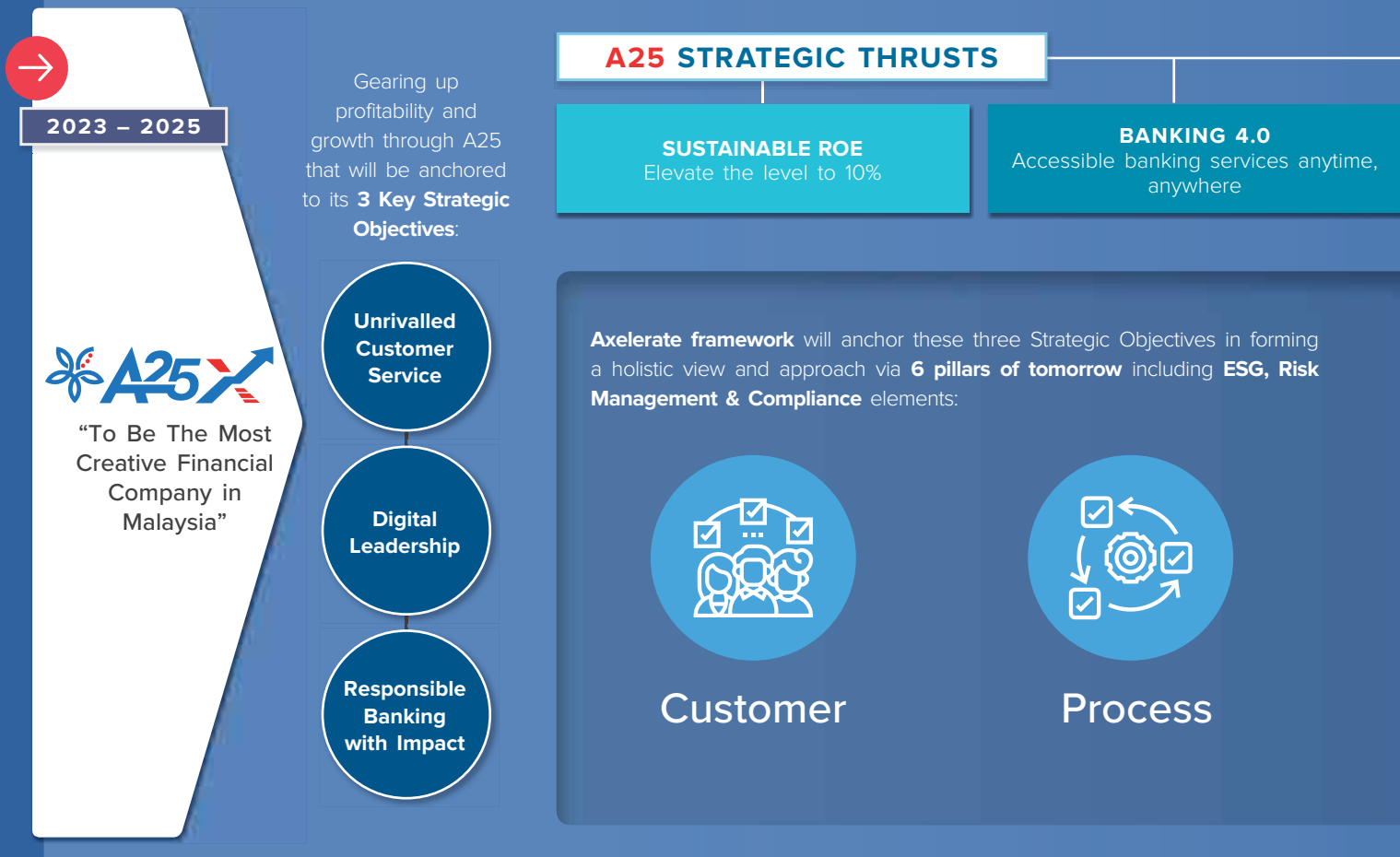


STRATEGIC REVIEW

OUR STRATEGIC ROADMAP

GROUP KEY STRATEGIC INITIATIVES ... in delivering 2025 targets via A25 Transformation Program



3 PILLARS TO INCREASE CAPITAL EFFICIENCY AND UNLOCK LONG-TERM VALUE

A25 STRATEGIC OBJECTIVES		
UNRIVALLED CUSTOMER SERVICE	DIGITAL LEADERSHIP	RESPONSIBLE BANKING WITH IMPACT
Net Promoter Score (NPS) +50	Digital customer base 1.4m	ESG financing/loans portfolio Up to 10%
Customer Satisfaction Score (CSAT) 88%	Transaction via online platform 68m per annum	Events for local communities 100,000 Beneficiaries per annum
Product Holding Ratio 3.0	CSAT for digital experience 85%	Reduction of Electricity: ~ 220,000 kWh Paper: 15,000 kg/year

EFFICIENCY X5
 Maximise productivity through operational excellence

ENHANCED BRAND VALUE
 Progressive & modern organisation

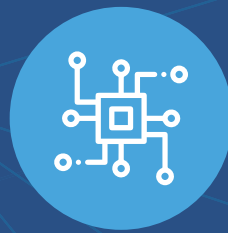
ESG FOCUS
 Responsible banking with impact



Product



Network



Technology



People

A25 KEY FINANCIAL TARGETS

Profit Before Tax: **RM1.5 BILLION**

CASA RATIO	COST TO INCOME RATIO	RETURN ON EQUITY	GROSS IMPAIRED LOAN RATIO
30%	<53%	10%	1.5%

PERFORMANCE REVIEW

5-YEAR FINANCIAL SUMMARY

	2022	2021	2020	2019	2018
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OPERATING RESULTS

For the financial year ended 31 December
(RM'million)

Revenue	3,297	2,241	2,265	1,914	1,921
Profit before taxation	1,377	704	387	677	675
Net profit attributable to the equity holders of the Company	1,179	527	230	488	503

KEY BALANCE SHEET DATA

As at 31 December
(RM'million)

Loans, advances and financing	57,932	50,528	45,493	45,388	48,392
Total assets	90,121	78,429	69,537	68,341	75,976
Deposits from customers	64,995	58,794	49,884	51,089	57,346
Total liabilities	79,492	68,495	59,899	58,945	67,235
Commitments and contingencies	56,648	45,197	36,250	30,851	30,873
Paid-up capital	5,245	4,969	4,902	4,775	4,685
Shareholders' equity attributable to the equity holders of the Company	10,629	9,889	9,567	9,337	8,672

FINANCIAL RATIOS

(%)

Net return on average shareholders' fund	11.49	5.42	2.44	5.42	5.94
Net return on average assets	1.40	0.71	0.33	0.68	0.69
Net return on average risk-weighted assets	2.16	1.07	0.49	1.01	1.02
Cost to income ratio	42.99	60.25	59.65	63.03	63.39
Gross impaired loans ratio	1.97	2.54	3.52	3.00	3.25
Net impaired loans ratio	1.27	1.89	2.57	2.28	2.59
Loan loss reserve ratio	164.77	130.23	98.23	96.88	97.08

SHARE INFORMATION

- Per share (sen)

Earnings - basic	54.37	24.96	11.43	24.59	25.89
Earnings - fully diluted	54.37	24.96	11.03	23.85	25.33
Gross dividend	30.39	12.50	3.50	7.00	5.00
Net assets	467	466	460	470	446
Share price - high	205	184	193	191	226
Share price - low	202	162	133	189	222
Share price as at 31 December	203	173	184	190	223
Market capitalisation (RM'million)	4,616	3,675	3,827	3,773	4,333

SHARE VALUATION

Gross dividend yield (%)	14.97	7.23	1.90	2.63	2.24
Dividend payout ratio (%):-					
- based on Group's profit after tax	57.45	50.39	31.60	20.33	19.31
- based on Company's profit after tax	53.29	68.92	78.29	26.68	16.35
Price to earnings multiple (times)	3.73	6.93	16.10	7.73	8.61

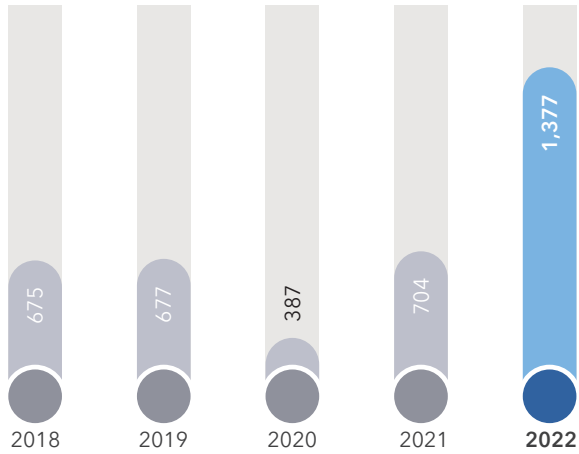
SEGMENT INFORMATION

Profit before taxation and zakat by activity
(RM'million)

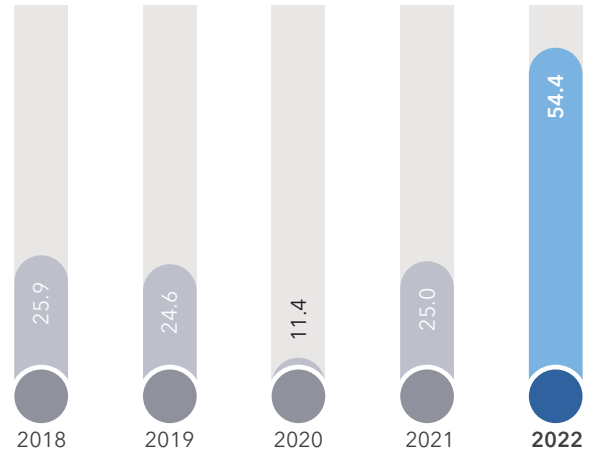
Commercial banking	1,511	647	195	555	802
Investment banking	1,197	281	344	165	150
Insurance (net of tax)	9	45	41	30	47
Others	(1,335)	(264)	(186)	(67)	(320)
	1,381	710	394	683	679

5-YEAR FINANCIAL HIGHLIGHTS

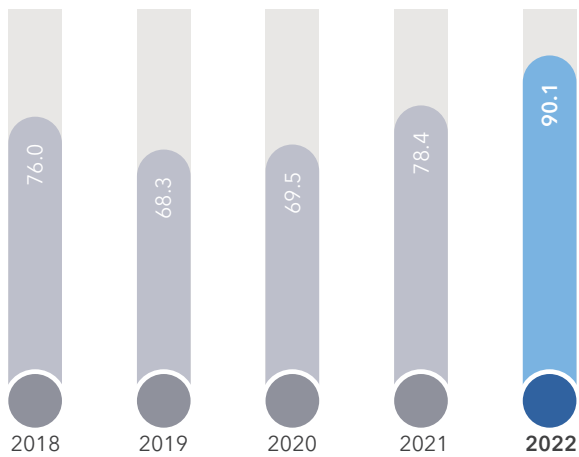
➔ Profit Before Taxation
 (RM' million)



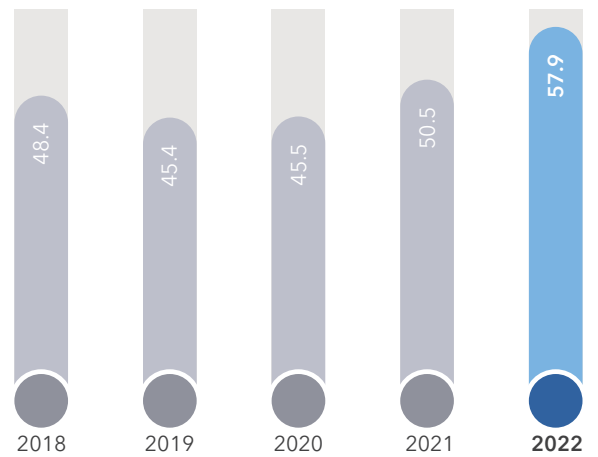
➔ Earning Per Share (EPS)
 (Sen)



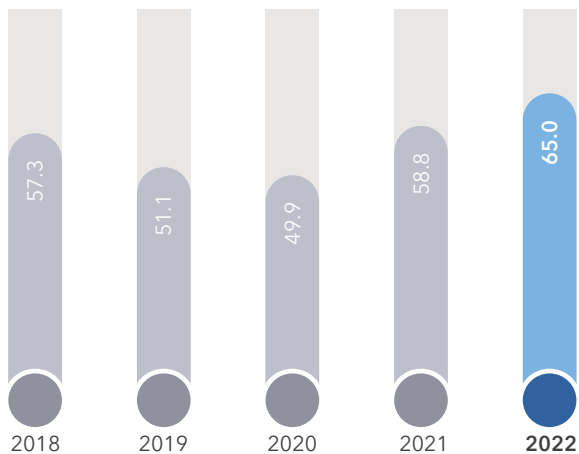
➔ Total Assets
 (RM' billion)



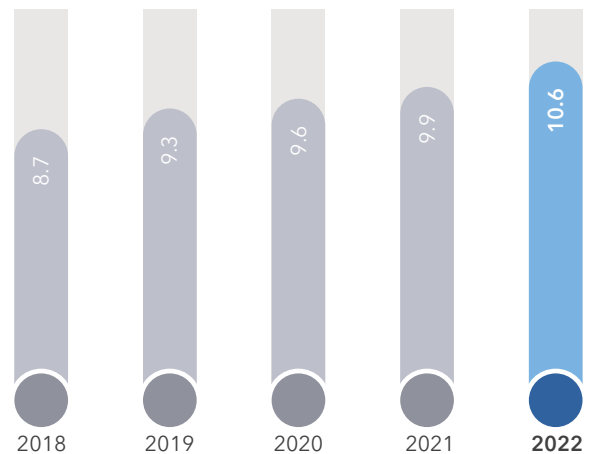
➔ Loans, Advances & Financing
 (RM' billion)



➔ Deposits from Customers
 (RM' billion)



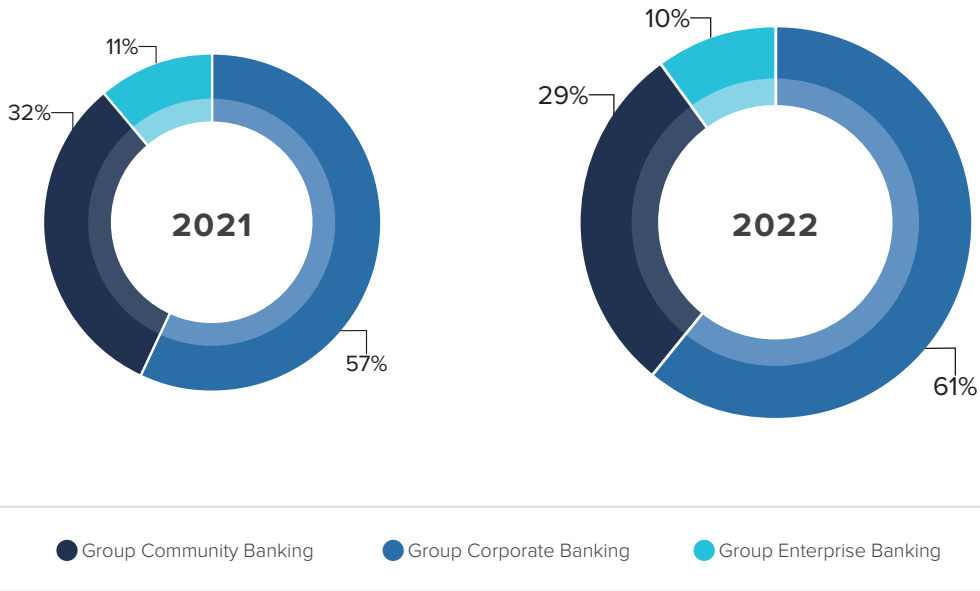
➔ Shareholders' Equity
 (RM' billion)



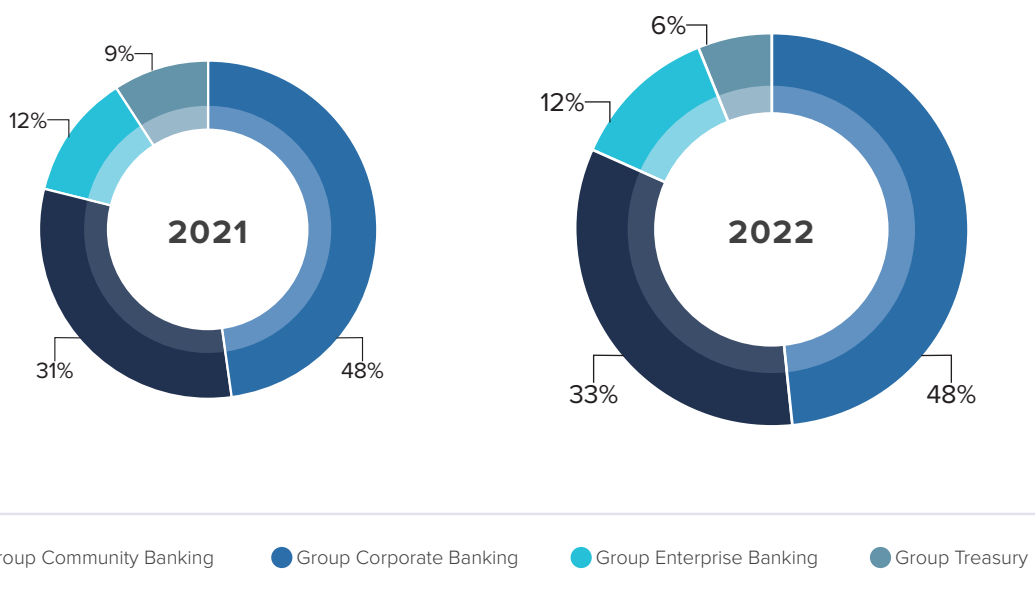
PERFORMANCE REVIEW

BUSINESS UNIT ANALYSIS

➔ GROSS LOANS, ADVANCES & FINANCING

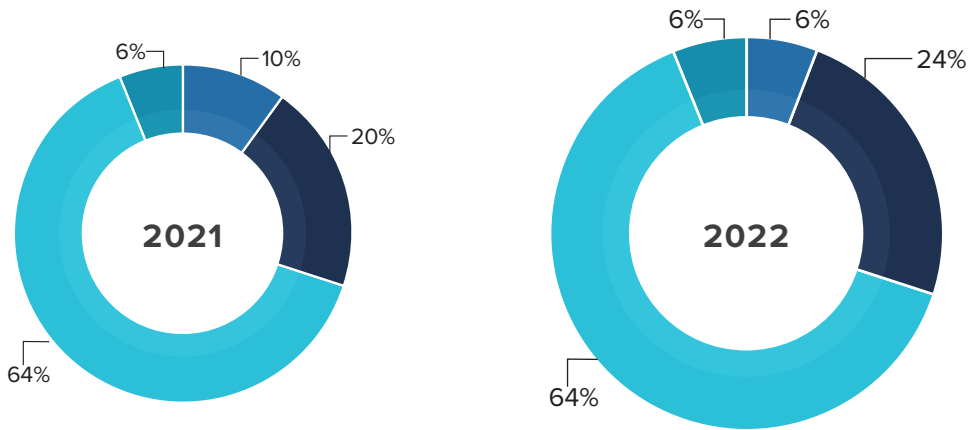


➔ DEPOSIT FROM CUSTOMERS

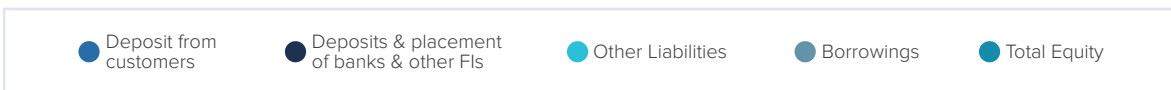
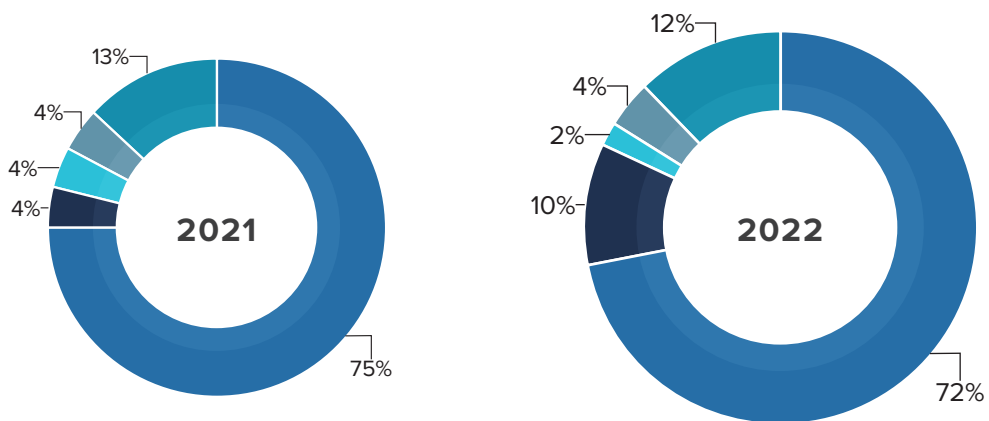


SIMPLIFIED STATEMENTS OF FINANCIAL POSITION

→ TOTAL ASSETS



→ TOTAL LIABILITIES & EQUITY



PERFORMANCE REVIEW

GROUP QUARTERLY PERFORMANCE

RM'Million	2022			
	Q1	Q2	Q3	Q4
Revenue	449.5	503.6	534.5	567.0
Net interest income	229.1	259.6	266.5	267.4
Income from Islamic banking operation	148.9	164.5	190.2	184.7
Net non-interest income	71.5	79.5	77.8	115.0
Other operating expenses	295.9	309.5	368.3	343.1
Profit before taxation	165.5	173.9	(156.4)	52.3
Taxation	(39.6)	(45.1)	(37.1)	(35.4)
Profit from discontinued operations	26.6	29.0	1,070.1	(0.3)
Profit after taxation	152.6	157.7	876.6	16.6
Net profit attributable to equity holders of the Company	142.4	146.9	872.4	16.9

RM'Million	2021			
	Q1	Q2	Q3	Q4
Revenue	447.5	464.1	466.8	466.7
Net interest income	192.8	227.7	233.6	240.3
Income from Islamic banking operation	128.9	126.8	134.2	159.7
Net non-interest income	125.8	109.7	99.1	66.8
Other operating expenses	292.4	281.6	273.4	291.9
Profit before taxation	66.5	118.4	154.2	184.0
Taxation	(20.0)	(28.1)	(37.9)	(3.5)
Profit from discontinued operations	35.1	43.2	26.6	41.8
Profit after taxation	81.6	133.5	142.9	222.4
Net profit attributable to equity holders of the Company	68.9	117.9	133.2	206.8

CAPITAL MANAGEMENT

OUR APPROACH TO CAPITAL MANAGEMENT AND PLANNING

Our capital management plan is designed to ensure that regulatory requirements are met at all times and that the Group and our banking subsidiaries are capitalised in line with our risk appetite and target ranges. Capital adequacy is actively managed to cover risks inherent in the business, retain sufficient financial strength and flexibility to support new business growth, while taking into consideration the Group's risk appetite as well as expectations of key stakeholders.

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

The Group's capital management is also supplemented by the annual Capital Plan to facilitate efficient capital utilisation and with the focus on maintaining healthy capital ratios. The capital plan is tested for stress under a range of scenarios.

→ THE GROUP'S CAPITAL POSITION REMAINS STRONG AND IMPROVED SIGNIFICANTLY WITH GROUP CET 1 RATIO OF 15.597% AS OF 31 DECEMBER 2022. OUR CAPITAL WILL CONTINUE TO REMAIN RESILIENT TO SUPPORT OUR GROWTH PLANS AND ACHIEVE OUR A25 ASPIRATION.

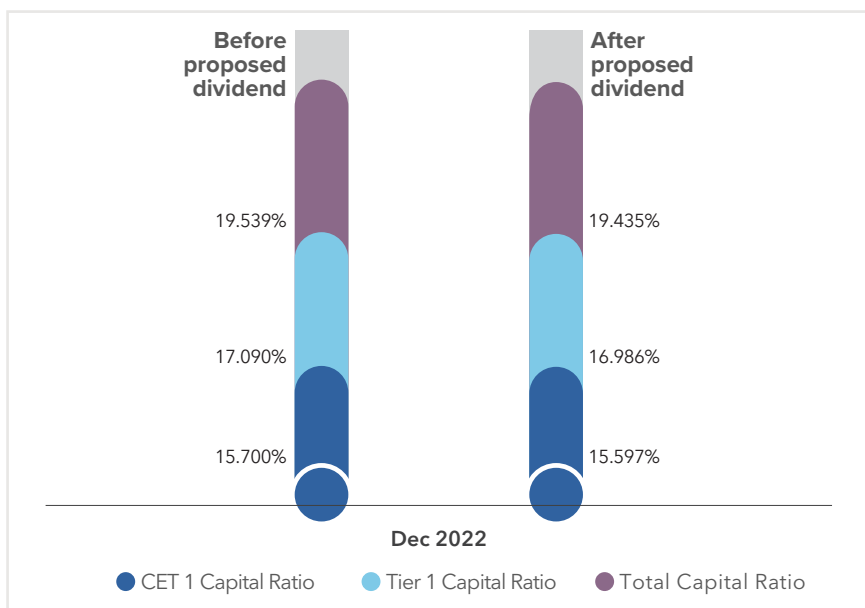
Our corporate objective is to deliver long-term capital growth. However, we recognise the value of an attractive income yield to shareholders and we strive to maintain or increase the dividend per share, subject to overriding capital preservation objective. For FYE 2022 a total dividend 22.62 sen per share was paid to shareholders and at the same time we are proposing a final dividend of 7.77 sen per share. These dividend payments totaling 30.39 sen per share is the highest dividend paid in the history of AFFIN and reflect our commitment to remunerate shareholders for their confidence, support and trust.

During 2022, we successfully redeemed our Tier 2 Medium Term Notes (MTNs) in nominal value of RM1.0 billion each and raised RM500.0 million third series Tier 2 MTNs.

The plan - which covers a three-year period - is updated annually and approved by the Board for implementation at the beginning of each financial year.

The Group Capital Management Committee is responsible to manage and monitor the capital position of Affin Bank Berhad (ABB), Affin Islamic Bank Berhad (AIBB) and Affin Hwang Investment Bank Berhad (AHIBB) to ensure that capital levels are maintained at an appropriate level in line with the overall strategy and risk profile.

Group Capital Ratio



Note: The minimum capital adequacy requirements (which include a Capital Conservation Buffer of 2.5%) under BNM's Policy Document: Capital Adequacy Framework (Capital Components) dated 9 December 2020 are as follows:

CET 1 Capital Ratio	Tier 1 Capital Ratio	Total Capital Ratio
7.0%	8.5%	10.5%

PERFORMANCE REVIEW

CAPITAL MANAGEMENT

The table below shows the relevant capital ratios of each of the regulated banking entities of the Group as at 31 December 2022.

	AFFIN Group %	ABB %	AIBB %	AHIBB %
As at 31.12.2022				
CET 1 capital ratio	15.597	14.588	12.965	55.446
Tier 1 capital ratio	16.986	15.968	14.502	55.446
Total capital ratio	19.435	17.169	19.363	56.214
As at 31.12.2021				
CET 1 capital ratio	14.198	13.209	12.138	45.802
Tier 1 capital ratio	15.820	14.791	13.873	45.802
Total capital ratio	21.085	20.467	19.027	46.578

LIST OF GROUP'S CAPITAL INSTRUMENTS WHICH QUALIFY AS COMPONENTS OF REGULATORY CAPITAL:

AFFIN BANK



Issuance of RM500 million ATICS perpetual on non-callable 5 years basis on 31 July 2018, first callable date on 31 July 2023



Issuance of RM500 million Subordinated MTN 10 years on non-callable 5 years basis on 26 July 2022, first callable date on 26 July 2027

AFFIN ISLAMIC



Issuance of RM300 million AT1 Sukuk Wakalah perpetual on non-callable 5 years basis on 18 October 2018, first callable date on 18 October 2023



Issuance of RM800 million Tier 2 Sukuk Murabahah 10 years on non-callable 5 years basis on 23 October 2018, first callable date on 23 October 2023

BALANCE SHEET MANAGEMENT

The Group adopts a balance sheet management posture that is robust and reflective of the Bank’s transformation journey, one that continually seeks to optimise the balance sheet mix in order to strive for sustainable higher net interest income (NII) and net interest margin (NIM). Its key focus is to guide the structural funding of the Bank towards a path of sustainable growth.

The Balance Sheet Management (BSM) Department is a strategic department that supports the Group Asset Liability Management Committee as part of the transformation journey, for identifying, managing and controlling interest rate and liquidity risks in the execution of the business strategy of Affin Bank Berhad and Affin Islamic Bank Berhad.

BSM uses strategic management tools such as Funds Transfer Pricing (FTP) and Funding Plans to help steer the bank into the desired funding profile while cognisant of regulatory and compliance requirements such as Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR). The FTP pricing is consistently reviewed to ensure that it reflects the actual funding cost of the market. The BSM team continually seeks out innovative ways to deliver better solutions to the Bank and engagement with the front office is regularly held to have a pulse on the ground.

As furtherance to our metamorphosis journey, the department embarked on a three-year journey, beginning 2022, to develop new capabilities of asset-liability management within the bank by investing comprehensively into cutting-edge solutions in the market. The phased development of the project is expected to display benefits gradually over the next three years which would include improved automation, increased granularity and new forecasting frontiers. We are on track to complete the core components by end of 2023, with full roll-out in 2024.

New analytical capabilities such as interactive data visualisation, statistical portfolio analysis and iterative simulation method are part of planned transformative developments. Notably, the integrated platform for balance sheet management will provide significantly more clarity into the interactions and impact of various profitability and interest rate risk and liquidity risk measures with the speed required to navigate the ever-more challenging banking environment of the future.



PERFORMANCE REVIEW

FINANCIAL CALENDAR

→ 2022

27 February 2022

Announcement of the unaudited consolidated financial results for the fourth quarter and financial year ended 31 December 2021.

25 April 2022

Notice of 46th Annual General Meeting (AGM) of Affin Bank Berhad (ABB).

25 April 2022

Notice of Extraordinary General Meeting (EGM) of ABB

26 April 2022

Issuance of Annual Report for the financial year ended 31 December 2021

25 May 2022

Single-tier final dividend in respect of the financial year ended 31 December 2021 of RM0.125 per ordinary share of ABB.

25 May 2022

The Board of Directors of ABB wishes to announce that all the resolutions set out in the Notice of the 46th AGM of the Company dated 26 April 2022 were duly passed by the shareholders of the Company at the 46th AGM held on 25 May 2022.

25 May 2022

Announcement of the ordinary resolution set out in the Notice of EGM dated 26 April 2022 was duly passed by shareholders at the EGM held on 25 May 2022.

27 May 2022

Announcement of the unaudited consolidated financial results for the first quarter and financial year ended 31 March 2022.

9 June 2022

Final dividend of 0.125 sen for the financial year ended 31 December 2021.

24 August 2022

Announcement of the unaudited consolidated financial results for the second quarter and financial year ended 30 June 2022.

28 October 2022

Notice of EGM of ABB.

15 November 2022

ABB wishes to announce that the ordinary resolution set out in the Notice of EGM dated 28 October 2022 was duly passed by shareholders at the EGM held on 15 November 2022.

16 November 2022

Notice of book closure for Single-tier interim dividend of RM0.0453 per ordinary share of ABB in respect of the financial year ending 31 December 2022 and single-tier special dividend of RM0.1809 per ordinary share of ABB.

25 November 2022

Announcement of the unaudited consolidated financial results for the third quarter and financial year ended 30 September 2022.

**30 November 2022**

Interim dividend of 0.0453 sen for the financial year ending 31 December 2022.

30 November 2022

Special dividend of 0.1809 sen for the financial year ending 31 December 2022.

5 December 2022

Notice of election in relation to the 5th dividend reinvestment plan that gives the shareholders of ABB the option to reinvest the electable portion of their special dividend and interim dividend in respect of the financial year ending 31 December 2022 into the new ordinary shares of ABB.

→ 2023

**27 February 2023**

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

→ 2023

31 May 2023

1Q 2023 Financial Results

30 August 2023

2Q 2023 Financial Results

30 November 2023

3Q 2023 Financial Results

29 February 2024

4Q 2023 Financial Results



PERFORMANCE REVIEW

INVESTOR RELATIONS

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

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

46TH ANNUAL GENERAL MEETING (AGM)

In our effort to mitigate the risk of COVID-19 infection, the Group - Affin Bank Berhad (ABB), conducted its 46th AGM on 25 May 2022 virtually, broadcasted live from its new building at Level 26, Auditorium, Menara AFFIN, Lingkaran TRX, Tun Razak Exchange (TRX), Jalan Tun Razak, Kuala Lumpur.

A total of 930 shareholders, holding 1,306,536,065 ordinary shares (total shares: 2,124,062,412) representing 61.5% of the total issued shares of ABB, attended the virtual AGM.

The 46th AGM was chaired by Dato’ Agil Natt (Dato’ Agil) who welcomed and thanked shareholders and proxies for their participation at the ABB 46th AGM. The Chairman explained that as part of the Company’s effort to safeguard the health and well-being of shareholders as well as employees, the 46th AGM was being held in a virtual manner in line with the latest Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia.

