excellence & Pioneering). This has also enabled our workforce to adjust swiftly and continue to perform in the new pandemic environment.

During the year, we continued to receive major international recognition and accolades as follows.

Best Investment Bank of the Year, Malaysia by the International Banker 2020 Asia & Australasia Awards

Best Securities House, Malaysia by Asia Money in 2020 (fourth consecutive year)

Best Institutional House, Malaysia by Asia Asset Management 2020 Best of the Best Awards

Best Fund House, Malaysia by Insights & Mandate, 2020 Professional Investment Awards

Best Asset Manager of the Year, Malaysia by The Asset Triple A Islamic Finance Awards 2020 (for AIIMAN)

Investment Banking

Competition in the domestic corporate advisory and debt fundraising intensified, buoyed by the continuation and resumption of strategic projects.

One of the key highlights in 2020 was the listing of Optimax Holdings Berhad on Bursa Malaysia's ACE Market, for which Affin Hwang Capital was the Principal Adviser, Sole Placement Agent, Sole Underwriter and Sponsor for the Initial Public Offering ("IPO"). The IPO shares reserved for the public were oversubscribed by 82.07 times, and the deal was awarded the Best Small-Cap Equity Deal of the Year at the Best Deal & Solution Awards 2020 by Alpha Southeast Asia.

During the year, Affin Hwang Capital, acted as Sole Principal Adviser and Joint Bookrunner, successfully closed an Accelerated Book Build fundraising for Serba Dinamik Holdings Berhad. This exercise ranks as the largest primary placement in Malaysia since January 2018, and the third largest such offering in Southeast Asia for 2020. It also won the Best Primary Placement Award at The Asset Triple A Country Awards 2020.

MANAGEMENT DISCUSSION & ANALYSIS

In addition, Affin Hwang Capital also secured a placement exercise involving Hibiscus Petroleum Berhad, Malaysia's first listed independent oil & gas exploration and production company.

We were Joint Book Runner for the initial 2 issuance tranches of RM203.6 million worth of Islamic Convertible Redeemable Preference Shares ("CRPS"). The multi-tranche CRPS exercise of up to RM2.0 billion is the largest of its kind on Bursa Malaysia in 2020.

We will position our advisory business to capitalise on opportunities created by the Malaysian government's economic stimulus packages ("ESP"), whilst promoting investment ideas to our clients to grow their business.

Securities

Despite the adverse effects of COVID-19 pandemic, Bursa trading value was at historic highs, continuously breaking records throughout the year. Retail investors continue to flock the equity market, seeking opportunity on the back of a low interest rate environment.

The growth of the stock market, boosted by active retail participation, witnessed the highest number of new trading accounts opened with Affin Hwang Capital since 2011. Over 260,000 new individual trading accounts were opened with Bursa in 2020 compared to 113,000 accounts in 2019.

During the year, Bursa's trading value increased from RM1.05 trillion to RM2.14 trillion. Affin Hwang Capital rose to the occasion by introducing continuous improvements to our operational processes and automating and digitalising our trading system to be user-friendly and easy to navigate.

These factors resulted in 2020 being our best year ever, with a record 15.2% (2019: 12.9%) market share in terms of market trading value at Bursa.

Efforts to upgrade and strengthen our "in-house developed" Remisier Management System have further improved our clients' trading experience and empowered retail investors.

The COVID-19 pandemic has resulted in a noticeable increase in trading volume of Affin Hwang Capital's online shares trading platform (eInvest.affinhwang.com) and we believe that this trend will continue into 2021. As such, we intend to continue growing the digital platform by driving our operations towards digitalisation and automation. We are confident that our eInvest platform will continue to be a major contributor in further strengthening our standing as the No.1 Stockbroking firm in trading value and volume in Malaysia.

Our "client first" approach and our continued commitment in ensuring a higher standard of excellent customer service have worked in growing our clientele base.

Asset Management

The asset management segment recorded its strongest growth in FY2020 with total assets under administration ("AUA") rising 26% from RM57.7 billion at the beginning of 2020 to close the year at RM73.0 billion. The total AUA represented the combined growth of both Affin Hwang Asset Management Berhad as well as its wholly-owned Islamic fund management arm AIIMAN Asset Management Sdn Bhd ("AIIMAN").

The expansion was buoyed by steady inflows into our unit trust funds as investors sought better returns in a low interest rate environment. For the year ended 2020, Affin Hwang Asset Management Berhad Group declared a total income distribution of RM1.16 billion across its retail and wholesale funds.

Throughout the year, Affin Hwang Asset Management Berhad Group maintained a strong pipeline of product launches, including 23 new funds with different strategies and market exposures to help clients diversify in a low interest rate environment. To bolster our passive offerings, we also launched two smart beta exchange traded funds that were listed on the Main Market of Bursa Malaysia.

Affin Hwang Asset Management Berhad and AIIMAN also secured a total of 27 awards in 2020. Six awards were from Refinitiv Lipper Fund Awards 2020 for four of our funds, 16 were for Affin Hwang Asset Management, three were for AIIMAN Asset Management and two were for our Exchange Traded Funds.

2020 FINANCIAL REVIEW

For the year under review, Affin Hwang Capital and Affin Hwang Investment Bank Berhad doubled its PBT to RM351.1 million and RM258.2 million from RM174.5 million and RM125.4 million respectively a year ago. Affin Hwang Asset Management Berhad Group posted a higher PBT of RM137.3 million in 2020 compared to RM109.8 million in the previous year.

These achievements are mainly due to favourable market conditions for trading and investment activities during the year as well as higher assets under administration, notwithstanding the challenging operating environment due to the COVID-19 pandemic. In-line with the weaker credit outlook, Affin Hwang Investment Bank Berhad provided higher impairment allowance on loans and receivables of RM49.6 million compared to RM21.2 million in 2019.

For 2020, Affin Hwang Capital's earnings per share increased to 29.63 sen against 13.23 sen in 2019. In line with these improvements, it also recorded a higher return on equity of 14.5% in 2020 from 6.6% the year before.

RISKS & OPPORTUNITIES

Technology and digitalisation will be the main focus for our Securities business to improve the following:-

a) service quality level;

b) widening distribution capability;

c) elevating retail participation through marketing and branding;

d) exploring business collaborations with digital solutions firms; and

e) increasing financial literacy level within the retail segment.

In Investment Banking, we will position ourselves to capture business opportunities on the back of the ESP provided by the Government of Malaysia to boost business activities in the country, while promoting investment ideas to our clients.

For Asset Management, we will continue to focus on delivering value to our clients and driving innovation. Client experience remains embedded as a strategic pillar of the Affin Hwang Capital's initiatives as it seeks to grow and deepen relationships. Technology and innovation will be the key enablers in doing so as the Group embarks on a string of digital initiatives aimed at future-proofing our business.

LOOKING AHEAD

The key challenge in 2021 remains the uncertainty brought about by the COVID-19 pandemic which will have broad implications to the financial and capital markets as well as the overall economy. The pandemic, if prolonged, will pose operational challenges arising from potential resource and capacity constraints that may disrupt operations and service deliveries. However, there is upside potential, where apart from fiscal stimulus, the vaccine rollouts in 2021 under the national immunisation plan will likely support economic activity across major sectors, with the lifting of containment measures.

Our focus is to continue to provide sustainable client solutions through innovation and digitisation to future proof our business and capture opportunities. This will also include our continuous process of remodelling and enhancing our talent, systems and business to optimise efficiency.

2021 KEY INITIATIVES

Accelerate transformation towards business sustainability through:

Expansion of business, channels and client-centricity through innovation and digitalisation

Future proofing for sustainability and relevance

Capturing opportunities amidst market uncertainty

Remodelling and enhancing people, systems and business to optimise efficiency.

Amidst this backdrop, our Asset Management business plans to stay firmly rooted to its core values to help clients achieve their financial goals. The business will continue to focus on delivering value to our clients with technology and innovation as the key enablers to deepen and enhance customer experience.

Our Securities Division plans to leverage on technology to provide a more cost efficient and effective distribution channel to our clients. We also plan to embark on new product offerings, including structured warrants, and improve our overall service delivery. Our aim is to be the "broker of choice" leveraging on our in-depth knowledge of matching clients' needs to our innovative investment solutions.

To further augment our financial services offerings, our Investment Banking Division will work closely with AFFIN BANK to launch our new Corporate Investment Banking initiative. This initiative will see us transform from a product-centric approach to a more holistic client-centric model to deliver end-to-end financial solutions.

MANAGEMENT DISCUSSION & ANALYSIS

AFFIN MONEYBROKERS SDN BHD

2020 KEY OBJECTIVES

- To be the market leader
- To increase market share
- To reward shareholder by maximising profit target

2021 STRATEGIC FOCUS

- To strive for a bigger market share
- To enhance IT operations, improve products, increase efficiency in processes and information
- To reward shareholder by maximising profit target

2020 OPERATIONAL REVIEW

The lower brokerage income for the financial year 2020 was largely due to the economic downturn caused by the COVID-19 pandemic, poor market sentiment and geopolitical concerns. Affin Moneybrokers Sdn Bhd ("AMB") is one of only three broking houses in the Malaysian money broking industry. Continued financial growth is attributed to various marketing and promotional activities were undertaken during the financial year and the introduction of new services.

MANAGEMENT DISCUSSION & ANALYSIS

FY2020 was a challenging year for the company and industry. Despite this, the company was able to remain profitable and we are confident the forecast and projections put in place for the foreseeable future are achievable. Our continued growth is attributed to the various marketing promotions and activities as well as innovations and services introduced during the financial year.

The management continues to encourage enhancement in the knowledge and skills of employees through training and courses. To further enhance the human capital of the company, management remains active in the recruitment and retainment of talented individuals that can add value to the business, improve performance management processes and accountability, redesign financial rewards and incentives and enhance effectiveness of the Senior Management Team.

In our quest to capture a bigger market share and become the market leader in the industry, we will continue to build strategic alliances with the suitable partners to improve business volume.

2020 FINANCIAL REVIEW

In 2020, AMB posted a lower PBT of RM1.9 million, a decline of 23.9% from the previous year, due to the slower market sentiment brought by the pandemic which is still on-going. The overall income contributed by all desk are as follows:-

Desk	Income (RM '000)	YOY Change
Forward/Deposit	4,142	2%
Fixed Income	2,705	2%
Money Market	1,866	4%
Derivatives	1,799	8%
Islamic	618	25%

RISKS AND OPPORTUNITIES

The current economic and geopolitical sentiments both globally and domestically have caused volatility in the financial market, forcing regulatory authorities and governments to implement measures and market activities.

Additionally, BNM's support and encouragement of the use of electronic trading (e-broking) will have an impact on overall industry revenue. Therefore, we need to formulate an approach that will allow us to capture a larger market share through digital platforms while offering innovative products.

For the industry, stiffer competition is anticipated with the possibility of international money broking companies entering the market. To remain competitive in the market amidst rising operational cost and reduction in brokerage fee structure, we will continue to innovate our marketing and promotional efforts, invest in the latest technologies and continue to form strategic alliances with foreign partners.

We will also continue to develop and manage talent, as our employees are the backbone of our success. As such, we continue to encourage our employees to upskill and enhance their professional growth through a variety of training and development programs. Additionally, to further boost our performance, we strive to hire the very best from a pool of experienced professionals as well as fresh graduates. To provide professional service, broking staff are required to meet the minimum Persatuan Pasaran Kewangan Malaysia (PPKM) examination Module One's requirements to ascertain competency and comply with its code of ethics. In addition, regular training will be provided to our staff to ensure continuous improvement. This will further enhance the service quality provided to our clients.

LOOKING AHEAD

The entry and acceptance of e-broking by the market will have a negative effect on conventional broking, especially in foreign exchange trading. BNM has allowed three more e-trading platforms to operate in the wholesale inter-bank market. Once e-broking gains traction, conventional voice broking's revenue will be affected. Merger opportunities are limited, given the small number of money broking companies in the industry.

The government's plan to establish large and well capitalised banks to compete in the global marketplace may further consolidate the banking industry, thereby reducing liquidity in the wholesale market.

The approval by BNM to issue Banking License to foreign banks to operate in the country and the issuance of a new Islamic Banking License have added greater depth to the financial industry. The expected growth of Islamic Banking products and services will have a positive effect on the domestic market.

The greater dealing requirements of Insurance companies and the probable entry of large corporate bodies like EPF and Petronas will be beneficial to the market. Bank Negara has also allowed the entry of new foreign banks, which will add more liquidity to the market.

In 2021, we will continue to strive for a more significant market share through improved professionalism and increased customer engagement. We are also looking at enhancing our IT operations to improve processes and product offerings, eventually placing us as a market leader.

MANAGEMENT DISCUSSION & ANALYSIS

AXA AFFIN LIFE INSURANCE BERHAD

maintained its position as the leading digital insurer in Malaysia with

66%
market share

2020 KEY OBJECTIVES

Transformation into the preferred Health & Protection player driven by:

- Sustained building of professional agency force
- Enhancing our partnership proposition for emerging customers as a leading digital insurer
- Building a high-performance culture
- Streamlining and transforming operations with a focus on being a customer-centric insurer

2021 STRATEGIC FOCUS

- Build and reinforce distribution networks with a differentiated approach on agents - achieving 35% full-time agents by 2024
- Become the partner of choice for emerging customers through innovative solutions
- Deepen existing Bancassurance relationships with AFFIN BANK and Citibank
- Achieve efficiencies and perform business decisions aligned with financial objectives
- Become the most inspiring company to work for
- Become the most customer-centric insurer by being a leading digital insurer in Malaysia

2020 OPERATIONAL REVIEW

AXA AFFIN Life Insurance Berhad ("AALI") maintained its position as the leading digital insurer in Malaysia, with a 66% market share within Digital for Life Insurance, attributable to our offering of Insurtech thought leadership, which focuses on offering low-barrier entry to e-medical cards targeted at millennials and young families.

In 2020, AALI was awarded the Digital Insurance Initiative of the Year and Health Insurance Company of the Year. The company has a strong team with a significantly lower attrition rate compared to 2019 and a great AXA culture, as evident in the significant employee net promoter score for the year.

AALI continued to make strides in digital development, implementing more than 60 Robotic Process Automation ("RPA") to improve operational efficiency and innovation enhancement.

2020 FINANCIAL REVIEW

In FY2020, AALI recorded a lower loss after tax of RM0.8 million for FY2020, as compared to a loss after tax of RM7.6 million in the previous financial year, attributable to better asset-liability matching and realisation of gains. There was an improvement in New Business Value (NBV) to RM36.4 million in FY2020 from RM34.9 million previously.

RISKS AND OPPORTUNITIES

Life insurance market saw an overall growth of 0% in 2020. The top five players have been dominating the market since 2009 with more than 75% of APE.

The COVID-19 pandemic is seen as a game-changer for the industry as it reinforced several trends that had existed prior to the outbreak, accelerating digitalisation efforts. With restrictions on face-to-face contact, other avenues for sales meetings with clients were explored (online meetings, calls, etc.)

Volatility in the global and domestic markets has had an adverse impact on business and consumer spending. However, the increase in usage of digital technology and a renewed interest in health and medical security led to a growing interest in insurance and a larger take-up rate.

Malaysia is on a fast track to digitalisation due to its economic growth and advanced technology infrastructure. The Malaysia Digital Economy Corporation (MDEC) projected that e-commerce contributions would rise to as high as RM170 billion by 2020, while Internet banking and mobile banking penetration rates are increasing. Malaysia ranked first in e-wallet use in Southeast Asia, according to a study done by Mastercard.

The on-going pandemic has brought some new changes as follows:-

- Increased health awareness and digital usage in Malaysia. 76% have used online services (e.g. payment, shopping, and food delivery) and 66% rely more on social media for news.
- Existing policyholders showed more interest in insurance and had plans to increase their protection.
- Weakened competitiveness among start-ups and Small and Medium Enterprises (SMEs) due to the lack of preparation for unexpected disruptions and challenges. Only 61% of SMEs had employee and accident insurance, while 51% had key main insurance. Lower life insurance take up rate of 55% compared to the country target of 75% by 2020 Economic Transformation Plan and 90% are considered underinsured according to the Life Insurance Association of Malaysia (LIAM). The government is likely to revise the national target to 75% from the present target of 55%.
- Increased core business capabilities are moving into cloud systems while carriers continue pursuing legacy system modernisation.
- The on-going efforts to contain the spread of the virus resulted in volatility in the financial markets, which had an adverse impact on the economy. The emergence of new and traditional players has spurred us to quickly innovate and embrace technological advancement such as adopting Artificial Intelligence (AI) and meeting the needs of the more sophisticated and informed consumer base.

Effective 1st January 2023, the IFRS/MFRS will change the way insurance companies manage their revenues and profits.

MANAGEMENT DISCUSSION & ANALYSIS

LOOKING AHEAD

The Malaysian economy and the life insurance industry are showing signs of recovery amid relaxation of movement control and the rollout of National Immunisation Programme. As the economy evolves and grows, AALI will be agile to seize the right opportunities because protection needs are ever more important. AALI will continue its focus on customers and employees with the purpose of "Acting for Human Progress by Protecting What Matters".

AALI intends to grow the business through the following measures:

- Using a 3-pronged marketing strategy i.e. e-commerce, digital partnership and offline to online partnerships, to build a robust InsurTech ecosystem and penetrate the underserved lower-income emerging customer segment.
- Focusing on product innovation and continuous technological improvements through robotics process automation (RPA) to improve efficiency and processes

In order to cater to the ever-growing digitally-savvy consumers, the company launched several products that can be easily purchased online, such as eMedic – a medical and health plan for millennials consisting eMedic family plan for young families, critical illness package and eCombo, the first customisable online insurance, which combines 3 packages (life, critical illness and medical).

AALI's 2021 to 2024 strategic plan addresses gaps via employee value proposition strategy. This includes talent management, improved employee onboarding experience, employer branding and encouraging a healthy lifestyle and wellbeing of our employees.

Going forward, AALI will continue to strengthen governance and risk management standards in managing risk, particularly in light of changing regulatory environment, business models and greater adoption of technology. AALI will remain focused on its business with an increased emphasis on Protection and Health.

AXA AFFIN GENERAL INSURANCE BERHAD

2020 KEY OBJECTIVES

- Driving selective growth
- Driving efficiency through LEAN methodology/ robotics
- Enhancing customer experience and increasing number of customers
- Continue to build internal capabilities

2021 STRATEGIC FOCUS

- Profitability – Building a sustainable business portfolio
- Growth – Focusing on growing preferred segments
- Customer Centricity – Providing better customer experience through simplification and payer-to-partner initiatives
- Efficiency – Reducing claims cost and optimising expenses

AXA AFFIN General Insurance has invested in robotics process automation (RPA) and deployed more than 100 bots across the company, resulting in 95% improvement in the quality and speed.

2020 OPERATIONAL REVIEW

2020 was a challenging year for the general insurance sector as the outbreak of the COVID-19 pandemic had an adverse impact on the economy and industry performance. Despite the general insurance market contracting by 0.6%, AXA AFFIN General Insurance Berhad ("AAGI") achieved a growth of 2.1%, primarily driven by the preferred segments. We also saw positive progress on our strategic priorities in terms of efficiency and customer experience.

MANAGEMENT DISCUSSION & ANALYSIS

In the face of the pandemic in 2020, our primary focus was to adapt and innovate in the new normal to support and deliver greater value to our customers and partners. We launched several key initiatives to ease customers' financial obligations and continue to reassess our value chain to enhance our product and services.

We made good progress on our strategic priorities in selective growth, efficiency, customer experience and building capabilities.

2020 FINANCIAL REVIEW

AAGI ended FY2020 with a gross written premium (GWP) of RM1.38 billion [2019: RM1.35 billion] and registering a PAT of RM83.8 million [2019: RM67.2 million]. Our 2020 performance was affected by the COVID-19 pandemic – specifically, the mitigation measures introduced such as the MCOs and the OPR cuts.

RISKS AND OPPORTUNITIES

The pandemic has upended the norms on business operations and consumer behaviours; thus creating massive challenges and rare opportunities at the same time. Many of these changes are likely to stay and in response, we have accelerated our digital transformation to innovate faster for our customers and deliver more value through improved processes.

Digitalisation is the key and way forward to transform and grow. LEAN processes and automation were embraced to serve our customers efficiently. To date, we have invested in robotics process automation and deployed more than 100 bots across the company, resulting in a 95% improvement in the quality and speed of everything we do. This has also led to a reduction in labour-intensive work and enabled us to focus more on value-added activities in line with our Payer-to-Partner strategy.

In response to the shifting landscape of consumer behaviours and to improve customer experience, we are also leveraging on data and customer segmentation to personalise experience for our customers.

On the human capital aspect, we have embraced a smarter way of working, upskilled employees with new way of learning on digital platforms and we will continue to build digital capabilities to future-proof our workforce. The continuation of the AXAPRENEUR programme has enabled us to generate new ideas and products to help our customers to protect what matters. AXA Digital Faculty 4.0 was also launched to provide various digital upskilling programmes to further strengthen digital capabilities and foster strong digital culture internally.

LOOKING AHEAD

Moving forward, 2021 is expected to see trends such as disruptive technology, 'new normal' lifestyle, wellness wearables, and demand surge in usage-based insurance. As we chart our journey towards becoming a customer-centric insurer, our mission is to strengthen our digital capabilities and accelerate the growth of our profitable segments to bring greater value to our customers and stakeholders.

The general insurance business outlook for 2021 is contingent on the effectiveness of the vaccination programme to contain the pandemic and the recovery in external demand. Nevertheless, our focus for 2021 will remain centered on building sustainable business portfolio to ensure sustainable profitability and expanding our market share in the preferred segments, whilst constantly finding new ways to adapt and adopt to this new normal in our ways of doing business.

We will continue to uphold a strong commitment by driving sustainable practices and growth responsibly, striking a long-term balance between the environment, society and the economy.

SUSTAINABILITY STATEMENT

ABOUT THIS REPORT

THIS IS AFFIN BANK GROUP'S ("THE GROUP") FOURTH ANNUAL SUSTAINABILITY STATEMENT ("THE STATEMENT", OR "THIS REPORT"). THIS REPORT REPRESENTS OUR COMMITMENT TO TRANSPARENCY IN COMMUNICATING WITH OUR STAKEHOLDERS. THIS REPORT IS A DETAILED ACCOUNT OF THE PROGRESS AND IMPACT OF OUR PERFORMANCE IN SUSTAINABILITY.

SUSTAINABILITY STATEMENT

REPORTING SCOPE AND BOUNDARY

This Report is based on our Group-wide sustainability information and data for the period 1 January 2020 to 31 December 2020 ("Reporting Period" or "FY2020"), covering our three (3) main business segments i.e. Commercial Banking, Investment Banking and Insurance. The Group of companies included in these segments are as follows:

Commercial Banking

- Affin Bank Berhad (AFFIN BANK)
- Affin Islamic Bank Berhad (AFFIN ISLAMIC)

Investment Banking

- Affin Hwang Investment Bank Berhad (AHIB)
- Affin Hwang Asset Management Berhad (AHAM)
- AIIMAN Asset Management Sdn Bhd (AIIMAN)

Insurance

- AXA AFFIN Life Insurance Berhad (AALI)
- AXA AFFIN General Insurance Berhad (AAGI)

The scope of this Report is per our previous sustainability statements and covers the Group's operations in Malaysia. It discloses our perspectives, approaches and progress in managing the Environmental, Social and Governance (ESG) impacts arising from our business operations. We will continue to enhance the disclosure of our sustainability performance and we intend to expand our reporting scope to cover across our value chain for our future reporting.

REPORTING GUIDELINES AND STANDARDS

This Statement is developed based on the guidelines set out in the Main Market Listing Requirements on Sustainability Reporting by Bursa Malaysia, as well as global sustainability frameworks such as the Global Reporting Initiative (GRI) Standards and the United Nations Sustainable Development Goals (SDGs). We are also guided by the Value-Based Intermediation (VBI) framework by Bank Negara Malaysia (BNM) and Sustainable & Responsible Investment (SRI) Roadmap for the Malaysian Capital Market where appropriate, to ensure we continue to address our role in supporting Malaysia's sustainable growth.

ASSURANCE

The Group has in place internal reporting procedures for the review of the Statement. Prior to the Board of Director's (BOD) review, the Statement was reviewed by our Group Board Risk Management Committee (GBRMC) and the Sustainability Management Committee (SMC). We will continue to improve our internal reporting processes to strengthen the credibility of our sustainability disclosures before we move towards obtaining a third-party assurance on our sustainability indicators in the future.

OUR SUSTAINABILITY MANAGEMENT APPROACH

SUSTAINABILITY ROADMAP

Our Sustainability Roadmap is centred around the following four (4) priority areas:

1 Sustainability Governance

Strengthening the Group's Sustainability Governance structure to support the ability to create value in the short, medium and long term

2 Sustainability Risks and Opportunities

Enhancing the Group's process to identify and prioritise the material sustainability risks and opportunities to our stakeholders and our business that may affect the ability to create value over short, medium and long term

3 Sustainability Strategy

Solidify the Group's management of sustainability risks and opportunities through implementation of sustainability frameworks, policies, and initiatives aimed at achieving value creation across short, medium and long term

4 Sustainability Metrics and Targets

Improving the Group's overall internal and external sustainability reporting process to ensure comprehensive, comparable, credible and meaningful sustainability data management and target settings

We conducted an internal exercise across all our three (3) business segments i.e. Commercial Banking, Investment Banking and Insurance to identify existing gaps and opportunities for improvement in our ESG management and established the Group's Sustainability Roadmap that encapsulates the short, medium and long-term plans to create value for our business and various stakeholders.

We will continue to improve our Sustainability Roadmap to address the ESG issues arising from our operations, product offerings, internal procedures and procurement activities. Going forward, we will include measurable outcomes and strategic milestones to our Sustainability Roadmap that will enable us to track our progress and to make adjustments to our approach whenever necessary.

SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE

SUSTAINABILITY GOVERNANCE

We have revised the Group's Sustainability Governance Structure in Q1 2021. The new governance structure, together with the scope of responsibilities at each level are outlined below:

BOARD OF DIRECTORS (BOARD)

- Promote sustainability through appropriate ESG considerations in the Group's business strategy
- Accountable for reviewing, adopting and monitoring the implementation of the Group's overall sustainability strategies, by taking into account the ESG impacts arising from business operations and strategic decisions

GROUP BOARD RISK MANAGEMENT COMMITTEE (GBRMC)

- Responsible for the overall implementation and management of the Group's sustainability performance
- Identify, implement and monitor key activities related to managing sustainability matters across the Group's operations
- Provide oversight, monitor and implement sustainability related policies and objectives as approved by the Board
- Monitor and track the Group's sustainability performance and issues to be reported and advised to the Board
- Review the Group's sustainability disclosures prior to submission for the Board's approval before publishing

SUSTAINABILITY MANAGEMENT COMMITTEE (SMC)

- Chaired by the Group Chief Executive Officer (GCEO), the SMC is supported by MCM sub-committees on matters such as Governance, Risk & Compliance, Branch Performance & IT, Operations, Digital and Customer Experience
- Assist the Board in managing the day-to-day operations, formulating tactical plans and business strategies while monitoring the Group's entities' overall performance
- Ensure all business activities conducted are in accordance with the Group's corporate objectives, strategies, policies as well as its Annual Business Blueprint and Budget
- Approve corporate sustainability objectives and review its progress in achieving them

SUSTAINABILITY WORKING GROUP (SWG)

- Chaired by the Group Chief Corporate Strategy Officer and supported by respective Heads of Divisions and sustainability representatives from various functions across all business segments
- Identify, assess, evaluate, manage and report on current emerging sustainability risks and opportunities relevant to the Group's operations
- Develop the Group's sustainability disclosures to ensure compliance with regulatory requirements and subsequently recommending for the Board's approval
- Monitor and provide progress updates on the Group's sustainability activities, performance and initiatives based on the strategies and policies set by the Board, supervised by the GBRMC
- Monitor the implementation and the action plans of the Group's Sustainability Roadmap

SUSTAINABILITY RISKS AND OPPORTUNITIES

STAKEHOLDER ENGAGEMENT

Based on our the interactions with our stakeholders at various levels, we have come to understand their needs and concerns. Findings from this exercise are then incorporated into our business planning and goals settings.

The table below outlines the form in which we engage our stakeholders, their matters of interest and how we address these issues that matter to them:

Stakeholders	Engagement Mode	Matters of Interest	Our Response (refer to the respective sections of this statement)
INTERNAL STAKEHOLDERS			
Board of Directors	• Board of Directors meetings • Board Committee meetings • Group corporate events	• Overall performance and strategic direction of the Group • Corporate governance practices • Responsible investments • Human capital management • Environmental practices	• Sustainable Financial Services • Socially Responsible Employer • Supportive Community Development
Senior Management	• Performance assessment and feedback • Management Committee Meetings • Townhall sessions • Intranet messaging • Group corporate events	• Overall performance and strategic direction of the Group • Operational efficiency • Innovative services and products • Good rapport with stakeholders • Corporate governance practices • Human capital management • Environmental practices	• Sustainable Financial Services • Socially Responsible Employer • Supportive Community Development
Employees	• Employee Engagement Surveys • Performance assessment and feedback • Intranet messaging • Department meetings • Townhall sessions • Group corporate events • Grievance handling systems	• Talent and succession planning • Employee welfare • Career progression • Ethical business practices • Information and data security • Environmental practices	• Sustainable Financial Services • Socially Responsible Employer • Supportive Community Development
EXTERNAL STAKEHOLDERS			
Investors/ Shareholders	• Roadshows • Investor Relations Sessions • Annual General Meetings • Corporate website	• Overall performance and strategic direction of the Group • Impact of products and services • Corporate governance practices • Strategic collaborations/partnerships	• Sustainable Financial Services • Socially Responsible Employer

SUSTAINABILITY STATEMENT

Stakeholders	Forum	Matters of Interest	Our Response (refer to the respective sections of this statement)
EXTERNAL STAKEHOLDERS			
Regulators/ Government Bodies	• Meetings • Regulatory briefings • Programmes organised by regulators/government bodies	• Products & services • Ethical business practices • Overall performance • Regulatory compliance • Information & data security • Corporate governance practices	• Sustainable Financial Services • Socially Responsible Employer
Individual and Non-Individual Customers	• Customer Satisfaction Surveys • Social media • Customer service channels • Meetings/site visits • Corporate website	• Products & services • Streamlined customer services • Ethical business practices • Personal data protection • Transparency in sales & marketing	• Sustainable Financial Services • Socially Responsible Employer
Analysts/ Rating Agencies	• Meetings • Analysts briefings/forums • Corporate events	• Products & services • Ethical business practices • Regulatory compliance • Financial performance	• Sustainable Financial Services
Media	• Meetings • Media releases • Press conferences • Corporate events	• Good governance practices • Societal impact • Open and transparent communication	• Sustainable Financial Services • Supportive Community Development
Business Partners/IT Outsource Partners	• Corporate website • Meetings • Corporate events	• Strategic collaborations/partnerships • Products and services • Transparency in sales and marketing • Regulatory compliance • Financial performance	• Sustainable Financial Services
Employee Unions	• Meetings • Townhall sessions • Group corporate events	• Regulatory compliance • Financial performance • Human capital development • Fair employment practices	• Socially Responsible Employer
Vendors/ Suppliers/ Contractors	• Meetings • Corporate website	• Regulatory compliance • Financial performance • Supply chain management	• Sustainable Financial Services
Industry/Trade Associations	• Meetings • Public partnerships	• Strategic collaborations/partnerships • Products & services	• Sustainable Financial Services
Local Communities/ Non-Government Organisations (NGO)	• Meetings • Volunteer activities • Forums • Corporate Social Responsibilities programmes	• Ethical business practices • Societal and environmental impact • Indirect economic contribution	• Sustainable Financial Services • Supportive Community Development

MATERIALITY ASSESSMENT

The objective of our Materiality Assessment exercise is to identify and prioritise sustainability matters with significant impact to our business and stakeholders. Our Materiality Assessment is conducted via the following four (4) steps:

Step 1: IDENTIFICATION OF SUSTAINABILITY MATTERS

Sustainability matters are identified by taking into account both internal and external factors, together with current as well as the emerging global risks and opportunities affecting the financial services industry. We also made cross references with industry-specific materials and publications such as the UN SDG Industry Matrix for Financial Services and sustainability disclosures by peer organisations.

Step 2: STAKEHOLDER ENGAGEMENT

We conducted Stakeholder Engagement sessions with both our internal and external stakeholders to gauge their perception on the identified sustainability matters. From this engagement, we are also able to ascertain their expectations on the management of each of the sustainability matters. For this reporting cycle, we have engaged over 120 stakeholders both internally (Board of Directors, senior management and employees at both HQ and branches) and externally.

Step 3: SUSTAINABILITY IMPACT ASSESSMENT

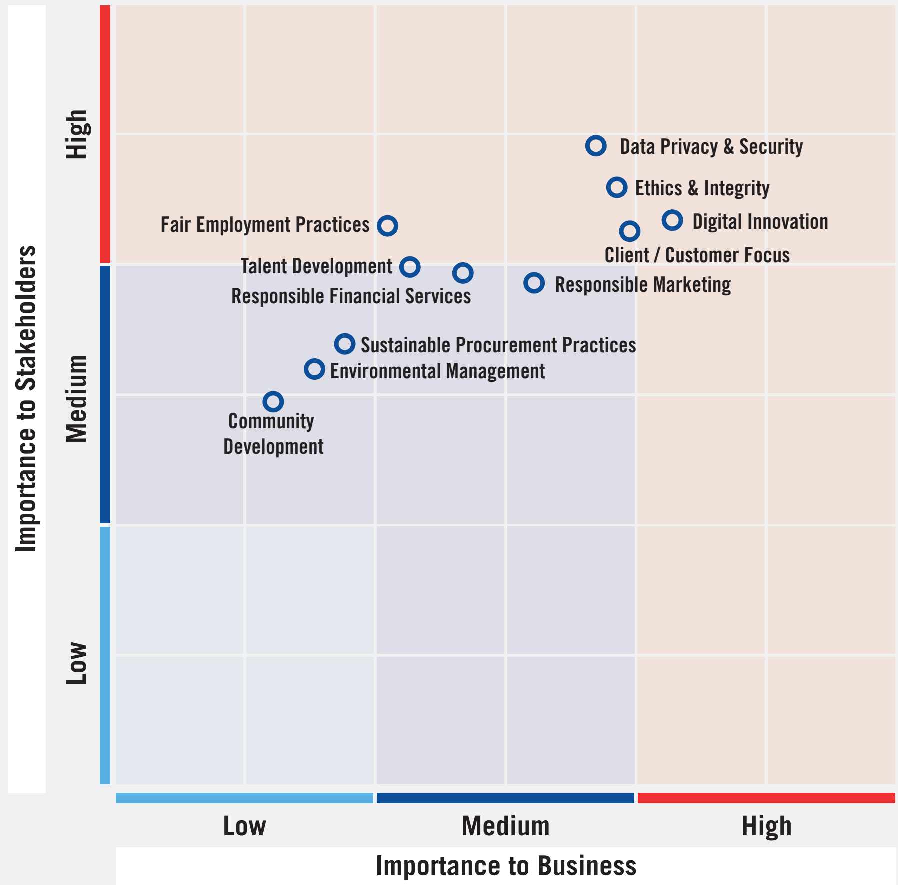
The aim of this exercise was to determine the level of importance of the sustainability matters to the Group's business operations. Our SWG members and other key personnel from various functions across the Group participated in this exercise. We leveraged on our existing business risks evaluation parameters to rate the likelihood and impact of occurrences of risks events. We also performed assessments on the likelihood and impact of the materialisation of opportunities associated with these sustainability matters.

Step 4: PRIORITISATION OF SUSTAINABILITY MATTERS

Guided by Bursa Malaysia's Materiality Assessment Sustainability Toolkit, we have incorporated the findings of the aforementioned steps to prioritise the top eleven (11) topics that are important to our stakeholders and business. The result of this exercise is represented in our materiality matrix shown on the following page.

SUSTAINABILITY STATEMENT

MATERIALITY MATRIX



The sustainability matters are subsequently grouped into the three (3) themes tabled below. The sustainability matters act as key focus areas for us to develop our holistic strategic vision, governance structure and operations to derive value to both our business and stakeholders. Efforts to manage and monitor the Group's performance of these sustainability matters are discussed in subsequent sections of this Report.

THEME 1

SUSTAINABLE FINANCIAL SERVICES

Our commitment towards integrating sustainability practices in delivering our products & services

- Digital Innovation
- Data Privacy & Security
- Ethics & Integrity
- Client/Customer Focus
- Responsible Marketing
- Responsible Financial Services
- Sustainable Procurement Practices

THEME 2

SOCIALLY RESPONSIBLE EMPLOYER

Our commitment towards becoming a talent incubator and magnet that supports development & acts in the best interest of our employees through an inclusive workplace

- Fair Employment Practices
- Talent Development

THEME 3

SUPPORTIVE COMMUNITY DEVELOPMENT

Our commitment towards minimising the environmental impacts of our business activities & engaging positively with society

- Environmental Management
- Community Development

OUR MATERIAL MATTERS

Material matters are those that have the most impact on our ability to create long-term value. These matters influence how our Sustainability Governance steer the Group in managing the sustainability risks and opportunities.

IMPORTANCE TO OUR BUSINESS AND STAKEHOLDERS	
Risks	**Opportunities**
Digital Innovation	
• BNM's potential issuance of the new Digital Bank Licenses will introduce a new range of competitors who are technologically more advanced and appeal to the customers of today and tomorrow • Failure to embrace and keep up with digitalisation would put the Group at risk of having products and services that are no longer relevant to our customers, slower and outdated processes and the Group having limited knowledge of our customers • Poor digital planning and implementation may result in substandard services, security concerns and frequent services downtimes	• A successful digital transformation will allow the Group to respond and innovate quickly to meet changes in the market and customer demands to remain relevant and competitive • Digitalisation will also enable us to provide more efficient services, reduce turnaround time and a more targeted sales and efficient marketing efforts • Digital banking will allow the Group to lower the cost of doing business as well as reach out to a wider customer demographics (i.e. the underserved or unserved markets)
Data Privacy & Security	
• Breaches of information and cyber security will result in loss in customers' trust, potential monetary losses and may attract regulatory redressals • Severe breaches may also result in damaging disciplinary actions or clampdowns by the authorities • The pace in which technologies are developing makes it more difficult to protect information	• Established record in information and data security will help build customer trust and a positive reputation for the Group
Ethics & Integrity	
• Unethical conduct and poor corporate governance practices may result in monetary losses, reputation loss and disciplinary actions by the authorities	• Continuous strengthening of corporate governance will result in improvements in the Group's operations and performance • Established record in governance and integrity will help build customer trust and a positive image for the Group
Client / Customer Focus	
• Failure to establish robust customer/client management policies and programmes will lead to a loss in customers and business • Lack of understanding and ability to serve the needs of our customers/clients will result in significant business and financial risks	• Focusing on the following efforts will differentiate our products and services, hence creating customer loyalty: 1. To maintain high standards of customer engagement, experience and satisfaction; and 2. To remain agile in offering new products and services that caters to customers' needs
Responsible Marketing	
• Failure to observe fair marketing standards will give rise to compliance and reputational risks • Failure to deal with customers in a fair, transparent and ethical manner will adversely erode stakeholders' and customers' trust and lead to a loss in customer base, business and reputation.	• Customers are more likely to do business with institutions that they trust • Institutions that are transparent, ethical and fair in their business conduct, products, services and marketing efforts will attract and retain customers and investors

SUSTAINABILITY STATEMENT

IMPORTANCE TO OUR BUSINESS AND STAKEHOLDERS

Risks	Opportunities
Responsible Financial Services	
• There has been a rise in public demands for financial institutions to provide financing towards more responsible corporate activities. This may have an impact on our potential customer base and compliance cost • Failure to adopt responsible financing practices may give rise to credit and reputational risks to the Group	• The Group may explore new areas such as renewable energy and energy efficient financing • Lending and investment practices can be improved to avoid borrowers with poor ESG records
Fair Employment Practices	
• Failure to keep up with changes in employment practices and to provide safe working conditions may lead to low morale, low productivity and adverse loss of talent • Failure to promote communication between employees and management may give rise to workforce disputes and talent related risks	• Establishing a robust employee welfare and talent management framework will contribute to a productive working environment, increase staff morale, improve workforce productivity and operating efficiency
Talent Development	
• Failure to attract and retain talent impedes succession planning and business growth • Employees face the risk of obsolescence if they are not equipped with the required skillsets in today's operating environment	• Our workforce can be reskilled, upskilled and/or challenged to improve the quality of our services, efficiency of operations and increased output • Talent development practices will improve staff retention, employee morale and succession planning programmes
Sustainable Procurement Practices	
• Involvement and engagements with suppliers/ vendors/ contractors with poor ESG practices may give rise to reputational risks to the Group and loss of stakeholder confidence • Dealing with suppliers with poor ESG practices will also result in higher supply chain and potential operational disruptions	• ESG considerations in the Group's procurement practices will help ensure continuous supplies from responsible sources • Involvement in sustainable and responsible value chains will safeguard the Group's business image and better appeal to responsible investors
Environmental Management	
• Failure to effectively manage our environmental footprint may lead to unnecessary consumption of resources and wastage	• Sound management on energy consumption, water usage and waste management will help reduce operational costs and instill environmentally friendly culture amongst the workforce
Community Development	
• Failure to conduct effective local community engagements may lead to a breakdown in relationship with the surrounding community and potential loss in trust and business	• Engaging in strategic community programmes by integrating our core competencies to help resolve social or economic issues will improve the Group's image and reputation, gain trust from the local society and improve the Group's local business presence

OUR CONTRIBUTIONS TOWARDS THE SUSTAINABLE DEVELOPMENT GOALS

We have identified fourteen (14) Sustainable Development Goals (SDGs) that have significance to the Group. Our current sustainable development efforts are focused on these 14 SDGs. We have contributed to the SDGs based on the eleven (11) sustainability matters we are managing, listed as follows. More details are available in the sustainability matters section of this Report.

SUSTAINABLE FINANCIAL SERVICES

Sustainability Matter
CLIENT / CUSTOMER FOCUS

SDG Contribution
- 1 NO POVERTY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

Sustainability Matter
DIGITAL INNOVATION

SDG Contribution
- 3 GOOD HEALTH AND WELL-BEING
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

Sustainability Matter
RESPONSIBLE FINANCIAL SERVICES

SDG Contribution
- 1 NO POVERTY
- 3 GOOD HEALTH AND WELL-BEING
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Sustainability Matter
DATA PRIVACY & SECURITY

SDG Contribution
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Sustainability Matter
ETHICS & INTEGRITY

SDG Contribution
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Sustainability Matter
RESPONSIBLE MARKETING

SDG Contribution
- 4 QUALITY EDUCATION
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Sustainability Matter
SUSTAINABLE PROCUREMENT PRACTICES

SDG Contribution
- 8 DECENT WORK AND ECONOMIC GROWTH
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SOCIALLY RESPONSIBLE EMPLOYER

Sustainability Matter
FAIR EMPLOYMENT PRACTICES

SDG Contribution
- 3 GOOD HEALTH AND WELL-BEING
- 5 GENDER EQUALITY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 10 REDUCED INEQUALITIES
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Sustainability Matter
TALENT DEVELOPMENT

SDG Contribution
- 4 QUALITY EDUCATION
- 8 DECENT WORK AND ECONOMIC GROWTH

SUPPORTIVE COMMUNITY DEVELOPMENT

Sustainability Matter
ENVIRONMENTAL MANAGEMENT

SDG Contribution
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION

Sustainability Matter
COMMUNITY DEVELOPMENT

SDG Contribution
- 1 NO POVERTY
- 2 ZERO HUNGER
- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 5 GENDER EQUALITY
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 15 LIFE ON LAND

SUSTAINABILITY STATEMENT

SUSTAINABILITY STRATEGY

HOW WE CREATE VALUE

In order to sustain profitable growth and to create value for our stakeholders, we have strategically allocated capitals into the various operations across the Group's businesses. Our approach is aligned to the five (5) key elements of AFFIN Bank Berhad's AIM22 transformation strategy. This is illustrated in the chart below:

OUR ASSETS/ BUSINESS INPUTS

FINANCIAL CAPITAL

- Financing targeted customers & investments to gain market advantage

INTELLECTUAL CAPITAL

- Investments in digital transformation infrastructure to enhance internal processes & digitalise customer experience

HUMAN CAPITAL

- Skilled talent from diverse backgrounds & industries
- Training & professional certifications

SOCIAL & RELATIONSHIP CAPITAL

- Trust and strong relationship with internal and external stakeholders
- Partnerships with leading industry players

OUR SUSTAINABILITY APPROACH

A PREMIER PARTNER FOR FINANCIAL GROWTH & INNOVATIVE SERVICES

SUSTAINABILITY GOVERNANCE

AIM22

- PEOPLE - TEAM HIGH PERFORMANCE CULTURE
- ROE FOCUS - VALUE CREATION
- TURBO CHARGED CASA
- PRODUCTIVITY & EFFICIENCY
- DIGITAL TRANSFORMATION ACCELERATION

Sustainable Financial Services | Socially Responsible Employer | Supportive Community Development

SUSTAINABILITY RISKS AND OPPORTUNITIES

PERFORMANCE MONITORING & FUTURE ORIENTATION

OUTCOMES

- Maximise shareholders' wealth
- Diversifying investment portfolio on green and renewable financing
- Better quality and more efficient services to customers through developing more relevant innovative solutions as well as convenient and responsible services
- Supporting the growth of SMEs
- Ensuring growth and development of employees and contributing towards a dynamic and high-performing culture
- Build strong relationship between our employees with the local communities through strategic community engagement programmes
- Positive economic, social and environmental development for the surrounding community where we have significant impact in
- Alleviate the livelihood of the surrounding community with job creation and financial literacy programmes

SUSTAINABILITY METRICS AND TARGETS

THEME 1
SUSTAINABLE FINANCIAL SERVICES

Rapid advancement in digital technology has changed the way the industry operates today. We have seen a shift in the types of products and services that customers want, how we interact and service our customers and how financial transactions are conducted.

As such, it is vital that the Group to stay abreast with technological innovation and embraces the digital evolution in its strategic plans going forward. This will enable to Group to remain relevant to our customers and better serve our customers' needs in a fast and cost-efficient manner.

1 Sustainability Matter 1 Digital Innovation

We are upgrading our digital solutions to enhance the efficiency of our internal processes, improve customer experience, as well as to safeguard the data and information of our stakeholders.

KEY POLICIES ON DIGITAL INNOVATION

We have developed policies and plans to improve our internal processes and to transform our business aligning it with our digital strategy. This includes but not limited to the following policies and plans:

- Digital Maturity
- Robotics Governance Framework
- Robotics Process Automation
- IT Strategy Plan

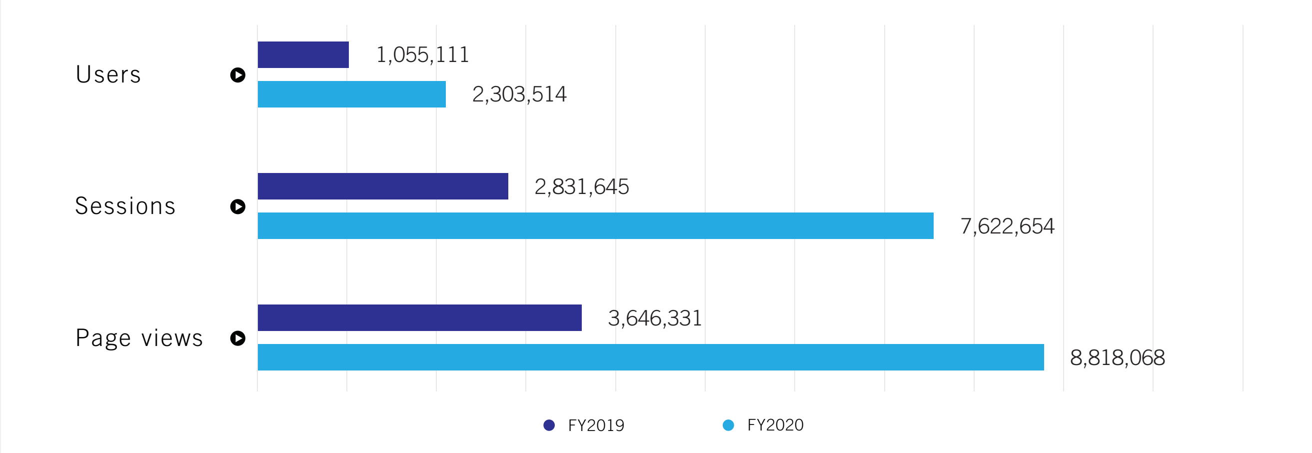
DIGITAL BANKING

The COVID-19 pandemic has shifted the way customers perform their banking transactions today. Customers' expectations changed overnight and had forced retail banking to go almost entirely digital. Seamless customer experience, combining digital services with human support became vital. Being the enabler, our Digital Banking department has undertaken several key projects and initiatives to meet our customers' needs and provide them with better online banking experiences.

Enhanced Customer Experience

We have embarked on several initiatives to enhance our customer experience. We have increased the capacity and made improvements to Affin Online, our retail Internet banking platform. Online transactions on Affin Online increased by 10.10% (YoY) from 13.5 million to 14.8 million in FY2020. One of the contributing factors to this growth was the 36.1% year-on-year increase in the number of active users. In addition, the number of users, sessions and page views on Affin more than doubled in 2020 and we expect this trend to continue into 2021.

Affin Online Performance



New Corporate Internet Banking – AFFINMAX

In December 2020, we launched AFFINMAX, a new Corporate Internet Banking Platform for micro, small and medium-sized enterprises (SME) and corporate clients. AFFINMAX is a fully secured, easy-to-use platform that offers full access to the Bank's financial products and services. It covers cash management, trade finance, SMEs and retail products. It provides a one stop experience to the Bank's SME and corporate clients.

AFFINMAX PRODUCTS AND SERVICES

Cash Management Solution

Account Management
- Account Balance (CA/FD/FCA)
- Loan Application Status / Financing Application Status
- Transaction History
- Credit Card Merchant statement
- FX Solution
- Other Banks' Account

Payment Solution
- Salary / Claims
- Statutory Payments (LHDN, SOCSO, EPF)
- Fund Transfer - Own Account & 3rd Party
- IBG, RENTAS - Single / Bulk,
- DuitNow (Pay to Account, NAD, Pay-to-Proxy)
- Foreign TT (Single/Bulk)
- FPX Payment (B2B1 & B2B2)
- Host-to-Host
- Loan Repayment / Financing Payment

Collection Solution
- JomPAY Collection
- FPX Collection (B2B Seller)
- Bill's Collection
- Direct Debit
- Auto Debit
- Virtual Account

E-Trade Services

FSC Payables / Receivables
- E-Trade Inquiry
- Trade Application
- LC/BG/SBLC
- Trade Settlement
- Trade Financing

Liquidity Management Solutions

Deposit Sweeping & Pooling
- Standing Instruction
- One / Two way Sweeping facility
- Cash Concentration
- Zero Balance / Target Balance
- Tier / Fix / Stab Interest Rate Calculation
- Fixed Deposit / Term Deposit-I
- Money Market Time Deposit

Financial Supply Chain Solutions

FSC Payables / Receivables
- Buyer Centric Financing
- Seller / Supplier Centric Financing
- Eletronic Invoicing

SUSTAINABILITY STATEMENT

Total Migrated Customers from Corporate Internet Banking to AFFINMAX		Total New-to-Bank Customers applied via AFFINMAX	
626	8,610	83	6,636

With AFFINMAX, our clients can now view their account balances, download account statements, monitor cash flows, perform fund transfers, and manage payments and collection as well as payroll at their convenience. It also allows clients to have an end-to-end view of their trade transaction status and enable clients to submit their trade applications online under the e-Trade services.

AFFINMAX KEY ACHIEVEMENTS

SUBSCRIBERS

35%
increase from 2019

TRANSACTION COUNT

47%
increase from 2019

FEES INCOME

164%
increase from 2019

CHEQUE REDUCTION

62%
reduction from 2019

NEW SIGN UP CAMPAIGN

Target: 1,000 Subscribers

2,057
total application received

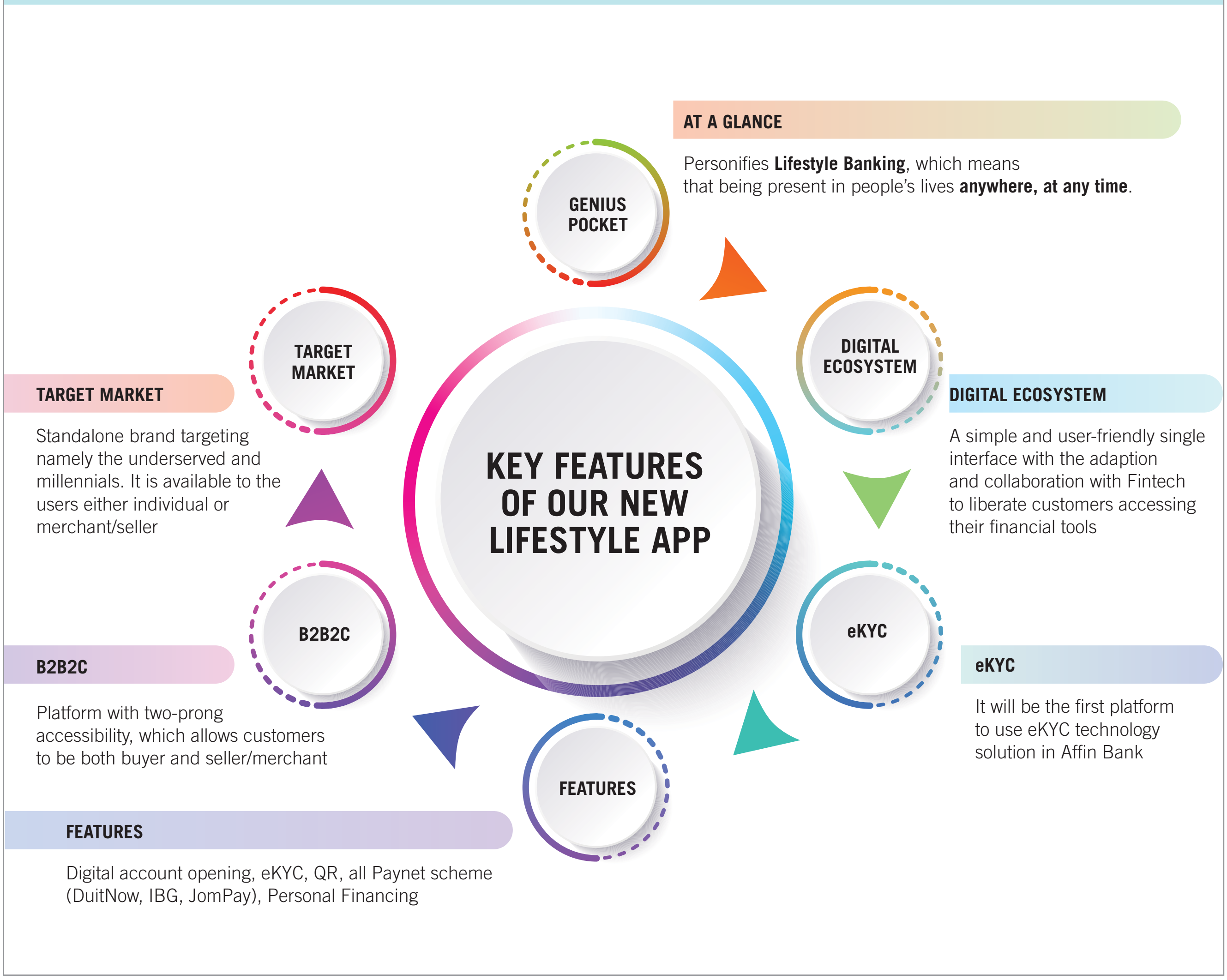
SALES CHALLENGE CAMPAIGN

Target: 2,000 Applications

2,599
new Application Received

In meeting our customers' demands, we have also embarked on the development of our mobile Internet app. The development of the app is now underway and is due to be launched in Q4 2021. Concurrently, we also accelerated the development of our lifestyle app. This app, which will include our eKYC onboarding account opening process, will be launched in Q2 2021. We will continuously introduce new features to the app, such as online micro-financing, cardless cash withdrawals at our ATMs and debit card issuance, making it our digital banking proposition.

Key Features of Our New Lifestyle App



In addition to that, we have also moved towards true digitisation of our customer onboarding process. Digital Banking has revolutionised the traditional account opening process into a more efficient flow that eliminates the use of paper via our Paperless Account Opening Initiative.

SUSTAINABILITY STATEMENT

Our Investment Banking business has also been progressively leveraging technological innovation to enhance customer experience. Some of these initiatives include:

Affin Hwang Capital's eInvest

Affin Hwang Capital's flagship "eInvest" portal underwent a major revamp where we transformed our basic share trading website into an investment one-stop-centre that is now filled with self-services function

This is in line with the continuous efforts to enhance our capabilities to help valued clients navigate their investment journey, especially in the current digital space and the tumultuous market conditions

With a new look and feel, enhanced level of interactivity, as well as a wider breadth of investment solutions, clients from all walks of life are able to utilise the portal to strategise and set achievable goals for their investments

Omnichannel

Solution allowing multiple channels of communication such as email, Facebook and live chats to be attended to by an agent on one screen

Knowledge-based to allow standard routine enquiries to be more efficient

Improve customer service productivity and efficiency and SLA

Real-time data analytics on incoming enquiries and better productivity monitoring

Chatbot

A bot operated messaging application allows customers the prospect of performing round the clock transaction requests and enquiries (24/7 service)

Increased customer engagement and proactive customer interactions

ADAM

A progressive web app for AHAM's Financial Institution business partners

To enable our partners to connect with us securely and have access to our product updates

Digital Forms

Minimises paper consumption and automate the transaction process

Increase the level of operational efficiency

Decrease carbon footprint and automate the transaction process

Customer Relationship System

Increase our level of operational efficiency

Enhance entire value chain by heightening customer experiences and service levels

Efficiently transformed the management of customer relationships via the reduction of manual paperwork

Customer Relationship Management

Consolidate and manage client data rapidly in a secured and structured manner

Identify the specific needs of our clients and leverage on our findings by offering personalised services catered to their demands

e-Statements Document Management System

Minimise paper consumption

Decrease carbon footprint and automated routine processes

Our Commitment in Innovation and Digitalisation

In 2020, we crafted the Bank's Digital Transformation Acceleration agenda to transform our existing internal processes into a future-ready digitised ecosystem. By using our existing Digital Imaging System as the core platform, we have embarked on an initiative to scan hardcopy documents to a digitised version, making them more accessible and secured. Participating business units are already beginning to derive benefits from this exercise.

In addition to that, we have also lined up various initiatives such as Robotic Process Automation, Customer Relationship Management system, Big Data Analytics and loan origination systems. These platforms will further simplify and maximise our efficiency and improve customer satisfaction.

ROBUST CUSTOMER ENGAGEMENT

AFFIN BANK Contact Centre has gone through a challenging journey this year. Following the COVID-19 pandemic, call volumes have increased by 18.7% (YoY) due to customers' enquiries on the loan repayment moratorium. With the Bank's initiatives to introduce Financial Assistance and Instalment Relief Programme (FAIR) & Expanded Targeted Repayment Assistance (XTRA), the popularity of this channel continued to grow as we were able to provide fast and easy access to the customer to help them during these tough times.

Despite all the challenges, AFFIN BANK Contact Centre was again announced as the winner in the Genesys 2020 Customer Innovation Awards for the category of CX Sales and Marketing Performer, retaining the same title from the previous year. The continuous improvement and achievement of our telemarketing team is certainly remarkable, bearing in mind contenders in this category are from Genesys' global customers. In September 2020, AFFIN BANK Contact Centre won the title of "2020 Omni-Innovator" in the fourth annual IDC Digital Transformation Awards Malaysia. This award gave recognition to AFFIN BANK Contact Centre's innovative efforts throughout the transformation journey across the years and we will continue to evolve to stay relevant to our customers.

Our Insurance Digital Initiatives

People are now using their devices to upload documents, submit claims, making payments and getting reminders and updates for their insurance policies. As the world continues to embrace mobility, our insurance business is rapidly strengthening our business by leveraging on digital innovation. We have notched up our capabilities for long-term gains and to generate business values to win more customers and derive comprehensive benefits. Some of these initiatives include:

Initiatives	Description
AXA Smart Drive Safe	The 1st telematics motor insurance in Malaysia that aimed to instill safe driving behavior amongst drivers and ultimately make Malaysian roads safer for all users
	Safe drivers are provided with safe driving discount or rewards, automatic accident alerts and 24/7 vehicle security and theft recovery
SmartPartner	Salesforce CRM platform for agency unit and intermediary to close the gap on customer needs with our insurance product offering
	Improved agent and intermediary support from our marketer in pre-sales and lead capture
Chatbot: Adel	A messaging bot integrated with CRM servicing customer enquiries (24/7 service) on claim, travel, motor products online
Partner API	Launching of Motor and Travel API for intermediary, partner, broker, agency, digital partner to distribute insurance product through their digital platform

Initiatives	Description
AXA eMedic	Developed Malaysia's first standalone, completely online medical card
	Plans can be purchased and reviewed online to give customers a quick and simple application process from home
	Re-launch of AXA eLife Protector +, a term life insurance available as a cross sell product on eMedic, purchasing journey
	Launched the AXA eMedic Family Plan with coverage in less than 10 minutes
	With AXA eMedic, AALI was awarded "Digital Insurance Initiative of the Year" award at the highly esteemed Insurance Asia Awards and has positioned AALI as one of the pioneers in digital disruption within the space of life insurance for protection segment in Malaysia
	The eMedic managed to deliver RM2.7 million of our Annual Premium Equivalent (APE)
SmartPolicy	eDoc portal is for documents depository or library
	Health policies renewal is on SmartPolicy platform, which was rolled out in 2018

Initiatives	Description
AXA eCombo	The first customisable online insurance that combines Medical Insurance (AXA eMedic), Critical Illness (AXA eCritical Early Care) and Life Insurance (AXA eLife Protector+) in one complete package
	This 3-in-1 package aims to offer a solution to customers' current unmet need of a single comprehensive insurance package with one monthly payment
	eCritical Early Care is the new product that also covers Early Stage and Advanced Stage illnesses and sell together in the combo package
	The premium is as low as RM 71 per month and transactions can be completed within 10 minutes. Continuing to thrive on the key principle of our product innovation – fast, easy affordable and customisable to target the millennials market
	Sold close to 200 policies within the first month of its launch

Initiatives	Description
AXA Kuning Protect	Malaysia's first Group Term Life product, AXA Kuning Protect was launched in May 2020, which bundled with a Telco internet plan, namely Digi Abadi
	The core concept of this innovative plan is to provide both internet coverage with insurance protection for the B40 customers on a monthly basis
	Sold close to 1,800 policies within 8 months of launching
Online Claim Experience Journey	It is a paperless and hassle-free experience, enabling customers and agents to submit claims online via our corporate website
	Guidance on the type of benefits, supporting documents and information required to submit a claim is being provided
	Back-end claims processing is also being improved with automation to increase efficiency and improve the end-to-end claims experience at every touchpoint

2

Sustainability Matter 2 - Data Privacy and Security

As we embrace digitalisation, we will be increasingly exposed to various risks such as cyber-attacks, data breaches and online fraud. Our initiatives to ensure the security of our stakeholders' data and information are driven by the following factors:

1. the emerging technologies and connected customer channels
2. heightened public sensitivity to data privacy and protection
3. evolving regulatory expectations

It is imperative for us to safeguard our stakeholders' data and information as it establishes customers' trust and confidence in our products and services.

KEY POLICIES ON DATA PRIVACY AND SECURITY

We have policies that govern our handling of data to ensure that our stakeholders' data and information are secured and protected at all times. This include but not limited to the following:

Policies	Description
Personal Data Protection Policy and Handbook	Employees shall ensure that confidentiality of data is protected at all times and processed in compliance with PDPA 2010
	Ensure that the processing of personal data carried out does not infringe a Data Subjects' right to privacy
	Ensure and encourage consistency in the processing of personal data through policies and standard operating procedures
Code of Practice on Personal Data Protection for the Insurance & Takaful Industry	Sets out best practices for insurers and operators to assist in meeting requirements under the Personal Data Protection Act 2010 (PDPA)
Personal Data Retention Policy	Rules set out regarding retention data may therefore cover all information relating to customers, suppliers and employees
	Applies to Personal Data in whatever form retained, whether electronically, in hardcopy or other media and all employees
Data Privacy Policy	Each system and data owner have the responsibility to safeguard and limit access to customer data
	Provides processes, procedures and systems to protect data stored
Information Security (IS) Policy	This policy covers most of the Information Security (IS) Management and management of IS Risk for adequate Information Protection, not limited to the following topics: o Asset management o Access control o Cryptography o Physical and environmental security o Organisation and Human Resource Security o Operations security o Communications security o System acquisition, development and maintenance o Supplier relationships o Information security incident management o Information security aspects of business continuity management o Compliance

IMPORTANT ROLE BY OUR WORKFORCE

Everyone in our Group relies on technology to perform their day-to-day work and activities and will do so increasingly. Human Resources (HR) plays a critical role to manage and train this fast changing workforce on data security and privacy. The data security and privacy training for all employees are as follows:

Training	Information/Cyber Security Awareness Training
Focus Group	All employees
Frequency	Annually or when required
Purpose	Part of the Group requirements to ensure employees are communicated and aware of the procedure on information security Provide security awareness and alert to all staff

Training	Compliance & Personal Data Protection Act (PDPA) 2010
Focus Group	All employees
Frequency	Quarterly or during on-boarding
Purpose	Ensure all employees are aware of data protection measures and requirements under PDPA Act 2010 Declaration on Data Privacy and PDPA for new employees to understand and be aware of the Group's procedure on data privacy and PDPA

Across our Group, over 1,600 employees were enrolled in additional data privacy and security training such as AHAM's monthly Cyber Security Awareness Training and AALI's monthly Security Awareness Plan that was also participated by the on-site vendors.

OUR SECURITY SOLUTIONS AND THREAT PROTECTION MANAGEMENT

- Advanced Persistent Threat (APT) for zero-day, signature-less malware attack and vulnerability protection
- Antivirus Software to prevent, detect and remove any malware and proxy server for web filtering
- Data Protection Loss for protecting confidential data leakage
- Firewall network security system to monitor and control network traffic based on predetermined security rules
- Intrusion Prevention System (IPS) examines traffic flows to detect and prevent vulnerability exploits
- Security Operations Center for 24/7 security monitoring via Security Information and Event Management (SIEM) tools
- Intrusion Detection System (IDS) is a software application that monitors networks for malicious activity or policy violations

Across the Bank, we conduct Vulnerability Assessments (VA) and Penetration Testing (PT) annually. The VA and PT are undertaken by an independent external party to detect system vulnerabilities and recommend steps to address them. We also implemented security solutions and systems to safeguard our processes from possible threats. On top of that, we established a Disaster Recovery Plan to ensure continuity of key business operations in the event of a tragedy. Our Business Continuity Risk Management Department governs the management of service continuity matters across the Bank, in line with BNM's Guidelines on Business Continuity Management (BCM). A Crisis Management Team was also established to enable the activation of BCM when an immediate response to a major incident is required. Rigorous testing on business continuity and disaster recovery are performed annually to ensure effective and smooth execution of the plans for the resumption of disrupted services.

ZERO

INCIDENTS OF DATA BREACH IN FY2020

We are pleased to report that there were no incidents on security breaches during the reporting year, and we intend to remain diligent in improving our security processes. We will also continue to improve the management of data loss, and enhance our detection, monitoring and reaction capabilities.

3

Sustainability Matter 3 - Ethics and Integrity

Ethics and integrity plays a substantial role in building and maintaining stakeholders' trust and confidence. All employees are required to strictly abide to the highest standards of corporate governance as they act as ambassadors for the Group. We have adopted corporate governance practices that conform to the BNM's Policy Document on Corporate Governance, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Code on Corporate Governance issued by Securities Commission.

The Corporate Governance Overview Statement of the Bank is presented separately in this Annual Report.

KEY POLICIES ON ETHICS AND INTEGRITY

We are governed by policies to ensure high standards of corporate governance is practised across the Group. This includes but not limited to the following:

Policies	Description
Group Anti-Money Laundering and Counter Financing of Terrorism Framework	Ensures that there are robust procedures and controls in place to identify, report, counter and detect attempts to use the Group, its employees, products and services to facilitate money laundering (ML), terrorism financing (TF) and proliferation financing
	Conducting regular assessment on the Group's ML/TF risks by adopting the risk-based approach to protect and maintain the integrity of its business and financial system
	Creates a culture of vigilance towards ML/TF risk and aims to inculcate best practices in all level of employees
	Ensures the integrity of employees by establishing appropriate assessment systems pertaining to monitoring, identification of investigation and reporting of suspicious transactions and terrorist financing activities
Whistleblower Policy	Supports the reporting of suspected instances with improper practices which may implicate ethical standards or integrity
	Outlines the mechanisms and infrastructure in place for the reporting and investigation of matters raised by a whistleblower
	Outlines the measures in place to protect employees against reprisal or recriminatory action from within the organisation
Anti-Bribery & Corruption Policy	Zero-tolerance approach against all forms of bribery and corruption, regardless of the amounts involved at any level of the organisation and takes a strong stance against such acts
	Fully comply with all applicable laws and regulation including the laws and guidelines prescribed by Malaysian Anti-Corruption Commission against bribery and corruption
	Avoiding practices of bribery and corruptions during any business dealings and in any daily operations
Fit & Proper Policy	Formalised by guidelines set out by BNM to ensure key positions in the Group are led by personnel who fulfil certain criteria: o Probity, personal integrity and reputation o Competence and capability – have the relevant knowledge, skills, experience, ability and commitment to carry out the role o Financial integrity – able to manage financial affairs prudently
	Aimed to ensure the person undertaking capital market activities are fit and proper to perform business activities and functions
	Aimed at preserving integrity and promoting confidence while ensuring licensed representatives carry out permitted activities

SUSTAINABILITY STATEMENT

Policies	Description
Code of Ethics & Code of Conduct	This policy document sets out the principles and values of the Code of Ethics (COE) and Conduct of Conduct (COC) for the staff to adhere to, at all times
	Code of Ethics o Aims to ensure all staff consistently adhere to a high standard of professionalism and ethics in the conduct of business and professional activities to serve the legitimate interest of Bank's customers and clients with the highest standards of professional and ethical behaviour **Code of Conduct** o Aims to ensure all staff must observe at all times the standard of conduct set out by the Bank, expected of them in the performance of their duties and fully committed to uphold, maintain and demonstrate a high level of integrity and professionalism all times so as not to bring the Bank into disrepute
Governance Manual	Designated senior employee for managing the relationship with regulators and be primary point of contact
	Annual assessments of compliance risks are formally presented to the Executive and Audit Committee with a mitigation plan
	Monitoring to ensure compliance controls are effective and cover operations, sales channels, and product development
	Establishes the governance for compliance related programmes
Local Fraud Control Policy	Policy of 'zero tolerance for fraud'
	All instances of fraud will be reported to the police and other relevant regulatory authorities
	All known or suspected instances of fraudulent activity perpetrated to be immediately reported to the Fraud Investigation Team
Compliance & Ethics Handbook	Applies to all employees to observe and uphold ethical standards and integrity
	Breach of this Guide will tantamount to misconduct

SUPERVISION OF THE GROUP'S CORPORATE GOVERNANCE PRACTICES

Our Group Board Risk Management Committee (GBRMC) approves all policies and policy changes relating to operational risk. Our Group Board Compliance Committee (GBCC) oversees the overall management of compliance risk covering regulatory, AML/CFT and shariah compliance. Our GBCC also oversees the Group's integrity and governance matters that are based on, amongst others, the Malaysian Code on Corporate Governance and the Malaysian Anti-Corruption Commission (Amendment) Act 2018.

EMBEDDING SOUND CORPORATE GOVERNANCE WITHIN OUR EMPLOYEES

We believe it is imperative for our people to have a role in corporate governance and to participate in the decision-making. Hence, we provide them with on-going training on corporate governance throughout their career. Some of the training programmes are as follows:

Compliance Training Programmes

Compliance training are scheduled and conducted regularly to increase awareness, communicate expectations and adherence to the regulatory requirements

For 2020, Compliance training remained the main focus which represented 80% of the total training participation for the year

Application of training in these areas were reflected through, among others, the success of 54 Branch Managers who attained the relevant competency standards via Finance Accreditation Agency assessment and accreditation

In addition, workplace application was also implemented and validated through various post assessments

Certified Integrity Officer Programme

Integrity and Governance Unit (IGU) officers are required to attend a Certified Integrity Officer (CeIO) Programme conducted by the capacity cum capability building institution of MACC, Malaysia Anti-Corruption Academy (MACA) which positions itself as the regional centre of excellence in corruption prevention

Increase the understanding of international anti-corruption framework and related integrity policies

Enhance the practical skills and theoretical understanding of integrity management and to connect and apply them within the Group

Integrity & Governance Unit (IGU) Training Programmes

IGU training are scheduled and conducted regularly to increase awareness, communicate expectations and adherence to the Section 17(a), Corporate Liability, MACC act requirements

Customised IGU training and advisory sessions are carried out to explain on the Section 17(a), Corporate Liability, MACC Act

The Group Anti-Bribery & Corruption Policy (ABC Policy) has been established in accordance to the Section 17 (a), Corporate Liability, MACC Act and it has taken effect on the 1st June 2020

Multiple programmes (ABC Policy e-learning, ABC Policy teasers and e-mails, trainings) were held out after the effect of the ABC Policy for introductions and to create awareness

Corruption Risk Assessment for AFFIN BANK and AFFIN ISLAMIC has been established

Awareness and e-learning Programmes

New initiatives in the form of e-learning and video awareness on Ethics and Governance have been introduced to all new and existing staff

In comparison to 2019, the scope of training for Ethics and Governance for the year 2020 has been expanded to include various topics covering anti-bribery and corruption, whistleblowing, conflict of interest and data privacy

Reported Non-Compliance Incidents

In 2020, there was a total of 18 reported cases on non-compliance. Following these incidents, we have strengthened our internal controls to mitigate the reoccurrence of these non-compliance events.

4

Sustainability Matter 4 - Client and Customer Focus

Clients and customers today demand for fast, secured and convenient services, with the flexibility to select products and services personalised to their individual needs. These demands will require the application of more extensive and diverse financial services via digital means. We have compiled and analysed the feedback from our customers on their expectations on their financial journey with us. Through this process, we have discovered opportunities to enhance their customer experience and to meet their digital banking needs.

KEY POLICIES ON CLIENT AND CUSTOMER FOCUS

We are governed by policies to continuously improve our processes to meet clients' and customers' changing demands and expectations and to ensure that we achieve our goal of building long-term relationships with them. This include but not limited to the following:

Customer Satisfaction Policy	Scheduled 'Call Back' Policy	Treat Customers Fairly Charter
Feedback Management Policy	Client/Customer Service Charter	Complaint Management Policy

We have also embarked on a Customer Value Proposition initiative which is part of our AIM22 Strategy. This initiative aims to improve customer engagement and experience by leveraging on insights into what matters most to our customers.

OUR CLIENT AND CUSTOMER ENGAGEMENT PLATFORMS

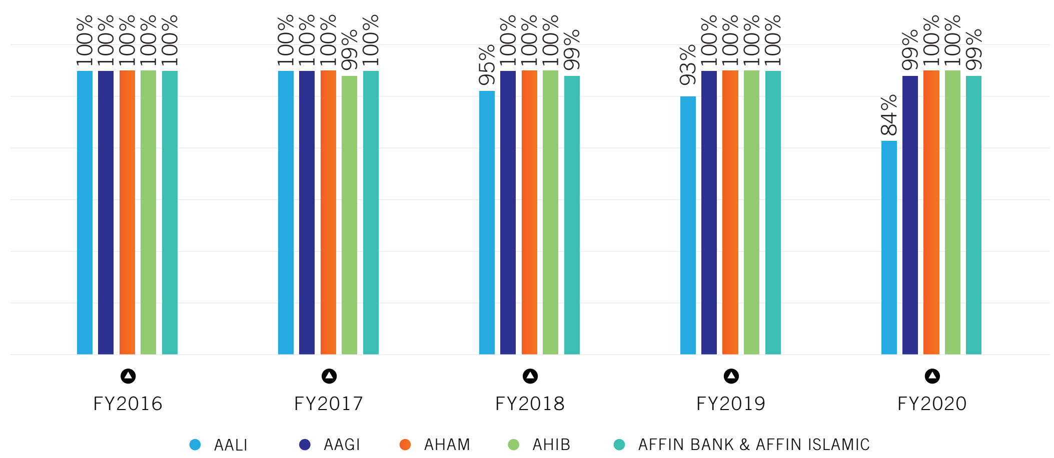
We have conducted a number of engagements to gauge our clients' and customers' level of satisfaction on our products as services. These exercises were also aimed at improving our interaction with our customers and to better address their needs. The data collected from these engagements enabled us to craft value propositions to build a sense of customer engagement that drives brand loyalty and value. The table below sets out the engagements that we have conducted together with their frequency:

Platforms		Frequency
Surveys	Customer Engagement & Brand Equity Surveys • In-depth interviews, focus groups, Computer Aided Telephone Interviews (CATI) & online surveys to evaluate customer loyalty	Annually/ Biannually
	Post-complaint Handling Satisfaction Survey • Evaluates the satisfaction of customers towards the overall handling of complaints in terms of responsiveness, employee handling of complaints and the complaint process	Monthly
	Net Promoter Score Survey • Evaluates the satisfaction and loyalty of customers	Annually
	Post-campaign Surveys • Evaluates satisfaction and analyses factors investors consider when choosing wealth management partners	Post Campaign Participation
	Instant Customer Feedback • Instant Customer Feedback Survey to collect instant feedback after services	Daily
	Customer Experience Tracking • Translates problems into opportunities and improves end-to-end customer journey	Daily

Platforms		Frequency
Service Calls	New Client Welcome Call • Welcoming new investors on-board and gather improvement feedback	Upon account opening
	Assets Under Management Service Call < RM30,000 Clients • Updating investors on their portfolios and advocating awareness on new products and services	Bi-annually
Alternative communication channels	Dedicated Customer Care hotlines	Daily
	Customer Contact Centre • Resolving customer complaints and formulating action plans for improvement	Daily
	Online • Corporate Websites • Facebook • LinkedIn • Twitter • Instagram • Email • Chatbot • Live Chat	Daily
	WhatsApp	Daily
	Direct Messaging (SMS)	Daily

We take our clients' and customers' concerns very seriously and endeavor to minimise the number of complaints. Through engagements with the respective business owners, all complaints are analysed and steps are taken to respond in a timely manner. Any gaps found are addressed expeditiously and reviews are conducted to improve our processes, especially in areas with repeat or recurring complaints. Due to the complexity of some cases, which require thorough investigating, resolution times may be extended. Nevertheless, clients and customers are informed of the progress on a timely basis.

Percentage of Customer Complaints Resolved (%)



SUSTAINABILITY STATEMENT

Commercial Bank

TARGETED TURNAROUND TIME	RESULT
Acknowledgment of queries/complaints Immediate or within the same day	Actual Average TAT: **0.34 working day** (Enquiries/ Requests/ Appeals) Actual Average TAT (Complaints): **1 working day**
Addressing queries/complaints Within 2 working days upon receipt	Actual Average TAT: **1.72 working days** (Enquiries/ Requests/ Appeals) Actual Average TAT (Complaints): **1.74 working days**
Resolution of queries/complaints 3-7 working days, depending on the complexity of the issue raised	Actual Average TAT: **2.04 working days** (Enquiries/ Requests/ Appeals) Actual Average TAT (Complaints): **4.87 working days**

Investment Banking

TARGETED TURNAROUND TIME	RESULT
Acknowledgment of queries/complaints Within 3 working days upon receipt	**100%** Achieved
Inform the Complainant the Bank's Decision Within 14 working days upon receipt	**100%** Achieved

Asset Management

TARGETED TURNAROUND TIME	RESULT
Acknowledgment of queries/complaints Within T Day	**95%** Achieved
Addressing queries/complaints Within T + 3 days	**100%** Achieved
Resolution of queries/complaints Within T + 10 days	**100%** Achieved

Insurance

TARGETED TURNAROUND TIME	RESULT
Service Level 80% of calls to be answered within 30 seconds	**86.6%** of calls answered within 30 seconds
Email Enquiry Response within 3 days	**39.9%** within 3 days
Complaints Resolution Response within 14 days	**58%** within 14 days
Claim registration Response within 3 days	**100%** within 3 days

TARGETED TURNAROUND TIME	RESULT
MOTOR CLAIMS **Preferred Workshops** 3 working days for claims below RM10,000 6 working days for claims RM10,000 & above	**89%** resolved
Panel & Franchise Workshops 4 working days for claims below RM5,000 6-8 working days for claims of RM5,000	Panel = **88%** resolved Franchise = **81%** resolved

Insurance

TARGETED TURNAROUND TIME	RESULT
CUSTOMER SERVICE **HQ Customer Service Centre** ▸ 10 minutes Wait Duration ▸ 15 minutes Serve Duration	▸ Within **5** minutes ▸ Within **15** minutes
Call Centre ▸ 95% of incoming calls answered ▸ Service Level: 80% of incoming calls to be answered within 30 seconds	▸ **94%** Achieved ▸ **88%** Achieved
Digital Service Support ▸ Email: 80% attended in 2 working days ▸ FB chats: 90% attended in 1 working day ▸ chatBOT/ LIVE chats: 90% attended in 1 working day	▸ **100%** Achieved ▸ **100%** Achieved ▸ **100%** Achieved
Complaints Resolution 14 days	▸ **93%** Resolved

BECOMING THE PEOPLE'S CHOICE FOR BANKING AND INSURANCE

Always about you

At AFFIN, we strive to always connect and engage with our customers to understand their changing needs and aspirations better. It represents our passion and commitment to the community we operate in, enabling us to quickly respond to changes and provide a personalised experience. "Always about you", was crafted to drive loyalty and build our reputation as a creative and innovative financial organisation.

Banking

OUR PHYSICAL CUSTOMER TOUCHPOINTS

1	HEAD OFFICE
105	BRANCHES
25	BUSINESS CENTRES
19	HIRE PURCHASE HUBS
12	ASB SALES HUBS
14	MORTGAGE SALES HUBS
14	PERSONALISED BANKING HUBS
5	AFFIN ISLAMIC BRANCHES
1	AFFIN ISLAMIC HIRE PURCHASE HUB
294	AUTOMATED TELLER MACHINES
30	CASH DEPOSIT MACHINES
102	CHEQUE DEPOSIT MACHINES
102	COIN DEPOSIT MACHINES

The number of new to bank customers in FY2020 are as follows:

NUMBER OF NEW ACCOUNTS HELD BY FIRST-TIME ACCOUNT HOLDERS (FY2020)

76*

CORPORATE BANKING

* *6 NTB Borrowing customers and 70 NTB non borrowing customers*

9,071

ENTERPRISE BANKING

77,927

COMMUNITY BANKING

We are widening our network by diversifying our distribution channels with Premier Centres, Mobile Branches and Kiosks, which are due to be launched in FY2021. We also have dedicated customer touchpoints at multiple Self Service Machine ("SSM") branches nationwide for on-site account opening. This is done via SMEssential, which is an all-in-one application form for multiple products and services. We also offer start-up banking solutions to assist start-ups in their transactions, financing, protection and business advisory needs.

On top of this, with the aim of providing a more convenient and efficient experience for our customers, we have upgraded our Self Service Terminals (SST) through the nationwide deployment of Cash Recycler Machines in 2020. The number of SST terminals are as follows:

	FY2016	FY2017	FY2018	FY2019	FY2020
Automated Teller Machines	272	284	297	296	294
Cash Deposit Machines	153	156	159	140	30
Cash Recycler Machines	0	0	0	0	113
Cheque Deposit Machines	115	115	114	103	102
Coin Deposit Machines	9	9	9	9	9

The reduction in the number of ATMs, Cash Deposit Machines and Cheques Machines is due to:

- *ATM: (i) Removal from Movie Animation Park Studios due to disclosure and (ii) replacement to CRM at Taman Molek Branch*
- *Cash Deposit Machine (CDM): Replacement of obsolete CDM with Cash Recycler Machine (CRM) which supports both ATM and Cash Deposit functions*
- *Cheque Deposit Machine: Reduction of both cheque issuance and collection volume in order to meet BNM e-PCMCG*

NUMBER OF NEW ACCOUNTS HELD BY FIRST-TIME CREDIT CARD HOLDERS (FY2020)

32,608

FY2019: 10,574

OUR NEW CASH RECYCLER MACHINE DESIGN

SIDE PANEL | FRONT FACADE | SIDE PANEL

We have also seen considerable growth in our credit card customers. Affin Cards achieved healthy growth in the financial year due to:

- Optimising the sales productivity by focusing the internal channels
- Launching of new product to enhance the customers' need by strengthening our card value proposition
- Targeted spend activities and create stickiness and loyalty via the campaign promotions

Going forward, we anticipate customers to be more sophisticated with high expectations on innovative offerings, convenience and value propositions. Affin Cards will continue to focus on product innovation and enhanced value propositions to suit our customers' lifestyles and needs.

Convenient Solutions to Our Clients and Customers

We encourage our employees to be more customer-centric and we promote Customer First Culture and behaviour through training as well as employee engagement activities. Some of the initiatives that we have undertaken to improve our people's engagement with customers are as follows:

CUSTOMER EXPERIENCE

Our Initiative

Introduced Colours of AFFIN for uniformity of dress code for frontline personnel

CX Buzz sessions to create awareness on customer focus mindset through interactive session and motivational talk Customer Focus Week to create awareness on CX attributes

Value We Created

Create professional image to staff

Improved customer service

Embed CX attributes into day to day life of staff

CUSTOMER VALUE PROPOSITION

Our Initiative

Focuses the value of customer journeys and driving a different perspective on the importance of viewing from customers' lenses

Value We Created

Create a differentiated experience to improve customer acquisition and cross sell based on customers' needs

CX DATABASE

Our Initiative

Provide the platform to enable analytics from the perspective of Customer Experience to understand customers, relationship with the Bank and customer behaviour

Value We Created

Improve our product offerings by analysing customers segmentation and opportunities to identify differentiated experiences for each segment

Investment Banking

OUR INVESTMENT BANKING OPERATIONS AND CLIENT TOUCHPOINTS

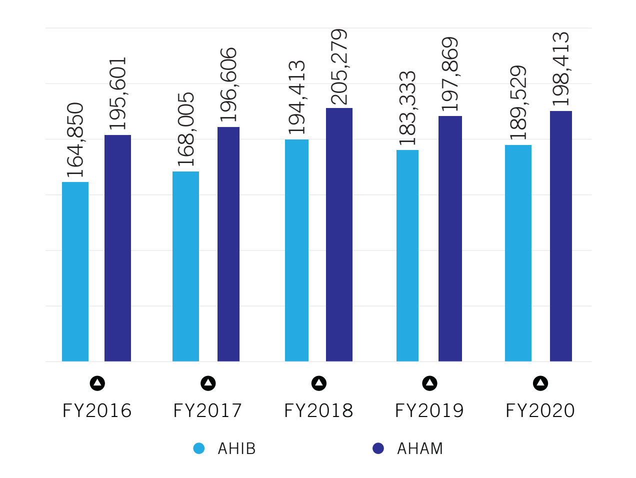
1 HEAD OFFICE

15 SECURITY BRANCHES

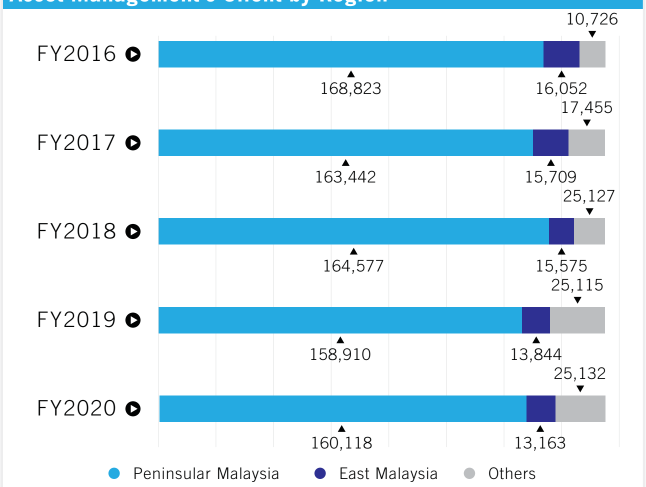
7 ASSET MANAGEMENT BRANCHES

We are known for our outstanding services to help our clients raise capital and provide financial consultancy services. Our Investment Banks have almost 400,000 clients across the country.

Client Count



Asset Management's Client by Region



SUSTAINABILITY STATEMENT

We have taken various initiatives in driving client and customer focus that put us in a better position to create value for our clients and customers. These include as follows:

Customer Focus

Our Initiative

- Our segmentised client approach means we have specific desks and resources covering large-cap as well as mid-cap Corporates and the Government sector
- We also have dedicated presence in the Klang Valley and Penang to better serve our core markets as well as in East Malaysia to develop markets there
- Working seamlessly with products partners, we are developing and offering new products and services to our clients

Value We Created

Leveraging on our large distribution network, we are able to offer end-to-end Investment Banking capabilities and maintain our client-focused approach in providing detailed, tailored solutions to "Out Think. Out Perform" our competitors

Customer Relationship Management

Our Initiative

- A centralised platform to store all customer data
- Provides front liners with customised screens that allow viewing of all customer information such as personal details, investment accounts, last contact date, past activities and service request histories with the end goal of providing more personalised services

Value We Created

Improve customer service through enhanced communication between different functional units and improved analytical data and reporting

PRS Reminder and Awareness

Our Initiative

- Provides reminders to PRS Investors to maximise their annual tax relief
- Promotes retirement saving awareness amongst youth

Value We Created

Customers are able to enjoy tax relief assistance

Contact Centre

Our Initiative

- Automated call distribution to agents with no rejections
- Interactive Voice Response (IVR) option with a self-service function that allows callers to perform routine functions such as i-access password reset
- Automated 'call back' on abandoned calls

Value We Created

- Reduce call waiting time
- Reduce abandoned calls
- Improve compliance with Service-Level Agreement (SLA)
- Improve customer call experience

PRIVI Loyalty Programme

Our Initiative

- Provide perks and privileges to eligible members
- Provide firsthand market insights and VIP access to market events

Value We Created

- Improve advocacy
- Enhance value proposition for new investors or customers' acquisition

Investment Literacy Sharing – LTAT Investors

Our Initiative

Educate Lembaga Tabung Angkatan Tentera (LTAT) investors on the structure of Unit Trust investments

Value We Created

Investors stay on and invest after retired from the Armed Forces

Insurance

As one of the top insurers in Malaysia, with almost 7,000 agents across the nation, we have always been attentive to our customers' needs by engaging them across our branches, panel hospitals and workshops.

1 HEAD OFFICE

AAGI

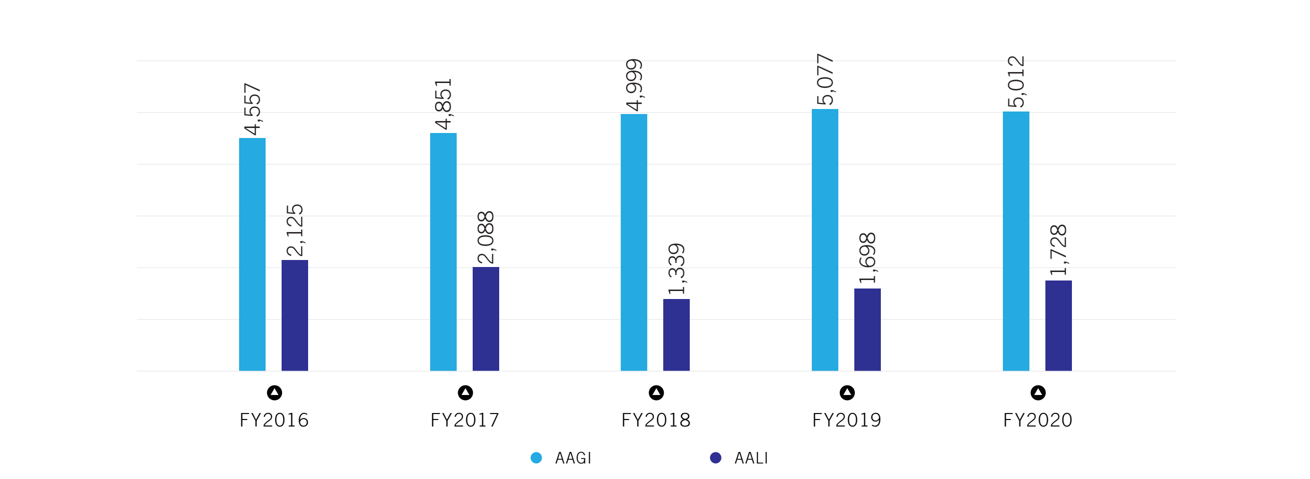
- **25** BRANCHES
- **25** COMMERCIAL VEHICLE PANEL WORKSHOPS
- **266** PANEL WORKSHOPS
- **186** PANEL WORKSHOPS

AALI

- **10** BRANCHES
- **157** PANEL HOSPITALS

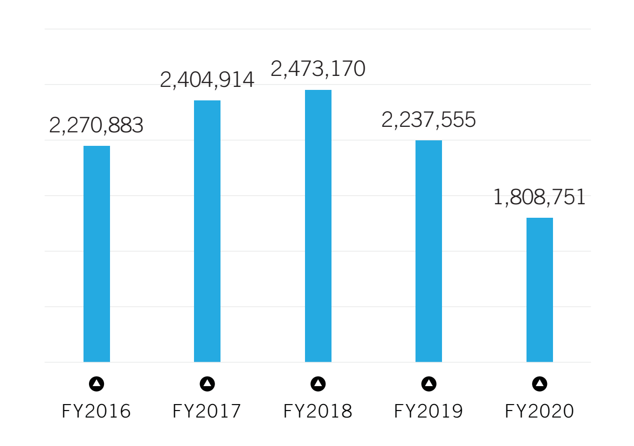
Number of Agents across our Insurance Business Segment

Number of Agents

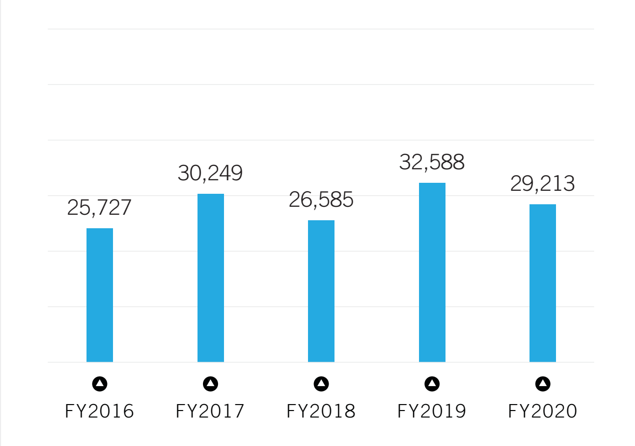


Customer Count across our Insurance Business Segment

General Insurance Customer Count



Life Insurance Customer Count



Insurance Business Customer Count Breakdown by Region

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Peninsular Malaysia AAGI Customers	2,104,126	2,222,532	2,276,767	2,062,424	1,646,357
East Malaysia AAGI Customers	166,757	182,382	196,403	175,131	162,394
Peninsular Malaysia AALI Customers	23,711	27,680	24,532	28,733	25,133
East Malaysia AALI Customers	2,016	2,569	2,053	3,855	4,080

Being the trusted Insurance business segment, we strive to provide simple, effortless and personalised solutions with a high level of proficiency, competency and reliability. These initiatives are as follows:

OUR INITIATIVE	VALUE WE CREATED
AXA Chatbot – Adel & Knowledge Portal	
Provide a new self-service channel for customer to get information related to travel insurance	Reduce calls and emails on first level inquiries pertaining to travel insurance buying journey
	Improve Targeted Turnaround Time in reverting to customer's inquiries on digital channel
	Provide a new channel for customer to engage
	Automate repetitive work and enable employees to focus on high value tasks
Simplification Programme	
Reviewed and improved processes to simplify customers' journey and maximise customer value creation	Reduce policy issuance turnaround time and paperless initiative through e-policy project implementation
	Enhanced MyAXA customer portal by introducing self-service online functions include e-claims, payment instruction alteration, switch fund, top-up premium, easy access to e-medical card and e-policy
	Implemented robotic processing automation that remove manual processing and improve turnaround time such as claim registration, new business processing
	Implemented paperless e-form project replacing all hardcopy policy servicing forms with fillable online forms
	Introduced e-claims feature enabling online claims submission for life and medical claims via customer portal without the need to walk into branches

5

Sustainability Matter 5 - Responsible Marketing

All consumers are entitled to relevant, reliable, and comparable information that will enable them to make informed choices to best meet their financial needs. The Group emphasises on clear and transparent marketing and communication of our product and services to gain trust, build confidence and maintain good reputation with our customers.

KEY POLICIES ON RESPONSIBLE MARKETING

Apart from BNM's standard guidelines, the entities across our Group have policies and frameworks to guide us in promoting customer awareness and understanding of our products and services. This facilitates consistency and transparency in the disclosure of essential information to customers to enable them to do product comparisons and make informed decisions. We list down below some of the policies and guidelines that we have in place:

Product Transparency & Disclosure Policy	Consumer Strategy & Analytics – Marketing & Communication	Product & Marketing Standard Operating Manual	Product Approval Process (PAP)	Sales & Marketing SOP Marketing Materials Guidelines

Our Board and Senior Management expects our product disclosure materials to be in full compliance with BNM's Guidelines. Training sessions are conducted for our employees who are directly involved in sales and marketing in order for them to have knowledge of the necessary regulatory disclosure requirements as well as features of the products and services that they are marketing or selling.

CONNECT WITH US ON SOCIAL MEDIA

We believe we can better engage with customers via social media as it allows us to reach a much wider group of customers anywhere and anytime. We have numerous social media channels to provide customers with the freedom to choose their preferred form of contact that help them to be closer to AFFIN brand.

