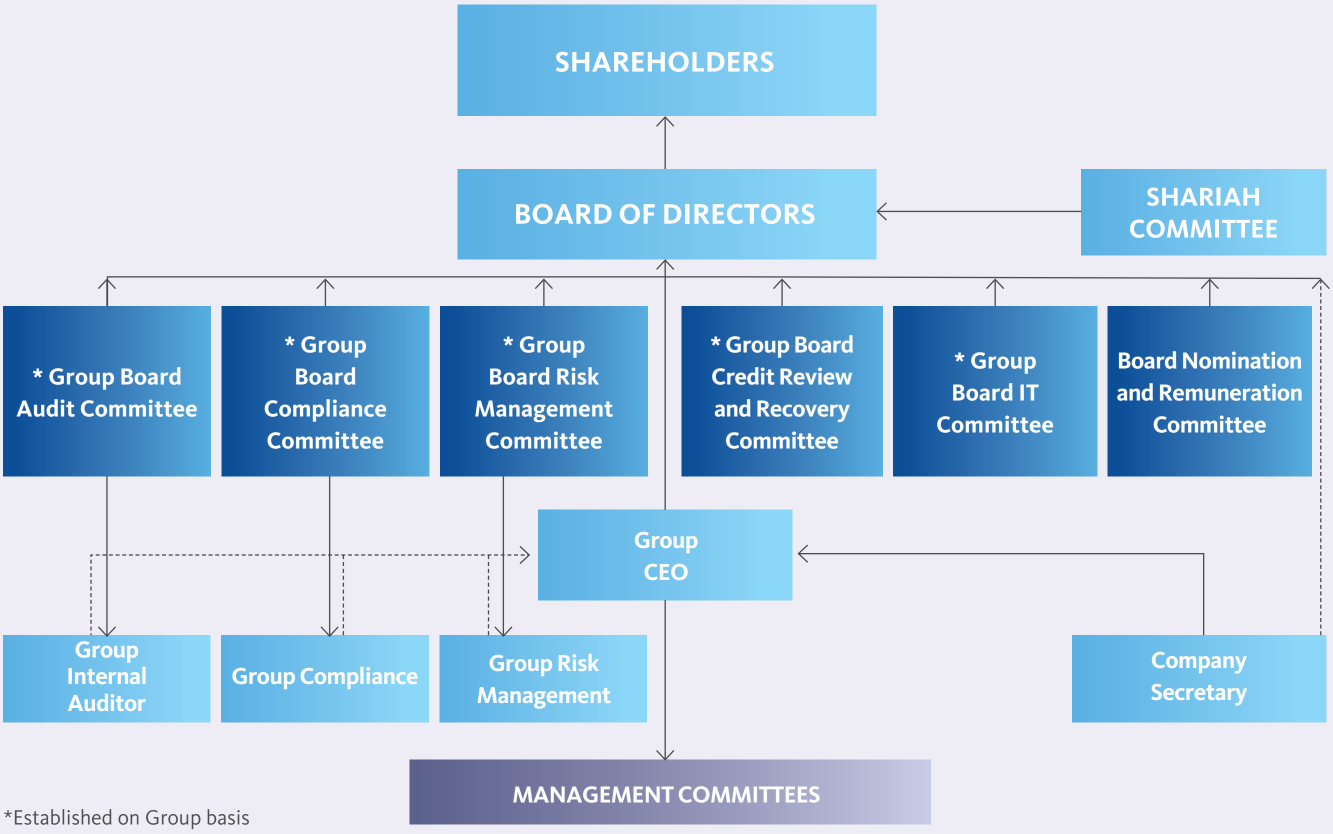
CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Affin Bank Berhad ("Bank" or the "Company") supports the principles of good governance and both the Board as well as Management are fully committed to achieving the highest standard in the areas of corporate governance and business conducts.

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

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



*Established on Group basis

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

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

The Corporate Governance Framework will be continuously reviewed to ensure that it remains relevant and aligned with the Companies Act, 2016, MMLR, MCCG and based on best practices and guidelines.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

1. Clear roles and responsibilities

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

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

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

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

2. Separation of Positions of the Chairman and Chief Executive Officer

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

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

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

The balance of responsibilities between the Chairman and the CEO will be regularly reviewed to ensure the division of functions remains appropriate to the needs of the Bank.

3. Company Secretary

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

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

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

4. Code of Ethics/Conduct

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

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

All Directors and employees of the Bank are expected to exercise caution and due care to safeguard confidential and price-sensitive information of the Bank and its business associates from being misused including for personal benefits, at all times. In managing the exposure of such misuse of price-sensitive information to trading of shares or other securities, the Directors and 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.

5. Whistleblowing Policy

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

i. Safeguard the Bank's reputation by minimising unfavorable surprise events in relation to improper conduct.

ii. Encourage Whistleblower to divulge pertinent information on improper activity occurring within the Bank and subsequently to curtail the possible detrimental impact.

iii. Exhibit better corporate governance on managing whistleblowing issue, which is to be managed in a transparent manner by creating awareness on the protection, confidentiality and enforceability of whistleblowing.

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

II. BOARD COMPOSITION

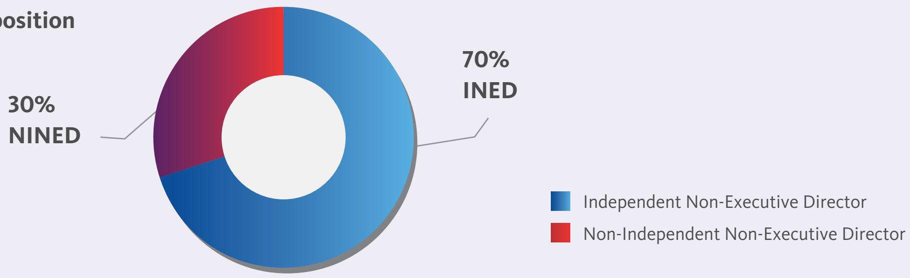
1. Board Composition and Balance

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The appointment of new Chairman, Dato' Agil Natt with effect from 8 November 2019, Mr. Peter Yuen Wai Hung, nominee of The Bank of East Asia, Limited with effect from 1 November 2019, Pn. Marzida binti Mohd Noor with effect from 1 March 2020 and Mr Gregory Jerome Gerald Fernandes with effect from 1 April 2020 further strengthen the size and composition of the Board. The Board comprises ten (10) Directors, three (3) of whom are Non-Independent Non-Executive Directors and the remaining seven (7) are Independent Non-Executive Directors. The current Board composition of which majority is Independent Directors exceeds the MMLR and BNM CG requirements. The Directors fulfill the fit and proper criteria as specified in the Financial Services Act 2013 and the BNM Policy Document on Fit and Proper Criteria.

Board Composition



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

Board Independence

To ensure the independence of the Board as well as to encourage fresh views and ideas at the Board level, the Board had set the maximum tenure of an Independent Director which shall not exceed nine (9) years of service as Independent Director within the AFFIN Bank Group.

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

Represented on the Board are seven (7) Independent Non-Executive Directors who bring their independent advice, views and judgement to bear on the decision-making process of the Bank to ensure that a balanced, robust and unbiased deliberation process is in place to safeguard the interests of other stakeholders.

Board Diversity

The Bank promotes diversity in Board as it recognises the values and the unique contribution from Directors with diversed individual background, skills, experiences, perspectives and nationality. They possess the skills, knowledge, experience and competencies to address risks and other major issues relating to the Bank's business, policies and strategies. Currently, there are two (2) foreign nationals on the Board, namely Mr. Ignatius Chan Tze Ching and Mr. Peter Yuen Wai Hung, both are from Hong Kong with wealth of experience in banking business.

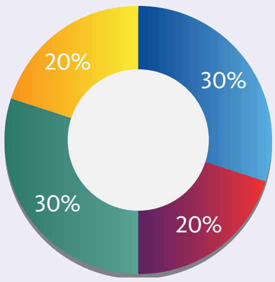
In promoting diversity, gender and opportunities, the Board in its appointments and composition pays due recognition and weightage to the skills, experience and business acumen of the Directors. The Board reviews the appropriate mix of skills, experience, age, gender, cultural background and knowledge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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board acknowledges the recommendation of the MCCG pertaining to the establishment of boardroom gender diversity policy. The Board had appointed two female Directors, namely Dato' Rozalila binti Abdul Rahman and Pn. Marzida binti Mohd Noor as Independent Non-Executive Directors of the Bank with effect from 4 February 2019 and 1 March 2020, respectively.

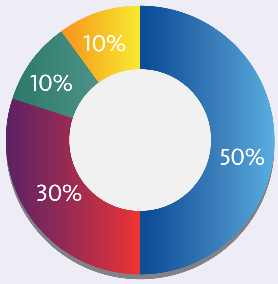
The Board has escalated its efforts to establish a more diverse Board which bears a variety in the dimensions of skills, experience, age, cultural background and gender.

Age Composition Election of Directors



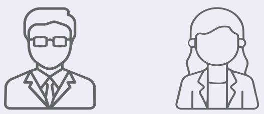
3 55-60
2 61-65
3 66-70
2 71-75

Tenure



5 2 years and below
3 2 - 5 years
1 5 - 9 years
1 9 years above

Gender



80% Male

20% Female

Board Skills & Experiences

Banking	Accounting	Legal
Risk Management	Finance/Economic	Human Resource/ Strategic Leadership
Insurance	Business Administration	IT/e-Commerce

Appointments, Removals and Re-Election of Directors

<u>New Appointment of Directors</u>

All appointments of Directors are subject to the approval of BNM and the BNM approval will be for a specific term of appointment.

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

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

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

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

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

Re-Appointment of Directors

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

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

Removal of Directors

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

Re-Election of Directors

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

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

2. Board Evaluation

In line with MCCG's recommendation, the BNRC will be engaging an external consultant on periodical basis to conduct the Board and Board Committee's evaluation on the overall effectiveness of the Board, Board Committees and individual Directors.

Both BNRC and the Board continuously carry out review of the composition of the Board and Board Committees of the Bank and Group, with the objective to assess the Board's effectiveness in discharging their expected duties as well as to ensure that the composition complies with the requirements by regulators and supports any additional best practices expected of the Bank and Group.

Apart from the above, detailed assessments were also conducted on the Director(s) who are due for re-appointment and those newly appointed Directors, as required by BNM CG.

The Board's assessment includes amongst others the following:-

i. A description of how the candidate is expected to address any gaps in the specific skills, knowledge or experience of the existing board members, if any;
ii. In the case of a candidate who lacks specific skills, knowledge or experience, a description of the gaps and steps that will be taken to support the candidate in addressing the gaps; and
iii. In the case of a reappointment, objective assessments of the candidate's past performance on the Board.

3. Delegation by the Board

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

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

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

(a) Group Board Credit Review and Recovery Committee ("GBCRRC")

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

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

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

(b) Board Nomination and Remuneration Committee ("BNRC")

The Board had approved the centralization of the BNRC functions at Group level subject to Bank Negara Malaysia's approval. The establishment of Group BNRC is to provide a centralised platform in setting the Group principles, procedures and framework relating to the composition of the Board and Management including their appointment/re-appointment, effectiveness and performance as well as remuneration policy for the Board, Management and the Group as a whole. This Group approach would promote compensation philosophy which would drive performance of the Group as a whole.

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

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

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

The main activities of the BNRC in 2019 included the following:-

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

(c) Group Board Risk Management Committee ("GBRMC")

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

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

i. ensuring that the Group wide enterprise risk management framework, policies and guidelines adequately protect the Group against all relevant risks, comprising but not limited to, credit risk, market and liquidity and interest rate risks, operational risks including legal risk, regulatory risks, reputational risk, information technology ("IT"), cyber risks and Shariah non-compliance risk.
ii. overseeing the management of IT and cyber risks including ex-ante risk assessments on e-banking services at the Group; and
iii. implementing a sound remuneration system by examining whether incentives provided take into consideration risks, capital, liquidity and the likelihood and timing of earnings, without prejudice to the tasks of the Board Nomination & Remuneration Committee.

(d) Group Board Compliance Committee ("GBCC")

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

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

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

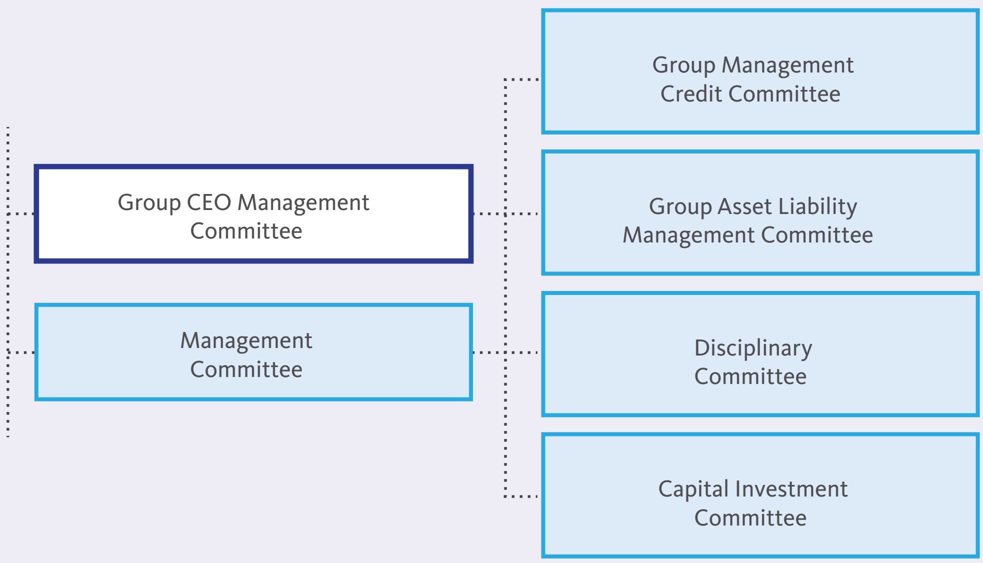
(e) Group Board Information Technology Committee ("GBITC")

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

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

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

(f) Management Committees



4. Board Meetings Supply of Information to Board

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

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

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

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

5. Access to Third Party Experts

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

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

6. Time Commitment

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

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

The Board is satisfied that each Director has committed sufficient time to the Bank as evident from the Directors' record of attendance at Board meetings held in the financial year ended 31 December 2019. The details of Board and Board Committee meetings attendance are as set out in Corporate Governance Report.

7. Continuing Education and Development

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

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

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the financial year ended 31 December 2019, the Directors have attended the following courses/training programmes:-

DATO' AGIL NATT

No.	Organised By	Training	Date
1.	Franklin Tempelton	2019 Investment Outlook – Volatile Markets	29 Jan 2019
2.	Charted Institute of Islamic Finance Professionals	Islamic Finance Masterclass	12 -13 Feb 2019
3.	Nomura	Islamic Asset Management	18 Feb 2019
4.	Said Business School, Oxford University UK	The Future of Retailing	4-6 March 2019
5.	FIDE Forum	Reading the signs: The next financial crisis and its potential impact on Asia	14 March 2019
6.	FIDE Forum	Digital Assets: Global Trends, Legal Requirements and opportunities for financial Institutions	26 Mar 2019
7.	Cagamas/World Bank	Constructing & Financing Affordable Housing across Asia	2-3 April 2019
8.	Insight	Software Market trends	13 May 2019
9.	ICLIF	Resolving conflict in the Boardroom	15 July 2019
10.	SIDC	Going big with big data	17 July 2019
11.	ISRA	Value Based Intermediation: Directors role	1 August 2019
12.	Chartered Institute of Islamic Finance Professionals	Re-imagining Home Ownership	28 Aug 2019
13.	CGC	Anti-Bribery and Corruption Awareness Programme	14 Nov 2019
14.	EPF	International Social Well-Being Conference 2019	21 and 22 November 2019

EN. MOHD SUFFIAN HAJI HARON

No.	Organised By	Training	Date
1.	MICG	Preparation for Corporate Liability on Corruption	30 January 2019
2.	AFFIN Bank Group	Cryptocurrency & Blockchain	13 March 2019
3.	Centre for Research & Training (CERT)	15th Kuala Lumpur Islamic Forum (KLIFF 2019)	10 April 2019
4.	ISRA	Islamic Finance for Board of Directors Programme	10 & 11 July 2019
5.	Bursa Malaysia	Bursa Malaysia Diversity Experience: The Board "Agender"	2 October 2019
6.	AFFIN Bank Group	Cyber Security Awareness Training	3 October 2019
7.	LTAT/MACC/IIM	Talk on Corporate Governance, National Anti-Corruption & Role of Private Sector, Section 17A & Its Implication, Budget 2020 & The Economy	29 October 2019

CORPORATE GOVERNANCE OVERVIEW STATEMENT

TAN SRI MOHD GHAZALI BIN MOHD YUSOFF

No.	Organised By	Training	Date
1.	AFFIN Bank Group	Cryptocurrency & Blockchain	13 March 2019
2.	ISRA	Islamic Finance for Board of Directors Programme	10 April 2019 & 14 November 2019
3.	FIDE Forum	Dialogue with the Deputy Governor on the draft Risk Management in Technology Policy	8 April 2019
4.	FIDE Forum	Dialogue – Key Aspects of Fintech & Regulation	19 September 2019
5.	AFFIN Bank Group	Cyber Security Awareness Training	3 October 2019
6.	FIDE Forum	Digital To The Core	4 October 2019
7.	FIDE Forum	Leadership in a Disruptive World – The Changing Role of Board	17 October 2019
8.	AFFIN Bank Group	Directors Induction Course	21 October 2019
9.	LTAT/Boustead	Directors Training Programme	29 October 2019

DATO' ABDUL AZIZ BIN ABU BAKAR

No.	Organised By	Training	Date
1.	ISRA	Islamic Finance for Board of Directors Programme	13 February & 11 April 2019
2.	AFFIN Bank Group	Cryptocurrency & Blockchain	13 March 2019
3.	BURSA	Invitation to the Ring the Bell for Gender Equality 2019	14 March 2019
4.	Securities Commission	Demystifying The Diversity Conundrum: The Road to Business Excellence	5 July 2019
5.	MICG	Whistleblowing, Fraud and Cyber Security	6 August 2019
6.	BURSA	Bursa Malaysia Diversity Xperience: The Board "Agender"	2 October 2019
7.	AFFIN Bank Group	Cyber Security Awareness Training	3 October 2019
8.	ICDM	International Directors Summit 2019 (Registered under ICDM)	14 & 15 October 2019

DATO' MOHD HATA BIN ROBANI

No.	Organised By	Training	Date
1.	ISRA	Islamic Finance for Board of Directors Programme	13 & 14 February 2019
2.	AFFIN Bank Group	Cryptocurrency & Blockchain	13 March 2019
3.	AFFIN Bank Group	Cyber Security Awareness Training	3 October 2019
4.	MSWG	The New Section 17A on Corporate Liability in the MACC Act	15 October 2019

CORPORATE GOVERNANCE OVERVIEW STATEMENT

MR. IGNATIUS CHAN TZE CHING

No.	Organised By	Training	Date
1.	The Bank of East Asia, Limited	Economic & Market Outlook 2018	14 January 2019
2.	The Government of the HKSAR and Hong Kong Trade Development Council	Asian Financial Forum	14 – 15 January 2019
3.	The Hongkong and Shanghai Banking Corporation Limited	HSBC Flagship Sustainable Finance Event	15 January 2019
4.	ISRA	Islamic Finance for Board of Directors Programme	10 April 2019
5.	Hong Kong Exchanges and Clearing Limited	HKEX Biotech Summit	29 May 2019
6.	KPMG Hong Kong	KPMG Independent Non-Executive Directors Forum	3 June 2019
7.	PricewaterhouseCoopers Limited	Asia Pacific Risk Symposium 2019	5 June 2019
8.	Hong Kong Exchanges and Clearing Limited	Bond Connect Anniversary Summit	3 July 2019
9.	PricewaterhouseCoopers Limited	Non-Executive Director Programme: Cyber Risk Quantification – What every Board should know and understand	9 September 2019
10.	KPMG Hong Kong	KPMG Independent Non-Executive Directors Forum	16 September 2019
11.	The Hong Kong Institutes of Bankers	HKIB Invitation – Annual Banking Conference	26 September 2019
12.	EgonZehnder	Harrison Young Speak	22 October 2019

DATO' ROZALILA BINTI ABDUL RAHMAN

No.	Organised By	Training	Date
1.	AFFIN Bank Group	Cryptocurrency & Blockchain	13 March 2019
2.	ICLIF	Understanding the Evolving Cybersecurity Landscape	23 April 2019
3.	Bank Negara Malaysia	MyFintech Week	17 – 19 June 2019
4.	FIDE Forum	BNM FIDE Core Programme – Banks	1 – 4 July 2019 (Module A) 21 – 24 October 2019 (Module B)
5.	ICLIF	Anti Money Laundering/Counter Financing of Terrorism – Banking Sector	17 July 2019
6.	BURSA & ICDM	Bursa Malaysia Thought Leadership Series Sustainability Inspired Innovation: Enablers of the 21st Century	23 September 2019
7.	AFFIN Bank Group	Cyber Security Awareness Training	3 October 2019
8.	ICDM	International Directors Summit 2019	14 & 15 October 2019
9.	MICG	Enterprise Risk Management – The Essential Building Blocks For A Holistic & Robust ERM Framework	31 October 2019
10	ISRA	Islamic Finance For Board of Directors Programme	13 & 14 November 2019
11.	Securities Commission (SC)	Audit Oversight Board Conversation With Audit Committee	22 November 2019

MR. PETER YUEN WAI HUNG

No.	Organised By	Training	Date
1.	The Bank of East Asia, Limited	Training on Fraud Risk Management	2 January 2019
2.	The Bank of East Asia, Limited	Information Security Training 2019	25 April 2019
3.	The Bank of East Asia, Limited	New HKMA's Requirements & Credit Lessons Learnt	15 May 2019
4.	The Bank of East Asia, Limited	Code of Conduct Refresher 2019 (English Version)	23 May 2019
5.	The Bank of East Asia, Limited	Conduct Risk Champion Town Hall 2019	26 June 2019
6.	The Bank of East Asia, Limited	Personal Data Protection Refresher Training 2019	28 June 2019
7.	The Bank of East Asia, Limited	Enterprise Risk Management 2.0 Refresher	12 July 2019
8.	The Bank of East Asia, Limited	Cyber Security Risk Training (Security Best Practice) 2019	12 July 2019
9.	The Bank of East Asia, Limited	Reputation Risk Management 2019	8 August 2019
10	The Bank of East Asia, Limited	Refresher Training on Operational Risk Incident Reporting 2019	8 August 2019
11.	The Bank of East Asia, Limited	Treat Customers Fairly Training 2019	16 September 2019
12.	The Bank of East Asia, Limited	Foreign Account Tax Compliance Act of the U.S. ("FATCA") Refresher Training 2019	17 September 2019
13.	The Bank of East Asia, Limited	Anti-Money Laundering and Counter-Terrorist Financing Refresher Training 2019 (Comprehensive Version)	17 September 2019
14.	The Bank of East Asia, Limited	Talent Development Communication Session	11 October 2019
15.	The Bank of East Asia, Limited	Compliance with Regulatory Requirements - An Overview and Ongoing Refresher for the Bank's Staff 2019 (Course B)	18 October 2019
16.	The Bank of East Asia, Limited	Cyber Security Risk Training (Common Cyber Threat and Basic Security) 2019	22 October 2019
17.	The Bank of East Asia, Limited	Common Reporting Standard (CRS) Refresher Training 2019	18 November 2019
18.	The Bank of East Asia, Limited	Fraud Risk Management – Internal Fraud	18 November 2019
19.	The Bank of East Asia, Limited	2019 Senior Management Townhall - Building a Healthy Risk Culture within BEA	18 December 2019

III. REMUNERATION

1. Board Remuneration

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

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

Directors' Fees	The Directors are entitled to annual Directors' fees
Board Committees Fees	Directors who sit on Board Committees are entitled to receive Board Committee fees
Meeting Allowances	Directors are 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.

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

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

The details of the Directors' remuneration are set out in the Financial Statements in this Annual Report 2019.

2. Senior Management Appointments and Removals

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

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

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

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

3. Senior Management Remuneration

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

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

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

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

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

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

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

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Group Board Audit Committee ("GBAC")

The GBAC established by the Board comprises of five (5) members with majority of Independent Non-Executive Directors. The GBAC members have the relevant accounting or related financial management experience or expertise. The Chairman of GBAC, Mr Gregory Jerome Gerald Fernandes has vast experience in accounting.

The roles and responsibilities of the GBAC are set out under the Board Audit Committee Report on pages 164 to 173.

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

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

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

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

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

3. Independence of External Auditors

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

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

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

The amount of non-audit fees payable to the external auditors and their associates during the financial year 2019 is RM782,000.

4. Risk Management and Internal Control Framework

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

The Bank's Statement on Risk Management and Internal Control which provides an overview of the state of internal controls of the Bank is set out on pages 156 to 163.

5. Internal Audit Function

The Bank has an Internal Audit function that is supported by the Group Internal Audit Division. The Bank's internal audit provides independent and objective assurance of the adequacy and effectiveness of the internal controls framework. The IA staff is placed under direct authority and supervision of the GBAC to preserve its independence. The Chief Internal Auditor reports functionally to GBAC and administratively to GCEO. Details of the Internal Audit function, together with the state of the Group's internal controls, are set out in the Board Audit Committee Report on pages 164 to 173 and Statement on Risk Management and Internal Control on pages 156 to 163 of the Annual Report 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

1. Effective Communication with Shareholders

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

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

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

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

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

2. Focus Areas on Corporate Governance

The Board had in 2019 directed its focus on the core duties of the Board which is grounded on the creation of long-term value for stakeholders. Corporate Governance areas which gained heightened attention from the Board during the financial year ended 31 December 2019 are as follows:-

Board Composition

Recognising the importance of boardroom diversity, the Bank welcomed two female Directors on the Board in 2019 and the beginning of 2020, namely Dato' Rozalila binti Abdul Rahman and Pn. Marzida binti Mohd Noor who serve as Independent Non-Executive Director with effect from 4 February 2019 and 1 March 2020, respectively. The Bank had also appointed Mr Gregory Jerome Gerald Fernandes as Independent Non-Executive Director to the Board with effect from 1 April 2020 as part of the Board succession planning. During the year, BNRC and the Board have escalated its effort to identify and source for potential Board candidates with accountancy, IT, banking or risk management background, including female Directors, from the industry's talent pool, available databases on female Directors and the Group Directors' existing networks. The composition of the Board will be in line with the Securities Commission's goal for female Directors in the near future.

The current composition of the Board fairly represents the ownership structure of the Bank, with appropriate representations of minority interests through the Independent Non-Executive Directors. The Independent Directors fulfills a pivotal role in providing unbiased and independent views, advice and judgement, taking into account the interest not only of the Bank but also shareholders, employees, customers and communities in which the Bank conducts business.

The profile of each Director is set out on pages 16 to 25 of this Annual Report.

The Board believes that having objectivity in the boardroom extends beyond quantitative measures such as number of Independent Directors. Private sessions were held between Independent Directors, Management and key gatekeepers of the Group such as external and internal auditors. These sessions provided Independent Directors with the opportunity to candidly share concerns about the Group and exchange views on potential improvements in governance. The Independent Directors who are of high calibre and possess wealth of experience ensure that there are robust discussions during the Board or Board committee meetings. They exercise strong independent judgement and do not shy away from asking hard and uncomfortable questions during deliberations and willing to challenge Management if answers provided are not satisfactory.

Sustainability Report

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

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

CORPORATE GOVERNANCE PRIORITIES

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

- Practice 4.5 (the Board must have at least 30% women Directors)
- Practice 7.2 (the remuneration of Top-5 key Senior Management)
- Practice 11.2 (Integrated Reporting)
- Practice 12.3 (to facilitate voting in absentia)

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

1. **Board Diversity**

   The Board will escalate its efforts to establish a more diverse Board which bears a variety in the dimensions of skills, experience, age, cultural background and gender. In the near future, the Board will undertake to formalise policies on gender diversity, along with specific targets and measures to meet the target.

   In line with the national target of having 30% women on the boards of listed issuers, the Board will seek to maintain a register of potential directors which include high-calibre female candidates.

2. **Disclosure of Directors and Senior Management's Remuneration**

   The Board wishes to give assurance that the remuneration of Directors and Senior Management commensurate with their individual performance, taking into consideration of the Bank's performance as it is benchmarked against the market. The remuneration packages of Senior Management are based on experience, expertise, skills and industry benchmark. Total remuneration of its employees are also set out in the Audited Financial Statements for financial year ended 31 December 2019 which allow shareholders to assess whether the remuneration of Directors and Senior Management commensurate with their performance taking into consideration of the Bank's performance. The Board may consider disclosing the aggregate of the top 5 Senior Management's remuneration component including salary, bonus, benefits in-kinds and other emoluments.

3. **Integrated Reporting**

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

4. **Voting in Absentia/Remote Shareholders Participation at General Meetings**

   The Company continues to leverage technology and adopt e-polling as the preferred medium for shareholders to cast their votes. The Company will consider the recommendation by MCCG on the use of technology for remote shareholders participation and voting in absentia in 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. CORPORATE GOVERNANCE & BOARD'S OVERSIGHT

a. The Board recognises and exercises overall responsibilities in promoting good corporate governance and ensuring sound system of internal controls and risk management practices are maintained throughout the Bank and its subsidiaries ("the Group").

b. The Group's Corporate Governance Framework is consistent and complies with the following requirements and guidelines:-

- Malaysian Code of Corporate Governance 2018 (MCCG 2018)
- BNM Corporate Governance Policy (BNM CG Policy 2016)

c. The Board is of the view that the 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, customers' interests and the Group's assets.

d. Notwithstanding this, there are on-going reviews to ensure the effectiveness, adequacy and integrity of the system. The control procedures are designed to manage rather than to eliminate completely all risks of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material errors, losses, fraud or the occurrence of unforeseeable circumstances.

e. The Board meets regularly to discuss matters related to system of internal controls which cover inter alia financial, operational, compliance controls and risk management procedures.

f. The Board extended the responsibilities of the Group Board Audit Committee ("GBAC"), Group Board Risk Management Committee ("GBRMC") and Group Board Compliance Committee ("GBCC") to include the role of oversight of financial reporting, disclosures, internal controls, compliance and risk management strategies, policies and other risk related matters.

g. GBAC, GBRMC and GBCC comprised of majority Independent Non-Executive Directors.

h. Regular reports received from the Group's management on financial performance, key operating statistics, legal and regulatory compliance, breach of law or regulations unauthorised activities and fraud are reviewed by the Board.

2. GROUP BOARD AUDIT COMMITTEE ("GBAC") AND GROUP INTERNAL AUDIT ("GIA")

a. Group Board Audit Committee ("GBAC") comprises of four (4) independent non-executive directors and one (1) non-independent non-executive director. GBAC is a Board delegated committee in charge of the oversight on financial reporting, disclosures and internal controls.

b. The principal responsibility of GBAC is to provide independent appraisal on the adequacy, efficiency and effectiveness of risk management, control and effectiveness of risk management, control and governance processes implemented by Management.

c. In evaluating internal controls, 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); namely control environment, risk assessment, control activities, information and communication, and monitoring activities. COSO is an internationally recognised organisation providing thought leadership and guidance on internal control, enterprise risk management and fraud deterrence.

d. The GBAC regularly review and hold discussions with management on the action taken on internal control issues identified by Group Internal Audit, external auditors and regulatory authorities.

e. All significant and material findings by GIA, external auditors and regulators are reported to GBAC for reviews and deliberation and subsequently escalated to the BOD.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

f. The GBAC, through GIA, follow up and monitor the status of actions on recommendations made by Group Internal Audit, the external auditors and regulatory authorities. In addition, it can direct investigations in respect of any specific instances or events, which are deemed to have violated internal policies pertaining to confidentiality or financial impropriety which have material impact on the Group.

g. The GBAC conducts annual reviews on the adequacy of the scope of work and resources of Group Internal Audit Division.

h. Shariah related findings are escalated to the Shariah Committee.

i. GIA also undertakes investigations into suspected fraudulent activities, staff misconduct, whistleblowing cases and other incidences, as and when required, and recommends appropriate improvements to prevent recurrence and actions against persons responsible.

j. GIA has unrestricted access to information required in the course of its work. GIA's scope of work is established in accordance with The Institute of International Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing and relevant regulatory guidelines.

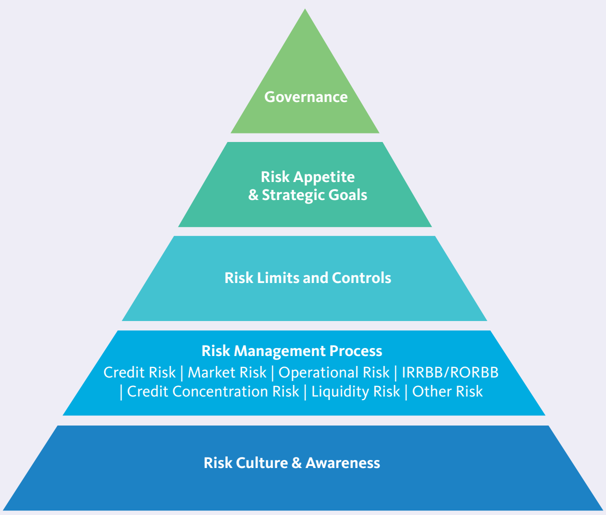
k. GIA continuously conduct awareness programs/training on controls and compliance including controls certification programs to further strengthen staff knowledge (inter & intra department) in creating a robust control and compliance environment.

l. As a means to objectively evaluate its service quality and to ensure it continues to improve its service delivery, an external assessment of GIA's internal audit activity was conducted by qualified external independent reviewer in 2019. The purpose was to assess its conformance with The Institute of Internal Auditors (IIA) International Standards for Professional Practice of Internal Auditing and the pertinent regulations. Based on the assessment, GIA has fulfilled its key objectives in accordance with the IIA's Standards by obtaining the rating of "Generally Conforms". Apart from achieving the rating of "Generally Conforms", GIA was noted to be operating at both "Optimised" and "Managed" levels against the Internal Audit Maturity Assessment ("AIMA").

m. The management of business and support departments that are rated "Needs Improvement" and "Unsatisfactory" by GIA are required to attend the GBAC meeting and present their action plans to improve the audit rating.

n. All related party transactions and audit and non-audit related fees proposed by external auditors or Chief Financial Officer are reviewed by GBAC.

3. GROUP RISK MANAGEMENT FRAMEWORK



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The risk management approach of the Group is underpinned by a sound and robust Group Risk Management Framework ("GRMF"), which is continuously enhanced to remain relevant and resilient in ensuring effective management of risk. The GRMF is supported by the following elements:

a. Governance

- A robust risk governance structure is in place to proactively manage risk within the Group through the establishment of risk appetite and risk management policy as well as the implementation of risk management policy and risk compliance.
- GRMF is governed by a strong oversight function comprising of the Board, Board and Management Committees.
- The governance of risk is further supported by the Three Line of Defense Model which outlines the functional segregation and key responsibilities of the independent oversight functions and business units.

b. Risk Appetite & Strategic Goals

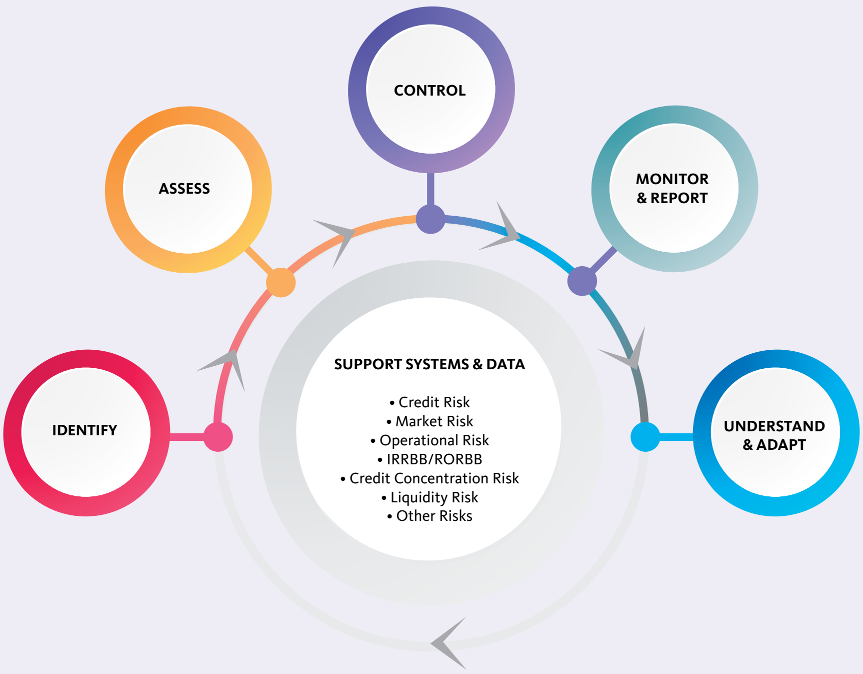
- The Group's risk appetite defines the amount and types of risk that the Group is able and willing to accept in pursuit of its business objectives.
- It sets out the level of risk tolerance and limits to govern, manage and control the Group's risk-taking activities.
- The strategic objectives, business plans, desired risk profile and capital plans are aligned to the risk appetite.
- The processes for assessing, setting, controlling, monitoring and reporting risk appetite are outlined in the Risk Appetite Framework.

c. Risk Limits and Controls

- Risk Limits and Controls are mitigation measures.
- Establishment of risk control parameters by risk type is based on the approved risk appetite and set in accordance with regulatory limits, internal prudential thresholds and management action triggers.

d. Risk Management Process

- The management of risk is facilitated by Risk Management Process which sets out the methodology for management of inherent risks across the Group.
- The process is depicted in the diagram below:



e. Risk Culture & Awareness

- The effective implementation of the framework is further grounded on a robust and healthy risk culture and awareness program.
- The inculcation of risk culture and awareness is driven with a strong tone from the top.
- The Risk & Compliance Management Pillar of the AFFINITY Transformation Program is intended to embed deep appreciation and understanding of ethics, risk and compliance into day-to-day business activities and processes.

4. IT RISK MANAGEMENT FRAMEWORK (INCLUDING CYBER RISK)

a. The IT Risk Management Framework (ITRMF) sets out the Group's expectations in managing technology risks and enhance technology resilience. The mission of ITRMF is "to provide a framework that ensures the confidentiality, integrity and availability of the Group's information infrastructure and the underlying data".

b. The ITRMF covers the control objectives and minimum standards to guide the Group and entities' IT department, third party service providers and other technology related services/functions/departments in managing the technology risk involved in daily operations. It is imperative that employee at all levels understands their roles and responsibilities in managing technology risk, that is, the risk associated with the operation and use of information systems to support the missions and business functions of the Group.

c. Technology Risk Management Department plays an advisory role in fostering an organisational climate where technology risk is considered within the context of the design of business process, enterprise system architecture and system development life cycle.

5. GROUP COMPLIANCE FRAMEWORK

The respective significant operating entities have put in place a Compliance Framework. The compliance main function is to facilitate advice, monitor and educate the business and support units/entities to act in accordance with laws, regulations and guidelines. In line with good governance, Compliance Division reports independently to Group Board Compliance Committee ("GBCC").

a. Compliance Framework : Policies and Procedures

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

b. Compliance Culture

- The compliance culture is driven with a strong tone from the top, complemented by the tone from the middle, to embed the expected values and principles of conduct that shape the behavior and attitude of employees at all level of business and activities across the Group.

c. Training

- Scheduled trainings are regularly conducted to create compliance awareness amongst the staff.

d. Compliance Matrix

- Compliance Matrix has been established. It is a document that encompasses relevant laws, regulations and guidelines that apply to the business and support units/entities.

e. Compliance Plan

- The respective Compliance Division has drawn-up the plan which was tabled and approved by the GBCC.

f. Anti-Money Laundering/Counter Financing Terrorism (AML/CFT)

- AFFIN Bank Group continues to strengthen its enterprise wide AMLCFT programme by enhancing its risk based approach to ensure that the key measures emplaced to prevent and mitigate money laundering and terrorist financing commensurate with the business and compliance risks that have been identified and assessed. AFFIN Bank Group will remain vigilant over the level of compliance at the business segments with regards to AMLCFT rules and measures. Thematic audits will continue to be carried out on branches and subsidiaries for AMLCFT compliance, on a regular basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

6. SHARIAH GOVERNANCE FRAMEWORK

a. The Shariah Committee ("SC") of the respective subsidiaries are responsible for overseeing all Shariah matters of the Group. The Shariah Committee, amongst others, ensures that the Shariah rulings relating to Islamic banking and capital market products and services comply with the fundamental Shariah percepts and resolutions by the relevant Shariah authorities.

b. Shariah Committee acts as an adviser on Shariah matters to all business and support units within the subsidiaries in carrying out their Islamic financial activities.

c. The Shariah Governance Framework (SGF) is the enterprise-wide Shariah management plan consisting of Shariah governance mechanisms to be undertaken by relevant sections across the Group. The implementation of the SGF is inline with BNM's requirements effected through the following functions at the subsidiaries:-

- Shariah Research

  - The Shariah Research Unit comprises qualified Shariah officers who conduct the pre-product approval process, research, vetting of issues for submission and undertake administrative duties relating to the Shariah Committee.

- Shariah Review

  - The Shariah Compliance Review comprising of qualified Shariah officers, is responsible for conducting the Shariah compliance review function.
  - The Shariah Compliance Review has established the Policy and Procedures Manual which sets out the Shariah compliance review function, encompassing regular assessment on Shariah compliance in the activities and operations of the subsidiaries, including examining and evaluating the level of compliance to the Shariah, remedial 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 its Islamic banking business. In this regard, AFFIN Bank Group has established a dedicated Shariah Risk Management team to facilitate a systematic and consistent approach in managing SNC.

- Shariah Audit

  - Group Internal Audit Division provides independent assurance on the efficiency and effectiveness of the internal control systems and related policies and procedures implemented by management governing Islamic products and services. Findings related to Shariah products and services including non-shariah compliant risk are reported to the Shariah Committee of the respective subsidiaries and GBAC.

7. SYSTEM OF INTERNAL CONTROLS

To ensure adequacy and integrity of the Group's system of internal controls, the Board and Senior Management have established the following processes:-

a. Clearly defined delegation of responsibilities to committees of the Board and to Management, including organisation structures, functions and appropriate authority levels;

b. Risk management framework, business continuity management framework, code of conduct, human resource policies and performance reward system to support business objectives, risk management and the system of internal control;

c. Defined policies and procedures to control applications, environment and security of information systems/technologies/ infrastructure;

d. Regular review/updates of internal policies and procedures, to adapt to dynamic risk profiles and mitigating operational deficiencies;

e. Periodic self-assessment of controls and processes by all business and support units for managing key risks;

f. Regular senior management meetings to review, identify, discuss and resolve strategic, operational, financial and key management issues/risks;

g. Regular and comprehensive management reports/updates are made available to the Board on various frequencies, covering financial performance and key business indicators, which allow for effective monitoring of significant variances between actual performance against budgets and plans; and

h. Regular reviews of the Group's activities by the Group Internal Audit, to assess the effectiveness of the control environment and to highlight significant control gaps impacting the Group.

i. Escalation Process

- The channels of communication and procedures have been established for reporting immediately to the Board and appropriate levels of management any significant control failings or weaknesses that are identified together with details of corrective action being undertaken.

- Corrective Action Tracking on resolution of issues/findings highlighted by external audit, Group Internal Audit and regulators, if any, have also been escalated to Group Management Committee Meeting ("GMCM"), GBAC, Shariah Committee (on Islamic Banking only) and BOD.

j. Policies/Procedures including Empowerment and Approving Authority Policies

- Policies and Procedures covering all functions have been developed throughout the Group and approvals have been obtained from the relevant committees and Board. The policies and procedures are updated timely to incorporate changes to systems, work environment and guidelines issued by regulators.

- Empowerment and Approving Authority Policies
  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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

k. Whistleblowing Policy

- AFFIN Bank Group Whistleblowing Policy (Policy) encapsulates the governance and standards to promote an ethical, responsible and secure whistleblowing practice. This is in line with the requirements of BNM's Corporate Governance Policy and the principles as prescribed in the Whistleblower Protection Act 2010. The core of the Policy is aimed to provide a proper and secured avenue for AFFIN Bank Group employee and/or member of the public who has knowledge or is aware of any improper conduct to report any suspected fraud, corruption, criminal activity or unethical conduct/behaviour by any staff of the Bank, without facing any adverse consequences, such as retaliation.

- All Whistleblowing (WB) cases are being reported to the WB Committee.

- The Bank and its subsidiaries ("the Group") is wholly committed to ensure strict confidentiality and will not only protect the identity of the complainant but will also protect the complainant from any harassment and victimization at work due to the disclosure.

l. Annual Business and Capital Plan

- The significant operating entities' annual business plan and financial budget is tabled and approved at their respective Boards.

- A structured framework and processes with regards to capital expenditure and revenue is in place.

- The internal capital targets are being set on a yearly basis.

- The 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.

m. Anti-Fraud Policy

- The Anti-Fraud Policy outlines the vision, principles and strategies for the Group to instil a culture of vigilance to effectively manage fraud from detection to remedy, and to deter future occurrences. Robust and comprehensive tools and programmes are employed to reinforce the Policy, with clear roles and responsibilities outlined at every level of the organisation in promoting high standards of integrity in every employee. Stern disciplinary action is taken against employees involved in fraud.

n. Human Resources

- The Group acknowledges that people development is critical in ensuring that employees have the right competencies for the tasks they are entrusted with, and are able to exercise sound judgment when fulfilling those responsibilities.

- HR Policies and Procedures ("HRPP")
  - HRPP is in place and provide clarity for the organisation in all aspects of human resource management in the Group.
  - Periodically, the HRPP is reviewed to ensure policies and procedures remain relevant and appropriate controls are in place to manage operational risks. Changes, if any, are communicated to all employees via intranet.

- Code of Ethics
  - The Group's Code of Ethics and Conduct sets out sound guiding principles and standards of good practice to be observed by all.
  - The Group has adopted and institutionalised Bank Negara Malaysia's Code of Ethics for banking institutions in all its entities. It is the minimum code of conduct that is expected from all employees encompassing all aspects of its daily business operations.

- Human Resources has in place various initiatives and training programs to address the human capital requirement, including knowledge management.

- A performance-based appraisal system to evaluate and compensate/reward its employees accordingly is in place. Staff performance assessment is done annually.

- Consequence Management (CM)
  - The Group has in place and adopts CM process in dealing with business or support units (or staff) whom failed to maintain its standard of internal control and compliance, to a level acceptable by the Board, GBAC and Management.
  - Current Policy and Process also links consequence of misconduct and disciplinary action vis-a-vis staff annual performance rating and compensation.

- The recruitment process including screening process is in place.

- The e-learning facility at Affin Bank and Affin Islamic Bank provides staff the freedom of time and space to learn and update their knowledge at their convenience while meeting the organisation's needs for its employees who are spread across geography to be competent in key areas.

8. ASSURANCE FROM MANAGEMENT

- The Board has received reasonable assurance from the Group Chief Executive Officer and Chief Financial Officer that the Group's risk management and system of internal control is 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 Internal Control system are operating adequately and effectively to safeguard shareholders' investments, customers' interests and the company's assets.

9. REVIEW OF STATEMENT BY EXTERNAL AUDITORS

- The Statement on Risk Management and Internal Control has been reviewed by the external auditors for inclusion in the annual report for the financial year ended 31 December 2019. It is in line with Recommended Practice Guide ("RPG") 5 (Revised) by Malaysia Institute of Internal Accountants (MIA) and para 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing requirements.

GROUP BOARD AUDIT COMMITTEE REPORT

The Board of AFFIN Bank Group (ABG) is pleased to present the Report on Group Board Audit Committee (GBAC) for the Financial Year ended 31 December 2019.

GROUP BOARD AUDIT COMMITTEE

The GBAC comprises of the following Directors and majority are Independent Non-Executive Directors:-

1. **Mr. Gregory Jerome Gerald Fernandes**
   Chairman/Independent Non-Executive Director
   (Appointed as Chairman on 01 May 2020)

2. **YBhg. Dato' Mohd Hata Bin Robani**
   Member/Independent Non-Executive Director
   (Redesignated as Chairman on 16 February 2020 and subsequently as member on 1 May 2020)

3. **Encik Abd Malik Bin A Rahman**
   Member/Non-Independent Non-Executive Director
   (Retired as Chairman on 16 February 2020 and subsequently as member on 15 April 2020)

3. **Associate Prof Dr Said Bouheraoua**
   Member/Independent Non-Executive Director of Affin Islamic Bank Berhad

4. **YBhg. Dato' Rozalila Binti Abdul Rahman**
   Member/Independent Non-Executive Director
   (Appointed as member on 28 March 2019)

5. **Mr. Ignatius Chan Tze Ching**
   Member/Non-Independent Non-Executive Director
   (Appointed as member on 01 November 2019)

TERMS OF REFERENCE

1. OBJECTIVE

GBAC is established as a Committee of the Board of Directors. The primary objectives of GBAC are to:-

a. Establish the framework for and oversee the audit function of AFFIN Bank Group;

b. 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 AFFIN Bank Group;

c. Implement and support the function of the Board by reinforcing the independence and objectivity of the Group Internal Audit (GIA); and

d. Ensure that Internal and External Audit functions are properly conducted and audit recommendations are implemented timely and effectively.

2. COMPOSITION AND APPOINTMENT

a. GBAC shall have at least three (3) members of whom all must be Non-Executive Directors with a majority of them being Independent Directors. The Chairman of the Committee shall be an Independent, Non-Executive Director. No Alternate Director shall be appointed to the GBAC;

b. At least one (1) member of the Committee must be a qualified accountant;

c. The members shall collectively possess sufficient knowledge of audit, finance, specific industry knowledge, IT, law, governance, risk and control. Since the responsibilities of the audit committee evolve in response to regulatory, economic and reporting developments, it is important to periodically re-evaluate member's competencies and the overall balance of skills on the committee in response to emerging needs;

d. GBAC members and the Chairman shall be appointed by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee;

e. The Board shall review the GBAC Charter, Terms of Reference and performance of the GBAC and each of its members at least once every three (3) years to determine whether the GBAC has carried out its duties in accordance with its Terms of Reference;

f. If a member of the Committee resigns or for any reason ceases to be member in the GBAC resulting in non-compliance with the requirements, then the Board shall, within three (3) months of the events, appoint such number of new members as may be required;

g. The GBAC shall have no executive powers; and

h. The composition of AFFIN Bank Group's GBAC is in compliance with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia, at all times throughout the year 2019 and as at the date of this report.

3. QUORUM

The quorum for a meeting of the Committee shall be two thirds (2/3) of the Committee with the majority present being Independent, Non-Executive Directors. If the Chairman is unable to attend any meeting, any other Independent, Non-Executive member present shall act as Chairman. All resolutions of the Committee shall be adopted by a simple majority vote, each member having one (1) vote. In case of equality of votes, the Chairman shall have a second or casting vote.

4. ATTENDANCE OF MEETINGS

a. The notice of meeting shall be served to the GBAC members at least seven (7) days before the meeting. The agendas and GBAC papers are to be circulated at least five (5) days before each meeting;

b. The Group Chief Internal Auditor (GCIA) is invited to attend all meetings of the GBAC;

c. The Committee may invite other Board members, members of Management, External Auditors or any employees as applicable to participate in the GBAC meetings as necessary to carry out the Committee's responsibilities; and

d. All the original Minutes of GBAC meetings are in the custody of the Company Secretary and shall be signed by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting. The signed minutes shall be conclusive evidence without any further proof of the facts thereon stated. Minutes of each meeting shall be distributed to the GBAC members and all other members of the Board.

GROUP BOARD AUDIT COMMITTEE REPORT

5. FREQUENCY OF MEETINGS

a. The GBAC shall meet at least six (6) times in a financial year with the objective of reviewing the internal audit reports and AFFIN Bank Group's financial reporting. The interval between meetings shall not exceed four (4) months. The GBAC complements this through regular meetings with the Senior Management and both the Internal and External Auditors to review the AFFIN Bank Group's overall state of governance and internal controls;

b. To ensure that critical issues are highlighted to all Board members in a timely manner, where possible, the GBAC meetings are convened before the Board meetings. The GBAC, through its Chairman, shall report to the Board after each meeting where issues can be further deliberated, if necessary; and

c. Besides the minimum of six (6) GBAC meetings in a year, additional meetings shall be scheduled whenever deemed necessary by the GBAC's Chairman or the majority of the Committee members.

6. AUTHORITY

The GBAC is authorised by the Board to:-

a. Investigate any activity or matter within its Terms of Reference;

b. Be able to obtain external legal or other independent professional advice or other necessary resources to perform its duties;

c. Have full and unrestricted access to any information pertaining to the Group;

d. Maintain direct communication channels with the External Auditors, GIA and all employees within the Group;

e. Be able to convene meetings with the External Auditors and GIA; excluding the attendance of the members of management Committee at least twice a year; and

f. Report to the Regulatory Bodies on matters duly reported by it to the Board which have not been satisfactorily resolved resulting in a breach of any regulatory requirements.

7. FUNCTIONS AND DUTIES

The functions and duties of GBAC shall include, but not limited to the following:-

a. To review the Quarterly Financial Results and Year-End Financial Statement prior to the approval by the Board focusing on the following:-

- Changes in or implementation of major accounting policy;
- Significant and unusual events or any going concern assumption;
- Significant adjustments arising from the audit; and
- Compliance with accounting standards, disclosure requirements and other legal requirements.

b. To ensure that the accounts are prepared in a timely and accurate manner with frequent reviews of the adequacy of provisions against contingencies, bad and doubtful debts;

c. To review any related party transactions that may arise within the AFFIN Bank Group;

d. To act upon any request from the Board to investigate and report on any issues of concern as regard to the Management of the Group;

e. To consider the major findings of internal investigations and Management response;

f. To obtain external professional advice and to invite outsiders with relevant experience to attend meetings, subject to the approval of the relevant regulatory body, where necessary;

g. To recommend to the Board the appointment of External Auditors and their audit fees;

h. To review with the External Auditors the scope of the audit plan, system of internal controls, the audit reports (including Management letter and Management response), the assistance given by the Management, any findings or action to be taken;

i. To meet with the External Auditors without the presence of members management at least twice a year;

j. To review and recommend for Board's approval, the proposals for appointment and fees on non-audit services rendered by the External Auditors or 3rd parties. If the External Auditors are engaged, the GBAC is responsible for evaluating and ensuring that such engagement does not compromise the independence and objectivity of the External Auditors, in their roles as Statutory Auditors of the Group;

k. To review the adequacy and effectiveness of the Group's control environment and existing policies, procedures and practices within the Group, in order to regulate and streamline the same to ensure uniformity;

l. To provide oversight on the effectiveness of internal control mechanism implemented by the Management, in establishing and maintaining high ethical standards for all employees of the Group;

m. To oversee Management's arrangements for the prevention and deterrence of fraud and ensure that appropriate action is taken against known perpetrators of fraud;

n. To challenge management, internal and external auditors to ensure that the entity has appropriate antifraud programs and controls in place to identify potential fraud and ensure that investigation are undertaken if fraud detected;

o. Oversight of the Internal Audit activity, performance and to review the adequacy of the scope, functions, competency and resources of the GIA and the necessary authority to carry its work. The review may cover the planned audit work, internal audit programmes, the results of completed work and Management implementation of agreed actions as recommended by GCIA. Where appropriate, the Committee may direct the Management to rectify and improve the system of internal controls and procedures based on the GIA's recommendations and suggestions for improvements; and

p. To review the findings of any examinations by regulatory authorities, the Management responses and monitor implementation of corrective actions adopted by the Group.

GROUP BOARD AUDIT COMMITTEE REPORT

AUDIT COMMITTEE MEETINGS HELD IN THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

During the financial year ended 31 December 2019, a total of ten (10) GBAC meetings were held. The GBAC members and details of the attendance of each member at the meetings are as follows:-

NAME OF COMMITTEE MEMBER	ATTENDANCE
Mr. Gregory Jerome Gerald Fernandes Chairman/Independent Non-Executive Director (Appointed as Chairman on 01 May 2020)	-
YBhg. Dato' Mohd Hata Bin Robani Independent Non-Executive Director (Redesignated as Chairman on 16 February 2020 and subsequently as member on 1 May 2020)	10/10
Encik Abd Malik Bin A Rahman Non-Independent Non-Executive Director (Retired as Chairman on 16 February 2020 and subsequently as member/Non-Independent Non-Executive Director on 15 April 2020)	10/10
Associate Prof Dr Said Bouheraoua Independent Non-Executive Director	9/10
YBhg. Dato' Rozalila Abdul Rahman Independent Non-Executive Director (Appointed as member on 28 March 2019)	7/7
Mr. Ignatius Chan Tze Ching Non-Independent Non-Executive Director (Appointed as member on 01 November 2019)	2/2

The GBAC is in compliance with the principles and best practices set out in the Malaysian Code on Corporate Governance. The GBAC members comprised individuals with a diversity of skills, knowledge and caliber in providing independent, objectivity and effective oversight.

The GBAC meetings' agendas, relevant GBAC papers and audit reports were distributed to the GBAC members five (5) days prior to the date of the meetings.

All GBAC meetings were also attended by GCIA together with the GIA Departmental Heads, while attendance of other Senior Management staff is by invitation depending on the matters deliberated by the GBAC.

The Company's External Auditors attended six (6) GBAC meetings during the period. There were discussions between the GBAC and the External Auditors with regards to significant audit issues, changes in the implementation of major accounting policies, compliance with accounting standards and other legal requirements including regulatory requirements and business issues highlighted by them for financial year ended 31 December 2019. The GBAC had also reviewed the External Auditors' Audit Plan for the Financial Year Ending 31 December 2019.

In addition, the External Auditors were invited to attend the annual general meeting to respond to shareholders' question on audit related issues. The GBAC also had direct and unrestricted access to the GIA and had ad-hoc discussions with the GIA without the presence of Management.

As the Board is ultimately responsible for the financial reporting and overall governance of the AFFIN Bank Group, the Chairman of the GBAC had consistently briefed the Board of Directors on issues discussed at the GBAC meetings. The minutes of the GBAC meetings are tabled to the Board for information and action by the Board where appropriate.

GROUP BOARD AUDIT COMMITTEE REPORT

TRAINING PROGRAMS/SEMINARS ATTENDED IN 2019

GBAC members had attended various seminars/training programs in the financial year ended 2019, to keep abreast of the latest developments. Listed below are the seminars/training events attended by the GBAC members:-

GBAC MEMBER	TRAININGS ATTENDED
En. Abd Malik bin A Rahman	• Islamic Finance for Board of Directors Programme • Cryptocurrency & Blockchain • Reading The Signs: The Next Financial Crisis and Potential Impact on Asia • Presentation by BNM Governor on 2018 Annual Report & Financial Stability and Payment Systems Report • Dialogue with the Deputy Governor on the draft Risk Management in Technology Policy • MyFintech Week (Registered under AHIB) • Investment Forum 2019 – Wealth & Beyond • MACC (Amendment) Act 2018 – Section 17A Offence by Commercial Organisation • Corporate Liability (Section 17A of MACC Act) – Preparation For Corporate Liability on Corruption • Cyber Security Awareness Training • Leadership in a Disruptive World • Talk on Corporate Governance, National Anti-Corruption & Role of Private Sector, Section 17A & Its Implication, Budget 2020 & The Economy • Audit Oversight Board Conversation with Audit Committee
Dato' Mohd Hata bin Robani	• Islamic Finance for Board of Directors Programme • Cryptocurrency & Blockchain • Cyber Security Awareness Training • The New Section 17A on Corporate Liability in the MACC Act
Associate Professor Dr. Said Bouheraoua	• Cryptocurrency & Blockchain • Islamic Finance for Board of Directors Programme • Certified Shariah Advisor (CSA) • Emerging Risk in Takaful • Enterprise Risk Management (ERM) – Part 1 • Enterprise Risk Management (ERM) – Part 2 • Risk Sharing financial instruments: Challenges & Prospect (Arabic) – 3rd International Islamic Finance Conference • Islamic Finance and Ownership Rights: Challenges and Opportunities, "Shariah Issues in Ownership transfer in Sukuk Issuances" • The London Summit 2019, Reimagining Islamic Finance, "Islamic Social Finance – Customer expectation & the role for non-banking institutions providing ethically/socially aligned solutions • Islamic Social Finance and Malaysian Shared Prosperity Vision 2030 – The 7th International Conference of Entrepreneurial Finance (CIFEMA'2019)
Dato' Rozalila binti Abdul Rahman	• Cryptocurrency & Blockchain • Understanding the Evolving Cybersecurity Landscape • MyFintech Week • BNM FIDE Core Programme – Banks • Anti Money Laundering/Counter Financing of Terrorism – Banking Sector • Bursa Malaysia Thought Leadership Series Sustainability Inspired Innovation: Enablers of the 21st Century • Cyber Security Awareness Training • International Directors Summit 2019 • Enterprise Risk Management – The Essential Building Blocks For A Holistic & Robust ERM Framework • Islamic Finance For Board of Directors Programme • Audit Oversight Board Conversation With Audit Committee

GROUP BOARD AUDIT COMMITTEE REPORT

GBAC MEMBER	TRAININGS ATTENDED
Mr. Ignatius Chan Tze Ching	• Economic & Market Outlook 2019 • Asian Financial Forum • HSBC Flagship Sustainable Finance Event • Islamic Finance for Board of Directors' Programme • HKEX Biotech Summit • KPMG Independent Non-Executive Directors Forum • Asia Pacific Risk Symposium 2019 • Bond Connect Anniversary Summit • Non-Executive Director Programme: Cyber Risk Quantification - What every Board should know and understand • KPMG Independent Non-Executive Directors Forum • HKIB Invitation - Annual Banking Conference • Harrison Young Speak

SUMMARY OF ACTIVITIES OF THE GROUP BOARD AUDIT COMMITTEE

The GBAC has carried out the following activities in discharging its duties and responsibilities for the financial year ended 31 December 2019:-

1. EXTERNAL AUDIT

a. Reviewed and approved the 2019 Audit Plan to ensure the scope of work adequately covered the activities of AFFIN Bank Group, which comprised the detailed terms of the external auditors' responsibilities and affirmation of their independence as external auditors, audit strategy, the engagement team, risk assessment, areas of audit emphasis for the financial year and additional disclosures in the auditors' report in line with the new and amended international standards on auditing, including disclosure on Key Audit Matters;

b. Held 6 meetings with the External Auditor to review the financial results, MFRS related issues and results of other non-audit engagement activities;

c. Reviewed the significant audit, accounting, taxation and other matters raised by the external auditors;

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 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, man-hours and the effectiveness of overall audit planning; and
- Ability to perform the audit work within the agreed duration given.

2. NON-AUDIT SERVICES

Reviewed and recommended to the Board the non-audit services rendered by the External Auditors or 3rd parties and the fees involved.

3. GROUP INTERNAL AUDIT

a. Reviewed and approved the GIA Annual Plan (proposed by GCIA) and Budget for Year 2019 in ensuring that adequate scope and comprehensive coverage on the audit activities and critical risk areas are adequately identified and covered;

b. Performed fit and proper assessment of the GCIA, to ensure that she satisfies the fitness and propriety criteria set out in the Group Policy on Fit and Proper for Key Responsible Persons on a continuous basis;

c. Approved the KPIs for GCIA and her direct reports;

d. Evaluated annual and overall performance of GCIA and GIA respectively; and provided written feedback for improvements;

e. Reviewed and evaluated the adequacy of resources and the competencies of staff within the GIA to execute the plan as well as the audit programmes used in the execution of GIA's job to ensure satisfactory performance of GIA;

f. Reviewed significant internal control issues (including fraud) identified by GIA, as well as Management responses to audit recommendations and implementation of agreed action plans with particular attention on the following:-

- Control environment (integrity, ethical values and competency of the personnel);
- Control activities (policies and procedures);
- Risk assessment (identified and assessed relevant risks and its preventive measure);
- Compliances with regulatory and statutory requirements; and
- Monitor the status of corrective actions taken by Management to rectify any deficiencies identified by GIA as well as ensuring that all issues are adequately resolved on a timely basis.

g. Reviewed the status report of GIA activities for the financial year ended 31 December 2019 to ensure all the planned activities were satisfactorily carried out;

h. Reviewed quarterly status update on issues highlighted in the Regulators and External Auditors' Audit Reports compiled by the GIA based on submissions by the significant operating entities to ensure that significant issues were addressed and resolved on a timely basis; and

i. Reviewed and approved the GIA Charter, Internal Control Framework and GIA Manual.

4. FINANCIAL RESULTS AND REPORTING

a. Reviewed with the senior Management the quarterly and interim unaudited financial results before recommending to the Board for their approval; and

b. Reviewed with the senior Management and External Auditors the annual audited financial statements of the Bank and its subsidiaries (the Group) before recommending to the Board for their approval. The review is focusing on the matters set out in the following Requirements, Acts and Standards:-

- Provisions of the Companies Act;
- Financial Services Act and Islamic Financial Services Act;
- Applicable approved accounting standards in Malaysia; and
- Other relevant legal and regulatory requirements.

GROUP BOARD AUDIT COMMITTEE REPORT

c. In reviewing the financial reporting of the Group, the GBAC discussed and made enquiries on, among others:-

- changes in or implementation of major accounting policy changes;
- significant accounting and audit matters highlighted; including financial reporting, credit, treasury, taxation, impairment related matters, information technology, 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.

d. In its meeting held on 23 January 2020, GBAC was briefed by the External Auditors on the key audit matters included in their Independent Auditors' Report for the financial statements for the financial year ended 31 December 2019. 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.

5. RELATED PARTY TRANSACTIONS (RPTS) AND CONFLICT OF INTEREST

a. Reviewed related party transactions and recurrent related party transactions and the appropriateness of such transactions to avoid potential or actual conflict of interest. This is also to ensure that decisions are based on the best interest of the company and its shareholders, before making recommendation to the Board for approval; and

b. Pursuant to MFRS 124 on Related Party Disclosures, significant RPT balances and transactions were reviewed on quarterly basis, with explanations provided for exceptional trend or transactions.

6. OTHERS

a. Reviewed the Statement on Internal Control and Audit Committee Report for inclusion in the Year 2019 Annual Report before recommending to the Board for approval;

b. Reviewed the Statement on Risk Management and Internal Control for the Board's approval to be included in the Annual Report; and

c. Provided oversight over the preparation and implementation of the Malaysian Financial Reporting Standard 9 (MFRS 9), which came into effect on 1 January 2019, including the review of the gap analysis, process/system enhancement and the potential impact to the Group.

GROUP INTERNAL AUDIT FUNCTION

1. INDEPENDENCE

a. The GIA function is established by the Board to undertake independent review and assessment on the adequacy, efficiency and effectiveness of risk management, control and governance processes implemented by the Management. GIA reports functionally to the GBAC and administratively to the GCEO. It is independent from the activities or operations of other operating units in the Group; and

b. The GIA function is guided by its Audit Charter (as approved by the GBAC) which defines the mission & objective, responsibility, accountability, authority, independence & objectivity and professionalism & ethical standards of the GIA function of the Group.

GROUP BOARD AUDIT COMMITTEE REPORT

2. PROFILE AND QUALIFICATION

a. Effective 1 May 2020, GIA is headed by Puan Wahdania Mohd Khir, replacing Puan Khatimah Mahadi who retired on 31 March 2020. 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. She brings with her more than 24 years working experience in the Financial Services Industry and has served both in the banking sector as well as, the regulatory body. In the banking industry, she has held various senior roles as the Head of Global Market Compliance & Treasury Operations and Senior Director of Group Audit at a major financial institution;

b. She is assisted by 57 qualified internal auditors from various disciplines mainly operations, credit, information technology, risk management, Islamic banking, fraud and investigation, treasury, finance/ accounting, investment banking, stockbroking and asset management;

c. In order to perform its functions effectively, the internal auditors have regularly and continuously attended a number of training courses to equip themselves with the requisite knowledge and skills. In line with BNM's expectation and GIA's 3 years professional development plan to equip the internal auditors with various professional certifications such as Certification of Bank Auditors, Chartered Banker, AML/CFT, Professional Credit Certification, Bank Risk Management, Pasaran Kewangan Malaysia Certificate, Certified Information System Auditor, Master in Islamic Finance and etc, GIA has progressively enrolled its staff with AICB, ISACA and INCEIF to attain these qualifications. Majority of the internal auditors are certified with either one (1) or more of the aforementioned qualifications; and

d. In the recent Quality Assurance Review conducted by The Institute of Internal Auditors (IIA) Malaysia in December 2019, GIA was accredited full conformance with the IIA's International Standards for Professional Practice of Internal Auditing and the pertinent regulations. In addition, GIA is also recognised to be operating at both "Optimised" and "Managed" levels against the Internal Audit Maturity Assessment ("AIMA").

3. RESPONSIBILITY

a. Its primary role/responsibility is to assist the GBAC to discharge its duties and responsibilities by independently reviewing and reporting on the adequacy and integrity of the Group's risk management, internal control, compliance and governance processes; in order to provide reasonable assurance that such frameworks and systems continue to operate efficiently and effectively and in line with the relevant regulatory requirements;

b. The GIA's processes and activities are governed by the regulatory guidelines as well as the Group's Code of Ethics and The Institute of International Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing;

c. 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); namely control environment, risk assessment, control activities, information and communication, and monitoring activities. COSO is an internationally recognised organisation providing thought leadership and guidance on internal control, enterprise risk management and fraud deterrence;

d. GIA's scope of coverage encompassed all key business and operation/ support units. Areas audited comprised retail & non-retail credit, distribution channels, back office operations, IT operations & security, treasury related matters, Islamic Banking, subsidiaries, Head Office functions and also special focus areas such as AML/CFT, NSFR, LCR, product transparency, outsourced functions and business continuity.

e. GIA also undertakes investigations into suspected fraudulent activities, staff misconduct, whistleblowing cases and other incidences, as and when required, and recommends appropriate improvements to prevent recurrence and actions against persons responsible;

f. The GIA closely monitored the rectification of audit findings and implementation of the audit recommendations, in order to obtain assurance that all major risk and control concerns have been duly addressed. GIA reports were presented to the management and GBAC;

g. GIA worked closely with the external auditors to ensure that significant issues are duly addressed and resolved on a timely basis; and

h. The total GIA's cost for year 2019 is approximately RM8.62 million, comprising mainly salaries, staff training and development, travelling, accommodation expenses and subsistence allowances for audit assignments.

FINANCIAL STATEMENTS

AFFIN Bank Berhad
(Incorporated in Malaysia)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Agil Natt
(Chairman)
(appointed w.e.f. 8.11.2019)

En. Mohd Suffian bin Haji Haron
Tan Sri Mohd Ghazali bin Mohd Yusoff
Dato' Abdul Aziz bin Abu Bakar
Dato' Mohd Hata bin Robani
Mr. Ignatius Chan Tze Ching
Dato' Rozalila binti Abdul Rahman
Mr. Peter Yuen Wai Hung
(appointed w.e.f. 1.11.2019)
Pn. Marzida binti Mohd Noor
(appointed w.e.f. 1.3.2020)
Mr. Gregory Jerome Gerald Fernandes
(appointed w.e.f. 1.4.2020)

Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)
(Chairman)(completed his tenure of directorship w.e.f. 1.7.2019)
Mr. Joseph Yuk Wing Pang
(completed his tenure of directorship w.e.f. 30.6.2019)
En. Abd Malik bin A Rahman
(completed his tenure of directorship w.e.f. 15.4.2020)

GROUP CHIEF EXECUTIVE OFFICER

En. Wan Razly Abdullah bin Wan Ali
(appointed w.e.f. 2.4.2020)

En. Kamarul Ariffin bin Mohd Jamil
(completed his contract of service w.e.f 1.4.2020)

COMPANY SECRETARY

Pn. Nimma Safira Khalid

REGISTERED OFFICE

17th Floor, Menara Affin
80, Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

AUDITORS

PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF 1146)

CONTENTS

DIRECTORS' REPORT

for the financial year ended 31 December 2019

The Directors hereby submit their report together with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Bank during the financial year are banking and related financial services. The principal activities of the subsidiaries are Islamic banking business, investment banking and stock-broking, money-broking, fund and asset management, property management services, nominee and trustee services.

The details of the subsidiary companies are disclosed in Note 17 of the financial statements.

The principal activities of the joint ventures are underwriting of life insurance business and property development while the associates are principally engaged in the underwriting of general insurance business and investment holding.

Islamic banking business refers generally to the acceptance of deposits and granting of financing under the Shariah principles. There were no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	The Group RM'000	The Bank RM'000
Profit before zakat and taxation	682,501	460,124
Zakat	(5,530)	–
Profit before taxation	676,971	460,124
Taxation	(160,880)	(96,003)
Net profit for the financial year	**516,091**	**364,121**

DIVIDENDS

The dividends on ordinary shares paid or declared by the Bank since 31 December 2018 were as follows:-

In respect of the financial year ended 31 December 2018:

		RM'000
Single-tier interim dividend of 5 sen per share paid on 22 January 2019		97,147

On 27 April 2020, the Board of Directors proposed a single-tier interim dividend of 5 sen per share amounting to RM99,301,006 in respect of the financial year ended 31 December 2019, based on the Bank's issued and paid-up capital of 1,986,020,123 ordinary shares at 31 December 2019.

On the same day, the Board of Directors resolved that Dividend Reinvestment Plan ('DRP') as disclosed in Note Z be applied to the said interim dividend and the entire interim dividend can be elected and reinvested in new ordinary shares of the Bank.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are shown in the financial statements and notes to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

There is no significant event during the financial year.

SUBSEQUENT EVENTS

Events subsequent to the reporting date are disclosed in Note 59 to the financial statements.