The Chairman expressed sincere appreciation to the shareholders and customers for their continued trust and support in the company as well as gratitude to Bank Negara Malaysia, the Securities Commission Malaysia, Bursa Malaysia Securities Berhad and other regulatory authorities for their continual assistance and guidance.

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

- AIM22 journey and transformation plan;
- Customers’ experience and assistance;
- Environmental, Social and Governance (ESG) journey;
- Corporate Governance; and
- Shareholder value.



PERFORMANCE REVIEW INVESTOR RELATIONS

Datuk Wan Razly Abdullah (Datuk Wan), the President and Group CEO (PGCEO) presented AFFIN Group’s performance for FY2021. Apart from presenting the financial highlights the PGCEO also shared AFFIN Group’s strategic initiatives on AIM22 targets and focus areas, digital banking, mobile banking, the divestment of Affin Hwang Asset Management Berhad (AHAM), the merger with Generali Insurance, sub-debt bond redemption and ESG financing.

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

The Minority Shareholders Watch Group (MSWG) had earlier sent a set of questions in relation to operational and financial matters.

(Full details of the MSWG questions and answers, PGCEO’s presentation and the recording of the 46th AGM can be viewed from ABB’s website at www.affingroup.com)

The AGM provided an avenue for shareholders to seek clarification and gain a deeper understanding of the Group’s financial performance as well as corporate strategies. All resolutions that were proposed at the 46th AGM were duly passed. Questions that were not addressed at the AGM due to time constraint were addressed via email as well as recorded in the minutes under the Q&A section. The 46th AGM minutes are available on the corporate website, www.affingroup.com



Analyst & Media Briefings

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

Analyst briefings are held as and when necessary for financial analysts and investors who follow the company and its industry. These briefings provide an opportunity for the company to present its financial performance and discuss future prospects, as well as answer questions from analysts. The table below lists the research houses that cover ABB:

RESEARCH COVERAGE:

No.	Research House
1.	CIMB
2.	DBS
3.	Hong Leong
4.	Kenanga Investment Bank
5.	MIDF
6.	RHB
7.	TA Securities
8.	UOB

Media briefings are organised for journalists and reporters who cover the company and its industry. These briefings may cover a wider range of topics, such as new product launches, marketing campaigns and corporate social responsibility initiatives. Media briefings may also include interviews with company executives and subject matter experts.

However, media conferences are held for major announcements in relation to the Group’s activities. ABB organises media conferences during the Annual General Meeting (AGM) and Extraordinary General Meeting (EGM).

Both of these media inter-facing events are essential for companies to communicate effectively with their stakeholders and the public. By providing timely and accurate information, companies can build credibility and trust with their target audience, ultimately achieving their business objectives.



The following is the list of engagements that ABB had with stakeholders during the release of financial results and during presentation of new business direction and performance of ABB:

Date	Result Announcement	Analyst Briefing	Investor Presentation	Financial Statement	Media Release
FY22 Results	27 Feb 2023	27 Feb 2023	✓	✓	✓
3Q22 Results	25 Nov 2022	25 Nov 2022	✓	✓	✓
1H22 Results	24 Aug 2022	24 Aug 2022	✓	✓	✓
1Q22 Results	27 May 2022	27 May 2022	✓	✓	✓
FY21 Results	27 Feb 2022	1 Mar 2022	✓	✓	✓

Note: The presentation slides can be viewed from ABB's website at www.affingroup.com

Date	Programmes	Details
28 January 2022	Presentation to analysts and fund managers	Presentation on the divestment of Affin Hwang Asset Management Berhad Berhad (AHAM) and sub debt bond redemption
21 March 2022	AFFIN Group Corporate Day which was hosted by Hong Leong Investment Bank	Explaining the AIM22 key focus areas and targets, strategic initiatives, digital banking and the new dividend policy.
12 July 2022	AFFIN Group non-deal roadshow hosted by CGS-CIMB	The latest performance of AIM22, unrivalled customer service offered to customers, digital banking leadership, responsible banking with impact and ABB strategic initiatives

Note: The presentation slides can be viewed from ABB's website at www.affingroup.com

SHARE PRICE AND VOLUME



Source: https://affin.listedcompany.com/stock_chart_interactive.html

PERFORMANCE REVIEW INVESTOR RELATIONS



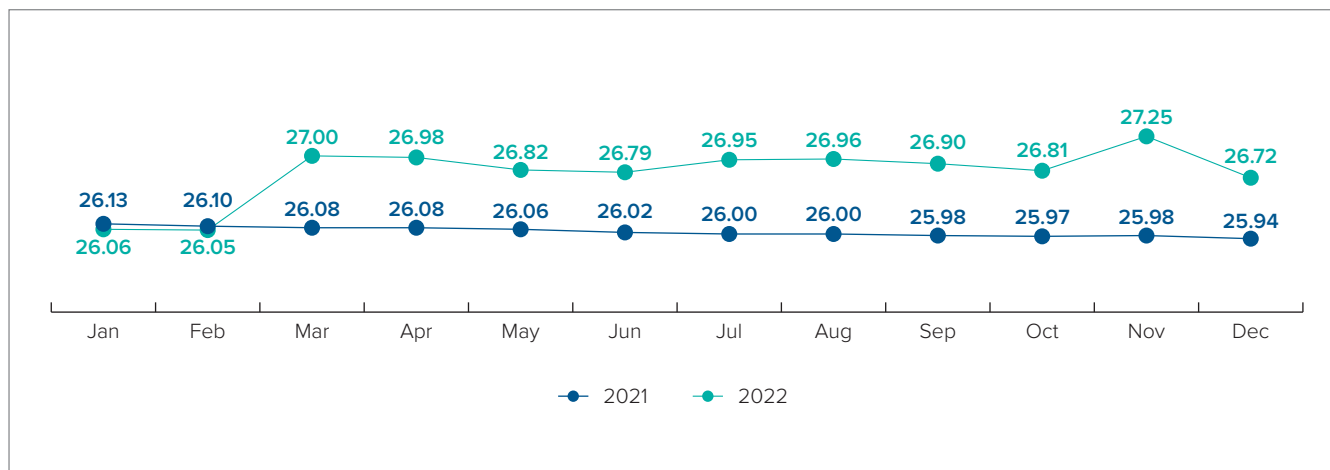
On 30 November 2022, Affin Bank Berhad was included in the MSCI Global Small Cap Index - a first for the company since its public listing on 6 May 1991.

The MSCI, an acronym for Morgan Stanley Capital International, is an investment research firm that provides stock indexes, portfolio risk and performance analytics as well as governance tools to institutional investors and hedge funds. Its findings are used as a common benchmark for 'world' or 'global' stock funds and represents a broad cross-section of global markets.

FTSE Bursa Malaysia

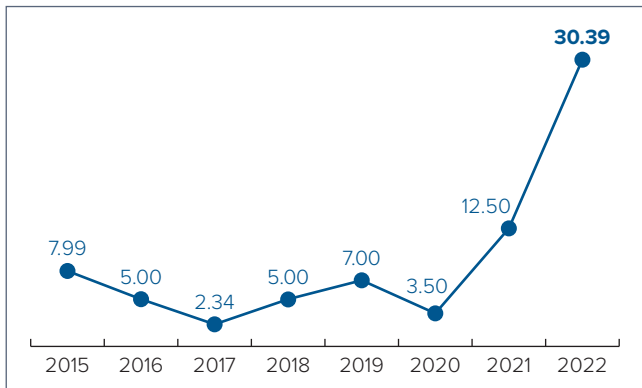
Affin Bank Berhad joined the **FTSE Bursa Malaysia Mid 70 Index** following its December 2022 semi-annual review of the FTSE Bursa Malaysia Index Series. This index series is reviewed semi-annually in June and December in accordance with the index ground rules.

AFFIN FOREIGN SHAREHOLDING (%)

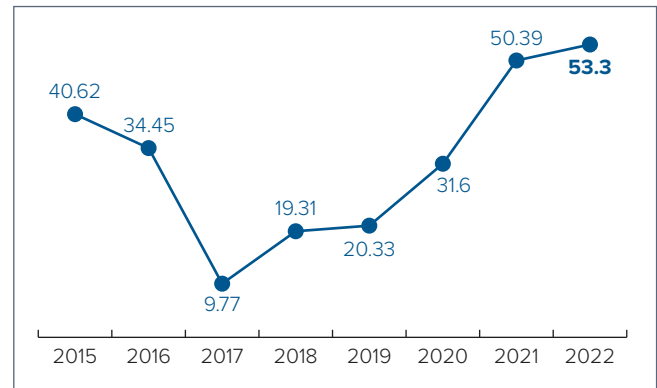


Month/Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2022	26.06	26.05	27.00	26.98	26.82	26.79	26.95	26.96	26.90	26.81	27.25	26.72
2021	26.13	26.10	26.08	26.08	26.06	26.02	26.00	26.00	25.98	25.97	25.98	25.94

Gross Dividend Per Share (sen)



Dividend payout (%)



	2015	2016	2017	2018	2019	2020	2021	2022
Total (RM Million)	155.2	145.7	87.4	97.1	139.0	72.8	265.5	677.1

The Group Dividend Policy documents the guidelines on payment of dividends and sets out the key considerations for arriving at the dividend payment decision. The Board has the flexibility to determine the level of dividend based on considerations laid out in the policy and other relevant developments.

The Bank announced that a minimum Dividend Payout Ratio of 25% with a target range of payout between 40% to 60% would be maintained. Any dividend payout exercise shall be capped such that it would not result in the Internal Capital Threshold (ICT) being breached.

DIVIDEND POLICY AND RETURN TO SHAREHOLDERS

Financial Year	Type	Gross Dividend Per Share (sen)
2022	Final	7.77
	Special	18.09
	Interim	4.53
2021	Final	12.50
2020	Interim	3.50
2019	Interim	7.00
2018	Interim	5.00

In 2021, AFFIN Group declared 12.5 sen per share amounting to approximately RM265.5 million for the FY2021.

In respect of financial year ended 31 December 2022, the AFFIN Group paid dividends as follows:-

- Single-tier interim dividend of 4.53 sen per share paid on 29 December 2022 amounting to RM100.2 million
- Single-tier special dividend of 18.09 sen per share paid on 29 December 2022 RM400.2 million
- Single-tier final dividend of 7.77 sen per share amounting to RM176.7 million

For FY2022, the Board of Directors proposed a final dividend of RM176.7 million or 7.77 sen per share. This would bring the total dividend to 30.39 sen per share after the special and interim dividend of 22.62 sen that was paid to shareholders on 29 December 2022. This represents a total dividend pay-out of RM677.1 million or 53.3% of the Group's net profit for FY2022. The proposed final dividend of 7.77 sen per share is subject to shareholders' approval at the Bank's forthcoming Annual General Meeting.

Enclosed are the links that connect shareholders, analysts, investors and potential investors to the ABB Investor Relations team.



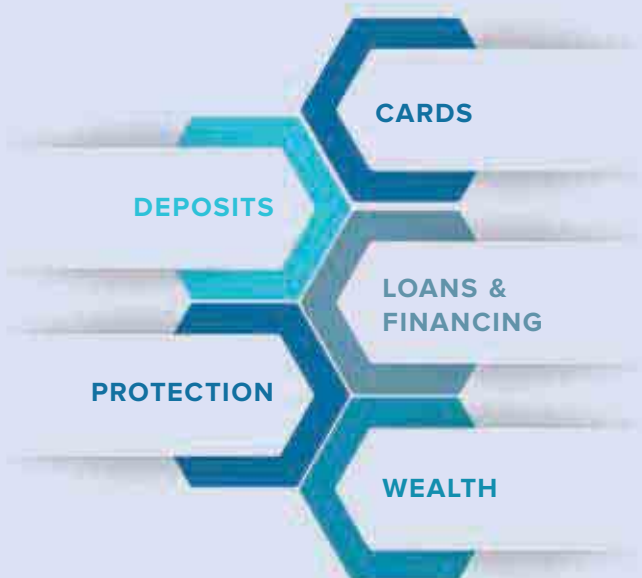
BUSINESS REVIEW

GROUP COMMUNITY BANKING



WHO WE ARE AND WHAT WE DO

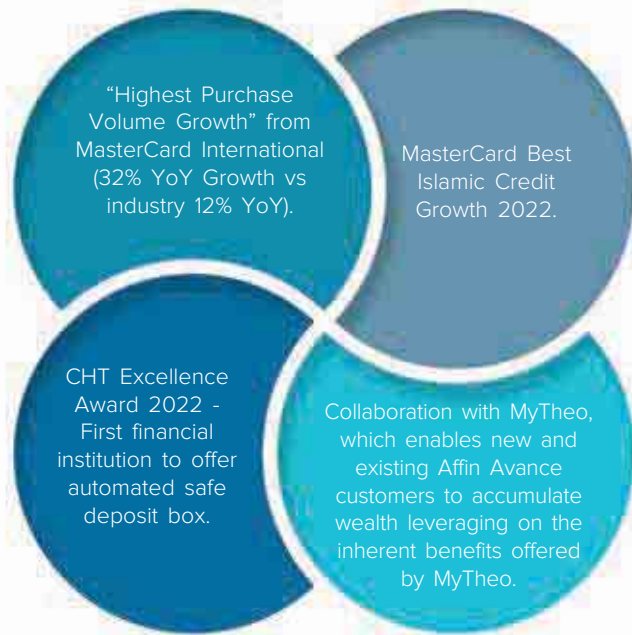
Group Community Banking offers conventional and Shariah banking products and services to our customers who are individuals from a cross-section of the community. We offer a suite of financial solutions ranging from auto finance, bancassurance, credit cards, mortgages, personal financing and wealth management through our network of 116 branches throughout Malaysia and Internet banking through our award-winning digital platforms. Our premier banking products – the AFFIN Invikta offers personalised, premium banking services for high-net-worth individuals and the AFFIN Avance offers convenience; privileges and rewards for professionals who are busy climbing the corporate ladder. Our strategy to collaborate with external parties to offer cutting-edge products had delivered success for the Group and contributed to a positive positioning of the AFFIN brand.



Time to Win Campaign

AFFIN held a Time to Win Campaign Prize Giving Ceremony at the Hour Glass, Lot 10 Shopping Centre to reward 10 lucky winners of the deposit contest designed for high-net-worth customers.

KEY ACHIEVEMENTS/AWARDS



KEY FOCUS AREAS

1. Products

We offer specific products to meet the needs of the different customer segments. INVIKTA caters specifically to high-net-worth customers. Our financial and wealth segment, AVANCE offers personalised services with unique benefits for mass affluent segment of forward thinking on-the-go professionals.

To strengthen our CASA, we carried out targeted marketing programmes and customised products for our changing customer segments. We also continued with our Personal Financing-i to eligible customers who are pensioners under the government pension scheme.

2. Productivity

Having a competitive incentive scheme in place does not only motivate our sales staff to work harder and achieved beyond their sales targets, but also encourage healthy competition among our employees, ultimately resulting in increased sales and revenue for the Bank.

We focused on managing resources effectively and efficiently by implementing staff optimisation strategies so that we can make better use of our resources, minimise costs and achieve improved outcomes. Such optimisation measures include identifying gaps in current employee skillsets and providing training, restructuring tasks to eliminate redundancies, and reallocating resources to focus on high value-add activities.

3. Collaboration

Understanding the significance of collaboration between our Enterprise and Corporate managers and Branches, we initiated cross-function KPIs, with an emphasis on growing payroll customer base, merchants and ancillary services. By working collaboratively, we can leverage our collective strengths, share resources and generate new ideas that will drive innovation and growth for the Bank. Moreover, collaboration also fosters a sense of teamwork, inclusivity and transparency within our organisation.

4. Process enhancement

For the Bank to benefit immensely from process improvement initiatives, we focused on having sales-centric branches, end-to-end straight-through-processing (E2E STP) for personal financing-i (PF-i), digitalisation and uberisation.

Such enhancement is necessary with the rapid increase of our customer base which means we must adapt to meet their changing needs. Improved processes have increased the quality of our customer service, reduce human error and lead to a better customer experience overall.

5. System enhancement

To better manage our customer data, streamline our operations, improving efficiencies while reducing costs, we invested in new and advanced technologies which include:

- Nationwide roll-out of Affin Delivery System (ADS) which is the new branch delivery system to digitally supplement and improve customer-centricity, offering mobility and more efficiencies to serve the ever-changing financial needs of our customers.
- Enhancements to our Loan Origination System (LOS) to improve loan processing capabilities, allowing us to provide faster, more secure and more efficient loan services to customers.
- Continuous enhancement to Retail Internet Banking (RIB) platform by introducing new features to elevate convenience to our retail customers while ensuring peak performance in terms of speed and security.
- Customer Relationship Management (CRM) with which we will be able to get a better insight into our customers' needs and preferences, enabling us to offer tailored services and improve customer satisfaction.

6. Customer engagement

Because customers are the lifeblood of our business, it is essential that we focus on engaging them in building a long-lasting relationship. Our community banking model outlines a hands-on, personalised approach to banking. This means that we listen to our customers, understand their unique needs and work with them to create individualised solutions that best meet their financial goals.

BUSINESS REVIEW

GROUP COMMUNITY BANKING

7. Profitability

As part of our efforts to maintain our position among the leading banks, we have been focusing on a few key metrics that play a crucial role in our success. In 2022 we were thus set on achieving higher net interest margin (NIM) and non-interest income (NOII). We also looked to reducing our cost of funding so that we could reduce our borrowing costs and increase our NIM.

We constantly implement cost-efficient measures to lower our expenses, and at the same time offer more attractive rates to our customers. Finally, we remained focus on Recovery/Expected Credit Loss (ECL) by intensifying our recovery efforts and managing our expected credit losses.

OVERVIEW OF PERFORMANCE

The goals and objectives of Community Banking during the year were in alignment with Affin Bank's AIM22 transformation journey.

Goals	Objectives
Grow customer base	<ul style="list-style-type: none"> To grow our customer base to 0.8 million To provide scale, stability and sustainability
Turbo charge Current Account and Savings Account (CASA)	<ul style="list-style-type: none"> To increase our CASA ratio by 1%
Improve cost-to-income ratio (CIR)	<ul style="list-style-type: none"> To reduce our CIR to 71%. Realign our revenue contribution to stakeholders.
Manage gross impaired loans (GIL)	<ul style="list-style-type: none"> To ensure asset quality better than industry average. To ensure responsible financing growth.
Establish Digital Leadership	<ul style="list-style-type: none"> To provide faster, better, customer experience through digital reach at a more economical rate.
Enhance customer service	<ul style="list-style-type: none"> To improve Net Promoter Score (NPS). Provide unrivalled customer service.

Financial highlights	2021	2022
Loan balances	RM29.4 billion	RM36.2 billion
Deposit balances	RM28.4 billion	RM31.5 billion
Gross impaired loan ratio	0.85%	0.73%
Net interest income	RM430 million	RM542 million
Non-interest income	RM84 million	RM102 million
Profit before tax	RM91 million	RM211 million
Casa ratio	20.7%	21.9%
Cost to income ratio	69.95%	58.51%
Loan loss coverage ratio	93.31%	104.25%

Non-financial highlights	2021	2022
Customer base	796,255	852,055
Net Promoter Score (NPS) (CMBD)	+39	+57
Customer Satisfaction Score (CSAT) (CMBD)	+81%	+85%

ACHIEVEMENTS BY PORTFOLIO

→ SECURED FINANCING

ENR ▲ +23%
RM19.4 billion
 vs Dec'21 **RM15.8 billion**

ENR ▲ +15%
RM13.2 billion
 vs Dec'21 **RM11.5 billion**

ENR ▲ +38%
RM1.1 billion
 vs Dec'21 **RM0.8 billion**

→ UNSECURED FINANCING: HIGH MARGIN PRODUCTS

PERSONAL FINANCING
▲ +112%
RM1.89 billion
 vs Dec'21 **RM0.89 billion**

CREDIT CARD
 ENR ▲ +38%
RM366 million
 vs Dec'21 **RM265 million**



BUSINESS REVIEW

GROUP COMMUNITY BANKING

KEY CHALLENGES

The challenges	The consequences
Rising overnight policy rate (OPR) environment	Increase in the cost of borrowing for our customers, making it harder for us to attract new borrowers. Higher revision of OPR also translates to higher repayment requirement which increases the risk of default among existing borrowers.
Compression of net interest margin (NIM)	A tighter spread between our lending rate and cost of fund as a result of loan growth outpacing deposit growth. This would be addressed through diversification of product offerings, focusing on higher NIM loan products with high asset quality and elevating our CASA growth.
Looming global recession sentiment	A slowdown in demand for loan and wealth products as customers become more cautious about the state of the economy.
End of SST-exemption for new vehicles	With the Malaysian government's announcement on the end of the sales and service tax (SST) exemption for new vehicles, the prices of new cars are expected to increase. This could result in a decrease in demand for loans related to auto financing.
China's global supply chain disruption	Lower disbursement rate for auto financing and mortgage arising from disruption in the delivery of manufacturing of vehicles/auto parts and building materials.
Technological handicaps	Cause disruptions to our services, resulting in inconvenience to our customers.
Delay in opening of branches and availability of MIB (Management Information Booklet)	CASA growth strategy relies heavily on the widening of our branch footprint as well as the delivery of mobile internet banking.

KEY OPPORTUNITIES

The opportunities	The outcome
Normalisation of economic activity as we enter endemicity and reopening of borders	Increased business activities lead to a higher demand for banking products/ services.
Increased stamp duty exemption to 75% for property of RM500K to RM1M	More customers will opt for higher price properties that fall outside of the RM500K and RM1M range. This will lead to an increase in higher-priced property purchases, which in turn will generate more revenue for the Bank.
Increased total holding limit for ASB and ASB2	Customers can invest more in these funds, resulting in a potential increase in demand for our ASB Financing offering.
Duty exemption for imported Completely-Built-Up (CBU) Electric Vehicles (EVs)	A catalyst for higher demand of EVs which bodes well for our Green Vehicle Financing portfolio, in line with our commitment towards sustainability.
Rise of self-directed application through enablement of offsite onboarding	Expect improved convenience for our customers, while enabling us to reach a broader audience and expand customer base.





OUTLOOK FOR 2023

As the Malaysian economy continues to recover from the disruptions caused by the COVID-19 pandemic, the outlook for banks in the country remains cautiously optimistic going into 2023. While there are still challenges that must be addressed, the overall economic landscape is trending upwards, and banks are expected to play a critical role in supporting continued growth.

Banks are likely to remain the primary providers of housing finance in Malaysia. Although the pandemic has impacted the short-term economic performance, the government policies to foster home ownership and provide affordable housing will drive demand for loans.

The outlook for auto financing business looks optimistic, given the country's stable economic growth, rising income levels, and increased demand for cars. The government's initiatives such as the National Automotive Policy 2020, will help spur the auto financing industry. As for Affin Bank, we are also going to implement innovative strategies to stay ahead of our competitors. For example, we are going to offer digital auto financing to customers.

The COVID-19 pandemic has accelerated the shift towards digitalisation in the banking sector. We therefore will continue to invest heavily in technology to enhance our digital channels.

With the growing importance and popularity of e-commerce in Malaysia, we will play a critical role by providing payment solutions to support online transactions. We also anticipate an increased collaboration with Fintechs that have been disrupting the traditional banking industry.

As with other banks in Malaysia, we will expect to face changes in the regulatory landscape. The implementation of Basel III framework, for example, will have an impact on the Bank's capital adequacy and may require us to raise capital to meet regulatory requirements.

In the near term, we will also have to deal with higher rates, inflation, and lower growth. Net interest income will need to grow, while a loyal client base is demanding bespoke digital solutions, and tailored advice.

With all these in mind, and in line with the Bank's second phase of its transformation plan (A25), we will pursue our aspiration to be the preferred community bank. In the coming year, we shall chart a path through the current fog of uncertainty to strengthen our position for future growth.

ASPIRE TO BE THE PREFERRED COMMUNITY BANK BY HARNESSING OUR 6 FOCUS AREAS

Digitalisation & Automation

Enhancing customers' onboarding experience with improved efficiency

Grow Fee Incomes

Scaling up wealth management business and heightening cross-sell of fee based products

Higher NIM Products

Focus growth on high yield loan/financing: PF, Cards and Edu-i

Improving CIR

Through increased productivity, branch cost management, process automation, and TOM implementation

Expand CASA

Growing CASA through collaboration and payroll, branch transformation, digital enablement and new product

Responsible Financing with Impact

Improving GIL and contributing to the Group's aspiration for 10% ESG portfolio by 2025 (2023; 7%)

BUSINESS REVIEW

GROUP CORPORATE BANKING



WHO WE ARE AND WHAT WE DO

The mission of Group Corporate Banking is to be a strategic partner to emergent corporate entities that have promising growth potential and mature corporations that are continually flourishing. We offer a range of products such as cash management and deposits, loans and financing, trade finance and relevant support services to our clients who are key players in various economic sectors and industries.



AFFIN 2022 Road To Qatar Final Match

AFFIN held the AFFIN 2022 Road To Qatar Final Match Viewing Event and Campaign Prize Giving Ceremony at Menara AFFIN TRX to thank its customers and partners for participating in the campaign, which ran from 1 October to 30 November 2022.

OVERVIEW OF BUSINESS ENVIRONMENT

In 2022, Malaysia transitioned to the endemic phase and economic activities continued to normalise. Sentiment around growth was relatively optimistic. Trade performance improved due to strong domestic and external demand for Malaysian products and services. The country's exports recorded a double-digit growth for the second year at 25% in 2022.

Business optimism has been underlined by strong private consumption, and improved availability of financing. The recovery momentum was buoyed by the reopening of international borders and structural reforms, in line with the Twelfth Malaysia Plan 2021-2025, which reflects the government's commitment to boost the country's economic resilience, help businesses grow and achieve sustainability.

KEY FOCUS AREAS

Our strategic focus during the year was on five key areas which are in line with the Group's Affinity in Motion (AIM22) transformation journey.

1

Targeted loan growth

In line with our mission, we further strengthened relationships with selected customers to support their growth. Our plan also involved replacing weaker credits with healthy quality assets.

2

CASA growth

To achieve strong CASA growth, we leveraged on AFFINMAX proposition to provide customers with a comprehensive suite of cash management solutions.

3

Fee-based income growth

Aiming to grow fee-based income specifically on trade, by offering new products and services such as eTrade and Financial Supply Chain solutions which are competitive in the market.

4

Improved asset quality position

Committed to reduce gross impaired loan (GIL) ratio to 4.48% through active management and monitoring of distressed accounts by our dedicated Corporate Portfolio Management team. We also adopted more stringent credit screening processes in line with our revised customer underwriting standards and the Group's 2022 annual credit plan.

5

Creation of universal banker

Our ability to sell a broad range of products and services allows us to deliver more value to our customers by providing convenient and holistic solutions.

BUSINESS REVIEW

GROUP CORPORATE BANKING

OVERVIEW OF PERFORMANCE

Group Corporate Banking recorded better performance in 2022 compared to the two previous years following the country’s transition to COVID-19 endemic phase.

Being a small bank enables us to provide unrivalled customer service; be more agile in making timely decisions and changes to address any emerging risks.

We also have better co-ordination and management of asset quality, as attested by the significant improvement in gross impairing loans (GIL) from 5.01% to 3.82% in 2022. When comparing against the industry (excluding SME loans and financing), we managed to reduce the GIL by 23.8% vs 12.2% year-on-year (YoY). This was attributed by repayment/settlement from impaired accounts and active asset quality management.

In addition, our loan loss coverage was healthy at 116%, well above 100% level (2021: 63.9%).

Next, AFFIN Bank’s trade export volume for the year stood at RM3.5 billion (2021: RM3.3 billion). This was despite the economic uncertainties due to the high inflation environment, geopolitical tensions and the weakening of Ringgit against US Dollar, amongst others.

However, our trade income managed to grow by 32.4% YoY, to a record high of RM157 million (2021: RM118 million). Trade

assets increased in tandem to RM3.3 billion (2021: RM2.9 billion). It represents as the major contributor to our non-interest income which improved by 36.09% YoY.

For our corporate internet banking platform, AFFINMAX, the registered subscribers grew 22% in 2022 to 34,980. As a result, average Current Account balance grew by 25% to RM6.4 billion which translated to a higher float income of RM17.3 million (2021: RM14.0 million).

In terms of liquidity, our Deposits also recorded a significant increase of about RM3.03 billion or 20.6% YoY which was higher than the industry average of ~5%. Our CASA ratio stood at 27.3%.

As part of our commitment towards sustainable financing, we continued to mobilise our funds in delivering financial support to customers who are engaged in ESG-related transactions. As at end December 2022, our sustainable loans and financing reached 7.90% of total Corporate Banking exposures.

Group Corporate Banking's revenue in 2022 increased despite assets being maintained at the same level as previous year. Furthermore, the income growth rate exceeded the expenses growth rate by about +9.7% (2021: -7%), which translated to a positive Jaws ratio for the year.

Indicators to measure our business performance

- **New-to-bank (NTB) customers**
66% new-to-bank versus 34% existing-to-bank, through Corporate & Investment Banking (CIB) model
- **Shift in product compositions**
Trade composition grew to 18% in 2022 from 9% in 2019, which translated to higher fee-based income.
- **Improvement in productivity**
Group Corporate Banking productivity in 2022 as measured by the revenue per staff metric was RM1.39 million (2021: RM0.96 million).

→ **KEY INITIATIVES**

- Go-live Trade Financial Supply Chain solutions via Affinmax.
- Launch of Liquidity Management Solutions and virtual account solutions.
- Introduction of combined application AFFINMAX Mobile and AFFINMAX SECURE (soft token).
- Collaboration with customers such as Malaysian Department of Insolvency and E-Jamin as an acquiring bank.
- Introduction of Static & Dynamic QR to AFFINMAX customers, namely the merchants.

KEY OPPORTUNITIES AND CHALLENGES

Opportunities	Challenges
<ul style="list-style-type: none"> ESG-related loans and financing in line with the Group’s direction, national, regulatory bodies and global agenda. On-going recovery of real estate, hotel and manufacturing sectors post-pandemic, which means a pick up in business activities, thus, higher demand for loans and financing is expected. 	<ul style="list-style-type: none"> Geopolitical tension and global economic downturn amidst rising inflation and interest rates Climate risks Fluctuation in commodity prices, namely oil and gas, palm oil



OUTLOOK FOR 2023

Our focus in 2023 remains on executing the Bank’s A25 transformation programme, which entails leveraging on CIB model to onboard new-to-bank (NTB) customers from selected high growth economic sectors and ESG-related financing.

We will also work on reducing corporate debt-at-risk position and recovery. At the same time to grow stable CASA through agency model, targeting NTB, new market segments, and to cross-sell payroll accounts.

In view of the customers’ growing desire for ease of doing business and access to financial services through digital channels, we will continue to: (1) leverage on technology enablement, data analytics tools and innovative solutions for more effective and efficient processes and services; and (2) invest in staff competencies to develop high performance universal corporate bankers.

The year 2023 presents some economic headwinds - fluctuation in commodity prices and the potential of a global recession which would lead to further slowdown in trade activities.

Nevertheless, whilst remaining cautious of macro and micro economic developments, we remain steadfast in our aspirations to be a strategic partner and catalyst for the growth of the corporate sector.



BUSINESS REVIEW

GROUP ENTERPRISE BANKING



WHO WE ARE AND WHAT WE DO

Group Enterprise Banking supports businesses, from start-ups to ACE market through a complete range of financial solutions - from financing, transactional and protection to advisory and support. Our offerings include working capital and capital expenditure (capex) financing, trade facilities, deposit facilities, remittances, payments and business protection plan.



SME Sustainability Conference and The Launch of AFFIN Aspira

AFFIN BANK hosted the SME Sustainability Conference where it launched AFFIN ASPIRA, a start-up banking proposition, and the BizDana/BizDana-i Start-Up Financing Scheme in collaboration with Credit Guarantee Corporation Malaysia Berhad (CGC). The conference also featured an SME BizChat session.

OVERVIEW OF BUSINESS ENVIRONMENT

Higher-than-expected inflation, especially in the United States and major European economies, triggered a tightening of global financial conditions in 2022. The COVID-19 impact and further negative spillovers from the war in Ukraine have resulted in contraction of global output during the year.

On the back of these factors, market recovery slowed through 2022 which has resulted in the need to strike a phygital interaction balance between customers and the Bank. In view of this, Group Enterprise Banking has further capitalised on our revitalised infrastructure by:

- expanding alternative methods to engage and interact with small and medium enterprises (SME) customers proactively;
- enhancing non-financial beyond banking solutions for SME customers; and
- increasing top-of-mind SME banking partner initiatives for AFFIN BANK and its offerings.