PLATFORM	
FACEBOOK 377,393	TWITTER 5,144
INSTAGRAM 169,458	LINKEDIN 45,808

Our Social Media Followers Count

SUSTAINABILITY STATEMENT

OUR KEY RESPONSIBLE MARKETING AND COMMUNICATION OF PRODUCTS AND SERVICES

We have undertaken various marketing programmes to enable responsible marketing and communication of our products and services to our customers. These programmes are as follows:

Marketing Programmes	Value Created
Sales Challenge Campaign ▪ Collaboration initiative with Enterprise Banking in promoting AFFINMAX together with AFFINWRKFZ to existing customers and new-to-bank customers	▪ Target 2,000 Application for Sales Challenge – Achievement 129% (2,599 New Application Received)
"Download, Share, Win" Campaign – SME Colony ▪ Aimed to create awareness and increase new users of SME Colony ▪ Campaign ran from 12th June – 25th June 2020	▪ Increased 5,005 new users ▪ Over 1.3 million reach in FB post
First Time Login Activation Programme (FTAP) ▪ FTAP is a collaboration initiative with Cnergy Team, Enterprise Banking in ensuring high activation rate among SME customers	▪ Target 2,513 activated accounts for FTAP – as at Dec 2020, achievement 42% (1,054 account activated)
e-Commerce Initiatives ▪ Rolled out e-commerce initiatives to drive card billings in view of the COVID-19 pandemic ▪ Card-on-File Campaign (March – September 2020) and partnerships with Lazada & Shopee (11.11 and 12.12) to encourage provision of AFFIN Cards for online purchases and e-wallet top up	▪ Notable increase in e-commerce transaction by 30% comparing to year 2019 vs Industry at 25%
Launch of new Bancassurance product Secure Enhanced Plus ▪ Launch Secure Enhanced Plus, which aims to multiply protection up to 500% of the basic sum insured, while providing an opportunity for potential returns	▪ Complement our product offerings in order to meet the more diverse needs of customers ▪ The average age group that had signed up is between 20-30 years old, an encouraging sign that this had improved the awareness and bancassurance penetration among millennials

Marketing Programmes	Value Created
Launch of AFFIN DUO Credit Card ▪ As part of our AIM22 Strategy, the product aims at driving higher Credit Card acquisition efforts by penetrating into younger segment i.e. millennials and young executives ▪ The key product feature focuses on two different propositions by offering cashback for digital payments and rewards points that provide fast Affin Points multiplier for essentials spend categories ▪ This product was launched on 28 Aug 2020	▪ Cardbase at +48.8% vs Industry at -2.7% ▪ Billings at +12.3% vs Industry at -12.0% ▪ Receivables at +13.4% vs Industry at -11.5% ▪ Merchant Sales at -21.0% vs Industry at -12.9% ▪ Award & recognition received from Ringgit Plus for RinggitPlus Readers' Choice Awards 2020: - Best Cashback Credit Card in Malaysia – Affin DUO - Best Online Cashback Credit Card in Malaysia – Affin DUO - Best Backup / Secondary Credit Card in Malaysia – Affin Visa Signature - Best New Credit Card of 2020 – Affin DUO Honourable Mention Best Petrol Cashback Credit Card in Malaysia – Affin Bank BHPPetrol Touch & Fuel MasterCard
Launch of AFFIN AVANCE Credit Card ▪ There was a huge opportunity for AFFIN to tap onto the mass-affluent segment and provide a full range of financial services to this segment with curated products that match the mass-affluent segment's needs. Based on this identified segment, AFFIN Wealth Department, had collaborated with Cards Business to offer a credit card specifically for this segment ▪ The product aims at driving a higher mass-affluent segment acquisition by Wealth Department, by providing credit card facility as the added value to this segment ▪ This product was made available to the market on 16 Dec 2020	
AFFIN DUO for Graduates ▪ AFFIN DUO for Graduates is designed to help inculcate modest credit card spending while enjoying the credit cards' rewards and benefits. This product is targetted at undergraduates who are about to complete their tertiary education, new graduates and new and young executives (21-25 years old) segment ▪ The product is fully secured on Savings Account pledged on a 1:1 basis ▪ This product was made available to the market on 1st Dec 2020	
AFFIN Cards Win Big Campaign ▪ The Campaign ran from 15 June – 14 October 2020 ▪ The core objectives were to support card acquisition and to spur continuous card billings by rewarding cardmembers with quality and practical items instead of aspirational big prizes	

SUSTAINABILITY STATEMENT

Marketing Programmes	Value Created
#GrowWithUs Brand Narrative Campaign ▪ To build AHAM brand awareness amongst the mass market	▪ Successfully raised AHAM's Facebook profile to the sixth within the investment and insurance space, with notable increase in followers (+9,585) and likes (+9,395)
#GrowWithUs EPF i-Invest Campaign ▪ To promote, increase and encourage the EPF i-Invest activation and investments with AHAM ▪ First 300 investors invest via EPF i-Invest will be qualified for the GrabGift evoucher worth RM50	▪ Total sales accumulated from this campaign: RM5.7 million
#PRSClick&Go Campaign ▪ To advocate and encourage new sign-ups of PRS funds via PRS Online ▪ To encourage existing PRS investors to top-up their PRS investments via AHAM i-access portal ▪ First 266 PRS investors invested online via PRS online enrolment or i-Access will be entitled to eVoucher worth up to RM20	▪ Total qualifiers from this campaign: 344 investors, and sales accumulated: RM320, 000
PRS Go campaign ▪ To advocate and encourage all existing and new investors to invest in any AHAM PRS funds ▪ To boost new account openings for all AHAM PRS funds ▪ Lucky draw: Stand a chance to win prizes worth up to RM17,000	▪ Total qualifiers: 7,441 ▪ Total sales accumulated from this campaign: RM25.4 million (Target: RM15 million)
SIPG Campaign ▪ To create and build awareness of Affin Hwang Smart Invest Portfolio – Growth	▪ Total leads generated from this campaign 768 and total sales accumulated RM202,000
AHIB's Business Webinars ▪ A total of 12 webinars/virtual events across corporate presentations, market outlooks and alternative products i.e. ETFs and REITs was conducted in 2020 to AHIB's Retail Clients	▪ These 12 webinars/virtual events garnered a total outreach of 1,612 participants
Launch of SmartDrive Safe ▪ Launch the first of its kind, telematic motor insurance in Malaysia ▪ Innovative motor insurance that comes with wire-free and self-powered micro tag to provide emergency road assistance at the touch of a button ▪ Key features include Automatic Accident alert, Safe Driving alerts, SOS button and mobile app to review trips and driving score and safe driving earn points	▪ AAGI is the pioneer and leader in telematics motor insurance ▪ First ever Virtual product launch ▪ Met product targets. As at FY2020: - Policy count: 12,752 - GWP: RM 18,297,952

Marketing Programmes	Value Created
Launch AXA eCombo ▪ The first customisable online insurance that combines Medical Insurance (AXA eMedic), Critical Illness (AXA eCritical Early Care) and Life Insurance (AXA eLife Protector+) in one complete package. This 3-in-1 package aims to offer a solution to customers' current unmet need of a single comprehensive insurance package with one monthly payment ▪ In conjunction with the launch of AXA eCombo, a two-month wellness virtual series was organised with Malaysian homegrown celebrities, influencers and performers to touch on topics relating to health, fitness, nutrition, beauty and also entertainment	▪ Sold close to 200 policies within the first month it was launched ▪ Total sales generated RM86,000 ▪ Garnered over 400,000 views on the virtual events
AXA Wealth Creator ▪ Despite challenges faced during the start of the COVID-19 pandemic, AXA AFFIN Life successfully launched "AXA Wealth Creator" 100% online via Facebook Live ▪ "AXA Wealth Creator" is a regular premium investment-linked insurance plan that gives you peace of mind throughout your wealth management journey. This plan essentially offers you an optimum combination of insurance protection and investment	▪ Total sales generated over RM7 million with sum insured total of RM666 million ▪ A series of social media post engagement were published over a period of 2 months ▪ Over 12,000 total reach via social media
Stressed Out, Reach Out ▪ "Stressed Out, Reach Out" is a campaign partnering with Naluri to address mental stress, anxiety or depression due to COVID-19 or uncertain economic changes rising from Malaysia's Movement Control Order (MCO) ▪ Through this campaign, customers can get access to health coaches, dietitians, psychologists, fitness / lifestyle coaches and medical advisors at their fingertips	▪ Total of 112 customers has registered with Naluri within 20 days period
AXA Be Well & Fit ▪ "Be Well & Fit" is a collaboration with BookDoc to motivate customers to stay active by increasing their daily step count which can be achieved via a broad choice of healthy activities and get rewarded. Steps will be tracked via the BookDoc app - a health rewards platform that incentivises healthy living and provide access for customers to search and make appointments with specialist doctors	▪ Total of 127 new customers registered and 38% maintain active throughout the year 2020

OUR MARKETING APPROACH DURING COVID-19

The COVID-19 pandemic has resulted in changes to our advertising, marketing, promotional and media programmes, forcing us to reevaluate our thinking about current and future advertising and marketing campaigns. In order to remain connected with our customers during the pandemic, we have shifted most of our marketing efforts via the digital platform to market our products and services. Some of our initiatives are as follows:

- During the COVID-19 circumstances, more focus has been placed towards virtual engagement to increase public outreach through the following:
  - Products and services advertisements via social media platforms, email blast distribution and digital press and magazines
  - Hosting SME BizChat on financial relief assistance and business recovery
  - Promoting financial literacy to SMEs by introducing complimentary biz-miniseries via short videos
  - SME Colony mobile app acts as a e-marketplace for SMEs to promote their products and services
  - Engagement with trade associations in promoting effective communications to their members and business partners

- Used a variety of telecommunication tools such as Zoom, Microsoft Teams, WhatsApp video, text messages and normal calls as well as social media platform such as Facebook and Instagram to stay connected with our current and potential customers and clients during the pandemic

- New product launching via Facebook Live to the AXA AFFIN Life Agents, supported by a series of social media visuals on multiple AXA social media platforms

- Product brochures were uploaded in the AXA website to allow customers easy access to information on the products offered

6

Sustainability Matter 6 - Responsible Financial Services

The financial services sector is under increasing scrutiny to deliver products and services with ESG considerations. The Group is currently reviewing our operations and our lending criteria to meet to be more ESG focused. Our business segments take into consideration amongst others the following steps in their respective product development process:

- Ensure products and services meet market needs
- Introduction of new and improved products or make changes to existing products
- Ensure compliance with relevant guidelines and governance for products and services
- Promote sound risk management practices in managing and controlling product risk
- Ensure products and services developed and marketed fill the needs, resources and financial capability of targeted segments

KEY POLICIES ON RESPONSIBLE FINANCIAL SERVICES

We have policies to govern the development and provision of responsible and sustainable products and services. These include but not limited to the following:

Policies	Description
Shariah Supervision and Compliance Framework (SSCF)	Undertake Shariah research and study to facilitate new Shariah-compliant product concepts and applications to be endorsed by Shariah Committee The Bank also prohibits Non-Shariah compliant activities such as Liquor, Gaming and Tobacco related
Responsible Financing Policy	Drives towards more effective engagements through better disclosures and advice to customers Promotes a sustainable retail finance market by requiring engagement in prudent, responsible and transparent financing Encourages financial prudence and reinforce responsible lending/ financing practices that will support a sustainable property market Contributes to the government's affordable home initiative and encouraging home ownership amongst the public in Malaysia Benefits from profitable growth through the increase in the number of sales from new developers and projects
ESG Policy	Our Asset Management's ESG policies include - Active ownership – proxy voting and engagement wherever possible and practicable - Considering ESG considerations when conducting investment due diligence and risk assessment - Our firm-wide exclusions include companies involved in controversial weapons and sanctioned countries
Underwriting Guidelines	When appropriate or relevant, our insurance business integrate environmental and social risks, including human rights concerns, as well as more general ethical concerns in product development processes and policies This is notably undertaken via applying applicable underwriting guidelines which require us to exclude certain industries from our insurance business such as Coal and Oil Sands
Sanctions Policy	When appropriate or relevant, our insurance business scrutinise the relationships involving sanctioned countries and/or countries identified as having high levels of corruption or political risk

SUSTAINABILITY STATEMENT

COMMITMENT TOWARDS RESPONSIBLE BANKING AND INVESTMENT

In addition, our Annual Credit Plan (ACP) issued by the Bank's Group Credit Management is aligned with the Bank's Risk Appetite Statement. The ACP emphasises on supporting assets growth with strict discipline to be prudent, cautious and selective in our financing activities. Aside from this, focus and consideration will be placed on responsible lending practices and embracing ESG disciplines as part of our credit culture.

Our Investment Bank has its own ethical and Shariah-compliant portfolios. As a signatory to the Malaysian Code for Institutional Investors in 2017, we have pledged our commitment in embracing ESG principles in our underlying investment process. AHAM has joined a list of over 20 other local institutional investors, pension funds and asset managers who have pledged to uphold the following six (6) principles:

ESG PRINCIPLES

Principle 1	Principle 2	Principle 3	Principle 4	Principle 5	Principle 6
Disclosing Policies on Stewardship	Monitoring Investee Companies	Engaging Investee Companies	Managing Conflicts of Interest	Incorporating Sustainability Considerations	Publishing a Voting Policy

Our compliance statement is published on the following URL - *http://www.iicm.org.my/compliance-statements/*.

Both Affin Hwang Asset Management and AIIMAN became members of Institutional Investor Council Malaysia on 4 December 2020. AHAM is also subscribers to Morgan Stanley Capital International (MSCI) ESG Research for Asia and Glass Lewis for proxy voting and research services since 2017. The research supplements provide critical insights to identify risks and opportunities that our traditional research may overlook for ESG data.

Our Insurance business' underwriting team is responsible for ensuring that the latest ESG-related underwriting guidelines are updated and cascaded down to each business unit for adoption. As part of our practice to ensure the credibility of our approach, regular audits are carried out and presented to the management team.

Our takaful providers' underwriting guidelines and philosophy are guided by ESG considerations and are governed by amongst others guidelines such as the Islamic Financial Services Act, Takaful Framework and value-based intermediation (VBI) framework issued by BNM and the Malaysian Takaful Association. The guidelines are also in line with Shariah principles which excludes, for example, investments in Gaming, Alcohol and Tobacco companies.

RESPONSIBLE BANKING

Green Technology Financing Scheme (GTFS)

Objective

The objective of the scheme is to promote investments in Green Technology which refers to products, equipment, or systems which satisfy the following criteria:

- Minimises the degradation of the environment
- Has a zero or low greenhouse gas (GHG) emission
- Safe for use and promotes healthy and improved environment for all forms of life
- Conserves the use of energy and natural resources
- Promotes the use of renewable resources

Please refer to our official website for more information on the Green Technology Financing Scheme (GTFS)

The government has been promoting energy-efficient technologies and renewable energy as the country strives to reduce carbon emission by 45% in 2030. As part of our role to contribute towards this ambition, we continue to provide financing support to companies venturing into sustainable energy. We believe that investments in green energy are essential for the future of our planet.

Since 2012, we have been actively supporting local companies on solar Photovoltaic (PV) system projects with total financing of over RM400 million.

We have also provided financing totaling RM339 million for the construction, development and operation of a large-scale solar photovoltaic plant with a capacity of up to 50MW located at Kuala Langat, Selangor. From this project, we were able to provide a structured project financing facility with repayment source deriving from proceeds of a 21-year Renewable Energy Power Purchase Agreement ("REPPA").

Apart from solar, the Bank will also continue to explore the financing of other renewable energy projects. In 2020, we have completed a financing agreement for a 3.5MW Biogas plant in Maran, Pahang.

AFFIN ISLAMIC won the Sustainable Energy Financing award at the National Energy Awards 2020 (NEA 2020), under the Special Awards category. The award signifies our commitment in embracing and supporting the government's initiatives to pursue greater energy sustainability projects in Malaysia. We will continue to play a meaningful role in this area in the future.

Sustainable Energy Financing Projects

Number of Sustainable Energy projects financed since 2012

SUSTAINABILITY STATEMENT

BANKING AND CHARITY

AFFIN Barakah Charity Account-i
AFFIN Barakah Charity Account-i implements a noble approach of "Save and Donate". We allocate a certain percentage donation to charity to nurture a charitable habit amongst the public, by applying automatic charity transfer from Saving Account-i to selected organisations
Customers are able to choose either 25%, 50% or 75% of their Hibah (if any)/profit to be channeled to charity
As of 2020, the Bank has contributed over RM250,000 charity fund collected from depositors to the selected charity bodies including Pertubuhan Pembangunan Orang Buta Malaysia, Mercy Mission Malaysia, Global Peace Mission and Pertubuhan Kebajikan Darul Nisa At Thohirah Kuantan.

The Bank is also concerned for our customers who are facing financial difficulties and those who are solvent defaulters. For qualified customers, the Bank has provided temporary relief support by not increasing the effective profit rate or waiving late payment charges. The Bank have also provided zakat assistance to these affected customers for their living expenses, medical treatment and other essential needs.

FINANCIAL INCLUSIVITY

Financing Start-ups

We aim to be the preferred Bank for start-ups and we can help them grow via our Start-Up Banking Solutions. In addition to that, our Alternate Channels are our dedicated team that serves the underserved and unserved start-up segment. Since 2017, we have successfully onboarded 23,000 start-ups and approved more than RM40 million in financing. In addition, over 10,000 start-ups were insured via our SMEasy Protect. We have also collaborated with MyStartr and SIDEC where we co-organised with the 4th DreamFactory Start-Up Contest with Startr and introduced the AFFIN Rising Star Awards category in the 5th Top E-Commerce Merchant Awards by SIDEC.

Our future strategy is to embark on digital initiatives to achieve better customer experience for start-ups and to introduce auto credit decisioning solution to provide fast turnaround times for smaller financing-sized applications.

SME Colony

As part of our efforts to contribute towards financial inclusivity, the SME Colony mobile app was built as a one-stop resource platform for the SME community. The app aims to improve business knowledge, enhance financial well-being and expand commercial networking of the SME community. SMEColony operationalises these propositions through various features including Rakaniaga, SME BizChat, Startup Exclusives and Financial Solutions. Through SMEColony, we act as the intermediary between SMEs and industry partners including government agencies.

SMEColony's Financial Solutions is a suite of banking facilities provided by AFFIN BANK and AFFIN ISLAMIC designed to make SMEs run more efficiently. These solutions include deposits, financing, trade and cash management. In addition, SMEColony offers Bancatakaful/Bancassurance to assist business owners to safeguard their businesses against risks with customised protection plans.

Meanwhile, with Rakaniaga, users will have access to a vast wealth of information on business solutions. With a range of suppliers from various industries ready to support business growth, SMEColony's comprehensive database can assist SME owners reach out to potential partners. Users also have access to SME BizChat, where they can attend online events to connect with industry innovators, get updated on the latest trends, and discover business tips to help them get ahead.

Version 2.0 of the SME Colony mobile app was introduced in April 2020 with improvements in user experience and added API capabilities. SMEColony won the best Mobile - Banking category Award at the Malaysia Technology Excellence Awards.

Mobile Apps Registered Users (SMEColony Downloads) (FY2020)

RESPONSIBLE INVESTMENT

Our Asset Management business has invested approximately RM26 billion in ethical and Shariah-compliant portfolios and RM200 million in sustainable bonds. For ethical and Shariah-compliant portfolios, we apply an exclusionary screening approach in our portfolio selection.

Our General Insurance business' investment activities apply strict underwriting controls for flood prone areas as well as close monitoring of risk accumulation. We collect geolocation data for more than 90% of our property portfolio which is then applied onto our Flood Models. These models are in turn used to update our reinsurance partners and for capital management decisions. On top of that, we are also guided by our Investment Policy which applies restrictions on, among others, Tobacco, Coal Mining and Coal-based power generation companies.

Our Life Insurance business' reserves are at 75th percentile confidence level (CL) and its capital adequacy reserves are at 99.5th percentile CL for all technical risks (mortality, morbidity from all causes including those arising from environmental risks). We are also effectively protected as we subscribe to prudent reinsurance coverages (including catastrophe reinsurance) that matches the types of coverages we provide to our policyholders. We acknowledged that 100% of the mortality risk under the covered business are mitigated through the Catastrophe Reinsurance Treaty.

RESPONSIBLE INSURANCE

As part of our efforts to be the trusted and responsible insurer to the society, we aim to provide customers with unique products and services to meet their needs for safety and security. Below are some examples:

Product and Services	Description
AXA SmartDrive – Sharing	▪ A motor insurance add-on that provides e-hailing drivers with 24/7 comprehensive protection ▪ Drivers can also enjoy a suite of value-added services such as fast claims approval in 5 working days upon full document submission, 24/7 hotline and roadside assistance with AXA SmartDrive Assistance Plan
AXA SmartCare Xtra	▪ Provide long-term healthcare protection specifically for employees of Corporate Clients ▪ Easy top-up plan that is affordable, flexible and customisable to one's medical needs ▪ Assist customers when purchasing suitable medical and health policies with the rising cost of healthcare
AXA SmartAid	▪ Personal accident plan that is specially curated for the visually impaired individuals with core benefits ▪ Collaboration with Malaysian Association for the Blind (MAB) for visually impaired customers to get protection ▪ Empowers visually impaired individuals by protecting them with affordable protection plans
Partnership with Merchantrade Asia Sdn Bhd	▪ Merchantrade Insure is the first microinsurance product that caters to migrant workers ▪ Strategic partnership has gradually grown as a sustainable portfolio and exploration of new opportunities and markets ▪ Offering basic PA and basic Health allowance cover under Merchantrade Insure and Merchantrade Insured Xtra

Product and Services	Description
Partnership with Hap Seng Trucks Distribution Sdn. Bhd. (HSTD) and Hap Seng Credit Sdn. Bhd. (HSC)	▪ Launch of AXA Flexi Truck as the 1st telematics commercial vehicle insurance in Malaysia ▪ Inculcate safe driving behaviour among FUSO light commercial vehicle truck drivers and help them understand their driving habits better through the installation of telematics security device ▪ AXA Flexi Truck will be financed by HSC under FUSO Ez-Own, also the 1st telematics financing programme in Malaysia ▪ AXA Flexi Truck will be promoted at HSTD FUSO dealership network branches and HSC offices nationwide, with all Mitsubishi Fuso Cater trucks sold to be fitted with a telematics device
COVID-19 Hospital Assistance Programme	▪ The coverage period for this programme is from February to June 2020 ▪ All policies issued with a Hospitalisation Income Benefit Rider (HIB) will be entitled for additional 14 days HIB cash payment and family cash assistance when diagnosed with COVID-19 ▪ All medical policies with or without HIB will be entitled for the Hospitalisation Waiver Assistance with an increase in ICU daily limits, and unlimited doctor consultation day visit and ambulance transfer when diagnosed with COVID-19

7

Sustainability Matter 7 - Sustainable Procurement Practices

Our sustainability management governs how we integrate ethical and responsible practices into the Group's supply chain and to support the growth of local businesses. We believe that the basis of responsible procurement practices is to ensure comprehensive long-term sustainable value for all stakeholders throughout the delivery of our product and services.

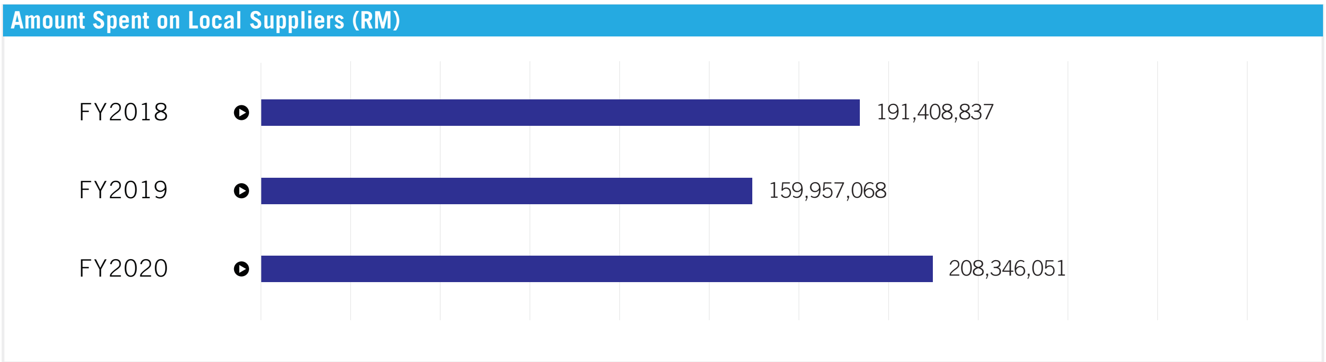
KEY POLICIES ON SUSTAINABLE PROCUREMENT PRACTICES

The Group's procurement processes are based on a set of policies and procedures that provide guidance on the purchase and approval process for supplies, equipment and services. Amongst others, cost, specifications, performance capabilities, quality and availability of the supplies at the time of purchase are thoroughly assessed in the process. ESG factors are also taken into account in our procurement considerations. This includes but not limited to the following:

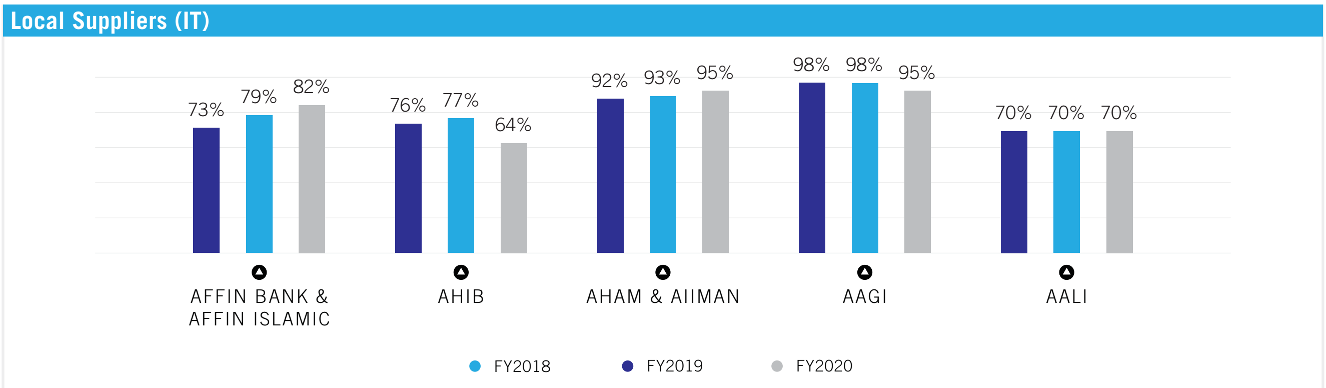
Policies	Description
Procurement Policy and Procedures	The policy ensures that adequate controls are in place to prevent corruption and bribery in the procurement process
Outsourcing Policy	Act as a set of guidelines on purchase flow and approval of goods and services with supplementary of other policy to ensure responsible procurement practices and prevent ESG (Environment, Social, Governance) risks in our supply chain
Vendor Risk Framework	
Code of Conduct	
Procurement Guideline and Policy	To ensure that our interests are protected by obtaining quality goods and services for the best value through conducting proper check and balances while achieving maximum efficiency, effectiveness, flexibility with a high standard of professionalism and accountability

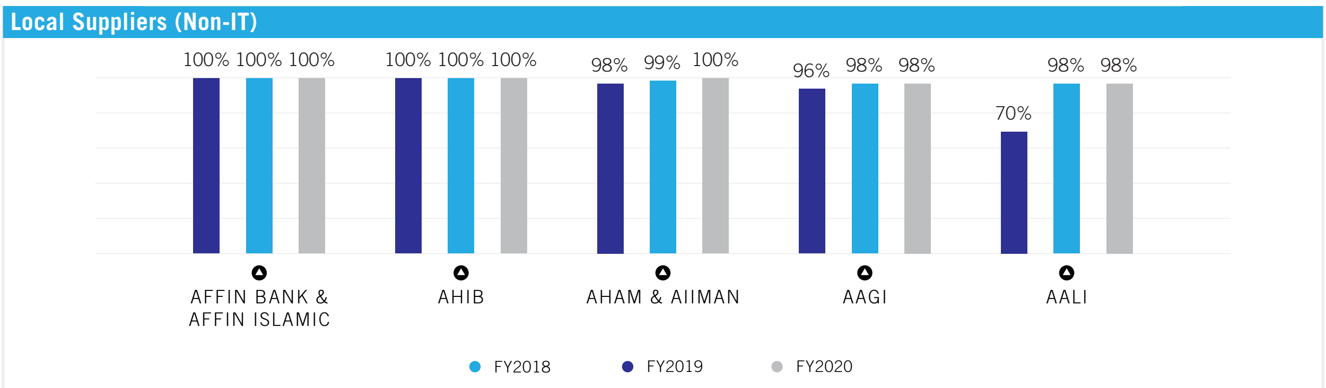
SUPPORTING LOCAL SUPPLIERS

As part of our initiative towards implementing responsible sourcing, we prioritise engaging and partnering with local suppliers. To ensure the quality of supply, we take into account their capabilities, capacity and historical performance.



Our Group's Spending on Local Suppliers





Local Suppliers for IT and Non-IT Products and Services across the Group

SUSTAINABILITY STATEMENT

EXAMPLE OF OUR RESPONSIBLE PROCUREMENT BEST PRACTICES

Guide	Guided by relevant policies and guidelines, we ensure responsible procurement practices and assess the impact of related ESG risks of our suppliers and their products and services
ESG Assessment Procedures for Suppliers	**CR Clause, Vendor Due Diligence and Evaluation** • Our current suppliers are required to comply with responsible procurement standard that incorporated Corporate Responsibility (CR) criteria during vendor onboarding, imposing CR Clause and CR assessment based on the CR Matrix • CR assessment were conducted for our existing vendors through scoring from either ECOVadis or Dow Jones Sustainability Indices (DJSI) • New vendors are made compulsory to complete a set of CR criteria questionnaire based on their risk category • Vendor self-service onboarding platform via official websites to automate the process of vendor risk evaluation. This is to evaluate automated clearing house (ACH) vendor relationship that supports the overall business requirements and strategic plans, the business or functional leader has evaluated prospective vendors based on the scope and criticality of the procured service and products, the risks associated with the use of the vendor are thoroughly assessed, understood and mitigates risk
Sustainable Sourcing of Goods and Services	• Promoting the transition towards paperless transactions and operations amongst our suppliers
Supplier Engagement	• The submission of purchase requests for consumables are made through a Computerised Maintenance Management System and E-Procurement platform that also encourages the issuances of Purchase Orders (PO) and Job Orders (JO) to vendors via email • The sourcing of products and services is very much depended on the suitability of our sourcing requirements • Emphasise on suppliers and vendors with local setups and implementations to ensure quick and timely responses at lower operating costs • It is mandatory to communicate all requirements and ensure all clauses are embedded in the Master Service Agreement to mitigate all CR risks arising from the vendors • In addition, CR Risks assessment is implemented for certain categories of vendors. This assessment is performed by an independent third party. Vendors with a low score are encouraged and expected to improve

THEME 2
SOCIALLY RESPONSIBLE EMPLOYER

Our employees contribute to our daily operations and are a valuable asset to the Group that is key to enable us to achieve business success. In this regard, we put emphasis on their welfare and career development to ensure we build a resilient, an agile and adaptable workforce that will remain relevant and competitive in the future.

8

Sustainability Matter 8 Fair Employment Practices

We have over 6,000 employees across our operations and we are deeply committed to ensuring they have a positive working environment. Every individual is treated with respect and are free to uphold their fundamental rights. Our workforce consists of talent from various backgrounds, experiences and cultures.

Under the People and Culture initiative of our AIM22 Strategy, we are committed towards shaping and maintaining a work culture that is aligned with our business strategy and purpose.

KEY POLICIES ON FAIR EMPLOYMENT PRACTICES

We are guided by policies in managing fair and inclusive employment practices, employees' rights and welfare, including preventive measures during the COVID-19 pandemic. These include but not limited to the following policies:

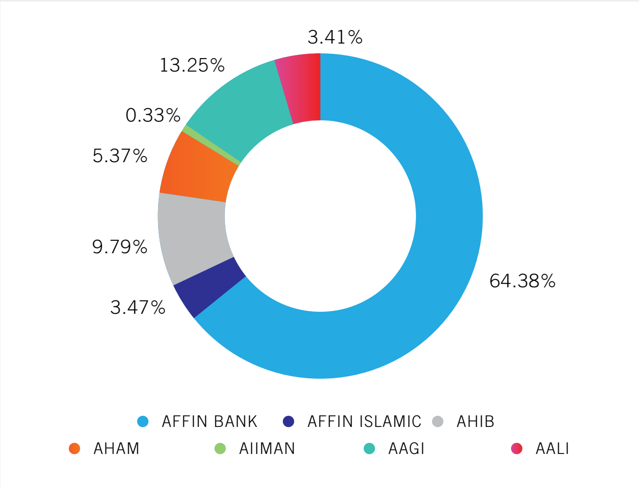
Health and Safety Policy	Sexual Harassment Policy	Remuneration Policy and System	Staff Handbook

We believe in providing equal employment opportunities and having a diverse workforce. Ensuring that these commitments are met consistently, we have designed and implemented policies and programmes at all levels across the Group. These policies and programmes promote diversity and inclusiveness by creating a work environment where all employees are treated with dignity and respect and where individual differences are valued.

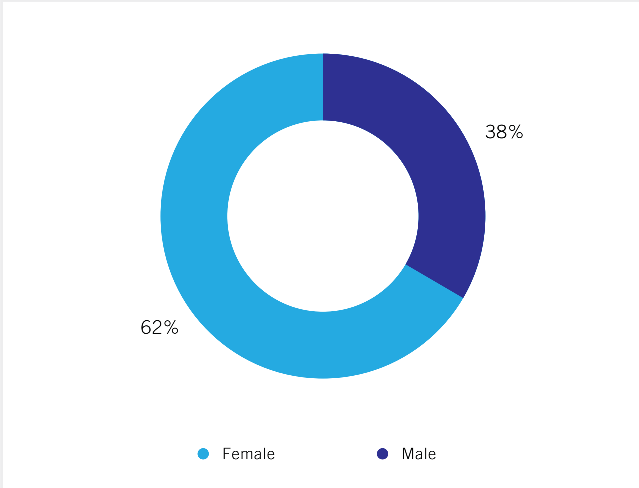
We cherish the valuable contribution and hard work of all our employees. We demonstrate our appreciation to our employees by providing them with attractive benefits such as, but not limited to medical benefits, sports memberships, insurance and employee financing. In light of the recent movement control orders and the COVID-19 pandemic, we offer flexible working hours for all employees as well as work from home (WFH) arrangements.

SUSTAINABILITY STATEMENT

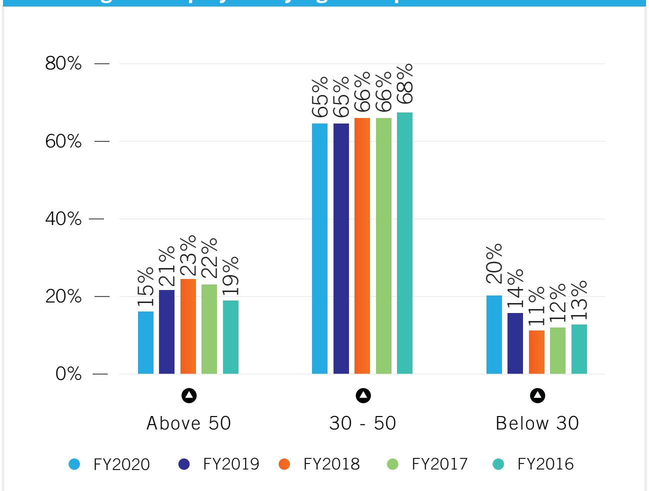
Percentage of Employees by Operating Entities FY2020



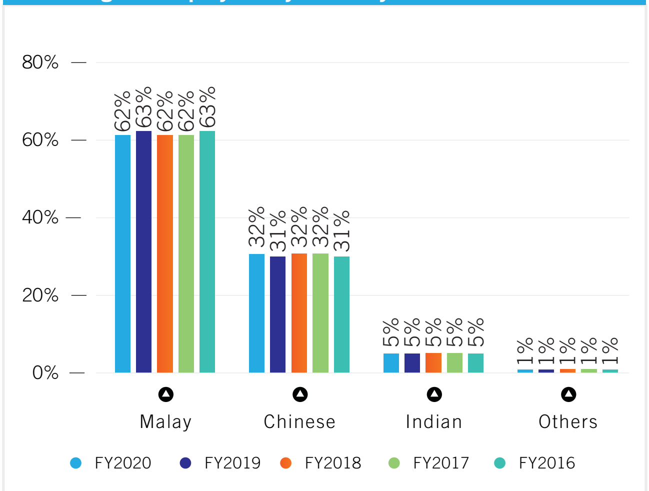
Percentage of Employees by Gender FY2020



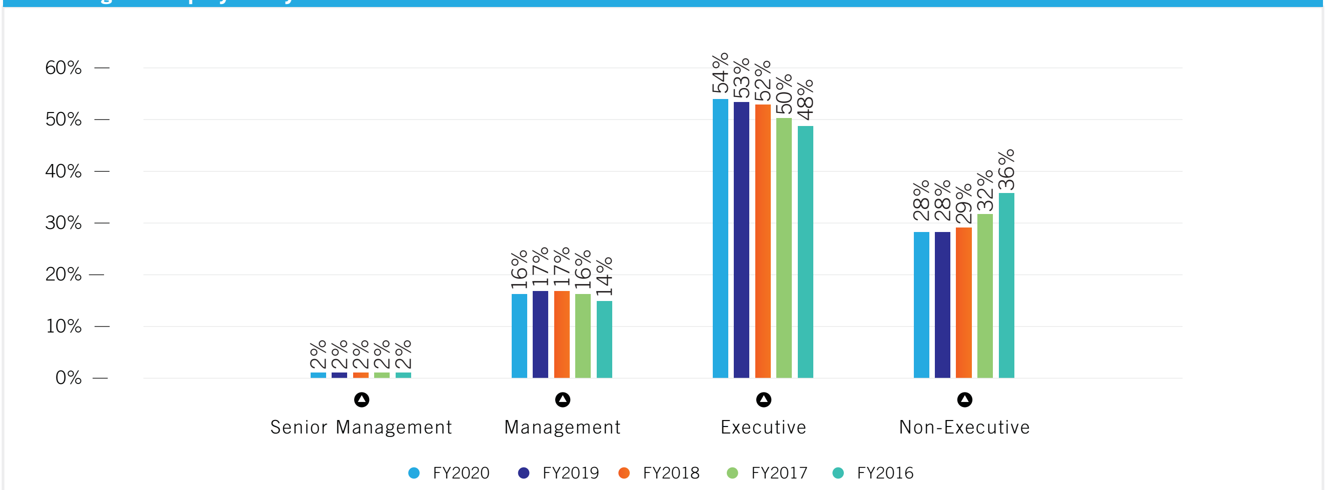
Percentage of Employees by Age Group



Percentage of Employees by Ethnicity



Percentage of Employees by Position



OUR 2020 WORKFORCE STATISTICS

	Rate of New Employee Hires (%)				
Entity	FY2016	FY2017	FY2018	FY2019	FY2020
AFFIN BANK	13%	24%	21%	14%	13%
AFFIN ISLAMIC	8%	13%	7%	5%	3%
AHIB	1%	1%	3%	9%	7%
AHAM	17%	11%	15%	11%	12%
AIIMAN	16%	6%	6%	18%	4%
AAGI	16%	16%	14%	14%	10%
AALI	37%	31%	36%	31%	17%

Rate of New Employee Hires (%) across our Group

	Rate of Employee Attrition (%)				
Entity	FY2016	FY2017	FY2018	FY2019	FY2020
AFFIN BANK	6%	9%	11%	13%	8%
AFFIN ISLAMIC	8%	7%	9%	11%	4%
AHIB	14%	8%	8%	9%	11%
AHAM	14%	8%	11%	7%	6%
AIIMAN	16%	5%	15%	13%	9%
AAGI	9%	10%	15%	12%	10%
AALI	31%	32%	26%	20%	10%

Rate of Employee Attrition (%) across our Group

As part of our equal employment and inclusive employment practices, we also employ disabled individuals. We take into account the nature of their disability and match them with the jobs available. In addition, various aspects such as accessibility and other potential barriers that may affect their ability to carry out their duties efficiently are considered prior to their employment. As at FY 2020, we have seven (7) disabled individuals under our employment.

Number of Persons with Disabilities (PWD) Employees				
FY2016	FY2017	FY2018	FY2019	FY2020
8	9	9	7	7

Number of PWD employees across our Group

We have numerous programmes across the Group to build a sustainable pool of young high potential talent. Their capabilities will support the growth and transformation of the Group through technological capabilities and essential business skills programmes. Some of the programmes that we have in place are as follows

Programmes	Description
Affin Management Trainee Programme (AMP)	▪ A 12-month programme to provide high caliber graduates with foundation training and hands-on exposure within the Bank to equip them with essential banking knowledge and skills coupled with the right discipline and attitude ▪ Provide a platform and opportunity to learn and develop in a structured manner, towards becoming dynamic leaders ▪ During MCO, the programme continued as scheduled particularly learning attachments, however, engagement and developmental intervention are mostly conducted through online platforms
Affin Hwang Asset Management Berhad Internship & Management Trainee Programme	▪ The programme is targetted to ensure trainees are guided, coached and ready for a career in financial institutions ▪ 1 to 2 year-programme designed to nurture aspiring and professional management talent for the future development of Affin Hwang Asset Management Berhad ▪ We recruit, train and develop a team of middle management talent to support business challenges. This will provide a fast-tracked pool of talent capable of undertaking Executive or Senior Executive roles across the functions
Affin Hwang Investment Bank Berhad Management Trainee Programme	▪ Our Management Trainee Programme is a talent nourishing programme tied with the Bank's aspirations and objectives for future successions to middle or senior management ▪ Aiming to develop high potential individuals with the drive to contribute to and align personal objectives with the Bank's growth, the 12-month Management Trainee Programme offers a solid all-round foundation and pave progressive pathway to focused areas ▪ Graduates develop the right capabilities, experiences and competencies in line with Affin Hwang Investment Bank Berhad's Talent Management objectives to build a leadership pipeline ▪ Graduates obtain valuable exposure on a myriad of experiences from Investment Banking, Securities and Support Functions ▪ No new Management Trainees were recruited in 2020 due to the current pandemic situation. However, we are still managing the earlier cohort Management Trainees that have ended their programme in Oct 2019; where their bonding period had just started from Oct 2019 till Oct 2021. For 2020, these Management Trainees have been appointed as Associates and will be under their team leader's supervision in each of the department they are assigned to
Talent Pool Development Programme	▪ The programme was developed for the development of a talent pool whereby high potential staff from the executive level where they will participate in various developmental programmes to fast-track them with the necessary leadership skills and experience for a role in the future
AXA Graduate Trainee Programme	▪ Collaboration with targetted universities to market and attract talent for graduate trainee programme ▪ Accelerated high potential programme for fresh graduates and those who have less than a year of working experience which focused on technical and soft skills training, rotation review, networking with Executive Committee ("EXCO"), mentoring, participation in CSR or sports club related activities ▪ Graduates experience hands-on exposure in understanding operations and business challenges of core business components within an accelerated time frame (12 months) to be onboarded in 2021
AALI Industry Partnership	▪ Collaboration with Life Insurance Association of Malaysia to market and attract the right and promising talent for internship programmes at AALI

ENGAGING WITH OUR EMPLOYEES

We believe employee engagement is one of the most important exercises to gauge employee work satisfaction. Our employees today are looking for more than their routine daily tasks. They want to be involved in their work, enthusiastic about the organisation that they work for and are committed to their fellow workers. We encourage our employees to communicate their expectations across various mediums. The mediums that are available to our employees are as follows:

Employee Engagement Mediums	
Focus Groups/ Employee Interviews	▪ Focus groups, one-to-one interviews and discussions are conducted to identify and understand the employees' concerns and obtain feedback before implementing any new HR initiatives
Townhall	▪ Regular townhall gatherings to provide clarity on business performance and key company initiatives
Annual Business Conference	▪ Annual event catering towards engagement with successful businesses
Brain (Strategy) Bones (Structure, System, Processes) & Nerves (Culture) Survey	▪ Survey to gauge employee's perception on our strategy, organisational architecture and culture
Curiousity Corner	▪ Regular health talk sessions for employees' health awareness
Regional Branch Visits	▪ Provides the opportunity to network and build relationships with HR and staff at the branches, hubs and business centres

We also have in place a grievance mechanism, which is a formal complaint process that can be used by our employees who are negatively affected by our business activities and operations. We undertake efforts to resolve any misunderstandings and grievances in a timely and equitable manner. In FY2020, we received a total number of 18 grievance cases and all 18 cases were successfully resolved.

Number of Grievance Cases				
FY2016	**FY2017**	**FY2018**	**FY2019**	**FY2020**
15	9	27	17	18

Number of Grievance Cases across our Group

SUSTAINABILITY STATEMENT

SUCCESSION PLANNING

Our industry is facing constant changes in stakeholder expectations, digitalisation as well as tighter regulatory compliance. As such, our organisation must always be equipped with capable leaders with the knowledge to respond to these changing demands and challenges. We have established a structured Succession Plan Framework as part of our talent management strategy. The overview of our Succession Plan Framework is as follows:

Identification of Candidates
Identifying internal pipeline of high potentials for key leadership positions to meet current & future requirements

Readiness Assessment
Assessing current capabilities against position requirements to identify need areas & appropriate talent management strategies

Development Planning
Accelerate development towards readiness to assume more challenging, complex roles & responsibility

Monitoring & Review
Performance monitoring & review with proper guidance & coaching when necessary

HEALTH AND SAFETY MANAGEMENT

The COVID-19 pandemic had led us to revamp our current health and safety practices. We continuously provide mandatory and strict workplace guidelines to ensure the safety of our employees that is in line with the guidelines from the Ministry of Health. Our Health and Safety Committee collaborates with the relevant departments/functions across the Group to ensure that preventive measures are in place for the safety of our workforce. The table below sets out the primary responsibilities of our Safety and Health Committee.

Safety and Health Committee

1. Lead awareness campaigns and workforce management on COVID-19 prevention at the workplace
2. Provide oversight of the management and administration of all occupational safety and health matters
3. Review safety and health issues and ensure corrective actions, measures and steps are taken to safeguard occupational health and safety of employees
4. The review of statistics and trends of accidents and occupational diseases, as well as to enable improvements of practices, procedures and conditions at the workplace
5. Support the development of work safety rules and work system and procedures
6. Consider safety reports and information provided by inspectors from the Ministry of Health
7. Facilitate staff awareness and training on occupational safety and health

BOOSTING EMPLOYEES MORALE DURING COVID-19 PANDEMIC

Supporting Working from Home Initiative

Enable remote working capabilities by equipping employees with the relevant tools for remote work (PCs, laptops, WiFi dongles, increased VPN access, network upgrades)

Health Initiatives

Each staff was given a care pack consisting of face masks, face mask storage case, face mask clip, vitamin C tablets and hand sanitiser and antiseptic wipes to help prevent the spread of the virus

Monthly health initiatives from HR to all staff ranging from healthy eating, mental health and ergonomics of working

Encourage staff who is required to work in the office to commute with their own personal transport by allowing parking fees to be claimable for a specific time

Communications

Constant communication with staff to keep them updated on changes and work arrangements throughout the pandemic

Check-in survey by the group to understand current employee situation in the new work environment

Webinar by Naluri on being agile in the new employment market and flourishing at work amidst a pandemic

Hari Raya Cheer Packs

As most employees were working from home, a Raya Cheer pack was sent to them to their home or office, depending on where they were working from at the time

Christmas Gift Bags

In conjunction with the year-end town hall in December 2020, each staff were given a Christmas gift bag sent to them to their home or office, depending on where they were working from at the time

9

Sustainability Matter 9 - Talent Development

The Group recognises the importance of developing talent across all our operations as it indirectly affects our customer experience. We have established various platforms to ensure our talent have the right tools and know-how to make sound decisions in delivering better services and exceed customer expectations.

KEY POLICIES ON TALENT DEVELOPMENT

Talent development and staff career progression are governed by the following policies:

Policy on Key Performance Indicators	Performance Management	Learning and Development Manual

Our Human Resource teams across our Group are responsible for our people's learning and development initiatives. These initiatives aim to equip our people with the relevant skills and exposure to perform their jobs and to nurture a culture of achievement, accountability and learning. The main responsibilities of our Human Resource teams include:

Responsibilities
Oversee the initiatives to strategise and coordinate employee development initiatives in line with strategic plans and objectives via both internal and external resources
Responsible for delivery of organisational objectives and goals through strategic and targeted execution of talent management, learning and development solutions
Undertake Capability Gap Assessments to identify current skill levels against the predicted skill levels required for future working environment in both technical and non-technical capacity

SUSTAINABILITY STATEMENT

EMPLOYEE TRAINING

We are focused on producing a future-ready workforce that is dedicated and takes accountability to deliver good service experiences for our customers and stakeholders. We acknowledge the importance of investing in the long-term growth of our talent across various programmes. These include customer centricity, product innovation and leadership training.

The COVID-19 pandemic has required us to adapt quickly and take a different approach to provide training to our workforce. Priority was given to the mandatory and critical technical training programmes in 2020. We leveraged on digital platforms which replace physical training rooms. Our employees were also encouraged to manage their learning needs via various internal and external e-learning platforms.

Below are some of our key initiatives to develop employees' skills and competency in 2020.

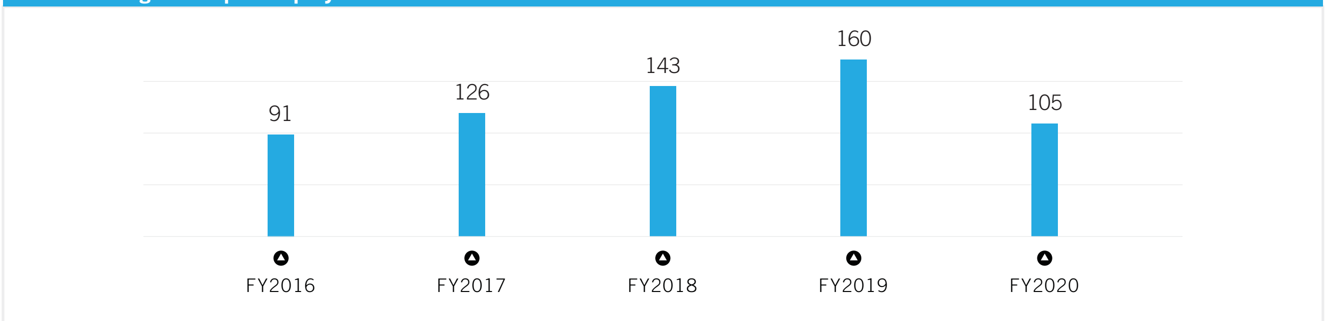
Key Training & Learning Initiatives FY2020	
AFFIN BANK & AFFIN ISLAMIC's Certification of Skills and Knowledge	▪ The Bank continued to provide sponsorship for employees' personal development through certifications and qualifications mainly offered by the Asian Insitute of Chartered Bankers (AICB)
AFFIN BANK & AFFIN ISLAMIC's Needs-based Training Programmes	▪ Most of the training programmes organised are based on the current needs of the respective stakeholders
AFFIN BANK & AFFIN ISLAMIC's Blended Learning	▪ In view of the MCO, employees' involvement in learning and development continued from classroom sessions to the following: - Self-enrolled programme through Affin e-Academy - Enrolment into public online programme - Customised instructor-led online programme - Participation in online webinars and discussions
AHAM's Library	▪ An internal library for employees with books curated by the Chief Learning Officer as well as recommendation by senior management to encourage a lifelong learning culture
AHAM's Online Training / Sharing Sessions	▪ Most training and sharing sessions have been migrated online. Other than typical technical and soft skills training, topics such as current events and lifestyle trends have been added to broaden employees' perspective
AHIB's Total Capability Review Exercise	▪ The exercise aims to rejuvenate and increase the workforce's efficiency as preparation for their next level of growth and serves as an excellent opportunity for the bank to reskill and upskill employees' competencies, knowledge and attributes
AHIB's Skill Enhancement for Employee Development (SEED) Initiative	▪ In facing the challenging situation, AHIB's staff had undergone digital training via online learning platform. During the first MCO, we have initiated a programme called SEED – Skill Enhancement for Employee Development where we had sent out to all staff bite-sized learning materials via webinar, or any online session offered by training providers ▪ SEED enabled us to get engaged with the staff during the MCO and to ensure that staff continue learning even they were "Working-from-Home" ▪ This was done weekly and it is open to all staff who wish to participate
AAGI's e-Learning Programme	▪ Provides employees with industrial knowledge and exposure through LinkedIn Learning Platform that offers a variety bite-size and wide range of courses with 13,000 video contents ▪ 100% adoption rate ▪ The platform has provided an opportunity for employees to manage their own learning needs instantly

Key Training & Learning Initiatives FY2020	
AAGI's Innovation and Design Thinking Programme	▪ Encourages employees to apply design thinking in problem-solving and initiate innovative projects to support the organisation's digital transformation efforts ▪ Created awareness and innovation mindset change for employees on organisational transformation ▪ Enabled the identification for more measurable impacts through partnerships with external vendors to enhance the structure and bring in professionals to monitor and coach project executions
AALI's LinkedIn Learning Programme	▪ In order to install interest in learning for the staff, we encourage them to embrace self-learning through Linkedin learning. Further to that, competitions are held throughout the year to promote this interest further ▪ Training on Lean Six Sigma for improvement and automation purposes

Training expenses declined in 2020 as compared to 2019. This was mainly due to the reduction in physical training sessions as a result of the tight movement control order restrictions. However, we managed to move several in-house training programmes to the online platform, which costs less to run as compared to physical training.

Experiential training sessions were also postponed during the year which led to the reduction in the total training hours for 2020. However, in order to encourage learning amongst our employees, we introduced Monthly Leader Boards for top learners of the month as well as top learner of the year. Prizes were awarded to the top 20 learners to encourage higher participation.

Total Training Hours per Employee a Year



Training Hours for the Group

Amount Invested in Training Programmes (RM)		
FY2018	**FY2019**	**FY2020**
22,177,445	18,202,571	5,744,652

In support of our employees' educational pursuit, the Group also provides sponsorship incentives for employees interested in pursuing professional industry certifications such as the ACCA Professional Programme, Chartered Financial Analyst, Insurance and Actuarial Studies, and accreditation/ certification by the Asian Institute of Chartered Bankers (AICB).

SUSTAINABILITY STATEMENT

There was a decrease in the number of sponsored employees in 2020. This was mainly due to the revised the examination schedule by AICB for 2020.

Number of Employees Sponsored		
FY2018	FY2019	FY2020
76	494	284

Amount of Sponsorship for Employee (RM)		
FY2018	FY2019	FY2020
200,807	1,356,271	627,037

There was also a decrease in the total sponsorship amount for 2020. This was due to the reduction in staff enrolments during the year.

Number of Employees Certified		
FY2018	FY2019	FY2020
43	156	62

EMPLOYEE APPRAISALS

We conduct structured appraisal processes across our Group to engage our staff on work performance via a twice-yearly reviews. Appraisals are often performed to determine whether KPIs and targets have been met and to decide on future work plans and targets. These appraisal sessions are also used to engage with staff on their career plans. We encourage our staff to speak honestly and openly about their job performance, future needs and expectations. We believe the appraisal process in an important medium that benefits our people. It also helps the Group to identify and manage our human capital in a more productive manner.

Appraisal Participation Rate (%)				
FY2016	FY2017	FY2018	FY2019	FY2020
100%	100%	100%	100%	100%

THEME 3
SUPPORTIVE COMMUNITY DEVELOPMENT

In order to reach sustainable business excellence, it is essential for us to also consider the environmental impacts of our business operations, as well as how we interact with the wider community.

10

Sustainability Matter 10 Environmental Management

We aspire to be good corporate citizens by minimising our environmental footprint across our assets and offices. We encourage our employees to take accountability towards our electricity usage, and to consume water and paper in a responsible manner. Various efforts have been undertaken to raise awareness amongst all our people to be more environmental-friendly.

KEY POLICIES ON ENVIRONMENTAL MANAGEMENT

The Group has in place the Environmental Policy and Strategy to manage the environmental impact of our operations. The policy guides us towards improving operational eco-efficiency through cost savings on energy, fuel, travel, paper, water and CO^2 emission.

The responsibility to assist and advocate awareness on environmentally friendly initiatives across the Group spread across functions such as Human Resources, Property & Logistics and IT departments.

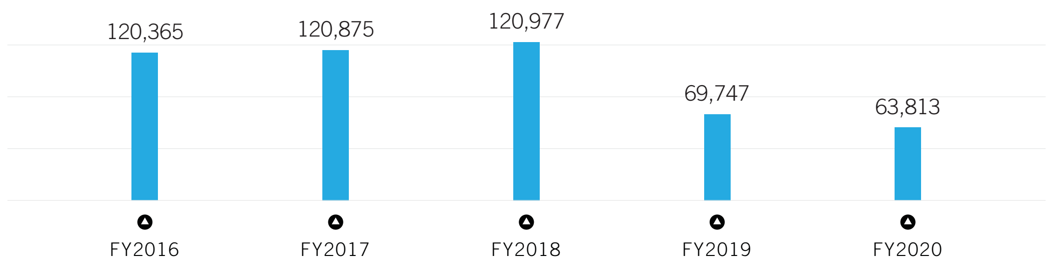
MINIMISING PAPER USAGE

It is our usual practice to only print when necessary and to print double-sided and in black and white. We also source for paper made from recycled raw materials or from "sustainably managed" forests with recognised certified ecolabels such as the Forest Stewardship Council (FSC).

In addition to that, as we rapidly shift towards digital transformation, our employees are required to leverage on technological platforms when carrying out their day-to-day activities. This is to minimise waste in the form of paper consumption, whilst increasing operational productivity and efficiency. We also encourage our clients and customers to use our digital platforms and e-Statements, and to replace the usage of physical papers via online transactions and submission of documents. This had contributed to a significant reduction in our paper usage in FY2019 and FY2020.

Read more on our digital transformation to reduce paper consumption and increase operational efficiency in the Digital Innovation section.

Total Paper Usage (kg)



RESPONSIBLE WATER AND ELECTRICITY CONSUMPTION AND WASTE MANAGEMENT

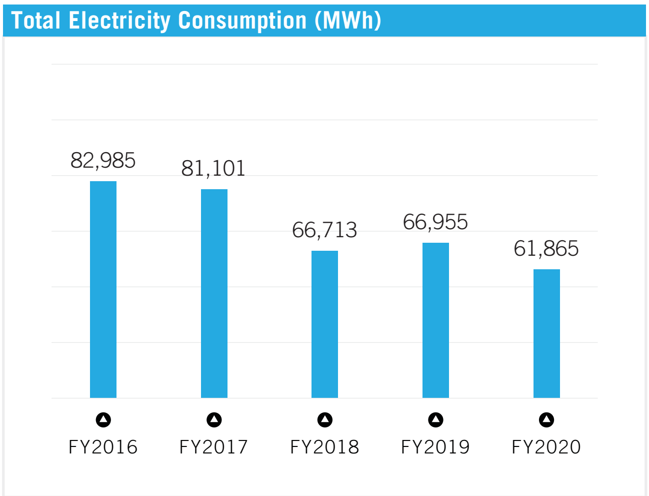
Below are some of our efforts to reduce our electricity consumption within our operations:

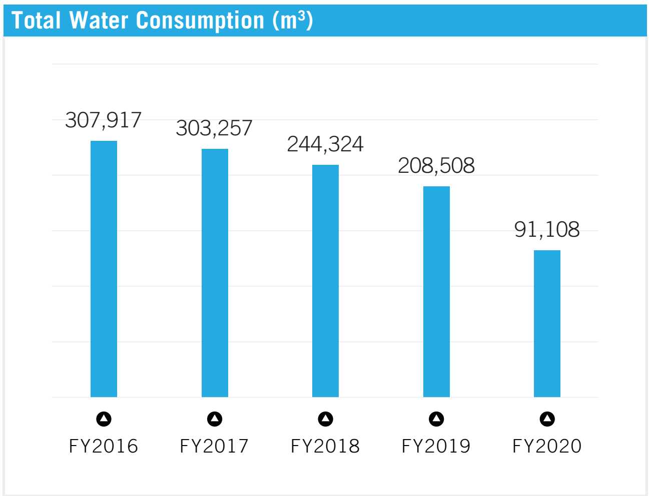
- Air conditioner is set from 8am to 6pm from Monday to Friday only
- Sequencing of chiller operational to reduce maximum demand
- Power grid system implemented according to zone for each floor
- More laptop users compared to desktop with hibernation features
- Common printers provided
- Opted the use energy efficient light bulbs and LED lights
- Continuous day-to-day power saving campaigns
- Participation in Earth Hour campaign

We have also advocated awareness campaigns on water conservation and waste reduction on an ongoing basis. We also track both sorted as well unsorted waste.

To inculcate environmentally friendly practices amongst our people, AHAM introduced the 'Bring Your Own Coffee' initiative. This initiative is aimed at reducing the usage of disposable paper cups by encouraging employees to bring their own coffee cups. Employees using paper coffee cups will be charged RM2 and monies collected will be channelled to the Green Fund for future CSR activities. In FY2020, 72% of AHAM's staff bought their own beverages and this contributed to a 6,552 reduction in paper cups usage. AHAM's staff also took a step further by bringing their own food containers to work.

We have reduced our electricity and water consumption in FY2020 as compared to FY2019. This was a result of our environmental management efforts as well as the WFH arrangement for our employees. We have also invested almost RM8 million in renewable energy for our operations. Apart from that, we have also collected over RM162,000 worth of recycled water.





Electricity and Water Consumption (HQ only)

MENARA AFFIN – THE GROUP'S NEW CORPORATE HEADQUARTERS

The Group's new corporate headquarters will be located within the Financial District of Tun Razak Exchange (TRX) in the heart of Kuala Lumpur. The building consists of 3 basement car parks, 4 podium floors and 43 floors of Grade A office space. It was designed with focus on 3Ps – People, Planet, Profit and pursuing two green building certifications – including the globally recognised LEED certification.

Below are some of the energy and resource conservation features of the building:

Water efficiency	▪ Maximise the use of alternative water resources, while reducing potable water consumption
Energy efficiency	▪ Infrastructure towards higher energy efficiency to lower operating cost and reduction in carbon footprint
Indoor Environmental Quality	▪ Promotion of Green Education awareness and the long-term benefits of the health and well-being of employees'
Transportation availability alternative	▪ Well-connected development with easy access to the only underground interchange station of the KL MRT 1 & 2
Easy access to basic services	▪ Strategically located within the Tun Razak Exchange

11

Sustainability Matter 11 - Community Development

We have extended financial aid and industry expertise to the community through various social activities. The objective of these activities is to uplift the standards of living of the community and to create an inclusive society.

KEY POLICIES ON COMMUNITY DEVELOPMENT

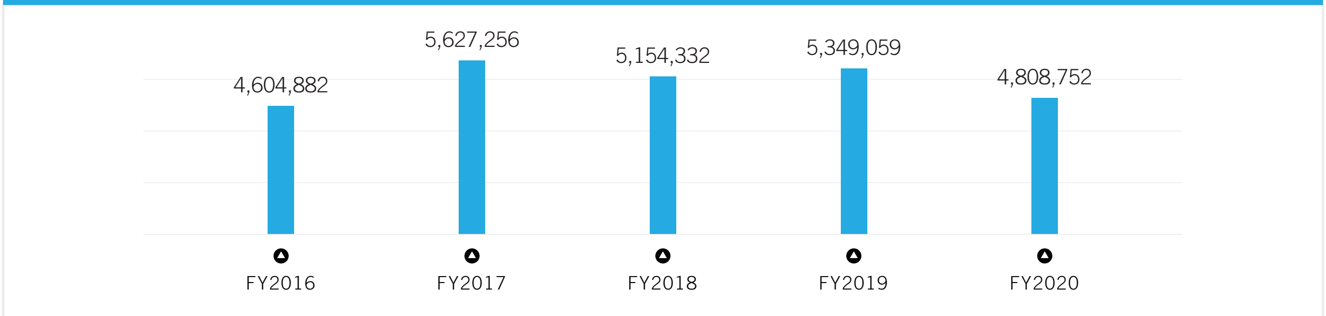
Across the Group, we have identified our shared value approach to guide us in our community development activities.

We empower underprivileged communities and provide them with means of livelihood	We work with various NGOs to drive awareness on social causes through strong, sustainable development	We share our business expertise and provide the underserved segment with equal access to protection, thereby contributing to national and global socio-economic development
Adopt an integrated approach to community programmes, striking a good balance between short- and medium-term results, while not losing sight of corporate interests	We deliver further by taking into account the needs of the community's future	We create a workplace culture that promotes Corporate Responsibility (CR) participation and fosters diversity and equal opportunity for all

Our Community Development Shared Value Approach

In accordance with Islamic principles, we contribute a proportion of our revenue to the underprivileged or "asnaf". Based on our policies, we distribute zakat monies to the State Islamic Religious Councils, armed forces, schools, Ramadhan activities, needy families, business aid, charitable organisations, underprivileged homes and individuals.

Our Zakat Contribution (RM)



The COVID-19 outbreak and the movement control order restrictions have had a crippling effect on the community at large, especially the less privileged group. As a responsible corporate citizen, it is important that we step up our efforts to care and protect the community during these difficult times.

In the current environment, our priority is 'safety first'. As such, we have continued our efforts in providing support to the community around us with strict adherence to SOPs. We have converted some of the programmes to virtual events and our donations were focused towards supporting the community who are affected by the pandemic.

BELOW ARE SOME OF OUR KEY CSR ACTIVITIES CONDUCTED IN FY2020.

EMPOWERING THE COMMUNITY

Social and Community Empowerment

- 4 sessions with PERTIWI Soup Kitchen, contributing food to the underprivileged in Klang Valley. The initiative involved about 100 staff of the Bank
- In support of the country's SME industry, we contributed RM99,000 to the SME 100 Awards
- Tabung Stroke PPUM - A fund for stroke patients with financial constraints at Pusat Perubatan Universiti Malaya (PPUM) RM20,000 donated to the PPUM Stroke Fund to support financially constrained stroke patients
- St. Nicholas Penang - A home and multiservice institution for blind and visually impaired Malaysians. St. Nicholas also provides early intervention, rehabilitation and vocational training programmes for the blind. RM10,000 was donated to support 73 beneficiaries and staff at St. Nicholas Home
- RM10,000 was donated to Ampang Welfare Community which manages a home for 65 elderly Chinese with no families or relatives. The fund goes towards various activities conducted for the residents
- Sponsored '*buka puasa*' meals for 105 orphans from 3 orphanages in Klang Valley
- '*Program Seorang Sekampit Beras*' - we contributed RM15,000 to distribute food supplies for identified poor families in Klang Valley
- myWakaf - Collaboration of 6 Islamic banks and Majlis Agama Islam Negeri mainly in dedicating wakaf collected for the benefit of the community through 4 focus areas; health, community empowerment, education and investment. We collaborated with other Islamic banks by providing platforms for the collection of cash wakaf and channel it through impactful projects for the community's benefit

EDUCATIONAL SUPPORT

Back-to-School 2020

- For the year 2020, we organised 'Back-to-School' programmes and collaborated with several schools and NGOs in Kedah, Kelantan, Selangor, Negeri Sembilan and Terengganu
- We contributed a total of RM150,000 for this yearly programme to lessen the burden of underprevileged families and bring cheers to the children

Contribution to Yayasan Pelajaran Mara

- Yayasan Pelajaran MARA (YPM) is a foundation that is active in assisting and protecting educational welfare of Bumiputra
- YPM organised *Program Pintar HARAPAN* that provides the opportunity for non-MRSM students from underprivileged families to join tuition programmes that are based on MRSM educational system and material
- We contributed a total of RM114,000 from Zakat Fund and Sponsorship for organising tuition programmes for underprevileged students from MRSM Baling and MRSM Pendang

EDUCATIONAL SUPPORT (CONT'D)

Assistance for Higher Learning Institutions (IPTs)

- Several IPTs have benefited from our contribution, including UniSHAMs, MMU, UNITAR, USIM and KUIS. The contribution was made to cover the essential needs of students during the MCO period as they were not allowed to travel back home due to the COVID-19 pandemic
- AFFIN ISLAMIC distributed a total of RM75,000 to the 6 IPTs

Biasiswa Tunku Abdul Rahman (BTAR) with Yayasan Tunku Abdul Rahman (YTAR)

- YTAR is a non-governmental organisation that provides assistance and scholarships to Malaysian students of various races
- Since 2007, YTAR has supported more than 300 Scholars in both local and private universities. To date, 253 alumni registered as members of the Tunku Scholars Association Malaysia (TSAM)
- The BTAR scholarship programme benefits students by needs and family background, alongside CGPA and leadership involvement in school as well as diverse education backgrounds
- Through YTAR, we will be able to leverage on their network, resources, selection methodology and processes to reach out to the suitable applicants from diverse backgrounds
- Through AHAM, we are the first corporate to partner with YTAR for this scholarship programme
- In 2020, we sponsored 1 scholar, recognised as the AHAM-BTAR Tunku Scholar

CHARITY FUND FOR COVID-19 MOST AFFECTED COMMUNITIES

Charity Fund for COVID-19 Relief

- The Group contributed RM1 million to the National Disaster Management Agency (NADMA) for its COVID-19 Fund
- AFFIN ISLAMIC allocated contribution from Charity Fund - Barakah Charity Account-i for COVID-19 Relief via Global Peace Mission Malaysia (GPM) and Mercy Mission amounting to RM10,000 each
- RM30,000 of COVID-19 Emergency Food Aid Boxes, which were distributed by AFFIN ISLAMIC to those affected by the pandemic especially elderly, underprivileged families, refugees as well as the healthcare workers
- AHAM COVID-19 Relief Drive aims to raise funds to support organisations providing food and sanitary aid to the underprivileged. In just 2 weeks, we raised a total of RM388,000 to be contributed to 13 NGOs to purchase essential food and sanitary items for the underprevileged during and after the MCO
- AHIB donated a total of RM 70,000 through monetary and zakat contribution to Pusat Jagaan Sri Mesra, OKU Sentral and Damai Disabled Persons Association Malaysia for their efforts to care for the elderly, people with disabilities, as well as the hardcore poor communities
- Affin Hwang Capital donated RM30,000 to 'Tabung Khas COVID-19 - Pakej Prihatin Selangor', towards relief and welfare programmes to target groups affected by the outbreak, including the cost of purchasing the equipment needed to curb the outbreak

CHARITY FUND FOR COVID-19 MOST AFFECTED COMMUNITIES (CONT'D)

COVID-19 Relief Drive

- The Group distributed contribution to Pusat Pungutan Zakat Wilayah Persekutuan, Lembaga Zakat Selangor and Lembaga Zakat Negeri Kedah
- In April 2020, the Group distributed a total of RM150,000 (RM50,000 each) to 3 SIRCs to purchase essential items for the states' hospitals such as bed, PPE, face mask, and hand sanitiser
- AFFIN ISLAMIC collaborated with KIWF in presenting Zakat contribution for IIUM Medical Centre to purchase medical supplies, i.e. facial masks, ventilators and monitors to combat COVID-19 pandemic
- AFFIN ISLAMIC also participated in sponsoring government hospitals to purchase items for the frontliners such as Heat Scanning Machines and Personal Protective Equipment (PPE)
- AAGI contributed Personal Protective Equipment as part of its ongoing effort to support the medical services and essential needs of marginalised groups amidst the COVID-19 pandemic. RM30,000 worth of N95 masks were also contributed to Hospital Sungai Buloh and Hospital Kuala Lumpur through zakat fund
- AAGI contributed RM10,000 worth of surgical masks to the frontline healthcare workers from the National Kidney Foundation Malaysia (NKF)
- AALI raised to approximately RM70,000 and contributed over 15,000 PPE items to three designated hospitals that serve as the main treatment centres for COVID-19, namely Sungai Buloh Hospital, Kuala Lumpur General Hospital and University of Malaya Medical Centre

Supporting Frontliners Against COVID-19

- We supported the frontliners who were at the forefront in the fight against the COVID-19 pandemic through monetary, zakat and morale contributions in appreciation of their tireless and unwavering efforts to save the lives of Malaysians by donating RM250,000 towards The Edge's COVID-19 Fund and RM100,000 to Hospital Kuala Lumpur
- 250 Ramadhan *kurma* gifts were distributed to the frontliners at KPJ Damansara Specialist Hospital during the fasting month of Ramadhan
- We also contributed to 4 NGOs such as PAPISMA, Khadijah International Waqf Foundation, Aman Palestin, and Kelab Belia Perkasa & Prihatin that is involved directly with frontliners in handling the COVID -19 pandemic
- We also contributed a total of RM50,000 to additional NGOs and this was channelled to the frontliners

OUR ACKNOWLEDGEMENT TO THE ARMED FORCES

Tabung Kebajikan Angkatan Tentera

- RM100,000 was donated in conjunction with Hari Raya for members of the armed forces working during the festive season

Tabung Zakat Angkatan Tentera Malaysia (TZATM)

- Tabung Zakat ATM was set up as a fund to assist veterans and citizens of ATM and administered by Kor Agama Angkatan Tentera (KAGAT)
- In 2020, AFFIN ISLAMIC contributed RM300,000 to this fund that was presented to the Minister of Defence, Dato' Sri Ismail Sabri Yaakob at Wisma Pertahanan

Donations to Army Veterans

- Zakat contributions up to a total of RM450,000 was made by AHIB to assist deserving or injured army personnel and veterans through Tabung Zakat Angkatan Tentera Malaysia (ATM) and Tabung Zakat Yayasan Veteran ATM
- RM50,000 contribution to MyVeteran MyHero Charity Run, in aid of Tabung Rayuan Hari Pahlawan
- AHIB also contributed RM100,000 to Persatuan Veteran Rejimen Semboyan Diraja for the army personnel and families that are in need

Contribution to 'Pusat Latihan Asas Tentera Darat' (PUSASDA)

- Contribution of RM20,000 including to the "Regimen Askar Melayu Diraja" Mosque located in PUSASDA, Port Dickson

CONSERVING THE ENVIRONMENT

Sponsorship with Tropical Rainforest Conservation and Research Centre (TRCRC)

- TRCRC is an NGO focused on the conservation and preservation of tropical rainforest plant species
- TRCRC collects, germinates, propagates, and eventually reintroduces rare and endangered plant species back into their native habitats
- The Tropical Rainforest Living Collections (TRLCs) conservations include a 224 hectares site in Merisuli, Sabah and a 500 hectares site in Banun, Perak
- AHAM continued to partner with TRCRC through a RM15,000 sponsorship for the care of seedlings in their nurseries with 10 nursery experts

eWaste Buster Campaign

- Following the growth of e-waste threat to the environment and human health, AALI introduced “e-Waste Buster Campaign” to our employees with the aim to educate them on how to recycle e-waste, reduce the e-waste impact as well as digital divide
- Under this initiative, employees can donate their old or unwanted electronic devices which will then be refurbished and recycled by SOLS Tech, a Microsoft Registered Refurbisher and award-winning NGO, before distributing them to the underprivileged communities to provide tech and gadget accessibility with the intention to help them catch up with modern digitalisation opportunities
- As of end 2020, we have gathered hundreds of old or unwanted devices which include printers, keyboards, mobile phones and tablets, among others

BEING THERE FOR THE YOUTH

Dignity Programme 2020

Empower A Child (EAC) with Dignity for Children Foundation (Dignity)

- Dignity is a non-governmental organisation that provides holistic care and education for urban poor children in Kuala Lumpur to uplift them from poverty
- They currently serve over 1,700 children between 1-18 years old with education programmes from preschools to secondary schools
- This programme enables the beneficiaries to receive continuous education, nutritious meals, basic healthcare and hygiene, vocational development as well as leadership and character development
- Beneficiaries are screened by Dignity and the sponsorship is awarded to the individuals with the greatest financial need and is monitored regularly
- In 2020, AHAM has sponsored 4 Dignity children through this programme

Christmas Shoebox Project

- A Secret Santa project to bring Christmas cheer to underprivileged children in homes
- On a voluntary basis, staff was asked to create personalised gift boxes for children of various ages
- 211 shoeboxes were collected and given to children at Sunbeams Home Ampang, Rumah Hope PJ and Women's Aid Organisation Malaysia

EMPOWERING WOMEN

International Women's Day 2020

- On 5th March 2020, AAGI celebrated International Women's Day 2020 with the theme #EachforEqual to raise awareness on the importance of a gender equal society
- AAGI believes everyone has a role to play in advancing diversity and inclusion, and with this shared responsibility a gender equal world can be created
- Various fun and engaging activities were held, including Sexual Harassment Talk by All Women's Action Society, Aikido Self Defence Class, House Chores Dash Challenge, Pledge Board, DIY Coaster Colouring, Origami, Anonymous Appreciation Card and Manicure
- Employees from PSC Malacca had also joined the initiative, by distributing cupcakes made by male colleagues, organising health screening, talks and mammogram

PROMOTING HEALTHY LIFESTYLE

#IWalkAtHome 42k Steps Challenge

- Given the sedentary lifestyle that Malaysians were leading during the Movement Control Order period, AAGI had launched the #IWalkAtHome 42k Steps Challenge. The one-of-a-kind challenge was aimed to promote social solidarity and encourage Malaysians to stay healthy and active at home together
- Participants were encouraged to walk at least 42k steps in a week for a chance to get rewarded with RM50 e-vouchers. To make it more meaningful, winners could dedicate the rewards to family members in need or even the frontliners
- The one-week challenge had received an overwhelming participation of more than 4,500 Malaysians

AXA Hearts in Action Run 2020 – Virtual Run Series

- AAGI launched the 6th AXA Hearts in Action Run 2020 in a full-scale virtual format to encourage Malaysians to run for better health and advocate on key social causes
- The theme for 2020 was “Run to Protect What Matters” to support our commitment to foster progress in difficult times and act as a force for the collective good. Runners were able to choose on their preferred cause and run anytime and anywhere at their own pace
- With overwhelming support, we had achieved a full participation of 1,200 runners and contributed RM50,000 to WWF-Malaysia, World Vision Malaysia, National Kidney Foundation Malaysia, National Cancer Society Malaysia and Yayasan Jantung Malaysia. This marked a total contribution of RM 610,000 over the past 6 years

AXA Corporate Responsibility (CR) Week

- The CR Week is a week-long activity to support various causes and give back to society. It is held to engage with internal employees and reinforce commitments to empower lives and build a sustainable society
- The programme promotes employee volunteerism and awareness and develops them into socially responsible corporate citizen
- Spent close to 500 hours in various virtual sessions such as health talk, sign language class, healthy cooking class and homemade cleaning product workshop
- Garnered over 300 volunteering acts and over 100 volunteer hours
- Over 60 employees participated in blood donation campaign
- 145 employees attended the talks and workshops on Social Inclusion, Environment and Health Risk Prevention as well as our Unwind Mind campaign in conjunction with the Mental Health Awareness month

LOOKING AHEAD

As we progress towards achieving our Vision of becoming a premier partner for financial growth and innovative services, we remain focused on creating shared value through our business activities for all stakeholders. This drives us to continuously improve our efficiency and effectiveness in order to manage our ESG impacts. As a company with a long-term focus, and we are committed to continue this path towards enhancing corporate business sustainability.

FIVE-YEAR GROUP FINANCIAL SUMMARY

	2016	2017	2018	2019	2020
OPERATING RESULTS **For the financial year ended 31 December (RM'million)**					
Revenue	1,936	1,560	1,921	1,914	**2,265**
Profit before taxation	737.7	550.7	675.0	677.0	**386.7**
Net profit attributable to the equity holders of the Company	564.0	417.9	503.1	487.8	**230.3**
KEY BALANCE SHEET DATA **As at 31 December (RM'million)**					
Loans, advances and financing	43,747	45,722	48,392	45,388	**45,493**
Total assets	68,886	70,009	75,976	68,341	**69,537**
Deposits from customers	51,506	50,920	57,346	51,089	**49,884**
Total liabilities	60,155	61,680	67,235	58,945	**59,899**
Commitments and contingencies	26,952	32,286	30,873	30,851	**36,250**
Paid-up capital	1,943	4,685	4,685	4,775	**4,902**
Shareholders' equity attributable to the equity holders of the Company	8,682	8,271	8,672	9,337	**9,567**
FINANCIAL RATIOS (%)					
Profitability Ratios					
Net return on average shareholders' funds	6.65	4.93	5.94	5.42	**2.44**
Net return on average assets	0.83	0.60	0.69	0.68	**0.33**
Net return on average risk-weighted assets	1.22	0.88	1.02	1.01	**0.49**
Cost to income ratio	59.04	59.87	63.39	63.03	**59.65**
Asset Quality Ratios					
Gross impaired loans ratio	1.67	2.53	3.25	3.00	**3.52**
Net impaired loans ratio	1.08	2.10	2.59	2.28	**2.57**
Loan loss reserve	94.34	98.50	97.08	96.88	**98.23**

FIVE-YEAR GROUP FINANCIAL SUMMARY

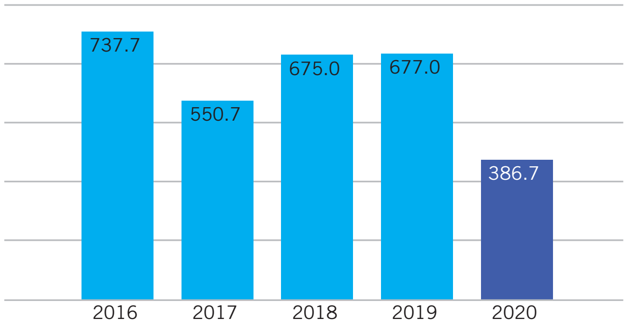
	2016	2017	2018	2019	2020
SHARE INFORMATION - Per share (sen)					
Earnings - basic	29.03	23.98	25.89	24.59	**11.43**
Earnings - fully diluted	29.03	23.98	25.33	23.85	**11.03**
Gross dividend	5.00	2.34	5.00	7.00	**3.50**
Net assets	447	426	446	470	**460**
Share price - high	241	234	226	191	**193**
Share price - low	237	231	222	189	**133**
Share price as at 31 December	239	231	223	190	**184**
Market capitalisation (RM'million)	4,644	4,488	4,333	3,773	**3,827**
SHARE VALUATION					
Gross dividend yield (%)	2.09	1.01	2.24	2.63	**1.90**
Dividend payout ratio (%):-					
- based on Group's profit after tax	34.45	9.77	19.31	20.33	**31.60**
- based on Company's profit after tax	86.76	16.09	16.35	26.68	**78.29**
Price to earnings multiple (times)	8.23	9.63	8.61	7.73	**16.10**
SEGMENT INFORMATION **Profit before taxation and zakat by activity (RM'million)**					
Commercial banking	603	502	802	555	**195**
Investment banking	102	40	150	165	**344**
Insurance (net of tax)	49	13	47	30	**41**
Others	(12)	(1)	(320)	(67)	**(186)**
	742	554	679	683	**394**

FIVE-YEAR GROUP FINANCIAL SUMMARY

PROFIT BEFORE TAXATION

386.7mil

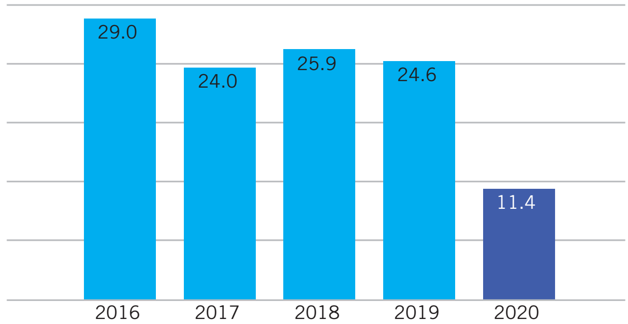
(RM'million)



EARNINGS PER SHARE (EPS)

11.4sen

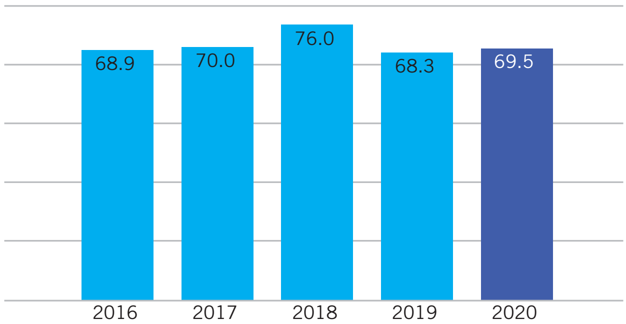
(sen)



TOTAL ASSETS

69.5bil

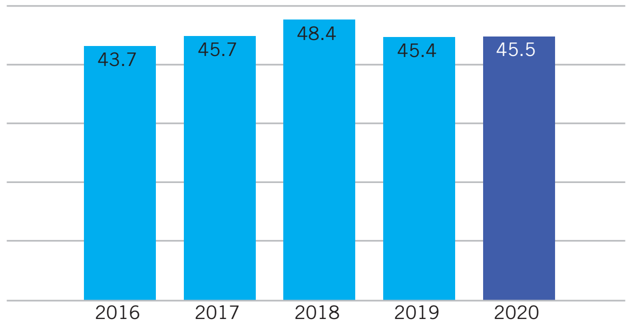
(RM'billion)



LOANS, ADVANCES & FINANCING

45.5bil

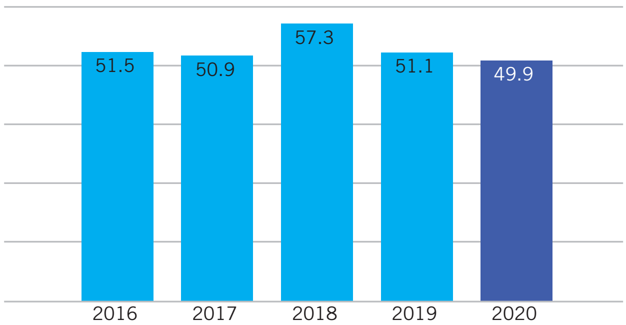
(RM'billion)



DEPOSITS FROM CUSTOMERS

49.9bil

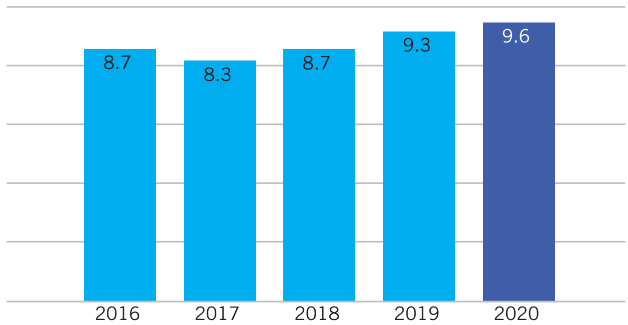
(RM'billion)



SHAREHOLDERS' EQUITY

9.6bil

(RM'billion)



THE YEAR AT A GLANCE

2020 AFFIN BANK BERHAD

08 JAN

Soft Launch of AFFINMAX

AFFIN BANK soft-launched its new Corporate Internet Banking platform called AFFINMAX which will replace the existing Corporate Internet Banking (CIB) platform.

11 FEB

Chinese New Year Charity Activity

AFFIN BANK hosted a CNY lunch reception with the elderly residents of Ampang Old Folks Home.

13 FEB

Malaysia Book of Record Recognition for SME Colony

AFFIN BANK received recognition by the Malaysia Book of Records for the development of SME Colony as Malaysia's first Small and Medium Enterprises (SME) Community Development Mobile Application.

06 MAR – 26 JUN – 16 OCT – 26 OCT

CSR Activity - Soup Kitchen

AFFIN BANK organised four Soup Kitchen activities throughout the year. The activity was organised with Pertiwi Soup Kitchen. Free food supplies and other necessities were provided to the underprivileged living within the area.

15 APR

Cheque Presentation 'Tabung COVID-19'

The Group contributed RM1 million to the Government's COVID-19 Fund, as part of its Corporate Responsibility initiative to support the Government's various humanitarian and medical-related initiatives in responding to the COVID-19 pandemic. The contribution was handed over to the Senior Minister of Defence, YB Dato' Sri Ismail Sabri bin Yaakob by the Chairman of Affin Bank Berhad, YBhg. Dato' Agil Natt, accompanied by the President & Group Chief Executive Officer of Affin Bank Berhad, Datuk Wan Razly Abdullah bin Wan Ali.

THE YEAR AT A GLANCE

2020 AFFIN BANK BERHAD

15 MAY

Majlis Berbuka Puasa Bersama Anak-Anak Yatim

AFFIN BANK hosted an iftar session for 135 children from 3 different orphanages: Rumah Amal Permata Hatiku in Gombak, Pusat Perniagaan Anak Yatim Nur Iman in Setapak, and Rumah Perlindungan Nur Qaseh in Taman Melawati. Representing the Bank during the visit is En. Nazlee Khalifah, Chief Executive Officer of AFFIN ISLAMIC.

27 JUL

44th Annual General Meeting

The 44th Annual General Meeting was held on 27 July 2020 and was attended by about 400 shareholders. The virtual meeting was held at Menara AFFIN, Kuala Lumpur.

11 AUG

Blood Donation 2020

AFFIN BANK organised a blood donation drive throughout the year. The drive was in collaboration with the National Blood Bank.

28 AUG

Launch of Affin Duo

AFFIN BANK launched "AFFIN Duo", a dual credit card product made for millennials in today's digital age.

01 NOV

Launch of AFFIN BANK New Logo

AFFIN BANK introduced its new look and identity, with a refreshed version of its 45-year Bunga Raya heritage as its new logo, to represent the beginning of its metamorphosis journey to be a modern and progressive Bank.

THE YEAR AT A GLANCE

2020 AFFIN BANK BERHAD

11 NOV

Launch of AFFIN Avance

AFFIN BANK introduced its new financial and wealth planning segment, AFFIN AVANCE, customised with unique benefits for the mass affluent segment of tech-savvy, on-the-go professional.

12 DEC

Launch of AFFINMAX

AFFIN BANK introduced AFFINMAX, a new Corporate Internet Banking Platform for SME and Corporate clients for a fully secured, easy-to use one stop access to the Bank's financial products and services.

2020 AFFIN ISLAMIC BANK BERHAD

09 JAN

Winter Aid for the Needy

AFFIN ISLAMIC presented Zakat contribution to Global Peace Mission Malaysia (GPM) to support their Winter Aid for the Needy mission in six (6) winter countries i.e. Palestine, Syria, Yemen, Kashmir, Turkey and Afghanistan. Contribution includes necessities for the less fortunate.

16 JAN

MoU AFFIN Education Financing-i with Asia Aeronautical Training Academy (AATA)

AFFIN ISLAMIC signed a memorandum of understanding (MoU) on AFFIN Education Financing-i with Asia Aeronautical Training Academy (AATA). The MoU was signed by Encik Ferdaus Toh Abdullah, Deputy Chief Executive Officer of AFFIN ISLAMIC and YBhg. Professor Datuk Ts. Dr. Wahid bin Razzaly, UTHM Vice Chancellor and AATA Director at Double Tree Hilton Hotel, Johor Bahru. Also present at the signing ceremony: former Johor Chief Minister, Yang Amat Berhormat Dato' Dr Sahruddin Bin Jamal and members of the media.

THE YEAR AT A GLANCE

2020 AFFIN ISLAMIC BANK BERHAD

30 JAN

Program Pintar Harapan YPM

AFFIN ISLAMIC sponsored 'Program Pintar Harapan Yayasan Pelajaran MARA' (PPH YPM) that assist SPM students from underprivileged family to prepare for SPM examination. The contribution was presented to YAB Tun Dr. Mahathir Mohamad who received it on behalf of YPM.

15 FEB

Contribution to Malaysian Indian Reverted Muslims Association

Malaysian Indian Reverted Muslims Association (MIRA), a community development organisation received Zakat contribution from AFFIN ISLAMIC which was distributed to 301 underprivileged students to prepare for the new schooling session.

14 FEB

Majlis Amal Dana Wakaf MAIPS

AFFIN ISLAMIC contributed to Majlis Agama Islam Perlis (MAIPS) to develop a Waqf Dialysis Centre in Perlis. This is a strategic collaboration by AFFIN ISLAMIC, Association of Islamic Banking & Financial Institutions Malaysia (AIBIM) together with five (5) other banks to improve the standard living and economy of society through Waqf projects. The contribution was presented by AFFIN ISLAMIC Chief Executive Officer, En. Nazlee Khalifah to DYMM Raja Perempuan Perlis, Tuanku Tengku Fauziah who received it on behalf of MAIPS.

21 APR

COVID-19 AIBIM Members Banks Contribution

AFFIN ISLAMIC, as one of Association of Islamic Banking & Financial Institutions Malaysia (AIBIM) member banks participated in sponsoring government hospitals in combating COVID-19. The contribution has been utilised to purchase items for the frontliners such as Heat Scanning Machine and Personal Protective Equipment.

THE YEAR AT A GLANCE

2020 AFFIN ISLAMIC BANK BERHAD

29 APR

Contribution to Tabung Zakat ATM

AFFIN ISLAMIC was a zakat contributor to 'Tabung Zakat Angkatan Tentera Malaysia', which was presented by AFFIN ISLAMIC Deputy Chief Executive Officer, En. Ferdaus Toh Abdullah to the Minister of Defence, YB Dato' Sri Ismail Sabri Yaakob during 'Majlis Penyampaian Sumbangan Tabung Zakat ATM' held at the Ministry of Defence, Kuala Lumpur.

03 JUN

Contribution to Pusat Perubatan UIAM

AFFIN ISLAMIC presented contribution to 'Pusat Perubatan Universiti Islam Antarabangsa Malaysia', which was made via Khadijah International Waqf Foundation (KIWF). KIWF is an organisation that raise funds via Waqf and donation for community development activity. The contribution was presented to purchase medical supplies, ventilators and monitors to combat COVID-19 pandemic.

21 MAY

Program Seorang Sekampit Beras

AFFIN ISLAMIC was one of the main sponsors of 'Program Seorang Sekampit Beras', organised by Association of Islamic Banking Institutions Malaysia (AIBIM) and supported by Bank Negara Malaysia (BNM). The programme involved the presentation of Zakat and food necessities to over 800 'Asnaf' around Kuala Lumpur and Selangor.

14 JUL

Contribution of Zakat to Majlis Agama Islam dan Adat Melayu Perak

En. Nazlee Khalifah, AFFIN ISLAMIC's CEO presented Zakat to DYMM Sultan Perak, Sultan Nazrin Muizzuddin Shah who received the contribution on behalf of Majlis Agama Islam dan Adat Melayu Perak (MAIPS) during the auspicious event held in Kuala Lumpur.

THE YEAR AT A GLANCE

2020 AFFIN ISLAMIC BANK BERHAD

25 JUL

Harian Metro Titipan Kasih 2020

AFFIN ISLAMIC kicked off its 'Titipan Kasih' programme, a series of charitable activities for the communities to deliver goods and assistance directly to the less fortunate community. The CSR activity, carried out in collaboration between AFFIN ISLAMIC & The New Straits Times Press (NSTP), was aimed at helping the less fortunate such as 'Askar Wataniah' and underprivileged families under 'Jabatan Kebajikan Masyarakat'. The first 'Titipan Kasih' was officiated in Sik, Kedah where each family received boxes of essential items together with cash contribution.

09 AUG

Sumbangan Pasca Pemulihan COVID-19

AFFIN ISLAMIC participated in 'Program Sumbangan Pasca Pemulihan COVID-19 whereby the Deputy CEO, En. Ferdaus Toh Abdullah presented sponsorship contribution to the Menteri Besar Selangor, Datuk Seri Amiruddin Shari who received the mock cheque on behalf of Selangor community. The contribution aimed to assist the underprivileged in Selangor who were badly affected by the COVID-19 pandemic.

28 JUL

Wakaf Perumahan Pulau Pinang

AFFIN ISLAMIC Deputy CEO, En. Ferdaus Toh Abdullah presented mock house to Penang Deputy Chief Minister 1, YB Dato' Ir. Hj. Ahmad Zakiyuddin to signify inception of Wakaf Perumahan Pulau Pinang, which is a joint initiative with the Association of Islamic Banking Institutions Malaysia (AIBIM).

18 SEP

Zakat to Markas Latihan Tentera Darat

AFFIN ISLAMIC contributed Zakat to Markas Latihan Tentera Darat through its Chief Executive Officer En. Nazlee Khalifah, which was received by Mejar Jeneral Dato' Nazari bin Abd Hadi at Kem Segenting, Port Dickson.

THE YEAR AT A GLANCE

2020 AFFIN ISLAMIC BANK BERHAD

26 SEP

Global Peace Mission

AFFIN ISLAMIC sponsored Needy COVID-19 campaign organised by Global Peace Mission Malaysia (GPM). En. Hazlan Hasan, Head of Islamic Client Solutions AFFIN ISLAMIC presented the contribution to En. Ahmad Azam Ab. Rahman, Chairman of GPM during 'Majlis Perjuangan Kemanusiaan Global Peace Mission' held in Shah Alam, Selangor.

18 NOV

National Energy Award 2020

AFFIN ISLAMIC was awarded with the Special Award under the category of Sustainable Energy Financing (Islamic Financing) at the National Energy Awards 2020 (NEA2020). The National Energy Awards 2020 (NEA 2020), organised by the Ministry of Energy and Natural Resources (KeTSA) is an annual award ceremony to acknowledge the outstanding achievements and best practices in driving the country's sustainable energy agenda. The NEA 2020 winners were evaluated through a rigorous assessment for three categories namely; Energy Efficiency, Renewable Energy and Special Awards.

10 OCT

Kelas Celik Al-Quran BAKAT Udara

AFFIN ISLAMIC presented Zakat to Badan Kebajikan Keluarga Angkatan Tentera (BAKAT Udara) through its Chief Executive Officer En. Nazlee Khalifah, which was received by YBhg. Puan Sri Norainy Shahar Alam, Chairman of BAKAT Udara during 'Majlis Perasmian Kelas Celik Al-Quran BAKAT Udara' held in Kuala Lumpur.

1-2 DEC

Shariah Audit Conference 2020

AFFIN ISLAMIC CEO, En. Nazlee Khalifah is one of the speakers in the virtual Shariah Audit Conference 2020, organised by Islamic Banking and Finance Institute Malaysia (IBFIM). Themed 'Mainstreaming Shariah Audit in Islamic Finance', the conference featured 15 international and local industry expert panels with insights on Shariah audit and Islamic finance industry.

2020 AFFIN HWANG CAPITAL

23 APR

Ramadhan Kurma Donation to KPJ Frontliner

Affin Hwang Capital, in line with its community engagement initiative to support, empower and sustain, distributed Ramadhan Kurma Gifts to the frontliners of KPJ Damansara Specialist Hospital in appreciation of their tireless fight against COVID-19 during the holy month of Ramadhan.

14 MAY

Food Distribution to Homeless through OKU Sentral

Affin Hwang Capital collaborated with OKU Sentral under the "Misi Bantuan Kemanusiaan dan Kemasyarakatan" to distribute zakat contribution of RM20,000.00 to those who were cut off from food supply during the MCO.

This has enabled Affin Hwang Capital to extend help and assist 200 people in need around Klang Valley, which comprised of the disabled, senior citizens and those living below the poverty line.

27 APR

Donation to HKL: COVID-19

Affin Hwang Capital donated RM100,000 to Hospital Kuala Lumpur in support of the fight against COVID-19. Yip Kit Weng, Deputy Group Managing Director of Affin Hwang Capital presented the donation to YBhg. Datuk Dr. Heric Corray, Director of Hospital Kuala Lumpur.

15 MAY

Donation to Tabung Prihatin Selangor

Affin Hwang Capital donated RM30,000 to 'Tabung Khas COVID-19 - Pakej Prihatin Selangor', for the fund relief and welfare programs of targeted groups affected by the outbreak, including the cost of purchasing equipment to curb the outbreak. Deputy Group Managing Director of Affin Hwang Capital, Yip Kit Weng presented the donation to YAB Dato' Menteri Besar Selangor, YB Dato' Seri Amirudin Shari.

THE YEAR AT A GLANCE

2020 AFFIN HWANG CAPITAL

20 MAY

Aidil Fitri: Zakat Contribution to Rumah Damai

Affin Hwang Capital collaborated with Damai Disabled Person Association Malaysia to distribute zakat contribution of RM20,000.00 to disabled individuals. All of the recipients were happy to receive the donation that will help them tremendously for their 'Hari Raya' preparations.

15 JUL

Optimax Prospectus Launch

Affin Hwang Investment Bank (the Bank) executed an Underwriting Agreement for the IPO of Optimax Holdings Berhad, one of the industry's established private eye specialist service providers. Optimax launched its Prospectus on 15 July 2020 with the IPO on the ACE Market of Bursa Securities entailing a public issue of 70 million new shares.

Pursuant to the Underwriting Agreement, the Bank will underwrite a total of 17.5 million new shares comprising 13.5 million new shares made available to the Malaysian public and 4.0 million new shares made available to eligible persons. A¬n Hwang Investment Bank is the Sole Principal Adviser, Sole Placement Agent, Sole Underwriter and Sponsor to Optimax in relation to its IPO.

12 JUN

Commemorating the Successful Placement of Serba Dinamik

Yip Kit Weng, Deputy Group Managing Director, Affin Hwang Capital presented a token to YBhg. Dato' Dr. Ir. Mohd Abdul Karim bin Abdullah, Group Managing Director & Chief Executive Officer of Serba Dinamik to commemorate the successful RM456.7 million primary placement on 23 April 2020, the largest primary placement in Malaysia since January 2018, and the second largest in Southeast Asia for Jan-Apr 2020.

24 JUL

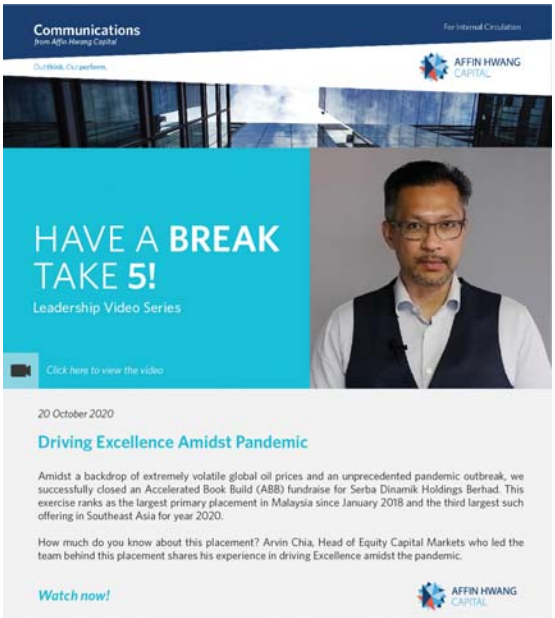
Time With You: Zakat Contribution to Old Folks

During this time of social distancing due to the unprecedented pandemic, interactions are limited, and especially those at old folks homes, got lonelier. The Management of Affin Hwang Investment Bank organised a Hari Raya Aidil Adha celebration with the old folks at Pusat Jagaan Sri Mesra as part of their community engagement efforts and teambuilding initiative with the community. Pusat Jagaan Sri Mesra is one of several Affin Hwang Capital's zakat recipients for a number of years.

Affin Hwang Capital's Deputy Group Managing Director, Yip Kit Weng, together with its Group Chief Operating Officer, Samad Majid Zain, joined the event and presented a total of RM30,000 of zakat contribution to the home.

2020 | **AFFIN HWANG CAPITAL**

10 AUG



Leadership Video Series

Affin Hwang Capital launched the Leadership Video Series to share "Thoughts from our Leaders Today." The series captured thoughts from various leaders of the Bank to share new accomplishments and successes whilst inculcating Core Values of Integrity, Teamwork, Excellence and Pioneering.

18 AUG

Optimax On Ace Market

Optimax Holdings Bhd received a massive oversubscription rate of 82.07 times for its 13.5 million initial public offering (IPO) shares to the public. This exercise resulted in Affin Hwang Capital being awarded the Best Small-Cap Equity Deal of the Year at the Best Deal & Solution Awards 2020 by Alpha Southeast Asia.

26 OCT

Breast Cancer Awareness Webinar

Breast Cancer Awareness Webinar was organised in support of the Bank's Community Engagement effort to raise awareness in the fight against breast cancer.

Dr. Naqiyah Ibrahim, General, Breast and Endocrine Surgeon from KPJ Damansara Hospital and Dr. Muhammad Faiz Muhammad Taib from Majlis Kanser Nasional (MAKNA) were invited in this knowledge sharing session.

19 NOV

Zakat Distribution to Armed Forces

An intimate event to extend zakat distribution to the armed forces beneficiaries was held recently at Affin Hwang Capital, attended by YBhg. Major General Dato' Zulkiflee bin Mazlan (R), Chairman, Puan Mona Suraya Kamaruddin, Group Managing Director and Samad Majid Zain, Group Chief Operating Officer.

The zakat donations were distributed to Tabung Zakat Angkatan Tentera Malaysia (ATM), Yayasan Veteran Angkatan Tentera Malaysia (ATM), and Persatuan Veteran Rejimen Semboyan Diraja (PVRSD).

THE YEAR AT A GLANCE

2020 AFFIN HWANG CAPITAL

23 NOV

Bookrunner Placement Deal with Hibiscus Petroleum

Affin Hwang Capital was a Joint Bookrunner for the RM203.6 million Islamic Convertible Redeemable Preference Shares (CRPS) issuance by Hibiscus Petroleum Berhad (HPB), Malaysia's first listed independent oil & gas exploration and production company. The multi-tranche CRPS exercise, worth up to RM2.0 billion in total, is the largest of its kind on Bursa Malaysia in 2020. The RM203.6 million Islamic CRPS has been listed on the Bursa Malaysia Main Market and the funds raised will be used for HPB's acquisition of interests in producing upstream oil and gas assets in the Southeast Asia region.

03 DEC

We-connect 2020

Affin Hwang Capital's new Group Managing Director, Puan Mona Suraya Kamaruddin held a virtual "We Connect" Townhall on 3 December 2020. Through this session, she brought all employees together and took this opportunity to introduce herself, shared important topics and aligned everyone to the Bank's priorities moving forward.

26 NOV

Zakat Contribution to Yayasan Veteran ATM

Zakat presentation to Yayasan Veteran Angkatan Tentera Malaysia ("ATM") by YBhg. Major General Dato' Zulkiflee bin Mazlan (R) and Puan Mona Suraya Kamaruddin to YB Dato' Sri Ismail Sabri bin Yaakob, Minister of Defence, and YB Dato' Sri Ikmal Hisham bin Abdul Aziz, Deputy Minister of Defence at MINDEF.

13 DEC

Zakat Contribution to PVATM Muar

YBhg. Major General Dato' Zulkiflee bin Mazlan (R), AFFIN Hwang Capital's Chairman, presented a zakat donation to Persatuan Veteran ATM (PVATM) Cawangan Muar, received by Tuan Shamsudin bin Haji Rais, Head of PVATM Muar.

2020 AFFIN HWANG CAPITAL

22 DEC

Care Kit

In an effort to encourage and remind staff to continue practicing good hygiene, Affin Hwang Capital distributed Care Kits to all of its employees. The Care Kit contained a washable anti-microbial face mask, a mask casing, a bottle of hand sanitiser, wet wipes, and a multipurpose safety tool.

MAR

Donation - Dignity for Children Food Appeal

Aims to lift communities from the poverty cycle.

During the COVID-19 Movement Control Order, Dignity helped distribute essential food and hygiene items to the underprivileged, especially to daily wage earners who suddenly lost their income.

