

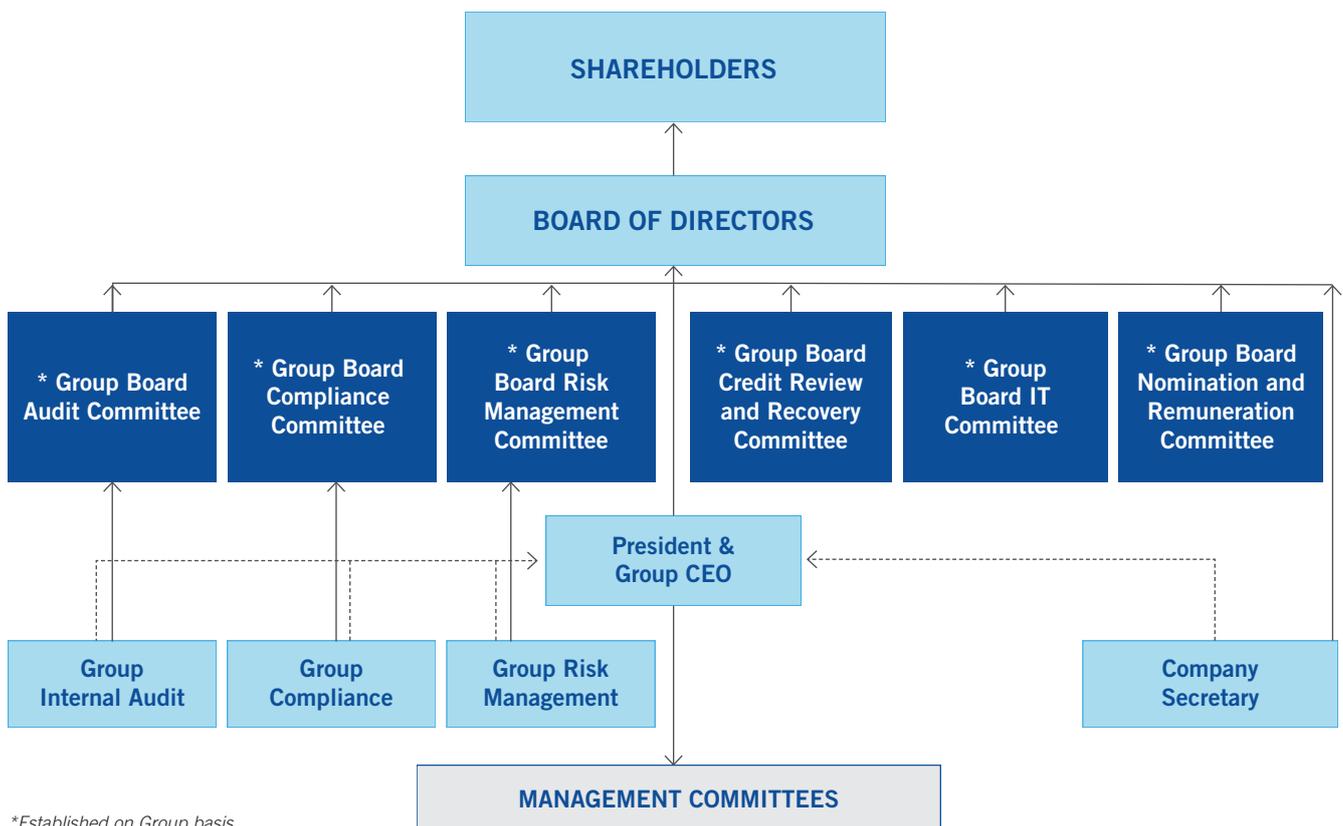
CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of AFFIN Bank Berhad (“Bank” or the “Company”) supports the principles of good governance and continues to improve the Bank and Group’s Governance structure in ensuring sustainability of ethical and compliant corporate culture.

The Board and Management are fully committed to achieve high standards in the areas of corporate governance, business conducts and ethics. The Bank actively inculcates the principles of transparency, integrity and accountability in building its corporate culture.

The Bank adopts corporate governance best practices that conform to Bank Negara Malaysia (“BNM”) Policy Document on Corporate Governance, Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Main Market Listing Requirements and Malaysian Code on Corporate Governance issued by Securities Commission.

In this regard, Corporate Governance Framework has been established to set out the broad principles, standards and requirements for sound corporate governance and practices to be adopted by the Bank.



The Corporate Governance Framework of the Bank is premised upon the following:-

- Companies Act, 2016
- Main Market Listing Requirements of Bursa Malaysia (MMLR)
- Policy Document on Corporate Governance issued by BNM (BNM CG)
- Malaysian Code on Corporate Governance issued by Securities Commission (MCCG)
- Other relevant guidelines/circulars /Practice Notes issued by relevant regulatory authorities

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The Corporate Governance Framework will be continuously reviewed to ensure that it remains relevant and align with the Companies Act, 2016, MMLR, BNM CG, MCCG as well as best practices and guidelines.

This statement provides an overview of the Bank's application of the three (3) key principles of good corporate governance as set out in the MCCG. The Bank's application of each of the practices set out in the MCCG is disclosed in the Corporate Governance Report which is available on the Bank's website at www.affinbank.com.my

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

1. Clear roles and responsibilities

The Board is the principal decision-making body for all significant matters affecting the Bank and is accountable to shareholders for creating and delivering sustainable value. This includes formulating and reviewing the Bank's strategic plans and key policies, as well as the Bank's business operations. The Board and Management hold an annual strategic meeting to set the Bank's strategies and review the strategic direction of the Bank and the Group.

The Board exercises overall responsibilities in promoting good corporate governance, adopts framework of internal controls, risk management and compliance practices throughout the Bank. The Board ensures that the system of internal control is sound and sufficient to safeguard shareholders' investment, depositors/customers' interest and the Bank's assets. Notwithstanding this, there are ongoing reviews to ensure the effectiveness, adequacy and integrity of the systems.

In order to promote a culture of integrity and transparency throughout the Bank, all Directors are required to maintain high standards of transparency, integrity and honesty. This standard serves as the basis that govern Directors' conduct and their relationship with the Bank's stakeholders.

The roles and responsibilities of the Board are set out in the Bank's Board Charter which is available on the Bank's website at www.affinbank.com.my. The Board Charter sets out the demarcation of the mandate, roles and responsibilities, and procedures of the Board and Board Committees (both individually and collectively), in setting the direction, management and control of the Bank in accordance with the principles of good corporate governance as set out in the policy documents and guidelines issued by BNM and relevant regulatory authorities. The Board Charter outlines the issues and matters reserved for the Board.

