

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5185
COMPANY NAME : AFFIN BANK BERHAD
FINANCIAL YEAR : 31 DECEMBER 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT TO CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors (the Board), led by the Chairman, establishes the vision and strategic objectives of Affin Bank Berhad (Affin or the Bank) and is entrusted with the responsibility in leading and directing the Bank towards achieving its strategic goals and realising long-term shareholders' values.</p> <p>The Board had established the Bank's "Vision" and "Mission" as follows:-</p> <p><u>Vision</u></p> <p>"A premier partner for Financial Growth and Innovative Services."</p> <p><u>Mission</u></p> <p>"To provide innovative financial solutions and services to target customers in order to generate profits and create value for our shareholders and other stakeholders.</p> <p>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.</p> <p>We shall conduct our business with integrity and professionalism in compliance with good corporate governance, principles and practices."</p>

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.

The key responsibilities of the Board are as follows:

- (i) Approving the Bank's risk appetite, annual business plan and other initiatives which would have material impact on the Bank's risk profile.
- (ii) Overseeing the selection, performance, remuneration and succession plans of the Chief Executive Officer (CEO), control function heads and other members of the Senior Management, such that the Board is satisfied with the collective competence of Senior Management to effectively lead the operations of the Bank.
- (iii) Overseeing the implementation of the Bank's governance framework and internal control framework, and periodically ascertaining whether they remain appropriate in light of material changes to the size, nature and complexity of the Bank's operations.
- (iv) Ensuring regulatory compliance within the Bank.
- (v) Promoting, together with Senior Management, a sound corporate culture within the Bank which reinforces ethical, prudent and professional behaviour.
- (vi) Promoting sustainability through appropriate environmental, social and governance considerations in the Bank's business strategies.
- (vii) Overseeing and approving the recovery and resolution as well as business continuity plans of the Bank to restore its financial strength and maintain or preserve critical operations and critical services when it comes under stress.
- (viii) Promoting timely and effective communication between the Bank and Bank Negara Malaysia (BNM) on matters affecting, or that may affect, the safety and soundness of the Bank.
- (ix) Undertaking various functions and responsibilities as specified in the policy documents and directives issued by BNM and other relevant laws from time to time.
- (x) Ensuring the establishment and implementation of group-wide policies and procedures to ensure Group's compliance with the regulatory requirements.

The Board and Management hold an annual strategic meeting to set the Bank's strategies and review the strategic direction of the Bank as well as the Group.

	The Board, in carrying out its functions or duties shall have regard to the interests of depositors or policy owners of the Bank and Participants as defined in the Financial Services Act 2013.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>Dato' Md Agil Bin Mohd Natt (the Chairman or Dato' Agil Natt), an Independent Non-Executive Director (INED), was appointed as the Chairman of the Bank with effect from 8 November 2019.</p> <p>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.</p> <p>The key role of the Non-Executive Chairman includes the following:-</p> <ul style="list-style-type: none">(i) The smooth functioning of the Board, the governance structure and inculcating positive culture in the Board.(ii) Guidelines and procedures are in place to govern the Board's operation and conduct.(iii) All relevant issues are on agenda for Board meetings and all Directors are able to participate fully in the Board's activities.(iv) Board debates strategic and critical issues.(v) Board receives the necessary information on a timely basis from the Management.(vi) Provides avenues for all Directors to participate openly in the discussion.(vii) Provides leadership to the Board and responsible for the developmental needs of the Board. <p>The Chairman ensures that proceedings of the Board are conducted in an orderly manner. He encourages healthy discussions and ensures any concerns or dissenting views are being discussed and addressed accordingly.</p> <p>In addition, the Chairman cultivates a positive working relationship with the President & Group CEO (PGCEO) and the Management. He demonstrates high standard of corporate governance practices in setting the tone from the top.</p> <p>The Chairman's profile can be found on page 28 of the 2020 Annual Report and Section B of this Report.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>The roles of PGCEO and Chairman are strictly separated and distinct. The respective roles of the Chairman and the PGCEO are clearly defined, so as to promote accountability and facilitate division of responsibilities between them and to further ensure a balance of power and authority.</p> <p>Dato' Agil Natt, the Chairman, in leading the Board, is responsible for the effective overall functioning of the Board, while Datuk Wan Razly Abdullah bin Wan Ali (Datuk Wan Razly), the PGCEO focuses on the business and day-to-day management of the Bank.</p> <p>Datuk Wan Razly was appointed as the PGCEO of the Bank with effect from 2 April 2020 and he is not a Board member (non-board position).</p> <p>The key role of the PGCEO includes the following:</p> <ul style="list-style-type: none">(i) Developing the strategic direction of the Bank.(ii) Ensuring that the Bank's strategies and corporate policies are effectively implemented.(iii) Ensuring that Board's decisions are implemented and Board's directions are responded to.(iv) Providing directions in the implementation of short and long-term business plans.(v) Providing strong leadership that effectively communicates sound and viable vision, management philosophy and business strategy to the employees.(vi) Keeping the Board fully informed of all important aspects of the Bank's operations and ensuring sufficient information is distributed to Board members.(vii) Ensuring the day-to-day business affairs of the Bank are effectively managed. <p>The PGCEO's profile can be found on page 38 of the 2020 Annual Report.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	: Applied.
Explanation on application of the practice	<p>The Board is supported by a qualified Company Secretary in discharging its functions.</p> <p>Puan Nimma Safira binti Dato' Khalid, the Chief Legal Officer and Company Secretary has more than 25 years of experience in Legal and Secretarial.</p> <p>She 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, she attained her Professional Postgraduate Diploma in Governance, Risk and Compliance from the International Compliance Association (ICA), UK. Puan 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.</p> <p>As the Company Secretary, she 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.</p> <p>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.</p> <p>The Company Secretary attends the Board, selected Board Committees' as well as Management 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 Group.</p>

	<p>The Board is also advised by the Company Secretary on the proposed contents and timing of material announcements to be made to regulatory authorities.</p> <p>The appointment and removal of the Company Secretary is subject to the Board's approval. An assessment on the fit and proper criteria of the Company Secretary is conducted annually and endorsed by the GBNRC and noted by the Board.</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	: Applied.
Explanation on application of the practice	<p>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.</p> <p>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.</p> <p>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.</p> <p>Prior to each Board meeting, Directors will be provided with the agenda together with the respective reports/papers and other board meeting reference materials for each item to be discussed in order for them to be apprised of the topics and to be prepared accordingly. These materials are disseminated in a paperless manner via meeting application software, a solution which stores meeting documents digitally in a secured manner.</p> <p>The Board papers include the minutes of the previous Board meetings, minutes of the Board Committees and reports on related banking aspects such as financials, investment, operational, Information Technology, Human Resource, Risk Management and Audit as well as regulatory compliance matters.</p> <p>The Secretariat will provide the necessary support and advice to the Management with respect to the standard format required for the meeting papers.</p> <p>The Chairman with the assistance of the Company Secretary ensures that clear and accurate minutes of board meetings which include the key deliberations, rationale for each decision made, and any</p>