YEAR-LONG SPONSORSHIP

Dignity's "Empower-a-Child" Programme

Dignity for Children Foundation (Dignity) is a non-governmental organisation that provides holistic care and education for urban poor children in Kuala Lumpur to uplift them from poverty.

AHAM sponsored 4 children under Dignity's "Empower-a-Child" Programme. This enables them to receive continuous education, nutritious meals, basic health and hygiene, vocational, leadership and character development so they can be empowered to break free from the poverty cycle.

Sponsorship - Tropical Rainforest Conservation and Research Centre

The Tropical Rainforest Conservation and Research Centre (TRCRC) was established to restore tropical rainforests and address the critical rate of biodiversity loss in Malaysia.

AHAM sponsored TRCRC for a third consecutive year, seedling care in TRCRC's nurseries and forest conservation efforts in Merisuli, Sabah and Banun, Perak.

THE YEAR AT A GLANCE

2020 AXA AFFIN GENERAL INSURANCE BERHAD

05 MAC


International Women's Day 2020

On 5 March 2020, AAGI celebrated International Women's Day 2020 with the theme #EachforEqual to raise awareness on the importance of a gender equal society. Various fun and engaging activities were held, including Sexual Harassment Talk by All Women's Action Society, Aikido Self Defense Class, House Chores Dash Challenge, Pledge Board, DIY Coaster Colouring, Origami, Anonymous Appreciation Card and Manicure. Employees from PSC Malacca had also joined the initiative, by distributing cupcakes made by male colleagues, organising health screening, talk and mammogram.

AAGI believes everyone has a role to play in advancing diversity and inclusion, and with this shared responsibility a gender equal world can be created.

22 – 28 APR

#IWalkAtHome 42k Steps Challenge

Given the sedentary lifestyle that Malaysians were leading during the Movement Control Order period, AAGI had launched the #IWalkAtHome 42k Steps Challenge. The one-of-a-kind Challenge aimed to promote social solidarity and encourage Malaysians to stay healthy and active at home together.

Participants were encouraged to walk at least 42,000 steps in a week for a chance to get rewarded with RM50 e-vouchers. To make it more meaningful, winners could dedicate the rewards to family members in need or even the frontliners. The one week Challenge had received an overwhelming participation of more than 4,500 Malaysians.

THE YEAR AT A GLANCE

2020 AXA AFFIN GENERAL INSURANCE BERHAD

24 OCT – 08 NOV

AXA Hearts in Action Run 2020 – Virtual Run Series

The pandemic did not deter AAGI from advocating the social causes close to our heart. To adapt to the new normal and safeguard the health and well-being of runners during the pandemic, AAGI launched AXA Hearts in Action Run 2020 for the 6th consecutive year in a full scale virtual format to encourage Malaysians to run for better health and advocate on key social causes.

This year's theme "Run to Protect What Matters" supports AAGI's commitment to foster progress in difficult times and act as a force for collective good. Runners were able to choose from 5 T-shirt colours based on their preferred cause, and run anytime and anywhere at their own pace.

With overwhelming support from runners this year, AAGI had achieved a full participation of 1,200 runners and contributed RM50,000 to WWF-Malaysia, World Vision Malaysia, National Kidney Foundation of Malaysia, National Cancer Society Malaysia and Yayasan Jantung Malaysia. This marked a total contribution of RM 610,000 over the past 6 years.

APR

Donation of Personal Protective Equipment (PPE)

AAGI had contributed Personal Protective Equipment as part of its ongoing effort to support the medical services and essential needs of marginalised groups amidst the COVID-19 pandemic:

- RM30,000 worth of N95 masks to Hospital Sungai Buloh and Hospital Kuala Lumpur
- RM10,000 worth of surgical masks to the frontline healthcare workers from National Kidney Foundation Malaysia who bravely provided dialysis treatment to patients during the pandemic
- RM10,000 to the affected underprivileged community in Kuala Lumpur through a special zakat/government fund

THE YEAR AT A GLANCE

2020 AXA AFFIN GENERAL INSURANCE BERHAD

APR – DEC

COVID-19 Initiatives (Protection & Financial Support)

As part of its effort to ensure continuous protection and peace of mind to those impacted by the COVID-19 pandemic, AAGI had enhanced its product solutions to the evolving nature of the pandemic and launched multiple meaningful initiatives, in hope to ease customers' financial obligations and help them to keep their loved ones protected.

- **3 & 6 months Instalment Payment Plan** with 0% interest for SME, Home, Health & PA policies
- **AXA FlexiCover Motor**, which allows Private Car and Motorcycle policyholders to pay only 50% premium for 6 months motor insurance coverage
- **Automatic Hold Cover** that guarantees continued protection with deferred payment for all Retail Home & PA renewal policies expiring from 15 Mar – 31 May 2020
- **AXA Care Motor Campaign** that offers up to 5% Premium Discount for all private car and motorcycle policies transacted from 7th – 30th April 2020
- **RM50,000 Home Sanitisation** benefit to all existing and new AAGI home insurance till 30th September 2021.

28 SEP – 02 OCT

10th anniversary of CR Week

AAGI celebrated the 10th anniversary of CR Week – an annual programme held for employees to dedicate a week in a year to commit to solidarity causes and give back to the community.

The 10th anniversary of CR Week was held from 28th September 2020 till 2nd October 2020 in support of social inclusion, environment and health, to reinforce our commitment to build a sustainable society.

Some of the activities highlights were:

- Spent close to 500 hours in various virtual sessions such as health talk, sign language class, healthy cooking class and homemade cleaning product workshop.
- 63 employees turned up to donate blood.
- Collected close to RM20,000 fund to help 7 underprivileged homes.

2020	AXA AFFIN GENERAL INSURANCE BERHAD

09
DEC

International Day of People with Disabilities 2020

In an effort to create a diverse and inclusive workplace, AAGI made an effort to support, encourage and celebrate differently abled people, with the theme "Not all disabilities are visible".

Putting the focus on its employees with visible and invisible disabilities this year, AAGI continued to raise awareness among its employees about disability in general. By bringing together testimonials from disabled employees around the world, AAGI hoped to inspire active conversations for employees to learn more about each other and challenge the barriers to inclusion.

To educate employees on how best to interact with people with disabilities, AAGI had organised a series of webinars graced by speakers from Damai Disabled Person Association Malaysia, the YMCA of Kuala Lumpur, Naluri and Malaysian Association for the Blind.

DEC

Bringing Festive Cheers to Welfare Homes

Recognising how the pandemic had impacted the less privileged group within the community, AAGI's employees from Commercial Lines & Health team took the opportunity to bring some festive cheers to Rumah Penjagaan Kanak-Kanak Cacat Taman Megah, Rumah MESRA Ampang and Cheshire Home. A total of RM3,000 worth of grocery vouchers was distributed to these homes.

THE YEAR AT A GLANCE

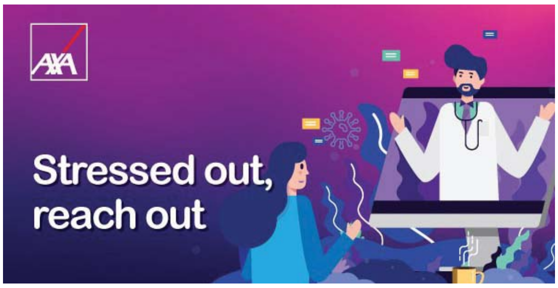
2020 AXA AFFIN LIFE INSURANCE BERHAD

JAN

Be Well & Fit

“Be Well & Fit” is a collaboration with BookDoc to motivate customers to stay active by increasing their daily step count which can be achieved via a broad choice of healthy activities and get rewarded. Steps will be tracked via the BookDoc app - a health rewards platform that incentivises healthy living and provide access for customers to search and make appointments with specialist doctors.

APR



Stressed Out, Reach Out

“Stressed Out, Reach Out” is a campaign in partnership with Naluri to address mental stress, anxiety or depression due to COVID-19 or uncertain economic changes rising from Malaysia’s Movement Control Order (MCO). Through this campaign, customers can get access to health coaches, dietitians, psychologists, fitness / lifestyle coaches and medical advisors at their fingertips.

FEB

2019-nCoV Hospital Assistance Program

Following the COVID-19 outbreak, AXA AFFIN Life Insurance Berhad responded to the pandemic threat by rolling out “2019-nCoV Hospital Assistance Program” featuring three key benefits - “Urgent Self-Assistance”, “Family Assistance” and “Hospitalisation Waiver Assistance”. With the strong focus on putting Customer First, this program is designed to aid our customers and their immediate family by extending cash assistance and various policy waivers.

APR

AXA AFFIN Smash The Curve Fund Raising Campaign

In response to the distress over the PPE shortage in Malaysia due to the COVID-19 pandemic, a fundraising campaign was launched to support and protect our courageous frontliners and to raise awareness for Malaysians to help flatten the curve and eventually smash it! This campaign has garnered close to RM70,000.00 collectively which led to a contribution of over 15,000 PPE items to three designated hospitals that serve as main treatment centres handle the COVID outbreak.

THE YEAR AT A GLANCE

2020 AXA AFFIN LIFE INSURANCE BERHAD

MAY

Digi Abadi

AXA AFFIN Life Insurance collaborated with one of Malaysia's biggest telecommunication partner, Digi Telecommunications to offer a revolutionary offering – the first-in-the-market prepaid internet plan bundled with complimentary life insurance coverage of up to RM40,000. This limited-edition prepaid plan is an effort to ensure Malaysians continue to stay connected and well protected especially when health is a key concern for everyone at this time.

DEC

AXA eCombo

AXA AFFIN Life Insurance is introducing AXA eCombo – the first customisable online insurance that combines Medical Insurance (AXA eMedic), Life Insurance (AXA eLife Protector+) and the newly launched Critical Illness (AXA eCritical Early Care) in one complete package. The 3-in-1 package aims to offer a solution to customers' current unmet need of a single comprehensive insurance package with one monthly payment which is also affordable. AXA eCombo is available exclusively online at www.axaecombo.com with premiums starting from RM71/month for Malaysians aged from 15 days old to 49 years old.

SEP | OCT

CR Week 2020

CR week is an AXA Global initiative dedicated to offers AXA employees a great opportunity to reinforce the commitment in making a difference and to build a sustainable society. Taking place from 28 Sep to 2 Oct, AXA AFFIN Life once again organises a series of activities with the initiatives entailed around the environment and community. The mental health pillar was also introduced in conjunction with World Mental Health Awareness Month.

Despite the constraints posted by the current pandemic, AXA AFFIN Life CR Week was a success with 34% engagement rate from our employees, garnered over 300 volunteering acts, gathered over a hundred of e-waste and raised over RM5,000 meal sponsorship for the needy.

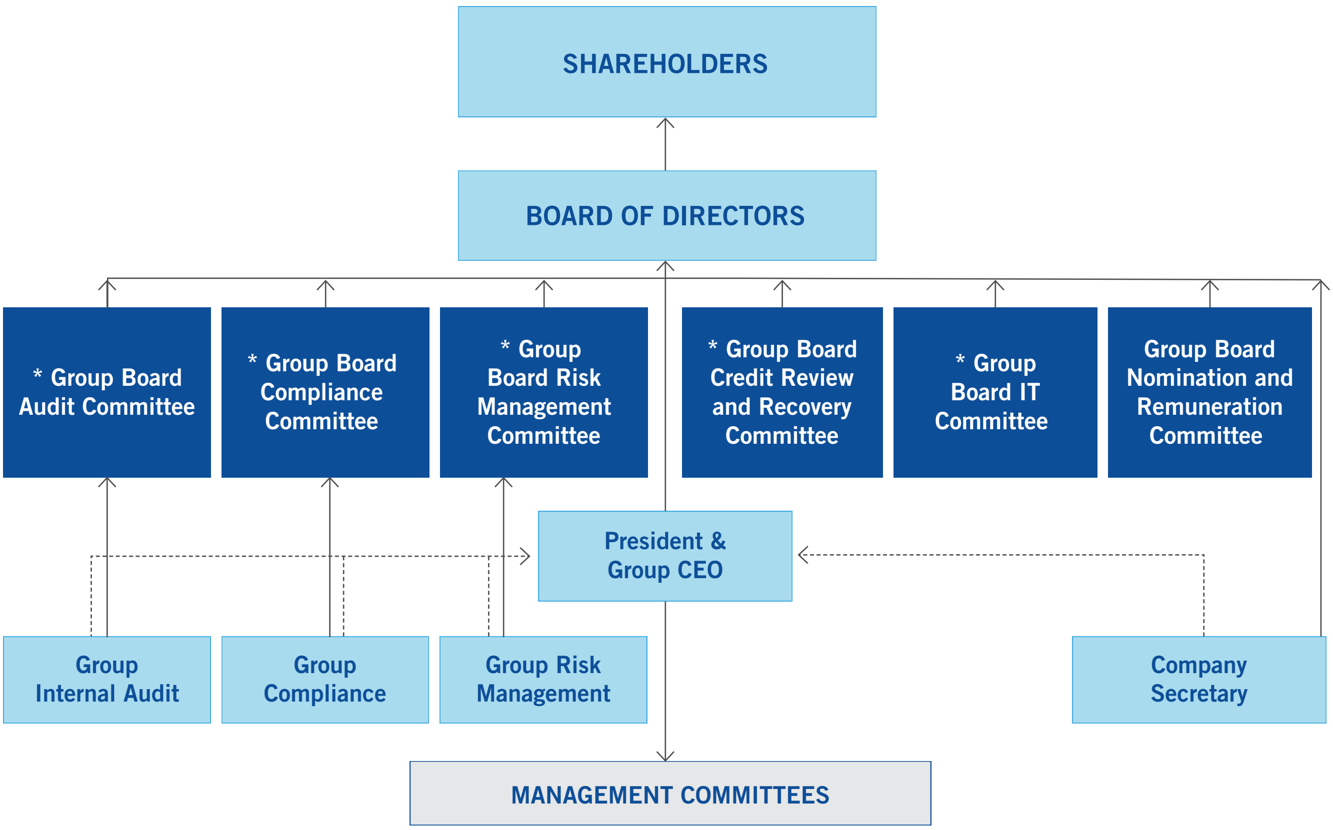
CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of AFFIN Bank Berhad ("Bank" or the "Company") supports the principles of good governance and continues to improve the Bank and Group's Governance structure in ensuring sustainability of ethical and compliant corporate culture.

The Board and Management are fully committed to achieve high standards in the areas of corporate governance, business conducts and ethics. The Bank actively inculcates the principles of transparency, integrity and accountability in building its corporate culture.

The Bank adopts corporate governance best practices that conform to Bank Negara Malaysia ("BNM") Policy Document on Corporate Governance, Bursa Malaysia Securities Berhad ("Bursa Malaysia") Main Market Listing Requirements and Malaysian Code on Corporate Governance issued by Securities Commission.

In this regard, Corporate Governance Framework has been established to set out the broad principles, standards and requirements for sound corporate governance and practices to be adopted by the Bank.



**Established on Group basis for AFFIN Bank Berhad and AFFIN Islamic Bank Berhad*

The Corporate Governance Framework of the Bank is premised upon the following:-

- **Companies Act, 2016**
- **Main Market Listing Requirements of Bursa Malaysia (MMLR)**
- **Policy Document on Corporate Governance issued by BNM (BNM CG)**
- **Malaysian Code on Corporate Governance issued by Securities Commission (MCCG)**
- **Other relevant guidelines/circulars /Practice Notes issued by relevant regulatory authorities**

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Corporate Governance Framework will be continuously reviewed to ensure that it remains relevant and align with the Companies Act, 2016, MMLR, BNM CG, MCCG as well as best practices and guidelines.

This statement provides an overview of the Bank's application of the three (3) key principles of good corporate governance as set out in the MCCG. The Bank's application of each of the practices set out in the MCCG is disclosed in the Corporate Governance Report which is available on the Bank's website at www.affinbank.com.my

PRINCIPLE A | BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

1. Clear roles and responsibilities

The Board is the principal decision-making body for all significant matters affecting the Bank and is accountable to shareholders for creating and delivering sustainable value. This includes formulating and reviewing the Bank's strategic plans and key policies, as well as the Bank's business operations. The Board and Management hold an annual strategic meeting to set the Bank's strategies and review the strategic direction of the Bank and the Group.

The Board exercises overall responsibilities in promoting good corporate governance, adopts framework of internal controls, risk management and compliance practices throughout the Bank. The Board ensures that the system of internal control is sound and sufficient to safeguard shareholders' investment, depositors/customers' interest and the Bank's assets. Notwithstanding this, there are ongoing reviews to ensure the effectiveness, adequacy and integrity of the systems.

In order to promote a culture of integrity and transparency throughout the Bank, all Directors are required to maintain high standards of transparency, integrity and honesty. This standard serves as the basis that govern Directors' conduct and their relationship with the Bank's stakeholders.

The roles and responsibilities of the Board are set out in the Bank's Board Charter which is available on the Bank's website at www.affinbank.com.my. The Board Charter sets out the demarcation of the mandate, roles and responsibilities, and procedures of the Board and Board Committees (both individually and collectively), in setting the direction, management and control of the Bank in accordance with the principles of good corporate governance as set out in the policy documents and guidelines issued by BNM and relevant regulatory authorities. The Board Charter outlines the issues and matters reserved for the Board.

2. Separation of Positions of the Chairman and President & Group Chief Executive Officer ("PGCEO")

The Bank is headed by the Chairman, whose roles are strictly separated and distinct from the PGCEO. The respective roles of the Chairman and PGCEO are clearly defined and documented in the Board Charter so as to promote accountability and facilitate division of responsibilities between them and to further ensure a balance of power and authority.

The Chairman is responsible for leading the Board in its collective oversight of management. He ensures the smooth functioning of the Board and that procedures and processes are in place to facilitate effective conduct of business by the Board.

The PGCEO focuses on the business and day-to-day management of the Bank and responsible for developing business strategies and ensure implementation of such strategies and policies.

The balance of responsibilities between the Chairman and PGCEO is regularly reviewed to ensure the division of functions remains appropriate to the needs of the Bank.

3. Company Secretary

The Board is supported by a qualified Company Secretary in discharging its functions. The Company Secretary plays an advisory role to the Board and is qualified under Section 235(2) of the Companies Act, 2016, experienced and competent in performing her duties.

The Board has direct access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that all governance matters and Board procedures are followed, and that applicable laws and regulations are complied with.

The Company Secretary attends the Board, selected Board Committees' as well as Management Committees meetings which she is the appointed Secretary and is responsible for supporting the effective functioning of the Board. In discharging this role, the Company Secretary provides counsel to the Board on governance matters and facilitates the communication of key decisions and policies between the Board, Board Committees and Management. The Board is also regularly updated and kept informed of the latest developments in the legislation and regulatory framework affecting the Bank as well as the Group. The Board is also advised by the Company Secretary on the proposed contents and timing of material announcements to be made to regulatory authorities.

4. Code of Ethics/Conduct

The Bank has put in place a Code of Ethics and Standard of Professional Conduct. The Code of Ethics is to ensure that staff consistently adhere to a high standard of professionalism and ethics in the conduct of business and professional activities to serve the legitimate interest of the Bank's customers clients with high standards of professional and ethical behavior.

The Standard of Professional Conduct to ensure that staff is fully committed to uphold, maintain and demonstrate a high level of integrity and professionalism at all times. The Bank prescribes certain values and principles which staff is expected to uphold and abide. The Code of Conduct specifies the minimum standards of conduct expected of staff of the Bank.

All Directors and employees of the Bank are expected to exercise caution and due care in safeguarding confidential and price- sensitive information of the Bank and its business associates from being misused including for personal benefits, at all times. In managing the exposure of such misuse of price-sensitive information to trading of shares or other securities, the Directors and Management are reminded periodically of the prohibition of insider trading and the dealings in securities during closed periods in accordance with the relevant provisions of the MMLR.

5. Whistleblowing Policy

Whistleblowing Policy is developed to promote whistleblowing in a positive manner that provides an avenue to escalate concerns on improper conduct and to handle such concerns appropriately, in line with the fundamental objectives of Whistleblower Protection Act 2010. This includes the following:-

i. Safeguard the Bank's reputation by minimising unfavorable surprise events in relation to improper conduct.

ii. Encourage Whistleblower to divulge pertinent information on improper activity occurring within the Bank and subsequently to curtail the possible detrimental impact.

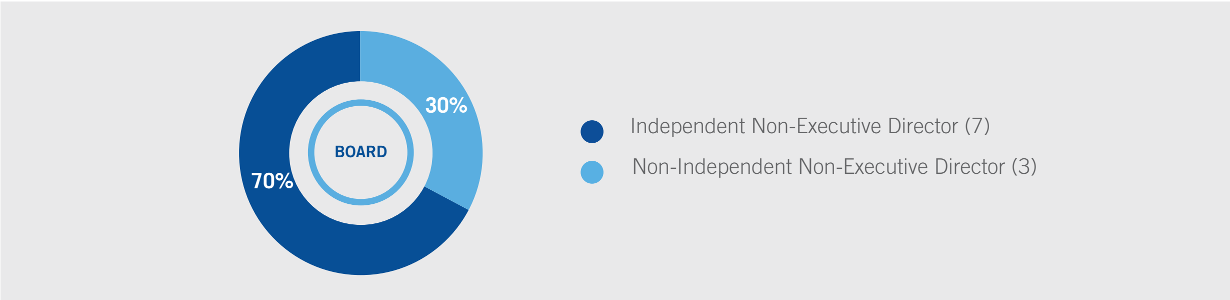
iii. Exhibit better corporate governance on managing whistleblowing issue, which is to be managed in a transparent manner by creating awareness on the protection, confidentiality and enforceability of whistleblowing.

The Whistleblowing Policy is available on the Bank's website at www.affinbank.com.my.

II. BOARD COMPOSITION

1. Board Composition and Balance

The composition of the Board reflects a good measure of objectivity and impartiality in order to ensure that the interest of the minority shareholders is not compromised. The influence of the nominees from the major shareholders of the Bank is balanced by the presence of the majority Independent Directors on the Board whose collective views carry significant weight in the Board's deliberation and decision-making process. Senior Management is not a member of the Board or Board Committees.



The current Board composition of which majority is Independent Directors exceeds the MMLR and BNM CG requirements. The Directors fulfill the fit and proper criteria as specified in the Financial Services Act 2013 and the BNM Policy Document on Fit and Proper Criteria.

The size and composition of the Board are reviewed from time to time in order to ensure that the Board comprises strong and dynamic individuals with relevant skills and competencies necessary to drive the Bank towards achieving sustainability and viability. The existing size and composition of the Board are able to promote effective deliberation, encourages the active participation of all Directors and allows the work to be discharged without giving rise to an over-extension of Directors who are required to serve on multiple Board Committees.

Board Independence

To ensure the independence of the Board as well as to encourage fresh views and ideas, the Board had adopted the maximum tenure of nine (9) years of service for Independent Director within the Group.

The Independent Director shall, upon reaching the maximum tenure of nine (9) years of service and subject to the approval of BNM for his/her re-appointment as Director, remain as a Director but shall be re-designated as Non-Independent Non-Executive Director.

Represented on the Board are Independent Non-Executive Directors who bring their independent advice, views and judgement on the decision-making process of the Bank to ensure that a balanced, robust and unbiased deliberation process is in place to safeguard the interests of other stakeholders.

Board Diversity

The broad range of experience, skills and knowledge of the Directors effectively facilitate the discharge of the Board's stewardship.

The Bank promotes diversity in Board as it recognises the values and the unique contribution from Directors with diverse individual background, skills, experiences, perspectives and nationality.

In promoting diversity, gender and opportunities, the Board in its appointments and composition pays due recognition and weightage to the skills, experience and business acumen of the Directors. The Board reviews the appropriate mix of skills, experience, age, gender, cultural background and knowledge required of its members, in the context of the needs of the Bank's businesses and strategies.

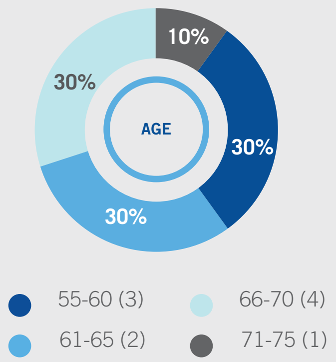
CORPORATE GOVERNANCE OVERVIEW STATEMENT

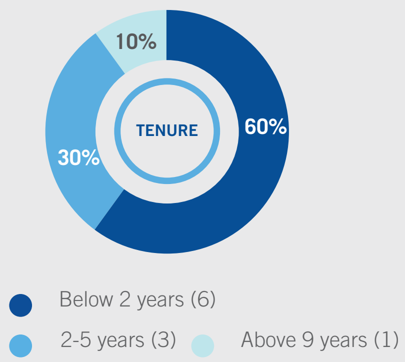
In terms of nationality, the Board currently have two (2) foreign Directors representing one of the major shareholders, The Bank of East Asia Limited (BEA), namely Mr. Chan Tze Ching Ignatius and Mr. Yuen Wai Hung Peter, both are from Hong Kong with wealth of experience in banking business and strategy.

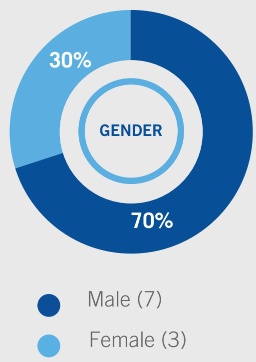
The Board acknowledges the recommendation of the MCCG pertaining to the establishment of boardroom gender diversity policy. The Bank has three (3) female Directors on the Board which constitute 30% of Directors namely Dato' Rozalila binti Abdul Rahman, Pn. Marzida binti Mohd Noor and Ms Chan Wai Yu, (who was appointed to the Board on 1 April 2021) as Independent Non-Executive Directors. The Board will continue to uphold the principle of boardroom gender diversity in consonance with Government's agenda to achieve the target of at least 30% women on the Board of PLCs.

The Board has escalated its efforts to establish a more diverse Board which bears a variety in the dimensions of skills, experience, age, cultural background and gender.

BOARD	SKILL & EXPERIENCES	
BANKING	ACCOUNTING	STRATEGIC MANAGEMENT
RISK / CREDIT MANAGEMENT	FINANCE / ECONOMIC	HUMAN RESOURCE
INSURANCE	BUSINESS ADMINISTRATION	IT / E-COMMERCE







Appointments, Removals and Re-election of Directors

New appointment of Directors

All appointments of Directors are subject to the approval of BNM which is for a specific term of appointment.

The GBNRC is responsible for assessing the candidate(s)' qualifications and experiences and whether he/she fulfills the minimum requirements as set out in the BNM Policy Document on Corporate Governance, BNM Fit & Proper Criteria and any other relevant regulations. The GBNRC thereafter submits its recommendation to the Board for decision on submission of application to BNM for the proposed new appointment as Director.

In identifying candidates for appointment of Directors, the GBNRC does not solely rely on recommendations from existing Board members, Management or major shareholders. The GBNRC has the right to utilise independent sources at the cost of the Company in order to identify suitable qualified candidates.

Besides the above, GBNRC may also consider utilising the following sources:-

- Directors' registry (e.g. Institute of Corporate Directors Malaysia, FIDE and NAM Institute for the Empowerment of Women);
- Industry and professional associations; or
- Independent search firm.

The Bank shall not make an application to BNM to appoint a Director unless the Board is wholly satisfied, based on its objective assessment, that the candidate meets the minimum requirements of the BNM CG and MMLR, understands the expectation of the roles and is able to meaningfully contribute to the Board.

Re-appointment of Directors

The proposed re-appointment of a Director, upon expiry of his/her current term of appointment as approved by BNM, is subject to the approval of BNM.

The GBNRC is responsible for assessing the performance of Directors whose current term of appointment as approved by BNM are due to expire, and submit its recommendation to the Board for decision on the application to BNM for the proposed re-appointment of the Directors concerned.

Removal of Directors

An assessment on Fit & Proper Criteria, performance and effectiveness of each Director will be carried out and corrective measures will be taken by the GBNRC if the Director is no longer Fit & Proper or non-performing as and when the GBNRC becomes aware of such circumstances.

Re-Election of Directors

The Constitution of the Bank provides that at every Annual General Meeting, at least one-third of the Directors are subject to retirement by rotation or, if their number is not three (3) or a multiple of three (3), the number nearest to one-third shall retire from office, but shall be eligible for re-election.

The Constitution of the Bank further provides that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

2. Board Evaluation

In line with MCCG's recommendation, the Board has agreed to appoint independent experts periodically to conduct the Board Effectiveness Evaluation (BEE). For FY2020, the BEE was conducted internally with the assistance of the Company Secretary's team based on the framework which was designed and concurred by the GBNRC. The BEE was conducted via an online link.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

FRAMEWORK FOR BEE

Themes

Themes enumerated for the evaluation of the Board, Board Committee and Individual Directors are as follows:-

Board as a whole	Section A: Board mix and composition Section B: Quality of information and decision making Section C: Boardroom activities Section D: Relationship with Management Section E: Relationship with Shareholders
Board Committees	Section A: Quality and composition Section B: Skills and competencies Section C: Meeting administration and conduct
Individual Directors	Section A: Fit and Proper Section B: Contribution and performance Section C: Calibre and personality

Notes:

(1) A Director must have served on the Board/Board Committees for at least six (6) months to be able to participate in the BEE.

(2) Management feedback on the BEE was be obtained vide President and Group CEO (PGCEO).

Process and Reporting Structure

1 Online Evaluation

BEE is conducted internally through a secured online platform.

2 Individual Sessions

Interviewees are asked to elaborate or identify relevant factors impacting Board effectiveness

3 Analysis

Comprehensive report highlighting feedback and issues identified. Thereafter, shared with the Chairman of the Board, Chairman of GBNRC and PGCEO.

4 Action-Planning Discussion

Chairman of the Board, Chairman of GBNRC and PGCEO participate in action-planning discussion and outcome which is part of the report. Report is tabled to GBNRC/Board for deliberation.

5 Feedback Storage

Original input from the survey will be destroyed upon tabling to GBNRC/Board.

6 Implementation and Monitoring

The action plans are undertaken by the relevant parties for implementation, with regular updates to the GBNRC/Board.

Overall, the results of the BEE conducted for FY2020 were positive and satisfactory, reflecting strong and improved performance by Board and Board Committees. The main highlights of the results are as follows:-

Areas of Strength
- The present size and composition of the Board are optimum to provide for a diversity of views, facilitate effective decision making, and appropriate balance of executive, independent and non-independent Directors.
- The Board has the appropriate combination of experience and expertise in banking & finance, accountancy, strategic management and IT.
- The effectiveness of the Chairman and high concentration of Independent Directors have led to a continuity of robust deliberation amongst Board/Board Committee members.
- The collaborative working relationship between the Board and the PGCEO continues to act as an effective bridge between Management and Board.
- The Board and Board Committees meetings are well managed and executed.

Considerations for Improvement
- Implementation of Board directives to be further improved with regard to subsidiary entities in order to strengthen Group synergy.
- Strengthen effective succession planning for key and critical positions across the Group, including identification of potential successors at the Board, Board Committees and Key Senior Management level.
- Need to focus efforts on education and development programmes for Directors on Company-specific issues aligned to Affin's strategies.
- The need to focus efforts on Environmental, Social and Governance ("ESG") matters as part of Board agenda.
- Maintain 30% representation of women Board members for AFFIN Bank Berhad pursuant to Practice 4.5 of the MCCG.
- Regular briefings by Economist or 'Subject Matter Experts' on relevant and current issues.
- Casual meetings prior to Board on 'flavour of the month' eg Succession planning, Malaysian politics.
- Conduct regular meetings without Management.
- More critical delibrations and highlights of Management shortcomings during contract renewal exercise.
- Induction programmes for new directors to include overall structure of the Group.

The Board highlighted that moving forward it is the Bank's intention to engage an external consultant on periodical basis to conduct the BEE exercise in line with the recommendation of the MCCG.

3. Delegation by the Board

The Board delegates certain functions to several committees, namely the Group Board Nomination and Remuneration Committee ("GBNRC"), Group Board Audit Committee ("GBAC"), Group Board Credit Review and Recovery Committee ("GBCRRC"), Group Board Risk Management Committee ("GBRMC"), Group Board Compliance Committee ("GBCC") and Group Board Information Technology Committee ("GBITC") to support and assist in discharging its fiduciary duties and responsibilities. The respective Committees report to the Board on matters considered and their recommendations thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

These Board Committees operate under the approved terms of reference or guidelines set by the Board which are in accordance with the BNM CG and consistent with the MMLR as well as the recommendations by the MCCG.

The deliberations and decisions at the Board Committees meetings are escalated to the Board via minutes which are tabled to the Board meeting and reports from the respective Chairman of the Committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

GBCRRC was established to assist the functions of the Board in respect of its inherent authority over approval on financing application/proposals which are considered by the Group Management Credit Committee ("GMCC") (Management Level).

The GBCRRC operates in accordance with the powers and authorities delegated under the terms of reference. Generally, the GBCRRC provides assistance to the Board as follows:-

i. To critically review loans/financing and other credit facilities upon recommendation by the Group Credit Management Division;
ii. To provide an independent oversight of credits by ensuring that there are adequate lending/financing policies, procedures and operating strategies are adhered to;
iii. Generally to ensure that the GMCC has discharged its responsibilities in a proper manner; and
iv. To monitor the progress of recovery efforts.

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

The Board had consolidated the BNRC functions at Group level with effect from 1 August 2020. The establishment of GBNRC is to provide a centralised platform in setting the Group principles, procedures and framework relating to the composition of the Board and Management including their appointment/re-appointment, effectiveness and performance as well as remuneration policy for the Board, Management and the Group as a whole. This Group approach would promote compensation philosophy which would drive performance of the Group as a whole.

The GBNRC would be able to review the diversity, matrix skills of the Board and Management from broader perspective to ensure that it aligns with the Group's strategy and placement of human capital at entity level with the right skills set. GBNRC is chaired by an Independent Non-Executive Director of the Bank, with the objective of providing a formal and transparent procedure in respect of the following:-

i. The selection and appointment of new Directors and PGCEO as well as assessment of effectiveness of individual Directors, Board as a whole, Board Committees and performance of PGCEO and Key Senior Management officers; and
ii. Develop remuneration policy for Directors, PGCEO and Key Senior Management officers and ensuring that compensation is competitive and consistent with the Bank's culture, objectives and strategies.

The GBNRC carries out its roles and responsibilities as stipulated in the terms of reference. The GBNRC is not delegated with decision-making powers but put forward its recommendations to the Board for decision.

The main activities of the GBNRC in 2020 included the following:-

- Review the overall composition of the Board and Board Committees.
- Performance assessment of Key Senior Management Officers for contract renewal.
- Assessment of fitness and propriety of Directors for re-appointment and new candidates for proposed appointment as new Directors.
- Review the remuneration of Directors/Key Senior Management.
- Recommendation to the Board on promotion and appointment of key responsible persons.
- Conduct of the Board Effectiveness Evaluation exercise for FY2020.

(c) Group Board Risk Management Committee ("GBRMC")

The primary objective of the GBRMC is to oversee, assess and examine the adequacy of group risk management frameworks including the policies, procedures and processes of the Bank and its subsidiaries.

The GBRMC is established to assist the Board in respect of the following:-

i. ensuring that the Group wide enterprise risk management framework, policies and guidelines adequately protect the Group against all relevant risks, comprising but not limited to, credit risk, market and liquidity and interest rate risks, operational risks including legal risk, regulatory risks, reputational risk, information technology ("IT"), cyber risks and Shariah non-compliance risk.

ii. overseeing the management of IT and cyber risks including ex-ante risk assessments on e-banking services at the Group; and
iii. implementing a sound remuneration system by examining whether incentives provided take into consideration risks, capital, liquidity and the likelihood and timing of earnings, without prejudice to the tasks of the GBNRC.

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

The primary objective of the GBCC is to oversee, assess and examine the adequacy of group compliance management frameworks including the policies, procedures and processes of the Bank and its subsidiaries.

The GBCC is established to assist the Board in respect of the following:-

i. overseeing the management of the Group's compliance risk by ensuring compliance process is in place and functioning in line with the expectations of the regulators namely BNM, Securities Commission and Bursa Malaysia;
ii. reviewing and recommending compliance risk management philosophy and strategy for Board's approval; and
iii. ensuring clear and independent reporting lines and responsibilities for the overall business activities and compliance functions and recommending organizational alignments, where necessary, to the Board.

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

The primary objective of the GBITC is to assess and examine the adequacy of Group Information Technology (including Digital and Security) management framework and risks including IT controls, policies, procedures and processes of AFFIN Bank Group.

The GBITC is established to assist the Board in respect of the following:-

i. oversee and review the IT and Digital strategies, costs and planning, including the financial, tactical and strategic benefits of proposed major IT and operational related initiatives.
ii. review and assess progress on 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.
iii. review and endorse IT investment proposal from management prior to submission for Board approval.

(f) Management Committees

CORPORATE GOVERNANCE OVERVIEW STATEMENT

4. Board Meetings Supply of information to Board

Board meetings for the ensuing financial year are scheduled in advance before the year end of the current year in order for the Directors to be able to plan ahead and ensure their full attendance at Board Meetings.

The Board holds regular monthly meeting. Special Board meetings may be convened as and when necessary to consider urgent proposals that require the Board's expeditious review or consideration.

In a normal situation, the Bank ensures that attendance at a board meeting, by way other than physical presence, remains the exception rather than the norm, and is subject to appropriate safeguards to preserve the confidentiality of deliberations. Circular Resolution is not a perfect substitute for Board meetings since it does not offer the opportunity for Board members to actively debate the issues circulated and to raise immediate questions or resolutions, which may lead to inappropriate decisions being made.

In view of the Covid-19 pandemic, the Board has leveraged on technology to convene Board and Board Committee meetings. The Board adopted internal Guiding Principles and Protocols for Board, Board Committees and Management as part of the Business Continuity Plan. The Protocol allows the meetings to be convened virtually under a secured platform subscribed by the Bank.

The Board has full and timely access to information on Board matters via materials distributed in advance at least 5 business days from the date of meetings to enable the Directors to obtain further explanation, where necessary, in order to be properly briefed prior to the meetings. All Board members are required to devote sufficient time to prepare for and attend Board meetings.

5. Access to Third Party Experts

In discharging Directors' duties, each Director is entitled to obtain independent professional advice from third party experts at the cost of the Bank.

Independent professional advice shall include legal, accounting or other professional financial advice. Independent professional advice shall exclude any advice concerning the personal interests of the Directors, unless these are matters affecting the Board as a whole and have the unanimous agreement of the Board.

6. Time Commitment

A Director shall notify the Chairman of the Board of his acceptance of any new directorship in public listed companies. In any event the maximum number of appointments in public listed companies shall be limited to five (5) pursuant to the MMLR.

The notification shall include an assurance of his/her continued time commitment to serve the existing Board and that his/her other appointments shall not be in conflict or compete with the existing appointment with the Bank.

The Board is satisfied that each Director has committed sufficient time to the Bank as evident from the Directors' record of attendance at Board meetings held in the financial year ended 31 December 2020. The details of Board and Board Committee meetings attendance are as set out in Corporate Governance Report.

7. Continuing Education and Development

The GBNRC oversees the training needs of the Directors and ensures that the Directors spend sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning in order to keep the Directors abreast with the dynamic and complex business environment as well as new statutory and regulatory requirements.

All new Directors are required to attend the Mandatory Accreditation Programme organised by Bursa Malaysia within four (4) months from the date of appointment and Financial Institutions Directors' Education Programme (FIDE) organised by BNM within one (1) year from the date of appointment.

All existing Directors are also required to attend the Islamic Finance for Board Programme organised by BNM in collaboration with ISRA by 2020, and new Directors are required to attend the said programme within two (2) years from the date of appointment.

Apart from the mandatory training programmes, Directors Orientation/Induction Programme is being organised internally to familiarise new Directors with the Bank's organisation structure, business and the financial industry. The PGCEO together with 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.

The Directors Orientation/Induction Programme is designed to broaden Directors' understanding of the Bank's business operations and its related risk, strategic priorities, people, culture and legal requirements and compliance controls.

The Board vide GBNRC, on a continuing basis, evaluate and determine the training plan for Directors, particularly on relevant new laws and regulations, and essential practices for effective corporate governance and risk management to enable the Directors to sustain their active participation in board deliberations and effectively discharge their duties.

For year 2021, the Board intend to focus on the following training:-
- future ready
- sustainability
- integrated reporting
- emerging risk, regulatory and compliance issues
- new business trends

During the financial year ended 31 December 2020, the Directors have attended the following courses/training programmes:-

No.	Name of Directors	Date	Organised By	Course Programme
1	**Dato' Agil Natt**	13 & 14 January 2020	The ICLIF Leadership & Governance Centre (ICLIF)	Mandatory Accreditation Program (MAP)
		18 March 2020	FIDE Forum	Digital Banking : Why Does It Matter
		14 April 2020	FIDE Forum	Covid-19 and Current Economic Reality : Implications For Financial Stability
		5 May 2020	FIDE Forum	Outthink The Competition : Excelling in a Post Covid-19 World
		14 May 2020	Chartered Institute of Islamic Finance Professionals (CIIFP)	5 Conditions For Transforming Work To Be Worship
		18 June 2020	ICLIF	Board & Executive Pay During Post Covid
		4 August 2020	Asia School of Business (ASB)	Banking On Governance, Insuring Sustainability
		13 August 2020	FIDE Forum	Digital Financial Institutions Series – Fidor's Experience
		21 August 2020	CIIFP	Moratorium 2.0 : Who Wins & Who Loses?
		17 August 2020 to 9 September 2020	Institute for Management Development (IMD)	Digital Transformation Program

CORPORATE GOVERNANCE OVERVIEW STATEMENT

No.	Name of Directors	Date	Organised By	Course Programme
	Dato' Agil Natt (Cont'd)	30 September 2020	Affin Bank Group	Staying relevant in the Age of Disruption and Innovation, a Mindshift Series
		6 & 7 October 2020	ISRA Consultancy	Islamic Finance for Board of Directors Programme
		12 October 2020	Ernst & Young	Insurance Contracts Accounting Standards
		2 November 2020	FIDE Forum	Climate Action : The Board's Leadership in Greening the Financial Sector
2	**En. Mohd Suffian Haji Haron**	30 September 2020	Affin Bank Group	Staying relevant in the Age of Disruption and Innovation, a Mindshift Series
		28 December 2020	Lonpac Insurance & KPMG	"Overview on MFRS 17: Insurance Contracts Overview"
3	**Dato' Abdul Aziz Abu Bakar**	25 September 2020	Institute of Corporate Directors Malaysia (ICDM)	Companies Act Amendment – Section 17 A
		30 September 2020	Affin Bank Group	Staying relevant in the Age of Disruption and Innovation, a Mindshift Series
4	**Dato' Mohd Hata Robani**	10 February 2020	Smart Focus	Compliance – Bursa Malaysia & Security Commission Enforcement / Disciplinary Proceedings & Processes (Case Study)
		30 September 2020	Affin Bank Group	Staying relevant in the Age of Disruption and Innovation, a Mindshift Series
5	**Mr. Chan Tze Ching Ignatius**	9 January 2020	The Asia Society Hong Kong Center	Looking Back to Foresee the Future: 2020 in Politics and Geopolitics by Professor Niall Ferguson, senior fellow of the Hoover Institution (Stanford University)
		14 January 2020	The Bank of East Asia, Limited	Economic & Market Outlook
		13 – 14 January 2020	The Government of the HKSAR and Hong Kong Trade Development Council	Asian Financial Forum
6	**Dato' Rozalila Abdul Rahman**	8 September 2020	BoardRoom	Section 17A – Protecting you and your business with TRUST
		9 September 2020	Institute of Enterprise Risk Practitioners (IERP)	Risk Management and Risk Governance in The New Normal – Consideration for Boards
		28 September 2020	Malaysian Institute of Accountants	Curating "In-Demand" Board Profile for Your Board Journey

No.	Name of Directors	Date	Organised By	Course Programme
	Dato' Rozalila Abdul Rahman (Cont'd)	30 September 2020	Affin Bank Group	Staying relevant in the Age of Disruption and Innovation, a Mindshift Series
		16 October 2020	BoardRoom	Guidelines for Reporting Framework for Beneficial Ownership (BO) of Legal Persons
		3 December 2020	Bursamalaysia	Fraud Risk Management Workshops
7	**Mr. Yuen Wai Hung Peter**	31 March 2020	BEA - Training & Development Department	Information Security Training 2020
		27 April 2020	BEA - Training & Development Department	ESG 2020 Workshop
		21 May 2020	BEA - Training & Development Department	Code of Conduct Refresher 2020 (English Version)
		22 June 2020	BEA - Training & Development Department	Cyber Security Risk Training (Security Best Practice) 2020
		22 June 2020	BEA - Training & Development Department	Personal Data Protection Refresher Training 2020
		13 July 2020	BEA - Training & Development Department	Refresher Training on Operational Risk Incidents Reporting 2020
		5 August 2020	Hong Kong Institute of Bankers	Why Climate Change Matters so much to Banks and Bankers
		6 August 2020	BEA - Training & Development Department	Treat Customers Fairly Refresher Training 2020
		6 August 2020	BEA - Human Resources & Corporate Communications Division	Brunswick's Review of the US-China Relationship and Business Implications
		2 September 2020	BEA - Training & Development Department	Our Culture and Values 2020
		24 September 2020	BEA - Training & Development Department	Anti-Money Laundering and Counter-Terrorist Financing Refresher Training 2020 (Comprehensive Version)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

No.	Name of Directors	Date	Organised By	Course Programme
	Mr. Yuen Wai Hung Peter (Cont'd)	11 September 2020	Affin Bank Group	Proposed Induction/Orientation Session for New Board Members
		30 September 2020	Affin Bank Group	Staying relevant in the Age of Disruption and Innovation, a Mindshift Series
		19 October 2020	BEA - Training & Development Department	Reputation Risk Management 2020
		19 October 2020	BEA - Training & Development Department	Compliance with Regulatory Requirements – An Overview and Ongoing Refresher for the Bank's Staff 2020 (Course B)
		16 November 2020	BEA - Training & Development Department	Cyber Security Risk Training (Common Cyber Threat and Basic Security) 2020
		2 December 2020	BEA - Training & Development Department	Fraud Risk Management - Internal Fraud 2020
8	**Puan Marzida Mohd Noor**	29 – 1 July & 6 – 9 July 2020 (Module A) 13 – 17 July & 20 – 21 July 2020 (Module B)	ICLIF	BNM FIDE Core Programme – Banks
		3 September 2020	FIDE Forum	BNM-FIDE Forum Annual Dialogue – With The Governor of BNM
		30 September 2020	Affin Bank Group	Staying relevant in the Age of Disruption and Innovation, a Mindshift Series
		4 & 5 November 2020	ISRA Consultancy	Islamic Finance for Board of Directors Programme
		23 November 2020	Asia School of Business	FIDE Simulation Exercise
		13, 14, 15, 28, 29 November 2020	IMD Business School	Leading Digital Business Transformation
9	**Mr. Gregory Fernandes**	15 – 17 June 2020	ICLIF	Mandatory Accreditation Program (MAP)
		18 June 2020	ICLIF	Board & Executive Pay During and Post Covid-19
		30 September 2020	Affin Bank Group	Staying relevant in the Age of Disruption and Innovation, a Mindshift Series

III REMUNERATION

1. Board Remuneration

The GBNRC recommends specific remuneration packages for Non-Executive Directors, and is structured such that it is competitive and consistent with the Bank's culture, objectives and strategies as well as ensuring that it commensurates with the level of responsibilities undertaken and contributions made by the Directors to the effective functioning of the Board and drive the Bank's long-term objectives.

The remuneration package for the Directors of the Bank comprises the following:-

Directors' Fees	The Directors are entitled to Annual Directors' fees
Board Committees Fees	Directors who sit on Board Committees are entitled to receive Board Committee fees
Meeting allowances	Directors are entitled to Meeting allowances when they attend any Board/ Board Committee meetings

The Directors' fees and benefits-in-kind payable to Directors are subject to shareholders' approval at the Annual General Meeting.

In determining the level of remuneration for Directors, the Board may commission a survey of the remuneration levels of Directors, to be carried out either by external consultants or Senior Management. The survey should cover the remuneration levels of Directors of an organisation in a similar industry, size and location. The report shall be tabled to the GBNRC and the Board for deliberation.

The Board may from time to time review the Directors' Remuneration package to ensure it continues to support the strategies and long- term vision of the Bank and yet at the same time, is able to attract talent, nurture and retain high caliber Directors, whilst taking into account the interest of other stakeholders, including shareholders and employees.

The details of the Directors' remuneration are set out in the Financial Statements in this Annual Report 2020.

2. Senior Management Appointments and Removals

Senior Management is responsible and accountable for the sound and prudent day-to-day management of the Bank, in accordance with the direction of the Board. They are appointed to key positions of the Bank to provide strategic leadership which influences the financial position and future direction of the Bank.

Persons in these key positions must have the necessary qualities, competencies and experience that will allow them to perform their duties and carry out the responsibilities required of their position in the most effective manner.

The Bank shall submit to the GBNRC and ultimately to the Board for deliberation/approval on new appointment, re-appointment and removal of PGCEO and Senior Management.

Senior Management appointments and removals are governed by the standards in BNM CG which stipulates that members of Senior Management must fulfill the minimum requirements at the time of appointment and on a continuing basis. Individual Senior Management is assessed to have met all the fit and proper criteria based on BNM Policy Document on Fit and Proper Criteria.

3. Senior Management Remuneration

It is the Bank's basic compensation philosophy to provide a competitive level of total compensation to attract and retain qualified and competent staff. The Bank's variable remuneration policy will be driven primarily by a performance-based culture that aligns staff interests with those of the shareholders of the Bank.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Bank's remuneration policy considers the role of each staff and has set guidance on whether they are under Key Senior Management, Other Material Risk Taker (OMRT) or other employees category.

The objectives of the Remuneration Policy is to ensure that the remuneration system of the Bank:-

i. Rewards individuals for the achievement of the Bank's objectives and motivates high levels of performance;
ii. Rewards exceptional performance by individual through the Performance Management System;
iii. Allows the Bank to compete effectively in the labour market and to recruit and retain high calibre staff;
iv. Achieves fairness and equity in remuneration and reward.

The Bank's remuneration is made up of two main components namely "fixed pay" and "variable pay":-

i. Fixed pay consists of base salary and fixed allowances that are pegged to the market value of the job.
ii. Variable pay rewards employees based on the performance of the Division, Department and Bank; and the employee's individual performance.

The Bank implemented the Deferred Discretionary Performance Bonus for the PGCEO and Senior Management. The objective of the deferred bonus is to align short-term compensation payment with the time-based risk, and to encourage employees to deliver sustainable long-term performance.

PRINCIPLE B — EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Group Board Audit Committee ("GBAC")

The GBAC established by the Board comprises six (6) Independent Non-Executive Directors. The GBAC members have the relevant accounting or related financial management experience or expertise. The Chairman of GBAC, Mr Gregory Jerome Gerald Fernandes has vast experience in accounting.

The roles and responsibilities of the GBAC are set out under the Board Audit Committee Report on pages 208 to 220.

With the wide range of skills, knowledge and experience, the GBAC members are able to understand, analyse and challenge the financial reporting process and discharge their duties effectively. The members had attended relevant professional trainings during the year and will continue to keep themselves abreast of the relevant developments in accounting and auditing standards, practices and regulatory requirements.

2 Group Board Risk Management Committee ("GBRMC")

The GBRMC is responsible for overseeing risk management activities in managing credit, market, liquidity, operational, legal, reputational and other material risks as well as ensuring that the risk management process and framework are in place and functioning effectively.

GBRMC is responsible for setting the overall tone of the Group and the Bank's strategy in ensuring effective communication and integration of risk appetite and compliance within the business strategy, operations and culture.

The Committee supports the Board in oversight responsibilities on internal controls, and risk management and strategies, policies, processes, frameworks and other risk related matters. It has the responsibility of reviewing and/or approving risk management and policies, guidelines and reports.

3. Independence of External Auditors

The Bank's External Auditors play an essential role to the shareholders by enhancing the reliability of the Group's financial statements and giving assurance of that reliability to users of these financial statements. The GBAC manages the relationship with the External Auditors on behalf of the Board. The GBAC reviews and considers the re-appointment, remuneration and terms of engagement of the External Auditors annually.

The GBAC meets with the External Auditors at least twice a year to discuss their audit plans and audit findings in relation to the Group's financial statements. Private sessions between the GBAC and the External Auditors were held without the presence of the PGCEO and the Management to discuss the audit findings and any other observations they may have had during the audit process. In addition, the External Auditors are invited to attend the Annual General Meeting of the Bank and be available to answer shareholders' enquiries on the conduct of the statutory audit and the preparation and content of their audit report.

The External Auditors have confirmed their independence and that there were no circumstances and relationship that create threats to their independence and that the ethical requirements have been complied with. The GBAC has also reviewed the nature and extent of non-audit services rendered by the External Auditors and ascertained that there is no conflict of interest.

The amount of non-audit fees payable to the external auditors and their associates during the financial year 2020 is set out in the Financial Statements in this Annual Report 2020.

4. Risk Management and Internal Control Framework

The Bank recognises the importance of maintaining a sound system of internal controls and risk management practices. The Board affirms its overall responsibility for the effectiveness of the Bank's internal controls and risk management framework.

The Bank's Statement on Risk Management and Internal Control which provides an overview of the state of internal controls of the Bank is set out on pages 200 to 207.

5. Internal Audit Function

The Bank has an Internal Audit function that is supported by the Group Internal Audit Division. The Bank's Internal Audit ("IA") provides independent and objective assurance of the adequacy and effectiveness of the internal controls framework. The IA staff is placed under direct authority and supervision of the GBAC to preserve its independence. The Group Chief Internal Auditor reports functionally to GBAC and administratively to PGCEO. Details of the Internal Audit function, together with the state of the Group's internal controls, are set out in the Board Audit Committee Report on pages 208 to 220 and Statement on Risk Management and Internal Control on pages 200 to 207 of the Annual Report 2020.

PRINCIPLE C — INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

1. Effective Communication with Shareholders

The Board and Management recognised the importance of maintaining good relationship with shareholders and stakeholders and is committed to providing effective and open two-way communication to improve disclosure and transparency.

The Bank continuously ensure that timely, complete, transparent and accurate disclosures are made to the shareholders and stakeholders in accordance with the requirements of BNM CG and MMLR. Various communication channels are used to promote effective communication between the Bank and its stakeholders which includes quarterly results announcement, analyst briefing, general meetings and issuance of Annual Report.

Annual General Meeting is an important platform for the shareholders to interact and communicate directly with the Board and Management. Shareholders are furnished with the Bank's Annual Report which include amongst others, Directors' Report, Financial Statements and operational performance of the Bank.

The notice of the Annual General Meeting together with the Annual Report are sent to the shareholders 28 days ahead before the Annual General Meeting so as to give sufficient time for the shareholders to consider the resolutions that will be discussed and voted at the Annual General Meeting. During the Annual General Meeting, shareholders are given the opportunity to raise questions or seek clarifications on the agenda items as well as other matters concerning the Bank.

All resolutions deliberated during the General Meetings will be put to vote by way of poll and the voting results will be released to Bursa Malaysia on the same day.

2. Focus areas on Corporate Governance

The Board had in 2020 directed its focus on the core duties of the Board which is grounded on the creation of long-term value for stakeholders. Corporate Governance areas which gained heightened attention from the Board during the financial year ended 31 December 2020 are as follows:-

Board Composition

The present size and composition of the Board are optimum to provide for a diversity of views, facilitate effective decision making, and appropriate balance of executive, independent and non-independent directors.

The present Board has the appropriate combination of experience and expertise in banking and finance, accountancy, risk management strategic management and information technology.

The Board/GBNRC took note on the need to strengthen and crafted effective succession planning for the Board and have a 'live' source for potential Board candidates with accountancy, IT, legal or risk management background, from the industry's talent pool, available databases on female Directors and the Group Directors' existing networks.

The current composition of the Board fairly represents the ownership structure of the Bank, with appropriate representations of minority interests through the Independent Non-Executive Directors. The Independent Directors fulfill a pivotal role in providing unbiased and independent views, advice and judgement, taking into account the interest of the Bank as well as shareholders, employees, customers and communities in which the Bank conducts its business.

The Independent Directors who are of high calibre and possess wealth of experience ensure that there are robust discussions during the Board or Board Committee meetings. They exercise strong independent judgement and do not shy away from asking hard and uncomfortable questions during deliberations and willing to challenge Management at all times.

The profile of each Director is set out on pages 28 to 37 of this Annual Report.

Sustainability Report

The Bank has established a sustainability report in accordance with the Sustainability Guide issued by Bursa Malaysia and other guidance in identifying, evaluating and managing Economic, Environmental and Social (ESS) risks and opportunity of the Bank.

The Board views that the sustainability report is significant as stakeholders which include investors, customers, employees, suppliers, NGOs, local communities, etc. are now more aware of the impact that businesses have on the economy, environment and society.

Voting in absentia/Remote Shareholders Participation at General Meetings

The Bank had conducted its first fully virtual Annual General Meeting (AGM) on 27 July 2020 in view of the Covid-19 outbreak and the Government's directive on Movement Control Order (MCO). Shareholders participated and voted at the said AGM via e-platform provided by the share registrar of the Bank.

The Bank will continue to leverage on technology and improve the process of virtual general meetings to enhance shareholders experience.

Corporate Governance Priorities

The Bank has applied all recommended practices in MCCG save for the following:-

Practice 7.2	The remuneration of Top-5 key Senior Management
Practice 11.2	Integrated Reporting

Moving forward, the Bank will continue to refine and work towards achieving high quality outcomes in the realm of corporate governance. The Board has identified the following forward-looking action items that will help to achieve its corporate governance objectives:-

1. **Disclosure of Directors and Senior Management's Remuneration**

   The Board wishes to give assurance that the remuneration of Directors and Senior Management commensurate with their individual performance, taking into consideration of the Bank's performance as it is benchmarked against the market. The remuneration packages of Senior Management are based on experience, expertise, skills and industry benchmark. Total remuneration of its employees is also set out in the Audited Financial Statements for financial year ended 31 December 2020 which allow shareholders to assess whether the remuneration of Directors and Senior Management commensurate with their performance taking into consideration of the Bank's performance. The Board may consider disclosing the aggregate of the top 5 Senior Management's remuneration component including salary, bonus, benefits in-kinds and other emoluments.

2. **Integrated Reporting**

   The Company has yet to adopt an integrated reporting. The Board acknowledges that integrated reporting goes beyond a mere combination of the reports in the Annual Report into a single document. Nevertheless, there are coordination efforts among cross-functional departments in preparing the various statements and reports in the Annual Report. The Board may consider adopting integrated reporting in future.

LOOKING AHEAD

With global market conditions expected to remain challenging and the world still in the grips of the pandemic, active corporate governance and robust systems of oversight are critical. The Bank's rigorous governance framework has kept the Group agile and effective in uncertain times, sustaining growth and steering the Bank to new strengths. The Board will continue to refine the Group's governance structure, sustain ethical corporate culture and guide the Management on the furtherance of the Group's Sustainability Plan. The Bank will maintain a close watch on the rapidly evolving market conditions, and confident that it has the right governance structure and team in place to maintain the momentum of high-performance business units in leading the Group towards greater resilience and recovery

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CORPORATE GOVERNANCE & BOARD'S OVERSIGHT

a. The Board recognises and exercises overall responsibilities in promoting good corporate governance and ensuring sound system of internal controls and risk management practices are maintained throughout the Bank and its subsidiaries ("the Group").

b. The Group's Corporate Governance Framework is consistent and complies with the following requirements and guidelines:
   - Malaysian Code of Corporate Governance 2018 ("MCCG 2018")
   - Bank Negara Malaysia's ("BNM") Corporate Governance Policy ("BNM CG Policy 2016")

c. The Board is of the view that the system of internal controls instituted by the Group's operating units for the year under review and up to the date of annual report is sound and sufficient to safeguard shareholders' investment, customers' interests and the Group's assets.

d. Notwithstanding this, there are continuous reviews to ensure the effectiveness, adequacy and integrity of the system. The control procedures are designed to manage rather than to eliminate completely all risks of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material errors, losses, fraud or the occurrence of unforeseeable circumstances.

e. The Board meets regularly to discuss matters related to system of internal controls which cover inter alia financial, operational, compliance controls and risk management procedures.

f. The Board extended the responsibilities of the Group Board Audit Committee ("GBAC"), Group Board Risk Management Committee ("GBRMC") and Group Board Compliance Committee ("GBCC") to include the role of oversight of financial reporting, disclosures, internal controls, compliance and risk management strategies, policies and other risk related matters.

g. All GBAC and GBCC members are Independent Non-Executive Directors, while GBRMC comprises majority Independent Non-Executive Directors.

h. Board receives regular reports from the Group's management relating to financial performance, key operating statistics, legal and regulatory compliance, breaches of law or regulations, unauthorised activities, and fraud.

GROUP BOARD AUDIT COMMITTEE ("GBAC") AND GROUP INTERNAL AUDIT ("GIA")

a. Group Board Audit Committee ("GBAC") is a Board delegated committee in charge of the oversight on financial reporting, disclosures and internal controls. GBAC comprises four (4) independent non-executive directors.

b. The principal responsibility of GBAC is to provide independent appraisal on the adequacy and effectiveness of internal control and governance process implemented by Management.

c. In evaluating internal controls, GIA adopts the 5 components set out in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission ("COSO"); namely control environment, risk assessment, control activities, information and communication, and monitoring activities. COSO is an internationally recognised organisation providing thought leadership and guidance on internal control, enterprise risk management and fraud deterrence.

d. The GBAC regularly reviews and holds discussions with management on the action taken on internal control issues identified by Group Internal Audit, external auditors and regulatory authorities.

e. All significant and material findings by GIA, external auditors and regulators are reported to GBAC for reviews and deliberation and subsequently escalated to the BOD.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

GROUP BOARD AUDIT COMMITTEE ("GBAC") AND GROUP INTERNAL AUDIT ("GIA")

f. The GBAC, through GIA, follows up and monitors the status of actions on recommendations made by GIA, the external auditors and regulatory authorities. In addition, it can direct investigations in respect of any specific instances or events, which are deemed to have violated policies and procedures that have a material impact on the Group.

g. GIA prepares the annual audit plan, ensures the adequacy of resources and obtains endorsement from the GBAC.

h. Shariah related findings are escalated to the Shariah Committee.

i. GIA also undertakes investigations into suspected fraudulent activities, staff misconduct, whistleblowing cases and other incidences, as and when required, and recommends appropriate improvements to prevent recurrence.

j. GIA has unrestricted access to information required in the course of its work. GIA's scope of work encompasses all business and support units throughout the Group. The scope is in accordance with The Institute of International Auditors' ("IIA") International Standards for the Professional Practice of Internal Auditing and relevant regulatory guidelines.

k. GIA continuously conducts awareness programs/training on controls and compliance including controls certification programs to further strengthen staff knowledge (inter & intra department) in creating a robust control and compliance environment.

l. GIA was awarded the rating of "Generally Conforms" in an external independent review in 2019 against the requirements of The Institute of Internal Auditors' ("IIA") International Standards for Professional Practice of Internal Auditing and the pertinent regulations.

m. All related party transactions and audit and non-audit related fees proposed by external auditors or Chief Financial Officer ("CFO") are reviewed by GBAC.

GROUP RISK MANAGEMENT FRAMEWORK

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

GROUP RISK MANAGEMENT FRAMEWORK

The risk management approach of the Group is underpinned by a sound and robust Group Risk Management Framework ("GRMF"), which is continuously enhanced to remain relevant and resilient in ensuring effective management of risk. The GRMF is supported by the following elements:

a. Governance

- A robust risk governance structure is in place to proactively manage risk within the Group through the establishment of risk appetite and risk management policy as well as the implementation of risk management policy and risk compliance.
- GRMF is governed by a strong oversight function comprising the Board and Management Committees.
- The governance of risk is further supported by the Three Line of Defense Model which outlines the functional segregation and key responsibilities of the independent oversight functions and business units.

b. Risk Appetite

- The Group's risk appetite defines the amount and types of risk that the Group is able and willing to accept in pursuit of its business objectives.
- It sets out the level of risk tolerance and limits to govern, manage and control the Group's risk-taking activities.
- The strategic objectives, business plans, desired risk profile and capital plans are aligned to the risk appetite.
- The processes for assessing, setting, controlling, monitoring and reporting risk appetite are outlined in the Risk Appetite Framework.

c. Risk Culture

- Risk culture stems from the values, beliefs, knowledge and understanding about risk shared by the employees within the Bank.
- Effective implementation of the GRMF is grounded on a robust and healthy Risk Culture, achieved through components of Tone from the Top, accountability, effective communication and financial/non-financial incentives.

d. Risk Management Policy

- Risk Management Policy is a statement of the Bank's overall intentions and approach with respect to certain areas of risk management. Risk Management Policies should clearly state the objectives for, and commitment to, risk management.
- The GRMF is supported by several Risk Management Policies which address the respective risk areas in further detail. At minimum, these policies would entail:
  a) The rationale for managing the risk area
  b) Links between the Bank's objectives and the Risk Management Policy
  c) Accountabilities and responsibilities for managing risk
  d) Commitment to make the necessary resources available to assist those accountable and responsible for managing risk
  e) The way in which risk management performance will be measured and reported
  f) Commitment to review and improve the Risk Management Policy periodically and in response to an event or change in circumstances
- Adherence to Risk Management policies is mandatory and only exceptions allowable under the policy are exercisable within reasonable documented justification in writing.

e. Risk Management Organisation

- While GRM is mandated to carry out the risk management function, risk management is fundamentally the responsibility of everyone within the Bank.
- Risk Management Organisation indicates that the appropriate structure is in place to support risk management and risk ownership at all levels of the Bank. In a mature Risk Management Organisation, risk is viewed, addressed and owned by each staff.
- The effectiveness of a Risk Management Organisation stems from the positive implementation of all elements within the GRMF.

TECHNOLOGY RISK MANAGEMENT FRAMEWORK

a. The Technology Risk Management Framework ("TRMF") sets out the Group's expectations in managing technology risks and enhance technology resilience. The mission of TRMF is "to provide a framework that ensures the confidentiality, integrity and availability of the Group's information infrastructure and the underlying data".

b. The TRMF covers the control objectives and minimum standards to guide the Group and entities' IT department, third party service providers and other technology related services / functions / departments in managing the technology risk involved in daily operations. It is imperative that employees at all levels understand their roles and responsibilities in managing technology risk, that is, the risk associated with the operation and use of information systems to support the missions and business functions of the Group.

c. Technology Risk Management Department plays an advisory role in fostering an organisational climate where technology risk is considered within the context of the design of business process, enterprise system architecture and system development life cycle.

GROUP COMPLIANCE FRAMEWORK

The respective significant operating entities have put in place a Compliance Framework. The compliance main function is to facilitate, educate and monitor the management of business and support units/entities' activities to act in accordance with relevant laws, regulations and guidelines. In line with good governance, Compliance Division reports independently to Group Board Compliance Committee ("GBCC").

a. Policies and Procedures

Policies and Procedures are reviewed on a periodic basis or as and when required to reflect the changes in applicable legal/ regulatory requirements and business practices.

b. Compliance Culture

The compliance culture is driven with a strong tone from the top, complemented by the tone from the middle, to embed the expected values and principles of conduct that shape the behavior and attitude of employees at all level of business and activities across the Group.

c. Compliance Program

The Compliance Program consist of planned activities which include implementation of policies, compliance risk assessment, compliance testing as well as compliance review plan. This program will be regularly reviewed and continuously improved to incorporate regulatory and industry changes.

d. Compliance Risk Management

System and tools established as enabler to support and monitor the effectiveness of the compliance risk management processes.

e. Training

Scheduled trainings are regularly conducted to create compliance awareness amongst the staff.

f. Anti-Money Laundering/Counter Financing Terrorism ("AML/CFT")

AFFIN Group continues to strengthen its enterprise wide AML/CFT program by enhancing its risk-based approach to ensure that the key measures emplaced to prevent and mitigate money laundering and terrorist financing commensurate with the business and compliance risks that have been identified and assessed. AFFIN Bank Group will remain vigilant over the level of compliance at the business segments with regards to AML/CFT requirement and measures. Thematic audits will continue to be carried out on branches and subsidiaries for AML/CFT compliance, on a regular basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

SHARIAH SUPERVISION AND COMPLIANCE FRAMEWORK

a. The Shariah Committee ("SC") of the respective subsidiaries are responsible for overseeing all Shariah matters of the Group. The Shariah Committee, amongst others, ensures that the Shariah rulings relating to Islamic banking and products and services comply with the fundamental Shariah precepts and resolutions by the relevant Shariah authorities.

b. Shariah Committee acts as an adviser on Shariah matters to all business and support units within the subsidiaries in carrying out their Islamic financial activities.

The Shariah Supervision and Compliance Framework ("SSCF") is the enterprise-wide Shariah management plan consisting of Shariah governance mechanisms to be undertaken by relevant sections across the Group. The implementation of the SSCF is in line with BNM's requirements effected through the following functions at the subsidiaries:

- **Shariah Research**
  - The Shariah Research comprises qualified Shariah officers who conduct the pre-product approval process, research, vetting of issues for submission and undertake administrative duties relating to the Shariah Committee.

- **Shariah Review**
  - The Shariah Review comprising of qualified Shariah officers, is responsible for conducting the Shariah compliance review function.
  - The Shariah Review has established procedures manual which sets out the Shariah compliance review function, encompassing regular assessment on Shariah compliance in the activities and operations of the subsidiaries, including examining and evaluating the level of compliance to the Shariah, remedial rectification measures to resolve non-compliances and control mechanisms to avoid recurrences.

- **Shariah Risk Management**
  - Shariah Non-Compliance ("SNC") risk is identified as one of the material risks under its Islamic banking business. In this regard, Affin Bank Group has established a dedicated Shariah Risk Management team to facilitate a systematic and consistent approach in managing SNC.

- **Shariah Audit**
  - Group Internal Audit Division provides independent assurance on the efficiency and effectiveness of the internal control systems and related policies and procedures implemented by management governing Islamic products and services. Findings related to Shariah products and services including SNC risk are reported to the Shariah Committee of the respective subsidiaries and GBAC.

SYSTEMS OF INTERNAL CONTROLS

To ensure adequacy and integrity of the Group's system of internal controls, the Board and Senior Management have established the following processes:

a. Clearly defined delegation of responsibilities to committees of the Board and to Management, including organisation structures, functions and appropriate authority levels;

b. Risk management framework, business continuity management framework, code of conduct, human resource policies and performance reward system to support business objectives, risk management and the system of internal control;

c. Defined policies and procedures to control applications, environment and security of information systems/ technologies/ infrastructure;

d. Regular review/ updates of internal policies and procedures, to adapt to dynamic risk profiles and mitigating operational deficiencies;

e. Periodic self-assessment of controls and processes by all business and support units for managing key risks;

f. Regular senior management meetings to review, identify, discuss and resolve strategic, operational, financial and key management issues/ risks;

g. Regular and comprehensive management reports/ updates are made available to the Board on various frequencies, covering financial performance and key business indicators, which allow for effective monitoring of significant variances between actual performance against budgets and plans; and

h. Regular reviews of the Group's activities by the Group Internal Audit, to assess the effectiveness of the control environment and to highlight significant control gaps impacting the Group.

i. Escalation Process

   - The channels of communication and procedures have been established for reporting immediately to the Board and appropriate levels of management any significant control failings or weaknesses that are identified together with details of corrective action being undertaken.

   - Corrective Action Tracking on resolution of issues/findings highlighted by external audit, Group Internal Audit and regulators, if any, have also been escalated to Group Management Committee Meeting ("GMCM"), GBAC, Shariah Committee (on Islamic Banking only) and BOD.

j. Policies/Procedures including Empowerment and Approving Authority Policies

   - Policies and Procedures covering all functions have been developed throughout the Group and approvals have been obtained from the relevant committees and Board. The policies and procedures are updated timely to incorporate changes to systems, work environment and guidelines issued by regulators.

   - Empowerment and Approving Authority Policies
     There is a clearly defined framework and empowerment approved by the main operating subsidiaries' respective Board for acquisitions and disposals of property, plant and equipment, awarding tenders, applications for capital expenditure, writing off operational and credit items, approving general expenses including donations, gift policy, etc.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

SYSTEMS OF INTERNAL CONTROLS

k. Whistleblowing Policy

- AFFIN Bank Group Whistleblowing Policy (Policy) encapsulates the governance and standards to promote an ethical, responsible and secure whistleblowing practice. This is in line with the requirements of BNM's Corporate Governance Policy and the principles as prescribed in the Whistleblower Protection Act 2010. The core of the Policy is aimed to provide a proper and secured avenue for AFFIN Bank Group employee and/or member of the public who has knowledge or is aware of any improper conduct to report any suspected fraud, corruption, criminal activity or unethical conduct/behaviour by any staff of the Bank, without facing any adverse consequences, such as retaliation.
- All whistleblowing cases are being reported to the Whistleblowing Committee.
- The Bank and its subsidiaries ("the Group") is wholly committed to ensure strict confidentiality and will not only protect the identity of the complainant but will also protect the complainant from any harassment and victimisation at work due to the disclosure.

l. Annual Business and Capital Plan

- The significant operating entities' annual business plan and financial budget is tabled and approved at their respective Boards.
- A structured framework and processes with regards to capital expenditure and revenue is in place.
- The internal capital targets are being set on a yearly basis.
- The variances between the actual and targeted results are presented to the Board on a periodic basis to allow for timely responses and corrective actions to be taken to mitigate risks.

m. Anti-Fraud Policy

- The Anti-Fraud Policy outlines the vision, principles and strategies for the Group to instil a culture of vigilance to effectively manage fraud which includes detection, escalation, remedy and deterrence of future occurrences. Robust and comprehensive tools and programmes are employed to reinforce the Policy, with clear roles and responsibilities outlined at every level of the organisation. The Bank management has zero tolerance to fraud and demands high standards of integrity in every employee. Appropriate disciplinary action is taken against employees involved in fraud, in line with the consequence management framework. .

n. Human Resources

- The Group acknowledges that people development is critical in ensuring that employees have the right competencies for the tasks they are entrusted with, and are able to exercise sound judgment when fulfilling those responsibilities.
- HR Policies and Procedures ("HRPP")
  - HRPP is in place and provide clarity for the organisation in all aspects of human resource management in the Group.
  - Periodically, the HRPP is reviewed to ensure policies and procedures remain relevant and appropriate controls are in place to manage operational risks. Changes, if any, are communicated to all employees via intranet.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

SYSTEMS OF INTERNAL CONTROLS

- Code of Ethics
  - The Group's Code of Ethics and Conduct sets out sound guiding principles and standards of good practice to be observed by all.
  - The Group has adopted and institutionalised Bank Negara Malaysia's Code of Ethics for banking institutions in all its entities. It is the minimum code of conduct that is expected from all employees encompassing all aspects of its daily business operations.
- Human Resources has in place various initiatives and training programs to address the human capital requirement, including knowledge management.
- A performance-based appraisal system to evaluate and compensate/reward its employees accordingly is in place. Staff performance assessment is done annually.
- Consequence Management ("CM")
  - The Group has in place and adopts CM process in dealing with business or support units (or staff) whom fail to maintain its standard of internal control and compliance, to a level acceptable by the Board, GBAC and Management.
  - Current Policy and Process also links consequence of misconduct and disciplinary action vis-a-vis staff annual performance rating and compensation.
- The recruitment process including screening process is in place.
- The e-learning facility at Affin Bank and Affin Islamic Bank provides staff the freedom of time and space to learn and update their knowledge at their convenience while meeting the organisation's needs for its employees who are spread across geography to be competent in key areas.

ASSURANCE FROM MANAGEMENT

a. The Board has received reasonable assurance from the President and Group Chief Executive Officer and Chief Financial Officer that the Group's risk management and systems of internal control are operating adequately and effectively in all material aspects during the financial year under review based on Shariah requirements, Risk Management and Internal Control system adopted by the Group.

b. Taking into consideration the assurance from the management and input from the relevant assurance providers, it is viewed that the Group's risk management and systems of internal control are operating adequately and effectively to safeguard shareholders' investments, customers' interests and the company's assets.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

a. The Statement on Risk Management and Internal Control has been reviewed by the external auditors for inclusion in the annual report for the financial year ended 31 December 2020. It is in line with Audit and Assurance Practice Guides ("AAPG") 3 (Revised) by Malaysia Institute of Internal Auditors ("MIA") and para 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing requirements.

GROUP BOARD AUDIT COMMITTEE REPORT

The Board of AFFIN Bank Group is pleased to present the Report on Group Board Audit Committee (GBAC) for the Financial Year ended 31 December 2020.

GROUP BOARD AUDIT COMMITTEE

The GBAC comprises the following Directors and the current members are all Independent Non-Executive Directors. The details of the GBAC membership and meetings attended are as follows:-

	NAME OF COMMITTEE MEMBER	ATTENDANCE
1.	**Mr. Gregory Jerome Gerald Fernandes** Chairman/Independent Non-Executive Director (Appointed as Chairman on 01 May 2020)	6/6
2.	**Dato' Mohd Hata Bin Robani** Member/Independent Non-Executive Director (Redesignated as Chairman on 16 February 2020 and subsequently as member on 1 May 2020)	11/11
3.	**Associate Prof Dr Said Bouheraoua** Member/Independent Non-Executive Director of Affin Islamic Bank Berhad	11/11
4.	**Dato' Rozalila Binti Abdul Rahman** Member/Independent Non-Executive Director	11/11
5.	**En. Abd Malik Bin A Rahman** Member/Non-Independent Non-Executive Director (Retired as Chairman on 16 February 2020 and subsequently resigned as member on 15 April 2020)	3/4
6.	**Mr. Chan Tze Ching Ignatius** Member/Non-Independent Non-Executive Director (Resigned as member on 24 July 2020)	6/7

TERMS OF REFERENCE

01. OBJECTIVE

GBAC is established as a Committee of the Board of Directors. The primary objectives of GBAC are to:-

a. Establish the framework for and oversee the audit function of AFFIN Bank Group;

b. 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 AFFIN Bank Group;

c. Implement and support the function of the Board by reinforcing the independence and objectivity of the Group Internal Audit (GIA); and

d. Ensure that Internal and External Audit functions are properly conducted and audit recommendations are implemented timely and effectively.

02. COMPOSITION AND APPOINTMENT

a. GBAC shall have at least three (3) members of whom all must be Non-Executive Directors with a majority of them being Independent Directors. The Chairman of the Committee shall be an Independent, Non-Executive Director. No Alternate Director shall be appointed to the GBAC;

b. At least one (1) member of the Committee must be a qualified accountant;

c. The members shall collectively possess sufficient knowledge of audit, finance, specific industry knowledge, IT, law, governance, risk and control. Since the responsibilities of the audit committee evolve in response to regulatory, economic and reporting developments, it is important to periodically re-evaluate member's competencies and the overall balance of skills on the committee in response to emerging needs;

d. GBAC members and the Chairman shall be appointed by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee;

e. The Board shall review the GBAC Charter, Terms of Reference and performance of the GBAC and each of its members at least once every three (3) years to determine whether the GBAC has carried out its duties in accordance with its Terms of Reference;

f. If a member of the Committee resigns or for any reason ceases to be a member of the GBAC resulting in non-compliance with the requirements, then the Board shall, within three (3) months of the events, appoint such number of new members as required;

g. The GBAC shall have no executive powers; and

h. The composition of AFFIN Bank Group's GBAC complies with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia, at all times throughout the year 2020 and as at the date of this report.

03. QUORUM

The quorum for a meeting of the Committee shall be two thirds (2/3) of the Committee with the majority present being Independent, Non-Executive Directors. If the Chairman is unable to attend any meeting, any other Independent, Non-Executive member present shall act as Chairman. All resolutions of the Committee shall be adopted by a simple majority vote, each member having one (1) vote. In case of equality of votes, the Chairman shall have a second or casting vote.

GROUP BOARD AUDIT COMMITTEE REPORT

TERMS OF REFERENCE

04. ATTENDANCE OF MEETINGS

a. The notice of meeting shall be served to the GBAC members at least seven (7) days before the meeting. The agendas and GBAC papers are to be circulated at least five (5) days before each meeting;

b. The Group Chief Internal Auditor (GCIA) is invited to attend all meetings of the GBAC;

c. The Committee may invite other Board members, members of Management, External Auditors or any employees as applicable to participate in the GBAC meetings as necessary to carry out the Committee's responsibilities; and

d. All the original Minutes of GBAC meetings are in the custody of the Company Secretary and shall be signed by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting. The signed minutes shall be conclusive evidence without any further proof of the facts thereon stated. Minutes of each meeting shall be distributed to the GBAC members and all other members of the Board.

05. FREQUENCY OF MEETINGS

a. The GBAC shall meet at least six (6) times in a financial year with the objective of reviewing the internal audit reports and AFFIN Bank Group's financial reporting. The interval between meetings shall not exceed four (4) months. The GBAC complements this through regular meetings with the Senior Management and both the Internal and External Auditors to review the AFFIN Bank Group's overall state of governance and internal controls;

b. To ensure that critical issues are highlighted to all Board members in a timely manner, where possible, the GBAC meetings are convened before the Board meetings. The GBAC, through its Chairman, shall report to the Board after each meeting, where issues can be further deliberated, if necessary; and

c. Besides the minimum of six (6) GBAC meetings in a year, additional meetings shall be scheduled whenever deemed necessary by the GBAC's Chairman or the majority of the Committee members.

06. AUTHORITY

The GBAC is authorised by the Board to:-

a. Investigate any activity or matter within its Terms of Reference;

b. Be able to obtain external legal or other independent professional advice or other necessary resources to perform its duties;

c. Have full and unrestricted access to any information pertaining to the Group;

d. Maintain direct communication channels with the External Auditors, GIA and all employees within the Group;

e. Be able to convene meetings with the External Auditors and GIA; excluding the attendance of the members of Management Committee at least twice a year; and

f. Report to the Regulatory Bodies on matters duly reported by it to the Board which have not been satisfactorily resolved resulting in a breach of any regulatory requirements.

TERMS OF REFERENCE

07. FUNCTIONS AND DUTIES

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

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

b. To ensure that the accounts 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 AFFIN Bank Group;

d. To act upon any request from the Board to investigate and report on any issues of concern as regard to the Management of the Group;

e. To consider the major findings of internal investigations and Management's 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, the appointment of External Auditors and their audit fees;

h. To review with the External Auditors the scope of the audit plan, system of internal controls, the audit reports (including the Management letter and Management responses), the assistance given by the Management and 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 and recommend for Board's approval, the proposals for appointment and fees on non-audit services rendered by the External Auditors or 3rd parties. If the External Auditors are engaged, the GBAC is responsible for evaluating and ensuring that such engagement does not compromise the independence and objectivity of the External Auditors, in their roles as Statutory Auditors of the Group;

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

l. To provide oversight on the effectiveness of internal control mechanisms implemented by the Management, in establishing and maintaining high ethical standards for all employees of the Group;

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 entity has appropriate antifraud programme and controls in place to identify potential fraud and ensure that investigations are undertaken if fraud is detected;

o. Oversight of the Internal Audit activity, performance and to review the adequacy of the scope, functions, competency and resources of the GIA and the necessary authority to carry its work. The review may cover the planned audit work, internal audit programme, the results of completed work and Management implementation of agreed actions as recommended by GCIA. Where appropriate, the Committee may direct the Management to rectify and improve the system of internal controls and procedures based on the GIA's recommendations and suggestions for improvements; and

p. To review the findings of any examinations by regulatory authorities, the Management responses and monitor implementation of corrective actions adopted by the Group.

GROUP BOARD AUDIT COMMITTEE REPORT

AUDIT COMMITTEE MEETINGS HELD IN THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

During the financial year ended 31 December 2020, a total of eleven (11) GBAC meetings were held.

The GBAC is in compliance with the principles and best practices set out in the Malaysian Code on Corporate Governance. The GBAC members comprised individuals with a diversity of skills, knowledge and caliber in providing independent, objective and effective oversight.

The GBAC meetings' agendas, relevant GBAC papers and audit reports were distributed to the GBAC members five (5) days prior to the date of the meetings.

All GBAC meetings were also attended by the GCIA together with the GIA Departmental Heads, while attendance of other Senior Management staff is by invitation depending on the matters deliberated by the GBAC.

The Company's External Auditors attended four (4) GBAC meetings during the period. There were discussions between the GBAC and the External Auditors with regards to significant audit issues, changes in the implementation of major accounting policies, compliance with accounting standards and other legal requirements including regulatory requirements and business issues highlighted by them for financial year ended 31 December 2020. The GBAC had also reviewed the External Auditor's Audit Plan for the Financial Year Ending 31 December 2020.

In addition, the External Auditors were invited to attend the annual general meeting to respond to shareholders' question on audit related issues. The GBAC also had direct and unrestricted access to the GIA and had ad-hoc discussions with the GIA without the presence of management.

As the Board is ultimately responsible for the financial reporting and overall governance of the AFFIN Bank Group, the Chairman of the GBAC had consistently briefed the Board of Directors on issues discussed at the GBAC meetings. The minutes of the GBAC meetings were tabled to the Board for information and action by the Board where appropriate.

TRAINING PROGRAMS /SEMINARS ATTENDED IN 2020

GBAC members had attended various seminars/training programs in the financial year ended 2020, to keep abreast of the latest developments. Listed below are the seminars/training events attended by the GBAC members:-

GBAC MEMBER TRAININGS ATTENDED

GBAC Member	Training attended
Mr. Gregory Fernandes (Chairman)	• Mandatory Accreditation Program (MAP) • Board & Executive Pay During and Post Covid-19 • Staying relevant in the Age of Disruption and Innovation, a Mindshift Series
Dato' Mohd Hata Bin Robani	• Compliance – Bursa Malaysia & Security Commission Enforcement / Disciplinary Proceedings & Processes (Case Study) • Staying relevant in the Age of Disruption and Innovation, a Mindshift Series
Associate Prof Dr Said Bouheraoua	• An Overview of Shariah Governance of Retakaful • The Fundamental of Success in Light of the Contemporary Development of Islamic Finance • Issues on Pandemics and Force Majors • Islamic Finance and Parallel Economy • Islamic Finance 360 Webinar Series: The Framework of Conversion From Conventional Bank to Islamic Bank • Covid 19 and the Major Shariah and Legal Impact • Staying relevant in the Age of Disruption and Innovation, a Mindshift Series • Impact Investment and Participatory Financing
Dato' Rozalila Abdul Rahman	• Section 17A – Protecting you and your business with TRUST • Risk Management and Risk Governance in The New Normal – Consideration for Boards • Curating "In-Demand" Board Profile for Your Board Journey • Staying relevant in the Age of Disruption and Innovation, a Mindshift Series • Guidelines for Reporting Framework for Beneficial Ownership (BO) of Legal Persons • Fraud Risk Management Workshops
Mr. Chan Tze Ching Ignatius	• Looking Back to Foresee the Future: 2020 in Politics and Geopolitics by Professor Niall Ferguson, senior fellow of the Hoover Institution (Stanford University) • Economic & Market Outlook • Asian Financial Forum

GROUP BOARD AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES OF THE GROUP BOARD AUDIT COMMITTEE

The GBAC has carried out the following activities in discharging its duties and responsibilities for the financial year ended 31 December 2020:-

1. EXTERNAL AUDIT

a. Reviewed and approved the 2020 Audit Plan to ensure the scope of work adequately covered the activities of AFFIN Bank Group. The Audit Plan comprised the detailed terms of the external auditors' responsibilities and affirmation of their independence as external auditors, audit strategy, the engagement team, risk assessment, areas of audit emphasis for the financial year and additional disclosures in the auditors' report in line with the new and amended international standards on auditing, including disclosure on Key Audit Matters;

b. Held four (4) meetings with the External Auditor to review the financial results, MFRS related issues and results of other non-audit engagement activities;

c. Reviewed the significant audit, accounting, taxation and other matters raised by the external auditors;

d. Evaluated and satisfied itself with the independence, performance and effectiveness of the external auditors based on the criteria set out in BNM's Policy Document on External Auditors and recommended to the Board for the reappointment of the external auditors. Among the criteria evaluated and taken into consideration by the GBAC were:-
- Independence, Objectivity, Familiarity Threats and Professional Skepticism;
- Ability to demonstrate an unbiased stance when interpreting the standards/policies adopted by the licensed institutions;
- Qualification criteria;
- Level of knowledge, capabilities, experience and quality of previous work;
- Level of engagement with the Board and GBAC;
- Ability to provide constructive observations, implications and recommendations in areas which require improvements;
- Appropriateness of audit approach, man-hours and the effectiveness of overall audit planning; and
- Ability to perform the audit work within the agreed duration given.

2. NON-AUDIT SERVICES

Reviewed and recommended to the Board the non-audit services rendered by the External Auditors or 3rd parties and the fees involved.

3. GROUP INTERNAL AUDIT (GIA)

a. Reviewed and approved the GIA Annual Plan (proposed by GCIA) and Budget for Year 2020 in ensuring that adequate scope and comprehensive coverage on the audit activities and critical risk areas are adequately identified and covered;

b. Reassessed and revised the approved GIA Annual Audit Plan for Year 2020 in consideration of the emerging risk from rapid changes in the business environment due to the COVID-19 pandemic and Movement Control Order (MCO);

c. Performed fit and proper assessment of the GCIA on a continuous basis, to ensure that the fitness and propriety criteria as set out in the Group Policy on Fit and Proper for Key Responsible Persons are fully satisfied;

d. Approved the KPIs for GCIA;

e. Evaluated annual and overall performance of GCIA and GIA, and provided written feedback for improvements;

f. Reviewed and evaluated the adequacy of resources and the competencies of staff within the GIA to execute the plan as well as the audit programmes used in the execution of GIA's job to ensure satisfactory performance of GIA;

g. Reviewed significant internal control issues (including fraud) identified by GIA, as well as Management responses to audit recommendations and implementation of agreed action plans with attention on the following:-
   - Control environment (integrity, ethical values and competency of the personnel);
   - Control activities (policies and procedures);
   - Risk assessment (identified and assessed relevant risks and its preventive measure);
   - Compliances with regulatory and statutory requirements; and
   - Monitor the status of corrective actions taken by Management to rectify any deficiencies identified by GIA as well as ensuring that all issues are adequately resolved on a timely basis.

h. Engaged with the relevant departments within the Bank to consult on risk areas, internal control matters in relation to the risk areas, and governance in order to maintain the relevance and effectiveness of controls and processes in place;

i. Reviewed the performance report of GIA activities for the financial year ended 31 December 2020 to ensure all the planned activities were satisfactorily carried out; and

j. Reviewed status update on issues highlighted in the Regulators' and External Auditors' Audit Reports compiled by the GIA based on submissions by the significant operating entities to ensure that significant issues were addressed and resolved on a timely basis.

4. FINANCIAL RESULTS AND REPORTING

a. Reviewed with the Senior Management, the quarterly and interim unaudited financial results before recommending to the Board for their approval; and

b. Reviewed with the Senior Management and External Auditors the annual audited financial statements of the Bank and its subsidiaries (the Group) before recommending to the Board for their approval. The review is focused on the matters set out in the following Requirements, Acts and Standards:-
   - Provisions of the Companies Act;
   - Financial Services Act and Islamic Financial Services Act;
   - Applicable approved accounting standards in Malaysia; and
   - Other relevant legal and regulatory requirements.

c. In reviewing the financial reporting of the Group, GBAC discussed and made enquiries on, among others: -
   - changes in or implementation of major accounting policy changes;
   - significant accounting and audit matters highlighted; including financial reporting, credit, treasury, taxation, impairment related matters, information technology, significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed; and
   - compliance with accounting standards and other legal requirements.

d. In its meeting held on 21 January 2021, GBAC was briefed by the External Auditors on the key audit matters included in their Independent Auditors' Report for the financial statements for the financial year ended 31 December 2020. Overall, the GBAC is satisfied that based on the audit procedures performed by the External Auditors, no material exceptions were noted on these Key Audit Matters.

GROUP BOARD AUDIT COMMITTEE REPORT

5. RELATED PARTY TRANSACTIONS (RPTS) AND CONFLICT OF INTEREST

a. Reviewed related party transactions and recurrent related party transactions and the appropriateness of such transactions to avoid potential or actual conflict of interest. This is also to ensure that decisions are based on the best interest of the company and its shareholders, before making any recommendation to the Board for approval; and

b. Pursuant to MFRS 124 on Related Party Disclosures, significant RPT balances and transactions were reviewed on quarterly basis, with explanations provided for exceptional trend or transactions.

6. OTHERS

a. Reviewed the Statement on Internal Control and Audit Committee Report for inclusion in the Year 2020 Annual Report before recommending to the Board for approval; and

b. Reviewed the Statement on Risk Management and Internal Control for the Board's approval to be included in the Annual Report.

GROUP INTERNAL AUDIT FUNCTION

1. TRANSFORMATION JOURNEY

a. During the financial year 2020 and under the guidance of the Audit Committee, GIA underwent an audit transformation journey in responding to the new and rapid technological changes and challenges within the banking industry. The transformation covered key components i.e. people, process and system/technology with resultant effect on the quality of audit and effectiveness in its role as a governance mechanism. The project was officially launched in May 2020 followed by the initiatives below:-

PEOPLE

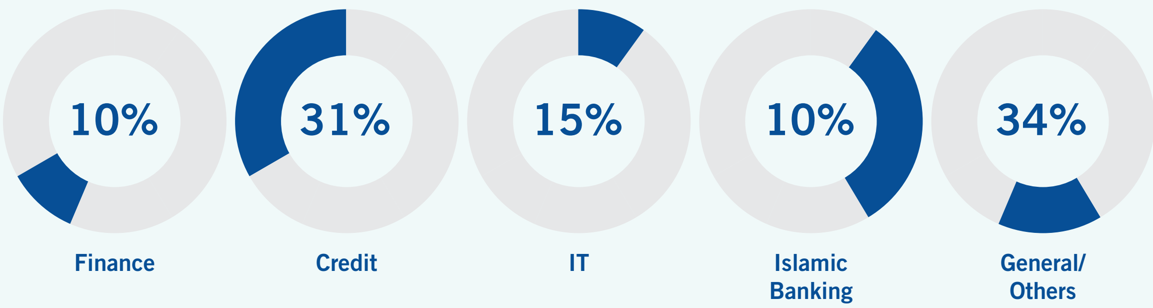
Up-skilling of auditors to be more technological and digital driven through structured on-job training, external training and acquisition of the relevant digital qualification.

A People Development Plan was established to support the evolution of multiskilled auditors through job rotation where they were assigned to multiple audit areas tracking their technical competencies, training and professional certification, as well as, leadership development. This would also address skills shortage, business continuity and elevate GIA's initiative in building a sustainable Audit Talent Pool.

Emplace certification roadmap for internal auditors to complete the Certification for Bank Auditors ("CBA").

The professional expertise and certification within the GIA at the end of 2020 were as follows:

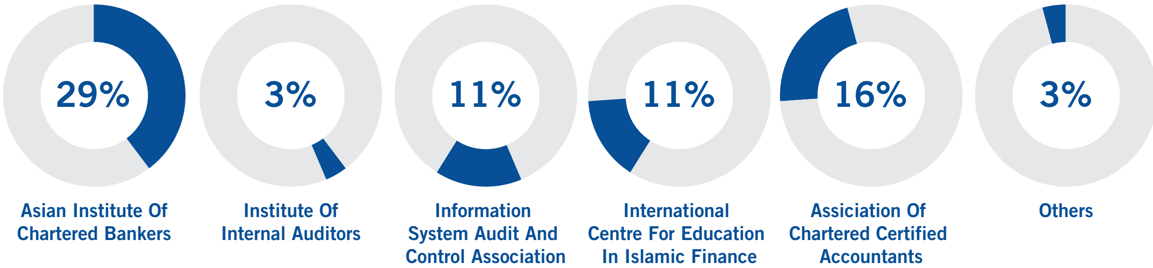
PROFESSIONAL EXPERTISE



GROUP BOARD AUDIT COMMITTEE REPORT

PEOPLE

PROFESSIONAL CERTIFICATION



PROCESS

With the usage of an automated Audit Management System, the centralisation of audit administration activities was initiated to further increase the efficiency in GIA's workflow and process. These include the implementation of manhours tracking for productivity and monitoring of a KPI which is performance driven.

Established the Strategy and Quality Unit responsible for carrying out GIA Quality Assurance Review (QAR) to maintain quality standards against global practices per Institute of Internal Auditors' (IIA) International Professional Practice Framework (IPPF).

Enhanced engagement process between GBAC and Group Board Risk Management Committee (GBRMCC) to align risk, audit activities and transformation plans to achieve common objectives.

SYSTEM/TECHNOLOGY

Increased use of Audit Command Language (ACL) as the Computer Assisted Audit Tools and Techniques (CAATs) in audit testing and risk analysis.

Acquisition of the Pentana Audit Management System (AMS) that covers end to end audit activities from annual planning, risk assessment, management of resources, management of fieldwork, repository of audit documents and corrective action tracking.

GROUP BOARD AUDIT COMMITTEE REPORT

b. The milestones achieved in the transformation journey were as follows:

2. INDEPENDENCE

a. The GIA function is established by the Board to undertake independent review and assessment on the adequacy, efficiency and effectiveness of risk management, control and governance processes implemented by the Management. GIA reports functionally to the GBAC and administratively to the PGCEO. It is independent from the activities or operations of other operating units in the Group; and

b. The GIA function is guided by its Audit Charter (as approved by the GBAC) which defines the mission and objective, responsibility, accountability, authority, independence and objectivity, and professionalism and ethical standards.

3. PROFILE AND QUALIFICATION

a. Effective 1 May 2020, GIA is headed by Puan Wahdania Mohd Khir, replacing Puan Khatimah Mahadi who retired on 31 March 2020. Wahdania who holds a Master of Science in Quantitative Finance from the University of Westminster London is also a Chartered Banker and a member of the Financial Markets Association Malaysia. She brings with her more than 25 years working experience in the Financial Services Industry and has served both in the banking sector as well as, the regulatory body. In the banking industry, she has held various senior roles as the Head of Global Market Compliance and Treasury Operations, and Senior Director of Group Audit at a major financial institution;

b. She is assisted by 57 qualified internal auditors from various disciplines mainly operations, credit, information technology, risk management, Islamic banking, fraud and investigation, treasury, finance/ accounting, investment banking, stockbroking and asset management;

c. In order to perform its functions effectively, the internal auditors have regularly and continuously attended a number of training courses to equip themselves with the requisite knowledge and skills. In line with BNM's expectation and GIA's 3 years professional development plan to equip the internal auditors with various professional certifications such as Certification of Bank Auditors, Chartered Banker, AML/CFT, Professional Credit Certification, Bank Risk Management, Pasaran Kewangan Malaysia Certificate, Certified Information System Auditor, Master in Islamic Finance and etc, GIA has progressively enrolled its staff with AICB, ISACA and INCEIF to attain these qualifications. Majority of the internal auditors are certified with either one (1) or more of the aforementioned qualifications; and

d. In the Quality Assurance Review conducted by The Institute of Internal Auditors (IIA) Malaysia in December 2019, GIA was accredited full conformance with the IIA's International Standards for Professional Practice of Internal Auditing and the pertinent regulations. In addition, GIA is also recognised to be operating at both "Optimised" and "Managed" levels against the Internal Audit Maturity Assessment ("AIMA").

GROUP BOARD AUDIT COMMITTEE REPORT

4. RESPONSIBILITY

a. Its primary role/responsibility is to assist the GBAC to discharge its duties and responsibilities by independently reviewing and reporting on the adequacy and integrity of the Group's risk management, internal control, compliance and governance processes; in order to provide reasonable assurance that such frameworks and systems continue to operate efficiently and effectively and in line with the relevant regulatory requirements;

b. The GIA's processes and activities are governed by the regulatory guidelines as well as the Group's Code of Ethics and The Institute of International Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing;

c. GIA adopts the 5 components set out in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO); namely control environment, risk assessment, control activities, information and communication, and monitoring activities. COSO is an internationally recognised organisation providing thought leadership and guidance on internal control, enterprise risk management and fraud deterrence;

d. Besides COSO, GIA also incorporates the Control Objectives for Information and Related Technology (COBIT) framework into its Information Technology (IT) audits. COBIT is a framework developed by the Information Systems Audit and Control Association (ISACA) which includes 40 governance and management objectives, organised into five domains. The Framework makes a clear distinction and defines the components required for the governance and management of the IT environment. During the year, GIA had engaged with the ISACA Malaysia Chapter in training a number of its auditors on the COBIT framework and its application into the IT audit process;

e. GIA's scope of coverage encompassed all key business and operation/ support units. Areas audited comprised retail and non-retail credit, distribution channels, back office operations, IT operations and security, treasury related matters, Islamic Banking, subsidiaries, Head Office functions and also special focus areas such as AML/CFT, NSFR, LCR, ICCAP, product transparency, outsourced functions and business continuity;

f. GIA also undertakes investigations into suspected fraudulent activities, staff misconduct, whistleblowing cases and other incidences, as and when required, and recommends appropriate improvements to prevent recurrence and actions against persons responsible;

g. The GIA closely monitored the rectification of audit findings and implementation of the audit recommendations, in order to obtain assurance that all major risk and control concerns have been duly addressed. GIA reports were presented to the management and GBAC;

h. GIA had also worked closely with the external auditors to ensure that significant issues are duly addressed and resolved on a timely basis; and

i. The total GIA's cost for year 2020 is approximately RM 9.1 million, comprising mainly salaries, staff training and development, information technology cost, other department operating cost, as well as, travelling, accommodation expenses and subsistence allowances for audit assignments.

AFFIN Bank Berhad
(Incorporated in Malaysia)

CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

Dato' Agil Natt
Independent Non-Executive Director

DIRECTORS

Mohd Suffian bin Haji Haron
Non-Independent Non-Executive Director

Dato' Mohd Hata bin Robani
Independent Non-Executive Director

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

Chan Tze Ching Ignatius
Non-Independent Non-Executive Director

Dato' Rozalila binti Abdul Rahman
Independent Non-Executive Director

Yuen Wai Hung Peter
Non-Independent Non-Executive Director

Marzida binti Mohd Noor
Independent Non-Executive Director
(appointed w.e.f. 1 March 2020)

Gregory Jerome Gerald Fernandes
Independent Non-Executive Director
(appointed w.e.f. 1 April 2020)

Chan Wai Yu
Independent Non-Executive Director
(appointed w.e.f. 1 April 2021)

Abd Malik bin A Rahman
Non-Independent Non-Executive Director
(completed his tenure of directorship w.e.f. 15 April 2020)

Tan Sri Mohd Ghazali bin Mohd Yusoff
Independent Non-Executive Director
(completed his tenure of directorship w.e.f. 20 June 2020)

Nik Amlizan binti Mohamed
Non-Independent Non-Executive Director
(appointed w.e.f. 1 September 2020)
(resigned w.e.f. 5 October 2020)

PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER

Datuk Wan Razly Abdullah bin Wan Ali
(appointed w.e.f. 2.4.2020)

COMPANY SECRETARY

Nimma Safira Khalid

REGISTERED OFFICE

17th Floor, Menara AFFIN
80, Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

AUDITORS

PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF 1146)

CONTENTS

FINANCIAL STATEMENTS

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Directors hereby submit their report together with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Bank during the financial year are banking and related financial services. The principal activities of the subsidiaries are Islamic banking business, investment banking and stock-broking, money-broking, fund and asset management, property management services, nominee and trustee services.