2. Separation of Positions of the Chairman and President & Group Chief Executive Officer ("PGCEO")

The Bank is headed by the Chairman, whose roles are strictly separated and distinct from the PGCEO. The respective roles of the Chairman and PGCEO are clearly defined and documented in the Board Charter so as to promote accountability and facilitate division of responsibilities between them and to further ensure a balance of power and authority.

The Chairman is responsible for leading the Board in its collective oversight of management. He ensures the smooth functioning of the Board and that procedures and processes are in place to facilitate effective conduct of business by the Board.

The PGCEO focuses on the business and day-to-day management of the Bank and responsible for developing business strategies and ensure implementation of such strategies and policies.

The balance of responsibilities between the Chairman and PGCEO is regularly reviewed to ensure the division of functions remains appropriate to the needs of the Bank.

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3. Company Secretary

The Board is supported by a qualified Company Secretary in discharging its functions. The Company Secretary plays an advisory role to the Board and is qualified under Section 235(2) of the Companies Act, 2016, experienced and competent in performing her duties.

The Board has direct access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that all governance matters and Board procedures are followed, and that applicable laws and regulations are complied with.

The Company Secretary attends the Board, selected Board Committees' as well as Management Committees meetings which she is the appointed Secretary and is responsible for supporting the effective functioning of the Board. In discharging this role, the Company Secretary provides counsel to the Board on governance matters and facilitates the communication of key decisions and policies between the Board, Board Committees and Management. The Board is also regularly updated and kept informed of the latest developments in the legislation and regulatory framework affecting the Bank as well as the Group. The Board is also advised by the Company Secretary on the proposed contents and timing of material announcements to be made to regulatory authorities.

4. Code of Ethics/Conduct

The Bank has put in place a Code of Ethics and Standard of Professional Conduct. The Code of Ethics is to ensure that staff consistently adhere to a high standard of professionalism and ethics in the conduct of business and professional activities to serve the legitimate interest of the Bank's customers clients with high standards of professional and ethical behavior.

The Standard of Professional Conduct to ensure that staff is fully committed to uphold, maintain and demonstrate a high level of integrity and professionalism at all times. The Bank prescribes certain values and principles which staff is expected to uphold and abide. The Code of Conduct specifies the minimum standards of conduct expected of staff of the Bank.

All Directors and employees of the Bank are expected to exercise caution and due care in safeguarding confidential and price-sensitive information of the Bank and its business associates from being misused including for personal benefits, at all times. In managing the exposure of such misuse of price-sensitive information to trading of shares or other securities, the Directors and Management are reminded periodically of the prohibition of insider trading and the dealings in securities during closed periods in accordance with the relevant provisions of the MMLR.

5. Whistleblowing Policy

Whistleblowing Policy is developed to promote whistleblowing in a positive manner that provides an avenue to escalate concerns on improper conduct and to handle such concerns appropriately, in line with the fundamental objectives of Whistleblower Protection Act 2010. This includes the following:-

- i. Safeguard the Bank's reputation by minimising unfavorable surprise events in relation to improper conduct.
- ii. Encourage Whistleblower to divulge pertinent information on improper activity occurring within the Bank and subsequently to curtail the possible detrimental impact.
- iii. Exhibit better corporate governance on managing whistleblowing issue, which is to be managed in a transparent manner by creating awareness on the protection, confidentiality and enforceability of whistleblowing.

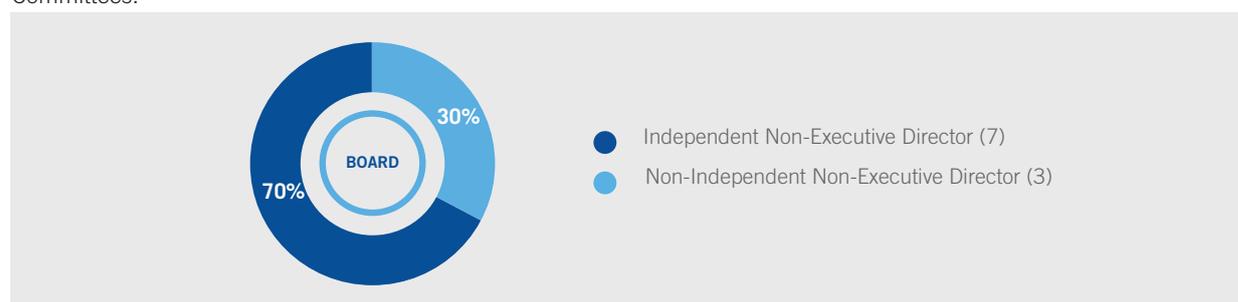
The Whistleblowing Policy is available on the Bank's website at www.affinbank.com.my.

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II. BOARD COMPOSITION

1. Board Composition and Balance

The composition of the Board reflects a good measure of objectivity and impartiality in order to ensure that the interest of the minority shareholders is not compromised. The influence of the nominees from the major shareholders of the Bank is balanced by the presence of the majority Independent Directors on the Board whose collective views carry significant weight in the Board's deliberation and decision-making process. Senior Management is not a member of the Board or Board Committees.



The current Board composition of which majority is Independent Directors exceeds the MMLR and BNM CG requirements. The Directors fulfill the fit and proper criteria as specified in the Financial Services Act 2013 and the BNM Policy Document on Fit and Proper Criteria.

The size and composition of the Board are reviewed from time to time in order to ensure that the Board comprises strong and dynamic individuals with relevant skills and competencies necessary to drive the Bank towards achieving sustainability and viability. The existing size and composition of the Board are able to promote effective deliberation, encourages the active participation of all Directors and allows the work to be discharged without giving rise to an over-extension of Directors who are required to serve on multiple Board Committees.

Board Independence

To ensure the independence of the Board as well as to encourage fresh views and ideas, the Board had adopted the maximum tenure of nine (9) years of service for Independent Director within the Group.

The Independent Director shall, upon reaching the maximum tenure of nine (9) years of service and subject to the approval of BNM for his/her re-appointment as Director, remain as a Director but shall be re-designated as Non-Independent Non-Executive Director.

Represented on the Board are Independent Non-Executive Directors who bring their independent advice, views and judgement on the decision-making process of the Bank to ensure that a balanced, robust and unbiased deliberation process is in place to safeguard the interests of other stakeholders.

Board Diversity

The broad range of experience, skills and knowledge of the Directors effectively facilitate the discharge of the Board's stewardship.

The Bank promotes diversity in Board as it recognises the values and the unique contribution from Directors with diverse individual background, skills, experiences, perspectives and nationality.