	<p>significant concerns or dissenting views are maintained.</p> <p>The minutes of Board meetings are circulated to all Directors for their perusal prior to confirmation of the minutes to be done at the commencement of the following Board meeting. The Directors may request for clarification or raise comments before the minutes are tabled for confirmation. Upon receiving confirmation from all the Members at the Board meeting, the minutes will be signed by the Chairman of the meeting as a correct record of the proceedings of the meeting.</p> <p>All Board members have unrestricted access to timely and accurate information and access to the advice and services of the Company Secretary who is responsible for ensuring that the Board meetings' procedures are followed and that all applicable rules and regulations are complied with.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	: Applied.
Explanation on application of the practice	<p>The Board has established a Board Charter which 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 set out in the policy documents and guidelines issued by BNM and relevant regulatory authorities.</p> <p>The Board Charter outlines the issues and matters reserved for the Board as follows:-</p> <ul style="list-style-type: none"> (i) Approval of financial results. (ii) Declaration of dividends. (iii) Risk appetite setting. (iv) Annual budget and business plan. (v) Appointment of key responsible persons (vi) Mergers and Acquisitions. (vii) Policy Manual. (viii) Connected Parties Transactions. (ix) Strategic Directions. <p>The Board Charter will be reviewed by the Board from time to time in tandem with the Bank's Corporate Governance Framework as well as changes to the Main Market Listing Requirements by Bursa Malaysia Securities Berhad (MMLR), Bank Negara Malaysia's Policy Document on Corporate Governance (BNM CG), Malaysian Code of Corporate Governance issued by Securities Commission (MCCG) and Companies Act 2016 to ensure its relevance and effectiveness in the light of the ever changing environment in which the Bank operates.</p> <p>The Board Charter is available on the Bank's website at www.affinbank.com.my.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied.
Explanation on application of the practice	:	<p>The Bank has put in place a Code of Ethics and Standard of Professional Conduct.</p> <p>The Bank adopts the Code of Ethics for the Financial Services Industry developed by Financial Services Professional Board as the standard of conduct expected of its Directors and employees.</p> <p>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 and clients with high standards of professional and ethical behaviour.</p> <p>The Standard of Professional Conduct is 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 namely Affin 1st, Resourceful, Synergistic, Risk Culture, Ethical and Customer Focus (AFFIN DNA) which staff is expected to uphold and abide. The Code of Conduct specifies the minimum standards of conduct expected of staff of the Bank.</p> <p>The Bank's Standard of Professional Conduct has been adopted by the Board to support the Group's objectives, vision and values which reflects the Group's vision and core values of integrity, respects, trust and openness. The basic principles have been carried out by having appropriate regard to the interests of the Bank's customers, shareholders, business partners and the broader community in which the Group operates.</p> <p>The Bank encourages its employees to provide feedback with any concerns regarding misconduct and/or wrong doing by the employees. Any non-compliance and failure to report non-compliance to the Code may lead to disciplinary action.</p>

	<p>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 for trading of shares or other securities, 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.</p> <p>The Code of Ethics is available on the Bank's website at www.affinbank.com.my.</p>	
<p>Explanation for departure</p>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	:	
<p>Timeframe</p>	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied.
Explanation on application of the practice	:	<p>Whistleblowing Policy is developed to promote whistleblowing in a positive manner that provides an avenue for employees and members of the public to escalate concerns on improper conduct. The said Policy is in line with the fundamental objectives of Whistleblower Protection Act 2010.</p> <p>This includes the following:-</p> <ul style="list-style-type: none"> (i) Safeguard the Bank's reputation by minimising unfavourable 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 possible detrimental impact. (iii) Exhibit better corporate governance on managing whistleblowing issues, which is to be managed in a transparent manner by creating awareness on the protection, confidentiality and enforceability of whistleblowing. <p>Complaints being channelled through the available avenues stated in the said Policy are addressed and dealt with by the Whistleblowing Committee in strictest confidence. The Whistleblowing Committee reports to an INED who provides oversight for the whistleblowing process. The INED is the Chairman of the GBCC.</p> <p>The Whistleblowing Policy is available on the Bank's website at www.affinbank.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied.
Explanation on application of the practice	:	<p>The Board as at 15 April 2021 comprises ten (10) Directors, three (3) of whom are Non-Independent Non-Executive Directors (NINEDs) and the remaining seven (7) are INEDs.</p> <p>The past financial year saw the Board bid farewell to three (3) Directors, namely Encik Abd Malik A Rahman (NINED), Tan Sri Mohd Ghazali Bin Mohd Yusoff (INED) and Puan Nik Amlizan Binti Mohamed (NINED).</p> <p>The Board assessed the mix of skills and had appointed the following Directors to further strengthen the size and composition of the Board:-</p> <ul style="list-style-type: none">• Puan Marzida binti Mohd Noor with effect from 1 March 2020 (INED);• Mr Gregory Jerome Gerald Fernandes with effect from 1 April 2020 (INED); and• Ms Chan Wai Yu with effect from 1 April 2021 (INED). <p>The presence of a majority of INEDs provides effective check and balance in functioning of the Board to safeguard the interest of the Bank and stakeholders.</p> <p>The influence of the nominees for 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.</p> <p>The existing size and composition of the Board is able to promote effective deliberation, encourages active participation from all Directors and allows their roles and responsibilities to be discharged without giving rise to an over-extension of Directors who are required to serve on multiple Board Committees. The diverse and broad range of experience, skills and knowledge of the Directors effectively facilitate the discharge of the Board's stewardship.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - Step Up 4.3 adopted.	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Applied.								
Explanation on adoption of the practice	:	<p>To ensure the independence of the Board as well as to encourage fresh views and ideas at the Board level, the Board had set the maximum tenure of an Independent Director which shall not exceed nine (9) years of service as Independent Director within the AFFIN Bank Group.</p> <p>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 NINED.</p> <p>The tenure of INEDs are as follows:-</p> <table border="1"><thead><tr><th>Years of Service</th><th>Numbers of INEDs</th></tr></thead><tbody><tr><td>Less than 3 years</td><td>5</td></tr><tr><td>3 years to 6 years</td><td>2</td></tr><tr><td>6 years to 9 years</td><td>NIL</td></tr></tbody></table> <p>As at 15 April 2021, none of the INEDs have exceeded the nine (9) years tenure.</p>	Years of Service	Numbers of INEDs	Less than 3 years	5	3 years to 6 years	2	6 years to 9 years	NIL
Years of Service	Numbers of INEDs									
Less than 3 years	5									
3 years to 6 years	2									
6 years to 9 years	NIL									