The details of the subsidiary companies are disclosed in Note 17 of the financial statements.

The principal activities of the joint ventures are underwriting of life insurance business and property development while the associates are principally engaged in the underwriting of general insurance business and investment holding.

Islamic banking business refers generally to the acceptance of deposits and granting of financing under the Shariah principles. There were no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	The Group RM'000	The Bank RM'000
Profit before zakat and taxation	394,180	93,069
Zakat	(7,469)	-
Profit before taxation	386,711	93,069
Taxation	(113,863)	(86)
Net profit for the financial year	**272,848**	**92,983**

DIVIDENDS

The dividends on ordinary shares paid or declared by the Bank since 31 December 2019 were as follows:

In respect of the financial year ended 31 December 2019:	RM'000
Single-tier interim dividend of 7 sen per share paid on 9 September 2020	139,021

On 27 January 2021, the Board of Directors proposed a single-tier interim dividend of 3.5 sen per share amounting to RM72,792,688 in respect of the financial year ended 31 December 2020, based on the Bank's issued and paid-up capital of 2,079,791,097 ordinary shares at 31 December 2020.

The Directors do not recommend any final dividend to be paid for the financial year ended 31 December 2020.

On the same day, the Board of Directors resolved that Dividend Reinvestment Plan as disclosed in Note Z be applied to the said interim dividend and the entire interim dividend can be elected and reinvested in new ordinary shares of the Bank.

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 2020

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Other significant event during the financial year are disclosed in Note 60 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR

Significant event subsequent to the financial year is disclosed in Note 61 to the financial statements.

DIRECTORS

The Directors of the Bank in office since the date of the last report and at the date of the report are:

Dato' Agil Natt
Chairman / Independent Non-Executive Director

En. Mohd Suffian bin Haji Haron
Non-Independent Non-Executive Director

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

Dato' Mohd Hata bin Robani
Independent Non-Executive Director

Mr. Chan Tze Ching Ignatius
Non-Independent Non-Executive Director

Dato' Rozalila binti Abdul Rahman
Independent Non-Executive Director

Mr. Yuen Wai Hung Peter
Non-Independent Non-Executive Director

Pn. Marzida binti Mohd Noor
Independent Non-Executive Director
(appointed w.e.f. 1.3.2020)

Mr. Gregory Jerome Gerald Fernandes
Independent Non-Executive Director
(appointed w.e.f. 1.4.2020)

Pn. Nik Amlizan binti Mohamed
Non-Independent Non-Executive Director
(appointed w.e.f. 1.9.2020)
(resigned w.e.f. 5.10.2020)

Tan Sri Mohd Ghazali bin Mohd Yusoff
Independent Non-Executive Director
(completed his tenure of directorship w.e.f. 20.6.2020)

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

DIRECTORS (CONTINUED)

In accordance with Article 118 of the Bank's Constitution, the following Directors retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election:

1. Mr. Chan Tze Ching Ignatius
2. Dato' Rozalila binti Abdul Rahman

En. Mohd Suffian bin Haji Haron who also retires pursuant to Article 118 of the Constitution of the Company, has expressed his intention not to seek re-election. Hence, he will retain office until the close of the 45th Annual General Meeting.

The Directors' names of the subsidiaries and their remuneration details are set out in the subsidiaries' statutory accounts and the said names and details are deemed incorporated herein by such reference and made a part hereof.

RESPONSIBILITY STATEMENT BY BOARD OF DIRECTORS

In the course of preparing the annual financial statements of the Group and of the Bank, the Directors are collectively responsible in ensuring that these financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

It is the responsibility of the Directors to ensure that the financial reporting of the Group and of the Bank present a true and fair view of the state of affairs of the Group and of the Bank as at 31 December 2020 and of the financial results and cash flows of the Group and of the Bank for the financial year then ended.

The financial statements are prepared on the going concern basis and the Directors have ensured that proper accounting records are kept, applied the appropriate accounting policies on a consistent basis and made accounting estimates that are reasonable and fair 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 ensure that appropriate systems are in place for the assets of the Group and of the Bank to be properly safeguarded for the prevention and detection of fraud and other irregularities. The systems, by their nature, can only 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 419 of the financial statements.

DIRECTORS' INTERESTS

None of the Directors in office at the end of the financial year have interest in the shares in the Bank or its related companies during the financial year.

DIRECTORS' BENEFITS

During and at the end of 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 the fees and other emoluments shown in the Note 43 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 is a member or with a company in which he has a substantial financial interest.

OTHER STATUTORY INFORMATION

Statutory information regarding the Group and the Bank

(a) As at the end of the financial year

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

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

- to ensure that any current assets, 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 had been written down to an amount which the current assets might be expected so to realise.

(b) From the end of the financial year to the date of this report

The Directors are not aware of any circumstances:

- which would render the amounts written-off for bad debts and financing or the amount of the allowance for doubtful debts and financing inadequate to any substantial extent;

- which would render the values attributed to current assets in the financial statements of the Group and of the Bank misleading; and

- which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

(c) As at the date of this report

(i) there are no charges on the assets of the Group and of the Bank which have arisen since the end of the financial year which secures the liabilities of any other person;

(ii) there are no contingent liabilities in the Group and in the Bank which have arisen since the end of the financial year other than in the ordinary course of banking business or activities of the Group; or

(iii) the Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.

(d) No contingent or other liability of any company in the Group 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 the Directors, will or may affect the ability of the Bank and its subsidiaries to meet their obligations when they fall due.

(e) 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 which would render any amount stated in the respective financial statements misleading.

(f) In the opinion of the Directors:

(i) the results of the operations of the Group and of the Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for the impact of moratorium which resulted in a modification loss (Note 37); and

(ii) 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 financial year in which this report is made.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

PERFORMANCE IN FINANCIAL YEAR ENDED 31 DECEMBER 2020

This financial year was challenging for the Group as the Covid-19 pandemic disrupted daily lives and affected businesses negatively. Bank Negara Malaysia ('BNM') had, on 11 February 2021, announced that the Malaysian economy contracted by 5.6% for 2020. Malaysia is navigating through the current health crisis against the backdrop of political uncertainty which contributed to the downgrade of Fitch's Long-Term Foreign-Currency Issuer Default Rating to ''BBB+ with a stable outlook" from A- previously.

For the financial year ended 31 December 2020, the Group recorded a consolidated profit before tax ('PBT') of RM386.7 million, a decrease of RM290.3 million or 42.9% as compared to the previous financial year while profit after tax ('PAT') for the financial year was RM272.8 million.

The net income expanded by RM350.5 million, mainly attributable to higher non-interest income of RM329.4 million, income from Islamic Banking of RM70.5 million and net interest income of RM29.0 million, reduced by a one-off modification loss related to Covid-19 relief measures by BNM of RM78.4 million.

The operating expenses of the Group increased by RM144.4 million or 12.0%, mainly due to the rise in personnel costs. However, the overall cost to income ratio improved slightly to 59.6% from 63.0% in FY2019. For the FY2020, earnings per share was 11.4 sen as compared to 24.6 sen in the previous year.

The total assets of the Group increased by RM1.2 billion or 1.7% to RM69.5 billion, mainly attributable to the increase in both loans, advances and financing portfolio and financial investments at FVOCI. Gross loans, advances and financing increased by RM0.3 billion or 0.7% to RM46.3 billion as at 31 December 2020.

Total customer deposits contracted by RM1.2 billion or 2.4% to RM49.9 billion. The Total Capital ratio of the Group was at 22.24%, while Common Equity Tier 1 and Tier 1 ratios stood at 14.52% and 16.29% respectively as at 31 December 2020, after proposed dividends.

ECONOMIC AND BUSINESS OUTLOOK FOR 2021

The International Monetary Fund ('IMF') in its January 2021 issue of the World Economic Outlook ('WEO') forecasted global Gross Domestic Product ('GDP') to rebound by 5.2% in 2021 and 4.2% in 2022. The recent vaccine approvals have raised hopes of a return to normality in the second half of 2021. Nevertheless, resurgence and new variants of the virus may still pose a risk.

BNM also indicated that it will maintain an accommodative monetary policy by keeping its OPR unchanged at 1.75%. The Government announced another Movement Control Order ('MCO 2.0') from 13 January 2021 until 4 March 2021 to curb the increasing number of cases since November 2020. The implementation of MCO 2.0 would lead to higher corporate earnings risk, although the negative impact on most economic sectors is expected to be less severe than that experienced in 2Q2020 as MCO 2.0 was less restrictive than the earlier one in early 2020.

Following the implementation of MCO 2.0, the Government announced additional stimulus measures worth RM15 billion under Perlindungan Ekonomi dan Rakyat Malaysia ('PERMAI'). This is on top of the earlier stimulus packages namely PRIHATIN, PRIHATIN SME+, PENJANA and KITA PRIHATIN that was to mitigate the impact of the pandemic on affected households and businesses. The implementation of these stimulus packages are being tracked by LAKSANA, a unit under the Ministry of Finance to ensure that aid reaches the targeted groups. The economic stimulus packages amounting to RM320 billion are anticipated to spur economic recovery in 2021.

GDP growth is expected to remain negative in 1Q2021 due to the MCO 2.0 and is projected to improve and turn positive from 2Q2021 onwards, supported by better external demand from the expansion in global growth, ongoing fiscal measures as well as the expectation of the rollout of vaccines. The Government through the National Covid-19 Immunisation Programme is targeting to vaccinate 80% of the population or 26.5 million people by 1Q2022.

ECONOMIC AND BUSINESS OUTLOOK FOR 2021 (CONTINUED)

The introduction of government measures during the Budget 2021 coupled with tax incentives and the targeted Wage Subsidy Program will help to support private consumption growth. Private investment is likely to improve in 2021 with the resumption and implementation of mega infrastructure projects and other new projects respectively. This is evidenced by the Government's proposal to allocate a substantial RM69 billion to development expenditure focusing on construction-related and infrastructure projects with high multiplier impact. Export growth in 2021 will be underpinned by a sustained pick-up in external demand led by a rebound in global economic growth. The strong turnaround expected in China's economy will help support the external demand as China remains one of Malaysia's main trading partners.

BUSINESS STRATEGY MOVING FORWARD

The Covid-19 pandemic has drastically changed the way banks operate today. Banks are forced to be more agile and innovative in its dealing with customers as the usual interactions are limited by the Government Issued Standard Operating Procedures. As a consequence, banks had to improve their overall digital offerings and expand the channels available to reach their customers.

The Community Banking Division's strategy in 2021 is to grow customer base aggressively, increase assets selectively and manage cost prudently. The Community Banking Division will be expanding its customer base by leveraging on collaborations and Group synergies. In line with the Group's AFFINITY IN MOTION 22 ('AIM 22') focus, the Division will be streamlining its human capital structure towards a more sales-centric model, expanding digital penetration and reducing gross impaired loans by improving analytics, collections and overall customer management.

The Enterprise Banking Division continues to support Small & Medium Enterprises ('SMEs') customers adversely impacted by the Covid-19 pandemic by providing financial relief facilities under BNM schemes and the Bank's own Financial Assistance and Instalment Relief ('FAIR') and Expanded Targeted Repayment Assistance ('XTRA') programs. The Division promotes Covid-19 funds and FAIR program extensively through various communication channels including social media, advertorial in business magazines and radio broadcasting. For 2021, the Division plans to strengthen customer engagement and networking activities by enhancing its SMEColony mobile app and AFFINWRKFZ initiatives, while introducing new and exciting propositions to the market.

The Corporate Banking Division ('CBD') is assisting customers to weather the pandemic via FAIR Program. This is done proactively on a case to case basis to alleviate customers' financial difficulties without compromising the asset quality position. CBD will also step up its digital innovation to make interactions with customers more efficient and effective. One such initiative is AFFINMAX, which was launched in December 2020 to bring the corporate customers to a new dimension in corporate internet banking with a complete suite of Cash Management solution which integrates Liquidity Management and Financial Supply Chain modules.

AFFIN Islamic Bank Berhad ('AiBB') remains focused on the Group's initiatives on digital transformation and strengthening balance sheet management to address liquidity excess and funding costs effectively. AiBB strives to reinforce both fields with resources to supplement the execution of the Business Plan and other ongoing strategic initiatives for both the Bank and the Group. Customers can expect for more strategic collaboration with digital service providers to enable value added banking services that are focused on enhancing user experience.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

BUSINESS STRATEGY MOVING FORWARD (CONTINUED)

AFFIN Hwang Capital will continue to operate in a challenging external environment in 2021 caused by the Covid-19 pandemic. Although the pandemic will continue to pose a downside risk to global economic recovery, a low interest rate environment stemming from easy monetary policy will continue to boost the securities business. As for the investment bank, an increased focus will be placed on sustainability to strengthen the revenue base, product offering, clientele and asset quality.

AXA AFFIN Life insurance ('AALI') is focusing on its multi-distribution strategy which includes digitalising traditional channels and service quality to serve its customers. AALI is also focusing on product innovation and efficiencies of Robotics Process Automation ('RPA') across the company. AALI will continue to work with partners to provide value added services and those with a ready customer base to build a sustainable InsurTech ecosystem to penetrate the mass affluent and emerging customer market segment.

AXA AFFIN General Insurance's focus for 2021 is centered on building a sustainable business portfolio to ensure sustainable profitability and expanding its market share in the preferred segments amidst challenges faced by the market locally and globally arising from the impact of the present Covid-19 pandemic.

RATING BY EXTERNAL RATING AGENCY

The Bank has been rated by the following external rating agency:

Name of rating agency	: RAM Rating Services Berhad ('RAM')
Date of rating	: 3 August 2020
Rating classifications	: Long-term : AA_3
	Short-term : P1

RAM has reaffirmed the Bank's long-term and short-term financial institution ratings, at AA_3 and P1, respectively, with negative outlook.

'AA' rating is defined by RAM as an entity which has a strong capacity to meet its financial obligations and is resilient against adverse changes in circumstances, economic condition and/or operating environment. The subscript 3 in this category indicates as the lower end of its generic rating in the AA category.

A P1 rating is defined by RAM as obligations which are supported by superior ability with regards to timely payment of obligations.

ZAKAT OBLIGATION

The Bank's subsidiary, AFFIN Islamic Bank Berhad ('AFFIN Islamic') and AFFIN Hwang Investment Bank are obliged to pay zakat to comply with the principles of Shariah. AFFIN Islamic does not pay zakat on behalf of its depositors.

HOLDING CORPORATE BODY

The holding corporate body is Lembaga Tabung Angkatan Tentera, a statutory body incorporated under the Tabung Angkatan Tentera Act, 1973.

SUBSIDIARIES

Details of subsidiaries are set out in Note 17 to the financial statements.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

DIRECTORS' REMUNERATION

Details of Directors' remuneration and total amount of indemnity given are set out in Note 43 to the financial statements.

ISSUANCE OF SHARES

During the financial year ended 31 December 2020, the Bank increased its issued ordinary shares from 1,986.0 million to 2,079.8 million via issuance of 93.8 million new ordinary shares amounting to RM127.5 million arising from the Dividend Reinvestment Plan ('DRP') relating to electable portion of the interim dividend of 7 sen per ordinary share in respect of the financial year ended 31 December 2019, as disclosed in Note 33 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 42 to the financial statements.

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

DATO' AGIL NATT
Independent Non-Executive Director (Chairman)

GREGORY JEROME GERALD FERNANDES
Independent Non-Executive Director

Kuala Lumpur
22 March 2021

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	The Group 2020 RM'000	The Group 2019 RM'000	The Bank 2020 RM'000	The Bank 2019 RM'000
ASSETS					
Cash and short-term funds	2	**5,461,365**	4,605,357	**1,887,584**	2,317,369
Deposits and placements with banks and other financial institutions	3	**50,058**	-	**-**	41,368
Investment accounts due from designated financial institutions	4	**-**	-	**1,743,308**	1,912,415
Financial assets at fair value through profit or loss ('FVTPL')	5	**698,266**	662,132	**227,923**	170,216
Derivative financial assets	6	**388,294**	164,868	**231,182**	118,225
Financial investments at fair value through other comprehensive income ('FVOCI')	7	**13,034,053**	12,496,846	**6,587,330**	6,373,844
Financial investments at amortised cost ('AC')	8	**143,037**	145,066	**361,708**	100,499
Loans, advances and financing	9	**45,492,878**	45,387,865	**25,165,425**	25,730,059
Trade receivables	10	**920,417**	534,388	**-**	-
Other assets	11	**269,620**	159,950	**141,481**	60,883
Amount due from subsidiaries	12	**-**	-	**299,864**	1,318
Amount due from joint ventures	13	**15,073**	28,402	**-**	-
Amount due from associates	14	**30,885**	31,787	**30,885**	30,887
Tax recoverable		**101,675**	121,595	**89,480**	67,940
Deferred tax assets	15	**113,521**	22,520	**54,607**	12,690
Statutory deposits with Bank Negara Malaysia	16	**103,267**	1,534,777	**84,267**	857,377
Investment in subsidiaries	17	**-**	-	**3,053,899**	3,053,899
Investment in joint ventures	18	**180,398**	171,913	**194,240**	178,940
Investment in associates	19	**715,716**	659,527	**548,482**	548,482
Property and equipment	20	**832,381**	641,867	**805,142**	607,322
Right-of-use assets	21	**81,870**	57,709	**62,875**	43,416
Intangible assets	22	**903,750**	914,693	**202,212**	202,670
TOTAL ASSETS		**69,536,524**	68,341,262	**41,771,894**	42,429,819
LIABILITIES AND EQUITY					
Deposits from customers	23	**49,884,360**	51,088,962	**27,407,977**	30,135,250
Investment accounts of customers	24	**2,151**	1,447	**-**	-
Deposits and placements of banks and other financial institutions	25	**3,720,360**	1,763,252	**2,407,852**	646,085
Derivative financial liabilities	26	**389,819**	186,791	**228,089**	136,439
Bills and acceptances payable		**67,010**	32,903	**67,010**	32,903
Recourse obligation on loans/financing sold to Cagamas Berhad	27	**50,034**	-	**-**	-
Trade payables	28	**921,392**	787,563	**-**	-
Lease liabilities	29	**50,528**	58,650	**31,842**	44,219
Other liabilities	30	**1,460,716**	1,398,837	**550,162**	418,548
Amount due to subsidiaries	31	**-**	-	**2,229**	55,899
Provision for taxation		**6,240**	41	**-**	-
Deferred tax liabilities	15	**1,363**	19,080	**-**	-
Borrowings	32	**3,345,455**	3,607,143	**2,548,241**	2,548,379
TOTAL LIABILITIES		**59,899,428**	58,944,669	**33,243,402**	34,017,722
Share capital	33	**4,902,300**	4,774,772	**4,902,300**	4,774,772
Reserves	34	**4,664,211**	4,562,398	**3,626,192**	3,637,325
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		**9,566,511**	9,337,170	**8,528,492**	8,412,097
Non-controlling interest		**70,585**	59,423	**-**	-
TOTAL EQUITY		**9,637,096**	9,396,593	**8,528,492**	8,412,097
TOTAL LIABILITIES AND EQUITY		**69,536,524**	68,341,262	**41,771,894**	42,429,819
COMMITMENTS AND CONTINGENCIES	50	**36,250,193**	30,851,233	**20,209,442**	19,679,897

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

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	The Group 2020 RM'000	The Group 2019 RM'000	The Bank 2020 RM'000	The Bank 2019 RM'000
Interest income	35	**1,806,750**	2,231,836	**1,644,382**	2,013,073
Interest expense	36	**(1,034,607)**	(1,488,719)	**(932,291)**	(1,341,293)
Net interest income		**772,143**	743,117	**712,091**	671,780
Modification loss	37	**(78,447)**	-	**(47,381)**	-
Income from Islamic banking business	38	**481,228**	410,683	**-**	-
		1,174,924	1,153,800	**664,710**	671,780
Fee and commission income	39(a)	**771,977**	594,734	**94,332**	103,036
Fee and commission expense	39(b)	**(222,246)**	(153,327)	**(5,444)**	(7,850)
Net fee and commission income	39	**549,731**	441,407	**88,888**	95,186
Net gains on financial instruments	40	**487,294**	269,754	**198,587**	139,071
Other income	41	**52,950**	49,455	**224,638**	110,873
Other operating income		**1,089,975**	760,616	**512,113**	345,130
Net income		**2,264,899**	1,914,416	**1,176,823**	1,016,910
Other operating expenses	42	**(1,350,985)**	(1,206,599)	**(674,751)**	(582,959)
Operating profit before allowances		**913,914**	707,817	**502,072**	433,951
(Allowances for)/write-back of credit impairment losses	44	**(543,126)**	(49,859)	**(409,003)**	26,173
Allowances for impairment losses on other assets	45	**(18,472)**	(5,617)	**-**	-
Operating profit		**352,316**	652,341	**93,069**	460,124
Share of results of a joint venture		**(394)**	(3,860)	**-**	-
Share of results of associates		**42,258**	34,020	**-**	-
Profit before zakat and taxation		**394,180**	682,501	**93,069**	460,124
Zakat		**(7,469)**	(5,530)	**-**	-
Profit before taxation		**386,711**	676,971	**93,069**	460,124
Taxation	47	**(113,863)**	(160,880)	**(86)**	(96,003)
Net profit after zakat and taxation		**272,848**	516,091	**92,983**	364,121
Attributable to:					
Equity holders of the Bank		**230,322**	487,766	**92,983**	364,121
Non-controlling interest		**42,526**	28,325	**-**	-
		272,848	516,091	**92,983**	364,121
Earnings per share attributable to equity holders of the Bank (sen):					
- Basic	48	**11.4**	24.6	**4.6**	18.4
- Diluted	48	**11.0**	23.8	**4.5**	17.8

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		The Group		The Bank	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit after zakat and taxation		**272,848**	516,091	**92,983**	364,121
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Net fair value change in financial investments at FVOCI (debt instruments)		**356,407**	436,704	**160,991**	164,706
Net credit impairment loss change in financial investments at FVOCI (debt instruments)		**48,679**	(5,712)	**40,636**	(1,235)
Net gain on financial investments measured at FVOCI reclassified to profit or loss on disposal (debt instruments)		**(450,667)**	(282,674)	**(205,791)**	(126,152)
Exchange differences on translation of foreign operations		**(540)**	(727)	**-**	-
Deferred tax on financial investments at FVOCI	15	**22,622**	(36,967)	**10,752**	(9,253)
Share of other comprehensive (loss)/income of a joint venture		**(6,421)**	2,422	**-**	-
Share of other comprehensive income of associates		**14,563**	10,376	**-**	-
Items that may not be reclassified subsequently to profit or loss:					
Net fair value change in financial investments designated at FVOCI (equity instruments)		**30,547**	14,791	**28,317**	8,946
Deferred tax on financial investments at FVOCI	15	**21**	(1,899)	**-**	-
Other comprehensive income for the financial year, net of tax		**15,211**	136,314	**34,905**	37,012
Total comprehensive income for the financial year		**288,059**	652,405	**127,888**	401,133
Total comprehensive income for the financial year attributable to:					
Equity holders of the Bank		**245,733**	624,349	**127,888**	401,133
Non-controlling interest		**42,326**	28,056	**-**	-
		288,059	652,405	**127,888**	401,133

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Group	Note	Attributable to Equity Holders of the Bank: Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Foreign exchange reserves RM'000	Other reserves^ RM'000	Retained profits RM'000	Total shareholders' equity RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2020		**4,774,772**	**250,661**	**732,539**	**135**	**(61,010)**	**3,640,073**	**9,337,170**	**59,423**	**9,396,593**
Net profit for the financial year		-	-	-	-	-	230,322	230,322	42,526	272,848
Other comprehensive income (net of tax)										
- Financial investments at FVOCI		-	7,609	-	-	-	-	7,609	-	7,609
- Share of other comprehensive loss of a joint venture		-	(6,421)	-	-	-	-	(6,421)	-	(6,421)
- Share of other comprehensive income of an associate		-	14,563	-	-	-	-	14,563	-	14,563
- Exchange differences on translation of foreign operations		-	-	-	(340)	-	-	(340)	(200)	(540)
Total comprehensive income		-	15,751	-	(340)	-	230,322	245,733	42,326	288,059
Issuance of new shares	33	127,528	-	-	-	-	-	127,528	-	127,528
Obligation to buy a subsidiary's shares from non-controlling interest	30	-	-	-	-	(4,899)	-	(4,899)	(2,877)	(7,776)
Dilution of interest in subsidiaries		-	-	-	-	-	-	-	490	490
Transfer to regulatory reserves		-	-	49,140	-	-	(49,140)	-	-	-
Dividends	49	-	-	-	-	-	(139,021)	(139,021)	(28,777)	(167,798)
At 31 December 2020		**4,902,300**	**266,412**	**781,679**	**(205)**	**(65,909)**	**3,682,234**	**9,566,511**	**70,585**	**9,637,096**

^ Other reserves represents corresponding debts arising from Group's obligation to purchase subsidiaries' shares held by non-controlling interest as discussed in Note 30 (c) (i) and (ii) of the financial statements.

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Group	Note	Attributable to Equity Holders of the Bank Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Foreign exchange reserves RM'000	Stock option reserves* RM'000	Other reserves^ RM'000	Retained profits RM'000	Total shareholders' equity RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2019		4,684,752	110,371	939,055	593	8,328	-	2,928,584	8,671,683	69,553	8,741,236
Net profit for the financial year		-	-	-	-	-	-	487,766	487,766	28,325	516,091
Other comprehensive income (net of tax)											
- Financial investments at FVOCI		-	124,243	-	-	-	-	-	124,243	-	124,243
- Share of other comprehensive income of a joint venture		-	2,422	-	-	-	-	-	2,422	-	2,422
- Share of other comprehensive income of an associate		-	10,376	-	-	-	-	-	10,376	-	10,376
- Exchange differences on translation of foreign operations		-	-	-	(458)	-	-	-	(458)	(269)	(727)
Total comprehensive income		-	137,041	-	(458)	-	-	487,766	624,349	28,056	652,405
Issuance of new shares	33	90,020	-	-	-	-	-	-	90,020	-	90,020
Net loss on disposal of financial investment designated at FVOCI (equity instruments)		-	3,249	-	-	-	-	(3,249)	-	-	-
Issuance of new shares from exercise of employee stock option incentive scheme **	55	-	-	-	-	(8,328)	-	20,456	12,128	32,646	44,774
Obligation to buy subsidiary's shares from non-controlling interest	30	-	-	-	-	-	(61,010)	-	(61,010)	(35,831)	(96,841)
Transfer from regulatory reserves		-	-	(206,516)	-	-	-	206,516	-	-	-
Dividends	49	-	-	-	-	-	-	-	-	(35,001)	(35,001)
At 31 December 2019		4,774,772	250,661	732,539	135	-	(61,010)	3,640,073	9,337,170	59,423	9,396,593

^ Other reserves represents corresponding debts arising from Group's obligation to purchase subsidiaries' shares held by non-controlling interest as discussed in Note 30 (c) (i) and (ii) of the financial statements.
* The stock option reserves represents the fair value of the options of a subsidiary's employee stock option incentive scheme.
** On 8 March 2020, the options holders have fully exercised the employee stock option incentive scheme.

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Bank	Note	Non-Distributable Share capital RM'000	Non-Distributable FVOCI revaluation reserves RM'000	Non-Distributable Regulatory reserves RM'000	Distributable Retained profits RM'000	Total equity RM'000
At 1 January 2020		**4,774,772**	**148,173**	**471,925**	**3,017,227**	**8,412,097**
Net profit for the financial year		**-**	**-**	**-**	**92,983**	**92,983**
Other comprehensive income (net of tax)						
- Financial investments at FVOCI		**-**	**34,905**	**-**	**-**	**34,905**
Total comprehensive income		**-**	**34,905**	**-**	**92,983**	**127,888**
Issuance of new shares	33	**127,528**	**-**	**-**	**-**	**127,528**
Transfer to regulatory reserves		**-**	**-**	**171,688**	**(171,688)**	**-**
Dividends	49	**-**	**-**	**-**	**(139,021)**	**(139,021)**
At 31 December 2020		**4,902,300**	**183,078**	**643,613**	**2,799,501**	**8,528,492**
At 1 January 2019		4,684,752	111,161	716,313	2,408,718	7,920,944
Net profit for the financial year		-	-	-	364,121	364,121
Other comprehensive income (net of tax)						
- Financial investments at FVOCI		-	37,012	-	-	37,012
Total comprehensive income		-	37,012	-	364,121	401,133
Issuance of new shares	33	90,020	-	-	-	90,020
Transfer from regulatory reserves		-	-	(244,388)	244,388	-
At 31 December 2019		4,774,772	148,173	471,925	3,017,227	8,412,097

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	The Group 2020 RM'000	The Group 2019 RM'000	The Bank 2020 RM'000	The Bank 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		**386,711**	676,971	**93,069**	460,124
Adjustments for items not involving the movement of cash and cash equivalents:					
Interest income:					
- financial investments at FVOCI	35	**(296,738)**	(410,781)	**(214,338)**	(276,213)
- financial investments at AC	35	**(6,139)**	(8,265)	**(6,157)**	(5,725)
Dividend income:					
- financial assets at FVTPL	40	**(7,185)**	(8,022)	**(732)**	(732)
- financial investments at FVOCI	40	**(609)**	(5,946)	**(309)**	(2,392)
- subsidiaries		**-**	-	**(191,500)**	(71,000)
Gain on sale:					
- financial assets at FVTPL	40	**(113,440)**	(44,762)	**(2,282)**	-
- financial investments at FVOCI	40	**(453,884)**	(281,800)	**(206,667)**	(125,007)
- derivatives	40	**(1,003)**	-	**(1,001)**	-
Unrealised loss/(gain) on revaluation:					
- financial assets at FVTPL	40	**(10,431)**	15,295	**(7,123)**	(4,590)
- derivatives	40	**15,625**	6,596	**20,716**	5,549
- foreign exchange	41	**7,642**	(11,727)	**(12,828)**	(7,235)
Depreciation of property and equipment	42	**30,065**	26,768	**17,970**	16,193
Depreciation of right-of-use assets	42	**37,659**	35,786	**26,346**	25,086
Property and equipment written-off	42	**311**	107	**71**	50
(Gain)/Loss on sale of property and equipment	41	**(20)**	207	**181**	380
Amortisation of intangible assets	42	**38,106**	32,702	**23,157**	17,921
Gain on sale of foreclosed properties	41	**(165)**	(877)	**(165)**	(877)
Share of results of a joint venture		**394**	3,860	**-**	-
Share of results of associates		**(42,258)**	(34,020)	**-**	-
Expected credit losses made/(written-back) on:					
- loans, advances and financing	44	**512,232**	78,656	**383,931**	7,107
- trade receivables	44	**2,601**	(260)	**-**	-
- securities and placements	44	**50,724**	(2,423)	**42,591**	(1,723)
- loans/financing commitments and financial guarantee	44	**8,837**	2,156	**7,379**	(6,758)
Modification loss on contractual cash flows arising from financial assets	37	**78,447**	-	**47,381**	-
Bad debt and financing written-off	44	**3,527**	6,914	**3,151**	6,117
Allowances for impairment losses on other assets	45	**18,472**	5,617	**-**	-
Interest/profit expense on borrowings		**186,482**	188,312	**134,087**	133,800
Interest/profit expense on the lease liability		**2,581**	2,512	**1,582**	1,885
Finance cost on call options		**5,752**	-	**-**	-
Profit expense - Recourse obligation on loans/financing sold to Cagamas Berhad		**34**	-	**-**	-
Zakat		**7,469**	5,530	**-**	-
Operating profit before changes in working capital		**461,799**	279,106	**158,510**	171,960

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	The Group 2020 RM'000	The Group 2019 RM'000	The Bank 2020 RM'000	The Bank 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)					
(Increase)/Decrease in operating assets:					
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months		**-**	30,399	**69,256**	(41,023)
Investment accounts due from designated financial institutions		**-**	-	**167,254**	454,268
Financial assets at FVTPL		**87,737**	(8,869)	**(48,302)**	208,013
Commodity Gold at FVTPL		**-**	42,733	**-**	-
Loans, advances and financing		**(699,219)**	2,918,577	**130,171**	2,754,865
Other assets		**(129,418)**	(60,023)	**(100,078)**	(5,818)
Trade receivables		**(388,630)**	(164,477)	**-**	-
Derivative financial instruments		**(35,020)**	(9,000)	**(41,021)**	(11,165)
Statutory deposits with Bank Negara Malaysia		**1,431,510**	411,892	**773,110**	380,692
Amount due from/(to) subsidiaries		**-**	-	**(352,216)**	(54,398)
Amount due from joint ventures		**(1,920)**	2,893	**-**	-
Amount due from associate		**(362)**	(598)	**(2)**	-
Increase/(Decrease) in operating liabilities:					
Deposits from customers		**(1,204,602)**	(6,257,485)	**(2,727,273)**	(3,425,969)
Investment accounts of customers		**704**	572	**-**	-
Deposits and placements of banks and other financial institutions		**1,957,108**	(3,083,660)	**1,761,767**	(3,654,763)
Obligation on securities sold under repurchase agreements		**-**	(142,477)	**-**	318
Bills and acceptances payable		**34,107**	318	**34,107**	-
Trade payables		**133,829**	186,589	**-**	-
Other liabilities		**17,554**	234,359	**124,255**	(139,140)
Cash generated from/(used in) operations		**1,665,177**	(5,619,151)	**(50,462)**	(3,362,160)
Zakat paid		**(3,811)**	(4,202)	**-**	-
Tax refund		**4,000**	-	**-**	-
Tax paid		**(178,871)**	(162,994)	**(52,791)**	(84,466)
Net cash generated from/(used in) operating activities		**1,486,495**	(5,786,347)	**(103,253)**	(3,446,626)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received:					
- financial investments at FVOCI		**326,389**	444,921	**246,535**	298,820
- financial investments at AC		**6,139**	8,265	**3,857**	5,717
Dividend income:					
- financial assets at FVTPL		**7,185**	8,022	**732**	732
- financial investments at FVOCI		**609**	5,946	**309**	2,392
- subsidiaries		**-**	-	**191,500**	71,000
Purchase of:					
- financial investments at FVOCI		**(18,313,296)**	(12,617,136)	**(10,059,403)**	(4,632,067)
- financial investments at AC		**-**	-	**(259,022)**	-
Redemption/Disposal of:					
- financial investments at FVOCI		**18,145,351**	15,894,647	**10,012,534**	7,548,887
- financial investments at AC		**-**	14,444	**-**	14,444

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	The Group 2020 RM'000	The Group 2019 RM'000	The Bank 2020 RM'000	The Bank 2019 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES (continued)					
Proceeds from disposal of:					
- property and equipment		**247**	379	**5**	238
- foreclosed properties		**1,020**	9,837	**1,020**	9,837
Purchase of property and equipment	20	**(266,444)**	(184,023)	**(259,073)**	(176,401)
Purchase of intangible assets	22	**(7,903)**	(5,988)	**(3,439)**	(3,288)
Subscription of shares in a joint venture	18	**(15,300)**	(15,300)	**(15,300)**	(15,300)
Repayment of subordinated loan from an associate		**-**	26,528	**-**	26,528
Redemption/(Acquisition) of an equity interest in an associate	19	**632**	(3,135)	**-**	-
Net cash (used in)/generated from investing activities		**(115,371)**	3,587,407	**(139,745)**	3,151,539
CASH FLOWS FROM FINANCING ACTIVITIES					
(Repayment)/Drawdown in borrowings	32	**(250,000)**	550,000	**-**	-
Interest payment on borrowings	32	**(198,170)**	(184,981)	**(134,225)**	(133,800)
Payment of dividend to the equity holders of the Bank	49	**(139,021)**	(7,127)	**(139,021)**	(7,127)
Payment of dividend to non-controlling interest		**(28,777)**	(35,001)	**-**	-
Issuance of new shares	33	**127,528**	90,020	**127,528**	90,020
Issue of subsidiary share capital		**490**	-	**-**	-
Exercise of employee stock option incentive scheme		**-**	44,774	**-**	-
Proceeds from recourse obligation on loans/financing sold to Cagamas Berhad	27	**50,000**	-	**-**	-
Lease payments	29	**(37,775)**	(37,261)	**(26,008)**	(26,169)
Net cash (used in)/generated from financing activities		**(475,725)**	420,424	**(171,726)**	(77,076)
Net increase/(decrease) in cash and cash equivalents		**895,399**	(1,778,516)	**(414,724)**	(372,163)
Effects of foreign exchange		**(7,642)**	11,727	**12,828**	7,235
Cash and cash equivalents at beginning of the financial year		**4,557,874**	6,324,663	**2,288,797**	2,653,725
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		**5,445,631**	4,557,874	**1,886,901**	2,288,797
Cash and cash equivalents comprise the following:					
Cash and short-term funds	2	**5,461,365**	4,605,357	**1,887,584**	2,317,369
Deposits and placements of banks and other financial institutions	3	**50,058**	-	**-**	41,368
		5,511,423	4,605,357	**1,887,584**	2,358,737
Less:					
Amount held on behalf of commissioned dealer's representatives	30	**(65,792)**	(47,483)	**-**	-
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months		**-**	-	**(683)**	(69,940)
		5,445,631	4,557,874	**1,886,901**	2,288,797

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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 Malaysian Financial Reporting Standards ('MFRS'), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The financial statements incorporate those activities relating to Islamic banking business which have been undertaken by AFFIN Islamic, a wholly owned subsidiary of the Bank. Islamic banking business refers generally to the acceptance of deposits and granting of financing under the Shariah principles.

The financial statements of the Group and the Bank have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant 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 period. It also requires Directors to exercise their judgement in the process of applying the Group's and Bank's accounting policies. Although these estimates and judgement 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 AF.

Standards, amendments to published standards and interpretations that are effective

(a) Accounting standards, annual improvements and amendments to MFRS which are effective for the Group and the Bank for the financial period beginning on or after 1 January 2020:
- Amendments to the Conceptual Framework for Financial Reporting
- Amendments to MFRS 101 and MFRS 108 'Definition of Material'
- Amendments to MFRS 3 'Definition of a Business'
- Amendments to MFRS 9, MFRS 139 and MFRS 7 'Interest Rate Benchmark Reform'

The Group and the Bank have adopted Amendments to MFRS 3 'Definition of a Business' for the first time in the 2020 financial statements, which resulted in changes in accounting policies.

Amendments to MFRS 3 'Definition of a Business'

Amendments to MFRS 3 'Definition of a Business' revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments provide guidance to determine whether an input and a substantive process are present, including situations where an acquisition does not have outputs.

In addition, the revised definition of the term 'outputs' is narrower, focusses on goods or services provided to customers, generating investment returns and other income but excludes returns in the form of cost savings.

The amendments introduce an optional simplified assessment known as 'concentration test' that, if met, eliminates the need for further assessment. The assets acquired would not represent a business when substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar assets).

The Group and Bank have applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020.

The 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(A) BASIS OF PREPARATION (CONTINUED)

Standards, amendments to published standards and interpretations that are effective (continued)

(b) Additional measures to assist borrowers/customers affected by the covid-19 outbreak by BNM

On 24 March 2020, BNM announced the additional measures to assist borrowers/customers experiencing temporary financial constraints due to the Covid-19 pandemic. The measures which are aimed at ensuring the financial intermediation function of the financial sector remains intact, access to financing continues to be available, and banking institutions remain focused on supporting the economy during these exceptional circumstances are set out as follows:

(i) Banking institutions will grant an automatic moratorium on all loans/financing repayments/payments, both principal and interest (except for credit card balances) by individuals and Small & Medium Enterprises ('SMEs') borrowers/customers for a period of 6 months effective 1 April 2020. This automatic moratorium is applicable to any loans/financing that is not in arrears exceeding 90 days as at 1 April 2020 and denominated in Malaysian Ringgit;

(ii) For credit card balances, banking institutions shall offer customers the option of converting their outstanding balances into a term loan/financing of a tenure of not more than 3 years with an effective interest/profit rate capped at 13% per annum. However, for customers who have not met the minimum repayment of 3 consecutive months, banking institutions shall automatically convert their credit card balances into term loans with the abovementioned terms;

(iii) For corporate customers, banking institutions will facilitate customer's requests for a moratorium on loan/financing repayment/payment, additional financing to support cash flows or may reschedule and restructure existing facilities in an effort to assist the corporations to preserve jobs and slowly resume economic activities when conditions improve;

(iv) Banking institutions are given prudential buffer with immediate effect to drawdown the capital conservation buffer of 2.5%, to operate below the minimum liquidity coverage ratio of 100% and to reduce the regulatory reserves held against expected losses to 0%. This buffer will need to be restored to the minimum regulatory requirements by 30 September 2021; and

(v) Banking institutions are also allowed to implement lower minimum Net Stable Funding Ratio ('NSFR') of 80% effective 1 July 2020. However, banking institutions will need to comply with 100% NSFR ratio from 30 September 2021.

The financial impact of the moratorium is disclosed in Note 37.

Standards, amendments to published standards and interpretations that are early adopted

The Group and the Bank have early adopted the MFRS 16 amendment for the first time in its annual financial statements ended 31 December 2020, with the date of initial application of 1 January 2020. The amount recognised in the Group's and the Bank's 31 December 2020 profit or loss to reflect changes in lease payments that arise from rent concessions to which the Group and the Bank has applied the practical expedient is RM48,867. The lease liability is reduced by RM254,837.

During the financial year, the Group and the Bank changed its accounting policies on Covid-19 Related Rent Concession upon early adoption of the MFRS 16 amendment.

In accordance with the transitional provisions provided in the MFRS 16 amendment, the comparative information for 2019 was not restated and continued to be reported under the previous accounting policies in accordance with the lease modification principles in MFRS 16.

(A) BASIS OF PREPARATION (CONTINUED)

Standards, amendments to published standards and interpretations that are early adopted (continued)

On adoption of the MFRS 16 amendment, the Group and the Bank are not required to assess whether a Covid-19 related rent concession that meets all of the following conditions is a lease modification:

(i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(ii) any reduction in lease payments affects only payments due on or before 30 June 2021; and

(iii) there is no substantive change to other terms and conditions of the lease.

The Group and the Bank account for such Covid-19 related rent concession as a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs.

The amendments shall be applied retrospectively.

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

- Annual Improvements to MFRS 9 'Fees in the 10% Test for Derecognition of Financial Liabilities' (effective 1 January 2022) clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other's behalf, are included in the cash flow of the new loan when performing the 10% test.

  An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- Amendments to MFRS 3 'Reference to Conceptual Framework' (effective 1 January 2022) replace the reference to 'Framework for Preparation and Presentation of Financial Statements' with 2018 'Conceptual Framework for Financial Reporting'. The amendments did not change the current accounting for business combinations on acquisition date.

  The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 'Provisions, Contingent Liabilities And Contingent Assets' and IC Interpretation 21 'Levies' when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

  The amendments shall be applied prospectively.

- Amendments to MFRS 116 'Proceeds Before Intended Use' (effective 1 January 2022) prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss.

  The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 137 'Onerous Contracts - Cost of Fulfilling a Contract' (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

  The amendments shall be applied retrospectively.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(A) BASIS OF PREPARATION (CONTINUED)

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 101 'Classification of Liabilities as Current or Non-current' (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

  A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date.

  In addition, the amendments clarify that when a liability could be settled by the transfer of an entity's own equity instruments (i.e. a conversion option in a convertible bond), conversion option that is not an equity instrument as defined in MFRS 132 'Financial Instruments: Presentation' is considered in the current or non-current classification of the convertible instrument.

  The amendments shall be applied retrospectively.

(B) CONSOLIDATION

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

(i) 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 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. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs. The acquisition would be classified as acquisition of assets if definition of business is not met.

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 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 the acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of 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 the 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.

Acquisition related costs are expensed as incurred.

(B) CONSOLIDATION (CONTINUED)

(i) Subsidiaries (continued)

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The Group applies predecessor accounting to account for business combinations under common control. Under the predecessor accounting, assets and liabilities acquired are not restated to their respective fair values but 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.

Inter-company transactions, balances, 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 income statements, statements of comprehensive income, statement of changes in equity and statements of financial position respectively.

(ii) 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.

(iii) Obligation to purchase the subsidiary's shares from non-controlling interest

When there is an obligation to purchase the subsidiary's shares held by non-controlling interest, at initial recognition, a liability is to be recognised with a corresponding reduction to equity (other reserves) in the consolidated financial statements. The financial liability is recognised at the present value of the redemption amount and accreted through finance charges in the income statement over the contract period, up to the final redemption amount. Any adjustments to the redemption amount are recognised as finance charges in the income statement.

The contractual obligation to buy the subsidiary's shares from the non-controlling interest meets the definition of financial liability and is accounted as disclosed in Note I.

(iv) 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 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 profit or loss.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(B) CONSOLIDATION (CONTINUED)

(iv) Disposal of subsidiaries (continued)

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

(v) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

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

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its joint venture because of a loss of joint control, 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 an associate or 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 a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

(vi) 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.

(B) CONSOLIDATION (CONTINUED)

(vi) Associates (continued)

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 investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. 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 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 the profit or loss.

(C) INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES IN SEPARATE FINANCIAL STATEMENTS

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

Investment in debt instruments issued by subsidiary companies at amortised cost are measured in accordance with Note H.

(D) INTANGIBLE ASSETS

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 previously held interest in the acquiree are 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 of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(D) INTANGIBLE ASSETS (CONTINUED)

Identifiable intangible assets arising from business combination

Identifiable intangible assets arising from business combination are recognised at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. The fair value of intangible assets are generally determined using income approach methodologies such as the discounted cash flow method. Intangible assets with a definite useful life are amortised using the straight-line method over their estimated useful economic life. Intangible assets within an indefinite useful life are not amortised. Generally, the identified intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exist, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount. Intangible assets with indefinite useful life are annually tested for impairment and whether there is an indication that the asset may be impaired.

The identifiable intangible assets arising from business combination consist of brand and customer relationship. Brand and customer relationship are amortised over their useful lives in a manner that reflects the pattern to which they contribute to future cash flows as follows:

Brand	- 3 years
Customer relationship	- 7 years

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 products 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.

(E) IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life, for example goodwill, 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 which are largely independent of the cash inflows from other assets or groups of assets (CGUs). 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 income statement 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 income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

(F) RECOGNITION OF INTEREST AND FINANCING INCOME AND EXPENSE

Interest and financing income and expense for all interest/profit-bearing financial instruments are recognised within 'interest income', 'interest expense' and 'income from Islamic banking business' respectively in the income statement using the effective interest/profit method. Interest/profit income from financial assets at FVTPL is recognised as part of net gains and losses on financial instrument.

Interest/profit income is calculated by applying effective interest/profit 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/profit rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance).

(G) RECOGNITION OF FEES AND OTHER INCOME

The Group and the Bank earns fee and commission income from a diverse range of products and services provided to its customers. Fee and commission income are recognised when the Group and the Bank has satisfied its performance obligation in providing the promised products and services to the customer, and are recognised based on contractual rates or amount agreed with customers, and net of expenses directly related to it. The Group and the Bank generally satisfies its 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 finance transactions, brokerage income, arrangement fees and initial service charges. 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 provision of these services to the customers over time. Fees for these services will be billed periodically over time. Such fees include portfolio management fees, financial guarantees fee, agency fees and initial service charges on close ended funds.

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 brokerage fees paid, card-related expenses and sales commissions, but do not include expenses for services delivered over a period (such as service contracts) and other expenses that are not specifically related to fee and commission income transactions.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(G) RECOGNITION OF FEES AND OTHER INCOME (CONTINUED)

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 is 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 net disposal proceeds and the carrying amount of the securities.

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

(H) FINANCIAL ASSETS

(a) Classification

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 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 payments for principal and interest/profit ('SPPI').

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 flows characteristics of the asset. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(H) 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:

(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/profit income from these financial assets is included in 'interest income' and 'income from Islamic banking business' using the effective interest/profit 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 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/profit income from these financial assets is included in 'interest income' and 'income from Islamic banking business' using the effective interest/profit rate method. Foreign exchange gains and losses are presented in 'net gains and losses on financial instruments' and impairment expenses are presented as separate line item in the income statement.

(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 is recognised in profit or loss and presented net within 'net gains and losses on financial instruments' in the period 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 is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (i.e. 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 Group's and the Bank's business model for the mortgage loan book is to hold to collect contractual cash flows with no resulting derecognition by the Group and the Bank. 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. Securities 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(H) FINANCIAL ASSETS (CONTINUED)

(c) Measurement (continued)

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/profit (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 are 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 FVOCI, 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. 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 instruments at FVTPL are recognised in 'net gains and losses on financial instruments' in the income statement.

(d) 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 losses ('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 present value of cash flows according to contract and 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 measures 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 51 sets out the measurement details of ECL. The Group applies 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 trade receivables and other assets.

(H) FINANCIAL ASSETS (CONTINUED)

(d) Subsequent measurement – Impairment (continued)

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 borrower/issuer's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increases 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 borrower/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 of when they fall due;
- bankruptcy or winding up order issued;
- account turns fraud;
- internal rating deteriorated to default credit grade or worse;
- financial cash flows problems, classified as stressed company with evidence of business failure by Bursa Malaysia Securities Berhad ('Bursa Securities');
- collateral coverage ratio falls below 100% (for share margin financing).

(ii) Judgemental indicators:

- evidence of three or more judgemental events;
- account is past due or in excess of approved limit but less than or equal to 30 days;
- non compliance with financial covenants imposed and evidence of misuse and diversion of funds or monies;
- weakening in financial statements with sign of over-leveraging, erosion in capital base, deterioration in profitability and cash flows;
- credit deterioration such as adverse change in payment pattern and default in other related accounts;
- legal proceedings that have negative impact to the credit profile;

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(H) FINANCIAL ASSETS (CONTINUED)

(d) Subsequent measurement – Impairment (continued)

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

(ii) Judgemental indicators (continued):
- sign of operational weakness or disruptions arising from change in company's operations and management activities;
- company/director/management involved in fraudulent activities;
- consistently require margin call or unable to meet margin call (for share margin financing); and
- Restructuring and Rescheduling ('R&R') with significant increase in credit risk, however business operation remains viable post R&R.

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:
- ceasing enforcement activity; and
- where the Group's and the Bank's recoveries method are foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

Modification of loans/financing

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 to 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 loans/financing;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest/profit rate;
- Change in the currency the loans/financing is denominated in; and
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loans/financing.

If the terms are substantially different, the Group and the Bank derecognise the original financial asset and recognise a 'new' asset at fair value and recalculate a new effective interest/profit 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.

(H) FINANCIAL ASSETS (CONTINUED)

(d) Subsequent measurement – Impairment (continued)

Modification of loans/financing (continued)

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/profit rate (or credit-adjusted effective interest/profit rate for purchased or originated credit-impaired financial assets).

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 transfers 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 sukuk) 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/profit.

(e) Regulatory reserve requirements

Pursuant to BNM Financial Reporting policy dated 27 September 2019, 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. However, banking institutions are allowed to reduce the regulatory reserves held against expected losses to 0% and to be restored by 30 September 2021.

(f) Temporary exemption from applying MFRS 9 for an associate and a joint venture

The Group has applied the temporary exemption for AXA AFFIN General Insurance Berhad (associate) and AXA AFFIN Life Insurance Berhad (joint venture) in accordance with MFRS 17 Insurance Contracts as both entities will adopt MFRS 9 together with the adoption of MFRS 4 effective from the reporting period of 1 January 2021. MFRS 4 Insurance Contracts will be superseded by MFRS 17 for period beginning or after 1 January 2023.

(g) Financing assistance scheme

Financing under a government scheme is recognised and measured in accordance with MFRS 9 'Financial Instruments', with the benefit at a below market and concession rate measured as the difference between the initial carrying amount or fair value of the financing and the amount received.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(H) FINANCIAL ASSETS (CONTINUED)

(g) Financing assistance scheme (continued)

The benefit of government schemes that addresses identified costs or expenses incurred by the Group and the Bank are recognised in the profit or loss in the same financial period when the costs or expenses are recognised, when the required conditions are fulfilled in accordance with MFRS 120 'Accounting for Government Grants and Disclosure of Government Assistance'.

(I) 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 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 J).

Derecognition

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

(J) FINANCIAL GUARANTEE CONTRACTS AND LOAN/FINANCING 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/financing commitments provided by the Group and the Bank are measured as the amount of the loss allowance. The Group and the Bank have not provided any commitment to provide loans/financing at a below-market interest/profit rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan/financing commitments and financial guarantee contracts, the loss allowance is recognised as provision. However, for contracts that include both a loan/financing and 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/financing component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan/financing. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan/financing, 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 losses 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.

(K) OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount is 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.

(L) 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 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 include 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 derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Buildings	50 years
Leasehold buildings	50 years or over the remaining lease period, whichever is shorter
Renovation and leasehold premises	5 to 10 years or the period of the lease, whichever is greater
Office equipment and furniture	3 to 10 years
Computer equipment and software	5 years
Motor vehicles	5 years

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

Residual value 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 or 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.

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

(M) LEASES

Leases are recognised as right-of-use 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 lease liability.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(M) LEASES (CONTINUED)

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 is 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 lease term results in remeasurement of the lease liabilities. See accounting policy below on 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 is reasonably certain to exercise a purchase option, the ROU assets are depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

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;
- Variable lease payments depend on index or rate;
- The exercise price of a purchase options if the Group is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Bank exercising that option; and
- The amount expected to be payable by the Group and the Bank under residual value guarantees.

Lease payments are discounted using the interest/profit 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 assets in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest/profit 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/profit expense in the income statements.

The Group is also exposed to potential future increases 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.

(M) LEASES (CONTINUED)

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 basis as an operating expense in profit or loss.

Accounting policy applied from 1 January 2020

Covid-19 Related Rent Concession

During the financial year, the Group and the Bank elect to account for a Covid-19 related rent concession that meets all of the following conditions in the same way as they would if they were not lease modification:

(i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(ii) any reduction in lease payments affects only payments due on or before 30 June 2021; and

(iii) there is no substantive change to other terms and conditions of the lease.

The Group and the Bank account for such Covid-19 related rent concession as a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs. The Group and the Bank present the impacts of rent concession within operating expenses.

Until 31 December 2019, the accounting required by MFRS 16 for a change in lease payments, other than those arising from a change in amounts expected to be payable under residual value guarantees or in an index or rate used to determine lease payments, depends on whether that change meets the definition of a lease modification.

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 an 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.

(N) FOREIGN CURRENCY TRANSLATIONS

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, which is the Bank's functional and presentation currency.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(N) FOREIGN CURRENCY TRANSLATIONS (CONTINUED)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates 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 income statement. 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 investment 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 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) 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 flows 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.

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless 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.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

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

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

(P) CURRENT AND DEFERRED INCOME TAXES

Current tax

Tax expense for the financial period comprises current and deferred income tax. The income tax expense or credit for the financial period is the tax payable on the current financial 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 to unused tax losses. Tax is recognised in income statement, 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.

(P) CURRENT AND DEFERRED INCOME TAXES (CONTINUED)

Current tax (continued)

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 and branch 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.

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 also not accounted for if it arises from 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 unused tax credits can be utilised.

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

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

Deferred income tax assets are recognised on deductible temporary differences arising from investment in subsidiaries, associates and joint venture only to the extent that it is probable the temporary differences will reverse in the future and there is sufficient taxable profit available against which the deductible temporary differences 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 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 net basis.

(Q) ZAKAT

This represents business zakat payable by the Group in compliance with Shariah principles and as approved by the Group's Shariah Committee.

(R) CASH AND CASH EQUIVALENTS

Cash and short-term funds consists of cash in 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(S) FORECLOSED PROPERTIES

Foreclosed properties are stated at the lower of their carrying amount and fair value less cost to sell.

(T) CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Group and the Bank do not recognise contingent assets and liabilities other than those arising from business combination, but disclose its existence in the financial statements. A contingent liability is possible obligation 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 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 discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(U) BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable, which are financial liabilities, represent the Bank's own bills and acceptances rediscounted and outstanding in the market (Note I).

(V) 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 passage of time is recognised as finance cost expense.

(W) EMPLOYEE BENEFITS

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.

(W) EMPLOYEE BENEFITS (CONTINUED)

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 employee benefits relating to employee service in the current and prior periods.

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

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without any possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Share-based payments

The settlement method of the subsidiary's stock option incentive scheme for key employees is dependent on an uncertain future event which is outside the control of the subsidiary or its employees. At each reporting date, the subsidiary assesses the probability of the outcome of the uncertain future event in giving rise to a liability in determining whether the stock option incentive scheme is treated as cash-settled or equity-settled. If obligation to settle in cash exists, the entity accounts for the transaction as a cash-settled share-based payment transaction. If there is no obligation to settle in cash or other assets, the transaction should be treated as an equity-settled share-based payment transaction.

An equity-settled share-based payment plan is where the subsidiary receives services from employees as consideration for equity instruments (stock options) of the subsidiary. The fair value of the stock options granted in exchange for services of the employees are recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the stock options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting date, the subsidiary revises its estimates of the number of stock options that are expected to vest based on the non-market conditions and service conditions. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to stock option reserves in equity.

If the terms of an equity-settled share-based payment plan is modified, at a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increase the total fair value of the share-based payment arrangement, or its otherwise beneficial to the employee, as measured at the date of modification.

A cash-settled share-based payment plan is initially recognised at the fair value of the liability at reporting date and is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in liability. The total amount to be expensed over the vesting period is determined by reference to the fair value of the stock options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The subsidiary re-measures the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss. The subsidiary revises its estimate of the number of stock options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to liability.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(X) SALE AND REPURCHASE AGREEMENTS

Securities purchased under resale agreements are securities which 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 which 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 statement of financial position.

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

(Y) RESTRICTED INVESTMENT ACCOUNTS ('RIA')

These deposits are used to fund specific financing. The RIA is a contract based on the Shariah concept of Mudharabah between two parties, i.e. investor and entrepreneur to finance a business venture where the investor provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture will be shared-based on pre-agreed ratios with the Bank as Mudarib (manager or manager of funds), and losses shall be borne solely by capital provider.

(Z) SHARE CAPITAL

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.

Share issue costs

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction net of tax, from the proceeds.

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 are recognised directly in equity.

In declaring dividend, Dividend Reinvestment Plan ('DRP') is offered to the Shareholders. Where the Electable Portion is not reinvested by the Shareholders, the remaining portion of the dividend will be paid in cash.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the Bank, excluding any costs of servicing equity other than ordinary shares; and
- 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:
- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(AA) BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest/profit method.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All borrowing costs are recognised in profit or loss in the financial period in which they are incurred.

(AB) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting 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 Chief Executive Officer ('CEO') of the respective operating segments as its chief operating decision-maker.

(AC) TRUST ACTIVITIES

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

(AD) TRADE RECEIVABLES

In accordance with the Rules of Bursa Securities, clients' accounts are classified as 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 contract	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 H) for balances due from clients which are considered doubtful or 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.

(AE) COMMODITY GOLD

Commodity comprises gold bullion and is designated at fair value through profit or loss upon initial recognition. The commodity is recognised when the commodity is received into the vault of the Custodian.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(AE) COMMODITY GOLD (CONTINUED)

The fair value of gold bullion as at the reporting date is determined by reference to prices published by the London Bullion Market Association ('LBMA'). Differences arising from changes in gold prices are recorded in profit or loss.

The commodity is derecognised when the risks and rewards of ownership have been substantially transferred.

(AF) 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 losses ('ECL') allowance

The measurement of the expected credit losses 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 (i.e. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 51, 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 Covid-19 on ECL

As the current MFRS 9 models are not expected to generate levels of ECL with sufficient reliability in view of the unprecedented and on.going Covid-19 pandemic, overlays have been applied to determine a sufficient overall level of ECLs for the year ended and as at 31 December 2020.

These overlays were taken to reflect the latest macro-economic outlook not captured in the modelled outcome and the potential impact to delinquencies and defaults when the various relief and support measures are expiring in 2021.

The overlays involved 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 borrowers and customers who have received repayment supports remain in their existing stages unless they have been individually identified as not viable or with subsequent indicators of significant increase in credit risk from each of their pre Covid-19 status. The overlays were made at the account and portfolio level.

Estimated impairment of 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 recoverable amounts of the cash generating units to which goodwill is allocated were determined based on discounted cash flows valuation model. The calculations require the use of estimates as set out in Note 22 to the financial statements.

1 GENERAL INFORMATION

There have been no significant changes in the principal activities of the Group and the Bank during the financial year.

The Bank is principally engaged in all aspects of banking and related financial services. The principal activities of the Bank and its subsidiaries are commercial banking and hire purchase business, Islamic banking business, investment banking and stock-broking, money-broking, fund and asset management, property management services, nominee and trustee services. The principal activities of the joint ventures are underwriting of life insurance business and property development while the associates are principally engaged in general insurance business and investment holding.

The holding corporate body is Lembaga Tabung Angkatan Tentera, a statutory body incorporated under the Tabung Angkatan Tentera Act, 1973.

The Bank is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Securities as at 31 December 2020.

2 CASH AND SHORT-TERM FUNDS

	The Group		The Bank	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Cash and bank balances with banks and other financial institutions	**1,059,629**	1,057,541	**449,299**	494,922
Money at call and deposit placements maturing within one month	**4,401,768**	3,547,839	**1,438,317**	1,822,482
Less: Expected credit losses	**(32)**	(23)	**(32)**	(35)
	5,461,365	4,605,357	**1,887,584**	2,317,369

The cash and short-term funds is inclusive of remisiers' trust monies of RM65,792,000 (2019: RM47,483,000).

Cash and short term funds of the Group also include restricted cash which could be utilised only for the creation and cancellation of units of the fund managed by the Group in accordance with Section 111 of the Capital Markets and Services Act 2007. The total restricted cash of the Group amounted to RM283,648,000 (2019: RM406,232,000).

3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group		The Bank	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Licensed banks	**50,058**	-	**-**	41,385
Less: Expected credit losses	**-**	-	**-**	(17)
	50,058	-	**-**	41,368

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

4 INVESTMENT ACCOUNTS DUE FROM DESIGNATED FINANCIAL INSTITUTIONS

	The Bank	
	2020 RM'000	2019 RM'000
Licensed banks	**1,745,263**	1,912,516
Less: Expected credit losses	**(1,955)**	(101)
	1,743,308	1,912,415

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ('FVTPL')

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At fair value				
Money market instruments:				
Malaysian Government investment issues	**-**	137,242	**-**	-
Negotiable Instruments of Deposit	**113,657**	60,977	**113,657**	60,977
	113,657	198,219	**113,657**	60,977
Quoted securities:				
Exchange traded fund	**891**	5,006	**-**	-
Shares, warrants and REITs in Malaysia	**112,168**	49,478	**-**	-
Shares, warrants and REITs outside Malaysia	**69,412**	35,101	**-**	-
Unit Trusts in Malaysia	**229,378**	231,777	**-**	-
	411,849	321,362	**-**	-
Unquoted securities:				
Shares in Malaysia	**99,222**	94,207	**99,222**	94,207
Corporate bonds/Sukuk in Malaysia	**29,049**	21,857	**15,044**	15,032
Corporate bonds/Sukuk outside Malaysia	**44,489**	26,487	**-**	-
	172,760	142,551	**114,266**	109,239
	698,266	662,132	**227,923**	170,216

6 DERIVATIVE FINANCIAL ASSETS

The Group	2020 Contract/ Notional amount RM'000	2020 Assets RM'000	2019 Contract/ Notional amount RM'000	2019 Assets RM'000
At fair value				
Foreign exchange derivatives:				
- Currency forwards	**1,356,819**	**35,220**	505,367	10,419
- Cross currency swaps	**5,234,180**	**172,475**	4,724,700	87,448
- Currency swaps	**3,426,300**	**87,890**	1,688,734	28,504
Interest rate derivatives:				
- Interest rate swaps	**2,345,000**	**92,709**	1,995,000	38,497
	12,362,299	**388,294**	8,913,801	164,868

The Bank	2020 Contract/ Notional amount RM'000	2020 Assets RM'000	2019 Contract/ Notional amount RM'000	2019 Assets RM'000
At fair value				
Foreign exchange derivatives:				
- Currency forwards	**161,922**	**3,300**	143,656	1,279
- Cross currency swaps	**5,570,503**	**186,168**	5,032,355	93,790
Interest rate derivatives:				
- Interest rate swaps	**895,000**	**41,714**	695,000	23,156
	6,627,425	**231,182**	5,871,011	118,225

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

7 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (‘FVOCI’)

	The Group		The Bank	
	2020 RM’000	2019 RM’000	2020 RM’000	2019 RM’000
At fair value				
Money market instruments:				
Malaysian Government securities	**2,370,147**	731,623	**1,225,896**	182,017
Malaysian Government investment issues	**3,472,328**	2,948,863	**1,261,613**	989,435
Cagamas Bonds/Sukuk	**116,938**	25,965	**105,835**	-
Negotiable Instruments of Deposit and Islamic Debt Certificates	**5,581**	7,073	**408,917**	1,016,287
Khazanah Bonds/Sukuk	**-**	309,411	**-**	256,336
	5,964,994	4,022,935	**3,002,261**	2,444,075
Unquoted securities:				
Shares in Malaysia *	**211,465**	180,881	**186,135**	157,818
Corporate bonds/Sukuk in Malaysia #	**6,742,087**	8,031,818	**3,312,302**	3,638,627
Corporate bonds/Sukuk outside Malaysia	**115,507**	261,212	**86,632**	133,324
	7,069,059	8,473,911	**3,585,069**	3,929,769
	13,034,053	12,496,846	**6,587,330**	6,373,844

* Equity securities designated at FVOCI.

\# Certain unquoted perpetual bonds are designated at FVOCI.

7 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI') (CONTINUED)

Debt instruments at FVOCI

Movements in allowances for impairment which reflect the ECL model on impairment are as follows:

The Group 2020	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	4,388	595	12,166	17,149
Total transfer between stages due to change in credit risk:-	(4,544)	4,544	-	-
- Transfer to 12 - month ECL (Stage 1)	198	(198)	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(4,742)	4,742	-	-
Financial assets derecognised (other than write-off)	(27,227)	(661)	-	(27,888)
New financial assets originated or purchased	12,076	-	-	12,076
Changes due to change in credit risk	35,735	21,904	4	57,643
Changes in models/risk parameters	1,752	5,076	-	6,828
Other adjustments				
- Foreign exchange and other movements	21	(1)	-	20
At end of the financial year	**22,201**	**31,457**	**12,170**	**65,828**

The Group 2019	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	5,307	39	17,515	22,861
Total transfer between stages due to change in credit risk:-	(34)	34	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(34)	34	-	-
Financial assets derecognised (other than write-off)	(1,948)	-	(7,073)	(9,021)
New financial assets originated or purchased	566	-	-	566
Changes due to change in credit risk	464	550	1,724	2,738
Changes in models/risk parameters	35	(29)	-	6
Other adjustments				
- Foreign exchange and other movements	(2)	1	-	(1)
At end of the financial year	4,388	595	12,166	17,149

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

7 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI') (CONTINUED)

Debt instruments at FVOCI (continued)

Movements in allowances for impairment which reflect the ECL model on impairment are as follows (continued):

The Bank 2020	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	3,607	557	-	4,164
Total transfer between stages due to change in credit risk:-	(4,067)	4,067	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(4,067)	4,067	-	-
Financial assets derecognised (other than write-off)	(22,375)	(660)	-	(23,035)
New financial assets originated or purchased	9,543	-	-	9,543
Changes due to change in credit risk	29,713	21,717	-	51,430
Changes in models/risk parameters	1,122	1,557	-	2,679
Other adjustments				
- Foreign exchange and other movements	20	(1)	-	19
At end of the financial year	**17,563**	**27,237**	**-**	**44,800**

The Bank 2019	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	5,399	-	-	5,399
Total transfer between stages due to change in credit risk:-	(34)	34	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(34)	34	-	-
Financial assets derecognised (other than write-off)	(1,421)	-	-	(1,421)
New financial assets originated or purchased	292	-	-	292
Changes due to change in credit risk	(684)	550	-	(134)
Changes in models/risk parameters	57	(27)	-	30
Other adjustments				
- Foreign exchange and other movements	(2)	-	-	(2)
At end of the financial year	3,607	557	-	4,164

7 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI') (CONTINUED)

Debt instruments at FVOCI (continued)

Movements in the gross carrying amount of financial investment at FVOCI that contributed to changes in the ECL:

The Group 2020	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
At beginning of the financial year	**12,187,806**	**72,687**	**4,516**	**12,265,009**
Total transfer between stages due to change in credit risk:-	**(726,969)**	**726,969**	**-**	**-**
- Transfer to 12 - month ECL (Stage 1)	**42,212**	**(42,212)**	**-**	**-**
- Transfer to Lifetime ECL not credit impaired (Stage 2)	**(769,181)**	**769,181**	**-**	**-**
Financial assets derecognised (other than write-off)	**(17,624,243)**	**(16,305)**	**-**	**(17,640,548)**
New financial assets originated or purchased	**18,313,296**	**-**	**-**	**18,313,296**
Changes in interest/income accrual	**(33,230)**	**3,579**	**-**	**(29,651)**
Other adjustments				
- Foreign exchange and other movements	**10,856**	**(2,119)**	**5**	**8,742**
- Changes in fair value	**(100,855)**	**6,659**	**(64)**	**(94,260)**
At end of the financial year	**12,026,661**	**791,470**	**4,457**	**12,822,588**

The Group 2019	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
At beginning of the financial year	14,949,190	73,595	26,540	15,049,325
Total transfer between stages due to change in credit risk:-	(14,949)	14,949	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(14,949)	14,949	-	-
Financial assets derecognised (other than write-off)	(15,474,115)	(15,439)	(27,906)	(15,517,460)
New financial assets originated or purchased	12,617,136	-	-	12,617,136
Changes in interest/income accrual	(33,181)	(479)	(480)	(34,140)
Other adjustments				
- Foreign exchange and other movements	(3,755)	-	(127)	(3,882)
- Changes in fair value	147,480	61	6,489	154,030
At end of the financial year	12,187,806	72,687	4,516	12,265,009

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

7 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI') (CONTINUED)

Debt instruments at FVOCI (continued)

Movements in the gross carrying amount of financial investment at FVOCI that contributed to changes in the ECL (continued):

The Bank 2020	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
At beginning of the financial year	**6,201,244**	**14,782**	**-**	**6,216,026**
Total transfer between stages due to change in credit risk:-	**(665,303)**	**665,303**	**-**	**-**
- Transfer to Lifetime ECL not credit impaired (Stage 2)	**(665,303)**	**665,303**	**-**	**-**
Financial assets derecognised (other than write-off)	**(9,805,008)**	**(859)**	**-**	**(9,805,867)**
New financial assets originated or purchased	**10,059,403**	**-**	**-**	**10,059,403**
Changes in interest/income accrual	**(35,637)**	**3,440**	**-**	**(32,197)**
- Foreign exchange and other movements	**10,749**	**(2,119)**	**-**	**8,630**
- Changes in fair value	**(51,179)**	**6,379**	**-**	**(44,800)**
At end of the financial year	**5,714,269**	**686,926**	**-**	**6,401,195**

The Bank 2019	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
At beginning of the financial year	8,995,006	-	-	8,995,006
Total transfer between stages due to change in credit risk:-	(14,949)	14,949	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(14,949)	14,949	-	-
Financial assets derecognised (other than write-off)	(7,423,251)	-	-	(7,423,251)
New financial assets originated or purchased	4,632,067	-	-	4,632,067
Changes in interest/income accrual	(22,788)	181	-	(22,607)
Other adjustments				
- Foreign exchange and other movements	(3,743)	-	-	(3,743)
- Changes in fair value	38,902	(348)	-	38,554
At end of the financial year	6,201,244	14,782	-	6,216,026

7 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI') (CONTINUED)

Equity instruments designated at FVOCI

The Group and the Bank designated certain equity instruments at FVOCI, which include equity instruments made for strategic and socio-economic purpose rather than with a view to perform subsequent sale.

	The Group		The Bank	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unquoted securities:				
Corporate bonds - perpetual bonds:				
Mah Sing Group Berhad	**-**	50,956	**-**	-
Shares in Malaysia:				
Credit Guarantee Corporation	**37,987**	35,249	**37,987**	35,249
Cagamas Berhad	**20,923**	19,410	**-**	-
PayNet	**49,554**	35,874	**49,554**	35,874
TPPT Sdn Bhd	**92,087**	81,419	**92,087**	81,419
RAM Holdings Berhad	**9,034**	7,098	**5,808**	4,621
Malaysian Rating Corporation Berhad	**1,170**	1,115	**-**	-
Others *	**710**	716	**699**	655
	211,465	231,837	**186,135**	157,818

* Other socio-economic

8 FINANCIAL INVESTMENTS AT AMORTISED COST ('AC')

	The Group		The Bank	
	2020	**2019**	**2020**	**2019**
At amortised cost	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Unquoted securities:				
Corporate bonds/Sukuk in Malaysia	**141,119**	141,119	**361,944**	100,622
Loan stock in Malaysia	**15,000**	15,000	**-**	-
	156,119	156,119	**361,944**	100,622
Less: Expected credit losses	**(13,082)**	(11,053)	**(236)**	(123)
	143,037	145,066	**361,708**	100,499

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

8 FINANCIAL INVESTMENTS AT AMORTISED COST ('AC') (CONTINUED)

Movements in expected credit losses for financial investments at AC are as follows:

The Group 2020	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	**273**	**-**	**10,780**	**11,053**
Financial assets derecognised (other than write-off)	**(96)**	**-**	**-**	**(96)**
New financial assets originated or purchased	**130**	**-**	**-**	**130**
Changes due to change in credit risk	**410**	**-**	**2,142**	**2,552**
Changes in models/risk parameters	**(557)**	**-**	**-**	**(557)**
At end of the financial year	**160**	**-**	**12,922**	**13,082**

The Group 2019				
At beginning of the financial year	578	-	11,945	12,523
Changes due to change in credit risk	(323)	-	3,830	3,507
Changes in models/risk parameters	18	-	-	18
Write-off	-	-	(4,995)	(4,995)
At end of the financial year	273	-	10,780	11,053

The Bank 2020	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	**123**	**-**	**-**	**123**
Financial assets derecognised (other than write-off)	**(96)**	**-**	**-**	**(96)**
New financial assets originated or purchased	**130**	**-**	**-**	**130**
Changes due to change in credit risk	**643**	**-**	**-**	**643**
Changes in models/risk parameters	**(564)**	**-**	**-**	**(564)**
At end of the financial year	**236**	**-**	**-**	**236**

The Bank 2019				
At beginning of the financial year	412	-	4,995	5,407
Changes due to change in credit risk	(302)	-	-	(302)
Changes in models/risk parameters	13	-	-	13
Write-off	-	-	(4,995)	(4,995)
At end of the financial year	123	-	-	123

8 FINANCIAL INVESTMENTS AT AMORTISED COST ('AC') (CONTINUED)

Movements in the gross carrying amount of financial investment at AC that contributed to changes in the ECL:

The Group 2020	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
At beginning of the financial year	**141,119**	**-**	**15,000**	**156,119**
Financial assets derecognised (other than write-off)	**-**	**-**	**-**	**-**
New financial assets originated or purchased	**-**	**-**	**-**	**-**
Changes in interest/income accrual	**-**	**-**	**-**	**-**
Write-off	**-**	**-**	**-**	**-**
At end of the financial year	**141,119**	**-**	**15,000**	**156,119**

The Group 2019	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
At beginning of the financial year	141,111	-	34,439	175,550
Financial assets derecognised (other than write-off)	-	-	(14,444)	(14,444)
Changes in interest/income accrual	8	-	-	8
Write-off	-	-	(4,995)	(4,995)
At end of the financial year	141,119	-	15,000	156,119

The Bank 2020	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
At beginning of the financial year	**100,622**	**-**	**-**	**100,622**
New financing assets originated or purchased	**259,022**	**-**	**-**	**259,022**
Changes in interest/income accrual	**2,300**	**-**	**-**	**2,300**
At end of the financial year	**361,944**	**-**	**-**	**361,944**

The Bank 2019	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
At beginning of the financial year	100,614	-	19,439	120,053
Financial assets derecognised (other than write-off)	-	-	(14,444)	(14,444)
Changes in interest/income accrual	8	-	-	8
Write-off	-	-	(4,995)	(4,995)
At end of the financial year	100,622	-	-	100,622

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

9 LOANS, ADVANCES AND FINANCING

(i) By type

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Overdrafts	**1,871,460**	1,855,094	**1,404,871**	1,385,715
Term loans/financing				
- Housing loans/financing	**12,388,119**	11,708,126	**4,622,650**	4,356,953
- Hire purchase receivables	**10,671,849**	10,649,579	**6,649,369**	6,829,179
- Syndicated financing	**1,486,237**	1,526,987	**619,680**	630,179
- Business term loans/financing	**12,540,379**	12,968,923	**7,618,055**	8,083,567
- Other term loans/financing	**162,163**	341,452	**-**	-
Bills receivables	**286,775**	118,753	**278,346**	107,085
Trust receipts	**240,688**	172,125	**227,548**	141,893
Claims on customers under acceptances credits	**1,777,795**	1,766,513	**1,269,766**	1,319,027
Staff loans/financing (of which RM Nil to Directors)	**211,093**	191,604	**119,961**	122,788
Credit cards	**209,518**	178,991	**171,441**	148,162
Revolving credits	**3,819,100**	3,971,565	**2,746,141**	2,980,764
Margin financing	**605,485**	503,486	**-**	-
Factoring	**1,994**	8,696	**1,994**	8,696
Gross loans, advances and financing	**46,272,655**	45,961,894	**25,729,822**	26,114,008
Less: Expected credit losses	**(779,777)**	(574,029)	**(564,397)**	(383,949)
Total net loans, advances and financing	**45,492,878**	45,387,865	**25,165,425**	25,730,059

Included in the Group's business term loans/financing as at reporting date is RM55.2 million (2019: RM53.7 million) of term financing disbursed by AFFIN Islamic to joint venture AFFIN-i Nadayu Sdn Bhd.

(ii) By maturity structure

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Maturing within one year	**9,186,637**	9,265,484	**6,333,487**	6,422,116
One year to three years	**3,236,452**	3,899,297	**2,662,555**	3,062,584
Three years to five years	**6,271,623**	6,424,181	**3,683,085**	4,521,683
Over five years	**27,577,943**	26,372,932	**13,050,695**	12,107,625
	46,272,655	45,961,894	**25,729,822**	26,114,008

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

(iii) By type of customers

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Domestic banking institutions	**8,443**	-	**8,443**	-
Domestic non-banking institutions				
- Others	**510,566**	527,411	**273,876**	445,100
Domestic business enterprises				
- Small medium enterprises	**7,776,348**	7,704,132	**5,656,791**	5,696,493
- Others	**13,264,282**	13,796,119	**8,837,264**	8,953,138
Government and statutory bodies	**739,747**	797,185	**29,502**	31,018
Individuals	**23,461,279**	22,544,174	**10,679,880**	10,731,724
Other domestic entities	**1,086**	1,324	**578**	533
Foreign entities	**510,904**	591,549	**243,488**	256,002
	46,272,655	45,961,894	**25,729,822**	26,114,008

(iv) By interest/profit rate sensitivity

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed rate				
- Housing loans/financing	**327,704**	339,073	**282,091**	292,374
- Hire purchase receivables	**10,674,103**	10,652,049	**6,649,370**	6,829,178
- Other fixed rate loans/financing	**966,622**	2,106,359	**222,977**	751,957
Variable rate				
- Base lending rate and base rate plus	**24,271,943**	23,258,002	**12,128,469**	11,544,901
- Cost plus	**10,003,507**	9,570,276	**6,446,915**	6,695,598
- Other variable rate	**28,776**	36,135	**-**	-
	46,272,655	45,961,894	**25,729,822**	26,114,008

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

(v) By economic sector

	The Group 2020 RM'000	The Group 2019 RM'000	The Bank 2020 RM'000	The Bank 2019 RM'000
Primary agriculture	**1,405,796**	1,577,980	**584,361**	590,752
Mining and quarrying	**305,029**	339,360	**60,459**	42,254
Manufacturing	**2,850,316**	2,539,605	**1,938,354**	1,832,096
Electricity, gas and water supply	**443,561**	562,189	**62,000**	156,068
Construction	**1,995,028**	2,012,826	**1,331,552**	1,354,803
Real estate	**5,727,243**	6,653,855	**4,006,230**	4,423,255
Wholesale, retail trade, hotels and restaurants	**3,996,064**	3,402,916	**3,236,141**	2,795,481
Transport, storage and communication	**1,723,239**	1,721,650	**1,298,611**	1,316,332
Finance, insurance and business services	**2,121,030**	2,227,531	**1,535,886**	1,797,562
Education, health and others	**2,114,353**	2,199,982	**923,591**	997,278
Household	**23,590,996**	22,677,326	**10,752,637**	10,808,127
Others	**-**	46,674	**-**	-
	46,272,655	45,961,894	**25,729,822**	26,114,008

(vi) By economic purposes

	The Group 2020 RM'000	The Group 2019 RM'000	The Bank 2020 RM'000	The Bank 2019 RM'000
Purchase of securities	**1,674,403**	1,512,781	**583,275**	612,250
Purchase of transport vehicles	**11,255,358**	11,161,312	**7,143,469**	7,247,930
Purchase of landed property of which:				
- Residential	**12,052,394**	11,502,926	**4,137,906**	4,006,366
- Non-residential	**6,223,989**	6,339,626	**3,867,346**	4,041,513
Fixed assets other than land and building	**240,007**	334,695	**160,646**	247,367
Personal use	**886,050**	833,904	**683,008**	742,358
Credit card	**209,517**	178,991	**171,441**	148,162
Consumer durable	**126**	108	**54**	105
Construction	**2,299,306**	2,706,006	**1,339,721**	1,506,381
Merger and acquisition	**60,102**	64,054	**60,102**	64,054
Working capital	**10,288,562**	10,277,342	**6,955,440**	7,082,634
Others	**1,082,841**	1,050,149	**627,414**	414,888
	46,272,655	45,961,894	**25,729,822**	26,114,008

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

(vii) By geographical distribution

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Perlis	**180,835**	216,197	**17,703**	18,817
Kedah	**1,320,409**	1,363,555	**498,619**	557,738
Pulau Pinang	**2,543,717**	2,545,147	**1,522,359**	1,639,084
Perak	**1,440,323**	1,517,296	**858,616**	932,493
Selangor	**14,306,592**	13,973,439	**7,515,197**	7,549,256
Wilayah Persekutuan	**10,795,943**	10,982,619	**6,387,473**	6,448,886
Negeri Sembilan	**1,581,862**	1,524,855	**566,217**	575,543
Melaka	**900,188**	879,939	**624,245**	606,936
Johor	**5,986,844**	5,869,188	**3,535,350**	3,456,325
Pahang	**1,445,108**	1,396,971	**774,481**	747,361
Terengganu	**901,074**	941,221	**352,987**	418,330
Kelantan	**329,291**	262,813	**58,629**	58,249
Sarawak	**2,250,452**	2,201,225	**1,610,497**	1,662,405
Sabah	**2,135,344**	2,062,110	**1,279,067**	1,314,711
Labuan	**45,134**	43,890	**18,847**	16,239
Outside Malaysia	**109,539**	181,429	**109,535**	111,635
	46,272,655	45,961,894	**25,729,822**	26,114,008

(viii) Movements of impaired loans, advances and financing

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At beginning of the financial year	**1,379,152**	1,589,897	**673,058**	978,218
Classified as impaired	**1,173,296**	791,557	**954,923**	434,820
Reclassified as non-impaired	**(325,440)**	(747,009)	**(152,048)**	(551,848)
Amount written-back	**(291,818)**	(168,790)	**(61,222)**	(121,876)
Amount written-off	**(306,521)**	(86,503)	**(190,805)**	(66,256)
At end of the financial year	**1,628,669**	1,379,152	**1,223,906**	673,058
Ratio of gross impaired loans, advances and financing to gross loans, advances and financing *	**3.52%**	3.00%	**4.45%**	3.08%

* For the Bank, RIA included in the ratio calculation amounting to RM1,754.9 million (2019: RM1,919.3 million) with impaired financing amounting to RM Nil million (2019: RM191.3 million).

The Group and the Bank may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written-off during the financial year amounting to RM306,521,000 (2019: RM86,503,000) for the Group and RM190,805,000 (2019: RM66,256,000) for the Bank respectively. The Group and the Bank still seek to recover amounts that are legally owed in full, but which have been partially written-off due to no reasonable expectation of full recovery.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

(ix) Impaired loans by economic sector

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Primary agriculture	**15,340**	16,082	**15,195**	16,041
Mining and quarrying	**7,576**	7,896	**5,176**	5,315
Manufacturing	**75,558**	90,844	**8,053**	13,248
Electricity, gas and water supply	**371**	105	**326**	58
Construction	**135,860**	164,948	**96,184**	119,790
Real estate	**115,968**	343,127	**68,840**	56,048
Wholesale, retail trade, hotels and restaurants	**48,113**	40,012	**46,733**	38,195
Transport, storage and communication	**399,225**	170,710	**315,971**	85,055
Finance, insurance and business services	**65,869**	63,845	**65,438**	62,806
Education, health and others	**419,194**	84,024	**419,002**	63,180
Household	**345,595**	397,559	**182,988**	213,322
	1,628,669	1,379,152	**1,223,906**	673,058

(x) Impaired loans by economic purposes

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Purchase of securities	**26,122**	90	**13**	51
Purchase of transport vehicles	**389,564**	60,975	**364,662**	42,355
Purchase of landed property of which:				
- Residential	**267,912**	340,382	**131,201**	174,198
- Non-residential	**278,426**	317,923	**259,473**	102,381
Fixed assets other than land and building	**15,360**	3,692	**15,360**	3,692
Personal use	**24,076**	17,589	**22,800**	16,387
Credit card	**825**	878	**694**	615
Construction	**321,892**	287,934	**264,709**	166,321
Working capital	**292,618**	330,709	**162,143**	162,201
Others	**11,874**	18,980	**2,851**	4,857
	1,628,669	1,379,152	**1,223,906**	673,058

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

(xi) Impaired loans by geographical distribution

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Perlis	**2,765**	2,997	**304**	455
Kedah	**94,239**	126,192	**86,941**	118,113
Pulau Pinang	**36,772**	38,602	**30,250**	30,558
Perak	**94,872**	178,887	**13,245**	75,901
Selangor	**279,626**	284,131	**148,586**	146,530
Wilayah Persekutuan	**146,307**	342,922	**53,899**	56,026
Negeri Sembilan	**82,311**	81,863	**65,131**	65,086
Melaka	**16,300**	13,990	**14,281**	9,096
Johor	**447,942**	49,416	**430,760**	29,505
Pahang	**32,282**	34,616	**30,682**	32,086
Terengganu	**309,714**	69,522	**306,195**	64,856
Kelantan	**6,853**	6,149	**3,608**	3,782
Sarawak	**57,994**	56,628	**21,110**	19,502
Sabah	**20,692**	23,461	**18,914**	21,562
Outside Malaysia	**-**	69,776	**-**	-
	1,628,669	1,379,152	**1,223,906**	673,058

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

(xii) Movements in expected credit losses for loans, advances and financing

The Group 2020	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	**139,326**	**94,359**	**340,344**	**574,029**
Total transfer between stages due to change in credit risk:-	**47,123**	**(117,807)**	**70,684**	**-**
- Transfer to 12 - month ECL (Stage 1)	**72,061**	**(62,251)**	**(9,810)**	**-**
- Transfer to Lifetime ECL not credit impaired (Stage 2)	**(24,906)**	**84,743**	**(59,837)**	**-**
- Transfer to Lifetime ECL credit impaired (Stage 3)	**(32)**	**(140,299)**	**140,331**	**-**
Loans/financing derecognised (other than write-off)	**(51,471)**	**(6,704)**	**(19,387)**	**(77,562)**
New loans/financing originated or purchased	**56,113**	**1,994**	**7,970**	**66,077**
Changes due to change in credit risk	**23,416**	**188,044**	**359,203**	**570,663**
Changes in models/risk parameters	**(37,420)**	**(8,682)**	**(844)**	**(46,946)**
Write-off	**-**	**-**	**(305,880)**	**(305,880)**
Other adjustments	**-**	**-**	**(604)**	**(604)**
At end of the financial year	**177,087**	**151,204**	**451,486**	**779,777**

The Group 2019	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	194,335	47,629	338,828	580,792
Total transfer between stages due to change in credit risk:-	48,598	116,925	(165,523)	-
- Transfer to 12 - month ECL (Stage 1)	63,693	(59,983)	(3,710)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(14,568)	184,880	(170,312)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(527)	(7,972)	8,499	-
Loans/financing derecognised (other than write-off)	(72,944)	(7,915)	(83,106)	(163,965)
New loans/financing originated or purchased	60,887	2,757	83,701	147,345
Changes due to change in credit risk	(99,360)	(67,430)	242,858	76,068
Changes in models/risk parameters	7,810	2,393	9,005	19,208
Write-off	-	-	(82,488)	(82,488)
Other adjustments	-	-	(2,931)	(2,931)
At end of the financial year	139,326	94,359	340,344	574,029

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

(xii) Movements in expected credit losses for loans, advances and financing (continued)

The Bank 2020	**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	**86,276**	**76,512**	**221,161**	**383,949**
Total transfer between stages due to change in credit risk:-	**36,569**	**(132,914)**	**96,345**	**-**
- Transfer to 12 - month ECL (Stage 1)	**52,055**	**(47,666)**	**(4,389)**	**-**
- Transfer to Lifetime ECL not credit impaired (Stage 2)	**(15,472)**	**51,874**	**(36,402)**	**-**
- Transfer to Lifetime ECL credit impaired (Stage 3)	**(14)**	**(137,122)**	**137,136**	**-**
Loans/financing derecognised (other than write-off)	**(24,797)**	**(4,120)**	**(16,643)**	**(45,560)**
New loans/financing originated or purchased	**26,124**	**1,013**	**7,864**	**35,001**
Changes due to change in credit risk	**25,948**	**152,955**	**243,353**	**422,256**
Changes in models/risk parameters	**(22,075)**	**(5,098)**	**(593)**	**(27,766)**
Write-off	**-**	**-**	**(202,766)**	**(202,766)**
Other adjustments	**-**	**-**	**(717)**	**(717)**
At end of the financial year	**128,045**	**88,348**	**348,004**	**564,397**

The Bank 2019	**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	139,978	36,542	265,394	441,914
Total transfer between stages due to change in credit risk:-	42,553	91,485	(134,038)	-
- Transfer to 12 - month ECL (Stage 1)	54,559	(52,603)	(1,956)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(11,567)	148,555	(136,988)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(439)	(4,467)	4,906	-
Loans/financing derecognised (other than write-off)	(41,139)	(5,050)	(81,197)	(127,386)
New loans/financing originated or purchased	30,624	1,055	73,020	104,699
Changes due to change in credit risk	(88,182)	(48,263)	160,854	24,409
Changes in models/risk parameters	2,442	743	2,200	5,385
Write-off	-	-	(62,994)	(62,994)
Other adjustments	-	-	(2,078)	(2,078)
At end of the financial year	86,276	76,512	221,161	383,949

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

(xiii) Movements in the gross carrying amount of loans, advances and financing that contributed to changes in the ECL

The Group 2020	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
At beginning of the financial year	**42,045,892**	**2,536,850**	**1,379,152**	**45,961,894**
Total transfer between stages due to change in credit risk:-	**(2,893,696)**	**2,073,760**	**819,936**	**-**
- Transfer to 12 - month ECL (Stage 1)	**2,097,481**	**(2,041,543)**	**(55,938)**	**-**
- Transfer to Lifetime ECL not credit impaired (Stage 2)	**(4,960,909)**	**5,230,411**	**(269,502)**	**-**
- Transfer to Lifetime ECL credit impaired (Stage 3)	**(30,268)**	**(1,115,108)**	**1,145,376**	**-**
Loans/financing derecognised (other than write-off)	**(16,818,335)**	**(334,591)**	**(44,482)**	**(17,197,408)**
New loans/financing originated or purchased	**20,154,168**	**166,233**	**19,069**	**20,339,470**
Changes due to change in credit risk	**(1,939,920)**	**(193,272)**	**(245,197)**	**(2,378,389)**
Modifications to contractual cash flows of financial asset (Note)	**(127,180)**	**(20,911)**	**(6)**	**(148,097)**
Write-off	**-**	**-**	**(306,521)**	**(306,521)**
Other adjustments				
- Unwind of discount	**(593)**	**(4,419)**	**6,718**	**1,706**
At end of the financial year	**40,420,336**	**4,223,650**	**1,628,669**	**46,272,655**

Note: The amount of loans, advances and financing whose cash flows were modified during the year were RM7,372,365,383.

The Group 2019	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
At beginning of the financial year	45,454,847	1,928,060	1,589,897	48,972,804
Total transfer between stages due to change in credit risk:-	(1,108,728)	1,122,493	(13,765)	-
- Transfer to 12 - month ECL (Stage 1)	1,855,549	(1,824,659)	(30,890)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(2,820,783)	3,537,052	(716,269)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(143,494)	(589,900)	733,394	-
Loans/financing derecognised (other than write-off)	(17,545,199)	(464,815)	(334,716)	(18,344,730)
New loans/financing originated or purchased	18,874,524	349,648	351,403	19,575,575
Changes due to change in credit risk	(3,629,492)	(389,876)	(137,805)	(4,157,173)
Write-off	-	-	(86,503)	(86,503)
Other adjustments				
- Unwind of discount	(60)	(8,660)	10,641	1,921
At end of the financial year	42,045,892	2,536,850	1,379,152	45,961,894

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

(xiii) Movements in the gross carrying amount of loans, advances and financing that contributed to changes in the ECL (continued)

The Bank 2020	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
At beginning of the financial year	**23,774,879**	**1,666,071**	**673,058**	**26,114,008**
Total transfer between stages due to change in credit risk:-	**(1,811,409)**	**1,021,769**	**789,640**	**-**
- Transfer to 12 - month ECL (Stage 1)	**1,364,804**	**(1,345,813)**	**(18,991)**	**-**
- Transfer to Lifetime ECL not credit impaired (Stage 2)	**(3,172,645)**	**3,305,702**	**(133,057)**	**-**
- Transfer to Lifetime ECL credit impaired (Stage 3)	**(3,568)**	**(938,120)**	**941,688**	**-**
Loans/financing derecognised (other than write-off)	**(7,366,786)**	**(156,764)**	**(27,208)**	**(7,550,758)**
New loans/financing originated or purchased	**8,865,195**	**41,332**	**8,798**	**8,915,325**
Changes due to change in credit risk	**(1,344,933)**	**(93,112)**	**(32,247)**	**(1,470,292)**
Modifications to contractual cash flows of financial asset (Note)	**(75,382)**	**(12,488)**	**-**	**(87,870)**
Write-off	**-**	**-**	**(190,805)**	**(190,805)**
Other adjustments				
- Unwind of discount	**(96)**	**(2,360)**	**2,670**	**214**
At end of the financial year	**22,041,468**	**2,464,448**	**1,223,906**	**25,729,822**

Note: The amount of loans, advances and financing whose cash flows were modified during the year were RM4,476,414,723.

The Bank 2019	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
At beginning of the financial year	26,773,272	1,188,573	978,218	28,940,063
Total transfer between stages due to change in credit risk:-	(657,533)	783,318	(125,785)	-
- Transfer to 12 - month ECL (Stage 1)	1,414,880	(1,403,696)	(11,184)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(1,969,333)	2,509,998	(540,665)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(103,080)	(322,984)	426,064	-
Loans/financing derecognised (other than write-off)	(8,134,970)	(138,732)	(321,743)	(8,595,445)
New loans/financing originated or purchased	8,904,769	41,019	308,372	9,254,160
Changes due to change in credit risk	(3,110,641)	(202,816)	(103,893)	(3,417,350)
Write-off	-	-	(66,256)	(66,256)
Other adjustments				
- Unwind of discount	(18)	(5,291)	4,145	(1,164)
At end of the financial year	23,774,879	1,666,071	673,058	26,114,008

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

10 TRADE RECEIVABLES

	The Group 2020 RM'000	2019 RM'000
Amount due from stock-broking clients:		
- performing accounts	**564,841**	231,679
- impaired accounts (i)	**1,387**	139
Amount due from brokers	**95,488**	59,478
Management fees receivable on fund management	**261,510**	243,249
Others	**-**	51
	923,226	534,596
Less: Expected credit losses (ii)	**(2,809)**	(208)
	920,417	534,388

(i) Movements of impaired trade receivables	The Group 2020 RM'000	2019 RM'000
At beginning of the financial year	**139**	424
Classified as impaired	**2,104**	419
Amount written-back	**(856)**	(704)
At end of the financial year	**1,387**	139

(ii) Movements in expected credit losses in trade receivables	The Group 2020 RM'000	2019 RM'000
At beginning of the financial year	**208**	468
Allowance made	**9,621**	505
Amount written-back	**(7,020)**	(765)
At end of the financial year	**2,809**	208

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

11 OTHER ASSETS

	The Group 2020 RM'000	The Group 2019 RM'000	The Bank 2020 RM'000	The Bank 2019 RM'000
Other debtors	**214,691**	79,397	**101,778**	12,603
Prepayments and deposits	**21,925**	22,108	**20,942**	21,425
Cheque clearing accounts	**6,226**	42,653	**6,672**	13,911
Foreclosed properties (i)	**16,962**	17,817	**12,089**	12,944
Collaterals pledged for derivative transactions	**13,782**	33	**-**	-
	273,586	162,008	**141,481**	60,883
Less:Expected credit losses (ii)	**(3,966)**	(2,058)	**-**	-
	269,620	159,950	**141,481**	60,883

(i) Foreclosed properties	The Group 2020 RM'000	The Group 2019 RM'000	The Bank 2020 RM'000	The Bank 2019 RM'000
At beginning of the financial year	**17,817**	26,051	**12,944**	21,178
Purchased	**-**	726	**-**	726
Disposal	**(855)**	(8,960)	**(855)**	(8,960)
At end of the financial year	**16,962**	17,817	**12,089**	12,944

(ii) Movements in expected credit losses	The Group 2020 RM'000	The Group 2019 RM'000
At beginning of the financial year	**2,058**	1,669
Allowance made	**3,550**	1,489
Amount written-back	**(1,584)**	(562)
Amount write-off	**(58)**	(538)
At end of the financial year	**3,966**	2,058

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

12 AMOUNT DUE FROM SUBSIDIARIES

	The Bank	
	2020	**2019**
	RM'000	**RM'000**
Advances to AFFIN Islamic	**299,815**	-
Advances to other subsidiaries	**49**	1,318
	299,864	1,318

The advances to subsidiaries are unsecured, bear no interest/profit rate and repayable on demand.

13 AMOUNT DUE FROM JOINT VENTURES

	The Group	
	2020	**2019**
	RM'000	**RM'000**
Advances to joint ventures	**59,060**	57,140
Less: Expected credit losses (i)	**(43,987)**	(28,738)
	15,073	28,402

The advances to joint ventures are unsecured, bear no interest/profit rate and repayable on demand.

(i) Movements in expected credit losses in amount due from joint ventures

At beginning of the financial year	**28,738**	24,048
Allowance made	**15,249**	4,690
At end of the financial year	**43,987**	28,738

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14 AMOUNT DUE FROM ASSOCIATES

	The Group		The Bank	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
10-year Subordinated Loan II (a)	**30,931**	30,925	**30,931**	30,925
Advances to an associate (b)	**-**	900	**-**	-
Less: Expected credit losses	**(46)**	(38)	**(46)**	(38)
	30,885	31,787	**30,885**	30,887

(a) The 10-year Subordinated Loan II to an associate is unsecured and carries a fixed interest rate of 6.50% per annum during the financial year. The Subordinated Loan II has a bullet repayment on 28 March 2027.

	The Group and The Bank	
	Stage 1	
Movement in gross carrying amount of subordinated loan that contributed to changes in the ECL:	**2020** **RM'000**	**2019** **RM'000**
At beginning of the financial year	**30,925**	57,453
Net change in income accrued	**6**	(30)
Amount derecognised/new loans originated or purchased	**-**	(26,498)
At end of the financial year	**30,931**	30,925

	The Group and The Bank	
	12 - Month ECL (Stage 1)	
Movement in expected credit losses for subordinated loan:	**2020** **RM'000**	**2019** **RM'000**
At beginning of the financial year	**38**	236
Amount charged/written-back	**8**	(198)
At end of the financial year	**46**	38

(b) The advances to an associate are unsecured, bear no interest/profit and payable on demand.