DIRECTORS' REPORT
for the financial year ended 31 December 2019

DIRECTORS

The Directors of the Bank in office since the date of the last report and at the date of the report are:-

Dato' Agil Natt
Chairman/Independent Non-Executive Director
(appointed w.e.f. 8.11.2019)

En. Mohd Suffian bin Haji Haron
Non-Independent Non-Executive Director

Tan Sri Mohd Ghazali bin Mohd Yusoff
Independent Non-Executive Director

Dato' Abdul Aziz bin Abu Bakar
Independent Non-Executive Director

Dato' Mohd Hata bin Robani
Independent Non-Executive Director

Mr. Ignatius Chan Tze Ching
Non-Independent Non-Executive Director

Dato' Rozalila binti Abdul Rahman
Independent Non-Executive Director

Mr. Peter Yuen Wai Hung
Non-Independent Non-Executive Director
(appointed w.e.f. 1.11.2019)

Pn. Marzida binti Mohd Noor
Independent Non-Executive Director
(appointed w.e.f. 1.3.2020)

Mr. Gregory Jerome Gerald Fernandes
Independent Non-Executive Director
(appointed w.e.f. 1.4.2020)

Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)
Chairman/Non-Independent Non-Executive Director
(completed his tenure of directorship w.e.f. 1.7.2019)

Mr. Joseph Yuk Wing Pang
Non-Independent Non-Executive Director
(completed his tenure of directorship w.e.f. 30.6.2019)

En. Abd Malik bin A Rahman
Non-Independent Non-Executive Director
(re-designated w.e.f 16.2.2020 and completed his tenure of directorship w.e.f. 15.4.2020)

In accordance with Article 118 of the Bank's Constitution, the following Directors retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election:

1. Dato' Mohd Hata bin Robani
2. Dato' Abdul Aziz bin Abu Bakar

In accordance with Article 124 of the Bank's Constitution, the following Directors retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election:-

1. Dato' Agil Natt
2. Mr. Peter Yuen Wai Hung
3. Pn. Marzida binti Mohd Noor
4. Mr. Gregory Jerome Gerald Fernandes

The Directors' names of the subsidiaries and their remuneration details are set out in the subsidiaries' statutory accounts and the said names and details are deemed incorporated herein by such reference and made a part hereof.

DIRECTORS' REPORT
for the financial year ended 31 December 2019

RESPONSIBILITY STATEMENT BY BOARD OF DIRECTORS

In the course of preparing the annual financial statements of the Group and of the Bank, the Directors are collectively responsible in ensuring that these financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

It is the responsibility of the Directors to ensure that the financial reporting of the Group and of the Bank present a true and fair view of the state of affairs of the Group and of the Bank as at 31 December 2019 and of the financial results and cash flows of the Group and of the Bank for the financial year then ended.

The financial statements are prepared on the going concern basis and the Directors have ensured that proper accounting records are kept, applied the appropriate accounting policies on a consistent basis and made accounting estimates that are reasonable and fair so as to enable the preparation of the financial statements of the Group and of the Bank with reasonable accuracy.

The Directors have also taken the necessary steps to ensure that appropriate systems are in place for the assets of the Group and of the Bank to be properly safeguarded for the prevention and detection of fraud and other irregularities. The systems, by their nature, can only provide reasonable and not absolute assurance against material misstatements, whether due to fraud or error.

The Statement by Directors pursuant to Section 251(2) of the Companies Act 2016 is set out on page 380 of the financial statements.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests of the Directors in office at the end of the financial year held in the Bank or its subsidiaries or its related companies during the financial year are as follows:-

	Number of ordinary shares			
	As at 1.1.2019	Bought	Sold	As at 31.12.2019
AFFIN Bank Berhad				
Abd Malik bin A Rahman	13,000	311	–	13,311
Boustead Heavy Industries Corporation Berhad				
Abd Malik bin A Rahman	3,000	–	–	3,000
Abd Malik bin A Rahman *	1,000	–	–	1,000
Boustead Holdings Berhad				
Abd Malik bin A Rahman	6,580	–	–	6,580
Abd Malik bin A Rahman *	13,580	–	–	13,580
Boustead Plantations Berhad				
Abd Malik bin A Rahman	2,800	–	–	2,800
Abd Malik bin A Rahman *	2,800	–	–	2,800

* Indirect shares

Other than the above, the Directors in office at the end of the financial year did not have any other interest in the shares in the Bank or its related companies during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no other arrangements subsisted to which the Bank or any of its subsidiaries is a party with the object or objects of enabling Directors of the Bank or any of its subsidiaries to acquire benefits by means of the acquisition of shares in, or debenture of, the Bank or any other body corporate.

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive a benefit (other than the fees and other emoluments shown in the Note 41 to the financial statements) by reason of a contract made by the Bank or by a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

OTHER STATUTORY INFORMATION

Statutory information regarding the Group and the Bank

(a) As at the end of the financial year

Before the financial statements of the Group and the Bank were prepared, the Directors took reasonable steps:-

- to ascertain that proper action had been taken in relation to the writing off of bad debts and financing and the making of allowance for doubtful debts and financing and satisfied themselves that all known bad debts and financing had been written-off and that adequate allowance had been made for doubtful debts; and
- to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Bank had been written down to an amount which the current assets might be expected so to realise.

(b) From the end of the financial year to the date of this report

The Directors are not aware of any circumstances:-

- which would render the amounts written-off for bad debts and financing or the amount of the allowance for doubtful debts and financing inadequate to any substantial extent;
- which would render the values attributed to current assets in the financial statements of the Group and of the Bank misleading; and
- which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

(c) As at the date of this report

(i) there are no charges on the assets of the Group and of the Bank which have arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) there are no contingent liabilities in the Group and in the Bank which have arisen since the end of the financial year other than in the ordinary course of banking business or activities of the Group.

(iii) the Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.

(d) No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Bank and its subsidiaries to meet their obligations when they fall due.

DIRECTORS' REPORT
for the financial year ended 31 December 2019

OTHER STATUTORY INFORMATION

Statutory information regarding the Group and the Bank (continued)

(e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Bank which would render any amount stated in the respective financial statements misleading.

(f) In the opinion of the Directors:-

(i) the results of the operations of the Group and of the Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Bank for the financial year in which this report is made.

BUSINESS PLAN AND STRATEGY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The year 2019 brought numerous changes and challenges for Malaysia and the banking industry. Macroeconomic conditions remained volatile and the banking sector continued to accommodate and adjust to regulatory and industry changes. Business and household lending were tepid, while deposits growth moderated further.

In response, the Group maintained its sustainable growth by remaining disciplined in pricing and focusing on targeted segments. These were supported by stringent risk management with priority placed on improving liquidity and capital strength and also being innovative in responding proactively to evolving customer expectations, trends and other emerging forces such as the digital technology.

For the financial year ended 31 December 2019, the Group recorded a consolidated profit before tax ('PBT') of RM677.0 million, an increase of RM2.0 million or 0.3% as compared to the previous financial year while profit after tax ('PAT') for the financial year stood at RM516.1 million. Net income expanded by RM11.1 million, mainly attributable to higher other operating income of RM100.9 million and income from Islamic Banking of RM12.5 million which cushioned the reduction of net interest income of RM102.3 million.

The Group's operating expenses increased slightly by RM6.4 million or 0.5%, mainly due to rise in personnel costs. Nevertheless, the cost to income ratio improved slightly to 63.36% from 63.39% in FY2018. For FY2019, earnings per share was 24.6 sen as compared to 25.9 sen the previous year while the net return on equity was at 5.42%.

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

The Group's Total Capital ratio was at 23.262%, while Common Equity Tier 1 and Tier 1 ratios stood at 14.459% and 16.241% respectively as at 31 December 2019.

ECONOMIC AND BUSINESS OUTLOOK FOR 2020

The International Monetary Fund ('IMF') in its latest issue of World Economic Outlook has forecasted that the world economy will shrink by -3.0% in 2020. The Covid-19 pandemic will severely impact the global economic activities, trading and global value-chain linkages and affect sectors such as traveling, hospitality, entertainment, tourism and others. This will mark the sharpest decline in the world economy since the Great Depression in the 1930s where the global Gross Domestic Product ('GDP') declined by 10%.

Malaysia's economy is projected to grow at -2.0% to 0.5% this year from the earlier official projection of 3.2% to 4.2%. The World Bank has recently forecasted Malaysia's GDP for 2020 to contract by -0.1% to -4.6% while IMF projected a drop of -1.7%. The Bank is projecting a -3.5% shrink in Malaysia's economic growth this year. The Movement Control Order ('MCO') imposed from 18 March to 12 May 2020 is expected to have severe impact to the domestic economy. However, the Prihatin Rakyat RM250 billion Stimulus package and additional RM10 billion SME package announced by the Government recently will help to cushion any negative impact of the MCO. Meanwhile, the country's fiscal deficit is now projected to rise by another 0.7% to 4.7% of GDP from the earlier projection of 4.0%. Inflation rate is expected to average between -1.5% to 0.5% mainly reflecting significantly lower global oil and commodity prices. Households are likely to be cautious on their spending due to the uncertain employment situation as well as affected by lower real disposable income.

ECONOMIC AND BUSINESS OUTLOOK FOR 2020

Year 2020 is going to be an exceptionally challenging year for the banking sector due to the global economic environment and the on-going Covid-19 pandemic with the risk of contraction in credit growth and deteriorating asset quality. The sector is likely to record lower loan growth this year as compared to 3.9% recorded in 2019. The weak domestic and global economy, the Covid-19 pandemic, loan moratorium and prolonged MCO will cause the banks' loan growth to decline and spike in non-performing loans. The banking sector loan growth will also be impacted by the negative sector outlook mainly in the residential and commercial properties, automotive, trade financing, oil and gas as well as retail sectors. A few key banks' exposure to the oil & gas sector may also pose downside risks as the oil price stays low. Banks are more likely to focus on active restructuring and rescheduling the loans of borrowers impacted by the Covid-19 pandemic.

BNM has announced a regulatory relief, a 6-month moratorium automatically accorded to all loans made by individuals and SMEs to help individuals and businesses to cope with the negative impact of the pandemic. BNM has also lowered the Statutory Reserve Requirement ('SRR') by 100 bps from 3% to 2% to release almost RM30 billion liquidity into the banking system. BNM has also reduced the Overnight Policy Rate ('OPR') twice totaling 50 bps in January and March 2020 to 2.50% to provide a more accommodative monetary environment to support economic growth. BNM is likely to reduce the OPR further by another 25 bps to stimulate the economy. This move may exert more pressure on the banks' profit margins.

BUSINESS STRATEGY MOVING FORWARD

In line with BNM's directive, Corporate Banking will be focusing to support and assist eligible corporations that are impacted by the Covid-19 pandemic and seeking temporary financial relief on a case-by-case basis in order for them to maintain their business viability until conditions improve. Meanwhile, the Bank will proactively manage and preserve its asset quality by focusing on rehabilitation of corporate customers accounts with any early warning signal or deterioration on their credit quality. This will be done through more frequent credit assessment and timely engagement with the customers.

SME Banking is presently focusing on the asset quality to ensure that our borrowers stay afloat during trying times whilst adhering to the 6-month moratorium for all the facilities as imposed by BNM whilst supporting the national agenda in providing Covid-19 pandemic funds to both existing and new Bank customers as part of our efforts to support the SMEs such as Special Relief Facility ('SRF'), Automation & Digitalisation Facility ('ADF') and Agrofood Facility ('AF'). Albeit the pandemic situation, we are also looking into opportunities for new facilities that will support the Bank's business.

On the Consumer Banking side, the billings for cards business are low due to significantly reduced spending by customers in view of the MCO. The Bank is looking at opportunities for increasing fee based income through wealth management/investment products such as unit trusts. There are also initiatives to cross sell credit cards, advances and deposits to existing and potential customers apart from following up with those cases in the pipeline.

We are also using robust online and digital platforms during this difficult time to continue providing relevant customer services, making available mobile access to all key stakeholders to ensure operational efficiency and ensure that all centers are properly equiped and functional during this crisis. We will also accelerate our digital readiness and encourage our customers to use our new corporate internet banking platform to manage their banking transactions online.

The Bank will continue to assess the impact of Covid-19 pandemic to its financing and deposits portfolio and will ensure effective implementation of financial measures announced by BNM and Government for the benefit of the customers. The Bank will further emphasise in enhancing customers experience through digital initiatives such as AFFINMax, Genius Pocket and SMEColony. The focus also includes revenue upliftment by accelerating fee and fund-based income with the offering of unique integrated products, including wealth and bancassurance products to various customer segments.

RATING BY EXTERNAL RATING AGENCY

The Bank has been rated by the following external rating agency:-

Name of rating agency:	RAM Rating Services Berhad
Date of rating:	5 July 2019
Rating classifications:	
– Long term:	AA_3
– Short term:	P1

RAM has reaffirmed the Bank's long-term and short-term financial institution ratings, at AA_3 and P1, respectively, with a stable outlook.

'AA' rating is defined by RAM as an entity has a strong capacity to meets its financial obligations and is resilient against adverse changes in circumstances, economic condition and/or operating environments. The subscript 3 in this category indicates the lower end of its generic rating in the AA category.

A P1 rating is defined by RAM as obligations which are supported by superior ability with regards to timely payment of obligations.

DIRECTORS' REPORT
for the financial year ended 31 December 2019

ZAKAT OBLIGATION

The Bank's subsidiary, AFFIN Islamic Bank Berhad ('AFFIN Islamic') is obliged to pay zakat to comply with the principles of Shariah. AFFIN Islamic does not pay zakat on behalf of its depositors.

HOLDING CORPORATE BODY

The holding corporate body is Lembaga Tabung Angkatan Tentera, a statutory body incorporated under the Tabung Angkatan Tentera Act, 1973.

SUBSIDIARIES

Details of subsidiaries are set out in Note 17 to the financial statements.

DIRECTORS' REMUNERATION

Details of Directors' remuneration and total amount of indemnity given are set out in Note 41 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 40 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:-

DATO' AGIL NATT
Chairman

DATO' MOHD HATA BIN ROBANI
Director

Kuala Lumpur
29 April 2020

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2019

	Note	The Group 2019 RM'000	The Group 2018 RM'000	The Bank 2019 RM'000	The Bank 2018 RM'000
ASSETS					
Cash and short-term funds	2	**4,605,357**	6,331,798	**2,317,369**	2,569,003
Deposits and placements with banks and other financial institutions	3	**–**	71,801	**41,368**	113,610
Investment accounts due from designated financial institutions	4	**–**	–	**1,912,415**	2,366,711
Financial assets at fair value through profit or loss ('FVTPL')	5	**662,132**	606,462	**170,216**	373,638
Derivative financial assets	6	**164,868**	88,805	**118,225**	61,831
Financial investments at fair value through other comprehensive income ('FVOCI')	7	**12,496,846**	15,361,758	**6,373,844**	9,144,507
Financial investments at amortised cost ('AC')	8	**145,066**	163,027	**100,499**	114,646
Loans, advances and financing	9	**45,387,865**	48,392,012	**25,730,059**	28,498,149
Trade receivables	10	**534,388**	369,651	**–**	–
Commodity Gold at FVTPL		**–**	42,733	**–**	–
Other assets	11	**159,950**	138,884	**60,883**	60,423
Amount due from subsidiaries	12	**–**	–	**1,318**	420
Amount due from joint ventures	13	**28,402**	31,295	**–**	–
Amount due from associates	14	**31,787**	57,717	**30,887**	57,217
Tax recoverable		**121,595**	62,271	**67,940**	31,182
Deferred tax assets	15	**22,520**	114,830	**12,690**	70,239
Statutory deposits with Bank Negara Malaysia	16	**1,534,777**	1,946,669	**857,377**	1,238,069
Investment in subsidiaries	17	**–**	–	**3,053,899**	3,053,899
Investment in joint ventures	18	**171,913**	158,051	**178,940**	163,640
Investment in associates	19	**659,527**	611,996	**548,482**	548,482
Property and equipment	20	**641,867**	520,644	**607,322**	482,708
Right-of-use assets	21	**57,709**	–	**43,416**	–
Intangible assets	22	**914,693**	906,068	**202,670**	182,235
TOTAL ASSETS		**68,341,262**	75,976,472	**42,429,819**	49,130,609
LIABILITIES AND EQUITY					
Deposits from customers	23	**51,088,962**	57,346,447	**30,135,250**	33,561,219
Investment accounts of customers	24	**1,447**	875	**–**	–
Deposits and placements of banks and other financial institutions	25	**1,763,252**	4,846,912	**646,085**	4,300,848
Obligation on securities sold under repurchase agreements		**–**	142,477	**–**	–
Derivative financial liabilities	26	**186,791**	113,132	**136,439**	85,660
Bills and acceptances payable		**32,903**	32,585	**32,903**	32,585
Trade payables	27	**787,563**	600,974	**–**	–
Lease liabilities	28	**58,650**	–	**44,219**	–
Other liabilities	29	**1,398,837**	1,082,148	**418,548**	571,575
Amount due to subsidiaries	30	**–**	–	**55,899**	109,399
Provision for taxation		**41**	8,748	**–**	–
Deferred tax liabilities	15	**19,080**	7,126	**–**	–
Borrowings	31	**3,607,143**	3,053,812	**2,548,379**	2,548,379
TOTAL LIABILITIES		**58,944,669**	67,235,236	**34,017,722**	41,209,665
Share capital	32	**4,774,772**	4,684,752	**4,774,772**	4,684,752
Reserves	33	**4,562,398**	3,986,931	**3,637,325**	3,236,192
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		**9,337,170**	8,671,683	**8,412,097**	7,920,944
Non-controlling interest		**59,423**	69,553	**–**	–
TOTAL EQUITY		**9,396,593**	8,741,236	**8,412,097**	7,920,944
TOTAL LIABILITIES AND EQUITY		**68,341,262**	75,976,472	**42,429,819**	49,130,609
COMMITMENTS AND CONTINGENCIES	48	**30,851,233**	30,873,074	**19,679,897**	20,469,123

The accounting policies and notes form an integral part of these financial statements.

INCOME STATEMENTS

for the financial year ended 31 December 2019

	Note	The Group		The Bank	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest income	34	**2,231,836**	2,419,367	**2,013,073**	2,154,823
Interest expense	35	**(1,488,719)**	(1,573,967)	**(1,341,293)**	(1,398,061)
Net interest income		**743,117**	845,400	**671,780**	756,762
Income from Islamic banking business	36	**410,683**	398,190	**–**	–
		1,153,800	1,243,590	**671,780**	756,762
Fee and commission income	37(a)	**594,734**	620,874	**103,036**	109,839
Fee and commission expense	37(b)	**(153,327)**	(164,009)	**(7,850)**	(9,103)
Net fee and commission income	37	**441,407**	456,865	**95,186**	100,736
Net gains on financial instruments	38	**287,088**	146,037	**139,071**	62,808
Other income	39	**49,455**	74,110	**110,873**	413,347
Other operating income		**777,950**	677,012	**345,130**	576,891
Net income		**1,931,750**	1,920,602	**1,016,910**	1,333,653
Other operating expenses	40	**(1,223,933)**	(1,217,509)	**(582,959)**	(633,933)
Operating profit before allowances		**707,817**	703,093	**433,951**	699,720
(Allowances for)/write-back of credit impairment losses	42	**(49,859)**	(58,668)	**26,173**	(24,811)
Allowances for impairment losses on other assets	43	**(5,617)**	(12,243)	**–**	–
Operating profit		**652,341**	632,182	**460,124**	674,909
Share of results of a joint venture		**(3,860)**	(3,098)	**–**	–
Share of results of associates		**34,020**	50,025	**–**	–
Profit before zakat and taxation		**682,501**	679,109	**460,124**	674,909
Zakat		**(5,530)**	(4,113)	**–**	–
Profit before taxation		**676,971**	674,996	**460,124**	674,909
Taxation	45	**(160,880)**	(147,576)	**(96,003)**	(80,903)
Net profit after zakat and taxation		**516,091**	527,420	**364,121**	594,006
Attributable to:-					
Equity holders of the Bank		**487,766**	503,086	**364,121**	594,006
Non-controlling interest		**28,325**	24,334	**–**	–
		516,091	527,420	**364,121**	594,006
Earnings per share attributable to equity holders of the Bank (sen):-					
– Basic	46	**24.6**	25.9	**18.4**	30.6
– Diluted	46	**23.8**	25.3	**17.8**	29.9

The accounting policies and notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2019

	Note	The Group		The Bank	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit after zakat and taxation		**516,091**	527,420	**364,121**	594,006
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:-					
Net fair value change in financial investments at FVOCI (debt instruments)		**436,704**	59,465	**164,706**	31,362
Net credit impairment loss change in financial investments at FVOCI (debt instruments)		**(5,712)**	14,156	**(1,235)**	2,001
Net gain on financial investments measured at FVOCI reclassified to profit or loss on disposal (debt instruments)		**(282,674)**	(18,812)	**(126,152)**	(8,141)
Exchange differences on translation of foreign operations		**(727)**	631	**–**	–
Deferred tax on financial investments at FVOCI	15	**(36,967)**	34,853	**(9,253)**	39,036
Share of other comprehensive income of a joint venture		**2,422**	555	**–**	–
Share of other comprehensive income/(loss) of an associate		**10,376**	(4,307)	**–**	–
Items that may not be reclassified subsequently to profit or loss:-					
Net fair value change in financial investments designated at FVOCI (equity instruments)		**14,791**	(22,069)	**8,946**	15,477
Deferred tax on financial investments at FVOCI	15	**(1,899)**	2,784	**–**	–
Other comprehensive income for the financial year, net of tax		**136,314**	67,256	**37,012**	48,781
Total comprehensive income for the financial year		**652,405**	594,676	**401,133**	642,787
Total comprehensive income for the financial year attributable to:-					
Equity holders of the Bank		**624,349**	570,153	**401,133**	642,787
Non-controlling interest		**28,056**	24,523	**–**	–
		652,405	594,676	**401,133**	642,787

The accounting policies and notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2019

		Attributable to Equity Holders of the Bank									
The Group	Note	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Foreign exchange reserves RM'000	Stock option reserves * RM'000	Other reserves RM'000	Retained profits RM'000	Total Shareholders' equity RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2019		4,684,752	110,371	939,055	593	8,328	-	2,928,584	8,671,683	69,553	8,741,236
Net profit for the financial year		-	-	-	-	-	-	487,766	487,766	28,325	516,091
Other comprehensive income (net of tax)											
– Financial investments at FVOCI		-	124,243	-	-	-	-	-	124,243	-	124,243
– Share of other comprehensive income of a joint venture		-	2,422	-	-	-	-	-	2,422	-	2,422
– Share of other comprehensive income of an associate		-	10,376	-	-	-	-	-	10,376	-	10,376
– Exchange differences on translation of foreign operations		-	-	-	(458)	-	-	-	(458)	(269)	(727)
Total comprehensive income		-	137,041	-	(458)	-	-	487,766	624,349	28,056	652,405
Issuance of new shares		90,020	-	-	-	-	-	-	90,020	-	90,020
Net loss on disposal of financial investment designated at FVOCI (equity instruments)		-	3,249	-	-	-	-	(3,249)	-	-	-
Issuance of new shares from exercise of employee stock option incentive scheme **	54	-	-	-	-	(8,328)	-	20,456	12,128	32,646	44,774
Obligation to buy subsidiary's shares from non-controlling interest	29	-	-	-	-	-	(61,010)	-	(61,010)	(35,831)	(96,841)
Transfer from regulatory reserves		-	-	(206,516)	-	-	-	206,516	-	-	-
Dividends		-	-	-	-	-	-	-	-	(35,001)	(35,001)
At 31 December 2019		4,774,772	250,661	732,539	135	-	(61,010)	3,640,073	9,337,170	59,423	9,396,593

* The stock option reserves represents the fair value of the options of a subsidiary's employee stock option incentive scheme.
** On 8 March 2019, the options holders have fully exercised the employee stock option incentive scheme.

The accounting policies and notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
for the financial year ended 31 December 2019

The Group	Note	Attributable to Equity Holders of the Bank							Non-controlling interest RM'000	Total equity RM'000
		Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Foreign exchange reserves RM'000	Stock option reserves RM'000	Retained profits RM'000	Total Shareholders' equity RM'000		
At 1 January 2018		4,684,752	43,746	564,564	151	–	2,798,528	8,091,741	58,001	8,149,742
Net profit for the financial year		–	–	–	–	–	503,086	503,086	24,334	527,420
Other comprehensive income (net of tax)										
– Financial investments at FVOCI		–	70,377	–	–	–	–	70,377	–	70,377
– Share of other comprehensive income of a joint venture		–	555	–	–	–	–	555	–	555
– Share of other comprehensive loss of an associate		–	(4,307)	–	–	–	–	(4,307)	–	(4,307)
– Exchange differences on translation of foreign operations		–	–	–	442	–	–	442	189	631
Total comprehensive income		–	66,625	–	442	–	503,086	570,153	24,523	594,676
Options charged during the year		–	–	–	–	8,328	–	8,328	3,569	11,897
Obligation to buy a subsidiary's shares	29	–	–	–	–	–	(3,822)	(3,822)	(1,638)	(5,460)
Dilution of interest in subsidiaries		–	–	–	–	–	867	867	98	965
Transfer to regulatory reserves		–	–	374,491	–	–	(374,491)	–	–	-
Effects of predecessor accounting	58	–	–	–	–	–	101,563	101,563	–	101,563
Dividends	47	–	–	–	–	–	(97,147)	(97,147)	(15,000)	(112,147)
At 31 December 2018		4,684,752	110,371	939,055	593	8,328	2,928,584	8,671,683	69,553	8,741,236

The accounting policies and notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
for the financial year ended 31 December 2019

	Note	Share capital RM'000	Non-distributable FVOCI revaluation reserves RM'000	Non-distributable Regulatory reserves RM'000	Distributable Retained profits RM'000	Total equity RM'000
The Bank						
At 1 January 2019		**4,684,752**	**111,161**	**716,313**	**2,408,718**	**7,920,944**
Net profit for the financial year		**–**	**–**	**–**	**364,121**	**364,121**
Other comprehensive income (net of tax)						
– Financial investments at FVOCI		**–**	**37,012**	**–**	**–**	**37,012**
Total comprehensive income		**–**	**37,012**	**–**	**364,121**	**401,133**
Issuance of new shares		**90,020**	**–**	**–**	**–**	**90,020**
Transfer from regulatory reserves		**–**	**–**	**(244,388)**	**244,388**	**–**
At 31 December 2019		**4,774,772**	**148,173**	**471,925**	**3,017,227**	**8,412,097**
The Bank						
At 1 January 2018		4,684,752	62,380	472,531	2,155,641	7,375,304
Net profit for the financial year		–	–	–	594,006	594,006
Other comprehensive income (net of tax)						
– Financial investments at FVOCI		–	48,781	–	–	48,781
Total comprehensive income		–	48,781	–	594,006	642,787
Transfer to regulatory reserves		–	–	243,782	(243,782)	–
Dividends	47	–	–	–	(97,147)	(97,147)
At 31 December 2018		4,684,752	111,161	716,313	2,408,718	7,920,944

The accounting policies and notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2019

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	**676,971**	674,996	**460,124**	674,909
Adjustments for items not involving the movement of cash and cash equivalents:-				
Interest income:-				
– financial investments at FVOCI	**(410,781)**	(502,419)	**(276,213)**	(349,298)
– financial investments at AC	**(8,265)**	(8,366)	**(5,725)**	(5,725)
Dividend income:-				
– financial assets at FVTPL	**(8,022)**	(5,899)	**(732)**	(732)
– financial investments at FVOCI	**(5,946)**	(4,552)	**(2,392)**	(238)
– subsidiaries	**–**	–	**(71,000)**	(323,000)
Gain on sale:-				
– financial assets at FVTPL	**(62,096)**	(72,154)	**–**	(23,737)
– financial investments at FVOCI	**(281,800)**	(17,863)	**(125,007)**	(7,175)
Unrealised loss/(gain) on revaluation:-				
– financial assets at FVTPL	**15,295**	(7,863)	**(4,590)**	(10,355)
– derivatives	**6,596**	(5,567)	**5,549**	(4,582)
– foreign exchange	**(11,727)**	8,540	**(7,235)**	7,236
Depreciation of property and equipment	**26,768**	24,578	**16,193**	14,497
Depreciation of Right-of-use assets	**35,786**	–	**25,086**	–
Property and equipment written-off	**107**	193	**50**	157
Loss/(Gain) on sale of property and equipment	**207**	(6,052)	**380**	(5,921)
Amortisation of intangible assets	**32,702**	27,661	**17,921**	13,164
Gain on sale of foreclosed properties	**(877)**	(111)	**(877)**	–
Share of results of a joint venture	**3,860**	3,098	**–**	–
Share of results of associates	**(34,020)**	(50,025)	**–**	–
Expected credit losses made/(written-back) on:-				
– loans, advances and financing	**78,656**	92,206	**7,107**	64,430
– trade receivables	**(260)**	(246)	**–**	–
– securities and placements	**(2,423)**	15,571	**(1,723)**	3,472
– loans and financing commitments and financial guarantee	**2,156**	(22,363)	**(6,758)**	(17,471)
Bad debt and financing written-off	**6,914**	4,281	**6,117**	3,682
Allowances for impairment losses on other assets	**5,617**	12,243	**–**	–
Interest expense on borrowings	**188,312**	122,469	**133,800**	117,035
Interest expense on the lease liability	**2,512**	–	**1,885**	–
Zakat	**5,530**	4,113	**–**	–
Gain on winding up of a subsidiary	**–**	–	**–**	(31,031)
Operating profit before changes in working capital	**261,772**	286,469	**171,960**	119,317

STATEMENTS OF CASH FLOWS
for the financial year ended 31 December 2019

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)				
(Increase)/decrease in operating assets:-				
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months	**30,399**	291,063	**(41,023)**	265,627
Investment accounts due from designated financial institutions	**–**	–	**454,268**	382,371
Financial assets at FVTPL	**(8,869)**	(421,265)	**208,013**	(207,305)
Commodity Gold at FVTPL	**42,733**	(10,535)	**–**	–
Loans, advances and financing	**2,918,577**	(2,977,636)	**2,754,865**	379,840
Other assets	**(60,023)**	(72,022)	**(5,818)**	24,013
Trade receivables	**(164,477)**	181,086	**–**	–
Derivative financial instruments	**(9,000)**	(60,657)	**(11,165)**	(61,647)
Statutory deposits with Bank Negara Malaysia	**411,892**	(174,029)	**380,692**	(35,069)
Amount due to subsidiaries	**–**	–	**(54,398)**	(339,168)
Amount due from joint ventures	**2,893**	7,554	**–**	–
Amount due (to)/from associate	**(598)**	88,976	**–**	–
Increase/(decrease) in operating liabilities:-				
Deposits from customers	**(6,257,485)**	6,426,218	**(3,425,969)**	266,066
Investment accounts of customers	**572**	426	**–**	–
Deposits and placements of banks and other financial institutions	**(3,083,660)**	(859,687)	**(3,654,763)**	320,543
Obligation on securities sold under repurchase agreements	**(142,477)**	(908,458)	**–**	(954,922)
Bills and acceptances payable	**318**	(9,567)	**318**	(9,567)
Trade payables	**186,589**	(76,048)	**–**	–
Other liabilities	**251,693**	(13,224)	**(139,140)**	2,704
Cash (used in)/generated from operations	**(5,619,151)**	1,698,664	**(3,362,160)**	152,803
Zakat paid	**(4,202)**	(5,394)	**–**	–
Tax refund	**–**	104	**–**	–
Tax paid	**(162,994)**	(184,501)	**(84,466)**	(95,677)
Net cash (used in)/generated from operating activities	**(5,786,347)**	1,508,873	**(3,446,626)**	57,126
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received:-				
– financial investments at FVOCI	**444,921**	474,135	**298,820**	336,931
– financial investments at AC	**8,265**	8,366	**5,717**	5,725
Dividend income:-				
– financial assets at FVTPL	**8,022**	5,899	**732**	732
– financial investments at FVOCI	**5,946**	4,552	**2,392**	238
– subsidiaries	**–**	–	**71,000**	323,000
Purchase of:-				
– financial investments at FVOCI	**(12,617,136)**	(8,692,150)	**(4,632,067)**	(6,218,632)
– financial investments at AC	**–**	(38,988)	**–**	–

STATEMENTS OF CASH FLOWS
for the financial year ended 31 December 2019

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES (continued)				
Redemption/Disposal of:-				
– financial investments at FVOCI	**15,894,647**	8,020,158	**7,548,887**	5,492,815
– financial investments at AC	**14,444**	4,600	**14,444**	4,600
Proceeds from disposal of:-				
– property and equipment	**379**	43,323	**238**	43,144
– foreclosed properties	**9,837**	307	**9,837**	–
Purchase of property and equipment	**(184,023)**	(139,711)	**(176,401)**	(131,956)
Purchase of intangible assets	**(5,988)**	(2,767)	**(3,288)**	(1,075)
Subscription of shares in a joint venture	**(15,300)**	–	**(15,300)**	–
Repayment of subordinated loan from an associate	**26,528**	–	**26,528**	–
Acquisition of an equity interest in an associate	**(3,135)**	–	–	–
Cash flow arising from Group Reorganisation (Note 58)	–	15,545	–	–
Subordinated loan to an associate	–	(57,453)	–	(57,453)
Net cash generated from/(used in) investing activities	**3,587,407**	(354,184)	**3,151,539**	(201,931)
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of borrowings	**550,000**	1,000,000	–	500,000
Interest payment on borrowings	**(184,981)**	(104,800)	**(133,800)**	(104,800)
Payment of dividend to the equity holders of the Bank	**(7,127)**	–	**(7,127)**	–
Payment of dividend to non-controlling interest	**(35,001)**	(15,000)	–	–
Issuance of new shares	**90,020**	–	**90,020**	–
Exercise of employee stock option incentive scheme	**44,774**	–	–	–
Lease payments	**(37,261)**	–	**(26,169)**	–
Net cash generated from/(used in) financing activities	**420,424**	880,200	**(77,076)**	395,200
Net (decrease)/increase in cash and cash equivalents	**(1,778,516)**	2,034,889	**(372,163)**	250,395
Effects of foreign exchange	**11,727**	(8,540)	**7,235**	(7,236)
Cash and cash equivalents at beginning of the financial year	**6,324,663**	4,298,314	**2,653,725**	2,410,566
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	**4,557,874**	6,324,663	**2,288,797**	2,653,725
Cash and cash equivalents comprise the following:-				
Cash and short-term funds (Note 2)	**4,605,357**	6,331,798	**2,317,369**	2,569,003
Deposits and placements of banks and other financial institutions (Note 3)	–	71,801	**41,368**	113,610
	4,605,357	6,403,599	**2,358,737**	2,682,613
Less:-				
Amount held on behalf of commissioned dealer's representatives (Note 29)	**(47,483)**	(48,537)	–	–
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months	–	(30,399)	**(69,940)**	(28,888)
	4,557,874	6,324,663	**2,288,797**	2,653,725

The accounting policies and notes form an integral part of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the financial year ended 31 December 2019

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

(A) BASIS OF PREPARATION

The financial statements of the Group and the Bank have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRS'), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The financial statements incorporate those activities relating to Islamic banking business which have been undertaken by AFFIN Islamic, a wholly owned subsidiary of the Bank. Islamic banking business refers generally to the acceptance of deposits and granting of financing under the Shariah principles.

The financial statements of the Group and the Bank have been prepared under the historical cost convention, unless otherwise indicated in this summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group and Bank's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note AF.

Standards, amendments to published standards and interpretations that are effective

The Group and the Bank have applied the following standards and amendments for the first time for the financial year beginning on 1 January 2019:-

- MFRS 16 'Leases'
- IC Interpretation 23 'Uncertainty over Income Tax Treatments'
- Amendments to MFRS 128 'Long–term Interests in Associates and Joint Ventures'
- Amendments to MFRS 9 'Prepayment Features with Negative Compensation'
- Annual Improvements to MFRSs 2015 – 2017 Cycle:-
  - Amendments to MFRS 3 'Business Combinations'
  - Amendments to MFRS 11 'Joint Arrangements'
  - Amendments to MFRS 112 'Income Taxes'
  - Amendments to MFRS 123 'Borrowing Costs'

The Group and the Bank have adopted MFRS 16 for the first time in the 2019 financial statements with the date of initial application ('DIA') of 1 January 2019, which resulted in changes in accounting policies. The detailed impact of change in accounting policies are set out in Note (A)(i).

Other than that, the adoption of other amendments noted above did not have any significant impact on the current period or any prior period and is not likely to affect future periods.

(A) BASIS OF PREPARATION

Standards, amendments to published standards and interpretations that are effective (continued)

(i) Change in accounting policies – adoption of MFRS 16 'Leases'

During the financial year, the Group and the Bank have adopted MFRS 16. The Group and the Bank have elected to use simplified retrospective transition method and to apply a number of practical expedients as provided in MFRS 16.

Under the simplified retrospective transition method, the 2018 comparative information was not restated and the cumulative effects of initial application of MFRS 16 where the Group and the Bank are lessees were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2019. The comparative information continued to be reported under the previous accounting policies governed under MFRS 117 'Leases' and IC Interpretation 4 'Determining whether an Arrangement Contains a Lease'.

On adoption of MFRS 16, the Group and the Bank recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of MFRS 117 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 is as follows:-

	%
• within one year	3.83
• within one to two years	3.97
• within two to three years	4.11

The associated Right-of-use ('ROU') assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2018.

For leases previously classified as finance leases, the Group and the Bank recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the ROU assets and the lease liability at the DIA. The measurement principles of MFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related ROU assets immediately after the DIA.

In applying MFRS 16 for the first time, the Group and the Bank have applied the following practical expedients permitted by the standard to leases previously classified as operating leases under MFRS 117:-

- the use of single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the ROU assets at the DIA; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2019

(A) BASIS OF PREPARATION

Standards, amendments to published standards and interpretations that are effective (continued)

(i) Change in accounting policies – adoption of MFRS 16 'Leases' (continued)

As at 1 January 2019, the change in accounting policies has affected the following items:-

- ROU assets and lease liabilities increased by RM70,741,000 (The Group) and RM57,893,000 (The Bank)
- No deferred tax assets/liabilities

No impact on retained earnings on 1 January 2019.

Reconciliation between the MFRS 117 operating lease commitments to MFRS 16

	The Group RM'000	The Bank RM'000
Description		
Operating lease commitments disclosed as at 31 December 2018	35,933	24,768
Discounted using the incremental borrowing rate at the date of initial application	(4,186)	(3,461)
Less: short-term leases recognised on a straight-line basis as expense	(1,027)	–
Less: low-value leases recognised on a straight-line basis as expense	(35)	–
Add: adjustments as a result of a different treatment of extension and termination options	40,056	36,586
ROU assets and lease liabilities as at 1 January 2019	70,741	57,893

Details of specific MFRS 16 accounting policies applied in current period (as well as the previous MFRS 117 accounting policies applied in the comparative period) are described in more details in Note M.

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective

- The MASB has made amendments to MFRS 101 'Presentation of Financial Statements' and MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective 1 January 2020) which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in MFRS 101 about immaterial information.

  In particular, the amendments clarify:-

  – that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information and that an entity assesses materiality in the context of the financial statements as a whole, and

  – the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2019

(A) BASIS OF PREPARATION

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (continued)

- Amendments to MFRS 3 'Definition of a Business' (effective 1 January 2020) revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs.

  The amendments provide guidance to determine whether an input and a substantive process are present, including situation where an acquisition does not have outputs. To be a business without outputs, there will now need to be an organised workforce. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

  In addition, the revised definition of the term 'outputs' is narrower, focuses on goods or services provided to customers, generating investment returns and other income but excludes returns in the form of cost savings.

  The amendments introduce an optional simplified assessment known as 'concentration test' that, if met, eliminates the need for further assessment. Under this concentration test, if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar assets), the assets acquired would not represent a business.

  The amendments shall be applied prospectively.

- The MASB has issued a revised Conceptual Framework (effective 1 January 2020) which will be used in standard–setting decisions with immediate effect. Key changes include:-

  – increasing the prominence of stewardship in the objective of financial reporting;
  – reinstating prudence as a component of neutrality;
  – defining a reporting entity, which may be a legal entity, or a portion of an entity;
  – revising the definitions of an asset and a liability;
  – removing the probability threshold for recognition and adding guidance on derecognition;
  – adding guidance on different measurement basis; and
  – stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

  No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

- The MASB has made limited scope amendments to MFRS 10 'Consolidated Financial Statements' and MFRS 128 'Investments in Associates and Joint Ventures'.

  The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in MFRS 3 'Business Combinations').

  Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.

  None of these is expected to have a significant effect on the financial statements of the Group and the Bank.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2019

(B) CONSOLIDATION

The consolidated financial statements include the financial statements of the Bank, subsidiaries, joint ventures and associates, made up to the end of the financial year.

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on the acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition–date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of the consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The Group applies predecessor accounting to account for business combinations under common control. Under the predecessor accounting, assets and liabilities acquired are not restated to their respective fair values but at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to ensure uniform accounting policies of the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities (as of the date of the transaction) of the acquired entity is recognised as an adjustment to equity. No additional goodwill is recognised.

Inter-company transactions, balances, unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the income statements, statements of comprehensive income, statement of changes in equity and statements of financial position respectively.

(B) CONSOLIDATION

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(iii) Obligation to purchase the subsidiary's shares from non-controlling interest

When there is an obligation to purchase the subsidiary's shares held by non-controlling interest, at initial recognition, a liability is to be recognised with a corresponding reduction to equity (other reserves) in the consolidated financial statements. The financial liability is recognised at the present value of the redemption amount and accreted through finance charges in the income statement over the contract period, up to the final redemption amount. Any adjustments to the redemption amount are recognised as finance charges in the income statement.

In the separate financial statements, subsidiary's shares are other entity's shares and not considered own equity instrument. The contractual obligation to buy the subsidiary's shares from the non-controlling interest meets the definition of financial liability and is accounted as disclosed in Note I.

(iv) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(v) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long–term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2019

(B) CONSOLIDATION

(v) Joint arrangements (continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

(vi) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in profit or loss, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long–term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(B) CONSOLIDATION

(vi) Associates (continued)

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains or losses arising in investments in associates are recognised in the profit or loss.

(C) INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES IN SEPARATE FINANCIAL STATEMENTS

In the Bank's separate financial statements, investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries and joint ventures, the difference between disposal proceeds and carrying amounts of the investments are recognised in profit or loss.

Investment in debt instruments issued by subsidiary companies at amortised cost are measured in accordance with Note H.

(D) INTANGIBLE ASSETS

Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in the profit or loss.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ('CGUs'), or groups of CGUs, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2019

(D) INTANGIBLE ASSETS

Identifiable intangible assets arising from business combination

Identifiable intangible assets arising from business combination are recognised at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. The fair value of intangible assets are generally determined using income approach methodologies such as the discounted cash flow method. Intangible assets with a definite useful life are amortised using the straight-line method over their estimated useful economic life. Intangible assets within an indefinite useful life are not amortised. Generally, the identified intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exist, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount. Intangible assets with indefinite useful life are annually tested for impairment and whether there is an indication that the asset may be impaired

The identifiable intangible assets arising from business combination consist of brand and customer relationship. Brand and customer relationship are amortised over their useful lives in a manner that reflects the pattern to which they contribute to future cash flows as follows:-

Brand	– 3 years
Customer relationship	– 7 years

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group and the Bank are recognised as intangible assets when the following criteria are met:-

(i) it is technically feasible to complete the software product so that it will be available for use;

(ii) management intends to complete the software product and use or sell it;

(iii) there is an ability to use or sell the software product;

(iv) it can be demonstrated how the software product will generate probable future economic benefits;

(v) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and

(vi) the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised from the point at which the asset is ready for use over their estimated useful lives of five years.

(E) IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

(F) RECOGNITION OF INTEREST AND FINANCING INCOME AND EXPENSE

Interest and financing income and expense for all interest/profit-bearing financial instruments are recognised within 'interest income', 'interest expense' and 'income from Islamic banking business' respectively in the income statement using the effective interest/profit method. Interest/profit income from financial assets at FVTPL is recognised as part of net gains and losses on financial instrument.

Interest/profit income is calculated by applying effective interest/profit rate to the gross carrying amount of a financial assets except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest/profit rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance).

(G) RECOGNITION OF FEES AND OTHER INCOME

The Group and the Bank earn fee and commission income from a diverse range of products and services provided to its customers. Fee and commission income are recognised when the Group and the Bank have satisfied its performance obligation in providing the promised products and services to the customer, and are recognised based on contractual rates or amount agreed with customers, and net of expenses directly related to it. The Group and the Bank generally satisfy its performance obligation and recognises the fee and commission income on the following basis:-

- Transaction-based fee and commission income is recognised on the completion of the transaction. Such fees include fees related to the completion of corporate finance transactions, brokerage income, arrangement fees and initial service charges. These fees constitute a single performance obligation.

- For a service that is provided over a period of time, fee and commission income is recognised on equal proportion basis over the period during which the related service is provided or credit risk is undertaken. This basis of recognition most appropriately reflects the nature and pattern of provision of these services to the customers over time. Fees for these services will be billed periodically over time. Such fees include portfolio management fees, financial guarantees fee, agency fees and initial service charges on close ended funds.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2019

(G) RECOGNITION OF FEES AND OTHER INCOME

The Group and the Bank do not provide any significant credit terms to customers for the above products and services.

Directly related expenses typically include brokerage fees paid, card-related expenses and sales commissions, but do not include expenses for services delivered over a period (such as service contracts) and other expenses that are not specifically related to fee and commission income transactions. Other income recognition are as follows:-

(a) Dividends are recognised when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence. Dividends that clearly represent a recovery of part of the cost of investment is recognised in other comprehensive income if it relates to an investment in equity instruments measured at FVOCI.
(b) Net gain or loss from disposal of FVTPL and debt instruments at FVOCI are recognised in profit or loss upon disposal of the securities, as the difference between net disposal proceeds and the carrying amount of the securities.
(c) Other income are recognised on an accrual basis.

(H) FINANCIAL ASSETS

(a) Classifications

The Group and the Bank classify their financial assets in the following measurement categories:-

- those to be measured subsequently at fair value [either through other comprehensive income ('OCI') or through profit or loss]; and
- those to be measured at amortised cost.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on settlement–date, the date on which the Group and the Bank settle the commitment to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Bank have transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group and the Bank measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payments for principal and interest/profit ('SPPI').

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flows characteristics of the asset. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

There are three measurement categories into which the Group and the Bank classify its debt instruments:-

(i) Amortised cost ('AC')

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest/profit income from these financial assets is included in 'interest income' and 'income from Islamic banking business' using the effective interest/profit rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'net gains and losses on financial instruments' together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the income statements.

(H) FINANCIAL ASSETS

(c) Measurement (continued)

Debt instruments (continued)

(ii) Fair value through other comprehensive income ('FVOCI')

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'net gains and losses on financial instruments'. Interest/profit income from these financial assets is included in 'interest income' and 'income from Islamic banking business' using the effective interest/profit rate method. Foreign exchange gains and losses are presented in 'net gains and losses on financial instruments' and impairment expenses are presented as separate line item in the income statement.

(iii) Fair value through profit or loss ('FVTPL')

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Bank may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss and presented net within 'net gains and losses on financial instruments' in the period which it arises.

Business model

The business model reflects how the Group and the Bank manage the assets in order to generate cash flows. That is, whether the Group's and the Bank's objectives are solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (i.e. financial assets at FVTPL purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group and the Bank in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the Group's and the Bank's business model for the mortgage loan book is to hold to collect contractual cash flows with no resulting derecognition by the Group and the Bank. Another example is the liquidity portfolio of assets, which is held by the Group and the Bank as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

SPPI

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group and the Bank assess whether the financial instruments' cash flows represent solely payments of principal and interest/profit (the 'SPPI test'). In making this assessment, the Group and the Bank consider whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2019

(H) FINANCIAL ASSETS

(c) Measurement (continued)

Equity instruments

The Group and the Bank subsequently measure all equity investments at fair value. Where the Group's and the Bank's management have elected to present fair value gains and losses on equity investments in FVOCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Bank's right to receive payments is established.

Changes in the fair value of equity instruments at FVTPL are recognised in 'net gains and losses on financial instruments' in the income statement.

(d) Subsequent measurement – Impairment

Impairment for debt instruments and financial guarantee contracts

The Group and the Bank assess on a forward looking basis the expected credit losses ('ECL') associated with its debt instruments carried at amortised cost and at FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECL represents a probability–weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Bank expect to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group and the Bank expect to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:-

- an unbiased and probability–weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(i) General 3-stage approach

At each reporting date, the Group measures ECL through loss allowance at an amount equal to 12 - Month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. Note 49 sets out the measurement details of ECL. The Group applies 3-stage approach on debt instruments measured at amortised cost and FVOCI, except for those that are under simplified approach, as explained below.

(ii) Simplified approach

The Group and the Bank apply MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables and other assets.

(H) FINANCIAL ASSETS

(d) Subsequent measurement – Impairment (continued)

Significant increase in credit risk

The Group and the Bank consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Bank compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward–looking information.

The following indicators are incorporated:-

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower/issuer's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same debtor;
- significant changes in the value of the collateral supporting the obligation or in the quality of third–party guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a borrower/issuer is more than 30 days or 1 month past due in making a contractual payment.

Definition of default and credit-impaired financial assets

The Group and the Bank define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the mandatory and/or judgmental indicators, which include amongst others, the following criteria:-

(i) Mandatory indicators:-

- failure to make contractual payment within 90 days or 3 months of when they fall due;
- bankruptcy or winding up order issued;
- account turns fraud;
- internal rating deteriorated to default credit grade or worse;
- financial cash flows problems, classified as stressed company with evidence of business failure by Bursa Malaysia;
- collateral coverage ratio falls below 100% (for share margin financing).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2019

(H) FINANCIAL ASSETS

(d) Subsequent measurement – Impairment (continued)

Definition of default and credit-impaired financial assets (continued)

(ii) Judgmental indicators:-

- evidence of three or more judgmental events;
- account is past due or in excess of approved limit but less than or equal to 30 days;
- non compliance with financial covenants imposed and evidence of misuse and diversion of funds or monies;
- weakening in financial statements with sign of over-leveraging, erosion in capital base, deterioration in profitability and cash flows;
- credit deterioration such as adverse change in payment pattern and default in other related accounts;
- legal proceedings that have negative impact to the credit profile;
- sign of operational weakness or disruptions arising from change in company's operations and management activities;
- company/director/management involved in fraudulent activities;
- consistently require margin call or unable to meet margin call (for share margin financing);
- Rescheduled and Restructured ('R&R') with significant increase in credit risk and business operation remained viable post R&R.

The Group and the Bank first assess whether objective evidence of impairment exists for financial assets which are individually significant. If the Group and the Bank determine that objective evidence of impairment exists, i.e. credit impaired, for an individually assessed financial asset, a lifetime ECL will be recognised.

Financial assets which are individually significant but non-impaired and not individually significant are grouped on the basis of similar credit risk characteristics (such as credit quality, instrument type, credit risk ratings, credit utilisation, customer types and other relevant factors) for collective assessment.

Write-off policy

The Group and the Bank write-off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

Indicators that there is no reasonable expectation of recovery include:-

- ceasing enforcement activity; and
- where the Group's and the Bank's recoveries method are foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

(H) FINANCIAL ASSETS

(d) Subsequent measurement – Impairment (continued)

Modification of loans/financing

The Group and the Bank sometime renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group and the Bank assess whether or not the new terms are substantially different to the original terms. The Group and the Bank do this by considering, among others, the following factors:-

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest/profit rate.
- Change in the currency the loan/financing is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan/financing.

If the terms are substantially different, the Group and the Bank derecognise the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest/profit rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group and the Bank also assess whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group and the Bank recalculate the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest/profit rate (or credit–adjusted effective interest/profit rate for purchased or originated credit-impaired financial assets).

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group and the Bank transfer substantially all the risks and rewards of ownership, or (ii) the Group and the Bank neither transfer nor retain substantially all the risks and rewards of ownership and the Group and the Bank have not retained control.

The Group and the Bank enter into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group and the Bank:-

(i) Have no obligation to make payments unless it collects equivalent amounts from the assets;
(ii) Are prohibited from selling or pledging the assets; and
(iii) Have obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Group and the Bank under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group and the Bank retain substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group and the Bank retain a subordinated residual interest/profit.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2019

(H) FINANCIAL ASSETS

(e) Regulatory reserve requirements

Pursuant to BNM Financial Reporting policy dated 27 September 2019, the Group and the Bank must maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of all credit exposures, net of loss allowance for credit-impaired exposures.

(f) Temporary exemption from applying MFRS 9 for an associate and a joint venture

The Group has applied the temporary exemption for AXA AFFIN General Insurance Berhad (associate) and AXA AFFIN Life Insurance Berhad (joint venture) in accordance with MFRS 17 Insurance Contracts as both entities will adopt MFRS 9 together with the adoption of MFRS 4 effective from the reporting period of 1 January 2021.

(I) FINANCIAL LIABILITIES

Financial liabilities are classified and subsequently measured at amortised cost, except for:-

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss; and

- Financial guarantee contracts and loan commitments (see Note J).

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

(J) FINANCIAL GUARANTEE CONTRACTS AND LOAN/FINANCING COMMITMENTS

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Loan/financing commitments provided by the Group and the Bank are measured as the amount of the loss allowance. The Group and the Bank have not provided any commitment to provide loans/financing at a below-market interest/profit rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

(J) FINANCIAL GUARANTEE CONTRACTS AND LOAN/FINANCING COMMITMENTS

For loan/financing commitments and financial guarantee contracts, the loss allowance is recognised as provision. However, for contracts that include both a loan/financing and undrawn commitment and the Group and the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan/financing component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan/financing. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan/financing, the expected credit losses are recognised as a provision.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit losses model under MFRS 9 'Financial Instruments' and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 'Revenue from Contracts with Customers', where appropriate.

(K) OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(L) PROPERTY AND EQUIPMENT AND DEPRECIATION

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Buildings	50 years
Leasehold buildings	50 years or over the remaining lease period, whichever is shorter
Renovation and leasehold premises	5 to 10 years or the period of the lease whichever is greater
Office equipment and furniture	3 to 10 years
Computer equipment and software	5 years
Motor vehicles	5 years

Depreciation on capital work in progress commences when the assets are ready for their intended use.

Residual value and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

At the end of the reporting period, the Group and the Bank assess whether there is any indication of impairment or whenever events or changes in circumstances indicate the carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are recognised within other operating income in the income statement.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2019

(M) LEASES

Accounting policies applied by lessee from 1 January 2019

From 1 January 2019, leases are recognised as ROU assets and a corresponding liability at the date on which the leased asset is available for use by the Group and the Bank (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Bank allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group and the Bank are lessees, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

Lease term

In determining the lease term, the Group and the Bank consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Bank reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Bank and affects whether the Group and the Bank is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

Right-of-use ('ROU') assets

ROU assets are initially measured at cost comprising the following:-

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

If the Group and the Bank is reasonably certain to exercise a purchase option, the ROU assets is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:-

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Viable lease payments depend on index or rate;
- The exercise price of a purchase options if the group is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Bank exercising that option; and
- The amount expected to be payable by the Group and the Bank under residual value guarantees.

(M) LEASES

Accounting policies applied by lessee from 1 January 2019 (continued)

Lease liabilities (continued)

Lease payments are discounted using the interest/profit rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Bank, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU assets in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest/profit on the remaining balance of the liability for each period.

The Group and the Bank present the lease liabilities as a separate line item in the statements of financial position. Interest expense on the lease liability is presented within the interest/profit expense in the income statements.

Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office equipment. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an operating expense in profit or loss.

Accounting policies applied by lessee until 31 December 2018

Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on the straight-line basis over the lease period.

Initial direct costs incurred by the Group and the Bank in negotiating and arranging operating leases are recognised in income statement when incurred.

(N) FOREIGN CURRENCY TRANSLATIONS

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Ringgit Malaysia, which is the Bank's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchanges rate prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year–end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flows or net investment hedge or are attributable to items that form part of the net investment in a foreign operation.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2019

(N) FOREIGN CURRENCY TRANSLATIONS

Transactions and balances (continued)

Changes in the fair value of monetary securities denominated in foreign currency classified as financial investment at FVOCI are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in income statement, and other changes in the carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit and loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as financial investment at FVOCI are included in other comprehensive income.

(O) DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised at fair values on the date on which derivative contracts are entered into and are subsequently remeasured at their fair values at the end of each reporting period. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flows models and option pricing models, as appropriate. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative.

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e the fair value of the consideration given or received) unless fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

As at reporting date, the Group and the Bank have not designated any derivative as hedging instruments.

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

(P) CURRENT AND DEFERRED INCOME TAXES

Current tax

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and branch operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

(P) CURRENT AND DEFERRED INCOME TAXES

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax assets is realised or the deferred tax liability is settled.

Deferred tax liability is recognised for all temporary differences associated with investment in subsidiaries, associates and joint venture except where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future. Generally, the investor or joint venture is unable to control the reversal of the temporary differences for joint ventures. Only where there is an agreement in place that gives the investor or joint venture the ability to control the reversal of the temporary differences, a deferred tax liability is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investment in subsidiaries, associates and joint venture only to the extent that it is probable the temporary differences will reverse in future and there is sufficient taxable profit available against which the deductible temporary differences can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on net basis.

(Q) ZAKAT

Zakat represents business zakat payable by the Group to comply with the principles of Shariah and as approved by the Shariah Committee. The Bank's subsidiary, AFFIN Islamic only pays zakat on its business and does not pay zakat on behalf of depositors. Zakat provision is calculated based on 2.5775% of the prior year's asset growth method.

(R) CASH AND CASH EQUIVALENTS

Cash and short-term funds consists of cash in hand, bank balances and deposits and placements maturing within one month which are held for the purpose of meeting short-term commitments and are readily convertible to known amount of cash without significant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash and short-term funds and deposits and placements with financial institutions, with original maturity 3 months or less.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2019

(S) FORECLOSED PROPERTIES

Foreclosed properties are stated at the lower of their carrying amount and fair value less cost to sell.

(T) CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Group and the Bank do not recognise contingent assets and liabilities other than those arising from business combination, but disclose its existence in the financial statements. A contingent liability is possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank. The Group and the Bank do not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(U) BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable, which are financial liabilities, represent the Bank's own bills and acceptances rediscounted and outstanding in the market (Note I).

(V) PROVISIONS

Provisions are recognised by the Group and the Bank when all of the following conditions have been met:-

- the Group and the Bank have a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources to settle the obligation will be required; and
- a reliable estimate of the amount of obligation can be made.

Where the Group and the Bank expect a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

(W) EMPLOYEE BENEFITS

Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution plan

The defined contribution plan is a pension plan under which the Group pays fixed contributions to the National Pension Scheme, the Employees' Provident Fund ('EPF') and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Group's contribution to defined contribution plans are charged to the income statement in the financial period to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without any possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Share-based payments

The settlement method of the subsidiary's stock option incentive scheme for key employees is dependent on an uncertain future event which is outside the control of the subsidiary or its employees. At each reporting date, the subsidiary assesses the probability of the outcome of the uncertain future event in giving rise to a liability in determining whether the stock option incentive scheme is treated as cash–settled or equity-settled. If obligation to settle in cash exists, the entity accounts for the transaction as a cash–settled share-based payment transaction. If there is no obligation to settle in cash or other assets, the transaction should be treated as an equity-settled share-based payment transaction.

An equity-settled share-based payment plan is where the subsidiary receives services from employees as consideration for equity instruments (stock options) of the subsidiary. The fair value of the stock options granted in exchange for services of the employees are recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the stock options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting date, the subsidiary revises its estimates of the number of stock options that are expected to vest based on the non-market conditions and service conditions. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to stock option reserves in equity.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2019

(W) EMPLOYEE BENEFITS

Share-based payments (continued)

If the terms of an equity-settled share-based payment plan is modified, at a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increase the total fair value of the share-based payment arrangement, or its otherwise beneficial to the employee, as measured at the date of modification.

A cash–settled share-based payment plan is initially recognised at the fair value of the liability at reporting date and is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in liability. The total amount to be expensed over the vesting period is determined by reference to the fair value of the stock options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The subsidiary re-measures the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss. The subsidiary revises its estimate of the number of stock options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to liability.

(X) SALE AND REPURCHASE AGREEMENTS

Securities purchased under resale agreements are securities which the Group and the Bank have purchased with a commitment to resell at future dates. The commitment to resell the securities is reflected as an asset on the statements of financial position.

Conversely, obligations on securities sold under repurchase agreements are securities which the Group and the Bank have sold from its portfolio, with a commitment to repurchase at future dates. Such financing and the obligation to repurchase the securities is reflected as a liability on the statement of financial position.

The difference between sale and repurchase price as well as purchase and resale price are amortised as interest income and interest expense respectively on an effective yield method.

(Y) RESTRICTED INVESTMENT ACCOUNTS ('RIA')

These deposits are used to fund specific financing. The RIA is a contract based on the Shariah concept of Mudharabah between two parties, i.e. investor and entrepreneur to finance a business venture where the investor provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture will be shared–based on pre-agreed ratios with the Bank as Mudarib (manager or manager of funds), and losses shall be borne solely by capital provider.

(Z) SHARE CAPITAL

Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the substance of the contractual agreement of the particular instrument.

Share issue costs

Incremental costs directly attributable to the issue of new shares or options are deducted against share premium account.

(Z) SHARE CAPITAL

Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument are recognised directly in equity.

In declaring dividend, DRP is offered to the Shareholders. Where the Electable Portion is not reinvested by the Shareholders, the remaining portion of the dividend will be paid in cash.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:-

- the profit attributable to owners of the Bank, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:-

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(AA) BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest/profit method.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(AB) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is the person or group that allocates resources to and assess the performance of the operating segments of an entity. The Group has determined the Group Chief Executive Officer ('CEO') of the respective operating segments as its chief operating decision-maker.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2019

(AC) TRUST ACTIVITIES

The Group act as trustees in other fiduciary capabilities that result in holding or placing of assets on behalf of individuals, trust and other institutions. These assets and income arising thereon are excluded from the financial statements, as they are not assets of the Group.

(AD) TRADE RECEIVABLES

In accordance with the Rules of Bursa Malaysia, clients' accounts are classified as impaired accounts under the following circumstances:-

Types	Criteria for classification of accounts as impaired
Contra losses	When an account remains outstanding for 16 calendar days or more from the date of contra transaction.
Overdue purchase contract	When an account remains outstanding from T+5 market days onwards (non-margin purchase) and T+9 market days onwards discretionary financing.

Bad debts are written-off when identified. Impairment allowances are made based on simplified approach (see Note H) for balances due from clients which are considered doubtful or which have been classified as impaired, after taking into consideration collateral held by the Group and deposits of and amounts due to dealer representative in accordance with the Rules of Bursa Malaysia.

(AE) COMMODITY GOLD

Commodity comprises gold bullion and is designated at fair value through profit or loss upon initial recognition. The commodity is recognised when the commodity is received into the vault of the Custodian.

The fair value of gold bullion as at the reporting date is determined by reference to prices published by the London Bullion Market Association ('LBMA'). Differences arising from changes in gold prices are recorded in profit or loss.

The commodity is de–recognised when the risks and rewards of ownership have been substantially transferred.

(AF) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's and the Bank's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

(AF) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Measurement of the expected credit losses ('ECL') allowance

The measurement of the expected credit losses allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (i.e. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 49, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:-

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward–looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Estimated impairment of goodwill

The Group performs an impairment review on an annual basis to ensure that the carrying value of the goodwill does not exceed its recoverable amounts from cash generating units to which the goodwill is allocated. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercise judgment in estimating the future cash flows, growth rate and discount rate.

The recoverable amounts of the cash generating units to which goodwill are allocated were determined based on discounted cash flows valuation model. The calculations require the use of estimates as set out in Note 22 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

1 GENERAL INFORMATION

There have been no significant changes in the principal activities of the Group and the Bank during the financial year.

The Bank is principally engaged in all aspects of banking and related financial services. The principal activities of the Bank's subsidiaries are commercial banking and hire purchase business, Islamic banking business, investment banking and stock-broking, money-broking, fund and asset management, property management services, nominee and trustee services. The principal activities of the joint ventures are underwriting of life insurance business and property development while the associates are principally engaged in general insurance business and investment holding.

The holding corporate body is Lembaga Tabung Angkatan Tentera, a statutory body incorporated under the Tabung Angkatan Tentera Act, 1973.

The Bank is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia as at 31 December 2019.

2 CASH AND SHORT-TERM FUNDS

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances with banks and other financial institutions	**1,057,541**	948,692	**494,922**	472,229
Money at call and deposit placements maturing within one month	**3,547,839**	5,383,165	**1,822,482**	2,096,841
Less: Expected credit losses	**(23)**	(59)	**(35)**	(67)
	4,605,357	6,331,798	**2,317,369**	2,569,003

The cash and short-term funds is inclusive of remisiers' trust monies of RM47,483,000 (2018: RM48,537,000).

3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Licensed banks	–	65,948	**41,385**	107,768
Licensed investment banks	–	5,855	–	5,855
Less: Expected credit losses	–	(2)	**(17)**	(13)
	–	71,801	**41,368**	113,610

4 INVESTMENT ACCOUNTS DUE FROM DESIGNATED FINANCIAL INSTITUTIONS

	The Bank	
	2019 RM'000	2018 RM'000
Licensed banks	**1,912,516**	2,366,784
Less: Expected credit losses	**(101)**	(73)
	1,912,415	2,366,711

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ('FVTPL')

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At fair value				
Money market instruments:-				
Malaysian Government securities	**–**	50,387	**–**	–
Malaysian Government investment issues	**137,242**	10,115	**–**	–
Negotiable Instruments of Deposit	**60,977**	264,667	**60,977**	254,660
	198,219	325,169	**60,977**	254,660
Quoted securities:-				
Exchange traded fund	**5,006**	–	**–**	–
Shares, warrants and REITs in Malaysia	**49,478**	21,531	**–**	–
Shares, warrants and REITs outside Malaysia	**35,101**	–	**–**	–
Unit Trusts in Malaysia	**231,777**	120,143	**–**	–
	321,362	141,674	**–**	–
Unquoted securities:-				
Shares in Malaysia	**94,207**	88,928	**94,207**	88,928
Corporate bonds/Sukuk in Malaysia	**21,857**	34,415	**15,032**	30,050
Corporate bonds/Sukuk outside Malaysia	**26,487**	16,276	**–**	–
	142,551	139,619	**109,239**	118,978
	662,132	606,462	**170,216**	373,638

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2019

6 DERIVATIVE FINANCIAL ASSETS

	The Group 2019		The Group 2018	
	Contract/ Notional amount RM'000	Assets RM'000	Contract/ Notional amount RM'000	Assets RM'000
At fair value				
Foreign exchange derivatives:-				
– Currency forwards	**505,367**	**10,419**	1,582,572	26,980
– Cross currency swaps	**4,724,700**	**87,448**	2,840,411	24,117
– Currency swaps	**1,688,734**	**28,504**	982,612	14,998
Interest rate derivatives:-				
– Interest rate swaps	**1,995,000**	**38,497**	2,391,000	22,710
	8,913,801	**164,868**	7,796,595	88,805

	The Bank 2019		The Bank 2018	
	Contract/ Notional amount RM'000	Assets RM'000	Contract/ Notional amount RM'000	Assets RM'000
At fair value				
Foreign exchange derivatives:-				
– Currency forwards	**143,656**	**1,279**	828,905	14,436
– Cross currency swaps	**5,032,355**	**93,790**	3,337,872	28,228
Interest rate derivatives:-				
– Interest rate swaps	**695,000**	**23,156**	1,171,000	19,167
	5,871,011	**118,225**	5,337,777	61,831

7 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI')

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At fair value				
Money market instruments:-				
Malaysian Government treasury bills	**–**	79,728	**–**	–
Malaysian Government securities	**731,623**	726,620	**182,017**	479,538
Malaysian Government investment issues	**2,948,863**	2,026,362	**989,435**	644,531
Cagamas Bonds/Sukuk	**25,965**	228,728	**–**	121,661
Sukuk Perumahan Kerajaan	**–**	320,790	**–**	230,042
Negotiable Instruments of Deposit and Islamic Debt Certificates	**7,073**	649,090	**1,016,287**	1,658,485
Khazanah Bonds/Sukuk	**309,411**	401,634	**256,336**	238,462
	4,022,935	4,432,952	**2,444,075**	3,372,719
Quoted securities:-				
REITs in Malaysia *	**–**	18,406	**–**	–
REITs outside Malaysia *	**–**	41,126	**–**	–
Unquoted securities:-				
Shares in Malaysia *	**180,881**	171,383	**157,818**	149,501
Corporate bonds/Sukuk in Malaysia #	**8,031,818**	10,267,617	**3,638,627**	5,343,312
Corporate bonds/Sukuk outside Malaysia	**261,212**	430,274	**133,324**	278,975
	12,496,846	15,361,758	**6,373,844**	9,144,507

Included in the Group's financial investments at FVOCI are corporate bonds/sukuk amounting to RM Nil in 2019 (2018: RM148.9 million) which are pledged as collateral for obligation on the securities sold under repurchase agreements.

* Equity securities designated at FVOCI.
\# Certain unquoted perpetual bonds are designated at FVOCI.

7 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI')

Debt instruments at FVOCI

Movement in allowances for impairment which reflect the ECL model on impairment are as follows:-

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Group				
2019				
At beginning of the financial year	**5,307**	**39**	**17,515**	**22,861**
Total transfer between stages due to change in credit risk:-	**(34)**	**34**	**–**	**–**
– Transfer to Lifetime ECL not credit impaired (Stage 2)	**(34)**	**34**	**–**	**–**
Financial assets derecognised (other than write-offs)	**(1,948)**	**–**	**(7,073)**	**(9,021)**
New financial assets originated or purchased	**566**	**–**	**–**	**566**
Changes due to change in credit risk	**464**	**550**	**1,724**	**2,738**
Changes in models/risk parameters	**35**	**(29)**	**–**	**6**
Other adjustments				
– Foreign exchange and other movements	**(2)**	**1**	**–**	**(1)**
At end of the financial year	**4,388**	**595**	**12,166**	**17,149**

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Group				
2018				
At beginning of the financial year	4,525	4,180	–	8,705
Total transfer between stages due to change in credit risk:-	(22)	(4,072)	4,094	–
– Transfer to Lifetime ECL not credit impaired (Stage 2)	(22)	22	–	–
– Transfer to Lifetime ECL credit impaired (Stage 3)	–	(4,094)	4,094	–
Financial assets derecognised (other than write-offs)	(1,334)	–	–	(1,334)
New financial assets originated or purchased	2,011	–	–	2,011
Changes due to change in credit risk	127	(79)	13,421	13,469
Other adjustments				
– Foreign exchange and other movements	–	10	–	10
At end of the financial year	5,307	39	17,515	22,861

7 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI')

Movement in allowances for impairment which reflect the ECL model on impairment are as follows:- (continued)

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
2019				
At beginning of the financial year	**5,399**	**–**	**–**	**5,399**
Total transfer between stages due to change in credit risk:-	**(34)**	**34**	**–**	**–**
– Transfer to Lifetime ECL not credit impaired (Stage 2)	**(34)**	**34**	**–**	**–**
Financial assets derecognised (other than write-offs)	**(1,421)**	**–**	**–**	**(1,421)**
New financial assets originated or purchased	**292**	**–**	**–**	**292**
Changes due to change in credit risk	**(684)**	**550**	**–**	**(134)**
Changes in models/risk parameters	**57**	**(27)**	**–**	**30**
Other adjustments				
– Foreign exchange and other movements	**(2)**	**–**	**–**	**(2)**
At end of the financial year	**3,607**	**557**	**–**	**4,164**

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
2018				
At beginning of the financial year	3,398	–	–	3,398
Financial assets derecognised (other than write-offs)	(682)	–	–	(682)
New financial assets originated or purchased	2,754	–	–	2,754
Changes due to change in credit risk	(70)	–	–	(70)
Other adjustments				
– Foreign exchange and other movements	(1)	–	–	(1)
At end of the financial year	5,399	–	–	5,399

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7 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI')

Movement in the gross carrying amount of financial investment at FVOCI that contributed to changes in the ECL:-

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Group				
2019				
At beginning of the financial year	**14,949,190**	**73,595**	**26,540**	**15,049,325**
Total transfer between stages due to change in credit risk:-	**(14,949)**	**14,949**	**–**	**–**
– Transfer to Lifetime ECL not credit impaired (Stage 2)	**(14,949)**	**14,949**	**–**	**–**
Financial assets derecognised (other than write-offs)	**(15,474,115)**	**(15,439)**	**(27,906)**	**(15,517,460)**
New financial assets originated or purchased	**12,617,136**	**–**	**–**	**12,617,136**
Changes in interest/income accrual	**(33,181)**	**(479)**	**(480)**	**(34,140)**
Other adjustments				
– Foreign exchange and other movements	**(3,755)**	**–**	**(127)**	**(3,882)**
– Changes in fair value	**147,480**	**61**	**6,489**	**154,030**
At end of the financial year	**12,187,806**	**72,687**	**4,516**	**12,265,009**

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Group				
2018				
At beginning of the financial year	13,927,017	103,914	–	14,030,931
Total transfer between stages due to change in credit risk:-	(2,053)	(40,178)	42,231	–
– Transfer to 12-month ECL (Stage 1)	10,213	(10,213)	–	–
– Transfer to Lifetime ECL not credit impaired (Stage 2)	(12,266)	12,266	–	–
– Transfer to Lifetime ECL credit impaired (Stage 3)	–	(42,231)	42,231	–
Financial assets derecognised (other than write-offs)	(7,683,934)	–	(1,660)	(7,685,594)
New financial assets originated or purchased	8,637,375	–	–	8,637,375
Changes in interest/income accrual	29,147	(902)	39	28,284
Other adjustments				
– Foreign exchange and other movements	(2,393)	–	69	(2,324)
– Changes in fair value	44,031	10,761	(14,139)	40,653
At end of the financial year	14,949,190	73,595	26,540	15,049,325

7 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI')

Movement in the gross carrying amount of financial investment at FVOCI that contributed to changes in the ECL:- (continued)

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Bank				
2019				
At beginning of the financial year	**8,995,006**	**–**	**–**	**8,995,006**
Total transfer between stages due to change in credit risk:-	**(14,949)**	**14,949**	**–**	**–**
– Transfer to Lifetime ECL not credit impaired (Stage 2)	**(14,949)**	**14,949**	**–**	**–**
Financial assets derecognised (other than write-offs)	**(7,423,251)**	**–**	**–**	**(7,423,251)**
New financial assets originated or purchased	**4,632,067**	**–**	**–**	**4,632,067**
Changes in interest/income accrual	**(22,788)**	**181**	**–**	**(22,607)**
Other adjustments				
– Foreign exchange and other movements	**(3,743)**	**–**	**–**	**(3,743)**
– Changes in fair value	**38,902**	**(348)**	**–**	**38,554**
At end of the financial year	**6,201,244**	**14,782**	**–**	**6,216,026**

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Bank				
2018				
At beginning of the financial year	8,228,576	–	–	8,228,576
Financial assets derecognised (other than write-offs)	(5,485,640)	–	–	(5,485,640)
New financial assets originated or purchased	6,218,632	–	–	6,218,632
Changes in interest/income accrual	12,367	–	–	12,367
Other adjustments				
– Foreign exchange and other movements	(2,150)	–	–	(2,150)
– Changes in fair value	23,221	–	–	23,221
At end of the financial year	8,995,006	–	–	8,995,006

7 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI')

Equity instruments designated at FVOCI

The Group and the Bank designated certain equity instruments at FVOCI, which include equity instruments made for strategic and socio-economic purpose rather than with a view to perform subsequent sale.