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	: Applied.																		
Explanation on application of the practice	<p>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.</p> <p>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.</p> <p>The following sets out the Board Diversity matrix of the Bank:-</p> <p><u>Board Skills and Experience</u></p> <ul style="list-style-type: none"> • Banking • Accounting • Risk/Credit Management • Finance/Economic • Business Administration • Information Technology/e-Commerce • Human Resource • Strategic Management • Insurance <p><u>Age</u></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Age</th> <th style="width: 50%;">Number of Directors</th> </tr> </thead> <tbody> <tr> <td>55 – 60 years old</td> <td style="text-align: center;">3</td> </tr> <tr> <td>61 – 65 years old</td> <td style="text-align: center;">2</td> </tr> <tr> <td>66 – 70 years old</td> <td style="text-align: center;">4</td> </tr> <tr> <td>71 – 75 years old</td> <td style="text-align: center;">1</td> </tr> </tbody> </table> <p><u>Nationality</u></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Nationality</th> <th style="width: 50%;">Number of Directors</th> </tr> </thead> <tbody> <tr> <td>Malaysian</td> <td style="text-align: center;">8</td> </tr> <tr> <td>American</td> <td style="text-align: center;">1</td> </tr> <tr> <td>Chinese</td> <td style="text-align: center;">1</td> </tr> </tbody> </table>	Age	Number of Directors	55 – 60 years old	3	61 – 65 years old	2	66 – 70 years old	4	71 – 75 years old	1	Nationality	Number of Directors	Malaysian	8	American	1	Chinese	1
Age	Number of Directors																		
55 – 60 years old	3																		
61 – 65 years old	2																		
66 – 70 years old	4																		
71 – 75 years old	1																		
Nationality	Number of Directors																		
Malaysian	8																		
American	1																		
Chinese	1																		

Gender

Gender	Number of Directors
Male	7
Female	3

Senior Management appointments and removal are governed by the standards in BNM CG which stipulates that member of Senior Management must fulfil the minimum requirements at the time of appointment and on a continuing basis.

The Bank acknowledges that 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 following sets out the Senior Management Diversity matrix of the Bank:-

Age

Age	Number of Senior Management
50 years old and below	7
51 – 55 years old	5
56 – 60 years old	2
Above 60 years old	0

Nationality

Nationality	Number of Senior Management
Malaysian	14
Others	0

Gender

Gender	Number of Senior Management
Male	9
Female	5

Notes:

Senior Management refers to members of Management Committee, Group Chief Compliance Officer, Group Chief Internal Audit and Chief Legal Officer and Company Secretary.

	<p>The GBNRC is responsible for assessing the candidate(s)' qualifications and experiences and whether he/she fulfils the minimum requirements as set out in the BNM CG, BNM Fit and Proper Criteria and any other relevant laws for appointment of Directors. The GBNRC thereafter submits its recommendation to the Board for decision on submission of application to BNM for the proposed new appointment of Director.</p>	
<p>Explanation for departure</p>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	:	
<p>Timeframe</p>	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the recommendation of the MCCG pertaining to the establishment of boardroom gender diversity policy. The Bank currently have three (3) female Directors on the Board which constitutes 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.</p> <p>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.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied.
Explanation on application of the practice	:	<p>The GBNRC is responsible for assessing the candidate(s)' qualifications and experiences and whether he/she fulfils 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.</p> <p>In identifying candidates for appointment of Directors, the GBNRC has the right to utilize independent sources at the cost of the Bank to identify suitably qualified candidates.</p> <p>Being a financial institution, the Bank can leverage amongst others on the FIDE Forum Directors' Register to identify suitable candidate for appointment of Directors.</p> <p>GBNRC may also consider utilising the following sources:-</p> <ul style="list-style-type: none"> • Director's registry (e.g. Institute of Corporate Directors Malaysia and NAM Institute for the Empowerment of Women); • Industry and professional associations; or • Independent search firm. <p>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.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied.
Explanation on application of the practice	:	<p>The Chairman of the GBNRC is YBhg. Dato' Abdul Aziz bin Abu Bakar, an INED.</p> <p>As the Chairman of GBNRC, Dato' Abdul Aziz ensures that the Committee provides a formal and transparent procedure in respect of the following:-</p> <ul style="list-style-type: none">(i) The selection and appointment of all new Directors and Chief Executive Officer as well as assessment on effectiveness of individual Directors, Board as a whole, Board Committees and performance of Chief Executive Officer and key Senior Management officers; and(ii) Develop remuneration policy for Directors, Chief Executive Officer and key Senior Management officers and ensuring that compensation is competitive and consistent with the Bank's culture, objectives and strategies. <p>Dato' Abdul Aziz's profile can be found on page 31 of the 2020 Annual Report and part B of this Report</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied.
Explanation on application of the practice	:	<p>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 Bank's Secretary's team based on the framework which was designed and concurred by the GBNRC. The BEE was conducted via an online link.</p> <p>Themes enumerated for the evaluation of the Board, Board Committee and Individual Directors are Board as a whole, Board Committees and Individual Directors. Details of the themes and processes can be found on pages 185 – 187 of the 2020 Annual Report.</p> <p>Both GBNRC and the Board continuously carry out review of the composition of the Board and Board Committees of the Bank and Group, with the objective to assess the Board's effectiveness in discharging their expected duties as well as to ensure that the composition complies with the requirements by regulators and supports any additional best practices expected of the Bank and Group.</p> <p>Apart from the above, detailed assessments were also conducted on the Director(s) who are due for re-appointment and those newly appointed Directors, as required by BNM CG.</p> <p>The Board's assessment includes amongst others the following:-</p> <ul style="list-style-type: none">(i) A description of how the candidate is expected to address any gaps in the specific skills, knowledge or experience of the existing board members, if any;(ii) In the case of a candidate who lacks specific skills, knowledge or experience, a description of the gaps and steps that will be taken to support the candidate in addressing the gaps; and(iii) In the case of a reappointment, objective assessments of the candidate's past performance on the Board.

	The Board highlighted that it is the Bank’s intention to engage an external consultant on periodical basis to conduct the BEE exercise in line with the recommendation as stated in the MCCG moving forward.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application :	Applied.							
Explanation on application of the practice :	<p><u>Directors</u></p> <p>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 commensurate 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.</p> <p>The remuneration package for the Directors of the Bank comprise the following:-</p> <table border="1" data-bbox="528 1279 1370 1536"> <tr> <td data-bbox="528 1279 799 1352">Directors' Fees</td> <td data-bbox="799 1279 1370 1352">The Directors are entitled to annual Directors' fees.</td> </tr> <tr> <td data-bbox="528 1352 799 1426">Board Committees Fees</td> <td data-bbox="799 1352 1370 1426">Directors who sit on Board Committees are entitled to receive Board Committee fees.</td> </tr> <tr> <td data-bbox="528 1426 799 1536">Meeting Allowances</td> <td data-bbox="799 1426 1370 1536">Directors are also entitled to Meeting allowances when they attend any Board/Board Committee meetings.</td> </tr> </table> <p>The Directors' fees and benefits-in-kind payable to Directors are subject to shareholders' approval at the Annual General Meeting.</p> <p>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.</p>		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 also entitled to Meeting allowances when they attend any Board/Board Committee meetings.
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Board Committees Fees	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.							

The Board may from time to time review the Remuneration Policy of Directors 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 calibre Directors, whilst taking into account the interest of other stakeholders, including shareholders and employees.

During deliberations pertaining to the individual Directors' remuneration, the interested parties should excuse themselves from both the deliberations and voting.

The details of the Directors' remuneration are set out in Note 43 to the Financial Statements of the 2020 Annual Report.

Senior Management

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.

The Bank's remuneration policy considers the role of each staff, and has set guidance on whether they are under 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.

