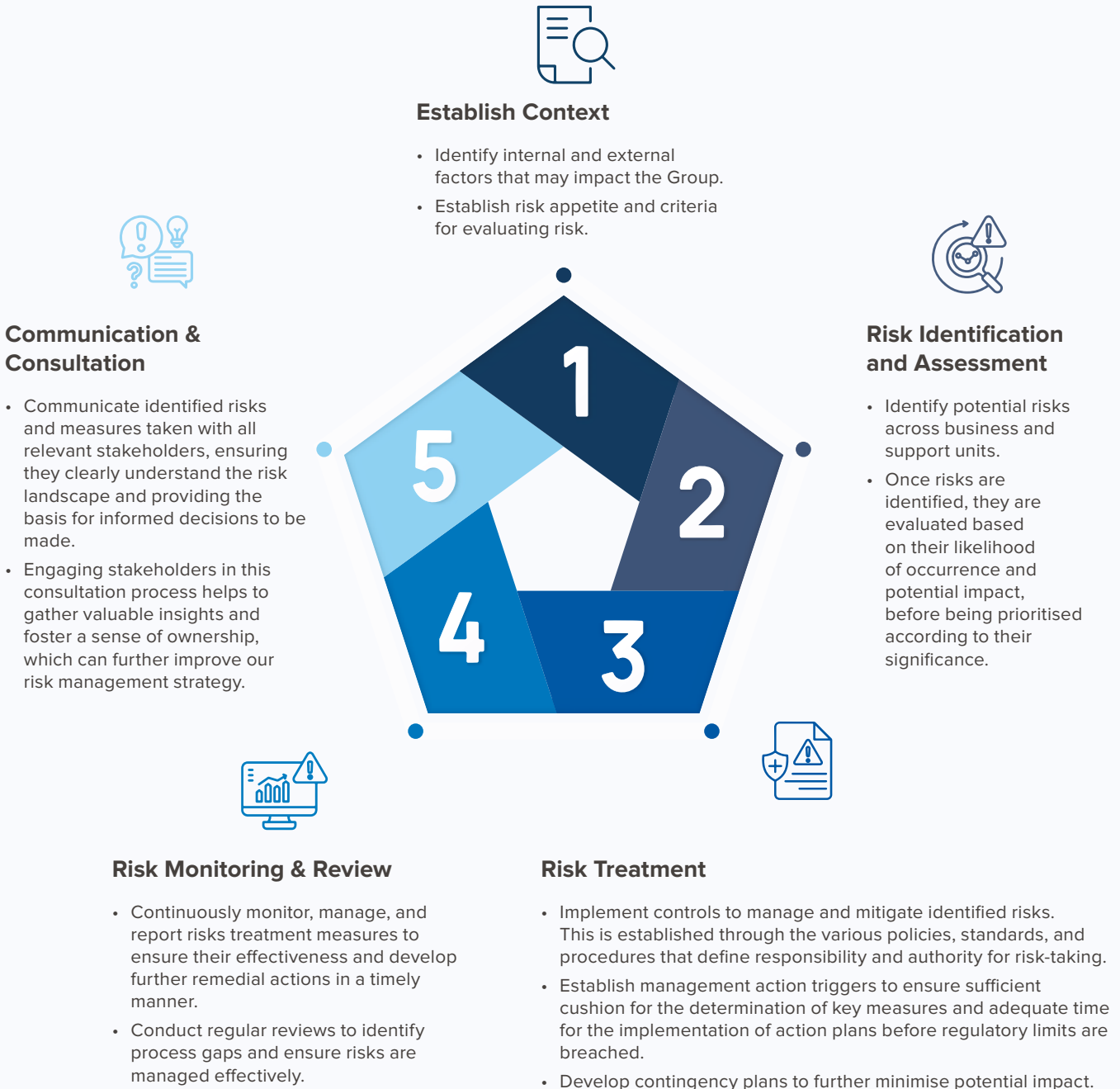


STRATEGIC REVIEW

KEY RISKS AND MITIGATION

Through a rigorous approach to risk management, we strive to safeguard ourselves against negative impacts that would affect our performance, prospects, and stakeholders.

Our approach is premised on an established, five-step risk management process that is applied consistently across our operations:



During the year under review, we conducted an updated assessment of our risk landscape. The assessment confirmed that the risks outlined in our 2023 report remain highly relevant to our business operations.

MANAGEMENT OF KEY RISKS

CR CREDIT RISK

Description & Implication on Value Creation

The loss of principal or income when obligors or counterparties fail to fulfil their contractual obligations as per agreed terms.

Response & Mitigation Actions

- To ensure prudent and effective credit risk management, the Group has put a comprehensive credit risk policy framework in place, designed to systematically identify, assess, measure, control, and monitor credit exposures across diverse counterparties.
- The Bank's Business Units are the primary parties responsible for risk management. Oversight is provided by independent functions such as the Group Credit Management Division and Group Risk Management Division, which provide objective input with regards to credit risk-taking activities. Additionally, multiple subcommittees at both the senior management and Board levels carefully monitor and manage delegated authority limits to ensure compliance.
- The Bank takes a proactive approach to credit risk monitoring to mitigate potential losses in addition to regular reviews. The Group Early Alert Committee (GEAC) is tasked with identifying accounts that show signs of increased credit risk to manage the Group's credit exposure.
- While the risks associated with COVID-19 have diminished, the Bank remains vigilant in continuously assessing any residual risks arising from the expiry of repayment assistance programmes. This ensures that necessary measures are in place for us to achieve a balanced outcome for all stakeholders. Furthermore, the Group has committed to exercising greater caution when extending credit to counterparties in high-risk industries or regions to protect its capital and liquidity.
- The Annual Credit Plan (ACP), which aligns with the Group's Risk Appetite Statement, guides the Group's key credit strategies for the year. The principles outlined in the ACP provide the framework for the Group's diversification, safeguarded with internal limits and controls. By establishing prudential targets and limits, the ACP strikes a balance between managing credit risk activities with prudent business growth.
- Post-approval credit reviews and post-mortem assessments are a key part of the Group's risk management framework. Insights from these reviews are shared with the Group Management Credit Committee (GMCC), the Group Board Risk Management Committee (GBRMC), and the Group Board Audit Committee (GBAC), fostering continuous improvements in credit risk governance.
- Data-driven decision-making is integral to the Group's risk management approach. Through ongoing portfolio analysis, existing or emerging risks can be accurately identified, allowing for timely and well-informed responses to safeguard our credit portfolio.

Opportunities Arising From This Risk

- Capitalising on resilient domestic expenditures and strategic government initiatives to support economic stability and growth.
- Leveraging our large and diverse client base and extensive geographical footprint to sustain long-term growth.
- Enhancing credit risk management through new or improved controls, mitigation measures, and refined credit strategies that proactively address emerging risks.

Outlook

According to Bank Negara Malaysia's (BNM) Financial Stability Review, domestic market conditions have remained stable despite global volatility, supporting credit quality, and broader financial stability risks remain contained. However, cost of living pressures continue to impact vulnerable segments. External shocks, particularly geopolitical conflicts and financial market fluctuations, pose ongoing downside risks as well.

The Group's portfolio remained steady throughout the year, with minor pressures in some retail and SME segments. Asset quality indicators remained stable, supported by favourable business conditions that strengthened non-retail portfolios and drove loan and financing growth.

However, inflationary pressures and disruptions in certain sections of the property market introduced certain risks within the retail segment, prompting proactive mitigation measures to uphold asset quality.

Key Risk Indicators

- Gross Loans, Advances, and Financing – December 2024: RM72.04 billion; December 2023: RM66.66 billion
- Gross Impaired Loans/Financing Ratio – December 2024: 1.94%; December 2023: 1.90%
- Credit RWA – December 2024: RM63.84 billion; December 2023: RM59.60 billion

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**STRATEGIC REVIEW
KEY RISKS AND MITIGATION**

MR MARKET RISK

Description & Implication on Value Creation

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

Response & Mitigation Actions

- To ensure effective and prudent market risk management, the Group has implemented a comprehensive policy framework, led by Group Market Risk Management (GMRM). Our approach addresses market and balance sheet risks affected by earnings and capital variations, and is aligned with the Basel risk standards.
- Firm-wide risk control policies are imposed in each of our business lines to mitigate any market risk-taking activities that may result in realised or unrealised losses. A Treasury Framework had been instituted to separate the differentiated business risks associated with proprietary risk-taking, capital investments and liquidity management.
- Our reporting and analytics infrastructure for market risk management is regularly enhanced to strengthen risk controls. Automation and advanced systems enable us to be more robust and effective in risk control, measurement, and mitigation.
- To assess and intercept any potential impacts on earnings and capital, all market risk-sensitive positions in our banking entities' balance sheets are scrutinised daily. Regular back-testing of risk models ensures accuracy in evaluating expected losses against present performances.
- GMRM, in tandem with the management and Board, regularly review market risk developments, leveraging forward-looking financial scenarios to extract valuable insights.

Opportunities Arising From This Risk

- Optimising income returns while creating buffers against volatility.
- Adjusting strategies to mitigate against interest rate fluctuations.
- Managing risk exposure while optimising returns.

Outlook

Global financial markets in 2024 faced significant volatility due to a mix of economic and political factors. While central banks successfully curbed inflation, leading to a general trend of interest rate reductions, the pace and extent of these cuts varied across regions, causing fluctuations in major currencies. The U.S. Dollar emerged as a top performer, with the U.S. Dollar Index (DXY) appreciating due to expectations of shifts in U.S. trade policy and its economic strength relative to other advanced economies. Meanwhile, political uncertainties in France, Germany, and the U.K. weighed on the euro and pound, contributing to their depreciation.

Amidst global turbulence, Malaysia's economy demonstrated resilience, bolstered by strong domestic and foreign investments, a sustained current account surplus, and a diversified export base. Reflecting confidence in its economic fundamentals, Fitch Ratings reaffirmed Malaysia's long-term foreign-currency issuer default rating at 'BBB+' with a stable outlook. Additionally, the FTSE Bursa Malaysia KLCI (FBM KLCI) showed robust performance, signalling a recovery in the Malaysian equity market, largely driven by gains in banking stocks.

Despite signs of economic recovery, global markets remained volatile in 2024, requiring investors to navigate a complex landscape shaped by evolving monetary policies, political developments, and geopolitical risks. Market Risk-Weighted Assets (RWA) increased due to higher capital charges from interest rate risk, underscoring ongoing financial challenges even as new opportunities emerged.

Market RWA Highlights

- Dec 2024: RM2.84 billion; Dec 2023: RM1.83 billion

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LR LIQUIDITY RISK

Description & Implication on Value Creation

Reputational damage, asset losses, and capital erosion can result from inadequate balance sheet solvency management. These risks may stem from insufficient funding support for asset growth, an inability to meet obligations as they arise, or difficulties in liquidating assets without substantial value loss amid market fluctuations.

Response & Mitigation Actions

- Group Liquidity Risk Management (GLRM) has established liquidity frameworks and policies designed to manage potential liquidity risks stemming from both idiosyncratic and systemic events.
- The Group practices prudent management of its liquidity position. Action plans are in place to recover from balance sheet failures, with a forward-looking liquidity stress test scrutinising worst-case scenarios, and a reverse stress test scenario determining the point of non-viability.
- To ensure effective liquidity management under varying market and economic conditions, the Group's Strategic Funding Plan is regularly reviewed by the Group Asset Liability Committee (GALCO) to track performance against liquidity targets and Board-approved risk appetites.
- The management sets and approves internal tolerance thresholds for liquidity positions on the balance sheet. Compliance is enforced to mitigate risks by constantly monitoring positions against their original currency and maturity breakdowns.
- To assess the readiness and effectiveness of the Group's recovery options in managing unexpected liquidity events, regular contingency funding plan simulations are conducted.
- To ensure that the Group's short- and medium-term liquidity positions remain sound, daily evaluations of our liquidity risk profile are conducted. Concerns are flagged and escalated, following an approved process involving both management and the Board.

Opportunities Arising From This Risk

- Reduced interest rate pressure and enhanced market sentiment.
- Gaining support from economic recovery and stabilised financial conditions.
- Leveraging Malaysia's stable OPR to provide businesses and investors with greater stability and predictability.
- Maintaining sufficient liquidity buffers to effectively address year-end seasonal deposit fluctuations.

Outlook

With the threat of potentially higher tariffs imposed on foreign goods by the U.S. following the conclusion of its 2024 election, global economic uncertainty has increased. A rate hike in the U.S. may be imminent, in response to possible higher inflation in the U.S. resulting from tariffs. Emerging markets may be compelled to respond in kind to address exchange rate pressures from the interest rate differential. The Bank's liquidity and profitability could potentially be impacted should this inflationary scenario occur and expectations rise for BNM to increase the OPR rate, as it could lead to intensified deposit competition.

In response to anticipated year-end seasonal fluctuations in deposit levels, the banking system's liquidity coverage ratio (LCR) rose in October 2024 as banks proactively managed their liquidity buffers. As of FY2024, the monthly average LCR for ABB, AIBB, and AHIBB were maintained at comfortable levels of 160.4%, 164.0%, and 158.4%, respectively.

LCR for FYE 2024:

- ABB: 167.8%
- AIBB: 149.2%
- AHIBB: 171.1%

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STRATEGIC REVIEW
KEY RISKS AND MITIGATION

OR OPERATIONAL RISK

Description & Implication on Value Creation

Risks of direct or indirect loss could arise from inadequate or failure of internal processes, people, systems, or external events. Operational risks also include outsourcing arrangements.

Legal risks are included in this risk category, but strategic, business, and reputational risks are excluded.

Response & Mitigation Actions

- The Group takes a prudent approach to operational risk management (ORM), with a comprehensive policy in place to effectively identify, assess, monitor, and mitigate operational risks across all counterparties.
- This policy involves the creation, communication, and maintenance of ORM procedures, processes, and limits, ensuring that Business and Support Units (BUs/SUs) adhere to the approved guidelines.
- Operational risks across BUs/SUs are identified and reviewed for adequacy, with assessments challenged, and risk mitigation strategies evaluated using ORM tools like Risk Control Self-Assessment (RCSA), Control Self-Testing (CST), Key Risk Indicators (KRI), Operational Risk Event Reporting, and Scenario Analysis (ORSA).
- Close coordination and open communication with other risk management and control functions are in place to facilitate a cohesive approach to operational risk management.
- Significant operational risk events are promptly reported to the Board, GBRMC, and Senior Management to support timely and well-informed decision-making on risk developments.
- Among the first line of defence in the Three Lines of Defence (3-LOD) model is the Business Risk and Compliance Manager (BRCM) and the Designated Risk and Compliance Officer (DRCO), who are responsible for reporting ORM activities and acting as the liaison with Group Operational Risk Management on all issues and outcomes.
- The second and third lines of defence are Group Compliance and Group Internal Audit, who act as independent assessors, reviewing the effectiveness of the operational risk governance framework and evaluating the effectiveness of oversight provided by senior management.

Opportunities Arising From This Risk

- Streamlining processes and automating tasks to reduce errors, inefficiencies, and operational risks.
- Conducting training and awareness programmes to promote ethical behaviour, fostering a positive culture and minimising employee-related risks.
- Ensuring proactive regulatory compliance to strengthen operational resilience.

Outlook

Operational risks in the Malaysian banking industry stem from internal processes, people, systems, technology, and external events. To address these challenges, the Group optimises internal processes to reduce the potential for errors and inefficiencies by streamlining procedures, enhancing controls, and investing in digital automation.

To mitigate risks related to human factors such as employee errors and misconduct, the Bank prioritises training and awareness programmes while whistleblowing mechanisms are in place to uphold integrity. These initiatives cultivate a culture of compliance, ethics, and accountability, mitigating the risk of fraudulent behaviour. Business continuity plans are in place to closely monitor and minimise the impact of external risks, including regulatory changes, geopolitical tensions, and natural disasters. We proactively engage regulators and conduct thorough due diligence on outsourcing providers to ensure compliance and resilience.

Continued vigilance, innovation, and collaboration remain key priorities in managing operational risks effectively. By optimising processes, promoting integrity, and strengthening resilience, the Group is well-positioned to navigate challenges in a complex business environment.

Operational RWA Highlights

- Dec 2024: RM3.88 billion; Dec 2023: RM4.04 billion

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TC TECHNOLOGY/CYBER RISK

Description & Implication on Value Creation

Cyber attacks can render critical services unavailable, severely disrupting business operations and causing financial losses.

Response & Mitigation Actions

- The Technology Risk Management Framework (TRMF) and Cyber Resilience Framework (CRF) are integral to the Group’s enterprise risk management framework. They establish leadership and organisational structures to align IT strategy with business objectives, optimise resources, deliver value, and manage performance. TRMF and CRF outline the standards and control objectives for IT departments, third-party service providers, and other technology-related functions.
- The Group adopts the Three Lines of Defence (LOD) model to technology risk management, covering both processes and people, which ensures functional segregation, independent oversight, and active risk management across business and support units involved in managing risk outcomes.
- The Board oversees the entirety of the IT strategy, from end to end including approvals for TRMF, CRF, cybersecurity policies, risk appetites, key performance and risk indicators, and risk tolerances. The Group ensures all software and hardware strictly comply with regulatory requirements such as BNM Risk Management in Technology (RMiT), SC Guidelines on Technology Risk Management, and Bursa Malaysia’s Guidance on Cyber Risk Management.
- Proactive monitoring of critical systems ensures timely upgrades before reaching capacity limits, while active IT incident management ensures the swift restoration of critical systems within committed Maximum Tolerable Downtime (MTD) and Recovery Time Objective (RTO). Business Continuity Management (BCM) mandates regular testing to ensure effectiveness during crises.
- Independent specialists conduct regular compromise assessments, cyber drills, red team, and bug bounty programmes to enhance IT security vigilance and sustained competence. Third-party vendors also conduct regular risk briefings to strengthen the Group’s overall risk culture. Cyber insurance further mitigates risks associated with cyber incidents.
- Mandatory e-learning and new staff onboarding sessions reinforce cybersecurity awareness, while periodic phishing simulations keep reinforce the need to be alert among employees.
- Group Management Committees, including the Group Board Information Technology and Transformation Committee and the Group Board Risk Management Committee, oversee cyber risks and receive regular reports on risk monitoring and reviews.

Opportunities Arising From This Risk

- Enhancing customer experience to ensure competitiveness.
- Reinforcing cyber resilience through innovation.
- Minimising cyber risks with robust security measures.
- Building trust and safeguarding stakeholders’ interests.
- Strengthening defences against internal and external threats.

Outlook

Digital transformation is key to enhancing the Group’s competitiveness, customer experience, and cyber resilience. The Group’s digital transformation is aligned with our A25 and AX28 strategies, with a strong focus on integrating Cloud and AI while reinforcing security through strong cyber hygiene, faster response times, and a ‘zero-trust’ approach.

Regulatory compliance and responsible growth remain key priorities, ensuring robust risk management for emerging technologies. Recognising the risks posed by third-party vendors, the Group has established a comprehensive third-party risk management programme to mitigate supply chain threats and protect stakeholders’ interests.

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**STRATEGIC REVIEW
KEY RISKS AND MITIGATION**

BCR BUSINESS CONTINUITY RISK

Description & Implication on Value Creation

Disruptions in business operations or services may result in potential losses in assets, revenue, reputation, and stakeholder confidence. A lack of resilience to the following threats can have a significant impact on the organisation and result in irreversible losses:

- Pandemics or endemics
- Unexpected technology and infrastructure failures
- Cyberattacks
- Fire incidents
- Security breaches
- Data breaches
- Natural disasters
- Supply chain disruptions
- Health and safety issues
- Acts of terrorism
- Regulatory changes

Other unforeseen risks

Response & Mitigation Actions

- The Group's business continuity risk management is governed by the Contingency Planning Framework (GCPF) and the Business Continuity Management (BCM) Policy, in alignment with BNM's Guidelines in Business Continuity Management. These frameworks outline principles that guide policy-making and promote annual BCM activities to ensure compliance with regulatory standards.
- The GBRMC exercises oversight over all matters related to business continuity risk. The Group BCM Committee (GBCMC) assists GBRMC in reviewing and monitoring business continuity risk and provides a platform for managing risk aspects and addressing control lapses.
- All BUs within the Group are required to participate in the BCM Programme. Outcomes from this assessment will ensure that adequate risk mitigation measures, continuity strategies, and crisis response plans are in place for effective management of business continuity risk.
- Regular testing of business continuity plans ensures readiness for prompt and effective recovery in case of disruptions. BCM programmes adhere to GCPF, Group BCM Policy, BNM's BCM Guidelines, and ISO 22301 standards to ensure effective and smooth execution.
- Guided by the Enterprise Crisis Management Plan (ECMP), the Crisis Management Team (CMT) enables BCM to handle crises arising from BC Risk, and ensures effective crisis management and high operational resilience.

Opportunities Arising From This Risk

- Annual BCM efforts could mitigate major losses and ensure regulatory compliance.
- Strengthening oversight and risk management processes to enhance resilience.
- Continuously implementing prudent risk management practices to safeguard the organisation.
- Enhancing readiness for swift recovery and seamless resumption of operations during disruptions.
- Fostering operational resilience to effectively navigate and manage crises.

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RR REPUTATIONAL RISK

Description & Implication on Value Creation

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

Such risks may arise due to:

- Mismanagement of business or operational activities, such as product or service delivery failures.
- Non-compliance with regulatory requirements.
- Inappropriate corporate activities.
- Negative media coverage or public perception

Response & Mitigation Actions

- The Board and Management Committee oversee the effectiveness of risk management and control measures.
- The Group adopts the 3-LOD model, where the first line (risk owner) manages risks at their source, the second line provides independent oversight, and the third line provides independent audit assurance.
- The effectiveness of internal controls to adequately mitigate material risks is regularly assessed and reviewed, and any lapses in internal controls are promptly addressed.
- A comprehensive customer complaint management process is in place to log, track, and resolve complaints within an appropriate timeframe.
- The Group responds promptly to potentially harmful comments on social media to mitigate negative speculation regarding the Group.
- A robust crisis management plan was established to effectively manage crises in a structured manner.

Opportunities Arising From This Risk

- Aligning with strategic objectives to safeguard reputation.
- Strengthening risk controls while minimise the impact on reputation.
- Responding to adverse social media comments in a timely and appropriate manner to uphold a positive image.
- Promptly addressing lapses through regular assessment of internal controls.

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STRATEGIC REVIEW

OUR STRATEGIC ROADMAP



In continuing the good momentum of AFFIN 2025 Transformation Plan ("A25"), the Group has set its new transformation plan, which is the AFFIN Axelerate 2028 ("AX28") Plan.

The AX28 is essential for the Group to navigate ever-changing financial landscape, deliver exceptional customer experience whilst maintaining its competitive edge in an increasingly digital and dynamic environment.

The aim is to become a Universal Bank by 2028, a one-stop financial centre, offering a wide spectrum of financial services which include Commercial, Islamic and Investment Banking under one roof. It will be supported by the Group's strategic objectives namely Unrivalled Customer Service, Digital Leadership & Responsible Banking with Impact.

AX28 Targets

PBT
**RM1.8
billion**

CASA
35%

ROE
12%

CIR
<53%

GIL
1.5%



AX28 PLAN

5 FOCUS AREAS

- ➔ **Private Banking Business to support T20**
Capitalise on growing demand for bespoke wealth management services by the top 20% income group
- ➔ **New Digital Core**
Leverage rapid advancement in digital technologies to enhance our digital banking capabilities
- ➔ **Greater Presence in Sarawak**
Expand our presence in the state to tap into growing customer demand for comprehensive banking services
- ➔ **Becoming Capital Efficient to Unlock ROE**
Increase our Return on Equity as a buffer against intense competition in the banking landscape
- ➔ **Bigger ESG Game**
Satisfy the growing demand from investors for sustainable and responsible investment options

5 STRATEGIC THRUSTS

- ➔ **Sustainable ROE**
Elevate the level to 12%
- ➔ **Banking 4.0**
Accessible banking services anytime, anywhere
- ➔ **Efficiency x5**
Maximise productivity through operational excellence
- ➔ **Enhanced Brand Value**
Progressive and modern organisation
- ➔ **ESG Focus**
Responsible banking with impact



STRATEGIC REVIEW

AX28 FIVE FOCUS AREA

OUR FIVE FOCUS AREAS

Our AX28 strategy is driven by five key focus areas, forming the foundation for transforming the bank into a stronger, more customer-centric, and sustainable financial institution. Within each focus area, we have defined short-to-medium-term and long-term priorities to guide our progress.

1

FOCUS AREA

Private Banking Business To Support T20

KEY STRATEGIC PRIORITIES

- Offer bespoke financial advice and solutions, focusing on wealth management.
- Improve the client experience with personalised service and innovative solutions customer stickiness.
- Build strong, long-term relationships with clients.
- Leverage advanced technology and digital platforms to provide seamless and efficient services.

2

FOCUS AREA

New Digital Core

KEY STRATEGIC PRIORITIES

- Enhance product innovation and efficiency of roll-out.
- Increase scalability and expand our customer base.
- Adopt agile methodologies to accelerate product development and deployment.
- Leverage big data and analytics to gain insights into customer behaviour and market trends.

3

FOCUS AREA

Greater Presence in Sarawak

KEY STRATEGIC PRIORITIES

- Establish partnerships and collaborations to solidify our presence in Sarawak.
- Increase our branch network across Sarawak.
- Build long-term relationships to increase our customer base and drive customer loyalty in Sarawak.
- Offer curated products and solutions catering to the needs of local communities.

4

FOCUS AREA

Becoming Capital Efficient to Unlock ROE

KEY STRATEGIC PRIORITIES

- Focus on high margin products and services to optimise capital allocation.
- Leverage technology and automation to streamline operations, reduce costs and improve efficiency.
- Invest in automation and process optimisation across the Group to reduce operational costs and improve efficiency.
- Diversify revenue streams through innovative financial products and services to become a Universal Bank.

5

FOCUS AREA

Bigger ESG Game

KEY STRATEGIC PRIORITIES

- Embed ESG initiatives and considerations into overall Group strategy.
- Contribute to a more sustainable future by promoting sustainable finance and implementing sustainable practices into our business.
- Engagement with clients to support their decarbonisation journey.
- Manage overall exposure to carbon-intensive sectors by increasing portfolio exposure to climate supporting clients, activities and technologies.

STRATEGIC PERFORMANCE REVIEW

Our Five Strategic Thrusts

We have developed targeted strategies to achieve our goals under each strategic thrust. These approaches are outlined below.

Sustainable ROE

Leverage an abundance of capital to grow our business to the next level by expanding our range of products and services and ramping up fee-based income streams.



GROW AFFLUENT BASE VIA INVIKTA

To increase fee-based income, we have successfully launched total 15 INVIKTA centres and 5 INVIKTA lounges to serve our affluent customer base as of 2024.



TRADE GROWTH

- Provide unrivalled trade services through innovative digital solutions
- Grow topline trade revenue and assets
- Enhance export-based portfolio with low risk exposure
- Maintain strong control over operational/transactional risks and operating costs



AHIB PRIVATE EQUITY

- Enable AHIBB to offer an extensive and integrated range of banking and investment products under one roof
- Broaden AHIBB's participation in the equity cycle, including pre-IPO and secondary equity funding
- Create new business synergies by accessing clientele from throughout the Affin Banking Group to cross-sell financing, advisory services, and deposit growth products



AHIBB PRODUCT DEVELOPMENT – DISCRETIONARY TRADING

- Capture new client demand for managed portfolios and securities in the equities market
- Introduce a new securities product enabling remisiers/dealers to manage client funds/assets/assets on a discretionary basis
- Establish a new revenue stream for AHIBB



AHIB BUSINESS FOCUS – DEAL ORIGATION

- Develop a cross-selling strategy among Investment Banking coverage bankers for core products (Corporate Finance/ Equity Capital Market/ Debt Capital Market) and Treasury (FX/ Derivatives), Equities, Share Margin Financing, and Corporate Banking
- Leverage CF/ECM/DM products to cross-sell IS/Corporate Banking offerings to increase wallet share for ABB/AIBB
- Strengthen the wholesale banking model through enhanced group-wide communication and events

STRATEGIC REVIEW

STRATEGIC PERFORMANCE REVIEW

Banking 4.0

Accelerate our digital transformation through the following key initiatives:

CRM 360

- **Holistic Customer View**
 - o Unlock a 360-degree view of customer interactions.
 - o Leverage data-driven insights into customer behaviour and history to enhance our customer management strategy
- **Improve Cross-Selling & Upselling**
 - o Foster cross-department collaboration between sales and services.
 - o Use CRM360 for seamless information sharing and improved customer responsiveness.
- **Enhance Engagement & Customer Experience**
 - o Build personalised engagement journeys to increase interaction and reactivation rates.
 - o Equip front liners with a unified platform for better issue resolution, powered by customer history insights.

BIG DATA ANALYTICS

- **Leverage Data & Analytics for Revenue Growth:** Utilise data-driven initiatives to create value and enhance revenue generation.
- **Become an Insight-Driven Organisation:** Strengthen analytics maturity and collaboration through the Data Analytics COE.
- **Establish a Single Source of Truth:** Centralise customer, relationship, and behaviour data for consistency and accuracy.
- **Optimise Cost Efficiency:** Reduce costs and improve resource utilisation through an optimised enterprise information infrastructure.
- **Standardise Data Management:** Implement an enterprise-wide data dictionary and definitions for consistent data usage.

Efficiency x5

Drive people and process efficiency via technology and business process improvement.

DIGITAL TERMINAL RECEIPT (ACQUIRING) & DIGITAL ONBOARDING

Digitalize onboarding

System to configure the turn-around time for each merchant application submitted and to approve within the timeline. Example, checking merchant application 1 day, Fraud & Authorization 1 day and final approval by Head, Cards Business 1 day (Currently, email approval average 7 days).

Digitalise terminal receipt

Hard copy of terminal receipt converts into e-receipt and store in the cloud within PCIDSS certified data center. Allow user to access by retrieve the PDF copy of terminal receipt Cost saving of thermal paper roll
Go green initiative with save the tree.

RPA IN AUTO FINANCE

Implement Robotic Process Automation (RPA) to optimise the user journey up to the issuance of the letter of undertaking. This enables us to:

- **Enhance Efficiency:** Automate tasks in business processes to optimise workflows and improve productivity.
- **Gain Competitive Advantage:** Leverage automation to create a more efficient and productive working environment.
- **Handle High Transaction Volume:** Utilise RPA to enhance workflow efficiency and support expansion into the national segment.

Enhanced Brand Value

Accelerate our journey towards becoming “the most inspiring company to work for” through three pillars:

- Talent & Development: Build talent and leadership bench for business sustainability.
- Culture: Foster a high-performance culture among the team.
- People Solutions: Be a trusted advisor and a credible business partner.



NEW HR MANAGEMENT SYSTEM

- Our strategy is to reinvent our employee value proposition to drive business performance, strengthen workforce resilience, and enhance employee experience. This initiative covers the following areas:
 - **Improved Recruitment:**
Streamlining the recruitment process through automation of job postings, application tracking, and candidate screening accelerates hiring and improves the quality of hires.
 - **Enhanced Onboarding:**
A new HR system can facilitate a smooth onboarding process by providing digital access to necessary forms, training materials, and resources, helping new employees become productive quicker.
 - **Integrated E-learning Platform:**
E-learning platforms allow employees to access training materials anytime, anywhere. Features like multimedia content, gamification, and interactive quizzes significantly enhance user engagement.



CX CHANGE & CULTURE – AFFIN CARES

- **Customer Centricity:** Foster a customer-centric culture across the Bank through CX initiatives and promote adoption to enhance customer experience at all functions and levels.
- **Service Culture:** Implement the Service Culture Blueprint across channels and touchpoints to embed service excellence that aligns with customers' needs and expectations.

ESG Focus

Address the growing demand for ESG by raising awareness and driving greater adoption across our offerings and business practices, with a specific focus on the following areas:

- Sustainable Finance: Applying our expertise to channel funds and financing towards sustainable initiatives.
- Sustainable Operations: Unlock environmental and financial benefits to foster innovation and strengthen our reputation.
- People & Culture: Embed ESG values into our daily business operations and company culture.
- Community Support: Leverage our financial expertise to create value for individuals, businesses, and communities while building inclusive communities.

Please refer to Sustainability Statement for more details

STRATEGIC REVIEW

KEY PERFORMANCE INDICATORS

| Indicators | Value Drivers | 2022 | 2023 | 2024 | y-o-y Change | Assurance | Relevant STs |
|---|-------------------------------------|------------------------------|------------------------------|------------------------------|--------------|-----------|--------------|
| Financial Value Proposition: | | | | | | | |
| Income Growth | Growth | 11.4% | -3.4% | 9.3% | ↑ | MO, FS | ALL |
| Fee to Income Ratio | Growth | 16.7% | 30.6% | 30.1% | ↓ | MO, FS | ALL |
| Loan Growth | Growth | 14.7% | 12.6% | 8.7% | ↓ | MO, FS | ALL |
| Cost to Income Ratio | Productivity | 43.0% | 71.6% | 76.9% | ↑ | MO, FS | ST3 |
| Return to Equity | Growth/ risk and capital management | 11.5% | 3.7% | 4.5% | ↑ | MO, FS | ST1 |
| Customer-centricity: | | | | | | | |
| Net Promoter Score (NPS) | Engagement | +40 | +69 | +48 | ↓ | IN | ST4 |
| Customer Satisfaction (CSAT) | Growth | 84% | 91% | 81% | ↓ | IN | ST4 |
| Employee Proposition: | | | | | | | |
| High potential performers identified | Growth | 303 | 303 | 353 | ↑ | MO | ALL |
| Average Hour of Training per employee | Growth | 48 Hours | 59 Hours | 53 Hours | ↓ | MO | ST3 |
| Sustainability Commitments: | | | | | | | |
| Sustainable Financing Composition | Growth | 4.5% | 8.6% | 10.56% | ↑ | MO | ST5 |
| Events for local communities on environmental and social programmes | Engagement | 67,183 Beneficiaries | 83,283 Beneficiaries | 116,833 Beneficiaries | ↑ | MO | ST5 |
| Operational Emission (tCO ₂ e) | Reduction | 18,320.70 tCO ₂ e | 17,611.90 tCO ₂ e | 11,296.47 tCO ₂ e | ↓ | MO | ST5 |

Assurance indicators:

MO: Board and management oversight through rigorous reporting.

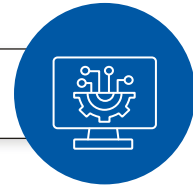
FS: Financial information extracted from the 2024 Affin Bank Group Audited Financial Statements or Financial Presentation.

LA: External limited assurance on selected sustainability information.

IN: External source information i.e. independent surveys.



INTEGRATING DIGITAL TECHNOLOGY



AFFIN BANK has embarked on a comprehensive digital transformation journey to enhance its banking services and customer experience. Recognising the rapid shift towards digital banking, the bank has partnered with leading technology firms to modernise its IT infrastructure and digital capabilities. This strategic move aims to streamline operations, improve service delivery, and meet the evolving needs of its tech-savvy customers.

One of the key initiatives in AFFIN BANK's digital transformation is the implementation of Affin Mobile Banking platform. This platform enables the bank to offer a seamless and engaging mobile banking experience, allowing customers to perform transactions, access financial services, and manage their accounts with ease. By leveraging advanced technologies, AFFIN BANK aims to provide a more personalised and efficient banking experience.

In addition to enhancing customer-facing services, AFFIN BANK has also focused on strengthening its internal IT operations. The bank has transitioned from outsourcing its IT operations to building a robust internal IT team. This shift allows AFFIN BANK to have greater control over its hybrid datacenter infrastructure (i.e. on-premises and cloud), ensuring better security, reliability, and compliance with regulatory requirements. The insourcing of IT operations is a critical step in the bank's journey towards becoming a fully digital bank.

AFFIN BANK's commitment to digital transformation is also evident in its efforts to comply with the Central Bank of Malaysia's Risk Management in Technology (RMiT) regulations. By modernising its data centers and adopting multicloud technology, the bank aims to minimise downtime, enhance business continuity, and improve operational agility. These measures are essential for maintaining the trust and confidence of its customers in a rapidly changing digital landscape.

Overall, AFFIN BANK's integration of digital technology is a testament to its forward-looking approach and dedication to innovation. By embracing digital agility and leveraging cutting-edge technologies, the bank is well-positioned to meet the challenges of the future and deliver exceptional value to its customers. As AFFIN BANK continues to evolve, its digital transformation journey will play a pivotal role in shaping the future of banking in Malaysia.

