

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

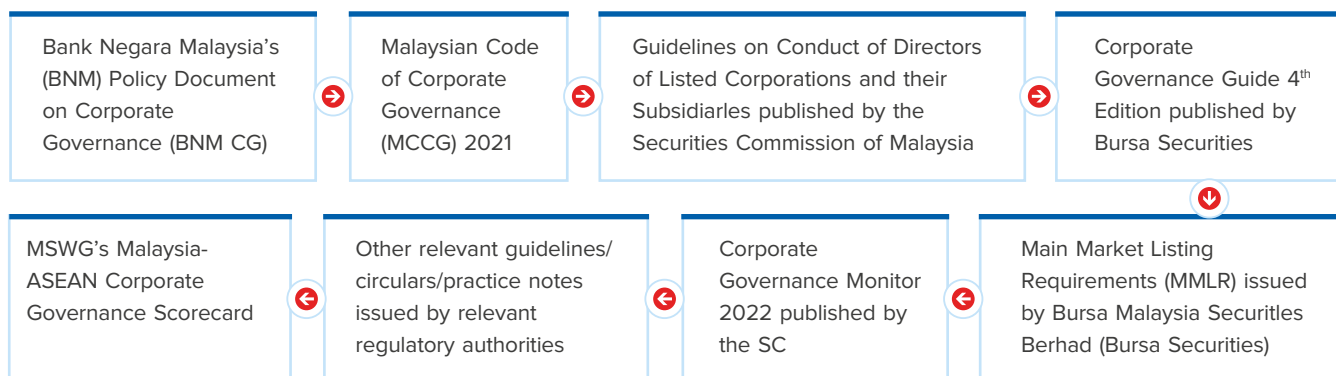
The Board of Affin Bank Berhad (ABB, the Company or the Bank) strongly promotes and supports the principles of good Corporate Governance. The Board continuously strives to enhance and strengthen the Group's governance framework and processes to ensure that best practices are adopted Groupwide. The Board acknowledges that Corporate Governance standards help to establish a culture of **accountability, transparency, and ethical behaviour**, which in turn enhances shareholders and stakeholders' trust and confidence in the Bank as well as the Group.

This Corporate Governance Overview Statement (CG Statement) provides insights into the corporate governance (CG) practices of AFFIN during the financial year ended 31 December 2024 and up to the date of publication of this Integrated Report 2024 (year under review). This CG Statement outlines the Bank's compliance with the three (3) principles set out in the Malaysian Code of Corporate Governance 2021 issued by the Securities Commission (MCCG 2021) as follows:-



To ensure compliance with the most recent relevant Corporate Governance and regulatory obligations, the Board regularly reviews its governance procedures and processes. Throughout the year in review, the Bank has adopted all the provisions of the MCCG 2021 (including all five (5) step ups), save for Practice 8.2 (disclosure of senior management's remuneration). Over the years, the Bank has been making efforts to transform its Integrated Report into a full Integrated Integrated Report. For the financial year ended 31 December 2024, the Bank has produced its first full Integrated Integrated Report, providing insights into the Bank's strategy, and how it relates to the Bank's ability to create value in the short, medium and long-term and its use of and effects on capitals. A more thorough description of the manner in which the Bank is addressing these departures is set out in the Corporate Governance Report (CG Report) which is available on AFFIN Group's corporate website at <https://www.affingroup.com/> or the Bursa Malaysia announcement web page.

The Bank adopts best corporate governance approaches based on the following guidelines and best practices:-



The Bank's commitment towards upholding high standards of Corporate Governance was recognised when it received the following awards by the Minority Shareholders Watch Group (MSWG) via National Corporate Governance & Sustainability Awards (NACGSA) 2024, MSWG-ASEAN CG Award 2021 and ASEAN Asset Class PLCs (Malaysia) at the 2021 ASEAN Corporate Governance Scorecard Award:-



The Bank is grateful for the above recognitions and endeavours to improve its corporate governance disclosure, as well as to continue adopting good corporate governance practices.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### GOVERNANCE STRUCTURE AND FRAMEWORK

The Board views corporate governance as a fundamental process contributing towards achieving long-term shareholder value, taking into account the interest of all other stakeholders. The Board champions transparency and accountability in the boardroom, fostering these vital components of governance throughout the Group.

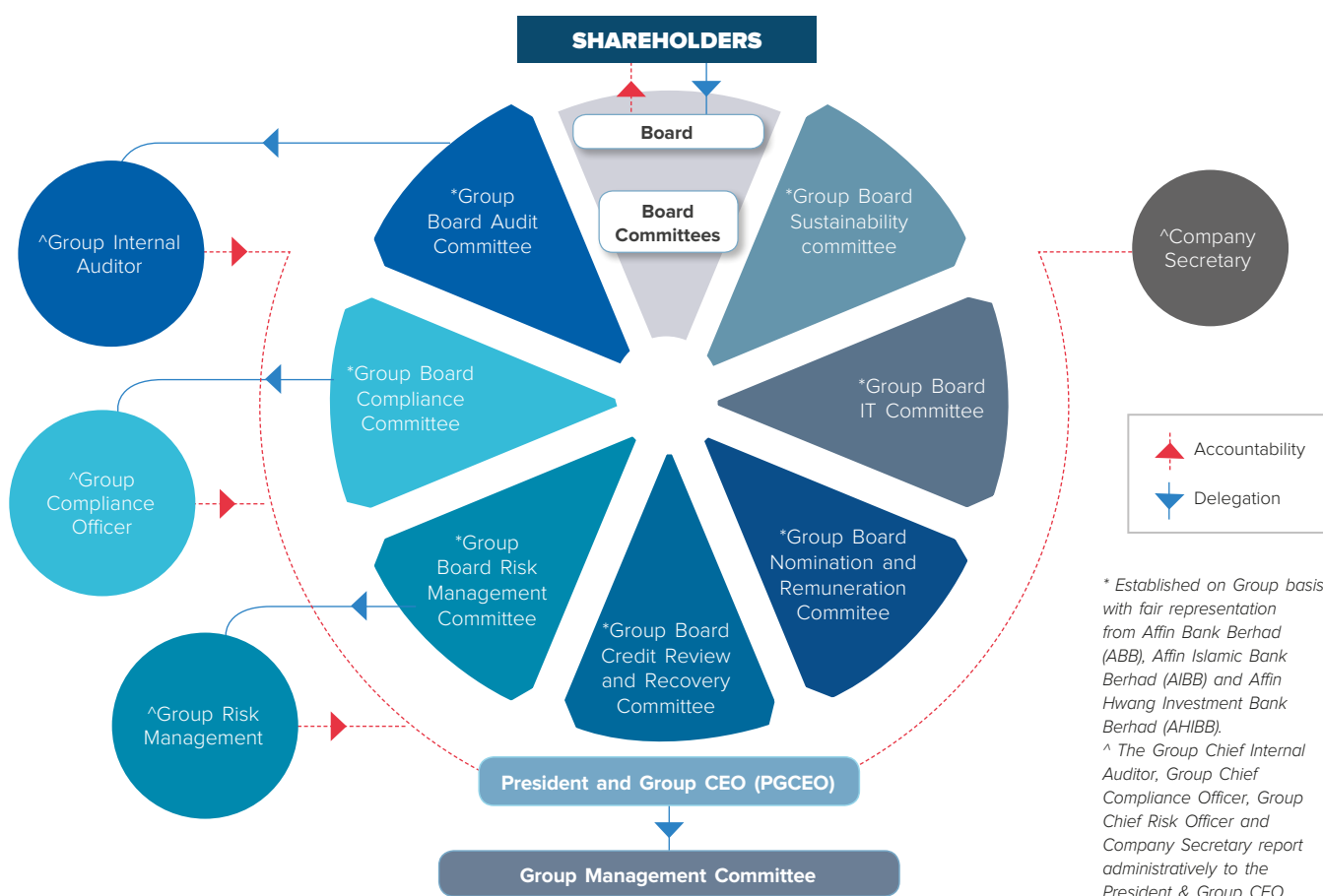
The Group believes that a healthy corporate culture and robust governance framework ensures that the organisation continues to run smoothly and efficiently. ABB, as the apex entity, has the overall responsibility in ensuring the establishment and operation of a clear governance structure appropriate to the nature, size and complexity of the respective entities within the Group.

Amidst an increasingly challenging business environment, the Board is committed to strengthening the Group's corporate governance practices and processes to effectively meet growing operating challenges. During the year under review, AFFIN has revised its Group Corporate Governance Framework (Group CG Framework) to include the recent updates and changes to MMLR, MCCG 2021, the Board Charter of the Bank and centralisation of selected common as well as control functions under Project Synergy within the Group. The Group CG Framework is applicable across all levels within the Group.

The Group CG Framework enhanced the Group's structure and processes as well as the Authority Limits aligning with the Terms of Reference of the respective Board Committees, policies and procedures of the Group. The Group CG Framework outlines the Board's practices for overseeing the Board Committees and Management as well as its subsidiaries and affiliates, and details the delegation of responsibilities without abdicating the Board's duties.

An important role of corporate governance is to ensure sustainable long-term performance, maximise returns for our stakeholders and create long-term economic value and growth. The Group has put in place the best practices in all the businesses dealing with customers, vendors, stakeholders, depositors and participants to ensure its long-term sustainability. This will also ensure that the Group remains resilient, capable of delivering durable and sustainable value, and maintains the confidence of its stakeholders.