Explanation :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	: Applied.
Explanation on application of the practice	<p>: GBNRC is chaired by an Independent Non-Executive Director, with the objective of providing a formal and transparent procedure in respect of the following:</p> <ul style="list-style-type: none"> (i) The selection and appointment of all 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. <p>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 reports its recommendations to the Board for decision.</p> <p>The main activities of the GBNRC in 2020 included the following:</p> <ul style="list-style-type: none"> • 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 the Board Effectiveness Evaluation exercise for FY2020.

	<p>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.</p> <p>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.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied.
Explanation on application of the practice	:	The details of the Directors' remuneration (including benefits-in-kind) of each Director during the financial year 2020 are disclosed on Note 43 to the Financial Statements of the 2020 Annual Report.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure.
Explanation on application of the practice	:	
Explanation for departure	:	<p>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.</p> <p>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.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board will monitor developments in the market in respect of such disclosure for future consideration.
Timeframe	:	Others

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Board is not a member of the GBAC. The GBAC is chaired by Mr Gregory Jerome Gerald Fernandes, an INED. His profile can be found on page 36 of the 2020 Annual Report and Part B of this Report.</p> <p>The GBAC comprises six (6) INEDs. The composition of the GBAC and details of their meeting attendance can be found on page 208 of the 2020 Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied.
Explanation on application of the practice	:	<p>The composition, quorum, frequency of meeting as well as the specific duties, responsibilities and authority of the GBAC are set out under its Terms of Reference which is available on the Bank's website at www.affinbank.com.my.</p> <p>The GBAC acknowledge the importance of an independent Audit Committee where it is able to rigorously challenge and ask probing questions on the Bank's financial reporting process, internal controls, risk management and governance. In doing so, the GBAC observe the cooling-off period of at least two years, required by the MCCG, before a former key audit partner may be appointed as a member of the GBAC, to ensure their ability to act independently.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied.
Explanation on application of the practice	:	<p>The GBAC has put in place policies and procedures to assess the suitability, objectivity and independence of external auditors. Making reference to the requirements set out in the BNM's Policy Document on External Auditor, Affin Bank Group has documented its own Group policy and Procedures on Appointment and Re-appointment of External Auditors and Policy on Engagement of External Auditors for Non-Audit Services.</p> <p>GBAC reviews and assesses the appointment or re-appointment of external auditors to ensure the sustainability, objectivity and independence of the External Auditor.</p> <p>GBAC meets up with the external auditors to discuss the scope of the audit plan, system of internal controls, the audit reports and audit findings. At least two private meetings are held with external auditors without the presence of members of Management to discuss relevant issues and share latest developments.</p> <p>GBAC ensures that Audit Fees commensurate with the scope of audit and accountability assumed by the external auditor, taking into account the required skills, knowledge and the allocation of time and resources needed to complete the audit assignment in accordance with the requirements set out in the BNM Policy Document on External Auditor.</p> <p>For engagement of external auditor to perform non-audit service, the GBAC has to be satisfied that the provision of such services does not impair the auditor's objectivity, judgement or independence. Further, to ensure that the fees chargeable are within the allowable threshold before recommending the proposed engagement to the Board of Directors for consideration and approval.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Applied
Explanation on adoption of the practice	:	With the resignation of Mr Chan Tze Ching Ignatius as member of GBAC with effect from 24 July 2020, the composition of GBAC comprises of six (6) INEDs.

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application :	Applied.
Explanation on application of the practice :	<p>The Board recognises the value of an effective GBAC in ensuring the integrity in financial reporting and effective internal control framework.</p> <p>The roles and responsibilities of the GBAC are set out under the GBAC report on pages 200 to 220 of the 2020 Annual Report.</p> <p>The GBAC comprises of six (6) Independent Non-Executive Directors as stipulated on page 208 of the 2020 Annual Report. The Chairman of the GBAC is a Registered Accountant of the Malaysian Institute of Accountants.</p> <p>The GBAC possesses a wide range of necessary skills to discharge their duties effectively. The members are financially literate and are able to understand matters under the purview of the GBAC including the financial reporting standards.</p> <p>During the financial year 2020, the GBAC members have attended training workshops, seminars and talks on areas relevant to their duties and responsibilities to keep themselves abreast of the latest developments in banking industry such as the relevant regulatory requirements as well as effective governance practices.</p>

	<p>The details of the continuous professional development undertaken by the Members of the GBAC in the financial year ended 2020 are as follows:-</p>										
	<table border="1"> <thead> <tr> <th data-bbox="549 371 807 405">GBAC MEMBER</th> <th data-bbox="807 371 1396 405">TRAININGS ATTENDED</th> </tr> </thead> <tbody> <tr> <td data-bbox="549 405 807 573">Mr. Gregory Fernandes (Chairman)</td> <td data-bbox="807 405 1396 573"> <ul style="list-style-type: none"> • Mandatory Accreditation Program (MAP) • Board & Executive Pay During and Post Covid-19 • Staying relevant in the Age of Disruption and Innovation, a Mindshift Series </td> </tr> <tr> <td data-bbox="549 573 807 741">Dato' Mohd Hata Bin Robani</td> <td data-bbox="807 573 1396 741"> <ul style="list-style-type: none"> • Compliance – Bursa Malaysia & Security Commission Enforcement / Disciplinary Proceedings & Processes (Case Study) • Staying relevant in the Age of Disruption and Innovation, a Mindshift Series </td> </tr> <tr> <td data-bbox="549 741 807 1267">Associate Prof Dr Said Bouheraoua</td> <td data-bbox="807 741 1396 1267"> <ul style="list-style-type: none"> • 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 </td> </tr> <tr> <td data-bbox="549 1267 807 1637">Dato' Rozalila Abdul Rahman</td> <td data-bbox="807 1267 1396 1637"> <ul style="list-style-type: none"> • 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 </td> </tr> </tbody> </table>	GBAC MEMBER	TRAININGS ATTENDED	Mr. Gregory Fernandes (Chairman)	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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
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<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>											
<p>Measure :</p>											
<p>Timeframe :</p>											

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	: Applied.
Explanation on application of the practice	<p>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 Group.</p> <p>The Board meets regularly to discuss matters relating to system of internal controls which cover inter alia financial, operational, compliance controls and risk management procedures.</p> <p>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 over financial reporting, disclosures, internal controls, compliance and risk management strategies, policies and other risk related matters.</p> <p>Regular reports received from the Group’s management on financial performance, key operating statistics, legal and regulatory compliance, breach of law or regulations, unauthorized activities and fraud are reviewed by the Board.</p> <p>The Board has established a process for identifying, assessing and managing the relevant risks faced by the Group through the adoption of the following:-</p> <ul style="list-style-type: none"> • Group Risk Management Framework (GRMF) • Group Compliance Framework • IT Risk Management Framework (including Cyber Risk) • Shariah Risk Management Policy <p>Further details on the Group’s Risk Management and Internal Control are set out in the Statement on Risk Management and Internal Control of the 2020 Annual Report.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	: Applied.
Explanation on application of the practice	: The risk management approach of the Affin Bank Group is underpinned by a robust GRMF, which is continuously enhanced to remain relevant and resilient in ensuring effective management of risk. The GRMF is supported by the following elements: <ul style="list-style-type: none"> a. Governance <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • 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.