PERFORMANCE REVIEW

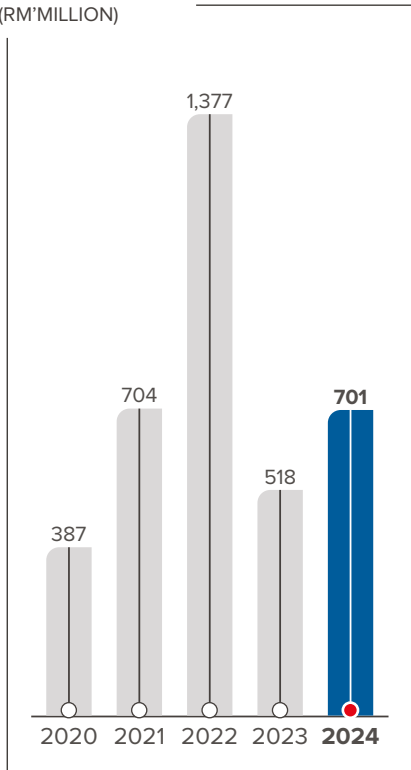
5-YEAR FINANCIAL SUMMARY

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|--------|--------|---------|---------|----------------|
| OPERATING RESULTS | | | | | |
| <i>For the financial year ended 31 December (RM'million)</i> | | | | | |
| Revenue | 2,265 | 2,241 | 3,297 | 1,986 | 2,170 |
| Profit before taxation | 387 | 704 | 1,377 | 518 | 701 |
| Net profit attributable to the equity holders of the Company | 230 | 527 | 1,179 | 402 | 510 |
| KEY BALANCE SHEET DATA | | | | | |
| <i>As at 31 December (RM'million)</i> | | | | | |
| Loans, advances and financing | 45,493 | 50,528 | 57,932 | 65,225 | 70,892 |
| Total assets | 69,537 | 78,429 | 90,121 | 105,248 | 111,842 |
| Deposits from customers | 49,884 | 58,794 | 64,995 | 70,834 | 73,744 |
| Total liabilities | 59,899 | 68,495 | 79,492 | 94,139 | 100,241 |
| Commitments and contingencies | 36,250 | 45,197 | 56,648 | 87,431 | 85,186 |
| Paid-up capital | 4,902 | 4,969 | 5,245 | 5,371 | 5,489 |
| Shareholders' equity attributable to the equity holders of the Company | 9,567 | 9,889 | 10,629 | 11,109 | 11,601 |
| FINANCIAL RATIOS | | | | | |
| <i>(%)</i> | | | | | |
| Profitability Ratios | 2.44 | 5.42 | 11.49 | 3.70 | 4.49 |
| Net return on average assets | 0.33 | 0.71 | 1.40 | 0.41 | 0.31 |
| Net return on average risk-weighted assets | 0.49 | 1.07 | 2.16 | 0.65 | 0.49 |
| Cost to income ratio | 59.65 | 60.25 | 42.99 | 71.57 | 76.88 |
| Asset Quality Ratios | 3.52 | 2.54 | 1.97 | 1.90 | 1.94 |
| Net impaired loans ratio | 2.57 | 1.89 | 1.27 | 1.06 | 1.26 |
| Loan loss reserve | 98.23 | 130.23 | 164.77 | 143.54 | 117.49 |
| CASA Ratio | 22.24 | 21.03 | 23.50 | 26.70 | 30.40 |
| SHARE INFORMATION | | | | | |
| <i>– Per share (sen)</i> | | | | | |
| Earnings – basic | 11.43 | 24.96 | 54.37 | 17.42 | 21.45 |
| Earnings – fully diluted | 11.03 | 24.96 | 54.37 | 17.31 | 21.22 |
| Gross dividend | 3.50 | 12.50 | 30.39 | 5.76 | 0.00 |
| Net assets | 4.60 | 4.66 | 4.67 | 4.73 | 4.83 |
| Share price – high | 193 | 184 | 205 | 210 | 292 |
| Share price – low | 133 | 162 | 202 | 208 | 288 |
| Share price as at 31 December | 184 | 173 | 203 | 208 | 291 |
| Market capitalisation (RM'million) | 3,827 | 3,675 | 4,616 | 4,881 | 6,985 |
| SHARE VALUATION | | | | | |
| Gross dividend yield (%) | 1.90 | 7.23 | 14.97 | 2.77 | 5.26 |
| Dividend payout ratio (%) | | | | | |
| – based on Group's profit after tax | 31.60 | 50.39 | 57.45 | 33.61 | 72.54 |
| – based on Company's profit after tax | 78.29 | 68.92 | 53.29 | 53.78 | 146.18 |
| Price to earnings multiple (times) | 16.10 | 6.93 | 3.73 | 11.98 | 13.64 |
| SEGMENT INFORMATION | | | | | |
| <i>Profit before taxation and zakat by activity (RM'million)</i> | | | | | |
| Commercial banking | 195 | 647 | 1,511 | 583 | 648 |
| Investment banking | 344 | 281 | 1,197 | 92 | 152 |
| Insurance (net of tax) | 41 | 45 | 9 | 36 | 55 |
| Others | (186) | (264) | (1,335) | (189) | (147) |
| | 394 | 710 | 1,382 | 522 | 708 |

5-YEAR FINANCIAL HIGHLIGHTS

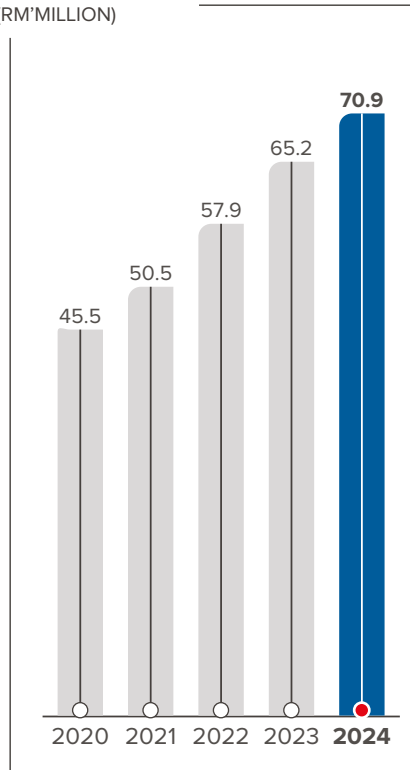
PROFIT BEFORE TAXATION

(RM'MILLION)



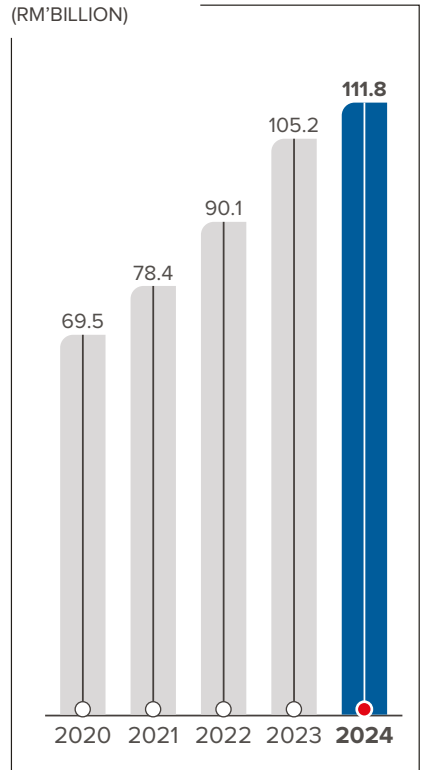
LOANS, ADVANCES AND FINANCING

(RM'MILLION)



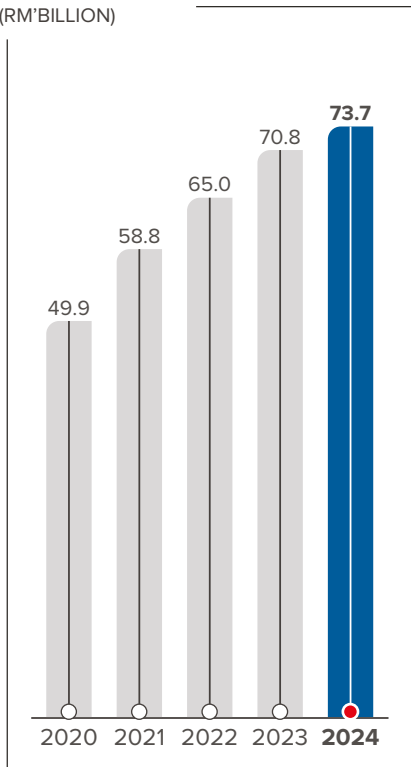
TOTAL ASSETS

(RM'BILLION)



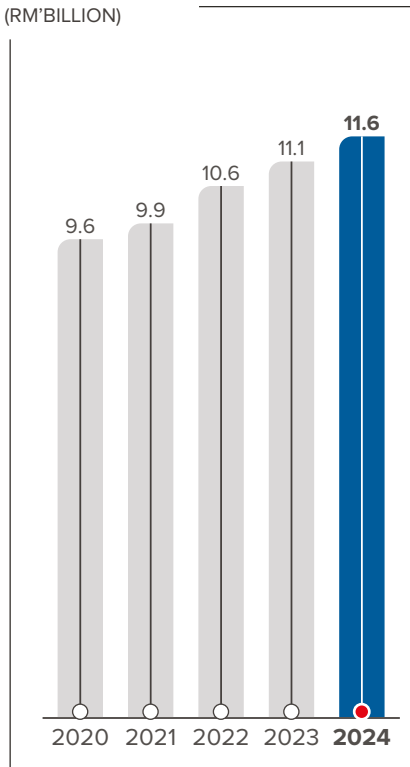
DEPOSITS FROM CUSTOMERS

(RM'BILLION)



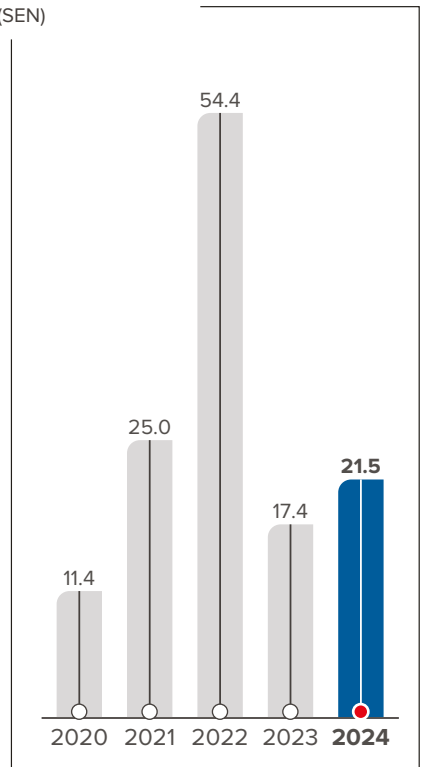
SHAREHOLDERS' EQUITY

(RM'BILLION)



EARNING PER SHARE (EPS)

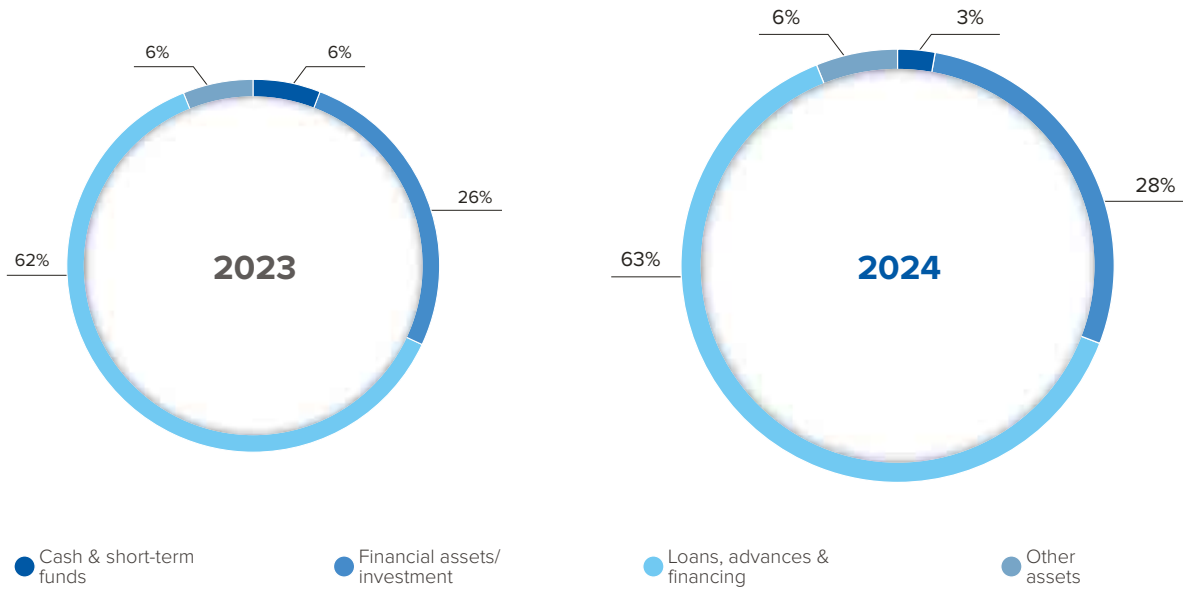
(SEN)



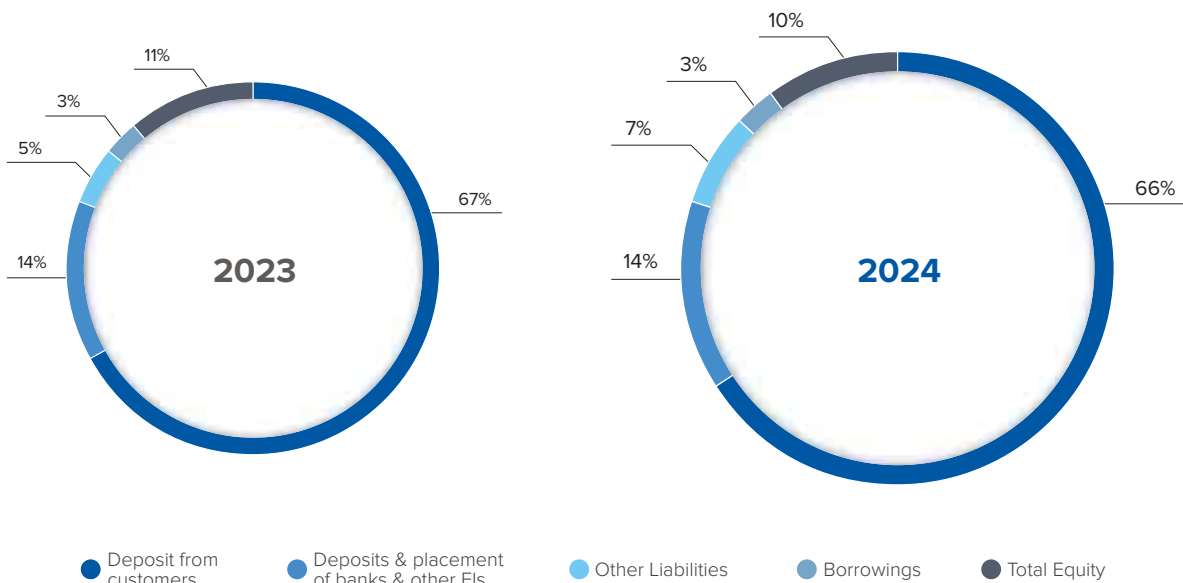
PERFORMANCE REVIEW

SIMPLIFIED STATEMENTS OF FINANCIAL POSITION

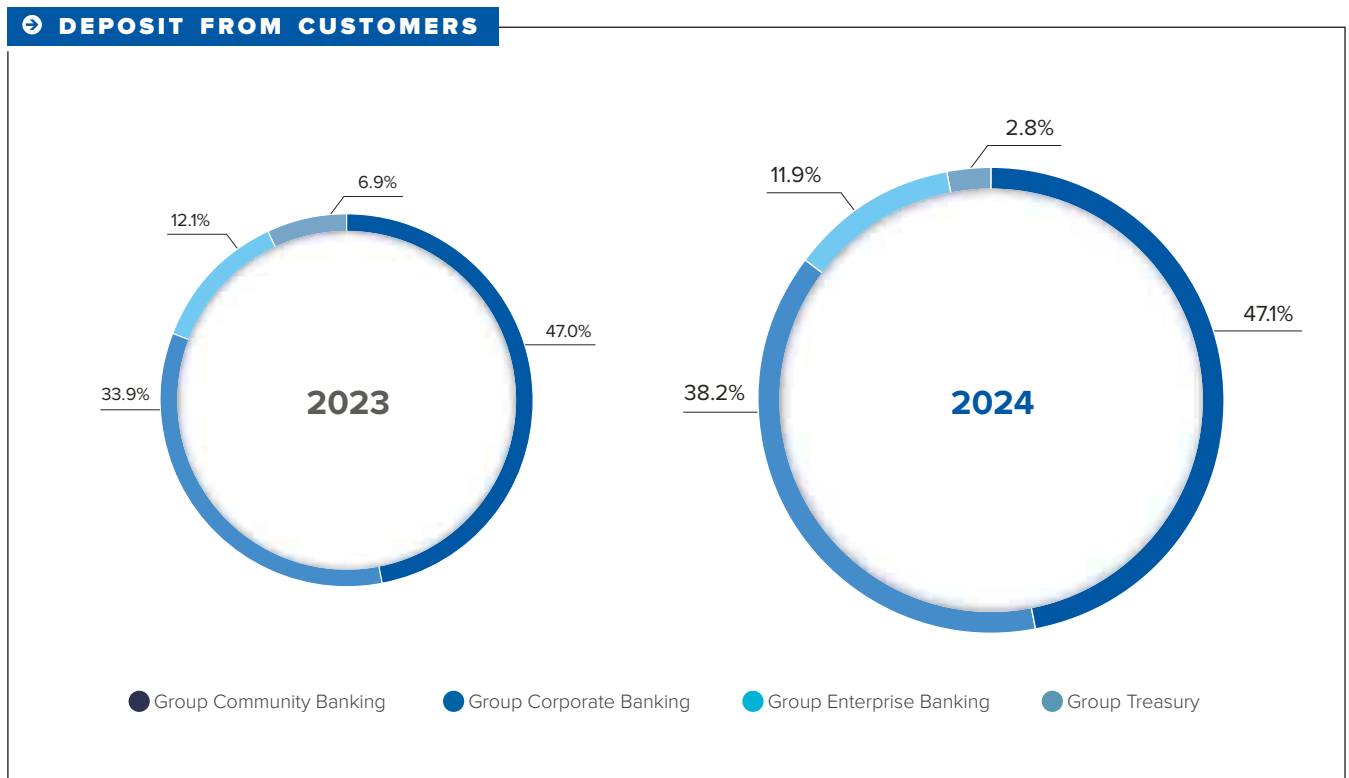
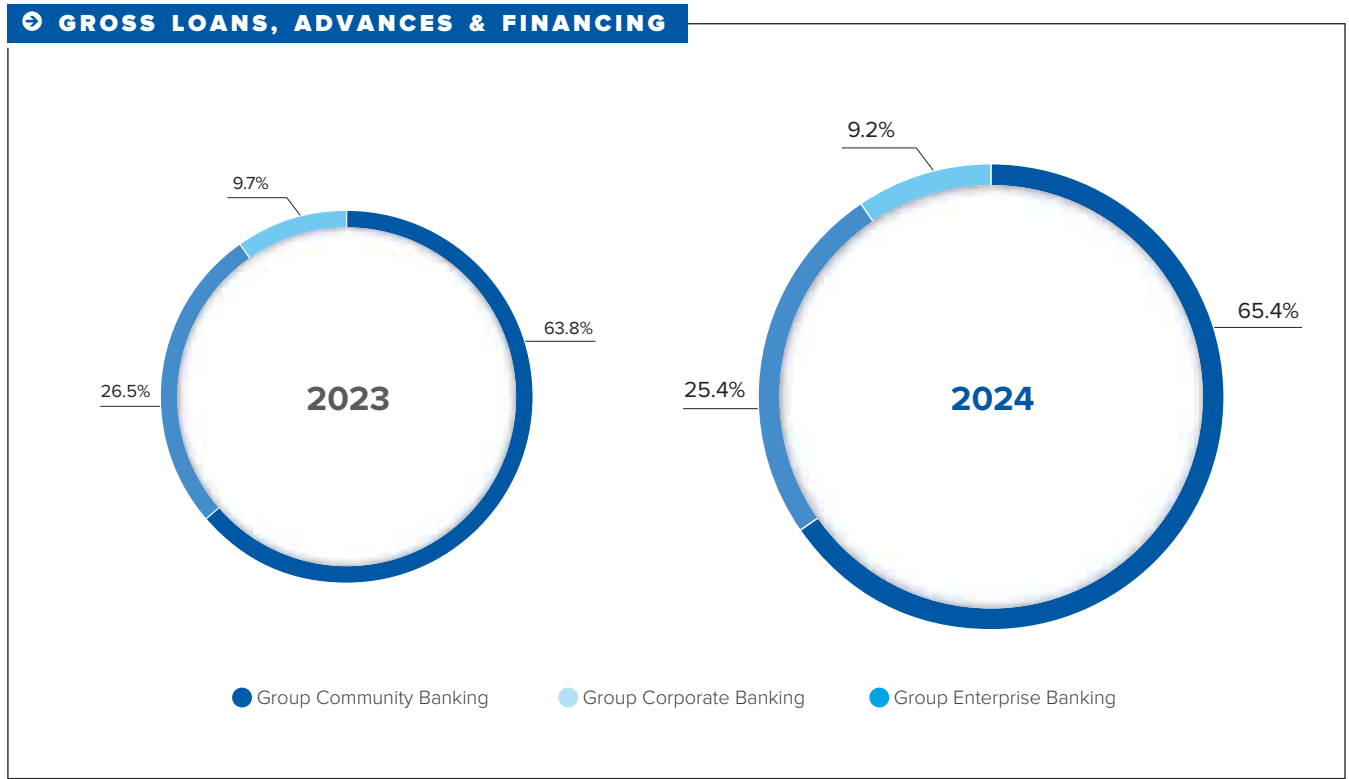
TOTAL ASSETS



TOTAL LIABILITIES & SHAREHOLDERS FUNDS



BUSINESS UNIT ANALYSIS

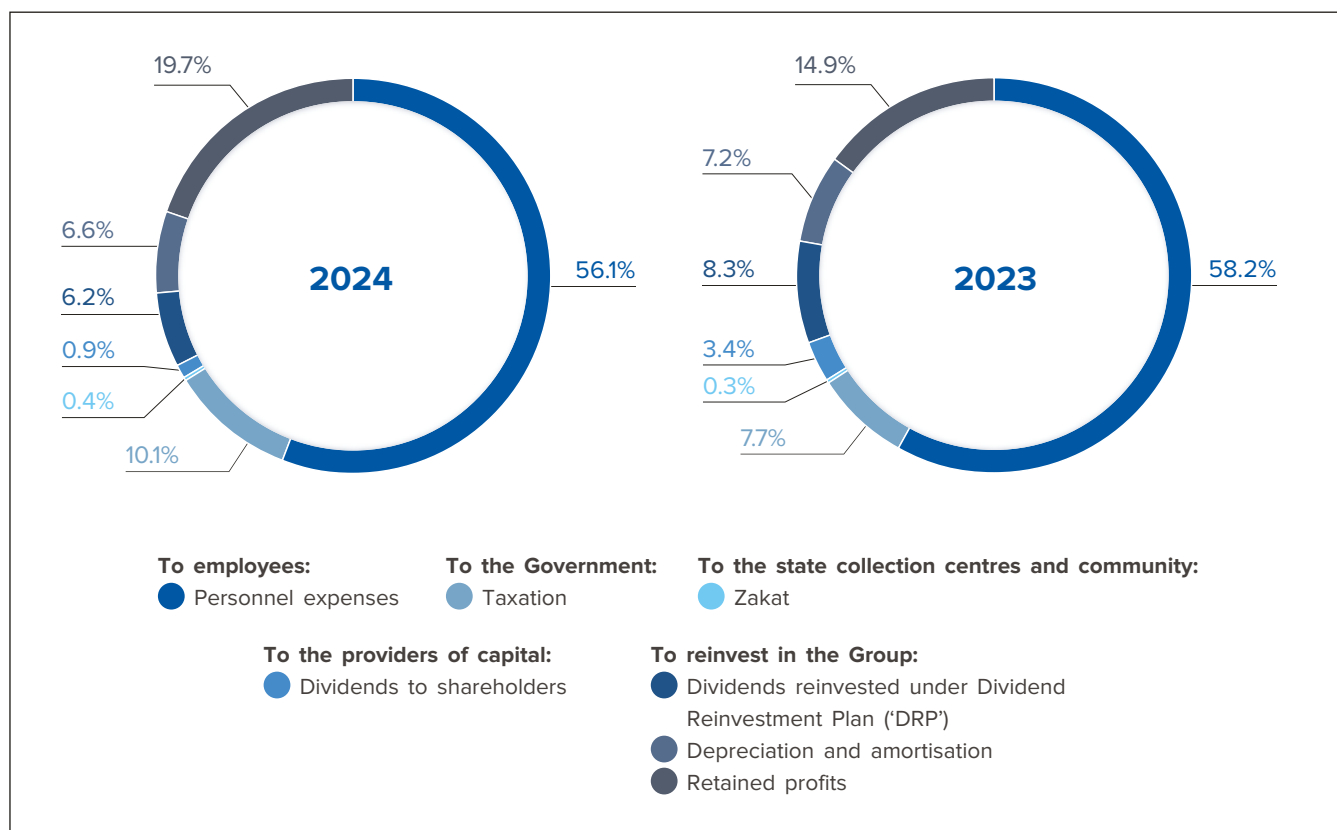


PERFORMANCE REVIEW

STATEMENT OF VALUE ADDED AND DISTRIBUTION

| | 2024 RM million | 2023 RM million |
|--|--------------------|--------------------|
| VALUE ADDED | | |
| Net interest income | 826.4 | 782.9 |
| Income from Islamic banking business | 691.1 | 595.6 |
| Other operating income | 652.2 | 607.3 |
| Share of results of associates | 54.7 | 36.5 |
| Other operating expenses excluding personnel expenses, depreciation and amortisation | (476.9) | (427.9) |
| Write-back of/(allowances for) credit impairment losses | 170.2 | (75.0) |
| Allowances for impairment losses on other assets | (18.8) | (3.2) |
| Value added available for distribution | 1,898.9 | 1,516.2 |

DISTRIBUTION OF VALUE ADDED



GROUP QUARTERLY PERFORMANCE

| RM'000 | 2024 | | | |
|--|---------|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 |
| Revenue | 504.5 | 494.8 | 612.8 | 557.7 |
| Net interest income | 193.7 | 192.4 | 214.6 | 225.7 |
| Income from Islamic banking operation | 168.3 | 160.8 | 169.0 | 193.1 |
| Net non-interest income | 142.6 | 141.6 | 229.2 | 138.9 |
| Other operating expenses | (378.9) | (367.8) | (455.9) | (465.5) |
| Profit before taxation | 144.0 | 149.0 | 201.6 | 206.3 |
| Taxation | (33.8) | (30.4) | (55.8) | (71.3) |
| Profit after taxation | 110.2 | 118.6 | 145.8 | 135.1 |
| Net profit attributable to equity holders of the Company | 110.2 | 118.6 | 145.8 | 135.1 |

| RM'000 | 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 |

PERFORMANCE REVIEW

KEY INTEREST-EARNING ASSETS AND INTEREST-BEARING LIABILITIES

| | 2024 | | | 2023 | | |
|---|---|-------------------|---|---|-------------------|---|
| | Balance as at 31 December RM million | Average rate % | Interest income/ expense RM million | Balance as at 31 December RM million | Average rate % | Interest income/ expense RM million |
| INTEREST-EARNING ASSETS | | | | | | |
| Cash, short-term funds, deposits and placements with banks and other financial institutions | 3,155.1 | 3.69 | 168.6 | 6,483.0 | 3.17 | 167.6 |
| Total securities ⁽¹⁾ | 31,153.2 | 3.28 | 1,034.9 | 27,239.4 | 3.00 | 772.0 |
| Loans, advances and financing | 70,892.1 | 5.17 | 3,496.7 | 65,225.0 | 5.16 | 3,158.0 |
| INTEREST-BEARING LIABILITIES | | | | | | |
| Total deposits ⁽²⁾ | 83,119.5 | 3.35 | 2,782.7 | 79,885.2 | 3.33 | 2,446.3 |
| Obligation on securities sold under repurchase agreements | 5,567.4 | 3.85 | 197.6 | 4,917.9 | 3.45 | 139.0 |
| Recourse obligation on loans/financing sold to Cagamas Berhad | 5,128.0 | 3.98 | 162.8 | 3,974.5 | 3.63 | 106.5 |
| Borrowings and Sukuk | 3,764.9 | 4.65 | 167.1 | 3,304.4 | 4.71 | 136.4 |

Notes:

⁽¹⁾ Total securities include financial assets at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised cost.

⁽²⁾ Total deposits include deposits from customers, investment accounts of customers, deposits and placements of banks and other financial institutions.

CAPITAL MANAGEMENT

OUR APPROACH TO CAPITAL MANAGEMENT AND PLANNING

AFFIN Group's capital management strategy is anchored on three key objectives to ensure resilient and sustainable business growth:

- Ensuring compliance with regulatory capital requirements at all times.
- Aligning capital levels with the Group's risk appetite and strategic business plans.
- Maintaining an appropriate balance between optimising returns for shareholders and prudent capital management practices.

Our capital management approach is underpinned by AFFIN Group's Internal Capital Adequacy Assessment Process (ICAAP), through which we assess projected capital supply and demand in relation to regulatory requirements and capital targets. This involves a comprehensive identification and assessment of all material risks, as well as evaluation of the adequacy of capital to support the Group's business operations, under both normal and stressed conditions. Rigorously evaluating these factors ensures robust and strategically aligned capital management practices.

Our annual Capital Plan, updated and approved by the Board at the beginning of each financial year, is crucial to our strategy. The plan focuses on maintaining healthy capital ratios over a three-year period, taking into consideration the expected business plans, risk profiles and liquidity needs to ensure holistic planning.

The Group Capital Management Committee is responsible for managing and overseeing the capital position of the Group and its banking subsidiaries. Their objectives include ensuring adequate capital levels, optimising the return on capital usage at both the entity and business line levels and guiding the capital structure and allocation. Various risk-weighted asset (RWA) optimisation initiatives are carried out throughout the year to ensure sufficient capital for higher risk-adjusted return uses and ensure effective capital deployment.

The table below presents the capital ratios (without transitional arrangements) of the Group and its banking subsidiaries as of 31 December 2024:

| | AFFIN Group | ABB | AIBB | AHIBB |
|-------------------------------|-------------|---------|---------|---------|
| As at 31 December 2024 | | | | |
| CET I capital ratio | 13.217% | 12.145% | 11.732% | 35.273% |
| Tier I capital ratio | 14.635% | 13.272% | 13.801% | 35.273% |
| Total capital ratio | 17.063% | 15.258% | 17.046% | 35.944% |
| As at 31 December 2023 | | | | |
| CET I capital ratio | 13.760% | 12.651% | 12.076% | 36.394% |
| Tier I capital ratio | 15.288% | 13.833% | 14.443% | 36.394% |
| Total capital ratio | 17.954% | 16.167% | 17.985% | 37.054% |

As announced on 25 February 2025, ABB's Board proposed a bonus issue of 1 new ordinary share for every 18 existing ordinary shares held in ABB on an entitlement date to be announced, subject to approval of ABB's shareholders at the forthcoming AGM. This bonus issue aims to reward the shareholders for their loyalty and continuous support to the Group by increasing their equity participation in the Company, while still conserving capital and enhancing the long-term value of investment in ABB's shares.

PERFORMANCE REVIEW

BALANCE SHEET MANAGEMENT

The Balance Sheet Management (BSM) Department plays a critical strategic role in supporting the Group Asset Liability Management Committee by identifying, managing, and mitigating interest rate and liquidity risks. This is crucial for the success of Affin Bank and Affin Islamic Bank's transformation journey, as it ensures successful execution of business strategy.

The Group continues to adopt a robust and forward-looking approach to balance sheet management, aligned with our transformation journey towards the future of banking. Our focus remains on optimising the balance sheet mix to drive sustainable growth in net interest income (NII) and net interest margin (NIM) while maintaining financial stability. Our key priority is guiding our structural funding to ensure the Bank is able to navigate the dynamic financial landscape with resilience in pursuit of our long-term growth.

BSM employs strategic management tools, including Funds Transfer Pricing (FTP) and Funding Plans, to guide the Bank towards an optimal funding profile while ensuring compliance with regulatory requirements such as the Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR). FTP pricing is continuously reviewed to ensure it accurately reflects prevailing market funding costs. Additionally, BSM is consistently exploring new solutions to enhance balance sheet management. Additionally, regular engagement with the front office ensures a real-time understanding of market conditions, enabling informed and agile decision-making.

To strengthen our balance sheet management framework in preparation for the future of banking, BSM embarked on a three-year transformation programme in 2022, investing in cutting-edge solutions to enhance the Bank's asset-liability management capabilities. The benefits will continue to be realised in phases over the next three-years, including improved automation for higher efficiency, increased data granularity for more insightful decision-making and new forecasting frontiers for better strategic planning.

In 2025, we will implement the core analytics solutions, with further developments coming online progressively to further enhance our analytics capabilities. These include new and transformative applications such as interactive data visualisation, statistical portfolio analysis and iterative simulation methods.

The development of an integrated balance sheet management platform will provide enhanced visibility into the interactions between profitability, interest rate risk, and liquidity risk measures and their impacts, ensuring the Bank remains well-positioned to respond to market shifts with speed and agility.

Through this structured and forward-thinking approach, AFFIN BANK and Affin Islamic Bank continue to strengthen financial resilience while driving sustainable growth, in line with our commitment to excellence in banking amidst the ever more challenging banking environment of the future.

FINANCIAL CALENDAR



2024

➔ **29 February 2024**

4th Quarter Results

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

➔ **26 March 2024**

Notice of 48th Annual General Meeting of Affin Bank Berhad.

➔ **25 April 2024**

AGM

The Board of Directors of Affin Bank Berhad (the Company) wishes to announce that all the resolutions set out in the Notice of the 48th Annual General Meeting (AGM) of the Company dated 26 March 2024 were duly passed by the shareholders of the Company at the 48th AGM held on 25 April 2024.

➔ **25 April 2024**

Single-tier final dividend in respect of the financial year ended 31 December 2023 of 5.76 sen per ordinary share of Affin Bank Berhad.

➔ **15 May 2024**

Affin Bank Berhad dividend reinvestment plan applicable to the final dividend in respect of the financial year ended 31 December 2023.

➔ **21 May 2024**

1st Quarter Results

Announcement of the unaudited consolidated financial results for the first quarter and financial year ended 31 March 2024.

➔ **23 August 2024**

2nd Quarter Results

Announcement of the unaudited consolidated financial results for the second quarter and financial year ended 30 June 2024.

➔ **27 September 2024**

Execution of sale and purchase agreement between LTAT, BHB and Sarawak Government for the Divestment of approximately 26% equity interest in AFFIN BANK.

➔ **22 November 2024**

3rd Quarter Results

Announcement of the unaudited consolidated financial results for the third quarter and financial year ended 30 September 2024.

➔ **27 November 2024**

Completion of Share Transfer between LTAT, BHB and Sarawak Government for the Divestment of approximately 26% equity interest in AFFIN Bank.

➔ **25 February 2025**

4th Quarter Results

Announcement of the unaudited consolidated financial results for the fourth quarter and financial year ended 31 December 2024.

Final Dividend
MYR 0.0576

Ex Date :
10 May 2024

Entitlement Date :
13 May 2024

Payment Date :
12 June 2024



2025

TENTATIVE DATES

1Q 2025 30 May 2025

2Q 2025 29 August 2025

3Q 2025 28 November 2025

4Q 2025 27 February 2026

PERFORMANCE REVIEW
INVESTOR RELATIONS

At AFFIN Group, we are deeply committed to transparency, ensuring that timely and accurate latest financial and operational data are readily accessible to the investment community. We recognise that open and continuous engagement with stakeholders is essential to building trust, strengthening relationships, and fostering a deeper understanding of our vision and performance.

To maintain strong communication with institutional investors, financial analysts, fund managers, and credit rating agency, we have a dedicated Investor Relations (IR) team that proactively manages interactions and ensures seamless information flow.

Our engagement strategies include one-on-one and group meetings, investor conferences, roadshows, conference calls, emails, and our corporate website. Additionally, following the release of financial results on Bursa Malaysia, we conduct in-depth presentations and conference calls to provide further insights and clarity.

To maximise transparency, we leverage multiple public communication platforms, including stock exchange news services, corporate press releases, and our company website, which serves as a central hub for the latest and historical financial reports, company announcements, and other relevant disclosures.

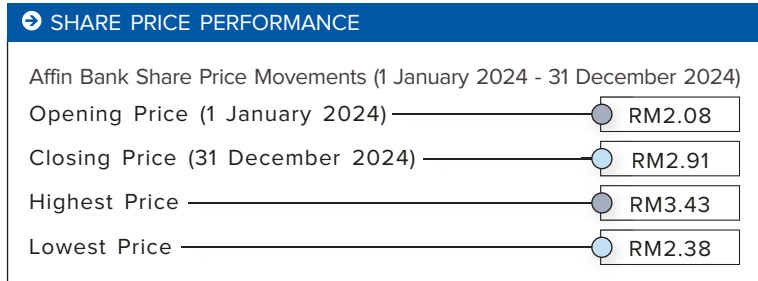
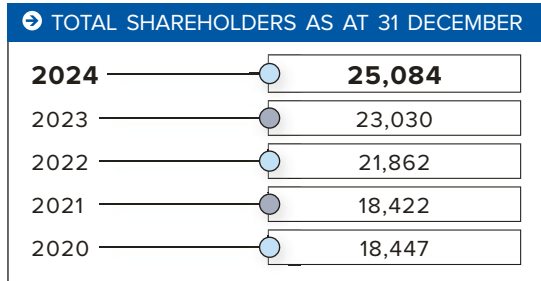
In 2024, we expanded our investor engagement efforts through targeted roadshows in Singapore and Hong Kong and actively participated in key investment conferences across Malaysia, Singapore, and Indonesia. These initiatives reaffirm our commitment to keeping investors informed and engaged as we drive sustainable growth and long-term value creation.

Our share price in 2024 closed higher than the previous year and outperformed the KLCI and KLFIN indices, while our 1-year Total Shareholder Returns (TSR) improved.

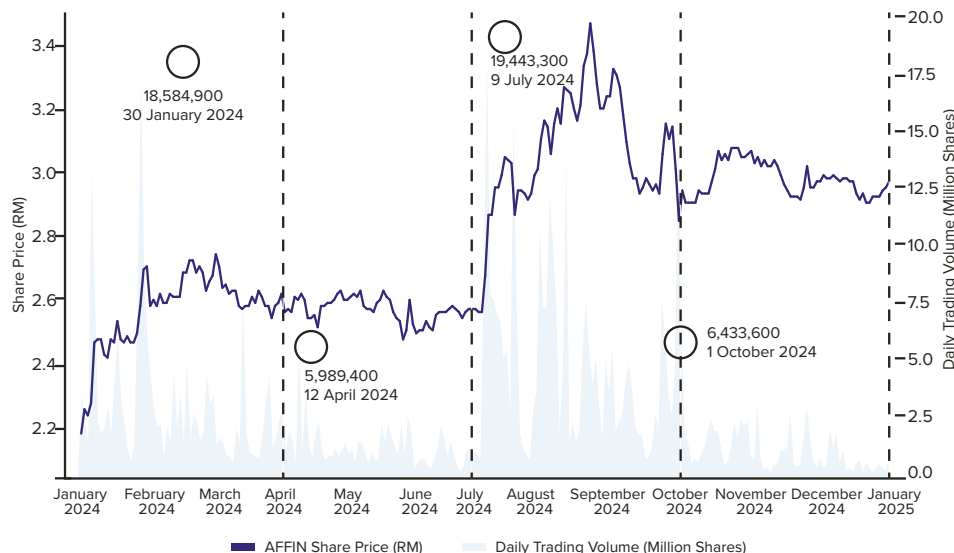
TOTAL SHAREHOLDER RETURN

| TSR (%) | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------|------|-------|-------|-------|--------------|
| AFFIN BANK | 1.75 | -3.56 | 37.71 | 7.39 | 43.13 |
| KLCI | 9.66 | 1.88 | 0.53 | 2.82 | 17.71 |
| KLFIN | 8.31 | 4.47 | 0.76 | -0.19 | 24.23 |

Source: Bloomberg



AFFIN SHARE PRICE AND VOLUME PERFORMANCE
SHARE PRICE GRAPHS BY QUARTER



| 1Q | | |
|-------|--------|-------------|
| High | RM2.70 | 30 Jan 2024 |
| Low | RM2.08 | 1 Jan 2024 |
| Close | RM2.50 | 29 Mar 2024 |
| 2Q | | |
| High | RM2.58 | 12 Apr 2024 |
| Low | RM2.38 | 31 May 2024 |
| Close | RM2.49 | 28 Jun 2024 |
| 3Q | | |
| High | RM3.43 | 21 Aug 2024 |
| Low | RM2.48 | 1 Jul 2024 |
| Close | RM2.78 | 30 Sep 2024 |
| 4Q | | |
| High | RM3.03 | 23 Oct 2024 |
| Low | RM2.79 | 1 Oct 2024 |
| Close | RM2.91 | 31 Dec 2024 |

ANNUAL GENERAL MEETING (AGM)

The AGM is a statutory requirement under the Companies Act 2016 which provides platform for shareholders to interact and engage with the Board & Management of AFFIN vide face-to-face as well as online to discuss the business performance and governance aspects of the Bank. 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.

| YEAR | AGM | DATE | MODE |
|------|------------------|---------------|---------|
| 2020 | 44 th | 22 July 2020 | Virtual |
| 2021 | 45 th | 2 June 2021 | Virtual |
| 2022 | 46 th | 25 May 2022 | Virtual |
| 2023 | 47 th | 25 May 2023 | Virtual |
| 2024 | 48 th | 25 April 2024 | Hybrid |

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

The Bank convened its 48th AGM on Thursday, 25 April 2024 at the Royale Chulan Hotel, Kuala Lumpur. It was the first hybrid AGM for the Bank i.e. combination of physical and virtual participation by the shareholders. The past four (4) years since the pandemic started in year 2020, the AGM of the Bank was held virtually. The last physical AGM was held in year 2019.

Chairman, Dato' Agil Natt and President & Group CEO, Datuk Wan Razly Abdullah responded to the questions posed by the shareholders. The duration of the AGM was 4 hours from 10.00 am to 2.00 pm. All the 11 resolutions tabled pursuant to the Notice of 48th AGM dated 27 March 2024 were carried. The minutes of the AGM are available on the corporate website https://affin.listedcompany.com/agm_egm.html.

ENGAGEMENTS WITH KEY FINANCIAL AUDIENCES

Throughout 2024, the Bank actively engaged with key financial audiences, including investors, institutional shareholders, financial analysts, fund managers, and credit rating agency. These engagements were pivotal in fostering transparency, building investor confidence, and ensuring stakeholders remained well-informed about our financial performance and strategic direction.

Below is a summary of our key engagement initiatives:

FINANCIAL RESULTS ANNOUNCEMENTS & ANALYST BRIEFINGS

| DATE | FINANCIAL RESULTS | NUMBER OF ATTENDEES (FUND MANAGERS/ANALYST) |
|------------------|-------------------|---|
| 29 Feb 2024 | FY2023 | 68 |
| 21 May 2024 | 1Q2024 | 60 |
| 23 August 2024 | 1H2024 | 60 |
| 22 November 2024 | 3Q2024 | 65 |
| 25 February 2025 | FY2024 | 68 |

All the briefings were conducted virtually

INVESTOR MEETINGS, CONFERENCES & ROADSHOWS

| DATE | INVESTOR MEETINGS, CONFERENCES & ROADSHOWS |
|-----------------|---|
| 22 January 2024 | Investor Meeting organised by CGS International |
| 16 April 2024 | CGS-Daiwa Non-Deal Roadshow in Hong Kong |
| 3 June 2024 | Nomura Investment Forum Asia 2024 in Singapore |
| 11 June 2024 | Maybank Invest ASEAN 2024 |
| 13 June 2024 | CITIC-CLSA 20 th ASEAN Forum in Jakarta, Indonesia |
| 14 October 2024 | Investor Meeting organised by Hong Leong IB |
| 22 October 2024 | Investor Meeting organised by RHB IB |
| 6 November 2024 | Daiwa Non-Deal Roadshow in Singapore |

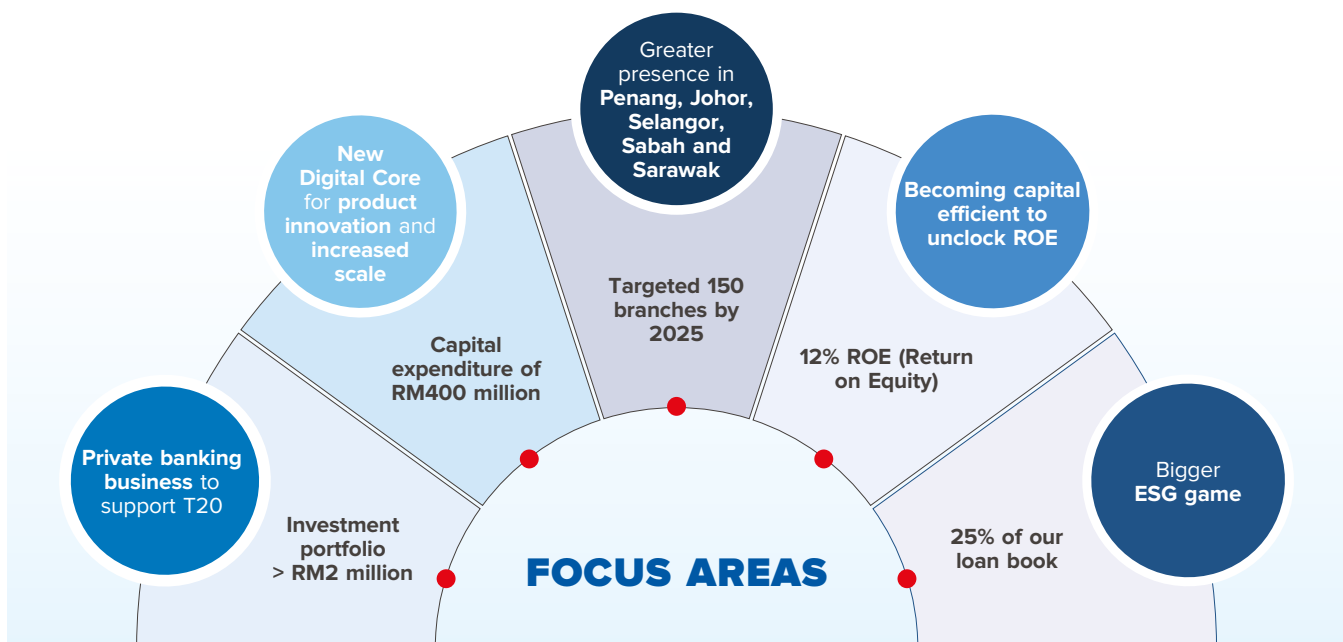
PERFORMANCE REVIEW INVESTOR RELATIONS

ANALYST COVERAGE LIST

| | | |
|------------------------------|---------------------------|-------------------|
| 1 Apex Securities | 5 Kenanga Investment Bank | 9 RHB Research |
| 2 CGS Securities | 6 MIDF Securities | 10 Sadif Research |
| 3 CIMB Securities | 7 Nomura Securities | 11 TA Securities |
| 4 Hong Leong Investment Bank | 8 Phillip Capital | 12 UOB Kay Hian |

CREDIT RATINGS


| Rating Agency | Rating Classification | Rating Accorded | Outlook |
|---|--|-----------------|---------|
| Affin Bank Berhad | | | |
| RAM Ratings Services Berhad | Financial Institution Ratings: | | |
| | • Long term Financial Institution Rating | Long term – AA3 | Stable |
| | • Short term Financial Institution Rating | Short term – P1 | |
| RM500 mil Additional Tier-1 Capital Securities Programme | A3 | | |
| Affin Islamic Bank Berhad | | | |
| RAM Ratings Services Berhad | Financial Institution Ratings: | | |
| | • Long term Financial Institution Rating | Long term – AA3 | Stable |
| | • Short term Financial Institution Rating | Short term – P1 | |
| | RM500 mil Tier-2 Sukuk Murabahah Programme | A3 | |
| RM500 mil Additional Tier-1 Capital Sukuk Wakalah Programme | A1 | | |
| Affin Hwang Investment Bank Berhad | | | |
| RAM Ratings Services Berhad | Financial Institution Ratings: | | |
| | • Long term Financial Institution Rating | Long term – AA3 | Stable |
| | • Short term Financial Institution Rating | Short term – P1 | |




MEDIA COVERAGE

In 2024, AFFIN Group maintained a strong media presence, showcasing its leadership in banking.


