

SUSTAINABILITY STATEMENT



The Bank Coral Planting and Beach Cleaning initiative in Mamutik Island, Sabah in conjunction with Earth Day 2018

ABOUT THIS STATEMENT

This is our third annual Sustainability Statement (the Statement), representing our sustainability performance, initiatives and achievements for the reporting year – 1st January 2018 to 31st December 2018 (FYE 2018). This year, we have enhanced our disclosures, as guided by the Main Market Listing Requirements on Sustainability Reporting by Bursa Malaysia Securities Berhad (Bursa Malaysia) and the Global Reporting Initiatives (GRI) Standards in demonstrating our refreshed perspectives, approaches and progress in managing the economic, environmental and social (EES) impacts arising from our business operations.

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

Commercial Banking	Affin Bank Berhad (AFFINBANK)
	Affin Islamic Bank Berhad (AFFIN ISLAMIC)
Investment Banking	Affin Hwang Investment Bank Berhad
	Affin Hwang Asset Management Berhad
	AIIMAN Asset Management Sdn Bhd (AIIMAN)
Insurance	AXA Affin Life Insurance Berhad (AALI)
	AXA Affin General Insurance Berhad (AAGI)

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Our sustainability aspirations are aligned with the United Nations Sustainable Development Goals (UN SDG), Eleventh Malaysia Plan (11 MP) and the Value-Based Intermediation (VBI) framework by Bank Negara Malaysia, where appropriate. We are continuously exploring the opportunities to deliver the intended outcome of these national and global sustainability aspirations through business practices and product offerings to generate positive impact to the economy, environment and society.

Value-Based Intermediation (VBI) Scorecard issued by Bank Negara Malaysia (BNM)

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

- | | | |
|-----------------------|-------------------------|----------------------------|
| • products & services | • human resource tools | • organisational structure |
| • leadership | • performance reporting | • management systems |

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

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

SUSTAINABILITY GOVERNANCE

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

BOARD OF DIRECTORS (BOD or the Board)

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



GROUP BOARD RISK MANAGEMENT AND COMPLIANCE COMMITTEE (GBRMCC)

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



MANAGEMENT COMMITTEE (MCM)

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



SUSTAINABILITY WORKING GROUP (SWG)

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

Figure 1 – Sustainability Governance Structure

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STAKEHOLDER ENGAGEMENT

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

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

Stakeholder Groups	Engagement Method	Matters of Interest	Our Response (refer to the respective sections of the statement)
INTERNAL STAKEHOLDERS			
Board of Directors	<ul style="list-style-type: none"> Board meetings Annual General Meeting (AGM) Email correspondences 	<ul style="list-style-type: none"> Overall performance & strategic direction Corporate governance practices Responsible investments Human capital management Environmental practices 	<ul style="list-style-type: none"> Sustainable Financial Services Socially Responsible Employer Supportive Community Development
Senior Management	<ul style="list-style-type: none"> Performance assessment & feedback Meetings Townhall sessions Intranet Group corporate events 	<ul style="list-style-type: none"> Overall performance & strategic direction Operational efficiency Innovative services & products Good rapport with stakeholders Corporate governance practices Human capital management Environmental practices 	<ul style="list-style-type: none"> Sustainable Financial Services Socially Responsible Employer Supportive Community Development
Employees	<ul style="list-style-type: none"> Employee Engagement Surveys Performance assessment & feedback Intranet Meetings Townhall sessions Group corporate events Grievance handling systems 	<ul style="list-style-type: none"> Talent & succession planning Employee welfare Career progression Ethical business practice Information & data security Environmental practices 	<ul style="list-style-type: none"> Sustainable Financial Services Socially Responsible Employer Supportive Community Development
EXTERNAL STAKEHOLDERS			
Investors/ Shareholders	<ul style="list-style-type: none"> Roadshows Investor Relations Annual General Meeting (AGM) Corporate website 	<ul style="list-style-type: none"> Overall performance & strategic direction Impact of products & services Corporate governance practices Strategic collaborations/partnerships 	<ul style="list-style-type: none"> Sustainable Financial Services Socially Responsible Employer
Regulators/ Government Bodies	<ul style="list-style-type: none"> Meetings Forums Regulatory briefings Programmes organised by regulators/government bodies 	<ul style="list-style-type: none"> Products & services Ethical business practice Overall performance Regulatory compliance Information & data security Corporate governance practices 	<ul style="list-style-type: none"> Sustainable Financial Services Socially Responsible Employer
Individual & Non-Individual Customers	<ul style="list-style-type: none"> Customer Satisfaction Surveys Social media Customer service channels 	<ul style="list-style-type: none"> Products & services Streamlined customer services Ethical business practice Personal data protection Transparency in sales & marketing 	<ul style="list-style-type: none"> Sustainable Financial Services Socially Responsible Employer
Analysts/Rating Agencies	<ul style="list-style-type: none"> Meetings Analysts briefings/forums 	<ul style="list-style-type: none"> Products & services Ethical business practice Regulatory compliance Financial performance 	<ul style="list-style-type: none"> Sustainable Financial Services

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Media	<ul style="list-style-type: none"> • Meetings • Media releases • Press conferences 	<ul style="list-style-type: none"> • Good governance practices • Societal impact • Open & transparent communication 	<ul style="list-style-type: none"> • Sustainable Financial Services • Supportive Community Development
Business Partners/ IT Outsource Partners	<ul style="list-style-type: none"> • Corporate website • Meetings 	<ul style="list-style-type: none"> • Strategic collaborations/partnerships • Products & services • Transparency in sales & marketing • Regulatory compliance • Financial performance 	<ul style="list-style-type: none"> • Sustainable Financial Services
Employee Unions	<ul style="list-style-type: none"> • Meetings • Townhall sessions • Group corporate events 	<ul style="list-style-type: none"> • Regulatory compliance • Financial performance • Human capital development • Fair employment practices 	<ul style="list-style-type: none"> • Socially Responsible Employer
Vendors/ Suppliers/ Contractors	<ul style="list-style-type: none"> • Meetings • Corporate website 	<ul style="list-style-type: none"> • Regulatory compliance • Financial performance • Supply chain management 	<ul style="list-style-type: none"> • Sustainable Financial Services
Industry/Trade Associations	<ul style="list-style-type: none"> • Meetings • Public partnerships 	<ul style="list-style-type: none"> • Strategic collaborations/partnerships • Products & services 	<ul style="list-style-type: none"> • Sustainable Financial Services
Local Communities/ Non-Government Organisations (NGO)	<ul style="list-style-type: none"> • Meetings • Volunteer activities • Forums • Community programmes 	<ul style="list-style-type: none"> • Ethical business practices • Societal & environmental impact • Indirect economic contribution 	<ul style="list-style-type: none"> • Sustainable Financial Services • Supportive Community Development

Table 1 – Summary of Stakeholder Engagements

The channels of engagement vary depending on the influence and dependence a particular stakeholder group has on the Group and vice-versa. During the reporting year, we conducted a structured stakeholder prioritisation exercise to evaluate the significance of each stakeholder group to the Group, in order to better understand and strengthen our approaches in engaging and effectively responding to our stakeholders’ expectations. Following this prioritisation exercise, as illustrated in Figure 2 below, key stakeholder groups i.e. Senior Management, Investors and Shareholders, Employees, Board of Directors, Regulators and Government Bodies and Customers were found to have the highest influence, as well as dependence on our business operations.

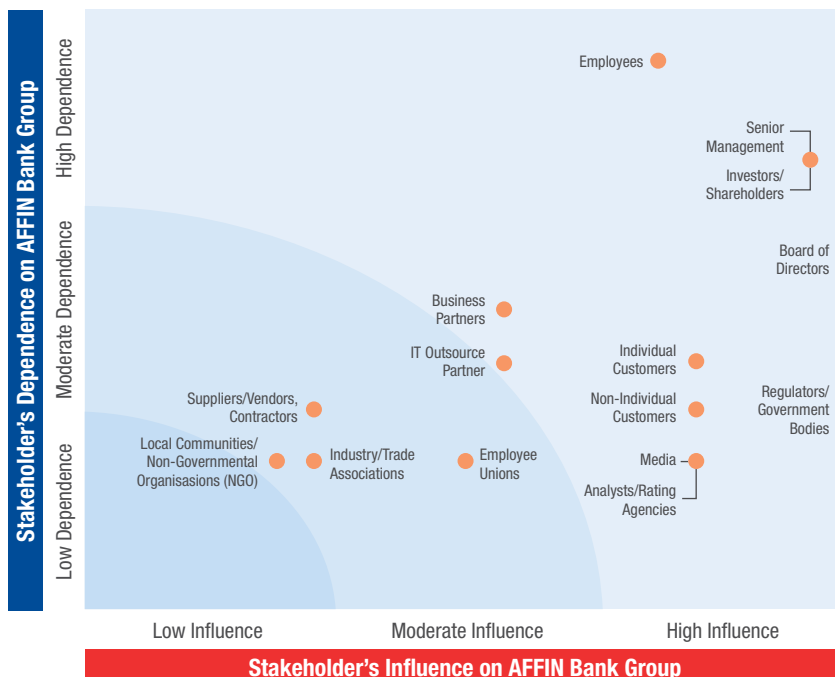


Figure 2 – Stakeholder Prioritisation Matrix

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MATERIALITY ASSESSMENT

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

We conducted a Sustainability Impact Assessment to determine the level of importance of each sustainability matter to the Group. Participated by the members of the SWG, where relevant, we leveraged on our existing business risks evaluation parameters to rate the likelihood and impact of occurrences of risks events and materialisation of opportunities associated with the sustainability topics. Based on the outcome of the stakeholder prioritisation exercise, we engaged with both our key internal and external stakeholders to gauge their perception on the identified sustainability matters.

Stakeholders	Group of Stakeholders	Mode of Engagement
Internal Stakeholders	Board of Directors	One-to-one Interviews
	Senior Management	Group Interview
	Employees	Online Surveys
External Stakeholders	Shareholders	Online Surveys
	Customers	Online Surveys
	Analyst and Rating Agency	Online Surveys

Table 2 – Summary of Stakeholders Engaged for Influence on Assessment & Decisions

We analysed the outcome of the Sustainability Impact Assessment (which represents the business perspective) and survey responses (which represents the stakeholders perspective), resulting in a materiality matrix that depicts the sustainability matters of significance to our business and stakeholders, as shown in Figure 3.



Figure 3 – Materiality Matrix

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

As shown in Figure 4 below, our sustainability matters are grouped into three themes – Sustainable Financial Services, Socially Responsible Employer and Supportive Community Development. Backed by AFFINITY, our strategic transformation programme – Figure 5 on the following page, further illustrates on how these sustainability matters act as key enablers, in support of our holistic strategic vision, governance structure and operations, in transforming our various capitals (e.g. in the form of financials, skilled talent, infrastructure/ technology, etc.) into bringing value to both our business and stakeholders. Efforts to manage and monitor the Group's performance of these sustainability matters are discussed in the following sections of our Sustainability Statement.



THEME 1 SUSTAINABLE FINANCIAL SERVICES

AFFIN Bank Group is committed towards integrating sustainability practices in delivering our products & services, as well making strategic decisions

1. Client/Customer Focus
2. Digital Innovation
3. Data Privacy & Security
4. Ethics & Integrity
5. Responsible Financial Services
6. Responsible Marketing
7. Sustainable Procurement Practices

THEME 2 SOCIALLY RESPONSIBLE EMPLOYER

AFFIN Bank Group is committed towards becoming a talent factory that supports development & acts in the best interest of our employees through an inclusive workplace

8. Fair Employment Practices
9. Talent Development

THEME 3 SUPPORTIVE COMMUNITY DEVELOPMENT

AFFIN Bank Group is committed towards minimising the environmental impacts of our business activities & engaging positively with society

10. Environmental Management
11. Community Development

Figure 4 – AFFIN Bank Group's Sustainability Matters

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CREATING VALUE

In embracing the challenge to embed sustainability practices within the Group, we allocated capitals into our operations across various business segments. These strategic allocations allow us to ensure we sustain profitable growth as well as continuously create value for the Group and all of our stakeholders. Our journey towards value creation is represented by how we connect and address the said capitals with the management of our sustainability matters. Throughout the remaining sections of the statement, icons representing the relevant UN SDGs and the strategic thrusts of 11 MP will identify its intrinsic connection with the sustainability matters being discussed.

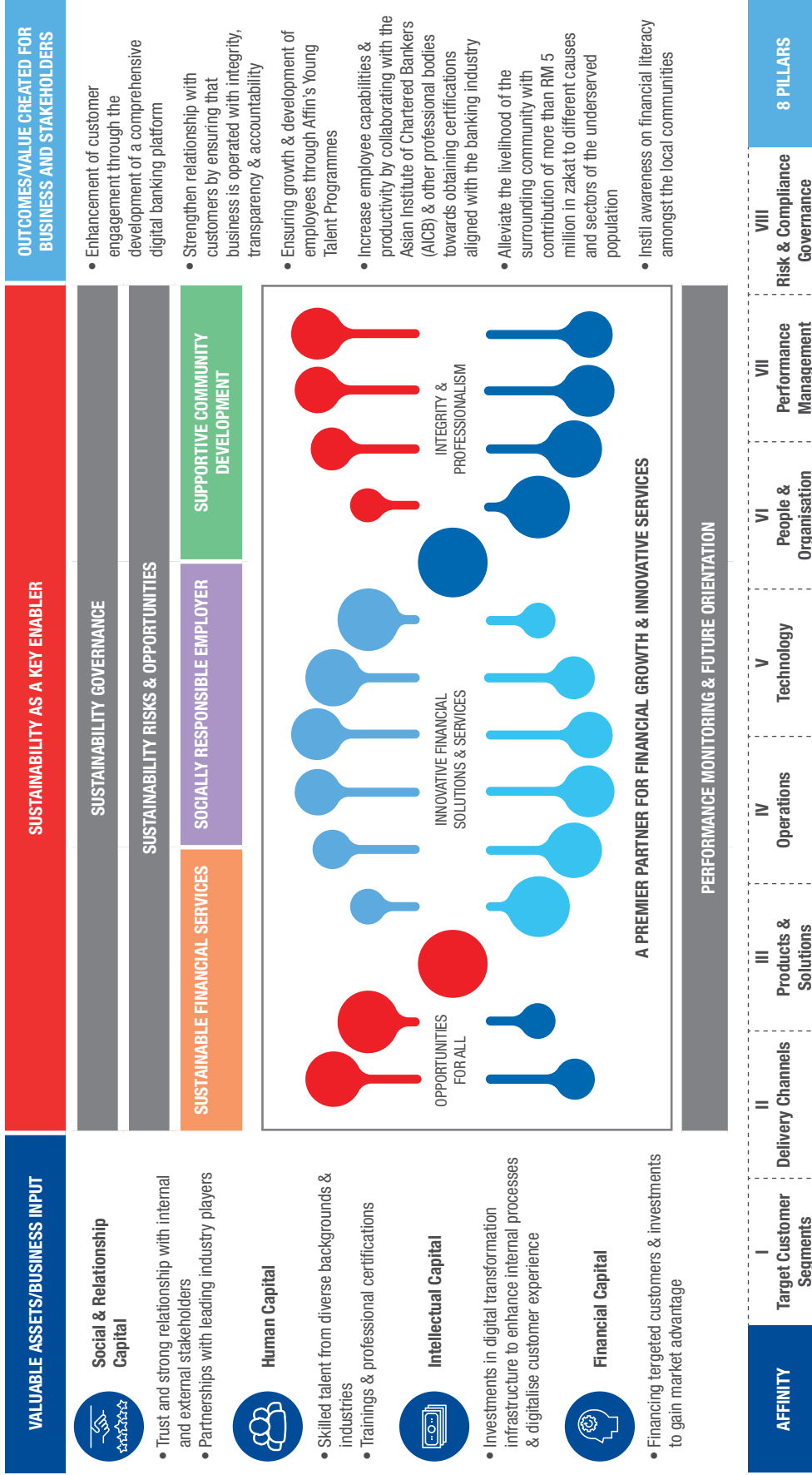


Figure 5 – How AFFIN Bank Group creates value

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THEME 1: SUSTAINABLE FINANCIAL SERVICES

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

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

Table 3 – Summary of Theme 1: Sustainable Financial Services

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CLIENT/CUSTOMER FOCUS



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

Client/Customer Service Charter AFFINBANK, AFFIN ISLAMIC & AAGI

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

- | | |
|---|---|
| • Pillar 1 – Know Your Customer | • Pillar 3 – Transparent & Personable Service |
| • Pillar 2 – Timely & Efficient Service | • Pillar 4 – Banking Made Accessible |

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

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

Complaint Management Policy/Procedures AFFINBANK, AFFIN ISLAMIC & Affin Hwang Investment Bank Berhad

- Ensures a suitable mechanism exists for receiving & addressing customer complaints
- Specific emphasis on resolving such complaints fairly & expeditiously with compliance to internal & external regulations & guidelines
- Affin Hwang Investment Bank Berhad developed a Customer Complaint guideline based on products, services, activities & operations, taking into account the following governing guidelines, rules & regulations covering the best standards of practice in the handling of complainants' complaints which are applicable to the Securities Division & other relevant Divisions
- Complaint procedures includes a Complaints Handling Unit & Complaint Mechanism, Branch Complaint Officers at Investment Banking Division & Securities Division

Affin Hwang Asset Management Berhad

Customer Satisfaction Policy

- Governs us to continuously improve our processes & procedures in accordance with customers' changing demands & expectations
- Goal of building long-term relationships with our customers

Feedback Management Policy

- Step-by-step guide on how we treat & process feedback received, from acknowledgement to execution of solutions
- Ensure the feedback process is completed within an agreed timeline

Scheduled 'Call Back' Policy

- Customers waiting on the call queue are provided with the option for our contact center to schedule a call at a later time without having them to continue waiting in line
- Agents are required to complete all scheduled calls on the same day or latest by the next business day
- All calls must be logged in the Customer Relationship Management (CRM) system

Imposition of Fees & Charges Policy AFFIN Hwang Investment Bank Berhad

- Committed to the promoting fairness in the treatment of customers when imposing any fees & charges in the conduct of business activities & offerings of products & services by:
 - ensuring fees & charges levied on financial products & services offered to individuals and Small and Medium Enterprises (SME) are equitable to both the customer and the Bank
 - standing guided by & comply with the principles & requirements of Bank Negara Malaysia (BNM) & other relevant authorities in the pricing of fees & charges to customers
 - dealing fairly & honestly with customers at all stages of their relationship

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Commercial Banking	Established as part of AFFIN ISLAMIC’s AFFINITY programme, the Customer Experience (CX) Department is responsible for enabling customer driven mind-sets, end-to-end customer service oversight & implementation of AFFIN’s Customer Experience models & frameworks. We have an internal complaint management system where emphasis is placed on improving systems to resolve customers’ complaints & increase efficiency.									
Investment Banking	<p>The Securities Division’s Retail Business & Corporate Planning, Sales & Marketing (CPSM) Department are responsible for ensuring the customer satisfaction of Affin Hwang Investment Bank Berhad’s operations. Customers’ feedback are collated physically & digitally by the Customer Service (CS) & e-Services (ES) Departments.</p> <table border="1" style="width: 100%; background-color: #e31a1c; color: white;"> <thead> <tr> <th colspan="3" style="text-align: center;">Customer Service Project – Examples of Key Initiatives</th> </tr> </thead> <tbody> <tr> <td style="width: 33%;">Create a standardized process flow for CS journey</td> <td style="width: 33%;">Upgrade to UC phone, install auto call answering)</td> <td style="width: 33%;">Reduce unanswered calls & customer complaints</td> </tr> <tr> <td>Appoint 1 CS representative at each branch</td> <td>Reduce Turn Around Time</td> <td>Setup CS team in centralized location in the next phase</td> </tr> </tbody> </table> <p>At Affin Hwang Asset Management Berhad, the CX Department is assisted by our Customer Service Department to enhance customer experience by adhering with policies that manage increasing customer demands. Affin Hwang Asset Management Berhad Contact Centre Unit assists the CX Department in driving customer experience initiatives.</p>	Customer Service Project – Examples of Key Initiatives			Create a standardized process flow for CS journey	Upgrade to UC phone, install auto call answering)	Reduce unanswered calls & customer complaints	Appoint 1 CS representative at each branch	Reduce Turn Around Time	Setup CS team in centralized location in the next phase
Customer Service Project – Examples of Key Initiatives										
Create a standardized process flow for CS journey	Upgrade to UC phone, install auto call answering)	Reduce unanswered calls & customer complaints								
Appoint 1 CS representative at each branch	Reduce Turn Around Time	Setup CS team in centralized location in the next phase								
Insurance	<p>AALI’s Customer Contact Centre acts as the central department to collect & gauge customer satisfaction scores & feedback from automatic customer surveys. Key function of the centre is to collate and resolve customer complaints & formulating action plans for improvement. AALI’s CX Department is responsible for shaping end-to-end experiences & drive engagements across key stages of a customer’s journey, with the objective to strengthen trust & loyalty. We are also dedicated towards managing quantitative analytics & customer insights, leading to the creation of our CX Strategy & Roadmap that includes customer centric culture engagement activities & process improvement initiatives.</p> <p>AAGI’s CX Department is responsible for driving a customer focus mindset, identify opportunity to improve the end-to-end customer journey & implementation of Customer Experience Models & Frameworks across the entity.</p>									