	<p>c. Risk Culture</p> <ul style="list-style-type: none"> • 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. Risk Management Process The management of risk is facilitated by Risk Management Process which sets out the methodology for management of inherent risks across the Group. <p>d. Risk Management Policy</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> 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. <p>e. Risk Management Organisation</p> <ul style="list-style-type: none"> • 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.
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	For further information, please refer to Statement of Risk Management and Internal Control from pages 200 to 207 of the 2020 Annual Report.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board has established a GBRMC that is responsible for overseeing risk Management's activities in managing credit, market, liquidity, operational, legal, reputational and other relevant risks so as to ensure that the risk management process is in place and functioning effectively.</p> <p>The GBRMC comprises seven (7) members, where the majority members (including the Chairman) are INEDs.</p>

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied.
Explanation on application of the practice	:	<p>The Group Internal Audit (GIA) function is established by the Board to undertake independent review and assessment on the adequacy, efficiency and effectiveness of Group Risk Management, Control and Governance processes implemented by the Management. GIA reports functionally to the GBAC and administratively to the President & Group Chief Executive Officer (PGCEO). It is independent from the activities or operations of other operating units in the Affin Bank Group.</p> <p>The GIA function is guided by its Audit Charter (approved by the Board) which defines the objective, responsibility, accountability, authority, independence and objectivity and professionalism and ethical standards of the GIA function of the Affin Bank Group.</p> <p>GIA reports material findings to GBAC with recommended corrective actions. Management is responsible to ensure that corrective actions on reported areas of improvements/weaknesses are executed timely within the agreed timeframe. The resolution deadlines committed by management are closely monitored. Non-closure of issues/findings per agreed deadline, justifications need to be provided to the GBAC.</p> <p>The GBAC will review the effectiveness of the GIA function, in particular:-</p> <ol style="list-style-type: none">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;

	<p>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;</p> <p>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:-</p> <ul style="list-style-type: none"> • 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. <p>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;</p> <p>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</p> <p>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.</p> <p>For further information, please refer to the GBAC Report on page 208 to 220 of the 2020 Annual Report.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied.
Explanation on application of the practice	:	<p>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.</p> <p>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 of the GIA function of the Group.</p> <p>Effective 1 May 2020, GIA is headed by Puan Wahdania Mohd Khir, replacing Puan Khatimah Mahadi who retired on 31 March 2020. Puan 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.</p> <p>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.</p>

	<p>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.</p> <p>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").</p> <p>For further information, please refer to the GBAC Report on page 208 to 220 of the 2020 Annual Report.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied.
Explanation on application of the practice	:	<p>The Board and Management recognised the importance of maintaining good relationship with both shareholders and stakeholders and is committed to providing effective and open two-way communication to improve disclosure and transparency.</p> <p>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.</p> <p>Various communication channels are used to promote effective communication between the Bank and its stakeholders through the media, AGM/Extraordinary General Meeting, meetings with analysts/investors, corporate briefings and road shows. Active communications with the investors and public are made through various communication channels such as events, advertisements, media releases, public relations and the Bank's corporate website.</p> <p>Annual General Meeting is an important platform for the shareholders to interact and communicate directly with the Board and Management.</p> <p>Shareholders are furnished with the Bank's Annual Report which include amongst others, Directors' Report, Financial Statements and operational performance of the Bank.</p> <p>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.</p> <p>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.</p>

	<p>The shareholders and stakeholders may obtain information about the Bank through the corporate website (www.affinbank.com.my) where its provides convenient access to the latest and archival information about the Bank. The information available on the corporate website includes corporate and financial information, annual reports, press releases and regulatory announcements made by the Bank to Bursa Malaysia.</p> <p>In addition, the corporate website has a dedicated Investor Relations section that provides relevant investor-related information and also on Corporate Governance matters which include Board Charter and Whistleblowing Policy and Procedure.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure.
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company has yet to adopt integrated reporting. The Board acknowledges that integrated reporting goes beyond a mere combination of the reports in the Annual Report into a single document.</p> <p>Nevertheless, there are coordination efforts among cross-functional departments in preparing the various statements and reports in the Annual Report.</p> <p>The Board may consider adopting integrated reporting in future.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board would consider adopting integrated reporting in future.
Timeframe	:	Others

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied.	
Explanation on application of the practice	:	In line with the recommendations of the MCCG, the Notice of the 45th AGM of the Company dated 30 April 2021 is issued to the shareholders 31 days prior to the AGM which is scheduled on 2 June 2021.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	<p>All Directors attended the Bank's 44th AGM held on 27 July 2020.</p> <p>The Chairman and Chair of all Board Committees are involved in the preparations of AGM and are regularly updated by the Management on potential issues which may arise during the AGM. They are also fully aware of their respective scope of responsibilities and will be prepared to address any issues that the shareholders may raise within the scope of responsibilities of the Board Committees that they lead.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Applied
Explanation on application of the practice	:	<p>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.</p> <p>As a precautionary measure in view of the on-going Covid-19 pandemic, the 45th AGM which is scheduled on 2 June 2021 will also be conducted virtually via live streaming and online remote voting facilities provided by the share registrar of the Bank.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT TO CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

<u>BOARD OF DIRECTORS</u>	
<u>Profile of Directors</u>	
YBHG DATO' MD AGIL BIN MOHD NATT	
<i>Chairman / Independent Non-Executive Director</i>	
Nationality/Age/Gender	Malaysian/70 years old/Male
Date of Appointment	8 November 2019
Academic/Professional Qualification(s)	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Chairman/Independent Director, Manulife Insurance Bhd • Chairman/Independent Director, Manulife Investment Management (M) Berhad

Other Appointment(s)/ Commitment(s)	Investment Panel member of the Employees Provident Fund Board
Membership of Board Committees	<ul style="list-style-type: none"> • Chairman of AFFIN Group Oversight Committee • Member of Group Board Nomination and Remuneration Committee • Member of Group Board Credit Review and Recovery Committee • Member of Group Board Information Technology Committee
Attendance for the Financial Year Ended 31 December 2020	All the 11 scheduled Board Meetings and 4 special Board Meetings
Shareholdings in AFFIN Bank Berhad	Nil

ENCIK MOHD SUFFIAN BIN HAJI HARON

Non-Independent Non-Executive Director

Nationality/Age/Gender	Malaysian/76 years old /Male
Date of Appointment	15 August 2009
Academic/Professional Qualification(s)	<ul style="list-style-type: none"> • Bachelor of Economics, University of Malaya • Master of Business Administration, University of Oregon, USA
Past Working Experience	<ul style="list-style-type: none"> • 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, State Development Corporations of Perak, Pahang and Terengganu • Director, Bank Pembangunan Malaysia Berhad • Director, Kompleks Kewangan Malaysia Berhad • Director, HICOM • Council Member of 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	<ul style="list-style-type: none"> • Director of Lonpac Insurance Bhd

Membership of Board Committees	<ul style="list-style-type: none"> Member of Group Board Nomination and Remuneration Committee Member of Group Board Credit Review and Recovery Committee
Attendance for the Financial Year Ended 31 December 2020	All the 12 scheduled Board Meetings and 2 special Board Meetings
Shareholdings in AFFIN Bank Berhad	Nil