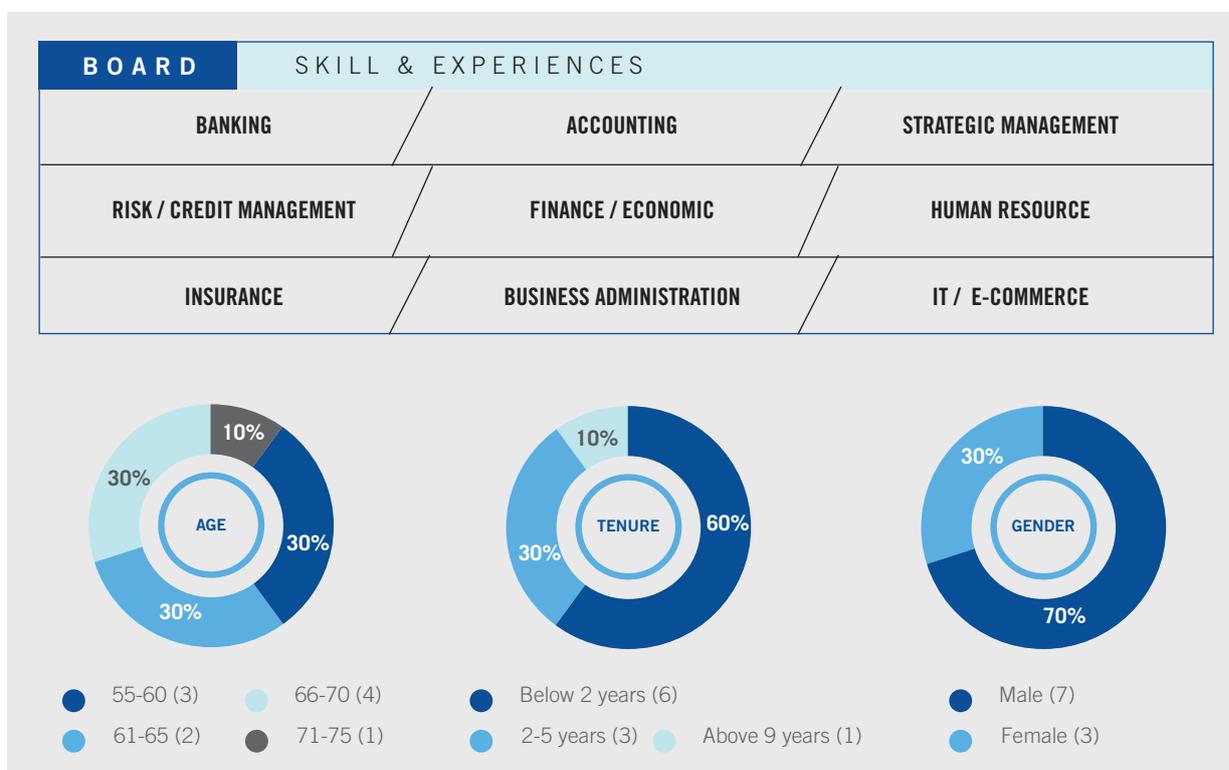
In promoting diversity, gender and opportunities, the Board in its appointments and composition pays due recognition and weightage to the skills, experience and business acumen of the Directors. The Board reviews the appropriate mix of skills, experience, age, gender, cultural background and knowledge required of its members, in the context of the needs of the Bank's businesses and strategies.

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In terms of nationality, the Board currently have two (2) foreign Directors representing one of the major shareholders, The Bank of East Asia Limited (BEA), namely Mr. Chan Tze Ching Ignatius and Mr. Yuen Wai Hung Peter, both are from Hong Kong with wealth of experience in banking business and strategy.

The Board acknowledges the recommendation of the MCCG pertaining to the establishment of boardroom gender diversity policy. The Bank has three (3) female Directors on the Board which constitute 30% of Directors namely Dato' Rozalila binti Abdul Rahman, Pn. Marzida binti Mohd Noor and Ms Chan Wai Yu, (who was appointed to the Board on 1 April 2021) as Independent Non-Executive Directors. The Board will continue to uphold the principle of boardroom gender diversity in consonance with Government's agenda to achieve the target of at least 30% women on the Board of PLCs.

The Board has escalated its efforts to establish a more diverse Board which bears a variety in the dimensions of skills, experience, age, cultural background and gender.



Appointments, Removals and Re-election of Directors

New appointment of Directors

All appointments of Directors are subject to the approval of BNM which is for a specific term of appointment.

The GBNRC is responsible for assessing the candidate(s)' qualifications and experiences and whether he/she fulfills the minimum requirements as set out in the BNM Policy Document on Corporate Governance, BNM Fit & Proper Criteria and any other relevant regulations. The GBNRC thereafter submits its recommendation to the Board for decision on submission of application to BNM for the proposed new appointment as Director.

In identifying candidates for appointment of Directors, the GBNRC does not solely rely on recommendations from existing Board members, Management or major shareholders. The GBNRC has the right to utilise independent sources at the cost of the Company in order to identify suitable qualified candidates.

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Besides the above, GBNRC may also consider utilising the following sources:-

- Directors' registry (e.g. Institute of Corporate Directors Malaysia, FIDE and NAM Institute for the Empowerment of Women);
- Industry and professional associations; or
- Independent search firm.

The Bank shall not make an application to BNM to appoint a Director unless the Board is wholly satisfied, based on its objective assessment, that the candidate meets the minimum requirements of the BNM CG and MMLR, understands the expectation of the roles and is able to meaningfully contribute to the Board.

Re-appointment of Directors

The proposed re-appointment of a Director, upon expiry of his/her current term of appointment as approved by BNM, is subject to the approval of BNM.

The GBNRC is responsible for assessing the performance of Directors whose current term of appointment as approved by BNM are due to expire, and submit its recommendation to the Board for decision on the application to BNM for the proposed re-appointment of the Directors concerned.

Removal of Directors

An assessment on Fit & Proper Criteria, performance and effectiveness of each Director will be carried out and corrective measures will be taken by the GBNRC if the Director is no longer Fit & Proper or non-performing as and when the GBNRC becomes aware of such circumstances.

Re-Election of Directors

The Constitution of the Bank provides that at every Annual General Meeting, at least one-third of the Directors are subject to retirement by rotation or, if their number is not three (3) or a multiple of three (3), the number nearest to one-third shall retire from office, but shall be eligible for re-election.

The Constitution of the Bank further provides that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

2. Board Evaluation

In line with MCGG's recommendation, the Board has agreed to appoint independent experts periodically to conduct the Board Effectiveness Evaluation (BEE). For FY2020, the BEE was conducted internally with the assistance of the Company Secretary's team based on the framework which was designed and concurred by the GBNRC. The BEE was conducted via an online link.