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Quoted securities:-				
Al–Aqar Healthcare REIT	**–**	631	**–**	–
AM First Real Estate Investment Trust	**–**	4,788	**–**	–
Hektar Real Estate Investment Trust	**–**	2,175	**–**	–
YTL Hospitality REIT	**–**	10,812	**–**	–
RHT Health Trust	**–**	3,203	**–**	–
Cache Logistics Trust	**–**	7,001	**–**	–
Mapletree North Asia Commercial Trust	**–**	11,770	**–**	–
AIMS AMP Capital Industrial REIT	**–**	5,893	**–**	–
First REIT	**–**	4,173	**–**	–
Capitaretail China Trust	**–**	9,086	**–**	–
	–	59,532	**–**	–
Unquoted securities:-				
Corporate bonds – perpetual bonds:-				
Mah Sing Group Berhad	**50,956**	51,032	**–**	–
Aeon Credit Services (M) Bhd	**–**	30,486	**–**	–
Shares in Malaysia:-				
Credit Guarantee Corporation	**35,249**	38,668	**35,249**	38,668
Cagamas Berhad	**19,410**	18,314	**–**	–
PayNet	**35,874**	24,238	**35,874**	24,238
TPPT Sdn Bhd	**81,419**	80,997	**81,419**	80,997
RAM Holdings Berhad	**7,098**	6,828	**4,621**	4,448
Malaysian Rating Corporation Berhad	**1,115**	1,127	**–**	–
Others *	**716**	1,211	**655**	1,150
	231,837	252,901	**157,818**	149,501
	231,837	312,433	**157,818**	149,501

* Other socio-economic

During the financial year, due to change in investment strategy, AFFIN Hwang Investment Bank Berhad had disposed all quoted equity instruments at a value amounting to RM64.4 million of which the total realised loss of RM3.3 million have been reclassified from FVOCI revaluation reserves to retained profits during the financial year. There was also a redemption of unquoted equity investments at value amounting to RM30.0 million.

8 FINANCIAL INVESTMENTS AT AMORTISED COST ('AC')

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At amortised cost				
Unquoted securities:-				
Corporate bonds/Sukuk in Malaysia	**141,119**	160,550	**100,622**	120,053
Loan stock in Malaysia	**15,000**	15,000	**–**	–
	156,119	175,550	**100,622**	120,053
Less: Expected credit losses	**(11,053)**	(12,523)	**(123)**	(5,407)
	145,066	163,027	**100,499**	114,646

Movement in expected credit losses for financial investment at AC

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Group				
2019				
At beginning of the financial year	**578**	**–**	**11,945**	**12,523**
Changes due to change in credit risk	**(323)**	**–**	**3,830**	**3,507**
Changes in models/risk parameters	**18**	**–**	**–**	**18**
Write-offs	**–**	**–**	**(4,995)**	**(4,995)**
At end of the financial year	**273**	**–**	**10,780**	**11,053**

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Group				
2018				
At beginning of the financial year	819	–	10,487	11,306
Financial assets derecognised (other than write-offs)	(487)	–	–	(487)
New financial assets originated or purchased	487	–	–	487
Changes due to change in credit risk	(241)	–	1,458	1,217
At end of the financial year	578	–	11,945	12,523

8 FINANCIAL INVESTMENTS AT AMORTISED COST ('AC')

Movement in expected credit losses for financial investment at AC (continued)

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
2019				
At beginning of the financial year	**412**	**–**	**4,995**	**5,407**
Changes due to change in credit risk	**(302)**	**–**	**–**	**(302)**
Changes in models/risk parameters	**13**	**–**	**–**	**13**
Write-offs	**–**	**–**	**(4,995)**	**(4,995)**
At end of the financial year	**123**	**–**	**–**	**123**

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
2018				
At beginning of the financial year	584	–	3,537	4,121
Changes due to change in credit risk	(172)	–	1,458	1,286
At end of the financial year	412	–	4,995	5,407

8 FINANCIAL INVESTMENTS AT AMORTISED COST ('AC')

Movement in the gross carrying amount of financial investment at AC that contributed to changes in the ECL:-

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Group				
2019				
At beginning of the financial year	**141,111**	**–**	**34,439**	**175,550**
Financial assets derecognised (other than write-offs)	**–**	**–**	**(14,444)**	**(14,444)**
Changes in interest/income accrual	**8**	**–**	**–**	**8**
Write-offs	**–**	**–**	**(4,995)**	**(4,995)**
At end of the financial year	**141,119**	**–**	**15,000**	**156,119**

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Group				
2018				
At beginning of the financial year	141,143	–	38,480	179,623
Financial assets derecognised (other than write-offs)	(200,034)	–	(4,000)	(204,034)
New financial assets originated or purchased	200,018	–	–	200,018
Changes in interest/income accrual	(16)	–	(41)	(57)
At end of the financial year	141,111	–	34,439	175,550

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Bank				
2019				
At beginning of the financial year	**100,614**	**–**	**19,439**	**120,053**
Financial assets derecognised (other than write-offs)	**–**	**–**	**(14,444)**	**(14,444)**
Changes in interest/income accrual	**8**	**–**	**–**	**8**
Write-offs	**–**	**–**	**(4,995)**	**(4,995)**
At end of the financial year	**100,622**	**–**	**–**	**100,622**

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Bank				
2018				
At beginning of the financial year	100,630	–	23,439	124,069
Financial assets derecognised (other than write-offs)	–	–	(4,000)	(4,000)
Changes in interest/income accrual	(16)	–	–	(16)
At end of the financial year	100,614	–	19,439	120,053

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2019

9 LOANS, ADVANCES AND FINANCING

(i) By type

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Overdrafts	**1,855,094**	1,874,549	**1,385,715**	1,500,470
Term loans/financing				
– Housing loans/financing	**11,708,126**	10,562,367	**4,356,953**	4,128,165
– Hire purchase receivables	**10,649,579**	12,470,551	**6,829,179**	8,226,889
– Syndicated financing	**1,526,987**	1,826,729	**630,179**	897,168
– Business term loans/financing	**12,968,923**	14,806,235	**8,083,567**	9,214,982
– Other term loans/financing	**341,452**	643,887	**–**	–
Bills receivables	**118,753**	67,569	**107,085**	62,418
Trust receipts	**172,125**	219,522	**141,893**	203,193
Claims on customers under acceptances credits	**1,766,513**	1,508,583	**1,319,027**	1,156,149
Staff loans/financing (of which RM Nil to Directors)	**191,604**	173,261	**122,788**	125,543
Credit cards	**178,991**	144,065	**148,162**	132,657
Revolving credits	**3,971,565**	4,335,508	**2,980,764**	3,289,095
Margin financing	**503,486**	336,644	**–**	–
Factoring	**8,696**	3,334	**8,696**	3,334
Gross loans, advances and financing	**45,961,894**	48,972,804	**26,114,008**	28,940,063
Less: Expected credit losses	**(574,029)**	(580,792)	**(383,949)**	(441,914)
Total net loans, advances and financing	**45,387,865**	48,392,012	**25,730,059**	28,498,149

Included in the Group's business term loans/financing as at reporting date is RM53.7 million (2018: RM53.7 million) of term financing disbursed by AFFIN Islamic to joint venture AFFIN-i Nadayu Sdn Bhd.

(ii) By maturity structure

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'0w00	2018 RM'000
Maturing within one year	**9,265,484**	9,644,235	**6,422,116**	6,732,081
One year to three years	**3,899,297**	4,404,240	**3,062,584**	3,357,228
Three years to five years	**6,424,181**	6,473,231	**4,521,683**	4,933,303
Over five years	**26,372,932**	28,451,098	**12,107,625**	13,917,451
	45,961,894	48,972,804	**26,114,008**	28,940,063

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

(iii) By type of customer

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Domestic banking institutions	–	330	–	330
Domestic non-banking institutions				
– Others	**527,411**	669,959	**445,100**	457,191
Domestic business enterprises				
– Small medium enterprises	**7,704,132**	9,105,395	**5,696,493**	7,000,688
– Others	**13,796,119**	14,837,156	**8,953,138**	9,600,947
Government and statutory bodies	**797,185**	1,140,619	**31,018**	76,472
Individuals	**22,544,174**	22,600,736	**10,731,724**	11,594,485
Other domestic entities	**1,324**	2,333	**533**	1,113
Foreign entities	**591,549**	616,276	**256,002**	208,837
	45,961,894	48,972,804	**26,114,008**	28,940,063

(iv) By interest/profit rate sensitivity

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fixed rate				
– Housing loans/financing	**339,073**	357,863	**292,374**	309,886
– Hire purchase receivables	**10,652,049**	12,473,377	**6,829,178**	8,226,889
– Other fixed rate loans/financing	**2,106,359**	2,887,471	**751,957**	1,357,723
Variable rate				
– BLR and BR	**23,258,002**	22,183,810	**11,544,901**	11,796,822
– Cost plus	**9,570,276**	10,961,346	**6,695,598**	7,248,743
– Other variable rate	**36,135**	108,937	**–**	–
	45,961,894	48,972,804	**26,114,008**	28,940,063

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9 LOANS, ADVANCES AND FINANCING

(v) By economic sectors

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Primary agriculture	**1,577,980**	1,602,401	**590,752**	627,262
Mining and quarrying	**339,360**	432,848	**42,254**	108,752
Manufacturing	**2,539,605**	2,789,571	**1,832,096**	1,913,017
Electricity, gas and water supply	**562,189**	670,798	**156,068**	141,971
Construction	**2,012,826**	2,204,057	**1,354,803**	1,547,936
Real estate	**6,653,855**	7,878,494	**4,423,255**	5,694,222
Wholesale, retail trade, hotels and restaurants	**3,402,916**	3,484,431	**2,795,481**	2,806,868
Transport, storage and communication	**1,721,650**	1,765,261	**1,316,332**	1,342,780
Finance, insurance and business services	**2,227,531**	2,549,744	**1,797,562**	1,930,638
Education, health and others	**2,199,982**	2,853,306	**997,278**	1,149,443
Household	**22,677,326**	22,740,086	**10,808,127**	11,675,555
Others	**46,674**	1,807	**–**	1,619
	45,961,894	48,972,804	**26,114,008**	28,940,063

(vi) By economic purpose

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Purchase of securities	**1,512,781**	1,615,833	**612,250**	763,647
Purchase of transport vehicles	**11,161,312**	12,799,056	**7,247,930**	8,457,093
Purchase of landed property of which:-				
– Residential	**11,502,926**	10,435,105	**4,006,366**	3,862,137
– Non-residential	**6,339,626**	6,654,767	**4,041,513**	4,399,872
Fixed assets other than land and building	**334,695**	343,047	**247,367**	207,634
Personal use	**833,904**	776,714	**742,358**	712,097
Credit card	**178,991**	144,065	**148,162**	132,657
Consumer durable	**108**	310	**105**	263
Construction	**2,706,006**	3,459,827	**1,506,381**	2,172,802
Merger and acquisition	**64,054**	76,571	**64,054**	76,571
Working capital	**10,277,342**	11,354,983	**7,082,634**	7,678,538
Others	**1,050,149**	1,312,526	**414,888**	476,752
	45,961,894	48,972,804	**26,114,008**	28,940,063

9 LOANS, ADVANCES AND FINANCING

(vii) By geographical distribution

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Perlis	**216,197**	214,640	**18,817**	21,659
Kedah	**1,363,555**	1,547,761	**557,738**	765,727
Pulau Pinang	**2,545,147**	2,687,196	**1,639,084**	1,872,124
Perak	**1,517,296**	1,714,148	**932,493**	934,576
Selangor	**13,973,439**	14,810,884	**7,549,256**	8,518,433
Wilayah Persekutuan	**10,982,619**	12,290,647	**6,448,886**	7,402,196
Negeri Sembilan	**1,524,855**	1,501,126	**575,543**	598,463
Melaka	**879,939**	997,552	**606,936**	711,373
Johor	**5,869,188**	5,961,598	**3,456,325**	3,527,873
Pahang	**1,396,971**	1,337,285	**747,361**	736,399
Terengganu	**941,221**	932,494	**418,330**	436,746
Kelantan	**262,813**	250,314	**58,249**	65,086
Sarawak	**2,201,225**	2,304,544	**1,662,405**	1,784,917
Sabah	**2,062,110**	2,246,427	**1,314,711**	1,500,876
Labuan	**43,890**	45,759	**16,239**	3,763
Outside Malaysia	**181,429**	130,429	**111,635**	59,852
	45,961,894	48,972,804	**26,114,008**	28,940,063

(viii) Movements of impaired loans/financing

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At beginning of the financial year	**1,589,897**	1,165,880	**978,218**	958,254
Classified as impaired	**791,557**	1,340,576	**434,820**	765,110
Reclassified as non-impaired	**(747,009)**	(629,919)	**(551,848)**	(512,689)
Amount written-back	**(168,790)**	(208,680)	**(121,876)**	(172,774)
Amount written-off	**(86,503)**	(77,960)	**(66,256)**	(59,683)
At end of the financial year	**1,379,152**	1,589,897	**673,058**	978,218
Ratio of gross impaired loans, advances and financing to gross loans, advances and financing *	**3.00%**	3.25%	**3.08%**	3.75%

* For the Bank, Restricted Investment Accounts included in the ratio calculation amounting to RM1,919.3 million (2018: RM2,369.7 million) with impaired financing amounting to RM191.3 million (2018: RM195.3 million).

The Group and the Bank may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written-off during the year amounting to RM86,503,000 (2018: RM77,960,000) for the Group and RM66,256,000 (2018: RM59,683,000) for the Bank respectively. The Group and the Bank still seek to recover amounts that is legally owed in full, but which have been partially written-off due to no reasonable expectation of full recovery.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2019

9 LOANS, ADVANCES AND FINANCING

(ix) Impaired loans by economic sectors

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Primary agriculture	**16,082**	14,165	**16,041**	14,165
Mining and quarrying	**7,896**	14,738	**5,315**	12,157
Manufacturing	**90,844**	84,989	**13,248**	22,250
Electricity, gas and water supply	**105**	–	**58**	–
Construction	**164,948**	121,166	**119,790**	72,675
Real estate	**343,127**	363,440	**56,048**	39,975
Wholesale, retail trade, hotels and restaurants	**40,012**	53,427	**38,195**	47,558
Transport, storage and communication	**170,710**	418,564	**85,055**	418,149
Finance, insurance and business services	**63,845**	72,910	**62,806**	58,683
Education, health and others	**84,024**	86,122	**63,180**	64,905
Household	**397,559**	360,376	**213,322**	227,701
	1,379,152	1,589,897	**673,058**	978,218

(x) Impaired loans by economic purpose

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Purchase of securities	**90**	65	**51**	58
Purchase of transport vehicles	**60,975**	233,957	**42,355**	208,161
Purchase of landed property of which:-				
– Residential	**340,382**	252,180	**174,198**	137,110
– Non-residential	**317,923**	306,676	**102,381**	83,017
Fixed assets other than land and building	**3,692**	497	**3,692**	435
Personal use	**17,589**	19,384	**16,387**	18,400
Credit card	**878**	1,025	**615**	1,012
Consumer durable	**–**	10	**–**	10
Construction	**287,934**	445,679	**166,321**	316,912
Working capital	**330,709**	317,693	**162,201**	208,040
Others	**18,980**	12,731	**4,857**	5,063
	1,379,152	1,589,897	**673,058**	978,218

9 LOANS, ADVANCES AND FINANCING

(xi) Impaired loans by geographical distribution

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Perlis	**2,997**	2,677	**455**	542
Kedah	**126,192**	56,420	**118,113**	49,500
Pulau Pinang	**38,602**	37,318	**30,558**	34,043
Perak	**178,887**	101,432	**75,901**	73,703
Selangor	**284,131**	249,607	**146,530**	158,944
Wilayah Persekutuan	**342,922**	407,353	**56,026**	78,447
Negeri Sembilan	**81,863**	82,395	**65,086**	68,712
Melaka	**13,990**	18,594	**9,096**	16,411
Johor	**49,416**	45,830	**29,505**	32,849
Pahang	**34,616**	21,520	**32,086**	20,364
Terengganu	**69,522**	397,855	**64,856**	392,516
Kelantan	**6,149**	7,961	**3,782**	5,393
Sarawak	**56,628**	59,103	**19,502**	22,388
Sabah	**23,461**	31,266	**21,562**	24,406
Outside Malaysia	**69,776**	70,566	**–**	–
	1,379,152	1,589,897	**673,058**	978,218

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2019

9 LOANS, ADVANCES AND FINANCING

(xii) Movement in expected credit losses for loans, advances and financing

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Group				
2019				
At beginning of the financial year	**194,335**	**47,629**	**338,828**	**580,792**
Total transfer between stages due to change in credit risk:-	**48,598**	**116,925**	**(165,523)**	**–**
– Transfer to 12-month ECL (Stage 1)	**63,693**	**(59,983)**	**(3,710)**	**–**
– Transfer to Lifetime ECL not credit impaired (Stage 2)	**(14,568)**	**184,880**	**(170,312)**	**–**
– Transfer to Lifetime ECL credit impaired (Stage 3)	**(527)**	**(7,972)**	**8,499**	**–**
Loans/financing derecognised (other than write-offs)	**(72,944)**	**(7,915)**	**(83,106)**	**(163,965)**
New loans/financing originated or purchased	**60,887**	**2,757**	**83,701**	**147,345**
Changes due to change in credit risk	**(99,360)**	**(67,430)**	**242,858**	**76,068**
Changes in models/risk parameters	**7,810**	**2,393**	**9,005**	**19,208**
Write-offs	**–**	**–**	**(82,488)**	**(82,488)**
Other adjustments	**–**	**–**	**(2,931)**	**(2,931)**
At end of the financial year	**139,326**	**94,359**	**340,344**	**574,029**

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Group				
2018				
At beginning of the financial year	229,571	111,656	232,863	574,090
Total transfer between stages due to change in credit risk:-	79,520	(29,368)	(50,152)	–
– Transfer to 12-month ECL (Stage 1)	112,223	(107,863)	(4,360)	–
– Transfer to Lifetime ECL not credit impaired (Stage 2)	(28,409)	131,537	(103,128)	–
– Transfer to Lifetime ECL credit impaired (Stage 3)	(4,294)	(53,042)	57,336	–
Loans/financing derecognised (other than write-offs)	(80,832)	(16,547)	(3,376)	(100,755)
New loans/financing originated or purchased	92,354	5,117	1,144	98,615
Changes due to change in credit risk	(126,278)	(23,229)	243,853	94,346
Write-offs	–	–	(75,973)	(75,973)
Other adjustments	–	–	(9,531)	(9,531)
At end of the financial year	194,335	47,629	338,828	580,792

9 LOANS, ADVANCES AND FINANCING

(xii) Movement in expected credit losses for loans, advances and financing (continued)

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
2019				
At beginning of the financial year	**139,978**	**36,542**	**265,394**	**441,914**
Total transfer between stages due to change in credit risk:-	**42,553**	**91,485**	**(134,038)**	**–**
– Transfer to 12-month ECL (Stage 1)	**54,559**	**(52,603)**	**(1,956)**	**–**
– Transfer to Lifetime ECL not credit impaired (Stage 2)	**(11,567)**	**148,555**	**(136,988)**	**–**
– Transfer to Lifetime ECL credit impaired (Stage 3)	**(439)**	**(4,467)**	**4,906**	**–**
Loans/financing derecognised (other than write-offs)	**(41,139)**	**(5,050)**	**(81,197)**	**(127,386)**
New loans/financing originated or purchased	**30,624**	**1,055**	**73,020**	**104,699**
Changes due to change in credit risk	**(88,182)**	**(48,263)**	**160,854**	**24,409**
Changes in models/risk parameters	**2,442**	**743**	**2,200**	**5,385**
Write-offs	**–**	**–**	**(62,994)**	**(62,994)**
Other adjustments	**–**	**–**	**(2,078)**	**(2,078)**
At end of the financial year	**86,276**	**76,512**	**221,161**	**383,949**

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
2018				
At beginning of the financial year	169,286	99,906	174,519	443,711
Total transfer between stages due to change in credit risk:-	71,847	(30,424)	(41,423)	–
– Transfer to 12-month ECL (Stage 1)	98,866	(94,668)	(4,198)	–
– Transfer to Lifetime ECL not credit impaired (Stage 2)	(23,560)	97,677	(74,117)	–
– Transfer to Lifetime ECL credit impaired (Stage 3)	(3,459)	(33,433)	36,892	–
Loans/financing derecognised (other than write-offs)	(46,135)	(13,238)	(3,155)	(62,528)
New loans/financing originated or purchased	49,843	3,987	1,137	54,967
Changes due to change in credit risk	(104,863)	(23,689)	200,543	71,991
Write-offs	–	–	(57,748)	(57,748)
Other adjustments	–	–	(8,479)	(8,479)
At end of the financial year	139,978	36,542	265,394	441,914

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2019

9 LOANS, ADVANCES AND FINANCING

(xiii) Movement in the gross carrying amount of loans, advances and financing that contributed to changes in the ECL

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Group				
2019				
At beginning of the financial year	**45,454,847**	**1,928,060**	**1,589,897**	**48,972,804**
Total transfer between stages due to change in credit risk:-	**(1,108,728)**	**1,122,493**	**(13,765)**	**–**
– Transfer to 12-month ECL (Stage 1)	**1,855,549**	**(1,824,659)**	**(30,890)**	**–**
– Transfer to Lifetime ECL not credit impaired (Stage 2)	**(2,820,783)**	**3,537,052**	**(716,269)**	**–**
– Transfer to Lifetime ECL credit impaired (Stage 3)	**(143,494)**	**(589,900)**	**733,394**	**–**
Loans/financing derecognised (other than write-offs)	**(17,545,199)**	**(464,815)**	**(334,716)**	**(18,344,730)**
New loans/financing originated or purchased	**18,874,524**	**349,648**	**351,403**	**19,575,575**
Changes due to change in credit risk	**(3,629,125)**	**(389,876)**	**(137,805)**	**(4,156,806)**
Write-offs	**–**	**–**	**(86,503)**	**(86,503)**
Other adjustments				
– Unwind of discount	**(60)**	**(8,660)**	**10,641**	**1,921**
– Foreign exchange and other movements	**(367)**	**–**	**–**	**(367)**
At end of the financial year	**42,045,892**	**2,536,850**	**1,379,152**	**45,961,894**

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Group				
2018				
At beginning of the financial year	42,488,656	2,358,099	1,165,880	46,012,635
Total transfer between stages due to change in credit risk:-	(826,558)	161,621	664,937	–
– Transfer to 12-month ECL (Stage 1)	2,761,243	(2,472,516)	(288,727)	–
– Transfer to Lifetime ECL not credit impaired (Stage 2)	(3,357,538)	3,708,949	(351,411)	–
– Transfer to Lifetime ECL credit impaired (Stage 3)	(230,263)	(1,074,812)	1,305,075	–
Loans/financing derecognised (other than write-offs)	(15,667,838)	(500,690)	(80,598)	(16,249,126)
New loans/financing originated or purchased	22,595,737	253,148	1,268	22,850,153
Changes due to change in credit risk	(3,135,900)	(334,424)	(97,619)	(3,567,943)
Write-offs	–	–	(77,960)	(77,960)
Other adjustments				
– Unwind of discount	(43)	(9,694)	13,989	4,252
– Foreign exchange and other movements	793	–	–	793
At end of the financial year	45,454,847	1,928,060	1,589,897	48,972,804

9 LOANS, ADVANCES AND FINANCING

(xiii) Movement in the gross carrying amount of loans, advances and financing that contributed to changes in the ECL (continued)

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Bank				
2019				
At beginning of the financial year	**26,773,272**	**1,188,573**	**978,218**	**28,940,063**
Total transfer between stages due to change in credit risk:-	**(657,533)**	**783,318**	**(125,785)**	**–**
– Transfer to 12-month ECL (Stage 1)	**1,414,880**	**(1,403,696)**	**(11,184)**	**–**
– Transfer to Lifetime ECL not credit impaired (Stage 2)	**(1,969,333)**	**2,509,998**	**(540,665)**	**–**
– Transfer to Lifetime ECL credit impaired (Stage 3)	**(103,080)**	**(322,984)**	**426,064**	**–**
Loans/financing derecognised (other than write-offs)	**(8,134,970)**	**(138,732)**	**(321,743)**	**(8,595,445)**
New loans/financing originated or purchased	**8,904,769**	**41,019**	**308,372**	**9,254,160**
Changes due to change in credit risk	**(3,110,641)**	**(202,816)**	**(103,893)**	**(3,417,350)**
Write-offs	**–**	**–**	**(66,256)**	**(66,256)**
Other adjustments				
– Unwind of discount	**(18)**	**(5,291)**	**4,145**	**(1,164)**
At end of the financial year	**23,774,879**	**1,666,071**	**673,058**	**26,114,008**

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Bank				
2018				
At beginning of the financial year	26,802,668	1,630,490	958,254	29,391,412
Total transfer between stages due to change in credit risk:-	(251,991)	32,082	219,909	–
– Transfer to 12-month ECL (Stage 1)	1,797,043	(1,528,537)	(268,506)	–
– Transfer to Lifetime ECL not credit impaired (Stage 2)	(1,908,577)	2,162,022	(253,445)	–
– Transfer to Lifetime ECL credit impaired (Stage 3)	(140,457)	(601,403)	741,860	–
Loans/financing derecognised (other than write-offs)	(7,731,060)	(321,765)	(74,229)	(8,127,054)
New loans/financing originated or purchased	10,989,734	125,396	1,281	11,116,411
Changes due to change in credit risk	(3,036,038)	(270,346)	(75,603)	(3,381,987)
Write-offs	–	–	(59,683)	(59,683)
Other adjustments				
– Unwind of discount	(41)	(7,284)	8,289	964
At end of the financial year	26,773,272	1,188,573	978,218	28,940,063

10 TRADE RECEIVABLES

	The Group	
	2019 RM'000	2018 RM'000
Amount due from stock-broking clients:-		
– performing accounts	**231,679**	179,766
– impaired accounts (i)	**139**	424
Amount due from brokers	**59,478**	60,879
Amount due from Bursa Securities Clearing Sdn Bhd	**–**	40,142
Management fees receivable on fund management	**243,249**	88,908
Others	**51**	–
	534,596	370,119
Less: Expected credit losses (ii)	**(208)**	(468)
	534,388	369,651

(i) Movements of impaired trade receivables

	The Group	
	2019 RM'000	2018 RM'000
At beginning of the financial year	**424**	1,366
Classified as impaired	**419**	295
Amount written-back	**(704)**	(654)
Reclassified to other assets	**–**	(583)
At end of the financial year	**139**	424

(ii) Movements in expected credit losses in trade receivables

	The Group	
	2019 RM'000	2018 RM'000
At beginning of the financial year	**468**	1,134
Allowance made	**505**	366
Amount written-back	**(765)**	(612)
Reclassified to other assets	**–**	(420)
At end of the financial year	**208**	468

11 OTHER ASSETS

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Other debtors	**79,397**	51,811	**12,603**	13,386
Prepayments and deposits	**22,108**	16,126	**21,425**	15,384
Cheque clearing accounts	**42,653**	45,267	**13,911**	10,475
Foreclosed properties (i)	**17,817**	26,051	**12,944**	21,178
Collaterals pledged for derivative transactions	**33**	1,298	**–**	–
	162,008	140,553	**60,883**	60,423
Less: Expected credit losses (ii)	**(2,058)**	(1,669)	**–**	–
	159,950	138,884	**60,883**	60,423

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(i) Foreclosed properties				
At beginning of the financial year	**26,051**	19,912	**21,178**	17,271
Purchased	**726**	6,335	**726**	3,907
Disposal	**(8,960)**	(196)	**(8,960)**	–
At end of the financial year	**17,817**	26,051	**12,944**	21,178

	The Group	
	2019 RM'000	2018 RM'000
(ii) Expected credit losses		
At beginning of the financial year	**1,669**	725
Classified as impaired	**1,489**	1,439
Amount written-back	**(562)**	(915)
Amount write-off	**(538)**	–
Reclassified to other assets	**–**	420
At end of the financial year	**2,058**	1,669

12 AMOUNT DUE FROM SUBSIDIARIES

	The Bank	
	2019 RM'000	**2018 RM'000**
Advances to other subsidiaries	**1,318**	420

The advances to subsidiaries are unsecured, bear no interest/profit rate and repayable on demand.

13 AMOUNT DUE FROM JOINT VENTURES

	The Group	
	2019 RM'000	**2018 RM'000**
Advances to joint ventures	**57,140**	55,343
Less: Expected credit losses (i)	**(28,738)**	(24,048)
	28,402	31,295

The advances to joint ventures are unsecured, bear no interest/profit rate and repayable on demand.

(i) Movements in expected credit losses in amount due from joint ventures

At beginning of the financial year	**24,048**	12,329
Expected credit losses	**4,690**	11,719
At end of the financial year	**28,738**	24,048

14 AMOUNT DUE FROM ASSOCIATES

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
10-year Subordinated Loan II (a)	**30,925**	57,453	**30,925**	57,453
Advances to an associate (b)	**900**	500	**–**	–
Less: Expected credit losses	**(38)**	(236)	**(38)**	(236)
	31,787	57,717	**30,887**	57,217

(a) The 10-year Subordinated Loan II to an associate is unsecured and carries a fixed interest rate of 6.50% per annum during the financial year. The Subordinated Loan II has a bullet repayment on 28 March 2027.

	The Group and The Bank Stage 1	
	2019 RM'000	2018 RM'000
Movement in gross carrying amount of subordinated loan that contributed to changes in the ECL:-		
At beginning of the financial year	**57,453**	–
Amount derecognised/new loans originated or purchased	**(26,528)**	57,453
At end of the financial year	**30,925**	57,453

	The Group and The Bank 12 - Month ECL (Stage 1)	
	2019 RM'000	2018 RM'000
Movement in expected credit losses for subordinated loan:-		
At beginning of the financial year	**236**	–
Amount written-back/new loans originated or purchased	**(198)**	236
At end of the financial year	**38**	236

(b) The advances to an associate are unsecured, bear no profit rate and payable on demand.

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15 DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts determined after appropriate offsetting, are shown in the statement of financial position:-

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deferred tax assets	**22,520**	114,830	**12,690**	70,239
Deferred tax liabilities	**(19,080)**	(7,126)	**–**	–
	3,440	107,704	**12,690**	70,239
Deferred tax assets:-				
– settled more than 12 months	**1,251**	7,871	**–**	–
– settled within 12 months	**39,146**	121,855	**12,690**	74,268
Deferred tax liabilities:-				
– settled more than 12 months	**(28,174)**	(20,859)	**–**	(4,029)
– settled within 12 months	**(8,783)**	(1,163)	**–**	–
	3,440	107,704	**12,690**	70,239

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At beginning of the financial year	**107,704**	(275)	**70,239**	(17,841)
Recognised in income statement (Note 45)	**(65,398)**	70,342	**(48,296)**	49,044
Recognised in equity	**(38,866)**	37,637	**(9,253)**	39,036
At end of the financial year	**3,440**	107,704	**12,690**	70,239

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2019

15 DEFERRED TAX ASSETS/(LIABILITIES)

The movement in deferred tax assets and liabilities during the financial year are as follows:-

	Property and equipment RM'000	Lease rental RM'000	Intangible assets RM'000	Loans, advances and financing RM'000	Other liabilities RM'000	Foreign exchange translation gain RM'000	Unutilised business tax losses and unabsorbed capital allowances losses RM'000	Financial investment at AC RM'000	Financial investment at FVOCI RM'000	Total RM'000
The Group										
2019										
At beginning of the financial year	(5,506)	–	(11,576)	53,355	72,394	(9,216)	527	117	7,609	107,704
Recognised in income statement	(130)	196	1,500	(47,566)	(16,987)	(951)	257	(121)	(1,596)	(65,398)
Recognised in equity	–	–	–	–	–	–	–	–	(38,866)	(38,866)
At end of the financial year	**(5,636)**	**196**	**(10,076)**	**5,789**	**55,407**	**(10,167)**	**784**	**(4)**	**(32,853)**	**3,440**

	Property and equipment RM'000	Intangible assets RM'000	Loans, advances and financing RM'000	Other liabilities RM'000	Foreign exchange translation gain RM'000	Unutilised business tax losses and unabsorbed capital allowances losses RM'000	Financial investment at AC RM'000	Financial investment at FVOCI RM'000	Total RM'000
The Group									
2018									
At beginning of the financial year	(6,864)	(15,125)	–	62,795	(9,511)	–	–	(31,570)	(275)
Recognised in income statement	1,358	3,549	53,355	9,599	295	527	117	1,542	70,342
Recognised in equity	–	–	–	–	–	–	–	37,637	37,637
At end of the financial year	(5,506)	(11,576)	53,355	72,394	(9,216)	527	117	7,609	107,704

15 DEFERRED TAX ASSETS/(LIABILITIES)

The movement in deferred tax assets and liabilities during the financial year are as follows:- (continued)

	Property and equipment RM'000	Lease rental RM'000	Intangible assets RM'000	Loans, advances and financing RM'000	Other liabilities RM'000	Financial investment at AC RM'000	Financial investment at FVOCI RM'000	Total RM'000
The Bank								
2019								
At beginning of the financial year	(3,226)	–	(4,540)	38,956	37,030	99	1,920	70,239
Recognised in income statement	(328)	193	(1,478)	(34,160)	(11,195)	(99)	(1,229)	(48,296)
Recognised in equity	–	–	–	–	–	–	(9,253)	(9,253)
At end of the financial year	**(3,554)**	**193**	**(6,018)**	**4,796**	**25,835**	**–**	**(8,562)**	**12,690**

	Property and equipment RM'000	Intangible assets RM'000	Loans, advances and financing RM'000	Other liabilities RM'000	Financial investment at AC RM'000	Financial investment at FVOCI RM'000	Total RM'000
The Bank							
2018							
At beginning of the financial year	(3,985)	(5,605)	–	30,161	–	(38,412)	(17,841)
Recognised in income statement	759	1,065	38,956	6,869	99	1,296	49,044
Recognised in equity	–	–	–	–	–	39,036	39,036
At end of the financial year	(3,226)	(4,540)	38,956	37,030	99	1,920	70,239

16 STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The non-interest/profit bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with requirements of Section 26(2)(c) of the Central Bank of Malaysia Act 2009, the amount of which is determined at a set percentage of total eligible liabilities.

17 INVESTMENT IN SUBSIDIARIES

	The Bank	
	2019 RM'000	2018 RM'000
Unquoted shares, at cost	**3,056,778**	3,056,778
Less: Allowance for impairment losses	**(2,879)**	(2,879)
	3,053,899	3,053,899
Movement of investment in subsidiaries		
At beginning of the financial year	**3,056,778**	3,066,341
Disposal/winding up of subsidiaries	**–**	(9,563)
At end of the financial year	**3,056,778**	3,056,778
Movement in allowance for impairment losses		
At beginning/end of the financial year	**2,879**	2,879

The subsidiaries of the Bank, all of which are incorporated in Malaysia, are as follows:-

Name	Principal Activities	Issued and Paid-up share capital	Percentage of equity held		Non-controlling interest	
		RM'000	2019 %	2018 %	2019 %	2018 %
AFFIN Islamic	Islamic banking business	1,060,000	**100**	100	**–**	–
PAB Properties Sdn Bhd	Property management services	8,000	**100**	100	**–**	–
ABB Nominee (Tempatan) Sdn Bhd	Share nominee services	40	**100**	100	**–**	–
ABB Nominee (Asing) Sdn Bhd	Dormant	@	**100**	100	**–**	–
AFFIN Hwang Investment Bank Berhad	Provision of investment banking services	999,800	**100**	100	**–**	–
– AFFIN Hwang Asset Management Berhad ('AHAM')	Asset management, management of unit trust and private retirement schemes	54,773	**63**	70	**37**	30
– AFFIN Hwang Nominees (Asing Sdn Bhd)	Nominee services	1,126	**100**	100	**–**	–
– AFFIN Hwang Nominees (Tempatan) Sdn Bhd	Nominee services	1,131	**100**	100	**–**	–
– AHC Global Sdn Bhd	Investment holding	1,132	**100**	100	**–**	–

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17 INVESTMENT IN SUBSIDIARIES

The subsidiaries of the Bank, all of which are incorporated in Malaysia, are as follows:- (continued)

Name	Principal Activities	Issued and Paid-up share capital	Percentage of equity held		Non-controlling interest	
		RM'000	2019 %	2018 %	2019 %	2018 %
AFFIN Hwang Investment Bank Berhad (continued)						
– AHC Associates Sdn Bhd	Investment holding	1,132	**100**	100	**–**	–
– AFFIN Hwang Trustee Berhad	Trustee services	5,500	**100**	100	**–**	–
– Bintang Capital Partners Berhad ^^	Private equity management	12,000	**100**	100	**–**	–
– AIIMAN Asset Management Sdn Bhd ('AIIMAN') ^^	Islamic fund management	10,000	**100**	100	**–**	–
– Accel Vantage Academy Sdn Bhd ('AVA') ^^	Training and coaching services	408	**51**	51	**49**	49
– AFFIN Hwang AIIMAN Global Sukuk Fund **	Investment in Shariah-compliant fixed income instruments	**	**67**	44	**33**	56
– AIIMAN Asia Pacific (ex Japan) Dividend Fund **	Investment in Shariah-compliant equities	**	**56**	–	**44**	–
– AIIMAN Global Equity Fund**	Investment in Shariah-compliant equities	**	**99**	–	**1**	–
– TradePlus NYSE Inverse Tracker **	Investment in Equity instruments	**	**100**	–	**–**	–
– TradePlus NYSE Leveraged Tracker **	Investment in Equity instruments	**	**100**	–	**–**	–
– TradePlus Shariah Gold Tracker **	Investment in Shariah-Gold bar	**	**–**	47	**–**	53
– TradePlus HSCEI 1x Inverse**	Investment in Equity instruments	**	**80**	–	**20**	–
– TradePlus HSCEI 2x Leveraged**	Investment in Equity instruments	**	**40**	–	**60**	–
– AFFIN Hwang Constant Cash Fund**	Investment in Islamic money market instruments and deposits	**	**100**	–	**–**	–
– AFFIN Hwang AIIMAN Cash Fund 1**	Investment in Islamic money market instruments and deposits	**	**87**	–	**13**	–
AFFIN Moneybrokers Sdn Bhd	Money-broking	1,000	**100**	100	**–**	–
AFFIN Holdings Bhd	Investment holding	@	**100**	100	**–**	–

^^ Direct subsidiaries of AHAM.

** These funds are subsidiaries consolidated in the Group as the Group controls the funds in accordance with MFRS 10 'Consolidated Financial Statements'.

@ Subsidiary with issued and paid up share capital of RM2.00 each.

17 INVESTMENT IN SUBSIDIARIES

Details of a subsidiary which has material non-controlling interests ('NCI').

Name	Proportion of ownership interests and voting rights held by non-controlling interest 2019 RM'000	2018 RM'000
Affin Hwang Asset Management Berhad ('AHAM')	**37%**	30%

The summarised financial information of the asset management subsidiary, AHAM has non-controlling interests which is material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

	2019 RM'000	2018 RM'000
Summarised financial position		
Total assets	**898,855**	655,828
Total liabilities	**(734,733)**	(423,247)
Net asset	**164,122**	232,581
NCI	**59,423**	69,553
Summarised financial results		
Profit before taxation and zakat	**110,307**	105,598
NCI share of amortisation of Intangible Asset in AHAM at ABB Group level	**(5,600)**	(5,600)
Profit before taxation and zakat	**104,707**	99,998
Taxation and zakat	**(25,785)**	(18,788)
Other comprehensive income	**(727)**	631
Total comprehensive income	**78,195**	81,841
Summarised cash flows		
Net cash generated from operating activities	**131,666**	96,344
Net cash used in financing activities	**(53,660)**	(50,015)
Net cash (used in)/generated from investing activities	**(11,375)**	9,629
Net increase in cash and cash equivalents	**66,631**	55,958
Profit allocated to NCI of the Group	**28,325**	24,334
Dividends paid to NCI of the Group	**(35,001)**	(15,000)

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17 INVESTMENT IN SUBSIDIARIES

	2019 RM'000	2018 RM'000
Movements in NCI at Group level		
At beginning of the financial year	**69,553**	58,001
Profit for the financial year	**28,325**	24,334
Other comprehensive income	**(269)**	189
Options charged	**–**	3,569
Obligation to buy a subsidiary's shares	**–**	(1,638)
Dilution of interest in subsidiaries	**–**	98
Obligation to buy back shares from employee share option holders	**(35,831)**	–
Issuance of new shares from exercise of employee stock options incentive scheme	**32,646**	–
Dividends paid	**(35,001)**	(15,000)
At end of the financial year	**59,423**	69,553

18 INVESTMENT IN JOINT VENTURES

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unquoted shares at cost	**164,290**	164,290	**163,640**	163,640
Acquisition of additional shares (a)	**15,300**	–	**15,300**	–
Share of post acquisition retained losses	**(11,678)**	(7,818)	**–**	–
Share of post acquisition reserve	**4,001**	1,579	**–**	–
	171,913	158,051	**178,940**	163,640

(a) During the financial year, the Bank on 17 May 2019 subscribed 15,300,000 (2018: Nil) new ordinary shares at RM1.00 each in AXA AFFIN Life Insurance Bhd ('AALI').

The joint ventures, all of which are incorporated in Malaysia, are as follows:-

Name	Principal Activities	Issued and Paid-up share capital RM'000	Percentage of equity held 2019 %	Percentage of equity held 2018 %
AXA AFFIN Life Insurance Bhd *	Underwriting of life insurance business	428,000	**51**	51
AFFIN-i Nadayu Sdn Bhd #	Property development	1,000	**50**	50
KL South Development Sdn Bhd #	Property development	500	**30**	30

* Shareholding held directly by the Bank.
# Shareholding held directly by AFFIN Islamic.

18 INVESTMENT IN JOINT VENTURES

	The Group	
	2019 RM'000	2018 RM'000
The summarised financial information of the material joint venture namely AALI is as follows:-		
Total assets	**2,243,850**	1,938,810
Total liabilities	**(1,906,766)**	(1,628,906)
Net assets	**337,084**	309,904
The above amounts of assets and liabilities include the following:-		
Cash and cash equivalent	**60,723**	110,070
Total liabilities (non trade)	**(52,627)**	(19,010)
Revenue	**500,177**	463,377
Loss after taxation	**(7,569)**	(6,075)
Other comprehensive income	**4,749**	1,089
Total comprehensive loss	**(2,820)**	(4,986)
The above loss after taxation for the financial year include the following:-		
Interest income	**52,690**	46,422
Interest expense	**(202)**	–
Taxation	**(3,314)**	(730)
Depreciation and amortisation	**(7,873)**	(4,703)

	The Group	
	2019 RM'000	2018 RM'000
Reconciliation of the summarised financial information to the carrying amount of the interest in AALI recognised in the consolidated financial statements:-		
Opening net assets at beginning of the financial year	**309,904**	314,890
Loss for the financial year	**(7,569)**	(6,075)
Other comprehensive income	**4,749**	1,089
Proceeds from issuance of shares	**30,000**	–
Closing net assets at end of the financial year	**337,084**	309,904
Interest in AALI:-		
– In percentage (%)	**51**	51
– In thousand (RM'000)	**171,913**	158,051
– Share of results of a joint venture	**(3,860)**	(3,098)

The financial information of AFFIN-i Nadayu Sdn Bhd and KL South Development Sdn Bhd is not significant to the Group.

18 INVESTMENT IN JOINT VENTURES

Allowance for impairment of investment in joint ventures

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint ventures is impaired. When an objective evidence of impairment is identified, the investment in joint venture is tested for impairment. An impairment loss is recognised for the amount by which the carrying amount of the joint ventures exceed its recoverable amount. The recoverable amount is assessed based on higher of the fair value less costs to sell and value in use.

AXA AFFIN Life Insurance Berhad ('AALI')

For the financial year ended 31 December 2019 and 2018, the recoverable amount (i.e. value in use) of AALI is assessed using the European Embedded Value ('EEV'). EEV is a measure of the consolidated value of shareholders' interests in the covered business of a life insurance company at a particular point in time.

The EEV components consist of free surplus allocated to the covered business, required capital less the cost of holding required capital, and the present value of future shareholder cash flows from in-force covered business.

Swap rates with ultimate forward rates of 3.90% (2018: 4.05%) is used as discount and earning rates.

Investment in AALI is not sensitive to impairment assessment as at 31 December 2019 and 31 December 2018.

Joint Venture Arrangement

Based on the joint venture agreement between AXA S.A. and the Bank, noted that both parties have joint control over the arrangement despite of 51% ownership in investment in AALI by the Bank. This was due to:-

a) Both ventures can appoint equal number of directors to the board whereby AXA S.A. and the Bank have the right to nominate, appoint, remove and replace three Directors who shall be senior executives of the joint ventures;

b) That all resolutions passed during shareholders' meeting regarding shareholders' reserved matters shall only be passed if approved by both ACA S.A. and the Bank.

19 INVESTMENT IN ASSOCIATES

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unquoted share at cost	**549,232**	549,232	**548,482**	548,482
Additional investments in funds	**3,135**	–	**–**	–
Share of results of an associate, net of tax	**459**	–	**–**	–
Group's share of post acquisition reserves	**106,701**	62,764	**–**	–
	659,527	611,996	**548,482**	548,482

The associates, all of which are incorporated in Malaysia, are as follows:-

Name	Principal Activities	Issued and Paid-up share capital RM'000	Percentage of equity held 2019 %	Percentage of equity held 2018 %
AXA AFFIN General Insurance Bhd ('AAGI')*	Underwriting of general insurance business	190,645	**49.95**	49.95
Raeed Holdings Sdn Bhd #	Investment holding company	4,500	**16.67**	16.67
TradePlus S&P New China Tracker ^	Investment in equity instruments	^	**22.00**	–

* Shareholding held directly by the Bank.
\# A consortium formed by six Islamic banking institutions and the shareholding is directly held by AFFIN Islamic.
^ The fund is being treated as an associate in the Group.

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for the financial year ended 31 December 2019

19 INVESTMENT IN ASSOCIATES

	The Group	
	2019 RM'000	2018 RM'000
The summarised financial information of the material associate namely AAGI is as follows:-		
Total assets	**3,559,857**	3,551,916
Total liabilities	**(2,347,259)**	(2,427,286)
Net assets	**1,212,598**	1,124,630
Capital commitment for property and equipment	**13,337**	8,122
Uncertain tax position	**–**	20,460
The above amounts of assets and liabilities include the following:-		
Cash and cash equivalent	**68,953**	48,542
Revenue	**1,349,147**	1,462,303
Profit after taxation	**67,193**	100,156
Other comprehensive income	**20,775**	(8,623)
Total comprehensive income	**87,968**	91,533

	The Group	
	2019 RM'000	2018 RM'000
Reconciliation of the summarised financial information to the carrying amount of the interest in AAGI recognised in the consolidated financial statements:-		
Opening net assets at beginning of the financial year	**1,124,630**	1,033,097
Profit for the financial year	**67,193**	100,156
Other comprehensive income	**20,775**	(8,623)
Closing net assets at end of the financial year	**1,212,598**	1,124,630
Interest in associate:-		
– in percentage (%)	**49.947**	49.947
– in thousand (RM'000)	**605,656**	561,719
– premium on acquisition	**49,527**	49,527
	655,183	611,246
Share of results of an associate	**33,561**	50,025
Share of other comprehensive income/(loss) of an associate	**10,376**	(4,307)

The financial information of Raeed Holdings Sdn Bhd and TradePlus S&P New China Tracker are not significant to the Group.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2019

20 PROPERTY AND EQUIPMENT

	Freehold land	<-----Leasehold land----->		Buildings on freehold land	Buildings on leasehold land	Renovation	Office equipment and furniture	Computer equipment	Motor vehicles	Capital work in progress	Total
		50 years or more	Less than 50 years								
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group											
2019											
Cost											
At beginning of the financial year	278,905	9,787	5,900	23,740	26,969	145,555	75,596	154,800	9,881	127,302	858,435
Additions	–	–	–	–	–	5,117	2,748	10,345	855	164,958	184,023
Disposals	–	–	–	–	–	–	(196)	(2,845)	(1,708)	–	(4,749)
Write-off	–	–	–	–	–	(1,091)	(2,538)	(692)	–	–	(4,321)
Reclassification	–	–	–	–	–	–	–	9,201	–	(44,540)	(35,339)
At end of the financial year	278,905	9,787	5,900	23,740	26,969	149,581	75,610	170,809	9,028	247,720	998,049
Accumulated depreciation and impairment losses											
At beginning of the financial year	140	1,843	2,462	13,162	11,346	120,542	62,190	120,826	5,280	–	337,791
Charge	–	77	128	386	547	7,169	3,648	13,336	1,477	–	26,768
Disposal	–	–	–	–	–	–	(196)	(2,783)	(1,184)	–	(4,163)
Write-off	–	–	–	–	–	(1,077)	(2,449)	(688)	–	–	(4,214)
At end of the financial year	140	1,920	2,590	13,548	11,893	126,634	63,193	130,691	5,573	–	356,182
Net book value at end of the financial year	278,765	7,867	3,310	10,192	15,076	22,947	12,417	40,118	3,455	247,720	641,867

20 PROPERTY AND EQUIPMENT

	Freehold land	‹-----Leasehold land-----›		Buildings on freehold land	Buildings on leasehold land	Renovation	Office equipment and furniture	Computer equipment	Motor vehicles	Capital work in progress	Total
		50 years or more	Less than 50 years								
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group											
2018											
Cost											
At beginning of the financial year	278,905	11,822	5,900	23,740	80,982	147,346	81,177	145,849	9,567	33,650	818,938
Additions	–	–	–	–	–	7,503	1,982	10,005	2,603	117,618	139,711
Disposals	–	(2,035)	–	–	(54,013)	(7,693)	(409)	(476)	(2,289)	–	(66,915)
Write-off	–	–	–	–	–	(1,601)	(7,154)	(1,437)	–	–	(10,192)
Reclassification	–	–	–	–	–	–	–	859	–	(23,966)	(23,107)
At end of the financial year	278,905	9,787	5,900	23,740	26,969	145,555	75,596	154,800	9,881	127,302	858,435
Accumulated depreciation and impairment losses											
At beginning of the financial year	140	2,298	2,334	12,777	29,163	122,491	65,700	111,783	6,170	–	352,856
Charge	–	78	128	385	547	7,344	3,868	10,944	1,284	–	24,578
Disposal	–	(533)	–	–	(18,364)	(7,693)	(408)	(472)	(2,174)	–	(29,644)
Write-off	–	–	–	–	–	(1,600)	(6,970)	(1,429)	–	–	(9,999)
At end of the financial year	140	1,843	2,462	13,162	11,346	120,542	62,190	120,826	5,280	–	337,791
Net book value at end of the financial year	278,765	7,944	3,438	10,578	15,623	25,013	13,406	33,974	4,601	127,302	520,644

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for the financial year ended 31 December 2019

20 PROPERTY AND EQUIPMENT

	Freehold land RM'000	<-----Leasehold land-----> 50 years or more RM'000	Less than 50 years RM'000	Buildings on freehold land RM'000	Buildings on leasehold land RM'000	Renovation RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Capital work in progress RM'000	Total RM'000
The Bank											
2019											
Cost											
At beginning of the financial year	276,397	7,897	5,900	22,441	26,061	110,974	56,199	103,168	1,663	127,184	737,884
Additions	–	–	–	–	–	3,949	1,388	6,039	145	164,880	176,401
Disposals	–	–	–	–	–	–	–	–	(440)	–	(440)
Write-off	–	–	–	–	–	(196)	(1,149)	(194)	–	–	(1,539)
Reclassification to intangible assets	–	–	–	–	–	–	–	9,201	–	(44,540)	(35,339)
Reclassification (to)/from subsidiaries	–	–	–	–	–	(1)	–	(43)	–	143	99
At end of the financial year	276,397	7,897	5,900	22,441	26,061	114,726	56,438	118,171	1,368	247,667	877,066
Accumulated depreciation and impairment losses											
At beginning of the financial year	–	1,559	2,462	12,241	10,716	101,201	47,045	79,229	723	–	255,176
Charge	–	70	128	359	529	3,761	2,124	9,026	196	–	16,193
Disposal	–	–	–	–	–	–	–	–	(129)	–	(129)
Write-off	–	–	–	–	–	(196)	(1,102)	(191)	–	–	(1,489)
Reclassification to subsidiaries	–	–	–	–	–	–	–	(7)	–	–	(7)
At end of the financial year	–	1,629	2,590	12,600	11,245	104,766	48,067	88,057	790	–	269,744
Net book value at end of the financial year	276,397	6,268	3,310	9,841	14,816	9,960	8,371	30,114	578	247,667	607,322

20 PROPERTY AND EQUIPMENT

	Freehold land	<-----Leasehold land----->		Buildings on freehold land	Buildings on leasehold land	Renovation	Office equipment and furniture	Computer equipment	Motor vehicles	Capital work in progress	Total
		50 years or more	Less than 50 years								
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Bank											
2018											
Cost											
At beginning of the financial year	276,397	9,932	5,900	22,441	80,074	113,946	58,523	95,084	2,149	33,322	697,768
Additions	–	–	–	–	–	5,320	1,068	7,355	848	117,365	131,956
Disposals	–	(2,035)	–	–	(54,013)	(7,693)	–	–	(1,334)	–	(65,075)
Write-off	–	–	–	–	–	(596)	(3,396)	(12)	–	–	(4,004)
Reclassification	–	–	–	–	–	(3)	4	741	–	(23,503)	(22,761)
At end of the financial year	276,397	7,897	5,900	22,441	26,061	110,974	56,199	103,168	1,663	127,184	737,884
Accumulated depreciation and impairment losses											
At beginning of the financial year	–	2,023	2,334	11,881	28,552	105,804	47,876	72,108	1,800	–	272,378
Charge	–	69	128	360	528	3,686	2,408	7,133	185	–	14,497
Disposal	–	(533)	–	–	(18,364)	(7,693)	–	–	(1,262)	–	(27,852)
Write-off	–	–	–	–	–	(596)	(3,239)	(12)	–	–	(3,847)
At end of the financial year	–	1,559	2,462	12,241	10,716	101,201	47,045	79,229	723	–	255,176
Net book value at end of the financial year	276,397	6,338	3,438	10,200	15,345	9,773	9,154	23,939	940	127,184	482,708

21 RIGHT-OF-USE ASSETS

	Properties RM'000	Equipment RM'000	Total RM'000
The Group			
2019			
Cost			
At beginning of financial year, on adoption of MFRS 16	70,295	446	70,741
Additions	22,116	742	22,858
Termination of contracts	–	(140)	(140)
At end of the financial year	92,411	1,048	93,459
Less: Accumulated depreciation			
At beginning of financial year, on adoption of MFRS 16	–	–	–
Charge	35,522	264	35,786
Termination of contracts	–	(36)	(36)
At end of the financial year	35,522	228	35,750
Net book value at end of the financial year	56,889	820	57,709

	Properties RM'000	Equipment RM'000	Total RM'000
The Bank			
2019			
Cost			
At beginning of financial year, on adoption of MFRS 16	57,893	–	57,893
Additions	10,609	–	10,609
At end of the financial year	68,502	–	68,502
Less: Accumulated depreciation			
At beginning of financial year, on adoption of MFRS 16	–	–	–
Charge	25,086	–	25,086
At end of the financial year	25,086	–	25,086
Net book value at end of the financial year	43,416	–	43,416

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22 INTANGIBLE ASSETS

	Goodwill RM'000	Brand RM'000	Customer relationship RM'000	Computer software RM'000	Total RM'000
The Group					
2019					
Cost					
At beginning of the financial year	**826,944**	**5,415**	**83,622**	**235,674**	**1,151,655**
Additions	**–**	**–**	**–**	**5,988**	**5,988**
Reclassification from property and equipment (Note 20)	**–**	**–**	**–**	**35,339**	**35,339**
At end of the financial year	**826,944**	**5,415**	**83,622**	**277,001**	**1,192,982**
Less: Accumulated amortisation					
At beginning of the financial year	**–**	**5,415**	**56,747**	**183,425**	**245,587**
Amortised	**–**	**–**	**11,952**	**20,750**	**32,702**
At end of the financial year	**–**	**5,415**	**68,699**	**204,175**	**278,289**
Net book value at end of the financial year	**826,944**	**–**	**14,923**	**72,826**	**914,693**

	Goodwill RM'000	Brand RM'000	Customer relationship RM'000	Computer software RM'000	Total RM'000
The Group					
2018					
Cost					
At beginning of the financial year	823,051	5,415	83,622	209,808	1,121,896
Amount arising from winding up of a subsidiary	3,893	–	–	–	3,893
Additions	–	–	–	2,767	2,767
Write-off	–	–	–	(8)	(8)
Reclassification from property and equipment (Note 20)	–	–	–	23,107	23,107
At end of the financial year	826,944	5,415	83,622	235,674	1,151,655
Less: Accumulated amortisation					
At beginning of the financial year	–	5,415	44,796	167,723	217,934
Amortised	–	–	11,951	15,710	27,661
Write-off	–	–	–	(8)	(8)
At end of the financial year	–	5,415	56,747	183,425	245,587
Net book value at end of the financial year	826,944	–	26,875	52,249	906,068

22 INTANGIBLE ASSETS

	Goodwill RM'000	Computer software RM'000	Total RM'000
The Bank			
2019			
Cost			
At beginning of the financial year	**137,323**	**198,743**	**336,066**
Additions	**–**	**3,288**	**3,288**
Reclassification from property and equipment (Note 20)	**–**	**35,339**	**35,339**
Reclassification to a subsidiary	**–**	**(291)**	**(291)**
At end of the financial year	**137,323**	**237,079**	**374,402**
Less: Accumulated amortisation			
At beginning of the financial year	**–**	**153,831**	**153,831**
Amortised	**–**	**17,921**	**17,921**
Reclassification to a subsidiary	**–**	**(20)**	**(20)**
At end of the financial year	**–**	**171,732**	**171,732**
Net book value at end of the financial year	**137,323**	**65,347**	**202,670**

	Goodwill RM'000	Computer software RM'000	Total RM'000
The Bank			
2018			
Cost			
At beginning of the financial year	137,323	175,332	312,655
Additions	–	1,075	1,075
Write-off	–	(8)	(8)
Reclassification from property and equipment (Note 20)	–	22,761	22,761
Reclassification to a subsidiary	–	(417)	(417)
At end of the financial year	137,323	198,743	336,066
Less: Accumulated amortisation			
At beginning of the financial year	–	140,675	140,675
Amortised	–	13,164	13,164
Write-off	–	(8)	(8)
At end of the financial year	–	153,831	153,831
Net book value at end of the financial year	137,323	44,912	182,235

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for the financial year ended 31 December 2019

22 INTANGIBLE ASSETS

Goodwill

The carrying amount of the Group's and the Bank's goodwill has been allocated to the following business segments, which represent the Bank's cash-generating units ('CGUs'):-

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Business banking	**123,591**	123,591	**123,591**	123,591
Consumer banking	**13,732**	13,732	**13,732**	13,732
Investment banking	**266,884**	266,884	**–**	–
Asset management	**180,931**	180,931	**–**	–
Stock-broking	**230,686**	230,686	**–**	–
Money-broking	**11,120**	11,120	**–**	–
	826,944	826,944	**137,323**	137,323

Goodwill is allocated to the Group's CGUs which are expected to benefit from the synergies of the acquisitions. For annual impairment testing purposes, the recoverable amount of the CGUs are based on their value-in-use calculations using the cash flows projections based on 3 years financial budgets for Business banking, Consumer banking and Money-broking and 5 years for Investment banking, Asset management and Stock-broking, which were approved by Directors. The cash flows beyond the third and fifth year are assumed to grow on perpetual basis based on forecasted GDP growth rate of Malaysia, adjusted for specific risk of the CGUs.

The cash flows projections are derived based on a number of key factors including past performance and management's expectations of the market developments. The discount rates used are based on the pre-tax weighted average cost of capital plus an appropriate risk premium where applicable, at the date of assessment of the CGUs.

During the financial year, impairment was not required for goodwill arising from all the business segments. The impairment charge is most sensitive to discount rate and the Directors are of the view that any reasonable possible changes to each of the assumptions applied below are not likely to cause the recoverable amount of all the CGUs to be lower than its carrying amount.

The estimated terminal growth rates and discount rates used for value-in-use calculation are as follows:-

	Discount rate		Terminal growth rate	
	2019 %	2018 %	2019 %	2018 %
Business banking	**8.21**	10.44	**4.50**	4.70
Consumer banking	**8.20**	10.45	**4.50**	4.70
Investment banking	**8.06**	9.64	**4.50**	4.70
Asset management	**8.06**	9.64	**4.50**	4.70
Stock-broking	**8.06**	9.64	**4.50**	4.70
Money-broking	**8.95**	10.74	**4.50**	4.70

For Investment banking and Stock-broking CGUs, the estimated recoverable amount will be equal to the carrying value by adjusting the assumptions below respectively:-

	Investment banking		Stock-broking	
	2019 %	2018 %	2019 %	2018 %
Discount rate	**11.25**	10.83	**9.28**	9.56
Terminal growth rate	**1.47**	3.57	**2.05**	3.74
Cash flows	**55.79**	83.88	**60.04**	86.24

23 DEPOSITS FROM CUSTOMERS

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(i) By type of deposit				
Demand deposits	**7,417,574**	6,830,259	**4,468,875**	4,245,815
Savings deposits	**2,334,653**	2,109,239	**1,687,588**	1,508,539
Fixed deposits	**39,137,401**	42,820,134	**22,194,938**	22,702,344
Commodity Murabahah	**402,074**	395,167	**–**	–
Money market deposits	**1,278,950**	1,256,223	**1,278,950**	1,256,223
Negotiable instruments of Deposit ('NID')	**485,021**	3,838,419	**504,899**	3,848,298
Others	**33,289**	97,006	**–**	–
	51,088,962	57,346,447	**30,135,250**	33,561,219

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(ii) Maturity structure of fixed deposits, NID and others				
Due within six months	**20,975,454**	29,459,431	**10,939,740**	16,890,847
Six months to one year	**16,480,637**	14,371,113	**10,245,509**	7,579,649
One year to three years	**1,886,591**	2,521,315	**1,477,277**	2,054,033
Three years to five years	**313,029**	403,700	**37,311**	26,113
	39,655,711	46,755,559	**22,699,837**	26,550,642

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(iii) By type of customer				
Government and statutory bodies	**8,022,642**	12,148,553	**1,024,448**	2,205,373
Business enterprise	**12,585,286**	15,343,682	**7,284,828**	9,111,267
Individuals	**23,504,126**	16,220,138	**18,197,263**	14,289,446
Domestic banking institutions	**494,213**	3,915,899	**513,669**	3,932,579
Domestic non-banking financial institutions	**5,060,498**	8,446,052	**2,050,604**	3,133,150
Foreign entities	**716,175**	547,452	**567,667**	431,780
Other entities	**706,022**	724,671	**496,771**	457,624
	51,088,962	57,346,447	**30,135,250**	33,561,219

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for the financial year ended 31 December 2019

24 INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group	
	2019 RM'000	2018 RM'000
(i) By type of deposit		
Mudharabah	**1,447**	875

	The Group			
	Averange Profit Sharing Ratio (PSR)		Averange Rate of Return (ROR)	
	2019 %	2018 %	2019 %	2018 %
(ii) Profit Sharing Ratio ('PSR') and Rate of Return ('ROR')				
Due within:-				
Six months to one year	**85**	–	**7.06**	–
One year to three years	**85**	85	**6.43**	7.19

25 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Licensed banks	**614,958**	2,371,858	**227,497**	2,154,065
Licensed investment banks	**395,889**	153,398	**–**	–
Bank Negara Malaysia	**4,675**	361,359	**4,675**	361,359
Other financial institutions	**747,730**	1,960,297	**413,913**	1,785,424
	1,763,252	4,846,912	**646,085**	4,300,848
Maturity structure of deposits				
Due within six months	**1,763,252**	4,772,885	**646,085**	4,226,821
Six months to one year	**–**	74,027	**–**	74,027
	1,763,252	4,846,912	**646,085**	4,300,848

26 DERIVATIVE FINANCIAL LIABILITIES

	The Group 2019		The Group 2018	
	Contract/ Notional amount RM'000	Liabilities RM'000	Contract/ Notional amount RM'000	Liabilities RM'000
At fair value				
Foreign exchange derivatives:-				
– Currency forwards	**4,423,356**	**82,743**	1,905,296	23,653
– Cross currency swaps	**2,205,315**	**58,768**	3,450,846	63,889
– Currency swaps	**380,379**	**3,718**	648,049	7,198
Interest rate derivatives:-				
– Interest rate swaps	**2,888,148**	**41,562**	2,380,148	18,392
	9,897,198	**186,791**	8,384,339	113,132

	The Bank 2019		The Bank 2018	
	Contract/ Notional amount RM'000	Liabilities RM'000	Contract/ Notional amount RM'000	Liabilities RM'000
At fair value				
Foreign exchange derivatives:-				
– Currency forwards	**2,589,703**	**51,418**	794,141	5,532
– Cross currency swaps	**2,253,742**	**59,325**	3,712,078	64,701
Interest rate derivatives:-				
– Interest rate swaps	**1,078,148**	**25,696**	1,065,148	15,427
	5,921,593	**136,439**	5,571,367	85,660

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2019

27 TRADE PAYABLES

	The Group	
	2019 RM'000	**2018 RM'000**
Amount due to unit trust funds	**327,451**	260,864
Amount due to unit holders	**197,807**	47,089
Amount due to clients	**169,333**	151,463
Amount due to brokers	**73,126**	141,558
Amount due to Bursa Securities Clearing Sdn Bhd	**19,846**	–
	787,563	600,974

Trade payables include amount payable under outstanding contracts from the stock and sharebroking activities and amounts due to unit trust funds and unit holders.

28 LEASE LIABILITIES

	The Group 2019 RM'000	The Bank 2018 RM'000
At beginning of financial year, on adoption of MFRS 16	**70,741**	57,893
Additions	**22,762**	10,610
Termination of contracts	**(104)**	–
Interest/Profit expense	**2,512**	1,885
Lease payment	**(37,261)**	(26,169)
At end of the financial year	**58,650**	44,219

The Group and the Bank have not included potential future rental payments after the exercise date of termination options because the Group and the Bank are not reasonably certain to extend the lease beyond the date.

Potential future rental payments relating to periods following the exercise date of termination options are summarised below.

	The Group 2019 RM'000	The Bank 2018 RM'000
Lease liabilities recognised (discounted)	**58,650**	44,219
Potential future lease payments not included in lease liabilities (undiscounted):-		
Payable in 2020 to 2024	**148,924**	131,129
Payable in 2025 to 2029	**6,330**	4,005
	155,254	135,134

29 OTHER LIABILITIES

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Bank Negara Malaysia and Credit Guarantee Corporation Funding programmes	**21,012**	32,009	**19,373**	31,009
Margin and collateral deposits	**100,180**	127,948	**83,202**	114,120
Other creditors and accruals	**140,022**	166,410	**37,737**	64,776
Sundry creditors	**231,666**	179,958	**187,374**	151,274
Treasury and cheque clearing accounts	**342,244**	25,808	**–**	7,874
Provision for zakat	**3,082**	2,397	**260**	320
Defined contribution plan (a)	**20,008**	21,098	**18,777**	19,761
Accrued employee benefits	**110,661**	113,960	**42,480**	43,021
Unearned income	**27,375**	31,969	**20,816**	26,986
Commissioned dealer's representatives trust balances	**47,483**	48,537	**–**	–
Collaterals pledged for derivative transactions	**2,830**	29	**–**	–
Securities borrowings and lending – borrow	**160,358**	127,194	**–**	–
Amounts payable to commissioned and salaried dealer's representatives	**37,854**	37,874	**–**	–
ESOS liabilities	**–**	8,028	**–**	–
Puttable liabilities (b)	**124,452**	34,328	**–**	–
Dividend payable	**–**	97,147	**–**	97,147
Expected credit losses (c) – loan/financing commitments and financial guarantees	**29,610**	27,454	**8,529**	15,287
	1,398,837	1,082,148	**418,548**	571,575

29 OTHER LIABILITIES

(a) The Group and the Bank contribute to EPF, the national defined contribution plan. Once the contributions have been paid, the Group and the Bank have no further payment obligations.

(b) Puttable liabilities are in respect of the following:-

	The Group	
	2019 RM'000	2018 RM'000
Obligations to buy subsidiaries shares from non-controlling interest:-		
- AVA (i)	**6,694**	5,460
- AHAM (ii)	**96,841**	–
Investment in funds (iii)	**20,917**	28,868
At end of the financial year	**124,452**	34,328

(i) This represents the present value of an option to purchase AVA's share pursuant to the terms of the exit mechanism in a shareholders agreement entered into between the Bank's subsidiary, AHAM and GV Capital Dynamic Sdn Bhd ('GVCD'). AHAM is granted a call option to acquire the entire 49% equity shares in AVA held by GVCD within 90 days of the call option period. The exercise price under the call option is determined based on pre-agreed formula.

The financial liability at Group is recognised initially at the present value of the redemption amount and accreted through finance charges in the income statement over the contract period, up to the final redemption amount.

(ii) On 8 March 2019, the options holders have fully exercised the employee stock option incentive scheme (Note 54). As a result, AHAM has increased its share capital and issued 1,111,000 units of ordinary shares at RM40.30 each. Pursuant to the exercise of the employee stock option incentive scheme, there is a Selective Capital Reduction ('SCR') provision within the scheme which requires AHAM to buy back the ordinary shares issued to the option holders from 1 March 2021 to 1 March 2023 at a certain price, if the conditions within the SCR provision are not met by 31 December 2020.

The SCR provision represents a purchase of the subsidiary's own equity instrument and a liability equal to the present value of the estimated future redemption amount is reclassified from equity on initial recognition. The liability is then subsequently measured at amortised cost with the unwinding of the present value of the redemption amount recognised as interest expense in the income statements.

(iii) This represents the units held by other investors of the funds which have been consolidated by the Group as disclosed in Note 17. The amount is equal to a proportion of the Net Asset Value of the funds not held by the Group.

29 OTHER LIABILITIES

(c) Movement in expected credit losses:-

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At beginning of the financial year	**27,454**	49,817	**15,287**	32,758
Net remeasurement of loss allowance	**(7,965)**	(40,668)	**(13,672)**	(29,635)
New loan commitments and financial guarantees issued	**10,205**	18,305	**7,535**	12,164
Changes in model/risk parameters	**(84)**	–	**(621)**	–
At end of the financial year	**29,610**	27,454	**8,529**	15,287

30 AMOUNT DUE TO SUBSIDIARIES

The amount due to subsidiaries are relating to intercompany transactions which are unsecured, bear no interest/profit rate (2018: Nil) and repayable on demand.

31 BORROWINGS

		The Group		The Bank	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(a)	Tier-2 Subordinated Medium Term Notes ('MTN')	**2,036,143**	2,036,144	**2,036,143**	2,036,144
(b)	Additional Tier-1 Capital Securities ('AT1CS')	**512,236**	512,235	**512,236**	512,235
(c)	Additional Tier-1 Sukuk Wakalah ('AT1S')	**303,425**	303,483	**–**	–
(d)	MTN Tier-2 Sukuk Murabahah	**755,339**	201,950	**–**	–
		3,607,143	3,053,812	**2,548,379**	2,548,379

(a) The Bank had, on 7 February 2017 and 20 September 2017, issued 2 tranches of Tier-2 Subordinated MTNs of RM1.0 billion each out of its approved BASEL III Compliant MTN programme of up to RM6.0 billion in nominal value. The Subordinated MTNs were issued for a tenure of 10 years from the issue date on a 10-year non-callable 5-year basis, at a coupon rate of 5.45% and 5.03% respectively. The MTNs were issued for the purpose of general banking business and working capital requirements of the Bank.

(b) The Bank had, on 31 July 2018, issued AT1CS of RM500.0 million out of its approved BASEL III Compliant AT1CS programme of up to RM3.0 billion in nominal value. The AT1CS was on perpetual non-callable 5-year basis, at a coupon rate of 5.80%. The AT1CS was issued for the purpose of general banking business and working capital requirements of the Bank.

(c) AFFIN Islamic had, on 18 October 2018, issued a tranche of AT1S of RM300.0 million out of its approved BASEL III Complaint MTN programme ('Sukuk Programme') of up to RM5.0 billion in nominal value. The Sukuk Wakalah was on a perpetual non-callable 5 year basis, at a coupon rate of 5.65%. The Sukuk Wakalah was issued for the purpose of general banking business and working capital requirements of AFFIN Islamic.

(d) AFFIN Islamic had, on 23 October 2018, issued a MTN Tier-2 Sukuk Murabahah of RM800.0 million out of its Sukuk Programme. The Sukuk Murabahah was issued for a tenure of 10 years from the issue date on a 10-year non-callable 5-year basis, at a coupon rate of 5.05%. The Sukuk Murabahah was issued for the purpose of general banking business and working capital requirements of AFFIN Islamic.