The Board endeavours to ensure that the Group's governance structure continues to remain appropriate and that it keeps abreast with relevant corporate governance and regulatory requirements. The structure and associated practices are reviewed when necessary to reflect the market and the communities within which the Group operates.



## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### Roles and Responsibilities of the Board

The Board is responsible to provide effective oversight on the management and direction of the Bank. Their primary role is to act in the best interests of the Bank and its stakeholders, as well as to ensure that the Bank operates in accordance with applicable laws and regulations.

The Board Charter sets out, among others, the Board's strategic intent, authority and delegations to the respective Board Committees and it serves as a primary source of reference and induction literature. The Board Charter identifies clearly, the issues and decisions reserved for the Board.

For individual Directors, the Board Charter also outlines what is expected of them in terms of commitment, roles and responsibilities as Directors.

While appropriately delegating its authority to Board Committees or Management, the Board does not abdicate its responsibility. The Board ensures that it does not leave the management of the Bank's affairs to the Board Committees and that the Directors remain responsible for the exercise of such powers.

This is guided by the principles of good corporate governance as prescribed in the policy documents and guidelines issued by BNM as well as relevant regulatory authorities. The Bank's Board Charter is available on the Bank's website at <https://affin.listedcompany.com/others.html>.

Amongst the key responsibilities of the Board are, but not limited to, the following:-

- ➔ Establish the corporate vision and mission as well as the philosophy of the Bank
- ➔ Set and oversee the implementation of business and risk objectives as well as strategies
- ➔ Oversee the performance of the Senior Management in managing the business and affairs of the Bank
- ➔ Ensure reliable and transparent financial reporting process within the Bank
- ➔ Promote sustainable growth and financial soundness of the Bank
- ➔ Promote timely and effective communications between the Bank and regulators on matters affecting or that may affect the safety and viability of the Bank
- ➔ Consider the significant matters reserved for the Bank

The Board and Senior Management strive to ensure that greater vigilance is in place amidst the challenging operating environment. The Board ensures effective leadership through oversight on management and robust monitoring of the performance, initiatives and internal controls within the Bank.

### Leadership and management

The Bank is led by the Board which is responsible for the stewardship of the business and affairs of the Group on behalf of our shareholders and all other stakeholders.

The Board's primary role is to determine ABB's strategic objectives and policies to deliver sustainable value to its shareholders. In ensuring the protection of shareholder value, the Board takes into account the interests of stakeholders including employees, business partners, local communities, regulators and the general public.

Whilst the Board provides oversight on the control and management of the Bank, the ultimate decision-making authority vests with the shareholders at the Annual General Meeting where, amongst others, important resolutions such as the re-election and remuneration of the Directors and appointment of External Auditors are considered and approved.

The Board, on the other hand, is accountable to the shareholders for the performance of the Bank. In this regard, the Board directs and monitors the business and affairs of the Bank on behalf of the shareholders.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A:

The Board sets, oversees and approves the overall strategic objectives, direction and performance of the Group with some strategic oversight delegated to Board Committees. The Board takes appropriate action to ensure that the Group is suitably resourced to achieve its strategic aspirations. The Board considers the impact of its decisions and its responsibility to all the Group's stakeholders.

The Board ensures that the Group's strategic plan supports long-term value creation and includes strategies on economic, environmental, social and governance (ESG) considerations thereby strengthening the integration of sustainability in the Group's operations. Through sustainable practices, the Group becomes more resilient, is able to create durable and sustainable value and maintains simultaneously, the confidence of its stakeholders.

The Board ensures that it is well-positioned to satisfy its oversight responsibility through periodic assessment of Board agenda priorities to ensure that it is well-informed on a timely basis of matters requiring attention.

Together with Management, the Board promotes good corporate governance culture within the Group ensuring ethical leadership, prudent and professional behaviour in the conduct of its business and in all aspects of its operations.

The Board considers each Non-Executive Director to be independent in character and judgement.

The current composition of Directors has a blend of skills, experience and knowledge enabling them to provide effective oversight, strategic guidance and constructive challenge, examine, review and decide on Management's proposals and empower the PGCEO to implement strategies approved by the Board.

#### Chairman

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 Senior 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 main roles of the Chairman, among others, are as follows:



The Chairman is not a member of either the GBNRC or the GBAC.

#### PGCEO

The PGCEO focuses on the business and day-to-day management of the Bank and is responsible for developing business strategies and ensuring 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.

#### Company Secretary

The Company Secretary acts as secretary to the Board and Board Committees, ensuring compliance with Board procedures and advising on regulatory and governance matters. She is responsible for ensuring that the Board and Board Committee members receive accurate, timely and clear information. She supports the Chairman of the Board in the delivery of the corporate governance agenda and facilitates the Director Induction programme and on-going professional development trainings.

The Company Secretary is qualified and competent to act as company secretary under Section 235 of the Companies Act 2016. The Board members have full access to the Company Secretary's advice and services.

Directors	Designation	Board	GBNRC	GBCRRC	GBAC	GBITC	GBRMC	GBCC	GBSC
<b>ABB</b>									
YBhg. Dato' Md Agil bin Mohd Natt	Chairman/INED	20/20	–	29/29	–	12/12	–	–	–
YBhg. Dato' Abdul Aziz bin Abu Bakar	INED	20/20	11/11 (C)	–	–	–	–	–	–
YBhg. Dato' Mohd Hata bin Robani	INED	20/20	–	29/29 (C)	13/14	–	–	–	–
Mr. Ignatius Chan Tze Ching	NINED (BEA representative)	19/20	–	–	–	–	–	–	–
YBhg. Dato' Rozalila binti Abdul Rahman	INED	20/20	–	–	–	–	–	12/12 (C)	7/7
Mr. Yuen Wai Hung, Peter	NINED (BEA representative)	19/20	–	–	–	–	–	–	–
Puan Marzida binti Mohd Noor <sup>1</sup>	INED	18/20	4/4	–	–	12/12 (C)	5/5	–	–
Mr. Gregory Jerome Gerald Fernandes	INED	19/20	–	–	14/14 (C)	–	–	12/12	–
Ms. Chan Wai Yu <sup>2</sup>	INED	20/20	7/7	–	–	–	12/12 (C)	–	–
Encik Mohammad Ashraf bin Md Radzi <sup>3</sup>	NINED (LTAT representative)	20/20	–	–	–	–	4/5	–	–
Ms. Emeliana Dalian Rice–Oxley	INED	19/20	–	–	–	–	–	–	7/7 (C)
<b>AIBB</b>									
YBrs. Tuan Haji Musa bin Abdul Malek (Chairman, AIBB)	Chairman/INED		–	29/29	–	–	–	–	7/7
Encik Suffian bin Baharuddin	INED		–	–	14/14	–	12/12	–	–
YBhg. Datuk Mohd Farid bin Mohd Adnan	INED		11/11	–	–	–	–	12/12	–
Ms. Tan Ler Chin, Cindy	INED		–	–	–	12/12	12/12	–	–
Encik Muhammad Fitri bin Othman (Resigned as Director of AIBB w.e.f 1 September 2024)	NINED (LTAT representative)		–	–	–	–	–	8/8	–
Encik Dali Kumar @ Dali bin Sardar	INED		–	29/29	14/14	–	–	–	–
Dr. Sharbanom binti Abu Bakar	INED		–	–	–	11/12	–	–	7/7
<b>AHIBB</b>									
YM Tunku Afwida binti Tunku A Malek (Chairperson, AHIBB)	Chairperson/ INED		–	–	–	10/12	–	–	–
Encik Hasli Hashim	INED		–	28/29	–	–	–	–	–
Mr. Eugene Hon Kah Weng	INED		–	–	14/14	–	–	–	–
Datuk Wan Razly Abdullah (completion of tenure as approved by BNM w.e.f. 2 April 2024)	NIED (ABB representative)		–	–	–	–	–	–	–
Dato' Abdul Wahab Abu Bakar	INED		11/11	–	–	–	–	–	7/7
Ms. Kong Yuen Ling	NINED (BEA representative)		–	–	–	–	–	11/12	–
Ms. Tracy Ong Guat Kee	INED		–	29/29	–	–	12/12	–	–

**Note:**

INED : Independent Non-Executive Director

NINED : Non-Independent Non-Executive Director

NIED : Non-Independent Executive Director

<sup>1</sup> Stepped down as member of GBNRC and appointed as a member of GBRMC w.e.f 1 July 2024.<sup>2</sup> Appointed as a member of GBNRC w.e.f 1 July 2024<sup>3</sup> Stepped down as a member of GBRMC w.e.f 7 May 2024.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A:

#### BOARD AND BOARD COMMITTEES' DELIBERATIONS

The highlights of matters reviewed, deliberated and approved by the Board and Board Committees during 2024 were as follows:-

##### Board

Key Activities of the Board and Board Committee in 2024

##### STRATEGY, TECHNOLOGY & ESG

1. Climate Risk Management and Scenario Analysis (CRMSA) Implementation Plan
2. Affin Value-based Intermediation (VBI) Framework
3. Affin Bank Berhad 2025 Transformation Plan (T25 Plan)
4. Renewal partnership with the Badminton Association of Malaysia
5. Group Budget 2025, Forecast 2026 - 2028 and 2025 Business Plan & Strategy
6. Sustainability & Climate Disclosure Policy
7. Capital Position & Capital Plan
8. 2024 Group Recovery Plan
9. Dividend payment for 2024 and Dividend Reinvestment Plan
10. Proposed relocation of branches and opening of new branches
11. Integrated Report 2024 – Cover and Theme
12. SME Credit Models – Application Behavioural Scorecard (B-Score)
13. Monthly updates from Group Operations & Technology
14. Bi-Monthly updates from Group Board Sustainability Committee

##### GOVERNANCE, RISK & COMPLIANCE

1. BNM Composite Risk Rating findings
2. Re-appointment of external auditors for the Group
3. Appointment and Re-Appointment of Directors
4. Appointment and Re-Appointment of Shariah Committee
5. Group Board and Board Committee Composition
6. Board Effectiveness Evaluation 2024
7. Fit and Proper Assessment
8. Conflict of Interest (COI) reporting
9. Reporting Framework for Beneficial Ownership (BO) of Companies
10. Revision of Shariah Governance Policy and Zakat and Charity Policy
11. Group Risk Appetite Statement
12. Annual Credit Plan
13. Group Enterprise Risk Dashboard
14. Implementation Plan for BNM Policy Documents on Hajah and Darurah
15. Various revision of policies/frameworks not limited to Approving Authority Framework, MFRS9 Model Review, Credit Transactions and Exposure with Connected Parties, Technology Risk Management Framework, Group Credit Risk Policy, Credit Authority Framework and Group Business Continuity Policy
16. Adoption of Level 2 Policy Document for Interest Rate and Rate of Return Risk in Banking Book
17. Group ICAAP Framework Annual Review for 2025
18. Review of Dividend Policy for AFFIN Group
19. Monthly updates from Group Compliance, Group Internal Audit and Group Risk Management.