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15 DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against 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		The Bank	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Deferred tax assets	**113,521**	22,520	**54,607**	12,690
Deferred tax liabilities	**(1,363)**	(19,080)	**-**	-
	112,158	3,440	**54,607**	12,690
Deferred tax assets:				
- settled more than 12 months	**4,162**	1,251	**-**	-
- settled within 12 months	**144,371**	39,146	**63,649**	20,351
Deferred tax liabilities:				
- settled more than 12 months	**(33,966)**	(28,174)	**(9,042)**	(7,661)
- settled within 12 months	**(2,409)**	(8,783)	**-**	-
	112,158	3,440	**54,607**	12,690

	The Group		The Bank	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
At beginning of the financial year	**3,440**	107,704	**12,690**	70,239
Recognised in income statement (Note 47)	**86,075**	(65,398)	**31,165**	(48,296)
Recognised in equity	**22,643**	(38,866)	**10,752**	(9,253)
At end of the financial year	**112,158**	3,440	**54,607**	12,690

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15 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The movements in deferred tax assets and liabilities during the financial year are as follows (RM'000):

The Group 2020	Property and equipment	Lease rental	Intangible assets	Loans, advances and financing	Other liabilities	Foreign exchange translation gain	Unutilised business tax losses and unabsorbed capital allowances losses	Financial investment at AC	Financial investment at FVOCI	Total
At beginning of the financial year	**(5,636)**	**196**	**(10,076)**	**5,789**	**55,407**	**(10,167)**	**784**	**(4)**	**(32,853)**	**3,440**
Recognised in income statement	**901**	**120**	**2,539**	**16,016**	**53,237**	**4,805**	**180**	**(22)**	**8,299**	**86,075**
Recognised in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**22,643**	**22,643**
At end of the financial year	**(4,735)**	**316**	**(7,537)**	**21,805**	**108,644**	**(5,362)**	**964**	**(26)**	**(1,911)**	**112,158**

The Group 2019	Property and equipment	Lease rental	Intangible assets	Loans, advances and financing	Other liabilities	Foreign exchange translation gain	Unutilised business tax losses and unabsorbed capital allowances losses	Financial investment at AC	Financial investment at FVOCI	Total
At beginning of the financial year	(5,506)	-	(11,576)	53,355	72,394	(9,216)	527	117	7,609	107,704
Recognised in income statement	(130)	196	1,500	(47,566)	(16,987)	(951)	257	(121)	(1,596)	(65,398)
Recognised in equity	-	-	-	-	-	-	-	-	(38,866)	(38,866)
At end of the financial year	(5,636)	196	(10,076)	5,789	55,407	(10,167)	784	(4)	(32,853)	3,440

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

15 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The movements in deferred tax assets and liabilities during the financial year are as follows (RM'000) (continued):

The Bank 2020	**Property and equipment**	**Lease rental**	**Intangible assets**	**Loans, advances and financing**	**Other liabilities**	**Financial investment at AC**	**Financial investment at FVOCI**	**Total**
At beginning of the financial year	**(3,554)**	**193**	**(6,018)**	**4,796**	**25,835**	**-**	**(8,562)**	**12,690**
Recognised in income statement	**312**	**(201)**	**(33)**	**10,756**	**13,851**	**-**	**6,480**	**31,165**
Recognised in equity	**-**	**-**	**-**	**-**	**-**	**-**	**10,752**	**10,752**
At end of the financial year	**(3,242)**	**(8)**	**(6,051)**	**15,552**	**39,686**	**-**	**8,670**	**54,607**

The Bank 2019	**Property and equipment**	**Lease rental**	**Intangible assets**	**Loans, advances and financing**	**Other liabilities**	**Financial investment at AC**	**Financial investment at FVOCI**	**Total**
At beginning of the financial year	(3,226)	-	(4,540)	38,956	37,030	99	1,920	70,239
Recognised in income statement	(328)	193	(1,478)	(34,160)	(11,195)	(99)	(1,229)	(48,296)
Recognised in equity	-	-	-	-	-	-	(9,253)	(9,253)
At end of the financial year	(3,554)	193	(6,018)	4,796	25,835	-	(8,562)	12,690

16 STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

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

On 15 May 2020, BNM has issued Statutory Reserve Requirement ('SRR') guideline and with effect from 16 May 2020, banking institutions are allowed to recognise Malaysian Government Securities and Malaysian Government Investment Issue to fully meet the SRR requirement of 2%. This flexibility is available until 31 May 2021.

17 INVESTMENT IN SUBSIDIARIES

	The Bank 2020 RM'000	The Bank 2019 RM'000
Unquoted shares, at cost	**3,056,778**	3,056,778
Less: Allowance for impairment losses	**(2,879)**	(2,879)
	3,053,899	3,053,899
Movement of investment in subsidiaries		
At beginning/end of the financial year	**3,056,778**	3,056,778
Movement in allowance for impairment losses		
At beginning/end of the financial year	**2,879**	2,879

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

Name	Principal Activities	Issued and paid-up share capital RM'000	Percentage of equity held 2020 %	2019 %	Non-controlling interest 2020 %	2019 %
AFFIN Islamic	Islamic banking business	1,060,000	**100**	100	**-**	-
PAB Properties Sdn Bhd	Property management services	8,000	**100**	100	**-**	-
ABB Nominee (Tempatan) Sdn Bhd	Share nominee services	40	**100**	100	**-**	-
ABB Nominee (Asing) Sdn Bhd	Dormant	@	**100**	100	**-**	-
AFFIN Hwang Investment Bank Berhad	Provision of investment banking services	999,800	**100**	100	**-**	-
- AFFIN Hwang Asset Management Berhad ('AHAM')	Asset management, management of unit trust and private retirement schemes	54,773	**63**	63	**37**	37
- AFFIN Hwang Nominees (Asing) Sdn Bhd	Nominee services	1,326	**100**	100	**-**	-
- AFFIN Hwang Nominees (Tempatan) Sdn Bhd	Nominee services	1,331	**100**	100	**-**	-
- AHC Global Sdn Bhd	Investment holdings	1,332	**100**	100	**-**	-

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17 INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

Name	Principal Activities	Issued and paid-up share capital RM'000	Percentage of equity held 2020 %	2019 %	Non-controlling interest 2020 %	2019 %
- AHC Associates Sdn Bhd	Investment holdings	1,332	**100**	100	**-**	-
- AFFIN Hwang Trustee Berhad	Trustee services	6,500	**100**	100	**-**	-
- Bintang Capital Partners Berhad ^^	Private equity management	1,000	**51**	100	**49**	-
- AIIMAN Asset Management Sdn Bhd ('AIIMAN') ^^	Islamic fund management	10,000	**100**	100	**-**	-
- AccelVantage Academy Sdn Bhd ('AVA') ^^	Training and coaching services	408	**51**	51	**49**	49
- AIIMAN Global Equity Fund**	Investment in Shariah-compliant equities	**	**59**	99	**41**	1
- AIIMAN Asia Pacific (ex Japan) Dividend Fund **	Investment in Shariah-compliant equities	**	**42**	56	**58**	44
- AFFIN Hwang AIIMAN Global Sukuk Fund **	Investment in Shariah-compliant fixed income instruments	**	**36**	67	**64**	33
- TradePlus HSCEI Daily (-1x) Inverse Tracker**	Investment in futures contracts	**	**75**	80	**25**	20
- TradePlus HSCEI Daily (-2x) Leveraged Tracker**	Investment in futures contracts	**	**100**	40	**-**	60
- TradePlus NYSE FANG+ Daily (2x) Leveraged Tracker **	Investment in futures contracts	**	**57**	100	**43**	-
- TradePlus NYSE FANG+ Daily (-1x) Inverse Tracker **	Investment in futures contracts	**	**81**	100	**19**	-
- TradePlus DWA Malaysia Momentum Tracker**	Investment in equity instruments	**	**50**	-	**50**	-
- AFFIN Hwang Shariah Gold Tracker Fund**	Shariah-compliant investment in gold	**	**34**	-	**66**	-
- AFFIN Hwang Constant Cash Fund 1^	Investment in money market instruments and deposits	^	**-**	100	**-**	-
- AFFIN Hwang AIIMAN Cash Fund 1#	Investment in Islamic money market instruments and deposits	^^	**-**	87	-	13
AFFIN Moneybrokers Sdn Bhd	Money-broking	1,000	**100**	100	**-**	-
AFFIN Holdings Bhd	Investment holdings	@	**100**	100	**-**	-

^^ Direct subsidiaries of AHAM.

** These funds are subsidiaries consolidated in the Group as AHAM Group controls the funds in accordance with MFRS 10 'Consolidated Financial Statements'.

@ Subsidiary with issued and paid-up share capital of RM2.00 each.

The funds have been wound up and deconsolidated from the Group.

^ The fund has been deconsolidated from Group as AHAM Group lost control on the fund in financial year 2020 and has subsequently fully redeemed its units in the fund during the financial year.

17 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of a subsidiary which has material non-controlling interests ('NCI'):

Name	Proportion of ownership interests and voting rights held by non-controlling interest 2020	2019
Affin Hwang Asset Management Berhad ('AHAM')	**37%**	37%

The summarised financial information of the asset management subsidiary, AHAM has non-controlling interests which is material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

	2020 RM'000	2019 RM'000
Summarised financial position		
Total assets	**943,856**	898,855
Total liabilities	**(752,428)**	(734,733)
Net asset	**191,428**	164,122
Equity attributable to owners of the Bank	**120,843**	99,407
Non-controling interest	**70,585**	59,423
Summarised financial results		
Revenue	**554,688**	408,397
Profit before taxation and zakat	**137,964**	110,307
Taxation and zakat	**(23,713)**	(25,785)
Other comprehensive income	**(540)**	(727)
Total comprehensive income	**113,711**	83,795
Summarised cash flows		
Net cash generated from operating activities	**92,495**	131,666
Net cash used in financing activities	**(82,256)**	(53,660)
Net cash used in investing activities	**(38,309)**	(11,375)
Net (decrease)/increase in cash & cash equivalents	**(28,070)**	66,631
Profit allocated to NCI of the Group	**42,526**	28,325
Dividends paid to NCI of the Group	**(28,777)**	(35,001)

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17 INVESTMENT IN SUBSIDIARIES (CONTINUED)

	2020 RM'000	2019 RM'000
Movements in NCI at Group level		
At beginning of the financial year	**59,423**	69,553
Profit for the financial year	**42,526**	28,325
Other comprehensive income	**(200)**	(269)
Dilution of interest in subsidiaries	**490**	-
Obligation to buy back shares from employee stock option holders	**(2,877)**	(35,831)
Issuance of new shares from exercise of employee stock options incentive scheme	**-**	32,646
Dividends paid	**(28,777)**	(35,001)
At end of the financial year	**70,585**	59,423

18 INVESTMENT IN JOINT VENTURES

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unquoted shares at cost	**179,590**	164,290	**178,940**	163,640
Acquisition of additional shares (a)	**15,300**	15,300	**15,300**	15,300
Share of post acquisition retained losses	**(12,072)**	(11,678)	**-**	-
Share of post acquisition reserve	**(2,420)**	4,001	**-**	-
	180,398	171,913	**194,240**	178,940

(a) During the financial year, the Bank on 20 November 2020 subscribed 15,300,000 (2019: 15,300,000) new ordinary shares at RM1.00 each in AXA AFFIN Life Insurance Bhd ('AALI').

The joint ventures, all of which are incorporated in Malaysia, are as follows:

Name	Principal Activities	Issued and paid-up share capital RM'000	Percentage of equity held 2020 %	2019 %
AXA AFFIN Life Insurance Bhd *	Underwriting of life insurance business	458,000	**51**	51
AFFIN-i Nadayu Sdn Bhd #	Property development	1,000	**50**	50
KL South Development Sdn Bhd #	Property development	500	**30**	30

* Shareholding held directly by the Bank.
# Shareholding held directly by AFFIN Islamic.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

18 INVESTMENT IN JOINT VENTURES (CONTINUED)

	The Group 2020 RM'000	2019 RM'000
The summarised financial information of the material joint venture namely AALI is as follows:		
Total assets	**2,595,257**	2,243,850
Total liabilities	**(2,241,536)**	(1,906,766)
Net assets	**353,721**	337,084
The above amounts of assets and liabilities include the following:		
Cash and cash equivalent	**105,388**	60,723
Total liabilities (non trade)	**258,070**	(52,627)
Revenue	**500,485**	500,177
Loss after taxation	**(773)**	(7,569)
Other comprehensive (loss)/income	**(12,590)**	4,749
Total comprehensive loss	**(13,363)**	(2,820)
The above loss after taxation for the financial year include the following:		
Interest income	**62,733**	52,690
Interest expense	**(149)**	(202)
Taxation	**(14,314)**	(3,314)
Depreciation and amortisation	**(8,729)**	(7,873)
Reconciliation of the summarised financial information to the carrying amount of the interest in AALI recognised in the consolidated financial statements:		
Opening net assets at beginning of the financial year	**337,084**	309,904
Loss for the financial year	**(773)**	(7,569)
Other comprehensive (loss)/income	**(12,590)**	4,749
Proceeds from issuance of shares	**30,000**	30,000
Closing net assets at end of the financial year	**353,721**	337,084
Interest in AALI:		
- In percentage (%)	**51**	51
- In thousand (RM'000)	**180,398**	171,913
- Share of results of a joint venture	**(394)**	(3,860)

The financial information of AFFIN-i Nadayu Sdn Bhd and KL South Development Sdn Bhd are not significant to the Group.

Allowance for impairment of investment in joint ventures

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint ventures is impaired. When an objective evidence of impairment is identified, the investment in joint venture is tested for impairment. An impairment loss is recognised for the amount by which the carrying amount of the joint ventures exceed its recoverable amount. The recoverable amount is assessed based on higher of the fair value less costs to sell and value in use.

NOTES TO THE FINANCIAL STATEMENTS

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18 INVESTMENT IN JOINT VENTURES (CONTINUED)

Allowance for impairment of investment in joint ventures (continued)

AXA AFFIN Life Insurance Bhd ('AALI')

For the financial year ended 31 December 2020 and 2019, the recoverable amount (i.e. value in use) of AALI is assessed using the European Embedded Value ('EEV'). EEV is a measure of the consolidated value of shareholders' interests in the covered business of a life insurance company at a particular point in time.

The EEV components consist of free surplus allocated to the covered business, required capital less the cost of holding required capital, and the present value of future shareholder cash flows from in-force covered business.

Swap rates with ultimate forward rates of 3.75% (2019: 3.90%) is used as discount and earning rates.

Investment in AALI is not sensitive to impairment assessment as at 31 December 2020 and 31 December 2019.

Joint venture arrangement

Based on the joint venture agreement between AXA S.A. and the Bank, noted that both parties have joint control over the arrangement despite of 51% ownership in investment in AALI by the Bank. This was due to:

(a) Both venturers can appoint equal number of directors to the board whereby AXA S.A. and the Bank have the right to nominate, appoint, remove and replace three Directors who shall be senior executives of the joint ventures; and

(b) That all resolutions passed during shareholders' meeting regarding shareholders' reserved matters shall only be passed if approved by both AXA S.A. and the Bank.

19 INVESTMENT IN ASSOCIATES

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unquoted shares at cost	**552,826**	549,232	**548,482**	548,482
Net (redemption)/additional investments in funds	**(632)**	3,135	**-**	-
Share of results of an associate, net of tax	**396**	459	**-**	-
Group's share of post acquisition reserves	**163,126**	106,701	**-**	-
	715,716	659,527	**548,482**	548,482

The associates, all of which are incorporated in Malaysia, are as follows:

Name	Principal Activities	Issued and paid-up share capital RM'000	Percentage of equity held 2020 %	2019 %
AXA AFFIN General Insurance Bhd ('AAGI')*	Underwriting of general insurance business	190,645	**49.95**	49.95
Raeed Holdings Sdn Bhd #	Investment holdings	4,500	**16.67**	16.67
TradePlus S&P New China Tracker ^	Investment in equity instruments	^	**15.00**	22.00

* Shareholding held directly by the Bank.
\# A consortium formed by six Islamic banking institutions and the shareholding is directly held by AFFIN Islamic.
^ The fund is being treated as an associate in the Group.

19 INVESTMENT IN ASSOCIATES (CONTINUED)

	The Group 2020 RM'000	2019 RM'000
The summarised financial information of the material associate namely AAGI is as follows:		
Total assets	**3,832,238**	3,559,857
Total liabilities	**(2,506,680)**	(2,347,259)
Net assets	**1,325,558**	1,212,598
Capital commitment for property and equipment	**13,744**	13,337
The above amounts of assets and liabilities include the following:		
Cash and cash equivalent	**29,272**	68,953
Revenue	**1,376,914**	1,349,147
Profit after taxation	**83,813**	67,193
Other comprehensive income	**29,147**	20,775
Total comprehensive income	**112,960**	87,968
Reconciliation of the summarised financial information to the carrying amount of the interest in AAGI recognised in the consolidated financial statements:		
Opening net assets at beginning of the financial year	**1,212,598**	1,124,630
Profit for the financial year	**83,813**	67,193
Other comprehensive income	**29,147**	20,775
Closing net assets at end of the financial year	**1,325,558**	1,212,598
Interest in AAGI:		
- In percentage (%)	**49.947**	49.947
- In thousand (RM'000)	**662,076**	605,656
- Premium on acquisition	**49,527**	49,527
	711,603	655,183
Share of results of an associate	**41,862**	33,561
Share of other comprehensive income of an associate	**14,558**	10,376

The financial information of Raeed Holdings Sdn Bhd and TradePlus S&P New China Tracker are not significant to the Group.

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20 PROPERTY AND EQUIPMENT

The Group 2020	Freehold land RM'000	Leasehold land 50 years or more RM'000	Leasehold land Less than 50 years RM'000	Buildings on freehold land RM'000	Buildings on leasehold land RM'000	Renovation RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Capital work in progress RM'000	Total RM'000
Cost											
At beginning of the financial year	278,905	9,787	5,900	23,740	26,969	149,581	75,610	170,809	9,028	247,720	998,049
Additions	-	-	-	-	-	3,589	3,195	13,572	1,254	244,834	266,444
Disposals	-	-	-	-	-	-	(16)	(1,781)	(495)	-	(2,292)
Write-off	-	-	-	-	-	(1,487)	(5,773)	(1,048)	(293)	-	(8,601)
Reclassification to ROU	-	(9,787)	(5,900)	-	(26,969)	(9,164)	-	-	-	-	(51,820)
Reclassification to intangible assets	-	-	-	-	-	-	-	1,272	-	(20,532)	(19,260)
At end of the financial year	278,905	-	-	23,740	-	142,519	73,016	182,824	9,494	472,022	1,182,520
Accumulated depreciation and impairment losses											
At beginning of the financial year	140	1,920	2,590	13,548	11,893	126,634	63,193	130,691	5,573	-	356,182
Charge	-	-	-	386	-	8,255	3,667	16,342	1,415	-	30,065
Disposal	-	-	-	-	-	-	(14)	(1,742)	(495)	-	(2,251)
Write-off	-	-	-	-	-	(1,352)	(5,695)	(1,038)	(205)	-	(8,290)
Reclassification to ROU	-	(1,920)	(2,590)	-	(11,893)	(9,164)	-	-	-	-	(25,567)
At end of the financial year	140	-	-	13,934	-	124,373	61,151	144,253	6,288	-	350,139
Net book value at end of the financial year	278,765	-	-	9,806	-	18,146	11,865	38,571	3,206	472,022	832,381

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20 PROPERTY AND EQUIPMENT (CONTINUED)

The Group 2019	Freehold land RM'000	Leasehold land 50 years or more RM'000	Leasehold land Less than 50 years RM'000	Buildings on freehold land RM'000	Buildings on leasehold land RM'000	Renovation RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Capital work in progress RM'000	Total RM'000
Cost											
At beginning of the financial year	278,905	9,787	5,900	23,740	26,969	145,555	75,596	154,800	9,881	127,302	858,435
Additions	-	-	-	-	-	5,117	2,748	10,345	855	164,958	184,023
Disposals	-	-	-	-	-	-	(196)	(2,845)	(1,708)	-	(4,749)
Write-off	-	-	-	-	-	(1,091)	(2,538)	(692)	-	-	(4,321)
Reclassification	-	-	-	-	-	-	-	9,201	-	(44,540)	(35,339)
At end of the financial year	278,905	9,787	5,900	23,740	26,969	149,581	75,610	170,809	9,028	247,720	998,049
Accumulated depreciation and impairment losses											
At beginning of the financial year	140	1,843	2,462	13,162	11,346	120,542	62,190	120,826	5,280	-	337,791
Charge	-	77	128	386	547	7,169	3,648	13,336	1,477	-	26,768
Disposal	-	-	-	-	-	-	(196)	(2,783)	(1,184)	-	(4,163)
Write-off	-	-	-	-	-	(1,077)	(2,449)	(688)	-	-	(4,214)
At end of the financial year	140	1,920	2,590	13,548	11,893	126,634	63,193	130,691	5,573	-	356,182
Net book value at end of the financial year	278,765	7,867	3,310	10,192	15,076	22,947	12,417	40,118	3,455	247,720	641,867

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

20 PROPERTY AND EQUIPMENT (CONTINUED)

The Bank 2020	Freehold land RM'000	Leasehold land 50 years or more RM'000	Leasehold land Less than 50 years RM'000	Buildings on freehold land RM'000	Buildings on leasehold land RM'000	Renovation RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Capital work in progress RM'000	Total RM'000
Cost											
At beginning of the financial year	276,397	7,897	5,900	22,441	26,061	114,726	56,438	118,171	1,368	247,667	877,066
Additions	-	-	-	-	-	2,213	1,713	10,353	-	244,794	259,073
Disposals	-	-	-	-	-	-	-	-	(33)	-	(33)
Write-off	-	-	-	-	-	(489)	(2,397)	(166)	-	-	(3,052)
Reclassification to ROU	-	(7,897)	(5,900)	-	(26,061)	(9,164)	-	-	-	-	(49,022)
Reclassification to intangible assets	-	-	-	-	-	-	-	1,272	-	(20,532)	(19,260)
Reclassification from subsidiary	-	-	-	-	-	1,506	1,031	1,318	-	-	3,855
At end of the financial year	276,397	-	-	22,441	-	108,792	56,785	130,948	1,335	471,929	1,068,627
Accumulated depreciation and impairment losses											
At beginning of the financial year	-	1,629	2,590	12,600	11,245	104,766	48,067	88,057	790	-	269,744
Charge	-	-	-	360	-	3,845	2,085	11,484	196	-	17,970
Disposal	-	-	-	-	-	-	-	-	(33)	-	(33)
Write-off	-	-	-	-	-	(485)	(2,335)	(161)	-	-	(2,981)
Reclassification to ROU	-	(1,629)	(2,590)	-	(11,245)	(9,164)	-	-	-	-	(24,628)
Reclassification from subsidiary	-	-	-	-	-	1,426	968	1,019	-	-	3,413
At end of the financial year	-	-	-	12,960	-	100,388	48,785	100,399	953	-	263,485
Net book value at end of the financial year	276,397	-	-	9,481	-	8,404	8,000	30,549	382	471,929	805,142

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

20 PROPERTY AND EQUIPMENT (CONTINUED)

The Bank 2019	Freehold land RM'000	Leasehold land 50 years or more RM'000	Leasehold land Less than 50 years RM'000	Buildings on freehold land RM'000	Buildings on leasehold land RM'000	Renovation RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Capital work in progress RM'000	Total RM'000
Cost											
At beginning of the financial year	276,397	7,897	5,900	22,441	26,061	110,974	56,199	103,168	1,663	127,184	737,884
Additions	-	-	-	-	-	3,949	1,388	6,039	145	164,880	176,401
Disposals	-	-	-	-	-	-	-	-	(440)	-	(440)
Write-off	-	-	-	-	-	(196)	(1,149)	(194)	-	-	(1,539)
Reclassification to intangible assets	-	-	-	-	-	-	-	9,201	-	(44,540)	(35,339)
Reclassification (to)/from subsidiaries	-	-	-	-	-	(1)	-	(43)	-	143	99
At end of the financial year	276,397	7,897	5,900	22,441	26,061	114,726	56,438	118,171	1,368	247,667	877,066
Accumulated depreciation and impairment losses											
At beginning of the financial year	-	1,559	2,462	12,241	10,716	101,201	47,045	79,229	723	-	255,176
Charge	-	70	128	359	529	3,761	2,124	9,026	196	-	16,193
Disposal	-	-	-	-	-	-	-	-	(129)	-	(129)
Write-off	-	-	-	-	-	(196)	(1,102)	(191)	-	-	(1,489)
Reclassification to subsidiaries	-	-	-	-	-	-	-	(7)	-	-	(7)
At end of the financial year	-	1,629	2,590	12,600	11,245	104,766	48,067	88,057	790	-	269,744
Net book value at end of the financial year	276,397	6,268	3,310	9,841	14,816	9,960	8,371	30,114	578	247,667	607,322

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

21 RIGHT-OF-USE ASSETS

The Group 2020	Leasehold land and buildings RM'000	Properties RM'000	Equipment RM'000	Total RM'000
Cost				
At beginning of the financial year	-	92,411	1,048	93,459
Additions	-	35,080	590	35,670
Reclassification from property and equipment (Note 20)	42,656	9,164	-	51,820
Termination of contracts	-	(1,897)	(265)	(2,162)
End of lease term	-	(2,511)	-	(2,511)
At end of the financial year	**42,656**	**132,247**	**1,373**	**176,276**
Less: Accumulated depreciation				
At beginning of the financial year	-	35,522	228	35,750
Charge	-	37,382	277	37,659
Reclassification from property and equipment (Note 20)	16,403	9,164	-	25,567
Termination of contracts	-	(1,878)	(181)	(2,059)
End of lease term	-	(2,511)	-	(2,511)
At end of the financial year	**16,403**	**77,679**	**324**	**94,406**
Net book value at end of the financial year	**26,253**	**54,568**	**1,049**	**81,870**

The Group 2019	Leasehold land and buildings RM'000	Properties RM'000	Equipment RM'000	Total RM'000
Cost				
At beginning of the financial year	-	70,295	446	70,741
Additions	-	22,116	742	22,858
Termination of contracts	-	-	(140)	(140)
At end of the financial year	-	92,411	1,048	93,459
Less: Accumulated depreciation				
At beginning of the financial year	-	-	-	-
Charge	-	35,522	264	35,786
Termination of contracts	-	-	(36)	(36)
At end of the financial year	-	35,522	228	35,750
Net book value at end of the financial year	-	56,889	820	57,709

21 RIGHT-OF-USE ASSETS (CONTINUED)

The Bank 2020	**Leasehold land and buildings RM'000**	**Properties RM'000**	**Equipment RM'000**	**Total RM'000**
Cost				
At beginning of the financial year	**-**	**68,502**	**-**	**68,502**
Additions	**-**	**20,048**	**-**	**20,048**
Reclassification from property and equipment (Note 20)	**39,858**	**9,164**	**-**	**49,022**
Reclassification from subsidiary	**-**	**2,681**	**-**	**2,681**
At end of the financial year	**39,858**	**100,395**	**-**	**140,253**
Less: Accumulated depreciation				
At beginning of the financial year	**-**	**25,086**	**-**	**25,086**
Charge	**-**	**26,346**	**-**	**26,346**
Reclassification from property and equipment (Note 20)	**15,464**	**9,164**	**-**	**24,628**
Reclassification from subsidiary	**-**	**1,318**	**-**	**1,318**
At end of the financial year	**15,464**	**61,914**	**-**	**77,378**
Net book value at end of the financial year	**24,394**	**38,481**	**-**	**62,875**

The Bank 2019	**Leasehold land and buildings RM'000**	**Properties RM'000**	**Equipment RM'000**	**Total RM'000**
Cost				
At beginning of the financial year	-	57,893	-	57,893
Additions	-	10,609	-	10,609
At end of the financial year	-	68,502	-	68,502
Less: Accumulated depreciation				
At beginning of the financial year	-	-	-	-
Charge	-	25,086	-	25,086
At end of the financial year	-	25,086	-	25,086
Net book value at end of the financial year	-	43,416	-	43,416

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

22 INTANGIBLE ASSETS

The Group 2020	Goodwill RM'000	Brand RM'000	Customer relationship RM'000	Computer software RM'000	Total RM'000
Cost					
At beginning of the financial year	**826,944**	**5,415**	**83,622**	**277,001**	**1,192,982**
Additions	**-**	**-**	**-**	**7,903**	**7,903**
Write-off	**-**	**-**	**-**	**(6,723)**	**(6,723)**
Reclassification from property and equipment (Note 20)	**-**	**-**	**-**	**19,260**	**19,260**
At end of the financial year	**826,944**	**5,415**	**83,622**	**297,441**	**1,213,422**
Less: Accumulated amortisation					
At beginning of the financial year	**-**	**5,415**	**68,699**	**204,175**	**278,289**
Amortised	**-**	**-**	**11,952**	**26,154**	**38,106**
Write-off	**-**	**-**	**-**	**(6,723)**	**(6,723)**
At end of the financial year	**-**	**5,415**	**80,651**	**223,606**	**309,672**
Net book value at end of the financial year	**826,944**	**-**	**2,971**	**73,835**	**903,750**

The Group 2019	Goodwill RM'000	Brand RM'000	Customer relationship RM'000	Computer software RM'000	Total RM'000
Cost					
At beginning of the financial year	826,944	5,415	83,622	235,674	1,151,655
Additions	-	-	-	5,988	5,988
Reclassification from property and equipment (Note 20)	-	-	-	35,339	35,339
At end of the financial year	826,944	5,415	83,622	277,001	1,192,982
Less: Accumulated amortisation					
At beginning of the financial year	-	5,415	56,747	183,425	245,587
Amortised	-	-	11,952	20,750	32,702
At end of the financial year	-	5,415	68,699	204,175	278,289
Net book value at end of the financial year	826,944	-	14,923	72,826	914,693

22 INTANGIBLE ASSETS (CONTINUED)

The Bank 2020	**Goodwill RM'000**	**Computer software RM'000**	**Total RM'000**
Cost			
At beginning of the financial year	**137,323**	**237,079**	**374,402**
Additions	**-**	**3,439**	**3,439**
Write-off	**-**	**(8)**	**(8)**
Reclassification from property and equipment (Note 20)	**-**	**19,260**	**19,260**
At end of the financial year	**137,323**	**259,770**	**397,093**
Less: Accumulated amortisation			
At beginning of the financial year	**-**	**171,732**	**171,732**
Amortised	**-**	**23,157**	**23,157**
Write-off	**-**	**(8)**	**(8)**
At end of the financial year	**-**	**194,881**	**194,881**
Net book value at end of the financial year	**137,323**	**64,889**	**202,212**

The Bank 2019	**Goodwill RM'000**	**Computer software RM'000**	**Total RM'000**
Cost			
At beginning of the financial year	137,323	198,743	336,066
Additions	-	3,288	3,288
Reclassification from property and equipment (Note 20)	-	35,339	35,339
Reclassification to a subsidiary	-	(291)	(291)
At end of the financial year	137,323	237,079	374,402
Less: Accumulated amortisation			
At beginning of the financial year	-	153,831	153,831
Amortised	-	17,921	17,921
Reclassification to a subsidiary	-	(20)	(20)
At end of the financial year	-	171,732	171,732
Net book value at end of the financial year	137,323	65,347	202,670

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

22 INTANGIBLE ASSETS (CONTINUED)

Goodwill

The carrying amount of the Group's and the Bank's goodwill has been allocated to the following business segments, which represent the Bank's cash-generating units ('CGUs'):

	The Group		The Bank	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Business banking	**123,591**	123,591	**123,591**	123,591
Community banking	**13,732**	13,732	**13,732**	13,732
Investment banking	**266,884**	266,884	**-**	-
Asset management	**180,931**	180,931	**-**	-
Stock-broking	**230,686**	230,686	**-**	-
Money-broking	**11,120**	11,120	**-**	-
	826,944	826,944	**137,323**	137,323

Goodwill is allocated to the Group's CGUs which are expected to benefit from the synergies of the acquisitions. For annual impairment testing purposes, the recoverable amount of the CGUs are based on their value-in-use calculations using the cash flows projections based on 3 years financial budgets for Business banking, Community banking and Money-broking and 5 years for Investment banking, Asset management and Stock-broking, which were approved by Directors. The cash flows beyond the third and fifth year are assumed to grow on perpetual basis based on forecasted GDP growth rate of Malaysia, adjusted for specific risk of the CGUs.

The cash flows projections are derived based on a number of key factors including past performance and management's expectations of the market developments. The discount rates used are based on the pre-tax weighted average cost of capital plus an appropriate risk premium where applicable, at the date of assessment of the CGUs.

During the financial year, impairment was not required for goodwill arising from all the business segments. The Directors are of the view that any reasonable possible changes to each of the assumptions applied below are not likely to cause the recoverable amount of all the CGUs to be lower than its carrying amount.

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

	Discount rate		Terminal growth rate	
	2020 %	**2019 %**	**2020 %**	**2019 %**
Business banking	**8.25**	8.21	**4.30**	4.50
Consumer banking	**8.24**	8.20	**4.30**	4.50
Investment banking	**8.00**	8.06	**4.30**	4.50
Asset management	**8.00**	8.06	**4.30**	4.50
Stock-broking	**8.00**	8.06	**4.30**	4.50
Money-broking	**8.04**	8.95	**4.30**	4.50

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

23 DEPOSITS FROM CUSTOMERS

(i) By type of deposit	The Group 2020 RM'000	The Group 2019 RM'000	The Bank 2020 RM'000	The Bank 2019 RM'000
Demand deposits	**8,069,963**	7,417,574	**4,420,378**	4,468,875
Savings deposits	**3,012,259**	2,334,653	**1,903,864**	1,687,588
Fixed deposits	**36,345,493**	39,137,401	**19,875,252**	22,194,938
Commodity Murabahah	**516,492**	402,074	**-**	-
Money market deposits	**707,536**	1,278,950	**707,536**	1,278,950
Negotiable Instruments of Deposit ('NID')	**1,107,155**	485,021	**500,947**	504,899
Others	**125,462**	33,289	**-**	-
	49,884,360	51,088,962	**27,407,977**	30,135,250

(ii) Maturity structure of fixed deposits, NID and others	The Group 2020 RM'000	The Group 2019 RM'000	The Bank 2020 RM'000	The Bank 2019 RM'000
Due within six months	**24,532,548**	20,975,454	**12,036,396**	10,939,740
Six months to one year	**11,592,067**	16,480,637	**7,311,400**	10,245,509
One year to three years	**1,416,837**	1,886,591	**997,357**	1,477,277
Three years to five years	**36,658**	313,029	**31,046**	37,311
	37,578,110	39,655,711	**20,376,199**	22,699,837

(iii) By type of customers	The Group 2020 RM'000	The Group 2019 RM'000	The Bank 2020 RM'000	The Bank 2019 RM'000
Government and statutory bodies	**7,560,637**	8,022,642	**691,865**	1,024,448
Business enterprises	**11,449,078**	12,585,286	**6,556,940**	7,284,828
Individuals	**25,198,064**	23,504,126	**18,187,743**	18,197,263
Domestic banking institutions	**1,130,080**	494,213	**516,399**	513,669
Domestic non-banking financial institutions	**3,284,303**	5,060,498	**573,173**	2,050,604
Foreign entities	**557,451**	716,175	**388,837**	567,667
Other entities	**704,747**	706,022	**493,020**	496,771
	49,884,360	51,088,962	**27,407,977**	30,135,250

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

24 INVESTMENT ACCOUNTS OF CUSTOMERS

(i) By type of deposit	The Group 2020 RM'000	The Group 2019 RM'000
Mudharabah	**2,151**	1,447

(ii) Profit Sharing Ratio ('PSR') and Rate of Return ('ROR')	The Group Average Profit Sharing Ratio (PSR) 2020 %	2019 %	Average Rate of Return (ROR) 2020 %	2019 %
Due within:				
Six months to one year	**85**	85	**5.70**	7.06
One year to three years	**-**	85	**-**	6.43
Three years to five years	**85**	-	**5.58**	-

25 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group 2020 RM'000	The Group 2019 RM'000	The Bank 2020 RM'000	The Bank 2019 RM'000
Licensed banks	**921,929**	614,958	**532,958**	227,497
Licensed investment banks	**170,219**	395,889	**67,023**	-
Bank Negara Malaysia	**103,703**	4,675	**103,703**	4,675
Other financial institutions	**2,524,509**	747,730	**1,704,168**	413,913
	3,720,360	1,763,252	**2,407,852**	646,085
Maturity structure of deposits				
Due within six months	**3,720,360**	1,763,252	**2,407,852**	646,085

26 DERIVATIVE FINANCIAL LIABILITIES

The Group	2020 Contract/ Notional amount RM'000	2020 Liabilities RM'000	2019 Contract/ Notional amount RM'000	2019 Liabilities RM'000
At fair value				
Foreign exchange derivatives:				
- Currency forwards	**4,949,795**	153,299	**4,423,356**	82,743
- Cross currency swaps	**1,691,826**	40,730	**2,205,315**	58,768
- Currency swaps	**3,225,103**	82,372	**380,379**	3,718
Interest rate derivatives:				
- Interest rate swaps	**2,920,000**	113,418	**2,888,148**	41,562
	12,786,724	389,819	**9,897,198**	186,791

The Bank	2020 Contract/ Notional amount RM'000	2020 Liabilities RM'000	2019 Contract/ Notional amount RM'000	2019 Liabilities RM'000
At fair value				
Foreign exchange derivatives:				
- Currency forwards	**3,357,008**	119,105	**2,589,703**	51,418
- Cross currency swaps	**1,757,937**	41,802	**2,253,742**	59,325
Interest rate derivatives:				
- Interest rate swaps	**1,430,000**	67,182	**1,078,148**	25,696
	6,544,945	228,089	**5,921,593**	136,439

27 RECOURSE OBLIGATION ON LOANS/FINANCING SOLD TO CAGAMAS BERHAD

	The Group 2020 RM'000	The Group 2019 RM'000
Recourse obligation on loans/financing sold to Cagamas Berhad	**50,034**	-

	At 1 January 2020 RM'000	Cash flow RM'000	Profit expense RM'000	At 31 December 2020 RM'000
Recourse obligation on loans/financing sold to Cagamas Berhad	-	50,000	34	50,034

This represents the proceeds received from housing loans/financing sold directly to Cagamas Berhad with recourse to the Group. Under this agreement, the Group undertakes to administer the loans/financing on behalf of Cagamas Berhad and to buy back any loans which are regarded as defective based on prudential criteria set by Cagamas Berhad. Such financing transactions and the obligation to buy back the loans/financing are reflected as a liability on the statements of financial position. These financial liabilities are stated at amortised cost.

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28 TRADE PAYABLES

	The Group 2020 RM'000	The Group 2019 RM'000
Amount due to unit trust funds	**278,716**	327,451
Amount due to unit holders	**125,399**	197,807
Amount due to clients	**311,469**	169,333
Amount due to brokers	**107,567**	73,126
Amount due to Bursa Securities Clearing Sdn Bhd	**98,241**	19,846
	921,392	787,563

Trade payables include amount payable under outstanding contracts from the stock and sharebroking activities and amounts due to unit trust funds and unit holders.

The credit terms of amounts due to creditors range from 1 to 30 days (2019: 1 to 30 days).

29 LEASE LIABILITIES

	The Group 2020 RM'000	The Group 2019 RM'000	The Bank 2020 RM'000	The Bank 2019 RM'000
At beginning of the financial year	**58,650**	70,741	**44,219**	57,893
Additions	**27,156**	22,762	**12,049**	10,610
Termination of contracts	**(84)**	(104)	**-**	-
Interest/Profit expense	**2,581**	2,512	**1,582**	1,885
Lease payment	**(37,775)**	(37,261)	**(26,008)**	(26,169)
At end of the financial year	**50,528**	58,650	**31,842**	44,219

The Group and the Bank have not included potential future rental payments after the exercise date of termination options because the Group and the Bank are not reasonably certain to extend the lease beyond the date.

Potential future rental payments relating to periods following the exercise date of termination options are summarised below.

	The Group 2020 RM'000	The Group 2019 RM'000	The Bank 2020 RM'000	The Bank 2019 RM'000
Lease liabilities recognised (discounted)	**50,528**	58,650	**31,842**	44,219
Potential future lease payments not included in lease liabilities (undiscounted):				
- Payable in 2021 to 2025	**102,775**	148,924	**78,984**	131,129
- Payable in 2026 to 2030	**2,907**	6,330	**2,313**	4,005
	105,682	155,254	**81,297**	135,134

30 OTHER LIABILITIES

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Bank Negara Malaysia and Credit Guarantee Corporation Funding programmes [a]	**113,938**	21,012	**112,339**	19,373
Margin and collateral deposits	**101,630**	100,180	**83,367**	83,202
Other creditors and accruals	**297,651**	140,022	**78,915**	37,737
Sundry creditors	**196,774**	231,666	**172,205**	187,374
Treasury and cheque clearing accounts	**3,312**	342,244	**-**	-
Provision for zakat	**2,141**	3,082	**216**	260
Defined contribution plan [b]	**19,941**	20,008	**18,526**	18,777
Accrued employee benefits	**171,511**	110,661	**52,218**	42,480
Unearned income	**22,814**	27,375	**16,468**	20,816
Commissioned dealer's representatives trust balances	**65,792**	47,483	**-**	-
Collaterals pledged for derivative transactions	**-**	2,830	**-**	-
Securities borrowings and lending - borrow	**76,079**	160,358	**-**	-
Amounts payable to commissioned and salaried dealer's representatives	**150,305**	37,854	**-**	-
Puttable liabilities [c]	**200,380**	124,452	**-**	-
Add : Expected credit losses [d]				
- loan/financing commitments and financial guarantees	**38,448**	29,610	**15,908**	8,529
	1,460,716	1,398,837	**550,162**	418,548

(a) Includes monies received by the Group and the Bank under government financing scheme 'BNM SRF SME Fund' and 'SRF Tourism Fund' as part of the government support measures in response to Covid-19 for the purpose of SME lending with a six-year maturity amounting to RM96.7 million. The financing under the government scheme is for lending at concession rates to SMEs.

(b) The Group and the Bank contribute to EPF, the national defined contribution plan. Once the contributions have been paid, the Group and the Bank have no further payment obligations.

(c) Puttable liabilities are in respect of the following:

	The Group	
	2020 RM'000	2019 RM'000
Obligations to buy subsidiaries' shares from non-controlling interest:		
- AHAM (i)	**107,841**	96,841
- AVA (ii)	**8,271**	6,694
Investment in funds (iii)	**84,268**	20,917
	200,380	124,452

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

30 OTHER LIABILITIES (CONTINUED)

(c) Puttable liabilities are in respect of the following (continued):

(i) On 8 March 2019, under the Employee Stock Option Incentive Scheme, the options holders have fully exercised the 1000 employee stock options at exercise price of RM40.30 per share, as disclosed in Note 55. As a result, the employee stock option holder(s) were allotted a total of 1,111,000 units of new ordinary shares for a total consideration of RM44.77 million.

Pursuant to the exercise of the employee stock option incentive scheme, there is a Selective Capital Reduction ('SCR') provision within the scheme which requires AHAM to buy back the ordinary shares issued to the option holders from 1 March 2021 to 1 March 2023 at a certain price, if the conditions within the SCR provision are not met by 31 December 2020. As at 31 December 2020, the option holders have collectively agreed to not exercise their rights in relation to the buy back at first window, i.e. 1 March 2021.

The SCR provision represents a purchase of AHAM's own equity instrument and a liability equal to the present value of the estimated future redemption amount is reclassified from equity on initial recognition. The liability is then subsequently measured at amortised cost with the unwinding of the present value of the redemption amount to be recognised as finance costs within the income statements. In the event of a change in the estimated future redemption amount of SCR, the remeasurement amounts will be recognised in equity as the changes in the Bank's ownership interest in AHAM does not result in the Bank losing control of AHAM.

(ii) This represents the present value of an option to purchase AccelVantage Academy Sdn Bhd's ('AVA') shares pursuant to the terms of the exit mechanism in a shareholders agreement entered into between the Bank's subsidiary, AHAM and GV Capital Dynamic Sdn Bhd ('GVCD').

AHAM is granted a call option to acquire the entire 49% equity shares in AVA held by GVCD within 90 days of the call option period. The exercise price under the call option is determined based on pre-agreed formula.

The financial liability at Group is initially recognised at the present value of the redemption amount and accreted through finance charges in the income statements over the contract period, up to the final redemption amount. In the event of a change in the exercise price under the call option, the remeasurement amounts will be recognised in equity as the changes in AHAM's ownership interest in AVA does not result in AHAM losing control of AVA.

(iii) This represents the units held by other investors of the funds which has been consolidated by the Group as disclosed in Note 17. The amount is equal to a proportion of the Net Asset Value of the funds not held by the Group.

(d) Movement in expected credit losses:

	The Group		The Bank	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
At beginning of the financial year	**29,610**	27,454	**8,529**	15,287
Net remeasurement of loss allowance	**1,323**	(7,965)	**1,028**	(13,672)
New loan commitments and financial guarantees issued	**6,522**	10,205	**5,578**	7,535
Changes in model/risk parameters	**993**	(84)	**773**	(621)
At end of the financial year	**38,448**	29,610	**15,908**	8,529

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

31 AMOUNT DUE TO SUBSIDIARIES

The amount due to subsidiaries are relating to intercompany transactions which are unsecured, bear no interest/profit rate (2019: Nil) and repayable on demand.

32 BORROWINGS

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(a) Tier-2 Subordinated Medium Term Notes ('MTN')	**2,036,005**	2,036,143	**2,036,005**	2,036,144
(b) Additional Tier-1 Capital Securities ('AT1CS')	**512,236**	512,236	**512,236**	512,235
(c) Additional Tier-1 Sukuk Wakalah ('AT1S')	**303,425**	303,425	**-**	-
(d) MTN Tier-2 Sukuk Murabahah	**493,789**	755,339	**-**	-
	3,345,455	3,607,143	**2,548,241**	2,548,379

(a) The Bank had, on 7 February 2017 and 20 September 2017, issued 2 tranches of Tier-2 Subordinated MTNs of RM1.0 billion each out of its approved BASEL III Compliant MTN programme of up to RM6.0 billion in nominal value. The Subordinated MTNs were issued for a tenure of 10 years from the issue date on a 10-year non-callable 5-year basis, at a coupon rate of 5.45% and 5.03% respectively. The MTNs were issued for the purpose of general banking business and working capital requirements of the Bank.

(b) The Bank had, on 31 July 2018, issued AT1CS of RM500.0 million out of its approved BASEL III Compliant AT1CS programme of up to RM3.0 billion in nominal value. The AT1CS was on perpetual non-callable 5-year basis, at a coupon rate of 5.80%. The AT1CS was issued for the purpose of general banking business and working capital requirements of the Bank.

(c) AFFIN Islamic had, on 18 October 2018, issued a tranche of AT1S of RM300.0 million out of its approved BASEL III Complaint Islamic MTN programme ('Sukuk Programme') of up to RM5.0 billion in nominal value. The Sukuk Wakalah was on a perpetual non-callable 5 years basis, at a coupon rate of 5.65%. The Sukuk Wakalah was issued for the purpose of general banking business and working capital requirements of AFFIN Islamic.

(d) AFFIN Islamic had, on 23 October 2018, issued a MTN Tier-2 Sukuk Murabahah of RM800.0 million out of its Sukuk Programme. The Sukuk Murabahah was issued for a tenure of 10 years from the issue date on a 10-year non-callable 5-year basis, at a coupon rate of 5.05%. The Sukuk Murabahah was issued for the purpose of general banking business and working capital requirements of AFFIN Islamic.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

32 BORROWINGS (CONTINUED)

The Group	At 1 January 2020 RM'000	Cash flows RM'000	Interest/Profit expense RM'000	At 31 December 2020 RM'000
Tier-2 Subordinated MTN	**2,036,143**	**(105,225)**	**105,087**	**2,036,005**
AT1CS	**512,236**	**(29,000)**	**29,000**	**512,236**
AT1S *	**303,425**	**(16,950)**	**16,950**	**303,425**
MTN Tier-2 Sukuk Murabahah *	**755,339**	**(296,995)**	**35,445**	**493,789**
	3,607,143	**(448,170)**	**186,482**	**3,345,455**

The Group	At 1 January 2019 RM'000	Cash flows RM'000	Interest/Profit expense RM'000	At 31 December 2019 RM'000
Tier-2 Subordinated MTN	2,036,143	(104,800)	104,800	2,036,143
AT1CS	512,236	(29,000)	29,000	512,236
AT1S *	303,483	(16,950)	16,892	303,425
MTN Tier-2 Sukuk Murabahah *	201,950	515,769	37,620	755,339
	3,053,812	365,019	188,312	3,607,143

* inclusive of profit expense on MTNs and AT1CS from Islamic banking business.

The Bank	At 1 January 2020 RM'000	Cash flows RM'000	Interest expense RM'000	At 31 December 2020 RM'000
Tier-2 Subordinated MTN	**2,036,143**	**(105,225)**	**105,087**	**2,036,005**
AT1CS	**512,236**	**(29,000)**	**29,000**	**512,236**
	2,548,379	**(134,225)**	**134,087**	**2,548,241**

The Bank	At 1 January 2019 RM'000	Cash flows RM'000	Interest expense RM'000	At 31 December 2019 RM'000
Tier-2 Subordinated MTN	2,036,143	(104,800)	104,800	2,036,143
AT1CS	512,236	(29,000)	29,000	512,236
	2,548,379	(133,800)	133,800	2,548,379

33 SHARE CAPITAL

	The Group and The Bank			
	2020		2019	
	Number of ordinary shares '000	RM'000	Number of ordinary shares '000	RM'000
Ordinary shares issued and fully paid:				
At beginning of the financial year	**1,986,021**	**4,774,772**	1,942,949	4,684,752
Issued during the financial year	**93,771**	**127,528**	43,072	90,020
At end of the financial year (shares with no par value)	**2,079,792**	**4,902,300**	1,986,021	4,774,772

During the financial year ended 31 December 2020, the Bank increased its issued ordinary shares from 1,986.0 million to 2,079.8 million via issuance of 93.8 million new ordinary shares amounting to RM127.5 million arising from the Dividend Reinvestment Plan ('DRP') relating to electable portion of the interim dividend of 7 sen per ordinary share in respect of the financial year ended 31 December 2019.

34 RESERVES

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
FVOCI revaluation reserves (b)	**266,412**	250,661	**183,078**	148,173
Regulatory reserves (c)	**781,679**	732,539	**643,613**	471,925
Foreign exchange reserves	**(205)**	135	**-**	-
Other reserves (d)	**(65,909)**	(61,010)	**-**	-
Retained profits	**3,682,234**	3,640,073	**2,799,501**	3,017,227
	4,664,211	4,562,398	**3,626,192**	3,637,325

(a) As at 31 December 2020, the Bank has a tax exempt account balance of RM11.0 million (2019: RM11.0 million) under Section 12 of the Income Tax (Amendment) Act 1999, subject to agreement by the Inland Revenue Board.

(b) FVOCI revaluation reserves represent the unrealised gains or losses arising from the change in fair value of investments classified as financial investments at FVOCI. The gains or losses are transferred to the income statement upon disposal or when the securities become impaired.

(c) Pursuant to BNM Financial Reporting policy dated 27 September 2019, 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. However, banking institutions are allowed to reduce the regulatory reserves held against expected losses to 0% and to be restored by 30 September 2021.

(d) Other reserves represents the Group's obligation to purchase subsidiaries' shares held by non-controlling interest as disclosed in Note 30 (c) (i) and (ii).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

35 INTEREST INCOME

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loans, advances and financing	**1,435,946**	1,701,584	**1,290,049**	1,523,832
Money at call and deposit placements with financial institutions	**61,382**	105,733	**132,874**	203,666
Financial investments at FVOCI	**296,738**	410,781	**214,338**	276,213
Financial investments at AC	**6,139**	8,265	**6,157**	5,725
Others	**6,545**	5,473	**964**	3,637
	1,806,750	2,231,836	**1,644,382**	2,013,073
of which:				
Interest income earned on impaired loans, advances and financing	**6,317**	6,226	**931**	913

36 INTEREST EXPENSE

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deposits from customers	**894,882**	1,300,528	**778,667**	1,130,061
Deposits and placements of banks and other financial institutions	**17,371**	46,726	**38,649**	75,181
Securities sold under repurchase agreements	**802**	790	**802**	-
Subordinated medium term notes	**113,065**	133,800	**113,065**	133,800
Foreign currency borrowing	**82**	506	**-**	-
Others	**8,405**	6,369	**1,108**	2,251
	1,034,607	1,488,719	**932,291**	1,341,293

37 MODIFICATION LOSS

	The Group 2020 RM'000	The Bank 2020 RM'000
Loss on modification of cash flows	**245,537**	**155,361**
Benefits recognised under the various Government schemes	**(167,090)**	**(107,980)**
Net effects	**78,447**	**47,381**

37 MODIFICATION LOSS (CONTINUED)

The modification loss represents the cost of deferring cashflows of the loans/financing impacted by the payment moratorium. The modification loss/financing is shown net of benefits from various government financing schemes to support measures to assist SMEs that are adversely impacted by Covid-19 in order to sustain their business operations.

The moratorium does not automatically result in stage transfer under MFRS 9 in the absence of other factors relevant to the assessment.

During the financial year, the Group and the Bank granted an automatic moratorium on certain loan/financing repayments/payments, by individuals and SMEs for a period of six months from 1 April 2020. This, among other measures, was to assist borrowers experiencing temporary financial constraints due to the Covid-19 pandemic and the introduction of the Movement Control Order implemented by the Malaysian Government to control the spread of the pandemic. As a result of the payment moratorium, the Group and the Bank recognised a loss from the modification of cash flows of the financing.

The financing by the Group and the Bank is to provide support for SMEs in sustaining business operations, safeguard jobs and encourage domestic investments during the Covid-19 pandemic. The benefit under the various government schemes for the Group and the Bank that is recognised in the statements of income is applied to address some of the financial and accounting impact incurred by the Group and the Bank for Covid-19 related repayments/payments relief measures.

38 INCOME FROM ISLAMIC BANKING BUSINESS

	The Group	
	2020 RM'000	**2019 RM'000**
Income derived from investment of depositors' funds and others	**875,358**	1,024,350
Income derived from investment of investment account funds	**88,580**	98,765
Income derived from investment of shareholders' funds	**90,583**	96,204
Total distributable income	**1,054,521**	1,219,319
Income attributable to depositors and others	**(573,293)**	(808,636)
	481,228	410,683
of which:		
Financing income earned on impaired financing, advances and other financing	**2,450**	3,409

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

39 OTHER OPERATING INCOME

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(a) Fee and commission income				
Net brokerage	**114,301**	70,365	**-**	-
Portfolio management fees	**377,732**	301,149	**-**	-
Corporate advisory fees	**8,417**	9,822	**-**	-
Commission	**29,644**	31,167	**31,027**	25,719
Service charges and fees	**45,183**	51,775	**44,882**	51,426
Guarantee fees	**18,423**	29,151	**18,423**	25,891
Arrangement fees	**524**	1,768	**-**	-
Agency fees	**-**	2,310	**-**	-
Initial service charges	**155,658**	88,528	**-**	-
Other fee income	**22,095**	8,699	**-**	-
	771,977	594,734	**94,332**	103,036
(b) Fee and commission expenses				
Commission and referral expense	**(222,246)**	(153,327)	**(5,444)**	(7,850)
Net fee and commision income	**549,731**	441,407	**88,888**	95,186

40 NET GAINS ON FINANCIAL INSTRUMENTS

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Income from financial instruments:				
Gain/(Loss) arising on financial assets at FVTPL:				
- net gain on disposal	**113,440**	44,762	**2,282**	-
- unrealised gains/(losses)	**10,431**	(15,295)	**7,123**	4,590
- interest income	**22,179**	26,238	**5,503**	6,860
- gross dividend income	**7,185**	8,022	**732**	732
	153,235	63,727	**15,640**	12,182
Gain/(Loss) on derivatives instruments:				
- realised	**1,003**	4,435	**1,001**	4,435
- unrealised	**(15,625)**	(6,596)	**(20,716)**	(5,549)
- interest (expense)/income	**(3,424)**	874	**(4,314)**	604
	(18,046)	(1,287)	**(24,029)**	(510)
Gain arising on financial investments at FVOCI:				
- net gain on disposal	**351,496**	201,368	**206,667**	125,007
- gross dividend income	**609**	5,946	**309**	2,392
	352,105	207,314	**206,976**	127,399
Net gains on financial instruments	**487,294**	269,754	**198,587**	139,071

41 OTHER INCOME

	The Group 2020 RM'000	The Group 2019 RM'000	The Bank 2020 RM'000	The Bank 2019 RM'000
Foreign exchange gain/(loss):				
- realised	**51,340**	26,658	**14,181**	23,353
- unrealised	**(7,642)**	11,727	**12,828**	7,235
Rental income	**1**	23	**95**	117
Gain/(Loss) on sale of property and equipment	**20**	(207)	**(181)**	(380)
Gain on disposal of foreclosed properties	**165**	877	**165**	877
Other non-operating income	**9,066**	10,377	**6,050**	8,671
Gross dividend received from subsidiaries	**-**	-	**191,500**	71,000
	52,950	49,455	**224,638**	110,873

42 OTHER OPERATING EXPENSES

	The Group 2020 RM'000	The Group 2019 RM'000	The Bank 2020 RM'000	The Bank 2019 RM'000
Personnel costs (a)	**881,398**	789,647	**403,403**	354,055
Establishment costs (b)	**312,617**	271,025	**192,201**	154,358
Marketing expenses (c)	**53,434**	53,842	**30,592**	26,735
Administrative and general expenses (d)	**103,536**	92,085	**48,555**	47,811
	1,350,985	1,206,599	**674,751**	582,959

(a) Personnel costs

	The Group 2020 RM'000	The Group 2019 RM'000	The Bank 2020 RM'000	The Bank 2019 RM'000
Wages, salaries and bonuses	**660,618**	587,528	**302,058**	262,779
Defined contribution plan ('EPF')	**114,922**	99,351	**51,659**	43,652
Other personnel costs	**105,858**	102,768	**49,686**	47,624
	881,398	789,647	**403,403**	354,055

(b) Establishment costs

	The Group 2020 RM'000	The Group 2019 RM'000	The Bank 2020 RM'000	The Bank 2019 RM'000
Equipment rental	**6,935**	2,942	**3,025**	1,572
Repair and maintenance	**65,211**	55,916	**26,379**	32,696
Depreciation of property and equipment	**30,065**	26,768	**17,970**	16,193
Depreciation of right-of-use assets	**37,659**	35,786	**26,346**	25,086
Amortisation of intangible assets	**38,106**	32,702	**23,157**	17,921
IT consultancy fees	**62,831**	44,866	**45,489**	25,538
Dataline rental	**20,000**	14,375	**14,341**	5,374
Security services	**19,560**	20,303	**16,760**	9,275
Electricity, water and sewerage	**12,797**	12,666	**4,637**	4,788
Insurance/Takaful and indemnities	**14,177**	16,194	**11,156**	12,981
Other establishment costs	**5,276**	8,507	**2,941**	2,934
	312,617	271,025	**192,201**	154,358

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

42 OTHER OPERATING EXPENSES (CONTINUED)

	The Group 2020 RM'000	The Group 2019 RM'000	The Bank 2020 RM'000	The Bank 2019 RM'000
(c) Marketing expenses				
Business promotion and advertisement	**22,645**	23,406	**12,668**	11,860
Entertainment	**6,432**	5,525	**2,987**	1,340
Traveling and accommodation	**4,230**	8,951	**1,596**	3,496
Dealers' handling charges	**1**	606	**-**	-
Commission and brokerage expenses	**12,966**	10,030	**11,709**	8,280
Other marketing expenses	**7,160**	5,324	**1,632**	1,759
	53,434	53,842	**30,592**	26,735
(d) Administration and general expenses				
Telecommunication expenses	**18,413**	14,751	**3,820**	3,198
Auditors' remuneration (a)	**3,103**	3,337	**1,776**	1,733
Professional fees	**20,505**	17,414	**11,883**	11,163
Property and equipment written-off	**311**	107	**71**	50
Mail and courier charges	**3,723**	3,145	**2,829**	2,158
Stationery and consumables	**8,752**	10,494	**5,069**	6,999
Directors' fees and allowances	**3,257**	3,416	**2,848**	2,664
Donations	**2,765**	1,820	**1,428**	1,634
Settlement, clearing and bank charges	**14,997**	15,699	**11,958**	12,225
Stamp duties	**451**	310	**416**	265
Operational and litigation write-off expenses	**701**	2,398	**701**	2,398
Subscription fees	**12,550**	11,657	**-**	-
SST input tax non-recoverable	**11**	358	**-**	349
Other administration and general expenses	**13,997**	7,179	**5,756**	2,975
	103,536	92,085	**48,555**	47,811

Included in other operating expenses of the Group and the Bank are President & Group CEO and Directors' remuneration totalling RM9,437,000 (2019: RM7,362,000).

The expenditure includes the following requiring statutory disclosures:

	The Group 2020 RM'000	The Group 2019 RM'000	The Bank 2020 RM'000	The Bank 2019 RM'000
Directors' remuneration (Note 43)	**9,437**	7,362	**9,028**	6,610
Auditors' remuneration: (a)				
(i) Statutory audit fees	**1,963**	2,226	**1,110**	1,166
(ii) Regulatory related fees	**176**	654	**15**	351
(iii) Tax fees	**184**	153	**34**	32
(iv) Non audit fees	**780**	304	**617**	184

(a) There was no indemnity given to or insurance effected for the Group and the Bank during the financial year.

43 PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER AND DIRECTORS' REMUNERATION

The President & Group CEO and Directors of the Bank who have held office during the financial year are as follows:

President & Group CEO

Datuk Wan Razly Abdullah bin Wan Ali (appointed w.e.f. 2.4.2020)
En. Kamarul Ariffin bin Mohd Jamil (completed his contract of service w.e.f 1.4.2020)

Non-Executive Directors

Dato' Agil Natt (Chairman)
En. Mohd Suffian bin Haji Haron
Dato' Abdul Aziz bin Abu Bakar
Dato' Mohd Hata bin Robani
Mr. Chan Tze Ching Ignatius
Dato' Rozalila binti Abdul Rahman
Mr. Yuen Wai Hung Peter
Pn. Marzida binti Mohd Noor (appointed w.e.f. 1.3.2020)
Mr. Gregory Jerome Gerald Fernandes (appointed w.e.f. 1.4.2020)
Pn. Nik Amlizan binti Mohamed (appointed w.e.f. 1.9.2020)(resigned w.e.f. 5.10.2020)
En. Abd Malik bin A Rahman (completed his tenure of directorship w.e.f. 15.4.2020)
Tan Sri Mohd Ghazali bin Mohd Yusoff (completed his tenure of directorship w.e.f. 20.6.2020)

The aggregate amount of remuneration for the Directors of the Group and the Bank for the financial year are as follows:

	The Group		The Bank	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
President & Group CEO				
Salaries	**1,536**	1,800	**1,536**	1,800
Bonuses	**670**	1,475	**670**	1,475
Defined contribution plan ('EPF')	**371**	534	**371**	534
Other employee benefits	**3,539**	98	**3,539**	98
Benefits-in-kind	**64**	39	**64**	39
Non-Executive Directors				
Fees and other emoluments	**3,176**	3,364	**2,776**	2,643
Benefits-in-kind	**81**	52	**72**	21
Directors' remuneration (Note 42)	**9,437**	7,362	**9,028**	6,610
Directors of subsidiaries	**3,654**	2,571	**-**	-
Total Directors' remuneration	**13,091**	9,933	**9,028**	6,610

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43 PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER AND DIRECTORS' REMUNERATION (CONTINUED)

The Directors' remuneration in the current financial year represents remuneration for Directors of the Group, the Bank and its subsidiaries to comply with the requirements of the Companies Act 2016. The names of Directors of subsidiaries and their remuneration details are set out in the respective subsidiary's statutory accounts and the said information is deemed incorporated herein by such reference and made a part thereof.

Included in the Directors' emoluments are benefits-in-kind (based on estimated monetary value) receivable from the Bank and its subsidiaries of RM81,000 (2019: RM52,000) and RM72,000 (2019: RM21,000) respectively.

During the financial year, Directors and Officers of the Group are covered under the Directors' & Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the policy. The total amount of Directors' & Officers' Liability Insurance effected for the Directors & Officers of the Group was RM40.0 million. The total amount of premium paid for the Directors' and Officers' Liability Insurance by the Group and the Bank was RM972,724 (2019: RM875,923) and RM60,955 (2019: RM53,005) respectively.

A summary of the total remuneration of the President & Group CEO and Directors are as follows:

The Group 2020	**Salaries RM'000**	**Bonuses RM'000**	**Directors' fees RM'000**	**Other emoluments RM'000**	**Benefits-in-kind RM'000**	**Total RM'000**
President & Group CEO						
Datuk Wan Razly Abdullah bin Wan Ali	1,046	-	-	278	31	1,355
En. Kamarul Ariffin bin Mohd Jamil (completed his contract of service w.e.f 1.4.2020)	490	670	-	3,632*	33	4,825
Total	1,536	670	-	3,910	64	6,180
Non-Executive Directors						
Dato' Agil Natt	-	-	376	-	72	448
En. Mohd Suffian bin Haji Haron	-	-	419	180	-	599
Tan Sri Mohd Ghazali bin Mohd Yusoff	-	-	168	90	-	258
En. Abd Malik bin A Rahman	-	-	167	79	9	255
Dato' Abdul Aziz bin Abu Bakar	-	-	308	-	-	308
Dato' Mohd Hata bin Robani	-	-	324	-	-	324
Mr. Chan Tze Ching Ignatius	-	-	186	-	-	186
Dato' Rozalila binti Abdul Rahman	-	-	299	-	-	299
Mr. Yuen Wai Hung Peter	-	-	208	-	-	208
Pn. Marzida binti Mohd Noor	-	-	176	-	-	176
Mr. Gregory Jerome Gerald Fernandes	-	-	192	-	-	192
Pn. Nik Amlizan binti Mohamed	-	-	4	-	-	4
Total	-	-	2,827	349	81	3,257
Grand total	1,536	670	2,827	4,259	145	9,437

* Includes allowances, EPF, leave passage and Gratuity

43 PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER AND DIRECTORS' REMUNERATION (CONTINUED)

A summary of the total remuneration of the President & Group CEO and Directors are as follows (continued):

The Group 2019	Salaries RM'000	Bonuses RM'000	Directors' fees RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
Group CEO						
En. Kamarul Ariffin bin Mohd Jamil	1,800	1,475	-	632*	39	3,946
Total	1,800	1,475	-	632	39	3,946
Non-Executive Directors						
Dato' Agil Natt	-	-	46	-	13	59
En. Mohd Suffian bin Haji Haron	-	-	615	-	-	615
Tan Sri Mohd Ghazali bin Mohd Yusoff	-	-	418	-	-	418
En. Abd Malik bin A Rahman	-	-	754	-	31	785
Dato' Abdul Aziz bin Abu Bakar	-	-	321	-	-	321
Dato' Mohd Hata bin Robani	-	-	387	-	-	387
Mr. Chan Tze Ching Ignatius	-	-	225	-	-	225
Dato' Rozalila binti Abdul Rahman	-	-	257	-	-	257
Mr. Yuen Wai Hung Peter	-	-	36	-	-	36
Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi Bin Haji Zainuddin (Retired)	-	-	172	31	8	211
Mr. Joseph Yuk Wing Pang	-	-	84	18	-	102
Total	-	-	3,315	49	52	3,416
Grand total	1,800	1,475	3,315	681	91	7,362

* Includes allowances, EPF, leave passage and Gratuity

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

43 PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER AND DIRECTORS' REMUNERATION (CONTINUED)

A summary of the total remuneration of the President & Group CEO and Directors are as follows (continued):

The Bank 2020	Salaries RM'000	Bonuses RM'000	Directors' fees RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
President & Group CEO						
Datuk Wan Razly Abdullah bin Wan Ali	1,046	-	-	278	31	1,355
En. Kamarul Ariffin bin Mohd Jamil (completed his contract of service w.e.f 1.4.2020)	490	670	-	3,632*	33	4,825
Total	1,536	670	-	3,910	64	6,180
Non-Executive Directors						
Dato' Agil Natt	-	-	376	-	72	448
En. Mohd Suffian bin Haji Haron	-	-	301	-	-	301
Tan Sri Mohd Ghazali bin Mohd Yusoff	-	-	142	90	-	232
En. Abd Malik bin A Rahman	-	-	91	79	-	170
Dato' Abdul Aziz bin Abu Bakar	-	-	308	-	-	308
Dato' Mohd Hata bin Robani	-	-	324	-	-	324
Mr. Chan Tze Ching Ignatius	-	-	186	-	-	186
Dato' Rozalila binti Abdul Rahman	-	-	299	-	-	299
Mr. Yuen Wai Hung Peter	-	-	208	-	-	208
Pn. Marzida binti Mohd Noor	-	-	176	-	-	176
Mr. Gregory Jerome Gerald Fernandes	-	-	192	-	-	192
Pn. Nik Amlizan binti Mohamed	-	-	4	-	-	4
Total	-	-	2,607	169	72	2,848
Grand total	1,536	670	2,607	4,079	136	9,028

* Includes allowances, EPF, leave passage and Gratuity

43 PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER AND DIRECTORS' REMUNERATION (CONTINUED)

A summary of the total remuneration of the President & Group CEO and Directors are as follows (continued):

The Bank 2019	Salaries RM'000	Bonuses RM'000	Directors' fees RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
Group CEO						
En. Kamarul Ariffin bin Mohd Jamil	1,800	1,475	-	632*	39	3,946
Total	1,800	1,475	-	632	39	3,946
Non-Executive Directors						
Dato' Agil Natt	-	-	46	-	13	59
En. Mohd Suffian bin Haji Haron	-	-	360	-	-	360
Tan Sri Mohd Ghazali bin Mohd Yusoff	-	-	319	-	-	319
En. Abd Malik bin A Rahman	-	-	387	-	-	387
Dato' Abdul Aziz bin Abu Bakar	-	-	321	-	-	321
Dato' Mohd Hata bin Robani	-	-	387	-	-	387
Mr. Chan Tze Ching Ignatius	-	-	225	-	-	225
Dato' Rozalila binti Abdul Rahman	-	-	257	-	-	257
Mr. Yuen Wai Hung Peter	-	-	36	-	-	36
Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi Bin Haji Zainuddin (Retired)	-	-	172	31	8	211
Mr. Joseph Yuk Wing Pang	-	-	84	18	-	102
Total	-	-	2,594	49	21	2,664
Grand total	1,800	1,475	2,594	681	60	6,610

* Includes allowances, EPF, leave passage and Gratuity

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

44 ALLOWANCES FOR/(WRITE-BACK OF) CREDIT IMPAIRMENT LOSSES

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Expected credit losses made/(written-back) on:				
- loans, advances and financing	**512,232**	78,656	**383,931**	7,107
- trade receivables	**2,601**	(260)	**-**	-
- securities and placements	**50,724**	(2,423)	**42,591**	(1,723)
- loans/financing commitments and financial guarantee	**8,837**	2,156	**7,379**	(6,758)
Bad debts and financing				
- recovered	**(34,795)**	(35,184)	**(28,049)**	(30,916)
- written-off	**3,527**	6,914	**3,151**	6,117
	543,126	49,859	**409,003**	(26,173)

45 ALLOWANCES FOR IMPAIRMENT LOSSES ON OTHER ASSETS

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Allowance for impairment on:				
- amount due from joint ventures	**15,249**	4,690	**-**	-
- amount due from associates	**1,257**	-	**-**	-
- other debtors	**1,966**	927	**-**	-
	18,472	5,617	**-**	-

46 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

Related parties	Relationship
Lembaga Tabung Angkatan Tentera ('LTAT')	Ultimate holding corporate body, which is Government-Linked Investment Company of the Government of Malaysia
Subsidiaries and associates of LTAT	Subsidiaries and associate companies of the ultimate holding corporate body
Subsidiaries of AFFIN Bank Berhad as disclosed in Note 17	Subsidiaries
Joint ventures as disclosed in Note 18	Joint ventures
Associates as disclosed in Note 19	Associates
Key management personnel	The key management personnel of the Group and the Bank consist of: - Directors - President & Group CEO - Members of Senior Management team and the company secretary
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, jointly controlled 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. Key management personnel include the President & Group CEO of the Bank in office during the financial year and his remuneration for the financial year is disclosed in Note 43.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

46 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

The Group and the Bank do not have any individually or collectively 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 other significant related party transactions and balances.

(a) Related parties transactions and balances

	Ultimate holding corporate body		Other related companies		Joint ventures / Associates		Companies in which certain Directors have substantial interest		Key management personnel	
The Group	**2020 RM'000**	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Income										
Interest on NID purchased	**-**	-	**5,916**	5,983	**-**	-	**-**	-	**-**	-
Interest on loans, advances and financing	**34**	28	**48,085**	63,986	**-**	-	**970**	4,491	**391**	590
Interest on Corporate bond/Sukuk (PDS)	**-**	-	**35,079**	36,000	**-**	-	**-**	-	**-**	-
Interest on subordinated term loan	**-**	-	**-**	-	**2,015**	3,637	**-**	-	**-**	-
Commisision income	**-**	-	**438**	503	**9,968**	11,156	**-**	-	**-**	-
Other income	**570**	1,088	**5,855**	8,836	**1,667**	1,417	**2**	-	**1**	-
	604	1,116	**95,373**	115,308	**13,650**	16,210	**972**	4,491	**392**	590
Expenditure										
Interest on deposits and placements of banks and other financial institutions	**2,220**	2,996	**11,835**	16,909	**5,575**	10,020	**2,305**	6,028	**290**	413
Insurance premium	**-**	-	**-**	-	**1,821**	2,801	**-**	-	**-**	-
Rental	**318**	318	**21,197**	21,316	**-**	-	**-**	-	**70**	60
Other expenditure	**220**	165	**27,835**	29,953	**2,637**	1,772	**-**	-	**-**	-
	2,758	3,479	**60,687**	68,178	**10,033**	14,593	**2,305**	6,028	**360**	473

46 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Related parties transactions and balances (continued)

The Group	Ultimate holding corporate body 2020 RM'000	2019 RM'000	Other related companies 2020 RM'000	2019 RM'000	Joint ventures / Associates 2020 RM'000	2019 RM'000	Companies in which certain Directors have substantial interest 2020 RM'000	2019 RM'000	Key management personnel 2020 RM'000	2019 RM'000
Amount due from										
Corporate bonds/Sukuk/NID	**-**	-	**715,872**	711,813	**-**	-	**-**	-	**-**	-
Loans, advances and financing	**-**	-	**1,306,667**	1,403,121	**-**	-	**29,419**	60,351	**11,672**	14,754
Deposits and placements with banks and other financial institutions	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Unquoted equities	**-**	-	**15,036**	15,032	**-**	-	**-**	-	**-**	-
Security deposits	**-**	-	**5,279**	5,279	**-**	-	**-**	-	**11**	11
Subordinated term loans	**-**	-	**-**	-	**30,931**	30,936	**-**	-	**-**	-
Other assets	**22**	69	**826**	760	**154**	379	**-**	-	**-**	-
	22	69	**2,043,680**	2,136,005	**31,085**	31,315	**29,419**	60,351	**11,683**	14,765
Amount due to										
Demand and savings deposits	**51,196**	110,086	**112,149**	499,300	**10,506**	12,917	**5,947**	4,702	**10,418**	10,065
Fixed deposits	**-**	-	**332,869**	314,268	**231,045**	205,629	**5,272**	131,667	**8,813**	12,044
Negotiable instruments of deposit	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Money market deposits	**152,527**	190,927	**98,401**	301,411	**-**	-	**-**	-	**-**	-
Sales of securities	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Other liabilities	**-**	-	**27,336**	323	**266**	181	**-**	-	**-**	-
Other expenditure	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
	203,723	301,013	**570,755**	1,115,302	**241,817**	218,727	**11,219**	136,369	**19,231**	22,109
Commitments and contingencies	**1,018**	-	**890,651**	1,155,451	**35,495**	21,255	**759**	1,672	**126**	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

46 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Related parties transactions and balances (continued)

The Bank	Ultimate holding corporate body 2020 RM'000	Ultimate holding corporate body 2019 RM'000	Subsidiaries 2020 RM'000	Subsidiaries 2019 RM'000	Other related companies 2020 RM'000	Other related companies 2019 RM'000	Joint ventures / Associates 2020 RM'000	Joint ventures / Associates 2019 RM'000	Companies in which certain Directors have substantial interest 2020 RM'000	Companies in which certain Directors have substantial interest 2019 RM'000	Key management personnel 2020 RM'000	Key management personnel 2019 RM'000
Income												
Interest on deposits and placements with banks and other financial institutions	**-**	-	**836**	1,702	**-**	-	**-**	-	**-**	-	**-**	-
Interest on RIA	**-**	-	**83,186**	94,505	**-**	-	**-**	-	**-**	-	**-**	-
Interest on NID	**-**	-	**27,509**	42,219	**-**	-	**-**	-	**-**	-	**-**	-
Interest on loans, advances and financing	**-**	-	**-**	-	**28,200**	36,008	**-**	-	**-**	-	**21**	152
Interest rate derivatives	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Interest on Corporate Bond/Sukuk	**-**	-	**-**	-	**35,079**	36,000	**-**	-	**-**	-	**-**	-
Interest on subordinated term loan	**-**	-	**998**	2,226	**-**	-	**2,015**	3,637	**-**	-	**-**	-
Other income	**-**	-	**378,509**	275,879	**1,191**	2,256	**9,968**	11,156	**-**	-	**-**	-
	-	-	**491,038**	416,531	**64,470**	74,264	**11,983**	14,793	**-**	-	**21**	152
Expenditure												
Interest on fixed deposits	**-**	-	**1,074**	1,878	**4,289**	4,114	**4,642**	8,509	**323**	3,979	**198**	282
Interest on NID	**-**	-	**13,841**	15,152	**-**	-	**-**	-	**-**	-	**-**	-
Interest on deposits and placements of banks and other financial institutions	**-**	-	**302**	407	**-**	-	**-**	-	**-**	-	**-**	-
Interest on money market deposits	**2,095**	6,696	**9,084**	5,769	**3,843**	6,183	**-**	-	**-**	-	**-**	-
Interest rate derivatives	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Interest on subordinated term loan	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Brokerage fees	**-**	-	**440**	390	**-**	-	**-**	-	**-**	-	**-**	-
Rental	**318**	318	**407**	407	**13,105**	13,029	**-**	-	**-**	-	**70**	60
Other expenditure	**50**	23	**90**	150	**432**	1,939	**773**	2,190	**-**	-	**-**	-
	2,463	7,037	**25,238**	24,153	**21,669**	25,265	**5,415**	10,699	**323**	3,979	**268**	342

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

46 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Related parties transactions and balances (continued)

The Bank	Ultimate holding corporate body 2020 RM'000	Ultimate holding corporate body 2019 RM'000	Subsidiaries 2020 RM'000	Subsidiaries 2019 RM'000	Other related companies 2020 RM'000	Other related companies 2019 RM'000	Joint ventures / Associates 2020 RM'000	Joint ventures / Associates 2019 RM'000	Companies in which certain Directors have substantial interest 2020 RM'000	Companies in which certain Directors have substantial interest 2019 RM'000	Key management personnel 2020 RM'000	Key management personnel 2019 RM'000
Amount due from												
Restricted investment accounts	-	-	**1,745,262**	1,912,516	-	-	-	-	-	-	-	-
Negotiable instruments of deposit	-	-	**403,279**	1,009,214	-	-	-	-	-	-	-	-
Loans, advances and financing	-	-	-	-	**666,938**	763,627	-	-	-	-	**1,181**	4,543
Deposits and placements with banks and other financial institutions	-	-	-	69,968	-	-	-	-	-	-	-	-
Intercompany balances	-	-	**299,813**	-	-	-	-	-	-	-	-	-
Subordinated term loan	-	-	**302,913**	50,483	-	-	**30,931**	30,925	-	-	-	-
Corporate Bond/Sukuk	-	-	-	-	**611,328**	611,458	-	-	-	-	-	-
Unquoted equities	-	-	-	-	**15,036**	15,032	-	-	-	-	-	-
Security deposits	-	-	-	-	**3,428**	3,428	-	-	-	-	**11**	11
	-	-	**2,751,267**	3,042,181	**1,296,730**	1,393,545	**30,931**	30,925	-	-	**1,192**	4,554
Amount due to												
Demand and savings deposits	**51,029**	109,948	**35,476**	74,482	**102,595**	377,729	**8,669**	12,068	**100**	414	**4,883**	5,141
Fixed deposits	-	-	**103,402**	61,599	**166,006**	185,842	**126,641**	161,881	**1,229**	67,131	**5,553**	8,107
Negotiable instruments of deposit	-	-	**404,747**	405,190	-	-	-	-	-	-	-	-
Money market deposits	**74,064**	186,992	**746,838**	148,375	**95,896**	291,888	-	-	-	-	-	-
Intercompany balances	-	-	**2,179**	54,582	-	-	-	-	-	-	-	-
	125,093	296,940	**1,292,642**	744,228	**364,497**	855,459	**135,310**	173,949	**1,329**	67,545	**10,436**	13,248
Commitments and contingencies	-	-	-	-	**777,124**	952,125	**35,495**	21,245	**12**	12	-	-

46 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Key management personnel compensation

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

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors' fees, other emoluments and benefits				
Fees	**2,827**	3,315	**2,607**	2,594
Other emoluments	**349**	49	**169**	49
Benefits-in-kind	**81**	52	**72**	21
	3,257	3,416	**2,848**	2,664
Short-term employment benefits				
Salaries	**20,589**	24,155	**9,289**	10,041
Bonuses	**14,432**	20,334	**3,469**	6,452
Defined contribution plan ('EPF')	**6,077**	7,717	**2,251**	2,848
Other employee benefits	**10,542**	3,100	**9,538**	1,851
Benefits-in-kind	**382**	559	**301**	392
	52,022	55,865	**24,848**	21,584

Included in the above is the President & Group CEO and directors' remuneration as disclosed in Note 43.

47 TAXATION

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysian income tax				
Current tax	**182,102**	152,177	**19,581**	90,284
Under/(Over) provision in prior financial year	**17,836**	(56,695)	**11,670**	(42,577)
Deferred tax (Note 15)	**(86,075)**	65,398	**(31,165)**	48,296
Tax expense for the financial year	**113,863**	160,880	**86**	96,003

47 TAXATION (CONTINUED)

	The Group		The Bank	
	2020	2019	2020	2019
	%	%	%	%
Statutory tax rate in Malaysia	**24.00**	24.00	**24.00**	24.00
Tax effect in respect of:				
Non-allowable expenses	**5.00**	0.92	**14.89**	0.79
Non taxable income	**(6.10)**	(2.43)	**(50.96)**	(4.14)
Effect of different tax rate	**1.84**	0.46	**(0.38)**	(0.08)
Under/(over) provision in prior financial year	**4.59**	(8.35)	**12.54**	(9.25)
Other temporary differences not recognised in prior financial years	**(0.04)**	9.15	**-**	9.55
Unrecognised tax losses of which temporary differences not recognised	**0.16**	-	**-**	-
Average effective tax rate	**29.45**	23.75	**0.09**	20.87

48 EARNINGS PER SHARE

(a) Basic

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

	The Group		The Bank	
	2020	2019	2020	2019
Net profit attributable to equity holders of the Bank (RM'000)	**230,322**	487,766	**92,983**	364,121
Weighted average number of ordinary shares in issue ('000)	**2,015,227**	1,983,542	**2,015,227**	1,983,542
Basic earnings per share (sen)	**11.4**	24.6	**4.6**	18.4

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

48 EARNINGS PER SHARE (CONTINUED)

(b) Diluted

The diluted earnings per ordinary share has been calculated by dividing the net profit attributable to equity holders of the Group and the Bank as stated above by the weighted average number of shares in issue during the financial year including the dilution from the potential issuance of new ordinary shares arising from DRP.

	The Group		The Bank	
	2020	**2019**	**2020**	**2019**
Basic weighted average number of ordinary shares in issue ('000)	**2,015,227**	1,983,542	**2,015,227**	1,983,542
Number of potential ordinary shares in issue ('000)	**72,793**	61,768	**72,793**	61,768
Diluted weighted average number of ordinary shares in issue ('000)	**2,088,020**	2,045,310	**2,088,020**	2,045,310
Net profit attributable to equity holders of the Bank (RM'000)	**230,322**	487,766	**92,983**	364,121
Diluted weighted average number of ordinary shares in issue ('000)	**2,088,020**	2,045,310	**2,088,020**	2,045,310
Diluted earnings per share (sen)	**11.0**	23.8	**4.5**	17.8

49 DIVIDENDS

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

	The Group and The Bank 2020		The Group and The Bank 2019	
	Dividend per share sen	**Amount of dividend RM'000**	**Dividend per share sen**	**Amount of dividend RM'000**
Ordinary shares				
Single-tier dividend:				
- Interim dividend	**7.00**	**139,021**	-	-

On 27 January 2021, the Board of Directors proposed a single-tier interim dividend of 3.5 sen per share amounting to RM72,792,688 in respect of the financial year ended 31 December 2020, based on the Bank's issued and paid-up capital of 2,079,791,097 ordinary shares at 31 December 2020.

The Directors do not recommend any final dividend to be paid for the financial year ended 31 December 2020.

On the same day, the Board of Directors resolved that DRP as disclosed in Note Z be applied to the said interim dividend and the entire interim dividend can be elected and reinvested in new ordinary shares of the Bank.

50 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 their customers. No material losses are anticipated as a result of these transactions. These commitments and contingencies are not secured over the assets of the Group and the Bank.

The commitments and contingencies consist of:

	The Group		The Bank	
	2020 Principal amount RM'000	**2019 Principal amount RM'000**	**2020 Principal amount RM'000**	**2019 Principal amount RM'000**
Direct credit substitutes *	**501,472**	556,462	**432,764**	445,758
Transaction-related contingent items	**1,640,080**	1,969,168	**1,184,737**	1,494,531
Short-term self-liquidating trade-related contingencies	**450,212**	454,792	**156,180**	175,032
Obligations under an on-going underwriting agreement	**17,792**	-	**-**	-
Irrevocable commitments to extend credit:	**6,864,342**	7,934,474	**4,628,891**	5,354,533
- maturity less than one year	**5,114,530**	6,020,758	**3,716,393**	4,556,911
- maturity more than one year	**1,749,812**	1,913,716	**912,498**	797,622
Foreign exchange related contracts #:	**19,884,023**	13,927,851	**10,847,370**	10,019,456
- less than one year	**18,864,614**	13,000,360	**10,640,270**	9,812,356
- one year to less than five years	**1,019,409**	927,491	**207,100**	207,100
- more than five years	**-**	-	**-**	-
Interest/Profit rate related contracts #:	**5,265,000**	4,883,148	**2,325,000**	1,773,148
- less than one year	**447,000**	873,148	**57,000**	23,148
- one year to less than five years	**4,063,000**	3,710,000	**1,513,000**	1,480,000
- more than five years	**755,000**	300,000	**755,000**	270,000
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	**783,018**	578,072	**-**	37,322
Unutilised credit card lines	**844,254**	547,266	**634,500**	380,117
	36,250,193	30,851,233	**20,209,442**	19,679,897

* Included in direct credit substitutes above are financial guarantee contracts of RM501.5 million and RM432.8 million at the Group and the Bank respectively (2019: RM556.5 million and RM445.8 million at the Group and the Bank respectively), of which fair value at the time of issuance is zero.

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 Note 6 and Note 26 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT

The Group has set up objectives and policies to manage the risks that arise in connection with financial instruments. The risk management framework and policies of the Group are guided by specific objectives to ensure that comprehensive and adequate risk management policies are established to mitigate the salient risk elements in the operations of the Group. The establishment of the overall financial risk management objectives is consistent and in tandem with the strategy to create and enhance shareholders' value, whilst guided by a prudent and robust framework of risk management policies. In achieving the objective of maximising returns to shareholders, the Board takes cognisance of the risk elements that the Group is confronted within its operations. In view of the multi-faceted risks inherent especially in the Group's operations in the banking sector, the Group places great emphasis on the importance of risk management and has put in place clear and comprehensive risk management mechanisms and strategies to identify, monitor, manage and control the relevant risk factors.

(i) 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 Group and the Bank. The Group's and the Bank's exposure to credit risks arises primarily from stockbroking trade receivables, share margin financing, corporate/inter-bank lending activities, bonds investment, foreign exchange trading as well as equity and debt underwriting and 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 the internal and regulatory requirements. The risk management policies are subject to review by the Group Board Risk Management Committee ('GBRMC'), a sub-committee of the Board that reviews the adequacy of the Group's and the Bank's risk policies and framework. The Group's and the Bank's credit risk framework is further strengthened through an established process for the approval and review of proposals that comprises the Group Management Credit Committee ('GMCC') and the Group Board Credit Review and Recovery Committee ('GBCRRC'). The GMCC represents the approving authority for credit and underwriting proposals, whilst the GBCRRC is the committee that reviews proposals that exceed specified limits and criteria, as well as to consider whether to reject the proposal or modify the terms of the proposal.

The Group and the Bank recognise 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 Group and the Bank are supportive of credit officer in taking the Professional Credit Certification ('PCC') programme offered by the Asian Institute of Chartered Bankers ('AICB'). Upon attaining the PCC certification, credit officers are expected to demonstrate sound understanding of 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 Group's and the Bank's underwriting criteria and the ability of the Group and 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 Group and the Bank have developed internal rating models to support the assessment and quantification of credit risk.

A number of relevant 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.

All corporate lending, underwritings and corporate debt securities investments are independently evaluated by the Group's and Bank's credit management function and approved by the relevant approving authorities based on the Authority Matrix approved by the Board.

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Credit risk evaluation (continued)

For consumer mass market products, statistically developed application scorecards are used to assess the risks associated with the credit application as a decision support tool at loans, advances and financing origination. 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 Group's and 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.

Risk limit control and mitigation policies

The Group and the Bank employ various policies and practices to control and mitigate credit risk.

Lending/Financing limits

The Group and the Bank establish 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 customer groupings, connected parties and industry segments. These risks are monitored regularly and the limits reviewed annually or sooner depending on 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 borrower's capacity to repay rather than rely solely on security. However, collateral may be taken to mitigate credit risk.

The main collateral types accepted and given value by the Group and the Bank are:
- mortgage over residential;
- charges over commercial real estate or vehicles financed;
- charges over business assets such as properties, equipment, fixed deposits, debentures, personal guarantees and corporate guarantees; and
- charges over financial instruments such as marketable securities.

The Group and the Bank prepare a valuation of the collateral obtained as part of the loan/financing origination process. This assessment is reviewed periodically.

Term loan financing and lending to corporate entities are generally secured, revolving individual credit facilities are generally unsecured.

Collateral held as security for financial assets other than loans, advances and financing 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's 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.

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Risk limit control and mitigation policies (continued)

Collateral (continued)

The Group and the Bank closely monitor collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group and 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 2020	**Gross loans, advances and financing RM'000**	**Expected credit losses RM'000**	**Net loans, advances and financing RM'000**	**Fair value of collateral held RM'000**
Community Banking				
- Overdraft	**16,055**	**(4,335)**	**11,720**	**44,792**
- Credit cards	**825**	**(545)**	**280**	**-**
- Term loans/financing	**105,178**	**(25,501)**	**79,677**	**91,904**
- Mortgages	**246,982**	**(59,562)**	**187,420**	**301,618**
- Hire purchase	**81,807**	**(51,383)**	**30,424**	**285,474**
Corporate Banking	**991,914**	**(285,624)**	**706,290**	**1,098,917**
Enterprise Banking	**185,908**	**(24,536)**	**161,372**	**615,759**
Total credit-impaired assets	**1,628,669**	**(451,486)**	**1,177,183**	**2,438,464**
The Group 2019				
Community Banking				
- Overdraft	7,270	(1,703)	5,567	31,637
- Credit cards	878	(575)	303	-
- Term loans/financing	120,090	(19,239)	100,851	108,405
- Mortgages	324,460	(71,744)	252,716	403,855
- Hire purchase	61,055	(42,683)	18,372	225,038
Corporate Banking	668,748	(171,411)	497,337	1,060,350
Enterprise Banking	196,651	(32,989)	163,662	361,476
Total credit-impaired assets	1,379,152	(340,344)	1,038,808	2,190,761

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Risk limit control and mitigation policies (continued)

Collateral (continued)

The Bank 2020	Gross loans, advances and financing RM'000	Expected credit losses RM'000	Net loans, advances and financing RM'000	Fair value of collateral held RM'000
Community Banking				
- Overdraft	**15,221**	**(4,071)**	**11,150**	**43,214**
- Credit cards	**694**	**(460)**	**234**	**-**
- Term loans/financing	**5,360**	**(1,910)**	**3,450**	**18,038**
- Mortgages	**111,002**	**(22,779)**	**88,223**	**161,849**
- Hire purchase	**59,341**	**(37,733)**	**21,608**	**222,939**
Corporate Banking	**851,347**	**(258,141)**	**593,206**	**921,376**
Enterprise Banking	**180,941**	**(22,910)**	**158,031**	**609,574**
Total credit-impaired assets	**1,223,906**	**(348,004)**	**875,902**	**1,976,990**

The Bank 2019	Gross loans, advances and financing RM'000	Expected credit losses RM'000	Net loans, advances and financing RM'000	Fair value of collateral held RM'000
Community Banking				
- Overdraft	6,956	(1,593)	5,363	30,657
- Credit cards	615	(402)	213	-
- Term loans/financing	9,691	(1,826)	7,865	25,955
- Mortgages	163,692	(34,322)	129,370	231,085
- Hire purchase	42,435	(30,041)	12,394	176,356
Corporate Banking	265,139	(121,139)	144,000	621,048
Enterprise Banking	184,530	(31,838)	152,692	345,381
Total credit-impaired assets	673,058	(221,161)	451,897	1,430,482

The financial effect of collateral held for loans, advances and financing of the Group and the Bank are 78.7% (2019: 78.5%) and 76.0% (2019: 76.5%) respectively. The financial effects of collateral for the other financial assets are insignificant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Risk limit control and mitigation policies (continued)

Collateral and other credit enhancements obtained

The Group and the Bank obtained assets by taking possession of collateral held as security or calling upon other credit enhancements.

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Nature of assets				
Industrial and residential properties	**16,962**	17,817	**12,089**	12,944

Foreclosed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. The carrying amount of foreclosed properties held by the Group and the Bank as at reporting date has been classified as 'Other assets' as disclosed in Note 11.

Collateral for financial assets at FVTPL

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Derivatives	**13,782**	33	**-**	-

The Group mitigates the credit risk of derivatives by entering into master netting agreements and holding collateral in the form of cash.

Credit related commitments

Commitment to extend credit represents unutilised portion of approved credit in the form of loans/financing, guarantees or letters of credit. In terms of credit risk, the Group and the Bank are potentially exposed to loss in an amount equal to the total unutilised commitments. However, the potential amount of loss is less than the total unutilised commitments, as most commitments to extend credit are contingent upon customers maintaining specific minimum credit standards.

The Group and the Bank monitor the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than short-term commitments.

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Credit risk measurement

Credit risk grades

The Group and the Bank allocate 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 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 as the credit risk deteriorates so, 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.

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 ('PD') 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 the Group and the Bank's quantitative modelling, the remaining lifetime PD is determined to have increased by more than a predetermined percentage/range.

Using expert credit judgement and, where possible, relevant historical experience, the Group and 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 Group and the Bank consider that a significant increase in credit risk is presumed if a borrower/issuer is more than 30 days or 1 month past due. Days or months past due are determined by counting the number of days or month since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Group and the Bank monitor 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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Credit risk measurement (continued)

Measurement of expected credit losses ('ECL')

The Group and the Bank use three categories for financial instruments at amortised cost 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 where one that has 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.	12 - Months 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 or 1 month but less than 90 days or 3 months; • Account demonstrating critical level of risk and therefore, credit graded to 14 and placed under Watchlist;	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. • All restructure and rescheduling (R&R) accounts due to credit deterioration are to be classified as impaired.	Lifetime ECL - credit impaired
Write-off	• Evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or; • Assets unable to generate sufficient future cash flows to repay the amount.	Asset is written off

The Group and the Bank have not used the low credit risk exemption for any financial instrument for the financial year ended 31 December 2020.

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Credit risk measurement (continued)

Measurement of expected credit losses ('ECL')(continued)

The key inputs into the measurement of ECL are the term structure of 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 above.

PD is the likelihood of a counterparty defaulting on its contractual obligations to a financial institution 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 or changes in past due status, 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.

The Group and the Bank collect 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 Group and the Bank employ 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 effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group and the Bank derive 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 are 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.

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Credit risk measurement (continued)

Measurement of expected credit losses ('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 Group and 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 Group and the Bank have 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 grading;
- collateral type;
- date of initial recognition; and
- remaining term 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 techniques or significant assumptions made during the reporting period that have material impact to ECL.

Incorporation of forward-looking information

The Group and the Bank incorporate 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 Group and the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group and the Bank carry out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group and the Bank have 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.

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Credit risk measurement (continued)

Incorporation of forward-looking information (continued)

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.

The economic screnarios 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 % are set out as below:

Measurement variables - MEV change	2020 %	2019 %
Overnight Policy Rate	**10.83**	1.33
USD Dollar to Malaysian Ringgit Exchange Rate	**0.21**	N/A*
Automative Association Malaysia Total Car Sales Growth ('AAM')	**39.78**	N/A*
Average Lending Rate	**0.30**	N/A*
Malaysia Economic Indicator Leading Index ('MEILI') 2015	**1.41**	0.01
M1 Money Supply	**2.37**	N/A*
Kuala Lumpur Interbank Offered Rate ('KLIBOR') (3-Month)	**11.40**	0.31
House Price Index	**0.88**	1.04
Private Consumption Expenditure	**2.38**	4.23
Unemployment Rate	**N/A***	1.47
Gross Domestic Product of Malaysia	**N/A***	4.11
Base Lending Rate	**N/A***	0.04
Applied Hire Purchase	**N/A***	1.48

*N/A : Not applicable as a result of change in model/risk parameters made during the financial year.

The impact on ECL based on 3 years historical MEV are as follows:

	2020 RM'000 +	2020 RM'000 -	2019 RM'000 +	2019 RM'000 -
The Group				
Impact on expected credit losses	**(18,976)**	**23,111**	(13,211)	14,244

	2020 RM'000 +	2020 RM'000 -	2019 RM'000 +	2019 RM'000 -
The Bank				
Impact on expected credit losses	**(10,677)**	**12,854**	(10,458)	11,279

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

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. As a rule, Watchlist accounts are either worked up or worked out within a period of twelve months.

The Group and the Bank have established 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 the 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 Group and the Bank conduct 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 undertaken by Group Risk Management ('GRM') to ensure that credit decision-making is consistent with the Group's and the Bank's overall credit risk appetite and strategy.

Maximum exposure to credit risk

For financial assets recognised on the statement of financial position, the exposure to credit risk equals their carrying amount. For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that the Group and the Bank would have to pay if the guarantee was to be called upon. For loan commitments and other 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 financial investments at FVOCI, as well as non-financial assets.

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) 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 statement of financial position as at reporting date, except for the followings:

	The Group		The Bank	
	2020 Maximum credit risk exposure RM'000	2019 Maximum credit risk exposure RM'000	2020 Maximum credit risk exposure RM'000	2019 Maximum credit risk exposure RM'000
Credit risk exposures of on-balance sheet assets:				
Cash and short-term funds *	**5,221,693**	4,351,333	**1,646,953**	2,063,387
Financial assets at FVTPL **	**187,195**	246,563	**128,701**	76,009
Financial investments at FVOCI #	**12,822,588**	12,265,009	**6,401,195**	6,216,026
Other assets @	**232,593**	123,117	**117,176**	34,006
	18,464,069	16,986,022	**8,294,025**	8,389,428
Credit risk exposure of off-balance sheet items:				
Financial guarantees	**501,472**	556,462	**432,764**	445,758
Loan commitments and other credit related commitments	**10,599,698**	11,483,772	**6,604,308**	7,441,533
	11,101,170	12,040,234	**7,037,072**	7,887,291
Total maximum credit risk exposure	**29,565,239**	29,026,256	**15,331,097**	16,276,719

The following have been excluded for the purpose of maximum credit risk exposure calculation:

* Cash in hand
** Investment in exchange traded fund, shares, unit trusts and REITs
\# Investment in unquoted shares, REITs and perpetual bonds
@ Prepayment and foreclosed properties

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 far less due to collateral, credit enhancements and other actions taken to mitigate the credit exposure.

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) 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 2020	Short-term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets at FVTPL RM'000	Derivative financial assets RM'000	Financial investments at FVOCI RM'000	Financial investments at AC RM'000	Loans, advances and financing RM'000	Others^ RM'000	Total on-balance sheet RM'000	Commitments and contingencies RM'000
Agriculture	-	-	-	-	25,594	-	1,398,609	-	1,424,203	174,378
Mining and quarrying	-	-	-	-	-	-	297,828	-	297,828	227,552
Manufacturing	-	-	-	1,921	87,709	2,077	2,803,887	697	2,896,291	1,799,404
Electricity, gas and water supply	-	-	-	488	240,224	-	441,014	596	682,322	66,399
Construction	-	-	-	-	315,344	-	1,927,007	2	2,242,353	1,959,831
Real estate	-	-	-	-	257,362	-	5,610,241	73	5,867,676	686,425
Transport, storage and communication	-	-	-	-	355,273	-	1,547,564	123	1,902,960	370,491
Finance, insurance and business services	960,560	50,058	172,151	377,846	781,343	140,960	2,101,726	207,989	4,792,633	619,385
Government and government agencies	4,261,133	-	-	-	9,704,312	-	796,388	-	14,761,833	701,412
Wholesale, retail trade, hotel and restaurants	-	-	15,044	5,611	735,095	-	3,956,073	4	4,711,827	1,524,078
Others	-	-	-	2,428	320,332	-	24,612,541	989,484	25,924,785	2,971,815
Total assets	5,221,693	50,058	187,195	388,294	12,822,588	143,037	45,492,878	1,198,968	65,504,711	11,101,170

^ Others include amount due from associates, joint ventures, trade receivables and other assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Credit risk concentrations (continued)

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 (continued):

The Group 2019	Short-term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets at FVTPL RM'000	Derivative financial assets RM'000	Financial investments at FVOCI RM'000	Financial investments at AC RM'000	Loans, advances and financing RM'000	Others^ RM'000	Total on-balance sheet RM'000	Commitments and contingencies RM'000
Agriculture	-	-	-	-	61,713	-	1,572,573	-	1,634,286	230,518
Mining and quarrying	-	-	-	-	12,602	-	332,792	-	345,394	102,777
Manufacturing	-	-	-	714	114,871	4,220	2,522,804	234	2,642,843	1,939,702
Electricity, gas and water supply	-	-	-	-	620,384	-	559,096	724	1,180,204	106,002
Construction	-	-	-	-	632,698	-	1,977,958	23	2,610,679	2,284,990
Real estate	-	-	-	-	331,416	-	6,574,379	132	6,905,927	799,410
Transport, storage and communication	-	-	-	-	259,190	-	1,594,142	645	1,853,977	389,134
Finance, insurance and business services	963,775	-	94,288	163,588	1,345,732	140,846	2,215,828	274,283	5,198,340	598,527
Government and government agencies	3,387,558	-	137,243	-	7,160,052	-	796,229	17	11,481,099	1,314,358
Wholesale, retail trade, hotel and restaurants	-	-	15,032	566	746,077	-	3,370,507	306	4,132,488	1,605,834
Others	-	-	-	-	980,274	-	23,871,557	441,330	25,293,161	2,668,981
Total assets	4,351,333	-	246,563	164,868	12,265,009	145,066	45,387,865	717,694	63,278,398	12,040,233

^ Others include amount due from associates, joint ventures, trade receivables and other assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Credit risk concentrations (continued)

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 (continued):

The Bank 2020	Short-term funds RM'000	Investment accounts due from designated financial institutions RM'000	Financial assets at FVTPL RM'000	Derivative financial assets RM'000	Financial investments at FVOCI RM'000	Financial investments at AC RM'000	Loans, advances and financing RM'000	Others^ RM'000	Total on-balance sheet RM'000	Commitments and contingencies RM'000
Agriculture	-	-	-	-	-	-	580,784	-	580,784	120,574
Mining and quarrying	-	-	-	-	-	-	55,830	-	55,830	51,639
Manufacturing	-	-	-	1,774	40,958	-	1,906,420	-	1,949,152	1,593,176
Electricity, gas and water supply	-	-	-	488	82,513	-	59,977	-	142,978	36,295
Construction	-	-	-	-	26,558	-	1,273,222	-	1,299,780	1,258,140
Real estate	-	-	-	-	76,606	-	3,940,435	-	4,017,041	502,898
Transport, storage and communication	-	-	-	-	15,822	-	1,154,380	-	1,170,202	298,227
Finance, insurance and business services	161,246	1,743,308	113,657	227,987	1,062,179	361,708	1,520,284	-	5,190,369	501,888
Government and government agencies	1,485,707	-	-	-	4,466,008	-	30,690	-	5,982,405	181,826
Wholesale, retail trade, hotel and restaurants	-	-	15,044	933	630,551	-	3,203,620	-	3,850,148	1,151,922
Others	-	-	-	-	-	-	11,439,783	447,925	11,887,708	1,340,487
Total assets	1,646,953	1,743,308	128,701	231,182	6,401,195	361,708	25,165,425	447,925	36,126,397	7,037,072

^ Others include amount due from subsidiaries, associates and other assets.