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31 BORROWINGS

	At 1 January 2019 RM'000	Cash flows RM'000	Interest/ Profit expense RM'000	At 31 December 2019 RM'000
The Group				
Tier-2 Subordinated MTN	**2,036,143**	**(104,800)**	**104,800**	**2,036,143**
AT1CS	**512,236**	**(29,000)**	**29,000**	**512,236**
AT1S*	**303,483**	**(16,950)**	**16,892**	**303,425**
MTN Tier-2 Sukuk Murabahah*	**201,950**	**515,769**	**37,620**	**755,339**
	3,053,812	**365,019**	**188,312**	**3,607,143**

	At 1 January 2018 RM'000	Cash flows RM'000	Interest/ Profit expense RM'000	At 31 December 2018 RM'000
The Group				
Tier-2 Subordinated MTN	2,036,144	(104,800)	104,800	2,036,144
AT1CS	–	500,000	12,235	512,235
AT1S*	–	300,000	3,483	303,483
MTN Tier-2 Sukuk Murabahah*	–	200,000	1,950	201,950
	2,036,144	895,200	122,468	3,053,812

* inclusive of profit expense on MTNs and AT1CS from Islamic banking business.

	At 1 January 2019 RM'000	Cash flows RM'000	Interest expense RM'000	At 31 December 2019 RM'000
The Bank				
Tier-2 Subordinated MTN	**2,036,143**	**(104,800)**	**104,800**	**2,036,143**
AT1CS	**512,236**	**(29,000)**	**29,000**	**512,236**
	2,548,379	**(133,800)**	**133,800**	**2,548,379**

	At 1 January 2018 RM'000	Cash flows RM'000	Interest expense RM'000	At 31 December 2018 RM'000
The Bank				
Tier-2 Subordinated MTN	2,036,144	(104,800)	104,800	2,036,144
AT1CS	–	500,000	12,235	512,235
	2,036,144	395,200	117,035	2,548,379

32 SHARE CAPITAL

	The Group and The Bank			
	2019 Number of ordinary shares '000	2019 RM'000	2018 Number of ordinary shares '000	2018 RM'000
Ordinary share issued and fully paid:-				
At beginning of the financial year	**1,942,949**	**4,684,752**	1,942,949	4,684,752
Issued during the financial year	**43,072**	**90,020**	–	–
At end of the financial year (shares with no par value)	**1,986,021**	**4,774,772**	1,942,949	4,684,752

33 RESERVES

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
FVOCI revaluation reserves (b)	**250,661**	110,371	**148,173**	111,161
Regulatory reserves (c)	**732,539**	939,055	**471,925**	716,313
Stock option reserves (d)	**–**	8,328	**–**	–
Other reserves (e)	**(61,010)**	–	**–**	–
Foreign exchange reserves	**135**	593	**–**	–
Retained profits	**3,640,073**	2,928,584	**3,017,227**	2,408,718
	4,562,398	3,986,931	**3,637,325**	3,236,192

(a) As at 31 December 2019, the Bank has a tax exempt account balance of RM11.0 million (2018: RM11.0 million) under Section 12 of the Income Tax (Amendment) Act 1999, subject to agreement by the Inland Revenue Board.

(b) FVOCI revaluation reserves represent the unrealised gains or losses arising from the change in fair value of investments classified as financial investments at FVOCI. The gains or losses are transferred to the income statement upon disposal or when the securities become impaired.

(c) Pursuant to BNM Financial Reporting policy dated 27 September 2019, the Group and the Bank must maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of all credit exposures, net of loss allowance for credit-impaired exposures.

(d) The stock option reserves represent the fair value of the options of a subsidiary's employee stock option incentive scheme arising from the modification of the vesting period as detailed in Note 54.

(e) This represents corresponding debit arising from the Group's obligation to purchase the subsidiary's shares held by non-controlling interest.

34 INTEREST INCOME

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loans, advances and financing	**1,701,584**	1,835,797	**1,523,832**	1,620,788
Money at call and deposit placements with financial institutions	**105,733**	66,883	**203,666**	176,391
Financial investments at FVOCI	**410,781**	502,419	**276,213**	349,298
Financial investments at AC	**8,265**	8,366	**5,725**	5,725
Others	**5,473**	5,902	**3,637**	2,621
	2,231,836	2,419,367	**2,013,073**	2,154,823
of which:-				
Interest income earned on impaired loans, advances and financing	**6,226**	7,428	**913**	2,790

35 INTEREST EXPENSE

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deposits from customers	**1,300,528**	1,301,777	**1,130,061**	1,135,427
Deposits and placements of banks and other financial institutions	**46,726**	145,966	**75,181**	142,314
Securities sold under repurchase agreements	**790**	4,128	**–**	2,752
Subordinated medium term notes	**133,800**	117,035	**133,800**	117,035
Foreign currency borrowing	**506**	1,986	**–**	–
Interest expense on lease liabilities	**2,460**	–	**1,885**	–
Others	**3,909**	3,075	**366**	533
	1,488,719	1,573,967	**1,341,293**	1,398,061

36 INCOME FROM ISLAMIC BANKING BUSINESS

	The Group	
	2019 RM'000	2018 RM'000
Income derived from investment of depositors' funds and others	**1,024,350**	839,148
Income derived from investment of investment account funds	**98,765**	106,694
Income derived from investment of shareholders' funds	**96,204**	80,491
Total distributable income	**1,219,319**	1,026,333
Income attributable to depositors and others	**(808,636)**	(628,143)
	410,683	398,190
of which:-		
Financing income earned on impaired financing, advances and other financing	**3,409**	3,658

37 OTHER OPERATING INCOME

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(a) **Fee and commission income**				
Net brokerage	**70,365**	78,131	**–**	–
Portfolio management fees	**301,149**	293,269	**–**	–
Corporate advisory fees	**9,822**	9,883	**–**	–
Commission	**31,167**	26,723	**25,719**	23,319
Service charges and fees	**51,775**	65,378	**51,426**	64,510
Guarantee fees	**29,151**	22,712	**25,891**	22,010
Arrangement fees	**1,768**	2,814	**–**	–
Agency fees	**2,310**	1,199	**–**	–
Initial service charges	**88,528**	103,619	**–**	–
Other fee income	**8,699**	17,146	**–**	–
	594,734	620,874	**103,036**	109,839
(b) **Fee and commission expenses**				
Commission and referral expense	**(153,327)**	(164,009)	**(7,850)**	(9,103)
Net fee and commision income	**441,407**	456,865	**95,186**	100,736

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38 NET GAINS ON FINANCIAL INSTRUMENTS

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Income from financial instruments:-				
Gain/(Loss) arising on financial assets at FVTPL:				
– net gain on disposal	**62,096**	72,154	**–**	23,737
– unrealised (losses)/gains	**(15,295)**	7,863	**4,590**	10,355
– interest income	**26,238**	35,414	**6,860**	15,801
– gross dividend income	**8,022**	5,899	**732**	732
	81,061	121,330	**12,182**	50,625
(Loss)/Gain on derivatives instruments:-				
– realised	**4,435**	492	**4,435**	546
– unrealised	**(6,596)**	5,567	**(5,549)**	4,582
– interest income/(expense)	**874**	(310)	**604**	(358)
	(1,287)	5,749	**(510)**	4,770
Gain arising on financial investments at FVOCI:-				
– net gain on disposal	**201,368**	14,406	**125,007**	7,175
– gross dividend income	**5,946**	4,552	**2,392**	238
	207,314	18,958	**127,399**	7,413
Net gain on financial instruments	**287,088**	146,037	**139,071**	62,808

39 OTHER INCOME

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Foreign exchange gain/(loss):-				
– realised	**26,658**	64,598	**23,353**	53,121
– unrealised	**11,727**	(8,540)	**7,235**	(7,236)
Rental income	**23**	136	**117**	246
(Loss)/Gain on sale of property and equipment	**(207)**	6,052	**(380)**	5,921
Gain on disposal of foreclosed properties	**877**	111	**877**	–
Other non-operating income	**10,377**	11,753	**8,671**	7,264
Gross dividend received from subsidiaries	**–**	–	**71,000**	323,000
Gain on winding up of a subsidiary	**–**	–	**–**	31,031
	49,455	74,110	**110,873**	413,347

40 OTHER OPERATING EXPENSES

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Personnel costs (a)	**806,981**	782,765	**354,055**	369,898
Establishment costs (b)	**271,025**	262,276	**154,358**	165,526
Marketing expenses (c)	**53,842**	59,995	**26,735**	34,790
Administrative and general expenses (d)	**92,085**	112,473	**47,811**	63,719
	1,223,933	1,217,509	**582,959**	633,933

Shared services cost amounting to RM26.9 million (2018: RM22.3 million) is charged to AFFIN Islamic, a subsidiary for services rendered in Malaysia.

(a) Personnel costs

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Wages, salaries and bonuses	**604,862**	590,348	**262,779**	272,200
Defined contribution plan ('EPF')	**99,351**	96,263	**43,652**	44,525
Other personnel costs	**102,768**	96,154	**47,624**	53,173
	806,981	782,765	**354,055**	369,898

(b) Establishment costs

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Rental of premises	**–**	40,015	**–**	18,819
Equipment rental	**2,942**	2,992	**1,572**	2,086
Repair and maintenance	**55,916**	45,143	**32,696**	29,630
Depreciation of property and equipment	**26,768**	24,578	**16,193**	14,497
Depreciation of right-of-use assets	**35,786**	–	**25,086**	–
Amortisation of intangible assets	**32,702**	27,661	**17,921**	13,164
IT consultancy fees	**44,866**	38,077	**25,538**	27,841
Dataline rental	**14,375**	16,851	**5,374**	12,616
Security services	**20,303**	18,582	**9,275**	13,168
Electricity, water and sewerage	**12,666**	13,116	**4,788**	7,482
Insurance/Takaful and indemnities	**16,194**	30,441	**12,981**	22,299
Other establishment costs	**8,507**	4,820	**2,934**	3,924
	271,025	262,276	**154,358**	165,526

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for the financial year ended 31 December 2019

40 OTHER OPERATING EXPENSES

(c) Marketing expenses

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Business promotion and advertisement	**23,406**	21,197	**11,860**	12,466
Entertainment	**5,525**	7,158	**1,340**	3,569
Traveling and accommodation	**8,951**	10,532	**3,496**	4,831
Dealers' handling charges	**606**	1,200	**–**	–
Commission and brokerage expenses	**10,030**	14,561	**8,280**	12,165
Other marketing expenses	**5,324**	5,347	**1,759**	1,759
	53,842	59,995	**26,735**	34,790

(d) Administration and general expenses

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Telecommunication expenses	**14,751**	14,541	**3,198**	3,621
Auditors' remuneration (a)	**3,337**	4,830	**1,733**	2,446
Professional fees	**17,414**	27,529	**11,163**	23,456
Property and equipment written-off	**107**	193	**50**	157
Mail and courier charges	**3,145**	4,180	**2,158**	3,214
Stationery and consumables	**10,494**	13,439	**6,999**	8,531
Directors' fees and allowances	**3,416**	3,576	**2,664**	2,287
Donations	**1,820**	2,053	**1,634**	1,598
Settlement, clearing and bank charges	**15,699**	13,160	**12,225**	9,919
Stamp duties	**310**	1,006	**265**	722
Operational and litigation write-off expenses	**2,398**	–	**2,398**	–
Subscription fees	**11,657**	10,448	**–**	–
GST input tax non-recoverable	**358**	7,204	**349**	4,337
Other administration and general expenses	**7,179**	10,314	**2,975**	3,431
	92,085	112,473	**47,811**	63,719

Included in other operating expenses of the Group and the Bank are Group CEO and Directors' remuneration totalling RM7,362,000 (2018: RM7,595,000).

40 OTHER OPERATING EXPENSES

The expenditure includes the following statutory disclosure:-

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Directors' remuneration (Note 41)	**7,362**	7,595	**6,610**	6,306
Auditors' remuneration: (a)				
(i) Statutory audit fees	**2,226**	3,161	**1,166**	1,614
(ii) Regulatory related fees	**654**	602	**351**	318
(iii) Tax fees	**153**	285	**32**	107
(iv) Non audit fees	**304**	782	**184**	407

(a) There was no indemnity given to or insurance effected for the Group and the Bank during the financial year.

41 GROUP CHIEF EXECUTIVE OFFICER AND DIRECTORS' REMUNERATION

The Group CEO and Directors of the Bank who have held office during the financial year are as follows:-

Group CEO

En. Kamarul Ariffin bin Mohd Jamil (completed his contract of service w.e.f 1.4.2020)

Non-Executive Directors

Dato' Agil Natt (Chairman) (appointed w.e.f. 8.11.2019)
En. Mohd Suffian bin Haji Haron
Tan Sri Mohd Ghazali bin Mohd Yusoff
Dato' Abdul Aziz bin Abu Bakar
Dato' Mohd Hata bin Robani
Mr. Ignatius Chan Tze Ching
Dato' Rozalila binti Abdul Rahman
Mr. Peter Yuen Wai Hung (appointed w.e.f. 1.11.2019)
Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)(Chairman) (completed his tenure of directorship w.e.f. 1.7.2019)
Mr. Joseph Yuk Wing Pang (completed his tenure of directorship w.e.f. 30.6.2019)
En. Abd Malik bin A Rahman (completed his tenure of directorship w.e.f. 15.4.2020)

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for the financial year ended 31 December 2019

41 GROUP CHIEF EXECUTIVE OFFICER AND DIRECTORS' REMUNERATION

The aggregate amount of remuneration for the Directors of the Group and the Bank for the financial year are as follows:-

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Group CEO				
Salaries	**1,800**	1,740	**1,800**	1,740
Bonuses	**1,475**	1,520	**1,475**	1,520
Defined contribution plan ('EPF')	**534**	531	**534**	531
Other employee benefits	**98**	61	**98**	61
Benefits-in-kind	**39**	167	**39**	167
Non-Executive Directors				
Fees and other emoluments	**3,364**	3,567	**2,643**	2,280
Benefits-in-kind	**52**	9	**21**	7
Directors' remuneration (Note 40)	**7,362**	7,595	**6,610**	6,306
Directors of subsidiaries	**2,571**	1,603	**–**	–
Total Directors' remuneration	**9,933**	9,198	**6,610**	6,306

The Directors' remuneration in the current financial year represents remuneration for Directors of the Group, the Bank and its subsidiaries to comply with the requirements of the Companies Act 2016. The names of Directors of subsidiaries and their remuneration details are set out in the respective subsidiary's statutory accounts and the said information is deemed incorporated herein by such reference and made a part thereof.

Included in the Directors' emoluments are benefits-in-kind (based on estimated monetary value) receivable from the Bank and its subsidiaries of RM52,000 (2018: RM9,000) and RM21,000 (2018: RM7,000) respectively.

During the financial year, Directors and Officers of the Group are covered under the Directors' & Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the policy. The total amount of Directors' & Officers' Liability Insurance effected for the Directors & Officers of the Group was RM40.0 million. The total amount of premium paid for the Directors' and Officers' Liability Insurance by the Group and the Bank was RM875,923 (2018: RM968,839) and RM53,005 (2018: RM55,018) respectively.

41 GROUP CHIEF EXECUTIVE OFFICER AND DIRECTORS' REMUNERATION

A summary of the total remuneration of the Group CEO and Directors are as follows:-

	Salaries RM'000	Bonuses RM'000	Directors' fees RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
The Group						
2019						
Group CEO						
En. Kamarul Ariffin bin Mohd Jamil	1,800	1,475	–	* 632	39	3,946
Total	1,800	1,475	–	632	39	3,946
Non-Executive Directors						
Dato' Agil Natt	–	–	46	–	13	59
En. Mohd Suffian bin Haji Haron	–	–	615	–	–	615
Tan Sri Mohd Ghazali bin Mohd Yusoff	–	–	418	–	–	418
En. Abd Malik bin A Rahman	–	–	754	–	31	785
Dato' Abdul Aziz bin Abu Bakar	–	–	321	–	–	321
Dato' Mohd Hata bin Robani	–	–	387	–	–	387
Mr. Ignatius Chan Tze Ching	–	–	225	–	–	225
Dato' Rozalila binti Abdul Rahman	–	–	257	–	–	257
Mr. Peter Yuen Wai Hung	–	–	36	–	–	36
Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi Bin Haji Zainuddin (Retired)	–	–	172	31	8	211
Mr. Joseph Yuk Wing Pang	–	–	84	18	–	102
Total	–	–	3,315	49	52	3,416
Grand total	1,800	1,475	3,315	681	91	7,362

* Includes allowances and EPF

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41 GROUP CHIEF EXECUTIVE OFFICER AND DIRECTORS' REMUNERATION

A summary of the total remuneration of the Group CEO and Directors are as follows:- (continued)

	Salaries RM'000	Bonuses RM'000	Directors' fees RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
The Group						
2018						
Group CEO						
En. Kamarul Ariffin bin Mohd Jamil	1,740	1,520	–	* 592	167	4,019
Total	1,740	1,520	–	592	167	4,019
Non-Executive Directors						
Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)	–	–	300	276	7	583
En. Mohd Suffian bin Haji Haron	–	–	566	–	2	568
Tan Sri Mohd Ghazali bin Mohd Yusoff	–	–	484	15	–	499
En. Abd Malik bin A Rahman	–	–	645	105	–	750
Mr. Tang Peng Wah	–	–	48	15	–	63
Dato' Mohd Hata bin Robani	–	–	356	15	–	371
Dato' Abdul Aziz bin Abu Bakar	–	–	256	–	–	256
Mr. Ignatius Chan Tze Ching	–	–	229	60	–	289
Mr. Joseph Yuk Wing Pang	–	–	152	45	–	197
Total	–	–	3,036	531	9	3,576
Grand total	1,740	1,520	3,036	1,123	176	7,595

* Includes allowances and EPF

41 GROUP CHIEF EXECUTIVE OFFICER AND DIRECTORS' REMUNERATION

A summary of the total remuneration of the Group CEO and Directors are as follows:-

	Salaries RM'000	Bonuses RM'000	Directors' fees RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
The Bank						
2019						
Group CEO						
En. Kamarul Ariffin bin Mohd Jamil	1,800	1,475	–	* 632	39	3,946
Total	1,800	1,475	–	632	39	3,946
Non-Executive Directors						
Dato' Agil Natt	–	–	46	–	13	59
En. Mohd Suffian bin Haji Haron	–	–	360	–	–	360
Tan Sri Mohd Ghazali bin Mohd Yusoff	–	–	319	–	–	319
En. Abd Malik bin A Rahman	–	–	387	–	–	387
Dato' Abdul Aziz bin Abu Bakar	–	–	321	–	–	321
Dato' Mohd Hata bin Robani	–	–	387	–	–	387
Mr. Ignatius Chan Tze Ching	–	–	225	–	–	225
Dato' Rozalila binti Abdul Rahman	–	–	257	–	–	257
Mr. Peter Yuen Wai Hung	–	–	36	–	–	36
Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi Bin Haji Zainuddin (Retired)	–	–	172	31	8	211
Mr. Joseph Yuk Wing Pang	–	–	84	18	–	102
Total	–	–	2,594	49	21	2,664
Grand total	1,800	1,475	2,594	681	60	6,610

* Includes allowances, EPF and token of appreciation

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2019

41 GROUP CHIEF EXECUTIVE OFFICER AND DIRECTORS' REMUNERATION

A summary of the total remuneration of the Group CEO and Directors are as follows:- (continued)

	Salaries RM'000	Bonuses RM'000	Directors' fees RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
The Bank						
2018						
Group CEO						
En. Kamarul Ariffin bin Mohd Jamil	1,740	1,520	–	*592	167	4,019
Total	1,740	1,520	–	592	167	4,019
Non-Executive Directors						
Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi Bin Haji Zainuddin (Retired)	–	–	258	72	7	337
En. Mohd Suffian bin Haji Haron	–	–	321	–	–	321
Tan Sri Mohd Ghazali bin Mohd Yusoff	–	–	338	–	–	338
En. Abd Malik bin A Rahman	–	–	355	–	–	355
Mr. Tang Peng Wah	–	–	48	15	–	63
Dato' Mohd Hata bin Robani	–	–	303	–	–	303
Dato' Abdul Aziz bin Abu Bakar	–	–	256	–	–	256
Mr. Ignatius Chan Tze Ching	–	–	192	–	–	192
Mr. Joseph Yuk Wing Pang	–	–	122	–	–	122
Total	–	–	2,193	87	7	2,287
Grand total	1,740	1,520	2,193	679	174	6,306

* Includes allowances, EPF and token of appreciation

42 ALLOWANCES FOR/(WRITE-BACK OF) CREDIT IMPAIRMENT LOSSES

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Expected credit losses made/(written-back) on:-				
– loans, advances and financing	**78,656**	92,206	**7,107**	64,430
– trade receivables	**(260)**	(246)	**–**	–
– securities and placements	**(2,423)**	15,571	**(1,723)**	3,472
– loans and financing commitments and financial guarantee	**2,156**	(22,363)	**(6,758)**	(17,471)
Bad debts and financing				
– recovered	**(35,184)**	(30,781)	**(30,916)**	(29,302)
– written-off	**6,914**	4,281	**6,117**	3,682
	49,859	58,668	**(26,173)**	24,811

43 ALLOWANCES FOR IMPAIRMENT LOSSES ON OTHER ASSETS

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Expected credit losses:-				
– other debtors	**927**	524	**–**	–
– amount due from joint ventures	**4,690**	11,719	**–**	–
	5,617	12,243	**–**	–

NOTES TO THE FINANCIAL STATEMENTS
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44 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

Related parties that have transactions and their relationship with the Bank are as follows:-

Related parties	**Relationship**
Lembaga Tabung Angkatan Tentera ('LTAT')	Ultimate holding corporate body, which is Government–Linked Investment Company of the Government of Malaysia
Subsidiaries and associates of LTAT	Subsidiaries and associate companies of the ultimate holding corporate body
Subsidiaries of AFFIN Bank Berhad as disclosed in Note 17	Subsidiaries
Joint ventures as disclosed in Note 18	Joint ventures
Associates as disclosed in Note 19	Associates
Key management personnel	The key management personnel of the Group and the Bank consist of:- – Directors – Group CEO – Members of Senior Management team and the company secretary
Related parties of key management personnel (deemed as related to the Bank)	Close family members and dependents of key management personnel Entities that are controlled, jointly controlled or for which significant voting power in such entity resides with, directly or indirectly by key management personnel or its close family members

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. Key management personnel include the Group CEO of the Bank in office during the financial year and his remuneration for the financial year are disclosed in Note 41.

44 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

The Group and the Bank do not have any individually or collectively significant transactions outside the ordinary course of business with the Government of Malaysia and government–related entities. In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances.

(a) Related parties transactions and balances

	Ultimate holding corporate body		Other related companies		Joint ventures/ Associates		Companies in which certain Directors have substantial interest		Key management personnel	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
The Group										
Income										
Interest on NID purchased	**–**	–	**5,983**	6,060	**–**	–	**–**	–	**–**	–
Interest on loans, advances and financing	**28**	–	**63,986**	59,273	**–**	–	**4,491**	9,657	**590**	88
Interest on Corporate bond/Sukuk (PDS)	**–**	–	**36,000**	27,846						
Interest rate derivatives	**–**	–	**–**	17,436	**–**	880	**–**	7,551	**–**	–
Interest on subordinated term loan	**–**	–	**–**	–	**3,637**	5,965	**–**	–	**–**	–
Commisision income	**–**	–	**503**	764	**11,156**	6,691	**–**	–	**–**	–
Other income	**478**	1,088	**8,836**	8,569	**1,417**	488	**–**	530	**–**	–
	506	1,088	**115,308**	119,948	**16,210**	14,024	**4,491**	17,738	**590**	88
Expenditure										
Interest on deposits and placements of banks and other financial institutions	**217**	2,996	**16,909**	19,925	**10,020**	1,248	**6,028**	9,968	**413**	92
Insurance premium	**–**	–	**–**	73	**2,801**	4,109	**–**	–	**–**	–
Brokerage fees	**–**	–	**–**	671	**–**	–	**–**	–	**–**	–
Rental	**318**	318	**21,316**	21,163	**–**	–	**–**	–	**60**	60
Other expenditure	**165**	–	**29,953**	22,017	**1,772**	1,188	**–**	–	**–**	–
	700	3,314	**68,178**	63,849	**14,593**	6,545	**6,028**	9,968	**473**	152

44 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Related parties transactions and balances (continued)

	Ultimate holding corporate body		Other related companies		Joint ventures / Associates		Companies in which certain Directors have substantial interest		Key management personnel	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
The Group										
Amount due from										
Corporate bonds/Sukuk/NID	**–**	–	**711,813**	712,488	**–**	–	**–**	–	**–**	–
Loans, advances and financing	**–**	–	**1,403,121**	1,803,036	**–**	–	**60,351**	114,860	**14,754**	3,733
Unquoted Equities	**–**	–	**15,032**	30,050	**–**	–	**–**	–	**–**	–
Security deposits	**–**	–	**5,279**	5,448	**–**	–	**–**	–	**11**	11
Subordinated Loans	**–**	–	**–**	–	**30,936**	57,453	**–**	–	**–**	–
Other assets	**69**	65	**760**	7	**379**	193	**–**	260	**–**	–
	69	65	**2,136,005**	2,551,029	**31,315**	57,646	**60,351**	115,120	**14,765**	3,744
Amount due to										
Demand and savings deposits	**110,086**	18,056	**499,300**	348,864	**12,917**	15,292	**4,702**	5,755	**10,065**	9,918
Fixed deposits	**–**	–	**314,268**	314,822	**205,629**	219,858	**131,667**	309,014	**12,044**	1,507
Money market deposits	**190,927**	89,629	**301,411**	395,805	**–**	–	**–**	–	**–**	–
Sales of securities	**–**	1,199	**–**	1,413	**–**	–	**–**	–	**–**	–
Other liabilities	**–**	–	**323**	153	**181**	–	**–**	–	**–**	–
	301,013	108,884	**1,115,302**	1,061,057	**218,727**	235,150	**136,369**	314,769	**22,109**	11,425
Commitments and contingencies	**–**	–	**1,155,451**	1,501,345	**21,255**	81,870	**1,672**	46	**–**	265

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for the financial year ended 31 December 2019

44 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Related parties transactions and balances (continued)

	Ultimate holding corporate body		Subsidiaries		Other related companies		Joint ventures / Associates		Companies in which certain Directors have substantial interest		Key management personnel	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
The Bank												
Income												
Interest on deposits and placements with banks and other financial institutions	–	–	1,702	1,827	–	–	–	–	–	–	–	–
Interest on RIA	–	–	94,505	115,603	–	–	–	–	–	–	–	–
Interest on NID	–	–	42,219	41,945	–	–	–	–	–	–	–	–
Interest on loans, advances and financing	–	–	–	–	36,008	34,606	–	–	–	–	152	107
Interest rate derivatives	–	–	–	1,202	–	–	–	–	–	–	–	–
Interest on corporate bond/Sukuk	–	–	–	11,125	36,000	27,846	–	–	–	–	–	–
Interest on subordinated term loan	–	–	2,226	7,487	–	–	3,637	2,621	–	–	–	–
Other income	–	–	275,879	158,960	2,256	1,840	11,156	6,691	–	–	–	–
	–	–	416,531	338,149	74,264	64,292	14,793	9,312	–	–	152	107
Expenditure												
Interest on fixed deposits	–	–	1,878	1,238	4,114	3,650	8,509	4,972	3,979	909	282	271
Interest on NID	–	–	15,152	15,650	–	–	–	–	–	–	–	–
Interest on deposits and placements of banks and other financial institutions	–	–	407	755	–	–	–	–	–	–	–	–
Interest on money market deposits	6,696	2,867	5,769	5,038	6,183	2,908	–	–	–	–	–	–
Interest rate derivatives	–	–	–	1,155	–	–	–	–	–	–	–	–
Interest on subordinated term loan	–	–	–	515	–	–	–	–	–	–	–	–
Brokerage fees	–	–	390	532	–	–	–	–	–	–	–	–
Rental	318	318	407	407	13,029	12,418	–	–	–	–	60	60
Other expenditure	23	–	150	1,932	1,939	3,130	2,190	3,628	–	–	–	–
	7,037	3,185	24,153	27,222	25,265	22,106	10,699	8,600	3,979	909	342	331

44 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Related parties transactions and balances (continued)

	Ultimate holding corporate body		Subsidiaries		Other related companies		Joint ventures / Associates		Companies in which certain Directors have substantial interest		Key management personnel	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
The Bank												
Amount due from												
Restricted investment accounts	**–**	–	**1,912,516**	2,366,784	**–**	–	**–**	–	**–**	–	**–**	–
Negotiable instruments of deposit	**–**	–	**1,009,214**	1,009,395	**–**	–	**–**	–	**–**	–	**–**	–
Loans, advances and financing	**–**	–	**–**	–	**763,627**	934,111	**–**	–	**–**	–	**4,543**	3,399
Deposits and placements with banks and other financial institutions	**–**	–	**69,968**	70,708	**–**	–	**–**	–	**–**	–	**–**	–
Intercompany balances	**–**	–	**–**	9	**–**	–	**–**	–	**–**	–	**–**	–
Subordinated term loan	**–**	–	**50,483**	600,000	**–**	–	**30,925**	57,453	**–**	–	**–**	–
Corporate bond/Sukuk	**–**	–	**–**	–	**611,458**	611,423	**–**	–	**–**	–	**–**	–
Unquoted equities	**–**	–	**–**	–	**15,032**	30,050	**–**	–	**–**	–	**–**	–
Security deposits	**–**	–	**–**	–	**3,428**	3,308	**–**	–	**–**	–	**11**	11
	–	–	**3,042,181**	4,046,896	**1,393,545**	1,578,892	**30,925**	57,453	**–**	–	**4,554**	3,410
Amount due to												
Demand and savings deposits	**109,948**	17,399	**74,482**	71,405	**377,729**	286,829	**12,068**	15,129	**414**	907	**5,141**	5,890
Fixed deposits	**–**	–	**61,599**	83,105	**185,842**	159,286	**161,881**	171,522	**67,131**	65,814	**8,107**	6,745
Negotiable instruments of deposit	**–**	–	**405,190**	353,662	**–**	–	**–**	–	**–**	–	**–**	–
Money market deposits	**186,992**	89,629	**148,375**	185,460	**291,888**	210,345	**–**	–	**–**	–	**–**	–
Intercompany balances	**–**	–	**54,582**	108,979	**–**	–	**–**	–	**–**	–	**–**	–
	296,940	107,028	**744,228**	802,611	**855,459**	656,460	**173,949**	186,651	**67,545**	66,721	**13,248**	12,635
Commitments and contingencies	**–**	–	**–**	–	**952,125**	1,419,475	**21,255**	81,870	**12**	–	**–**	–

44 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(b) Key management personnel compensation

The remuneration of key management personnel of the Group and the Bank during the year are as follows:-

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Directors' fees, other emoluments and benefits				
Fees	**3,315**	3,036	**2,594**	2,193
Other emoluments	**49**	531	**49**	87
Benefits-in-kind	**52**	9	**21**	7
	3,416	3,576	**2,664**	2,287
Short-term employment benefits				
Salaries	**24,155**	22,850	**10,041**	9,383
Bonuses	**20,334**	22,591	**6,452**	5,892
Defined contribution plan ('EPF')	**7,717**	9,804	**2,848**	2,642
Other employee benefits	**3,100**	2,731	**1,851**	1,497
Benefits-in-kind	**559**	601	**392**	446
	55,865	58,577	**21,584**	19,860

Included in the above table is the Group CEO and Directors' remuneration as disclosed in Note 41.

There were no expenses relating to employee stock option incentive granted to key management personnel for the current financial year. The change in settlement of the employee stock option incentive granted to key management personnel for 2018 resulted in RM0.51 million write-back in profit or loss of the Group.

45 TAXATION

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Malaysian income tax				
Current tax	**152,177**	211,722	**90,284**	120,200
(Over)/Under provision in prior financial year	**(56,695)**	6,196	**(42,577)**	9,747
Deferred tax (Note 15)	**65,398**	(70,342)	**48,296**	(49,044)
Tax expense for the financial year	**160,880**	147,576	**96,003**	80,903

45 TAXATION

	The Group		The Bank	
	2019 %	2018 %	2019 %	2018 %
Statutory tax rate in Malaysia	**24.00**	24.00	**24.00**	24.00
Tax effect in respect of:-				
Non-allowable expenses	**0.92**	1.47	**0.79**	0.61
Non taxable income	**(2.43)**	(4.00)	**(4.14)**	(13.86)
Effect of different tax rate	**0.46**	(0.20)	**(0.08)**	(0.20)
(Over)/Under provision in prior financial year	**(8.35)**	0.93	**(9.25)**	1.44
Other temporary differences not recognised in prior financial year	**9.15**	(0.34)	**9.55**	–
Average effective tax rate	**23.75**	21.86	**20.87**	11.99

46 EARNINGS PER SHARE

(a) Basic

The basic earnings per ordinary share for the Group and the Bank have been calculated by dividing the net profit attributable to equity holders of the Group and the Bank by the weighted average number of ordinary shares in issue during the financial year.

	The Group		The Bank	
	2019	2018	2019	2018
Net profit attributable to equity holders of the Bank (RM'000)	**487,766**	503,086	**364,121**	594,006
Weighted average number of ordinary shares in issue ('000)	**1,983,542**	1,942,949	**1,983,542**	1,942,949
Basic earnings per share (sen)	**24.6**	25.9	**18.4**	30.6

46 EARNINGS PER SHARE

(b) Diluted

The diluted earnings per ordinary share has been calculated by dividing the net profit attributable to equity holders of the Group and the Bank as stated above by the weighted average number of shares in issue during the financial year including the dilution from the potential issuance of new ordinary shares arising from DRP.

	The Group		The Bank	
	2019	2018	2019	2018
Basic weighted average number of ordinary shares in issue ('000)	**1,983,542**	1,942,949	**1,983,542**	1,942,949
Number of potential ordinary shares in issue ('000)	**61,768**	43,071	**61,768**	43,071
Diluted weighted average number of ordinary shares in issue ('000)	**2,045,310**	1,986,020	**2,045,310**	1,986,020
Net profit attributable to equity holders of the Bank (RM'000)	**487,766**	503,086	**364,121**	594,006
Diluted weighted average number of ordinary shares in issue ('000)	**2,045,310**	1,986,020	**2,045,310**	1,986,020
Diluted earnings per share (sen)	**23.8**	25.3	**17.8**	29.9

47 DIVIDENDS

Dividends recognised as distribution to ordinary equity holders of the Bank:-

	The Group and The Bank 2019		The Group and The Bank 2018	
	Dividend per share sen	Amount of dividend RM'000	Dividend per share sen	Amount of dividend RM'000
Ordinary shares				
Single-tier dividend:-				
– Interim dividend	–	–	5.00	97,147

On 27 April 2020, the Board of Directors proposed a single-tier interim dividend of 5 sen per share amounting to RM99,301,006 in respect of the financial year ended 31 December 2019, based on the Bank's issued and paid-up capital of 1,986,020,123 ordinary shares at 31 December 2019.

On the same day, the Board of Directors resolved that DRP as disclosed in Note Z be applied to the said interim dividend and the entire interim dividend can be elected and reinvested in new ordinary shares of the Bank.

48 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions. These commitments and contingencies are not secured over the assets of the Group and the Bank.

The commitments and contingencies consist of:-

	The Group		The Bank	
	2019 Principal amount RM'000	2018 Principal amount RM'000	2019 Principal amount RM'000	2018 Principal amount RM'000
Direct credit substitutes *	**556,462**	613,796	**445,758**	415,834
Transaction-related contingent items	**1,969,168**	1,943,980	**1,494,531**	1,662,775
Short-term self-liquidating trade-related contingencies	**454,792**	432,728	**175,032**	113,759
Obligations under an on-going underwriting agreement	**–**	27,000	**–**	–
Irrevocable commitments to extend credit:-	**7,934,474**	10,445,260	**5,354,533**	6,816,492
– maturity less than one year	**6,020,758**	7,690,157	**4,556,911**	6,060,241
– maturity more than one year	**1,913,716**	2,755,103	**797,622**	756,251
Foreign exchange related contracts #:-	**13,927,851**	11,409,786	**10,019,456**	8,672,996
– less than one year	**13,000,360**	11,009,067	**9,812,356**	8,576,966
– one year to less than five years	**927,491**	400,719	**207,100**	96,030
– more than five years	**–**	–	**–**	–
Interest/Profit rate related contracts #:-	**4,883,148**	4,771,148	**1,773,148**	2,236,148
– less than one year	**873,148**	946,000	**23,148**	251,000
– one year to less than five years	**3,710,000**	2,800,148	**1,480,000**	990,148
– more than five years	**300,000**	1,025,000	**270,000**	995,000
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	**578,072**	615,870	**37,322**	133,561
Unutilised credit card lines	**547,266**	613,506	**380,117**	417,558
	30,851,233	30,873,074	**19,679,897**	20,469,123

* Included in direct credit substitutes above are financial guarantee contracts of RM556.5 million and RM445.8 million at the Group and the Bank respectively (2018: RM582.0 million and RM445.8 million at the Group and the Bank respectively), of which fair value at the time of issuance is zero.

\# The fair value of these derivatives have been recognised as 'derivative financial assets' and 'derivative financial liabilities' in the statement of financial position and disclosed in Note 6 and Note 26 to the financial statements.

49 FINANCIAL RISK MANAGEMENT

The Group has set up objectives and policies to manage the risks that arise in connection with financial instruments. The risk management framework and policies of the Group are guided by specific objectives to ensure that comprehensive and adequate risk management policies are established to mitigate the salient risk elements in the operations of the Group. The establishment of the overall financial risk management objectives is consistent and in tandem with the strategy to create and enhance shareholders' value, whilst guided by a prudent and robust framework of risk management policies. In achieving the objective of maximising returns to shareholders, the Board takes cognisance of the risk elements that the Group is confronted within its operations. In view of the multi-faceted risks inherent especially in the Group's operations in the banking sector, the Group places great emphasis on the importance of risk management and has put in place clear and comprehensive risk management mechanisms and strategies to identify, monitor, manage and control the relevant risk factors.

(i) Credit risk

Credit risk is the risk that a counterparty will fail to meet its contractual obligations which could result in a financial loss to the Group and the Bank. The Group's and the Bank's exposure to credit risks arises primarily from stockbroking trade receivables, share margin financing, corporate/inter-bank lending activities, bonds investment, foreign exchange trading as well as equity and debt underwriting and from participation in securities settlements and payment transactions.

The management of credit risk is governed by a set of approved credit policies, guidelines and procedures to ensure that the overall lending objectives are in compliance with the internal and regulatory requirements. The risk management policies are subject to review by the Group Board Risk Management and Compliance Committee ('GBRMCC'), a sub-committee of the Board that reviews the adequacy of the Group's and the Bank's risk policies and framework. The Group's and the Bank's credit risk framework is further strengthened through an established process for the approval and review of proposals that comprises the Group Management Credit Committee ('GMCC') and the Group Board Credit Review and Recovery Committee ('GBCRRC'). The GMCC represents the approving authority for credit and underwriting proposals, whilst the GBCRRC is the committee that reviews proposals that exceed specified limits and criteria, as well as to consider whether to reject the proposal or modify the terms of the proposal.

The Group and the Bank recognise that learning is a continuous journey and is committed to enhancing the knowledge and skills set of its staff. It places strong emphasis on creating and enhancing risk awareness in the organisation.

The Group and the Bank are supportive of credit officer in taking the Professional Credit Certification ('PCC') programme offered by the Asian Institute of Chartered Bankers ('AICB'). Upon attaining the PCC certification, credit officers are expected to demonstrate sound understanding of credit process and competence to undertake credit roles and responsibilities.

Credit risk evaluation

Credit evaluation is the process of analysing the creditworthiness of the prospective customer against the Group's and the Bank's underwriting criteria and the ability of the Group and the Bank to make a return commensurate to the level of risk undertaken. A critical element in the evaluation process is the assignment of a credit risk grade to the counterparty. This assists in the risk assessment and decision making process. The Group and the Bank have developed internal rating models to support the assessment and quantification of credit risk.

A number of relevant qualitative and quantitative factors are taken into consideration in the identification and analysis of a counterparty's credit risk. Each counterparty is assigned a credit rating which considers factors such as competitive position, operating performance, cash flow strength and management strength.

All corporate lending, underwritings and corporate debt securities investments are independently evaluated by the Group's and Bank's credit management function and approved by the relevant approving authorities based on the Authority Matrix approved by the Board.

For consumer mass market products, statistically developed application scorecards are used to assess the risks associated with the credit application as a decision support tool at loans, advances and financing origination. For share margin financing, the credit decisions are guided by an internally developed rating scorecard as well as other terms and conditions stipulated in the Group's and the Bank's Margin Financing Policy. The credit risk of share margin financing is largely mitigated by the holding of collateral in the form of marketable securities.

49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Risk limit control and mitigation policies

The Group and the Bank employ various policies and practices to control and mitigate credit risk.

Lending/Financing limits

The Group and the Bank establish internal limits and related lending guidelines to manage large exposures and avoid undue concentration of credit risk in its credit portfolio. The limits include single customer groupings, connected parties and industry segments. These risks are monitored regularly and the limits reviewed annually or sooner depending on changing market and economic conditions.

The credit risk exposure for derivatives due to potential exposure arising from market movements, and loan books are managed on an aggregated basis as part of the overall lending limits with customers.

Collateral

Credits are established against borrower's capacity to repay rather than rely solely on security. However, collateral may be taken to mitigate credit risk.

The main collateral types accepted and given value by the Group and the Bank are:-
- mortgage over residential;
- charges over commercial real estate or vehicles financed;
- charges over business assets such as properties, equipment, fixed deposits, debentures, personal guarantees and corporate guarantees; and
- charges over financial instruments such as marketable securities.

The Group and the Bank prepare a valuation of the collateral obtained as part of the loan/financing origination process. This assessment is reviewed periodically.

Term loan financing and lending to corporate entities are generally secured, revolving individual credit facilities are generally unsecured.

Collateral held as security for financial assets other than loans, advances and financing depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset–backed securities and similar instruments, which are secured by portfolios of financial instruments. Derivatives are also collateralised.

The Group's and the Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group and the Bank since the prior period.

49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Risk limit control and mitigation policies (continued)

Collateral (continued)

The Group and the Bank closely monitor collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group and the Bank will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:-

	Gross loans, advances and financing RM'000	Expected credit losses RM'000	Net loans, advances and financing RM'000	Fair value of collateral held RM'000
The Group				
2019				
Consumer Banking				
– Overdraft	**7,270**	**(1,703)**	**5,567**	**31,637**
– Credit cards	**878**	**(575)**	**303**	**–**
– Term loans/financing	**120,090**	**(19,239)**	**100,851**	**108,405**
– Mortgages	**324,460**	**(71,744)**	**252,716**	**403,855**
– Hire purchase	**61,055**	**(42,683)**	**18,372**	**225,038**
Corporate Banking	**668,748**	**(171,411)**	**497,337**	**1,060,350**
SME Banking	**196,651**	**(32,989)**	**163,662**	**361,476**
Total credit-impaired assets	**1,379,152**	**(340,344)**	**1,038,808**	**2,190,761**

	Gross loans, advances and financing RM'000	Expected credit losses RM'000	Net loans, advances and financing RM'000	Fair value of collateral held RM'000
The Group				
2018				
Consumer Banking				
– Overdraft	8,506	(3,184)	5,322	27,322
– Credit cards	1,025	(669)	356	–
– Term loans/financing	93,448	(9,832)	83,616	110,670
– Mortgages	264,329	(44,986)	219,343	339,185
– Hire purchase	89,892	(68,759)	21,133	292,402
Corporate Banking	892,458	(150,304)	742,154	850,228
SME Banking	240,239	(61,094)	179,145	469,904
Total credit-impaired assets	1,589,897	(338,828)	1,251,069	2,089,711

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2019

49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Risk limit control and mitigation policies (continued)

Collateral (continued)

	Gross loans, advances and financing RM'000	Expected credit losses RM'000	Net loans, advances and financing RM'000	Fair value of collateral held RM'000
The Bank				
2019				
Consumer Banking				
– Overdraft	**6,956**	**(1,593)**	**5,363**	**30,657**
– Credit cards	**615**	**(402)**	**213**	**–**
– Term loans/financing	**9,691**	**(1,826)**	**7,865**	**25,955**
– Mortgages	**163,692**	**(34,322)**	**129,370**	**231,085**
– Hire purchase	**42,435**	**(30,041)**	**12,394**	**176,356**
Corporate Banking	**265,139**	**(121,139)**	**144,000**	**621,048**
SME Banking	**184,530**	**(31,838)**	**152,692**	**345,381**
Total credit-impaired assets	**673,058**	**(221,161)**	**451,897**	**1,430,482**

	Gross loans, advances and financing RM'000	Expected credit losses RM'000	Net loans, advances and financing RM'000	Fair value of collateral held RM'000
The Bank				
2018				
Consumer Banking				
– Overdraft	8,379	(3,116)	5,263	27,042
– Credit cards	1,012	(660)	352	–
– Term loans/financing	7,704	(2,607)	5,097	23,981
– Mortgages	155,767	(24,581)	131,186	215,255
– Hire purchase	66,680	(51,740)	14,940	237,464
Corporate Banking	516,946	(124,183)	392,763	439,808
SME Banking	221,730	(58,507)	163,223	447,245
Total credit-impaired assets	978,218	(265,394)	712,824	1,390,795

The financial effect of collateral held for loans, advances and financing of the Group and the Bank are 78.5% (2018: 77.6%) and 76.5% (2018: 77.1%) respectively. The financial effects of collateral for the other financial assets are insignificant.

49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Risk limit control and mitigation policies (continued)

Collateral (continued)

Collateral and other credit enhancements obtained

The Group and the Bank obtained assets by taking possession of collateral held as security or calling upon other credit enhancements.

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Nature of assets				
Industrial and residential properties	**17,817**	26,051	**12,944**	21,178

Foreclosed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. The carrying amount of foreclosed properties held by the Group and the Bank as at reporting date has been classified as 'Other assets' as disclosed in Note 11.

Collateral for financial assets at FVTPL

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Derivatives	**33**	1,298	**–**	–

The Group mitigates the credit risk of derivatives by entering into master netting agreements and holding collateral in the form of cash.

Credit related commitments

Commitment to extend credit represents unutilised portion of approved credit in the form of loans/financing, guarantees or letters of credit. In terms of credit risk, the Group and the Bank are potentially exposed to loss in an amount equal to the total unutilised commitments. However, the potential amount of loss is less than the total unutilised commitments, as most commitments to extend credit are contingent upon customers maintaining specific minimum credit standards.

The Group and the Bank monitor the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than short-term commitments.

49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Credit risk measurement

Credit risk grades

The Group and the Bank allocate each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in probability of default ('PD') and qualitative factors, including a backstop based on delinquency.

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group and the Bank's quantitative modelling, the remaining lifetime PD is determined to have increased by more than a predetermined percentage/range.

Using expert credit judgement and, where possible, relevant historical experience, the Group and the Bank may determine that an exposure has undergone a Significant Increase in Credit Risk ('SICR') based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Group and the Bank consider that a significant increase in credit risk is presumed if a borrower/issuer is more than 30 days or 1 month past due. Days or months past due are determined by counting the number of days or month since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Group and the Bank monitor the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:-

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Credit risk measurement (continued)

Measurement of expected credit losses ('ECL')

The Group and the Bank use three categories for financial instruments at amortised cost for recognising ECL.

Category	Definition	Basis for recognising
Performing accounts (Stage 1)	• Financial assets that do not have significant increase in credit risk since initial recognition of the asset and therefore, less likely to default; • Performing accounts with credit grade 13 or better; • Accounts past due less than or equal to 30 days or; • For early control acounts where one that has risk or potential weakness which if left unchecked, my result in significant deterioration of repayment prospect and transfer to Underperforming status (Stage 2) or worse.	12 - Months ECL
Underperforming accounts (Stage 2)	• An account with significant increase in credit risk since initial recognition and if left uncorrected, may result in impairment of the account within the next 12 months; • Accounts past due more than 30 days or 1 month but less than 90 days or 3 months; • Account demonstrating critical level of risk and therefore, credit graded to 14 and place under Watchlist;	Lifetime ECL – not credit impaired
Impaired accounts (Stage 3)	• Impaired credit; • Credit grade 15 or worse; • Accounts past due more than 90 days or 3 months. • All Restructure and Rescheduling ('R&R') account due to credit deterioration are to be classified as impaired.	Lifetime ECL – credit impaired
Write-off	• Evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or; • Assets unable to generate sufficient future cash flows to repay the amount.	Asset is written off

The Group and the Bank have not used the low credit risk exemption for any financial instrument for the year ended 31 December 2019.

49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Credit risk measurement (continued)

Measurement of expected credit losses ('ECL') (continued)

The key inputs into the measurement of ECL are the term structure of the following variables:-

- probability of default ('PD');
- loss given default ('LGD'); and
- exposure at default ('EAD').

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD is the likelihood of a counterparty defaulting on its contractual obligations to a financial institution over a given time horizon and are estimates at a certain date, which are calculated based on statistical models. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. If a counterparty or exposure migrates between rating classes or changes in past due status, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

The Group and the Bank collect performance and default information about its credit risk exposures analysed by type of product and borrower as well as by credit risk grading. For some portfolios, information from external credit reference agencies are also used.

The Group and the Bank employ statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

LGD is the magnitude of the likely loss if there is a default. LGD parameters are estimated based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flows basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group and the Bank derive the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

The 12-month and lifetime EAD are determined based on the expected payment profile, which varies by product type.

ECL is determined by projecting the PD, LGD and EAD at each future point on a yearly basis on individual exposure, or collective segment, and discounting these monthly expected losses back to the reporting date. The discount rate used in the ECL calculation is the original interest rate or an approximation thereof.

49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Credit risk measurement (continued)

Measurement of expected credit losses ('ECL') (continued)

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group and the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Group and the Bank have the right to require repayment of an advance or terminate a loan commitment or guarantee.

Forward looking economic information is also included in determining the 12-month and lifetime PD, LGD and EAD.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:-

- product/instrument type;
- past due status;
- credit risk grading;
- collateral type;
- date of initial recognition; and
- remaining term to maturity.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period that have material impact to ECL.

Incorporation of forward-looking information

The Group and the Bank incorporate forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. A 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios are formulated.

This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities.

The base case represents a most-likely outcome and is aligned with information used by the Group and the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group and the Bank carry out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group and the Bank have identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 3 years.

49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Credit risk measurement (continued)

Incorporation of forward-looking information (continued)

The economic screnarios used for the ECL estimate and the effect to the ECL estimate due to the changes in the Macro Economic Variables ('MEVs') by % are set out as below:-

Measurement variables - MEV change	2019 %	2018 %
Overnight Policy Rate ('OPR')	**1.33**	1.00
USD/MYR exchange rate	*** N/A**	0.70
Kuala Lumpur Composite Index ('KLCI')	*** N/A**	1.40
3 months KLIBOR	**0.31**	0.45
Housing price index	**1.04**	1.19
Unemployment rate	**1.47**	0.27
GDP of Malaysia	**4.11**	0.10
Malaysia Economic Indicator Leading Index	**0.01**	* N/A
Private consumption expenditure	**4.23**	* N/A
Base lending/financing rate	**0.04**	* N/A
Applied hire purchase	**1.48**	* N/A

*N/A: Not applicable as a results of change in model/risk parameters made during the financial year.

The impact on ECL based on 3 years historical MEV are as follows:-

	2019		2018	
	RM'000 +	RM'000 -	RM'000 +	RM'000 -
The Group				
Impact on expected credit losses	**(13,211)**	**14,244**	835	1,150

	2019		2018	
	RM'000 +	RM'000 -	RM'000 +	RM'000 -
The Bank				
Impact on expected credit losses	**(10,458)**	**11,279**	1,181	172

49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Credit risk monitoring

Corporate credits and large individual accounts are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. This is to ensure that the credit grades remain appropriate and to detect any signs of weaknesses or deterioration in the credit quality. Remedial action is taken where evidence of deterioration exists.

Significant Increase in Credit Risk Process is in place as part of a means to pro-actively identify, report and manage deteriorating credit quality. Watchlist accounts are closely reviewed and monitored with corrective measures initiated to prevent them from turning non-performing. As a rule, Watchlist accounts are either worked up or worked out within a period of twelve months.

The Group and the Bank have established MFRS 9 - Stage Transfer Policy to provide guidance in determining significant increases in credit risk of financial assets. There are 3 stages to differentiate the credit risk of the financial assets in conjunction with MFRS 9 standards: Performing Accounts (Stage 1), Underperforming Accounts (Stage 2) and Impaired Accounts (Stage 3).

Active portfolio monitoring as well as exceptions reporting is in place to manage the overall risk profile, identify, analyse and mitigate adverse trends or specific areas of risk concerns.

The Group and the Bank conduct post-mortem reviews on newly impaired loans to determine the key reason(s) and/or driver(s) leading to the account being classified as impaired, take appropriate remedial actions or measures and establish lessons learned to minimise potential or future credit loss from similar or repeat events.

In addition, an independent credit review is undertaken by Group Risk Management ('GRM') to ensure that credit decision-making is consistent with the Group and the Bank's overall credit risk appetite and strategy.

Maximum exposure to credit risk

For financial assets recognised on the statement of financial position, the exposure to credit risk equals their carrying amount. For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that the Group and the Bank would have to pay if the guarantee was to be called upon. For loan commitments and other commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

All financial assets of the Group and the Bank are subject to credit risk except for cash in hand, equity securities held as financial assets at FVTPL or financial investments at FVOCI, as well as non-financial assets.

49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Maximum exposure to credit risk (continued)

The exposure to credit risk of the Group and the Bank equals their carrying amount in the statement of financial position as at reporting date, except for the followings:-

	The Group		The Bank	
	2019 Maximum credit risk exposure RM'000	2018 Maximum credit risk exposure RM'000	2019 Maximum credit risk exposure RM'000	2018 Maximum credit risk exposure RM'000
Credit risk exposures of on-balance sheet assets:-				
Cash and short-term funds *	**4,351,333**	6,064,780	**2,063,387**	2,302,115
Financial assets at FVTPL **	**246,563**	375,860	**76,009**	284,710
Financial investments at FVOCI #	**12,265,009**	15,049,325	**6,216,026**	8,995,006
Other assets @	**123,117**	99,839	**34,006**	30,944
	16,986,022	21,589,804	**8,389,428**	11,612,775
Credit risk exposure of off-balance sheet items:-				
Financial guarantees	**556,462**	613,796	**445,758**	415,834
Loan commitments and other credit related commitments	**11,483,772**	14,078,344	**7,441,533**	9,144,145
	12,040,234	14,692,140	**7,887,291**	9,559,979
Total maximum credit risk exposure	**29,026,256**	36,281,944	**16,276,719**	21,172,754

The following have been excluded for the purpose of maximum credit risk exposure calculation:-

* Cash in hand
** Investment in exchange traded fund, shares, unit trusts and REITs
# Investment in unquoted shares, REITs and perpetual bonds
@ Prepayment and foreclosed properties

Whilst the Group's and the Bank's maximum exposure to credit risk is the carrying value of the assets, or in the case of off-balance sheet items, the amount guaranteed, committed or accepted, in most cases the likely exposure is far less due to collateral, credit enhancements and other actions taken to mitigate the credit exposure.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2019

49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Credit risk concentrations

Credit risk is the risk of financial loss from the failure of customers to meet their obligations. Exposure to credit risk is managed through portfolio management. The credit portfolio's risk profiles and exposures are reviewed and monitored regularly to ensure that an acceptable level of risk diversification is maintained. Exposure to credit risk is also managed in part by obtaining collateral security and corporate and personal guarantees.

The credit risk concentrations of the Group and the Bank, by industry concentration, are set out in the following tables:-

	Short-term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets at FVTPL RM'000	Derivative financial assets RM'000	Financial investments at FVOCI RM'000	Financial investments at AC RM'000	Loans, advances and financing RM'000	^ Other assets RM'000	Total on-balance sheet RM'000	Commitments and contingencies RM'000
The Group										
2019										
Agriculture	–	–	–	–	61,713	–	1,572,573	–	1,634,286	230,518
Mining and quarrying	–	–	–	–	12,602	–	332,792	–	345,394	102,777
Manufacturing	–	–	–	714	114,871	4,220	2,522,804	234	2,642,843	1,939,702
Electricity, gas and water supply	–	–	–	–	620,384	–	559,096	724	1,180,204	106,002
Construction	–	–	–	–	632,698	–	1,977,958	23	2,610,679	2,284,990
Real estate	–	–	–	–	331,416	–	6,574,379	132	6,905,927	799,410
Transport, storage and communication	–	–	–	–	259,190	–	1,594,142	645	1,853,977	389,134
Finance, insurance and business services	963,775	–	94,288	163,588	1,345,732	140,846	2,215,828	274,283	5,198,340	598,527
Government and government agencies	3,387,558	–	137,243	–	7,160,052	–	796,229	17	11,481,099	1,314,358
Wholesale, retail trade, hotel and restaurants	–	–	15,032	566	746,077	–	3,370,507	306	4,132,488	1,605,834
Others	–	–	–	–	980,274	–	23,871,557	441,330	25,293,161	2,668,981
Total assets	4,351,333	–	246,563	164,868	12,265,009	145,066	45,387,865	717,694	63,278,398	12,040,233

^ Others include amount due from associate, joint ventures, trade receivables and other assets.

49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Credit risk concentrations (continued)

Credit risk is the risk of financial loss from the failure of customers to meet their obligations. Exposure to credit risk is managed through portfolio management. The credit portfolio's risk profiles and exposures are reviewed and monitored regularly to ensure that an acceptable level of risk diversification is maintained. Exposure to credit risk is also managed in part by obtaining collateral security and corporate and personal guarantees.

The credit risk concentrations of the Group and the Bank, by industry concentration, are set out in the following tables (continued):-

	Short-term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets at FVTPL RM'000	Derivative financial assets RM'000	Financial investments at FVOCI RM'000	Financial investments at AC RM'000	Loans, advances and financing RM'000	^Other assets RM'000	Total on-balance sheet RM'000	Commitments and contingencies RM'000
The Group										
2018										
Agriculture	–	–	–	–	61,356	–	1,595,469	5	1,656,830	304,474
Mining and quarrying	–	–	–	–	12,402	–	424,456	–	436,858	239,694
Manufacturing	–	–	–	1,425	118,568	8,050	2,762,905	736	2,891,684	2,292,678
Electricity, gas and water supply	–	–	–	–	867,792	–	666,493	904	1,535,189	217,793
Construction	–	–	–	–	819,116	–	2,167,724	1,406	2,988,246	2,867,126
Real estate	–	–	–	–	273,761	–	7,774,441	169	8,048,371	1,062,546
Transport, storage and communication	–	–	–	–	453,121	–	1,651,095	716	2,104,932	445,199
Finance, insurance and business services	1,019,682	71,801	285,308	85,607	2,919,349	140,533	2,509,960	96,454	7,128,694	1,080,877
Government and government agencies	5,045,098	–	60,502	–	7,561,086	–	1,138,398	98	13,805,182	1,298,709
Wholesale, retail trade, hotel and restaurants	–	–	30,050	1,773	767,906	14,444	3,443,145	20	4,257,338	1,438,405
Others	–	–	–	–	1,194,868	–	24,257,926	457,994	25,910,788	3,444,639
Total assets	**6,064,780**	**71,801**	**375,860**	**88,805**	**15,049,325**	**163,027**	**48,392,012**	**558,502**	**70,764,112**	**14,692,140**

^ Others include amount due from associate, joint ventures, trade receivables and other assets.

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for the financial year ended 31 December 2019

49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Credit risk concentrations (continued)

Credit risk is the risk of financial loss from the failure of customers to meet their obligations. Exposure to credit risk is managed through portfolio management. The credit portfolio's risk profiles and exposures are reviewed and monitored regularly to ensure that an acceptable level of risk diversification is maintained. Exposure to credit risk is also managed in part by obtaining collateral security and corporate and personal guarantees.

The credit risk concentrations of the Group and the Bank, by industry concentration, are set out in the following tables (continued):-

	Short-term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Investment accounts due from designated financial institutions RM'000	Financial assets at FVTPL RM'000	Derivative financial assets RM'000	Financial investments at FVOCI RM'000	Financial investments at AC RM'000	Loans, advances and financing RM'000	^ Other assets RM'000	Total on-balance sheet RM'000	Commitments and contingencies RM'000
The Bank											
2019											
Agriculture	–	–	–	–	–	–	–	588,264	–	588,264	152,629
Mining and quarrying	–	–	–	–	–	–	–	37,334	–	37,334	23,287
Manufacturing	–	–	–	–	714	41,274	–	1,818,948	–	1,860,936	1,710,442
Electricity, gas and water supply	–	–	–	–	–	144,718	–	153,550	–	298,268	56,146
Construction	–	–	–	–	–	31,451	–	1,322,048	–	1,353,499	1,472,411
Real estate	–	–	–	–	–	91,982	–	4,395,624	–	4,487,606	576,507
Transport, storage and communication	–	–	–	–	–	31,537	–	1,201,535	–	1,233,072	334,378
Finance, insurance and business Services	254,302	41,368	1,912,415	60,977	117,008	1,666,289	100,499	1,790,194	–	5,943,052	489,948
Government and government agencies	1,809,085	–	–	–	–	3,583,660	–	30,605	–	5,423,350	680,296
Wholesale, retail trade, hotel and restaurants	–	–	–	15,032	503	604,918	–	2,765,831	–	3,386,284	1,384,481
Others	–	–	–	–	–	20,197	–	11,626,126	66,211	11,712,534	1,006,766
Total assets	2,063,387	41,368	1,912,415	76,009	118,225	6,216,026	100,499	25,730,059	66,211	36,324,199	7,887,291

^ Others include amount due from subsidiaries, associate and other assets.

49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Credit risk concentrations (continued)

Credit risk is the risk of financial loss from the failure of customers to meet their obligations. Exposure to credit risk is managed through portfolio management. The credit portfolio's risk profiles and exposures are reviewed and monitored regularly to ensure that an acceptable level of risk diversification is maintained. Exposure to credit risk is also managed in part by obtaining collateral security and corporate and personal guarantees.

The credit risk concentrations of the Group and the Bank, by industry concentration, are set out in the following tables (continued):-

	Short-term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Investment accounts due from designated financial institutions RM'000	Financial assets at FVTPL RM'000	Derivative financial assets RM'000	Financial investments at FVOCI RM'000	Financial investments at AC RM'000	Loans, advances and financing RM'000	^Other assets RM'000	Total on-balance sheet RM'000	Commitments and contingencies RM'000
The Bank											
2018											
Agriculture	–	–	–	–	–	–	–	623,684	–	623,684	185,763
Mining and quarrying	–	–	–	–	–	–	–	102,007	–	102,007	232,246
Manufacturing	–	–	–	–	1,425	40,268	–	1,890,339	–	1,932,032	2,010,679
Electricity, gas and water supply	–	–	–	–	–	164,446	–	138,723	–	303,169	32,889
Construction	–	–	–	–	–	36,137	–	1,515,952	–	1,552,089	2,057,260
Real estate	–	–	–	–	–	86,352	–	5,626,782	–	5,713,134	713,672
Transport, storage and communication	–	–	–	–	–	65,999	–	1,231,753	–	1,297,752	371,083
Finance, insurance and business services	462,558	113,610	2,366,711	254,660	59,678	3,440,371	100,202	1,895,828	–	8,693,618	904,725
Government and government agencies	1,839,557	–	–	–	–	4,478,971	–	75,281	–	6,393,809	635,211
Wholesale, retail trade, hotel and restaurants	–	–	–	30,050	728	616,991	14,444	2,769,463	–	3,431,676	1,258,067
Others	–	–	–	–	–	65,471	–	12,628,337	88,581	12,782,389	1,158,384
Total assets	2,302,115	113,610	2,366,711	284,710	61,831	8,995,006	114,646	28,498,149	88,581	42,825,359	9,559,979

^ Others include amount due from subsidiaries, associate and other assets.

49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Total loans, advances and financing – credit quality

All loans, advances and financing are categorised into 'neither past due nor impaired', 'past due but not impaired' and 'impaired'.

Past due loans financing refer to loans, advances and financing that are overdue by one day or more.

Loans, advances and financing are classified impaired when they fulfill any of the following criteria:-

i) the principal or interest/profit or both is past due more than 90 days or 3 months from the first day of default;
ii) where the account is in arrears for less than 90 days or 3 months, there is evidence of impairment to indicate that the borrower/customer is 'unlikely to repay' its credit obligations; or
iii) the loan/financing is classified as rescheduled and restructured in Central Credit Reference Information System ('CCRIS').

Distribution of loans, advances and financing by credit quality

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Group				
2019				
Neither past due nor impaired	**40,620,629**	**1,377,505**	**–**	**41,998,134**
Past due but not impaired	**1,425,263**	**1,159,345**	**–**	**2,584,608**
Impaired	**–**	**–**	**1,379,152**	**1,379,152**
Gross loans, advances and financing	**42,045,892**	**2,536,850**	**1,379,152**	**45,961,894**
Less: Expected credit losses	**(139,326)**	**(94,359)**	**(340,344)**	**(574,029)**
Net loans, advances and financing	**41,906,566**	**2,442,491**	**1,038,808**	**45,387,865**

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Group				
2018				
Neither past due nor impaired	43,447,169	714,336	–	44,161,505
Past due but not impaired	2,007,678	1,213,724	–	3,221,402
Impaired	–	–	1,589,897	1,589,897
Gross loans, advances and financing	45,454,847	1,928,060	1,589,897	48,972,804
Less: Expected credit losses	(194,335)	(47,629)	(338,828)	(580,792)
Net loans, advances and financing	45,260,512	1,880,431	1,251,069	48,392,012

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2019

49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Total loans, advances and financing – credit quality (continued)

Distribution of loans, advances and financing by credit quality (continued)

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
2019				
Neither past due nor impaired	**23,045,190**	**999,390**	**–**	**24,044,580**
Past due but not impaired	**729,689**	**666,681**	**–**	**1,396,370**
Impaired	**–**	**–**	**673,058**	**673,058**
Gross loans, advances and financing	**23,774,879**	**1,666,071**	**673,058**	**26,114,008**
Less: Expected credit losses	**(86,276)**	**(76,512)**	**(221,161)**	**(383,949)**
Net loans, advances and financing	**23,688,603**	**1,589,559**	**451,897**	**25,730,059**

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
2018				
Neither past due nor impaired	25,475,083	393,432	–	25,868,515
Past due but not impaired	1,298,189	795,141	–	2,093,330
Impaired	–	–	978,218	978,218
Gross loans, advances and financing	26,773,272	1,188,573	978,218	28,940,063
Less: Expected credit losses	(139,978)	(36,542)	(265,394)	(441,914)
Net loans, advances and financing	26,633,294	1,152,031	712,824	28,498,149

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group and the Bank's maximum exposure to credit risk on these assets.

49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Total loans, advances and financing – credit quality (continued)

Distribution of loans, advances and financing by credit quality (continued)

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group and the Bank's maximum exposure to credit risk on these assets.

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Group				
2019				
Credit grade				
Satisfactory	**19,039,193**	**514,110**	**1,622**	**19,554,925**
Special mention	**109,901**	**687,270**	**–**	**797,171**
Default/impaired	**–**	**–**	**885,800**	**885,800**
Unrated	**22,896,798**	**1,335,470**	**491,730**	**24,723,998**
Gross loans, advances and financing	**42,045,892**	**2,536,850**	**1,379,152**	**45,961,894**
Less: Expected credit losses	**(139,326)**	**(94,359)**	**(340,344)**	**(574,029)**
Total net loans, advances and financing	**41,906,566**	**2,442,491**	**1,038,808**	**45,387,865**

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Group				
2018				
Credit grade				
Satisfactory	21,554,749	237,274	4,163	21,796,186
Special mention	533,262	345,624	300,487	1,179,373
Default/impaired	–	–	903,422	903,422
Unrated	23,366,836	1,345,162	381,825	25,093,823
Gross loans, advances and financing	45,454,847	1,928,060	1,589,897	48,972,804
Less: Expected credit losses	(194,335)	(47,629)	(338,828)	(580,792)
Total net loans, advances and financing	45,260,512	1,880,431	1,251,069	48,392,012

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49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Total loans, advances and financing – credit quality (continued)

Distribution of loans, advances and financing by credit quality (continued)

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group and the Bank's maximum exposure to credit risk on these assets (continued):-

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Bank				
2019				
Credit grade				
Satisfactory	**12,181,693**	**390,402**	**1,622**	**12,573,717**
Special mention	**2,479**	**548,828**	**–**	**551,307**
Default/impaired	**–**	**–**	**444,156**	**444,156**
Unrated	**11,590,707**	**726,841**	**227,280**	**12,544,828**
Gross loans, advances and financing	**23,774,879**	**1,666,071**	**673,058**	**26,114,008**
Less: Expected credit losses	**(86,276)**	**(76,512)**	**(221,161)**	**(383,949)**
Total net loans, advances and financing	**23,688,603**	**1,589,559**	**451,897**	**25,730,059**

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
The Bank				
2018				
Credit grade				
Satisfactory	14,094,124	175,781	3,759	14,273,664
Special mention	34,633	164,440	63,376	262,449
Default/impaired	–	–	665,650	665,650
Unrated	12,644,515	848,352	245,433	13,738,300
Gross loans, advances and financing	26,773,272	1,188,573	978,218	28,940,063
Less: Expected credit losses	(139,978)	(36,542)	(265,394)	(441,914)
Total net loans, advances and financing	26,633,294	1,152,031	712,824	28,498,149

Deposits and short-term funds, corporate bonds/Sukuk, treasury bills and derivatives – credit quality

Corporate bonds/Sukuk, treasury bills and other eligible bills included in financial assets at FVTPL and financial investments at FVOCI are measured on a fair value basis. The fair value will reflect the credit risk of the issuer.

Most listed and some unlisted securities are rated by external rating agencies. The Group and the Bank mainly uses external credit ratings provided by RAM, MARC, Standard & Poors' or Moody's.