KEY FOCUS AREAS

	Key areas	Our focus	Our initiatives
1	Market	To meet the demands of the increasing entrepreneurial activities within high potential segments.	Rolled out and enhanced niche propositions (e.g. AFFIN ASPIRA, AFFINWRKFZ, AFFINGEM) targeted at start-ups, women entrepreneurs and other high potential segments.
		To strengthen customer interaction by pivoting to hybrid engagement.	Conducted numerous SME BizChat webinars and launched SME Sustainability Conference for market outlook and ESG knowledge sharing sessions, as well as numerous hybrid SME community-centric events.
2	Digital transformation and adoption	Rapid increase of e-commerce activities/online presence among SMEs.	Expanded Rakaniaga base and empowered these SMEs to <u>adopt e-commerce</u> by listing their products and services on SME Colony mobile app.
		Introduced digital lead generation and customer engagement.	Rolled out SME Financing and Business Identifier on SME Colony mobile app (digital self-assessment questionnaires) to help build a basic customer profile for an attentive and faster customer experience (CX) journey.
3	Portfolio management	Businesses are at risk of folding due to market uncertainties related to global inflation rates and other factors.	Monitor and manage portfolio via asset quality management approach as an early alert measure.
4	Business development support for SMEs	A well-rounded support system (financial and non-financial) is needed to sustain the development growth of SMEs.	<ul style="list-style-type: none"> Provide value-added “beyond banking” solutions with AFFINWRKFZ and its core 4Ps (Planning, Protection, Progress, Privilege) as an encompassing talent management and business development support. Introduced Open Marine as a business risk management measure for SMEs cross-border trading.
5	Cash management initiatives	Support BNM’s cashless society agenda.	0% transaction fee for Interbank Fund Transfer (IBFT) to encourage SME customers to adopt internet banking as a cost reduction measure for payments.
		Optimise SMEs short-term cash liquidity.	Increase AFFINMAX sign-up and utilisation by rolling out e-trade module and digital payroll campaign.

OVERVIEW OF PERFORMANCE

Financial	<p>Overall financial achievements as the economy slowly recovered from challenges of the rising global inflation rates and spillover effects from COVID-19:</p> <ul style="list-style-type: none"> • growth in Profit before Tax of 22.7% (RM78.9 million); • steady growth of financing and deposit base at 13.3% (approximately RM892 million) and 12.2% (approximately RM862.6 million) respectively; • Loan-to-Deposit ratio remains steady at 75.0%, therefore business remains fully self-funded; • competitive Net Interest Margin (NIM) and CASA ratio at 4.28% and 44.3% respectively; • Loan Loss Coverage (LLC) strengthened to 89.3%; and • achieved 10.1% of fee income growth.
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BUSINESS REVIEW

GROUP ENTERPRISE BANKING

Non-financial	<ul style="list-style-type: none"> Introduced 3rd tranche of BizDana-i Start-Up financing scheme and 1st tranche of BizDana Start-Up Financing Scheme with allocations of RM30 million and RM20 million respectively; Launched AFFIN BizSolar/-i Financing, a financing scheme for the purchase and installation of Solar Panel Photovoltaic System (Solar PV System) for business properties in line with 12th Malaysia Plan for renewable and sustainable energy; Launched NCI A – AFFIN BANK Entrepreneur Scheme (NABES) through a joint venture with Northern Corridor Implementation Authority (NCIA) aimed at assisting and supporting the development of entrepreneurs and business opportunities for new and existing entrepreneurs in the Northern Region (states of Perlis, Penang, Kedah and Perak); Launched AFFIN ASPIRA, formerly known as AFFIN Start-Up Banking Initiative, an encompassing proposition targeted at start-ups through AFFIN BANK’s tailored Transactional, Financing, Protection, and Advisory & Support solutions; Rolled out further financial inclusion initiatives on SME Colony mobile app targeted at the SME community including ESG knowledge bank, SME Financing (self-assessment for SMEs interested in AFFIN BANK financing options) and Business Identifier (self-assessment advisory & support for SMEs at different stages of their business journey) as part of the Bank’s ESG strategy; Recognised as the Best Bank for Digital Solutions, Malaysia at the Asiamoney Awards 2022 for the Bank’s flagship digital initiative SME Colony mobile app, spotlighting the Bank’s position as a market leader when it comes to providing relevant digital solutions for the Malaysian SME community consistently by supporting their growth and sustainability through financial literacy and digital adoption. 1st recognition for Outstanding Digital CX for Financial Inclusion at the Digital CX Awards for SME Colony mobile app serving the SME community through a digital ecosystem; Organised SME Sustainability Conference – an event designed to support and nurture the SME community in different manners with relevance and inclusivity.
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The commendable performance of Enterprise Banking can be attributed to its strengths.

Our strengths	How we succeeded
Niche market presence that surpasses market growth rate – “Bank of Choice” for SMEs and start-ups	<ul style="list-style-type: none"> Increase market penetration via niche segmental propositions such as AFFINWRKFZ and AFFINGEM <ul style="list-style-type: none"> – AFFINWRKFZ is recognised for its inclusive efforts to help SMEs position themselves as an attractive long-term career prospect for talent retention and business development; – AFFINGEM is aimed at women entrepreneurs and women-led entities to help them Grow, Empower, and Manage their business; – AFFIN ASPIRA (formerly known as AFFIN Start-Up Banking Initiative) continues to be AFFIN BANK’s cornerstone proposition in supporting start-ups’ development and growth
Active customer engagement strategy	<ul style="list-style-type: none"> Dedicated sales team as AFFIN BANK’s proactive approach to support SME customers Participated as strategic speakers at various external SME community-centric events, including SME CEO Forum, Smart City & Digital Economy Convention (SDEC) 2022, Venture Grab’s Business Opportunity e-Expo (BOeX) Business Summit 2022, and 36th ASEAN Innovation Business Platform (AIBP) Conference & Exhibit.
Strong external partnership approach	<ul style="list-style-type: none"> Collaborated with notable partners, including Sidec and Mystart, to develop and sponsor various events aimed at nurturing the SME community such as <ul style="list-style-type: none"> – 5th Selangor Accelerator Programme, – 7th Malaysia Top E-Commerce Merchant Awards (with AFFIN Rising Star Awards dedicated for start-ups), – 6th Dream Factory Startup Contest and – The 100 Most Influential Young Entrepreneurs 2022 (100 MIYE). Conducted SME BizChat webinars and to promote financial literacy, business growth resources and uplift ESG-focused industries through bilingual medium Launch of SME Sustainability Conference for market outlook & ESG knowledge sharing session
Maintaining digitalisation transformation momentum	<ul style="list-style-type: none"> Rolled out SME Financing and Business Identifier on SME Colony mobile app (digital self-assessment questionnaires) to help build a basic customer profile for an attentive and faster CX journey as alternative lead generation channels. Encourage adoption of internet banking among SME customers through AFFINMAX.

KEY INITIATIVES

- Launch of AFFINGEM Awards (女創業家獎) and AFFINGEM Women Trailblazer Awards at the Dream Factory Startup Contest and Top E-Commerce Merchant Awards respectively to honour and celebrate Malaysian women entrepreneurs who have shown remarkable achievements, exceptional leadership skills and outstanding commitment in their own field.
- Introduction of Low Carbon Transition Facility/-i (LCTF/-i) to encourage SMEs to adopt sustainable practices for business resilience.
- Further disbursement of BNM COVID-19 funds and MOF funds including extension of Target Relief Recovery Facility/-i (TRRF/-i) and Penjana Tourism Facility/-i (PTF/-i), PEMULIH Government Guarantee Scheme/-i (PGGS/-i), and Disaster Relief Facility/-i (DRF/-i) 2022.

KEY ACHIEVEMENTS/AWARDS

<p>Best Bank for Digital Solutions, Malaysia 2022 by Asiamoney Awards Entry: SME Colony mobile app</p>	<p>Winner: Outstanding Digital CX for Financial Inclusion 2022 by Digital CX Awards Singapore Entry: SME Colony mobile app</p>	<p>Most Innovative New SME Product of the Year – Malaysia 2022 by International Finance Awards UK Entry: AFFINWRKFZ</p>	<p>Financial Inclusion Initiative of the Year 2022 – Malaysia by Asian Banking & Finance Retail Banking Awards Singapore Entry: SME Colony mobile app</p>
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KEY RISKS

Our risks		How we manage (our strategies)
<ul style="list-style-type: none"> • Default risk due to market uncertainties • Competitions from banking alternatives • Price war with other financial institutions 		<ul style="list-style-type: none"> • Strengthen asset quality management • Introduce and enhance financial solutions with inclusivity and accessibility implicitly embedded • Competitive advantage by being a niche leader in high potential segments with relevant tailored products while rolling out ESG awareness campaigns and solutions

KEY OPPORTUNITIES AND CHALLENGES

Opportunities	Challenges
<ul style="list-style-type: none"> • New-to-Bank attraction with segmental proposition • Enhancement of partnership network • Expansion of touchpoints • ESG products as niche 	<ul style="list-style-type: none"> • Competition with disruptive alternatives (e.g. FinTech) • Poor economic environment making SMEs more vulnerable • Commodisation of SME banking facilities + price war



OUTLOOK FOR 2023

Moving into 2023, we identified possible prospects in terms of niche market presence in the unserved and underserved segments to further our goal to become a “Bank of Choice” for SMEs and start-ups.

We will focus on our strategies to:

- Increase customer accessibility through continuous expansion and upgrading of Business Centres;
- Intensify digital adoption and transformation among SME customers as part of AFFIN BANK’s digitalisation strategy as well as offering relevant inclusive digital products & services;
- Introduce further ESG-centric products and services as part of the Bank’s sustainability agenda; and
- Further strengthen customer engagement approach through meaningful networking initiatives and proactive support.

BUSINESS REVIEW

GROUP TREASURY

**WHO WE ARE AND WHAT WE DO**

Group Treasury offers a wide range of foreign exchange and money market products and services to cater to a broad range of corporate and institutional customers ranging from large multinationals, small and medium-sized companies as well as individuals. Our activities cover sales, trading, liquidity management and syndication. We offer our customers risk coverage and customised solutions from the simplest to the most complex products (derivatives) and for all kinds of financial assets/products – generally fixed income, interest rates, foreign exchange and money market for both the Conventional and Islamic segments.

OVERVIEW OF BUSINESS ENVIRONMENT

In 2022, Group Treasury, as with other businesses, has had to contend with the consequences of shifts from fiscal policy stimulus to restraint, rising interest rates and tightening credit conditions.

Major rate hikes by the Federal Reserve and Bank Negara Malaysia had a direct impact on interest rates and the management of our Banking Book's investment portfolio.

Notwithstanding, Group Treasury set a new direction to have full engagement with our business partners, including Group Corporate Banking, Group Enterprise Banking and Group Community Banking. This resulted in the initiation of a FX Revenue Shadowing model, which raised awareness towards the importance of FX in generating fee income, as well as a collaboration with Wealth Management to generate a new line of FX business, which contributed to 10% of the total FX business during the year.

We revised our business model to focus on growing more consistent income stream from amortised cost (AC) strategy. The new model is also to help increase the use of accounting hedges to stabilise earnings and manage cost of fund.

KEY FOCUS AREAS



OVERVIEW OF PERFORMANCE

Despite the challenging year of 2022, Group Treasury has performed well. By diversifying our funding strategies through the REPO market, we successfully, albeit steadily, grew our asset size. To broaden the horizon beyond MYR space, we expanded our foreign currency to combine both high-yielding fixed rate assets and floating rate notes. As a result, our foreign currency asset size grew more than doubled as compared to FY2021, which contribute 100bps per month on average throughout the year.

Financial	<ul style="list-style-type: none"> Total income increased by 15% from previous year, in line with the budgeted target for total income for Treasury; Gains from interest income and non-interest income increased by 4% and 52% respectively; FX revenue reported 25% higher compared to FY2021; Higher fee income from capital market activities such as joint lead manager fees; Asset size grew by 28% while keeping portfolio duration below six years; and Foreign currency asset size grew more than doubled compared to FY2021, which contribute 100bps spread per month on average throughout the year.
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In 2022, we delivered exceptional service to unique client segments and provided a higher level of personalised service. This is the driving force for us and in our constant ambition to foster client loyalty through incomparable service quality and effective product solutions. Aside from having the expertise and capacity to offer competitive price to customers, our Sales teams are experienced in their respective market segments.

BUSINESS REVIEW

GROUP TREASURY

KEY INITIATIVES

Treasury’s initiatives are aligned with the Bank’s transformation journey. Central to these initiatives is the efforts to upgrade our treasury solutions to serve existing and new customer base with more sophistication.

- Extended offering in the underdeveloped derivative business by introducing new products.
- Centralisation of treasury service following the merger of AHIBB Treasury and ABB-AIBB Treasury
- Expanded Treasury sales business through restructuring and introduction of new sales departments beyond FX Sales, namely Fixed Income/Institutional Sales, Syndication and Derivative Sales.
- Restructured trading book business by refocusing trading strategies towards flow-trading and increased use of interest rate derivatives to optimise interest rate risk on the balance sheet
- Exercised care and diligence in selecting and purchasing assets for our banking book, to ensure growth in portfolio size and contribute to the Bank’s net interest income.

KEY ACHIEVEMENTS

- Significant growth in terms of financial performance;
- Significant increase in FX volume and corresponding revenue growth;
- Expansion into new client segments, thus diversifying our revenue streams and reducing dependency on a limited number of clients which resulted in greater stability and resilience in revenue base; and
- Addition of new revenue line items to better serve our clients’ evolving needs.

KEY OPPORTUNITIES AND CHALLENGES

Opportunities	Challenges
<ul style="list-style-type: none"> • Sale of fixed income investments to the Bank’s high net worth clients • Collaboration efforts to unlock the Group’s potential in generating profit • Digitalisation to improve customer experience through our Treasury FX Digital System (TFXDS) 	<ul style="list-style-type: none"> • Uncertain interest rate outlooks • Rising cost of fund • Disruptions in client business

OUTLOOK FOR 2023

- Malaysia’s economic growth is expected to rebound in 2023 amidst an expected slowdown in external demand. Group Treasury will therefore focus on a more disciplined trading and increased client flows which will lead to superior customer services. Our ongoing effort in this area will be further enhanced by our business-driven risk management framework and a renewed commitment to customer-centricity.
- Our priority is to maintain key ratios and align our foreign currency deposit strategy to improve efficiency. Therefore, we will leverage on the Bank’s balance sheet, particularly with fixed income issuers. Through our collaboration with Group Corporate Banking, Client Coverage and Debt Capital Markets, we aim to provide our clients with comprehensive solutions and deepen our relationship with them.
- We anticipate greater volatility in the financial markets as global interest rates are expected to trend upwards on stronger economic growth and higher inflation. Treasury is well positioned to be persistent and consistent to recover from the impacts of the COVID-19 pandemic and towards a normalisation of market forces and a stabilising global economy.



Propelling Malaysia Forward

AFFIN Group Treasury held its first Market Outlook in 2023, titled "Propelling Malaysia Forward," on 14 March 2023

BUSINESS REVIEW

AFFIN ISLAMIC BANK BERHAD



WHO WE ARE AND WHAT WE DO

Affin Islamic Bank Berhad (AFFIN ISLAMIC) is the Group’s full-fledged Islamic bank that offers products and services to Small and Medium Enterprises (SMEs), Institutional, Corporate and Retail customers based on the applicable Shariah contract and with the endorsement of the Shariah Committee. We have been at the forefront of introducing innovative and Shariah compliant products which adopt variety of Shariah concepts ranging from Musyarakah Mutanaqisah, Mudarabah, Istisna’, Ijarah, Murabahah and so forth.



AFFIN Solar Financing-i Official Launch

AFFIN BANK launched AFFIN Solar Financing-i, a sustainable and personal financing plan for customers to purchase and install solar panels at their properties. The launch event took place at Menara AFFIN @TRX



Global Islamic Finance Forum 2022 (GIFF2022)

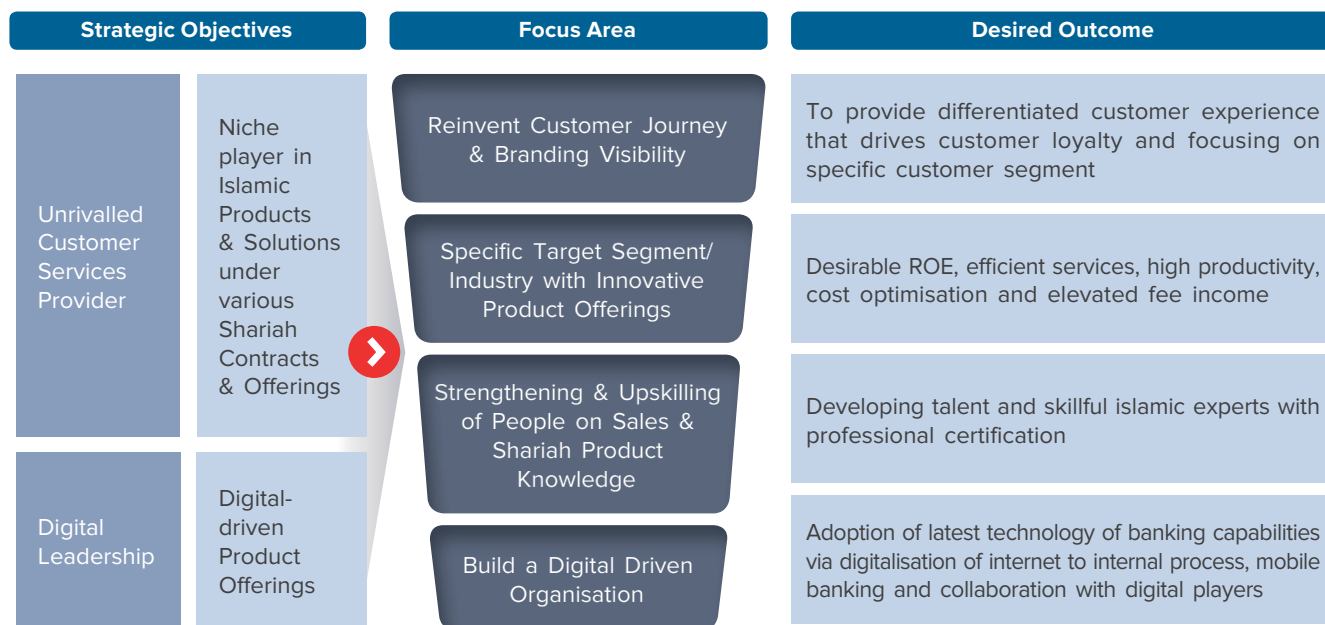
AFFIN ISLAMIC participated in the Global Islamic Finance Forum 2022 (GIFF2022) organised by AIBIM and Bank Negara Malaysia.

BUSINESS REVIEW

AFFIN ISLAMIC BANK BERHAD

KEY FOCUS AREAS

AFFIN ISLAMIC is currently operating under leverage model (Triple Banking Model) and therefore, all business strategies and initiatives are established and driven by the business distribution channel at the Group Business Division. Our focus areas have thus been in line with the Group’s strategic objectives and priorities.



OVERVIEW OF PERFORMANCE

In FY2022, net income increased by 25.2% to RM675.8 million from the previous year. However, profit before tax was lower than FY2021 at RM173.1 million as the Group took a prudent view with sizeable management overlays. Overall, we achieved a constant growth in financing, and at the same time adopted an effective cost structure.

Our financing increased by 15.3% YoY to RM26.3 billion driven by SMEs and personal financing. CASA balance stood at RM6.4 billion and we maintained a good CASA ratio of more than 25%.

KEY PERFORMANCE HIGHLIGHTS (FY2022 vs FY2021)

Registered profit before tax of **RM173.1 million** for the year ended 31 December 2022, down by RM75.4 million or 30.4% compared to RM248.5 million for the previous year.

Total assets increased by **RM6.4 billion** or 22.6%, mainly due to the increase in gross financing of RM3.5 billion or 15.3%. The increase in financing portfolio was mainly in Group Community Banking (RM3.0 billion), Group Corporate Banking (RM0.3 billion) and Group Enterprise Banking (RM0.2 billion).

Gross impaired financing ratio improved from 1.11% as at December 2021 to 0.9% as at December 2022, mainly attributed to the **RM3.5 billion** increase in financing.

Customer deposit expanded by **RM3.2 billion** or 14.4%, with overall CASA ratio of more than 25%. Overall deposit expansion was led by Corporate Banking (RM2.3 billion), Community Banking (RM1.1 billion), and Enterprise Banking (RM0.02 billion).

Cost to income ratio improved to **37.05%** from 45.83%.

Net profit margin (earning assets) improved at **1.92%** from 1.76% (+0.16%).

ROE at **3.91%**

KEY INVOLVEMENT

AFFIN ISLAMIC is a member of the Value-Based Intermediation (VBI) Community of Practitioners (COP) that drives the implementation of the sustainability agenda pioneered by BNM together with other Islamic banking institutions. 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 the shareholders’ sustainable returns and long-term interests.

VBI COP MEMBER SINCE 2021	
Benefit of VBI adoption	Help us enhance our practices and offerings beyond Shariah-compliance, to positively contribute and add value to our community, the environment, and the shareholders.
Our initiatives	Working towards the integration of broader sustainability considerations into our financing practices.
Our pertinent area	Actively contributed to the development of the sectoral guide for the manufacturing, agriculture, forestry, and fishing industry, which provides in-depth impact-based risk management toolkit for financial institutions to implement Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIAF) at a more granular and transactional level.

KEY OPPORTUNITIES AND CHALLENGES

Opportunities	Challenges
<ul style="list-style-type: none"> Leveraging on strong brand of AFFIN Group such as Brand Finance Award (<i>The Fastest-growing Malaysian Brand in 2022</i>). 	<ul style="list-style-type: none"> Sluggish global economy and disruptions in global economic landscape due to prolonged geopolitical tension.
<ul style="list-style-type: none"> Diversified Islamic financial solutions to our valued customers – AFFIN ISLAMIC is categorised as notable Islamic Finance by Euromoney. 	<ul style="list-style-type: none"> High dependency on corporate funding and concentration on Sovereign segment.
<ul style="list-style-type: none"> Strong partnership with Takaful operators, which contributes to fee income through better product and service offerings. 	<ul style="list-style-type: none"> On-going digital transformation and upliftment of digital capabilities.



BUSINESS REVIEW
AFFIN ISLAMIC BANK BERHAD

OUTLOOK FOR 2023

The higher rate environment, coupled with a decelerating economy and the absence of COVID-19 pandemic-era consumer relief are likely to weigh on customers' debt servicing capacity, thus potentially weakening Islamic banks' asset quality.

Nevertheless, AFFIN ISLAMIC embraces this with confidence and has its future direction set in line with the Group's A25 strategic objectives. We aim to enhance our capability on:

- unrivalled customer service in fulfilling our ambition to be a niche player in Islamic Banking.
- digital leadership in offering digitally driven products and services; and
- responsible banking for positive impact to the society.

Digital product innovation, automation initiatives and Bancatakaful will remain a priority in our strategy to increase our revenue and market share. We will further our Shariah initiatives through various collaborations such as Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) on MyWakaf, and religious councils to provide business assistance to entrepreneurs and aid for eligible indebted.

We will also continue to train and upskill our people by collaborating with Affin Management Institute for Islamic Banking certification programme, namely Associate Qualification in Islamic Finance (AQIF) and Islamic Professional Credit Certificate (IPCC) under the Islamic Banking & Finance Institute Malaysia (IBFIM), compliance training and awareness.



BUSINESS REVIEW

AFFIN HWANG INVESTMENT BANK BERHAD



WHO WE ARE AND WHAT WE DO

Affin Hwang Investment Bank Berhad (AHIBB) is a leading investment bank in Malaysia. As at December 2022, AHIBB was at the second spot in Bursa ranking of stockbroking businesses. We serve the full spectrum of corporates, investment institutions, retail, high net worth individuals and capital market counterparties. Our comprehensive suite of products and solutions cover investment banking, securities, asset management and trustee services.

KEY FOCUS AREAS

AHIBB has been accelerating its transformation journey, in line with AIM22 initiatives and aspirations. Our key focus is on client-centricity and towards sustainable growth. This is being supported through our innovation, digital initiatives, and greater collaboration with AFFIN Group.

OVERVIEW OF PERFORMANCE

During the year, the Group completed the divestment of its 63% equity interest in Affin Hwang Asset Management Berhad (AHAM). Following this, AHAM ceased to be a subsidiary of the Group and thus, was deconsolidated from the Group's financial statements on 29 July 2022. The proceeds from the divestment amounted to a substantial RM1.39 billion, while the gain netted was RM1.27 billion.

	Group		Bank	
	2022 (RM '000)	2021 (RM '000)	2022 (RM '000)	2021 (RM '000)
Net income	228.5	306.1	1,560.3	417.6
Profit before zakat and tax	55.2	103.0	1,367.4	215.2
Net profit	1,336.9	227.2	1,346.9	193.3
Total assets	7,460.3	8,116.8	7,458.9	7,166.4
Profit attributable to equity holders	1,311.9	173.8		
Earnings per share	168.19 sen	22.28 sen		
Return on equity	94.6%	14.8%		

BUSINESS REVIEW

AFFIN HWANG INVESTMENT BANK BERHAD

The Group, however, recorded a lower net income in 2022. This was mainly due to lower investment income, lower net foreign exchange gains, lower net brokerage income and lower fee income; partially mitigated by higher net interest income.

The higher net income for the Bank was mainly due to gains on the divestment of AHAM and higher net interest income, partially offset by lower investment income, lower net brokerage income and lower fee income.

Gains from the divestment of AHAM also contributed significantly to the Bank’s substantial increase of more than 100% in its profit before zakat and tax (PBZT).

Excluding the contribution from the asset management business, the Securities business contributed 60.1% (2021: 68.5%) to the Group’s overall net income, while Investment Banking and Treasury & Markets businesses contributed about 7.9% and 29.5% (2021: 5.8% and 25.4%) of the Group’s total net income, respectively.

Our Securities business (stockbroking and proprietary trading) ended the year in Top 2 on the Bursa Malaysia’s Broker Ranking for 2022.

Treasury & Markets performance, however, was adversely affected by the government bonds yield surge during the financial year. Notwithstanding, the investment banking’s advisory mandated and pipeline deals remain robust as at reporting date.

KEY ACHIEVEMENTS/AWARDS

Successfully secured and executed a few notable capital market deals, such as the initial public offering of UMedic Group Berhad which was listed on Bursa Malaysia’s ACE Market on 26 July 2022, where the Bank was the Principal Adviser, Sponsor, Sole Placement Agent, and Sole Underwriter;

Participated as a joint underwriter in Farm Fresh’s IPO which was the largest listing on Bursa Malaysia since July 2021.

The Bank acted as a joint lead manager in Point Zone (M) Sdn Bhd “Sukuk Wakalah” programme for business expansion, working capital, and general corporate purposes relating to healthcare for KPJ Group.

The Bank was awarded Champion for Best Institutional Bursa Malaysia-i Participating Organisation and first runner-up of Best Overall Equities Participating Organisation and Best Institutional Equities Participating Organisation - Investment Bank (Bursa Excellence Awards 2021) held in March 2022.

The Bank was accorded Best New Sukuk for its part as the Lead Manager for Bank Simpanan Nasional’s RM750 million Triple Tranche Wakala Sukuk (Islamic Finance Awards 2022) held in September 2022.

KEY OPPORTUNITIES AND CHALLENGES

Opportunities	Challenges
<ul style="list-style-type: none"> Continuous innovation and digitalisation initiatives Further diversification of products and services through synergy within AFFIN Group Fee income growth via Tri-Banking model 	<ul style="list-style-type: none"> Monetary policy tightening of major advanced economies, and prolonged geopolitical tension Stagnant global demand Elevated inflationary pressures



OUTLOOK FOR 2023

Global economy is likely to experience a mild recession amidst stagnation in major advanced economies (eg. US, Eurozone and UK) on the impact of high inflation and the resultant high interest rates.

However, several factors mitigate the downside risks to the domestic economic outlook:

- drawdown of excess individual/household savings built since Jan 2020 amidst lockdowns and economic stimulus measures provide a buffer to consumer spending; and
- recovery in inbound tourism provides the next leg for the growth tailwinds from full economic opening.

Investment outlook is positive amidst a technology-driven surge in approved investment/FDI since 2021 such as capital expenditure in electronics industry and data centres; automation and digitalisation; and 5G infrastructure rollout.

Overall, Malaysia's banking sector is expected to remain insulated from significant contagion risks emanating from the global banks fallout. Malaysian domestic banks remain well capitalised (CET1 15.2%, TCR 18.9%), with healthy liquidity positions (LCR at 154%) and backed by robust domestic funding.

Even under the most adverse stress-testing scenarios, banks are expected to remain resilient to macroeconomic and financial shocks.

In the coming year, AHIBB aims to defend its #1 Bursa Ranking in stockbroking and to win more investment banking landmark deals by continuously intensifying its innovations and digitalisation initiatives.

Through synergy and collaboration within AFFIN Group, we are expected to capture a plethora of opportunities and to further diversify our products and services to our clients. New businesses are being explored to augment current business model, and subsequently exploit and contribute to future deal pipelines. By leveraging the collaboration with AFFIN Group, we are well-positioned to grow our fee income driven via Tri-Banking model and benefitting from latest technology in generating new products and services.

For Investment Banking and Advisory segment, we will continue to focus on strengthening the Corporate and Investment Banking operating model to offer unified solutions to our corporate and institutional clients from across AFFIN Group. This will accelerate our transformation journey, primarily from a product-centric approach to a more holistic client-centric model.

In addition, ESG-related products and services will also be our core focus such as Green bonds or Sukuk and ESG advisory, in alignment with our ESG commitment.

For Securities business, we will continue to elevate our digital and technology capabilities through *eInvest Go* platform in offering comprehensive retail market solutions.

In accelerating the A25 journey, we target to explore new potential business through high-frequency trading that will leverage sophisticated technological tools and computer algorithms.

Additionally, we aim to grow our share margin financing to increase overall market share. On top of that, we plan to roll out our new structured warrant in 2023 to diversify our source of income, as we realise our ambition to be a market leader.

BUSINESS REVIEW

AFFIN MONEYBROKERS SDN BHD



WHO WE ARE AND WHAT WE DO

Affin Moneybrokers Sdn Bhd (AMB) is an international money broker engaged in wholesale foreign exchange and money market broking service in the country. As an international money broker, AMB has business relationship with international money broking companies to act as an agent for transactions that involves foreign financial institutions.

As a money broking company, our principal activity is to act as intermediaries or arrangers of deals between authorised financial institutions in foreign exchange and domestic money market. In return for this service, we receive payment in the form of brokerage commission when deals between two parties are concluded. Our clients are financial institutions and insurance companies.

OVERVIEW OF BUSINESS ENVIRONMENT

Inflation was the headline globally throughout 2022. As it edged higher central banks around the world sprang into action to manage inflation. The plan was to remove monetary accommodation and at the same time, to increase policy rate. The strategy to tighten financial conditions would eventually lead to reducing demand and subsequently ease inflation.

Bank Negara Malaysia raised interest rates four times during the year, raising the overnight policy rate (OPR) from 1.75% to 2.75%.

Trading volume in interest rate products were severely affected by the policy of the local central bank. Interest rate derivatives however benefited as the instrument could be used to manage risks. In foreign exchange, the dollar benefited greatly from outside hikes at the expense of the local currency.

STRATEGIC PRIORITIES

The 2022 strategic priorities were on maintaining dividend payment at 90% at net profit, increasing revenue through various initiatives, strengthening the foundation for growth through people and technology, and building new opportunities.

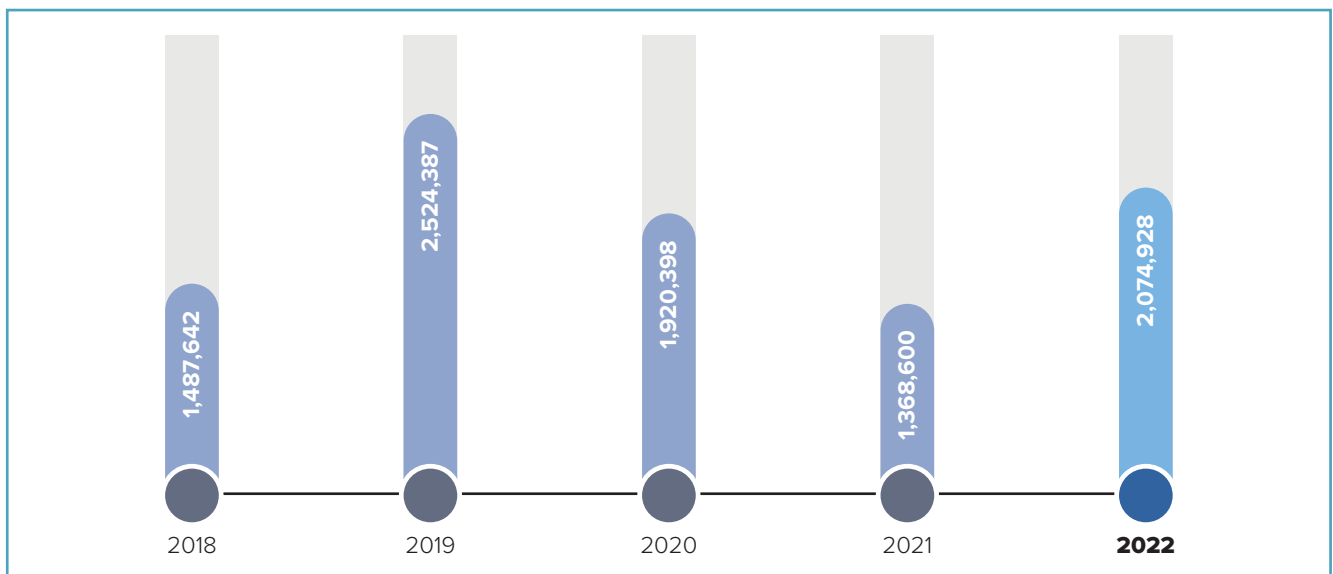
We are committed to staying relevant in the ever-changing financial landscape, and we do this by providing service excellence to our clients and being a partner to them. We invested and built digital touchpoints to cater to the changing customer needs and requirements as we move into a hybrid voice-electronic business model. We leveraged data mining and analytics to understand our clients and their needs better.