##### FINANCIALS & PERFORMANCE

1. Group Budget 2024
2. Quarterly Business Performance for Group Corporate Banking Division, Group Community Banking Division, Group Treasury Division and Group Enterprise Banking Division
3. Capital Position for the FYE 2024 to 2027
4. Group Corporate Governance Framework
5. Establishment of Islamic Commercial Papers (i-CP) Programme of RM3.0 billion in nominal value
6. Group ICAAP Framework Annual Review
7. E-Invoice Implementation
8. Outsourcing Plan 2024
9. Group Internal Capital Threshold and Stress Test Results

##### CSR, CULTURE & PEOPLE

1. Revision on the List of Staff Identified as Other Material Risk Taker for 2024 at AFFIN Group
2. Group Organisational Structure
3. Consequence Management Framework
4. Directors and Shariah Training Plan 2024
5. Updates on employees' engagement surveys – Lenses 3.0
6. Group Talent Management Progress
7. Appointment and contract renewal of senior management
8. Renewal Contract of Senior Management
9. AFFIN Share Grant Scheme
10. 2024 Mandatory Mid-Year Performance Review
11. Revision of Group Board Committee's Term of Reference
12. AFFIN x LLSB Interceptor Project
13. Zakat Contributions
14. AFFIN-Universiti Malaysia Sarawak (UNIMAS) Apprenticeship Programme

## GROUP BOARD AUDIT COMMITTEE

### Members (Latest)

- 1) Mr. Gregory Jerome Gerald Fernandes (Chairman) (Representing ABB)
- 2) Dato' Mohd Hata Robani (Representing ABB)
- 3) Encik Suffian Baharuddin (Representing AIBB)
- 4) Encik Dali Kumar @ Dali Sardar (Representing AIBB)
- 5) Mr. Eugene Hon Kah Weng (Representing AHIBB)

*(Adopted Practice 1.4 and Step Up 9.4 of MCCG 2021)*

### TOTAL MEETINGS IN 2024:

(SCHEDULED)

12

(SPECIAL)

2

JOINT GBAC & GBRMC

2 MEETINGS

### MAIN ROLES & RESPONSIBILITIES

- To establish the framework and oversee the audit function of AFFIN.
- To 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 Group.
- Implement and support the function of the Board by reinforcing the independence and objectivity of the Group Internal Audit Division (GIA).
- Ensure that Internal and External Audit functions are properly conducted, and audit recommendations are implemented timely and effectively.

### MATTERS DISCUSSED IN 2024

- Approval of the GIA Annual Audit Plan for 2024.
- Deliberated on and approved revisions made to GIA's AAP during the year, in alignment with the dynamic risk profiles of the respective auditable areas/functions.
- Reviews of audit reports and findings, both regular and ad-hoc audit, according to the Annual Audit Plan.
- Review of internal investigation reports as directed by the Board or requested by Management.
- Oversee subsidiary audits, providing recommendations to their Board Audit Committees on significant governance, risk management, and control issues as needed.
- Review on the progress of Annual Audit Plan 2024.
- Monitoring of the corrective actions taken by Management on findings from regulators, internal and external auditors.
- Review and recommendation on the appointment of external auditors for non-audit related services.
- Deliberation on monthly financial results and endorsements of quarterly and year-end financial statements prepared by the Group Finance Division.
- Reviewed, monitored, and assessed GIA's overall performance and progress on the annual audit plan and other key audit activities.
- Review and recommendations regarding the appointment of external auditors for non-audit related services.
- Reviewed and recommended to the Board for approval the revised Group Board Audit Committee Terms of Reference and the Audit Charter.
- Reviewed quarterly conflict of interest reporting.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A:

## GROUP BOARD RISK MANAGEMENT COMMITTEE

## Members (Latest)

- 1) Ms. Chan Wai Yu (Chairman) (representing ABB)
- 2) Pn. Marzida Mohd Noor (representing ABB) (appointed w.e.f. 1 July 2024)
- 3) Encik Suffian Bin Baharuddin (representing AIBB)
- 4) Ms. Tan Ler Chin, Cindy (representing AIBB)
- 5) Ms. Tracy Ong Guat Kee (representing AHIBB)
- 6) Encik Mohammad Ashraf bin Md Radzi (representing ABB)  
(ceased to be a member w.e.f. 7 May 2024)

## TOTAL MEETINGS IN 2024:

(SCHEDULED)

11

(SPECIAL)

1

JOINT GBAC & GBRMC -  
1 MEETING

(Note: The second meeting was rescheduled from 5 December 2024 to 9 January 2025)

## MAIN ROLES &amp; RESPONSIBILITIES

The GBRMC is established to assist the BOD in respect of the following:-

- Oversee, review, assess and examine the adequacy of the Group-wide enterprise risk management framework, policies and guidelines to adequately protect the Group against all relevant risks, comprising but not limited to, Credit Risk, Market, Liquidity and Interest Rate Risk, Operational Risk (including Legal/ Regulatory Risks and Shariah Non-Compliance Risk), Reputational Risk, Technology Risk as well as Environmental, Social and Governance (ESG) risk.
- Review and recommend the Group's enterprise-wide risk strategy, risk appetite and risk management framework for approval by the respective entities' Board of Directors.
- Providing oversight on the Group's ability to build resilience against the adverse impacts of ESG and climate-related risks.
- Oversee the overall recovery planning process, including the development, maintenance, and implementation of the Group Recovery Plan (GRP) in all phases.

## MATTERS DISCUSSED IN 2024

- 1) Review and endorse the risk-related frameworks, policies (including risk controls and thresholds), standards, guidelines and strategies for recommendation to the Board for approval.
- 2) Review the key risk management highlights and analysis, including emerging risk assessment, key risk indicators and exposures reported in the monthly Group Enterprise Risk Dashboard (GERD).
- 3) Review and evaluate risk reporting by the Chief Risk Officers (CRO) of the respective subsidiaries to the GBRMC on risks that may have financial and non-financial impacts to the entities and/or Group.
- 4) Review the reports and findings by the Independent Credit Review function.
- 5) Review the capital and liquidity management of the Group.
- 6) Review and endorse the Group Recovery Plan, including the Key Recovery Indicators, Scenario Analysis and Recovery Options.
- 7) Other risk management matters reviewed include but are not limited to:
  - Regulatory Stress Test and/or any ad-hoc stress test exercise
  - Annual ICAAP Framework and Internal Capital Threshold (ICT) review. Annual Risk Appetite Statement (RAS).
  - Annual Business Continuity Management (BCM)/Business Continuity Plan (BCP). Annual Outsourcing Plan.
  - Annual Credit Plan.
  - Independent Validation report on MFRS 9 and credit models.
  - Independent Credit Review's (ICR) Post-Mortem Review (PMR) and Post-Approval Credit Review (PACR) reports.
  - Connected Party Transaction reports.
  - Update on the Mortgage Portfolio Asset Quality.
  - Shariah-related developments affecting the banking industry.
  - Environmental, Social and Governance (ESG) and Climate-related Risk updates.
  - Status Updates on Key Risk Management Initiatives.



## ➤ GROUP BOARD COMPLIANCE COMMITTEE

### Members (Latest)

- 1) Dato' Rozalila Abdul Rahman (Chairman) (Representing ABB)
- 2) Mr. Gregory Jerome Gerald Fernandes (Representing ABB)
- 3) Datuk Mohd Farid Bin Mohd Adnan (Representing AIBB)
- 4) Encik Muhammad Fitri Othman (Representing AIBB)  
(ceased to be member w.e.f. 1 September 2024)
- 5) Ms. Kong Yuen Ling (Representing AHIBB)

### TOTAL MEETINGS IN 2024:

(SCHEDULED)  
12

### MAIN ROLES & RESPONSIBILITIES

- Assess and examine the adequacy of group compliance and integrity as well as governance frameworks, including the policies, procedures and processes for the Group.
- Support the Board to fulfil its responsibilities to:-
  - o Oversee the management of compliance risk by ensuring process is in place in line with the expectations of regulators.
  - o Oversee integrity and governance matters inclusive of corruption, fraud, malpractice, unethical conduct and abuse of power within the organisation that are guided by applicable laws and regulations and make the necessary recommendations to align to the Group's long-term strategy.
  - o Review and approve compliance risk management philosophy and strategy.
  - o Ensuring clear and independent reporting lines and responsibilities for the overall business activities, compliance functions and integrity & governance function as well as recommending organisational alignments where necessary to the Board.
  - o Ensuring the practice of excellent work culture among employees, with strong morale and ethics within the organisation.
- Monitor the Bank's management of compliance risk through periodic reporting on anti-money laundering and counter financing of terrorism (AML/CFT) updates, outcome from compliance review exercise, statistics of whistleblowing cases as well as non-compliance incidences.