4,272 media articles showcasing AFFIN's influence and leadership.



53 press releases announcing key milestones and initiatives.




September highest coverage




11 media engagements enhancing the Group's industry presence.



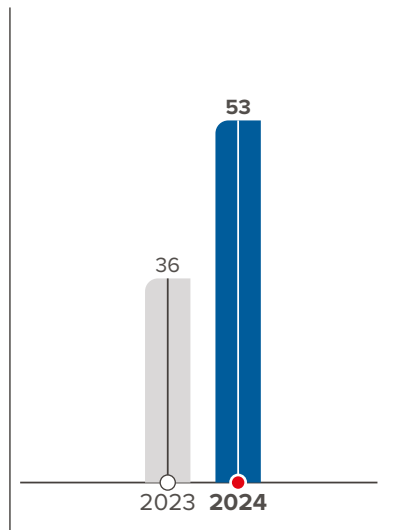
Four publications highlighting thought leadership and innovation.



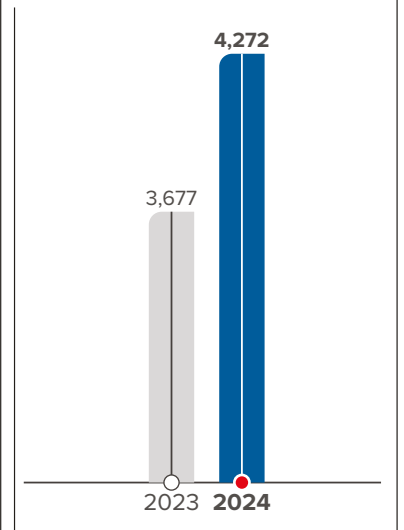
Three crisis simulations strengthening resilience and risk management.



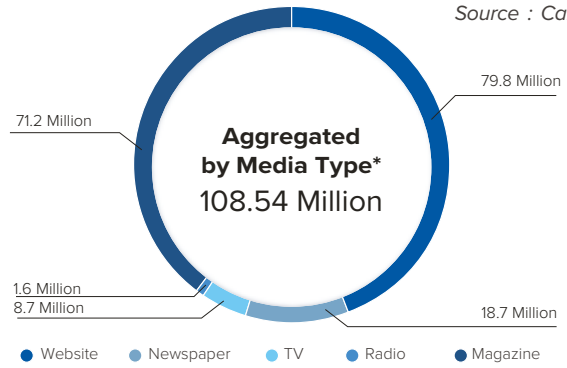
TOTAL PRESS RELEASES



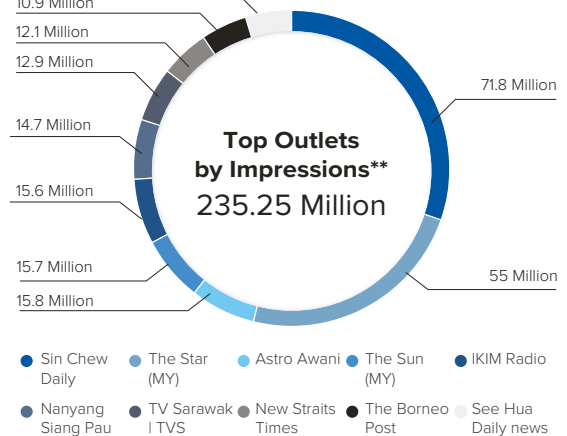
TOTAL ARTICLES



Source : Carma Insight



Source : Carma Insight



Source : Carma Insight

The month September 2024 marked the highest media coverage for AFFIN Group, a testament to its relentless pursuit of excellence and strategic engagement with stakeholders. This momentum reflects the Group's commitment to driving sustainable growth while remaining agile in a competitive landscape.

* The image presents a breakdown of media coverage totaling 108.54 million, with website (79.8M), newspaper (18.7M), TV (8.4M), radio (1.6M) and magazines (71.2M).

** The image presents a breakdown of top media outlets by impressions, totaling 235.25 million. Leading sources include Sin Chew Daily (71.8M), The Star (55M), Astro Awani (15.8M), The Sun (15.7M), TVS (12.9M) and various newspapers and radio stations.

BUSINESS REVIEW

AFFIN ISLAMIC BANK BERHAD



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

AFFIN ISLAMIC remains committed to advancing innovation of Shariah-compliant financial products and solutions. Our diverse portfolio includes products based on Musharakah Mutanaqisah, Mudarabah, Istisna', Ijarah, Tawarruq, and Murabahah principles, strengthening our market position in Islamic banking.

In 2024, we achieved a key milestone with the launch of our Term Investment Account-i (TIA-i), providing customers with an innovative, flexible, and ethical investment option. As we navigate an evolving market, our focus on sustainability and ethical finance continues to drive our growth and success.

WHO WE ARE AND WHAT WE DO



AFFIN Islamic Bank Berhad (AFFIN ISLAMIC) is a wholly owned subsidiary of the AFFIN Group. It operates independently as a full-fledged Islamic bank, providing a comprehensive suite of Shariah-compliant financial solutions tailored for SMEs, institutional clients, corporate entities, and retail customers. Since our inception in 2006, AFFIN ISLAMIC has been one of the pioneers in Islamic banking, offering competitive products structured around key Shariah principles.

Our diverse portfolio of Shariah-compliant financial products demonstrates our dedication to delivering comprehensive banking solutions. We offer specialised financial services, savings and investment options, and a range of products designed for various segments.

BUSINESS UPDATES

A key milestone this year was the introduction of the Term Investment Account-i (TIA-i), a product that offers customers a flexible investment option. As the Halal economy grows in Malaysia, and is recognised for its leadership in Islamic finance and Halal products. TIA-i aligns with the increasing demand for principled investment solutions. This product supports the aspirations of the Bank's customer base and caters to the broader market's interest in Shariah-compliant investment options.

As Malaysia continues to emphasise Environmental, Social, and Governance (ESG) criteria in its development agenda, the Bank's sustainability initiatives have resonated with customers and investors, enhancing its reputation as a socially responsible institution. AFFIN Islamic's commitment to sustainable banking was recognised in 2024 with various awards and accolades for promoting principled finance, responsible banking, and social impact.

AFFIN Islamic's Commitment in supporting ESG and VBI agenda demonstrated through the following initiatives:

Renewable Energy Financing

AFFIN BizSolar-i and AFFIN Solar Financing-i programs are designed to facilitate the shift of both corporate and retail customers towards renewable energy. These programs provide financing for the acquisition and installation of solar photovoltaic (PV) systems on residential and commercial premises, without the need for property as collateral, aligning with the objectives of the 12th Malaysia Plan.

Education Financing-i

In 2024, more than RM140 million was dedicated to the education sector. The AFFIN Education Financing-i is a Shariah-compliant financial plan tailored for eligible students pursuing education at selected universities or colleges approved by the Bank.

AFFIN Islamic Empowers National Warriors with AFFIN BizWira-i Financing

AFFIN Islamic proudly introduces AFFIN BizWira-i, a transformative Tawarruq term financing solution designed to empower Malaysian Armed Forces Veterans (MAF Veterans) on their entrepreneurial journeys. This innovative program recognises the valuable contributions of our veterans and fosters their continued success by providing crucial working capital financing to viable start-up businesses.

Eligibility for the AFFIN BizWira-i Financing is streamlined for qualified MAF Veterans, defined as active cardholders of the Malaysian Armed Forces Veteran Card (VC) issued under the Veteran Act 2012.

This program exemplifies AFFIN Islamic's commitment to supporting military veterans, aligning with both Maqasid Shariah and the 12th Malaysia Plan's focus on improved well-being for armed forces veterans.

AFFIN Islamic Empowers Financial Independence for Low-Income Asnaf Through iTEKAD

AFFIN Islamic takes pride in its active participation in the transformative iTEKAD program, a national initiative by Bank Negara Malaysia. This program empowers low-income microentrepreneurs, particularly Asnaf (deserving recipients of zakat), to achieve financial independence and build thriving businesses.

iTEKAD: A Holistic Approach to Empowerment and offers a unique combination of support:

- Seed Capital: Providing essential capital to jumpstart businesses.
- Financial and Business Training: Equipping participants with the knowledge and skills for success.
- Microfinance: Financing essential assets through social finance instruments, ensuring sustainability.

Empowering Military Veterans with iTEKAD Perwira-i

In collaboration with MyREF, AFFIN Islamic extends this empowerment to veterans through the iTEKAD Perwira-i program. This initiative provides:

- Seed Capital: A launching pad for their entrepreneurial journeys.
- Microfinancing Access: Removing financial barriers to growth.
- Structured Training: Building a strong foundation for success.

This program stands as a testament to the Bank’s unwavering commitment to supporting asnaf veterans. It adheres to Shariah principles and aligns seamlessly with the 12th Malaysia Plan’s goal of enhancing veterans’ well-being. Through this initiative, the Bank upholds its social responsibilities and significantly contributes to the broader national agenda of improving the quality life for veterans.

Equipping for Success: Business Skills and Financial Literacy

AFFIN Islamic, alongside esteemed partners, goes beyond financial support. We offer business skills training and financial literacy workshops, equipping iTEKAD participants with the knowledge and tools to:

- Manage finances effectively.
- Make sound business decisions.
- Operate efficiently and sustainably.

By fostering financial independence and entrepreneurial spirit, AFFIN Islamic empowers Asnaf communities and contributes to a more inclusive and prosperous Malaysia.

STRATEGIC BUSINESS PERFORMANCE REVIEW



Strategic Objectives



Focus Areas



Execution Strategies

| | | |
|--|---|--|
| <p>Unrivalled Customer Service</p> | <p>Product innovation and service excellence.</p> | <ul style="list-style-type: none"> • Expand Halal Market Presence by developing specialised financial solutions tailored to the specific needs of Halal businesses and supply chains. • Innovative Islamic Wealth Management: Offer new Shariah-compliant investment products to meet our customers’ diverse financial goals. • Introduced New Term Investment Account-i (TIA-i) Launched in 2024, providing customers with Shariah-compliant investment options. |
| <p>Responsible Banking with Impact – ESG Revolution</p> | <p>Driving sustainable growth by integrating ESG principles into banking practices.</p> | <ul style="list-style-type: none"> • Supporting Sustainable Development: Collaborating with religious institutions and community organisations to foster sustainable development. • Empowering Communities: Rolled out tailored financial solutions and support such as iTekad, aimed at improving the social and economic status of underserved groups, including the asnaf. • Enhancing Social Capital: Social responsibility initiatives reinforce our reputation as a bank that is making a positive impact. • Strengthening Group Synergy: Leverage Group synergy to ensure a unified approach to social responsibility and sustainability. |

BUSINESS REVIEW

AFFIN ISLAMIC BANK BERHAD

CHALLENGES / OPPORTUNITIES

Challenges

Margin Compression: Rising competition and shifting market conditions may pressure profit margins, affecting overall profitability.

Maintaining Asset Quality: Balancing the pursuit of higher-margin, riskier financing options with the need to ensure optimal asset quality.

Mitigation Action

- **Focus on Higher-Margin Products:** Prioritise financing options such as personal, education, and secured financing that provide higher margins.
- **Expand Customer Base:** Expand into new regions such as Penang, Johor, and East Malaysia, especially Sarawak.
- **Leverage Digital Banking:** Enhance digital capabilities to attract new customers and streamline operations.
- **Manage Costs:** Implement strict cost control measures to safeguard profitability amidst margin compression.
- **Strengthen Credit Risk Management:** High-risk sectors are subject to stricter credit assessment criteria and continuous monitoring.
- **Enhance Underwriting Standards:** Robust credit underwriting and risk management policies are in place.
- **Regular Stress Testing:** Frequent assessment of the bank's resilience to economic shocks, and strategies are adjusted accordingly.
- **Diversify Loan Portfolio:** Spread risk across various sectors to reduce exposure to any single market.

Results

- **Improved Profit Margins:** Improved NPM from 1.33% to 1.37% year-on-year.
- **Increased Market Share:** Increase market share and drive revenue growth.
- **Operational Efficiency:** Digital banking and cost management strategies will reduce operational expenses and enhance fiscal performance.
- **Robust Asset Quality:** AFFIN ISLAMIC's GIF ratio remained at 0.86, below the industry average of 1.
- **Resilience to Economic Shocks:** Regular stress testing and portfolio diversification bolstered the Bank's ability to withstand economic shocks.
- **Sustained Profitability:** Maintaining strong asset quality ensures sustained profitability and stability.

OPPORTUNITIES

Operating under the Triple Banking Model, AFFIN ISLAMIC aims to achieve sustainable growth through innovative financial solutions and quality service, in alignment with the Group's strategic priorities.

Digital transformation is essential for meeting customer expectations and staying competitive. By expanding mobile banking, online account management, and digital payment solutions, we strive to enhance customer experience and operational efficiency, reinforcing the Bank's position as a forward-thinking institution.

As the world moves towards sustainability, green financing is gaining significance. AFFIN ISLAMIC is well-positioned to contribute to this area, aligning with Islamic finance principles while promoting environmental and economic stability.

Recognising SMEs as key economic drivers in Malaysia, we offer tailored, Shariah-compliant financial solutions to support their growth and development.

2024 ACHIEVEMENTS

Key Financial & Business Highlights

- ➔ **PBT Growth:** Recorded a 1.8% year-on-year increase in Profit Before Tax (PBT) to RM323.3 million.

- ➔ **Total Assets Increase:** Total assets grew by 14.29% to RM45.2 billion, driven by higher gross financing as well as financial assets and investments.

- ➔ **Customer Deposits Growth:** Customer deposits expanded by RM3.4 billion, a 13.4% increase from 2023.

- ➔ **Stable Asset Quality:** Gross Impaired Financing ratio remained stable at 0.86%.

- ➔ **Improved CASA Ratio:** CASA / Total Deposits ratio increased by 1.63% year-on-year, from 32.96% to 35.50%.

- ➔ **NPM Growth:** NPM on earning assets increased by 4bps, from 1.33% to 1.37%. year-on-year.

Sustainability and VBI Highlights

- **Established VBI Framework:** Introduced the Value-Based Intermediation (VBI) Framework to align financial practices with sustainability principles.
- **Panel for VBIAF Sectoral Guides:** Contributed as a panellist to review the Renewable Energy & Manufacturing sectoral guides for Cohorts 1 & 2.
- **Agriculture Sectoral Guide Development:** Participated in developing the agriculture sectoral guide for the third cohort of VBIAF sectoral guides.
- **MSU Sustainability Symposium 2024:** Participated as panellist at the symposium, discussing 'Aligning Sustainability with Financial Prosperity.'
- **Melaka International Halal Festival 2024:** Collaborated with industry experts to present on 'The Role of AFFIN ISLAMIC in Community Empowerment' strengthening our commitment to sustainable development.
- **Establishment of AFFIN Double Materiality & Scope 3 Emission Baseline:** Contributed to the working committee on Double Materiality Assessment and Scope 3 Enterprise & Financed Emission Baseline for AFFIN Group.
- **PCAF Subscription:** Subscribed to PCAF for the calculation of financed emissions, enhancing sustainability metrics.

Awards & Recognition

- ➔ **ASIAN Experience Awards 2024 – Brand Experience:** Recognised as Malaysia's Fastest Growing Islamic Bank.
- ➔ **ASIAN Experience Awards 2024 – Product Experience of the Year:** Awarded for outstanding product experience.
- ➔ **The Asset Triple A Islamic Finance Awards 2024:** Named Best Islamic Retail Bank in Malaysia.
- ➔ **The Asset Triple A Islamic Finance Awards 2024:** Awarded Best Islamic Syndicated Loan.
- ➔ **Best Paper Award at European Journal of Islamic Finance Conference:** Awarded for the paper titled "Enhancing Social Impact Through Ijarah-Based Education Financing" at the 10th Anniversary of the Conference held at Turin, Italy.

OUTLOOK AND PROSPECTS

In 2025, AFFIN ISLAMIC will continue to be a key part of AFFIN Group, focusing on sustainability and value-based banking.

With the Halal economy growing locally and globally, we will keep innovating in Halal finance, developing products for both regional and domestic markets. To strengthen our presence in Halal Market, we will provide tailored solutions for Halal businesses and supply chains, supporting industry growth while adhering to Islamic principles.

Embedding ESG criteria across operations will remain a priority to ensure the long-term sustainability of our businesses and the broader society. This includes offering ESG-aligned financing and emphasising value-based intermediation (VBI) to uphold high standards.

Additionally, we are committed to continue in supporting underserved communities, including the asnaf. Through targeted financial solutions and community empowerment initiatives, we aim to provide them with the tools and resources to improve their quality of life.

Moving forward, AFFIN ISLAMIC will continue building an inclusive and sustainable financial ecosystem, reinforcing our role in value-based banking and Halal Market.

BUSINESS REVIEW

AFFIN HWANG INVESTMENT BANK BERHAD

**NURJESMI MOHD NASHIR**

Chief Executive Officer
Affin Hwang Investment Bank Berhad

2024 was a year of remarkable achievement and transformation. We not only reinforced our market leadership in Securities but also made significant strides in Investment Banking, climbing the industry ranks with undeniable momentum. Winning sole mandates and being recognised by multiple prestigious awards across our core business pillars, we activated every business engine to deliver our strongest financial performance in a decade.

Amid global uncertainties and digital disruption, we stayed ahead of the curve, providing innovative, client-centric solutions while seamlessly integrating digital advancements. With an exceptional team propelling our success, we enter the future with stronger capabilities, determined to set new industry standards and create lasting value for our clients and stakeholders.

WHO WE ARE AND WHAT WE DO



Affin Hwang Investment Bank Berhad (AHIBB) is a leading investment banking, securities, and trustee group in Malaysia. Established in 1970, we operate from two main offices in Kuala Lumpur and Penang, with a nationwide network of strategically located branch offices. Our business is built on four core pillars: Investment Banking, Securities, Strategic Investments, and Treasury. We deliver comprehensive financial solutions, expertise and insights that businesses, investors and individuals need to navigate dynamic markets.

BUSINESS UPDATES

Against a dynamic financial landscape shaped by market volatility and technological disruption, AHIBB sharpened its focus on 13 strategic growth engines:

- | | |
|---------------------------|----------------------------|
| 1. Equity-Retail | 8. Debt Markets |
| 2. Equity-Institutional | 9. Equity Capital Markets |
| 3. Structured Warrants | 10. Corporate Loans |
| 4. Share Margin Financing | 11. Mergers & Acquisitions |
| 5. Proprietary Trading | 12. Strategic Investments |
| 6. Treasury | 13. Trustee Services |
| 7. Corporate Finance | |

Our strategy is anchored in sustainable growth, client-centric innovation, and technology-driven efficiency. By prioritising ideation, deeper client engagement, and service excellence, we reinforced our capital markets leadership while expanding market access. Our fee-based model ensured revenue stability, enhanced turnaround times boosted operational efficiency, and our unwavering commitment to regulatory compliance strengthened our foundation.

To further solidify our market positioning and thought leadership, we played a pivotal role in marquee events that shaped industry discourse. From the inaugural Annual Johor Investment Summit in Singapore to the Penang Economic Forum 2024—held in collaboration with Penang Institute, a leading force in regional economic policymaking—we amplified our brand, engaged key stakeholders, and reinforced our influence in capital markets. These platforms enabled us to showcase our expertise, strengthen investor confidence, and contribute to shaping Malaysia's financial ecosystem.

At the core of our strategy lies technological integration. Leveraging AI-driven analytics, automation, and advanced cybersecurity, we have enhanced agility and risk management, positioning AHIBB at the forefront of innovation to navigate disruption and seize emerging opportunities.

STRATEGIC BUSINESS PERFORMANCE REVIEW



Strategic Objectives

To sustain long-term value creation and market leadership, we focused on four key strategic objectives:

- Increase Market & Wallet Share
- Enhance Client Relationships
- Improve Operational Efficiency
- Innovative Financial Products



Focus Areas

• **Client Retention and Acquisition**
Proactively engaging with existing clients while attracting new investors through tailored financial solutions and market-driven insights.

• **Technological Integration & Improvement**
Adopting the latest financial technologies, AI-driven analytics, and automation to optimise service delivery.

• **Risk Management**
Strengthening governance frameworks, compliance, and risk assessment models to ensure sustainable and responsible growth.

• **Talent Development**
Learning programmes, leadership development, and upskilling initiatives are continuously rolled out.



Execution Strategies

• **Identify Emerging Markets & Forming Partnerships**
Expanding our reach by establishing strategic alliances and tapping into new business opportunities in high-growth sectors.

• **Offer Personalised Financial Solutions**
Customising investment strategies and banking products to align with the diverse needs of retail, institutional, and corporate clients.

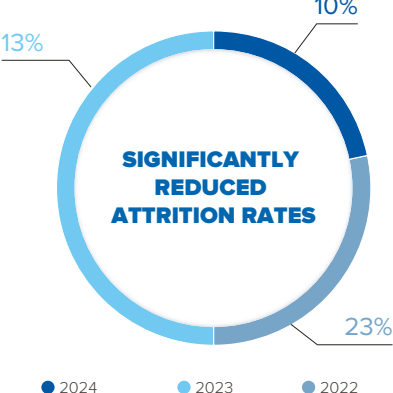
• **Drive operational Excellence**
Integrating automation, optimising workflows, and conducting regular efficiency audits.

• **Leverage Technologies**
Upgrading our digital infrastructure to enhance security, scalability, and overall client experience.

• **Continuous Talent Development**
Fostering a culture of innovation and expertise through targeted training programmes, leadership development, and industry certifications.

BUSINESS REVIEW
AFFIN HWANG INVESTMENT BANK BERHAD

KEY FOCUS AREAS

| Focus Area | Actions and Initiatives | Outcomes |
|---|---|--|
| <p>Building Culture & Trust</p> | <ul style="list-style-type: none"> • 29 Breakfast & Tea sessions with the CEO, providing direct interaction with employees to foster open communication. • 69 Branch visits by the CEO & COO, demonstrating leadership's commitment to staying connected with teams. • 4 Branch visits by the AHIBB Board of Directors (BOD) to strengthen engagement with employees and gain insights into branch performance. • 15 Physical Townhalls, facilitating open conversations on the bank's strategic direction and key initiatives. • 2 Virtual chats with the CEO, enabling a wider reach for employee engagement. | <p>Increase in all LENSES Categories:</p> <ul style="list-style-type: none"> • 98% Participation Rate (+17% y-o-y) • 78% SMC Leadership (+12% y-o-y) • 60% Communication (+9% y-o-y) • 77% Immediate Management (+5% y-o-y) • 66% Development Opportunities (+6% y-o-y) |
| <p>Talent Management & Succession Planning</p> | <ul style="list-style-type: none"> • Attracting high-performing talents from leading institutions to bring fresh perspectives and innovative thinking into the bank. • 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. |  <p>SIGNIFICANTLY REDUCED ATTRITION RATES</p> <ul style="list-style-type: none"> 2024: 13% 2023: 23% 2022: 10% |
| <p>Capacity Upskilling</p> | <ul style="list-style-type: none"> • Appointed change agents within the organisation, empowering them to drive transformation and create positive impact across departments. • Arranged focus groups, engagement sessions, and spotlight programmes to encourage leadership development, knowledge sharing, and team collaboration, including: <ul style="list-style-type: none"> • Townhall with CEO & Mini Townhall with Head of Division • Employee Career Development • AHIBB Teambuilding • Talent (THIPO) Engagement • Breakfast/Lunch/Hi-tea with CEO • Succession Planning | <ul style="list-style-type: none"> • Successfully retained and nurtured key staff while attracting top talents to enhance bench strength. |
| <p>Productivity Enhancement</p> | <p>Team enhancement through continuous restructuring and refinement, led by Subject Matter Experts</p> | <ul style="list-style-type: none"> • Overall productivity rose across multiple departments, resulting in 84.3% increase in PBT, from RM44.6 million in 2023 to RM82.2 million in 2024. • An increase in brokerage productivity, driven by streamlined processes, improved systems, and a focus on client service excellence. |
| <p>Strategic Positioning</p> | <ul style="list-style-type: none"> • Extended branding and marketing activities which helped increase brand visibility and market presence. | <p>Co-organised the</p> <ul style="list-style-type: none"> • Penang Economic Forum 2024 • State of the Nation: Spotlight on Johor • Annual Johor Investment Summit • Affin Market Outlook |

| | | |
|----------------------------|---|---|
| | <ul style="list-style-type: none"> • Participated in key Investor Conferences & Client Appreciation events to strengthen relationships with institutional investors and key stakeholders. | <ul style="list-style-type: none"> • O&G Conference • Sarawak Conference • Plantation and Commodities Investor Day • Hosted the Annual AFFIN ESG Conference |
| | <ul style="list-style-type: none"> • Expanded our branch network to enhance our service footprint across the country. | <ul style="list-style-type: none"> • Added 17 locations nationwide, including 11 Triple Banking Branches • Target to have 24 branches by 2025, 23 of which will be Triple Banking branches |
| Technology Adoption | <ul style="list-style-type: none"> • Developed new revenue-generating systems that improve operational efficiency and client satisfaction. | <ul style="list-style-type: none"> • Brokerage Management Systems • Research Management Systems • Insti Dealing Trading System |
| | <ul style="list-style-type: none"> • Developed new digital channels to expand our customer base in the retail business. | <ul style="list-style-type: none"> • Strategic collaboration with TNG Digital and Bursa Malaysia to expand Retail distribution, driving eInvest Go account openings via TNG eWallet App. |

CHALLENGES / OPPORTUNITIES

Challenges
Market Headwinds & Resistance

- Mitigation Action**
- **Comprehensive Business Review:** Conducted in-depth analysis of operations to identify areas of improvement and growth opportunities.
 - **Enhanced Retail Sales Strategy:** Focused on expanding number of Triple Banking branches
 - **Aligning Market Demands with Technological Advancements:** Leverage technology to better serve clients, improve internal processes, and stay competitive.

- Result**
- **Expanded our branch network** to 17 locations across the nation, including 11 Triple Banking Branches, and further expansion to 24 branches by 2025.
 - **Launched a new Brokerage Management System**, which streamlines trading operations and enhances efficiency.
 - **Collaboration with Touch 'n Go**, to expand retail business offerings.
 - **SDR & CDR Expansion:** Increased our Structured Debt Reports (SDR) and Corporate Debt Reports (CDR) to enhance our advisory capabilities and positioning in capital markets.
 - **Private Banking Cross-Sell:** Broadened our service offerings to create cross-sell opportunities to high-net-worth individuals through Private Banking.

OPPORTUNITIES

AHIBB will deepen client relationships and strengthen our coverage strategy to unlock new opportunities in untapped client segments. To grow the share of wallet, AHIBB is committed to broadening and deepening key relationships, focusing on landmark transactions to create 3 or more cross-selling opportunities per client, such as acquisition financing, FX/hedging, and cash management. Collaboration will be key to accessing quality clients with broad up-tiering potential.

Diversification of our portfolio is also a priority to enhance revenue stability, with an expanded focus on project finance, multi-asset

distribution, FX, hedging, deposits, and cash management. AHIBB continues to strengthen its talent pool by attracting top professionals, continually enhancing our LENSES Scores, enhancing engagement, and fostering a culture of trust and collaboration. To support these initiatives, digital and technology enhancements will play a critical role in scaling our business potential, with the implementation of new revenue-generating systems.

Through these strategic initiatives, AHIBB is well-positioned to reinforce its leadership in Malaysia’s financial sector while ensuring long-term value creation for its stakeholders.

BUSINESS REVIEW

AFFIN HWANG INVESTMENT BANK BERHAD

2024 ACHIEVEMENTS

Key Financial & Business Highlights

- ➔ **Strong Revenue Growth:** We achieved significantly improved revenue, growing 28% year-on-year, for a total of RM308.9 million compared to RM240.6 million in 2023.
- ➔ **Significantly Improved PBT:** We recorded a strong 64% growth in profit before tax, to RM151.9 million compared to RM92.50 million in 2023.
- ➔ **Improved Investment Banking Performance:** Fee-related income improved significantly, with AHIBB advancing two positions to rank #4 in the industry.
- ➔ **Leading Position in Bursa Traded Value Ranking:** Secured the #2 position in Bursa's traded value ranking, reaffirming our strong market presence and growing influence.

Sustainability Highlights

- **Best Sustainability Sukuk – Healthcare (Malaysia):** Awarded for **Point Zone (M) (KPJ Healthcare)**, recognising excellence in sustainable financing within the healthcare sector.
- **Best Sustainability Sukuk – Healthcare:** A prestigious recognition for Point Zone (M) (KPJ Healthcare), reinforcing our leadership in ESG-focused solutions.
- **First Issuance of Sustainability Sukuk:** Issuance of a RM1.4 billion sustainability sukuk for Pelaburan Hartanah Berhad (PHB), a milestone in socially responsible financing.

Awards & Recognition

- ➔ **Best Retail Brokerage,** awarded by Euromoney Securities Houses Brokerage 2024.
- ➔ **Best New Sukuk,** recognised by The Asset Triple A Awards for structuring and executing 1.5 billion sukuk wakala programme for Johor Corporation.
- ➔ **Best Sukuk – Shipping (Malaysia),** The Asset Triple A Awards for our role in MTT Shipping's Sukuk issuance.
- ➔ **1st Runner-Up, Best Overall Equities Participating Organisation,** awarded by Bursa Malaysia
- ➔ **2nd Runner-Up, Best Institutional Equities Participating Organisation (Investment Bank)** awarded by Bursa Malaysia
- ➔ **Best Market Maker (Structured Warrants)** awarded by Bursa Malaysia
- ➔ **Best Market Maker (Exchange-Traded Funds)** awarded by Bursa Malaysia.
- ➔ **Top Remisier Recognition** in the Retail Investor Campaign 2023 by Bursa Malaysia for achieving the highest number of new accounts opened.

OUTLOOK AND PROSPECTS

Malaysia's economic outlook for 2025 is positive, with GDP expected to grow by 4.6%, driven by strong domestic demand and improving external trade environment. Despite global uncertainties, the nation's resilient economic fundamentals and supportive government policies will sustain growth, bolstered by consumer spending and strategic investments in emerging sectors.

The banking sector remains a critical economic enabler, supporting strong credit demand. Dividend outlook remains favourable, with banks expected to sustain attractive yields. Market resilience, coupled with proactive risk management and regulatory alignment, will ensure the sector's stability and long-term growth.

Earnings prospects remain positive, with loan growth projected at 5%, with stable net interest margins, and strong asset quality. Dividend yields are expected to remain attractive, underpinned by market resilience and proactive risk management.

Looking ahead, AHIBB remains cautiously optimistic. Our on-going transformation will further enhance our efficiencies and improve customer engagement, strengthening our ability to secure landmark deals. Expanding our product offerings and leveraging the Triple Banking model is unlocking cross-selling synergies and high-value opportunities. With a strong 2024 and a continued focus on innovation and market expansion, AHIBB is well-positioned for sustained growth and market leadership.

GROUP COMMUNITY BANKING



MOHAMMAD FAIRUZ BIN MOHD RADI

Executive Director
Group Community Banking

In 2024, Malaysia's retail banking sector experienced significant transformation driven by digitalisation and evolving customer expectations. Key trends included the increasing adoption of advanced technologies such as artificial intelligence (AI) and fintech solutions to achieve greater efficiencies, drive innovation and expand the range of financial products available to consumers. Regulatory changes aimed at promoting financial stability and consumer protection continued to shape the operating environment. Competition was high with traditional banks and new entrants, including digital-only banks, vying for market share, which further drove innovation in the sector.

WHO WE ARE AND WHAT WE DO



The Group Community Banking Division offers comprehensive consumer banking solutions through seven key business portfolios: Mortgage Business, Auto Finance, Personal Financing, Secured Personal Financing, Credit Cards, Deposit Business, and Wealth Management. To broaden our customer base, we take a two-pronged approach—expanding our network by partnering with external collaborators and increasing our presence with new branch openings in key locations.

➔ BUSINESS UPDATES

Overall, the retail banking sector in Malaysia in 2024 was characterised by a strong emphasis on digital transformation, customer-centricity, and regulatory compliance.

In line with our dedication to continuous innovation and delivering unrivalled customer experience, we have introduced multiple new products and services this year. Among others are:

- AFFIN London Home Financing, a specialised product catering to individuals purchasing residential properties in the United Kingdom
- AFFIN Diventium, our premium banking and curated financial solutions serving the Ultra High Net-Worth clients
- New affiliate credit cards, in collaboration with esteemed organisations such as Management & Science University (MSU) and Universiti Teknologi MARA (UiTM)
- AFFIN Savings Vault/-i, a secure and flexible savings solution with added protection against scams and unauthorised transactions

Our network expansion remains robust, with the addition of 10 new branches, bringing our total to 130 branches as of December 2024, up from 120 the previous year. This year, we also launched our second Mobile Financial Centre in Sarawak. Additionally, we have significantly increased our physical touchpoints by installing 176 new Cash Recycler Machines (CRMs) and Automated Teller Machines (ATMs) nationwide.

**BUSINESS REVIEW
GROUP COMMUNITY BANKING**

STRATEGIC BUSINESS PERFORMANCE REVIEW



Strategic Objectives



Focus Areas



Execution Strategies

Maximise High-Yield Loan/Financing

Increase NIM by maximising higher-yield loan/financing product

- Focus on high NIM products such as AFFIN London Home Financing and commercial properties as well as vacant land
- Expand into higher-yield Auto segments
- Expansion of Potongan Gaji Majikan (PGM) segment
- Ramp-up Edu-i financing
- Increase card acquisition and utilisation through campaigns and affiliate engagement
- Expand profitable merchants with focus on eCommerce segment

Elevate Fee Income

Expand non-interest revenue streams by enhancing service offerings and implementing new fee-generating products

- Cross sell of Banca products
- New investment product offerings
- Grow Investment Asset Under Management (AUM)
- Increase Foreign Exchange transactions

Accelerate CASA and Deposit Growth

Drive growth in low-cost funding sources

- Expand our branch network from 120 to 130
- Drive payroll acquisition (AFFINWRKFZ solution)
- Umbrella campaigns to promote CASA
- Regional Deposit hunter roles

Expand Market Penetration and Customer Base

Implement targeted strategies to attract new customers, increasing market share and brand presence

- Grow affluent base via INVIKTA
- Establish AFFIN Diventium for Ultra High Net-Worth clients

Enhance Productivity & Customer Experience

Leverage technology to streamline operations and improve service delivery

- Customer Digital Onboarding Initiatives
- Robotic Process Automation
- Customer Propensity Modelling

Strengthen Asset Quality & Fraud Monitoring

Maintain robust loan portfolio by proactively managing risks

- Improve Delinquency
- Manage Impairment
- Increase Collection
- Established Centralised Fraud Management Unit

CHALLENGES

Challenges

- Stiff Pricing On Credit-Related Products
- Increased Market Competition For Deposits
- Elevated Funding Costs

Mitigation Action

- Be agile and innovative to meet customer demands
- Continuously innovate and improve our deposit offerings to retain and attract new deposits
- Be more cautious in our lending business, while not compromising our profit margin

Results

- Switched focus to higher NIM products which are less price-sensitive
- Launched Flexible Savings Plan (FSP) and AFFIN Savings Vault/i
- Run campaigns such as “Drive Away in Style! Bundled AFFIN Financing & CASA”
- Lowered Cost of Funds (COF) via growth of low interest deposits, improving Net Interest Margin (NIM) y-o-y

OPPORTUNITIES

The establishment of AFFIN Diventium, a new service offering bespoke wealth management and financial advisory services to Ultra High Net-Worth individuals, presents a significant opportunity to enlarge our market share within this segment to drive income growth.

Our strong affiliation with Sarawak presents opportunities to expand our market share and build a leadership position in East Malaysia.

We also foresee playing a more active role in Johor, especially with the Johor-Singapore Special Economic Zone expected to catalyse growth for both Malaysia and Singapore. Additionally, the Government’s recently announced tax incentives for the Forest City Financial Zone bodes well for our Wealth Management business, particularly targeting family offices to be established in the zone.

The Government’s proposed rationalisation of education subsidies for children from the top 15 percent (T15) families may also increase demand for our Edu-i Financing.

BUSINESS REVIEW

GROUP COMMUNITY BANKING

2024 ACHIEVEMENTS

Key Financial & Business Highlights

- ➔ **Strong Loan and Financing Growth:** An 11% y-o-y increase of RM4.6 billion to RM47.1 billion in total loan and financing.
- ➔ **Steady Deposit Expansion:** Growing by 4% y-o-y to RM34.7 billion. CASA grew 5.94% versus industry growth of 4.92%.
- ➔ **ESG Financing Momentum:** New ESG-linked financing reached RM4.4 billion, up from RM3.7 billion in 2023.
- ➔ **Record ASB Financing Disbursement:** Surpassed RM1.0 billion in 2024, doubling the RM0.5 billion recorded in 2023, marking an all-time high.
- ➔ **New Credit Card Milestone:** Ending Net Receivables reached RM0.514 billion and increased our market share.
- ➔ **Surge in Unit Trust Performance:** Unit trust investments grew by an impressive 268% y-o-y.

Sustainability Highlights

- **Nationwide Corporate Social Responsibility (CSR) Day:** In October, we held our inaugural Nationwide CSR Day across 10 regions at 15 locations simultaneously, with the participation of 1,500 employees, resulting in the cleaning of 198 community areas and the collection of 2,413 kg of waste.
- **Centralised Fraud Management.** We established this function in January 2024 to serve the entire Bank, and was transitioned into the Enterprise Fraud Management Department at the Group level in September 2024.

Awards & Recognition

- ➔ **Best Islamic Retail Bank in Malaysia:** Recognised at The Asset Triple A Islamic Finance Awards 2024.
- ➔ **Consumers Choice Award 2024/2025:** Honoured by Majlis Tindakan Pengguna Sarawak.
- ➔ **Best ATM and Self-Service Innovation:** Awarded at the Retail Banker International Asia Trailblazer Awards 2024, recognising innovation in self-service banking for our Automated Safe Deposit Locker.
- ➔ **BrandLaureate Global Banking & Finance Awards 2024:** Awarded for our Wealth Management Services.
- ➔ **Best Client Services – Malaysia:** Awarded at the Citywire ASEAN Awards 2023/24 for our Automated Safe Deposit Locker.

OUTLOOK AND PROSPECTS

Malaysia's strengthening economic fundamentals are expected to drive private consumption growth and economic resilience. Wage growth, supported by government policies such as minimum wage adjustments and progressive wage schemes, will drive rising household incomes. Deposit growth is expected to rise in tandem providing good potential for deposit growth. We will leverage multiple enablers to capitalise on this, including the AFFINWRKFZ payroll solution, the new Diventium segment, enhanced mobile applications, and AFFIN Nexus lead management system.

Rising graduate salaries are shifting consumer spending towards premium products and home ownership. This is expected to boost applications for mortgages, auto loans, and credit cards.

While the rationalisation of RON95 fuel subsidies may slightly dampen consumption, this is expected to be offset by a strong labour market and new job creation across industries. Higher cost of living may also drive increased demand for credit cards and personal financing. Our 2024 data highlights a growing preference for travel-focused lifestyles, reflected in higher credit card usage and increased travel insurance subscriptions. In response, we are enhancing our credit card offerings through campaigns like "Flights with AFFIN Visa Cards" as well as through strategic collaborations.

Looking ahead, we anticipate sustained growth in our loan and deposit portfolios. Moving forward, we will continue to focus on digitalisation and innovation in pursuit of our goal to be the most modern and progressive retail bank. We aim to deliver exceptional products and services, as well as seamless banking experiences, to meet customer needs and address market dynamics.

GROUP CORPORATE BANKING



HANIF MOHD YUSOF

Executive Director
Group Corporate Banking

In 2024, we made significant strides towards our strategic goals despite ongoing market challenges. Building on the successes of 2023, we successfully expanded our solutions and strengthened our presence across key sectors. Noteworthy achievements include a substantial growth in our customer base, CASA deposits, and profit before tax. Our continued focus on expanding digital capabilities, strengthening customer relationships, and capitalising on market opportunities has positioned us well for future growth.

WHO WE ARE AND WHAT WE DO

ooo

Group Corporate Banking (GCB) offers wide ranging products and services designed to support the growth ambitions of medium to large corporations. Our customised financial solutions include business loans and financing, trade finance facilities, cash management and deposit solutions, insurance and takaful coverage, as well as specialised treasury services. GCB has extensive experience serving diverse sectors and industries, including manufacturing, healthcare, education, real estate, renewable energy, wholesale and retail trade, as well as government infrastructure projects.

➔ BUSINESS UPDATES

GCB recorded strong year-on-year performance improvements, with PBT rising by 76.7%, driven by higher net interest income (NII), non-interest income (NOI), and ECL writeback. CASA growth increased by 38.5%, bringing the CASA ratio to 31.42%, supported by a diversified deposit base and funding sources, strong customer relationships, and digital channels.