We also focused on building strong relationships with our clients, maintaining a high level of professionalism, and staying ahead of the competition.

OVERVIEW OF PERFORMANCE

The brokerage income and net profit before tax (NPBT) performance of AMB has been consistently strong over the years.

Net Profit Before Tax (NPBT) for 5 years (RM):



KEY OPPORTUNITY AND CHALLENGE

Talent remains a major issue in the industry. The declining pool of talent continue as investment in human capital remain elusive amongst industry participants. The problem will exacerbate in the coming years due to aging demography of existing operators. Nevertheless, AMB remains steadfast in developing in-house talent that fits its strategic objectives.

Financial markets volatility is expected in the coming year. Peak interest rate is still inconclusive. The speculative element on when that peak is reached will be the fuel for market volatility. This will happen periodically until peak interest rate is established. Historically, once established, economic slowdown will follow. The cyclical nature of the market will provide the roadmap, not only for the financial markets but also to AMB to optimise market opportunities throughout the financial year.



OUTLOOK FOR 2023

- Our strategic priorities for 2023 remain the same as in the previous year. We are furthering our ambition to be a top money broker in Malaysia. The primary objective is to increase the dividend payment through growth in revenue while keeping fiscal discipline on cost.
- Our focus will remain on money broking to increase market share. To achieve this, we will advance specialist and technical courses to build skills and develop our talent across the company.
- We will continue with what we started - the journey to introduce technology in various areas of our business. This on-going project is work in progress to improve internal processes that will result in more efficient service delivery to our clients.
- In addition, we will further implement and improve our governance and compliance in the coming year which would lay the foundation for a sustainable growth

BUSINESS REVIEW

GENERALI INSURANCE MALAYSIA BERHAD (GIMB)

(FORMERLY KNOWN AS AXA AFFIN GENERAL INSURANCE BERHAD)



WHO WE ARE AND WHAT WE DO

Generali Insurance Malaysia Berhad (GIMB) is one of the fastest-growing general insurance companies in Malaysia and a leader in medical and health insurance. Our comprehensive offerings range from medical & health, travel & home, savings & life protection, and travel & personal accident protection solutions to individuals and businesses.

OVERVIEW OF BUSINESS ENVIRONMENT

The insurance industry, general insurance included, is changing rapidly, with 2022 witnessing some of the biggest shifts in recent years.

As the world navigated the pandemic, more people seek for insurance protection while demanding better digital solutions. The digitalisation trend that has been gradually gaining ground in the centuries-old insurance industry which saw GIMB responding proactively.

KEY DEVELOPMENT IN 2022

Affin Bank Berhad (ABB) inked a business transfer agreement to integrate its general insurance business in Malaysia under GIMB with Generali Asia NV's, resulting in ABB holding a 30% stake in the enlarged insurance company, with Generali controlling the remaining 70%.

The agreement came after ABB completed the partial disposals of its equity interests in the joint ventures GIMB and AAGI to Generali, which acquired a 70% stake in the former (49% from AXA and 21% from ABB) and 53% in the latter (49.99% from AXA and 2.95% from ABB).

The disposals saw the exit of AXA from the Joint Ventures (JV) and made Generali the new JV partner for ABB in the insurance operations.



Following the acquisition of shares by Generali Asia NV, our focus is on the integration with MPI Generali Insurans Berhad (MPI Generali). The specific areas for integration are people, systems, processes and products. At the same time, we continued to ensure that our profitable growth ambition is on track.

As part of the integration plan, GIMB carried out product rationalisation process to streamline and harmonise similar products from both GIMB and MPI Generali. This is to ensure that GIMB will be able to better address its customers' ever-changing needs and to continue to deliver convenience, whilst balancing overall operation costs to provide optimal capital planning.

We started a branch optimisation exercise through a thorough review of all our branches and those of MPI Generali's. This was to ensure they remain relevant to customer needs. Any decision to consolidate certain branches (typically where two branches are located within a short distance from each other) were to be carried out with careful considerations to minimise disruption to our customers and agents.

OVERVIEW OF PERFORMANCE

2022 saw a rebound in the general insurance market which registered a growth of 10% against a slower 2.5% growth in the previous year.

The growth was mainly driven by Personal Accident and Motor classes of business. The full year 2022 GDP growth of 8.7%, increasing awareness and demand for insurance products and the government's efforts to promote insurance penetration have been the main drivers for the double-digit growth in 2022.

GIMB ended the financial year 2022 with gross written premium (GWP) of RM1.43 billion and net profit of RM71.9 million.

KEY OPPORTUNITY AND CHALLENGE

Opportunity	Challenge
<ul style="list-style-type: none"> The integration of GIMB and MPI Generali will position the enlarged entity as one of the leading general insurers in Malaysia. It will combine the talents and resources of both entities to create a unified brand that will have the scale, breadth, and capabilities to compete more effectively and profitably in the Malaysian insurance market, and provide greater value for its customers. 	<ul style="list-style-type: none"> Catastrophes are growing global concern and risk for the insurance industry including in Malaysia. The general insurance industry is potentially facing high claims from medical and flood-related exposure, more from the latter arising from the extraordinary floods that ravaged several parts of the country towards the end of the year.



OUTLOOK FOR 2023

- The General insurance industry has undergone numerous transformations in 2022. The pandemic has accelerated the pace of rapid digitalisation of the industry, reflected an increased demand for health insurance, created the need for new products and more. Stiff competition in the sector has pushed many insurance companies to adopt strategies to remain relevant in a digital-first economy.
- With the environment evolving, we see a need to strengthen our IT capabilities to keep up with the new changes and protect data integrity. We will continue to strengthen our digitalisation efforts to further elevate sales and distribution strategy and create an omnichannel experience for our customers.
- We will maintain our growth momentum through significant transformations which include culture and engagement. People development will remain a priority to achieve GIMB ambition. We will continue implementing the Smart Working framework and various initiatives to upskill our employees and mould future leaders. We will leverage on the shifting industry landscape to help boost the future growth of GIMB.

BUSINESS REVIEW

GENERALI LIFE INSURANCE MALAYSIA BERHAD (GLIMB)
(FORMERLY KNOWN AS AXA AFFIN LIFE INSURANCE BERHAD)



WHO WE ARE AND WHAT WE DO

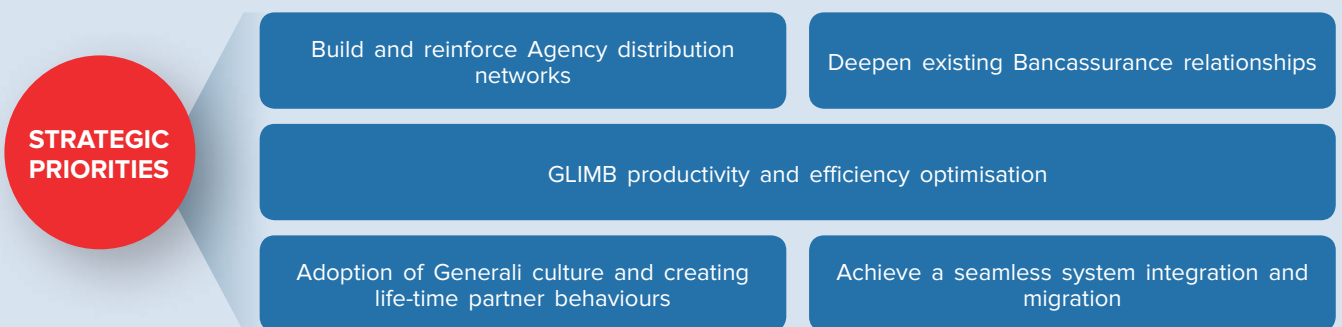
Generali Asia N.V. and Affin Bank Berhad has completed the share sale transaction of a majority stake in AXA Affin joint ventures in Malaysia on 30th August 2022.

Subsequent to the above mentioned exercise, AXA Affin Life Insurance Berhad had been rebranded under the name Generali Life Insurance Malaysia Berhad (GLIMB), emerging life insurer in Malaysia focusing on serving customers with a range of protection, medical, savings and legacy planning products.

OVERVIEW OF BUSINESS ENVIRONMENT

Growth of the insurance/takaful industry remained generally strong in 2022, as the impact of favourable macroeconomic factors affecting the industry has offset the impact of unfavourable factors. However, the life insurance market recorded an overall negative new business growth of -8.8% in 2022.

Globally, we have seen the highest inflation rate in decades. Additionally, there has also been wage, healthcare and social inflationary pressures during the year. Consequently, this has impacted the entire value chain, from customer acquisition costs to claims and compensation costs of the insurance industry.



OVERVIEW OF PERFORMANCE

In 2022, GLIMB recorded 25.7% growth in ABB's new business. Annualised premium equivalent (APE) grew 5.5%, while gross revenue in Protection & Health increased 3.9% from the previous year. The bancassurance segment posted strong business growth of more than 25%, while our capital adequacy ratio (CAR) remains well above required level.

We also achieved significant progress in customer centricity scoring. This is contributed by the encouragement and education to customers on the convenience of customer portal self service, which gives customers stress-free and streamlined access to important information.

MYR millions	2022 Actual (RM 'Mil)	2021 Actual (RM 'Mil)	Growth vs LY (%)
Life & Savings/Protection (including Health)			
Gross revenue (incl. COI & admin fee)	532.8	521.7	2.1%
Gross revenue-P&H (excl. COI & admin fee)	426.8	410.7	3.9%
Annual premium equivalent	65.6	62.2	5.5%
Profit after tax	(50.2)	5.1	(1,077.6)%

Investment-linked business remains our key business segment. In terms of new business, GLIMB ranks 13th in the Life Insurance marketplace. We achieved a 5.5% growth despite the negative industry growth during the year.

We address three key considerations namely people, process and technology. In doing so, we become more digitally effective. With people living a new normal post-pandemic, digitalisation has become key to driving business growth. The COVID-19 pandemic also has brought an upside to the demand for life insurance where people look for financial protection for their health.

In 2022, GLIMB also embarked on an integration journey following the completion of Generali's acquisition of the majority stakes in the AXA-AFFIN joint ventures in Malaysia. Generali Group, one of the largest global insurance providers with a heritage that dates back to 1831, spans a long history in Malaysia. MPI Generali, its joint venture partnership with Multi-Purpose Capital Holdings Berhad, can trace its history back to 2015.

Pursuant to the successful acquisition of interest in shares by Generali of MPI Generali Insurans Berhad and AXA Affin joint ventures, the businesses have been integrated under the launch of a single, unified brand - Generali Malaysia on 1st April 2023.

Our new milestone marks our renewed drive and commitment to be trusted Lifetime Partner to our customers. With an expanded scale, touchpoint and partner network, we will continue to uphold the trust customers have in us to shape a safer and more sustainable future.

BUSINESS REVIEW

GENERALI LIFE INSURANCE MALAYSIA BERHAD

KEY ACHIEVEMENT/AWARD

GLIMB received the Insurance Asia Awards 2022 for Customer Service Initiative of the Year, featuring MyAXA Customer Portal. MyAXA was first developed towards the end of 2019, the portal recorded less than 1,000 logins monthly. The numbers then surged in 2020 during the movement control order period. We further expanded the self-service facilities availability and functions within six months, and the move has garnered us more than 30,000 logins within two years.

KEY OPPORTUNITIES AND CHALLENGES

Opportunities	Challenges
<ul style="list-style-type: none"> • The COVID-19 pandemic has accelerated Malaysia’s digital revolution – digitalisation will be the key driver/opportunities of business growth. • Greater offering and better utilisation of insurance solutions continues to be a key focus to increase insurance penetration rate, aligned with BNM’s direction. • Growth of diverse micro-insurance market – BNM will continue to promote greater innovation and provide access to more granular demand-side information as per Financial Sector Blueprint 2022-2026. • Introduction of key regulatory policy documents to promote enhancement on market practices, transparency, and innovation. • Integration with Generali elevates the company’s position in the industry, which also includes enhanced customer experience, building strong offering in the market and strategic synergies for business optimisation. 	<ul style="list-style-type: none"> • Economic impact caused by global economic uncertainty and volatile financial markets. • Increasing competition from traditional and new players (e.g. InsurTech) as global trends of consolidation and specialisation create international insurers that are larger, more advanced, better skilled and more focused on core areas of competence. • Adapting to technological advances such as Artificial Intelligence (AI) that have fundamentally changed the way business is conducted. • Meeting the needs of more sophisticated and more informed consumers by being able to enhance the ability of traditional distributors and digitally enabled the channels to address the emerging needs of emerging customer segments. • Increasing scrutiny and stakeholder expectations on sustainability/climate agenda in business activities.

While we capitalised on the opportunities abound for us to further grow our business, we identified and took appropriate steps to address the challenges by:

- focusing on product innovation and continuous improvement through robotics process automation (RPA) and synergies across the Group to improve efficiency and processes;
- enhancing digitalisation initiatives which includes its front-end system, customer portal and AXAPay to increase sales and operational process as well as customer experience;
- monitoring closely our investment portfolio;
- monitoring our products regularly and proactively conducting customer need-based assessment to provide comprehensive insurance solutions such as extending COVID-19 hospitalisation coverage to GLIMB customers;
- strengthening governance and risk management standards, particularly in view of the changing regulatory environment, business models and greater adoption of technology;
- ensuring seamless integration with no/minimal impact to business; and
- adopting the high-performance culture to strengthen the company's position in the market.



OUTLOOK FOR 2023

- 2022 has seen central banks being on a synchronised interest rate hikes to tackle inflation. Despite this, the insurance industry in Malaysia is constantly changing and growing. We expect 2023 to be a recovery year with the easing economic headwinds.
- On the back of this positive outlook, we will further nurture the culture of Treating Customer Fairly (TCF) across the company in line with our ambition to be the preferred insurer. Embedded in this TCF culture is the commitment to identify and support vulnerable group of customers.
- The increased health awareness amongst Malaysians, brought about by the COVID-19 pandemic, has motivated us to continue to advance digital technology as we fulfil the growing appetite for insurance.
- With customer centricity in mind, we will continue to enhance our transformation journey through innovative tools and platforms. These include front end system, customer portal and AXAPay to provide seamless customer experience and facilitate customers' needs assessment better.
- Our focus will also be on prioritising a seamless integration process to complete the rebranding and ensure business plans/new businesses remain supported with no/minimal impact.

CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

Dato' Agil Natt
Independent Non-Executive Director

DIRECTORS

Dato' Mohd Hata Robani
Independent Non-Executive Director

Marzida Mohd Noor
Independent Non-Executive Director

Dato' Abdul Aziz Abu Bakar
Independent Non-Executive Director

Gregory Jerome Gerald Fernandes
Independent Non-Executive Director

Chan Tze Ching, Ignatius
Non-Independent Non-Executive Director

Chan Wai Yu
Independent Non-Executive Director

Dato' Rozalila Abdul Rahman
Independent Non-Executive Director

Mohammad Ashraf Md Radzi
Non-Independent Non-Executive Director
(appointed w.e.f. 3 October 2022)

Yuen Wai Hung, Peter
Non-Independent Non-Executive Director

COMPANY SECRETARY

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

REGISTERED OFFICE

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

HEAD OFFICE

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

SHARE REGISTRAR

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

Tricor Customer Service Centre

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





EXTERNAL AUDITORS

PricewaterhouseCoopers PLT
LLP0014401-LCA & AF1146
Level 10, Menara TH 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia

WEBSITE

www.affingroup.com

SOCIAL MEDIA CHANNEL

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

INVESTOR RELATIONS

Tel : 603-23021030 (ext : 921030)
Email : isman@affingroup.com

AGM HELPDESK

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

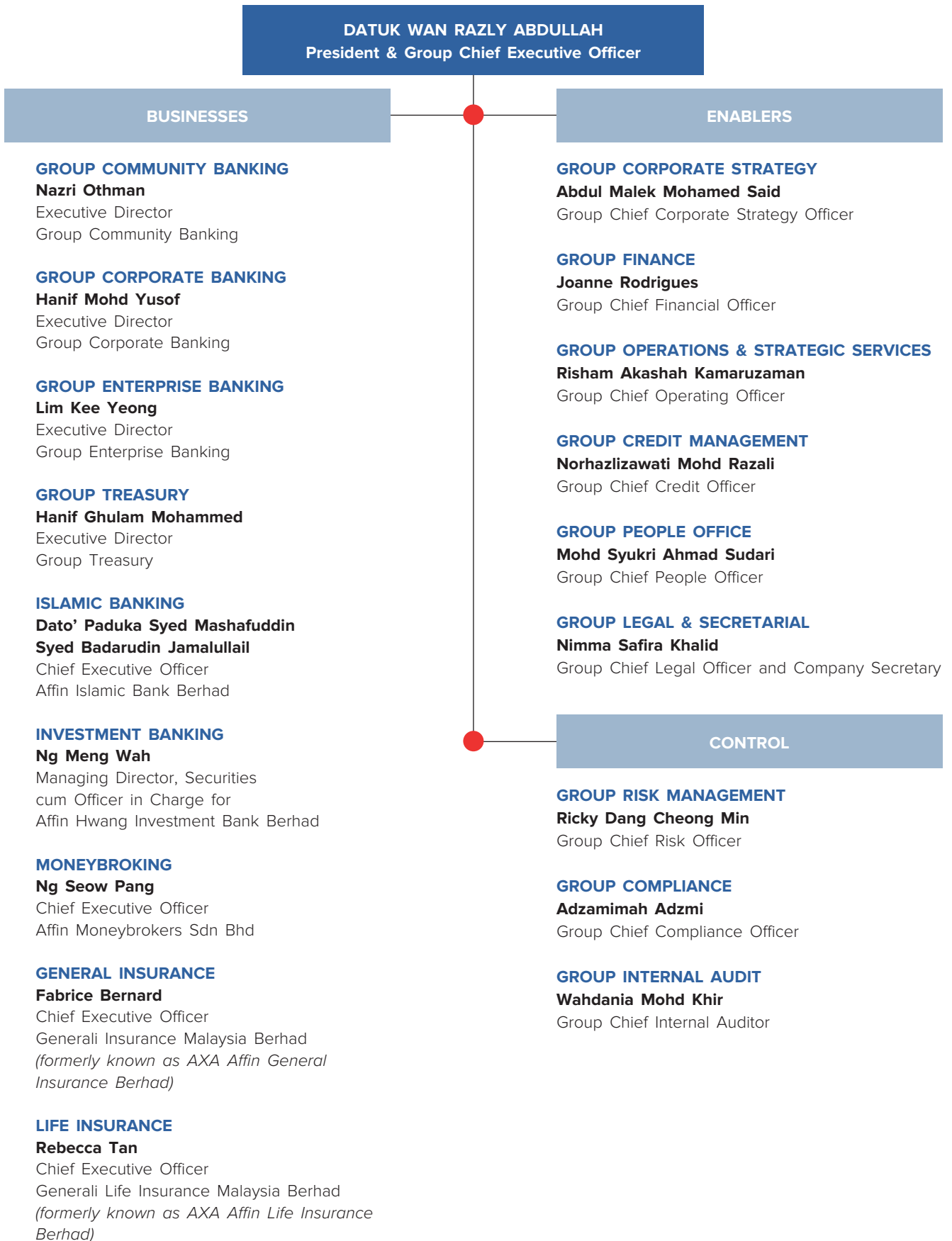
STOCK EXCHANGE

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

FINANCIAL YEAR END

31 December

GROUP ORGANISATION STRUCTURE



BOARD OF DIRECTORS



DATO' AGIL NATT
Chairman/Independent
Non-Executive
Director

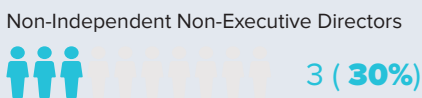
**DATO' ABDUL AZIZ
ABU BAKAR**
Independent
Non-Executive Director

**MOHAMMAD ASHRAF
MD RADZI**
Non-Independent
Non-Executive (Nominee
Director of LTAT)

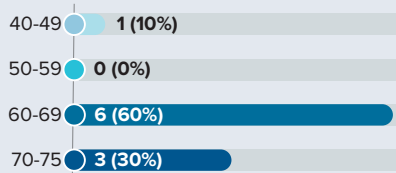
**MARZIDA MOHD
NOOR**
Independent
Non-Executive
Director

CHAN WAI YU
Independent
Non-Executive
Director

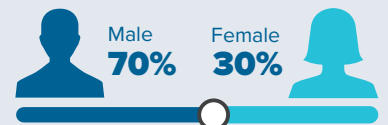
COMPOSITION (% AND TOTAL)



AGE



GENDER



Save as disclosed, none of the Directors have:

- Any family relationship with any Director and/or major shareholders of AFFIN
- Any conflict of interest with AFFIN
- Any conviction for offences within the past 5 years
- Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2022



DATO' MOHD HATA ROBANI
Independent Non-Executive Director

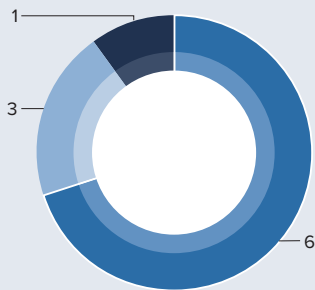
CHAN TZE CHING, IGNATIUS
Non-Independent Non-Executive (Nominee Director of BEA)

DATO' ROZALILA ABDUL RAHMAN
Independent Non-Executive Director

GREGORY JEROME GERALD FERNANDES
Independent Non-Executive Director

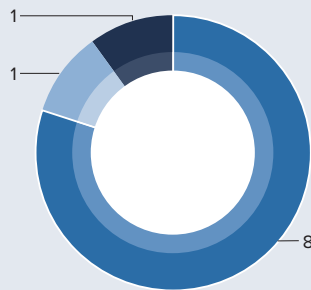
YUEN WAI HUNG, PETER
Non-Independent Non-Executive (Nominee Director of BEA)

RACE/ETHNICITY



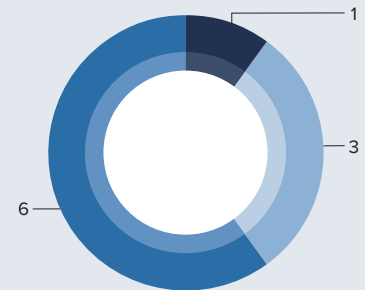
● Malay ● Others
● Chinese

NATIONALITY



● Malaysia ● USA
● China

TENURE



● Less than 1 year ● More than 6 years
● More than 1 year end up to 3 years

PROFILE OF BOARD OF DIRECTORS



11/11 7/7

DATO' AGIL NATT
Chairman/Independent
Non-Executive Director

- Malaysian
- Male
- 72 years old
- 8 November 2019

B E O F

Academic/Professional Qualification

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

Relevant Experience

Dato' Agil Natt possesses in-depth banking knowledge and corporate experience in the areas of Corporate Banking, Investment Banking as well as Islamic Finance. He started his career in Corporate Finance with Bumiputra Merchant Bankers Berhad in 1977 and in 1982 he moved to Island & Peninsular Bhd where his last position was as the Senior General Manager (Finance). He was also the Regional Chief Representative of Kleinwort Benson Limited, a UK based investment bank, before joining the Maybank Group in 1995. In Maybank he served as Senior General Manager of Corporate Banking, Managing Director/Chief Executive Officer of Aseambankers Berhad (now known as Maybank Investment Bank Berhad), and Deputy President/Executive Director of Maybank. He left the Maybank Group in 2006 to assume the position of President and Chief Executive Officer of The International Centre for Education in Islamic Finance (INCEIF), (now known as INCEIF University), established by Bank Negara in 2005.

Directorship(s) in Other Public Companies

- Nil

Directorship(s) in Public Listed Companies

- Nil

External Professional Commitment

- Nil

Membership of Board Committees

- Chairman of Affin Group Chairmen Committee (previously known as Affin Group Oversight Committee)
- Member, Group Board Credit Review and Recovery Committee
- Member, Group Board Information Technology Committee

Main skillsets:

- | | | | |
|-----------|-----------------|------------------------|--------------------|
| Banking | Business Admin | Telecommunication | Operations |
| Economics | Human Capital | Information Technology | e-Commerce |
| Finance | Risk Management | Accountancy/Audit | Corporate Advisory |

Attendance in 2022:

- Scheduled meetings
- Special meetings



DATO' MOHD HATA ROBANI
Independent
Non-Executive Director

B BA T R

-  Malaysian
-  Male
-  71 years old
-  17 October 2017

Academic/Professional Qualification

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

Relevant Experience

Dato' Mohd Hata served Bank Negara Malaysia for 20 years from 1975 to 1994. Senior positions held include Senior Assistant Manager of Bank Inspection Department, Director of IT Department and Director of Banking Department. In 1994, he joined Amanah Capital Partners Group as General Manager of Financial Services Division. He was appointed as the Group Chief Operating Officer in 1997. In 1998, he joined BSN Commercial Bank as Executive Director, representing the interest of Danamodal Nasional Berhad. In 2000, Dato' Mohd Hata joined Malaysian Electronic Payment System Sdn Bhd (MEPS) as Managing Director. Upon retiring from MEPS in 2009, he provides consulting services in Smartcards, E-payment, Banking solutions and Payments switching solutions in Malaysia and Indonesia.

Directorship(s) in Other Public Companies

- Director, Affin Holdings Berhad

Directorship(s) in Public Listed Companies

- Nil

External Professional Commitment

- Member, Investment Committee, Perbadanan Wakaf Selangor

Membership of Board Committees

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



DATO' ABDUL AZIZ ABU BAKAR
Independent
Non-Executive Director

B H

-  Malaysian
-  Male
-  70 years old
-  17 October 2017

Academic/Professional Qualification

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

Relevant Experience

Dato' Abdul Aziz has held several senior positions across a number of industries including aviation, oil & gas, construction, banking and telecommunication. Prior to his appointment as CEO/ED of MINDA, he was the Chief Human Capital Officer of Telekom Malaysia Berhad and Executive VP, Human Resources of RHB Bank Berhad. Before that, he was attached to Shell Malaysia for 20 years in various management positions which included Internal & IT Audit, Marketing Economics, Sales & Distribution, Supply & Planning and Human Resource. Thereafter, he was appointed as MD, Intria Berhad (currently known as UEM Builders). In 1994, he was assigned to an international posting to Shell Group HQ in London where he held the position of the shareholders' representative overseeing Shell's business interests in Hong Kong and China.

Directorship(s) in Other Public Companies

- Nil

Directorship(s) in Public Listed Companies

- Nil

Other Appointment(s)

- Director, Institute of Corporate Directors Malaysia (ICDM)
- Director, Merchantrade Asia Sdn Bhd
- Director, AKIIM Sdn Bhd (Previously known as Alkhair International Islamic Bank)

External Professional Commitment

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

Membership of Board Committees

- Chairman, Group Board Nomination and Remuneration Committee

PROFILE OF BOARD OF DIRECTORS



11/11
6/7

**CHAN TZE CHING,
IGNATIUS**
Non-Independent
Non-Executive Nominee
Director of BEA

B
R
A



Chinese



Male



66 years old



1 December 2017

Academic/Professional Qualification

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

Relevant Experience

Ignatius Chan brings with him over 40 years of vast experience in Corporate and Investment banking. Ignatius Chan started his career in banking industry with Citibank, Hong Kong as a Management Associate in 1980. He was posted to Japan from 1986 to 1994.

In 1994, he returned to Hong Kong to become Country Treasurer and Head of Sales and Trading. In 1997, he became the Head of Citibank's Corporate banking business for Hong Kong. In 1999, he became Citigroup Country Officer for Hong Kong.

In 2003, Ignatius Chan was posted to Taiwan as Citigroup Country Officer. In 2004, he assumed the additional role of Chief Operating Officer for Greater China. In 2005, he returned from Taiwan to Hong Kong as Citigroup Country Officer for Hong Kong and Head of Corporate and Investment Banking Business for Greater China, a position he held until his retirement from Citibank in 2007.

Thereafter, Ignatius Chan worked briefly as Deputy Chief Executive for Bank of China (Hong Kong) in 2008. Ignatius Chan is currently holding the position of Senior Advisor at The Bank of East Asia, Limited (BEA).

Directorship(s) in Other Public Companies

- Director, East Asia Futures Limited
- Director, East Asia Securities Company Limited
- Director, Portofino (165) Limited

Directorship(s) in Public Listed Companies

- Director, Mongolian Mining Corporation (MMC)

External Professional Commitment

- Senior Advisor, BEA

Membership of Board Committees

- Nil



11/11
7/7

**DATO' ROZALILA
ABDUL RAHMAN**
Independent
Non-Executive Director

T
eC



Malaysian



Female



61 years old



4 February 2019

Academic/Professional Qualification

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

Relevant Experience

Dato' Rozalila has over 30 years of working experience at renowned multi-national companies of fast moving consumer goods (FMCG) and reputable large Malaysian public listed companies in the area of technical, marketing and management in Malaysia and South East Asia. Her area of expertise include R&D and Quality Assurance, business and strategic marketing, consumer lifestyle and brand management, product lifecycle management and customer service management.

Dato' Rozalila was the Chief Executive Officer of Astro GS Shop Sdn. Bhd., Chief Marketing Officer of Telekom Malaysia Berhad, General Manager of Maxis Communications Berhad and Director of Sales & Marketing at Bank Simpanan Nasional.

Dato' Rozalila had previously assumed numerous managerial positions at Reckitt Benckiser (Malaysia) Sdn. Bhd., Kellogg Asia Marketing Inc., Unilever Malaysia (Holdings) Sdn. Bhd. and Perwira Niaga Malaysia Sdn. Bhd. (PERNAMA).

Directorship(s) in Other Public Companies

- Chairman/Director of AGX Group Berhad

Directorship(s) in Public Listed Companies

- Director of MISC Berhad

External Professional Commitment

- Nil

Membership of Board Committees

- Chairperson, Group Board Risk Management Committee
- Member, Group Board Information Technology Committee



- American
- Male
- 61 years old
- 1 November 2019

Academic/Professional Qualification

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

Relevant Experience

Peter Yuen brings with him over 35 years of extensive banking experience with BEA. He started his career with BEA in 1985 as a Management Trainee and among the managerial positions held at BEA were Head of Financial Institutions Department and General Manager & Head of International Division.

Directorship(s) in Other Public Companies

- Nil

Directorship(s) in Public Listed Companies

- Nil

External Professional Commitment

- Advisor, BEA

Membership of Board Committees

- Member, Group Board Compliance Committee



- Malaysian
- Female
- 60 years old
- 1 March 2020

Academic/Professional Qualification

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

Relevant Experience

Marzida has extensive experience in leading information technology business change and transformation, IT management and operations, programme management, outsourcing and management consulting. She started her professional career with a merchant bank and subsequently as an IT Management Consultant with KPMG Peat Marwick. She then joined Malaysia Airlines in 1992 and held various leadership and management positions including in the Corporate Planning Division, the Chairman's Office and subsequently as the Chief Information Officer in 2001. In 2007, she joined Shell Malaysia as the Head of IT Strategy and Planning and subsequently as the Head of Programme Delivery for SAP Human Resources System globally.

Directorship(s) in Other Public Companies

- Nil

Directorship(s) in Public Listed Companies

- Nil

External Professional Commitment

- A volunteer member of 30% Club Malaysia, a platform which is set up to improve gender diversity on the board of public listed companies

Membership of Board Committees

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

PROFILE OF BOARD OF DIRECTORS



11/11
7/7

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

AC

-  Malaysian
-  Male
-  68 years old
-  1 April 2020

Academic/Professional Qualification

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

Relevant Experience

Gregory Fernandes has over 20 years of experience in audit and consultancy. He began his career in London with Ernst & Young and has since served in executive positions in various corporations, the most recent as a Board Member, Chief Financial Officer and Senior Vice President (Global Marketing) in a public company involved in transport and engineering logistics. Gregory Fernandes is currently a Corporate Advisor specialising in strategy, fund raising and other finance related services.

Directorship(s) in Other Public Companies

- Nil

Directorship(s) in Public Listed Companies

- Nil

External Professional Commitment

- Advocate/Mentor of 30% Club Malaysia, a platform which is setup to improve gender diversity on the board of public listed companies

Membership of Board Committees

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



11/11
7/7

CHAN WAI YU
Independent
Non-Executive Director

B
R

-  Malaysian
-  Female
-  65 years old
-  1 April 2021

Academic/Professional Qualification

- BEcons (Analytical Economics), 2nd Class Upper Hons, University of Malaya

Relevant Experience

Chan Wai Yu has 33 years of banking and risk management experience covering credit risk management, operational risk management and Basel II implementation. She started her career with Malayan Banking Berhad (Maybank) in 1981. Among the senior positions held include Executive Vice President/Head, Credit Risk Management of Maybank; Vice President/Head, Risk Portfolio Management, OCBC Bank (Malaysia) Berhad; Vice President/Head, Operational Risk Management of OCBC Bank (Malaysia) Berhad and Director/Head, Operational Risk Management, Bank of Singapore.