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FRAMEWORK FOR BEE

Themes

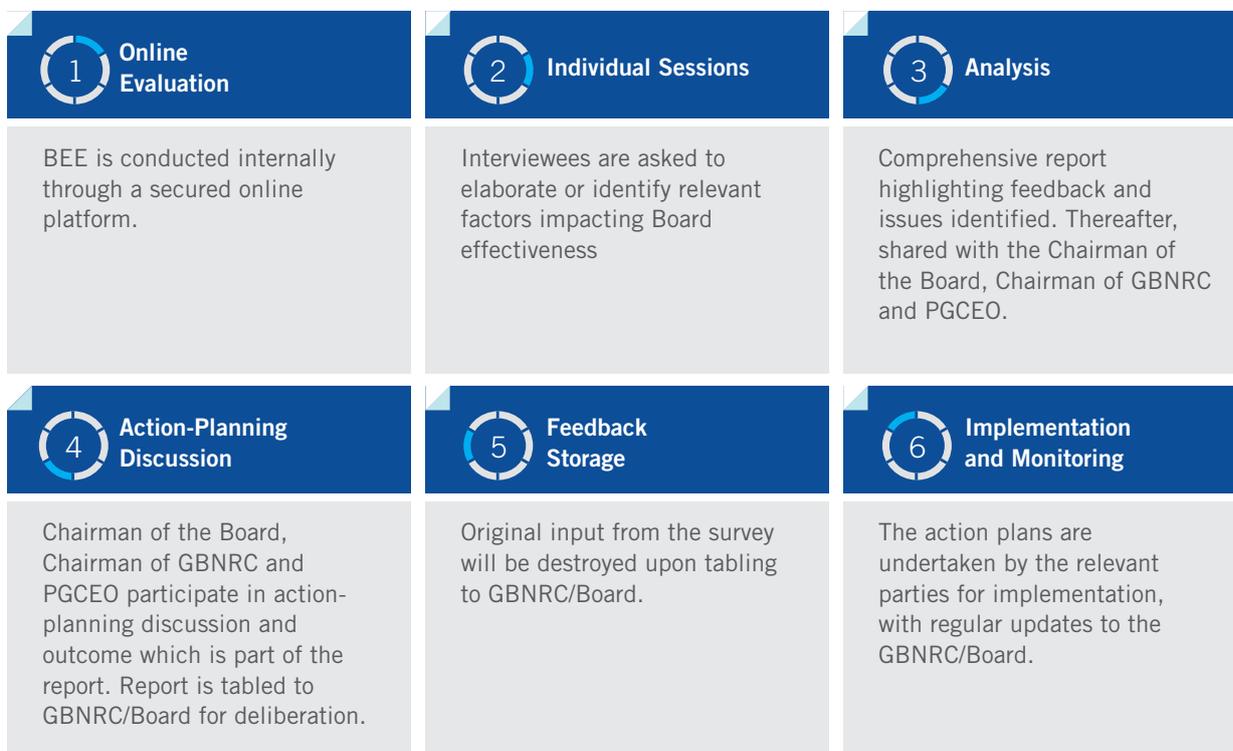
Themes enumerated for the evaluation of the Board, Board Committee and Individual Directors are as follows:-

Board as a whole	Section A: Board mix and composition Section B: Quality of information and decision making Section C: Boardroom activities Section D: Relationship with Management Section E: Relationship with Shareholders
Board Committees	Section A: Quality and composition Section B: Skills and competencies Section C: Meeting administration and conduct
Individual Directors	Section A: Fit and Proper Section B: Contribution and performance Section C: Calibre and personality

Notes:

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

Process and Reporting Structure



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Overall, the results of the BEE conducted for FY2020 were positive and satisfactory, reflecting strong and improved performance by Board and Board Committees. The main highlights of the results are as follows:-

Areas of Strength

- The present size and composition of the Board are optimum to provide for a diversity of views, facilitate effective decision making, and appropriate balance of executive, independent and non-independent Directors.
- The Board has the appropriate combination of experience and expertise in banking & finance, accountancy, strategic management and IT.
- The effectiveness of the Chairman and high concentration of Independent Directors have led to a continuity of robust deliberation amongst Board/Board Committee members.
- The collaborative working relationship between the Board and the PGCEO continues to act as an effective bridge between Management and Board.
- The Board and Board Committees meetings are well managed and executed.

Considerations for Improvement

- Implementation of Board directives to be further improved with regard to subsidiary entities in order to strengthen Group synergy.
- Strengthen effective succession planning for key and critical positions across the Group, including identification of potential successors at the Board, Board Committees and Key Senior Management level.
- Need to focus efforts on education and development programmes for Directors on Company-specific issues aligned to Affin's strategies.
- The need to focus efforts on Environmental, Social and Governance ("ESG") matters as part of Board agenda.
- Maintain 30% representation of women Board members for AFFIN Bank Berhad pursuant to Practice 4.5 of the MCCG.
- Regular briefings by Economist or 'Subject Matter Experts' on relevant and current issues.
- Casual meetings prior to Board on 'flavour of the month' eg Succession planning, Malaysian politics.
- Conduct regular meetings without Management.
- More critical deliberations and highlights of Management shortcomings during contract renewal exercise.
- Induction programmes for new directors to include overall structure of the Group.

The Board highlighted that moving forward it is the Bank's intention to engage an external consultant on periodical basis to conduct the BEE exercise in line with the recommendation of the MCCG.

3. Delegation by the Board

The Board delegates certain functions to several committees, namely the Group Board Nomination and Remuneration Committee ("GBNRC"), Group Board Audit Committee ("GBAC"), Group Board Credit Review and Recovery Committee ("GBCRRC"), Group Board Risk Management Committee ("GBRMC"), Group Board Compliance Committee ("GBCC") and Group Board Information Technology Committee ("GBITC") to support and assist in discharging its fiduciary duties and responsibilities. The respective Committees report to the Board on matters considered and their recommendations thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

These Board Committees operate under the approved terms of reference or guidelines set by the Board which are in accordance with the BNM CG and consistent with the MMLR as well as the recommendations by the MCCG.

The deliberations and decisions at the Board Committees meetings are escalated to the Board via minutes which are tabled to the Board meeting and reports from the respective Chairman of the Committees.

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(a) Group Board Credit Review and Recovery Committee (“GBCRRC”)

GBCRRC was established to assist the functions of the Board in respect of its inherent authority over approval on financing application/proposals which are considered by the Group Management Credit Committee (“GMCC”) (Management Level).

The GBCRRC operates in accordance with the powers and authorities delegated under the terms of reference. Generally, the GBCRRC provides assistance to the Board as follows:-

- i. To critically review loans/financing and other credit facilities upon recommendation by the Group Credit Management Division;
- ii. To provide an independent oversight of credits by ensuring that there are adequate lending/financing policies, procedures and operating strategies are adhered to;
- iii. Generally to ensure that the GMCC has discharged its responsibilities in a proper manner; and
- iv. To monitor the progress of recovery efforts.