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

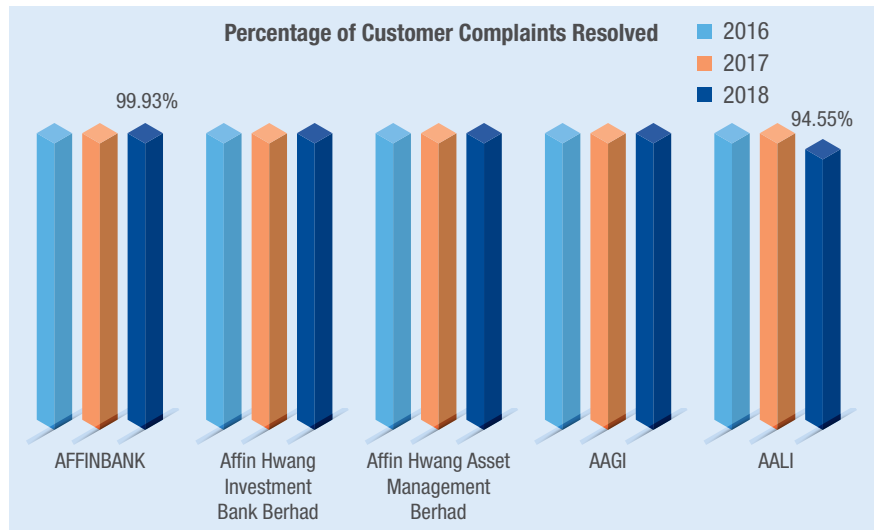
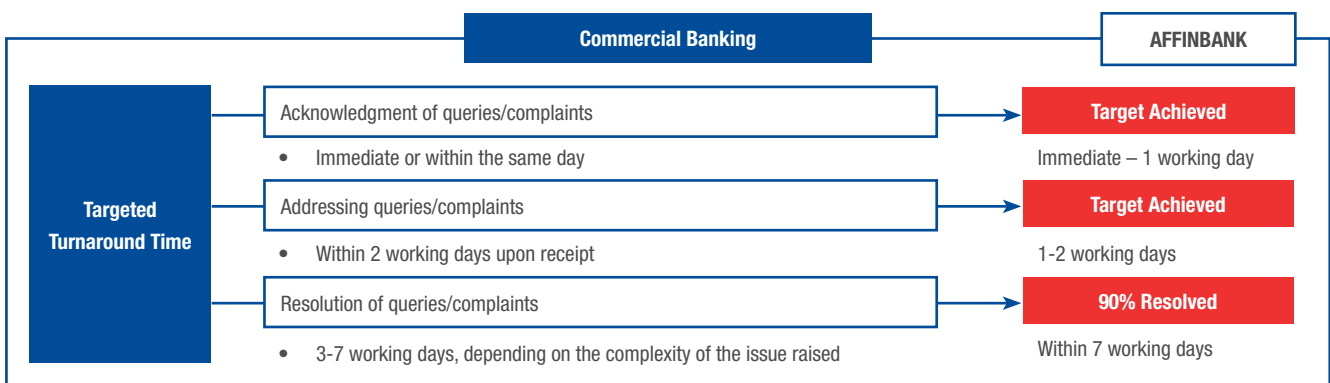


Figure 6 – AFFIN Bank Group customer complaints statistics



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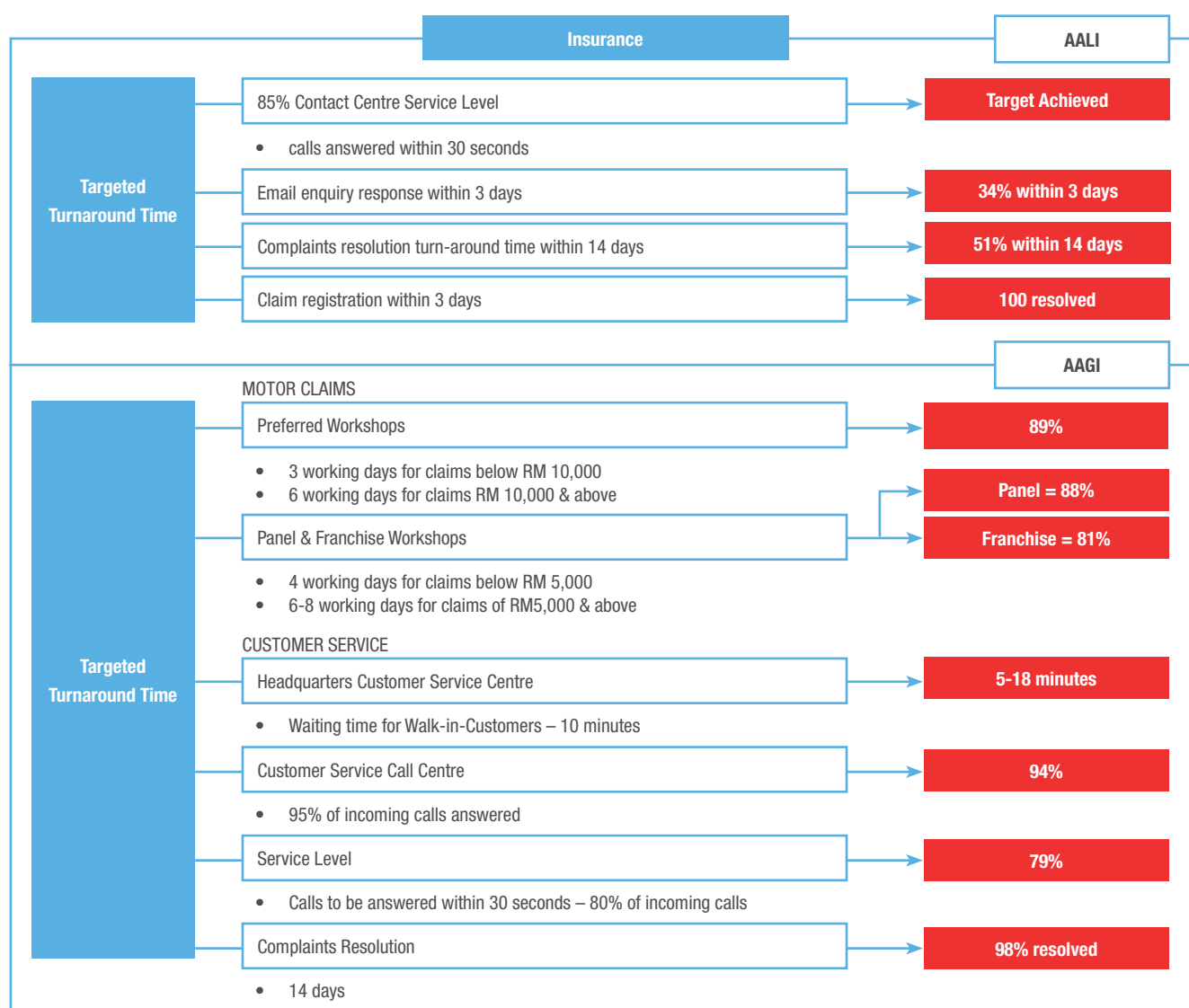


Figure 7 – AFFIN Bank Group's turnaround times

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

Key Initiatives	Description	Achievements
Affin Hwang Asset Management Berhad		
Contact Center	<ul style="list-style-type: none"> Automated call distribution to agents with no call rejections Interactive Voice Response (IVR) option with a self-service function that allows callers to perform routine functions such as i-access password reset Automated 'call back' on abandoned calls 	<ul style="list-style-type: none"> Reduce call waiting time Reduce abandoned calls Improve Service-Level Agreement (SLA) Improve call experience
WhatsApp Line	<ul style="list-style-type: none"> Provide alternative channels for customers who are not conveniently reached through voice calls Send notifications to investors before our call to ensure the call is answered Faster follow-up for investors or customers or clients who have rejected transactions 	<ul style="list-style-type: none"> Reduced incoming voice calls & emails Faster response time from clients More interactive Allows customers to share certain error pages or request for assistance
Saturday Shifts	<ul style="list-style-type: none"> Provide service calls for customers on Saturdays Provide phone updates & service assistance 	<ul style="list-style-type: none"> Improve rate of answered calls & reach out rate of outbound team Enhance relationship with customers

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Key Initiatives	Description	Achievements
PRS Reminder & Awareness	<ul style="list-style-type: none"> Provide reminders to PRS Investors to maximise their annual tax relief Promote Retirement Saving awareness amongst the youth 	<ul style="list-style-type: none"> Customers are able to enjoy tax relief despite busy work schedules Retirement saving plan from a young age & enjoy youth incentives
Loyalty Programme	<ul style="list-style-type: none"> Reward & retain investors Provide perks & privileges to eligible members Provide first hand market insights & VIP access to market events 	<ul style="list-style-type: none"> Build loyalty Improve advocacy Enhance value proposition for new client acquisition
Investment Literacy Sharing – LTAT Investors	Educate Lembaga Tabung Angkatan Tentera (LTAT) investors on the structure of Unit Trust investments	Investors stay on & invest after retired from LTAT
Affin Hwang Investment Bank Berhad & Affin Hwang Asset Management Berhad		
Customer Relationship Management (CRM)	<ul style="list-style-type: none"> A centralised platform to store all customer data Provide front liners a customised screen that allows viewing of all customer information such as personal details, investment accounts, last contact date, past activities and service request histories 	<ul style="list-style-type: none"> Enhanced communication between different functional units Improved customer service Greater efficiency for multiple teams Improved analytical data & reporting
AALI		
Simplification Programme	Reviewed & improved processes to simplify customers' journey & maximise customer value creation	<ul style="list-style-type: none"> Enhanced experience in policy issuance and policy administration processes Enhanced experience in health claims: <ol style="list-style-type: none"> SMS notification of Guarantee Letter approval upon admission 90% first hour Guarantee Letter approval rate Reimbursement claims turn-around time improvement from 50% to 85% within 14 days
Customer Engagement Programme	Step It Up Wellness Programme rewarding customers who adopt active lifestyles with corresponding premium rebates & health & wellness related promotions	<ul style="list-style-type: none"> Strengthened customer loyalty and customer satisfaction
Customer First Cultural Drive	Encourage our employees to be more customer-centric & promote Customer First Culture & behaviour through trainings & employee engagement activities	<ul style="list-style-type: none"> Strengthened customer loyalty and customer satisfaction.
AAGI		
Focus Group Session with Preferred Workshops	Discover opportunities to improve our services & make claims a hassle free experience for our customers	<ul style="list-style-type: none"> Enhanced customer experience by delivering customised & unique products such as Motor For Her that offers customers a free ride home & vehicle delivery for our female customers
Preferred Workshops Network Expansion & AXA Branded Road Rescue Tow Trucks	<ul style="list-style-type: none"> Preferred workshops offer customers speedy claim approval, quality repair works & 12 month warranty for repairs AXA Branded Road Rescue trucks provide customers assurance & trust during road accidents/breakdown 	<ul style="list-style-type: none"> Increase number of preferred workshops & AXA Branded Road Rescue Tow Trucks from 7 in 2017 to 39 in 2018
Soft-Skills Training	Training for Claims Team to cultivate customer-centricity	<ul style="list-style-type: none"> Enhanced knowledge on servicing skills Gained awareness on the importance of a customer centric culture
Motor Claims SMS Notification	Enhanced the existing claims SMS notification & trigger points making it easy to understand for claimants	<ul style="list-style-type: none"> Policyholders receive prompt notification on status at key milestones to guide them on the next steps
Generation CX Community	Tackle quick fixes & act as usability test to improve overall customer experience with collaboration of SMEs from different functions	<ul style="list-style-type: none"> Received valuable qualitative feedback from SMEs which focus on features that really matter to actual end users during usability testing (New Motor E-commerce site launched in April 2018)

Table 4 – AFFIN Bank Group's efforts in ensuring a customer-focused organisation

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

Customer Focus – AFFIN Hwang Investment Bank Berhad



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

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

Communication Channels	Description	Frequency of Engagement
AFFINBANK & AFFIN ISLAMIC		
Customer Engagement & Brand Equity Surveys	<ul style="list-style-type: none"> In-depth interviews, focus groups, Computer Aided Telephone Interviews (CATI) & online surveys Evaluates customer loyalty & strength of customers' relationship Derives Relationship Strength Index and Net Promoter Score Evaluates perception of the brand vis-à-vis competitors 	Annually/Biannually
Post-complaint Handling Satisfaction Survey	<ul style="list-style-type: none"> Evaluates the satisfaction of customers towards the overall handling of complaints in terms of responsiveness, employee handling of complaints & the complaint process Evaluates the effectiveness of the service recovery performed 	Monthly Emails
Mystery Shopping Exercise	Evaluates how well norms & standards are being conformed to by frontlines across key touchpoints for Consumer & SME Banking	Annually/Biannually
Affin Hwang Asset Management Berhad		
Post-campaign Surveys	<ul style="list-style-type: none"> Evaluate satisfaction Gather ideas & feedback to improve participation rate Understand factors investors consider when choosing wealth management partners Likelihood of investors to share campaigns with friends & family 	Post Campaign Participation
New Client Welcome Call	<ul style="list-style-type: none"> Welcome new investors on-board & gather improvement feedback Understand customers' reach Level of service provided by sales consultants Compliance check on sales consultants Net Promoter Score 	Upon account opening
Walk-in Surveys	<ul style="list-style-type: none"> Evaluate service quality rendered by customer service Identify positive factors that make walk-in customers happy & areas of improvement through feedback Net Promoter Score 	Upon visit to headquarters office
Assets Under Management (AUM) Service Call under RM10,000 clients	<ul style="list-style-type: none"> Get in touch with investors & update them on their portfolios Should investors require service assistance in areas such as i-access login, investment top-up, switching advice, update of contact details, etc. 	Biannually
AALI		
Customer Satisfaction and Net Promoter Score Surveys	<ul style="list-style-type: none"> Active engagement with customers to improve their experience Touchpoint triggered surveys through Customer Satisfaction & Net Promoter Score measurements 	When necessary for timely customer feedback
Multi-channel customer response platforms	<ul style="list-style-type: none"> Customer Service Hotline, Customer Service Email AXA Facebook page, Livechat (online insurance platform) 	Daily (except weekends & Public Holidays)
AAGI		
Instant Customer Feedback (CF)	<ul style="list-style-type: none"> Active customer engagement to improve their overall experience Instant Customer Feedback Survey to collect instant feedback after services are rendered (e.g. Roadside Assistance, Workshop Repair) 	Daily (except weekends & Public Holidays) via SMS
Customer Experience Tracking (CXT) Surveys	<ul style="list-style-type: none"> Evaluates customer satisfaction levels 'I am a New Customer' – online survey that applies to new customers who bought a policy in the past 3 months 'i-Claim' – CATI targeted at existing customers who contacted AXA with regards to insurance claims in the last 3 months Feedback received provides information to address concerns Translates problems into opportunities & improves end-to-end customer journeys 	Quarterly
AXA Facebook Page	Communication channel via Facebook Messenger to assist customers' enquiries & collect feedback on product & services	Daily (except weekends & Public Holidays)
AXA Generic Email Inbox	<ul style="list-style-type: none"> Provide alternative modes of communication for the customers: <ul style="list-style-type: none"> customer.service@axa.com.my claims@axa.com.my 	Daily (except for weekends & Public Holidays) via email

Table 5 – AFFIN Bank Group's customer engagement channels

SUSTAINABILITY STATEMENT



Technology is integrated in every aspect of our lives. In the financial services sector, digital innovation enables companies to drive efficiency, address evolving risks and sustain profitability. This is done by improving our products, offering value-added services, and more convenient customer experiences. We understand the need to invest in digital innovation to adapt with the evolving technological ecosystem, and better serve our customers through a wide range of products and services.

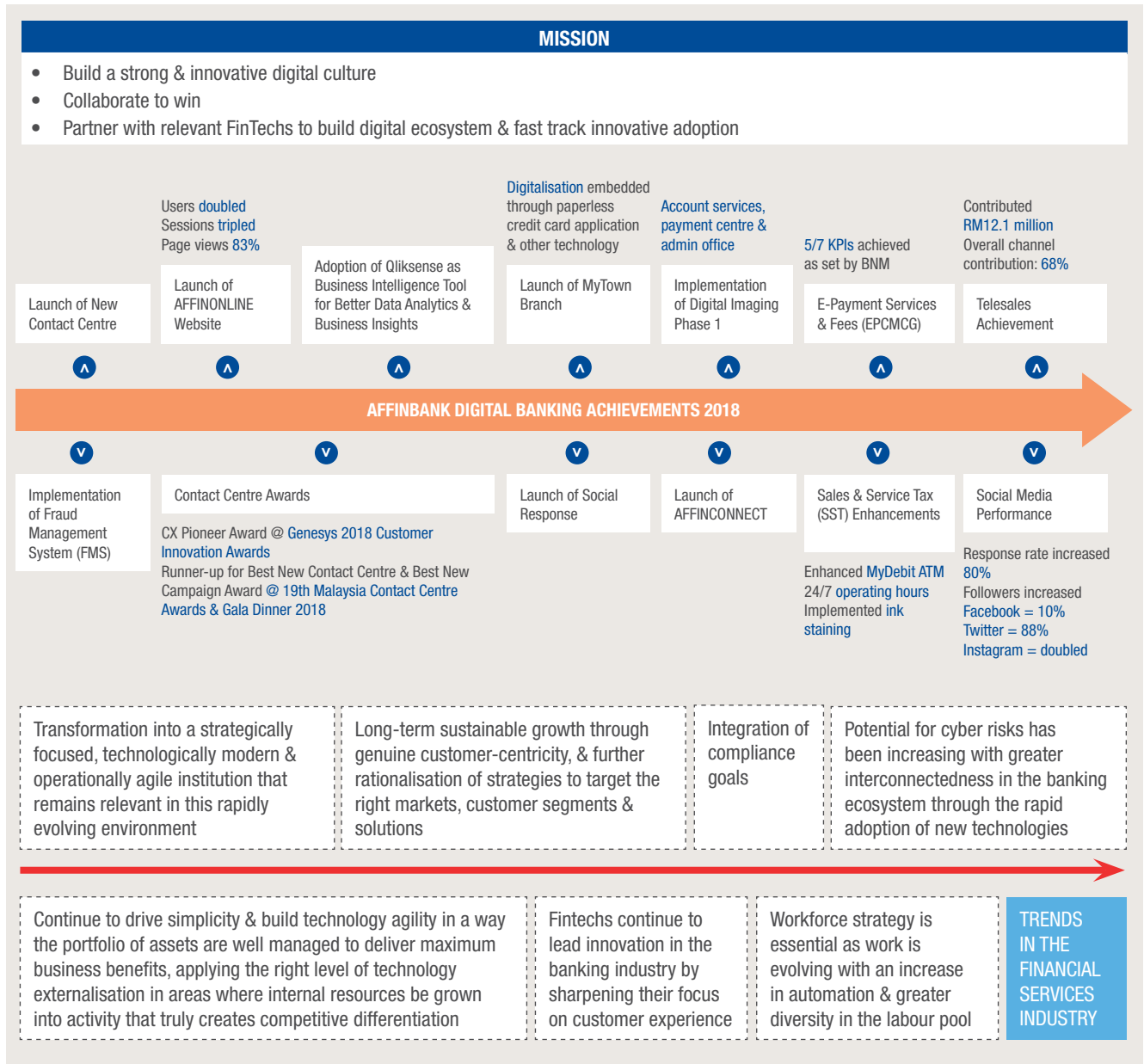


Figure 8 – AFFINBANK’s digital transformation plan & achievements

SUSTAINABILITY STATEMENT

IT Strategy Plan AFFINBANK & AFFIN ISLAMIC

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

Robotics Governance Framework AAGI

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

Commercial Banking

AFFINBANK's & AFFIN ISLAMIC's Information Technology (IT) & Cash Management Departments are accountable for supporting business demands & implementing digital banking capabilities respectively. These online banking offerings for corporations are aligned with overall digital initiatives. They work closely with all business divisions to ensure new capabilities & functions can be deployed in a structured & organised manner. The department also manages IT applications to enable stability & smooth running of production systems.

Investment Banking

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

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

Insurance

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

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

SUSTAINABILITY STATEMENT

MODERNISING AFFINBANK & AFFIN ISLAMIC				
AFFIN 365	Digital Imaging	Data Centre Relocation	Public Website Revamp, Digital Leads & Analytics and AFFINCONNECT	
<ul style="list-style-type: none"> Implement Office 365 to improve office productivity & collaboration tools New email system, document & file sharing & collaboration Enterprise wide deployment Removal of technology obsolescence risk 	<ul style="list-style-type: none"> Implement a new digital imaging solution for paperless operations Improved employee productivity Centralised storage for documents Reduced operating cost 	<ul style="list-style-type: none"> Relocate primary & secondary data centres Improved batch performance Reduced cost from lower facility costs with smaller footprint & optimised operations Improve control, security & compliance with a single production site Improve data recovery readiness for critical systems 	<ul style="list-style-type: none"> Revamped Retail Banking website with simplified UXUI to cater for new target segment in the market place Total digital leads almost tripled in 7 months from initiation Adoption of QlikSense to support consumer banking product and channel analytics Web Engagement services that include Live-chat, Email Management, Schedule-A-Call, Call Now and Co-Browse 	
DIGITALISING CUSTOMER EXPERIENCE				
Digital Lifestyle	Contact Centre	Integrated Credit Management System	Enterprise Payment Platform	Social Listening & Response Model
<ul style="list-style-type: none"> Implement digital lifestyle banking to offer digital products & services – Current Account Savings Account (CASA), loans, cards & payment services Growing the business through collaboration 	<ul style="list-style-type: none"> New contact centre platform for improved customer service & support Improved customer service 	<ul style="list-style-type: none"> Implement end-to-end corporate origination systems from account planning to disbursement Investing in a new & transformed manner to drive our overall credit business Create new credit management capabilities that will see the credit business holistically Improved customer experience & service delivery, business performance through organisation alignment & credit risk management resulting in better quality assets 	<ul style="list-style-type: none"> Modern enterprise payment platform to accept & process new payments Handles any channels, clearing format for improved processing capability & increased payment transparency Single enterprise payment 	<ul style="list-style-type: none"> Social Listening: Track and monitor customer feedback Social Media Response: Provides a structured and fluid way in responding to customers queries & complaints via social media channels
ENHANCING SECURITY MEASURES				
Fraud Management System	Advanced Persistent Threat (APT)	Data Loss Prevention (DLP)	Anti-Phishing	
<ul style="list-style-type: none"> Implement fraud management systems to monitor and take action on customer's suspicious Internet/Mobile Banking transactions Reduction in fraud cases & financial losses Increased customer confidence & digital resiliency 	<ul style="list-style-type: none"> Implement APT security solutions to reduce the risk of evolving threat landscapes such as zero-day and signature-less malware attack 	<ul style="list-style-type: none"> Bank-wide implementation to prevent potential data loss Completed for card related systems Detects potential data breaches Monitors, detects & blocks sensitive data while in-use, in-motion & at-rest 	<ul style="list-style-type: none"> Subscription of Anti-Phishing services to monitor and take down unauthorised usage of AFFINBANK/AFFIN ISLAMIC Bank URLs/ Brands/Logos 	

Figure 9 – AFFINBANK’s digital initiatives

At AFFINBANK & AFFIN ISLAMIC, we are revamping our Corporate Internet Banking Services and Cash Management Platforms by devising a new internet banking system for robust products and services to be offered to corporate customers.