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Credit risk concentrations (continued)

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 (continued):

The Bank 2019	Short-term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Investment accounts due from designated financial institutions RM'000	Financial assets at FVTPL RM'000	Derivative financial assets RM'000	Financial investments at FVOCI RM'000	Financial investments at AC RM'000	Loans, advances and financing RM'000	Others^ RM'000	Total on-balance sheet RM'000	Commitments and contingencies RM'000
Agriculture	-	-	-	-	-	-	-	588,264	-	588,264	152,629
Mining and quarrying	-	-	-	-	-	-	-	37,334	-	37,334	23,287
Manufacturing	-	-	-	-	714	41,274	-	1,818,948	-	1,860,936	1,710,442
Electricity, gas and water supply	-	-	-	-	-	144,718	-	153,550	-	298,268	56,146
Construction	-	-	-	-	-	31,451	-	1,322,048	-	1,353,499	1,472,411
Real estate	-	-	-	-	-	91,982	-	4,395,624	-	4,487,606	576,507
Transport, storage and communication	-	-	-	-	-	31,537	-	1,201,535	-	1,233,072	334,378
Finance, insurance and business services	254,302	41,368	1,912,415	60,977	117,008	1,666,289	100,499	1,790,194	-	5,943,052	489,948
Government and government agencies	1,809,085	-	-	-	-	3,583,660	-	30,605	-	5,423,350	680,296
Wholesale, retail trade, hotel and restaurants	-	-	-	15,032	503	604,918	-	2,765,831	-	3,386,284	1,384,481
Others	-	-	-	-	-	20,197	-	11,626,126	66,211	11,712,534	1,006,766
Total assets	2,063,387	41,368	1,912,415	76,009	118,225	6,216,026	100,499	25,730,059	66,211	36,324,199	7,887,291

^ Others include amount due from subsidiaries, associates and other assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Total loans, advances and financing - credit quality

All loans, advances and financing are categorised into 'neither past due nor impaired', 'past due but not impaired' and 'impaired'.

Past due loans refer to loans, advances and financing that are overdue by one day or more.

Loans, advances and financing 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;
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 repay' its credit obligations; or
iii) the loan/financing is classified as rescheduled and restructured in Central Credit Reference Information System.

Distribution of loans, advances and financing by credit quality

The Group 2020	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
Neither past due nor impaired	**39,093,671**	**2,634,297**	**-**	**41,727,968**
Past due but not impaired	**1,326,665**	**1,589,353**	**-**	**2,916,018**
Impaired	**-**	**-**	**1,628,669**	**1,628,669**
Gross loans, advances and financing	**40,420,336**	**4,223,650**	**1,628,669**	**46,272,655**
Less: Expected credit losses	**(177,087)**	**(151,204)**	**(451,486)**	**(779,777)**
Net loans, advances and financing	**40,243,249**	**4,072,446**	**1,177,183**	**45,492,878**

The Group 2019	12 - Month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
Neither past due nor impaired	40,620,629	1,377,505	-	41,998,134
Past due but not impaired	1,425,263	1,159,345	-	2,584,608
Impaired	-	-	1,379,152	1,379,152
Gross loans, advances and financing	42,045,892	2,536,850	1,379,152	45,961,894
Less: Expected credit losses	(139,326)	(94,359)	(340,344)	(574,029)
Net loans, advances and financing	41,906,566	2,442,491	1,038,808	45,387,865

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Total loans, advances and financing - credit quality (continued)

Distribution of loans, advances and financing by credit quality

The Bank 2020	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
Neither past due nor impaired	**21,319,574**	**1,581,463**	**-**	**22,901,037**
Past due but not impaired	**721,894**	**882,985**	**-**	**1,604,879**
Impaired	**-**	**-**	**1,223,906**	**1,223,906**
Gross loans, advances and financing	**22,041,468**	**2,464,448**	**1,223,906**	**25,729,822**
Less: Expected credit losses	**(128,045)**	**(88,348)**	**(348,004)**	**(564,397)**
Net loans, advances and financing	**21,913,423**	**2,376,100**	**875,902**	**25,165,425**

The Bank 2019	12 - Month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
Neither past due nor impaired	23,045,190	999,390	-	24,044,580
Past due but not impaired	729,689	666,681	-	1,396,370
Impaired	-	-	673,058	673,058
Gross loans, advances and financing	23,774,879	1,666,071	673,058	26,114,008
Less: Expected credit losses	(86,276)	(76,512)	(221,161)	(383,949)
Net loans, advances and financing	23,688,603	1,589,559	451,897	25,730,059

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Total loans, advances and financing - credit quality (continued)

Distribution of loans, advances and financing 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 amount of financial assets below also represents the Group's and the Bank's maximum exposure to credit risk on these assets.

The Group 2020	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Credit grade				
Satisfactory	**17,899,831**	**565,022**	**-**	**18,464,853**
Special mention	**47,955**	**1,062,098**	**-**	**1,110,053**
Default/Impaired	**-**	**-**	**1,236,017**	**1,236,017**
Unrated	**22,472,550**	**2,596,530**	**392,652**	**25,461,732**
Gross loans, advances and financing	**40,420,336**	**4,223,650**	**1,628,669**	**46,272,655**
Less: Expected credit losses	**(177,087)**	**(151,204)**	**(451,486)**	**(779,777)**
Net loans, advances and financing	**40,243,249**	**4,072,446**	**1,177,183**	**45,492,878**

The Group 2019	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Credit grade				
Satisfactory	19,039,193	514,110	1,622	19,554,925
Special mention	109,901	687,270	-	797,171
Default/Impaired	-	-	885,800	885,800
Unrated	22,896,798	1,335,470	491,730	24,723,998
Gross loans, advances and financing	42,045,892	2,536,850	1,379,152	45,961,894
Less:Expected credit losses	(139,326)	(94,359)	(340,344)	(574,029)
Net loans, advances and financing	41,906,566	2,442,491	1,038,808	45,387,865

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Total loans, advances and financing - credit quality (continued)

Distribution of loans, advances and financing 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 amount of financial assets below also represents the Group's and the Bank's maximum exposure to credit risk on these assets (continued):

The Bank 2020	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Credit grade				
Satisfactory	**11,050,156**	**304,157**	**-**	**11,354,313**
Special mention	**202**	**879,154**	**-**	**879,356**
Default/Impaired	**-**	**-**	**1,090,483**	**1,090,483**
Unrated	**10,991,110**	**1,281,137**	**133,423**	**12,405,670**
Gross loans, advances and financing	**22,041,468**	**2,464,448**	**1,223,906**	**25,729,822**
Less: Expected credit losses	**(128,045)**	**(88,348)**	**(348,004)**	**(564,397)**
Net loans, advances and financing	**21,913,423**	**2,376,100**	**875,902**	**25,165,425**

The Bank 2019	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Satisfactory	12,181,693	390,402	1,622	12,573,717
Special mention	2,479	548,828	-	551,307
Default/Impaired	-	-	444,156	444,156
Unrated	11,590,707	726,841	227,280	12,544,828
Gross loans, advances and financing	23,774,879	1,666,071	673,058	26,114,008
Less: Expected credit losses	(86,276)	(76,512)	(221,161)	(383,949)
Net loans, advances and financing	23,688,603	1,589,559	451,897	25,730,059

Satisfactory: Exposures demonstrate a strong capacity to meet financial commitments, with negligible or low probability of default and/or levels of expected loss.

Special mention: Exposures require varying degrees of special attention and default risk is of greater concern which are under the monitoring of Group Early Alert Committee ('GEAC').

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Deposits and short-term funds, corporate bonds/Sukuk, treasury bills and derivatives - credit quality

Corporate bonds/Sukuk, treasury bills and other eligible bills included in financial assets at FVTPL and 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 uses external credit ratings provided by RAM, MARC, Standard & Poor's or Moody's.

The table below presents the deposits and short-term funds, corporate bonds/Sukuk, treasury bills and other eligible bills that neither past due nor impaired and impaired, analysed by rating:

The Group 2020	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
Short-term funds, deposits and placements with banks and other financial institutions				
Sovereigns	4,261,131	-	-	4,261,131
AAA	368,782	-	-	368,782
AA- to AA+	492,964	-	-	492,964
A- to A+	4,831	-	-	4,831
Lower than A-	121,531	-	-	121,531
Unrated	22,543	-	-	22,543
Expected credit losses	(31)	-	-	(31)
	5,271,751	-	-	5,271,751
Financial assets at FVTPL				
AAA	114,681	-	-	114,681
AA- to AA+	4,844	-	-	4,844
A- to A+	22,386	-	-	22,386
Lower than A-	26,117	-	-	26,117
Unrated	19,167	-	-	19,167
	187,195	-	-	187,195

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Deposits and short-term funds, corporate bonds/Sukuk, treasury bills and derivatives - credit quality (continued)

The table below presents the deposits and short-term funds, corporate bonds/Sukuk, treasury bills and other eligible bills that neither past due nor impaired and impaired, analysed by rating (continued):

The Group 2020	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
Derivative financial assets				
AAA	197,511	-	-	197,511
AA- to AA+	80,498	-	-	80,498
A- to A+	70,466	-	-	70,466
Lower than A-	11,041	-	-	11,041
Unrated	28,778	-	-	28,778
	388,294	-	-	388,294
Financial investments at FVOCI				
Sovereigns	10,421,058	-	-	10,421,058
AAA	640,253	-	-	640,253
AA- to AA+	548,158	-	-	548,158
A- to A+	123,683	-	-	123,683
Lower than A-	-	15,303	-	15,303
Unrated	293,509	776,167	4,457	1,074,133
	12,026,661	791,470	4,457	12,822,588
Expected credit losses	(22,201)	(31,457)	(12,170)	(65,828)
Financial investments at AC				
Unrated	141,119	-	-	141,119
Impaired	-	-	15,000	15,000
Expected credit losses	(160)	-	(12,922)	(13,082)
	140,959	-	2,078	143,037

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Deposits and short-term funds, corporate bonds/Sukuk, treasury bills and derivatives - credit quality (continued)

The table below presents the deposits and short-term funds, corporate bonds/Sukuk, treasury bills and other eligible bills that neither past due nor impaired and impaired, analysed by rating (continued):

The Group 2019	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
Short-term funds, deposits and placements with banks and other financial institutions				
Sovereigns	3,387,558	-	-	3,387,558
AAA	524,404	-	-	524,404
AA- to AA+	218,323	-	-	218,323
A- to A+	123,923	-	-	123,923
Lower than A-	79,309	-	-	79,309
Unrated	17,839	-	-	17,839
Expected credit losses	(23)	-	-	(23)
	4,351,333	-	-	4,351,333
Financial assets at FVTPL				
Sovereigns	137,242	-	-	137,242
AAA	61,991	-	-	61,991
AA- to AA+	861	-	-	861
A- to A+	14,464	-	-	14,464
Lower than A-	11,116	-	-	11,116
Unrated	20,889	-	-	20,889
	246,563	-	-	246,563
Derivative financial assets				
AAA	98,839	-	-	98,839
AA- to AA+	35,809	-	-	35,809
A- to A+	14,755	-	-	14,755
Lower than A-	5,929	-	-	5,929
Unrated	9,536	-	-	9,536
	164,868	-	-	164,868

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Deposits and short-term funds, corporate bonds/Sukuk, treasury bills and derivatives - credit quality (continued)

The table below presents the deposits and short-term funds, corporate bonds/Sukuk, treasury bills and other eligible bills that neither past due nor impaired and impaired, analysed by rating (continued):

The Group 2019	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
Financial investments at FVOCI				
Sovereigns	8,968,618	-	-	8,968,618
AAA	1,384,410	-	-	1,384,410
AA- to AA+	576,711	57,905	-	634,616
A- to A+	172,969	-	-	172,969
Lower than A-	40,635	14,782	-	55,417
Unrated	1,044,463	-	4,516	1,048,979
	12,187,806	72,687	4,516	12,265,009
Expected credit losses	(4,388)	(595)	(12,166)	(17,149)
Financial investments at AC				
Unrated	141,119	-	-	141,119
Impaired	-	-	15,000	15,000
Expected credit losses	(273)	-	(10,780)	(11,053)
	140,846	-	4,220	145,066

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Deposits and short-term funds, corporate bonds/Sukuk, treasury bills and derivatives - credit quality (continued)

The table below presents the deposits and short-term funds, corporate bonds/Sukuk, treasury bills and other eligible bills that neither past due nor impaired and impaired, analysed by rating (continued):

The Bank 2020	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
Short-term funds, deposits and placements with banks and other financial institutions				
Sovereigns	1,485,707	-	-	1,485,707
AAA	15,993	-	-	15,993
AA- to AA+	141,975	-	-	141,975
A- to A+	(167)	-	-	(167)
Lower than A-	3,477	-	-	3,477
Expected credit losses	(32)	-	-	(32)
	1,646,953	-	-	1,646,953
Investment accounts due from designated financial institution				
AA- to AA+	1,745,263	-	-	1,745,263
Expected credit losses	(1,955)	-	-	(1,955)
	1,743,308	-	-	1,743,308
Financial assets at FVTPL				
AAA	113,657	-	-	113,657
Unrated	15,044	-	-	15,044
	128,701	-	-	128,701

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Deposits and short-term funds, corporate bonds/Sukuk, treasury bills and derivatives - credit quality (continued)

The table below presents the deposits and short-term funds, corporate bonds/Sukuk, treasury bills and other eligible bills that neither past due nor impaired and impaired, analysed by rating (continued):

The Bank 2020	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
Derivative financial assets				
AAA	78,509	-	-	78,509
AA- to AA+	68,196	-	-	68,196
A- to A+	70,231	-	-	70,231
Lower than A-	11,041	-	-	11,041
Unrated	3,205	-	-	3,205
	231,182	-	-	231,182
Financial investments at FVOCI				
Sovereigns	4,466,008	-	-	4,466,008
AAA	282,208	-	-	282,208
AA- to AA+	741,721	-	-	741,721
A- to A+	119,709	-	-	119,709
Lower than A-	-	15,303	-	15,303
Unrated	104,623	671,623	-	776,246
	5,714,269	686,926	-	6,401,195
Expected credit losses	(17,563)	(27,237)	-	(44,800)
Financial investments at AC				
Unrated	361,944	-	-	361,944
Expected credit losses	(236)	-	-	(236)
	361,708	-	-	361,708

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Deposits and short-term funds, corporate bonds/Sukuk, treasury bills and derivatives - credit quality (continued)

The table below presents the deposits and short-term funds, corporate bonds/Sukuk, treasury bills and other eligible bills that neither past due nor impaired and impaired, analysed by rating (continued):

The Bank 2019	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
Short-term funds, deposits and placements with banks and other financial institutions				
Sovereigns	1,809,085	-	-	1,809,085
AAA	2,095	-	-	2,095
AA- to AA+	74,023	-	-	74,023
A- to A+	192,188	-	-	192,188
Lower than A-	27,416	-	-	27,416
Expected credit losses	(52)	-	-	(52)
	2,104,755	-	-	2,104,755
Investment accounts due from designated financial institution				
Unrated	1,912,516	-	-	1,912,516
Expected credit losses	(101)	-	-	(101)
	1,912,415	-	-	1,912,415
Financial assets at FVTPL				
AAA	60,977	-	-	60,977
Unrated	15,032	-	-	15,032
	76,009	-	-	76,009

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Deposits and short-term funds, corporate bonds/Sukuk, treasury bills and derivatives - credit quality (continued)

The table below presents the deposits and short-term funds, corporate bonds/Sukuk, treasury bills and other eligible bills that neither past due nor impaired and impaired, analysed by rating (continued):

The Bank 2019	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
Derivative financial assets				
AAA	60,521	-	-	60,521
AA- to AA+	37,301	-	-	37,301
A- to A+	13,246	-	-	13,246
Lower than A-	5,929	-	-	5,929
Unrated	1,228	-	-	1,228
	118,225	-	-	118,225
Financial investments at FVOCI				
Sovereigns	3,583,660	-	-	3,583,660
AAA	412,251	-	-	412,251
AA- to AA+	1,306,029	-	-	1,306,029
A- to A+	109,188	-	-	109,188
Lower than A-	40,635	14,782	-	55,417
Unrated	749,481	-	-	749,481
	6,201,244	14,782	-	6,216,026
Expected credit losses	(3,607)	(557)	-	(4,164)
Financial investments at AC				
Unrated	100,622	-	-	100,622
Expected credit losses	(123)	-	-	(123)
	100,499	-	-	100,499

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Other financial assets - credit quality

Other financial assets of the Group and the Bank are neither past due nor impaired and impaired are summarised as below:

The Group 2020	**Lifetime ECL not credit impaired RM'000**	**Lifetime ECL credit impaired RM'000**	**Total RM'000**
Trade receivables	**919,504**	**913**	**920,417**
Other assets	**231,966**	**627**	**232,593**
Amount due from joint ventures	**-**	**15,073**	**15,073**
Amount due from associates	**30,885**	**-**	**30,885**
The Group 2019			
Trade receivables	534,387	1	534,388
Other assets	123,083	34	123,117
Amount due from joint ventures	-	28,402	28,402
Amount due from associates	31,787	-	31,787

The Bank 2020	**Lifetime ECL not credit impaired RM'000**	**Lifetime ECL credit impaired RM'000**	**Total RM'000**
Other assets	**117,176**	**-**	**117,176**
Amount due from subsidiaries	**299,864**	**-**	**299,864**
Amount due from associate	**30,885**	**-**	**30,885**
The Bank 2019			
Other assets	34,006	-	34,006
Amount due from subsidiaries	1,318	-	1,318
Amount due from associate	30,887	-	30,887

Other financial assets that are past due but not impaired or impaired are not significant.

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Other financial assets - credit quality (continued)

Loans/Financing commitments and financial guarantees below represent the ECL being recognised.

The Group 2020	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
Loans/Financing commitments and financial guarantees				
Satisfactory	**10,355**	**8,423**	**-**	**18,778**
Special mention	**32**	**600**	**-**	**632**
Default/Impaired	**-**	**-**	**19,038**	**19,038**
	10,387	**9,023**	**19,038**	**38,448**

The Group 2019	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
Loans/Financing commitments and financial guarantees				
Satisfactory	12,803	694	-	13,497
Special mention	2	-	-	2
Default/Impaired	-	-	16,111	16,111
	12,805	694	16,111	29,610

The Bank 2020	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
Loans/Financing commitments and financial guarantees				
Satisfactory	**7,459**	**8,187**	**-**	**15,646**
Default/Impaired	**-**	**-**	**262**	**262**
	7,459	**8,187**	**262**	**15,908**

The Bank 2019	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
Loans/Financing commitments and financial guarantees				
Satisfactory	7,539	492	-	8,031
Default/Impaired	-	-	498	498
	7,539	492	498	8,529

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk

Market risk is defined as changes in the market value of a trading or investment position arising from movements in market factors such as interest/profit rate, foreign exchange rates and implied volatility rates. The Group's and the Bank's exposure to market risk results largely from interest/profit rate and foreign exchange rate risks.

Market risk may arise from proprietary trading position and investment activities (including those for liquidity requirement purposes) in the Trading and Investment Book respectively.

The Market Risk Management Framework governs the market risk activities of the Group and the Bank which are supported by a set of approved market risk management policies, guidelines and procedures.

Risk parameters are established based on risk appetite, market liquidity and business strategies as well as macro-economic conditions. These parameters are reviewed at least annually.

Market risk arising from the Trading Book is primarily controlled through the imposition of Stop-loss and Value-at-Risk ('VaR') risk parameters.

Interest/profit rate risk is quantified by analysing the mismatches in timing repricing of the rate sensitive assets and rate sensitive liabilities. Earnings-at-Risk ('EaR') or Net Interest/Profit Income simulation is conducted to assess the variation in short term earnings under various rates scenarios. The potential long term effect of the overall exposure is tracked by assessing the impact on Economic Value of Equity ('EVE'), also known as Economic Value-at-Risk ('EVaR'). Thresholds are set for EaR and EVaR as management triggers.

Periodic stress tests are conducted to quantify market risk arising from probability of abnormal market movements.

Risk Management Policies and Procedures

Risk management policies and procedures are reviewed and updated to ensure relevance to current business needs as well as current/applicable regulatory requirements such as BNM's policy documents on:

1. Managing Unauthorised Trading & Market Manipulation;
2. Code of Conduct for Malaysia Wholesale Financial Markets; and
3. Principles for a Fair and Effective Financial Market for Malaysian Financial Market.

Value-at-Risk ('VaR')

VaR estimates the potential loss of a Trading portfolio from adverse market price movements which may occur over a specified holding period of the Trading portfolio.

It measures the risk of losses arising from potential adverse movements in interest/profit rates, implied volatility rates and foreign exchange rates that could affect values of financial instruments.

Backtesting of the VaR results is conducted to validate and reassess the accuracy of the risk measurement systems.

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Other risk measures

- Mark-to-market

  Mark-to-market valuation tracks the current market value of the outstanding financial instruments.

- Stress testing

  Stress tests are conducted to attempt to quantify market risk arising from abnormal market movements. Stress tests measure the changes in values primarily arising from extreme movements in interest/profit rates and foreign exchange rates based on past experiences and simulated stress scenarios.

Interest/profit rate sensitivity

The table below shows the interest/profit sensitivity for the financial assets and financial liabilities held as at reporting date.

Impact on profit after tax is measured using Repricing Gap Simulation methodology based on 100 basis point parallel shifts in interest/profit rate.

Impact on equity represents the changes in fair value of fixed income instruments held in financial investments at FVOCI portfolio arising from the shifts in interest/profit rate.

	2020		2019	
The Group	**+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	**16.0**	**(16.0)**	34.6	(34.6)
Impact on equity	**(225.0)**	**270.0**	(120.2)	162.4
The Bank				
Impact on profit after taxation	**14.6**	**(14.6)**	26.8	(26.8)
Impact on equity	**(278.7)**	**306.8**	(240.8)	266.6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Foreign exchange risk sensitivity analysis

The following table sets out the analysis of the exposure to assess the impact of a 1% change in exchange rate to the profit after taxation.

	The Group 2020 RM'000	The Group 2019 RM'000	The Bank 2020 RM'000	The Bank 2019 RM'000
+1%				
Euro	**1,912**	681	**1,118**	731
United States Dollar	**61,342**	46,117	**43,833**	43,525
Great Britain Pound	**114**	24	**111**	24
Australian Dollar	**85**	176	**22**	132
New Zealand Dollar	**3**	2	**2**	1
Japanese Yen	**23**	7	**21**	5
Others	**960**	1,316	**224**	311
	64,439	48,323	**45,331**	44,729
-1%				
Euro	**(1,912)**	(681)	**(1,118)**	(731)
United States Dollar	**(61,342)**	(46,117)	**(43,833)**	(43,525)
Great Britain Pound	**(114)**	(24)	**(111)**	(24)
Australian Dollar	**(85)**	(176)	**(22)**	(132)
New Zealand Dollar	**(3)**	(2)	**(2)**	(1)
Japanese Yen	**(23)**	(7)	**(21)**	(5)
Others	**(960)**	(1,316)	**(224)**	(311)
	(64,439)	(48,323)	**(45,331)**	(44,729)

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. The risk of fluctuations in foreign currency exchange rates is managed via setting of thresholds on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Foreign exchange risk (continued)

The following 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 financial instruments at carrying amounts, categorised by currency.

The Group 2020	Euro RM'000	United States Dollar RM'000	Great Britain Pound RM'000	Australian Dollar RM'000	New Zealand Dollar RM'000	Japanese Yen RM'000	Others RM'000	Total RM'000
Assets								
Short-term funds	1,345	193,688	1,067	12,643	334	697	34,682	244,456
Financial assets at FVTPL	-	51	-	-	-	-	4,198	4,249
Derivative financial assets	6,475	-	272	32	-	6	328	7,113
Financial investments at FVOCI	-	41,071	-	45,561	-	-	28,875	115,507
Loans, advances and financing	3,134	746,886	3,532	-	-	-	-	753,552
Trade receivables	-	27,165	-	11,267	-	-	22,304	60,736
Other assets	-	1,607	-	-	-	-	637	2,244
Total financial assets	10,954	1,010,468	4,871	69,503	334	703	91,024	1,187,857
Liabilities								
Deposits from customers	32,134	261,295	4,127	4,362	-	155	76,805	378,878
Deposits and placements of banks and other financial institutions	34,567	589,002	-	40,274	-	-	-	663,843
Derivative financial liabilities	11	171,534	-	-	-	5	6	171,556
Trade payables	-	41,081	-	14,531	-	-	21,306	76,918
Other liabilities	66	61,796	63	879	-	-	721	63,525
Total financial liabilities	66,778	1,124,708	4,190	60,046	-	160	98,838	1,354,720
Net on-balance sheet financial position	(55,824)	(114,240)	681	9,457	334	543	(7,814)	(166,863)
Off balance sheet commitments	307,395	8,185,515	14,379	1,666	-	2,443	134,092	8,645,490

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Foreign exchange risk (continued)

The following 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 financial instruments at carrying amounts, categorised by currency (continued).

The Group 2019	Euro RM'000	United States Dollar RM'000	Great Britain Pound RM'000	Australian Dollar RM'000	New Zealand Dollar RM'000	Japanese Yen RM'000	Others RM'000	Total RM'000
Assets								
Short-term funds	-	247,346	-	7,665	333	539	18,615	274,498
Financial assets at FVTPL	-	72,167	-	-	-	-	129	72,296
Derivative financial assets	750	58	59	938	9	4	484	2,302
Financial investments at FVOCI	-	135,979	-	-	-	-	125,156	261,135
Loans, advances and financing	6,267	619,607	-	-	-	-	189	626,063
Trade receivables	-	11,575	-	10,317	-	-	12,166	34,058
Other assets	-	22,289	-	-	-	-	587	22,876
Total financial assets	7,017	1,109,021	59	18,920	342	543	157,326	1,293,228
Liabilities								
Deposits from customers	60,316	448,350	6,153	4,759	536	150	29,902	550,166
Deposits and placements of banks and other financial institutions	-	242,045	-	30,538	-	-	18,320	290,903
Derivative financial liabilities	168	84,478	-	8	-	-	571	85,225
Trade payables	-	8,853	-	11,393	-	-	13,383	33,629
Other liabilities	31	147,930	68	692	6	-	1,407	150,134
Total financial liabilities	60,515	931,656	6,221	47,390	542	150	63,583	1,110,057
Net on-balance sheet financial position	(53,498)	177,365	(6,162)	(28,470)	(200)	393	93,743	183,171
Off balance sheet commitments	143,115	5,890,632	9,285	51,603	411	535	79,422	6,175,003

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Foreign exchange risk (continued)

The following 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 financial instruments at carrying amounts, categorised by currency (continued).

The Bank 2020	Euro RM'000	United States Dollar RM'000	Great Britain Pound RM'000	Australian Dollar RM'000	New Zealand Dollar RM'000	Japanese Yen RM'000	Others RM'000	Total RM'000
Assets								
Short-term funds	759	135,991	659	720	290	492	6,366	145,277
Investment accounts due from designated financial institution	-	197,846	-	-	-	-	-	197,846
Derivative financial assets	4,824	-	272	32	-	6	328	5,462
Financial investments at FVOCI	-	41,071	-	45,561	-	-	-	86,632
Loans, advances and financing	3,134	514,793	3,532	-	-	-	-	521,459
Other assets	-	1,561	-	-	-	-	-	1,561
Total financial assets	8,717	891,262	4,463	46,313	290	498	6,694	958,237
Liabilities								
Deposits from customers	30,249	232,778	4,120	4,359	-	155	68,350	340,011
Deposits and placements of banks and other financial institutions	34,567	106,144	-	40,274	-	-	-	180,985
Derivative financial liabilities	11	160,743	-	-	-	5	6	160,765
Other liabilities	66	1,057	63	-	-	-	-	1,186
Total financial liabilities	64,893	500,722	4,183	44,633	-	160	68,356	682,947
Net on-balance sheet financial position	(56,176)	390,540	280	1,680	290	338	(61,662)	275,290
Off balance sheet commitments	203,321	5,376,995	14,379	1,249	-	2,443	91,138	5,689,525

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Foreign exchange risk (continued)

The following 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 financial instruments at carrying amounts, categorised by currency (continued).

The Bank 2019	Euro RM'000	United States Dollar RM'000	Great Britain Pound RM'000	Australian Dollar RM'000	New Zealand Dollar RM'000	Japanese Yen RM'000	Others RM'000	Total RM'000
Assets								
Short-term funds	-	247,511	-	142	291	306	2,247	250,497
Deposits and placements with banks and other financial institutions	-	41,367	-	-	-	-	-	41,367
Investment accounts due from designated financial institution	-	248,686	-	-	-	-	-	248,686
Derivative financial assets	774	20	59	938	9	4	484	2,288
Financial investments at FVOCI	-	102,080	-	-	-	-	31,167	133,247
Loans, advances and financing	6,267	299,935	-	-	-	-	189	306,391
Other assets	-	1,591	-	-	-	-	-	1,591
Total financial assets	7,041	941,190	59	1,080	300	310	34,087	984,067
Liabilities								
Deposits from customers	56,016	320,870	6,152	4,755	536	150	29,783	418,262
Deposits and placements of banks and other financial institutions	-	43,208	-	30,538	-	-	18,320	92,066
Derivative financial liabilities	168	84,699	-	8	-	-	571	85,446
Other liabilities	31	2,116	68	1	6	-	-	2,222
Total financial liabilities	56,215	450,893	6,220	35,302	542	150	48,674	597,996
Net on-balance sheet financial position	(49,174)	490,297	(6,161)	(34,222)	(242)	160	(14,587)	386,071
Off balance sheet commitments	145,420	5,236,675	9,285	51,541	411	535	55,453	5,499,320

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Interest/profit rate risk

Interest/profit rate risk is the risk to earnings and capital arising from exposure to adverse movements in interest/profit rates mainly due to mismatches in timing repricing of assets and liabilities. These mismatches are actively managed from an earnings and economic value perspective.

The objective of interest/profit rate risk management is to achieve a stable and sustainable net interest/profit income from the following perspectives:

1. Next 12 months' Earnings -Interest/profit rate risk from the earnings perspective is the impact based on changes to the net interest/profit income over the next 12 months. This risk is measured through sensitivity analysis including the application of an instantaneous 100 basis point parallel shock in interest/profit rates across the yield curve.

2. Economic Value -Measuring the change in the EVE is an assessment of the long-term impact to the Group's and the Bank's capital. This is assessed through the application of relevant duration factors to capture the net economic value impact over the long term or total life of all balance sheet assets and liabilities to adverse changes in interest/profit rates.

Interest/profit rate risk thresholds are established in line with the Group's and the Bank's strategy and risk appetite. These thresholds are reviewed regularly to ensure relevance in the context of prevailing market conditions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Interest/profit rate risk (continued)

The following table represents the Group's and the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates as at reporting date.

	Non-trading book							
The Group 2020	**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 / profit sensitive RM'000**	**Trading book RM'000**	**Total RM'000**
Assets								
Cash and short-term funds	4,985,103	-	-	-	-	476,262	-	5,461,365
Deposits and placements with banks and other financial institutions	-	50,000	-	-	-	58	-	50,058
Financial assets at FVTPL	-	-	15,008	-	211,764	230,529	240,965	698,266
Derivative financial assets	-	-	-	-	-	-	388,294	388,294
Financial investments at FVOCI	140,044	219,008	325,793	3,241,992	8,767,902	339,314	-	13,034,053
Financial investments at AC	762	-	51,316	87,649	-	3,310	-	143,037
Loans, advances and financing								
- non-impaired	24,364,039	3,104,638	3,267,749	9,842,803	4,064,757	(328,291) ^	-	44,315,695
- impaired	-	-	-	-	-	1,177,183 #	-	1,177,183
Others [(1)]	13,782	-	-	-	-	1,185,186	-	1,198,968
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	103,267	-	103,267
Total assets	**29,503,730**	**3,373,646**	**3,659,866**	**13,172,444**	**13,044,423**	**3,186,818**	**629,259**	**66,570,186**

^ The negative balance represents ECL for loans, advances and financing in accordance with the Group's accounting policy on allowance for unimpaired loans, advances and financing.

\# Net of ECL for impaired loans, advances and financing.

(1) Others include other assets, amount due from joint ventures and associate and trade receivables.

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Interest/profit rate risk (continued)

	Non-trading book							
The Group 2020	**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 / profit sensitive RM'000**	**Trading book RM'000**	**Total RM'000**
Liabilities								
Deposits from customers	17,919,055	8,604,897	18,871,607	1,442,492	-	3,046,309	-	49,884,360
Investment accounts of customers	-	-	376	1,767	-	8	-	2,151
Deposits and placements of banks and other financial institutions	2,740,213	855,804	119,858	-	-	4,485	-	3,720,360
Derivative financial liabilities	-	-	-	-	-	-	389,819	389,819
Bills and acceptances payable	-	-	-	-	-	67,010	-	67,010
Recourse obligation on loans sold to Cagamas Berhad	-	-	-	50,000	-	34	-	50,034
Lease liabilities	914	1,810	6,951	37,684	3,169	-	-	50,528
Borrowings	-	-	-	-	3,300,000	45,455	-	3,345,455
Other liabilities [2]	10,810	-	-	-	-	2,179,846	-	2,190,656
Total liabilities	**20,670,992**	**9,462,511**	**18,998,792**	**1,531,943**	**3,303,169**	**5,343,147**	**389,819**	**59,700,373**
Net interest/profit sensitivity gap	**8,832,738**	**(6,088,865)**	**(15,338,926)**	**11,640,501**	**9,741,254**			

[2] Other liabilities include trade payables and other liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Interest/profit rate risk (continued)

The Group 2019	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 / profit sensitive RM'000	Trading book RM'000	Total RM'000
Assets								
Cash and short-term funds	4,090,595	-	-	-	-	514,762	-	4,605,357
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Financial assets at FVTPL	-	-	15,000	-	154,648	200,648	291,836	662,132
Derivative financial assets	-	-	-	-	-	-	164,868	164,868
Financial investments at FVOCI	25,032	54,978	588,814	3,838,799	7,663,621	325,602	-	12,496,846
Financial investments at AC	703	-	844	142,523	-	996	-	145,066
Loans, advances and financing								
- non-impaired	23,618,524	3,530,875	2,549,615	10,078,485	4,805,243	(233,685) ^	-	44,349,057
- impaired	-	-	-	-	-	1,038,808 #	-	1,038,808
Commodity Gold at FVTPL	-	-	-	-	-	-	-	-
Others [(1)]	33	-	-	-	-	717,661	-	717,694
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,534,777	-	1,534,777
Total assets	27,734,887	3,585,853	3,154,273	14,059,807	12,623,512	4,099,569	456,704	65,714,605

^ The negative balance represents ECL for loans, advances and financing in accordance with the Group's accounting policy on allowance for unimpaired loans, advances and financing.

\# Net of ECL for impaired loans, advances and financing.

(1) Others include other assets, amount due from joint ventures and associate and trade receivables.

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Interest/profit rate risk (continued)

	Non-trading book							
The Group 2019	**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 / profit sensitive RM'000**	**Trading book RM'000**	**Total RM'000**
Liabilities								
Deposits from customers	14,550,271	5,742,460	25,167,302	2,192,113	-	3,436,816	-	51,088,962
Investment accounts of customers	-	-	436	1,003	-	8	-	1,447
Deposits and placements of banks and other financial institutions	1,324,858	420,983	14,046	-	-	3,365	-	1,763,252
Derivative financial liabilities	-	-	-	-	-	-	186,791	186,791
Bills and acceptances payable	-	-	-	-	-	32,903	-	32,903
Lease liabilities	1,254	1,307	11,126	44,963	-	-	-	58,650
Borrowings	-	-	-	-	3,548,213	58,930	-	3,607,143
Other liabilities [(2)]	2,830	-	-	-	-	2,052,901	-	2,055,731
Total liabilities	15,879,213	6,164,750	25,192,910	2,238,079	3,548,213	5,584,923	186,791	58,794,879
Net interest/profit sensitivity gap	11,855,674	(2,578,897)	(22,038,637)	11,821,728	9,075,299			

(2) Other liabilities include trade payables and other liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Interest/profit rate risk (continued)

The Bank 2020	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 / profit sensitive RM'000	Trading book RM'000	Total RM'000
Assets								
Cash and short-term funds	1,437,156	-	-	-	-	450,428	-	1,887,584
Investment accounts due from designated financial institutions	102,712	505,419	270,717	505,189	361,226	(1,955)	-	1,743,308
Financial assets at FVTPL	-	-	15,008	-	211,764	1,151	-	227,923
Derivative financial assets	-	-	-	-	-	-	231,182	231,182
Financial investments at FVOCI	119,995	-	461,187	1,560,131	4,196,009	250,008	-	6,587,330
Financial investments at AC	-	-	50,000	308,894	-	2,814	-	361,708
Loans, advances and financing								
- non-impaired	12,393,314	2,378,174	1,733,853	6,009,702	1,990,873	(216,392) ^	-	24,289,524
- impaired	-	-	-	-	-	875,901 #	-	875,901
Others [(1)]	-	-	-	-	-	447,925	-	447,925
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	84,267	-	84,267
Total assets	14,053,177	2,883,593	2,530,765	8,383,916	6,759,872	1,894,147	231,182	36,736,652

^ The negative balance represents ECL for loans, advances and financing in accordance with the Group's accounting policy on allowance for unimpaired loans, advances and financing.

\# Net of ECL for impaired loans, advances and financing.

(1) Others include other assets, amount due from joint ventures and associate and trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Interest/profit rate risk (continued)

	Non-trading book							
The Bank 2020	**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 / profit sensitive RM'000**	**Trading book RM'000**	**Total RM'000**
Liabilities								
Deposits from customers	8,507,035	3,999,081	11,291,144	1,023,498	-	2,587,219	-	27,407,977
Deposits and placements of banks and other financial institutions	2,011,813	368,706	24,858	-	-	2,475	-	2,407,852
Derivative financial liabilities	-	-	-	-	-	-	228,089	228,089
Bills and acceptances payable	-	-	-	-	-	67,010	-	67,010
Borrowings	-	-	-	-	2,500,000	48,241	-	2,548,241
Lease liabilities	97	165	2,150	29,430	-	-	-	31,842
Other liabilities	-	-	-	-	-	479,418	-	479,418
Amount due to subsidiaries	-	-	-	-	-	2,229	-	2,229
Total liabilities	10,518,945	4,367,952	11,318,152	1,052,928	2,500,000	3,186,592	228,089	33,172,658
Net interest sensitivity gap	3,534,232	(1,484,359)	(8,787,387)	7,330,988	4,259,872			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Interest/profit rate risk (continued)

The Bank 2019	Non-trading book						Trading book RM'000	Total RM'000
	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 / profit sensitive RM'000		
Assets								
Cash and short-term funds	1,821,005	-	-	-	-	496,364	-	2,317,369
Deposits and placements with banks and other financial institutions	-	41,368	-	-	-	-	-	41,368
Investment accounts due from designated financial institutions	-	92,380	831	409,232	1,410,073	(101)	-	1,912,415
Financial assets at FVTPL	-	-	15,000	-	154,648	568	-	170,216
Derivative financial assets	-	-	-	-	-	-	118,225	118,225
Financial investments at FVOCI	5,001	49,968	176,569	3,035,404	2,882,472	224,430	-	6,373,844
Financial investments at AC	-	-	-	100,000	-	499	-	100,499
Loans, advances and financing								
- non-impaired	11,986,916	2,688,042	1,716,739	6,490,945	2,558,308	(162,787) ^	-	25,278,163
- impaired	-	-	-	-	-	451,896 #	-	451,896
Others [(1)]	-	-	-	-	-	66,211	-	66,211
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	857,377	-	857,377
Total assets	13,812,922	2,871,758	1,909,139	10,035,581	7,005,501	1,934,457	118,225	37,687,583

^ The negative balance represents ECL for loans, advances and financing in accordance with the Group's accounting policy on allowance for unimpaired loans, advances and financing.

\# Net of ECL for impaired loans, advances and financing.

(1) Others include other assets, amount due from joint ventures and associate and trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

Interest/profit rate risk (continued)

	Non-trading book							
The Bank 2019	**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 / profit sensitive RM'000**	**Trading book RM'000**	**Total RM'000**
Liabilities								
Deposits from customers	7,281,310	2,963,426	15,227,118	1,501,768	-	3,161,628	-	30,135,250
Deposits and placements of banks and other financial institutions	585,867	39,123	20,000	-	-	1,095	-	646,085
Derivative financial liabilities	-	-	-	-	-	-	136,439	136,439
Bills and acceptances payable	-	-	-	-	-	32,903	-	32,903
Borrowings	-	-	-	-	2,500,000	48,379	-	2,548,379
Lease liabilities	462	119	5,882	37,756	-	-	-	44,219
Other liabilities	-	-	-	-	-	357,291	-	357,291
Amount due to subsidiaries	-	-	-	-	-	55,899	-	55,899
Total liabilities	7,867,639	3,002,668	15,253,000	1,539,524	2,500,000	3,657,195	136,439	33,956,465
Net interest sensitivity gap	5,945,283	(130,910)	(13,343,861)	8,496,057	4,505,501			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk

Liquidity risk is the risk of inability of a bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. Liquidity risk includes the inability to manage sudden decreases or changes in funding sources. Liquidity risk also arises from the failure to recognise changes in market conditions that affect the ability to liquidate assets quickly and with minimal loss in value.

The Liquidity Risk Management Framework governs the liquidity risk management activities of the Group and the Bank. The objective of liquidity risk management is to ensure that there are sufficient funds to meet contractual and regulatory obligations without incurring unacceptable losses as well as to undertake new transactions. The Group's and the Bank's liquidity management process involves establishing liquidity risk management policies and prudential thresholds, liquidity risk threshold monitoring, stress testing and establishing contingency funding plans. These building blocks of liquidity risk management are subject to regular reviews to ensure relevance in the context of prevailing market conditions and regulatory landscape.

The Group's and the Bank's short-term liquidity risk management is premised on BNM's Liquidity Coverage Ratio ('LCR') final standards. The LCR is a quantitative requirement which seeks to ensure that the Group and the Bank holds sufficient High Quality Liquid Assets ('HQLA') to withstand a significant liquidity stress scenario over a 30-day horizon.

Long-term liquidity risk profile is assessed via the Net Stable Funding Ratio ('NSFR') which promotes resilience over a longer time horizon for the Group and the Bank to fund its activities with more stable sources of funding on an ongoing basis.

The Group and the Bank also employs a set of liquidity risk indicators as an early alert of any structural change for liquidity risk management. The liquidity risk indicators include internal and external qualitative as well as quantitative indicators.

Liquidity stress tests are conducted periodically and on ad-hoc basis to gauge the Group's and the Bank's resilience in the event of a liquidity disruption.

The Contingency Funding Plan provides a systematic approach in handling liquidity disruption. The document encompasses strategies, decision-making authorities, and courses of action to be taken in the event of liquidity crisis and emergencies, enabling the Group and the Bank to respond to an unexpected liquidity disruption in an effective and efficient manner.

The Group Board Risk Management Committee ('GBRMC') is responsible for the Group's and the Bank's liquidity policy and the strategic management of liquidity has been delegated to the Group Asset Liability Management Committee ('GALCO'). The GBRMC is informed regularly on the liquidity position of the Group and the Bank.

Liquidity risk disclosure table which is based on contractual undiscounted cash flows

The table 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 table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest/profit payments.

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (continued)

Liquidity risk disclosure table which is based on contractual undiscounted cash flows (continued)

The Group 2020	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
Deposits from customers	20,721,354	8,782,797	18,972,020	1,994,310	-	50,470,481
Investment accounts of customers	10	19	455	2,022	-	2,506
Deposits and placements of banks and other financial institutions	2,824,544	776,299	121,562	-	-	3,722,405
Bills and acceptances payable	67,010	-	-	-	-	67,010
Recourse obligation on loans sold to Cagamas Berhad	-	-	1,240	49,676	-	50,916
Trade payables	921,392	-	-	-	-	921,392
Lease liabilities	3,128	6,195	26,101	18,959	-	54,383
Other liabilities	235,987	52,566	613,281	347,540	19,890	1,269,264
Borrowings	14,586	52,319	109,028	1,412,272	2,758,556	4,346,761
	24,788,011	9,670,195	19,843,687	3,824,779	2,778,446	60,905,118

The Group 2019	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
Deposits from customers	17,503,162	5,936,882	26,347,007	2,503,915	-	52,290,966
Investment accounts of customers	8	16	502	1,035	-	1,561
Deposits and placements of banks and other financial institutions	1,379,066	365,205	22,896	-	-	1,767,167
Bills and acceptances payable	32,903	-	-	-	-	32,903
Trade payables	787,563	-	-	-	-	787,563
Lease liabilities	3,123	5,806	22,967	29,645	-	61,541
Other liabilities	181,188	38,578	859,902	173,457	15,043	1,268,168
Borrowings	14,692	52,659	121,723	1,508,554	3,189,017	4,886,645
	19,901,705	6,399,146	27,374,997	4,216,606	3,204,060	61,096,514

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (continued)

Liquidity risk disclosure table which is based on contractual undiscounted cash flows (continued)

The Bank 2020	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
Deposits from customers	10,969,900	4,086,654	11,587,108	1,070,870	-	27,714,532
Deposits and placements of banks and other financial institutions	2,014,857	369,504	24,925	-	-	2,409,286
Bills and acceptances payable	67,010	-	-	-	-	67,010
Lease liabilities	2,136	4,211	17,490	11,155	-	34,992
Other liabilities	-	-	351,171	112,339	15,908	479,418
Amount due to subsidiaries	2,229	-	-	-	-	2,229
Borrowings	14,586	52,319	66,764	977,279	2,182,723	3,293,671
	13,070,718	4,512,688	12,047,458	2,171,643	2,198,631	34,001,138

The Bank 2019	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
Deposits from customers	10,176,943	3,078,052	15,948,267	1,609,752	-	30,813,014
Deposits and placements of banks and other financial institutions	586,371	39,426	20,810	-	-	646,607
Bills and acceptances payable	32,903	-	-	-	-	32,903
Lease liabilities	2,175	4,320	17,204	22,528	-	46,227
Other liabilities	-	-	329,390	19,373	8,528	357,291
Amount due to subsidiaries	55,899	-	-	-	-	55,899
Borrowings	14,692	52,659	66,809	1,006,167	2,287,413	3,427,740
	10,868,983	3,174,457	16,382,480	2,657,820	2,295,941	35,379,681

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (continued)

Derivative financial liabilities

Derivative financial liabilities based on contractual undiscounted cash flows:

The Group 2020	**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**
Derivatives settled on net basis						
Interest rate derivatives	**(4,388)**	**(7,083)**	**(34,011)**	**(70,317)**	**(6,816)**	**(122,615)**
Derivatives settled on gross basis						
Foreign exchange derivatives:						
Outflow	**(2,421,303)**	**(3,931,066)**	**(3,524,992)**	**(403,834)**	**-**	**(10,281,195)**
Inflow	**2,403,719**	**3,888,798**	**3,481,978**	**375,619**	**-**	**10,150,114**
	(17,584)	**(42,268)**	**(43,014)**	**(28,215)**	**-**	**(131,081)**

The Group 2019	**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**
Derivatives settled on net basis						
Interest rate derivatives	(852)	(1,647)	(8,294)	(23,161)	(261)	(34,215)
Derivatives settled on gross basis						
Foreign exchange derivatives:						
Outflow	(2,086,132)	(2,564,918)	(2,409,830)	(559,135)	-	(7,620,015)
Inflow	2,079,981	2,555,589	2,373,497	543,740	-	7,552,807
	(6,151)	(9,329)	(36,333)	(15,395)	-	(67,208)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (continued)

Derivative financial liabilities (continued)

Derivative financial liabilities based on contractual undiscounted cash flows (continued):

The Bank 2020	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
Derivatives settled on net basis						
Interest rate derivatives	**(2,789)**	**(2,826)**	**(16,420)**	**(46,335)**	**(6,816)**	**(75,186)**
Derivatives settled on gross basis						
Foreign exchange derivatives:						
Outflow	**(1,216,574)**	**(2,036,474)**	**(1,861,735)**	**-**	**-**	**(5,114,783)**
Inflow	**1,216,569**	**2,036,500**	**1,861,875**	**-**	**-**	**5,114,944**
	(5)	**26**	**140**	**-**	**-**	**161**

The Bank 2019	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
Derivatives settled on net basis						
Interest rate derivatives	(443)	(749)	(3,367)	(11,955)	(261)	(16,775)
Derivatives settled on gross basis						
Foreign exchange derivatives:						
Outflow	(1,269,738)	(1,851,521)	(1,755,030)	(209,939)	-	(5,086,228)
Inflow	1,270,216	1,851,687	1,729,891	214,607	-	5,066,401
	478	166	(25,139)	4,668	-	(19,827)

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) 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 2020	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	5,461,365	-	-	-	-	-	5,461,365
Deposits and placements with banks and other financial institutions	-	50,058	-	-	-	-	50,058
Financial assets at FVTPL	478	638	15,044	1,024	112,542	568,540	698,266
Derivative financial assets	69,597	121,206	94,464	96,082	6,945	-	388,294
Financial investments at FVOCI	160,092	270,736	348,051	3,256,835	8,786,874	211,465	13,034,053
Financial investments at AC	762	-	54,340	87,935	-	-	143,037
Loans, advances and financing	2,889,654	1,777,926	1,474,345	9,535,338	29,783,919	31,696	45,492,878
Trade receivables	920,417	-	-	-	-	-	920,417
Other assets	200,676	2,109	9,118	13,882	2,223	4,585	232,593
Amount due from joint ventures	15,073	-	-	-	-	-	15,073
Amount due from associate	30,885	-	-	-	-	-	30,885
Statutory deposits with Bank Negara Malaysia	103,267	-	-	-	-	-	103,267
Other non-financial assets [1]	54,608	95	18,673	34,257	31,000	2,827,705	2,966,338
	9,906,874	2,222,768	2,014,035	13,025,353	38,723,503	3,643,991	69,536,524

[1] Other non-financial assets include tax recoverable, deferred tax assets, investment in joint ventures, investment in associates, property and equipment, right-of-use assets, intangibles assets, prepayments and foreclosed properties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

The Group 2020	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
Liabilities							
Deposits from customers	20,704,088	8,723,378	18,600,070	1,856,824	-	-	49,884,360
Investment accounts of customers	-	-	377	1,774	-	-	2,151
Deposits and placements of banks and other financial institutions	2,742,990	856,711	120,659	-	-	-	3,720,360
Derivative financial liabilities	60,382	127,157	89,826	99,183	13,271	-	389,819
Bills and acceptances payable	67,010	-	-	-	-	-	67,010
Recourse obligation on loans sold to Cagamas	-	-	34	50,000	-	-	50,034
Trade payables	921,392	-	-	-	-	-	921,392
Lease liabilities	1,630	1,753	9,439	37,706	-	-	50,528
Other liabilities	236,813	51,771	613,250	347,540	19,890	-	1,269,264
Borrowings	12,235	36,006	8,121	-	2,800,000	489,093	3,345,455
Other non-financial liabilities [(2)]	77,091	4,901	109,460	-	-	7,603	199,055
	24,823,631	9,801,677	19,551,236	2,393,027	2,833,161	496,696	59,899,428
Net liquidity gap	(14,916,757)	(7,578,909)	(17,537,201)	10,632,326	35,890,342	3,147,295	

[(2)] Other non-financial liabilities include deferred tax liabilities, provision for taxation, defined contribution plan and accrued employee benefits.

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

The Group 2019	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	4,605,357	-	-	-	-	-	4,605,357
Financial assets at FVTPL	-	2,173	17,497	68,187	158,706	415,569	662,132
Derivative financial assets	24,551	60,230	37,764	36,280	6,043	-	164,868
Financial investments at FVOCI	35,844	109,232	617,438	3,854,821	7,698,630	180,881	12,496,846
Financial investments at AC	703	-	499	143,864	-	-	145,066
Loans, advances and financing	3,328,334	1,786,028	1,492,217	9,821,524	27,920,954	1,038,808	45,387,865
Trade receivables	534,388	-	-	-	-	-	534,388
Other assets	93,753	229	8,442	17,105	1,140	2,448	123,117
Amount due from joint ventures	28,402	-	-	-	-	-	28,402
Amount due from associate	900	11	-	-	30,876	-	31,787
Statutory deposits with Bank Negara Malaysia	1,534,777	-	-	-	-	-	1,534,777
Other non-financial assets [1]	14,285	117	35,646	37,250	-	2,539,359	2,626,657
	10,201,294	1,958,020	2,209,503	13,979,031	35,816,349	4,177,065	68,341,262

[1] Other non-financial assets include tax recoverable, deferred tax assets, investment in joint ventures, investment in associates, property and equipment, right-of-use assets, intangibles assets, prepayments and foreclosed properties.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

The Group 2019	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
Liabilities							
Deposits from customers	17,471,093	5,857,417	25,540,509	2,219,943	-	-	51,088,962
Investment accounts of customers	-	-	439	1,008	-	-	1,447
Deposits and placements of banks and other financial institutions	1,326,780	421,678	14,794	-	-	-	1,763,252
Derivative financial liabilities	28,461	52,231	65,928	38,008	2,163	-	186,791
Bills and acceptances payable	32,903	-	-	-	-	-	32,903
Trade payables	787,563	-	-	-	-	-	787,563
Lease liabilities	2,164	1,307	11,059	44,055	65	-	58,650
Other liabilities	181,188	38,578	859,902	173,457	15,043	-	1,268,168
Borrowings	12,235	36,144	10,551	-	2,748,213	800,000	3,607,143
Other non-financial liabilities [(2)]	133,273	-	-	-	-	16,517	149,790
	19,975,660	6,407,355	26,503,182	2,476,471	2,765,484	816,517	58,944,669
Net liquidity gap	(9,774,366)	(4,449,335)	(24,293,679)	11,502,560	33,050,865	3,360,548	

(2) Other non-financial liabilities include deferred tax liabilities, provision for taxation, defined contribution plan and accrued employee benefits.

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

The Bank 2020	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
Cash and short-term funds	1,887,584	-	-	-	-	-	1,887,584
Investment accounts due from designated financial institutions	-	-	40,312	624,747	1,078,249	-	1,743,308
Financial assets at FVTPL	478	638	15,044	-	112,541	99,222	227,923
Derivative financial assets	51,463	86,238	53,103	33,433	6,945	-	231,182
Financial investments at FVOCI	131,963	38,222	474,870	1,560,131	4,196,009	186,135	6,587,330
Financial investments at AC	-	-	53,025	308,683	-	-	361,708
Loans, advances and financing	1,512,365	1,268,347	1,144,268	6,382,812	14,857,633	-	25,165,425
Other assets	108,376	-	-	6,604	2,196	-	117,176
Amount due from subsidiaries	299,864	-	-	-	-	-	299,864
Amount due from associate	30,885	-	-	-	-	-	30,885
Statutory deposits with Bank Negara Malaysia	84,267	-	-	-	-	-	84,267
Other non-financial assets (1)	54,681	95	14,356	29,566	31,000	4,905,544	5,035,242
	4,161,926	1,393,540	1,794,978	8,945,976	20,284,573	5,190,901	41,771,894

(1) Other non-financial assets include tax recoverable, deferred tax assets, investment in joint ventures, investment in associates, property and equipment, right-of-use assets, intangibles assets, prepayments and foreclosed properties.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

The Bank 2020	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
Liabilities							
Deposits from customers	10,957,743	4,051,147	11,370,692	1,028,395	-	-	27,407,977
Deposits and placements of banks and other financial institutions	2,014,186	368,786	24,880	-	-	-	2,407,852
Derivative financial liabilities	42,018	80,628	47,892	44,280	13,271	-	228,089
Bills and acceptances payable	67,010	-	-	-	-	-	67,010
Lease liabilities	97	165	2,150	29,430	-	-	31,842
Other liabilities	-	-	351,171	112,339	15,908	-	479,418
Amount due to subsidiaries	2,229	-	-	-	-	-	2,229
Borrowings	12,235	36,006	-	-	2,000,000	500,000	2,548,241
Other non-financial liabilities [(2)]	70,744	-	-	-	-	-	70,744
	13,166,262	4,536,732	11,796,785	1,214,444	2,029,179	500,000	33,243,402
Net liquidity gap	(9,004,336)	(3,143,192)	(10,001,807)	7,731,532	18,255,394	4,690,901	

(2) Other non-financial liabilities include deferred tax liabilities, provision for taxation, defined contribution plan and accrued employee benefits.

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

The Bank 2019	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	2,317,369	-	-	-	-	-	2,317,369
Deposits and placements with banks and other financial institutions	-	41,368	-	-	-	-	41,368
Investment accounts due from designated financial institutions	-	-	831	460,665	1,450,919	-	1,912,415
Financial assets at FVTPL	-	536	15,032	-	60,441	94,207	170,216
Derivative financial assets	22,553	52,860	27,951	9,891	4,970	-	118,225
Financial investments at FVOCI	13,630	88,898	195,622	3,035,404	2,882,472	157,818	6,373,844
Financial investments at AC	-	-	499	100,000	-	-	100,499
Loans, advances and financing	2,195,353	1,234,613	1,077,260	7,467,331	13,303,605	451,897	25,730,059
Other assets	26,421	-	-	6,472	1,113	-	34,006
Amount due from subsidiaries	1,318	-	-	-	-	-	1,318
Amount due from associate	-	11	-	-	30,876	-	30,887
Statutory deposits with Bank Negara Malaysia	857,377	-	-	-	-	-	857,377
Other non-financial assets (1)	14,130	117	19,646	36,146	-	4,672,197	4,742,236
	5,448,151	1,418,403	1,336,841	11,115,909	17,734,396	5,376,119	42,429,819

(1) Other non-financial assets include tax recoverable, deferred tax assets, investment in joint ventures, investment in associates, property and equipment, right-of-use assets, intangibles assets, prepayments and foreclosed properties.

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

The Bank 2019	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
Liabilities							
Deposits from customers	10,156,825	3,025,278	15,438,572	1,514,575	-	-	30,135,250
Deposits and placements of banks and other financial institutions	586,239	39,298	20,548	-	-	-	646,085
Derivative financial liabilities	22,534	43,062	56,312	12,368	2,163	-	136,439
Bills and acceptances payable	32,903	-	-	-	-	-	32,903
Lease liabilities	1,373	119	5,815	36,847	65	-	44,219
Other liabilities	-	-	329,390	19,373	8,528	-	357,291
Amount due to subsidiaries	55,899	-	-	-	-	-	55,899
Borrowings	12,235	36,144	-	-	2,000,000	500,000	2,548,379
Other non-financial liabilities [2]	61,257	-	-	-	-	-	61,257
	10,929,265	3,143,901	15,850,637	1,583,163	2,010,756	500,000	34,017,722
Net liquidity gap	(5,481,114)	(1,725,498)	(14,513,796)	9,532,746	15,723,640	4,876,119	

[2] Other non-financial liabilities include deferred tax liabilities, provision for taxation, defined contribution plan and accrued employee benefits.

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iv) Operational risk management

Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or external events. The definition includes legal risk and exposure to litigation from all aspects of the Bank's activities, but excludes strategic business, reputational and systemic risks.

The Group Operational Risk Management Framework governs the management of operational risk across the Group and the Bank. GBRMC endorses all policies changes relating to operational risk prior to Board's approval. Management Committee Meeting. Governance Risk Compliance ('MCM-GRC') supports GBRMC in the review and monitoring of operational risk and provides the forum to discuss and manage all aspects of operational risk including control lapses.

The Operational Risk Management ('ORM') function within GRM operates in independent capacity to facilitate business/support units managing the risks in activities associated with the operational function of the Bank.

Operational risks are managed daily through established systems and processes to ensure compliance with policies, guidelines and control procedures.

The Group and the Bank employ the following standard operational risk tools for risk and control identification and assessment:

- Risk Control Self Assessment ('RCSA') .
- Key Control Standards ('KCS').
  Note: Process to assist business/support unit to identify and assess the operational risks, identify controls and assess controls effectiveness.
- Key Risk Indicator ('KRI').
  Note: Process to monitor and manage key operational risk exposures over time, measured against a set of threshold levels (Red, Amber & Green).
- Loss Event Reporting ('LER').
  Note: Process for reporting, evaluating and monitoring operational risk loss incidents including service disruption due to system failure, secrecy breach and Shariah Non-Compliance ('SNC').
- Scenario Analysis ('ScAn').
  Note: Process to process in the creation of plausible operational risk events and has become an essential element in the operational risk management and measurement.

Introduction of new products or services are evaluated to assess suitability, potential risks and operational readiness.

Business Risk Compliance Managers ('BRCMs') are appointed at business and support units as champions of ORM activities within respective units. The BRCM is responsible for the reporting of ORM activities and to liaise with Group Operational Risk Management on all operational defects and results.

(v) Technology risk

Technology risk is any potential for technology failures and cyber threats that may disrupt business such as failures of information technology ('IT') systems, applications, platforms or infrastructures including threats or vulnerabilities exposed from external network or internet, which could result in financial loss, financial services disruption or the operations of the Group and the Bank.

The Group Technology Risk Management Framework governs the management of technology risk across the Group and the Bank.

The technology risk management function within GRM manages the risks associated with technology risk of the Group and the Bank. GORMC supports GBRMC in the review and monitoring of technology risks and provides the forum to discuss and manage all aspects of technology risk. GBRMC is responsible to provide oversight of overall technology related matters of the Group and the Bank.

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(v) Technology risk (continued)

The Group and the Bank use risk identification and assessment to determine the extent of the potential threat and the risk associated with an IT system throughout its System Development Life Cycle ('SDLC'). The output of this process helps to identify appropriate controls for reducing or eliminating 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 (i.e. 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.

(vi) Shariah non-compliance risk

Shariah non-compliance ('SNC') is the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which the Group and the Bank may suffer arising from the failure to comply with the rulings of the Shariah Advisory Council of BNM ('SAC'), standards on Shariah matters issued by BNM pursuant to Section 29(1) of the IFSA or decisions or advice of the Shariah Committee.

BNM has on 20 September 2019 issued the Policy Document on Shariah Governance (BNM/RH/GL_028-100) which supercedes the Shariah Governance Framework (BNM/RH/GL_012_3) issued on 22 October 2010. The Shariah Supervision and Compliance Framework and the Bank's Shariah Risk Management Framework are the main reference for the Shariah supervision and Shariah risk management process within Affin Islamic Bank Berhad.

The Bank's Shariah Committee ('AISC') is established to deliberate on Shariah issues presented to them and provide resolution as well as guidance. MCM together with GBRMC assist the Board in the overall oversight of Shariah risk management of the Group.

Shariah Risk Management is part of an integrated risk management control function to systematically identify all possible risks of SNC and where appropriate, to provide mitigating measures that need to be taken to reduce the risk. The scope covers overall business activities and operations, commencing from Islamic product origination until maturity.

SNC risk is proactively managed via the following tools and methodologies:
1. SNC Event Reporting to BNM to collect, evaluate, monitor and report Shariah loss data;
2. Shariah Risk and Control Self-Assessment ('RCSA')/Risk Profiling to assist business/functional unit to identify and assess risks and controls. RCSA will be performed annnually or as and when there is occurrence of significant events either internal or external;
3. Key Risk Indicator ('KRI') to predict and highlight any potential high risk area. These indicators will be reviewed on a periodic basis (monthly or quarterly) to alert Management to changes that may have risk concerns; and
4. Key Control Standard ('KCS') to validate the effectiveness of control measures.

(vi) Business continuity risk

Business continuity risk is the risk of losses in assets, revenue, reputation and stakeholder/customer confidence due to the discontinuation of services in both business and technology operations.

The Business Continuity Management Framework governs the management of business continuity issues, in line with BNM Guidelines on Business Continuity Management ('BCM').

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(vi) Business continuity risk (continued)

GBRMC approves all policies and its changes relating to business continuity management. It also reviews, monitors and discusses business continuity management reports tabled at its meetings. GORMC supports GBRMC in the review and monitoring of business continuity risk and provides the forum to discuss and manage all aspects of operational risk including control lapses.

The BCM function is an independent body overseeing the management of the overall business continuity risk.

Annual Risk Assessment and Business Impact Analysis are made compulsory for each business and support unit in the Group and the Bank to undertake. The outcome of this assessment will translate into a risks listing that require business and support units to derive action plans to address the risks.

Risk control is established through adherence with established BCM guidelines and standards throughout the implementation of BCM programs. Rigorous testing on business continuity and disaster recovery plans are diligently performed to ensure effective and smooth execution of the plan for resumption and recovery of disrupted business.

Policies and processes are in place to support the monitoring and reporting of business continuity risks.

(vii) 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.

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.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(vii) Fair value of financial instruments (continued)

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 level 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 (2019: Nil).

The following table presents financial assets and financial liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

The Group 2020	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Financial Assets				
Financial assets at FVTPL				
- Money market instruments	-	113,657	-	113,657
- Corporate bonds/Sukuk	-	58,494	15,044	73,538
- Shares and unit trusts	411,849	-	99,222	511,071
Derivative financial assets	-	388,294	-	388,294
Financial investments at FVOCI				
- Money market instruments	-	5,964,994	-	5,964,994
- Shares, unit trusts and REITs	-	11	211,454	211,465
- Corporate bonds/Sukuk	-	6,857,594	-	6,857,594
Total	411,849	13,383,044	325,720	14,120,613
Financial Liabilities				
Derivative financial liabilities	-	389,819	-	389,819
Puttable liability - investment in funds	84,268	-	-	84,268
Other liabilities - equities trading	394	-	-	394
Total	84,662	389,819	-	474,481

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(vii) Fair value of financial instruments (continued)

The following table presents financial assets and financial liabilities measured at fair value and classified by level of the following fair value measurement hierarchy (continued):

The Group 2019	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial Assets				
Financial assets at FVTPL				
- Money market instruments	-	198,219	-	198,219
- Corporate bonds/Sukuk	-	33,312	15,032	48,344
- Shares and unit trusts	321,362	-	94,207	415,569
Derivative financial assets	-	164,868	-	164,868
Financial investments at FVOCI				
- Money market instruments	-	4,022,935	-	4,022,935
- Shares, unit trusts and REITs	-	61	180,820	180,881
- Corporate bonds/Sukuk	-	8,293,030	-	8,293,030
Total	321,362	12,712,425	290,059	13,323,846
Financial Liabilities				
Derivative financial liabilities	-	186,791	-	186,791
Puttable liability - investment in funds	20,917	-	-	20,917
Other liabilities - equities trading	4,282	-	-	4,282
Total	25,199	186,791	-	211,990

The Bank 2020	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial Assets				
Financial assets at FVTPL				
- Money market instruments	**-**	**113,657**	**-**	**113,657**
- Corporate bonds/Sukuk	**-**	**-**	**15,044**	**15,044**
- Unquoted shares	**-**	**-**	**99,222**	**99,222**
Derivative financial assets	**-**	**231,182**	**-**	**231,182**
Financial investments at FVOCI				
- Money market instruments	**-**	**3,002,261**	**-**	**3,002,261**
- Unquoted shares	-	**-**	**186,135**	**186,135**
- Corporate bonds/Sukuk	**-**	**3,398,934**	**-**	**3,398,934**
Total	**-**	**6,746,034**	**300,401**	**7,046,435**
Financial Liabilities				
Derivative financial liabilities	**-**	**228,089**	**-**	**228,089**
Total	**-**	**228,089**	**-**	**228,089**

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(vii) Fair value of financial instruments (continued)

The following table presents financial assets and financial liabilities measured at fair value and classified by level of the following fair value measurement hierarchy (continued):

The Bank **2019**	**Level 1** **RM'000**	**Level 2** **RM'000**	**Level 3** **RM'000**	**Total** **RM'000**
<u>Financial Assets</u>				
Financial assets at FVTPL				
- Money market instruments	-	60,977	-	60,977
- Corporate bonds/Sukuk	-	-	15,032	15,032
- Unquoted shares	-	-	94,207	94,207
Derivative financial assets	-	118,225	-	118,225
Financial investments at FVOCI				
- Money market instruments	-	2,444,075	-	2,444,075
- Unquoted shares	-	-	157,818	157,818
- Corporate bonds/Sukuk	-	3,771,951	-	3,771,951
Total	-	6,395,228	267,057	6,662,285
<u>Financial Liabilities</u>				
Derivative financial liabilities	-	136,439	-	136,439
Total	-	136,439	-	136,439

The following table presents the changes in Level 3 instruments for the financial year ended:

	The Group		**The Bank**	
	2020 **RM'000**	**2019** **RM'000**	**2020** **RM'000**	**2019** **RM'000**
At beginning of the financial year	**290,059**	290,300	**267,057**	268,479
Sales/Redemption	**-**	(15,629)	**-**	(15,629)
Net changes in income accrued	**4**	(18)	**4**	(18)
Total gains recognised in other comprehensive income	**35,657**	15,406	**33,340**	14,225
At end of the financial year	**325,720**	290,059	**300,401**	267,057

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(vii) Fair value of financial instruments (continued)

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):

Description	Fair value assets 2020 RM'000	Fair value assets 2019 RM'000	Valuation techniques	Unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at FVTPL					
The Group/The Bank					
Unquoted shares	**99,222**	94,207	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value
Corporate bond	**15,000**	15,000	Issue price of 100	-	-
Financial investments at FVOCI					
The Group					
Unquoted shares	**211,454**	180,820	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value
The Bank					
Unquoted shares	**186,135**	157,818	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 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(vii) Fair value of financial instruments (continued)

The following table summarises the carrying amounts and the fair values of financial instruments of the Group and the Bank which are not carried at fair value in the statement of financial position. It does not include those short-term on demand financial assets and liabilities where the carrying amounts are reasonable approximate to their fair values.

The Group 2020	Carrying amount RM'000	Fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets					
Financial investments at AC	**143,037**	**-**	**145,820**	**-**	**145,820**
Loans, advances and financing	**45,492,878**	**-**	**45,497,122**	**-**	**45,497,122**
	45,635,915	**-**	**45,642,942**	**-**	**45,642,942**
Financial liabilities					
Deposits from customers	**49,884,360**	**-**	**49,926,420**	**-**	**49,926,420**
Recourse obligation on loans/ financing sold to Cagamas Berhad	**50,034**	**-**	**48,112**	**-**	**48,112**
Borrowings	**3,345,455**	**-**	**3,446,434**	**-**	**3,446,434**
	53,279,849	**-**	**53,420,966**	**-**	**53,420,966**

The Group 2019	Carrying amount RM'000	Fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets					
Financial investments at AC	145,066	-	147,153	-	147,153
Loans, advances and financing	45,387,865	-	46,009,411	-	46,009,411
	45,532,931	-	46,156,564	-	46,156,564
Financial liabilities					
Deposits from customers	51,088,962	-	51,163,791	-	51,163,791
Borrowings	3,607,143	-	3,711,530	-	3,711,530
	54,696,105	-	54,875,321	-	54,875,321

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(vii) Fair value of financial instruments (continued)

The following table summarises the carrying amounts and the fair values of financial instruments of the Group and the Bank which are not carried at fair value in the statement of financial position. It does not include those short-term on demand financial assets and liabilities where the carrying amounts are reasonable approximate to their fair values (continued).

The Bank 2020	Carrying amount RM'000	Fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets					
Investment accounts due from designated financial institutions	**1,743,308**	**-**	**1,742,901**	**-**	**1,742,901**
Financial investments at AC	**361,708**	**-**	**364,491**	**-**	**364,491**
Loans, advances and financing	**25,165,425**	**-**	**25,160,778**	**-**	**25,160,778**
	27,270,441	**-**	**27,268,170**	**-**	**27,268,170**
Financial liabilities					
Deposits from customers	**27,407,977**	**-**	**27,423,210**	**-**	**27,423,210**
Borrowings	**2,548,241**	**-**	**2,619,271**	**-**	**2,619,271**
	29,956,218	**-**	**30,042,481**	**-**	**30,042,481**

The Bank 2019	Carrying amount RM'000	Fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets					
Financial investments at AC	100,499	-	102,586	-	102,586
Loans, advances and financing	25,730,059	-	26,130,511	-	26,130,511
	25,830,558	-	26,233,097	-	26,233,097
Financial liabilities					
Deposits from customers	30,135,250	-	30,162,980	-	30,162,980
Borrowings	2,548,379	-	2,624,219	-	2,624,219
	32,683,629	-	32,787,199	-	32,787,199

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(vii) Fair value of financial instruments (continued)

The fair value estimates were determined by application of the methodologies and assumptions described below.

Short-term funds and placements with banks/other financial institutions and investment accounts

For short-term funds and placements with banks/other financial institutions and investment accounts 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 investments at AC

The fair values of financial investments at AC 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, advances and financing

Loans, advances and financing of the Group comprise of floating rate loans and fixed rate loans. For performing floating rate loans/financing, 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, advances and financing with similar credit ratings and maturities.

The fair values of impaired loans, advances and financing, whether fixed or floating are represented by their carrying values, net ECL, being the reasonable estimate of recoverable amount.

Other assets/liabilities and trade receivables/payables

The carrying value less any estimated allowance for financial assets and liabilities included in other assets/liabilities and trade receivables/payables are assumed to approximate their fair values.

Amount due (to)/from subsidiaries and related companies

The estimated fair values of the amount due (to)/from subsidiaries and related companies approximate the carrying values as the balances are either recallable on demand or are based on the current rates for such similar loans.

Deposits from customers, banks and other financial institutions, investment accounts of customers, bills and acceptances payable

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/profit bearing deposits, approximates carrying amount which represents the amount repayable on demand.

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

(vii) Fair value of financial instruments (continued)

Borrowings

For fixed rate borrowings, the estimate of fair value is based on discounted cash flows model using prevailing lending/financing rates for borrowings with similar risks and remaining term to maturity.

For floating rate borrowings, the carrying value is generally a reasonable estimate of their fair values.

52 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/financing and borrowing/funding 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 'Net amounts' 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.

Related amount not offset

Derivative financial assets and liabilities

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, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

52 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

	Effects of offsetting on the statements of financial position			Related amounts not offset in the balance sheet		
The Group 2020	**Gross amount RM'000**	**Amount offset RM'000**	**Net amount reported on statement of financial position RM'000**	**Financial instruments RM'000**	**Financial collateral RM'000**	**Net amount RM'000**
Financial assets						
Trade receivables						
- Amount due from Bursa Securities Clearing Sdn Bhd	**985,691**	**(985,691)**	**-**	**-**	**-**	**-**
Derivative financial assets	**388,294**	**-**	**388,294**	**(110,184)**	**-**	**278,110**
Total assets	**1,373,985**	**(985,691)**	**388,294**	**(110,184)**	**-**	**278,110**
Financial liabilities						
Trade payables						
- Amount due to Bursa Securities Clearing Sdn Bhd	**1,083,932**	**(985,691)**	**98,241**	**-**	**-**	**98,241**
Derivative financial liabilities	**389,819**	**-**	**389,819**	**(110,184)**	**(2,972)**	**276,663**
Total liabilities	**1,473,751**	**(985,691)**	**488,060**	**(110,184)**	**(2,972)**	**374,904**

The Group 2019						
Financial assets						
Trade receivables						
- Amount due from Bursa Securities Clearing Sdn Bhd	527,416	(527,416)	-	-	-	-
Derivative financial assets	164,868	-	164,868	(41,336)	(2,797)	120,735
Total assets	692,284	(527,416)	164,868	(41,336)	(2,797)	120,735
Financial liabilities						
Trade payables						
Securities Clearing Sdn Bhd	547,262	(527,416)	19,846	-	-	19,846
Derivative financial liabilities						-
Obligation on securities sold under repurchase agreements	186,791	-	186,791	(41,336)	-	145,455
Total liabilities	734,053	(527,416)	206,637	(41,336)	-	165,301

52 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

	Effects of offsetting on the statements of financial position			Related amounts not offset in the balance sheet		
The Bank 2020	**Gross amount RM'000**	**Amount offset RM'000**	**Net amount reported on statement of financial position RM'000**	**Financial instruments RM'000**	**Financial collateral RM'000**	**Net amount RM'000**
Financial assets						
Derivative financial assets	**231,182**	**-**	**231,182**	**(66,709)**	**-**	**164,473**
Financial liabilities						
Derivative financial liabilities	**228,089**	**-**	**228,089**	**(66,709)**	**-**	**161,380**
The Bank 2019						
Financial assets						
Derivative financial assets	118,225	-	118,225	(31,755)	-	86,470
Financial liabilities						
Derivative financial liabilities	136,439	-	136,439	(31,755)	-	104,684

53 CAPITAL MANAGEMENT

The capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) updated on 9 December 2020.

The Group and the Bank are currently adopting the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the BNM's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ('CET 1') and Tier 1 Capital Ratio are 7.000% (2019: 7.000%) and 8.500% (2019: 8.500%) respectively for financial year 2020. The minimum regulatory capital adequacy requirement is 10.500% (2019: 10.500%) for Total Capital Ratio.

The Group's 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.

The Group and the Bank have elected to apply BNM's transitional arrangements for four years beginning on 1 January 2020. Under the transitional arrangements, a financial institution is allowed 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 CET 1 capital.

The Group and the Bank maintain a ratio of total regulatory capital to its risk-weighted assets above a minimum level agreed with the management which takes into account the risk profile of the Group and the Bank.

The table in Note 54 below summarises the composition of regulatory capital and the ratios of the Group and the Bank for the financial year ended 31 December 2020.

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54 CAPITAL ADEQUACY

The components of CET 1, Tier 1 and Tier 2 capital:	The Group 2020 ^ RM'000	The Group 2019 RM'000	The Bank 2020 ^ RM'000	The Bank 2019 RM'000
CET 1				
Paid-up share capital	**4,902,300**	4,774,772	**4,902,300**	4,774,772
Retained profits	**3,682,234**	3,640,073	**2,799,501**	3,017,227
Unrealised gains on FVOCI instruments	**266,412**	250,661	**183,078**	148,173
Other disclosed reserves	**(65,909)**	(61,010)	**-**	-
Foreign exchange reserves	**(205)**	135	**-**	-
	8,784,832	8,604,631	**7,884,879**	7,940,172
Less: Regulatory adjustments:				
- Goodwill and other intangibles	**(903,750)**	(914,693)	**(202,212)**	(202,670)
- Deferred tax assets	**(112,158)**	(3,440)	**(54,607)**	(12,690)
- 55% of cumulative unrealised gains on FVOCI instruments	**(146,527)**	(137,864)	**(100,693)**	(81,495)
- Investment in subsidiaries, joint ventures and associates	**(896,114)**	(831,440)	**(3,796,621)**	(3,781,321)
- Other CET 1 transitional adjustment	**100,517**	-	**61,224**	-
Total CET 1 capital	**6,826,800**	6,717,194	**3,791,970**	3,861,996
Additional Tier 1 capital				
Additional Tier 1 capital	**800,000**	800,000	**500,000**	500,000
Qualifying capital instruments held by third party	**31,015**	25,329	**-**	-
	831,015	825,329	**500,000**	500,000
Total Tier 1 capital	**7,657,815**	7,542,523	**4,291,970**	4,361,996
Tier 2 capital				
Subordinated medium term loans	**2,500,000**	2,750,000	**2,000,000**	2,000,000
Expected loss provisions #	**324,592**	498,527	**200,424**	316,445
Less: Regulatory adjustments:				
- Investment in capital instruments of unconsolidated financial and insurance entities	**(30,914)**	(30,914)	**(330,914)**	(80,914)
Total Tier 2 capital	**2,793,678**	3,217,613	**1,869,510**	2,235,531
Total Capital	**10,451,493**	10,760,136	**6,161,480**	6,597,527
The breakdown of risk-weighted assets:				
Credit risk	**42,706,201**	42,644,676	**26,888,591**	27,582,457
Market risk	**814,122**	488,422	**373,667**	290,399
Operational risk	**3,403,072**	3,184,235	**1,657,613**	1,774,869
Total risk-weighted assets	**46,923,395**	46,317,333	**28,919,871**	29,647,725

54 CAPITAL ADEQUACY (CONTINUED)

	The Group		The Bank	
	2020 ^ RM'000	2019 RM'000	2020 ^ RM'000	2019 RM'000
Capital adequacy ratios:				
Without transitional arrangements				
CET 1 capital ratio	**14.335%**	14.503%	**12.900%**	13.026%
Tier 1 capital ratio	**16.106%**	16.284%	**14.629%**	14.713%
Total capital ratio	**22.274%**	23.231%	**21.305%**	22.253%
CET 1 capital ratio (net of proposed dividends) Note 1	**14.303%**	14.459%	**12.849%**	12.958%
Tier 1 capital ratio (net of proposed dividends) Note 1	**16.074%**	16.241%	**14.578%**	14.644%
Total capital ratio (net of proposed dividends) Note 1	**22.242%**	23.188%	**21.254%**	22.185%
With transitional arrangements				
CET 1 capital ratio	**14.549%**	14.503%	**13.112%**	13.026%
Tier 1 capital ratio	**16.320%**	16.284%	**14.841%**	14.713%
Total capital ratio	**22.274%**	23.231%	**21.305%**	22.253%
CET 1 capital ratio (net of proposed dividends) Note 1	**14.517%**	14.459%	**13.061%**	12.958%
Tier 1 capital ratio (net of proposed dividends) Note 1	**16.288%**	16.241%	**14.790%**	14.644%
Total capital ratio (net of proposed dividends) Note 1	**22.242%**	23.188%	**21.254%**	22.185%

^ With transitional arrangements
# Qualifying loss provisions are restricted to allowances on the unimpaired portion of the loans, advances and other financing.

Note 1 :
Under the DRP, the amount of declared dividend to be deducted in the calculation of CET 1 Capital Ratio is determined in accordance with BNM's Implementation Guidance on Capital Adequacy Framework (Capital Components) ('Implementation Guidance') issued on 2 February 2019.

Under the said Implementation Guidance, where a portion of the dividend may be reinvested under a DRP (the electable portion), the amount of the declared dividend to be deducted in the calculation of CET 1 Capital Ratio may be reduced as follows:-

(i) where an irrevocable written undertaking from shareholder has been obtained to reinvest the electable portion of the dividend; or

(ii) where there is no irrevocable written undertaking provided, the average of the preceding 3-year take-up rates or if less than 3 preceding years, the available average historical take-up rates, subject to the amount being not more than 50% of the total electable portion of the dividend.

In arriving at the capital adequacy ratios, the portion of the proposed dividends where no irrevocable written undertaking from shareholders to reinvest the electable portion into new ordinary shares of the Bank is obtained, is assumed to be paid in cash and has been deducted from the calculation of CET 1 Capital Ratio.

In accordance with BNM's Guidelines on Investment Account, the credit and market risk weighted on the assets funded by the RIA are included in calculation of capital adequacy for the Bank. As at 31 December 2020, RIA assets included in the Total Capital Ratio calculation amounted to RM1,754.9 million (2019: RM1,919.3 million).

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54 CAPITAL ADEQUACY (CONTINUED)

The capital adequacy ratios of AFFIN Islamic are as follows:

	Economic Entity			The Bank		
	2020	**2020 ^**	**2019**	**2020**	**2020 ^**	**2019**
CET 1 capital ratio	**12.025%**	**12.234%**	11.720%	**12.025%**	**12.234%**	11.720%
Tier 1 capital ratio	**14.017%**	**14.226%**	13.826%	**14.017%**	**14.226%**	13.826%
Total capital ratio	**20.271%**	**20.271%**	20.535%	**20.271%**	**20.271%**	20.535%

The capital adequacy ratios of AFFIN Hwang Investment Bank Berhad are as follows:

	The Group			The Bank		
	2020	**2020 ^**	**2019**	**2020**	**2020 ^**	**2019**
CET 1 capital ratio	**34.817%**	**35.119%**	34.432%	**46.623%**	**47.060%**	44.406%
Tier 1 capital ratio	**35.746%**	**36.047%**	35.186%	**46.623%**	**47.060%**	44.406%
Total capital ratio	**36.427%**	**36.463%**	35.958%	**47.326%**	**47.666%**	45.235%
Net of proposed dividends						
CET 1 capital ratio	**33.769%**	**34.071%**	33.238%	**45.094%**	**45.531%**	42.745%
Tier 1 capital ratio	**34.698%**	**34.999%**	33.991%	**45.094%**	**45.531%**	42.745%
Total capital ratio	**35.379%**	**35.415%**	34.764%	**45.797%**	**46.136%**	43.574%

^ With transitional arrangements

55 EMPLOYEE STOCK OPTION INCENTIVE SCHEME

A subsidiary of the Bank, AHAM, has established and implemented a stock option incentives scheme for its key employees. The shareholders of the subsidiary have approved the scheme on 24 July 2014 and the subsidiary has adopted the scheme which provides for key employees to be vested with options of the subsidiary. The subsidiary granted the first 250 options on the date of stock option agreement dated 16 July 2015. The stock option incentive scheme was designed to provide long-term incentives for key employees to improve the growth and profitability of the subsidiary and to encourage them to continue in the employment of the subsidiary.

Movements in the number of stock option awarded are as follows:

Grant date	Granted	Exercised
16 July 2015	250	(250)
1 June 2016	250	(250)
1 June 2017	125	(125)
1 June 2018	125	(125)
31 January 2019	250	(250)
	1,000	(1,000)

55 EMPLOYEE STOCK OPTION INCENTIVE SCHEME (CONTINUED)

Under the Employee Stock Option Incentive Scheme, a total of 1,000 options were fully granted to option holders, each carrying the right to purchase 1,111 AHAM Shares at an exercise price of RM40.30 per AHAM Share ('Exercise Price'). On 8 March 2019, all the option holders exercised their respective options for a cash consideration of RM44.77 million were allotted a total of 1,111,000 new AHAM Shares. The Stock Option Reserves, which was the fair value of the options was reclassified to retained profit upon the exercise of the options.

Pursuant to the exercise of the options, the option holders own a 10% equity stake in the enlarged issued share capital of AHAM. The issued share capital of AHAM prior to the options exercise is RM10.0 million comprising 10,000,000 AHAM Shares. Following the options exercise, the issued share capital of AHAM has been increased to RM54.77 million, comprising 11,111,000 AHAM shares.

Pursuant to the full exercise in 2019, there was no Employee Stock Option Incentive Scheme in place for the financial year ended 31 December 2020.

56 LITIGATION AGAINST THE BANK

<u>AFFIN Bank Berhad</u>

A claim by the Plaintiff against the Bank vide Writ of Summons and Statement of Claim dated 22 January 2016 ('Writ') for the following:-

i) RM56,885,317.82 together with interest at 5% per annum from 1999 till full settlement as alleged damages;
ii) SGD9,928,473.75 together with interest at 5% per annum from 2013 till full settlement as alleged losses;
iii) RM776,331.00 being alleged losses of Plaintiff's shares in Berlian Ferries Pte. Ltd which was transferred out as a result of his bankruptcy in 2013 with interest at 5% per annum from 2013 till full settlement as alleged losses;
iv) RM500,000 as cost in respect of legal proceedings in Singapore.

The Bank had on 25 January 1996 given Suria Barisan (M) Sdn Bhd ('Suria') a credit facility of RM21.6 million ('Facility') against security of unquoted shares belonging to Naval Dockyard Sdn Bhd and guaranteed by the Plaintiff and Puan Norashikin Binti Abdul Latiff ('Guarantor').

Suria, the Plaintiff and the Guarantor ('All') defaulted in the Facility which led to the Bank filing a debt recovery action against All of them in 1999. Judgement was obtained against All on 8 July 2004.

The Plaintiff was made bankrupt on 17 January 2013. The bankruptcy was set aside in September 2015 on the grounds that he was solvent due to a third party, Chenet Finance Ltd ('Chenet') being ordered by a Singapore Court to pay damages to the Director General of Insolvency Malaysia ('DGI') as receiver of Plaintiff's Estate. On 29 January 2019, the full trial of the suit has been fixed on 27, 28 and 29 August 2019. On 30 July 2019, the Court fixed the Case Management on 15 August 2019. Hearing was part heard on 27 August 2019 and was postponed to 2 October 2019 which was further postponed to 16 and 17 October 2019 as Plaintiff was admitted to hospital. On 16 October 2019, the trial dates were vacated as the presiding Judge informed that he will be transferred and a new Judge will take over the matter. On 5 December 2019, matter came up for Case Management before the new Judge, YA Dato' Ahmad bin Bache (who took over the matter from the previous Judge), whereby the Court fixed new trial dates on 25 to 28 March 2019 and 8 to 11 April 2019. On 11 April 2019, the Plaintiff requested for an adjournment as he was unwell. The High Court fixed 23 May 2019 for Case Management for parties to update on mediation efforts. Mediation was unsuccessful. However as the Federal Court reinstated his bankruptcy on 26 August 2019, the hearings at the High Court cannot proceed until sanction from the DGI has been obtained. Sanction of the DGI was obtained on 6 December 2019. Next Case Management date fixed on 22 January 2020. The trial dates on 13 to 15 April 2020 vacated due to the MCO. Due to the Plaintiff's bankruptcy status, the Bank has filed for the security for costs. The case management for the security for costs application is adjourned to 15 March 2021 due to MCO 2.0.

NOTES TO THE FINANCIAL STATEMENTS

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56 LITIGATION AGAINST THE BANK (CONTINUED)

AFFIN Bank Berhad (continued)

The Plaintiff's claim ('Claim') is premised on alleged wrongful acts by the Bank as follows:-
- failure to sell 7.2 million shares in Naval Dockyard Sdn Bhd ('NDSB shares') which was pledged by Suria to the Bank as security for the Facility on a timely basis. On this claim, Plaintiff claims damages under (i) above;
- allowed the release of the Guarantor from her liability upon payment of a certain sum pursuant to her Guarantee without giving the same opportunity to the Plaintiff;
- the Bank had corresponded with the opponent of Plaintiff in Singapore to prevent the Plaintiff from claiming his assets in Singapore. Plaintiff has alleged conspiracy between the Bank and the opponent of the Plaintiff in Singapore. On this claim, Plaintiff claims losses under (ii) above;
- the Bank had wrongfully made Plaintiff a bankrupt in 2013 which bankruptcy was set aside in 2015. On this claim, Plaintiff claims losses under (iii) above;
- the Plaintiff is also claiming the amount of (iv) above being cost of proceedings incurred by him in Singapore.

The Bank has a good defence ('Defence') on the merits with regard to each of the alleged wrongful act as follows:-
- the sale of NDSB shares was subject to the approval from the relevant authorities as per the terms of the Facility Agreement and the price has to be based on the offer from the approved prospective buyer;
- the release of the Guarantor is the prerogative of the Bank pursuant to the terms of the Guarantee Agreement;
- the Plaintiff's bankruptcy is based on a judgement of Court;
- the Bank's legal firm has corresponded with the legal firm of the Plaintiff's opponent in Singapore only to inform the status of the Plaintiff proceedings in Malaysia and any alleged conspiracy is denied;
- the Claim for cost is unreasonable as the Bank was not in any way involved in the Singapore proceedings.

The above Claim against the Bank by the Plaintiff is as a result of the Debt Recovery Action against the Plaintiff which was commenced in the ordinary course of business.

The Board of Directors of the Bank are of the view that save for the orders, cost and other relief sought by the Plaintiff, which will only materialize if the Court rules in the Plaintiff's favour, the Writ and Statement of Claim is not expected to result in any immediate losses, material, financial and operational impact on the Bank for the period under review.

57 CREDIT EXPOSURES ARISING FROM TRANSACTIONS WITH CONNECTED PARTIES

The following credit exposures are based on BNM's revised Guidelines on Credit Transaction and Exposures with Connected Parties, which are effective 1 January 2008.

	The Group		The Bank	
	2020	**2019**	**2020**	**2019**
(i) The aggregate value of outstanding credit exposures with connected parties (RM'000)	**4,708,237**	6,172,615	**3,049,997**	3,733,063
(ii) The percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	**6%**	8%	**7%**	8%

58 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 Managing Director/CEO 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:

Commercial Banking

The Commercial Banking segment focuses on business of banking in all aspects which includes Islamic Banking operations. Its activities are generally structured into three key areas, Corporate Banking, Enterprise Banking and Community Banking.

Corporate Banking and Enterprise Banking provide a full range of financial products and services to cater mainly the business and funding needs of corporate customers, ranging from large corporate and the public sector to small and medium enterprises. The products and services offered include long-term loans, project and equipment financing and short-term credit such as overdrafts and trade financing and other fee-based services.

Community Banking comprises the full range of products and services offered to individuals, including savings and fixed deposits, remittance services, current accounts, consumer loans such as vehicle loans (i.e. hire purchase), housing loans, overdrafts and personal loans, credit cards, unit trusts and bancassurance products.

Investment Banking

The Investment Banking segment focuses on business of a merchant bank, stock-broking, fund and asset management.

This segment focuses on business needs of mainly 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.

It also provides structured lending solutions mainly in support of corporate finance and capital market activities as well as access to 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.

The stock-broking business comprises institutional and retail stock-broking business for securities listed on local and foreign stock exchanges, investment management and research services.

The fund and asset management arm provides the establishment, management and distribution of unit trust funds and private retirement as well as provision of fund management services to private clients.

Insurance

The insurance segment includes the business of underwriting all classes of general and life insurance businesses in Malaysia.

Others

Other business segments in the Group include operation of investment holding companies, money-broking and other related financial 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

58 SEGMENT ANALYSIS (CONTINUED)

2020	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External revenue	1,434,767	817,860	-	12,272	-	2,264,899
Intersegment revenue	195,869	(2,870)	-	907	(193,906)	-
Segment revenue	1,630,636	814,990	-	13,179	(193,906)	2,264,899
Operating expenses of which:	(920,135)	(422,469)	-	(10,787)	2,406	(1,350,985)
Depreciation of property and equipment	(18,649)	(11,278)	-	(138)	-	(30,065)
Depreciation of right-of-use assets	(27,391)	(9,916)	-	(352)	-	(37,659)
Amortisation of intangible assets	(23,370)	(14,702)	-	(34)	-	(38,106)
(Allowances for)/write-back of impairment losses on loans, advances, financing and trade receivables/securities/other assets	(514,771)	(49,620)	-	-	2,793	(561,598)
Segment results	195,730	342,901	-	2,392	(188,707)	352,316
Share of results of a joint venture *	-	-	(394)	-	-	(394)
Share of results of associates *	(750)	1,146	41,862	-	-	42,258
Profit before zakat and taxation	194,980	344,047	41,468	2,392	(188,707)	394,180
Zakat	(2,540)	(4,929)	-	-	-	(7,469)
Profit before taxation	192,440	339,118	41,468	2,392	(188,707)	386,711
Taxation						(113,863)
Net profit for the financial year						272,848
Segment assets	60,298,160	8,246,991	-	13,389	-	68,558,540
ROU assets	65,793	15,343	-	734	-	81,870
Investment in joint ventures	-	-	180,398	-	-	180,398
Investment in associates	-	4,108	711,608	-	-	715,716
Total segment assets						69,536,524
Segment liabilities						
Total segment liabilities	53,980,803	5,916,438	-	2,187	-	59,899,428
Other information						
Capital expenditure	284,989	23,805	-	1,223	-	310,017

* net of tax

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

58 SEGMENT ANALYSIS (CONTINUED)

2019	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External revenue	1,384,644	517,243	-	12,529	-	1,914,416
Intersegment revenue	50,062	21,606	-	1,295	(72,963)	-
Segment revenue	1,434,706	538,849	-	13,824	(72,963)	1,914,416
Operating expenses of which:	(844,721)	(352,994)	-	(10,847)	1,963	(1,206,599)
Depreciation of property and equipment	(17,011)	(9,601)	-	(156)	-	(26,768)
Depreciation of right-of-use assets	(26,434)	(9,352)	-	-	-	(35,786)
Amortisation of intangible assets	(18,100)	(14,551)	-	(51)	-	(32,702)
(Allowances for)/write-back of impairment losses on loans, advances, financing and trade receivables/securities/other assets	(34,654)	(21,231)	-	-	409	(55,476)
Segment results	555,331	164,624	-	2,977	(70,591)	652,341
Share of results of a joint venture *	-	-	(3,860)	-	-	(3,860)
Share of results of an associate *	-	459	33,561	-	-	34,020
Profit before zakat and taxation	555,331	165,083	29,701	2,977	(70,591)	682,501
Zakat	(3,000)	(2,530)	-	-	-	(5,530)
Profit before taxation	552,331	162,553	29,701	2,977	(70,591)	676,971
Taxation						(160,880)
Net profit for the financial year						516,091
Segment assets	58,726,593	8,710,379	-	15,141	-	67,452,113
ROU assets	44,971	12,738	-	-	-	57,709
Investment in joint ventures	-	-	171,913	-	-	171,913
Investment in associates	750	3,594	655,183	-	-	659,527
Total segment assets						68,341,262
Segment liabilities						
Total segment liabilities	53,162,863	5,779,477	-	2,329	-	58,944,669
Other information						
Capital expenditure	192,015	20,815	-	39	-	212,869

* net of tax

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

59 COMPARATIVE INFORMATION

As disclosed in Note G, the Group has changed its accounting policy where certain benefits paid to employees are considered incremental and directly attributable to the disposal of the quoted shares. Therefore, these benefits paid can be treated as transaction costs when determining the gain or loss on disposal of the quoted shares. These expenses were previously recognised as employee costs under MFRS 119 'Employee Benefits'.

In accordance with MFRS 108 'Accounting Policies, Changes in Estimates and Errors', the change in accounting policy has been accounted for retrospectively.

The change in accounting policy resulted in the following changes in the income statement, Note 40 and Note 42 to the financial statements as set out below. The statements of financial position, comprehensive income, cash flows and changes in equity of the Group and the Bank are not impacted by the change in accounting policy.

The Group	**As previously reported 31.12.2019**	**Reclassification 31.12.2019**	**As Restated 31.12.2019**
Income statements (Extract)			
Net gains on financial instruments	287,088	(17,334)	269,754
Net income	1,931,750	(17,334)	1,914,416
Other operating expenses	(1,223,933)	17,334	(1,206,599)
Note 40 - Net gains on financial instruments (Extract)			
Gains/(loss) arising on financial assets at FVTPL			
- net gain on disposal	62,096	(17,334)	44,762
Note 42 - Other operating expenses (Extract)			
Personnel costs			
- Wages, salaries and bonuses	604,862	(17,334)	587,528

60 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The World Health Organisation declared the outbreak of Covid-19 as a global pandemic in March 2020. The direct and indirect effects of the Covid-19 outbreak have impacted the global economy, markets and the Group's and Bank's counterparties and clients.

The Covid-19 effects have a material negative impact on the Group's and the Bank's results. In particular, the process to determine expected credit losses ('ECL') requires numerous estimates and assumptions, some of which require a high degree of judgement. Changes in the estimates and assumptions can result in significant changes in ECL. The Group and the Bank are unable to predict the Covid-19's potential future direct or indirect effects. However, the Group and the Bank are taking actions to mitigate the impacts, and will continue to closely monitor the impact and the related risks as they evolve.

61 SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR

The Government of Malaysia reintroduced the movement control order to curb the soaring number of Covid-19 cases from 13 January 2021 until 4 March 2021. The movement control order may have a negative impact on the Group's and the Bank's results, as highlighted in Note 60. The Group and the Bank are not able to predict the potential future direct or indirect effects resulted from the movement control order. However, the Group and the Bank are taking actions to mitigate the impacts, and will continue to closely monitor the impact and the related risks as they evolve.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, DATO' AGIL NATT and GREGORY JEROME GERALD FERNANDES, two of the Directors of AFFIN BANK BERHAD, state that, in the opinion of the Directors, the accompanying financial statements set out on page 230 to 418 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Bank as at 31 December 2020 and of the results and cash flows of the Group and the Bank for the financial year ended on the date in accordance with 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 a resolution of the Directors:

DATO' AGIL NATT
Chairman

GREGORY JEROME GERALD FERNANDES
Director

Kuala Lumpur
22 March 2021

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, JOANNE RODRIGUES, the officer of AFFIN BANK BERHAD primarily responsible for the financial management of the Group and the Bank, do solemnly and sincerely declare that, in my opinion, the accompanying financial statements set out on page 230 to 418, are correct and I make this solemn declaration conscientiously believing the same to be true, by virtue of the provisions of the Statutory Declarations Act, 1960.

JOANNE RODRIGUES
MIA No. CA17745

Subscribed and solemnly declared by the above named JOANNE RODRIGUES at Kuala Lumpur in Malaysia on 22 March 2021, before me.

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AFFIN BANK BERHAD
(Incorporated in Malaysia)
Company No: 197501003274 (25046-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of AFFIN 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 2020, 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 2020 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 significant accounting policies, as set out on page 230 to 418.

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.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Bank. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Bank, the accounting processes and controls, and the industry in which the Group and the Bank operate.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AFFIN BANK BERHAD
(Incorporated in Malaysia)
Company No: 197501003274 (25046-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Bank for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Bank as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters

Impairment of loans, advances and financing assets
- RM779,777,000 (expected credit losses)

(Refer to Summary of Significant Accounting Policies Note H (d), Note AF and Note 9 to the financial statement).

MFRS 9 requires an expected credit losses ('ECL') impairment model for financial assets measured at amortised cost and fair value through other comprehensive income. The measurement of ECL requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

We focused on the ECL for loans, advances and financing due to the significance of impairment allowance on loans, advances and financing assets balance. The Directors also exercised significant judgement on the following areas:

Timing of identification of Stage 2 and Stage 3 loans, advances and financing

- Assessment of objective evidence of impairment of loans, advances and financing based on mandatory and judgemental triggers
- Identification of loans, advances and financing that have experienced a significant increase in credit risk

Individual assessment

- Estimates on the amount and timing of futures cash flows based on realisation of collateral or borrowers' business cash flows

How our audit addressed the key audit matters

We tested the design and operating effectiveness of the controls over impairment of loans, advances and financing. These controls covered:

- Identification of loans displayed indicators of impairment or loans that have experienced significant increase in credit risk
- Governance over the impairment processes, including model development, model approval and model validation
- Data used to determine the allowances for credit losses including the completeness and accuracy of the key inputs and assumptions into the ECL models
- Calculation, review and approval of the ECL calculation

Our detailed testing over the loans, advances and financing were as below:

Individual assessment

We performed individual credit assessment on a sample of loans, advances and financing on those identified as Early Control, rescheduled and restructured, Stages 2 and 3 loans accounts, particular focus on the impact of Covid-19 on high risk industries and borrowers that applied for moratorium and formed our own judgement on whether the occurrence of loss event or significant increase in credit risk had been identified.