(b) Group Board Nomination and Remuneration Committee (“GBNRC”)

The Board had consolidated the BNRC functions at Group level with effect from 1 August 2020. The establishment of GBNRC is to provide a centralised platform in setting the Group principles, procedures and framework relating to the composition of the Board and Management including their appointment/re-appointment, effectiveness and performance as well as remuneration policy for the Board, Management and the Group as a whole. This Group approach would promote compensation philosophy which would drive performance of the Group as a whole.

The GBNRC would be able to review the diversity, matrix skills of the Board and Management from broader perspective to ensure that it aligns with the Group’s strategy and placement of human capital at entity level with the right skills set. GBNRC is chaired by an Independent Non-Executive Director of the Bank, with the objective of providing a formal and transparent procedure in respect of the following:-

- i. The selection and appointment of new Directors and PGCEO as well as assessment of effectiveness of individual Directors, Board as a whole, Board Committees and performance of PGCEO and Key Senior Management officers; and
- ii. Develop remuneration policy for Directors, PGCEO and Key Senior Management officers and ensuring that compensation is competitive and consistent with the Bank’s culture, objectives and strategies.

The GBNRC carries out its roles and responsibilities as stipulated in the terms of reference. The GBNRC is not delegated with decision-making powers but put forward its recommendations to the Board for decision.

The main activities of the GBNRC in 2020 included the following:-

- Review the overall composition of the Board and Board Committees.
- Performance assessment of Key Senior Management Officers for contract renewal.
- Assessment of fitness and propriety of Directors for re-appointment and new candidates for proposed appointment as new Directors.
- Review the remuneration of Directors/Key Senior Management.
- Recommendation to the Board on promotion and appointment of key responsible persons.
- Conduct of the Board Effectiveness Evaluation exercise for FY2020.

(c) Group Board Risk Management Committee (“GBRMC”)

The primary objective of the GBRMC is to oversee, assess and examine the adequacy of group risk management frameworks including the policies, procedures and processes of the Bank and its subsidiaries.

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

- i. ensuring that the Group wide enterprise risk management framework, policies and guidelines adequately protect the Group against all relevant risks, comprising but not limited to, credit risk, market and liquidity and interest rate risks, operational risks including legal risk, regulatory risks, reputational risk, information technology (“IT”), cyber risks and Shariah non-compliance risk.

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- ii. overseeing the management of IT and cyber risks including ex-ante risk assessments on e-banking services at the Group; and
- iii. implementing a sound remuneration system by examining whether incentives provided take into consideration risks, capital, liquidity and the likelihood and timing of earnings, without prejudice to the tasks of the GBNRC.

(d) Group Board Compliance Committee (“GBCC”)

The primary objective of the GBCC is to oversee, assess and examine the adequacy of group compliance management frameworks including the policies, procedures and processes of the Bank and its subsidiaries.

The GBCC is established to assist the Board in respect of the following:-

- i. overseeing the management of the Group’s compliance risk by ensuring compliance process is in place and functioning in line with the expectations of the regulators namely BNM, Securities Commission and Bursa Malaysia;
- ii. reviewing and recommending compliance risk management philosophy and strategy for Board’s approval; and
- iii. ensuring clear and independent reporting lines and responsibilities for the overall business activities and compliance functions and recommending organizational alignments, where necessary, to the Board.

(e) Group Board Information Technology Committee (“GBITC”)

The primary objective of the GBITC is to assess and examine the adequacy of Group Information Technology (including Digital and Security) management framework and risks including IT controls, policies, procedures and processes of AFFIN Bank Group.

The GBITC is established to assist the Board in respect of the following:-

- i. oversee and review the IT and Digital strategies, costs and planning, including the financial, tactical and strategic benefits of proposed major IT and operational related initiatives.
- ii. review and assess progress on major IT initiatives, technology architecture decisions and IT priorities as well as overall IT performance, including metrics concerning technology investments, system availability, integrity, capacity and performance.
- iii. review and endorse IT investment proposal from management prior to submission for Board approval.

(f) Management Committees



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4. Board Meetings Supply of information to Board

Board meetings for the ensuing financial year are scheduled in advance before the year end of the current year in order for the Directors to be able to plan ahead and ensure their full attendance at Board Meetings.

The Board holds regular monthly meeting. Special Board meetings may be convened as and when necessary to consider urgent proposals that require the Board's expeditious review or consideration.

In a normal situation, the Bank ensures that attendance at a board meeting, by way other than physical presence, remains the exception rather than the norm, and is subject to appropriate safeguards to preserve the confidentiality of deliberations. Circular Resolution is not a perfect substitute for Board meetings since it does not offer the opportunity for Board members to actively debate the issues circulated and to raise immediate questions or resolutions, which may lead to inappropriate decisions being made.

In view of the Covid-19 pandemic, the Board has leveraged on technology to convene Board and Board Committee meetings. The Board adopted internal Guiding Principles and Protocols for Board, Board Committees and Management as part of the Business Continuity Plan. The Protocol allows the meetings to be convened virtually under a secured platform subscribed by the Bank.

The Board has full and timely access to information on Board matters via materials distributed in advance at least 5 business days from the date of meetings to enable the Directors to obtain further explanation, where necessary, in order to be properly briefed prior to the meetings. All Board members are required to devote sufficient time to prepare for and attend Board meetings.

5. Access to Third Party Experts

In discharging Directors' duties, each Director is entitled to obtain independent professional advice from third party experts at the cost of the Bank.

Independent professional advice shall include legal, accounting or other professional financial advice. Independent professional advice shall exclude any advice concerning the personal interests of the Directors, unless these are matters affecting the Board as a whole and have the unanimous agreement of the Board.

6. Time Commitment

A Director shall notify the Chairman of the Board of his acceptance of any new directorship in public listed companies. In any event the maximum number of appointments in public listed companies shall be limited to five (5) pursuant to the MMLR.

The notification shall include an assurance of his/her continued time commitment to serve the existing Board and that his/her other appointments shall not be in conflict or compete with the existing appointment with the Bank.

The Board is satisfied that each Director has committed sufficient time to the Bank as evident from the Directors' record of attendance at Board meetings held in the financial year ended 31 December 2020. The details of Board and Board Committee meetings attendance are as set out in Corporate Governance Report.

7. Continuing Education and Development

The GBNRC oversees the training needs of the Directors and ensures that the Directors spend sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning in order to keep the Directors abreast with the dynamic and complex business environment as well as new statutory and regulatory requirements.

All new Directors are required to attend the Mandatory Accreditation Programme organised by Bursa Malaysia within four (4) months from the date of appointment and Financial Institutions Directors' Education Programme (FIDE) organised by BNM within one (1) year from the date of appointment.

