

MANAGEMENT DISCUSSION & ANALYSIS



AGAINST A BACKDROP OF GLOOMY ECONOMIC OUTLOOK DUE TO THE RECENT COVID-19 OUTBREAK GLOBALLY, STIFF INDUSTRY COMPETITION AND CHANGING REGULATORY REQUIREMENTS, AFFIN BANK BERHAD (“AFFINBANK” OR “THE GROUP”) HAS CONTINUED TO MAKE HEADWAY AGAINST THE HEADWINDS TOWARDS REALISING GROWTH, PROFITABILITY AND SUSTAINABILITY.

THE BANK IS MORE FOCUSED AND ALIGNED IN ADDRESSING THE MANY CHALLENGES AND OPPORTUNITIES AMIDST A DISRUPTED AND DYNAMIC MARKETPLACE AND IN THE PROCESS, HAS REGISTERED VARIOUS BUSINESS AND OPERATIONAL ACHIEVEMENTS.

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2019 OPERATIONAL REVIEW

GROUP STRATEGIC THRUSTS

AFFINITY Programme

The AFFINITY Transformation Programme (“AFFINITY”) is a three-year strategic programme towards transforming AFFINBANK and Affin Islamic Bank Berhad (“AFFIN ISLAMIC”) into vibrant financial services players that create value for all their key stakeholders.

The strategic aspirations of AFFINITY are:-

-  Strengthening the franchise through new and innovative business and operating models to drive and capture greater growth, profitability and sustainability;
-  Creating greater focus and alignment as a business to address the market holistically;
-  Establishing a right mix of distribution channels and service touch-points to optimise delivery costs and effectiveness;
-  Strengthening risk and sustaining portfolio health;
-  Enhancing service levels to create a unique and consistent customer experience across all interactions with customers;
-  Investing in appropriate infrastructural and human resource capabilities to support efficiency, effectiveness and capacity building objectives;
-  Enhancing performance visibility to enable more predictable management

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AFFINITY comprises eight key pillars that cut across all functions and departments and consists of 33 projects and 26 quick wins identified as key to building banking capabilities and our people.

As at 31 December 2019, 28 projects have been completed and transferred to the respective business units. The remaining projects are achieving encouraging progress and targeted to be completed in stages by mid-2021.

Through AFFINITY, significant progress has been achieved in many operational areas. These include improvement in turnaround time, customer experience, establishment of new departments and new policies and procedures.

The AFFINITY programme has introduced various changes to the Bank's core operating structure.		
9 New Methodologies	4 New Forums	7 New Divisions/Departments
<ul style="list-style-type: none"> Customer Experience New RM Model for Biz Banking Branch-Hub Management Product Economics Product Development & Innovation New Credit Management Model IT Architecture Data Governance Ethics, Risk & Compliance 	<ul style="list-style-type: none"> Branch/Hub/Business Centre Monthly Collaboration Meeting Quarterly Digital Forum Data Governance Council Product Development & Innovation Committee 	<ul style="list-style-type: none"> SME Banking Corporate Banking Islamic Client Solution IT Retained Organisation Data Governance Affin Digital Customer Experience

Strategic Risk Program

In early 2018, AFFINBANK had also commenced a Strategic Risk Program aimed at evolving the Group's risk function from a conventional approach, centred on regulatory compliance, controls, risk mitigation, to a more proactive and desired "specialist" disposition or role. This encompasses advanced capabilities in terms of sophistication, analytics and systems focused on enabling risk-reward decision making as well as a more proactive approach to risk management and business advisory/strategic functions across the Group.

The Strategic Risk Program encompasses 24 initiatives and 36 projects to be undertaken over a three-year period. The Strategic Risk Program is presently in the mid-way through its implementation and progressing well.

The present status of the Program is as follows:-

- Twelve initiatives led by AFFINBANK had been completed and moved to Business Units (BUs) for operationalisation;
- Eight initiatives led by the appointed consultant had also been completed and moved to BUs for operationalisation;
- Eight initiatives led by AFFINBANK are on-going;
- The remaining eight initiatives have not started as there are some pre-requisites to be completed before the commencement.

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Priority Islamic Policy

AFFINBANK's Priority Islamic Policy ("PIP") is the Group's strategic alignment with BNM's 10-year Financial Sector Strategic Blueprint on the direction of financial institutions to enhance its Islamic financing portfolio to 40% by 2020. We are pleased to report that in 2019, AFFIN ISLAMIC's contribution to Group portfolio stood at 41%, thereby fulfilling BNM's target one year ahead of schedule.

Big Six DNA

AFFINBANK's Big Six DNA values which was launched on 14 March 2018 has continued to drive transformation within the Bank towards achieving the end goal of a strengthened brand reputation as Malaysia's most admired bank.

The Big Six DNA represents the key characteristics and traits that identify who AffinBankers are and how AffinBankers should perform. It embodies the desired culture for the Group besides building a distinctive brand for AFFINBANK and its workforce. The Affin's culture is based on 6 tenets, which form the 'DNA' of AffinBankers as follows:-

AFFIN 1st	We prioritise Affin above all else
Resourceful	We seek to grow and develop ourselves and those around us
Synergistic	We value our differences and leverage on our diversity
Risk Culture	We watch over each other and are mindful of risks and consequences
Ethical	We are guided by our moral compass, and what is right
Customer Focus	We exist to serve our customers, both internal and external

The Bank has implemented several initiatives to inculcate a performance driven culture in the Bank and to internalise the Affin DNA in all AffinBankers. The Bank will continue to identify new initiatives to strengthen its sustainability and transform its workforce.

Digital Banking

Putting customer centricity at heart and simplicity in mind, Digital Banking has crafted an Affin Digital roadmap to build a comprehensive suite of digital banking solutions throughout the Bank. With the ease of use, security and reliability, we strive towards bringing customer experience to the next level.

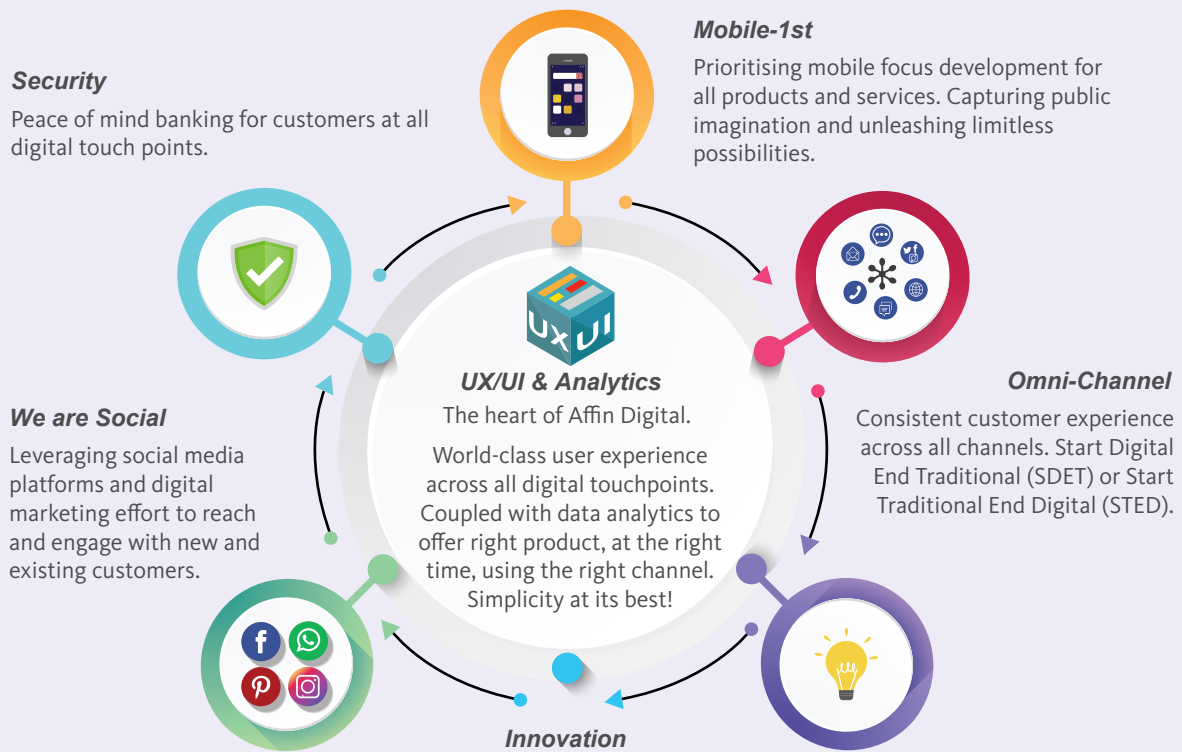
“Build, transform and innovate”,

The three main phases of our digital transformation revolve around our value proposition:-

- Creating lasting impression and top of mind awareness towards AFFINBANK
- Introducing new and exciting technology to banking services
- Simplifying customer journey
- Strategic partnership to create value-added banking products and services
- Leveraging on social media to reach to customers

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The transformation agenda is as follows:-



Exploring next day technology and collaborate with various fintechs to spur innovation thinking and culture. In turn, this will also help fast-track innovation adoption in the organisation.

Some of our notable achievements alongside our journey includes the new AffinOnline, the new Contact Centre, AffinPay, the implementation of Digital Imaging System and MyTown Digital Concept Branch. We were also bestowed with several awards throughout the year. These were not only testaments to our relentless effort to uplift AFFINBANK digital presence, but also a boost of confidence to our customers on AFFINBANK's capability.

With the evolving technology and partnership with viable fintechs, customers can expect new enhancements coming their way to improve banking experience. Being equipped with what it takes to succeed, we are stepping forward boldly towards re-engineering banking business to be customer centric, pursuing our ultimate goal to become a premiere digital bank in Malaysia.

IT Initiatives

IT continues to drive our technology innovation to help us achieve digital leadership, deliver superior customer experience, and penetrate into new markets to support AFFINBANK's growth. To instil customers' trust and confidence in our products and services and safeguard our stakeholders' data and information, our information security management is in line with BNM's Risk Management in Technology (RMIT) framework to increase resiliency and minimise cyber threats.

Whilst we continue to offer more and better-quality service to our customers, we also focus on our staff through workplace transformation and technology to improve office productivity, collaboration and communication.

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Review of Group's Financial Performance

AFFINBANK recorded a consolidated profit before tax (PBT) of RM677.0 million for the financial year ended 31 December 2019, an increase of RM2.0 million or 0.3% as compared to the previous financial year while profit after tax (PAT) for the financial year stood at RM516.1 million.

Net income expanded by RM111.1 million, mainly attributable to higher other operating income of RM100.9 million and income from Islamic Banking of RM12.5 million which cushioned the reduction of net interest income of RM102.3 million.

The Group's operating expenses increased slightly by RM6.4 million or 0.5%, mainly due to rise in personnel costs. Nevertheless the cost to income ratio improved slightly to 63.36% from 63.39% in FY2018.

For FY2019, earnings per share was 24.6 sen as compared to 25.9 sen the previous year while the net return on equity was at 5.42%.

The total assets of the Group reduced by RM7.6 billion or 10.0% to RM68.3 billion mainly attributable to the reduction in both loans, advances and financing portfolio and financial assets at FVOCI. Gross loans, advances and financing shrunk by RM3.0 billion or 6.1% to RM46.0 billion as at 31 December 2019 due to rebalancing of portfolios. In line with the reduction in loans, advances and financing, total customer deposits also decreased by RM6.3 billion or 10.9% to RM51.1 billion.



Maintained a Total
Capital Ratios of
23.3%



RM2.0 million
increase in
Consolidated Profit
before Tax

On the asset quality, the gross impaired loan ratio stood at 3.00% (2018: 3.25%) while the loan loss coverage remained healthy at 96.9% (2018: 97.3%).

As at 31 December 2019, the Common Equity Tier 1 ("CET 1"), Tier 1 and Total Capital ratios of all the banking entities in the Group remained sturdy and well above the regulatory requirements, a testament to the Group's financial strength. The Group maintained a Total Capital Ratios of 23.3%, while CET 1 and Tier 1 ratios stood at 14.5% and 16.2% respectively.

At the Bank's level, AFFINBANK recorded a PBT of RM460.1 million in 2019 as compared to RM674.9 million in the previous year, mainly due to the special dividends totalling RM190.0 million received from subsidiaries which is non-recurring.

The 100% owned Islamic banking subsidiary, AFFIN ISLAMIC recorded a lower PBT of RM93.2 million for 2019 as compared to RM155.4 million for 2018. The higher net gain on financial instruments by RM77.0 million, was not sufficient to cushion lower net finance income, higher overhead expenses and allowance for credit impairment losses.

Notwithstanding the challenging capital market environment, Affin Hwang Capital managed to marginally grow its fee income and brokerage income. PBT increased 8.7% from RM160.5 million



RM11.1 million
increase in Net Income

in FY2018 to RM174.5 million in FY2019 driven by higher gain of RM64.8 million on sale of its financial instruments at FVOCI but partially offset by the reduction in both net fee, commission income and net interest income.

Affin Moneybrokers Sdn Bhd contributed a higher PBT of RM2.5 million in 2019 as compared to RM1.5 million in 2018 mainly due to higher brokerage income, net of higher overhead expenses.

As for its 51% owned Joint Venture Company, AXA AFFIN Life Insurance Berhad, the Group shared a higher share of loss of RM3.9 million as compared to RM3.1 million in 2018. The Company reported a loss after tax of RM7.6 million for 2019 as compared to loss after tax of RM6.1 million in the previous year, mainly due to higher underwriting profit and investment income. During the financial year, there was an improvement of 8.4% in New Business Value (NBV) from RM32.2 million to RM34.9 million, mainly contributed by higher Annual Premium Equivalent.

The 49.95% associated company, AXA AFFIN General Insurance Berhad contributed a lower share of profit of RM34.0 million in 2019 as compared to RM50.0 million in 2018. The company reported a profit after tax of RM67.2 million as compared to RM100.2 million largely attributable to lower earned premium and higher claims incurred in Motor and Personal Accident policies.

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CAPITAL MANAGEMENT

Overview

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

Compliance with regulatory capital requirements

Alignment of capital levels to the Group's risk appetite and strategic business plan

Maintaining a healthy capital position to support the Group's business growth whilst optimizing returns to shareholders

The Group continuously reviews its capital position, capital mix and capital allocation taking into consideration the Group's strategic and organisational requirements as well as the regulatory and business movement in which the Group operates.

Capital Adequacy Ratios

The Common Equity Tier ("CET"), Tier 1 and Total Capital Ratios of all banking entities in the Group as at 31 December 2019 remained sturdy and well above the regulatory requirements, a testament to the Group's financial strength.

After Deducting Proposed Final Dividends:-	AFFIN Bank Group		AFFINBANK	
	2019 %	2018 %	2019 %	2018 %
CET I capital ratio	14.459	11.924	12.958	9.786
Tier I capital ratio	16.241	13.559	14.644	11.307
Total capital ratio	23.262	18.996	22.280	16.561

Key Capital Management Initiatives

AFFIN Bank places great emphasis in ensuring its capital position meets regulatory capital requirements and able to withstand stressed economic and market conditions. Key capital management initiatives undertaken by AFFIN Bank Group for the past years include the following:-

- (a) **Dividend and Dividend Reinvestment Plan (DRP)**
A DRP had been established by the Bank following the approval of the shareholders at the Extraordinary General Meeting held on 15 May 2018. The DRP is part of AFFINBANK's strategy to preserve equity capital whilst providing healthy dividend income to shareholders.
- (b) **Perpetual medium-term notes (MTN) programme of up to RM6.0 billion in nominal value for the issuance of subordinated MTN and/or senior MTN ("MTN Programme")**
AFFINBANK had in 2017 established the MTN Programme and issued 2 tranches of Tier-2 Subordinated MTNs of RM1.0 billion each in the same year.
- (c) **Perpetual Additional Tier 1 Capital Securities Programme of RM3.0 billion in nominal value ("ATICS Programme")**
AFFINBANK had in 2018 established the ATICS Programme and issued RM500 million in nominal value of ATICS in July 2018.
- (d) **Perpetual Sukuk Programme of up to RM5.0 billion in nominal value for the issuance of Senior Sukuk Wakalah, Tier 2 Sukuk Murabahah ("T2 Sukuk Murabahah") and/or Additional Tier 1 Sukuk Wakalah ("AT1 Sukuk") ("Sukuk Programme")**
AFFIN ISLAMIC had in 2018 established the Sukuk Programme and issued RM300 million in nominal value of AT1 Sukuk and RM800 million in nominal value of T2 Sukuk Murabahah in October 2018.

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There were no new issuances of the MTN, AT1CS or Sukuk during the financial year 2019 as AFFINBANK and AFFIN ISLAMIC had raised sufficient Tier 1 and Tier 2 capital as at to date.

Capital Management and Planning

AFFINBANK pro-actively assesses and manages capital adequacy in order to meet the regulatory requirements, various stakeholders' expectations and support the Group's strategic business objectives.

AFFINBANK's approach to managing capital is detailed out in the Internal Capital Adequacy Assessment Process ("ICAAP"). The Group's ICAAP involves a comprehensive assessment of all material risks that the Group is exposed to as well as an evaluation of the adequacy of the Group's capital to support its business activities in relation to those risks.

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

Capital Management Committee is responsible to monitor and manage the capital position of AFFINBANK and AFFIN ISLAMIC to ensure that the capital levels are maintained at appropriate level that is in line with the overall risk profile and business strategy.

The key capital management actions that were undertaken during 2019 include the following:-

- risk-weighted assets optimisation largely through loan/financing portfolio rebalancing, disposal of certain treasury assets to take advantage of the rising interest rate and intensified efforts to reclassify certain major impaired loan/financing as performing.
- capital injection of RM15.3 million into AXA AFFIN Life Insurance Berhad in May 2019 to further strengthen its capital base.

MARKET RISKS AND OPPORTUNITIES FOR GROWTH IN 2019

During the financial year, the Malaysian GDP growth moderated to 4.6%, underpinned by various global and domestic factors. There were a few key events that has caused further volatility in the market, namely the continued trade tension between the US and its major trading partners; the volatility of oil price and other commodities; global growth moderating across developed and emerging economies; and as well as the geopolitical tensions.

These headwinds and others translated to flattish loan growth, NIM compression and deteriorating asset quality in the banking industry. The following are the other risks and challenges that were identified by the Group during the financial year:-

a) Digital Disruption

The rise of digital technologies and fintech have been a wake-up call for the banking industry. Mass market consumers are, and have become, receptive and agile in using alternative financial products and service offerings.

With the participation of non-bank players, the competition has heightened, especially with emerging digital or virtual banks. Hence, AFFINBANK will continue to partner with viable fintech partners in order



Successful implementation of Retail and Corporate Internet Banking platforms

to increase offerings and improve customer experience.

The digital ambition of the Group is to continuously provide customers with a simpler and more efficient banking experience. As a bank that places customers at the core, the Group has embarked and implemented relevant digital technology to offer meaningful financial products and services that fulfil customers' needs.

The challenges faced by individuals and businesses in their banking needs today are identified and used as opportunities to address customer needs tomorrow. Leveraging on this, the Bank has successfully implemented the new Retail Internet Banking (RIB) and Corporate Internet Banking (CIB) platforms as well as AffinPay throughout year 2019.

b) Property Market Uncertainty

Despite initiatives introduced by the government to stimulate the property market, Malaysia is still facing substantial supply-and-demand imbalance, perceived unaffordability as well as a prolonged real estate sector market downturn. If left unchecked, it may lead to deeper imbalances that could adversely impact the real estate market with the negative effects spilling over to impact the financial sector and the overall economy.

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c) Evolving Regulatory Requirements

Regulatory requirements and expectations continue to evolve with the burden of new regulations, including but not limited to capital, liquidity, corporate governance, business conduct, compliance and operational risks. The cost of compliance continues to increase and add pressure to the existing business model.

d) Business and Operational Risks

Cyber security and data privacy are significant concerns for AFFINBANK.

Lapses or compromises in the Bank's systems could create risks and expose the Bank and its stakeholders to commercial losses and reputational damage. To minimise system failures or security compromises such as data breaches, hacking and malware attacks, the Bank continuously adopts sophisticated systems and methodologies to prevent and neutralise potential threats.

The Bank's Group Risk Management continues to strengthen its risk management functions and practices in accordance with the group structure and strategic priorities under the AFFINITY Transformation Program as well as implementing the identified initiatives under the Strategic Risk Program. These include the following focus areas:-

- Supporting the group's strategic growth through enhanced risk management on enterprise-wide basis;
- Aligning and institutionalisation of Risk Appetite across the Group as well as strengthening the measurement and applicable thresholds;
- Strengthening risk infrastructure as well as enhancing risk management models and processes, including stress testing and independent model validations;
- Reinforcing a healthy ethics, risk and compliance culture, and strengthening risk oversight and governance; and

- Review, build and upskill risk management capacity and capability, including the management of IT & Cyber Risks.

OUTLOOK AND PROSPECTS IN 2020

The Covid-19 pandemic has significantly impacted the economy on a global scale, especially in sectors relating to travel, tourism, sports, entertainment, retail, property, construction and manufacturing. While Malaysia has been vigilant and dynamic in managing the outbreak, the local economy is still expected to slow down and will take some time to recover.

The International Monetary Fund (IMF) in its latest issue of World Economic Outlook has forecasted that the world economy will shrink by -3.0% in 2020. The Malaysia's economy is projected to grow at -2.0% to 0.5% this year from the earlier official projection of 3.2% to 4.2%. The World Bank has recently forecasted Malaysia's GDP for 2020 to contract by -0.1% to -4.6% while IMF projected a drop of -1.7%. AFFIN is projecting a -3.5% shrink in Malaysia's economic growth this year. The Movement control order (MCO) imposed from 18 March to 12 May 2020 (and any extension thereof) is expected to have severe impact to the domestic economy. However, the Prihatin Rakyat RM250 billion Stimulus package and additional RM10 billion SME package announced by the government recently will help to cushion any negative impact of the MCO.

Year 2020 is going to be an exceptionally challenging year for the banking sector due to the global economic environment and the on-going Covid-19 pandemic with

the risk of contraction in credit growth and deteriorating asset quality. The sector is likely to record a lower loan growth this year as compared to 3.9% recorded in 2019. The weak domestic and global economy, the Covid-19 pandemic, loan moratorium and prolonged MCO will cause the banks' loan growth to decline and spike in non-performing loans. The banking sector loan growth will also be impacted by the negative sector outlook mainly in the residential and commercial properties, automotive, trade financing, oil and gas as well as retail sectors.

BNM has announced a regulatory relief, a 6-month moratorium automatically accorded to all loans made by individuals and SMEs to help individuals and businesses to cope with the negative impact of the pandemic. BNM has also lowered the statutory reserve requirement by 100bps from 3% to 2% to release almost RM30 billion liquidity into the banking system. BNM has also reduced the overnight policy rate (OPR) thrice totaling 100 bps in January, March and May 2020 to 2.00% to provide a more accommodative monetary environment to support economic growth. This move may exert more pressure on banks' profit margins.

Given the challenging economic landscape, AFFIN Bank Group trusts that asset preservation and liquidity management are essential to withstand the downside risks. As such, the Group has identified and is taking proactive measures to address the potential surge in impaired loans as well as impact to its profitability after the 6-month moratorium period. Nevertheless, the Group continues to strive in remaining agile and is ever committed to fulfil the stakeholders' needs, especially the customers.



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CONSUMER BANKING

CONSUMER BANKING - 2019 OPERATIONAL REVIEW

The strategic priorities for Consumer Banking in FY2019 were to attract deposits, drive the Islamic First initiative and to increase digitalisation initiatives.

The Consumer Banking Division achieved robust deposit growth in 2019 derived primarily from Fixed Deposits growth. The Division achieved outstanding deposit growth of 44.4% or RM7.4 billion, despite facing stiff industry competition for funds.

Given the larger deposit base achieved in FY2019, loan to deposit ratio ("LDR") reduced from 150.4% in 2018 to 102.3% in 2019.

With regards to loans and advances, our mortgage portfolio saw 11% growth whilst our cards portfolio grew by 24%. However, overall loans, advances and financing declined marginally by 1.8% due to a 15% contraction in auto financing loans.

DEPOSITS

Deposits have shown positive growth in 2019 at 44%, outperforming average industry growth of 5%. In comparison with Corporate Banking, the Division also hit a milestone in deposits composition from both Corporate and Consumer Banking divisions contributing a total stake from 35% in 2018 to 53% in 2019.

We have received favourable response from customers through various campaign and promotion packages, which were launched during the year. Through AFFINITY, we have also acquired a new customer base of 72,049.

The expanding affluent Malaysian population has created opportunities to increase the number of bank depositors. We aim to offer more innovative products and services to enhance customer experience and capture further deposits moving forward.

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MORTGAGE

Despite the sluggish property market, we saw continued strong growth in mortgages in 2019. Mortgages had grown by 11% or RM1.1 billion to reach RM11.7 billion in FY2019 (FY2018: RM10.6 billion).

As mentioned earlier, mortgages increased by 11% as we targeted younger first time home buyers, looking to purchase affordable homes. The affordable home segment, generally categorised as homes below RM400,000 continued to see growth in demand and in tandem with market trends, our focus was to support this particular demographic segment by providing them with innovative home loan offerings that would enable them to become homeowners.

Consumer Banking also focused on financing owner occupied properties and upgraders eyeing from available stock in the market. The secondary property market take-up rate has been encouraging with the Home Ownership Campaign (“HOC”) 2019 introduced to alleviate the current glut of unsold properties in the market.



11%
growth of Mortgages



CARDS

Affin Cards achieved a healthy growth in the financial year for both card issuing and merchant acquiring businesses despite the challenging and competitive market conditions. Double digit growth was recorded in all key business drivers – Billings at 33%, 26% for Receivables and Merchant Sales achieving a commendable growth of 15% YOY compared to industry. Asset Quality also improved with Gross Impaired Loan (GIL) ratio dropping from 0.78% to 0.54%, far below the Industry ratio of 0.89%.

In July 2019, we launched the Affin Signature Card targeting the affluent market segment with follow up promotional activities to support the launch that included a Golf Challenge, heightened social media presence, enhanced bonus point rewards and balance transfer and spending incentives. As a result, the penetration rate for High Net Worth and Affluent customer has increased from 22% to 25% to generate additional income for the Bank.

In the debit card portfolio, Debit billings registered a huge growth of 32% in FY2019 from the previous year as more customers converted to cashless purchases in line with BNM’s direction towards a cashless society.

For our efforts and the strong support from our customers and commitment of our staff, we have received the following awards and recognition from:-

- MasterCard International (Best Growth in New Accounts)
- Visa International (The Highest Card Growth for Debit Consumer)

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HIRE PURCHASE

The automotive market's Total Industry Volume ("TIV") peaked in 2015 at 666,674 units and after three consecutive years in a row hovering below 600,000 units, the TIV rose above the 600,000 mark to reach 604,287 units in 2019 against 598,598 units in 2018 due to a strong fourth quarter. Overall industry loan base for vehicle financing has been declining from RM173.2 billion in 2015 to RM167.2 billion in 2019.

We made a conscious decision to reduce exposure to this segment in FY2019 due to thinning margins. As a result, we saw a 15% contraction in hire purchase financing. Despite the contraction, our GIL ratio remains resilient and below the industry average of 0.77%.

AMANAH SAHAM NASIONAL BERHAD

The Amanah Saham Nasional Berhad ("ASNB") business continues to grow in 2019 and the Division successfully achieved its allotted target of RM200 million in the first eight months of the year.

Bulk sign up by Army personnel is one of the strategies employed to induce take-up of the scheme, besides public roadshows, direct sales, corporate presentations and referrals from branches.

The increased public awareness generated by the scheme was an effective strategy to achieve long-term wealth creation product and has resulted in greater public demand and an increased take-up. This has led to larger commission incomes received by the Bank from ASNB.

CONSUMER BANKING – MANAGING RISKS AND OPPORTUNITIES

In terms of mortgage business perspective, we are revisiting the collection strategies to be prepared for the impact due to economic slowdown arising from the US-China Trade War, Corona Virus outbreak and overhang of properties in the country.

In the coming financial year 2020, we anticipate the cards business to remain sluggish and continue to face heightened competition from all other major banks. AFFINBANK will continue to target the Mass Affluent and Emerging Affluent segments to drive the growth of our cards business and thus avoid the vulnerable segment/high risk customers.

The 2020 Hire Purchase business is already impacted by the present Covid-19 pandemic with sales at a standstill during the Movement Control Order period. We will see an industry wide spike in impairment this year as consumers continued to struggle with reduced or loss of income during this pandemic. The BNM's 6-month repayment moratorium will provide temporary relief but it will take time for consumers to recover. Moving forward, we will be more cautious in our new bookings during this economic uncertainty. At the same time, we will implement pro-active measures to help our existing customers tide over this period so that they can continue making payments.

Based on the trend of dividend payout over the past years which has been on the downward trend, we foresee a change in customers' demand for investment in ASNB products. Customers seeking safer and secure investment products with fixed returns may place their money back into the Bank to avoid facing the adverse risks in other alternative avenues.

ASNB on the other hand is expecting agent banks to offer competitive loan/financing rates to the customers in view of the lower dividend declared. The challenges would be to convince the public that investment in ASNB products through financing is still worthwhile. As long as the returns are above the deposit rates, we are optimistic that the challenges can be overcome.

CONSUMER BANKING – OUTLOOK AND PROSPECTS

Our preference will still be on offering mortgage financing for the employed sector under growing industries such as education, healthcare and Information Technology & Communication, to name a few.

Moving forward for the cards business, we anticipate customers will be more sophisticated with high expectations on innovative offerings, convenience and real time processing with better and differentiating value propositions. In response, Affin Cards will continue to focus on product innovation to enhance our cards' value proposition to suit our customers' lifestyles and their needs.

We will see a contraction in Hire Purchase for 2020 with sales projected to reduce by 20% to 30% from last year's TIV of 604,287. We believe that consumers will be cautious in their big ticket item spending especially with job security at stake in this uncertain economic environment. Despite the shrinking size, the market continues to be dictated by pricing and risk appetite. On our part, we will focus on businesses that provide better yields and/or better cross selling opportunities.

We are confident that with ASNB's returns still above deposit rates, the outlook will remain positive going forward. Although the dividend payout over the years has been on the decline, investment of ASNB funds through loan/financing is still attractive considering the lower rate charged by banks with dividend rates remaining above deposit rates.

In the long term, we are confident that this type of investment will remain as an avenue of wealth creation in the long run, taking into consideration the multiplier effect of accumulated dividends for disciplined investors and the variables in a normal cycle of investment.

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SME BANKING

SME BANKING - 2019 OPERATIONAL REVIEW

Formerly established as the SME & Commercial Business in January 2017, the Division was renamed SME Banking in August 2019 in line with enhancements made in differentiating its proposition to support SMEs throughout their business life cycle. The Division's overall presence is further strengthened through its 35 locations established nationwide.

The Division's strategy to improve and enable customisation over a wide range of financial offerings resulted in 9,000 new-to-bank customers acquired or 25% growth YOY, of which 7,000 are start-ups. The Division has also managed to maintain a healthy NIM of just under 5% despite pressure from higher deposit rates and OPR movements while still sustaining a strong CASA ratio of nearly 50%.

FY2019 initiatives continued to concentrate on enhancing digital and automated solutions as well as improving financial offerings to serve the SMEs better.

SMEColony, a mobile app developed in-house, is SME Banking's flagship digital tool complementing the SME ecosystem. The App was rolled-out in October as a comprehensive resource and business reference platform tailored to serve the development of SME community. This unique digital tool bridges SMEs and start-ups for an inclusive and financially holistic ecosystem while also serves as a touch-point for SMEs to network and raise their presence in the digital world.

In 2019, SME Banking introduced four new products, including a new lending product for start-ups known as SMEmerge Start-Up Financing. Since its introduction

in April 2019, the Bank had approved more than RM5.0 million of financing for this sector as part of the Bank's holistic proposition for start-ups, comprising of solutions ranging from transaction, protection, financing, advisory and support.

Also unique to the market is SMElixir Protect, a business recovery insurance introduced in August 2019 that has been well received with 100 policies taken up. Similarly, subscriptions to our popular business risk protection SMEasy Protect plan, introduced in August 2018, rose to 4,000 policyholders compared to 600 in 2018.

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In addition to the Bank's digital platform, three SME BizChat events were held in Penang, Johor Bahru and Kuala Lumpur, including one specifically for start-ups. These engagement sessions were aimed at increasing the Bank's brand visibility and to add value to the SME community by providing an avenue to gain knowledge from industry experts and opportunities for networking. The programme has entered its second year of implementation and had benefitted over 2,000 SMEs and start-ups.



The Division had also participated in multiple national-level trade events and exhibitions, as well as served patronage for SME100 Awards and Asia Halal Brand Awards for 2019. Strong performance from SME Banking enabled AFFINBANK to receive several noteworthy industry awards in 2019 with the "AFFIN Start-Up Banking" initiative receiving the Best SME Banking Initiative for Start-Ups (Malaysia) from United Kingdom's International Finance Awards 2019.

SMEColony too had received several awards, including the Malaysia Technology Excellence Awards 2019 for Mobile Technology in Banking Industry by Singapore Business Review. This mobile app is gaining momentum in fostering SME development with plans to further enhance its digital customer experience in 2020.

SME BANKING – MANAGING RISKS AND OPPORTUNITIES

The start of the new decade foresees an unusually challenging outlook with the current global happenings and volatile stock markets. In the domestic landscape, economic growth in 2020 will be affected by the global outbreak of the novel coronavirus.

SMEs in Malaysia are worried over the impact of a slowdown in business, particularly those in the retail, tourism and distribution trade. It is foreseen that

growth for the year as a whole will be supported by household spending, factored in by continued income and employment growth. In facing these challenges, SMEs are rigorously tapping opportunities offered by digital technologies to boost product visibility, market penetration and expand market share through online retail and trading.

The Bank, through SME Banking's start-up initiatives and SMEColony will be in a strong position to play a leading role to assist SMEs and start-ups. The sharing and digital economy has boosted the growth of many start-ups and the Division's differentiated propositions are able to cater to growing market needs with tailored financing products and services.

SME Banking remains committed to play a significant role in supporting the objectives of the national entrepreneurship agenda to enable SMEs in contributing 50% to the GDP by 2030. The Division continues to take steps to remain relevant by understanding consumer needs and market dynamics.

Depending on the duration and spread of the outbreak as well as policy responses by authorities amid uncertainties in global economic and financial conditions, a prolonged impact of the coronavirus may impact many SMEs in finances and servicing loan payments. SME Banking is very committed to help provide all essential services in easing their financial burdens stemmed from the crisis.

SME BANKING – OUTLOOK AND PROSPECTS

Following the Budget 2020 incentives announced by the Government to encourage businesses of all sectors to pursue digitalisation and automation, the Division foresees opportunities to engage more SMEs by continuing to cater to the segment with comprehensive financing and digital solutions.

For 2020, SME Banking will continue to pursue a prudent yet meaningful go-to-market approach to ensure a sustainable path of growth while bearing the challenges and economic conditions faced in the wake of a global pandemic. The Division is well positioned to enhance our offerings to start-ups as well as make inroads into new segments with new products targeting the affluent and selected niches.

The Division plans to upgrade its digital proposition by elevating the user experience of SMEColony; develop an app for its frontliners; improve key internal processes through greater adoption of digital technology; and dive deeper into customer insights via improved data analytics.

Externally, the Division will continue to leverage on opportunities to build and strengthen relationships with key strategic partners and influencers for brand visibility, customer engagements and marketplace opportunities.

MANAGEMENT DISCUSSION & ANALYSIS



CORPORATE BANKING

CORPORATE BANKING - 2019 OPERATIONAL REVIEW

In 2019, Corporate Banking (“CBD”) continued to be the main contributor of AFFINBANK’s and AFFIN ISLAMIC’s profitability. CBD has continued to realign its business to focus on growing contingent asset-based facilities, stabilising net interest margin (“NIM”) and cost of funds (“COF”) by actively managing liabilities portfolio and readying our new Corporate Internet Banking channel, named AFFINMAX.

LOANS, ADVANCES AND FINANCING

CBD’s total loans and financing represent about 35.0% of our commercial banking segment. We have successfully reduced our exposure to impaired loans, advances and financing by 34.8% as compared to the previous year. The strong recovery was achieved on the back of active managing and close monitoring of our loans and financing portfolio. A major portion of the impaired loans and financing were those originating prior to 2012 and we have worked closely with customers on remediation plans and fostered a positive attitude towards risks in the market outlook.

We have also continued to exercise prudence by selectively expanding our market share in sectors that are growing with acceptable level of risks and continued to pare down our exposure in the real estate and other high-risk industries to manage our risk concentration.

Overall, we have realised higher returns on risk-adjusted capital and strengthened our position by diversifying our assets portfolio to protect us against industry-specific threats in the near future.

TRADE

Trade revenue for the year ended 31 December 2019 increased by 20.2% YOY supported by the increase in trade outstanding of about 5.5% and a higher average trade utilisation rate. Active relationship management and close monitoring of unutilised trade limits, helped to achieve this and will be our new engine for growth as most of the facilities are capital-lite based.

MANAGEMENT DISCUSSION & ANALYSIS

DEPOSITS

CBD's total current account deposits grew significantly by about 22.3% as compared to the previous year. This is in line with the Group's direction to aggressively grow stable funding to meet the BNM's net stable funding ratio requirement.

COST-TO-INCOME RATIO

In 2019, CBD continued to reduce its operating costs and ultimately lowered its cost-to-income ratio to 20.3% from 21.7% the year before. We managed to improve our cost-to-income ratio mainly due to the significant drop in branch costs and direct expenditure despite having had increased manpower in 2019.

NEW INITIATIVES

In 2019, a new product – Flexi Trade Loan/Flexi Trade Financing-i was introduced to enable our trade customers to finance their trade related foreign and local sales & purchases as well as financing of services payables, applicable for working capital purposes only.

AFFINMAX, the Bank's new Corporate Internet Banking channel, went live in August 2019. The new channel provides an integrated transaction-banking proposition, which is secured and easy to use to support a complete business ecosystem for Corporate and SME Commercial banking customers. It encompasses cash management, liquidity management, financial supply chain and foreign exchange ("FX"). This initiative is in line with AFFINBANK's Digital Banking Roadmap to enhance our digital presence, customer experience and allow the Bank to compete in the digital space.

BENEFITS OF AFFINMAX

AFFINMAX



1. COMPLETE & HOLISTIC TRANSACTION BANKING PROPOSITION

Encompassing Cash Management, Liquidity Management, Financial Supply Chain and FX



2. REVENUE POTENTIAL

From fee, fund, and float income



3. STRONGER VALUE PROPOSITION

Increase customers' satisfaction, wallet share and facilitate acquisition of new customers



4. IMPROVES CUSTOMERS' LOYALTY

Provides the bank with healthy source of operating balances for stable funding



5. IMPROVES PRODUCTIVITY AND EFFICIENCY

Translates to cost savings and higher Straight-Through-Processing (STP)



6. TO ACQUIRE, FINANCE AND CAPTURE TRADING ACTIVITIES WITHIN SUPPLY CHAIN COMMUNITY

Allows competition in market space in ensuring speed and continuity of supply and payments



7. IN LINE WITH AFFIN DIGITAL BANKING ROAD MAP

Brings AFFIN Bank Group to the next level in terms of service delivery and customer experience

MANAGEMENT DISCUSSION & ANALYSIS

CORPORATE BANKING - RISKS AND OPPORTUNITIES

2020 will be exceptionally challenging than previous year due to unexpected Covid-19 pandemic and oil price decline that hits us globally. These have weakened the growth prospects of the global economy and disrupted most businesses as they struggle to generate sufficient sales and meeting their financing obligations.

Challenges in 2020

We have identified the following challenges that we will be facing:-

- Heightened credit risks due to demand-supply chain disruption and dampen economic activity amid the Movement Control Order (MCO) coming from specific sectors such as Tourism, Aviation, Oil & Gas and Wholesale & Retail Trade that directly impacted from the outbreak.
- Further compression on NIM given forecasted OPR rate reductions in 2020.
- Continuous volatility in geo-political backdrop.
- Digital disruption that creates stiff competition within the banking industry especially with the introduction of virtual banking and other funding platforms such as P2P lending and crowdfunding.
- Escalation of compliance costs from new regulatory requirements and concerns such as climate change and recovery planning.

Opportunities in 2020

We foresee positive opportunities in 2020 by leveraging on AFFINMAX channel. This enables us to:-

- Attract new users to register and use the new channel that can provide integrated financial solutions as many businesses now recognise the importance of having the ability to manage financials online in light of the Covid-19 outbreak;
- Introduce new products such as financial supply chains, a community-based financing programme that provides working capital solutions throughout the whole supply chain/ecosystem; and
- Grow stable funding i.e. current account.

2020 Key Strategic Objectives

For 2020, CBD will be focusing on minimise the impact of the downside risks from the virus outbreak and fall in oil price.

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

- Proactively manage and safeguard the Bank's asset quality by focusing on rehabilitation of Corporate Customers accounts with any early warning signal or deterioration in their credit quality to ensure timely detection and maximise recovery.
- Support and assist eligible corporations that are impacted by the Covid-19 and seeking for temporary relief on case-by-case basis to maintain their business viability until the conditions improve as part of the Bank Negara Malaysia's (BNM) directive.
- Accelerate our digital readiness and encourage our customer to use AFFINMAX to manage their transaction banking business activities online thus indirectly attracts more stable funding deposits.

CORPORATE BANKING – OUTLOOK AND PROSPECTS



As we are considered small compared to other banks, we are agile by having started from a lower base. Safeguarding our asset quality is our main priority for this year.

Once the economy recovers, we will look at growth opportunities within AFFIN Bank Group to maximise the full potential of our Group synergy. We are proud of our strong customer relationships and continue to prioritise in maximising customer satisfaction that would ultimately contribute to the Bank's sustainable revenue growth.

MANAGEMENT DISCUSSION & ANALYSIS



TREASURY

TREASURY - 2019 OPERATIONAL REVIEW

Despite being a volatile year in 2019 for Treasury and Capital Market, AFFINBANK was able to capitalise on prevailing conditions to more than triple its year-on year fee base income. In FY2019, fee base income has jumped by 265% on the back of aggressive strategies to expand the Bank's fixed income assets in anticipation of a favourable bond market in 2019.

The continuation of trade tensions between the US and its major trading partners, particularly that of China and the prolonged Brexit issue had dragged down financial markets activities on both trading sides.

The market sentiment was further dampened by FTSE Russell's move to review Malaysia's bonds participation which came a week after Norway's USD1 trillion sovereign wealth fund announced cutting holdings of emerging-market government and corporate bonds. The cuts included holdings of Malaysian bonds which were estimated at a value close to USD2.0 billion.

As a response to these uncertainties, BNM cut the OPR by 25bps in May 2019 to provide a more accommodative environment for business growth. The statutory reserve requirement was also lowered by 50bps from 3.50% to 3.00%. These moves lifted bond prices and market sentiments.

MANAGEMENT DISCUSSION & ANALYSIS

The AFFINITY risk adjusted performance base reward framework introduced in 2019 continued to support a prudent risk-taking culture by the Treasury Division towards achieving results set out by the Management. The principal focus for Group Treasury Division continued to be as follows:-

- Managing foreign exchange (“FX”) and interest rate risk of the Banking Group;
- Satisfying customers’ needs for Treasury related products and services;
- Fulfilling liquidity needs and asset and liability (ALM) functions of the Group;
- Ensuring prudent cost of fund management across the Banking Group;
- Complying with regulatory and internal requirements; and
- Operating profitable trading/ arbitraging/investment businesses.

TREASURY – MANAGING RISKS AND OPPORTUNITIES

The present Covid-19 pandemic has dampened global economic outlook where governments around the world responded by announcing various stimulus packages while central banks put up easier monetary policies. Bank Negara Malaysia has cut overnight policy rate by 100 bps thus far while statutory reserve requirement was reduced by 1% which released approximately RM30 billion liquidity into the system.

IMF declared a world recession while World Bank cut Malaysia 2020 GDP growth forecast to -0.10 to -4.5% from 4.50 % reported earlier. Likewise, BNM also revised our 2020 GDP growth to -2 % to +0.50 % range quoting challenging global growth outlook and weakening crude oil prices. The dropped in crude oil prices due to production war will also put further pressure to our budget deficit ratio as revenue is likely to be impacted where budget 2020 pricing was fixed at USD 62 per barrel.



The above economic backdrop coupled with supply chain shocks due to movement control order has also drained the trade finance and FX volume tremendously.

The uncertainty from Covid-19 will remain for the foreseeable future and we must remain hyper vigilant and rewrite our business plan according to the changes in yield curves and systemic improvement of cost management, including cost of funding, until we see clarity on how these actions taken by governments and central banks will stabilise markets and accelerate the path to normalcy. Likewise, we will also take this opportunity to diversify our source of foreign exchange income and nimble any opportunities that may present before us.

In anticipation of greater volatility and the potential downside risk of global economic growth, Group Treasury will continue to be vigilant and adopt a more agile stance to best position AFFINBANK to capitalise on potential opportunities that may arise going forward.

Effectively, a more strategic approach will be adopted towards enhancing the Group Asset and Liability Management functions for compliance purposes and at the same time, to achieve desired cost of fund levels to support business units in pricing their products competitively on a risk informed basis.

TREASURY – OUTLOOK AND PROSPECTS

In view of the gloomy economic outlook and expected volatility, more focus strategies will be adopted to unleash the Group Treasury Division’s potential as well as to employ our resources in the target customer segments where the niche market is to achieve the desired results.

Global monetary policy is also expected to remain accommodative and supportive of economic activities where the synchronised easing of monetary and fiscal policies by central banks will provide a lift in global growth prospects to a more sustainable and above-trend growth in the later part of 2020. Hence, emerging market fixed income market duration trades and the expected total return is still cheap and attractive to explore.

Moving forward, the Group Treasury Division will continue to complement AFFINBANK’s role to consistently deliver reliable and quality financial services and solutions to our customers as guided by the industry’s best practices and code of conduct for Malaysia’s wholesale financial markets.

MANAGEMENT DISCUSSION & ANALYSIS



AFFIN ISLAMIC BANK BERHAD

2019 KEY OBJECTIVES

The Bank focused on:-

- A balanced growth strategy, financing growth to accelerate and drive investments in proprietary banking technologies
- Expanding the commercial platforms, strengthening fee-based income from digital banking, unit trust and credit card to mitigate the impact of margin compression on net profit income
- Grow assets through prudent underwriting standards and active recovery efforts
- Contributing financing portfolio up to 40% to AFFIN BANK Group with major focus on the SME segments and generating sustainable returns
- Priority on strengthening the bank's liquidity and funding profile while managing resources with effective operational costs

2020 STRATEGIC PRIORITIES

To align with the Group's theme of "**Building Long-Term Sustainability through Strategic Niches**" to ensure an efficient allocation of capital amongst the business segments resulting in a shift of the Bank's asset mix.

The plan involved all business segments of the Group:-

SME Banking

- Financing growth in targeted sectors
- Focus on growing fee-based income
- Deposits growth in tandem with financing growth

Corporate Banking

- Targeted financing growth in selected sectors
- Focus on aggressively growing fee-based income
- Grow low cost deposits

Consumer Banking

- Growth in selected segment of Mortgage & Hire Purchase
- Aggressive growth in other consumer products e.g. credit card, personal financing and education financing
- Significant shift in focus from financing growth towards CASA acquisition
- Cost management and optimisation

In 2019, AFFIN ISLAMIC continued to focus on upgrading its go-to-market capability and operating efficiencies, specifically on the digital front to enrich customer experience. The Bank strived to maximise the synergistic opportunities within the Group and implemented differentiated strategies to drive its next phase growth.

The following is a condensed review of the operational highlights and business performance of AFFIN ISLAMIC. A more detailed report is provided in the separate AFFIN ISLAMIC Annual Report for the financial year ended 31 December 2019.

MANAGEMENT DISCUSSION & ANALYSIS

AFFIN ISLAMIC - 2019 OPERATIONAL REVIEW

In FY2019, the OPR remained stable at 3%, consistent with BNM's monetary policy stance of supporting a steady growth path amid price stability. The implementation of Malaysian Financial Reporting Standard ("MFRS") 9 had also affected our capital ratios but the transition was still manageable.

Our priority on increasing deposits to strengthen our liquidity and funding profile had resulted in higher funding costs. In mitigation, we have increased our focus on asset and liability management, current and savings account ("CASA") growth and competitive pricing for financing and deposits. As we sought to grow, we placed strong emphasis on regulatory compliance.

One of our major highlights in 2019, was the achievement of 41% portfolio contribution to the Group. This achievement exceeded the 40% portfolio contribution target set by BNM in its 10-year Financial Sector Strategic Blueprint.

In FY2019, we continued to adopt a balanced growth strategy. We expanded our commercial platforms, growing high-yield products and strengthening fee-based income from digital banking and credit card businesses. We focused on growing fee-based income from our SME, Remittance and Bancatakaful business.



We focused on increasing CASA deposits and managed the Top 10 Depositors' concentration risks while providing retention offers for customers via special packages/offers. We also continued to target the SME segment via SMEColony and SMEngage.

In providing financing solutions, we focused on education financing to selected higher learning institutions and personal financing to employees of approved corporate companies. We grew our assets via prudent underwriting and active recovery efforts. Tapping on synergy with the AFFIN Bank Group, we looked to develop more cross-collaboration opportunities and cross selling of products.

As a result of our strategic efforts, we launched several new products into the market in FY2019. Following are some of our product highlights introduced during the financial year:-

- Flexi Trade Financing-i launched on 15 February 2019
- Skim Rumah Pertamaku-i (SRP-i) launched on 1 March 2019
- SMEmerge-i launched on 28 March 2019
- AFFIN Grow-i Saving Account & Current Account launched on 4 June 2019
- AFFIN ISLAMIC Visa Signature Credit Card-i launched on 24 July 2019
- AFFIN Corporate MyDebit Card-i launched on 25 July 2019

We continued to actively engage customers with a wide range of consumer or retail-based campaigns:-

- Everyone Can Win CIB Autopay Campaign (January 2019 until December 2019)
- CNY Triple Prosperity (January 2019 until May 2019)
- Save for Gold (June 2019 until December 2019)

¹ The BNM 10-Year Financial Sector Strategic Blueprint calls for financial institutions to further enhance its Islamic financing portfolio to 40%.

MANAGEMENT DISCUSSION & ANALYSIS

AFFIN ISLAMIC – FINANCIAL REVIEW

AFFIN ISLAMIC posted a Profit before Taxation of RM93.2 million for FY2019 as compared to RM155.4 million in FY2018. Total income was at RM1.32 billion, higher by RM166.2 million or 14.3% with Net Profit Margin recovering by 2bps at 1.74%.

Operating expenses increased by 17.3% YOY to RM261.9 million while cost-to-income ratio stood at 62.7%. The increase in operating expenses were attributed to digitalisation initiatives and shared cost movements from Group synergies that will help us to optimise cost efficiencies in the long run.

Total assets as at 31 December 2019, reduced by RM2.1 billion or 8.4% YOY to RM23.2 billion. The decrease was mainly due to cash and short-term funds amounting to RM1.6 billion and a reduction in financial investment assets of RM0.4 billion.

Gross financing, advances and other financing increased marginally at 0.03% to RM18.75 billion mainly from the retail segment. Customer deposits reduced by 12.1% to RM17.3 billion and support for CASA deposits expanded by 12.6%.

Higher allowances for financing impairment on several large corporate accounts with changes in models or risk parameters of macro-economic variables (“MEV”) impacted Gross Impaired Financing (“GIF”) ratio at 2.47% despite marginal financing growth. We achieved a return on equity (“ROE”) of 5.01% and continue to maintain a strong capital position with CET 1, Tier 1 and Total Capital Ratios at 11.72%, 13.83% and 20.63% respectively.

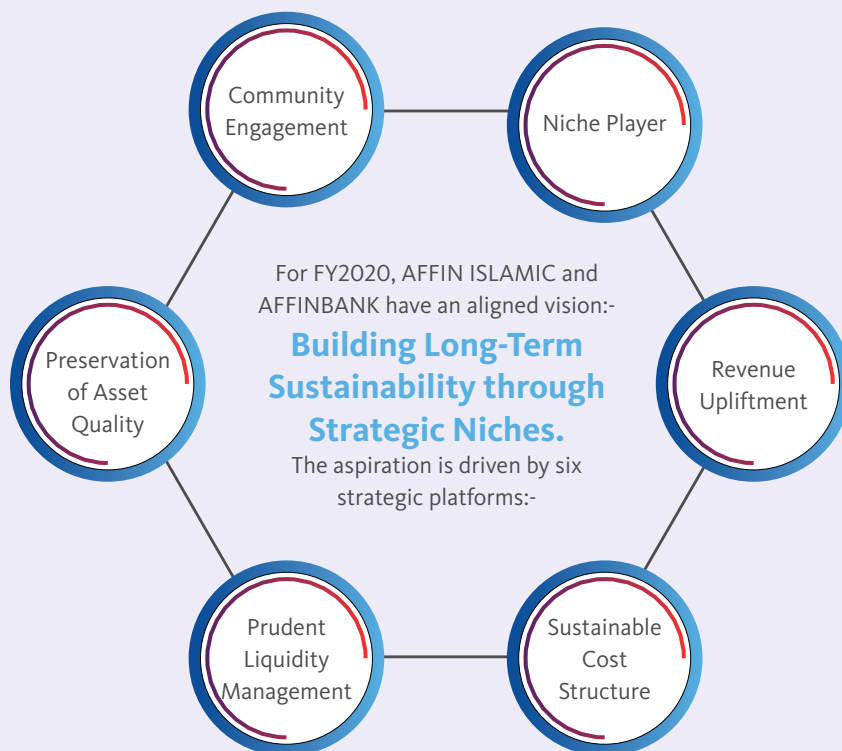


AFFIN ISLAMIC – MANAGING RISKS AND OPPORTUNITIES

We will continue to implement initiatives and refine policies and processes to improve our risk management capabilities as highlighted in our Strategic Risk Program. Our business strategies are aligned to the Risk Appetite Statement and Annual Credit Plan with tools and processes for every business or activity undertaken. This is to ensure adequate capacity and capabilities to process, underwrite, service and collect, whilst managing and tracking performance to support portfolio analysis.

The inclusion of risk into performance management and compensation decisions helps ensure clear Key Performance Indicators (KPIs) and Key Result Indicators (KRIs) are aligned across the Bank. Together with the Group, we will be proactive in the identification, management and coordination of Technology/ Cyber Risks, Operational Risks, Shariah Risks and Business Continuity Management.

MANAGEMENT DISCUSSION & ANALYSIS



AFFIN ISLAMIC – OUTLOOK AND PROSPECTS

2020 is expected to be an exceptionally challenging year for the global economy as the global economy prospect has weakened by the ongoing Covid-19 pandemic. Malaysia's Gross Domestic Product ("GDP") growth is expected to be between -2.0% to 0.5%, in line with the global economy prospect. Banking sector is expected to remain resilient and orderly backed by ample liquidity and strong capital buffer. For FY2020, AFFIN ISLAMIC will continue to assess the impact of Covid-19 to our financing and deposit portfolio for all segment under Corporate, SME and Consumer banking. This is to ensure effective implementation of financial measures announced by BNM and Government for the benefit of our customers.

AFFIN ISLAMIC and AFFINBANK have an aligned vision: Building Long-Term Sustainability through Strategic Niches. The aspiration is driven by six strategic platforms: Niche Player, Revenue Upliftment, Sustainable Cost Structure, Prudent Liquidity Management, Preservation of Asset Quality and Community Engagement.

We have established a strong growing presence in SME segment, and we shall continue to be in position as the preferred financial partner for start-ups. The Bank will continue to strengthen its relationship with selected organisation and collaborate as a strategic partner in becoming a niche player in growing sectors. We will continue focusing on our SME community engagement and development channel and tapping on digitalisation to deliver unique solutions beyond banking for the SME segment.

In Consumer segment, we have evolved our branches nationwide from being transactional based to sales and customer oriented. We will continue to evaluate our future branch network rollout plans to position ourselves in strategic locations, to deliver optimum customer experiences while developing long-lasting sustainable relationships with the communities. In utilising big data analytics and business intelligence tools, our focus on the consumer segment would be to fulfil the lifestyle aspirations of students, millennials, newlyweds and young families. The Bank will further emphasise in enhancing customers

experience through digital initiatives such as Genius Pocket, which is a lifestyle banking service built based on customers' needs. The focus also includes revenue upliftment by accelerating fee and fund-based income through the offering of unique integrated products for various customer segment. In addition to this, the Bank will also be aiming for generating fee-based services through Wealth and Bancatakaful Business.

For our Corporate clients, we have developed an integrated solution to facilitate and improve our service delivery in cash management, trade business and corporate liability management. Optimising cash management and trade business will enable us to increase fee and float revenues and control our business risks. We continue to invest on the digital front and leverage on the Group Digital Initiatives for product innovation and enhanced operational efficiency. Major digital initiatives to be implemented in 2020 such as an integrated credit management system called OSCAR.

Improving operating income through sustainable cost structure and operating efficiency is one of the strategies outlined in FY2020. To support this initiative, the Bank will continue to reduce its funding expenses by offering lower funding options and enhancement of cost optimisation. The Bank will further strengthen its liquidity management by having constant assessment in compliance to the regulatory requirement. In ensuring profitability, the Bank's key concentration in 2020 will be on preservation of assets by maintaining lower level of Gross Impaired Ratio (GIR) as it will provide a positive impact to the overall profitability position.

Giving back to the community has always been a priority by AFFIN ISLAMIC. This element will be further increased by social media engagement and participation in the community events to strengthen the bank identity within the community. Due to the current Covid-19 pandemic, the Bank is taking measures to avoid mass gathering and practice social distancing during community works. The Bank stays optimistic for the year 2020 and will continue to support AFFIN Bank Group's strategic vision in providing excellent banking services to meet our customer needs and expectations.

MANAGEMENT DISCUSSION & ANALYSIS



AFFIN HWANG CAPITAL

2019 STRATEGIC PRIORITIES

- Drive digital initiatives.
- Sustaining growth through:-
 - Further development and expansion in new capabilities
 - Development and expansion in new and untapped markets
 - More effective brand and reputation building through market recognition
 - Embedding Core Values to strengthen organisational culture

2020 KEY INITIATIVES

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

Affin Hwang Capital, the capital markets arm comprising of the Investment Banking, Securities and Asset Management businesses of AFFIN Bank Group, continued to “Out Think” and “Out Perform” admirably despite the challenging environment that has adversely impacted the capital markets, both domestically and globally, since 2018.

MANAGEMENT DISCUSSION & ANALYSIS

AFFIN HWANG CAPITAL – 2019 OPERATIONAL REVIEW

2019 was a continuation of the challenges that the capital markets have faced since 2018, much to the dismay and chagrin of the general public but mainly as predicted by those in the industry. Prolonged uncertainties, from worsening geopolitical tensions, continued policy uncertainties, market volatility especially with supply disruption in the commodity-related sectors, as well as soft corporate earnings further compounded the dismal performance of capital markets throughout the year.

The FBMKLCI unsurprisingly continued its downward momentum where it shed 6% from 1,690 in 2018 to 1,588 by the end of 2019. Moreover, there was a large net foreign funds outflow of USD2.68 billion from the market, while total funds raised from initial public offering (IPO) and the secondary market on Bursa Malaysia declined by 28% over the same period. The average daily value for on-market trades was correspondingly down by 19% where trading velocity dipped 4% to 28% from 32% previously.

Yields on local Government securities fell to multi-year lows in 2019 due to funds' "flight to safety". BNM, during the year also lowered its OPR to 3.00% in May 2019 and statutory reserve requirement ratio from 3.50% to 3.00% in November 2019 in line with the easing of monetary policies adopted by central banks.

On the other hand, foreign holdings for local bonds increased by RM19.9 billion to RM204.7 billion in 2019, thus reversing the net foreign outflow of RM21.9 billion in 2018. It was at the highest level recorded since 2012.

Investment Banking

In 2019, competition amongst players in the domestic equity advisory and debt fund raising businesses were very tight and intense, with deals being few and far in between. Under this tough and challenging environment, Affin Hwang Capital remained resolute in striving to deliver value and quality services to its clients.

One of the key highlights in 2019 was Affin Hwang Capital's role as the Joint Lead Arranger and Bookrunner, in partnership with Daiwa Securities Group Inc. of Japan, for the Malaysian government's JPY200 billion (RM7.34 billion) Samurai Bond, the first Japanese yen bond by Malaysia since 1989. Affin Hwang Capital was the only Malaysian bank participating in the deal.

The landmark bond was the largest Japan Bank for International Cooperation (JBIC)-guaranteed sovereign bond issuance in the market and the first JBIC guarantee undertaken by Malaysia under its "Guarantee and Acquisition toward Tokyo Market Enhancement (GATE)" programme. The issuance was well received across the investor spectrum, being oversubscribed by 1.6 times or 324.7 billion yen (RM11.9 billion). The bond was also awarded the prestigious 'Best Bond' in the 'Best Deals in Malaysia' category at The Asset Triple A Country Awards 2019 held in Hong Kong on 16 January 2020.

In addition to the Samurai Bond, Affin Hwang Capital was also the Principal Adviser, Joint Lead Arranger and Joint Lead Manager for the RM1.0 billion Sukuk Wakalah by Konsortium KAJV Sdn Bhd to finance the State of Terengganu's water treatment plants project. The transaction leveraged on the State's AA- rating, and its innovative sukuk structure was awarded the Most Innovative Sukuk Structures in Malaysia and Best Funded Water/Wastewater Project in Malaysia awards at the International Finance Awards 2019.

Subsequently, Affin Hwang Capital also received three awards at The Asset Triple A Islamic Finance Awards 2019. These recognitions solidify Affin Hwang Capital's role as a forerunner in the growing Islamic finance industry.

The awards were the Best SRI Sukuk for UiTM Solar Power Sdn Bhd's RM222.3 million Green Sustainable Responsible Investment (SRI) Sukuk as Lead Manager, Best New Sukuk for Serba Dinamik Holdings Berhad's RM800.0 million dual-tranche Sukuk as Lead Manager, and Best Bank Capital Sukuk in Asia Pacific for Affin Islamic Bank Berhad's RM1.1 billion AT1 Sukuk Wakalah and T2 Sukuk Murabahah as Principal Adviser, Lead Arranger and Lead Manager.

On the equity advisory side, Affin Hwang Capital was the Principal Adviser, Sponsor, Underwriter and Placement Agent for the IPO of DPI Holdings Berhad, which was also Affin Hwang Capital's inaugural IPO listing on the ACE Market of Bursa Malaysia.

Market volatility in 2019 also provided Affin Hwang Capital with the opportunity to realise substantial gains in its fixed income trading and investment activities.

Securities

Competition in the institutional and retail securities trading business was similarly difficult and harsh, especially with the increasing number of new entrants into the market, and the emergence of technological disruptors.

With the intense pressure in rates compression, Affin Hwang Capital still emerged to improve its market share from 12.58% in 2018 to 12.92% in 2019, consequently holding on to the top spot of Bursa Malaysia's Broking Ranking for 2019, thus maintaining its position as the leading brokerage house in Malaysia for the fifth consecutive year since 2014.

MANAGEMENT DISCUSSION & ANALYSIS



Even with this achievement, it did not rest on its laurels and instead pushed forward in providing more quality and innovative products and services to clients in 2019. Subsequent to the launch of the Islamic Securities Selling and Buying - Negotiated Transaction (ISSBNT) product in 2018, Affin Hwang Capital launched the Retail Securities Borrowing & Lending (SBL) product on 17 January 2019.

The comprehensive SBL system, coupled with an identified need for more product offerings in the retail securities marketplace have enabled it to expand its SBL business further to retail investors, in line with Bursa Malaysia's mission to offer investors and traders with diverse and innovative products.

This ensued with the launch of Affin Hwang Capital's upgraded online trading platform called 'eInvest' (einvest.affinhwang.com) in August 2019. einvest is part of its digitalisation initiative into new markets to contribute towards its trajectory for continued growth.

As a testament of Affin Hwang Capital's forward-sightedness, it entered into a strategic collaboration with MIMOS Berhad to develop a digital analytical platform for the Malaysian capital market. The collaboration aims to develop a high-speed, intelligent and automated analytical platform to screen undervalued

small and mid-cap stocks, thus opening up opportunities for Affin Hwang Capital to accelerate the development of innovative products in the investment banking space.

Besides product innovations, Affin Hwang Capital was recognised by acclaimed bodies and institutions for its achievements in the capital market and upholding its position as the leading investment bank in the country. Amongst the highlights of its business achievements, Affin Hwang Capital has received the award for Best Securities House in Malaysia by AsiaMoney for the third consecutive year and accorded Champion in the Best Overall Equities Participating Organisation category by Bursa Malaysia for the fifth consecutive year.

Asset Management

The asset management business focused on increasing its Assets under Administration ("AUA") through sustained efforts in building and expanding its distribution channel including its own internal sales force. The AUA at the end of FY2019 was RM57.7 billion.

Throughout the financial year, Affin Hwang Capital maintained a strong pipeline of product launches including 21 new funds which span different strategies and market exposure to help clients

diversify in a low-growth environment. To bolster its passive offerings, it also launched 5 exchange traded funds (ETF) in the financial year including the country's first leveraged and inverse ETF. Client experience remains embedded as a strategic pillar through active marketing and branding campaigns that would engender brand loyalty and generate awareness surrounding investing.

Besides this, Affin Hwang Capital also received several awards in recognition of its achievements and standing as one of the leading asset management in Malaysia in 2019.

It received awards for Best Institutional House in Malaysia at the Asia Asset Management 2019 Best of the Best Awards for the second consecutive year; the Highly Commended for Best ETF Provider in Malaysia at The Asset Triple A Private Banking, Wealth Management, Investment and ETF Awards 2019 for the second consecutive year; and seven awards at the Lipper Fund Awards from Refinitiv 2019.

Similarly, Affin Hwang Capital's Islamic asset management subsidiary, AIIMAN Asset Management Sdn Bhd (AIIMAN), received the Islamic Asset Management of the Year in Malaysia at The Asset Triple A Islamic Finance Awards 2019 for the fourth consecutive year.

MANAGEMENT DISCUSSION & ANALYSIS

AFFIN HWANG CAPITAL – FINANCIAL REVIEW

Notwithstanding a challenging 2019, Affin Hwang Capital commendably still managed to register a respectable growth of 6.8% in net income of RM556.18 million for 2019 as compared to RM520.83 million in the previous financial year. Affin Hwang Capital managed to deliver a strong performance within the Group and Bank recording a higher YOY PBT of RM174.51 million and RM125.39 million, respectively, compared to RM160.49 million and RM91.27 million, respectively, in FY2018.

Despite the lacklustre market in 2019, our Securities business was able to increase our market share from 12.58% in FY2018 to 12.92% in FY 2019 on the back of a decline in the Average Daily Traded Value in Bursa Malaysia of 19% YOY.

AFFIN HWANG CAPITAL – MANAGING RISKS AND OPPORTUNITIES

The outbreak of Covid-19 has caused global turmoil and disruptions to the financial market. Government intervention is necessary to help the economy and businesses through this period of time. While we are optimistic that the Malaysian Economy and the domestic capital markets will improve due to the Government's Fiscal and Monetary Policy, the recent Bantuan Prihatin Nasional (BPN) package announced by Prime Minister YAB Tan Sri Muhyiddin Yassin and the allowance of increase in Operation Capacity by the Ministry of International Trade and Industry (MITI), we will continue to take cognisance of the development of the Malaysian market as there may be time lag in the Government's effort to be monetised.

In addition, we are still vulnerable to the global macro factors, such as the US Presidential Election, US-China trade war, and the crash in oil price due to the price war between Saudi Arabia and Russia.

These factors will continue to dominate the sentiment and direction of Malaysia's currency and asset prices as well.



Despite the challenges, we are positive that opportunities exist for Affin Hwang Capital to capitalise and drive our business growth. For example, Affin Hwang Capital led the private placement of Serba Dinamik Holdings Bhd (Serba Dinamik) on 24 April 2020, representing the largest fund raising exercise in Malaysia since January 2018, during the movement control order (MCO) period. The private placement involved the issuance of 394 million new shares, which represented 10% of Serba Dinamik's total number of issued shares. The Investment Banking business seeks to provide a comprehensive and value-added advisory support to clients through Fund Raising, Merger & Acquisitions (M&A), Corporate and Project Advisory, while the Securities Business will continue developing new capabilities and expanding its market foothold on untapped markets.

AFFIN HWANG CAPITAL – OUTLOOK AND PROSPECTS

Moving forward, we were cautiously optimistic going into the new year as similar themes were expected to continue from before. Economic outlook for 2020 was positive, supported mainly by domestic demand, with downside risks dominated mainly by external factors. However, the recent outbreak of Covid-19 has since escalated into a global pandemic with many countries including Malaysia implementing unprecedented

containment measures. These measures had resulted in concurrent demand and supply shocks that are now pointing to a sharp contraction of economic activities in advanced and emerging economies as well as in Malaysia.

With global growth expected to contract from this unprecedented health crisis, and weak domestic demand, Affin Hwang Capital forecasts Malaysia's GDP to contract by -3.5% in 2020. The expected output loss from the MCO and commodities supply disruptions are partially mitigated by ongoing large-scale infrastructure projects, economic stimulus and monetary measures. The resilience of the Malaysian economy will benefit from its diversified sources of growth, strong fundamentals and robust policy framework, and is expected to come out of this episode stronger in 2021.

Affin Hwang Capital is committed to striving for sustainable growth through the provision of comprehensive and value added advisory support to clients, enhancing clients' experience and continuing to develop new capabilities and expanding its markets, as well as embarking on a series of digital initiatives as its business strategy aimed at future-proofing business and to create seamless investing journeys.

MANAGEMENT DISCUSSION & ANALYSIS



AFFIN MONEYBROKERS SDN BHD

2019 KEY OBJECTIVES

- To strive for higher market share
- To reward shareholder by maximising profit target
- To be the market leader in the industry

2020 STRATEGIC PRIORITIES

- To strive for higher market share
- To reward shareholder by maximising profit target
- To enhance IT operations, to improve product, process and information
- To employ talented staff

AFFIN MONEYBROKERS – 2019 OPERATIONAL REVIEW

The higher brokerage income performance for year 2019 was mainly due to active market conditions and the strategic initiatives implemented to capture a larger market share. Affin Moneybrokers Sdn Bhd (“AMB”) is among three broking houses in the Money Broking Industry in Malaysia. Our continued financial growth is attributed to the various marketing and promotion activities undertaken during the financial year as well as the introduction of new services.

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

We also leverage on new technologies to improve operational efficiency and to reduce working costs. Our continued expansion of strategic alliances with foreign partners have also contributed to our improved performance.

MANAGEMENT DISCUSSION & ANALYSIS

AFFIN MONEYBROKERS – FINANCIAL REVIEW

In 2019, AMB posted a significantly improved financial performance with net profit surging by 78.8% to post at RM1.9 million. Stronger net profit was underpinned by expanded income of RM12.8 million, 26.1% higher YOY (FY2018: RM10.1 million).

Income growth stemmed from improved top line performance from all desks:-

DESK	INCOME (RM' 000)	YOY CHANGE
Forward/Deposit	4,213	18%
Money Market	1,945	23%
Derivatives	1,662	6%
Fixed Income	2,770	124%
Islamic	828	17%

The strong financial performance was realised despite a difficult operating environment with declining market volumes, a reduced brokerage structure and tremendous volatility in the financial markets.

AFFIN MONEYBROKERS – MANAGING RISKS AND OPPORTUNITIES

With the possible consolidation or merger of money broking companies and the globalisation of financial markets, the resulting borderless trading will see the entry of large international foreign money broking companies competing in the domestic inter-bank market. These companies have a wide network and are superior in term of technology and technical expertise. Their innovative skills to introduce new products and services will have an impact on local money broking companies.

BNM will be allowing more e-trading platforms to operate in the wholesale inter-bank market that will severely impact the revenue of the industry. The company is engaging with partners to provide similar services to overcome competition posed by electronic trading.

AFFIN MONEYBROKERS – OUTLOOK AND PROSPECTS

It is evident that current economic and geo-political concerns, both globally and domestically, have caused grave volatility in financial markets forcing governments and regulatory authorities to impose several measures to regulate market activities. Companies would have to employ experienced, talented and fresh graduate staff to enhance the company's performance and boost the company's profits.

The above situation would inevitably lead to rising operational costs and reduction in brokerage fee structures with opportunities to remain competitive becoming much sort after. These include innovative marketing and promotional activities; investment in latest technologies for effectiveness and efficiency; and the formation of strategic alliances with foreign partners.

Additionally, some changes in the government regulations have been seen as a threat to the industry. The possibilities of international money broking companies competing in the domestic market and BNM's encouragement on the use electronic trading will have adverse impacts on the money broking industry's revenue.

Moving forward, we have set our year 2020 strategic priorities to strive for higher market share through improving broking skills, and to improve customer engagement through knowledge and professionalism. We are also focused on enhancing our IT operations in order to improve product, process, and information processes to maximise profits and be a leader in the industry.

MANAGEMENT DISCUSSION & ANALYSIS



AXA AFFIN LIFE INSURANCE BERHAD

2019 OBJECTIVES

Transformation into the preferred Health & Protection player driven by:-

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

2020 STRATEGIC PRIORITIES

- Build and reinforce our distribution networks with a more differentiated approach on agents by having 25% full time agents by 2023
- Deepen existing Bancassurance relationships with Affin and Citibank
- Building AXA as a strong partner of choice for delivering innovative solutions to emerging customers and being the leading digital insurer
- Digital initiatives to reach the Young and Emerging population and to target the Millennials segment
- Becoming the most customer centric insurer in Malaysia
- Becoming the most inspiring company to work for

AXA AFFIN LIFE – 2019 OPERATIONAL REVIEW

AXA AFFIN Life Insurance Berhad (“AALI”) grew at 74% in the life insurance market that is growing at 15% in 2019 which is five times the market growth and was the fastest growing life insurer in Malaysia. AALI was also the Number One Digital Insurer in Malaysia with clear market dominance and recognition for InsurTech thought leadership, which focuses on offering low barrier to entry e-medical cards, custom built for millennials and young families.

AALI was the only insurer from Malaysia to be shortlisted for Top 3 Health Insurer of The Year at the Asia Insurance Review Awards 2019. AALI has also implemented more than 40 Robotic Process Automation (RPA) to improve operational efficiency and innovation enhancement.

The company has a strong team with significantly lower attrition versus 2018 and has a great AXA culture as evidenced in the strong employee net promoter score for the year.

MANAGEMENT DISCUSSION & ANALYSIS

Strategies that were initiated

Transformation into the preferred Health & Protection player was driven by:-

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

2019 Achievements (Financial)

- Break-even of underlying earnings for 2019 one year ahead of our budget
- Annualised Premium Equivalent (APE) grew by 74% of previous year
- Gross Revenue Protection and Health (GR P&H) grew by 25% of previous year
- Improvement in New Business Value (NBV) from RM 32.2 million in 2018 to RM 34.9 million in 2019

2019 Achievements (Non-Financial)

- Number One Digital Insurer in Malaysia with clear market dominance and recognition for InsurTech thought leadership
- Employee Net Promoter Score (eNPS) moved from +6 in 2018 to +33 in 2019
- The first-in-the-market revolutionary insurer to offer online medical card with low barrier to entry, custom built for millennials and young Malaysian families
- The first insurer to offer complete agile human resource proposition
- The first insurer to offer discounts linked to fitness tracker steps
- Implemented “Get Ubat” (DoctorOnCall), an online doctor consultation, specialist booking and medicine delivery to home with Wealth Protect Assure campaign
- Executed more than 40 Robotic Process Automation (RPA) to improve operational efficiency
- Enhanced presence in Seremban by opening a branch in Seremban, Negeri Sembilan with the aim to increase the customer contact frequency by offering the Seremban community in-branch solutions and providing an extensive array of products

Awards Won and Finalists

- Most Innovative Marketing Campaign – Step It Up+ - Insurance 2019
- Top 3 Health Insurer by Asia Insurance Review 2019
- Best Brand Experience Award 2019 – CX Asia Excellence Award 2019 (Silver Award)
- Top 100 Asia's Best Employer Brand Award 2019
- Excellence in HR through Technology and CEO with HR Orientation 2019
- Company of the Year Award (Blood Donation Drive & Breast Cancer Awareness) – CSR Malaysia Award 2019

AXA AFFIN LIFE – FINANCIAL REVIEW

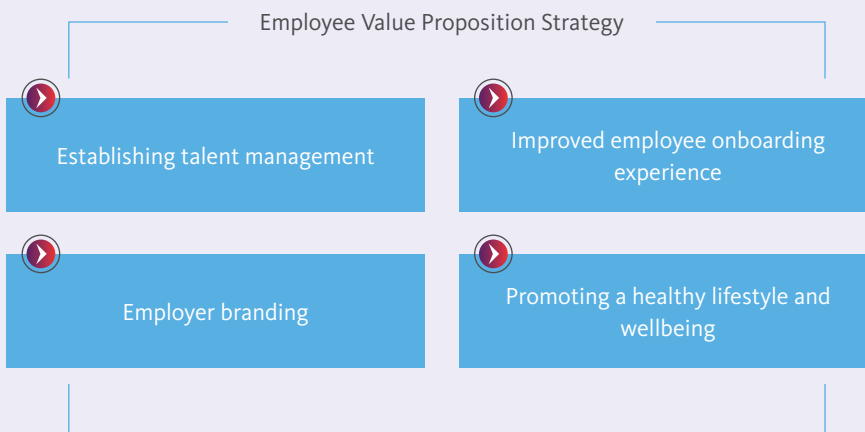
In the financial year, AALI saw its Annualised New Business Premium (“APE”) grew by 74% in 2019 and 31% above the budget. Underlying Earnings (“UE”) improved from previous year by breaking even, attributed to better operational performance.

Loss after tax for FY2019 increased to RM7.6 million (FY2018: Loss after tax of RM6.1 million) mainly driven by higher reserves due to downward shift of the yield curve.

AXA AFFIN LIFE – MANAGING RISKS AND OPPORTUNITIES

The rapid spread of Covid-19 has been declared a pandemic. Globally, increasing measures are being taken to contain it and these have led to a significant volatility in the financial markets and resulting in an adverse impact on the global business and economic activity. However, this pandemic could create an opportunity for life insurers to boost life insurance sales and hopefully, increase insurance penetration among Malaysians. AALI aspires to grow the business and measures taken to reduce this risk include being vigilant and to develop the agility to rapidly respond to overcome challenges and seize opportunities common or unique to any particular channel.

AALI Strategic Plan 2020 to 2023



MANAGEMENT DISCUSSION & ANALYSIS

Economic assumptions, particularly interest rates, have significant impact on life insurance companies. To lessen the risks, AALI will continuously focus on improving asset-liability management as well as tactical asset allocations. AALI business focus on Protection and Health businesses reduces the impact of equity volatility on the financial performance of the Company. Maintaining continuous and regular monitoring of solvency and the implementation of trigger alerts to take the appropriate corrective management actions safeguards our stakeholders' interests and our promotion of a risk-based approach to the conduct of our business.

AALI Strategic Plan 2020 to 2023 addresses skill gaps that need to be closed via an employee value proposition strategy of building a high-performance culture and the strengthening of capabilities. This include establishing talent management, improved employee onboarding experience, employer branding, and

promoting a healthy lifestyle and wellbeing amongst employee through continuous employee engagement. The International Accounting Standards Board in March 2020 has decided to defer the International Financial Reporting Standard (IFRS)/MFRS 17 to 1 January 2023, this will change the way how insurance companies recognise their revenue and profit. To lessen the impact, AALI will remain focused on increasing the scale of its Protection and Health business.

AXA AFFIN LIFE – OUTLOOK AND PROSPECTS

In meeting the standards of more sophisticated and informed consumers, traditional distributors need to enhance their capabilities and be digitally enabled to address the rising specific needs of emerging customer segments. Established players with developed agency forces and big bancassurance deals had better opportunities to invest and influence market movements.

AALI will adopt a 3-pronged approach of direct online/e-commerce, digital partnerships, and online to offline partnerships to build a sustainable InsurTech ecosystem to penetrate the underserved lower income emerging customer market segment to drive growth. The company is focused on product innovation and continuous improvement through robotics process automation (RPA) across the channels to improve efficiency and processes. We will also continue to enhance traditional distributors by providing digital support to enrich their productivity and service quality to serve the emerging customer needs. We will continue to strengthen governance and risk management standards in managing risks, particularly in light of changing regulatory environment, evolving business models and the greater adoption of technology.

AXA AFFIN GENERAL INSURANCE BERHAD

2019 FOCUS

- Selective growth: Shift in business mix towards commercial lines, lifestyle and individual health segments
- Efficiency: Drive efficiency through LEAN methodology/Robotics
- Customer Experience: Number of customers to reach two million by financial year 2020
- Building Capabilities: Structural re-alignment to optimise resources while continuing to maintain the headcount at the same level through efficiency drive

2020 STRATEGIC PRIORITIES

- Profitability – Building a sustainable business portfolio
- Growth – Focus on growing preferred segments
- Customer centricity – Provide better customer experience through simplification and payer-to-partner initiatives
- Efficiency – Reduce claims cost and optimise expenses

2019 has been a challenging year amidst the impact of de-tariffication and slow economic activities particularly on infrastructure investments.

RM'000	2019	2018	% Growth
Gross Premium	1,349	1,462	(7.7)
Profit After Tax	67.2	100.2	(32.9)

MANAGEMENT DISCUSSION & ANALYSIS

AXA AFFIN GENERAL - 2019 OPERATIONAL REVIEW

The general insurance sector in 2019 continued to be impacted by the phased implementation of de-tariffication of motor and fire insurance, resulting in a 1% contraction as of third quarter of 2019. However, we managed to make good progress on our strategic priorities in selective growth, efficiency, customer experience and building capabilities.

Driven by a strong purpose to empower people to live a better life, AXA recognises that its business goals and commitment to customers are engendered through the actions of its People. In 2019, we focused on talent development to accelerate our people's capabilities to develop their full potential to support and deliver greater value to our customers and partners.

The AXAPRENEUR programme was launched to accelerate employees' skills in preparation for Industry 4.0. This initiative was executed to foster and drive a culture of innovation and agility in AXA to enhance customer experience and more importantly, to deliver customer value. As a result, we have implemented various cutting-edge projects across different functions to achieve a total targeted innovation value of RM8.3 million.

We have also launched an industry first in Alex the Robot, which has successfully reduced recruitment turnaround time by 70% allowing employees to focus on value-added tasks instead of manual administrative work. Similarly, Amber – the CEO's artificial intelligence chatbot assistant, was deployed to seek employees' feedback throughout their career journey with the Company.

On a separate note, we have continued to implement existing strategies that have proven effective. In our effort to continue

to drive efficiency and to enhance customer experience, we have launched AXA Travel Insurance Claims Journey to review and improve the claims experience for our travel insurance customers. End-to-end customer journey and feedback were reviewed, and the findings had provided valuable insights into service gaps, identification of 'pain points' and opportunity to improve industry practice. As a result, we created the Travel Online Claims Portal as a one-stop centre for customers to submit their travel claims online in an easy, fast and paperless manner.

AXA AFFIN GENERAL – FINANCIAL REVIEW

As part of our strategy for profitable growth, we were more focused on the preferred business segments and hence there was an overall decline of 7.5% in gross written premium. We closed the year with a gross written premium (GWP) of RM1.35 billion (2018: RM1.46 billion), registering a PAT of RM67.2 million (2018: RM100.2 million).

AXA AFFIN GENERAL – MANAGING RISKS AND OPPORTUNITIES

The evolving consumer preferences and transformation in distribution channels may pose as challenges to some players but these are viewed as opportunities for us. We will be investing resources in this area of customer segmentation with digital capabilities enabled to ensure we are at the forefront of innovation.

Digitalisation is the key and way forward for our journey to transform and grow. We embraced lean processes and automation to serve our customers more efficiently and have invested in robotic process automation (RPA) and deployed more than 100 bots across the Company.

This investment has manifested itself into a 95% improvement in quality and the speed of everything we do. It has also reduced labour intensive work with value-added activities that focused on developing employees to achieve our Payer-to-Partner strategy.

AXA AFFIN GENERAL – OUTLOOK AND PROSPECTS

Moving forward, the Motor segment business is expected to remain the largest contributor to the market in terms of gross written premiums. As such, it is our ambition to remain not only strong in this segment but to be more selective with focus on the profitable segments.

Commercial lines as well as Lifestyle and Individual Health segments will be our focus for greater profitability, to complement the overall portfolio mix. The main foreseeable trends identified for 2019 to 2020 are disruptive technology, lifestyle, wellness wearables and increase in demand for usage-based insurance.

In essence, our 2020 focus is centred on building a sustainable business portfolio to ensure sustainable profitability and expanding our market share in our preferred segments. We remain committed to providing better customer experiences through process simplification and payer-to-partner initiatives and driving greater efficiency to reduce claims costs and operating expenses towards boosting the competitiveness of our offerings.

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

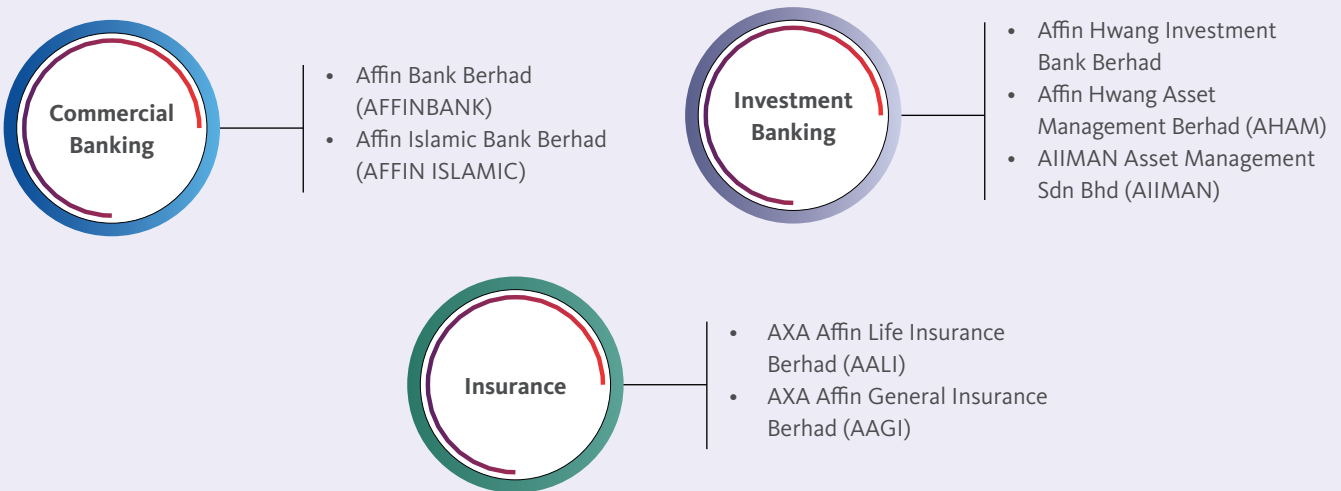
THIS IS OUR FOURTH ANNUAL SUSTAINABILITY STATEMENT (THE STATEMENT), REPRESENTING OUR SUSTAINABILITY PERFORMANCE, INITIATIVES AND ACHIEVEMENTS FOR THE REPORTING YEAR 1 JANUARY 2019 TO 31 DECEMBER 2019 (FYE2019). THIS YEAR, WE HAVE ALSO MADE DISCLOSURES, AS GUIDED BY THE MAIN MARKET LISTING REQUIREMENTS ON SUSTAINABILITY REPORTING BY BURSA MALAYSIA AND THE GLOBAL REPORTING INITIATIVES (GRI) STANDARDS IN DEMONSTRATING OUR REFRESHED PERSPECTIVES, APPROACHES AND PROGRESS IN MANAGING THE ECONOMIC, ENVIRONMENTAL AND SOCIAL (EES) IMPACTS ARISING FROM OUR BUSINESS OPERATIONS.



SUSTAINABILITY STATEMENT

Data and information disclosed in this Statement covers the following entities collectively referred to as the “AFFIN Bank Group” or the “Group” across three business segments, i.e. Commercial Banking, Investment Banking and Insurance, operating in Malaysia, unless otherwise stated.

Our reporting scope for this reporting period is similar to the previous Sustainability Statement. We will continue to enhance the disclosure of our sustainability performance of these entities before we expand our reporting scope across our value chain in future reporting.

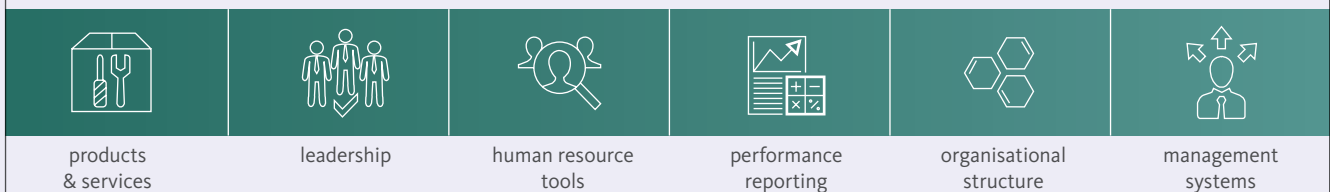


Our sustainability aspirations are aligned with the United Nations Sustainable Development Goals (SDGs), the Value-Based Intermediation (VBI) framework by Bank Negara Malaysia (BNM), Sustainable & Responsible Investment (SRI) Roadmap for the Malaysian Capital Market and Shared Prosperity Vision 2030 where appropriate. The United Nations SDGs are universal targets set to be achieved in 2030 for global sustainable development. Our main objective is to play a role in supporting Malaysia’s economic growth by aligning applicable SDGs that our business operations have greatest impact on.

AFFIN Bank Group contributes to the relevant SDGs through the management of eleven (11) established sustainability matters across Economic Environmental and Social (EES) aspects. These SDGs are represented by their icons for every identified sustainability matter throughout the statement.

VALUE-BASED INTERMEDIATION (VBI) SCORECARD AND SRI FRAMEWORK ISSUED BY BANK NEGARA MALAYSIA (BNM)

In accordance with the strategic management tool – the VBI Scorecard, allows us to realign our current business priorities and practices through integration of the key underpinning thrusts of VBI into:-



Performance assessments are required for the compilation of relevant information and data that can measure the progression of Islamic Banking Institutions (IBI) in advancing VBI.

* Source: Value-based Intermediation Scorecard Consultative Document by BNM

SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE

The roles and responsibilities of the leadership team and various governing bodies within the Group is crucial, to stimulate the transformation of sustainability culture, seamless integration of the Group's values and effective implementation of sustainability initiatives across the business operations. In 2018, we established a Sustainability Governance Structure that consists of the Board of Directors, Group Board Risk Management Committee, Management Committee, and the Sustainability Working Group.

1. BOARD OF DIRECTORS (BOD or the Board)

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



2. GROUP BOARD RISK MANAGEMENT COMMITTEE (GBRMC)

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



3. MANAGEMENT COMMITTEE (MCM)

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



4. SUSTAINABILITY WORKING GROUP (SWG)

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

Figure 1 – Sustainability Governance Structure

SUSTAINABILITY STATEMENT

AFFIN BANK GROUP'S SUSTAINABILITY ROADMAP

In the past 5 years, the move towards sustainability in Malaysia has grown through implementation measures by BNM and Securities Commissions Malaysia ("SC"). Most recent efforts include BNM's announcement of new reporting requirements for financial institutions to report exposure to climate-related risks and impacts. Similarly, the SC and World Bank has released the SRI Roadmap to facilitate the development of SRI for the Malaysian Capital Market.

The SRI Roadmap provides the strategic directions and recommendations for the creation of a facilitative ecosystem to accelerate the development of Malaysia as a regional SRI centre. In charting the SRI Roadmap, thorough assessment of the global sustainable investment markets as well as the domestic landscapes has been undertaken to formulate the recommendations. We are continuously exploring the opportunities to deliver the intended outcome of these national and global sustainability aspirations through business practices and product offerings to generate positive impact to the economy, environment and society.

Internally, we have embarked on constructing a sustainability roadmap to determine short, medium and long-term plans in creating value for our various business and stakeholders of AFFIN Bank Group. Following the establishment of this roadmap, we would effectively address Economic, Social and Governance (ESG) issues with regards to our operations, offerings, internal procedures and procurement activities at various stages with measurable outcomes and strategic milestones to track our progress, adjusting our approach whenever necessary.

Across our subsidiaries, we are striving for improved, standardised disclosures of our ESG impacts and strategies to address them. With regards to this, we are guided by the United Nations Sustainability Development Goals, Global Reporting Index standards for sustainability reporting and the FTSE4Good Bursa Malaysia Index.

STAKEHOLDER ENGAGEMENT

As a financial services provider, we are fully aware of the substantial impact we have on our customers and other stakeholders. The Group plays a pivotal role in contributing beyond the development of the industry and empowering the community in which we operate through our EES considerations. This is aligned with the Group's mission in creating value for our stakeholders.

Effective communication is also an essential part of enhancing, understanding and instilling greater appreciation amongst a wider group of stakeholders on our impact and value creation to the economy, community and environment. We acknowledge that the Group's continuous success is hugely driven by our active engagements with our stakeholders. By understanding their needs and addressing their concerns, we are able to incorporate them into our business goals.

In 2018, we conducted a structured stakeholder prioritisation exercise to evaluate the significance of each stakeholder group to the Group's operations, in order to better understand and strengthen our approaches in engaging and effectively responding to our stakeholder's expectations.

Stakeholder Groups	Engagement Method	Matters of Interest	Our Response (refer to the respective sections of this statement)
INTERNAL STAKEHOLDERS			
Board of Directors	<ul style="list-style-type: none"> Board meetings Annual General Meeting Email correspondences 	<ul style="list-style-type: none"> Overall performance and strategic direction Corporate governance practices Responsible investments Human capital management Environmental practices 	<ul style="list-style-type: none"> Sustainable Financial Services Socially Responsible Employer Supportive Community Development
Senior Management	<ul style="list-style-type: none"> Performance assessment and feedback Meetings Townhall sessions Intranet Group corporate events 	<ul style="list-style-type: none"> Overall performance and strategic direction Operational efficiency Innovative services and products Good rapport with stakeholders Corporate governance practices Human capital management Environmental practices 	<ul style="list-style-type: none"> Sustainable Financial Services Socially Responsible Employer Supportive Community Development

SUSTAINABILITY STATEMENT

Stakeholder Groups	Engagement Method	Matters of Interest	Our Response (refer to the respective sections of this statement)
INTERNAL STAKEHOLDERS			
Employees	<ul style="list-style-type: none"> Employee Engagement Surveys Performance assessment and feedback Intranet Meetings Townhall sessions Group corporate events Grievance handling systems 	<ul style="list-style-type: none"> Talent and succession planning Employee welfare Career progression Ethical business practice Information and data security Environmental practices 	<ul style="list-style-type: none"> Sustainable Financial Services Socially Responsible Employer Supportive Community Development
EXTERNAL STAKEHOLDERS			
Investors/ Shareholders	<ul style="list-style-type: none"> Roadshows Investor Relations Annual General Meeting Corporate website 	<ul style="list-style-type: none"> Overall performance and strategic direction Impact of products and services Corporate governance practices Strategic collaborations/partnerships 	<ul style="list-style-type: none"> Sustainable Financial Services Socially Responsible Employer
Regulators/ Government Bodies	<ul style="list-style-type: none"> Meetings Forums Regulatory briefings Programmes organised by regulators/government bodies 	<ul style="list-style-type: none"> Products & services Ethical business practice Overall performance Regulatory compliance Information & data security Corporate governance practices 	<ul style="list-style-type: none"> Sustainable Financial Services Socially Responsible Employer
Individual and Non-Individual Customers	<ul style="list-style-type: none"> Customer Satisfaction Surveys Social media Customer service channels Meetings/site visits Corporate website 	<ul style="list-style-type: none"> Products & services Streamlined customer services Ethical business practice Personal data protection Transparency in sales & marketing 	<ul style="list-style-type: none"> Sustainable Financial Services Socially Responsible Employer
Analysts/ Rating Agencies	<ul style="list-style-type: none"> Meetings Analysts briefings/forums 	<ul style="list-style-type: none"> Products & services Ethical business practice Regulatory compliance Financial performance 	<ul style="list-style-type: none"> Sustainable Financial Services
Media	<ul style="list-style-type: none"> Meetings Media releases Press conferences 	<ul style="list-style-type: none"> Good governance practices Societal impact Open and transparent communication 	<ul style="list-style-type: none"> Sustainable Financial Services Supportive Community Development
Business Partners/IT Outsource Partners	<ul style="list-style-type: none"> Corporate website Meetings 	<ul style="list-style-type: none"> Strategic collaborations/partnerships Products and services Transparency in sales and marketing Regulatory compliance Financial performance 	<ul style="list-style-type: none"> Sustainable Financial Services
Employee Unions	<ul style="list-style-type: none"> Meetings Townhall sessions Group corporate events 	<ul style="list-style-type: none"> Regulatory compliance Financial performance Human capital development Fair employment practices 	<ul style="list-style-type: none"> Socially Responsible Employer
Vendors/ Suppliers/ Contractors	<ul style="list-style-type: none"> Meetings Corporate website 	<ul style="list-style-type: none"> Regulatory compliance Financial performance Supply chain management 	<ul style="list-style-type: none"> Sustainable Financial Services
Industry/Trade Associations	<ul style="list-style-type: none"> Meetings Public partnerships 	<ul style="list-style-type: none"> Strategic collaborations/partnerships Products & services 	<ul style="list-style-type: none"> Sustainable Financial Services
Local Communities/ Non-Government Organisations (NGO)	<ul style="list-style-type: none"> Meetings Volunteer activities Forums Corporate Social Responsibilities programmes 	<ul style="list-style-type: none"> Ethical business practices Societal and environmental impact Indirect economic contribution 	<ul style="list-style-type: none"> Sustainable Financial Services Supportive Community Development

Table 1 – Summary of stakeholder engagements

SUSTAINABILITY STATEMENT

MATERIALITY ASSESSMENT

In 2018, we also conducted a materiality assessment process to identify and prioritise sustainability matters with significant impact to our business operations and stakeholders. In identifying the sustainability matters we have considered both internal and external factors, including the current and emerging global risks and opportunities associated with the financial services industry. This is also based on industry-specific references and publications such as the UN SDG Industry Matrix for Financial Services and sustainability-related disclosures by peer organisations. A total of 11 sustainability matters, that represent the Group’s key areas of managing EES were identified.

We conducted a Sustainability Impact Assessment to determine the level of importance of each sustainability matter to the Group. Participated by the members of the SWG, where relevant, we leveraged on our existing business risks evaluation parameters to rate the likelihood and impact of occurrences of risks events and materialisation of opportunities associated with the sustainability topics.

In 2018, we also conducted a stakeholder prioritisation exercise to identify the key internal and external stakeholder groups to AFFIN Bank Group. Based on the outcome of the stakeholder prioritisation exercise, we engaged with both our key internal and external stakeholders to gauge their perception on the identified sustainability matters.

The Group still observes the materiality assessment which is still relevant to the current economic environment. We analysed the outcome of the Sustainability Impact Assessment (which represents the business perspective) and survey responses (which represents the stakeholders perspective), resulting in a materiality matrix that depicts the sustainability matters of significance to our business and stakeholders, as shown in Figure 2.

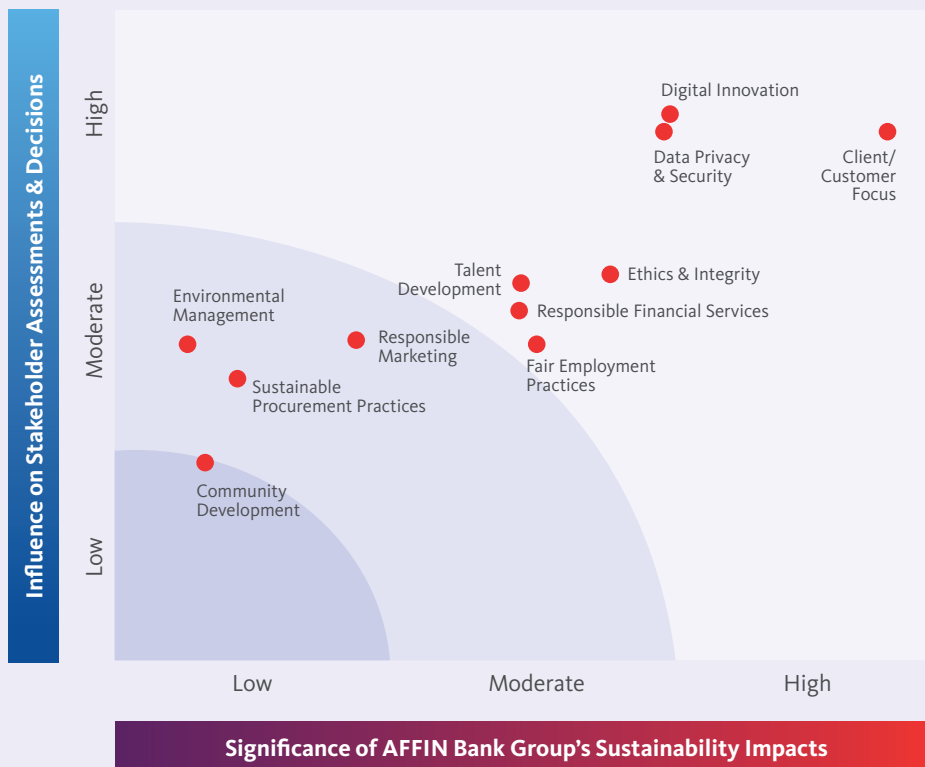


Figure 2 – Materiality Matrix

SUSTAINABILITY STATEMENT

The Materiality Matrix, as approved by the Board, shows that Client and Customer Focus, Digital Innovation, Data Privacy and Security, Ethics and Integrity and Talent Development have emerged as the Group's top five sustainability matters.

As shown in Figure 3 below, our sustainability matters are grouped into three themes – Sustainable Financial Services, Socially Responsible Employer and Supportive Community Development. Backed by AFFINITY, our strategic transformation programme – Figure 4 on the following page, further illustrates on how these sustainability matters act as key enablers, in support of our holistic strategic vision, governance structure and operations, in transforming our various capitals (e.g. in the form of financials, skilled talent, infrastructure/technology, etc.) into bringing value to both our business and stakeholders. Efforts to manage and monitor the Group's performance of these sustainability matters are discussed in the following sections of our Sustainability Statement.



Figure 3– AFFIN Bank Group's sustainability matters

SUSTAINABILITY STATEMENT

CREATING VALUE

In embracing the challenge to embed sustainability practices within the Group, we allocated capitals into our operations across various business segments. These strategic allocations allow us to ensure we sustain profitable growth as well as continuously create value for the Group and all of our stakeholders. Our journey towards value creation is represented by how we connect and address the said capitals with the management of our sustainability matters. Throughout the remaining sections of the statement, icons representing the relevant UN SDGs to identify its intrinsic connection with the sustainability matters being discussed.

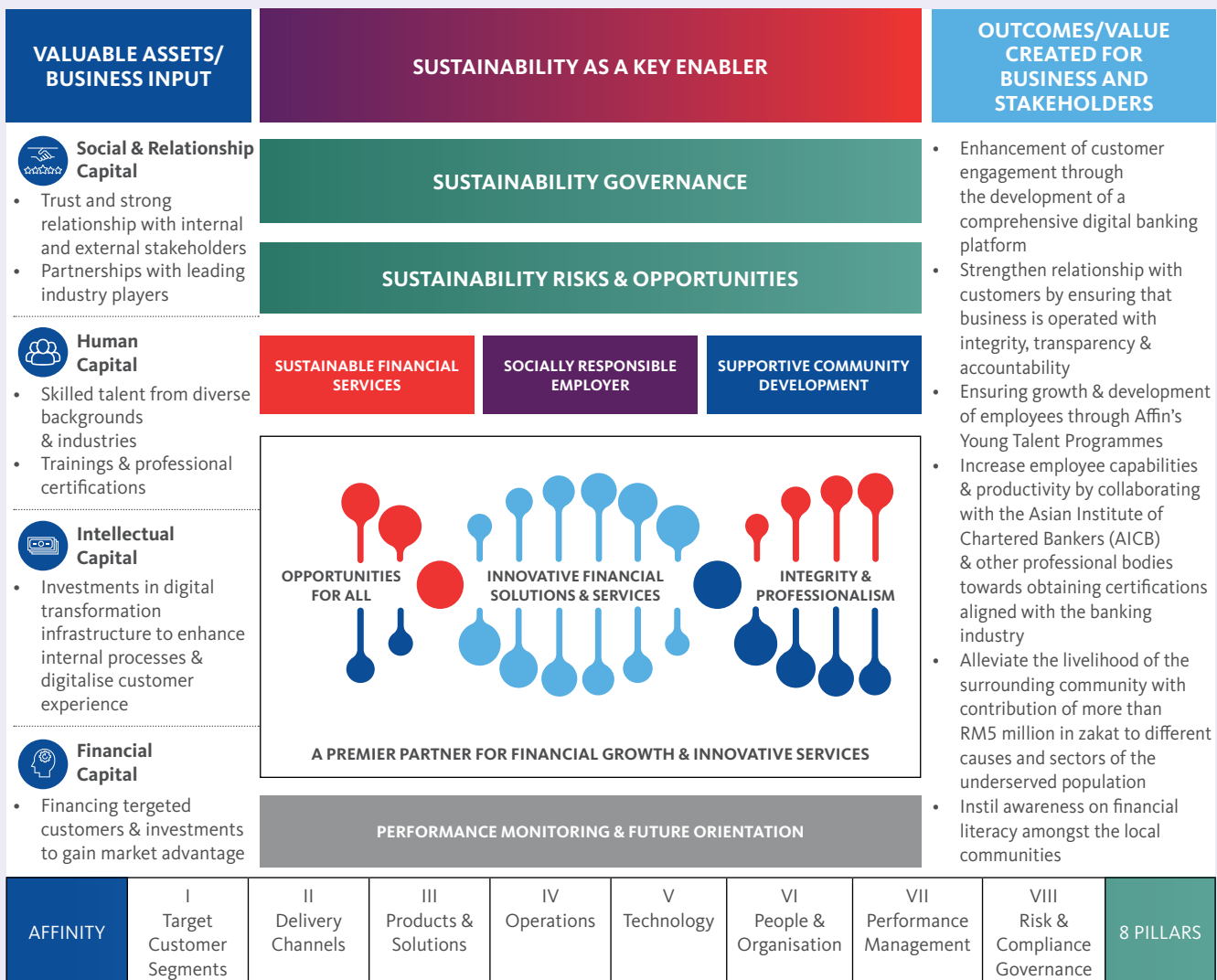
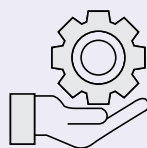


Figure 4 – How AFFIN Bank Group creates value

SUSTAINABILITY STATEMENT



THEME 1

SUSTAINABLE FINANCIAL SERVICES

Financial institutions are facing increasingly stringent and complex local and global regulatory environment. This situation demands us to strengthen internal controls and operating effectiveness of business processes, including the risk culture and reporting practices. By addressing these challenges, the Group is committed towards delivering sustainable and responsible products and services to meet the financial needs of all. We remain focused on cultivating and building the trust and credibility with our existing and potential customers. We understand the importance of staying abreast with technological innovation and we embrace digital evolution in a transparent, inclusive and responsible manner.

Sustainability Matters	Sustainability Initiatives	Outcomes	Value Created
Client/Customer Focus	<ul style="list-style-type: none"> Customer Satisfaction Surveys Policies & frameworks in regards to monitoring & managing customers' satisfaction Regular engagement with customers 	<ul style="list-style-type: none"> Simplified & improved customer experience Promote customer-centricity mind-sets 	<ul style="list-style-type: none"> Increase customer loyalty & trust Increase brand reputation
Digital Innovation	<ul style="list-style-type: none"> Digital Roadmap & Strategies Robotic Process Automation ("RPA") application 	<ul style="list-style-type: none"> Enhance operational efficiency Maximise operational cost efficiency & productivity 	<ul style="list-style-type: none"> Enhance customer service for faster and simpler transaction & experience Expand customer reach Faster & simpler business transactions
Data Privacy & Security	<ul style="list-style-type: none"> Establishment of Information Technology ("IT") Risk Framework, IT Security Policy, Data Management Framework & Governance Group Internal Audit conduct independent review 	<ul style="list-style-type: none"> Enhance & secure customer data management 	<ul style="list-style-type: none"> Increase stakeholders' trust & confidence
Ethics & Integrity	<ul style="list-style-type: none"> Compliance with BNM guidelines Adherence to Code of Conduct, Code of Ethics, Whistleblower Policy, Anti-bribery & Corruption Policy Inculcate AFFIN's DNA and AXA's policies (for AALI & AAGI) in our employees. Awareness trainings 	<ul style="list-style-type: none"> Promote an ethics, risk & compliance culture awareness amongst employees Close monitoring of data breaches incidents 	<ul style="list-style-type: none"> Build stakeholders' relationship by ensuring that business is operated with integrity, transparency & accountability Showcase high standards of professional conduct amongst employees
Responsible Financial Services	<ul style="list-style-type: none"> EES considerations when making investments Compliance with Shariah standards Partnerships with financial institutions 	<ul style="list-style-type: none"> Knowledge-sharing with other industry players Delivery of new & innovative products 	<ul style="list-style-type: none"> Gain market and competitive advantage Increase stakeholders' trust & confidence
Responsible Marketing	<ul style="list-style-type: none"> Internal & external frameworks on marketing responsibly Extensive marketing campaigns 	<ul style="list-style-type: none"> Deliver transparent & effective communication on products & services 	<ul style="list-style-type: none"> Expand customer-reach Increase brand reputation
Sustainable Procurement Practices	<ul style="list-style-type: none"> Hiring of local suppliers & vendors Evaluate performance of new suppliers based on EES aspects 	<ul style="list-style-type: none"> Increased purchasing from local suppliers Promotes paperless transactions with suppliers 	<ul style="list-style-type: none"> Develop local economic growth Ensure sustainable practice across the value chain

Table 2 – Summary of Theme 1: Sustainable Financial Services

SUSTAINABILITY STATEMENT

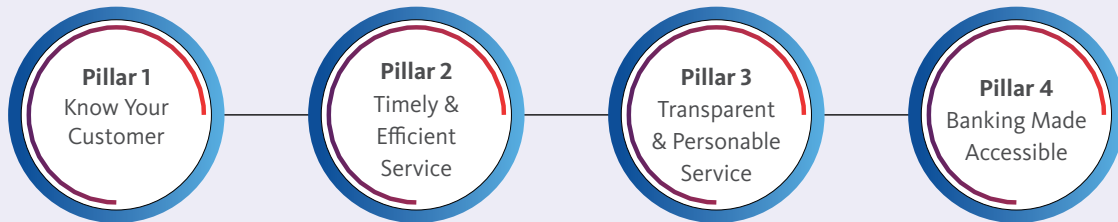
CLIENT/CUSTOMER FOCUS



Customers demand for fast, secured and convenient services, with the privilege to select products and services personalised to their individual needs. These demands will continue to expand the application of more extensive and diverse financial services. Our primary focus is driving customer satisfaction through increased efficiency and improved interaction. We have taken various initiatives to actively engage with our customers and guide them through their financial journey while we discover opportunities to enhance their experience.

Client/Customer Service Charter AFFINBANK, AFFIN ISLAMIC & AAGI

Rolled out in August 2017, AFFINBANK’s Customer Service Charter is an industry-wide agreement which outlines key commitments and standards of service for all banks. The Charter’s four main pillars are:-



AAGI’s Client Charter outlines our commitments to gain customer trust by being the preferred insurance service provider

- Allows us to manage & respond to customers’ complaints & claims

Complaint Management Policy/Procedures

<p><i>AFFINBANK, AFFIN ISLAMIC & Affin Hwang Investment Bank Berhad</i></p> <ul style="list-style-type: none"> • Ensures a suitable mechanism exists for receiving & addressing customer complaints • Specific emphasis on resolving complaints fairly & expeditiously with compliance to relevant regulations & guidelines • Affin Hwang Investment Bank Berhad developed a Customer Complaint guideline based on products, services, activities & operations, taking into account the following governing guidelines, rules & regulations covering the best standards of practice in the handling of complaints which are applicable to the Securities Division & other relevant Divisions • Complaint procedures includes a Complaints Handling Unit & Complaint Mechanism, Branch Complaint Officers at Investment Banking Division & Securities Division 	<p><i>Affin Hwang Asset Management Berhad</i></p> <p>Customer Satisfaction Policy</p> <ul style="list-style-type: none"> • Governs us to continuously improve our processes in accordance with customers’ changing demands & expectations • Goal of building long-term relationships with our customers <p>Feedback Management Policy</p> <ul style="list-style-type: none"> • Step-by-step guide on how we treat & process feedback received, from acknowledgement to execution of solutions • Ensure the feedback process is completed within an agreed timeline <p>Scheduled ‘Call Back’ Policy</p> <ul style="list-style-type: none"> • Customers waiting on the call queue are provided with the option for our contact center to schedule a call at a later time without having them to continue waiting in line • Agents are required to complete all scheduled calls on the same day or latest by the next business day • All calls must be logged in the Customer Relationship Management (“CRM”) system
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SUSTAINABILITY STATEMENT

Imposition of Fees & Charges Policy

AFFINBANK, AFFIN ISLAMIC & Affin Hwang Investment Bank Berhad

Committed to the promoting fairness in the treatment of customers when imposing any fees & charges in the conduct of business activities & offerings of products & services by:-

- ensuring fees & charges levied on financial products & services offered to individuals and Small and Medium Enterprises (“SME”) are equitable to both the customer and the Bank
- standing guided by & comply with the principles & requirements of BNM and other relevant authorities in the pricing of fees & charges to customers
- dealing fairly & honestly with customers at all stages of their relationship



Established as part of AFFINBANK’s AFFINITY Programme, the Customer Experience (CX) Department is responsible for enabling customer driven mind-sets, end-to-end customer service oversight & implementation of AFFIN’s Customer Experience models & frameworks. We have an internal complaint management system where emphasis is placed on improving systems to resolve customers’ complaints & increase efficiency.

CX Department continues to drive service improvement through Customer Onboarding project where we review end-to-end customer journey and aim to improve customer experience for our customers.



The Securities Division’s Retail Business & Corporate Planning, Sales & Marketing (CPSM) Department are responsible for ensuring the customer satisfaction of Affin Hwang Investment Bank Berhad’s operations. Customers’ feedback are collated physically & digitally by the Customer Service (CS) & e-Services (ES) Departments.

Customer Service Project – Examples of Key Initiatives

Create a standardised process flow for CS journey	Upgrade to UC phone, install auto call answering	Reduce unanswered calls & customer complaints
Appoint 1 CS representative at each branch	Reduce Turn Around Time	Setup CS team in centralised location in the next phase

At Affin Hwang Asset Management Berhad, the CX Department is assisted by our Customer Service Department to enhance customer experience by adhering with policies that manage increasing customer demands. Affin Hwang Asset Management Berhad Contact Centre Unit assists the CX Department in driving customer experience initiatives.

SUSTAINABILITY STATEMENT



AALI's Customer Contact Centre acts as the central department to collate and resolve customer complaints & formulating action plans for improvement. The Customer Care team will attend to customers enquiries and concerns from multiple channels including email, web, hotline and escalation from social media.

The CX Department is responsible to drive companywide Customer Net Promoter Score improvement through driving close-gap actions to remove painpoints in key customer journey and promoting implications and paperless initiatives including introducing customer self-service platform.

AAGI's CX Department is responsible for driving a customer focus mindset, identify opportunity to improve the end-to-end customer journey & implementation of Customer Experience Models & Frameworks across the entity.

We take our customers' concerns very seriously and endeavour to minimise the number of complaints. Through engagements with respective business owners, all complaints are analysed and responded in a timely manner. Any gaps found are addressed and measures for process improvements are undertaken, especially on recurring complaints. Complaints from external customers are also accessible and we have established frameworks on internal avenues for complaint appeals. Due to the complexity of some cases, pending complaints have to await resolution through further investigation. The customers are informed of the progress on timely basis. The effective management of customer complaints in the Group is audited by Group Internal Audit on an annual basis.

PERCENTAGE OF CUSTOMER COMPLAINTS RESOLVED

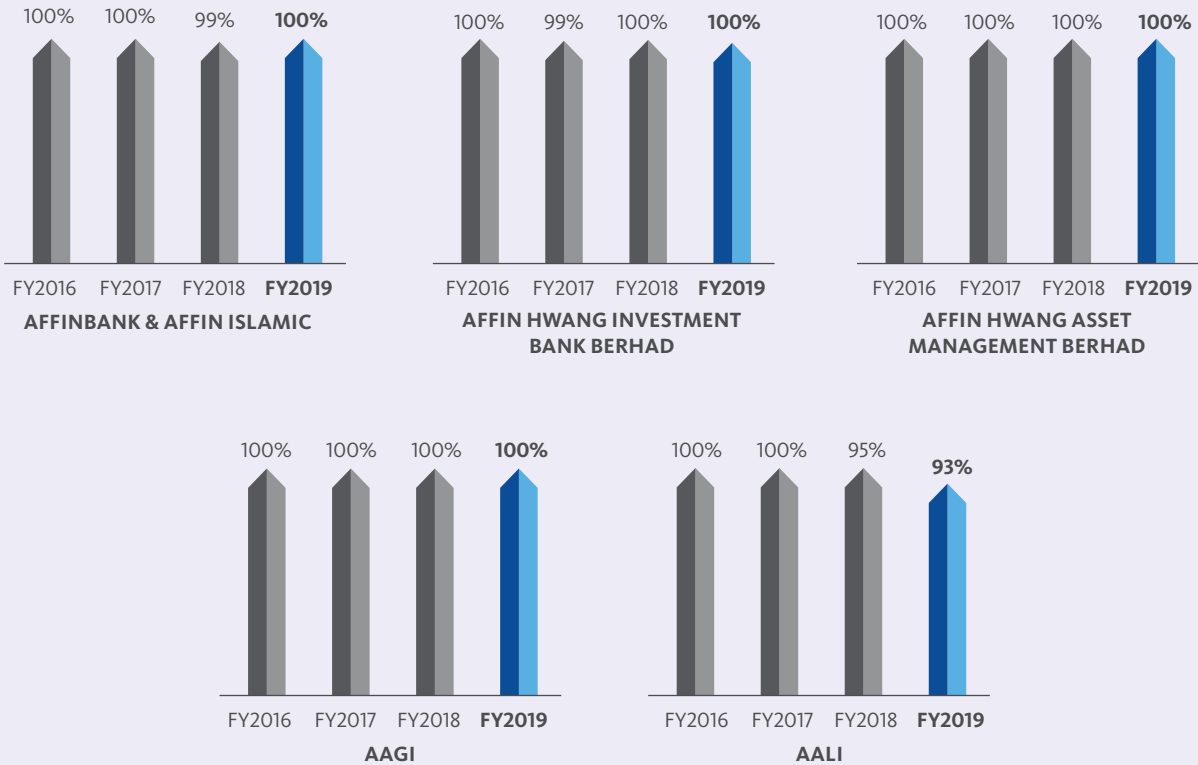


Figure 5 – AFFIN Bank Group's customer complaints statistics

SUSTAINABILITY STATEMENT

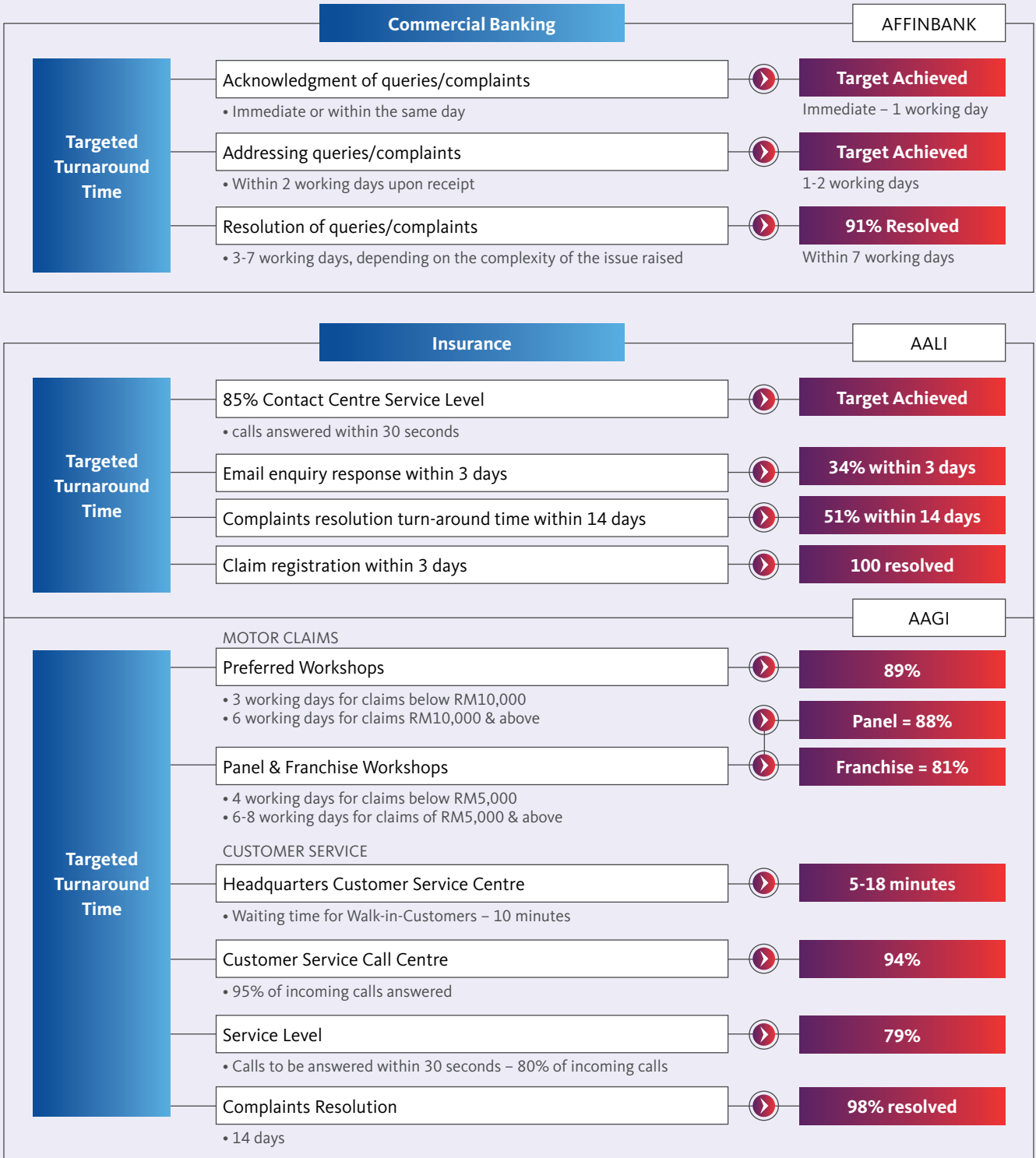


Figure 6 – AFFIN Bank Group turnaround times

SUSTAINABILITY STATEMENT

AALI intends to up-skill our contact centre executives and improve processes to deliver a better customer experience, while AAGI strives to improve customer experience in claims approval process and turnaround time (TAT). We will continue to improve and progress further in the areas mentioned.

Key Initiatives	Description	Achievements
AFFINBANK/AFFIN ISLAMIC		
Customer Experience (“CX”)	<ul style="list-style-type: none"> Introduced Colours of AFFIN for uniformity of dress code for frontline personnel CX Buzz sessions to create awareness on customer focus mindset through interactive session and motivational talk Customer Focus Week to create awareness on CX attributes 	<ul style="list-style-type: none"> Improved customer service Create professional image to staff Embedding CX attributes into day to day life of staff
Affin Hwang Asset Management Berhad		
Contact Center	<ul style="list-style-type: none"> Automated call distribution to agents with no rejections Interactive Voice Response (IVR) option with a self-service function that allows callers to perform routine functions such as i-access password reset Automated ‘call back’ on abandoned calls 	<ul style="list-style-type: none"> Reduced call waiting time Reduced abandoned calls Improved compliance with Service-Level Agreement (SLA) Improved customer call experience
WhatsApp Line	<ul style="list-style-type: none"> Provide alternative channels for customers who are not conveniently reached through voice calls Send notifications to investors before our call to ensure call is answered Faster follow-up for investors or customers or clients who have rejected transactions 	<ul style="list-style-type: none"> Reduced incoming voice calls & emails Faster response time from clients More interactive Allows investors or customers or clients to share certain error pages or request for assistance
Saturday Shifts	<ul style="list-style-type: none"> Provide service calls for customers on Saturdays Provide phone updates & service assistance 	<ul style="list-style-type: none"> Improve rate of answered calls & reach out rate of outbound team Enhance relationship with customers
PRS Reminder & Awareness	<ul style="list-style-type: none"> Provide reminders to PRS Investors to maximise their annual tax relief Promote retirement saving awareness amongst the youth 	<ul style="list-style-type: none"> Customers are able to enjoy tax relief despite busy work schedules Retirement saving plan from a young age & enjoy youth incentives
Loyalty Programme	<ul style="list-style-type: none"> Reward & retain investors Provide perks & privileges to eligible members Provide first hand market insights & VIP access to market events 	<ul style="list-style-type: none"> Build loyalty Improve advocacy Enhance value proposition for new investors or customers or clients acquisition
Investment Literacy Sharing – LTAT Investors	<ul style="list-style-type: none"> Educate Lembaga Tabung Angkatan Tentera (LTAT) investors on the structure of Unit Trust investments 	<ul style="list-style-type: none"> Investors stay on & invest after retired from LTAT
Affin Hwang Investment Bank Berhad & Affin Hwang Asset Management Berhad		
Customer Relationship Management (“CRM”)	<ul style="list-style-type: none"> A centralised platform to store all customer data Provide front liners a customised screen that allows viewing of all customer information such as personal details, investment accounts, last contact date, past activities & service request histories 	<ul style="list-style-type: none"> Enhanced communication between different functional units Improved customer service Greater efficiency for multiple teams Improved analytical data & reporting

SUSTAINABILITY STATEMENT

Key Initiatives	Description	Achievements
AALI		
Simplification Programme	<ul style="list-style-type: none"> Reviewed & improved processes to simplify customers' journey & maximise customer value creation 	<ul style="list-style-type: none"> Reduce policy issuance turnaround time and paperless initiative through e-policy project implementation. Enhanced MyAXA customer portal by introducing self-service online functions include payment instruction alteration, switch fund, top-up premium, easy access to e-medical card and e-policy. Implemented robotic processing automation that reduced claims processing turnaround time. Enhance experience in Health Claims:- <ul style="list-style-type: none"> SMS notification of Guarantee Letter approval upon admission and discharge 90% first hour Guarantee Letter approval rate Reimbursement claims turn-around time improvement from 50% to 85% within 14 days
Customer First Cultural Drive	<ul style="list-style-type: none"> Encourage our employees to be more customer-centric & promote Customer First Culture & behaviour through trainings & employee engagement activities 	<ul style="list-style-type: none"> Implemented service excellence awards to promote customer first behaviour among frontliners. Periodic review and close-gap through tracking of Voice of Customer dashboard.
AAGI		
AXA Travel Insurance Claims Journey	<ul style="list-style-type: none"> To improve the claims experience for travel insurance based on customers' feedback through Customer Satisfaction survey Embark on initiatives to enhance both front and back end Create an easy-to-use Online Claims Portal for customers to submit their claims online on desktop or mobile Implement 'Straight through Processing' with 100% automated process 	<ul style="list-style-type: none"> Hassle-free and speedy claim submission process that will improve customers satisfaction Claims process time is reduced tremendously from 22 days to 5 days. 500 man-hours (3.5 staff) is saved per month through automation and process simplification Overall turnaround time improved by 67% for Travel Claims The turnaround time in finance/payment process reduced by half Automate repetitive work and enable employees to focus on high value tasks

Table 3 – AFFIN Bank Group's efforts in ensuring a customer-focused organisation

We strive to provide the most convenient customer experience for our valuable customers. They are free to provide their feedback on the services received from our employees. Our initiatives improve the processes of our customers' journey and maximise value creation. We also have efforts in place to showcase how we value our customers and trainings to improve our customer-centricity.

Customer Focus – Affin Hwang Investment Bank Berhad



Our segmentised client approach means we have specific desks and resources covering large-cap as well as mid-cap Corporates and the Government sector. We also have dedicated presence in the Klang Valley and Penang to better serve our core markets as well as in East Malaysia to develop markets there. Working seamlessly with products partners, we are developing and offering new products and services to our clients. Leveraging on our large distribution network, we are able to offer end-to-end Investment Banking capabilities and maintain our client-focused approach in providing detailed, tailored solutions to “Out Think. Out Perform.” the competition.

SUSTAINABILITY STATEMENT

We understand that customer satisfaction is driven through improved and efficient engagement. The Group has conducted various surveys and initiatives to gauge our customers' level of satisfaction to improve interaction and better address their needs.

Communication Channels	Description	Frequency of Engagement
AFFINBANK & AFFIN ISLAMIC		
Customer Engagement & Brand Equity Surveys	<ul style="list-style-type: none"> In-depth interviews, focus groups, Computer Aided Telephone Interviews (CATI) & online surveys Evaluates customer loyalty & strength of customers' relationship Derives Relationship Strength Index and Net Promoter Score Evaluates perception of the brand vis-à-vis competitors 	Annually/Biannually
Post-complaint Handling Satisfaction Survey	<ul style="list-style-type: none"> Evaluates the satisfaction of customers towards the overall handling of complaints in terms of responsiveness, employee handling of complaints & the complaint process Evaluates the effectiveness of the service recovery performed 	Monthly Emails
Mystery Shopping Exercise	<ul style="list-style-type: none"> Evaluates how well norms & standards are being conformed to by frontlines across key touchpoints for Consumer & SME Banking 	Annually/Biannually
Affin Hwang Asset Management Berhad		
Post-campaign Surveys	<ul style="list-style-type: none"> Evaluate satisfaction Gather ideas & feedback to improve participation rate Understand factors investors consider when choosing wealth management partners Likelihood of investors to share campaigns with friends & family 	Post Campaign Participation
New Client Welcome Call	<ul style="list-style-type: none"> Welcome new investors on-board & gather improvement feedback Understand customers' reach Level of service provided by sales consultants Compliance check on sales consultants Net Promoter Score 	Upon account opening
Walk-in Surveys	<ul style="list-style-type: none"> Evaluate service quality rendered by customer service Identify positive factors that make walk-in customers happy & areas of improvement through feedback Net Promoter Score 	Upon visit to headquarters office
Assets Under Management ("AUM") Service Call under RM10,000 clients	<ul style="list-style-type: none"> Get in touch with investors & update them on their portfolios Assist investors in areas such as i-access login, investment top-up, switching advice, update of contact details, etc. 	Biannually

SUSTAINABILITY STATEMENT

Communication Channels	Description	Frequency of Engagement
AALI		
Customer Satisfaction & Net Promoter Score Surveys	<ul style="list-style-type: none"> Active engagement with customers to improve their experience Touchpoint triggered surveys through Customer Satisfaction & Net Promoter Score measurements 	Timely surveys triggered by transactions/ touchpoints
Multi-channel Customer Response Platform	<ul style="list-style-type: none"> Customer Service Hotline, Customer Service Email AXA Facebook page, Livechat (online insurance platform) 	Daily (except weekends & Public Holidays)
AAGI		
Instant Customer Feedback (“ICF”)	<ul style="list-style-type: none"> Active customer engagement to improve their experience Instant Customer Feedback Survey to collect instant feedback after services are rendered (e.g. Roadside Assistance, Workshop Repair) 	Daily (except weekends & Public Holidays) via SMS
Customer Experience Tracking (“CXT”) Survey	<ul style="list-style-type: none"> Evaluates customer satisfaction levels 'I am a New Customer' – online survey that applies to new customers who bought a policy in the past 3 months 'i-Claim' – CATI targeted at existing customers who contacted AXA with regards to insurance claims in the last 3 months Feedback received provides information to address concerns Translates problems into opportunities & improves end-to-end customer journeys 	Quarterly
AXA Facebook Page	<ul style="list-style-type: none"> Communication channel via Facebook Messenger to assist customers' enquiries & collect feedback on product & services 	Daily (except weekends & Public Holidays)
AXA Generic Email Inbox	<ul style="list-style-type: none"> Provide alternative modes of communication for the customers customer.service@axa.com.my claims@axa.com.my 	Daily (except for weekends & Public Holidays) via email

Table 4- AFFIN Bank Group's customer engagement channels

DIGITAL INNOVATION



Technology is integrated in every aspect of our lives. In the financial services sector, digital innovation enables companies to drive efficiency, address evolving risks and sustain profitability. This is done by improving our products, offering value-added services, and more convenient customer experiences. We understand the need to invest in digital innovation to adapt with the evolving technological ecosystem, and better serve our customers through a wide range of products and services. Group Internal Audit conduct regular reviews and audits to validate the effectiveness of established controls, with significant issues are promptly remediated.

SUSTAINABILITY STATEMENT

MISSION				
Reform banking experience by capitalising on latest digital technology	Nurture a strong and innovative digital culture		Effective partnerships with relevant Fintechs to accelerate innovations and digital enablement	
AFFINONLINE PERFORMANCE & AWARD <ul style="list-style-type: none"> • Users:- 136% increase (787,632) • Sessions:- 179% increase (2,831,645) • Pageviews:- 127% increase (3,646,331) • Website of the Year Award (Asian Banking & Finance) 	SOCIAL RESPONSE PERFORMANCE <ul style="list-style-type: none"> • Average TAT for FB Comment: 15 mins 43 sec • Average TAT for FB PM: 5 mins 38 sec • 17,714 interactions for social media and live chat sessions 	MYTOWN AWARD <ul style="list-style-type: none"> • Omni-Experience Innovator Award (IDC Digital Transformation Awards 2019) • SMEColony Award • Malaysia Technology Excellence Awards 2019 	E-PAYMENT SERVICES & FEES (EPMCG) <ul style="list-style-type: none"> • 5/7 KPIs achieved as set by BNM 	SOCIAL MEDIA PERFORMANCE <ul style="list-style-type: none"> • AFFINBANK Social Media increase in:- <ul style="list-style-type: none"> - FB Followers: 8.56% - FB Engagement: 3.01% - IG Followers: 18% - IG Engagement: 3.80%
AFFINBANK DIGITAL BANKING ACHIEVEMENTS 2019				
CONTACT CENTRE IVR AND LAUNCH OF CASE MANAGEMENT FOR COMPLAINT HANDLING & AWARD <ul style="list-style-type: none"> • Self Service IVR & Debit/Credit Card PIN via IVR: Live on 1 Jun 2019 • Case Management: Live on 7 Sep 2019 • IVR TPIN: Live on 9 Nov 2019 • Genesys CX Sales and Marketing Performer Award 2019 	LAUNCH OF SOCIAL LISTENING <ul style="list-style-type: none"> • 1 Jul 2019 	LAUNCH OF NEW RIB <ul style="list-style-type: none"> • 3 Sep 2019 	LAUNCH OF DUITNOW VIA RIB <ul style="list-style-type: none"> • 3 Sep 2019 	TELESALES ACHIEVEMENT <ul style="list-style-type: none"> • Contributed RM26,542,234 • Overall channel contribution: 79%

Figure 7 – AFFINBANK's digital transformation plan & achievements

IT Strategy Plan AFFINBANK & AFFIN ISLAMIC

We are proactively upgrading our digital solutions to meet our aspirations of becoming a highly digital & innovative bank with customer-centricity at heart. Technological innovation is integrated within to enhance the efficiency of our internal processes, improve customer experience, as well as safeguard the data & information of our stakeholders.

SUSTAINABILITY STATEMENT

Robotics Governance Framework AFFINBANK, AFFIN ISLAMIC & AAGI

Efforts to transform into a digitally innovative company stems from compliance with Robotic Process Automation (RPA) governance. This ensures security monitoring, change management and other services in place to support the entire RPA platform.

Robotics Process Automation (RPA)

Invested in RPA across various operations to automate manual tasks and allow employees to focus on value-added tasks to better serve customers. Over 100 robots have been deployed successfully and it reduces processing time by 95%, improving quality and speed.



AFFINBANK & AFFIN ISLAMIC's Information Technology (IT) is accountable for supporting business demands & implementing digital banking capabilities respectively. These online banking offerings for corporations as aligned with overall digital initiatives. They work closely with all business divisions to ensure new capabilities & functions can be deployed in a structured & organised manner. The department also manages IT applications to enable stability & smooth running of production systems. SMEColony is a comprehensive resource platform for SMEs to improve business knowledge, enhance financial well-being and expand commercial networking. It is the flagship initiative of AFFINBANK's digital roadmap delivered on a multi-partner and e-commerce SME mobile platform.

AFFINBANK target to roll out ASNB Loan Certificate System in 1Q2020 to speed up the loan/financing disbursement process.



The IT department at Affin Hwang Investment Bank Berhad delivers operational efficiency & stability through automation, innovation & reliable systems. They provide application development, project management and projects delivery to achieve system automation and innovation. Their efforts have strengthen our infrastructure for Business Continuity Planning (BCM) anywhere, through the development and adoption of several digital solutions to reduce costs and improve efficiency.

Affin Hwang Asset Management Berhad's Innovation Lab introduces digital solutions while our Information Services & Technology Department is the key development arm to assist in delivering the necessary requirements. Our Innovation Lab provides guidance on projects within our CX department to ensure it aligns with our firm-wide innovation strategy. The CX team also collaborates with the Information System department to understand user expectations & experiences for system enhancement. Affin Hwang Asset Management Berhad aims to integrate technology in our daily business operations to deliver better services to our customers.



AALI's Digital Department is involved in developing an e-commerce system to effectively deliver digital services & enhanced customer experiences.

The responsibility to embrace technological advancements at AAGI lies with the Digital, Operations Excellence & Customer Experience Departments. These departments ensure digital platforms enable operational efficiency that will enhance customer experience, ensure continuous product & allow channel digitisation. This offers seamless purchases & service experiences across all digital platforms, process improvements through RPA platforms to maximise cost efficiency & productivity, as well as a collaborative approach in digitising customer touch-points.

SUSTAINABILITY STATEMENT

CORPORATE INTERNET BANKING

At AFFINBANK and AFFIN ISLAMIC, we are changing our current Corporate Internet Banking services to a new cash management channel, AFFINMAX, which acts as a single ecosystem participation solution and Financial Supply Chain (FSC) solution. These solutions will be implemented in phases of which the first phase went live in August 2019. The FSC module will offer program lending on community basis designed for Buyer and Supplier to apply for Account Payable (AP) financing or Account Receivable (AR) financing.

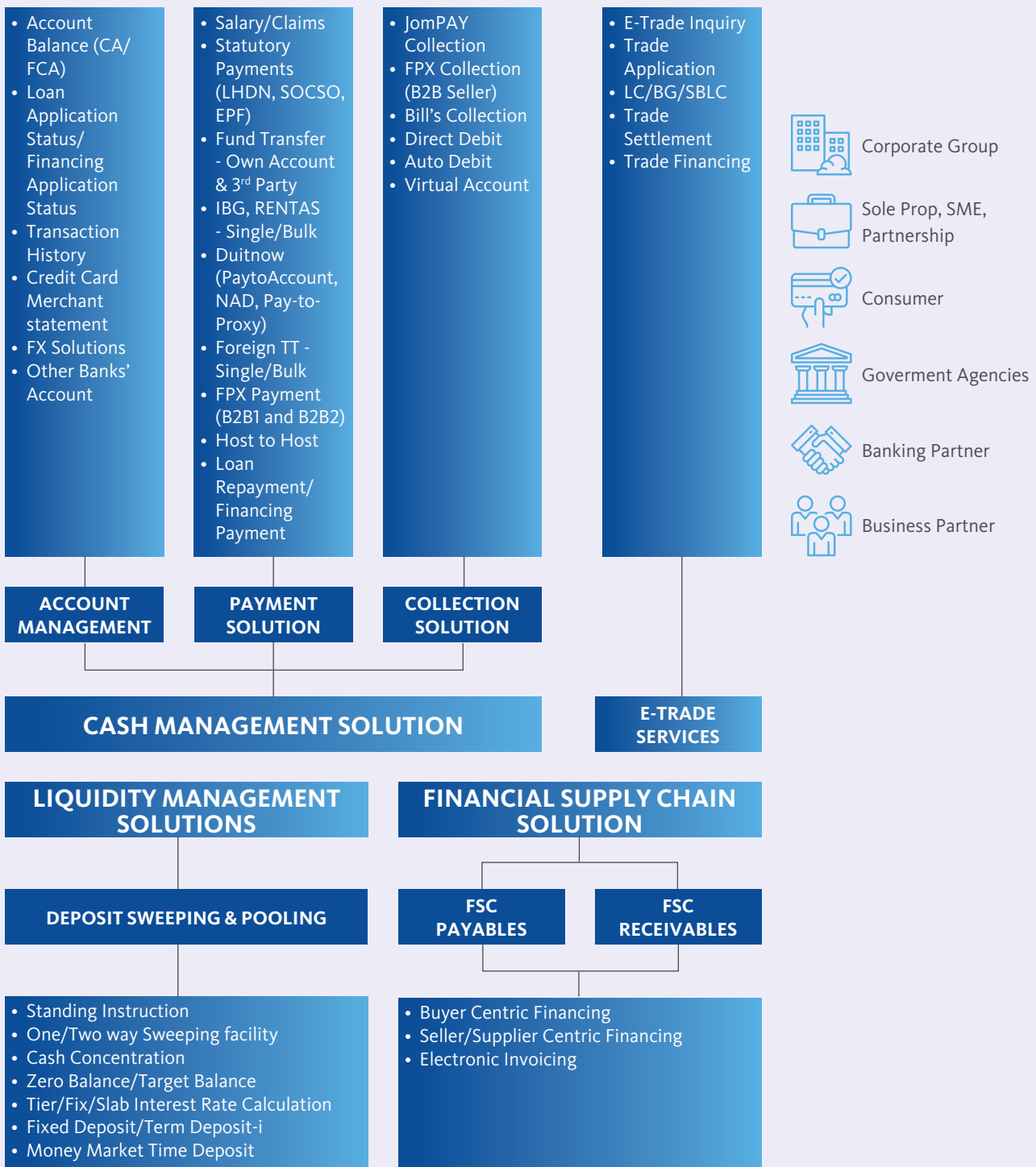


Figure 8 – AFFINMAX product features

SUSTAINABILITY STATEMENT

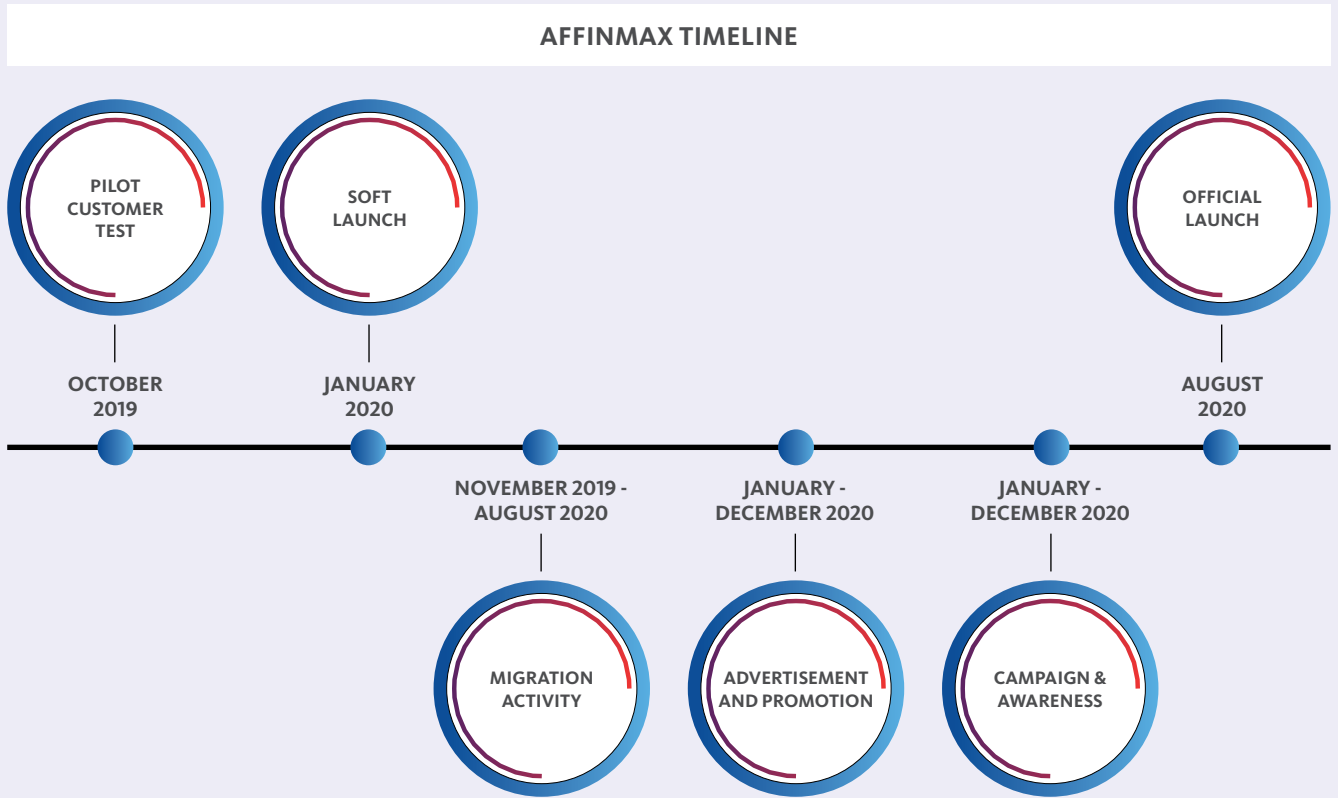


Figure 9 – AFFINMAX targeted milestones

Key milestone on our digital transformation journey and future plans of Amanah Saham Nasional Berhad (ASNB) Business & Unsecured Financing

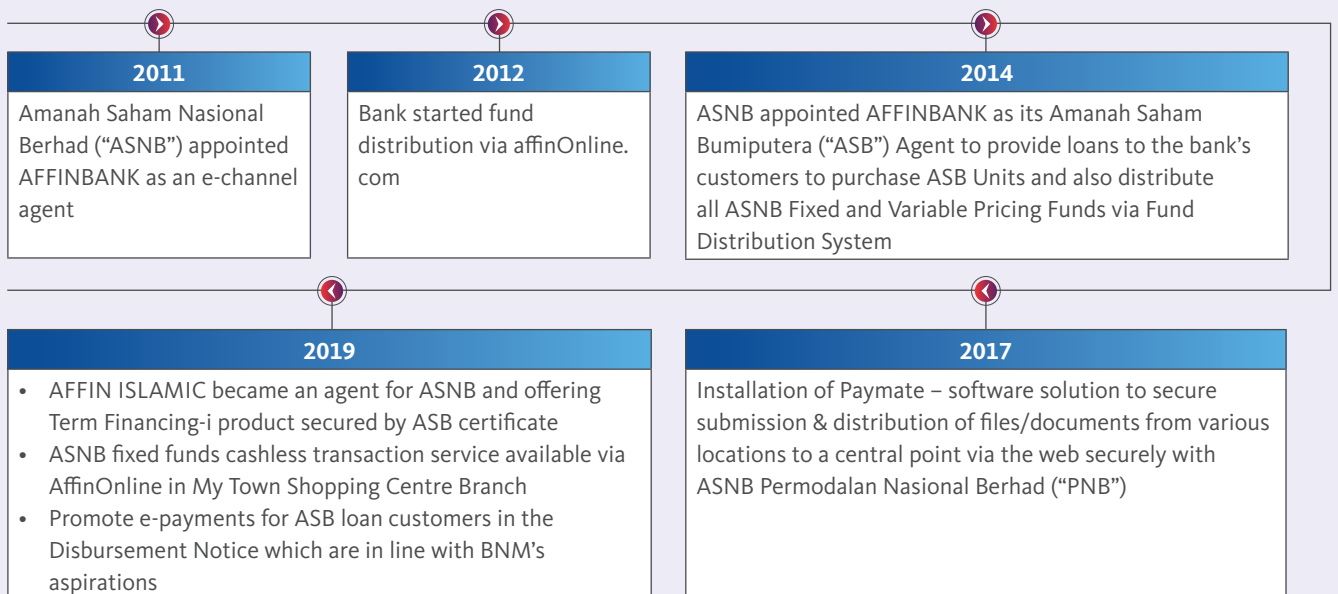


Figure 10 – Key milestones on our digital transformation journey and future plans of Amanah Saham Nasional Berhad (ASNB) Business & Unsecured Financing

SUSTAINABILITY STATEMENT

AFFIN Islamic Visa Debit card-i leveraged on latest payment technology with the provision of easy and secured access to customer’s deposit accounts for withdrawals or transactions at participating retail service outlets. We are able to build AFFIN’s brand via various card campaigns and have recorded notable increments in usage.

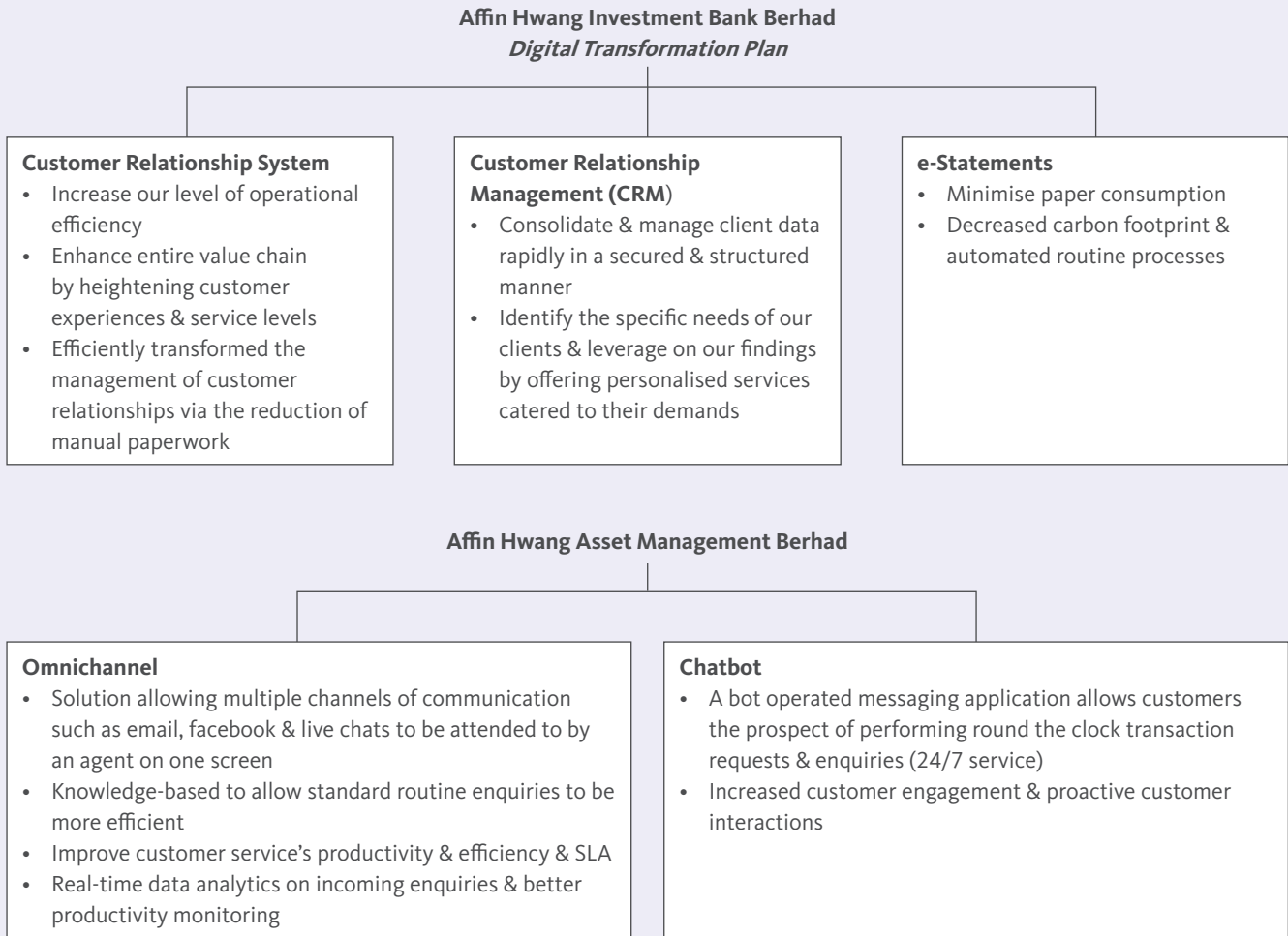


Figure 11 – Application of technological innovation to enhance customer experience

SUSTAINABILITY STATEMENT

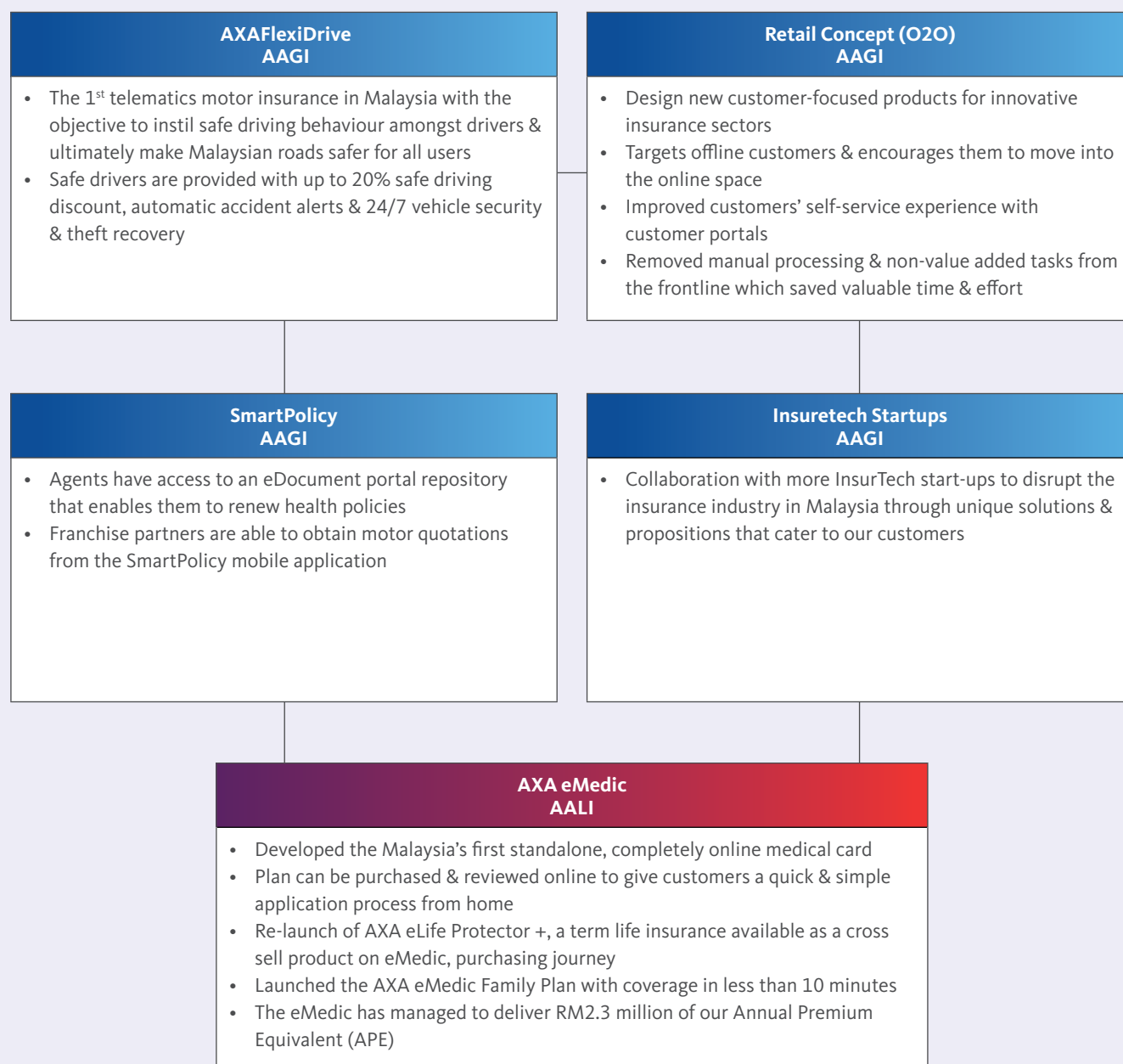


Figure 12 – Application of technological innovation in delivering products & services

SUSTAINABILITY STATEMENT

In March 2019, AAGI launched an online travel insurance claim submission service. It is a paperless and hassle-free experience, enabling customers and agents to submit claims online via our corporate website. Guidance on the type of benefits, supporting documents and information required to submit a claim is being provided. Back-end claims processing is also being improved with automation to increase efficiency and improve the end-to-end claims experience at every touch point. This will increase customer satisfaction and improve the ratings of our claims service.



Figure13 - Award received in relation to AFFIN Bank Group's digital innovation

SUSTAINABILITY STATEMENT

DATA PRIVACY & SECURITY



As we shape our technological infrastructures and processes to bring about competitive advantages, we are exposed to various risks such as cyber-attacks, data breaches and fraud. Our initiatives to ensure the security of our stakeholders' data and information is driven by numerous factors; the use of emerging technologies and connected customer channels, heightened public sensitivity to data privacy and protection, as well as evolving regulatory expectations. It is imperative for us to safeguard our stakeholders' data and information as it establishes customers' trust and confidence in our products and services.

AFFINBANK & AFFIN ISLAMIC

IT Risk Management Framework

- Covers end-to-end process of managing IT Risk
- Risk identification, risk analysis, risk mitigation as well as risk monitoring & reporting

Information Security Baseline & Control Objectives

- Outlines information security management in line with BNM on Managing Cyber Risks & PayNet Guidelines on Cyber Resiliency
- Ensure confidentiality, integrity & availability of data & system resources
- Clean Desk Guidelines

Guidelines on Management of Confidential Customer Information for Portable Devices, Digital Media, Emails & Social Websites

- Defines standard guidelines on usage of portable computing & storage devices for bank infrastructure
- Protect confidential information from theft, loss, misuse and unauthorised access via digital media
- Covers all digital media where data is stored or transmitted

Outsourcing Policy

- Improve operational flexibility & minimise the need for capital investment
- Enables AFFINBANK to focus on core business & enhance efficiency levels
- Manage exposure on information security risks & procurement associated with outsourcing

Data Management Framework

- Establish sound policies, systems & procedures to capture, manage, disseminate & safeguard data in an effective & efficient manner to achieve the characteristics of data quality
- Governs all data in all forms (including raw & processed data), stored in all media (electronically & physically), within the premises or third party storage & data generated internally or belonging to a third-party in the bank's possession

Affin Hwang Investment Bank Berhad

Personal Data Protection Act (PDPA) Compliance Programme

- Benchmark for compliance and serves as a guide to achieve and maintain continued compliance with the PDPA
- Outlines the 7 data protection principles of the Act
- Sets out operational procedures for compliance

Management of Customer Information

- Guiding principles and operational procedures to safeguard customer information and permitted disclosure
- Provides for regular training in respect of observation and compliance with the secrecy provision of the FSA and relevant BNM's circulars
- Sets out escalation process and independent review in respect of any alleged breach

SUSTAINABILITY STATEMENT

Code of Practice on Personal Data Protection for the Insurance & Takaful Industry AAGI

- Sets out best practices for insurers/operators to assist in meeting requirements under the Personal Data Protection Act 2010 (PDPA)

AALI

Data Privacy Policy

- Employees shall ensure that confidentiality of data is protected at all times & processed in compliance with PDPA 2010
- Each system/data owner has the responsibility to safeguard and limit access to customer data
- Provides processes, procedures and systems to protect data stored

Personal Data Retention Policy

- Rules set out regarding retention data may therefore cover all relating to customers, suppliers, employees, etc.
- Applies to Personal Data in whatever form retained, whether electronically, in hardcopy or other media & all AALI employees

AFFINBANK's Standard Operating Procedures (SOP) on the management of security breaches serve as a guide for employees to manage escalations and reporting of incidences relating to customers' information breach upon detection.

AFFINBANK, AFFIN ISLAMIC and Affin Hwang Asset Management Berhad conduct Vulnerability Assessments (VA) and Penetration Testing (PT) annually. The VA & PT are undertaken by an independent external party to ensure system vulnerabilities detected are addressed accordingly. We also implemented security solutions and systems to ensure processes are safeguarded from possible threats.

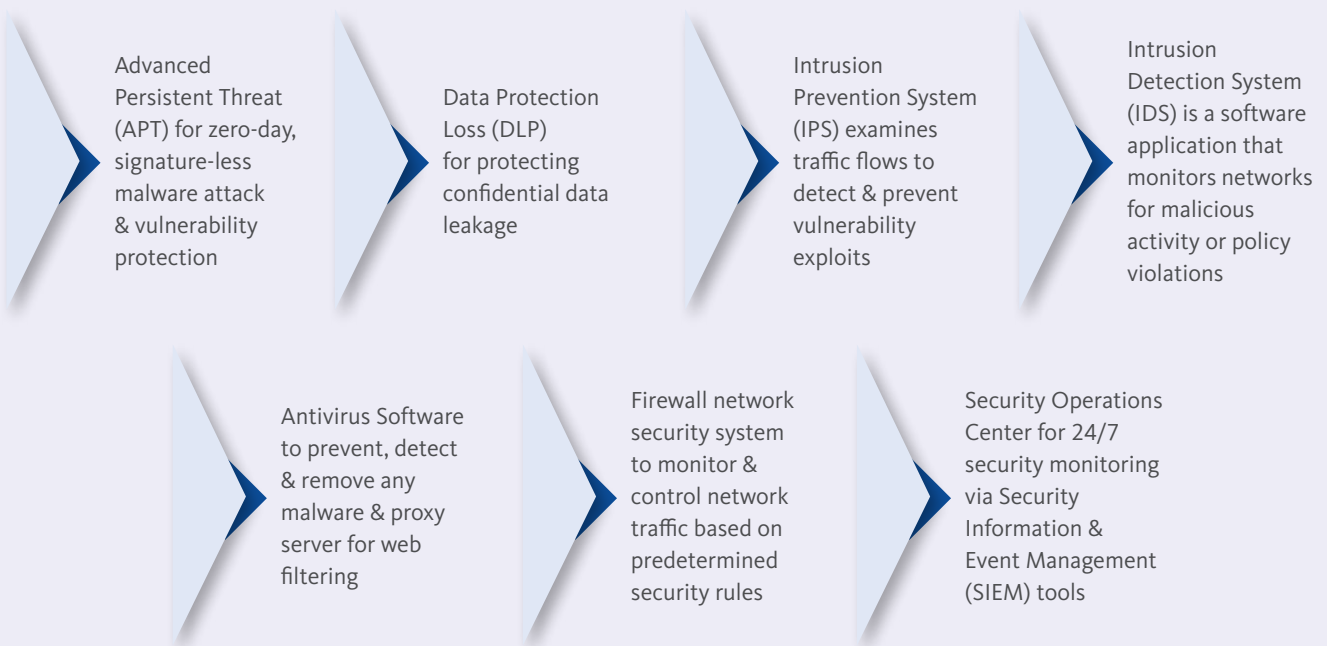


Table 5 – AFFINBANK's security solutions & possible threats

SUSTAINABILITY STATEMENT

AFFINBANK, AFFIN ISLAMIC and Affin Hwang Investment Bank Berhad have a Disaster Recovery Plan to ensure business operations are up and running in the event of a tragedy. Our Business Continuity Risk Management Department governs the management of service continuity issues across AFFINBANK, AFFIN ISLAMIC and Affin Hwang Investment Bank Berhad, in line with BNM Guidelines on Business Continuity Management (BCM). A Crisis Management Team was established to enable the activation of BCM when immediate response to a major incident is required. Rigorous testing on business continuity and disaster recovery are performed to ensure effective and smooth execution of the plans for resumption of disrupted services.

Information/Cyber Security Awareness Training	Compliance & Personal Data Protection Act (PDPA) 2010	Clean Desk Requirement
<ul style="list-style-type: none"> Part of the Group requirements to ensure employees are communicated & aware of the procedure on information security Provide security awareness & alert to all staff All employees annually and/or all users if & when required 	<ul style="list-style-type: none"> Ensure all employees are aware of data protection measures and requirements under PDPA Act 2010 Declaration on Data Privacy & PDPA for new employees to understand & be aware of the Group's procedure on data privacy & PDPA For all new employees to attend quarterly/during on-boarding 	<ul style="list-style-type: none"> Checked regularly by Compliance Officer for compliance with Clean Desk Requirement and applies to all users

Table 6 – Examples of AFFIN Bank Group's trainings on data & information security

At AAGI, we created a platform to communicate awareness through periodic data management and security audits, hence ensuring ongoing governance. As part of our Information Security requirement, we conduct awareness training for all of our employees to ensure they are aware of information security procedures.

There were no incidents on security breaches during the reporting year for most entities, and we intend to remain diligent in improving our current processes. To ensure there are no repeated offences, we will improve the management of data loss, and enhance detection, monitoring and reaction capabilities.

AALI is in compliance with BNM's BCM guideline in which to conduct a minimum of two disaster recovery yearly and had completed the Disaster Recovery activities successfully for year 2019 with annual review on the plan.

SUSTAINABILITY STATEMENT

ETHICS & INTEGRITY



The Group places utmost importance on ethics and integrity as it plays a substantial role in building and maintaining stakeholders' trust and confidence. All employees are required to strictly abide to the highest standards of corporate governance as they act as ambassadors for the Group to maintain our reputation as we move towards sustainable business growth. The Bank adopts good corporate governance practices that conform to the BNM's Policy Document on Corporate Governance, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Code on Corporate Governance issued by Securities Commission.

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

Fit & Proper Policy

AFFINBANK, AFFIN ISLAMIC, Affin Hwang Investment Bank Berhad, AHAM, AIIMAN & AALI

- Formalised by guidelines set out by BNM to ensure key positions in the Group are led by personnel who fulfil certain criteria:-



- Aims to ensure the person undertaking capital market activities are fit & proper to perform business activities & functions
- Aimed at preserving integrity & promoting confidence while ensuring licensed representatives carry out permitted activities

Code of Conduct & Code of Ethics

AFFINBANK, AFFIN ISLAMIC, Affin Hwang Investment Bank Berhad, AHAM, AALI & AAGI

for further information please refer to the Corporate Governance Overview Statement on page 139 to 155

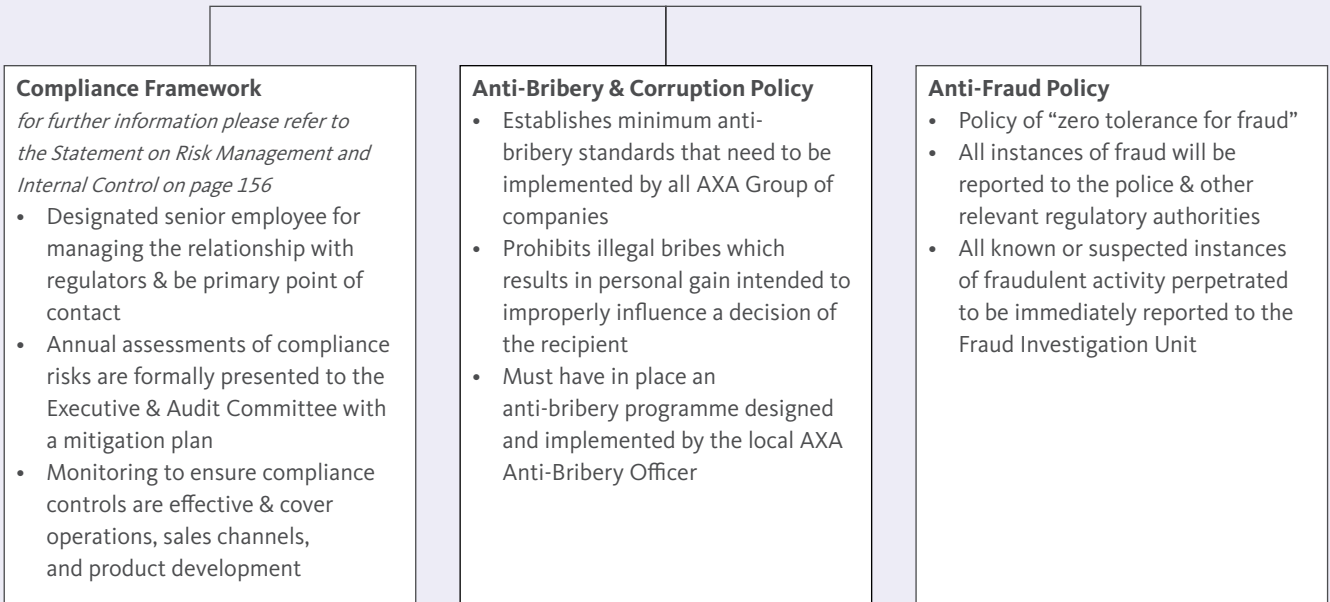
- Ensures employees are committed to uphold, maintain & demonstrate high levels of integrity & professionalism at all times
- Employees are encouraged to provide feedback on any concerns regarding misconduct and/or wrong doings
- Ensures employees consistently practice high standards of professionalism & ethics to serve legitimate interests of customers
- Ensure compliance with laws & regulations applicable to our business activities, good conduct rules & standards established by BNM/SC & internal principles as set out in our Compliance & Ethics Guide; Integrity, Professionalism, Innovation, Pragmatism & Team Spirit
- Written procedures governing the giving or receipt of gifts & entertainment
- Employee screening procedures to be conducted to ensure compliance with BNM/SC requirements:-
 - Greater transparency on conduct histories of prospective employees to facilitate in making informed hiring decisions
 - Strengthening of the screening practices for recruitment to promote an ethical workforce
- Annual or semi-annual declaration of compliance by all regarding the Compliance & Ethics Guide & Conflict of Interest Policy

SUSTAINABILITY STATEMENT

Anti-Money Laundering/Counter Financing Terrorism Policy (AML/CFT) AFFINBANK, AFFIN ISLAMIC, Affin Hwang Investment Bank Berhad, AHAM, AALI & AAGI

- Create an environment & culture of vigilance of money laundering & terrorist financing activities
- Provide employees with guidelines relating to functional areas exposed to money laundering & terrorist financing activities
- Automated & documented screening of new & existing customers are regularly conducted
- Guards, detects and reports suspicious transactions
- All employees are required to attend trainings on ethics, AML/CFT conducted annually that describes the general overview of money laundering & challenges that a financial services provider may face
- Aims to inculcate best practices in all level of employees

AALI & AAGI



Whistleblower Policy AFFINBANK, AFFIN ISLAMIC, Affin Hwang Investment Bank Berhad & AALI *for further information please refer to the Corporate Governance Overview Statement on page 139 to 155*

- Support the reporting of suspected instances with improper practices which may implicate ethical standards or integrity
- Outline the mechanisms & infrastructure in place for the reporting & investigation of matters raised by a Whistleblower
- Outline the measures in place to protect employees against reprisal or recriminatory action from within the organisation

AFFIN Bank’s Group Operational Risk Management Framework is in place to prevent losses resulting from failure with laws and prudent ethical standards, and govern the management of operational risk across the Group. Our GBRMCC approves all policies and policy changes relating to operational risk, reviews the monitoring of operational risk, and provide a forum to discuss all aspects of operational risk. The Compliance Department oversees all regulatory matters of the Group and ensures all circulars, policies and guidelines issued are disseminated to our stakeholders and requirements are complied with.

SUSTAINABILITY STATEMENT

Key Initiatives	Description	Outcome
AFFINBANK & AFFIN ISLAMIC		
Compliance & Functional Training Programs	<p>Compliance trainings are scheduled and conducted regularly to increase awareness, communicate expectations and adherence to the regulatory requirements.</p> <p>Customised Functional trainings are carried out to close skill gaps, strengthen efficiency and to overall build a competent and capable workforce.</p>	<p>For 2019, Compliance and Functional training remained the main focus which represented 80% of the total training participation for the year.</p> <p>Application of training in these areas were reflected through, among others, the success of 54 Branch Managers who attained the relevant competency standards via Finance Accreditation Agency assessment and accreditation.</p> <p>In addition, workplace application were also implemented and validated through various post assessments.</p>
Certification & Professional Qualification Programs	Enrolment for various certifications and banking professional qualification to encourage staff towards upskilling and enhanced staff qualification	The Bank saw an increase in staff enrolment for certification and professional qualification by 143% in 2019 as compared to the previous year.
e-Learning Programmes	Various initiatives have been implemented through the Bank's e-Learning platform ranging from interactive learning on various topics to post-training assessments and surveys.	In 2019, staff participation in eLearning programs had doubled compared to the preceding year. New programs were introduced to include topics on Ethics, FEA and awareness on Shariah. More than 21,000 of various e-learning compliance topics were completed in the year.

Table 7 – Examples of AFFIN Bank Group training related to ethics & integrity

RESPONSIBLE FINANCIAL SERVICES



As the financial services sector has the impact to create shared value for society at large, we are under great scrutiny to respond to stakeholders' expectations and deliver products and services with EES aspects. This has driven the Group to review and revise our traditional suite of products and service offerings to meet stakeholder demands. Our business segments generally abide to specific standards and policies to ensure compliance throughout the development stages, addressing various requirements;

- Ensure products & services meet market needs
- Further improve the introduction of new products or make changes to existing products
- Ensure compliance with relevant guidelines and governance for products & services
- Promote sound risk management practices in managing & controlling product risk
- Ensure products & services developed & marketed fill the needs, resources & financial capability of targeted segments

AFFINBANK is ready to contribute towards providing holistic financial solutions and services beyond banking to various segments of the community. We are committed to provide comprehensive banking solutions and services that create positive impact to our community, economy, environment and stakeholders in line with the UN SDG Goals.

SUSTAINABILITY STATEMENT

Responsible Financing Policy AFFINBANK & AFFIN ISLAMIC

- Drive towards more effective engagements through better disclosures & advice to customers
- Promotes a sustainable retail finance market by requiring engagement in prudent, responsible & transparent financing
- Encourage financial prudence & reinforce responsible lending/financing practices that will support a sustainable property market
- Contributes to the continued affordability of homes for the public in line with encouraging home ownership in Malaysia
- Benefit from profitable growth through the increase in the number of sales from new developers & projects empaneled

Product Programme Policy AFFINBANK, AFFIN ISLAMIC & AALI

- Ensures relevant stakeholders agree & sign off duly obtained prior formalisation of new products
- Guarantees compliance towards relevant guidelines through reviews & feedback received from relevant stakeholders

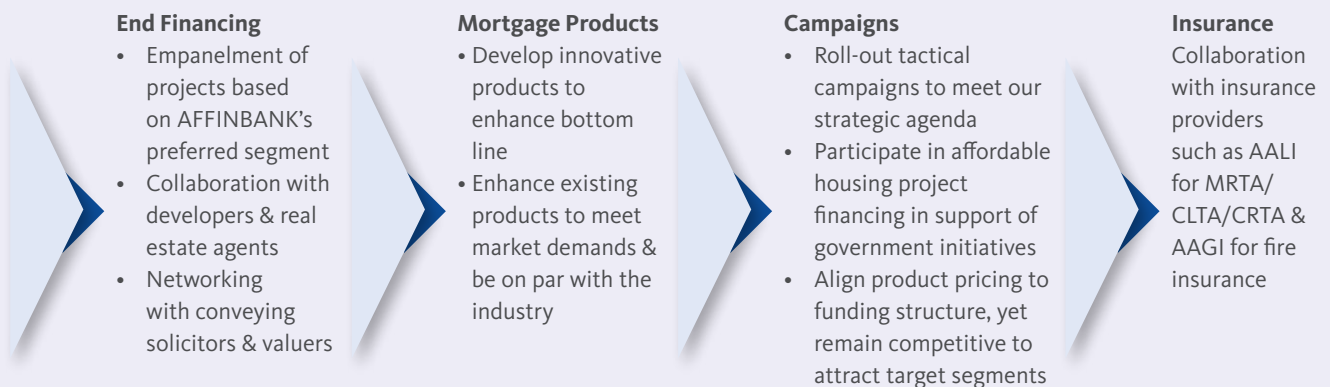


Figure 14 – AFFINBANK's contribution towards a sustainable property market

Our Group Credit Management (GCM) evaluates and mitigates identified risks, and makes credit decisions for business and consumer loans/financing based on prevailing policies, manuals and guidelines issued by the bank, BNM or regulators. The Annual Credit Plan (ACP) issued by GCM is aligned with the bank's Risk Appetite Statement. The ACP emphasises on supporting the assets growth with strict disciplines to be prudent, cautious and selective in our calculated risk-taking activities. Aside from this, it also focuses on upholding "Responsible Lending" and embracing "Environmental, Social and Governance (ESG)" disciplines as part of our credit culture.

Our Shariah Supervisory Department ensures product and services comply with Shariah requirements, BNM Shariah Standards and other guidelines including Guidelines on Responsible Financing. Through AFFIN ISLAMIC's Shariah Supervision and Compliance Framework (SSCF), we undertake in Shariah research and study to facilitate new Shariah compliant product concepts and applications to be endorsed by Shariah Committee. This is subsequently developed by designated product owners. Through these efforts, we offer targeted customers customised products and services that benefits all stakeholders.

SUSTAINABILITY STATEMENT

Environmental, Social & Governance (ESG) Principles *Affin Hwang Asset Management Berhad & AIIMAN*

- Pledged commitment in embracing ESG principles in our underlying investment process as signatories to the Malaysian Code for Institutional Investors in 2017
- Joined a list of 20 other local institutional investors, pension funds and asset managers who have pledged to uphold the 6 principles stated; Disclosing Policies on Stewardship, Monitoring Investee Companies, Engaging Investee Companies, Managing Conflicts of Interest, Incorporating Sustainability Considerations & Publishing a Voting Policy. Our compliance statement is published here - <http://www.iicm.org.my/compliance-statements/>
- Subscribed to Morgan Stanley Capital International (MSCI) ESG Research for Asia and Glass Lewis for proxy voting and research services since 2017. Our voting statistics are available from 1 January 2018
- The research supplements the usual investment analyses carried out by our analysts & portfolio managers & provides us critical insights to identify risks & opportunities our traditional research may overlook for non-financial data

AFFIN ISLAMIC	
SMEmerge-i Start-Up Financing Scheme	<ul style="list-style-type: none"> • Acts as financial support for SME Start-ups business expansion • Provide initial working capital financing solution for SME start-up businesses
AFFIN Education Financing-i	<ul style="list-style-type: none"> • Acts as an alternative for students seeking financial assistance for education plans • Shariah-compliant scheme designed for qualified individuals of selected tertiary institutions
AFFIN Barakah Charity Account-i	<ul style="list-style-type: none"> • Unique selling point of "Save & Donate" • Variety of percentage donation to charity to nurture a charitable habit amongst the public • Automatic charity transfer from Saving Account-i to selected organisations
Mywakaf	<ul style="list-style-type: none"> • Collaboration between 6 Malaysian Islamic Banks with the State Islamic Religious Council (SIRC) • Joint effort in standardising Waqf Fund initiative action plan in developing the potential of Waqf & empower the economy of Ummah in Malaysia
AAGI	
AXA SmartDrive – Sharing	<ul style="list-style-type: none"> • A motor insurance add-on that provides e-hailing drivers with 24/7 comprehensive protection • Drivers can also enjoy a suite of value-added services such as fast claims approval in 5 working days upon full document submission, 24/7 hotline & roadside assistance with AXA SmartDrive Assistance Plan
AXA SmartCare Xtra	<ul style="list-style-type: none"> • Provide long-term healthcare protection specifically for employees of Corporate Clients • Easy top-up plan that is affordable, flexible & customisable to one's medical needs • Assist customers when purchasing suitable medical & health policies with the rising cost of healthcare
AXA SmartHome Optimum	<ul style="list-style-type: none"> • Simple way of getting the right protection for both home & valuable contents • Easy plan designed with options that fit any budget & requirements for properties • Empowers customers with a plan that is simple & flexible & tailored to the customers' budget & needs
AXA SmartAid	<ul style="list-style-type: none"> • Personal accident plan that is specially curated for the visually impaired individuals with core benefits • Collaboration with Malaysian Association for the Blind ("MAB") for visually impaired customers to get protection • Empowers visually impaired individuals by protecting them with affordable protection plans

Table 8 – Examples of AFFIN Bank Group's sustainable products & services

SUSTAINABILITY STATEMENT

AAGI	
Partnership with Merchantrade Asia Sdn Bhd	<ul style="list-style-type: none"> • Launching of new & innovative microinsurance, Merchantrade Insure • Merchantrade Insure is the first microinsurance product that caters to migrant workers • Strategic partnership has gradually grown as a sustainable portfolio & exploration of new opportunities & markets • Cross-sell other products and services to Merchantrade Asia Sdn Bhd employees • Successfully insured more than 18,600 migrant workers within 7 months from its launch • Successfully rolled out to 87 Merchantrade branches nationwide within 5 months from its launch
Partnership with Hap Seng Trucks Distribution Sdn. Bhd. (HSTD) and Hap Seng Credit Sdn. Bhd. (HSC)	<ul style="list-style-type: none"> • Launch of AXA Flexi <i>Truck</i> as the 1st telematics commercial vehicle insurance in Malaysia • Inculcate safe driving behaviour among FUSO light commercial vehicle truck drivers and help them understand their driving habits better through the installation of telematics security device. • AXA Flexi <i>Truck</i> will be financed by HSC under FUSO Ez-Own, also the 1st telematics financing programme in Malaysia. • AXA Flexi <i>Truck</i> will be promoted at HSTD FUSO dealership network branches and HSC offices nationwide, with all Mitsubishi Fuso Cater trucks sold to be fitted with a telematics device.

Table 9 – Strategic collaborations with various institutions to expand vast opportunities in delivering our products & services

RESPONSIBLE MARKETING



Customers are increasingly challenged by the growing diversity and complexity in making informed decisions when acquiring financial products and services. There is a need to give rise to product specific transparency and disclosure whilst encouraging product innovation and maintaining flexibility. All consumers are entitled to relevant, reliable, and comparable information that will enable them to make informed choices and best meet their financial circumstances and needs.

The Group emphasises on communicating our product and services through meticulous marketing efforts to gain trust, build confidence and good reputation from our customers. Apart from BNM's standard guidelines, we have in place policies and frameworks to serve as a guidance and promote customer awareness and understanding. This facilitates consistency in the disclosure of essential information to enable comparison, minimise deception, and allow informed decision-making.

Product Transparency & Disclosure Policy *Affin Hwang Investment Bank Berhad*

- Aware of the ever-increasing knowledgeable investing public & is committed to implementing an effective & practical disclosure regime for all financial products & services offered to individuals & SME customers
- As its governance responsibility, the Bank's Board and Senior management have:-
 - Set out a clear expectation for the adoption of the transparency & disclosure requirements while ensuring adequate resources are allocated to relevant business units to incorporate the requirements of the BNM Guidelines into the Bank's practices & culture
 - Ensured processes for the development & review of product disclosure materials to ensure compliance with BNM Guidelines
 - Ensured that employees who are directly involved in the marketing & selling of the Bank's products & services are adequately trained & have sufficient knowledge of the disclosure requirements, the product & its features

SUSTAINABILITY STATEMENT

Product Transparency & Disclosure Policy *Affin Hwang Asset Management Berhad*

- Continue to digitise prospectuses, product highlight sheets, reports and other fund related documents including communiques to investors and encourage our distributors to participate in this initiative. As a result, we manage to reduce printing cost by more than 40%

Product Transparency & Disclosure Policy *AALI*

All marketing materials are prepared carefully to ensure content can be easily understood by customer and brochures are digitalised for easy access by customers which were uploaded into AALI's website.

Programme	Description	Outcome
Launch of AFFINBANK & AFFINI SLAMIC Visa Signature Credit Card.	<ul style="list-style-type: none"> • The product aims at driving higher Credit Card acquisition efforts by penetrating into younger segment • The key product feature focuses on Contactless CashBack where cardmember gets 3% Cash Back on Contactless transactions (except Government and Charity transactions) capped up to RM960 p.a. or RM80 per month • The product was launched on 24 July 2019 	<ul style="list-style-type: none"> • Billings at 33% vs Industry at 6% • Receivables at 26% vs Industry at 3% • Merchant Sales at 15% vs Industry at 6% • AFFINBANK received award and recognition from:- <ul style="list-style-type: none"> - MasterCard International (Best Growth in New Accounts) - Visa International (The Highest Card Growth for Debit Consumer)
“Scootvaganza is Back” Cards Usage and Activation programme by AFFINBANK/AFFIN ISLAMIC	<ul style="list-style-type: none"> • The Usage and Activation campaign ran from 3 June to 16 September 2019 • The core objective was to spur continuous credit and debit card usage by means of rewarding Cardmembers with Vespa scooters as the main prizes and Specialized Allez Road Bikes as the monthly prizes 	
“Apply, Spend & Win 2.5 million Enrich Miles” Cards Usage and Activation programme by AFFINBANK/AFFIN ISLAMIC	<ul style="list-style-type: none"> • The campaign runs from 1 November 2019 – 29 February 2020. • Objective was to push for higher Credit Card Billings and Receivables from cardmembers. Prizes up for grabs is up to 2.5 million Enrich Miles points 	
Auto Pay Campaign by AFFINBANK/AFFIN ISLAMIC	<ul style="list-style-type: none"> • Joint campaign with Branches and Sales Channel • Focus to branch staff to promote autopay using Corporate Internet Banking • To utilise internal sales staff in promoting salary crediting via Corporate Internet Banking 	<ul style="list-style-type: none"> • Notable increase in autopay transaction by 30% comparing to year 2018
Zero Cheque Campaign by AFFINBANK/AFFIN ISLAMIC	<ul style="list-style-type: none"> • Joint campaign with SME Banking Division • Focus to Business Centre, Alternate Channel and Corporate Relationship Manager to engage and encourage customer to reduce the cheque issued 	<ul style="list-style-type: none"> • Notable reduction in yearly cheque issued by 16%

SUSTAINABILITY STATEMENT

Programme	Description	Outcome
E-Payment Roadshow by AFFINBANK/AFFIN ISLAMIC	<ul style="list-style-type: none"> Joint campaign with SME Banking Division to conduct awareness session on digital payment solution i.e Retail Internet Banking and Corporate Internet Banking Focus to new-to-bank and existing bank customers 	<ul style="list-style-type: none"> 3 sessions conducted nationwide attracted more than 30 clients
Financial Supply Chain Product Briefing/Roadshow by AFFINBANK/AFFIN ISLAMIC	<ul style="list-style-type: none"> Collaborate with Business Units to Identify potential Customers/Borrowers (Principal Borrower) for FSC facility Conduct briefing to selected FSC Community i.e Principal Customers/Borrowers and its buyer/suppliers on the community based financing programme 	<ul style="list-style-type: none"> Successfully onboard identified Principal Customers/Borrowers to be offered with either FSC/FSC-i Payable or FSC/FSC-i Receivable facility
AXA General Brand Visibility Programme	<ul style="list-style-type: none"> Multiple campaigns rolled-out under the Brand Visibility programme 	<ul style="list-style-type: none"> Huge marketing success & recorded a notable increase in sales productivity by more than 50%
AXA Life AXA eMedic	<ul style="list-style-type: none"> Enhancement of AXA eMedic to extend age eligibility to 49 years old Launch of AXA eMedic Family Plan enabling families to purchase medical plan in a single package online Event, campaign & ATL initiatives were rolled out 	<ul style="list-style-type: none"> Notable increase in brand presence and positioned as one of the pioneers in digital disruption in Malaysia with more than 70% digital life protection market share (Source: Figures as of June 2019 based on LIAM New Business Statistics – Direct Distribution Channel)
AXA Life Step It Up + Programme: Fitter Me & Better Me	<ul style="list-style-type: none"> Fitter Me campaign motivates customers to meet desired fitness goal by increasing their step counts and be rewarded when they achieve their goals. Better Me campaign empowers customer who are overweight and with identified disease such as hypertension, diabetes and cholesterol to improve their health and rewarded when they achieve their health milestones 	<ul style="list-style-type: none"> Encouraging trend in our customers' steps taken have been moving progressively towards the higher tier
AXA Life Get 'Ubat' Campaign	<ul style="list-style-type: none"> Get 'Ubat' Campaign enable us to extend healthcare convenience such as online doctor consultation as well as medical delivery to customers 	<ul style="list-style-type: none"> Notable increase of customer interest and successfully enriches customer experience

Table 10 – AFFIN Bank Group marketing efforts

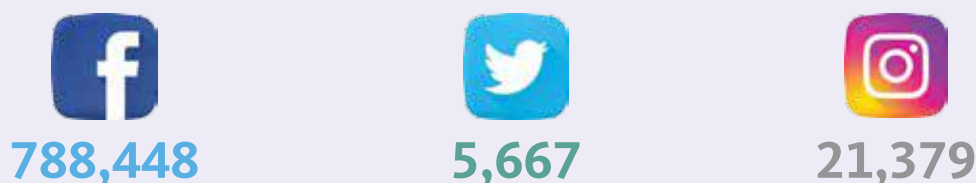


Figure 15– AFFIN Bank Group social media statistics (follower count) in 2019

SUSTAINABILITY STATEMENT

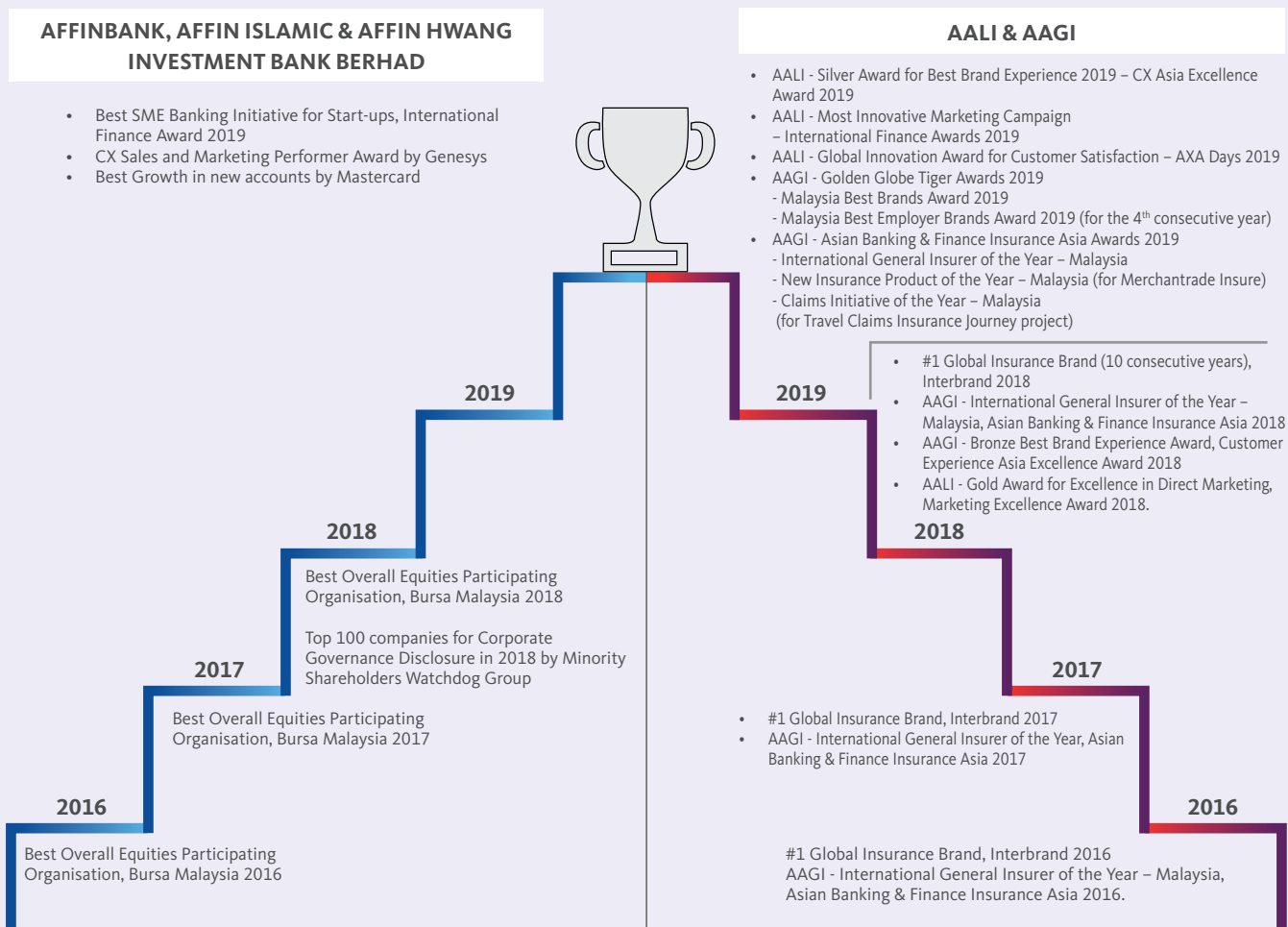


Figure 16 – Awards received in relation to AFFIN Bank Group's responsible marketing

SUSTAINABLE PROCUREMENT PRACTICES



Our sustainability management extends to how we integrate ethical and responsible practices into the Group's supply chain as well as support the growth of local businesses. We strictly believe the basis of responsible procurement practices is to ensure comprehensive long-term sustainable value for all stakeholders throughout the delivery of our product and services.

The Group's procurement processes are restricted to a set of policies and procedures across our business segments that provide guidance on the purchase and approval of supplies, equipment and services at the lowest cost or exceeded specifications for performance, or the quality and availability at the time of purchase. We take into account the capability, capacity and historical performance of our suppliers. At AFFINBANK, AFFIN ISLAMIC and AALI, environmental impacts of our suppliers is assessed as part of our sourcing consideration besides the requirement to acknowledge the Code of Conduct.

We promote the transition towards paperless transactions and operations amongst our suppliers. The submission of purchase requests for consumables at AFFINBANK, AFFIN ISLAMIC and AAGI are made through a Computerised Maintenance Management System and E-Procurement platform that also encourages the issuances of Purchase Orders (PO) and Job Orders (JO) to vendors via email. The sourcing of products and services is very much depended on the suitability of our sourcing requirements. We place an emphasis on suppliers and vendors with local setups and implementations to ensure quick and timely responses at lower operating costs.

SUSTAINABILITY STATEMENT

FYE 2019

Total Amount Spent on Local Suppliers RM159,957,067



Commercial Banking

10.7%



Investment Banking

15.4%

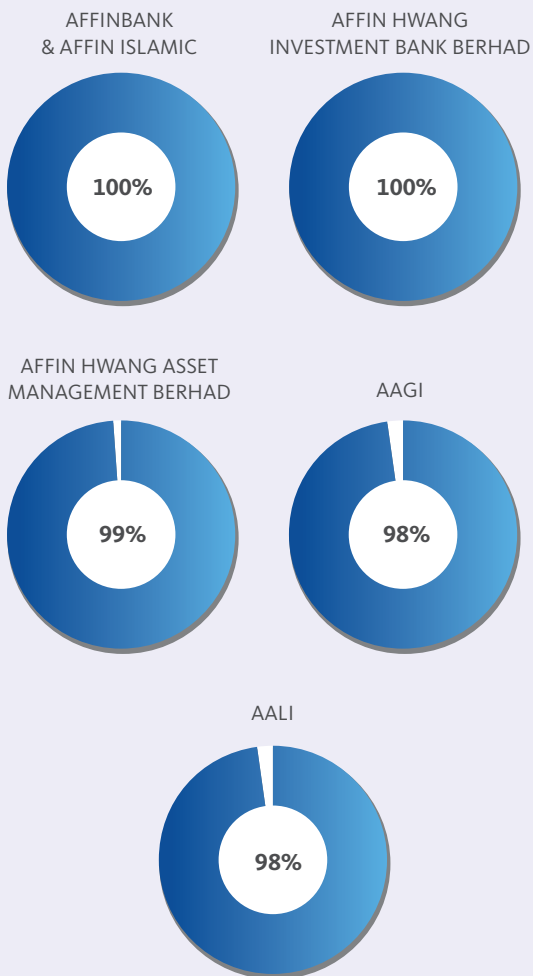


Insurance

1.9%

Percentage of Local Suppliers

Non-IT Procurement



IT Procurement

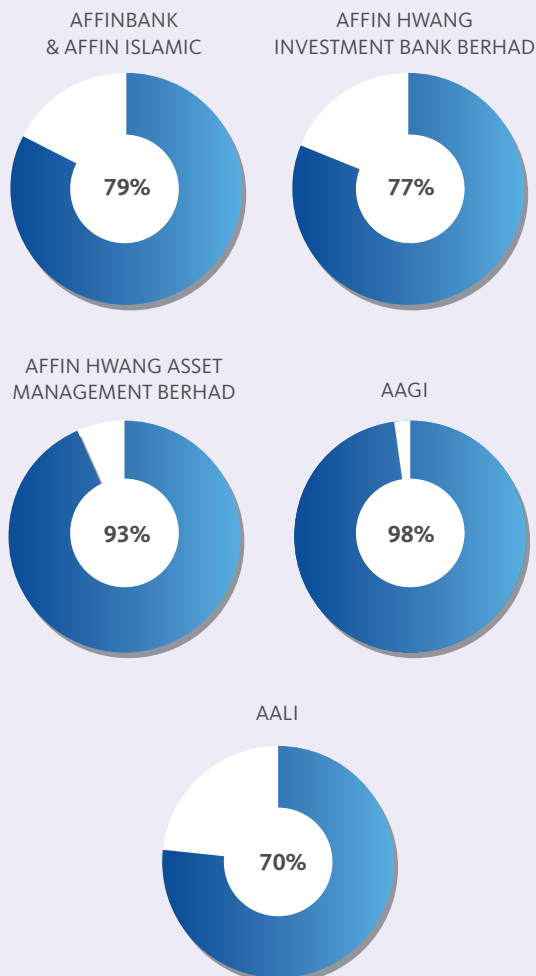


Figure 17 – AFFIN Bank Group local supplier statistics

SUSTAINABILITY STATEMENT



THEME 2

SOCIALLY RESPONSIBLE EMPLOYER

Our employees highly contribute to our daily operations and are a valuable asset to the Group with the aim of leading us to achieving business success. We place great emphasis on their welfare and career development to ensure we have a resilient, agile and adaptable workforce for the challenging future of the industry.

Sustainability Matters	Sustainability Initiatives	Outcomes	Value Created
Fair Employment Practices	<ul style="list-style-type: none"> Recruitment of local talent from diverse backgrounds Conduct regular employee engagements Regular trainings & awareness campaigns on health and safety 	<ul style="list-style-type: none"> Benefit the sharing of diverse ideas & values Increase motivation level of employees Create awareness on healthy and safe working environment 	<ul style="list-style-type: none"> Establish an agile and efficient workforce to better serve the customers Providing a healthy, safe & conducive working conditions Establish a positive & competitive workplace
Talent Development	<ul style="list-style-type: none"> Invest in technical & non-technical internal & external trainings Sponsorship in industry-related certifications 	<ul style="list-style-type: none"> Equip talent with various industry related knowledge and skills Instil confidence in our employee 	<ul style="list-style-type: none"> Strengthening employee loyalty to the Group Create a more customer centricity workforce

Table 11 – Summary of Theme 2: Socially Responsible Employer

FAIR EMPLOYMENT PRACTICES



We have over 6,000 employees across our operations and are deeply committed to ensuring they have a positive working environment where every individual is treated with respect and are free to uphold their fundamental rights. Our workforce consists of talent from various backgrounds, experiences and cultures. In embracing diversity and inclusivity, we contribute towards greater productivity and efficiency.

Policy on Key Performance Indicators (“KPI”)

Affin Hwang Investment Bank Berhad

Provides the importance of KPIs & frameworks by relevant regulatory authorities

Periodically assess progress & take corrective action if progress is not achieved against target set (short-term & long-term targets)

Manage employee performance & remuneration system

SUSTAINABILITY STATEMENT

The unemployment rate in Malaysia is a growing concern, and the government is focused on reducing this by encouraging companies to prioritise the recruitment of local talent. We have numerous programmes across the Group to build a sustainable pool of young, high potential talent. Their capabilities will support the growth and transformation of the organisation through technological capabilities and essential business skills.

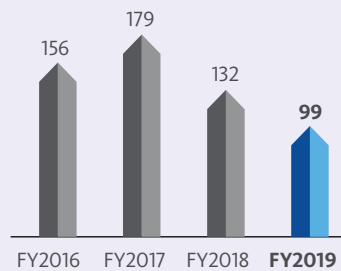


Figure 18 – Number of trainees/interns enrolled in AFFIN Bank Group's management programmes

The number of trainees/interns enrolled in the Group's management programmes is on a down trend as more experienced staff are needed to support the Group's business.

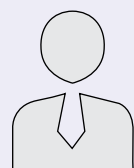
Programmes	Objectives	Outcomes
AFFINBANK & AFFIN ISLAMIC Young Talent Programme	<ul style="list-style-type: none"> The programme is part of AFFINBANK & AFFIN ISLAMIC's Human Capital Development strategy & Talent Management Programme. The programme comprises of a holistic curriculum designed to ensure quality, competitiveness & retention of young talents in the organisation 	<ul style="list-style-type: none"> Graduates obtain valuable exposure to Corporate Social Responsibility ("CSR") initiatives, sales & marketing campaigns, cross-functional projects & assignments. The programme enables AFFINBANK & AFFIN ISLAMIC to develop a leadership pipeline to sustain current & future business growth. It also provides a platform & opportunity to learn & develop in a structured manner, towards becoming dynamic leaders
Affin Hwang Investment Bank Berhad Management Trainee Programme	<ul style="list-style-type: none"> Our Management Trainee Program is a talent nourishing program tied with Bank's aspirations and objectives for future successions to middle or senior management. Aiming to develop high potential individuals with drive to contribute to and align personal objectives with the Bank's growth, the 12-month Management Trainee Program offers a solid all-round foundation and pave progressive pathway to focused areas. 	<ul style="list-style-type: none"> Graduates develop the right capabilities, experiences & competencies in line with Affin Hwang Investment Bank Berhad's Talent Management objectives which is to build a leadership pipeline. Graduates obtain valuable exposure on a myriad of experiences from Investment Banking, Securities & Support Functions
Affin Hwang Asset Management Berhad Internship & Management Trainee Programme	<ul style="list-style-type: none"> The programme targeted to ensure trainees are guided, coached & ready for a career in financial institutions 	<ul style="list-style-type: none"> 1 to 2 year-programme designed to nurture aspiring & professional management talent for the future development of Affin Hwang Asset Management Berhad. We recruit, train & develop a team of middle management talent to support business challenges. This will provide a fast-tracked pool of talent, capable of assuming Executive/ Senior Executive positions across the functions
AXA Graduate Trainee Programme	<ul style="list-style-type: none"> Collaboration with General Insurance Association of Malaysia to market & attract talent for internships Accelerated high potential programme for fresh graduates & those who have less than a year of working experience focused on technical & soft skills training, rotation review, networking with Executive Committee ("EXCO"), mentoring, participation in CSR/sports club related activities 	<ul style="list-style-type: none"> Graduates experience hands on exposure in understanding operations & business challenges of core business components within an accelerated time frame (12 months)

Table 12 – Management trainee programmes for young talent

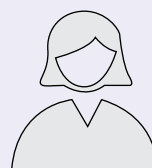
SUSTAINABILITY STATEMENT

We cherish the valuable contribution and hard work of all our employees. We demonstrate our appreciation by providing our employees with attractive benefits that encompass all areas of medical, sports memberships, insurance, employee loans/financings, amongst others. Our investment and insurance business segments offer flexible working hours for all employees and also the privilege to work at any location one day in a week.

PERCENTAGE OF AFFIN BANK GROUP'S EMPLOYEES BY GENDER 2019

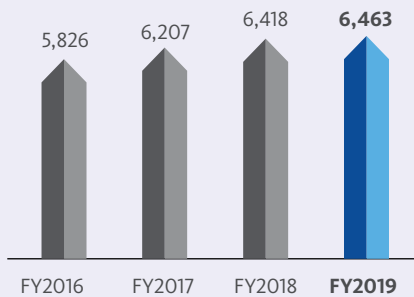


38%

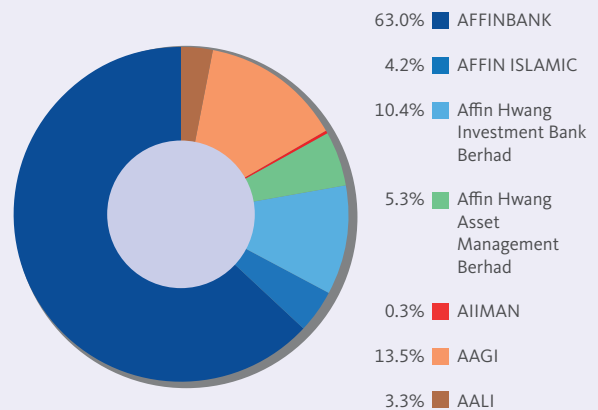


62%

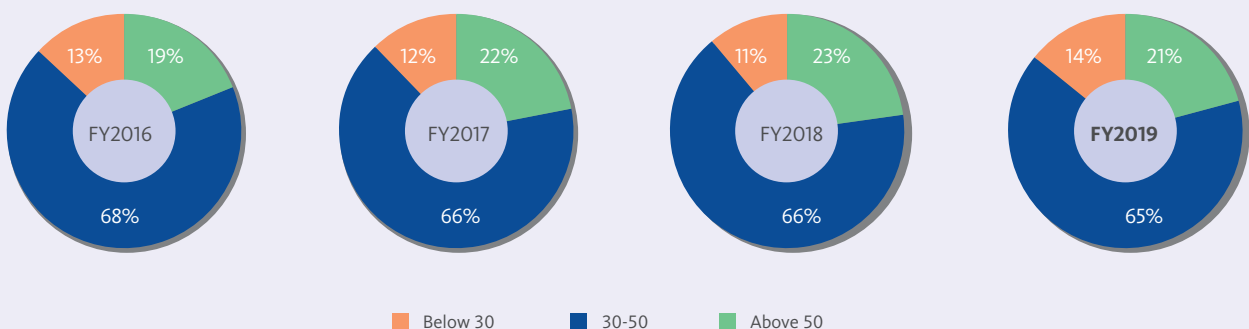
NUMBER OF AFFIN BANK GROUP'S TOTAL EMPLOYEES



PERCENTAGE OF AFFIN BANK GROUP'S EMPLOYEES BY OPERATING ENTITIES 2019

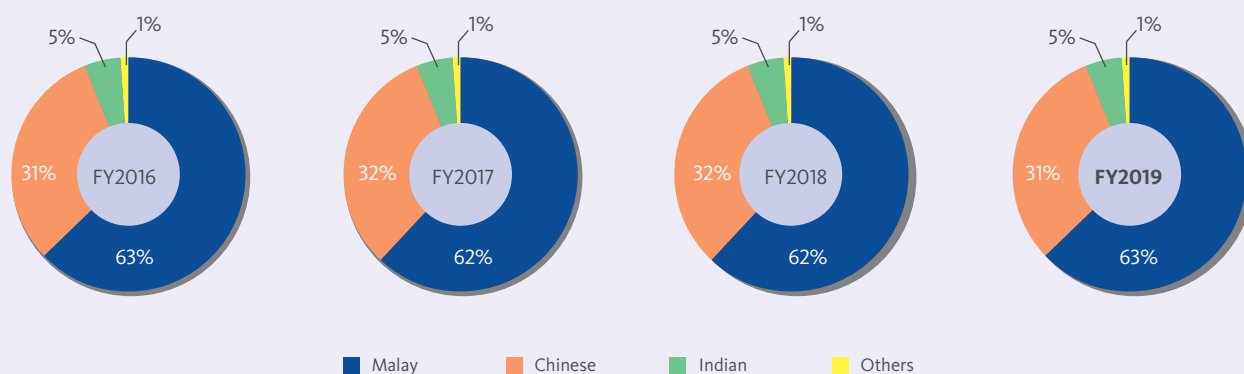


PERCENTAGE OF AFFIN BANK GROUP'S EMPLOYEES BY AGE



SUSTAINABILITY STATEMENT

PERCENTAGE OF AFFIN BANK GROUP'S EMPLOYEES BY ETHNICITY



PERCENTAGE OF AFFIN BANK GROUP'S EMPLOYEES BY POSITION

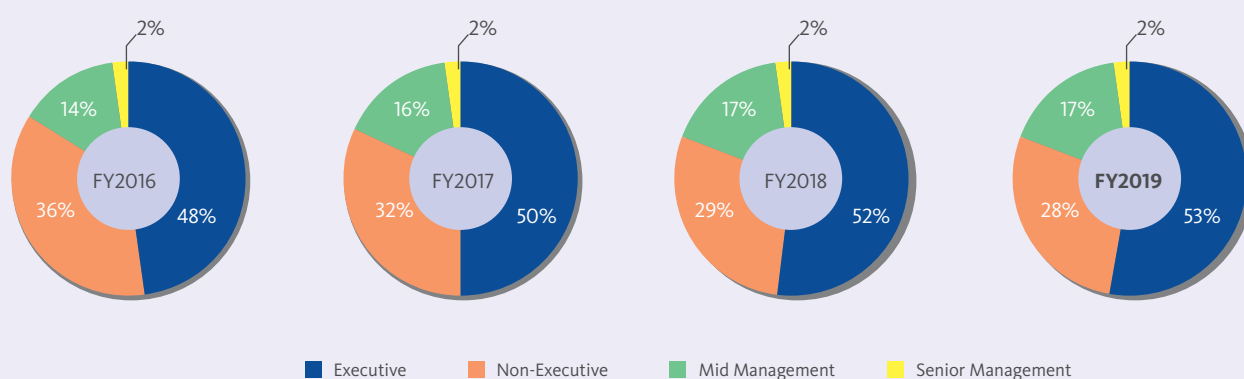


Figure 19 – AFFIN Bank Group's employee composition across gender, age, ethnicity & position level

Operating Entities	Rate of New Employee Hires (%)				Rate of Employee Attrition (%)			
	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2016	FYE 2017	FYE 2018	FYE 2019
AFFINBANK	13%	24%	21%	14%	6%	9%	11%	13%
AFFIN ISLAMIC	8%	13%	7%	5%	8%	7%	9%	11%
Affin Hwang Investment Bank Berhad	1%	1%	3%	1%	14%	8%	8%	9%
Affin Hwang Asset Management Berhad	17%	11%	15%	11%	14%	8%	11%	7%
AIIMAN	16%	6%	6%	18%	16%	5%	15%	13%
AAGI	16%	16%	14%	14%	9%	10%	15%	12%
AALI	37%	31%	36%	31%	31%	32%	26%	20%

Table 13 – AFFIN Bank Group's rate of new employee hires & employee attrition

SUSTAINABILITY STATEMENT

Succession Planning

Our industry is facing constant changes in stakeholder expectations, digitalisation as well as more stringent regulatory compliance, thus our organisation must always be equipped with capable leaders & knowledge to respond to these demands & challenges.



Affin Hwang Investment Bank Berhad

Affin Hwang Investment Bank Berhad has in place a Succession Planning Framework that comprises of all Succession Planning processes. This includes identifying pivotal positions especially those identified under the Senior Management category; in accordance with BNM Corporate Governance Statement. We recently started to roll out a 3-year development programme which is an end-to-end Talent Management Roadmap to close current gaps which include leadership, technical, certification & coaching programmes which involved 29 employees in 2019

Affin Hwang Asset Management Berhad

Affin Hwang Asset Management Berhad's Succession Planning Policy & Procedure covers the process of identifying potential replacements for key personnel holding critical positions & formulating a plan to develop & train these successors to build the capabilities they need to advance into key roles

AALI

AALI has a structured Succession Plan framework that covers the overall Talent Management strategy. This includes from the identification of high potential talent to be developed as future successors for Senior Management role until leadership development needs for each identified talent. This is to ensure current & future key positions have successors and all of them are ready to take up the role when the time comes

AAGI

AAGI has a structured process to identify key positions to be filled & potential successors for the positions. The current & future state of the organisation were discussed to review which key positions are critical & in demand to remain competitive. Managers & Talent Managers are responsible to identify potential successors for the key positions depending on the requirements & their readiness level that include the nature of key positions, experience & skills required & competencies of talent. In 2019, a total number of 16 employees were involved in the succession planning programme

We place great importance on an effective employee engagement process to understand and respond to their concerns and expectations as it will lead towards the establishment of a productive, loyal and committed workforce. The Group collates and analyses the feedback received from our employees through Employee Engagement Surveys conducted across the Group. This reflects our overall performance as an employer and help us strategise in improvement areas to govern our workforce.

SUSTAINABILITY STATEMENT

Employee Engagement Channels



A grievance mechanism is a formal complaint process to be used by employees that are being negatively affected by business activities and operations. The Group undertakes the necessary efforts to resolve any misunderstandings and grievances put forward by employees in an equitable manner. During the reporting year, our investment banking segment and AALI reported no cases of grievances.

Operating Entities	Total Number of Grievance Cases			
	FYE 2016	FYE 2017	FYE 2018	FYE 2019
AFFINBANK & AFFIN ISLAMIC	10	4	11	9
AAGI	5	5	16	8

Table 14 – AFFIN Bank Group's grievance cases

We understand financial services offer a fluid, fast-paced and challenging career. As an accountable organisation, we take full responsibility for the health and safety of our employees. The provision of a safe working environment comes hand-in-hand with conducive and comfortable working spaces. Our Human Resources (HR) related policies and procedures are in place to ensure ethical standards, welfare, and health and safety of our employees are properly managed and monitored.

AALI's Safety & Health Committee is responsible for conducting Occupational Health and Safety (OSH) trainings annually to equip fire marshals with the necessary knowledge for emergency, and ensure the security and safety of our employees. Similar initiatives are undertaken by Affin Hwang Asset Management Berhad, Affin Hwang Investment Bank Berhad and AAGI. In 2019, AFFINBANK trained a total of 94 staff comprising of Fire Marshalls and an Emergency Response Team on First Aid and Bomba ERT Training. The trainings aim to equip and ensure readiness of the relevant officials.

SUSTAINABILITY STATEMENT

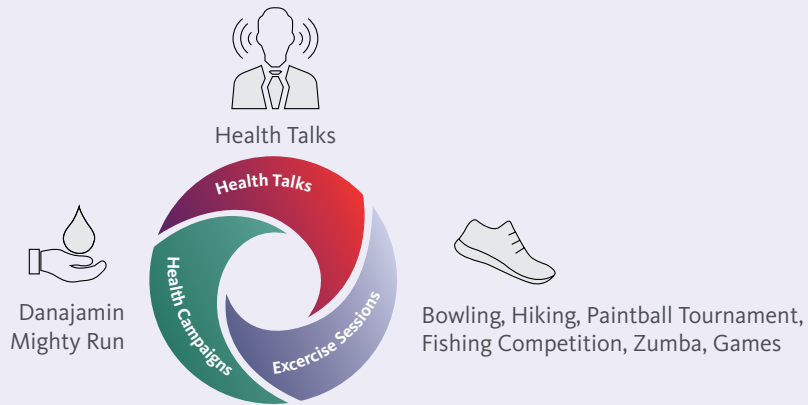


Figure 20 – Affin Hwang Investment Bank Berhad's 2019 activities to ensure a healthy & conducive workplace

2019	
AFFINBANK	AAGI
<ul style="list-style-type: none"> Human Resources Excellence Award 2019 - Excellence in Retention Strategy - Bronze Winner Human Resources Asia Recruitments Award 2019 - Best Candidate Assessment Process (Silver Winner) Human Resources Excellence Award 2019 - Most Innovative Recruitment Strategy - Finalist (Top 10) Human Resources Excellence Award 2019 - In-House Recruitment Team of the Year - Finalist (Top 10) Human Resources Excellence Award 2019 - Best Diversity & Inclusion Strategy - Finalist (Top 10) 	<ul style="list-style-type: none"> Global Best Employer Brand Awards 2019 <ul style="list-style-type: none"> - Continuous Innovation in HR Strategy at Work Global HR Excellence Awards 2019 (2 consecutive years) <ul style="list-style-type: none"> - CEO of the Year (for 2nd consecutive years) - 101 Global HR Heroes Malaysia Best Brands Awards 2019 Malaysia Best Employer Brands Award 2019 (for the 4th consecutive year) Asia Recruitment Awards 2019 <ul style="list-style-type: none"> - Best Use of Recruitment Technology Tools Gold Award Asian Legal Business Malaysia Law Awards 2019 Banking and Financial Services In-House Team of the Year Award Asian Banking & Finance Insurance Asia Awards 2019 4th consecutive year:- <ul style="list-style-type: none"> - International General Insurer of the Year - Malaysia - New Insurance Product of the Year - Malaysia (for Merchandtrade Insure) 2nd Consecutive Year:- <ul style="list-style-type: none"> Claims Initiative of the Year - Malaysia (for Travel Claims Insurance Journey Project) HR Excellence Awards 2019 - Silver award for Excellence in HR Innovation Malaysian Employers Federation Employer Excellence Award 2019 (Gold Award) HR Asia Best Companies to Work For in Asia Awards 2019 (3rd consecutive year) 19th Malaysia-International HR Awards 2019 (MIHRM Awards) Awards <ul style="list-style-type: none"> - Grand Award for Employer of Choice - Gold Award for Employer of Choice (Private Sector)
Affin Hwang Investment Bank Berhad	
<p>HR Excellence Awards 2019</p> <ul style="list-style-type: none"> Excellence in HR Innovation Most People Focused CEO Excellence in HR Communication Strategy Excellence in Total Rewards Strategy Excellence in Workplace Culture <p>Employer Branding Awards</p> <ul style="list-style-type: none"> Award for Talent Management Award for Continuous Innovation in HR Strategy at Work Best Employer Brand Awards 2019 CEO with HR Orientation 	
AALI	
<ul style="list-style-type: none"> Top 100 Asia's Best Employer Brand 2019 (Held in Singapore on 15 August 2019) Asia's Women Leaders Award by World Women Leadership Congress (Won by AALI's CHRO) Company of the Year Award (Blood Donation Drive & Breast Cancer Awareness) at CSR Malaysia Award 2019 Excellence in HR Through Technology (Malaysia Best Brand Awards 2019) CEO with HR Orientation Award – Malaysia Best Employer Brand Awards 2019 Young Leader of The Year (CEO of AALI) – 23rd Asia Insurance Industry Awards 2019 	

Figure 21 – Awards received in relation to AFFIN Bank Group's fair employment practices

SUSTAINABILITY STATEMENT

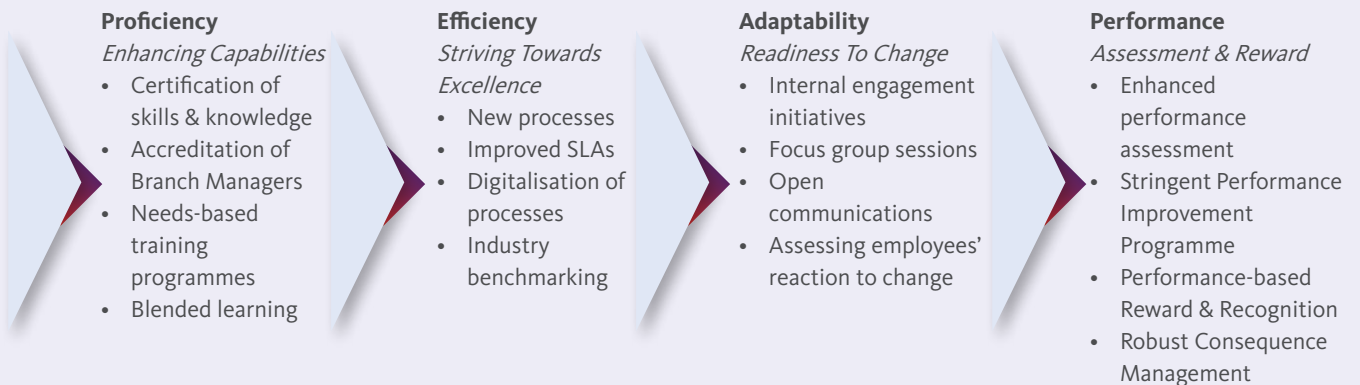
TALENT DEVELOPMENT



The Group recognises the importance of developing our talent across all operations as it indirectly affects the performance of our customer experience. We established various platforms to ensure our talent have the right tools and techniques to maximise their competencies and make sound decisions to deliver better services and exceed customer expectations.

AFFINBANK and AFFIN ISLAMIC’s Learning and Organisation Development Department oversees the initiatives to strategise and coordinate employee development initiatives in line with strategic plans and objectives via both internal and external resources. This is to ensure employees are equipped with the relevant skills and exposure to perform well, build a career in banking and nurture a culture of achievement, accountability and learning. In line with Pillar 6 of the AFFINTY Programme, we have been inculcating a performance-driven culture called The Big Six – Living the AFFIN DNA. The initiative was launched by the Chairman of AFFINBANK in 2018, and kick-started this Workforce Transformation initiative.

Inculcating AFFIN’s DNA: Workforce Transformation Initiatives



SUSTAINABILITY STATEMENT

Affin Hwang Investment Bank Berhad's Training and Development Manual provides the framework for training and development of all employees to develop their knowledge, skill and abilities in supporting the business objectives. Similar to AHAM and AIIMAN, AHIB's Talent Management under the Group Human Resource Department is responsible for delivery of organisational objectives and goals through strategic and targeted execution of talent management, learning and development solutions. One of the key areas highlighted in the HR Policies and Procedures by Affin Hwang Asset Management Berhad and AIIMAN is talent management that guides employee development and succession planning. It also includes training programmes where a dedicated Learning Academy Department is responsible for training needs and formulating specific programmes catered to address their needs.

At Affin Hwang Asset Management Berhad, there is a library initiative for employees with books curated by the Chief Learning Officer to encourage a lifelong learning culture. Activities that are carried out in 2019 include educational movie nights and public speaking sessions to upskill the staff capabilities.

The HR Organisation Performance & Learning Development ("OPLD") team manages end-to-end talent management and development for the entirety of AXA General. Their responsibilities include Strategic Workforce Planning (Capability Gaps) where Subject Matter Experts ("SME") will identify current skill levels versus the predicted skill levels required in 2020 for both technical and non-technical matters. The Group invested in the long-term growth of our talent across various programmes that include customer centricity, product innovation and leadership trainings.

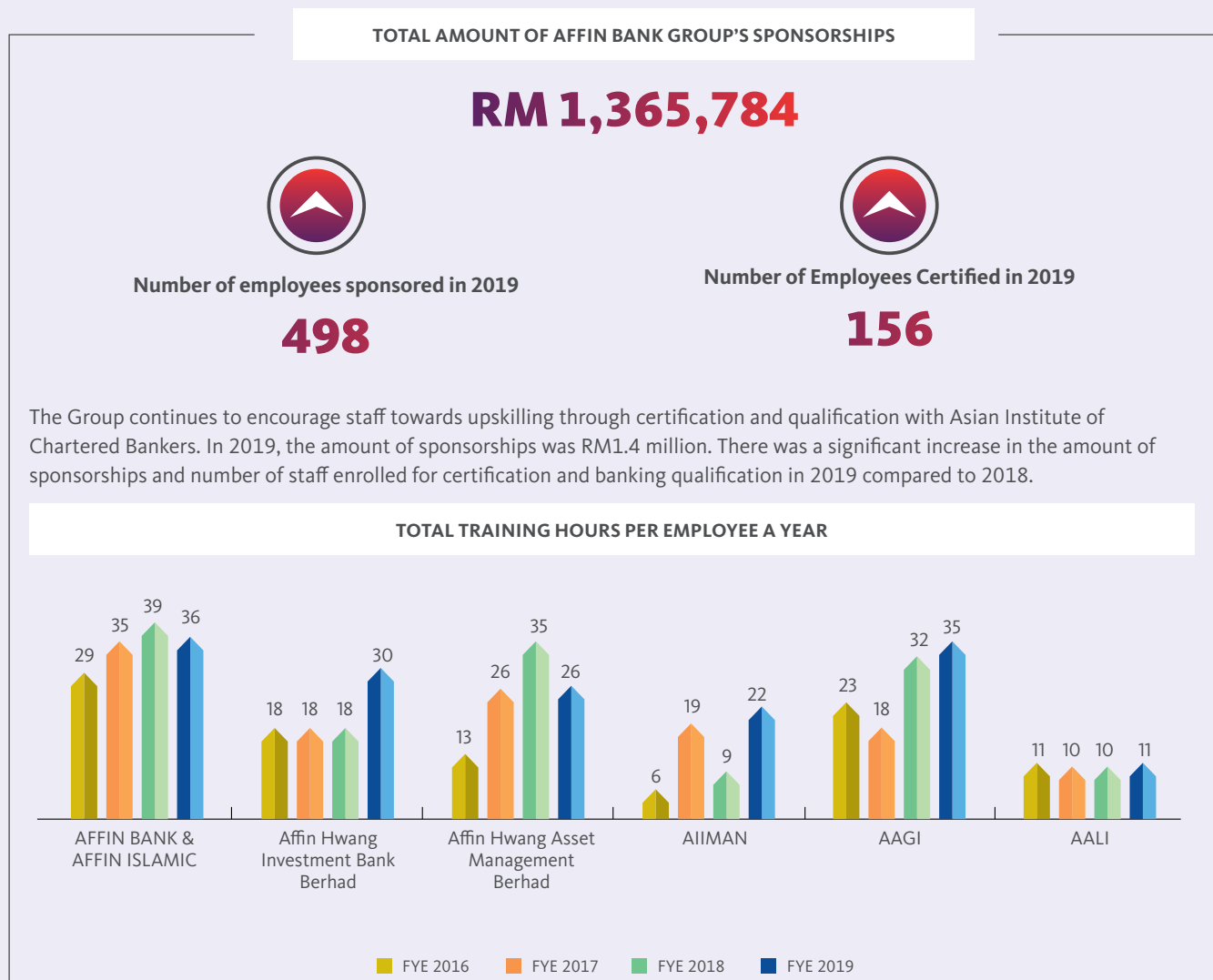


Figure 22 – AFFIN Bank Group's total training hours

SUSTAINABILITY STATEMENT

We take pride in the capabilities of our people and encourage them to reach their full potential by investing in industry related certifications. In support of our employees' pursuing higher education, the Group provides sponsorship programmes to encourage obtaining industry professional certifications such as ACCA Professional Programme, Insurance and Actuarial Studies as well as certification programmes organised by the Asian Institute of Chartered Bankers ("AICB").

Programmes	Objectives	Value Created
e-Learning Programmes	<ul style="list-style-type: none"> AAGI provides employees with industrial knowledge & exposure through Coursera Platform that offers courses from more than 150 university partners around the globe 	<ul style="list-style-type: none"> With over 300 course sign ups, the Coursera Platform has provided an opportunity for employees to manage their own learning needs instantly
BSV Key Drivers Programme	<ul style="list-style-type: none"> A 3-month programme developed by Affin Hwang Investment Bank Berhad to provide a structure of intense challenge & support for key drivers (selected high performance, high potential employees) to achieve career development goals while balancing the unique dynamics of their respective business areas 	<ul style="list-style-type: none"> Participants experienced personal breakthroughs in leadership & performance goals Participants became highly energised & interactive at work which strengthen the bonds amongst the team to achieve common goals
Step Up Programme	<ul style="list-style-type: none"> AAGI encourages all employees to initiate & propose improvement & automation projects to support organisation digital transformation efforts Selected projects will then be funded by the organisation & the winning project with the best improvements will be awarded 	<ul style="list-style-type: none"> Ran for 2 cycles & has created an awareness for all employees on organisational transformation Enabled the identification for more measurable impacts through partnerships with external vendors to enhance the structure & bring in professionals to monitor & coach project executions

Table 14 – Key programmes established across business segments

SUSTAINABILITY STATEMENT



THEME 3

SUPPORTIVE COMMUNITY DEVELOPMENT

Our business activities have great impact to various stakeholders. There is always room for promising business growth where operate. However, at AFFIN Bank Group we believe to reach sustainable excellence, we must vigilantly consider our environmental impacts from our business operations, as well as how we interact with the wider community.

Sustainability Matters	Sustainability Initiatives	Outcomes	Value Created
Environmental Management	<ul style="list-style-type: none"> Environmental awareness campaigns Installation of energy saving light bulbs Shift to e-Statements 	<ul style="list-style-type: none"> Efficient energy, water & paper consumption 	<ul style="list-style-type: none"> Establish an agile & efficient workforce to better serve the customers Provide a healthy, safe & conducive working condition Establish a positive & competitive workplace
Community Development	<ul style="list-style-type: none"> Sponsorship in communities' health, sports, entrepreneurship & environmental protection programmes Monetary contributions in local charity organisations Participation in financial literacy workshops 	<ul style="list-style-type: none"> Encourage positive employees participation in CSR programmes Contribute to the nation's development plans Equip the youth with financial literacy 	<ul style="list-style-type: none"> Strengthen employees' loyalty Create a more customer-centric workforce

Table 15 – Summary of Theme 3: Supportive Community Development

ENVIRONMENTAL MANAGEMENT



We aspire to be good corporate citizens by minimising our environmental footprint across our assets and offices. The Group strives to improve how we manage and monitor our environmental impacts. Each employee is accountable for contributing towards utilising our electricity, water and paper consumption in a responsible manner. Various efforts have been taken to raise awareness and be more environmentally-friendly.



Employees of Affin Hwang Asset Management Berhad had voluntarily established a Green Team. The Green Team is dedicated in advocating & educating employees on sustainable workplace through the organisation of various workplace sustainability efforts. This includes the 'Bring Your Own Coffee Cup' programme. To reduce the usage of disposable paper cups, employees are encouraged to bring their own coffee cups or be charged an additional RM2 for a cup of coffee. All collections are channeled to a Green Fund for future CSR activities.

SUSTAINABILITY STATEMENT

Environmental Mitigation Activities

AFFINBANK, AFFIN ISLAMIC, AAGI & AALI

Electricity Consumption

- Air conditioner is set from 8am to 6pm on Monday to Friday only
- Sequencing of chiller operational to reduce maximum demand
- Power grid system implemented according to zone for each floor
- Opted to use energy efficient light bulbs/LED lights
- More laptop users compared to desktop with hibernation features
- Common printer provided
- Power saving campaign includes last person to switch off the light
- Earth Hour
- AAGI KL Head Office accumulated more than 60 hours of “Lights Off” in conjunction with the global Earth Hour Movement in July 2019.

Water Consumption

- Water saving campaign organised to increase awareness & reduce wastage

Paper Usage

- Printer set to double-sided printing, black & white & password protected
- The respective entities encourage the usage of digital platform to replace the usage of physical papers via online transactions and submissions, sharing of documents and other similar initiatives

Recycling Program

- Over 250 kg of recyclable items and 120 units of IT Assets were contributed by employees of AAGI during the CR Fundraising Bazaar in November 2019.

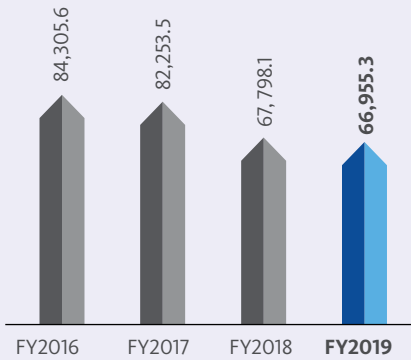
AAGI has developed an environmental policy and strategy which covers both business and operational issues. AAGI’s environmental footprint management also contributes to improve operational eco-efficiency, notably through cost savings on energy, fuel, travel, paper and water. As part of this policy, AAGI has:-

1. Established an environmental reporting process to measure and reduce the environmental impact of business operations;
2. Developed a due-diligence process to ensure an adequate governance is implemented at entity level;
3. Set the 2020 environmental performance targets.

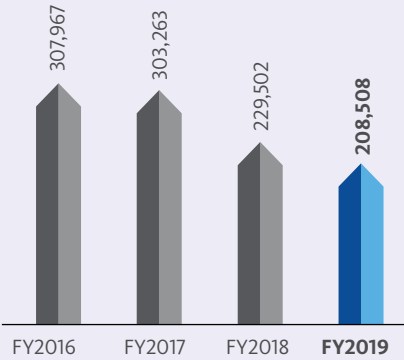
As we rapidly shift towards digital transformation, our employees are required to leverage on technological platforms in carrying out their day-to-day activities. This is in hope of minimising waste in the form of paper consumption, while increasing operational productivity and efficiency. We also advocate this objective to our customers by encouraging the shift to e-Statements.

SUSTAINABILITY STATEMENT

TOTAL ELECTRICITY CONSUMPTION (MWH)



TOTAL WATER CONSUMPTION (M³)



TOTAL PAPER USAGE (KG)

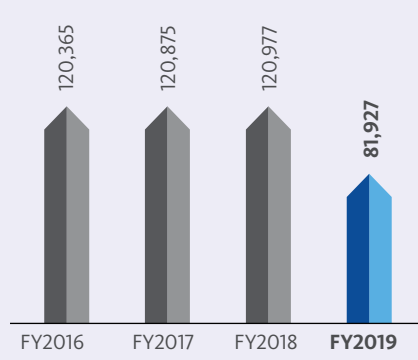
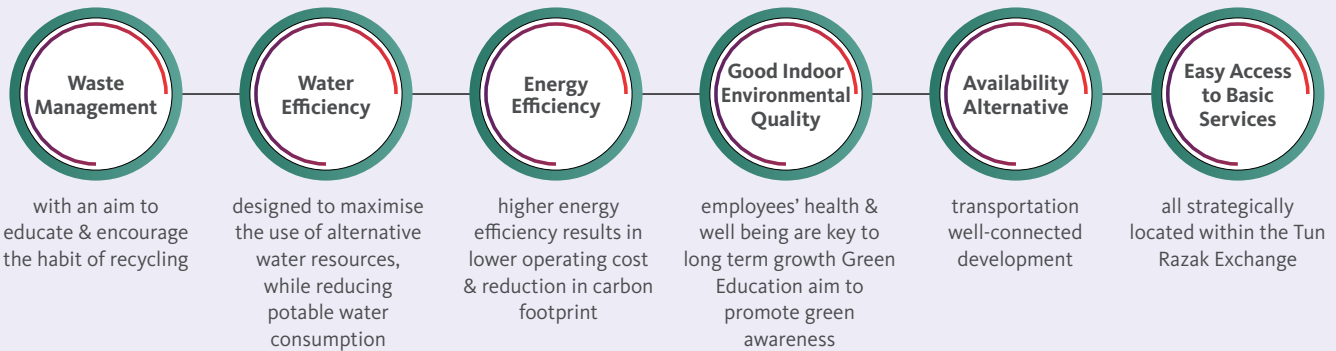


Figure 23 – Electricity, Water Consumption & Paper Consumption for AFFIN Bank Group

AFFIN New Corporate TRX Headquarters

Our new up-and-coming AFFIN Bank Group corporate headquarters will be located within the Financial District of Tun Razak Exchange (TRX) in the heart of Kuala Lumpur. The building consists of 3 basement car parks, 4 podium floors & 43 floors of Grade A office space. It is designed with focus on the 3Ps – People, Planet, Profit & pursuing two green building certifications – the globally recognised LEED certification by US Green Building Council & the locally renowned Green Building Index (GBI) certification, with a target rating of Gold level.

AFFIN New Corporate TRX Headquarters



Since 2015, Affin Hwang Investment Bank Berhad's IT Department has implemented Go-Green initiatives as part of our effort to reduce paper consumption. This was done through e-statements of remisers' monthly commissions & a remiser portal to eliminate the need for printing physical statements & manual forms for withdrawal or processing. For similar reasons, e-statements also enhance the delivery of daily contract notes & monthly statements to clients, and enable them to retrieve historical statements via the portal. The implementation of our Finance in Digital Automation (FiDA) allows electronic posting of invoices that go straight to the Financial System. Our Ktree meeting room module replaces agendas previously provided through emails & physical notifications.

SUSTAINABILITY STATEMENT

COMMUNITY DEVELOPMENT



As a financial institution with vast operations, the Group understands that we play a significant role in empowering and creating positive impacts for our surrounding communities. We extend our financial aid and industrial expertise in various social activities with the objective to help uplift the standards of living and create an inclusive society. Through various policies and frameworks on CSR, we deploy our resources to benefit these communities through numerous programmes and sponsorships in areas of health, sports, entrepreneurship and environmental protection.

AFFINBANK & AFFIN ISLAMIC

Soup Kitchen with PERTIWI

A series of 4 soup kitchen sessions were held in 2019, involving 160 staff in total. Each soup kitchen session provides food for about 700 homeless urban communities in the Klang Valley. The Bank has been involved in this activity for three years, starting in 2017.

Blood Donation Drive

A series of 3 blood donation drives were held at Menara AFFIN, and successfully collected blood from 150 employees. This activity has run since 2005 and AFFINBANK has built a very close relationship & reputation with the National Blood Bank.

Financial Literacy Initiatives

In 2019, AFFINBANK partnered with Multimedia University to organise a financial literacy programme in Kelantan for 500 secondary school students from 4 schools. AFFINBANK also supported the annual Karnival Kewangan, an awareness initiative curated by Bank Negara Malaysia on Financial Literacy. The Bank participated in 6 editions of the initiative in Melaka, Perlis, Terengganu, Sabah and Sarawak.

Tabung Zakat Angkatan Tentera Malaysia (ATM)

Tabung Zakat ATM was set up as a fund to assist veterans and citizens of ATM. In 2019, AFFIN ISLAMIC has contributed RM500,000 to this fund. This contribution by AFFIN ISLAMIC started since 2012.

Festive Charity Activities

For 2019, AFFINBANK organised an annual buka puasa with 135 children from 3 orphanages located in the Klang Valley area. For Chinese New Year, we organised a festive lunch with 60 residents of the Ampang Old Folks Home while for Deepavali, we also organised a festive lunch for 40 children in Ipoh.

#InspirasiBersamaAFFIN CSR Program

#InspirasiBersamaAFFIN aimed to inspire Malaysians to be involved in community outreach by championing corporate sustainability initiatives. The program, in collaboration with ASTRO was executed by three organisations/individuals at Perkampungan Orang Asli Kg Terlimau Cameron Highlands, Rumah Kak Ogy at Tanjung Karang and Selangor & Federal Territory Association for the Mentally Handicapped.

Harian Metro Kotak Rezeki 2019

A charity campaign with New Straits Times Publication, held in the month of Ramadhan. A total of 10,000 'Kotak Rezeki'/charity boxes were distributed to a total of 50 welfare homes, orphanages, religious 'madrasah' and 'tahfiz schools' in Peninsular Malaysia. Each 'Kotak Rezeki' comes with a 10kg bag of rice, cooking oil, flour, sugar and milk, among others.

'Program Seorang Sekampit Beras'

AFFIN ISLAMIC was one of the main sponsors of 'Program Seorang Sekampit Beras' organised by Association of Islamic Banking Institutions Malaysia (AIBIM). The program involved presentation of Zakat and food necessities to over 400 residents of Projek Perumahan Rakyat (PPR) Kota Damansara and Desa Mentari, Petaling Jaya.

Contribution of 'Sahala Wudu' to Sultan Ahmad Shah Mosque, IIUM

AFFIN ISLAMIC donated a wheelchair-accessible wudu' station (Sahala Wudu) which has a comprehensive washing system to Sultan Ahmad Shah Mosque at the International Islamic University of Malaysia (IIUM) in Gombak, Selangor. Sahala Wudu' is specially designed for the disabled with an ergonomic sink design to prevent water from over-flowing while providing comfort for users to take turns using a multi-directional fountain system to ensure a thorough wash.

Zakat Presentation to Mercy Mission Malaysia

Mercy Mission Malaysia, a community development organisation received Zakat contribution from AFFIN ISLAMIC and distributed the contribution to two Rohingya refugee homes - Maahad Tahfiz Al-Quran Al-Ikhwaniah and Akademi Rohingya Malaysia under the Back to School initiative.

'Program Santuni Asnaf'

AFFIN ISLAMIC, in a collaboration with Lembaga Zakat Kedah, hosted 'Program Santuni Asnaf' in Kedah. Through this collaboration, AFFIN ISLAMIC and Lembaga Zakat Kedah visited 10 'Asnaf' houses and handed cash together with basic necessities consists of rice, cooking oil and flour.

SUSTAINABILITY STATEMENT

Beach Cleaning

In 2019, AFFINBANK conducted Beach Cleaning programme at Pantai Merdeka, Kedah. The Beach Cleaning activity was led by Group Chief Executive Officer and Chief Executive Officer of AFFIN ISLAMIC along with 42 staff based in Kedah. The activity successfully gathered and cleaned 19kg of garbage at the beach.

'Back to School' Program

For the year 2019, AFFINBANK organised three 'Back to School' programs in Jitra and Sungai Petani, Kedah and in Kuala Krai, Kelantan. A total of 161 underprivileged school students in both states received school supplies consisting school uniforms, bags, and shoes.

Affin Hwang Investment Bank Berhad

The Second Chance Project

Caring for the less fortunate – The Senior Management Committee partnered with Second Chance Project in an event during Ramadhan month, where the homeless people are given an incubation period to acquire surviving skills, transitioning from spoon-fed culture to self-cultivating interest to make a change for themselves.

Support for the Underprivileged

A Financial Literacy Program, an initiative by Management Trainee Cohort 7 was held at Rumah Anak-Anak Yatim Damai, Klang with the aim to raise awareness on the importance of financial literacy among the local community namely the youths. The program also included a contribution of RM30,000 worth of computers, a projector, projector screen, WiFi booster and printer for the Home's Audio-Visual room.

Contribution to Army Veterans

A contribution of RM600,000 was made to assist deserving or injured army personnel and army veterans through Tabung Zakat Angkatan Tentera Malaysia (ATM) and Tabung Zakat Yayasan Veteran ATM.

Donations to the Community and State Army Veteran Organisations

Zakat contributions were made to 13 organizations, including centres for the physically challenged, old folks, orphans as well as mosques, surau & tahfiz schools and students from low income families, to assist them in terms of education and living expenses. In addition, a total of RM300,000 was donated to five State Associations of Malaysian Armed Forces Veterans to assist army veterans who are in need of medical support as well as families of veterans in need of financial support to sustain their everyday lives.

Affin Hwang Asset Management Berhad

Beyond the Classroom Workshop

Beyond the Classroom 2019 series utilised financial board games to reach out to more participants in a fun and engaging learning experience. The company reached out to 650 students across 3 workshops held in Kuala Lumpur, Penang and Kota Kinabalu. It was designed to encourage learning through gamification giving them the opportunity to make their own decisions & develop a culture of continuous learning & accountability. The Workshop is an AHAM's flagship Financial Literacy and CSR series of experimental workshops, especially created to instil awareness surrounding Financial Literacy amongst young adults.

Fundraising for Happiness Centre Malacca

The Company's operation's Division fundraised RM23,000 along with some daily necessities for Happiness Centre, Malacca. The centre accommodates more than 20 residents, aged between 8 to 40 years old who are mentally and severely disabled and totally dependent on care-givers. Most of the residents are diagnosed with Cerebral Palsy, down syndrome and muscular dystrophy.

Underwater Clean Up Dive at Perhentian Island

The Company sent licensed Scuba Divers to Perhentian Island to clean up the marine trash. Across 2 days, 60 kg of trashes were collected. The scuba divers also worked on other conservation activities such as planting corals and removing coral-eating starfishes. RM7,500 was donated to the partner dive resort to support turtle conservation efforts and eco-friendly business practices.

Partnership with Tropical Rainforest Conservation and Research Centre (TRCRC)

The Company continued to partnership with TRCRC through a RM25,000 sponsorship for 30,000 seedlings and 10 nursery experts. As part of the program, volunteers spent time to plant trees at Taman Tugu and learn more about Malaysia's rainforest through a nature hike.

SUSTAINABILITY STATEMENT

AAGI & AALI

AXA's 5-Year Sustainability Plan

Spearheaded by the Brand, Communications & Corporate Responsibility (CR) Department, the 5-Year Sustainability Plan aims to protect & deliver true impact for the community, customers & environment through collaborative efforts & partnerships with our stakeholders.

AXA Hearts in Action Corporate Responsibility Programme

A global Corporate Responsibility programme for employees to carry out volunteering activities in the form of giving time, sharing skills and raising funds. The programme focuses on 3 key pillars, i.e Social Inclusion, Environment and Health Risk Prevention to deliver true impact to the community through collaborative effort and partnership with stakeholders.

AAGI: AXA Hearts in Action Run 2019

AXA Hearts in Action Run was introduced since 2015 to engage with the community and encourage Malaysians to live a healthy lifestyle through partnerships with local NGOs. Held for the 5th consecutive year at the iconic Dataran Merdeka, Kuala Lumpur

on 21 July 2019, AXA Hearts in Action Run 2019 had gathered 6,500 runners to support 5 social causes (Environment, Children, Kidney, Cancer & Heart) and contributed a total of RM100,000 to WWF-Malaysia, World Vision Malaysia, National Kidney Foundation of Malaysia, National Cancer Society Malaysia and Yayasan Jantung Malaysia.

AAGI: CR Fundraising Bazaar 2019

The inaugural CR Fundraising Bazaar 2019 successfully raised more than RM15,000 from employees to support Back to School funds. The proceeds were contributed to 4 children charity homes, during which a total of 130 children were treated to lunch and game sessions before being presented with Back to School pocket money to prepare for their upcoming school year.

AALI's Blood Donation Drive

80 employees including other tenants in the building were involved in this donation drive. 4 volunteers from the local community. 80 packs of blood were donated successfully & all samples were donated to National Blood Bank.

AXA Corporate Responsibility (CR) Week

The CR Week programme is a week-long activity to support various causes and give back to society. It is held to engage with internal employees and reinforce commitments to empower lives & build a sustainable society. The programme promotes employee volunteering & awareness & develops them into socially responsible corporate citizens.

AAGI CR Week 2019 Highlights

- 70 employees donated blood to the National Blood Bank
- Close to RM10,000 worth of groceries contributed to 4 charity homes
- Contributed reusable sanitary pads to Orang Asli students from SK (Asli) Bukit Kemandol K9, Banting and conducted the Menstrual Hygiene Management Programme in collaboration with Athena Empowers
- Approximately 60 hours of lights switched off during AXA Earth Hour
- 180 employees attended the stress management talk and did their health check

AALI CR Week 2019 Highlights

- 80 blood donors
- 403 volunteer hours
- RM4000 collected and donated to Rumah Perlindungan Safiyah & Pertubuhan Kebajikan Thangam Illam (both are orphanage homes)
- Collected RM1,050.00 (equivalent to 15 kits of reusable sanitary pad price) where the amount were channelled to Athena Empowers and the pads will be donated via Athena Empowers to Orang Asli community.
- A total number of 30 employees volunteered themselves to attend the CSR activity at the National Zoo of Malaysia where 3 groups cleaned the cages of lion, tapir and butterfly.
- Electricity were shut down for 1 hour to support the Earth Hour campaign where we ran for 5 consecutive days during CR week 2019.

SUSTAINABILITY STATEMENT

Core ideologies

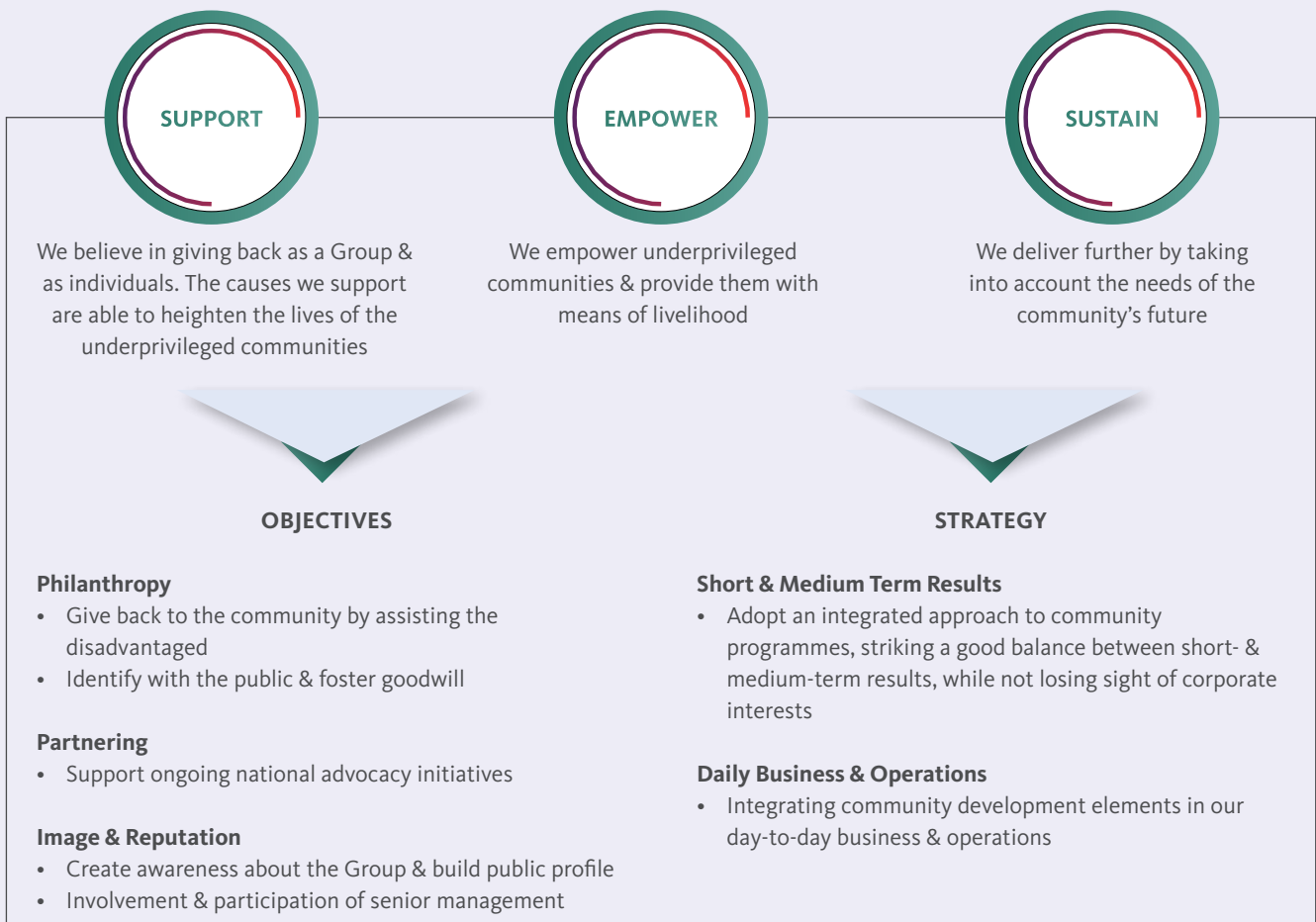


Figure 24 – Affin Hwang Investment Bank Berhad's Corporate Responsibility

In accordance to Islamic principles, we take our obligation to contribute a proportion of our revenue towards the underprivileged group or asnaf. Driven by our policies, we distribute zakat monies to State Islamic Religious Councils, armed forces, education, contribution during the Ramadhan month, assistance to needy families, business aid, various organisations, schools, homes and individuals.

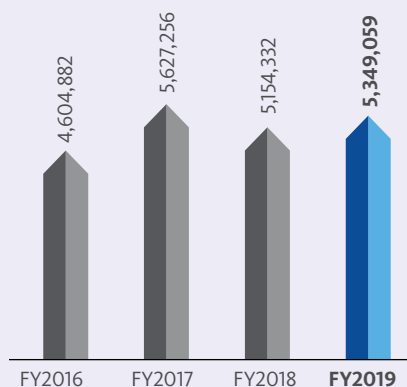


Figure 25 – AFFIN Bank Group's zakat payment (RM)

FIVE-YEAR GROUP FINANCIAL SUMMARY

	2019	2018	2017	2016	2015
OPERATING RESULTS					
For the financial year ended 31 December (RM'million)					
Revenue	1,932	1,921	1,560	1,936	1,802
Profit before taxation and zakat	682.5	679.1	554.1	741.8	519.3
Net profit attributable to equity holders of the Company	487.8	503.1	417.9	564.0	369.3
KEY BALANCE SHEET DATA					
As at 31 December (RM'million)					
Loans, advances and financing	45,388	48,392	45,722	43,747	43,345
Total assets	68,341	75,976	70,009	68,886	67,414
Deposits from customers	51,089	57,346	50,920	51,506	50,549
Total liabilities	58,945	67,235	61,680	60,155	59,087
Commitments and contingencies	30,851	30,873	32,286	26,952	27,996
Paid-up capital	4,775	4,685	4,685	1,943	1,943
Shareholders' equity attributable to the equity holders of the Company	9,337	8,672	8,271	8,682	8,282
FINANCIAL RATIOS (%)					
Profitability Ratios					
Net return on average shareholders' funds	5.42	5.94	4.93	6.65	4.55
Net return on average assets	0.68	0.69	0.60	0.83	0.55
Net return on average risk-weighted assets	1.01	1.02	0.88	1.22	0.82
Cost to income ratio	63.36	63.39	59.87	59.04	60.23
Asset Quality Ratios					
Gross impaired loans ratio	3.00	3.25	2.53	1.67	1.90
Net impaired loans ratio	2.28	2.59	2.10	1.08	1.02
Loan loss coverage	96.88	97.08	98.50	94.34	98.09

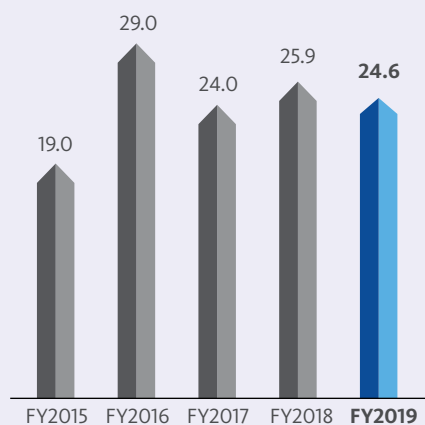
FIVE-YEAR GROUP FINANCIAL SUMMARY

	2019	2018	2017	2016	2015
SHARE INFORMATION - Per share (sen)					
Earnings - Basic	24.59	25.89	23.98	29.03	19.01
Earnings - fully diluted	23.85	25.33	23.98	29.03	19.01
Gross Dividend	5.00	5.00	2.34	5.00	7.99
Net assets	470	446	426	447	426
Share price - high	191	226	234	241	300
Share price - low	189	222	231	237	210
Share price as at 31 December	190	223	231	239	234
Market capitalisation (RM'million)	3,773	4,333	4,488	4,644	4,547
SHARE VALUATION					
Gross dividend yield (%)	2.63	2.24	1.01	2.09	3.41
Dividend payout ratio (%):-					
- based on Group's profit after tax	20.33	19.31	9.77	34.45	42.03
- based on Company's profit after tax	26.68	16.35	16.09	86.76	67.17
Price to earnings multiple (times)	7.73	8.61	9.63	8.23	12.31
SEGMENT INFORMATION					
Profit before taxation and zakat by activity (RM'million)					
Commercial banking	555	802	502	603	461
Investment banking	165	150	40	102	60
Insurance (net of tax)	30	47	13	49	8
Others	(67)	(320)	(1)	(12)	(10)
	683	679	554	742	519

FIVE-YEAR GROUP FINANCIAL SUMMARY

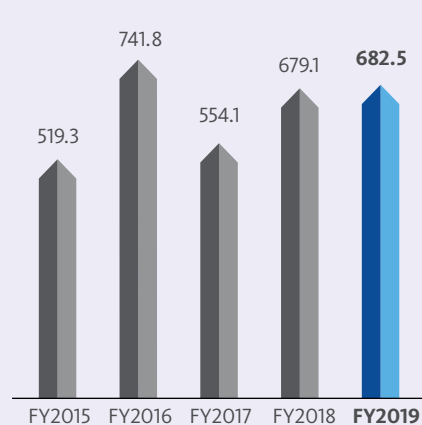
EARNINGS PER SHARE (EPS)

(Sen)



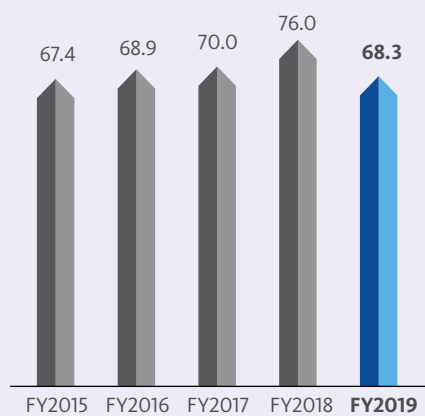
PROFIT BEFORE ZAKAT AND TAXATION

(RM'million)



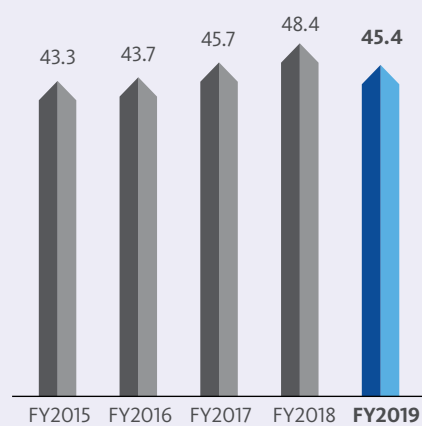
TOTAL ASSETS

(RM'billion)



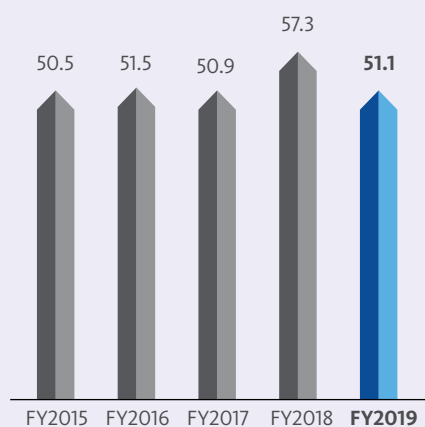
NET LOANS, ADVANCES & FINANCING

(RM'billion)



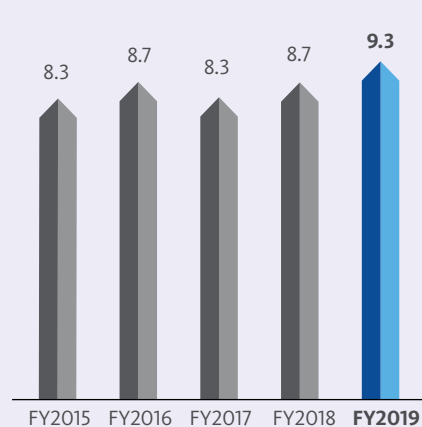
DEPOSITS FROM CUSTOMERS

(RM'billion)



SHAREHOLDERS' EQUITY

(RM'billion)



CORPORATE DIARY

AFFIN BANK BERHAD



28 January 2019

LAUNCH OF COLOURS OF AFFIN - CORPORATE TIE & SCARF

The Bank launched Colours of Affin, its Corporate Tie and Scarf for all staff.



28 February 2019

MOU SIGNING CEREMONY BETWEEN WALLET2U EZPAY & AFFIN BANK BERHAD

Affin Bank Berhad signed a Memorandum of Understanding with Wallet2U Ezipay Sdn in efforts to provide a secure, convenient, and seamless payment ecosystem for consumers nationwide.



18 March 2019

7TH EDITION O.M.G CAMPAIGN PRIZE GIVING CEREMONY

The 7th Edition O.M.G Campaign Prize Giving Ceremony celebrated 92 lucky winners with prizes worth RM 700,000.



21 February 2019

CHINESE NEW YEAR 2019 CHARITY ACTIVITY

The Bank hosted a CNY lunch reception with the elderly residents of Ampang Old Folks Home.



8 March 2019, 26 April 2019, 19
July 2019 and 18 October 2019

CSR ACTIVITY 2019 - SOUP KITCHEN

The Bank organised four Soup Kitchen activities throughout the year. The activity was organised together with Pertiwi Soup Kitchen. Free food supplies, medical checks and other necessities were provided to the underprivileged living within the area.



26 March 2019

2019 LANGKAWI INTERNATIONAL MARITIME AND AEROSPACE EXHIBITION

AFFIN Bank Group became the Official Bank for the 15th Langkawi International Maritime and Aerospace Exhibition (LIMA). The event was launched by Prime Minister YAB Tun Dr Mahathir Mohamad.



23 February 2019

KARNIVAL KEWANGAN MIRI 2019

AFFIN Bank Group participated in Bank Negara's Carnival Kewangan held in Miri, Sarawak. The 2-day carnival was part of BNM's initiative to provide financial awareness to the public.

CORPORATE
DIARY

AFFIN BANK BERHAD



4 April 2019

KARNIVAL KEWANGAN KUALA TERENGGANU 2019

AFFIN Bank Group participated in this 3-day event which attracted some 20,000 visitors. The Bank brought 80 primary students from SK Wakaf Mempelam and SK Kepong in Kuala Terengganu to increase financial literacy amongst the students.



2 May 2019

“YEAR END USAGE” CAMPAIGN PRIZE GIVING CEREMONY

Winners of the “Year End Usage” and “Supplementary Credit Card Usage” campaigns were celebrated with prizes worth RM300,000.



17 May 2019

MAJLIS BERBUKA PUASA BERSAMA ANAK YATIM

The Bank hosted an iftar session for 135 children from 3 different orphanages: Rumah Amal Permata Hatiku in Gombak, Pusat Perniagaan Anak Yatim Nur Iman in Setapak, and Rumah Perlindungan Nur Qaseh in Taman Melawati.



16 April 2019

SITE VISIT TO TUN RAZAK EXCHANGE (TRX)

Senior Management Members of AFFIN Bank Group visited the Tun Razak Exchange (TRX) for the first time on 16 April 2019.



9-10 May 2019

BUKA PUASA MEALS WITH MEDIA 2019

In conjunction with the holy month of Ramadhan, the Bank celebrated 600 members of the Media by distributing packed meals to them. The Bank collaborated with a social entrepreneur, Picha Project which partners with Syrian refugees in traditional food catering.



30 May 2019

PERTANDINGAN MENGANYAM KETUPAT AFFINITY

In ushering Eid, a ketupat making competition was held at Menara Affin.

11 April 2019, 27 August 2019
and 3 December 2019**BLOOD DONATION DRIVE 2019**

The Bank organised three blood donation drives throughout the year. The drive was in collaboration with the National Blood Bank.

CORPORATE DIARY

AFFIN BANK BERHAD



21 June 2019

STAFF HARI RAYA 2019 CELEBRATION

A Hari Raya event was hosted in Johor Bahru for all staff from the Southern Region. An array of Hari Raya delicacies typically from the Southern region, were served, amidst performances by staff from various branches.



13-14 July 2019

KARNIVAL KEWANGAN MELAKA

AFFIN Bank Group participated in the 2-day Karnival Kewangan Melaka which was part of Bank Negara Malaysia's efforts in increasing financial awareness among the general public.



24 July 2019

OFFICIAL LAUNCH OF AFFIN VISA SIGNATURE CREDIT CARD AND AFFINPAY

AFFINBANK launched its Visa Signature Credit Card at TGV Cinemas, 1 Utama Shopping Centre. The newly launched AFFIN Visa Signature Credit Card offers 3% cash back for contactless transactions performed at retail outlets*. During the same event, the Bank also launched AffinPay, a mobile application to propel cashless transaction in our increasingly digital age.



26 June 2019

CORPORATE HARI RAYA OPEN HOUSE 2019

The Bank hosted its annual Hari Raya Open House for valued stakeholders at Royale Chulan, Kuala Lumpur. The event was graced by the Minister of Defence, YB Tuan Mohamad Sabu.



6 July 2019

PROGRAM SEKOLAH@MMU PERDANA - KELANTAN

AFFIN Bank Group partnered with Multimedia University for a Financial Literacy program Sekolah@MMU Perdana which was held in Jeli, Kelantan. Some 500 students participated in the program.



12 October 2020

KARNIVAL KEWANGAN SANDAKAN

AFFIN Bank Group participated in the 2-day Karnival Kewangan Sandakan which was part of Bank Negara Malaysia's efforts in increasing financial awareness among the public.



26 March 2019

KARNIVAL KEWANGAN PERLIS

AFFIN Bank Group participated in the 2-day Karnival Kewangan Perlis which was part of Bank Negara Malaysia's efforts in increasing financial awareness among the general public.

CORPORATE
DIARY

AFFIN BANK BERHAD



20 October 2020

BACK TO SCHOOL PROGRAM - JITRA

The Bank contributed school supplies to the underprivileged students of Sekolah Kebangsaan Hakim Teh. Chief Executive Officer of Affin Islamic Bank Berhad, En. Nazlee Khalifah represented the Bank during the contribution ceremony held at the school.



25 October 2019

DEEPAVALI CHARITY ACTIVITY

In conjunction with the Festival of Light, Affin Bank Berhad management and staff celebrated Deepavali with the underprivileged children of Persatuan Kebajikan Kanak-Kanak Yatim Rumah Visi (Vision Home), Ipoh.



16 December 2019

SCOOTVAGANZA PRIZE GIVING CEREMONY 2019

Winners of "Scootvaganza" campaigns organised by Affin Bank Berhad were celebrated with giveaway of prizes worth more than RM100,000.



24 December 2020

PROGRAM 'BACK TO SCHOOL' - KUALA KRAI

The Bank contributed school supplies to the underprivileged students of Sekolah Kebangsaan Kuala Krai, Kelantan. Chief Operating Officer, En. Zulkainin Kassim represented the Bank during the contribution ceremony held at the school.



12 November 2019

LAUNCH OF "COMPLIANCE AWARENESS WEEK & NO GIFT POLICY"

The Bank launched the Compliance Awareness Week & No Gift Policy at the Auditorium which is to create awareness in achieving the highest standard of integrity and ethics in future banking operations.



23 November 2019

"BACK TO SCHOOL" PROGRAM & BEACH CLEANING ACTIVITY

The Bank contributed school supplies aids to 130 underprivileged students from Sekolah Kebangsaan Bukit Kecil and SK Haji Sulaiman, Kota Kuala Muda, Kedah which consisted of school uniforms, bags and shoes. The Bank also collaborated with Trash Hero, an environmental NGO to conduct an environmental talk for the students.



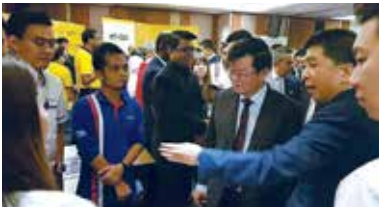
28 December 2020

LIVING IN FUTURE TIMES (LIFT) FESTIVAL 2019 - PUTRAJAYA

AFFIN Bank Group participated in a two-day L.I.F.T Festival 2019 organised by the Ministry of Finance held at Menara Perkeso, Putrajaya. The 2-day festival focused on Literacy in Financial Technology and Living in Future Times.

CORPORATE DIARY

AFFIN ISLAMIC BANK BERHAD



14 January 2019

ISLAMIC FINANCE RENDEZVOUS SERIES - PENANG

AFFIN ISLAMIC participated in Islamic Finance Rendezvous Series (IFRS) at Eastin Hotel, Penang which was officiated by YAB Chief Minister of Penang, Chow Kon Yeow.



27 February 2019

PROGRAM SANTUNI ASNAF

AFFIN ISLAMIC, in a collaboration with Lembaga Zakat Kedah hosted Program Santuni Asnaf in Kedah and handed RM400 cash together with basic necessities worth RM100 to each family.



9 - 11 April 2019

KL ISLAMIC FINANCE FORUM (KLIFF 2019)

KL Islamic Finance Forum (KLIFF 2019) was held at Royale Chulan Hotel, Kuala Lumpur. Officiated by the former Prime Minister of Malaysia, YAB Tun Dr. Mahathir Mohamad, the theme for KLIFF 2019 was 'Technology Face and Sustainability Voice of Islamic Finance'.



30 & 31 March 2019

FACON EDUCATION FAIR 2019

AFFIN ISLAMIC participated in the FACON Education Fair 2019. The event acts as a platform for the public and students to explore and gain knowledge on AFFIN Education Financing-i.



24 January 2019

ZAKAT PRESENTATION TO MERCY MISSION MALAYSIA

Mercy Mission Malaysia, a community development organisation received Zakat contribution from AFFIN ISLAMIC under Back to School initiative.



3 - 6 April 2019

MALAYSIA INTERNATIONAL HALAL SHOWCASE

AFFIN ISLAMIC participated in Malaysia International Halal Showcase (MIHAS 2019) held at MITEC KL.



24 April 2019

ZAKAT PRESENTATION TO RUMAH RAUDHATUS SAKINAH

AFFIN Bank Group presented zakat contribution to Rumah Raudhatus Sakinah. Apart from the zakat contribution, the one-day event was filled with activities such as motivational talk, wall painting and other interesting activities which were participated by AFFINBANK and AFFIN ISLAMIC employees.

CORPORATE
DIARY

AFFIN ISLAMIC BANK BERHAD



30 April 2019

AFFIN ISLAMIC SIGNS MOU WITH
MATA ON AFFIN EDUCATION
FINANCING-i

AFFIN ISLAMIC signed a memorandum of understanding (MOU) on AFFIN Education Financing-i with the Malaysian Aviation Training Academy (MATA). The MoU was signed by En. Nazlee Khalifah, Chief Executive Officer of AFFIN ISLAMIC and Dato' Sulaiman bin Dahlan, Group Chief Executive Officer/Director of MATA.



28 May 2019

SUMBANGAN HARI RAYA
AIDILFITRI TO ANGKATAN
TENTERA MALAYSIA

AFFIN ISLAMIC was a zakat contributor to 'Tabung Zakat Angkatan Tentera Malaysia', presented by former AFFIN Bank Group Chief Executive Officer, En. Kamarul Ariffin to Minister of Defence, YB Mohamad Sabu during 'Majlis Penyampaian Sumbangan Hari Raya Aidilfitri' held at the Ministry of Defence, Kuala Lumpur.



30 May 2019

AFFIN ISLAMIC CONTRIBUTES
SAHALA WUDU TO SULTAN
AHMAD SHAH MOSQUE, IIUM

AFFIN ISLAMIC donated a wheelchair-accessible wudu' station (Sahala Wudu) which has a comprehensive washing system to the Sultan Ahmad Shah Mosque at the International Islamic University of Malaysia (IIUM) in Gombak, Selangor. Sahala Wudu is specially designed for the disabled with an ergonomic sink design to prevent water from overflowing while providing comfort for users to take turns using a multi-directional fountain system to ensure a thorough wash.



18 May 2019

PROGRAM SEORANG SEKAMPIT
BERAS AT PPR KOTA DAMANSARA
& DESA MENTARI, PETALING JAYA

AFFIN ISLAMIC was the main sponsor of Program Seorang Sekampit Beras, organised by Association of Islamic Banking Institutions Malaysia (AIBIM). AFFIN ISLAMIC presented packages of food necessities to over 200 residents of PPR Kota Damansara and Desa Mentari PJ respectively.



31 May 2019

ZAKAT CONTRIBUTION TO RUMAH
PENGASIH WARGA PRIHATIN

150 children from Rumah Pengasih Warga Prihatin were overjoyed to receive 'baju raya' and Zakat contribution from AFFIN ISLAMIC.



18 May 2019

AFFIN ISLAMIC DISTRIBUTES
#HMKOTAKREZEKI 2019

AFFIN ISLAMIC kicked off its #HMKotakRezeki2019 charity box programme to deliver a total of 11,000 aid packs to individuals and welfare homes throughout Peninsular Malaysia. The CSR activity was carried out in collaboration between AFFIN ISLAMIC & NSTP.

CORPORATE DIARY

AFFIN ISLAMIC BANK BERHAD



8 July 2019

ZAKAT PRESENTATION TO MAJLIS UGAMA DAN ADAT RESAM MELAYU PAHANG (MUIP)

AFFIN ISLAMIC participated in the zakat presentation ceremony to Majlis Ugama dan Adat Resam Melayu Pahang (MUIP). En. Nazlee Khalifah, AFFIN ISLAMIC's CEO presented a mock cheque to Yang di-Pertuan Agong DYMM Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah.



2 July 2019

RECORDING OF TMJ FOR ASTRO OASIS IN KEM TERENDAK MELAKA, MSU & UPNM

AFFIN Bank Group, the main sponsor of Tazkirah Malam Jumaat (TMJ) program on Astro Oasis collaborated with four institutions i.e. Bank Negara Malaysia (BNM), Markas Kem Terendak, Management & Science University (MSU) and Universiti Pertahanan Nasional Malaysia (UPNM) to host the recording of six TMJ episodes. The first recording was held at Kem Terendak, Melaka followed by second recording at MSU while the final recording was hosted at UPNM.



26 July 2019

AFFIN ISLAMIC #INSPIRASIBERSAMAFFIN CSR PROGRAM

AFFIN ISLAMIC created the #InspirasiBersamaAFFIN video production series, specially for broadcast on all ASTRO TV channels and online platforms. #InspirasiBersamaAFFIN features a group of ordinary people doing extraordinary things to give back to the community, and was recorded at Perkampungan Orang Asli Kg Terlimau in Cameron Highlands, Rumah Kak Ogy in Kuala Selangor. The Selangor and Federal Territory Association for the Mentally Handicapped (SAMH) in Wisma Harapan KL.



23 July 2019

ZAKAT PRESENTATION TO LEMBAGA ZAKAT NEGERI KEDAH

AFFIN ISLAMIC had the honour to contribute zakat to Lembaga Zakat Negeri Kedah through its Chief Executive Officer En. Nazlee Khalifah, which was received by Sahibus Samahah Dato' Paduka Syeikh Fadzil Haji Awang, the Mufti of Kedah who is also the Board Member of Lembaga Zakat Negeri Kedah in a ceremony held in Alor Setar, Kedah.



20 August 2019

SIGNING OF EDUCATION FINANCING-i MOU WITH ROYAL COLLEGE SURGEON IRELAND (RCSI) AND UNIVERSITY COLLEGE DUBLIN (UCD) MALAYSIA CAMPUS (RUMC)

AFFIN ISLAMIC signed a memorandum of understanding (MOU) with the Royal College of Surgeons in Ireland (RCSI) and University College Dublin (UCD) Malaysia Campus (RUMC) for AFFIN Education Financing-i in August. During the signing ceremony, AFFIN ISLAMIC was represented by En. Nazlee Khalifah, CEO of AFFIN ISLAMIC while RUMC was represented by Professor David Whitford, CEO of RUMC.

CORPORATE
DIARY

AFFIN ISLAMIC BANK BERHAD



22 August 2019

ZAKAT PRESENTATION TO MASJID
POLITEKNIK MUADZAM SHAH

AFFIN ISLAMIC is proud to be the official sponsor of Karnival Rahmah Muadzam Shah 2019 organised by Politeknik Muadzam Shah and Yayasan Dakwah Islamiah Malaysia (YADIM).



4 - 8 September 2019

HALFEST JAKIM 2019 EVENT

AFFIN ISLAMIC participated in Halal Fiesta HALFEST JAKIM 2019 held at MIECC Kuala Lumpur.



26 October 2019

MALAM AMAL KESENIAN &
KEBUDAYAAN 2019

AFFIN ISLAMIC & AFFINBANK were proud sponsors of Malam Amal Kesenian & Kebudayaan 2019 organised by Persatuan Wanita Islam Prihatin (PWIP).



18 October 2019

EDUCATION FINANCING-i
AGREEMENT WITH UNIVERSITY
MALAYA

AFFIN ISLAMIC signed an appointment agreement with Universiti Malaya (UM) for AFFIN Education Financing-i at Bangunan Canseleri UM.



18 October 2019

AFFIN ISLAMIC BAGGED TWO
AWARDS AT THE ASSETS TRIPLE A'S
ISLAMIC FINANCE AWARDS 2019

AFFIN ISLAMIC bagged two awards at The Assets Triple A's Islamic Finance Awards 2019 which fall under two categories, namely Issuer/ Adviser Awards: Islamic Issuer of the Year under Financial Institution, and Best Deal Regional - Capital Market for Best Bank Capital Sukuk Asia Pacific. The Islamic Finance Awards recognises organisations that contributed significantly to the development of Islamic banking and finance industry.



6 December 2019

ASIA HALAL BRAND AWARDS 2019

AFFIN Bank Group was the proud sponsor of Asia Halal Brand Awards (AHBA 2019) held at Shangri-La Hotel Kuala Lumpur

CORPORATE DIARY

AXA AFFIN GENERAL INSURANCE BERHAD



8 March 2019

INTERNATIONAL WOMEN'S DAY

AXA organised its inaugural Women Entrepreneurs Bazaar in conjunction with International Women's Day to support homegrown businesses developed by female entrepreneurs across the country. Amy Zheng, co-founder of Amazin' Graze (a local homegrown healthier food alternative company) was also invited to join the event and share her success story. The Company had also hosted the first ever visit of AXA Group CEO, Thomas Buberl who join the International Women's Day pre-luncheon celebration with women leaders in the industry.

AXA had also joined the global HeForShe movement, which successfully contributed a total of 20k€ to Plan International, a development and humanitarian organisation that advances children's rights and equality for girls.



18 March 2019

GO RED FOR WOMEN CAMPAIGN

AXA continued its commitment to play a more active role in risk prevention by collaborating with Yayasan Jantung Malaysia in Go Red for Women campaign to raise awareness on cardiovascular diseases and educate women about the importance of prevention and protection. The campaign was mobilised nationwide with a series of engagement and educational activities held, including informative talks on heart health, insurance awareness, comprehensive health check and nutritional advice. AXA has also contributed RM 39,000 to Yayasan Jantung Malaysia to continue driving awareness on cardiovascular disease at areas that lacked awareness



24 June 2019

HARI RAYA CELEBRATION WITH SENIOR CITIZENS OF MESRA HOME

Building on its goal to promote employee volunteering in support of social inclusion, AXA organised a visit to Mesra Home at Ampang to delight the senior citizens with a heartwarming Raya celebration. Mesra Home was also presented with a total monetary aid of RM3,200 to support its daily necessities.



1 - 5 July 2019

CORPORATE RESPONSIBILITY WEEK

AXA reinforced its commitment to build a sustainable society with week-long activities held during its Corporate Responsibility Week from 1 - 5 July 2019.

The annual programme aimed to give employees the opportunity to dedicate an hour, a day or a week in support of social inclusion, environment and health.

Activities Highlights:-

- 70 employees donated blood to the National Blood Bank
- Close to RM10,000 worth of groceries contributed to 4 charity homes
- Contributed reusable sanitary pads to orang asli students from SK (Asli) Bukit Kemandol K9, Banting and conducted the Menstrual Hygiene Management Programme in collaboration with Athena Empowers
- Approximately 60 hours of lights switched off during AXA Earth Hour
- 180 employees attended the stress management talk and did their health check

CORPORATE
DIARY

9 July 2019

AXA EMPOWERS ENTREPRENEURS TO TAKE CONTROL

Launched in July 2019, AXA #TakeControl SME Challenge aimed to empower 3 most aspirational entrepreneurs with the skills, funding and know-how to take control of their business growth and future.

10 finalists were shortlisted to undergo a structured business coaching to refine their ideas.

Me Books Asia, Bondhaven & ArtVenture with Sarah emerged as the top 3 winners after the final face-to-face pitch with the panel of judges. Winners were each rewarded with cash and prizes worth more than RM100,000 to take their business to greater heights.

In conjunction with the Challenge, AXA had also organised the inaugural AXA SME Forum 2019: Take Control in collaboration with MALAYSIA SME® Media Group. The event had gathered a panel of speakers and business leaders to share their invaluable experience and expertise with over 350 SME owners.



21 July 2019

AXA HEARTS IN ACTION RUN 2019

With overwhelming support and participation this year, AXA Hearts in Action Run 2019 (in its 5th consecutive year) had successfully attracted over 6,500 runners and contributed a total of RM100,000 to 5 NGOs (WWF - Malaysia, World Vision Malaysia, National Kidney Foundation of Malaysia, National Cancer Society Malaysia and Yayasan Jantung Malaysia), marking a total contribution of RM600,000 over the past 5 years.

The run was held in support of AXA's purpose in becoming a trusted partner, by encouraging Malaysians to run for better health, and at the same time champion a noble social cause close to their heart.



15 August 2019

AXA PARTNERS BLUEDUCK TO EMPOWER HOUSEOWNERS & TENANTS WITH PEACE OF MIND

AXA partnered with BlueDuck, an online one-stop home rental solution platform to provide tailored protection to both homeowners and tenants for their home and valuables. This initiative demonstrated AXA's commitment to achieve its Payer-to-Partner strategy by continuously investing in strategic partnerships and expanding its digital distribution channels in an effort to deliver superior customer experience.

28 August 2019

LAUNCH OF MALAYSIA'S 1ST TELEMATICS COMMERCIAL VEHICLE INSURANCE & FINANCING

AXA continued to expand its Payer-to-Partner strategy through its strategic partnership with Hap Seng Trucks Distribution Sdn. Bhd. and Hap Seng Credit Sdn. Bhd.

This collaborative initiative aimed to introduce AXA FlexiTruck as the first telematics commercial vehicle insurance in Malaysia to inculcate safe driving behaviour among FUSO light commercial vehicle truck drivers and help them better understand their driving habits through the installation of telematics security device.

AXA FlexiTruck will be financed by HSC under FUSO Ez-Own, also the first telematics financing programme in Malaysia.

CORPORATE DIARY

AXA AFFIN GENERAL INSURANCE BERHAD



29 August 2019

EMPOWERING ORANG ASLI WITH MENSTRUAL HEALTH KNOWLEDGE

AXA visited the Orang Asli students at SK (A) Bukit Kemandol, Jenjarum to facilitate the Menstrual Hygiene Management Programme alongside social enterprise Athena Empowers. During the 2-hour long session, students were engaged with various interactive games, video and activities that focuses on menstrual health and the use of safe and healthy menses items. They were also taught how to use the Switch Kits (reusable sanitary pads), which were contributed via the fundraising activity held during AXA CR Week 2019.



5 & 6 November 2019

AXA SUPPORTS "BACK TO SCHOOL" INITIATIVE

AXA organised its inaugural CR Fundraising Bazaar and successfully collected more than RM15,000 from the sales of goods and recycling initiatives.

The contribution was contributed to 130 children from 4 charity homes to help with their year-end "Back to School" expenses.



12 December 2019

INTERNATIONAL DAY OF PEOPLE WITH DISABILITY 2019

AXA is committed to cultivate a workplace that is inclusive and accessible for people of all abilities. The Company organised "The Future is Accessible" event to increase awareness, understanding and reduce stigma about disability at workplace.

The event was made more memorable with speakers from Damai Disabled Persons Association, Malaysian Association for the Blind and YMCA invited to share life experiences and valuable tips on how to assist and interact with disabled, blind and deaf people.

6 employees with visible and invisible disabilities had also been invited to share their own experiences and stories through powerful portraits and inspiring quotes.

AFFIN HWANG CAPITAL



8 February 2019

Official opening ceremony of Affin Hwang Asset Management's Government & Public Sector Office in Ayer@8, Putrajaya



20 July 2019

Affin Hwang Asset Management's Investment Forum "Wealth and Beyond"

CORPORATE
DIARY

AFFIN HWANG CAPITAL



24 April 2019

SECOND CHANCE PROJECT

In collaboration with Second Chance Project, the Senior Management Committee participated in making handicrafts with homeless people. The Second Chance Project is founded with an objective to provide an incubation period for the homeless, transitioning from spoon-fed culture to self-cultivating interest to make a change for themselves.



26 April 2019

MAJLIS ZAKAT KORPORAT

20 selected organisations were invited for the Majlis Korporat Zakat 2019. The beneficiaries include Persatuan Veteran ATM Malaysia, Akademi Remaja Islam Autisma, Pusat Jagaan Suci Rohani, PERKIM and other organisations for the disabled, orphanages, and old folks. A total of RM1.62 million was distributed in 2019.



28 May 2019

MAJLIS PENYAMPAIAN
SUMBANGAN ZAKAT

In conjunction with Hari Raya Aidilfitri, Affin Hwang Capital, together with other charitable organisations contributed RM600,000 to Persatuan Kebajikan Angkatan Tentera Malaysia and Persatuan Kebajikan Veteran Angkatan Tentera Malaysia.

The Zakat contribution was presented by our Chairman, En. Abd Malik bin A Rahman to YB Tuan Haji Mohamad bin Sabu, Minister of Defense, Malaysia.



25 June 2019

WE-CONNECT

We-Connect is a combination of our previous Townhall and Facetime, which allowed us to have a total connection experience by using digital infra and tools, enabling the entire organization to participate in it together, at the same time, from all different locations. Staff were able to raise questions and participate in the polling sessions through an interactive online tool called "Sli.do".



14 September 2019

FINANCIAL LITERACY

With the aim to raise awareness on the importance of financial literacy among the local community namely the youths, Management Trainee Cohort 7 organised a Financial Literacy Program with Rumah Anak-anak Yatim Damai, Kuang as part of the Community Engagement initiative.

The two-hour Finance Education Program focused on Savings, Insurance and Fixed Deposit using a "Live Monopoly" concept. The main objective of the project was to encourage and inculcate better learning development of financial literacy for the youths. 33 children from the Home participated and benefited from the program. The project also included a contribution of RM30,000 worth of computers, a projector, projector screen, wifi booster and printer for the Home's Audio Visual room.



29 November 2019

Launch of the Country's first TradePlus Leveraged and Inverse (L&I) Exchange Traded Fund (ETF)

CORPORATE DIARY

AXA AFFIN LIFE INSURANCE BERHAD



1 January 2019

AXA STEP IT UP +

First in the market transformational wellness programme which motivates Malaysians to be healthier. This new upgraded health campaign composed of “Fitter Me” where customers will be rewarded with cash back by staying active and “Better Me” offers a dedicated online health coach to help customers improve their health.



1 – 5 July 2019

CORPORATE RESPONSIBILITY (CR) WEEK 2019

CR week is an AXA Global initiative dedicated to offers AXA employees a great opportunity to give back to communities by devoting time to enabling people to live better lives. Taking place from 1 to 5 July, AXA AFFIN Life once again organises a series of activities with the aims to reinforce the commitment in making a difference and to build a sustainable society.

- Earth Hour Campaign – lights off for an hour daily
- Food Charity Bazaar – all sales proceeds are channelled to Rumah Perlindungan Safiyyah and Pertubuhan Kebajikan Thangam Illam
- Donate-A-Pad Campaign to the Orang Asli Community
- GLC Fest Awareness Talk
- Blood Donation Drive
- Zoo Negara Clean-up Project



26 July 2019

AXA KNOW YOU CAN

AXA AFFIN Life Insurance further strengthens its brand positioning in Malaysia with the new ambition and global brand promise by AXA Group, “Know You Can”. The new tagline perfectly symbolises AXA AFFIN’s continuous ambition to be the partner capable of empowering our customers to believe that a better life is within their reach. The key message behind the “Know You Can” tagline was strongly incorporated in an interactive launch held at MyTOWN Shopping Centre over 4 days from 25 – 28 July, 2019. The overall set-up was divided into four zones (Healthy zone, Happy zone, Upgrade zone and Stress-free zone) with each having activities to meet the objective of AXA’s new brand promise.



17 July 2019

AXA AFFIN LIFE INSURANCE NEW BRANCH IN SEREMBAN

AXA AFFIN Life Insurance enhances presence in Seremban by opening it’s 10th branch in Seremban 2, Negeri Sembilan with the aim to increase the customer contact frequency by offering the Seremban community in-branch solutions and providing an extensive array of medical, health, savings and life protection products.



1 OCTOBER 2019

AXA EMEDIC FAMILY PLAN

Another first-in-the-market revolutionary online medical card offering fast, easy and affordable protection for the young Malaysian families in a single package in less than 10 minutes via www.AXAeMedic.com. Families can now get protected for as low as RM150 per month for a family of four with coverage up to RM100,000 each individual per year.