Directorship(s) in Other Public Companies

- Nil

Directorship(s) in Public Listed Companies

- Nil

External Professional Commitment

- Nil

Membership of Board Committees

- Chairperson, Group Board Credit Review and Recovery Committee
- Member, Group Board Risk Management Committee



1/1 2/3

**MOHAMMAD
ASHRAF MD RADZI**
Non-Independent
Non-Executive (Nominee
Director of LTAT)

AC F CA

-  Malaysian
-  Male
-  45 years old
-  3 October 2022

Academic/Professional Qualification

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

Relevant Experience

Ashraf has more than 19 years of working experience in Malaysia and Europe in the area of auditing, financial management, accounting and reporting, treasury management, corporate planning and providing advisory support in the areas of investment and privatisation.

He started his career at Ernst and Young (Dublin) as an Audit Senior, thereafter he worked in several companies in Europe namely CUNA Mutual Life Assurance (Europe) Limited (Dublin) as Financial Accountant European Region and UBS Investment Bank (London) as Regulatory Reporting Analyst.

He is currently the Chief Financial Officer (CFO) of LTAT. He had also held various senior management positions prior to his position as CFO in LTAT, namely Associate Director of Prokhas Sdn Bhd, General Manager, Finance Special Projects at Johawaki Holdings Sdn Bhd, Associate Director, Corporate Advisory and Structuring at MIDF Amanah Investment Bank and Chief Financial Officer of Ahmad Zaki Resources.

Directorship(s) in Other Public Companies

- Nil

Directorship(s) in Public Listed Companies

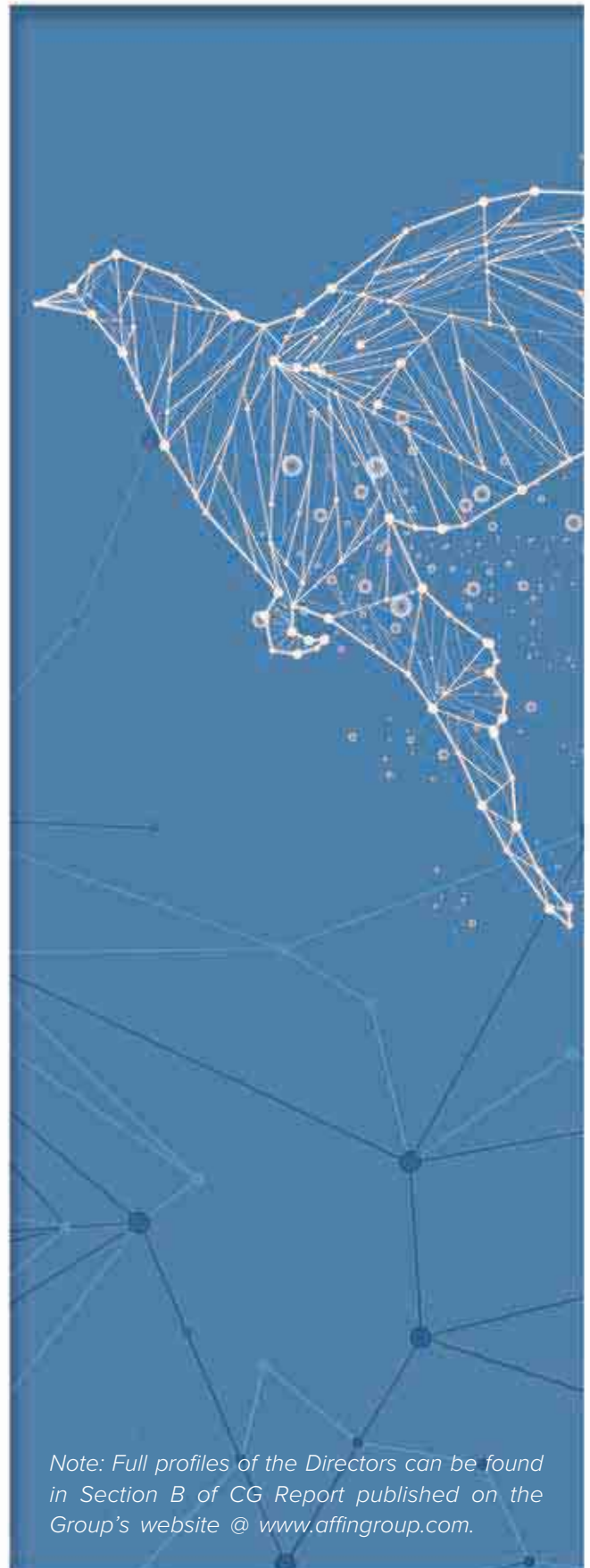
- Nil

External Professional Commitment

- CFO, LTAT

Membership of Board Committees

- Member of Group Board Risk Management Committee



Note: Full profiles of the Directors can be found in Section B of CG Report published on the Group's website @ www.affingroup.com.

GROUP MANAGEMENT COMMITTEE



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

-  Malaysian
-  Male
-  52 years old
-  2 April 2020

Academic/Professional Qualification

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

Past Working Experiences

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

Other Appointments

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

Note: None of the Group Management Committee has any direct/indirect interest in the shares of the Bank and its related companies, except for Datuk Wan Razly, En. Abdul Malek, En. Nazri Othman, En. Mohd Shukri and Mr. Ng Meng Wah.



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

-  Malaysian
-  Male
-  49 years old
-  8 November 2022

Academic/Professional Qualification

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

Past Working Experiences

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

Other Appointments

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



NAZRI OTHMAN
Executive Director,
Group Community Banking

-  Malaysian
-  Male
-  61 years old
-  23 October 2019

Academic/Professional Qualification

- Bachelor of Science (Hons.) in Civil Engineering, University of Leeds, United Kingdom
- Senior Leadership Development Programme, INSEAD
- Summer School Programme, Judge Business School, University of Cambridge, England
- Old Putera of RMC (1977-1979)

Past Working Experiences

- More than 29 years of experience in consumer banking business with both local and foreign banks at various levels of management
- Chief Operations Officer of a local bank

Other Appointments

- Nil

GROUP MANAGEMENT COMMITTEE



HANIF MOHD YUSOF
Executive Director,
Group Corporate Banking

-  Malaysian
-  Male
-  51 years old
-  1 June 2022

Academic/Professional Qualification

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

Past Working Experiences

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

Other Appointments

- Nil



LIM KEE YEONG
Executive Director,
Group Enterprise Banking

-  Malaysian
-  Male
-  54 years old
-  1 September 2016

Academic/Professional Qualification

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

Past Working Experiences

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

Other Appointments

- Nil



ABDUL MALEK MOHAMED SAID
Group Chief Corporate Strategy Officer

-  Malaysian
-  Male
-  52 years old
-  17 August 2020

Academic/Professional Qualification

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

Past Working Experiences

- More than 21 years of working experiences, primarily in the strategic management and corporate planning and insolvency
- Served in various advisory firms and assumed various roles including as Partner at Deloitte and Executive Director at PwC

Other Appointments

- Director for AXA Affin Life Insurance Berhad (AALI) w.e.f. 30 August 2022.



JOANNE RODRIGUES
Group Chief Financial Officer

-  Malaysian
-  Female
-  49 years old
-  1 June 2020

Academic/Professional Qualification

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

Past Working Experiences

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

Other Appointments

- Non-Independent Non-Executive Director, AXA Affin General Insurance Berhad (appointed w.e.f. 30 August 2022)
- Director, Affin-i Nadayu Sdn Bhd (resigned w.e.f. 21 December 2022)
- ABB Nominee (Asing) Sdn Bhd and ABB Nominee (Tempatan) Sdn Bhd (appointed w.e.f. 1 March 2023)

GROUP MANAGEMENT COMMITTEE



RISHAM AKASHAH KAMARUZAMAN
Group Chief Operating Officer

-  Malaysian
-  Male
-  51 years old
-  1 December 2020

Academic/Professional Qualification

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

Past Working Experiences

- More than 21 years of working experience in various industries, primarily in information technology, digital banking and banking operations
- Served major financial services and assumed various roles as, among others Chief Technology Officer, Chief Digital Officer and Chief Information Officer

Other Appointments

- Nil



NORHAZLIZAWATI MOHD RAZALI
Group Chief Credit Officer

-  Malaysian
-  Female
-  55 years old
-  1 August 2015

Academic/Professional Qualification

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

Past Working Experiences

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

Other Appointments

- Director of Affin Moneybrokers Sdn Bhd



HANIF GHULAM MOHAMMED
Executive Director,
Group Treasury

-  Malaysian
-  Male
-  44 years old
-  1 December 2021

Academic/Professional Qualification

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

Past Working Experiences

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

Other Appointments

- Chairman of Treasury & Markets Committee for AIBIM
- Member of Financial Markets Committee



MOHD SYUKRI AHMAD SUDARI
Group Chief People Officer

-  Malaysian
-  Male
-  51 years old
-  20 October 2020

Academic/Professional Qualification

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

Past Working Experiences

- More than 24 years of working experience in human resources, which covers a diversified industry including financial, telecommunications, aerospace, engineering and insurance sectors

Other Appointments

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

GROUP MANAGEMENT COMMITTEE



NIMMA SAFIRA KHALID
Group Chief Legal Officer and Company Secretary

-  Malaysian
-  Female
-  54 years old
-  1 January 2012

Academic/Professional Qualification

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

Past Working Experiences

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

Other Appointments

- Affiliate member of The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)



ADZAMIMAH ADZMI
Group Chief Compliance Officer

-  Malaysian
-  Female
-  46 years old
-  17 July 2018

Academic/Professional Qualification

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

Past Working Experiences

- More than 19 years experience in the financial services industry, primarily in managing and leading the compliance unit at both local and foreign banks such as MUFG Bank, MBSB Bank and Standard Chartered Bank

Other Appointment

- Nil



WAHDANIA MOHD KHIR
Group Chief Internal Auditor

-  Malaysian
-  Female
-  53 years old
-  1 May 2020

Academic/Professional Qualification

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

Past Working Experiences

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

Other Appointments

- Member of the Financial Markets Association Malaysia
- Chartered Banker



RICKY DANG CHEONG MIN
Group Chief Risk Officer

-  Malaysian
-  Male
-  50 years old
-  28 April 2022

Academic/Professional Qualification

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

Past Working Experiences

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

Other Appointments

- Nil

BOARD OF DIRECTORS AFFIN ISLAMIC BANK BERHAD

1

MUSA ABDUL MALEK
Chairman/Independent
Non-Executive Director



2

**SUFFIAN
BAHARUDDIN**
Independent Non-
Executive Director



3

**DATUK MOHD FARID
MOHD ADNAN**
Independent Non-Executive
Director



4

TAN LER CHIN, CINDY
Independent Non-Executive Director



5

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



1

MUSA ABDUL MALEK

Chairman/Independent Non-Executive Director



Malaysian



Male



68 years old



1 April 2022 (as Chairman)
1 August 2019 (as INED)

Academic/Professional Qualification

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

Relevant Experiences

Musa has over 37 years of working experience in banking. During his 31-year career with HSBC Group, he held several management positions in various departments/ functions. He assumed the role of Deputy Managing Director of HSBC Amanah Malaysia in 2007 and was subsequently appointed as Executive Director and Chief Executive Officer in 2008.

He then joined Bank Muamalat Malaysia Berhad in 2010 as Deputy Chief Executive Officer. During the three (3) years tenure in Bank Muamalat, he was responsible for managing the business functions of the Bank and assisting the CEO in other operational matters. Prior to his retirement in 2016, Musa was with CIMB Islamic Bank Berhad as the Managing Director overseeing the Islamic banking business in CIMB Niaga, Indonesia and subsequently as the Group Head of Islamic Banking, Consumer Banking.

Directorship(s) in Other Public Companies

- Nil

Directorship(s) in Public Listed Companies

- Nil

External Professional Commitment

- Nil

Membership of Board Committees

- Member of Group Board Credit Review and Recovery Committee
- Member of Group Board Information Technology Committee

2

SUFFIAN BAHARUDDIN

Independent Non-Executive Director



Malaysian



Male



54 years old



1 July 2020

Academic/Professional Qualification

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

Relevant Experiences

Suffian has held various corporate positions over the last 25 years in a wide range of companies. He has an extensive industry experience in the area of Transport and Logistics, having held positions in companies involved in aviation, road and rail public transport and sea ports.

He has vast experience in strategy and operations, including the formulation and implementation of business plans, business turnaround plans, corporate and financial restructuring, privatisation exercises, fund raising, mergers & acquisitions, strategic investments, business appraisals and feasibility studies.

Directorship(s) in Other Public Companies

- Nil

Directorship(s) in Public Listed Companies

- Nil

External Professional Commitment

- Nil

Membership of Board Committees

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

BOARD OF DIRECTORS

AFFIN ISLAMIC BANK BERHAD

3

DATUK MOHD FARID MOHD ADNAN

Independent Non-Executive Director



Malaysian



Male



61 years old



1 March 2021

Academic/Professional Qualification

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

Relevant Experiences

Datuk Farid has more than 30 years of being in the oil and gas industry, and he brings with him extensive knowledge and experience in the management and transformation of organisations.

He has a strong track record of creating shareholder value through integration of businesses and organisational turnaround, operation optimisation, process simplification and growth into new markets.

He started his professional career with Petronas by holding various Senior Managerial positions in Petronas organisations since 1985. Datuk Farid was appointed as Vice President Oil Business of Petronas from 2010 to 2015. Thereafter, he was appointed to lead as Managing Director/Chief Executive Officer of Engen Limited at South Africa in 2015 to 2017.

Directorship(s) in Other Public Companies

- Director, Prasarana Berhad

Directorship(s) in Public Listed Companies

- Director, Ancom Logistics Berhad

External Professional Commitment

- Nil

Membership of Board Committees

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

4

TAN LER CHIN, CINDY

Independent Non-Executive Director



Malaysian



Female



63 years old



1 October 2021

Academic/Professional Qualification

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

Relevant Experience

Cindy Tan has 37 years of experience in overseeing funds of the oldest and largest retirement funds in the world, the Employees Provident Fund (EPF).

In 2009, she was appointed as the Head of Investment Compliance and was responsible for ensuring all investment settlements were undertaken in compliance with internal policies/guidelines and other related legal requirements.

Thereafter, she was appointed as the Head of Risk Department in 2019 where she oversaw the management of amongst others, the operational risks, technology risks, investment risks and investment market risks of EPF. She retired from EPF in April 2021.

Directorship(s) in Other Public Companies

- Director, Sengheng New Retail Berhad

Directorship(s) in Public Listed Companies

- Director, Sunway Construction Group Berhad
- Director, QL Resources Berhad

External Professional Commitment

- Nil

Membership of Board Committees

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

5

MUHAMMAD FITRI OTHMAN

Non-Independent Non-Executive Director
(Nominee Director of LTAT)



Malaysian



Male



40 years old



21 March 2022

Academic/Professional Qualification

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

Relevant Experiences

Muhammad Fitri began his career at Permodalan Nasional Berhad (PNB) as an Investment Analyst before progressing to become a Portfolio Manager.

He served PNB for 12 years including stints at PNB (UK) Limited and PNB Asset Management (Japan). Prior to joining LTAT, he was the Head of Foreign Equity Investment at Social Security Organisation (SOCISO).

Muhammad Fitri is currently the Chief Investment Officer of LTAT. He is responsible for the overall direction, strategy and operations of the Investment Division.

Directorship(s) in Other Public Companies

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

Directorship(s) in Public Listed Companies

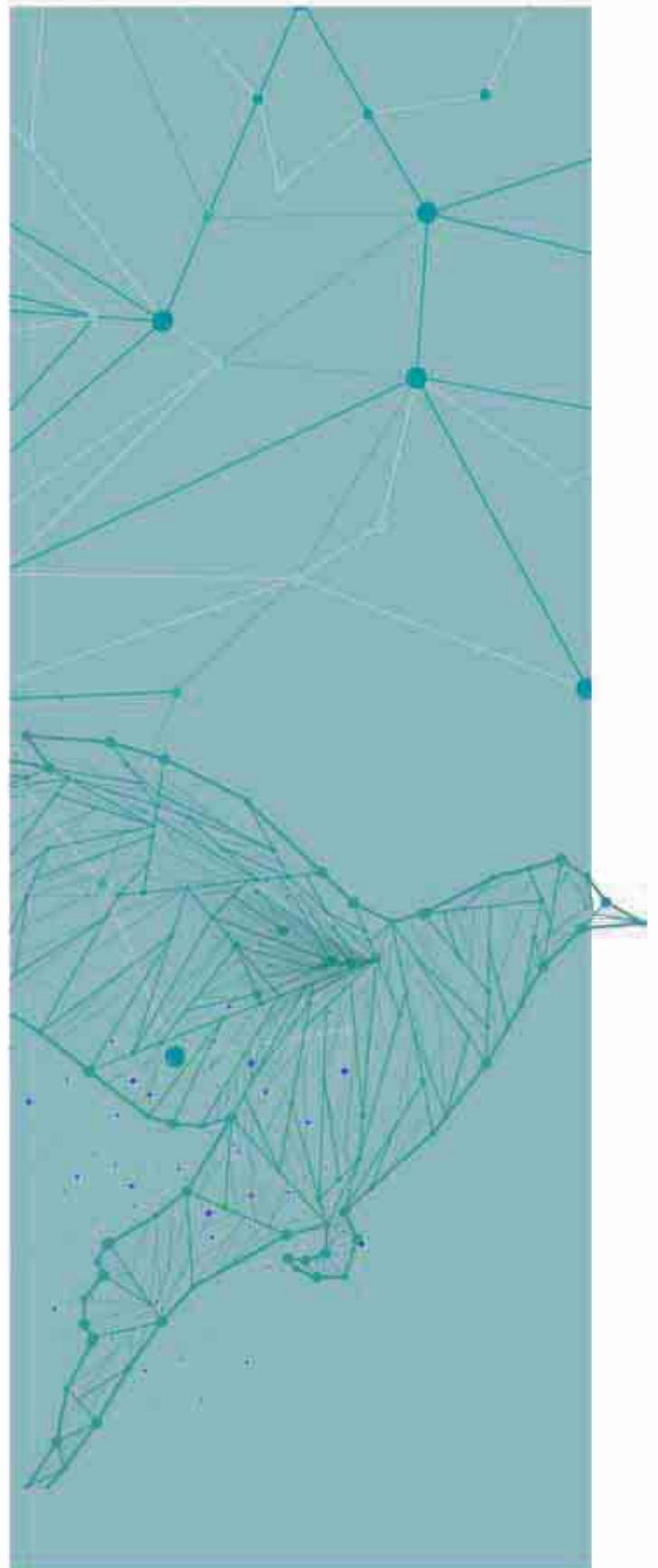
- Director, Boustead Holdings Berhad (Representing LTAT)

External Professional Commitment

- Nil

Membership of Board Committees

- Member of Group Board Compliance Committee



SHARIAH COMMITTEE



DR. MOHAMMAD MAHBUBI ALI
Chairman, Shariah Committee

- Indonesian
- Male
- 40 years old
- 1 June 2014
- 12/12

Qualification(s)

- Bachelor's Degree in Shari'ah and Finance, Tazkia University College, Bogor Indonesia
- Chartered Islamic Finance Professional (CIFP), International Center for Education in Islamic Finance (INCEIF), Malaysia
- Doctoral Degree, Islamic Banking and Finance, IIUM Institute of Islamic Banking and Finance (IBF), Malaysia
- Certified Shariah Advisor (CSA), Association of Shariah Advisors, Malaysia

Relevant Working Experience(s)

- Former Head of Economics, Finance, Awqaf and Zakat cum Associate Principal Fellow, International Institute of Advanced Islamic Studies (IAIS) Malaysia
- Former Lecturer for Master Islamic Finance Practices Program, INCEIF The Global University of Islamic Finance
- Former Lecturer (Postgraduate), Gajah Mada University, Indonesia
- Former Researcher at International Shari'ah Research Academy for Islamic Finance (ISRA), Malaysia

Other Appointments

- Islamic Finance Expert at Brunei Darussalam Central Bank
- Adjunct Fellow, International Institute of Advanced Islamic Studies (IAIS) Malaysia
- Member, Shariah Committee of FWD Takaful Sdn Bhd
- Registered Shariah Adviser for Securities Commission Malaysia
- Director, AIFA Consulting
- Shariah Advisor, Dar al-Muraja'ah al-Shar'iyyah, Bahrain
- Shariah Advisor, Masryef Advisory
- Member of Working Group, Curriculum Review Committee (CRC), Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)
- Board of Council and Shariah Advisory Board, iBantu Solusi Syariah
- Visiting Professor at Universitas Pendidikan Indonesia
- Lecturer (Postgraduate), University of Airlangga Indonesia, Indonesia
- Lecturer (Postgraduate), Tazkia University College, Indonesia



EN. MOHAMAD SALIHIN DERIS
Member, Shariah Committee

- Malaysian
- Male
- 47 years old
- 1 April 2021
- 12/12

Qualification(s)

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

Relevant Working Experience(s)

- Former Senior Executive, Islamic Banking and Takaful Department, Bank Negara Malaysia
- Former Senior Manager, Shariah Advisory & Research, CIMB Group
- Former Head, Shariah Review, Hong Leong Islamic Bank Berhad
- Former Director, Association of Islamic Banking & Financial Institutions Malaysia
- Former Group Head, Shariah Management, Bank Pembangunan Malaysia Berhad
- Former EXCO & Chairman, Professional Practice Committee, Association of Shariah Advisors in Islamic Finance

Other Appointments

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



ASSOC. PROF. DR. ASMAK AB RAHMAN
Member, Shariah Committee

- Malaysian
- Female
- 49 years old
- 1 July 2022
- 6/6

Qualification(s)

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

Relevant Working Experience(s)






- Associate Professor in the Department of Shariah and Economics, Academy of Islamic Studies, Universiti of Malaya
- Former Head of Department, Shariah and Economics, Academy of Islamic Studies, Universiti of Malaya (UM)
- Former Exco, International Council of Islamic Finance Educators (ICIFE)
- Visiting Lecturer for Faculty of Islamic Studies, Universitas Islam Indonesia
- Adjunct Professor, Faculty of Economics and Business, Universitas Airlangga
- Former Member of Shariah Committee for Ambank Islamic Bank Berhad
- Former Shariah Panel for BIMB Investment Management Berhad
- Former Member of Shariah Committee AIA AFG Takaful
- Former Member of Syariah Supervisory Council for Bank Islam Malaysia Berhad

Other Appointments

- Associate Professor in the Department of Shariah and Economics, Academy of Islamic Studies, Universiti of Malaya
- Member of Shariah Committee for SME Bank
- Member of Shariah Committee for Hong Leong MSIG Takaful
- Member of Shariah Advisory Committee for Lembaga Tabung Haji
- Member of Shariah Committee for Perbadanan Usahawan Nasional Berhad (PUNB)
- Registered Shariah Advisor with Securities Commission Malaysia
- Member for Association of Shariah Advisors in Islamic Finance Malaysia (ASAS)
- Member of Qualitative Research Association of Malaysia (QRAM)



DR. NOR FAHIMAH MOHD RAZIF
Member, Shariah Committee

-  Malaysian
-  Female
-  37 years old
-  1 February 2021
-  12/12

Qualification(s)

- Bachelor Degree in Fiqh and Usul (Hons), Universiti Malaya (UM)
- Doctoral Degree (PhD) in Fiqh Al-Muamalat, Universiti Malaya (UM)

Relevant Working Experience(s)





- Senior Lecturer at Department of Fiqh and Usul, University of Malaya (UM)
- Independent Shariah Advisor at Masryef Sdn Bhd
- Shariah Advisor Committee Member at Dana Peladang Kebangsaan, Pertubuhan Peladang Kebangsaan
- Member, Association of Shariah Advisor in Islamic Finance Malaysia (ASAS)
- Writer of articles, books and journals in the field of Islamic banking, Islamic wealth management, Islamic finance, sukuk, debt, Islamic franchise and derivatives products
- Presenter for international and local conferences in Islamic banking, finance and capital market
- Former Committee Member of Curriculum for Master in Islamic Finance Programme, Universiti Malaya

Other Appointments

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



EN. AHMAD HUSNI DATO' ABD RAHMAN
Member, Shariah Committee

-  Malaysian
-  Male
-  44 years old
-  1 April 2021
-  12/12

Qualification(s)

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

Relevant Working Experience(s)





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

Other Appointments

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



EN. LOKMANULHAKIM HUSSAIN
Member, Shariah Committee

-  Malaysian
-  Male
-  44 years old
-  3 January 2023
-  Not applicable for FY2022

Qualification(s)

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

Relevant Working Experience(s)

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

Other Appointments

- Member of Shariah Committee for FWD Takaful Berhad
- Member of Shariah Committee for Bank Pembangunan Malaysia Berhad
- Member of Shariah Committee for Co-opbank Pertama Malaysia Berhad
- Member, Committee of Fatwa Research and Management, JAKIM
- Member of Shariah Advisory Committee for BIMB Securities Sdn Bhd

BOARD OF DIRECTORS AFFIN HWANG INVESTMENT BANK BERHAD



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

 Malaysian
  Female
 58 years old
  9 May 2022

Academic/Professional Qualification

- Degree of Bachelor of Science (Honours) in Economics and Accounting from the City University, London, UK
- She is qualified as a Chartered Accountant from the Institute of Chartered Accountants in England and Wales and is a member of the Malaysian Institute of Accountants.

Tunku Afwida is an investment banker, assumed senior roles in investment banks and has vast financial, analytical, capital markets and risk management experience.

From 1995 to 2003, she was an Executive Director/Chief Investment Officer of Commerce Asset Fund Managers Sdn. Bhd. before serving as Chief Executive Officer and Executive Director of MIMB Investment Bank Berhad until 2006. Thereafter, she was appointed as Chief Executive Officer and Executive Director of Kenanga Investment Bank Berhad until 2008.

Currently, Tunku Afwida sits on the Boards of Telekom Berhad (TM), SAM Engineering & Equipment (M) Berhad, ENRA Group Berhad and DXN Holdings Berhad.

She is also the Chairman of TM Technology Services Sdn. Bhd. (formerly known as Webe Digital Sdn. Bhd.) and Director of GITN Sdn. Bhd, a wholly-owned subsidiaries of TM.



DATUK WAN RAZLY ABDULLAH
Non-Independent Executive Director

 Malaysian
  Male
 52 years old
  12 March 2021

Academic/Professional Qualification

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

Datuk Wan Razly is an experienced banker, having had solid banking experience in commercial and investment banks, both in Malaysia and Indonesia. He has more than 24 years of experience in corporate strategy, finance, investment banking, consumer banking, accounting and audit services.

Note: Complete profile of Datuk Wan Razly is at page 120 of the Annual Report.



EUGENE HON KAH WENG
Independent Non-Executive Director

 Malaysian
  Male
 65 years old
  1 March 2021

Academic/Professional Qualification

- Member of Malaysian Institute of Accountants
- Member of Malaysian Institute of Certified Public Accountants

Eugene is an accountant by profession and he has extensive experience in auditing, investment banking, finance, insurance, leasing, money broking, consumer financing as well as central banking.

He was in the auditing profession for 13 years and thereafter, was appointed as Group Financial Controller of a financial services group. He served 16 years with the financial services group where he held various senior management positions over the years. In 2011, he joined as Finance Director of the Central Bank until his retirement in 2018.

Presently, Eugene is an Independent Non-Executive Director of Kawan Food Berhad which is listed on the Main Board of Bursa Malaysia Securities Berhad.



HASLI HASHIM

Independent Non-Executive Director



Malaysian



Male



62 years old



1 April 2021

Academic/Professional Qualification

- Bachelor of Science in Finance and Economics, Indiana State University, USA
- Alumnus of Royal Military College, Sungai Besi, Kuala Lumpur

En. Hasli has 35 years of banking experience. He was a Branch Manager at United Malayan Banking Corp Bhd and Pacific Bank Bhd before moving to OCBC Bank (M) Bhd to take the position of Head, Public & Institutional Banking in 2000.

Hasli joined Malayan Banking Berhad in 2007 as the Head of Corporate Investment Banking. At Maybank as well as Maybank Investment Bank Berhad he was involved in Corporate Investment Banking, Client Coverage and Corporate Banking. Hasli was part of various advisory teams in mergers/acquisitions, Initial Public Offerings fund raising (loans, bonds) both Islamic and Conventional. He was also a member of Group Credit Committee and Group Management Committee.

Presently, Hasli is an Independent Non-Executive Chairman of Hektar Real Estate Investment Trust which is listed on the Main Board of Bursa Malaysia Securities Berhad. He is also a member of Bank Negara Malaysia's Corporate Debt Restructuring Committee.



DATO' ABDUL WAHAB ABU BAKAR

Independent Non-Executive Director



Malaysian



Male



70 years old



22 November 2021

Academic/Professional Qualification

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

Dato' Abdul Wahab has more than 35 years of substantive corporate experience in General Management with focus on Human Capital, Talent and Organisational Transformation. His tenure of employment covering both local corporations and multinational companies ranging from airlines, oil & gas, mining, financial institution, and fast-moving consumer goods.

Dato' Abdul Wahab's former active corporate stint was with Nestle Malaysia/Singapore, where he retired as Executive Director on 1 January 2011. He served on the Executive Committee, which oversaw the business strategy and direction of the company, ensuring long-term sustainable and profitable growth.

Dato' Abdul Wahab is currently on the Board of Directors of Perbadanan Wakaf Selangor and UNIPEQ of University Kebangsaan Malaysia.

Dato' Abdul Wahab was a Council Member and Vice President of the Malaysian Employers Federation and also served as Business/Corporate/Human Capital Advisor to few other companies.



KONG YUEN LING

Non-Independent Non-Executive Director



Malaysian



Female



50 years old



27 December 2021

Academic/Professional Qualification

- Bachelor of Business (Management), Monash University.

Kong Yuen Ling is the nominee of The Bank of East Asia, Limited (BEA).

She has experience working in the banking industry in Malaysia over the past 27 years ranging from a local bank to foreign banks. She has amassed strong experience and acumen in the key areas of banking which include business development, relationship management, compliance and risk management.

Presently, Kong Yuen Ling is the Country Manager & Chief Representative of BEA Malaysia.

CEO OF SUBSIDIARIES



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



Malaysian



Male



49 years old



8 November 2022

Academic/Professional Qualification

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

Past Working Experiences

- More than 25 years' experience in the financial sector. He started his career in the Corporate Finance Department of Commerce International Merchant Bankers Berhad back in 1997 and in 2002 went on to serve its Investment Banking department where he was involved in numerous fund-raising exercises, restructurings, merger and acquisitions.





Note: Complete profile of Dato' Paduka Syed Mashafuddin is at page 121 of the Annual Report

Other Appointments

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



NG MENG WAH
Managing Director, Securities
(cum Officer-in-Charge),
Affin Hwang Investment Bank Berhad

-  Malaysian
-  Male
-  53 years old
-  12 September 2022

Academic/Professional Qualification

- Bachelor of Accountancy from University Utara Malaysia in 1995

Past Working Experiences

- He brings with him more than 27 years of working experience in the audit, banking, and stockbroking industry. Meng Wah has made significant contributions toward improving the operational and business governance, driving business performance, as well as expanding the breadth of products and services to valued clients.

Other Appointments

- Nil



NG SEOW PANG
Chief Executive Officer
Affin Moneybrokers Sdn Bhd

-  Malaysian
-  Male
-  58 years old
-  15 April 2021

Academic/Professional Qualification

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

Past Working Experiences

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

Other Appointments

- Nil

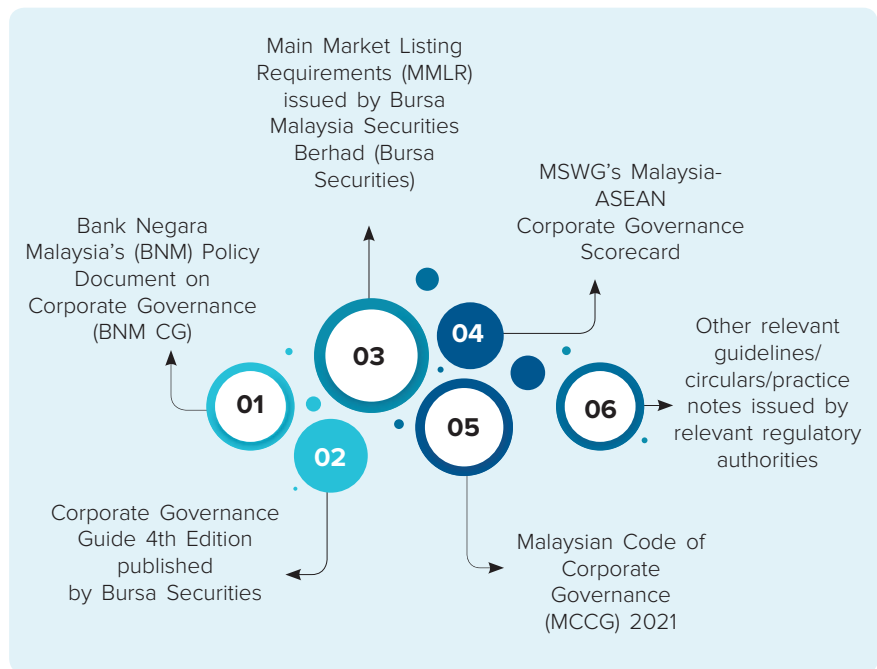
CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

This Corporate Governance Overview Statement (CG Statement) provides insights into the corporate governance (CG) practices of AFFIN during the financial year ended 31 December 2022 and up to the date of publication of this Annual Report 2022 (year under review). This CG statement outlines the Bank’s compliance to the three (3) principles set out in the Malaysian Code of Corporate Governance 2021 issued by the Securities Commission (MCCG 2021) as follows:-

- Board leadership and effectiveness
● **27 practices, 3 step-ups**
- Effective audit and risk management
● **8 practices, 2 step-ups**
- Integrity in corporate reporting and meaningful relationship with stakeholders
● **8 practices**

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



To ensure compliance with the most recent applicable Corporate Governance and regulatory obligations, the Board regularly reviews its governance procedures and processes. Throughout the year in review, the Bank has complied with all the provisions of the MCCG 2021 save for Practices 8.2 (disclosure of senior management’s remuneration) and 12.2 (integrated reporting). This includes the adoption of four (4) out of five (5) step ups, which are considered exemplary practices. A more thorough description of the manner in which the Bank is addressing these departures is set out in the Corporate Governance Report (CG Report) which is available on AFFIN Group’s corporate website at www.affingroup.com or the Bursa Malaysia announcement web page.