### MATTERS DISCUSSED IN 2024

- Revision of policies/guidelines/framework (in relation to ABB, AIBB and AHIBB) including:
  - o Policy on Management of Customer Information and Permitted Disclosure
  - o Foreign Exchange Administration Master Policies
  - o Group e-KYC Policy
  - o AML/CFT Compliance Framework
- Review and endorsement of annual attestations to Bank Negara Malaysia (BNM).
- Monitor the status of remediation actions on BNM Composite Risk Rating for issues related to the Compliance function.
- Outcome of the annual Compliance Risk Assessment conducted on ABB, AIBB and AHIBB.
- Outcome of the Bank-wide AML/CFT risk assessment & risk appetite.
- Monthly regulatory compliance updates, compliance reviews and AML/CFT/PF updates.
- Progress and status updates for the Annual Compliance Plan 2024.
- Review and approval of the Annual Compliance Plan 2025.
- Deliberation of regulatory non-compliance incidents.
- Deliberation of Integrity & Governance Unit's monthly reporting of whistleblowing cases.
- Monitoring of the Integrity & Governance Unit (IGU)'s bi-annual reporting to the Malaysian Anti-Corruption Commission (MACC).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A:

## GROUP BOARD NOMINATION AND REMUNERATION COMMITTEE

## Members (Latest)

- 1) Dato' Abdul Aziz Abu Bakar (Chairman) (Representing ABB)
- 2) Ms. Chan Wai Yu (Representing ABB) (*appointed as member w.e.f 1 July 2024*)
- 3) Datuk Mohd Farid bin Mohd Adnan (Representing AIBB)
- 4) Dato' Abdul Wahab Abu Bakar (Representing AHIBB)
- 5) Puan Marzida Mohd Noor (Representing ABB) (*ceased to be member w.e.f. 1 July 2024*)  
(Adopted Practice 1.4 of MCCG 2021)

## TOTAL MEETINGS IN 2024:

(SCHEDULED)

9

(SPECIAL)

2

## MAIN ROLES &amp; RESPONSIBILITIES

- 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.
- 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.
- The GBNRC is set-up with the following objectives:-
  - o 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 (KSMO); and
  - o Develop remuneration policy for Directors, PGCEO and KSMO and ensuring that compensation is competitive and consistent with the Bank's culture, objectives and strategies.

## MATTERS DISCUSSED IN 2024

- Appointment of Non-Independent Directors nominated by the substantial shareholders.
- Setting up of KPIs and Scorecard for 2024.
- Performance assessment of KSMO for new appointment and contract renewal of ABB, AIBB and AHIBB.
- Assessment of fitness and propriety of Directors and Key Responsible Persons.
- Assess suitability of candidates for appointment and re-appointment of Directors and Shariah Committee members.
- Review the remuneration of Directors, Shariah Committee and KSMO.
- Outcome of the Board Effectiveness Evaluation exercise for 2023.
- Review of Board and Management Succession Plan.
- Review of List of OMRT and Senior Management.
- Review of the BNM's Guidelines on Investor Protection.
- Review of the Group's Organisation Structure.
- Review of Directors' and Shariah Committees' training plan for the year 2024.
- Introduction of new AFFIN Group Consequence Management Framework.
- Nomination of new Directors to the boards of subsidiaries and affiliates.
- Review of employees' benefits package.
- Review of Directors & Officers Liability Insurance Coverage.
- Mid-year performance review of the employees.

## GROUP BOARD CREDIT REVIEW AND RECOVERY COMMITTEE

### Members (Latest)

- 1) Dato' Mohd Hata Robani (Chairman) (Representing ABB)
- 2) Dato' Agil Natt (Representing ABB)
- 3) Encik Musa Abdul Malek (Representing AIBB)
- 4) Encik Dali Kumar @ Dali Sardar (Representing AIBB)
- 5) Encik Hasli Hashim (Representing AHIBB)
- 6) Ms. Tracy Ong Guat Kee (Representing AHIBB)

### TOTAL MEETINGS IN 2024:

(SCHEDULED)  
23

(SPECIAL)  
6

### MAIN ROLES & RESPONSIBILITIES

The Group Board Credit Review and Recovery Committee is established to assist the functions of the Board in respect of its inherent authority over approval on loan/financing application/proposals which are considered by the Group Management Credit Committee (GMCC).

The duties and responsibilities of the Committee shall include the following:-

- Critically review credit facilities application, after due process of checking, analysis, review and recommendation by the Group Credit Management Division to GMCC, and if found necessary, to exercise the power of veto on behalf of the Board, on credit applications that have been approved by the GMCC.
- Assisting the Board of Directors in performing oversight function and provide recommendations in respect of investment strategies, credit risk assessment, management and performance of partnership investment accounts under Islamic Banking such as Musyarakah financing/ventures or Mudharabah financing/ventures.
- To consider whether to affirm/veto credit/underwriting proposal, impose additional terms or modify the terms approved by the GMCC thereof.
- To set and review recovery targets as well as monitor the progress of recovery efforts.
- To ensure that the GMCC has discharged its responsibilities in a timely and proper manner.
- To offer advice and directions relating to credit portfolio.

### MATTERS DISCUSSED IN 2024

- Review and concur/veto credit financing decisions made by GMCC.
- Update and revised the relevant credit policies.
- Overview of the retail and Non-retail exceptional credits, Business Units' Portfolio Monitoring, End Financing (EF) Policy Refinement.
- Oversight view and review of the Annual Credit Plan (ACP) formulation.
- Oversight view and review of the Single Counterparty Exposures Limit (SCEL) Status Report and Group accounts review.
- Oversight view and review of the impaired loans, written-off accounts and recoveries efforts/plans made by Management.
- Exceptional credits.
- Oversight view and review of the Revision of Credit Authority Framework as well as analysis and treatment of the Risk-Weighted Assets (RWAs) in Undrawn Credit Limits.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A:

#### ➤ GROUP BOARD INFORMATION TECHNOLOGY COMMITTEE

##### Members (Latest)

- 1) Puan Marzida Binti Mohd Noor (Chairman) (Representing ABB)
- 2) Dato' Agil Natt (Representing ABB)
- 3) Ms. Tan Ler Chin, Cindy (Representing AIBB)
- 4) Tunku Afwida Tunku A. Malek (Representing AHIBB)
- 5) Dr. Sharbanom Binti Abu Bakar (Representing AIBB)

##### TOTAL MEETINGS IN 2024:

(SCHEDULED)

11

(SPECIAL)

1

#### MAIN ROLES & RESPONSIBILITIES

- Oversee the overall development, risk management, integration and alignment of the Technology strategy and plan with AFFIN Group strategic business direction and plan.
- Ensure the right talent and culture in developing an organisational capabilities which are agile, innovative, adaptable and focused on business value creation.
- Oversee the timely and effective implementation of the AFFIN Group strategic transformation programme, ensuring business strategic objectives alignment and collective synergy within the Group (including all subsidiaries).

#### MATTERS DISCUSSED IN 2024

- Deliberation of investment proposals for technology transformation encompassing channels and support systems for AFFIN Group.
- Review the productivity and efficiency in technology, processes and resources in managing the Group's technology.
- Review and monitor the Group's strategic transformation plan and its progressions as encapsulated in the AX28 plan.
- Review of technology risk and information security strategies to maintain confidentiality, integrity and availability standards.
- Oversees technology and transformation risk management covering operational, cybersecurity, and emerging risks.

## ➤ GROUP BOARD SUSTAINABILITY COMMITTEE

### Members (Latest)

- 1) Ms. Emeliana Dalian Rice-Oxley (Representing ABB)
- 2) Dato' Rozalila Abdul Rahman (Representing ABB)
- 3) Dr. Sharbanom Abu Bakar (Representing AIBB)
- 4) Encik Musa Abdul Malek (Representing AIBB)
- 5) Dato' Abdul Wahab Abu Bakar (Representing AHIBB)

### TOTAL MEETINGS IN 2024:

(SCHEDULED)

6

(SPECIAL)

2

### MAIN ROLES & RESPONSIBILITIES

- Assist the Board of AFFIN (the Board) by providing ongoing oversight of the development and implementation of the Group's Sustainability matter including Value based Intermediation Financing and Impact Assessment Framework (VBIAF).
- Provide oversight, advice, and direction in the development, implementation, and monitoring of the strategies, framework, and policies with respect to sustainability, VBIAF, climate change, and corporate social responsibility of AFFIN.
- Review and make recommendations to the Board on the suitability of the Group's climate, VBIAF, and sustainability strategy, position statements, frameworks, ambitions, metrics, and targets.
- Report to the Board on the climate, VBIAF, and sustainability matters for which it is responsible, escalate issues, and make recommendations to the Board where appropriate.