All existing Directors are also required to attend the Islamic Finance for Board Programme organised by BNM in collaboration with ISRA by 2020, and new Directors are required to attend the said programme within two (2) years from the date of appointment.

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Apart from the mandatory training programmes, Directors Orientation/Induction Programme is being organised internally to familiarise new Directors with the Bank's organisation structure, business and the financial industry. The PGCEO together with the relevant Heads of Departments/Divisions will brief the new members of the Board on the functions and areas of responsibility of their respective department/divisions.

The Directors Orientation/Induction Programme is designed to broaden Directors' understanding of the Bank's business operations and its related risk, strategic priorities, people, culture and legal requirements and compliance controls.

The Board vide GBNRC, on a continuing basis, evaluate and determine the training plan for Directors, particularly on relevant new laws and regulations, and essential practices for effective corporate governance and risk management to enable the Directors to sustain their active participation in board deliberations and effectively discharge their duties.

For year 2021, the Board intend to focus on the following training:-

- future ready
- sustainability
- integrated reporting
- emerging risk, regulatory and compliance issues
- new business trends

During the financial year ended 31 December 2020, the Directors have attended the following courses/training programmes:-

No.	Name of Directors	Date	Organised By	Course Programme
1	Dato' Agil Natt	13 & 14 January 2020	The ICLIF Leadership & Governance Centre (ICLIF)	Mandatory Accreditation Program (MAP)
18 March 2020		FIDE Forum	Digital Banking : Why Does It Matter	
14 April 2020		FIDE Forum	Covid-19 and Current Economic Reality : Implications For Financial Stability	
5 May 2020		FIDE Forum	Outthink The Competition : Excelling in a Post Covid-19 World	
14 May 2020		Chartered Institute of Islamic Finance Professionals (CIIFP)	5 Conditions For Transforming Work To Be Worship	
18 June 2020		ICLIF	Board & Executive Pay During Post Covid	
4 August 2020		Asia School of Business (ASB)	Banking On Governance, Insuring Sustainability	
13 August 2020		FIDE Forum	Digital Financial Institutions Series – Fidor's Experience	
21 August 2020		CIIFP	Moratorium 2.0 : Who Wins & Who Loses?	
17 August 2020 to 9 September 2020		Institute for Management Development (IMD)	Digital Transformation Program	

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No.	Name of Directors	Date	Organised By	Course Programme
	Dato' Agil Natt (Cont'd)	30 September 2020	Affin Bank Group	Staying relevant in the Age of Disruption and Innovation, a Mindshift Series
		6 & 7 October 2020	ISRA Consultancy	Islamic Finance for Board of Directors Programme
		12 October 2020	Ernst & Young	Insurance Contracts Accounting Standards
		2 November 2020	FIDE Forum	Climate Action : The Board's Leadership in Greening the Financial Sector
2	En. Mohd Suffian Haji Haron	30 September 2020	Affin Bank Group	Staying relevant in the Age of Disruption and Innovation, a Mindshift Series
		28 December 2020	Lonpac Insurance & KPMG	"Overview on MFRS 17: Insurance Contracts Overview"
3	Dato' Abdul Aziz Abu Bakar	25 September 2020	Institute of Corporate Directors Malaysia (ICDM)	Companies Act Amendment – Section 17 A
		30 September 2020	Affin Bank Group	Staying relevant in the Age of Disruption and Innovation, a Mindshift Series
4	Dato' Mohd Hata Robani	10 February 2020	Smart Focus	Compliance – Bursa Malaysia & Security Commission Enforcement / Disciplinary Proceedings & Processes (Case Study)
		30 September 2020	Affin Bank Group	Staying relevant in the Age of Disruption and Innovation, a Mindshift Series
5	Mr. Chan Tze Ching Ignatius	9 January 2020	The Asia Society Hong Kong Center	Looking Back to Foresee the Future: 2020 in Politics and Geopolitics by Professor Niall Ferguson, senior fellow of the Hoover Institution (Stanford University)
		14 January 2020	The Bank of East Asia, Limited	Economic & Market Outlook
		13 – 14 January 2020	The Government of the HKSAR and Hong Kong Trade Development Council	Asian Financial Forum
6	Dato' Rozalila Abdul Rahman	8 September 2020	BoardRoom	Section 17A – Protecting you and your business with TRUST
		9 September 2020	Institute of Enterprise Risk Practitioners (IERP)	Risk Management and Risk Governance in The New Normal – Consideration for Boards
		28 September 2020	Malaysian Institute of Accountants	Curating "In-Demand" Board Profile for Your Board Journey

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No.	Name of Directors	Date	Organised By	Course Programme
	Dato' Rozalila Abdul Rahman (Cont'd)	30 September 2020	Affin Bank Group	Staying relevant in the Age of Disruption and Innovation, a Mindshift Series
		16 October 2020	BoardRoom	Guidelines for Reporting Framework for Beneficial Ownership (BO) of Legal Persons
		3 December 2020	Bursamalaysia	Fraud Risk Management Workshops
7	Mr. Yuen Wai Hung Peter	31 March 2020	BEA - Training & Development Department	Information Security Training 2020
		27 April 2020	BEA - Training & Development Department	ESG 2020 Workshop
		21 May 2020	BEA - Training & Development Department	Code of Conduct Refresher 2020 (English Version)
		22 June 2020	BEA - Training & Development Department	Cyber Security Risk Training (Security Best Practice) 2020
		22 June 2020	BEA - Training & Development Department	Personal Data Protection Refresher Training 2020
		13 July 2020	BEA - Training & Development Department	Refresher Training on Operational Risk Incidents Reporting 2020
		5 August 2020	Hong Kong Institute of Bankers	Why Climate Change Matters so much to Banks and Bankers
		6 August 2020	BEA - Training & Development Department	Treat Customers Fairly Refresher Training 2020
		6 August 2020	BEA - Human Resources & Corporate Communications Division	Brunswick's Review of the US-China Relationship and Business Implications
		2 September 2020	BEA - Training & Development Department	Our Culture and Values 2020
		24 September 2020	BEA - Training & Development Department	Anti-Money Laundering and Counter-Terrorist Financing Refresher Training 2020 (Comprehensive Version)