* *Encik Mohd Suffian is a nominee of LTAT, a major shareholder of AFFIN Bank Berhad*

YBHG. DATO' MOHD HATA BIN ROBANI

Independent Non-Executive Director

Nationality/Age/Gender	Malaysian/69 years old /Male
Date of Appointment	17 October 2017
Academic/Professional Qualification(s)	<ul style="list-style-type: none"> Bachelor of Economics (Business Administration), University of Malaya Management Development Programme, University of Harvard, USA
Past Working Experience	<ul style="list-style-type: none"> 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, the 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 Bank Negara Malaysia (BNM) Director, IT Department of BNM Senior Assistant Manager, Bank Inspection Department, BNM
Directorship(s) in Other Public/Public Listed Companies	Director, Affin Holdings Berhad
Membership of Board Committees	<ul style="list-style-type: none"> Chairman of Group Board Compliance Committee Member of Group Board Audit Committee
Attendance for the Financial Year Ended 31 December 2020	All the 11 scheduled Board Meetings and 4 special Board Meetings
Shareholdings in Affin Bank Berhad	Nil

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

Nationality/Age/Gender	Malaysian/68 years old /Male
Date of Appointment	17 October 2017
Academic/Professional Qualification(s)	<ul style="list-style-type: none"> • Bachelor of Economics (Honours), University of Malaya • Senior Management Development Programme (SMDP), Harvard Business School
Past Working Experience	<ul style="list-style-type: none"> • 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
Award(s)	National HR Leader Award by the Ministry of Human Resources and Malaysian Institute of HR Management
Directorship(s) in Other Public/Public Companies	Director of Merchant Trade Asia Bhd
Other Appointment(s)/Commitment(s)	Director of the Institute of Corporate Directors of Malaysia (ICDM)
Membership of Board Committees	<ul style="list-style-type: none"> • Chairman of Group Board Nomination and Remuneration Committee • Chairman of Group Board Credit Review and Recovery Committee
Attendance for the Financial Year Ended 31 December 2020	All the 11 scheduled Board Meetings and 4 special Board Meetings
Shareholdings in AFFIN Bank Berhad	Nil

MR. CHAN TZE CHING IGNATIUS*Non-Independent Non-Executive Director*

Nationality/Age/Gender	Chinese /64 years old /Male
Date of Appointment	1 December 2017
Academic/Professional Qualification(s)	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 Commitment	Senior Advisor at The Bank of East Asia, Limited (BEA) and CVC Capital Partners
Other Appointment(s)	<ul style="list-style-type: none"> • 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

	<ul style="list-style-type: none"> • 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 Committees	Nil
Attendance for the Financial Year Ended 31 December 2020	All the 11 scheduled Board Meetings and 4 special Board Meetings
Shareholdings in Affin Bank Berhad	Nil

* *Mr. Ignatius Chan is a nominee of BEA, a major shareholder of Affin Bank Berhad*

DATO' ROZALILA BINTI ABDUL RAHMAN

Independent Non-Executive Director

Nationality/Age/Gender	Malaysian/59 years old /Female
Date of Appointment	4 February 2019
Academic/Professional Qualification(s)	<ul style="list-style-type: none"> • Bachelor of Science, Food Science & Technology from Universiti Pertanian Malaysia • Certificate of Merits, Sophia University, Japan • Diploma of Science with Education (Math Major), Universiti Pertanian Malaysia
Past Working Experience	<ul style="list-style-type: none"> • Chief Executive Officer of Astro GS Shop Sdn Bhd • Chief Marketing Officer of TM Berhad • General Manager of Maxis Berhad • Sales & Marketing Director of Bank Simpanan Nasional • Marketing Manager of Reckitt Benckiser, Malaysia & Singapore • Marketing Manager of Kellogg Asia Inc. South East Asia • 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 of MISC Berhad
Membership of Board Committees	<ul style="list-style-type: none"> • Chairman of Group Board Risk Management Committee • Member of Group Board Audit Committee
Attendance for the Financial Year Ended 31 December 2020	10 scheduled Board Meetings and 4 special Board Meetings

Shareholdings in AFFIN Bank Berhad	Nil
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MR. YUEN WAI HUNG PETER

Non-Independent Non-Executive Director

Nationality/Age/Gender	USA/59 years old /Male
Date of Appointment	1 November 2019
Academic/Professional Qualification(s)	<ul style="list-style-type: none"> • Master of Business Administration, University of Houston, USA • Bachelor of Business Administration (Major in Finance), University of Hawaii, USA
Past Working Experience	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 Partnership Group, BEA
Membership of Board Committees	Member of Group Board Risk Management Committee
Attendance for the Financial Year Ended 31 December 2020	All the 11 scheduled Board Meetings and 4 special Board Meetings
Shareholdings in AFFIN Bank Berhad	Nil

* *Mr Peter Yuen is a nominee of BEA, a major shareholder of Affin Bank Berhad*

PUAN MARZIDA BINTI MOHD NOOR*Independent Non-Executive Director*

Nationality/Age/Gender	Malaysian/58 years old /Female
Date of Appointment	1 March 2020
Academic/Professional Qualification(s)	<ul style="list-style-type: none"> • Master of Science in Management Information Systems from United States International University, San Diego, California (USA) • Bachelor of Science in Business from Indiana University Bloomington, Indiana (USA)
Past Working Experience	<ul style="list-style-type: none"> • 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 Companies Listed	Nil
Membership of Board Committees	Chairperson, Group Board Information Technology Committee
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
Attendance for the Financial Year Ended 31 December 2020	All the 9 scheduled Board Meetings and 3 special Board Meeting since her appointment as Director.
Shareholdings in AFFIN Bank Berhad	Nil

MR. GREGORY JEROME GERALD FERNANDES*Independent Non-Executive Director*

Nationality/Age/Gender	Malaysian/66 years old /Male
Date of Appointment	1 April 2020
Academic/Professional Qualification(s)	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Chairman of Group Board Audit Committee Member of Group Board Risk Management Committee
Attendance for the Financial Year Ended 31 December 2020	All the 8 scheduled Board Meetings and 2 special Board Meeting since her appointment as Director.
Shareholdings in AFFIN Bank Berhad	Nil

MS. CHAN WAI YU*Independent Non-Executive Director*

Nationality/Age/Gender	Malaysian/62 years old /Female
Date of Appointment	1 April 2021
Academic/Professional Qualification(s)	<ul style="list-style-type: none"> • BEcons (Analytical Economics), University of Malaya (UM)
Past Working Experience	<ul style="list-style-type: none"> • 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 Companies Listed	Nil
Membership of Board Committees	Nil
Attendance for the Financial Year Ended 31 December 2020	N/A
Shareholdings in AFFIN Bank Berhad	Nil

Changes of Board of Directors during the Financial Year Ended 2020 up to 15 April 2021

- 1) Encik Abd Malik Bin A Rahman was re-designated as NINED on 16 February 2020 upon serving the Group for a cumulative term of nine (9) years. Subsequently, he completed his tenure of Directorship w.e.f. 15 April 2020.
- 2) Puan Marzida Binti Mohd Noor was appointed to the Board as an INED w.e.f 1 March 2020.
- 3) Mr Gregory Jerome Gerald Fernandes was appointed to the Board as an INED w.e.f 1 April 2020.
- 4) Tan Sri Mohd Ghazali Bin Mohd Yusoff completed his tenure of Directorship w.e.f 20 June 2020.
- 5) Puan Nik Amlizan Binti Mohamed was appointed as NINED w.e.f 1 September 2020 and subsequently resigned from the Board w.e.f. 5 October 2020.
- 6) Ms Chan Wai Yu was appointed to the Board as INED w.e.f. 1 April 2021.