49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Deposits and short-term funds, corporate bonds/Sukuk, treasury bills and derivatives – credit quality (continued)

The table below presents the deposits and short-term funds, corporate bonds/Sukuk, treasury bills and other eligible bills that neither past due nor impaired and impaired, analysed by rating:-

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Group				
2019				
Short-term funds, deposits and placements with banks and other financial institutions				
Sovereigns	3,387,558	–	–	3,387,558
AAA	524,404	–	–	524,404
AA- to AA+	218,323	–	–	218,323
A- to A+	123,923	–	–	123,923
Lower than A-	79,309	–	–	79,309
Unrated	17,839	–	–	17,839
Expected credit losses	(23)	–	–	(23)
	4,351,333	–	–	4,351,333
Financial assets at FVTPL				
Sovereigns	137,242	–	–	137,242
AAA	61,991	–	–	61,991
AA- to AA+	861	–	–	861
A- to A+	14,464	–	–	14,464
Lower than A-	11,116	–	–	11,116
Unrated	20,889	–	–	20,889
	246,563	–	–	246,563
Derivative financial assets				
AAA	98,839	–	–	98,839
AA- to AA+	35,809	–	–	35,809
A- to A+	14,755	–	–	14,755
Lower than A-	5,929	–	–	5,929
Unrated	9,536	–	–	9,536
	164,868	–	–	164,868

49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Deposits and short-term funds, corporate bonds/Sukuk, treasury bills and derivatives – credit quality (continued)

The table below presents the deposits and short-term funds, corporate bonds/Sukuk, treasury bills and other eligible bills that neither past due nor impaired and impaired, analysed by rating (continued):-

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Group				
2019				
Financial investments at FVOCI				
Sovereigns	8,968,618	–	–	8,968,618
AAA	1,384,410	–	–	1,384,410
AA- to AA+	576,711	57,905	–	634,616
A- to A+	172,969	–	–	172,969
Lower than A-	40,635	14,782	–	55,417
Unrated	1,044,463	–	4,516	1,048,979
	12,187,806	72,687	4,516	12,265,009
Financial investments at AC				
Unrated	141,119	–	–	141,119
Impaired	–	–	15,000	15,000
Expected credit losses	(273)	–	(10,780)	(11,053)
	140,846	–	4,220	145,066

49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Deposits and short-term funds, corporate bonds/Sukuk, treasury bills and derivatives – credit quality (continued)

The table below presents the deposits and short-term funds, corporate bonds/Sukuk, treasury bills and other eligible bills that neither past due nor impaired and impaired, analysed by rating (continued):-

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Group				
2018				
Short-term funds, deposits and placements with banks and other financial institutions				
Sovereigns	5,045,098	–	–	5,045,098
AAA	272,737	–	–	272,737
AA- to AA+	413,331	–	–	413,331
A- to A+	231,732	–	–	231,732
Lower than A-	89,329	–	–	89,329
Unrated	84,415	–	–	84,415
Expected credit losses	(61)	–	–	(61)
	6,136,581	–	–	6,136,581
Financial assets at FVTPL				
Sovereigns	60,502	–	–	60,502
AAA	265,662	–	–	265,662
AA- to AA+	204	–	–	204
A- to A+	8,867	–	–	8,867
Lower than A-	8,910	–	–	8,910
Unrated	31,715	–	–	31,715
	375,860	–	–	375,860
Derivative financial assets				
AAA	30,493	–	–	30,493
AA- to AA+	17,348	–	–	17,348
A- to A+	5,751	–	–	5,751
Lower than A-	3,797	–	–	3,797
Unrated	31,416	–	–	31,416
	88,805	–	–	88,805

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49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Deposits and short-term funds, corporate bonds/Sukuk, treasury bills and derivatives – credit quality (continued)

The table below presents the deposits and short-term funds, corporate bonds/Sukuk, treasury bills and other eligible bills that neither past due nor impaired and impaired, analysed by rating (continued):-

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Group				
2018				
Financial investments at FVOCI				
Sovereigns	9,904,511	–	–	9,904,511
AAA	2,297,287	–	–	2,297,287
AA- to AA+	1,539,732	73,595	–	1,613,327
A- to A+	142,547	–	–	142,547
Lower than A-	37,862	–	–	37,862
Unrated	1,027,251	–	26,540	1,053,791
	14,949,190	73,595	26,540	15,049,325
Financial investments at AC				
Unrated	141,111	–	–	141,111
Impaired	–	–	34,439	34,439
Expected credit losses	(578)	–	(11,945)	(12,523)
	140,533	–	22,494	163,027

49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Deposits and short-term funds, corporate bonds/Sukuk, treasury bills and derivatives – credit quality (continued)

The table below presents the deposits and short-term funds, corporate bonds/Sukuk, treasury bills and other eligible bills that neither past due nor impaired and impaired, analysed by rating (continued):-

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
2019				
Short-term funds, deposits and placements with banks and other financial institutions				
Sovereigns	1,809,085	–	–	1,809,085
AAA	2,095	–	–	2,095
AA- to AA+	74,023	–	–	74,023
A- to A+	192,188	–	–	192,188
Lower than A-	27,416	–	–	27,416
Expected credit losses	(52)	–	–	(52)
	2,104,755	–	–	2,104,755
Investment accounts due from designated financial institution				
Unrated	1,912,516	–	–	1,912,516
Expected credit losses	(101)	–	–	(101)
	1,912,415	–	–	1,912,415
Financial assets at FVTPL				
AAA	60,977	–	–	60,977
Unrated	15,032	–	–	15,032
	76,009	–	–	76,009
Derivative financial assets				
AAA	60,521	–	–	60,521
AA- to AA+	37,301	–	–	37,301
A- to A+	13,246	–	–	13,246
Lower than A-	5,929	–	–	5,929
Unrated	1,228	–	–	1,228
	118,225	–	–	118,225

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49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Deposits and short-term funds, corporate bonds/Sukuk, treasury bills and derivatives – credit quality (continued)

The table below presents the deposits and short-term funds, corporate bonds/Sukuk, treasury bills and other eligible bills that neither past due nor impaired and impaired, analysed by rating (continued):-

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
2019				
Financial investments at FVOCI				
Sovereigns	3,583,660	–	–	3,583,660
AAA	412,251	–	–	412,251
AA- to AA+	1,306,029	–	–	1,306,029
A- to A+	109,188	–	–	109,188
Lower than A-	40,635	14,782	–	55,417
Unrated	749,481	–	–	749,481
	6,201,244	14,782	–	6,216,026
Financial investments at AC				
Unrated	100,622	–	–	100,622
Impaired	–	–	–	–
Expected credit losses	(123)	–	–	(123)
	100,499	–	–	100,499

49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Deposits and short-term funds, corporate bonds/Sukuk, treasury bills and derivatives – credit quality (continued)

The table below presents the deposits and short-term funds, corporate bonds/Sukuk, treasury bills and other eligible bills that neither past due nor impaired and impaired, analysed by rating (continued):-

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
2018				
Short-term funds, deposits and placements with banks and other financial institutions				
Sovereigns	1,839,557	–	–	1,839,557
AAA	264,123	–	–	264,123
AA- to AA+	70,345	–	–	70,345
A- to A+	205,909	–	–	205,909
Lower than A-	35,871	–	–	35,871
Expected credit losses	(80)	–	–	(80)
	2,415,725	–	–	2,415,725
Investment accounts due from designated financial institution				
Unrated	2,366,784	–	–	2,366,784
Expected credit losses	(73)	–	–	(73)
	2,366,711	–	–	2,366,711
Financial assets at FVTPL				
AAA	254,660	–	–	254,660
Unrated	30,050	–	–	30,050
	284,710	–	–	284,710
Derivative financial assets				
AAA	18,971	–	–	18,971
AA- to AA+	15,972	–	–	15,972
A- to A+	4,101	–	–	4,101
Lower than A-	3,471	–	–	3,471
Unrated	19,316	–	–	19,316
	61,831	–	–	61,831

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49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Deposits and short-term funds, corporate bonds/Sukuk, treasury bills and derivatives – credit quality (continued)

The table below presents the deposits and short-term funds, corporate bonds/Sukuk, treasury bills and other eligible bills that neither past due nor impaired and impaired, analysed by rating (continued):-

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
2018				
Financial investments at FVOCI				
Sovereigns	4,478,971	–	–	4,478,971
AAA	1,215,121	–	–	1,215,121
AA- to AA+	1,759,287	–	–	1,759,287
A- to A+	695,539	–	–	695,539
Lower than A-	37,862	–	–	37,862
Unrated	808,226	–	–	808,226
	8,995,006	–	–	8,995,006
Financial investments at AC				
Unrated	100,614	–	–	100,614
Impaired	–	–	19,439	19,439
Expected credit losses	(412)	–	(4,995)	(5,407)
	100,202	–	14,444	114,646

49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Other financial assets - credit quality

Other financial assets of the Group and the Bank are neither past due nor impaired are summarised as below:-

	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
The Group			
2019			
Trade receivables	**534,387**	**1**	**534,388**
Other assets	**123,083**	**34**	**123,117**
Amount due from associates	**31,787**	**–**	**31,787**

	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
The Group			
2018			
Trade receivables	369,641	10	369,651
Other assets	99,836	3	99,839
Amount due from associates	57,717	–	57,717

NOTES TO THE FINANCIAL STATEMENTS
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49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Other financial assets - credit quality (continued)

Other financial assets of the Group and the Bank are neither past due nor impaired are summarised as below (continued):-

	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
The Bank			
2019			
Other assets	**34,006**	**–**	**34,006**
Amount due from subsidiaries	**1,318**	**–**	**1,318**
Amount due from associate	**30,887**	**–**	**30,887**

	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
The Bank			
2018			
Other assets	30,944	–	30,944
Amount due from subsidiaries	420	–	420
Amount due from associate	57,217	–	57,217

	Lifetime ECL credit impaired	
	2019 RM'000	2018 RM'000
The Group		
Impaired		
Amount due from joint ventures	**57,140**	55,343
Allowance for impairment	**(28,738)**	(24,048)
	28,402	31,295

Other financial assets that are past due but not impaired or impaired are not significant.

49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Other financial assets - credit quality (continued)

Loans/Financing commitments and financial guarantees below represent the ECL being recognised.

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Group				
2019				
Loans/Financing commitments and financial guarantees				
Satisfactory	**12,803**	**694**	**–**	**13,497**
Special mention	**2**	**–**	**–**	**2**
Default/impaired	**–**	**–**	**16,111**	**16,111**
	12,805	**694**	**16,111**	**29,610**

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Group				
2018				
Loans/Financing commitments and financial guarantees				
Satisfactory	22,677	3,422	–	26,099
Special mention	4	–	–	4
Default/impaired	–	–	1,351	1,351
	22,681	3,422	1,351	27,454

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49 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Other financial assets - credit quality (continued)

Loans/Financing commitments and financial guarantees below represent the ECL being recognised. (continued)

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
2019				
Loans/Financing commitments and financial guarantees				
Satisfactory	**7,539**	**492**	**–**	**8,031**
Default/impaired	**–**	**–**	**498**	**498**
	7,539	**492**	**498**	**8,529**

	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
2018				
Loans/Financing commitments and financial guarantees				
Satisfactory	13,089	1,713	–	14,802
Special mention	4	–	–	4
Default/impaired	–	–	481	481
	13,093	1,713	481	15,287

49 FINANCIAL RISK MANAGEMENT

(ii) Market risk

Market risk is defined as changes in the market value of a trading or investment position arising from movements in market factors such as interest/profit rate, foreign exchange rates and implied volatility rates. The Group and the Bank's exposure to market risk results largely from interest/profit rate and foreign exchange rate risks.

Market risk may arise from proprietary trading position and investment activities (including those for liquidity requirement purposes) in the Trading and Investment Book respectively.

The Market Risk Management Framework governs the market risk activities of the Group and the Bank which are supported by a set of approved market risk management policies, guidelines and procedures.

Risk parameters are established based on risk appetite, market liquidity and business strategies as well as macro-economic conditions. These parameters are reviewed at least annually.

Market risk arising from the Trading Book is primarily controlled through the imposition of Stop-loss and Value-at-Risk ('VaR') risk parameters.

Interest/profit rate risk is quantified by analysing the mismatches in timing repricing of the rate sensitive assets and rate sensitive liabilities. Earnings-at-Risk ('EaR') or Net Interest/Profit Income simulation is conducted to assess the variation in short-term earnings under various rates scenarios. The potential long term effect of the overall exposure is tracked by assessing the impact on Economic Value of Equity ('EVE'), also known as Economic Value-at-Risk ('EVaR'). Thresholds are set for EaR and EVaR as management triggers.

Periodic stress tests are conducted to quantify market risk arising from probability of abnormal market movements.

Risk Management Policies and Procedures

Risk management policies and procedures are reviewed and updated to ensure relevance to current business needs as well as current/applicable regulatory requirements such as BNM's policy documents on:-

1. Managing Unauthorised Trading & Market Manipulation;
2. Code of Conduct for Malaysia Wholesale Financial Markets; and
3. Principles for a Fair and Effective Financial Market for Malaysian Financial Market.

Value-at-Risk ('VaR')

VaR estimates the potential loss of a Trading portfolio from adverse market price movements which may occur over a specified holding period of the Trading portfolio.

It measures the risk of losses arising from potential adverse movements in interest/profit rates, implied volatility rates and foreign exchange rates that could affect values of financial instruments.

Backtesting of the VaR results is conducted to validate and reassess the accuracy of the risk measurement systems.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2019

49 FINANCIAL RISK MANAGEMENT

(ii) Market risk

Other risk measures

- Mark-to-market valuation tracks the current market value of the outstanding financial instruments.
- Stress tests are conducted to attempt to quantify market risk arising from abnormal market movements. Stress tests measure the changes in values primarily arising from extreme movements in interest/profit rates and foreign exchange rates based on past experiences and simulated stress scenarios.

Interest/profit rate sensitivity

The table below shows the interest/profit sensitivity for the financial assets and financial liabilities held as at reporting date.

Impact on profit after tax is measured using Repricing Gap Simulation methodology based on 100 basis point parallel shifts in interest/profit rate.

Impact on equity represents the changes in fair value of fixed income instruments held in financial investments at FVOCI portfolio arising from the shifts in interest/profit rate.

	2019		2018	
	+100 basis point RM million	-100 basis point RM million	+100 basis point RM million	-100 basis point RM million
The Group				
Impact on profit after taxation	**34.6**	**(34.6)**	(18.2)	18.2
Impact on equity	**(120.2)**	**162.4**	(160.4)	185.0

	2019		2018	
	+100 basis point RM million	-100 basis point RM million	+100 basis point RM million	-100 basis point RM million
The Bank				
Impact on profit after taxation	**26.8**	**(26.8)**	(24.2)	24.2
Impact on equity	**(240.8)**	**266.6**	(264.3)	281.2

49 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Foreign exchange risk sensitivity analysis

The following table sets out the analysis of the exposure to assess the impact of a 1% change in exchange rate to the profit after taxation.

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
+1%				
Euro	**681**	2,156	**731**	2,629
United States Dollar	**46,117**	43,720	**43,525**	38,448
Great Britain Pound	**24**	41	**24**	39
Australian Dollar	**176**	208	**132**	136
New Zealand Dollar	**2**	4	**1**	3
Japanese Yen	**7**	175	**5**	83
Others	**1,316**	2,210	**311**	719
	48,323	48,514	**44,729**	42,057
-1%				
Euro	**(681)**	(2,156)	**(731)**	(2,629)
United States Dollar	**(46,117)**	(43,720)	**(43,525)**	(38,448)
Great Britain Pound	**(24)**	(41)	**(24)**	(39)
Australian Dollar	**(176)**	(208)	**(132)**	(136)
New Zealand Dollar	**(2)**	(4)	**(1)**	(3)
Japanese Yen	**(7)**	(175)	**(5)**	(83)
Others	**(1,316)**	(2,210)	**(311)**	(719)
	(48,323)	(48,514)	**(44,729)**	(42,057)

Foreign exchange risk

The Group and the Bank are exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The risk of fluctuations in foreign currency exchange rates is managed via setting of thresholds on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

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49 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Foreign exchange risk (continued)

The following table summarises the Group and the Bank's exposure to foreign currency exchange rate risk at reporting date. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

	Euro RM'000	United States Dollar RM'000	Great Britain Pound RM'000	Australian Dollar RM'000	New Zealand Dollar RM'000	Japanese Yen RM'000	Others RM'000	Total RM'000
The Group								
2019								
Assets								
Short-term funds	–	247,346	–	7,665	333	539	18,615	274,498
Financial assets at FVTPL	–	72,167	–	–	–	–	129	72,296
Derivative financial assets	750	58	59	938	9	4	484	2,302
Financial investments at FVOCI	–	135,979	–	–	–	–	125,156	261,135
Loans, advances and financing	6,267	619,607	–	–	–	–	189	626,063
Trade receivables	–	11,575	–	10,317	–	–	12,166	34,058
Other assets	–	22,289	–	–	–	–	587	22,876
Total financial assets	7,017	1,109,021	59	18,920	342	543	157,326	1,293,228
Liabilities								
Deposits from customers	60,316	448,350	6,153	4,759	536	150	29,902	550,166
Deposits and placements of banks and other financial institutions	–	242,045	–	30,538	–	–	18,320	290,903
Derivative financial liabilities	168	84,478	–	8	–	–	571	85,225
Trade payables	–	8,853	–	11,393	–	–	13,383	33,629
Other liabilities	31	147,930	68	692	6	–	1,407	150,134
Total financial liabilities	60,515	931,656	6,221	47,390	542	150	63,583	1,110,057
Net on-balance sheet financial position	(53,498)	177,365	(6,162)	(28,470)	(200)	393	93,743	183,171
Off balance sheet commitments	143,115	5,890,632	9,285	51,603	411	535	79,422	6,175,003

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49 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Foreign exchange risk (continued)

The following table summarises the Group and the Bank's exposure to foreign currency exchange rate risk at reporting date. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency (continued).

	Euro RM'000	United States Dollar RM'000	Great Britain Pound RM'000	Australian Dollar RM'000	New Zealand Dollar RM'000	Japanese Yen RM'000	Others RM'000	Total RM'000
The Group								
2018								
Assets								
Short-term funds	601	465,021	3,714	11,703	266	(208)	17,732	498,829
Deposits and placements with banks and other financial institutions	–	–	–	56,484	–	–	15,317	71,801
Financial assets at FVTPL	–	62,597	–	122	–	–	477	63,196
Derivative financial assets	769	20,853	19	5	–	93	501	22,240
Financial investments at FVOCI	115,642	109,447	–	–	–	–	246,313	471,402
Loans, advances and financing	–	616,025	–	–	–	–	–	616,025
Trade receivables	–	6,974	–	5,343	–	–	66,148	78,465
Other assets	–	1,674	–	–	–	–	–	1,674
Total financial assets	117,012	1,282,591	3,733	73,657	266	(115)	346,488	1,823,632
Liabilities								
Deposits from customers	175,462	244,704	5,202	6,292	607	155	30,955	463,377
Deposits and placements of banks and other financial institutions	–	303,753	–	50,629	–	–	73,863	428,245
Derivative financial liabilities	622	16,657	7	77	14	–	915	18,292
Trade payables	–	22,474	–	6,567	–	–	65,195	94,236
Other liabilities	44	124,584	55	460	11	–	527	125,681
Total financial liabilities	176,128	712,172	5,264	64,025	632	155	171,455	1,129,831
Net on-balance sheet financial position	(59,116)	570,419	(1,531)	9,632	(366)	(270)	175,033	693,801
Off balance sheet commitments	342,854	5,182,194	6,898	17,800	852	23,246	115,765	5,689,609

49 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Foreign exchange risk (continued)

The following table summarises the Group and the Bank's exposure to foreign currency exchange rate risk at reporting date. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency (continued).

	Euro RM'000	United States Dollar RM'000	Great Britain Pound RM'000	Australian Dollar RM'000	New Zealand Dollar RM'000	Japanese Yen RM'000	Others RM'000	Total RM'000
The Bank								
2019								
Assets								
Short-term funds	–	247,511	–	142	291	306	2,247	250,497
Deposits and placements with banks and other financial institutions	–	41,367	–	–	–	–	–	41,367
Investment accounts due from designated financial institution	–	248,686	–	–	–	–	–	248,686
Derivative financial assets	774	20	59	938	9	4	484	2,288
Financial investments at FVOCI	–	102,080	–	–	–	–	31,167	133,247
Loans, advances and financing	6,267	299,935	–	–	–	–	189	306,391
Other assets	–	1,591	–	–	–	–	–	1,591
Total financial assets	7,041	941,190	59	1,080	300	310	34,087	984,067
Liabilities								
Deposits from customers	56,016	320,870	6,152	4,755	536	150	29,783	418,262
Deposits and placements of banks and other financial institutions	–	43,208	–	30,538	–	–	18,320	92,066
Derivative financial liabilities	168	84,699	–	8	–	–	571	85,446
Other liabilities	31	2,116	68	1	6	–	–	2,222
Total financial liabilities	56,215	450,893	6,220	35,302	542	150	48,674	597,996
Net on-balance sheet financial position	(49,174)	490,297	(6,161)	(34,222)	(242)	160	(14,587)	386,071
Off balance sheet commitments	145,420	5,236,675	9,285	51,541	411	535	55,453	5,499,320

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for the financial year ended 31 December 2019

49 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Foreign exchange risk (continued)

The following table summarises the Group and the Bank's exposure to foreign currency exchange rate risk at reporting date. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency (continued).

	Euro RM'000	United States Dollar RM'000	Great Britain Pound RM'000	Australian Dollar RM'000	New Zealand Dollar RM'000	Japanese Yen RM'000	Others RM'000	Total RM'000
The Bank								
2018								
Assets								
Short-term funds	121	432,310	3,457	523	223	(387)	6,557	442,804
Deposits and placements with banks and other financial institutions	-	41,809	-	56,484	-	-	15,317	113,610
Investment accounts due from designated financial institution	-	277,562	-	-	-	-	-	277,562
Derivative financial assets	1,087	20,869	19	5	-	93	501	22,574
Financial investments at FVOCI	115,642	76,893	-	-	-	-	86,441	278,976
Loans, advances and financing	-	255,905	-	-	-	-	-	255,905
Other assets	-	1,609	-	-	-	-	-	1,609
Total financial assets	116,850	1,106,957	3,476	57,012	223	(294)	108,816	1,393,040
Liabilities								
Deposits from customers	136,558	218,135	5,183	6,238	607	150	30,836	397,707
Deposits and placements of banks and other financial institutions	-	262,315	-	50,629	-	-	73,863	386,807
Derivative financial liabilities	628	17,296	7	77	14	-	915	18,937
Other liabilities	44	2,492	55	-	11	-	-	2,602
Total financial liabilities	137,230	500,238	5,245	56,944	632	150	105,614	806,053
Net on-balance sheet financial position	(20,380)	606,719	(1,769)	68	(409)	(444)	3,202	586,987
Off balance sheet commitments	366,324	4,452,237	6,898	17,800	852	11,409	91,445	4,946,965

49 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Interest/profit rate risk

Interest/profit rate risk is the risk to earnings and capital arising from exposure to adverse movements in interest/profit rates mainly due to mismatches in timing repricing of assets and liabilities. These mismatches are actively managed from an earnings and economic value perspective.

The objective of interest/profit rate risk management is to achieve a stable and sustainable net interest/profit income from the following perspectives:-

1. Next 12 months' Earnings - Interest/profit rate risk from the earnings perspective is the impact based on changes to the net interest/profit income over the next 12 months. This risk is measured through sensitivity analysis including the application of an instantaneous 100 basis point parallel shock in interest/profit rates across the yield curve.

2. Economic Value - Measuring the change in the EVE is an assessment of the long-term impact to the Group and the Bank's capital. This is assessed through the application of relevant duration factors to capture the net economic value impact over the long-term or total life of all balance sheet assets and liabilities to adverse changes in interest/profit rates.

Interest/profit rate risk thresholds are established in line with the Group and the Bank's strategy and risk appetite. These thresholds are reviewed regularly to ensure relevance in the context of prevailing market conditions.

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for the financial year ended 31 December 2019

49 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Interest/profit rate risk (continued)

The following table represents the Group's and the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates as at reporting date.

	Non-trading book							
	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest / profit sensitive RM'000	Trading book RM'000	Total RM'000
The Group								
2019								
Assets								
Cash and short-term funds	4,090,595	–	–	–	–	514,762	–	4,605,357
Financial assets at FVTPL	–	–	15,000	–	154,648	200,648	291,836	662,132
Derivative financial assets	–	–	–	–	–	–	164,868	164,868
Financial investments at FVOCI	25,032	54,978	588,814	3,838,799	7,663,621	325,602	–	12,496,846
Financial investments at AC	703	–	844	142,523	–	996	–	145,066
Loans, advances and financing								
– non-impaired	23,618,524	3,530,875	2,549,615	10,078,485	4,805,243	(233,685) ^	–	44,349,057
– impaired	–	–	–	–	–	1,038,808 #	–	1,038,808
Others (1)	33	–	–	–	–	736,677	–	736,710
Statutory deposits with Bank Negara Malaysia	–	–	–	–	–	1,534,777	–	1,534,777
Total assets	**27,734,887**	**3,585,853**	**3,154,273**	**14,059,807**	**12,623,512**	**4,118,585**	**456,704**	**65,733,621**

^ The negative balance represents ECL for loans, advances and financing in accordance with the Group's accounting policy on allowance for unimpaired loans, advances and financing.
# Net of ECL for impaired loans, advances and financing.
(1) Others include other assets, amount due from joint ventures and associate and trade receivables.

49 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Interest/profit rate risk (continued)

	Non-trading book							
	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest/ profit sensitive RM'000	Trading book RM'000	Total RM'000
The Group								
2019								
Liabilities								
Deposits from customers	14,550,271	5,742,460	25,167,302	2,192,113	-	3,436,816	-	51,088,962
Investment accounts of customers	-	-	436	1,003	-	8	-	1,447
Deposits and placements of banks and other financial institutions	1,324,858	420,983	14,046	-	-	3,365	-	1,763,252
Derivative financial liabilities	-	-	-	-	-	-	186,791	186,791
Bills and acceptances payable	-	-	-	-	-	32,903	-	32,903
Lease liabilities	1,254	1,307	11,126	44,963	-	-	-	58,650
Borrowings	-	-	-	-	3,548,213	58,930	-	3,607,143
Other liabilities [2]	2,830	-	-	-	-	2,183,570	-	2,186,400
Total liabilities	15,879,213	6,164,750	25,192,910	2,238,079	3,548,213	5,715,592	186,791	58,925,548
Net interest/profit sensitivity gap	11,855,674	(2,578,897)	(22,038,637)	11,821,728	9,075,299			

[2] Other liabilities include trade payables and other liabilities.

49 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Interest/profit rate risk (continued)

	Non-trading book							
	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest/ profit sensitive RM'000	Trading book RM'000	Total RM'000
The Group								
2018								
Assets								
Cash and short-term funds	5,501,861	–	–	–	–	829,937	–	6,331,798
Deposits and placements with banks and other financial institutions	–	71,749	–	–	–	52	–	71,801
Financial assets at FVTPL	–	–	–	158,083	232,616	122,123	93,640	606,462
Derivative financial assets	–	–	–	–	–	–	88,805	88,805
Financial investments at FVOCI	200,041	757,685	958,050	6,181,959	6,860,238	403,785	–	15,361,758
Financial investments at AC	–	–	1,330	146,512	–	15,185	–	163,027
Loans, advances and financing								
– non-impaired	23,173,220	2,878,636	4,076,465	11,312,788	5,941,798	(247,538) ^	–	47,135,369
– impaired	–	–	–	–	–	1,256,643 #	–	1,256,643
Commodity Gold at FVTPL	–	–	–	–	–	42,733	–	42,733
Others (1)	1,302	7	19	14	57,176	512,978	–	571,496
Statutory deposits with Bank Negara Malaysia	–	–	–	–	–	1,946,669	–	1,946,669
Total assets	28,876,424	3,708,077	5,035,864	17,799,356	13,091,828	4,882,567	182,445	73,576,561

^ The negative balance represents ECL for loans, advances and financing in accordance with the Group's accounting policy on allowance for unimpaired loans, advances and financing.
# Net of ECL for impaired loans, advances and financing.
(1) Others include other assets, amount due from joint ventures and associate and trade receivables.

49 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Interest/profit rate risk (continued)

	Non-trading book							
	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest/profit sensitive RM'000	Trading book RM'000	Total RM'000
The Group								
2018								
Liabilities								
Deposits from customers	15,054,688	10,824,717	24,210,336	3,912,057	–	3,344,649	–	57,346,447
Investment accounts of customers	–	–	–	870	–	5	–	875
Deposits and placements of banks and other financial institutions	2,607,476	1,592,549	617,773	–	–	29,114	–	4,846,912
Obligation on securities sold under repurchase agreements	142,186	–	–	–	–	291	–	142,477
Derivative financial liabilities	–	–	–	–	–	–	113,132	113,132
Bills and acceptances payable	–	–	–	–	–	32,585	–	32,585
Borrowings	–	–	–	–	3,000,000	53,812	–	3,053,812
Other liabilities [2]	29	–	–	–	–	1,683,093	–	1,683,122
Total liabilities	17,804,379	12,417,266	24,828,109	3,912,927	3,000,000	5,143,549	113,132	67,219,362
Net interest/profit sensitivity gap	11,072,045	(8,709,189)	(19,792,245)	13,886,429	10,091,828			

[2] Other liabilities include trade payables and other liabilities.

49 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Interest/profit rate risk (continued)

	Non-trading book						Trading book	Total
	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest/ profit sensitive RM'000	Trading book RM'000	Total RM'000
The Bank								
2019								
Assets								
Cash and short-term funds	1,821,005	–	–	–	–	496,364	–	2,317,369
Deposits and placements with banks and other financial institutions	–	41,368	–	–	–	–	–	41,368
Investment accounts due from designated financial institutions	–	92,380	831	409,232	1,410,073	(101)	–	1,912,415
Financial assets at FVTPL	–	–	15,000	–	154,648	568	–	170,216
Derivative financial assets	–	–	–	–	–	–	118,225	118,225
Financial investments at FVOCI	5,001	49,968	176,569	3,035,404	2,882,472	224,430	–	6,373,844
Financial investments at AC	–	–	–	100,000	–	499	–	100,499
Loans, advances and financing								
– non-impaired	11,986,916	2,688,042	1,716,739	6,490,945	2,558,308	(162,787) ^	–	25,278,163
– impaired	–	–	–	–	–	451,896 #	–	451,896
Others [(1)]	–	–	–	–	–	80,144	–	80,144
Statutory deposits with Bank Negara Malaysia	–	–	–	–	–	857,377	–	857,377
Total assets	13,812,922	2,871,758	1,909,139	10,035,581	7,005,501	1,948,390	118,225	37,701,516

^ The negative balance represents ECL for loans, advances and financing in accordance with the Group's accounting policy on allowance for unimpaired loans, advances and financing.

\# Net of ECL for impaired loans, advances and financing.

(1) Others include other assets and amount due from associate and subsidiaries.

49 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Interest/profit rate risk (continued)

	Non-trading book							
	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest/ profit sensitive RM'000	Trading book RM'000	Total RM'000
The Bank								
2019								
Liabilities								
Deposits from customers	7,281,310	2,963,426	15,227,118	1,501,768	–	3,161,628	–	30,135,250
Deposits and placements of banks and other financial institutions	585,867	39,123	20,000	–	–	1,095	–	646,085
Derivative financial liabilities	–	–	–	–	–	–	136,439	136,439
Bills and acceptances payable	–	–	–	–	–	32,903	–	32,903
Borrowings	–	–	–	–	2,500,000	48,379	–	2,548,379
Lease liabilities	462	119	5,882	37,756	–	–	–	44,219
Other liabilities	–	–	–	–	–	418,548	–	418,548
Amount due to subsidiaries	–	–	–	–	–	55,899	–	55,899
Total liabilities	7,867,639	3,002,668	15,253,000	1,539,524	2,500,000	3,718,452	136,439	34,017,722
Net interest sensitivity gap	5,945,283	(130,910)	(13,343,861)	8,496,057	4,505,501			

49 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Interest/profit rate risk (continued)

	Non-trading book							
	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest/ profit sensitive RM'000	Trading book RM'000	Total RM'000
The Bank								
2018								
Assets								
Cash and short-term funds	2,094,104	–	–	–	–	474,899	–	2,569,003
Deposits and placements with banks and other financial institutions	–	113,565	–	–	–	45	–	113,610
Investment accounts due from designated financial institutions	480,089	744,144	171,221	41,606	921,296	8,355	–	2,366,711
Financial assets at FVTPL	–	–	–	148,140	221,918	3,580	–	373,638
Derivative financial assets	–	–	–	–	–	–	61,831	61,831
Financial investments at FVOCI	160,015	614,943	598,732	3,885,151	3,642,843	242,823	–	9,144,507
Financial investments at AC	–	–	–	100,000	–	14,646	–	114,646
Loans, advances and financing								
– non-impaired	12,328,005	1,904,591	3,160,315	7,530,769	3,038,165	(176,520) ^	–	27,785,325
– impaired	–	–	–	–	–	712,824 #	–	712,824
Others (1)	–	–	–	–	57,176	39,706	–	96,882
Statutory deposits with Bank Negara Malaysia	–	–	–	–	–	1,238,069	–	1,238,069
Total assets	15,062,213	3,377,243	3,930,268	11,705,666	7,881,398	2,558,427	61,831	44,577,046

^ The negative balance represents ECL for loans, advances and financing in accordance with the Group's accounting policy on allowance for unimpaired loans, advances and financing.
# Net of ECL for impaired loans, advances and financing.
(1) Others include other assets and amount due from associate and subsidiaries.

49 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Interest/profit rate risk (continued)

	Non-trading book							
	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest/ profit sensitive RM'000	Trading book RM'000	Total RM'000
The Bank								
2018								
Liabilities								
Deposits from customers	8,625,792	6,358,759	13,419,316	2,065,597	–	3,091,755	–	33,561,219
Deposits and placements of banks and other financial institutions	2,067,481	1,587,049	617,773	–	–	28,545	–	4,300,848
Derivative financial liabilities	–	–	–	–	–	–	85,660	85,660
Bills and acceptances payable	–	–	–	–	–	32,585	–	32,585
Borrowings	–	–	–	–	2,500,000	48,379	–	2,548,379
Other liabilities	–	–	–	–	–	571,575	–	571,575
Amount due to subsidiaries	–	–	–	–	–	109,399	–	109,399
Total liabilities	10,693,273	7,945,808	14,037,089	2,065,597	2,500,000	3,882,238	85,660	41,209,665
Net interest sensitivity gap	4,368,940	(4,568,565)	(10,106,821)	9,640,069	5,381,398			

49 FINANCIAL RISK MANAGEMENT

(iii) Liquidity risk

Liquidity risk is the risk of inability of a bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. Liquidity risk includes the inability to manage sudden decreases or changes in funding sources. Liquidity risk also arises from the failure to recognise changes in market conditions that affect the ability to liquidate assets quickly and with minimal loss in value.

The Liquidity Risk Management Framework governs the liquidity risk management activities of the Group and the Bank. The objective of liquidity risk management is to ensure that there are sufficient funds to meet contractual and regulatory obligations without incurring unacceptable losses as well as to undertake new transactions. The Group and the Bank's liquidity management process involves establishing liquidity risk management policies and prudential thresholds, liquidity risk threshold monitoring, stress testing and establishing contingency funding plans. These building blocks of liquidity risk management are subject to regular reviews to ensure relevance in the context of prevailing market conditions and regulatory landscape.

The Group and the Bank's short-term liquidity risk management is premised on BNM's Liquidity Coverage Ratio ('LCR') final standards. The LCR is a quantitative requirement which seeks to ensure that the Group and the Bank holds sufficient High Quality Liquid Assets ('HQLA') to withstand a significant liquidity stress scenario over a 30-day horizon.

Long-term liquidity risk profile is assessed via the Net Stable Funding Ratio ('NSFR') which promotes resilience over a longer time horizon for the Group and the Bank to fund its activities with more stable sources of funding on an ongoing basis.

The Group and the Bank also employs a set of liquidity risk indicators as an early alert of any structural change for liquidity risk management. The liquidity risk indicators include internal and external qualitative as well as quantitative indicators.

Liquidity stress tests are conducted periodically and on ad-hoc basis to gauge the Group and the Bank's resilience in the event of a liquidity disruption.

The Contingency Funding Plan provides a systematic approach in handling liquidity disruption. The document encompasses strategies, decision-making authorities, and courses of action to be taken in the event of liquidity crisis and emergencies, enabling the Group and the Bank to respond to an unexpected liquidity disruption in an effective and efficient manner.

The Group Board Risk Management and Compliance Committee ('GBRMCC') is responsible for the Group and the Bank's liquidity policy and the strategic management of liquidity has been delegated to the Group Asset Liability Management Committee ('GALCO'). The Liquidity Management Committee ('LMC'), which is a sub-committee of GALCO, augments the functions of GALCO by directing its focus specifically to liquidity issues. The GBRMCC is informed regularly on the liquidity position of the Group and the Bank.

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49 FINANCIAL RISK MANAGEMENT

(iii) Liquidity risk (continued)

Liquidity risk disclosure table which is based on contractual undiscounted cash flows

The table below provides analysis of cash flows payables for financial liabilities based on remaining contractual maturities on undiscounted basis. The balances in the table below do not agree directly to the balances reported in the statement of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest/profit payments.

	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
The Group						
2019						
Deposits from customers	**17,503,162**	**5,936,882**	**26,347,007**	**2,503,915**	**–**	**52,290,966**
Investment accounts of customers	**8**	**16**	**502**	**1,035**	**–**	**1,561**
Deposits and placements of banks and other financial institutions	**1,379,066**	**365,205**	**22,896**	**–**	**–**	**1,767,167**
Bills and acceptances payable	**32,903**	**–**	**–**	**–**	**–**	**32,903**
Trade payables	**787,563**	**–**	**–**	**–**	**–**	**787,563**
Lease liabilities	**3,123**	**5,806**	**22,967**	**29,645**	**–**	**61,541**
Other liabilities	**181,188**	**38,578**	**859,902**	**173,457**	**15,043**	**1,268,168**
Borrowings	**14,692**	**52,659**	**121,723**	**1,508,554**	**3,189,017**	**4,886,645**
	19,901,705	**6,399,146**	**27,374,997**	**4,216,606**	**3,204,060**	**61,096,514**

	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
The Group						
2018						
Deposits from customers	18,968,529	11,067,333	24,865,880	3,585,996	–	58,487,738
Investment accounts of customers	5	10	47	922	–	984
Deposits and placements of banks and other financial institutions	2,657,223	1,577,412	634,348	–	–	4,868,983
Obligation on securities sold under repurchase agreements	142,607	–	–	–	–	142,607
Bills and acceptances payable	32,585	–	–	–	–	32,585
Trade payables	600,974	–	–	–	–	600,974
Other liabilities	153,997	39,685	537,753	188,574	27,576	947,585
Borrowings	14,699	52,417	91,877	643,887	3,443,044	4,245,924
	22,570,619	12,736,857	26,129,905	4,419,379	3,470,620	69,327,380

49 FINANCIAL RISK MANAGEMENT

(iii) Liquidity risk (continued)

Liquidity risk disclosure table which is based on contractual undiscounted cash flows (continued)

	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
The Bank						
2019						
Deposits from customers	**10,176,943**	**3,078,052**	**15,948,267**	**1,609,752**	**–**	**30,813,014**
Deposits and placements of banks and other financial institutions	**586,371**	**39,426**	**20,810**	**–**	**–**	**646,607**
Bills and acceptances payable	**32,903**	**–**	**–**	**–**	**–**	**32,903**
Lease liabilities	**2,175**	**4,320**	**17,204**	**22,528**	**–**	**46,227**
Other liabilities	**–**	**–**	**329,390**	**19,373**	**8,528**	**357,291**
Amount due to subsidiaries	**55,899**	**–**	**–**	**–**	**–**	**55,899**
Borrowings	**14,692**	**52,659**	**66,809**	**1,006,167**	**2,287,413**	**3,427,740**
	10,868,983	**3,174,457**	**16,382,480**	**2,657,820**	**2,295,941**	**35,379,681**

	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
The Bank						
2018						
Deposits from customers	11,465,945	6,507,386	13,967,131	2,206,874	–	34,147,336
Deposits and placements of banks and other financial institutions	2,081,289	1,606,594	634,348	–	–	4,322,231
Bills and acceptances payable	32,585	–	–	–	–	32,585
Other liabilities	7,874	–	357,475	128,157	15,287	508,793
Amount due to subsidiaries	109,399	–	–	–	–	109,399
Borrowings	14,699	52,417	66,763	535,567	2,892,461	3,561,907
	13,711,791	8,166,397	15,025,717	2,870,598	2,907,748	42,682,251

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49 FINANCIAL RISK MANAGEMENT

(iii) Liquidity risk (continued)

Derivative financial liabilities

Derivative financial liabilities based on contractual undiscounted cash flows:-

	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
The Group						
2019						
Derivatives settled on net basis						
Interest rate derivatives	**(852)**	**(1,647)**	**(8,294)**	**(23,161)**	**(261)**	**(34,215)**
Derivatives settled on gross basis						
Foreign exchange derivatives:-						
Outflow	**(2,086,132)**	**(2,564,918)**	**(2,409,830)**	**(559,135)**	**–**	**(7,620,015)**
Inflow	**2,079,981**	**2,555,589**	**2,373,497**	**543,740**	**–**	**7,552,807**
	(6,151)	**(9,329)**	**(36,333)**	**(15,395)**	**–**	**(67,208)**

	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
The Group						
2018						
Derivatives settled on net basis						
Interest rate derivatives	(277)	(787)	(2,800)	(8,379)	(1,244)	(13,487)
Derivatives settled on gross basis						
Foreign exchange derivatives:-						
Outflow	(1,739,069)	(2,661,206)	(2,128,068)	(16,404)	–	(6,544,747)
Inflow	1,731,071	2,658,898	2,123,474	236,262	–	6,749,705
	(7,998)	(2,308)	(4,594)	219,858	–	204,958

49 FINANCIAL RISK MANAGEMENT

(iii) Liquidity risk (continued)

Derivative financial liabilities (continued)

Derivative financial liabilities based on contractual undiscounted cash flows (continued):-

	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
The Bank						
2019						
Derivatives settled on net basis						
Interest rate derivatives	**(443)**	**(749)**	**(3,367)**	**(11,955)**	**(261)**	**(16,775)**
Derivatives settled on gross basis						
Foreign exchange derivatives:-						
Outflow	**(1,269,738)**	**(1,851,521)**	**(1,755,030)**	**(209,939)**	**–**	**(5,086,228)**
Inflow	**1,270,216**	**1,851,687**	**1,729,891**	**214,607**	**–**	**5,066,401**
	478	**166**	**(25,139)**	**4,668**	**–**	**(19,827)**

	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
The Bank						
2018						
Derivatives settled on net basis						
Interest rate derivatives	(230)	(522)	(1,774)	(7,708)	(1,244)	(11,478)
Derivatives settled on gross basis						
Foreign exchange derivatives:-						
Outflow	(714,413)	(2,066,823)	(1,625,967)	127,396	–	(4,279,807)
Inflow	714,726	2,068,320	1,629,794	98,702	–	4,511,542
	313	1,497	3,827	226,098	–	231,735

49 FINANCIAL RISK MANAGEMENT

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group and the Bank.

The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities.

	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
The Group							
2019							
Assets							
Cash and short-term funds	4,605,357	–	–	–	–	–	4,605,357
Financial assets at FVTPL	–	2,173	17,497	68,187	158,706	415,569	662,132
Derivative financial assets	24,551	60,230	37,764	36,280	6,043	–	164,868
Financial investments at FVOCI	35,844	109,232	617,438	3,854,821	7,698,630	180,881	12,496,846
Financial investments at AC	703	–	499	143,864	–	–	145,066
Loans, advances and financing	3,328,334	1,786,028	1,492,217	9,821,524	27,920,954	1,038,808	45,387,865
Trade receivables	534,388	–	–	–	–	–	534,388
Other assets	94,000	229	22,282	17,105	1,140	25,194	159,950
Amount due from joint ventures	28,402	–	–	–	–	–	28,402
Amount due from associate	900	11	–	–	30,876	–	31,787
Statutory deposits with Bank Negara Malaysia	1,534,777	–	–	–	–	–	1,534,777
Other non-financial assets [1]	14,038	117	21,806	37,250	–	2,516,613	2,589,824
	10,201,294	1,958,020	2,209,503	13,979,031	36,816,349	4,177,065	68,341,262

[1] Other non-financial assets include tax recoverable, deferred tax assets, investment in joint ventures, investment in associates, property and equipment, right-of-use assets and intangibles assets.

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49 FINANCIAL RISK MANAGEMENT

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
The Group							
2019							
Liabilities							
Deposits from customers	17,471,093	5,857,417	25,540,509	2,219,943	–	–	51,088,962
Investment accounts of customers	–	–	439	1,008	–	–	1,447
Deposits and placements of banks and other financial institutions	1,326,780	421,678	14,794	–	–	–	1,763,252
Derivative financial liabilities	28,461	52,231	65,928	38,008	2,163	–	186,791
Bills and acceptances payable	32,903	–	–	–	–	–	32,903
Trade payables	787,563	–	–	–	–	–	787,563
Lease liabilities	2,164	1,307	11,059	44,055	65	–	58,650
Other liabilities	181,188	38,578	859,902	173,457	15,043	–	1,268,168
Borrowings	12,235	36,144	10,551	–	2,748,213	800,000	3,607,143
Other non-financial liabilities [2]	133,273	–	–	–	–	16,517	149,790
	19,975,660	6,407,355	26,503,182	2,476,471	2,765,484	816,517	58,944,669
Net liquidity gap	(9,774,366)	(4,449,335)	(24,293,679)	11,502,560	33,050,865	3,360,548	

(2) Other non-financial liabilities include deferred tax liabilities, provision for taxation, defined contribution plan and accrued employee benefits.

49 FINANCIAL RISK MANAGEMENT

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
The Group							
2018							
Assets							
Cash and short-term funds	6,331,798	–	–	–	–	–	6,331,798
Deposits and placements with banks and other financial institutions	–	71,801	–	–	–	–	71,801
Financial assets at FVTPL	1,285	727	1,576	228,585	113,688	260,601	606,462
Derivative financial assets	30,300	26,681	16,979	8,803	6,042	–	88,805
Financial investments at FVOCI	228,192	817,447	645,603	5,446,684	7,911,399	312,433	15,361,758
Financial investments at AC	14,444	–	1,954	146,629	–	–	163,027
Loans, advances and financing	3,674,905	1,945,475	1,735,631	9,700,401	30,076,394	1,259,206	48,392,012
Trade receivables	369,145	469	37	–	–	–	369,651
Other assets	76,269	470	13,967	16,016	1,169	30,993	138,884
Amount due from joint ventures	31,295	–	–	–	–	–	31,295
Amount due from associate	–	41	–	–	57,676	–	57,717
Statutory deposits with Bank Negara Malaysia	1,946,669	–	–	–	–	–	1,946,669
Other non-financial assets [1]	70,239	–	–	–	–	2,346,354	2,416,593
	12,774,541	2,863,111	2,415,747	15,547,118	38,166,368	4,209,587	75,976,472

[1] Other non-financial assets include commodity gold at FVTPL, tax recoverable, deferred tax assets, investment in joint ventures, investment in associates, property and equipment and intangibles assets.

49 FINANCIAL RISK MANAGEMENT

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
The Group							
2018							
Liabilities							
Deposits from customers	18,931,969	10,987,337	24,190,584	3,236,557	–	–	57,346,447
Investment accounts of customers	–	–	–	875	–	–	875
Deposits and placements of banks and other financial institutions	2,619,473	1,603,437	624,002	–	–	–	4,846,912
Obligation on securities sold under repurchase agreements	142,477	–	–	–	–	–	142,477
Derivative financial liabilities	24,633	22,870	24,419	38,853	2,357	–	113,132
Bills and acceptances payable	32,585	–	–	–	–	–	32,585
Trade payables	600,974	–	–	–	–	–	600,974
Other liabilities	153,502	39,685	537,753	188,574	27,420	651	947,585
Borrowings	12,236	36,143	5,433	–	2,200,000	800,000	3,053,812
Other non-financial liabilities [2]	135,058	–	–	–	–	15,379	150,437
	22,652,907	12,689,472	25,382,191	3,464,859	2,229,777	816,030	67,235,236
Net liquidity gap	(9,878,366)	(9,826,361)	(22,966,444)	12,082,259	35,936,591	3,393,557	

[2] Other non-financial liabilities include deferred tax liabilitie, provision for taxation, defined contribution plan and accrued employee benefits.

49 FINANCIAL RISK MANAGEMENT

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
The Bank							
2019							
Assets							
Cash and short-term funds	2,317,369	–	–	–	–	–	2,317,369
Deposits and placements with banks and other financial institutions	–	41,368	–	–	–	–	41,368
Investment accounts due from designated financial institutions	–	–	831	460,665	1,450,919	–	1,912,415
Financial assets at FVTPL	–	536	15,032	–	60,441	94,207	170,216
Derivative financial assets	22,553	52,860	27,951	9,891	4,970	–	118,225
Financial investments at FVOCI	13,630	88,898	195,622	3,035,404	2,882,472	157,818	6,373,844
Financial investments at AC	–	–	499	100,000	–	–	100,499
Loans, advances and financing	2,195,353	1,234,613	1,077,260	7,467,331	13,303,605	451,897	25,730,059
Other assets	26,514	–	13,840	6,472	1,113	12,944	60,883
Amount due from subsidiaries	1,318	–	–	–	–	–	1,318
Amount due from associate	–	11	–	–	30,876	–	30,887
Statutory deposits with Bank Negara Malaysia	857,377	–	–	–	–	–	857,377
Other non-financial assets [1]	14,037	117	5,806	36,146	–	4,659,253	4,715,359
	5,448,151	1,418,403	1,336,841	11,115,909	17,734,396	5,376,119	42,429,819

[1] Other non-financial assets include tax recoverable, deferred tax assets, investment in subsidiaries, investment in joint ventures, investment in associates, property and equipment, right-of-use assets and intangible assets.

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49 FINANCIAL RISK MANAGEMENT

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
The Bank							
2019							
Liabilities							
Deposits from customers	10,156,825	3,025,278	15,438,572	1,514,575	–	–	30,135,250
Deposits and placements of banks and other financial institutions	586,239	39,298	20,548	–	–	–	646,085
Derivative financial liabilities	22,534	43,062	56,312	12,368	2,163	–	136,439
Bills and acceptances payable	32,903	–	–	–	–	–	32,903
Lease liabilities	1,373	119	5,815	36,847	65	–	44,219
Other liabilities	–	–	329,390	19,373	8,528	–	357,291
Amount due to subsidiaries	55,899	–	–	–	–	–	55,899
Borrowings	12,235	36,144	–	–	2,000,000	500,000	2,548,379
Other non-financial liabilities [(2)]	61,257	–	–	–	–	–	61,257
	10,929,265	3,143,901	15,850,637	1,583,163	2,010,756	500,000	34,017,722
Net liquidity gap	(5,481,114)	(1,725,498)	(14,513,796)	9,532,746	15,723,640	4,876,119	

[(2)] Other non-financial liabilities include defined contribution plan and accrued employee benefits.

49 FINANCIAL RISK MANAGEMENT

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
The Bank							
2018							
Assets							
Cash and short-term funds	2,569,003	–	–	–	–	–	2,569,003
Deposits and placements with banks and other financial institutions	–	113,610	–	–	–	–	113,610
Investment accounts due from designated financial institutions	2,177,662	189,049	–	–	–	–	2,366,711
Financial assets at FVTPL	1,277	727	1,576	148,140	102,990	118,928	373,638
Derivative financial assets	15,586	24,376	13,531	2,530	5,808	–	61,831
Financial investments at FVOCI	178,650	663,197	625,165	3,885,151	3,642,843	149,501	9,144,507
Financial investments at AC	14,444	–	614	99,588	–	–	114,646
Loans, advances and financing	2,350,159	1,215,484	1,141,156	8,193,808	14,876,581	720,961	28,498,149
Other assets	23,854	7	8,215	6,055	1,114	21,178	60,423
Amount due from subsidiaries	420	–	–	–	–	–	420
Amount due from associate	–	41	–	–	57,176	–	57,217
Statutory deposits with Bank Negara Malaysia	1,238,069	–	–	–	–	–	1,238,069
Other non-financial assets [1]	70,238	–	–	–	–	4,462,147	4,532,385
	8,639,362	2,206,491	1,790,257	12,335,272	18,686,512	5,472,715	49,130,609

[1] Other non-financial assets include tax recoverable, deferred tax assets, investment in subsidiaries, investment in joint ventures, investment in associates, property and equipment and intangible assets.

49 FINANCIAL RISK MANAGEMENT

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
The Bank							
2018							
Liabilities							
Deposits from customers	11,447,652	6,450,009	13,583,419	2,080,139	–	–	33,561,219
Deposits and placements of banks and other financial institutions	2,078,911	1,597,935	624,002	–	–	–	4,300,848
Derivative financial liabilities	12,981	21,701	17,657	30,964	2,357	–	85,660
Bills and acceptances payable	32,585	–	–	–	–	–	32,585
Other liabilities	7,874	–	357,475	128,157	15,287	–	508,793
Amount due to subsidiaries	109,399	–	–	–	–	–	109,399
Borrowings	12,236	36,143	–	–	2,000,000	500,000	2,548,379
Other non-financial liabilities [2]	62,782	–	–	–	–	–	62,782
	13,764,420	8,105,788	14,582,553	2,239,260	2,017,644	500,000	41,209,665
Net liquidity gap	(5,125,058)	(5,899,297)	(12,792,296)	10,096,012	16,668,868	4,972,715	

[2] Other non-financial liabilities include defined contribution plan and accrued employee benefits.

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49 FINANCIAL RISK MANAGEMENT

(iv) Operational risk management

Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or external events. The definition includes legal risk, and exposure to litigation from all aspects of the Bank's activities, but excludes strategic business, reputational and systemic risks.

The Group Operational Risk Management Framework governs the management of operational risk across the Group and the Bank. GBRMCC approves all policies/policy changes relating to operational risk. Group Operational Risk Management Committee ('GORMC') supports GBRMCC in the review and monitoring of operational risk and provides the forum to discuss and manage all aspects of operational risk including control lapses.

The Operational Risk Management ('ORM') function within GRM operates in independent capacity to facilitate business/ support units managing the risks in activities associated with the operational function of the Bank.

Operational risks are managed daily through established systems and processes to ensure compliance with policies, guidelines and control procedures.

The Group and the Bank employ the following standard operational risk tools for risk and control identification and assessment:-

- Risk Control Self Assessment ('RCSA').
- Key Control Standards ('KCS').
  Note: Process to assist Business/Support Unit to identify and assess the operational risks, identify controls and assess controls effectiveness.
- Key Risk Indicator ('KRI').
  Note: Process to monitor and manage key operational risk exposures over time, measured against a set of threshold levels (Red, Amber & Green).
- Loss Event Reporting ('LER').
  Note: Process for reporting, evaluating and monitoring operational risk loss incidents including service disruption due to system failure, secrecy breach and Shariah Non-Compliance ('SNC').
- Scenario Analysis ('ScAn').
  Note: Process to process in the creation of plausible operational risk events and has become an essential element in the operational risk management and measurement.

Introduction of new products or services are evaluated to assess suitability, potential risks and operational readiness.

Operational Risk Coordinators ('ORC') are appointed at business and support units as champions of ORM activities within respective units. The ORC is responsible for the reporting of ORM activities and to liaise with Group Operational Risk Management on all operational defects and results.

49 FINANCIAL RISK MANAGEMENT

(v) Technology risk

Technology risk is any potential for technology failures and cyber threats that may disrupt business such as failures of information technology ('IT') systems, applications, platforms or infrastructures including threats or vulnerabilities exposed from external network or Internet, which could result in financial loss, financial services disruption or the operations of the Group and the Bank.

The Group Technology Risk Management Framework governs the management of technology risk across the Group and the Bank.

The technology risk management function within GRM manages the risks associated with technology risk of the Group and the Bank. GORMC supports GBRMCC in the review and monitoring of technology risks and provides the forum to discuss and manage all aspects of technology risk. GBRMCC is responsible to provide oversight of overall technology related matters of the Group and the Bank.

The Group and the Bank use risk identification and assessment to determine the extent of the potential threat and the risk associated with an IT system throughout its System Development Life Cycle ('SDLC'). The output of this process helps to identify appropriate controls for reducing or eliminating risk during the risk mitigation process.

Technology risk controls encompass the use of technical and non-technical methods. Technical controls are safeguards that are incorporated into computer hardware, software, or firmware (i.e. access control mechanisms, identification and authentication mechanisms, encryption methods, intrusion detection software). Non-technical controls are management and operational controls, such as security policies, operational procedures and personnel, physical and environmental security.

Technology Risk Management reports are produced periodically for the respective stakeholders and committees.

(vi) Shariah non-compliance risk

Shariah non-compliance ('SNC') is the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which the Bank may suffer arising from the failure to comply with the rulings of the Shariah Advisory Council of BNM ('SAC'), standards on Shariah matters issued by BNM pursuant to section 29(1) of the IFSA or decisions or advice of the Shariah Committee.

BNM has on 20 September 2019 reissued the Shariah Governance for Islamic Financial Institutions (BNM/RH/GL_028-100) which supercedes the Shariah Governance Framework issued on 22 October 2010. The Shariah Governance and the Bank's Shariah Risk Management Framework are the main reference for the Shariah Governance and Shariah risk management process within AFFIN Islamic.

The Bank's Shariah Committee ('AISCM') is established to deliberate on Shariah issues presented to them and provide resolution as well as guidance. GORMC together with GBRMCC assist the Board in the overall oversight of Shariah risk management of the Group.

49 FINANCIAL RISK MANAGEMENT

(vi) Shariah non-compliance risk (continued)

Shariah Risk Management is part of an integrated risk management control function to systematically identify all possible risks of SNC and where appropriate, to provide mitigating measures that need to be taken to reduce the risk. The scope covers overall business activities and operations, commencing from Islamic product origination until maturity.

SNC risk is proactively managed with the following tools:-

1. SNC Event Reporting to BNM to collect, evaluate, monitor and report Shariah loss data;
2. Shariah Risk and Control Self-Assessment ('RCSA')/Risk Profiling to assist business/functional unit to identify and assess risks and controls. RCSA will be performed annnually or as and when there is occurrence of significant events either internal or external;
3. KRI to predict and highlight any potential high risk area. These indicators will be reviewed on a periodic basis (monthly or quarterly) to alert Management to changes that may have risk concerns; and
4. KCS to validate the effectiveness of control measures.

(vi) Business continuity risk

Business continuity risk is the risk of losses in assets, revenue, reputation and stakeholder/customer confidence due to the discontinuation of services in both business and technology operations.

The Business Continuity Management Framework governs the management of business continuity issues, in line with BNM Guidelines on Business Continuity Management ('BCM').

GBRMCC approves all policies and its changes relating to business continuity management. It also reviews, monitors and discusses business continuity management reports tabled at its meetings. GORMC supports GBRMCC in the review and monitoring of business continuity risk and provides the forum to discuss and manage all aspects of operational risk including control lapses.

The BCM function is an independent body overseeing the management of the overall business continuity risk.

Annual Risk Assessment and Business Impact Analysis are made compulsory for each business and support unit in the Group and the Bank to undertake. The outcome of this assessment will translate into a risks listing that require business and support units to derive action plans to address the risks.

Risk control is established through adherence with established BCM guidelines and standards throughout the implementation of BCM programs. Rigorous testing on business continuity and disaster recovery plans are diligently performed to ensure effective and smooth execution of the plan for resumption and recovery of disrupted business.

Policies and processes are in place to support the monitoring and reporting of business continuity risks.

49 FINANCIAL RISK MANAGEMENT

(vii) Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group and the Bank measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:-

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

This category includes unquoted shares held for socio-economic reasons. Fair values for shares held for socio-economic reasons are based on the net tangible assets of the affected companies. The Group and the Bank's exposure to financial instruments classified as Level 3 comprised a small number of financial instruments which constitute an insignificant component of the Group and the Bank's portfolio of financial instruments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

The Group and the Bank recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. Transfers between fair value hierarchy primarily due to change in the level of trading activity, change in observable market activity related to an input, reassessment of available pricing information and change in the significance of the unobservable input. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial year (2018: Nil).

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49 FINANCIAL RISK MANAGEMENT

(vii) Fair value of financial instruments (continued)

The following table presents financial assets and financial liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:-

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Group				
2019				
Financial Assets				
Financial assets at FVTPL				
– Money market instruments	**–**	**198,219**	**–**	**198,219**
– Corporate bonds/Sukuk	**–**	**33,312**	**15,032**	**48,344**
– Shares and unit trusts	**321,362**	**–**	**94,207**	**415,569**
Derivative financial assets	**–**	**164,868**	**–**	**164,868**
Financial investments at FVOCI				
– Money market instruments	**–**	**4,022,935**	**–**	**4,022,935**
– Corporate bonds/Sukuk	**–**	**8,293,030**	**–**	**8,293,030**
– Shares, unit trusts and REITs	**–**	**61**	**180,820**	**180,881**
Total	**321,362**	**12,712,425**	**290,059**	**13,323,846**
Financial Liabilities				
Derivative financial liabilities	**–**	**186,791**	**–**	**186,791**
Puttable liability – investment in funds	**20,917**	**–**	**–**	**20,917**
Other liabilities – equities trading	**4,282**	**–**	**–**	**4,282**
Total	**25,199**	**186,791**	**–**	**211,990**

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Group				
2018				
Financial Assets				
Financial assets at FVTPL				
– Money market instruments	–	325,169	–	325,169
– Corporate bonds/Sukuk	–	20,641	30,050	50,691
– Shares and unit trusts	141,674	–	88,928	230,602
Derivative financial assets	–	88,805	–	88,805
Financial investments at FVOCI				
– Money market instruments	–	4,432,952	–	4,432,952
– Corporate bonds/Sukuk	–	10,697,891	–	10,697,891
– Shares, unit trusts and REITs	59,532	61	171,322	230,915
Total	201,206	15,565,519	290,300	16,057,025
Financial Liabilities				
Derivative financial liabilities	–	113,132	–	113,132
Puttable liability – investment in funds	28,868	–	–	28,868
Other liabilities – equities trading	52	–	–	52
Total	28,920	113,132	–	142,052

49 FINANCIAL RISK MANAGEMENT

(vii) Fair value of financial instruments (continued)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Bank				
2019				
Financial Assets				
Financial assets at FVTPL				
– Money market instruments	**–**	**60,977**	**–**	**60,977**
– Corporate bonds/Sukuk	**–**	**–**	**15,032**	**15,032**
– Unquoted shares	**–**	**–**	**94,207**	**94,207**
Derivative financial assets	**–**	**118,225**	**–**	**118,225**
Financial investments at FVOCI				
– Money market instruments	**–**	**2,444,075**	**–**	**2,444,075**
– Unquoted shares	**–**	**–**	**157,818**	**157,818**
– Corporate bonds/Sukuk	**–**	**3,771,951**	**–**	**3,771,951**
Total	**–**	**6,395,228**	**267,057**	**6,662,285**
Financial Liabilities				
Derivative financial liabilities	**–**	**136,439**	**–**	**136,439**
Total	**–**	**136,439**	**–**	**136,439**

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Bank				
2018				
Financial Assets				
Financial assets at FVTPL				
– Money market instruments	–	254,660	–	254,660
– Corporate bonds/Sukuk	–	–	30,050	30,050
– Unquoted shares	–	–	88,928	88,928
Derivative financial assets	–	61,831	–	61,831
Financial investments at FVOCI				
– Money market instruments	–	3,372,719	–	3,372,719
– Unquoted shares	–	–	149,501	149,501
– Corporate bonds/Sukuk	–	5,622,287	–	5,622,287
Total	–	9,311,497	268,479	9,579,976
Financial Liabilities				
Derivative financial liabilities	–	85,660	–	85,660
Total	–	85,660	–	85,660

49 FINANCIAL RISK MANAGEMENT

(vii) Fair value of financial instruments (continued)

The following table present the changes in Level 3 instruments for the financial year ended:-

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At beginning of the financial year	**290,300**	279,853	**268,479**	259,242
Sales	**(15,629)**	–	**(15,629)**	–
Net changes in income accrued	**(18)**	20	**(18)**	20
Total gains recognised in other comprehensive income	**15,406**	10,427	**14,225**	9,217
At end of the financial year	**290,059**	290,300	**267,057**	268,479

Effect of changes in significant unobservable assumptions to reasonably possible alternatives

As at reporting date, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) mainly include unquoted shares held for socio-economic purposes.

Qualitative information about the fair value measurements using significant unobservable inputs (Level 3):-

Description	Fair value assets 2019 RM'000	Fair value assets 2018 RM'000	Valuation techniques	Unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at FVTPL					
The Group/The Bank					
Unquoted shares	**94,207**	88,928	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value
Corporate bond	**15,000**	30,000	Issue price of 100	-	-
Financial investments at FVOCI					
The Group					
Unquoted shares	**180,820**	171,322	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value
The Bank					
Unquoted shares	**157,818**	149,501	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value

In estimating its significance, the Group and the Bank used an approach that is currently based on methodologies used for fair value adjustments. These adjustments reflects the values that the Group and the Bank estimate are appropriate to adjust from the valuations produced to reflect for uncertainties in the inputs used. The methodologies used can be a statistical or other relevant approved techniques.

49 FINANCIAL RISK MANAGEMENT

(vii) Fair value of financial instruments (continued)

	Carrying amount RM'000	Fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Group					
2019					
Financial assets					
Financial investments at AC	**145,066**	**–**	**147,153**	**–**	**147,153**
Loans, advances and financing	**45,387,865**	**–**	**46,009,411**	**–**	**46,009,411**
	45,532,931	**–**	**46,156,564**	**–**	**46,156,564**
Financial liabilities					
Deposits from customers	**51,088,962**	**–**	**51,163,791**	**–**	**51,163,791**
Borrowings	**3,607,143**	**–**	**3,711,530**	**–**	**3,711,530**
	54,696,105	**–**	**54,875,321**	**–**	**54,875,321**

	Carrying amount RM'000	Fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Group					
2018					
Financial assets					
Financial investments at AC	163,027	–	164,911	–	164,911
Loans, advances and financing	48,392,012	–	49,024,369	–	49,024,369
	48,555,039	–	49,189,280	–	49,189,280
Financial liabilities					
Deposits from customers	57,346,447	–	57,367,236	–	57,367,236
Deposits and placements of banks and other financial institutions	4,846,912	–	4,847,167	–	4,847,167
Borrowings	3,053,812	–	3,095,750	–	3,095,750
	65,247,171	–	65,310,153	–	65,310,153

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49 FINANCIAL RISK MANAGEMENT

(vii) Fair value of financial instruments (continued)

	Carrying amount RM'000	Fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Bank					
2019					
Financial assets					
Financial investments at AC	**100,499**	**–**	**102,586**	**–**	**102,586**
Loans, advances and financing	**25,730,059**	**–**	**26,130,511**	**–**	**26,130,511**
	25,830,558	**–**	**26,233,097**	**–**	**26,233,097**
Financial liabilities					
Deposits from customers	**30,135,250**	**–**	**30,162,980**	**–**	**30,162,980**
Borrowings	**2,548,379**	**–**	**2,624,219**	**–**	**2,624,219**
	32,683,629	**–**	**32,787,199**	**–**	**32,787,199**

	Carrying amount RM'000	Fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Bank					
2018					
Financial assets					
Financial investments at AC	114,646	–	116,492	–	116,492
Loans, advances and financing	28,498,149	–	28,923,103	–	28,923,103
	28,612,795	–	29,039,595	–	29,039,595
Financial liabilities					
Deposits from customers	33,561,219	–	33,592,563	–	33,592,563
Deposits and placements of banks and other financial institutions	4,300,848	–	4,301,103	–	4,301,103
Borrowings	2,548,379	–	2,587,929	–	2,587,929
	40,410,446	–	40,481,595	–	40,481,595

Other than as disclosed above, the total fair value of each financial assets and liabilities presented on the statements of financial position as at reporting date of the Group and the Bank approximates the total carrying amount.

49 FINANCIAL RISK MANAGEMENT

(vii) Fair value of financial instruments (continued)

The fair value estimates were determined by application of the methodologies and assumptions described below.

Short-term funds and placements with banks and other financial institutions

For short-term funds and placements with banks and other financial institutions with maturity of less than six months, the carrying amount is a reasonable estimate of fair value.

For amounts with maturities of six months or more, fair values have been estimated by reference to current rates at which similar deposits and placements would be made to banks with similar credit ratings and maturities.

Financial investments at AC

The fair values of financial investments at AC are reasonable estimates based on quoted market prices. In the absence of such quoted prices, the fair values are based on the expected cash flows of the instruments discounted by indicative market yields for the similar instruments as at reporting date or the audited net tangible asset of the invested company.

Loans, advances and financing

Loans, advances and financing of the Group comprise of floating rate loans and fixed rate loans. For performing floating rate loans/financing, the carrying amount is a reasonable estimate of their fair values.

The fair values of performing fixed rate loans are arrived at using the discounted cash flows based on the prevailing market rates of loans, advances and financing with similar credit ratings and maturities.

The fair values of impaired loans, advances and financing, whether fixed or floating are represented by their carrying values, net ECL, being the reasonable estimate of recoverable amount.

Other assets and liabilities

The carrying value less any estimated allowance for financial assets and liabilities included in other assets and other liabilities are assumed to approximate their fair values.

Deposits from customers, banks and other financial institutions, investment account of customers, bills and acceptances payable

The carrying values of deposits and liabilities with maturities of six months or less are assumed to be reasonable estimates of their fair values. Where the remaining maturities of deposits and liabilities are above six months, their estimated fair values are arrived at using the discounted cash flows based on prevailing market rates currently offered for similar remaining maturities.

The estimated fair value of deposits with no stated maturity, which include non-interest/profit bearing deposits, approximates carrying amount which represents the amount repayable on demand.

Borrowings

For fixed rate borrowings, the estimate of fair value is based on discounted cash flows model using prevailing lending/financing rates for borrowings with similar risks and remaining term to maturity.

For floating rate borrowings, the carrying value is generally a reasonable estimate of their fair values.

50 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

In accordance with MFRS 132 'Financial Instruments: Presentation', the Group and the Bank report financial assets and financial liabilities on a net basis on the statements of financial position only if there is a legally enforceable right to set-off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangement on:-

- All financial assets and liabilities that are reported net on statements of financial position; and
- All derivative financial instruments and reverse repurchase and repurchased agreements and other similar secured lending/financing and borrowing/funding agreements that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for statements of financial position netting.

The table identifies the amounts that have been offset in the statements of financial position and also those amounts that are covered by enforceable netting arrangements (offsetting arrangements and financial collateral) but do not qualify for netting under the requirements of MFRS 132 described above.

The 'Net amounts' presented below are not intended to represent the Group and the Bank's actual exposure to credit risk, as a variety of credit mitigation strategies are employed in addition to netting and collateral arrangements.

Related amount not offset

Derivative financial assets and liabilities

The 'Financial instruments' column identifies financial assets and liabilities that are subject to set-off under netting agreements, such as the ISDA Master Agreement or derivative exchange or clearing counterparty agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transaction covered by the agreements if an event of default or other predetermined events occur.

Financial collateral refers to cash and non-cash collateral obtained, typically daily or weekly, to cover the net exposure between counterparties by enabling the collateral to be realised in an event of default or if other predetermined events occur.

Obligation on securities sold under repurchase agreements

The 'Financial instruments' column identifies financial assets and liabilities that are subject to set-off under netting agreements, such as Global Master Repurchase Agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transaction covered by the agreements if an event of default or other predetermined events occur.

50 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	Effects of offsetting on the statements of financial position			Related amounts not offset in the balance sheet		
	Gross amount RM'000	Amount offset RM'000	Net amount reported on statement of financial position RM'000	Financial instruments RM'000	Financial collateral RM'000	Net amount RM'000
The Group						
2019						
Financial assets						
Derivative financial assets	**164,868**	**–**	**164,868**	**(41,336)**	**(2,797)**	**120,735**
Trade receivables						
– Amount due from Bursa Securities Clearing Sdn Bhd	**527,416**	**(527,416)**	**–**	**–**	**–**	**–**
Total assets	**692,284**	**(527,416)**	**164,868**	**(41,336)**	**(2,797)**	**120,735**
Financial liabilities						
Derivative financial liabilities	**186,791**	**–**	**186,791**	**(41,336)**	**–**	**145,455**
Trade payables						
– Amount due from Bursa Securities Clearing Sdn Bhd	**547,262**	**(527,416)**	**19,846**	**–**	**–**	**19,846**
Total liabilities	**734,053**	**(527,416)**	**206,637**	**(41,336)**	**–**	**165,301**

	Effects of offsetting on the statements of financial position			Related amounts not offset in the balance sheet		
	Gross amount RM'000	Amount offset RM'000	Net amount reported on statement of financial position RM'000	Financial instruments RM'000	Financial collateral RM'000	Net amount RM'000
The Group						
2018						
Financial assets						
Derivative financial assets	88,805	–	88,805	(43,283)	–	45,522
Trade receivables						
– Amount due from Bursa Securities Clearing Sdn Bhd	503,850	(463,708)	40,142	–	–	40,142
Total assets	592,655	(463,708)	128,947	(43,283)	–	85,664
Financial liabilities						
Obligation on securities sold under repurchase agreements	142,477	–	142,477	(142,477)	–	–
Derivative financial liabilities	113,132	–	113,132	(43,283)	(1,298)	68,551
Trade payables						
– Amount due from Bursa Securities Clearing Sdn Bhd	463,708	(463,708)	–	–	–	–
Total liabilities	719,317	(463,708)	255,609	(185,760)	(1,298)	68,551

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50 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	Effects of offsetting on the statements of financial position			Related amounts not offset in the balance sheet		
	Gross amount RM'000	Amount offset RM'000	Net amount reported on statement of financial position RM'000	Financial instruments RM'000	Financial collateral RM'000	Net amount RM'000
The Bank						
2019						
Financial assets						
Derivative financial assets	**118,225**	**–**	**118,225**	**(31,755)**	**–**	**86,470**
Financial liabilities						
Derivative financial liabilities	**136,439**	**–**	**136,439**	**(31,755)**	**–**	**104,684**

	Effects of offsetting on the statements of financial position			Related amounts not offset in the balance sheet		
	Gross amount RM'000	Amount offset RM'000	Net amount reported on statement of financial position RM'000	Financial instruments RM'000	Financial collateral RM'000	Net amount RM'000
The Bank						
2018						
Financial assets						
Derivative financial assets	61,831	–	61,831	(35,436)	–	26,395
Financial liabilities						
Derivative financial liabilities	85,660	–	85,660	(35,436)	–	50,224

51 LEASE COMMITMENTS

The Group and the Bank have lease commitments in respect of rented premises and hired equipment, all of which are classified as operating leases. A summary of the future minimum lease payments under non-cancellable operating leases commitments are as follows:-

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Within one year	–	24,277	–	14,882
One year to five years	–	11,656	–	9,886

52 CAPITAL MANAGEMENT

The total capital and capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components).

The Group and the Bank are currently adopting the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the BNM's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ('CET 1') and Tier 1 Capital Ratio are 7.000% (2018: 6.375%) and 8.500% (2018: 7.875%) respectively for financial year 2019. The minimum regulatory capital adequacy requirement is 10.500% (2018: 9.875%) for Total Capital Ratio.

The Group and the Bank's objectives when managing capital are:-

- To comply with the capital requirements set by the regulators of the banking markets where the entities within the Group and the Bank operates;
- To safeguard the Group and the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

The Group and the Bank maintain a ratio of total regulatory capital to its risk-weighted assets above a minimum level agreed with the management which takes into account the risk profile of the Group and the Bank.

The table in Note 53 below summarises the composition of regulatory capital and the ratios of the Group and the Bank for the financial year ended 31 December 2019.

53 CAPITAL ADEQUACY

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
The components of CET 1, Tier 1 and Tier 2 capital:-				
CET 1				
Paid–up share capital	**4,774,772**	4,684,752	**4,774,772**	4,684,752
Retained profits	**3,640,073**	2,928,584	**3,017,227**	2,408,718
Unrealised gains on FVOCI instruments	**250,661**	110,371	**148,173**	111,161
Other disclosed reserves	**(61,010)**	8,328	**–**	–
Foreign exchange reserves	**135**	593	**–**	–
	8,604,631	7,732,628	**7,940,172**	7,204,631
Less: Regulatory adjustments:-				
– Goodwill and other intangibles	**(914,693)**	(906,068)	**(202,670)**	(182,235)
– Deferred tax assets	**(3,440)**	(107,704)	**(12,690)**	(70,239)
– 55% of cumulative unrealised gains on FVOCI instruments	**(137,864)**	(60,704)	**(81,495)**	(61,138)
– Investment in subsidiaries, joint ventures and associates	**(831,440)**	(770,047)	**(3,781,321)**	(3,766,021)
Total CET 1 capital	**6,717,194**	5,888,105	**3,861,996**	3,124,998
Additional Tier 1 capital				
Additional Tier 1 capital	**800,000**	800,000	**500,000**	500,000
Qualifying capital instruments held by third party	**25,329**	19,783	**–**	–
	825,329	819,783	**500,000**	500,000
Total Tier 1 capital	**7,542,523**	6,707,888	**4,361,996**	3,624,998
Tier 2 capital				
Subordinated medium term loans	**2,750,000**	2,200,000	**2,000,000**	2,000,000
Qualifying loss provisions #	**533,058**	583,115	**344,781**	383,532
Less: Regulatory adjustments:-				
– Investment in capital instruments of unconsolidated financial and insurance entities	**(30,914)**	(57,412)	**(80,914)**	(657,412)
Total Tier 2 capital	**3,252,144**	2,725,703	**2,263,867**	1,726,120
Total Capital	**10,794,667**	9,433,591	**6,625,863**	5,351,118
The breakdown of risk-weighted assets:-				
Credit risk	**42,644,676**	46,649,190	**27,582,457**	30,682,574
Market risk	**488,422**	523,804	**290,399**	272,300
Operational risk	**3,184,235**	2,962,066	**1,774,869**	1,899,866
Total risk-weighted assets	**46,317,333**	50,135,060	**29,647,725**	32,854,740

Qualifying loss provisions are restricted to allowances on the unimpaired portion of the loans, advances and other financing.