### MATTERS DISCUSSED IN 2024

- Sustainability Statement 2023.
- ESG Plan 2024.
- CRMSA Implementation Plan Progress.
- Appointment of Consultant for Implementation of Scenario Analysis for CRMSA.
- Gap Analysis & Action Plan for Bursa Malaysia Enhanced Sustainability Reporting, Task Force on Climate Related Financial Disclosure, EPF Sustainable Investment and Data Collection & Management.
- Materiality Assessment Exercise.
- BNM 2024 Climate Risk Stress Testing Exercise.
- Sustainability Initiatives and Activities Updates.
- Sustainable Finance Framework.
- Calculation Scope 3 Emission Baseline and Materiality Assessment.
- AFFIN Group's CSR Activities.
- ESG Dashboard.
- Value-based Intermediation (VBI) Framework.
- Sustainability Roadmap.
- Enhanced Sustainability Framework.
- Diversity, Equity, and Inclusion (DEI) Framework.
- Climate Risk Stress Testing Exercise.
- Sustainability & Climate Disclosure Policy.
- Sustainability Statement 2024.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A:

#### BOARD COMPOSITION

##### Board Composition, Independence and Diversity

###### Board Composition

The Bank ensures ongoing review is being conducted on the Board composition so that the Bank complies with the relevant regulatory requirements and recommendations made by BNM, Bursa Securities as well as Securities Commission. The Board, through the GBNRC, took cognisance that the composition, independence, and diversity are important aspects of corporate governance that can have a significant impact on the Bank's performance, reputation, and long-term success.

The Board composition of the Bank consists of individuals who possess relevant and diverse set of skills, knowledge, and experience that can guide the Bank towards achieving its strategic goals. The review undertaken by GBNRC on Board composition took into consideration the Bank's size, desired skillsets, mid to long term objectives as well as specific challenges and opportunities.

The Bank's Board consists of majority Independent Directors with more than 70% Independent Non-Executive Directors (INED) whilst the remaining are the Non-Independent Non-Executive Directors [all of whom are appointed via nomination by major shareholders, namely Lembaga Tabung Angkatan Tentera (LTAT) and The Bank of East Asia, Limited (BEA)]. Therefore, majority Independent Directors serves as a check and balance on the potential influence by the nominees from the Bank's major shareholders which would provide assurance that the interest of the minority shareholders is not compromised.

Board decisions are made taking into account the views of the INEDs which carry substantial weight. They fulfil their roles in ensuring that strategies proposed by Management are deliberated and examined taking into account the interests of the shareholders and stakeholders. Their role is also particularly critical for related party transactions as these require independent judgement and objective impartiality to protect the interests of minority shareholders.

In addition to the fit and proper assessment of Directors carried out annually, an independent assessment is also conducted on each INED based on the independent criteria set out in BNM Policy Document on Corporate Governance (BNM CG), MCCG 2021 and MMLR of Bursa Securities.

Every INED is required to provide an annual declaration of his/her independence, which is assessed by the GBNRC. Based on the outcome of the fit and proper assessment for the financial year under review, all INEDs have complied with the Bank's guidelines on conflict of interest.

The Board is of the view that each INED has retained his/her independence throughout his/her tenure and had not under any circumstances formed any association with Management that might compromise his/her ability to exercise independent judgement that could ultimately affect the interest of stakeholders.

The Bank values diversity as a vital factor for staying effective, adaptable and viable in a fast-changing business context.

The Board values innovation and creativity that can come from a diverse Board. The Board is dedicated in following and keeping the recommendation on diversity and inclusion in all aspects of its decision-making. The Board understands that diversity has many different aspects, such as gender, age, race, ethnicity, nationality, experience, skills and length of service, that are important for its good performance. However, the Board will give priority to the choice of Directors based on their combination of competencies, skills, broad experience and knowledge in areas that the Board identifies.

The Bank did not appoint any new Directors in 2024. The GBNRC continued to review the composition of the Board to ensure that it consists of Directors with appropriate skills and backgrounds to support the Bank in achieving its long-term strategy and for succession planning purposes.

###### The Bank wishes to affirm that:-

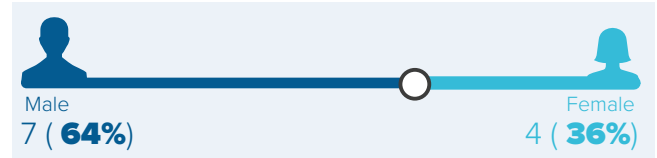
- The Board continuously strives to ensure that Directors have a collective mix of skills, experience, expertise and diversity to add value to Board processes and decisions. These Directors bring their expertise and experience to bear on policy formulation and decision making, facilitating effective oversight, strategic guidance and constructive challenge.
- The Board is currently chaired by an Independent Non-Executive Director.
- The current Board composition in which the majority are Independent Directors (i.e. 8 out of 11 Directors are Independent), fulfils requirements stated in the MMLR and BNM CG and allows for more effective collective oversight of Management.
- The Board had adopted the maximum tenure of nine (9) years of service for Independent Directors within the Group to ensure the Board's independence as well as to encourage fresh views and ideas. However, the Board retains the flexibility for Independent Directors, upon reaching the maximum tenure of nine (9) years of service and subject to the approval of BNM for his/her reappointment as Director, to remain as a Director but shall be re-designated as Non-Independent Non-Executive Director.
- The time commitments of Non-Executive Directors are considered by the GBNRC at appointment/re-appointment and reviewed annually.

As at 31 December 2024, the Board composition, independence and diversity for the Bank is depicted below:-

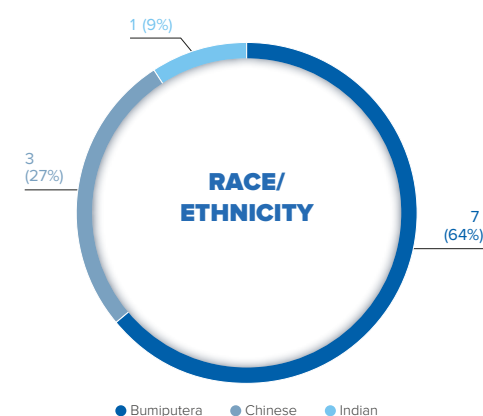
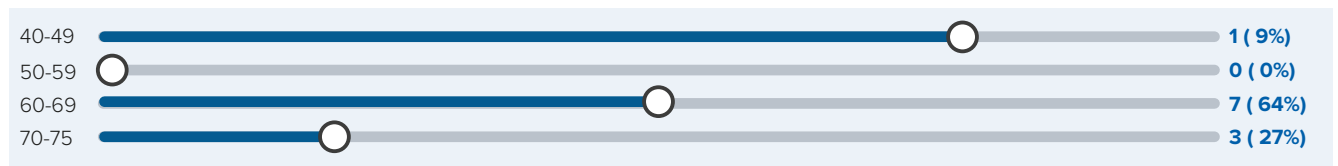
### COMPOSITION (% AND TOTAL)



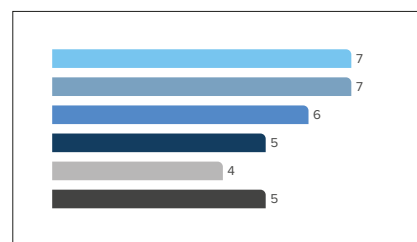
### GENDER



### AGE

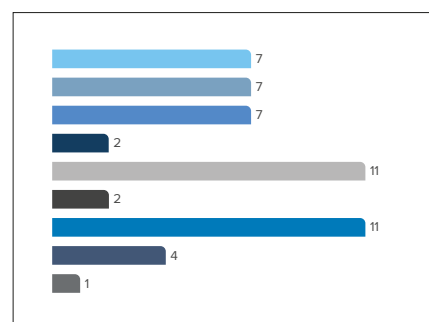


### INDUSTRY EXPERIENCE



- Banking, Islamic Banking, Investment Banking
- Finance and Economics
- Insurance
- Audit or Consulting Firm
- Information Technology/e-Commerce/telecommunication
- Oil & Gas/Transportation

### FUNCTIONAL EXPERIENCE



- Banking, Credit
- Risk Management
- Accounting
- Human Capital/People Management
- Business Administration
- Information Technology
- Operations, Strategic & Corporate Advisory
- Marketing & Sales
- ESG, DEI, Sustainability

The existing size and composition of the Board are able to promote effective deliberation, encourage active participation among Directors and allow the work to be discharged without giving rise to an over-extension of Directors who are required to serve on multiple Board Committees. The Board acknowledges that Board refresh exercise is important to ensure effective Board composition to enable the Bank to weather challenges and take advantage of opportunities.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A:

#### Board and Senior Management Appointments, Removals and Re-election of Directors

#### NEW APPOINTMENTS OR RE-APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

New appointments of Directors and Senior Management require thorough consideration and planning to ensure that the Bank has the right leadership team in place to achieve its strategic objectives.

The GBNRC identifies prospective Board and Senior Management candidates from various sources such as referrals from existing Directors or officers maintained in the Bank's internal Directors' list, recommendation by major shareholders, Directors' Register maintained by Institute of Corporate Directors Malaysia (ICDM), FIDE or other leadership development and consulting organisations.

When making assessment(s) on new appointments of Directors and Senior Management, the GBNRC will take into account the following considerations:-



##### Board

- The desired skillsets as reviewed and approved by the Board (in terms of qualification, diversity, alignment with the Bank's strategic direction/focus).
- Candidate(s)' knowledge and experiences in order to evaluate whether candidate will be a strategic and effective fit for the Board
- Outcome of the due diligence process to ascertain candidate's fitness and propriety to assume the role based on the minimum requirements as set out in relevant regulatory requirements.