Non-interest income expanded by 30.6%, attributed to higher participation fees, trade and treasury-related income. Cost-to-income ratio improved from 27.98% in December 2023 to 26.6% in December 2024, with a positive JAWS of +5.9%.

Additionally, RAROC improved from 16.93% in December 2023 to 27.83% in December 2024, reflecting stronger cross-selling efforts and optimised capital allocation.

BUSINESS REVIEW

GROUP CORPORATE BANKING

STRATEGIC BUSINESS PERFORMANCE REVIEW



Strategic Objectives

Develop resilient deposit base and manage liquidity levels to ensure sound liquidity position to support asset growth

Grow non-interest income with other ancillary business

Grow loans and financing and maintain LDR between 90-95% level

Drive regional growth through integration across the Group

Minimise the Cost-to-Income Ratio (CIR) while maintaining profitability and sustainable growth



Focus Areas

- **CASA Push**
Strengthen liquidity and reduce reliance on expensive funding sources.

- **Building stable income**
Maintaining a consistent revenue base to ensure financial resilience and mitigate risks from market fluctuations.

- **Expand loans & financing portfolio**
Drive profitability and support growth.

- **Targeted market opportunities**
Focus on high-potential segments to maximise returns and enhance competitive positioning.

- **Improve productivity & efficiency**
Optimising operations to reduce costs, boost profitability, and improve customer experience.



Execution Strategies

- **Strengthen Funding Strategy:**
Focus on remaining self-funded while diversifying the CASA deposit base and funding sources, leveraging strong customer relationships and digital channels.

- **Diversify Income Sources:** Reduce reliance on net interest income by prioritising to grow non-interest income (NOII), with cross selling all products within the Group; trade, treasury and investment banking related income.

- **Diversify Our Portfolio:** Expand our loans and financing portfolio while maintaining a healthy RAROC, optimising capital allocation, and actively managing asset quality.

- **Expand Regional Presence:**
Capitalise on opportunities in selected regional markets to enhance AFFIN's nationwide footprint.

- **Optimise Cost and Process Efficiency:** Proactively manage the Cost-to-Income Ratio (CIR) through cost containment strategies, effective manpower planning, and improving processes to enhance turnaround time (TAT) and customer experience.

2024 KEY FOCUS AREAS

| Focus Area | Actions and Initiatives | Outcomes |
|-----------------------------------|---|---|
| CASA push | <ul style="list-style-type: none"> • Identify new opportunities. strategic account planning and collaboration across the Group (FX, AFFINMAX, payroll, AFFINWRKFZ) to tap into New-To-Bank (NTB) customers, cross-selling opportunities, and product-bundling solutions • Focus on virtual accounts & liquidity management to increase deposits and account stickiness • Capture Market Segments. Target regional segments and procuring CASA deposits from large corporates • Leverage on both physical and digital channels (AFFINmax, MIB, CRM360, and new branches) | Improved CASA growth of 38.5% y-o-y, resulting in CASA ratio of 31.42% |
| Building stable income | <ul style="list-style-type: none"> • Grow topline trade revenue & assets while sustaining strong risk management & cost efficiency • Grow FX and derivatives income • Focus on fee income generating business solutions | NOII growth of 9.6% y-o-y |
| Grow loans & financing portfolio | <ul style="list-style-type: none"> • Coordinated account planning to grow quality NTB customers and identify opportunities for Existing-To-Bank (ETB) customers • Explore emerging industries, i.e. data centres and green energy • Maximise RAROC by expanding product holding and deepening relationships • Maintain healthy asset quality position through active management | Loans & financing portfolio grew y-o-y by 2.07% while NII grew 15.6% |
| Targeted market opportunities | <ul style="list-style-type: none"> • Explore sizable development budget for local corporates in targeted regions • New branches and self-service terminals (SST) at targeted regions • Deep understanding of local market conditions, and the risk/credit profile of clienteles regionally • Enhance branding and presence via events, campaigns and visits | Improved market presence supported by:- <ol style="list-style-type: none"> 1. Loan growth 2. Deposits growth 3. Fee Income |
| Improve productivity & efficiency | <ul style="list-style-type: none"> • End-to-end credit process improvement for improved turnaround time through credit application revamp, accelerating credit approvals, system enhancement • Revamp of UIUX for AFFINMAX to improve customer journey and experience • Diversification of trade products and expansion of submission channels via e-Trade | Better CIR y-o-y from 27.98% YTD Dec'23 to 26.6% YTD Dec'24 |

BUSINESS REVIEW GROUP CORPORATE BANKING

CHALLENGES / OPPORTUNITIES

Challenges

- Pressure to reprice NIM and deposit to maintain healthy utilisation rate
- Direct cost rising faster than the conversion of business income
- Customer expansion
- Sustainable finance solutions

Mitigation Action

- **Diversify CASA Deposits and Funding Sources:** Transition to a broader CASA deposit base and multiple funding sources, using both physical and digital channels.
- **Deepening relationships with targeted customers** for continue excess to liquidity, when required.
- **Enhance Credit Process Efficiency:** Optimise the entire credit process, focusing on reducing turnaround time for faster approvals and decision-making.
- **Expand AFFIN's Regional Presence:** Identify and capitalise on growth opportunities in key regional markets to strengthen AFFIN's nationwide footprint.
- **Supporting Sustainability:** Uphold sustainability principles by offering solutions that support clients' transition to more sustainable practices.

Result


- **Steady Growth in Deposits:** Successfully grew deposits from RM20.28 billion in 2023 to RM25.03 billion in 2024
- **CASA grew** by RM2.2 billion about 38.5%
- **Improved Credit Application System:** Upgraded the credit application structure and system to streamline the credit process end-to-end, ensuring smoother operations.
- **Streamlined credit application memorandum**
- **Strengthened Branding:** Improved brand awareness and profile through diverse collaborative efforts, including events, campaigns, and visits.
- **Deepened Market Insights:** Gained a deeper understanding of local market conditions and the risk/credit profiles of clients to support relationship building and long-term growth.
- **Exceeded Financing Target:** Deployed RM2.1 billion in green and social financing, surpassing the 2024 sustainable finance target.
- **Higher ESG Portfolio:** ESG financing grew y-o-y at 12.3% in Dec'24 vs 8.15% in Dec-'23)
- **Built Stronger Relationships:** Support clients' transition to sustainable practices and achieve ESG goals, guided by the Bank's ESG Financing Framework.


OPPORTUNITIES


We are actively exploring business opportunities in key sectors, including engagements with MINDEF and AG, as well as infrastructure financing for multi-year, high-value projects such as the West Ipoh Span Expressway, Penang Airport expansion, and Sarawak deep-sea port. Additionally, we are strengthening our regional presence in Sabah, Sarawak, and Johor, with a particular focus on the Johor-Singapore Economic Zone to capitalise on cross-border economic growth.


2024 ACHIEVEMENTS


Key Financial & Business Highlights

- 
Strong Profit Growth
 Profit Before Tax (PBT) rose significant by 76.7% year-on-year

- 
Improved Asset Quality
 Demonstrated improved asset quality with 31.2% y-o-y reduction in Debt-at-Risk (DaR) exposure.

- 
Higher ECL Writeback
 Recorded a 227% y-o-y increase in ECL writebacks.

- 
Robust NTB Financing
 Secured 44 NTB customers, with approved deals totalling RM4.03 billion in financing in 2024.





- 
Healthy CASA Growth
 Maintained a strong overall CASA growth, with a 38.5% y-o-y increase in 2024.

Note: DaR refers to exposure in Stage 2 financing.

Sustainability Highlights

- Expanded Submission Channels:** Enhanced submission channels by introducing e-Trade, streamlining the process and improving accessibility for users.
- Cashless Initiative for Lembaga Muzium Negeri Terengganu:** Launched a cashless ticketing initiative for Lembaga Muzium Negeri Terengganu, offering greater convenience for museum visitors.
- Contribution to Sekolah Bimbingan Jalinan Kasih:** Contributed RM37,000 through a collection effort to Sekolah Bimbingan Jalinan Kasih in Kuala Lumpur, supporting the institution's educational initiatives.

Awards & Recognition

- 
Malaysia Top Achievers 2023 – Excellence in Banking & Finance Industry:
 Awarded for excellence in the banking and finance industry with an innovative payment solution for AFFINMAX.
- 
Marine Money – The Offshore East Deal of the Year Award 2023:
 Recognised with the Offshore East Deal of the Year Award in 2023 for the Yinson Production project.
- 
Asian Banking & Finance Wholesale Banking Awards:
 Named Malaysia Domestic Cash Management Bank of the Year at the Asian Banking & Finance Wholesale Banking Awards.
- 
The Asset Triple A Awards 2024: Won the Best Syndicated Loan Renewable Energy Award at the Asset Triple A Awards 2024 for the Uzma Kuala Muda project.

OUTLOOK AND PROSPECTS

In 2025, the bank will maintain a selective lending strategy, prioritising high-growth, sustainability-focused sectors such as Education, Health, Manufacturing, Wholesale and Retail Trade, Renewable Energy, Digital Technologies, and Telecommunications. These industries align with Malaysia's economic development priorities and present strong opportunities for long-term growth, while supporting broader sustainability goals. This targeted approach will help the bank maintain a balanced and resilient portfolio amidst evolving market conditions.

Despite an expanding global economy, careful navigation is required amidst moderate growth rate and slowing demand in key markets, which may impact sectors dependent on global trade and ultimately the Bank's performance. Additionally, increased competition for sourcing of funding, tighter margins and rising capital costs may pressure net interest margins (NIM), potentially impacting profitability. However, the bank remains committed to optimising strategies and enhancing efficiencies to mitigate these challenges.

As we move into 2025, we remain focused on delivering exceptional value to our stakeholders to maintain our growth momentum.

BUSINESS REVIEW

GROUP ENTERPRISE BANKING

**FUNG KAI JIN**

Executive Director,
Group Enterprise Banking

AFFIN BANK's Group Enterprise Banking (GEB) division continued its strong momentum in 2024, achieving healthy growth in our financing base, deposits, Net Interest Margin (NIM), ESG Financing and CASA ratio. Despite rising costs and global uncertainties, we continued to empower Malaysian SMEs with innovative, tailored solutions targeting different segments of entrepreneurs. Increased engagement, along with digital initiatives such as our SME Colony app, helped businesses navigate challenges and unlock new growth opportunities. Looking ahead to 2025, AFFIN will continue to support SMEs, and drive our digital transformation to ensure we remain the preferred financial partner.

WHO WE ARE AND WHAT WE DO



The Group Enterprise Banking (GEB) division is dedicated to supporting start-ups, micro-SMEs, SMEs, and the ACE Market community. We offer a full suite of financial solutions designed to help businesses manage capital, improve cash flow, secure funding, and navigate international trade. Recognising that each business has unique needs, our team provides specialised expertise, tailoring right-fit solutions for businesses.

BUSINESS UPDATES

2024 was a challenging year for Malaysian SMEs, shaped by domestic and global economic uncertainties, technological shifts, and evolving consumer expectations. Micro and small businesses faced rising costs, inflation, and cash flow constraints, leading to mixed performance.

Recognising SMEs' vital role in the economy, we remain committed to their growth. GEB actively supported government initiatives for micro-SMEs and women entrepreneurs. We also strengthened client relationships, diversified products, and leveraged technology to enhance efficiency to better support businesses navigate economic pressures and seize opportunities.

In 2024, our division saw strong expansion, with PBT rising 111% to RM153 million and a 10% growth in our customer base. To enhance resilience, we implemented robust risk management frameworks, mitigating credit, market, and operational risks for greater stability. This strategy minimised market disruptions and regulatory shifts, ensuring greater stability for our clients.

STRATEGIC BUSINESS PERFORMANCE REVIEW



Strategic Objectives



Focus Areas



Execution Strategies

- **Develop a structured customer verticals framework** with tailored approaches for different business segments.
- **Expand product holdings** and secure businesses' primary operating accounts with us.
- **Diversify our portfolio** by targeting high-value customer segments and seeking new growth opportunities.
- **Focus on regional specialty industries**, capitalising on growth opportunities in Sarawak, Sabah, Penang, Johor, and the East Coast to drive growth.
- **Exceptional Customer Service:** Tailored support and solutions to meet clients' unique needs.
- **Pioneering Digital Innovation:** Supporting SME customers' digital transformation to enhance competitiveness and efficiency.
- **Impactful Banking:** Responsible banking practices that create meaningful, positive outcomes for customers, communities and the environment.
- **Targeted Customer Engagement:** Specialised account managers for key sectors to ensure consistent, high-quality service.
- **Comprehensive Business Solutions:** Launched AFFINBiz Prime Solution, a bundle of financial and non-financial services designed for business owners.
- **Improve Digital Engagement:** Streamlined user interfaces in SME Colony and AFFINMAX apps to boost customer experience.
- **Empower Women Entrepreneurs:** Launched the AFFINGEM financing solution for women entrepreneurs in support of the government's entrepreneurship and financial inclusion agenda.
- **Promoting ESG Awareness:** Continued to drive ESG awareness among SME customers through thought leadership articles and events.

KEY FOCUS AREAS

| Focus Area | Actions and Initiatives | Outcomes |
|--------------------------------------|--|--|
| Expand Market Reach | <ul style="list-style-type: none"> • Strengthen current offerings to support start-ups, women entrepreneurs, and other targeted segments. | <ul style="list-style-type: none"> • Empowering Start-Ups for Growth – AFFIN ASPIRA remained a continuous initiative in fostering the development and expansion of start-ups. • Supporting Women Entrepreneurs – The AFFINGEM Financing Scheme/i was introduced to help women-led businesses scale and thrive. • Mentorship for Business Success – Partnering with The Artisans Haven, we launched a mentorship programme, providing a platform for women entrepreneurs to share experiences and gain inspiration, empowering and inspiring them in their entrepreneurship journey. • Tailored Solutions for SMEs – AFFINBiz Prime Solution was launched, offering a comprehensive suite of financial and non-financial services to meet SME customers' needs. |
| Improve Customer Engagement | <ul style="list-style-type: none"> • Proactive outreach and engagement with businesses through targeted initiatives to strengthen relationships and build trust. | <ul style="list-style-type: none"> • SME Thought Leadership: Actively contributed as strategic speakers at key external SME events such as the Smart City & Digital Economy Convention (SDEC) 2024 and the Digital Village Accelerator Programme (DiVA). • Building SME Connections: Continued reaching out to SME customers and engaging them through digital mailers, social media, and the SME BizChat series to share valuable content, and nurture a thriving community of entrepreneurs. |
| Spearhead SME Digital Transformation | <ul style="list-style-type: none"> • Created and provided digital resources to empower SMEs through their digitalisation journey. | <ul style="list-style-type: none"> • Surging SME Colony App Downloads: Reached over 120,000 downloads in 2024. • Enhanced Content and Features: Introduced new sections and enriched content mix to provide greater value to SME Colony users. |

BUSINESS REVIEW
GROUP ENTERPRISE BANKING

Establish & Nurture Partnerships

- **Host and sponsor events** tailored to SMEs, providing networking opportunities and valuable business insights.

Build Strategic Partnerships: Collaborated with prominent partners like SIDEC and MyStartr to develop and sponsor events designed to support the SME community, including:

- The 7th Selangor Accelerator Programme
- CXO Club: C-Level Synergy
- SIDEC Corporate Sponsorship 2024
- The 9th Malaysia Top E-Commerce Merchant Awards, featuring the AFFIN Rising Star Awards and AFFINGEM Women Trailblazer Awards for start-ups and women entrepreneurs
- The 8th Dream Factory Startup Contest, alongside the AFFINGEM Awards (女創業家獎)
- The 100 Most Influential Young Entrepreneurs 2024 (100 MIYE)
- Selangor 1000 Digital - Invest Selangor State
- PJ Startup Festival 2024
- MSME Mobile Clinic Program
- Chan Fong Brand Talk
- SME Digitise Module Kewangan
- Sarawak Digital Mall: TikTok Shop Seller Incubation Training
- Go Digital: Digital Finance Literacy

CHALLENGES / OPPORTUNITIES

Challenges

- **Intense competition with other Financial Institutions**
- **Asset quality**
- **Disruption by fintech companies**

Mitigation Action

- **Customer-centric approach:** Focus on offering personalised banking services for different client segments.
- **Specialised Solutions:** Developed customised solutions for SMEs and underserved markets, ensuring more targeted support and enhanced accessibility.
- **Strengthen Asset Management:** Enhance asset quality control and ensure sufficient provisions to safeguard financial stability and mitigate risks.
- **Inclusive Financial Solutions:** Create and refine financial and non-financial offerings that prioritise inclusivity and accessibility to all businesses.

Result

- **Empower Women Entrepreneurs:** Introduced a new financing product tailored specifically for women entrepreneurs.
- **Refined AFFIN BizSolar-i:** Enhanced the AFFIN BizSolar-i financing scheme to better support businesses in adopting sustainable solar energy solutions.
- **Diversified Portfolio:** Strengthened our loan portfolio by diversifying risk across different sectors, regions, and borrower types.
- **Comprehensive Business Solutions:** Launched AFFINBiz Prime Solution, offering a full range of financial and non-financial services for businesses.
- **Takaful Product Launch:** Introduced AFFIN Takaful myUltimate Keyman, a new takaful advisory product designed to provide financial protection for key individuals in businesses.

OPPORTUNITIES

As a key driver of Malaysia’s economy, SMEs remain a priority for the Bank. With projected economic growth in 2025, we aim to attract new customers through targeted segmental propositions. AFFINBiz Prime Solution offers SMEs a seamless banking experience with tailored financing, cash management, digital banking, and advisory services that addresses the distinct needs of SMEs.

We will strengthen our position as an SME growth enabler by deepening industry collaborations to enhance customer engagement and visibility. Expanding accessibility to financing is critical in this effort, and we are increasing business centres in high-growth

regions like Sabah, Sarawak, and the Southern region to improve market penetration and drive business growth. Additionally, we are continuously upgrading our digital touch points to ensure a more convenient and seamless customer experience.

With sustainability a growing focus, we support SMEs in their ESG journey through green financing solutions such as BizSolar Financing and AFFINGEM Financing. We will also introduce programmes to help SMEs align with global sustainability trends and provide them with practical tools to implement ESG strategies effectively.

2024 ACHIEVEMENTS

Awards & Recognition

| | |
|---|--|
| <p>Best SME Bank in Malaysia, recognised at the prestigious 100 Most Influential Young Entrepreneurs (MIYE) Awards 2024</p> | <p>ASEAN Master Class Award: AFFIN received the China ASEAN Outstanding Business Award 2024: Malaysia ASEAN Master Class Award – Leading in Banking & Finance Excellence at the Malaysia-China Summit 2024</p> |
|---|--|

Key Financial & Business Highlights

- Strong Funding Position:** Self-funded with a Loan-to-Deposit ratio of 75.8%.
- Moderate Growth:** 111% increase in PBT and a 10% growth in customer base.
- Improved Net Interest Margin (NIM):** NIM reached 4.55%, up by 54 basis points from 2023.
- Growth in ESG Financing:** ESG financing grew by 28% of the total financing base.
- Increased CASA Ratio:** CASA ratio reached 53.1%, marking a 6.3 percentage point increase year-on-year.

Sustainability Highlights

Environmental

- **Supporting SMEs' ESG Journey:** Incorporated the ESG Carbon Footprint Calculator and ESG Self-Assessment Form in the SME Colony app for SMEs to assess ESG readiness.
- **ESG & Sustainability Podcast:** Produced the ESG & Sustainability in Business podcast, featuring the Chemsain BizMiniseries, highlighting how ESG principles can transform business strategies.

Social

- **Empowering Women Entrepreneurs:** Supported government financial inclusion goals with the launch of AFFINGEM financing solution dedicated to women entrepreneurs.
- **Mentorship for Home-Based Entrepreneurs:** Partnered with Artisans Haven to provide mentorship for women entrepreneurs.
- **Enhanced AFFINGEM Experience:** Improved the AFFINGEM UI/UX page in the SME Colony app, offering exclusive digital promotions for AFFINGEM members via Rakaniaga.
- **Interactive Business Talks:** Organised SME BizChat & SMEngage, a series of business talks to promote financial literacy, connect SMEs with growth resources, and support ESG-focused industries. Highlights include: MOU Exchange with Dewan Usahawan Bumiputera Sarawak (DUBS), Sarawak Economic Development Corporation (SEDC), and Chemsain Konsultant Sdn Bhd.
- **Supporting Start-Ups:** Participated in the Tabung Ekonomi Gagasan Anak Sarawak (TEGAS) BizMiniseries, offering valuable insights for start-ups.
- **Driving Innovation Culture:** Hosted the SIRIM Smart Solution podcast, part of the SIRIM BizMiniseries, exploring strategies and technologies for efficiency and growth.
- **Promoting E-Payment Adoption:** Organised the Rakaniaga e-Bazaar to showcase SME products and services, while encouraging the adoption of e-payment solutions.
- **Championing Integrity:** Shared the Corruption Perception Index through AFFIN's infographics EDM to promote awareness and knowledge sharing.

Governance

- **Transparent Practices:** Implemented clear and transparent practices with well-defined reporting structures, ensuring accountability at all levels.

OUTLOOK AND PROSPECTS

The outlook for Malaysia's SME sector is encouraging in 2025, with the nation's GDP projected to rise between 4.5% and 5.5%. Recognising SMEs' critical role in economic expansion, the government continues to offer support through initiatives such as SJPP and RM3.8 billion in Bank Negara loans, providing financial security for innovation, expansion and eventually achieving industry leadership.

As an active champion of the Malaysian SME community, AFFIN Bank delivers tailored financing solutions to support business

ambitions. Our specialised propositions include AFFIN ASPIRA, tailored for start-ups; AFFINWRKFZ, designed for business payroll solution; and AFFINGEM, dedicated to women entrepreneurs.

We will continue to forge strategic collaborations to provide the innovative tools, expertise, and resources that help SMEs thrive in an increasingly competitive landscape. This customer-focused approach, coupled with a favourable economic outlook, ensures SMEs have the support needed to drive growth and succeed in 2025.

BUSINESS REVIEW

GROUP TREASURY

**HANIF GHULAM MOHAMMED**

Executive Director
Group Treasury

In 2024, the Treasury Division demonstrated resilience and strategic growth amidst market volatility characterised by fluctuations in foreign exchange rates, interest rates, and bond yields. Our agility, driven by innovation and proactive risk management, enabled us to navigate these uncertainties effectively.

Key strategies implemented included portfolio optimisation, asset diversification, and upgrades to our digital infrastructure. These initiatives significantly strengthened our position, resulting in a 25% increase in net income and reinforcing our financial stability.

Looking ahead to 2025, Malaysia's positive economic outlook and expansionary policies provide a favourable environment for sustained growth. We remain committed to excellence and are well-positioned to capitalise on these opportunities.

WHO WE ARE AND WHAT WE DO

Affin's Group Treasury Division is a pivotal player in the financial services sector, offering both conventional and Islamic banking solutions tailored to meet a wide array of financial needs. Driven by a commitment to innovation and excellence, we consistently deliver bespoke strategies that foster growth and ensure stability for our diverse clientele, ranging from large multinationals and SMEs to institutional and individual investors.

Our services span sales and trading, as well as comprehensive financial market and hedging solutions, across a robust suite of products across key asset classes, including fixed income, interest rates, and currencies. In addition, we manage funding and liquidity for the banking group and oversee the investment portfolios of the banking book.

BUSINESS UPDATES

2024 was a volatile year for the banking sector, driven by significant developments in foreign exchange (FX), interest rates, and bond markets. The US Dollar appreciated by 2.6%, bolstered by global economic uncertainties and potential tariffs. Despite bouts of volatility, the Malaysian Ringgit remained resilient, supported by strong GDP growth in key export sectors like electronics and palm oil, along with balanced monetary policy.

In December 2024, US Treasury yields saw a notable increase, with the 10-year yield rising by 40 basis points to 4.57%, despite cumulative Federal Reserve rate cuts of 100 basis points throughout the year. Investor concerns over fiscal and monetary policies contributed to this shift toward higher long-term bond yields.

Japan's move away from negative interest rates strengthened the yen and caused market disruptions. The Wall Street crash in August, triggered by Japan's rate hike and concerns about the US economy, further amplified volatility in both bond and FX markets. Geopolitical developments added complexity, underscoring the need for agile and proactive risk management.

Economic conditions led to stabilising interest rates, creating a more predictable environment for financial planning, though vigilant risk management remained essential. Overall, 2024 was marked by strategic growth and resilience, reflecting our commitment to innovation and regulatory excellence.

In January, AFFIN Group hosted the Malaysia Market Outlook event at Menara AFFIN, Tun Razak Exchange. The event featured panel discussions with 14 distinguished speakers, covering topics such as economic forecasts, sustainable communities, and the Sarawak Economic and Development Plan. The objective was to provide innovative solutions and insights to propel Malaysia forward, aligning with AFFIN's vision of becoming the 'Most Creative Financial Group'. The one-day event saw over 500 key industry players and stakeholders exchanging ideas and exploring innovative solutions.

The second edition of the Propelling Malaysia Forward Conference was held at the Marriott Hotel in Penang. This conference brought together over 300 industry leaders and business executives to discuss strategic investment and economic growth. The focus was on fostering collaboration and innovation among industry pioneers to drive Malaysia's progress through strategic partnerships and stakeholder engagement.

AFFIN Group hosted its inaugural "Treasure Trails: Navigating the Financial Frontier" event in Kuala Lumpur, with about 200 participants. This event aimed to promote financial literacy through an engaging treasure hunt across the city. Participants, including clients, media representatives, and AFFIN staff, navigated various locations using public transportation. The initiative emphasised teamwork, exploration, and financial education, aligning with AFFIN's commitment to sustainability and community engagement.

STRATEGIC BUSINESS PERFORMANCE REVIEW



Strategic Objectives



Focus Areas



Execution Strategies

| | | |
|---------------------------------------|----------------------------------|--|
| Optimising Asset Performance | Increasing Yield of Assets | <ul style="list-style-type: none"> • Maximise yield by enhancing portfolios, securing financing through repos, and introducing new investment accounts. |
| Enhancing Non-Interest Income Streams | Generating Stable NOII | <ul style="list-style-type: none"> • Introduced innovative financial solutions tailored to meet diverse client needs. |
| Enhancing Technological Capabilities | Upgrading Digital Infrastructure | <ul style="list-style-type: none"> • Raising efficiency with technology with Rollout of FXDS to 111 branches (86% activated) and upgrading the Treasury Front Office System. |
| Expanding Market Reach | Harvesting Group Synergy | <ul style="list-style-type: none"> • Foster close collaboration between three Bank entities and other stakeholders to increase income. |

KEY FOCUS AREAS

| Focus Area | Actions and Initiatives | Outcomes |
|----------------------------------|--|--|
| Increasing Asset Yield | <ul style="list-style-type: none"> • Boost returns by optimising investments and managing risks. | <p>Successfully rebalanced the portfolio by swapping lower-yielding securities for higher-yielding ones, boosting overall returns. This approach improved the FVOCI portfolio's yield by around 20bps while maintaining diversification and enhancing income generation.</p> |
| Generating Stable NOII | <ul style="list-style-type: none"> • Foster new growth by diversifying revenue streams while strengthening customer relationships through closer engagement. | <p>Achieved a 25% year-over-year increase in Non-Interest Income (NOII) and introduced new products as part of our initiative to diversify revenue streams.</p> |
| Upgrading Digital Infrastructure | <ul style="list-style-type: none"> • Invest in technology to automate tasks and optimise operational efficiency | <p>FXDS significantly boosted 2024 FX revenue by 30%, streamlined dealer focus on complex hedging, increased client onboarding for all transaction sizes, and enhanced branch awareness and usage of online FX contracts.</p> |
| Leveraging Group Synergy | <ul style="list-style-type: none"> • Foster collaboration by strengthening group-wide collaboration and strategic alignment. | <p>Achieve successful cross-selling of Group Treasury products with other business units, enhancing overall revenue and client satisfaction.</p> |

BUSINESS REVIEW GROUP TREASURY

CHALLENGES

Challenges



Operational Efficiency: Many operational processes remain manual or semi-manual, and the use of multiple, disparate systems in operations further complicates efficiency and integration efforts.

Market Volatility: Global financial market fluctuations increase uncertainty and complicate risk management.

Mitigation Action



- **Digital Process Optimisation:** Integrate all operational systems into a single platform to enhance efficiency and reduce manual processes.

- **Focus on Diversification:** Spread investment risk across asset classes and markets.

- **Ensuring Stability:** Maintain adequate liquidity to address market volatility to ensure operational stability.

Result



- Streamlined operations, enhanced productivity, and improved client satisfaction.

- Enhanced resilience and financial stability through diversified investments and effective liquidity management.

OPPORTUNITIES

In 2025, we foresee numerous growth opportunities across various strategic areas. We plan to expand our FX hedging client base and increase transaction volumes through the introduction of uncommitted FX lines, targeting both new clients and existing ones. Our goal is to roll out FXDS to 146 branches nationwide, capturing more transactional volume and enhancing our market presence. Additionally, our joint venture with Affin's investment arm opens up new business lines, such as selling down unrated sukuk, which we expect to contribute significantly to our revenue streams.

The introduction of Affin Diventium presents potential income generation from the secondary fixed income market, further diversifying our revenue sources. We also see opportunities to explore the equity space in key regions like the US, Asia Pacific, and emerging markets, positioning us to capitalise on global market trends. Furthermore, with the Sarawak government as a major shareholder, we anticipate vast opportunities to support and benefit from the growth of Sarawak, leveraging our strategic partnerships to drive overall growth and success.

2024 ACHIEVEMENTS

Key Financial & Business Highlights

Strong Growth: In 2024, net income grew by 25% and PBT by 28% compared to 2023. Income growth was driven by robust sales and proactive funding management despite market volatility.

OUTLOOK AND PROSPECTS

Looking ahead to 2025, Malaysia's economic outlook remains positive. With a 2024 GDP growth of 5.1%, forecasts suggest a modest growth of between 4.5% and 4.8% in the coming year, supported by strong domestic consumption and investment. Healthy performances in the services and construction sectors, fuelled by significant infrastructure projects and a recovery in tourism, are expected to be strong performance drivers. Additionally, strategic policy initiatives and an expansionary national budget are

expected to further bolster economic performance, even as the country navigates external challenges such as uncertainties in US tariff policies and global trade dynamics.

Overall, while 2024 was characterised by significant shifts and uncertainties, Malaysia's solid economic fundamentals and proactive fiscal strategies position Group Treasury well for continued resilience and steady growth into 2025.

AFFIN MONEYBROKERS SDN BHD



NG SEOW PANG

Chief Executive Officer
Affin Moneybrokers Sdn Bhd

Our growth journey is powered by our people, our most valuable asset. The foundation of our business success is in the trust and relationships that our team had cultivated with clients. In our quest to become the market leader in the inter-dealer broking industry, we are committed to nurture our young talent, particularly in relationship management. To this end, we continuously invest in learning and development programmes. Concurrently, we are harnessing advancements in technology to optimise our internal processes, ensuring that our collective efforts are streamlined and focused on propelling us towards excellence.

WHO WE ARE AND WHAT WE DO

Affin Moneybrokers Sdn Bhd (AMB) is a leading international money broker, specialising in wholesale foreign exchange and money market broking services. We bridge authorised financial institutions in the foreign exchange and domestic money markets, enabling seamless transactions for banks, insurance companies, and other entities. Our main revenue is derived from brokerage commissions earned through the successful execution of wholesale foreign exchange and money market broking services.

➔ BUSINESS UPDATES

Affin Moneybrokers serves banking and financial institutions within the over-the-counter financial markets. Our market operations can be broadly segmented into 2 categories: foreign exchange, and interest rates, with an additional focus on the derivatives space.

Foreign Exchange:

The interbank broker market saw a 10.75% volume increase in 2024. However, this positive uptick is tempered by persistent challenges within the interdealer broking industry. The growth observed in 2024 was primarily concentrated in the first half of the year, largely driven by the central bank's coordinated repatriation initiatives with government-linked companies and investment entities. Both trading volumes and fee structures have actually remained flat over the past five years.

Interest Rates:

This segment comprises money market cash and fixed income components. In 2024, money market cash volume surged by 21.3%, but growth was restrained when a certain market condition excluded interdealer brokers from servicing their client base. This significantly impacted our business volume as it was in affected a product where we hold a strong position. Ironically, the same event drove increased activity in the fixed income market, which saw an 8.9% rise in volumes, partly supported by an appreciating local currency due to offshore investors activity.

Derivatives:

Our activity in the foreign exchange derivatives market remains modest. Early-year staffing challenges affected our performance. Although volumes have stabilised, they have not yet returned to normal levels due to ongoing hiring challenges. On the other hand, the interest rate derivatives market has shown remarkable growth, with volumes surging by 41.7%, driven primarily by increased offshore trading and cross-border transactions. Despite this strong market performance, ongoing personnel concerns limited our capability to fully capitalise on the growth opportunities.

Overall, opportunities for business growth is limited due to the industry's limited potential, hindered by a stagnant participant base. Market development has also remained subdued, with few new trading products introduced and no major regulatory shifts to stimulate further progress.

BUSINESS REVIEW

AFFIN MONEYBROKERS SDN BHD

KEY FOCUS AREAS

Focus Area

Cultivating Relationships

Strong relationships are paramount in interdealer broking. Deepening connections will further enhance our business.

Actions and Initiatives

- **Maintain and Strengthen Client Relationships:** Continue to invest in interdealer relationships to enhance service offerings in this relationship-driven business.

CHALLENGES / OPPORTUNITIES

Challenges

Talent Challenges

Risk of losing talent in an industry uniquely dependent on relationships

Digital Disruption

Rising digital platforms may displace current market structure

Mitigation Action

- **Talent Retention Strategy:** Adjust hiring strategies to mitigate the risk of losing talent in an industry where we heavily invest in human capital.

OPPORTUNITIES

In line with global market trends, Bank Negara Malaysia is taking active steps to transition from the Kuala Lumpur Interbank Offered Rate (KLIBOR) to the Malaysian Overnight Rate (MYOR). As the market infrastructure for interest rates is set for a significant transformation, we anticipate the introduction of innovative financial products that will reflect and support this evolving regulatory landscape, especially as the official cutover date approaches.

OUTLOOK AND PROSPECTS

The foreign exchange market remains largely subdued. While select years showed promising figures, these were primarily the result of targeted central bank interventions. In the absence of such measures, these periods would have likely aligned with the broader trend of stagnation, with annual volumes over the past five years exhibiting no sustainable growth. Furthermore, rising service provision costs are anticipated to compress margins even further.

Interest rates are set to enter an extended period of uncertainty, influenced by long-term shifts in the commodity markets that may persist for years. On a global scale, central banks are increasingly challenged by inflation management. However, this environment of uncertainty often creates opportunities for interdealer brokers, as increased market volatility tends to drive higher levels of activity and engagement.

BUSINESS REVIEW

GENERALI INSURANCE MALAYSIA BERHAD

**FABRICE BENARD**

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

In 2024, we continued to strengthen our market position as a trusted partner in safeguarding the future of individuals, families, and businesses. While we are dedicated to delivering innovative and personalised insurance solutions, our focus extends beyond financial protection. We integrate sustainability into our business strategy to drive long-term resilience and social impact. By leveraging our expertise, scale, and digital capabilities, we empower Malaysians with trusted tools to ensure security, stability, and a more sustainable future for generations to come.

WHO WE ARE AND WHAT WE DO

Generali Group, with over 190 years of legacy, is a leading global insurer. Our journey in Malaysia began in 2015 with a 49% stake in Multi-Purpose Insurans Berhad, forming MPI Generali. In 2022, we acquired full ownership of MPI Generali and a controlling majority in AXA Affin General and Life Insurance, marking a key milestone.

Building on these acquisitions, Generali Malaysia was launched in 2023, supported by over 1,600 employees, an extensive network of more than 9,000 agents and partners, and 49 branches nationwide. It has since become one of Malaysia's largest general insurers and a growing force in life insurance.

With significant scale, expertise, and a unified brand, Generali Malaysia is well-positioned to be a trusted Lifetime Partner. We provide comprehensive insurance solutions to safeguard the present and future of Malaysians. Our Purpose—enabling people to shape a safer, more sustainable future for themselves, their families and their businesses—guides our commitment to innovation, customer care, and long-term resilience.

🔍 BUSINESS UPDATES

In 2024, we reinforced our commitment to sustainable growth by integrating sustainable underwriting principles. Guided by Generali's Responsible Underwriting Group Guidelines, this strategic initiative not only mitigates ESG-related risk exposure across our business portfolio – it also reinforces our mission to generate positive societal impact and generates long-term financial performance.

Concurrently, we maintained a robust focus on sustainable business development by fortifying our core distribution channels. Agency-based and bancassurance sales remained at the heart of our market strategy, enabling us to extend our reach into traditionally underserved customer segments and the SME business segment. By forging and leveraging strategic partnerships, we successfully deepened market penetration and laid a strong foundation for future growth.