53 CAPITAL ADEQUACY

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Capital adequacy ratios:-				
Before deducting proposed dividends:-				
CET 1 capital ratio	**14.503%**	11.744%	**13.026%**	9.512%
Tier 1 capital ratio	**16.284%**	13.380%	**14.713%**	11.033%
Total capital ratio	**23.306%**	18.816%	**22.349%**	16.287%
After deducting proposed dividends (Note 1):-				
CET 1 capital ratio	**14.459%**	11.924%	**12.958%**	9.786%
Tier 1 capital ratio	**16.241%**	13.559%	**14.644%**	11.307%
Total capital ratio	**23.262%**	18.996%	**22.280%**	16.561%

Note 1:-

Under the DRP, the amount of declared dividend to be deducted in the calculation of CET 1 Capital Ratio is determined in accordance with BNM's Implementation Guidance on Capital Adequacy Framework (Capital Components) (Implementation Guidance) issued on 2 February 2018.

Under the said Implementation Guidance, where a portion of the dividend may be reinvested under a DRP (the electable portion), the amount of the declared dividend to be deducted in the calculation of CET 1 Capital Ratio may be reduced as follows:-

(i) where an irrevocable written undertaking from shareholder has been obtained to reinvest the electable portion of the dividend; or
(ii) where there is no irrevocable written undertaking provided, the average of the preceding 3-year take-up rates or if less than 3 preceding years, the available average historical take-up rates, subject to the amount being not more than 50% of the total electable portion of the dividend.

In arriving at the capital adequacy ratios, the portion of the proposed dividends where no irrevocable written undertaking from shareholders to reinvest the electable portion into new ordinary shares of the Bank is obtained, is assumed to be paid in cash and has been deducted from the calculation of CET 1 Capital Ratio.

In accordance with BNM's Guidelines on Investment Account, the credit and market risk-weighted on the assets funded by the RIA are included in calculation of capital adequacy for the Bank. As at 31 December 2019, RIA assets included in the Total Capital Ratios calculation amounted to RM1,919.3 million (2018: RM2,369.7 million).

53 CAPITAL ADEQUACY

The capital adequacy ratios of the AFFIN Islamic is as follows:-

	Economic Entity		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Before deducting proposed dividend				
CET 1 capital ratio	**11.720%**	10.869%	**11.720%**	10.869%
Tier 1 capital ratio	**13.826%**	12.882%	**13.826%**	12.882%
Total capital ratio	**20.631%**	19.438%	**20.631%**	19.438%
After deducting proposed dividend				
CET 1 capital ratio	**11.720%**	10.869%	**11.720%**	10.869%
Tier 1 capital ratio	**13.826%**	12.882%	**13.826%**	12.882%
Total capital ratio	**20.631%**	19.438%	**20.631%**	19.438%

The capital adequacy ratios of the AFFIN Hwang Investment Bank Berhad is as follows:-

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Before deducting proposed dividend				
CET 1 capital ratio	**34.432%**	30.644%	**44.406%**	34.177%
Tier 1 capital ratio	**35.186%**	31.194%	**44.406%**	34.177%
Total capital ratio	**35.958%**	32.005%	**45.235%**	35.099%
After deducting proposed dividend				
CET 1 capital ratio	**33.238%**	30.644%	**42.745%**	34.177%
Tier 1 capital ratio	**33.991%**	31.194%	**42.745%**	34.177%
Total capital ratio	**34.764%**	32.005%	**43.574%**	35.099%

54 EMPLOYEE STOCK OPTION INCENTIVE SCHEME

A subsidiary of the Bank, AHAM, has established and implemented a stock option incentives scheme for its key employees. The shareholders of the subsidiary have approved the scheme on 24 July 2014 and the subsidiary has adopted the scheme which provides for key employees to be vested with options of the subsidiary.

The stock option incentive scheme is designed to provide long-term incentives for key employees to improve the growth and profitability of the Group and its subsidiary and to encourage them to continue in the employment of the subsidiary.

The main features of the stock option incentive scheme are, inter alia, as follows:-

- Eligible persons are key employees as defined by the stock option agreement.
- The grant of the option is deemed to be incorporated in the terms of employment of the key employees with the Company.
- The stock option will vest and become exercisable by the grantees in accordance with the supplemental stock option agreement on a fix date.
- The stock option incentive scheme shall be in force until 2024. All remaining vested options which have not been exercised will expire on the expiration date.
- The stock option granted with the non-market performance vesting conditions. Generally, the vesting conditions of the stock option can be classified into four categories which are based on joining, time linked, performance linked and bonus kicker.

Movements in the number of stock option awarded are as follows:-

Grant date	Granted	Exercised	As at 31 December 2019
16 July 2015	**250**	**(250)**	**–**
1 June 2016	**250**	**(250)**	**–**
1 June 2017	**125**	**(125)**	**–**
1 June 2018	**125**	**(125)**	**–**
31 January 2019	**250**	**(250)**	**–**
	1,000	**(1,000)**	**–**

In 2018, the settlement of the stock option incentive scheme has been changed from cash-settlement to equity-settlement. The total liability of stock option including Deferred Economic Benefit ('DEB') of RM21.74 million previously recognised under the cash-settled share-based payment was derecognised and equity-settled share-based payment is measured by reference to the fair value of the equity instrument at grant date which amounted to RM11.56 million, an incremental fair value as a result of the modification of RM0.34 million and a DEB of RM8.03 million, the net impact on the change in accounting treatment of RM1.81 million is recognised immediately in profit or loss.

The assessed fair value at grant date of options granted including the DEB during the year financial ended 31 December 2018 was RM19.93 million. The fair value at grant date is independently determined using the Binomial option pricing model.

During the financial year ended 31 December 2019, a total of 1,000 options under the stock option incentive scheme were fully granted to option holders, each carrying the right to purchase 1,111 AHAM shares at an exercise price of RM40.30 per AHAM share ('Exercise Price'). On 8 March 2019, all the option holders were allotted a total of 1,111,000 new AHAM shares pursuant to the exercise of their respective options for a total cash consideration of RM44.77 million.

After the options exercise, the option holders own a 10% equity stake in the enlarged issued share capital of AHAM. The issued share capital of AHAM prior to the options exercise is RM10.0 million comprising 10,000,000 AHAM shares. Following the options exercise, the issued share capital of AHAM has been increased to RM54.77 million, comprising 11,111,000 AHAM shares.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2019

55 LITIGATION AGAINST THE BANK

AFFIN Bank Berhad

A claim by the Plaintiff against the Bank vide Writ of Summons and Statement of Claim dated 22 January 2016 ('Writ') for the following:-

i) RM56,885,317.82 together with interest at 5% per annum from 1999 till full settlement as alleged damages;

ii) SGD9,928,473.75 together with interest at 5% per annum from 2013 till full settlement as alleged losses;

iii) RM776,331.00 being alleged losses of Plaintiff's shares in Berlian Ferries Pte. Ltd which was transferred out as a result of his bankruptcy in 2013 with interest at 5% per annum from 2013 till full settlement as alleged losses;

iv) RM500,000 as cost in respect of legal proceedings in Singapore.

The Bank had on 25 January 1996 given Suria Barisan (M) Sdn Bhd ('Suria') a credit facility of RM21.6 million ('Facility') against security of unquoted shares belonging to Naval Dockyard Sdn Bhd and guaranteed by the Plaintiff and Pn. Norashikin Binti Abdul Latiff ('Guarantor').

Suria, the Plaintiff and the Guarantor ('All') defaulted in the Facility which led to the Bank filing a debt recovery action against All of them in 1999. Judgement was obtained against All on 8 July 2004.

The Plaintiff was made bankrupt on 17 January 2013. The bankruptcy was set aside in September 2015 on the grounds that he was solvent due to a third party, Chenet Finance Ltd ('Chenet') being ordered by a Singapore Court to pay damages to the Director General of Insolvency Malaysia ('DGI') as receiver of Plaintiff's Estate. On 29 January 2018, the full trial of the suit has been fixed on 27, 28 and 29 August 2018. On 30 July 2018, the Court fixed the Case Management on 15 August 2018. Hearing was part heard on 27 August 2018 and was postponed to 2 October 2018 which was further postponed to 16 and 17 October 2018 as Plaintiff was admitted to hospital. On 16 October 2018, the trial dates were vacated as the presiding Judge informed that he will be transferred and a new Judge will take over the matter. On 5 December 2018, matter came up for Case Management before the new Judge, YA Dato' Ahmad bin Bache (who took over the matter from the previous Judge), whereby the Court fixed new trial dates on 25 to 28 March 2019 and 8 to 11 April 2019. On 11 April 2019, the Plaintiff requested for an adjournment as he was unwell. The High Court fixed 23 May 2019 for Case Management for parties to update on mediation efforts. Mediation was unsuccessful. However as the Federal Court reinstated his bankruptcy on 26 August 2019, the hearings at the High Court cannot proceed until sanction from the DGI has been obtained. Sanction of the DGI was obtained on 6 December 2019. Next Case Management date fixed on 22 January 2020. The trial dates on 13 to 15 April 2020 vacated due to the MCO. Pending directions/ confirmation from the Court on whether the trial will proceed on 8 to 11 June 2020.

The Plaintiff's claim ('Claim') is premised on alleged wrongful acts by the Bank as follows:-

- failure to sell 7.2 million shares in Naval Dockyard Sdn Bhd ('NDSB shares') which was pledged by Suria to the Bank as security for the Facility on a timely basis. On this claim, Plaintiff claims damages under (i) above;

- allowed the release of the Guarantor from her liability upon payment of a certain sum pursuant to her Guarantee without giving the same opportunity to the Plaintiff;

- the Bank had corresponded with the opponent of Plaintiff in Singapore to prevent the Plaintiff from claiming his assets in Singapore. Plaintiff has alleged conspiracy between the Bank and the opponent of the Plaintiff in Singapore. On this claim, Plaintiff claims losses under (ii) above;

- the Bank had wrongfully made Plaintiff a bankrupt in 2013 which bankruptcy was set aside in 2015. On this claim, Plaintiff claims losses under (iii) above;

- the Plaintiff is also claiming the amount of (iv) above being cost of proceedings incurred by him in Singapore.

55 LITIGATION AGAINST THE BANK

AFFIN Bank Berhad (continued)

The Bank has a good defence ('Defence') on the merits with regard to each of the alleged wrongful act as follows:-

- the sale of NDSB shares was subject to the approval from the relevant authorities as per the terms of the Facility Agreement and the price has to be based on the offer from the approved prospective buyer;
- the release of the Guarantor is the prerogative of the Bank pursuant to the terms of the Guarantee Agreement;
- the Plaintiff's bankruptcy is based on a judgement of Court;
- the Bank's legal firm has corresponded with the legal firm of the Plaintiff's opponent in Singapore only to inform the status of the Plaintiff proceedings in Malaysia and any alleged conspiracy is denied;
- the Claim for cost is unreasonable as the Bank was not in any way involved in the Singapore proceedings.

The above Claim against the Bank by the Plaintiff is as a result of the Debt Recovery Action against the Plaintiff which was commenced in the ordinary course of business.

The Board of Directors of the Bank are of the view that save for the orders, cost and other relief sought by the Plaintiff, which will only materialise if the Court rules in the Plaintiff's favour, the Writ and Statement of Claim is not expected to result in any immediate losses, material, financial and operational impact on the Bank for the period under review.

56 CREDIT EXPOSURES ARISING FROM TRANSACTIONS WITH CONNECTED PARTIES

The following credit exposures are based on BNM's revised Guidelines on Credit Transaction and Exposures with Connected Parties, which are effective 1 January 2008.

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(i) The aggregate value of outstanding credit exposures with connected parties (RM'000)	**6,172,615**	6,705,082	**3,733,063**	4,014,985
(ii) The percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	**8%**	8%	**8%**	8%

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2019

57 SEGMENT ANALYSIS

Operating segments are reported in a manner consistent with the internal financial reporting system provided to the Chief Operating decision-maker, who is the person or group that allocates resources to and assess the performance of the operating segments of an entity. The Group has determined the Managing Director/CEO of the respective operating segments as its Chief Operating decision-maker.

The Group's operations are principally conducted in Malaysia and accordingly, no analysis in respect of geographical segments has been presented. The Group comprises the following main segments:-

Commercial Banking

The Commercial Banking segment focuses on business of banking in all aspects which includes Islamic Banking operations. Its activities are generally structured into three key areas, Corporate Banking, SME Banking and Consumer Banking.

Corporate Banking and SME Banking provide a full range of financial products and services to cater mainly the business and funding needs of corporate customers, ranging from large corporate and the public sector to small and medium enterprises. The products and services offered include long-term loans, project and equipment financing and short-term credit such as overdrafts and trade financing and other fee-based services.

Consumer Banking comprises the full range of products and services offered to individuals, including savings and fixed deposits, remittance services, current accounts, consumer loans such as vehicle loans (i.e. hire purchase), housing loans, overdrafts and personal loans, credit cards, unit trusts and bancassurance products.

Investment Banking

The Investment Banking segment focuses on business of a merchant bank, stock-broking, fund and asset management.

This segment focuses on business needs of mainly large corporate customers and financial institutions. The products and services offered to customers include advisory services and structuring of private debt securities, corporate finance and advisory services for corporate listings, mergers and acquisitions, capital raising through issues of equity and debt instruments, corporate and debts restructuring exercises.

It also provides structured lending solutions mainly in support of corporate finance and capital market activities as well as access to variety of funds and capital market investment products to corporate, institutional and individual investors for competitive returns and other investment benefits including portfolio diversification and liquidity enhancement.

The stock-broking business comprises institutional and retail stock-broking business for securities listed on local and foreign stock exchanges, investment management and research services.

The fund and asset management arm provides the establishment, management and distribution of unit trust funds and private retirement as well as provision of fund management services to private clients.

Insurance

The insurance segment includes the business of underwriting all classes of general and life insurance businesses in Malaysia.

Others

Other business segments in the Group include operation of investment holding companies, money-broking and other related financial services whose results are not material to the Group and therefore do not render separate disclosure in the financial statements and have been reported in aggregate.

57 SEGMENT ANALYSIS

	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000	Group RM'000
2019						
Revenue						
External revenue	1,384,644	534,577	–	12,529	–	1,931,750
Intersegment revenue	50,062	21,606	–	1,295	(72,963)	–
Segment revenue	1,434,706	556,183	–	13,824	(72,963)	1,931,750
Operating expenses	(844,721)	(370,328)	–	(10,847)	1,963	(1,223,933)
of which:-						
Depreciation of property and equipment	(17,011)	(9,601)	–	(156)	–	(26,768)
Depreciation of right-of-use assets	(26,434)	(9,352)	–	–	–	(35,786)
Amortisation of intangible assets	(18,100)	(14,551)	–	(51)	–	(32,702)
Allowances for impairment losses on loans, advances, financing and trade receivables/ securities/other assets	(34,654)	(21,231)	–	–	409	(55,476)
Segment results	555,331	164,624	–	2,977	(70,591)	652,341
Share of results of a joint venture *	–	–	(3,860)	–	–	(3,860)
Share of results of an associate *	–	459	33,561	–	–	34,020
Profit before taxation and zakat	555,331	165,083	29,701	2,977	(70,591)	682,501
Zakat	(3,000)	(2,530)	–	–	–	(5,530)
Profit before taxation	552,331	162,553	29,701	2,977	(70,591)	676,971
Taxation						(160,880)
Net profit for the financial year						516,091
Segment assets	58,726,593	8,710,379	–	15,141	–	67,452,113
ROU assets	44,971	12,738	–	–	–	57,709
Investment in joint ventures	–	–	171,913	–	–	171,913
Investment in associates	750	3,594	655,183	–	–	659,527
Total segment assets						68,341,262
Segment liabilities						
Total segment liabilities	53,162,863	5,779,477	–	2,329	–	58,944,669
Other information						
Capital expenditure	179,876	10,096	–	39	–	190,011

* net of tax

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2019

57 SEGMENT ANALYSIS

	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000	Group RM'000
2018						
Revenue						
External revenue	1,356,410	552,156	–	12,036	–	1,920,602
Intersegment revenue	357,282	(31,014)	–	1,776	(328,044)	–
Segment revenue	1,713,692	521,142	–	13,812	(328,044)	1,920,602
Operating expenses	(857,063)	(355,074)	–	(10,416)	5,044	(1,217,509)
of which:-						
Depreciation of property and equipment	(15,327)	(9,079)	–	(172)	–	(24,578)
Amortisation of intangible assets	(13,257)	(14,344)	–	(60)	–	(27,661)
Allowances for impairment losses on loans advances, financing and trade receivables/ securities/other assets	(54,429)	(16,482)	–	–	–	(70,911)
Segment results	802,200	149,586	–	3,396	(323,000)	632,182
Share of results of a joint venture *	–	–	(3,098)	–	–	(3,098)
Share of results of an associate *	–	–	50,025	–	–	50,025
Profit before taxation and zakat	802,200	149,586	46,927	3,396	(323,000)	679,109
Zakat	(3,061)	(1,052)	–	–	–	(4,113)
Profit before taxation	799,139	148,534	46,927	3,396	(323,000)	674,996
Taxation						(147,576)
Net profit for the financial year						527,420
Segment assets	66,554,310	8,636,901	–	15,214	–	75,206,425
Investment in joint ventures	–	–	158,051	–	–	158,051
Investment in associates	750	–	611,246	–	–	611,996
Total segment assets						75,976,472
Segment liabilities						
Total segment liabilities	61,491,310	5,742,193	–	1,733	–	67,235,236
Other information						
Capital expenditure	134,423	8,050	–	5	–	142,478

* net of tax

58 GROUP REORGANISATION IN PREVIOUS FINANCIAL YEAR

Subsequent to the Group Reorganisation in 2017, AFFIN Holdings Berhad ('AHB') implemented the Distribution and Subscription simultaneously which was completed on 30 January 2018.

The Distribution entailed the distribution of the entire shareholding in ABB held by AHB to its Entitled Shareholders on the basis of 1 ABB share for each AHB share held was completed on 30 January 2018 by way of distribution-in-specie via a reduction of the entire consolidated capital of AHB and the retained earnings of AHB.

ABB subscribed to 2 new ordinary shares of AHB for RM2.00 under the Subscription. Consequently, AHB had become a subsidiary of ABB upon the completion of the Distribution and the Subscription on 30 January 2018.

Upon completion of the Distribution and the Subscription, the Transfer of Listing Status from AHB to ABB was completed on 2 February 2018.

The effects of the predecessor accounting arising from the Group Reorganisation for the financial year ended 2018 are as follows:-

	2018 AHB RM'000
ASSETS	
Cash and short-term funds	15,545
Deposits and placements with banks and other financial institutions	57,634
Amount due from associate	88,740
Other assets	532
Tax recoverable	1,862
Amount due from subsidiary	3
TOTAL ASSETS	164,316
LIABILITIES	
Other liabilities	5,328
Deferred tax liabilities	5
Borrowings	57,420
TOTAL LIABILITIES	62,753
Net assets transferred to the Group	101,563
Effect of predecessor accounting	(101,563)
Total purchase consideration	–
Add: Cash and cash equivalent of the net assets transferred	15,545
Net cash inflow from Group Reorganisation	15,545

Note: ABB had on 30 January 2018 subscribed to 2 new ordinary shares of AHB for RM2.00 pursuant to the Subscription.

59 SIGNIFICANT EVENT AFTER YEAR END

Due to a significant worsening of the macro-economic outlook as a result of the Covid-19 situation, both domestically and globally, the Group and the Bank expect that the current situation to have a negative impact on the Group and the Bank's financial results for 2020.

In addition, in line with BNM's measures to assist individuals and SMEs, the Group and the Bank have offered a deferment of all loan/financing repayments for a period of 6 months with effect from 1 April 2020. This offer is applicable to performing loans and advances, denominated in Malaysian Ringgit, that have not been in arrears for more than 90 days as at 1 April 2020, except for credit card facilities.

Based on preliminary assessment, the Group and the Bank expect the likely increase in the expected credit losses as a result of the negative macro-economic outlook as well as expected increase in default in loans and financing assets. As the current situation is unprecedented, and it is very difficult to objectively quantify the economic impact, the Group and the Bank are monitoring the situation closely, including cautiously monitor the performance of the loans/financing and continue to assess the impact on the Group and the Bank's performance as the situation develops.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, DATO' AGIL NATT and DATO' MOHD HATA BIN ROBANI, two of the Directors of AFFIN BANK BERHAD, state that, in the opinion of the Directors, the accompanying financial statements set out on pages 183 to 379 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Bank as at 31 December 2019 and of the results and cash flows of the Group and the Bank for the financial year ended on the date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:-

DATO' AGIL NATT
Chairman

DATO' MOHD HATA BIN ROBANI
Director

Kuala Lumpur
29 April 2020

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, LEE YOKE KIOW, the officer of AFFIN BANK BERHAD primarily responsible for the financial management of the Group and the Bank, do solemnly and sincerely declare that, in my opinion, the accompanying financial statements set out on pages 183 to 379, are correct and I make this solemn declaration conscientiously believing the same to be true, by virtue of the provisions of the Statutory Declarations Act, 1960.

LEE YOKE KIOW

Subscribed and solemnly declared by the above named LEE YOKE KIOW at Kuala Lumpur in Malaysia on 29 April 2020, before me.

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AFFIN BANK BERHAD

(Incorporated in Malaysia)
Company No: 197501003274 (25046-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of AFFIN Bank Berhad ('the Bank') and its subsidiaries ('the Group') give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Bank, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Bank, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 183 to 379.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Bank in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ('By-Laws') and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Bank. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Bank, the accounting processes and controls, and the industry in which the Group and the Bank operate.

INDEPENDENT AUDITORS' REPORT

To The Members Of AFFIN BANK BERHAD

(Incorporated in Malaysia)
Company No: 197501003274 (25046-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Bank for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Bank as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Impairment of loans, advances and financing assets - RM574,029,000 (expected credit losses) (Refer to Summary of Significant Accounting Policies Note H (d), Note AF and Note 9 to the financial statement). MFRS 9 requires an expected credit losses ('ECL') impairment model for financial assets measured at amortised cost and fair value through other comprehensive income. The measurement of ECL requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. We focused on the ECL for loans, advances and financing due to the significance of impairment allowance on loans, advances and financing assets balance. The Directors also exercised significant judgement on the following areas:- <u>Timing of identification of Stage 2 and Stage 3 loans, advances and financing</u> • Assessment of objective evidence of impairment of loans, advances and financing based on mandatory and judgemental triggers • Identification of loans, advances and financing that have experienced a significant increase in credit risk <u>*Individual assessment*</u> • Estimates on the amount and timing of futures cash flows based on realisation of collateral or borrowers' business cash flows	We tested the design and operating effectiveness of the controls over impairment of loans, advances and financing. These controls covered:- • Identification of loans displayed indicators of impairment or loans that have experienced significant increase in credit risk • Governance over the impairment processes, including model development, model approval and model validation • Data used to determine the allowances for credit losses including the completeness and accuracy of the key inputs and assumptions into the ECL models • Calculation, review and approval of the ECL calculation Based on the test of control performed, we did not identify any material exceptions. Our detailed testing over the loans, advances and financing were as below:- <u>*Individual assessment*</u> We performed individual credit assessment on a sample of loans, advances and financing on those identified as Early Control, Rescheduled and Restructured, Stages 2 and 3 loans/financing accounts and formed our own judgement on whether the occurrence of loss event or significant increase in credit risk had been identified. We found no material exceptions in these tests. Where individual impairment had been identified for loans, advances and financing, we assessed the reasonableness of the underlying assumptions of the cash flows forecasts prepared by management. For cash flows forecasts based on realisation of collateral, we agreed the collateral valuation to the current valuation report prepared by independent valuers. If current valuation report is not available, we compared the value used by management against the independent third party publicly available report on property market based on similar property type, location and size. For cash flow forecasts based on borrower's business cash flows, we assessed the reasonableness of the underlying key assumptions used by management and performed sensitivity analysis.

INDEPENDENT AUDITORS' REPORT

To The Members Of AFFIN BANK BERHAD

(Incorporated in Malaysia)
Company No: 197501003274 (25046-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Collective assessment • Choosing the appropriate collective assessment models and assumptions for the measurement of ECL such as expected future cash flows and forward-looking macroeconomic factors as disclosed in Note 49 Financial Risk Management – credit quality of financial assets	*Collective assessment* Where ECL was calculated on a collective basis, our testing, on a sample basis, included the following:- • Assessed the methodologies inherent within the collective assessment ECL models applied against the requirements of MFRS 9 • We re-performed the bucketing of loans into delinquency buckets (loans impairment migration) and re-computed the Probability of Default • We agreed the loans recoveries data for Loss Given Default to supporting evidence • We re-performed the calculation of ECL and agreed the results to the general ledger. We also checked the accuracy of posting of impairment allowance to the general ledger We involved our financial risk modelling expertise and IT specialist in areas such as reviewing appropriateness of the ECL models and data reliability. Based on our work done, we noted certain differences in the quantum of individual assessment and collective impairment required. The differences were not material in the context of the overall financial statements.

INDEPENDENT AUDITORS' REPORT

To The Members Of AFFIN BANK BERHAD

(Incorporated in Malaysia)
Company No: 197501003274 (25046-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Impairment assessment of goodwill – RM826,944,000 (Refer to Summary of Significant Accounting Policies Note D, Note AF and Note 22 to the financial statement) Goodwill amounting to RM826,944,000 arose from previous acquisitions and is allocated to Commercial Banking, Investment Banking, Stock-broking, Asset Management and Money-broking cash generating units ('CGUs'). The Bank determines the recoverable amount of the CGUs based on the value-in-use calculations. We focused on this area due to the slowing down in loan growth and capital market activities of the Group. Given the materiality of the goodwill and sensitivity of the recoverable amount of Investment Banking and Stock-broking CGUs, impairment of goodwill could have significant impact on the financial statements. We also focused on this area due to the significant judgements made by the Directors over underlying assumptions in the impairment tests.	We satisfied ourselves with the procedures performed below on the management's assumptions used in the impairment model. We have compared cash flows projections to the budgets, which were approved by the respective subsidiaries' Board of Directors. We also held discussions with management to understand the basis for the assumptions used and compared the budgets against the actual results from prior years to assess the reliability of budgeting. We tested the assumptions used by management, in relation to the discounts rates, compounded annual and terminal growth rates for all CGUs. The discount rates used were based on the pre-tax weighted average cost of capital plus an appropriate risk premium, at the date of assessment of all the CGUs. We have assessed the reasonableness of the discount rates by independently re-calculating the pre-tax weighted average cost of capital based on data of comparable entities obtained from independent sources for each CGUs. The terminal growth rates were based on the forecasted Gross Domestic Product ('GDP') growth rate of Malaysia. We have compared the terminal growth rates used by management with the forecasted GDP growth rates independently obtained and assessed the reasonableness of the adjustments made to reflect the specific risk of the CGUs. We have assessed the sensitivity of the impairment assessment for each of the CGU by varying the following:- • underlying assumptions applied on the budgeted cash flows in relation to compounded annual growth rates; • discounts rates; and terminal growth rates

INDEPENDENT AUDITORS' REPORT

To The Members Of AFFIN BANK BERHAD

(Incorporated in Malaysia)
Company No: 197501003274 (25046-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Information other than the financial statements and auditors' report thereon

The Directors of the Bank are responsible for the other information. The other information comprises the Annual Report 2019, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

Our opinion on the financial statements of the Group and the Bank do not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Bank are responsible for the preparation of the financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the Directors are responsible for assessing the Group and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Bank or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Bank's internal control.

INDEPENDENT AUDITORS' REPORT

To The Members Of AFFIN BANK BERHAD

(Incorporated in Malaysia)
Company No: 197501003274 (25046-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Auditors' responsibilities for the audit of the financial statements (continued)

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or Bank to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Bank for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Bank, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

NG YEE LING
03032/01/2021 J
Chartered Accountant

Kuala Lumpur, Malaysia
29 April 2020

BASEL II
PILLAR 3 DISCLOSURES

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BASEL II PILLAR 3 DISCLOSURES

as at 31 December 2019

1 INTRODUCTION

1.1 Background

The Capital Adequacy Framework (Basel II – Risk-Weighted Assets) issued by Bank Negara Malaysia ('BNM'), which is the equivalent of the Basel II issued by the Basel Committee of Banking Supervision and the Islamic Financial Services Board is structured around three fundamental pillars:-

- Pillar 1 defines the minimum capital requirement to ensure that financial institutions hold sufficient capital to cover their exposure to credit, market and operational risks.

- Pillar 2 requires financial institutions to have a process for assessing their overall capital adequacy in relation to their risk profile and a strategy for maintaining their capital levels.

- Pillar 3 requires financial institutions to establish and implement an appropriate disclosure policy that promotes transparency regarding their risk management practices and capital adequacy positions.

Pillar 3 disclosure is required under the BNM Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3).

Affin Bank Berhad ('the Bank') and its subsidiaries ('the Group') adopt the following approaches under Pillar 1 requirements:-

- Standardised Approach for Credit Risk

- Basic Indicator Approach for Operational Risk

- Standardised Approach for Market Risk

1.2 Scope of Application

This document contains the disclosure requirements under Pillar 3 for the Bank and its subsidiaries (the 'Group') for the year ended 31 December 2019. The disclosures are made in line with the Pillar 3 disclosure requirements under the Basel II framework as laid out by BNM.

The disclosures should be read in conjunction with the Group and the Bank's 2019 Annual Report for the year ended 31 December 2019.

The capital requirements of the Group and the Bank are generally based on the principles of consolidation adopted in the preparation of its financial statements.

2 RISK GOVERNANCE STRUCTURE

2.1 Overview

The Board of Directors of the Bank is ultimately responsible for the overall performance of the Bank. The Board's responsibilities are congruent with the framework of BNM Guidelines. The Board also exercises great care to ensure that high ethical standards are upheld, and that the interests of stakeholders are not compromised. These include responsibility for determining the Bank's general policies and strategies for the short, medium and long term, approving business plans, including targets and budgets, and approving major strategic decisions.

The Board has overall responsibility for maintaining the proper management and protection of the Bank's interests by ensuring effective implementation of the risk management policy and process, as well as adherence to a sound system of internal control. The Board also recognises that risks cannot be eliminated completely. As such, the inherent system of internal control is designed to provide a reasonable though not absolute assurance against the risk of material errors, fraud or losses occurring. The system of internal controls encompasses controls relating to financial, operational, risk management and compliance with applicable laws, regulations, policies and guidelines.

The terms of reference of the Board Committees as disclosed in the Annual Report provide an outline of respective roles and functions. In carrying out its functions, the Board has delegated specific responsibilities to other Board Committees, which operate under approved terms of reference, to assist the Board in discharging their duties. The Chairmen of the various Committees report on the outcome of their Committee meetings to the Board and any further deliberation is made at Board level, if required. These reports and deliberations are incorporated into the Minutes of the Board meetings. The Board meets on a monthly basis.

2.2 Board Committees

Board Nomination and Remuneration Committee ('BNRC')

The BNRC is responsible for providing a formal and transparent procedure for the appointment of Directors, Group Chief Executive Officer ('GCEO') and Senior Management. The BNRC develops the remuneration policy for Directors, GCEO, Senior Management and other material risk takers, whereby, it assesses the effectiveness of individual Director, the Board as a whole and the performance of the GCEO as well as Senior Management.

The Committee obtains advice from experts in compensation and benefits, both internally and externally.

Group Board Risk Management and Compliance Committee ('GBRMCC')

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

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

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

BASEL II PILLAR 3 DISCLOSURES
as at 31 December 2019

2 RISK GOVERNANCE STRUCTURE

2.2 Board Committees (continued)

Group Board Credit Review and Recovery Committee ('GBCRRC')

The GBCRRC is responsible for providing critical review of loans/financing, investment accounts and other credit facilities with high risk implications and vetoing loan/financing applications that have been approved by the Group Management Credit Committee ('GMCC') as appropriate.

Group Board Audit Committee ('GBAC')

The GBAC is responsible for providing oversight and reviewing the adequacy and integrity of the internal control systems as well as oversees the work of the internal and external auditors.

Reliance is placed on the results of independent audits performed primarily by internal auditors, the outcome of statutory audits on financial statements conducted by external auditors and on representations by Management based on their control self-assessment of all areas of their responsibility.

Minutes of GBAC meetings, which provide a summary of the proceedings, are circulated to Board members for notation and discussion. The Bank has an established Group Internal Audit Division ('GIA') which reports functionally to the GBAC and administratively to the GCEO.

Board Oversight Transformation Committee ('BOTC')

The BOTC is responsible for overseeing the transformation plan (Affinity Program) in the Bank, secure the consistency of strategic decision and ensure that the transformation plan is implemented effectively in a timely manner.

Shariah Committee ('SC')

The Shariah Committee is formed as legislated under the Islamic Financial Services Act 2013 and as per the Shariah Governance Framework for Islamic Financial Institutions.

The roles and responsibilities of the Shariah Committee include advising the Board on Shariah matters to ensure that the business operations of the Bank comply with Shariah principles at all times. SC is also responsible for endorsing and validating relevant documentations of the Bank's products to ensure that the products comply with Shariah principles, and advising the Bank on matters to be referred to the Shariah Advisory Council.

2 RISK GOVERNANCE STRUCTURE

2.3 Management Committees

Management Committee ('MCM')

The MCM comprises the senior management team chaired by GCEO. MCM is responsible for assisting the Board in managing the day-to-day operations, formulating tactical plans and business strategies while monitoring the banking entities' overall performance, and ensuring all business activities conducted are in accordance with the Bank's corporate objectives, strategies, policies as well as Annual Business Plan and Budget.

The MCM is supported by the following sub-committees:-
- Governance, Risk and Compliance
- Branch Performance
- IT, Operations, Digital and Customer Experience

Group Management Credit Committee ('GMCC')

The GMCC is established within senior management to approve complex and large loans/financing and workout/recovery proposals beyond the delegated authority of the individual approvers.

Group Asset and Liability Management Committee ('GALCO')

The GALCO comprising the senior management team chaired by the GCEO, manages the Bank's asset and liability position by identifying, managing and controlling balance sheet risks and capital management in the execution of the business strategy, while implementing asset liability strategy and policy for the balance sheet of the respective subsidiary.

Liquidity Management Committee ('LMC')

The LMC is a sub-committee of the GALCO. The role of LMC is to augment the functions of GALCO by directing its focus specifically to liquidity issues.

Group Operational Risk Management Committee ('GORMC')

The GORMC is a senior management committee chaired by the Group Chief Risk Officer (GCRO'), established to oversee the management of operational risks issues and control lapses while supporting GBRMCC in its review and monitoring of operational risk. It is also responsible for reviewing and ensuring that the operational risk programme, process and framework are implemented in accordance with regulatory requirement and manage loss incidents to an acceptable level.

Group Early Alert Committee ('GEAC')

The GEAC is a senior management committee, established to monitor credit quality through monthly reviews of the Early Control (MFRS 9 Stage 1) and Underperforming (MFRS 9 Stage 2) Accounts as well as to review the actions taken to address the emerging risks and issues in these accounts.

BASEL II PILLAR 3 DISCLOSURES
as at 31 December 2019

2 RISK GOVERNANCE STRUCTURE

2.4 Group Risk Management Function

Group Risk Management ('GRM'), headed by the GCRO is segregated from the lines of business, with direct reporting line to GBRMCC to ensure independence of risk management function.

The independence of risk function is critical towards controlling and managing the risk taking activities of the Group and the Bank to achieve an optimum return in line with the subsidiaries' risk appetite, with consideration to variations required due to differences in each subsidiary's business model.

Committees namely GBCRRC, SC, MCM, GMCC, GALCO, LMC, GORMC and GEAC assist GBRMCC in managing credit, market, liquidity, operational and other material risks in the Group and the Bank. The responsibilities of these Committees include risk identification, risk assessment and measurement, risk control and mitigation and risk monitoring and reporting.

2.5 Internal Audit and Internal Control Activities

In accordance with BNM's guidelines on Corporate Governance, GIA conducts continuous reviews on auditable areas within the Bank. The reviews by GIA are focused on areas of significant risks and effectiveness of internal control in accordance with the audit plan approved by the GBAC.

Based on GIA's review, identification and assessment of risk, testing and evaluation of controls, GIA will provide an opinion on the effectiveness of internal controls maintained by each entity. The risks highlighted on the respective auditable areas as well as recommendation made by the GIA are addressed at GBAC and Management meetings on bi-monthly basis. The GBAC also conducts annual reviews on the adequacy of internal audit function, scope of work, resources and budget of GIA.

3 CAPITAL MANAGEMENT

3.1 Internal Capital Adequacy Assessment Process ('ICAAP')

In line with the BNM guidelines on Risk-Weighted Capital Adequacy Framework (Basel II) - Internal Capital Adequacy Assessment Process (Pillar 2), the Bank has put in place the ICAAP Framework to assess the capital adequacy to ensure that the level of capital maintained by the Bank is adequate at all times, taking into consideration the Bank's risk profile and business strategies.

The Bank's capital management approach is focused on maintaining an appropriate level of capital to meet its business needs and regulatory requirements as capital adequacy and risk management are closely aligned. The Bank operates within an agreed risk appetite whilst optimising the use of shareholders' funds to deliver sustainable returns.

3 CAPITAL MANAGEMENT

3.2 Capital structure

The total capital and capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components).

The Group and the Bank are currently adopting the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the BNM's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ('CET 1') and Tier 1 Capital Ratio are 7.000% (2018: 6.375%) and 8.500% (2018: 7.875%) respectively for financial year 2019. The minimum regulatory capital adequacy requirement is 10.500% (2018: 9.875%) for Total Capital Ratio.

The following table sets forth further details on the capital resources and capital adequacy ratios for the Group and the Bank as at 31 December 2019.

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CET 1				
Paid-up share capital	**4,774,772**	4,684,752	**4,774,772**	4,684,752
Retained profits	**3,640,073**	2,928,584	**3,017,227**	2,408,718
Unrealised gains on FVOCI instruments	**250,661**	110,371	**148,173**	111,161
Other disclosed reserves	**(61,010)**	8,328	**-**	-
Foreign exchange reserves	**135**	593	**-**	-
	8,604,631	7,732,628	**7,940,172**	7,204,631
Less: Regulatory adjustments:-				
- Goodwill and other intangibles	**(914,693)**	(906,068)	**(202,670)**	(182,235)
- Deferred tax assets	**(3,440)**	(107,704)	**(12,690)**	(70,239)
- 55% of cumulative unrealised gains on FVOCI instruments	**(137,864)**	(60,704)	**(81,495)**	(61,138)
- Investment in subsidiaries, joint ventures and associates	**(831,440)**	(770,047)	**(3,781,321)**	(3,766,021)
Total CET 1 capital	**6,717,194**	5,888,105	**3,861,996**	3,124,998
Additional Tier 1 capital				
Additional Tier 1 capital	**800,000**	800,000	**500,000**	500,000
Qualifying capital instruments held by third party	**25,329**	19,783	**-**	-
	825,329	819,783	**500,000**	500,000
Total Tier 1 capital	**7,542,523**	6,707,888	**4,361,996**	3,624,998
Tier 2 capital				
Subordinated medium term loans	**2,750,000**	2,200,000	**2,000,000**	2,000,000
Qualifying loss provisions #	**533,058**	583,115	**344,781**	383,532
Less: Regulatory adjustments:-				
- Investment in capital instruments of unconsolidated financial and insurance entities	**(30,914)**	(57,412)	**(80,914)**	(657,412)
Total Tier 2 capital	**3,252,144**	2,725,703	**2,263,867**	1,726,120
Total Capital	**10,794,667**	9,433,591	**6,625,863**	5,351,118
The breakdown of risk-weighted assets:-				
Credit risk	**42,644,676**	46,649,190	**27,582,457**	30,682,574
Market risk	**488,422**	523,804	**290,399**	272,300
Operational risk	**3,184,235**	2,962,066	**1,774,869**	1,899,866
Total risk-weighted assets	**46,317,333**	50,135,060	**29,647,725**	32,854,740

\# Qualifying loss provisions are restricted to allowances on the unimpaired portion of the loans, advances and other financing.

BASEL II PILLAR 3 DISCLOSURES
as at 31 December 2019

3 CAPITAL MANAGEMENT

3.2 Capital structure (continued)

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Capital adequacy ratios:-				
Before deducting proposed dividends:-				
CET 1 capital ratio	**14.503%**	11.744%	**13.026%**	9.512%
Tier 1 capital ratio	**16.284%**	13.380%	**14.713%**	11.033%
Total capital ratio	**23.306%**	18.816%	**22.349%**	16.287%
After deducting proposed dividends (Note 1):-				
CET 1 capital ratio	**14.459%**	11.924%	**12.958%**	9.786%
Tier 1 capital ratio	**16.241%**	13.559%	**14.644%**	11.307%
Total capital ratio	**23.262%**	18.996%	**22.280%**	16.561%

Note 1:-

Under the DRP, the amount of declared dividend to be deducted in the calculation of CET 1 Capital is determined in accordance with BNM's Implementation Guidance on Capital Adequacy Framework (Capital Components) (Implementation Guidance) issued on 2 February 2018.

Under the said Implementation Guidance, where a portion of the dividend may be reinvested under a DRP (the electable portion), the amount of the declared dividend to be deducted in the calculation of CET 1 Capital may be reduced as follows:-

(i) where an irrevocable written undertaking from shareholder has been obtained to reinvest the electable portion of the dividend; or

(ii) where there is no irrevocable written undertaking provided, the average of the preceding 3-year take-up rates or if less than 3 preceding years, the available average historical take-up rates, subject to the amount being not more than 50% of the total electable portion of the dividend.

In arriving at the capital adequacy ratios, the portion of the proposed dividends where no irrevocable written undertaking from shareholders to reinvest the electable portion into new ordinary shares of the Bank is obtained, is assumed to be paid in cash and has been deducted from the calculation of CET 1 Capital Ratio.

In accordance with BNM's Guidelines on Investment Account, the credit and market risk weighted on the assets funded by the RIA are included in calculation of capital adequacy for the Bank. As at 31 December 2019, RIA assets included in the Total Capital Ratios calculation amounted to RM1,919.3 million (2018: RM2,369.7 million).

3.3 Capital adequacy

The Group and the Bank have in place an internal limit for its CET 1 capital ratio, Tier 1 capital ratio and Total capital ratio, which is guided by the need to maintain a prudent relationship between available capital and the risks of its underlying businesses. The capital management process is monitored by senior management through periodic reviews.

Refer to Appendix I.

4 RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Bank are principally engaged in all aspects of banking and related financial services. The principal activities of the Bank's subsidiaries are Islamic banking business, investment banking, stockbroking activities, dealing in options and futures, property management services, nominee and trustee services.

The Group and the Bank's business activities involve the analysis, measurement, acceptance, and management of risks which operates within well defined risk acceptance criteria covering customer segments, industries and products. The Group and the Bank do not enter into risk it cannot administer, book, monitor or value, or deal with persons of questionable integrity.

The Group and the Bank have established robust and comprehensive risk management policies and framework, supported by Group Risk Management Framework and Policies based on best practices, to ensure that the salient risk elements in the operations of the Group and the Bank are adequately managed and mitigated. The risk management policies are established to identify, assess, measure, control and mitigate all key risks as well as manage and monitor the risk positions. The risk measurement tools employed are commonly used in market practices and commensurate with the size and complexity of the Group and the Bank's business operations.

The risk management policies and systems are reviewed regularly to reflect changes in markets, products and best practices in risk management processes. The Group and the Bank's aim are to achieve an appropriate balance between risk and return as well as minimise any potential adverse effects.

5 CREDIT RISK

5.1 Credit risk management objectives and policies

Credit risk is the risk that a counterparty will fail to meet its contractual obligations which could result in a financial loss to the Group and the Bank. The Group and the Bank's exposure to credit risks arises primarily from stockbroking trade receivables, share margin financing, corporate/inter-bank lending activities, bonds investment, foreign exchange trading as well as equity and debt underwriting and from participation in securities settlements and payment transactions.

The management of credit risk is governed by a set of approved credit policies, guidelines and procedures to ensure that the overall lending objectives are in compliance with the internal and regulatory requirements. The risk management policies are subject to review by the GBRMCC, a sub-committee of the Board that reviews the adequacy of the Group and the Bank's risk policies and framework. The Group and the Bank's credit risk framework is further strengthened through an established process for the approval and review of proposals that comprises the Group Management Credit Committee ('GMCC') and the GBCRRC. The GMCC represents the approving authority for credit and underwriting proposals, whilst the GBCRRC is the committee that reviews proposals that exceed specified limits and criteria, as well as to consider whether to reject the proposal or modify the terms of the proposal.

The Group and the Bank recognise that learning is a continuous journey and is committed to enhancing the knowledge and skills set of its staff. It places strong emphasis on creating and enhancing risk awareness in the organisation.

The Group and the Bank are supportive of credit officer in taking the Professional Credit Certification ('PCC') programme offered by the Asian Institute of Chartered Bankers ('AICB'). Upon attaining the PCC certification, credit officers are expected to demonstrate sound understanding of credit process and competence to undertake credit roles and responsibilities.

BASEL II PILLAR 3 DISCLOSURES
as at 31 December 2019

5 CREDIT RISK

5.2 Application of Standardised Approach for credit risk

The Group and the Bank use the following External Credit Assessment Institutions ('ECAIs') to determine the risk weights for the rated credit exposures:-

- RAM Rating Services Berhad
- Malaysian Rating Corporation Berhad
- Standard & Poor's Rating Services
- Moody's Investors Service
- Fitch Ratings

The external ratings of the ECAIs are used to determine the risk weights of the following types of exposure: sovereigns, banks, public sector entities and corporates.

The mapping of the rating categories of different ECAIs to the risk weights is in accordance with BNM guidelines. In cases where there is no issuer or issue rating, the exposures are treated as unrated and accorded a risk weight appropriate for unrated exposure in the respective category.

Refer to Appendix II and Appendices III (i) to III (ii).

5.3 Credit risk evaluation

Credit evaluation is the process of analysing the creditworthiness of the prospective customer against the Group and the Bank's underwriting criteria and the ability of the Group and the Bank to make a return commensurate to the level of risk undertaken. A critical element in the evaluation process is the assignment of a credit risk grade to the counterparty. This assists in the risk assessment and decision making process. The Group and the Bank have developed internal rating models to support the assessment and quantification of credit risk.

A number of relevant qualitative and quantitative factors are taken into consideration in the identification and analysis of a counterparty's credit risk. Each counterparty is assigned a credit rating which considers factors such as competitive position, operating performance, cash flow strength and management strength.

All corporate lendings, underwritings and corporate debt securities investments are independently evaluated by the Group and Bank's credit management function and approved by the relevant approving authorities based on the Authority Matrix approved by the Board.

For consumer mass market products, statistically developed application scorecards are used to assess the risks associated with the credit application as a decision support tool at loans, advances and financing origination. For share margin financing, the credit decisions are guided by an internally developed rating scorecard as well as other terms and conditions stipulated in the Group and the Bank's Margin Financing Policy. The credit risk of share margin financing is largely mitigated by the holding of collateral in the form of marketable securities.

5 CREDIT RISK

5.4 Risk limit control and mitigation policies

The Group and the Bank employ various policies and practices to control and mitigate credit risk.

Lending/financing limits

The Group and the Bank establish internal limits and related lending guidelines to manage large exposures and avoid undue concentration of credit risk in its credit portfolio. The limits include single customer groupings, connected parties and industry segments. These risks are monitored regularly and the limits reviewed annually or sooner depending on changing market and economic conditions.

The credit risk exposure for derivatives due to potential exposure arising from market movements, and loan books are managed on an aggregated basis as part of the overall lending limits with customers.

Collateral

Credits are established against borrower's capacity to repay rather than rely solely on security. However, collateral may be taken to mitigate credit risk.

The main collateral types accepted and given value by the Group and the Bank are:-
- mortgage over residential;
- charges over commercial real estate or vehicles financed;
- charges over business assets such as properties, equipment, fixed deposits, debentures, personal guarantees and corporate guarantees; and
- charges over financial instruments such as marketable securities.

The Group and the Bank prepare a valuation of the collateral obtained as part of the loan/financing origination process. This assessment is reviewed periodically.

Term loan financing and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured.

Collateral held as security for financial assets other than loans, advances and financing depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments. Derivatives are also collateralised.

The Group and the Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group and the Bank since the prior period.

Credit related commitments

Commitment to extend credit represents unutilised portion of approved credit in the form of loans/financing, guarantees or letters of credit. In terms of credit risk, the Group and the Bank are potentially exposed to loss in an amount equal to the total unutilised commitments. However, the potential amount of loss is less than the total unutilised commitments, as most commitments to extend credit are contingent upon customers maintaining specific minimum credit standards.

The Group and the Bank monitor the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than short-term commitments.

Refer to Appendix IV (a) to (b).

BASEL II PILLAR 3 DISCLOSURES
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5 CREDIT RISK

5.5 Credit risk measurement

Credit risk grades

The Group and the Bank allocate each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in probability of default ('PD') and qualitative factors, including a backstop based on delinquency.

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group and the Bank's quantitative modelling, the remaining lifetime PD is determined to have increased by more than a predetermined percentage/range.

Using expert credit judgment and, where possible, relevant historical experience, the Group and the Bank may determine that an exposure has undergone a Significant Increase in Credit Risk ('SICR') based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Group and the Bank consider that a significant increase in credit risk is presumed if a borrower/issuer is more than 30 days or 1 month past due. Days or months past due are determined by counting the number of days or month since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Group and the Bank monitor the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:-
- the criteria are capable of identifying significant increases in credit risk before an exposure is in default; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

5 CREDIT RISK

5.5 Credit risk measurement (continued)

Measurement of expected credit losses ('ECL')

The Group and the Bank use three categories for financial instruments at amortised cost for recognising ECL.

Category	Definition	Basis for recognising
Performing accounts (Stage 1)	• Financial asset that do not have significant increase in credit risk since inital recognition of the asset therefore, less likely to default; • Performing accounts with creditgrade 13 or better; • Accounts past due less than or equal to 30 days or; • For early control accounts where one that has risk or potential weakness which if left unchecked, may result in significant deterioration of repayment prospect and transfer to Underperforming status (Stage 2) or worse.	12 - Month ECL
Underperforming account (Stage 2)	• An account with significant increase in credit risk since intial recognition and if left uncorrected, may result in impairment of the account within the next 12 months; • Account past due more than 30 days or 1 month but less than 90 days or 3 months; • Account demonstrating critical level of risk and therefore, credit graded to 14 and place under Watchlist.	Lifetime ECL - not credit impaired
Impaired accounts (Stage 3)	• Impaired credit; • Credit grade 15 or worse; • Accounts past due more than 90 days or 3 months; • All restructure and rescheduling ('R&R') accounts due to credit deterioration are to be classified as impaired.	Lifetime ECL - credit impaired
Write-off	• Evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or; • Assets unable to generate sufficient future cash flows to repay the amount.	Asset is written off

The Group and the Bank have not used the low credit risk exemption for any financial instrument for the financial year ended 31 December 2019.

The key inputs into the measurement of ECL are the term structure of the following variables:-

- probability of default ('PD');
- loss given default ('LGD'); and
- exposure at default ('EAD').

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD is the likelihood of a counterparty defaulting on its contractual obligations to a financial institution over a given time horizon and are estimates at a certain date, which are calculated based on statistical models. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. If a counterparty or exposure migrates between rating classes or changes in past due status, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

The Group and the Bank collect performance and default information about its credit risk exposures analysed by type of product and borrower as well as by credit risk grading. For some portfolios, information from external credit reference agencies are also used.

BASEL II PILLAR 3 DISCLOSURES
as at 31 December 2019

5 CREDIT RISK

5.5 Credit risk measurement (continued)

Measurement of expected credit losses ('ECL')

The Group and the Bank employ statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

LGD is the magnitude of the likely loss if there is a default. LGD parameters are estimated based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group and the Bank derive the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

The 12-month and lifetime EAD are determined based on the expected payment profile, which varies by product type.

ECL is determined by projecting the PD, LGD and EAD at each future point on a yearly basis on individual exposure, or collective segment, and discounting these monthly expected losses back to the reporting date. The discount rate used in the ECL calculation is the original interest rate or an approximation thereof.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group and the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Group and the Bank have the right to require repayment of an advance or terminate a loan commitment or guarantee.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, LGD and EAD.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:-

- product/instrument type;
- past due status;
- credit risk grading;
- collateral type;
- date of initial recognition;
- remaining term to maturity.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period that have material impact to ECL.

5 CREDIT RISK

5.5 Credit risk measurement (continued)

Incorporation of forward-looking information

The Group and the Bank incorporate forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. A 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios are formulated.

This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities.

The base case represents a most-likely outcome and is aligned with information used by the Group and the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group and the Bank carry out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group and the Bank have identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 3 years.

5.6 Credit risk monitoring

Corporate credits and large individual accounts are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. This is to ensure that the credit grades remain appropriate and to detect any signs of weaknesses or deterioration in the credit quality. Remedial action is taken where evidence of deterioration exists.

Significant Increase in Credit Risk process is in place as part of a means to pro-actively identify, report and manage deteriorating credit quality. Watchlist accounts are closely reviewed and monitored with corrective measures initiated to prevent them from turning non-performing. As a rule, Watchlist accounts are either worked up or worked out within a period of twelve months.

The Group and the Bank have established MFRS 9 - Stage Transfer Policy to provide guidance in determining significant increases in credit risk of financial assets. There are 3 stages to differentiate the credit risk of the financial assets in conjunction with MFRS 9 standards: Performing Accounts (Stage 1), Underperforming Accounts (Stage 2) and Impaired Accounts (Stage 3).

Active portfolio monitoring as well as exceptions reporting is in place to manage the overall risk profile, identify, analyse and mitigate adverse trends or specific areas of risk concerns.

The Group and the Bank conduct post-mortem reviews on newly impaired loans to determine the key reason(s) and/or driver(s) leading to the account being classified as impaired, take appropriate remedial actions or measures and establish lessons learned to minimise potential or future credit loss from similar or repeat events.

In addition, an independent credit review is undertaken by Group Risk Management ('GRM') to ensure that credit decision-making is consistent with the Group and the Bank's overall credit risk appetite and strategy.

BASEL II PILLAR 3 DISCLOSURES
as at 31 December 2019

5 CREDIT RISK

5.7 Credit quality of financial assets

Total loans, advances and financing - credit quality

All loans, advances and financing are categorised into 'neither past due nor impaired', 'past due but not impaired' and 'impaired'.

Past due loans/financing refer to loans, advances and financing that are overdue by one day or more.

Loans, advances and financing are classified impaired when they fulfill any of the following criteria:-

i) the principal or interest/profit or both is past due more than 90 days or 3 months from the first day of default;
ii) where the account is in arrears for less than 90 days or 3 months, there is evidence of impairment to indicate that the borrower/customer is 'unlikely to repay' its credit obligations; or
iii) the loan/financing is classified as rescheduled and restructured in Central Credit Reference Information System ('CCRIS').

Analysed by economic sectors
Past due loans/financing

	2019		
The Group	**Stage 1 RM'000**	**Stage 2 RM'000**	**Total RM'000**
Primary agriculture	**4,804**	**3,781**	**8,585**
Mining and quarrying	**302**	**173**	**475**
Manufacturing	**14,649**	**8,995**	**23,644**
Electricity, gas and water supply	**1,668**	**253**	**1,921**
Construction	**25,897**	**37,544**	**63,441**
Real estate	**88,350**	**50,243**	**138,593**
Wholesale & retail trade and restaurants & hotels	**61,225**	**41,196**	**102,421**
Transport, storage and communication	**42,347**	**21,002**	**63,349**
Finance, insurance and business services	**22,486**	**24,385**	**46,871**
Education, health and others	**67,719**	**18,052**	**85,771**
Household	**1,095,816**	**953,721**	**2,049,537**
	1,425,263	**1,159,345**	**2,584,608**

	2018		
The Group	**Stage 1 RM'000**	**Stage 2 RM'000**	**Total RM'000**
Primary agriculture	10,284	2,893	13,177
Mining and quarrying	416	392	808
Manufacturing	12,007	8,265	20,272
Electricity, gas and water supply	1,519	466	1,985
Construction	69,994	36,908	106,902
Real estate	420,381	72,636	493,017
Wholesale & retail trade and restaurants & hotels	60,905	34,618	95,523
Transport, storage and communication	43,212	42,580	85,792
Finance, insurance and business services	28,232	29,083	57,315
Education, health and others	90,358	6,156	96,514
Household	1,270,370	979,727	2,250,097
	2,007,678	1,213,724	3,221,402

5 CREDIT RISK

5.7 Credit quality of financial assets (continued)

Total loans, advances and financing - credit quality (continued)

Analysed by economic sectors (continued)
Past due loans/financing (continued)

The Bank	2019 Stage 1 RM'000	2019 Stage 2 RM'000	2019 Total RM'000
Primary agriculture	**3,432**	**3,121**	**6,553**
Mining and quarrying	**302**	**173**	**475**
Manufacturing	**12,311**	**6,815**	**19,126**
Electricity, gas and water supply	**1,356**	**150**	**1,506**
Construction	**18,322**	**31,331**	**49,653**
Real estate	**58,357**	**39,766**	**98,123**
Wholesale & retail trade and restaurants & hotels	**52,783**	**33,601**	**86,384**
Transport, storage and communication	**23,571**	**18,256**	**41,827**
Finance, insurance and business services	**16,379**	**17,353**	**33,732**
Education, health and others	**8,068**	**16,489**	**24,557**
Household	**534,808**	**499,626**	**1,034,434**
	729,689	**666,681**	**1,396,370**

The Bank	2018 Stage 1 RM'000	2018 Stage 2 RM'000	2018 Total RM'000
Primary agriculture	9,201	2,437	11,638
Mining and quarrying	417	392	809
Manufacturing	10,014	7,298	17,312
Electricity, gas and water supply	1,051	133	1,184
Construction	54,285	32,370	86,655
Real estate	393,061	69,903	462,964
Wholesale & retail trade and restaurants & hotels	52,576	27,987	80,563
Transport, storage and communication	23,368	25,635	49,003
Finance, insurance and business services	22,639	20,399	43,038
Education, health and others	86,257	5,383	91,640
Household	645,320	603,204	1,248,524
	1,298,189	795,141	2,093,330

BASEL II PILLAR 3 DISCLOSURES
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5 CREDIT RISK

5.7 Credit quality of financial assets (continued)

Total loans, advances and financing - credit quality (continued)

Analysed by economic sectors (continued)
Expected credit losses

The Group	2019 12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
Primary agriculture	**4,415**	**141**	**851**	**5,407**
Mining and quarrying	**1,215**	**674**	**4,678**	**6,567**
Manufacturing	**7,851**	**1,316**	**7,633**	**16,800**
Electricity, gas and water supply	**1,762**	**1,293**	**38**	**3,093**
Construction	**7,939**	**6,337**	**20,592**	**34,868**
Real estate	**24,818**	**11,428**	**43,232**	**79,478**
Wholesale & retail trade and restaurants & hotels	**11,951**	**3,057**	**17,400**	**32,408**
Transport, storage and communication	**5,097**	**37,304**	**85,105**	**127,506**
Finance, insurance and business services	**5,633**	**3,042**	**3,030**	**11,705**
Education, health and others	**5,008**	**14,853**	**48,404**	**68,265**
Household	**63,637**	**14,914**	**109,381**	**187,932**
	139,326	**94,359**	**340,344**	**574,029**

The Group	2018 12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
Primary agriculture	7,083	298	438	7,819
Mining and quarrying	3,860	1,241	3,289	8,390
Manufacturing	9,970	978	15,718	26,666
Electricity, gas and water supply	2,181	2,124	-	4,305
Construction	11,912	6,155	18,267	36,334
Real estate	55,092	10,815	38,240	104,147
Wholesale & retail trade and restaurants & hotels	15,154	7,752	19,356	42,262
Transport, storage and communication	9,186	3,842	101,136	114,164
Finance, insurance and business services	16,230	4,267	19,288	39,785
Education, health and others	11,161	262	15,338	26,761
Household	52,506	9,895	107,758	170,159
	194,335	47,629	338,828	580,792

5 CREDIT RISK

5.7 Credit quality of financial assets (continued)

Total loans, advances and financing - credit quality (continued)

Analysed by economic sectors (continued)
Expected credit losses (continued)

The Bank	2019 12 - Month ECL Stage 1 RM'000	 Lifetime ECL not credit impaired Stage 2 RM'000	 Lifetime ECL credit impaired Stage 3 RM'000	 Total RM'000
Primary agriculture	**1,528**	**134**	**826**	**2,488**
Mining and quarrying	**1,097**	**675**	**3,148**	**4,920**
Manufacturing	**5,506**	**612**	**7,029**	**13,147**
Electricity, gas and water supply	**1,207**	**1,291**	**21**	**2,519**
Construction	**6,687**	**6,248**	**19,820**	**32,755**
Real estate	**18,719**	**5,300**	**3,613**	**27,632**
Wholesale & retail trade and restaurants & hotels	**10,275**	**2,905**	**16,469**	**29,649**
Transport, storage and communication	**3,853**	**37,166**	**73,778**	**114,797**
Finance, insurance and business services	**4,570**	**507**	**2,291**	**7,368**
Education, health and others	**2,461**	**14,833**	**35,158**	**52,452**
Household	**30,373**	**6,841**	**59,008**	**96,222**
	86,276	**76,512**	**221,161**	**383,949**

The Bank	2018 12 - Month ECL Stage 1 RM'000	 Lifetime ECL not credit impaired Stage 2 RM'000	 Lifetime ECL credit impaired Stage 3 RM'000	 Total RM'000
Primary agriculture	3,722	294	438	4,454
Mining and quarrying	3,745	1,241	1,759	6,745
Manufacturing	6,883	658	15,137	22,678
Electricity, gas and water supply	1,125	2,123	-	3,248
Construction	9,651	5,829	16,504	31,984
Real estate	46,751	8,888	11,893	67,532
Wholesale & retail trade and restaurants & hotels	12,169	7,690	17,547	37,406
Transport, storage and communication	7,316	2,835	100,876	111,027
Finance, insurance and business services	15,346	1,019	18,444	34,809
Education, health and others	5,747	253	11,207	17,207
Household	27,523	5,712	71,589	104,824
	139,978	36,542	265,394	441,914

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5 CREDIT RISK

5.7 Credit quality of financial assets (continued)

Total loans, advances and financing - credit quality (continued)

Analysed by economic sectors (continued)
Expected credit losses written-off

	The Group		The Bank	
	2019	2018	2019	2018
	Lifetime ECL credit impaired Stage 3	Lifetime ECL credit impaired Stage 3	Lifetime ECL credit impaired Stage 3	Lifetime ECL credit impaired Stage 3
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	**479**	637	**479**	637
Mining and quarrying	**-**	227	**-**	161
Manufacturing	**9,374**	1,278	**9,266**	1,274
Electricity, gas and water supply	**17**	135	**-**	53
Construction	**6,822**	18,806	**6,165**	11,273
Wholesale & retail trade and restaurants & hotels	**6,619**	3,188	**5,888**	2,571
Transport, storage and communication	**1,663**	1,659	**1,450**	1,570
Finance, insurance and business services	**2,680**	1,194	**365**	1,097
Education, health and others	**478**	249	**381**	185
Household	**58,371**	50,587	**42,262**	40,862
	86,503	77,960	**66,256**	59,683

5 CREDIT RISK

5.7 Credit quality of financial assets (continued)

Total loans, advances and financing - credit quality (continued)

Analysed by geographical area
Past due loans/financing

The Group	2019 Stage 1 RM'000	2019 Stage 2 RM'000	2019 Total RM'000
Perlis	**58,146**	**1,544**	**59,690**
Kedah	**55,271**	**62,552**	**117,823**
Pulau Pinang	**60,528**	**68,225**	**128,753**
Perak	**54,830**	**64,056**	**118,886**
Selangor	**434,255**	**377,363**	**811,618**
Wilayah Persekutuan	**235,578**	**111,633**	**347,211**
Negeri Sembilan	**69,620**	**78,777**	**148,397**
Melaka	**42,538**	**35,934**	**78,472**
Johor	**193,614**	**143,453**	**337,067**
Pahang	**36,746**	**21,533**	**58,279**
Terengganu	**20,838**	**24,466**	**45,304**
Kelantan	**13,321**	**15,538**	**28,859**
Sarawak	**71,448**	**56,992**	**128,440**
Sabah	**75,594**	**97,265**	**172,859**
Labuan	**2,934**	**-**	**2,934**
Outside Malaysia	**2**	**14**	**16**
	1,425,263	**1,159,345**	**2,584,608**

The Group	2018 Stage 1 RM'000	2018 Stage 2 RM'000	2018 Total RM'000
Perlis	1,314	2,471	3,785
Kedah	65,499	55,146	120,645
Pulau Pinang	86,763	49,322	136,085
Perak	61,438	61,752	123,190
Selangor	602,922	448,544	1,051,466
Wilayah Persekutuan	443,956	114,956	558,912
Negeri Sembilan	87,680	61,958	149,638
Melaka	39,302	39,775	79,077
Johor	372,349	140,149	512,498
Pahang	42,409	21,363	63,772
Terengganu	22,720	29,218	51,938
Kelantan	13,805	15,303	29,108
Sarawak	70,056	69,759	139,815
Sabah	95,739	103,990	199,729
Labuan	3	-	3
Outside Malaysia	1,723	18	1,741
	2,007,678	1,213,724	3,221,402

5 CREDIT RISK

5.7 Credit quality of financial assets (continued)

Total loans, advances and financing - credit quality (continued)

Analysed by geographical area (continued)
Past due loans/financing (continued)

The Bank	2019		
	Stage 1 RM'000	Stage 2 RM'000	Total RM'000
Perlis	924	570	1,494
Kedah	18,365	23,554	41,919
Pulau Pinang	36,979	39,340	76,319
Perak	30,431	34,455	64,886
Selangor	168,776	214,589	383,365
Wilayah Persekutuan	151,953	64,002	215,955
Negeri Sembilan	21,249	29,289	50,538
Melaka	27,204	20,439	47,643
Johor	112,427	82,438	194,865
Pahang	15,162	9,214	24,376
Terengganu	1,287	1,857	3,144
Kelantan	3,194	3,707	6,901
Sarawak	68,920	53,472	122,392
Sabah	69,882	89,741	159,623
Labuan	2,934	-	2,934
Outside Malaysia	2	14	16
	729,689	666,681	1,396,370

The Bank	2018		
	Stage 1 RM'000	Stage 2 RM'000	Total RM'000
Perlis	499	1,168	1,667
Kedah	25,839	24,593	50,432
Pulau Pinang	50,847	31,041	81,888
Perak	29,236	33,129	62,365
Selangor	326,936	293,451	620,387
Wilayah Persekutuan	344,012	72,680	416,692
Negeri Sembilan	33,926	27,324	61,250
Melaka	24,466	26,174	50,640
Johor	283,661	102,842	386,503
Pahang	20,000	10,312	30,312
Terengganu	1,780	2,094	3,874
Kelantan	2,451	3,735	6,186
Sarawak	65,553	66,324	131,877
Sabah	87,257	100,256	187,513
Labuan	3	-	3
Outside Malaysia	1,723	18	1,741
	1,298,189	795,141	2,093,330

5 CREDIT RISK

5.7 Credit quality of financial assets (continued)

Total loans, advances and financing - credit quality (continued)

Analysed by geographical area (continued)
Expected credit losses

The Group	2019 12 - Month ECL Stage 1 RM'000	2019 Lifetime ECL not credit impaired Stage 2 RM'000	2019 Lifetime ECL credit impaired Stage 3 RM'000	2019 Total RM'000
Perlis	**1,148**	**25**	**301**	**1,474**
Kedah	**4,140**	**1,591**	**19,380**	**25,111**
Pulau Pinang	**8,019**	**3,375**	**11,494**	**22,888**
Perak	**4,436**	**1,755**	**66,254**	**72,445**
Selangor	**44,973**	**11,641**	**58,536**	**115,150**
Wilayah Persekutuan	**28,963**	**10,164**	**27,131**	**66,258**
Negeri Sembilan	**4,610**	**2,366**	**7,147**	**14,123**
Melaka	**3,859**	**2,564**	**4,654**	**11,077**
Johor	**19,597**	**18,949**	**18,577**	**57,123**
Pahang	**4,189**	**1,319**	**6,072**	**11,580**
Terengganu	**1,536**	**35,963**	**65,828**	**103,327**
Kelantan	**852**	**242**	**2,831**	**3,925**
Sarawak	**5,580**	**789**	**3,356**	**9,725**
Sabah	**7,108**	**3,615**	**9,184**	**19,907**
Labuan	**219**	**-**	**-**	**219**
Outside Malaysia	**97**	**1**	**39,599**	**39,697**
	139,326	**94,359**	**340,344**	**574,029**

The Group	2018 12 - Month ECL Stage 1 RM'000	2018 Lifetime ECL not credit impaired Stage 2 RM'000	2018 Lifetime ECL credit impaired Stage 3 RM'000	2018 Total RM'000
Perlis	3,078	27	640	3,745
Kedah	4,720	878	13,236	18,834
Pulau Pinang	9,130	6,281	11,870	27,281
Perak	5,258	1,809	22,048	29,115
Selangor	53,638	14,076	61,038	128,752
Wilayah Persekutuan	57,409	9,277	41,102	107,788
Negeri Sembilan	3,764	1,207	22,520	27,491
Melaka	3,840	1,608	3,709	9,157
Johor	30,184	5,271	18,550	54,005
Pahang	4,618	3,060	4,447	12,125
Terengganu	1,475	345	92,235	94,055
Kelantan	639	182	4,550	5,371
Sarawak	7,556	1,106	5,363	14,025
Sabah	8,566	2,500	12,021	23,087
Labuan	421	-	-	421
Outside Malaysia	39	2	25,499	25,540
	194,335	47,629	338,828	580,792

BASEL II PILLAR 3 DISCLOSURES
as at 31 December 2019

5 CREDIT RISK

5.7 Credit quality of financial assets (continued)

Total loans, advances and financing - credit quality (continued)

Analysed by geographical area (continued)
Expected credit losses (continued)

The Bank	2019 12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
Perlis	**48**	**7**	**201**	**256**
Kedah	**1,555**	**434**	**16,697**	**18,686**
Pulau Pinang	**5,436**	**2,793**	**8,532**	**16,761**
Perak	**2,862**	**1,200**	**40,054**	**44,116**
Selangor	**26,435**	**6,728**	**34,904**	**68,067**
Wilayah Persekutuan	**20,809**	**5,220**	**19,273**	**45,302**
Negeri Sembilan	**1,657**	**1,476**	**2,102**	**5,235**
Melaka	**2,953**	**2,349**	**3,134**	**8,436**
Johor	**12,804**	**16,532**	**13,096**	**42,432**
Pahang	**2,374**	**1,094**	**5,289**	**8,757**
Terengganu	**141**	**35,661**	**64,156**	**99,958**
Kelantan	**197**	**64**	**1,782**	**2,043**
Sarawak	**4,321**	**736**	**3,240**	**8,297**
Sabah	**4,470**	**2,217**	**8,701**	**15,388**
Labuan	**117**	**-**	**-**	**117**
Outside Malaysia	**97**	**1**	**-**	**98**
	86,276	**76,512**	**221,161**	**383,949**

The Bank	2018 12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
Perlis	62	12	304	378
Kedah	2,258	242	9,989	12,489
Pulau Pinang	7,232	5,516	10,755	23,503
Perak	3,246	897	14,771	18,914
Selangor	35,008	9,686	42,006	86,700
Wilayah Persekutuan	48,589	8,334	37,184	94,107
Negeri Sembilan	1,705	825	18,640	21,170
Melaka	3,080	451	3,025	6,556
Johor	24,250	4,049	15,268	43,567
Pahang	2,627	2,960	3,709	9,296
Terengganu	160	104	89,960	90,224
Kelantan	193	51	3,308	3,552
Sarawak	5,679	1,068	5,337	12,084
Sabah	5,727	2,345	11,138	19,210
Labuan	124	-	-	124
Outside Malaysia	38	2	-	40
	139,978	36,542	265,394	441,914

6 MARKET RISK

6.1 Market risk management objectives and policies

Market risk is defined as changes in the market value of a trading or investment position arising from movements in market factors such as interest/profit rate, foreign exchange rates and implied volatility rates. The Group and the Bank's exposure to market risk results largely from interest/profit rate and foreign exchange rate risks.

Market risk may arise from proprietary trading position and investment activities (including those for liquidity requirement purposes) in the Trading and Investment Book respectively.

The Market Risk Management Framework governs the market risk activities of the Group and the Bank which are supported by a set of approved market risk management policies, guidelines and procedures.

Risk parameters are established based on risk appetite, market liquidity and business strategies as well as macro-economic conditions. These parameters are reviewed at least annually.

Market risk arising from the Trading Book is primarily controlled through the imposition of Stop-loss and Value-at-Risk ('VaR') risk parameters.

Interest/profit rate risk is quantified by analysing the mismatches in timing repricing of the rate sensitive assets and rate sensitive liabilities. Earnings-at-Risk ('EaR') or Net Interest/Profit Income simulation is conducted to assess the variation in short-term earnings under various rates scenarios. The potential long term effect of the overall exposure is tracked by assessing the impact on Economic Value of Equity ('EVE'), also known as Economic Value-at-Risk ('EVaR'). Thresholds are set for EaR and EVaR as management triggers.

Periodic stress tests are conducted to quantify market risk arising from probability of abnormal market movements.

<u>Risk Management Policies and Procedures</u>

Risk management policies and procedures are reviewed and updated to ensure relevance to current business needs as well as current/applicable regulatory requirements such as BNM's policy documents on:-

a) Managing Unauthorised Trading & Market Manipulation,
b) Code of Conduct for Malaysia Wholesale Financial Markets, and
c) Principles for a Fair and Effective Financial Market for Malaysian Financial Market.

6.2 Application of Standardised Approach for market risk Capital Charge Computation

The Group and the Bank adopt the Standardised Approach for the purpose of calculating the capital requirement for market risk.