Where individual impairment had been identified for loans, advances and financing, we assessed the reasonableness of the underlying assumptions of the cash flows forecasts prepared by management. For cash flows forecasts based on realisation of collateral, we agreed the collateral valuation to the current valuation report prepared by independent valuers. If current valuation report is not available, we compared the value used by management against the independent third party publicly available report on property market based on similar property type, location and size. For cash flow forecasts based on borrower's business cash flows, we assessed the reasonableness of the underlying key assumptions used by management and performed sensitivity analysis.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AFFIN BANK BERHAD
(Incorporated in Malaysia)
Company No: 197501003274 (25046-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters (continued)

Collective assessment

- Choosing the appropriate collective assessment models and assumptions for the measurement of ECL such as expected future cash flows and forward-looking macro-economic factors as disclosed in Note 51 Financial Risk Management – credit quality of financial assets

How our audit addressed the key audit matters (continued)

Collective assessment

Where ECL was calculated on a collective basis, our testing, on a sample basis, included the following:

- Assessed the methodologies inherent within the collective assessment ECL models applied against the requirements of MFRS 9
- We re-performed the bucketing of loans into delinquency buckets (loans impairment migration) and re-computed the Probability of Default
- We agreed the loans recoveries data for Loss Given Default to supporting evidence
- Assessed and considered the reasonableness of forward-looking forecasts assumptions, taking into consideration of the economic uncertainty arising from Covid-19.
- Assessed and tested the identification and calculation of overlay adjustments to the ECL due to the impact of Covid-19.
- We re-performed the calculation of ECL and agreed the results to the general ledger. We also checked the accuracy of posting of impairment allowance to the general ledger.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AFFIN BANK BERHAD
(Incorporated in Malaysia)
Company No: 197501003274 (25046-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters (continued)	How our audit addressed the key audit matters (continued)
Impairment assessment of goodwill – RM826,944,000 (Refer to Summary of Significant Accounting Policies Note D, Note AF and Note 22 to the financial statement) Goodwill amounting to RM826,944,000 arose from previous acquisitions and is allocated to Commercial Banking, Investment Banking, Stock-broking, Asset Management and Money-broking cash generating units ('CGUs'). The Bank determines the recoverable amount of the CGUs based on the value-in-use calculations. Given the materiality of the goodwill and sensitivity of the recoverable amount of Investment Banking and Stock-broking CGUs, impairment of goodwill could have significant impact on the financial statements. We also focused on this area due to the significant judgements made by the Directors over underlying assumptions in the impairment tests.	We satisfied ourselves with the procedures performed below on the management's assumptions used in the impairment model. We have compared cash flow projections to the budgets, which were approved by the respective subsidiaries' Board of Directors, taking into account the impact of Covid-19. We also held discussions with management to understand the basis for the assumptions used and compared the budgets against the actual results from prior years to assess the reliability of budgeting. We tested the assumptions used by management, in relation to the discount rates, compounded annual and terminal growth rates for all CGUs. The discount rates used were based on the pre-tax weighted average cost of capital plus an appropriate risk premium, at the date of assessment of all the CGUs. We have assessed the reasonableness of the discount rates by independently re-calculating the pre-tax weighted average cost of capital based on data of comparable entities obtained from independent sources for each CGU. The terminal growth rates were based on the forecasted Gross Domestic Product ('GDP') growth rate of Malaysia. We have compared the terminal growth rates used by management with the forecasted GDP growth rates independently obtained and assessed the reasonableness of the adjustments made to reflect the specific risk of the CGUs. We have assessed the sensitivity of the impairment assessment for each of the CGUs by varying the following: • underlying assumptions applied on the budgeted cash flows in relation to compounded annual growth rates; and • additional sensitivity performed on the discount rates to reflect the Covid-19 uncertainties

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AFFIN BANK BERHAD
(INCORPORATED IN MALAYSIA)
COMPANY NO: 197501003274 (25046-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 Annual Report 2020, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

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.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AFFIN BANK BERHAD
(Incorporated in Malaysia)
Company No: 197501003274 (25046-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(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) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Bank for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members 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

NG YEE LING
03032/01/2023 J
Chartered Accountant

Kuala Lumpur, Malaysia
22 March 2021

BASEL II
PILLAR 3 DISCLOSURES

TABLE OF CONTENTS

BASEL II
PILLAR 3 DISCLOSURES

AS AT 31ST DECEMBER 2020

1 INTRODUCTION

1.1 Background

The Capital Adequacy Framework (Basel II – Risk-Weighted Assets) issued by Bank Negara Malaysia (‘BNM’), which is the equivalent of the Basel II Framework issued by the Basel Committee of Banking Supervision and the Islamic Financial Services Board is structured around three fundamental pillars:

- Pillar 1 defines the minimum capital requirement to ensure that financial institutions hold sufficient capital to cover their exposure to credit, market and operational risks.
- Pillar 2 requires financial institutions to have a process for assessing their overall capital adequacy in relation to their risk profile and a strategy for maintaining their capital levels.
- Pillar 3 requires financial institutions to establish and implement an appropriate disclosure policy that promotes transparency regarding their risk management practices and capital adequacy positions.

Pillar 3 disclosure is required under the BNM Risk Weighted Capital Adequacy Framework (Basel II)(‘RWCAF’) - Disclosure Requirements (Pillar 3).

AFFIN Bank Berhad (‘the Bank’) and its subsidiaries (‘the Group’) adopt the following approaches under Pillar 1 requirements:

- Standardised Approach for Credit Risk
- Basic Indicator Approach for Operational Risk
- Standardised Approach for Market Risk

1.2 Scope of Application

This document contains the disclosure requirements under Pillar 3 for the Bank and its subsidiaries (‘the Group’) for the year ended 31 December 2020. The disclosures are made in line with the Pillar 3 disclosure requirements under the Basel II framework as laid out by BNM.

The disclosures should be read in conjunction with the Group and the Bank’s 2020 Annual Report for the year ended 31 December 2020.

The capital requirements of the Group and the Bank are generally based on the principles of consolidation adopted in the preparation of its financial statements. The Group incorporates those activities relating to Islamic banking business which have been undertaken by AFFIN Islamic, a wholly owned subsidiary of the Bank.

There are no significant restrictions or impediments on the transfer off of funds or regulatory capital within the Group and the Bank.

There were no capital deficiencies in any of the subsidiaries of the Group as at the financial year ended 31 December 2020.

BASEL II
PILLAR 3 DISCLOSURES

AS AT 31ST DECEMBER 2020

2 RISK GOVERNANCE STRUCTURE

2.1 Overview

The Board of Directors of the Bank is ultimately responsible for the overall performance of the Bank. The Board's responsibilities are congruent with the framework of BNM Guidelines. The Board also exercises great care to ensure that high ethical standards are upheld, and that the interests of stakeholders are not compromised. These include responsibility for determining the Bank's general policies and strategies for the short, medium and long term, approving business plans, including targets and budgets, and approving major strategic decisions.

The Board has overall responsibility for maintaining the proper management and protection of the Bank's interests by ensuring effective implementation of the risk management policy and process, as well as adherence to a sound system of internal control. The Board also recognises that risks cannot be eliminated completely. As such, the inherent system of internal control is designed to provide a reasonable though not absolute assurance against the risk of material errors, fraud or losses occurring. The system of internal controls encompasses controls relating to financial, operational, risk management and compliance with applicable laws, regulations, policies and guidelines.

The terms of reference of the Board Committees as disclosed in the Annual Report provide an outline of respective roles and functions. In carrying out its functions, the Board has delegated specific responsibilities to other Board Committees, which operate under approved terms of reference, to assist the Board in discharging their duties. The Chairmen of the various Committees report on the outcome of their Committee meetings to the Board and any further deliberation is made at Board level, if required. These reports and deliberations are incorporated into the Minutes of the Board meetings. The Board meets on a monthly basis.

2.2 Board Committees

Board Nomination and Remuneration Committee ('BNRC')

The BNRC is responsible for providing a formal and transparent procedure for the appointment of Directors, Group Chief Executive Officer ('GCEO') and Senior Management. The BNRC develops the remuneration policy for Directors, GCEO, Senior Management and other material risk takers, whereby, it assesses the effectiveness of individual Director, the Board as a whole and the performance of the GCEO as well as Senior Management.

The Committee obtains advice from experts in compensation and benefits, both internally and externally.

Group Board Risk Management Committee ('GBRMC')

The GBRMC is responsible for overseeing management activities in managing credit, market, liquidity, operational, legal, reputational, IT, cyber and other material risks as well as ensuring that the risk management process and compliance framework are in place and functioning effectively.

It is responsible for setting the overall tone of the Group and the Bank's strategy and ensuring effective communication and integration of risk appetite and compliance within the business strategy, operations and culture.

The Committee also assists the Board in oversight responsibilities on internal controls, and risk management and compliance strategies, policies, processes, frameworks and other risk related matters. It has the responsibility of reviewing and/or approving risk management and compliance policies, guidelines and reports.

2 RISK GOVERNANCE STRUCTURE (CONTINUED)

2.2 Board Committees (continued)

Group Board Credit Review and Recovery Committee ('GBCRRC')

The GBCRRC is responsible for providing critical review of loans/financing and other credit facilities with high risk implications and vetoing loan/financing applications that have been approved by the Group Management Credit Committee ('GMCC') as appropriate.

Group Board Audit Committee ('GBAC')

The GBAC is responsible for providing oversight and reviewing the adequacy and integrity of the internal control systems as well as oversees the work of the internal and external auditors.

Reliance is placed on the results of independent audits performed primarily by internal auditors, the outcome of statutory audits on financial statements conducted by external auditors and on representations by Management based on their control self-assessment of all areas of their responsibility.

Minutes of GBAC meetings, which provide a summary of the proceedings, are circulated to Board members for notation and discussion. The Bank has an established Group Internal Audit Division ('GIA') which reports functionally to the GBAC and administratively to the GCEO.

Group Board Information Technology Committee ('GBITC')

The GBITC is responsible to oversee overall development, risk management, integration and alignment of Information Technology (IT) strategy plan with AFFIN Bank Group business strategy. Leveraging on technology for new business models, changing business practices, driving competitive advantage and empowering next level thinking. GBITC also oversees the AIM 22 strategic program, to ensure alignment with the business strategic objectives and AIM 22 is implemented effectively in a timely manner.

Shariah Committee ('SC')

The Shariah Committee is formed as legislated under the Islamic Financial Services Act 2013 and as per the Shariah Governance Framework for Islamic Financial Institutions.

The roles and responsibilities of the Shariah Committee include advising the Board on Shariah matters to ensure that the business operations of the Bank comply with Shariah principles at all times. SC is also responsible for endorsing and validating relevant documentations of the Bank's products to ensure that the products comply with Shariah principles, and advising the Bank on matters to be referred to the Shariah Advisory Council.

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2 RISK GOVERNANCE STRUCTURE (CONTINUED)

2.3 Management Committees

Management Committee ('MCM')

The MCM comprises the senior management team chaired by GCEO. MCM is responsible for assisting the Board in managing the day-to-day operations, formulating tactical plans and business strategies while monitoring the banking entities' overall performance, and ensuring all business activities conducted are in accordance with the Bank's corporate objectives, strategies, policies as well as Annual Business Plan and Budget.

The MCM is supported by the following sub-committees:
- Governance, Risk and Compliance
- Branch Performance
- IT, Operations, Digital and Customer Experience

Group Management Credit Committee ('GMCC')

The GMCC is established within senior management to approve complex and large loans/financing and workout/ recovery proposals beyond the delegated authority of the individual approvers.

Group Asset and Liability Management Committee ('GALCO')

The GALCO comprising the senior management team chaired by the GCEO, manages the Bank's asset and liability position by identifying, managing and controlling balance sheet risks and capital management in the execution of the business strategy, while implementing asset liability strategy and policy for the balance sheet of the respective subsidiary.

Group Operational Risk Management Committee ('GORMC')

The GORMC is a senior management committee chaired by the Group Chief Risk Officer ('GCRO'), established to oversee the management of operational risks issues and control lapses while supporting GBRMC in its review and monitoring of operational risk. It is also responsible for reviewing and ensuring that the operational risk programme, process and framework are implemented in accordance with regulatory requirement and manage loss incidents to an acceptable level.

Group Early Alert Committee ('GEAC')

The GEAC is a senior management committee, established to monitor credit quality through monthly reviews of the Early Control (MFRS 9 Stage 1) and Underperforming (MFRS 9 Stage 2) Accounts as well as to review the actions taken to address the emerging risks and issues in these accounts.

2 RISK GOVERNANCE STRUCTURE (CONTINUED)

2.4 Group Risk Management Function

Group Risk Management ('GRM'), headed by the GCRO is segregated from the lines of business, with direct reporting line to GBRMC to ensure independence of risk management function.

The independence of risk function is critical towards controlling and managing the risk taking activities of the Group and the Bank to achieve an optimum return in line with the subsidiaries' risk appetite, with consideration to variations required due to differences in each subsidiary's business model.

Committees namely GBCRRC, SC, MCM, GMCC, GALCO, LMC, GORMC and GEAC assist GBRMC in managing credit, market, liquidity, operational and other material risks in the Group and the Bank. The responsibilities of these Committees include risk identification, risk assessment and measurement, risk control and mitigation and risk monitoring and reporting.

2.5 Internal Audit and Internal Control Activities

In accordance with BNM's guidelines on Corporate Governance, GIA conducts continuous reviews on auditable areas within the Bank. The reviews by GIA are focused on areas of significant risks and effectiveness of internal control in accordance with the audit plan approved by the GBAC.

Based on GIA's review, identification and assessment of risk, testing and evaluation of controls, GIA will provide an opinion on the effectiveness of internal controls maintained by each entity. The risks highlighted on the respective auditable areas as well as recommendation made by the GIA are addressed at GBAC and Management meetings on bi-monthly basis. The GBAC also conducts annual reviews on the adequacy of internal audit function, scope of work, resources and budget of GIA.

3 CAPITAL MANAGEMENT

3.1 Internal Capital Adequacy Assessment Process ('ICAAP')

In line with the BNM guidelines on Risk-Weighted Capital Adequacy Framework (Basel II) - Internal Capital Adequacy Assessment Process (Pillar 2), the Bank has put in place the ICAAP Framework to assess the capital adequacy to ensure that the level of capital maintained by the Bank is adequate at all times, taking into consideration the Bank's risk profile and business strategies.

The Bank's capital management approach is focused on maintaining an appropriate level of capital to meet its business needs and regulatory requirements as capital adequacy and risk management are closely aligned. The Bank operates within an agreed risk appetite whilst optimising the use of shareholders' funds to deliver sustainable returns.

3.2 Capital structure

The total capital and capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components).

The Group and the Bank are currently adopting the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the BNM's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ('CET 1') and Tier 1 Capital Ratio are 7.000% (2019: 7.000%) and 8.500% (2019: 8.500%) respectively for financial year 2020. The minimum regulatory capital adequacy requirement is 10.500% (2019: 10.500%) for Total Capital Ratio.

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3 CAPITAL MANAGEMENT (CONTINUED)

3.2 Capital structure (continued)

The following table sets forth further details on the capital resources and capital adequacy ratios for the Group and the Bank as at 31 December 2020.

	The Group			The Bank		
	*** 2020 RM'000**	**2020 RM'000**	2019 RM'000	*** 2020 RM'000**	**2020 RM'000**	2019 RM'000
CET 1						
Paid-up share capital	**4,902,300**	**4,902,300**	4,774,772	**4,902,300**	**4,902,300**	4,774,772
Retained profits	**3,682,234**	**3,682,234**	3,640,073	**2,799,501**	**2,799,501**	3,017,227
Unrealised gains on FVOCI instruments	**266,412**	**266,412**	250,661	**183,078**	**183,078**	148,173
Other disclosed reserves	**(65,909)**	**(65,909)**	(61,010)	**-**	**-**	-
Foreign exchange reserves	**(205)**	**(205)**	135	**-**	**-**	-
	8,784,832	**8,784,832**	8,604,631	**7,884,879**	**7,884,879**	7,940,172
Less: Regulatory adjustments:						
- Goodwill and other intangibles	**(903,750)**	**(903,750)**	(914,693)	**(202,212)**	**(202,212)**	(202,670)
- Deferred tax assets	**(112,158)**	**(112,158)**	(3,440)	**(54,607)**	**(54,607)**	(12,690)
- 55% of cumulative unrealised gains on FVOCI instruments	**(146,527)**	**(146,527)**	(137,864)	**(100,693)**	**(100,693)**	(81,495)
- Investment in subsidiaries, joint ventures and associates	**(896,114)**	**(896,114)**	(831,440)	**(3,796,621)**	**(3,796,621)**	(3,781,321)
- Other regulatory adjustment	**100,517**	**-**	-	**61,224**	**-**	-
Total CET1 capital	**6,826,800**	**6,726,284**	6,717,194	**3,791,970**	**3,730,746**	3,861,996
Additional Tier 1 Capital						
Additional Tier 1 Capital	**800,000**	**800,000**	800,000	**500,000**	**500,000**	500,000
Qualifying capital instruments held by third party	**31,015**	**31,015**	25,329	**-**	**-**	-
	831,015	**831,015**	825,329	**500,000**	**500,000**	500,000
Total Tier 1 capital	**7,657,815**	**7,557,298**	7,542,523	**4,291,970**	**4,230,746**	4,361,996
Tier 2 capital						
Subordinated medium term loans	**2,500,000**	**2,500,000**	2,750,000	**2,000,000**	**2,000,000**	2,000,000
Qualifying loss provisions #	**324,592**	**425,109**	498,527	**200,424**	**261,648**	316,445
Less: Regulatory adjustments:						
- Investment in capital instruments of unconsolidated financial and insurance entities	**(30,914)**	**(30,914)**	(30,914)	**(330,914)**	**(330,914)**	(80,914)
Total Tier 2 capital	**2,793,678**	**2,894,195**	3,217,613	**1,869,510**	**1,930,734**	2,235,531
Total capital	**10,451,493**	**10,451,493**	10,760,136	**6,161,480**	**6,161,480**	6,597,527

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3 CAPITAL MANAGEMENT (CONTINUED)

3.2 Capital structure (continued)

	The Group			The Bank		
	*** 2020 RM'000**	**2020 RM'000**	2019 RM'000	*** 2020 RM'000**	**2020 RM'000**	2019 RM'000
The breakdown of risk-weighted assets:						
Credit risk	**42,706,201**	**42,706,201**	42,644,676	**26,888,591**	**26,888,591**	27,582,457
Market risk	**814,122**	**814,122**	488,422	**373,667**	**373,667**	290,399
Operational risk	**3,403,072**	**3,403,072**	3,184,235	**1,657,613**	**1,657,613**	1,774,869
Total risk-weighted assets	**46,923,395**	**46,923,395**	46,317,333	**28,919,871**	**28,919,871**	29,647,725
Capital adequacy ratios:						
CET1 capital ratio	**14.549%**	**14.335%**	14.503%	**13.112%**	**12.900%**	13.026%
Tier 1 capital ratio	**16.320%**	**16.106%**	16.284%	**14.841%**	**14.629%**	14.713%
Total capital ratio	**22.274%**	**22.274%**	23.231%	**21.305%**	**21.305%**	22.253%
Net of proposed dividends Note 1						
CET1 capital ratio	**14.517%**	**14.303%**	14.459%	**13.061%**	**12.849%**	12.958%
Tier 1 capital ratio	**16.288%**	**16.074%**	16.241%	**14.790%**	**14.578%**	14.644%
Total capital ratio	**22.242%**	**22.242%**	23.188%	**21.254%**	**21.254%**	22.185%

\# Qualifying loss provisions are restricted to allowances on the unimpaired portion of the loans, advances and other financing.

* The Group and the Bank have elected to apply BNM's transitional arrangement for four financial years beginning on 1 January 2020. Under the transitional arragements, a financial institution is allowed 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 CET1 capital.

Note 1 :
Under the DRP, the amount of declared dividend to be deducted in the calculation of CET 1 Capital is determined in accordance with BNM's Implementation Guidance on Capital Adequacy Framework (Capital Components) (Implementation Guidance) issued on 2 February 2019.

Under the said Implementation Guidance, where a portion of the dividend may be reinvested under a DRP (the electable portion), the amount of the declared dividend to be deducted in the calculation of CET 1 Capital Ratio may be reduced as follows:-

(i) where an irrevocable written undertaking from shareholder has been obtained to reinvest the electable portion of the dividend; or

(ii) where there is no irrevocable written undertaking provided, the average of the preceding 3-year take-up rates or if less than 3 preceding years, the available average historical take-up rates, subject to the amount being not more than 50% of the total electable portion of the dividend.

In arriving at the capital adequacy ratios, the portion of the proposed dividends where no irrevocable written undertaking from shareholders to reinvest the electable portion into new ordinary shares of the Bank is obtained, is assumed to be paid in cash and has been deducted from the calculation of CET 1 Capital Ratio.

In accordance with BNM's Guidelines on Investment Account, the credit and market risk weighted on the assets funded by the RIA are included in calculation of capital adequacy for the Bank. As at 31 December 2020, RIA assets included in the Total Capital Ratio calculation amounted to RM1,754.9 million (2019: RM1,919.3 million).

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3 CAPITAL MANAGEMENT (CONTINUED)

3.2 Capital structure (continued)

The Group and the Bank have issued capital instruments which qualify as components of regulatory capital under the BNM RWCAF (Capital Components), as summarised in the following table:

Capital Instruments		Capital Component	Main Features
Issued by the Group and the Bank:			
(a)	Additional Tier-1 Capital Securities (‘AT1CS’)	Tier 1 Capital	The Bank had, on 31 July 2018, issued AT1CS of RM500.0 million out of its approved BASEL III Compliant AT1CS programme of up to RM3.0 billion in nominal value. The AT1CS was on perpetual non-callable 5-year basis, at a coupon rate of 5.80%. The AT1CS was issued for the purpose of general banking business and working capital requirements of the Bank.
(b)	Additional Tier-1 Sukuk Wakalah (‘AT1S’)	Tier 1 Capital	AFFIN Islamic had on 18 October 2018 issued AT1S of RM300.0 million out of its approved BASEL III Compliant AT1S programme of up to RM300.0 million in nominal value. The AT1S was on perpetual non-callable 5-year basis, at a profit rate of 5.65%. The AT1S was issued for the purpose of general banking business and working capital requirements of AFFIN Islamic.
(c)	Tier-2 Subordinated Medium Term Notes (‘MTN’)	Tier 2 Capital	The Bank had, on 7 February 2017 and 20 September 2017, issued 2 tranches of Tier-2 Subordinated MTNs of RM1.0 billion each out of its approved BASEL III Compliant MTN programme of up to RM6.0 billion in nominal value. The Subordinated MTNs were issued for a tenure of 10 years from the issue date on a 10-year non-callable 5-year basis, at a coupon rate of 5.45% and 5.03% respectively. The MTNs were issued for the purpose of general banking business and working capital requirements of the Bank.
(d)	Medium Term Notes Tier-2 Sukuk Murabahah (‘MTN’)	Tier 2 Capital	AFFIN Islamic had on 23 October 2018 issued MTN Tier-2 Sukuk Murabahah of RM800.0 million out of its approved BASEL III Compliant MTN programme of up to RM800.0 million in nominal value. The Sukuk is issued for a tenure of 10 years from the issue date on a 10-year non-callable 5-year basis, at a profit rate of 5.05%. The Sukuk is issued for the purpose of general banking business and working capital requirements of AFFIN Islamic.

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3 CAPITAL MANAGEMENT (CONTINUED)

3.3 Capital adequacy

The Group and the Bank have in place an internal limit for its CET 1 capital ratio, Tier I capital ratio and Total capital ratio, which is guided by the need to maintain a prudent relationship between available capital and the risks of its underlying businesses. The capital management process is monitored by senior management through periodic reviews.

Refer to Appendix I.

4 RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Bank are principally engaged in all aspects of banking and related financial services. The principal activities of the Bank's subsidiaries are Islamic banking business, investment banking, stockbroking activities, dealing in options and futures, property management services, nominee and trustee services.

The Group and the Bank's business activities involve the analysis, measurement, acceptance, and management of risks which operates within well defined risk acceptance criteria covering customer segments, industries and products. The Group and the Bank do not enter into risk it cannot administer, book, monitor or value, or deal with persons of questionable integrity.

The Group and the Bank have established robust and comprehensive risk management policies and framework, supported by Group Risk Management Framework and Policies based on best practices, to ensure that the salient risk elements in the operations of the Group and the Bank are adequately managed and mitigated. The risk management policies are established to identify, assess, measure, control and mitigate all key risks as well as manage and monitor the risk positions. The risk measurement tools employed are commonly used in market practices and commensurate with the size and complexity of the Group and the Bank's business operations.

The risk management policies and systems are reviewed regularly to reflect changes in markets, products and best practices in risk management processes. The Group and the Bank's aim are to achieve an appropriate balance between risk and return as well as minimise any potential adverse effects.

5 CREDIT RISK

5.1 Credit risk management objectives and policies

Credit risk is the risk that a counterparty will fail to meet its contractual obligations which could result in a financial loss to the Group and the Bank. The Group and the Bank's exposure to credit risks arises primarily from stockbroking trade receivables, share margin financing, corporate/inter-bank lending activities, bonds investment, foreign exchange trading as well as equity and debt underwriting and 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 the internal and regulatory requirements. The risk management policies are subject to review by the Group Board Risk Management Committee ('GBRMC'), a sub- committee of the Board that reviews the adequacy of the Group's and the Bank's risk policies and framework. The Group's and the Bank's credit risk framework is further strengthened through an established process for the approval and review of proposals that comprises the Group Management Credit Committee ('GMCC') and the Group Board Credit Review and Recovery Committee ('GBCRRC'). The GMCC represents the approving authority for credit and underwriting proposals, whilst the GBCRRC is the committee that reviews proposals that exceed specified limits and criteria, as well as to consider whether to reject the proposal or modify the terms of the proposal.

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5 CREDIT RISK (CONTINUED)

5.1 Credit risk management objectives and policies (continued)

The Group and the Bank recognise 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 Group and the Bank are supportive of credit officer in taking the Professional Credit Certification ('PCC') programme offered by the Asian Institute of Chartered Bankers ('AICB'). Upon attaining the PCC certification, credit officers are expected to demonstrate sound understanding of credit process and competence to undertake credit roles and responsibilities.

5.2 Application of Standardised Approach for credit risk

The Group and the Bank use the following External Credit Assessment Institutions ('ECAIs') to determine the risk weights for the rated credit exposures:-

- RAM Rating Services Berhad
- Malaysian Rating Corporation Berhad
- Standard & Poor's Rating Services
- Moody's Investors Service
- Fitch Ratings

The external ratings of the ECAIs are used to determine the risk weights of the following types of exposure: sovereigns, banks, public sector entities and corporates.

The mapping of the rating categories of different ECAIs to the risk weights is in accordance with BNM guidelines. In cases where there is no issuer or issue rating, the exposures are treated as unrated and accorded a risk weight appropriate for unrated exposure in the respective category.

Refer to Appendix II and Appendices III (i) to III (ii).

5.3 Credit risk evaluation

Credit evaluation is the process of analysing the creditworthiness of the prospective customer against the Group's and the Bank's underwriting criteria and the ability of the Group and 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 Group and the Bank have developed internal rating models to support the assessment and quantification of credit risk.

A number of relevant 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.

All corporate lendings, underwritings and corporate debt securities investments are independently evaluated by the Group's and Bank's credit management function and approved by the relevant approving authorities based on the Authority Matrix approved by the Board.

For consumer mass market products, statistically developed application scorecards are used to assess the risks associated with the credit application as a decision support tool at loans, advances and financing origination. 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 Group and 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.

5 CREDIT RISK (CONTINUED)

5.4 Risk limit control and mitigation policies

The Group and the Bank employ various policies and practices to control and mitigate credit risk.

Lending/financing limits

The Group and the Bank establish 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 customer groupings, connected parties and industry segments. These risks are monitored regularly and the limits reviewed annually or sooner depending on 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 borrower's capacity to repay rather than rely solely on security. However, collateral may be taken to mitigate credit risk.

The main collateral types accepted and given value by the Group and the Bank are:
- mortgage over residential;
- charges over commercial real estate or vehicles financed;
- charges over business assets such as properties, equipment, fixed deposits, debentures, personal guarantees and corporate guarantees; and
- charges over financial instruments such as marketable securities.

The Group and the Bank prepare a valuation of the collateral obtained as part of the loan/financing origination process. This assessment is reviewed periodically.

Term loan financing and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured.

Collateral held as security for financial assets other than loans, advances and financing 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 and the Bank's 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.

Credit related commitments

Commitment to extend credit represents unutilised portion of approved credit in the form of loans/financing, guarantees or letters of credit. In terms of credit risk, the Group and the Bank are potentially exposed to loss in an amount equal to the total unutilised commitments. However, the potential amount of loss is less than the total unutilised commitments, as most commitments to extend credit are contingent upon customers maintaining specific minimum credit standards.

The Group and the Bank monitor the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than short- term commitments.

Refer to Appendix IV (a) to (b).

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5 CREDIT RISK (CONTINUED)

5.5 Credit risk measurement

Credit risk grades

The Group and the Bank allocate 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 judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of 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 as the credit risk deteriorates so, 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.

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 ('PD') 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 the Group and the Bank's quantitative modelling, the remaining lifetime PD is determined to have increased by more than a predetermined percentage/range.

Using expert credit judgment and, where possible, relevant historical experience, the Group and the Bank may determine that an exposure has undergone a Significant Increase in Credit Risk ('SICR') 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 Group and the Bank consider that a significant increase in credit risk is presumed if a borrower/issuer is more than 30 days or 1 month past due. Days or months past due are determined by counting the number of days or month since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Group and the Bank monitor 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).

5 CREDIT RISK (CONTINUED)

5.5 Credit risk measurement (continued)

Measurement of expected credit losses ('ECL')

The Group and the Bank use three categories for financial instruments at amortised cost 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 accounts where one that has 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.	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 accounts within the next 12 months; • Accounts past due more than 30 days or 1 month but less than 90 days or 3 months; • Accounts demonstrating critical level of risk and therefore, credit graded to 14 and placed under Watchlist;	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. • All restructure and rescheduling (R&R) accounts due to credit deterioration are to be classified as impaired.	Lifetime ECL - credit impaired
Write-off	• Evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or; • Assets unable to generate sufficient future cash flows to repay the amount.	Asset is written off

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5 CREDIT RISK (CONTINUED)

5.5 Credit risk measurement (continued)

Measurement of expected credit losses ('ECL') (continued)

The Group and the Bank have not used the low credit risk exemption for any financial instrument for the financial year ended 31 December 2020.

The key inputs into the measurement of ECL are the term structure of 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 above.

PD is the likelihood of a counterparty defaulting on its contractual obligations to a financial institution 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 or changes in past due status, 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.

The Group and the Bank collect 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 Group and the Bank employ 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 effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group and the Bank derive 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 EADs are determined based on the expected payment profile, which varies by product type.

5 CREDIT RISK (CONTINUED)

5.5 Credit risk measurement (continued)

Measurement of expected credit losses ('ECL') (continued)

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.

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 Group and 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 Group and the Bank have 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 grading;
- collateral type;
- date of initial recognition;
- remaining term 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 techniques or significant assumptions made during the reporting period that have material impact to ECL.

Incorporation of forward-looking information

The Group and the Bank incorporate 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 Group and the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group and the Bank carry out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group and the Bank have 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.

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5 CREDIT RISK (CONTINUED)

5.6 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. As a rule, Watchlist accounts are either worked up or worked out within a period of twelve months.

The Group and the Bank have established 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 the 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 Group and the Bank conduct 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 undertaken by Group Risk Management ('GRM') to ensure that credit decision-making is consistent with the Group and the Bank's overall credit risk appetite and strategy.

5.7 Credit quality of financial assets

Total loans, advances and financing - credit quality

All loans, advances and financing are categorised into 'neither past due nor impaired', 'past due but not impaired' and 'impaired'.

Past due loans/financing refer to loans, advances and financing that are overdue by one day or more.

Loans, advances and financing 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;
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 repay' its credit obligations; or
iii) the loan/financing is classified as rescheduled and restructured in Central Credit Reference Information System ('CCRIS').

5 CREDIT RISK (CONTINUED)

5.7 Credit quality of financial assets (continued)

Total loans, advances and financing - credit quality (continued)

Analysed by economic sectors

Past due loans/financing

The Group 2020	Stage 1 RM'000	Stage 2 RM'000	Total RM'000
Primary agriculture	**3,507**	**3,084**	**6,591**
Mining and quarrying	**464**	**249**	**713**
Manufacturing	**20,597**	**13,508**	**34,105**
Electricity, gas and water supply	**230**	**1,328**	**1,558**
Construction	**36,731**	**76,072**	**112,803**
Real estate	**175,036**	**66,258**	**241,294**
Wholesale & retail trade and restaurants & hotels	**56,780**	**250,409**	**307,189**
Transport, storage and communication	**45,331**	**22,182**	**67,513**
Finance, insurance and business services	**37,201**	**40,012**	**77,213**
Education, health and others	**6,830**	**9,438**	**16,268**
Household	**943,958**	**1,106,813**	**2,050,771**
	1,326,665	**1,589,353**	**2,916,018**
2019			
Primary agriculture	4,804	3,781	8,585
Mining and quarrying	302	173	475
Manufacturing	14,649	8,995	23,644
Electricity, gas and water supply	1,668	253	1,921
Construction	25,897	37,544	63,441
Real estate	88,350	50,243	138,593
Wholesale & retail trade and restaurants & hotels	61,225	41,196	102,421
Transport, storage and communication	42,347	21,002	63,349
Finance, insurance and business services	22,486	24,385	46,871
Education, health and others	67,719	18,052	85,771
Household	1,095,816	953,721	2,049,537
	1,425,263	1,159,345	2,584,608

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5 CREDIT RISK (CONTINUED)

5.7 Credit quality of financial assets (continued)

Total loans, advances and financing - credit quality (continued)

Analysed by economic sectors (continued)

Past due loans/financing (continued)

The Bank 2020	Stage 1 RM'000	Stage 2 RM'000	Total RM'000
Primary agriculture	**3,090**	**2,122**	**5,212**
Mining and quarrying	**464**	**249**	**713**
Manufacturing	**11,266**	**10,159**	**21,425**
Electricity, gas and water supply	**139**	**1,194**	**1,333**
Construction	**26,147**	**24,062**	**50,209**
Real estate	**160,824**	**27,901**	**188,725**
Wholesale & retail trade and restaurants & hotels	**45,894**	**210,697**	**256,591**
Transport, storage and communication	**18,800**	**16,775**	**35,575**
Finance, insurance and business services	**29,321**	**29,375**	**58,696**
Education, health and others	**4,834**	**6,833**	**11,667**
Household	**421,115**	**553,618**	**974,733**
	721,894	**882,985**	**1,604,879**
2019			
Primary agriculture	3,432	3,121	6,553
Mining and quarrying	302	173	475
Manufacturing	12,311	6,815	19,126
Electricity, gas and water supply	1,356	150	1,506
Construction	18,322	31,331	49,653
Real estate	58,357	39,766	98,123
Wholesale & retail trade and restaurants & hotels	52,783	33,601	86,384
Transport, storage and communication	23,571	18,256	41,827
Finance, insurance and business services	16,379	17,353	33,732
Education, health and others	8,068	16,489	24,557
Household	534,808	499,626	1,034,434
	729,689	666,681	1,396,370

5 CREDIT RISK (CONTINUED)

5.7 Credit quality of financial assets (continued)

Total loans, advances and financing - credit quality (continued)

Analysed by economic sectors (continued)

Expected credit losses

The Group 2020	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
Primary agriculture	**5,709**	**604**	**874**	**7,187**
Mining and quarrying	**1,295**	**261**	**5,645**	**7,201**
Manufacturing	**10,025**	**25,928**	**10,475**	**46,428**
Electricity, gas and water supply	**1,055**	**1,286**	**206**	**2,547**
Construction	**21,544**	**13,205**	**33,273**	**68,022**
Real estate	**59,094**	**39,838**	**18,069**	**117,001**
Wholesale & retail trade and restaurants & hotels	**18,348**	**10,341**	**11,302**	**39,991**
Transport, storage and communication	**3,575**	**24,257**	**147,844**	**175,676**
Finance, insurance and business services	**6,155**	**9,221**	**3,928**	**19,304**
Education, health and others	**8,068**	**4,126**	**109,407**	**121,601**
Household	**42,219**	**22,137**	**110,463**	**174,819**
	177,087	**151,204**	**451,486**	**779,777**
2019				
Primary agriculture	4,415	141	851	5,407
Mining and quarrying	1,215	674	4,678	6,567
Manufacturing	7,851	1,316	7,633	16,800
Electricity, gas and water supply	1,762	1,293	38	3,093
Construction	7,939	6,337	20,592	34,868
Real estate	24,818	11,428	43,232	79,478
Wholesale & retail trade and restaurants & hotels	11,951	3,057	17,400	32,408
Transport, storage and communication	5,097	37,304	85,105	127,506
Finance, insurance and business services	5,633	3,042	3,030	11,705
Education, health and others	5,008	14,853	48,404	68,265
Household	63,637	14,914	109,381	187,932
	139,326	94,359	340,344	574,029

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5 CREDIT RISK (CONTINUED)

5.7 Credit quality of financial assets (continued)

Total loans, advances and financing - credit quality (continued)

Analysed by economic sectors (continued)

Expected credit losses (continued)

The Bank 2020	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
Primary agriculture	**2,185**	**596**	**796**	**3,577**
Mining and quarrying	**1,104**	**261**	**3,264**	**4,629**
Manufacturing	**7,154**	**22,189**	**2,592**	**31,935**
Electricity, gas and water supply	**577**	**1,285**	**161**	**2,023**
Construction	**20,135**	**5,990**	**32,205**	**58,330**
Real estate	**48,341**	**14,718**	**2,736**	**65,795**
Wholesale & retail trade and restaurants & hotels	**14,576**	**7,204**	**10,741**	**32,521**
Transport, storage and communication	**2,774**	**17,792**	**123,665**	**144,231**
Finance, insurance and business services	**4,564**	**7,314**	**3,724**	**15,602**
Education, health and others	**5,742**	**1,163**	**109,229**	**116,134**
Household	**20,893**	**9,836**	**58,891**	**89,620**
	128,045	**88,348**	**348,004**	**564,397**
2019				
Primary agriculture	1,528	134	826	2,488
Mining and quarrying	1,097	675	3,148	4,920
Manufacturing	5,506	612	7,029	13,147
Electricity, gas and water supply	1,207	1,291	21	2,519
Construction	6,687	6,248	19,820	32,755
Real estate	18,719	5,300	3,613	27,632
Wholesale & retail trade and restaurants & hotels	10,275	2,905	16,469	29,649
Transport, storage and communication	3,853	37,166	73,778	114,797
Finance, insurance and business services	4,570	507	2,291	7,368
Education, health and others	2,461	14,833	35,158	52,452
Household	30,373	6,841	59,008	96,222
	86,276	76,512	221,161	383,949

5 CREDIT RISK (CONTINUED)

5.7 Credit quality of financial assets (continued)

Total loans, advances and financing - credit quality (continued)

Analysed by economic sectors (continued)

Expected credit losses written-off

	The Group		The Bank	
	2020 Lifetime ECL credit impaired Stage 3 RM'000	2019 Lifetime ECL credit impaired Stage 3 RM'000	**2020 Lifetime ECL credit impaired Stage 3 RM'000**	2019 Lifetime ECL credit impaired Stage 3 RM'000
Primary agriculture	**90**	479	**90**	479
Mining and quarrying	**94**	-	**94**	-
Manufacturing	**4,910**	9,374	**4,841**	9,266
Electricity, gas and water supply	**-**	17	**-**	-
Construction	**28,863**	6,801	**28,264**	6,145
Real estate	**13,166**	-	**13,166**	-
Wholesale & retail trade and restaurants & hotels	**10,455**	6,619	**10,126**	5,888
Transport, storage and communication	**64,532**	1,662	**64,369**	1,449
Finance, insurance and business services	**73,273**	2,680	**1,134**	365
Education, health and others	**83,499**	478	**62,871**	381
Household	**26,998**	54,378	**17,811**	39,021
	305,880	82,488	**202,766**	62,994

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5 CREDIT RISK (CONTINUED)

5.7 Credit quality of financial assets (continued)

Total loans, advances and financing - credit quality (continued)

Analysed by economic sectors (continued)

Past due loans/financing

The Group 2020	Stage 1 RM'000	Stage 2 RM'000	Total RM'000
Perlis	1,503	2,214	3,717
Kedah	50,933	125,292	176,225
Pulau Pinang	54,375	70,599	124,974
Perak	48,058	63,058	111,116
Selangor	377,154	405,428	782,582
Wilayah Persekutuan	265,061	384,567	649,628
Negeri Sembilan	62,113	99,367	161,480
Melaka	32,192	39,546	71,738
Johor	231,712	189,207	420,919
Pahang	34,939	28,185	63,124
Terengganu	22,246	27,562	49,808
Kelantan	14,523	17,328	31,851
Sarawak	48,726	49,664	98,390
Sabah	60,948	87,336	148,284
Labuan	20,486	-	20,486
Outside Malaysia	1,696	-	1,696
	1,326,665	1,589,353	2,916,018
2019			
Perlis	58,146	1,544	59,690
Kedah	55,271	62,552	117,823
Pulau Pinang	60,528	68,225	128,753
Perak	54,830	64,056	118,886
Selangor	434,255	377,363	811,618
Wilayah Persekutuan	235,578	111,633	347,211
Negeri Sembilan	69,620	78,777	148,397
Melaka	42,538	35,934	78,472
Johor	193,614	143,453	337,067
Pahang	36,746	21,533	58,279
Terengganu	20,838	24,466	45,304
Kelantan	13,321	15,538	28,859
Sarawak	71,448	56,992	128,440
Sabah	75,594	97,265	172,859
Labuan	2,934	-	2,934
Outside Malaysia	2	14	16
	1,425,263	1,159,345	2,584,608

5 CREDIT RISK (CONTINUED)

5.7 Credit quality of financial assets (continued)

Total loans, advances and financing - credit quality (continued)

Analysed by economic sectors (continued)

Past due loans/financing (continued)

The Bank 2020	Stage 1 RM'000	Stage 2 RM'000	Total RM'000
Perlis	**174**	**581**	**755**
Kedah	**14,726**	**21,244**	**35,970**
Pulau Pinang	**26,753**	**41,552**	**68,305**
Perak	**23,303**	**33,241**	**56,544**
Selangor	**161,921**	**196,571**	**358,492**
Wilayah Persekutuan	**176,328**	**272,191**	**448,519**
Negeri Sembilan	**25,339**	**30,937**	**56,276**
Melaka	**15,842**	**23,490**	**39,332**
Johor	**160,119**	**111,561**	**271,680**
Pahang	**12,939**	**12,081**	**25,020**
Terengganu	**1,734**	**4,541**	**6,275**
Kelantan	**3,433**	**4,391**	**7,824**
Sarawak	**42,856**	**47,428**	**90,284**
Sabah	**54,727**	**83,176**	**137,903**
Labuan	**4**	**-**	**4**
Outside Malaysia	**1,696**	**-**	**1,696**
	721,894	**882,985**	**1,604,879**
2019			
Perlis	924	570	1,494
Kedah	18,365	23,554	41,919
Pulau Pinang	36,979	39,340	76,319
Perak	30,431	34,455	64,886
Selangor	168,776	214,589	383,365
Wilayah Persekutuan	151,953	64,002	215,955
Negeri Sembilan	21,249	29,289	50,538
Melaka	27,204	20,439	47,643
Johor	112,427	82,438	194,865
Pahang	15,162	9,214	24,376
Terengganu	1,287	1,857	3,144
Kelantan	3,194	3,707	6,901
Sarawak	68,920	53,472	122,392
Sabah	69,882	89,741	159,623
Labuan	2,934	-	2,934
Outside Malaysia	2	14	16
	729,689	666,681	1,396,370

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5 CREDIT RISK (CONTINUED)

5.7 Credit quality of financial assets (continued)

Total loans, advances and financing - credit quality (continued)

Analysed by economic sectors (continued)

Expected credit losses

The Group 2020	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
Perlis	**1,371**	**32**	**1,068**	**2,471**
Kedah	**3,087**	**9,354**	**17,229**	**29,670**
Pulau Pinang	**6,418**	**7,688**	**5,646**	**19,752**
Perak	**8,022**	**1,439**	**31,604**	**41,065**
Selangor	**40,458**	**37,277**	**74,561**	**152,296**
Wilayah Persekutuan	**70,741**	**72,184**	**30,688**	**173,613**
Negeri Sembilan	**4,465**	**2,213**	**7,834**	**14,512**
Melaka	**4,246**	**2,610**	**2,831**	**9,687**
Johor	**16,062**	**8,750**	**125,709**	**150,521**
Pahang	**5,004**	**4,154**	**5,549**	**14,707**
Terengganu	**1,287**	**651**	**117,455**	**119,393**
Kelantan	**924**	**237**	**3,297**	**4,458**
Sarawak	**6,317**	**1,085**	**18,263**	**25,665**
Sabah	**8,276**	**3,528**	**9,752**	**21,556**
Labuan	**377**	**-**	**-**	**377**
Outside Malaysia	**32**	**2**	**-**	**34**
	177,087	**151,204**	**451,486**	**779,777**
2019				
Perlis	1,148	25	301	1,474
Kedah	4,140	1,591	19,380	25,111
Pulau Pinang	8,019	3,375	11,494	22,888
Perak	4,436	1,755	66,254	72,445
Selangor	44,973	11,641	58,536	115,150
Wilayah Persekutuan	28,963	10,164	27,131	66,258
Negeri Sembilan	4,610	2,366	7,147	14,123
Melaka	3,859	2,564	4,654	11,077
Johor	19,597	18,949	18,577	57,123
Pahang	4,189	1,319	6,072	11,580
Terengganu	1,536	35,963	65,828	103,327
Kelantan	852	242	2,831	3,925
Sarawak	5,580	789	3,356	9,725
Sabah	7,108	3,615	9,184	19,907
Labuan	219	-	-	219
Outside Malaysia	97	1	39,599	39,697
	139,326	94,359	340,344	574,029

5 CREDIT RISK (CONTINUED)

5.7 Credit quality of financial assets (continued)

Total loans, advances and financing - credit quality (continued)

Analysed by economic sectors (continued)

Expected credit losses (continued)

The Bank 2020	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
Perlis	**34**	**12**	**185**	**231**
Kedah	**1,237**	**346**	**15,068**	**16,651**
Pulau Pinang	**4,189**	**5,698**	**3,670**	**13,557**
Perak	**6,848**	**965**	**5,140**	**12,953**
Selangor	**26,589**	**22,530**	**32,389**	**81,508**
Wilayah Persekutuan	**58,047**	**44,793**	**18,074**	**120,914**
Negeri Sembilan	**2,292**	**737**	**2,309**	**5,338**
Melaka	**3,488**	**2,326**	**1,862**	**7,676**
Johor	**11,030**	**4,543**	**119,194**	**134,767**
Pahang	**3,729**	**3,190**	**5,115**	**12,034**
Terengganu	**112**	**359**	**115,778**	**116,249**
Kelantan	**163**	**53**	**1,759**	**1,975**
Sarawak	**4,153**	**798**	**18,166**	**23,117**
Sabah	**5,843**	**1,996**	**9,295**	**17,134**
Labuan	**259**	**-**	**-**	**259**
Outside Malaysia	**32**	**2**	**-**	**34**
	128,045	**88,348**	**348,004**	**564,397**
2019				
Perlis	48	7	201	256
Kedah	1,555	434	16,697	18,686
Pulau Pinang	5,436	2,793	8,532	16,761
Perak	2,862	1,200	40,054	44,116
Selangor	26,435	6,728	34,904	68,067
Wilayah Persekutuan	20,809	5,220	19,273	45,302
Negeri Sembilan	1,657	1,476	2,102	5,235
Melaka	2,953	2,349	3,134	8,436
Johor	12,804	16,532	13,096	42,432
Pahang	2,374	1,094	5,289	8,757
Terengganu	141	35,661	64,156	99,958
Kelantan	197	64	1,782	2,043
Sarawak	4,321	736	3,240	8,297
Sabah	4,470	2,217	8,701	15,388
Labuan	117	-	-	117
Outside Malaysia	97	1	-	98
	86,276	76,512	221,161	383,949

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6 MARKET RISK

6.1 Market risk management objectives and policies

Market risk is defined as changes in the market value of a trading or investment position arising from movements in market factors such as interest/profit rate, foreign exchange rates and implied volatility rates. The Group and the Bank's exposure to market risk results largely from interest/profit rate and foreign exchange rate risks.

Market risk may arise from proprietary trading position and investment activities (including those for liquidity requirement purposes) in the Trading and Investment Book respectively.

The Market Risk Management Framework governs the market risk activities of the Group and the Bank which are supported by a set of approved market risk management policies, guidelines and procedures.

Risk parameters are established based on risk appetite, market liquidity and business strategies as well as macro-economic conditions. These parameters are reviewed at least annually.

Market risk arising from the Trading Book is primarily controlled through the imposition of Stop-loss and Value-at-Risk ('VaR') risk parameters.

Interest/Profit rate risk is quantified by analysing the mismatches in timing repricing of the rate sensitive assets and rate sensitive liabilities. Earnings-at-Risk ('EaR') or Net Interest/Profit Income simulation is conducted to assess the variation in short-term earnings under various rates scenarios. The potential long term effect of the overall exposure is tracked by assessing the impact on Economic Value of Equity ('EVE'), also known as Economic Value-at-Risk ('EVaR'). Thresholds are set for EaR and EVaR as management triggers.

Periodic stress tests are conducted to quantify market risk arising from probability of abnormal market movements.

Risk Management Policies and Procedures

Risk management policies and procedures are reviewed and updated to ensure relevance to current business needs as well as current/applicable regulatory requirements such as BNM's policy documents on:
a) Managing Unauthorised Trading & Market Manipulation,
b) Code of Conduct for Malaysia Wholesale Financial Markets, and
c) Principles for a Fair and Effective Financial Market for Malaysian Financial Market.

6.2 Application of Standardised Approach for market risk Capital Charge Computation

The Group and the Bank adopt the Standardised Approach for the purpose of calculating the capital requirement for market risk. Refer to Appendix I.

6 MARKET RISK (CONTINUED)

6.3 Market risk measurement, control and monitoring

The Group and the Bank's market risks are measured primarily using mark-to-market revaluation and VaR methodologies. Market risk parameters are the tolerance level of risk acceptance set by the Group and the Bank to confine losses arising from adverse rate or price movements. Market risk management parameters are established based on its risk appetite, market liquidity and business strategies as well as macro-economic conditions. These parameters are reviewed at least on an annual basis.

Market risk arising from the Trading Book is primarily controlled through the imposition of Stop-loss and VaR risk parameters.

The Group and the Bank quantify interest/profit rate risk by analysing the mismatches in timing repricing of the rate sensitive assets and rate sensitive liabilities. EaR or Net Interest/Profit Income simulation is conducted to assess the variation in short term earnings under various rates scenarios. The potential long term effect of the overall exposure is tracked by assessing the impact on EVE, also known as EVaR. Thresholds are set for EaR and EVaR as management triggers.

In addition, periodic stress tests are conducted to quantify market risk arising from probability of abnormal market movements.

The GALCO and GBRMC are regularly kept informed of the Group and the Bank's risk profile and positions.

6.4 Value-at-Risk ('VaR')

Value-at-Risk ('VaR') estimates the potential loss of a trading portfolio from adverse market price movements which may occur over a specified holding period of the Trading portfolio.

It measures the risk of losses arising from potential adverse movements in interest/profit rates, implied volatility rates and foreign exchange rates that could affect values of financial instruments.

Backtesting of the VaR results is conducted to validate and reassess the accuracy of the risk measurement systems.

Other risk measures

- Mark-to-market

  Mark-to-market valuation tracks the current market value of the outstanding financial instruments.

- Stress testing

  Stress tests are conducted to attempt to quantify market risk arising from abnormal market movements. Stress tests measure the changes in values primarily arising from extreme movements in interest/profit rates and foreign exchange rates based on past experiences and simulated stress scenarios.

6.5 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. The risk of fluctuations in foreign currency exchange rates is managed via setting of thresholds on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

7 LIQUIDITY RISK

7.1 Liquidity risk management objectives and policies

Liquidity risk is the risk of inability of a bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. Liquidity risk includes the inability to manage sudden decreases or changes in funding sources. Liquidity risk also arises from the failure to recognise changes in market conditions that affect the ability to liquidate assets quickly and with minimal loss in value.

The Liquidity Risk Management Framework governs the liquidity risk management activities of the Group and the Bank. The objective of liquidity risk management is to ensure that there are sufficient funds to meet contractual and regulatory obligations without incurring unacceptable losses as well as to undertake new transactions. The Group and the Bank's liquidity management process involves establishing liquidity risk management policies and prudential thresholds, liquidity risk threshold monitoring, stress testing and establishing contingency funding plans. These building blocks of liquidity risk management are subject to regular reviews to ensure relevance in the context of prevailing market conditions and regulatory landscape.

7.2 Liquidity risk measurement, control and monitoring

The Group and the Bank's short term liquidity risk management is premised on BNM's Liquidity Coverage Ratio ('LCR') final standards. The LCR is a quantitative requirement which seeks to ensure that the Group and the Bank holds sufficient High-Quality Liquid Assets ('HQLA') to withstand a significant liquidity stress scenario over a 30-day horizon.

Long term liquidity risk profile is assessed via the Net Stable Funding Ratio ('NSFR') which promotes resilience over a longer time horizon for the Group and the Bank to fund its activities with more stable sources of funding on an ongoing basis.

The Group and the Bank also employs a set of liquidity risk indicators as an early alert of any structural change for liquidity risk management. The liquidity risk indicators include internal and external qualitative as well as quantitative indicators. Liquidity stress tests are conducted periodically and on ad-hoc basis to gauge the Group and the Bank's resilience in the event of a liquidity disruption.

The Contingency Funding Plan provides a systematic approach in handling liquidity disruption. The document encompasses strategies, decision-making authorities, and courses of action to be taken in the event of liquidity crisis and emergencies, enabling the Group and the Bank to respond to an unexpected liquidity disruption in an effective and efficient manner.

The Group Board Risk Management Committee ('GBRMC') is responsible for the Group and the Bank's liquidity policy and the strategic management of liquidity has been delegated to the Group Asset Liability Management Committee ('GALCO'). The GBRMC is informed regularly on the liquidity position of the Group and the Bank.

8 OPERATIONAL RISK

8.1 Operational risk management objectives and policies

Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or external events. The definition includes legal risk, and exposure to litigation from all aspects of the Bank's activities, but excludes strategic business, reputational and systemic risks.

The Group Operational Risk Management Framework governs the management of operational risk across the Group and the Bank. GBRMC endorses all policies changes relating to operational risk prior to Board's approval. Management Committee Meeting - Governance Risk Compliance ('MCM-GRC') supports GBRMC in the review and monitoring of operational risk and provides the forum to discuss and manage all aspects of operational risk including control lapses.

The Operational Risk Management ('ORM') function within GRM operates in independent capacity to facilitate business/support units managing the risks in activities associated with the operational function of the Group and Bank.

8 OPERATIONAL RISK (CONTINUED)

8.2 Application of Basic Indicator Approach for operational risk

The Group and the Bank adopt 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 average annual gross income over the previous three years.

8.3 Operational risk measurement, control and monitoring

Operational risks are managed daily through established systems and processes to ensure compliance with policies, guidelines and control procedures.

The Group and the Bank employ the following standard operational risk tools for risk and control identification and assessment:

- Risk Control Self Assessment ('RCSA')

- Key Control Standards ('KCS')

  Note: Process to assist Business / Support Unit to identify and assess the operational risks, identify controls and assess controls effectiveness.

- Key Risk Indicator ('KRI')

  Note: Process to monitor and manage key operational risk exposures over time, measured against a set of threshold levels (Red, Amber & Green).

- Loss Event Reporting ('LER')

  Note: Process for reporting, evaluating and monitoring operational risk loss incidents including service disruption due to system failure, secrecy breach and Shariah Non-Compliance (SNC).

- Scenario Analysis (ScAn)

  Note: Process to process in the creation of plausible operational risk events and has become an essential element in the operational risk management and measurement.

Introduction of new products or services are evaluated to assess suitability, potential risks and operational readiness.

Business Risk Compliance Manager ('BRCM') are appointed at business and support units as champions of ORM activities within respective units. The BRCM is responsible for the reporting of ORM activities and to liaise with Group Operational Risk Management on all operational defects and results.

8.4 Certification

As an internal requirement, all BRCM must satisfy an Internal Operational Risk (including business continuity management) Certification Program. These coordinators will first go through an online self learning exercise before attempting online assessments to measure their skills and knowledge level. This will enable Group Risk Management to prescribe appropriate training and development activities for the coordinators.

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9 TECHNOLOGY RISK

9.1 Technology risk objectives and policies

Technology risk is any potential for technology failures and cyber threats that may disrupt business such as failures of information technology ('IT') systems, applications, platforms or infrastructures including threats or vulnerabilities exposed from external network or Internet, which could result in financial loss, financial services disruption or the operations of the Group and the Bank.

The Group Technology Risk Management Framework governs the management of technology risk across the Group and the Bank.

The technology risk management function within GRM manages the risks associated with technology risk of the Group and the Bank. GORMC supports GBRMC in the review and monitoring of technology risks and provides the forum to discuss and manage all aspects of technology risk. GBRMC is responsible to provide oversight of overall technology related matters of the Group and the Bank.

9.2 Technology risk measurement, control and monitoring

The Group and the Bank use risk identification and assessment to determine the extent of the potential threat and the risk associated with an IT system throughout its System Development Life Cycle ('SDLC'). The output of this process helps to identify appropriate controls for reducing or eliminating 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 (i.e. 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.

10 SHARIAH NON-COMPLIANCE RISK

10.1 Shariah non-compliance risk objectives and policies

Shariah non-compliance ('SNC') risk is the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which the Bank may suffer arising from the failure to comply with the rulings of the Shariah Advisory Council of Bank Negara Malaysia ('SAC'), standards on Shariah matters issued by BNM pursuant to Section 29(1) of the Islamic Financial Services Act, or decisions or advice of the Shariah Committee.

BNM has on 20 September 2019 issued the Policy Document on Shariah Governance (BNM/RH/GL_028-100) which supercedes the Shariah Governance Framework (BNM/RH/GL_012_3) issued on 22 October 2010. The Shariah Supervision and Compliance Framework and the Bank's Shariah Risk Management Framework are the main reference for the Shariah supervision and Shariah risk management process within AFFIN Islamic Bank Berhad.

The Bank's Shariah Committee ('AISC') is established to deliberate on Shariah issues presented to them and provide resolution as well as guidance. MCM together with GBRMC assist the Board in the overall oversight of Shariah risk management of the Group.

Shariah Risk Management is part of an integrated risk management control function to systematically identify all possible risks of SNC and where appropriate, to provide mitigating measures that need to be taken to reduce the risk. The scope covers overall business activities and operations, commencing from Islamic product origination until maturity.

10 SHARIAH NON-COMPLIANCE RISK

10.2 Shariah non-compliance risk measurement, control and monitoring

SNC risk is proactively managed via the following tools and methodologies:

1. SNC Event Reporting to BNM to collect, evaluate, monitor and report Shariah loss data;
2. Shariah Risk and Control Self-Assessment ('RCSA')/Risk Profiling to assist business/functional unit to identify and assess risks and controls. RCSA will be performed annnually or as and when there is occurrence of significant events either internal or external;
3. Key Risk Indicator ('KRI') to predict and highlight any potential high risk area. These indicators will be reviewed on a periodic basis (monthly or quarterly) to alert Management to changes that may have risk concerns; and
4. Key Control Standard ('KCS') to validate the effectiveness of control measures.

10.3 Shariah non-compliance income during the year.

	The Group	
	2020 RM'000	2019 RM'000
Shariah Non-Compliant Income	**180**	-

The above amount is the amount provided for 21 customers pending execution of Akad.

The Group is completing the Tawarruq trading for all accounts involved. The Tawarruq trading is based on similar Sale Price and maturity. The amount disbursed prior to Tawarruq trading is considered as Qard. All profit earned have been reversed. After the trading has been done, the Group may immediately recognize the profit from new Tawarruq trading which equivalent to the profit amount that have been reversed

11 BUSINESS CONTINUITY RISK

11.1 Business continuity risk management objectives and policies

Business continuity risk is the risk of losses in assets, revenue, reputation and stakeholder/customer confidence due to the discontinuation of services in both business and technology operations.

The Business Continuity Management Framework governs the management of business continuity issues, in line with BNM Guidelines on Business Continuity Management ('BCM').

GBRMC approves all policies and its changes relating to business continuity management. It also reviews, monitors and discusses business continuity management reports tabled at its meetings. GORMC supports GBRMC in the review and monitoring of Business Continuity Risk and provides the forum to discuss and manage all aspects of operational risk including control lapses.

The BCM function is an independent body overseeing the management of the overall business continuity risk.

11.2 Business continuity risk measurement, control and monitoring

Annual Risk Assessment and Business Impact Analysis are made compulsory for each business and support unit in the Group and the Bank to undertake. The outcome of this assessment will translate into a risks listing that require business and support units to derive action plans to address the risks.

Risk control is established through adherence with established BCM guidelines and standards throughout the implementation of BCM programs. Rigorous testing on business continuity and disaster recovery plans are diligently performed to ensure effective and smooth execution of the plan for resumption and recovery of disrupted business.

Policies and processes are in place to support the monitoring and reporting of business continuity risks.

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The Group and the Bank have adopted Basel II - Risk Weighted Assets computation under the BNM's Risk-Weighted Capital Adequacy Framework with effect from 1 January 2008. The Group and the Bank have adopted the Standardised Approach for credit risk and market risk, and Basic Indicator Approach for operation risk computation.

The following information concerning the Group and the Bank's risk exposures are disclosed as accompanying information to the annual report, and does not form part of the audited accounts.

Disclosure on Capital Adequacy under the Standardised Approach (RM'000)

The Group
2020

	Exposure Class		Gross Exposures/ EAD before CRM	Net Exposures/ EAD after CRM	Risk Weighted Assets	Minimum Capital Requirements at 8%
1	**CREDIT RISK**					
	On-Balance Sheet Exposures					
	Corporates		20,980,267	20,318,943	18,613,449	1,489,076
	Regulatory Retail		15,491,892	14,106,008	10,614,692	849,175
	Other Assets		3,007,592	3,007,592	2,019,959	161,597
	Sovereigns/Central Banks		14,574,040	14,574,040	2,075	166
	Banks, Development Financial Institutions & MDBs		1,823,803	1,820,373	475,620	38,050
	Insurance Companies, Securities Firms & Fund Managers		5,441	5,441	5,441	435
	Residential Mortgages		10,496,933	10,466,417	6,188,908	495,113
	Higher Risk Assets		5,412	5,412	8,119	649
	Defaulted Exposures		1,281,384	1,256,317	1,545,350	123,628
	Total for On-Balance Sheet Exposures		67,666,764	65,560,543	39,473,613	3,157,889
	Off-Balance Sheet Exposures					
	Off-Balance Sheet Exposures other than OTC derivatives or credit derivatives		4,299,842	4,299,842	3,216,586	257,327
	Defaulted Exposures		11,157	11,157	16,002	1,280
	Total for Off-Balance Sheet Exposures		4,310,999	4,310,999	3,232,588	258,607
	Total for On and Off-Balance Sheet Exposures		71,977,763	69,871,542	42,706,201	3,416,496
2	**MARKET RISK**	Long Position	Short Position			
	Interest Rate Risk	24,594,399	24,591,227	3,172	436,690	34,935
	Equity Position Risk	110,998	404	110,594	304,472	24,358
	Foreign Currency Risk	3,921,630	3,906,485	15,145	48,496	3,880
	Option Risk	17,792	-	17,792	24,464	1,957
3	**OPERATIONAL RISK**					
	Operational Risk				3,403,394	272,272
	Total RWA and Capital Requirements				46,923,717	3,753,898

OTC 'Over The Counter'

APPENDIX I

BASEL II PILLAR 3 DISCLOSURES

AS AT 31ST DECEMBER 2020

Disclosure on Capital Adequacy under the Standardised Approach (RM'000) (Continued)

The Group
2019

	Exposure Class		Gross Exposures/ EAD before CRM	Net Exposures/ EAD after CRM	Risk Weighted Assets	Minimum Capital Requirements at 8%
1	CREDIT RISK					
	On-Balance Sheet Exposures					
	Corporates		25,009,365	24,302,626	19,879,975	1,590,398
	Regulatory Retail		14,435,610	13,443,974	10,155,049	812,404
	Other Assets		3,465,960	3,465,960	1,445,803	115,664
	Sovereigns/Central Banks		10,427,556	10,427,486	4,259	341
	Banks, Development Financial Institutions & MDBs		1,061,931	1,061,931	215,524	17,242
	Insurance Companies, Securities Firms & Fund Managers		193,172	193,172	169,150	13,532
	Residential Mortgages		10,014,444	9,985,474	5,656,725	452,538
	Higher Risk Assets		121,556	117,471	173,065	13,845
	Defaulted Exposures		1,231,213	1,210,514	1,595,989	127,679
	Total for On-Balance Sheet Exposures		65,960,807	64,208,608	39,295,539	3,143,643
	Off-Balance Sheet Exposures					
	Off-Balance Sheet Exposures other than OTC derivatives or credit derivatives		4,408,852	4,408,852	3,317,637	265,411
	Defaulted Exposures		21,752	21,752	31,500	2,520
	Total for Off-Balance Sheet Exposures		4,430,604	4,430,604	3,349,137	267,931
	Total for On and Off-Balance Sheet Exposures		70,391,411	68,639,212	42,644,676	3,411,574
2	MARKET RISK	Long Position	Short Position			
	Interest Rate Risk	18,872,534	18,754,174	118,360	284,165	22,733
	Equity Position Risk	47,527	4,289	43,238	133,326	10,666
	Foreign Currency Risk	2,638,778	2,692,495	(53,717)	70,931	5,674
3	OPERATIONAL RISK					
	Operational Risk				3,184,235	254,739
	Total RWA and Capital Requirements				46,317,333	3,705,386

OTC 'Over The Counter'

BASEL II
PILLAR 3 DISCLOSURES

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Disclosure on Capital Adequacy under the Standardised Approach (RM'000) (Continued)

The Bank
2020

	Exposure Class		Gross Exposures/ EAD before CRM	Net Exposures/ EAD after CRM	Risk Weighted Assets	Minimum Capital Requirements at 8%
1	**CREDIT RISK**					
	On-Balance Sheet Exposures					
	Corporates		14,197,229	13,722,467	12,714,829	1,017,186
	Regulatory Retail		10,175,471	9,664,257	7,279,906	582,392
	Other Assets		2,440,859	2,440,859	1,501,094	120,088
	Sovereigns/Central Banks		5,844,855	5,844,855	-	-
	Banks, Development Financial Institutions & MDBs		1,435,260	1,434,495	594,055	47,524
	Residential Mortgages		2,856,263	2,838,478	1,370,521	109,642
	Higher Risk Assets		4,321	4,321	6,482	519
	Defaulted Exposures		976,048	951,004	1,201,746	96,140
	Total for On-Balance Sheet Exposures		37,930,306	36,900,736	24,668,633	1,973,491
	Off-Balance Sheet Exposures					
	Off-Balance Sheet Exposures other than OTC derivatives or credit derivatives		2,826,228	2,826,228	2,204,529	176,362
	Defaulted Exposures		10,406	10,406	15,429	1,234
	Total for Off-Balance Sheet Exposures		2,836,634	2,836,634	2,219,958	177,596
	Total for On and Off-Balance Sheet Exposures		40,766,940	39,737,370	26,888,591	2,151,087
2	**MARKET RISK**	**Long Position**	**Short Position**			
	Interest Rate Risk	12,968,499	12,969,875	(1,377)	359,365	28,749
	Foreign Currency Risk	14,302	407	13,895	14,302	1,144
3	**OPERATIONAL RISK**					
	Operational Risk				1,657,613	132,609
	Total RWA and Capital Requirements				28,919,871	2,313,589

OTC 'Over The Counter'

APPENDIX I

BASEL II PILLAR 3 DISCLOSURES

AS AT 31ST DECEMBER 2020

Disclosure on Capital Adequacy under the Standardised Approach (RM'000) (Continued)

The Bank
2019

	Exposure Class		Gross Exposures/ EAD before CRM	Net Exposures/ EAD after CRM	Risk Weighted Assets	Minimum Capital Requirements at 8%
1	CREDIT RISK					
	On-Balance Sheet Exposures					
	Corporates		17,541,740	16,971,847	14,201,190	1,136,095
	Regulatory Retail		9,195,760	8,833,193	6,692,574	535,406
	Other Assets		2,437,258	2,437,258	1,017,388	81,391
	Sovereigns/Central Banks		3,781,791	3,781,721	-	-
	Banks, Development Financial Institutions & MDBs		1,345,586	1,345,586	589,690	47,175
	Insurance Companies, Securities Firms & Fund Managers		192,765	192,765	168,743	13,500
	Residential Mortgages		2,837,807	2,823,150	1,342,063	107,365
	Higher Risk Assets		4,279	4,279	6,418	513
	Defaulted Exposures		895,716	875,159	1,196,582	95,727
	Total for On-Balance Sheet Exposures		38,232,702	37,264,958	25,214,648	2,017,172
	Off-Balance Sheet Exposures					
	Off-Balance Sheet Exposures other than OTC derivatives or credit derivatives		2,920,424	2,920,424	2,338,666	187,093
	Defaulted Exposures		19,598	19,598	29,143	2,331
	Total for Off-Balance Sheet Exposures		2,940,022	2,940,022	2,367,809	189,424
	Total for On and Off-Balance Sheet Exposures		41,172,724	40,204,980	27,582,457	2,206,596
2	MARKET RISK	Long Position	Short Position			
	Interest Rate Risk	11,328,535	11,344,483	(15,948)	270,941	21,675
	Foreign Currency Risk	13,853	19,458	(5,605)	19,458	1,557
3	OPERATIONAL RISK					
	Operational Risk				1,774,869	141,990
	Total RWA and Capital Requirements				29,647,725	2,371,818

OTC 'Over The Counter'

Market risk is defined as changes in the market value of a trading or investment position arising from movements in market factors such as interest/profit rate, foreign exchange rates and implied volatility rates. The Group and the Bank's Capital-at-Risk ('CaR') is defined as the amount of the Group and the Bank's capital that is exposed to the risk of unexpected losses arising particularly from movements in interest/profit and foreign exchange rates. A CaR reference threshold is set as a management trigger to ensure that the Group and the Bank's capital adequacy are not impinged upon in the event of adverse market movements. The Group and the Bank currently adopt BNM's Standardised Approach for the computation of market risk capital charges. The market risk capital charge addresses among others, capital requirement for market risk which includes the interest/profit rate risk in the Group and the Bank's Trading Book as well as foreign exchange risk in the Trading and Banking Books.

The computation of market risk capital charge covers the following outstanding financial instruments:

(a) Foreign Exchange ('FX')
(b) Interest Rate Swap ('IRS')
(c) Cross Currency Swap ('CCS')
(d) Fixed Income Instruments (i.e. Corporate Bonds/Sukuk and Government Securities)
(e) FX Options

The Bank's Trading Book Policy Statement stipulates the policies and procedures for including or excluding exposures from the Trading Book for the purpose of calculating regulatory market risk capital.

BASEL II
PILLAR 3 DISCLOSURES

AS AT 31ST DECEMBER 2020

Disclosure on Credit Risk: Disclosures on Risk Weights under the Standardised Approach (RM'000)
The Group
2020

	Exposures after Netting and Credit Risk Mitigation													
Risk Weights	Sovereigns & Central Banks	PSEs	Banks, MDBs and FDIs	Insurance Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing / Investment	Securitisation	Equity	Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
0%	14,581,936	-	-	-	-	-	-	-	421,379	-	-	-	15,003,315	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	61,251	-	2,085,112	-	2,132,848	155	-	-	707,905	-	-	-	4,987,271	997,454
35%	-	-	-	-	-	-	5,193,004	-	-	-	-	-	5,193,004	1,817,551
50%	-	-	493,508	-	325,841	3,911	2,197,942	-	-	-	-	-	3,021,202	1,510,602
75%	-	-	-	-	-	14,647,216	41,228	-	-	-	-	-	14,688,444	11,016,333
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	6,336	-	14,138	54,907	20,739,533	72,539	3,440,548	-	1,878,396	-	-	-	26,206,397	26,206,397
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	664,830	97,337	-	9,742	-	-	-	-	771,909	1,157,864
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight											-		-	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	

PSE 'Public Sector Entities'
MDB 'Multilateral Development Banks'
FDI 'Financial Development Institutions'

Disclosure on Credit Risk: Disclosures on Risk Weights under the Standardised Approach (RM'000) (continued)
The Group
2019

	Exposures after Netting and Credit Risk Mitigation													
Risk Weights	Sovereigns & Central Banks	PSEs	Banks, MDBs and FDIs	Insurance Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing / Investment	Securitisation	Equity	Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
0%	10,461,375	-	35,504	-	2,563,106	-	-	-	1,860,871	-	-	-	14,920,856	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	99,007	-	1,369,646	30,027	2,475,595	382	-	-	199,109	-	-	-	4,173,766	834,753
35%	-	-	-	-	-	-	5,504,280	-	-	-	-	-	5,504,280	1,926,498
50%	-	-	107,481	-	398,988	1,383	1,900,105	3,141	-	-	-	-	2,411,098	1,205,550
75%	-	-	-	-	-	13,686,402	36,649	-	-	-	-	-	13,723,051	10,292,288
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	14,699	197,070	21,978,795	254,085	3,096,388	291	1,405,981	-	-	-	26,947,309	26,947,309
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	694,224	72,580	72,444	119,604	-	-	-	-	958,852	1,438,278
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight											-		-	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	-

PSE 'Public Sector Entities'
MDB 'Multilateral Development Banks'
FDI 'Financial Development Institutions'

BASEL II
PILLAR 3 DISCLOSURES

AS AT 31ST DECEMBER 2020

Disclosure on Credit Risk: Disclosures on Risk Weights under the Standardised Approach (RM'000) (continued)
The Bank
2020

	Exposures after Netting and Credit Risk Mitigation													
Risk Weights	Sovereigns & Central Banks	PSEs	Banks, MDBs and FDIs	Insurance Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing / Investment	Securitisation	Equity	Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
0%	5,845,214	-	-	-	-	-	-	-	388,900	-	-	-	6,234,114	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	1,540	-	759,219	-	1,332,763	155	-	-	688,581	-	-	-	2,782,258	556,452
35%	-	-	-	-	-	-	2,038,696	-	-	-	-	-	2,038,696	713,543
50%	-	-	1,151,042	-	144,330	3,859	332,430	-	-	-	-	-	1,631,661	815,830
75%	-	-	-	-	-	10,147,148	35,372	-	-	-	-	-	10,182,520	7,636,890
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	4,615	-	11,644	39,455	14,259,129	59,617	534,773	-	1,363,378	-	-	-	16,272,611	16,272,610
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	491,840	95,755	-	7,915	-	-	-	-	595,510	893,266
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight											-		-	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	-

PSE 'Public Sector Entities'
MDB 'Multilateral Development Banks'
FDI 'Financial Development Institutions'

BASEL II
PILLAR 3 DISCLOSURES

AS AT 31ST DECEMBER 2020

APPENDIX II

Disclosure on Credit Risk: Disclosures on Risk Weights under the Standardised Approach (RM'000) (continued)
The Bank
2019

Risk Weights	Exposures after Netting and Credit Risk Mitigation												Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, MDBs and FDIs	Insurance Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing / Investment	Securitisation	Equity		
0%	3,782,021	-	25,404	-	2,075,443	-	-	-	1,269,380	-	-	-	7,152,248	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	22,474	-	470,462	30,027	1,053,410	382	-	-	188,113	-	-	-	1,764,868	352,974
35%	-	-	-	-	-	-	2,082,291	-	-	-	-	-	2,082,291	728,802
50%	-	-	1,154,986	-	197,124	289	273,168	-	-	-	-	-	1,625,567	812,783
75%	-	-	-	-	-	8,943,826	33,746	-	-	-	-	-	8,977,572	6,733,179
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	13,016	192,265	15,898,606	236,946	577,169	100	979,765	-	-	-	17,897,867	17,897,867
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	584,641	64,189	47,046	8,691	-	-	-	-	704,567	1,056,852
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight											-		-	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	

PSE 'Public Sector Entities'
MDB 'Multilateral Development Banks'
FDI 'Financial Development Institutions'

BASEL II
PILLAR 3 DISCLOSURES

APPENDIX III

AS AT 31ST DECEMBER 2020

(i) Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000)

The Group
2020

		Ratings of Corporate by Approved ECAIs				
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Exposure Class	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off-Balance-Sheet Exposures						
Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-		54,907
Corporates		865,349	121,902	38,154	-	22,837,647
Total		865,349	121,902	38,154	-	22,892,554

		Short term Ratings of Banking Institutions and Corporate by Approved ECAIs				
	Moodys	P-1	P-2	P-3	Others	Unrated
	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+, F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3	MARC-4	Unrated
Exposure Class	Rating & Investment Inc	a-1+, a-1	a-2	a-3	b, c	Unrated
On and Off-Balance-Sheet Exposures						
Banks, MDBs and FDIs		-	-	-	-	-
Rated Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	-
Corporates		-	-	-	-	-
Total		-	-	-	-	-

APPENDIX III

BASEL II PILLAR 3 DISCLOSURES

AS AT 31ST DECEMBER 2020

(i) Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)

The Group
2019

	Ratings of Corporate by Approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Exposure Class	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off-Balance-Sheet Exposures						
Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	227,097
Corporates		641,742	1,065,789	122,587	-	26,280,590
Total		641,742	1,065,789	122,587	-	26,507,687

	Short term Ratings of Banking Institutions and Corporate by Approved ECAIs					
	Moodys	P-1	P-2	P-3	Others	Unrated
	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+, F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3	MARC-4	Unrated
Exposure Class	Rating & Investment Inc	a-1+, a-1	a-2	a-3	b, c	Unrated
On and Off-Balance-Sheet Exposures						
Banks, MDBs and FDIs		-	-	-	-	-
Rated Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	-
Corporates		-	-	-	-	-
Total		-	-	-	-	-

BASEL II
PILLAR 3 DISCLOSURES

APPENDIX III

AS AT 31ST DECEMBER 2020

(i) Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)

The Bank
2020

	Ratings of Corporate by Approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Exposure Class	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off-Balance-Sheet Exposures						
Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	39,455
Corporates		366,690	66,437	16,264	-	15,778,671
Total		366,690	66,437	16,264	-	15,818,126

	Short term Ratings of Banking Institutions and Corporate by Approved ECAIs					
	Moodys	P-1	P-2	P-3	Others	Unrated
	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+, F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3	MARC-4	Unrated
Exposure Class	Rating & Investment Inc	a-1+, a-1	a-2	a-3	b, c	Unrated
On and Off-Balance-Sheet Exposures						
Banks, MDBs and FDIs		-	-	-	-	-
Rated Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	-
Corporates		-	-	-	-	-
Total		-	-	-	-	-

APPENDIX III

BASEL II PILLAR 3 DISCLOSURES

AS AT 31ST DECEMBER 2020

(i) Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)

The Bank
2019

	Ratings of Corporate by Approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Exposure Class	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off-Balance-Sheet Exposures						
Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	222,292
Corporates		541,913	105,292	-	-	19,162,020
Total		541,913	105,292	-	-	19,384,312

	Short term Ratings of Banking Institutions and Corporate by Approved ECAIs					
	Moodys	P-1	P-2	P-3	Others	Unrated
	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+, F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3	MARC-4	Unrated
Exposure Class	Rating & Investment Inc	a-1+, a-1	a-2	a-3	b, c	Unrated
On and Off-Balance-Sheet Exposures						
Banks, MDBs and FDIs		-	-	-	-	-
Rated Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	-
Corporates		-	-	-	-	-
Total		-	-	-	-	-

BASEL II PILLAR 3 DISCLOSURES

APPENDIX III

AS AT 31ST DECEMBER 2020

(ii) Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)

The Group
2020

	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
Exposure Class	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
<u>On and Off-Balance-Sheet Exposures</u>							
Sovereigns and Central Banks		4,294,896	8,904,029	-	-	-	1,450,598
Total		4,294,896	8,904,029	-	-	-	1,450,598

	Ratings of Banking Institutions by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3-	A1 to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
Exposure Class	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
<u>On and Off-Balance-Sheet Exposures</u>							
Banks, MDBs and FDIs		1,715,678	203,547	18,025	9,995	-	645,513
Total		1,715,678	203,547	18,025	9,995	-	645,513

(ii) Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)

The Group
2019

	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
Exposure Class	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Sovereigns and Central Banks		3,649,110	6,911,271	-	-	-	-
Total		3,649,110	6,911,271	-	-	-	-

	Ratings of Banking Institutions by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3-	A1 to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
Exposure Class	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Banks, MDBs and FDIs		1,251,039	47,346	5,063	39,356	-	184,526
Total		1,251,039	47,346	5,063	39,356	-	184,526

BASEL II
PILLAR 3 DISCLOSURES

APPENDIX III

AS AT 31ST DECEMBER 2020

(ii) Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)

The Bank
2020

		Ratings of Sovereigns and Central Banks by Approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
Exposure Class	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Sovereigns and Central Banks		471,742	4,570,678	-	-	-	808,951
Total		471,742	4,570,678	-	-	-	808,951

		Ratings of Banking Institutions by Approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3-	A1 to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
Exposure Class	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Banks, MDBs and FDIs		428,469	138,939	18,025	9,130	-	1,327,343
Total		428,469	138,939	18,025	9,130	-	1,327,343

(ii) Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)

The Bank
2019

	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
Exposure Class	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Sovereigns and Central Banks		-	3,804,494	-	-	-	-
Total		-	3,804,494	-	-	-	-

	Ratings of Banking Institutions by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3-	A1 to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
Exposure Class	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Banks, MDBs and FDIs		281,001	38,782	5,063	39,356	-	1,299,667
Total		281,001	38,782	5,063	39,356	-	1,299,667

BASEL II PILLAR 3 DISCLOSURES

APPENDIX IV

AS AT 31ST DECEMBER 2020

a) Disclosures on Credit Risk Mitigation (RM'000)

The Group
2020

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees /Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	**14,574,040**	**-**	**-**	**-**
Banks, Development Financial Institutions & MDBs	**1,823,803**	**-**	**3,428**	**-**
Insurance Cos, Securities Firms & Fund Managers	**5,441**	**-**	**-**	**-**
Corporates	**20,980,267**	**732,539**	**626,131**	**-**
Regulatory Retail	**15,491,892**	**75**	**783,917**	**-**
Residential Mortgages	**10,496,933**	**-**	**30,515**	**-**
Higher Risk Assets	**5,412**	**-**	**-**	**-**
Other Assets	**3,007,592**	**-**	**-**	**-**
Defaulted Exposures	**1,281,384**	**80**	**25,068**	**-**
Total for On-Balance Sheet Exposures	**67,666,764**	**732,694**	**1,469,059**	**-**
Off-Balance Sheet Exposures				
Off-Balance Sheet exposures other than OTC derivatives or credit derivatives	**4,299,842**	**-**	**-**	**-**
Defaulted Exposures	**11,157**	**-**	**-**	**-**
Total for Off-Balance Sheet Exposures	**4,310,999**	**-**	**-**	**-**
Total On and Off-Balance Sheet Exposures	**71,977,763**	**732,694**	**1,469,059**	**-**

2019

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees /Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	10,427,556	-	70	-
Banks, Development Financial Institutions & MDBs	1,061,931	-	-	-
Insurance Cos, Securities Firms & Fund Managers	193,172	-	-	-
Corporates	25,009,365	836,269	667,029	-
Regulatory Retail	14,435,610	302	488,319	-
Residential Mortgages	10,014,444	-	28,982	-
Higher Risk Assets	121,556	3,141	4,086	-
Other Assets	3,465,960	-	-	-
Defaulted Exposures	1,231,213	80	20,700	-
Total for On-Balance Sheet Exposures	65,960,807	839,792	1,209,186	-
Off-Balance Sheet Exposures				
Off-Balance Sheet exposures other than OTC derivatives or credit derivatives	4,408,852	-	-	-
Defaulted Exposures	21,752	-	-	-
Total for Off-Balance Sheet Exposures	4,430,604	-	-	-
Total On and Off-Balance Sheet Exposures	70,391,411	839,792	1,209,186	-

APPENDIX IV

BASEL II PILLAR 3 DISCLOSURES

AS AT 31ST DECEMBER 2020

a) Disclosures on Credit Risk Mitigation (RM'000) (continued)

The Bank
2020

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees /Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	**5,844,855**	**-**	**-**	**-**
Banks, Development Financial Institutions & MDBs	**1,435,260**	**-**	**765**	**-**
Corporates	**14,197,229**	**524,210**	**474,762**	**-**
Regulatory Retail	**10,175,471**	**75**	**511,214**	**-**
Residential Mortgages	**2,856,263**	**-**	**17,784**	**-**
Higher Risk Assets	**4,321**	**-**	**-**	**-**
Other Assets	**2,440,859**	**-**	**-**	**-**
Defaulted Exposures	**976,048**	**80**	**25,045**	**-**
Total for On-Balance Sheet Exposures	**37,930,306**	**524,365**	**1,029,570**	**-**
Off-Balance Sheet Exposures				
Off-Balance Sheet exposures other than OTC derivatives or credit derivatives	**2,826,228**	**-**	**-**	**-**
Defaulted Exposures	**10,406**	**-**	**-**	**-**
Total for Off-Balance Sheet Exposures	**2,836,634**	**-**	**-**	**-**
Total On and Off-Balance Sheet Exposures	**40,766,940**	**524,365**	**1,029,570**	**-**

2019

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees /Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	3,781,791	-	70	-
Banks, Development Financial Institutions & MDBs	1,345,586	-	-	-
Insurance Cos, Securities Firms & Fund Managers	192,765	-	-	-
Corporates	17,541,740	654,212	569,894	-
Regulatory Retail	9,195,760	302	362,736	-
Residential Mortgages	2,837,807	-	14,657	-
Higher Risk Assets	4,279	-	-	-
Other Assets	2,437,258	-	-	-
Defaulted Exposures	895,716	80	20,557	-
Total for On-Balance Sheet Exposures	38,232,702	654,594	967,914	-
Off-Balance Sheet Exposures				
Off-Balance Sheet exposures other than OTC derivatives or credit derivatives	2,920,424	-	-	-
Defaulted Exposures	19,598	-	-	-
Total for Off-Balance Sheet Exposures	2,940,022	-	-	-
Total On and Off-Balance Sheet Exposures	41,172,724	654,594	967,914	-

BASEL II
PILLAR 3 DISCLOSURES

APPENDIX IV

AS AT 31ST DECEMBER 2020

b) Disclosure on Off-Balance Sheet and Counterparty Credit Risk (RM'000)

Counterparty Credit Risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cashflows. An economic loss could occur if the transactions with the counterparty has a positive economic value for the Bank at the time of default.

In contrast to the exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, Counterparty Credit Risk creates a bilateral risk of loss where the market value for many types of transactions can be positive or negative to either counterparty.

In respect of off-balance sheet items, the credit risk inherent in each off-balance sheet instrument is translated into an on-balance sheet exposure equivalent (credit equivalent) by multiplying the nominal principal amount with a credit conversion factor ('CCF') as prescribed by the Standardised Approach under the Risk Weighted Capital Adequacy Framework. The resulting amount is then weighted against the risk weight of the counterparty. In addition, counterparty risk weights for over-the-counter ('OTC') derivative transactions will be determined based on the external rating of the counterparty and will not be subject to any specific ceiling.

The Group
2020

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Amount
Direct Credit Substitutes	501,472	-	501,472	469,006
Transaction related contingent items	1,640,080	-	807,065	748,646
Short Term Self Liquidating trade related contingencies	450,212	-	90,042	43,141
Foreign exchange related contracts				
One year or less	18,864,614	275,590	527,308	198,080
Over one year to five years	1,019,409	19,996	90,550	44,601
Interest/Profit rate related contracts				
One year or less	447,000	1,600	2,256	471
Over one year to five years	4,063,000	81,933	169,886	45,911
Over five years	755,000	9,175	57,095	15,567
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,749,812	-	873,762	664,511
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	5,114,530	-	1,022,712	877,512
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	783,018	-	-	-
Unutilised credit card lines	844,254	-	168,851	125,143
Total	36,232,401	388,294	4,310,999	3,232,589

b) Disclosure on Off-Balance Sheet and Counterparty Credit Risk (RM'000) (continued)

The Group
2019

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Amount
Direct Credit Substitutes	556,462	-	556,462	522,344
Transaction related contingent items	1,969,168	-	984,584	917,071
Short Term Self Liquidating trade related contingencies	454,792	-	90,958	46,254
Foreign exchange related contracts				
One year or less	13,000,360	112,229	298,446	118,074
Over one year to five years	927,491	14,142	77,658	39,206
Interest/Profit rate related contracts				
One year or less	873,148	918	1,973	524
Over one year to five years	3,710,000	30,839	126,234	35,180
Over five years	300,000	6,740	23,827	6,875
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,913,716	-	956,858	689,172
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	6,020,758	-	1,204,152	892,739
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	578,072	-	-	-
Unutilised credit card lines	547,266	-	109,453	81,698
Total	30,851,233	164,868	4,430,605	3,349,137

BASEL II
PILLAR 3 DISCLOSURES

APPENDIX IV

AS AT 31ST DECEMBER 2020

b) Disclosure on Off-Balance Sheet and Counterparty Credit Risk (RM'000)

The Bank
2020

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Amount
Direct Credit Substitutes	**432,764**	**-**	**432,764**	**400,260**
Transaction related contingent items	**1,184,737**	**-**	**592,368**	**533,992**
Short Term Self Liquidating trade related contingencies	**156,180**	**-**	**31,236**	**30,687**
Foreign exchange related contracts				
One year or less	**10,640,270**	**182,057**	**321,509**	**93,809**
Over one year to five years	**207,100**	**7,411**	**12,877**	**2,575**
Interest/Profit rate related contracts				
One year or less	**57,000**	**670**	**591**	**138**
Over one year to five years	**1,513,000**	**31,869**	**62,222**	**23,268**
Over five years	**755,000**	**9,175**	**57,095**	**15,567**
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	**912,497**	**-**	**455,987**	**385,485**
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	**3,716,393**	**-**	**743,084**	**640,498**
Unutilised credit card lines	**634,499**	**-**	**126,900**	**93,679**
Total	**20,209,440**	**231,182**	**2,836,633**	**2,219,958**

2019

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Amount
Direct Credit Substitutes	445,758	-	445,758	411,641
Transaction related contingent items	1,494,531	-	747,265	692,235
Short Term Self Liquidating trade related contingencies	175,032	-	35,007	34,491
Foreign exchange related contracts				
One year or less	9,812,356	93,613	230,728	83,065
Over one year to five years	207,100	1,456	18,705	3,741
Interest/Profit rate related contracts				
One year or less	23,148	353	58	29
Over one year to five years	1,480,000	17,120	55,015	19,376
Over five years	270,000	5,683	21,270	6,365
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	797,622	-	398,811	344,872
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	4,556,911	-	911,382	715,403
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	37,322	-	-	-
Unutilised credit card lines	380,117	-	76,023	56,591
Total	19,679,897	118,225	2,940,022	2,367,809

c) Disclosures on Market Risk - Interest/Profit Rate Risk in the Banking Book

Interest/Profit rate risk is the risk to earnings and capital arising from exposure to adverse movements in interest/profit rates mainly due to mismatches in timing repricing of assets and liabilities. These mismatches are actively managed from an earnings and economic value perspective.

The objective of interest/profit rate risk management is to achieve a stable and sustainable net interest/profit income from the following perspectives:

(1) Next 12 months' Earnings - Interest/Profit rate risk from the earnings perspective is the impact based on changes to the net interest/profit income ('NII') over the next 12 months. This risk is measured through sensitivity analysis including the application of an instantaneous 100 basis point parallel shock in interest/profit rates across the yield curve.

(2) Economic Value - Measuring the change in the Economic Value of Equity ('EVE') is an assessment of the long term impact to the Group and the Bank's capital. This is assessed through the application of relevant duration factors to capture the net economic value impact over the long term or total life of all balance sheet assets and liabilities to adverse changes in interest/profit rates.

Interest/Profit rate risk thresholds are established in line with the Group and the Bank's strategy and risk appetite. These thresholds are reviewed regularly to ensure relevance in the context of prevailing market conditions.

	The Group Impact on Positions (100 basis points) Parallel Shift		The Bank Impact on Positions (100 basis points) Parallel Shift	
Type of Currency (RM million)	**Increase/ (Decline) in Earnings**	**Increase/ (Decline) in Economic Value**	**Increase/ (Decline) in Earnings**	**Increase/ (Decline) in Economic Value**
2020				
Ringgit Malaysia	**28.4**	**694.6**	**14.9**	**336.4**
US Dollar	**1.0**	**3.1**	**5.3**	**1.1**
Euro	**(0.4)**	**(0.4)**	**(0.4)**	**(0.4)**
Singapore Dollar	**(0.3)**	**0.3**	**(0.2)**	**-**
Others (#)	**(0.4)**	**-**	**(0.4)**	**-**
Total	**28.3**	**697.6**	**19.2**	**337.1**
2019				
Ringgit Malaysia	33.2	631.1	14.2	295.5
US Dollar	(1.6)	11.0	2.6	7.2
Euro	(0.5)	-	(0.5)	-
Great Britain Pound	(0.1)	-	(0.1)	-
Australian Dollar	(0.3)	-	(0.3)	-
Singapore Dollar	(0.1)	1.7	(0.2)	-
Others (#)	(0.2)	-	(0.1)	-
Total	30.4	643.8	15.6	302.7

\# Others comprise of CNH, NZD and HKD currencies where the amount of each currency is relatively small.

ADDITIONAL DISCLOSURE

PURSUANT TO LISTING REQUIREMENTS

The information set out below is disclosed in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**"):

1. Utilisation of proceeds raised from corporate proposals

There were no proceeds raised from corporate proposals during the financial year.

2. Materials Contracts

There were no material contracts entered into by AFFIN Bank and/or its subsidiary companies involving the interests of directors or major shareholders which subsisted at the end of the financial year ended 31 December 2020 or, if not then subsisting entered into since the end of the previous financial year.

3. Recurrent Related Party Transactions of a Revenue or Trading Nature

At the Annual General Meeting held on 27 July 2020, AFFIN Bank had obtained shareholders' mandate to allow AFFIN Bank and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, which are necessary for the day-to-day operations of AFFIN Bank and/or its subsidiaries within the ordinary course of business of AFFIN Bank and/or its subsidiaries ("**Shareholders' Mandate**").