BUSINESS REVIEW
GENERALI INSURANCE MALAYSIA BERHAD

STRATEGIC BUSINESS PERFORMANCE REVIEW



Strategic Objectives



Focus Areas



Execution Strategies

Financial Growth

- Drive profitability through strategic market expansion, product innovation, and operational efficiency

- Expand top-line revenue while maintaining best-in-class technical margins
- Focus on growing preferred customer segments for sustainable profitability
- Upgrade IT core systems with automation, AI, and data-driven capabilities to support business scalability and simplify operations

Empowered People

- Upskilling and reskilling
- Culture
- Diversity, equity and inclusion (DEI)
- Effective organisation

- Invest in programmes for employee growth
- Ensuring engagement and performance-driven organisation
- Ensure equal opportunities and inclusion to foster a diverse work environment
- Create effective hybrid working model that is sustainable

Creating Social & Environmental Value

- Drive positive change through sustainability and community-focused initiatives

- Promote risk awareness and improve awareness on insurance/protection
- Partner with NGOs to develop and drive corporate responsibility activities that align with our social and environmental goals

Customer & Distribution Transformation

- Need bases value proposition
- Seamless omnichannel experience
- Independent distribution excellence
- Strengthen channels to enhance market reach and accessibility

- Stabilise the business throughout the integration period
- Ensure recruitment of quality talent and retain productive agents
- Develop data-driven digital enablers and productivity enhancement tools
- Segment distribution and enhance sustainable compensation planning
- Product alignment and market penetration
- Become the preferred insurer in key segment
- Continuous improvement in distributors competency and professionalism in the best interest of customers

| KEY FOCUS AREAS | | |
|--|--|---|
| Focus Area | Actions and Initiatives | Outcomes |
| Financial Growth | <ul style="list-style-type: none"> • Maintaining strong margins • Targeted segment expansion • Digital transformation | <ul style="list-style-type: none"> • Gross written premium (GWP) of RM2,111 million, a growth of 2.7% y-o-y • Net profit outperformed budget and last year, driven by proactive expense management, improvement in loss ratio and higher than expected investment income |
| Empowered People | <ul style="list-style-type: none"> • Upskilling & Reskilling <ul style="list-style-type: none"> ◦ Increased learning interventions ◦ Generali Volare Scholarship | <ul style="list-style-type: none"> • Achieved Upskilling Index of 82% • Invested over RM1 million in upskilling and training programmes for 1,463 employees with over 29,927 hours of formal learning involving • 107 external professional certifications or examinations • Programme offerings span management & leadership, professional and technical development • 8 Scholarship recipients in 2024, supporting undergraduate students in their studies |
| | <ul style="list-style-type: none"> • Culture <ul style="list-style-type: none"> ◦ Employee engagement ◦ Performance-driven organisation | <ul style="list-style-type: none"> • Achieved employee engagement of 88%, above the Malaysia benchmark • Full Implementation of Generali Performance Management Framework |
| | <ul style="list-style-type: none"> • Diversity, Equity and Inclusion <ul style="list-style-type: none"> ◦ Diverse workforce ◦ Equal opportunity | <ul style="list-style-type: none"> • 62.1% female representation at managerial level, and equal pay gap of 0.2% confirm that we have an environment that supports DEI |
| | <ul style="list-style-type: none"> • Effective Organisation <ul style="list-style-type: none"> ◦ Organisation simplification ◦ Hybrid working model leveraging on digital | <ul style="list-style-type: none"> • Achieved an Organisational Simplification Index of 80% and hybrid working models are available |
| Creating Social & Environmental Value | <ul style="list-style-type: none"> • Project Bright Beginnings <ul style="list-style-type: none"> ◦ Partnered with Suriana Welfare Society to provide early childhood education for underserved children at PPR Kg Muhibbah | <ul style="list-style-type: none"> • Raised a total of RM354,513 to support vulnerable children aged 3 to 6 years and their families from Kg Muhibbah through the Suriana Welfare Society Malaysia |
| | <ul style="list-style-type: none"> • Munch and Move <ul style="list-style-type: none"> ◦ Collaborated with Yayasan Generasi Gemilang to empower parents and children through nutrition, caregiving, and early learning support | <ul style="list-style-type: none"> • 9 playgroup sessions with Generali volunteers were held, benefitting 29 parents and over 40 children from PPR Taman Putra Damai |

BUSINESS REVIEW

GENERALI INSURANCE MALAYSIA BERHAD

Creating Social & Environmental Value

• UNDP Collaboration

- o Developed customised insurance and risk financing solutions to enhance SME resilience in collaboration with UNDP

- Hosted over 250 attendees at the Building SME Resilience in Southeast Asia launch event, with 320+ attendees present at the live streaming
- Launched SME Loss Prevention Framework to help SMEs understand their risk profiles based on their activities and locations and provides recommendations based on these risk profiles
- Organised SME Loss Prevention Masterclass to educate SMEs on how to leverage on the framework, hosted close to 120 attendees
- VSure Tech announced as winner of the “Insurance Innovation Challenge Fund” and awarded up to US\$40,000, along with technical assistance to support the development of their ideas and opportunity to leverage Generali and UNDP’s global presence

• Embracing the Joy of Giving

- o Organised a fun-filled event with Suriana Welfare Society, sharing gifts and activities with families at PPR Kg Muhibbah, Puchong

- A total of 43 gifts were collected, bringing joy to the children of PPR Kg Muhibbah, Puchong

• CSR Initiatives

- o Participated in the “Reading for Change” programme at Buku Jalanan Chow Kit and a school refurbishment project at SML Pendidikan Khas Setapak

- 3 sessions held over three weeks by both Generali Malaysia volunteers and scholars to foster learning opportunities for children in need
- Each session combined interactive reading, vocabulary-building, and lively games, helping participants boost their English skills in an engaging environment

• Eco Guardian Mangrove Planting

- o Planted mangrove saplings at Kuala Selangor Nature Park with the Malaysian National Society

- 100 volunteers from Generali planted over 500 mangrove saplings, contributing to the restoration of mangrove forests to protect coastal ecosystems

• Generali Malaysia Run

- o Promoted health and fitness while supporting social causes in partnership with the National Cancer Society, Pintar Foundation, and Malaysian Nature Society

- Attracted over 12,000 runners to run for a good cause
- Raised RM105,000 for 3 NGO partners - PINTAR Foundation, Malaysian Nature Society and National Cancer Society Malaysia
- Contributed RM354,513 to empower underserved families and children with access to early education

| | | |
|---|--|--|
| <p>Creating Social & Environmental Value</p> | <ul style="list-style-type: none"> • Autism Awareness Programme <ul style="list-style-type: none"> ◦ Hosted a Lunch & Learn session with Autism Café Project to promote inclusivity and support for individuals with autism | <ul style="list-style-type: none"> • A half day event was held in honour of the International Day of Persons with Disabilities • Key highlight of the event was an inspiring sharing session by Mr. Adli Yahya, founder of the Autism Café Project, who spoke about his journey and mission to support individuals with autism in leading fulfilling lives |
| | <ul style="list-style-type: none"> • Books & Toys Donation Drive <ul style="list-style-type: none"> ◦ 77 volunteers devoted over 170 hours to sort and organise donated books and toys for PPR communities | <ul style="list-style-type: none"> • Close to 2,500 books and toys collected, which were then distributed to the children in the Projek Perumahan Rakyat (PPR) communities of Kg Muhibbah, Desa Tun Razak, and Lembah Subang |
| | <ul style="list-style-type: none"> • Festival Del Leone <ul style="list-style-type: none"> ◦ A platform to help local SMEs promote their business, showcase local artists, and raise funds to support the education of underserved children and families | <ul style="list-style-type: none"> • Attracted an impressive 37,000 attendees, 150 SME vendors • Nearly 30 local artists joined to recreate the Mona Lisa painting, raising RM3,288 for Yayasan Generasi Gemilang to support education opportunities for underserved children and families in Malaysia |
| | <ul style="list-style-type: none"> • Gotong-Royong at Sarawak Cheshire Home <ul style="list-style-type: none"> ◦ Cleaning and improving living spaces for residents of the home | <ul style="list-style-type: none"> • 18 team members dedicated 45 hours to a gotong-royong cleanup, creating a cleaner and more comfortable environment for the residents |
| | <ul style="list-style-type: none"> • Beach Clean-up <ul style="list-style-type: none"> ◦ Collected trash at Tanjung Lobang Beach, contributing to environmental sustainability | <ul style="list-style-type: none"> • Close to 10 colleagues from the Generali Miri branch collected four big bags of trash at Tanjung Lobang Beach |
| <p>Distribution</p> | <ul style="list-style-type: none"> • Strengthen Distribution Channels <ul style="list-style-type: none"> ◦ Fortified our core agency and bancassurance channels | <ul style="list-style-type: none"> • Achieved a 2% growth in our agency channel |
| | <ul style="list-style-type: none"> • Optimise Agency Model <ul style="list-style-type: none"> ◦ Integrated both legacy agency channels to into a unified operating model to enhance agency force productivity and add value to agents and partners | <ul style="list-style-type: none"> • Agent productivity increased from 80% to 83% |
| | <ul style="list-style-type: none"> • Branch Rationalisation <ul style="list-style-type: none"> ◦ Completed branch rationalisation exercise, enabling us to offer a full suite of life and general insurance products under one roof | <ul style="list-style-type: none"> • Completed unification of 13 branches* in various locations |

*Excludes branches completed in 2023

BUSINESS REVIEW

GENERALI INSURANCE MALAYSIA BERHAD

CHALLENGES

Challenges

- Sustainability and Climate-related Regulations
- Risks from Emerging Technologies and Geopolitical Shifts
- Competitive Labour Market

Mitigation Action

- **Sustainable Underwriting Principles:** Guided by Generali's Responsible Underwriting Group Guidelines, made a commitment to sustainable growth by integrating sustainable underwriting principles.
- **Climate Strategy Implementation:** Integrated climate risk considerations into financial institutions' governance, risk management, and strategic planning to align with Bank Negara Malaysia's Climate Risk Management and Scenario Analysis (CRMSA) Policy Document.
- **Proactive Risk Management:** Monitored and enhanced risk management measures, where necessary, to ensure continued compliance with local regulations and ensure effective mitigation of potential risk impacts.
- **Engaging Key Stakeholders:** Worked closely with regulators and other key stakeholders to effectively navigate a dynamic risk landscape.
- **Investing in Innovation:** Developed products and services to address the protection gaps raised by emerging and escalating risks such as climate change.
- **Investing in Our People and Culture:** Continued to invest in the development of our people to cultivate a high-performance work culture and to reinforce our position as the employer of choice.

Result

- Sustainability and climate strategy is now embedded across business functions, guiding decision-making and resource allocation.
- Sustainability and climate-related risk exposure is mitigated across the business portfolio.
- Aligned with local regulations on sustainability and climate change.
- Adopted a proactive and collaborative approach to risk management that complies with all regulations, is fit-for-purpose, and forward-looking.
- Transformed potential threats into business opportunities.
- Received three top employer awards in 2024.
- Retained and attracted top talent.

OPPORTUNITIES

As climate risk management and sustainability regulations continue to evolve globally and locally, Generali Malaysia recognises the growing importance of integrating these developments into our business strategy. We are committed to formulating and implementing a robust sustainability and climate strategy in collaboration with relevant stakeholders. This includes proactive climate risk management initiatives that not only strengthen our resilience but also contribute to a more sustainable future. By embedding sustainability at the core of our operations, we aim to play a pivotal role in building a healthier, more resilient society over the long term, ensuring lasting value for our customers and communities.

2024 ACHIEVEMENTS

Key Financial & Business Highlights

GWP Growth – Achieved RM2,111 million in Gross Written Premium (GWP), a 2.7% increase from last year.

Strong Profit Performance: Net profit exceeded budget and previous year, due to effective expense management, improved loss ratio, and higher investment income.

Sustainability Highlights

- **Accelerated System Integration:** Completed system integration within schedule and budget to ensure more stable operations.
- **Advancing DEI Goals:** Achieved equalised Gender Pay Gap and 54% women representation in senior managerial roles.

Awards & Recognition

- **International General Insurance of the Year** – Malaysia by Insurance Asia Awards 2024
- **MSME Insurance Initiative of the Year** – Malaysia by Insurance Asia Awards 2024
- **Most Preferred Employer (Insurance Sector)**, named the winner by GRADUAN Brand Awards 2024
- **Top Employer of the Year** by Jobstore Awards
- **Top Employer Branding (Private Sector)** by Jobstore Awards
- **BMI Sustainable Brand Award** by SME 100 Awards
- **CSR Initiative of the Year** by Insurance Asia News Awards for Excellence 2024

OUTLOOK AND PROSPECTS

Forecasts for the Malaysian insurance industry are encouraging. A confluence of factors, including economic recovery, an aging population, and increased consumer spending is positioning the insurance industry for continued expansion in the coming years.

The life insurance segment is anticipated to grow at a Compound Annual Growth Rate (CAGR) of 5.2% from 2024 to 2028. This growth is primarily attributed to rising life expectancy and an increased demand for endowment insurance products.

In tandem, the general insurance market is expected to expand at an even stronger CAGR of 7.8% over the same period, with demand driven by higher premiums, a surge in claims, and inflationary pressures. Motor insurance is expected to continue to be the dominant product line.

Key Strategic Priorities for 2025

1. Scaling Distribution Channels

We will continue expanding our distribution network to drive sustained and profitable growth. Our strategy focuses on enhancing the Agency force and bolstering

our Bancassurance capabilities through targeted recruitment and improved productivity measures.

2. Accelerating Digitalisation and Transformation

Digital transformation remains a key priority in our ongoing efforts to enhance operational efficiency and elevate the customer experience. We are actively investing in right-fit digital solutions to streamline our processes, enhance service delivery, and maintain a competitive edge in a rapidly evolving market environment.

3. Strengthening Talent and Workplace Culture

Recognising that our people are truly our greatest asset, we remain committed to talent development. To cultivate a high-performance culture, investing in people will remain a key priority. This will also enable us to attract and retain top talent, reinforcing our position as an employer of choice.

Together, these strategic priorities underscore our proactive approach to sustaining long-term growth and capturing emerging opportunities in the Malaysian insurance market.

BUSINESS REVIEW

GENERALI LIFE INSURANCE MALAYSIA BERHAD

**SOO WAI HAR**

Chief Executive Officer
Generali Life Insurance Malaysia Berhad

2024 has been a year of strong growth and strategic advancements for Generali Life. We continue to enhance our offerings with innovative solutions that provide greater security and peace of mind for our customers. By leveraging digitalisation, expanding our distribution network, and strengthening our customer experience, we are making insurance accessible and relevant to more people. As we navigate an evolving landscape, our focus remains on delivering value, fostering long-term relationships, and ensuring Malaysians have the protection they need at every stage of life.

➔ BUSINESS UPDATES

In 2024, Malaysia's economy maintained its upward trajectory, driven by strong GDP growth, a stable labour market, moderate inflation, and supportive fiscal and monetary policies. A rebound in tourism, rising disposable incomes, and increased focus on health and financial planning further boosted the insurance market.

The Malaysia Madani policy, introduced by Prime Minister Anwar Ibrahim, outlines a 10-year plan to elevate Malaysia's global economic ranking from 38th in 2023 to the top 30. This strategy aims to restructure the economy, positioning Malaysia as a leading Asian economy and enhancing quality of life.

We launched GenWealth and Affin Maxi Wealth, achieving superior business margins and strengthening our market position. Additionally, we completed the core systems migration on time and within budget, reinforcing our commitment to operational excellence and future efficiencies.

WHO WE ARE AND WHAT WE DO

Generali Group, with over 190 years of legacy, is a leading global insurer. Our journey in Malaysia began in 2015 with a 49% stake in Multi-Purpose Insurans Berhad, forming MPI Generali. In 2022, we acquired full ownership of MPI Generali and a controlling majority in AXA Affin General and Life Insurance, marking a key milestone.

Building on these acquisitions, Generali Malaysia was launched in 2023, supported by over 1,600 employees, an extensive network of more than 9,000 agents and partners, and 49 branches nationwide. It has since become one of Malaysia's largest general insurers and a growing force in life insurance.

With significant scale, expertise, and a unified brand, Generali Malaysia is well-positioned to be a trusted Lifetime Partner. We provide comprehensive insurance solutions to safeguard the present and future of Malaysians. Our Purpose—enabling people to shape a safer, more sustainable future for themselves, their families and their businesses—guides our commitment to innovation, customer care, and long-term resilience.

STRATEGIC BUSINESS PERFORMANCE REVIEW



Strategic Objectives



Focus Areas



Execution Strategies

| | | |
|--|---|---|
| <p>Strengthen Financial Position</p> | <ul style="list-style-type: none"> • Drive profitability through strategic intermediaries' productivity enhancement, product innovation, and operational efficiency | <ul style="list-style-type: none"> • Scale up and skill up intermediaries • Diversify product offering to capture new market segments • Automate and digitalise key operational processes |
| <p>Empowered People</p> | <ul style="list-style-type: none"> • Upskilling and reskilling • Culture • Diversity, equity and inclusion (DEI) • Effective organisation | <ul style="list-style-type: none"> • Invest in programmes for employee growth • Ensuring engagement and performance-driven organisation • Ensure equal opportunities and inclusion to foster a diverse work environment • Create effective hybrid working model that is sustainable |
| <p>Corporate Social Responsibility</p> | <ul style="list-style-type: none"> • Drive positive change through sustainability and community-focused initiatives | <ul style="list-style-type: none"> • Support programmes for children's development • Create programmes to encourage green practices to reduce environmental impact |
| <p>Market Expansion</p> | <ul style="list-style-type: none"> • Strengthen channels to enhance market reach and accessibility | <ul style="list-style-type: none"> • Optimise existing distribution channels • Strengthen agent and banca network through value-added engagements • Improve product offerings to capture new customers |

BUSINESS REVIEW
GENERALI LIFE INSURANCE MALAYSIA BERHAD

KEY FOCUS AREAS

| Focus Area | Actions and Initiatives | Outcomes |
|---|---|--|
| Financial Growth | <ul style="list-style-type: none"> • Launch High-Value Products <ul style="list-style-type: none"> ◦ Improve net results by introducing new products with higher business value | <ul style="list-style-type: none"> • Launched new products such as GenWealth and Affin Maxi Wealth with better new business margin than existing similar products |
| | <ul style="list-style-type: none"> • Optimise Costs <ul style="list-style-type: none"> ◦ Leverage digitalisation and automation to optimise management expenses | <ul style="list-style-type: none"> • Annualised Premium Equivalent (APE) of RM113 million, exceeding plan by 46% • New business value exceeded plan by 65% |
| Empowered People | <ul style="list-style-type: none"> • Upskilling & Reskilling <ul style="list-style-type: none"> ◦ Increased learning interventions ◦ Generali Volare Scholarship | <ul style="list-style-type: none"> • Achieved Upskilling Index of 82% • Invested over RM0.2 million in upskilling and training programmes for 360 employees with over 5,888 hours of formal learning • Programme offerings span management & leadership, professional and technical development • 2 Scholarship recipients in 2024, supporting undergraduate students in their studies |
| | <ul style="list-style-type: none"> • Culture <ul style="list-style-type: none"> ◦ Employee engagement ◦ Performance-driven organisation | <ul style="list-style-type: none"> • Achieved employee engagement of 83%, aligned with the Malaysia benchmark • Full Implementation of Generali Performance Management Framework |
| | <ul style="list-style-type: none"> • Diversity, Equity and Inclusion <ul style="list-style-type: none"> ◦ Diverse workforce ◦ Equal opportunity | <ul style="list-style-type: none"> • 53.1% female representation at managerial level, and equal pay gap of 0.57% confirm that we have an environment that supports DEI |
| | <ul style="list-style-type: none"> • Effective Organisation <ul style="list-style-type: none"> ◦ Organisation simplification ◦ Hybrid working model leveraging on digital tools | <ul style="list-style-type: none"> • Achieved an Organisational Simplification Index of 80% and hybrid working models are available |
| | <ul style="list-style-type: none"> • Project Bright Beginnings <ul style="list-style-type: none"> ◦ Partnered with Suriana Welfare Society to provide early childhood education for underserved children at PPR Kg Muhibbah • Munch and Move <ul style="list-style-type: none"> ◦ Collaborated with Yayasan Generasi Gemilang to empower parents and children through nutrition, caregiving, and early learning support | <ul style="list-style-type: none"> • Raised a total of RM354,513 to support vulnerable children aged 3 to 6 years and their families from Kg Muhibbah through the Suriana Welfare Society Malaysia |
| <ul style="list-style-type: none"> • 9 playgroup sessions with Generali volunteers were held, benefitting 29 parents and over 40 children from PPR Taman Putra Damai | | |

| | | |
|---|---|--|
| <p>Creating Social & Environmental Value</p> | <ul style="list-style-type: none"> • Embracing the Joy of Giving <ul style="list-style-type: none"> ◦ Organised a fun-filled event with Suriana Welfare Society, sharing gifts and activities with families at PPR Kg Muhibbah, Puchong | <ul style="list-style-type: none"> • A total of 43 gifts were collected, bringing joy to the children of PPR Kg Muhibbah, Puchong |
| | <ul style="list-style-type: none"> • Eco Guardian Mangrove Planting <ul style="list-style-type: none"> ◦ Planted mangrove saplings at Kuala Selangor Nature Park with the Malaysian National Society | <ul style="list-style-type: none"> • 100 volunteers from Generali planted over 500 mangrove saplings, contributing to the restoration of mangrove forests to protect coastal ecosystems |
| | <ul style="list-style-type: none"> • Generali Malaysia Run <ul style="list-style-type: none"> ◦ Promoted health and fitness while supporting social causes in partnership with the National Cancer Society, Pintar Foundation, and Malaysian Nature Society | <ul style="list-style-type: none"> • Attracted over 12,000 runners to run for a good cause • Raised RM105,000 for 3 NGO partners - PINTAR Foundation, Malaysian Nature Society and National Cancer Society Malaysia • Contributed RM354,513 to empower underserved families and children with access to early education |
| | <ul style="list-style-type: none"> • Autism Awareness Programme <ul style="list-style-type: none"> ◦ Hosted a Lunch & Learn session with Autism Cafe Project to promote inclusivity and support for individuals with autism | <ul style="list-style-type: none"> • A half day event was held in honour of the International Day of Persons with Disabilities • Key highlight of the event was an inspiring sharing session by Mr. Adli Yahya, founder of the Autism Café Project, who spoke about his journey and mission to support individuals with autism in leading fulfilling lives |
| | <ul style="list-style-type: none"> • Books & Toys Donation Drive <ul style="list-style-type: none"> ◦ 77 volunteers devoted over 170 hours to sort and organise donated books and toys for PPR communities | <ul style="list-style-type: none"> • Close to 2,500 books and toys collected, which were then distributed to the children in the Projek Perumahan Rakyat (PPR) communities of Kg Muhibbah, Desa Tun Razak, and Lembah Subang |
| | <ul style="list-style-type: none"> • Festival Del Leone <ul style="list-style-type: none"> ◦ A platform to help local SMEs promote their business, showcase local artists, and raise funds to support the education of underserved children and families | <ul style="list-style-type: none"> • Attracted an impressive 37,000 attendees, 150 SME vendors • Nearly 30 local artists joined to recreate the Mona Lisa painting, raising RM3,288 for Yayasan Generasi Gemilang to support education opportunities for underserved children and families in Malaysia |
| | <ul style="list-style-type: none"> • Gotong-Royong at Sarawak Cheshire Home <ul style="list-style-type: none"> ◦ Cleaning and improving living spaces for residents of the home | <ul style="list-style-type: none"> • 18 team members dedicated 45 hours to a gotong-royong cleanup, creating a cleaner and more comfortable environment for the residents |
| | <ul style="list-style-type: none"> • Beach Clean-up <ul style="list-style-type: none"> ◦ Collected trash at Tanjong Lobang Beach, contributing to environmental sustainability | <ul style="list-style-type: none"> • Close to 10 colleagues from the Generali Miri branch collected four big bags of trash at Tanjong Lobang Beach |

BUSINESS REVIEW
GENERALI LIFE INSURANCE MALAYSIA BERHAD

Distribution

- **Agency Force Transformation**
 - Restructured to boost productivity, profitability, and recruitment
 - **New La Femmina Programme**
 - This programme focuses on recruiting women and empowering them to excel
 - **Banca Affin Expansion**
 - Strengthened this advisory business by boosting penetration into high-net-worth segment with differentiated products and sales strategies
 - **Mass Market Growth**
 - Accelerated Banca Specialist recruitment and productivity to expand mass market reach
 - **Credit Life Enhancement**
 - Supported business growth through product improvements and strategic initiatives
- Agency channel grew 29%, and the number of Million Dollar Round Table (MDRT) members doubled compared to last year
 - Productivity from La Femmina members 37% higher than normal female agents
 - Banca grew 122% year-on-year
 - Worked closely with AFFIN BANK to achieve a high penetration rate

CHALLENGES / OPPORTUNITIES

Challenges

- Medical Cost Inflation
- Business Sustainability and Profitability

Mitigation Action

- **Cost Containment Strategy:** Evaluating initiatives for health portfolio management and loss ratio improvement
- **Execute Strategic Roadmap:** Key business drivers are outlined in the company's three-year strategic plan

Result

- Appointed preferred panel hospital for negotiated rates
- Reviewed non-chargeable list for hospitals
- Established a claims adjudication system to identify fraud and leakages
- Appointed a 2nd Third Party Administrator for pricing/service competitiveness
- Delivered on the 2024 Plan
- Structural transformation of Agency force
- Alignment with AFFIN BANK

OPPORTUNITIES

Anticipated reforms by the government, private healthcare providers, and insurers are crucial to curb rising medical cost inflation, ensuring a more sustainable medical insurance sector that continues to deliver long-term value to policyholders while withstanding economic pressures.

In line with our commitment to sustainable growth and operational excellence, we are driving key initiatives to meet evolving customer and stakeholder needs. Expanding our agency force will strengthen distribution, enhance customer engagement, and accelerate growth. Leveraging our regional platform will boost brand visibility and solidify our market position. Additionally, our partnership with Affin (Sarawak) remains a key growth driver, unlocking new opportunities and synergies.

2024 ACHIEVEMENTS

Key Financial & Business Highlights

- 
Strong APE Growth: Achieved RM113 million in Annualised Premium Equivalent (APE), surpassing our target by 46%



- 
Exceptional Yearly Growth: Recorded 62% APE growth, with Agency channel income up 29% and Banca surging by 122%

- 
New Business Surge: New business value exceeded our original plan by 65%

Sustainability Highlights

- Accelerated System Integration:** Completed Big Bang system integration 5 months ahead of schedule and within budget
- Advancing DEI Goals:** Achieved a 0.57% Equal Pay Gap (EPG) and 51.3% women representation in managerial roles

Awards & Recognition

- 
Corporate Excellence Award, received at the Asia Pacific Enterprise Awards
- 
Insurance Initiative of the Year, awarded at the Insurance Asia Awards 2024

OUTLOOK AND PROSPECTS

Forecasts for the Malaysian insurance industry are encouraging. A confluence of factors, including economic recovery, an aging population, and increased consumer spending is positioning the insurance industry for continued expansion in the coming years.

The life insurance segment is anticipated to grow at a Compound Annual Growth Rate (CAGR) of 5.2% from 2024 to 2028. This growth is primarily attributed to rising life expectancy and an increased demand for endowment insurance products.

In tandem, the general insurance market is expected to expand at an even stronger CAGR of 7.8% over the same period, with demand driven by higher premiums, a surge in claims, and inflationary pressures. Motor insurance is expected to continue to be the dominant product line.

Key Strategic Priorities for 2025

- 1. Scaling Distribution Channels**
 We will continue expanding our distribution network to drive sustained and profitable growth. Our strategy focuses on enhancing the Agency force and bolstering our Bancassurance capabilities through targeted recruitment and improved productivity measures.
- 2. Accelerating Digitalisation and Transformation**
 Digital transformation remains a key priority in our ongoing efforts to enhance operational efficiency and elevate the customer experience. We are actively investing in right-fit digital solutions to streamline our processes, enhance service delivery, and maintain a competitive edge in a rapidly evolving market environment.
- 3. Strengthening Talent and Workplace Culture**
 Recognising that our people are truly our greatest asset, we remain committed to talent development. To cultivate a high-performance culture, investing in people will remain a key priority. This will also enable us to attract and retain top talent, reinforcing our position as an employer of choice.

Together, these strategic priorities underscore our proactive approach to sustaining long-term growth and capturing emerging opportunities in the Malaysian insurance market.

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE



DATO' AGIL NATT
Chairman, Affin Bank Berhad

KEY AGENDA ITEMS FOR 2024 INCLUDE:

- ➔ Approving the 2025 budget and business plan.
- ➔ Monitoring performance against AX28 targets.
- ➔ Managing risks and opportunities in a changing environment.
- ➔ Supporting digital transformation and innovation.
- ➔ Accelerating sustainability initiatives.
- ➔ Strengthening corporate culture and human capital.
- ➔ Enhancing stakeholder engagement and social responsibility.
- ➔ Ensuring compliance with laws and standards.
- ➔ Updating governance policies and practices.

Dear Stakeholder,

On behalf of the Board of Directors, I am pleased to present the Corporate Governance Overview Statement for 2024. As Chairman, I am committed to maintaining high corporate governance standards and ensuring the Board fulfils its fiduciary duties to shareholders and stakeholders of the AFFIN Group.

Good corporate governance is crucial for the Group's sustainability and stakeholder value creation. The Board has adopted a strategic approach to managing the Group and established an effective governance framework covering composition, roles, functions, committees, policies, and practices.

This report highlights key aspects of our corporate governance practices in 2024, focusing on their contribution to our vision, mission, values, and goals.

The Board, with support from the respective Board Committees as well as Senior Management, has analysed these items for objectives, outcomes, benefits, risks, and alignment. The Integrated Report illustrates potential stakeholder value, including for shareholders, customers, employees, regulators, suppliers, partners, communities, and the environment.

The Board believes these initiatives align with the Group's vision, mission, values, and strategic goals, supporting growth, profitability, resilience, competitiveness, innovation, reputation, and social impact. Initiatives are prioritised based on urgency, impact, feasibility, and relevance.

By upholding strong governance, the Group aims to deliver value to stakeholders and meet governance expectations. The Board will regularly review and adjust governance initiatives as needed.

In conclusion, I extend my sincere appreciation to Board Members, Senior Management, employees, and stakeholders for their support and cooperation. The Board remains dedicated to excellence in governance and acting in the best interests of the Group and its stakeholders.

Thank you.

Yours faithfully
Dato' Agil Natt
Chairman

CORPORATE GOVERNANCE OVERVIEW STATEMENT

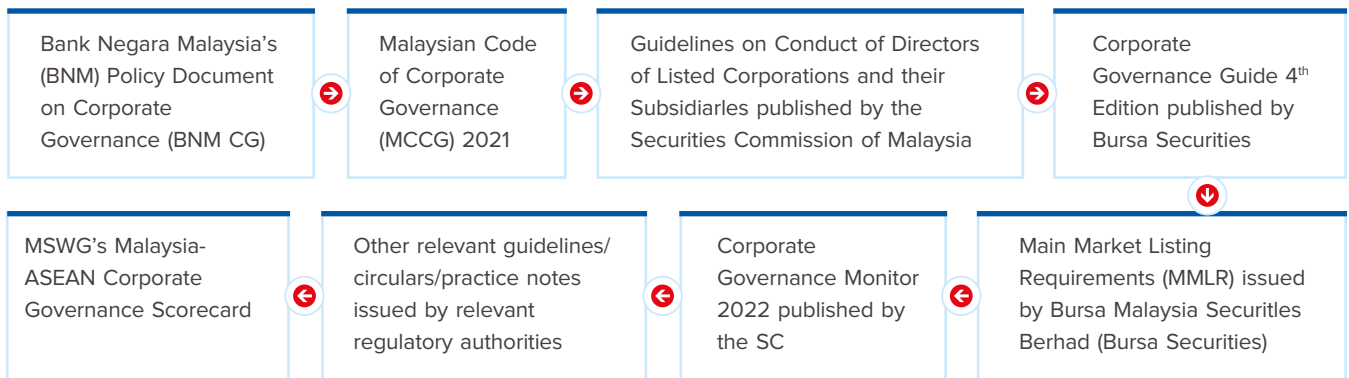
The Board of Affin Bank Berhad (ABB, the Company or the Bank) strongly promotes and supports the principles of good Corporate Governance. The Board continuously strives to enhance and strengthen the Group’s governance framework and processes to ensure that best practices are adopted Groupwide. The Board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

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



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

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



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



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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

GOVERNANCE STRUCTURE AND FRAMEWORK

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

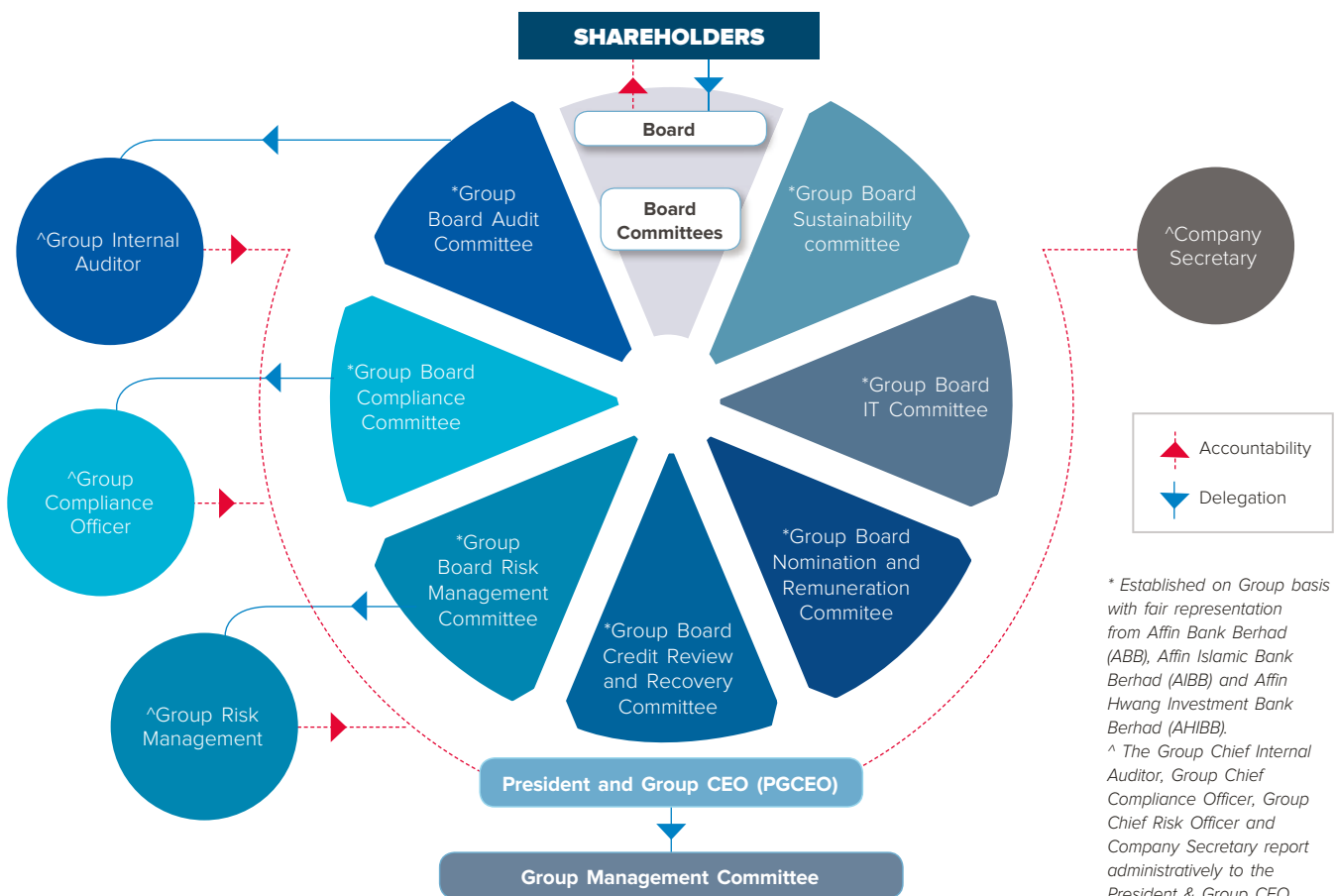
The Group believes that a healthy corporate culture and robust governance framework ensures that the organisation continues to run smoothly and efficiently. ABB, as the apex entity, has the overall responsibility in ensuring the establishment and operation of a clear governance structure appropriate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

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

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

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

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



* 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 Bank

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

Leadership and management

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A:

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

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

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

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

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

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

Chairman

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

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

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



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

PGCEO

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

Company Secretary

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

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

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

Note:

INED : Independent Non-Executive Director

NINED : Non-Independent Non-Executive Director

NIED : Non-Independent Executive Director

¹ Stepped down as member of GBNRC and appointed as a member of GBRMC w.e.f 1 July 2024.² Appointed as a member of GBNRC w.e.f 1 July 2024³ Stepped down as a member of GBRMC w.e.f 7 May 2024.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A:

BOARD AND BOARD COMMITTEES' DELIBERATIONS

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

Board

Key Activities of the Board and Board Committee in 2024

STRATEGY, TECHNOLOGY & ESG

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

GOVERNANCE, RISK & COMPLIANCE

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

FINANCIALS & PERFORMANCE

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

CSR, CULTURE & PEOPLE

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

GROUP BOARD AUDIT COMMITTEE

Members (Latest)

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

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

TOTAL MEETINGS IN 2024:

(SCHEDULED)

12

(SPECIAL)

2

JOINT GBAC & GBRMC

2 MEETINGS

MAIN ROLES & RESPONSIBILITIES

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

MATTERS DISCUSSED IN 2024

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A:

GROUP BOARD RISK MANAGEMENT COMMITTEE

Members (Latest)

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

TOTAL MEETINGS IN 2024:

(SCHEDULED)

11

(SPECIAL)

1

JOINT GBAC & GBRMC -

1 MEETING

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

MAIN ROLES & RESPONSIBILITIES

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

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

MATTERS DISCUSSED IN 2024

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

GROUP BOARD COMPLIANCE COMMITTEE

Members (Latest)

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

TOTAL MEETINGS IN 2024:

(SCHEDULED)
12

MAIN ROLES & RESPONSIBILITIES

- Assess and examine the adequacy of group compliance and integrity as well as governance frameworks, including the policies, procedures and processes for the Group.
- Support the Board to fulfil its responsibilities to:-
 - Oversee the management of compliance risk by ensuring process is in place 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 approve compliance risk management philosophy and strategy.
 - Ensuring clear and independent reporting lines and responsibilities for the overall business activities, compliance functions and integrity & governance function as well as recommending organisational alignments where necessary to the Board.
 - Ensuring the practice of excellent work culture among employees, with strong morale and ethics within the organisation.
- Monitor the Bank's management of compliance risk through periodic reporting on anti-money laundering and counter financing of terrorism (AML/CFT) updates, outcome from compliance review exercise, statistics of whistleblowing cases as well as non-compliance incidences.

MATTERS DISCUSSED IN 2024

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A:

GROUP BOARD NOMINATION AND REMUNERATION COMMITTEE

Members (Latest)

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

TOTAL MEETINGS IN 2024:

(SCHEDULED)

9

(SPECIAL)

2

MAIN ROLES & 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 2024

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

GROUP BOARD CREDIT REVIEW AND RECOVERY COMMITTEE

Members (Latest)

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

TOTAL MEETINGS IN 2024:

(SCHEDULED)

23

(SPECIAL)

6

MAIN ROLES & RESPONSIBILITIES

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

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

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

MATTERS DISCUSSED IN 2024

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A:

GROUP BOARD INFORMATION TECHNOLOGY COMMITTEE

Members (Latest)

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

TOTAL MEETINGS IN 2024:

(SCHEDULED)

11

(SPECIAL)

1

MAIN ROLES & RESPONSIBILITIES

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

MATTERS DISCUSSED IN 2024

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

GROUP BOARD SUSTAINABILITY COMMITTEE

Members (Latest)

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

TOTAL MEETINGS IN 2024:

(SCHEDULED)

6

(SPECIAL)

2

MAIN ROLES & RESPONSIBILITIES

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

MATTERS DISCUSSED IN 2024

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A:

BOARD COMPOSITION

Board Composition, Independence and Diversity

Board Composition

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

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

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

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

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

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

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

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

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

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

The Bank wishes to affirm that:-

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

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

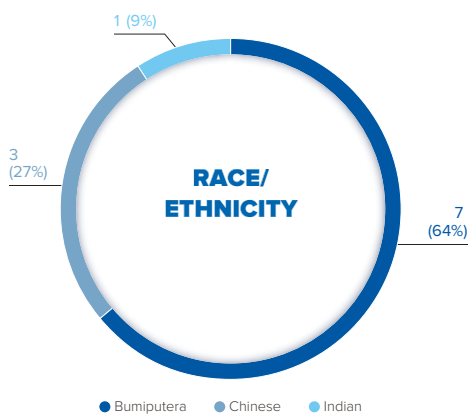
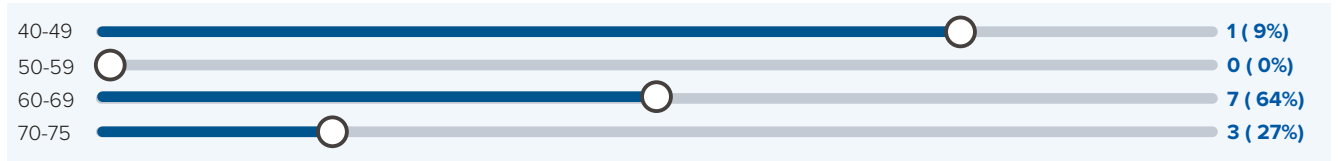
COMPOSITION (% AND TOTAL)



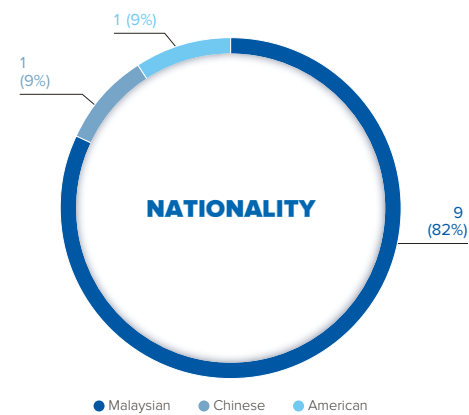
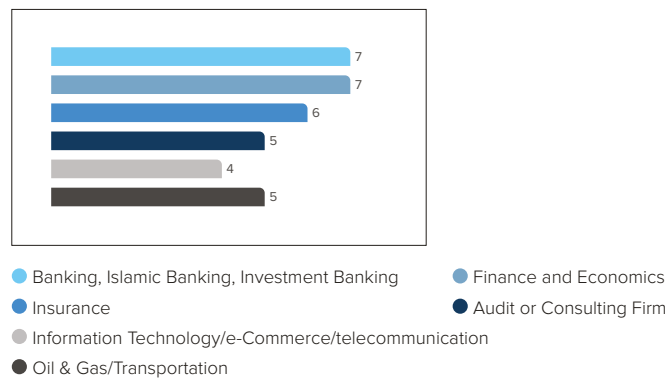
GENDER



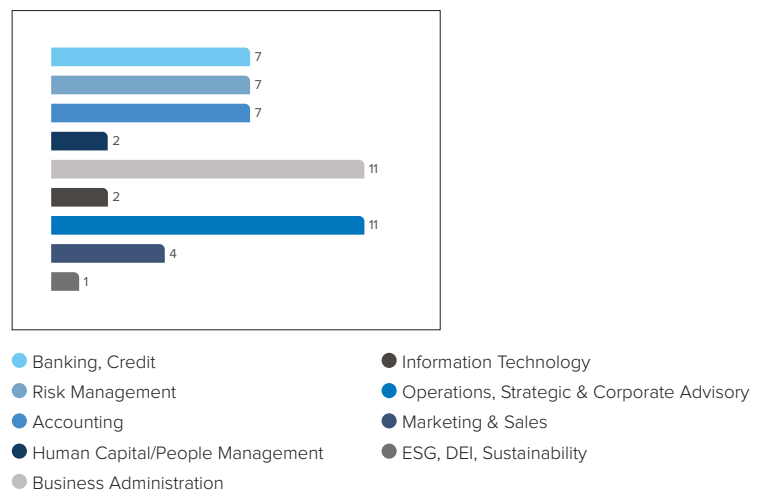
AGE



INDUSTRY EXPERIENCE



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 thorough consideration and planning to ensure that the Bank has the right leadership team in place to achieve its strategic objectives.

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

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



Board

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



Senior Management

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

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

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

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

ACTIVITIES IN 2024

New Appointment of Director

No new Directors appointed during the year under review

Re-appointment of Director

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

New Appointment of Senior Management

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

REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT

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

Re-Election Of Directors

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

Fit and Proper Assessment

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

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

Time Commitment

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

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

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

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

Board Effectiveness Evaluation

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A:

Themes

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



Notes:

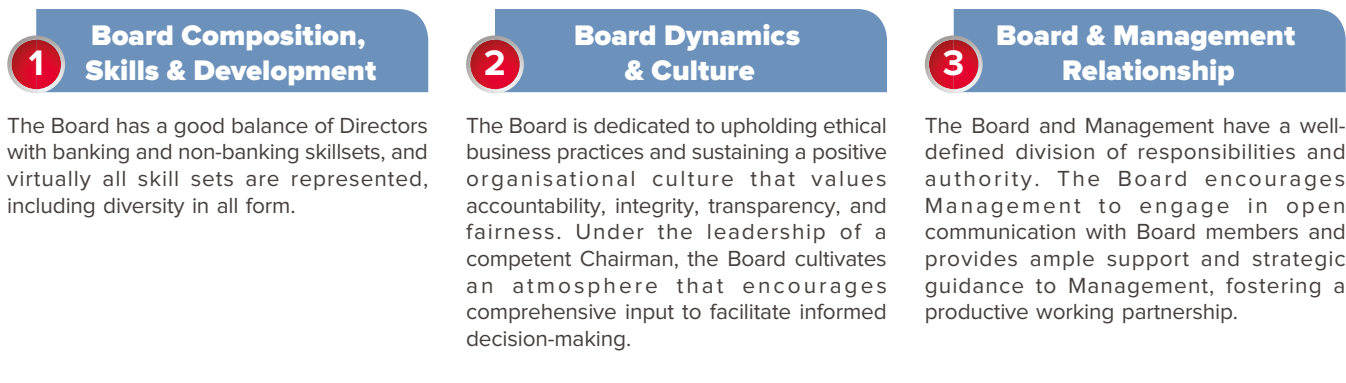
- A Director must have served on the Board/Board Committees for at least six (6) months to be able to participate in the BEE.
- Management feedback on the BEE was obtained and collated vide the PGCEO.

Process and Reporting Structure



The main highlights of the results are as follows:-

Areas of strength



Considerations for Improvement

1

Agenda, Meetings, Information & Decision Making

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

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

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

2

Board Sustainability Matters

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

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.