##### Senior Management

Candidate's fitness and propriety to assume the role based on the minimum requirements as set out in relevant regulatory requirements. In determining whether a person is fit and proper, the Bank shall consider the following:

- Probity, personal integrity, and reputation
- Competence and capability
- Financial integrity

For re-appointment of Director(s), GBNRC is to ensure that submission is made to BNM at least three (3) months prior to the expiry of his/her current term of appointment. The same assessment process will be undertaken with additional emphasis be given on Directors' contribution during his/her tenure with the Bank.

After undertaking the due process and being fully satisfied, based on their objective assessment, that the candidate meets the minimum requirements, the GBNRC will then submit its recommendation to the Board for decision and onward submission to BNM for approval, if applicable (for Directors and CEO level position). (Note: All appointments of Directors and CEOs are subject to the approval of BNM which is for a specific term of appointment).

#### ACTIVITIES IN 2024

##### New Appointment of Director

No new Directors appointed during the year under review

##### Re-appointment of Director

There was one (1) re-appointment of Director, namely, Dato' Rozalila binti Abdul Rahman (INED – 3rd term).

##### New Appointment of Senior Management

There were two (2) new appointments of Senior Management, namely, Mr Fung Kai Jin as the Executive Director of Group Enterprise Banking (joined on 15 July 2024) and Encik Irwin Mohd Eusoff as the Group Chief Corporate Strategy & Sustainability Officer (joined on 2 September 2024).

## REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT

Each Director and Senior Management shall be assessed for compliance with the BNM Policy Document on Fit & Proper Criteria including their performance and effectiveness. Should any of them are found no longer fit and proper or is underperforming, the GBNRC will take corrective measures to manage such event accordingly.

### 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.

### Fit and Proper Assessment

The Board, through the GBNRC, assessed the fitness and propriety of the Directors in accordance with the Bank's Fit and Proper Policy on Key Responsible Persons as well as Declaration by Independent Directors on annual basis.

The Annual Fit and Proper Declaration by the Directors are verified against independent sources such as credit reporting agencies and/or reference check agencies. For 2024, the Board was satisfied that each of the Directors met the required standard of fitness and propriety as required under relevant regulations.

### Time Commitment

Any Director, while holding office, may accept other Board appointments (outside of the Group) so long as the appointment is not in conflict with the business of the Bank and does not detrimentally affect the Director's performance. When a Director has multiple board representations, he must ensure sufficient time and attention are given to the affairs of the Bank.

The Board values the experience and perspective that the Directors may gain from external appointment with other companies, organisations or associations. However, prior to the acceptance of any relevant external appointments, Directors should first consult with the Chairman of the Board and Chairman of GBNRC on such proposed appointment. In situation where such external appointment falls under potential of conflict situations as stated in the Bank's Board Charter, the matter would need to be escalated to GBNRC for deliberation.

To ensure full commitment and sufficient time is given to the affairs of the Bank, a Non-Executive Director (NED) of the Bank must not hold more than five (5) Directorships in listed companies and ten (10) Directorships in non-listed companies (Pursuant to Paragraph 15.06 (1) of the MMLR and Practice 5.5 of MCCG 2021).

The Board is satisfied that each Director has allocated sufficient time for the Bank as evident from the Directors' record of attendance at Board and Board Committees' meetings held in the financial year ended 31 December 2024 as stated above.

### Board Effectiveness Evaluation

The effectiveness of the Board is crucial to the success of the Bank and the Group. An effective Board is able to guide the Bank and the Group both for the present and the future. Every year, the Board conducts a thorough evaluation process through the Board Effectiveness Evaluation (BEE) to assess the performance of the Board, its Board Committees and each individual Director. The objective of the BEE is to enhance the Board's effectiveness and the Group's overall performance.

The Board is dedicated to achieving the highest outcomes for stakeholders and continually improving governance quality through the annual BEE exercise.

The Bank had appointed an external expert to conduct the BEE exercise for the Bank as well as for its banking subsidiaries in 2022. In line with the recommendation by MCCG 2021, the Board is committed to appoint an external expert to carry out the BEE exercise at every three (3) years interval.

In light of the above, the Board had decided that the BEE 2024 to be carried out internally via an online platform with the assistance from the Company Secretarial team based on the framework which was designed and concurred by the GBNRC and the Board of ABB.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A:

#### Themes

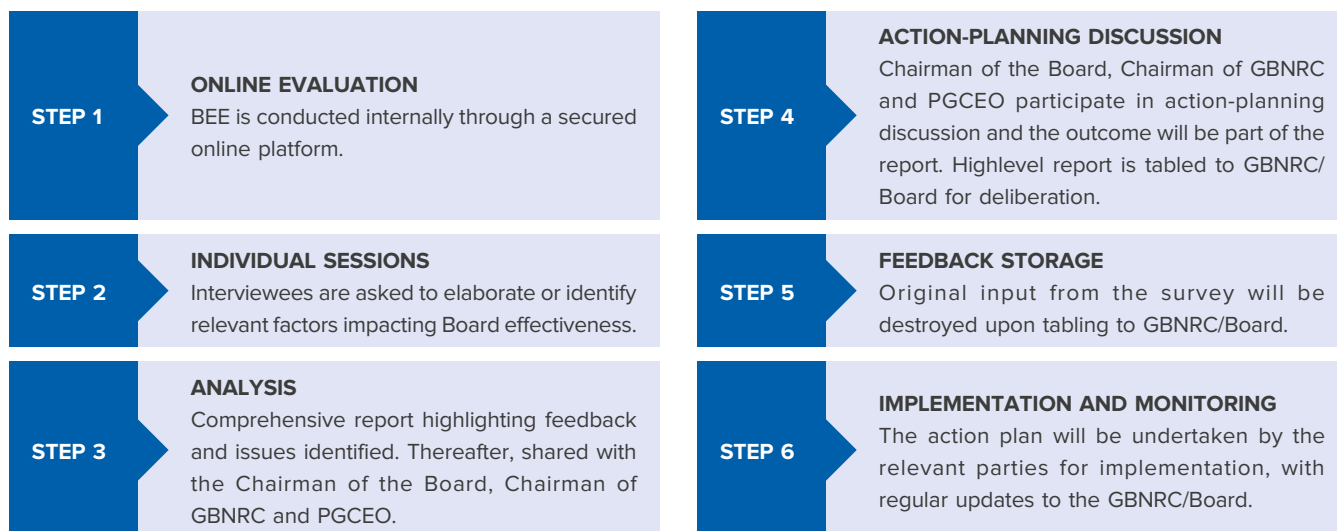
Themes enumerated for the evaluation of the Board, Board Committee and Individual Directors are as follows:-



#### Notes:

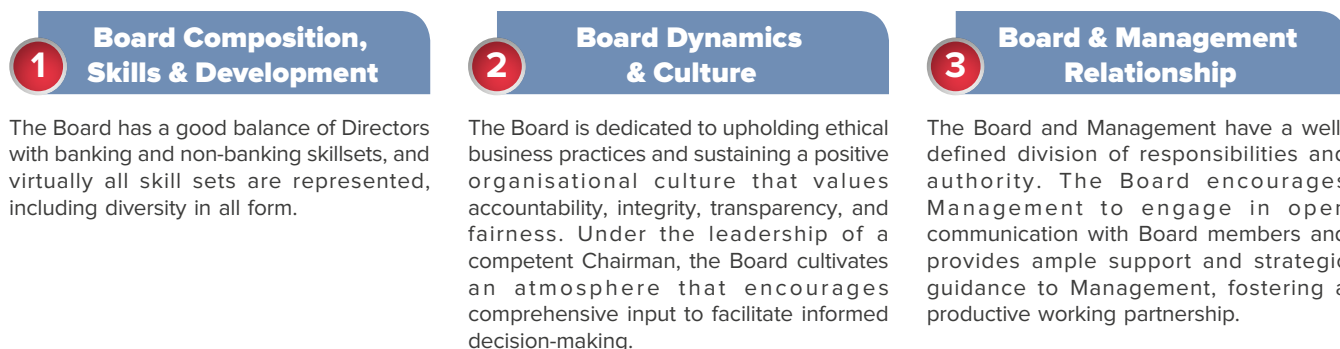
- A Director must have served on the Board/Board Committees for at least six (6) months to be able to participate in the BEE.
- Management feedback on the BEE was obtained and collated vide the PGCEO.

#### Process and Reporting Structure



The main highlights of the results are as follows:-

#### Areas of strength



## Considerations for Improvement

### 1 Agenda, Meetings, Information & Decision Making

The Boardroom culture encourages constructive, candid, and thorough discussions, with a high regard for diversity of opinion. The quality of board information is typically sufficient to enable the Board to effectively assess the Bank's progress towards its strategic business objectives. Nevertheless, there is an opportunity to enhance this process by improving the timeliness of meeting paper submissions, thereby allowing Board Members adequate time to review and prepare for Board meeting, which will lead to more informed and productive discussions.

The Board resolved to adopt the results for BEE 2024 as recommended by the GBNRC. The results of these assessments form part of the basis of the GBNRC's recommendations to the Board for the re-election of Directors at the 49th AGM in April 2025.

The Board and GBNRC will work on development plans to address the areas of improvement based on their priorities, with the support from respective Board Committees. The BEE 2024 outcome will also be considered for the re-appointment of Directors and Board Committees' membership appointment, where applicable.

### Board Conduct

All Directors commit themselves to ethical business and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. They are guided by the Code of Ethics for Company Director & Company Secretary issued by the Companies Commission of Malaysia.