Roles and Responsibilities of the Board

The key roles and responsibilities of the Board are as follows:-

- 1) Approving the Bank's risk appetite, annual business plan and other initiatives which would have material impact on the Bank's risk profile.
- 2) Overseeing the selection, performance, remuneration and succession plans of the Chief Executive Officer, control function heads and other members of the Senior Management, such that the Board is satisfied with the collective competence of Senior Management to effectively lead the operations of the Bank.
- 3) Overseeing the implementation of the Bank's governance framework and internal control framework, and periodically ascertaining whether they remain appropriate in the light of material changes to the size, nature and complexity of the Bank's operations.
- 4) Ensuring regulatory compliance within the Bank.
- 5) Promoting, together with Senior Management, a sound corporate culture within the Bank which reinforces ethical, prudent and professional behaviour.
- 6) Promoting sustainability through appropriate environmental, social and governance considerations in the Bank's business strategies.
- 7) Overseeing and approving the recovery and resolution as well as business continuity plans of the Bank to restore its financial strength and maintain or preserve critical operations and critical services when it comes under stress.
- 8) Promoting timely and effective communication between the Bank and BNM on matters affecting, or that may affect, the safety and soundness of the Bank.
- 9) Undertaking various functions and responsibilities as specified in the policy documents and directives issued by BNM and other relevant laws from time to time.
- 10) Ensuring the establishment and implementation of group-wide policies and procedures to ensure Group's compliance with the regulatory requirements.

Board Committees

1) 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").

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 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.

The attendance of members at GBCRRC meetings held in 2020 are as follows:-

Name of Director	Number of GBCRRC Meetings Attended in 2020
YBhg Dato' Abdul Aziz bin Abu Bakar Independent Non-Executive Director (Re-designated as Chairman w.e.f 20 June 2020)	21/22
Encik Mohd Suffian bin Haji Haron Independent Non-Executive Director	22/22
Encik Musa bin Abdul Malek Independent Non-Executive Director (Appointed as member w.e.f. 1 November 2019) (Representative from AFFIN Islamic Bank Berhad)	22/22
YBhg Dato' Agil Natt Independent Non-Executive Director (Appointed as member w.e.f. 1 February 2020)	20/20
YBhg Dato' Mohd Ali bin Mohd Tahir Independent Non-Executive Director (Appointed w.e.f. 1 February 2020) (Representative from AFFIN Hwang Investment Bank Berhad in FY2020)	19/20
Encik Suffian bin Baharuddin Independent Non-Executive Director (Appointed as member w.e.f. 1 November 2020) (Representative from AFFIN Islamic Bank Berhad)	2/2
Dato' Rozalila Binti Abdul Rahman Independent Non-Executive Director (Relinquished her position as member w.e.f 1 May 2020)	8/8
YBhg Tan Sri Mohd Ghazali bin Mohd Yusoff (Chairman) Independent Non-Executive Director (Completed his tenure of directorship w.e.f 20 June 2020)	11/11
YBhg Laksamana Madya Tan Sri Dato' Seri Ahmad Ramli bin Mohd Nor (Bersara) Non-Independent Non-Executive Director (Representative from AFFIN Islamic Bank Berhad) (Completed his tenure of directorship w.e.f 7 July 2020)	9/12

2) 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 all new Directors and CEO as well as assessment of effectiveness of individual Directors, Board as a whole, Board Committees and performance of CEO and key Senior Management officers; and
- (ii) Develop remuneration policy for Directors, CEO 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 reports its recommendations to the Board for decision.

The attendance of members at BNRC & GBNRC meetings held in 2020 are as follows:-

Board Nomination and Remuneration Committee

Name of Members	Number of BNRC Meetings Attended in 2020
YBhg Dato' Abdul Aziz bin Abu Bakar (Chairman) Independent Non-Executive Director	9/9
Encik Mohd Suffian bin Haji Haron Non-Independent Non-Executive Director	9/9
YBhg Dato' Mohd Hata bin Robani Independent Non-Executive Director	8/9
YBhg Dato' Agil Natt Independent Non-Executive Director	9/9
Encik Abd Malik Bin A Rahman Non-Independent Non-Executive Director (Completed his tenure of directorship w.e.f 15 April 2020)	4/5

Group Board Nomination and Remuneration Committee (Effective 1 August 2020)

Name of Members	Number of BNRC Meetings Attended in 2020
YBhg Dato' Abdul Aziz bin Abu Bakar (Chairman) Independent Non-Executive Director	4/4
Encik Mohd Suffian bin Haji Haron Non-Independent Non-Executive Director	4/4
YBhg Dato' Agil Natt Independent Non-Executive Director	4/4
Dato' Bakarudin bin Ishak Independent Non-Executive Director (Representative from AFFIN Islamic Bank Berhad)	4/4
Datuk Noor Azian Binti Shaari Independent Non-Executive Director (Representative from AFFIN Hwang Investment Bank Berhad)	4/4

3) Group Board Audit Committee ("GBAC")

The GBAC established by the Board comprises of six (6) members. The GBAC members have the relevant accounting or related financial management experience or expertise.

The GBAC comprises all Independent Non-Executive Directors and the Chairman of the GBAC is not the Chairman of the Board. The Chairman of GBAC, Mr Gregory Jerome Gerald Fernandes is a Registered Accountant member of the Malaysian Institute of Accountants and also a member of other local and international accounting bodies.

The Board recognises the value of an effective GBAC in ensuring the integrity in financial reporting and effective internal control framework.

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 rules.

The primary objectives of GBAC are to:

- (i) Establish the framework for and oversee the audit function of Affin Bank Group;
- (ii) 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;
- (iii) Implement and support the function of the Board by reinforcing the independence and objectivity of the Group Internal Audit Division (GIA); and

- (iv) Ensure that Internal and External Audit functions are properly conducted and audit recommendations are implemented effectively.

The attendance of members at GBAC meetings held in 2020 are as follows:-

Name of Members	Number of GBAC Meetings Attended in 2020
Mr Gregory Jerome Gerald Fernandes (Chairman) Independent Non-Executive Director (Appointed as member w.e.f. 1 May 2020)	6/6
YBhg. Dato' Mohd Hata bin Robani Independent Non-Executive Director (Re-designated as Chairman on 16 February 2020 and subsequently as member on 1 May 2020)	11/11
Associate Prof Dr Said Bouheraoua Independent Non-Executive Director (Representative from AFFIN Islamic Bank Berhad)	11/11
Dato' Rozalila Binti Abdul Rahman Independent Non-Executive Director (Appointed as member w.e.f. 28 March 2019)	11/11
Mr Chan Tze Ching Ignatius Non-Independent Non-Executive Director (Resigned as member on 24 July 2020)	6/7
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

4) 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 Board Nomination & Remuneration Committee.