This CG statement is to be read in tandem with the CG Report based on the prescribed format by Bursa Securities pursuant to paragraph 15.25 of the MMLR, Statement on Risk Management and Internal Control (SORMIC) and Group Board Audit Committee (BAC) Report as well as other information in the Audited Financial Statements 2022.

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



INDUSTRY EXCELLENCE AWARD FOR FINANCIAL SERVICES 2021



RANKED NO: 16 (IN THE TOP 100 COMPANIES FOR CG DISCLOSURE)



ASEAN ASSET CLASS PLCS (MALAYSIA)

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

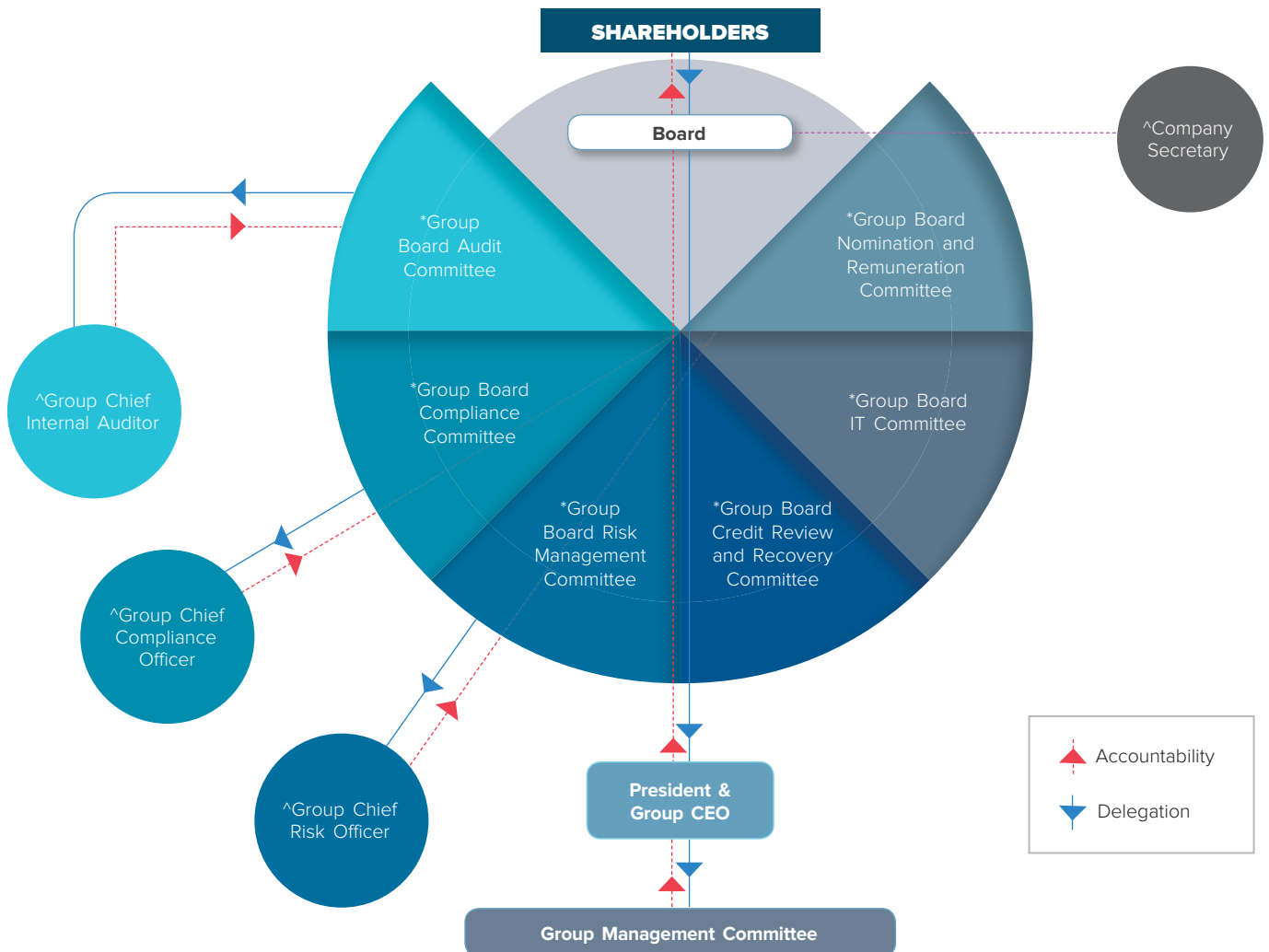
Governance Structure and Framework

In line with AFFIN Group’s harmonisation initiatives, the Board encourages its subsidiaries to ensure their adoption and alignment with MCCG 2021.

The Board works continuously to maintain and develop its governance framework to ensure the Group is provided with good Corporate Governance environment that guides the decision-making process and setting of direction in the interest of the Group, its shareholders and other stakeholders.

Taking cognisance of the importance of embracing the best governance practices, Affin Corporate Governance Framework was established to set out an overview of the principles, standards and requirements to be adopted by the Group as the foundation for sound corporate governance practices.

The Group’s governance structure allows the Board to delegate specific functions and responsibilities to its Board Committees, with the ultimate oversight and full accountability remaining with the Board.



* 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 roles and responsibilities of the Board are set out in the Bank’s Board Charter which was recently revised in July 2022. The Board Charter sets out, amongst others, the following:-

- Mandate, roles and responsibilities of the Board.
- Procedures of the Board and Board Committees (both individually and collectively).
- The direction, management and control of the Bank.
- Matters reserved for the Board.

The above is guided by the principles of good corporate governance as prescribed in the policy documents and guidelines issued by BNM and 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
- Ensure and oversee the effective design and implementation of sound internal controls, compliance and risk management processes
- Oversee the performance of the Senior Management in managing the business and affairs of the Bank
- Ensure reliable and transparent financial reporting process within the Bank
- Promote sustainable growth and financial soundness of the Bank
- Promote timely and effective communications between the Bank and regulators on matters affecting or that may affect the safety and viability of the Bank
- Consider the significant matters reserved for the Board

The Board and Senior Management strive to ensure that greater vigilance is in place amidst the challenging operating environment. It 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 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 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.

NUMBER OF MEETINGS AND BOARD ATTENDANCE IN 2022

DIRECTORS	DESIGNATION	BOARD	BOARD COMMITTEES					
		AFFIN BANK BERHAD	GBNRC	GBCRRC	GBAC	GBITC	GBRMC	GBCC
Dato' Agil Natt	Chairman/INED	18/18	-	23/23	-	13/13	-	-
Dato' Abdul Aziz Abu Bakar	INED	18/18	11/11 (C)	-	-	-	-	12/12
Dato' Mohd Hata Robani	INED	18/18	-	-	14/14	-	-	12/12 (C)
Ignatius Chan Tze Ching	NINED (BEA representative)	17/18	-	-	-	-	-	-
Dato' Rozalila Abdul Rahman	INED	18/18	-	-	-	12/13	11/11 (C)	-
Peter Yuen Wai Hung	NINED (BEA representative)	18/18	-	-	-	-	11/11	-
Marzida Mohd Noor	INED	17/18	11/11	-	-	13/13 (C)	-	-
Gregory Jerome Gerald Fernandes	INED	18/18	-	-	14/14 (C)	-	-	12/12
Chan Wai Yu	INED	18/18	-	23/23 (C)	-	-	11/11	-
Mohammad Ashraf Md Radzi (appointed w.e.f. 3 October 2022)	NINED (LTAT representative)	3/4	-	-	-	-	-	-
Musa Abdul Malek (assumed the position of Chairman w.e.f. 22 June 2022)	INED	-	3/3	23/23	-	13/13	-	-
Suffian Baharuddin	INED	-	-	-	14/14	-	11/11	-
Datuk Mohd Farid Mohd Adnan	INED	-	11/11	-	-	-	-	12/12
Cindy Tan Ler Chin	INED	-	-	-	-	12/13	11/11	-
Muhammad Fitri Othman (appointed w.e.f. 21 March 2022)	NINED (LTAT representative)	-	-	-	-	-	-	2/2
Dato' Mohd Ali Mohd Tahir (passed away on 12 February 2022)	INED	-	-	2/2	-	-	-	-
Assoc Prof Dr. Said (completed tenure on 3 July 2022)	INED	-	-	-	7/7	-	-	-
Tunku Afwida Tunku A.Malek (appointed w.e.f. 9 May 2022)	INED	-	-	-	-	3/4	-	-
Eugene Hon Kah Meng	INED	-	-	22/23	13/14	9/9	-	-
Datuk Wan Razly Abdullah	NIED (ABB representative)	-	-	-	-	-	-	-
Hasli Hashim	INED	-	-	22/23	8/11	-	11/11	-
Dato' Abdul Wahab Abu Bakar	INED	-	11/11	-	-	12/13	-	-
Kong Yuen Ling	NINED (BEA representative)	-	-	-	-	-	8/9	11/12
Datuk Noor Azian Shaari (completed tenure on 4 October 2022)	INED	-	1/1	-	-	-	-	9/9

INED : Independent Non-Executive Director

NINED : Non-Independent Non-Executive Director

NIED : Non-Independent Executive Director

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

BOARD AND BOARD COMMITTEES DELIBERATIONS

The highlights of matters reviewed, deliberated and approved by the Board and Board Committees during FY2022 were as follows:-

Board

Key Activities of the Board and Board Committee in 2022

STRATEGY, TECHNOLOGY & ESG

- Relocation of the Bank's Head Office to Menara AFFIN @ TRX
- Project Synergy – Harmonisation of Group matters
- Corporate Exercises namely the divestment of Affin Hwang Asset Management Berhad and the Joint Venture with Generali Asia N. V. on General and Life Insurance
- Business strategy of various sectors within the Group Budget and Business Plan for the Group for FY2023
- Group A25 Plan
- Capital Position & Capital Plan
- Contents of Annual Report 2022
- Dividend payment for 2022 and Dividend Reinvestment Plan
- The Bank's Climate Risk Management Plan
- Bursa Malaysia's enhanced Sustainability Reporting Framework with New Climate Change Reporting
- BNM's Exposure Draft on "Climate Risk Management and Scenario Analysis" and Climate Risk Management Plan
- Consumer Behavioural Scorecard
- Proposed relocation of branches and opening of new branches
- RMI Update and Compromise Assessment
- Digital Core Banking System Implementation
- Updates on market conditions and business performance
- The market challenges and opportunities faced by the Group during the year.

GOVERNANCE, RISK & COMPLIANCE

- BNM Composite Risk Rating findings
- Re-appointment of external auditors for the Group
- Group Board and Board Committee Composition
- Revision of Board Charter
- Board Effectiveness Evaluation
- Fit and Proper Assessment
- Group Risk Appetite Statement
- Recovery Plan
- Crisis Communication Plan
- Annual Credit Plan
- Group Enterprise Risk Dashboard
- Interest Rate outlook and risk assessment
- Various revision of policies/frameworks but not limited to - Group Stress Test Policy, Group Contingency Planning Framework (GCPF), Group Business Continuity Management Policy, Treasury Framework Limits FY2022, Technology Risk Management, Group Compliance Framework
- Legal Opinion on Directors Duties & Obligations Under Malaysian Law in the Climate Change Risks and Considerations
- Monthly updates from Group Compliance, Group Internal Audit and Group Risk Management


FINANCIALS & PERFORMANCE

- Affin Group Budget FY2023 (Including CAPEX Budget) and Forecast FY2024 to FY2026 and FY2023 Business Plan & Strategy
- Authority Limit
- Group ICAAP Framework
- Group Dividend Policy
- Outsourcing Plan
- Group Internal Capital Threshold and Stress Test Results

CSR, CULTURE & PEOPLE

- Bank Bergerak Initiative (BBI) and Pakej Perlindungan Rakyat dan Pemulihan Ekonomi (PEMULIH)
- Sponsorship of Badminton Association Malaysia
- Proposed Establishment of Affin Foundation
- Financial Assistance and Instalment Relief (FAIR) Program
- Group Organisational Structure
- Overview of Consequence Management
- Review of Wage Band for Affin Bank Group
- Revision to the Directors Remuneration and Benefits for Affin Bank Group
- Directors and Shariah Training Plan 2022
- Updates on employees' engagement surveys - Lenses
- Appointment and contract renewal of senior management


GROUP BOARD AUDIT COMMITTEE

BOARD COMMITTEES				
TOTAL MEETINGS IN 2022:	SCHEDULED 12 MEETINGS		SPECIAL 2 MEETINGS	
<p>Members (Note : Adopted Practice 1.4 and Step Up 9.4 of MCCG 2021)</p> <table border="0"> <tr> <td style="vertical-align: top;"> <ol style="list-style-type: none"> 1. Gregory Jerome Gerald Fernandes (Chairman) <i>(representing ABB)</i> 2. Dato' Mohd Hata Bin Robani <i>(representing ABB)</i> 3. Suffian Baharuddin <i>(representing AIBB)</i> </td> <td style="vertical-align: top; padding-left: 20px;"> <ol style="list-style-type: none"> 4. Eugene Hon Kah Weng <i>(representing AHIBB)</i> (Appointed as member w.e.f. 6 January 2022) 5. Associate Prof. Dr. Said Bouheraoua <i>(representing AIBB)</i> (resigned as member w.e.f. 2 July 2022) 6. Hasli Hashim <i>(representing AHIBB)</i> (resigned as member w.e.f. 1 October 2022) </td> </tr> </table>			<ol style="list-style-type: none"> 1. Gregory Jerome Gerald Fernandes (Chairman) <i>(representing ABB)</i> 2. Dato' Mohd Hata Bin Robani <i>(representing ABB)</i> 3. Suffian Baharuddin <i>(representing AIBB)</i> 	<ol style="list-style-type: none"> 4. Eugene Hon Kah Weng <i>(representing AHIBB)</i> (Appointed as member w.e.f. 6 January 2022) 5. Associate Prof. Dr. Said Bouheraoua <i>(representing AIBB)</i> (resigned as member w.e.f. 2 July 2022) 6. Hasli Hashim <i>(representing AHIBB)</i> (resigned as member w.e.f. 1 October 2022)
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<p>MAIN ROLES & RESPONSIBILITIES</p> <ul style="list-style-type: none"> 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; To implement and support the function of the Board by reinforcing the independence and objectivity of the Group Internal Audit Division ("GIA"); and To ensure that internal and external audit functions are properly conducted, and audit recommendations are implemented timely and effectively. 				
<p>MATTERS DISCUSSED IN 2022</p> <ul style="list-style-type: none"> Approval of the GIA Annual Audit Plan for 2022. Review of audit reports and findings by GIA as scheduled in the Annual Audit Plan as well as ad-hoc audit reports/special reviews. Deliberation on monthly financial results and endorsements of quarterly and year-end financial statements prepared by Group Finance Division. Review of internal investigation reports as directed by the Board or requested by Management. Review of the risks and controls culture pulse assessment that were embedded as part of the audit assessments. Monitoring of the corrective actions taken by Management on findings from regulators, internal and external auditors. Provide oversight over audit matters of the Group's subsidiaries, discussing and providing recommendations to subsidiaries' Board Audit Committees as and when deemed necessary on matters of significant governance, risk management, and controls issues. Review of audit reports and internal control recommendations by the external auditors, including key audit matters and significant accounting issues. Review and recommendation on the re-appointment and fees of external auditors. Review and recommendation on the appointment of external auditors for non-audit related services. Revision of GBAC Terms of Reference. 				


CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

GROUP BOARD RISK MANAGEMENT COMMITTEE

BOARD COMMITTEES			
TOTAL MEETINGS IN 2022:	SCHEDULED 11 MEETINGS SPECIAL 2 MEETINGS (JOINT GBAC & GBRMC – 30 JUNE & 30 NOVEMBER 2022)		
			
<p>Members (Adopted Step Up 10.3 of MCCG 2021)</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <ol style="list-style-type: none"> 1. Dato' Rozalila Abdul Rahman (Chairperson) (representing ABB) 2. Yuen Wai Hung, Peter (representing ABB) (resigned w.e.f. 1 January 2023) 3. Chan Wai Yu (representing ABB) 4. Suffian Baharuddin (representing AIBB) </td> <td style="width: 50%; vertical-align: top;"> <ol style="list-style-type: none"> 5. Tan Ler Chin, Cindy (representing AIBB) 6. Hasli Hashim (representing AHIBB) 7. Mohammad Ashraf Md Radzi (representing ABB) (appointed w.e.f. 1 January 2023) 8. Kong Yuen Ling (representing AHIBB) (resigned w.e.f. 1 October 2022) </td> </tr> </table>		<ol style="list-style-type: none"> 1. Dato' Rozalila Abdul Rahman (Chairperson) (representing ABB) 2. Yuen Wai Hung, Peter (representing ABB) (resigned w.e.f. 1 January 2023) 3. Chan Wai Yu (representing ABB) 4. Suffian Baharuddin (representing AIBB) 	<ol style="list-style-type: none"> 5. Tan Ler Chin, Cindy (representing AIBB) 6. Hasli Hashim (representing AHIBB) 7. Mohammad Ashraf Md Radzi (representing ABB) (appointed w.e.f. 1 January 2023) 8. Kong Yuen Ling (representing AHIBB) (resigned w.e.f. 1 October 2022)
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<p>MAIN ROLES & RESPONSIBILITIES</p> <p>The GBRMC is established to assist the Board of Directors in respect of the following:-</p> <ul style="list-style-type: none"> • Ensuring that the Group wide enterprise risk management framework, policies and guidelines adequately protect the Group against all relevant risks, comprising but not limited to, Credit Risk, Market, Liquidity and Interest Rate Risk, Operational Risk including Legal Risk, Regulatory Risks, Reputational Risk, Technology Risk, Shariah Non-Compliance (SNC) 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 sustainability matters to build the Bank's resilience against the adverse impacts of ESG and climate-related risks. • The primary role of the GBRMC is to oversee, review, assess and examine the adequacy of Group risk management frameworks covering the policies, methodologies, procedures & processes and risk reports of the Bank and its subsidiaries. 			
<p>MATTERS DISCUSSED IN 2022</p> <ul style="list-style-type: none"> • Review and endorse risk-related frameworks, policies (including risk controls and thresholds), standards, guidelines and strategies for recommendation to the Board for approval. • 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 impact to the entities and/or Group. • Review the reports and findings by Independent Credit Review whether the quality of Credit Risk assessment and credit decision-making remain consistent with the Bank and its respective subsidiaries overall Credit Risk management. • Review the capital and liquidity management of the Group. • Review the overall implementation and management of the Group's sustainability matters. • Review and endorse the Group Recovery Plan, including the Key Recovery Indicators, Scenario Analysis and Recovery Options. • Other risk management matters reviewed include:- <ul style="list-style-type: none"> – New product and services (and variances where applicable). – Half yearly/ad-hoc Stress Test (mandated by BNM). – 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. – Credit portfolio report of Corporate Banking Division (CBD), Enterprise Banking Division (EBD) and Community Banking Division (CmD). – BNM's Risk Management in Technology (RMiT) Remediation Action Status/Cybersecurity update. – Shariah related developments involving banking products. – Rescheduled and Restructured (R&R) loans/financing reports. – ESG Climate-related Risk updates. 			

GROUP BOARD COMPLIANCE COMMITTEE

BOARD COMMITTEES				
TOTAL MEETINGS IN 2022:	SCHEDULED 12 MEETINGS		SPECIAL NIL	
<p>Members</p> <table border="0"> <tr> <td style="vertical-align: top;"> <ol style="list-style-type: none"> 1. Dato' Mohd Hata Robani (Chairman) <i>(representing ABB)</i> 2. Gregory Jerome Gerald Fernandes <i>(representing ABB)</i> 3. Yuen Wai Hung, Peter <i>(representing ABB)</i> (appointed w.e.f. 1 January 2023) 4. Datuk Mohd Farid Mohd Adnan <i>(representing AIBB)</i> </td> <td style="vertical-align: top; padding-left: 20px;"> <ol style="list-style-type: none"> 5. Kong Yuen Ling <i>(representing AHIBB)</i> 6. Muhammad Fitri Othman <i>(representing AIBB)</i> (appointed w.e.f. 4 October 2022) 7. Dato' Abdul Aziz Abu Bakar <i>(representing ABB)</i> (resigned w.e.f. 1 January 2023) </td> </tr> </table>			<ol style="list-style-type: none"> 1. Dato' Mohd Hata Robani (Chairman) <i>(representing ABB)</i> 2. Gregory Jerome Gerald Fernandes <i>(representing ABB)</i> 3. Yuen Wai Hung, Peter <i>(representing ABB)</i> (appointed w.e.f. 1 January 2023) 4. Datuk Mohd Farid Mohd Adnan <i>(representing AIBB)</i> 	<ol style="list-style-type: none"> 5. Kong Yuen Ling <i>(representing AHIBB)</i> 6. Muhammad Fitri Othman <i>(representing AIBB)</i> (appointed w.e.f. 4 October 2022) 7. Dato' Abdul Aziz Abu Bakar <i>(representing ABB)</i> (resigned w.e.f. 1 January 2023)
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<p>MAIN ROLES & RESPONSIBILITIES</p> <ul style="list-style-type: none"> • Assess and examine the adequacy of Group compliance and integrity as well as governance frameworks for the Group. • Support the Board to fulfil its responsibilities to:- <ul style="list-style-type: none"> – Oversee the management of compliance risk by ensuring compliance process is in place and functioning in line with the expectations of regulators. – Oversee integrity and governance matters inclusive of corruption, fraud, malpractice, unethical conduct and abuse of power within the organisation that are guided by applicable laws and regulations and make the necessary recommendations to align to the Group's long-term strategy. – Oversee management of climate-related risks to safeguard the Bank's resilience against the adverse impacts of ESG including climate change. – Review and recommend risk management and corruption risk management philosophy and strategy for the Board's approval. – Ensure clear and independent reporting lines and responsibilities for the overall business activities, compliance functions and integrity & governance function. – Ensure the practice of excellent work culture among employees, with strong morals and ethics within the organisation. • The role and responsibilities of the GBCC may be supported by the Board Risk Management Committee at subsidiaries. • Monitor the Bank's management of compliance risk through periodic reporting on AML/CFT Updates, outcome from compliance review exercise, statistic of whistleblowing cases as well as non-compliance incidences report. 				
<p>MATTERS DISCUSSED IN 2022</p> <ul style="list-style-type: none"> • Review the revised Group Compliance Framework and other relevant policies such as Management of Customer Information and Permitted Disclosure ("MCIPIID") and Foreign Exchange Administration Master Policies. • Monitor the status of remediation Action on BNM Composite Risk Rating for Compliance related issues. • Reviewed the Annual Compliance Attestation for Board of Directors. • Review the revised Group Compliance Structure of Affin Bank Group. • Review the Annual Compliance Risk Assessment conducted on ABB, AIBB and AHIBB. • Review the revision on Term of Reference for GBCC. • Review the Bank wide AML/CFT risk assessment & risk appetite. • Review the Annual Compliance Plan for 2023. • Monitor ESG related Climate Risk Exposure Draft feedback. • Deliberation of regulatory breaches. 				

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

GROUP BOARD NOMINATION AND REMUNERATION COMMITTEE

BOARD COMMITTEES



TOTAL MEETINGS IN 2022:

SCHEDULED
8 MEETINGSSPECIAL
3 MEETINGS**Members***(Adopted Practice 1.4 of MCCG 2021)*

- | | |
|---|--|
| <ol style="list-style-type: none"> 1. Dato' Abdul Aziz Abu Bakar (Chairman)
<i>(representing ABB)</i> 2. Marzida Mohd Noor
<i>(representing ABB)</i> 3. Datuk Mohd Farid Mohd Adnan
<i>(representing AIBB)</i> | <ol style="list-style-type: none"> 4. Dato' Abdul Wahab Abu Bakar <i>(representing AHIBB)</i>
<i>(appointed as member w.e.f. 6 January 2022)</i> 5. Musa Abdul Malek <i>(representing AIBB)</i>
<i>(resigned as member w.e.f. 1 April 2022)</i> 6. Dato' Noor Azian Shaari <i>(representing AHIBB)</i>
<i>(resigned as member w.e.f. 27 January 2022)</i> |
|---|--|


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 and KSMO and ensuring that compensation is competitive and consistent with the Bank's culture, objectives and strategies.

MATTERS DISCUSSED IN 2022

- Review the overall composition of the Board and Board Committees.
- Board and Management Succession Plan
- Setting up of KPIs and Scorecard for FY2022.
- 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 FY2021.
- Appointment of external independent expert to undertake BEE2022.
- Review of policies and structure for Group implementation under Project Synergy – Organisation Structure, Job Grade, Wage Band and Benefits.
- Directors and Shariah Committee Training Plan.
- Revision to Board Charter.


GROUP BOARD CREDIT REVIEW AND RECOVERY COMMITTEE

BOARD COMMITTEES		
TOTAL MEETINGS IN 2022:	SCHEDULED 20 MEETINGS	
Members		
<ol style="list-style-type: none"> Chan Wai Yu (Chairperson) <i>(representing ABB)</i> Dato' Agil Natt <i>(representing ABB)</i> Musa Abdul Malek <i>(representing AIBB)</i> 	<ol style="list-style-type: none"> Hasli Hashim <i>(representing AHIBB)</i> Eugene Hon Kah Weng <i>(representing AHIBB)</i> Dato' Mohd Ali Mohd Tahir <i>(representing AIBB)</i> (passed away on 12 February 2022) 	
MAIN ROLES & RESPONSIBILITIES		
<p>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).</p> <p>The duties and responsibilities of the Committee shall include the following:</p> <ul style="list-style-type: none"> 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 2022		
<ul style="list-style-type: none"> Single Counterparty Exposures Limit (SCEL) Status Report. Enterprise Banking Repayment Assistance. Review of Credit Policies. Climate Change & Principle-based Taxonomy ("CCPT") reporting and training. Annual Credit Plan (ACP) formulation and review. New Repayment Assistance (NRA) Program under PEMULIH and FAIR Program. Portfolio Monitoring. Revision of Terms of Reference for GMCC (Management level Committee) and GBCRRC. Review of written-off accounts, recoveries, impaired loans. 		

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

GROUP BOARD INFORMATION TECHNOLOGY COMMITTEE

BOARD COMMITTEES		
TOTAL MEETINGS IN 2022:	SCHEDULED 11 MEETINGS	SPECIAL 2 MEETINGS
		
Members		
<ol style="list-style-type: none"> 1. Marzida Mohd Noor (Chairperson) <i>(representing ABB)</i> 2. Dato' Agil Natt <i>(representing ABB)</i> 3. Dato' Rozalila Abdul Rahman <i>(representing ABB)</i> 4. Musa Abdul Malek <i>(representing AIBB)</i> 5. Tan Ler Chin, Cindy <i>(representing AIBB)</i> (Appointed w.e.f. 1 December 2021) 	<ol style="list-style-type: none"> 6. Tunku Afwida Tunku A.Malek <i>(representing AHIBB)</i> (Appointed w.e.f. 1 August 2022) 7. Eugene Hon Kah Weng <i>(representing AHIBB)</i> (resigned as member w.e.f. 1 August 2022) 8. Dato' Abdul Wahab Abu Bakar <i>(representing AHIBB)</i> (resigned as member w.e.f. 1 January 2023) 	
MAIN ROLES & RESPONSIBILITIES		
<ul style="list-style-type: none"> • Oversee the overall development, risk management, integration and alignment of the Information Technology (IT) strategies and plans with the Group's strategic business directions. • Ensure that IT has the right talent and culture to develop organisational capabilities which are agile, innovative, adaptable and most importantly focused on business value creation. • Oversee the overall Group strategic transformation programme, ensure alignment with business strategic objectives and goals, as well as ensure strategic initiatives are being implemented effectively and in a timely manner. 		
MATTERS DISCUSSED IN 2022		
<ul style="list-style-type: none"> • Deliberation of investment proposals for technology transformation involving core systems, channels, and support systems for the Group. • Review of productivity and efficiency in technology and resources in managing the Group's technology. • Review and monitoring of the AIM22 transformation plan and the evolution into the next phase of transformation as encapsulated in the A25 plan. • Compliance to regulations stipulated by regulatory bodies. • Technology and transformation risk management covering operational, cyber security, and emerging risks. 		

BOARD COMPOSITION

Board Composition, Independence and Diversity

The Bank ensures on going review is being conducted on the Board composition so that the Bank complies with the relevant regulatory requirements and recommendations made by BNM, Bursa Securities as well as SC.

The Board, through the GBNRC, took cognisance that the composition, independence, and diversity are important aspects of corporate governance that can have a significant impact on the Bank's performance, reputation, and long-term success.

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

The Bank's Board composition comprises majority Independent Directors with 70% Independent Non-Executive Directors whilst the remaining 30% consist of Non-Independent Non-Executive Directors (all whom are appointed via nomination by major shareholders namely Lembaga Tabung Angkatan Tentera and The Bank of East Asia, Limited). Therefore, majority Independent Directors serves as a check and balance on the potential influence of the nominees from the Bank's largest shareholders which would provide assurance that the interest of the minority shareholders is not compromised.

A diverse Board can foster innovation and creativity. In this regard, the Board is committed in ensuring that it upholds and maintains the recommendation on diversity and inclusion in its composition and decision-making process. The Board recognises diversity from a variety of different perspectives, including but not limited to gender, age, race/ethnicity, nationality, experience, skills and length of service. Moving forward the focus is to onboard Director with relevant skills and background to support the Bank in achieving its sustainability agenda.

The Bank wishes to affirm that:-

- The current Board composition in which the majority are Independent Directors, exceeds the MMLR and BNM CG requirements.
- 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 re-appointment as Director, to remain as a Director but shall be re-designated as Non-Independent Non-Executive Director.

As at 31 December 2022, the Board composition, independence and diversity for the Bank is depicted below:-

COMPOSITION (% AND TOTAL)

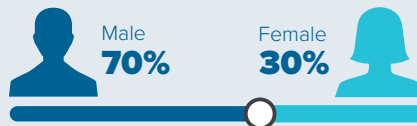
Independent Non-Executive Directors



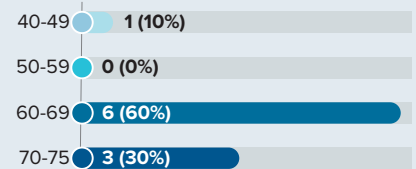
Non-Independent Non-Executive Directors



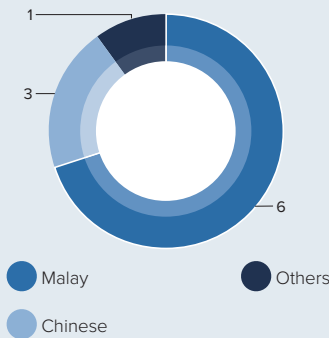
GENDER



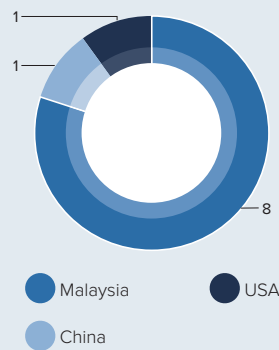
AGE



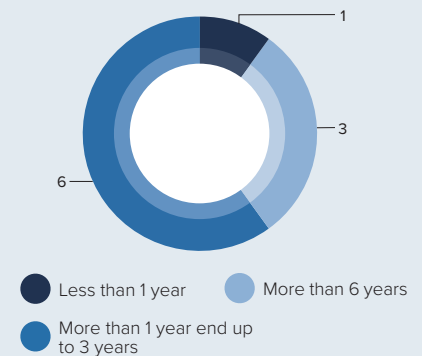
RACE/ETHNICITY



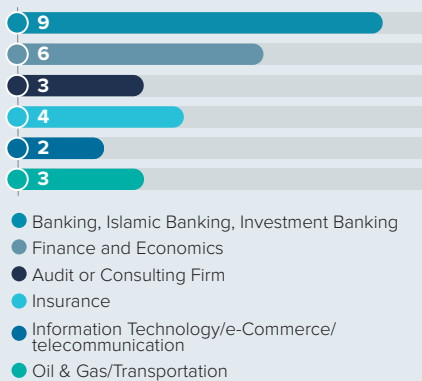
NATIONALITY



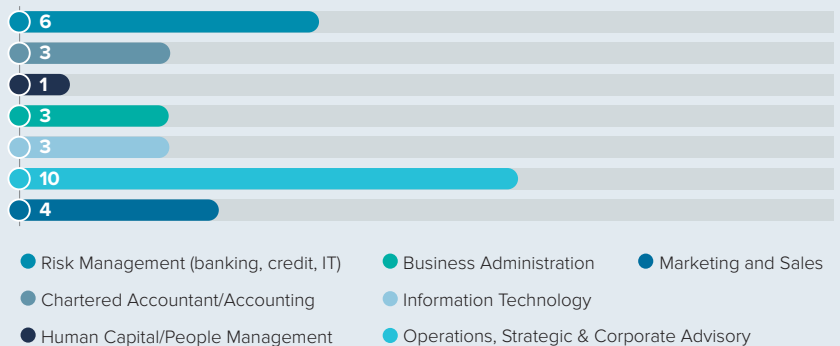
TENURE



INDUSTRY EXPERIENCE



FUNCTIONAL EXPERIENCE



The existing size and composition of the Board are able to promote effective deliberation, encourage the active participation of all 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 better able the Bank to weather challenges and take advantage of opportunities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

Board and Senior Management Appointments, Removals and Re-election of Directors

NEW APPOINTMENTS OR RE-APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

New appointments of Directors and Senior Management require careful consideration and planning to ensure that the Bank has the right leadership team in place to achieve its strategic objectives.