All Directors discharge their duties and responsibilities as fiduciaries in the best interest of the Bank. They are expected to act with integrity, lead by example, keep abreast of their responsibilities as Directors and of the conduct, business and development of the Bank.

In directing or managing the Bank's business and affairs, they exercise reasonable care, skill and diligence by applying their knowledge, skill and experience.

The Board ensures that key transactions or critical decisions are deliberated and decided by the Board in a meeting. The Board also ensures that decisions and basis for those decisions, including any dissenting views are made known and properly minuted.

### Board Meetings and Attendance

The Board conducts active and inclusive discussions at Board meetings to ensure that all Directors have the opportunity to participate and contribute to the decision-making process. Vigorous deliberations and robust discussions at Board meetings promote constructive and healthy dialogue.

Board deliberations and decisions arrived at during Board meetings are clearly minuted in a timely manner and action items for Management will be communicated to the relevant parties within a reasonable timeframe after the Board meetings. The draft minutes are then tabled at the following meeting for confirmation and thereafter signed by the Chairman as a correct record of the proceedings thereat.

### 2 Board Sustainability Matters

The Board, in collaboration with Management, incorporates environmental, social, and governance (ESG) considerations, as well as sustainability risks and opportunities, into the review and oversight of the development and implementation of the Bank's strategies, business plans, major action plans, and risk management. Oversight responsibility for ESG risks and opportunities has been appropriately allocated across the relevant Board Committees, ensuring a holistic and coordinated approach. The Bank consistently engages with and communicates its ESG and sustainability strategies, priorities, targets, and performance against these targets to internal and external stakeholders. However, it is recognised that the Bank needs to accelerate its efforts to raise awareness of ESG values among its internal and external stakeholders, fostering a deeper understanding and commitment towards these principles.

Directors are expected to attend at least 75% of the total Board meetings in any applicable financial year and must not appoint another person to attend/participate in a Board meeting on their behalf. Directors who were unable to attend a meeting during the financial year under review were encouraged to give the Chairman their views and comments on matters to be discussed in advance.

Members of Senior Management have also been invited to attend selected Board meetings to support the Board with further and additional information on the matters being deliberated.

### Supply of information to the Board

The Board meetings are held on a monthly basis with option to convene special meeting(s) as and when necessary to consider urgent proposals that require the Board's review or consideration. The Board and Board Committee meetings are scheduled in advance before the year end in order for the Directors to be able to plan ahead and ensure their full attendance at the meetings.

Under normal circumstances, the Bank ensures that attendance at a Board meeting, by way other than physical presence, remains the exception rather than the norm.

The Bank leveraged on technology to convene its Board and Board Committee meetings, subject to appropriate safeguards to preserve the confidentiality of deliberations. The Board has adopted internal Guiding Principles and Protocols for Board, Board Committees and Management meetings as part of the Business Continuity Plan.

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 meeting to enable the Directors to obtain further explanation, where necessary, in order to be properly briefed prior to the meetings.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A:

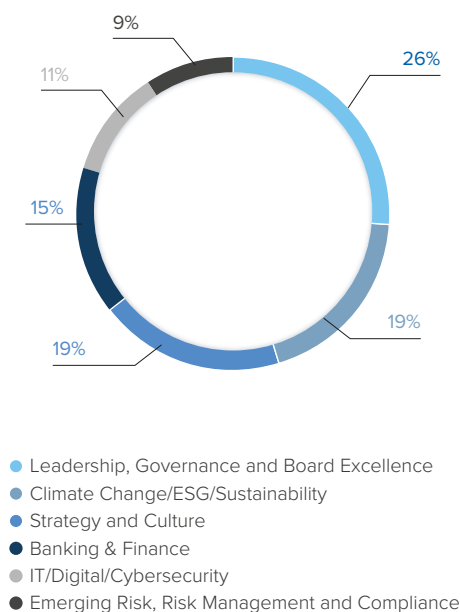
#### Access to Third Party Experts

The Board may seek independent professional advice at the Bank's expense on specific issues to enable the Board to discharge its duties in relation to the matters being deliberated. Individual Directors may also obtain independent professional or other advice in furtherance of their duties subject to relevant approval as prescribed in the Board Charter.

#### Continuing Education and Development

Directors play a critical role in guiding the strategy and operations of organisations, therefore, on going education and development ensures that Directors are kept up-to-date on emerging trends, best practices, and regulatory requirements.

During 2024, all the Board members attended various training programmes relevant to areas of development as highlighted in BEE2023. The topics of the training programme attended by the Directors in 2024 are, as follows:-



Details on the training programmes attended by Directors are as per Part B of the CG Report.

#### Induction Programme

An induction programme will be conducted to ready new Directors into their role and to assist them in their understanding of the Group's business strategy and operations. New Directors are to attend the programme upon their appointment. The programme consists of session with members of the Group Management Committees, wherein new Directors will be briefed on the business operations and structure.

### BOARD REMUNERATION

#### Board Remuneration

The Board acknowledges that MCCG 2021 emphasises that Directors' remuneration, which is well structured, clearly linked to the strategic objectives of a company, and which rewards contribution to the long-term success of the company is important in promoting business stability and growth.

In line with the above practice, ABB had in March 2022, engaged an external consultant, Willis Towers Watson Malaysia (WTW) to conduct an independent review of the Non-Executive Directors' fees of the Board and Board Committees of AFFIN Banking Entities.

In its review, WTW had adopted comparators which include public and non-public listed financial institutions. Based on the outcome of the review, WTW recommended the revision of the Directors' remuneration to be streamlined and aligned with peers in the market.

The fees review was necessary to commensurate with the Directors' heightened responsibilities, accountabilities, commitment and contribution with reference to their statutory duties, the complexity of the Group's businesses and the increased expectations from various stakeholders.

Further, the review was crucial to determine the Board's competitiveness to attract as well as retain individuals with strong credentials and high calibre to serve on the Board of AFFIN Banking Entities.

The revised fees were duly approved by the respective Boards and Annual General Meetings of AFFIN Banking Entities in April 2022 and May 2022, respectively.

Generally, the remuneration package for the Directors of the Bank comprises the following:-

#### Directors' Fee

The Directors are entitled to Annual Directors' fees.

#### Board Committees' Fee

Directors who sit on Board Committees are entitled to receive Board Committee fees.

#### Meeting Allowances

Directors are also entitled to Meeting allowances when they attend any Board/Board Committee meetings.

GBNRC had recently conducted an internal review on the existing Directors' remuneration and concluded that there are no changes to the remuneration of the Directors up to Annual General Meeting of the Bank to be held in 2026.

The Directors' fees and benefits-in-kind payable to Directors are subject to shareholders' approval at the upcoming Annual General Meeting scheduled in April 2025. The details of the Directors' remuneration are set out in the Financial Statements of this Integrated Report 2024.

### Senior Management Remuneration

The Bank observed the Bank Negara Malaysia (BNM) Policy Document on Corporate Governance, BNM Policy Document on Risk Governance and the Bank's risk appetite when formulating the Senior Management remuneration.

The Bank also adopts a mix compensation that is competitive to market, in the form of fixed pay and variable component which provides a balanced approach between fixed and variable components that correlates to the performance of the Bank, Divisions and the accountability level of the individual. It also provides for reward adjustment (malus and clawback) in cases involving breaches, bad performance of the business unit or the Bank, attributable to the individual or if he/she commits serious legal, regulatory, or internal policy breaches or misconduct which are not aligned to the Bank's standard.

The Group's Remuneration Policy acts as a guiding principle in relation to the design and management of the Group's remuneration and is reviewed periodically to ensure its adequacy and mandates are carried out in accordance with the regulatory requirements.

The Group's remuneration philosophy is established to provide a competitive level of total compensation to attract and retain qualified and competent staff and is driven primarily based on performance whilst appropriately balanced with prudent risk-taking across its business practices in support of the Group's strategies and its long-term vision.

The remuneration policy is developed based on the following guiding principles:-

#### A. SUPPORT STRATEGIC OBJECTIVES:

Remuneration and reward framework shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Bank's vision and strategy.

#### B. PERFORMANCE-DRIVEN REMUNERATION:

The Bank shall develop a performance-driven workforce, with remuneration driven through the Bank's Performance Management System. Rewards will be differentiated based on the performance of the Bank, the Division, the Department/Centre/Hub/Branch and the individual employee.

#### C. CONSEQUENCE MANAGEMENT:

To inculcate a culture of ethics, risk and compliance, employees who have been disciplined for misconduct, negligence, and/or non-compliance will have their rewards reduced, held-back, deferred, clawed-back or forfeited. Staff who are under performing shall be enrolled in the Bank's Performance Improvement Programme and their rewards forfeited.

#### D. INTERNAL EQUITY:

The Bank shall remunerate all staff fairly in terms of their roles within the organisation.

#### E. MARKET-RELATED REMUNERATION:

The Bank shall measure its remuneration practices against both local and global market through use of remuneration surveys and benchmarking with other similar institutions.

#### F. AFFORDABILITY AND SUSTAINABILITY:

The Bank shall ensure that remuneration is affordable and sustainable for the future growth.

#### G. FLEXIBILITY:

Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of employees while complying with relevant statutory requirements and other legislations.

#### H. TRANSPARENCY:

The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A:

#### Leading Sustainability

The Board together with Senior Management takes responsibility for the governance of sustainability in the Bank including setting the company's sustainability strategies, priorities and targets. Further, the Board is mindful on the philosophy promoted by MCCG 2021, effective board leadership and oversight also require the integration of sustainability considerations in corporate strategy, governance and decision-making.