The attendance of members at GBRMC meetings held in 2020 are as follows:-

Name of Director	Number of GBRMC Meetings Attended in 2020
Dato' Rozalila Binti Abdul Rahman (Chairperson) Independent Non-Executive Director (Appointed as Chairman w.e.f 1 February 2020)	12/12
YBhg Tan Sri Mohd Ghazali bin Mohd Yusoff Independent Non-Executive Director (Completed his tenure of directorship w.e.f 20 June 2020)	4/4
Mr. David Lim Hun Soon Independent Non-Executive Director (Representative from Affin Hwang Investment Bank Berhad)	11/12
Mr Yuen Peter Wai Hung Non-Independent Non-Executive Director	11/12
YBhg Dato' Mohd Ali bin Mohd Tahir Independent Non-Executive Director (Representative from Affin Islamic Bank Berhad)	12/12
Mr Gregory Jerome Gerald Fernandes Independent Non-Executive Director (Appointed as member w.e.f. 1 May 2020)	8/8
En Suffian Baharuddin Appointed as member w.e.f. 1 November 2020) (Representative from Affin Islamic Bank Berhad)	2/2

Note: Effective 1 February 2020, the risk management and compliance roles in GBRMCC was decoupled into two separate Committees, namely, Group Board Risk Management Committee (GBRMC) and Group Board Compliance Committee (GBCC).

5) **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.

The attendance of members at GBCC meetings held in 2020 are as follows:-

Name of Director	Number of GBRMC Meetings Attended in 2020
YBhg. Dato' Mohd Hata bin Robani (Chairman) Independent Non-Executive Director (Appointed as Chairman w.e.f 1 February 2020)	11/11
Associate Prof Dr Said Bouheraoua Independent Non-Executive Director (Representative from AFFIN Islamic Bank Berhad)	11/11
Datuk Noor Azian Binti Shaari Independent Non-Executive Director (Representative from AFFIN Hwang Investment Bank Berhad)	11/11
Dato' Bakarudin bin Ishak Independent Non-Executive Director (Representative from AFFIN Islamic Bank Berhad)	11/11

Note: Effective 1 February 2020, the risk management and compliance roles in GBRMCC was decoupled into two separate Committees, namely, Group Board Risk Management Committee (GBRMC) and Group Board Compliance Committee (GBCC).

6) **Group Board Information Technology Committee (GBITC)**

GBITC was established on 26 March 2020. 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.

The attendance of members at GBCC meetings held in 2020 are as follows:-

Name of Director	Number of GBRMC Meetings Attended in 2020
Puan Marzida binti Mohd Noor (Chairperson) Independent Non-Executive Director	9/9
YBhg Dato' Agil Natt Independent Non-Executive Director	9/9
Encik Musa bin Abdul Malek Independent Non-Executive Director (Representative from AFFIN Islamic Bank Berhad)	9/9

Training and Education attended by the Board During the Financial Year Ended 31 December 2020

The training programmes/courses attended by the Directors during financial year ended 31 December 2020 is set out on page 191 to 195 of the Annual Report.

INTERNAL CONTROL FRAMEWORK

The Internal Control Framework is set out in the Statement on Risk Management and Internal Control in the 2020 Annual Report.

REMUNERATION FOR DIRECTORS, SENIOR MANAGEMENT AND OTHER MATERIAL RISK TAKERS

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 commensurate 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 in accordance with the Remuneration Policy of Directors:-

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 BNRC and the Board for deliberation.

The Board may from time to time review the Remuneration Policy of Directors 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 calibre Directors, whilst taking into account the interest of other stakeholders, including shareholders and employees.

During deliberations pertaining to the individual Directors' remuneration, the interested parties should excuse themselves from both the deliberations and voting.

The details of the Directors' remuneration are set out in Note 43 to the Financial Statements of the 2020 Annual Report.

The aggregate amount of remuneration for the Directors and Chief Executive Officer of the Bank for the FYE2020 was as follows:

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 Kamarul Ariffin bin Mohd Jamil <i>(completed his contract of service w.e.f 1.4.2020)</i>	1,046	-	-	278	31	1,355
	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. Peter Yuen Wai Hung	-	-	208	-	-	208
Pn. Marzida binti Mohd Noor	-	-	176	-	-	176
Mr. Gregory Jerome Gerald Fernandes	-	-	192	-	-	192
Pn. Nik Amlizan binti	-	-	4	-	-	4

Mohamed						
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

Senior Management and Other Material Risk Takers (“OMRT”)

The Bank’s Remuneration Policy considers the role of each staff. The objective of the Remuneration Policy is to ensure that the remuneration system in the Bank: -

- Rewards individuals for the achievement of the Bank’s objectives and motivates high levels of performance;
- Rewards exceptional performance by individual through the Performance Management System;
- Allows the Bank to compete effectively in the labour market and to recruit and retain high calibre staff; and
- Achieves fairness and equity in remuneration and reward.

The Bank’s remuneration policy is developed based on the following guiding principles:

- **Support for Strategic Objectives:** Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Bank’s vision and strategy.
- **Transparency:** The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.
- **Internal Equity:** The Bank shall remunerate all staff fairly in terms of their roles within the organization.
- **Market-Related Remuneration:** The Bank shall measure its remuneration practices against both the local and national market through the use of remuneration surveys and through benchmarking with other similar institutions.
- **Flexibility:** Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of individuals and those of the institution whilst complying with relevant tax and other legislation.
- **Performance-Driven Remuneration:** The Bank shall entrench a culture of performance driven remuneration through the implementation of the Performance Management System.
- **Affordability and Sustainability:** The Bank shall ensure that remuneration is affordable on a sustainable basis.

The Remuneration Policy and practices will evolve over time, reflecting Bank’s priorities but will always adhere to the requirements of BNM’s Policy Document on Corporate Governance and Risk Governance promoting sound and effective risk management.

The Bank ensures that overall remuneration system for the Bank (as per the BNM CG) shall:-

- be subject to Board's active oversight to ensure that the system operates as intended;
- be in line with the business and risk strategies, corporate values and long-term interests of the Bank;
- promote prudent risk-taking behaviour and encourage individuals to act in the interests of the Bank as a whole, taking into account the interests of its customers; and be designed and implemented with input from the control functions and the Group Board Risk Management and Compliance Committee to ensure that risk exposures and risk outcomes are adequately considered.

As stipulated under the BNM CG, OMRT refers to an officer who is not a member of senior management of a financial institution and who:-

- can materially commit or control significant amounts of the financial institution's resources or whose actions are likely to have a significant impact on its risk profile; or
- is among the most highly remunerated officers in the financial institution;

The listing of the positions for the Senior Management and OMRT shall be reviewed annually to be in accordance with the BNM CG requirement.

The remuneration of Senior Management and Other Material Risk Taker (OMRT) must be approved by the Board and the Bank will maintain and regularly review the list of officers who fall within the definition of Senior Management and OMRT.