The GBNRC identifies prospective Board and Senior Management candidates from various sources such as referrals from existing Directors or officers maintained in the Bank’s internal Directors’ list, recommendation by major shareholders, Directors’ Register maintained by Institute of Corporate Directors Malaysia, 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
 - Health Assessment

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 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 a 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).

New Appointment of Director

There was only one (1) new appointment of Director namely Encik Mohammad Ashraf Bin Md Radzi, Non-Independent Non-Executive Director (Nominee Director of LTAT) who joined the Bank on 3 October 2022.

Re-appointment of Directors

There were four (4) re-appointment of Directors namely Dato’ Agil Natt (Chairman – 2nd term), Dato’ Abdul Aziz Abu Bakar (INED – 2nd term), Yuen Wai Hung, Peter (NINED – 2nd term) and Marzida Mohd Noor (INED – 2nd term).

New Appointment of Senior Management

There was only one (1) new appointment of Senior Management namely Ricky Dang Cheong Min as Group Chief Risk Officer who joined the Bank on 28 April 2022.

REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT

Each Director and Senior Management shall be assessed for compliance with the BNM Policy on Fit & Proper Criteria, 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 FY2022, the Board was satisfied that each of the Directors have 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 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 as a director. 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 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 demonstrated sufficient time to the Bank as evident from the Directors’ record of attendance at Board and Board Committee meetings held in the financial year ended 31 December 2022 as stated above.

Board Evaluation

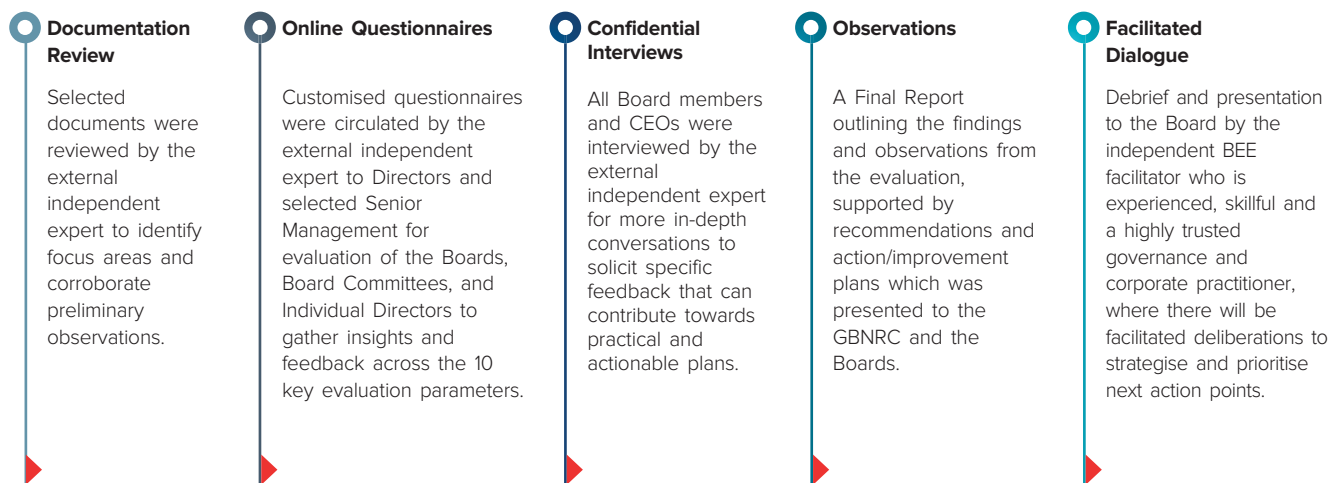
When companies conduct regular Board Effectiveness Evaluation (BEE), this reinforces the Board’s commitment towards the highest level of performance by their directors when fulfilling their responsibilities to stakeholders, and the continuous strive for excellence in governance.

The Bank had previously undertaken the BEE exercise internally with the assistance from the Company Secretarial team. For the 2022 Board Effectiveness Evaluation (BEE 2022), the Board approved the appointment of an external independent expert to conduct the said exercise for the Bank, as well as for AiBB and AHIBB.

The appointment of the external independent expert is in line with the requirement under BNM CG and recommendation by MCCG 2021 for them to be engaged periodically. The formal and objective evaluation undertaken comprises of a comprehensive process and methodology in assessing performance across the three focus levels – the Board, Board Committees and Individual Directors.

Step by Step Approach and Methodology

Process



Note: A Director must have served on the Board/Board Committees for at least six (6) months to be able to participate in the BEE.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

Overall, the Boards of ABB, AIBB and AHIBB can be viewed as being formal, professional and cohesive boards under the respective Chairmen, and has undertaken the various board duties, roles and responsibilities well. The ABB Chairman has managed to steer the ABB group to new heights since he came on board in November 2019. Affin’s Affinity in Motion 2022 (“AIM22”) growth plan was well executed, with the transformation exercise continuing with Affin 2025 (“A25”) Plans currently in progress.

The overall average rating is HIGH (average score of 4.20 in line with external independent expert’s benchmark), particularly on the key parameters such as Board Dynamics and Culture, Board Composition as well as the Board Governance, Oversight and Processes.

The main highlights of the results are as follows:-

Areas of Strength

Board governance oversight & processes - Received one of the highest ratings from the Board and Management Team with emphasis on adoption of relevant laws, regulations and best practices such as Section 17A of MACC Act, AMLA, MCGG 2021 and dealing with potential conflicts of interest and confidential information.

Board dynamics & culture - Committed to promoting ethical business conduct professional and respectful of one another, and the Board has been able to work as a team with emphasis on honest open communication, trust, respect as well as driving the right level of accountability and integrity. The Board is highly engaged, and Board members are given plenty of room to air their views and opinions.

Considerations for Improvement

Board Composition, Skills and Development - To prioritise a Board Succession Plan, based on a board skills matrix. Areas of need – banking, innovation, sustainability and/or digital experience.

Board Agenda, Meetings & Information – To better align the board meeting agenda to provide more airtime on a periodical basis to discuss issues pertaining to strategic and transformation updates.

Stakeholder Engagement – To adopt integrated reporting and utilise technology in enhancing communication with the relevant stakeholder

Board Sustainability Matters – To appoint a skilled and experienced ESG champion, both at the Board and SMT to drive the agenda more proactively across the organisation, as well as establishing a dedicated Sustainability Committee to address sustainability matters in a more holistic and robust manner.

The Board and GBNRC will look into formulating action plans to address the above based on their priorities, with support from relevant Board Committees. The outcome of the BEE will also be taken into consideration in the re-appointment of the Directors and Board Committees’ membership appointment, where applicable.

Supply of information to the Board

The Board meetings are held on a monthly basis with option to convene special meeting(s) as and when necessary to consider urgent proposals that require the Board’s review or consideration. The Board and Board Committee meetings are scheduled in advance before the year end in order for the Directors to be able to plan ahead and ensure their full attendance at the meetings.

Under normal circumstances, the Bank ensures that attendance at a Board meeting, by way other than physical presence, remains the exception rather than the norm.

However, the circumstances following COVID-19 pandemic has allowed the Board to leverage on technology to convene Board and Board Committee meetings, subject to appropriate safeguards to preserve the confidentiality of deliberations. The Board adopted internal Guiding Principles and Protocols for Board, Board Committees and Management 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.

Access to Third Party Experts

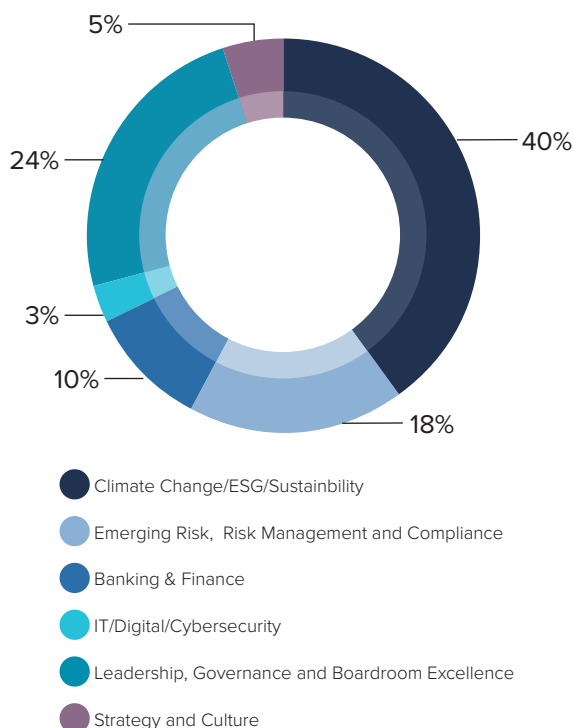
The Board may seek independent professional advice at the Bank’s expense on specific issues to enable the Board to discharge its duties in relation to the matters being deliberated. Individual Directors may also obtain independent professional or other advice in furtherance of their duties subject to 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 FY2022, all the Board members attended various training programmes relevant to areas of development as highlighted in BEE 2021 , among others includes (1) Climate change, Sustainability and ESG; (2) Emerging Risk; (3) Digitalisation, future ready and technology; and (Technical skills relevant to the Bank (Banking, Compliance and Risk Management).

The breakdown of training hours by topic follows:-



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

Induction Programme

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

BOARD REMUNERATION

Board Remuneration

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

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

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

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

Directors' Fee	The Directors are entitled to Annual Directors' fees.
Re-appointment of Directors	Directors who sit on Board Committees are entitled to receive Board Committee fees.
Meeting Allowances	Directors are also entitled to Meeting allowances when they attend any Board/Board Committee meetings.

The Directors' fees and benefits-in-kind payable to Directors are subject to shareholders' approval at the Annual General Meeting. The details of the Directors' remuneration are set out in the Financial Statements in this Annual Report 2022.

Senior Management Remuneration

The policy also observed Bank Negara Malaysia's (BNM) Corporate Governance Policy Document, BNM's Risk Governance Policy Document and the Bank's risk appetite.

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

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

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

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

A. SUPPORT STRATEGIC OBJECTIVES:

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

B. PERFORMANCE-DRIVEN REMUNERATION:

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

C. CONSEQUENCE MANAGEMENT:

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

D. INTERNAL EQUITY:

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

E. MARKET-RELATED REMUNERATION:

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

F. AFFORDABILITY AND SUSTAINABILITY:

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

G. FLEXIBILITY:

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

H. TRANSPARENCY:

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

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.

As ESG is gaining importance, the GBCC and GBRMC have been mandated with oversight function on ESG including climate change risk.

The Bank has established a sustainability team under the Group Chief Strategy Officer, as the designated person to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Bank.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

Code of Ethics, Conduct and Whistleblowing Policy

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

The Bank has put in place a Code of Ethics and Standard of Professional Conduct. The Code of Ethics is to ensure that staff consistently adhere to a high standard of professionalism and ethics in the conduct of business and professional activities to serve the legitimate interest of the Bank’s customers clients with high standards of professional and ethical behaviour. The Standard of Professional Conduct specifies the minimum standards of conduct expected of the Bank’s staff in demonstrating a high level of integrity and professionalism at all times.

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

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

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

Board Administration

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

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

are complied with. The Company Secretary attends the Board, selected Board Committees’ as well as Management Committee meetings which she is the appointed Secretary and is responsible for supporting the effective functioning of the Board.

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

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT

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

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

INDEPENDENCE OF EXTERNAL AUDITORS

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

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

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

The amount of non-audit fees payable to the external auditors and their associates during the financial year 2022 is set out in the Financial Statements in this Annual Report 2022.

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.

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 169 to 179.

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 169 to 179.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

Effective Communication with Shareholders

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

Investor Relations Engagements

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

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

General Meetings

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

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

The Bank continues to leverage on technology to conduct AGM with assurance that it has in place the required infrastructure to support proactive interactions with shareholders and smooth broadcast of the Annual General Meeting. 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 Bank conducted fully virtual AGM and Extraordinary General Meetings (EGMs) in 2022 where the said events were broadcasted live from Menara AFFIN with participation by shareholders, through live streaming and online remote voting via the Remote Participation and Voting (RPV) facilities provided by the Bank's appointed share registrar.

At that AGM and EGMs, voting on each resolution was undertaken through e-polling and the poll results were immediately announced.

Corporate Governance Priorities

The Bank has applied all recommended practices in MCCG save Practice 8.2 and 12.2. The Board has reviewed the Bank’s readiness to adopt the practices and identified the following forward-looking action to achieve its corporate governance objectives:-

PRACTICE 8.2

Disclosure of Remuneration of Top 5 Key Senior Management

ABB disclosed that 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 2022 which allow shareholders to assess whether the remuneration of Directors and Senior Management commensurate with their performance taking into consideration of the Bank’s performance. The Board is committed to consider disclosing the aggregate of the top 5 Senior Management’s remuneration component including salary, bonus, benefits in-kinds and other emoluments.

PRACTICE 12.2

Integrated Reporting

The Bank has yet to adopt an integrated reporting. Nevertheless, the Bank is committed to the adoption of integrated reporting.

THE BANK’S FUTURE PRIORITIES

With global market conditions expected to remain challenging and the world still in the grips of the pandemic, active corporate governance and robust systems of oversight are essential given the anticipated challenging global market environment. Therefore, the Board has identified the following key areas for future priorities:-



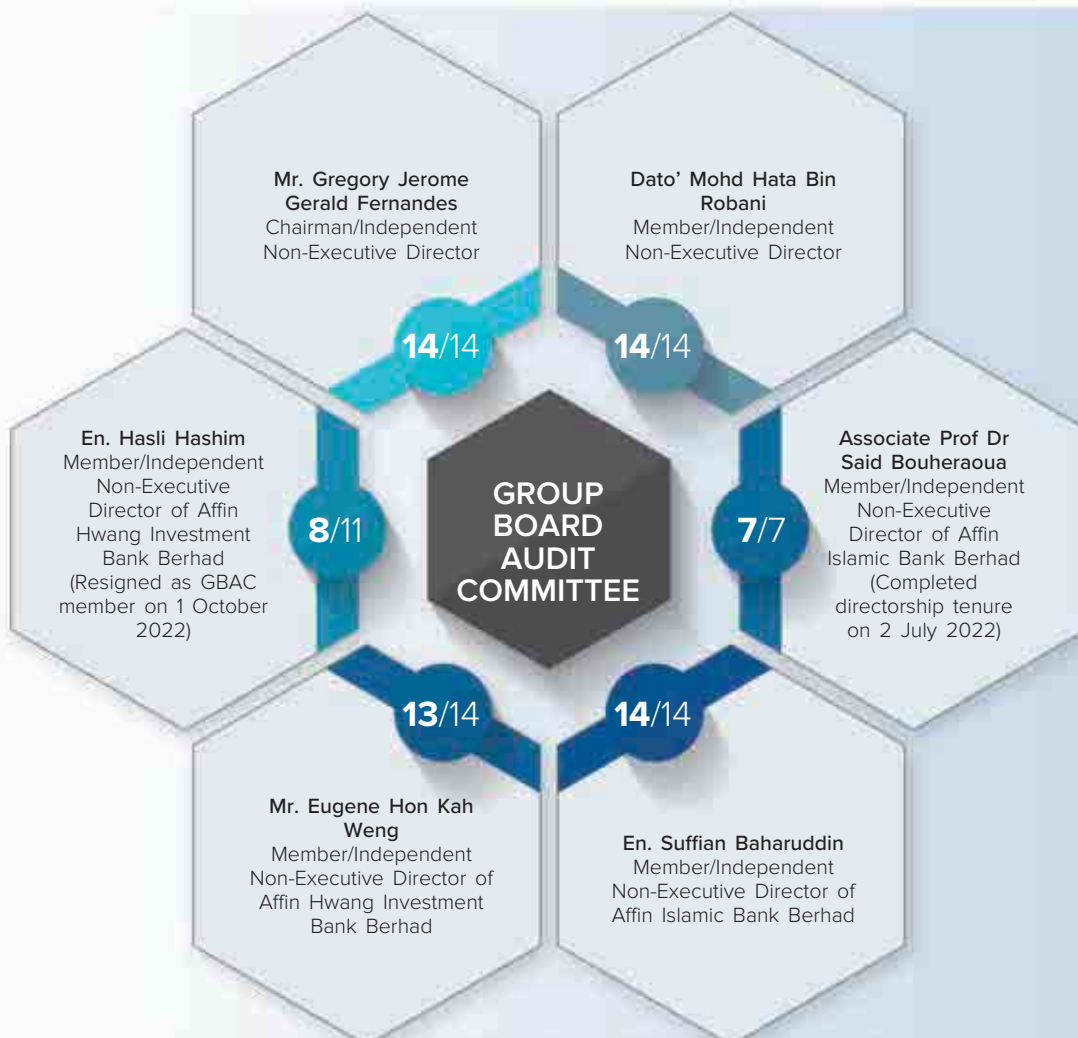
GROUP BOARD AUDIT COMMITTEE REPORT

The Board of AFFIN Group is pleased to present the Report on Group Board Audit Committee (“GBAC”) for the Financial Year ended 31 December 2022.



COMPOSITION AND ATTENDANCE OF MEETINGS

The GBAC comprises the following Directors, with current members all being Independent Non-Executive Directors. The Board-appointed Chairman of the GBAC is not the Chairman of the Board of Directors. A total of fourteen (14) GBAC meetings were held for the financial year ended 31 December 2022, comprising planned and special meetings. The details of the GBAC membership and meetings attended are as follows:



The Group Board Audit Committee (GBAC or “the Committee”) consists of four Independent Non-Executive Directors. The GBAC supports the Board in monitoring and assessing the reliability and integrity of the financial reporting process and reviewing the effectiveness of the overall internal controls system of AFFIN Group

The composition of the GBAC is in line with the listing requirements of Bursa Malaysia Securities Berhad and the principles and best practices set out in the Malaysian Code on Corporate Governance promulgated by the Securities Commission Malaysia. The GBAC membership encompasses individuals of varied expertise, proficiencies and calibre, which enables them to provide independent, objective, and effective oversight in discharging their roles and responsibilities.

The GBAC is authorised by the Board to, amongst others, review and investigate any matters within its Terms of Reference, communicate directly with the external and internal auditors as well as regulators, obtain independent professional advice when needed, and have access to Management and resources to effectively carry out its responsibilities.

 The full terms of reference of the GBAC are available on the Bank's corporate website at <https://affin.listedcompany.com/others.html>

The GBAC meetings were attended by the Group Chief Internal Auditor ("GCIA") together with the Chief Internal Auditor ("CIA") of Affin Hwang Investment Bank Berhad, while the attendance of other Senior Management is by invitation according to the matters deliberated by the GBAC, to provide explanations on financials, audit issues and remediation measures undertaken.

Key matters deliberated at the GBAC meetings together with the GBAC's recommendations and decisions are summarised and presented in the same month, to the Board for information and action by the Board, if necessary.

TRAININGS

The GBAC members attended various seminars/training programmes in the financial year ended 2022, to keep abreast of the latest developments within the banking industry. The seminars/training programmes attended by the GBAC members are disclosed in Section A of the Corporate Governance Report.



GROUP BOARD AUDIT COMMITTEE REPORT

SUMMARY OF THE GBAC'S ACTIVITIES IN 2022

The GBAC carried out the following activities in discharging its duties and responsibilities for the financial year ended 31 December 2022:-

- 1 a. Reviewed with Senior Management the unaudited quarterly and interim unaudited financial results as well as the annual audited financial statements of the Bank and the Group before recommending them to the Board for approval. The reviews focused on compliance with salient regulatory requirements set out in the following Acts and Standards:
 - Provisions of the Companies Act 2016;
 - Financial Services Act and Islamic Financial Services Act 2013;
 - Applicable approved accounting standards in Malaysia; and
 - Other relevant legal and regulatory requirements.
- b. In reviewing the financial reporting and disclosure requirements of the Group, the GBAC discussed and made enquiries on, among others:
 - Changes in major accounting policy and adoption of new or updated accounting standards, and its impact to the financial statements;
 - Significant accounting and audit matters highlighted; including financial reporting, credit, treasury, taxation, impairment related matters, information technology, summary of corrected and uncorrected misstatements, significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed; and
 - Compliance with accounting standards and other legal requirements.

- 2 a. Reviewed and approved the 2022 Audit Plan, covering significant risk areas and activities of AFFIN Group, in line with developments in related laws and regulations. The Audit Plan comprised the detailed terms of the external auditors' responsibilities and affirmation of their independence as external auditors, audit strategy, the engagement team, risk assessment, and areas of audit emphasis for the financial year;
- b. Held five (5) meetings with the External Auditors to deliberate on matters pertaining to results of financial reviews and audits. The GBAC also held two private sessions with the External Auditors in January and August 2022, without the presence of the Senior Management and the GCI A to enable the External Auditors to discuss any matters the External Auditors may wish to highlight and to ensure that there were no restrictions in the scope and performance of their audit activities;
- c. In its meeting held on 25 January 2023, the GBAC was briefed by the External Auditors on the key audit matters included in their Independent Auditors' Report of the financial statements for the financial year ended 31 December 2022. Overall, the GBAC is satisfied that based on the audit procedures performed by the External Auditors, no material exceptions were noted on these key audit matters;
- d. Evaluated and satisfied itself with the independence, performance and effectiveness of the External Auditors based on the criteria set out in BNM's Policy Document on External Auditors and recommended to the Board for the reappointment of the external auditors. Among the criteria evaluated and taken into consideration by the GBAC were:
 - Independence, Objectivity, Familiarity Threats and Professional Scepticism;
 - Ability to demonstrate an unbiased stance when interpreting the standards/policies adopted by the licensed institutions;
 - Qualification criteria;
 - Level of knowledge, capabilities, experience and quality of previous work;
 - Level of engagement with the Board and GBAC;
 - Ability to provide constructive observations, implications and recommendations in areas which require improvements;
 - Appropriateness of audit approach, adequacy of resources and the effectiveness of overall audit planning; and
 - Ability to perform the audit work within the agreed duration given.

- 3 Reviewed and recommended to the Board for approval on non-audit services rendered by the External Auditors and the fees involved. 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.

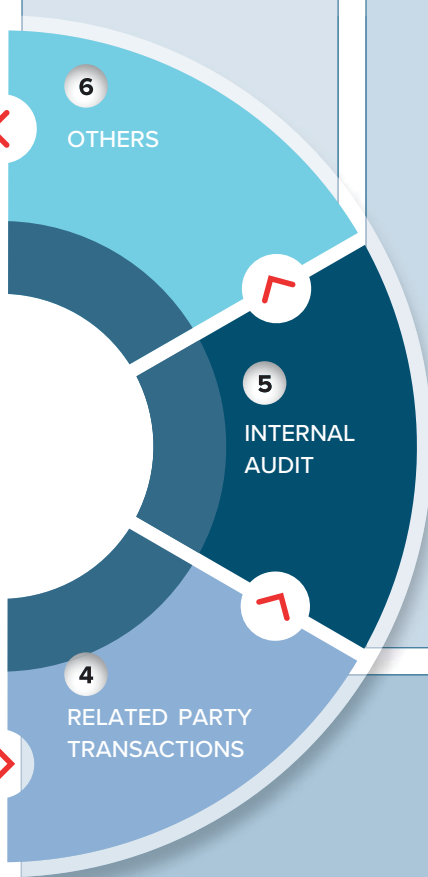


- a. Reviewed the Statement on Risk Management and Internal Control for inclusion in the FY2022 Annual Report before recommending to the Board for approval; and
- b. Reviewed the Group Board Audit Committee Report for inclusion in the FY2022 Annual Report.

6

- a. Reviewed and approved the Group Internal Audit ("GIA") Annual Audit Plan ("AAP") for 2022, to ensure the adequacy of scope and coverage of critical risk areas and activities of the Group based on GIA's risk assessment methodology;
- b. Deliberated on and approved revisions made to GIA's AAP during the year, in alignment with the dynamic risk profiles of the respective auditable areas/ functions, due to the dynamic changes in the business, operations and regulatory environment;
- c. Reviewed and deliberated on significant internal control issues (including fraud) identified by GIA, as well as Management's responses to audit recommendations and implementation of agreed action plans;
- d. Reviewed and deliberated on internal investigation reports conducted by GIA and directed Management to institute immediate remedial actions to strengthen the risk and control environment of the Group;
- e. Reviewed and 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;
 - f. Reviewed the risk and controls culture pulse assessment that were embedded as part of the audit assessments, with the aim to improve the Bank's overall risk and control environment;
 - g. 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;
 - h. Conducted two (2) joint meetings with Group Board Risk Management Committee ("GBRMC") to deliberate on the overall Group's control environment via the internal controls health check dashboard based on audits conducted in 2022;
 - i. Reviewed and recommended to the Board for approval the revised Group Board Audit Committee Terms of Reference;
 - j. Reviewed and approved the revisions to the Audit Charter, in line with the mandatory elements of The Institute of Internal Auditors' (IIA) International Professional Practices Framework (IPPF);
 - k. Approved the KPI of the GCIA for 2022 and assessed performance of the GCIA with feedback provided for improvement;
 - l. 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;
 - m. Reviewed the adequacy and efficiency of GIA's resources and collective competencies of GIA's staff for effective deployment of resources to execute the audit plan;
 - n. Deliberated on the results of the Internal Quality Assurance and Improvement Programme (QAIP) to ensure GIA's continuous conformance with the IPPF.

5



- a. Reviewed the adequacy of the internal control processes and procedures pertaining to identification, monitoring, reporting of related party transactions (RPTs) and recurrent related party transactions (RRPTs) in ensuring the RPTs and RRPTs are carried out in a fair and reasonable manner as well as in the best interest of the Bank; and
- b. Reviewed the periodic reports on RPTs and RRPTs to ensure that the transactions are in line with abovementioned internal policies and procedures.

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GROUP BOARD AUDIT COMMITTEE REPORT

GROUP INTERNAL AUDIT FUNCTION

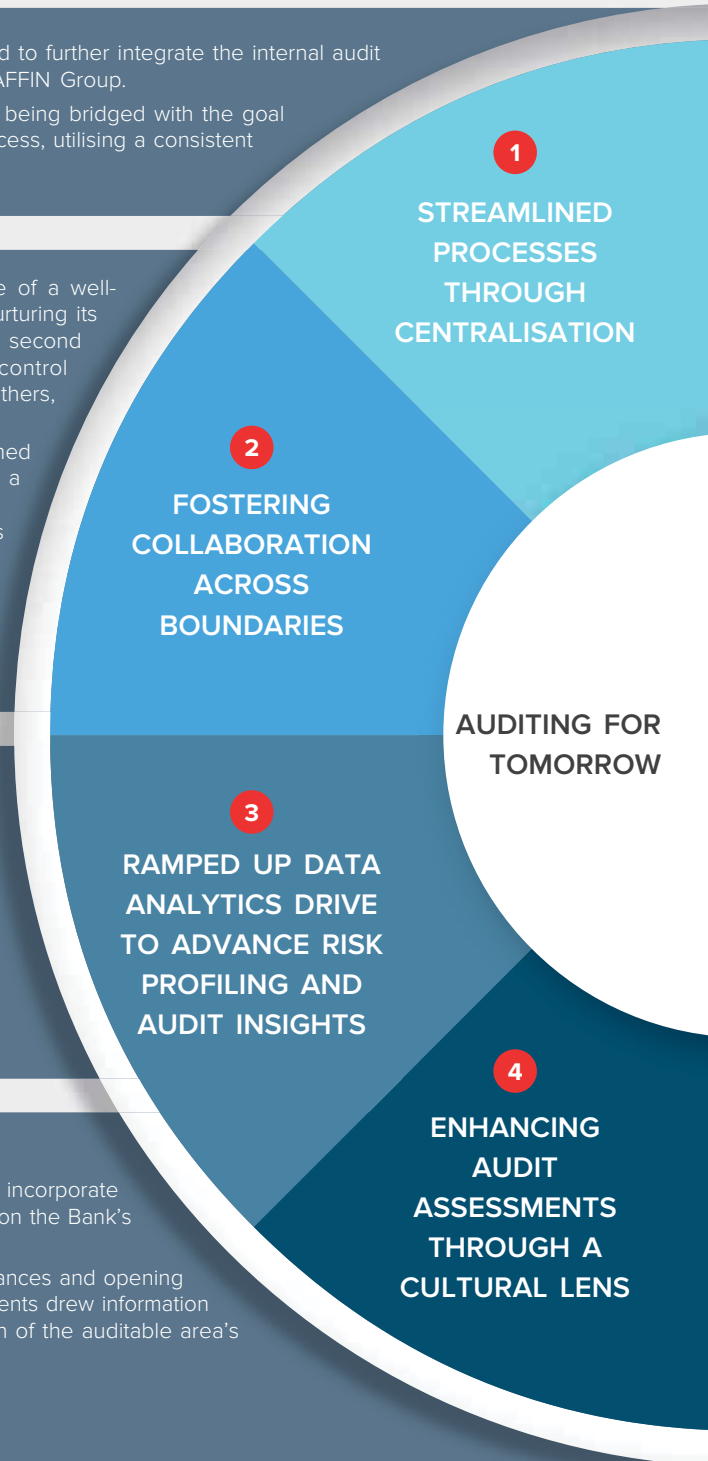
Building on its momentum for 2022, the Group Internal Audit (“GIA”) Division took another step forward in its mission to become a future-proofed internal audit function. Seeking innovation through leading approaches and practices, the GIA is an agent of progress, empowering continuous learning and transformation. Collaborating closely alongside other divisions, the GIA strives to further propel the Bank towards a more resilient future. While being a digitally-enabled internal audit function through the use of the Pentana Audit Management System and computer-aided audit tools (CAATs), GIA undertook several other initiatives in its journey of transformation:

- 1 As part of the Group’s ongoing centralisation efforts, the GIA continued to further integrate the internal audit function of Affin Hwang Investment Bank Berhad (“AHIBB”) with the AFFIN Group.
- As part of the consolidation, gaps in methodology and processes are being bridged with the goal of full synchronisation. This has brought about a more streamlined process, utilising a consistent framework to conduct audits across the Group.

- 2 As the third line of defence, GIA is keenly aware of the importance of a well-established risk control culture on all levels, as well as the value in nurturing its improvement – namely by collaboration efforts with both the first and second lines of defence in promoting enterprise-wide awareness of risk control practices. This enhanced collaboration took the form of, amongst others, the following:
 - Continuing the Guest Auditor Programme (“GAP”), the GAP is aimed at heightening staff’s internal controls awareness and reinforcing a strong risk control culture within the Bank;
 - Six (6) engagement sessions with Regional Offices and Branches across five regions were conducted, where GIA shared common audit findings to raise staff awareness on common internal control issues across the Bank;
 - Joint reviews with Group Compliance Division.

- 3 The increased use of data analytics covering more areas within the Bank to enable continuous auditing;
- Successful implementation of data analytics projects in GIA are shared with divisions/ department to aid the monitoring activities of Management.

- 4 A first for the Bank, GIA expanded its audit scope and methodology to incorporate a discrete cultural element, recognising culture’s incontrovertible effect on the Bank’s overall risk and control environment.
- Aimed at accurately identifying less tangible root causes of non-compliances and opening up avenues for more effective improvement strategies, culture assessments drew information from multiple sources of data, which will be used to form an evaluation of the auditable area’s alignment with the Bank’s desired culture.



GROUP BOARD AUDIT COMMITTEE REPORT

INDEPENDENCE

- The GIA function is established by the Board to provide independent and objective assessment of the adequacy and operating effectiveness of governance, risk management, and internal control processes implemented by Management. GIA reports functionally to the GBAC and administratively to the PGCEO.
- The GIA function is guided by its Audit Charter, which was approved by the GBAC and reviewed annually. The Audit Charter spells out the mission, purpose, authority, independence, and responsibilities of GIA in the Group.

PROFILE AND QUALIFICATION

GIA is headed by Puan Wahdania Mohd Khir, who has more than 27 years of extensive experience in the financial services industry, as well as in the market operator & frontline market regulator Bursa Malaysia. Wahdania, who holds a Master of Science in Quantitative Finance from the University of Westminster London, is also a Chartered Banker and a member of the Financial Markets Association Malaysia. In the financial services industry, she has held various senior roles such as the Head of Global Market Compliance & Treasury Operations and Senior Director of Group Audit at a major financial institution.