The Bank views sustainable development as a vital part of its business, considering not only financial returns, but also ESG factors in making wise and sustainable business choices. The Bank promotes sustainability practices throughout its business operations, and provides and enables responsible financial solutions that benefit people, businesses, society and the environment.

At ABB, sustainability means making long-term investments for our organisation and stakeholders that support the wider sustainability goals in the financial sector. The Bank have made its sustainability approach a core part of organisation and the Bank keep integrating ESG practices or factors into our businesses and operations as part of our overall sustainability journey. The Bank have also improved the incorporation of ESG risks factors into its financing risk evaluation.

The Bank base its sustainability strategy on MMLR and global reporting initiative standards, United Nations Sustainable Development Goals. The strategy also takes into account the Bank's material issues and the net positive effect that it has on its stakeholders.

The Board, assisted by the Group Board Sustainability Committee, leads the Bank's ESG efforts in achieving its long-term strategy. The Bank also has a sustainability team that reports to the Group Chief Corporate Strategy & Sustainability Officer, who is the assigned person to oversee sustainability in a strategic way, including how to incorporate sustainability factors in the Bank's operations.

Further, the sustainability risks have been embedded in the performance evaluations at the Board and Management in line with Practice 4.4 of the MCCG 2021. The Board also ensures that they stay abreast with and understand the sustainability issues which are depicted in the list of training programmes attended by the Board under CG Report.

#### Code of Ethics, Conduct and Whistleblowing Policy

The Board understands that the responsibility for good corporate governance and ethics rests with them and therefore strives to follow the principles and best practices of corporate governance and adopts a "zero tolerance" approach on all forms of corruption, and bribery which is enumerated under the Bank's Anti-Bribery and Corruption Policy.

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 clients with high standards of professional and ethical behaviour.

The Standard of Professional Conduct specifies the minimum standards of conduct expected of the Bank's staff in demonstrating a high level of integrity and professionalism at all times.

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. The Directors and Senior 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.

The Board has also in place Whistleblowing Policy 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.

The relevant policies and code can be found at AFFIN website <https://www.affingroup.com/en/affin-bank-berhad>.

#### Board Administration

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 for ensuring that all governance matters and the 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 Committee meetings which she is the appointed Secretary and is responsible for supporting the effective functioning of the Board.

Details on the roles and responsibilities of the Company Secretary is enumerated in CG Report.



## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

The Group has a comprehensive and effective system of risk management and internal controls to ensure that risks are adequately managed and mitigated in achieving the Group's strategic goals.

The Board recognises its responsibility for the effective governance and oversight of the Bank's risk management framework and internal controls system. Further, the Board took cognisance of its responsibility towards oversight of the Group's internal and external auditors activities as well as the risk management function which have been delegated to the GBAC and GBRMC.

### INDEPENDENCE OF EXTERNAL AUDITORS

The Group's External Auditors play an essential role to the shareholders by enhancing the reliability of the Group's financial statements and giving such reliability assurance 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 regularly 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 Management at least twice a year to discuss any other matters the external auditors may wish to highlight and to ensure that there were no restrictions in the scope and performance of their audit activities. 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 preparation of their audit report.

ABB has in place a process to consider the appointment/reappointment of External Auditors. The process requires the GBAC to assess the External Auditors' compliance with the qualification criteria including, evaluating the independence, objectivity and performance of the External Auditors. As part of its remit, the GBAC must ensure that the objectivity, independence and effectiveness of the External Auditors are maintained.

The External Auditors have confirmed their independence and that there were no circumstances and relationship that could impair 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 2024 is set out in the Financial Statements in this Integrated Report 2024.

### RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Group 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 Group's risk management and internal controls framework.

In the discharge of its responsibility to effectively manage risks across the Group, determining its risk appetite and ensuring the implementation of adequate and appropriate controls, the Board reviews its risk management processes and internal control procedures to ensure a sound system of risk management and internal control to safeguard shareholders' investments and the assets of the Group.

Apart from having oversight of the Group's risk management, internal control and financial reporting, the GBRMC also ensures the required in-depth review into specific financial, operational and regulatory areas of the Group's business.

The Group's system of internal financial control is primarily aimed at safeguarding the Group's assets, ensuring proper accounting records are kept, identifying and managing business risks and maintaining compliance with appropriate legislation and regulations.

The Group's risk management and internal control systems are regularly reviewed by the Board and are consistent with Bursa Securities' guidance on Risk Management & Internal Control and related Financial and Business Reporting issued by the Malaysian Financial Reporting Council and compliant with the requirements of BNM. They have been in place for the financial year under review and are periodically reviewed and updated.

The Statement on Risk Management and Internal Control which provides an overview of the state of internal controls of the Group is set out on pages 190 to 198.

### INTERNAL AUDIT FUNCTION

The Group has an internal audit function that is supported by the Group Internal Audit (GIA) Division. GIA provides independent and objective assurance of the adequacy and effectiveness of the Bank's risk management, internal controls and governance processes. To preserve the independence and objectivity of GIA, the Group Chief Internal Auditor reports functionally to the GBAC and administratively to the PGCEO.

Further details on the Audit, Risk and Compliance Committees' roles are as per the Statement on Risk Management and Internal Control on pages 190 to 198.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

Ongoing engagement and communication with stakeholders are vital in fostering a healthy relationship between the Bank and its stakeholders and are critical for the sustainable growth of our business as this gives stakeholders a much better insight of the Bank and facilitates mutual understanding of each other's expectations.

As such, we have consistently maintained an open dialogue with relevant stakeholder groups such as regulatory agencies, employees, shareholders, investors, consumers and the general public, non-governmental associations and suppliers. Their views and concerns on the Bank's business, its policies on governance, the environment and social responsibility are given due consideration in our decision-making process.

The Board is committed to providing a fair, objective and meaningful assessment of the financial position and prospects of the Group in the quarterly financial results, annual financial statements, Integrated Report and all other reports to shareholders, investors, regulatory authorities and other stakeholders.

The protection of shareholders' and stakeholders' interests both in the short and long-term is central to the way the Board operates. This has been the primary governing principle behind the Board's response to the COVID-19 pandemic. Its impact on all key stakeholders was always considered in Management's decisions. Effective engagement has been crucial in understanding the views of our stakeholders in order to make informed choices.

#### EFFECTIVE COMMUNICATION WITH SHAREHOLDERS

In order to promote disclosure and transparency, the Board and Senior Management are dedicated to delivering effective and open two-way communication. This would provide the Bank a platform to maintain good relationships with shareholders and stakeholders.

#### INVESTOR RELATIONS ENGAGEMENTS

The Bank continuously ensures 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 Integrated Report.

Presentation materials used for the investor relations engagements are available on AFFIN Group's corporate website at <https://affin.listedcompany.com/financials.html> where investors are able to engage with the Group and provide feedback through the Investor Relations team, whose contact details are available on AFFIN Group's corporate website.

#### GENERAL MEETINGS

Annual General Meeting (AGM) is an important platform for the shareholders to interact with the Board and Management and have a robust discussion on the Bank's financials, non-financials as well as long-term strategies. Shareholders are furnished with the Bank's Integrated Report which include amongst others, Directors' Report, Financial Statements and operational performance of the Bank.

The AGM notice was dispatched to shareholders not less than twenty-eight (28) days before the AGM. Shareholders were given ample time to consider the resolutions that will be discussed at Annual General Meetings and are given the opportunity to raise questions or seek clarifications on the agenda items as well as other matters concerning the Bank.

The Bank continues to leverage on technology to conduct its General Meetings with assurance that it has in place the required infrastructure to support proactive interactions with shareholders and smooth broadcast of the General Meetings. The Bank has adopted Practice 13.5 of the MCGG where questions posed by shareholders were made visible to all meeting participants during the meeting itself. The Chairman, who chaired the proceedings provided fair opportunity and time to all shareholders to exercise their rights to raise questions and make recommendations.

After four (4) years of having fully virtual AGMs/EGMs, the Bank's AGM in 2024 was convened via a hybrid method (i.e. virtual and physical) which was the first hybrid AGM conducted in the history of the Bank. The said event was broadcasted live from the AGM venue with participation by shareholders, through live streaming and online remote voting via the Remote Participation and Voting (RPV) facilities provided by the Bank's appointed share registrar.

Resolutions during the AGM and EGMs were arrived at via online electronic poll voting to enable all shareholders to cast their votes. The Share Registrar, acted as the Poll Administrator to conduct the online electronic polling process. An Independent Scrutineer was also appointed to verify the poll results.

**PRINCIPLE C:****CORPORATE GOVERNANCE PRIORITIES**

The Bank has applied all recommended practices in MCCG save for Practice 8.2. The Board has reviewed the Bank's readiness to adopt the practices and identified the following forward-looking action to achieve its corporate governance objectives:

**PRACTICE 8.2****Disclosure of Remuneration of Top 5 Key Senior Management**

The Board is of the opinion that such disclosure would be disadvantageous to the Bank's business interest, given the highly competitive conditions in the banking industry where poaching of executives is common.

Nevertheless, 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 2024 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 is committed to consider disclosing the aggregate of the top 5 Senior Management's remuneration component including salary, bonus, benefits in-kinds and other emoluments.

**THE BANK'S KEY FOCUS AREAS AND FUTURE PRIORITIES**

Given the anticipated challenging global market environment, active corporate governance and robust oversight systems are essential. Despite significant challenges, global market conditions are expected to remain resilient. Therefore, the Board has identified the following key areas for future priorities:

