

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### CHAIRMAN

#### Dato' Agil Natt

Chairman/Independent Non-Executive Director

### DIRECTORS

#### Dato' Abdul Aziz Bin Abu Bakar

Independent Non-Executive Director

#### Dato' Mohd Hata Bin Robani

Independent Non-Executive Director

#### Chan Tze Ching, Ignatius

Non-Independent Non-Executive Director

#### Dato' Rozalila Binti Abdul Rahman

Independent Non-Executive Director

#### Yuen Wai Hung, Peter

Non-Independent Non-Executive Director

#### Marzida Binti Mohd Noor

Independent Non-Executive Director

#### Gregory Jerome Gerald Fernandes

Independent Non-Executive Director

#### Chan Wai Yu

Independent Non-Executive Director

#### Mohammad Ashraf Bin Md Radzi

Non-Independent Non-Executive Director

#### Emeliana Dallan Rice-Oxley

Independent Non-Executive Director  
(appointed w.e.f. 1 October 2023)

### COMPANY SECRETARY

Nimma Safira Khalid  
LS0009015  
(SSM PC No. 201908001266)  
Tel : 603-2302 1000  
E-mail : nimma@affingroup.com

### REGISTERED OFFICE

Level 19, Menara AFFIN  
Lingkar TRX  
Tun Razak Exchange  
55188 Kuala Lumpur  
Malaysia  
Tel : 603-2302 1000

### HEAD OFFICE

Menara AFFIN  
Lingkar TRX  
Tun Razak Exchange  
55188 Kuala Lumpur  
Malaysia  
Tel : 603-2302 1000

### SHARE REGISTRAR

Tricor Investor & Issuing House Services  
Sdn. Bhd.  
Unit 32-01, Level 32  
Tower A, Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia  
Tel : 603-2783 9299  
Fax : 603-2783 9222  
Email : is.enquiry@my.tricorglobal.com  
Website : www.tricorglobal.com

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





### EXTERNAL AUDITORS

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

### WEBSITE

www.affingroup.com

### SOCIAL MEDIA CHANNEL

 <https://www.facebook.com/AffinMy>  
 <https://www.instagram.com/affinmy/>  
 <https://twitter.com/AffinMy>  
 <https://www.youtube.com/c/affin>

### INVESTOR RELATIONS

Tel : 603-2302 1030 (ext : 921030)  
Email : ir@affingroup.com

### AGM HELPDESK

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

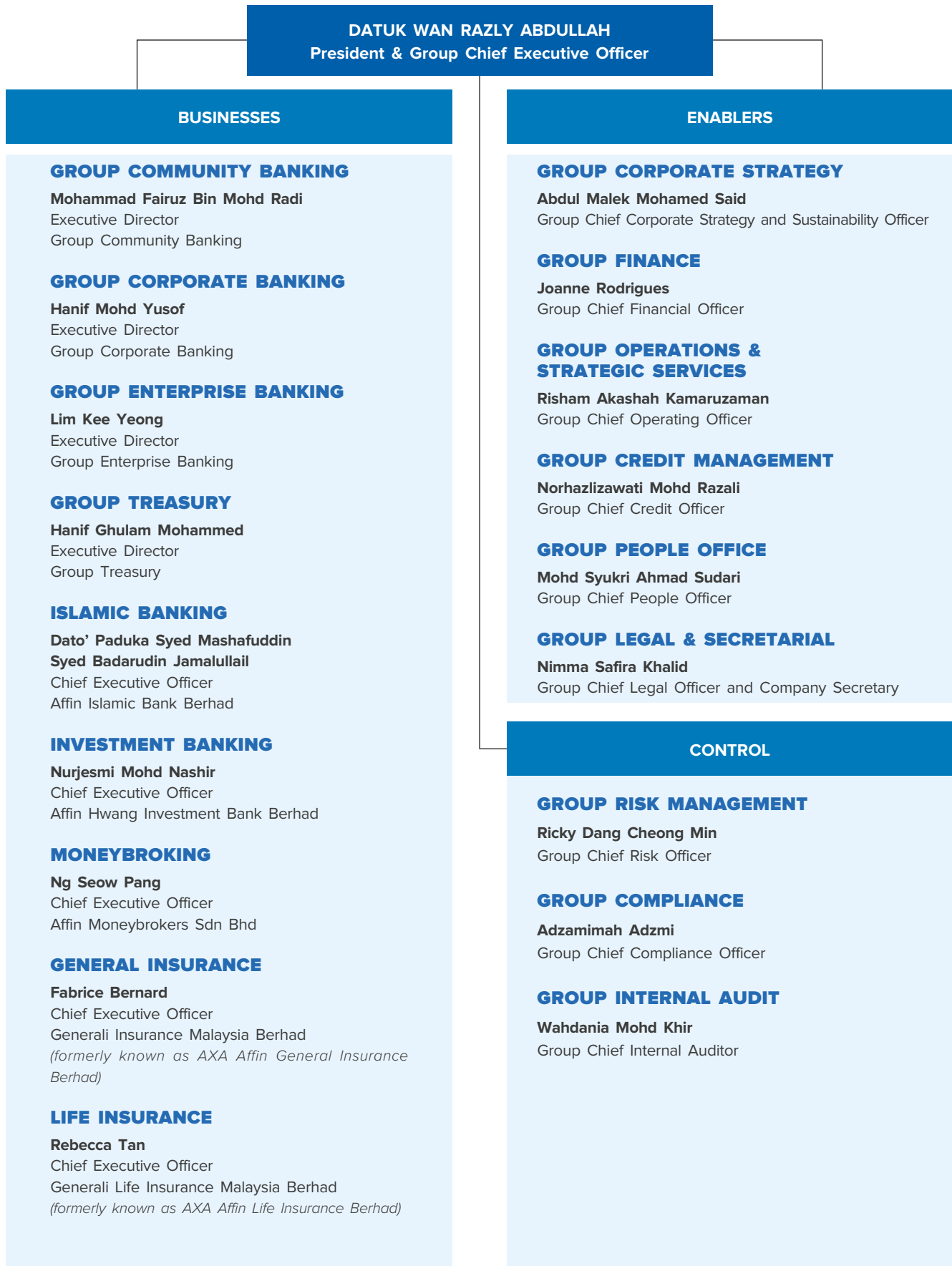
### STOCK EXCHANGE

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

### FINANCIAL YEAR END

31 December

# GROUP ORGANISATION STRUCTURE

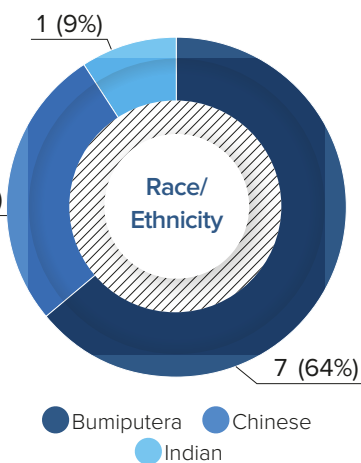


# BOARD COMPOSITION

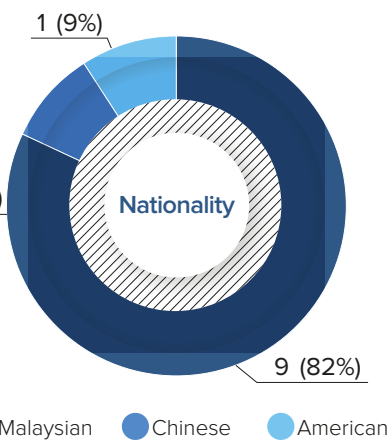
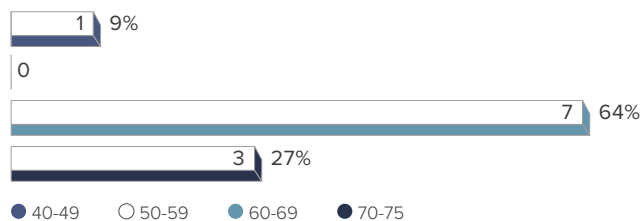
## COMPOSITION (% AND TOTAL)



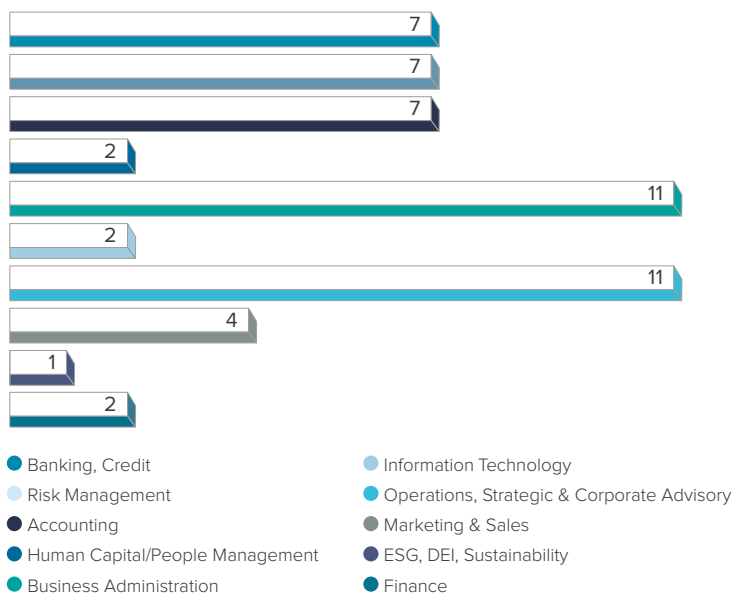
## GENDER



## AGE



## BOARD SKILLS AND EXPERIENCE





# BOARD OF DIRECTORS



# PROFILE OF BOARD OF DIRECTORS

**1 DATO' AGIL NATT**  
Chairman/Independent  
Non-Executive Director

B

E

F

Malaysian

Male

Age 72

**Date of Appointment**  
8 November 2019

**Attendance in 2023 (100%)**

11/11

7/7

## ➔ ACADEMIC/PROFESSIONAL QUALIFICATION

- Advanced Management Program (AMP163), Harvard Business School, USA
- Master of Science in Finance, Bayes Business School, City, University of London, UK
- Bachelor of Science in Economics (Hons), Brunel University, UK

## ➔ WORKING EXPERIENCE AND OCCUPATION

- Investment Panel member of Employees Provident Fund Board (2017 to 2021)
- President & CEO, International Centre for Education in Islamic Finance (INCEIF) (2006 to 2011)
- Executive Director & Deputy President, Maybank (2004 to 2006)
- MD/CEO, Aseambankers Bhd (now known as Maybank Investment Bank) (2000 to 2004)
- Senior GM, Corporate Banking, Maybank (1995 to 2000)
- Regional Chief Representative, Kleinwort Benson Ltd (Investment Bank), Malaysia & UK (1990 to 1995)
- Senior GM, Finance, Island & Peninsular Bhd (1982 to 1989)
- Manager, Corporate Finance, Bumiputra Merchant Bankers Berhad (1977 to 1982)

## ➔ OTHER DIRECTORSHIP(S)

### Other Public Companies

- Nil

### Public Companies:

- Nil

## ➔ EXTERNAL PROFESSIONAL COMMITMENTS

- Nil

## ➔ MEMBERSHIP OF BOARD COMMITTEES

- Chairman, AFFIN Group Chairmen Committee
- Member, Group Board Credit Review and Recovery Committee
- Member, Group Board Information Technology Committee

## ➔ MAIN SKILLSETS

- Banking
- Economics
- Finance

**2 DATO' MOHD HATA BIN ROBANI**  
Independent  
Non-Executive Director

B

R

Malaysian

Male

Age 71

**Date of Appointment**  
17 October 2017

**Attendance in 2023 (94%)**

11/11

6/7

## ➔ ACADEMIC/PROFESSIONAL QUALIFICATION

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

## ➔ WORKING EXPERIENCE AND OCCUPATION

- Advisor, Agenda Harmoni Sdn Bhd (2009 to 2019)
- Executive Chairman, Excellent Tank Treatment Services Sdn Bhd (2009 to 2015)
- Managing Director, Malaysian Electronic Payment System Sdn Bhd (MEPS) (2000 to 2008)
- Executive Director, BSN Commercial Bank Berhad (1998 to 1999)
- General Manager of the Financial Services Division, Amanah Capital Partners Group (1994 to 1997)
- Group Chief Operating Officer, Amanah Capital Partners Group (1994 to 1997)
- Head of Banking Department, Bank Negara Malaysia (1993 to 1994)
- Head of Technology Department, Bank Negara Malaysia (1989 to 1992)
- Senior Officer of Bank Inspection Department, Bank Negara Malaysia (1975 to 1989)

## ➔ OTHER DIRECTORSHIP(S)

### Other Public Companies

- Director, Affin Holdings Berhad

### Public Companies:

- Nil

## ➔ EXTERNAL PROFESSIONAL COMMITMENTS

Member of Finance and Investment Committee of Perbadanan Wakaf Selangor

## ➔ MEMBERSHIP OF BOARD COMMITTEES

- Chairman, Group Board Credit Review and Recovery Committee (w.e.f. 1 November 2023)
- Member, Group Board Audit Committee
- Chairman, Group Board Compliance Committee (up to 31 October 2023)

## ➔ MAIN SKILLSETS

- Banking
- Risk Management

## PROFILE OF BOARD OF DIRECTORS

**3 DATO' ABDUL AZIZ BIN ABU BAKAR**

Independent  
Non-Executive Director

H

B

Malaysian

Male

Age 70

**Date of Appointment**  
17 October 2017

**Attendance in 2023 (94%)**

11/11

6/7

**ACADEMIC/PROFESSIONAL QUALIFICATION**

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

**WORKING EXPERIENCE AND OCCUPATION**

- CEO/ED, Malaysian Directors Academy (MINDA) (2010 to 2017)
- Chief Human Capital Officer, Telekom Malaysia Berhad (TM) (2005 to 2009)
- Executive VP, Human Resources, RHB Bank Berhad (2002 to 2004)
- General Manager/Human Resources, Shell Malaysia Trading Sdn Bhd (SMTSB)(1998 to 2001)
- Managing Director, INTRIA Berhad (currently known as UEM Builders) (1996 to 1997)
- Shareholders' representative for China and Hong Kong, SHELL Group (1991 to 1993)
- Area GM/East Coast, SMTSB (1988 to 1990)
- Manager/Marketing Economics, SMTSB (1984 to 1987)
- Executive/Internal Audit, SMTSB (1979 to 1983)
- Fleet Planning Coordinator/Fleet Planning Department, Malaysian Airlines System (MAS) (1977 to 1978)

**OTHER DIRECTORSHIP(S)****Other Public Companies**

- Nil

**Public Companies:**

- Nil

**EXTERNAL PROFESSIONAL COMMITMENTS**

- Fellow of Institute of Corporate Directors Malaysia (ICDM)
- Member of the Nomination and Remuneration Committee of Razak School of Government (RSOG)

**MEMBERSHIP OF BOARD COMMITTEES**

Chairman, Group Board Nomination and Remuneration Committee

**MAIN SKILLSETS**

- Human Capital
- Banking

**4 CHAN TZE CHING, IGNATIUS**

Non-Independent  
Non-Executive Director

B

R

AC

Chinese

Male

Age 67

**Date of Appointment**  
1 December 2017

**Attendance in 2023 (100%)**

11/11

7/7

**ACADEMIC/PROFESSIONAL QUALIFICATION**

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

**WORKING EXPERIENCE AND OCCUPATION**

- Senior Advisor, CVC Capital Partners (2010 to 2021)
- Deputy Chief Executive, Bank of China (Hong Kong) (2008 to 2008)
- Head of Corporate and Investment Banking Business, Citibank, Greater China (2005 to 2007)
- Chief Operating Officer, Citibank Greater China (2004 to 2005)
- Country Officer, Citibank Taiwan (2003 to 2005)
- Country Officer, Citibank Hong Kong (1999 to 2003)
- Head, Corporate Banking Business, Citibank Hong Kong (1997 to 1999)
- Country Treasurer and Head Sales and Trading, Citibank Hong Kong (1994 to 1997)
- Vice President, Citibank Japan (1986 to 1994)
- Management Associate, Citibank, Hong Kong and Japan (1980 to 1986)

**OTHER DIRECTORSHIP(S)****Other Public Companies**

- Nil

**Public Companies:**

- Director of Mongolian Mining Corporation (MMC)
- Director of China State Construction International Holdings Limited

**EXTERNAL PROFESSIONAL COMMITMENTS**

Senior Advisor, BEA

**OTHER APPOINTMENT(S)**

- Nil

**MEMBERSHIP OF BOARD COMMITTEES**

- Nil

**MAIN SKILLSETS**

- Banking
- Risk Management
- Audit

*Chan Tze Ching, Ignatius is a nominee of BEA, a major shareholder of Affin Bank Berhad*

**5 DATO' ROZALILA BINTI ABDUL RAHMAN**

Independent  
Non-Executive Director

BA

eC

Malaysian

Female

Age 62

T

**Date of Appointment**

4 February 2019

FC

**Attendance in 2023 (89%)**

10/11

6/7

RD

**➔ ACADEMIC/PROFESSIONAL QUALIFICATION**

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

**➔ WORKING EXPERIENCE AND OCCUPATION**

- Chief Executive Officer, Astro GS Shop Sdn Bhd (2014 to 2016)
- Adjunct Professor, Faculty of Economics and Management, Universiti Putra Malaysia (2013 to 2014)
- Chief Marketing Officer, TM Berhad (2010 to 2014)
- General Manager, Maxis Berhad (2006 to 2010)
- Sales & Marketing Director, Bank Simpanan Nasional (2003 to 2005)
- Marketing Manager, Reckitt Benckiser, Malaysia & Singapore (2000 to 2003)
- Marketing Manager, Kellogg Asia Inc. South East Asia (1999 to 2000)
- Senior Brand Manager, Unilever (M) Holdings Sdn Bhd, Malaysia & Singapore (1997 to 1999)
- Brand Manager, Unilever (M) Holdings Sdn Bhd, Malaysia & Singapore (1995 to 1997)
- Quality Manager, Unilever (M) Holdings Sdn Bhd, Malaysia & Singapore (1994 to 1995)
- Product Development Manager, Unilever (M) Holdings Sdn Bhd, Malaysia & Singapore (1989 to 1993)
- Cold Room Supervisor, Perwira Niaga Malaysia, PERNAMA (1988 to 1988)

**➔ OTHER DIRECTORSHIP(S)****Other Public Companies**

- Nil

**Public Companies:**

- Independent Non-Executive Director and Chairman of AGX Group Berhad

**➔ EXTERNAL PROFESSIONAL COMMITMENTS**

- Nil

**➔ MEMBERSHIP OF BOARD COMMITTEES**

- Chairperson, Group Board Compliance Committee (w.e.f. 1 November 2023)
- Member, Group Board Sustainability Committee (w.e.f. 1 November 2023)
- Chairperson, Group Board Risk Management Committee (up to 31 October 2023)
- Member, Group Board Information Technology Committee (up to 31 October 2023)

**➔ MAIN SKILLSETS**

- Business Admin
- e-Commerce & TV Home Shopping
- Telecommunication
- Fast Moving Consumer Goods
- R&D, Quality Assurance & Operations

**6 YUEN WAI HUNG, PETER**

Non-Independent  
Non-Executive Director

BA

B

American

Male

Age 61

**Date of Appointment**

1 November 2019

**Attendance in 2023 (100%)**

11/11

7/7

**➔ ACADEMIC/PROFESSIONAL QUALIFICATION**

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

**➔ WORKING EXPERIENCE AND OCCUPATION**

- General Manager & Head of Strategic Partnerships/Financial Institutions, The Bank of East Asia, Limited (BEA) (2017 to 2019)
- General Manager/Head of Financial Institutions Department, BEA (2009 to 2017)
- Head/Financial Institutions Department, BEA (1996 to 2008)

**➔ OTHER DIRECTORSHIP(S)****Other Public Companies**

- Nil

**Public Companies:**

- Nil

**➔ EXTERNAL PROFESSIONAL COMMITMENTS**

- Nil

**➔ OTHER APPOINTMENT(S)**

- Nil

**➔ MEMBERSHIP OF BOARD COMMITTEES**

- Member, Group Board Compliance Committee (up to 31 October 2023)

**➔ MAIN SKILLSETS**

- Business Administration
- Banking

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

## PROFILE OF BOARD OF DIRECTORS

### 7 MARZIDA BINTI MOHD NOOR

Independent  
Non-Executive Director

IT

SM

Malaysian

Female

Age 60

#### Date of Appointment

1 March 2020

#### Attendance in 2023 (94%)

10/11

7/7

#### ACADEMIC/PROFESSIONAL QUALIFICATION

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

#### WORKING EXPERIENCE AND OCCUPATION

- Manager, HRIT Competency Centre, Shell Business Operations Oil & Gas (2012 to 2017)
- Programme Manager, SAP Business Objects Software License Management, Shell Business Operations Oil & Gas (2011 to 2012)
- Programme Manager, Global Retail Site Systems Support Services, Shell Business Operations Oil & Gas (2009 to 2011)
- Planning and Programme Manager & Downstream IT Global Strategy, Shell Business Operations Oil & Gas (2007 to 2009)
- Chief Information Officer, Malaysia Airlines Air Transportation (2001 to 2007)
- Senior General Manager, Programme Management Office, Malaysia Airlines Air Transportation (2005 to 2006)
- Programme Manager, Support Services Business Improvement Programme, Malaysia Airlines Air Transportation (2004 to 2005)
- Vice President, IT Planning & Development, Malaysia Airlines Air Transportation (1998 to 2001)
- Programme Director, Y2K Corporate, Malaysia Airlines Air Transportation (1998 to 1999)
- Business Information Controller, Corporate Planning Department, Malaysia Airlines Air Transportation (1992 to 1998)
- IT Management Consultant, KPMG Peat Marwick Management Consulting (1989 to 1992)
- IT Executive, Head of Department, Intradagang Merchant Bank Banking (1988 to 1989)

#### OTHER DIRECTORSHIP(S)

##### Other Public Companies

- Nil

##### Public Companies:

- Nil

#### EXTERNAL PROFESSIONAL COMMITMENTS

- A volunteer member of 30% Club Malaysia, a platform which is set up to improve gender diversity on the board of public listed companies
- Member of Advisory Panel, Precious Amber International Berhad

#### OTHER APPOINTMENT(S)

- Nil

#### MEMBERSHIP OF BOARD COMMITTEES

- Chairperson, Group Board Information Technology Committee
- Member, Group Board Nomination and Remuneration Committee

#### MAIN SKILLSETS

- Information Technology
- Strategy, Management and Operations

### 8 GREGORY JEROME GERALD FERNANDES

Independent  
Non-Executive Director

AC

B

CF

M

Malaysian

Male

Age 68

#### Date of Appointment

1 April 2020

#### Attendance in 2023 (100%)

11/11

7/7

#### ACADEMIC/PROFESSIONAL QUALIFICATION

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

#### WORKING EXPERIENCE AND OCCUPATION

- Corporate Advisor/CEO Office, Offshore Works Sdn Bhd (2011 to 2016)
- Consultant/Finance, Platinum Energy Sdn Bhd (2010 to 2011)
- Senior Vice President Global Marketing Scomi Engineering Berhad (2008 to 2010)
- Chief Financial Officer, Scomi Engineering Berhad (2006 to 2008)
- Associate Director, Innovation Associates (2003 to 2005)
- Director/Corporate Finance, Nikkei Pacific Corporate Advisors Sdn Bhd (2000 to 2002)
- Principal/Assurance, AJ Shah & Associates (EY Technical Associate Firm), Seychelles (1999 to 2000)
- Manager-Principal/Assurance, Ernst & Young (1983 to 1999)
- Trainee Supervisor/Assurance, Ernst & Young (1976 to 1983)

#### OTHER DIRECTORSHIP(S)

##### Other Public Companies

- Nil

##### Public Companies:

- Nil

#### EXTERNAL PROFESSIONAL COMMITMENTS

- Nil

#### OTHER APPOINTMENT(S)

- Nil

#### MEMBERSHIP OF BOARD COMMITTEES

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

#### MAIN SKILLSETS

- Accountancy/Audit
- General Insurance
- Corporate Finance
- Global Marketing



**9** **CHAN WAI YU**  
Independent  
Non-Executive Director

B

R

Malaysian

Female

Age 65

**Date of Appointment**  
1 April 2021

**Attendance in 2023 (100%)**

11/11

7/7

#### ➔ ACADEMIC/PROFESSIONAL QUALIFICATION

- BEcons (Analytical Economics), 2<sup>nd</sup> Class Upper Hons, University of Malaya

#### ➔ WORKING EXPERIENCE AND OCCUPATION

- Vice President, Chairman/CEO Secretariat, OCBC Bank (Malaysia) Berhad (2016 to 2016)
- Director, Head, Operational Risk Management, Bank of Singapore (2013 to 2015)
- Vice President, Head, Operational Risk Management, OCBC Bank (Malaysia) Berhad (2012)
- Head, Risk Portfolio Management, OCBC Bank (Malaysia) Berhad (2010 to 2012)
- Head, Credit Risk Management, Maybank (2009)
- Head, Operational Risk Management, Maybank (2007 to 2008)
- Project Director, Basel II Project Management Office, Maybank (2004 to 2006)
- Project Manager, Integrated Risk Management Project, Maybank (2002 to 2004)
- Head, Credit Risk Analytics, Maybank (2000 to 2006)
- Head, Credit Policy, Maybank (1993 to 2000)
- Officer, Credit Processing & Loans Supervision, Maybank (1983 to 1993)
- Officer, Branch Operations, Maybank (1981 to 1982)

#### ➔ OTHER DIRECTORSHIP(S)

##### Other Public Companies

- Nil

##### Public Companies:

- Nil

#### ➔ EXTERNAL PROFESSIONAL COMMITMENTS

- Nil

#### ➔ OTHER APPOINTMENT(S)

- Nil

#### ➔ MEMBERSHIP OF BOARD COMMITTEES

- Chairperson, Group Board Risk Management Committee (w.e.f. 1 November 2023)
- Chairperson, Group Board Credit Review and Recovery Committee (up to 31 October 2023)

#### ➔ MAIN SKILLSETS

- Banking
- Risk Management

**10** **MOHAMMAD ASHRAF BIN MD RADZI**  
Non-Independent  
Non-Executive Director

F

AC

CA

Malaysian

Male

Age 46

**Date of Appointment**  
3 October 2022

**Attendance in 2023 (100%)**

11/11

7/7

#### ➔ ACADEMIC/PROFESSIONAL QUALIFICATION

- Capital Markets Services Representative License Modules 12 & 19, Security Commission
- Chartered Accountant, Malaysian Institute of Accountants
- Member of Association of Chartered Certified Accountants, United Kingdom
- Bachelor of Accountancy (Hons), Universiti Tenaga Nasional
- A-Levels, MARA Institute of Technology

#### ➔ WORKING EXPERIENCE AND OCCUPATION

- Chief Financial Officer, Lembaga Tabung Angkatan Tentera (2020 – Present)
- Chief Financial Officer, Ahmad Zaki Resources (2017 to 2020)
- General Manager Corporate Finance, Ahmad Zaki Resources (2016 to 2017)
- Associate Director, Corporate Advisory and Structuring, MIDF Amanah Investment Bank (2015 to 2016)
- General Manager, Finance Special Projects, Johawaki Holdings Sdn Bhd (2013 to 2015)
- Associate Director, Capital Market, Prokhas Sdn Bhd (2009 to 2013)
- Regulatory Reporting Analyst, UBS Investment Bank, London (2007 to 2009)

#### ➔ OTHER DIRECTORSHIP(S)

##### Other Public Companies

- Nil

##### Public Companies:

- Non-Independent Non-Executive Director, Pharmaniaga Berhad

#### ➔ EXTERNAL PROFESSIONAL COMMITMENTS

- Chief Financial Officer of Lembaga Tabung Angkatan Tentera

#### ➔ MEMBERSHIP OF BOARD COMMITTEES

- Member, Group Board Risk Management Committee

#### ➔ MAIN SKILLSETS

- Accountancy
- Finance
- Corporate Advisory

*Encik Mohammad Ashraf Md Radzi is a nominee of LTAT, a major shareholder of Affin Bank Berhad*

## PROFILE OF BOARD OF DIRECTORS

### 11 EMELIANA DALLAN RICE-OXLEY

Independent  
Non-Executive Director

EE

G

D

Malaysian

Female

Age 61

**Date of Appointment**  
1 October 2023

**Attendance in 2023** (100%)

2/2

2/2

(since her  
appointment  
as Director)

#### ACADEMIC/PROFESSIONAL QUALIFICATION

- Advanced Management Program from Harvard Business School, USA
- Professional Certification in Decision Quality and Risk Management from Stanford University, USA
- Bachelor of Science, Geology from University of South Carolina, USA

#### WORKING EXPERIENCE AND OCCUPATION

- VP, Exploration Upstream, Petronas (2016 to 2022)
- VP Exploration Malaysia, Petronas (2014 to 2016)
- Senior General Manager Exploration Malaysia (2012 to 2014)
- Hydrocarbon Maturation Manager, Onshore US and Latin America, SHELL (2010 to 2012)
- Brazil Exploration Team Leader, SHELL (2006 to 2009)
- Manager, Exploration Portfolio & Planning Asia Pacific (2001 to 2006)
- Various Technical and team leaders role, SHELL (1985 to 2001)

#### OTHER DIRECTORSHIP(S)

##### Other Public Companies

- Nil

##### Public Companies:

- Director, Hibiscus Petroleum Berhad
- Director, PGS ASA, Norway

#### MEMBERSHIP OF BOARD COMMITTEES

- Chairperson, Group Board Sustainability Committee (w.e.f. 1 November 2023)

#### MAIN SKILLSETS

- Energy/ESG
- Board Governance
- Diversity, Equity and Inclusion

#### Main skillsets:

- B Banking/General Insurance
- E Economics
- F Finance
- R Risk Management
- H Human Capital
- BA Business Administration
- eC e-Commerce & TV Home Shopping
- T Telecommunication
- FC Fast Moving Consumer Goods R&D, Quality Assurance & Operations
- IT Information Technology
- SM Strategy, Management and Operations
- AC Accountancy/Audit
- CA Corporate Advisory/Corporate Finance
- M Global Marketing
- EE Energy/ESG
- G Board Governance
- D Diversity, Equity and Inclusion

#### Attendance in 2023:

- Scheduled meetings
- Special meetings

#### Declaration:

Save as disclosed, none of the Directors have:

- Any family relationship with any Director and/or major shareholders of AFFIN
- Any conflict of interest with AFFIN
- Any conviction for offences within the past 5 years
- Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2023

**Note:** Age is as at 31 March 2024

# GROUP MANAGEMENT COMMITTEE



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

Malaysian	Age 52	<b>Joined/ Appointment date</b> 2 April 2020
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### ➔ ACADEMIC/PROFESSIONAL QUALIFICATION

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

### ➔ PAST WORKING EXPERIENCES

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

### ➔ OTHER APPOINTMENTS

- Non-Independent Executive Director, Affin Hwang Investment Bank
- Director of ABM Investments Sdn Bhd
- Alternate Director of Payments Network Malaysia Sdn Bhd



**DATO' PADUKA SYED MASHAFUDDIN SYED BADARUDIN JAMALULLAIL**  
Chief Executive Officer  
Affin Islamic Bank Berhad

Malaysian	Age 49	<b>Joined/ Appointment date</b> 8 November 2022
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### ➔ ACADEMIC/PROFESSIONAL QUALIFICATION

- Joint Honours Degree in Computer Science and Accounting (B.Sc. Honours) from the University of Manchester, United Kingdom
- Master of Science Degree (MSc) in International Banking from the University of Manchester Institute of Science and Technology (UMIST), United Kingdom
- Diploma in Islamic Finance, Chartered Institute of Management Accountants
- Chartered Financial Analyst (CFA)

### ➔ PAST WORKING EXPERIENCES

- CEO of Principal Islamic Asset Management
- Head of International and Institutional Business, CIMB-Principal Asset Management
- Managing Director, Investment Banking, CIMB Investment Bank Berhad
- Manager, Corporate Finance Dept, Commerce International Merchant Bankers Berhad

### ➔ OTHER APPOINTMENTS

- Council Member – Association of Islamic Banking and Financial Institutions Malaysia (AIBIM)

## GROUP MANAGEMENT COMMITTEE

**NURJESMI BIN MOHD NASHIR**

Chief Executive Officer  
Affin Hwang Investment Bank Berhad

Malaysian

Age 52

Joined/  
Appointment date  
1 June 2023

#### ➔ ACADEMIC/PROFESSIONAL QUALIFICATION

- Bachelor's Degree in Finance from Syracuse University, New York

#### ➔ PAST WORKING EXPERIENCES

- Has over 30 years in banking and securities business, of which 27 years were in two leading global banks namely JP Morgan and Citi
- Headed the Global Corporate Bank at J.P. Morgan Chase Bank Berhad as the Executive Director for 10 years prior to joining Affin Hwang Investment Bank in 2023
- Held succession of roles over 17 years at Citibank, starting from the bank's Commercial Bank Division in 1996, various roles in Corporate Banking and subsequently appointed as Head of Public Sector overseeing predominantly the GLC portfolio up to 2013
- His banking experienced include the extensive exposure to various client segments ranging from the government & public sector entities, family-owned local corporates/conglomerates, FIs (banks), SMEs and multinationals, while also being made responsible for the delivery of a wide product-range from transactional banking, treasury solutions, securities services & custody, structured/project financing, debt/equity-capital markets and M&A
- Started his career in the brokerage industry as Equity Analyst at Maybank Securities and subsequently at Arab Malaysian Securities from 1994 until 1996

#### ➔ OTHER APPOINTMENTS

- Has served as an Independent Board member of Perbadanan Usahawan Nasional Bhd (PUNB) between 2018 up to 2023, a position appointed by the Prime Minister's Office & Yayasan Pelaburan Bumiputra (YPB)

**MOHAMMAD FAIRUZ BIN MOHD RADI**

Executive Director  
Group Community Banking

Malaysian

Age 46

Joined/  
Appointment date  
1 December 2023

#### ➔ ACADEMIC/PROFESSIONAL QUALIFICATION

- Master of Science (MSc) in Technologies for Broadband Communication from University College London, United Kingdom
- Bachelor of Science (BSc) in Electrical Engineering from Pennsylvania State University, United States of America

#### ➔ PAST WORKING EXPERIENCES

- Nearly 20 years of experience across multiple industries, including Banking, Property Development, and Consulting
- Has served as the Chief Strategy Officer in various organisations, including business profitability accountability as the Director of Transaction Banking at Maybank
- Held the position of Head of Strategy for Community Financial Services in Maybank, where he focused on expanding the retail loan and deposit portfolio through the extensive sales distribution network
- In his recent tenure at Bank Muamalat, he played a crucial role in establishing the Transaction Banking business with a focus on deposit growth across all segment of customers

#### ➔ OTHER APPOINTMENTS

- Has served as the Co-Chairman of the Sustainability Working Group for the Council of Islamic Banks and Financial Institutions (CIBAFI), an organisation with over 130 members spanning more than 30 jurisdictions worldwide
- He also represents the bank in the Global Alliance of Banking Values (GABV), a group comprising more than 60 member banks, credit unions, and microfinance institutions from 44 countries



**HANIF MOHD YUSOF**  
Executive Director  
Group Corporate Banking

Malaysian	Age 51	<b>Joined/ Appointment date</b> 1 June 2022
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**➔ ACADEMIC/PROFESSIONAL QUALIFICATION**

- Bachelor of Science in Finance, Iowa State University, United States of America
- Certificate of Islamic Law, International Islamic University Malaysia

**➔ PAST WORKING EXPERIENCES**

- Over 21 years of experience in banking and finance, primarily in Corporate Banking
- Head, Public Sector, Affin Bank Berhad
- Senior Vice President & Head, GLC, Wholesale Banking Coverage, AmBank Group
- Head, Corporate Amanah, HSBC Amanah

**➔ OTHER APPOINTMENTS**

- Nil



**LIM KEE YEONG**  
Executive Director  
Group Enterprise Banking

Malaysian	Age 54	<b>Joined/ Appointment date</b> 1 September 2016
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**➔ ACADEMIC/PROFESSIONAL QUALIFICATION**

- Bachelor of Business Administration, Wichita State University, Kansas, United States
- Master of Business Administration, Wichita State University, Kansas, United States

**➔ PAST WORKING EXPERIENCES**

- Over 20 years of experience in banking and finance, primarily in Commercial and SME business at both local and foreign banks
- Vice-President of SME and Commercial Banking and a member of the Board of Directors of a Singapore-based Financial Holdings company, focusing on investments and financial services in the ASEAN region
- Senior Vice-President of SME Business at a local bank

**➔ OTHER APPOINTMENTS**

- Nil

## GROUP MANAGEMENT COMMITTEE



**HANIF GHULAM MOHAMMED**  
Executive Director  
Group Treasury

Malaysian

Age 44

Joined/  
Appointment date  
1 December 2021

#### ➔ ACADEMIC/PROFESSIONAL QUALIFICATION

- Professional Certificate in Islamic Finance from INCEIF
- Bachelor's degree in Science, majoring in Economics & Management from the University of London, London School of Economics

#### ➔ PAST WORKING EXPERIENCES

- 20 years of working experience in the banking industry, particularly in Treasury
- He has assumed various roles as Regional Head of Islamic Treasury and Director Fixed Income in a renowned Bank in Malaysia

#### ➔ OTHER APPOINTMENTS

- Chairman of Treasury & Markets Committee for AIBIM
- Member of Financial Markets Committee (BNM)
- Member of Financial Markets Association Malaysia (PPKM)



**JOANNE RODRIGUES**  
Group Chief Financial Officer

Malaysian

Age 49

Joined/  
Appointment date  
June 2020

#### ➔ ACADEMIC/PROFESSIONAL QUALIFICATION

- BSc. Economics and Accounting, University of Bristol, United Kingdom
- Global Master of Business Administration, Manchester Business School, University of Manchester
- Fellow Chartered Accountant (FCA) of The Institute of Chartered Accountants in England and Wales (ICAEW)

#### ➔ PAST WORKING EXPERIENCES

- More than 20 years of working experience in the financial services industry with various senior roles, such as Chief Financial Officer (Wholesale Banking), Regional Head, Strategy & Business Analytics of Commercial Banking and Chief Internal Auditor

#### ➔ OTHER APPOINTMENTS

- Non-Independent Non-Executive Director, Generali Insurance Malaysia Berhad
- Director of ABB Nominee (Asing) Sdn Bhd (appointed w.e.f. 1 March 2023)
- Director of ABB Nominee (Tempatan) Sdn Bhd (appointed w.e.f. 1 March 2023)
- Director of Affin Business Services Sdn Bhd (appointed w.e.f. 24 March 2023)



**ABDUL MALEK MOHAMED SAID**  
Group Chief Corporate Strategy & Sustainability Officer

Malaysian	Age 53	<b>Joined/ Appointment date</b> 17 August 2020
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**→ ACADEMIC/PROFESSIONAL QUALIFICATION**

- Bachelor degree in Mathematics with Applied Mathematics/Mathematical Physics, Imperial College of Science Technology & Medicine, University of London
- Certificate of Fellowship, Institute of Chartered Accountants in England and Wales (ICAEW)
- Member of Malaysian Institute of Accountants
- Member of Insolvency Practitioners Association of Malaysia

**→ PAST WORKING EXPERIENCES**

- 30 years of working experiences, primarily in the strategic management, corporate planning and insolvency
- Served in various financial advisory firms and assumed various roles including as Head, Portfolio & Financial Management, Petrochemical Business at PETRONAS, Executive Director in PwC and Executive Director in Deloitte

**→ OTHER APPOINTMENTS**

- Director of Generali Life Insurance Malaysia Bhd
- Director of Affin Business Services Sdn Bhd (appointed w.e.f. 24 March 2023)
- Director of Affin Investment Bhd (appointed w.e.f. 4 January 2024)



**RISHAM AKASHAH KAMARUZAMAN**  
Group Chief Operating Officer

Malaysian	Age 52	<b>Joined/ Appointment date</b> 2 December 2020
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**→ ACADEMIC/PROFESSIONAL QUALIFICATION**

- Bachelor of Science in Electrical/Electronics Engineering, California State University, Chico

**→ PAST WORKING EXPERIENCES**

- Chief Technology Officer, MBSB Bank
- Head of Information Technology/Chief Information Officer, Maybank Indonesia
- Chief Information Officer, Maybank International

**→ OTHER APPOINTMENTS**

- Director of Affin Business Services Sdn Bhd (appointed w.e.f. 24 March 2023)

## GROUP MANAGEMENT COMMITTEE



**NORHAZLIZAWATI MOHD RAZALI**  
Group Chief Credit Officer

Malaysian

Age 56

**Joined/  
Appointment date**  
1 August 2015

#### ➔ ACADEMIC/PROFESSIONAL QUALIFICATION

- Bachelor of Arts (Hons) in Business Studies majoring in Accounting and Statistics, Leeds Metropolitan University, United Kingdom
- Certified Credit Professional, Asian Institute of Chartered Bankers
- Leadership Certificate in Islamic Banking and Finance, Cambridge IFA, UK

#### ➔ PAST WORKING EXPERIENCES

- More than 25 years of banking experience, primarily in credit risk, risk management disciplines and business development

#### ➔ OTHER APPOINTMENTS

- Director of Affin Moneybrokers Sdn Bhd



**MOHD SYUKRI AHMAD SUDARI**  
Group Chief People Officer

Malaysian

Age 51

**Joined/  
Appointment date**  
20 October 2020

#### ➔ ACADEMIC/PROFESSIONAL QUALIFICATION

- Bachelor of Human Sciences, International Islamic University Malaysia
- Master of Business Administration, Universiti Kebangsaan Malaysia
- Doctor of Business Administration, Asia e University

#### ➔ PAST WORKING EXPERIENCES

- More than 28 years of working experience in human resources, which spans across diverse industries including financial services, telecommunications, aerospace, engineering, and insurance sectors. Active involvement in various human resource matters at the national, regional, and international levels, such as with the International Labour Organisation (ILO)

#### ➔ OTHER APPOINTMENTS

- Board Member of Human Resource Development Corporation (HRDCORP) – Representing Employers
- Vice President and Council Members of the Malaysian Employers Federation (MEF)
- Member for National Labor Advisory Council (NLAC)
- EXCO Members of Malayan Commercial Bank's Association (MCBA)





### NIMMA SAFIRA KHALID

Group Chief Legal Officer and  
Company Secretary

#### Joined date

1 January 2001

#### Date of Appointment

1 January 2012

Malaysian

Age 54

#### → ACADEMIC/PROFESSIONAL QUALIFICATION

- Bachelor of Laws (Hons), International Islamic University, Malaysia
- Bachelor of Laws (Shariah) (Hons), International Islamic University, Malaysia
- ICA Professional Postgraduate Diploma in Governance, Risk and Compliance, International Compliance Association, UK
- Certificate of Mediation by The Accord Group, Australia - Advanced Mediation, San Francisco, USA
- Leadership Certificate in Islamic Banking and Finance, Cambridge IFA, UK

#### → PAST WORKING EXPERIENCES

- More than 25 years of experience in the banking industry as in-house counsel and Company Secretary for commercial and Islamic bank
- Advocate and Solicitor of the High Court of Malaya

#### → OTHER APPOINTMENTS

- Director of ABB Nominee (Tempatan) Sdn Bhd
- Director of ABB Nominee (Asing) Sdn Bhd
- Director of PAB Properties Sdn Bhd



### RICKY DANG CHEONG MIN

Group Chief Risk Officer

#### Joined/

Appointment date

28 April 2022

Malaysian

Age 51

#### → ACADEMIC/PROFESSIONAL QUALIFICATION

- Master of Business Administration from University of South Australia
- Association of Chartered Certified Accountants (ACCA)
- Chartered Financial Analyst (CFA)
- Financial Risk Manager (FRM)
- Chartered Banker (CB)
- Member of Malaysian Institute of Accountants (MIA)

#### → PAST WORKING EXPERIENCES

- Ricky possesses more than 25 years of experience spanning across risk management, regulatory supervision and audit
- He was attached to various organisations including Bank Negara Malaysia, several financial institutions and audit firm. Prior to joining Affin Bank Berhad, he was the Chief Risk Officer at Cagamas Berhad

#### → OTHER APPOINTMENTS

- Nil

## GROUP MANAGEMENT COMMITTEE



**ADZAMIMAH ADZMI**  
Group Chief Compliance Officer

Malaysian

Age 46

Joined/  
Appointment date  
17 July 2018

#### → ACADEMIC/PROFESSIONAL QUALIFICATION

- Bachelor of Science in Business Administration, Bryant University in Rhode Island, USA
- Certificate in Associate Qualification in Islamic Finance, Islamic Banking and Finance Institute Malaysia
- Certificate in Islamic Law, International Islamic University Malaysia

#### → PAST WORKING EXPERIENCES

- More than 20 years experience in the financial services industry, primarily in managing and leading the compliance unit at both local and foreign banks such as MUFG Bank, MBSB Bank and Standard Chartered Bank

#### → OTHER APPOINTMENTS

- Director of Affin Moneybrokers Sdn Bhd (appointed w.e.f. 1 August 2023)



**WAHDANIA MOHD KHIR**  
Group Chief Internal Auditor

Malaysian

Age 53

Joined/  
Appointment date  
1 May 2020

#### → ACADEMIC/PROFESSIONAL QUALIFICATION

- Bachelor of Business in Accountancy, Queensland University of Technology, Australia
- Master of Science in Quantitative Finance, University of Westminster, London
- Chartered Banker, Chartered Banker Institute & Asian Institute of Chartered Bankers
- Malaysian Financial Markets Certificate, Financial Markets Association Malaysia
- Certificate of Islamic Law, International Islamic University Malaysia

#### → PAST WORKING EXPERIENCES

- More than 25 years of working experience in the financial services industry, serving both the banking industry, as well as the market operator & frontline market regulator, Bursa Malaysia.
- Head of Global Market Compliance & Treasury Operations and Senior Director (Wholesale Banking) of Group Audit at a major financial institution

#### → OTHER APPOINTMENTS

- Member of the Financial Markets Association Malaysia
- Chartered Banker

**Note:** Age is as at 31 March 2024

# BOARD OF DIRECTORS

## AFFIN ISLAMIC BANK BERHAD



### MUSA BIN ABDUL MALEK

Chairman/Independent  
Non-Executive Director

Malaysian

Age 68

#### Date of Appointment

22 June 2022 (as Chairman)

1 August 2019 (as INED)

#### ACADEMIC/PROFESSIONAL QUALIFICATION

- Bachelor of Business Administration (Honours), University of Ohio, USA/Mara Institute of Technology, Malaysia
- Diploma in Tourism Administration (Dean's List), Mara Institute of Technology, Malaysia

#### WORKING EXPERIENCE AND OCCUPATION

- Group Head, Islamic Banking, Consumer Banking, CIMB Islamic Bank Berhad (2014 to 2016)
- Adjunct Professor, International Islamic University Malaysia (IIUM) – Institute of Islamic Banking and Finance (IIBAF) (2014)
- Part Time Lecturer, IIUM Graduate School (2013 to 2014)
- Deputy Chief Executive Officer, Bank Muamalat Malaysia Berhad (2010 to 2013)
- Deputy Managing Director, HSBC Amanah of HSBC Bank Malaysia Berhad (2007 to 2008)
- Deputy Head, HSBC Amanah of HSBC Bank Malaysia Berhad (2005 to 2007)
- Manager, HSBC Amanah, Product Development & Management of HSBC Bank Malaysia Berhad (2004 to 2005)
- Manager, Amanah Finance, Business Development of HSBC Bank Malaysia Berhad (2003 to 2004)
- Manager, Islamic Banking and Bumiputra Unit of HSBC Bank Malaysia Berhad (2000 to 2003)
- Manager, Business Development, Corporate & Institutional Banking of HSBC Bank Malaysia Berhad (1998 to 2000)

Attendance in 2023 (100%)

11/11

6/6

- Attachment with Debt Origination team in Debt Capital Market, HSBC Hong Kong (1997 to 1998)
- Manager, Corporate Relationship, HSBC Bank Malaysia Berhad, Petaling Jaya Branch (1994 to 1997)
- Branch Manager, HSBC Bank Malaysia Berhad, Kota Bharu Branch (1992 to 1994)
- Credit Manager, HSBC Bank Malaysia Berhad, Ipoh Rd Branch, Kuala Lumpur (1990 to 1992)
- Branch Manager, HSBC Bank Malaysia Berhad, Cameron Highlands Branch (1988 to 1990)
- Assistant Manager Credit, HSBC Bank Malaysia Berhad, Ipoh Branch (1986 to 1988)
- Relief Manager, HSBC Bank Malaysia Berhad, Penang Branch (1986)
- Remittances, Current Account, Trade Services & Credit Loan Officer HSBC Bank Malaysia Berhad, Kuala Lumpur Main Office (1980 to 1986)
- Executive Trainee, HSBC Bank Malaysia & HSBC Hong Kong (1979 to 1980)

#### DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES

- Nil

#### DIRECTORSHIP(S) IN PUBLIC LISTED COMPANIES

- Nil

#### EXTERNAL PROFESSIONAL COMMITMENT

- Nil

#### MEMBERSHIP OF BOARD COMMITTEES

- Member of Group Board Credit Review and Recovery Committee
- Member of Group Board Sustainability Committee (w.e.f. 1 November 2023)
- Member of Group Board Information Technology Committee (up to 31 October 2023)

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### SUFFIAN BIN BAHARUDDIN

Independent  
Non-Executive Director

Malaysian

Age 54

#### Date of Appointment

1 July 2020

#### ACADEMIC/PROFESSIONAL QUALIFICATION

- Bachelor of Science (Hons) in Accounting, University of East Anglia
- Chartered Accountant (Member), Malaysian Institute of Accountants (MIA)
- Chartered Certified Accountant (Fellow), The Association of Chartered Certified Accountants (ACCA)

#### WORKING EXPERIENCE AND OCCUPATION

- Director of Special Projects, Office of Chairman, Johor Port Berhad (2012 to 2016)
- Deputy Chief Executive Officer, Senai Airport Terminal Services Sdn Bhd (2011 to 2012)
- Senior General Manager (Corporate Division), Pelabuhan Tanjung Pelepas Sdn Bhd (2010 to 2011)

Attendance in 2023 (100%)

11/11

6/6

- Managing Director/Chief Executive Officer, Rangkaian Pengangkutan Integrasi Deras Sdn Bhd (2008 to 2009)
- General Manager, Corporate Planning, Indah Water Konsortium Berhad (2006 to 2008)
- General Manager, Finance Division Malaysia Airports Holdings Berhad (1999 to 2006)
- Senior Manager, Finance Division, Renong Berhad (1996 to 1999)
- Assistant Manager, Corporate Finance, Arab-Malaysian Merchant Bank Berhad (1994 to 1996)

#### DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES

- Nil

#### DIRECTORSHIP(S) IN PUBLIC LISTED COMPANIES

- Nil

#### EXTERNAL PROFESSIONAL COMMITMENT

- Nil

#### MEMBERSHIP OF BOARD COMMITTEES

- Member of Group Board Risk Management Committee
- Member of Group Board Audit Committee

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## BOARD OF DIRECTORS AFFIN ISLAMIC BANK BERHAD


**DATUK MOHD FARID  
BIN MOHD ADNAN**

Independent Non-Executive  
Director

Malaysian

Age 61

**Date of Appointment**  
1 March 2021

**ACADEMIC/PROFESSIONAL QUALIFICATION**

- Master of International Business Studies (MIBS), University of South Carolina, Columbia, USA
- Bachelor of Science Chemical Engineering, University of Tennessee, Knoxville, USA

**WORKING EXPERIENCE AND OCCUPATION**

- Managing Director/CEO, Engen Limited South Africa (2015 to 2017)
- Vice President Oil Business, Petronas (2010 to 2015)
- Senior General Manager, Petronas Dagangan Berhad (PDB) (2009 to 2010)
- Managing Director/CEO, Petronas Trading Corporation (PETCO) (2008 to 2009)
- Senior General Manager, Commercial MLNG and CEO Asean LNG Trading Corporation, Petronas LNG Business (2006 to 2007)

Attendance in 2023 (100%)

11/11

6/6

- General Manager, Malaysia International Trading Corporation (MITCO) (2003 to 2006)
- General Manager, Strategic Alliances, Engen Limited, South Africa (1999 to 2003)
- Manager, Business Evaluation Unit, Corporate Planning of Petronas (1997 to 1999)
- Oil Trader, Petronas Trading Corporation (PETCO) (1992 to 1995)
- Operations Analyst, International Marketing Division of Petronas (1985 to 1991)

**DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES**

- Independent Non-Executive Director, Ancom Logistics Berhad

**DIRECTORSHIP(S) IN PUBLIC LISTED COMPANIES**

- Nil

**EXTERNAL PROFESSIONAL COMMITMENT**

- Nil

**MEMBERSHIP OF BOARD COMMITTEES**

- Member of Group Board Nomination and Remuneration Committee
- Member of Group Board Compliance Committee

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**TAN LER CHIN, CINDY**

Independent  
Non-Executive Director

Malaysian

Age 63

**Date of Appointment**  
1 October 2021

**ACADEMIC/PROFESSIONAL QUALIFICATION**

- Honours Degree in Economics (Majoring in Statistics), Universiti Kebangsaan Malaysia (1984)
- Certified Diploma in Investment Analysis, Malaysian Association of Productivity (1988)
- Diploma in Accounting and Finance, Chartered Association of Certified Accountants (1991)

**WORKING EXPERIENCE AND OCCUPATION**

- Head, Enterprise Risk, Employees Provident Fund (EPF) (2019 to 2021)
- Head, Investment Compliance, Employees Provident Fund (EPF) (2009 to 2019)
- Senior Investment Manager, Employees Provident Fund (EPF) (1996 to 2009)
- Investment Manager, Employees Provident Fund (EPF) (1984 to 1995)

Attendance in 2023 (94%)

10/11

6/6

**DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES**

- Independent Non-Executive Director, Sengheng New Retail Berhad
- Independent Non-Executive Director, Sunway Construction Group Berhad
- Independent Non-Executive Director, Bursa Malaysia Berhad

**DIRECTORSHIP(S) IN PUBLIC LISTED COMPANIES**

- Nil

**EXTERNAL PROFESSIONAL COMMITMENT**

- Nil

**MEMBERSHIP OF BOARD COMMITTEES**

- Member of Group Board Risk Management Committee
- Member of Group Board Information Technology Committee

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**MUHAMMAD FITRI BIN OTHMAN**  
 Non-Independent  
 Non-Executive Director  
 (LTAT Nominee Director)

Malaysian Age 40

**Date of Appointment**  
 21 March 2022

**ACADEMIC/PROFESSIONAL QUALIFICATION**

- Chartered Financial Analyst (CFA), CFA Institute, United States (2011)
- MSc Economics, London School of Economics and Political Science (LSE), United Kingdom (2008)
- BSc in Economics and Finance with First Class Honours, University of Southampton, United Kingdom (2006)

**WORKING EXPERIENCE AND OCCUPATION**

- Chief Investment Officer, Lembaga Tabung Angkatan Tentera (LTAT) (2021 – Present)
- Head of Public Markets, LTAT (2020 to 2021)
- Head of Foreign Equity Investment, Social Security Organization (SOCSO) (2019 to 2020)
- Senior Manager/Global Equity Strategist International Department, Permodalan Nasional Berhad (PNB) (2018 to 2019)
- Head, Fund Management/Fund Management Department, PNB Asset Management (Japan) (2014 to 2017)

Attendance in 2023 (100%) 11/11 5/5

- Head, Portfolio Management, International Fund Management (IFM) Department, PNB (2013 to 2014)
- Portfolio Manager and Investment Analyst/International Fund Management Department, PNB (2007 to 2013)

**DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES**

- Director, Minority Shareholders Watch Group (MSWG) (Representing LTAT)

**DIRECTORSHIP(S) IN PUBLIC LISTED COMPANIES**

- Director, Boustead Holdings Berhad (Representing LTAT)

**EXTERNAL PROFESSIONAL COMMITMENT**

- Chief Investment Officer, LTAT

**MEMBERSHIP OF BOARD COMMITTEES**

- Member of Group Board Compliance Committee

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**ENCIK DALI KUMAR @ DALI BIN SARDAR**  
 Independent Non-Executive  
 Director

Malaysian Age 64

**Date of Appointment**  
 16 June 2023

**ACADEMIC/PROFESSIONAL QUALIFICATION**

- Master of Business Administration, American Graduate School of International Management Thunderbird, Glendale, Arizona, USA (have since merged with Arizona State University, Phoenix, Arizona) (1982)
- Bachelor of Economics, Knox College, Galesburg, Illinois, USA (1981)

**WORKING EXPERIENCE AND OCCUPATION**

- Regional Advisor, The Lorry.com (2017 to 2018)
- Advisor, Rage Coffee (2017 to 2018)
- Advisor, Tillata Concept (2017 to 2018)
- Advisor, Socar (2017 to 2019)
- Advisor, Beam (2017 to 2019)
- Regional Advisor, Uber BV (2015 to 2017) – South East Asian
- Executive Director, Malaysian General Investment Corporation Berhad (2000 to 2003)
- CEO, Utama Merchant Bank Berhad (1996 to 1996)
- Managing Director, Citicorp Capital Sdn Bhd (1994 to 1996)

Attendance in 2023 (100%) 6/6 3/3

- Executive Director, Citicorp Capital Sdn Bhd (1991 to 1993)
- VP, Citicorp Venture Capital New York/Citibank New York (1989 to 1991)
- Senior Relationship Manager, Citicorp/Citibank (1986 to 1988)
- Account & Relationship Manager, Citicorp/Citibank (1982 to 1986)

**DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES**

- Nil

**DIRECTORSHIP(S) IN PUBLIC LISTED COMPANIES**

- Nil

**EXTERNAL PROFESSIONAL COMMITMENT**

- Nil

**MEMBERSHIP OF BOARD COMMITTEES**

- Member of Group Board Credit Review and Recovery Committee
- Member of Group Board Audit Committee (w.e.f. 1 November 2023)

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BOARD OF DIRECTORS AFFIN ISLAMIC BANK BERHAD



**DR. SHARBANOM BINTI ABU BAKAR**

Independent Non-Executive Director

Malaysian Age 55

**Date of Appointment**  
6 October 2023

**ACADEMIC/PROFESSIONAL QUALIFICATION**

- PhD in Engineering, University of Warwick, United Kingdom (2018)
- MSc in Electronic Business Management (Distinction), University of Warwick, United Kingdom (2005)
- Bachelor of Commerce and Administration, Victoria University of Wellington, New Zealand (1991)

**WORKING EXPERIENCE AND OCCUPATION**

- Non-Executive Director, Radikale Konzept (June 2023 to current)
- Lead Consultant, United Nations Development Programme (UNDP) (2022 to 2023)
- Assistant Professor, University of Warwick, United Kingdom (2020 to 2021)
- Project Researcher (UKCITE), University of Warwick, United Kingdom (2018 to 2019)
- Senior Specialist, United Nations Industrial Development Organisation (UNIDO) Austria (2017 to 2018)
- Doctoral Researcher, University of Warwick, UK (2015 to 2018)
- Director, Delivery Management Office of Ministry of International Trade and Industry (MITI) (2013 to 2014)
- Director, Government Programs, IBM (2009 to 2014)
- Senior General Manager, Group Business Development, Sapura

Attendance in 2023 (100%)

2/2 1/1

- Secured Technologies (2008 to 2009)
- General Manager Marketing & Sales, Domestic Wholesale, Telekom Malaysia Bhd (2001 to 2007)
- VP Financial Services (and board member of GMPC Konsortium, EPNCR (1998 to 2000)
- Project Executive, Andersen Consulting (July 1991 to December 1997)

**DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES**

- Nil

**DIRECTORSHIP(S) IN PUBLIC LISTED COMPANIES**

- Nil

**EXTERNAL PROFESSIONAL COMMITMENT**

- Nil

**MEMBERSHIP OF BOARD COMMITTEES**

- Member of Group Board Sustainability Committee (w.e.f. 1 November 2023)
- Member of Group Board Information Technology Committee (w.e.f. 1 November 2023)

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**MAIN SKILLSETS**

- F** Finance
- OP** Operations
- SM** Sales/Marketing
- G** General Management
- S** Strategy
- A** Audit
- IV** Investment Management
- OT** Organisational Management & Transformation
- MA** Mergers & Acquisition
- FR** Finance/Restructuring
- TD** Technology/Digital
- ES** ESG
- P** Programme Management

*Note: Age is as at 31 March 2024*

# SHARIAH COMMITTEE



**ASSOCIATE PROFESSOR  
DR. KAMARUZAMAN NOORDIN**  
Chairman, Shariah Committee

Malaysian Male Age 48

Number of Board Meetings Attended: 7/7

Appointment Date: 1 August 2023

#### Qualification(s):

- Bachelor Degree in Shariah (Hons), Universiti Malaya (UM)
- Master in Business Administration, Universiti Malaya (UM)
- Doctoral Degree (PhD) in Islamic Studies, University of Wales, UK
- Certified Shariah Advisor, Association of Shariah Advisors in Islamic Finance (ASAS)

#### Present Occupation(s):

##### – Other Companies/Bodies:

- Deputy Dean (Development), Academy of Islamic Studies, Universiti Malaya (UM)
- Associate Professor in the Department of Shariah Management, Academy of Islamic Studies, Universiti Malaya
- Independent Non-Executive Director, Bank Simpanan Nasional
- Deputy Chairman, Shariah Committee of Bank Simpanan Nasional
- Member, Shariah Advisory Committee of Employees Provident Fund (EPF)
- Member, Shariah Committee of TEKUN Nasional
- Member, Shariah Committee of PruBSN Takaful
- Registered Shariah Adviser for Securities Commission Malaysia
- Shariah Consultant, MUA Life Limited

#### Relevant Working Experience(s):

- Former Chairman, Shariah Advisory Committee for Kenanga Investment Bank Berhad
- Former Chairman, Shariah Advisory Committee for Swiss Reinsurance Company Ltd.
- Former Member, Shariah Committee of RHB Islamic Bank Berhad
- Former Deputy Dean (Value Creation and Enterprise), Academy of Islamic Studies, Universiti Malaya
- Former Deputy Director (Student Affairs), Academy of Islamic Studies, Universiti Malaya
- Former Deputy Director, International Institute of Public Policy and Management University of Malaya (INPUMA)
- Former Head, Department of Shariah and Management Academy of Islamic Studies, Universiti Malaya



**ASSOCIATE PROFESSOR  
DR. ASMAK AB RAHMAN**  
Member, Shariah Committee

Malaysian Female Age 50

Number of Board Meetings Attended: 15/15

Appointment Date: 1 July 2022

#### Qualification(s):

- Bachelor Degree in Shariah (Hons), Universiti Malaya (UM)
- Master in Shariah, Universiti Malaya (UM)
- Doctoral Degree (PhD) in Islamic Economics, Universiti Malaya (UM)

#### Present Occupation(s):

##### – Other Companies/Bodies:

- Associate Professor in the Department of Shariah and Economics, Academy of Islamic Studies, Universiti Malaya
- Member, Shariah Advisory Committee for Lembaga Tabung Haji
- Member, Shariah Committee of FWD Takaful Berhad
- Member, Shariah Committee for Perbadanan Usahawan Nasional Berhad (PUNB)
- Chartered Member, Chartered Institute of Islamic Finance Professionals
- Registered Shariah Adviser with Securities Commission Malaysia
- Member, Association of Shariah Advisors in Islamic Finance Malaysia (ASAS)
- Member of Qualitative Research Association of Malaysia (QRAM)

#### Relevant Working Experience(s):

- Former Member, Shariah Committee for SME Bank
- Former Member, Shariah Committee of Hong Leong MSIG Takaful
- Former Member, Shariah Committee for Ambank Islamic Bank Berhad
- Former Shariah Panel for BIMB Investment Management Berhad
- Former Member, Syariah Supervisory Council for Bank Islam Malaysia Berhad
- Former Member, Shariah Committee of AIA AFG Takaful
- Former Exco, International Council of Islamic Finance Educators (ICIFE)
- Former Visiting Lecturer for Faculty of Islamic Studies, Universitas Islam Indonesia
- Former Adjunct Professor, Faculty of Economics and Business, Universitas Airlangga



**DR. NOR FAHIMAH MOHD RAZIF**  
Member, Shariah Committee

Malaysian Female Age 38

Number of Board Meetings Attended: 15/15

Appointment Date: 1 February 2016

#### Qualification(s):

- Bachelor Degree in Fiqh and Usul (Hons), Universiti Malaya (UM)
- Doctoral Degree (PhD) in Fiqh Al-Muamalat, Universiti Malaya (UM)
- Certified Shariah Advisor, Association of Shariah Advisors in Islamic Finance (ASAS)

#### Present Occupation(s):

##### – Other Companies/Bodies:

- Senior Lecturer at Department of Fiqh and Usul, University of Malaya (UM)
- Independent Shariah Advisor at Masryef Sdn Bhd
- Shariah Advisor Committee Member at Dana Peladang Kebangsaan, Pertubuhan Peladang Kebangsaan
- Member, Association of Shariah Advisor in Islamic Finance Malaysia (ASAS)

#### Relevant Working Experience(s):

- Writer of articles, books and journals in the field of Islamic banking, Islamic wealth management, Islamic finance, sukuk, debt, Islamic franchise and derivatives products
- Presenter for international and local conferences in Islamic banking, finance and capital market
- Former Executive of Islamic Capital Market, Securities Commission Malaysia
- Former Research Assistant, International Shari'ah Research Academy for Islamic Finance (ISRA)

## SHARIAH COMMITTEE



**USTAZ AHMAD HUSNI DATO' ABD RAHMAN**  
Member, Shariah Committee

Malaysian Male Age 45

Number of Board Meetings Attended: 15/15

Appointment Date: 1 April 2021

#### Qualification(s):

- Bachelor's Degree (B.A) in Shariah Islamiyyah, Islamic University of Madinah Munawwarah, Kingdom of Saudi Arabia
- Candidate of Postgraduate Studies (M.A), Halal Science, Universiti Teknologi Malaysia, Skudai, Malaysia
- Candidate of Certified Shariah Advisor by Association of Shariah Advisor in Islamic Finance (ASAS)

#### Present Occupation(s):

##### – Other Companies/Bodies:

- Member, Shariah Committee for SME Bank Berhad
- Chairman of Shariah Advisors for AWARIS (Amanah Warisan Berhad)
- Senior Manager, Shariah & International Relation Unit, Pusat Pungutan Zakat – MAIWP
- Member of Wakalah Zakat Distribution Committee, Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN)
- Member of Wakalah Zakat Distribution Committee, Malaysia External Trade Development Corporation (MATRADE)
- Committee of Jawatankuasa Penyelidikan Korporat dan Syariah Pusat Pungutan Zakat (PPZ)
- Member, Association of Shariah Advisors in Islamic Finance (ASAS)
- Member of International Union for Muslim Scholars (Ittihad al-'Alami li 'Ulama' al-Muslimin), Qatar

#### Relevant Working Experience(s):

- General Secretary of Pertubuhan Multaqa Asatizah & Du'at (MURSHID)
- Columnist of SOLUSI, GenQ and alUstaz Magazine
- Panellist for Tanyalah Ustaz TV3 and SuriaFM talk show



**USTAZ MOHAMAD SALIHIN DERIS**  
Member, Shariah Committee

Malaysian Male Age 48

Number of Board Meetings Attended: 15/15

Appointment Date: 1 April 2021

#### Qualification(s):

- Bachelor Degree of Laws LLB (Hons) from International Islamic University Malaysia
- Bachelor Degree of Laws (Shariah) (Hons) from International Islamic University Malaysia
- Certified Shariah Advisor (CSA), Association of Shariah Advisors in Islamic Finance
- Intermediate Qualification in Islamic Finance (IQIF), Islamic Banking and Finance Institute Malaysia (IBFIM)

#### Present Occupation(s):

##### – Other Companies/Bodies:

- Chairman, Shariah Committee of AmMetLife Takaful Berhad
- Director, Business Advisory, Islamic Banking and Finance Institute Malaysia (IBFIM)
- Designated Shariah Officer by IBFIM as registered Shariah Adviser with the Securities Commission Malaysia
- Member, Association of Shariah Advisors in Islamic Finance (ASAS)
- Member, Institute of Corporate Directors Malaysia
- Affiliate Member, Asian Institute of Chartered Bankers

#### Relevant Working Experience(s):

- Former Senior Executive, Islamic Banking and Takaful Department, Bank Negara Malaysia
- Former Senior Manager, Shariah Advisory & Research, CIMB Group
- Former Head, Shariah Review, Hong Leong Islamic Bank Berhad
- Former Director, Association of Islamic Banking & Financial Institutions Malaysia (AIBIM)
- Former Group Head, Shariah Management, Bank Pembangunan Malaysia Berhad



**USTAZ LOKMANULHAKIM HUSSAIN**  
Member, Shariah Committee

Malaysian Male Age 45

Number of Board Meetings Attended: 15/15

Appointment Date: 3 January 2023

#### Qualification(s):

- Bachelor in Syariah (Hons), Islamic University of Madinah, Kingdom of Saudi Arabia
- Masters in Syariah (Fiqh), Islamic University of Madinah, Kingdom of Saudi Arabia

#### Present Occupation(s):

##### – Other Companies/Bodies:

- Member, Shariah Committee of FWD Takaful Berhad
- Member, Shariah Committee of Bank Pembangunan Malaysia Berhad
- Member, Committee of Fatwa Research and Management, JAKIM
- Member of Shariah Advisory Committee for BMB Securities Sdn Bhd
- Member, Shariah Committee of Co-opbank Pertama Malaysia Berhad
- Member, Shariah Advisory Committee of Association of Islamic Banking and Financial Institutions Malaysia (AIBIM)

#### Relevant Working Experience(s):

- Former Member, Shariah Committee of Al Rajhi Bank Malaysia
- Former Member, Shariah Committee of Deutsche Bank (Malaysia) Berhad
- Former Member, Shariah Committee of TEKUN Nasional
- Former Researcher, International Shari'ah Research Academy for Islamic Finance (ISRA)
- Former Fellow for the Fatwa Committee of the National Council for Islamic Religious Affairs Malaysia
- Former Fatwa Think-tank Panel, the Department of Islamic Development Malaysia (JAKIM)

*Note: Age is as at 31 March 2024*



# BOARD OF DIRECTORS

## AFFIN HWANG INVESTMENT BANK BERHAD



Malaysian

Age 58

Attendance  
in 2023 (100%)

11/11

4/4

AD AC IB RK

**TUNKU AFWIDA BINTI TUNKU A. MALEK**  
Chairman/Independent Non-Executive Director

**Date of Appointment:**

9 May 2022

### ACADEMIC/PROFESSIONAL QUALIFICATION

- Bachelor of Science (Honours) in Economics and Accounting from City University, London, United Kingdom
- Chartered Accountant from Institute of Chartered Accountants in England and Wales (ICAEW)
- Member of Malaysian Institute of Accountants (MIA)

### WORKING EXPERIENCE AND OCCUPATION

- Chief Executive Officer and Executive Director, Kenanga Investment Bank Berhad (formerly known as K & N Kenanga Berhad) (2006 to 2008)
- Chief Executive Officer & Executive Director, MIMB Investment Bank Berhad (currently known as Hong Leong Investment Bank Berhad) (2003 to 2006)
- Executive Director/Chief Investment Officer, Commerce Asset Fund Managers Sdn Bhd (currently known as Principal Asset Management Bhd) (1995 to 2003)
- Equities Analyst/Manager, UOB Asset Management, Singapore (1994 to 1995)
- Fund Manager/Analyst, Rashid Hussain Asset Management (1993 to 1994)
- Unit Trust Fund Accountant, Henderson Administration Ltd, London, United Kingdom (1992 to 1993)
- Auditor/Chartered Accountant, Touche Ross & Co, London, United Kingdom (1988 to 1991)

### DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES

- DXN Holdings Berhad

### DIRECTORSHIP(S) IN OTHER PUBLIC LISTED COMPANIES

- Telekom Malaysia Berhad
- ENRA Group Berhad
- Sam Engineering & Equipment (M) Berhad

### EXTERNAL PROFESSIONAL COMMITMENTS

- Member of Investment Panel of Lembaga Pembangunan Langkawi (LADA)

### MEMBERSHIP OF BOARD COMMITTEES

- Member, Group Board Information Technology Committee



Malaysian

Age 52

Attendance  
in 2023 (100%)

11/11

4/4

AD AC IB RK B

**DATUK WAN RAZLY ABDULLAH WAN ALI**  
Non-Independent Executive Director

**Date of Appointment:**

- 2 April 2020\*
- 12 March 2021\*\*

### ACADEMIC/PROFESSIONAL QUALIFICATION

- Bachelor of Arts in Accounting and Law from University of Manchester, United Kingdom
- Chartered Accountant
- Member of Institute of Chartered Accountants in England and Wales (ICAEW)

### WORKING EXPERIENCE AND OCCUPATION

- Senior Managing Director of Consumer Strategic Business Management, CIMB Bank Berhad (2019 to 2020)
- Senior Managing Director of Group CEO Office, CIMB Bank Berhad (2019)
- Director of Strategy & Finance, PT Bank CIMB Niaga TBK Indonesia (2009 to 2018)
- Head of Corporate Client Solution, CIMB Investment Bank (2004 to 2009)
- Head of Business Development, Aseambankers Malaysia Berhad (currently known as Maybank Investment Bank Berhad) (2002 to 2004)
- Manager of Audit Services Department, Northern Trust, London, United Kingdom (1999 to 2002)
- Audit Senior, PricewaterhouseCoopers, London, United Kingdom (1995 to 1998)

### DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES

- Nil

### DIRECTORSHIP(S) IN OTHER PUBLIC LISTED COMPANIES

- Nil

### EXTERNAL PROFESSIONAL COMMITMENTS

- Nil

### MEMBERSHIP OF BOARD COMMITTEES

- Nil

\* 2 April 2020 as President and Group CEO of Affin Bank Berhad

\*\* 12 March 2021 as Director of Affin Hwang Investment Bank Berhad

## BOARD OF DIRECTORS AFFIN HWANG INVESTMENT BANK BERHAD



Malaysian

Age 65

Attendance  
in 2023 (100%)

11/11

4/4

AD AC RK B

**EUGENE HON KAH WENG**

Independent Non-Executive Director

**Date of Appointment:**

1 March 2021

**ACADEMIC/PROFESSIONAL QUALIFICATION**

- Chartered Accountant
- Member of Malaysian Institute of Accountants (MIA)
- Member of Malaysian Institute of Certified Public Accountants (MICPA)

**WORKING EXPERIENCE AND OCCUPATION**

- Finance Director, Bank Negara Malaysia (2011 to 2018)
- Group Chief Financial Officer, SKS Corporation Sdn Bhd (2007 to 2011)
- Head of Group Risk Management, MIDF Berhad/Amanah Capital Group (2002 to 2007)
- Chief Executive Officer, Amanah Property Trust Management Sdn Bhd (2000 to 2002)
- Head of Operations (Finance, Treasury Operations, Information Technology & Administration), Amanah Merchant Bank Berhad (1998 to 2000)
- Group Financial Controller, Amanah Capital Malaysia Berhad (restructured as Amanah Capital Partners Berhad) (1991 to 1998)
- Consultant Manager, KPMG (1990 to 1991)
- Manager, Azman Wong Salleh & Co/Salleh Leong Azlan & Co (1982 to 1990)
- Audit Assistant, Yuen Tang & Co (1978 to 1982)

**DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES**

- Nil

**DIRECTORSHIP(S) IN OTHER PUBLIC LISTED COMPANIES**

- Kawan Food Berhad

**EXTERNAL PROFESSIONAL COMMITMENTS**

- Nil

**MEMBERSHIP OF BOARD COMMITTEES**

- Chairman, Board Audit Committee
- Member, Group Board Audit Committee
- Member, Group Board Credit Review and Recovery Committee (up to 30 June 2023)



Malaysian

Age 62

Attendance  
in 2023 (100%)

11/11

4/4

AD AC RK B

**HASLI HASHIM**

Independent Non-Executive Director

**Date of Appointment:**

1 April 2021

**ACADEMIC/PROFESSIONAL QUALIFICATION**

- Bachelor Degree in Science (Finance/Economics) from Indiana State University, USA
- Alumnus of Royal Military College, Sungai Besi, Kuala Lumpur

**WORKING EXPERIENCE AND OCCUPATION**

- Senior Banker, Head of Real Estate Ventures/Acting Head of Financial Institutions, Malayan Banking Berhad (2019 to 2020)
- Managing Director, Head of Client Coverage, Maybank Investment Bank Berhad (2015 to 2019)
- Managing Director, Head of Corporate Banking, Malayan Banking Berhad (2012 to 2015)
- Managing Director, Head of Client Coverage, Maybank Investment Bank Berhad (2010 to 2012)
- Head of Corporate Investment Banking, Malayan Banking Berhad (2007 to 2010)
- Head, Public & Institutional Banking, Head of Financial institutions, OCBC Bank Berhad (Head Office) (2000 to 2007)
- Branch Manager, Perai Branch, Pacific Bank Berhad (1994 to 2000)
- Branch Manager, Teluk Intan Branch, United Malayan Banking Corp Bhd (UMBC) (1992 to 1994)
- Deputy Branch Manager, Tasek Branch and poll Marina Branch, UMBC (1989 to 1992)
- Officer, Head Office/KL Main Branch, UMBC (1985 to 1989)

**DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES**

- Export-Import Bank of Malaysia Berhad (EXIM Bank)

**DIRECTORSHIP(S) IN OTHER PUBLIC LISTED COMPANIES**

- Nil

**EXTERNAL PROFESSIONAL COMMITMENTS**

- Member, Corporate Debt Restructuring Committee – Bank Negara Malaysia

**MEMBERSHIP OF BOARD COMMITTEES**

- Member, Group Board Credit Review and Recovery Committee
- Member, Group Board Risk Management Committee (up to 31 October 2023)
- Member, Board Audit Committee
- Member, Board Risk Management Committee (w.e.f. 1 November 2023)
- Chairman of BRMC (up to 31 October 2023)



Malaysian

Age 70

Attendance  
in 2023 (100%)

11/11

4/4

HR EC GM FM SS

**DATO' ABDUL WAHAB ABU BAKAR**  
Independent Non-Executive Director

**Date of Appointment:**  
22 November 2021

#### ACADEMIC/PROFESSIONAL QUALIFICATION

- Bachelor in Economics (Hons) (Applied Economics) from Universiti Malaya
- Alumni of International Management Development, Lausanne, Switzerland and London Business School

#### WORKING EXPERIENCE AND OCCUPATION

- Executive Director Human Resources, Nestle Malaysia Bhd & Nestle Singapore (2004 to 2010)
- Human Resource Director, Nestle Malaysia Bhd & Nestle Singapore (1998 to 2003)
- Group Human Resource Manager, Nestle Malaysia Bhd (1997)
- Human Resources Advisor, Nestle Australia (1996 to 1997)
- Group Human Resource Manager, Nestle Malaysia Bhd (1990 to 1996)
- Vice President Human Resources, Citibank Bhd (1990)
- Human Resource Planning Manager, Nestle Malaysia Bhd (1988 to 1989)
- Employee Relations Manager, Nestle Products Sdn Bhd (1985 to 1987)
- Personnel Manager, Nestle Products Sdn Bhd (1984 to 1985)
- Staff Personnel Officer, Esso Production Malaysia Inc (1982 to 1984)
- Personnel Relations Manager, Malaysia Mining Corporations (1982)
- Senior Personnel Officer, Esso Malaysia Bhd (1981)
- Personnel Officer, Esso Malaysia Bhd (1979 to 1980)
- Industrial Relations Administrator prior to Industrial Relations Administrator: Management Trainee, Malaysia Airline System (MAS) (1976 to 1979)

#### DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES

- Nil

#### DIRECTORSHIP(S) IN OTHER PUBLIC LISTED COMPANIES

- Nil

#### EXTERNAL PROFESSIONAL COMMITMENTS

- Perbadanan Wakaf Selangor

#### MEMBERSHIP OF BOARD COMMITTEES

- Member, Group Board Nomination and Remuneration Committee
- Member, Group Board Sustainability Committee (w.e.f. 1 November 2023)
- Member, Board Audit Committee
- Member of Board Risk Management Committee (up to 31 October 2023)



Malaysian

Age 50

Attendance  
in 2023 (100%)

11/11

4/4

AC B RK

**KONG YUEN LING**  
Non-Independent Non-Executive Director

**Date of Appointment:**  
27 December 2021

#### ACADEMIC/PROFESSIONAL QUALIFICATION

- Bachelor of Business (Management) from Monash University (Caulfield Campus), Australia

#### WORKING EXPERIENCE AND OCCUPATION

- Country Manager & Chief Representative, Malaysia, The Bank of East Asia, Limited (2017 to present)
- Senior Vice President of Multinational Client Coverage (MNC), Global Banking and Markets, HSBC Bank Berhad (2017)
- Director, Head of MNC, The Royal Bank of Scotland Berhad (formerly known as ABN Amro Bank, Malaysia) (2008 to 2016)
- Vice President, Credit Portfolio Management and Relationship Management, The Royal Bank of Scotland Berhad (2005 to 2007)
- Assistant Vice President, Credit Portfolio Management, The Royal Bank of Scotland Berhad (2002 to 2004)
- Risk Management Division, Pengurusan Danaharta Nasional Berhad (Danaharta) (1999 to 2002)
- Assistant Manager, ALCO Support/Risk Management, Southern Bank Berhad (1997 to 1999)
- Assistant Manager, Corporate Banking Department, Southern Bank Berhad (1996 to 1997)
- Account Officer, Corporate Banking Department, Southern Bank Berhad (1995 to 1996)

#### DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES

- Nil

#### DIRECTORSHIP(S) IN OTHER PUBLIC LISTED COMPANIES

- Nil

#### EXTERNAL PROFESSIONAL COMMITMENTS

- Nil

#### MEMBERSHIP OF BOARD COMMITTEES

- Member, Board Risk Management Committee
- Member Group Board Compliance Committee

## BOARD OF DIRECTORS AFFIN HWANG INVESTMENT BANK BERHAD



Malaysian

Age 63

Attendance  
in 2023 (100%)

7/7

2/2

EC

BA

B

IB

CR

DC

RK

**TRACY ONG GUAT KEE**

Independent Non-Executive Director

**Date of Appointment:**

18 May 2023

**ACADEMIC/PROFESSIONAL QUALIFICATION**

- Master of Business Administration from University of Strathclyde, United Kingdom
- Bachelor of Economics (Hons) from Universiti Malaya

**WORKING EXPERIENCE AND OCCUPATION**

- Chief Representative of ANZ Malaysia Representative Office & Principal Officer of ANZ Labuan Branch, Australia and New Zealand (ANZ) Banking Group Limited (2014 to 2022)
- Chief Executive Officer and Managing Director of Corporate Banking, Bank of America Malaysia Berhad (2011 to 2014)
- Deputy Chief Executive Officer, Danajamin Nasional Berhad (2010 to 2011)
- Senior Executive Vice President and Head of Corporate Banking, Malayan Banking Berhad (2008 to 2010)
- Chief Commercial Officer and Head of Debt Markets, Maybank Investment Bank Berhad (2004 to 2008)
- Assistant General Manager and Head of Business Group, Maybank Banking Berhad (1999 to 2004)
- from Trainee Officer to Head of Corporate Banking, Aseambankers Malaysia Berhad (currently known as Maybank Investment Bank Berhad) (1985 to 1999)
- Finance Executive, Metroplex Berhad (1984 to 1985)

**DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES**

- Nil

**DIRECTORSHIP(S) IN OTHER PUBLIC LISTED COMPANIES**

- Nil

**EXTERNAL PROFESSIONAL COMMITMENTS**

- Nil

**MEMBERSHIP OF BOARD COMMITTEES**

- Chairman, Board Risk Management Committee (w.e.f. 1 November 2023)
- Member, Group Board Risk Management Committee (w.e.f. 1 November 2023)
- Member, Group Board Credit Review and Recovery Committee (w.e.f. 1 July 2023)

AD Audit

AC Accounting

IB Investment Banking

RK Risk Management

B Banking

HR Human Resources

EC Economics

GM General Management

FM Facilities Management

SS Security Services

BA Business Administration

CR Credit

DC Debt Capital Market

**Attendance in 2023:**

Scheduled meetings

Special meetings

**Note:** Age is as at 31 March 2024

## CEO OF SUBSIDIARIES



**DATO' PADUKA SYED  
MASHAFUDDIN SYED  
BADARUDIN JAMALULLAIL**  
Chief Executive Officer,  
Affin Islamic Bank Berhad

- Refer to Group Management Committee profile

Malaysian

Age 49

**Date of Appointment**

8 November 2022



**NURJESMI MOHD NASHIR**  
Chief Executive Officer,  
Affin Hwang Investment Bank  
Berhad

- Refer to Group Management Committee profile

Malaysian

Age 52

**Date of Appointment**

1 June 2023



**NG SEOW PANG**  
Chief Executive Officer  
Affin Moneybrokers Sdn Bhd

**ACADEMIC/PROFESSIONAL QUALIFICATION**

- Bachelor of Science, Computer Science and Management Science, Keele University, United Kingdom
- Master of Science, Management Science, Imperial College, United Kingdom

**PAST WORKING EXPERIENCES**

- More than 28 years of banking experience particularly in treasury and money market broking in various financial institutions which include OCBC Bank Berhad (Malaysia), Standard Chartered Bank (Philippines, Singapore and Malaysia), Malaysia French Bank Berhad (Malaysia)
- Prior to join Affin Moneybrokers, he was attached with Pronex Management for 5 years

**OTHER APPOINTMENTS**

- Nil

Malaysian

Age 57

**Date of Appointment**

15 April 2021

# OUR APPROACH TO VALUE CREATION

Our purpose is to create value for everyone impacted by our business. To achieve this, we need to ensure we have a robust business model and that our strategy is both responsive and progressive. This requires integrated thinking that considers the connectivity and interdependencies of factors that affect our ability to create stakeholder value, forming an integrated approach to value creation.

## ASSESS

### ASSESS AND EVALUATE OPERATING CONTEXT **1**

To develop and deliver responsible financial solutions that create value, we vigorously monitor and assess our operating environment to understand the context and landscape within which we are conducting our business. We keep track of global trends and issues such as geopolitical events, socio economic challenges, supply and demand disruptions arising from the external operating environment, and emerging and existing market trends. These are among the factors that may affect our ability to create value and impact our performance and business continuity, risk management and strategies.


 See page 82

### IDENTIFY RISKS AND OPPORTUNITIES **2**

We identify risks as matters that may diminish value, and those that may create value are termed opportunities, while some represent both a risk and opportunity. The risks and possibilities inherent in the industries in which we operate have an influence on our value creation approach. We monitor all risks and mitigate them through comprehensive risk management.

Our key risks identified are:

- ▶ Credit Risk
- ▶ Climate Risk
- ▶ Market Risk
- ▶ Funding & Liquidity Risk
- ▶ Operational Risk
- ▶ Business Continuity Risk
- ▶ Technology Risk/Cyber Risk
- ▶ Sustainability Risk

 See page 90

### STRENGTHEN STAKEHOLDER ENGAGEMENTS **3**

→ To create long term sustainable value, we encapsulate in our philosophy the importance of stakeholder communication. We regularly engage with our key stakeholders to understand their perspectives and to create transparency on our strategies and objectives. Our engagements also enable us to align and balance their expectations with our business priorities.


Our key stakeholders are:

#### Internal Stakeholders

- ▶ Board of Directors
- ▶ Senior Management
- ▶ Employees

#### External Stakeholders

- ▶ Investors/Shareholders
- ▶ Regulators/Government Bodies
- ▶ Individual & Non-Individual Customers
- ▶ Analysts/Rating Agencies
- ▶ Media
- ▶ Business Partners/IT Outsource Partners

 See page 74

## IDENTIFY

### IDENTIFY AND PRIORITISE OUR MATERIAL ISSUES **4**

→ Material Matters are matters that substantively affect our ability to create value over time, be it over the short, medium or long term. They have an impact on our ability to create value and on the accomplishment of our plans, as such, they guide how we manage risks and take advantage of potential opportunities.

They are identified through conduct materiality assessments that cover the importance of key issues to our business and our stakeholders.

During our materiality review, we identified and prioritised the following matters:

- ▶ Digital Innovation
- ▶ Data Privacy & Security
- ▶ Ethics & Integrity
- ▶ Client/Customer Focus
- ▶ Responsible Marketing
- ▶ Responsible Financial Services
- ▶ Sustainable Procurement Practices
- ▶ Fair Employment Practices
- ▶ Talent Development
- ▶ Environmental Management
- ▶ Community Development

 See page 80



# OUR VALUE CREATION BUSINESS MODEL

**CORE VALUES**

- A**lways innovating and adapting
- F**orever working as a team as we are one family
- F**air treatment, diversity and sustainability
- I**ntegrity is our foundation
- N**ever-ending customer centricity

We leverage various resources...

to drive our business...

**CAPITAL INPUTS**

**FC FINANCIAL**

- CET1 Capital Ratio: **14.3% (Strong Capital)**
- Liquidity Coverage Ratio: **174.1% (Strong Liquidity)**
- CASA balances stood at **RM18.9 billion** for FY23, contributing to a CASA ratio of **26.7% FY2022: 23.5%, 3.2% YoY increase)**

**MC MANUFACTURED**

- Launched AffinAlways mobile internet banking application
- Concentrated effort to **enhance delivery of digital solutions and deployment of automated processes** through major investment in IT development and infrastructure, including cybersecurity
- Dedicated network of **120 branches** and **682 self-service** terminals nationwide

**IC INTELLECTUAL**

- Strong brand and presence in key markets** – a reputable and ethical brand
- Enhanced value propositions by **growing strategic partnerships with key institutions, organisations and public agencies**

**HC HUMAN**

- High performance and innovative culture**
- Future skill pipeline** through apprenticeships, internships and leaderships
- Employee base** (as at 31 December 2023: **5,485 (2% YoY increase)**)

**SC SOCIAL AND RELATIONSHIP**

- Enhanced, targeted community engagements**
- Strengthened community partnerships**

**NC NATURAL**

- Improved **energy efficiency** at distribution channels
- Efforts to protect and conserve natural environments**

**Key Differentiators...**

**AFFIN Long-term Strategic Plan: Affin Axelerate 2028 (AX28)**



**KEY TRENDS**

- Moderate Economic Recovery
- Interest Rates and Other Financial Consequences
- Digitalisation
- Workforce Challenges
- Sustainability Concerns and Climate Change
- Geopolitics

**KEY DRIVERS**

- Net Interest Margin
- Fee-Based Income Increase
- Cost of Fund Reduction
- Cost Management
- Digital Capability Expansion
- Risk Management Improvement Through Enhanced Asset Quality Management, Liquidity Risk and Capital Management Initiatives

**MATERIAL MATTERS**

- Digital Innovation
- Data Privacy & Security
- Ethics & Integrity
- Client/Customer Focus
- Responsible Marketing
- Responsible Financial Services
- Sustainable Procurement Practices
- Fair Employment Practices
- Talent Development
- Environmental Management
- Community Development

**KEY RISKS**

- Credit Risk
- Market Risk
- Funding and Liquidity Risk
- Operational Risk
- Business Continuity Risk
- Technology Risk/Cyber Risk

**SUSTAINABILITY FOCUS AREA**



**AFFIN BANK BERHAD**

- GROUP COMMUNITY BANKING
- GROUP ENTERPRISE BANKING
- GROUP CORPORATE BANKING
- GROUP TREASURY

**OUR SUBSIDIARIES**

- AFFIN ISLAMIC BANK BERHAD
- AFFIN HWANG INVESTMENT BANK BERHAD
- AFFIN MONEYBROKERS SDN BHD

**OUR CORE BUSINESS**

**OUR ASSOCIATES**

- GENERALI INSURANCE MALAYSIA BERHAD
- GENERALI LIFE INSURANCE MALAYSIA BERHAD

Supported by a robust governance framework



**OUR VISION**

- To be the most creative financial company in Malaysia
- Creative in terms of innovation and technology
  - Creative in terms of unrivalled customer service
  - Create value for our shareholders, customers and our people

**OUR MISSION**

- |   |   |   |
|---|---|---|
| <p><b>Products &amp; Services</b></p> <ul style="list-style-type: none"> <li>• To become an innovative organisation with unrivalled customer service</li> </ul> | <p><b>People</b></p> <ul style="list-style-type: none"> <li>• Our commitment and passion touch the hearts and minds of everyone in our world</li> </ul> | <p><b>Value</b></p> <ul style="list-style-type: none"> <li>• To always create value for our shareholders, customers and our people</li> </ul> |
|---|---|---|

...and deliver meaningful value.

Enhance Brand Value

ESG Focus

“To Be The Most Creative Financial Company in Malaysia”

**OUTPUTS**

**Business Activities**

Providing a full suite of Islamic and conventional financial services including:

Lending of Loans Advances and Financing:  
**RM66.66 billion**  
(2022: RM59.3 billion)

Deposit Taking: Customer Funding Base  
**RM70.8 billion**  
(2022: RM65.0 billion)

Investment Banking (IB): PBT FY23:  
**RM92.5 million**  
(2022: RM55.0 million)  
YoY increase of 68.2%

**Other**

- Total Assets: **RM105.2 billion**
- Loan Loss Reserve = **143.5%**

CAPITAL OUTCOMES	STAKEHOLDERS
<p><b>FC FINANCIAL</b></p> <ul style="list-style-type: none"> <li>• Earnings Per Share: <b>17.4 sen (FY2022: 54.4 sen)</b></li> <li>• AFFIN total assets exceed <b>RM100 billion</b></li> <li>• Market Capitalisation: <b>RM4.88 billion (FY2022: RM4.62 billion)</b></li> <li>• <b>8.6%</b> sustainable financing as a percentage of overall financing portfolio (surpassing the <b>7% target of for FY2023</b>)</li> </ul>	S2 S5
<p><b>MC MANUFACTURED</b></p> <ul style="list-style-type: none"> <li>• Net Promoter Score (NPS) = <b>+69 (FY2022: +40)</b></li> <li>• Customer Satisfaction Score (CSAT) = <b>91% (FY2022: 84%)</b></li> <li>• Improved <b>customer 360-view, lead generation, time-to-market, internal collaboration, efficiency and cost optimisation</b></li> </ul>	S1 S9 S10
<p><b>IC INTELLECTUAL</b></p> <ul style="list-style-type: none"> <li>• Constituent of the <b>FTSE4Good Index</b></li> <li>• Constituent of the <b>Dow Jones Sustainability Index</b></li> <li>• <b>Awards &amp; recognition</b> received:                             <ul style="list-style-type: none"> <li>- <b>Malaysian Banking Transformational Excellence Award 2023 at the 5th Malaysian Banking &amp; Finance Summit</b></li> <li>- <b>Best Employer Brand Award 2023</b> by the Employer Branding Institute - India</li> <li>- <b>Best SME Financial Inclusion Initiative</b> at the Global SME Banking Innovation Awards 2023</li> <li>- <b>Best Bank for SMEs in Malaysia</b> at the Asiamoney Best Bank Awards 2023</li> <li>- <b>Mortgage and Home Loan Product of the Year</b> at the Asian Banking &amp; Finance Retail Banking Awards</li> <li>- <b>Best Technology Implementation by a Retail Bank</b>, Global Retail Banking Innovation Awards 2023</li> </ul> </li> </ul>	S7
<p><b>HC HUMAN</b></p> <ul style="list-style-type: none"> <li>• Employee engagement score = <b>77%</b></li> <li>• <b>36%</b> women representation on the Board</li> <li>• Average hours of training per employee: <b>59 hours (FY2022: 48 hours)</b></li> </ul>	S1 S8
<p><b>SC SOCIAL AND RELATIONSHIP</b></p> <ul style="list-style-type: none"> <li>• Increased allocation amount for Asnafpreneur programme by more than 100%</li> <li>• Community partnerships:                             <ul style="list-style-type: none"> <li>- Member of United Nations Global Combat Malaysia and Brunei (“UNGCMYB”)</li> <li>- Member of myWakaf 2.0 through the Solar-Dome Dryer initiative and myZakat through Program Transformasi Usahawan Asnaf (“PTUA”)</li> </ul> </li> </ul>	S6 S11
<p><b>NC NATURAL</b></p> <ul style="list-style-type: none"> <li>• Solar panels installed at <b>12 branches, contributing to:</b> <ul style="list-style-type: none"> <li>- More than <b>1,100%</b> increase (from 20.599 MWh in FY2022 TO 259,254 MWh in FY2023) of renewable energy generated</li> <li>- Prevention of <b>202.21 tCO<sub>2</sub>e</b> of carbon emissions</li> </ul> </li> <li>• Environmental:                             <ul style="list-style-type: none"> <li>- Planted <b>2,400 trees, surpassing our target of 1,000 trees</b></li> </ul> </li> </ul>	S4

# PERFORMANCE BY CAPITALS

When making decisions on how to manage and grow our business, we take into account the resources and relationships that are critical to our ability to create value. We refer to these as the six capitals, with inputs of each are needed for the effective production and delivery of our products and services, thereby generating value for all our stakeholders.

We continue to allocate our capital and resources efficiently through our three strategic objectives thereby creating long-term value for our shareholders. This requires making trade-offs, assessing the availability and quality of capital inputs, balancing the short and the long term and taking tough decisions. Below are the primary trade-offs we made and the rationale behind our decisions.

## FC FINANCIAL CAPITAL

Funds available to AFFIN to sustain its operations and activities, and to invest in the growth of other key capitals.

### INPUTS

- CET1 Capital Ratio: 14.3% (Strong Capital)
- Liquidity Coverage Ratio: 174.1% (Strong Liquidity)
- CASA balances stood at RM18.9 billion for FY2023, contributing to CASA ratio of 26.7% (FY22: 23.5%, 3.2% YoY increase)
- Building our assets through sustainable financing
- Deposits from customers = RM70.8 billion (FY2022: RM65 billion)

### OUTCOMES

	2022	2023
Earnings per Share	54.4 sen	<b>17.4 sen</b>
Dividend per Share	12.30 sen	<b>5.76 sen</b>
Market Capitalisation	RM4.6 billion	<b>RM4.9 billion</b>
Shareholder Equity	RM10.6 billion	<b>RM11.1 billion</b>
Credit Rating	AA <sub>3</sub> /Stable/P1	<b>AA<sub>3</sub>/Stable/P1</b>
Sustainable Financing Composition	<b>4.5%</b>	<b>8.6%</b>

- Total assets exceeding RM100 billion

### ACTIONS TO ENHANCE OUTCOMES

- Regular engagement with investors and stakeholders to manage their expectations of our financial decisions
- Adopt ways towards enhancing service culture and encouraging customer loyalty

### TRADE-OFFS

Reinvesting Financial Capital into growing AFFIN business and nurturing other key capitals, and being prudent of our obligations and approaches to provide attractive financial returns to shareholders and investors.

## MC MANUFACTURED CAPITAL

The fixed assets and digital infrastructure that facilitates the provision of products and services to our customers.

### INPUTS

- Launched the AffinAlways mobile internet banking application
- Launched the AFFINMAX 2.0 mobile application for businesses
- Investments in technology (technological modernisation through new system, big data analytics, cloud-based services, Workday and robotic process automation)
- Dedicated network of 120 branches and 682 self-service terminals nationwide
- Modern banking platform supporting digitally enabled client solutions and higher operational efficiency
- Streamlining operational processes for greater efficiency through automation and digitalisation
- Effective information and technology infrastructure
- Implementation and integration of digital technologies, connectivity and intelligence in a wide range of devices and work processes

### OUTCOMES

	2022	2023
Net Promoter Score (NPS)	+40	<b>+69</b>
Customer Satisfaction Score (CSAT)	84%	<b>91%</b>

- Onboarded over 200,000 users to AffinAlways mobile internet banking app since its launch (Oct'23)
- Improvement of transaction processing time by 60%
- Improved customer 360-view, leads generation, time-to-market, internal collaboration, efficiency and cost optimisation

### ACTIONS TO ENHANCE OUTCOMES

- Mystery shopping by appointed independent agency to improve the quality of AFFIN branches
- Continue to automate and digitalise branch operations for better operational efficiency
- Installed solar panels at 12 branches to improve energy efficiency

### TRADE-OFFS

As we balance the cost of Manufactured Capital by streamlining physical touchpoints at our bank branches, Automatic Teller Machines (“ATMs”) and SSTs, additional investment is spent on ensuring that our digital assets are customer focused and seamless. Expanding our network across Malaysia enhances convenience and service accessibility, builds greater trust and support, and increases our Social and Relationship Capital.

## PERFORMANCE BY CAPITALS

### IC INTELLECTUAL CAPITAL

Our intangible assets such as brand reputation, organisational systems, proprietary innovations, in-house capabilities and strategic partnerships.

#### INPUTS

- Strong brand and presence in key markets – a reputable and ethical brand
- Enhanced value propositions by growing strategic partnerships with key institutions, organisations and public agencies
- The knowledge, processes, technologies and systems embedded in our operations nurture the capacity for innovation, which is key to maintaining our competitive edge.
- Efficient business processes and robust management systems

#### OUTCOMES

- Constituent of the FTSE4Good Index
- Constituent of the Dow Jones Sustainability Index
- Awards & recognition received:
  - Malaysian Banking Transformational Excellence Award 2023 at the 5th Malaysian Banking & Finance Summit
  - Best Employer Brand Award 2023 by the Employer Branding Institute - India
  - Best SME Financial Inclusion Initiative at the Global SME Banking Innovation Awards 2023
  - Best Bank for SMEs in Malaysia at the Asiamoney Best Bank Awards 2023
  - Mortgage and Home Loan Product of the Year at the Asian Banking & Finance Retail Banking Awards
  - Best Technology Implementation by a Retail Bank at the Global Retail Banking Innovation Awards 2023

#### ACTIONS TO ENHANCE OUTCOMES

- Expand our digital banking platforms to deliver more inclusive and cost-effective financial solutions
- Invest in cybersecurity to continuously monitor fake platforms and phishing platforms
- Optimisation of fraud rules to strengthen/amplify fraud detection capabilities
- Provide educational programmes to raise customer awareness on financial fraud

#### TRADE-OFFS

We continued to deliver new innovative products and solutions to our customers amidst recent challenges. Our efforts in building Intellectual Capital are focused on driving digital innovation, incurring changes to Human Capital and Manufactured Capital. This requires the right digital and technology skill sets and infrastructure to support digital processes. Moving forward, the benefits of strengthening Intellectual Capital outweigh the changes undergone by other capitals to facilitate the process.

# HC HUMAN CAPITAL

Our employees' knowledge, skills, and experience, which drive our strategies and deliver long-term value.

## INPUTS

- High performance and innovative culture
- Talented, agile and diverse workforce inspired to achieve operational excellence
- Future skill pipeline through apprenticeships, internships and leaderships
- Employees (as at 31 December 2023): 5,485 (2% YoY increase)
- Malaysian employees: 5,482 (99.9% of total workforce)
- Non-Malaysians: 3 staff (0.1% of total workforce)
- Permanent Employees: 5,377 (98% of total workforce)
- 5,377 permanent employees, including 4 disabled learners on 12-month contracts
- Non-Permanent Employees: 108 (2% of total workforce)

## OUTCOMES

	2022	2023
Employee Attrition Rate	17.6%	<b>13.9%</b>
Average hours of training per employee	48 hours	<b>59 hours</b>
Reduction in health and safety accidents	3	<b>2</b>
High potential performers identified	303	<b>352</b>
Lost Time Injury Frequency ("LTIF")	0.31	<b>0.2</b>

- Employee Engagement Score = 77%
- 36% representation of women on the Board
- 278 training programmes conducted with 15,534 participants and 99,352 eLearning hours logged

## ACTIONS TO ENHANCE OUTCOMES

- Transform our workforce for engaged and proficient employees
- Implement of DEI policies
- Competitive benefits with a focus on employee's health and well-being
- Talented, agile and diverse workforce to achieve operational excellence
- Differentiated culture (client and people-centred, innovative and competitive)
- Health and safety programmes to protect employees

## TRADE-OFFS

We invest in training programs to develop future-ready employees. Although these efforts impact our near-term Financial Capital, they help forge more productive and high-performing employees in the long run. The productivity gains obtained from upskilling and digital transformation benefit Human Capital and Intellectual Capital. Investments in employee health and wellbeing create an engaged workforce that can maximise Financial Capital.

## PERFORMANCE BY CAPITALS

### SC SOCIAL & RELATIONSHIP CAPITAL

The relationships and goodwill between AFFIN and its stakeholders, including local communities and civil society.

#### INPUTS

- Enhanced, targeted community engagements
- Strengthened community partnerships
- Subcommittees of the Joint Committee on Climate Change
- Value-based Intermediation Community of Practitioners
- Association of Islamic Banking and Financial Institutions Malaysia
- United Nations Global Compact Malaysia and Brunei

#### OUTPUT

- Increased allocation amount for Asnafpreneurs programme by more than 100%
- Community partnerships:
  - Member of United Nations Global Compact Malaysia and Brunei (UNGCMYB)
  - Member of myWakaf 2.0 through the Solar-Dome Dryer initiative and myZakat through Program Transformasi Usahawan Asnaf (PTUA)

#### ACTIONS TO ENHANCE OUTCOMES

- Regularly engage with stakeholders to understand their evolving expectations and needs
- Allow payment deferment for selected loans to assist flood victims
- Prioritise local suppliers and offer development programmes for SME vendors
- Deliver a seamless banking experience where turnaround times and processes are clear and transparent
- Maintain interactive and open communication with stakeholders to increase their confidence in the bank

#### TRADE-OFFS

We invested in community initiatives and payment assistance programmes to alleviate the burden faced by our individual and SME customers. The allocations impacted our Financial Capital in the short run, although the various financing facilities effectively reduced the risk of default. These contributions strengthen our Social and Relationship Capital in the long run.

# NC NATURAL CAPITAL

The natural resources used in our operations and the environmental impact of our business activities.

### INPUTS

- Energy optimisation by transition to renewable energy for business premises
- Efforts to protect and conserve natural environments

### OUTPUT

	2022	2023
Renewable energy generated	20.599 MWh	259.254 MWh

- Solar panels installed at 12 branches, contributing to:
  - More than 1,100% increase (from 20.599 MWh in FY2022 to 259.254 MWh in FY2023) of renewable energy generated
  - Prevention of 202.21 tCO<sub>2</sub>e of carbon emissions
- Environmental:
  - Planted 2,400 trees, surpassing our target of 1,000 trees

### ACTIONS TO ENHANCE OUTCOMES

- Reducing our financed emissions and finance the transition to achieve Net Zero Carbon by 2050
- Increase installation of solar panels across more AFFIN branches as a source for renewable energy
- Reducing 30% of operational emission against 2022 baseline
- Undertaking mangrove tree planting to support our decarbonization plan

### TRADE-OFFS

To manage our financed emissions as part of our overall strategy to achieve Net Zero Carbon by 2050, we will have to deploy Financial Capital. As a responsible and sustainable financial institution, we are also building our Social and Relationship Capital by taking an active stewardship role.

# STAKEHOLDERS ENGAGEMENT

We define our stakeholders by their respective roles, level of participation and contribution in our value chain as well as their ability to influence and impact our business. They are our employees, customers, shareholders and investing community including analysts and rating agencies, supply chain partners, government and regulators, industry/trade associations, media, and the communities. We strive to strengthen our relationship with them, and to understand their key concerns and matters of interest.

## S1 EMPLOYEES

### HOW WE ENGAGE

- Employee engagement surveys
- Performance assessment and feedback
- Intranet messaging
- Department meetings
- Townhall sessions
- Group corporate events
- Grievance handling systems

### KEY CONCERNS

- Talent and succession planning
- Employee welfare
- Career progression
- Ethical business practices
- Information and data security
- Environmental practices

### HOW WE RESPOND

- Sustainable Financial Services
- Socially Responsible Employer
- Supportive Community Development

## S2 INVESTORS/SHAREHOLDERS

### HOW WE ENGAGE

- Roadshows
- Investor relations sessions
- Annual general meetings
- Corporate website

### KEY CONCERNS

- Overall performance and strategic direction of the Group
- Impact of products and services
- Corporate governance practices
- Strategic collaborations/partnerships

### HOW WE RESPOND

- Sustainable Financial Services
- Socially Responsible Employer

## S3 GOVERNMENT AND REGULATORS

### HOW WE ENGAGE

- Meetings
- Regulatory briefings
- Programmes organised by government/regulators

### KEY CONCERNS

- Products & services
- Ethical business practices
- Overall performance
- Regulatory compliance
- Information & data security
- Corporate governance practices

### HOW WE RESPOND

- Socially Responsible Employer Service
- Sustainable Financial Services

## S4 INDIVIDUAL AND NON-INDIVIDUAL CUSTOMERS

### HOW WE ENGAGE

- Customer satisfaction surveys
- Customer service channels
- Meetings/site visits
- Social media
- Corporate website

### KEY CONCERNS

- Products & services
- Streamlined customer services
- Ethical business practices
- Personal data protection
- Transparency in sales & marketing

### HOW WE RESPOND

- Sustainable Financial Services
- Socially Responsible Employer

## S5 ANALYSTS/RATING AGENCIES

### HOW WE ENGAGE

- Meetings
- Analysts briefings/forums

### KEY CONCERNS

- Products & services
- Ethical business practices
- Regulatory compliance
- Financial performance

### HOW WE RESPOND

- Sustainable Financial Services



**S6 MEDIA**

<p><b>HOW WE ENGAGE</b></p> <ul style="list-style-type: none"> <li>• Meetings</li> <li>• Media releases</li> <li>• Press conferences</li> <li>• Corporate events</li> </ul>	<p><b>KEY CONCERNS</b></p> <ul style="list-style-type: none"> <li>• Good governance practices</li> <li>• Societal impact</li> <li>• Open and transparent communication</li> </ul>	<p><b>HOW WE RESPOND</b></p> <ul style="list-style-type: none"> <li>• Sustainable Financial Services</li> <li>• Supportive Community Development</li> </ul>
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**S7 BUSINESS PARTNERS/IT OUTSOURCE PARTNERS**

<p><b>HOW WE ENGAGE</b></p> <ul style="list-style-type: none"> <li>• Corporate website</li> <li>• Meetings</li> <li>• Corporate events</li> </ul>	<p><b>KEY CONCERNS</b></p> <ul style="list-style-type: none"> <li>• Strategic collaborations/partnerships</li> <li>• Products and services</li> <li>• Transparency in sales and marketing</li> <li>• Regulatory compliance</li> <li>• Financial performance</li> </ul>	<p><b>HOW WE RESPOND</b></p> <ul style="list-style-type: none"> <li>• Sustainable Financial Services</li> </ul>
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**S8 EMPLOYEE UNIONS**

<p><b>HOW WE ENGAGE</b></p> <ul style="list-style-type: none"> <li>• Meetings</li> <li>• Townhall sessions</li> <li>• Group corporate events</li> </ul>	<p><b>KEY CONCERNS</b></p> <ul style="list-style-type: none"> <li>• Regulatory compliance</li> <li>• Financial performance</li> <li>• Human capital development</li> <li>• Fair employment practices</li> </ul>	<p><b>HOW WE RESPOND</b></p> <ul style="list-style-type: none"> <li>• Socially Responsible Employer</li> </ul>
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**S9 VENDORS/ SUPPLIERS/CONTRACTORS**

<p><b>HOW WE ENGAGE</b></p> <ul style="list-style-type: none"> <li>• Meetings</li> <li>• Corporate website</li> </ul>	<p><b>KEY CONCERNS</b></p> <ul style="list-style-type: none"> <li>• Regulatory compliance</li> <li>• Financial performance</li> <li>• Supply chain management</li> </ul>	<p><b>HOW WE RESPOND</b></p> <ul style="list-style-type: none"> <li>• Sustainable Financial Services</li> </ul>
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**S10 INDUSTRY/TRADE ASSOCIATIONS**

<p><b>HOW WE ENGAGE</b></p> <ul style="list-style-type: none"> <li>• Meetings</li> <li>• Public partnerships</li> </ul>	<p><b>KEY CONCERNS</b></p> <ul style="list-style-type: none"> <li>• Strategic collaborations/partnerships</li> <li>• Products &amp; services</li> </ul>	<p><b>HOW WE RESPOND</b></p> <ul style="list-style-type: none"> <li>• Sustainable Financial Services</li> </ul>
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**S11 LOCAL COMMUNITIES/NON-GOVERNMENT ORGANISATIONS**

<p><b>HOW WE ENGAGE</b></p> <ul style="list-style-type: none"> <li>• Meetings</li> <li>• Volunteer activities</li> <li>• Forums</li> <li>• Corporate social responsibility programmes</li> </ul>	<p><b>KEY CONCERNS</b></p> <ul style="list-style-type: none"> <li>• Ethical business practices</li> <li>• Societal and environmental impact</li> <li>• Indirect economic contribution</li> </ul>	<p><b>HOW WE RESPOND</b></p> <ul style="list-style-type: none"> <li>• Sustainable Financial Services</li> <li>• Supportive Community Development</li> </ul>
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# VALUE WE CREATE

## EM EMPLOYEES

### VALUE CREATED FOR EMPLOYEES

- Attractive benefits programme that caters to our employees' physical, mental, and emotional well-being as well as their financial, social and career needs
- Opportunities for professional development and learning
- Robust employee value proposition supported by career development pathways and competitive remuneration and benefits

### VALUE FOR AFFIN

- Drive innovation and transformation that keeps the bank relevant and retains its industry leadership position
- Skilled and competent workforce with deep product knowledge, ready to meet the challenges of the evolving business landscape
- A diverse workforce that thrives on innovation and collaboration, with the skills and knowledge to elevate customer experience
- Positive employee retention rate and talent attraction

### RISKS

- Inability to retain and attract the right talents for our business needs given the immense talent competition and evolving, next-generation workforce trends
- Potential gaps in workforce skillsets driven by digitalisation and automation
- Irrelevant skillsets and roles that are unable to adapt to digitalisation

### OPPORTUNITIES

- Equipping employees with the means - through innovative digital platforms, processes, and new age tools - to increase productivity and efficiency
- Enhancing our training and development programmes to build a workforce that drives transformational growth
- Integrating digital technologies to enrich our employee engagements, improve our talent management processes and empower employees to embrace the benefits of digitalisation

### VALUE CREATION INDICATORS & HIGHLIGHTS

- Employee training and development, including number of training hours logged
- New employee hires and employee turnover rate
- Employee Engagement Score and satisfaction metrics
- Employee involvement in community investment and engagement activities
- Employee retention rate
- Employee NPS
- Health and safety incidents
- Ranking in Employer of Choice survey
- Diversity of employees

Capitals:   

**CU CUSTOMERS**

**VALUE CREATED FOR CUSTOMERS**

- Access to reliable physical and digital banking channels
- Addressing customers' pain points quickly and effectively through engagement channels
- Customer-centric products and services
- A safe, reliable, and seamless digital banking experience.
- Financial inclusion and accessible services for underserved segments (e.g., Mobile Financial Centres)
- Financial assistance for individuals and customers affected by floods

**VALUE FOR AFFIN**

- Ability to sustain our growth across portfolios and footprint
- Strong brand reputation by building customer loyalty and trust as well as through positive endorsements
- Increasing customer base that keeps us relevant and helps us innovate timely offerings
- Higher rate of conversion facilitated by smoother customer journeys
- Access to underserved/untapped markets with growth potential

**RISKS**

- Stiff competition from financial and non-financial players in addressing evolving customers' needs
- Reduced loyalty from a lack of understanding of customers' needs or poor relationship management
- Potential loss of customers arising from heightened threat of cyber attacks that may result in personal data and financial losses
- Data breaches, resulting in loss of customer trust
- Money laundering, fraudulent activities and default risk

**OPPORTUNITIES**

- Building strong customer loyalty through improved engagement and understanding of customers' needs
- Collaborating with customers to gain deeper insights and design solutions that meet their evolving needs
- Accessing underserved markets including the unbanked and rural segments
- Continuously improving our digital channels and the customer journey

**VALUE CREATION INDICATORS & HIGHLIGHTS**

- NPS
- Customer satisfaction scores, views or rankings as measured by surveys such as our annual External Customer Engagement Survey
- Annual customer survey
- Mystery shopping score
- Number of customer complaints
- Complaint resolution time
- Waiting time and transaction/processing time at branches
- Customer retention rate
- Number of available touchpoints
- Number of active users on AFFIN digital platforms
- Products holding by customer
- Investment performance

Capitals:   

## VALUE WE CREATE

### CO COMMUNITIES

#### VALUE CREATED FOR COMMUNITIES

- Accessibility to AFFIN products and services and banking facilities
- Empowerment and increased earnings potential through our outreach programmes
- Access to essentials like basic necessities education and healthcare alongside improved financial literacy
- Business and job opportunities arising from AFFIN's socio-economic contributions
- Contributions to community development projects
- Cash support, in-kind donations and corporate sponsorships
- Increased engagement with underserved segments

#### VALUE FOR AFFIN

- Building public trust to grow AFFIN's presence and position
- Understanding community needs, enabling us to explore avenues to support the underserved
- Protecting wider environment and economies in which we operate
- Improved operating locations with enhanced facilities and infrastructure
- Support from communities and stronger brand reputation

#### RISKS

- Financing of activities that may damage the environment and its surrounding communities
- Brand risk from potential lack of engagement with and inclusion of surrounding communities
- Lower connectivity and lack of access to financial services within remote and rural communities

#### OPPORTUNITIES

- Identifying new segments of potential customers and talent for employment
- Engaging communities and incorporating their needs into our financial offerings
- Building a reputation as a responsible business through outreach programmes
- Improving customer acquisition by educating our customer base
- Acquiring financially-savvy customers

#### VALUE CREATION INDICATORS & HIGHLIGHTS

- Number of individuals impacted by our community initiatives and flagship programmes
- Number of beneficiaries impacted
- Number of volunteers mobilised
- Number of community development projects implemented

Capitals: **HC** **IC** **SC**

**CO SHAREHOLDERS AND INVESTORS**

**VALUE CREATED FOR SHAREHOLDERS AND INVESTORS**

- Well-established business backed by robust financial resources, providing assurance of our ability to pay interest and repay debt capital
- Attractive shareholder returns
- Investing options that are resilient against ESG risks and adaptable to opportunities

**VALUE FOR AFFIN**

- Access to a broad and diverse base of equity and debt holders to facilitate our growth plans
- Attainment of fair ratings and valuation of AFFIN shares
- Financial stability and investor support
- Higher liquidity and capital to facilitate business growth

**RISKS**

- Misreporting or inaccurate financial analysis by analysts/investors may unfavorably impact stock rating and share price performance
- Increased cost of capital
- Loss of investor confidence and/or low valuations
- Exposure to ESG risks through our banking portfolio
- Poor financial returns due to mismanagement of risks

**OPPORTUNITIES**

- Providing transparent and timely disclosures on strategy and performance
- Demonstrating consistent performance to raise investor confidence and interest in AFFIN
- Broadening access to competitively priced capital to support growth
- Building investor confidence with sound risk management strategies, including the integration of ESG risks
- Attracting investor interest with good governance and sustainable financial services

**VALUE CREATION INDICATORS & HIGHLIGHTS**

- Long-term financial outcomes under A25 transformation plan
- AFFIN share price
- Dividend per share
- Total dividend paid to shareholders
- Price-to-book ratio
- Key annual financial guidance

Capitals: **FC** **IC** **SC**

# MATERIAL MATTERS

## MATERIALITY ASSESSMENT

In our Annual Report for FY2020, we have provided insights into the identification of our materiality matters particularly our source of references, stakeholder engagements, materiality explanation, management approach as well as key risks and opportunities. While we plan to conduct a fresh materiality assessment in FY2024, we are currently disclosing the outcome of the materiality assessment conducted during FY2020. For further details, please refer to our Sustainability Statement on page 184

### STEP 1: IDENTIFICATION OF SUSTAINABILITY MATTERS



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

### STEP 2: STAKEHOLDER ENGAGEMENT



We conducted Stakeholder Engagement sessions with both our internal and external stakeholders to gauge their perception on the identified sustainability matters. From this engagement, we are also able to ascertain their expectations on the management of each of the sustainability matters. For the FY2020 reporting cycle, we have engaged over 120 stakeholders both internally and externally.

### STEP 3: SUSTAINABILITY IMPACT ASSESSMENT

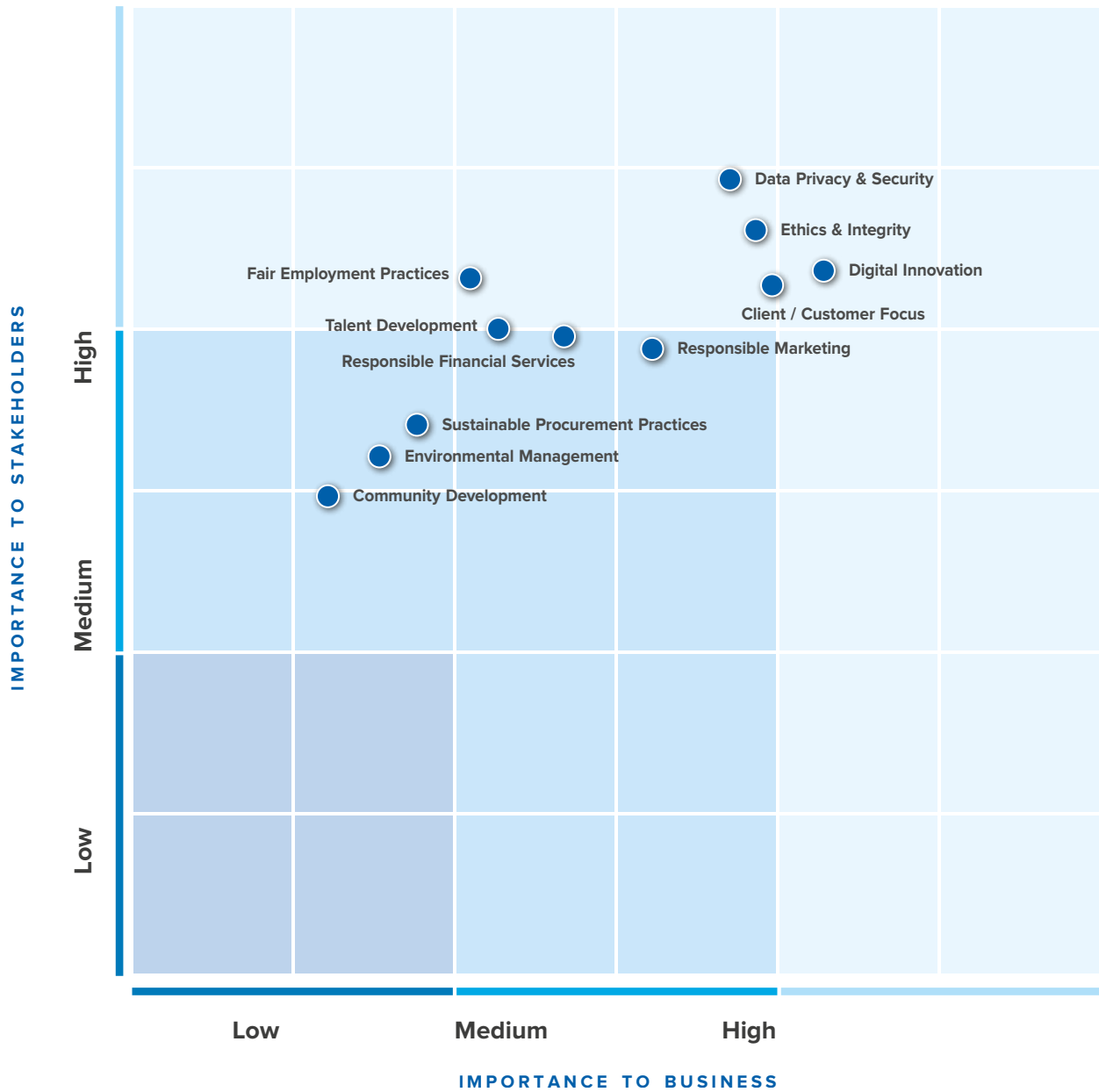


The aim of this exercise was to determine the level of importance of the sustainability matters to the Group's business operations. Our Sustainability Working Group members and other key personnel from various functions across the Group participated in this exercise. We leveraged on our existing business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

### STEP 4: PRIORITISATION OF SUSTAINABILITY MATTERS



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



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

# OPERATING ENVIRONMENT:

## ECONOMIC REVIEW & OUTLOOK

### Economic Outlook 2024

Amidst a challenging business environment and significant geopolitical events, we **continue to progress on our journey towards the future of banking**. In doing so, we **remain attuned to local and global economic trends**, which in turn guide our formulation of appropriate strategies and approaches to maximise value creation.



### GLOBAL OUTLOOK

According to the latest World Economic Outlook report from the International Monetary Fund (“IMF”), global economic growth is projected to expand by 3.1% in 2024 (compared to 3.1% in 2023), before improving further to 3.2% in 2025. This will be supported by improvement in international trade, healthy domestic demand and an easing of monetary tightening. As we move closer to mid-2024, major economies will show stronger signs of economic expansion due to a confluence of events: the likely start of easing cycles of global monetary policies, a recovery of global trade (especially in the Electrical & Electronics sector) and stronger domestic demand driven by more accommodative monetary and fiscal policies.

Barring an escalation in geopolitical risk — which would result in higher prices for commodities such as oil — global inflation will continue to ease. Furthermore, the prospect of continuing government support through stimuli on the fiscal and monetary policy fronts in China, the nation’s economic recovery will in turn support a global resurgence. This view is supported by the positive developments in China’s external trade activities and by the fact that the IMF has raised 2023 and 2024 growth forecasts for the country.

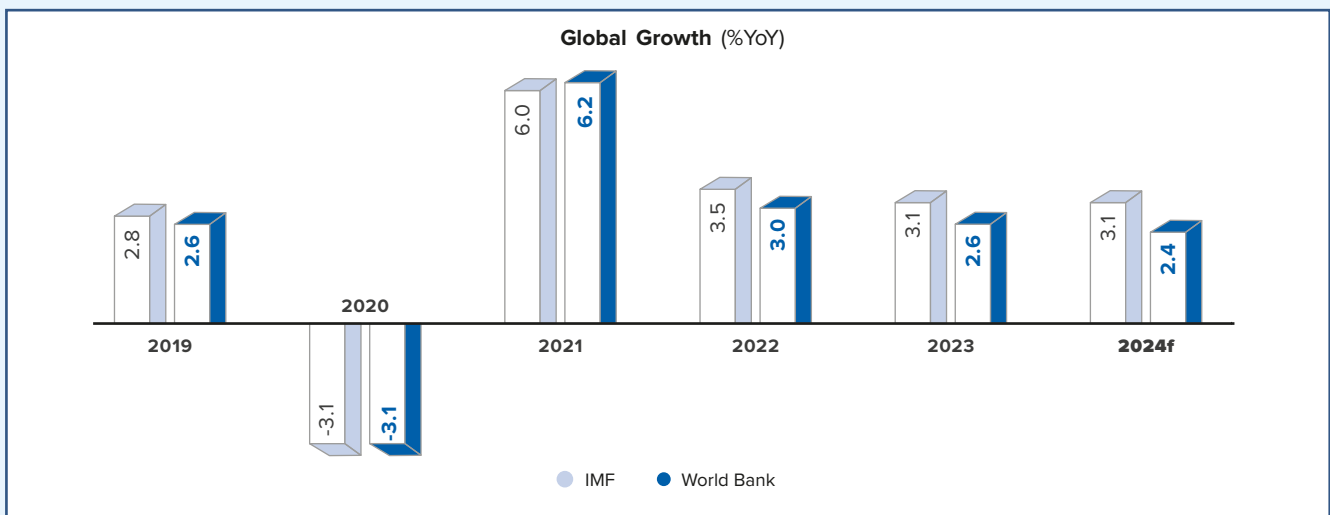
### MALAYSIA’S OUTLOOK

Domestically, the Malaysian economy has responded to the global slowdown with resilience. Buttressed by strong domestic demand and strong economic fundamentals, the country posted stronger real GDP growth than many of its ASEAN neighbours in 2023.

Going into 2024, the performance of the country’s economy will continue to be influenced by global economic growth. However, with domestic demand remaining strong, our research house forecasts faster expansion for the economy, with projected GDP growth of 4.5% in 2024 (compared to 3.7% in 2023).

On the external front, after a contraction in 2023, Malaysia’s exports are expected to rebound in 2024, supported by an upturn in global semiconductor sales. In line with this outlook, World Semiconductor Trade Statistics anticipates global semiconductor sales to expand by 13.1% in 2024, a significant upward revision from its earlier forecast of -9.4% for 2023. This suggests an improvement that will benefit Malaysia’s overall trade performance in 2024.

*Keeping pace with the improved business sentiment and outlook, we will continue to push the boundaries of innovation and excellence in our pursuit of sustainable growth.*





## KEY TRENDS & MARKET OUTLOOK

### GLOBAL ECONOMIC UNCERTAINTY

The Malaysian economy recorded growth of 3.7% in 2023, supported by domestic demand. However, exports declined due to weak global external demand, weighed down by monetary tightening in advanced economies and uncertain geopolitical environment. While government initiatives have helped to ease the burden, businesses and individuals have adopted a cautious approach to spending and investment, negatively impacting the financial services sector.

#### IMPACT

- Higher interest rates led to greater demand for deposits, resulting to a price war that negatively impacted our margins
- The rise in interest rates also led to a higher cost of borrowing, placing further pressure on our margins
- Many businesses have paused investments while major infrastructure projects have been put on hold, thus decreasing demand for loans and other financial services

#### HOW WE RESPONDED

- Focused on lending to the household and business segments (e.g., providing working capital for companies)
- Invested in branch expansion and launch of digital solutions (e.g., AffinAlways mobile internet banking app) to drive CASA growth
- Focused on developing and marketing higher margin products and growing our fee-based income revenue streams (e.g., investment banking advisory services)
- Maintained a disciplined approach to cost management, assisted by our ongoing digital transformation (e.g., automation, big data analytics)

#### OUTLOOK

In 2024, the Malaysian economy is expected to post stronger growth of 4.5% (with official forecasts ranging from between 4% to 5%). This will be supported by the steady recovery of the global economy, and should lead to improved export figures and a resurgence in the tourism sector.

Economic activity will be further bolstered by new government initiatives, such as the New Industrial Masterplan 2030, which identifies the manufacturing and construction sectors as catalysts of future growth. This will help to drive capex spending in 2024 and beyond.

Leveraging our expanded physical and digital presence and a wider range of niche products and solutions, we will seek to capitalise on the resurgence of the economy while remaining attuned to evolving macroeconomic trends.

Link to: Capitals



Strategic Pillars



Key Risks



## OPERATING ENVIRONMENT:

### KEY TRENDS & MARKET OUTLOOK

#### DIGITALISATION

There is an increasing preference amongst consumers for digital financial services and solutions. This can be seen in the rise of e-commerce, the growth in the volume of cashless payments and the rise of mobile to become the most common channel for banking activities. With the digital economy becoming a core part of modern life, financial services players must adapt or face a loss of market share and relevance.

#### IMPACT

- New fintech and digital banking start-ups are emerging with disruptive business models that could erode our market share
- At the same time, the digital revolution offers us the chance to introduce innovative solutions such as digital lending or wealth management
- We can also use digital solutions to provide more efficient and personalised services, thus enhancing the customer experience and driving customer loyalty
- Data analytics can be leveraged to enable more accurate customer segmentation and marketing
- However, the move to digital platforms also exposes us to additional cybersecurity and compliance-related risks

#### HOW WE RESPONDED

- Launched several digital platforms and services to cater to the diverse needs and preferences of our customers:
  - INVIKTA: for High-Net Worth customers
  - AVANCE: for financial and wealth planning for young, on-the-go professionals
  - AFFINMAX: a cash management solution for corporate and SMEs
  - AFFINWRKFZ: a payroll solution for businesses
  - SME Colony mobile app: a platform that provides SMEs with financial knowledge, networking and more
  - AffinAlways mobile internet banking: a tailored mobile banking solution
  - Customer360: our new Customer Relationship Management (CRM) system
- Leveraged big data analytics through our Enterprise Data Hub unlock data-driven insights on our customers and their needs
- Used Salesforce to implement digital lead generation processes
- Adopted best practices and standards from leading digital sectors while benchmarking our digital performance and competitiveness
- Invested in cybersecurity measures to protect customer data and drive digital trust

#### OUTLOOK

Moving forward, digitalisation will continue to drive the evolution of the financial services industry, and the most innovative and customer-attuned industry players will have the best chance of success.

Beyond financial services, the Malaysian government is targeting to attract USD16.1 billion (RM68.5 billion) in digital investment and increase the contribution of the digital economy to more than 22.5% of the nation's GDP by 2025. To achieve this, the government has identified nine sectors to drive growth: trade, agriculture, services, cities, health, finance, content, tourism and Islamic.

Link to: Capitals



Strategic Pillars



Key Risks



**WORKFORCE CHALLENGES**

Maintaining a high quality workforce is key to driving business value. However, several key trends are making the task of attracting and retaining top talent more difficult:

- The rise of the gig economy, with employees more likely to opt for non-full-time positions
- Digital transformation, which changes the skills and capabilities expected of employees
- The move away by younger professionals from traditional sectors like banking with a growing preference for more dynamic working environments like those offered by start-ups and tech companies

**IMPACT**

- If we do not offer competitive remuneration, benefits and career development opportunities, our ability to attract talent (especially younger talent) would be impacted
- With rapid digital transformation, we may also be at risk of a mismatch of skills between our employees in important areas such as digital banking, cybersecurity, and data analytics
- Retaining talent is also a challenge, as skilled employees may be lured away by opportunities abroad or in other industries offering higher salaries or better work-life balance
- Furthermore, with the rise of the gig economy, potential employees may opt against full-time employment, leading to a shrinking talent pool

**HOW WE RESPONDED**

- Continued to invest in training and development programs to upskill and reskill our employees in key digital areas such as cybersecurity, AI and specific tools like Microsoft Power Automate and Microsoft Power BI
- Encouraged innovative thinking through innovation labs, hackathons and our AFFINioVATION programme
- Initiated change management initiatives to foster a pro-change mindset and drive employee buy-in of our various transformation initiatives across A25, sustainability and more
- Continued to offer competitive remuneration and benefits in order to drive employee retention
- Invested in various well-being initiatives to foster a greater sense of belonging and loyalty amongst employees

**OUTLOOK**

The employment market is projected to remain stable, with an unemployment rate of between 3.2% to 3.4% in 2024 and a healthy influx of fresh graduates. The challenge will lie in convincing these potential employees that a career in financial services, and specifically at AFFIN Group, offers them the blend of financial benefits, professional development and work-life balance they desire for their career.

Link to: Capitals



Strategic Pillars



Key Risks



## OPERATING ENVIRONMENT:

### KEY TRENDS & MARKET OUTLOOK

#### GROWING CONSUMER SOPHISTICATION

With the accessibility of knowledge and the pervasiveness of social media, consumers today are more informed and empowered. As a result, they are placing greater and more specific demands on the brands they choose to engage with.

Specifically, consumers are increasingly basing their purchasing decisions on the environmental and social track record of organisations. They also demand that companies cater to their needs “anytime and anywhere” through easy-to-use digital products and solutions.

#### IMPACT

- Our consumers are more digitally-savvy than ever – to drive their loyalty, we need to provide a truly seamless and convenient online banking experience
- We also need to provide specific solutions at a more segmented, niche level to meet their needs
- It is equally vital that we take the lead on social and environmental issues in order to drive our reputation as a responsible and caring organisation

#### HOW WE RESPONDED

- Embraced new digital solutions (e.g. AffinAlways mobile internet banking, AFFINMAX 2.0) to enhance digital convenience
- Continued to invest in cybersecurity to ensure the privacy and security of our customers’ data
- Innovated a variety of niche products across our community, enterprise and corporate banking divisions to more accurately meet customer needs
- Advanced on our sustainability agenda by introducing new sustainable financing solutions and driving internal social and environmental initiatives
- Utilised data analytics to gain deeper insight into our customers’ needs and preferences

#### OUTLOOK

As consumer preferences continue to evolve, our approach to customer satisfaction will be guided by one of the three strategic objectives under our A25 plan – “Unrivalled Customer Service” – under which we aim to develop personalised products and provide seamless customer experiences.

The impact of our efforts thus far is evidenced by our NPS of +69, placing us amongst the top three conventional banks in Malaysia, and our CSAT of 91%, which is above the industry average.

Link to: Capitals



Strategic Pillars



Key Risks



**GEOPOLITICAL TURBULENCE**

The world has been rocked by various geopolitical conflicts over the past few years, including the Russia-Ukraine war, the unrest in Palestine and the trade war between China and the USA.

These conflicts have led to logistical bottlenecks and general uncertainty around global supply chains, driving higher-than- anticipated commodity prices and continued global inflation, with these factors directly impacting the financial services industry and affecting our margins.

**IMPACT**

- Our business is directly affected by the stability of the geopolitical environment – greater uncertainty would impact currency exchange rates, interest rates and overall economic stability, which in turn affects banking activities such as lending, investment and asset management
- Geopolitical shifts may also lead to changes in regulatory frameworks, affecting how we operate across borders, handle transactions and manage risk
- In addition, the current geopolitical turbulence makes it vital that we constantly monitor geopolitical developments to assess risks associated with our investments, loans, and other financial activities, as instability in certain regions can increase credit, market and operational risks

**HOW WE RESPONDED**

- Continue to conduct scenario analyses to anticipate various geopolitical outcomes and their potential effects on the banking sector, empowering us to introduce proactive measures to mitigate risks and capitalise on opportunities
- Invest in advanced technologies such as data analytics and AI, to enhance operational efficiency, drive more effective cybersecurity measures, and enhance our risk management capabilities
- Diversify our sources of income to limit the impact of specific geopolitical and economic shocks to our business
- Maintain our disciplined focus on cost management to mitigate against the financial impacts of geopolitical uncertainty and its related outcomes

**OUTLOOK**

Looking forward, the world’s key geopolitical conflicts show no sign of abating in the near future. With this in mind, our focus will continue to lie in minimising the financial impact of any further escalations on our business by diversifying our revenue streams and driving cost-efficiencies via streamlined processes and new digital solutions.

Link to: Capitals



Strategic Pillars



Key Risks



## OPERATING ENVIRONMENT:

### KEY TRENDS & MARKET OUTLOOK

#### THE TRANSITION TO A LOW-CARBON ECONOMY

The urgency of climate change calls for coordinated and purposeful action across the corporate sector, which has been singled out as a major cause of global emissions. Failure to respond effectively to the climate challenge may lead to irreparable reputational damage, financial losses and legal implications.

Driven by consumer and investor pressures and the Malaysian government's plan to achieve net zero greenhouse gas ("GHG") emissions by 2050, the onus now falls on us to not only drive our own net zero transition but lead the way for the industry on energy efficiency, renewable energy and other emissions reduction strategies.

#### IMPACT

- Taking a leadership role on climate change offers us the opportunity to build our reputation as an environmentally responsible and future-oriented organisation
- Failure to do so, however, could lead to an erosion of the trust of our stakeholders, weakening our competitive position
- As extreme weather events and other climate change impacts increase in severity and frequency, it is also essential that we integrate such risks within our planning and overall strategic approach

#### HOW WE RESPONDED

- Established our GHG emissions reduction targets: to achieve a 30% reduction of Scope 1 and 2 emissions by 2030 and Net Zero Carbon by 2050
- Introduced various emissions reduction initiatives including installing solar panels for renewable energy generation, reducing our grid impact by harvesting rainwater and moving our headquarters to Menara AFFIN, a certified green building in TRX which integrates impactful energy-efficiency technologies
- Commenced our TCFD journey, under which we are identifying specific climate-related risks – and strategies to mitigate them - and opportunities that we may capitalise on amidst the transition to a low-carbon economy
- Continuing to drive the creation and uptake of sustainable financing solutions, with the aim of achieving 15% sustainable financing as a percentage of our overall financing portfolio by FY2025

#### OUTLOOK

As we move closer to our interim checkpoint of 2030, we will intensify our climate action efforts by introducing energy-efficient technologies, expanding our renewable energy capacity and driving the growth of our sustainable financing solutions

Link to: Capitals



Strategic Pillars



Key Risks

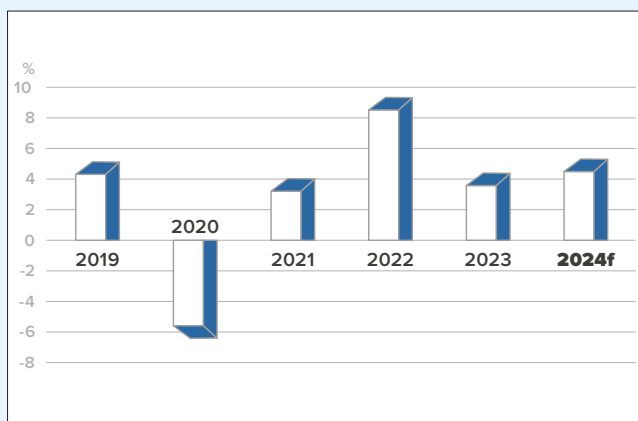


**KEY TRENDS EXPECTATIONS TO 2030**

Worries about downside risks to global growth associated with uncertain global trade from higher commodity prices and escalation of geopolitical tensions remain. However, with the prospect of monetary easing in some advanced countries, we expect that volatility in global financial markets will ease in the near term, leading to more manageable capital outflows and a healthier global economy. Furthermore, world trade is projected to improve as the global technology upcycle gains strength.

Despite negative external factors, Malaysia’s banking industry was supported in FY2023 by steady domestic demand, strong government stimulus and an accommodative monetary policy. The country also maintained favourable employment and wage growth, driving increased private consumption and investment.

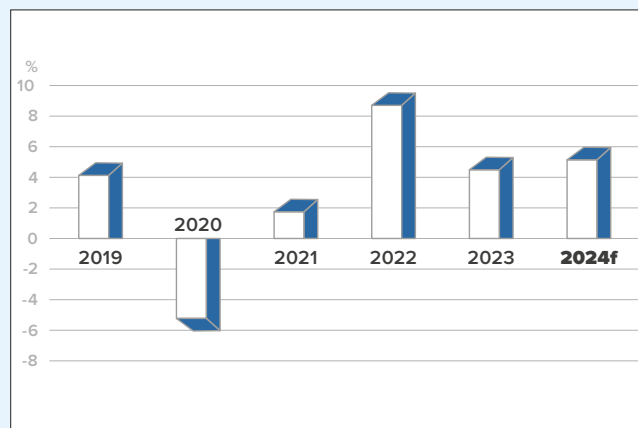
**Real GDP Growth**



**GDP**

The Malaysian economy is expected to strengthen from 3.7% in 2023 to 4.5% in 2024

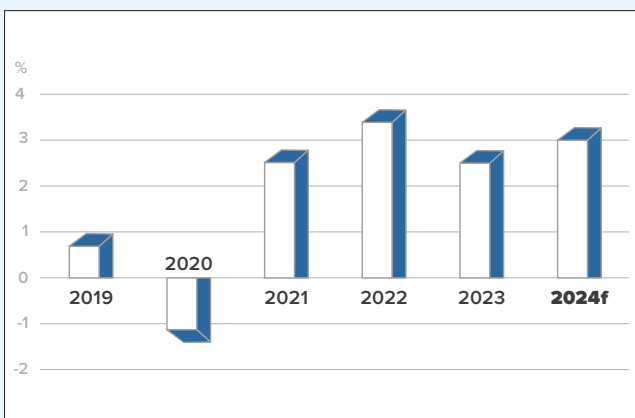
**Domestic Demand**



**Domestic demand**

Recovery in external sectors remain supportive, but growth will be driven by domestic demand in 2024

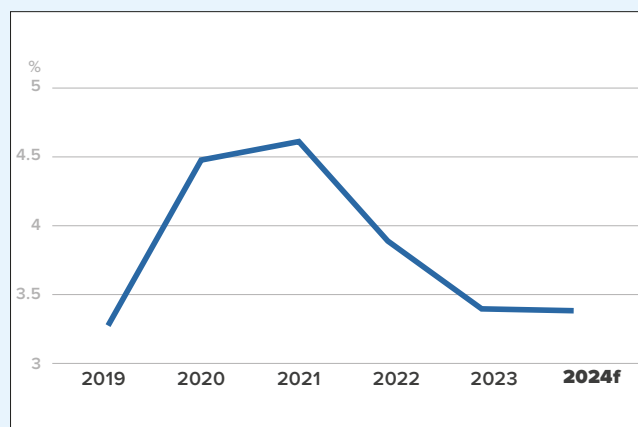
**Consumer Price Index**



**Inflation**

Manageable inflation with steady commodity prices

**Unemployment Rate**



**Unemployment rate**

Favourable labour market conditions, with low unemployment rate



# KEY RISKS AND MITIGATION

We rigorously monitor key risks that may affect our business operations, strategies and growth prospects, developing and executing purpose-fit strategies to mitigate against their impacts and capitalise on any opportunities that may arise.

- CR** Credit Risk
- LR** Funding & Liquidity Risk
- TR** Technology Risk / Cyber Risk
- BCR** Business Continuity Risk
- MR** Market Risk
- OR** Operational Risk
- RT** Reputational Risk

## **CR** CREDIT RISK

### DESCRIPTION AND IMPLICATION ON VALUE CREATION

➔ Loss of principal or income from failure of obligors or counterparties to meet contractual obligations in accordance with agreed terms.

### RESPONSE AND MITIGATING ACTIONS

**1** The Group has in place a robust credit risk policy framework to ensure effective and prudent credit risk management which aims to identify, assess, measure, control and monitor credit risk exposures with various counterparties.

**2** The management of credit risk is primarily the responsibility of Business Units with support by independent functions namely the Group Credit Management Division and the Group Risk Management Division in the form of independent and unbiased input as well as oversight of risk and controls pertaining to credit risk-taking activities. Delegated authority limits are appropriately managed with the involvement of various sub-committees at both senior management and Board level.

**3** In addition to periodic reviews, the Group proactively monitors its credit exposures through the establishment of the Group Early Alert Committee (GEAC). The GEAC is tasked to manage exposures which exhibit increases in credit risk with the aim to minimise potential credit losses.

**4** Tail-end risks emanating from the effects of the COVID-19 pandemic and expiry of repayment assistance programme are managed by conducting regular reviews on exposures to counterparties to

determine the appropriate intervening measures in achieving a balanced result for all stakeholders. In order to continuously protect its capital and liquidity position, The Group has also adopted a more cautious stance when initiating credit exposures to counterparties which are operating within industries or countries that are assessed to be of higher risk.

**5** The Group practices diversification and adopts appropriate internal limits and controls through the Annual Credit Plan (ACP) which is aligned to the Group's Risk Appetite Statement. The ACP sets out the Group's key credit strategies for the year which include the setting of prudential targets and limits to manage the credit risk activities of the Group in order to support business growth in a prudent manner.

**6** To uphold and improve on existing credit risk practices and processes, the Group regularly conducts post-approval credit reviews and post mortem reviews which are communicated to both the Group Management Credit Committee (GMCC) and the Group Board Risk Management Committee (GBRMC).

**7** Data and data analytics are regularly used to analyse portfolios and identify potential areas of concern whether existing or developing in order to formulate an appropriate response in managing credit risk.

### OPPORTUNITIES ARISING FROM THIS RISK

- Leveraging export recovery and resilient domestic expenditure
- Adapting to evolving economic conditions and managing interest rate risk
- Maintaining customer relationship and minimizing credit risk



**RISK MOVEMENTS**

Despite the normalisation of domestic demand in China and improved US growth, global GDP growth remained challenging in 2023 as the economic slowdown persisted in Europe and weaknesses manifested in China’s property market. Downside risks to the growth outlook remains in 2024, contributed by rising geopolitical tensions, persistent inflationary pressures, and increasing volatility in global financial markets.

For Malaysia, GDP growth stood at 3.7% in 2023, with projections indicating improvement in 2024 supported by export recovery and resilient domestic expenditure. Continued employment and wage growth are expected to bolster household spending, while investment activity benefits from ongoing projects in both public and private sectors. However, downside risks to growth exist, including weaker global external demand, while upside opportunities stem from tech sector upcycle, robust tourism, and accelerated project implementations.

On the monetary front, significant shifts were observed in 2023 against the backdrop of monetary policy actions and evolving economic conditions. The increase in the Overnight Policy Rate (OPR) was initiated in May 2022. This tightening stance continued through 2023 with a total of 125 basis points increase in OPR, with the last 25 basis points increase taking place in May 2023.

As we transitioned into the endemic phase, market conditions witnessed improvement; however, certain segments of borrowers continued to grapple with prolonged effects from the pandemic. As a financial intermediary, we extended support to our customers by offering ongoing loan restructuring and rescheduling moratoriums based on individual needs on a case-to-case basis.

1. Gross Loans, Advances and Financing <Dec-23: RM66.66 billion; Dec-22: RM59.34 billion>
2. Gross Impaired Loans/Financing Ratio <Dec-23: 1.90%; Dec-22: 1.97%>
3. Average Credit Risk Weight < Dec-23: RM59.60 billion; Dec-22: RM52.98 billion>

**LINK TO** Capitals **FC MC IC HC SC NC** Stakeholders **S1 S2 S3 S4 S5 S7 S11**

Material Matters **M1 M2 M3 M5 M6 M7 M8 M9 M10 M11 M12 M14 M15**

Strategy **1 2 3**

**MR MARKET RISK**

**DESCRIPTION AND IMPLICATION ON VALUE CREATION**

➔ Loss of earnings and capital due to volatile movements in rates and prices in foreign exchange, fixed income, credit instruments, equities, commodities and alternative assets.

**RESPONSE AND MITIGATING ACTIONS**

**1** The Group has in place a robust credit risk policy framework to ensure effective and prudent credit risk Group Market Risk Management (GMRM) management adopts the latest approaches in line with Basel risk standards to manage balance sheet risks due to fluctuations in earnings and capital on the balance sheet.

**2** The Group imposes strict firm-wide loss control policies in each of our business lines to manage realised and unrealised losses arising from market risk taking activities. A Treasury Framework had been instituted to separate the differentiated business risks associated with proprietary risk-taking, capital investments and liquidity management.

**3** The reporting and analytics infrastructure for market risk management have been continuously modernised and upgraded in line with our vision to automate our risk processes and the increase the use of data and visual analytics to improve discovery of insights and communication of key risk concerns to management and the Board.

**4** All market risk-sensitive positions in the banking entities’ balance sheet are monitored and assessed on a daily basis for any expected and unexpected impact to earnings and capital. Present performances are judged against the expected losses measured by our risk models that are regularly back-tested.

**5** GMRM employs forward-looking financial scenarios to constantly review key market risk developments with the management and the Board on a regular basis.

**OPPORTUNITIES ARISING FROM THIS RISK**

- Buffering against volatility and optimizing income returns
- Adapting to potential interest rate changes
- Managing risk exposure and optimizing returns

## KEY RISKS AND MITIGATION

### RISK MOVEMENTS

FY2023 reflect on a year marked by significant monetary policy actions and evolving economic landscapes. The Federal Reserve initiated a rigorous campaign through monetary policy tightening against inflation in March 2022, elevating its policy Federal Funds rate. This policy stance remained consistent post the July 2023 conclave, in light of a notable downtrend in inflation metrics. Specifically, the Consumer Price Index (CPI), a critical barometer for inflation, receded from a peak annual rate in June 2022 to a more subdued rate recently, signalling easing inflationary pressures. Amidst this backdrop, the Federal Reserve's statement in mid-December hinted at the potential for rate reductions in the forthcoming year, aligning with the downward inflation trajectory.

Entering early 2023, investor sentiment was tinged with apprehension over a possible severe recession in the US, driven by the Federal Reserve's most intensive monetary tightening phase since the early 1980s. Despite these concerns, the US economy and markets demonstrated remarkable resilience. A brief US banking sector turmoil in March did little to destabilize the broader economic stability. Equity markets found support in favourable initial valuations and a pronounced

recovery in mega-cap technology stocks, culminating in overall positive performance.

Although US bond markets experienced declines for the majority of the year, a notable rally in the final quarter, coupled with higher income returns from most bonds, provided a buffer against the volatility induced by the fluctuating interest rate environment in the US.

Higher Market Risk-Weighted Assets ("RWA") in 2023 was mainly contributed by higher holding of trading positions of bonds, equity and FX instruments.

#### Market RWA Highlights (RM' million)

31 December 2022	<b>631</b>
31 December 2023	<b>1,829</b>

#### LINK TO

Capitals

FC

MC

IC

HC

Stakeholders

S1

S2

S3

S4

S5

S7

Material Matters

M1

M2

M3

M5

M7

M8

M9

M10

M14

Strategy

1

2

3

## LR FUNDING AND LIQUIDITY RISK

### DESCRIPTION AND IMPLICATION ON VALUE CREATION

- ➔ Loss of reputation, assets and capital because of failure to manage balance sheet solvency in efforts to satisfy obligations of the Group.
- ➔ This can arise either from inability to fund increases in assets and meet obligations as they come due, or from the failure to liquidate assets quickly in the face of changing market conditions with minimal loss in value.

### RESPONSE AND MITIGATING ACTIONS

- GMRM manages current and forward-looking liquidity risks arising from idiosyncratic and systematic risk events under a set of approved liquidity frameworks and policies.
- The Group's liquidity positions are subjected to a combination of forward-looking liquidity scenarios that are an integral part of our regular stress testing to identify worst-case possibilities including reverse stress test outcomes to help identify the point of non-viability and develop action plans to recover from such balance sheet failures.
- The Group employs a Strategic Funding Plan that is routinely reviewed and discussed at Group Asset Liability Committee (GALCO) to track performances against liquidity targets and approved board-risk appetites, and to ensure that our liquidity positions are constantly

assessed in line with market and economic developments.

- Liquidity positions on the balance sheet are monitored by their original currency and maturity breakdown and they must comply to internal thresholds approved by management.
- The Group periodically performs a contingency funding plan simulation exercise to evaluate and test the readiness and efficacy of our recovery options to manage eventualities arising from unexpected liquidity events.
- The liquidity risk profile of the balance sheet is evaluated daily to ensure that our short- and medium-term liquidity position are sound. Liquidity risk concerns are flagged out in accordance with an approved escalation process involving management and the Board.

### OPPORTUNITIES ARISING FROM THIS RISK

- Improve market sentiment and interest rate pressure reduction
- Stabilising financial conditions and supporting economic recovery
- OPR stability in Malaysia providing stability and predictability for businesses and investors
- Banks managed buffers to address year-end seasonal fluctuations

**RISK MOVEMENTS**

With the rising expectation of US rate cut in 2024 following the improving inflation data in US since its peak in June 2022, market sentiment has improved significantly and there is now less pressure for emerging countries to raise interest rate as one of the measures to stabilise financial condition. Most of the economist expects BNM to hold OPR rate at 3% throughout 2024 amidst the benign inflation data and continued effort to sustain the economic recovery. This sentiment was also reflected in 2023-year end funding market, whereby deposit competition was less intense as compared to previous year in view of the flattish OPR outlook.

The banking system liquidity coverage ratio rose in December 2023 as banks proactively managed buffers to address anticipated year end seasonal fluctuation in deposit level. At as December 2023, LCR of ABB, AIBB and AHIBB stood at comfortable level of 167.3%, 157.8% and 184.8% respectively.

LCR for FYE2022:

- a) ABB: 143.8%
- b) AIBB: 185.1%
- c) AHIBB: 163.6%



LINK TO Capitals **FC** **MC** **IC** **HC**

Stakeholders **S1** **S2** **S3** **S4** **S5** **S7**

Material Matters **M1** **M2** **M3** **M5** **M7** **M8** **M9** **M10** **M14**

Strategy **1** **2** **3**

**OR OPERATIONAL RISK**

**DESCRIPTION AND IMPLICATION ON VALUE CREATION**

- Operational risk is defined as the risk of direct or indirect loss arising from inadequate or failed internal processes, people and systems, or from external events.
- The definition includes legal risk, and exposure to litigation from all aspects of the Bank’s activities but excludes strategic and reputational risks. Management of operational risk also encompasses outsourcing.

**RESPONSE AND MITIGATING ACTIONS**

- 1** The Group has in place a robust operational risk management (ORM) policy to ensure an effective and prudent operational risk management which aims to identify, measure, monitor and control operational risk exposures with various counterparties.
- 2** Design, implement and maintain the operational risk management policy which includes, communication of ORM policy, procedures, processes, limits and validating Business Units and Support Units (BUs/SUs) compliance to the approved ORM policy.
- 3** Review identification of major operational risk for all BUs/SUs within the Group, challenge their assessment and evaluate effectiveness of risk mitigation activities submitted via ORM tools such as Risk Control Self-Assessment (‘RCSA’), Control Self Testing (‘CST’), Key Risk Indicator (‘KRI’), Operational Risk Event Reporting and Scenario Analysis (‘ScAn’).
- 4** Ensure effective coordination and communication with other risk management and control functions.
- 5** Ensure material operational risk events are reported to the Board of Directors, GBRMC and Senior Management on a timely manner with a focus on operational risk developments to facilitate informed and sound decisions.
- 6** Business Risk and Compliance Manager (BRCM) and Designated Risk and Compliance Officer (DRCO) as part of as the first line of defence to undertake the roles and responsibilities of operational risk management. BRCM and DRCO are responsible for the reporting of ORM activities and acts as a point of liaison with Group Operational Risk Management on all operational lapses and results.
- 7** Group Compliance and Group Internal Audit shall act as independent reviewers and validators as part of the second and third line of defence in performing reviews and assessments on operational risk governance structure, processes, systems and assessing the effectiveness of senior management oversight.

**OPPORTUNITIES ARISING FROM THIS RISK**

- Streamlined internal processes and automation. This could minimize errors, inefficiencies and operational risks
- Training programmes and awareness campaigns promote ethical behavior. This would mitigate employee-related risks and foster a positive culture
- Proactive regulatory compliance and resilience would ensure compliance and operational resilience were achieved

## KEY RISKS AND MITIGATION

### RISK MOVEMENTS

The banking industry in Malaysia faces a dynamic landscape of operational risks stemming from various sources, including internal processes, people, systems and technology, and external events. Understanding and effectively managing these risks are crucial for banks to maintain stability, protect their reputation, and ensure long-term success in a highly competitive environment.

AFFIN Group recognises the importance of optimizing internal processes to mitigate operational risks. There is a concerted effort to streamline procedures, enhance controls, and automate manual tasks to minimize the potential for errors and inefficiencies. Initiatives such as investing in digital process automation tools are gaining traction to drive operational excellence and improve overall process reliability.

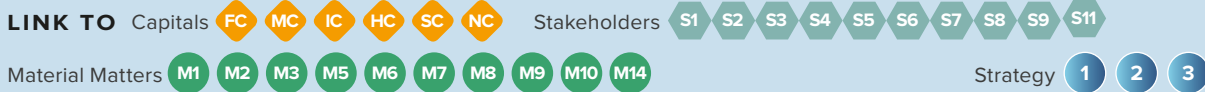
Human factors such as employee errors and misconduct pose inherent operational risks to the bank. Comprehensive training programs, ongoing awareness campaigns, and robust whistleblowing mechanisms are being implemented to promote a culture of accountability and integrity within organizations. By fostering a culture of compliance and ethical behaviour, the Bank aim to mitigate the risk of fraudulent activities and protect its reputation.

External events, including regulatory changes, geopolitical tensions, and natural disasters, continue to pose challenges to the Bank's operations. Close monitoring of regulatory developments and proactive engagement with regulatory authorities are essential to ensure compliance and resilience in a

rapidly evolving regulatory environment. Additionally, robust outsourcing service provider due diligence processes and business continuity planning efforts were implemented to mitigate the impact of external disruptions on business operations.

In conclusion, the Bank proactively manages operational risk through a combination of strategic initiatives, governance functions and control framework. By focusing on optimizing internal processes, promoting a culture of integrity, and building resilience against external threats, the Bank is well-positioned to navigate the complexities of operational risk landscape and thrive in a dynamic and challenging business environment. Moving forward, continued vigilance, innovation, and collaboration are essential to effectively manage and mitigate operational risks.

1. Operational RWA – < Dec-23: RM4.03 billion; Dec-22: RM3.95 billion>



## TR TECHNOLOGY RISK/CYBER RISK

### DESCRIPTION AND IMPLICATION ON VALUE CREATION

➔ Major business disruption due to cyber-attacks, and financial loss due to unavailability of critical services.

### RESPONSE AND MITIGATING ACTIONS

**1** The Group has in place a robust Technology Risk Management Framework (TRMF) and Cyber Resilience Framework (CRF), which are an integral part of the Group's enterprise risk management framework consisting of the leadership and organizational structures to ensure the alignment of IT strategy with business strategy, optimization of resource, IT value delivery and performance management to achieve business objective and effective technology risk management implementation.

**2** TRMF and CRF cover the control objectives and minimum standards to guide AFFIN Group and entities' IT department, third-party service providers and other technology-related services/functions/departments in managing the technology risk involved in daily operations.

**3** Effective risk management depends on appropriate governance and oversight, and it covers both the risk management process as well as individual accountabilities for managing risk outcomes. The Group's technology risk management approach is effected through the Three Lines of Defense (LoD) model, which outlines the functional segregation and key responsibilities of the independent oversight functions, as well as the business and support units.

**4** The Board shall approve IT strategy covering overall design and plan of its operational framework including its vision and mission, stakeholders, business, workflow and processes, data processing, system access, security, and availability of IT resources. The Board is responsible for oversight and approval of TRMF, CRF and

### OPPORTUNITIES ARISING FROM THIS RISK

- Boosting competitiveness and enhancing customer experience
- Leveraging innovation and enhancing cyber resilience.
- Minimising cyber risks and ensuring robust security
- Building trust and protecting stakeholders' interest
- Strengthening resilience against external threats

other associated information technology/cyber security policies for the Group, in addition to approval and monitoring of risk appetites, key performance and risk indicators, and corresponding risk tolerances for technology-related events.

**5** The Group proactively monitors the cyber threats through 24x7 Security Operations Centre (SOC), investigating and mitigating the cyber threats in protecting the Group’s IT environment from potential business disruption due to cyber-attacks. The Group manages the cyber hygiene through timely patch management, penetration testing, vulnerability scanning, IT assets management, user access reviews, employ device encryption, multi-factor authentication, strong passwords, back up, reputable antivirus and antimalware software, network firewalls and related security appliances as part of the compliance to BNM Risk Management in Technology (RMiT).

**6** The Group emphasises technology resiliency, where capacity utilisation monitoring has been enabled for the critical systems to ensure necessary capacity upgrades are performed timely when near threshold. During IT incidents, IT incident management is engaged with the respective subject matter experts (SMEs) on ensuring systems are restored back to normal operations according to the committed Maximum

Tolerable Downtime (MTD) and Recovery Time Objective (RTO). Business Continuity Management ensures the recovery strategies are in place and tested periodically to ensure its effectiveness during crisis.

**7** The Group engages external Security specialists to perform periodic independent compromise assessment, cyber drill, and red team to ascertain the integrity of the IT environment remained intact and clean from cyber threats, with the simulation exercises to ensure the respective IT Security team remained vigilant and competent to detect, contain, eradicate and recover from different cyber scenarios injected. The Group covers its cyber risk exposure with Cyber Insurance renewed on an annual basis.

**8** The Group improves on its risk culture by enforcing mandatory e-learning and new staff onboarding risk awareness on Cyber Security and Threats, and phishing tests are conducted periodically to educate and test the effectiveness of the security awareness of the workforce. Technology risk-related monitoring and reviews are communicated to Group Management Committees, Group Board Information Technology Committee, and Group Board Risk Management Committee for oversight.

**RISK MOVEMENTS**

The Group is embarking on a major digital transformation journey to boost competitiveness, improve customer experience and ensure robust cyber resilience. The drive for resilience and innovation through Cloud and Artificial Intelligence (AI) adoption are central to the Group’s strategic initiatives (A25 and AX28), with strong cyber hygiene and improving cyber response time with a “zero-trust” approach as part of the journey.

This commitment to responsible growth and robust security aligns with the emphasis by regulatory bodies on strong risk management for cloud and

AI technologies. We remain dedicated to protecting our stakeholders and customers’ interest, while complying with respective regulations. Furthermore, the Group recognises the potential threats posed by third-party vendors. To mitigate these supply chain attack risks, we have formulated a comprehensive third-party risk management program.

LINK TO Capitals **FC** **MC** **IC** **HC**

Stakeholders **S1** **S2** **S3** **S4** **S7** **S9**

Material Matters **M1** **M3** **M4** **M5** **M6** **M7** **M8** **M9** **M10** **M14**

Strategy **1** **2** **3**

## KEY RISKS AND MITIGATION

### BCR BUSINESS CONTINUITY RISK

#### DESCRIPTION AND IMPLICATION ON VALUE CREATION

- ➔ Business continuity risk is the risk of losses in assets, revenue, reputation and stakeholders'/ customers' confidence due to the discontinuation of services in business operations.
- ➔ Low resiliency to the following threats may lead to this risk resulting in irreconcilable losses to an organisation, given the high magnitude of the impact.
  - Pandemic/Endemic
  - Unanticipated technology and infrastructure outages
  - Cyber attack
  - Fire incidents
  - Security breaches
  - Data breaches
  - Adverse condition of environment (natural disaster)
  - Supply chain disruption
  - Health and safety issues
  - Acts of terrorism
  - New laws and regulations
  - Others

#### RESPONSE AND MITIGATING ACTIONS

- 1 The Group Contingency Planning Framework (GCPF) and Group Business Continuity Management (BCM) Policy governs the management of business continuity risk across the group. In line with Bank Negara Malaysia Guidelines in Business Continuity Management, the framework provides principles that guide the policy statements and promote the BCM programme to be undertaken by the Group annually to reduce the likelihood of major losses and breaches of regulators' guidelines.
- 2 GBRMC has oversight to review and monitor all matters pertaining to Business Continuity (BC) Risk.
- 3 Group BCM Committee (GBCMC) supports GBRMC in the review and monitoring of Business Continuity Risk under the purview of BCM and provide the forum to discuss and manage all aspects of this risk and control lapses.
- 4 The BCM Programme is made compulsory for each business unit in the Group to undertake. The outcome of this assessment will ensure risk mitigation and controls, business continuity strategy and crises responses are in place to facilitate workability and sound practice of managing Business Continuity Risk.
- 5 Risk control is established through adherence to GCPF, Group BCM Policy, Bank Negara Malaysia BCM Guidelines and adoption of ISO 22301 standards throughout the implementation of BCM programmes. Rigorous testing on business continuity plans is diligently done to ensure effective and smooth execution of the plan for resumption and recovery of the disrupted services.
- 6 The established Crisis Management Team (CMT) has been officiated to enable BCM to manage crises arising from BC Risk. CMT is guided by the Enterprise Crisis Management Plan (ECMP) that guides the Group for sound crisis management and promotes high operational resiliency to BC Risk.

#### OPPORTUNITIES ARISING FROM THIS RISK

- Annual BCM could reduce major losses and ensure compliance with regulators' guidelines
- Create an effective oversight and risk management
- Constantly apply a prudent risk management practice in organisation
- Able to always be prepared for resumption and recovery
- Promoting operational resiliency during crises

LINK TO Capitals **FC** **MC** **IC** **HC** **SC**

Stakeholders **S1** **S3** **S4** **S6** **S7** **S9**

Material Matters **M1** **M3** **M4** **M5** **M6** **M7** **M8** **M9** **M10** **M14** **M15**

Strategy **1** **2** **3**

**RR** REPUTATIONAL RISK

**DESCRIPTION AND IMPLICATION ON VALUE CREATION**

➔ Reputational risk is defined as risk arising from negative perception of customers, shareholders, investors, regulators or other stakeholders that may adversely affect the Group’s operations, such as the ability to maintain existing or establish new business relationships and continued access to sources of funding.

- ➔ Reputational risk may be caused by the following:
- Poor management of business/operational activities including product or service delivery failure
  - Regulatory non-compliance
  - Inappropriate conduct or misrepresentation by staff
  - Negative news

**RESPONSE AND MITIGATING ACTIONS**

Measures taken to effectively mitigate these risks and safeguard the Group’s reputation are as follows:

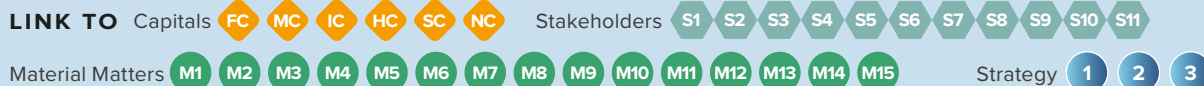
- ➊ Oversight by Board and Management Committee to ensure the effectiveness of risk management and control measures.
- ➋ Adoption of the Three Lines of Defence (3-LOD) model, where the 1st line (risk owner) manages risk at its source. The 2nd line provides independent oversight and validation function, whilst the 3rd line provides independent audit assurance.
- ➌ Regularly assess and review the effectiveness of internal controls to ensure

that material risks are adequately mitigated and any lapses to internal controls are rectified timely.

- ➍ Establish a comprehensive customer complaint management process, whereby customer complaints are logged, tracked and resolved within an appropriate timeframe.
- ➎ Promptly respond to adverse comments or information pertaining to the Group in the social media to manage speculation.
- ➏ Robust crisis management plan to manage crisis in an effective and structured manner.

**OPPORTUNITIES ARISING FROM THIS RISK**

- Ensuring alignment with strategic objectives and safeguarding reputation
- Strengthening risk controls and minimizing reputational impact
- Responding promptly to adverse comments in social media to maintain a positive image
- Regular assessment of internal controls and addressing any lapses promptly



# OUR STRATEGIC ROADMAP

Moving forward, we are taking the next step on our strategic journey by transitioning from A25 to the AX28 transformation plan, which commenced in December 2023 and covers the five-year period from 2024 to 2028.

Through AX28, we aim to deliver a target Profit Before Tax (“PBT”) of RM1.8 billion by 2028, in addition to the following short-to-mid-term financial targets:

2025 Targets (Revised)		2028 Targets	
PBT	RM1.2 billion	PBT	RM1.8 billion
CASA	31%	CASA	35%
ROE	8%	ROE	12%
CIR	56%	CIR	<53%
GIL	1.8%	GIL	1.5%

To achieve these ambitions, we will remain focused on our three strategic objectives – Unrivalled Customer Service, Digital Leadership and Responsible Banking with Impact. However, these efforts will be amplified through the following ambitions & new focus areas:



Private Banking Business to Support T20



New Digital Core for Product Innovation and Increased Scale



Greater Presence in Sarawak

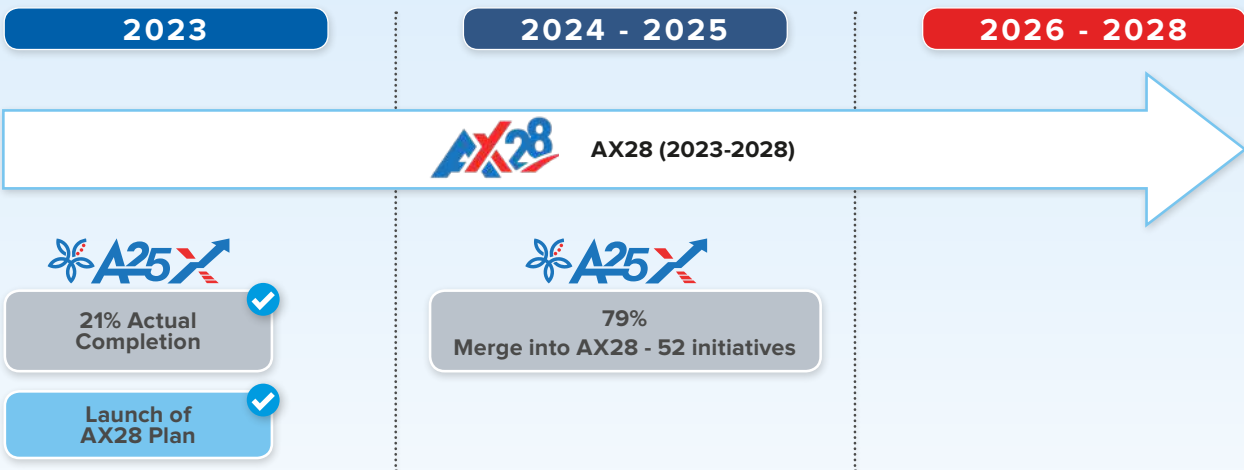


Becoming Capital Efficient to Unlock ROE



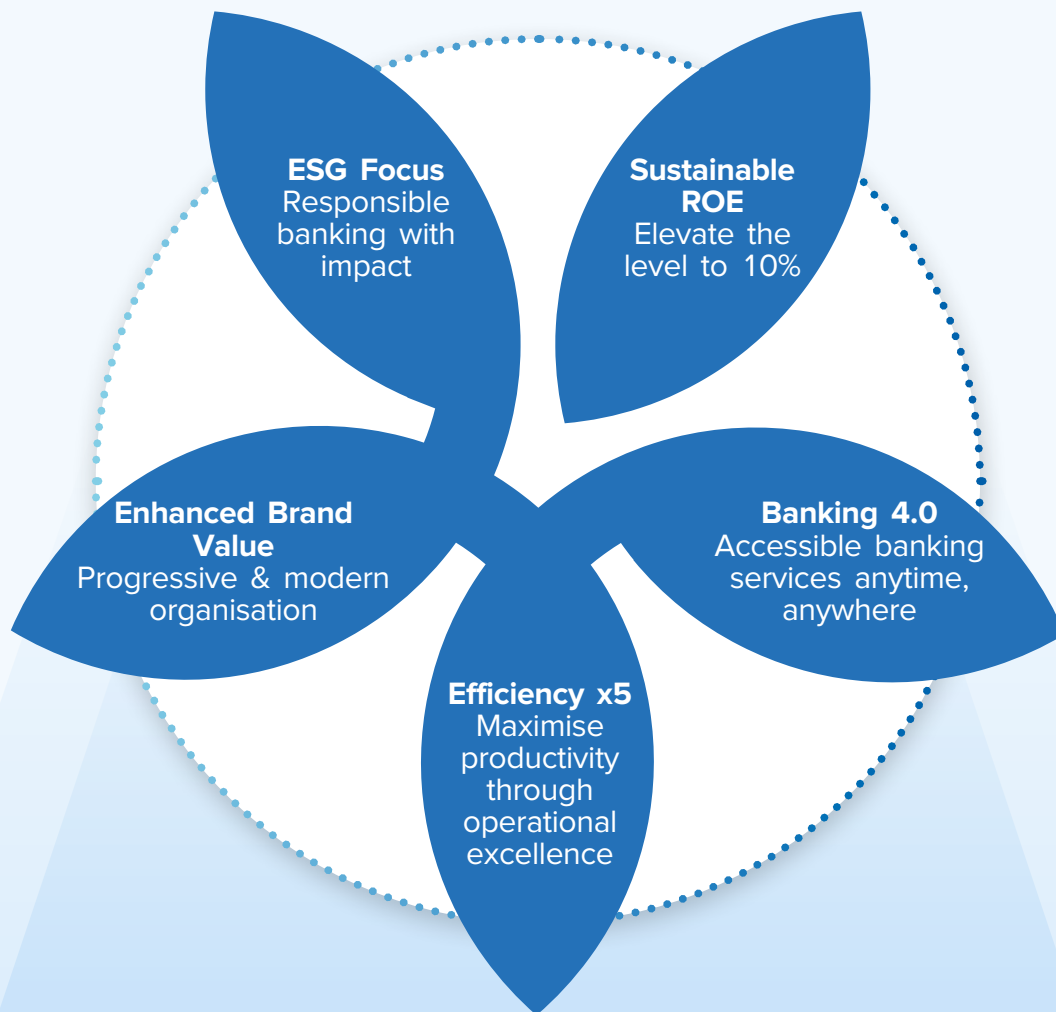
Bigger ESG Game

Transitioning from AFFIN 2025 “A25” to Affin Axelerate 2028 (“AX28”), positioning the new strategic initiatives for AX28 to achieve RM1.8 billion PBT target by 2028.





# STRATEGIC PERFORMANCE REVIEW



## 1. Sustainable ROE

Abundance of capital will enable AFFIN Group to grow its business to the next level through expanding the range of products & services and ramping up fee-based income business.

### Triple Banking Model

Successfully launched 5 triple banking branches in 2023, namely Kota Kinabalu Branch, Chulan Tower Branch, TRX (counter), Seremban 2 Branch, and Batu Pahat Branch.

With the objective to strengthen and transform AFFIN banking network via:

- Embedding triple banking business model between ABB, AIBB and AHIBB; and
- Elevating current branch operations & services and product offerings, Improve CASA, Improve Branch Sales Productivity, Enhance Customer Experience & Improve Net Promoter Score (NPS) and Improve Product Holding Ratio (PHR).

### AHIBB New Structured Warrants Playbook

- Provide new revenue streams for AHIBB; and
- Expand AHIBB's product offerings and participate and contribute to the development of Bursa Malaysia's Structured Warrants market.

## STRATEGIC PERFORMANCE REVIEW

### 2. Banking 4.0

Accelerate AFFIN Digital Transformation with the following key initiatives:

#### New Data Centre & Multi Network Cloud

- Modernise, expand and consolidate Data Centre to support AFFIN Group. The expected benefits include the Data Centre availability and resiliency, zero Data Centre related incidents, ready to support the Bank's future initiatives and expansion as well as strategic cost avoidance of maintaining multiple Data Centres for AFFIN Group.

#### AHIBB Enhanced Technology

- Enhance AHIBB customer success platform through an omnichannel customer service platform to streamline customer interactions such as feedbacks, queries and complaints (from multiple channels such as voice, email, chat and social media into a unified platform).

#### Big Data Analytics

- **Phase 1:** Providing value including revenue generation through understanding of customer's behaviour and accurate profiling.
- **Phase 1b:** Self-service analytics, data & analytics sandbox, and data feed to salesforce CRM360.

#### Mobile Internet Banking (MIB) application

- Enable our customers to transfer and receive funds securely and conveniently 24/7 through mobile banking application, anytime anywhere.

### 3. Efficiency X5

People and process efficiency via technology and business process improvement

#### Financial Platform Solution

- Financial Platform Solution with the objective to streamline AFFIN Group Finance's payment and general ledger processes through systems and process improvement;
- Enable higher level analytics for the AFFIN Group;
- Improve efficiency of the AFFIN Group Finance department and upskill the existing resources; and
- Future-proof the finance functionality and aligning it with AFFIN Group's focus on automation and digitalisation.

#### Group Audit – GRC Harmonization between Audit & Risk Management and Audit & Compliance

- Uniformed audit methodology across Internal Audit functions within the AFFIN Group;
- Facilitate knowledge sharing between Group entities; and
- Elevate the overall risk, controls and compliance culture in the Group.

## 4. Enhanced Brand Value

AFFIN Group's journey towards becoming "The Most Inspiring Company to Work For" is guided by three Transformation Pillars:

- **Talent & Development** – Building talent and leadership bench for business sustainability;
- **Culture** – Team High Performance Culture; and
- **People Solutions** – To be a trusted advisor & a credible business partner.

### New HR Management system – new HRMS system

- A system that reinvents the Employee Value Proposition strategy to drive business performance, build workforce resilience and enhance employee experience by integrating digitalisation for efficiency and emerging into future workforce.

## 5. ESG Focus

With the growing demand for ESG globally, AFFIN Group is committed in driving awareness and facilitating greater adoption of ESG within its offerings and business practices by focusing on our four strategic focus areas:

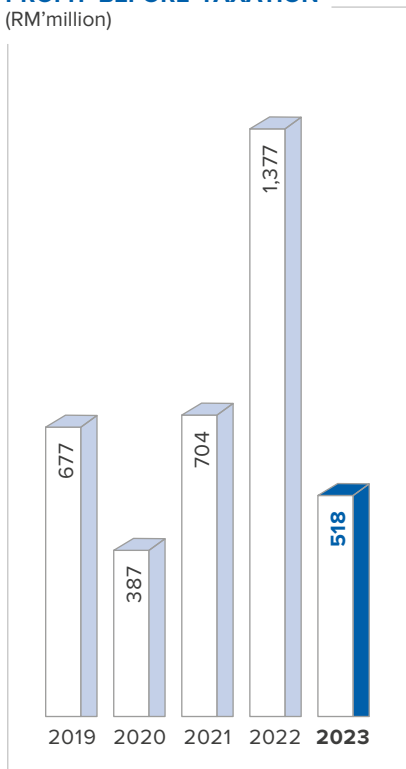
- **Sustainable Financing** : Apply our financial expertise and know-how to channel our funds effectively in creating sustainable solutions.
- **Sustainable Operations** : Unlocking simultaneous environmental and financial benefits to improve AFFIN's reputation, while also fostering innovation in strategies and solutions.
- **People & Culture** : Our purpose is to weave ESG considerations into the day-to-day business, so they become a fundamental part of AFFIN culture.
- **Support the Community**: Our purpose is to apply our financial expertise to create value for individuals, businesses, community and the environment and building inclusive communities by engaging employee participation.

## 5-YEAR FINANCIAL SUMMARY

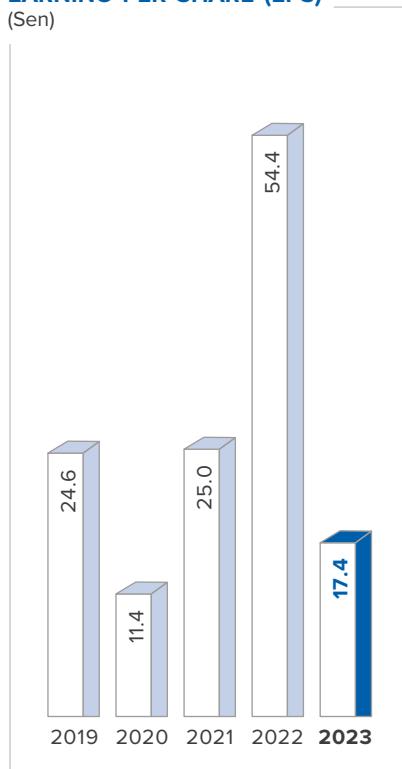
	2019	2020	2021	2022	2023
<b>OPERATING RESULTS</b>					
<i>For the financial year ended 31 December (RM'million)</i>					
Revenue	1,914	2,265	2,241	3,297	<b>1,986</b>
Profit before taxation	677	387	704	1,377	<b>518</b>
Net profit attributable to the equity holders of the Company	488	230	527	1,179	<b>402</b>
<b>KEY BALANCE SHEET DATA</b>					
<i>As at 31 December (RM'million)</i>					
Loans, advances and financing	45,388	45,493	50,528	57,932	<b>65,225</b>
Total assets	68,341	69,537	78,429	90,121	<b>105,248</b>
Deposits from customers	51,089	49,884	58,794	64,995	<b>70,834</b>
Total liabilities	58,945	59,899	68,495	79,492	<b>94,139</b>
Commitments and contingencies	30,851	36,250	45,197	56,648	<b>87,431</b>
Paid-up capital	4,775	4,902	4,969	5,245	<b>5,371</b>
Shareholders' equity attributable to the equity holders of the Company	9,337	9,567	9,889	10,629	<b>11,109</b>
<b>FINANCIAL RATIOS</b>					
<i>(%)</i>					
Net return on average shareholders' fund	5.42	2.44	5.42	11.49	<b>3.70</b>
Net return on average assets	0.68	0.33	0.71	1.40	<b>0.41</b>
Net return on average risk-weighted assets	1.01	0.49	1.07	2.16	<b>0.65</b>
Cost to income ratio	63.03	59.65	60.25	42.99	<b>71.57</b>
Gross impaired loans ratio	3.00	3.52	2.54	1.97	<b>1.90</b>
Net impaired loans ratio	2.28	2.57	1.89	1.27	<b>1.06</b>
Loan loss reserve	96.88	98.23	130.23	164.77	<b>143.54</b>
<b>SHARE INFORMATION</b>					
<i>– Per share (sen)</i>					
Earnings – basic	24.59	11.43	24.96	54.37	<b>17.42</b>
Earnings – fully diluted	23.85	11.03	24.96	54.37	<b>17.31</b>
Gross dividend	7.00	3.50	12.50	30.39	<b>5.76</b>
Net assets	4.70	4.60	4.66	4.67	<b>4.73</b>
Share price – high	191	193	184	205	<b>210</b>
Share price – low	189	133	162	202	<b>202</b>
Share price as at 31 December	190	184	173	203	<b>208</b>
Market capitalisation (RM'million)	3,773	3,827	3,675	4,616	<b>4,881</b>
<b>SHARE VALUATION</b>					
Gross dividend yield (%)	2.63	1.90	7.23	14.97	<b>2.77</b>
Dividend payout ratio (%)					
– based on Group's profit after tax	20.33	31.60	50.39	57.45	<b>33.61</b>
– based on Company's profit after tax	26.68	78.29	68.92	53.29	<b>53.78</b>
Price to earnings multiple (times)	7.73	16.10	6.93	3.73	<b>11.98</b>
<b>SEGMENT INFORMATION</b>					
<i>Profit before taxation and zakat by activity (RM'million)</i>					
Commercial banking	555	195	647	1,511	<b>583</b>
Investment banking	165	344	281	1,197	<b>92</b>
Insurance (net of tax)	30	41	45	9	<b>36</b>
Others	(67)	(186)	(264)	(1,335)	<b>(189)</b>
	683	394	710	1,382	<b>522</b>

# 5-YEAR FINANCIAL HIGHLIGHTS

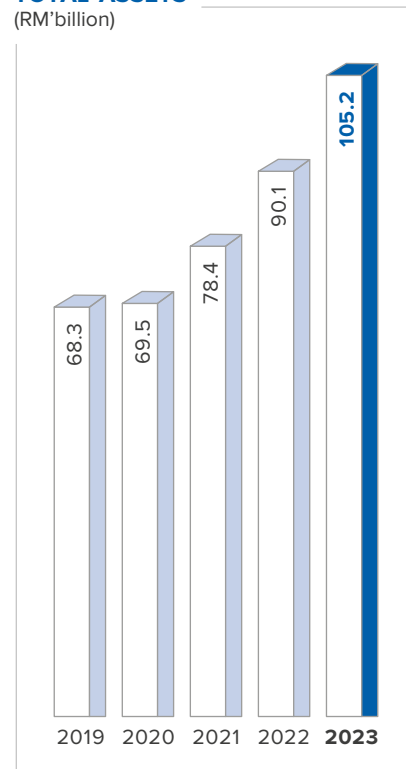
**PROFIT BEFORE TAXATION**  
(RM'million)



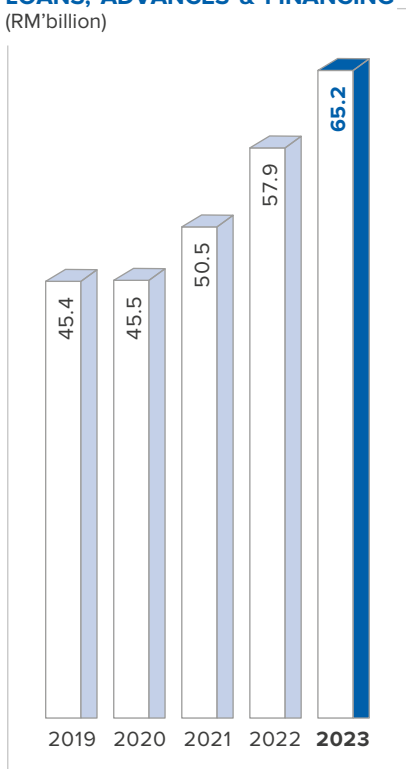
**EARNING PER SHARE (EPS)**  
(Sen)



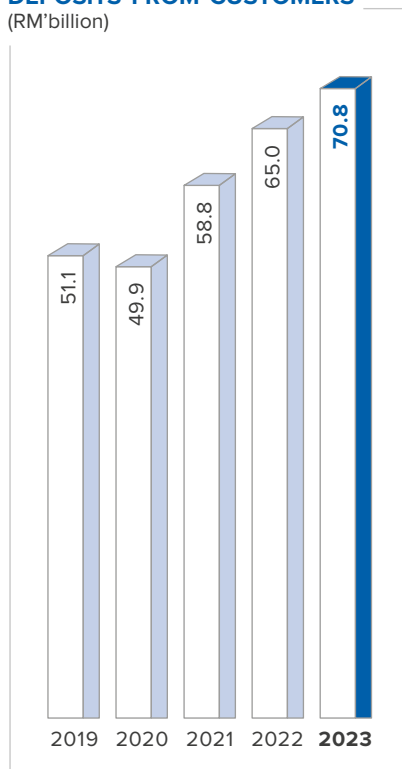
**TOTAL ASSETS**  
(RM'billion)



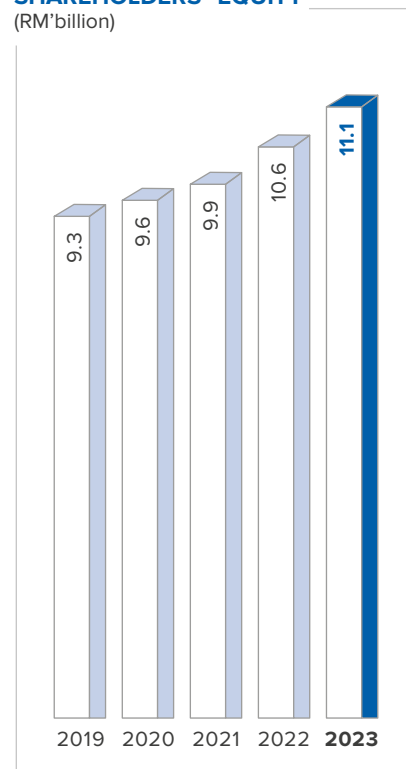
**LOANS, ADVANCES & FINANCING**  
(RM'billion)



**DEPOSITS FROM CUSTOMERS**  
(RM'billion)

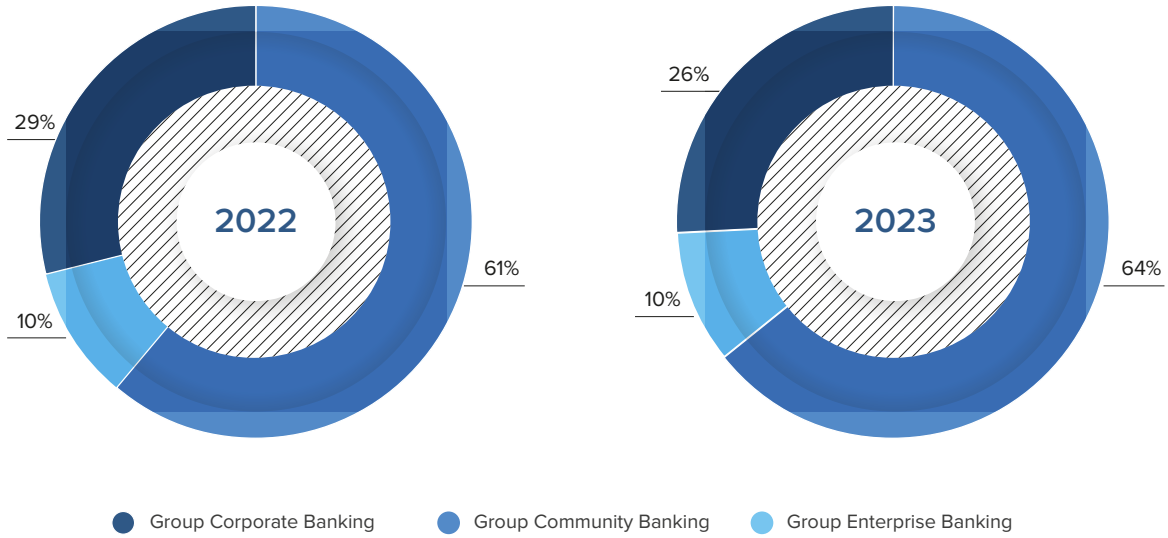


**SHAREHOLDERS' EQUITY**  
(RM'billion)

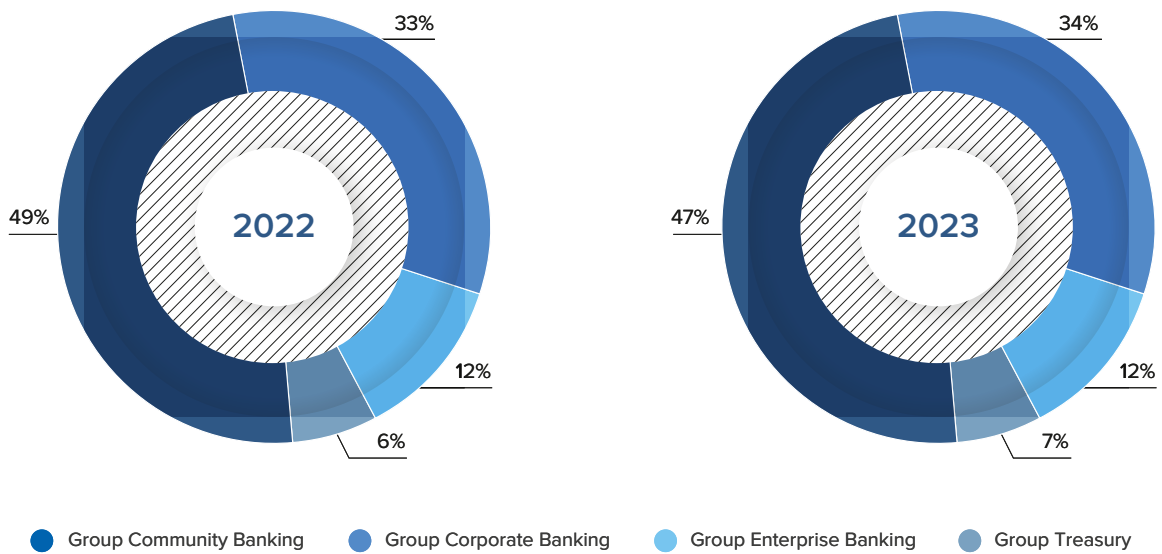


# BUSINESS UNIT ANALYSIS

## GROSS LOANS, ADVANCES & FINANCING

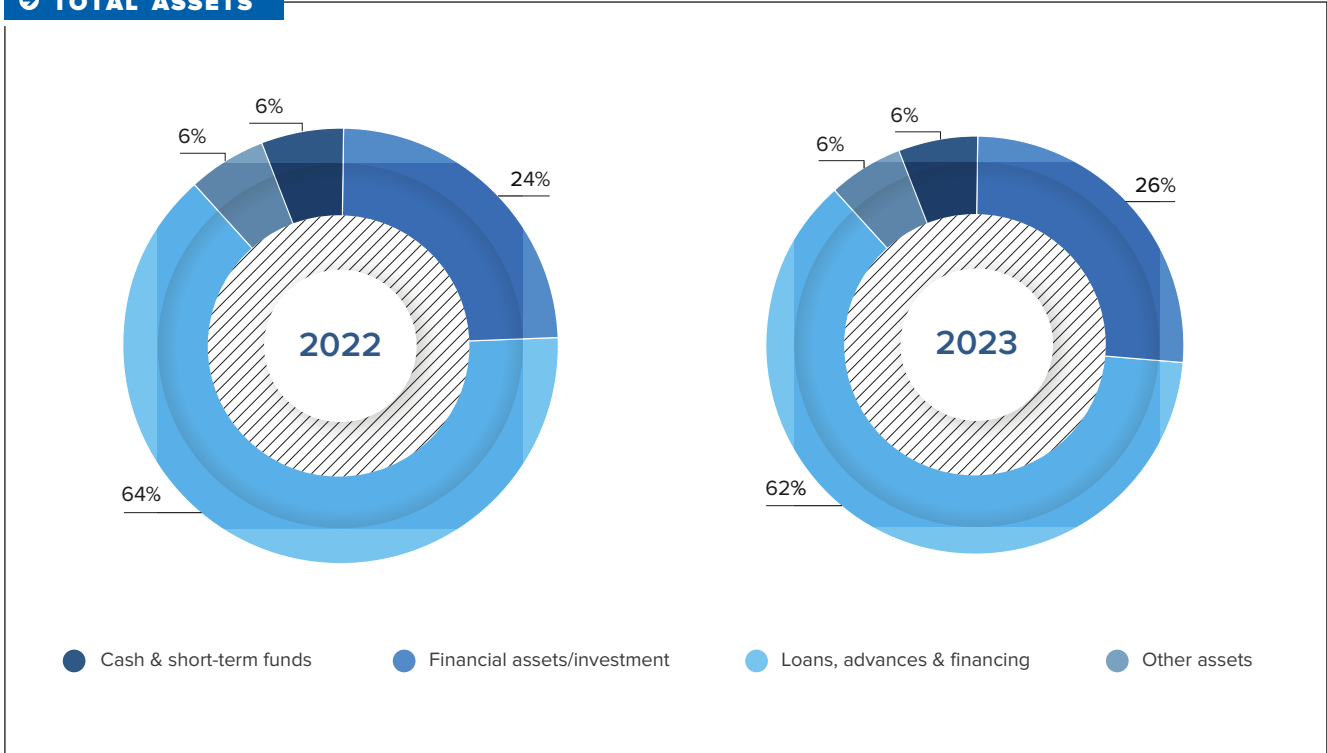


## DEPOSIT FROM CUSTOMERS

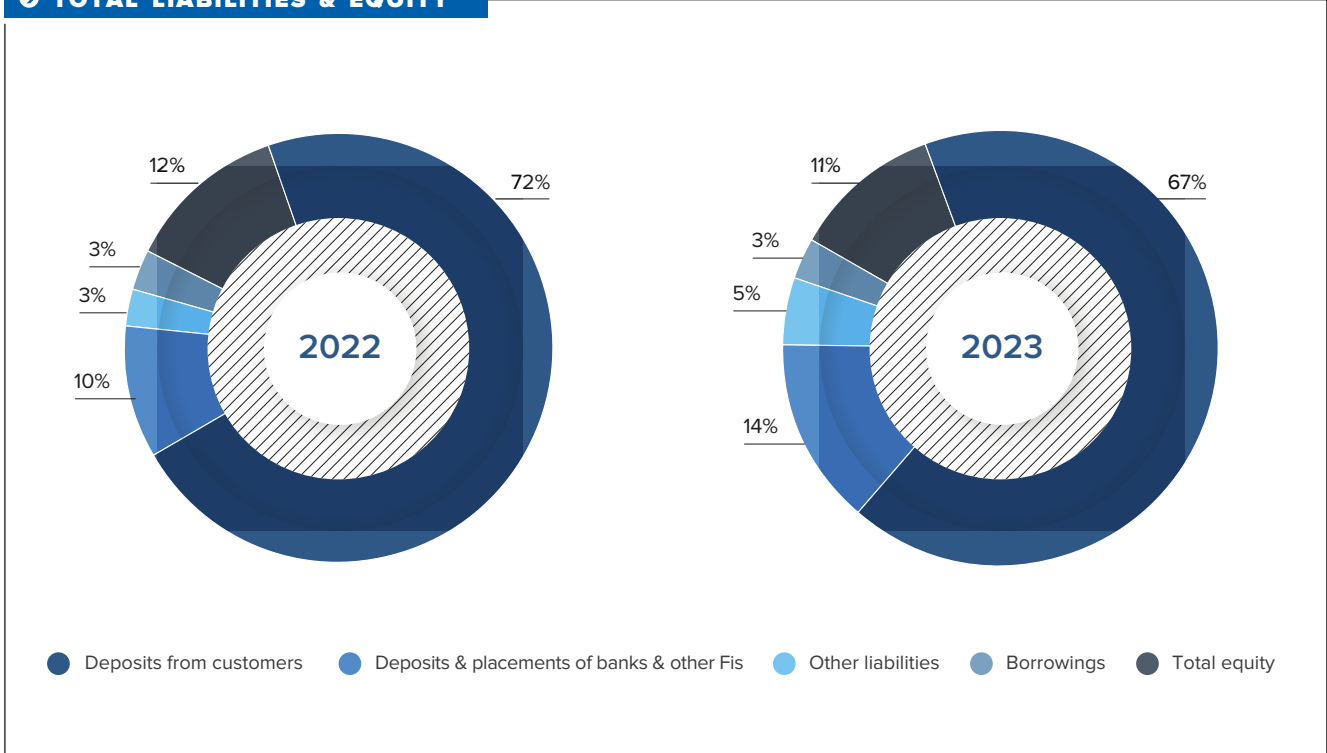


# SIMPLIFIED STATEMENTS OF FINANCIAL POSITION

## TOTAL ASSETS



## TOTAL LIABILITIES & EQUITY



## GROUP QUARTERLY PERFORMANCE

RM'million	2023			
	Q1	Q2	Q3	Q4
Revenue	494.3	504.9	500.4	486.2
Net interest income	233.6	202.5	169.4	177.3
Income from Islamic banking operation	154.1	145.3	144.9	151.4
Net non-interest income	106.6	157.0	186.1	157.6
Other operating expenses	(330.0)	(316.4)	(374.3)	(400.4)
Profit before taxation	196.3	149.3	104.1	68.5
Taxation	(47.4)	(36.1)	(3.6)	(29.0)
Profit after taxation	149.0	113.2	100.5	39.5
Net profit attributable to equity holders of the Company	149.0	113.2	100.5	39.5

RM'million	2022			
	Q1	Q2	Q3	Q4
Revenue	449.5	503.6	534.5	567.0
Net interest income	229.1	259.6	266.5	267.4
Income from Islamic banking operation	148.9	164.5	190.2	184.7
Net non-interest income	71.5	79.5	77.8	115.0
Other operating expenses	(296.2)	(309.2)	(368.3)	(343.1)
Profit before taxation	165.5	173.9	(156.4)	52.3
Taxation	(39.6)	(45.1)	(37.1)	(35.4)
Profit from discontinued operations	27.0	28.7	1,070.1	(0.3)
Profit after taxation	152.9	157.4	876.6	16.6
Net profit attributable to equity holders of the Company	142.4	146.9	872.4	16.9



# CAPITAL MANAGEMENT

## HIGHLIGHT

**THE AFFIN GROUP'S CAPITAL POSITION REMAINS HEALTHY WITH A CET 1 RATIO OF 14.259% AS OF 31 DECEMBER 2023**

## OUR APPROACH TO CAPITAL MANAGEMENT AND PLANNING

Our capital management plan is designed to always ensure compliance with regulatory requirements while aligning the capitalisation of AFFIN and our banking subsidiaries with our risk appetite and target ranges. We actively manage capital adequacy to cover inherent business risks and retain sufficient financial strength and flexibility to support new business growth, all while taking into account the expectations of our key stakeholders.

Our capital management strategy is detailed within the Internal Capital Adequacy Assessment Process ("ICAAP"), which encompasses a thorough identification of all significant risks the AFFIN Group faces, along with an assessment of the adequacy of our capital to sustain business operations amidst these risks, under both normal and stressed conditions.

Efficient and effective capital management is further reinforced by the annual Capital Plan, which facilitates the efficient utilisation of capital and the maintenance of healthy capital ratios. Spanning a three-year period, this plan is updated annually and approved for implementation by the Board at the outset of each financial year.

The Group Capital Management Committee is tasked with managing and monitoring the capital position of Affin Bank Berhad (ABB), Affin Islamic Bank Berhad (AIBB), and Affin Hwang Investment Bank Berhad (AHIBB), with the aim of ensuring that capital levels are aligned with our overall strategy and risk profile.

## CAPITAL INITIATIVES

The key capital management initiatives that were undertaken by AFFIN during the year are:

### (i) Debt capital

Despite the challenging market situation, AFFIN Group successfully completed the redemption of first series RM500 million Additional Tier 1 Capital Securities ("AT1CS") on its first callable date of 31 July 2023 and the issuance of second series RM500 million AT1CS.

We also completed the redemption of Additional Tier 1 Capital Sukuk Wakalah ("AT1 Sukuk") of RM300 million in nominal value and Sukuk Murabahah of RM800 million in nominal value on their respective callable dates of 18 October 2023 and 23 October 2023.

In addition, we successfully completed the issuance of new series AT1 Sukuk and Sukuk Murabahah of RM500 million each in nominal value, which were well received by investors with oversubscriptions of more than 2.1 times and 3.7 times, respectively.

As at end-2023, AFFIN Group has a total of RM2.0 billion BASEL III compliant debt capital outstanding, comprising:

	RM' billion
Subordinated medium term notes/Sukuk Murabahah	1,000
AT1CS/AT1 Sukuk	1,000
	<b>2,000</b>

## CAPITAL MANAGEMENT

### (ii) Dividend and Dividend Reinvestment Plan

The Group established a Dividend Reinvestment Plan (“DRP”) following shareholders’ approval at the Extraordinary General Meeting held on 15 May 2018.

For FY2023, the Group had proposed a final dividend of 5.76 sen per share and the DRP applied to 100% of the proposed final dividend. In keeping with our strategy to preserve equity capital whilst providing steady dividend income to shareholders, the DRP provides shareholders with the opportunity to reinvest their cash dividends in new AFFIN shares.

### HEALTHY CAPITAL ADEQUACY RATIOS

The table below shows the relevant capital ratios of each of the regulated banking entities of AFFIN Group as of 31 December 2023.

	AFFIN Group %	AFFIN BANK %	AFFIN ISLAMIC %	AFFIN HWANG %
<b>As at 31 December 2023</b>				
CET I Capital Ratio	14.259	13.066	12.733	36.670
Tier I Capital Ratio	15.787	14.247	15.100	36.670
Total Capital Ratio	18.223	16.247	18.473	37.330
<b>As at 31 December 2022</b>				
CET I Capital Ratio	15.597	14.588	12.965	42.923
Tier I Capital Ratio	16.986	15.968	14.502	42.923
Total Capital Ratio	19.435	17.169	19.363	43.516



# BALANCE SHEET MANAGEMENT

In alignment with our progression towards the future of banking, we have developed a fundamentally sound balance sheet management strategy. At its core lies the continuous optimisation of our balance sheet mix to achieve sustainable Net Interest Income (“NII”) and Net Interest Margin (“NIM”). This strategy is focused on guiding our structural funding as we pursue sustainable growth.

Supplementing and supporting the Group Asset Liability Management Committee in our ongoing journey of transformation, the strategic Balance Sheet Management (“BSM”) department identifies, manages and controls interest rate and liquidity risks in the execution of the business strategies of the AFFIN Group and AIBB.

Employing robust management tools such as Funds Transfer Pricing (“FTP”) and funding plans, the BSM department guides us into the desired funding profile while keeping a watchful eye on regulatory and compliance requirements such as the Net Stable Funding Ratio (“NSFR”) and Liquidity Coverage Ratio (“LCR”). Additionally, it consistently reviews FTP levels to ensure that we accurately reflect actual market funding costs, while continuing to explore innovative ways to deliver better solutions and ensuring our front office remains attuned to market dynamics.

Marking an important stage in its journey to the future of banking, the department launched a three-year project in FY2022 to develop new asset-liability management capabilities within AFFIN through significant investments in cutting-edge market solutions. Over the next three years, every milestone of this project will yield benefits such as enhanced automation, increased granularity, new forecasting frontiers and more. On this note, have delivered core data components in FY2023 and plan to roll out analytics solutions in FY2024 and the first half of FY2025.

Other scheduled transformative developments include new analytical capabilities such as interactive data visualisation, statistical portfolio analysis and iterative simulation methods. Furthermore, there are plans for an integrated balance sheet management platform that will offer greater clarity into the interactions and impacts of various profitability, interest rate risk and liquidity risk measures, delivering rapid insights that will prove vital in navigating the increasingly complex challenges of tomorrow’s banking landscape.



# FINANCIAL CALENDAR

## 2023

### 27 FEB 2023

Announcement of the unaudited consolidated financial results for the fourth quarter and financial year ended 31 December 2022.

### 25 APR 2023

Notice of 47<sup>th</sup> Annual General Meeting of Affin Bank Berhad.

### 25 MAY 2023

The Board of Directors of Affin Bank Berhad (the Company) wishes to announce that all the resolutions set out in the Notice of the 47th Annual General Meeting (AGM) of the Company dated 26 April 2023 were duly passed by the shareholders of the Company at the 47<sup>th</sup> AGM held on 25 May 2023.

### 25 MAY 2023

Single-tier final dividend in respect of the financial year ended 31 December 2022 of 7.77 sen per ordinary share of Affin Bank Berhad.

### 26 MAY 2023

Announcement of the unaudited consolidated financial results for the first quarter and financial year ended 31 March 2023.

### 14 JUNE 2023

Affin Bank Berhad dividend reinvestment plan applicable to the final dividend in respect of the financial year ended 31 December 2022.

### 1 AUG 2023

Establishment of a long-term incentive plan in the form an employees share grant scheme.

### 25 AUG 2023

Announcement of the unaudited consolidated financial results for the second quarter and financial year ended 30 June 2023.

### 17 NOV 2023

Announcement of the unaudited consolidated financial results for the third quarter and financial year ended 30 September 2023.



## 2024

### 29 Feb 2024

Announcement of the unaudited consolidated financial results for the fourth quarter and financial year ended 31 December 2023.



## 2024 Tentative Dates

### 31 May 2024

1Q 2024 Financial Results

### 30 August 2024

2Q 2024 Financial Results

### 29 November 2024

3Q 2024 Financial Results

### 28 February 2025

4Q 2024 Financial Results



## INVESTOR RELATIONS

INVESTOR RELATIONS (“IR”) REFERS TO THE STRATEGIC FUNCTION WITHIN AFFIN BANK THAT IS RESPONSIBLE FOR COMMUNICATING WITH INVESTORS, ANALYSTS AND OTHER FINANCIAL STAKEHOLDERS. THE GOAL IS TO PROVIDE ACCURATE, RELEVANT AND TIMELY INFORMATION TO STAKEHOLDERS TO HELP THEM MAKE INFORMED DECISIONS ABOUT THEIR INVESTMENTS. IR IS AN INTEGRAL PART OF AFFIN BANK’S CORPORATE GOVERNANCE INITIATIVES.

We believe that effective stakeholder engagement and sound IR practices are key factors in building and maintaining investors’ confidence in our company as well as helping us improve our strategies and policies, formulate sustainable business practices, reduce share price volatility while promoting transparency in our business and accountability of management.

### BRIEFINGS AND CONFERENCES

Briefings and conferences are important tools for AFFIN to communicate with key stakeholders and the public. These briefings allow AFFIN to share essential information about the business such as financial results, strategic plans and other developments.

In 2023, AFFIN continued its efforts in engaging with the investing community through a series of activities, including:

1) AFFIN Propelling Malaysia Forward : Market Outlook 1H23	14 March 2023
2) Malaysian Banking and Finance Summit 2023	23 May 2023
3) AFFIN Propelling Malaysia Forward (Sarawak Series)	4 September 2023
4) AFFIN Daiwa Non-Deal Roadshow, Singapore	20 September 2023
5) AFFIN Non-Deal Roadshow, Singapore	26 October 2023
6) CGS-CIMB Regional Financials Virtual Conference 2023	7 December 2023
7) Quarterly Financial Results Announcements and Analyst Briefings	27 February 2023 26 May 2023 25 August 2023 17 November 2023 29 February 2024
8) Monthly Update Meetings with Analysts, Fund Managers and Institutional Investors	

These initiatives were aimed at providing in-depth insights into AFFIN’s performance and strategic direction to key financial audiences. The ongoing engagement and transparent communication with stakeholders have been instrumental in maintaining AFFIN’s strong relationship with them.

**Corporate website:** [www.affingroup.com](http://www.affingroup.com) **Email:** [ir@affingroup.com](mailto:ir@affingroup.com)



## INVESTOR RELATIONS

### ANNUAL GENERAL MEETING

The Board encourages shareholders to attend the annual general meeting, notice of which appears in this Annual Report, where shareholders have the opportunity to put questions to the Board, management and chairs of the various committees.

The Group - Affin Bank Berhad (“ABB”), conducted its 47<sup>th</sup> AGM on 25 May 2023 virtually, broadcasted live from its auditorium on Level 26, Menara AFFIN, Lingkaran TRX, Tun Razak Exchange (“TRX”), Jalan Tun Razak, Kuala Lumpur.

A total of 1,362 shareholders, holding 1,984,998,137 ordinary shares (total shares: 2,273,889,127) representing 87.27% of the total issued shares of ABB, attended the virtual AGM.

The 47<sup>th</sup> AGM was chaired by Dato’ Agil Natt who expressed his sincere appreciation to the shareholders and customers for their continued trust and support in the company as well as gratitude to Bank Negara Malaysia, the Securities Commission Malaysia, Bursa Malaysia Securities Berhad and other regulatory authorities for their continual assistance and guidance.

The Chairman presented an overview on the company’s performance in the following areas:-

- 1) A25 journey and transformation plan;
- 2) Customers’ experience and assistance;
- 3) Environmental, Social and Governance (ESG) journey;
- 4) Corporate Governance; and
- 5) Shareholder value.

Datuk Wan Razly Abdullah, the President and Group CEO (“PGCEO”) presented AFFIN Group’s performance for FY2022. Apart from presenting the financial highlights the PGCEO also shared AFFIN Group’s strategic initiatives on A25 targets and focus areas, digital banking, mobile banking, and providing unrivalled customer service.

During the “Question and Answer” (Q&A) session, shareholders were invited to post their questions and/or provide their feedback to the Board via an online platform provided for the purpose. The in-house moderator facilitated the Q&A session to ensure a constructive discussion between the shareholders, the Board and the senior management of the Group.

The AGM provided an avenue for shareholders to seek clarification and gain a deeper understanding of the Group’s financial performance as well as corporate strategies. All resolutions that were proposed at the 47<sup>th</sup> AGM were duly passed. Questions that were not addressed at the AGM due to time constraints were addressed via email as well as recorded in the minutes under the Q&A section. The 47<sup>th</sup> AGM minutes are available on the corporate website, [www.affingroup.com](http://www.affingroup.com).

### FINANCIAL RESULTS ANNOUNCEMENTS

AFFIN Group FY2022 Financial Results – 27 February 2023  
 AFFIN Group 1Q2023 Quarterly Results – 26 May 2023  
 AFFIN Group 1H2023 Quarterly Results – 25 August 2023  
 AFFIN Group 3Q2023 Quarterly Results – 17 November 2023  
 AFFIN Group FY2023 Financial Results – 29 February 2024



### CREDIT RATINGS

Rating Agency	Rating Classification	Rating Accorded	Outlook
<b>Affin Bank Berhad</b>			
RAM Ratings Services Berhad	Financial Institution Ratings:		Stable
	• Long term Financial Institution Rating	Long term – AA <sub>3</sub>	
	• Short term Financial Institution Rating	Short term – P1	
	RM500 mil Additional Tier-1 Capital Securities Programme	A3	
<b>Affin Islamic Bank Berhad</b>			
RAM Ratings Services Berhad	Financial Institution Ratings:		Stable
	• Long term Financial Institution Rating	Long term – AA <sub>3</sub>	
	• Short term Financial Institution Rating	Short term – P1	
	RM 500 mil Tier-2 Sukuk Murabahah Programme	A3	
	RM500 mil Additional Tier-1 Capital Sukuk Wakalah Programme	A1	
<b>Affin Hwang Investment Bank Berhad</b>			
RAM Ratings Services Berhad	Financial Institution Ratings:		Stable
	• Long term Financial Institution Rating	Long term – AA <sub>3</sub>	
	• Short term Financial Institution Rating	Short term – P1	

### SHARE PRICE



Source: [https://affin.listedcompany.com/stock\\_chart\\_interactive.html](https://affin.listedcompany.com/stock_chart_interactive.html)

# BUSINESS REVIEW

## AFFIN ISLAMIC BANK BERHAD



**YBHG. DATO' PADUKA  
SYED MASHAFUDDIN  
SYED BADARUDIN**  
Chief Executive Officer,  
Affin Islamic Bank Berhad

As we reflect on our achievements this year, we affirm our unwavering commitment to our 'Islamic First' sales strategy within the group. Our Shariah-compliant financial solutions stand as testament to this dedication. Guided by Bank Negara Malaysia's ethical framework, we have flourished while resonating with our discerning customers' values. Despite challenging market conditions, we achieved record profits and expanded our asset base for FY2023. We remain committed to further enhancing the Group's 'Triple Banking' model proposition. Moving forward, we anticipate sustained growth and aim for a 50% contribution to group profit before tax by 2028, emphasizing the Group's priority for Islamic financing.

### WHO WE ARE AND WHAT WE DO

Affin Islamic Bank Berhad (AFFIN ISLAMIC) is a wholly owned subsidiary of the Group, operating as a standalone Islamic Bank and offering a full range of Shariah compliant products to SMEs, institutional clients, corporate and retail customers.

Since its establishment in 2006, the bank has been at the forefront of introducing innovative Shariah compliant products that incorporate a variety of Shariah concepts including Musharakah Mutanaqisah, Mudarabah, Istisna, Ijarah and Murabahah.

### BUSINESS ENVIRONMENT

In 2023, AFFIN ISLAMIC navigated challenges arising from margin compression due to intense deposit competition driven by rising interest rates from the US Federal Reserve and European Central Bank. Despite this, the bank demonstrated resilience by strengthening its foundations in areas such as CASA-i, Financing Growth, Gross Impaired Financing, Financing Loss Coverage, and customer acquisitions. Additionally, AFFIN ISLAMIC actively fosters responsible banking through social engagement and community participation, empowering its bank identity and creating positive societal impact.

### KEY FOCUS AREAS

As AFFIN ISLAMIC operates under the Triple Banking Model, all business strategies and initiatives are established and driven by the Group business distribution channel. The bank's focus areas therefore align with the Group's strategic objectives and priorities.

#### STRATEGIC OBJECTIVES → Unrivalled Customer Service

Focus Areas	Strategies
<b>Product Innovation</b>	<ul style="list-style-type: none"> <li>Increase CASA by leveraging on digitalization capabilities, expanding presence outside Klang Valley, launching co-branded debit cards with collaborations, opening new branches and penetrating new customer segments.</li> <li>Tap into customers in the Halal market and supply chain</li> <li>Offer a full suite of Islamic Wealth Management products</li> <li>Offer deposits and financing products that incorporate ESG and value-based intermediation ("VBI") principles</li> </ul>

#### STRATEGIC OBJECTIVES → Responsible Banking with Impact

Focus Areas	Strategies
<b>Community Engagement and Upliftment</b>	<ul style="list-style-type: none"> <li>Work with industry players to implement the VBI agenda</li> <li>Engage with relevant institutions to showcase unique value offerings</li> <li>Collaborate with religious bodies to support sustainable development</li> <li>Showcase social initiatives in the public domain to drive awareness and reputation enhancement</li> <li>Strengthen group synergy through collaboration with AHIBB</li> </ul>



➔ 2023 ACHIEVEMENTS

**Financial**

- Recorded PBT of RM317.7 million, a year-on-year increase of 83.6%
- Total assets increased by RM4.7 billion or 13.5%, driven by increase in gross financing and financial assets/investments of RM2.9 billion and RM1.4 billion respectively
- Gross Impaired Financing ratio improved from 0.90% to 0.86%
- Customer deposits expanded by RM184.7 million or 0.7%
- Return on Equity (ROE) ratio of 9.43%, a year-on-year increase of 5 percentage points
- Cost-to-Income ratio was 45.43%

**Non-Financial**

- Participated in the second and third cohorts of the VBIAF Sectoral Guides, contributing to the development of the Sectoral Guides for Manufacturing and Agriculture.
- Participated in myWakaf, an initiative led by the Association of Islamic Banking and Financial Institutions Malaysia (“AIBIM”)
- Co-jointly extended Islamic financing facilities for the development and construction of a 50MWac Large Scale Solar Photovoltaic (“LSSPV”) plant
- Enhanced AFFIN BizSolar-i Financing, a financing scheme for the purchase and installation of solar photovoltaic (PV) systems
- Launched the 4th tranche of the BizDana-i Start-Up financing scheme
- Introduced the BizWira-i financing scheme, specifically designed to provide working capital to start-ups owned and controlled by Malaysian Armed Forces (“MAF”) veterans

➔ RISKS & CHALLENGES

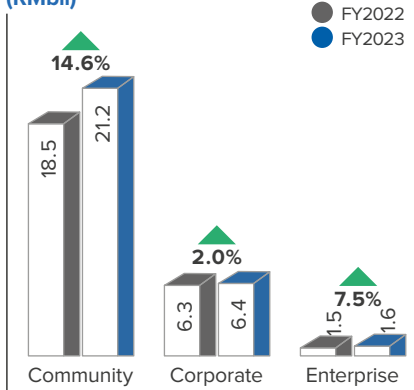
RISKS & CHALLENGES	MITIGATIONS
Margin Compression	<ul style="list-style-type: none"> <li>Focus on fee-based income and higher margin products across different segments</li> <li>Boost the utilization of trade financing products</li> <li>Leverage the “Triple Banking” model for better cost management</li> </ul>
Asset Quality	<ul style="list-style-type: none"> <li>Ongoing vigilant oversight of the financing portfolio</li> <li>Swiftly address any deteriorating assets</li> <li>Avoid over-reliance on specific industries or customers</li> </ul>

➔ OPPORTUNITIES

OPPORTUNITY	STRATEGY
Growth in Halal Economy	<ul style="list-style-type: none"> <li>Identifying and engaging with clients from the halal ecosystem and supply chain, including logistics, distributors, F&amp;B business and etc</li> </ul>
Growing Demand for ESG Products and Financing	<ul style="list-style-type: none"> <li>Bolstering efforts in ramping up our sustainable financing portfolio, focusing on various sectors and segments such as GreenRE-certified projects, hybrid and Electric Vehicles (“EV”), energy efficient equipment and women’s empowerment.</li> </ul>

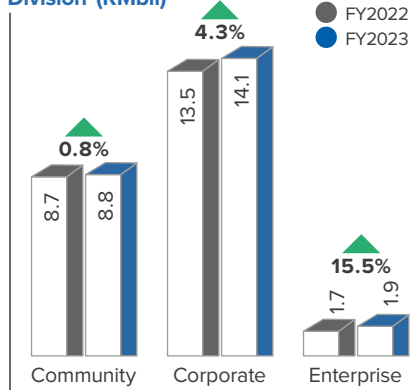
➔ BUSINESS PERFORMANCE REVIEW

**Financing by Business Division (RMbil)**



The robust growth momentum in financing was supported by increases in Community Banking (+14.6% YoY), Enterprise Banking (+7.5% YoY) and Corporate Banking (+2.0% YoY).

**Customer Deposits by Business Division (RMbil)**



Total customer deposits expanded by 0.7% YoY. The rise in customer deposits was primarily driven by Enterprise Banking (+15.5% YoY) followed by Corporate Banking (+4.3% YoY) and Community Banking (+0.8% YoY).

➔ OUTLOOK & PROSPECTS

AFFIN ISLAMIC will continue to be a key business arm that plays a significant role in the Group’s 2024 business plan. The bank will enhance its contribution through its “Islamic First” Strategy. This year will witness the implementation of key strategic initiatives aimed at expanding the bank’s CASA-i base and bolstering liquidity through the AffinAlways mobile banking application. Efforts will be intensified to establish strategic partnerships, enabling the introduction of value-added, digital-driven Islamic finance products. Additionally, the bank plans to introduce various initiatives, reflecting its commitment to shared value principles.

## BUSINESS REVIEW

### AFFIN HWANG INVESTMENT BANK BERHAD



**NURJESMI MOHD NASHIR**  
Chief Executive Officer,  
Affin Hwang Investment  
Bank Berhad

2023 saw continued positive momentum at AHIBB as our transformation efforts – including the expansion of our product range, the strengthening of our front- and back-lines, and the optimising of our balance sheet – began to pay dividends. While financial markets remain stormy, we maintain a positive outlook to the future and look forward to building an exceptional investment bank that delivers robust yet sustainable performance, backed by the continuous efforts and resilience of our outstanding staff.

#### WHO WE ARE AND WHAT WE DO

Affin Hwang Investment Bank Berhad (“AHIBB”) is one of Malaysia’s leading investment banking, securities and trustee groups. Founded in 1970, it operates out of two main offices - in Kuala Lumpur and Penang - and maintains a network of branch offices strategically located across the country, providing corporate advisory services in mergers and acquisitions as well as structuring and executing a variety of transactions including equity offerings, debt issuances and derivatives transactions.

#### BUSINESS ENVIRONMENT

To meet the evolving investment banking needs of individuals and enterprises, the division diversified its products and services during FY2023 while exploring new business opportunities to augment its current business model and build future deal pipelines.

By leveraging Group-wide collaborations and the Triple Banking model, the division is now well-positioned to grow its fee-based income and integrate advanced technologies within its processes, thus enabling the development of innovative products and services that will further drive its differentiation as the nation’s leading stockbroking business, as ranked by Bursa Malaysia.

#### KEY FOCUS AREAS

##### Approach



##### Building Culture and Trust

- Ensuring that culture and trust remains a core consideration as the division undertakes its transformation agenda
- Consistently seeking the buy-in of employees on strategies and approaches while remaining in-tune with their needs and opinions
- Driving improved collaboration across senior employees with the aim of generating new business opportunities and empowering effective Group-wide cross-referencing
- In 2023, the division’s employees and Senior Management were provided with the opportunity to engage openly through 18 Breakfast & Tea sessions with the CEO, 8 regional branch visits, 16 AHIBB and ABB branch visits by the COO, 8 physical townhalls and 1 virtual CEO chat






##### Talent Management and Succession Planning

- Attracting the next generation of talent by offering a compelling career development proposition
- This is vital given that 67% of the division’s workforce are aged 40 and above, with an even higher percentage within the securities operations department



##### Capacity Upskilling

- Providing employees with effective training modules that widen and deepen their capabilities
- Placing special focus on training in sales and risk & compliance

Approach	
 <p><b>Productivity Enhancement</b></p>	<ul style="list-style-type: none"> <li>Improving the division’s net income to personnel cost ratio, where AHIBB currently sits 6<sup>th</sup> amongst Malaysian investment banks, with the aim of attaining a ranking of 4<sup>th</sup></li> <li>Placing special focus on retail productivity, where AHIBB’s competitors are currently two to four times more productive</li> </ul>
 <p><b>Strategic Positioning</b></p>	<ul style="list-style-type: none"> <li>Strategically identifying areas of wealth and key investor bases with higher disposable income, including by extending marketing and branding activities outside Malaysia</li> <li>Maximising cross-selling opportunities by leveraging the Group’s Triple Banking model</li> <li>So far, AHIBB has identified Melaka Raya, Ipoh, Kuantan, Miri, Sibul and Penang (WP) as potential areas of growth, and aims to establish 17 to 55 touchpoints over the next two years to support market outreach and sales</li> <li>Customer acquisition efforts will be supported by diverse marketing strategies that include awareness campaigns, participation in sector and location-specific conferences (e.g. Oil &amp; Gas and Sarawak-based conferences) and the Mother Bee Event (State of the Nation &amp; Spotlight on Johor event)</li> </ul>
 <p><b>Technology Adoption</b></p>	<ul style="list-style-type: none"> <li>Improving data security and reliability through technology adoption, as illustrated by the consolidation of the division’s data centre operations in Cyberjaya</li> <li>Promoting improved CTI by lowering costs and efficiency barriers while increasing sales and trade volumes</li> <li>Examples of this include the division’s migration to Quantum and implementation of a brokerage management system</li> </ul>

**2023 ACHIEVEMENTS**

**Financial**

- For the financial year ended 31 December 2023 (FY23), AHIBB’s revenue improved by 5.3% year-on-year (y-o-y) to RM240.6mil
- On the other hand, the group’s pre-tax profit rose by 68% y-o-y to RM92.50mil in FY23 underpinned by higher operating income representing fees and commission, net gain and losses on financial instruments and other income at RM176mil compared to RM139.7mil in the previous year.

**Non-Financial**

- Successfully carried out 6 investment banking positionings and 1 securities positioning
- Implemented a new brokerage management system to drive seamless integration with the Group’s retail banking division and expand access to stock markets and investment assets
- Converted 7 branches to become Triple Banking branches that function as one-stop centres for conventional, Islamic and investment banking products, thus improving the division’s ability to acquire new customers

**Awards & Recognition**

- Named the champion in the 2022 Best Market Maker (Exchange-Traded Fund) category by Bursa Excellence Awards 2022
- Named 1<sup>st</sup> runner up in the 2022 Best Institutional Equities Participating Organisation (Investment Bank) category by Bursa Excellence Awards 2022
- Named 2nd runner up in the 2022 Best Overall Equities Participating Organisation category by Bursa Excellence Awards 2022

## BUSINESS REVIEW: AFFIN HWANG INVESTMENT BANK BERHAD

### ➔ Challenges

	Strategies	Results
<b>Market Headwinds</b>	<ul style="list-style-type: none"> <li>Thoroughly review and drive improvements to retail sales strategy, in line with technological advancement</li> <li>Strengthen proposition to institutional investors</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of new Brokerage Management System</li> <li>Conversion of AFFIN Branches to fully fledge Triple Banking</li> </ul>
<b>Unclear Target Market &amp; Insufficient Deals Secured</b>	<ul style="list-style-type: none"> <li>Establish clear and well-defined target markets</li> <li>Reinforce client coverage by increasing visibility</li> </ul>	<ul style="list-style-type: none"> <li>Achieved four CIB-mandated deals (NII - RM9.6 million, Fees and income - RM1.13 million)</li> <li>Increase in Shared Margin Finance loan book to RM1.6 billion</li> <li>Gross income RM10.87 million from 64 Structured Warrants issuance</li> </ul>
<b>Low Workforce Trust and Morale</b>	<ul style="list-style-type: none"> <li>Implement initiatives to recognise and reward excellent employee performance</li> <li>Undertake frequent employee engagements to canvass feedback and understand concerns</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring continuous employees' growth and development through programmes including Talent Summit and AFFINioVATION</li> <li>Introduction of Affin Prihatin Employee Hotline that act as a channel in offering assistance and guidance for personal and professional matters</li> </ul>

### Opportunities



Improving internal efficiencies and the customer experience through innovation and digitalisation initiatives



Driving affinity and market share gains by diversifying investment banking products and services, leveraging synergies within the Group



Growing fee-based income by leveraging the Triple Banking model and its cross-selling opportunities

### ➔ 2023 ACHIEVEMENTS

Initiative	Achievements
<b>Private Equity</b>	<ul style="list-style-type: none"> <li>Revisions have been made to the Investment Committee's terms of reference and the Private Equity Investment Manual, which these revisions tabled to the SMC and Board of AHIBB in January 2024, together with a complete business plan for the division's Private Equity division</li> <li>AHIBB will appoint a new legal counsel and tax advisor for the proposed establishment of a Private Equity Management Company and/or proprietary fund vehicle, and will consult BNM and the Securities Commission ("SC") on the approval process and the documents to be submitted</li> </ul>
<b>Discretionary Trading</b>	<ul style="list-style-type: none"> <li>A profit-sharing structure for CDR and SDR was finalised in June 2023</li> <li>A pre-engagement consultation was carried out with Bursa Malaysia to seek Approval-in-Principle for the structure, which is set to go live on 31 March 2024</li> <li>AHIBB continues to review its standard operating procedures across equities and futures on an ongoing basis</li> </ul>

Initiative	Achievements
<b>Corporate Investment Banking</b>	<ul style="list-style-type: none"> <li>Achieved four CIB-mandated deals during 2023</li> <li>Generated RM9.6 million in NII from the deals, with fees and income amounting to RM1.13 million</li> <li>Moving forward, AHIBB will work with Group Corporate Banking, Group Treasury and Group Finance to establish a fee income sharing framework</li> </ul>
<b>Growing SMF Business</b>	<ul style="list-style-type: none"> <li>Successfully increased the size of the SMF loan book to RM1.6 billion as of end December 2023</li> </ul>
<b>Securities Digital Retail</b>	<ul style="list-style-type: none"> <li>Implemented a new brokerage management system that integrates with the Group's retail banking division and expands AHIBB's access to stock markets and investment assets</li> </ul>
<b>Branch Network (Triple Banking)</b>	<ul style="list-style-type: none"> <li>Converted seven branches to become fully-fledged, Triple Banking branches that offer investment, Islamic and conventional banking solutions in one location</li> <li>A further four branches will be converted in 2024</li> </ul>
<b>Equity Derivatives</b>	<ul style="list-style-type: none"> <li>64 Structured Warrants have been issued as of end December 2023, totalling to a gross income of RM10.87 million</li> <li>A product paper for Equity-Linked Investments has been completed and will be submitted to the Product Committee for further consideration</li> </ul>

## OUTLOOK & PROSPECTS

In 2024, Malaysia is expected to experience stronger economic growth, with real GDP projected to accelerate to 4.5% from 3.7% in 2023. This growth will be supported by a recovery in global trade, increased business investment activities and robust private consumption. Political stability, with the unity government remaining in power, will drive key themes such as economic structural reform, infrastructure spending, energy transition and reindustrialisation, supporting market and stock performance.

In line with this recovery, the Malaysian Ringgit is expected to strengthen in the second half of 2024, influenced by anticipated interest rate cuts in advanced economies, potential FDI inflows and portfolio net inflows. This strengthening will likely be a catalyst for improved sentiment in the Malaysian equity market, supporting a KLCI rebound in the second half of 2024. Additionally, earnings are expected to rebound strongly in 2024, with KLCI core earnings projected to grow by 10.5% and broader market earnings by 13.2%, mainly driven by sectors like plantation, oil & gas, and utilities.

In total, this forms a cautiously optimistic outlook for AHIBB, and the division's proactive moves to diversify its products and services, supported by the cross-selling opportunities afforded by the Triple Banking model and its ongoing digitalisation journey, stand it in good stead to secure more landmark deals and strengthen its position as the nation's leading stock broking company.

## BUSINESS REVIEW

### GROUP COMMUNITY BANKING



**FAIRUZ MOHD RADI**  
Executive Director,  
Group Community  
Banking

While FY2023 was a challenging year for us, we nonetheless had our share of achievements, including the opening and relocation of various branches across Malaysia in line with our aim to achieve an optimal branch network. We also take pride in our 8% increase in customer base and in achieving the third highest NPS amongst conventional banks in Malaysia. These achievements validate our progress towards our strategic objective of providing Unrivalled Customer Service.

#### WHO WE ARE AND WHAT WE DO

Group Community Banking offers conventional and Islamic banking products and services - including deposits, mortgages, auto finance, credit cards, personal financing, ASB financing, education financing, overdrafts, wealth management and bancassurance - to individuals. The division also offers two premium banking products: AFFIN INVIKTA for High-Net Worth individuals and AFFIN AVANCE for professionals. AFFIN INVIKTA stands out as a distinctive product in the premium banking landscape, offering customers curated financial solutions, priority application for banking products, priority lane services at branches nationwide and much more. To reach a wider customer base, the division pursues a two-pronged strategy of collaborating with external partners and actively expanding its branch footprint to new locations.

#### BUSINESS ENVIRONMENT

FY2023 was characterised by a return to the norm as COVID-19 disruptions ended and borders reopened. However, the positive impact this had on economic activity was offset by a high interest rate environment and an attendant compression in Net Interest Margin ("NIM"). Furthermore, global supply chain disruptions persisted, driving down business sentiment. This equated to a cautious consumer market, restricting the growth of the division.

#### KEY FOCUS AREAS

### KEY FOCUS AREAS



Enhancing the customer onboarding experience and driving efficiencies with digitalisation and automation



Focusing on high NIM products as drivers of growth



Expanding Current Account Savings Account ("CASA") through collaboration and payroll solutions, branch transformation, digital enablement and the offering of new products to improve CASA stickiness



Growing fee income through a scaled up wealth management business, increased cross-sell of fee-based products and e-Commerce channel growth



Improving Cost to Income Ratio ("CIR") through increased productivity, improved branch cost management, process automation, Target Operating Model implementation and adoption of Robotic Process Automation ("RPA")



Contributing to the Group's aspiration to achieve 15% sustainable financing by 2025, in line with the Responsible Financing with Impact strategic objective

## 2023 ACHIEVEMENTS

### Financial

- RM33.3 billion in total deposits, a YoY increase of RM1.8 billion
- RM42.5 billion total loan base, a YoY increase of RM6.3 billion
- RM3.7 billion in new ESG financing, a YoY increase of RM251 million
- Total income grew by RM83 million
- RM342 million in operating income, a YoY increase of RM76 million
- Loan Loss Provision increased by RM0.7 million
- Profit Before Tax (“PBT”) of RM286 million, a RM75 million YoY increase
- CIR decreased by 543bps
- Balance sheet growth outpaced industry average

### Non-Financial

- Opened four new branches, five new Triple Banking branches, and eight new Invikta Centres
- Opened 14 onsite and 57 offsite Self-Service Terminals (“SSTs”), including Cash Recycler Machines (“CRMs”) and Automated Teller Machines (“ATMs”)
- Launched four new products:
  - Term Financing secured by Gold
  - AFFIN Aura Credit Card
  - Hire Purchase-i Variable Rate
  - Personal Financing-i via Potongan Gaji Majikan
- Launched AFFIN Kenyalang, a collaboration with other business divisions to drive our expansion in Sarawak

### Awards & Recognition

- AFFIN Homes Step Fast-i was awarded the Best Mortgage and Home Loan Product of the Year 2023 - Malaysia at the Asian Banking & Finance Awards 2023
- Automated Safe Deposit Locker (“ASDL”) recognised at:
  - National Business Awards 2023
  - Global Retail Banking Innovation Awards 2023
- Received nine awards at the ASNB Starz Awards 2023

## RISKS & OPPORTUNITIES

### RISKS

- Rising OPR environment and higher cost of living impacts the ability of consumers to save and invest, while impacting the ability of borrowers to repay
- Potential recession may cause reduced consumer confidence, leading to lower take-up of loans

### CHALLENGES

- Increased competition amongst banks to garner CASA and deposits
- Higher cost of funds, leading to margin compression and downward pressure on loan pricing
- Uncertain macroeconomic drivers may pose challenges to Expected Credit Loss (“ECL”)
- Unfavourable market conditions dampening revenue from Wealth Management business

### OPPORTUNITIES

- A normalisation of economic activities will contribute to higher consumer spending
- Re-opening of borders has led to an increased take-up of education financing
- Opportunity to capture increased market share in Sarawak with coordinated cross-division plan
- Duty exemption on EVs provides opportunity to grow EV financing activities by strategically partnering with distributors
- Stamp duty exemption on higher value residential properties provides opportunity for growth in property financing

## BUSINESS REVIEW: GROUP COMMUNITY BANKING

### ➔ BUSINESS PERFORMANCE REVIEW

Strategies	Initiatives	Results
<b>Scale Up Wealth Management</b>	Establish new specialist channel for Banca	<ul style="list-style-type: none"> <li>In progress</li> </ul>
	Grow affluent base via AFFIN INVIKTA	<ul style="list-style-type: none"> <li>In progress</li> <li>11 Invikta Centres and 3 lounges in operation</li> <li>Aim to open 25 Invikta Centres by 2025</li> </ul>
	Introduce new products	<ul style="list-style-type: none"> <li>Islamic Banca RP launched in August 2023</li> <li>Islamic Sukuk launched in October 2023</li> </ul>
<b>Advance Personal Financing Business</b>	Onboard Personal Financing application via AFFIN Delivery System (ADS)	<ul style="list-style-type: none"> <li>Pilot launched in October 2023</li> </ul>
<b>Advance Secured Financing Business</b>	Onboard ASB Financing and Education Financing-i via AFFIN Delivery System	<ul style="list-style-type: none"> <li>In progress - target to complete in Q1 2023</li> </ul>
	Undertake customer propensity modelling, customer profitability analysis and behavioural scoring	<ul style="list-style-type: none"> <li>In progress - to be delivered under Phase 2 of BDA project in H1 2024</li> </ul>
<b>Elevate Auto Finance Business</b>	Implement robotic process automation for Auto Finance business acquisition	<ul style="list-style-type: none"> <li>In progress - target to complete in Q1 2024</li> </ul>
<b>Go Nitro on Credit Cards</b>	Roll out Credit Cards under affiliate program for higher learning institutions, alumni and associations	<ul style="list-style-type: none"> <li>Credit cards for Universiti Kebangsaan Malaysia (UKM) and Majlis Profesor Negara (MPN) launched in May 2023, with credit card for MAHSA University set to be launched in 2024</li> </ul>
	Onboard Credit Cards application via ADS	<ul style="list-style-type: none"> <li>In progress - target to complete in Q1 2024</li> </ul>
	Digital Terminal Receipt & Digital Onboarding	<ul style="list-style-type: none"> <li>Digital Terminal Receipt - completed</li> <li>Digital Onboarding - target to complete in Q1 2024</li> </ul>
<b>Mortgage Next Level</b>	Introduce self-initiated digital onboarding	<ul style="list-style-type: none"> <li>In progress</li> </ul>
	Enhance and upgrade overall mortgage loan/financing process via LOS and offsite decisioning engine	<ul style="list-style-type: none"> <li>In progress</li> </ul>
	Digitalise Mortgage ecosystems	<ul style="list-style-type: none"> <li>ADS - target roll out in 2024</li> </ul>
<b>Unleash Triple Banking Model</b>	Adopt Triple Banking model to leverage on synergistic benefits	<ul style="list-style-type: none"> <li>Five new branches launched in 2023: Kota Kinabalu, Chulan Tower, TRX, Seremban 2 and Batu Pahat</li> </ul>



## OUTLOOK & PROSPECTS

Looking forward, the OPR rate is expected to remain stagnant, with higher cost of funds and the resulting NIM compression anticipated to continue over the near-term. Furthermore, stiff competition amongst banks will likely lead to price wars, negatively impacting the division's margins.

At the global level, geopolitical instability and other headwinds will continue to place downward pressure on consumer confidence, while the cost-of-living crisis will discourage consumers from undertaking investment activities and affect the ability of borrowers to pay back loans. While green shoots of economic recovery are visible, these factors add up to a pessimistic outlook for the division over the near-to-mid-term.

To offset the impact of this operating environment, the division will continue to invest in segments that offer comparatively high NIM as well as emerging sectors that benefit from government subsidies, such as EVs. The division will also focus on growing of CASA to be empowered by digital enablement as well as expansion of network (new branches, relocation of branches, offsite CRMs/ATMs), empowered by the enablement of digital onboarding, which provides greater ease and convenience to customers.

Meanwhile, the expansion to Sarawak continues to progress at a strong pace, promising to open new and sustainable revenue streams in a relatively underpenetrated market.

Moving forward, the division is set to:

- Continue to provide Unrivalled Customer Service via network expansion while widening our customer base
- Introduce new channel and products to broaden our fee income
- Leverage on digital innovation to manage costs
- Continue to manage asset quality - to ensure we stay above industry average
- Continue driving ESG initiatives to ensure the delivery of Responsible Banking with Impact

## BUSINESS REVIEW

### GROUP CORPORATE BANKING



**HANIF MOHD YUSOF**  
Executive Director  
Group Corporate  
Banking

Amidst a challenging macroeconomic and business environment, we delivered commendable double-digit growth in PBT and CASA, with new-to-bank customers increasing by an impressive 45% year-on-year. During FY2023, we also played a leadership in accelerating the Group’s adoption of responsible financing, contributing to the increase of sustainable financing to 8.3% of Corporate Banking’s financing portfolio.

#### WHO WE ARE AND WHAT WE DO

Our Group Corporate Banking division helps mid-to-large-sized corporations achieve their growth potential through various products and services which include loans and financing, trade finance, cash management and deposits, insurance/takaful and treasury. The division has experience across a wide range of sectors and industries including manufacturing, health, wholesale and retail trade, and government infrastructure projects.

#### BUSINESS ENVIRONMENT

While Malaysia’s economy showed signs of recovery in 2023, larger corporations faced significant challenges such as rising operating costs, continuing supply chain disruptions and slow external demand due to the uncertain global market, with the weakening of the MYR against the USD significantly impacting investment appetite. In addition to these factors, stiff competition for liquidity amongst corporate banking players led to more competitive prices, placing pressure on NIM.

#### KEY FOCUS AREAS

##### Approach

**Unrivalled Customer Service**

- Continued with Single Touch Point Strategy i.e. coordinated coverage and solutioning with our product partners
- Effectively identify cross sell opportunities through Corporate & Investment Banking (CIB) Model
- Offering new innovative solutions for Trade and AFFINMAX to remain competitive and stay ahead of the other market players
- Implement a token activation function to help AFFINMAX Contact Centre & helpdesk deliver quick, simple and personalized service to our customers.

**Digital Leadership**

- Transform the transaction banking landscape by focusing on technology innovation & structured solutions by expanding AFFINMAX value proposition:
  - Mobile Transfer - which allows businesses to submit payments, track transactions, receive notifications and manage finances on the go
  - MyCashier - which enables businesses to accept payments by generating a QR code
  - Continue to grow with Banking Partners
- Implement digital marketing to create customer awareness on new Trade capabilities through various channels

**Responsible Banking with Impact**

- Promote green projects through the funding of renewable energy power plants, energy-efficient technologies and essential services
- Responsible marketing with comprehensive Trade product disclosure and transparency
- Support our customer during their transitioning journey to reduce carbon footprint
- Close engagement with customer to promote awareness on ESG
- On going ESG training conducted to our staff to enhance the competency level

## ➔ 2023 ACHIEVEMENTS

### Financial

- PBT increased by 50.6% year-on-year
- Fee income increased by 54.1% year-on-year
- RM20.3 billion in total deposits, a 14.2% year-on-year increase
- CASA of RM5.7 billion, a 16.6% year-on-year increase
- Gross Impaired Loans (GIL) rate of 3.36%, a 12.2% year-on-year improvement
- Lower provisions of RM767.6m from prudent risk management and recoveries

### Non-Financial

- Successfully closed several notable deals in Renewable Energy, Infrastructure and Education sectors
- Continuously replacing problematic assets with better quality assets, despite loan and financing hovering at the same levels
- Achieved better Net Promoter Score (NPS) and Customer Satisfaction Score (CSAT) performance specific for our cash management solutions
- 3.8x year-on-year growth in credit approvals, indicating healthy credit demand

### Awards & Recognition

Awarded Industry Excellence in Banking & Finance Industry: Innovative Payment Solution for AFFINMAX from Malaysia Top Achievers Awards 2023

## ➔ RISKS & CHALLENGES

Risk & Challenges	Mitigations
<b>Asset Quality</b>	<ul style="list-style-type: none"> <li>- Introduced formal preliminary screening</li> <li>- Continuous close monitoring of portfolio</li> <li>- Maintain intensive engagement with RMs on how to identify red flags and manage problematic assets</li> <li>- Adopt a proactive, forward-looking approach by enhancing early warning capabilities</li> </ul>
<b>Margin compression</b>	<ul style="list-style-type: none"> <li>- Focus on fee-based income to drive increase in average margins</li> <li>- Collaborate with Group Treasury and AHIBB to develop margin improvement strategies</li> </ul>

## ➔ BUSINESS PERFORMANCE REVIEW

### STRATEGIC OBJECTIVES ➔ Promote Corporate & Investment Banking (CIB) Model

Initiatives	Results
<b>Drive cross-selling</b>	<ul style="list-style-type: none"> <li>• Achieved greater synergies between businesses, translating to higher product holding ratios and a 54% increase in NOI</li> </ul>
<b>Sarawak attack</b>	<ul style="list-style-type: none"> <li>• Close collaboration between businesses translated to 29.5% year-on-year loan growth and 31.7% year-on-year deposit growth by Sarawak based companies while fee income recorded 13.1% year-on-year growth</li> </ul>

## BUSINESS REVIEW: GROUP CORPORATE BANKING

### STRATEGIC OBJECTIVES → Drive Trade Growth

Initiatives	Results
<b>Increase trade asset baseline</b>	<ul style="list-style-type: none"> <li>Expanded export-based business via LC negotiation and other trade export products, leading to total export volume of RM3,376 million in FY2023</li> <li>Focused on attractive export funding opportunities, leading to CNY and USD funding of USD16.28 million and CNY106.47 million respectively in FY2023</li> </ul>
<b>Increase eTrade portfolio</b>	<ul style="list-style-type: none"> <li>Automated all trade advices and notifications generated from SIBS TF using the eTrade section of AFFINMAX, eliminating the need to mail hardcopy advices and notifications</li> <li>In FY2023, eTrade received 3,538 applications, totalling RM1.397 billion in transactions</li> </ul>
<b>Drive diversification of express products</b>	<ul style="list-style-type: none"> <li>Successfully rolled out "Online Submission of Ad hoc BG/BG-i Form" via AffinAlways in July 2023</li> </ul>

### STRATEGIC OBJECTIVES → Enhance Cash Management

Initiatives	Results
<b>AFFINMAX First Time Login (FTL) campaign</b>	<ul style="list-style-type: none"> <li>FTL rate for the SME segment increased from 75% to 79%</li> </ul>
<b>SWITCH Now Campaign</b>	<ul style="list-style-type: none"> <li>2,008 new AFFIN merchants registered</li> </ul>
<b>AFFINMAX Mobile App 2.0</b>	<ul style="list-style-type: none"> <li>10,487 entities signed up for the refreshed mobile app</li> <li>Transaction volumes exceeded RM130 million in FY2023, with year-on-year growth of 157%</li> </ul>

## → OUTLOOK & PROSPECTS

2024 is expected to bring a steady recovery to global trade from the mid-year onwards, which will in turn drive increased business investment. However, the current high interest rate environment is expected to persist and the fragile geopolitical situation continues to be a cause for concern.

With these uncertainties in mind, the division will continue to prioritise the onboarding of new-to-bank customers by leveraging the CIB model and maintaining the cadence of its expansion into the Sarawak and broader Borneo markets. The division will also seek to drive greater specialisation in targeted sectors and products, such as ESG financing, supported by the identification and upskilling of quality talent to fill the expertise gap in these areas.

For existing-to-bank customers, the division will maintain its active account management approach while optimising deposit mix and pricing to encourage uptake of financial products and grow NIM. These efforts will be bolstered by investments in data analytics tools and other digital solutions, unlocking more efficient and effective processes and services.

## GROUP ENTERPRISE BANKING



**LIM KEE YEONG**  
Executive Director,  
Group Enterprise  
Banking

Malaysia’s SMEs are a major contributor to the economy and have demonstrated unwavering innovation and grit amidst recent market challenges. In tandem to this, we have ramped up efforts to uplift the community by driving digital transformation, supporting women entrepreneurs and enhancing our products and services to go beyond traditional banking, backed by a personal and purposeful approach to customer engagement.

### WHO WE ARE AND WHAT WE DO

Our Group Enterprise Banking division is established in 2016 to drive the growth of the SME banking segment and make a meaningful contribution to the SME community at large. With comprehensive SME financial services provided including financing, transactional, payment, trade, and bancassurance, the division aims to support the growth ambitions of businesses across a range of sizes - from start-ups to companies listed on the ACE Market.

### BUSINESS ENVIRONMENT

In 2023, Malaysian SMEs felt the impact of a turbulent geopolitical and macroeconomic environment which resulted in fierce price wars, increased business expenses and – for many – decreased competitiveness in global markets due to the weakening of the Ringgit.

Recognising these challenges, the division focused on delivering solutions that help its customers adapt to and thrive amidst new realities. As a result, it has made strong headway by driving growth in financing, fees and CASA while contributing to our Group-wide cross-selling strategy. This has resulted in an increased market share, supported by innovative digital product offerings, inclusive solutions and a wide market reach.

### KEY FOCUS AREAS

	Approach
<b>Unrivalled Customer Service</b>	<ul style="list-style-type: none"> <li>Strengthened customer engagement strategy with focus on key sectors such as Manufacturing, Trade and Services (MTS)</li> </ul>
<b>Digital Leadership</b>	<ul style="list-style-type: none"> <li>Drive digital transformation through curated solutions via SME Colony and AFFINMAX</li> </ul>
<b>Responsible Banking with Impact</b>	<ul style="list-style-type: none"> <li>Amplify support for partners’ targeted initiatives and events aimed at uplifting the SME ecosystem</li> <li>Support financial inclusion with focus on start-ups (AFFIN ASPIRA) and women entrepreneurs (AFFINGEM)</li> <li>Drive ESG awareness among SME customers</li> </ul>

### 2023 ACHIEVEMENTS

#### Financial

- Maintained steady growth of financing and deposit base at 8.9% and 8.6% respectively
- Remained fully self-funded, with a Loan-to-Deposit ratio of 75.2%
- Maintained competitive NIM of 4.01%
- CASA ratio of 46.8%, a year-on-year increase of 2.5 percentage points
- Fee income increased by 4.0%
- Grew ESG financing to 18% of financing base

#### Non-Financial

- Achieved over 100,000 downloads of SME Colony, the division’s award-winning SME community-centric mobile app
- Achieved over 43,000 AFFINMAX subscribers to encourage adoption of internet banking amongst SMEs
- Sponsored Season 1 of The Sandbox, Malaysia’s first Chinese crowdfunding reality show, presented by Astro and MyStartr (an equity crowdfunding platform)

#### Awards & Recognition

- AFFIN named as Best Bank for SMEs in Malaysia by Asiamoney Best Bank Awards 2023
- AFFINWRKFZ named as Best SME Financial Inclusion Initiative by Global SME Banking Innovation Awards 2023

## BUSINESS REVIEW: GROUP ENTERPRISE BANKING

### ➔ RISKS

Risks	Strategy	Results
<b>Default Risk Due to Market Uncertainties</b>	Strengthen asset quality management	<ul style="list-style-type: none"> <li>Loan Loss Coverage (LLC) strengthened to 114.7%, an increase of 25 percentage points</li> </ul>
<b>Competition from Banking Alternatives</b>	Introduce and enhance financial and non-financial solutions that embed inclusivity and accessibility	<ul style="list-style-type: none"> <li>Launched AFFIN BizWira-i Financing to provide working capital for start-up businesses owned and controlled by Malaysian Armed Forces (MAF) veterans that have been in operation for between 12 to 36 months</li> <li>Launched Bizlifestyle Protect, a combination protection scheme designed to cover both business and lifestyle risks for business owners</li> <li>Rolled out SME Digital Ecosystem via SME Colony to encourage business digital transformation</li> </ul>
<b>Price Wars with Other Financial Institutions</b>	Maximise competitive advantage by being a niche leader in high potential segments, leveraging on tailored products and ESG awareness campaigns and solutions	<ul style="list-style-type: none"> <li>Introduced the 4<sup>th</sup> tranche of the BizDana-i Start-Up financing scheme with an allocation of RM20 million</li> <li>Enhanced AFFIN BizSolar-i Financing, a financing scheme for the purchase and installation of solar PV systems by businesses without mandatory property collateral requirements, in line with the 12th Malaysia Plan</li> <li>Launched the Green Technology Financing Scheme 4.0 (GTFS 4.0) to support the green technology sector, in line with the National Budget 2023</li> </ul>

### ➔ OPPORTUNITIES

Opportunity	Strategy
<b>Attract New-to-bank Customers with Strong Segmental Proposition</b>	<ul style="list-style-type: none"> <li>Intensify digital adoption and transformation among SME customers while offering inclusive digital products and services</li> <li>Augment current segmental propositions with further exploration into new market segments</li> </ul>
<b>Enhance Partnership Network</b>	<ul style="list-style-type: none"> <li>Further strengthen customer engagement through meaningful networking initiatives and proactive support</li> </ul>
<b>Expand Customer Touchpoints</b>	<ul style="list-style-type: none"> <li>Increase customer accessibility through continuous expansion and upgrading of business centres</li> <li>Increase market share in Sarawak and broader Borneo region</li> </ul>
<b>Improve ESG Product Offerings</b>	<ul style="list-style-type: none"> <li>Introduce new ESG-centric products and services in line with the Group's sustainability and financial inclusion agenda</li> </ul>

### ➔ BUSINESS PERFORMANCE REVIEW

#### STRATEGIC OBJECTIVES ➔ Increase Market Penetration

Initiatives	Results
<b>Enhance existing propositions to support start-ups, women entrepreneurs and other niche segments</b>	<ul style="list-style-type: none"> <li>Strengthened AFFIN ASPIRA as the cornerstone proposition to support the development and growth of start-ups               <ul style="list-style-type: none"> <li>Introduced the 4<sup>th</sup> tranche of BizDana-i Start-Up financing scheme with an allocation of RM20 million</li> <li>Launched AFFIN BizWira-i Financing (see the "Risks" section for more info on this product)</li> </ul> </li> <li>Amplified AFFINGEM's proposition to help women entrepreneurs and women-led entities Grow, Empower and Manage their business               <ul style="list-style-type: none"> <li>Continued to provide competitive rates to the Bank's financial solution for AFFINGEM members</li> <li>Rolled out a series of AFFINGEM newsletters and financial literacy articles, and conducted micro-networking events to upskill women entrepreneurs and provide access to valuable business insights</li> </ul> </li> <li>Promoted AFFINRWKFZ as a value-added, "beyond banking" business development solution for SMEs               <ul style="list-style-type: none"> <li>Recognised as Best SME Financial Inclusion Initiative at the Global SME Banking Innovation Awards 2023</li> </ul> </li> </ul>

## STRATEGIC OBJECTIVES → Improve Customer Engagement

Initiatives	Results
Undertake proactive outreach activities to drive affinity and trust	<ul style="list-style-type: none"> <li>Continued to utilise dedicated relationship managers to provide holistic proactive support to SME customers</li> <li>Participated as strategic speakers at various external SME events, including the SME100 CEO Forum, Smart City &amp; Digital Economy Convention (SDEC) 2023, Entrepreneurs Summit IV and ASEAN Innovation Business Platform (AIBP) Insights session</li> </ul>

## STRATEGIC OBJECTIVES → Expand Reach Through Partnerships

Initiatives	Results
Organise and sponsor events that reach SMEs	<ul style="list-style-type: none"> <li>Collaborated with notable partners, including Sidec and Mystarttr, to develop and sponsor various events aimed at nurturing the SME community, such as: <ul style="list-style-type: none"> <li>Season 1 of The Sandbox (as detailed above)</li> <li>The 6<sup>th</sup> Selangor Accelerator Programme</li> <li>The 8<sup>th</sup> Malaysia Top E-Commerce Merchant Awards (with the AFFIN Rising Star Awards and AFFINGEM Women Trailblazer Awards dedicated to start-ups and women entrepreneurs respectively)</li> <li>The 7<sup>th</sup> Dream Factory Startup Contest (with the AFFINGEM Awards (女創業家獎) dedicated to women entrepreneurs)</li> <li>The SME100 Awards (with the AFFIN SME100 Icon Awards and BMI AFFINGEM Women Entrepreneurs Awards dedicated to SME and women entrepreneurs respectively)</li> <li>The 100 Most Influential Young Entrepreneurs 2023 (100 MIYE)</li> </ul> </li> <li>Organised SME BizChat, a series of interactive bilingual business talks to promote financial literacy, connect SMEs to business growth resources and uplift ESG-focused industries with key highlights including <ul style="list-style-type: none"> <li>Memorandum of Understanding (MOU) Exchange with SIRIM Berhad</li> <li>Rakaniaga Fairs to promote their products and services</li> </ul> </li> </ul>

## STRATEGIC OBJECTIVES → Spearhead SME Digital Transformation

Initiatives	Results
Develop digital resources that empower SMEs on their transformation journeys	<ul style="list-style-type: none"> <li>Achieved over 100,000 downloads for SME Colony (as detailed above)</li> <li>Rolled out SME Digital Ecosystem via SME Colony to encourage digital transformation and drive lead generation for the AFFINMAX mobile application</li> <li>Achieved over 43,000 AFFINMAX subscribers</li> </ul>

## OUTLOOK &amp; PROSPECTS

Looking forward, the sluggish market environment will continue to pose significant challenges within Malaysia's business ecosystem. Against this backdrop, SMEs will invest in ways to enhance competitiveness and drive differentiation.

The division will continue its support of niche segments such as start-ups and women entrepreneurs to build greater affinity among its target customer base, as well through its comprehensive digital transformation resources to adapt SMEs to new market opportunities.

While the division continues to grow high-potential segments, it will maintain its core focus on Manufacturing, Trading and Services (MTS) sectors. The division also plans on developing further ESG financing solutions and increasing ESG education to drive equitable and sustainable transitions. This will be complemented by a proactive approach to customer relationship management, enabling the Group to solidify its reputation as the bank of choice for SMEs and start-ups across the ecosystem.

## BUSINESS REVIEW

### GROUP TREASURY



**HANIF GHULAM MOHAMMED**  
Executive Director,  
Group Treasury

At the core of our strategic vision are the four pillars of Group Treasury: Increasing the Yield of Assets, Generating Stable Net Operating Income (NOII), Harvesting Group Synergy, and Upgrading Digital Infrastructure. Throughout the year, our team has remained dedicated to upholding these pillars, driving initiatives aimed at maximizing returns, ensuring revenue stability, promoting collaboration within the group and fortifying our digital capabilities.

#### WHO WE ARE AND WHAT WE DO

Our Group Treasury division serves as a pivotal player in the financial services sector, offering a comprehensive suite of foreign exchange and money market products and services. Guided by a dedication to fostering enduring and mutually beneficial relationships founded on trust, the division has amassed a strong clientele spanning a wide spectrum, from large multinationals, SMEs, institutions and individual investors.

#### BUSINESS ENVIRONMENT

The banking landscape in 2023 was characterised by a multitude of factors that influenced the division's operations. Notably, rising interest rates prompted by prevailing economic conditions presented both challenges and opportunities. While increased borrowing costs posed potential hurdles, they also opened avenues for improved returns on certain financial products. Concurrently, volatile currency markets underscored the importance of robust risk management practices to mitigate fluctuations and safeguard stability. Additionally, evolving regulatory frameworks and geopolitical risks necessitated vigilant monitoring and proactive adaptation to ensure compliance and resilience.

#### KEY FOCUS AREAS

<b>Increasing the yield of assets by maximizing returns</b>	Generating stable NOII by ensuring revenue stability
<b>Harvesting Group synergy by promoting collaboration</b>	Upgrading our digital infrastructure and fortifying our digital capabilities

#### 2023 ACHIEVEMENTS

##### Financial

- 34% year-on-year increase in PBT
- Over 500% year-on-year increase in NOII
- 0.08% year-on-year reduction in COF
- 32.99% increase in return on risk-adjusted capital (RAROC)

##### Non-Financial

- Launched 6 new products including:
  - Advanced FX hedging solutions crafted for corporate and SME clients, offering superior forward rates compared to conventional Fixed Forwards
  - A revolutionary bond investment product, empowering clients to enter the bond market with a smaller initial outlay, thus unlocking enhanced returns
- Orchestrated successful market outlook events, attracting a total of 400 attendees including corporate clients and influential figures from across Malaysia



## ➔ BUSINESS PERFORMANCE REVIEW

Strategy	Achievements
Providing Tailored Solutions	<ul style="list-style-type: none"> <li>Expanded our portfolio with six new products to meet evolving customer needs, including innovative products like Structured Forwards and Reverse Repo</li> <li>Concluded Interest Rate Swap and Islamic Profit Rate Swap derivatives with corporate clients</li> </ul>
Investing in Digital Solutions	<ul style="list-style-type: none"> <li>Continued to drive strong adoption of our Foreign Exchange Digital System (FXDS), which provides enhanced client accessibility and efficiency</li> </ul>

## ➔ OUTLOOK & PROSPECTS

2024 will continue to pose a difficult operating environment with geopolitical tensions, interest rate volatilities and sluggish economic growth. Meanwhile, closer to home, electoral uncertainties and the persisting weakness of the Ringgit will have a dampening effect on business and investor sentiment.

In response, the division will maintain its focus on executing proactive risk management strategies while seeking to deliver further innovations that meet evolving client needs. By being responsive to change, ready to seize opportunities and in tune with the potential of technological advancements, the division shall seek to turn challenges into an opportunity to continue its strong trajectory of growth.

## BUSINESS REVIEW

### AFFIN MONEYBROKERS SDN BHD



**NG SEOW PANG**  
Chief Executive Officer  
Affin Moneybrokers Sdn Bhd

We continue our quest to grow by recognising that our greatest asset lies in our people. Our commitment to excellence will hinge on the collective efforts of our talented team. By deploying technology in their workplace, we seek to achieve our mission to be the market leader in the inter-dealer broking industry.

#### WHO WE ARE AND WHAT WE DO

Affin Moneybrokers Sdn Bhd (AMB) is an international money broker engaged in wholesale foreign exchange and money market broking services. Its principal activity is to act as intermediary or arranger of deals between authorised financial institutions in the foreign exchange and domestic money markets, including financial institutions and insurance companies. In return for this service, the division receives payment in the form of brokerage commission when deals between two parties are concluded.

#### BUSINESS ENVIRONMENT

With the interest rate hike cycle showing no signs of conclusion, 2023 continued to present a difficult operating environment for the division.

The global financial markets faced challenges in both equities and fixed income due to interest rate hikes driven by inflationary pressures. While fixed income markets bore the brunt of inflation, the rate of increase moderated as the year unfolded, providing a window for recovery. Meanwhile, the US Dollar index traded within a range and ended the year relatively stable.

Trading volumes for over-the-counter financial products in the interbank market witnessed growth across the board, with one notable exception: foreign exchange. In the forex market, the interest rate differential favoured the US Dollar, strengthening it against local currency. The allure of better returns in the Dollar discouraged repatriation while simultaneously triggering capital outflows, resulting in a thin one-sided market for most of the year.

Meanwhile, in the realm of interest rate products, the market experienced healthy volume growth of 25-30%. The cash market remained robust, driven by liquidity management needs of financial institutions. On the other hand, the fixed income market remained active, albeit under the shadow of higher interest rates in the economic outlook.

Derivatives, in particular, benefited from hedging activities as interest rate volatility intensified during the US rate hike cycle. The volume of derivative products surged by 15-20%. Meanwhile, clients continued to demand fee reductions, exacerbating an already-difficult operating environment.

#### KEY FOCUS AREAS

Focus Area	Achievements
<b>Employee Retention and Development</b>	<ul style="list-style-type: none"> <li>Continually assessed employee compensation and benefits and initiated a company-wide effort to adjust salaries and ensure competitive remuneration</li> <li>Continued to provide comprehensive learning and development programmes</li> </ul>
<b>Compliance</b>	<ul style="list-style-type: none"> <li>Built an appropriate governance framework to meet Bank Negara Malaysia standards and ensure comparable governance standards to the division's client base</li> </ul>

## ➔ 2023 ACHIEVEMENTS

### Financial

- Net profit increased by 5.8%
- First half revenue increased by 16%

The first half of the year contributed significantly to the division's progress from interest rate products which was a result of global interest rate policies. Clients were actively managing their balance sheet with that backdrop. However, during the second half of the year, personnel disruption caused by a competitor, derailed our activities. Overcoming the setbacks required the division to reorganise its resources, leading to a loss of momentum.

## ➔ RISKS

Risks	Description
<b>Under investment in Talent</b>	<ul style="list-style-type: none"> <li>• To prevent the erosion of the essential inter-dealer broking skillset within the industry, consistent investment is crucial. Every operator must intensify their efforts to mitigate the risk of the industry becoming obsolete.</li> <li>• Enhancing technical knowledge is crucial for inter-dealer brokers, as it empowers them to better serve the over-the-counter (OTC) market.</li> </ul>
<b>Weakening Economy</b>	<ul style="list-style-type: none"> <li>• A weakening economy may result in reduced transaction volume resulting in strong trending markets.</li> </ul>
<b>Electronic platforms</b>	<ul style="list-style-type: none"> <li>• With the anticipation of additional electronic platforms gaining approval from the central bank to cater to the over-the-counter market, the need to carve out a distinct niche for inter-dealer services becomes even more urgent.</li> </ul>

## ➔ Opportunities

Risks	Description
<b>Enhancement of Service Delivery</b>	<ul style="list-style-type: none"> <li>• By embracing technology, the division can enhance the quality of the service it provides to its customers</li> <li>• Supporting this, it is essential that the division addresses its capital expenditure requirements internally</li> </ul>
<b>Development of New Services</b>	<ul style="list-style-type: none"> <li>• The division will consult financial markets participants on their needs to facilitate the development of relevant services</li> <li>• Traditionally, new services are implemented when new products start trading in the financial markets</li> <li>• Over time, some services have been discontinued, and this is an opportune time for the division to explore reviving some of them</li> </ul>

## ➔ OUTLOOK & PROSPECTS

Looking forward, the division expects global economies to slow down and Malaysia will not be spared. Interest rates will probably start heading downward when this becomes more evident. Interest rate products will benefit, leading to an increase in volumes and transaction counts. Foreign exchange will suffer a decline in activity as trade flows across borders are expected to decrease. In response, the division will continue to build capabilities in areas that are not fully covered by the industry, with a view to opening new revenue streams selectively for underserved products. This should minimise the impact of reduced volumes in foreign exchange.

## BUSINESS REVIEW

### GENERALI INSURANCE MALAYSIA BERHAD



#### FABRICE BENARD

Country Head of Generali Entities in Malaysia & CEO of Generali Insurance Malaysia Berhad

As one of the largest insurers in Malaysia, we recognise the vital importance of sustainability in today's world. We are deeply committed to not only responding to this trend but also shaping the future of insurance for generations to come. Making sustainability the originator of our strategy means that sustainability will shape how we make decisions, ensuring that no one is left behind in securing vital protection.

#### WHO WE ARE AND WHAT WE DO

With more than 190 years of heritage, Generali Group is one of the world's largest insurance providers. The Group has been active in Malaysia since 2015 when it acquired a 49% stake in Multi-Purpose Insurans Berhad – a P&C insurance subsidiary of Multi-Purpose Capital Holdings to create MPI Generali. In 2022, Generali acquired full ownership of the MPI Generali joint venture and purchased a controlling majority in AXA Affin General and Life Insurance in Malaysia. These entities are now known as Generali Insurance Malaysia Berhad and Generali Life Insurance Malaysia Berhad, respectively.

In 2023, Generali unfolded a new growth chapter with the launch of a single, unified brand Generali Malaysia – one of the largest general insurers and an emerging life insurer in Malaysia backed by more than 1,600 employees, a wide distribution network of more than 9,000 agents and partners, and an extensive network of branches.

With an expanded scale, breadth, and expertise, Generali Malaysia strives to further its ambition of being a trusted lifetime partner and a progressive insurer that safeguards the needs of Malaysians and their future generations.

#### BUSINESS ENVIRONMENT

After the downturn of the pandemic years, the economy gradually rebounded in 2023. The recovery in GDP, increase in disposable income among the population and rising awareness of health and financial planning have contributed to the growth of the insurance market. This has opened the door for Generali to move ahead with its operational and expansion plans, with the aim of delivering greater value for the business and the company's stakeholders.

#### KEY FOCUS AREAS

Focus Area	Achievements
<b>Premiums &amp; Underwriting</b>	<ul style="list-style-type: none"> <li>Achieved Gross Written Premiums (GWP) forecast target</li> <li>Attained net underwriting profit of more than 100% above plan</li> </ul>
<b>Financial Growth</b>	<ul style="list-style-type: none"> <li>Achieved a PBT of RM131 million (surpassing target by 46%)</li> </ul>
<b>Employee Training and Development</b>	<ul style="list-style-type: none"> <li>More than RM2.5 million invested in employee training and upskilling</li> <li>Nearly 1,500 employees trained</li> <li>21 employees completed external certifications</li> <li>Generali Malaysia Volare Scholarship Programme awarded to seven undergraduate students</li> </ul>

<b>Creating Social and Environmental Value</b>	<p><b>Project Makan Sihat</b></p> <ul style="list-style-type: none"> <li>Delivered in collaboration with Yayasan Generasi Gemilang, this initiative targeted high-need families and children suffering from malnutrition in PPR Lembah Subang</li> <li>The company surpassed its fundraising goal of more than RM273,000 and ranked 2nd globally in The Human Safety Net (THSN) 2023 Global Challenge.</li> <li>Held a volunteering workshop in Dewan Taman Putra Damai to educate 50 mothers on the topics of Budget &amp; Menu Preparation and to motivate them to make positive changes to their lifestyle.</li> </ul> <p><b>Trash for Treats</b></p> <ul style="list-style-type: none"> <li>Contributed to a beach clean-up in collaboration with MY Clean Beach at Pantai Batu Laut, Tanjung Sepat, with nearly 100 volunteers joining forces to collect 460kg of trash</li> <li>Event ended with treats in exchange of the trash collected and a meaningful talk by MY Clean Beach on the importance of environmental stewardship</li> </ul> <p><b>Empowering Students of GIATMARA Entrepreneurship Programme</b></p> <ul style="list-style-type: none"> <li>Distribution of sewing machines to deserving students of GIATMARA entrepreneurship programme</li> <li>Empowered recipients to acquire valuable technical and vocational skills while simultaneously easing their financial burden as they embark upon their entrepreneurial journeys</li> </ul> <p><b>Blood Donation Campaign</b></p> <ul style="list-style-type: none"> <li>Organised a blood donation campaign at our headquarters in collaboration with Pusat Darah Negara</li> <li>Successfully collected 102 pints of blood through this campaign</li> </ul>
<b>Retail Growth</b>	<ul style="list-style-type: none"> <li>Streamlined risk appetite especially in terms of underwriting and preferred risks</li> <li>Pruned portfolio of investments to integrate ESG-related risks while investing in more preferred segments and lines of business to help boost both top and bottom lines</li> <li>Focused on growing commercial business lines that offer higher potential margins</li> <li>Developed more green products in line with sustainability objectives</li> </ul>
<b>Branch Network Expansion</b>	<ul style="list-style-type: none"> <li>Launched the first model branch in Seremban, offering a full product suite of general and life under one roof and driving significant employment opportunities for the local population</li> </ul>

## ➔ 2023 ACHIEVEMENTS

### Financial

- Net profit of RM95.8 million (more than 49% above plan)
- GWP of RM2.056 million (achieved forecast target)

### Non-Financial

- Reached two major milestones of system integration
- Posted staff engagement score that is higher than market norms
- Maintained strong brand presence through radio ads, billboards, social ads and banners, sponsorships, year-long thought leadership forums and interviews
- Enhanced Customer Satisfaction Index (CSI) score (under the General Insurer category) to 83, on par with the industry, with improvement across all pillars:
  - Accessibility: 75 (+21 points\*)
  - Product Suitability: 71 (+19 points\*)
  - Service Efficiency: 69 (+13 points\*)
  - Claims Transparency: 74 (+11 points\*)

\* Compared to MPI Generali

## BUSINESS REVIEW: GENERALI INSURANCE MALAYSIA BERHAD

### Awards & Recognition

#### Insurance Asia Awards 2023:

- International General Insurer of the Year – Malaysia (8<sup>th</sup> consecutive win)
- CEO of the Year (Fabrice Benard)

#### Insurance Asia News Awards for Excellence 2023

- CSR initiative of the Year – The Human Safety Net (Project Makan Sihat)
- CEO of the Year – Fabrice Benard

#### Graduan Brand Awards 2023

- 1<sup>st</sup> Runner Up for Malaysia's Most Preferred Employer 2023 (Insurance Sector)

### RISKS & OPPORTUNITIES

Challenges	<ul style="list-style-type: none"> <li>• Keeping up with evolving regulations</li> <li>• Investing in systems and processes that facilitate compliance with ever-changing requirements</li> <li>• Staying ahead of the risk impacts of issues such as climate change, geopolitical turbulence and technological transformation</li> <li>• Ensuring robust cybersecurity measures to deter cyber threats</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>• Upgrading and modernising systems to improve speed-to-market and enhance the customer experience</li> <li>• Cultivating local IT capabilities and promoting local IT talents, thus creating new job opportunities as existing systems are decommissioned</li> <li>• Capitalising on the value creation opportunities presented by sustainability, such as through sustainability-related investments and the development of socially responsible products</li> </ul>

### BUSINESS PERFORMANCE REVIEW

Strategies	Results
Strong Balance Sheet	<ul style="list-style-type: none"> <li>• Achieved healthy capital position and delivered dividends on target</li> </ul>
Integration	<ul style="list-style-type: none"> <li>• Completed PM1 and PM2</li> </ul>
High Staff Engagement Score	<ul style="list-style-type: none"> <li>• Recorded a score of 89 points, higher than market norms</li> </ul>
Strong Brand Presence	<ul style="list-style-type: none"> <li>• Achieved better brand presence than market norms</li> </ul>

### OUTLOOK & PROSPECTS

Driven largely by domestic consumption, the Malaysian economy is set to grow in 2024 and, thus, bolster the country's life insurance industry.

The company aims to capitalise on this positive momentum by scaling up its agency-based and bancassurance sales through productivity improvements and an aggressive recruitment strategy, while also taking steps to optimise its branch networks. In addition, it will aim to successfully deliver system integration and change management strategies. After the system integration process is complete, the company strives to drive digitalisation across its business in order to actualise efficiency gains.

As always, this success will be based on the value provided by people and, to this end, the company will seek to maximise its human capital through modern and purpose-fit training programmes and initiatives, with the aim of remaining as the employer of choice.

## GENERALI LIFE INSURANCE MALAYSIA BERHAD



**REBECCA TAN**  
CEO of Generali Life Insurance  
Malaysia Berhad

At Generali Life, we are committed to be Lifetime Partner to our customers through innovative and personalised solutions, best-in-class experience and digitalised distribution capabilities. We provide a comprehensive range of insurance protection solutions i.e. life, medical, critical illness, savings, and legacy planning to meet the evolving demands of our customers.

### WHO WE ARE AND WHAT WE DO

With more than 190 years of heritage, the Generali Group is one of the world’s largest insurance providers. The Group has been active in Malaysia since 2015 when it acquired a 49% stake in Multi-Purpose Insurans Berhad – a P&C insurance subsidiary of Multi-Purpose Capital Holdings to create MPI Generali. In 2022, Generali acquired full ownership of the MPI.

Generali joint venture and purchased a controlling majority in AXA Affin General and Life Insurance in Malaysia. These entities are now known as Generali Insurance Malaysia Berhad and Generali Life Insurance Malaysia Berhad, respectively.

In 2023, Generali unfolded a new growth chapter with the launch of a single, unified brand Generali Malaysia – one of the largest general insurers and an emerging life insurer in Malaysia backed by more than 1,600 employees, a wide distribution network of more than 9,000 agents and partners, and an extensive network of branches.

With an expanded scale, breadth, and expertise, Generali Malaysia strives to further its ambition of being a trusted lifetime partner and a progressive insurer that safeguards the needs of Malaysians and future generations.

### BUSINESS ENVIRONMENT

After the downturn of the pandemic years, the economy gradually rebounded in 2023. The recovery in GDP, increase in disposable income among the population and rising awareness of health and financial planning have contributed to the growth of the insurance market. This has opened the door for Generali to move ahead with its operational and expansion plans, with the aim of delivering greater value for the business and the company’s stakeholders.

### KEY FOCUS AREAS

Focus Area	Achievements
<b>APE</b>	<ul style="list-style-type: none"> <li>Registered strong new business growth vs 2022</li> </ul>
<b>Financial Growth</b>	<ul style="list-style-type: none"> <li>Higher Net Result compare to Plan</li> </ul>
<b>Employee Training and Development</b>	<ul style="list-style-type: none"> <li>Improved engagement score from 79 in 2022 to 90 in 2023</li> <li>Invested in employee training and upskilling</li> <li>Generali Malaysia Volare Scholarship Programme awarded to seven undergraduate students</li> </ul>
<b>Creating Social and Environmental Value</b>	<p><b>Project Makan Sihat</b></p> <ul style="list-style-type: none"> <li>Delivered in collaboration with Yayasan Generasi Gemilang, this initiative targeted high-need families and children suffering from malnutrition in PPR Lembah Subang</li> <li>The company surpassed its fundraising goal of more than RM273,000 and ranked 2nd globally in The Human Safety Net (THSN) 2023 Global Challenge.</li> <li>Held a volunteering workshop in Dewan Taman Putra Damai to educate 50 mothers on the topics of Budget &amp; Menu Preparation and to motivate them to make positive changes to their lifestyle.</li> </ul>

## BUSINESS REVIEW: GENERALI LIFE INSURANCE MALAYSIA BERHAD

	<p><b>Trash for Treats</b></p> <ul style="list-style-type: none"> <li>Contributed to a beach clean-up in collaboration with MY Clean Beach at Pantai Batu Laut, Tanjung Sepat, with nearly 100 volunteers joining forces to collect 460kg of trash</li> <li>Event ended with treats in exchange of the trash collected and a meaningful talk by MY Clean Beach on the importance of environmental stewardship</li> </ul> <p><b>Empowering Students of GIATMARA Entrepreneurship Programme</b></p> <ul style="list-style-type: none"> <li>Distribution of sewing machines to deserving students of GIATMARA entrepreneurship programme</li> <li>Empowered recipients to acquire valuable technical and vocational skills while simultaneously easing their financial burden as they embark upon their entrepreneurial journeys</li> </ul> <p><b>Blood Donation Campaign</b></p> <ul style="list-style-type: none"> <li>Organised a blood donation campaign at our headquarters in collaboration with Pusat Darah Negara</li> <li>Successfully collected 102 pints of blood through this campaign</li> </ul>
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>Classified investment holdings in accordance to the classification stipulated in CCPT guidelines</li> <li>Implementation of negative screening in asset management</li> </ul>
<b>Branch Network Expansion</b>	<ul style="list-style-type: none"> <li>Launched the first model branch in Seremban, offering a full product suite of general and life under one roof and driving significant employment opportunities for the local population</li> </ul>

### 2023 ACHIEVEMENTS

#### Financial

- Recorded 6% growth in Annualised Premium Equivalent (APE) compared to plan, with Banca Affin registering strong growth of 23% and the agency channel growing by 12%
- Gross Written Premium (GWP) of RM493.3 million, below plan by 3%
- Annual Premium Equivalent (APE) of RM69.8 million, exceeding plan by 9%
- Loss After Tax of RM23.4 million, below plan by 27%

#### Non-Financial

- Maintained strong brand presence through radio ads, billboards, social ads and banners, sponsorships, year-long thought leadership forums and interviews
- Achieved a Customer Satisfaction Index (CSI) score of 87, higher than the industry average of 85 (as per the Customer Satisfaction Survey 2022), thus ranking amongst the top five life insurers in the country
- Improved performance recorded improvement across all pillars:
  - Accessibility: 81 (as compared to industry average of 77)
  - Product Suitability: 88 (as compared to industry average of 81)
  - Service Efficiency: 82 (as compared to industry average of 79)
  - Claims Transparency: 76 (as compared to industry average of 75)

#### Awards & Recognition

- Named International General Insurer of the Year (Malaysia) by Insurance Asia Awards
- Fabrice Benard, Country Head of Generali Entities in Malaysia & CEO of Generali Insurance Malaysia Berhad named CEO of the Year by Insurance Asia Awards
- The division's Human Safety Net (Project Makan Sihat) named CSR Initiative of the Year by Insurance Asia News Awards
- Fabrice Benard, Country Head of Generali Entities in Malaysia & CEO of Generali Insurance Malaysia Berhad named CEO of the Year by Insurance Asia News Awards
- Won 1<sup>st</sup> Runner-up, Malaysia's Most Preferred Employers under Insurance Sector in Graduan Brands Awards 2023
- Rebecca Tan, CEO of Generali Life Insurance Malaysia Berhad lauded for Entrepreneurial Leadership of The Year in the Insurance category by The BrandLaureate Awards 2023



## ➤ RISKS & OPPORTUNITIES

Challenges	<ul style="list-style-type: none"> <li>• Keeping up with evolving regulations</li> <li>• Investing in systems and processes that facilitate compliance with ever-changing requirements</li> <li>• Staying ahead of the risk impacts of issues such as climate change, geopolitical turbulence and technological transformation</li> <li>• Ensuring robust cybersecurity measures to deter cyber threats</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>• Upgrading and modernising systems to improve speed-to-market and enhance the customer experience</li> <li>• Cultivating local IT capabilities and promoting local IT talents, thus creating new job opportunities as existing systems are decommissioned</li> <li>• Capitalising on the value creation opportunities presented by sustainability, such as through sustainability-related investments and the development of socially responsible products</li> </ul>

## ➤ BUSINESS PERFORMANCE REVIEW

Strategies	Results
Integration	Delivered key milestones of system integration.
Agency	Posted strong new business growth.
Bancassurance	Deepen Bancassurance partnership with Affin Bank Berhad and registered 23% growth.
Strong brand presence	Achieved better brand presence than market norms

## ➤ OUTLOOK & PROSPECTS

Driven largely by domestic consumption, the Malaysian economy is set to grow in 2024 and, thus, bolster the country's life insurance industry.

The company aims to capitalise on this positive momentum by scaling up its agency-based and bancassurance sales through productivity improvements and an aggressive recruitment strategy, while also taking steps to optimise its branch networks. In addition, it will aim to successfully deliver system integration and change management strategies. After the system integration process is completed, the company strives to drive digitalisation across its business in order to actualise efficiency gains.

As always, this success will be based on the value provided by people and, to this end, the company will seek to maximise its human capital through modern and purpose-fit training programmes and initiatives, with the aim of remaining as an employer of choice.

# CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE



**DATO' AGIL NATT**  
Chairman, Affin Bank Berhad

## Dear Stakeholder,

On behalf of the Board of Directors, I am pleased to present to you the Corporate Governance Overview Statement for the year 2023. As the Chairman of the Board, I am committed to uphold the highest standards of corporate governance and to ensure that the Board fulfils its fiduciary duties and responsibilities to the shareholders and other stakeholders of the AFFIN Group.

The Board recognises that good corporate governance is essential for the long-term sustainability of the Group and the creation of stakeholders' value. Therefore, the Board has adopted a proactive and strategic approach to set the direction and oversee the management of the Group. The Board has also established a clear and effective governance framework that covers the Board's composition, roles, functions, processes, committees, policies and practices.

In this report, I will highlight some of the key aspects of our corporate governance practices and initiatives for the year 2023, with a focus on how the corporate governance practices will contribute to the achievement of our vision, mission, values and strategic goals.

The Board has developed a comprehensive and forward-looking agenda for the year 2023, which covers, among others, the following items:

- Review and approve the Group's annual budget and business plan for 2024
- Monitor and evaluate the Group's performance and progress against the key performance indicators and targets under our A25 programme
- Introduction and adoption of the AX28 strategy
- Assess and manage the Group's risks and opportunities in the changing business environment and regulatory landscape
- Oversee and support the Group's digital transformation and innovation initiatives
- Strengthen the Group's corporate culture and human capital development
- Enhance the Group's stakeholder engagement and corporate social responsibility
- Ensure the Group's compliance with relevant laws, regulations, codes and standards
- Review and update the Group's corporate governance policies and practices

The Board has analysed each item in terms of its objectives, outcomes, benefits, risks, alignment and prioritisation, with the assistance of the Board Committees and Management. The Bank has also outlined the potential stakeholders' values that could be created, including the shareholders, customers, employees, regulators, suppliers, partners, communities and the environment as illustrated in different sections of this Annual Report.

The Board believes that the corporate governance initiatives put in place by the Group are aligned with the Group's vision, mission, values and strategic goals, and that they will support the Group's growth, profitability, resilience, competitiveness, innovation, reputation and social impact. The Board also believes that the said initiatives are prioritised based on their urgency, impact and feasibility, and that they will address the most critical and relevant issues and opportunities facing the Group.

The Board is confident that by upholding the highest standard of corporate governance, the Group will be able to deliver value to its stakeholders and to fulfil its corporate governance obligations and expectations. The Board will continue to monitor and review the implementation and outcomes of the corporate governance initiatives on a regular basis and make necessary adjustments and improvements as required.

In conclusion, I would like to express my sincere appreciation and gratitude to the Board members, the Management team, the employees and the stakeholders for their continued support, trust and cooperation. I would also like to assure you that the Board will continue to strive for excellence in corporate governance and to act in the best interests of the Group and the stakeholders.

Thank you.

Yours faithfully  
**Dato' Agil Natt**  
Chairman

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

This Corporate Governance Overview Statement (CG Statement) provides insights into the corporate governance (CG) practices of AFFIN during the financial year ended 31 December 2023 and up to the date of publication of this Annual Report 2023 (year under review). This CG Statement outlines the Bank’s compliance with the three (3) principles set out in the Malaysian Code of Corporate Governance 2021 issued by the Securities Commission (MCCG 2021) as follows:



To ensure compliance with the most recent relevant Corporate Governance and regulatory obligations, the Board regularly reviews its governance procedures and processes. Throughout the year in review, the Bank has complied with all the provisions of the MCCG 2021 save for Practice 8.2 (disclosure of senior management’s remuneration). This includes the adoption of four (4) out of five (5) step ups, which are considered exemplary practices. As for Practice 12.2 (Integrated Reporting), the Bank’s Annual Report is in the journey of transitioning into a full Integrated Reporting. The Bank aims to fully adopt the Integrated Reporting by financial year ending 31 December 2024. A more thorough description of the manner in which the Bank is addressing these departures is set out in the Corporate Governance Report (CG Report) which is available on AFFIN Group’s corporate website at [www.affingroup.com](http://www.affingroup.com) or the Bursa Malaysia announcement web page.

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



The Bank’s commitment towards upholding high standards of Corporate Governance was recognised when it received the following awards in 2022 by the Minority Shareholders Watch Group (MSWG) via MSWG-ASEAN CG Award 2021 during the financial year ended 31 December 2021 (FY2021) and ASEAN Asset Class PLCs (Malaysia) at the 2021 ASEAN Corporate Governance Scorecard Award:-

- INDUSTRY EXCELLENCE AWARD FOR FINANCIAL SERVICES 2021
- RANKED NO: 16 (IN THE TOP 100 COMPANIES FOR CG DISCLOSURE)
- ASEAN ASSET CLASS PLCs (MALAYSIA)

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Governance Structure and Framework

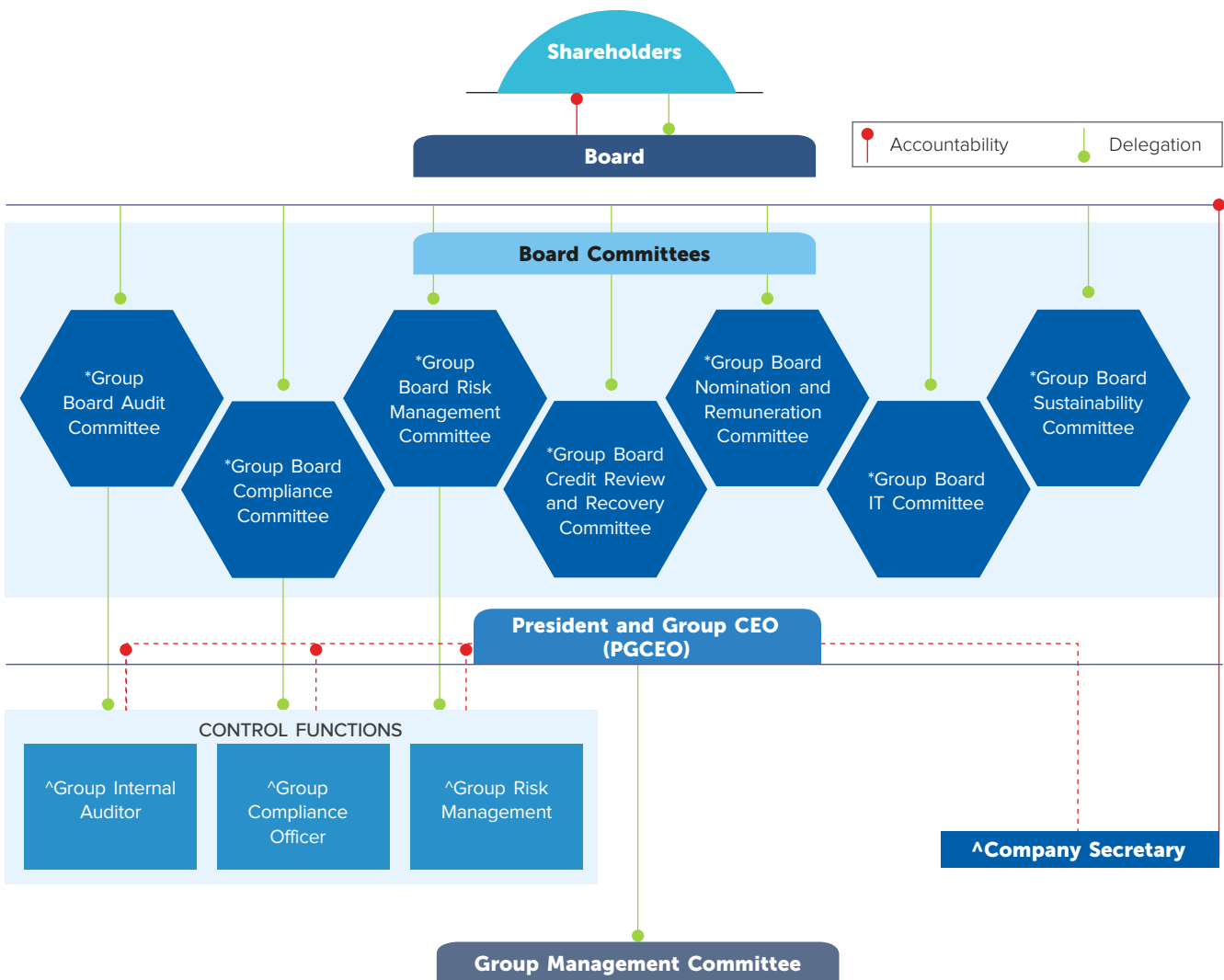
The Board views corporate governance as a fundamental process contributing towards achieving long-term shareholder value, taking into account the interest of all other stakeholders. The Board champions transparency and accountability in the boardroom, fostering these vital components of governance throughout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

The Group believes that a healthy corporate culture and robust governance framework ensures that the organisation continues to run smoothly and efficiently.

Amidst an increasingly challenging business environment, the Board is committed to strengthening the Group’s corporate governance practices and processes to effectively meet growing operating challenges.

An important role of corporate governance is to ensure sustainable long-term performance, maximise returns for our stakeholders and create long-term economic value and growth. AFFIN Corporate Governance Framework, its structure and processes, are built upon the Terms of Reference (TOR) of the Board Committees which are complemented by Authority Limits and supported by the various management committees, policies and procedures. The Board practices collective oversight of the Board Committees and Management, while delegating responsibilities without abdicating its duties.

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



\* Established on Group basis with fair representation from Affin Bank Berhad (ABB), Affin Islamic Bank Berhad (AIBB) and Affin Hwang Investment Bank Berhad (AHIBB)

^ The Group Chief Internal Auditor, Group Chief Compliance Officer, Group Chief Risk Officer and Company Secretary report administratively to the President & Group CEO.

**PRINCIPLE A:****BOARD LEADERSHIP AND EFFECTIVENESS****ROLES AND RESPONSIBILITIES OF THE BOARD**

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








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

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

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

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

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

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

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

**LEADERSHIP AND MANAGEMENT**

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

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

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

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A:

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

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

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

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

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

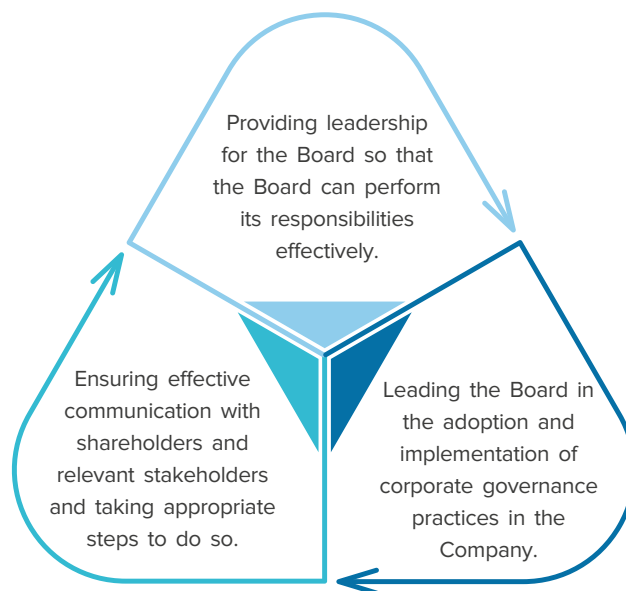
The current composition of Directors has a blend of skills, experience and knowledge enabling them to provide effective oversight, strategic guidance and constructive challenge, examine, review and decide on Management's proposals and empower the PGCEO to implement strategies approved by the Board.

#### Chairman

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

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

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



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

#### PGCEO

The PGCEO focuses on the business and day-to-day management of the Bank and is responsible for developing business strategies and ensuring implementation of such strategies and policies. The balance of responsibilities between the Chairman and PGCEO is regularly reviewed to ensure the division of functions remains appropriate to the needs of the Bank.

#### Company Secretary

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

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

## BOARD LEADERSHIP AND EFFECTIVENESS

Directors	Designation	Board	GBNRC	GBCRRC*	GBAC*	GBITC*	GBRMC*	GBCC*	GBSC#
<b>ABB</b>									
YBhg. Dato' Md Agil bin Mohd Natt	Chairman/INED	18/18	–	27/27	–	15/15	–	–	–
YBhg. Dato' Abdul Aziz bin Abu Bakar	INED	17/18	11/11 (C)	–	–	–	–	–	–
YBhg. Dato' Mohd Hata bin Robani	INED	17/18	–	4/4 (C)	15/15	–	–	10/10	–
Mr. Ignatius Chan Tze Ching	NINED (BEA representative)	18/18	–	–	–	–	–	–	–
YBhg. Dato' Rozalila Binti Abdul Rahman	INED	16/18	–	–	–	12/13	14/14	2/2 (C)	1/1
Mr. Yuen Peter Wai Hung	NINED (BEA representative)	18/18	–	–	–	–	–	10/10	–
Ms. Marzida Binti Mohd Noor	INED	17/18	11/11	–	–	15/15 (C)	–	–	–
Mr. Gregory Jerome Gerald Fernandes	INED	18/18	–	–	15/15 (C)	–	–	12/12	–
Ms. Chan Wai Yu	INED	18/18	–	23/23	–	–	15/15 (C)	–	–
Encik Mohammad Ashraf Bin Md Radzi	NINED (LTAT representative)	18/18	–	–	–	–	15/15	–	–
Ms. Emeliana Dallon Rice-Oxley (Appointed as Director of ABB effective 1 October 2023)	INED	4/4	–	–	–	–	–	–	1/1 (C)
<b>AIBB</b>									
Tuan Haji Musa Bin Abdul Malek (Chairman, AIBB)	Chairman/INED	–	–	22/27	–	11/13	–	–	1/1
Encik Suffian Bin Baharuddin	INED	–	–	–	15/15	–	14/15	–	–
Datuk Mohd Farid Bin Mohd Adnan	INED	–	11/11	–	–	–	–	11/12	–
Ms. Tan Ler Chin, Cindy	INED	–	–	–	–	14/15	13/15	–	–
Encik Muhammad Fitri Bin Othman	NINED (LTAT representative)	–	–	–	–	–	–	12/12	–
Encik Dali bin Sardar (Appointed as Director of AIBB effective 16 June 2023)	INED	–	–	13/13	2/2	–	–	–	–
Dr. Sharbanom binti Abu Bakar (Appointed as Director of AIBB effective 6 October 2023)	INED	–	–	–	–	2/2	–	–	1/1
<b>AHIBB</b>									
YM Tunku Afwida	Chairman/INED	–	–	–	–	13/15	–	–	–
Datuk Wan Razly Abdullah	NIED (ABB representative)	–	–	–	–	–	–	–	–
Encik Hasli Hashim	INED	–	–	25/27	–	–	14/14	–	–
Mr. Eugene Hon Kah Weng	INED	–	–	–	15/15	–	–	–	–
Dato' Abdul Wahab	INED	–	11/11	–	–	–	–	–	–
Ms. Kong Yuen Ling	NINED (BEA representative)	–	–	–	–	–	–	10/12	–
Ms. Tracy Ong (Appointed as Director of AHIBB effective 18 May 2023)	INED	–	–	13/13	–	–	1/1	–	–

**Note:**

INED : Independent Non-Executive Director

NINED: Non-Independent Non-Executive Director

NIED : Non-Independent Executive Director

\* Change of composition effective 1 November 2023

# Established effective 1 November 2023

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A:

#### BOARD AND BOARD COMMITTEES' DELIBERATIONS

The highlights of matters reviewed, deliberated and approved by the Board and Board Committees during FY2023 were as follows:-

##### Board

##### Key Activities of the Board and Board Committee in 2023

#### STRATEGY, TECHNOLOGY & ESG

1. Business strategy of various sectors within the Group Budget and Business Plan for the Group for FY2023
2. Capital Position & Capital Plan
3. Relocation of ABB's Head Office and Offices to Menara AFFIN, TRX
4. AFFIN TRX Strategy
5. Dividend payment for 2023 and Dividend Reinvestment Plan
6. The Bank's Climate Risk Management Plan
7. Bursa Malaysia's enhanced Sustainability Reporting Framework with New Climate Change Reporting
8. AFFIN Group Recovery Plan
9. Proposed relocation of branches and opening of new branches
10. Corporate Exercises – AFFIN partnership
11. AFFIN Mobile application implementation
12. Contents of Annual Report 2023
13. AFFIN change the Bank Strategy (AX28)
14. Branch Transformation Strategy 2.0
15. SME Credit Models – Application Scorecards (A-Score) and Behavioural Scorecard (B-Score)
16. AFFIN collaboration with KLEAN Reverse Vending Machine
17. Establishment of Group Board Sustainability Committee

#### GOVERNANCE, RISK & COMPLIANCE

1. BNM Composite Risk Rating findings
2. Re-appointment of external auditors for the Group
3. Group Board and Board Committee Composition
4. Revision of Corporate Governance Framework
5. Board Effectiveness Evaluation
6. Fit and Proper Assessment
7. Group Risk Appetite Statement
8. Recovery Plan
9. Annual Credit Plan
10. Group Enterprise Risk Dashboard
11. Various revision of policies/frameworks not limited to Approving Authority Framework, MFRS9 Model Review, Credit Transactions and Exposure with Connected Parties, Technology Risk Management Framework, Group Credit Risk Policy, Credit Authority Framework and Group Business Continuity Policy
12. Establishment of Technology Risk Management Policy
13. Development of Behavioural Model for Interest Rate and Rate of Return Risk in Banking Book
14. Assessment on Risk Management Practices & Lessons Learnt from the Silicon Valley Bank ("SVB") Crisis
15. Monthly updates from Group Compliance, Group Internal Audit and Group Risk Management

#### FINANCIALS & PERFORMANCE

1. AFFIN Budget FY2024 (Including CAPEX Budget) and Forecast FY2025 to FY2027 and FY2023 Business Plan & Strategy
2. Group ICAAP Framework Annual Review
3. Capital Threshold (ICT) for FY2024
4. Issuance of AT1CS
5. Cost to Income Analysis
6. Capex Budget
7. Outsourcing Plan
8. Group Internal Capital Threshold and Stress Test Results

#### CSR, CULTURE & PEOPLE

1. AFFIN Contribution to Yayasan LTAT
2. Group Organisational Structure
3. Overview of Consequence Management
4. Directors and Shariah Training Plan 2023
5. Updates on employees' engagement surveys - Lenses
6. Appointment and contract renewal of senior management
7. Implementation of new HR Management system
8. AFFIN Share Grant Scheme



## BOARD LEADERSHIP AND EFFECTIVENESS

## GROUP BOARD AUDIT COMMITTEE

**Members (Latest)**

- 1) Mr. Gregory Jerome Gerald Fernandes (Chairman) (Representing ABB)
- 2) Dato' Mohd Hata Robani (Representing ABB)
- 3) Encik Suffian Baharuddin (Representing AIBB)
- 4) Mr. Eugene Hon Kah Weng (Representing AHIBB)
- 5) Encik Dali Kumar @ Dali Sardar (Representing AIBB) *(appointed as member w.e.f. 1 November 2023)*

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

**MAIN ROLES & RESPONSIBILITIES**

- To establish the framework and oversee the audit function of AFFIN.
- To provide assistance to the Board in fulfilling its statutory and fiduciary responsibilities in ensuring that good corporate governance, system of internal controls, codes of conduct and compliance with regulatory and statutory requirements are maintained by the Group.
- Implement and support the function of the Board by reinforcing the independence and objectivity of the Group Internal Audit Division (GIA).
- Ensure that Internal and External Audit functions are properly conducted, and audit recommendations are implemented timely and effectively.

**MATTERS DISCUSSED IN 2023**

- Approval of the GIA Annual Audit Plan for 2023.
- Review of audit reports and findings by GIA scheduled in the Annual Audit Plan, in addition to special ad-hoc audit reports.
- Deliberation on monthly financial results and endorsements of quarterly and year-end financial statements prepared by the Group Finance Division.
- Review of internal investigation reports as directed by the Board or requested by Management.
- Review of the risks and controls culture pulse assessment that were embedded as part of the audit assessments.
- Monitoring of the corrective actions taken by Management on findings from regulators, internal and external auditors.
- Provide oversight over audit matters of the Group's subsidiaries, discussing and providing recommendations to subsidiaries' Board Audit Committee as and when deemed necessary on matters of significant governance, risk management and controls issues.
- Review on the progress of Annual Audit Plan FY2023.
- Review of audit reports and internal control recommendations by the external auditors, including key audit matters and significant accounting issues.
- Review and recommendation on the re-appointment and fees of external auditors.
- Review and recommendation on the appointment of external auditors for non-audit related services.
- Revision of GBAC Terms of Reference.

**BOARD COMMITTEES**

**TOTAL MEETINGS IN 2023:**

**SCHEDULED  
12 MEETINGS**

**SPECIAL  
3 MEETINGS**

**JOINT GBAC & GBRMC  
2 MEETINGS**

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A:

## GROUP BOARD RISK MANAGEMENT COMMITTEE

## Members (Latest)

- 1) Dato' Rozalila Binti Abdul Rahman (Chairman) (representing ABB) (*ceased to be Chairman effective 1 November 2023*)
- 2) Ms. Chan Wai Yu (representing ABB) (*appointed as Chairman w.e.f. 1 November 2023*)
- 3) Encik Suffian Bin Baharuddin (representing AIBB)
- 4) Ms. Tan Ler Chin, Cindy (representing AIBB)
- 5) Encik Hasli Bin Hashim (representing AHIBB) (*ceased to be a member w.e.f. 1 November 2023*)
- 6) Encik Mohammad Ashraf bin Md Radzi (representing ABB)
- 7) Ms. Tracy Ong Guat Kee (representing AHIBB) (*appointed w.e.f. 1 November 2023*)

## MAIN ROLES &amp; RESPONSIBILITIES

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

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

## MATTERS DISCUSSED IN 2023

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

## BOARD COMMITTEES



TOTAL MEETINGS IN 2023:

SCHEDULED  
11 MEETINGS

SPECIAL  
4 MEETINGS

JOINT GBAC & GBRMC  
2 MEETINGS

## BOARD LEADERSHIP AND EFFECTIVENESS

## GROUP BOARD COMPLIANCE COMMITTEE

## Members (Latest)

- 1) Dato' Rozalila Abdul Rahman (Chairman) (Representing ABB) (*appointed as member and Chairman w.e.f. 1 November 2023*)
- 2) Dato' Mohd Hata Robani (*ceased to be Chairman and member w.e.f. 1 November 2023*)
- 3) Mr Peter Yuen Wai Hung (*ceased to be member w.e.f. 1 November 2023*)
- 4) Mr. Gregory Jerome Gerald Fernandes (Representing ABB)
- 5) Datuk Mohd Farid Bin Mohd Adnan (Representing AIBB)
- 6) Mr. Muhammad Fitri Othman (Representing AIBB)
- 7) Ms. Kong Yuen Ling (Representing AHIBB)

## MAIN ROLES &amp; RESPONSIBILITIES

- Assess and examine the adequacy of Group compliance and integrity as well as governance frameworks for the Group.
- Support the Board to fulfil its responsibilities to:-
  - Oversee the management of compliance risk by ensuring compliance process is in place and functioning in line with the expectations of regulators.
  - Oversee integrity and governance matters inclusive of corruption, fraud, malpractice, unethical conduct and abuse of power within the organisation that are guided by applicable laws and regulations and make the necessary recommendations to align to the Group's long-term strategy.
  - Review and recommend risk management and corruption risk management philosophy and strategy for the Board's approval.
  - Ensure clear and independent reporting lines and responsibilities for the overall business activities, compliance functions and integrity & governance function.
  - Ensure the practice of excellent work culture among employees, with strong morals and ethics within the organisation.
- Monitor the Bank's management of compliance risk through periodic reporting on AML/CFT updates, outcome from compliance review exercise, statistics of whistleblowing cases as well as non-compliance incidences report.

## MATTERS DISCUSSED IN 2023

- Review the revised policies such as Management of Customer Information and Permitted Disclosure ("MCIPID") and Foreign Exchange Administration Master Policies.
- Monitor the status of remediation Action on BNM Composite Risk Rating for Compliance related issues.
- Review the Annual Compliance Risk Assessment conducted on ABB, AIBB and AHIBB.
- Review the revision on Term of Reference for GBCC.
- Review the Bank wide AML/CFT risk assessment & risk appetite.
- Review the Annual Compliance Plan for 2024.
- Deliberation of regulatory breaches.
- Monitor Integrity & Governance Unit's bi-annual reporting to Malaysian Anti-Corruption Commission.

## BOARD COMMITTEES



TOTAL MEETINGS IN  
2023:

SCHEDULED  
12 MEETINGS

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A:

## GROUP BOARD NOMINATION AND REMUNERATION COMMITTEE

## Members (Latest)

- 1) Dato' Abdul Aziz Abu Bakar (Chairman) (Representing ABB)
- 2) Puan Marzida Mohd Noor (Representing ABB)
- 3) Datuk Mohd Farid Mohd Adnan (Representing AIBB)
- 4) Dato' Abdul Wahab Abu Bakar (Representing AHIBB)

(Adopted Practice 1.4 of MCCG 2021)

## MAIN ROLES &amp; RESPONSIBILITIES

- To provide a centralised platform in setting the Group principles, procedures and framework relating to the composition of the Board and Management including their appointment/re-appointment, effectiveness and performance as well as remuneration policy for the Board, Management and the Group as a whole. This Group approach would promote compensation philosophy which would drive performance of the Group as a whole.
- To review the diversity, matrix skills of the Board and Management from broader perspective to ensure that it aligns with the Group's strategy and placement of human capital at entity level with the right skills set.
- The GBNRC is set-up with the following objectives:-
  - The selection and appointment of new Directors and PGCEO as well as assessment of effectiveness of individual Directors, Board as a whole, Board Committees and performance of PGCEO and Key Senior Management Officers (KSMO); and
  - Develop remuneration policy for Directors, PGCEO and KSMO and ensuring that compensation is competitive and consistent with the Bank's culture, objectives and strategies.

## MATTERS DISCUSSED IN 2023

- Appointment of Directors with Sustainability background.
- Establishment of Group Board Sustainability Committee.
- Setting up of KPIs and Scorecard for FY2023.
- Performance assessment of KSMO for new appointment and contract renewal of ABB, AIBB and AHIBB.
- Assessment of fitness and propriety of Directors and Key Responsible Persons.
- Assess suitability of candidates for appointment and re-appointment of Directors and Shariah Committee members.
- Review the remuneration of Directors, Shariah Committee and KSMO.
- Outcome of the Board Effectiveness Evaluation exercise for FY2022.
- Review of Board and Management Succession Plan.
- Review the overall composition of the Board and Board Committees.
- Revision to Corporate Governance Framework.

## BOARD COMMITTEES



TOTAL MEETINGS IN 2023:

SCHEDULED 9 MEETINGS

SPECIAL 2 MEETINGS

## BOARD LEADERSHIP AND EFFECTIVENESS

## GROUP BOARD CREDIT REVIEW AND RECOVERY COMMITTEE

**Members (Latest)**

- 1) Dato' Mohd Hata Robani (Chairman) (Representing ABB) (*appointed as member and Chairman w.e.f. 1 November 2023*)
- 2) Ms. Chan Wai Yu (*ceased to be Chairman and member w.e.f. 1 November 2023*)
- 3) Dato' Agil Natt (Representing ABB)
- 4) Encik Musa Abdul Malek (Representing AIBB)
- 5) Encik Dali Kumar @ Dali Sardar (Representing AIBB) (*appointed as member w.e.f. 1 July 2023*)
- 6) Encik Hasli Hashim (Representing AHIBB)
- 7) Ms. Tracy Ong Guat Kee (Representing AHIBB) (*appointed as member w.e.f. 1 July 2023*)

**MAIN ROLES & RESPONSIBILITIES**

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

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

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

**MATTERS DISCUSSED IN 2023**

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

**BOARD COMMITTEES**

**TOTAL MEETINGS IN 2023:**

**SCHEDULED 23 MEETINGS**

**SPECIAL 4 MEETINGS**

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A:

## GROUP BOARD INFORMATION TECHNOLOGY COMMITTEE

## Members (Latest)

- 1) Puan Marzida Binti Mohd Noor (Chairman) (Representing ABB)
- 2) Dato' Agil Natt (Representing ABB)
- 3) Ms. Tan Ler Chin, Cindy (Representing AIBB)
- 4) Tunku Afwida Tunku A. Malek (Representing AHIBB)
- 5) Dr. Sharbanom Binti Abu Bakar (Representing AIBB) (*appointed as member w.e.f. 1 November 2023*)
- 6) Dato' Rozailia Abdul Rahman (*ceased to be member w.e.f. 1 November 2023*)
- 7) Haji Musa Abdul Malek (*ceased to be member w.e.f. 1 November 2023*)

## MAIN ROLES &amp; RESPONSIBILITIES

- Oversee the overall development, risk management, integration and alignment of the Information Technology (IT) strategy and plan with AFFIN entities strategic business direction and plan.
- Ensure that IT has the right talent and culture to develop organisational capabilities which are agile, innovative, adaptable and most importantly focused on business value creation.
- Oversee the overall AFFIN strategic transformation programme, ensure alignment with business strategic objectives and effective implementation in a timely manner.

## MATTERS DISCUSSED IN 2023

- Deliberation of investment proposals for technology transformation involving channels and support systems for AFFIN.
- Review of productivity and efficiency in technology and resources in managing the Group's technology.
- Review and monitoring of the A25 transformation plan and deliberate on the evolution into the next phase of transformation as encapsulated in the AX28 plan (Change the Bank Strategy).
- Review of information security management strategies to maintain confidentiality, integrity and availability standards.
- Technology and transformation risk management covering operational, cyber security, and emerging risks.

BOARD  
COMMITTEESTOTAL MEETINGS IN  
2023:SCHEDULED  
11 MEETINGSSPECIAL  
4 MEETINGS

## BOARD LEADERSHIP AND EFFECTIVENESS

**GROUP BOARD SUSTAINABILITY COMMITTEE (established w.e.f. 1 November 2023)****Members (Latest)**

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

**MAIN ROLES & RESPONSIBILITIES**

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

**MATTERS DISCUSSED IN 2023**

- Formalisation of GBSC's Term of Reference.
- Review of Group's Sustainability Framework.
- Monitor the progress of Climate Risk Management & Scenario Analysis (CRMSA) implementation plan including the implementation of CRMSA Capability Development and Competency Framework following BNM's CRMSA policy documents to adopt sixteen (16) climate-related initiatives.

**BOARD  
COMMITTEES**

**TOTAL MEETINGS IN  
2023:**

**SCHEDULED  
1 MEETING**

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A:

#### BOARD COMPOSITION

##### Board Composition, Independence and Diversity

###### Board Composition

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

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

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

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

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

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

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

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

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

In 2023, the Board appointed Ms. Emeliana Dallon Rice-Oxley, who has ESG and DEI experience, to help the Board in planning and executing the ESG initiatives for the Bank. The next step is to recruit Director with suitable skills and background to assist the Bank in reaching its long-term strategy.

The Bank wishes to affirm that:-

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



**BOARD LEADERSHIP AND EFFECTIVENESS**

As at 31 December 2023, the Board composition, independence and diversity for the Bank is depicted below:-

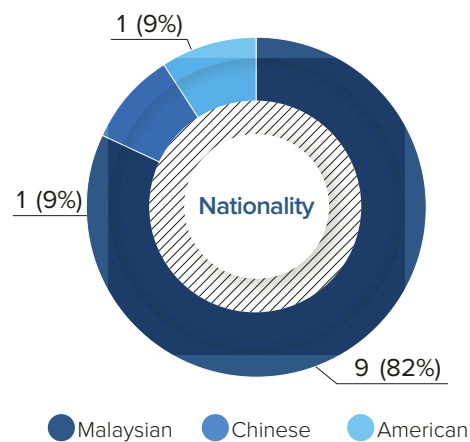
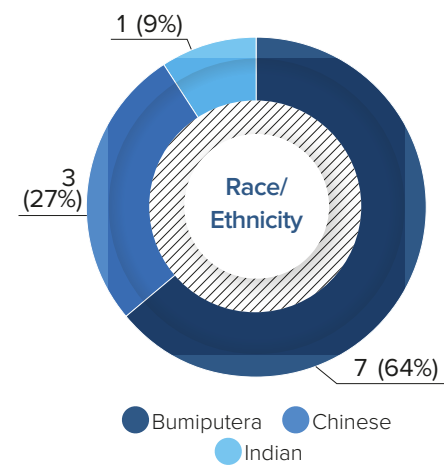
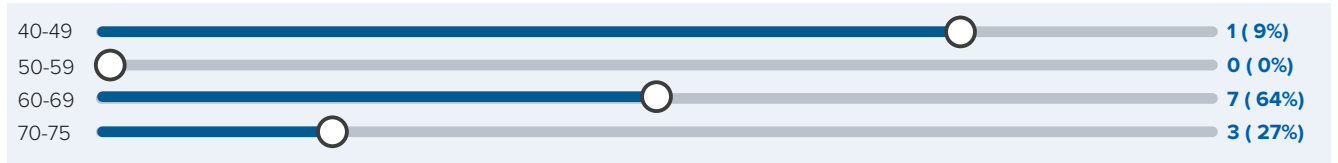
**COMPOSITION (% AND TOTAL)**



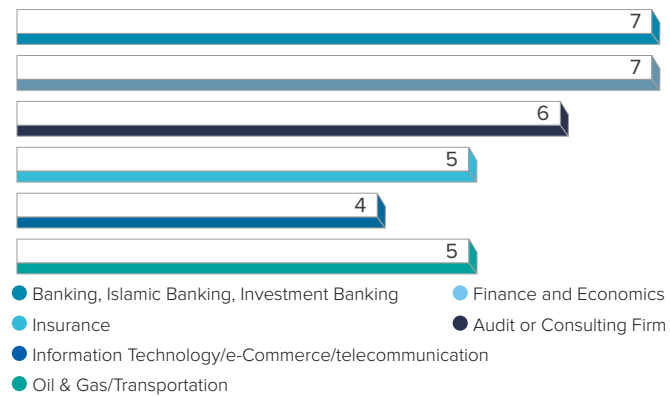
**GENDER**



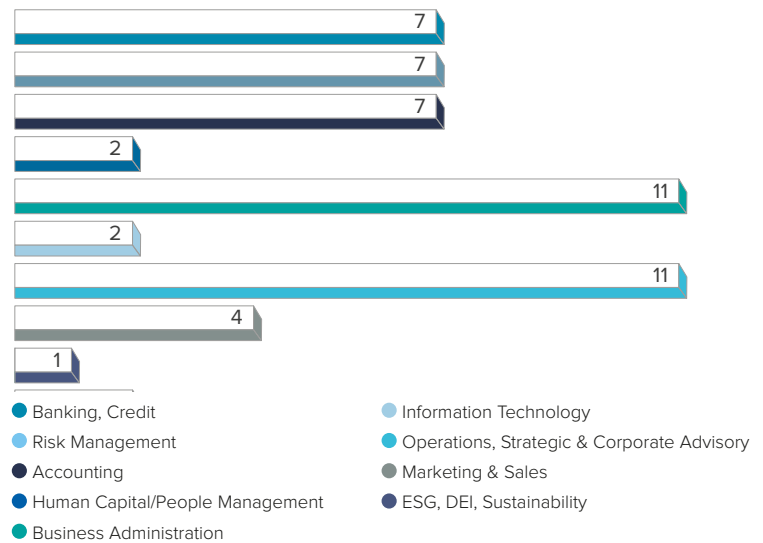
**AGE**



**INDUSTRY EXPERIENCE**



**FUNCTIONAL EXPERIENCE**



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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A:

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

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

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

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

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

#### Board

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

#### Senior Management

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

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

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

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

### ACTIVITIES IN FY2023

#### New Appointment of Senior Management

There was only one (1) new appointment of Senior Management, namely, Encik Mohammad Fairuz bin Mohd Radi as the Executive Director of Group Community Banking who joined the Bank on 1 December 2023.

#### New Appointment of Director

There was only one (1) new appointment of Director, namely, Ms. Emeliana Dallan Rice-Oxley (Ms. Emeliana) who joined the Bank on 1 October 2023.

#### Re-appointment of Directors

There were four (4) re-appointment of Directors, namely, Dato' Mohd Hata bin Robani (INED - 3<sup>rd</sup> term), Mr. Ignatius Chan Tze Ching (NINED - 3<sup>rd</sup> term), Mr. Gregory Jerome Gerald Fernandes (INED - 3<sup>rd</sup> term) and Ms Chan Wai Yu (INED - 2<sup>nd</sup> term).

## BOARD LEADERSHIP AND EFFECTIVENESS

**REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT**

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

**RE-ELECTION OF DIRECTORS**

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

**Fit and Proper Assessment**

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

The Annual Fit and Proper Declaration by the Directors are verified against independent sources such as credit reporting agencies and/or reference check agencies. For FY2023, the Board was satisfied that each of the Directors met the required standard of fitness and propriety as required under relevant regulations.

**Time Commitment**

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

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

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

The Board is satisfied that each Director has allocated sufficient time for the Bank as evident from the Directors' record of attendance at Board and Board Committees' meetings held in the financial year ended 31 December 2023 as stated above.

**Board Evaluation**

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

In line with the recommendation by MCCG 2021, the Board is committed to appoint an external expert to carry out the BEE exercise at every three (3) years interval.

The Board is committed to delivering the highest outcomes by its directors for the benefit of stakeholders, and the continual improvement of governance quality, through the annual BEE exercise.

The Bank had appointed an external expert to conduct the BEE exercise for the Bank as well as for its banking subsidiaries in 2022. The results of the BEE 2022 as well as the considerations for improvement were as disclosed in the Annual Report 2022. The action plans developed by the Board together with GBNRC and the external expert involved, amongst others, the following:-

- 1) Engagement between the Board and Senior Management to understand the expectations moving forward;
- 2) Appointment of a new Director with ESG background;
- 3) Establishment of Group Board Sustainability Committee; and
- 4) Conduct Bespoke Development programme for the Board and Senior Management.

In view that the BEE 2022 was conducted by an external expert, the Board decided that the BEE 2023 to be carried out internally with the assistance from the Company Secretarial team based on the framework which was designed and concurred by the GBNRC and the Board of ABB. The BEE 2023 was conducted via an online platform.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A:

#### Themes

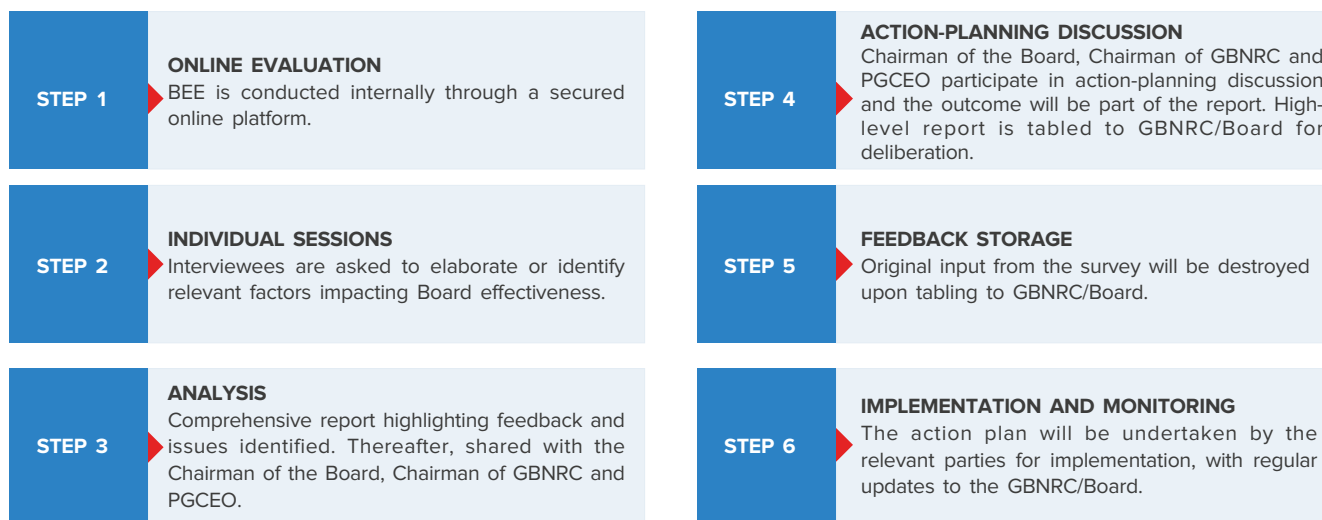
Themes enumerated for the evaluation of the Board, Board Committee and Individual Directors are as follows:-



#### Notes:

- A Director must have served on the Board/Board Committees for at least six (6) months to be able to participate in the BEE.
- The Board Committees evaluation was based on the composition prior to the changes which took effect on 1 November 2023.
- Management feedback on the BEE was obtained and collated vide the PGCEO.

#### Process and Reporting Structure



The Board resolved to adopt the results for BEE 2023 as recommended by the GBNRC. The results of these assessments form part of the basis of the GBNRC’s recommendations to the Board for the re-election of Directors at the 48th AGM in April 2024.

The main highlights of the results are as follows:-

#### Areas of Strength

##### Board Dynamics & Culture

Earned one of the highest ratings from the Board and Management for creating a suitable culture for the organisation to accomplish long-term strategy.

##### Board & Management Relationship

The Board and Management have an effective and supportive working relationship. They can express their views, communicate their opinions, exchange their perspectives and engage in respectful dialogues. They can settle any disagreements or differences in opinion in a cordial manner.

## BOARD LEADERSHIP AND EFFECTIVENESS

## Considerations for Improvement

## Agenda, Meetings, Information and Decision Making

There have been improvements in the quality of information to the Board. However, the Board and Management continue to find areas for enhancement in terms of information that are being supplied to the Board. The Board would like to see relevant data that forecasts the future to build stakeholders' value. The Board appreciates that they can share their opinions and weigh different alternatives in making an informed decision.

## Board Sustainability Matters

The Board is committed to sustainability/ESG issues and recognises that it needs to focus more efforts to meet stakeholders' expectations. The Board anticipates that the ESG initiatives would be fully integrated into the Group's business plan and risk management, with the support of the newly established Group Board Sustainability Committee.

The Board and GBNRC will work on development plans to address the areas of improvement based on their priorities, with the support from respective Board Committees. The BEE 2023 outcome will also be considered for the re-appointment of Directors and Board Committees' membership appointment, where applicable.

## Board Conduct

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

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

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

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

## Board Meetings and Attendance

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

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

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

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

## Supply of information to the Board

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

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

However, post COVID-19 pandemic the Bank leveraged on technology to convene its Board and Board Committee meetings, subject to appropriate safeguards to preserve the confidentiality of deliberations. The Board has adopted internal Guiding Principles and Protocols for Board, Board Committees and Management meetings as part of the Business Continuity Plan.

The Board has full and timely access to information on Board matters via materials distributed in advance at least 5 business days from the date of meeting to enable the Directors to obtain further explanation, where necessary, in order to be properly briefed prior to the meetings.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A:

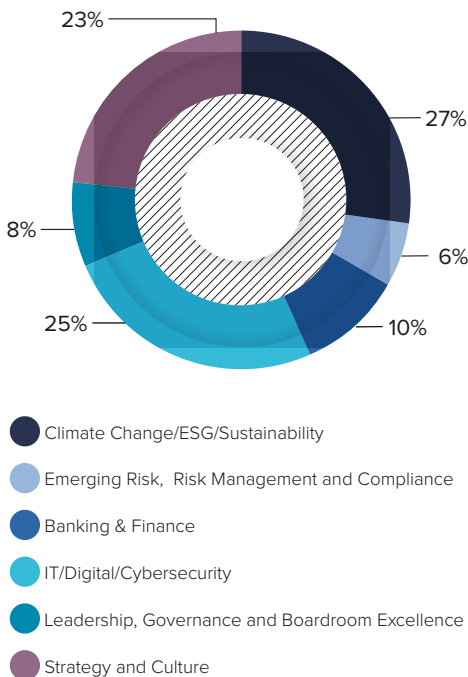
### Access to Third Party Experts

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

### Continuing Education and Development

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

During FY2023, all the Board members attended various training programmes relevant to areas of development as highlighted in BEE2022. The topics of the training programme attended by the Directors in 2023 are, as follows:-



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

### Induction Programme

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

## BOARD REMUNERATION

### Board Remuneration

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

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

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

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

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

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

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

<b>Directors’ Fee</b>	The Directors are entitled to Annual Directors’ fees.
<b>Board Committees’ Fee</b>	Directors who sit on Board Committees are entitled to receive Board Committee fees.
<b>Meeting Allowances</b>	Directors are also entitled to Meeting allowances when they attend any Board/Board Committee meetings.

## BOARD LEADERSHIP AND EFFECTIVENESS

The Board has decided to maintain the existing Directors' remuneration up to the Annual General Meeting of the Bank to be held in 2025. The Directors' fees and benefits-in-kind payable to Directors are subject to shareholders' approval at the upcoming Annual General Meeting scheduled in April 2024. The details of the Directors' remuneration are set out in the Financial Statements of this Annual Report 2023.

### Senior Management Remuneration

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

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

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

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

### Leading Sustainability

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

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

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

#### A. SUPPORT STRATEGIC OBJECTIVES:

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

#### B. PERFORMANCE-DRIVEN REMUNERATION:

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

#### C. CONSEQUENCE MANAGEMENT:

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

#### D. INTERNAL EQUITY:

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

#### E. MARKET-RELATED REMUNERATION:

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

#### F. AFFORDABILITY AND SUSTAINABILITY:

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

#### G. FLEXIBILITY:

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

#### H. TRANSPARENCY:

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A:

### BOARD LEADERSHIP AND EFFECTIVENESS

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

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

To reflect the growing relevance of ESG, the Board has set up the Group Board Sustainability Committee on 1 November 2023 to lead the Bank's ESG efforts in achieving its long-term strategy.

The Bank also has a sustainability team that reports to the Group Chief Corporate Strategy & Sustainability Officer, who is the assigned person to oversee sustainability in a strategic way, including how to incorporate sustainability factors in the Bank's operations.

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

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

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

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

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

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

The Board has also in place Whistleblowing Policy to promote whistleblowing in a positive manner that provides an avenue to escalate concerns on improper conduct and to handle such concerns appropriately, in line with the fundamental objectives of Whistleblower Protection Act 2010.

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

#### **Board Administration**

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

The Board has direct access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that all governance matters and the Board procedures are followed, and that applicable laws and regulations are complied with. The Company Secretary attends the Board, selected Board Committees' as well as Management Committee meetings which she is the appointed Secretary and is responsible for supporting the effective functioning of the Board.

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



**PRINCIPLE B:****EFFECTIVE AUDIT AND RISK MANAGEMENT**

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

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

**INDEPENDENCE OF EXTERNAL AUDITORS**

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

The GBAC meets with the External Auditors regularly to discuss their audit plans and audit findings in relation to the Group's financial statements. Private sessions between the GBAC and the External Auditors were held without the presence of Management at least twice a year to discuss any other matters the external auditors may wish to highlight and to ensure that there were no restrictions in the scope and performance of their audit activities. In addition, the External Auditors are invited to attend the Annual General Meeting of the Bank and be available to answer shareholders' enquiries on the conduct of the statutory audit and preparation of their audit report.

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

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

The amount of non-audit fees payable to the external auditors and their associates during the financial year 2023 is set out in the Financial Statements in this Annual Report 2023.

**RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK**

The Group recognises the importance of maintaining a sound system of internal controls and risk management practices. The

Board affirms its overall responsibility for the effectiveness of the Group's risk management and internal controls framework.

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

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

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

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

The Statement on Risk Management and Internal Control which provides an overview of the state of internal controls of the Group is set out on pages 174 to 182.

**INTERNAL AUDIT FUNCTION**

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

Further details on the Audit, Risk and Compliance Committees' roles are as per the Statement on Risk Management and Internal Control on pages 174 to 182.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE C:

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

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

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

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

### EFFECTIVE COMMUNICATION WITH SHAREHOLDERS

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

### INVESTOR RELATIONS ENGAGEMENTS

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

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

### GENERAL MEETINGS

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

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

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

The Bank conducted fully virtual AGM and Extraordinary General Meetings (EGMs) in 2022 and 2023 where the said events were broadcasted live from Menara AFFIN with participation by shareholders, through live streaming and online remote voting via the Remote Participation and Voting (RPV) facilities provided by the Bank's appointed share registrar.

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

**INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS**

**CORPORATE GOVERNANCE PRIORITIES**

The Bank has applied all recommended practices in MCCG save for Practice 8.2 and 12.2. The Board has reviewed the Bank’s readiness to adopt the practices and identified the following forward-looking action to achieve its corporate governance objectives:-

**PRACTICE 8.2**

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

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

Nevertheless, the Board wishes to give assurance that the remuneration of Directors and Senior Management commensurate with their individual performance, taking into consideration of the Bank’s performance as it is benchmarked against the market. The remuneration packages of Senior Management are based on experience, expertise, skills and industry benchmark. Total remuneration of its employees is also set out in the Audited Financial Statements for financial year ended 31 December 2023 which allow shareholders to assess whether the remuneration of Directors and Senior Management commensurate with their performance taking into consideration of the Bank’s performance. The Board is committed to consider disclosing the aggregate of the top 5 Senior Management’s remuneration component including salary, bonus, benefits in-kinds and other emoluments.

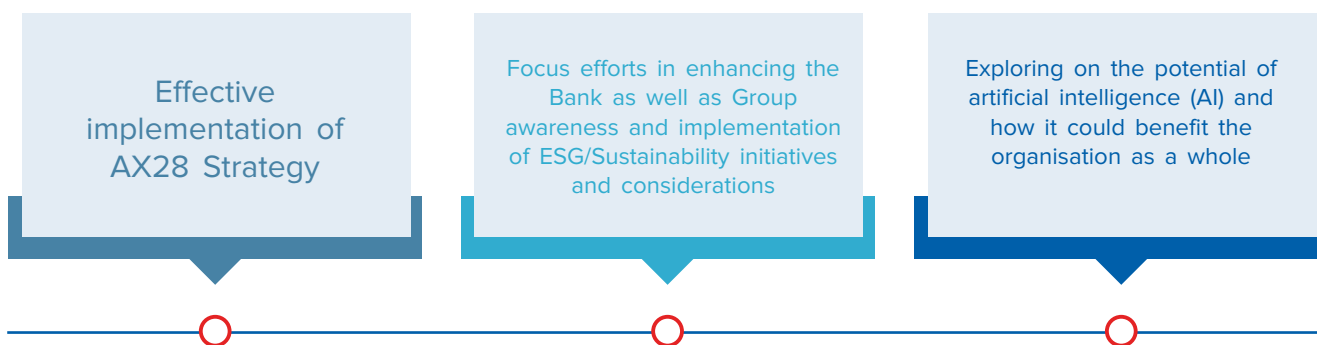
**PRACTICE 12.2**

**Integrated Reporting**

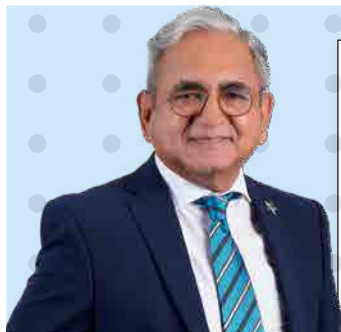
The Bank’s Annual Report is in the journey of transitioning into a full Integrated Reporting. The Bank aims to fully adopt the Integrated Reporting by financial year ending 31 December 2024.

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

With global market conditions expected to remain challenging and the world still in the grips of the pandemic, active corporate governance and robust systems of oversight are essential given the anticipated challenging global market environment. Therefore, the Board has identified the following key areas for future priorities:-



# GROUP BOARD AUDIT COMMITTEE REPORT



*The Board of AFFIN Group is pleased to present the Report on Group Board Audit Committee ("GBAC") for the Financial Year ended 31 December 2023.*

**MR. GREGORY JEROME GERALD FERNANDES** Chairman Group Board Audit Committee (GBAC)

## COMPOSITION

The Group Board Audit Committee (GBAC), exclusively comprising Independent Non-Executive Directors, includes a Board-appointed Chairman who is distinct from the Chairman of the Board of Directors:

▶ DATO' MOHD HATA BIN ROBANI

▶ MR. EUGENE HON KAH WENG

▶ EN. SUFFIAN BAHARUDDIN

▶ EN. DALI SARDAR (*Appointed w.e.f. 1 November 2023*)

The GBAC's composition adheres to the listing requirements of Bursa Malaysia Securities Berhad and aligns with the principles and best practices outlined in the Malaysian Code on Corporate Governance by the Securities Commission Malaysia. With a membership featuring diverse expertise, proficiencies, and calibre, the committee is well-equipped to offer independent, objective, and effective oversight in fulfilling its roles and responsibilities.

Empowered by the Board, the GBAC has the authority, among other responsibilities, to scrutinise and investigate any matters within its defined scope. It can also engage directly with external and internal auditors as well as the regulators, seek independent professional advice when necessary, and possess access to both Management and essential resources for the effective execution of its duties.

*The full terms of reference of the GBAC are available on the Bank's corporate website at <https://affin.listedcompany.com/others.html>*

## MAIN ROLES AND RESPONSIBILITIES

- To establish the framework and oversee the audit function of AFFIN Group.
- To provide assistance to the Board in fulfilling its statutory and fiduciary responsibilities in ensuring that good corporate governance, system of internal controls, codes of conduct and compliance with regulatory and statutory requirements are maintained by the Group.
- Implement and support the function of the Board by reinforcing the independence and objectivity of the Group Internal Audit Division (GIA).
- Ensure that Internal and External Audit functions are properly conducted, and audit recommendations are implemented timely and effectively.

## ACTIVITIES OF GBAC FOR FINANCIAL YEAR ENDED 31 DECEMBER 2023

- Reviewed and approved GIA Annual Audit Plan for 2023.
- Deliberated the audit and investigation reports presented by GIA.
- Deliberated the monthly financial results and endorsed the quarterly and year-end financial statements prepared by the Group Finance Division.

- Reviewed the risks and controls culture pulse assessment that were embedded as part of the audit assessments.
- Reviewed the Internal Control Healthcheck.
- Reviewed the corrective actions taken by Management on findings from regulators, internal and external auditors.
- Provided oversight over audit matters of the Group's subsidiaries, discussing and providing recommendations to subsidiaries' Board Audit Committee as and when deemed necessary on the matters of significant governance, risk management and controls issues.
- Reviewed the progress of the Annual Audit Plan FY2023.
- Reviewed audit reports and internal control recommendations by the external auditors, including key audit matters and significant accounting issues.
- Reviewed and recommended the re-appointment and fees of external auditors.
- Reviewed and recommended the appointment of external auditors for non-audit related services.
- Revised the GBAC Terms of Reference for Board approval.
- Informed and updated the Board the audit and investigations conducted by GIA via GBAC summary reports.
- Reviewed the internal control processes and procedures relating to Related Party Transaction (RPT)
- Deliberated the Quality Assurance and Improvement Programme (QAIP) report to ensure conformance to IIA standards.

## MEETINGS HELD AND ATTENDED

Name of GBAC Member	No. of meetings held and attended FY2023
Mr. Gregory Jerome Gerald Fernandes	15/15
Dato' Mohd Hata Bin Robani	15/15
Mr. Eugene Hon Kah Weng	15/15
En. Suffian Baharuddin	15/15
En. Dali Sardar	2/2

A total of fifteen (15) GBAC meetings were convened, encompassing both scheduled and special sessions.

The GBAC sessions were attended by the presence of the Group Chief Internal Auditor ('GCIA') alongside the Chief Internal Auditor ('CIA') of Affin Hwang Investment Bank Berhad, as well as, the Audit Heads. In addition, Management representative of the respected divisions also attended at the discretion of the GBAC, to provide insights on financials, explanation on specific or related audit concerns, and implemented remediation measures aligned with the topics under discussion. Crucial issues discussed during GBAC meetings, along with the committee's recommendations and decisions, are promptly summarised and presented to the Board in the same month. This ensures that the Board is well-informed and can take necessary actions based on the provided information.

## TRAINING

During the financial year ending in 2023, GBAC members participated in various seminars and training programs to stay updated on the latest developments in the banking industry. Details regarding the seminars and training programs attended by GBAC members are outlined in Section A of the Corporate Governance Report.

## INTERNAL AUDIT

- a Reviewed and approved the Group Internal Audit ("GIA") Annual Audit Plan ("AAP") for 2023, to ensure the adequacy of scope and coverage of critical risk areas were sufficiently comprehensive and activities of the Group based on GIA's risk assessment methodology;
- b Deliberated on and approved revisions made to GIA's AAP during the year, in alignment with the dynamic risk profiles of the respective auditable areas/functions, due to the dynamic changes in the business, operations and regulatory environment.
- c Reviewed and deliberated on significant internal control issues (including fraud) identified by GIA, as well as Management's responses to audit recommendations and implementation of agreed action plans;
- d Reviewed and deliberated on internal investigation reports conducted by GIA and directed Management to institute immediate remedial actions to strengthen the risk and control environment of the Group;
- e Reviewed and updated the Board on the audits and investigations conducted by GIA;
- f Reviewed and monitored the corrective actions undertaken by Management to rectify deficiencies identified by GIA, regulatory authorities' as well as external auditors to ensure that all gaps highlighted were adequately resolved in a timely manner;
- g Reviewed and approved Management's requests on audit finding rectification timeline extension, considering the justifications provided;
- h Reviewed interim GIA Dashboard outlining the audit progress as per approved AAP FY2023;
- i Reviewed the risk and controls culture pulse assessment that were embedded as part of the audit assessments, with the aim to improve the Bank's overall risk and control environment;
- j Exercised oversight over audit matters of the Group's subsidiaries, discussing and providing recommendations to those subsidiaries' Board Audit Committees as and when deemed necessary on matters of significant governance, risk management, and controls issues;
- k Conducted two (2) joint meetings with Group Board Risk Management Committee ("GBRMC") to deliberate on the overall Group's control environment via the internal controls health check dashboard based on audits conducted in 2023;
- l Reviewed and recommended to the Board for approval the revised Group Board Audit Committee Terms of Reference;
- m Reviewed and approved the revisions to the Audit Charter, in line with the mandatory elements of The Institute of Internal Auditors' (IIA) International Professional Practices Framework (IPPF);
- n Deliberated and approved the Key Performance Indicator (KPI) of the GCIA for 2023 and assessed performance of the GCIA with feedback provided for improvement;
- o Reviewed, monitored and assessed the overall performance of GIA, including its progress of achievement against the approved annual audit plan and other key audit activities;
- p Reviewed the adequacy and efficiency of GIA's resources and collective competencies of GIA's staff for effective deployment of resources to execute the audit plan;
- q Deliberated on the results of the Internal Quality Assurance and Improvement Programme (QAIP) to ensure GIA's continuous conformance with the IPPF.

## GROUP BOARD AUDIT COMMITTEE REPORT

### FINANCIAL RESULTS & REPORTING

- a) Reviewed with Senior Management the unaudited quarterly and interim unaudited financial results as well as the annual audited financial statements of the Bank and the Group before recommending them to the Board for approval. The reviews focused on compliance with salient regulatory requirements set out in the following Acts and Standards:
- Provisions of the Companies Act 2016;
  - Financial Services Act and Islamic Financial Services Act 2013;
  - Applicable approved accounting standards in Malaysia; and
  - Other relevant legal and regulatory requirements.
- b) In reviewing the financial reporting and disclosure requirements of the Group, the GBAC discussed and made enquiries on, among others:
- Changes in major accounting policy and adoption of new or updated accounting standards, and its impact to the financial statements;
  - Significant accounting and audit matters highlighted; including financial reporting, credit, treasury, taxation, impairment related matters, summary of corrected and uncorrected misstatements, significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed and resolved; and
  - Compliance with accounting standards and other legal requirements

### EXTERNAL AUDIT

- a** Reviewed and approved the 2023 Audit Plan, covering significant risk areas and activities of AFFIN Group, in line with developments in related laws and regulations. The Audit Plan comprised the detailed terms of the external auditors' responsibilities and affirmation of their independence as external auditors, audit strategy, the engagement team, risk assessment, and areas of audit emphasis for the financial year;
- b** Held six (6) meetings with the External Auditors to deliberate on matters pertaining to results of financial reviews and audits. The GBAC also held two private sessions with the External Auditors in January and August 2023, without the presence of the Senior Management and the GCIA to enable the External Auditors to discuss any matters the External Auditors may wish to highlight and to ensure that there were no restrictions in the scope and performance of their audit activities, as well as obtain feedback for improvements;
- c** In its meeting held on 25 January 2023, the GBAC was briefed by the External Auditors on the key audit matters included in their Independent Auditors' Report of the financial statements for the financial year ended 31 December 2022. Overall, the GBAC is satisfied that based on the audit procedures performed by the External Auditors, no material exceptions were noted on these key audit matters;
- d** Evaluated and satisfied itself with the independence, performance and effectiveness of the External Auditors based on the criteria set out in BNM's Policy Document on External Auditors and recommended to the Board for the reappointment of the external auditors. Among the criteria evaluated and taken into consideration by the GBAC were:
- Independence, Objectivity, Familiarity Threats and Professional Scepticism;
  - Ability to demonstrate an unbiased stance when interpreting the standards/policies adopted by the licensed institutions;
  - Qualification criteria;
  - Level of knowledge, capabilities, experience and quality of previous work;
  - Level of engagement with the Board and GBAC;
  - Ability to provide constructive observations, implications and recommendations in areas which require improvements;
  - Appropriateness of audit approach, adequacy of resources and the effectiveness of overall audit planning; and
  - Ability to perform the audit work within the agreed duration given.

### NON-AUDIT SERVICES

- a) Reviewed and recommended to the Board for approval non-audit services rendered by the External Auditors and the fees involved.
- b) The Group has an internal policy for the appointment of the Group's External Auditor to provide non-audit services where the criteria and threshold has been set for such fees, to maintain the independence and objectivity of the External Auditors.

## RELATED PARTY TRANSACTIONS

- a) Reviewed the adequacy of the internal control processes and procedures pertaining to identification, monitoring, reporting of related party transactions (RPTs) and recurrent related party transactions (RRPTs) in ensuring the RPTs and RRPTs are carried out in a fair and reasonable manner as well as in the best interest of the Bank; and
- b) Reviewed the periodic reports on RPTs and RRPTs to ensure that the transactions are in line with abovementioned internal policies and procedures.

## OTHERS

- a) Reviewed the Statement on Risk Management and Internal Control for inclusion in the FY2023 Annual Report before recommending to the Board for approval;
- b) Reviewed the Group Board Audit Committee Report for inclusion in the FY2023 Annual Report.

## INTERNAL AUDIT FUNCTIONS

Continuing the positive trajectory in 2023, the Group Internal Audit (“GIA”) has taken another significant step in its commitment to transform into a future-proofed internal audit function. With the dedication to innovation and the adoption of pioneering approaches, the GIA serves as a dynamic force for progress, cultivating an environment conducive to continuous learning and transformation. Through close collaboration with various divisions, the GIA actively works to propel the Bank toward an even more resilient future.

### Continued Streamlined Processes Through Centralisation

- ✔ GIA continued its efforts to enhance the integration of Affin Hwang Investment Bank Berhad’s internal audit function with the broader structure of the AFFIN Group, as part of the Group’s ongoing centralisation initiative in year 2024.
- ✔ As part of the consolidation, gaps in methodology and processes are being bridged with the goal of full synchronisation. This has brought about a more streamlined process, utilising a consistent framework to conduct audits across the Group.

### Fostering Collaboration Across Boundaries

As the third line of defence, GIA recognises the vital role of a robust risk control culture at all levels and emphasises the significance of fostering its enhancement. This is achieved through collaborative efforts with the first and second lines of defence, promoting enterprise-wide awareness of risk control practices. This heightened collaboration materialised in various forms, including the following:

- ✔ Continuing the Guest Auditor Programme (“GAP”), which is aimed at heightening staff’s internal controls awareness and reinforcing a strong risk control culture within the Bank;
- ✔ Seven (7) engagement sessions with Regional Offices and Branches across five regions were conducted, where GIA shared common audit findings to raise staff awareness on common internal control issues across the Bank;
- ✔ Joint reviews with Group Compliance Division

### Ramped Up Data Analytics Drive to Advance Risk Profiling and Audit Insights

- ✔ The extended utilisation of data analytics across a broader spectrum within the Bank facilitates the implementation of continuous auditing practices.
- ✔ GIA successfully and effectively implements data analytics projects, sharing the outcomes with the divisions/ departments to enhance Management’s monitoring activities.

### Enhancing Audit Assessments Through A Cultural Lens

- ✔ In a pioneering move, the Bank’s GIA broadened its audit scope by integrating a specific cultural aspect into its methodology, recognising culture’s incontrovertible effect on the Bank’s overall risk and control environment.
- ✔ With the aim to accurately identify less tangible root causes of non-compliances and facilitating more effective improvement strategies, culture assessments collected information from various data sources. This data were used to evaluate how well the auditable area aligns with the Bank’s desired culture.

## GROUP BOARD AUDIT COMMITTEE REPORT

### ➤ SUMMARY OF GROUP INTERNAL AUDIT ACTIVITIES UNDERTAKEN IN FY2023

- a** GIA continued its initiatives to further integrate the internal audit function of Affin Hwang Investment Bank Berhad's into the broader framework of the AFFIN Group aligning with the Group's ongoing centralisation initiative in FY2023. As part of the consolidation, gaps in methodology and processes are being bridged with the goal of full synchronisation. This endeavour has resulted in a more streamlined process, employing a uniform framework for conducting audit across the Group.
- b** As the third line of defence, GIA recognises the vital role of a robust risk control culture at all levels and emphasises the significance of fostering its enhancement. This is achieved through collaborative efforts with the first and second lines of defence, promoting enterprise-wide awareness of risk control practices.
- c** Conducted joint reviews with the Group Compliance Division (GCD) for identified audits, combining expertise and perspectives from GIA and GCD to promote knowledge sharing and more holistic evaluation of the Bank's risk control environment.
- d** Organised the inaugural Governance, Risk and Compliance (GRC) Awareness Week held on 1-2 August 2023 in collaboration with the Group Risk Management (GRC) and Group Compliance Division (GCD). The event aims to foster knowledge exchange between Group entities and to elevate the overall risk, controls and compliance culture in the Group. Distinguished speakers from various industries, regulators, as well as, from law enforcement officers were invited to provide insights on industry practices and law enforcement experiences.
- e** Conducted the seventh (7<sup>th</sup>) cohorts of Guest Auditor Programme ("GAP"). This aims to increase internal controls awareness and reinforcing a strong risk control culture among staff across the Bank.
- f** GIA also conducted engagement sessions with the Regional Offices, where GIA shared common audit findings to raise staff awareness on common internal control issues across the Bank.
- g** Launched the Internal Audit newsletter throughout FY2023, offering insights into lessons learnt on the impact on failures of internal controls for the Bank.
- h** Continued to utilise data analytics across the broader spectrum within the Bank to facilitate the implementation of continuous auditing practice, data analytics projects and sharing the outcomes with the divisions/ departments to enhance monitoring activities.
- i** Presented the Internal Control Health Check Reports to the GBAC and Group Management Committee (GMC) providing a comprehensive review of the internal control status based on the audits conducted throughout FY2023. The report highlighted areas with identified improvements and outlined contributing factors to areas requiring attention.
- j** Facilitated a two-days on-site Audit Planning and Challenge session at aligning and integrating the audit approach throughout GIA, incorporating newly introduced ESG risk elements.
- k** Engaged with key stakeholders and business heads to have better insight and feedback on AAP FY2024. These interactive sessions served as a platform for transparent communication and collaborative exchange of ideas and perspectives contributing to the refinement of the overall audit plan.
- l** Monitored and reported the progress of action plans undertaken by the Management to address audit findings identified by the GIA. Requests for timeline extension were also escalated to the GBAC for deliberation and approval.
- m** Provided advisory and independent recommendation of IT systems and control within the Bank prior to implementation of IT solutions to ensure adequate controls were applied and identified risks were mitigated.
- n** Obtained second place for Best Independent Assessment Report under Financial Conglomerates Category in November 2023 from Payment Network (PayNet).
- o** Conducted an inaugural review covering all 116 branches of ABB and AIBB. The evaluation was completed within a two-month timeframe, utilising a combination of on-site inspection and off-site analysis, incorporating data analytics for data extraction anomalies, providing a snapshot of the branch's performance, risks, and areas for improvement.



## ORGANISATIONAL INDEPENDENCE

- The GIA function is established by the Board to provide independent and objective assessment of the adequacy and operating effectiveness of governance, risk management, and internal control processes implemented by Management. GIA reports functionally to the GBAC and administratively to the PGCEO.
- The GIA function is guided by its Audit Charter, which was approved by the GBAC and reviewed annually. The Audit Charter spells out the mission, purpose, authority, independence, and responsibilities of GIA in the Group.

## PROFILE AND QUALIFICATION

GIA is headed by Puan Wahdania Mohd Khir, who has more than 28 years of extensive experience in the financial services industry, as well as in the market operator and frontline market regulator Bursa Malaysia. Wahdania, who holds a Master of Science in Quantitative Finance from the University of Westminster London, is also a Chartered Banker and a member of the Financial Markets Association Malaysia. In the financial services industry, she has held various senior roles such as the Head of Global Market Compliance & Treasury Operations and Senior Director of Group Audit at a major financial institution.

- As of 31 December 2023, GIA has a total staff strength of 52 qualified internal auditors from diverse backgrounds and disciplines, mainly specialising in credit, information technology, risk management, Islamic Banking, fraud and investigation, treasury, finance/accounting, investment banking, and stockbroking;
- For greater, more effective audit assurance and insights, the internal auditors have continuously developed their competences and skillsets via regular structured on-the-job trainings and external trainings by accredited training providers. A majority of the internal auditors are certified with professional qualifications such as Certified Bank Auditors (CBA), Certified Information Systems Auditor (CISA), Chartered/Certified Accountants (e.g. ACCA, MICPA) and others;
- The total GIA's cost for year 2023 is approximately RM9.3 million, comprising mainly salaries, staff training and development, information technology costs and other audit-related operating costs;
- As part of the Quality Assurance and Improvement Programme (QAIP), GIA conducts periodic internal quality assurance reviews (QAR) and external QAR are carried out once every five years by qualified professionals from an external organisation. The last external QAR was in 2019 and GIA was accorded full conformance with IIA's IPPF.

## RESPONSIBILITIES

- The primary role/responsibility of GIA is to assist the GBAC in discharging its duties and responsibilities by independently reviewing and assessing the adequacy and effectiveness of the Group's risk management, internal controls, and governance processes to ensure that the overall internal control system continues to operate efficiently and effectively and in line with the relevant regulatory requirements.
- GIA's processes and activities conform with The Institute of International Auditors' ("IIA") International Professional Practices Framework ("IPPF") as well as standards and requirements set out by regulators on the internal audit function.
- GIA adopts the 5 components outlined in the Internal Control Integrated Framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In addition to COSO, GIA also integrates the Control Objectives for Information and Related Technologies (COBIT) framework into its Information Technology (IT) audits. This framework outlines the essential components necessary for the efficient governance and management of an IT environment.
- GIA determines and prioritises the scope of its coverage through a systematic and regular risk assessment of key business and support units across the Group. The audited areas encompass, among others, retail and non-retail banking, Islamic banking, treasury-related functions, IT infrastructure and operations, support functions, subsidiaries, and specific focal points like AML/CFT, regulatory compliance reviews, and business continuity management.
- GIA also undertakes investigations into suspected fraudulent activities, staff misconduct, whistleblowing cases, and other incidences as and when required, and recommends appropriate improvements to the internal control system to prevent recurrence.
- GIA closely monitors the rectification of audit findings and implementation status of audit recommendations via the Pentana Audit Management System, to obtain assurance that all major risk and control concerns have been duly addressed. GIA regularly tables to the GBAC all significant audit issues until such audit issues are satisfactorily resolved;
- GIA works closely with the external auditors and regulators to ensure that significant issues identified by them are duly addressed and resolved on a timely basis.

# SHARIAH COMMITTEE'S REPORT



*In the name of Allah, the Most Beneficent, the Most Merciful  
Praise be to Allah, the Lord of the Worlds, and peace and blessings upon  
our Prophet Muhammad and on his scion and companions*

*'Assalamualaikum warahmatullahi wabarakatuh'*

**ASSOCIATE PROFESSOR DR. KAMARUZAMAN NOORDIN** Chairman, Shariah Committee

## INTRODUCTION

In compliance with the Policy Document of Shariah Governance, Financial Reporting for Islamic Banking Institutions, and other relevant guidelines issued by Bank Negara Malaysia, we affirm the following report:

We, the members of the Shariah Committee of Affin Islamic Bank Berhad ('the Bank'), do hereby confirm that we have reviewed the principles and the contracts relating to the transactions and applications offered by the Bank during the financial period ended 31 December 2023. We have also conducted our review to form an opinion as to whether the Bank has complied with the Shariah principles and rulings issued by the Shariah Advisory Council of Bank Negara Malaysia, relevant resolutions and rulings made by the Shariah Advisory Councils of Securities Commission Malaysia, as well as Shariah rulings and decisions made by us.

## MANAGEMENT'S RESPONSIBILITY

The management of the Bank is responsible for ensuring that the Bank conducts its operations, business, affairs, and activities in accordance with Shariah principles. We have provided Shariah advisory services on various aspects to the Bank in order to ensure compliance with applicable Shariah principles as well as the relevant resolutions and rulings made by the Shariah Advisory Councils of the regulatory bodies.

## SHARIAH REVIEW AND SHARIAH AUDIT

We have assessed the work carried out by the Shariah review and Shariah audit which includes examining, on a sample testing basis, each type of transaction, the relevant documentation and procedures adopted by the Bank. It is our responsibility to form an independent opinion, based on the review work carried out by the Shariah review and Shariah audit of the Bank and to provide our report.

We planned and performed our review as so to obtain all information and explanations which we considered necessary to obtain sufficient evidence in order to give reasonable assurance that the Bank has not violated any Shariah principles.

## ENGAGEMENT SESSIONS FOR BOARD OF DIRECTORS AND SHARIAH COMMITTEE

As part of the initiative to strengthen the good governance and oversight function over Shariah matters, two (2) interactive engagement sessions were held with the Board of Directors and Senior Managements. The engagement sessions were the avenues for effective discussion on, among others, the Bank's strategic direction, understanding key Shariah Committee resolutions, and issues in operationalising Shariah Committee resolutions.

## TRAINING OF THE SHARIAH COMMITTEE

We have attended various conferences and seminars which includes the 17<sup>th</sup> Muzakarah Cendekiawan Syariah Nusantara 2023 ('MCSN 2023'), 18<sup>th</sup> Kuala Lumpur Islamic Finance Forum 2023 ('KLIFF 2023'), Muzakarah Penasihat Syariah Kewangan Islam Kali Ke-16 ('KLIFF 2023'), Al Baraka Symposium and 18<sup>th</sup> International Shariah Scholars Forum 2023 ('ISSF 2023').

The Shariah Committee members have enrolled into a certification programme i.e., Certified Shariah Advisors ('CSA') under the Association of Shariah Advisors in Islamic Finance ('ASAS'). Three (3) of the Bank's Shariah Committee members have completed the certification and the rest are in progress.

## KEY SHARIAH/ISLAMIC FINANCE TRAININGS ATTENDED BY STAFF

Periodic training for the Bank's staff (including staff of AFFIN) has been conducted in order to provide adequate knowledge and competence in undertaking tasks for the Bank i.e., Shariah e-Learning and Assessment on Fundamentals of Islamic Banking. The Bank's staff (including staff of AFFIN) also enrolled in certification programmes, i.e. Certified Professional Shariah Advisor ('CPSA'), Islamic Professional Credit Certification ('IPCC'), Fundamental of Shariah in Islamic Finance ('FoSIF'), Associate Qualification in Islamic Finance ('AQIF'), Intermediate Qualification in Islamic Finance ('IQIF'), i-Contract Series: Tawarruq and Certified Shariah Advisor ('CSA').

## ZAKAT AND CHARITY FUND

The calculation of zakat is based on 2.5775% of the prior year's working capital method. The calculation of zakat was disclosed to us and is in compliance with Shariah rules and principles. The zakat fund is distributed through various channels i.e. States Zakat Authorities, non-governmental organisations, and individuals under selected asnaf categories such as poor and needy.

We have performed an oversight function over the management and distribution of the Bank's Charity Funds. The sources of the Charity Funds are inclusive of contributions from realised profits by the depositors sourced from AFFIN Barakah Charity Account-i and a portion of the Bank's income derived from AFFIN Islamic Credit Card-i. The Charity Funds are allocated for individuals which include poor, needy, orphans, and eligible beneficiaries not limited to asnaf zakat as well as charitable societies, organisations, and institutions.

We are of the opinion that:

1. The Bank's overall operations, business, affairs, and activities which we have reviewed during the financial year ended 31 December 2023 are in compliance with the Shariah principles;
2. The allocation of profit and incurrence of losses relating to investment accounts conform to the basis that we have approved in accordance with Shariah principles;
3. No earning and purification of income were recorded from sources or by means prohibited by the Shariah principles for the financial year ended 31 December 2023;
4. There is one (1) Shariah non-compliant event discovered in relation to the practice of compounding profit and late payment charges. This event contravenes the internal resolutions made by us and AFFIN's Rescheduling and Restructuring Policy. The incident details are as follows:
  - i. Misquote of principal amount and inclusion of outstanding profit and late payment charges in the calculation of restructuring amount for Islamic facilities. The rectification has been successfully carried out by recalculating the actual monthly instalment based on the correct principal amount. Furthermore, the Bank has waived the late payment charges charged during the tenure. In addition to that, an effective preventive measure had been carried out to avoid similar occurrences in the future i.e. refresher training to business units on Shariah requirements for rescheduling & restructuring of Islamic facilities.

During the financial year ended 31 December 2023, a total of 15 meetings were held. The Shariah Committee comprises the following members and the details of attendance of each member at the Shariah Committee meetings held during the financial year are as follows:

Members	Total Meetings Attended
Dr. Mohammad Mahbubi Ali <i>Chairman (completed tenure w.e.f. 31.03.2023)</i>	3/3
Associate Professor Dr. Asmak binti Ab Rahman <i>Interim Chairman (w.e.f. 1.4.2023 to 31.7.2023)</i> <i>Member</i>	15/15
Dr. Nor Fahimah binti Mohd Razif <i>Member</i>	15/15
Mohamad Salihin bin Deris <i>Member</i>	15/15
Ahmad Husni bin Abd Rahman <i>Member</i>	15/15
Lokmanulhakim bin Hussain <i>Member (appointed w.e.f. 3.1.2023)</i>	15/15
Associate Professor Dr. Kamaruzaman bin Noordin <i>Chairman (appointed w.e.f. 1.8.2023)</i>	7/7

We, the members of the Shariah Committee of Affin Islamic Bank Berhad, to the best of our knowledge based on the information provided and disclosed to us, do hereby confirm that the operations, business, affairs and activities of the Bank for the financial year ended 31 December 2023 have been conducted in conformity with the Shariah principles.

On behalf of the Shariah Committee:

Chairman of the Shariah Committee:

Associate Professor Dr. Kamaruzaman bin Noordin

Member:

Lokmanulhakim bin Hussain

Kuala Lumpur, Malaysia | 20 March 2024

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is pleased to provide the Statement on Risk Management and Internal Control, pursuant to Chapter 15, Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Principle B of the Malaysian Code on Corporate Governance 2021, with guidance from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

*The Group's Key Risks are detailed on pages 90 to 97 of the Management Discussion and Analysis of this Annual Report.*

## BOARD'S RESPONSIBILITY & OVERSIGHT

The Board affirms its responsibility in promoting good corporate governance and oversight in ensuring that the Bank and its subsidiaries ("the Group") maintain a sound system of risk management and internal controls to manage the Group's relevant and material risks within its risk appetite in the Group's pursuit of its strategies and business objectives. For this purpose, the Board has ensured the establishment of key processes for reviewing the effectiveness, adequacy and integrity of the Group's risk management and system of internal controls. These provide reasonable assurance against the occurrence of any material misstatement, loss or fraud. In addition, regular testing on the adequacy, effectiveness, efficiency and integrity of the internal control systems and processes is conducted to ensure its viability and robustness.

The process for assessing the adequacy and effectiveness of the risk management and internal control system is regularly

reviewed by the Board, with the assistance of the Group Board Risk Management Committee ("GBRMC"), Group Board Compliance Committee ("GBCC") and Group Board Audit Committee ("GBAC"), whose responsibilities have been extended to include the role of oversight of financial reporting, disclosures, internal controls, compliance and risk management strategies, policies and other risk related matters. Regular meetings are held with the GBRMC, GBCC and GBAC to discuss matters related to the system of internal controls which cover inter alia financial, operational, compliance controls and risk management procedures.

The Board is of the view that the risk management and system of internal controls instituted by the Group's operating units for the year under review and up to the date of annual report is sound and sufficient to safeguard shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

## MANAGEMENT'S RESPONSIBILITY

Management is responsible for the overall implementation of the Group's policies and procedures in ensuring that the day-to-day management of the Group's activities is consistent with the Board-approved risk strategy, risk appetite and policies, as well as the effectiveness of the internal controls system to mitigate, manage and monitor risks. Regular senior management meetings are held to review, identify, discuss and resolve strategic, operational, financial and key management issues/risks. Comprehensive management reports and updates are made available to the Board on various frequencies, to keep the Board informed on any changes to risks or emerging risks and mitigating actions taken.

## KEY RISK MANAGEMENT AND SYSTEM OF INTERNAL CONTROLS

### RISK MANAGEMENT

The Group Risk Management Division ("GRM") was established to provide oversight of risk management on an enterprise-wide level. The roles and responsibilities of GRM encompass the following:

- Define strategies, policies, limits and guidelines in line with risk appetite and regulatory requirements
- Dynamically measure and monitor the risk profile
- Monitor and identify actual and potential breaches of the risk appetite
- Build, develop and monitor performance of risk models and tools
- Conduct validation and back testing of risk models and tools
- Track corrective actions to remediate risk issues
- Provide risk advisory role
- Risk reporting and portfolio analytics

**Group Risk Management Framework (“GRMF”)**

The risk management approach of the Group is underpinned by a sound and robust GRMF which is periodically enhanced to remain relevant and resilient in ensuring the effective management of risks.

The GRMF is supported by the following pillars:

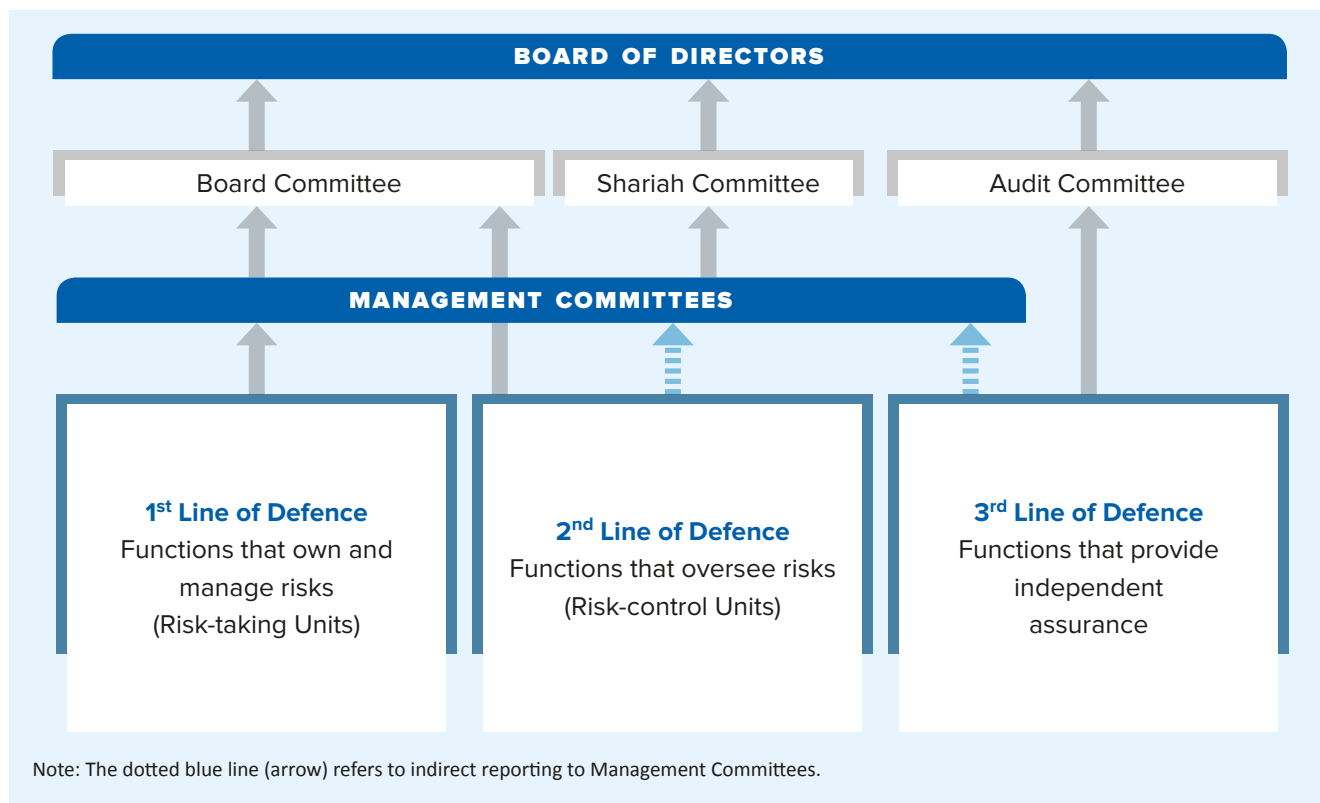


**a) Risk Governance**

Risk governance is the element through which the Board and Management establish the Group’s strategy, articulate and monitor adherence to risk appetite and risk limits, as well as identify, measure and manage risks. The Group adopts the 13 Principles of Risk Governance as prescribed by Bank Negara Malaysia (“BNM”) to promote sound governance for the assessment and management of risks. The governance of risk is further supported by the Three Lines of Defence (“3-LOD”) model which outlines the functional segregation and key roles and responsibilities of the independent oversight functions as well as the business and support units within the organisation.

The 3-LOD model demonstrates the relationship of the stakeholders in risk-taking activities to promote effective risk management control, assurance and governance at all levels of the organisation. The relevant parties involved in the 3-LOD for risk management consist of the business and support units as the first line of defence, risk management and compliance functions as the second line of defence and internal audit, as the third line of defence.

The operationalisation of the 3-LOD model is illustrated below:



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### b) Risk Appetite

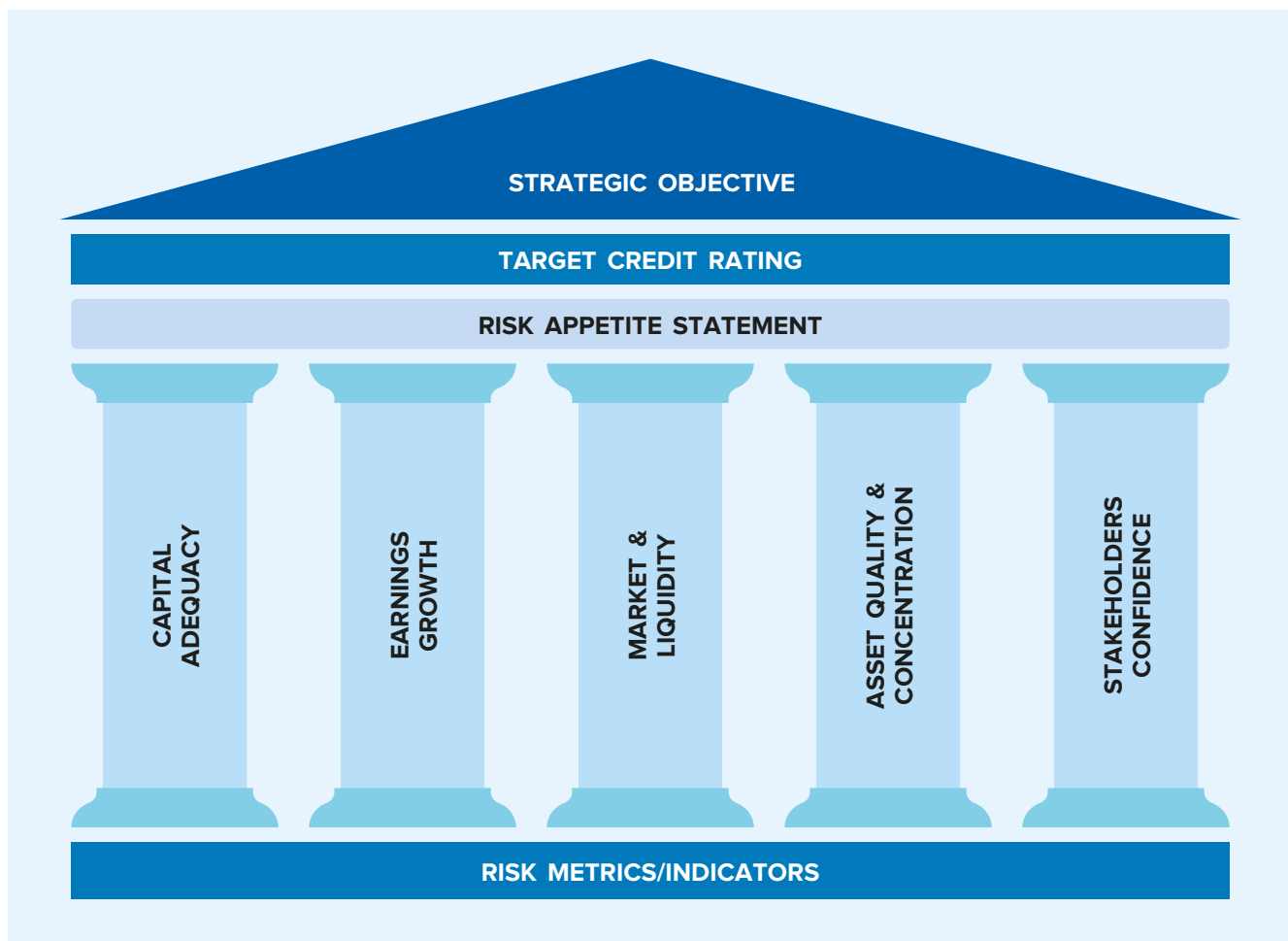
Risk Appetite demonstrates the risk-bearing capacity the Group and its subsidiaries are prepared to undertake and sustain whilst pursuing business objectives and strategic goals, which takes into consideration the potential adverse scenarios impacting the execution of its business plans.

It is established based on strategic directions set by the Board, combining a top-down view of the Group's capacity to take risks

with a bottom-up view of the business risk profile associated with each business unit's short- and longer-term plans as well as taking into consideration other key risk areas.

The Group's strategic goals are aligned with the Risk Appetite through the Risk Appetite Framework ("RAF"); an integrated framework encompassing the components of setting the Risk Appetite Statement ("RAS") periodically for each subsidiary.

There are five pillars guiding the development of the RAS, grouped according to the risk types as well as qualitative and/or quantitative impact as follows:



### c) Risk Culture

Risk Culture stems from the values, beliefs, knowledge and understanding of risk shared by the employees within the Group. Effective implementation of the GRMF is grounded on a robust and healthy Risk Culture, achieved through components of Tone from the Top, accountability, effective communication and financial/non-financial incentives.

### d) Risk Management Policy

The Risk Management Policy is a statement of the Group's overall intentions and approach with respect to certain areas of risk management. Risk Management Policies should clearly state the objectives for, and commitment to risk management.

The GRMF is supported by several Risk Management Policies which address the respective risk areas in further detail. At a minimum, these policies would entail:

- a) The rationale for managing the risk areas
- b) Links between the Group's objectives and the Risk Management Policy
- c) Accountabilities and responsibilities for managing risks
- d) Commitment to make the necessary resources available to assist those accountable and responsible for managing risks
- e) The way in which risk management performance will be measured and reported
- f) Commitment to review and improve the Risk Management Policy periodically and in response to an event or regulatory changes

Adherence to Risk Management Policies is always mandatory. Any deviations or exceptions are required to be escalated to the appropriate approving authorities in support of good governance.

#### e) Risk Management Organisation

Risk Management Organisation indicates that the appropriate structure is in place to support risk management and risk ownership at all levels of the Group. The effectiveness of a Risk Management Organisation stems from the implementation of all elements within the GRMF.

### TECHNOLOGY RISK MANAGEMENT FRAMEWORK (TRMF)

The Technology Risk Management Framework ("TRMF") sets out the Group's expectations in managing technology risks and building technology resilience by providing a framework to ensure the confidentiality, integrity and availability of the Group's information infrastructure and the underlying data.

The TRMF covers the control objectives and minimum standards to guide the Group's Technology department, third-party service providers and other technology-related services/functions/departments in managing the technology and cyber risks involved in daily operations. It is imperative that employees at all levels understand their roles and responsibilities in managing technology and cyber risks to minimise disruptions to critical business operations.

As the second line of defence, the Group Technology Risk Management Department will provide oversight and risk monitoring on critical technology projects and ensure critical issues that may have an impact on the Group's risk tolerance are adequately deliberated or escalated in a timely manner; and provide independent views to the board and senior management on third party risk as per criticality.

### GROUP COMPLIANCE FRAMEWORK

A Compliance Framework has been put in place to facilitate, educate and monitor the management of business and support units'/ subsidiaries' activities to act in accordance with relevant laws, regulations and guidelines. In line with good governance, the Compliance Division reports independently to GBCC. The framework covers:

#### a) Policies and Procedures

Policies and Procedures are reviewed on a periodic basis or as and when required to reflect changes in applicable legal/regulatory requirements and business practices.

#### b) Compliance Culture

In line with the Group's risk culture, the compliance culture is driven with a strong tone from the top, complemented by clear accountabilities, and effective communication, to embed expected values and principles of conduct that shape the behaviour and attitude of employees at all level of business and activities across the Group.

#### c) Compliance Programme

The Compliance Programme consists of planned activities which include implementation of compliance related policies, compliance risk assessment, corruption risk assessment, regulatory gap analysis, compliance review plan, compliance

matrix self assessment, and the Integrity and Governance Unit ("IGU")'s review plans on anti-corruption measures. This programme is regularly reviewed and improved to incorporate regulatory and industry changes as well as regulatory expectations.

#### d) Compliance Risk Management

Compliance Risk Management methodology and tools are established as enablers to support and monitor the effectiveness of the identification and assessment of compliance risk associated with operations as well as requirements by regulators whilst corruption risk assessment identifies business areas and employees having potential exposures to bribery and corruption.

#### e) Compliance Awareness

Scheduled compliance trainings, e-learning, communication and assessments are regularly conducted to continuously enhance compliance awareness and culture amongst the staff, Management and Board.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### SHARIAH GOVERNANCE POLICY (“SGP”)

The SGP among others sets out the guiding principle to ensure that the planning, development and implementation of the Bank’s products, services and conducts of business are in accordance with the Shariah principles. The SGP reflects the responsibilities of the Board of Directors, Shariah Committee, the Management, and Shariah Functions in line with Bank Negara Malaysia’s Shariah Governance Policy Document.

The Shariah Committee of Affin Islamic Bank Berhad has the responsibility to provide objective and sound advice to ensure that aims and operations, business, affairs and activities of Affin Islamic Bank Berhad and Islamic Banking business of Affin Bank Berhad are in compliance with Shariah.

The implementation of the SGP is supported through the following Shariah Functions:

#### a) Shariah Research and Secretariat

Shariah Research is performed by officers with Shariah qualifications, mainly facilitating the product development process and performing in-depth research on Shariah issues. The Shariah Secretariat is the secretariat to the Shariah Committee and among others responsible for coordinating Shariah Committee meetings and dissemination of Shariah Committee resolutions.

#### b) Shariah Advisory

Shariah Advisory acts as an internal advisor on any Shariah related matters arising from operations, products, documentation, and systems and will propose applicable Shariah-compliant solutions, which would be deliberated and endorsed by the Shariah Committee. This function is performed by officers with Shariah qualifications.

#### c) Shariah Review

Shariah Review is conducted by qualified Shariah officers as a compliance function. The Shariah Review function encompasses regular assessment on Shariah compliance in the operations, business, affairs and activities of Affin Islamic Bank Berhad and the Islamic Banking business of Affin Bank Berhad, including identifying, assessing and monitoring the compliance of the business operations and activities with Shariah. Findings related to SNC risks are reported to the Shariah Committee and the Group Board Compliance Committee.

#### d) Shariah Risk Management

Shariah Non-Compliance (“SNC”) risk is identified as one of the material risks under the Islamic banking business. The Group Risk Management Division has established a dedicated Shariah Risk Management team that systematically identifies, measures, monitors and reports SNC risks in the operations, business, affairs and activities of the Bank. The SNC risks are reported to the Shariah Committee and the Group Board Risk Management Committee.

#### e) Shariah Audit

The Group Internal Audit Division provides independent assessment on the adequacy and effectiveness of the internal control systems, as well as the overall compliance of the Islamic operations, business, affairs and activities with Shariah. Findings related to SNC risks are reported to the Shariah Committee and the Group Board Audit Committee.

### INTERNAL CONTROLS

The Board and Senior Management have established a system of internal controls based on segregation of duties, clearly defined roles and responsibilities and authority levels. Authority limits are imposed on the Management to govern the day-today risk-taking activities in matters relating to credit and treasury operations, acquisitions and disposals of assets and others.

Various Management Committees have been established to ensure oversight over the achievement of the overall Group strategic and business objectives. Channels of communication and procedures have been established for Management to review, discuss and resolve strategic, operational, financial and other key management issues/risks, including escalation of issues/risks to the Board.

The adequacy and effectiveness of internal controls as well as the level of compliance with relevant laws, regulations, policies and procedures are subject to ongoing assessment by the risk management, compliance and internal audit functions of the Bank and its major operating subsidiaries. These control functions assist the respective Boards at the company’s level and Board Committees at the Group’s level in discharging their oversight responsibilities on the adequacy and effectiveness of the risk management processes and internal control system.



### → Group Board Audit Committee (“GBAC”)

The GBAC is a Board-delegated committee in charge of providing independent oversight on the reliability and integrity of the financial reporting and disclosure process, as well as reviewing the effectiveness of the overall internal controls system within the Group. The responsibilities of the GBAC include assisting the Board in evaluating the adequacy and effectiveness of the Group’s internal controls, risk management and governance processes through the Group Internal Audit function. In addition, it has the authority to direct investigations in respect of any specific instances or events, which are deemed to have violated policies and procedures that have a material impact on the Group.

*Detailed information on GBAC is available on page 147 of this Annual Report.*

### → Group Board Risk Management Committee (“GBRMC”)

The Board is assisted by the GBRMC to oversee the sound management of all identified enterprise-wide risks including ensuring proper risk infrastructures, processes and controls are in place to proactively manage and monitor risks within the Group’s risk appetite.

*Detailed information on GBRMC is available on page 148 of this Annual Report.*

### → Group Board Compliance Committee (“GBCC”)

The GBCC assists the Board in the oversight and effective management of compliance risks across the Group as well as the integrity and governance matters for the Group.

*Detailed information on GBCC is available on page 149 of this Annual Report.*

### → Group Internal Audit Division (“GIA”)

The Board established GIA as the third line of defence, positioned to support the GBAC in providing independent and objective assessment on the adequacy and effectiveness of internal controls, risk management and governance processes of the Group. It is led by a Group Chief Internal Auditor, who reports functionally to the GBAC and administratively to the President & Group Chief Executive Officer (“PGCEO”). The purpose, authority and responsibilities of the GIA are guided by the provisions outlined in the Audit Charter, which is reviewed and approved by the GBAC annually and governed by the regulatory guidelines, Code of Ethics and mandatory guidance established under the International Professional Practices Framework by the Institute of Internal Auditors (“IIA”).

The GBAC oversees the activities of the GIA, its independence, adequacy of scope coverage and resources and approves the

risk-based annual audit plan. All significant and material findings by GIA, external auditors and regulatory authorities are reported to the GBAC for review and deliberation and are subsequently escalated to the Board. Shariah related findings are escalated to the Shariah Committee. Through GIA, the GBAC monitors the status of remedial actions taken by Management to address issues identified by GIA, external auditors and regulatory authorities.

*Detailed information on GIA is available on page 166 of this Annual Report.*

### → Policies, Plans & Procedures

Policies and procedures are formulated to ensure compliance with internal controls, relevant laws and regulations and to govern the business and operations of the Group. Our policies and procedures undergo regular reviews through a structured governance process to ensure they remain relevant to changing business and regulatory requirements, as well as operational needs.

There is a clearly defined framework and empowerment approved by the main operating subsidiaries’ respective Board for acquisitions and disposals of property, plant and equipment, awarding tenders, applications for capital expenditure, writing off operational and credit items, approving general expenses including donations, gift policy, etc.

*Some of the key policies, plans and procedures in place include:*

### → People Office Policies and Procedures

People Office Policies and Procedures (“POPP”) are in place and provide clarity to the organisation in all aspects of people management within the Group. The POPP are reviewed periodically to ensure policies and procedures remain relevant and appropriate controls are in place to manage operational risks. Updates and revisions to the POPP, if any, are communicated timely to all employees via the intranet.

The Code of Ethics sets out sound guiding principles and standards of behaviour and conduct expected of all employees. It is aligned to the BNM’s Code of Ethics for banking institutions in all its entities. It is the minimum code of conduct that is expected from all employees in the conduct of their daily business operations.

Various initiatives and training programmes are conducted regularly to address ongoing human capital requirements and knowledge management. The e-learning facility at Affin Bank Berhad, Affin Islamic Bank Berhad and Affin Hwang Investment Bank Berhad provides employees with the freedom of time and space to continuously upskill and enhance their knowledge in

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

building core technical competencies relevant to their area of work. A performance-based appraisal system is established to evaluate, develop and compensate/reward its employees accordingly.

A fair, transparent and consistent consequence management process is in place in dealing with staff who fail to ensure its conduct, behaviour and work performance to be in line with the Group's expected standards of internal control, compliance and Code of Ethics.

### ➔ Group Business Continuity Management Policy

The Group has established the Group Business Continuity Management Policy which sets out the objectives, scope, strategies and response procedures as well as the lines of authority and responsibility for effective implementation of business continuity management throughout the organisation. In addition, Business Continuity Plans ("BCP") and Disaster Recovery Plans ("DRP") are established for critical business functions and critical application systems respectively and are regularly tested to ensure the preparedness of staff, the readiness of alternate worksites, the reliability of backup IT systems, and the effectiveness of communication, escalation and recovery procedures. Any changes in systems, applications and procedures are updated in the DRP.

### ➔ Group Contingency Funding Plan

The Group's Contingency Funding Plan ("CFP") outlines the liquidity countermeasures for deployment in the event of adverse liquidity circumstances to ensure the response, continuation and recovery of business during short-term or prolonged liquidity disruptions. The Group manages low-impact and high-probability events as part of our business-as-usual (BAU) funding and liquidity risk management activities. On the other end, we use CFPs to address high-impact low-probability events. The Group uses CFPs to develop and implement our financial and operational strategies for effective management of contingent liquidity events.

### ➔ Stress Testing

Stress testing is an essential risk management tool to assess the Group's resilience to withstand potential adverse events or stressed economic conditions. The stress test exercise is governed by the Group Stress Test Policy and is conducted regularly to provide a forward-looking assessment by identifying the potential vulnerabilities and ascertaining the impact on the Group. This allows a better understanding of the risk profile and ensures proactive risk mitigation strategies can be taken to manage the risk. The Group is developing the climate risk scenario analysis and stress testing capabilities in compliance with the BNM Climate Risk Management and Scenario Analysis ("CRMSA") requirements.

### ➔ Group Credit Policy on Sustainable Financing ("GCPSF")

The GCPSF was established as an internal policy, framework and approach to manage the ESG aspects of financing and investment activities that the Group is involved in. It sets the standards for the recognition of ESG aspects to be considered by the respective business divisions within the Group.

The Group's commitment to sustainable financing and investment is guided by the following principles:

The incorporation of ESG considerations into the Group's financing and investment activities to effectively manage ESG risks and realise ESG opportunities

Engagement and dialogue with clients or counterparties to improve on ESG awareness and compliance

Identifying opportunities to minimise the ESG impact of the Group's operations, products and services

Avoid financing and investment activities which contravene any laws or regulations pertaining to environmental, social and governance matters

The Group continues to develop its policy, framework and approach to manage the ESG aspects of financing and investment proposals it undertakes to cater for the dynamic changes demanded through regulation and market trends in general.

### ➔ Anti-Money Laundering/Counter Financing Terrorism ("AML/CFT")

The Group continues to strengthen its enterprise-wide AML/CFT programme by adopting a risk-based approach to ensure that key measures are in place to prevent and mitigate money laundering and terrorist & proliferation financing activities, commensurate with business and compliance risks that have been identified and assessed. The Group remains vigilant over the level of compliance at all business divisions with regards to AML/CFT requirements and measures. Thematic audits are also carried out regularly at branches and subsidiaries to ensure continuous AML/CFT compliance.

### ➔ Group Anti-Bribery and Corruption Policy

In the Group's sustained efforts to ensure continuous compliance to applicable laws and regulations against bribery and corruption, the Group has put in place a Group Anti-Bribery and Corruption Policy ("ABC Policy") in May 2020, pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009 that provides criminal liability (corporate liability) of an organisation for the corrupt practices of its associated persons. The ABC Policy adopts a zero-tolerance stance on bribery and corrupt activities amongst its associated persons. The Group is committed to conduct business dealings with the highest integrity and ethical principles and is against all forms of bribery and corruption, regardless of the amount involved. The Group's strong stance against such acts has been published on the corporate website. The ABC Policy is referred to on contractual document with third parties, such as vendors and service providers, having business relationship with the Group.

An Integrity and Governance Unit ("IGU") was established in 2020, in line with the Prime Minister's Directive Series 1 No. 1 of Year 2018, tasked to implement the required core functions as set out under the Malaysian Anti-Corruption Commission ("MACC") Guidelines on the Management of IGU 2018. The IGU monitors on complaints received in relation to bribery and corruption, if any. In addition, the IGU leads the implementation of the Group's anti-corruption plan which entails measures such as regular awareness programs, corruption risk assessment and other antibribery and corruption efforts in promoting good business ethics and integrity among staff.

### ➔ Group Whistleblowing Policy

The Group's Whistleblowing Policy ("GWB Policy") encapsulates the governance and standards to promote an ethical, responsible and secure whistleblowing practice. This is in line with the requirements in BNM's Corporate Governance Policy, MACC's Guidelines on the Management of IGU 2018 and the principles prescribed in the Whistleblower Protection Act 2010. The Policy is aimed to provide proper and secure avenue(s) for the Group's employees and/or members of the public who have knowledge of or is aware of any improper conduct to report any suspected bribery, corruption, fraud, and any other criminal activity. This does not exclude complaint on staff unethical conduct/behaviour. The IGU was established to handle these whistleblowing cases and complaints in relation to suspected bribes or corruption.

All whistleblowing cases are reported to the Group Whistleblowing Committee and oversight is performed by an independent non-executive director. The Group is wholly committed to ensure strict confidentiality and will not only protect the identity of the whistleblower but will also protect them from any harassment and victimisation due to the disclosure. Our whistleblowing channels are published on the corporate website.

### ➔ Annual Business and Capital Plan

Structured framework and processes are in place with regards to the development of annual business and capital plans. The significant operating entities' annual business plans and financial budgets as well as the capital plans are tabled and approved at their respective Boards, before consolidation at the Group's level and all internal capital targets are set on a yearly basis. Variances between the actual and targeted results are presented to the Board on a periodic basis to allow for timely responses and corrective actions to be taken to mitigate risks. Status update of the capital plan is presented to the Board on half-yearly basis, including any capital actions required to ensure there are sufficient buffers against the minimum requirements prescribed by BNM.

### ➔ Anti-Fraud Policy

The Anti-Fraud Policy outlines the vision, principles and strategies for the Group to foster a culture of vigilance to effectively combat fraud which includes detection, escalation, remedy and deterrence of future occurrences. Robust and comprehensive tools and programmes are deployed to enforce the Policy, with clear roles and responsibilities outlined at every level of the organisation. The Group's Management has zero tolerance for fraud and demands high standards of integrity and professionalism in every employee, consistent with the Group's cultural beliefs. Appropriate disciplinary actions are taken against employees involved in fraudulent activities, in line with the Group's consequence management process.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### CONCLUSION

The Board has received reasonable assurance from the President and Group Chief Executive Officer and Group Chief Financial Officer that the Group's risk management and systems of internal control are operating adequately and effectively in all material aspects during the financial year under review based on Shariah requirements, Risk Management and Internal Control system adopted by the Group.

Taking into consideration the assurance from the management and input from the relevant assurance providers, it is viewed that the Group's risk management and systems of internal control are operating adequately and effectively to safeguard shareholders' investments, customers' interests and the company's assets.

### REVIEW OF STATEMENT BY EXTERNAL AUDITORS

Note: AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

### MATERIAL JOINT VENTURE AND ASSOCIATES

The disclosures in this statement do not include the risk management and internal control practice of AFFIN Group's material joint ventures and associates. The Group's interest in these entities is safeguarded through the appointment of representatives to the respective board of directors or through nominated representatives. Additionally, where necessary, key financial and other appropriate information on the performance of these entities is obtained and reviewed by the Board.



# Sustainability Statement



Sustainable Financing



Sustainable Operations



People & Culture



Support the Community

# RESPONSIBLE BANKING WITH IMPACT

## INTRODUCTION

### ABOUT THIS STATEMENT

At AFFIN, we have embarked on a transformation journey under the Affin 2025 Plan (“A25”), which runs from 2023 to 2025. Our vision under A25 is to become the Most Creative Financial Company in Malaysia and one of the three key strategic objectives of the plan is “Responsible Banking with Impact”, which focuses on driving environmental sustainability, creating positive impact on society and promoting financial inclusion. To this end, we strive to integrate sustainability across our thinking and actions.

As we progress towards achieving our A25 transformation goals, we recognise the vital role of sustainability. It drives our innovation and customer-centric approach, cultivates productive and engaging work environments and demonstrates our adaptability and determination in addressing challenges and complexities as a responsible and progressive organisation.

This Sustainability Statement is an account of our metamorphosis on this journey between 1 January 2023 and 31 December 2023 (“FY2023”), with the reporting of our initiatives grouped based on our four Sustainability Focus Areas (details of which are outlined on page 190 of this statement).

This statement was approved by the Board on 19 March 2024 and published on 27 March 2024.

### ► SCOPE

This statement covers our activities across our three main business entities – Affin Bank Berhad, Affin Islamic Bank Berhad (“AIBB”) and Affin Hwang Investment Bank Berhad (“AHIBB”) – collectively known as “AFFIN Group”. It excludes Generali Insurance Malaysia Berhad (formerly known as AXA Affin General Insurance Berhad) and Generali Life Insurance Malaysia Berhad (formerly known as AXA Affin Life Insurance Berhad), as we no longer maintain full control. As per prior years, the statement’s scope was determined based on the areas of our business that we believe have a significant impact on the economy, the environment and the surrounding communities. This statement primarily aims to highlight the latest developments to our Environment, Social and Governance (“ESG”) related strategies, governance measures and initiatives in FY2023, unless stated otherwise, and should be read together with our previous statements. The statements are available on our website at [www.affingroup.com](http://www.affingroup.com).

### ► OUR REPORTING APPROACH

In developing this statement, we are guided by global and local standards and frameworks, namely:

- Bursa Malaysia Sustainability Reporting Guide
- Global Reporting Initiative (“GRI”) Standards
- Task Force on Climate-related Financial Disclosures (“TCFD”)
- United Nations (“UN”) Sustainable Development Goals (“SDGs”)

Where possible, we have attempted to adopt industry best practices and standards, with the aim of ensuring that our stakeholders receive relevant information for informed decision-making. In addition, we have strived to apply the reporting principles of the International Integrated Reporting Council’s (“IIRC”) Framework: balance, comparability, clarity, completeness, reliability and accuracy.

### ► FEEDBACK

In our effort to continuously improve our sustainability performance and disclosures, we welcome any feedback and suggestions regarding this statement. Please address all feedback to our Sustainability Office at [esgchange@affingroup.com](mailto:esgchange@affingroup.com).



## MESSAGE FROM THE CHAIRMAN OF THE GROUP BOARD SUSTAINABILITY COMMITTEE

At AFFIN, we recognise the growing importance of ESG factors, not just for our business but for society’s well-being, and have made “Responsible Banking with Impact” core to our strategy.

Our newly established Sustainability Framework, guided by four key principles, ensures that everything we do aligns with our sustainability goals. This includes a commitment to increase sustainable financing to 15% by 2025 and the aim to achieve a 30% reduction in operational emissions by 2030 and Net Zero Carbon by 2050. We are also fostering a diverse, equitable and inclusive workplace and empowering communities through our various social programmes.

Leading with integrity is paramount in this journey, and we are committed to driving transparency through comprehensive ESG reporting to ensure that our stakeholders are informed of our progress. Our newly formed Group Board Sustainability Committee (“GBSC”) reflects our unwavering commitment to integrating sustainability at every level, and our dedicated Group Chief Corporate Strategy & Sustainability Officer further strengthens this focus.

Thus far, our journey has already shown significant progress. Looking to the future, we are confident that our focus areas will continue to create lasting value for our stakeholders, empower our customers, serve the advancement of local communities and ensure a thriving environment for generations to come. To this end, we will continuously seek new ways to strengthen our sustainability culture, with the aim of making it the foundation of who we are as an organisation.

As Chairman of the Group Board Sustainability Committee, I am confident the steps we have taken and our unwavering focus position us for continued success in building a more sustainable future for all.

LEADING WITH INTEGRITY AND TRANSPARENCY IS PARAMOUNT IN THIS JOURNEY, AND WE ARE COMMITTED TO DRIVING TRANSPARENCY THROUGH COMPREHENSIVE ESG REPORTING TO ENSURE STAKEHOLDERS ARE INFORMED OF OUR PROGRESS.



**ABDUL MALEK MOHAMED SAID**  
Group Chief Corporate Strategy and Sustainability Officer

**EMELIANA DALLAN RICE-OXLEY**  
Chairman Group Board Sustainability Committee

## GROUP CHIEF CORPORATE STRATEGY AND SUSTAINABILITY OFFICER’S MESSAGE

In today’s challenging era, our role as a financial institution extends beyond profit. We hold a profound responsibility to drive meaningful change, not only within our organisation but also, across the communities we serve.

Our ambition is clear: prioritise environmental sustainability, create positive societal impact and promote financial inclusion. We envision a world where prosperity coexists harmoniously

with environmental stewardship and social well-being, and we commit to providing sustainable products, minimising our ecological footprint and offering unrivalled customer service.

Sustainability is our cornerstone, guiding our risk management, driving long-term value creation and building a brighter future for the bank and our stakeholders

*Together, let’s make it a reality.*

# OUR APPROACH TO SUSTAINABILITY

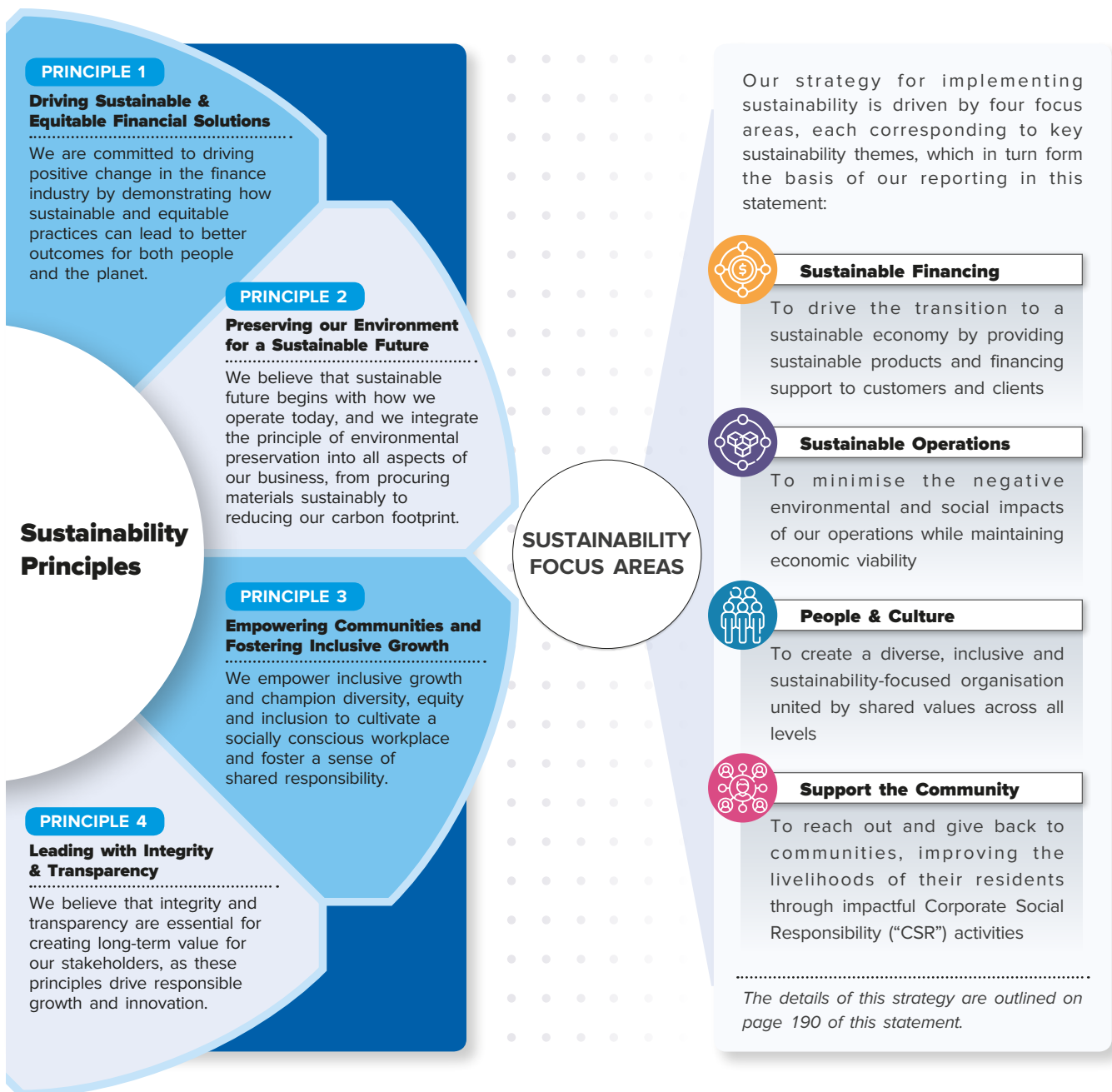
## OUR SUSTAINABILITY FRAMEWORK

We understand the importance of integrating sustainability into our operations. Our aim is to make a meaningful and positive impact on both the environment and the surrounding communities where we operate. To this end, we took a strong step forward on our sustainability journey with the launch of our Sustainability Framework in 2023.

The framework is a tangible representation of our dedication to seamlessly integrate sustainability principles into all aspects of our business operations and decision-making processes. At its heart, it connects our A.F.F.I.N. core

values – which forms the foundation of our approach to business – with our sustainability vision and mission statement, outlining a strategic roadmap for us to turn aspiration into achievement.

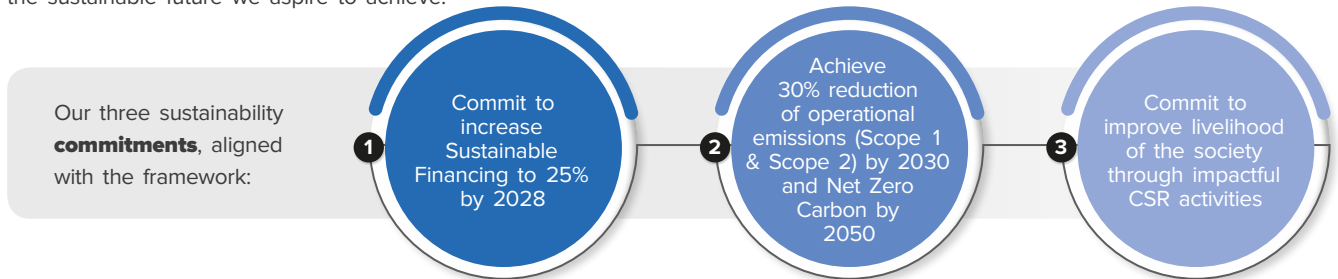
The framework outlines four principles that serve as the cornerstone of our sustainability strategy, uniting our teams under a shared vision of what a sustainable future looks like at AFFIN.





## OUR SUSTAINABILITY COMMITMENTS

Guided by our sustainability principles, we have formulated three sustainability commitments that act as a compass towards achieving the sustainable future we aspire to achieve:



COMMITMENT #1	DESCRIPTION	PERFORMANCE IN FY2023
<ul style="list-style-type: none"> <li>➔ Achieve 25% sustainable financing as a percentage of our total financing portfolio by 2028</li> </ul>	<p>We actively allocate funds to sustainable financing through lending/financing and underwriting.</p> <p>Our approach involves integrating ESG evaluation criteria into our credit assessment processes enabling us to capitalise on sustainable financing opportunities and support the transition to a low carbon economy.</p> <p>In the shorter term, our aim is to grow our sustainability financing portfolio to 15% of our overall financing portfolio by 2025, in line with the A25 plan.</p>	<p>Our sustainable financing portfolio stands at 8.6% of our total financing portfolio, exceeding our FY2023 target of 7%</p>
<p>Please refer to the Sustainable Financing section on page 193 for more details.</p>		

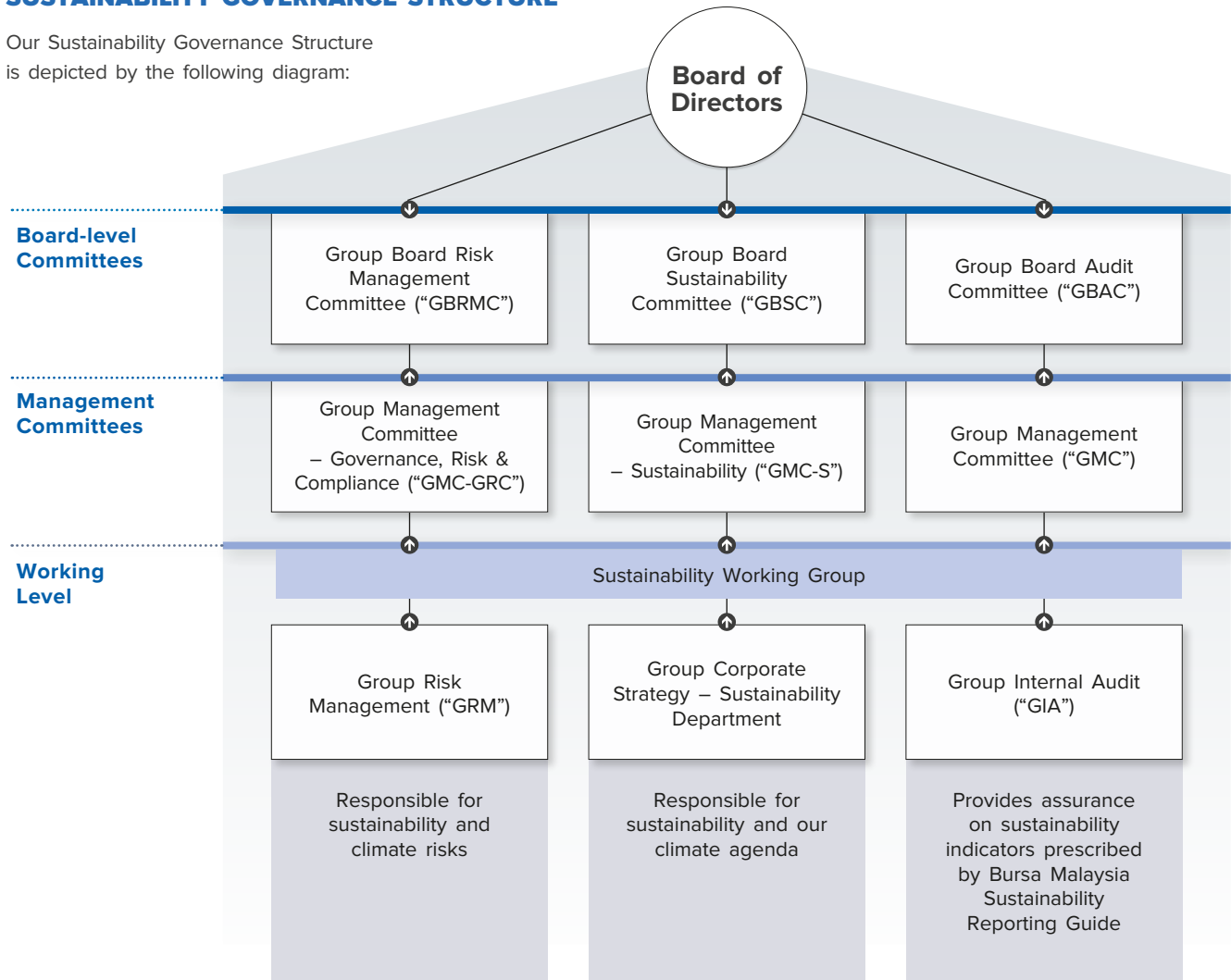
COMMITMENT #2	DESCRIPTION	PERFORMANCE IN FY2023
<ul style="list-style-type: none"> <li>➔ Achieve a 30% reduction in operational emissions (Scope 1 &amp; 2) by 2030, compared to 2022 baseline</li> <li>➔ Achieve Net Zero Carbon by 2050</li> </ul>	<ol style="list-style-type: none"> <li>1. We are committed to reduce our operational emissions by 30%, by the year 2030 (against year 2022 baseline)</li> <li>2. Meanwhile, our commitment to achieve Net Zero Carbon by 2050 involves balancing all direct and indirect CO<sub>2</sub>e emissions and removals. This includes our operations and the business activities we finance throughout our value chain</li> </ol>	<p>Achieved an 8% reduction in operational emissions (equivalent to 1,304 tonnes of tCO<sub>2</sub>e) against 2022 baseline</p>
<p>Please refer to the Sustainable Operations section on page 203 for more details.</p>		

COMMITMENT #3	DESCRIPTION	PERFORMANCE IN FY2023
<ul style="list-style-type: none"> <li>➔ Improve the livelihood of society through impactful CSR activities</li> </ul>	<p>To reach out and give back to communities through community-based activities covering critical issues such as access to healthcare, disaster relief, financial literacy, social development and environmental preservation</p>	<p>Impacted the lives of approximately 84,500 beneficiaries through our community-based initiatives</p>
<p>Please refer to the Supporting the Community section on page 227 for more details.</p>		

## OUR APPROACH TO SUSTAINABILITY

### SUSTAINABILITY GOVERNANCE STRUCTURE

Our Sustainability Governance Structure is depicted by the following diagram:



Sustainability Governance is spearheaded by our Board of Directors (“Board”), who assume responsibility for our strategic direction on sustainability. The Board is supported by the Group Board Sustainability Committee (“GBSC”), the Group Board Risk Management Committee (“GBRMC”), the Group Board Audit Committee (“GBAC”) and the Group Management Committee Sustainability (“GMC-S”).

The responsibilities of the Board and its committees have also been broadened to encompass sustainability and climate risk elements, as reflected in their respective Terms of Reference (“TOR”).

The respective responsibilities and accountability of each party within our sustainability governance structure are as follows:

#### ➔ Board of Directors

The Board is responsible for promoting the sustainable growth and financial soundness of the bank, as well as ensuring reasonable standards of fair dealings without undue influence from any party. This includes considering the long-term implications of the Board’s decisions on the bank and its customers, officers, and the general public.

In fulfilling this role, the Board must, together with Senior Management, promote and ensure effective governance of sustainability by embedding appropriate ESG considerations in the bank’s business strategies, priorities and targets.

#### ➔ Group Board Sustainability Committee

The Board took a significant step in enhancing AFFIN's Corporate Governance Framework with the formation of the Group Board Sustainability Committee ("GBSC") in November 2023. The GBSC comprises selected members of the Boards of ABB, AIBB, and AHIBB, whereas by permanent invitation, the President and Group Chief Executive Officer ("PGCEO"), selected members of the GMC and Senior Management. The committee meets on a bi-monthly basis to carry out the following key functions:

- Overseeing and endorsing the development, implementation and monitoring of strategies, frameworks, policies, performance, metrics and targets relating to sustainability, climate change, and the Value-based Intermediation Financing and Investment Impact Assessment Framework ("VBIAF").\*

\* *The VBIAF has a twofold purpose. Firstly, it aims to facilitate the implementation of an impact-based risk management system for evaluating the financing and investment endeavours of Islamic financial institutions in line with institutions' respective Value-Based Intermediation commitments. Secondly, the VBIAF serves as a valuable reference guide for other financial institutions intending to integrate ESG risk consideration into their own risk management system.*

- Ensuring that our sustainability strategy is compliant with the regulatory requirements issued by Bank Negara Malaysia and Bursa Malaysia

Prior to the formation of the GBSC, the Group Board Compliance Committee performed the oversight role for the implementation of our Climate Risk Management and Scenario Analysis ("CRMSA")\* initiatives and the process of data collection for reporting under Bursa Malaysia's enhanced Sustainability Reporting Guide.

\* *The CRMSA policy document sets out essential principles and requirements on climate risk management and scenario analysis for financial institutions to enhance their resilience against climate-related risks and help facilitate a just and orderly transition to a low carbon economy.*

#### ➔ Group Board Risk Management Committee

The Group Board Risk Management Committee's ("GBRMC") TOR has been expanded to encompass the oversight of our ESG as well as climate risk matters.

🔍 Please refer to page 148, within the Group Risk Management section of this report, for the full TOR and membership of the GBRMC.

#### ➔ Group Board Audit Committee

The Group Board Audit Committee ("GBAC") provides oversight of the assurance on some of the indicators reported in this statement against the requirements set out in Bursa Malaysia's enhanced Sustainability Reporting Guide.

🔍 Please refer to page 147, within the Group Internal Audit section of this report, for their TOR and membership.

#### ➔ Group Management Committee – Sustainability

The GMC-S comprises selected members of the GMC and Senior Management, and is chaired by the PGCEO. The committee meets on a bi-monthly basis to perform the following key functions:

- Steering, coordinating and ensuring the effective implementation of our sustainability agenda
- Developing and executing strategies, frameworks, policies and procedures for the embedding of sustainable practices throughout AFFIN Group.

#### ➔ Group Chief Corporate Strategy and Sustainability Officer

The Group Chief Corporate Strategy and Sustainability Officer ("GCCSSO") performs the following functions:

- Spearheading sustainability integration across AFFIN Group
- Leading the execution of our sustainability strategy and targets, and aligning our sustainability initiatives with existing policies and procedures

#### ➔ Sustainability Working Group

The Sustainability Working Group ("SWG") comprises members of sustainability departments and other relevant departments. It meets on a bi-monthly basis to perform the following functions:

- Supporting AFFIN Group in carrying out its sustainability agenda
- Executing sustainability strategies, frameworks, policies and procedures to ensure integration of our sustainability agenda across the organisation

#### ➔ Group Risk Management

Group Risk Management ("GRM") performs the following functions:

- Ensuring the embedding of ESG and climate risks into existing policies and procedures
- Carrying out scenario analysis and stress testing exercises, as guided by regulatory compliance standards.

#### ➔ Group Internal Audit

Group Internal Audit ("GIA") performs the following function:

- Conducting assurance of AFFIN's Sustainability Statement which are drafted in line with the Bursa Malaysia Sustainability Reporting Guide

# SUSTAINABILITY STRATEGY

## MATERIALITY ASSESSMENT

We recognise that, in our previous statement, we mentioned that we would conduct a fresh materiality assessment by 2023. We subsequently made preparations for the exercise – however, in view of the pace that destabilising global events such as geopolitical conflicts and interest rate hikes were unfolding, we decided to defer the exercise until 2024. We foresee that 2024 will be a less volatile year, allowing us to conduct a materiality assessment that holds greater relevance and meaning across the short to medium term. We remain committed to transparency and responsible governance, and this adjusted timeline aligns with our pursuit of long-term value creation.

## SUSTAINABILITY FOCUS AREAS

Our strategy for implementing sustainability is driven by four Sustainability Focus Areas. Each of the focus areas contains specific themes, which form the basis for the development of our sustainability initiatives. These Sustainability Focus Areas are mapped against the 12 United Nations Sustainable Development Goals (“UN SDGs”), thus aligning our initiatives with global efforts and standards in sustainability.

These focus areas guide our actions, ensuring that sustainability remains at the core of our organisational character. Further to this, each initiative contains actionable steps aimed at integrating sustainable practices into our business.



### Sustainable Financing












To drive the transition to a sustainable economy by providing sustainable products and financing support to customers and clients

Themes	Actionable Items	Desirable Outcomes	UN SDGs
Partnerships	<ol style="list-style-type: none"> <li>To collaborate with industry and regulatory bodies</li> <li>To adopt best practices and utilise effective tools</li> </ol>	<ol style="list-style-type: none"> <li>Integrating sustainable principles into our processes</li> <li>Advancing our sustainability initiatives.</li> </ol>	 
ESG Integration	To integrate ESG considerations into our core business activities, including lending/financing, capital markets advisory, fundraising and investment	<ol style="list-style-type: none"> <li>Enhanced evaluation and control of our ESG risks</li> <li>Strengthening our standing and competitive edge</li> <li>Consistent financial performance and shareholder value creation</li> </ol>	 
Sustainable Growth	To be financially sound, environmentally conscious and socially responsible	Achieving enduring success, resilience and positive impact	 



### Sustainable Operations

To minimise the negative environmental and social impacts of our operations while maintaining economic viability

Themes	Actionable Items	Desirable Outcomes	UN SDGs
Sustainable Supply Chain	To embed environmentally and socially responsible practices while engaging with partners, vendors and suppliers	<ol style="list-style-type: none"> <li>Minimising our ecological footprint.</li> <li>Upholding ethical labour standards</li> <li>Securing our financial sustainability for the long term</li> </ol>	 
Achieving Net Zero Carbon	To achieve Net Zero Carbon by 2050	<ol style="list-style-type: none"> <li>Supporting climate stability</li> <li>Nurturing our environmental resilience.</li> <li>Promoting cleaner air and water, with positive effects on human health</li> </ol>	   
Energy Efficiency	To keep pace with and implement energy-efficient infrastructure advancements	<ol style="list-style-type: none"> <li>Optimised resource usage, resulting in reduced carbon footprints</li> <li>Reduced operational expenses, resulting in long-term financial savings</li> </ol>	   
Occupational Health & Safety	To prioritise the well-being and safety of our employees	Reduced incidents of injuries and illnesses, resulting in enhanced employee morale and productivity	



**People & Culture**

To create a diverse, inclusive and sustainability-focused organisation united by shared values across all levels

Themes	Actionable Items	Desirable Outcomes	UN SDGs
Embrace Good Practices	To integrate responsible values and ESG considerations at the heart of our vision, principles, commitments, strategies, policies, existing business tools and processes, product designs and operations	<ol style="list-style-type: none"> <li>1. Minimising potential disruptions</li> <li>2. Fostering confidence among our stakeholders</li> <li>3. Setting an example through our actions</li> </ol>	
Diversity, Equity and Inclusion	<ol style="list-style-type: none"> <li>1. To establish a workplace that upholds Diversity, Equity and Inclusion (“DEI”)</li> <li>2. To treat our employees with dignity and respect</li> </ol>	<ol style="list-style-type: none"> <li>1. Fostering our ingenuity and inventive spirit</li> <li>2. Elevating employee morale and job satisfaction</li> <li>3. Enhancing our team’s collaboration and synergy</li> </ol>	
Talent Development	To create a wide range of employee development initiatives and programmes	<ol style="list-style-type: none"> <li>1. Promoting individualised and impactful employee development</li> <li>2. Empowering our valued employees with enhanced skills, knowledge and capabilities</li> </ol>	



**Supporting the Community**

To reach out and give back to communities, improving the livelihoods of their residents through impactful CSR activities

Themes	Actionable Items	Desirable Outcomes	UN SDGs
Empower Community	To advance community support and foster social development initiatives	Empowering and creating a positive impact for surrounding communities	
Environment	<ol style="list-style-type: none"> <li>1. To prioritise addressing climate change.</li> <li>2. To protect our planet from a multitude of pressing environmental challenges</li> </ol>	<ol style="list-style-type: none"> <li>1. Contributing to the mitigation of extreme weather events, rising sea-levels and other catastrophic climate related impacts</li> <li>2. Promoting cleaner air, water and healthier living conditions for both humans and wildlife</li> <li>3. Ensuring the preservation of biodiversity</li> </ol>	
Health	To capitalise on the expertise of our network of clients and partners in providing healthcare advisory assistance and education to the surrounding communities	Empowering individuals to make informed health decisions and enhance their overall well-being	
Education	To empower younger segments of society to participate in financial literacy programmes through strategic partnerships and leveraging our employees’ expertise	Contribute to the financial well-being of targeted individuals, paving the way for a more informed and prosperous society	
Disaster Relief	To help the surrounding communities affected by major disasters to recover and build, whether through our own resources or strategic partner organisations	Accelerating the recovery and rebuilding process for impacted communities	

Our goal is to establish a robust ecosystem by aligning our internal processes with external collaborations. Through this synergy, we strive to catalyse positive transformation and actively contribute to a sustainable future, in line with the vision set forth by the UN SDGs.

## SUSTAINABILITY STRATEGY

### OUR INVOLVEMENT WITH INDUSTRY BODIES

We firmly believe that industry involvement and an inclusive and participatory approach are essential for creating a meaningful positive impact from a sustainability perspective as a financial institution.

We aim to enhance our impact through active engagement on climate change and the integration of Value-based Intermediation ("VBI") principles within our Islamic banking arm, as well as via various partnerships and building-coalitions. Our strategic collaborations with all our partners serve as a valuable platform for understanding the strategic initiatives of other financial institutions and facilitating the exchange of knowledge, expertise and best practices.

Here are a few examples of the strategic collaborations as of FY2023.

#### Climate Change and Principle-based Taxonomy

➔ In keeping with our continued support of BNM's CCPT, we are also a member of the CCPT Implementation Group and an active member contributing to initiatives under the SME Subgroup, which promotes standardisation and consistent application of CCPT across all financial institutions.

#### Value-based Intermediation Community of Practitioners

➔ As envisioned by BNM, VBI aims to "deliver the intended outcomes of Shariah through practices, conduct and offerings that generate positive and sustainable impact to the economy, community and environment, consistent with shareholders' sustainable returns and long-term interests."

Through our Islamic banking subsidiary Affin Islamic Bank Berhad ("AIBB"), we play an active role as a member of the VBI Community of Practitioners ("VBI CoP"), advancing VBI by working on the implementation of key components such as the VBI Scorecard, the VBIAF and the VBI Sectoral Guides.

The development of VBI Sectoral Guides is instrumental in promoting responsible financing. These guides, which complement BNM's Climate Change & Principle based Taxonomy ("CCPT"), provide sector specific ESG risk assessment templates to guide our business and credit teams in evaluating financing risks, particularly those related to the environment and social factors.

Notably, we participated in the second and third cohorts of the VBIAF Sectoral Guides, contributing to the development of the Sectoral Guides for Manufacturing and Agriculture.

#### United Nations Global Compact Malaysia and Brunei

➔ We are delighted to share that, effective 27 March 2023, AFFIN has become a proud member of the United Nations Global Compact Network Malaysia & Brunei ("UNGCMYB"). United Nations Global Compact ("UNGC") is the world's largest corporate sustainability initiative, and our participation marks our membership in its Malaysian chapter. Specifically, we are committed to the UNGC's corporate responsibility initiative and its principles in the areas of human rights, labour, environment and anti-corruption.

#### Subcommittees of the Joint Committee on Climate Change

➔ We actively engage within the subcommittees of the Joint Committee on Climate Change ("JC3") established by Bank Negara Malaysia ("BNM") to keep abreast of the shifting global landscape and emerging sustainability trends.

We are a member of the following subcommittees:

**Sub Committee 1** Risk Management

**Sub Committee 2** Governance and Disclosure

#### Association of Islamic Banking and Financial Institutions Malaysia

➔ We proudly participated in myWakaf; an initiative led by the Association of Islamic Banking and Financial Institutions Malaysia ("AIBIM"). myWakaf is a collaboration of nine Islamic banks under AIBIM, together with the State Islamic Religious Councils (SIRCs) for waqf initiatives, aiming to generate economic impact for the community. myWakaf places strong emphasis on community and economic empowerment, health, education and waqf investment.

We also engage in myZakat; an Islamic banking industry initiative led by AIBIM. myZakat fosters a collective zakat distribution effort among participating banks. By allocating a portion of the zakat refund received from the State Islamic Religious Councils, the pooled funds are dedicated to sustainable projects that benefit eligible *Asnaf* individuals; a party that is eligible to receive zakat aid collected from Muslims.

Our membership in the UNGCMYB provides us with valuable opportunities. By leveraging the expertise already established by the UNGC, we can enhance our understanding of sustainability and ESG issues. Additionally, our expanded network of fellow members enables us to accelerate capacity building and foster in-house knowledge in these critical areas.