- As of 28 February 2023, GIA has a total staff strength of 51 qualified internal auditors from diverse backgrounds and disciplines, mainly specialising in credit, information technology, risk management, Islamic Banking, fraud and investigation, treasury, finance/ accounting, investment banking, and stockbroking.
- For greater, more effective audit assurance and insights, the internal auditors have continuously developed their competences and skillsets via regular structured on-the-job trainings and external trainings by accredited training providers. A majority of the internal auditors are certified with professional qualifications such as Certified Bank Auditors (CBA), Certified Information Systems Auditor (CISA), Chartered/ Certified Accountants (e.g. ACCA, MICPA) and others.
- The total GIA's cost for year 2022 is approximately RM10.1 million, comprising mainly salaries, staff training and development, information technology costs and other audit-related operating costs.
- As part of the Quality Assurance and Improvement Programme (QAIP), GIA conducts periodic internal quality assurance reviews (QAR) and external QAR is carried out once every five years by qualified professionals from an external organisation. The last external QAR was in 2019 and GIA was accorded full conformance with IIA's IPPF.

RESPONSIBILITY

- The primary role/responsibility of GIA is to assist the GBAC in discharging its duties and responsibilities by independently reviewing and assessing the adequacy and effectiveness of the Group's risk management, internal controls, and governance processes to ensure that the overall internal control system continues to operate efficiently and effectively and in line with the relevant regulatory requirements.
- GIA's processes and activities conform with the International Professional Practices Framework ("IPPF") issued by The Institute of Internal Auditors ("IIA"), as well as, standards and requirements set out by regulators on the internal audit function.

- GIA adopts the 5 components set out in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). Besides COSO, GIA also incorporates the Control Objectives for Information and Related Technologies (COBIT) framework into its Information Technology (IT) audits. The Framework defines the components required for effective governance and management of an IT environment.
- The scope of GIA's coverage is identified and prioritised based on its structured and periodic risk assessment of all key business and support units within the Group. Areas audited comprised amongst others, retail and non-retail banking, Islamic banking, treasury related areas, IT infrastructure and operations, support functions, subsidiaries and special focus areas such as AML/CFT, regulatory compliance reviews, and business continuity management.
- GIA also undertakes investigations into suspected fraudulent activities, staff misconduct, whistleblowing cases, and other incidences as and when required, and recommends appropriate improvements to the internal control system to prevent recurrence.
- GIA closely monitors the rectification of audit findings and implementation status of audit recommendations via the Pentana Audit Management System, to obtain assurance that all major risk and control concerns have been duly addressed. GIA regularly tables to the GBAC all significant audit issues until such audit issues are satisfactorily resolved.
- GIA works closely with the external auditors and regulators to ensure that significant issues identified by them are duly addressed and resolved on a timely basis.

SHARIAH COMMITTEE'S REPORT

*In the name of Allah, the Most Beneficent, the Most Merciful
Praise be to Allah, the Lord of the Worlds, and peace and blessings
upon our Prophet Muhammad and on his scion and companions*



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 have reviewed the principles and the contracts underlying the transactions and applications offered by Affin Islamic Bank Berhad ('the Bank') during the financial period ended 31 December 2022. We have also conducted our review to form an opinion as to whether the Bank has complied with the Shariah principles and rulings issued by the Shariah Advisory Council of Bank Negara Malaysia, as well as Shariah decisions made by us.

Management's Responsibility

The management of the Bank is responsible for ensuring that the Bank conducts its operations, businesses, affairs and activities in accordance with Shariah principles. It is our responsibility to form an independent opinion, based on the review work carried out by the Shariah review and Shariah audit of the Bank and to provide our report.

Shariah Review and Shariah Audit

We have assessed the work carried out by the Shariah review and Shariah audit which included examining, on a sample testing basis, each type of transaction, the relevant documentation and procedures adopted by the Bank.

We planned and performed our review as so to obtain all information and explanations which we considered necessary to obtain sufficient evidence in order to give reasonable assurance that the Bank has not violated any Shariah principles.

Engagement Sessions Board of Directors and Shariah Committee

We conducted two interactive sessions with the directors and senior management. The engagement sessions would be an avenue for discussion on, among others, the Bank's strategic direction, understanding key Shariah Committee resolutions, and issues in operationalisation Shariah Committee resolutions.

Key Research and Training of the Shariah Committee

Two Shariah Committee members presented research papers at the 14th Muzakarah Cendekiawan Syariah Nusantara 2022 ('MCSN 2022'), organised by International Shari'ah Research Academy for Islamic Finance ('ISRA').

The Shariah Committee also attended various conferences and seminars which includes 14th Muzakarah Cendekiawan Syariah Nusantara 2022 ('MCSN 2022'), 17th Kuala Lumpur Islamic Finance Forum 2022 ('KLIFF 2022'), Muzakarah Penasihat Syariah Kewangan Islam Kali Ke-15 ('KLIFF 2022'), and 17th International Shariah Scholar Forum 2022 ('ISSF 2022').

The Shariah Committee members enrolled into a certification programme i.e., Certified Shariah Advisors ('CSA') under the Association of Shariah Advisors in Islamic Finance ('ASAS'). Three (3) of the Bank's Shariah Committee members have completed the certification and the rest are in progress.

Key Shariah/Islamic Finance Trainings Attended by Staff

Periodic training for the Bank's staff (including staff of Affin Bank) has been conducted in order to provide adequate knowledge and competence in undertaking tasks for the Bank i.e., Shariah e-Learning and Assessment on Fundamentals of Islamic Banking. The Bank's staff (including staff of Affin Bank) also enrolled in certification programmes, i.e. Certified Professional Shariah Advisor ('CPSA'), Islamic Professional Credit Certification ('IPCC'), Fundamental of Shariah in Islamic Finance (FOSIF), Associate Qualification in Islamic Finance ('AQIF'), Intermediate Qualification in Islamic Finance ('IQIF'), i-Contract Series: Tawarruq and Certified Shariah Advisor ('CSA').

Zakat and Charity Fund

The calculation of zakat is based on 2.5775% of the prior year's working capital method, in accordance with the Shariah principles. The zakat fund is distributed through various channels i.e. States Zakat Authorities, non-governmental organisations and individuals under *asnaf* categories of poor, needy, *amil*, *riqab*, *gharimin*, *muallaf* and *fisabilillah*.

We have performed an oversight function over the management and distribution of the Bank's charity fund. The charity fund is allocated for individuals (Muslim or non-Muslims) which includes poor/needful, orphan and eligible beneficiaries not limited to asnaf zakat as well as charitable, society, organisation and institution.

Shariah Opinion:

1. The overall operations, business, affairs and activities carried out by the Bank during the year ended 31 December 2022 that we have reviewed are in compliance with the Shariah principles;
2. The allocation of profit and incurrence of losses relating to investment accounts conform to the basis that we have approved in accordance with Shariah principles;
3. No earning and purification were recorded from sources or by means that are prohibited by the Shariah principles for the financial year end 31 December 2022;
4. There are two (2) Shariah non-compliant events discovered involving Tawarruq financing and opening of Shariah non-compliant business accounts:
 - i. Non-execution of Tawarruq trading prior to availability of the facility and profit has been charged on the utilisation. The rectification has successfully been carried out by immediately performing Tawarruq trading for the accounts involved. The Bank has also subsequently taken an additional preventive via the automation of Tawarruq trading by adoption of Straight Through Processing (STP) through platform provider.
 - ii. The opening of three (3) non-individual current accounts for Shariah non-compliant business activities. The rectification measure was successfully carried out, i.e., closure of accounts. In addition to that, a preventive measure has been carried out to avoid similar event in the future i.e., issuance of reminder to relevant staff on adherence to the applicable Guidelines on Deposit and Financing.

During the financial year ended 31 December 2022, a total of 12 meetings were held. The Shariah Committee comprises the following members and the details of the following members and the details of attendance of each member at the Shariah Committee meetings held during the financial year are as follows:

Members	Total Meetings Attended
Dr. Mohammad Mahbubi Ali <i>Chairman</i>	12/12
Dr. Nor Fahimah binti Mohd Razif <i>Member</i>	12/12
Encik Mohamad Salihin bin Deris <i>Member</i>	12/12
Encik Ahmad Husni bin Abd Rahman <i>Member</i>	12/12
Associate Professor Dr. Asmak Ab Rahman <i>Member (appointed w.e.f. 1 July 2022)</i>	6/6
Associate Professor Dr. Said Bouheraoua <i>Member (completed tenure w.e.f. 31 March 2022)</i>	3/3
Associate Professor Datin Dr. Nurdianawati Irwani Abdullah <i>Member (completed tenure w.e.f. 31 March 2022)</i>	3/3

SHARIAH COMMITTEE'S REPORT

As the Shariah Committee of Affin Islamic Bank Berhad, we do hereby confirm that the operations, businesses, affairs and activities of the Bank for the financial year ended 31 December 2022 have been conducted in conformity with the Shariah principles.

DR. MOHAMMAD MAHBUBI ALI

Chairman, Shariah Committee

DR. NOR FAHIMAH BINTI MOHD RAZIF

Member, Shariah Committee

ASSOCIATE PROFESSOR DR. ASMAK AB RAHMAN

Member, Shariah Committee

MOHAMAD SALIHIN BIN DERIS

Member, Shariah Committee

AHMAD HUSNI BIN ABD RAHMAN

Member, Shariah Committee

Kuala Lumpur, Malaysia

10 March 2023

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 56 to 60 of the Management Discussion and Analysis of this Annual Report.

BOARD'S RESPONSIBILITY & OVERSIGHT

The Board affirms its responsibility in promoting good corporate governance and oversight in ensuring that the Bank and its subsidiaries ("the Group") maintain a sound system of risk management and internal controls to manage the Group's relevant and material risks within its risk appetite in the Group's pursuit of its strategies and business objectives. For this purpose, the Board has ensured the establishment of key processes for reviewing the effectiveness, adequacy and integrity of the Group's risk management and system of internal controls. These provide reasonable assurance against the occurrence of any material misstatement, loss or fraud. In addition, regular testing on the adequacy, effectiveness, efficiency and integrity of the internal control systems and processes is conducted to ensure its viability and robustness.

The process for assessing the adequacy and effectiveness of the risk management and internal control system is regularly reviewed by the Board, with the assistance of the Group Board Risk Management Committee ("GBRMC"), Group Board Compliance Committee ("GBCC") and Group

Board Audit Committee ("GBAC"), whose responsibilities have been extended to include the role of oversight of financial reporting, disclosures, internal controls, compliance and risk management strategies, policies and other risk related matters. Regular meetings are held with the GBRMC, GBCC and GBAC to discuss matters related to the system of internal controls which cover interalia financial, operational, compliance controls and risk management procedures.

The Board is of the view that the risk management and system of internal controls instituted by the Group's operating units for the year under review and up to the date of annual report is sound and sufficient to safeguard shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the overall implementation of the Group's policies and procedures in ensuring that the day-to-day management of the Group's activities is consistent with the Board-approved risk strategy, risk appetite and policies, as well as the effectiveness of the internal controls system to mitigate, manage and monitor risks. Regular senior management meetings are held to review, identify, discuss and resolve strategic, operational,

financial and key management issues/risks. Comprehensive management reports and updates are made available to the Board on various frequencies, to keep the Board informed on any changes to risks or emerging risks and mitigating actions taken.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 backtesting of risk models and tools
- Track corrective actions to remediate risk issues

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:



KEY RISK MANAGEMENT AND SYSTEM OF INTERNAL CONTROLS (CONT'D.)

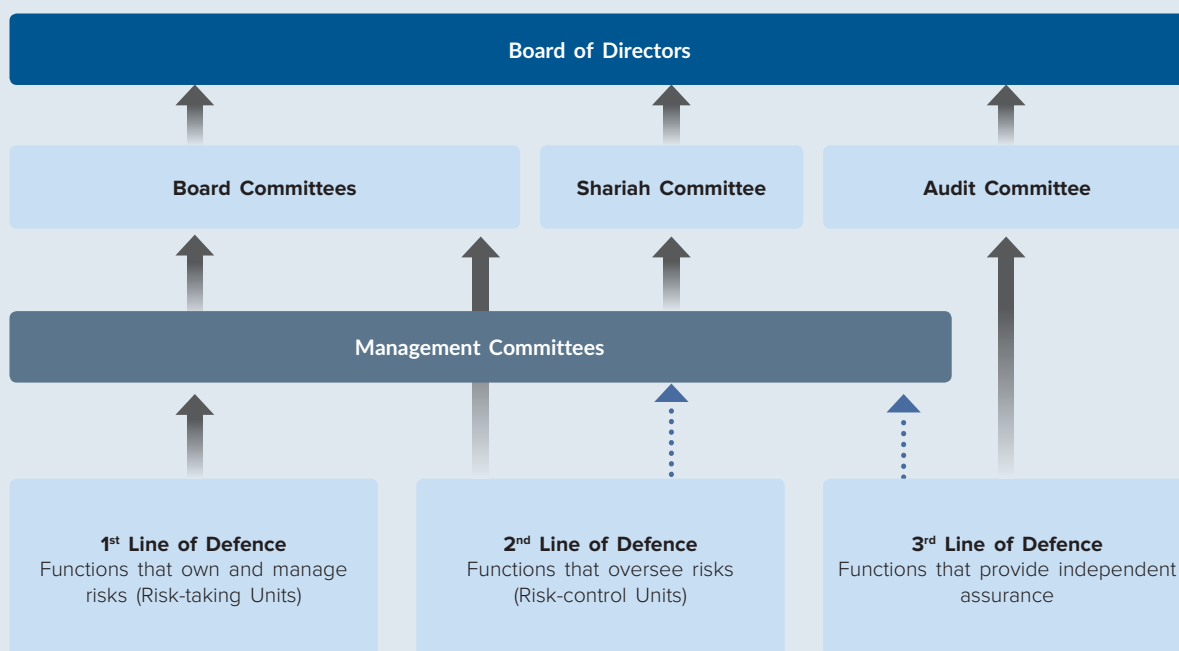
RISK MANAGEMENT (CONT'D.)

a. Risk Governance

Risk governance is the element through which the Board and Management establish the Group's strategy, articulate and monitor adherence to risk appetite and risk limits, as well as identify, measure and manage risks. The Group adopts the 13 Principles of Risk Governance as prescribed by Bank Negara Malaysia ("BNM") to promote sound governance for the assessment and management of risks. The governance of risk is further supported by the Three Lines of Defence ("3-LOD") model which outlines the functional segregation and key roles and responsibilities of the independent oversight functions as well as the business and support units within the organisation.

The 3-LOD Model demonstrates the relationship of the stakeholders in risk-taking activities to promote effective risk management control, assurance and governance at all levels of the organisation. The relevant parties involved in the 3-LOD for risk management consist of the business and support units as the first line of defence, risk management and compliance functions as the second line of defence and internal audit, as the third line of defence.

The operationalisation of the 3-LOD model is illustrated below:



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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY RISK MANAGEMENT AND SYSTEM OF INTERNAL CONTROLS (CONT'D.)

RISK MANAGEMENT (CONT'D.)

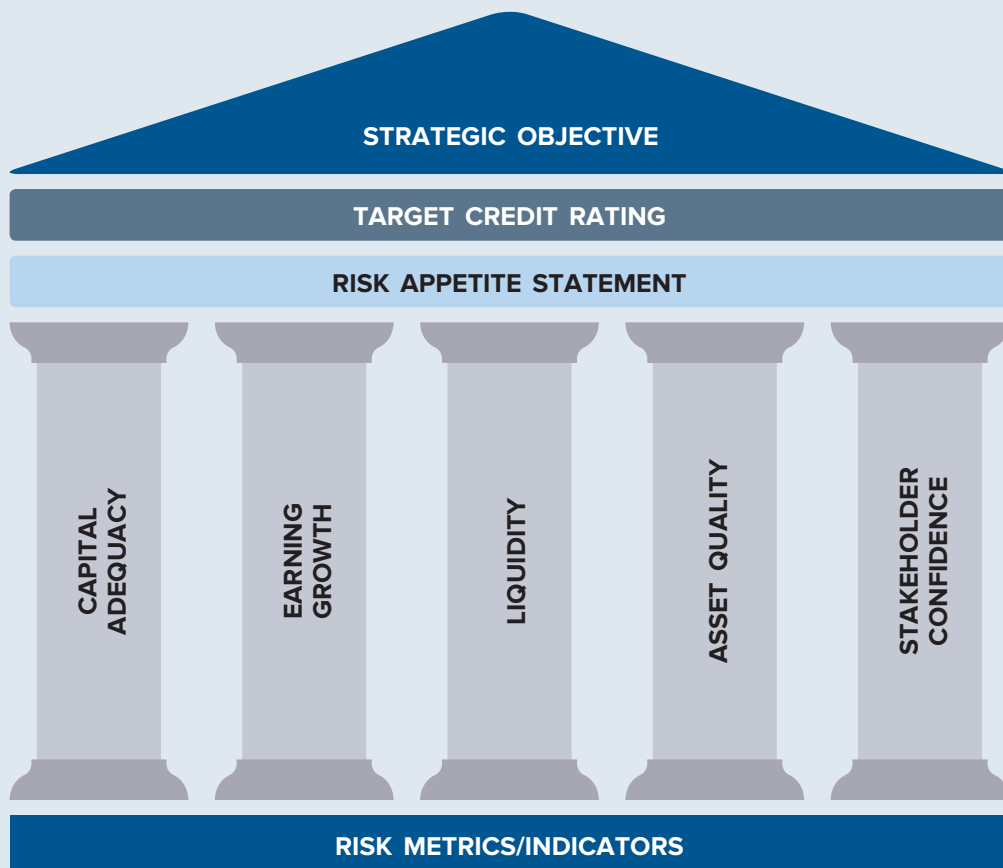
b. Risk Appetite

Risk Appetite demonstrates the risk-bearing capacity the Group and its subsidiaries are prepared to undertake and sustain whilst pursuing business objectives and strategic goals, which takes into consideration the potential adverse scenarios impacting the execution of its business plans.

It is established based on strategic directions set by the Board, combining a top-down view of the Group's capacity to take risk 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:



KEY RISK MANAGEMENT AND SYSTEM OF INTERNAL CONTROLS (CONT'D.)

RISK MANAGEMENT (CONT'D.)

c. Risk Culture

Risk Culture stems from the values, beliefs, knowledge and understanding of risk shared by the employees within the Group. Effective implementation of the GRMF is grounded on a robust and healthy Risk Culture, achieved through components of Tone from the Top, accountability, effective communication and financial/non-financial incentives.

d. Risk Management Policy

The Risk Management Policy is a statement of the Group's overall intentions and approach with respect to certain areas of risk management. Risk Management Policies should clearly state the objectives for, and commitment to risk management.

The GRMF is supported by several Risk Management Policies which address the respective risk areas in further detail. At a minimum, these policies would entail:

- a) The rationale for managing the risk areas
- b) Links between the Group's objectives and the Risk Management Policy
- c) Accountabilities and responsibilities for managing risks
- d) Commitment to make the necessary resources available to assist those accountable and responsible for managing risks
- e) The way in which risk management performance will be measured and reported
- f) Commitment to review and improve the Risk Management Policy periodically and in response to an event or regulatory changes

Adherence to Risk Management Policies is always mandatory. Any deviations or exceptions are required to be escalated to the appropriate approving authorities in support of good governance.

e. Risk Management Organisation

Risk Management Organisation indicates that the appropriate structure is in place to support risk management and risk ownership at all levels of the Group. The effectiveness of a Risk Management Organisation stems from the implementation of all elements within the GRMF.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY RISK MANAGEMENT AND SYSTEM OF INTERNAL CONTROLS (CONT'D.)

TECHNOLOGY RISK MANAGEMENT FRAMEWORK (TRMF)

The Technology Risk Management Framework ("TRMF") sets out the Group's expectations in managing technology risks and building technology resilience by providing a framework to ensure the confidentiality, integrity and availability of the Group's information infrastructure and the underlying data.

The TRMF covers the control objectives and minimum standards to guide the Group and subsidiaries' IT department, third-party service providers and other technology-related services/functions/departments in managing the technology risks involved in daily operations. It is imperative that employees at all levels understand their roles and responsibilities in managing technology risks to minimise disruptions to critical business operations.

As the second line of defense, the Technology Risk Management Department will provide oversight and risk monitoring on critical technology projects and ensuring critical issues that may have an impact on the financial institution's risk tolerance are adequately deliberated or escalated in a timely manner; and providing independent views to the board and senior management on third party assessments as per criticality.

GROUP COMPLIANCE FRAMEWORK

A Compliance Framework has been put in place to facilitate, educate and monitor the management of business and support units/subsidiaries' activities to act in accordance with relevant laws, regulations and guidelines. In line with good governance, the Compliance Division reports independently to GBCC. The framework covers:

a. Policies and Procedures

Policies and Procedures are reviewed on a periodic basis or as and when required to reflect the changes in applicable legal/ regulatory requirements and business practices.

b. Compliance Culture

In line with the Group's risk culture, the compliance culture is driven with a strong tone from the top, complemented by clear accountabilities, and effective communication, to embed expected values and principles of conduct that shape the behaviour and attitude of employees at all level of business and activities across the Group.

c. Compliance Programme

The Compliance Programme consists of planned activities which include implementation of compliance related policies, compliance risk assessment,

corruption risk assessment, regulatory gap analysis, compliance review plan, compliance matrix self-assessment, and the Integrity and Governance Unit ("IGU")'s review plans on anti-corruption measures. This programme is regularly reviewed and improved to incorporate regulatory and industry changes as well as regulatory expectations.

d. Compliance Risk Management

Compliance Risk Management methodology and tools are established as enablers to support and monitor the effectiveness of the identification and assessment of compliance risk associated with operations as well as requirements by regulators (including ESG and climate risk matters); 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.

SHARIAH GOVERNANCE POLICY (“SGP”)

The Shariah Committee (“SC”) of Affin Islamic Bank Berhad is responsible for overseeing all Shariah matters of Affin Islamic Bank Berhad and the Islamic Banking business of Affin Bank Berhad, and primarily to ensure that the Shariah rulings relating to Islamic banking products, services and conducts comply with Shariah and resolutions by the relevant Shariah authorities. It acts as an advisor on Shariah matters to all business and support units within Affin Islamic Bank Berhad and Affin Bank Berhad in carrying out their Islamic financial activities.

The Shariah Governance Policy (“SGP”) is the Shariah governance mechanism to be undertaken by relevant sections across Affin Islamic Bank Berhad and Affin Bank Berhad. The implementation of the SGP is in line with BNM’s requirements effected through the following functions:

- **Shariah Research and Secretariat:**

Shariah Research is performed by qualified Shariah officers, mainly supporting the product development process in terms of application of Shariah concepts and in-depth research on Shariah principles. The Shariah Secretariat is the secretariat to the Shariah Committee and responsible to coordinate Shariah Committee meetings and dissemination of Shariah Committee resolutions.

- **Shariah Advisory:**

Shariah Advisory acts as an internal advisor on any Shariah related matters arising from operations, products, documentations, and systems and will propose applicable Shariah-compliant solutions, which would be deliberated and endorsed by the Shariah Committee. This function is performed by qualified Shariah officers.

- **Shariah Review**

Shariah Review is conducted by qualified Shariah officers as a compliance function. The Shariah Review function encompasses regular assessment on Shariah compliance in the operations, business, affairs and activities of Affin Islamic Bank Berhad and the Islamic Banking business of Affin Bank Berhad, including examining and evaluating the level of Shariah compliance, rectification measures to resolve non-compliances and control mechanisms to avoid recurrences.

- **Shariah Risk Management**

Shariah Non-Compliance (“SNC”) risk is identified as one of the material risks under the Islamic banking business. The Group Risk Management Division has established a dedicated Shariah Risk Management team to facilitate a systematic and consistent approach in managing SNC.

- **Shariah Audit**

The Group Internal Audit Division (“GIA”) provides independent assurance on the adequacy and effectiveness of the internal control systems, as well as that of related policies and procedures, implemented by Management governing Islamic banking products and services. Findings related to SNC risks are reported to the Shariah Committee and the GBAC.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROLS

The Board and Senior Management have established a system of internal controls based on segregation of duties, clearly defined roles and responsibilities and authority levels. Authority limits are imposed on the Management to govern the day-to-day risk-taking activities in matters relating to credit and treasury operations, acquisitions and disposals of assets and others.

Various Management Committees have been established to ensure oversight over the achievement of the overall Group strategic and business objectives. Channels of communication and procedures have been established for Management to review, discuss and resolve strategic, operational, financial and other key management issues/risks, including escalation of issues/risks to the Board.

The adequacy and effectiveness of internal controls as well as the level of compliance with relevant laws, regulations, policies and procedures are subject to ongoing assessment by the risk management, compliance and internal audit functions of the Bank and its major operating subsidiaries. These control functions assist the respective Boards at the company's level and Board Committees at the Group's level in discharging their oversight responsibilities on the adequacy and effectiveness of the risk management processes and internal control system.

Group Board Audit Committee ("GBAC")

The GBAC is a Board-delegated committee in charge of providing independent oversight on the reliability and integrity of the financial reporting and disclosure process, as well as reviewing the effectiveness of the overall internal controls system within the Group. The GBAC assists the Board to evaluate the adequacy and effectiveness of the Group's internal controls, risk management and governance processes through the Group Internal Audit function. In addition, it can direct investigations in respect of any specific instances or events, which are deemed to have violated policies and procedures that have a material impact on the Group.

Detailed information on GBAC is available on page 143 of this Annual Report.

Group Board Risk Management Committee ("GBRMC")

The Board is assisted by the GBRMC to oversee the sound management of all identified enterprise-wide risks including ensuring proper risk infrastructures, processes and controls are in place to proactively manage and monitor risks within the Group's risk appetite.

Detailed information on GBRMC is available on page 144 of this Annual Report.

Group Board Compliance Committee ("GBCC")

The GBCC assists the Board in the oversight and effective management of compliance risks across the Group as well as the integrity and governance matters for the Group.

Detailed information on GBCC is available on page 145 of this Annual Report.

Group Internal Audit Division ("GIA")

The Board established GIA as the third line of defence, positioned to support the GBAC in providing independent and objective assessment on the adequacy and effectiveness of internal controls, risk management and governance processes of the Group. It is led by a Group Chief Internal Auditor, who reports functionally to the GBAC and administratively to the President & Group Chief Executive Officer ("PGCEO"). Its purpose, authority and responsibilities are defined in the Audit Charter, which is reviewed and approved by the GBAC annually.

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 164 of this Annual Report.

Policies, Plans & Procedures

Policies and procedures are formulated to ensure compliance with internal controls, relevant laws and regulations and to govern the business and operations of the Group. Our policies and procedures undergo regular reviews through a structured governance process to ensure they remain relevant to changing business and regulatory requirements, as well as operational needs.

There is a clearly defined framework and empowerment approved by the main operating subsidiaries' respective Board for acquisitions and disposals of property, plant and equipment, awarding tenders, applications for capital expenditure, writing off operational and credit items, approving general expenses including donations, gift policy, etc.

INTERNAL CONTROLS (CONT'D.)

Some of the key policies, plans and procedures in place include:

- **People Office Policies and Procedures**

People Office Policies and Procedures (“POPP”) are in place and provide clarity to the organisation in all aspects of people management within the Group. The POPP are reviewed periodically to ensure policies and procedures remain relevant and appropriate controls are in place to manage operational risks. Updates and revisions to the POPP, if any, are communicated timely to all employees via the intranet.

The Code of Ethics sets out sound guiding principles and standards of behaviour and conduct expected of all employees. It is aligned to the BNM’s Code of Ethics for banking institutions in all its entities. It is the minimum code of conduct that is expected from all employees in the conduct of their daily business operations.

Various initiatives and training programmes are conducted regularly to address ongoing human capital requirements and knowledge management. The e-learning facility at Affin Bank Berhad, Affin Islamic Bank Berhad and Affin Hwang Investment Bank Berhad provides employees with the freedom of time and space to continuously upskill and enhance their knowledge in building core technical competencies relevant to their area of work. A performance-based appraisal system is established to evaluate, develop and compensate/ reward its employees accordingly.

A fair, transparent and consistent consequence management process is in place in dealing with staff who fail to ensure its conduct, behaviour and work performance to be in line with the Group’s expected standards of internal control, compliance and Code of Ethics.

- **Business Continuity Management Policy**

The Group has established the 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.

- **Contingency Funding Plan**

The Group’s Contingency Funding Plan (“CFP”) is a liquidity management tool that links the stress test results and other related information as inputs to the CFP governance, decision framework, and menu of contingent liquidity actions. The Group manages low-impact and high-probability events as part of our business-as-usual (“BAU”) funding and liquidity risk management activities. On the other end, we use CFPs to address high-impact low-probability events. The Group uses CFPs to develop and implement our financial and operational strategies for effective management of contingent liquidity events.

- **Stress Test**

The stress testing exercise conducted at AFFIN Group aims to identify possible events or future changes in the financial and economic conditions that could have unfavourable effects on the Group’s exposure. This allows for the assessment of the Group’s resilience against the potential downside risk due to financial and economic turmoil. These enable Management to be aware of the Group’s capacity in terms of capital, earnings and liquidity to absorb potentially significant losses. Further, the stress test enables Management to understand the risk profile and risk drivers and strength of the Group’s risk management practices to provide buffer for potential unfavourable economic or financial conditions. In 2022, Group Risk Management undertook concrete steps to improve the stress test process and methodologies including enhancing the clarity in the Stress Test Operating Manual (STOM) that provides stakeholders involved in the stress test with added clarity and guidance.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROLS (CONT'D.)

Group Credit Policy on Sustainable Financing (“GCPSPF”)

The GCPSPF was established as an internal framework and approach to managing the ESG aspects of financing and investment activities that the Group is involved in. It sets the standards for the recognition of ESG risks to be adopted by the respective business divisions within the Group.

The Group’s commitment to sustainable lending/financing is guided by the following principles:

- The incorporation of ESG considerations into the Group’s financing activities to effectively manage ESG risks and realise ESG opportunities;
- Engagement and dialogue with clients or counterparties to improve ESG awareness and compliance;
- Identifying opportunities to minimise the ESG impact of the Group’s operations, products and services; and
- Avoiding financing activities which contravene any laws or regulations pertaining to environmental, social and governance matters.

The Group continues to develop its policies and approaches to manage the ESG aspects of financing and investment proposals it undertakes to cater for the dynamic changes demanded through regulation and market trends in general.

Anti-Money Laundering/Counter Financing Terrorism (“AML/CFT”)

The Group continues to strengthen its enterprise-wide AML/CFT programme by adopting a risk-based approach to ensure that the key measures emplaced to prevent and mitigate money laundering and terrorist financing activities, commensurate with the business and compliance risks that have been identified and assessed. The Group remains vigilant over the level of compliance at all business divisions with regards to AML/CFT requirements and measures. Thematic audits are also carried out regularly at branches and subsidiaries to ensure continuous AML/CFT compliance.

Group Anti-Bribery and Corruption Policy

- In the Group’s sustained efforts to ensure continuous compliance to applicable laws and regulations against bribery and corruption, the Group has put in place a Group Anti-Bribery and Corruption Policy (“ABC Policy”) in May 2020, pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009 that provides criminal liability (corporate liability) of an organisation for the corrupt practices of its associated persons. The

ABC Policy adopts a zero-tolerance stance on bribery and corrupt activities amongst its associated persons. The Group is committed to conduct business dealings with the highest integrity and ethical principles and is against all forms of bribery and corruption, regardless of the amount involved. The Group’s strong stance against such acts has been published on the corporate website.

- An Integrity and Governance Unit (“IGU”) was established in 2020, in line with the Prime Minister’s Directive Series 1 No. 1 of Year 2018, tasked to implement the required core functions as set out under the Malaysian Anti-Corruption Commission (“MACC”) Guidelines on the Management of IGU 2018. The IGU monitors on complaints received in relation to bribery and corruption, if any. In addition, the IGU leads the implementation of the Group’s anti-corruption plan which entails measures such as regular awareness programs, corruption risk assessment and other anti-bribery and corruption efforts in promoting good business ethics and integrity among staff.

Group Whistleblowing Policy

- The Group’s Whistleblowing Policy (“GWB Policy”) encapsulates the governance and standards to promote an ethical, responsible and secure whistleblowing practice. This is in line with the requirements in BNM’s Corporate Governance Policy, MACC’s Guidelines on the Management of IGU 2018 and the principles prescribed in the Whistleblower Protection Act 2010. The Policy is aimed to provide proper and secure avenue(s) for the Group’s employees and/or members of the public who have knowledge of or is aware of any improper conduct to report any suspected bribery, corruption, fraud, and any other criminal activity. This does not exclude complaint on staff unethical conduct/behavior. 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.

INTERNAL CONTROLS (CONT'D.)

Annual Business and Capital Plan

Structured framework and processes are in place with regards to the development of annual business and capital plans. The significant operating entities' annual business plans and financial budgets 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.

Anti-Fraud Policy

The Anti-Fraud Policy outlines the vision, principles and strategies for the Group to foster a culture of vigilance to effectively combat fraud which includes detection, escalation, remedy and deterrence of future occurrences. Robust and comprehensive tools and programmes are deployed to enforce the Policy, with clear roles and responsibilities outlined at every level of the organisation. The Group's Management has zero tolerance for fraud and demands high standards of integrity and professionalism in every employee, consistent with the Group's cultural beliefs. Appropriate disciplinary actions are taken against employees involved in fraudulent activities, in line with the Group's consequence management process.

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 are 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 are obtained and reviewed by the Board.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

Note: AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.