Figure 10 – Benefits of the new Corporate Internet Banking & Cash Management platform

SUSTAINABILITY STATEMENT

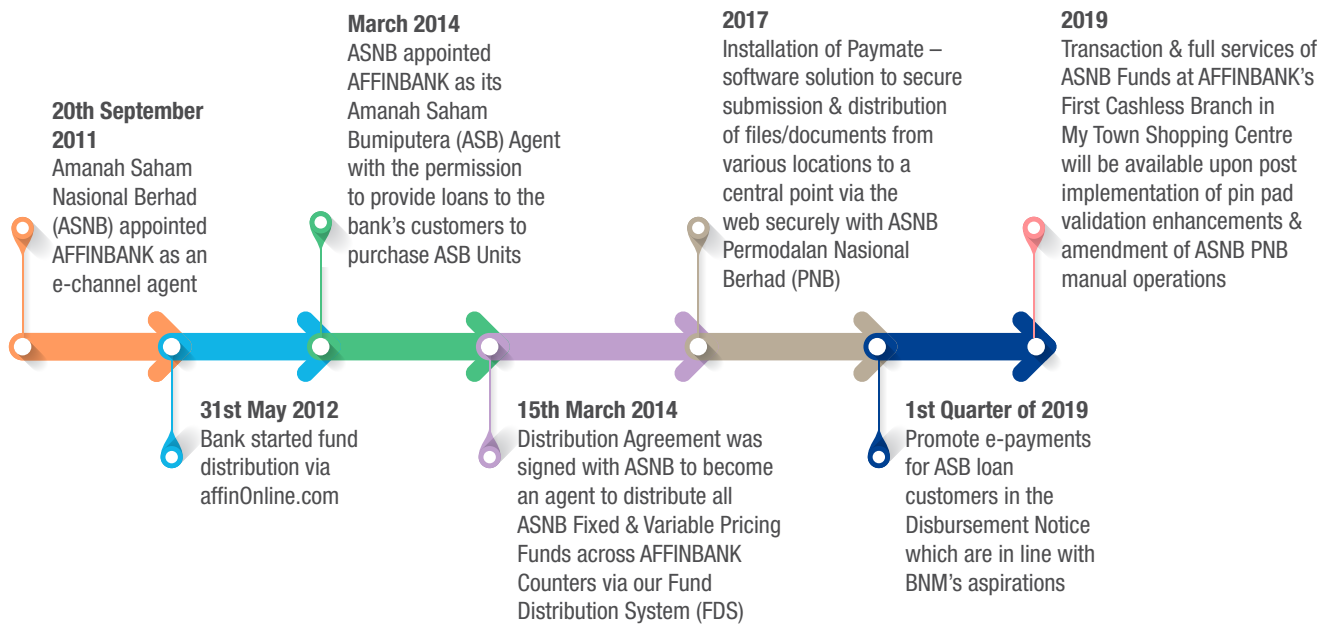


Figure 11 – Key milestones on our digital transformation journey and future plans of Amanah Saham Nasional Berhad (ASNB) Business & Unsecured Financing

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

Affin Hwang Investment Bank Berhad <i>Digital Transformation Plan</i>	Customer Relationship System	<ul style="list-style-type: none"> • Increase our level of operational efficiency • Enhance entire value chain by heightening customer experiences & service levels • Efficiently transformed the management of customer relationships via the reduction of manual paperwork
	Customer Relationship Management (CRM)	<ul style="list-style-type: none"> • Consolidate & manage client data rapidly in a secured & structured manner • Identify the specific needs of our clients & leverage on our findings by offering personalised services catered to their demands
	e-Statements	<ul style="list-style-type: none"> • Minimise paper consumption • Decreased carbon footprint & automated routine processes
Affin Hwang Asset Management Berhad	Omnichannel	<ul style="list-style-type: none"> • Solution allowing multiple channels of communication such as email, facebook & live chats to be attended to by an agent on one screen • Knowledge-based to allow standard routine enquiries to be more efficient • Improve customer service's productivity & efficiency & SLA • Real-time data analytics on incoming enquiries & better productivity monitoring
	Chatbot	<ul style="list-style-type: none"> • A bot operated messaging application allows customers the prospect of performing round the clock transaction requests & enquiries (24/7 service) • Increased customer engagement & proactive customer interactions

Figure 12 – Application of technological innovation to enhance customer experience

SUSTAINABILITY STATEMENT

AXA FlexiDrive AAGI	<ul style="list-style-type: none"> • The 1st telematics motor insurance in Malaysia with the objective to instil safe driving behaviour amongst drivers & ultimately make Malaysian roads safer for all users • Safe drivers are rewarded with up to 20% safe driving discount, automatic accident alerts & 24/7 vehicle security & theft recovery • As of 2018, customers have been rewarded with an average of 14% safe driving discount based on their safe driving behaviour
Retail Concept (O2O) AAGI	<ul style="list-style-type: none"> • Design new customer-focused products for innovative insurance sectors • Targets offline customers & encourages them to move into the online space • Improved customers' self-service experience with customer portals • Removed manual processing & non-value added tasks from the frontline which saved valuable time & effort
SmartPolicy AAGI	<ul style="list-style-type: none"> • Agents have access to an eDocument portal repository that enables them to renew health policies • Franchise partners are able to obtain motor quotations from the SmartPolicy mobile application
Insuretech Startups AAGI	<ul style="list-style-type: none"> • Collaboration with more InsurTech start-ups to disrupt the insurance industry in Malaysia through unique solutions & propositions that cater to our customers
AXA eMedic AALI	<ul style="list-style-type: none"> • Developed the Malaysia's first standalone, completely online medical card • Plan can be purchased & reviewed online to give customers a quick & simple application process from home • Achieved early success which contributed to RM 1.2 million of our Annual Premium Equivalent (APE)

Figure 13 – Application of technological innovation in delivering products & services

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


	
AFFINBANK	AAGI
<p>2018</p> <ul style="list-style-type: none"> • Information & Communications Technology (ICT) Organisation Excellence Award, PIKOM, National ICT Association of Malaysia • Payment Card Industry Data Security Standard (PCI/DSS) Certification, PCI Security Standards Council • CX Pioneer Award, Genesys 2018 Customer Innovation Award • Runner-up for Best New Contact Centre and Best New Campaign Award, 19th Malaysia Contact Centre Awards & Gala Dinner <p>2017</p> <p>Winner of Liquidity Risk Technology Implementation, Asia Pacific Region for Asset Liability Management System, Asian Banker Risk Management Awards 2017</p>	<p>2018</p> <ul style="list-style-type: none"> • Gold Winner – Best Recruitment Innovation by Corporate HR Team (Robotics), Human Resources Asia Recruitment Awards 2018 • New Insurance Product of the Year – Malaysia (AXA FlexiDrive), Asian Banking and Finance (ABF) Insurance Asia Awards 2018 <p>2017</p> <p>Bot Award – Implemented Most Robots across AXA Asia Regions (Robotics), AXA Asia Customer Operations LEAP Awards 2017</p>

Figure 14 – Awards received in relation to AFFIN Bank Group's digital innovation

SUSTAINABILITY STATEMENT

DATA PRIVACY & SECURITY



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

AFFINBANK & AFFIN ISLAMIC

IT Risk Management Framework

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

Information Security & Control Objectives

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

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

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

Outsourcing Policy

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

Data Management Framework

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

AFFIN Hwang Investment Bank Berhad

Personal Data Protection Act (PDPA) Compliance Programme

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

Management of Customer Information

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

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

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

AALI

Data Privacy Policy

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

SUSTAINABILITY STATEMENT

AALI

Personal Data Retention Policy

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

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

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

- > Advanced Persistent Threat (APT) for zero-day, signature-less malware attack & vulnerability protection
- > Data Protection Loss (DLP) for protecting confidential data leakage
- > Intrusion Prevention System (IPS) examines traffic flows to detect & prevent vulnerability exploits
- > Intrusion Detection System (IDS) is a software application that monitors networks for malicious activity or policy violations
- > Antivirus Software to prevent, detect & remove any malware & proxy server for web filtering
- > Firewall network security system to monitor & control network traffic based on predetermined security rules
- > Security Operations Center for 24/7 security monitoring via Security Information & Event Management (SIEM) tools

Table 6 – AFFINBANK's security solutions & possible threats

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

Information/Cyber Security Awareness Training

- Part of the Group requirements to ensure employees are communicated & aware of the procedure on information security
- Provide security awareness & alert to all staff
- All employees annually and/or all users if & when required

Compliance & Personal Data Protection Act (PDPA) 2010

- Ensure all employees are aware of data protection measures and requirements under PDPA Act 2010
- Declaration on Data Privacy & PDPA for new employees to understand & be aware of the Group's procedure on data privacy & PDPA
- For all new employees to attend quarterly/during on-boarding

Clean Desk Guidelines

- Checked quarterly by Compliance Officer for compliance with Clean Desk Guidelines & applies to all users
- Ensure appropriate actions are taken for repeat offenders

Table 7 – Examples of AFFIN Bank Group's trainings on data & information security

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

There were no reported incidents on security breaches in FYE 2018 for most entities, and we intend to remain diligent in improving our current processes. AFFINBANK however, had received 14 scam complaints from customers. Their Retail Internet Banking (RIB) accounts were used for unauthorised bill payments via JOMPAY. We took immediate action by disabling functions to block any changes made to the payee's corporation. To ensure there are no repeated offences, we will improve the management of data loss, and enhance detection, monitoring and reaction capabilities.

SUSTAINABILITY STATEMENT

ETHICS & INTEGRITY



The Group places utmost importance on ethics and integrity as it plays a substantial role in building and maintaining stakeholders' trust and confidence. All employees are required to strictly abide to the highest standards of corporate governance as they act as ambassadors for the Group to maintain our reputation as we move towards sustainable business growth.

Fit & Proper Policy

AFFINBANK, AFFIN ISLAMIC, Affin Hwang Investment Bank Berhad, Affin Hwang Asset Management Berhad & AIIIMAN, AALI

- Formalised by guidelines set out by BNM to ensure key positions in the Group are led by personnel who fulfil certain criteria:
 - Probity, personal integrity & reputation
 - Competence & capability – have the relevant knowledge, skills, experience, ability & commitment to carry out the role
 - Financial integrity – able to manage financial affairs prudently
- Aims to ensure the person undertaking capital market activities are fit & proper to perform business activities & functions
- Aimed at preserving integrity & promoting confidence while ensuring licensed representatives carry out permitted activities

Code of Conduct & Code of Ethics

AFFINBANK, AFFIN ISLAMIC, AALI & AAGI

for further information please refer to the [Corporate Governance Overview Statement](#) on pg. 112

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

AFFIN Hwang Investment Bank Berhad, AALI & AAGI

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

- Create an environment & culture of vigilance of money laundering & terrorist financing activities
- Provide employees with guidelines relating to functional areas exposed to money laundering & terrorist financing activities
- Automated & documented screening of new & existing customers and counterparties are regularly conducted
- Guards, detects and reports suspicious transactions

AALI & AAGI

Compliance Framework

for further information please refer to the [Statement on Risk Management and Internal Control](#) on pg. 126

- Designated senior employee for managing the relationship with regulators & be primary point of contact
- Annual assessments of compliance risks are formally presented to the Executive & Audit Committee with a mitigation plan
- Monitoring to ensure compliance controls are effective & cover operations, sales channels, and product development

Anti-Bribery & Corruption Policy

- Establishes minimum anti-bribery standards that need to be implemented by all AXA Group companies
- Prohibits illegal bribes which results in personal gain intended to improperly influence a decision of the recipient
- Must have in place an anti-bribery programme designed and implemented by the local AXA Anti-Bribery Officer

Anti-Fraud Policy

- Policy of “zero tolerance for fraud”
- All instances of fraud will be reported to the police & other relevant regulatory authorities
- All known or suspected instances of fraudulent activity perpetrated to be immediately reported to the Fraud Investigation Unit

SUSTAINABILITY STATEMENT

Whistleblower Policy

AFFIN Hwang Investment Bank Berhad & AALI

for further information please refer to the Corporate Governance Overview Statement on pg. 112

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

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

Key Initiatives	Description	Key Improvements/Achievements
AFFINBANK & AFFIN ISLAMIC		
Compliance Awareness & Technical Trainings	<ul style="list-style-type: none"> • Scheduled trainings are regularly conducted to create compliance awareness amongst employees • Customised compliance & technical trainings for relevant & practical application of regulatory requirements via various interventions to instil & strengthen knowledge 	<ul style="list-style-type: none"> • In 2018, training participation had increased by 20.5% & emphasis on programmes increased to 81% from 74% • In 2019, there will be a dedicated Compliance Awareness Week, with full participation & engagements with various business units
e-Learning Programmes	Provide employees the freedom to learn at their convenience while meeting organisational needs to be competent in compliance areas	<ul style="list-style-type: none"> • In 2018, more than 11,000 employees participated via this platform
Affin Hwang Investment Bank Berhad		
Anti-Money Laundering/Counter Financing Terrorism (AML/CFT) Training	<ul style="list-style-type: none"> • All employees are required to attend ethics, AML/CFT & PDPA trainings conducted regularly • Maintain the culture of genuine professionalism • Describes the general overview of money laundering & challenges that a financial services professional may face • Aims to inculcate best practices in all levels of employees • Involves ethical leadership, active management, effective processes, professionalism & self-internalisation 	<ul style="list-style-type: none"> • Gained better understanding of customers' mind-set & employees are more aligned with how customers feel as they work to build trust & confidence

Table 8 – Examples of AFFIN Bank Group's training related to ethics & integrity



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

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

SUSTAINABILITY STATEMENT

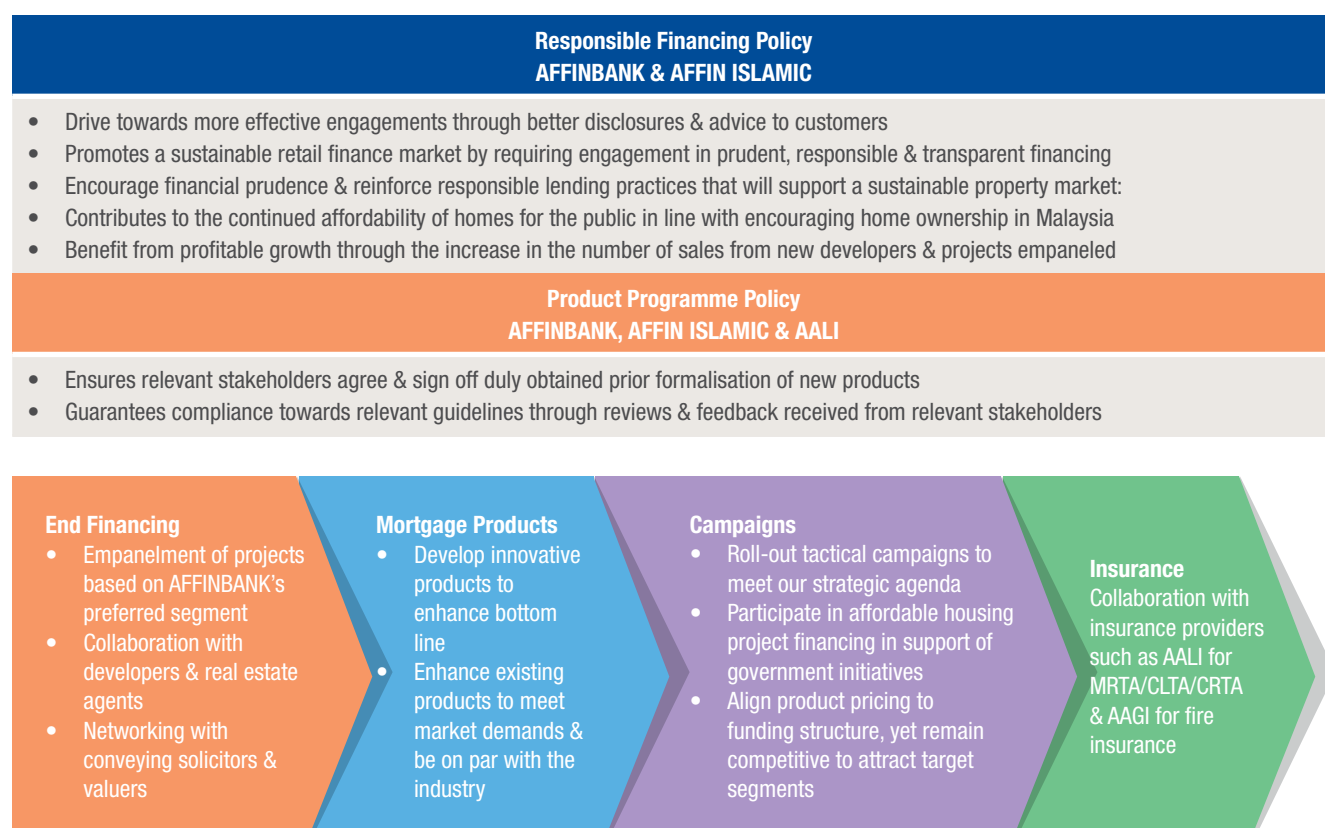


Figure 15 – AFFINBANK's contribution towards a sustainable property market

Our Group Credit Management (GCM) evaluates and mitigates identified risks, and makes credit decisions for business and consumer loans, on financing, based on prevailing policies, manuals and guidelines issued by the bank, BNM or regulators. The Annual Credit Plan (ACP) issued by the GCM is aligned with the risk appetite statement, and promotes financing towards environmental, green and sustainable agenda as part of the effort to deliver responsible financial services.

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

Environmental, Social & Governance (ESG) Principles Affin Hwang Asset Management Berhad & AIIMAN
<ul style="list-style-type: none"> • Pledged commitment in embracing ESG principles in our underlying investment process as signatories to the Malaysian Code for Institutional Investors in 2017 • Joined a list of 17 other local institutional investors & pension funds who have pledged to uphold the 6 principles stated; Disclosing Policies on Stewardship, Monitoring Investee Companies, Engaging Investee Companies, Managing Conflicts of Interest, Incorporating Sustainability Considerations & Publishing a Voting Policy • Subscription to Morgan Stanley Capital International (MSCI) ESG Research for Asia • Research supplements the usual investment analyses carried out by our analysts & portfolio managers & provides us critical insights to identify risks & opportunities our traditional research may overlook

SUSTAINABILITY STATEMENT

AFFIN ISLAMIC	
Shariah Compliant SME Financing Scheme-i	<ul style="list-style-type: none"> With the cooperation of Small Medium Enterprise Corporation (SME Corp), the Malaysian government agreed to subsidise 2% of the profit rate charged to customers for a period of 5 years to boost the SME sector
AFFIN Education Financing-i	<ul style="list-style-type: none"> Acts as an alternative for students seeking financial assistance for education plans Shariah-compliant scheme designed for qualified individuals of selected tertiary institutions
AFFIN Barakah Charity Account-i	<ul style="list-style-type: none"> Unique selling point of "Save & Donate" Variety of percentage donation to charity to nurture a charitable habit amongst the public Automatic charity transfer from Saving Account-i to selected organisations
Mywakaf	<ul style="list-style-type: none"> Collaboration between 6 Malaysian Islamic Banks with the State Islamic Religious Council (SIRC) Joint effort in standardising Waqf Fund initiative action plan in developing the potential of Waqf & empower the economy of Ummah in Malaysia
AAGI	
AXA SmartDrive – Sharing	<ul style="list-style-type: none"> A motor insurance add-on that provides e-hailing drivers with 24/7 comprehensive protection Drivers can also enjoy a suite of value-added services such as fast claims approval in 5 working days upon full document submission, 24/7 hotline & roadside assistance with AXA SmartDrive Assistance Plan
AXA SmartCare Xtra	<ul style="list-style-type: none"> Provide long-term healthcare protection specifically for employees of Corporate Clients Easy top-up plan that is affordable, flexible & customisable to one's medical needs Assist customers when purchasing suitable medical & health policies with the rising cost of healthcare
AXA SmartHome Optimum	<ul style="list-style-type: none"> Simple way of getting the right protection for both home & valuable contents Easy plan designed with options that fit any budget & requirements for properties Empowers customers with a plan that is simple & flexible & tailored to the customers' budget & needs
AXA SmartAid	<ul style="list-style-type: none"> Personal accident plan that is specially curated for the visually impaired individuals with core benefits Collaboration with Malaysian Association for the Blind (MAB) for visually impaired customers to get protection Empowers visually impaired individuals by protecting them with affordable protection plans

Table 9 – Examples of AFFIN Bank Group's sustainable products & services

AAGI	
Partnership with Merchantrade Asia Sdn Bhd	<ul style="list-style-type: none"> Launching of new & innovative microinsurance, Merchantrade Insure Merchantrade Insure is the first microinsurance product that caters to migrant workers Strategic partnership has gradually grown as a sustainable portfolio & exploration of new opportunities & markets Cross-sell other products and services to Merchantrade Asia Sdn Bhd employees Successfully insured more than 18,600 migrant workers within 7 months from its launch Successfully rolled out to 87 Merchantrade branches nationwide within 5 months from its launch
Partnership with Peoplender Sdn Bhd	<ul style="list-style-type: none"> Provide Malaysia's SMEs with complete peace of mind by protecting their businesses from the unforeseen Collaboration offers SMEs flexible, affordable & trade specific protection to ensure business continuity & sustainability, while the financing platform by Peoplender, Fundaztic supports business funding needs through peer-to-peer (P2P) financing & connecting the SMEs to mass retail investors Partnership raises visibility on P2P financing as an alternative funding vehicle & setting a right mind-set on insurance

Table 10 – Strategic collaborations with various institutions to expand vast opportunities in delivering our products & services

SUSTAINABILITY STATEMENT

RESPONSIBLE MARKETING



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

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

Affin Hwang Investment Bank Berhad Product Transparency & Disclosure Policy

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

Programme	Description	Outcome
My ASNB Portal Registration Campaign	<ul style="list-style-type: none"> • Joint campaigns with ASNB PNB • My ASNB Portal Registration Campaigns were tracked by ASNB PNB System 	<ul style="list-style-type: none"> • Extend our customer-reach to over 9,000 individuals
AAGI Brand Visibility Programme	<ul style="list-style-type: none"> • Multiple campaigns rolled-out under the Brand Visibility programme 	<ul style="list-style-type: none"> • Huge marketing success & recorded a notable increase in sales productivity by more than 50%
AALI AXA eMedic	<ul style="list-style-type: none"> • Multiple events & campaigns were rolled out • AXA eMedic Media Launch, on-ground activation, nationwide colouring contest, AXA eMedic wrapped cars, ATL initiatives 	<ul style="list-style-type: none"> • Notable increase in brand presence & positioning as a digital disruptor in the insurance space

Table 11 – AFFIN Bank Group's marketing efforts



Figure 16 – AFFIN Bank Group's social media statistics (follower count) in 2018

SUSTAINABILITY STATEMENT

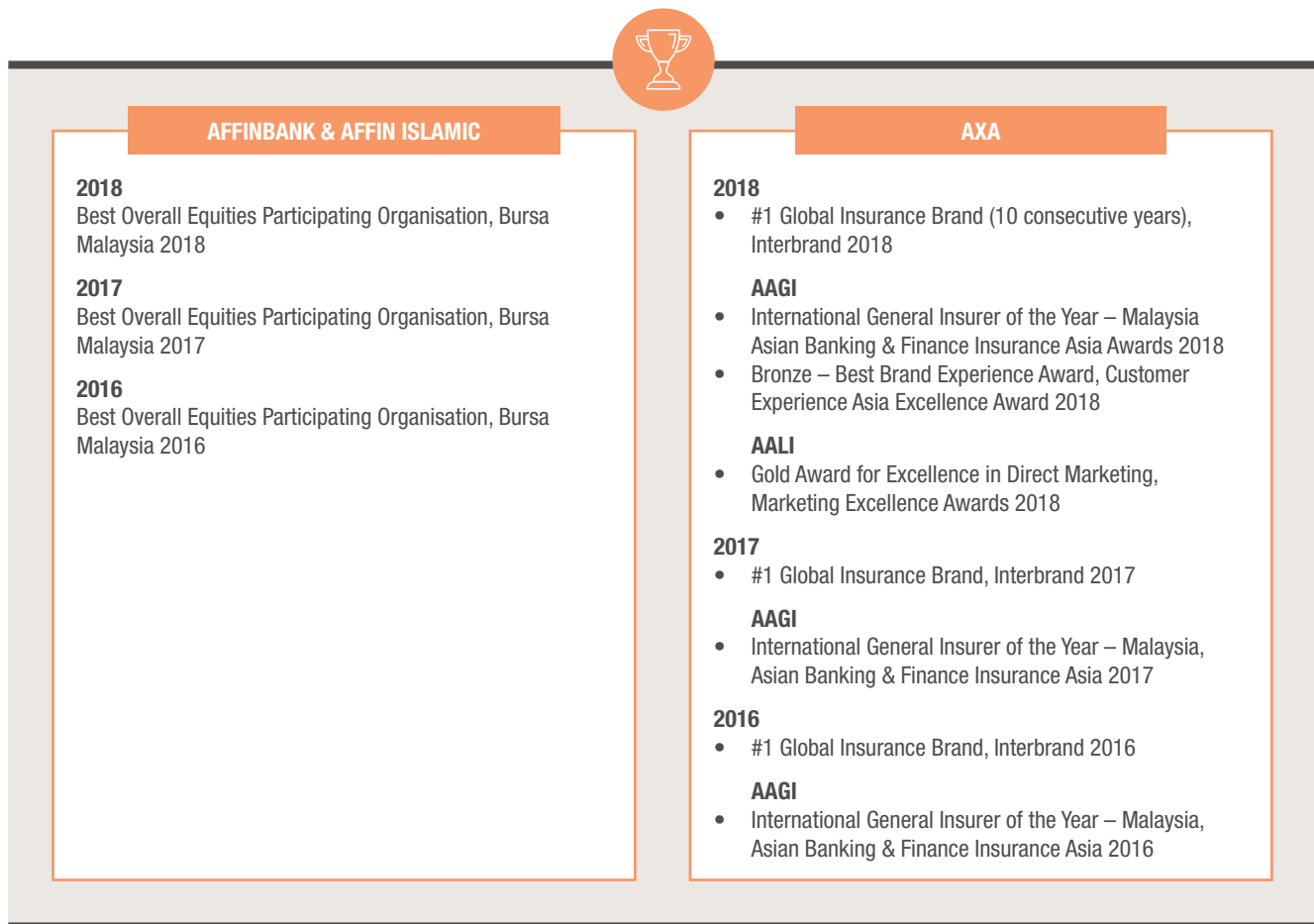


Figure 17 – Awards received in relation to AFFIN Bank Group's responsible marketing

SUSTAINABLE PROCUREMENT PRACTICES



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

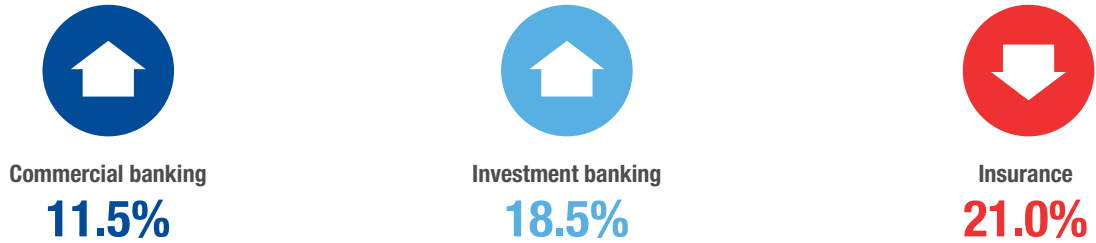
The Group's procurement processes are restricted to a set of policies and procedures across our business segments that provide guidance on the purchase and approval of supplies, equipment and services at the lowest cost or exceeded specifications for performance, or the quality and availability at the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

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

SUSTAINABILITY STATEMENT

FYE 2018

Total Amount Spent on Local Suppliers = RM 191,408,834



Percentage of Local Suppliers

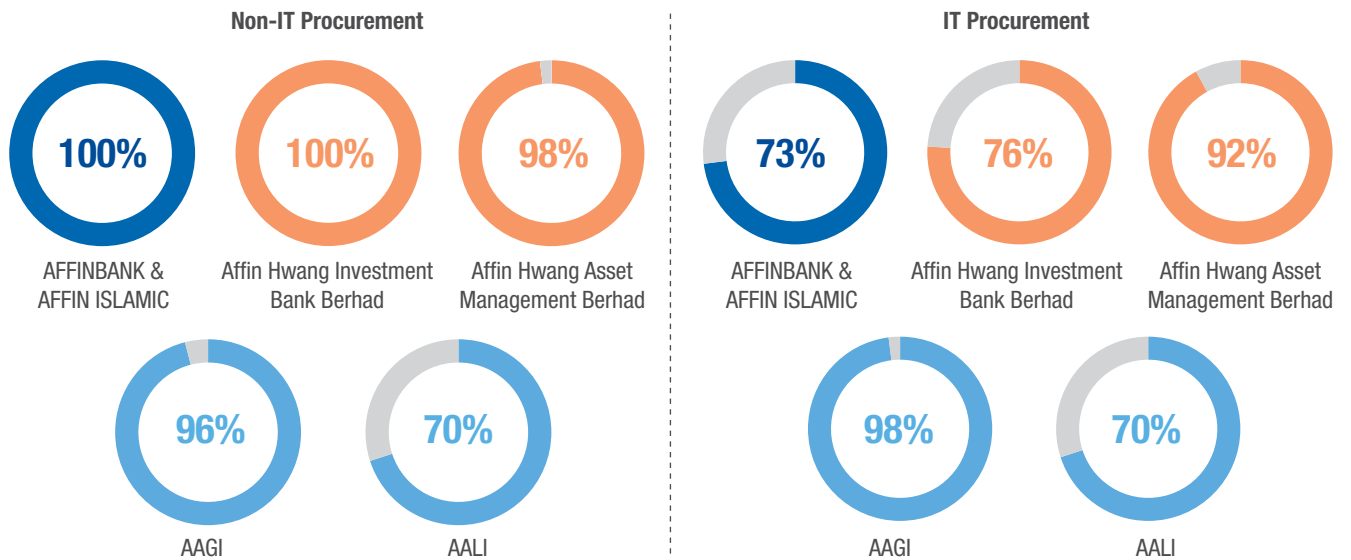


Figure 18 – AFFIN Bank Group's local supplier statistics

SUSTAINABILITY STATEMENT



THEME 2: SOCIALLY RESPONSIBLE EMPLOYER

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

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

Table 12 – Summary of Theme 2: Socially Responsible Employer

FAIR EMPLOYMENT PRACTICES








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

Policy on Key Performance Indicators (KPI)
Affin Hwang Investment Bank Berhad

- Provides the importance of KPIs & frameworks by relevant regulatory authorities
- Periodically assess progress & take corrective action if progress is not achieved against target set (short-term & long-term targets)
- Manage employee performance & remuneration system

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

SUSTAINABILITY STATEMENT

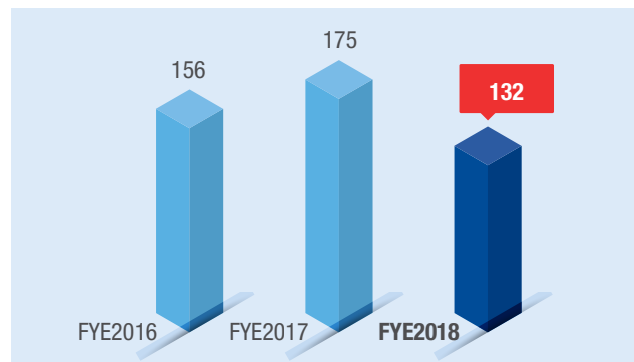


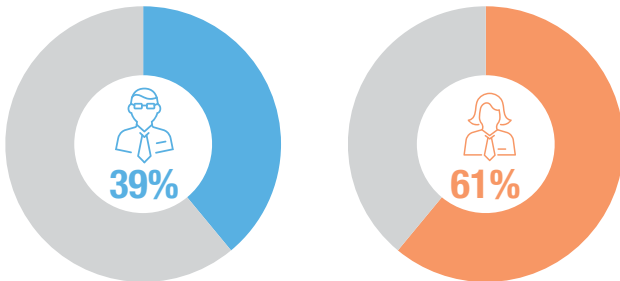
Figure 19 – Number of trainees/interns enrolled in AFFIN Bank Group's management programmes

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

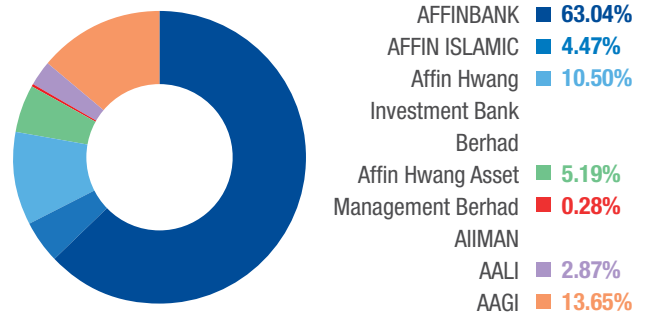
Table 13 – Management trainee programmes for young talent

SUSTAINABILITY STATEMENT

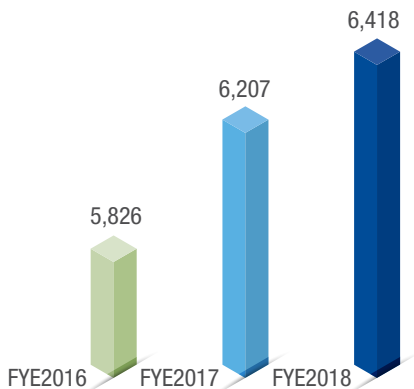
Percentage of AFFIN Bank Group's Employees by Gender 2018



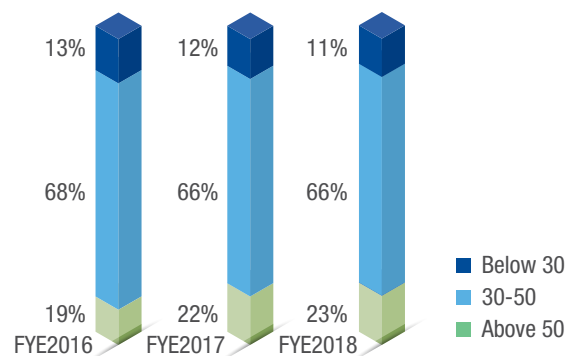
Percentage of AFFIN Bank Group's Employees by Operating Entities 2018



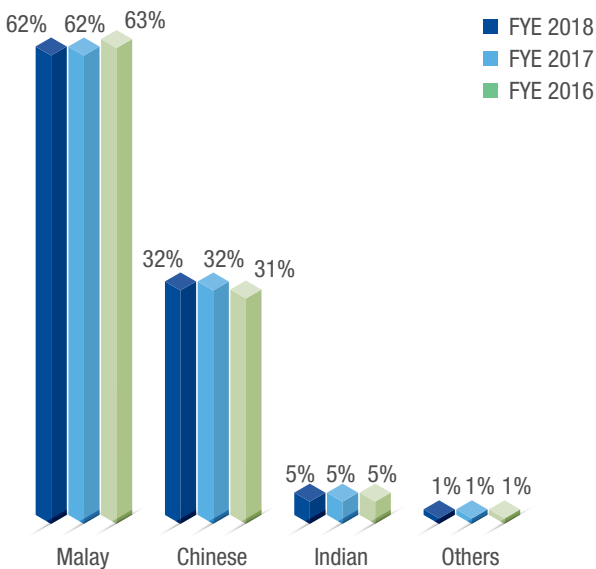
Number of AFFIN Bank Group's Total Employees



Percentage of AFFIN Bank Group's Employees by Age



Number of AFFIN Bank Group's Employees by Ethnicity



Number of AFFIN Bank Group's Employees by Position

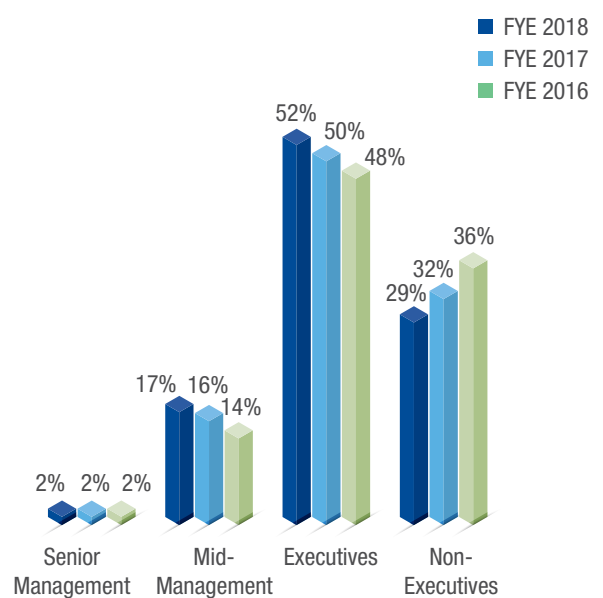


Figure 20 – AFFIN Bank Group's employee composition across gender, age, ethnicity & position level

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

SUSTAINABILITY STATEMENT

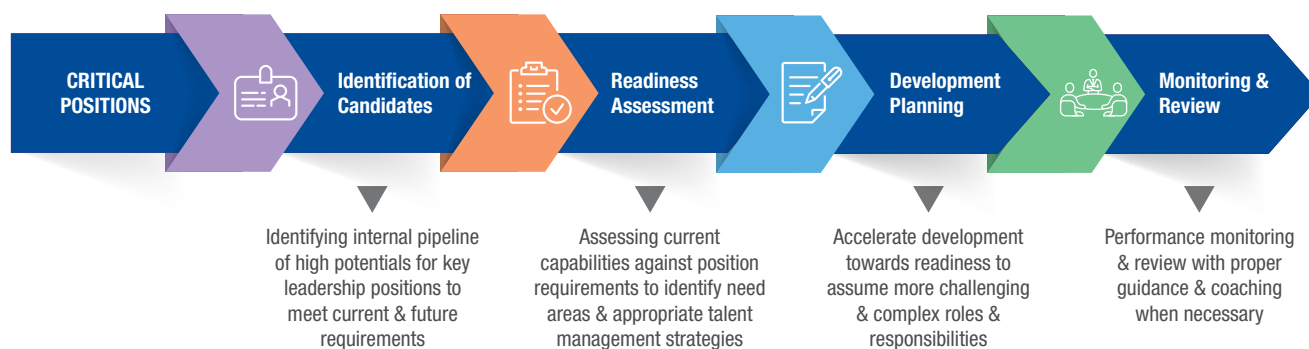
Operating Entities	Rate of New Employee Hires (%)			Rate of Employee Attrition (%)		
	FYE 2016	FYE 2017	FYE 2018	FYE 2016	FYE 2017	FYE 2018
AFFINBANK	13%	24%	21%	6%	9%	11%
AFFIN ISLAMIC	8%	13%	7%	8%	7%	9%
Affin Hwang Investment Bank Berhad	1%	1%	3%	14%	8%	8%
Affin Hwang Asset Management Berhad	17%	11%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

Table 14 – AFFIN Bank Group's rate of new employee hires & employee attrition

Succession Planning

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

AFFINBANK



Affin Hwang Investment Bank Berhad

Affin Hwang Investment Bank Berhad has in place a Succession Planning Framework that comprises of all Succession Planning processes. This includes identifying pivotal positions especially those identified under the Senior Management category; by relevant regulatory authorities. We recently started to roll out a 3-year development programme which is an end-to-end Talent Management Roadmap to close current gaps which include leadership, technical, certification & coaching programmes which involved 31 employees in 2018

Affin Hwang Asset Management Berhad

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

AAGI

AAGI has a structured process to identify key positions to be filled & potential successors for the positions. The current & future state of the organisation were discussed to review which key positions are critical & in demand to remain competitive. Managers & Talent Managers are responsible to identify potential successors for the key positions depending on the requirements & their readiness level that include the nature of key positions, experience & skills required & competencies of talent. In 2018, a total number of 58 employees were involved in the succession planning programme

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

SUSTAINABILITY STATEMENT

Employee Engagement Channels	
Focus Group/Employee Interviews Focus group & one-to-one interview discussions to identify & understand employees' concerns & issues & obtain feedback prior to the implementation of new HR initiatives	Townhall Regular townhall gatherings to provide clarity on business performance & key company initiatives
Annual Business Conference Yearly gathering catering more towards the engagement of business people	Brain (Strategy) Bones (Structure, System, Processes) & Nerves (Culture) Survey Survey to gauge employee's perception on our strategy, organisational architecture & culture
Curiosity Corner Regular health talk sessions for employees' health awareness	Regional Branch Visits Further create the positive connection & relationship between HR & staff at the branches, hubs & business centres
Division/Department Away Day <ul style="list-style-type: none"> Teambuilding KPIs discussion for respective division/department Updates on key initiatives & plans 	<ul style="list-style-type: none"> Group discussion to identify operational concerns & issues Training sessions

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

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

Table 15 – AFFIN Bank Group's grievance cases

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

AALI's Safety & Health Committee is responsible for conducting Occupational Health and Safety (OSH) trainings annually to equip fire marshals with the necessary knowledge for emergency, and ensure the security and safety of our employees. Similar initiatives are undertaken by Affin Hwang Asset Management Berhad, Affin Hwang Investment Bank Berhad and AAGI. In 2018, AFFINBANK trained a total of 58 staff comprising of Fire Marshalls and an Emergency Response Team on First Aid and Bomba ERT Training. The trainings aim to equip and ensure readiness of the relevant officials.

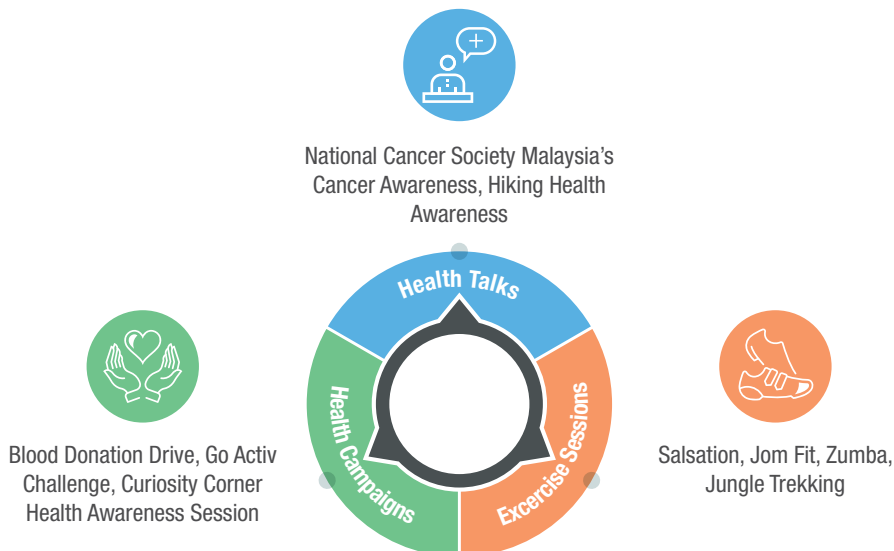


Figure 21 – Affin Hwang Investment Bank Berhad's 2018 activities to ensure a healthy & conducive workplace

SUSTAINABILITY STATEMENT

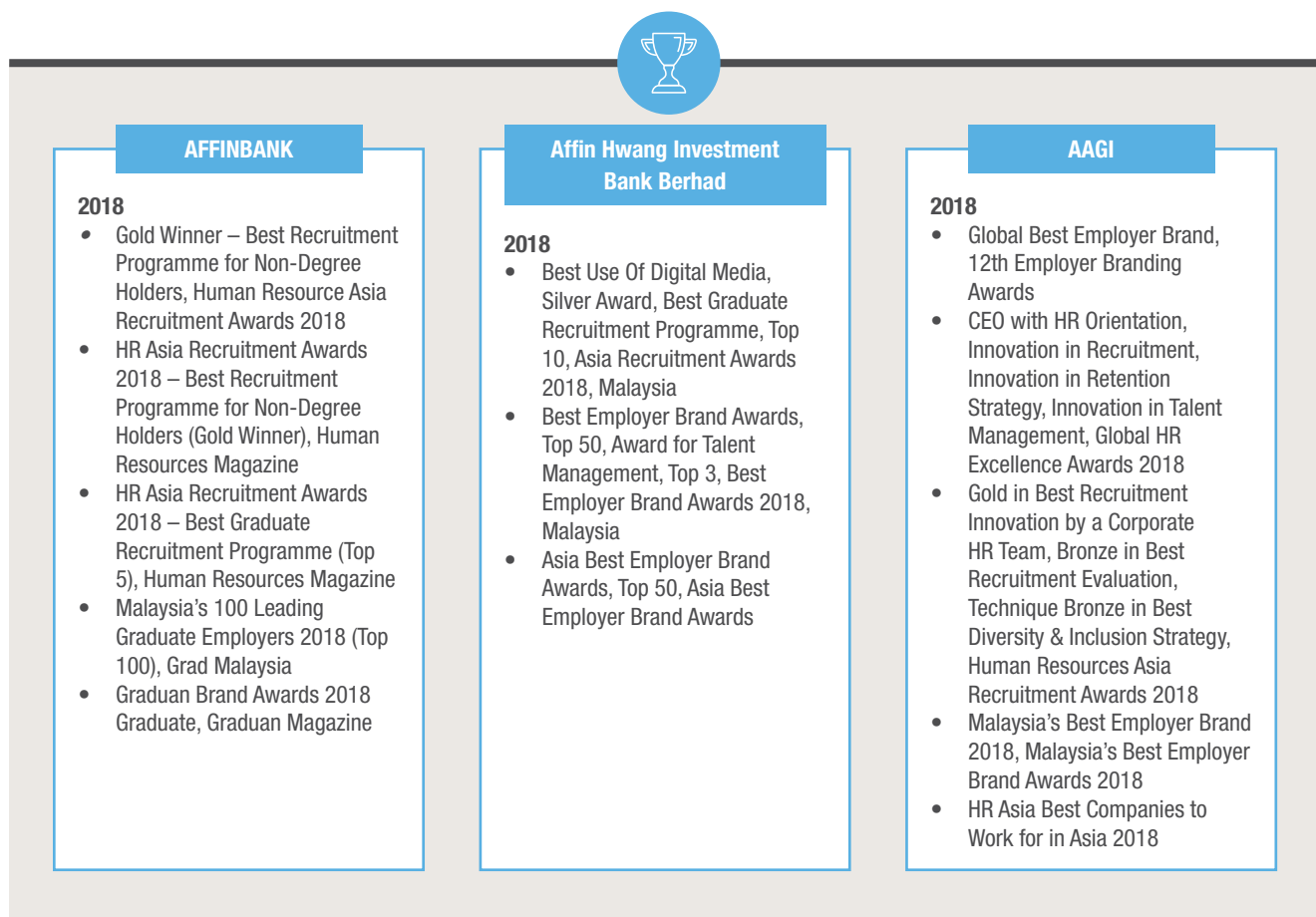


Figure 22 – Awards received in relation to AFFIN Bank Group's fair employment practices

TALENT DEVELOPMENT



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

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

SUSTAINABILITY STATEMENT

Inculcating AFFIN's DNA: Workforce Transformation Initiatives



Proficiency – Enhancing Capabilities

- Certification of skills & knowledge
- Accreditation of Branch Managers
- Needs-based training programmes
- Blended learning

Efficiency – Striving Towards Excellence

- New processes
- Improved SLAs
- Digitalisation of processes
- Industry benchmarking

Adaptability – Readiness To Change

- Internal engagement initiatives
- Focus group sessions
- Open communications
- Assessing employees' reaction to change

Performance – Assessment & Reward

- Enhanced performance assessment
- Stringent Performance Improvement Programme
- Performance-based Reward & Recognition
- Robust Consequence Management

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

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

Total Amount of AFFIN Bank Group's Sponsorships = RM239,156



Number of Employees Sponsored in 2018

45%



Number of Employees Certified in 2018

40%

SUSTAINABILITY STATEMENT

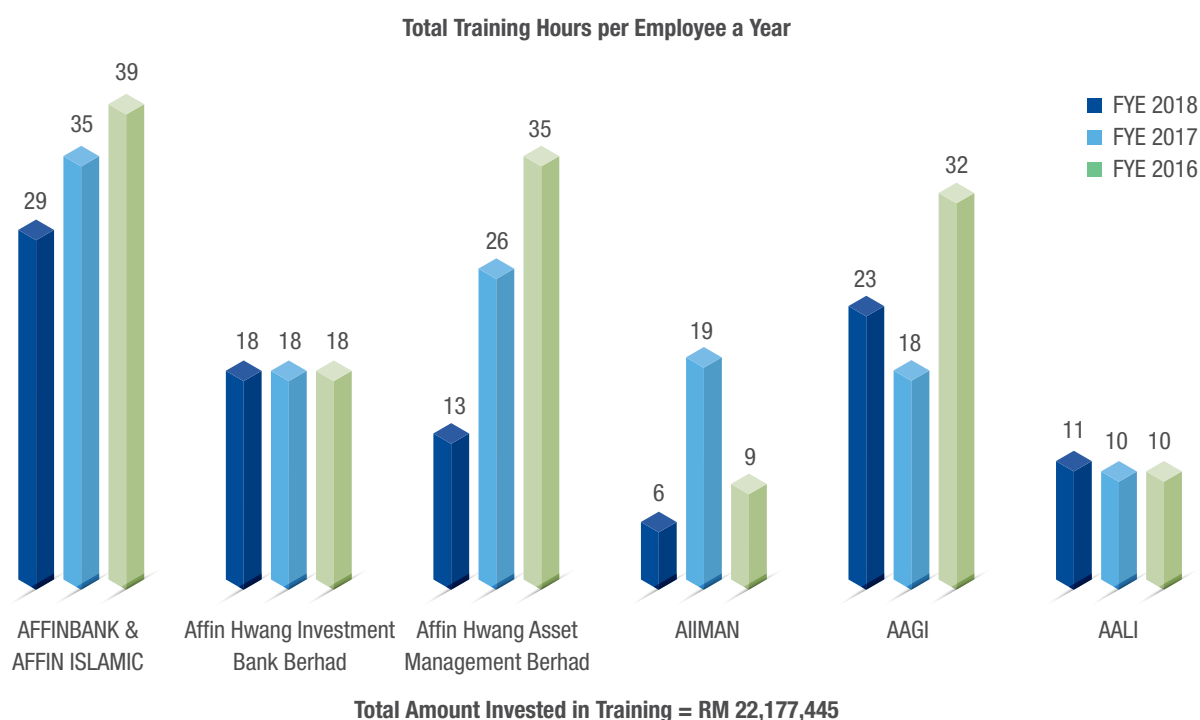


Figure 23 – AFFIN Bank Group's total training hours

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

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

Table 16 – Key programmes established across business segments

ASNB PNB Starz Award



ASNB, wholly-owned unit trust management company of PNB, honoured our agents & partners for their strong performance at the annual ASNB Starz Awards Night 2018 held at Hilton, Kuala Lumpur. A total of 50 winners across 16 categories bagged prizes for the Top Starz, PNB & ASNB Awards, amongst others. Through dedication & commitment by our hubs/branches & sales personnel, AFFINBANK won the ASNB Award for two consecutive years; ASNB Award 2017 & ASNB Award 2018. This is a big achievement for AFFINBANK as ASNB Award is one of the three Main Prestigious Awards which honours the Nationwide Highest Individual with Highest Variable Funds by ASNB PNB Agents.

SUSTAINABILITY STATEMENT



THEME 3: SUPPORTIVE COMMUNITY DEVELOPMENT

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

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

Table 17 – Summary of Theme 3: Supportive Community Development

ENVIRONMENTAL MANAGEMENT

We aspire to be good corporate citizens by minimising our environmental footprint across our assets and offices. The Group strives to improve how we manage and monitor our environmental impacts. Each employee is accountable for contributing towards utilising our electricity, water and paper consumption in a responsible manner. Various efforts have been taken to raise awareness and be more environmentally-friendly. Numerous programmes were implemented such as recycling, green educational campaigns and partnerships with NGOs to encourage employees to do their part and contribute towards a greener planet.

Bring Your Own Coffee Cup

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

Environmental Mitigation Activities AFFINBANK, AFFIN ISLAMIC, AAGI & AALI	
Electricity Consumption	<ul style="list-style-type: none"> Air conditioner is set from 8am to 6pm on Monday to Friday only Sequencing of chiller operational to reduce maximum demand Power grid system implemented according to zone for each floor Opted to use energy efficient light bulbs/LED lights More laptop users compared to desktop with hibernation features Common printer provided Power saving campaign includes last person to switch off the light
Water Consumption	<ul style="list-style-type: none"> Water saving campaign organised to increase awareness & reduce wastage
Paper Usage	<ul style="list-style-type: none"> Printer set to double-sided printing, black & white & password protected

SUSTAINABILITY STATEMENT

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

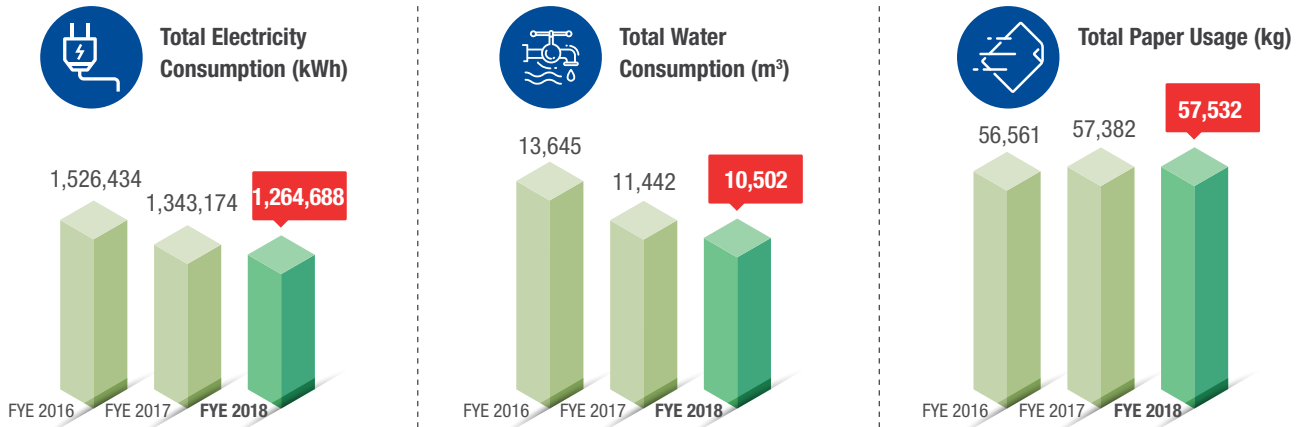


Figure 24 – Electricity & Water Consumption for Commercial Banking & Insurance Segments, Paper Consumption for AFFIN Bank Group

AFFIN New Corporate TRX Headquarters

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

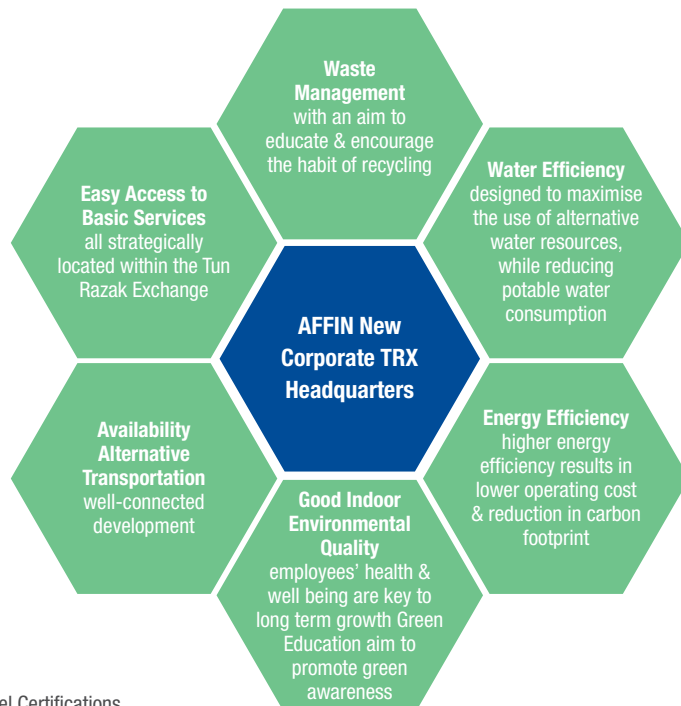


Figure 25 – Considerations to achieve both LEED & GBI Gold Level Certifications

Go-Green



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

SUSTAINABILITY STATEMENT

COMMUNITY DEVELOPMENT



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

AFFINBANK & AFFIN ISLAMIC

Donation of Dialysis Machines

As part of its continuous effort to care for the welfare of the servicemen & women who have tirelessly served under our nation's Armed Forces, we had contributed two haemodialysis machines to a dialysis centre in 2018 operated by Yayasan Veteran, Angkatan Tentera Malaysia, Selangor. The brand-new haemodialysis machines, priced at RM85,000 will allow the dialysis centre to attend to more serving & retired military personnel as well as their families. This marks the 4th consecutive year AHB has contributed to benefit the Armed Forces.

Soup Kitchen with PERTIWI

A series of 4 soup kitchen sessions were held in 2018, involving 200 staff. Each soup kitchen session provides food for 700 homeless. The Bank has been involved in this activity for two years, starting in 2017.

Blood Donation Drive

A series of 3 blood donation drives were held at Menara AFFIN, where each session had around 120 employees in attendance. This activity has run since 2005 and the Bank has built a very close relationship & reputation with the National Blood Bank.

Financial Literacy Initiatives

In 2018, we partnered with MMU to organise a financial literacy programme in Ipoh, which involved 600 secondary students from 6 schools. AFFINBANK & AFFIN ISLAMIC also participated in Karnival Kewangan Kedah, where 120 primary students were brought to the event for financial literacy & awareness activities organised by BNM.

Yayasan LTAT

As our Group's tradition, AFFINBANK has been contributing to Armed Forces' personnel & families via Yayasan LTAT. This foundation was established to raise funds for children of all whom have served or are still serving their country. In 2018, we donated a total of RM2 million through scholarships & educational assistance.

Coral Planting & Beach Cleaning

In 2018, AFFINBANK & AFFIN ISLAMIC conducted Coral Planting & Beach Cleaning programme at Mamutik Island, Sabah. AFFINBANK's GCEO, led a team of 6 divers, Bank employees, to plant the corals. The Beach Cleaning activity was led by AFFIN ISLAMIC CEO along with 50 employees from various branches in Kota Kinabalu.

Affin Hwang Investment Bank Berhad

Employees Rise Against Hunger

Affin Hwang Investment Bank Berhad joined forces with Rise Against Hunger, a non-profit organisation with a vision of ending world hunger by 2030, to organise a meal packaging event. Held in conjunction with the 7th annual AFFIN Hwang Capital Conference Series 2018, the event saw more than 100 registered volunteers including our employees & management trainees, come together to package meals worth RM 20,000, sponsored by AFFIN Hwang Capital. The contributions went to three charity organisations, Rumah Kasih Harmoni, Pertubuhan Kebajikan Anak Yatim Mary & Islamic Relief Malaysia.

Environmental Conservation & Awareness

On 11 August 2018, Project Gaia generated an awareness on the importance of mangrove forest conservation & highlighted the plight of marginalised communities in Malaysia. Over a hundred employees volunteered to plant 400 mangrove saplings along the Kuala Selangor River. There was media coverage for the cause & Astana Welfare home as activities were also planned for the children.

Support for the Marginalised

As part of the National Autism Society of Malaysia's (NASOM) campaign to raise awareness, AFFIN Hwang Investment Bank Berhad's employees raised funds & volunteered at the event. This increased public perception on autism & NASOM through internal communication. Affin Hwang Capital is proud to support the NASOM Titiwangsa Centre in continuing this noble effort through their annual family day "Food & Fun Fair 2018". Activities organised were:

- Donation Drive of Preloved Items
- Booth & Selling of Preloved Items
- Family Day Outing & Activities

Affin Hwang Asset Management Berhad

Beyond the Classroom Workshop

35 of Affin Hwang Asset Management Berhad employees had shared their industry expertise with over 200 students (12-17 years old) in the Beyond the Classroom workshop. The workshop is an Affin Hwang Asset Management Berhad flagship Financial Literacy & community series of experiential workshops, specifically created to instil awareness surrounding Financial Literacy amongst young adults. It was designed to encourage learning through role-playing activities; giving them the opportunity to make their own decisions & develop a culture of continuous learning & accountability. Activity stations were constructed to simulate scenarios or pit-stops that they will face throughout their life. Participants were required to complete various tasks that touch upon various financial elements, from career & education planning, to achieve the end goal of increasing net worth, while managing debt. The workshop was officiated by the Chief Minister of Penang & supported by the Penang State Government.

SUSTAINABILITY STATEMENT

AAGI & AALI

AXA's 5-Year Sustainability Plan

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

AAGI - AXA Hearts in Action Run

Through partnerships with local NGOs, AXA Hearts in Action Run was introduced since 2015 to engage with the community and encourage Malaysians to live a healthy lifestyle. In 2018, the event attracted over 5,000 runners and raised a total contribution of RM 100,000 which was donated to 5 NGOs in support of social causes.

AALI Blood Donation Drive

The programme was held at AXA AFFIN Life Insurance Berhad & was a collaboration with National Blood Bank since 2018. The objective of the programme was to create public awareness that a pint of blood can save 3 lives. 60 employees including other tenants in the building were involved consisting of 8 & 3 number of volunteers from the local community. 40 packs of blood were donated successfully & all samples were donated to National Blood Bank.

AALI #AXAStandsUpToCancer Campaign

AXA AFFIN Life was named Company of the Year (Life Insurance) at the recent CSR Malaysia Awards 2017 and Marketing Initiative of the Year - ABF Insurance Asia Awards 2017 in recognition for #AXAStandsUpToCancer Campaign.

Going beyond financial protection, we have been taking an active role in being an advocate of healthy living to the public via "Learn My Protection" online portal and "AXA: An Awakening Series" hosted by Choo Mei Sze (Youth Ambassador of National Cancer Society Malaysia (NCSM) & cancer survivor). CSR Awards 2017 is supported by Ministry of Women, Family and Community Development Malaysia to honour outstanding corporations in Malaysia that have excelled in the role of change agents in the socio-economic transformation of Malaysia. The campaign has further reinforced our commitment by pledging to donate RM1 to NCSM for every inspiring message shared by the public to empower Malaysians to stand up to cancer. A total of RM52,000 was raised to fund the operations of NCSM's Cancer Information Service.

AXA Corporate Responsibility (CR) Week

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

AAGI CR Week 2018 Highlights

- 214 blood donors
- 804 volunteer hours
- RM3,993 from pre-loved sale & charity food fair
- RM12,820 worth of groceries collected from employees & donated to Pusat Aktiviti Kanak-Kanak
- Hosted a Raya celebration for children from Pusat Aktiviti Kanak-Kanak
- 2 laptops & 4 desktops to SK Seri Delima

AALI Insurance CR Week 2018 Highlights

- 40 blood donors
- 168 volunteer hours
- RM914 from pre-loved sale & charity food fair
- RM2,170 worth of groceries collected from employees & donated to Pusat Aktiviti Kanak-Kanak
- Hosted a Raya celebration for children from Pusat Aktiviti Kanak-Kanak

CORE IDEOLOGIES



SUPPORT

We believe in giving back as a Group & as individuals. The causes we support are able to heighten the lives of the underprivileged communities



EMPOWER

We empower underprivileged communities & provide them with means of livelihood



SUSTAIN

We deliver further by taking into account the needs of the community's future

Objectives

Philanthropy

- Give back to the community by assisting the disadvantaged
- Identify with the public & foster goodwill

Partnering

- Support ongoing national advocacy initiatives

Image & Reputation

- Create awareness about the Group & build public profile
- Involvement & participation of senior management

Strategy

Short & Medium Term Results

- Adopt an integrated approach to community programmes, striking a good balance between short & medium term results, while not losing sight of corporate interests

Daily Business & Operations

- Integrating community development elements in our day-to-day business & operations

Figure 26 – AFFIN Hwang Investment Bank Berhad's Corporate Responsibility

In accordance to Islamic principles, we take our obligation to contribute a proportion of our revenue towards the underprivileged group or asnaf. Driven by our policies, we distribute zakat monies to various deserving communities.

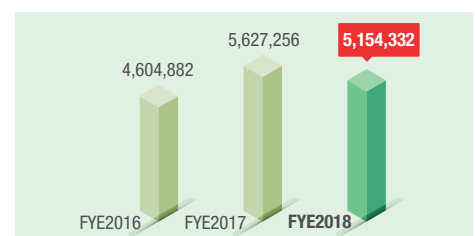
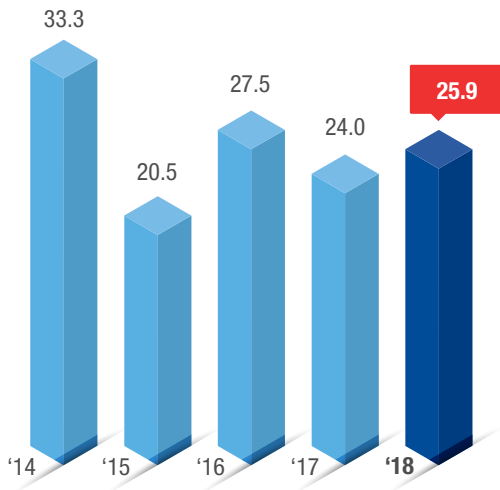


Figure 27 – AFFIN Bank Group's zakat payment (RM)

FIVE-YEAR GROUP FINANCIAL SUMMARY

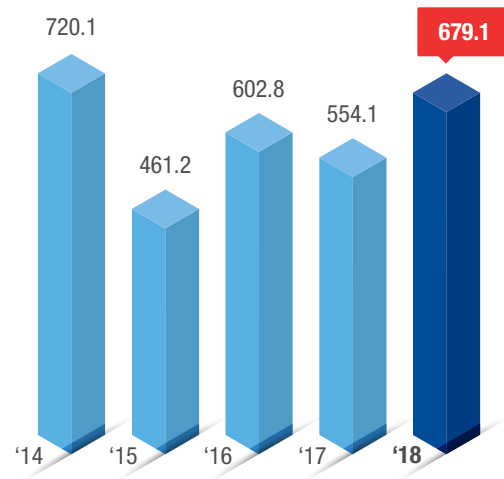
EARNINGS PER SHARE (EPS)

(Sen)



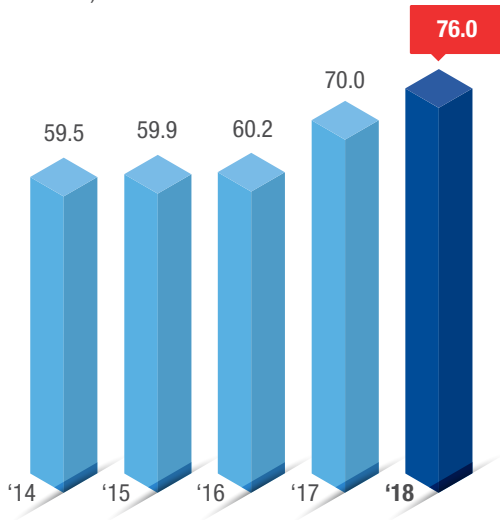
PROFIT BEFORE ZAKAT AND TAXATION

(RM'million)



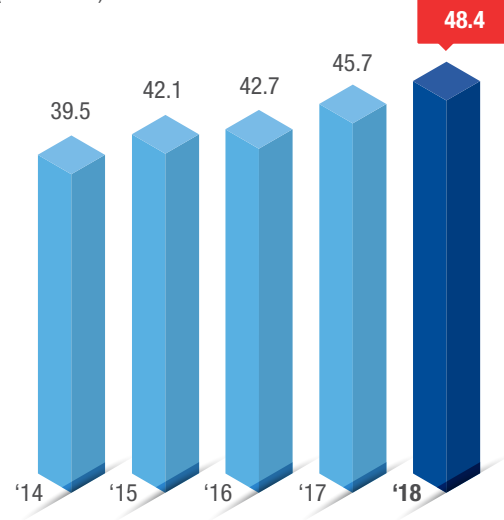
TOTAL ASSETS

(RM'billion)



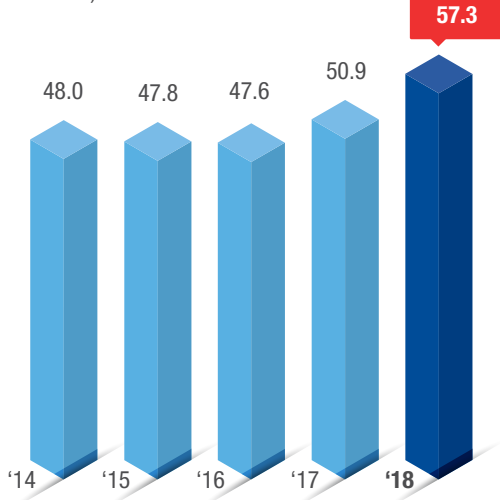
NET LOANS, ADVANCES & FINANCING

(RM'billion)



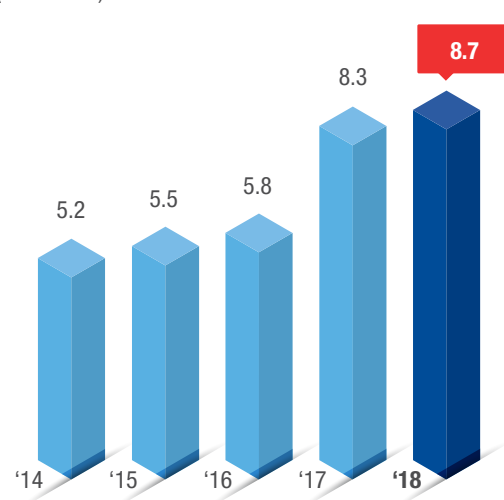
DEPOSITS FROM CUSTOMERS

(RM'billion)



SHAREHOLDERS' EQUITY

(RM'billion)



CORPORATE DIARY

AFFIN BANK BERHAD



9 Jan 2018

TOWNHALL 2018

Townhall for 2018 was held at Menara Affin attended by some 350 staff from the Head Office and the Klang Valley. The session and discourse were led by Group Chief Executive Officer, En. Kamarul Ariffin Mohd Jamil.



9 Jan 2018

SIGNING CEREMONY AND "BEBAS RASUAH" PLEDGE

AFFIN Bank Group staff took the anti-corruption oath and signed the anti-corruption pledge, witnessed by representatives from the Malaysian Anti Corruption Commission.



19-21 Jan 2018

BNM KARNIVAL KEWANGAN - KEDAH

AFFIN Bank Group participated in Bank Negara Malaysia's Karnival Kewangan held in Alor Setar, Kedah. The 3-day carnival is part of BNM's initiative to increase general awareness on financial literacy.



12 Feb 2018

TRANSFER OF LISTING STATUS TO AFFINBANK

Commemoration on Transfer of Listing Status from AFFIN Holdings to Affin Bank Berhad. Affin Bank Berhad was officially listed in the Main Market of Bursa Malaysia on 2 February 2018.



26 Feb 2018

CHINESE NEW YEAR CHARITY ACTIVITY

In conjunction with the Lunar New Year, the Bank hosted a lunch reception with some 100 residents of the Ampang Old Folks Home.



1 Mar 2018

ANALYSTS' BRIEFING - FY2017

A briefing with analysts took place at the Auditorium with analysts from various investment houses in regards to the Final Year 2017 financial results of AFFIN Bank Group.



2 Mar 2018

LAUNCH OF CALL CENTRE

The Bank's new Call Centre in Kelana Jaya, Selangor was officially launched with sightseeing of operation by the Management Committee Members.



14 Mar 2018

AFFIN DNA - "BIG SIX"

The AFFIN DNA known as "Big Six" is a new element in the AFFINBANKERS identity and working culture which incorporates the six unique values with its respective traits. The six values are Affin 1st, Resourceful, Synergistic, Risk Culture, Ethical, and Customer Focus.



15 Mar 2018

AFFIN DNA OPEN DAY

An Open Day on AFFIN DNA was held at the Lobby of Menara Affin, aimed to increase awareness among employees through series of quiz and games.

CORPORATE DIARY



16 Mar 2018

SIGNING CEREMONY OF OPERATIONAL RISK REVIEW AND SCENARIO ANALYSIS PROGRAMME

The Bank inked on a MOU with the Asian Banking School to provide a customised programme for Operational Risk Review and Scenario Analysis awareness and implementation for employees.



12 Apr 2018

MALAM WARTAWAN MALAYSIA 2018

The Bank recognises the hard work of Malaysian media by contributing towards the Malaysian Press Institute (MPI)'s Malaysia Journalism Night (MWM) 2018. The Malaysia Journalism Night (MWM) 2018 is an event which gives a chance to media practitioners to win the prestigious 2017 MPI-PETRONAS Malaysian Press Awards (HKM).



11 May 2018

SOUP KITCHEN ACTIVITY #2

Some 30 staff of AFFIN Bank Group participated in the 2nd of four Soup Kitchen activities planned for 2018, organised together with Pertiwi Soup Kitchen, an NGO dedicated to provide free food, medical checks and other activities for street friends around Kuala Lumpur.



23 Mar 2018

SOUP KITCHEN ACTIVITY #1

Some 30 staff of AFFIN Bank Group participated in the 1st of four Soup Kitchen activities planned for 2018, organised together with Pertiwi Soup Kitchen.



22 Apr 2018

CORAL PLANTING AND BEACH CLEANING

Staff in Kota Kinabalu, Sabah participated in a one-day CSR programme to clean the beach at Mamutik Island, as well as to plant corals. This is part of the Bank's CSR activity to preserve and protect the environment.



12 May 2018

AICB GRADUATION & AWARD CEREMONY

A total of 22 staff were awarded with their respective certifications at the Asian Institute of Chartered Bankers' (AICB) 21st Graduation and Award Ceremony 2018.



4 Apr 2018

BLOOD DONATION DRIVE #1

The 1st of three blood donation drives for 2018, organised in collaboration with the National Blood Bank.



14 May 2018

AFFIN EDUCATION EXCELLENCE AWARD

The AFFIN Education Excellence Award for children of staff who had excelled in their national examinations.

CORPORATE DIARY



15 May 2018

42ND ANNUAL GENERAL MEETING, AND EXTRAORDINARY GENERAL MEETING

The Annual General Meeting & Extraordinary General Meeting was attended by some 1500 shareholders. It is also Affin Bank Berhad's first AGM since the transfer of listing status was completed on 2 February 2018.



23 May 2018

LAUNCH OF DIRECT DEBIT

The Bank launched its corporate Direct Debit facility, concurrently signed its first customer for the facility - Cuckoo International Malaysia Sdn Bhd.



25 May 2018

MAJLIS BERBUKA PUASA

The Bank hosted a buka puasa for some 160 orphans at Menara Affin. The orphans were from Rumah Amal Permata Hatiku in Gombak, Rumah Titian Kasih in Titiwangsa, Rumah Pengasih Warga Prihatin in Bangi and Rumah Perlindungan Nur Kasih in Taman Melawati.



29 Jun 2018

HARI RAYA OPEN HOUSE

The annual Hari Raya Open House for staff was held at the lobby of Menara Affin today, attended by some 850 staff.



13 Jul 2018

BANDAR MERU RAYA BRANCH

The Bank's 108th branch in Malaysia at Bandar Meru Raya, Perak.



1 Aug 2018

MEDIA RELATIONS INITIATIVE #1

The Bank organised an engagement session with senior editorial members from Media Prima Group.



4 Aug 2018

ANNUAL DINNER 2018 - SOUTHERN REGION

Some 400 staff from Johor, Melaka, and Negeri Sembilan was feted with staff performances and giveaways as they dressed to impress to the theme of "Going Places" at the Dinner.



14 Aug 2018

MEDIA RELATIONS INITIATIVE #2

The Bank organised an engagement session with senior editorial members from ASTRO and Nanyang Siang Pau.



17 Aug 2018

DONATION OF HAEMODIALYSIS MACHINES TO YVATM

AFFIN Holdings Berhad donated two brand new Fresenius Medical Care 4008S Next Generation haemodialysis machines valued at RM 85,000 to a dialysis centre operated by Yayasan Veteran Angkatan Tentera Malaysia at Bukit Beruntung, Selangor.

CORPORATE DIARY



18 Aug 2018

MYTOWN INNOVATION BRANCH

The Bank's 1st Innovation Branch in Malaysia at MyTown Shopping Centre which offers a modern and fresh look & feel, in-line with current digital lifestyle.



18-19 Aug 2018

BNM KARNIVAL KEWANGAN - TAIPING

The Bank participated in Bank Negara Malaysia's Karnival Kewangan held in Taiping, Perak. The carnival is part of BNM's initiative to increase general awareness on financial literacy.



27 Aug 2018

BLOOD DONATION DRIVE #2

The 2nd of three blood donation drives for 2018, organised in collaboration with the National Blood Bank.



28 Aug 2018

MEDIA RELATIONS INITIATIVE #3

The Bank organised an engagement session with senior editorial members from Sin Chew Daily and Malay Mail.



30 Aug 2018

DISTRIBUTION OF JALUR GEMILANG

In conjunction with Merdeka celebration, members of the Bank's senior management distributed desktop Jalur Gemilang to staff at Menara Affin. Some flags were also distributed at the Bank's Innovation Branch at MyTown Shopping Centre.



3 Sep 2018

ANALYSTS' BRIEFING - 1H 2018

A briefing with analysts took place at the Auditorium with analysts from various investment houses in regards to the 1st Half 2018 financial results of AFFIN Bank Group.



8 Sep 2018

ANNUAL DINNER 2018 - NORTHERN REGION

The journey of "Going Places" continued at the Northern Region and the second session successfully hosted 446 staff from 6 states, which are of Penang, Perak, Kedah, Perlis, Kelantan, and Terengganu.



12 Sep 2018

MOU SIGNING WITH SAMENTA

The Bank signed a MOU with the Small & Medium Enterprises Association (SAMENTA) Penang in a ceremony attended by YAB Chief Minister of Penang, YAB Tuan Chow Kon Yeow and some 250 members of SAMENTA and the Bank's customers.



30 Sep 2018

BHPETROL ORANGE RUN

AFFINBANK partnered with BHPetrol in organising the 13th edition of the BHPetrol Orange Run. The 11km running event took place at Piazza, The Curve Mutiara Damansara and saw participation by 5,000 runners across eight categories.

CORPORATE DIARY



6 Oct 2018

ANNUAL DINNER 2018 - EAST MALAYSIA

The third session of the Dinner witnessed some 250 Sabahan and Sarawakian staff lived up the night with colourful outfits of “Going Places” alongside spirited catchups.



20 Oct 2018

ANNUAL DINNER 2018 - CENTRAL REGION

The final and largest session of the Annual Dinner successfully gathered some 1,900 staff under one roof, which also concluded the Bank's nationwide journey of “Going Places” for the year.



23 Oct 2018

SIGNING OF AFFIN BANK BERHAD OFFICERS' ASSOCIATION (ABBOA) 3RD COLLECTIVE AGREEMENT

The 3rd Collective Agreement between Affin Bank Berhad and Affin Bank Berhad Officers' Association (ABBOA) was signed-off by signatories for renewal of 3-year term from 2017 to 2019.



25 Oct 2018

AFFIN EMAS-i

AFFIN EMAS-i is a new Shariah compliant gold product by AFFIN ISLAMIC which offers customers the opportunity to participate in the precious metal market in a convenient and secured way.



29 Oct 2018

CUSTOMERS' APPRECIATION DINNER

AFFINBANK and AFFIN ISLAMIC organised the customers' appreciation dinner which was attended by some 200 customers in Melaka.



1 Nov 2018

PROGRAM SEKOLAH @ MMU KEMBARA ISKANDARIAH

Affin Bank Berhad sponsored the Sekolah@ MMU Kembara Iskandariah in Perak which took place on 30 October – 1 November 2018. The Bank conducted a financial literacy session for 600 secondary school students.



5 Nov 2018

AFFINITY VIDEO COMPETITION PRIZE GIVING

The AFFINITY Video Competition Prize Giving Ceremony celebrated 7 winning AFFINBANKERS for their creative multimedia entries about the Bank's DNA - the “Big Six”. The competition took place for 3 months from July to September 2018 which garnered 22 entries from staff nationwide.



8 Nov 2018

BANDAR SRI SENDAYAN BRANCH

The Bank's 110th branch in Malaysia at Bandar Sri Sendayan, Negeri Sembilan.



24 Nov 2018

WARRIORS CHALLENGE 3.0

Affin Bank Berhad sponsored the Warriors Challenge 3.0 as a part of its contribution to Tabung Pahlawan for 2018. For the same event, the Bank also organised for 30 staff and 25 members of the Media to participate in the military-themed obstacle challenge.

CORPORATE DIARY



24 Nov 2018

DEEPAVALI CHARITY ACTIVITY

In conjunction with the Festival of Light, Affin Bank Berhad management and staff took their time to spread Deepavali cheers to the underprivileged and children of Pertubuhan Kebajikan Perlindungan Jothe Viyasar, Negeri Sembilan.



30 Nov 2018

10TH SME100 AWARDS PRESENTATION AND GALA DINNER

Affin Bank Berhad became as Main Sponsor for the 10th SME100 Awards Presentation and Gala Dinner organised by SME Magazine.



30 Nov 2018

SOUP KITCHEN ACTIVITY #3

Some 30 staff of AFFIN Bank Group participated in the final Soup Kitchen activity planned for 2018, organised together with Pertiwi Soup Kitchen. Food and beverage was prepared by participants and given to the underprivileged people staying around within the area of the activity venue.



29 Nov 2018

PRIZE GIVING CEREMONY OF "SCOOTVAGANZA" AND "APPLY, SWIPE, & WIN UMRAH" CAMPAIGN

Winners of "Scootvaganza" and "Apply, Swipe, and Win" campaigns organised by Affin Bank Berhad and Affin Islamic Bank Berhad were celebrated with giveaway of prizes worth more than RM 100,000.



5 Dec 2018

AFFIN VISA BUSINESS PLATINUM CREDIT CARD

The Bank's first Business Platinum Visa Credit Card and Credit Card-i, targeted for business owners in the Corporate Business and Small and Medium Enterprise (SME) sectors.



30 Nov 2018

ANALYSTS' BRIEFING - 3Q2018

A briefing with analysts took place at the Auditorium with analysts from various investment houses in regards to the 3rd Quarter 2018 financial results of AFFIN Bank Group.



4 Dec 2018

NONA SUPERWOMEN AWARDS

AFFIN Bank Group sponsored the Nona Superwoman Awards, and also won the Nona Preferred Bank Award 2018.



11 Dec 2018

BLOOD DONATION DRIVE #3

The 3rd blood donation drive for 2018, organised in collaboration with the National Blood Bank.

CORPORATE DIARY

AFFIN ISLAMIC BANK BERHAD



22 Jan 2018

MOU SIGNING FOR AFFIN EDUCATION FINANCING-i PARTNERSHIP

AFFIN ISLAMIC and the Management and Science University (MSU) signed a MOU on the AFFIN Education Financing-i Partnership to support the welfare of the students by offering financing to support their studies.



7 Feb 2018

MOU SIGNING CEREMONY: AFFIN ISLAMIC AND GADING KENCANA

AFFIN ISLAMIC financed a total of RM130.34 million to support Gading Kencana Development Sdn Bhd Large Scale Solar Photovoltaic project in Bidor, Perak.



23 Mar 2018

ZAKAT CONTRIBUTION TO MAJLIS UGAMA ISLAM DAN ADAT RESAM MELAYU PAHANG

AFFIN ISLAMIC contributed business zakat for 2017 to the Majlis Ugama Islam dan Adat Resam Melayu Pahang. The Sultan of Pahang, Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah, who was then the Tengku Mahkota of Pahang accepted the zakat on behalf of the Majlis.



21 Apr 2018

AFFIN ISLAMIC CREDIT CARD-i

The first AFFIN ISLAMIC Credit Card-i; a joint collaboration with Mastercard, catering to the evolving demand and ever rising expectations of the Bank's customers towards Shariah-compliant products.



12 May 2018

KOTAK REZEKI PRESS CONFERENCE AND FLAG OFF

AFFIN ISLAMIC together with the News Straits Times Press (NSTP) and PosLaju flagged off its Kotak Rezeki charity box programme. A total of 11,000 aid packs were delivered in stages to individuals and welfare homes at 72 welfare homes, orphanages, and religious madrasah and tahfiz schools across Peninsular Malaysia.

CORPORATE DIARY



4-7 Apr 2018

MALAYSIA INTERNATIONAL HALAL SHOWCASE (MIHAS 2018)

AFFIN ISLAMIC joined other 576 exhibitors from 33 countries worldwide in the 15th edition of the Malaysia International Halal Showcase (MIHAS).



12 May 2018

CHARITY FUN RUN FOR SYRIA

AFFIN ISLAMIC participated in a fund raising event, Charity Run For Syria 2018, an initiative by Malaysian Life Line For Syria (MLL4S) to collect funding for their Ramadan Humanitarian Mission (RHM) for 1439H. Zakat contribution were handed over to MLL4S in supporting their mission to Syria.



22 May 2018

COMMUNITY OUTREACH PROGRAMME WITH TEACH FOR THE NEEDS (TFTN)

AFFIN ISLAMIC organised a community outreach programme with Teach for the Needs (TFTN) in Semporna, Sabah. The programme was intended to help TFTN to provide proper access to education for the less-fortunate children in Sabah.



31 May 2018

'PROGRAM SEORANG SEKAMPIT BERAS'

AFFIN ISLAMIC continued to aid worthy causes in the jointly-collaborated event with the Association of Islamic Banking Institutions Malaysia (AIBIM). Basic necessities of 150 packs of rice, cooking oil and flour were given to deserving recipients at Surau Al-Istiqomah, Bandar Baru Bangi.



31 May 2018

ZAKAT CONTRIBUTION TO MINISTRY OF DEFENCE MALAYSIA

AFFINBANK and AFFIN ISLAMIC were among some 50 agencies, corporate bodies, private companies as well as volunteer groups which contributed Hari Raya Aidilfitri goodies and zakat to military personnel for the year of 2018.

2 Jun 2018

ZAKAT CONTRIBUTION TO MAJLIS AGAMA ISLAM AND ADAT MELAYU PERAK

Affin Islamic Bank Berhad contributed zakat to Majlis Agama Islam dan Adat Melayu Perak (MAIPK) during a ceremony which took place in Istana Iskandariah, Kuala Kangsar. Duli Yang Maha Mulia Paduka Seri Sultan Perak Darul Ridzuan Sultan Nazrin Muizzudin Shah Ibni Al-Marhum Sultan Azlan Muhibbuddin Shah Al- Maghfur-Lah accepted the contribution on behalf of the Majlis.



6 Jun 2018

CLOTHES DONATION TO CHILDREN IN NEED

A total of 100 children from Rumah Titian Kaseh Tasik Titiwangsa received Hari Raya clothes donated by AFFIN ISLAMIC at their premise during the month of Ramadan. The initiative is part of its corporate social responsibility (CSR) programme to bring a smile on the children's faces.



4 Jul 2018

MOU SIGNING FOR AFFIN EDUCATION FINANCING-i PARTNERSHIP

AFFIN ISLAMIC and SEGi University and Colleges (SEGi) signed a MOU on the AFFIN Education Financing-i Partnership to support the welfare of the students by offering financing to support their studies.

CORPORATE DIARY



28 Aug 2018

RECORDING OF ASTRO OASIS “TAKZIRAH MALAM JUMAAT” AT MINISTRY OF DEFENCE MALAYSIA, MSU, UPNM AND MENARA AFFIN

AFFIN Bank Group had the privilege of hosting the recording of two “Tazkirah Malam Jumaat” episodes at Menara AFFIN, and six more episodes at the Ministry of Defence (MINDEF), Management and Science University (MSU) and Universiti Pertahanan Nasional Malaysia (UPNM).



3-4 Oct 2018

GLOBAL ISLAMIC FINANCE FORUM 2018

AFFIN ISLAMIC joined local and foreign Islamic banks in the Global Islamic Finance Forum 2018 which was officiated by Governor of Bank Negara Malaysia YBhg. Datuk Nor Shamsiah Mohd Yunus, with the theme of ‘Value-Based Intermediation: Beyond Profit’.



5 Sep 2018

ZAKAT CONTRIBUTION TO MAJLIS AGAMA ISLAM WILAYAH PERSEKUTUAN

Affin Islamic Bank presented zakat contributions to Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan. A symbolic cheque were handed over to Datuk Dr Mujahid Yusof, Minister in the Prime Minister’s Department.



16 Oct 2018

MOU WITH PMB INVESTMENT BERHAD

The Bank marked a breakthrough in the Institutional Unit Trust Adviser (IUTA) distribution segment as the first bank to ink a MOU with PMB Investment Berhad - an Islamic fund management company (IFMC) to distribute, promote and market six of its trust funds through its branches nationwide.



23 Oct 2018

MOU SIGNING FOR AFFIN EDUCATION FINANCING-i PARTNERSHIP

AFFIN ISLAMIC and MAHSA University signed a MOU on the AFFIN Education Financing-i Partnership to support the welfare of the students by offering financing to support their studies.



13 Sep 2018

MOU SIGNING CEREMONY WITH JURUS POSITIF AND EXSIM DEVELOPMENT

AFFIN ISLAMIC formalised a Memorandum of Understanding (MOU) with Jurus Positif Sdn Bhd as a vendor and Exsim Development Sdn Bhd as a purchaser in a simple signing ceremony held at Menara AFFIN, Kuala Lumpur.



19 Oct 2018

ZAKAT CONTRIBUTION TO UPNM ASNAF STUDENTS

Universiti Pertahanan Nasional Malaysia (UPNM) was another recipient of zakat contributions from AFFIN ISLAMIC in 2018.

CORPORATE DIARY

AFFIN HWANG CAPITAL



6 Jun 2018

ZAKAT GIVING CEREMONY

Affin Hwang Investment Bank reached out to the community who are in dire need of assistance. 20 altruistic organisations, schools, homes, and individuals that tirelessly care for more than 2,000 asnaf families, senior citizens, underprivileged youth and children were carefully selected from all corners of Malaysia to receive the Bank's Zakat monies.



20 Jun 2018

MI EQUIPMENT IPO LAUNCH

Affin Hwang Investment Bank became the Principal Adviser, Sole Underwriter, and Sole Placement Agent for the IPO of Mi Equipment. It is the first company listed on the Bursa Malaysia Main Board for 2018.



28 Jun 2018

ISSBNT LAUNCH

Affin Hwang Investment Bank became the first bank to be approved by Bursa Malaysia as an Approved Supplier and User under the Islamic Securities Selling and Buying Negotiated Transaction (ISSBNT) model, launched by Bursa Malaysia.



21 Jul 2018

GRADUAN @ ASPIRE CAREER FAIR

Affin Hwang Capital participated in the GRADUAN@ ASPIRE Career Fair 2018, and received about 1,000 applications from graduates and working professionals wanting to explore future career options with the company.



27 Jul 2018

MALAYSIA-CHINA BUSINESS CONFERENCE 2018

Affin Hwang Investment Bank participated as panel speaker in the Malaysia-China Business Conference 2018, organised by the Malaysia-Foshan Chamber of Commerce with the support from the Foshan City Government.

CORPORATE DIARY



11 Aug 2018

PROJECT GAIA

A Community Engagement initiative by Affin Hwang Capital, with a goal to raise awareness on the importance of conserving the mangrove ecosystem and highlighting the plight of the marginalised community in Malaysia. For 2018, the engagement took place in Kuala Selangor Nature Park (KSNP) with children from Astana Welfare Home.

11 Aug 2018

VISIT TO PUSAT KANAK-KANAK TERENCAT AKAL BAHAGIA

Affin Hwang Asset Management Private Wealth Business organised a visit to Pusat Kanak-Kanak Terencat Akal Bahagia (Happiness Centre) to support and help them provide a conducive and healthy quality of life. Prior to the visit, the team managed to raise RM15,025.00 within 5 days for the centre.

22 Sep 2018

PENANG MARKET OUTLOOK

Securities Retail Business of Affin Hwang Investment Bank held its one-day 2nd Half 2018 Market Outlook which attracted 288 attendees. This initiative is created for the business to engage with the Northern Region remisiers, existing clients and new prospects by having sharing sessions on the market outlook and stock picks.

22 Sep 2018

FOREST TREE PLANTING

22 volunteers from Affin Hwang Asset Management and their family members came together to learn more about seeding care and tree planting with the Tropical Rainforest Conservation and Research Centre (TRCRC). AHAM also sponsored RM20,000 to support the maintenance of TRCRC's tree nurseries and reforestation efforts.



27 Sep 2018

BURSA BULL CHARGE 2018

Affin Hwang Capital sent 7 teams of runners for the 5KM corporate challenge, 7 CEO runners for the 1.5KM CEO Suite Run and 7 dancers to compete in the Bursa Bull Dance.



12 Oct 2018

INVESTSMART FEST 2018

Affin Hwang Capital participated in the InvestSmart Fest 2018, as a way to support Securities Commission Malaysia's investor empowerment initiatives and to create branding and awareness on products and services offered in the capital markets.



17 Oct 2018

GREEN FINANCE FORUM 2018

Affin Hwang Capital was invited to speak at the Green Finance Forum on "Financing Via Green Bonds and Sukuk: An Issuer's Roadmap", held in conjunction with the 9th International Greentech & Eco Products Exhibition & Conference Malaysia (IGEM 2018) organised annually by the Ministry of Energy, Science, Technology, Environment & Climate Change (MESTECC).



31 Oct 2018

MEDIA BRIEFING

Affin Hwang Capital shared with the invited members of the media on "Preview of Budget 2019 and the Economic Outlook in the Year Ahead", touching on the upcoming National Budget 2019, the first for the new Pakatan Harapan government.

CORPORATE DIARY



3 Nov 2018

NASOM TITIWANGSA FOOD & FUN FAIR 2018

In support of the International Autism Awareness Campaign, Affin Hwang Investment Bank participated in the the 'Food & Fun Fair 2018' event organised by National Autism Society Malaysia (NASOM) Titiwangsa. The Bank also handed over monetary and teaching material donations to the autistic children, youth and adults.



8 Nov 2018

7TH ANNUAL AFFIN HWANG CAPITAL CONFERENCE SERIES 2018

The 7th annual Affin Hwang Capital Conference Series 2018 with the theme of "Building A New Malaysia" gathered market analysts, economic thought leaders, politicians and policy makers to discuss on Malaysia's new policies and strategies in light of geopolitical challenges and opportunities facing the global and domestic economy.



8 Nov 2018

RISE AGAINST HUNGER

Affin Hwang Capital joined forces with Rise Against Hunger, a non-profit organisation with a vision of ending world hunger by 2030, to organise a meal packaging event. Meals packaged worth RM 20,000 were provided through 100 volunteers to vulnerable families and individuals under three charities in Malaysia - Rumah Kasih Harmoni, Pertubuhan Kebajikan Anak Yatim Mary and Islamic Relief Malaysia.

12 Nov 2018

13TH ANNUAL DAIWA INVESTMENT CONFERENCE

Affin Hwang Investment Bank was represented at the 13th Annual Daiwa Investment Conference. A total of 187 companies had participated, including Daiwa's Asian Ex Japan strategist and economist, Daiwa ASEAN partners, crypto experts, and Sense Time.

15 Nov 2018

SUSTAINABILITY TALK

25 participants from Affin Hwang Asset Management (AHAM) came together to learn from the experts at Tropical Rainforest and Research Centre (TRCRC) on sustainability in the workplace.

23 Nov 2018

AHAM BURSARY AWARD CEREMONY

Affin Hwang Asset Management held the Bursary Award ceremony for 5 students from HELP University, marking AHAM's 10th year collaboration with HELP University. The students each received RM10,000 as support for their living expenses while pursuing their degree courses, as well as participation in AHAM's internship programme before their graduation.

1 Dec 2018

BEYOND THE CLASSROOM

Affin Hwang Asset Management organised the 2-day workshop at Tech Dome, Penang. The workshop encourages learning through role-playing, where students make their own financial decisions based on simulated real-life scenarios.



4 Dec 2018

DPI HOLDINGS INVESTOR ROADSHOW @ KUCHING

Affin Hwang Investment Bank together with its client, DPI Holdings Berhad, organised its first investor roadshow in East Malaysia to showcase and promote DPI's IPO, as well as strengthening the Bank's brand awareness and investor relations with clients in Sarawak.

4 Dec 2018

CHATBOT (NADIA)

NADIA (Not Another Digital Investment Advisor) was launched by Affin Hwang Asset Management as part of its omnichannel strategy to produce seamless customer engagement system in enhancing overall client experience.

CORPORATE DIARY

AXA AFFIN LIFE INSURANCE BERHAD



5 Apr 2018

AXA EMEDIC

An innovative, first-in-the-market online medical card which offers fast, easy and affordable medical insurance plan to ensure young Malaysians are well-protected against rising medical costs.



1 Jun 2018

EXTENSION OF AXA EMEDIC

AXA eMedic has been extended to children as young as 15 days and was officiated with a spectacular flashmob and flag-off of thirty AXA eMedic wrapped cars as the commencement of the on-ground activation campaign to drive brand interaction among Malaysians.



1 Aug 2018

AXA STEP IT UP

A wellness programme which empowers and incentivises Malaysians who take proactive measures to lead a healthier lifestyle. Customers can enjoy premium rebates of up to 24% on their first year annual premium when they achieved their desired fitness goal.



12 Nov 2018

DIGI STEPZ

A wellness programme by AXA AFFIN Life and Digi to get Malaysians moving by rewarding them with benefits like cash back for taking proactive measures to improve their health and well-being.

CORPORATE DIARY

AXA AFFIN GENERAL INSURANCE BERHAD



25-29 Jun 2018

8TH CORPORATE RESPONSIBILITY WEEK

A dedicated Corporate Responsibility Week to give back to communities, as part of the ongoing commitment to empower lives, engage staff to contribute to a good cause and help build a more sustainable society.



3 Jul 2018

EMPLOYEE SOCIAL RESPONSIBILITY (ESR) LEAVE

Employees were allocated 2 days of ESR Leave in a year in addition to their annual leave to participate in local charities and good causes all year long.



30 Jul 2018

MERCHANTRADE INSURE

Launched in partnership with Merchantrade Asia Sdn Bhd – the 1st insurance protection in Malaysia that provides claims payout directly to beneficiaries through remittances at Merchantrade branches nationwide for migrant workers and their family.



23 Jul 2018

#LAUGHFORHEALTH CAMPAIGN

The "AXA Laughter Squad" together with Dr. Jason Leong advocated on the benefits of laughter and how they can benefit overall health through a social media activation campaign. A total of RM10,000 was contributed to Yayasan Jantung Malaysia for every "Haha Emoji" clicks received on the #LaughForHealth activation video.



30 Sep 2018

4TH AXA HEARTS IN ACTION RUN 2018

Held annually to empower people to lead an active lifestyle and run for a good cause, AXA Hearts in Action Run 2018 attracted over 5,000 runners to contribute a total of RM 100,000 to non-profit organisations in support of 5 social causes.



7-30 Nov 2018

MOVEMBER CHALLENGE

In support of global movement to fight against prostate cancer, staff were encouraged to grow a moustache, or move 60km throughout the month of November. A 5km Movember Run at KLCC park was also conducted to drive awareness and participation.



12-13 Dec 2018

AXA HEALTH AWARENESS DAYS

To promote awareness of health issues and preventative action among staff as part of company's purpose and CR strategy. Activities were held in collaboration with Yayasan Jantung Malaysia, National Cancer Society Malaysia and Astro Go.

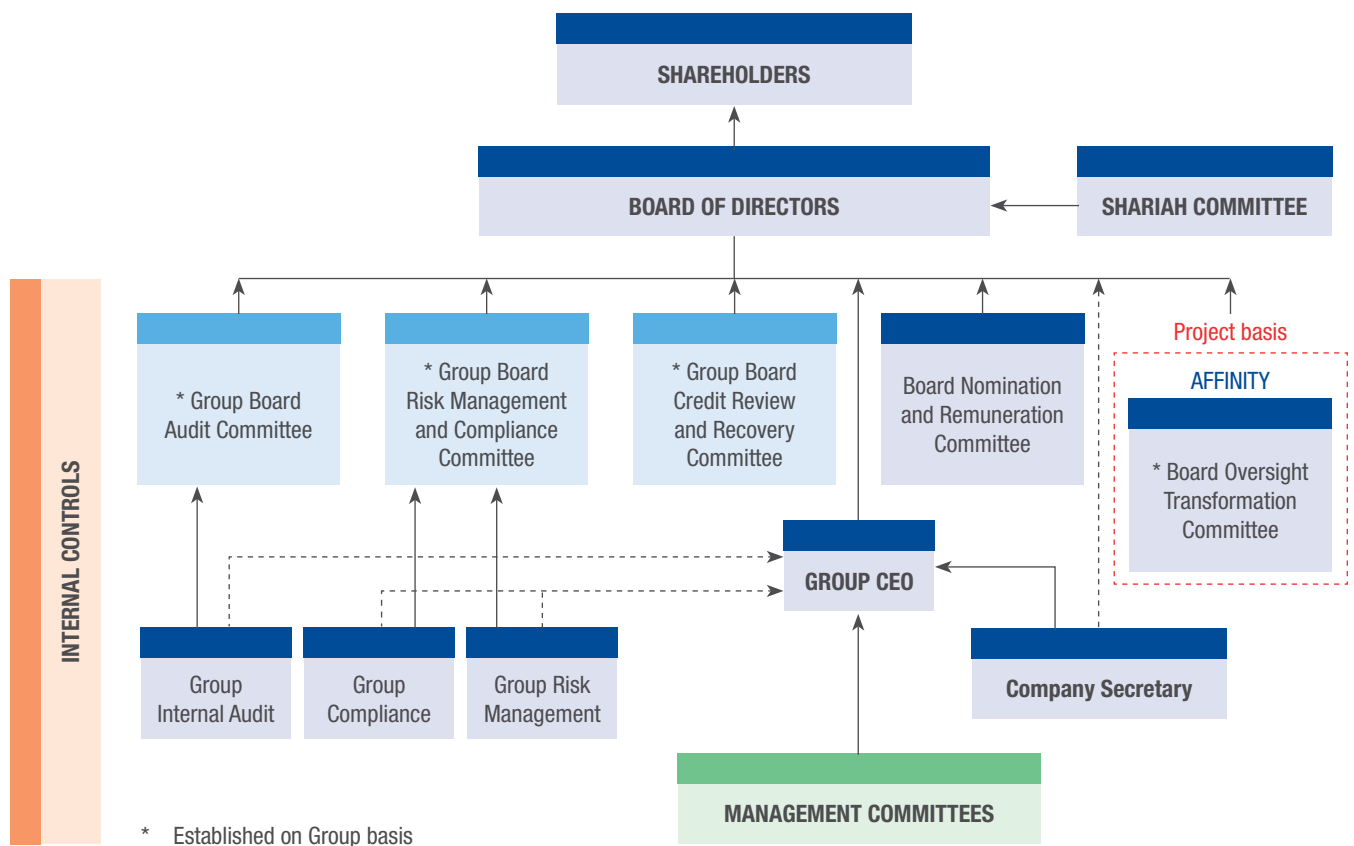
CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Affin Bank Berhad (“Bank” or the “Company”) views that adoption of sound corporate governance standards and practices by the Bank will ensure that the Bank is managed in a sound and prudent manner to conduct the business and affairs of the Bank towards promoting business prosperity and corporate accountability with due regards to the interests of depositors, policy owners and stakeholders.

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

CORPORATE GOVERNANCE FRAMEWORK

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



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

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

The Corporate Governance Framework was reviewed in 2018 to ensure that it remains relevant and aligned with the Companies Act, 2016, MMLR and MCCG and will continue to be refined based on best practices and guidelines.

The Corporate Governance Report is available on the Bank's website at www.affinbank.com.my as well as via an announcement on the website of Bursa Securities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

An overview of the Bank's application of corporate governance practices are described as follows:

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

1. Clear roles and responsibilities

The Board, led by the Chairman, establishes the vision and strategic objectives of the Bank and is entrusted with the responsibility in leading and directing the Bank towards achieving its strategic goals and realising long-term shareholders' values. The Board and Management hold an annual strategic meeting to set the Bank's strategies as well as to 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 Board has established a 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 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.

The Board Charter was last reviewed in 2018 to ensure its relevance and effectiveness in the light of the ever changing environment in which the Bank operates.

The Board in discharging the duties, has an obligation to exercise unfettered judgement, in good faith with due care and skills so as to ensure compliance with regulatory requirements and in the best interest of the Bank.

The key responsibilities of the Board are as follows:

- (i) Approving the Bank's risk appetite, annual business plan and other initiatives which would have material impact on the Bank's risk profile.
- (ii) Overseeing the selection, performance, remuneration and succession plans of the Chief Executive Officer (CEO), control function heads and other members of the Senior Management, such that the Board is satisfied with the collective competence of Senior Management to effectively lead the operations of the Bank.
- (iii) Overseeing the implementation of the Bank's governance framework and internal control framework, and periodically ascertaining whether they remain appropriate in light of material changes to the size, nature and complexity of the Bank's operations.
- (iv) Ensuring regulatory compliance within the Bank.
- (v) Promoting, together with Senior Management, a sound corporate culture within the Bank which reinforces ethical, prudent and professional behaviour.
- (vi) Promoting sustainability through appropriate environmental, social and governance considerations in the Bank's business strategies.
- (vii) Overseeing and approving the recovery and resolution as well as business continuity plans of the Bank to restore its financial strength and maintain or preserve critical operations and critical services when it comes under stress.
- (viii) Promoting timely and effective communication between the Bank and BNM on matters affecting, or that may affect, the safety and soundness of the Bank.
- (ix) Undertaking various functions and responsibilities as specified in the policy documents and directives issued by BNM and other relevant laws from time to time.
- (x) Ensuring the establishment and implementation of group-wide policies and procedures to ensure Group's compliance with the regulatory requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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, 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, while the CEO focuses on the business and day-to-day management of the Bank.

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.

The Chairman, in leading the Board, is responsible for the effective overall functioning of the Board. The key role of the Non-Executive Chairman includes the following:

- (i) The smooth functioning of the Board, the governance structure and inculcating positive culture in the Board;
- (ii) Guidelines and procedures are in place to govern the Board's operation and conduct;
- (iii) All relevant issues are on agenda for Board meeting and all Directors are able to participate fully in the Board's activities;
- (iv) Board debates strategic and critical issues;
- (v) Board receives the necessary information on a timely basis from the Management;
- (vi) Provides avenues for all Directors to participate openly in the discussion; and
- (vii) Provides leadership to the Board and responsible for the developmental needs of the Board.

On the other hand, the key role of CEO includes the following:

- (i) Developing the strategic direction of the Bank;
- (ii) Ensuring that the Bank's strategies and corporate policies are effectively implemented;
- (iii) Ensuring that Board decisions are implemented and Board directions are responded to;
- (iv) Providing directions in the implementation of short and long-term business plans;
- (v) Providing strong leadership that effectively communicates sound and viable vision, management philosophy and business strategy to the employees;
- (vi) Keeping the Board fully informed of all important aspects of the Bank's operations and ensuring sufficient information is distributed to Board members; and
- (vii) Ensuring the day-to-day business affairs of the Bank are effectively managed.

3. Supported by Competent 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 and are advised on the proposed contents and timing of material announcements to be made to regulatory authorities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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.
- (ii) Encourage Whistleblower to divulge pertinent and unknown 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.

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

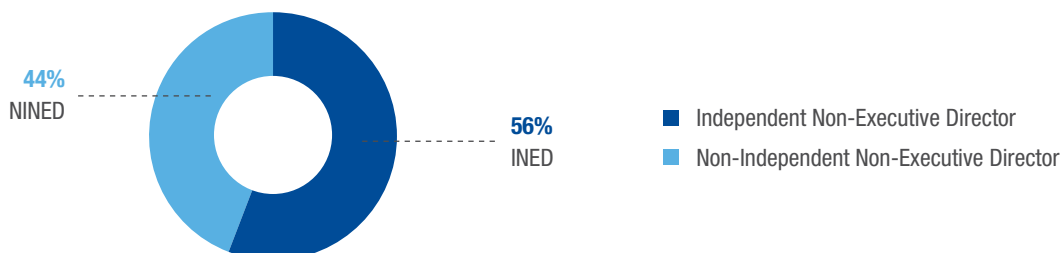
II. BOARD COMPOSITION

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.

The Board comprises nine (9) Directors, four (4) of whom are Non-Independent Non-Executive Directors and the remaining five (5) 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 in the AFFIN Bank Group.

The Independent Director shall, upon reaching the maximum tenure and subject to the approval of BNM for his re-appointment as Director, remain as a Director but shall be re-designated as Non-Independent Non-Executive Director.

Represented on the Board are five (5) 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.

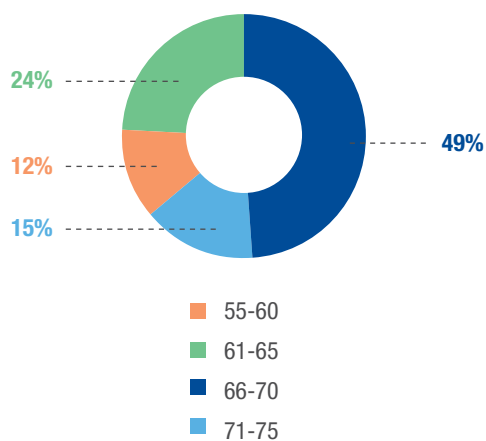
Board Diversity

The Bank promotes diversity in Board as it recognises the values and the unique contribution from Directors with diversified 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 Joseph Yuk Wing Pang, 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.

The Board acknowledges the recommendation of the MCCG pertaining to the establishment of boardroom gender diversity policy. The Board had appointed a lady Director, Dato' Rozalila bt Abdul Rahman as Independent Non-Executive Director of the Bank with effect from 4 February 2019.

Board Composition



Board Skills Experiences



Appointments, Removals and Re-Election of Directors

New Appointment of Directors

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

The BNRC will conduct an annual review to assess the Fit & Proper Criteria, performance and effectiveness of each Director. 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 MCGG'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.