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

The Board has full and timely access to information on Board matters via materials distributed in advance at least 5 business days from the date of meeting to enable the Directors to obtain further explanation, where necessary, in order to be properly briefed prior to the meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A:

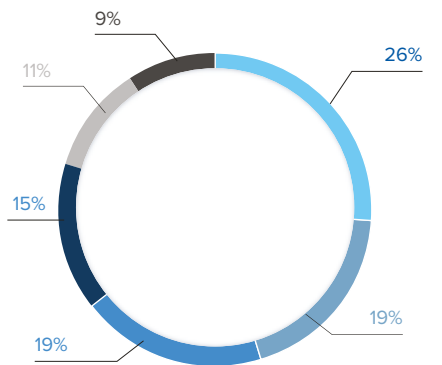
Access to Third Party Experts

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

Continuing Education and Development

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

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



- Leadership, Governance and Board Excellence
- Climate Change/ESG/Sustainability
- Strategy and Culture
- Banking & Finance
- IT/Digital/Cybersecurity
- Emerging Risk, Risk Management and Compliance

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

Induction Programme

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

BOARD REMUNERATION

Board Remuneration

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

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

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

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

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

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

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

Directors’ Fee

The Directors are entitled to Annual Directors’ fees.

Board Committees’ Fee

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

Meeting Allowances

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

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

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

Senior Management Remuneration

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

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

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

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

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

A. SUPPORT STRATEGIC OBJECTIVES:

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

B. PERFORMANCE-DRIVEN REMUNERATION:

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

C. CONSEQUENCE MANAGEMENT:

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

D. INTERNAL EQUITY:

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

E. MARKET-RELATED REMUNERATION:

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

F. AFFORDABILITY AND SUSTAINABILITY:

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

G. FLEXIBILITY:

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

H. TRANSPARENCY:

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A:

Leading Sustainability

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

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

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

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

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

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

Code of Ethics, Conduct and Whistleblowing Policy

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

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

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

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

The Board has also in place Whistleblowing Policy to promote whistleblowing in a positive manner that provides an avenue to escalate concerns on improper conduct and to handle such concerns appropriately, in line with the fundamental objectives of Whistleblower Protection Act 2010.

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

Board Administration

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

The Board has direct access to the advice and services of the Company Secretary who is responsible for ensuring that all governance matters and the Board procedures are followed, and that applicable laws and regulations are complied with. The Company Secretary attends the Board, selected Board Committees' as well as Management Committee meetings which she is the appointed Secretary and is responsible for supporting the effective functioning of the Board.

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

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

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

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

INDEPENDENCE OF EXTERNAL AUDITORS

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

The GBAC meets with the External Auditors regularly to discuss their audit plans and audit findings in relation to the Group's financial statements. Private sessions between the GBAC and the External Auditors were held without the presence of Management at least twice a year to discuss any other matters the external auditors may wish to highlight and to ensure that there were no restrictions in the scope and performance of their audit activities. In addition, the External Auditors are invited to attend the Annual General Meeting of the Bank and be available to answer shareholders' enquiries on the conduct of the statutory audit and preparation of their audit report.

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

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

The amount of non-audit fees payable to the external auditors and their associates during the financial year 2024 is set out in the Financial Statements in this Integrated Report 2024.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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

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

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

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

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

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

INTERNAL AUDIT FUNCTION

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

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

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

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

EFFECTIVE COMMUNICATION WITH SHAREHOLDERS

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

INVESTOR RELATIONS ENGAGEMENTS

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

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

GENERAL MEETINGS

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

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

The Bank continues to leverage on technology to conduct its General Meetings with assurance that it has in place the required infrastructure to support proactive interactions with shareholders and smooth broadcast of the General Meetings. The Bank has adopted Practice 13.5 of the 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.

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

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

PRINCIPLE C:

CORPORATE GOVERNANCE PRIORITIES

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

PRACTICE 8.2

Disclosure of Remuneration of Top 5 Key Senior Management

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

Nevertheless, the Board wishes to give assurance that the remuneration of Directors and Senior Management commensurate with their individual performance, taking into consideration of the Bank’s performance as it is benchmarked against the market. The remuneration packages of Senior Management are based on experience, expertise, skills and industry benchmark. Total remuneration of its employees is also set out in the Audited Financial Statements for financial year ended 31 December 2024 which allow shareholders to assess whether the remuneration of Directors and Senior Management commensurate with their performance taking into consideration of the Bank’s performance. The Board is committed to consider disclosing the aggregate of the top 5 Senior Management’s remuneration component including salary, bonus, benefits in-kinds and other emoluments.

THE BANK’S KEY FOCUS AREAS AND FUTURE PRIORITIES

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



GROUP BOARD AUDIT COMMITTEE REPORT



Chairman of Group Board Audit Committee (GBAC)

MR. GREGORY JEROME GERALD FERNANDES

The Board of AFFIN Group is pleased to present the Report on Group Board Audit Committee (GBAC) for the Financial Year ended 31 December 2024.

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

The GBAC's composition complies with Bursa Malaysia Securities Berhad's listing requirements and adheres to the principles and best practices of the Malaysian Code on Corporate Governance of the Securities Commission Malaysia. The committee's diverse expertise and caliber enable it to provide independent, objective, and effective oversight in fulfilling its responsibilities. Empowered by the Board, the GBAC has the authority to scrutinise and investigate any matters within its defined scope, among other responsibilities. It can also engage directly with external and internal auditors and regulators, seek independent professional advice when necessary, and access 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.

- Reviewed the Internal Control Healthcheck of the Bank as presented by GIA.
- 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 FY2024.
- Reviewed audit reports and internal control recommendations by the external auditors, including key audit matters and significant accounting issues.
- Informed and updated the Board the audit and investigations conducted by GIA via GBAC summary reports.
- 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.
- 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.

ACTIVITIES OF GBAC FOR FINANCIAL YEAR ENDED 31 DECEMBER 2024

- Reviewed and approved GIA Annual Audit Plan for 2024 to ensure the scope coverage were sufficient, comprehensive and the audit resource at all levels were adequate to execute the plans.
- 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.

MEETING HELD AND ATTENDED

A total of fourteen (14) GBAC meetings were held during FY2024, encompassing both scheduled and special sessions, which are set out below:

| Name of GBAC Member | Number of meetings held and attended during 2024 |
|-------------------------------------|--|
| Mr. Gregory Jerome Gerald Fernandes | 14/14 |
| Dato' Mohd Hata Bin Robani | 13/14 |
| Mr. Eugene Hon Kah Weng | 14/14 |
| En. Suffian Baharuddin | 14/14 |
| En. Dali Sardar | 14/14 |

The Group Chief Internal Auditor (GCIA), alongside the Chief Internal Auditor (CIA) of Affin Hwang Investment Bank Berhad, and members of the AFFIN Group Audit Leadership team attended

these meetings to present internal audit and investigation reports. In addition, representatives of the audited divisions were also invited to the meetings as and when required to clarify specific topics or issues arising from the audit reports, to provide assurance that the necessary rectifications would be undertaken. 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 2024, 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 2024 GIA Annual Audit Plan (AAP) to ensure comprehensive scope and coverage of critical risk areas, 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) Deliberated and approved the FY2024 Key Performance Indicator (KPI) for the GCIA taking into consideration the relevance and importance of key performance indicators set for the year.
- d) 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.
- e) 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;
- f) Deliberated the audit and internal investigation reports, as well as the action plans implemented by Management to remediate or to enhance oversight mechanisms thereby strengthening the internal control system.
- g) 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;
- h) Reviewed and approved Management's requests on audit finding rectification timeline extension, considering the justifications provided;
- i) Reviewed interim GIA Dashboard outlining the audit progress as per approved AAP FY2024;
- 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 one (1) joint meeting with Group Board Risk Management Committee ("GBRMC") to deliberate on the overall Group's risk and control environment.
- l) Reviewed and recommended to the Board for approval the revised Group Board Audit Committee Terms of Reference;
- m) Evaluated the adequacy and efficiency of GIA's resources and the collective competencies of its staff to ensure effective deployment for executing the audit plan.
- n) 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 the quarterly unaudited financial results and interim unaudited financial result, as well as, the annual audited financial statements of the Bank and the Group to ensure that they have been prepared in accordance with the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and requirements of the Companies Act 2016 in Malaysia, before recommending the financial results and financial statements to the Board for approval.
- b) In reviewing the financial result and financial statements of the Group, the GBAC discussed and made enquiries among others on:
 - 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 with the external auditors:
 - The 2024 audit plan, covering significant risk areas and activities of AFFIN Group, in ensuring alignment with evolving laws and regulations. The audit plan comprised the detailed terms of the external auditors' responsibilities and affirmation of their independence as external auditors, outlines the audit strategy and engagement team, details the risk assessment process, and specifies the key areas of audit emphasis for the financial year.
 - The result of audits, significant audit and accounting matters observed including those pertaining to emerging external events and business development.
- b) Conducted (3) three meetings with the External Auditors to discuss financial review and audit results. Additionally, the GBAC held (2) two private sessions with the External Auditors in January and August 2024, without Senior Management and the GCIA present, to allow the auditors to raise any concerns, ensure unrestricted audit activities, and gather feedback for improvements.
- c) During its meeting on 22 January 2024, the GBAC was briefed by the External Auditors on the key audit matters outlined in their Independent Auditors' Report for the financial year ending 31 December 2023. 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 confirmed the independence, performance, and effectiveness of the External Auditors based on the criteria outlined in BNM's Policy Document on External Auditors. The GBAC recommended their reappointment to the Board, considering various criteria, including:
 - 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.

RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

- a) The GBAC conducted quarterly reviews on 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.
- b) The bank has established processes and procedures to ensure transactions with RPTs and RRPTs are conducted fairly, in line with standard business practices, and on terms no more advantageous than those offered to the general public, where applicable.
- c) The GBAC reviewed and reported to the Board any conflict of interest and potential conflict of interest situation within the Bank, including the measures taken to resolve, eliminate or mitigate such conflicts.
- d) The GBAC reviewed and endorsed a revised Policy on Directors' Conflict of Interest to ensure effective identification and management of conflicts, in line with the amended Main Market Listing Requirement (MMLR) of Bursa Malaysia Securities Berhad.

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.

INTERNAL AUDIT FUNCTION

Group Internal Audit (GIA) continued to advance its transformation into a future-proof internal audit function by embracing innovation and leading-edge practices. Promoting continuous learning and development, GIA closely collaborates with Group Risk and Group Compliance to build a more robust and resilient future for the Bank.

Ramped Up Data Analytics Drive to Advance Risk Profiling and Audit Insights

- The extended utilisation of data analytics across the Bank facilitates the implementation of continuous auditing practices. GIA's successful execution of data analytics practices and sharing the outcomes to relevant divisions, strengthen management's monitoring capabilities.
- Building on previous successes, GIA further integrated advanced analytics into its audit methodology in FY2024. By leveraging tools such as CAATs, Power BI, and Python, GIA enhanced audit quality, provided deeper insights, and improved overall audit value.

Fostering Collaboration Across Boundaries

Recognising the importance of a robust risk control culture, GIA, as the third line of defence, proactively collaborates with the first and second lines of defence promoting enterprise-wide awareness of risk control practices. This collaboration is demonstrated through:

- 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;
- Joint reviews with Group Compliance Division (GCD).

OTHERS

- a) Reviewed the Statement on Risk Management and Internal Control for inclusion in the FY2024 Integrated Report before recommending to the Board for approval.
- b) Reviewed the Group Board Audit Committee Report for inclusion in the FY2024 Integrated Report.

Enhancing Audit Assessment Through a Cultural Lens

- 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.
- To accurately identify the less tangible root causes of non-compliances and facilitate more effective improvement strategies, culture assessments gathered information from various data sources. This data was used to evaluate how well the auditable area aligns with the Bank's desired culture.

Internal Control Healthcheck (ICH)

- The ICH provided a holistic overview of the Group's internal controls environment based on the audits conducted during the year.
- The ICH dashboard visualises year-over-year trends and identifies key control areas and root causes requiring attention, and supports informed decision-making. This dynamic tool enhances the Group's internal control effectiveness, mitigates risks, and boosts operational resilience.

GROUP BOARD AUDIT COMMITTEE REPORT

ORGANISATIONAL INDEPENDENCE

The GIA function of AFFIN Bank was established by the Board to provide independent and objective assurance of the adequacy and operating effectiveness of the governance, risk management, and internal control processes implemented by Management. GIA reports functionally to the GBAC and administratively to the PGCEO.

Operating independently from the activities it audits and the day-to-day internal control processes, the GIA function maintains the requisite independence and objectivity as outlined in the Board-approved Audit Charter.

GIA is led by Puan Wahdania Mohd Khir, a Chartered Banker with a Master of Science in Quantitative Finance from the University of Westminster, London and a member of the Financial Markets Association Malaysia. She is also an active member of the Chief Internal Auditors Networking Group (CIANG). Her extensive experience spans over 28 years in the financial services industry, as well as, market operator and frontline market regulator Bursa Malaysia. She has also held senior roles such as Head of Global Market Compliance & Treasury Operations and Senior Director of Group Audit at a major financial institution.

RESPONSIBILITIES

- The primary responsibility of the GIA is to assist the GBAC by independently reviewing and assessing the adequacy and effectiveness of the Group's risk management, internal controls, and governance processes, ensuring they operate efficiently, effectively, and in accordance with regulatory requirements.
- Processes and activities are conducted in accordance with the IIA's International Professional Practices Framework (IPPF) and regulatory standards governing the internal audit functions.
- Adopts the five (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.
- 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, investment banking, IT infrastructure

and operations, as well as, specific focus areas like AML/CFT, anti-bribery and corruption, stress testing, ESG, cyber security and business continuity management.

- 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.
- Closely monitors the rectification of audit findings and the implementation status of audit recommendations via the Pentana Audit Management System, ensuring that all major risk and control concerns are duly addressed. GIA regularly appraises the GBAC of all significant audit issues until they are satisfactorily resolved.
- 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.

RESOURCES

- The overall costs incurred for maintaining internal audit function in the Group FY2024 was approximately RM10.5 million, comprising mainly salaries, staff training and development, information technology costs and other audit related operating costs.
- As of 31 December 2024, GIA has a total staff strength of 52 qualified internal auditors from diverse backgrounds and disciplines, specialising in credit, information technology, risk management, Islamic Banking, fraud and investigation, treasury, finance/accounting, law, investment banking, stockbroking, anthropology, actuarial science and construction.
- GIA actively fosters staff development, encouraging employees to expand and diversify their skillsets through accessible and flexible learning opportunities. Internal auditors exemplify this commitment, regularly developing their competencies through structured on-the-job training and external programs from accredited providers. GIA remains committed to the continual upskilling of the auditors, by enabling the auditors to advance through relevant certifications, including Bank Audit Practices (BKA), Certified Information Systems Auditor (CISA), Chartered/Certified Accountant (e.g., ACCA, CPA, MICPA), Certified Professional Shariah Auditor (CPSA), Chartered Banker (CB), and other relevant qualifications including ESG-related certification.

> SUMMARY OF GROUP INTERNAL AUDIT ACTIVITIES UNDERTAKEN IN 2024

- a) GIA champions a robust risk control culture at all levels, collaborating with the first and second lines to promote enterprise-wide awareness of risk control practices through GRC collaboration initiatives.
- b) Conducted joint reviews with the GCD for identified audits, combining expertise and perspectives from GIA and GCD, for a more holistic evaluation of the Bank's risk control environment.
- c) 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 FY2024. The report highlighted areas with identified improvements and outlined contributing factors to areas requiring attention.
- d) The Guest Auditor Program (GAP), attended by the Regional Heads of Operations and representatives from Affin Hwang Investment Bank staff. This aimed to enhance internal controls awareness and foster a strong risk control culture among staff across the Bank.
- e) 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.
- f) Engaged with key stakeholders and business heads to have better insight and feedback on AAP FY2025. 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.
- g) Monitored and reported the progress of action plans undertaken by the Management to address audit findings identified by the GIA.
- h) Provided advisory services and independent recommendations on IT systems and controls prior to implementation, ensuring adequate controls were established and identified risks were mitigated.
- i) Organised a study visit for university students in collaboration with the Group People Office, Group Risk, and Compliance. This initiative aims to provide valuable exposure to internal audit and other assurance functions, showcasing career paths and opportunities within the professions at AFFIN.
- j) Partnered with the PERTIWI Soup Kitchen for an AFFIN Corporate Social Responsibility (CSR) initiative, providing humanitarian food aid to the homeless community and demonstrating AFFIN's commitment to ESG principles.
- k) Reviewed the effectiveness of the business continuity management process (including the alternate business operations sites and remote working arrangement) to ensure smooth resumption of business operations of its implementation in real scenario.

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'*

➤ 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 thoroughly reviewed the principles and the contracts related to the transactions and applications offered by the Bank during the financial period ended 31 December 2024. Our review is aimed 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 the Shariah rulings and decisions made by us.

➤ MANAGEMENT'S RESPONSIBILITY

The Management is responsible to ensure that the Bank conducts its operations, business, affairs, and activities in accordance with the Shariah principles. We have provided Shariah advisory services across various aspects of the Bank's operations. This ensures compliance with the applicable Shariah principles as well as the resolutions and rulings issued 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 provide our report.

We planned and performed our review 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 Affin Islamic Bank Berhad's Board of Directors and Senior Management. 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

The SC Members have attended and participated in various conferences and seminars, among others, the 18th Muzakarah Cendekiawan Syariah Nusantara 2024, 19th Kuala Lumpur Islamic Finance Forum 2024, 44th AlBaraka Symposium, and 20th International Shariah Scholars Forum 2024. A training session had been conducted by Ustaz Burhanuddin Lokman, a member of Shariah Advisory Council of BNM, on the topic of Key Insights of Hajah and Darurah Principles and Application.

On behalf of the Bank, Professor Dr. Asmak Ab Rahman had participated in the 10th Anniversary Conference of the European Journal of Islamic Finance Conference held in Turin, Italy and was awarded with "Certificate of Best Paper in European Journal of Islamic Finance Conference".

The Shariah Committee Members have enrolled in the Certified Shariah Advisors (CSA) program offered by the Association of Shariah Advisors in Islamic Finance (ASAS). As of 31st December 2024, three (3) of the Bank's Shariah Committee Members have completed the certification and the remaining Members are in the process of completing the program.

➤ KEY SHARIAH/ISLAMIC FINANCE TRAININGS ATTENDED BY STAFF

The Bank is dedicated to improving Shariah knowledge and skills within the organisation by providing awareness and training programs. The Bank has enrolled employees from both the Bank and staff of Affin Bank in relevant certification programs, such as the Certified Qualification in Islamic Finance (CQIF), Certified Shariah Advisor (CSA), Certified Professional Shariah Auditor (CPSA), and Islamic Professional Credit Certification (IPCC), among others. Additionally, all staff within the Bank and the staff of Affin Bank have participated in e-learning and assessments on the Fundamentals of Islamic Banking.

The Bank had also organised training sessions led by representatives from the Shariah Committee Members through the Shariah Insight Series, providing valuable insights and enhancing the understanding of Shariah principles among the participating staff.

ZAKAT AND CHARITY FUND

The calculation of zakat is based on 2.5775% of the prior year's based on working capital method. The calculation of zakat was disclosed to us and is in accordance with the 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 these funds are inclusive of contributions from the realised profits by the depositors sourced from Affin Barakah Charity Account-i, a portion of the Bank's income derived from Affin Islamic Credit Card-i and tainted income. The Charity Funds are allocated to eligible beneficiaries, including 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 2024 are in compliance with the Shariah principles except for those involved in the below-mentioned Shariah Non-Compliant events.
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 earnings and purification of income were realised from sources or means prohibited by Shariah except for thereafter Shariah Non-Compliant (SNC) events disclosed.
4. It has come to our attention that three (3) Shariah Non-Compliant (SNC) events had been reported within the Bank and have been rectified. Details of the SNC events are as follows:
 - a) Event: Overcharging of ljarah rate
The Bank has refunded the overpaid amount of RM5,150.53 to the customer. Additionally, the specification of the ljarah rate has been informed to the customer.
 - b) Event: Delay in completing gold redemption process
The Bank shall not recognise the income generated amounting to RM1,090.00 from the transaction.
 - c) Event: Absence of Tawarruq trading for Islamic facility
Non-execution of Tawarruq trading prior to disbursement of the facility. The rectification has successfully been carried out by immediately performing Tawarruq trading for the account involved.

Apart from the purification of income from SNC events, the Bank has implemented several rectification measures to enhance internal processes and procedures. These improvements aim to strengthen control mechanisms and prevent the recurrence of SNC incidents.

During the financial year ended 31 December 2024, a total of 13 meetings were held where all Shariah Committee Members had satisfied the minimum of 75% attendance requirement under BNM Shariah Governance Policy Document. The Shariah Committee comprises of the following esteemed members, with their respective attendance records for the financial year as follows:

| Members | Total Meetings Attended |
|--|-------------------------|
| Associate Professor. Dr. Kamaruzaman bin Noordin Chairman | 13/13 |
| Professor Dr. Asmak binti Ab Rahman Member | 11/13 |
| Associate Professor Dr. Nor Fahimah binti Mohd Razif Member | 13/13 |
| Lokmanulhakim bin Hussain Member | 13/13 |
| Mohamad Salihin bin Deris Member | 13/13 |
| Ahmad Husni bin Abd Rahman Member | 12/13 |

We, the members of the Shariah Committee of Affin Islamic Bank Berhad, hereby confirm, to the best of our knowledge based on the information provided and disclosed to us, that the operations, business, affairs and activities of the Bank for the financial year ended 31 December 2024 have been conducted in conformity with 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.

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 86 to 93 of the Management Discussion and Analysis of this Integrated 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, 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 Integrated 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:

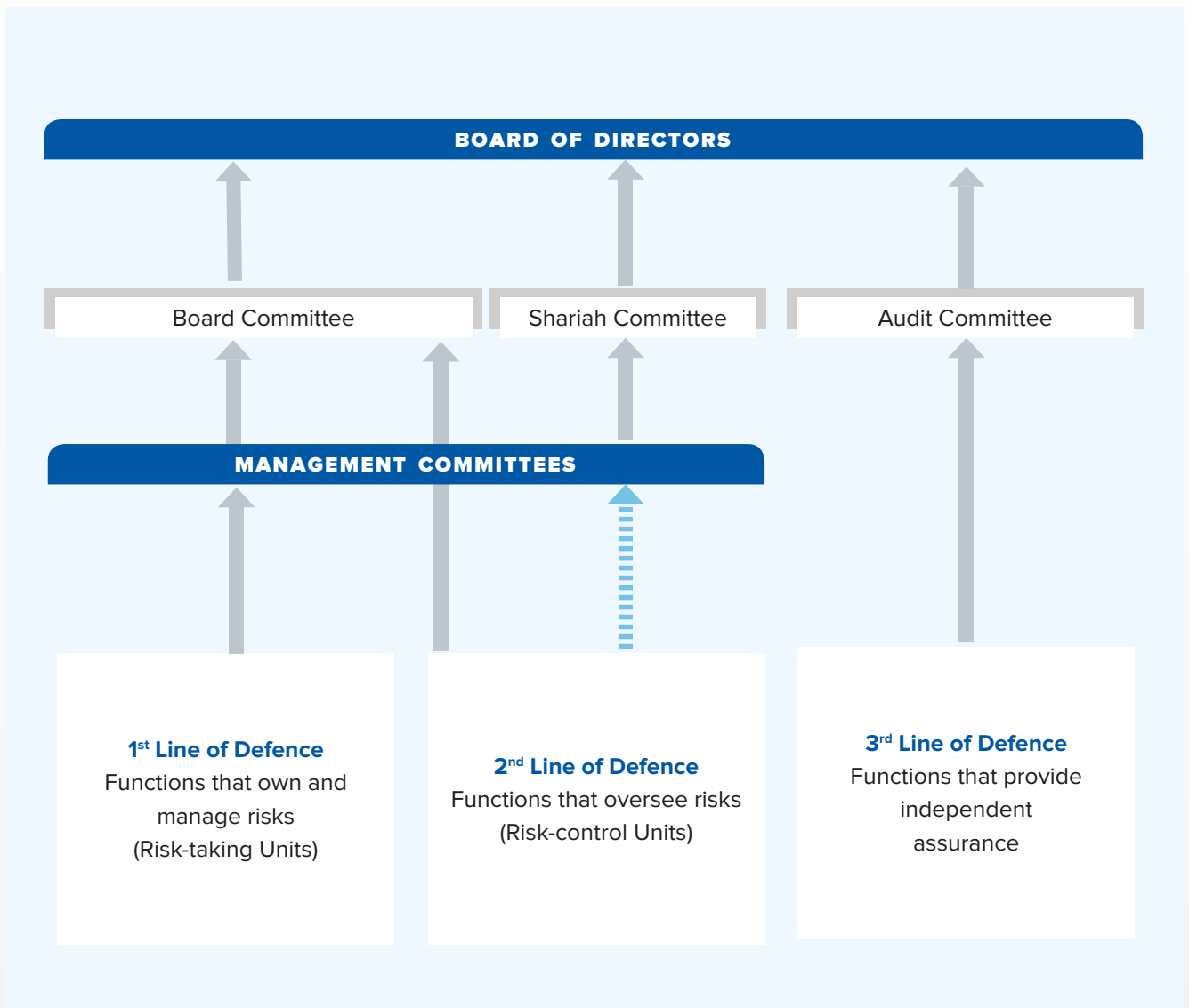


Risk Governance

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:



Note: The dotted blue line (arrow) refers to indirect reporting to Management Committees.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

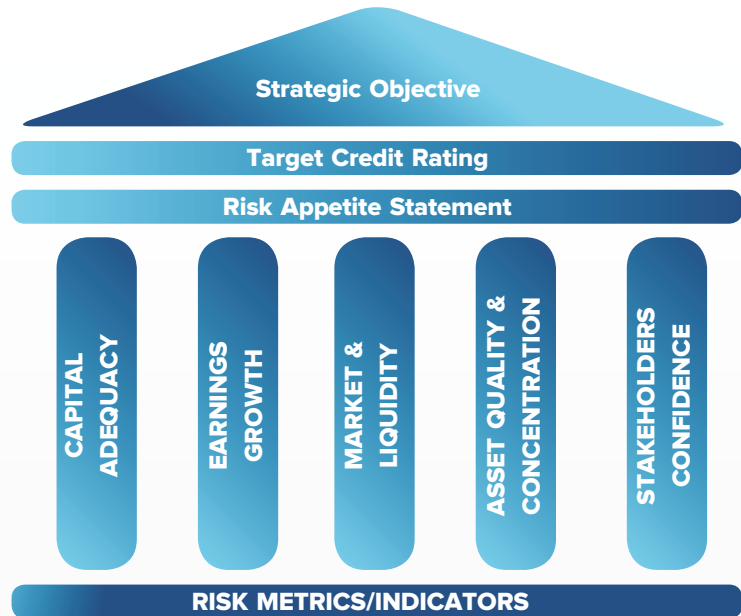
➤ Risk Appetite

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:



➤ 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.

➤ 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.

➤ 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:

- The rationale for managing the risk areas
- Links between the Group’s objectives and the Risk Management Policy
- Accountabilities and responsibilities for managing risks
- Commitment to make the necessary resources available to assist those accountable and responsible for managing risks
- The way in which risk management performance will be measured and reported
- 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.

TECHNOLOGY RISK MANAGEMENT FRAMEWORK (TRMF)

The 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 Group 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 function reports independently to the Board and functionally to the GBCC. The Framework covers key compliance tools, including controls for escalation and reporting of non-compliances, compliance reviews, 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.

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 levels 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 to facilitate, 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 principles to ensure that the planning, development and implementation of the Bank's Islamic banking business products, services and conducts of business are in accordance with the Shariah principles. The SGP clearly defines the roles and responsibilities of the Board of Directors, Shariah Committee, the Management, and Shariah Functions in alignment 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 its 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 rulings and principles.

The implementation of the SGP is supported through the following Shariah Functions:

a) Shariah Research

The Shariah Research function is carried out by officers who possess Shariah qualifications, mainly facilitating the product development process and conducting in-depth research on highlighted Shariah issues.

b) Shariah Secretariat

The Shariah Secretariat serves as the secretariat to the Shariah Committee and among others is responsible for coordinating Shariah Committee meetings and ensuring efficient dissemination of Shariah Committee resolutions.

c) Shariah Advisory

The Shariah Advisory function serves as an internal advisor on all Shariah related matters arising from operations, products, documentation, and systems. This function is responsible for providing day-to-day advice to relevant parties within the Bank on Shariah matters based on the rulings of the Shariah Advisory Council (SAC) of BNM, SAC of Securities Commission, and decisions or advice of the Shariah Committee. This function is undertaken by officers who possess Shariah qualifications.

d) Shariah Review

Shariah Review is conducted by qualified Shariah officers as a critical compliance function. This 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 Shariah Non-Compliance (SNC) risks are reported to the Shariah Committee and the Group Board Compliance Committee.

e) Shariah Risk Management

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 Islamic banking business of the Bank. The SNC risks are reported to the Shariah Committee and the Group Board Risk Management Committee.

f) Islamic Banking Audit

The Group Internal Audit Division provides an independent assessment on the adequacy of the effectiveness of the internal control systems. This division evaluates the overall compliance of the Islamic operations, business, affairs and activities with Shariah rulings and principles. Observations or findings related to SNC risks are reported to the Shariah Committee and the Group Board Audit Committee.

INTERNAL CONTROLS SYSTEM

The Board has established an internal control system with key elements designed to provide effective governance and oversight of internal controls, including:

- **Group Organisation Structure**

The Board and Senior Management have established a system of internal controls with clearly defined lines of responsibility, authority limits and accountabilities to align with business and operations requirements. The authority limits are imposed on the Management to govern the day-to-day risk-taking activities in matters relating to credit and treasury operations, acquisitions and disposals of assets and others to support a strong control environment in the Bank.

- **Annual Business Plan and Budget**

The Board sets the Bank's strategic direction by approving the annual plan and budget. Performance achievements are reviewed monthly against targeted results, enabling appropriate responses, and required actions to be taken. Various Management Committees have been established to ensure oversight over the achievement of the overall Group strategic and business objectives. The Board also regularly reviews reports from senior management on key operational metrics, legal and regulatory matters, as well as reviews all proposed policy changes before approval.

- **Oversight by Group Board Audit Committee**

The Group Board Audit Committee (GBAC) is established by the Board to provide independent oversight on the reliability and transparency of the financial reporting and disclosure process, as well as reviewing the effectiveness of the overall internal controls system within the Group.

GBAC's responsibilities encompass 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. GBAC also plays a pivotal role in appointing and evaluating the Group Chief Internal Auditor and the external auditor in safeguarding audit objectivity and upholding ethical conduct through conflict-of-interest reviews.

Significant control lapses and material findings are escalated by the GBAC to the Board for further deliberation, where necessary. In addition, GBAC 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.

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 489 of this Integrated Report.

Group Board Compliance Committee (GBCC)

The GBCC assists the Board in the oversight and effective management of compliance risks, covering compliance strategy, policy, practices, and controls, including ethical business conduct as expected under regulatory requirements as well as the integrity and governance matters for the Group.

Detailed information on GBCC is available on page 489 of this Integrated 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 186 of this Integrated Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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:

a) People Office Policies and Procedures (POPP)

People Office Policies and Procedures are in place and provide clarity to the organisation in all aspects of people management within the Group. The POPP are reviewed as and when there are any changes 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 facilities 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 building core technical competencies relevant to their area of work.

A performance-based appraisal system is also established to evaluate, develop and compensate/reward its employees accordingly.

A transparent consequence management process is in place in dealing with staff who fail to ensure their conduct, behaviour and work performance to be in line with the principle of natural justice as according to Group's expected standards of internal control, compliance and Code of Ethics.

b) 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.

c) Group Contingency Funding Plan (CFP)

The Group's Contingency Funding Plan 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.

d) 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 enhancing the climate risk scenario analysis and stress testing capabilities in compliance with the BNM Climate Risk Management and Scenario Analysis (CRMSA) requirements.

e) Group Credit Policy on Sustainable Financing (GCPFSF)

The GCPFSF 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

- Classifying financing and investment flows that support climate objectives by applying Climate Change and Principle-based Taxonomy (CCPT) methodology
- 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.

f) **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.

g) **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 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.

h) **The Group's Whistleblowing Policy (GWB 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.

i) **Annual Business and Capital Plan**

Structured framework and processes are in place with regard 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.

j) **Anti-Fraud Policy**

Our Group Anti-Fraud Policy ensures everyone is aware of fraud prevention measures. It includes steps for detecting, addressing, and preventing fraud, supported by various tools and programs. Roles and responsibilities are clearly defined across the organisation. Management upholds a zero-tolerance stance on fraud, expecting integrity and professionalism from all employees. Any employee involved in fraudulent activities will face disciplinary actions as per Group procedures.

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.

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.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS (APPOINTED EXTERNAL AUDITOR PWC)

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 Integrated Report will, in fact, remedy the problems.

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

During the financial year ended 31 December 2024, Affin Bank and its subsidiaries have issued the following debt instruments:

(a) Medium-term notes (“MTN”) programme of up to RM6.0 billion in nominal value for the issuance of Subordinated MTNs and/or senior MTNs (“MTN Programme”) by Affin Bank

On 8 May 2024, Affin Bank had issued RM500.0 million senior MTNs under the Bank’s MTN programme. The tenure of the senior MTNs is 5 years.

The proceeds raised have been utilised for the general banking working capital requirements and business purposes of Affin Bank.

(b) Commercial papers (“CP”) programme of RM3.0 billion in nominal value by Affin Bank (“CP Programme”)

On 28 June 2024, Affin Bank had established the CP Programme, which gives Affin Bank an additional option to raise funds in the local bond market from time to time. The first tranche of the CPs of RM5.0 million was issued on 27 September 2024 with maturity date of 27 March 2025.

The proceeds raised have been utilised for the general banking working capital requirements and business purposes of Affin Bank.

(c) Islamic Commercial papers (“ICP”) programme of RM3.0 billion in nominal value by Affin Islamic (“ICP Programme”)

On 12 July 2024, Affin Islamic had established the ICP Programme, which gives Affin Islamic an additional option to raise funds in the local bond market from time to time. The first tranche of the ICPs of RM5.0 million was issued on 27 September 2024 with maturity date of 27 March 2025.

The proceeds raised have been utilised for general banking working capital requirements and business purposes of Affin Islamic in Shariah compliant manner.

(d) Commercial papers/medium-term notes (“CP/MTN”) programme of RM2.0 billion in nominal value by Affin Hwang Investment Bank (“CP/MTN Programme”)

On 28 June 2024, Affin Hwang Investment Bank had established the CP/MTN Programme, which gives Affin Hwang Investment Bank an additional option to raise funds in the local bond market from time to time. The first tranche of the CPs of RM5.0 million was issued on 27 September 2024 with maturity date of 27 March 2025.

The proceeds raised have been utilised for the general banking working capital requirements and business purposes of Affin Hwang Investment Bank.

Disclosed in accordance with Appendix 9C, Part A, item 13 of the Listing Requirements of Bursa Malaysia.

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

2. AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2024, the total audit and non-audit fees paid or payable incurred for services rendered to the Group and the Bank by the external auditors or a firm affiliated to the external auditors, Messrs. PricewaterhouseCoopers are as follows:

| | The Group | The Bank |
|---|--------------|--------------|
| | RM'000 | RM'000 |
| Audit related services | | |
| • Statutory Audit | 2,516 | 1,525 |
| • Limited Review | 213 | 104 |
| • SORMIC | 18 | 18 |
| Total Audit Services | 2,747 | 1,647 |
| Non-Audit related services | | |
| • Tax Services | 168 | 38 |
| • Red team exercise | 238 | 238 |
| • E-invoicing implementation | 1,280 | 1,280 |
| • Tax advisory on Proposed Proprietary Fund Structure | 55 | – |
| • Tax finalisation for Affin Holdings Berhad | 40 | – |
| Total Non-Audit Related Services | 1,781 | 1,556 |
| TOTAL FEES | 4,528 | 3,203 |

Disclosed in accordance with Appendix 9C, Part A, item 18 of the Listing Requirements of Bursa Malaysia.

3. RECURRENT RELATED PARTY TRANSACTIONS

The Bank did not seek any mandate from its shareholders as required under Paragraph 10.09(2)(b), Part E of Chapter 10 of the Listing Requirements of Bursa Malaysia as the aggregate value of the recurrent related party transactions of a revenue or trading nature entered into by the Affin Bank Group does not exceed the threshold under Paragraph 10.09(1)(a), Part E of Chapter 10 of the Listing Requirements of Bursa Malaysia.

Disclosed in accordance with Paragraph 10.09(2)(b) of the Listing Requirements of Bursa Malaysia.

4. MATERIAL CONTRACTS

There were no material contracts entered into by Affin Bank and/or its subsidiary companies involving the interests of Directors or major shareholders which subsisted at the end of the financial year ended 31 December 2024 or, if not then subsisting entered into since the end of the previous financial year.

Disclosed in accordance with Appendix 9C, Part A, item 21 of the Listing Requirements of Bursa Malaysia.

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The Directors are responsible for ensuring that the Group's and the Bank's annual audited financial statements comply with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the Companies Act 2016, Bank Negara Malaysia's Guidelines, and Bursa Malaysia Securities Berhad's Listing Requirements.

Additionally, they must ensure that these financial statements are accurately prepared based on the Group's and the Bank's accounting records, providing a true and fair representation of their financial position as of 31 December 2023, as well as their financial performance and cash flows for the year.

In preparing the financial statements, the Directors have:

- Considered the relevant approved accounting standards in Malaysia;
- Adopted and consistently applied suitable accounting policies;
- Exercised prudent and reasonable judgment and estimates; and
- Prepared the financial statements on a going concern basis, as they reasonably believe, after due inquiry, that the Group and the Bank have sufficient resources to continue operating in the foreseeable future.

Furthermore, the Directors are generally responsible for implementing reasonable measures to protect the Group's and the Bank's assets, as well as to prevent and detect fraud and other irregularities.



Sustainability Statement

INTRODUCTION

SCOPE: REPORTING COVERAGE & PRINCIPLES

In pursuit of our AX28 transformation goals, AFFIN acknowledges the significant role that sustainability plays in driving innovation, cultivating productive and inspiring work environments, and safeguarding our reputation as a responsible and progressive organisation.

Our Sustainability Statement 2024 offers a comprehensive overview of our sustainability journey, highlighting our achievements, challenges, and performance. We delve into the material issues that significantly impact our business and stakeholders, showcasing our commitment to addressing them responsibly. By reflecting on our strengths and capabilities, we aim to refine our sustainability focus areas and maximise our positive impact and contribution.

This statement encompasses the activities of our three primary business entities—ABB, AIBB, and AHIBB. Consistent with the prior year, the scope has been determined by focusing on areas of our operations that we believe have a significant impact on the economy, the environment, and local communities. It provides an overview of the latest achievements in our ESG-related focus areas, governance, and initiatives for 2024 and is intended to be read in conjunction with our previous statements. We have strived to ensure our report is balanced, comparable, clear, complete, reliable, and accurate. Our previous report was released in March 2024.

Reporting Standards

This report is prepared with the aim of providing our stakeholders with meaningful disclosures to make well-informed decisions. It has been developed according to best practices and standards, adhering to international and local sustainability guidelines and frameworks. These include:

- Bursa Malaysia's Main Market Listing Requirements
- Bursa Malaysia's Sustainability Reporting Guide
- The Global Reporting Initiative (GRI) Standards
- The recommendations of the Task Force on Climate related Financial Disclosures (TCFD)
- The United Nations Sustainable Development Goals (UN SDG)
- The Sustainability Accounting Standards Board (SASB) Standards

Feedback for Continuous Improvement

In our efforts 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 sustainability@affingroup.com.

AFFIN'S SUSTAINABILITY JOURNEY IN A SNAPSHOT

KEY HIGHLIGHTS

FY2023 HIGHLIGHTS

Appointed our **Group Corporate Strategy & Sustainability Officer (GCCSSO)** to drive sustainability integration across the organisation.



Established the **Group Board Sustainability Committee (GBSC)** to enhance oversight and governance of ESG initiatives.



Established our **Sustainability Framework** to guide our efforts in adopting Responsible Banking with Impact practices.

Committed to **30% reduction** in operational emissions by 2030 and achieving Net Zero Carbon by 2050



FY2024 HIGHLIGHTS

Updated the **Group Credit Policy on Sustainable Financing** on the ESG Risk Assessment Template

Established the **Sustainable Finance Framework** to advance our commitment to responsible financing.



Implemented our **Value-Based Intermediation (VBI) Framework** to support the social and green aspects under Responsible Banking with Impact.



Formed a **strategic partnership** with DHL, Klean and Landasan Lumayan. Reinforcing our dedication to environmental stewardship.



Conducted a **Double Materiality Assessment** to better understand and address our economic, environmental, and social impacts.



Initiated the measurement of greenhouse gas (GHG) emissions for Category 6 (Business Travel), Category 7 (Employee Commuting), and Category 15 (Financed Emissions) of Scope 3 emissions, establishing our Scope 3 baseline emissions.



Developed the **Diversity, Equity, and Inclusion (DEI) Framework** to promote a more equitable and inclusive workplace.



Established the **Sustainable & Climate Disclosure Policy** to strengthen transparency and accountability in our sustainability and climate disclosures.



Completed mandatory initiative under Climate Risk Management & Scenario Analysis.



AFFIN'S SUSTAINABILITY JOURNEY IN A SNAPSHOT

KEY RATINGS & AWARDS



Included in the **FTSE4Good Bursa Malaysia (F4GBM) Index**.

In 2024, we achieved our initial inclusion into the FTSE4Good Bursa Malaysia (F4GBM) Index. This prestigious recognition is based on a thorough assessment of the ESG performance of selected companies listed on Bursa Malaysia. Our inclusion has since solidify our commitment to strong corporate governance, sound business practices and sustainable actions.



Received an "A" rating in the 2024 MSCI ESG Ratings assessments.



Honoured with the Green Building Award at the ESG Business Awards 2024, recognising the sustainability of our headquarters, Menara AFFIN in TRX.



Received the National Corporate Governance & Sustainability Awards (NACGSA) 2024 Excellence Award Top 50 from the Minority Shareholders Watch Group (MSWG).



Won "The Best Major Building Project," for Menara AFFIN, TRX, at the Malaysian Construction Industry Excellence Awards (MCIEA) 2024, which was organised by the Construction Industry Development Board (CIDB) Malaysia.



Received the following honours during *The Asset Triple A Islamic Finance Awards 2024*:

- a. Best Islamic Retail Bank in Malaysia
- b. Best Islamic Syndicated Loan – Renewable Energy in Malaysia
- c. Best Sustainability Sukuk – Healthcare
- d. Best Sustainability Sukuk – Healthcare in Malaysia
- e. Best New Sukuk in Malaysia
- f. Best Sukuk – Shipping in Malaysia



Recognised as the Champion for the Life Below Water and Life on Land Award at the ABM 50th Anniversary Celebration CSR Excellence Awards 2024, highlighting our impactful contributions to environmental sustainability.

MEMBERSHIPS & SIGNATORIES

AFFIN has established strategic affiliations with key industry stakeholders to accelerate our sustainability agenda and advance Responsible Banking with Impact. These efforts include active membership in international organisations, industry association and regulatory working groups. This allows us to drive industry-wide collective action and champion initiatives that encourage the adoption of best practices across the region.

Joint Committee on Climate Change (JC3) Sub-Committee



We actively engage with the subcommittees of the Joint Committee on Climate Change (JC3) to keep abreast of the shifting global landscape and emerging sustainability trends.

The Company is also a member of the following subcommittees:

| | |
|-----------------|---------------------------|
| Sub Committee 1 | Sub Committee 2 |
| Risk Management | Governance and Disclosure |

Climate Change and Principle-based Taxonomy (CCPT) Implementation Group

In alignment with our ongoing support for BNM's Climate Change and Principle-based Taxonomy (CCPT), we actively participate as members of the CCPT Implementation Group. Additionally, we serve as one of the leads for the SME Subgroup within the Implementation Group, working to ensure smooth implementation of the policy across all financial institutions.

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 between nine Islamic banks under AIBIM, together with the State Islamic Religious Councils (SIRCs) for waqf initiatives, and aims to generate economic impact for local communities. It places strong emphasis on community and economic empowerment, health, education and waqf investment.

We also engaged in myZakat, an Islamic banking industry initiative led by AIBIM. This initiative promotes a collaborative zakat distribution effort among participating banks. By contributing a portion of the zakat refund received from the State Islamic Religious Councils, the pooled funds are directed to sustainable projects that benefit eligible Asnaf individuals - a community group that is eligible to receive zakat aid collected from Muslims.

United Nations Global Compact Malaysia and Brunei



In 2023, AFFIN joined the United Nations Global Compact Network Malaysia & Brunei (UNGCMYB) as a Participant to enhance our sustainability initiatives in alignment with the United Nations Global Compact (UNGC). Building on this commitment, in 2024, AFFIN collaborate with UNGCMYB on its Sustainability Leaders Pathway programme. This initiative aims to equip our leaders with tailored sustainability development plans, enabling them to champion ESG integration at the highest level of the organisation.

Partnership on Carbon Accounting Financials



The Partnership for Carbon Accounting Financials (PCAF) is a collaboration between financial institutions worldwide to enable harmonised assessments and disclosures of GHG emissions financed by loans/financing and investments.

By participating, we reaffirm our commitment to aligning our business operations with the Paris Agreement. Specifically, we pledge to measure and publicly disclose the GHG emissions associated with our lending/financing and investment activities, starting from the data for the financial year of 2023 onwards. This transparency will enable us to set science-based climate targets and transition our portfolio towards a low-carbon future.

Furthermore, by leveraging technical guidance and insights from this partnership, we aim to closely assess our climate impact and enhance our reporting on emissions.

Value-based Intermediation Community of Practitioners (VBI CoP)



As envisioned by BNM, Value-based Intermediation (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, we play an active role as a member of the VBI CoP by working on the implementation of key components such as the VBI Scorecard, the VBI Assessment Framework (VBIAF) and the VBI Sectoral Guides.

The development of VBI Sectoral Guides is instrumental in promoting responsible financing. These guides, which complement the 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.

SUSTAINABILITY ROADMAP

Our sustainability roadmap underscores our commitments and targets, as outlined in **AFFIN's Sustainability Approach** of this statement. We have established the necessary frameworks and policies to ensure alignment with our AX28 targets.

In the coming years, we shall implement the following initiatives:

1

GHG and Net Zero Carbon Roadmap by the end of 2025

Develop a roadmap to reduce GHG emissions and achieve Net Zero Carbon by 2050.

2

Assurance for 2027 Sustainability Statement/ Report

Obtain independent external assurance for selected indicators in Sustainability Statement/ Report to enhance credibility and transparency.

These initiatives will accelerate our progress towards achieving our targets while strengthening our performance measurement capabilities to ensure the accuracy and reliability of our reporting.

AFFIN'S SUSTAINABILITY LEADERSHIP

MESSAGE FROM CHAIRMAN OF GROUP BOARD SUSTAINABILITY COMMITTEE

Reflecting on our sustainability journey, our commitment to integrating sustainable practices into our operations has never been stronger. 2024 marked significant milestones for AFFIN as we continued to advance our sustainability agenda. A key achievement was our inclusion in the FTSE4Good Bursa Malaysia (F4GBM) Index, a testament to our ongoing efforts and performance across key areas, including sustainability. This inclusion underscores our commitment to transparency and robust ESG practices.

In 2024, we conducted a double materiality assessment, encompassing both financial and impact materiality. This assessment considers the broader social and environmental consequences of the Bank's operations on external stakeholders. This strategic review of our material matters aims to amplify our positive impact and ensure our sustainability efforts align with evolving regulations, stakeholder expectations, and the AX28 strategic plan. By integrating financial and impact materiality, we gain a more holistic understanding of ESG issues, facilitating informed and responsible decision-making. This process has enabled us to prioritise the material matters most relevant to our business and stakeholders, ensuring resources are focused on critical issues and supporting the development of effective sustainability strategies that bolster long-term resilience.

We believe a robust and well-integrated sustainability agenda is essential for creating long-term value for our organisation, our internal stakeholders (including employees, management, and shareholders), and our external stakeholders (such as customers, communities, and partners). This involves a deep understanding and careful consideration of the environmental and social consequences of our operations, ensuring we minimise negative impacts and maximise positive contributions. Our commitment to sustainability seeks to balance economic growth with environmental stewardship and social responsibility, fostering a resilient and thriving future for all.

Looking ahead, I am confident that with the collective efforts of our dedicated team and stakeholders, we will achieve our sustainability objectives and contribute to a more sustainable future. At AFFIN, we believe that sustainable practices are not just a responsibility, but a fundamental driver of long-term value creation. This Sustainability Statement reflects our unwavering commitment to integrating environmental, social, and governance (ESG) factors into every aspect of our business. We are dedicated to building a more sustainable future for our stakeholders, our communities, and the planet.



**EMELIANA DALLAN
RICE-OXLEY**
Chairman Group Board
Sustainability Committee

IRWIN MOHD EUSOFF
Group Chief Corporate Strategy
and Sustainability Officer

MESSAGE FROM GROUP CHIEF CORPORATE STRATEGY & SUSTAINABILITY OFFICER

At AFFIN, sustainability is not just a concept, it's a core value that drives our decisions and actions. We believe that long-term success is inextricably linked to our commitment to environmental stewardship, social responsibility, and ethical governance. This statement reflects our ongoing journey to integrate sustainability into every facet of our operations, creating value for our stakeholders and contributing to a more sustainable future.

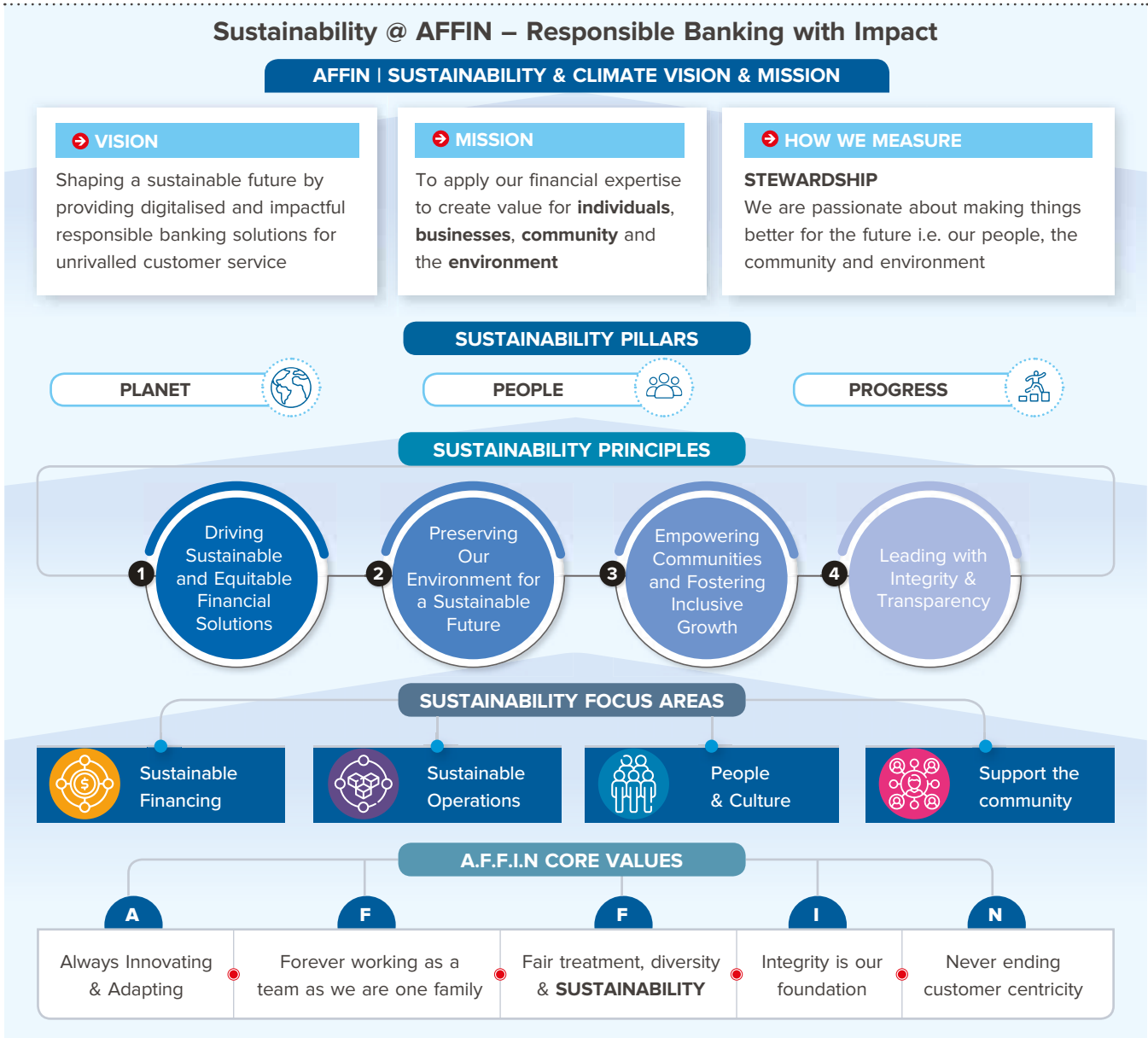
We are pleased to share our progress in embedding sustainability into the heart of our business strategy. While we are proud of the strides we have made, we recognise that our journey is continuous. This statement outlines our achievements, our challenges, and our future commitments as we strive to create a positive impact on the world around us. We are committed to transparency and accountability in our sustainability efforts and look forward to continuing this journey with our stakeholders.



AFFIN'S SUSTAINABILITY APPROACH

SUSTAINABILITY FRAMEWORK, PILLARS, PRINCIPLES AND FOCUS AREAS

Sustainability Framework



In alignment to:



At AFFIN, we recognise our pivotal role in creating a sustainable future. Our AFFIN Sustainability Framework is thus central to our strategic objective of driving Responsible Banking with Impact. Guided by this framework, we provide digitalised and impactful banking solutions to create value for individuals, businesses, local communities, and the environment. Through our efforts, we also empower our clients and stakeholders to embrace change positively.

Sustainability Pillars

At an overarching level, our sustainability efforts are anchored by three overarching pillars: Planet, People, and Progress.







Sustainability Principles

Our pillars are guided by four core principles, ensuring that our actions are closely linked to meaningful outcomes. These principles embody AFFIN’s commitment to embedding sustainability into every aspect of our business operation and decision-making processes.

| | | | |
|---|---|--|---|
| <p>Principle 1</p> <p>Driving Sustainable & Equitable Financial Solutions</p> | <p>Principle 2</p> <p>Preserving our environment for a sustainable future</p> | <p>Principle 3</p> <p>Empowering communities and fostering inclusive growth</p> | <p>Principle 4</p> <p>Leading with integrity & transparency</p> |
| <p>➤ We are committed to driving meaningful transformation in the finance industry by demonstrating how sustainable and equitable practices can deliver superior outcomes for both people and the planet.</p> | <p>➤ By embedding the principles of environmental preservation into every aspect of our operations—from sourcing materials responsibly to reducing our carbon footprint—we believe that our actions today can support the building of a sustainable future.</p> | <p>➤ We empower inclusive growth and champion diversity, equity and inclusion to cultivate a socially conscious environment and foster a sense of shared responsibility.</p> | <p>➤ We believe that integrity and transparency are essential for the creation of long-term value for our stakeholders as these principles drive responsible growth and innovation.</p> |

Sustainability Focus Areas

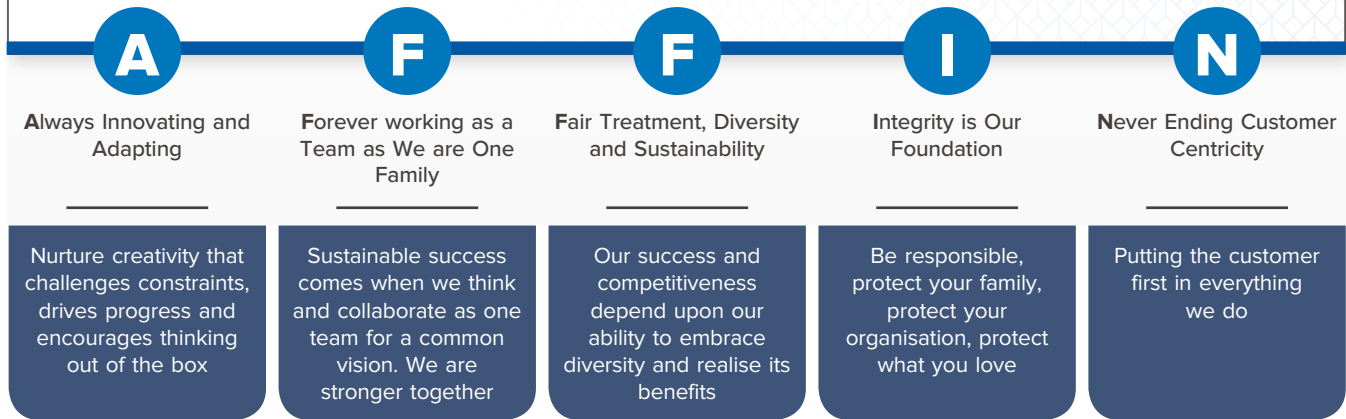
Our four key focus areas aligns with our most material matters, which collectively serve as the foundation of this report. These focus areas guide the implementation of our sustainability efforts, linking our actions to desired outcomes and reflecting AFFIN’s commitment to embedding sustainability principles into every aspect of our operations.

| | |
|--|---|
| <p>SUSTAINABLE FINANCING</p>  | <p>➤ To drive the transition to a sustainable economy by providing sustainable products and financing support to customers.</p> |
| <p>SUSTAINABLE OPERATIONS</p>  | <p>➤ To minimise the negative environmental and social impacts of our operations while maintaining economic viability.</p> |
| <p>PEOPLE & CULTURE</p>  | <p>➤ To create a diverse, inclusive, and sustainability-focused organisation united by shared values across all levels.</p> |
| <p>SUPPORT THE COMMUNITY</p>  | <p>➤ To reach out and share prosperity with local communities, improving the livelihoods of their residents through impactful Corporate Social Responsibility (CSR) activities.</p> |

AFFIN'S SUSTAINABILITY APPROACH

AFFIN CORE VALUES

The four key focus areas are underpinned by our AFFIN Core values, which serve as the bedrock of our Sustainability Framework. These values ensure that our sustainability initiatives are aligned with our overall business objectives and that we operate in a responsible and ethical manner:



SUSTAINABILITY COMMITMENTS

Our sustainability commitments reflect our dedication to investing for our planet, people, and products while supporting stakeholders' goals in line with our Sustainability Principles and Focus Areas. With that, our current primary commitments are as listed below:

| | | |
|--|---|---|
| <p>Achieve a 25% target for sustainable financing within our overall loan/financing portfolio by 2028.</p> | <p>Reduce operational emissions (Scope 1 and 2) by 30% by 2030 and achieve Net Zero Carbon by 2050.</p> | <p>Enhance societal well-being through impactful CSR activities that improve livelihoods.</p> |
|--|---|---|



In addition, these targets further align our objectives with the UN-SDGs.

Sustainability Targets

Our sustainability commitments are translated and monitored through a set of robust value-creation indicators, which include quantitative targets, where feasible, and qualitative commitments for the remaining indicators. These targets are aligned with national priorities, UN SDGs, and industry benchmarks.

| Key Performance Indicator | % of Environment & Social Financing/Loans against total loan/financing portfolio |
|--|---|
| <p>Our performance over providing sustainable finance in 2024 shows a healthy improvement, in which our portfolio contributed to 10.56% in 2024.</p> <p>The result indicates that we are taking gradual but committed steps to promote sustainability through our offerings, i.e., either by requiring our customers to commit to more sustainable practices or to promote and educate our stakeholders on sustainability awareness at the very least.</p> <p>Related UN SDGs</p> | <p>Commitments</p> <p>25% of Sustainable Finance against total loan/financing portfolio by 2028</p> <p>FY2024 Performance</p> <p>10.56% Sustainable Finance</p> |

| Key Performance Indicator | Reduction tonnes of operational emissions (Scope 1 and 2) |
|--|---|
| <p>We managed to achieve a total reduction of 7,024.23 tonnes of CO₂e (carbon dioxide equivalent) emissions in 2024.</p> <p>As we acknowledged that the reduction is largely due to the procurement of Renewable Energy Certificates (RECs), such actions will allow us to contribute indirectly to reducing emissions while we prepare to embark on more effective ways to reduce our emissions throughout the organisation.</p> <p>Hence, in line with said commitment, we are currently developing a new roadmap for operational emissions reduction which is aligned with our expansion plans, focusing in Sarawak, Penang and Johor.</p> <p>Related UN SDGs</p> | <p>Commitments</p> <p>Achieve a 30% reduction in operational emissions by 2030</p> <p>FY2024 Performance</p> <p>7,024.23 tCO₂e against 2022 baseline</p> |

Key Performance Indicator Established baseline for Scope 3 emissions (Categories 6, 7, and 15) Related UN SDGs  

We have established the baseline for Scope 3 emissions (Categories 6, 7 and 15) in 2024. By embarking this, it will help to advance the Bank’s decarbonisation and sustainability journey. Similarly, it also allows an entity like AFFIN to be conscious of all its source of emissions prior to strategising on effective emissions reduction plan.

- For more details on this, please refer to Sustainable Financing & Sustainable Operation section

FY2024 Performance

Ongoing

Commitments

Achieve Net Zero Carbon by 2050

Key Performance Indicator Numbers of beneficiaries from CSR activities per annum Related UN SDGs   

With our CSR activities in 2024, we reached the lives of 116,833 beneficiaries in 2024. This milestone reflects our deep commitment to enhance the wellbeing of the communities we serve, fostering sustainable development.

This indicate that our programmes and activities are bringing better value and engaging with more well-diversified communities through initiatives that promote Environmental, Economic and Social wellbeing, while addressing the diverse needs of stakeholders.

FY2024 Performance

116,833 beneficiaries in proximity

Commitments

Improve the livelihood of society through impactful CSR activities

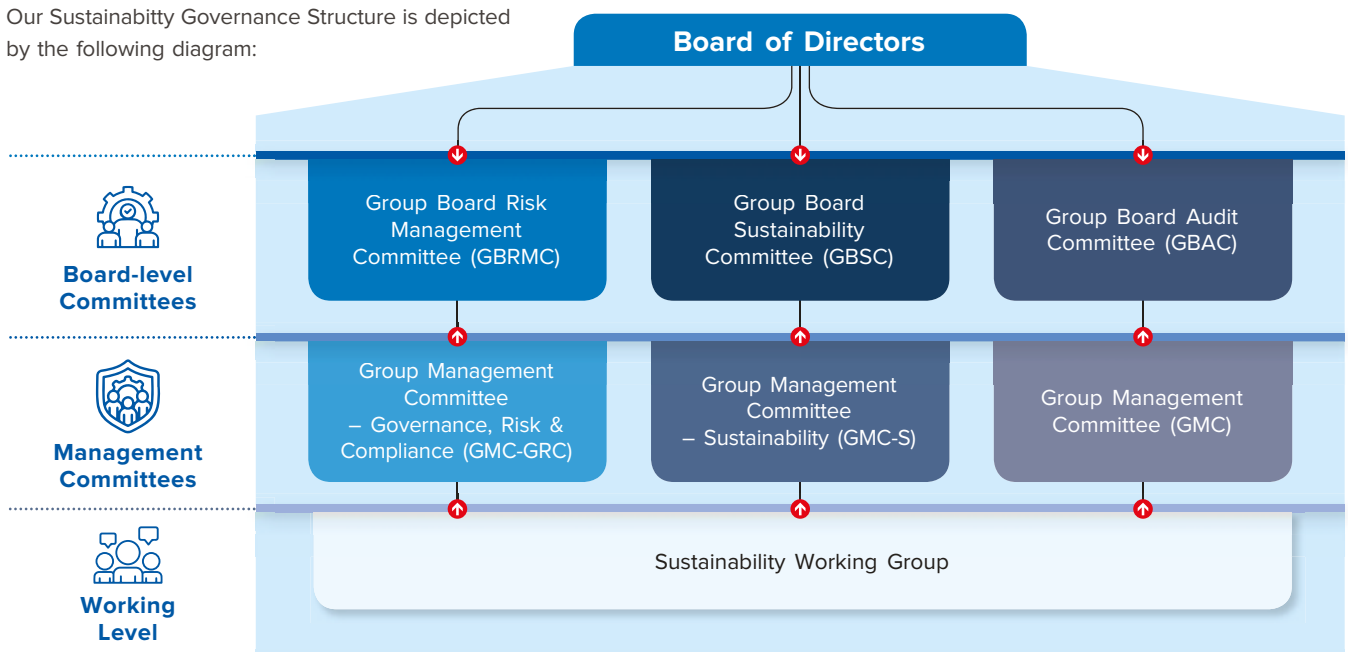
SUSTAINABILITY GOVERNANCE

Our sustainability governance is a structured approach to embed sustainability into every facet of the Bank’s operations. AFFIN’s commitment to sustainability is anchored by a robust governance structure that aligns with best practices and regulatory standards, enabling us to execute our strategies effectively.

By fostering collaboration and leveraging diverse expertise, we are well-positioned to navigate the evolving sustainability landscape and drive a just and responsible transition to a low-carbon future, whilst meeting the expectations of our stakeholders.

SUSTAINABILITY GOVERNANCE STRUCTURE

Our Sustainability Governance Structure is depicted by the following diagram:



AFFIN'S SUSTAINABILITY APPROACH

Sustainability governance at AFFIN is overseen by the Board of Directors, which bears responsibility for the Bank's strategic direction and performance on sustainability matters. The Board delegates specific oversight functions to key committees:

Group Board Sustainability Committee (GBSC):

Responsible for providing strategic guidance and oversight to the bank's sustainability strategy, including setting targets, monitoring progress, and assessing material sustainability risks and opportunities.

Group Board Risk Management Committee (GBRMC):

Oversees the identification, assessment, and mitigation of sustainability-related risks, including climate risk, and the integration of these considerations into the bank's overall risk management framework.

Group Board Audit Committee (GBAC):

Ensures the integrity of the bank's sustainability reporting and oversees the independent assurance of sustainability-related data and disclosures.

The Group Management Committee, through its Sustainability Committee (GMC-S), is responsible for the day-to-day implementation of the Bank's sustainability strategy, ensuring alignment with the Board's strategic direction and overseeing the achievement of sustainability objectives. A dedicated Sustainability Working Group, comprising representatives from various departments across the bank, supports the Management in the development and implementation of sustainability initiatives, providing operational expertise and driving cross-functional collaboration. Our Group CEO and the relevant top management have sustainability KPIs integrated into their scorecards. These scorecards, which reflect our key sustainability priorities, directly influence bonus pool funding and, consequently, executive and employee compensation.

We adopt the Three Lines of Defence (3LOD) model in implementing our Group Risk Management Framework (GRMF), which outlines the functional segregation and key roles and responsibilities of our independent oversight function as well as for the business and support units within AFFIN. This highlights our ability to provide targeted supervision to our sustainability strategies as well as to enhance internal and external processes to be more sustainability-aligned.

STAKEHOLDER ENGAGEMENT


Our ability to create long-term shared value is built upon the trust of our stakeholders, who are at the heart of our sustainability journey. Through our materiality assessment process, we have identified nine (9) key stakeholder groups critical to the success, growth and resilience of our business and operations. These stakeholders are engaged actively by us to gather valuable feedback for us to understand and address their evolving needs and expectations.

We further categorised our key stakeholders into four groups to better reflect their impact and influence on our businesses, as per the mapping below.

AFFIN's Stakeholder Matrix



In addition, the table below details how we engage with our stakeholders, our frequency of engagement, our stakeholders' objectives, and how we respond to these objectives.



Customer

Frequency: **Daily/Annually**

How We Engage


- Annual and post-interaction surveys.
- Frontline channels, including call centres, branches and social media.
- Complaints and feedback mechanisms.
- Relationship Managers.

Objectives for Stakeholders

- Enhance customer experience with fast, simple, secure, and convenient real-time banking services.
- Educate customers on market risks, fraud and scams, while also implementing robust prevention measures.
- Ensure the reliability and performance of digital platforms.
- Prioritise data privacy and cybersecurity to safeguard customer information.
- Maintain transparent and fair business relationships with all stakeholders.

How We Responded

- Enhanced customer experiences through personalised solutions.
- Accelerated digital transformation for seamless and convenient banking.
- Continuously innovated to meet evolving customer needs.
- Ensured fair and ethical treatment for all customers.



Employees

Frequency: **Daily/Annually**

How We Engage


- Department meetings.
- Performance reviews and regular check-ins and surveys.
- Feedback platforms, including Yammer, an employee communication platform.
- Employee engagement and appreciation events.

Objectives for Stakeholders

- Support for staff physical and mental well-being.
- Create a conducive and inclusive working environment.
- Greater flexibility for performing daily functions with technology tools and arrangements that enable seamless remote work.

How We Responded

- Prioritised employee well-being and work-life balance.
- Promoted a diverse, equitable and inclusive workplace.



Business Partners

Frequency: **Quarterly/Annually**

How We Engage

- Meetings.
- Webinars/Seminar.
- Workshops.

Objectives for Stakeholders

- Develop the Group business strategy and identify key strategic priorities.
- Organise engagement initiatives to enable collaborative efforts.

How We Responded

- Build mutually beneficial partnerships to support the transition to a low-carbon economy.
- Forged strategic collaborations with key industry partners to drive the low-carbon transition.

AFFIN'S SUSTAINABILITY APPROACH



Government and Regulators

Frequency: **Quarterly/Annually**

How We Engage

- One-on-one meetings.
- Participation in industry initiatives, such as the Joint Committee on Climate Change (JC3) and its subcommittees.

Objectives for Stakeholders

- Cultivate an ethical, risk-aware culture that ensures regulatory compliance.
- Uphold laws and regulations, manage cyber risks, and promote monetary and financial stability, professional conduct and fair treatment of financial consumers.

How We Responded

- Strengthened climate risk management to ensure long-term sustainability.
- Developed a climate strategy to reduce carbon and invest in renewable energy.
- Maintained strong corporate governance and ethical business practices to build stakeholder trust.



Shareholders and Investors

Frequency: **Quarterly/Annually**

How We Engage

- Quarterly financial results briefings.
- Investor roadshows.
- One-on-one investor engagements.
- Annual General Meetings.
- Meetings with ESG and credit rating agencies.

Objectives for Stakeholders

- Implement sustainability practices and disclosures.
- Integrate sustainability considerations into lending/financing and investment practices.

How We Responded

- Provide guided disclosures on company strategy and growth initiatives.
- Issue quarterly results announcements, quarterly analyst briefings and press statements.
- Engage continuously with relevant stakeholders
- Respond promptly to queries and shareholder feedback.
- Disclose sustainability and governance practices in the annual report, company presentations and website.



Vendors

Frequency: **Quarterly/Annually**

How We Engage

- Procurement processes.
- Performance evaluations.
- Seminars and conferences.

Objectives for Stakeholders

- Policies and guidelines for vendor criteria, including sustainable procurement practices.
- User-friendly e-procurement system.
- Privacy and confidentiality of contracts and business arrangements.

How We Responded

- Conducted guidance and knowledge-sharing sessions with suppliers.
- Continuously refine the e-procurement system.
- Incorporated confidentiality clauses in contracts and provide ongoing reassurance to suppliers.



Communities Non-Governmental Organisations (NGOs)

Frequency: **Quarterly/Annually**

How We Engage

- Engagement with non-governmental organisations (NGO).
- One-on-one meetings.
- Community partnerships.
- Donations and sponsorships.
- Employee volunteer activities.

Objectives for Stakeholders

- Maximise the positive impact of community initiatives to build a sustainable future for all.
- Support programmes that address unemployment, improve financial literacy and empower disadvantaged communities.

How We Responded

- Empowered the community through financial inclusion.
- Lowered barriers to capital for SMEs through digital solutions for efficient loan/financing applications and approvals, complemented by a social empowerment programme to support MSMEs.



Analysts/Rating Agencies

Frequency: **Annually**

How We Engage

- Quarterly and annual financial results announcements.
- Meetings and briefings with analysts and fund managers.
- Periodic meetings and discussions.

Objectives for Stakeholders

- Financial performance, capital structure, asset quality and liquidity.
- Updates on the Group’s sustainability journey and the financial impact of ESG risks and opportunities.
- Corporate governance practices.
- Revenue growth and strategic thrust of the Group.

How We Responded

- Regularly engaged with analysts to share updates on the Group’s financial performance.



Media

Frequency: **Quarterly**

How We Engage

- Events.
- Media releases.
- Interviews.
- Engagements.

Objectives for Stakeholders

- Announcements of Senior Appointments.
- Updates about products, services and innovations.
- Business strategies, progress and key achievements.

How We Responded

- Regularly engaged with various media outlets to provide updates on the Group’s financial and business performance.

AFFIN'S SUSTAINABILITY APPROACH

MATERIALITY ASSESSMENT

In 2024, AFFIN undertook a double materiality assessment involving the participation of over 2,000 internal and external stakeholders through online surveys and other various engagement methods. This two-pronged approach evaluated both impact materiality and financial materiality to identify the most significant sustainability issues. This approach allows us to not only evaluate factors affecting financial performance and shareholder value, but also consider an outward-looking perspective which evaluates how our actions contribute to or detract from environmental and social well-being. The findings enable us to prioritise sustainability matters relevant to our business and stakeholders, ensuring we allocate resources effectively, develop impactful sustainability strategies, and enhance our long-term resilience.

Building on our previous materiality assessment, we reviewed and updated our material topics to ensure their alignment with key ESG standards and industry trends. This assessment considered recent updates to sustainability reporting standards, including GRI and SASB. Additionally, we benchmarked our material topics against the AFFIN Sustainability Framework and peer materiality assessments. To further align with Bursa Malaysia's enhanced sustainability reporting requirement, we incorporated the common sustainability matters that were identified. We will continue to review our sustainability issues on bi-annual basis.

The double materiality assessment was conducted using a multi-faceted method that involves four (4) key steps:

1 IDENTIFICATION OF MATERIAL MATTERS

We compile a preliminary list of material sustainability matters that align with AFFIN's operating context and environment, leveraging the guidance of:



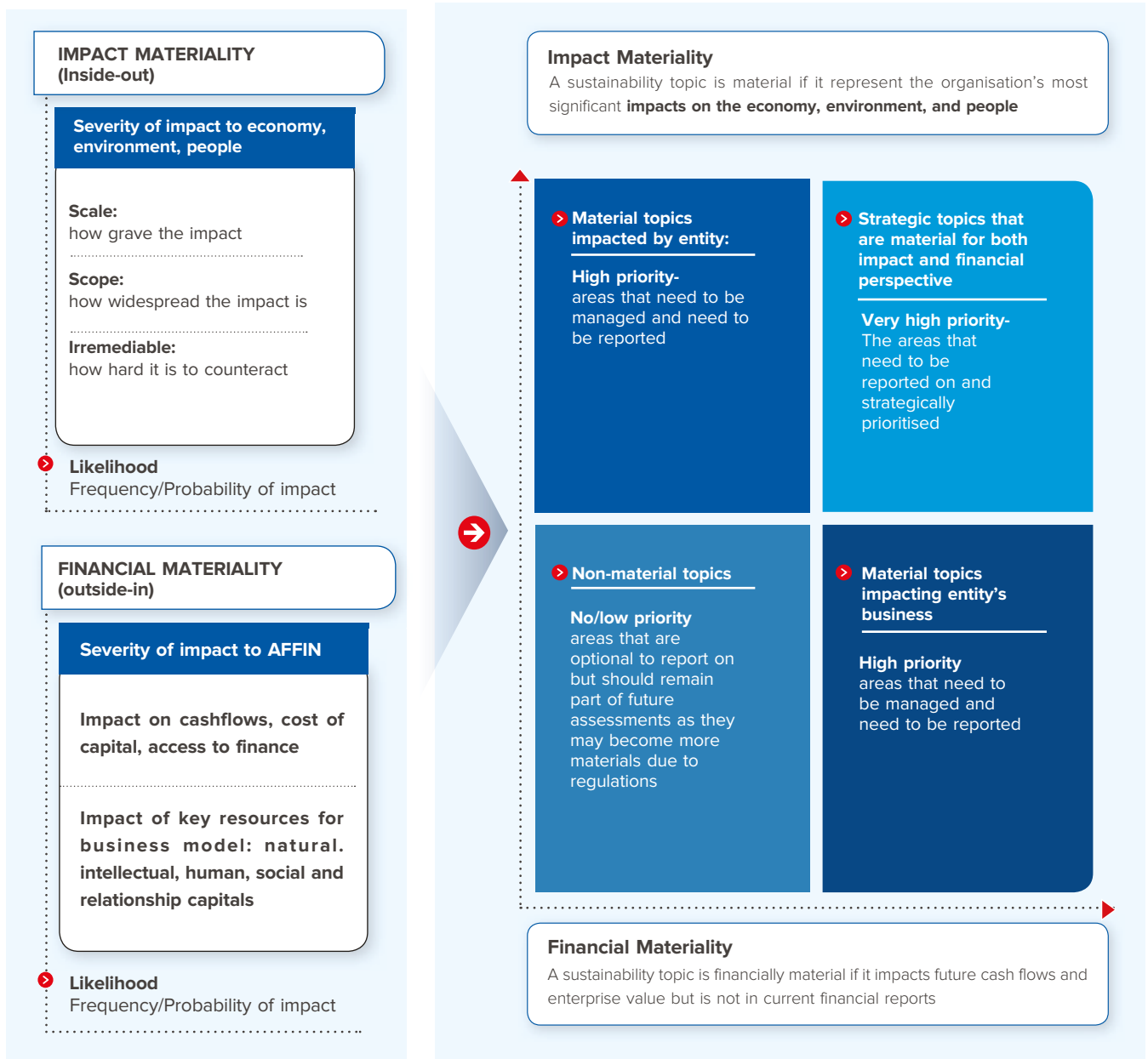
2 STAKEHOLDER IDENTIFICATION AND ENGAGEMENT



We identify key stakeholder groups to engage during the materiality assessment exercise to understand their concerns and expectations regarding AFFIN's sustainability impacts.

3 ASSESSMENT AND PRIORITISATION OF MATERIAL MATTERS

- a) We engage with identified key stakeholder groups to refine and prioritise the preliminary list of material matters through workshops, online surveys, feedback from the Annual General Meeting (AGM), rating agency reports and meetings with various stakeholders.
- b) Based on stakeholder input, we prioritise material matters by conducting an impact and likelihood assessment that:
 - Evaluates the likelihood and magnitude of financial impacts from external risks and opportunities on our business and value chain for each identified material matter (outside-in).
 - Assesses the likelihood and magnitude of our impact on the economy, people, and environment for each identified material matter (inside-out)

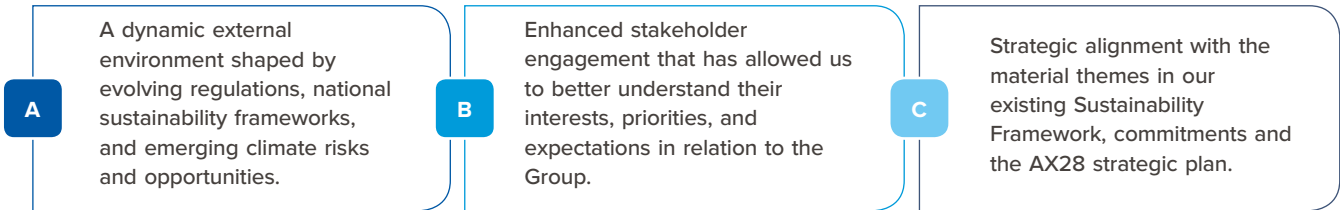


AFFIN'S SUSTAINABILITY APPROACH

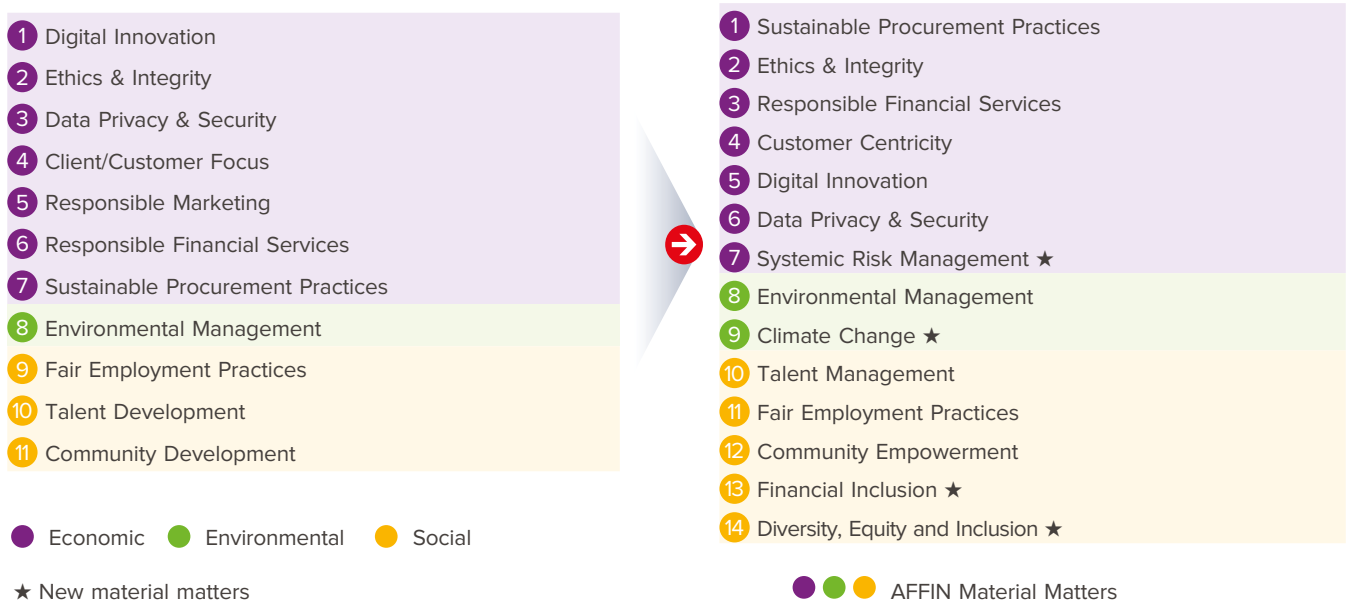
4 CONSOLIDATION AND VALIDATION OF THE RESULTS

The outcome of our materiality assessment is submitted to the relevant governing bodies for validation and approval, namely the GMC, GBSC and ultimately Board of Directors.

From the abovementioned assessment, we decided to restructure our material matters in order to be aligned with the evolved expectations of our stakeholders as well as due to other contributing factors as noted below:



Recognising our stakeholders' feedback alongside other key factors as well as benchmark made against peers and industry best practices, our material matters were increased to fourteen (14) for 2024. This marked an increase from the earlier eleven (11) identified in 2020.



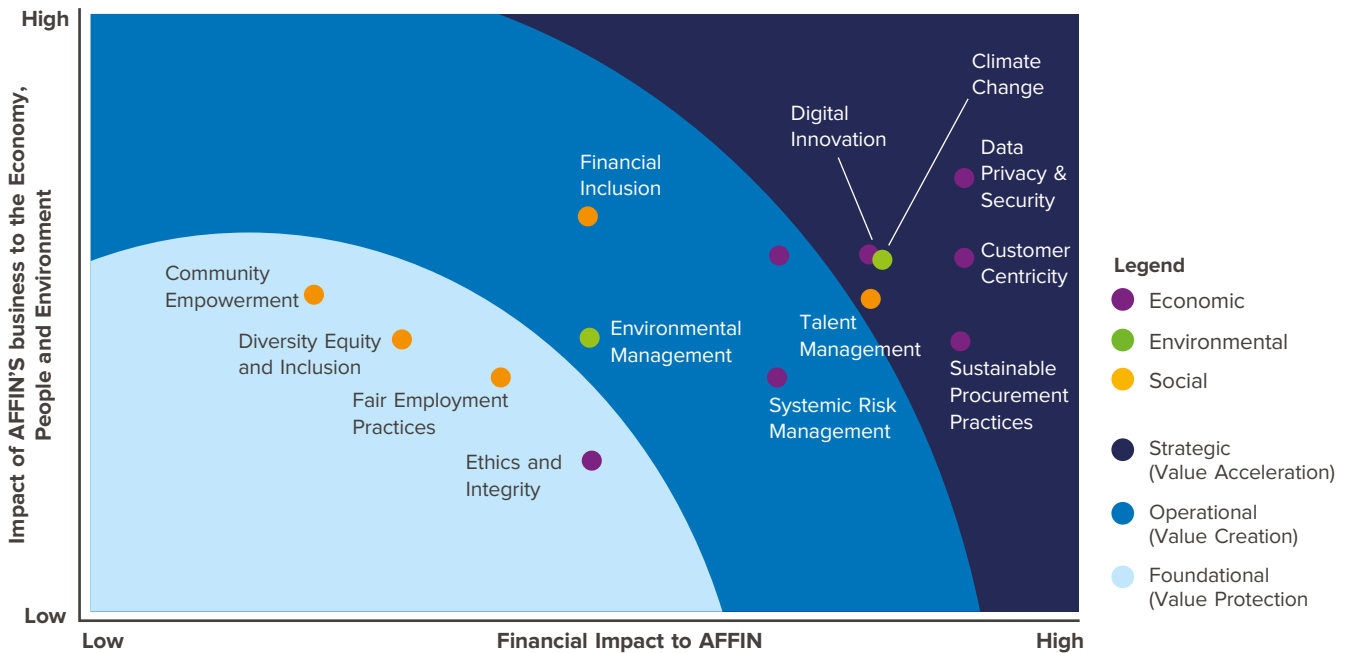
For the new material matters included and the revisions made to existing ones, the following table reflect our rational behind the process:

| Updated Material Matters | Remarks |
|--------------------------|---|
| Climate Change ★ | <p>The addition of Climate Change as a new material matter reflects both our significant impact on the climate through our financing activities and the potential financial risks to our business from climate-related events. Our assessment revealed that continued financing of high-carbon industries could significantly hinder global climate goals, while physical and transition risks could lead to financial losses and operational disruptions.</p> <p>Growing concerns from stakeholders and Malaysia's commitment to carbon neutrality have further emphasised the importance of addressing climate change. This has led us to strengthen the integration of climate considerations into our overall business strategy via our focus on sustainable finance and our commitment to achieving Net Zero Carbon by 2050.</p> |

| | |
|--|--|
| Community Empowerment | Renamed “Community Development” to “Community Empowerment” and expanded its scope to reflect the Group’s commitment to empowering communities. |
| Customer Centricity | Renamed “Customer/Customer Focus” to “Customer Centricity”, to reflect our emphasis in maintaining customer satisfaction by continuously improving services, addressing evolving customer needs and implementing initiatives designed to elevate customer experience. |
| Diversity, Equity and Inclusion ★ | The addition of Diversity, Equity, and Inclusion (DEI) as a new material matter reflects the growing recognition of DEI as a critical factor towards ensuring our long-term success. We recognise that a diverse and inclusive workforce fosters creativity, innovation, and improved decision-making. This in turn enhance our employee engagement, reduce turnover, and strengthening our position as an attractive employer. |
| Financial Inclusion ★ | The addition of Financial Inclusion as a new material matter recognises our significant role at contributing to the underserved communities through our products and services. A lack of financial inclusion can exacerbate inequality, limit economic opportunities, and hinder community financial well-being. Consequently, we are strengthening our commitment to financial inclusion by providing access to banking as well as financial literacy programmes for underserved communities, including low-income individuals and rural populations. |
| Systemic Risk Management ★ | The addition of Systemic Risk Management as a new material matter reflects the interconnectedness of the financial system and the potential for significant disruptions arising from systemic events. Our objective is to remain resilient against such events, including the ability to withstand impacts from financial and economic crises while complying with evolving regulatory frameworks. |
| Talent Management | Renamed “Talent Development” to “Talent Management” to reflect the broader scope of activities involved in managing our human capital. |
| Responsible Financial Services | To reflect a more holistic approach to responsible business conduct, “Responsible Marketing” was combined into a broader category Responsible Financial Services. This combined material matter now includes responsible marketing practices, fair customer treatment, and the ethical delivery of all financial products and services. |

MATERIALITY MATRIX

The comprehensive materiality assessment process as outlined above led to the development of our revised materiality matrix. The matrix provides a visual representation of our most significant material matters based on its importance to our stakeholders as well as its potential impact on our business activities.



Our materiality matrix established in 2024 as shown above depicts the positioning of our fourteen (14) material matters according to their financial impact on AFFIN (x-axis) and the impact of AFFIN's business on the economy, people, and environment (y-axis).

These matters have been further classified under three categories – Strategic (Value Acceleration), Operational (Value Creation), and Foundational (Value Protection) – to enhance strategic alignment between sustainability initiatives and overall business objectives. The table below provides definitions for the three categories.

AFFIN'S SUSTAINABILITY APPROACH

Foundational (Value protection)

Consistently managed areas that **protect the company's existing value and maintain operational continuity** through well-established policies and practices, thereby aligning with traditional risk management and prioritising regulatory and compliance

Operational (Value creation)

Sustainability matters that are integrated into operations that **create value** by enhancing efficiency, reducing risks, and improving stakeholder relations

Strategic (Value acceleration)

Forward-looking matters that can **accelerate the company's growth and leadership**, driving innovation, competitive advantage, and large-scale impact



ROLES IN DOUBLE MATERIALITY

Focuses on ensuring the organisation **meets baseline expectations and avoids negative impacts**

Supports day-to-day operations while contributing to financial and sustainability goals

Positions the organisation as a key player in sustainability, **unlocking future opportunities and driving transformation**



ALIGNMENT TO STRATEGY, INITIATIVES AND TARGETS

STRATEGY



Maintain the current strong foundations and ensure compliance

- Focus on embedding into operational processes and enhancing the overall resilience of the business

Forward looking strategy

- Focus on driving growth and positioning the company as a key player in sustainability

INITIATIVES



Sustain existing initiatives that deliver reliable results and maintain compliance with regulatory or industry expectations

Prioritise actionable initiatives.

- Streamline processes, mitigate risks, and deliver tangible efficiency improvements

Involve multiple high-impact initiatives

- Foster innovation, and capitalise on emerging opportunities

TARGETS



Maintain consistent performance and ensuring no disruptions in meeting baseline standards or compliance requirements

Emphasise on efficiency in operations

- Achieve operational efficiency, minimise risks, deliver measurable improvements in cost savings, productivity, and stakeholder satisfaction

Forward-looking targets

- Aligned with capturing new opportunities and driving transformational change

Our material matters established in 2024 are aligned with our AX28 strategy, as outlined below:

| Key Outcome | Analysis of Material Matters |
|---|---|
| <p>High Priority Matters where AFFIN's impact has changed</p> <ul style="list-style-type: none"> Sustainable Procurement Practices | <p>Sustainable Procurement Practices has been elevated from a medium to a high priority matter since the last assessment due to a shift in stakeholder priorities and the greater impact that sustainable procurement practices have on AFFIN, especially as we undergo a comprehensive digital transformation.</p> <p>AFFIN's innovation strategy is heavily reliant on its suppliers, particularly those providing cutting-edge digital and technology solutions, making sustainable procurement crucial for several reasons. It helps mitigate potential risks associated with vendor relationships, ensures compliance with evolving regulations, and enables AFFIN to thrive in the rapidly changing digital landscape.</p> <p>By prioritising sustainable procurement, AFFIN can ensure responsible sourcing, optimise costs, and foster long-term, mutually beneficial partnerships with key technology providers.</p> |
| <p>New Matters of Priority</p> <ul style="list-style-type: none"> Climate Change Systemic Risk Management Financial Inclusion Diversity, Equity, and Inclusion (DEI) | <p>Climate Change, Systemic Risk Management, Financial Inclusion, and DEI have become key priorities for financial institutions due to their significant organisational impact and importance to the environment and society.</p> <p>Climate change has increasingly affect AFFIN's financial performance and customer base, requiring effective risk management.</p> <p>Systemic risk management now includes non-financial risks like climate risk, demanding a holistic approach to identify and mitigate complex risks.</p> <p>Financial inclusion initiatives aim to improve financial literacy and access, contributing to economic stability and creating new market opportunities.</p> <p>DEI is recognised as crucial for organisational success, fostering innovation, improving customer service, and attracting talent.</p> <p>These material matters are integrated into AFFIN's operations, contributing to financial and sustainability goals by enhancing efficiency, improving stakeholder relations, and mitigating risks. This is reflected in AFFIN's focus on Responsible Financial Services, Environmental Management, and Talent Management, which are linked to the Group's Sustainability & Division KPIs.</p> |
| <p>High Priority Matters with minimal change to AFFIN's impact</p> <ul style="list-style-type: none"> Data Privacy & Security Digital Innovation Customer Centricity | <p>Based on the latest assessment, Data Privacy and Security, Digital Innovation, and Customer Centricity continue to be high priority matters due to their consistent presence within our operations and the significant impact they can influence.</p> <p>With consideration to the nature of our business, we are conscious of the need to adapt and capitalise on the latest technologies to enhance our product and services. Thus, this adaptation, must be balanced with a strong commitment to data privacy and security to maintain trust and confidence among our customers.</p> |

AFFIN'S SUSTAINABILITY APPROACH

OVERVIEW OF OUR MATERIAL MATTERS

Our identified material matters represent the key issues that are most critical to our business strategy and stakeholder interests. To enhance our practices across these matters, we develop targeted approaches that enable us to minimise associated risks and seize opportunities to generate sustainable value for our stakeholders, as highlighted in the table below.

SUSTAINABLE FINANCING



RESPONSIBLE FINANCIAL SERVICES

Our Approach

- Integrating ESG considerations into every stage of decision-making process for green financing.
- Ensuring transparency and clarity in marketing materials.
- Assessing the suitability and appropriateness of transactions when providing advice to customers, while also supporting customers' sustainability needs through our financial offerings.

Importance

- Responsible financial services are critical to ensuring the resilience, prosperity, and stability of the global and regional financial ecosystems.
- By embracing this material matter, we can unlock growth in new market segments and forge deeper customer partnerships.
- Through this, we are able to create shared value with our customers and other stakeholders, enabling us to achieve our business objectives while contributing to sustainable growth.

Associated Risks

- Potential conflicts of interest with stakeholder expectations, as ESG products may be less profitable than traditional financial offerings.
- Risk of being perceived as overstating ESG integration or inaccurately presenting our financial products as responsible or sustainable.

Opportunities

- Promote sustainable business growth by incorporating sustainability factors into financial decisions, ensuring the long-term viability of investments.
- Leverage the growing demand for sustainable financial products from both institutional and retail investors.

Impact to AFFIN (Outside-In)

Positive

- ESG-aligned investments enhance risk management, promote long-term financial resilience and reduce volatility.
- Capture new investment flows and expand the financial intermediation business.

Negative

- Uncertain financial returns from responsible lending/financing or investment practices, as these services may yield lower-than-expected profitability, potentially resulting in losses.
- Reputational damage could erode customer trust, lead to customer attrition, and attract penalties or lawsuits, resulting in significant financial and legal consequences.

Impact to Economy, Environment, People (Inside-Out)

Positive

- Promote the development of green technologies, ethical businesses and responsible governance, to stimulate innovation and economic growth in sectors aligned with global sustainability goals.
- Channel capital into green industries such as renewable energy, sustainable agriculture and green infrastructure, fostering economic growth, creating diverse job opportunities and contributing to a sustainable future for all.

Negative

- ESG-focused investments may sometimes underperform compared to traditional investments. If these products fail to meet return expectations, it could result in slower economic growth and diminished investor interest in ESG markets.

LINKS TO

Our Key Stakeholders:



Relevant Bursa in Common Sustainability Matters:

Anti-Corruption

Strategic Thrusts Impacted:



UN SDG:



SUSTAINABLE FINANCING



CLIMATE CHANGE

Our Approach

- Undertaking initiatives to achieve a 30% reduction in operational emissions (Scope 1 & 2) by 2030, compared to 2022 baseline, paving the way to our goal of net zero carbon by 2050.
- Ensuring effective stewardship of GHG emissions including the comprehensive management of climate-related risks and opportunities.

Associated Risks

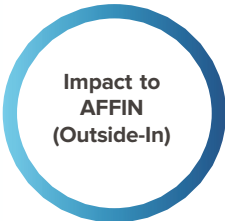
- Failure to address significant physical and transition risks, including mitigation and adaptation efforts, can impact our reputation and compliance.

Importance

- Climate-related events such as adverse weather affect us and our stakeholders financially. Nevertheless, as a financial institution, we have a role to play in encouraging sustainable financing and catalysing Malaysia's transition to a low-carbon economy.

Opportunities

- The ability to develop innovative and enhanced sustainability-focused products and solutions will enhance our competitiveness.



Positive

- Supporting a diverse range of customers in their transition to net zero by offering tailored guidance, financial solutions and resources to facilitate sustainable practices and carbon reduction efforts.
- Enhancing long-term financial stability by reducing exposure to high-risk sectors, protecting assets from physical climate risks and mitigating credit and regulatory risks.
- Contribute to AFFIN's target of achieving a 30% reduction in operational emissions by 2030.

Negative

- Possible increase in costs associated with transitioning to a low-carbon economy.
- Risk of financial losses and reduced market competitiveness due to exposure to high-risk assets affected by climate-related events.
- Insufficient adaptation efforts may result in operational disruptions to physical infrastructure (e.g. branches, data centres) due to climate-related events.



Positive

- Supporting the financing of green technologies, renewable energy and energy-efficient infrastructure accelerates the transition to a low-carbon economy.
- Proactive climate risk management helps reduce the economic costs associated with climate-related disasters, such as insurance claims, property damage and business disruptions.
- Contributes to national and global efforts to reduce the environmental footprint.

Negative

- Continued financing of industries that fail to transition to sustainable business models contributing to increased carbon footprint, impeding global climate goals.
- Financial losses from loan/financing defaults, stranded assets and operational disruptions could lead to economic instability, resulting in credit shortages, reduced lending/financing capacity and slower economic growth.

LINKS TO

Our Key Stakeholders:



Relevant Bursa in Common Sustainability Matters



Strategic Thrusts Impacted:



UN SDG:



AFFIN'S SUSTAINABILITY APPROACH

SUSTAINABLE FINANCING



SYSTEMIC RISK MANAGEMENT

Our Approach

- Managing our contributions and safeguarding our business against systemic risk.
- This includes our ability to withstand impacts from financial and economic crises while complying with stricter regulations.

Associated Risks

- Failure to manage systemic risks or meet short-term liabilities and liquidity requirements.

Importance

- Mitigating systemic risks is essential to building a strong and resilient financial foundation.
- By proactively addressing both immediate and long-term threats, we safeguard our business and ensure its long-term stability.

Opportunities

- Managing the risks related to systemic stresses often requires technological infrastructure upgrades for more sophisticated risk modelling and compliance reporting, thus driving banks to innovate.

Impact to AFFIN (Outside-In)

Positive

- Increased resilience to economic shocks, helping to avoid significant financial disruptions and ensure continuity of the bank's operations.
- Enhanced operational efficiency through the adoption of advanced analytics.
- Greater investor and stakeholder trust fostered by offering more secure and reliable services could attract more capital.

Negative

- Potential penalties, reprimands from regulatory bodies and legal costs could significantly impair profitability and financial stability.
- Operational disruptions, such as transaction settlement failures could result in customer dissatisfaction and a loss of investor confidence.

Impact to Economy, Environment, People (Inside-Out)

Positive

- Effective management of systemic risks enables the Bank to absorb financial shocks and maintain operations during economic downturns, contributing to overall economic stability.
- A bank that effectively manages systemic risks is better positioned to continue financing green projects and environmentally sustainable initiatives, even during periods of economic stress. This ensures the flow of capital into renewable energy, climate-resilient infrastructure and environmental conservation efforts.

Negative

- Widespread financial instability, may result in market crashes, loss of confidence and potential recessions.
- It will further disrupt economic activity, leading to business failures, job losses and prolonged downturns.
- A liquidity crisis could freeze lending/financing and stifle business activity, which may lead to layoffs, slower economic growth and higher unemployment.
- A systematic financial crisis may shift focus from green projects, as mismanaged risks drive economic priorities towards short-term survival, thus sidelining environmental initiatives in favour of immediate recovery efforts.

LINKS TO

Our Key Stakeholders:



Strategic Thrusts Impacted:



UN SDG:





CUSTOMER CENTRICITY

Our Approach

- Maintaining high customer satisfaction levels by continually improving our services to address evolving needs and implementing initiatives designed to elevate the overall customer experience.
- Adhering to a customer-centric approach that focuses on enhancing the entire customer journey.
- Ensuring the fair treatment of financial consumers.

Associated Risks

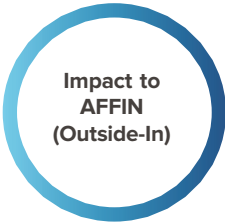
- Any misalignment between the expectations of our customers and our service delivery may result in negative customer experiences.

Importance

- Customer satisfaction is paramount to our success. By building strong, trusting relationships with our customers by ensuring fair and transparent interactions, underscored by a customer-centric approach to business, we ensure long-term success and building shared value with our customers.

Opportunities

- Providing tailored financial services that meet the specific needs of individuals and businesses.
- Delivering improved customer service by driving innovation, lowering costs and improving financial products.



Positive

- Builds brand loyalty and increased market share.

Negative

- Negative customer experience may negatively impact our reputation, leading to reduced market share.



Positive

- Boosts consumer confidence, drives spending, and supports business growth, ultimately contributing to economic expansion.
- Promotes competition within the financial sector, which enhances overall economic productivity.

Negative

- In efforts to expand customer services, additional physical branches or more resources for marketing and service delivery may be increased, which could lead to higher resource consumption and waste if sustainability is not prioritised.

LINKS TO

Our Key Stakeholders:



Strategic Thrusts Impacted:



UN SDG:



AFFIN'S SUSTAINABILITY APPROACH

SUSTAINABLE OPERATIONS



SUSTAINABLE PROCUREMENT PRACTICES

Our Approach

- Responsibly and efficiently managing our procurement of goods, supplies, and services.
- Supporting local suppliers that uphold sustainable practices in their business operations.

Associated Risks

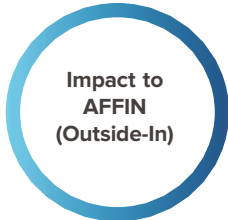
- Failure to manage sustainable resourcing practices in our supply chain, such as supplier breaches of environmental, labour, or ethical regulatory requirements.

Importance

- Through sustainable procurement, we empower suppliers who share the same sustainable values that we do.
- We also reduce our risk of corruption in our procurement practices, while also promoting sustainability leadership among our stakeholders.

Opportunities

- Engaging with clients to enhance supply chain resilience by promoting responsible sourcing practices to minimise social and environmental impact.



Positive

- Suppliers' sustainable practices can improve operational efficiency and help avoid penalties, potentially reducing their operational costs while being able to offer more competitive pricing.

Negative

- Reputational damage for engaging non-compliant suppliers.
- Increased costs due to supply chain disruptions due to supplier controversies.



Positive

- Supplier's sustainable practices can improve operational efficiency, reduce pollution and contribute to the growth of suppliers.
- These practices have material impacts such as the creation of new job opportunities that boost local employment and support broader economic growth.

Negative

- Non-compliant suppliers may cause environmental pollution, harming the wider environment.
- Non-compliant suppliers may exacerbate inequality by failing to provide fair wages, thus contributing to poverty and social instability.

LINKS TO

Our Key Stakeholders:



Relevant Bursa in Common Sustainability Matters:

Supply Chain Management

Strategic Thrusts Impacted:

ST1

UN SDG:





DIGITAL INNOVATION

Our Approach

- Accelerating efficiency and fostering innovation by leveraging technology to meet the evolving business needs of customers.

Associated Risks

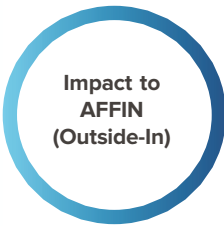
- Failure to stay competitive with market players by embracing emerging technologies and establishing partnerships with platform companies.

Importance

- The embrace of digital technologies and processes offers significant benefits. It enhances customer value through improved services and expanded reach while simultaneously increasing operational efficiency. These combined advantages are crucial to long-term organisational success.

Opportunities

- Leveraging technology to develop innovative financial solutions and enhance customer efficiency through a digitally driven advisory model.
- Enabling more efficient operations across the Group, such as improved risk assessments.



Impact to
AFFIN
(Outside-In)

Positive

- Increased operational efficiency may lead to higher profits.
- Enhanced monitoring of ESG impacts within the portfolio ensures that AFFIN meets its portfolio sustainability targets, raising stakeholder confidence.

Negative

- Increased operational costs may arise from the need for rapid adaptation and investments in technologies, as well as the expenses associated with maintaining outdated and inefficient systems.
- Failure to meet stakeholder expectations on innovation could lead to customer attrition and a loss of investor confidence.



Impact to
Economy,
Environment,
People
(Inside-Out)

Positive

- Broaden access to financial services for underserved populations, fostering greater economic participation.
- Improved operational efficiency enables faster application processing, allowing SMEs faster access to credit and contributing to overall economic growth.
- Minimise environmental impact by reducing the need for printing, transportation and document storage.
- Enhance monitoring of ESG portfolio impacts, ensuring positive outcomes.

Negative

- Delayed adoption of advanced technology may hinder access to digital financial services, marginalising unbanked and underserved populations.

LINKS TO

Our Key Stakeholders:



Strategic Thrusts Impacted:



UN SDG:



AFFIN'S SUSTAINABILITY APPROACH

SUSTAINABLE OPERATIONS



DATA PRIVACY & SECURITY

Our Approach

- Ensuring the responsible collection, use, storage, and protection of data to safeguard the privacy of our employees and customers.
- This includes protecting against cyberattacks and preventing data and information breaches.

Associated Risks

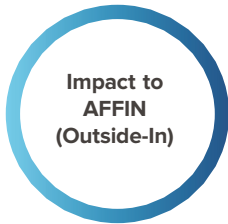
- Insufficient data security systems and safeguards for sensitive customer, client and employee information increases the risk of unauthorised access and potential fraud.

Importance

- In the digital era, safeguarding personal and sensitive information is of critical importance.
- Through a robust approach to data privacy and security, we can optimise operational efficiency, drive continued business success, and foster enduring trust with our customers.

Opportunities

- By upskilling employees with technical training and investing in enhanced cybersecurity, we can strengthen our ability to protect customer data effectively.
- Utilising customer data safely and responsibly to analyse behaviour, develop targeted products, and reduce risk.



Impact to
AFFIN
(Outside-In)

Positive

- Maintaining our reputation as a trusted financial institution, attracting more customers.
- Prevent data breaches and associated risks, avoiding service disruptions and improving operational efficiency.

Negative

- May lead to penalties, reprimands from regulatory bodies and legal costs, which may significantly impair profitability and financial stability.



Impact to
Economy,
Environment,
People
(Inside-Out)

Positive

- Security features such as encryption and fraud detection safeguard customers' personal data and assets, contributing to social stability.

Negative

- Disruptions to customers' access to our financial services and IT system failures could lead to broader economic instability and reduced economic activity.

LINKS TO

Our Key Stakeholders:



Relevant Bursa in Common Sustainability Matters:

Data Privacy and Security

Strategic Thrusts Impacted:

ST2

UN SDG:





ENVIRONMENTAL MANAGEMENT

Our Approach

- Adopting comprehensive practices to manage our environmental impacts, including energy management, water consumption and waste management.
- Advocating for the responsible use of natural resources beyond our business.
- Empowering both internal and external stakeholders to actively participate in environmental conservation.

Importance

- Resource efficiency is key to minimising our environmental footprint, which in turn upholds our reputation as a responsible corporate citizen and improves relations with our stakeholders.

Associated Risks

- Inadequate environmental management may increase the risk of non-compliance with new and existing regulatory requirements and environmental standards.

Opportunities

- Demonstrating leadership in environmental management within AFFIN's operations.

Impact to AFFIN (Outside-In)

Positive

- May improve operational efficiency, resulting in cost savings and supporting long-term sustainability.

Negative

- Reputational damage and potential penalties for non-compliance with environmental management regulations.
- Poor energy efficiency, excessive waste generation and failure to adopt resource-saving technologies may result in higher operating costs over time.

Impact to Economy, Environment, People (Inside-Out)

Positive

- To promote a sustainable future by reducing environmental impact, enhancing operational efficiency and contributing to a healthier society, thereby driving long-term economic growth and improving the quality of life for our stakeholders.

Negative

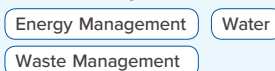
- Inefficient energy use, high waste production, and excessive reliance on non-renewable resources can contribute to environmental degradation, including increased pollution and resource depletion.

LINKS TO

Our Key Stakeholders:



Relevant Bursa in Common Sustainability Matters:



Strategic Thrusts Impacted:



UN SDG:



AFFIN'S SUSTAINABILITY APPROACH

PEOPLE & CULTURE



ETHICS AND INTEGRITY

Our Approach

- Upholding ethical practices and preventing all forms of corruption, including bribery, facilitation payments, fraud, extortion, collusion, and money laundering.

Importance

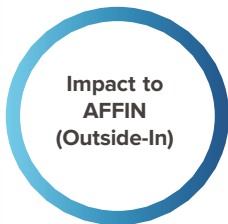
- The long-term viability of our organisation is predicated upon a robust foundation of compliance, integrity, trust, and professionalism. As a financial institution operating within a highly regulated environment, we recognise the paramount importance of strict adherence to all applicable laws and regulations.
- Non-compliance carries significant risks, including legal and regulatory repercussions that can jeopardise our financial stability and irreparably damage our reputation.

Associated Risks

- Unethical behaviour, corruption or conflicts of interest.

Opportunities

- Maintaining robust and effective corporate governance policies and procedures.



Positive

- Enhance our reputation as a trustworthy organisation among stakeholders, potentially attracting more customers, increasing profits and delivering higher returns to shareholders.
- Good governance supports better decision-making in lending/financing and investments, enabling efficient capital allocation and potentially boosting returns.

Negative

- Potential penalties, reprimands and legal consequences from regulatory bodies due to data breaches.
- Adverse impact on our reputation, leading to decreased customer confidence and a potential decline in customer base.
- Poor governance may result in inefficient capital allocation in lending/financing and investments, leading to suboptimal decisions that would affect our returns.



Positive

- Set a benchmark for ethical behaviour and transparency, inspiring other organisations to adopt similar practices and fostering a more ethical business landscape.
- Contribute to an improvement in Malaysia's Corruption Perceptions Index (CPI), enhancing Malaysia's ability to attract foreign direct investment (FDI) to support economic growth.

Negative

- A tarnished reputation may reduce our ability to support economic activities through lending/financing and investments, potentially impacting small businesses, job creation and economic growth in the communities that we serve.
- A decline in Malaysia's CPI could hinder Malaysia's ability to attract FDI.

LINKS TO

Our Key Stakeholders:



Relevant Bursa in Common Sustainability Matters:

Anti-Corruption

Strategic Thrusts Impacted:



UN SDG:





TALENT MANAGEMENT

Our Approach

- Adopting a proactive approach to talent acquisition to enhance our stock of human capital.
- Taking steps to engage and retain employees with relevant expertise.
- Promoting diversity and inclusion in our hiring and employee management practices.
- Enhancing skills and improving our talent pool through robust employee development programmes.
- Nurturing a high-performance culture that rewards employee performance.

Associated Risks

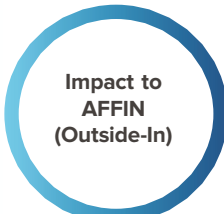
- Difficulty in retaining or attracting top talent due to inadequate succession planning or uneven resource allocation.
- Insufficient investment in upskilling and reskilling, leading to skills gaps in important areas such as digital transformation, regulatory updates or climate-related risks.

Importance

- Attracting and retaining top talent is crucial to maximising the potential of our resources and driving continued success.
- By cultivating a diverse and agile workforce, we foster innovation, build a strong leadership pipeline, and enhance employee engagement for greater productivity.
- Investing in continuous upskilling ensures our employees possess the future-ready competencies necessary to maintain a competitive edge within the industry.

Opportunities

- Providing learning and development opportunities to develop skills that are aligned with evolving business and technological landscapes.



Positive

- Higher productivity and improved business outcomes as employees gain relevant skills.
- Retaining skilled employees ensures continuity, reduces recruitment costs and strengthens the bank's capacity to innovate and grow.

Negative

- Employees may feel undervalued or disengaged, resulting in lower productivity and reduced innovation.
- High employee turnover can disrupt workflow and business operations.
- Slower innovation, reduced productivity and failure to keep pace with technological advancements may lead to higher costs from hiring external talent to bridge these gaps.



Positive

- Foster a culture of innovation and continuous improvement to drive growth and enhance the competitiveness of businesses within the industry.
- Improve operational efficiency, drive innovation and deliver better services to customers and businesses, thus boosting economic activity through increased lending/financing and investment.

Negative

- Trigger widespread financial instability, potentially leading to market crashes, loss of confidence and even recession.
- Disrupt economic activity, resulting in business failures, job losses and prolonged economic downturns.
- Liquidity crises may freeze lending/financing, stifle business activity, cause layoffs, slow economic growth and increase unemployment.
- Mismanaged systemic risks may reduce investment in green projects as economic priorities shift to short-term survival, sidelining environmental initiatives in favour of immediate economic recovery efforts.

LINKS TO

Our Key Stakeholders:



Relevant Bursa in Common Sustainability Matters:

Labour Practices and Standards

Strategic Thrusts Impacted:



UN SDG:



AFFIN'S SUSTAINABILITY APPROACH

PEOPLE & CULTURE



FAIR EMPLOYMENT PRACTICES

Our Approach

- Adopting a systematic and fair approach to hiring, recruitment, retention, and their related practices.
- Managing of employment and working conditions to ensure safe working environments and promote employee health and safety.

Associated Risks

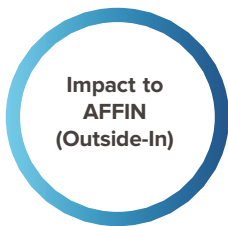
- Risk of inadequate talent management, including poor handling of workplace disputes, discrimination or non-compliance with labour laws.

Importance

- As a responsible financial services provider, we recognise the importance of transparent and accurate communication with our employees. This enables them to make informed choices and aligns with our commitment to fair treatment and compliance.
- Misinformation or ambiguity can have significant consequences, including regulatory breaches, legal liabilities, and reputational damage.

Opportunities

- Creating an optimal and positive work environment that ensures employee safety and promotes well-being.



Positive

- Increased employee productivity and efficiency can boost business performance and profitability.
- Strengthened brand reputation boosts market share and improves access to capital.

Negative

- Reputational damage and potential penalties for non-compliance with relevant regulations.
- Unfair practices may limit career advancement and professional growth opportunities, hindering work performance and overall progress.



Positive

- Contribute to job stability in the financial sector, creating long-term employment opportunities and reducing unemployment, which positively impacts local and national economies.

Negative

- Undermining principles of social justice and equity may lead to widespread dissatisfaction, fostering a sense of unfairness and inequity within the workforce.

LINKS TO

Our Key Stakeholders:



Relevant Bursa in Common Sustainability Matters:

Health and Safety

Strategic Thrusts Impacted:



UN SDG:





DIVERSITY, EQUITY AND INCLUSION

Our Approach

- Actively promoting diversity, equity and inclusion in the workplace while ensuring a safe and inclusive environment for all employees.

Importance

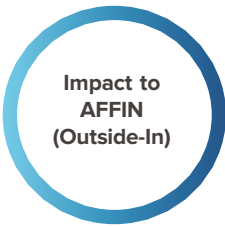
- We recognise that DEI is a strategic imperative for achieving sustainable growth and are committed to cultivating an inclusive workplace environment, built upon a foundation of fairness and sustainability.
- By fostering a culture of openness, innovation and creativity, where diverse perspectives are valued and leveraged, we are able to effectively adapt and thrive within a dynamic and evolving market.

Associated Risks

- Risk of limited perspectives and ideas, which can decrease innovation and problem-solving capacity.

Opportunities

- Enhancing the ability to attract and retain the best talent by embracing diversity, fostering an inclusive workforce, and ensuring equitable opportunities and pay.



Positive

- Employees from diverse backgrounds bring unique perspectives, enhancing the bank's ability to develop innovative products and services that expand opportunities.
- A strong DEI culture fosters psychological safety, collaboration and career development, resulting in higher job satisfaction and reduced employee turnover.

Negative

- Potential revenue and growth losses due to the loss of business partnerships, particularly in global or multicultural markets.



Positive

- Enhance industry and global competitiveness, creating job opportunities across the market.
- Better to understand and serve diverse communities, including historically underserved or minority markets, leading to market expansion, increased revenue, and overall economic growth.

Negative

- Missed opportunities to build a more equitable and inclusive workforce, potentially exacerbating social inequity if certain groups remain underrepresented or face barriers to career advancement within the bank.
- Diminished ability to effectively serve diverse customer segments effectively, further marginalising underserved segments.

LINKS TO

Our Key Stakeholders:



Relevant Bursa in Common Sustainability Matters

Diversity

Strategic Thrusts Impacted:



UN SDG:



AFFIN'S SUSTAINABILITY APPROACH

SUPPORTING THE COMMUNITY



COMMUNITY EMPOWERMENT

Our Approach

- Undertaking initiatives to empower and support individuals or groups and make a positive impact within the communities where we operate.
- Conducting initiatives focused on addressing issues in environmental management, disaster relief, education, and health.

Associated Risks

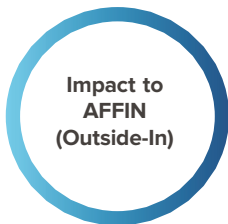
- Failure to implement community development programmes in the communities served by AFFIN.

Importance

- Community empowerment initiatives are crucial in strengthening the trust shown in us, as well as highlighting the important role we play in the community as a financial institution.
- Equally, we are energised by the opportunity to foster societal progress, improve quality of life, and create other long-term positive impacts through targeted and well-planned initiatives.

Opportunities

- Building on our existing CSR initiatives, we can further expand our community empowering initiatives.
- Increasing brand recognition through community initiatives and positive media coverage.



Positive

- Strengthen connections with local communities through initiatives that foster trust, loyalty and a positive brand perception.

Negative

- Potential controversies and/or poor communication may erode trust, hindering AFFIN's ability to collaborate with stakeholders.
- Loss of trust from the communities in areas where we operate could decrease customer loyalty.



Positive

- Enhance SMEs' access to financial resources, education and growth opportunities, fostering economic development, promoting financial inclusion and improving local community livelihoods.
- Boost economic growth by fostering entrepreneurship, reducing poverty and improving financial literacy, contributing to a stronger and more resilient economy.
- Encourage sustainable practices by supporting green businesses and promoting responsible consumption.
- Implement impactful community programmes to strengthen our reputation as a socially and environmentally responsible financial services provider.

Negative

- Disadvantaged groups, youth and SMEs may face restricted access to financial services, limited growth opportunities and insufficient economic support, exacerbating inequality.
- Neglecting sustainable development initiatives may harm the environment and limit access to financial services, negatively impacting local communities.

LINKS TO

Our Key Stakeholders:



Relevant Bursa in Common Sustainability Matters:

Community/Society

Strategic Thrusts Impacted:

ST5

UN SDG:





FINANCIAL INCLUSION

Our Approach

- Supporting inclusive access to financial services through our diverse range of products and services and initiatives to enhance financial literacy among clients and in local communities, with a emphasis on youth, unserved and underserved populations.

Associated Risks

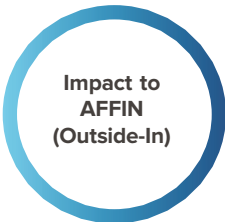
- Failure to promote financial inclusion and provide financial literacy to underserved communities.

Importance

- Financial inclusion is about more than simply providing access to financing services. It entails empowering individuals and businesses to achieve economic improvement and stability.
- By offering targeted financial services and assistance to underserved segments, including students, entry-level workers, SMEs, and microenterprises, we contribute to the development of more resilient economies, the reduction of inequality, and the enhancement of the overall quality of life. This aligns with our goal of fostering long-term financial well-being and economic empowerment within the communities we serve.

Opportunities

- Providing financial products tailored to new customer segments, such as low-income individuals, rural populations, and small businesses, to grow the customer base and generate additional revenue streams.



Impact to
AFFIN
(Outside-In)

Positive

- Enhance our market share and revenue growth, strengthen customer loyalty and boost our brand value.

Negative

- Failure to meet societal expectations or involvement in social controversies could harm brand reputation and result in financial losses.



Impact to
Economy,
Environment,
People
(Inside-Out)

Positive

- Help marginalised communities achieve financial independence, reduce vulnerability to financial risks, gain greater access to financial services and access enhanced economic opportunities.

Negative

- Lack of inclusion may exacerbate inequality, limit economic opportunities and worsen financial exclusion within the local community.
- Extending excessive credit to individuals without sufficient financial literacy or risk awareness could result in high default rates and personal debt, leading to economic instability.

LINKS TO

Our Key Stakeholders:



Strategic Thrusts Impacted:










UN SDG:




AFFIN'S SUSTAINABILITY APPROACH

CONTRIBUTION TO SDGs

Our Contribution to SDGs

| SDGs | SDG Target | AFFIN's Key Contribution in 2024 |
|---|--|---|
|  | <ul style="list-style-type: none"> 1.4 Equal rights to economic resources 1.a Mobilisation of resources to implement programmes to end poverty | Financial Inclusion <ul style="list-style-type: none"> Extending financial assistance to micro businesses and eligible recipients Offering financial support to small and medium enterprises (SME) |
|  | <ul style="list-style-type: none"> 3.4 Promote mental health and well-being | Fair treatment practices <ul style="list-style-type: none"> Providing mental health support via Naluri and maintaining a safe working environment for AFFIN employee |
|  | <ul style="list-style-type: none"> 4.4 Skills for employment, decent jobs and entrepreneurship 4.5 Equal access to education for the vulnerable | Talent Management <ul style="list-style-type: none"> Committing to the development of AFFIN employees through investments in training and upskilling opportunities Implementing sustainability-related training for the Board, Management level and AFFIN employees Data Privacy and Security <ul style="list-style-type: none"> Upskilling employees with technical abilities and training and investing in improved cybersecurity |
|  | <ul style="list-style-type: none"> 5.1 End all forms of discrimination against women and girls 5.5 Women's full and effective participation in political, economic and public life | Diversity, Equity, and Inclusion <ul style="list-style-type: none"> Enhancing the presence of women in top governance and leadership roles in AFFIN |
|  | <ul style="list-style-type: none"> 7.1 Universal access to modern energy services 7.2 Increase the share of renewable energy 7.a Investment in energy infrastructure and clean energy technology 7.b Expand infrastructure and upgrade technology for supplying modern and sustainable energy services | Climate Change <ul style="list-style-type: none"> Purchased Malaysia Renewable Energy Certificates (mRECs) from Tenaga Nasional Berhad in 2024 Initiated the measurement of GHG emissions for Category 15 (Financed Emissions) using the PCAF methodology to make transparent climate disclosures about AFFIN GHG emissions exposure Conduct climate risk stress testing to assess AFFIN's resilience under various adverse scenarios |
|  | <ul style="list-style-type: none"> 8.3 Growth of micro-, small- and medium-sized enterprises 8.10 Access to banking, insurance and financial services to all | Customer Centricity <ul style="list-style-type: none"> Empowering customers with tailored, sustainable, digital financial solutions for a better future |
|  | <ul style="list-style-type: none"> 9.3 Access to small-scale enterprises to financial services 9.a Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial support | Responsible Financial Services <ul style="list-style-type: none"> Providing financial support to SME customers Green related, social and transition project Adopting emissions reduction initiatives Digital Innovation <ul style="list-style-type: none"> Digital financial solutions to AFFIN customers |

| SDGs | SDG Target | |
|---|---|--|
|  | <ul style="list-style-type: none"> 10.3 Ensure equal opportunity and reduce inequalities of outcome | <p>Community Empowerment</p> <ul style="list-style-type: none"> RM6.03 million total Zakat contribution Launched Asnafpreneurs Development Programme over a 7-month period for microentrepreneurs to improve their business skills |
|  | <ul style="list-style-type: none"> 12.6 Companies to adopt sustainable practises and integrate sustainability information into reporting 12.7 Promote procurement practices that are sustainable 12.8 Ensure that people have the relevant information and awareness for sustainable development | <p>Environmental Management</p> <ul style="list-style-type: none"> Yearly sustainability reporting and disclosures <p>Sustainable Procurement Practices</p> <ul style="list-style-type: none"> Procuring from local suppliers and supporting our suppliers in their ESG journey |
|  | <ul style="list-style-type: none"> 13.1 Strengthen resilience and adaptive capacity to climate related hazards 13.2 Integrate climate change measures into national policies, strategies and planning | <p>Climate Change</p> <ul style="list-style-type: none"> Incorporating climate considerations into our operational activities AFFIN a member of Joint Committee on Climate Change (JC3) Sub-Committee <p>Systemic Risk Management</p> <ul style="list-style-type: none"> Conducting rigorous stress test and scenario analyses to evaluate our resilience under various adverse economic and financial conditions |
|  | <ul style="list-style-type: none"> 16.4 Significantly reduce illicit financial flows 16.5 Substantially reduce corruption and bribery in all their forms 16.6 Develop effective, accountable and transparent institutions at all levels | <p>Ethics and Integrity</p> <ul style="list-style-type: none"> Upholding good governance Maintaining high integrity standards and ethical business practices by having code of ethics |
|  | <ul style="list-style-type: none"> 17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships | <p>Community Empowerment</p> <ul style="list-style-type: none"> Member of the VBI CoP Participant of the United Nation Global Compact Malaysia & Brunei (UNGCMYB) Partnered with AIBIM for MyWakaf and MyZakat |