In accordance with Section 3.1.5 of Practice Note No. 12 of the Listing Requirements, the details of the RRPTs conducted during the financial year ended 31 December 2020 by AFFIN Bank and its subsidiaries under the Shareholders' Mandate are disclosed as follows:-

Name of Company	Related Company	Nature of Transaction	Interested Directors/Major Shareholders/Person(s) Connected to Interested Directors or Interested Major Shareholders	Value of Transaction RM'000
AFFIN Bank	Perbadanan Perwira Niaga Malaysia	Rental payment by AFFIN Bank for office premises, service charge and space for Automated Teller Machine (ATM) at various locations for a lease period ranging from two (2) to three (3) years	<u>Interested Director</u> Mohd Suffian bin Haji Haron <u>Interested Major Shareholder</u> LTAT	154
	Boustead Travel Services Sdn Bhd ("**Boustead Travel**")	Provision of travelling related services to AFFIN Bank	<u>Interested Director</u> Mohd Suffian bin Haji Haron <u>Interested Major Shareholders</u> LTAT and Boustead	214
	Boustead Properties Sdn Bhd ("**Boustead Properties**")	Rental payment by AFFIN Bank for office premises and car park payable monthly for a lease term renewable every five (5) years (Menara AFFIN)	<u>Interested Director</u> Mohd Suffian bin Haji Haron <u>Interested Major Shareholders</u> LTAT and Boustead	12,286
	Lembaga Tabung Angkatan Tentera ("**LTAT**")	Rental payment by AFFIN Bank for office premises and car park payable monthly for a lease term renewable every three (3) years	<u>Interested Director</u> Mohd Suffian bin Haji Haron <u>Interested Major Shareholder</u> LTAT	318

ADDITIONAL DISCLOSURE

PURSUANT TO LISTING REQUIREMENTS

Name of Company	Related Company	Nature of Transaction	Interested Directors/Major Shareholders/Person(s) Connected to Interested Directors or Interested Major Shareholders	Value of Transaction RM'000
AFFIN Bank (continued)	Boustead Curve Sdn Bhd ("**Boustead Curve**")	Rental payment by AFFIN Bank for office premises, car parking and utilities charges for a lease term renewable every three (3) years and payment for other related services (The Curve)	Interested Director Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	207
	Boustead Hotels & Resorts Sdn Bhd ("**Boustead Hotels & Resorts**")	Hotel facilities and refreshment provided to AFFIN Bank	Interested Director Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	78
	Boustead Hotels & Resorts	Rental payment by AFFIN Bank for space of ATM machine at The Royale Chulan Kuala Lumpur Hotel	Interested Director Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	12
	Boustead Petroleum Marketing Sdn Bhd ("**Boustead Petroleum**")	LED advertising charges and related expenses to AFFIN Bank	Interested Director Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	28
	Boustead Petroleum	Rental payment by AFFIN Bank for space of ATM machine at BHP petrol stations	Interested Director Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	189
	Boustead Ikano Sdn Bhd	Rental payment by AFFIN Bank for branch premises payable monthly for a lease term renewable every three (3) years (MyTown branch)	Interested Director Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	281
	Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin	Rental payment by AFFIN Bank for branch premises payable monthly for a lease term renewable every three (3) years (Kulai)	Interested Director Mohd Suffian bin Haji Haron Interested Major Shareholder LTAT	70
	Boustead Weld Quay Sdn Bhd	Hotel facilities and refreshment provided to AFFIN Bank for staff in-house training and other expenses	Interested Director Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	3

ADDITIONAL DISCLOSURE

PURSUANT TO LISTING REQUIREMENTS

Name of Company	Related Company	Nature of Transaction	Interested Directors/Major Shareholders/Person(s) Connected to Interested Directors or Interested Major Shareholders	Value of Transaction RM'000
AFFIN Islamic	Boustead Travel	Provision of travelling related services to AFFIN Islamic	Interested Director Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	28
	Boustead Hotels & Resorts	Hotel facilities and refreshment provided to AFFIN Islamic	Interested Director Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	-
AFFIN Hwang Investment Bank Berhad ("**AFFIN Hwang IB**")	Boustead Realty Sdn Bhd ("**Boustead Realty**")	Rental payment by AFFIN Hwang IB for office premises, car parking and utilities charges for a lease term renewable every three (3) years and payment for other related services (Menara Boustead)	Interested Director Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	2,453
	Boustead Travel	Provision of travelling related services to AFFIN Hwang IB	Interested Director Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	64
	Boustead Petroleum	Petrol consumption	Interested Director Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	-
	Irat	Rental payment by AFFIN Hwang IB for office premises, car parking and utilities charges for a renewable lease term every three (3) years and payment for other related services (Chulan Tower)	Interested Director Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	2,293
	Boustead Hotels & Resorts	Hotel facilities and refreshment provided to AFFIN Hwang IB for staff in-house training and other expenses	Interested Director Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	7
	Boustead Weld Quay Sdn Bhd	Accommodation and meeting package	Interested Director Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	5

ADDITIONAL DISCLOSURE

PURSUANT TO LISTING REQUIREMENTS

Name of Company	Related Company	Nature of Transaction	Interested Directors/Major Shareholders/Person(s) Connected to Interested Directors or Interested Major Shareholders	Value of Transaction RM'000
AFFIN Hwang Asset Management Berhad ("**AFFIN Hwang Asset Management**")	LTAT	Management fees payable by LTAT to AFFIN Hwang Asset Management	Interested Director Mohd Suffian bin Haji Haron Interested Major Shareholder LTAT	241
	Boustead Travel	Provision of travelling related services to AFFIN Hwang Asset Management	Interested Director Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	18
	Boustead Hotels & Resorts	Hotel facilities and refreshment provided to AFFIN Hwang Asset Management for staff in-house training and other expenses	Interested Director Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	-
	Boustead Realty	Rental payment by AFFIN Hwang Asset Management for office premises and car park payable monthly for a lease term renewable every three (3) years and payment for other related services	Interested Director Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	3,028
	Nikko Asset Management	Management fees payable by AFFIN Hwang Asset Management to Nikko Asset Management	Interested Director David Jonathan Semaya Interested Major Shareholder Nikko Asset Management	1,222
	Nikko Asset Management	Advisory fees payable by AFFIN Hwang Asset Management to Nikko Asset Management	Interested Director David Jonathan Semaya Interested Major Shareholder Nikko Asset Management	1,117
	Nikko Asset Management	Other fees and commission payable by Nikko Asset Management to AFFIN Hwang Asset Management	Interested Director David Jonathan Semaya Interested Major Shareholder Nikko Asset Management	2,819

ADDITIONAL DISCLOSURE

PURSUANT TO LISTING REQUIREMENTS

Name of Company	Related Company	Nature of Transaction	Interested Directors/Major Shareholders/Person(s) Connected to Interested Directors or Interested Major Shareholders	Value of Transaction RM'000
AFFIN Moneybrokers Sdn Bhd ("**AFFIN Moneybrokers**")	Boustead Realty	Rental payment by AFFIN Moneybrokers for office premises and car park payable monthly for a lease term renewable every three (3) years and payment for other related services	Interested Director Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	382
	Boustead Travel	Provision of travelling related services to AFFIN Moneybrokers	Interested Director Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	103
AXA AFFIN Life Insurance Berhad ("**AXA AFFIN Life**")	Irat	Rental payment by AXA AFFIN Life for office premises, car park and utilities charges for lease term renewable every three (3) years and payment for other related services	Interested Director Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	1,820
	AXA Asia Pacific Ltd	Provision of information technology and other support services to AXA AFFIN Life	Interested Directors Rohit Chandrasekharan Nambiar and Jean Paul Dominique Louis Drouffe Interested Major Shareholder AXA Asia Pacific Ltd	(472)
	AXA Group Operations Hong Kong Limited (formerly known as AXA Technology Services Asia (HK) Limited	Provision of information technology and other support services to AXA AFFIN Life	Interested Directors Rohit Chandrasekharan Nambiar and Jean Paul Dominique Louis Drouffe Interested Major Shareholder AXA Asia	10,664
	AXA Group Operations Hong Kong Limited (formerly known as AXA Technology Services Asia (HK) Limited	Software development and license fees charged by AXA Technology Services to AXA AFFIN Life	Interested Directors Rohit Chandrasekharan Nambiar and Jean Paul Dominique Louis Drouffe Interested Major Shareholder AXA Asia	4,923

ADDITIONAL DISCLOSURE

PURSUANT TO LISTING REQUIREMENTS

Name of Company	Related Company	Nature of Transaction	Interested Directors/Major Shareholders/Person(s) Connected to Interested Directors or Interested Major Shareholders	Value of Transaction RM'000
AXA AFFIN Life (continued)	Boustead Travel	Provision of travelling related services to AXA AFFIN Life	Interested Director Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	-
	Boustead Hotels & Resorts	Hotel facilities and refreshment provided to AXA AFFIN Life	Interested Director Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	9
	AXA Group Operations SAS (formerly known as AXA Services SAS)	Provision of information technology and other support services to AXA AFFIN Life	Interested Directors Rohit Chandrasekharan Nambiar and Jean Paul Dominique Louis Drouffe Interested Major Shareholder AXA Asia	50
	AXA Group Operations Malaysia Sdn Bhd (formerly known as AXA Shared Service Centre Malaysia Sdn Bhd)	Provision of actuarial services to AXA AFFIN Life	Interested Directors Rohit Chandrasekharan Nambiar and Jean Paul Dominique Louis Drouffe Interested Major Shareholder AXA Asia	1,315
AIIMAN Asset Management	Boustead Travel	Provision of travelling related services to AIIMAN Asset Management	Interested Director Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	1
	Nikko Asset Management	Advisory fees payable by AIIMAN Asset Management to Nikko Asset Management	Interested Director David Jonathan Semaya Interested Major Shareholder Nikko Asset Management	127
Total				**46,057**

LIST OF PROPERTIES

AS AT 31 DECEMBER 2020

NO .	TITLE/MUKIM	ADDRESS/PROPERTY	DESCRIPTION/ EXISTING USE	TENURE	SITE AREA (sq ft)	APPROX AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31/12/2020 (RM)
1	GERAN NO. HAKMILIK 75550 LOT 1207 SEKSYEN 62 (previously Lot 13151) GERAN NO. HAKMILIK 76429 LOT 20006 SEKSYEN 62 (previously Lot 11641) BANDAR & DISTRICT OF KUALA LUMPUR WILAYAH PERSEKUTUAN KUALA LUMPUR	TRX DISTRICT PLOT C7.9-CT	COMMERCIAL LAND	FREEHOLD	LAND : 54,266	-	259,831,312
2	LOT 51412 & 51413 HS(D) 23844 & 23843 P.T. 3479 & 3480 MUKIM OF KUALA LUMPUR DISTRICT OF WILAYAH PERSEKUTUAN	NO. 4 & 6 JALAN TELAWI 3 BANGSAR BARU 59100 KUALA LUMPUR	2 UNITS 3 STOREY SHOP OFFICE / BRANCH PREMISES	FREEHOLD	LAND : 4,659 BUILT-UP : 11,858	29	2,799,738
3	HS(D) 52849,52850, 52988 & 52989 PT 2, 3, 6620 & 6621 MUKIM OF BATU DISTRICT OF WILAYAH PERSEKUTUAN	NO. 81, 83 & 85 JALAN 2/3A PUSAT PASAR BORONG KM 12, JALAN IPOH 68100 BATU CAVES KUALA LUMPUR	3 UNITS 4 STOREY SHOP OFFICE / BRANCH PREMISES	LEASEHOLD EXP : 01/01/2086	LAND : 4,950 BUILT-UP : 16,733	25	848,317
4	LOT 14127 & 14128 GRANTS 7792 & 7793 MUKIM OF SETAPAK DISTRICT OF KUALA LUMPUR	NO. 159 & 161 JALAN GENTING KELANG 53300 SETAPAK KUALA LUMPUR	2 UNITS 3 STOREY SHOP OFFICE WITH BASEMENT / BRANCH PREMISES	FREEHOLD	LAND : 4,306 BUILT-UP : 17,224	32	1,685,414
5	HS(D) 67774 & 67773 LOT 29427 & 29428 MUKIM OF KUALA LUMPUR DISTRICT & STATE OF WILAYAH PERSEKUTUAN	NO. 47 & 49 JALAN TUN MOHD FUAD 3 TAMAN TUN DR ISMAIL 60000 KUALA LUMPUR	2 UNITS 3 STOREY SHOP OFFICE / BRANCH PREMISES	FREEHOLD	LAND : 5,138 BUILT-UP : 11,250	29	3,604,443
6	LOT 27/28, SEKSYEN 1 NO. HAKMILIK 980/981 MUKIM OF PEKAN BATU	NO. 840 & 842, BT 4 ½ JALAN IPOH 51200 KUALA LUMPUR	4 1/2 STOREY BUILDING WITH BASEMENT / BRANCH PREMISES	LEASEHOLD EXP : 13/01/2037	LAND : 3,081 BUILT-UP : 9,243	35	1,055,395

LIST OF PROPERTIES

AS AT 31 DECEMBER 2020

NO .	TITLE/MUKIM	ADDRESS/PROPERTY	DESCRIPTION/ EXISTING USE	TENURE	SITE AREA (sq ft)	APPROX AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31/12/2020 (RM)
7	HS(D) 96849 (30438 [new]) LOT/PT 6536 (28035 [new]) MUKIM OF SETAPAK DISTRICT & STATE OF WILAYAH PERSEKUTUAN	NO. 2, JLN 1/27F KLSC WANGSA MAJU 53300 KUALA LUMPUR [C7/50/86-1, C7/50/86-2 C7/50/86-3, & C7/50/86-4]	4 STOREY SHOP OFFICE CORNER UNIT / BRANCH PREMISES	LEASEHOLD EXP : 19/04/2083	LAND : 4,480 BUILT-UP : 14,920	22	1,994,005
	HS(D) 96848 (30437 [new]) LOT/PT 6537 (28034 [new]) MUKIM OF SETAPAK DISTRICT & STATE OF WILAYAH PERSEKUTUAN	NO. 4, JLN 1/27F KLSC WANGSA MAJU 53300 KUALA LUMPUR [C7/50/85-1, C7/50/85-2 & C7/50/85-3]	3 STOREY SHOP OFFICE / BRANCH PREMISES	LEASEHOLD EXP : 19/04/2083	LAND : 1,920 BUILT-UP : 5,760		
8	HS(D) 23766 PT 199, SECTION 40 MUKIM KUALA LUMPUR	133, JALAN BUNUS OFF JALAN MASJID INDIA 50100 KUALA LUMPUR	1 UNIT 4 1/2 STOREY SHOP OFFICE / BRANCH PREMISES	FREEHOLD	LAND : 1,539.9 BUILT-UP : 7,699.8	20	3,133,564
9	HS(M) 2926 & 2925 P.T. 21346 & 21345 MUKIM OF PETALING DISTRICT OF W.P.	NO. 10 & 12 JLN RADIN TENGAH BANDAR BARU SERI PETALING 57000 KUALA LUMPUR	2 UNITS 3 STOREY SHOP OFFICE / BRANCH PREMISES	LEASEHOLD EXP : 05/04/2078	LAND : 3,840 BUILT-UP : 11,520	37	451,526
10	HS(D) 5217 P.T. 90 SECTION 1 TOWN OF PORT SWETHENHAM DISTRICT OF KLANG	NO. 1, JLN BERANGAN 42000 PORT KLANG SELANGOR	4 STOREY SHOP OFFICE / BRANCH PREMISES	FREEHOLD	LAND : 3,000 BUILT-UP : 12,768	39	354,321
11	HS(M) 4961 PT 457 HS(M) 4962 PT 458 MUKIM OF KAJANG DISTRICT OF ULU LANGAT	NO. 2 & 3, JLN SAGA TMN SRI SAGA OFF JLN SG CHUA 43000 KAJANG SELANGOR	2 UNITS 3 1/2 STOREY SHOP OFFICE/ BRANCH PREMISES	FREEHOLD	LAND : 3,510 BUILT-UP : 11,136	25	203,513
12	HS(D) 11547, 11548 P.T. 15727, 15728 MUKIM OF AMPANG	NO. 11 & 11A JLN MAMANDA 7/1 AMPANG POINT 68000 AMPANG SELANGOR	5 STOREY SHOP OFFICE BRANCH PREMISES	FREEHOLD	LAND : 3,261 BUILT-UP : 5,658.4	24	826,454
13	HS(D) 39216, K1 PT 2068 MUKIM AND DISTRICT OF PETALING	NO. 1, JLN TK 1/11A TMN KINRARA, SECTION 1 BATU 7 ½ JLN PUCHONG 58200 SELANGOR	3 STOREY SHOP OFFICE + BASEMENT / BRANCH PREMISES	LEASEHOLD EXP : 27/8/2091	LAND : 3,900 BUILT-UP : 15,600	26	1,205,339

LIST OF PROPERTIES

AS AT 31 DECEMBER 2020

NO .	TITLE/MUKIM	ADDRESS/PROPERTY	DESCRIPTION/ EXISTING USE	TENURE	SITE AREA (sq ft)	APPROX AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31/12/2020 (RM)
14	HS(D) 9406, LOT 8226 & PT 4045, HS(D) 9407, LOT 8227 & PT 4046 MUKIM OF DAMANSARA DISTRICT OF PETALING	NO. 7 & 9 JLN SS 15/8A 47500 PETALING JAYA SELANGOR	2 UNITS 4 STOREY SHOP OFFICE / BRANCH PREMISES	FREEHOLD	LAND : 3,520 BUILT-UP : 9,944	27	903,491
15	HS(M) 14862 & 14863 PT 21350 & 21351 TEMPAT BUKIT RAJA MUKIM OF KAPAR DISTRICT OF KLANG	NO. 29 & 31 JALAN TIARA 3 BANDAR BARU KELANG 41150 KELANG SELANGOR	2 UNITS 4 STOREY SHOP OFFICE / BRANCH PREMISES	LEASEHOLD EXP : 8/5/2093	LAND : 3,300 BUILT-UP : 13,200	23	2,340,072
16	HS(M) 6836 P.T. 14531 MUKIM OF DAMANSARA DISTRICT OF PETALING	NO. 301, 401 & 501, BLOCK C, MENARA GLOMAC KELANA BUSINESS CENTRE 97, JALAN 227/2 47301 KELANA JAYA SELANGOR	CONSUMER COLLECTION &RECOVERY, CONTACT CENTRE	LEASEHOLD EXP : 21/11/2092	LAND : N/A BUILT-UP NO 301 : 6,916 NO 401 : 6,916 NO 501 : 6,916	20	4,456,694
17	HS(D) 103053 LOT NO. 770, SECTION 11 DISTRICT OF PETALING TOWN OF SHAH ALAM	NO. 11, PUSAT DAGANGAN SHAH ALAM PERSIARAN DAMAI, SEKSYEN 11 40100 SHAH ALAM SELANGOR DARUL EHSAN	1 UNIT 5 STOREY SHOP OFFICE / BRANCH PREMISES (BUSINESS CONTINUITY MANAGEMENT, MORTGAGE & STORAGE)	LEASEHOLD EXP : 12/05/2095	LAND : 1,650 BUILT-UP : 8,000	20	1,575,630
	HS(D) 103053 LOT NO. 770, SECTION 11 DISTRICT OF PETALING TOWN OF SHAH ALAM	NO. 12, PUSAT DAGANGAN SHAH ALAM PERSIARAN DAMAI, SEKSYEN 11 40100 SHAH ALAM SELANGOR DARUL EHSAN	1 UNIT 5 STOREY SHOP OFFICE / BRANCH PREMISES (BUSINESS CONTINUITY MANAGEMENT, MORTGAGE & STORAGE)	LEASEHOLD EXP : 12/05/2095	LAND : 1,650 BUILT-UP : 8,000		
18	HS(D) 36868, LOT 25724, MUKIM OF PETALING	NO. 161, JALAN SS2/24 47300 PETALING JAYA SELANGOR	3 STOREY SHOP HOUSE / BRANCH PREMISES	FREEHOLD	LAND : 2,268 BUILT-UP : 8,902	40	777,378
19	HS(D) 194608, PT 1106, PEKAN SERDANG, DAERAH PETALING, SELANGOR	NO. 36, JALAN PSK 3 PUSAT PERDAGANGAN SERI KEMBANGAN 43300 SERI KEMBANGAN SELANGOR	3 STOREY SHOP HOUSE / BRANCH PREMISES	FREEHOLD	LAND : 3,563 BUILT-UP : 10,684	20	1,170,046

LIST OF PROPERTIES

AS AT 31 DECEMBER 2020

NO .	TITLE/MUKIM	ADDRESS/PROPERTY	DESCRIPTION/ EXISTING USE	TENURE	SITE AREA (sq ft)	APPROX AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31/12/2020 (RM)
20	HS(D) 16521 & 16496 P.T. 8912 / 1367 & P.T. 8912 / 1366 MUKIM OF KUALA LUMPUR DISTRICT OF PETALING	NO. 20 & 22 JLN 21/12, SEA PARK 46730 PETALING JAYA SELANGOR	2 UNITS 2 STOREY SHOP OFFICE WITH BASEMENT / BRANCH PREMISES	FREEHOLD	LAND : 3,230 BUILT-UP : 9,750	36	1,313,121
21	PLOTS 65 & 66 HS(D) 7570 & 7571 LOT 8552 & 8553 MUKIM 12 DISTRICT OF BARAT DAYA	NO. 124 & 126 JALAN MAYANG PASIR TMN SRI TUNAS 11950 BAYAN BARU PULAU PINANG	2 UNITS 3 STOREY SHOP OFFICE / BRANCH PREMISES	FREEHOLD	LAND : 3,080 BUILT-UP : 8,360	28	862,394
22	GM 2251 & 2252 LOT 3991 & 3992 MUKIM 5 DISTRICT OF SEBERANG PERAI UTARA	NO. 1317 & 1318 TMN SEPAKAT OFF JLN BUTTERWORTH 13200 KEPALA BATAS SEBERANG PRAI UTARA PULAU PINANG	2 UNITS 3 STOREY SHOP OFFICE / BRANCH PREMISES	FREEHOLD	LAND : 2,390 BUILT-UP : 6,920	25	464,988
23	PN 1825 & 1826 HS(D) 5507 & 5508 MUKIM 1 DISTRICT OF SEBERANG PERAI TENGAH, PENANG	NO. 10 JLN TODAK 1 PUSAT BANDAR SEBERANG JAYA 13700 PERAI, PENANG	4 STOREY SHOP OFFICE / BRANCH PREMISES	LEASEHOLD EXP : 21/10/2092	LAND : 3,681 BUILT-UP : 13,716	24	1,515,119
24	TITLE NO. 35120 LOT NO. 86, SECTION 2 TOWN OF BATU FERINGHI NORTH EAST DISTRICT OF PENANG NEW TITLE : LOT NO. 666, GERAN HBM 107 / M1 / 22 / 124, MUKIM BANDAR BATU PERINGGI SEK. 2, DAERAH TIMUR LAUT, NEGERI PULAU PINANG.	SRI SAYANG RESORT APARTMENT UNIT NO. 22-06, 22ND STOREY BATU FERINGHI PULAU PINANG	AN END UNIT 3 BEDROOM APARTMENT	FREEHOLD	LAND : N/A BUILT-UP : 911	20	141,002
25	HS(D) 807 & 808 P.T. 2592 & 2593 DISTRICT OF SEBERANG PERAI UTARA	NO. 55 & 57, TMN SELAT JLN BAGAN LUAR 12710 BUTTERWORTH PULAU PINANG	2 UNITS 4 STOREY SHOP OFFICE / BRANCH PREMISES	FREEHOLD	LAND : 4,779.2 BUILT-UP : 13,760	35	1,379,529

LIST OF PROPERTIES

AS AT 31 DECEMBER 2020

NO .	TITLE/MUKIM	ADDRESS/PROPERTY	DESCRIPTION/ EXISTING USE	TENURE	SITE AREA (sq ft)	APPROX AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31/12/2020 (RM)
26	UNIT NO. P1-01-32, HELD UNDER HAKMILIK, STRATA NO BERDAFTAR GERAN 61929/M1/1/53, LOT NO. 1594, SEKSYEN 2, BANDAR TANJONG TOKONG	FETTES PARK 98-G-32 TO 98-3A-32 BLOCK 32 PRIMA TANJUNG BUSINESS CENTRE JALAN TANJUNG TOKONG 10470 PULAU PINANG	5 STOREY SHOP OFFICE	FREEHOLD	L : 1,037 B : 1,037	20	1,520,846
	UNIT NO. P1-02-32, HELD UNDER HAKMILIK, STRATA NO BERDAFTAR GERAN 61929/M1/2/121, LOT NO. 1594, SEKSYEN 2, BANDAR TANJONG TOKONG				L : N/A B : 1,037		
	UNIT NO. P1-03-32, HELD UNDER HAKMILIK, STRATA NO BERDAFTAR GERAN 61929/M1 MENARA B/3/223, LOT NO. 1594, SEKSYEN 2, BANDAR TANJONG TOKONG				L : N/A B : 1,886		
	UNIT NO. P1-04-32, HELD UNDER HAKMILIK, STRATA NO BERDAFTAR GERAN 61929/M1 MENARA B/4/257, LOT NO. 1594, SEKSYEN 2, BANDAR TANJONG TOKONG				L : N/A B : 1,886		
	UNIT NO. P1-05-32, HELD UNDER HAKMILIK, STRATA NO BERDAFTAR GERAN 61929/M1 MENARA B/5/259, LOT NO. 1594, SEKSYEN 2, BANDAR TANJONG TOKONG				L : N/A B : 1,886		
27	LOT 175 & 176 PT 1386 & 1387 GRANT 6787 MUKIM OF KUAH DISTRICT OF LANGKAWI	NO. 149-A, 149-B & 149-C NO. 151-A, 151-B & 151-C PERSIARAN BUNGA RAYA LANGKAWI MALL 07000 KUAH LANGKAWI, KEDAH	2 ADJACENT LOTS 3 STOREY SHOP OFFICE / BRANCH PREMISES	FREEHOLD	LAND : 3,304 BUILT-UP : 9,912	23	1,186,615
28	HS(D) 73618 & 73619 PT 5733 & 5734 MUKIM OF LABU DISTRICT OF SEREMBAN	NO. 5733 & 5734 JLN TS 2/1 TMN SEMARAK, PHASE II 71800 NILAI, NEGERI SEMBILAN	2 UNITS 3 STOREY SHOP OFFICE / BRANCH PREMISES	FREEHOLD	LAND : 3,600 BUILT-UP : 10,800	26	627,024

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NO .	TITLE/MUKIM	ADDRESS/PROPERTY	DESCRIPTION/ EXISTING USE	TENURE	SITE AREA (sq ft)	APPROX AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31/12/2020 (RM)
29	LOT S03 & S04 PT 72, HS(D) 7295 DISTRICT OF PORT DICKSON	NO. 3 & 4, JALAN AMAN KAWASAN PENAMBAKAN LAUT BANDAR PORT DICKSON 71009 NEGERI SEMBILAN	2 UNITS 3 STOREY SHOP OFFICE / BRANCH PREMISES	LEASEHOLD EXP : 31/1/2085	LAND : 3,532 BUILT-UP : 9,900	24	643,495
30	HS(D) 9980 PT 4370 MUKIM & DISTRICT PORT DICKSON NEW TITLE : LOT NO. 287, PN 2474 / M1 / 3/48, MUKIM BANDAR PORT DICKSON, DAERAH PORT DICKSON	CORUS LAGOON APARTMENT UNIT B-L3-06 BATU 2, JALAN PANTAI 71000 PORT DICKSON NEGERI SEMBILAN	1 UNIT APARTMENT	LEASEHOLD EXP : 06/07/2087	LAND : N/A BUILT-UP : 792	20	115,015
31	HS(D) 7156, 7157, 7187 & 7188 PT 34, 35, 65 & 66 BANDAR BUKIT BARU SEKSYEN 11 DISTRICT OF MELAKA TENGAH	NO. 7 & 8, JALAN DR1 DELIMA POINT TAMAN DELIMA RAYA 75150 MELAKA	2 UNITS 5 STOREY SHOP OFFICE / BRANCH PREMISES	FREEHOLD	LAND : 3,509 BUILT-UP : 17,160	24	1,307,015
32	HS(D) 4705 & 4706, DISTRICT OF MELAKA TENGAH	NO. 200 & 201, TAMAN MELAKA RAYA OFF JALAN PARAMESWARA 75000, MELAKA	2 UNITS 3 STOREY SHOP OFFICE / BRANCH PREMISES	LEASEHOLD EXP : 19/12/2075	LAND : 4,430 BUILT-UP : 10,031	40	416,192
33	HS(D) 2874 & PTD 4161 TOWNSHIP OF KLUANG DISTRICT OF KLUANG	NO. 503 JLN MERSING 86000 KLUANG JOHOR	3 STOREY SHOP OFFICE / BRANCH PREMISES	LEASEHOLD EXP : 19/12/2075	LAND : 6,000 BUILT-UP : 9,944	27	422,824
34	HS(D) 16728, PTD 9887 & HSD(D) 16729, PTD 9888, MUKIM OF SIMPANG KANAN DISTRICT OF BATU PAHAT	NO. 3 & 4 JALAN MERAH TAMAN BUKIT PASIR 83000 BATU PAHAT JOHOR	2 UNITS 3 STOREY SHOP HOUSE / BRANCH PREMISES	FREEHOLD	LAND : 3,080 BUILT-UP : 16,227	30	717,572
35	PTD 48474 & 48475 HS(D) 86046 & 86047 MUKIM OF PLENTONG DISTRICT OF JOHOR BHARU	NO. 130 & 132 JLN ROSMERAH 2/17 TMN JOHOR JAYA 81100 JOHOR	2 UNITS 3 STOREY SHOP OFFICE / BRANCH PREMISES	FREEHOLD	LAND : 4,773 BUILT-UP : 14,319	26	1,390,918
36	PTD 100479 & 100480 MUKIM OF PLENTONG DISTRICT OF JOHOR BAHRU	NO. 23 AND 25, JALAN PERMAS 10/2, PERMAS JAYA, 81750 MASAI JOHOR BAHRU, JOHOR	2 UNITS 4 STOREY SHOP OFFICE / BRANCH PREMISES	FREEHOLD	LAND : 3,840 BUILT-UP : 13,440	27	1,718,172

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NO .	TITLE/MUKIM	ADDRESS/PROPERTY	DESCRIPTION/ EXISTING USE	TENURE	SITE AREA (sq ft)	APPROX AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31/12/2020 (RM)
37	PTD 62642 & 62643 HS(D) 227069 &227070 MUKIM OF PULAI DISTRICT OF JOHOR BAHRU	NO. 49 & 51 JALAN SRI PERKASA 2/1 TAMAN TAMPOI UTAMA 81200 TAMPOI JOHOR BAHRU, JOHOR	2 ADJACENT LOTS 3 STOREY SHOP HOUSE / BRANCH PREMISES	LEASEHOLD EXP : 13/4/2094	LAND : 5,468 BUILT-UP : 10,710	23	1,050,869
38	HS(M) 6367, PT 7485 MUKIM OF CHENOR DISTRICT OF MARAN	NADI KOTA BANDAR PUSAT JENGKA 26400 JENGKA PAHANG	SINGLE STOREY BUNGALOW / BRANCH PREMISES	LEASEHOLD EXP : 21/8/2091	LAND : 20,056 BUILT-UP : 2,100	30	317,446
39	LOT 1894 TITLE NO. 1289 & LOT 1895 TITLE NO. 1290, DAERAH & BANDAR KUALA TERENGGANU NEGERI TERENGGANU	63 & 63A , JALAN SULTAN ISMAIL 20200 KUALA TERENGGANU TERENGGANU	3 STOREY SHOP OFFICE / BRANCH PREMISES	LEASEHOLD EXP : 18/12/2048	LAND : 4,171 BUILT-UP : 8,128	20	1,214,208
40	(L/H) HS(D) 1772 PT 2851 MUKIM OF KIJAL DISTRICT OF KEMAMAN	AWANA KIJAL BEACH RESORT APARTMENT (2 ROOMS) 13B, BAIDURI APARTMENT KM 28, JALAN KEMAMAN-DUNGUN 24100 KIJAL TERENGGANU	1 UNIT APARTMENT	LEASEHOLD EXP : 27/11/2091	LAND : N/A BUILT-UP : 892	20	111,697
41	HS(D) 1772 PT 2851 MUKIM OF KIJAL DISTRICT OF KEMAMAN	AWANA KIJAL BEACH RESORT APARTMENT (3 ROOMS) 19A, BAIDURI APARTMENT KM 28, JALAN KEMAMAN-DUNGUN 24100 KIJAL TERENGGANU	1 UNIT APARTMENT	LEASEHOLD EXP : 27/11/2091	LAND : N/A BUILT-UP : 1,107	20	138,138
42	GM 1764 LOT 2943 & GM 1765 LOT 2945 (FORMERLY KNOWN GM 405, LOT 1927, GM 407, LOT 2007 GM 409, LOT 2006) MUKIM NIBONG TANAH MERAH, KELANTAN	LOT PT 1995/1996 BANDAR BARU BUKIT BUNGA 17700 TANAH MERAH KELANTAN	1 UNIT 2 STOREY SHOP OFFICE / BRANCH PREMISES	FREEHOLD	LAND : 2,000 BUILT-UP : 4,000	20	251,981

LIST OF PROPERTIES

AS AT 31 DECEMBER 2020

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43	LOT 436 & 437 GERAN NO. 12256 & 12257 SECTION 13 DISTRICT OF KOTA BHARU New Title : HS(D) KB. 4/98, No. PT 133 & HS(D) KB. 5/98, No. PT 134, SECTION 13, DISTRICT OF KOTA BHARU	NO. 3788 H & 3788 I SECTION 13 JALAN SULTAN IBRAHIM 15050 KOTA BHARU KELANTAN	2 UNITS 3 STOREY SHOP OFFICE / BRANCH PREMISES	LEASEHOLD EXP : 09/03/2064	LAND : 3,200 BUILT-UP : 9,152	35	706,491
44	LOT 247 & 248 SECTION 49 LEASE OF STATE LAND	LOT 247 & 248, SECTION 49, KTLD, JALAN TUNKU ABDUL RAHMAN, 93100 KUCHING	2 UNITS 4 STOREY SHOP OFFICE / BRANCH PREMISES	LEASEHOLD EXP : 24/07/2044	LAND : 2,500 BUILT-UP : 9,405	34	713,527
45	LOT 2387 & 2388 BLOCK 5 DISTRICT OF MIRI	LOT 2387 & 2388 JALAN BOULEVARD 1A BOULEVARD COMMERCIAL CENTRE 3KM, JALAN MIRI-PUJUT 98000 MIRI, SARAWAK	2 UNITS 3 STOREY SHOP OFFICE / BRANCH PREMISES	LEASEHOLD EXP : 21/1/2050	LAND : 3,190 BUILT-UP : 8,371	24	663,489
46	SUB-LOT 13 LOT 3060 DISTRICT OF BINTULU	SUB LOT 13 OFF LOT 3299 BINTULU TOWN DISTRICT OFF JALAN DIWARTA 97000 BINTULU SARAWAK	1 UNITS 3 STOREY SHOP OFFICE (VACANT PREMISES)	LEASEHOLD EXP : 29/3/2055	LAND : 3,240 BUILT-UP : 9,720	23	518,090
47	TOWN LEASE NO. 017541374 & NO. 017541383 LOT 82 & 83, BLOK K MUKIM OF KARAMUNSING DISTRICT OF KOTA KINABALU	LOT 19 & 20 SADONG JAYA COMPLEX JALAN JUARA IKAN 3 KARAMUNSING 88300 KOTA KINABALU SABAH	4 STOREY SHOP OFFICE / BRANCH PREMISES	LEASEHOLD EXP : 21/1/2901	LAND : 2,780 BUILT-UP : 10,144	27	2,067,386
48	TOWN LEASE : 107516432 TOWN LEASE : 107516441 TOWN LEASE : 107516450 DISTRICT OF TAWAU	TB 281, 282 & 283 JLN HJ KARIM TOWN EXTENSION 11 91008 TAWAU, SABAH	3 UNITS 4 STOREY SHOP OFFICE / BRANCH PREMISES	LEASEHOLD EXP : 31/12/2895	LAND : 6,720 BUILT-UP : 13,440	36	1,382,552
49	LOT 400, PN2117 KAWASAN BANDAR XXXIX DISTRICT OF MELAKA TENGAH MELAKA	NO. 596 JALAN MELAKA RAYA 10 TAMAN MELAKA RAYA BANDAR HILIR 75000 MELAKA	2 STOREY SHOPHOUSE/ LEASED OUT PREMISES	LEASEHOLD EXP: 4/10/2082	LAND : 1,580 BUILT-UP : 2,790	34	236,500
							314,330,867

Our new Menara Affin is located in the heart of Tun Razak Exchange (TRX), which is a vital component of Malaysia's Economic Transformation Programme and a catalyst for regional growth.

Menara Affin is a 47-storey Class A Green Building that is certified by LEED and GBI Gold. It is a spectacular landmark that has a gross floor area of approximately 830,000 square feet.

Its outstanding attributes include its auditorium, state-of-the-art banking facilities, business centres, convention facilities and sky terraces as well as rooftop gardens that offer impressive views of the Royal Selangor Golf Club.

Menara Affin is surrounded by the world-class amenities of TRX. The iconic 70-acre development features a digital infrastructure that is truly scalable and future-proof, Internet of Things (IoT) technologies to boost sustainability and the TRX Integrated Management System (TIMS), which is a centralised platform that provides a complete overview of TRX's operational status at a glance.


AFFINBANK

DIRECTORY OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFIN BANK - JOHOR		
1	AFFIN BANK Ayer Hitam Branch No 765, Jalan Batu Pahat, 86100 Ayer Hitam, Johor	07-758 1100	07-758 1001
2	AFFIN BANK Batu Pahat Branch No 3 & 4, Jalan Merah, Taman Bukit Pasir, 83000 Batu Pahat, Johor	07-433 4210	07-433 3246
3	AFFIN BANK Danga Bay Branch No. 17 & 18, Blok 6, Danga Bay, Jalan Skudai, 80200 Johor Bahru, Johor	07-234 3842	07-234 8852
4	AFFIN BANK Johor Bahru Branch No. 24 & 25, Jalan Kebun Teh 1, Kebun Teh Commercial City, 80250 Johor Bahru, Johor	07-221 2403	07-221 2462
5	AFFIN BANK Johor Jaya Branch No. 130 & 132, Jalan Ros Merah 2/17, Taman Johor Jaya, 81100 Johor Bahru, Johor	07-351 8602	07-351 4122
6	AFFIN BANK Kluang Branch No. 503, Jalan Mersing, 86000 Kluang, Johor	07-772 4736	07-772 4486
7	AFFIN BANK Kulai Branch No. 199 & 200, Jln Kenanga 29/4, Bandar Indahpura, 81000 Kulai Johor	07-660 8495	07-660 8363
8	AFFIN BANK Muar Branch No.30A & 30A-1, Jalan Arab, 84000 Muar, Johor	06-953 2384	06-953 3489
9	AFFIN BANK Mutiara Rini Branch No. 28 & 30, Jalan Utama 45,Taman Mutiara Rini, 81300, Skudai, Johor Darul Takzim	07-557 0900	07-557 1244
10	AFFIN BANK Permas Jaya Branch No. 23 & 25, Jalan Permas 10/2, Bandar Baru Permas Jaya, 81750 Johor Bahru, Johor	07-386 3703	07-386 5061
11	AFFIN BANK Segamat Branch No. 1, Ground Floor, Jalan Nagasari 23, Bandar Segamat Baru, 85000 Segamat, Johor	07-943 1378	07-943 1373
12	AFFIN BANK Tampoi Branch No. 49 & 51, Jalan Sri Perkasa 2/1, Taman Tampoi Utama, 81200 Tampoi Johor Bahru, Johor	07-241 4946	07-241 4953
	AFFIN BANK - KEDAH		
13	AFFIN BANK Alor Setar Branch No. 147 & 148, Susuran Sultan Abdul Hamid 8, Kompleks Sultan Abdul Hamid, Fasa 2, Persiaran Sultan Abdul Hamid, 05050 Alor Setar, Kedah	04-772 1477	04-771 4796
14	AFFIN BANK Kulim Branch No. 13 & 14, Jalan KLC Satu (1), Kulim Landmark Central, 09000 Kulim, Kedah	04-495 5566	04-490 4717
15	AFFIN BANK Langkawi Branch No. 149-151, Persiaran Bunga Raya, Langkawi Mall, 07000 Kuah, Langkawi, Kedah	04-966 4426	04-966 4717
16	AFFIN BANK Sungai Petani Branch No. 55, Jalan Perdana Heights 2/2, Perdana Heights, 08000 Sungai Petani, Kedah	04-421 1808	04-422 6675
	AFFIN BANK - KELANTAN		
17	AFFIN BANK Jeli Branch No. A1 & A2, Block A, Bandar Baru Bukit Bunga, 17700 Bukit Bunga, Tanah Merah, Kelantan	09-946 8955	09-946 8954
18	AFFIN BANK Kota Bharu Branch No. 3788H & 3788I, Seksyen 13, Jalan Sultan Ibrahim, 15050 Kota Bahru, Kelantan	09-744 5688	09-744 2202

DIRECTORY OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFIN BANK - MELAKA		
19	AFFIN BANK Bukit Baru Branch No. 7 & 8, Jalan DR1, Delima Point, Taman Delima Raya, 75150 Melaka	06-232 1386	06-232 1579
20	AFFIN BANK Melaka Raya Branch No. 200 & 201, Taman Melaka Raya, Off Jalan Parameswara, 75000 Melaka	06-283 5500	06-284 6618
	AFFIN BANK - NEGERI SEMBILAN		
21	AFFIN BANK Gemas Branch No. 1 & 2, Ground Floor, Laman Niaga Pernama, Kem Syed Sirajuddin, 73400 Gemas, Negeri Sembilan	07-948 3622	07-948 5022
22	AFFIN BANK Nilai Branch No. 5733 & 5734, Jalan TS 2/1, Taman Semarak Phase II, 71800 Nilai, Negeri Sembilan	06-799 4114	06-799 5115
23	AFFIN BANK Port Dickson Branch No. 3 & 4, Jalan Mahajaya, P.D. Centre Point, 71000 Port Dickson, Negeri Sembilan	06-647 3950	06-647 4776
24	AFFIN BANK Seremban Branch No 175, Jalan Dato' Bandar Tunggal, 70000 Seremban, Negeri Sembilan	06-762 9651	06-763 6125
25	AFFIN BANK Bandar Sri Sendayan Branch No.71-G & 71-1, Jalan Metro Sendayan 1/3, Sendayan Metropark, 71950 Bandar Sri Sendayan, Negeri Sembilan	06-775 8084	06-775 8081
	AFFIN BANK - PAHANG		
26	AFFIN BANK Jengka Branch Nadi Kota, 26400 Bandar Jengka, Pahang	09-466 2233	09-466 2422
27	AFFIN BANK Kuantan Branch G2-Ground Floor G2, Menara Zenith, Jalan Putra Square 6, Putra Square, 25200 Kuantan, Pahang	09-514 8584	09-514 8580
28	AFFIN BANK Mentakab Branch No. 70, Jalan Temerloh, 28400 Mentakab, Pahang	09-278 4487	09-277 6654
29	AFFIN BANK Temerloh Branch No. 9, Ground Floor, Jalan Ahmad Shah, 28000, Temerloh, Pahang	09-296 8811	09-296 8800
	AFFIN BANK - PERAK		
30	AFFIN BANK Ipoh Branch No. 1 & 3 Ground & First Floors, Persiaran Greentown 9, Greentown Business Centre, 30450 Ipoh, Perak	05-255 0980	05-255 0976
31	AFFIN BANK Ipoh Garden Branch No. 27A-27A1, Jalan Sultan Azlan Shah Utara, 31400 Ipoh, Perak	05-549 7275	05-549 7299
32	AFFIN BANK Lumut Branch Ground Floor, Kompleks Mutiara Armada, Jalan Nakhoda, Pangkalan TLDM, 32100 Lumut, Perak	05-683 5051	05-683 5579
33	AFFIN BANK Sitiawan Branch No. 11 & 12, Taman Sitiawan 1, Jalan Lumut, 32000 Sitiawan, Perak	05-692 8401	05-691 7339
34	AFFIN BANK Taiping Branch No. 40 & 42, Jalan Tupai, 34000 Taiping, Perak	05-806 6816	05-808 0432
35	AFFIN BANK Teluk Intan Branch No. 11, Medan Sri Intan, Jalan Sekolah, 36000 Teluk Intan, Perak	05-621 0130	05-621 0128
36	AFFIN BANK Bandar Meru Raya Branch No. 47 & 47A, Jalan Meru Bestari A2, Medan Meru Bestari, 30020 Ipoh, Perak	05-526 3990	05-526 3950

DIRECTORY OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFIN BANK - PERLIS		
37	AFFIN BANK Kangar Branch No. 25 & 27, Jalan Satu, Taman Pertiwi Indah, Jalan Kangar - Alor Setar, 01000 Kangar, Perlis	04-977 7200	04-977 6100
	AFFIN BANK - PENANG		
38	AFFIN BANK Bayan Baru Branch No. 124 & 126, Jalan Mayang Pasir, Taman Sri Tunas, 11950 Bayan Baru, Pulau Pinang	04-644 4171	04-645 2709
39	AFFIN BANK Butterworth Branch No. 55-57, Jalan Selat, Taman Selat, P.O.Box 165, Off Jalan Bagan Luar, 12000 Butterworth, Pulau Pinang	04-333 3177	04-332 3299
40	AFFIN BANK Fettes Park Branch No. 98-G-31 & 32, Jalan Fettes, Prima Tanjung Business Centre, Tanjung Tokong, 11200 Pulau Pinang	04-899 9069	04-899 0767
41	AFFIN BANK Jalan Macalister Branch No. 104C, 104D & 104E, Jalan Macalister, 10400 Pulau Pinang	04-229 1495	04-226 1530
42	AFFIN BANK Kepala Batas Branch Lot 1317 & 1318, Lorong Malinja, Taman Sepakat, Off Jalan Butterworth, 13200 Kepala Batas, Seberang Prai Utara, Pulau Pinang	04-575 1824	04-575 1975
43	AFFIN BANK Prai Branch No. 2, Tingkat Kikik 7, Taman Inderawasih, 13600 Prai, Pulau Pinang	04-399 3900	04-397 9243
44	AFFIN BANK Seberang Jaya Branch No. 10, Jalan Todak Satu, Pusat Bandar Seberang Jaya, 13700 Prai, Pulau Pinang	04-399 5881	04-399 2881
45	AFFIN BANK Wisma Pelaut Branch No. 1A, Light Street, Wisma Pelaut, 10200 Pulau Pinang	04-263 6633	04-261 9801
	AFFIN BANK – SABAH		
46	AFFIN BANK Jalan Gaya Branch No. 86, Jalan Gaya, 88000 Kota Kinabalu, Sabah	088-230 213	088-265 430
47	AFFIN BANK Kota Kinabalu Branch Lot 19 & 20, Block K, Sadong Jaya Complex, Jalan Ikan Juara 3, Karamunsing, 88300 Kota Kinabalu, Sabah.	088-261 515	088-261 414
48	AFFIN BANK Lahad Datu Branch Ground Floor, Lot 1 & 2, Bandar Sri Perdana Fasa 5, KM 4, Jalan Silam, Bandar Sri Perdana, 91100 Lahad Datu, Sabah	089-865 733	089-865 735
49	AFFIN BANK Sandakan Branch Lot No. 163 & 164, Block 18, Jalan Prima Square, Batu 4, Jalan Utara, 90000 Sandakan, Sabah	089-212 752	089-212 644
50	AFFIN BANK Tawau Branch TB. 281, 282 & 283, Jalan Hj. Karim, Town Extension II, P.O. Box 630, 91008 Tawau, Sabah	089-778 197	089-762 199
	AFFIN BANK - SARAWAK		
51	AFFIN BANK Bintulu Branch No. 17 & 18, Lot 3806 Bintulu Town District, Jalan Tun Ahmad Zaidi, 97000 Bintulu, Sarawak	086-314 248	086-314 206
52	AFFIN BANK Kuching Branch Lot 247 & 248, Section 49, KTLD, Jalan Tuanku Abdul Rahman, 93100 Kuching, Sarawak	082-245 888	082-257 366

DIRECTORY OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFIN BANK - SARAWAK		
53	AFFIN BANK Miri Branch Lot 2387 & 2388, 1st Floor, Block A4, Jln Boulevard 1A, Boulevard Commercial Center, KM 3, Jln Miri-Pujut, 98000 Miri, Sarawak	085-437 442	085-437 297
54	AFFIN BANK Prince Commercial Centre Branch Prince Commercial Centre, No. 1 & 2, Ground Floor, Jalan Penrissen Batu 7, Kota Sentosa, 93250 Kuching, Sarawak	082-613 466	082-629 466
55	AFFIN BANK Sibu Branch No. 91 & 93, Jln Kampung Nyabor, 96000 Sibu, Sarawak	084-325 926	084-325 960
56	AFFIN BANK Tabuan Jaya Branch Lot No. 77, Ground Floor, Tabuan Tranquiility, Jalan Canna, Tabuan Jaya, 93350 Kuching, Sarawak	082-363 385	082-363 061
	AFFIN BANK - SELANGOR		
57	AFFIN BANK Ampang Jaya Branch No. 11 & 11A, Jalan Mamanda 7/1, Ampang Point, 68000 Ampang, Selangor	03-4257 6802	03-4257 8636
58	AFFIN BANK Ampang New Village Branch No. 21G & 23G, Jalan Wawasan 2/2, Bandar Baru Ampang, 68000 Ampang, Selangor	03-4296 2311	03-4296 2206
59	AFFIN BANK Ara Damansara Branch Unit B-G-07 & B-G-08, Block B, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor	03-7847 3177	03-7847 2677
60	AFFIN BANK Bandar Bukit Tinggi Branch No. 77 & 79, Jalan Batu Nilam 5, Bandar Bukit Tinggi, 41200 Klang, Selangor	03-3323 2822	03-3323 2858
61	AFFIN BANK Cyberjaya Branch P1-13, Shaftsbury Square, Lot No. 2350, Cyber 6, Persiaran Multimedia, 63000 Cyberjaya, Selangor	03-8318 1944	03-8318 1934
62	AFFIN BANK Denai Alam Branch No. 1, Ground Floor, Jalan Elektron U/16/J, Seksyen U16, Denai Alam, 40160 Shah Alam, Selangor	03-7831 8895	03-7831 8859
63	AFFIN BANK Jalan Meru Branch No. 38 & 40, Pelangi Avenue, Jalan Kelicap 42A/KU1, Klang Bandar Diraja, 41050 Klang, Selangor	03-3341 5237	03-3341 5427
64	AFFIN BANK Kajang Branch No. 2&3, Jalan Saga, Taman Sri Saga, Off Jalan Sg. Chua, 43000 Kajang, Selangor	03-8737 7435	03-8737 7433
65	AFFIN BANK Kepong Branch No. 6, Jalan 54, Desa Jaya, 52100 Kepong, Selangor	03-6276 4942	03-6276 6375
66	AFFIN BANK Taman Kinrara Branch No. 1, Jalan TK1/11A, Taman Kinrara, Section 1, Batu 7 1/2, Jalan Puchong, 47100 Puchong, Selangor	03-8070 3405	03-8075 8159
67	AFFIN BANK Klang Utara Branch No. 29 & 31, Jalan Tiara 3, Bandar Baru Klang, 41150 Klang, Selangor	03-3342 1582	03-3342 1719
68	AFFIN BANK Shah Alam Branch Vista Alam, F-G-38 & 39, Jalan Ikhtisas 14/1, Off Persiaran Damai, Seksyen 14, 40000 Shah Alam, Selangor	03-5524 7780	03-5524 7380

DIRECTORY OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFIN BANK - SELANGOR		
69	AFFIN BANK Kota Damansara Branch No. B-G-19, 20 & 21 (GF), Dataran Cascades, Jalan PJU 5/1, Kota Damasara PJU 5, 47810 Petaling Jaya, Selangor	03-7610 0890	03-7610 0889
70	AFFIN BANK Kota Kemuning Branch No. 15-1 & 17-1 (GF), No. 8, Jalan Anggerik Vanilla BE 31/BE, Kota Kemuning Seksyen 31, 40460 Shah Alam, Selangor	03-5120 1811	03-5120 1588
71	AFFIN BANK Kota Warisan Branch G-3, Ground Floor, Jalan Warisan 1, KIP Sentral Kota Warisan, 43900 Sepang, Selangor	03-8705 2099	03-8705 4899
72	AFFIN BANK PJ State Branch No. 38 & 40, Jalan Yong Shook Lin, 46050 Petaling Jaya, Selangor	03-7955 0032	03-7954 0012
73	AFFIN BANK Port Klang Branch No. 1, Jalan Berangan, 42000 Port Klang, Selangor	03-3168 8130	03-3167 6432
74	AFFIN BANK Puchong Branch J-03-G, Blok J, Setiawalk, Persiaran Wawasan, Pusat Bandar Puchong, 47160 Puchong, Selangor	03-5882 2880	03-5882 2881
75	AFFIN BANK Rawang Branch No. 33G & 35G, Jln 1B, Fortune Avenue, 48000 Rawang, Selangor	03-6091 3311	03-6091 3344
76	AFFIN BANK Sea Park Branch No. 20-22, Jalan 21/12, Sea Park, 46300 Petaling Jaya, Selangor	03-7875 6255	03-7876 6020
77	AFFIN BANK Seri Kembangan Branch No. 36, Jalan PSK 3, Pusat Perdagangan Seri Kembangan, 43300 Seri Kembangan, Selangor	03-8945 6429	03-8945 6442
78	AFFIN BANK Subang Jaya Branch No. 7 & 9, Jalan SS 15/8A, 47500 Subang Jaya, Selangor	03-5634 8045	03-5634 8040
79	AFFIN BANK Taman Demang Branch No. 47, Jalan DD3A/1, BASCO Business Centre, Taman Dato' Demang, 43300 Seri Kembangan, Selangor	03-8959 2588	03-8958 5288
80	AFFIN BANK The Curve Branch Lot K-G32A-D & G32, Ground Floor, The Curve Shopping Complex, Jalan PJU 7/8, Mutiara Damansara, 47800 Petaling Jaya, Selangor	03-7726 7258	03-7727 8912
81	AFFIN BANK UiTM Branch Universiti Teknologi MARA, Tingkat 2, Menara Sultan Abdul Aziz Shah, 40450 Shah Alam, Selangor	03-5519 2377	03-5510 5580
82	AFFIN BANK USJ Taipan Branch No. 8A & 8B, Jalan USJ 10/1J, 47610 UEP Subang Jaya, Petaling Jaya, Selangor	03-8023 7271	03-8023 9161
83	Affin Bank Cawangan Kampus Puncak Alam, Kompleks AT-Tijarah, Affin-UiTM, UiTM Kampus, 42300 Puncak Alam, Selangor, Malaysia.	03-33938863	
	AFFIN BANK - TERENGGANU		
84	AFFIN BANK Kemaman Branch K711-713, Wisma IKY Naga, Jalan Sulaimani, 24000 Kemaman, Terengganu	09-858 2544	09-859 1572
85	AFFIN BANK Kemaman Supply Base Branch Ground Floor, Admin Building Block B, Kemaman Supply Base, 24007 Kemaman, Terengganu	09-863 1297	09-863 1295

DIRECTORY OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFIN BANK - WILAYAH PERSEKUTUAN		
86	AFFIN BANK Bangsar Branch No. 4 & 6, Jalan Telawi 3, Bangsar Baru, 59100 Kuala Lumpur	03-2283 5025	03-2283 5028
87	AFFIN BANK Bangunan Getah Asli Branch Tingkat Bawah, 148, Jalan Ampang, 50450 Kuala Lumpur	03-2162 8770	03-2162 8587
88	AFFIN BANK Batu Cantonment Branch No. 840 & 842, Batu 4 3/4, Jalan Ipoh, 51200 Kuala Lumpur	03-6258 7690	03-6251 8214
89	AFFIN BANK Central Branch Ground & Mezzanine Floor. 80, Jalan Raja Chulan. P.O. Box. 12744, 50200 Kuala Lumpur	03-2055 2222	03-2070 7592
90	AFFIN BANK Jalan Bunus Branch No. 133, Jalan Bunus, Off Jalan Masjid India, 50100 Kuala Lumpur	03-2693 4686	03-2691 3207
91	AFFIN BANK Jalan Ipoh Branch No. 468-11 & 468-11B, Batu 3, Jalan Ipoh, 51200 Kuala Lumpur	03-4042 5554	03-4042 4912
92	AFFIN BANK LTAT Branch Ground Floor, Bangunan LTAT, Jalan Bukit Bintang, 55100 Kuala Lumpur	03-2142 6311	03-2148 0586
93	AFFIN BANK Putrajaya Branch Bangunan Jabatan Akauntan Negara, Kompleks Kementerian Kewangan, No.1, Persiaran Perdana, Presint 2, 62594 WP Putrajaya	03-8888 4463	03-8889 2082
94	AFFIN BANK Selayang Branch No. 81-85, Jalan 2/3A, Pusat Bandar Utara, KM 12, Jalan Ipoh, 68100 Batu Caves, Kuala Lumpur	03-6137 2053	03-6138 7122
95	AFFIN BANK Seri Petaling Branch No. 10-12, Jalan Raden Tengah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur	03-9058 5600	03-9058 8513
96	AFFIN BANK Setapak Branch No. 159 & 161, Jalan Genting Kelang, P.O.Box 202, 53300 Setapak, Kuala Lumpur	03-4023 0552	03-4021 3921
97	AFFIN BANK Taman Maluri Branch No. 250 & 252, Jalan Mahkota, Taman Maluri, 55100 Kuala Lumpur	03-9282 7250	03-9283 4380
98	AFFIN BANK Taman Midah Branch No. 38 & 40, Jalan Midah 1, Taman Midah, Cheras,.56000 Kuala Lumpur	03-9130 0194	03-9131 7024
99	AFFIN BANK Taman Tun Dr. Ismail Branch No. 47 & 49, Jalan Tun Mohd Fuad 3, Taman Tun Dr. Ismail, 60000 Kuala Lumpur	03-7727 9080	03-7727 9543
100	AFFIN BANK Wangsa Maju Branch No. 2 & 4, Jln 1/27F, Kuala Lumpur Sub-Urban Centre, Wangsa Maju, 53300 Kuala Lumpur	03-4143 2814	03-4143 3095
101	AFFIN BANK Wisma Pertahanan Branch G.05, Tingkat Bawah, Wisma Pertahanan, Kementerian Pertahanan Malaysia, Jalan Padang Tembak, 50634 Kuala Lumpur	03-2698 7912	03-2698 6071
102	AFFIN BANK MyTown Branch Lot No B1-063, Basement 1, MyTown Shopping Centre, 55100 Jalan Cochrane, Kuala Lumpur	03-9226 6390	-

DIRECTORY OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFIN BANK BRANCHES WITH DUAL BANKING SERVICES (CONVENTIONAL AND ISLAMIC)		
103	AFFIN BANK Taman Molek Branch No. 23, 23-01, 23-02, Jalan Molek 1/29, Taman Molek, 81100 Johor Bahru, Johor	07-351 9522	07-357 9522
104	AFFIN BANK JURU BUSINESS CENTRE No. 1813A, Jalan Perusahaan, Auto-City, North-South Highway Juru Interchange, 13600 Prai, Pulau Pinang	04-507 7522	04-507 6522
105	AFFIN BANK PJ SS2 Branch 1st Floor, 161-163, Jalan SS 2/24, 47300 Petaling Jaya, Selangor	03-7874 3513	03-7874 3480
106	AFFIN BANK Fraser Branch No. 20-G & 20-1, Jalan Metro Pudu, Fraser Business Park, 55100 Kuala Lumpur	03-9222 8877	03-9222 9877

	NAME & ADDRESS	TEL	FAX
	AFFIN ISLAMIC BRANCHES		
1	AFFIN ISLAMIC Jitra Branch No. 17, Jalan Tengku Maheran 2, Taman Tengku Maheran Fasa 4, 06000 Jitra Kedah	04-919 0888	04-919 0380
2	AFFIN ISLAMIC Kuala Terengganu Branch No. 63 & 63 A, Jalan Sultan Ismail, 20200 Kuala Terengganu, Terengganu	09-622 3725	09-623 6496
3	AFFIN ISLAMIC Bangi Branch No.175 & 177, Ground Floor, Jalan 8/1, Seksyen 8, 43650 Bandar Baru Bangi, Selangor	03-8927 5881	03-8927 4815
4	AFFIN ISLAMIC MSU Branch Management & Science University, 2nd Floor, University Drive, Persiaran Olahraga, Seksyen 13, 40100 Shah Alam, Selangor	03-5510 0425	03-5510 0563
5	AFFIN ISLAMIC Senawang Branch No 312-G & 312-1, Jalan Bandar Senawang 17, Pusat Bandar Senawang, 70450 Seremban, Negeri Sembilan	06-675 7288	06-675 7088

	NAME & ADDRESS	TEL	FAX
	AFFIN BANK HIRE PURCHASE		
1	AFFIN BANK HP Hub Batu Pahat 1st Floor, No. 3 & 4, Jalan Merah, Taman Bukit Pasir, 83000 Batu Pahat, Johor	07-432 6286	07-434 5270
2	AFFIN BANK HP Hub Johor Bahru 1st Floor, No. 24 & 25, Jalan Kebun Teh 1, Kebun Teh Commercial City, 80250 Johor Bahru, Johor	07-224 2101	07-224 7160
3	AFFIN BANK HP Hub Taman Johor Jaya No. 130 & 132, 2nd Floor, Jalan Ros Merah 2/17, Taman Johor Jaya, 81100 Johor Bahru, Johor	07-356 2457	07-356 2457
4	AFFIN BANK HP Hub Alor Setar No. 147 & 148, 1st Floor, Susuran Sultan Abdul Hamid 8, Kompleks Sultan Abdul Hamid, Fasa 2, Persiaran Sultan Abdul Hamid, 05050 Alor Setar, Kedah	04-772 2964	04-771 4268
5	AFFIN BANK HP Hub Kota Bharu 1st & 2nd Floor, 3788H & 3788I, Seksyen 13, Jalan Sultan Ibrahim, 15050 Kota Bahru, Kelantan	09-744 9644	09-744 9613

DIRECTORY OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFIN BANK HIRE PURCHASE		
6	AFFIN BANK HP Hub Melaka Raya 200 & 201, Taman Melaka Raya, Off Jalan Parameswara, 75000 Melaka	06-283 1303	06-283 4960
7	AFFIN BANK HP Hub Seremban No 175, Jalan Dato' Bandar Tunggal, 70000 Seremban, Negeri Sembilan	06-761 1400	06-761 2290
8	AFFIN BANK HP Hub Kuantan G2-Ground Floor G2, Menara Zenith, Jalan Putra, Square 6, Putra Square, 25200 Kuantan, Pahang	09-514 8575	09-514 8582
9	AFFIN BANK HP Hub Ipoh No. 1 & 3, 1st Floor, Persiaran Greentown 9, Greentown Business Centre, 30450 Ipoh, Perak	05-255 0180	05-255 2545
10	AFFIN BANK HP Hub Jalan Macalister 1st Floor, No. 104C, 104D & 104E, Jalan Macalister, 10400 Pulau Pinang	04-229 2300	04-228 8324
11	AFFIN BANK HP Hub Juru Business Centre No. 1813A, Jalan Perusahaan, Auto-City, North-South Highway Juru Interchange, 13600 Prai, Pulau Pinang	04-507 3235	04-507 0522
12	AFFIN BANK HP Hub Jalan Gaya 1st Floor, No 86, Jalan Gaya, 88000 Kota Kinabalu, Sabah	088-212 677	088-212 476
13	AFFIN BANK HP Hub Kuching Lot 247 & 248, Section 49, KTLD, Jalan Tuanku Abdul Rahman, 93100 Kuching, Sarawak	082-422 909	082-429 616
14	AFFIN BANK HP Hub Seri Kembangan No. 36, Jalan PSK 3, Pusat Perdagangan Seri Kembangan, 43300 Seri Kembangan, Selangor	03-8943 6488	03-8943 5306
15	AFFIN BANK HP Hub PJ SS2 No. 161, Jalan SS 2/24, 47300 Petaling Jaya, Selangor	03-7874 8890	03-7875 4217
16	AFFIN BANK HP Hub PJ State No. 38 & 40, Jalan Yong Shook Lin, 46050 Petaling Jaya, Selangor	03-7956 0022	03-7956 0052
17	AFFIN BANK HP Hub Jalan Ipoh 468-11 & 468-11B, Batu 3, Jalan Ipoh, 51200 Kuala Lumpur	03-4041 8088	03-4041 8330
18	AFFIN BANK HP Hub Taman Maluri 250 & 252, Jalan Mahkota, Taman Maluri, 55100 Kuala Lumpur	03-9285 7322	03-9285 6848

	NAME & ADDRESS	TEL	FAX
	AFFIN BANK MORTGAGE HUB		
1	AFFIN BANK Mortgage Sales Hub Setapak 159 & 161, 1st Floor, Jalan Genting Klang, P.O Box 202, 53300 Setapak, Kuala Lumpur	03-4021 0789	03-4021 0755
2	AFFIN BANK Mortgage Sales Hub TTDI 1st Floor, 47 & 48, Jalan Tun Mohd Fuad 3, Taman Tun Dr Ismail, 60000 Kuala Lumpur	03-7722 2348	03-7722 2380
3	AFFIN BANK Mortgage Sales Hub Seri Kembangan 2nd Floor, No. 36, Jalan PSK 3, Pusat Perdagangan Seri Kembangan, 43300 Seri Kembangan, Selangor	03-8938 1626	03-8938 1626
4	AFFIN BANK Mortgage Sales Hub Alor Setar 2nd Floor, No. 147 & 148, Susuran Sultan Abdul Hamid 8, Kompleks Sultan Abdul Hamid, Fasa 2, Persiaran Sultan Abdul Hamid, 05050 Alor Setar, Kedah	04-771 4992	04-771 5482

DIRECTORY OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFIN BANK MORTGAGE HUB		
5	AFFIN BANK Mortgage Sales Hub Butterworth 2nd Floor, 55-57, Jalan Selat, Taman Selat, P.O Box 165, Jalan Bagan Luar, 12000 Butterworth, Penang	04-323 0151	04-323 0109
6	AFFIN BANK Mortgage Sales Hub Ipoh Ground Floor, No. 9, Persiaran Greentown 6, Greentown Business Centre, 30450 Ipoh, Perak	05-246 1226	05-246 1070
7	AFFIN BANK Mortgage Sales Hub Wisma Pelaut 1A (1st Floor), Light Street, Wisma Pelaut, 10200 Pulau Pinang	04-263 5588	04-251 9254
8	AFFIN BANK Mortgage Sales Hub Senawang No. 312-G & 312-1, Jalan Bandar Senawang 17, Pusat Bandar Senawang, 70450 Seremban, Negeri Sembilan	06-675 8809	06-675 8620
9	AFFIN BANK Mortgage Sales Hub Danga Bay 2nd Floor, No. 17 & 18, Blok 6, Danga Bay, Jalan Skudai, 80200 Johor Bahru, Johor	07-234 5570	07-234 5915
10	AFFIN BANK Mortgage Sales Hub Kuantan No 36a – 1st & 2nd Floor, Jalan Putra Square 6, 25200 Kuantan, Pahang	09-516 5545	09-517 3354
11	AFFIN BANK Mortgage Sales Hub Kota Bahru 3788H & 3788I, Seksyen 13, Jalan Sultan Ibrahim, 15050 Kota Bahru, Kelantan	017-233 7575	09-744 2202
12	AFFIN BANK Mortgage Sales Hub Kota Kinabalu 1st Floor, Lot 19 & 20, Block K, Sadong Jaya Complex, Jalan Ikan Juara 3, Karamunsing, 88100 Kota Kinabalu, Sabah	088-261 696	088-261 697
13	AFFIN BANK Mortgage Sales Hub Kuching Prince Commercial Centre 2nd Floor, 1 & 2. Jalan Penrissen, Batu 7, Kota Sentosa. 93250 Kuching, Sarawak	082-616 449	082-616 459

	NAME & ADDRESS	TEL	FAX
	AFFIN BANK SECURED PERSONAL FINANCING HUB		
1	AFFIN BANK Secured Personal Financing Hub 1st Floor, Jalan 1/27F, Kuala Lumpur Sub-Urban Centre, Wangsa Maju, 53300, Kuala Lumpur (Sales Team from SPF Glomac & Setapak hub move to SPF Wangsa Maju Hub)	03-4143 3005 / 2814 / 2816	-

	NAME & ADDRESS	TEL	FAX
	AFFIN BANK WEALTH MANAGEMENT HUB		
1	AFFIN BANK Wealth Management Hub Menara Affin Level 16, Menara Affin, 80, Jalan Raja Chulan, 50200 Kuala Lumpur	03-2055 9000	03-2078 4727
2	AFFIN BANK Wealth Management Hub Wangsa Maju 1st Floor, No. 2 & 4, Jalan 1/27F, Kuala Lumpur Sub-Urban Centre, 53300 Wangsa Maju, Kuala Lumpur	03-4149 9023	03-4149 9021
3	AFFIN BANK Wealth Management Hub Bangsar No 4 & 6, Jalan Telawi 3, Bangsar Baru, 59100 Kuala Lumpur	03-2283 5025	03-2283 5028
4	AFFIN BANK Wealth Management Hub Ara Damansara Block B G-07 & G-08 Block B, No.2 Oasis Square, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor	03-7847 3177	03- 7847 2677

DIRECTORY OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFIN BANK WEALTH MANAGEMENT HUB		
5	AFFIN BANK Wealth Management Hub TTDI 1st Floor, No. 47 & 49, Jalan Tun Mohd Fuad 3, Taman Tun Dr. Ismail, 60000 Kuala Lumpur	03-7727 9080	03-7727 9543
6	AFFIN BANK Wealth Management Hub Bukit Tinggi 2nd Floor, No. 77 & 79, Jalan Batu Nilam 5, Bandar Bukit Tinggi, 41200 Klang, Selangor	03-3323 2822	03-3323 2858
7	AFFIN BANK Wealth Management Hub Bukit Baru 1st Floor, No 7 & 8, Jalan DR1, Delima Point, Taman Delima Raya, Bukit Baru, 75150 Melaka	06-253 2150	06-231 8076
8	AFFIN BANK Wealth Management Hub Permas Jaya 1st Floor, No 23 & 25, Jalan Permas 10/2, Bandar Baru Permas Jaya, 81750 Johor Bahru	07-386 3703	07-386 5061
9	AFFIN BANK Wealth Management Hub Ipoh No. 9, Ground Floor. Persiaran Greentown 6, Greentown Business Centre. 30450 Ipoh, Perak	05-246 1050	05-246 1070
10	AFFIN BANK Wealth Management Hub Butterworth No. 55 - 57, Jalan Selat, Taman Selat, Off Jalan Bagan Luar, 12000 Butterworth, Pulau Pinang	04-333 3177	04-332 3299
11	AFFIN BANK Wealth Management Hub Wisma Pelaut 1A, Light Street, Wisma Pelaut, 12000 Pulau Pinang	04-263 6633	04-261 9801
12	AFFIN BANK Wealth Management Hub Alor Setar 2nd Floor, No 147 & 148, Susuran Sultan Abdul Hamid 8, Kompleks Sultan Abdul Hamid Fasa 2, Persiaran Sultan Abdul Hamid, 05050 Alor Setar, Kedah	04-771 2642	04-771 5482
13	AFFIN BANK Wealth Management Hub Kuantan No. 36A, 1st & 2nd Floor, Jalan Putra Square 6, Putra Square, 25200 Kuantan, Pahang	09-514 4584	09-514 8580
14	AFFIN BANK Wealth Management Hub Sadong Jaya 1st Floor, Lot 19 & 20, Block K, Sadong Jaya Complex, Jalan Ikan Juara 3, Karamunsing, 88300 Kota Kinabalu, Sabah	088-261 696	088-261 697
15	AFFIN BANK Wealth Management Hub Prince Commercial Centre 2nd Floor, No. 1 & 2, Jalan Penrissen Batu 7, Kota Sentosa, 93250 Kuching, Sarawak	082-616 449	082-616 459

	NAME & ADDRESS	TEL	FAX
	AFFIN BANK TRADE FINANCE CENTRE		
1	AFFIN BANK Trade Finance Centre Ipoh 1st Floor, No. 27A – 27A1, Jalan Sultan Azlan Shah Utara, 31400 Ipoh, Perak Darul Ridzuan	05-549 9959	05-549 9963
2	AFFIN BANK Trade Finance Centre Johor 1st Floor, No. 130 & 132. Jalan Rosmerah 2/17, Taman Johor Jaya. 81100 Johor Bahru, Johor	07-357 3317	07-357 3320
3	AFFIN BANK Trade Finance Centre Penang 2nd Floor, No. 10 Jalan Todak Satu, Pusar Bandar Seberang Jaya, 13700 Prai, Pulau Pinang	04-398 8233	04-398 8229
4	AFFIN BANK Trade Finance Centre Kota Kinabalu Suite 6, 7 & 8, 11th Floor Menara Jubili, No 53, Jalan Gaya, 88000 Kota Kinabalu, Sabah	088-223 301	088-223 305

DIRECTORY OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFIN BANK CORPORATE OFFICES		
1	AFFIN BANK Regional Corporate Desk Seberang Jaya 1st Floor, No 10, Jalan Todak 1, Pusat Bandar Seberang Jaya, 13700 Prai, Pulau Pinang	04-398 5039	04-399 3480
2	AFFIN BANK Regional Corporate Desk Johor Jaya 1st Floor, No 130 & 132, Jalan Rosmerah 2/17, Taman Johor Jaya, 81100 Johor Bahru, Johor	07-351 5122	07-351 8604
3	AFFIN BANK Regional Corporate Desk Alor Setar 3rd Floor, No 147 & 148, Susuran Sultan Abdul Hamid 8, Kompleks Sultan Abdul Hamid, Fasa 2 Persiaran Sultan Abdul Hamid, 05050 Alor Setar, Kedah	04-773 3855	04-773 3822
4	AFFIN BANK Sarawak Corporate Office - Kuching 3rd Floor, Lot 247 & 248, Section 49, KTLD, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak	082-259 342	082-239 220
5	AFFIN BANK Regional Corporate Desk Miri 1st Floor, Lot 2387 & 2388, Block A4 Jalan Boulevard 1A, Boulevard Commercial Centre, KM3 Jalan Miri-Pujut, 98000 Miri, Sarawak	085-437 442	085-418 882
6	AFFIN BANK Sabah Corporate Office - Kota Kinabalu Suite 6, 7 & 8, 11th Floor Menara Jubili, No 53, Jalan Gaya, 88000 Kota Kinabalu, Sabah	088-223 301	088-223 305

	NAME & ADDRESS	TEL	FAX
	AFFIN BANK BUSINESS CENTRE		
1	AFFIN BANK Seri Petaling Business Centre 1st Floor, 10-12, Jalan Radin Tengah, Bandar Baru Seri Petaling, 57000 Kuala Lumpur	03-9058 4626	03-9057 0220
2	AFFIN BANK Kuantan Business Centre Level 6K, 6L & 6M, Menara Zenith, Jalan Putra Square 6, Putra Square, 25200 Kuantan, Pahang	09-515 0400	09-515 0399
3	AFFIN BANK Seberang Jaya Business Centre 1st Floor, No. 10, Jalan Todak 1, Pusat Bandar Seberang Jaya, 13700 Prai, Pulau Pinang	04-398 5039	04-399 3480
4	AFFIN BANK Ipoh Business Centre 1st Floor, No. 27A-27A1, Jalan Sultan Azlan Shah Utara, 31400 Ipoh, Perak Darul Ridzuan	05-549 9959	05–549 9963
5	AFFIN BANK Johor Jaya Business Centre 1st Floor, 130 & 132, Jalan Rosmerah 2/17, Taman Johor Jaya, 81100 Johor Bahru, Johor	07-351 5122	07-351 8604
6	AFFIN BANK Bukit Baru Business Centre 1st Floor, 7 & 8, Jalan DR1, Delima Point, Taman Delima Raya, Bukit Baru, 75150 Melaka	06-232 4331	06-231 8076
7	AFFIN BANK Bayan Baru Business Centre 1st Floor, No. 124 & 126, Jalan Mayang Pasir, Taman Sri Tunas, 11950 Bayan Baru, Pulau Pinang	04-644 4600	04-644 1199
8	AFFIN BANK Sungai Petani Business Centre 2nd Floor, No. 55, Jalan Perdana Heights 2/2, Perdana Heights, 08000 Sungai Petani, Kedah Darul Aman	04-422 7079	04-422 4642

DIRECTORY OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFIN BANK BUSINESS CENTRE		
9	AFFIN BANK Kota Kinabalu Business Centre 2nd Floor, Lot 19 & 20, Block K, Sadong Jaya Complex, Jalan Ikan Juara 3, Karamunsing, 88100 Kota Kinabalu, Sabah	088-240 600	088-255 730
10	AFFIN BANK Kuching Business Centre 3rd Floor, Lot 247 & 248, Section 49, KTLD, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak	082-259 342	082-239 220
11	AFFIN BANK Kulai Business Centre 1st Floor, No. 200A, Jalan Kenanga 29/4, Indahpura, 81000 Kulai, Johor	07-660 8717	07-660 7744
12	AFFIN BANK Miri Business Centre 1st Floor, Lot 2387 & 2388, Block A4, Jalan Boulevard 1A, Boulevard Commercial Centre, KM3, Jalan Miri-Pujut, 98000 Miri, Sarawak	085-437 442	085-418 882
13	AFFIN BANK Bukit Tinggi Business Centre 2nd Floor, No. 77 & 79, Jalan Batu Nilam 5, Bandar Bukit Tinggi, 41200 Klang, Selangor Darul Ehsan	03-3318 9700	03-3319 3100
14	AFFIN BANK Central Business Centre Mezzanine Floor, Menara Affin, 80, Jalan Raja Chulan, 50200 Kuala Lumpur	03-2028 6218	03-2026 5746
15	AFFIN BANK Batu Pahat Business Centre 2nd Floor, No. 3 & 4, Jalan Merah, Taman Bukit Pasir, 83000 Batu Pahat, Johor	07-438 5152	07-432 5158
16	AFFIN BANK Danga Bay Business Centre 3rd Floor, No. 17 & 18, Blok 6, Danga Bay, Jalan Skudai, 80200 Johor Bahru, Johor	07-235 2132	07-235 2131
17	AFFIN BANK Kajang Business Centre 2nd Floor, 2 & 3, Jalan Saga, Taman Sri Saga, Off Jalan Sg. Chua. 43000 Kajang, Selangor	03-8733 1027	03-8733 0951
18	AFFIN BANK Bangsar Business Centre 1st Floor, No. 4 & 6, Jalan Telawi 3, Bangsar Baru, 59100 Kuala Lumpur	03-2284 8063	03-2284 8269
19	AFFIN BANK Kinrara Business Centre 1st Floor, No. 1, Jalan TK 1/11 A, Taman Kinrara, Section 1, Batu 7 ½, Jalan Puchong, 47100 Puchong, Selangor	03-8062 0074	03-8062 0480
20	AFFIN BANK Subang Jaya Business Centre 2nd Floor, 7 & 9, Jalan SS 15/8A, 47500 Subang Jaya, Selangor	03-5631 0930	03-5631 0936
21	AFFIN BANK Kota Bharu Business Centre 2nd Floor, 3788H & 3788I, Seksyen 13, Jalan Sultan Ibrahim, 15050 Kota Bharu, Kelantan	09-744 5698	09-744 5699
22	AFFIN BANK Tawau Business Centre 1st Floor, TB281-283, Jalan Haji Karim, Town Extension II, 91008 Tawau, Sabah	089-753 891	089-753 890
23	AFFIN BANK TTDI Business Centre 2nd Floor, 47 & 49, Jalan Tun Mohd Fuad 3,Taman Tun Dr. Ismail 60000 Kuala Lumpur	03-7727 0900	03-7727 0908
24	AFFIN BANK Alternate Channels 2nd Floor, No. 2 & 4, Jalan 1/27F, Kuala Lumpur Sub-Urban Centre, Wangsa Maju, 53300 Kuala Lumpur	03-4142 3940	03-4142 3918

DIRECTORY OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFIN ISLAMIC HIRE PURCHASE HUB		
1	AFFIN ISLAMIC HP Hub Kuala Terengganu No. 63 & 63 A, Jalan Sultan Ismail, 20200 Kuala Terengganu, Terengganu	09-623 5966	09-623 2011

	NAME & ADDRESS	TEL	FAX
	AXA AFFIN GENERAL INSURANCE BERHAD		
1	AXA Affin General Insurance Berhad - Cheras Branch 165 & 165-1 Jalan Lancang, Taman Seri Bahtera, 56100 Cheras, Kuala Lumpur, Malaysia	03-9130 5688	03-9130 5788
2	AXA Affin General Insurance Berhad - Klang Branch 28 Jalan Tiara 2A/KU1, Pusat Perniagaan Bandar Baru Klang, 41150 Klang, Selangor, Malaysia	03-3341 7808 03-3342 7808	03-3341 6505
3	AXA Affin General Insurance Berhad - Petaling Jaya Branch No. 46B, Jalan SS 21/35, Damansara Utama, 47400 Petaling Jaya, Selangor, Malaysia	03-7727 8962	03-7727 9057
4	AXA Affin General Insurance Berhad - Subang Jaya Branch 113 Ground Floor, Jalan SS15/5A, 47500 Subang Jaya, Selangor, Malaysia	03-5632 3535	03-5632 7177
5	AXA Affin General Insurance Berhad - Puchong Branch GF-09, IOI Business Park, Persiaran Puchong Jaya Selatan, 47170 Puchong Jaya,Selangor, Malaysia	03-8079 0892 03-8079 0893	03-8079 0901
6	AXA Affin General Insurance Berhad - Kota Kinabalu Branch Ground & 1st Floor Block D, Kepayan Perdana Commercial Centre, Jln Lintas, 88200 Kota Kinabalu, Sabah	088-413 240	088-413 270
7	AXA Affin General Insurance Berhad - Tawau Branch TB 281, Tingkat 1, Blok 29, Fajar Komplex, Jalan Haji Karim, Town Extension II, 91000 Tawau, Sabah, Malaysia	089-756 475 089-756 476	089-756 473
8	AXA Affin General Insurance Berhad - Kuching Branch Ground Floor & 1st Floor, Sublot 3,Lot 68-71, Jalan Green, 93150 Kuching, Sarawak, Malaysia	082-248 300	082-428 148
9	AXA Affin General Insurance Berhad - Miri Branch Lot 582, Pelita Commercial Centre, Miri Pujut Road, 98000 Miri, Sarawak, Malaysia	085-416 661	085-419 600
10	AXA Affin General Insurance Berhad - Sibu Branch Lot 4018, Block 7, Sibu Town District No. 20, Ground Floor, Wong King Huo Road, 96000 Sibu, Sarawak, Malaysia	084-326 993 084-326 992	084-310 128
11	AXA Affin General Insurance Berhad - Penang Branch Ground & 1st Floor, Wisma AXA, 1E, Lebuh Penang,10200 Penang, Malaysia	04-261 1981 04-261 6935	04-261 0688 04-261 1595
12	AXA Affin General Insurance Berhad - Sungai Petani Branch 86, 1st Floor, Jalan Legenda 1, Legenda Heights, 08000 Sungai Petani, Kedah, Malaysia	04-423 8680	04-423 8660
13	AXA Affin General Insurance Berhad - Bukit Mertajam Branch 2996 Jalan Maju,Taman Sri Maju, 14000 Bukit Mertajam, Penang, Malaysia	04-539 6808 04-539 7808	04-530 6308
14	AXA Affin General Insurance Berhad - Ipoh Branch No. 7, 7A & 9, Persiaran Greentown 5, Greentown Business Centre, 30450 Ipoh, Perak, Malaysia	05-254 8034 05-254 3395 05-253 2809	05-253 7078

	NAME & ADDRESS	TEL	FAX
	AXA AFFIN GENERAL INSURANCE BERHAD		
15	AXA Affin General Insurance Berhad - Kota Bharu Branch PT227 Ground & First Floor, Jalan Kebun Sultan, 15350 Kota Bharu, Kelantan, Malaysia	09-748 2054	09-744 4585
16	AXA Affin General Insurance Berhad - Mentakab Branch No. 66,1st Floor, Jalan Orkid, 28400 Mentakab, Pahang, Malaysia	09-277 2002 09-277 2003	09-277 2008
17	AXA Affin General Insurance Berhad - Kuantan Branch B-8008 2nd & 3rd floor, Sri Kuantan Square, Jalan Telok Sisek, 25000 Kuantan, Pahang, Malaysia	09-517 7509 09-516 3708	09-514 3489
18	AXA Affin General Insurance Berhad - Kuala Terengganu Branch 18A-Dataran Panji, Panji Curve Business Park, Jln Panji Alam, 21100 Kuala Terengganu, Terengganu	09-628 5340	09-628 5345
19	AXA Affin General Insurance Berhad - Batu Pahat Branch 35, Jalan Flora Utama 5, Taman Flora Utama, 83000 Batu Pahat, Johor, Malaysia	07-431 3569 07-431 3577 07-431 3598	07-431 3605
20	AXA Affin General Insurance Berhad - Johor Bahru Branch No.67, Jalan Molek 1/29, Taman Molek, 81100 Johor Bahru, Johor, Malaysia	07-431 3569 07-431 3577 07-431 3598	07-352 7554
21	AXA Affin General Insurance Berhad - Melaka Branch Ground Floor, 61 Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka, Malaysia	06-287 8588	06-287 8588
22	AXA Affin General Insurance Berhad - Seremban Branch No. 77B & 77B-1, Lorong Haruan 5/3, Oakland Commercial Centre, 70300 Seremban, Negeri Sembilan, Malaysia	06-633 3366	06-633 2882

	NAME & ADDRESS	TEL	FAX
	AXA AFFIN LIFE INSURANCE		
1	AXA AFFIN Life Insurance Berhad - Head Office 8th Floor, Chulan Tower, No. 3 Jalan Conlay, 50450 Kuala Lumpur	03-2117 6688	03-2117 3698
2	AXA AFFIN Life Insurance Berhad - Petaling Jaya Branch Block C Lot 19-01, 3 Two Square, No.2, Jalan 19/1, 46300 Petaling Jaya, Selangor	03-7957 6226	03-7957 6248
3	AXA AFFIN Life Insurance Berhad - Johor Bahru Branch No. 69, Jalan Molek 1/29, Taman Molek, 81100 Johor Bahru, Johor	07-352 6979	07-352 3515
4	AXA AFFIN Life Insurance Berhad - Ipoh Branch C-G-6 & C-G-7, Greentown Square, Jalan Dato Seri Ahmad Said, 30250 Ipoh, Perak	05-249 4800	05-249 4801
5	AXA AFFIN Life Insurance Berhad - Penang Branch No.F-6-1, Bay Avenue, Lorong Bayan Indah 1, Queensbay, 11900 Sungai Nibong, Penang	04-630 0688	04-630 0699
6	AXA AFFIN Life Insurance Berhad - Seremban Branch No.107, Jalan S2 B20, Pusat Dagangan Centrio Seremban 2, 70300 Seremban	06-603 7347	06-603 7947
7	AXA AFFIN Life Insurance Berhad - Melaka Branch Ground Floor, UMB Building, No. 61, Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka	06-284 6185	06-284 6186

DIRECTORY OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AXA AFFIN LIFE INSURANCE		
8	AXA AFFIN Life Insurance Berhad - Kota Kinabalu Branch Unit 27-1 (Ground Floor), 26-2 (1st Floor) & 27-3 (2nd Floor), Block D Kepayan Perdana, Commercial Centre, Jalan Lintas, 88200 Kota Kinabalu, Sabah	088-413 292	088-413 809
9	AXA AFFIN Life Insurance Berhad - Kuching Branch 2nd Floor, Sublot 3 of Lots 68, 70 & 71, Section 22, Jalan Green, 93150 Kuching, Sarawak	082-242 245	082-244 241
10	AXA AFFIN Life Insurance Berhad - Sibu Branch 2nd Floor, 16 & 18, Jalan Wong King Huo, 96000 Sibu, Sarawak	084-327 125	084-327 126

	NAME & ADDRESS	TEL	FAX
	AFFIN HWANG INVESTMENT BANK BRANCHES		
1	1st Floor, No 79, Jalan Batu Nilam 5, Bandar Baru Bukit Tinggi Klang, 41200 Klang Selangor	03-3322 1999	03-3322 1666
2	Suite 1-9-E1 (A), 9th Floor, CPS Tower, Centre Point Sabah, No.1, Jalan Centre Point, 88000 Kota Kinabalu Sabah	088-311 688	088-318 996
3	No.70 & 70A, Jalan Mawar 1, Taman Pekan Baru, 08000 Sg Petani, Kedah	04-425 6666	04-421 2288
4	No. 2 & 4, Jalan Perda Barat,Bandar Perda, 14000 Bukit Mertajam, Seberang Perai Tengah, Penang	04-537 2882	04-537 5228
5	Level 7, Johor Bahru City Square (Office Tower), 106-108, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor	07-222 2692	07-276 5201
6	4th Floor, Wisma Meru, No. 1, Lintang Pekan Baru, Off Jalan Meru, 41050 Klang Selangor	03-3343 9999	03-3343 4198
7	No. 29G, Jalan S2 B16, Pusat Dagangan Seremban 2, 70300 Seremban Negeri Sembilan	06-603 7408	06-603 7409
8	No. 2, Jalan Tun Mohd Fuad 3, Taman Tun Dr Ismail, 60000 Kuala Lumpur	03-7710 6688	03-7710 6699
9	No. 6 Tingkat Atas, Jalan Mahligai, 72100 Bahau, Negeri Sembilan	06-455 3188	06-455 3288
10	Suite B3A1, East Wing, 3Ath Floor, Wisma Consplant 2, 7, Jalan SS 16/1, 47500 Subang Jaya, Selangor Darul Ehsan	03-5635 6688	03-5636 2288
11	Ground, 1st, 2nd & 3rd Floors, No. 21, Jalan Stesen, 34000 Taiping, Perak	05-806 6688	05-808 9229
12	38A & 40A, Jalan Midah 1, Taman Midah, Cheras, 56000 Kuala Lumpur	03-9130 8803	03-9130 8303
13	Ground & 1st Floor, No.1 Jalan Pending, 93450 Kuching Sarawak	082-341 999	082-485 999
14	Level 2,3,4,5 & 7, Wisma Sri Pinang 1,60 Green Hall, 10200 Penang	04-263 6996	04-261 4331
15	Mezzanine & 3rd Floor, Chulan Tower, No. 3 Jalan Conlay 50450 Kuala Lumpur	03-2143 8668	03-2145 5092

DIRECTORY OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFIN HWANG ASSET MANAGEMENT BERHAD		
1	Head Office Ground Floor, Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur	Hotline: 1800 88 7080 (Malaysia) General Line: 03-2116 6000 (International)	N/A
2	Penang Sales Office No. 10-C-23 & No.10-C-24, Precinct 10, Jalan Tanjung Tokong, 10470 Penang	04-899 8022	04-899 1916
3	Perak Sales Office 1, Persiaran Greentown 6, Greentown Business Centre, 30450 Ipoh, Perak Darul Ridzuan	05-241 0668	05-255 9696
4	Melaka Sales Office Ground Floor, No. 584, Jalan Merdeka, Taman Melaka Raya, 75000 Melaka	06-281 2890	06-281 2937
5	Johor Sales Office Unit 22-05, Level 22, Menara Landmark, No.12, Jalan Ngee Heng 80000 Johor Bahru, Johor Darul Takzim	07-227 8999	07-223 8998
6	Sarawak (Kuching) Sales Office Ground Floor, No.69 Block 10, Jalan Laksamana Cheng Ho 93200 Kuching, Sarawak	082-233 320	082-233 663
7	Sarawak (Miri) Sales Office 1st Floor, Lot 1291, Jalan Melayu, MCLD, 98000 Miri, Sarawak	085-418 403	085-418 372
8	Sabah Sales Office Unit 1.09(a), Level 1, Plaza Shell, 29, Jalan Tunku Abdul Rahman 88000 Kota Kinabalu, Sabah	088-252 881	088-288 803

	NAME & ADDRESS	TEL	FAX
	AIIMAN ASSET MANAGEMENT SDN BHD		
1	Head Office 14th Floor, Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur	1300 88 8830 (Malaysia) 03-2116 6156 (International)	03-2116 6150

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2021

SIZE OF SHAREHOLDINGS	NO OF HOLDERS	%	NO OF SHARES	%
Less than 100	814	4.4	18,339	0.0
100 to 1,000	2,917	15.8	1,985,959	0.1
1,001 to 10,000	11,205	60.6	44,090,837	2.1
10,001 to 100,000	3,218	17.4	88,486,176	4.3
100,001 to 103,989,553 *	342	1.8	140,387,702	6.7
103,989,554 and above **	4	0.0	1,804,822,084	86.8
Total	**18,500**	**100.00**	**2,079,791,097**	**100.00**

* Less than 5% of issued shares
** 5% and above of issued shares

LIST OF TOP 30 SHAREHOLDERS

AS AT 31 MARCH 2021

	NAME	SHAREHOLDINGS	%
1	LEMBAGA TABUNG ANGKATAN TENTERA	732,822,081	35.24
2	MAYBANK NOMINEES (ASING) SDN BHD THE BANK OF EAST ASIA LIMITED HONG KONG FOR THE BANK OF EAST ASIA LIMITED (INVESTMENT AC)	491,955,887	23.65
3	BOUSTEAD HOLDINGS BERHAD ACCOUNT NON-TRADING	432,816,893	20.81
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	147,227,223	7.08
5	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	21,909,200	1.05
6	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	8,634,621	0.42
7	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	3,854,502	0.19
8	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	3,453,411	0.17
9	PUBLIC NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAYLAND PARKVIEW SDN BHD (KLC)	2,800,200	0.13
10	HSBC NOMINEES (ASING) SDN BHD JPMCB, NA FOR AUSTRALIANSUPER	2,425,800	0.12
11	CIMB GROUP NOMINEES (AING) SDN BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	2,263,200	0.11
12	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD. CIMB BANK BERHAD (EDP 2)	2,213,300	0.11
13	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGE SECURITIES ACCOUNT FOR CHEAM HENG MING (E-KTN/RAU)	2,200,621	0.11
14	KEY DEVELOPMENT SDN BHD	2,037,694	0.10

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2021

	NAME	SHAREHOLDINGS	%
15	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HII YU HO	2,011,135	0.10
16	HSBC NOMINEES (ASING) SDN BHD TNTC FOR LSV EMERGING MARKETS EQUITY FUND L.P.	1,801,000	0.09
17	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES CCOUNT FOR ZALARAZ SDN BHD (MY3113)	1,685,507	0.08
18	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	1,475,914	0.07
19	LEE GUAN SEONG	1,314,500	0.06
20	PERTUBUHAN PELADANG KEBANGSAAN (NAFAS)	1,250,000	0.06
21	CHIN CHOO INVESTMENT SDN BHD	1,186,311	0.06
22	CGS-CIMB NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	1,130,282	0.05
23	G.T.Y. HOLDINGS SDN. BHD	1,000,000	0.05
24	GEMAS BAHRU ESTATES SDN. BHD.	918,565	0.04
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG PIANG KOK	877,500	0.04
26	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HII YU HO	831,113	0.04
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE PHAK KHUAI	829,476	0.04
28	FANG INN	784,391	0.04
29	CHIA CHOON KWANG @ CHAI CHOON KWANG	782,294	0.04
30	B-OK SDN BHD	718,319	0.03
	TOTAL	**1,875,222,940**	**90.16**

LIST OF SUBSTANTIAL SHAREHOLDERS
AS AT 31 MARCH 2021

	NAME	DIRECT SHAREHOLDINGS	%	INDIRECT SHAREHOLDINGS	%
1	LEMBAGA TABUNG ANGKATAN TENTERA	732,822,081	35.24	433,349,333*	20.84
2	THE BANK OF EAST ASIA LIMITED	491,955,887	23.65	-	
3	BOUSTEAD HOLDINGS BERHAD (BHB)	432,816,893	20.81	532,440#	0.03
4	EMPLOYEES PROVIDENT FUND	147,227,223	7.08		

* Deemed interest by virtue of LTAT's interest in BHB

\# Deemed interest by virtue of BHB's interest in UAC Berhad

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 45TH ANNUAL GENERAL MEETING OF AFFIN BANK BERHAD [197501003274 (25046-T)] WILL BE BROADCASTED LIVE FROM **LEVEL 18, MENARA AFFIN, 80, JALAN RAJA CHULAN, 50200 KUALA LUMPUR ON WEDNESDAY, 2 JUNE 2021 AT 2.30 P.M.** FOR THE FOLLOWING PURPOSES:

AGENDA

ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2020 and the Reports of the Directors and Auditors thereon.

2. To re-elect the following Directors who retire by rotation pursuant to Article 118 of the Company's Constitution:

   2.1 Mr. Chan Tze Ching Ignatius — **Resolution 1**
   2.2 Dato' Rozalila binti Abdul Rahman — **Resolution 2**

   En. Mohd Suffian bin Haji Haron who also retires pursuant to Article 118 of the Constitution of the Company, has expressed his intention not to seek re-election. Hence, he will retain office until the close of the 45th AGM.

3. To re-elect Ms. Chan Wai Yu who retires pursuant to Article 124 of the Company's Constitution. — **Resolution 3**

4. To approve the following fees to Non-Executive Directors for the period from the 45th AGM to the 46th AGM of the Company:- — **Resolution 4**

   (a) Chairman's fee – RM160,000 per annum;
   (b) Director's fee – RM130,000 per annum for each Non-Executive Director;
   (c) Board Committee Chairman's fee – RM40,000 per annum; and
   (d) Board Committee Member's fee – RM35,000 per annum for each member of Board Committee.

5. To approve an amount of up to RM1.4 million as benefits payable to eligible Non-Executive Directors from 45th AGM to 46th AGM of the Company. — **Resolution 5**

6. To re-appoint Messrs PricewaterhouseCoopers PLT as the Company's Auditors for the financial year ending 31 December 2021 and to authorise the Directors to fix the Auditors' remuneration. — **Resolution 6**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

7. Ordinary Resolution

   Authority for Directors to Allot and Issue New Ordinary Shares in AFFIN Bank Berhad ("ABB Shares") — **Resolution 7**

   "THAT subject always to the Companies Act, 2016 ("Act"), the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and approval of the relevant government/ regulatory authorities, the Directors be and are hereby authorised pursuant to Section 75 and Section 76 of the Act, to allot ABB Shares at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of ABB Shares to be allotted pursuant to the said allotment does not exceed ten percent (10%) of the total number of issued shares of the Company as at the date of such allotment and that the Directors be and are hereby authorised to obtain all necessary approvals from the relevant authorities for the allotment and listing and quotation of the additional shares so allotted on Bursa Malaysia and that such authority to allot ABB Shares shall continue to be in force until the conclusion of the next annual general meeting of the Company."

8. Ordinary Resolution

Allotment and Issuance of New Ordinary Shares of AFFIN Bank Berhad ("ABB Shares") in relation to the Dividend Reinvestment Plan by the Company that gives the Shareholders of the Company the Option to Reinvest their whole or a portion of the Dividend for which the Reinvestment Option applies in New ABB Shares ("Dividend Reinvestment Plan") **Resolution 8**

"THAT pursuant to the Dividend Reinvestment Plan as approved by the shareholders at the Extraordinary General Meeting held on 15 May 2018 and subject to the approval of the relevant regulatory authority (if any), approval be and is hereby given to the Company to allot and issue such number of new ABB Shares upon the election of the shareholders of the Company to reinvest the dividend pursuant to the Dividend Reinvestment Plan until conclusion of the next Annual General Meeting upon such terms and conditions and to such persons as the Board may, in their sole and absolute discretion, deem fit and in the interest of the Company;

AND THAT, the issue price of the said new ABB Shares which will be determined by the Board on a price fixing date to be determined ("Price Fixing Date"), shall not be more than 10% discount to the adjusted 5-day volume-weighted average market price ("WAMP") of ABB Shares immediately prior to the Pricing Fixing Date, of which the WAMP shall be adjusted ex-dividend before applying the abovementioned discount in fixing the issue price;

AND THAT the Board be and is hereby authorised to do all such acts and enter into all such transactions, arrangements and agreements, deeds or undertakings and to execute, sign and deliver for and on behalf of the Company, all such documents and impose such terms and conditions or delegate all or any part of its powers as may be necessary or expedient in order to give full effect to the Dividend Reinvestment Plan with full power to assent to any conditions, variations, modifications and/ or amendments, as the Board may, in its absolute discretion deem fit and in the best interest of the Company and/or as may be imposed or agreed to by any relevant authorities."

9. Ordinary Resolution

Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate") **Resolution 9**

"THAT authority be and is hereby given in line with Chapter 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, for the Company, its subsidiaries or any of them to enter into any of the transactions falling within the types of the Recurrent Related Party Transactions, particulars of which are set out in the Circular to Shareholders dated 30 April 2021 with the Related Parties as described in the said Circular, provided that such transactions are of revenue or trading nature, which are necessary for the day-to-day operations of the Company and/ or its subsidiaries within the ordinary course of business of the Company and/or its subsidiaries, made on an arm's length basis and on normal commercial terms which are those generally available to the public and are not detrimental to the minority shareholders of the Company;

AND THAT such authority shall commence immediately upon the passing of this Ordinary Resolution until:

i. the conclusion of the next AGM of the Company at which time the authority shall lapse unless by a resolution passed at a general meeting, the authority is renewed; or
ii. the expiration of the period within which the next AGM of the Company which is to be held pursuant to Section 340(2) of the Companies Act, 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or
iii. revoked or varied by a resolution passed by the shareholders of the Company at a general meeting, whichever is earlier.

AND FURTHER THAT the Board of Directors be and is hereby authorised to do all acts, deeds and things as may be deemed fit, necessary, expedient and/or appropriate in order to implement the Proposed Shareholders' Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/ or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed Shareholders' Mandate in the best interest of the Company."

NOTICE OF ANNUAL GENERAL MEETING

10. To transact any other ordinary business of the Company.

BY ORDER OF THE BOARD

NIMMA SAFIRA KHALID
(LS0009015)
(SSM PC No. 201908001266)
Company Secretary

Kuala Lumpur
30 April 2021

Notes:

(1) As a precautionary measure in view of the on-going COVID-19 pandemic, the 45th AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting (RPV) facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at https://tiih.online. Please follow the procedures provided in the Appendix 1 of Administrative Notes for Members of the 45th AGM in order to register, participate and vote remotely via the RPV facilities.

(2) The Broadcast Venue of the 45th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Members/proxies are not allowed to attend the AGM in person at the Broadcast Venue on the day of the AGM.

(3) A member entitled to participate and vote at this AGM is entitled to appoint proxy(ies) to participate and vote in his/her stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of a proxy.

(4) (i) A member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("Authorised Nominee") may appoint at least one proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company ("ABB Shares") standing to the credit of the said securities account to participate and vote at this AGM.

(ii) Notwithstanding the above, for an exempt Authorised Nominee which holds ABB Shares for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt Authorised Nominee may appoint in respect of each Omnibus Account.

(5) Where a member appoints 2 proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

(6) The instrument appointing a proxy in the case of any individual shall be signed by the appointer or his/her attorney and in the case of a corporation, under its common seal or under the hand of the officer duly authorized.

(7) In respect of deposited securities, only Members whose names appear in the Record of Depositors on 24 May 2021 (General Meeting Record of Depositors) shall be entitled to participate and vote at the 45th AGM.

(8) The appointment of proxy may be submitted in hard copy form or electronically via TIIH Online website at https://tiih.online. The hard copy of Proxy Form must be deposited at the office of Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time set for the 45th AGM or no later than 31 May 2021 at 2.30 p.m.

If members wish to submit their Proxy Form electronically, please refer to the Procedures for Electronic Lodgement of Proxy Form as set out in Appendix 2 of the Administrative Notes for Members.

(9) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 45th AGM of the Company shall be put to vote by way of a poll.

(10) Explanatory Notes on Ordinary Businesses:

(i) Audited Financial Statements for the Financial Year Ended 31 December 2020

The Audited Financial Statements are for discussion only as they do not require shareholders' approval pursuant to Section 340(1) of the Companies Act 2016. Hence, this matter will not be put for voting.

(ii) Ordinary Resolutions 1 to 3 - Re-election of Directors

The profiles of Directors seeking re-election are set out in the Board of Directors' Profiles section of the Company's 2020 Annual Report.

(iii) Ordinary Resolutions 4 and 5 - Remuneration Payable to Non-Executive Directors

The Non-Executive Chairman and Non-Executive Directors are entitled to the following:-

(a) Directors' Fee:-

	Fees (RM)	
	Chairman	**Member**
Board		
Director's Fees (per annum)	160,000	130,000
Board Committee		
Board Committee Fees (per annum)	40,000	35,000

(b) Meeting allowance:-

	Fees (RM)	
	Chairman	**Member**
Board		
Director's Sitting Fees (per meeting)	3,000	2,000
Board Committee		
Board Committee Sitting Fees (per meeting)	2,400	2,000

(c) Car Allowance for Chairman: RM6,000 per month
(d) Token of appreciation upon retirement/resignation: RM15,000 per year of service up to maximum of RM180,000 per Director.
(e) Benefits-in-kind include claimable benefits.

(iv) Ordinary Resolution 7 - Authority for Directors to Issue Shares

The Company has not issued any shares under the general mandate for allotment of shares pursuant to Section 75 and Section 76 of the Companies Act, 2016 which was approved at the 44th AGM held on 27 July 2020 and will lapse at the conclusion of the 45th AGM to be held on 2 June 2021.

The proposed ordinary resolution 7, if passed, will give powers to the Directors to issue up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company. The authority will, unless revoked or varied by the Company in a General Meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

The General Mandate sought will provide flexibility to the Company for any possible fund-raising activities, including but not limited for further placing of shares, for purpose of funding investment(s), working capital and/or acquisition(s).

(v) Ordinary Resolution 8 - Dividend Reinvestment Plan

The proposed ordinary resolution 8 if passed, will give authority to the Board to allot and issue new ABB Shares pursuant to the Dividend Reinvestment Plan in respect of any future dividends to be declared, to which the Dividend Reinvestment Plan applies and such authority shall expire at the conclusion of the next AGM of the Company.

(vi) Ordinary Resolution 9 - Proposed Shareholders' Mandate

The proposed ordinary resolution 9, if passed, will enable the Company and/ or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to- day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company.

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AFFIN BANK

FORM OF PROXY

I/We ____ NRIC No./Company No. ____________________
(Full Name in Block Letters)

of ____
(Full Address)

Tel No. ______________________ being a member of AFFIN BANK BERHAD, hereby appoint ______________________
(Full Name in Block Letters)

____________________________________ NRIC No. ____________________ of ______________________________
(Full Address)

____ and ______________________________
(Full Name in Block Letters)

____________________________ NRIC No./Company No. ________________________ of ______________________

____
(Full Address)

or failing him/her the CHAIRMAN OF THE MEETING as my/our* proxy to participate and vote for me/us on my/our behalf at the 45th Annual General Meeting (AGM) of the Company to be held on **Wednesday, 2 June 2021** at **2.30 p.m.** and to be conducted as a fully virtual AGM at the Broadcast Venue at **Level 18, Menara Affin, 80, Jalan Raja Chulan, 50200 Kuala Lumpur**, or any adjournment thereof.

My/our proxy(ies) is/are to vote on the resolutions as indicated by an “X” below. If no indication is given, my/our proxy(ies) shall vote or abstain as he/she thinks fit:

No.	Resolutions	For	Against
	Re-election of the following Directors who retire by rotation pursuant to Article 118 of the Company's Constitution:		
1	(i) Mr. Chan Tze Ching Ignatius		
2	(ii) Dato' Rozalila binti Abdul Rahman		
3	Re-election of Ms Chan Wai Yu who retires pursuant to Article 124 of the Company's Constitution.		
4	Approval of payment of fees to Non-Executive Directors for the period from the 45th AGM to 46th AGM of the Company.		
5	Approval of payment of benefits to eligible Non-Executive Directors from 45th AGM to 46th AGM of the Company.		
6	Re-appointment of Messrs PricewaterhouseCoopers PLT as the Company's Auditors for the financial year ending 31 December 2021 and to authorise the Directors to fix the Auditors' remuneration		
7	Authorisation to the Directors to allot and issue shares pursuant to Section 75 and Section 76 of the Companies Act, 2016		
8	Authorisation to the Directors to allot and issue new Affin Bank Berhad Shares in relation to the Dividend Reinvestment Plan		
9	Approval of the Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Signed this on ________ day of ______________ 2021.

____
Signature of Member/Common Seal

CDS Account No. :	
No. of shares held :	
Proportion of shareholdings represented by proxies:	First proxy : % Second proxy: % 100%

Notes:

(1) As a precautionary measure in view of the on-going COVID-19 pandemic, the 45th AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting (RPV) facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at https://tiih.online. Please follow the procedures provided in the Appendix 1 of Administrative Notes for Members of the 45th AGM in order to register, participate and vote remotely via the RPV facilities.

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(3) A member entitled to participate and vote at this AGM is entitled to appoint proxy(ies) to participate and vote in his/her stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of a proxy.

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(ii) Notwithstanding the above, for an exempt Authorised Nominee which holds ABB Shares for multiple beneficial owners in one securities account (“Omnibus Account”), there is no limit to the number of proxies which the exempt Authorised Nominee may appoint in respect of each Omnibus Account.

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(5) Where a member appoints 2 proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

(6) The instrument appointing a proxy in the case of any individual shall be signed by the appointer or his/her attorney and in the case of a corporation, under its common seal or under the hand of the officer duly authorized.

(7) In respect of deposited securities, only Members whose names appear in the Record of Depositors on 24 May 2021 (General Meeting Record of Depositors) shall be entitled to participate and vote at the 45th AGM.

(8) The appointment of proxy may be submitted in hard copy form or electronically via TIIH Online website at https://tiih.online. The hard copy of Proxy Form must be deposited at the office of Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time set for the 45th AGM or no later than 31 May 2021 at 2.30 p.m.

(9) If members wish to submit their Proxy Form electronically, please refer to the Procedures for Electronic Lodgement of Proxy Form as set out in Appendix 2 of the Administrative Notes for Members.

(10) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 45th AGM of the Company shall be put to vote by way of a poll.

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AFFIX
STAMP

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