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No.	Name of Directors	Date	Organised By	Course Programme
	Mr. Yuen Wai Hung Peter (Cont'd)	11 September 2020	Affin Bank Group	Proposed Induction/Orientation Session for New Board Members
		30 September 2020	Affin Bank Group	Staying relevant in the Age of Disruption and Innovation, a Mindshift Series
		19 October 2020	BEA - Training & Development Department	Reputation Risk Management 2020
		19 October 2020	BEA - Training & Development Department	Compliance with Regulatory Requirements – An Overview and Ongoing Refresher for the Bank's Staff 2020 (Course B)
		16 November 2020	BEA - Training & Development Department	Cyber Security Risk Training (Common Cyber Threat and Basic Security) 2020
		2 December 2020	BEA - Training & Development Department	Fraud Risk Management - Internal Fraud 2020
8	Puan Marzida Mohd Noor	29 – 1 July & 6 – 9 July 2020 (Module A) 13 – 17 July & 20 – 21 July 2020 (Module B)	ICLIF	BNM FIDE Core Programme – Banks
		3 September 2020	FIDE Forum	BNM-FIDE Forum Annual Dialogue – With The Governor of BNM
		30 September 2020	Affin Bank Group	Staying relevant in the Age of Disruption and Innovation, a Mindshift Series
		4 & 5 November 2020	ISRA Consultancy	Islamic Finance for Board of Directors Programme
		23 November 2020	Asia School of Business	FIDE Simulation Exercise
		13, 14, 15, 28, 29 November 2020	IMD Business School	Leading Digital Business Transformation
9	Mr. Gregory Fernandes	15 – 17 June 2020	ICLIF	Mandatory Accreditation Program (MAP)
		18 June 2020	ICLIF	Board & Executive Pay During and Post Covid-19
		30 September 2020	Affin Bank Group	Staying relevant in the Age of Disruption and Innovation, a Mindshift Series

CORPORATE GOVERNANCE OVERVIEW STATEMENT

III REMUNERATION

1. Board Remuneration

The GBNRC recommends specific remuneration packages for Non-Executive Directors, and is structured such that it is competitive and consistent with the Bank's culture, objectives and strategies as well as ensuring that it commensurates with the level of responsibilities undertaken and contributions made by the Directors to the effective functioning of the Board and drive the Bank's long-term objectives.

The remuneration package for the Directors of the Bank comprises the following:-

Directors' Fees	The Directors are entitled to Annual Directors' fees
Board Committees Fees	Directors who sit on Board Committees are entitled to receive Board Committee fees
Meeting allowances	Directors are entitled to Meeting allowances when they attend any Board/ Board Committee meetings

The Directors' fees and benefits-in-kind payable to Directors are subject to shareholders' approval at the Annual General Meeting.

In determining the level of remuneration for Directors, the Board may commission a survey of the remuneration levels of Directors, to be carried out either by external consultants or Senior Management. The survey should cover the remuneration levels of Directors of an organisation in a similar industry, size and location. The report shall be tabled to the GBNRC and the Board for deliberation.

The Board may from time to time review the Directors' Remuneration package to ensure it continues to support the strategies and long- term vision of the Bank and yet at the same time, is able to attract talent, nurture and retain high caliber Directors, whilst taking into account the interest of other stakeholders, including shareholders and employees.

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

2. Senior Management Appointments and Removals

Senior Management is responsible and accountable for the sound and prudent day-to-day management of the Bank, in accordance with the direction of the Board. They are appointed to key positions of the Bank to provide strategic leadership which influences the financial position and future direction of the Bank.

Persons in these key positions must have the necessary qualities, competencies and experience that will allow them to perform their duties and carry out the responsibilities required of their position in the most effective manner.

The Bank shall submit to the GBNRC and ultimately to the Board for deliberation/approval on new appointment, re-appointment and removal of PGCEO and Senior Management.

Senior Management appointments and removals are governed by the standards in BNM CG which stipulates that members of Senior Management must fulfill the minimum requirements at the time of appointment and on a continuing basis. Individual Senior Management is assessed to have met all the fit and proper criteria based on BNM Policy Document on Fit and Proper Criteria.

3. Senior Management Remuneration

It is the Bank's basic compensation philosophy to provide a competitive level of total compensation to attract and retain qualified and competent staff. The Bank's variable remuneration policy will be driven primarily by a performance-based culture that aligns staff interests with those of the shareholders of the Bank.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Bank's remuneration policy considers the role of each staff and has set guidance on whether they are under Key Senior Management, Other Material Risk Taker (OMRT) or other employees category.

The objectives of the Remuneration Policy is to ensure that the remuneration system of the Bank:-

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

The Bank's remuneration is made up of two main components namely "fixed pay" and "variable pay":-

- i. Fixed pay consists of base salary and fixed allowances that are pegged to the market value of the job.
- ii. Variable pay rewards employees based on the performance of the Division, Department and Bank; and the employee's individual performance.

The Bank implemented the Deferred Discretionary Performance Bonus for the PGCEO and Senior Management. The objective of the deferred bonus is to align short-term compensation payment with the time-based risk, and to encourage employees to deliver sustainable long-term performance.

PRINCIPLE B

EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Group Board Audit Committee ("GBAC")

The GBAC established by the Board comprises six (6) Independent Non-Executive Directors. The GBAC members have the relevant accounting or related financial management experience or expertise. The Chairman of GBAC, Mr Gregory Jerome Gerald Fernandes has vast experience in accounting.

The roles and responsibilities of the GBAC are set out under the Board Audit Committee Report on pages 208 to 220.

With the wide range of skills, knowledge and experience, the GBAC members are able to understand, analyse and challenge the financial reporting process and discharge their duties effectively. The members had attended relevant professional trainings during the year and will continue to keep themselves abreast of the relevant developments in accounting and auditing standards, practices and regulatory requirements.

2. Group Board Risk Management Committee ("GBRMC")

The GBRMC is responsible for overseeing risk management activities in managing credit, market, liquidity, operational, legal, reputational and other material risks as well as ensuring that the risk management process and framework are in place and functioning effectively.

GBRMC is responsible for setting the overall tone of the Group and the Bank's strategy in ensuring effective communication and integration of risk appetite and compliance within the business strategy, operations and culture.

The Committee supports the Board in oversight responsibilities on internal controls, and risk management and strategies, policies, processes, frameworks and other risk related matters. It has the responsibility of reviewing and/or approving risk management and policies, guidelines and reports.

3. Independence of External Auditors

The Bank's External Auditors play an essential role to the shareholders by enhancing the reliability of the Group's financial statements and giving assurance of that reliability to users of these financial statements. The GBAC manages the relationship with the External Auditors on behalf of the Board. The GBAC reviews and considers the re-appointment, remuneration and terms of engagement of the External Auditors annually.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The GBAC meets with the External Auditors at least twice a year to discuss their audit plans and audit findings in relation to the Group's financial statements. Private sessions between the GBAC and the External Auditors were held without the presence of the PGCEO and the Management to discuss the audit findings and any other observations they may have had during the audit process. In addition, the External Auditors are invited to attend the Annual General Meeting of the Bank and be available to answer shareholders' enquiries on the conduct of the statutory audit and the preparation and content of their audit report.