Refer to Appendix I.

BASEL II PILLAR 3 DISCLOSURES
as at 31 December 2019

6 MARKET RISK

6.3 Market risk measurement, control and monitoring

The Group and the Bank's market risks are measured primarily using mark-to-market revaluation and VaR methodologies. Market risk parameters are the tolerance level of risk acceptance set by the Group and the Bank to confine losses arising from adverse rate or price movements. Market risk management parameters are established based on its risk appetite, market liquidity and business strategies as well as macro-economic conditions. These parameters are reviewed at least on an annual basis.

Market risk arising from the Trading Book is primarily controlled through the imposition of Stop-loss and VaR risk parameters.

The Group and the Bank quantify interest/profit rate risk by analysing the mismatches in timing repricing of the rate sensitive assets and rate sensitive liabilities. EaR or Net Interest/Profit Income simulation is conducted to assess the variation in short term earnings under various rates scenarios. The potential long term effect of the overall exposure is tracked by assessing the impact on EVE, also known as EVaR. Thresholds are set for EaR and EVaR as management triggers.

In addition, periodic stress tests are conducted to quantify market risk arising from probability of abnormal market movements.

The GALCO and GBRMCC are regularly kept informed of the Group and the Bank's risk profile and positions.

6.4 Value-at-Risk ('VaR')

VaR estimates the potential loss of a trading portfolio from adverse market price movements which may occur over a specified holding period of the Trading portfolio.

It measures the risk of losses arising from potential adverse movements in interest/profit rates, implied volatility rates and foreign exchange rates that could affect values of financial instruments.

Backtesting of the VaR results is conducted to validate and reassess the accuracy of the risk measurement systems.

Other risk measures

- Mark-to-market
  Mark-to-market valuation tracks the current market value of the outstanding financial instruments.

- Stress testing
  Stress tests are conducted to attempt to quantify market risk arising from abnormal market movements. Stress tests measure the changes in values primarily arising from extreme movements in interest/profit rates and foreign exchange rates based on past experiences and simulated stress scenarios.

6.5 Foreign Exchange Risk

The Group and the Bank are exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The risk of fluctuations in foreign currency exchange rates is managed via setting of thresholds on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

7 LIQUIDITY RISK

7.1 Liquidity risk management objectives and policies

Liquidity risk is the risk of inability of a bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. Liquidity risk includes the inability to manage sudden decreases or changes in funding sources. Liquidity risk also arises from the failure to recognise changes in market conditions that affect the ability to liquidate assets quickly and with minimal loss in value.

The Liquidity Risk Management Framework governs the liquidity risk management activities of the Group and the Bank. The objective of liquidity risk management is to ensure that there are sufficient funds to meet contractual and regulatory obligations without incurring unacceptable losses as well as to undertake new transactions. The Group and the Bank's liquidity management process involves establishing liquidity risk management policies and prudential thresholds, liquidity risk threshold monitoring, stress testing and establishing contingency funding plans. These building blocks of liquidity risk management are subject to regular reviews to ensure relevance in the context of prevailing market conditions and regulatory landscape.

7.2 Liquidity risk measurement, control and monitoring

The Group and the Bank’s short term liquidity risk management is premised on BNM’s Liquidity Coverage Ratio ('LCR') final standards. The LCR is a quantitative requirement which seeks to ensure that the Group and the Bank holds sufficient High Quality Liquid Assets ('HQLA') to withstand a significant liquidity stress scenario over a 30-day horizon.

Long-term liquidity risk profile is assessed via the Net Stable Funding Ratio ('NSFR') which promotes resilience over a longer time horizon for the Group and the Bank to fund its activities with more stable sources of funding on an ongoing basis.

The Group and the Bank also employs a set of liquidity risk indicators as an early alert of any structural change for liquidity risk management. The liquidity risk indicators include internal and external qualitative as well as quantitative indicators.

Liquidity stress tests are conducted periodically and on ad-hoc basis to gauge the Group and the Bank’s resilience in the event of a liquidity disruption.

The Contingency Funding Plan provides a systematic approach in handling liquidity disruption. The document encompasses strategies, decision-making authorities, and courses of action to be taken in the event of liquidity crisis and emergencies, enabling the Group and the Bank to respond to an unexpected liquidity disruption in an effective and efficient manner.

The Group Board Risk Management Compliance Committee ('GBRMCC') is responsible for the Group and the Bank's liquidity policy and the strategic management of liquidity has been delegated to the Group Asset Liability Management Committee ('GALCO'). The Liquidity Management Committee ('LMC'), which is a sub-committee of GALCO, augments the functions of GALCO by directing its focus specifically to liquidity issues. The GBRMCC is informed regularly on the liquidity position of the Group and the Bank.

BASEL II PILLAR 3 DISCLOSURES
as at 31 December 2019

8 OPERATIONAL RISK

8.1 Operational risk management objectives and policies

Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or external events. The definition includes legal risk, and exposure to litigation from all aspects of the Bank's activities, but excludes strategic business, reputational and systemic risks.

The Group Operational Risk Management Framework governs the management of operational risk across the Group and the Bank. GBRMCC approves all policies/policy changes relating to operational risk. Group Operational Risk Management Committee ('GORMC') supports GBRMCC in the review and monitoring of operational risk and provides the forum to discuss and manage all aspects of operational risk including control lapses.

The Operational Risk Management ('ORM') function within GRM operates in independent capacity to facilitate business/ support units managing the risks in activities associated with the operational function of the Bank.

8.2 Application of Basic Indicator Approach for operational risk

The Group and the Bank adopt the Basic Indicator Approach for the purpose of calculating the capital requirement for operational risk. The capital requirement is calculated by taking 15% of the average annual gross income over the previous three years.

8.3 Operational risk measurement, control and monitoring

Operational risks are managed daily through established systems and processes to ensure compliance with policies, guidelines and control procedures.

The Group and the Bank employs the following standard operational risk tools for risk and control identification and assessment:-

- Risk Control Self Assessment ('RCSA')

- Key Control Standards ('KCS')
  Note: Process to assist Business/Support Unit to identify and assess the operational risks, identify controls and assess controls effectiveness.

- Key Risk Indicator ('KRI')
  Note: Process to monitor and manage key operational risk exposures over time, measured against a set of threshold levels (Red, Amber & Green).

- Loss Event Reporting ('LER')
  Note: Process for reporting, evaluating and monitoring operational risk loss incidents including service disruption due to system failure, secrecy breach and Shariah Non-Compliance ('SNC').

- Scenario Analysis ('ScAn')
  Note: Process to process in the creation of plausible operational risk events and has become an essential element in the operational risk management and measurement.

Introduction of new products or services are evaluated to assess suitability, potential risks and operational readiness.

Operational Risk Coordinators ('ORC') are appointed at business and support units as champions of ORM activities within respective units. The ORC is responsible for the reporting of ORM activities and to liaise with Group Operational Risk Management on all operational defects and results.

8.4 Certification

As an internal requirement, all ORC must satisfy an Internal Operational Risk (including business continuity management) Certification Program. These coordinators will first go through an online self learning exercise before attempting online assessments to measure their skills and knowledge level. This will enable Group Risk Management to prescribe appropriate training and development activities for the coordinators.

9 TECHNOLOGY RISK

9.1 Technology risk objectives and policies

Technology risk is any potential for technology failures and cyber threats that may disrupt business such as failures of information technology ('IT') systems, applications, platforms or infrastructures including threats or vulnerabilities exposed from external network or Internet, which could result in financial loss, financial services disruption or the operations of the Group and the Bank.

The Group Technology Risk Management Framework governs the management of technology risk across the Group and the Bank.

The technology risk management function within GRM manages the risks associated with technology risk of the Group and the Bank. GORMC supports GBRMCC in the review and monitoring of technology risks and provides the forum to discuss and manage all aspects of technology risk. GBRMCC is responsible to provide oversight of overall technology related matters of the Group and the Bank.

9.2 Technology risk measurement, control and monitoring

The Group and the Bank use risk identification and assessment to determine the extent of the potential threat and the risk associated with an IT system throughout its System Development Life Cycle ('SDLC'). The output of this process helps to identify appropriate controls for reducing or eliminating risk during the risk mitigation process.

Technology risk controls encompass the use of technical and non-technical methods. Technical controls are safeguards that are incorporated into computer hardware, software, or firmware (i.e. access control mechanisms, identification and authentication mechanisms, encryption methods, intrusion detection software). Non-technical controls are management and operational controls, such as security policies, operational procedures and personnel, physical, and environmental security.

Technology Risk Management reports are produced periodically for the respective stakeholders and committees.

10 SHARIAH NON-COMPLIANCE RISK

10.1 Shariah non-compliance risk objectives and policies

Shariah non-compliance ('SNC') risk is the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which the Bank may suffer arising from the failure to comply with the rulings of the Shariah Advisory Council of Bank Negara Malaysia ('SAC'), standards on Shariah matters issued by BNM pursuant to Section 29(1) of the Islamic Financial Services Act, or decisions or advice of the Shariah Committee.

The Shariah Risk Management Framework governs the management of SNC risk within the Bank.

The Shariah Committee deliberates on Shariah issues presented to them, and provide resolution and guidance. GORMC together with GBRMCC assist the Board in the overall oversight of Shariah Risk Management of the Group.

Shariah Risk Management is part of an integrated risk management control function. It assists business units and functional lines to identify all possible SNC risk and its mitigating measures.

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as at 31 December 2019

10 SHARIAH NON-COMPLIANCE RISK

10.2 Shariah non-compliance risk measurement, control and monitoring

SNC risk is proactively managed with the following tools:-

1. SNC Event Reporting to BNM
Shariah loss data are collected for evaluation, monitoring and reporting.

2. Shariah Risk and Control Self-Assessment ('RCSA')
To systematically assist business units and functional lines to identify and assess SNC risks and controls. RCSA is performed annually or when there is occurrence of significant events either internal or external.

3. Key Risk Indicator ('KRI')
By monitoring key SNC risk exposures over time, it provides the management early alert of changes in the risk and control environment.

4. Key Control Standard ('KCS')
To validate the effectiveness of control measures.

11 BUSINESS CONTINUITY RISK

11.1 Business continuity risk management objectives and policies

Business continuity risk is the risk of losses in assets, revenue, reputation and stakeholder/customer confidence due to the discontinuation of services in both business and technology operations.

The Business Continuity Management Framework governs the management of business continuity issues, in line with BNM Guidelines on Business Continuity Management ('BCM').

GBRMCC approves all policies and its changes relating to business continuity management. It also reviews, monitors and discusses business continuity management reports tabled at its meetings. GORMC supports GBRMCC in the review and monitoring of Business Continuity Risk and provides the forum to discuss and manage all aspects of operational risk including control lapses.

The BCM function is an independent body overseeing the management of the overall business continuity risk.

11.2 Business continuity risk measurement, control and monitoring

Annual Risk Assessment and Business Impact Analysis are made compulsory for each business and support unit in the Group and the Bank to undertake. The outcome of this assessment will translate into a risks listing that require business and support units to derive action plans to address the risks.

Risk control is established through adherence with established BCM guidelines and standards throughout the implementation of BCM programs. Rigorous testing on business continuity and disaster recovery plans are diligently performed to ensure effective and smooth execution of the plan for resumption and recovery of disrupted business.

Policies and processes are in place to support the monitoring and reporting of business continuity risks.

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BASEL II PILLAR 3 DISCLOSURES
as at 31 December 2019

The Group and the Bank have adopted Basel II - Risk Weighted Assets computation under the BNM's Risk-Weighted Capital Adequacy Framework with effect from 1 January 2008. The Group and the Bank have adopted the Standardised Approach for credit risk and market risk, and Basic Indicator Approach for operation risk computation.

The following information concerning the Group and the Bank's risk exposures are disclosed as accompanying information to the annual report, and does not form part of the audited accounts.

Disclosure on Capital Adequacy under the Standardised Approach (RM'000)
The Group
2019

	Exposure Class		Gross Exposures/ EAD before CRM	Net Exposures/ EAD after CRM	Risk Weighted Assets	Minimum Capital Requirements at 8%
1	**CREDIT RISK**					
	On-Balance Sheet Exposures					
	Corporates		25,009,365	24,302,626	19,879,975	1,590,398
	Regulatory Retail		14,435,610	13,443,974	10,155,049	812,404
	Other Assets		3,465,960	3,465,960	1,445,803	115,664
	Sovereigns/Central Banks		10,427,556	10,427,486	4,259	341
	Banks, Development Financial Institutions & MDBs		1,061,931	1,061,931	215,524	17,242
	Insurance Companies, Securities Firms & Fund Managers		193,172	193,172	169,150	13,532
	Residential Mortgages		10,014,444	9,985,474	5,656,725	452,538
	Higher Risk Assets		121,556	117,471	173,065	13,845
	Defaulted Exposures		1,231,213	1,210,514	1,595,989	127,679
	Total for On-Balance Sheet Exposures		65,960,807	64,208,608	39,295,539	3,143,643
	Off-Balance Sheet Exposures					
	Off-Balance Sheet Exposures other than OTC derivatives or credit derivatives		4,408,852	4,408,852	3,317,637	265,411
	Defaulted Exposures		21,752	21,752	31,500	2,520
	Total for Off-Balance Sheet Exposures		4,430,604	4,430,604	3,349,137	267,931
	Total for On and Off-Balance Sheet Exposures		70,391,411	68,639,212	42,644,676	3,411,574
2	**MARKET RISK**	Long Position	Short Position			
	Interest Rate Risk	18,872,534	18,754,174	118,360	284,165	22,733
	Equity Position Risk	47,527	4,289	43,238	133,326	10,666
	Foreign Currency Risk	2,638,778	2,692,495	(53,717)	70,931	5,674
3	**OPERATIONAL RISK**					
	Operational Risk				3,184,235	254,739
	Total RWA and Capital Requirements				46,317,333	3,705,386

OTC 'Over The Counter'

BASEL II PILLAR 3 DISCLOSURES
as at 31 December 2019

Appendix I

Disclosure on Capital Adequacy under the Standardised Approach (RM'000) (continued)
The Group
2018

	Exposure Class		Gross Exposures/ EAD before CRM	Net Exposures/ EAD after CRM	Risk Weighted Assets	Minimum Capital Requirements at 8%
1	CREDIT RISK					
	On-Balance Sheet Exposures					
	Corporates		29,408,781	28,397,054	22,205,335	1,776,428
	Regulatory Retail		15,250,688	14,491,691	10,992,556	879,404
	Other Assets		3,789,979	3,789,979	1,377,035	110,163
	Sovereigns/Central Banks		11,916,473	11,916,457	4,030	322
	Banks, Development Financial Institutions & MDBs		2,454,179	2,454,179	483,689	38,695
	Insurance Companies, Securities Firms & Fund Managers		218,915	218,914	194,931	15,594
	Residential Mortgages		9,318,235	9,287,628	5,290,653	423,252
	Higher Risk Assets		157,032	153,118	224,328	17,946
	Equity Exposure		15,902	15,902	15,902	1,272
	Defaulted Exposures		1,447,297	1,414,333	1,946,753	155,740
	Total for On-Balance Sheet Exposures		73,977,481	72,139,255	42,735,212	3,418,816
	Off-Balance Sheet Exposures					
	Off-Balance Sheet Exposures other than OTC derivatives or credit derivatives		5,086,745	5,090,127	3,842,718	307,417
	Defaulted Exposures		51,819	48,437	71,260	5,702
	Total for Off-Balance Sheet Exposures		5,138,564	5,138,564	3,913,978	313,119
	Total for On and Off-Balance Sheet Exposures		79,116,045	77,277,819	46,649,190	3,731,935
2	MARKET RISK	**Long Position**	**Short Position**			
	Interest Rate Risk	17,397,174	17,370,741	26,433	223,556	17,885
	Equity Position Risk	21,153	52	21,101	58,170	4,654
	Foreign Currency Risk	3,041,122	2,984,198	56,924	204,953	16,396
	Option Risk	27,000	-	27,000	37,125	2,970
3	OPERATIONAL RISK					
	Operational Risk				2,962,066	236,965
	Total RWA and Capital Requirements				50,135,060	4,010,805

OTC 'Over The Counter'

Disclosure on Capital Adequacy under the Standardised Approach (RM'000) (continued)
The Bank
2019

	Exposure Class		Gross Exposures/ EAD before CRM	Net Exposures/ EAD after CRM	Risk Weighted Assets	Minimum Capital Requirements at 8%
1	**CREDIT RISK**					
	On-Balance Sheet Exposures					
	Corporates		17,541,740	16,971,847	14,201,190	1,136,095
	Regulatory Retail		9,195,760	8,833,193	6,692,574	535,406
	Other Assets		2,437,258	2,437,258	1,017,388	81,391
	Sovereigns/Central Banks		3,781,791	3,781,721	-	-
	Banks, Development Financial Institutions & MDBs		1,345,586	1,345,586	589,690	47,175
	Insurance Companies, Securities Firms & Fund Managers		192,765	192,765	168,743	13,500
	Residential Mortgages		2,837,807	2,823,150	1,342,063	107,365
	Higher Risk Assets		4,279	4,279	6,418	513
	Defaulted Exposures		895,716	875,159	1,196,582	95,727
	Total for On-Balance Sheet Exposures		**38,232,702**	**37,264,958**	**25,214,648**	**2,017,172**
	Off-Balance Sheet Exposures					
	Off-Balance Sheet Exposures other than OTC derivatives or credit derivatives		2,920,424	2,920,424	2,338,666	187,093
	Defaulted Exposures		19,598	19,598	29,143	2,331
	Total for Off-Balance Sheet Exposures		**2,940,022**	**2,940,022**	**2,367,809**	**189,424**
	Total for On and Off-Balance Sheet Exposures		**41,172,724**	**40,204,980**	**27,582,457**	**2,206,596**
2	**MARKET RISK**	**Long Position**	**Short Position**			
	Interest Rate Risk	11,328,535	11,344,483	(15,948)	270,941	21,675
	Foreign Currency Risk	13,853	19,458	(5,605)	19,458	1,557
3	**OPERATIONAL RISK**					
	Operational Risk				1,774,869	141,990
	Total RWA and Capital Requirements				**29,647,725**	**2,371,818**

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Appendix I

Disclosure on Capital Adequacy under the Standardised Approach (RM'000) (continued)
The Bank
2018

	Exposure Class		Gross Exposures/ EAD before CRM	Net Exposures/ EAD after CRM	Risk Weighted Assets	Minimum Capital Requirements at 8%
1	CREDIT RISK					
	On-Balance Sheet Exposures					
	Corporates		20,573,025	19,642,650	15,849,344	1,267,948
	Regulatory Retail		10,026,261	9,671,903	7,374,053	589,924
	Other Assets		2,672,961	2,672,961	882,798	70,624
	Sovereigns/Central Banks		3,935,142	3,935,127	-	-
	Banks, Development Financial Institutions & MDBs		2,833,092	2,833,092	862,619	69,010
	Insurance Companies, Securities Firms & Fund Managers		218,765	218,765	194,782	15,583
	Residential Mortgages		3,024,596	3,008,359	1,405,621	112,449
	Higher Risk Assets		9,697	9,648	14,271	1,142
	Equity Exposure		15,902	15,902	15,902	1,272
	Defaulted Exposures		1,090,421	1,059,077	1,446,415	115,713
	Total for On-Balance Sheet Exposures		44,399,862	43,067,484	28,045,805	2,243,665
	Off-Balance Sheet Exposures					
	Off-Balance Sheet Exposures other than OTC derivatives or credit derivatives		3,187,263	3,190,587	2,570,951	205,676
	Defaulted Exposures		47,415	44,092	65,818	5,265
	Total for Off-Balance Sheet Exposures		3,234,678	3,234,679	2,636,769	210,941
	Total for On and Off-Balance Sheet Exposures		47,634,540	46,302,163	30,682,574	2,454,606
2	MARKET RISK	**Long Position**	**Short Position**			
	Interest Rate Risk	10,840,416	10,864,312	(23,896)	151,998	12,160
	Foreign Currency Risk	645,900	753,348	(107,448)	120,302	9,624
3	OPERATIONAL RISK					
	Operational Risk				1,899,866	151,989
	Total RWA and Capital Requirements				32,854,740	2,628,379

OTC 'Over The Counter'

Market risk is defined as changes in the market value of a trading or investment position arising from movements in market factors such as interest/profit rate, foreign exchange rates and implied volatility rates. The Group and the Bank's Capital-at-Risk ('CaR') is defined as the amount of the Group and the Bank's capital that is exposed to the risk of unexpected losses arising particularly from movements in interest/profit and foreign exchange rates. A CaR reference threshold is set as a management trigger to ensure that the Group and the Bank's capital adequacy are not impinged upon in the event of adverse market movements. The Group and the Bank currently adopt BNM's Standardised Approach for the computation of market risk capital charges. The market risk capital charge addresses among others, capital requirement for market risk which includes the interest/profit rate risk in the Group and the Bank's Trading Book as well as foreign exchange risk in the Trading and Banking Books.

The computation of market risk capital charge covers the following outstanding financial instruments:-

(a) Foreign Exchange ('FX')
(b) Interest Rate Swap ('IRS')
(c) Cross Currency Swap ('CCS')
(d) Fixed Income Instruments (i.e. Corporate bonds/Sukuk and Government Securities)
(d) FX Options

The Bank's Trading Book Policy Statement stipulates the policies and procedures for including or excluding exposures from the Trading Book for the purpose of calculating regulatory market risk capital.

BASEL II PILLAR 3 DISCLOSURES
as at 31 December 2019

Appendix II

Disclosure on Credit Risk: Disclosures on Risk Weights under the Standardised Approach (RM'000)
The Group
2019

Risk Weights	Exposures after Netting and Credit Risk Mitigation												Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, MDBs and FDIs	Insurance Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securitisation	Equity		
0%	10,461,375	-	35,504	-	2,563,106	-	-	-	1,860,871	-	-	-	14,920,856	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	99,007	-	1,369,646	30,027	2,475,595	382	-	-	199,109	-	-	-	4,173,766	834,753
35%	-	-	-	-	-	-	5,504,280	-	-	-	-	-	5,504,280	1,926,498
50%	-	-	107,481	-	398,988	1,383	1,900,105	3,141	-	-	-	-	2,411,098	1,205,550
75%	-	-	-	-	-	13,686,402	36,649	-	-	-	-	-	13,723,051	10,292,288
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	14,699	197,070	21,978,795	254,085	3,096,388	291	1,405,981	-	-	-	26,947,309	26,947,309
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	694,224	72,580	72,444	119,604	-	-	-	-	958,852	1,438,278
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight											-		-	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	

PSE 'Public Sector Entities'
MDB 'Multilateral Development Banks'
FDI 'Financial Development Institutions'

BASEL II PILLAR 3 DISCLOSURES
as at 31 December 2019

Disclosure on Credit Risk: Disclosures on Risk Weights under the Standardised Approach (RM'000) (continued)
The Group
2018

Risk Weights	Exposures after Netting and Credit Risk Mitigation												Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, MDBs and FDIs	Insurance Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securitisation	Equity		
0%	11,950,962	-	195,975	-	3,559,929	-	-	-	2,251,289	-	-	-	17,958,155	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	118,870	-	2,425,684	29,980	3,547,962	625	-	-	202,069	-	-	-	6,325,190	1,265,038
35%	-	-	-	-	-	-	5,792,683	-	-	-	-	-	5,792,683	2,027,439
50%	-	-	182,042	-	299,633	7,517	1,200,839	7,538	-	-	-	-	1,697,569	848,785
75%	-	-	-	-	-	14,716,600	37,139	-	-	-	-	-	14,753,739	11,065,304
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	13,704	215,601	24,602,697	232,382	2,949,294	-	1,336,621	-	-	15,902	29,366,201	29,366,201
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	962,303	101,019	162,503	158,457	-	-	-	-	1,384,282	2,076,423
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight											-		-	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	

PSE 'Public Sector Entities'
MDB 'Multilateral Development Banks'
FDI 'Financial Development Institutions'

BASEL II PILLAR 3 DISCLOSURES
as at 31 December 2019

Appendix II

Disclosure on Credit Risk: Disclosures on Risk Weights under the Standardised Approach (RM'000) (continued)
The Bank
2019

Risk Weights	Exposures after Netting and Credit Risk Mitigation												Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, MDBs and FDIs	Insurance Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securitisation	Equity		
0%	3,782,021	-	25,404	-	2,075,443	-	-	-	1,269,380	-	-	-	7,152,248	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	22,474	-	470,462	30,027	1,053,410	382	-	-	188,113	-	-	-	1,746,868	352,974
35%	-	-	-	-	-	-	2,082,291	-	-	-	-	-	2,082,291	728,802
50%	-	-	1,154,986	-	197,124	289	273,168	-	-	-	-	-	1,625,567	812,783
75%	-	-	-	-	-	8,943,826	33,746	-	-	-	-	-	8,977,572	6,733,179
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	13,016	192,265	15,898,606	236,946	577,169	100	979,765	-	-	-	17,897,867	17,897,867
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	584,641	64,189	47,046	8,691	-	-	-	-	704,567	1,056,852
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight											-		-	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	

PSE 'Public Sector Entities'
MDB 'Multilateral Development Banks'
FDI 'Financial Development Institutions'

BASEL II PILLAR 3 DISCLOSURES
as at 31 December 2019

Disclosure on Credit Risk: Disclosures on Risk Weights under the Standardised Approach (RM'000) (continued)
The Bank
2018

Risk Weights	Exposures after Netting and Credit Risk Mitigation												Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, MDBs and FDIs	Insurance Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securitisation	Equity		
0%	3,935,155	-	176,135	-	2,710,457	-	-	-	1,664,800	-	-	-	8,486,547	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	38,003	-	1,744,045	29,980	1,619,782	625	-	-	156,704	-	-	-	3,589,139	717,828
35%	-	-	-	-	-	-	2,286,827	-	-	-	-	-	2,286,827	800,389
50%	-	-	1,170,209	-	156,518	6,240	263,448	-	-	-	-	-	1,596,415	798,207
75%	-	-	-	-	-	9,733,387	33,086	-	-	-	-	-	9,766,473	7,324,855
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	13,704	211,860	17,783,100	224,402	547,273	-	851,457	-	-	15,902	19,647,698	19,647,698
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	737,907	90,569	83,851	16,737	-	-	-	-	929,064	1,393,597
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight											-		-	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	

PSE 'Public Sector Entities'
MDB 'Multilateral Development Banks'
FDI 'Financial Development Institutions'

(i) Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000)
The Group
2019

	Ratings of Corporate by Approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Exposure Class	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off-Balance-Sheet Exposures						
Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	227,097
Corporates		641,742	1,065,789	122,587	-	26,280,590
Total		641,742	1,065,789	122,587	-	26,507,687

	Short term Ratings of Banking Institutions and Corporate by Approved ECAIs					
	Moodys	P-1	P-2	P-3	Others	Unrated
	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+, F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3-	MARC-4	Unrated
Exposure Class	Rating & Investment Inc	a-1+, a-1	a-2	a-3	b, c	Unrated
On and Off-Balance-Sheet Exposures						
Banks, MDBs and FDIs		-	-	-	-	-
Rated Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	-
Corporates		-	-	-	-	-
Total		-	-	-	-	-

BASEL II PILLAR 3 DISCLOSURES
as at 31 December 2019

Appendix III

(i) Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)

The Group

2018

	Ratings of Corporate by Approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Exposure Class	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<u>On and Off-Balance-Sheet Exposures</u>						
<u>Credit Exposures (using Corporate Risk Weights)</u>						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	245,580
Corporates		2,702,431	143,238	8,084	-	31,174,197
Total		2,702,431	143,238	8,084	-	31,419,777

	Short term Ratings of Banking Institutions and Corporate by Approved ECAIs					
	Moodys	P-1	P-2	P-3	Others	Unrated
	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+, F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3-	MARC-4	Unrated
Exposure Class	Rating & Investment Inc	a-1+, a-1	a-2	a-3	b, c	Unrated
<u>On and Off-Balance-Sheet Exposures</u>						
Banks, MDBs and FDIs		-	-	-	-	-
<u>Rated Credit Exposures (using Corporate Risk Weights)</u>						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	-
Corporates		-	-	-	-	-
Total		-	-	-	-	-

(i) **Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)**
The Bank
2019

	Ratings of Corporate by Approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Exposure Class	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<u>On and Off-Balance-Sheet Exposures</u>						
<u>Credit Exposures (using Corporate Risk Weights)</u>						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	222,292
Corporates		541,913	105,292	-	-	19,162,019
Total		541,913	105,292	-	-	19,384,311

	Short term Ratings of Banking Institutions and Corporate by Approved ECAIs					
	Moodys	P-1	P-2	P-3	Others	Unrated
	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+, F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3-	MARC-4	Unrated
Exposure Class	Rating & Investment Inc	a-1+, a-1	a-2	a-3	b, c	Unrated
<u>On and Off-Balance-Sheet Exposures</u>						
Banks, MDBs and FDIs		-	-	-	-	-
<u>Rated Credit Exposures (using Corporate Risk Weights)</u>						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	-
Corporates		-	-	-	-	-
Total		-	-	-	-	-

BASEL II PILLAR 3 DISCLOSURES
as at 31 December 2019

Appendix III

(i) Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)

The Bank

2018

	Ratings of Corporate by Approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Exposure Class	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off-Balance-Sheet Exposures						
Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	241,839
Corporates		986,311	78,708	-	-	22,903,167
Total		986,311	78,708	-	-	23,145,006

	Short term Ratings of Banking Institutions and Corporate by Approved ECAIs					
	Moodys	P-1	P-2	P-3	Others	Unrated
	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+, F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3-	MARC-4	Unrated
Exposure Class	Rating & Investment Inc	a-1+, a-1	a-2	a-3	b, c	Unrated
On and Off-Balance-Sheet Exposures						
Banks, MDBs and FDIs		-	-	-	-	-
Rated Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	-
Corporates		-	-	-	-	-
Total		-	-	-	-	-

(ii) **Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)**
The Group
2019

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Sovereigns and Central Banks		3,649,110	6,911,271	-	-	-	-
Total		3,649,110	6,911,271	-	-	-	-

Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3-	A1 to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Banks, MDBs and FDIs		1,251,039	47,346	5,063	39,356	-	184,526
Total		1,251,039	47,346	5,063	39,356	-	184,526

BASEL II PILLAR 3 DISCLOSURES
as at 31 December 2019

Appendix III

(ii) Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)

The Group

2018

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Sovereigns and Central Banks		3,368,746	8,701,102	-	-	-	-
Total		3,368,746	8,701,102	-	-	-	-

Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3-	A1 to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Banks, MDBs and FDIs		1,996,577	53,284	49,042	13,388	-	705,107
Total		1,996,577	53,284	49,042	13,388	-	705,107

(ii) Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)
The Bank
2019

	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
Exposure Class	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Sovereigns and Central Banks		-	3,804,494	-	-	-	-
Total		-	3,804,494	-	-	-	-

	Ratings of Banking Institutions by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3-	A1 to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
Exposure Class	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Banks, MDBs and FDIs		281,001	38,782	5,063	39,356	-	1,299,667
Total		281,001	38,782	5,063	39,356	-	1,299,667

BASEL II PILLAR 3 DISCLOSURES
as at 31 December 2019

Appendix III

(ii) **Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)**
The Bank
2018

	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
Exposure Class	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Sovereigns and Central Banks		-	3,973,173	-	-	-	-
Total		-	3,973,173	-	-	-	-

	Ratings of Banking Institutions by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3-	A1 to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
Exposure Class	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Banks, MDBs and FDIs		1,235,936	53,284	26,376	13,388	-	1,775,109
Total		1,235,936	53,284	26,376	13,388	-	1,775,109

a) **Disclosures on Credit Risk Mitigation (RM'000)**
The Group
2019

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	10,427,556	-	70	-
Banks, Development Financial Institutions & MDBs	1,061,931	-	-	-
Insurance Cos, Securities Firms & Fund Managers	193,172	-	-	-
Corporates	25,009,365	836,269	667,029	-
Regulatory Retail	14,435,610	302	488,319	-
Residential Mortgages	10,014,444	-	28,982	-
Higher Risk Assets	121,556	3,141	4,086	-
Other Assets	3,465,960	-	-	-
Defaulted Exposures	1,231,213	80	20,700	-
Total for On-Balance Sheet Exposures	65,960,807	839,792	1,209,186	-
Off-Balance Sheet Exposures				
Off-Balance Sheet exposures other than OTC derivatives or credit derivatives	4,408,852	-	-	-
Defaulted Exposures	21,752	-	-	-
Total for Off-Balance Sheet Exposures	4,430,604	-	-	-
Total On and Off-Balance Sheet Exposures	70,391,411	839,792	1,209,186	-

BASEL II PILLAR 3 DISCLOSURES
as at 31 December 2019

Appendix IV

a) **Disclosures on Credit Risk Mitigation (RM'000)(continued)**
The Group
2018

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	11,916,473	-	15	-
Banks, Development Financial Institutions & MDBs	2,454,179	-	-	-
Insurance Cos, Securities Firms & Fund Managers	218,915	-	-	-
Corporates	29,408,781	733,412	1,008,344	-
Regulatory Retail	15,250,688	545	422,353	-
Residential Mortgages	9,318,235	-	30,607	-
Higher Risk Assets	157,032	5,315	3,915	-
Other Assets	3,789,979	-	-	-
Equity Exposure	15,902	-	-	-
Defaulted Exposures	1,447,297	80	36,344	-
Total for On-Balance Sheet Exposures	73,977,481	739,352	1,501,578	-
Off-Balance Sheet Exposures				
Off-Balance Sheet exposures other than OTC derivatives or credit derivatives	5,086,745	-	-	-
Defaulted Exposures	51,819	-	-	-
Total for Off-Balance Sheet Exposures	5,138,564	-	-	-
Total On and Off-Balance Sheet Exposures	79,116,045	739,352	1,501,578	-

a) **Disclosures on Credit Risk Mitigation (RM'000) (continued)**
The Bank
2019

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	3,781,791	-	70	-
Banks, Development Financial Institutions & MDBs	1,345,586	-	-	-
Insurance Cos, Securities Firms & Fund Managers	192,765	-	-	-
Corporates	17,541,740	654,212	569,894	-
Regulatory Retail	9,195,760	302	362,736	-
Residential Mortgages	2,837,807	-	14,657	-
Higher Risk Assets	4,279	-	-	-
Other Assets	2,437,258	-	-	-
Defaulted Exposures	895,716	80	20,557	-
Total for On-Balance Sheet Exposures	38,232,702	654,594	967,914	-
Off-Balance Sheet Exposures				
Off-Balance Sheet exposures other than OTC derivatives or credit derivatives	2,920,424	-	-	-
Defaulted Exposures	19,598	-	-	-
Total for Off-Balance Sheet Exposures	2,940,022	-	-	-
Total On and Off-Balance Sheet Exposures	41,172,724	654,594	967,914	-

BASEL II PILLAR 3 DISCLOSURES
as at 31 December 2019

Appendix IV

a) **Disclosures on Credit Risk Mitigation (RM'000) (continued)**
The Bank
2018

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	3,935,142	-	15	-
Banks, Development Financial Institutions & MDBs	2,833,092	-	-	-
Insurance Cos, Securities Firms & Fund Managers	218,765	-	-	-
Corporates	20,573,025	667,372	927,055	-
Regulatory Retail	10,026,261	545	354,353	-
Residential Mortgages	3,024,596	-	16,236	-
Higher Risk Assets	9,697	-	50	-
Other Assets	2,672,961	-	-	-
Equity Exposure	15,902	-	-	-
Defaulted Exposures	1,090,421	80	34,667	-
Total for On-Balance Sheet Exposures	44,399,862	667,997	1,332,376	-
Off-Balance Sheet Exposures				
Off-Balance Sheet exposures other than OTC derivatives or credit derivatives	3,187,263	-	-	-
Defaulted Exposures	47,415	-	-	-
Total for Off-Balance Sheet Exposures	3,234,678	-	-	-
Total On and Off-Balance Sheet Exposures	47,634,540	667,997	1,332,376	-

b) Disclosure on Off-Balance Sheet and Counterparty Credit Risk (RM'000)

Counterparty Credit Risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cashflows. An economic loss could occur if the transactions with the counterparty has a positive economic value for the Bank at the time of default.

In contrast to the exposure to credit risk through a loan/financing, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, Counterparty Credit Risk creates a bilateral risk of loss where the market value for many types of transactions can be positive or negative to either counterparty.

In respect of off-balance sheet items, the credit risk inherent in each off-balance sheet instrument is translated into an on-balance sheet exposure equivalent (credit equivalent) by multiplying the nominal principal amount with a credit conversion factor ('CCF') as prescribed by the Standardised Approach under the Risk Weighted Capital Adequacy Framework. The resulting amount is then weighted against the risk weight of the counterparty. In addition, counterparty risk weights for over-the-counter ('OTC') derivative transactions will be determined based on the external rating of the counterparty and will not be subject to any specific ceiling.

The Group
2019

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Amount
Direct Credit Substitutes	556,462	-	556,462	522,344
Transaction related contingent items	1,969,168	-	984,584	917,071
Short Term Self Liquidating trade related contingencies	454,792	-	90,958	46,254
Foreign exchange related contracts				
One year or less	13,000,360	112,229	298,446	118,074
Over one year to five years	927,491	14,142	77,658	39,206
Interest/Profit rate related contracts				
One year or less	873,148	918	1,973	524
Over one year to five years	3,710,000	30,839	126,234	35,180
Over five years	300,000	6,740	23,827	6,875
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,913,716	-	956,858	689,172
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	6,020,758	-	1,204,152	892,739
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	578,072	-	-	-
Unutilised credit card lines	547,266	-	109,453	81,698
Total	**30,851,233**	**164,868**	**4,430,605**	**3,349,137**

BASEL II PILLAR 3 DISCLOSURES
as at 31 December 2019

Appendix IV

b) Disclosures on Off Balance Sheet and Counterparty Credit Risk (RM'000) (continued)

The Group

2018

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Amount
Direct Credit Substitutes	613,796	-	613,763	543,435
Transaction related contingent items	1,943,980	-	971,990	906,744
Short Term Self Liquidating trade related contingencies	432,728	-	86,546	37,406
Foreign exchange related contracts				
One year or less	11,009,067	58,950	238,299	114,883
Over one year to five years	400,719	7,145	33,888	20,281
Interest/Profit rate related contracts				
One year or less	946,000	795	1,657	360
Over one year to five years	2,800,148	10,113	88,647	23,482
Over five years	1,025,000	11,802	65,490	18,551
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	2,755,103	-	1,377,552	969,457
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	7,690,157	-	1,538,031	1,187,644
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	615,870	-	-	-
Unutilised credit card lines	613,506	-	122,701	91,735
Total	30,846,074	88,805	5,138,564	3,913,978

b) Disclosures on Off Balance Sheet and Counterparty Credit Risk (RM'000) (continued)
The Bank
2019

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Amount
Direct Credit Substitutes	445,758	-	445,758	411,641
Transaction related contingent items	1,494,531	-	747,265	692,235
Short Term Self Liquidating trade related contingencies	175,032	-	35,007	34,491
Foreign exchange related contracts				
One year or less	9,812,356	93,613	230,728	83,065
Over one year to five years	207,100	1,456	18,705	3,741
Interest/Profit rate related contracts				
One year or less	23,148	353	58	29
Over one year to five years	1,480,000	17,120	55,015	19,376
Over five years	270,000	5,683	21,270	6,365
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	797,622	-	398,811	344,872
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	4,556,911	-	911,382	715,403
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	37,322	-	-	-
Unutilised credit card lines	380,117	-	76,023	56,591
Total	19,679,897	118,225	2,940,022	2,367,809

BASEL II PILLAR 3 DISCLOSURES
as at 31 December 2019

Appendix IV

b) Disclosures on Off Balance Sheet and Counterparty Credit Risk (RM'000) (continued)

The Bank

2018

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Amount
Direct Credit Substitutes	415,834	-	415,834	353,435
Transaction related contingent items	1,662,775	-	831,387	766,784
Short Term Self Liquidating trade related contingencies	113,759	-	22,752	22,184
Foreign exchange related contracts				
One year or less	8,576,966	42,315	188,044	78,418
Over one year to five years	96,030	349	5,762	2,881
Interest/Profit rate related contracts				
One year or less	251,000	751	254	79
Over one year to five years	990,148	6,846	33,502	10,743
Over five years	995,000	11,570	63,458	18,145
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	756,251	-	378,125	332,944
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	6,060,241	-	1,212,048	988,818
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	133,561	-	-	-
Unutilised credit card lines	417,558	-	83,512	62,338
Total	20,469,123	61,831	3,234,678	2,636,769

c) Disclosures on Market Risk - Interest/Profit Rate Risk/Rate of Return Risk in the Banking Book

Interest/Profit rate risk is the risk to earnings and capital arising from exposure to adverse movements in interest/profit rates mainly due to mismatches in timing repricing of assets and liabilities. These mismatches are actively managed from an earnings and economic value perspective.

The objective of interest/profit rate risk management is to achieve a stable and sustainable net interest/profit income from the following perspectives:-

(1) Next 12 months' Earnings - Interest/Profit rate risk from the earnings perspective is the impact based on changes to the net interest/profit income ('NII') over the next 12 months. This risk is measured through sensitivity analysis including the application of an instantaneous 100 basis point parallel shock in interest/profit rates across the yield curve.

(2) Economic Value - Measuring the change in the Economic Value of Equity ('EVE') is an assessment of the long term impact to the Group and the Bank's capital. This is assessed through the application of relevant duration factors to capture the net economic value impact over the long term or total life of all balance sheet assets and liabilities to adverse changes in interest/profit rates.

Appendix IV

BASEL II PILLAR 3 DISCLOSURES
as at 31 December 2019

c) Disclosures on Market Risk - Interest/Profit Rate Risk/Rate of Return Risk in the Banking Book (continued)

Interest/Profit rate risk thresholds are established in line with the Group and the Bank's strategy and risk appetite. These thresholds are reviewed regularly to ensure relevance in the context of prevailing market conditions.

2019

Type of Currency (RM million)	The Group		The Bank	
	Impact on Positions (100 basis points) Parallel Shift		Impact on Positions (100 basis points) Parallel Shift	
	Increase/ (Decline) in Earnings	Increase/ (Decline) in Economic Value	Increase/ (Decline) in Earnings	Increase/ (Decline) in Economic Value
Ringgit Malaysia	**33.2**	**631.1**	**14.2**	**295.5**
US Dollar	**(1.6)**	**11.0**	**2.6**	**7.2**
Euro	**(0.5)**	**-**	**(0.5)**	**-**
Great Britain Pound	**(0.1)**	**-**	**(0.1)**	**-**
Australian Dollar	**(0.3)**	**-**	**(0.3)**	**-**
Singapore Dollar	**(0.1)**	**1.7**	**(0.2)**	**-**
Others (#)	**(0.2)**	**-**	**(0.1)**	**-**
Total	**30.4**	**643.8**	**15.6**	**302.7**

Others comprise of CNH, NZD and HKD currencies where the amount of each currency is relatively small.

2018

Type of Currency (RM million)	The Group		The Bank	
	Impact on Positions (100 basis points) Parallel Shift		Impact on Positions (100 basis points) Parallel Shift	
	Increase/ (Decline) in Earnings	Increase/ (Decline) in Economic Value	Increase/ (Decline) in Earnings	Increase/ (Decline) in Economic Value
Ringgit Malaysia	40.6	192.3	(33.4)	336.0
US Dollar	3.5	4.2	3.5	5.7
Euro	(1.4)	2.2	(1.4)	2.2
Great Britain Pound	(0.1)	-	(0.1)	-
Australian Dollar	(0.1)	0.1	(0.1)	0.1
Singapore Dollar	(0.5)	(2.1)	(0.4)	0.1
Others (#)	(0.4)	-	-	-
Total	41.6	196.7	(31.9)	344.1

Others comprise of CNH, NZD and HKD currencies where the amount of each currency is relatively small.

ADDITIONAL DISCLOSURE
PURSUANT TO LISTING REQUIREMENTS

The information set out below is disclosed in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"):-

1. Utilisation of proceeds raised from corporate proposals

There were no proceeds raised from corporate proposals during the financial year.

2. Materials Contracts

There were no material contracts entered into by Affin Bank and/or its subsidiary companies involving the interests of directors, Chief Executive who is not a director or major shareholders which subsisted at the end of the financial year ended 31 December 2019 or, if not then subsisting entered into since the end of the previous financial year.

3. Recurrent Related Party Transactions of a Revenue or Trading Nature

At the Annual General Meeting held on 29 April 2019, Affin Bank had obtained shareholders' mandate to allow Affin Bank and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, which are necessary for the day-to-day operations of Affin Bank and/or its subsidiaries within the ordinary course of business of Affin Bank and/or its subsidiaries ("Shareholders' Mandate").

In accordance with Section 3.1.5 of Practice Note No. 12 of the Listing Requirements, the details of the RRPTs conducted during the financial year ended 31 December 2019 by Affin Bank and its subsidiaries under the Shareholders' Mandate are disclosed as follows:-

Name of Company	Related Company	Nature of Transaction	Interested Directors/Major Shareholders/Person(s) Connected to Interested Directors or Interested Major Shareholders	Value of Transaction RM'000
Affin Bank	Perbadanan Perwira Niaga Malaysia	Rental payment by Affin Bank for office premises, service charge and space for Automated Teller Machine (ATM) at various locations for a lease period ranging from two (2) to three (3) years	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholder LTAT	153
	Boustead Travel Services Sdn Bhd ("**Boustead Travel**")	Provision of travelling related services to Affin Bank	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	576
	Boustead Properties Sdn Bhd ("**Boustead Properties**")	Rental payment by Affin Bank for office premises and car park payable monthly for a lease term renewable every five (5) years (Menara AFFIN)	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	12,206

ADDITIONAL DISCLOSURE
PURSUANT TO LISTING REQUIREMENTS

Name of Company	Related Company	Nature of Transaction	Interested Directors/Major Shareholders/Person(s) Connected to Interested Directors or Interested Major Shareholders	Value of Transaction RM'000
Affin Bank (continued)	Lembaga Tabung Angkatan Tentera ("**LTAT**")	Rental payment by Affin Bank for office premises and car park payable monthly for a lease term renewable every three (3) years	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron <u>Interested Major Shareholder</u> LTAT	318
	Boustead Curve Sdn Bhd ("**Boustead Curve**")	Rental payment by Affin Bank for office premises, car parking and utilities charges for a lease term renewable every three (3) years and payment for other related services (The Curve)	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron <u>Interested Major Shareholders</u> LTAT and Boustead	206
	Boustead Hotels & Resorts Sdn Bhd ("**Boustead Hotels & Resorts**")	Hotel facilities and refreshment provided to Affin Bank	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron <u>Interested Major Shareholders</u> LTAT and Boustead	1,107
	Boustead Hotels & Resorts	Rental payment by Affin Bank for space of ATM machine at The Royale Chulan Kuala Lumpur Hotel	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron <u>Interested Major Shareholders</u> LTAT and Boustead	12
	Boustead Petroleum Marketing Sdn Bhd ("**Boustead Petroleum**")	LED advertising charges and related expenses to Affin Bank	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron <u>Interested Major Shareholders</u> LTAT and Boustead	30
	Boustead Petroleum	Rental payment by Affin Bank for space of ATM machine at BHP petrol stations	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron <u>Interested Major Shareholders</u> LTAT and Boustead	191

ADDITIONAL DISCLOSURE
PURSUANT TO LISTING REQUIREMENTS

Name of Company	Related Company	Nature of Transaction	Interested Directors/Major Shareholders/Person(s) Connected to Interested Directors or Interested Major Shareholders	Value of Transaction RM'000
	Boustead Ikano Sdn Bhd	Rental payment by ABB for branch premises payable monthly for a lease term renewable every three (3) years (MyTown branch)	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	213
	Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin	Rental payment by Affin Bank for branch premises payable monthly for a lease term renewable every three (3) years (Kulai)	Interested Director Gen. Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin (R)	50
AFFIN Islamic	Boustead Travel	Provision of travelling related services to AFFIN Islamic	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	46
AFFIN Hwang Investment Bank Berhad ("**AFFIN Hwang IB**")	Boustead Realty Sdn Bhd ("**Boustead Realty**")	Rental payment by AFFIN Hwang IB for office premises, car parking and utilities charges for a lease term renewable every three (3) years and payment for other related services (Menara Boustead)	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	2,452
	Boustead Travel	Provision of travelling related services to AFFIN Hwang IB	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	324
	Boustead Petroleum	Petrol consumption	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	18

ADDITIONAL DISCLOSURE
PURSUANT TO LISTING REQUIREMENTS

Name of Company	Related Company	Nature of Transaction	Interested Directors/Major Shareholders/Person(s) Connected to Interested Directors or Interested Major Shareholders	Value of Transaction RM'000
AFFIN Hwang IB (continued)	Boustead Curve	Rental payment by AFFIN Hwang IB for office premises, car parking and utilities charges for a lease term renewable every three (3) years and payment for other related services (The Curve)	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	43
	Irat	Rental payment by AFFIN Hwang IB for office premises, car parking and utilities charges for a renewable lease term every three (3) years and payment for other related services (Chulan Tower)	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	2,407
	Boustead Hotels & Resorts	Hotel facilities and refreshment provided to AFFIN Hwang IB for staff in-house training and other expenses	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	169
	Boustead Weld Quay Sdn Bhd	Accommodation and meeting package	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	47
AFFIN Hwang Asset Management Berhad ("**AFFIN Hwang Asset Management**")	LTAT	Management fees payable by LTAT to AFFIN Hwang Asset Management	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholder LTAT	259
	Boustead Travel	Provision of travelling related services to AFFIN Hwang Asset Management	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	397

ADDITIONAL DISCLOSURE
PURSUANT TO LISTING REQUIREMENTS

Name of Company	Related Company	Nature of Transaction	Interested Directors/Major Shareholders/Person(s) Connected to Interested Directors or Interested Major Shareholders	Value of Transaction RM'000
AFFIN Hwang Asset Management (continued)	Boustead Hotels & Resorts	Hotel facilities and refreshment provided to AFFIN Hwang Asset Management for staff in-house training and other expenses	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	9
	Boustead Realty	Rental payment by AFFIN Hwang Asset Management for office premises and car park payable monthly for a lease term renewable every three (3) years and payment for other related services	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	3,030
	Nikko Asset Management	Management fees payable by AFFIN Hwang Asset Management to Nikko Asset Management	Interested Director David Jonathan Semaya Interested Major Shareholder Nikko Asset Management	279
	Nikko Asset Management	Advisory fees payable by AFFIN Hwang Asset Management to Nikko Asset Management	Interested Director David Jonathan Semaya Interested Major Shareholder Nikko Asset Management	674
	Nikko Asset Management	Other fees and commission payable by Nikko Asset Management to AFFIN Hwang Asset Management	Interested Director David Jonathan Semaya Interested Major Shareholder Nikko Asset Management	1,459
AFFIN Moneybrokers Sdn Bhd ("**AFFIN Moneybrokers**")	Boustead Realty	Rental payment by AFFIN Moneybrokers for office premises and car park payable monthly for a lease term renewable every three (3) years and payment for other related services	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	377
	Boustead Travel	Provision of travelling related services to AFFIN Moneybrokers	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	80

ADDITIONAL DISCLOSURE
PURSUANT TO LISTING REQUIREMENTS

Name of Company	Related Company	Nature of Transaction	Interested Directors/Major Shareholders/Person(s) Connected to Interested Directors or Interested Major Shareholders	Value of Transaction RM'000
AXA AFFIN Life Insurance Berhad ("**AXA AFFIN Life**")	Irat	Rental payment by AXA AFFIN Life for office premises, car park and utilities charges for lease term renewable every three (3) years and payment for other related services	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	1,714
	AXA Asia Pacific Ltd	Provision of information technology and other support services to AXA AFFIN Life	Interested Directors Rohit Chandrasekharan Nambiar and Jean Paul Dominique Louis Drouffe Interested Major Shareholder AXA Asia	1,020
	AXA Technology Services	Provision of information technology and other support services to AXA AFFIN Life	Interested Directors Rohit Chandrasekharan Nambiar and Jean Paul Dominique Louis Drouffe Interested Major Shareholder AXA Asia	5,017
	AXA Technology Services	Software development and license fees charged by AXA Technology Services to AXA AFFIN Life	Interested Directors Rohit Chandrasekharan Nambiar and Jean Paul Dominique Louis Drouffe Interested Major Shareholder AXA Asia	2,812
	Boustead Travel	Provision of travelling related services to AXA AFFIN Life	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	339
	Boustead Hotels & Resorts	Hotel facilities and refreshment provided to AXA AFFIN Life	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	74
AIIMAN Asset Management	Boustead Travel	Provision of travelling related services to AIIMAN Asset Management	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	3
Total				**38,111**

PARTICULAR OF PROPERTIES

AS AT 31 DECEMBER 2019

NO.	TITLE/MUKIM	ADDRESS/PROPERTY	DESCRIPTION/ EXISTING USE	TENURE	SITE AREA (sq ft)	APPROX AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31/12/2019 (RM)
1	GERAN NO. HAKMILIK 75550 LOT 1207 SEKSYEN 62 (previously Lot 13151) GERAN NO. HAKMILIK 76429 LOT 20006 SEKSYEN 62 (previously Lot 11641) BANDAR & DISTRICT OF KUALA LUMPUR WILAYAH PERSEKUTUAN KUALA LUMPUR	TRX DISTRICT PLOT C7.9-CT	COMMERCIAL LAND	FREEHOLD	LAND: 54,266	-	259,831,312
2	LOT 51412 & 51413 HS(D) 23844 & 23843 P.T. 3479 & 3480 MUKIM OF KUALA LUMPUR DISTRICT OF W. PERSEKUTUAN	NO. 4 & 6 JALAN TELAWI 3 BANGSAR BARU 59100 KUALA LUMPUR	2 UNITS 3 STOREY SHOP OFFICE/BRANCH PREMISES	FREEHOLD	LAND: 4,659 BUILT-UP: 11,858	28	2,864,291
3	HS(D) 52849,52850, 52988 & 52989 PT 2, 3, 6620 & 6621 MUKIM OF BATU DISTRICT OF WILAYAH PERSEKUTUAN	NO. 81, 83 & 85 JALAN 2/3A PUSAT PASAR BORONG KM 12, JALAN IPOH 68100 BATU CAVES KUALA LUMPUR	3 UNITS 4 STOREY SHOP OFFICE/BRANCH PREMISES	LEASEHOLD EXP: 01/01/2086	LAND: 4,950 BUILT-UP: 16,733	24	870,836
4	LOT 14127 & 14128 GRANTS 7792 & 7793 MUKIM OF SETAPAK DISTRICT OF KUALA LUMPUR	NO. 159 & 161 JALAN GENTING KELANG 53300 SETAPAK KUALA LUMPUR	2 UNITS 3 STOREY SHOP OFFICE WITH BASEMENT/ BRANCH PREMISES	FREEHOLD	LAND: 4,306 BUILT-UP: 17,224	31	1,702,545
5	HS(D) 67774 & 67773 LOT 29427 & 29428 MUKIM OF KUALA LUMPUR DISTRICT & STATE OF WILAYAH PERSEKUTUAN	NO. 47 & 49 JALAN TUN MOHD FUAD 3 TAMAN TUN DR ISMAIL 60000 KUALA LUMPUR	2 UNITS 3 STOREY SHOP OFFICE/ BRANCH PREMISES	FREEHOLD	LAND: 5,138 BUILT-UP: 11,250	28	3,608,844
6	LOT 27/28, SEKSYEN 1 NO. HAKMILIK 980/981 MUKIM OF PEKAN BATU	NO. 840 & 842, BT 4 ½ JALAN IPOH 51200 KUALA LUMPUR	4 1/2 STOREY BUILDING WITH BASEMENT/ BRANCH PREMISES	LEASEHOLD EXP: 13/01/2037	LAND: 3,081 BUILT-UP: 9,243	34	1,121,015

PARTICULAR OF PROPERTIES
AS AT 31 DECEMBER 2019

NO.	TITLE/MUKIM	ADDRESS/PROPERTY	DESCRIPTION/ EXISTING USE	TENURE	SITE AREA (sq ft)	APPROX AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31/12/2019 (RM)
7	HS(D) 96849 (30438 [new]) LOT/PT 6536 (28035 [new]) MUKIM OF SETAPAK DISTRICT & STATE OF WILAYAH PERSEKUTUAN	NO. 2, JLN 1/27F KLSC WANGSA MAJU 53300 KUALA LUMPUR [C7/5O/86-1, C7/5O/86-2 C7/5O/86-3, & C7/5O/86-4]	4 STOREY SHOP OFFICE CORNER UNIT/BRANCH PREMISES	LEASEHOLD EXP: 19/04/2083	LAND: 4,480 BUILT-UP: 14,920	21	2,067,005
	HS(D) 96848 (30437 [new]) LOT/PT 6537 (28034 [new]) MUKIM OF SETAPAK DISTRICT & STATE OF WILAYAH PERSEKUTUAN	NO. 4, JLN 1/27F KLSC WANGSA MAJU 53300 KUALA LUMPUR [C7/5O/85-1, C7/50/85-2 & C7/5O/85-3]	3 STOREY SHOP OFFICE/BRANCH PREMISES	LEASEHOLD EXP: 19/04/2083	LAND: 1,920 BUILT-UP: 5,760		
8	HS(D) 23766 PT 199, SECTION 40 MUKIM KUALA LUMPUR	133, JALAN BUNUS OFF JALAN MASJID INDIA 50100 KUALA LUMPUR	1 UNIT 4 1/2 STOREY SHOP OFFICE/BRANCH PREMISES	FREEHOLD	LAND: 1,539.9 BUILT-UP: 7,699.8	19	3,148,016
9	HS(M) 2926 & 2925 P.T. 21346 & 21345 MUKIM OF PETALING DISTRICT OF W.P.	NO. 10 & 12 JLN RADIN TENGAH BANDAR BARU SERI PETALING 57000 KUALA LUMPUR	2 UNITS 3 STOREY SHOP OFFICE/BRANCH PREMISES	LEASEHOLD EXP: 05/04/2078	LAND: 3,840 BUILT-UP: 11,520	36	464,600
10	HS(D) 5217 P.T. 90 SECTION 1 TOWN OF PORT SWETHENHAM DISTRICT OF KLANG	NO. 1, JLN BERANGAN 42000 PORT KLANG SELANGOR	4 STOREY SHOP OFFICE/BRANCH PREMISES	FREEHOLD	LAND: 3,000 BUILT-UP: 12,768	38	367,608
11	HS(M) 4961 PT 457 HS(M) 4962 PT 458 MUKIM OF KAJANG DISTRICT OF ULU LANGAT	NO. 2 & 3, JLN SAGA TMN SRI SAGA OFF JLN SG CHUA 43000 KAJANG SELANGOR	2 UNITS 3 1/2 STOREY SHOP OFFICE/ BRANCH PREMISES	FREEHOLD	LAND: 3,510 BUILT-UP: 11,136	24	206,275
12	HS(D) 11547, 11548 P.T. 15727, 15728 MUKIM OF AMPANG	NO. 11 & 11A JLN MAMANDA 7/1 AMPANG POINT 68000 AMPANG SELANGOR	5 STOREY SHOP OFFICE BRANCH PREMISES	FREEHOLD	LAND: 3,261 BUILT-UP: 5,658.4	23	859,512
13	HS(D) 39216, K1 PT 2068 MUKIM AND DISTRICT OF PETALING	NO. 1, JLN TK 1/11A TMN KINRARA, SECTION 1 BATU 7 ½ JLN PUCHONG 58200 SELANGOR	3 STOREY SHOP OFFICE + BASEMENT/ BRANCH PREMISES	LEASEHOLD EXP: 27/8/2091	LAND: 3,900 BUILT-UP: 15,600	25	1,237,279

PARTICULAR OF PROPERTIES
AS AT 31 DECEMBER 2019

NO.	TITLE/MUKIM	ADDRESS/PROPERTY	DESCRIPTION/ EXISTING USE	TENURE	SITE AREA (sq ft)	APPROX AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31/12/2019 (RM)
14	HS(D) 9406, LOT 8226 & PT 4045 HS(D) 9407, LOT 8227 & PT 4046 MUKIM OF DAMANSARA DISTRICT OF PETALING	NO. 7 & 9 JLN SS 15/8A 47500 PETALING JAYA SELANGOR	2 UNITS 4 STOREY SHOP OFFICE/BRANCH PREMISES	FREEHOLD	LAND: 3,520 BUILT-UP: 9,944	26	914,947
15	HS(M) 14862 & 14863 PT 21350 & 21351 TEMPAT BUKIT RAJA MUKIM OF KAPAR DISTRICT OF KLANG	NO. 29 & 31 JALAN TIARA 3 BANDAR BARU KELANG 41150 KELANG SELANGOR	2 UNITS 4 STOREY SHOP OFFICE/BRANCH PREMISES	LEASEHOLD EXP: 8/5/2093	LAND: 3,300 BUILT-UP: 13,200	22	2,387,986
16	HS(M) 6836 P.T. 14531 MUKIM OF DAMANSARA DISTRICT OF PETALING	NO. 301, 401 & 501, BLOCK C, MENARA GLOMAC KELANA BUSINESS CENTRE 97, JALAN 227/2 47301 KELANA JAYA SELANGOR	MORTGAGE HUB, ASB HUB AND DISASTER RECOVERY CENTRE	LEASEHOLD EXP: 21/11/2092	LAND: N/A BUILT-UP NO 301: 6,916 NO 401: 6,916 NO 501: 6,916	19	4,605,250
17	HS(D) 103053 LOT NO. 770, SECTION 11 DISTRICT OF PETALING TOWN OF SHAH ALAM	NO. 11, PUSAT DAGANGAN SHAH ALAM PERSIARAN DAMAI, SEKSYEN 11 40100 SHAH ALAM SELANGOR DARUL EHSAN	1 UNIT 5 STOREY SHOP OFFICE/ BRANCH PREMISES (BLC, MORTGAGE & STORAGE)	LEASEHOLD EXP: 12/05/2095	LAND: 1,650 BUILT-UP: 8,000	19	1,628,151
	HS(D) 103053 LOT NO. 770, SECTION 11 DISTRICT OF PETALING TOWN OF SHAH ALAM	NO. 12, PUSAT DAGANGAN SHAH ALAM PERSIARAN DAMAI, SEKSYEN 11 40100 SHAH ALAM SELANGOR DARUL EHSAN	1 UNIT 5 STOREY SHOP OFFICE/ BRANCH PREMISES (BLC, MORTGAGE & STORAGE)	LEASEHOLD EXP: 12/05/2095	LAND: 1,650 BUILT-UP: 8,000		
18	HS(D) 36868, LOT 25724, MUKIM OF PETALING	NO. 161, JALAN SS2/24 47300 PETALING JAYA SELANGOR	3 STOREY SHOP HOUSE/BRANCH PREMISES	FREEHOLD	LAND: 2,268 BUILT-UP: 8,902	39	785,361
19	HS(D) 194608, PT 1106, PEKAN SERDANG, DAERAH PETALING, SELANGOR	NO. 36, JALAN PSK 3 PUSAT PERDAGANGAN SERI KEMBANGAN 43300 SERI KEMBANGAN SELANGOR	3 STOREY SHOP HOUSE/BRANCH PREMISES	FREEHOLD	LAND: 3,563 BUILT-UP: 10,684	19	1,197,564

PARTICULAR OF PROPERTIES
AS AT 31 DECEMBER 2019

NO.	TITLE/MUKIM	ADDRESS/PROPERTY	DESCRIPTION/ EXISTING USE	TENURE	SITE AREA (sq ft)	APPROX AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31/12/2019 (RM)
20	HS(D) 16521 & 16496 P.T. 8912/1367 & P.T. 8912/1366 MUKIM OF KUALA LUMPUR DISTRICT OF PETALING	NO. 20 & 22 JLN 21/12, SEA PARK 46730 PETALING JAYA SELANGOR	2 UNITS 2 STOREY SHOP OFFICE WITH BASEMENT/ BRANCH PREMISES	FREEHOLD	LAND: 3,230 BUILT-UP: 9,750	35	1,325,713
21	PLOTS 65 & 66 HS(D) 7570 & 7571 LOT 8552 & 8553 MUKIM 12 DISTRICT OF BARAT DAYA	NO. 124 & 126 JALAN MAYANG PASIR TMN SRI TUNAS 11950 BAYAN BARU PULAU PINANG	2 UNITS 3 STOREY SHOP OFFICE/BRANCH PREMISES	FREEHOLD	LAND: 3,080 BUILT-UP: 8,360	27	888,139
22	GM 2251 & 2252 LOT 3991 & 3992 MUKIM 5 DISTRICT OF SEBERANG PERAI UTARA	NO. 1317 & 1318 TMN SEPAKAT OFF JLN BUTTERWORTH 13200 KEPALA BATAS SEBERANG PRAI UTARA PULAU PINANG	2 UNITS 3 STOREY SHOP OFFICE/BRANCH PREMISES	FREEHOLD	LAND: 2,390 BUILT-UP: 6,920	24	472,278
23	PN 1825 & 1826 HS(D) 5507 & 5508 MUKIM 1 DISTRICT OF SEBERANG PERAI TENGAH, PENANG	NO. 10 JLN TODAK 1 PUSAT BANDAR SEBERANG JAYA 13700 PERAI, PENANG	4 STOREY SHOP OFFICE/BRANCH PREMISES	LEASEHOLD EXP: 21/10/2092	LAND: 3,681 BUILT-UP: 13,716	23	1,553,358
24	TITLE NO. 35120 LOT NO. 86, SECTION 2 TOWN OF BATU FERINGHI NORTH EAST DISTRICT OF PENANG New Title: Lot No. 666, Geran HBM 107/ M1/22/124, Mukim Bandar Batu Peringgi Sek. 2, Daerah Timur Laut, Negeri Pulau Pinang.	SRI SAYANG RESORT APARTMENT UNIT NO. 22-06, 22ND STOREY BATU FERINGHI PULAU PINANG	AN END UNIT 3 BEDROOM APARTMENT	FREEHOLD	LAND: N/A BUILT-UP: 911	19	145,702
25	HS(D) 807 & 808 P.T. 2592 & 2593 DISTRICT OF SEBERANG PERAI UTARA	NO. 55 & 57, TMN SELAT JLN BAGAN LUAR 12710 BUTTERWORTH PULAU PINANG	2 UNITS 4 STOREY SHOP OFFICE/BRANCH PREMISES	FREEHOLD	LAND: 4,779.2 BUILT-UP: 13,760	34	1,392,914
26	UNIT NO. P1-01-32, HELD UNDER HAKMILIK, STRATA NO BERDAFTAR GERAN 61929/M1/1/53, LOT NO. 1594, SEKSYEN 2, BANDAR TANJONG TOKONG	FETTES PARK 98-G-32 TO 98-3A-32 BLOCK 32 PRIMA TANJUNG BUSINESS CENTRE JALAN TANJUNG TOKONG 10470 PULAU PINANG	5 STOREY SHOP OFFICE	FREEHOLD	L: 1,037 B: 1,037	19	1,559,837

PARTICULAR OF PROPERTIES
AS AT 31 DECEMBER 2019

NO.	TITLE/MUKIM	ADDRESS/PROPERTY	DESCRIPTION/ EXISTING USE	TENURE	SITE AREA (sq ft)	APPROX AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31/12/2019 (RM)
	UNIT NO. P1-02-32, HELD UNDER HAKMILIK, STRATA NO BERDAFTAR GERAN 61929/M1/2/121, LOT NO. 1594, SEKSYEN 2, BANDAR TANJONG TOKONG				L: N/A B: 1,037		
	UNIT NO. P1-03-32, HELD UNDER HAKMILIK, STRATA NO BERDAFTAR GERAN 61929/ M1 MENARA B/3/223, LOT NO. 1594, SEKSYEN 2, BANDAR TANJONG TOKONG				L: N/A B: 1,886		
	UNIT NO. P1-04-32, HELD UNDER HAKMILIK, STRATA NO BERDAFTAR GERAN 61929/ M1 MENARA B/4/257, LOT NO. 1594, SEKSYEN 2, BANDAR TANJONG TOKONG				L: N/A B: 1,886		
	UNIT NO. P1-05-32, HELD UNDER HAKMILIK, STRATA NO BERDAFTAR GERAN 61929/ M1 MENARA B/5/259, LOT NO. 1594, SEKSYEN 2, BANDAR TANJONG TOKONG				L: N/A B: 1,886		
27	LOT 175 & 176 PT 1386 & 1387 GRANT 6787 MUKIM OF KUAH DISTRICT OF LANGKAWI	NO. 149-A, 149-B & 149-C NO. 151-A, 151-B & 151-C PERSIARAN BUNGA RAYA LANGKAWI MALL 07000 KUAH LANGKAWI, KEDAH	2 ADJACENT LOTS 3 STOREY SHOP OFFICE/BRANCH PREMISES	FREEHOLD	LAND: 3,304 BUILT-UP: 9,912	22	1,198,156
28	HS(D) 73618 & 73619 PT 5733 & 5734 MUKIM OF LABU DISTRICT OF SEREMBAN	NO. 5733 & 5734 JLN TS 2/1 TMN SEMARAK, PHASE II 71800 NILAI N. SEMBILAN	2 UNITS 3 STOREY SHOP OFFICE/BRANCH PREMISES	FREEHOLD	LAND: 3,600 BUILT-UP: 10,800	25	637,733

PARTICULAR OF PROPERTIES
AS AT 31 DECEMBER 2019

NO.	TITLE/MUKIM	ADDRESS/PROPERTY	DESCRIPTION/ EXISTING USE	TENURE	SITE AREA (sq ft)	APPROX AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31/12/2019 (RM)
29	LOT S03 & S04 PT 72, HS(D) 7295 DISTRICT OF PORT DICKSON	NO. 3 & 4, JALAN AMAN KAWASAN PENAMBAKAN LAUT BANDAR PORT DICKSON 71009 NEGERI SEMBILAN	2 UNITS 3 STOREY SHOP OFFICE/BRANCH PREMISES	LEASEHOLD EXP: 31/1/2085	LAND: 3,532 BUILT-UP: 9,900	23	661,593
30	HS(D) 9980 PT 4370 MUKIM & DISTRICT PORT DICKSON New Title:- Lot No. 287, PN 2474/M1/3/48, Mukim Bandar Port Dickson, Daerah Port Dickson	CORUS LAGOON APARTMENT UNIT B-L3-06 BATU 2, JALAN PANTAI 71000 PORT DICKSON NEGERI SEMBILAN	1 UNIT APARTMENT	LEASEHOLD EXP: 06/07/2087	LAND: N/A BUILT-UP: 792	19	118,849
31	HS(D) 7156, 7157, 7187 & 7188 PT 34, 35, 65 & 66 BANDAR BUKIT BARU SEKSYEN 11 DISTRICT OF MELAKA TENGAH	BUKIT BARU NO. 7 & 8, JALAN DR1 DELIMA POINT TAMAN DELIMA RAYA 75150 MELAKA	2 UNITS 5 STOREY SHOP OFFICE/BRANCH PREMISES	FREEHOLD	LAND: 3,509 BUILT-UP: 17,160	23	1,322,830
32	HS(D) 4705 & 4706, DISTRICT OF MELAKA TENGAH	NO. 200 & 201, TAMAN MELAKA RAYA OFF JALAN PARAMESWARA 75000, MELAKA	2 UNITS 3 STOREY SHOP OFFICE/BRANCH PREMISES	LEASEHOLD EXP: 19/12/2075	LAND: 4,430 BUILT-UP: 10,031	39	425,923
33	HS(D) 2874 & PTD 4161 TOWNSHIP OF KLUANG DISTRICT OF KLUANG	NO. 503 JLN MERSING 86000 KLUANG, JOHOR	3 STOREY SHOP OFFICE/BRANCH PREMISES	LEASEHOLD EXP: 19/12/2075	LAND: 6,000 BUILT-UP: 9,944	26	430,025
34	HS(D) 16728, PTD 9887 & HSD(D) 16729, PTD 9888, MUKIM OF SIMPANG KANAN, DISTRICT OF BATU PAHAT	NO. 3 & 4 JALAN MERAH TAMAN BUKIT PASIR 83000 BATU PAHAT JOHOR	2 UNITS 3 STOREY SHOP HOUSE/BRANCH PREMISES	FREEHOLD	LAND: 3,080 BUILT-UP: 16,227	29	723,440
35	PTD 48474 & 48475 HS(D) 86046 & 86047 MUKIM OF PLENTONG DISTRICT OF JOHOR BHARU	NO. 130 & 132 JLN ROSMERAH 2/17 TMN JOHOR JAYA 81100 JOHOR	2 UNITS 3 STOREY SHOP OFFICE/BRANCH PREMISES	FREEHOLD	LAND: 4,773 BUILT-UP: 14,319	25	1,406,511
36	PTD 100479 & 100480 MUKIM OF PLENTONG DISTRICT OF JOHOR BAHRU	NO. 23 AND 25, JALAN PERMAS 10/2, PERMAS JAYA, 81750 MASAI, JOHOR BAHRU, JOHOR	2 UNITS 4 STOREY SHOP OFFICE/BRANCH PREMISES	FREEHOLD	LAND: 3,840 BUILT-UP: 13,440	26	1,732,716

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NO.	TITLE/MUKIM	ADDRESS/PROPERTY	DESCRIPTION/ EXISTING USE	TENURE	SITE AREA (sq ft)	APPROX AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31/12/2019 (RM)
37	PTD 62642 & 62643 HS(D) 227069 &227070 MUKIM OF PULAI DISTRICT OF JOHOR BAHRU	NO. 49 & 51 JALAN SRI PERKASA 2/1 TAMAN TAMPOI UTAMA 81200 TAMPOI JOHOR BAHRU, JOHOR	2 ADJACENT LOTS 3 STOREY SHOP HOUSE/BRANCH PREMISES	LEASEHOLD EXP: 13/4/2094	LAND: 5,468 BUILT-UP: 10,710	22	1,079,541
38	HS(M) 6367, PT 7485 MUKIM OF CHENOR DISTRICT OF MARAN	NADI KOTA BANDAR PUSAT JENGKA 26400 JENGKA PAHANG	SINGLE STOREY BUNGALOW/ BRANCH PREMISES	LEASEHOLD EXP: 21/8/2091	LAND: 20,056 BUILT-UP: 2,100	29	330,750
39	LOT 1894 TITLE NO. 1289 & LOT 1895 TITLE NO. 1290, DAERAH & BANDAR KUALA TERENGGANU, NEGERI TERENGGANU	63 & 63A, JALAN SULTAN ISMAIL 20200 KUALA TERENGGANU, TERENGGANU	3 STOREY SHOP OFFICE/BRANCH PREMISES	LEASEHOLD EXP: 18/12/2048	LAND: 4,171 BUILT-UP: 8,128	19	1,257,572
40	(L/H) HS(D) 1772 PT 2851 MUKIM OF KIJAL DISTRICT OF KEMAMAN	AWANA KIJAL BEACH RESORT APARTMENT (2 ROOMS) 13B, BAIDURI APARTMENT KM 28, JALAN KEMAMAN-DUNGUN 24100 KIJAL, TERENGGANU	1 UNIT APARTMENT	LEASEHOLD EXP: 27/11/2091	LAND: N/A BUILT-UP: 892	19	115,421
41	HS(D) 1772 PT 2851 MUKIM OF KIJAL DISTRICT OF KEMAMAN	AWANA KIJAL BEACH RESORT APARTMENT (3 ROOMS) 19A, BAIDURI APARTMENT KM 28, JALAN KEMAMAN-DUNGUN 24100 KIJAL, TERENGGANU	1 UNIT APARTMENT	LEASEHOLD EXP: 27/11/2091	LAND: N/A BUILT-UP: 1,107	19	142,743
42	GM 1764 LOT 2943 AND GM 1765 LOT 2945 (FORMERLY KNOWN GM 405, LOT 1927, GM 407, LOT 2007 GM 409, LOT 2006) MUKIM NIBONG TANAH MERAH, KELANTAN	LOT PT 1995/1996 BANDAR BARU BUKIT BUNGA 17700 TANAH MERAH KELANTAN	1 UNIT 2 STOREY SHOP OFFICE/ BRANCH PREMISES	FREEHOLD	LAND: 2,000 BUILT-UP: 4,000	19	257,047

PARTICULAR OF PROPERTIES
AS AT 31 DECEMBER 2019

NO.	TITLE/MUKIM	ADDRESS/PROPERTY	DESCRIPTION/ EXISTING USE	TENURE	SITE AREA (sq ft)	APPROX AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31/12/2019 (RM)
43	LOT 436 & 437 GERAN NO. 12256 & 12257 SECTION 13 DISTRICT OF KOTA BHARU New Title: HS(D) KB. 4/98, No. PT 133 & HS(D) KB. 5/98, No. PT 134, SECTION 13, DISTRICT OF KOTA BHARU	NO. 3788 H & 3788 I SECTION 13 JALAN SULTAN IBRAHIM 15050 KOTA BHARU, KELANTAN	2 UNITS 3 STOREY SHOP OFFICE/BRANCH PREMISES	LEASEHOLD EXP: 09/03/2064	LAND: 3,200 BUILT-UP: 9,152	34	728,310
44	LOT 247 & 248, SECTION 49, LEASE OF STATE LAND	LOT 247 & 248, SECTION 49, KTLD, JALAN TUNKU ABDUL RAHMAN, 93100 KUCHING	2 UNITS 4 STOREY SHOP OFFICE/BRANCH PREMISES	LEASEHOLD EXP: 24/07/2044	LAND: 2,500 BUILT-UP: 9,405	33	743,783
45	LOT 2387 & 2388 BLOCK 5 DISTRICT OF MIRI	LOT 2387 & 2388 JALAN BOULEVARD 1A BOULEVARD COMMERCIAL CENTRE 3KM, JALAN MIRI-PUJUT 98000 MIRI, SARAWAK	2 UNITS 3 STOREY SHOP OFFICE/BRANCH PREMISES	LEASEHOLD EXP: 21/1/2050	LAND: 3,190 BUILT-UP: 8,371	23	687,850
46	SUB-LOT 13, LOT 3060 DISTRICT OF BINTULU	SUB LOT 13, OFF LOT 3299 BINTULU TOWN DISTRICT OFF JALAN DIWARTA 97000 BINTULU SARAWAK	1 UNITS 3 STOREY SHOP OFFICE (VACANT PREMISES)	LEASEHOLD EXP: 29/3/2055	LAND: 3,240 BUILT-UP: 9,720	22	535,253
47	TOWN LEASE NO. 017541374 & NO. 017541383 LOT 82 & 83, BLOK K MUKIM OF KARAMUNSING DISTRICT OF KOTA KINABALU	LOT 19 & 20 SADONG JAYA COMPLEX JALAN JUARA IKAN 3 KARAMUNSING 88300 KOTA KINABALU SABAH	4 STOREY SHOP OFFICE/BRANCH PREMISES	LEASEHOLD EXP: 21/1/2901	LAND: 2,780 BUILT-UP: 10,144	26	2,094,371
48	TOWN LEASE: 107516432 TOWN LEASE: 107516441 TOWN LEASE: 107516450 DISTRICT OF TAWAU	TB 281, 282 & 283 JLN HJ KARIM TOWN EXTENSION 11 91008 TAWAU, SABAH	3 UNITS 4 STOREY SHOP OFFICE/BRANCH PREMISES	LEASEHOLD EXP: 31/12/2895	LAND: 6,720 BUILT-UP: 13,440	35	1,395,586
49	LOT 400, PN2117 KAWASAN BANDAR XXXIX DISTRICT OF MELAKA TENGAH MELAKA	NO. 596 JALAN MELAKA RAYA 10 TAMAN MELAKA RAYA BANDAR HILIR 75000 MELAKA	2 STOREY SHOPHOUSE/ LEASED OUT PREMISES	LEASEHOLD EXP: 4/10/2082	LAND: 1,580 BUILT-UP: 2,790	33	242,500
							315,474,842

NETWORK OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFINBANK - JOHOR		
1	AFFINBANK Ayer Hitam Branch No 765, Jalan Batu Pahat, 86100 Ayer Hitam, Johor	07-758 1100	07-758 1001
2	AFFINBANK Batu Pahat Branch No 3 & 4, Jalan Merah, Taman Bukit Pasir, 83000 Batu Pahat, Johor	07-433 4210	07-433 3246
3	AFFINBANK Danga Bay Branch No. 17 & 18, Blok 6, Danga Bay, Jalan Skudai, 80200 Johor Bahru, Johor	07-234 3842	07-234 8852
4	AFFINBANK Johor Bahru Branch No. 24 & 25, Jalan Kebun Teh 1, Kebun Teh Commercial City, 80250 Johor Bahru, Johor	07-221 2403	07-221 2462
5	AFFINBANK Johor Jaya Branch No. 130 & 132, Jalan Ros Merah 2/17, Taman Johor Jaya, 81100 Johor Bahru, Johor	07-351 8602	07-351 4122
6	AFFINBANK Kluang Branch No. 503, Jalan Mersing, 86000 Kluang, Johor	07-772 4736	07-772 4486
7	AFFINBANK Kulai Branch No. 199 & 200, Jln Kenanga 29/4, Bandar Indahpura, 81000 Kulai Johor	07-660 8495	07-660 8363
8	AFFINBANK Muar Branch No.30A & 30A-1, Jalan Arab, 84000 Muar, Johor	06-953 2384	06-953 3489
9	AFFINBANK Mutiara Rini Branch No. 28 & 30, Jalan Utama 45,Taman Mutiara Rini, 81300, Skudai, Johor Darul Takzim	07-557 0900	07-557 1244
10	AFFINBANK Permas Jaya Branch No. 23 & 25, Jalan Permas 10/2, Bandar Baru Permas Jaya, 81750 Johor Bahru, Johor	07-386 3703	07-386 5061
11	AFFINBANK Segamat Branch No. 1, Ground Floor, Jalan Nagasari 23, Bandar Segamat Baru, 85000 Segamat, Johor	07-943 1378	07-943 1373
12	AFFINBANK Tampoi Branch No. 49 & 51, Jalan Sri Perkasa 2/1, Taman Tampoi Utama, 81200 Tampoi Johor Bahru, Johor	07-241 4946	07-241 4953
	AFFINBANK - KEDAH		
13	AFFINBANK Alor Setar Branch No. 147 & 148, Susuran Sultan Abdul Hamid 8, Kompleks Sultan Abdul Hamid, Fasa 2, Persiaran Sultan Abdul Hamid, 05050 Alor Setar, Kedah	04-772 1477	04-771 4796
14	AFFINBANK Kulim Branch No. 13 & 14, Jalan KLC Satu (1), Kulim Landmark Central, 09000 Kulim, Kedah	04-495 5566	04-490 4717
15	AFFINBANK Langkawi Branch No. 149-151, Persiaran Bunga Raya, Langkawi Mall, 07000 Kuah, Langkawi, Kedah	04-966 4426	04-966 4717
16	AFFINBANK Sungai Petani Branch No. 55, Jalan Perdana Heights 2/2, Perdana Heights, 08000 Sungai Petani, Kedah	04-421 1808	04-422 6675
	AFFINBANK - KELANTAN		
17	AFFINBANK Jeli Branch No. A1 & A2, Block A, Bandar Baru Bukit Bunga, 17700 Bukit Bunga, Tanah Merah, Kelantan	09-946 8955	09-946 8954
18	AFFINBANK Kota Bharu Branch No. 3788H & 3788I, Seksyen 13, Jalan Sultan Ibrahim, 15050 Kota Bahru, Kelantan	09-744 5688	09-744 2202

NETWORK OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFINBANK - MELAKA		
19	AFFINBANK Bukit Baru Branch No. 7 & 8, Jalan DR1, Delima Point, Taman Delima Raya, 75150 Melaka	06-232 1386	06-232 1579
20	AFFINBANK Melaka Raya Branch No. 200 & 201, Taman Melaka Raya, Off Jalan Parameswara, 75000 Melaka	06-283 5500	06-284 6618
	AFFINBANK - NEGERI SEMBILAN		
21	AFFINBANK Gemas Branch No. 1 & 2, Ground Floor, Laman Niaga Pernama, Kem Syed Sirajuddin, 73400 Gemas, Negeri Sembilan	07-948 3622	07-948 5022
22	AFFINBANK Nilai Branch No. 5733 & 5734, Jalan TS 2/1, Taman Semarak Phase II, 71800 Nilai, Negeri Sembilan	06-799 4114	06-799 5115
23	AFFINBANK Port Dickson Branch No. 3 & 4, Jalan Mahajaya, P.D. Centre Point, 71000 Port Dickson, Negeri Sembilan	06-647 3950	06-647 4776
24	AFFINBANK Seremban Branch No 175, Jalan Dato' Bandar Tunggal, 70000 Seremban, Negeri Sembilan	06-762 9651	06-763 6125
25	AFFINBANK Bandar Sri Sendayan Branch No.71-G & 71-1, Jalan Metro Sendayan 1/3, Sendayan Metropark, 71950 Bandar Sri Sendayan, Negeri Sembilan	06-775 8084	06-775 8081
	AFFINBANK - PAHANG		
26	AFFINBANK Jengka Branch Nadi Kota, 26400 Bandar Jengka, Pahang	09-466 2233	09-466 2422
27	AFFINBANK Kuantan Branch G2-Ground Floor G2, Menara Zenith, Jalan Putra Square 6, Putra Square, 25200 Kuantan, Pahang	09-514 8584	09-514 8580
28	AFFINBANK Mentakab Branch No. 70, Jalan Temerloh, 28400 Mentakab, Pahang	09-278 4487	09-277 6654
29	AFFINBANK Temerloh Branch No. 9, Ground Floor, Jalan Ahmad Shah, 28000, Temerloh, Pahang	09-296 8811	09-296 8800
	AFFINBANK - PERAK		
30	AFFINBANK Ipoh Branch No. 1 & 3 Ground & First Floors, Persiaran Greentown 9, Greentown Business Centre, 30450 Ipoh, Perak	05-255 0980	05-255 0976
31	AFFINBANK Ipoh Garden Branch No. 27A-27A1, Jalan Sultan Azlan Shah Utara, 31400 Ipoh, Perak	05-549 7275	05-549 7299
32	AFFINBANK Lumut Branch Ground Floor, Kompleks Mutiara Armada, Jalan Nakhoda, Pangkalan TLDM, 32100 Lumut, Perak	05-683 5051	05-683 5579
33	AFFINBANK Sitiawan Branch No. 11 & 12, Taman Sitiawan 1, Jalan Lumut, 32000 Sitiawan, Perak	05-692 8401	05-691 7339
34	AFFINBANK Taiping Branch No. 40 & 42, Jalan Tupai, 34000 Taiping, Perak	05-806 6816	05-808 0432
35	AFFINBANK Teluk Intan Branch No. 11, Medan Sri Intan, Jalan Sekolah, 36000 Teluk Intan, Perak	05-621 0130	05-621 0128
36	AFFINBANK Bandar Meru Raya Branch No. 47 & 47A, Jalan Meru Bestari A2, Medan Meru Bestari, 30020 Ipoh, Perak	05-526 3990	05-526 3950

NETWORK OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFINBANK - PERLIS		
37	AFFINBANK Kangar Branch No. 25 & 27, Jalan Satu, Taman Pertiwi Indah, Jalan Kangar - Alor Setar, 01000 Kangar, Perlis	04-977 7200	04-977 6100
	AFFINBANK - PENANG		
38	AFFINBANK Bayan Baru Branch No. 124 & 126, Jalan Mayang Pasir, Taman Sri Tunas, 11950 Bayan Baru, Pulau Pinang	04-644 4171	04-645 2709
39	AFFINBANK Butterworth Branch No. 55-57, Jalan Selat, Taman Selat, P.O.Box 165, Off Jalan Bagan Luar, 12000 Butterworth, Pulau Pinang	04-333 3177	04-332 3299
40	AFFINBANK Fettes Park Branch No. 98-G-31 & 32, Jalan Fettes, Prima Tanjung Business Centre, Tanjung Tokong, 11200 Pulau Pinang	04-899 9069	04-899 0767
41	AFFINBANK Jalan Macalister Branch No. 104C, 104D & 104E, Jalan Macalister, 10400 Pulau Pinang	04-229 1495	04-226 1530
42	AFFINBANK Kepala Batas Branch Lot 1317 & 1318, Lorong Malinja, Taman Sepakat, Off Jalan Butterworth, 13200 Kepala Batas, Seberang Prai Utara, Pulau Pinang	04-575 1824	04-575 1975
43	AFFINBANK Prai Branch No. 2, Tingkat Kikik 7, Taman Inderawasih, 13600 Prai, Pulau Pinang	04-399 3900	04-397 9243
44	AFFINBANK Seberang Jaya Branch No. 10, Jalan Todak Satu, Pusat Bandar Seberang Jaya, 13700 Prai, Pulau Pinang	04-399 5881	04-399 2881
45	AFFINBANK Wisma Pelaut Branch No. 1A, Light Street, Wisma Pelaut, 10200 Pulau Pinang	04-263 6633	04-261 9801
	AFFINBANK - SABAH		
46	AFFINBANK Jalan Gaya Branch No. 86, Jalan Gaya, 88000 Kota Kinabalu, Sabah	088-230 213	
47	AFFINBANK Kota Kinabalu Branch Lot 19 & 20, Block K, Sadong Jaya Complex, Jalan Ikan Juara 3, Karamunsing, 88300 Kota Kinabalu, Sabah.	088-261 515	088-261 414
48	AFFINBANK Lahad Datu Branch Ground Floor, Lot 1 & 2, Bandar Sri Perdana Fasa 5, KM 4, Jalan Silam, Bandar Sri Perdana, 91100 Lahad Datu, Sabah	089-865 733	089-865 735
49	AFFINBANK Sandakan Branch Lot No. 163 & 164, Block 18, Jalan Prima Square, Batu 4, Jalan Utara, 90000 Sandakan, Sabah	089-212 752	089-212 644
50	AFFINBANK Tawau Branch TB. 281, 282 & 283, Jalan Hj. Karim, Town Extension II, P.O. Box 630, 91008 Tawau, Sabah	089-778 197	089-762 199
	AFFINBANK - SARAWAK		
51	AFFINBANK Bintulu Branch No. 17 & 18, Lot 3806 Bintulu Town District, Jalan Tun Ahmad Zaidi, 97000 Bintulu, Sarawak	086-314 248	086-314 206
52	AFFINBANK Kuching Branch Lot 247 & 248, Section 49, KTLD, Jalan Tuanku Abdul Rahman, 93100 Kuching, Sarawak	082-422 909	082-257 366

NETWORK OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFINBANK - SARAWAK		
53	AFFINBANK Miri Branch Lot 2387 & 2388, 1st Floor, Block A4, Jln Boulevard 1A, Boulevard Commercial Center, KM 3, Jln Miri-Pujut, 98000 Miri, Sarawak	085-437 442	085-437 297
54	AFFINBANK Prince Commercial Centre Branch Prince Commercial Centre, No. 1 & 2, Ground Floor, Jalan Penrissen Batu 7, Kota Sentosa, 93250 Kuching, Sarawak	082-613 466	082-629 466
55	AFFINBANK Sibu Branch No. 91 & 93, Jln Kampung Nyabor, 96000 Sibu, Sarawak	084-325 926	084-325 960
56	AFFINBANK Tabuan Jaya Branch Lot No. 77, Ground Floor, Tabuan Tranquiility, Jalan Canna, Tabuan Jaya, 93350 Kuching, Sarawak	082-363 385	082-363 061
	AFFINBANK - SELANGOR		
57	AFFINBANK Ampang Jaya Branch No. 11 & 11A, Jalan Mamanda 7/1, Ampang Point, 68000 Ampang, Selangor	03-4257 6802	03-4257 8636
58	AFFINBANK Ampang New Village Branch No. 21G & 23G, Jalan Wawasan 2/2, Bandar Baru Ampang, 68000 Ampang, Selangor	03-4296 2311	03-4296 2206
59	AFFINBANK Ara Damansara Branch Unit B-G-07 & B-G-08, Block B, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor	03-7847 3177	03-7847 2677
60	AFFINBANK Bandar Bukit Tinggi Branch No. 77 & 79, Jalan Batu Nilam 5, Bandar Bukit Tinggi, 41200 Klang, Selangor	03-3323 2822	03-3323 2858
61	AFFINBANK Cyberjaya Branch P1-13, Shaftsbury Square, Lot No. 2350, Cyber 6, Persiaran Multimedia, 63000 Cyberjaya, Selangor	03-8318 1944	03-8318 1934
62	AFFINBANK Denai Alam Branch No. 1, Ground Floor, Jalan Elektron U/16/J, Seksyen U16, Denai Alam, 40160 Shah Alam, Selangor	03-7831 8895	03-7831 8859
63	AFFINBANK Jalan Meru Branch No. 38 & 40, Pelangi Avenue, Jalan Kelicap 42A/KU1, Klang Bandar Diraja, 41050 Klang, Selangor	03-3341 5237	03-3341 5427
64	AFFINBANK Kajang Branch No. 2&3, Jalan Saga, Taman Sri Saga, Off Jalan Sg. Chua, 43000 Kajang, Selangor	03-8737 7435	03-8737 7433
65	AFFINBANK Kepong Branch No. 6, Jalan 54, Desa Jaya, 52100 Kepong, Selangor	03-6276 4942	03-6276 6375
66	AFFINBANK Taman Kinrara Branch No. 1, Jalan TK1/11A, Taman Kinrara, Section 1, Batu 7 1/2, Jalan Puchong, 47100 Puchong, Selangor	03-8070 3405	03-8075 8159
67	AFFINBANK Klang Utara Branch No. 29 & 31, Jalan Tiara 3, Bandar Baru Klang, 41150 Klang, Selangor	03-3342 1582	03-3342 1719
68	AFFINBANK Shah Alam Branch Vista Alam, F-G-38 & 39, Jalan Ikhtisas 14/1, Off Persiaran Damai, Seksyen 14, 40000 Shah Alam, Selangor	03-5524 7780	03-5524 7380

NETWORK OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFINBANK - SELANGOR		
69	AFFINBANK Kota Damansara Branch No. B-G-19, 20 & 21 (GF), Dataran Cascades, Jalan PJU 5/1, Kota Damasara PJU 5, 47810 Petaling Jaya, Selangor	03-7610 0890	03-7610 0889
70	AFFINBANK Kota Kemuning Branch No. 15-1 & 17-1 (GF), No. 8, Jalan Anggerik Vanilla BE 31/BE, Kota Kemuning Seksyen 31, 40460 Shah Alam, Selangor	03-5120 1811	03-5120 1588
71	AFFINBANK Kota Warisan Branch G-3, Ground Floor, Jalan Warisan 1, KIP Sentral Kota Warisan, 43900 Sepang, Selangor	03-8705 2099	03-8705 4899
72	AFFINBANK PJ State Branch No. 38 & 40, Jalan Yong Shook Lin, 46050 Petaling Jaya, Selangor	03-7955 0032	03-7954 0012
73	AFFINBANK Port Klang Branch No. 1, Jalan Berangan, 42000 Port Klang, Selangor	03-3168 8130	03-3167 6432
74	AFFINBANK Puchong Branch J-03-G, Blok J, Setiawalk, Persiaran Wawasan, Pusat Bandar Puchong, 47160 Puchong, Selangor	03-5882 2880	03-5882 2881
75	AFFINBANK Rawang Branch No. 33G & 35G, Jln 1B, Fortune Avenue, 48000 Rawang, Selangor	03-6091 3311	03-6091 3344
76	AFFINBANK Sea Park Branch No. 20-22, Jalan 21/12, Sea Park, 46300 Petaling Jaya, Selangor	03-7875 6255	03-7876 6020
77	AFFINBANK Seri Kembangan Branch No. 36, Jalan PSK 3, Pusat Perdagangan Seri Kembangan, 43300 Seri Kembangan, Selangor	03-8945 6429	03-8945 6442
78	AFFINBANK Subang Jaya Branch No. 7 & 9, Jalan SS 15/8A, 47500 Subang Jaya, Selangor	03-5634 8045	03-5634 8040
79	AFFINBANK Taman Demang Branch No. 47, Jalan DD3A/1, BASCO Business Centre, Taman Dato' Demang, 43300 Seri Kembangan, Selangor	03-8959 2588	03-8958 5288
80	AFFINBANK The Curve Branch Lot K-G32A-D & G32, Ground Floor, The Curve Shopping Complex, Jalan PJU 7/8, Mutiara Damansara, 47800 Petaling Jaya, Selangor	03-7726 7258	03-7727 8912
81	AFFINBANK UiTM Branch Universiti Teknologi MARA, Tingkat 2, Menara Sultan Abdul Aziz Shah, 40450 Shah Alam, Selangor	03-5519 2377	03-5510 5580
82	AFFINBANK USJ Taipan Branch No. 8A & 8B, Jalan USJ 10/1J, 47610 UEP Subang Jaya, Petaling Jaya, Selangor	03-8023 7271	03-8023 9161
	AFFINBANK - TERENGGANU		
83	AFFINBANK Kemaman Branch K711-713, Wisma IKY Naga, Jalan Sulaimani, 24000 Kemaman, Terengganu	09-858 2544	09-859 1572
84	AFFINBANK Kemaman Supply Base Branch Ground Floor, Admin Building Block B, Kemaman Supply Base, 24007 Kemaman, Terengganu	09-863 1297	09-863 1295

NETWORK OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFINBANK - WILAYAH PERSEKUTUAN		
85	AFFINBANK Bangsar Branch No. 4 & 6, Jalan Telawi 3, Bangsar Baru, 59100 Kuala Lumpur	03-2283 5025	03-2283 5028
86	AFFINBANK Bangunan Getah Asli Branch Tingkat Bawah, 148, Jalan Ampang, 50450 Kuala Lumpur	03-2162 8770	03-2162 8587
87	AFFINBANK Batu Cantonment Branch No. 840 & 842, Batu 4 3/4, Jalan Ipoh, 51200 Kuala Lumpur	03-6258 7690	03-6251 8214
88	AFFINBANK Central Branch Ground & Mezzanine Floor. 80, Jalan Raja Chulan. P.O. Box. 12744, 50200 Kuala Lumpur	03-2055 2222	03-2070 7592
89	AFFINBANK Jalan Bunus Branch No. 133, Jalan Bunus, Off Jalan Masjid India, 50100 Kuala Lumpur	03-2693 4686	03-2691 3207
90	AFFINBANK Jalan Ipoh Branch No. 468-11 & 468-11B, Batu 3, Jalan Ipoh, 51200 Kuala Lumpur	03-4042 5554	03-4042 4912
91	AFFINBANK LTAT Branch Ground Floor, Bangunan LTAT, Jalan Bukit Bintang, 55100 Kuala Lumpur	03-2142 6311	03-2148 0586
92	AFFINBANK Putrajaya Branch Bangunan Jabatan Akauntan Negara, Kompleks Kementerian Kewangan, No.1, Persiaran Perdana, Presint 2, 62594 WP Putrajaya	03-8888 4463	03-8889 2082
93	AFFINBANK Selayang Branch No. 81-85, Jalan 2/3A, Pusat Bandar Utara, KM 12, Jalan Ipoh, 68100 Batu Caves, Kuala Lumpur	03-6137 2053	03-6138 7122
94	AFFINBANK Seri Petaling Branch No. 10-12, Jalan Raden Tengah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur	03-9058 5600	03-9058 8513
95	AFFINBANK Setapak Branch No. 159 & 161, Jalan Genting Kelang, P.O.Box 202, 53300 Setapak, Kuala Lumpur	03-4023 0552	03-4021 3921
96	AFFINBANK Taman Maluri Branch No. 250 & 252, Jalan Mahkota, Taman Maluri, 55100 Kuala Lumpur	03-9282 7250	03-9283 4380
97	AFFINBANK Taman Midah Branch No. 38 & 40, Jalan Midah 1, Taman Midah, Cheras, 56000 Kuala Lumpur	03-9130 0194	03-9131 7024
98	AFFINBANK Taman Tun Dr. Ismail Branch No. 47 & 49, Jalan Tun Mohd Fuad 3, Taman Tun Dr. Ismail, 60000 Kuala Lumpur	03-7727 9080	03-7727 9543
99	AFFINBANK Wangsa Maju Branch No. 2 & 4, Jln 1/27F, Kuala Lumpur Sub-Urban Centre, Wangsa Maju, 53300 Kuala Lumpur	03-4143 2814	03-4143 3095
100	AFFINBANK Wisma Pertahanan Branch G.05, Tingkat Bawah, Wisma Pertahanan, Kementerian Pertahanan Malaysia, Jalan Padang Tembak, 50634 Kuala Lumpur	03-2698 7912	03-2698 6071
101	AFFINBANK MyTown Branch Lot No B1-063, Basement 1, MyTown Shopping Centre, 55100 Jalan Cochrane, Kuala Lumpur	03-9226 6390	

NETWORK OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFIN ISLAMIC BRANCHES		
1	AFFIN ISLAMIC Taman Molek Branch No. 23, 23-01, 23-02, Jalan Molek 1/29, Taman Molek, 81100 Johor Bahru, Johor	07-351 9522	07-357 9522
2	AFFIN ISLAMIC Jitra Branch No. 17, Jalan Tengku Maheran 2, Taman Tengku Maheran Fasa 4, 06000 Jitra Kedah	04-919 0888	04-919 0380
3	AFFIN ISLAMIC HP Hub Kuala Terengganu No. 63 & 63 A, Jalan Sultan Ismail, 20200 Kuala Terengganu, Terengganu	09-622 3725	09-623 6496
4	AFFIN ISLAMIC HP Hub Juru Auto-City No. 1813A, Jalan Perusahaan, Auto-City, North-South Highway Juru Interchange, 13600 Prai, Pulau Pinang	04-507 7522	04-507 6522
5	AFFIN ISLAMIC Bangi Branch No.175 & 177, Ground Floor, Jalan 8/1, Seksyen 8, 43650 Bandar Baru Bangi, Selangor	03-8927 5881	03-8927 4815
6	AFFIN ISLAMIC MSU Branch Management & Science University, 2nd Floor, University Drive, Persiaran Olahraga, Seksyen 13, 40100 Shah Alam, Selangor	03-5510 0425	03-5510 0563
7	AFFIN ISLAMIC PJ SS2 Branch 1st Floor, 161-163, Jalan SS 2/24, 47300 Petaling Jaya, Selangor	03-7874 3513	03-7874 3480
9	AFFIN ISLAMIC Fraser Branch No. 20-G & 20-1, Jalan Metro Pudu, Fraser Business Park, 55100 Kuala Lumpur	03-9222 8877	03-9222 9877

	NAME & ADDRESS	TEL	FAX
	AFFINBANK HIRE PURCHASE HUB - JOHOR		
1	AFFINBANK HP Hub Batu Pahat 1st Floor, No. 3 & 4, Jalan Merah, Taman Bukit Pasir, 83000 Batu Pahat, Johor	07-432 6286	07-434 5270
2	AFFINBANK HP Hub Johor Bahru 1st Floor, No. 24 & 25, Jalan Kebun Teh 1, Kebun Teh Commercial City, 80250 Johor Bahru, Johor	07-224 2101	07-224 7160
3	AFFINBANK HP Hub Taman Johor Jaya No. 130 & 132, 2nd Floor, Jalan Ros Merah 2/17, Taman Johor Jaya, 81100 Johor Bahru, Johor	07-356 2457	07-353 5188
4	AFFINBANK HP Hub Kluang 1st Floor, 503, Jalan Mersing,86000 Kluang, Johor	07-774 1361	07-774 1372
5	AFFINBANK HP Hub Muar No.30A & 30A-1, Jalan Arab, 84000 Muar, Johor	06-951 4217	06-953 8460
6	AFFINBANK HP Hub Mutiara Rini 1st Floor, No. 28 & 30, Jalan Utama 45,Taman Mutiara Rini, 81300, Skudai, Johor Darul Takzim	07-557 7037	07-557 6779
7	AFFINBANK HP Hub Segamat No.1, First Floor, Jalan Nagasari 23, Bandar Segamat Baru, 85000 Segamat, Johor	07-943 1467	07-943 1308

NETWORK OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFINBANK HIRE PURCHASE HUB - KEDAH		
8	AFFINBANK HP Hub Alor Setar No. 147 & 148, 1st Floor, Susuran Sultan Abdul Hamid 8, Kompleks Sultan Abdul Hamid, Fasa 2, Persiaran Sultan Abdul Hamid, 05050 Alor Setar, Kedah	04-772 2964	04-771 4268
9	AFFINBANK HP Hub Sungai Petani, 1st Floor, 55, Jalan Perdana Heights 2/2, Perdana Heights, 08000 Sungai Petani, Kedah Darul Aman	04-421 9482	04-421 6292
	AFFINBANK HIRE PURCHASE HUB - KELANTAN		
10	AFFINBANK HP Hub Kota Bharu 1st & 2nd Floor, 3788H & 3788I, Seksyen 13, Jalan Sultan Ibrahim, 15050 Kota Bahru, Kelantan	09-7449 644	09-744 9613
	AFFINBANK HIRE PURCHASE HUB - MELAKA		
11	AFFINBANK HP Hub Melaka Raya 200 & 201, Taman Melaka Raya, Off Jalan Parameswara, 75000 Melaka	06-283 0200	06-283 4960
	AFFINBANK HIRE PURCHASE HUB - NEGERI SEMBILAN		
12	AFFINBANK HP Hub Seremban No 175, Jalan Dato' Bandar Tunggal, 70000 Seremban, Negeri Sembilan	06-761 1400	06-761 2290
	AFFINBANK HIRE PURCHASE HUB - PAHANG		
13	AFFINBANK HP Hub Kuantan G2-Ground Floor G2, Menara Zenith, Jalan Putra, Square 6, Putra Square, 25200 Kuantan, Pahang	09-514 8575	09-514 8582
14	AFFINBANK HP Hub Temerloh No. 9, 1st Floor, Jalan Ahmad Shah, 28000, Temerloh, Pahang	09-296 7788	09-296 6677
	AFFINBANK HIRE PURCHASE HUB - PERAK		
15	AFFINBANK HP Hub Ipoh No. 1 & 3, 1st Floor, Persiaran Greentown 9, Greentown Business Centre, 30450 Ipoh, Perak	05-255 0180	05-255 2545
16	AFFINBANK HP Hub Sitiawan No. 11 & 12, Taman Sitiawan 1, Jalan Lumut, 32000 Sitiawan, Perak	05-692 4937	05-692 8163
17	AFFINBANK HP Hub Taiping No. 40 & 42, 1st Floor, Jalan Tupai, 34000 Taiping, Perak	05-808 9020	05-808 9903
18	AFFINBANK HP Hub Teluk Intan 11, Medan Sri Intan, Jalan Sekolah, 36000 Teluk Intan, Perak	05-621 0130	05-621 6786
	AFFINBANK HIRE PURCHASE HUB - PENANG		
19	AFFINBANK HP Hub Jalan Macalister 1st Floor, No. 104C, 104D & 104E, Jalan Macalister, 10400 Pulau Pinang	04-229 2300	04-228 8324
20	AFFINBANK HP Hub Prai, 1st & 2nd Floor, No.2, Tingkat Kikik 7, Taman Inderawasih, 13600 Prai, Pulau Pinang	04-397 7677	04-399 0394
	AFFINBANK HIRE PURCHASE HUB - SABAH		
21	AFFINBANK HP Hub Jalan Gaya 1st Floor, No 86, Jalan Gaya, 88000 Kota Kinabalu, Sabah	088-212 677	088-212 476
22	AFFINBANK HP Hub Sandakan Lot No. 163 & 164, Block 18, Jalan Prima Square, Batu 4, Jalan Utara, 90000 Sandakan, Sabah	089-224 577	089-224 566

NETWORK OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFINBANK HIRE PURCHASE HUB - SARAWAK		
23	AFFINBANK HP Hub Bintulu 1st Floor, No. 17 & 18, Lot 3806. Bintulu Town District, Jalan Tun Ahmad Zaidi, 97000 Bintulu Sarawak	086-331 893	086-333 490
24	AFFINBANK HP Hub Kuching Lot 247 & 248, Section 49, KTLD, Jalan Tuanku Abdul Rahman, 93100 Kuching, Sarawak	082-422 909	082-429 616
25	AFFINBANK HP Hub Miri Lot 2387 & 2388, 1st Floor, Block A4, Jalan Boulevard 1A, Boulevard Commercial Center, KM 3, Jalan Miri-Pujut, 98000 Miri, Sarawak	085-411 777	085-418 882
26	AFFINBANK HP Hub Prince Commercial Centre Prince Commercial Centre, 1st Floor, No. 1 & 2, Jalan Penrissen Batu 7, Kota Sentosa, 93250 Kuching, Sarawak	082-612 088	082-612 488
27	AFFINBANK HP Hub Sibu 1st Floor, No 91 & 93, Jln Kampung Nyabor, 96000 Sibu, Sarawak	084-340 929	084-311 488
	AFFINBANK HIRE PURCHASE HUB - SELANGOR		
28	AFFINBANK HP Hub Seri Kembangan No. 36, Jalan PSK 3, Pusat Perdagangan Seri Kembangan, 43300 Seri Kembangan, Selangor	03-8943 6488	03-8943 5306
29	AFFINBANK HP Hub PJ SS2 No. 161, Jalan SS 2/24, 47300 Petaling Jaya, Selangor	03-7874 8890	03-7875 4217
30	AFFINBANK HP Hub PJ State No. 38 & 40, Jalan Yong Shook Lin, 46050 Petaling Jaya, Selangor	03-7956 0022	03- 7956 0052
	AFFINBANK HIRE PURCHASE HUB - WILAYAH PERSEKUTUAN		
31	AFFINBANK HP Hub Jalan Ipoh 468-11 & 468-11B, Batu 3, Jalan Ipoh, 51200 Kuala Lumpur	03-4044 0897	03- 4041 8330
32	AFFINBANK HP Hub Taman Maluri 250 & 252, Jalan Mahkota, Taman Maluri, 55100 Kuala Lumpur	03-9285 7303	03-9285 6848

	NAME & ADDRESS	TEL	FAX
	AFFINBANK MORTGAGE HUB - CENTRAL REGION		
1	AFFINBANK Mortgage Sales Hub Setapak 159 & 161, 1st Floor, Jalan Genting Klang, P.O Box 202, 53300 Setapak, Kuala Lumpur	03-4021 0789	03-4021 0755
2	AFFINBANK Mortgage Sales Hub TTDI 1st Floor, 47 & 48, Jalan Tun Mohd Fuad 3, Taman Tun Dr Ismail, 60000 Kuala Lumpur	03-7722 2348	03-7722 2380
3	AFFINBANK Mortgage Sales Hub Seri Kembangan 2nd Floor, No. 36, Jalan PSK 3, Pusat Perdagangan Seri Kembangan, 43300 Seri Kembangan, Selangor	03-8938 1626	
4	AFFINBANK Mortgage Sales Hub Glomac 4th Floor, Menara Glomac, Kelana Business Centre, 97, Jalan SS7/2, 47301 Kelana Jaya, Selangor	03-7947 5555	03-7804 0819

NETWORK OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFINBANK MORTGAGE HUB - NORTHERN REGION		
5	AFFINBANK Mortgage Sales Hub Alor Setar 2nd Floor, No. 147 & 148, Susuran Sultan Abdul Hamid 8, Kompleks Sultan Abdul Hamid, Fasa 2, Persiaran Sultan Abdul Hamid, 05050 Alor Setar, Kedah	04-771 4992	04-771 5482
6	AFFINBANK Mortgage Sales Hub Butterworth 2nd Floor, 55-57, Jalan Selat, Taman Selat, P.O Box 165, Jalan Bagan Luar, 12000 Butterworth, Penang	04-323 0151	04-323 0109
7	AFFINBANK Mortgage Sales Hub Ipoh Garden No. 9, Ground Floor, Persiaran Greentown 6, Pusat Perdagangan Greentown, 30450 Ipoh, Perak	05-246 1226	05-246 1070
8	AFFINBANK Mortgage Sales Hub Wisma Pelaut 1A (1st Floor), Light Street, Wisma Pelaut, 10200 Pulau Pinang	04-263 5588	04-251 9254
	AFFINBANK MORTGAGE HUB - SOUTHERN REGION		
9	AFFINBANK Mortgage Sales Hub Senawang No. 312-G & 312-1, Jalan Bandar Senawang 17, Pusat Bandar Senawang, 70450 Seremban, Negeri Sembilan	06-675 8809	06-675 8620
10	AFFINBANK Mortgage Sales Hub Danga Bay 2nd Floor, No. 17 & 18, Blok 6, Danga Bay, Jalan Skudai, 80200 Johor Bahru, Johor	07-234 5570	07-234 5915
	AFFINBANK MORTGAGE HUB - EAST REGION		
11	AFFINBANK Mortgage Sales Hub Kuantan No. 36A, 1st and 2nd Floor, Jalan Putra Square 6, 25200 Kuantan, Pahang	09-516 5545	09-517 3354
12	AFFINBANK Mortgage Sales Hub Kota Bahru 3788H & 3788I, Seksyen 13, Jalan Sultan Ibrahim, 15050 Kota Bahru, Kelantan	017-2337575	09-744 2202
13	AFFINBANK Mortgage Sales Hub Kota Kinabalu 1st Floor, Lot 19 & 20, Block K, Sadong Jaya Complex, Jalan Ikan Juara 3, Karamunsing, 88100 Kota Kinabalu, Sabah	088-261 696	088-261 697
14	AFFINBANK Mortgage Sales Hub Tawau TB281 - 283, Jalan Haji Karim, Town Extension II, 91008 Tawau, Sabah	089-778 197	089-762 199
15	AFFINBANK Mortgage Sales Hub Kuching Prince Commercial Centre 2nd Floor, 1 & 2. Jalan Penrissen, Batu 7, Kota Sentosa. 93250 Kuching, Sarawak	082-616 449	082-616 459
16	AFFINBANK Mortgage Sales Hub Sibu No. 91 & 93, Jalan Kampung Nyabor. 96000 Sibu, Sarawak	084-325 926	084-325 960
17	AFFINBANK Mortgage Sales Hub Miri Lot 2387 & 2388, 1st Floor, Block A4. Jalan Boulevard 1A, Boulevard Commercial Centre. KM3, Jalan Miri-Pujut, 98000 Miri, Sarawak	085-411 666	085-418 882

	NAME & ADDRESS	TEL	FAX
	AFFINBANK ASB & UNSECURED FINANCING HUB		
1	AFFINBANK ASB & Unsecured Financing Hub Setapak 1st Floor, No. 159 & 161, Jalan Genting Kelang, 53300 Setapak, Kuala Lumpur	03-4021 0789	03-4021 0755
2	AFFINBANK ASB & Unsecured Financing Hub TTDI No. 47 & 49, Jalan Tun Mohd Fuad 3, Taman Tun Dr. Ismail, 60000 Kuala Lumpur	03-7727 9080	03-7727 9543
3	AFFINBANK ASB & Unsecured Financing Hub Seri Kembangan 2nd Floor, ASB Loan Unit, No. 36, Jalan PSK 3, Pusat Perdagangan Seri Kembangan, 43300 Seri Kembangan, Selangor	03-8940 1039	03-8940 1269

NETWORK OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFINBANK ASB & UNSECURED FINANCING HUB		
4	AFFINBANK ASB & Unsecured Financing Hub Glomac 4th Floor, Block C, Menara Glomac, Kelana Business Centre. 97, Jalan SS7/2, 47301 Kelana Jaya, Selangor	03-7947 5555	03-7804 0819
5	AFFINBANK ASB & Unsecured Financing Hub Senawang No 312-G & 312-I, Jalan Bandar Senawang 17, Pusat Bandar Senawang, 70450 Seremban, Negeri Sembilan	06-675 8809	06-675 8620
6	AFFINBANK ASB & Unsecured Financing Hub Tampoi 1st Floor, No 49 & 51, Jalan Sri Perkasa 2/1, Taman Tampoi Utama, 81200 Johor Bahru, Johor	07-241 2724	07-241 3661
7	AFFINBANK ASB & Unsecured Financing Hub Ipoh Garden 1st Floor, No. 27A-27A1, Jalan Sultan Azlan Shah Utara, 31400 Ipoh, Perak	05-546 2316	
8	AFFINBANK ASB & Unsecured Financing Hub Sitiawan No. 10, 11 & 12, Taman Sitiawan 1, Jalan Lumut, 32000 Sitiawan, Perak	05-691 2532	05-691 1233
9	AFFINBANK ASB & Unsecured Financing Hub Wisma Pelaut No. 1A, Light Street, 1st Floor, Wisma Pelaut, 10200 Penang	04-251 9648	04-251 9254
10	AFFINBANK ASB & Unsecured Financing Hub Butterworth No. 55 - 57, Level 2. Jalan Selat, Taman Selat, 12000 Butterworth, Pulau Pinang	04-323 0151	04-323 0109
11	AFFINBANK ASB & Unsecured Financing Hub Alor Setar No. 147 & 148, 2nd Floor, Susuran Sultan Abdul Hamid 8, Kompleks Sultan Abdul Hamid, Fasa 2, Persiaran Sultan Abdul Hamid, 05050 Alor Setar, Kedah	04-772 1477	04-771 4796
12	AFFINBANK ASB & Unsecured Financing Hub Kuantan No. 36A - 1st & 2nd Floor, Jalan Putra Square 6, Putra Square, 25300 Kuantan, Pahang	09-517 1335	09-517 3554
13	AFFINBANK ASB & Unsecured Financing Hub Sadong Jaya 1st Floor, Lot 19 & 20. Blok K, Sadong Jaya Complex. Jalan Ikan Juara 3, Karamunsing, 88300 Kota Kinabalu, Sabaha	088-261 696	088-263 985
14	AFFINBANK ASB & Unsecured Financing Hub Prince Commercial Centre 2nd Floor, No. 1 & 2, Jalan Penrissen Batu 7, Kota Sentosa, 93050 Kuching, Sarawak	082-616 449	082-616 459

	NAME & ADDRESS	TEL	FAX
	AFFINBANK WEALTH MANAGEMENT HUB		
1	AFFINBANK Wealth Management Hub Menara Affin Level 16, Menara Affin, 80, Jalan Raja Chulan, 50200 Kuala Lumpur	03-2055 9000	03-2078 4727
2	AFFINBANK Wealth Management Hub Wangsa Maju 1st Floor, No. 2 & 4, Jalan 1/27F, Kuala Lumpur Sub-Urban Centre, 53300 Wangsa Maju, Kuala Lumpur	03-4149 9023	03-4149 9021
3	AFFINBANK Wealth Management Hub Bangsar No 4 & 6, Jalan Telawi 3, Bangsar Baru, 59100 Kuala Lumpur	03-2283 5025	03-2283 5028
4	AFFINBANK Wealth Management Hub Glomac 4th Floor, 401 Block C, Menara Glomac, Kelana Business Centre 97, Jalan SS7/2 47301 Kelana Jaya, Selangor	03-7947 5555	
5	AFFINBANK Wealth Management Hub TTDI 1st Floor, No. 47 & 49, Jalan Tun Mohd Fuad 3, Taman Tun Dr. Ismail, 60000 Kuala Lumpur	03-7727 9080	03-7727 9543

NETWORK OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFINBANK WEALTH MANAGEMENT HUB		
6	AFFINBANK Wealth Management Hub Bukit Tinggi 2nd Floor, No. 77 & 79, Jalan Batu Nilam 5, Bandar Bukit Tinggi, 41200 Klang, Selangor	03-3323 2822	03-3323 2858
7	AFFINBANK Wealth Management Hub Bukit Baru 1st Floor, No 7 & 8, Jalan DR1, Delima Point, Taman Delima Raya, Bukit Baru, 75150 Melaka	06-253 2150	06-231 8076
8	AFFINBANK Wealth Management Hub Permas Jaya 1st Floor, No 23 & 25, Jalan Permas 10/2, Bandar Baru Permas Jaya, 81750 Johor Bahru	07-386 3703	07-386 5061
9	AFFINBANK Wealth Management Hub Ipoh No. 9, Ground Floor. Persiaran Greentown 6, Greentown Business Centre. 30450 Ipoh, Perak	05-246 1050	05-246 1070
10	AFFINBANK Wealth Management Hub Butterworth No. 55 - 57, Jalan Selat, Taman Selat, Off Jalan Bagan Luar, 12000 Butterworth, Pulau Pinang	04-333 3177	04-332 3299
11	AFFINBANK Wealth Management Hub Wisma Pelaut 1A, Light Street, Wisma Pelaut, 12000 Pulau Pinang	04-263 6633	04-261 9801
12	AFFINBANK Wealth Management Hub Alor Setar 2nd Floor, No 147 & 148, Susuran Sultan Abdul Hamid 8, Kompleks Sultan Abdul Hamid Fasa 2, Persiaran Sultan Abdul Hamid, 05050 Alor Setar, Kedah	04-771 2642	04-771 5482
13	AFFINBANK Wealth Management Hub Kuantan No. 36A, 1st & 2nd Floor, Jalan Putra Square 6, Putra Square, 25200 Kuantan, Pahang	09-514 4584	09-514 8580
14	AFFINBANK Wealth Management Hub Sadong Jaya 1st Floor, Lot 19 & 20, Block K, Sadong Jaya Complex, Jalan Ikan Juara 3, Karamunsing, 88300 Kota Kinabalu, Sabah	088-261 696	088-261 697
15	AFFINBANK Wealth Management Hub Prince Commercial Centre 2nd Floor, No. 1 & 2, Jalan Penrissen Batu 7, Kota Sentosa, 93250 Kuching, Sarawak	082-616 449	082-616 459

	NAME & ADDRESS	TEL	FAX
	AFFINBANK TRADE FINANCE CENTRE		
1	AFFINBANK Trade Finance Centre Ipoh, 1st Floor, No. 27A – 27A1, Jalan Sultan Azlan Shah Utara, 31400 Ipoh, Perak Darul Ridzuan	05-549 9959	05-549 9963
2	AFFINBANK Trade Finance Centre Johor 1st Floor, No. 130 & 132. Jalan Rosmerah 2/17, Taman Johor Jaya. 81100 Johor Bahru, Johor	07-357 3317	07-357 3320
3	AFFINBANK Trade Finance Centre Penang 2nd Floor, No. 10 Jalan Todak Satu, Pusar Bandar Seberang Jaya, 13700 Prai, Pulau Pinang	04-398 8233	04-398 8229

NETWORK OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFINBANK CORPORATE OFFICES		
4	AFFINBANK Regional Corporate Desk Seberang Jaya 1st Floor, No 10, Jalan Todak 1, Pusat Bandar Seberang Jaya, 13700 Prai, Pulau Pinang	04-398 5039	04-399 3480
5	AFFINBANK Regional Corporate Desk Johor Jaya 1st Floor, 130 & 132, Jalan Rosmerah 2/17, Taman Johor Jaya, 81100 Johor Bahru, Johor	07-351 5122	07-351 8604
6	AFFINBANK Regional Corporate Desk Alor Setar 3rd Floor, No. 147 & 148. Susuran Sultan Abdul Hamid 8, Kompleks Sultan Abdul Hamid, Fasa 2. Persiaran Sultan Abdul Hamid, 05050 Alor Setar, Kedah	04-773 3855	04-773 3822
7	AFFINBANK Sarawak Corporate Office - Kuching 3rd Floor, Lot 247 & 248, Section 49, KTLD, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak	082-259 342	082-239 220
8	AFFINBANK Sarawak Corporate Office - Miri 1st Floor, Lot 2387 & 2388, Block A4. Jalan Boulevard 1A, Boulevard Commercial Centre. KM3, Jalan Miri-Pujut, 98000 Miri, Sarawak	085-437 442	085-418 882
9	AFFINBANK Sabah Corporate Office - Kota Kinabalu Suite 6, 7 & 8, 11th Floor, Menara Jubili. 53, Jalan Gaya. 88000 Kota Kinabalu, Sabah	088-223 301	088-223 305
10	AFFIN LABUAN OFFSHORE Unit 3 (J), Level 3. Main Office Tower, Financial Park Labuan. Jalan Merdeka, 87000 Federal Territory Labuan	087-411 931	087-411 973

	NAME & ADDRESS	TEL	FAX
	AFFINBANK BUSINESS CENTRE		
1	AFFINBANK Shah Alam Business Centre No. 11-1 & 12-1, Pusat Dagangan UMNO Shah Alam, Persiaran Damai, Seksyen 11, 40100 Shah Alam, Selangor	03-5519 1222	03-5519 1333
2	AFFINBANK Seri Petaling Business Centre 1st Floor, 10-12, Jalan Radin Tengah, Bandar Baru Seri Petaling, 57000 Kuala Lumpur	03-9058 4626	03-9057 0220
3	AFFINBANK Kuantan Business Centre Level 6K, 6L & 6M, Menara Zenith, Jalan Putra Square 6, Putra Square, 25200 Kuantan, Pahang	09-515 0400	09-515 0399
4	AFFINBANK Seberang Jaya Business Centre 1st Floor, No 10, Jalan Todak 1, Pusat Bandar Seberang Jaya, 13700 Prai, Pulau Pinang	04-398 5039	04-399 3480
5	AFFINBANK Ipoh Business Centre 1st Floor, No. 27A-27A1, Jalan Sultan Azlan Shah Utara, 31400 Ipoh, Perak Darul Ridzuan	05-549 9959	05–549 9963
6	AFFINBANK Johor Jaya Business Centre 1st Floor, 130 & 132, Jalan Rosmerah 2/17, Taman Johor Jaya, 81100 Johor Bahru, Johor	07-351 5122	07-351 8604
7	AFFINBANK Bukit Baru Business Centre 1st Floor, 7 & 8, Jalan DR1, Delima Point, Taman Delima Raya, Bukit Baru, 75150 Melaka	06-232 4331	06-231 8076

NETWORK OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFINBANK BUSINESS CENTRE		
8	AFFINBANK Bayan Baru Business Centre No. 124 & 126 (1st Floor) Jalan Mayang Pasir, Taman Sri Tunas, 11950 Bayan Baru, Pulau Pinang	04-644 4600	04-644 1199
9	AFFINBANK Sungai Petani Business Centre 2nd Floor, No. 55, Jalan Perdana Heights 2/2, Perdana Heights, 08000 Sungai Petani, Kedah Darul Aman	04-422 7079	04-422 4642
10	AFFINBANK Kota Kinabalu Business Centre 2nd Floor, Lot 19 & 20, Block K, Sadong Jaya Complex. Jalan Ikan Juara 3, Karamunsing, 88100 Kota Kinabalu, Sabah	088-240 600	088-255 730
11	AFFINBANK Kuching Business Centre 3rd Floor, Lot 247 & 248, Section 49, KTLD, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak	082-259 342	082-239 220
12	AFFINBANK Seremban Business Centre Mezzanine Floor, 175, Jalan Dato' Bandar Tunggal, 70000 Seremban, Negeri Sembilan	06-762 1786	06-762 0735
13	AFFINBANK Wangsa Maju Business Centre 1st Floor, No. 2 & 4, Jalan 1/27F, Kuala Lumpur Sub-Urban Centre, Wangsa Maju, 53300 Kuala Lumpur	03-4142 0835	03-4142 0711
14	AFFINBANK Kulai Business Centre 1st Floor, No. 200A, Jalan Kenanga 29/4, Indahpura, 81000 Kulai, Johor	07- 660 8717	07-660 7744
15	AFFINBANK Miri Business Centre 1st Floor, Lot 2387 & 2388, Block A4, Jalan Boulevard 1A, Boulevard Commercial Centre, KM3, Jalan Miri-Pujut, 98000 Miri, Sarawak	085-437 442	085-418 882
16	AFFINBANK Bukit Tinggi Business Centre 2nd Floor, No. 77 & 79, Jalan Batu Nilam 5, Bandar Bukit Tinggi, 41200 Klang, Selangor Darul Ehsan	03-3318 9700	03-3319 3100
17	AFFINBANK Central Business Centre Mezzanine Floor, Menara Affin. 80, Jalan Raja Chulan. 50200 Kuala Lumpur	03-2055 9000	
18	AFFINBANK Batu Pahat Business Centre 2nd Floor, No. 3 & 4. Jalan Merah, Taman Bukit Pasir, 83000 Batu Pahat, Johor	07-438 5152	07-432 5158
19	AFFINBANK Danga Bay Business Centre 3rd Floor, No. 17 & 18. Blok 6, Danga Bay. Jalan Skudai, 80200 Johor Bahru, Johor	07-235 2132	07-235 2131
20	AFFINBANK Kajang Business Centre 2nd Floor, 2 & 3, Jalan Saga, Taman Sri Saga, Off Jalan Sg. Chua. 43000 Kajang, Selangor	03-8733 1027	03-8733 0951
21	AFFINBANK Bangsar Business Centre 1st Floor, No. 4 & 6. Jalan Telawi 3, Bangsar Baru. 59100 Kuala Lumpur	03-2284 8063	03-2284 8269
22	AFFINBANK Kinrara Business Centre 1st Floor, No. 1, Jalan TK 1/11 A. Taman Kinrara, Section 1, Batu 7 ½, Jalan Puchong, 47100 Puchong, Selangor	03-8062 0074	03-8062 0480
23	AFFINBANK Subang Jaya Business Centre 2nd Floor, 7 & 9, Jalan SS 15/8A, 47500 Subang Jaya, Selangor	03-5631 0930	
24	AFFINBANK Kota Bharu Business Centre 1st Floor, 3788H & 3788I. Seksyen 13, Jalan Sultan Ibrahim. 15050 Kota Bharu, Kelantan	09-744 5698	

NETWORK OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFINBANK BUSINESS CENTRE		
25	AFFINBANK Tawau Business Centre 1st Floor, TB281-283, Jalan Haji Karim, Town Extension II, 91008 Tawau, Sabah	089-753 891	089-753 890
26	AFFINBANK Alternate Channels 2nd Floor, No. 2 & 4, Jalan 1/27F, Kuala Lumpur Sub-Urban Centre, Wangsa Maju, 53300 Kuala Lumpur	03-4142 3940	

	NAME & ADDRESS	TEL	FAX
	AFFIN ISLAMIC HIRE PURCHASE HUB		
1	AFFIN ISLAMIC Juru Auto-City Branch No. 1813A, Jalan Perusahaan, Auto-City, North-South Highway Juru Interchange, 13600 Prai, Pulau Pinang	04-507 3235	04-507 0522
2	AFFIN ISLAMIC Senawang Branch No 312-G & 312-1, Jalan Bandar Senawang 17, Pusat Bandar Senawang, 70450 Seremban, Negeri Sembilan	06-675 8366	06-675 7188
	AFFIN ISLAMIC MORTGAGE HUB		
1	AFFINISLAMIC Setapak Mortgage Hub 15th Floor, Menara Affin, 80, Jalan Raja Chulan, 50200 Kuala Lumpur	03-2055 9020	03-2070 0773
2	AFFINISLAMIC GLOMAC Mortgage Hub 4th Floor, Menara Glomac, Kelana Business Centre, 97, Jalan SS7/2, 47301 Kelana Jaya, Selangor	03-7947 5555	03-7804 0819

	NAME & ADDRESS	TEL	FAX
	AXA AFFIN GENERAL INSURANCE BERHAD		
1	AXA Affin General Insurance Berhad - Cheras Branch 165 & 165-1 Jalan Lancang, Taman Seri Bahtera, 56100 Cheras, Kuala Lumpur, Malaysia	03-9130 5688	03-9130 5788
2	AXA Affin General Insurance Berhad - Klang Branch 28 Jalan Tiara 2A/KU1, Pusat Perniagaan Bandar Baru Klang, 41150 Klang, Selangor, Malaysia	03-3341 7808 03-3342 7808	03-3341 6505
3	AXA Affin General Insurance Berhad - Petaling Jaya Branch No. 46B, Jalan SS 21/35, Damansara Utama, 47400 Petaling Jaya, Selangor, Malaysia	03-7727 8962	03-7727 9057
4	AXA Affin General Insurance Berhad - Subang Jaya Branch 113 Ground Floor, Jalan SS15/5A, 47500 Subang Jaya, Selangor, Malaysia	03-5632 3535	03-5632 7177
5	AXA Affin General Insurance Berhad - Puchong Branch GF-09, IOI Business Park, Persiaran Puchong Jaya Selatan, 47170 Puchong Jaya,Selangor, Malaysia	03-8079 0892 03-8079 0893	03-8079 0901
6	AXA Affin General Insurance Berhad - Kota Kinabalu Branch Ground & 1st Floor Block D, Kepayan Perdana Commercial Centre, Jln Lintas, 88200 Kota Kinabalu, Sabah	088-41 3240	088-41 3270
7	AXA Affin General Insurance Berhad - Tawau Branch TB 281, Tingkat 1, Blok 29, Fajar Komplex, Jalan Haji Karim, Town Extension II, 91000 Tawau, Sabah, Malaysia	089-75 6475 089-75 6476	089-75 6473

NETWORK OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AXA AFFIN GENERAL INSURANCE BERHAD		
8	AXA Affin General Insurance Berhad - Kuching Branch Ground Floor & 1st Floor, Sublot 3,Lot 68-71, Jalan Green, 93150 Kuching, Sarawak, Malaysia	082-24 8300	082-42 8148
9	AXA Affin General Insurance Berhad - Miri Branch Lot 582, Pelita Commercial Centre, Miri Pujut Road, 98000 Miri, Sarawak, Malaysia	085-41 6661	085-41 9600
10	AXA Affin General Insurance Berhad - Sibu Branch Lot 4018, Block 7, Sibu Town District No. 20, Ground Floor, Wong King Huo Road, 96000 Sibu, Sarawak, Malaysia	084-32 6993 084-32 6992	084-31 0128
11	AXA Affin General Insurance Berhad - Penang Branch Ground & 1st Floor, Wisma AXA, 1E, Lebuh Penang,10200 Penang, Malaysia	04-261 1981 04-261 6935 04-261 1595	04-261 0688
12	AXA Affin General Insurance Berhad - Sungai Petani Branch 86, 1st Floor, Jalan Legenda 1, Legenda Heights, 08000 Sungai Petani, Kedah, Malaysia	04-423 8680	04-423 8660
13	AXA Affin General Insurance Berhad - Bukit Mertajam Branch 2996 Jalan Maju,Taman Sri Maju, 14000 Bukit Mertajam, Penang, Malaysia	04-539 6808, 04-539 7808	04-530 6308
14	AXA Affin General Insurance Berhad - Ipoh Branch No. 7, 7A & 9, Persiaran Greentown 5, Greentown Business Centre, 30450 Ipoh, Perak, Malaysia	05-254 8034 05 241 3477 05-254 3395 05-253 2809	05-253 7078
15	AXA Affin General Insurance Berhad - Kota Bharu Branch PT227 Ground & First Floor, Jalan Kebun Sultan, 15350 Kota Bharu, Kelantan, Malaysia	09-748 2054	09-744 4585
16	AXA Affin General Insurance Berhad - Mentakab Branch No. 66,1st Floor, Jalan Orkid, 28400 Mentakab, Pahang, Malaysia	09-277 2002 09-277 2003	09-277 2008
17	AXA Affin General Insurance Berhad - Kuantan Branch B-8008 2nd & 3rd floor, Sri Kuantan Square, Jalan Telok Sisek, 25000 Kuantan, Pahang, Malaysia	09-517 7509 09-516 3708	09-514 3489
18	AXA Affin General Insurance Berhad - Kuala Terengganu Branch 18A-Dataran Panji, Panji Curve Business Park, Jln Panji Alam, 21100 Kuala Terengganu, Terengganu	09-628 5340	09-628 5345
19	AXA Affin General Insurance Berhad - Batu Pahat Branch 35, Jalan Flora Utama 5, Taman Flora Utama, 83000 Batu Pahat, Johor, Malaysia	07-4313 569, 07-4313 577, 07-4313 598	07-4313 605
20	AXA Affin General Insurance Berhad - Johor Bahru Branch No.67, Jalan Molek 1/29,Taman Molek, 81100 Johor Bahru, Johor, Malaysia	07-4313 569 07-4313 577 07-4313 598	07-352 7554
21	AXA Affin General Insurance Berhad - Melaka Branch Ground Floor, 61 Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka, Malaysia	06 287 8588	06 287 8588
22	AXA Affin General Insurance Berhad - Seremban Branch No. 77B & 77B-1, Lorong Haruan 5/3, Oakland Commercial Centre, 70300 Seremban, Negeri Sembilan, Malaysia	06-633 3366	06-633 2882

NETWORK OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AXA AFFIN LIFE INSURANCE		
1	AXA AFFIN Life Insurance Berhad - Head Office 8th Floor, Chulan Tower, No. 3 Jalan Conlay, 50450 Kuala Lumpur	03-2117 6688	03-2117 3698
2	AXA AFFIN Life Insurance Berhad - Petaling Jaya Branch Block C Lot 19-01, 3 Two Square, No.2, Jalan 19/1, 46300 Petaling Jaya, Selangor	03-7957 6226	03-7957 6248
3	AXA AFFIN Life Insurance Berhad - Johor Bahru Branch No. 69, Jalan Molek 1/29, Taman Molek, 81100 Johor Bahru, Johor	07-352 6979	07-352 3515
4	AXA AFFIN Life Insurance Berhad - Ipoh Branch C-G-6 & C-G-7, Greentown Square, Jalan Dato Seri Ahmad Said, 30250 Ipoh, Perak	05-249 4800	05-249 4801
5	AXA AFFIN Life Insurance Berhad - Penang Branch No.F-6-1, Bay Avenue, Lorong Bayan Indah 1, Queensbay, 11900 Sungai Nibong, Penang	04-630 0688	04-630 0699
6	AXA AFFIN Life Insurance Berhad - Seremban Branch No.107, Jalan S2 B20, Pusat Dagangan Centrio Seremban 2, 70300 Seremban	06-603 7347	06-603 7947
7	AXA AFFIN Life Insurance Berhad - Melaka Branch Ground Floor, UMB Building, No. 61, Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka	06-284 6185	06-284 6186
8	AXA AFFIN Life Insurance Berhad - Kota Kinabalu Branch Unit 27-1 (Ground Floor), 26-2 (1st Floor) & 27-3 (2nd Floor), Block D Kepayan Perdana, Commercial Centre, Jalan Lintas, 88200 Kota Kinabalu, Sabah	088-413 292	088-413 809
9	AXA AFFIN Life Insurance Berhad - Kuching Branch 2nd Floor, Sublot 3 of Lots 68, 70 & 71, Section 22, Jalan Green, 93150 Kuching, Sarawak	082-242 245	082-244 241
10	AXA AFFIN Life Insurance Berhad - Sibu Branch 2nd Floor, 16 & 18, Jalan Wong King Huo, 96000 Sibu, Sarawak	084-327 125	084-327 126

	NAME & ADDRESS	TEL	FAX
	AFFIN HWANG INVESTMENT BANK		
1	HEAD OFFICE 27th Floor, Menara Boustead, No. 69 Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia	03 2142 3700	
2	Bahau Branch No. 6, Tingkat Atas, Jalan Mahligai, 72100 Bahau, Negeri Sembilan Darul Khusus, Malaysia	06 455 3188	06 455 3288
3	Bukit Mertajam Branch No. 2 & 4 Jalan Perda Barat, Bandar Perda, 14000 Bukit Mertajam, Penang, Malaysia	04 537 2882	04 537 5228
4	Bukit Tinggi Branch First Floor, No. 79, Jalan Batu Nilam 5, Bandar Bukit Tinggi, 41200 Klang, Selangor Darul Ehsan, Malaysia	03 3322 1999	03 3322 1666

NETWORK OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFIN HWANG INVESTMENT BANK		
5	Chulan Tower Branch Mezzanine & 3rd Floor, Chulan Tower, No. 3 Jalan Conlay, 50450 Kuala Lumpur, Malaysia	03 2143 8668	03 2145 5092
6	Ipoh Branch 2nd & 3rd Floor, No. 22 Persiaran Greentown 1, Greentown Business Centre, 30450 Ipoh, Perak Darul Ridzuan, Malaysia	05 255 9988	05 255 0988
7	Johor Bahru Branch Level 7, Johor Bahru City Square (Office Tower), No. 106-108 Jalan Wong Ah Fook, 80000 Johor Bahru, Johor Daruk Takzim, Malaysia	07 222 2692	07 276 5201
8	Klang Branch 4th Floor, Wisma Meru, No. 1 Lintang Pekan Baru, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan, Malaysia	03 3343 9999	03 3343 4198
9	Kota Kinabalu Branch Suite 1-9-E1 (A), 9th Floor, CPS Tower, Centre Point Sabah, No. 1 Jalan Centre Point 88000 Kota Kinabalu, Sabah, Malaysia	088 311 688	088 318 996
10	Kuching Branch Ground Floor & 1st Floor, No. 1 Jalan Pending, 93450 Kuching, Sarawak, Malaysia	082 341 999	082 485 999
11	Penang Branch Levels 2, 3, 4, 5 & 7, Wisma Sri Pinang, No. 60 Green Hall, 10200 Penang, Malaysia	04 263 6996	04 261 5572
12	Seremban Branch No. 29-G Jalan S2 B16, Pusat Dagangan Seremban 2, 70300 Seremban, Negeri Sembilan Darul Khusus, Malaysia	06 603 7408	06 603 7409
13	Subang Jaya Branch Suite B3A1, East Wing, 3Ath Floor, Wisma Consplant 2, No. 7, Jalan SS 16/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia	03 5635 6688	03 5636 2288
14	Sungai Petani Branch No. 70 & 70A Jalan Mawar 1, Taman Pekan Baru, 08000 Sungai Petani, Kedah Darul Aman, Malaysia	04 425 6666	04 421 2288
15	Taiping Branch Tingkat Bawah, Aras 1, 2 & 3, No. 21 Jalan Stesen, 34000 Taiping, Perak Darul Ridzuan, Malaysia	05 806 6688	05 808 9229
16	Taman Midah Branch No. 38A & 40A Jalan Midah 1, Taman Midah, Cheras, 56000 Kuala Lumpur, Malaysia	03 9130 8803	03 9130 8303
17	Taman Tun Dr Ismail Branch 2nd Floor, Bangunan AHP, No. 2 Jalan Tun Mohd Fuad 3, Taman Tun Dr Ismail, 60000 Kuala Lumpur	03 7710 6688	03 7710 6699

NETWORK OF BRANCHES

	NAME & ADDRESS	TEL	FAX
	AFFIN HWANG ASSET MANAGEMENT		
1	HEAD OFFICE Ground Floor, Menara Boustead, No. 69 Jalan Raja Chulan, 50200 Kuala Lumpur	Hotline: 1800 88 7080 (Malaysia) General Line: 03 2116 6000 (International)	-
2	Ipoh Sales Office No. 13A, Persiaran Greentown 7, Greentown Business Centre, 30450 Ipoh, Perak	05 241 0668	05 255 9696
3	Johor Bahru Sales Office Unit 22-05, Level 22, Menara Landmark, No.12, Jalan Ngee Heng, 80000 Johor Bahru, Johor	07 227 8999	07 223 8998
4	Kota Kinabalu Sales Office Unit 1.09 (a), Level 1, Plaza Shell, No. 29, Jalan Tunku Abdul Rahman, 88000 Kota Kinabalu, Sabah	088 252 881	088 288 803
5	Kuching Sales Office Ground Floor, No. 69, Block 10, Jalan Laksamana Cheng Ho, 93200 Kuching, Sarawak	082 233 320	082 233 663
6	Melaka Sales Office Ground Floor, No. 584, Jalan Merdeka, Taman Melaka Raya, 75000 Melaka	06 281 2890	06 281 2937
7	Miri Sales Office 1st Floor, Lot 1291, Jalan Melayu, MCLD, 98000 Miri, Sarawak	085 418 403	085 418 372
8	Penang Sales Office No. 10-C-23 & No.10-C-24, Precinct 10, Jalan Tanjung Tokong, 10470 Penang	04 899 8022	04 899 1916

	NAME & ADDRESS	TEL	FAX
	AIIMAN ASSET MANAGEMENT		
1	14th Floor, Menara Boustead, No. 69, Jalan Raja Chulan, 50200 Kuala Lumpur	1300 88 8830 (Local) 03 2116 6156 (Overseas)	03 2116 6150

SHAREHOLDING STATISTICS
AS AT 30 APRIL 2020

Analysis of shareholdings as at 30 April 2020

SIZE OF SHAREHOLDINGS	NO OF HOLDERS	%	NO OF SHARES	%
Less than 100	768	4.5	16,378	0.0
100 to 1,000	2,650	15.3	1,817,109	0.1
1,001 to 10,000	10,556	61.2	40,679,844	2.0
10,001 to 100,000	2,932	17.0	80,763,347	4.1
100,001 to 99,301,005*	344	2.0	146,085,209	7.4
99,301,006** and above	4	0.0	1,716,658,236	86.4
Total	**17,254**	**100.00**	**1,986,020,123**	**100.00**

* Less than 5% of issued shares
** 5% and above of issued shares

LIST OF TOP 30 SHAREHOLDERS AS AT 30 APRIL 2020

	NAME	SHAREHOLDINGS	%
1	LEMBAGA TABUNG ANGKATAN TENTERA	701,756,455	35.33
2	MAYBANK NOMINEES (ASING) SDN BHD THE BANK OF EAST ASIA LIMITED HONG KONG FOR THE BANK OF EASTASIA LIMITED (INVESTMENT AC)	467,874,131	23.56
3	BOUSTEAD HOLDINGS BERHAD ACCOUNT NON-TRADING	411,630,053	20.73
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	135,397,597	6.82
5	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	21,909,200	1.10
6	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	9,709,918	0.49
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	6,039,285	0.30
8	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	4,054,566	0.20
9	PUBLIC NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAYLAND PARKVIEW SDN BHD (KLC)	2,800,200	0.14
10	HSBC NOMINEES (ASING) SDN BHD JPMCB, NA FOR AUSTRALIANSUPER	2,425,800	0.12
11	CIMB GROUP NOMINEES (AING) SDN BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	2,263,200	0.11
12	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGE SECURITIES ACCOUNT FOR CHEAM HENG MING (E-KTN/RAU)	2,092,899	0.11
13	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR LIM SHIANG LIANG (LIN XIANGLIANG)	1,978,936	0.10
14	KEY DEVELOPMENT SDN.BERHAD	1,937,948	0.10

SHAREHOLDING STATISTICS

	NAME	SHAREHOLDINGS	%
15	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HII YU HO	1,912,688	0.10
16	HSBC NOMINEES (ASING) SDN BHD TNTC FOR LSV EMERGING MARKETS EQUITY FUND L.P.	1,801,000	0.09
17	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	1,666,964	0.08
18	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGE SECURITIES ACCOUNT FOR ZALARAZ SDN BHD (MY3113)	1,603,000	0.08
19	FANG INN	1,509,958	0.08
20	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,316,348	0.07
21	LEE GUAN SEONG	1,250,210	0.06
22	PERTUBUHAN PELADANG KEBANGSAAN (NAFAS)	1,250,000	0.06
23	CHINCHOO INVESTMENT SDN BHD	1,128,240	0.06
24	CGS-CIMB NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	1,113,944	0.06
25	G.T.Y. HOLDINGS SDN. BHD	1,000,000	0.05
26	GEMAS BAHRU ESTATES SDN. BHD.	873,601	0.04
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED ECURITIES ACCOUNT FOR HII YU HO	790,430	0.04
28	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND SD4N FOR ALBERTA INVESTMENT MANAGEMENT CORPORATION	780,900	0.04
29	CHIA CHOON KWANG @ CHAI CHOON KWANG	744,000	0.04
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE PHAK KHUAI	741,320	0.04
	TOTAL	**1,791,352,791**	**90.20**

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2020

	NAME	DIRECT SHAREHOLDINGS	%	INDIRECT SHAREHOLDINGS	%
1	LEMBAGA TABUNG ANGKATAN TENTERA	701,756,455	35.33	412,162,493*	20.76
2	THE BANK OF EAST ASIA LIMITED	467,874,131	23.56	-	
3	BOUSTEAD HOLDINGS BERHAD (BHB)	411,630,053	20.73	532,440#	0.03
4	EMPLOYEES PROVIDENT FUND	135,397,597	6.82		

* Deemed interest by virtue of LTAT's interest in BHB

\# Deemed interest by virtue of BHB's interest in UAC Berhad

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