The External Auditors have confirmed their independence and that there were no circumstances and relationship that create threats to their independence and that the ethical requirements have been complied with. The GBAC has also reviewed the nature and extent of non-audit services rendered by the External Auditors and ascertained that there is no conflict of interest.

The amount of non-audit fees payable to the external auditors and their associates during the financial year 2020 is set out in the Financial Statements in this Annual Report 2020.

4. Risk Management and Internal Control Framework

The Bank recognises the importance of maintaining a sound system of internal controls and risk management practices. The Board affirms its overall responsibility for the effectiveness of the Bank's internal controls and risk management framework.

The Bank's Statement on Risk Management and Internal Control which provides an overview of the state of internal controls of the Bank is set out on pages 200 to 207.

5. Internal Audit Function

The Bank has an Internal Audit function that is supported by the Group Internal Audit Division. The Bank's Internal Audit ("IA") provides independent and objective assurance of the adequacy and effectiveness of the internal controls framework. The IA staff is placed under direct authority and supervision of the GBAC to preserve its independence. The Group Chief Internal Auditor reports functionally to GBAC and administratively to PGCEO. Details of the Internal Audit function, together with the state of the Group's internal controls, are set out in the Board Audit Committee Report on pages 208 to 220 and Statement on Risk Management and Internal Control on pages 200 to 207 of the Annual Report 2020.

PRINCIPLE C

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

1. Effective Communication with Shareholders

The Board and Management recognised the importance of maintaining good relationship with shareholders and stakeholders and is committed to providing effective and open two-way communication to improve disclosure and transparency.

The Bank continuously ensure that timely, complete, transparent and accurate disclosures are made to the shareholders and stakeholders in accordance with the requirements of BNM CG and MMLR. Various communication channels are used to promote effective communication between the Bank and its stakeholders which includes quarterly results announcement, analyst briefing, general meetings and issuance of Annual Report.

Annual General Meeting is an important platform for the shareholders to interact and communicate directly with the Board and Management. Shareholders are furnished with the Bank's Annual Report which include amongst others, Directors' Report, Financial Statements and operational performance of the Bank.

The notice of the Annual General Meeting together with the Annual Report are sent to the shareholders 28 days ahead before the Annual General Meeting so as to give sufficient time for the shareholders to consider the resolutions that will be discussed and voted at the Annual General Meeting. During the Annual General Meeting, shareholders are given the opportunity to raise questions or seek clarifications on the agenda items as well as other matters concerning the Bank.

All resolutions deliberated during the General Meetings will be put to vote by way of poll and the voting results will be released to Bursa Malaysia on the same day.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2. Focus areas on Corporate Governance

The Board had in 2020 directed its focus on the core duties of the Board which is grounded on the creation of long-term value for stakeholders. Corporate Governance areas which gained heightened attention from the Board during the financial year ended 31 December 2020 are as follows:-

Board Composition

The present size and composition of the Board are optimum to provide for a diversity of views, facilitate effective decision making, and appropriate balance of executive, independent and non-independent directors.

The present Board has the appropriate combination of experience and expertise in banking and finance, accountancy, risk management strategic management and information technology.

The Board/GBNRC took note on the need to strengthen and crafted effective succession planning for the Board and have a 'live' source for potential Board candidates with accountancy, IT, legal or risk management background, from the industry's talent pool, available databases on female Directors and the Group Directors' existing networks.

The current composition of the Board fairly represents the ownership structure of the Bank, with appropriate representations of minority interests through the Independent Non-Executive Directors. The Independent Directors fulfill a pivotal role in providing unbiased and independent views, advice and judgement, taking into account the interest of the Bank as well as shareholders, employees, customers and communities in which the Bank conducts its business.

The Independent Directors who are of high calibre and possess wealth of experience ensure that there are robust discussions during the Board or Board Committee meetings. They exercise strong independent judgement and do not shy away from asking hard and uncomfortable questions during deliberations and willing to challenge Management at all times.

The profile of each Director is set out on pages 28 to 37 of this Annual Report.

Sustainability Report

The Bank has established a sustainability report in accordance with the Sustainability Guide issued by Bursa Malaysia and other guidance in identifying, evaluating and managing Economic, Environmental and Social (ESS) risks and opportunity of the Bank.

The Board views that the sustainability report is significant as stakeholders which include investors, customers, employees, suppliers, NGOs, local communities, etc. are now more aware of the impact that businesses have on the economy, environment and society.

Voting in absentia/Remote Shareholders Participation at General Meetings

The Bank had conducted its first fully virtual Annual General Meeting (AGM) on 27 July 2020 in view of the Covid-19 outbreak and the Government's directive on Movement Control Order (MCO). Shareholders participated and voted at the said AGM via e-platform provided by the share registrar of the Bank.

The Bank will continue to leverage on technology and improve the process of virtual general meetings to enhance shareholders experience.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Corporate Governance Priorities

The Bank has applied all recommended practices in MCCG save for the following:-

Practice 7.2	The remuneration of Top-5 key Senior Management
Practice 11.2	Integrated Reporting

Moving forward, the Bank will continue to refine and work towards achieving high quality outcomes in the realm of corporate governance. The Board has identified the following forward-looking action items that will help to achieve its corporate governance objectives:-

1. Disclosure of Directors and Senior Management's Remuneration

The Board wishes to give assurance that the remuneration of Directors and Senior Management commensurate with their individual performance, taking into consideration of the Bank's performance as it is benchmarked against the market. The remuneration packages of Senior Management are based on experience, expertise, skills and industry benchmark. Total remuneration of its employees is also set out in the Audited Financial Statements for financial year ended 31 December 2020 which allow shareholders to assess whether the remuneration of Directors and Senior Management commensurate with their performance taking into consideration of the Bank's performance. The Board may consider disclosing the aggregate of the top 5 Senior Management's remuneration component including salary, bonus, benefits in-kinds and other emoluments.

2. Integrated Reporting

The Company has yet to adopt an integrated reporting. The Board acknowledges that integrated reporting goes beyond a mere combination of the reports in the Annual Report into a single document. Nevertheless, there are coordination efforts among cross-functional departments in preparing the various statements and reports in the Annual Report. The Board may consider adopting integrated reporting in future.

LOOKING AHEAD

With global market conditions expected to remain challenging and the world still in the grips of the pandemic, active corporate governance and robust systems of oversight are critical. The Bank's rigorous governance framework has kept the Group agile and effective in uncertain times, sustaining growth and steering the Bank to new strengths. The Board will continue to refine the Group's governance structure, sustain ethical corporate culture and guide the Management on the furtherance of the Group's Sustainability Plan. The Bank will maintain a close watch on the rapidly evolving market conditions, and confident that it has the right governance structure and team in place to maintain the momentum of high-performance business units in leading the Group towards greater resilience and recovery