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, and Group Board Risk Management and Compliance Committee to support and assist in discharging its fiduciary duties and responsibilities. The Board also established the Board Oversight Transformation Committee to oversee the progress of the AFFINITY Programme for AFFIN Bank Group. 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 MCGG.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(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”)

BNRC is 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 2018 included the following:

- 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) Board Oversight Transformation Committee (“BOTC”)

BOTC is established in view of the Transformation Blueprint and Implementation Masterplan – AFFINITY Programme.

Its main purpose is to oversee the transformation plan (AFFINITY Programme), secure the consistency of strategic decision and ensure that the transformation plan is implemented effectively in a timely manner.

(d) Management Committees



CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 (except in December). 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 continued time commitment to serve the existing Board and that his 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 2018. The details of Board and Board Committee meetings attended 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 Accreditation 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 Directors are also required to attend the Islamic Finance for Board Programme organised by BNM in collaboration with ISRA by 2020 (existing Director) and within 2 years of date of appointment (new Director).

Directors Orientation Programme is organised to familiarise themselves 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.

This serves to provide them with a platform in establishing effective channel of communication and interaction with Senior Management as well as to ensure that the Directors understand:

- (i) their roles and responsibilities;
- (ii) the nature of the Bank's business;
- (iii) overview of risks on the Bank's business and the risk management strategy; and
- (iv) legal requirements and compliance controls.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board will via BNRC, on a continuing basis, evaluate and determine the training needs of each Director, 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.

During the financial year ended 31 December 2018, the Directors have attended the following courses/training programmes:

GEN. DATO' SERI DIRAJA TAN SRI (DR.) MOHD ZAHIDI BIN HAJI ZAINUDDIN		
Trainer/Organiser	Course Title	Date
FIDE Forum	BNM Dialogue on "Managing Cyber Risks in Financial Institutions"	22 January 2018
Bursa Malaysia	Bursa's Corporate Governance Guide 3rd Edition – "Moving from Aspiration to Actualisation"	8 February 2018
FIDE Forum	1st Distinguished Board Leadership Series – Navigating the VUCA World	1 March 2018
Affin Bank Berhad	Board Induction Session	23 March 2018
Halal Industry Development Corporation (HIDC)	World HALAL Conference	5 April 2018
Bursatra Sdn Bhd	Disclosure Framework & Key Activities	13 April 2018
FIDE Forum	5th BNM-FIDE Forum Annual Dialogue	19 April 2018
Genting Plantations Berhad	37th Management Conference – "Driving Technology & Innovation in delivering Value"	15 – 18 July 2018
Institute of Corporate Directors Malaysia (ICDM)	Invitation to the Launch of ICDM	1 October 2018
Affin Hwang Capital	Affin Hwang Capital Conference Series 2018	8 November 2018
Affin Bank Berhad	Risk, Challenges & Vulnerabilities Towards Regulatory Compliance	9 November 2018
Yayasan Sultan Azlan Shah	32nd Sultan Azlan Shah Law Lecture: Politics and the Judiciary by the Rt Hon The Lord Reed	13 November 2018
Bintulu Port Holdings Berhad	Updates on the Accounting Implications of the Adoption of MFRS 15, MFRS 9 and MFRS 16 by Ernst and Young	22 November 2018

ENCIK MOHD SUFFIAN BIN HAJI HARON		
Trainer/Organiser	Course Title	Date
KPMG	Audit Committee Institute Breakfast Roundtable 2018	19 March 2018
Affin Bank Berhad	Board Induction Session	23 March 2018
FIDE Forum	5th BNM-FIDE Forum Annual Dialogue	19 April 2018
Malaysian Institute of Corporate Governance (MICG)	Official Launch of the Pathway to a Governance Practitioner Programme	26 July 2018
MICG	Half-day Seminar on Introduction to Corporate Liability Provision	6 September 2018
ICDM	Invitation to the Launch of ICDM	1 October 2018
Association of Islamic Banking Institutions Malaysia (AIBIM)	Invitation to Global Islamic Finance Forum (GIFF 2018)	3 & 4 October 2018
ICDM	PowerTalk "Effective Boards in a VUCA World"	31 October 2018
International Centre for Leadership in Finance (ICLIF)	Breakfast Series: Non-Financials (Does It Matter)	5 December 2018

TAN SRI MOHD GHAZALI BIN MOHD YUSOFF		
Trainer/Organiser	Course Title	Date
Affin Bank Berhad	Board Induction Session	23 March 2018
FIDE Forum	5th BNM-FIDE Forum Annual Dialogue	19 April 2018
FIDE Forum	Win The Innovation Race: Unlocking the creative power of Asians	6 June 2018
FIDE Forum	1st PIDM-FIDE Forum Annual Dialogue – Up Close with the CEO of PIDM	10 July 2018
FIDE Forum	Blockchain in Financial Services Industry	17 July 2018
MICG	Half-day Seminar on Introduction to Corporate Liability Provision	6 September 2018
Affin Hwang Capital	Affin Hwang Capital Conference Series 2018	8 November 2018
Affin Bank Berhad	Risk, Challenges & Vulnerabilities Towards Regulatory Compliance	9 November 2018

CORPORATE GOVERNANCE OVERVIEW STATEMENT

FIDE Forum	BNM-FIDE Forum Board Conversation – Dialogue with Senior Officials of BNM	27 November 2018
ICLIF	Breakfast Series: Non-Financials (Does It Matter)	5 December 2018

ENCIK ABD MALIK BIN A RAHMAN

Trainer/Organiser	Course Title	Date
FIDE Forum	BNM FIDE FORUM DIALOGUE: Managing Cyber Risks in Financial Institutions	22 January 2018
Financial Planning Association of Malaysia-Capital Market Development Fund (FPAM-CMDF)	Regulatory Compliance Challenges for Financial Planning/Financial Advisor Firms & Licensed Representative	25 January 2018
30% Club Security Commission (SC)	30% Club Business Leaders Roundtable Meeting with Top 200 PLCs	5 March 2018
FPAM	Y-E-S! The Feng Shui of Money-Managing Cash Flow to Build Wealth	10 March 2018
FIDE Forum	5th BNM-FIDE Forum Annual Dialogue	19 April 2018
FPAM	My Estate: Administration of an Estate/Trust and Planning for the Next Generation	18 August 2018
Bursa Malaysia	International Professional Practices Framework for Audit Committee	28 August 2018
Affin Hwang Capital/Sheila Hussain Vijay & Partners	Battling Money Laundering & Terrorism Financing in Malaysia – Refresher	6 September 2018
FPAM	Financing Planning: Aging Well Financially & Growing Old with Dignity	29 September 2018
ICDM	Invitation to the Launch of ICDM	1 October 2018
Malaysian Institute of Accountants (MIA)	MIA International Accountants Conference 2018 “Riding the Digital Wave, Leading Transformation”	9 & 10 October 2018
SC	Green Financing: Funding Green Projects Through The Islamic Capital Market	17 October 2018
Affin Hwang Capital	Affin Hwang Capital Conference Series 2018	8 November 2018
FIDE Forum	BNM-FIDE Forum Board Conversation – Dialogue with Senior Officials of BNM	27 November 2018

MR. JOSEPH YUK WING PANG

Trainer/Organiser	Course Title	Date
The Bank of East Asia, Limited (BEA)	Recent Investment Environment for Chinese Enterprises in Indonesia	5 January 2018
BEA	China's Central Economic Work Conference for 2018	12 January 2018
BEA	China's Consumer Lending Binge	19 January 2018
BEA	2017 Review and Outlook of China's ODI	26 January 2018
BEA	Chinese Internet Giants in Southeast Asia	2 February 2018
BEA	Outlook on Chinese Property Developers	9 February 2018
BEA	Green Finance in China	2 March 2018
BEA	The Chinese Government Work Report 2018	9 March 2018
BEA	Role of Guangzhou-Foshan-Zhaoqing Cluster in the Greater Bay Area	16 March 2018
BEA	A Global Phenomenon of Slower Productivity	6 April 2018
BEA	Sino-US Trade Conflict in 2018	13 April 2018
BEA	The Impact of China's Financial Sector Opening	20 April 2018
BEA	China's Lower-tier Cities of Opportunity	4 May 2018
BEA	Chinese Local Government Debt Problem	11 May 2018
BEA	China's Growing Influence in 5G Mobile Technology	18 May 2018
BEA	Lower-tier Cities are Shaping China's Consumption	25 May 2018
BEA	The Chinese Investment in Malaysia's Post-election Time	1 June 2018
BEA	Changing Demographic Structure in Hong Kong	8 June 2018
BEA	China's Internet Healthcare Market	15 June 2018
BEA	Blockchain Applications in China's Real Economy	22 June 2018
BEA	The Trade War between China and the United States	6 July 2018

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BEA	Development of China's Unicorn	13 July 2018
BEA	Transformation of China's Shopping Malls	10 August 2018
BEA	The Retirement Investment in China	17 August 2018
BEA	Emerging Markets' Risks	24 August 2018
BEA	Hong Kong's Potential as a Global Aviation Leasing and Finance Hub	31 August 2018
BEA	Consumption Downgrade in China	7 September 2018
BEA	China's Online Food Delivery Market	21 September 2018
BEA	The Shift of China's Fintech Companies	28 September 2018
BEA	Brexit: Deal or No-deal?	5 October 2018
BEA	The Natural Gas Market	12 October 2018
BEA	Impact of China-US Trade War on ASEAN	19 October 2018
BEA	The Struggling Private Sector in China	26 October 2018
BEA	A Review on China's High-Speed Railway	2 November 2018
BEA	China-Japan Infrastructure Cooperation in Third Countries	9 November 2018
BEA	An Overview on Chinese Outbound Tourism	16 November 2018
FIDE Forum	BNM-FIDE Forum Board Conversation – Dialogue with Senior Officials of BNM	27 November 2018
BEA	The Latest Trend of China's Local Government Debt	30 November 2018
BEA	Competition for Talent to Support the Fintech Development in Hong Kong	7 December 2018

DATO' ABDUL AZIZ BIN ABU BAKAR

Trainer/Organiser	Course Title	Date
Bursa Malaysia	Corporate Governance Briefing Session: MCGG Reporting & CG Guide	16 March 2018
Affin Bank Berhad	Board Induction Session	23 March 2018
ICLIF	Mandatory Accreditation Programme (MAP)	9 – 10 April 2018
Bursatra Sdn Bhd	Disclosure Framework & Key Activities	13 April 2018
MICG	Official Launching of the Pathway to a Governance Practitioner Programme	26 July 2018
Affin Bank Berhad	Risk, Challenges & Vulnerabilities Towards Regulatory Compliance	9 November 2018
FIDE Forum	BNM-FIDE Forum Board Conversation – Dialogue with Senior Officials of BNM	27 November 2018

DATO' MOHD HATA BIN ROBANI

Trainer/Organiser	Course Title	Date
ICLIF	FIDE Core Programme – Bank	Module A (5 – 8 February 2018) Module B (16 – 19 July 2018)
Affin Bank Berhad	Board Induction Session	23 March 2018
Affin Bank Berhad	Risk, Challenges & Vulnerabilities Towards Regulatory Compliance	9 November 2018

MR. IGNATIUS CHAN TZE CHING

Trainer/Organiser	Course Title	Date
BEA	Economic & Market Outlook 2017	15 January 2018
The Government of the HKSAR and Hong Kong Trade Development Council	Asian Financial Forum	15 – 16 January 2018
The Hong Kong Polytechnic University (HKPU)	Luncheon Dialogues on "Learning & Teaching": The Core Functions and Operations of the University, including Learning & Teaching, Student Development, Research, Knowledge Transfer, Entrepreneurship, Campus Development, Branding, etc.	17 April 2018
Hong Kong Exchanges and Clearing Limited (HKEX)	Luncheon Presentation by Dr. Graham Allison on "Can America and China Escape Thucydides' Trap?"	24 April 2018
The Open University of Hong Kong	The 2018-2019 Budget – An outline for future opportunities and challenges of Hong Kong economy delivered by Secretary for Development of the HKSAR The Honourable Paul Chan Mo-Po	11 May 2018

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Chinese Association of Hong Kong & Macao Studies One Country Two Systems Research Institute (OCTS) HKEX Chinese Financial Association of Hong Kong (HKCFA) Chinese Securities Association of Hong Kong (HKCSA)	A New Journey for a New Era – The Future of Hong Kong's Capital Market Forum	1 June 2018
HKEX	5th Annual RMB Fixed Income & Currency Conference 2018	12 June 2018
HKPU	Luncheon Dialogues on University Rankings by Dr Alison Lloyd	26 June 2018
The Chinese General Chamber of Commerce, Hong Kong (CGCC)	CGGC World Chinese Entrepreneurs Summit: Belt & Road and Guangdong – Hong Kong – Macao Bay Area Opportunities	23 August 2018
HKEX	Speaker Presentation by Sir John Sawers and Mr. David Claydon about the current geopolitical risks and world perceptions of China and Hong Kong	4 September 2018
Treasury Markets Association and Hong Kong Monetary Authority	Treasury Markets Summit 2018: Guangdong - Hong Kong - Macao Greater Bay Area: Financial market cooperation between Hong Kong and other cities in the area	21 September 2018
Rizal Commercial Banking Corporation	Annual Corporate Governance Seminar in Manila	27 October 2018
PRASAC Microfinance Institution Limited	PRASAC Fintech Workshop - Phnom Penh	13 November 2018
The Hong Kong Association of Banks (HKAB)	HKAB Distinguished Speaker Luncheon	14 November 2018
The Singapore Consulate-General in Hong Kong, the Asia Society in Hong Kong, and the Singapore Chamber of Commerce in Hong Kong	ASEAN Smart Cities Network and the Challenges of Urbanisation	20 November 2018
PricewaterhouseCoopers Limited	Non-Executive Director Programme: Building your social license to operate in challenging security environments	21 November 2018
HKPU	'Excellent Teachers on Teaching Excellence' (ETTE) Symposium	11 December 2018

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 in accordance with the Remuneration Policy of Directors:

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 Remuneration Policy of Directors 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 2018.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 three (3) members all of whom are Independent Non-Executive Directors. The GBAC members have the relevant accounting or related financial management experience or expertise. The Chairman of GBAC, En Abd Malik bin A Rahman is a Chartered Accountant member of the Malaysian Institute of Accountants and also a member of other local and international accounting bodies.

The roles and responsibilities of the GBAC are set out under the Audit Committee report on pages 138 to 144.

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 rules.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2. Group Board Risk Management and Compliance Committee (“GBRMCC”)

The GBRMCC 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 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.

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 2018 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 124 to 128.

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 Internal Audit reports to the GBAC. Details of the Internal Audit function, together with the state of the Group’s internal controls, are set out in the Audit Committee Report on pages 138 to 144 and Statement on Risk Management and Internal Control on pages 124 to 128 of the Annual Report 2018.

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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 Securities on the same day.

2. Focus Areas on Corporate Governance

The Board had in 2018 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 2018 are as follows:

Board Composition

With the appointment of new female Independent Non-Executive Director on the Board, the Board is satisfied that the current composition of Directors provides the appropriate balance and size in the Board necessary to promote shareholders' interests and to govern the Bank effectively. It also fairly represents the ownership structure of the Bank, with appropriate representations of minority interests through the Independent Non-Executive Directors. The Independent Directors fulfill 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 8 to 18 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 Securities 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

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:

Board Diversity

The Board will escalate its efforts to establish a 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.

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.

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 2018 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.

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)
 - Bank Negara Malaysia (BNM)'s 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") and Group Board Risk Management and Compliance Committee ("GBRMCC") to include the role of oversight on internal controls, compliance and risk management strategies, policies and other risk related matters.
- g. GBAC and GBRMCC comprised of 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.
- i. The Board received assurance from Group Chief Executive Officer that the Group's risk management, compliance and system of internal controls is operating adequately and effectively in all material aspects based on the risk management, compliance and internal control system.

2. BUSINESS AND CAPITAL PLAN INCLUDING BUDGET

- a. The significant operating entities' annual business plan and financial budget is tabled and approved at their respective Boards.
- b. A structured framework and processes with regards to capital expenditure and revenue is in place.
- c. The internal capital targets are being set on a yearly basis.
- d. 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.

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

- a. Group Internal Audit carry out regular reviews of the business processes and activities to assess the effectiveness of internal control and highlight significant risks impacting the Group. The GBAC conducts annual reviews on the adequacy of the scope of work and resources of Group Internal Audit Division.
- b. 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.
- c. 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.
- d. 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- e. Shariah related findings are escalated to the Shariah Committee.
- f. GIA continuously conduct awareness programmes/training on controls and compliance including controls certification programmes to further strengthen staff knowledge (inter & intra department) in creating a robust control and compliance environment.
- g. The management of business and support departments that are rated “Needs Improvement” and “Unsatisfactory” by GIA are counseled by GBAC.
- h. All related party transactions and audit and non-audit related fees proposed by external auditors or Chief Financial Officer (“CFO”) are reviewed by GBAC.

4. RISK MANAGEMENT FRAMEWORK

- a. Group Board Risk Management and Compliance Committee (“GBRMCC”)
 - GBRMCC has been established and their responsibilities, amongst others, include overseeing the effective implementation of the Enterprise-Wide Risk Management framework.
- b. Risk Assessment
 - Risk Assessment is in place to provide the process for the identification of the Group’s material risks, from the perspective of impact on the Group’s financial standing and reputation.
 - Consistent and well-accepted methodologies of risk measurement introduced to assess Liquidity, Capital Position, Asset and Liability Management and other relevant metrics.
- c. Risk Governance Structure
 - The Risk Governance Structure is aligned across all the business units and subsidiaries of the Group. These are aligned through the streamlining of the Risk Frameworks, Policies and Organisational Structures in order to embed and enhance risk management and risk culture.
- d. Risk Governance Policies and Procedures
 - Risk Management policies and procedures are reviewed and updated regularly to ensure relevance to the current business needs and current/applicable regulatory requirements.
- e. Whistle Blowing (“WB”) Policy
 - This policy provides avenue for employees to report actual and suspected malpractice, misconduct and violations of the Group policies in a safe and confidential manner. All WB cases are being reported to an Independent Director.
- f. Operational Risk Management
 - Process facilitated by Group Risk.
 - Risk Control Self Assessment (RCSA) has been implemented to enable management to identify and assess the risks under their areas of supervision and control on a continual basis.
 - This serves as a trigger point to determine Key Risk Indicators (KRIs) to adopt and monitor operational risk exposures.
- g. Concerns and breaches if any, will be escalated to the Group Chief Executive Officer (“GCEO”) and Group Board Risk Management and Compliance Committee (GBRMCC). The same will then be escalated to the BOD.
- h. The operational risk are being reviewed and monitored by Group Risk Management. Discrepancies if any, are escalated to Group Operational Risk Management Committee (GORMC), GBRMCC, Group Board Audit Committee (GBAC) and Shariah Committee (SC) on Shariah related matters. Relevant trainings relating to Operational Risk such as Anti-Money Laundering Act (AMLA), Business Continuity Plan etc are being provided by Group Risk Management Division (“GRMD”).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

5. 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.

6. GROUP COMPLIANCE FRAMEWORK

The respective significant operating entities have put in place a Group 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, Group Compliance Division reports independently to Group Board Risk Management and Compliance Committee ("GBRMCC").

- a. Group 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. Annual Compliance Plan
 - The Group Compliance Division has drawn-up the annual compliance plan that includes all significant activities to be undertaken by the Division which was tabled and approved by the GBRMCC.
- f. Anti-Money Laundering/Counter Financing Terrorism (AML/CFT)
 - The Group AML/CFT Department, a unit within Group Compliance Division maintains Group AML/CFT policies and procedures, duly approved by GBRMCC. It monitors the implementation by operating units and branches in accordance to standards set by the regulator and internal policy and procedure.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

7. SHARIAH GOVERNANCE FRAMEWORK

- a. The Shariah Committee (“SC”) and the appointed Shariah Advisors 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 precepts and resolutions by the relevant Shariah authorities.
- b. 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 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.

8. ESCALATION PROCESS

- a. 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.
- b. 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.

9. HUMAN RESOURCES

- a. 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.
- b. 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- c. 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.
- d. Human Resources has in place various initiatives and training programmes to address the human capital requirement, including knowledge management.
- e. A performance-based appraisal system to evaluate and compensate/reward its employees accordingly is in place. Staff performance assessment is done annually.
- f. 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.
- g. The recruitment process including screening process is in place.
- h. The e-learning facilities at subsidiaries 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.

10. POLICIES/PROCEDURES INCLUDING EMPOWERMENT AND APPROVING AUTHORITY POLICIES

- a. 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.
- b. 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.

11. CONCLUSION

- a. The Statement on Risk Management and Internal Control has been reviewed by the external auditors in line with Recommended Practice Guide ("RPG") 5 (Revised) by Malaysia Institute of Internal Auditors (MIA) and para 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing requirements.
- b. The Board, through the GBAC, GBRMCC and Shariah Committee reviewed the effectiveness of the Shariah Governance Framework, Risk Management, Compliance and Internal Control Framework are operating adequately and effectively in all material aspects during the financial year under review based on the Risk Management, Compliance and Internal Control system adopted by the Group.
- c. Taking into consideration the assurance from the management and input from the relevant assurance providers, it is viewed that Shariah Governance, Group's Risk management, Compliance and Internal Control system are operating adequately and effectively to safeguard key stakeholders' interests/investment and the company's asset.

RISK MANAGEMENT

We safeguard AFFIN GROUP in its pursuit to deliver value to our stakeholders, including customers and shareholders by:

- Facilitating sustainable growth within the agreed risk boundaries;
- Empowering the business to make risk-informed decisions through risk insights from robust risk analytics; and
- Embedding risk accountability in AFFIN's culture via strong collaboration and inclusiveness.

INTRODUCTION

Risk management is a core discipline which supports the Group's aim to achieve a measured balance between risk and return by optimising the risk reward trade off. Risk Management is embedded across all business lines throughout the Group. The Group operates within its predefined risk appetite, covering diverse customer segments, industries and products, which are aligned with the Group's strategic objectives. Risk mitigation is essential to reduce the likelihood and impact of adverse occurrence, and the Bank avoids entering into risks it is unable to administer, book, monitor, value or assess.

During the year under review, the risk management policies, systems and processes were reviewed and enhanced to reflect changes in markets, products and regulatory environment so that the Group's risk profile remains prudent and within the risk appetite of the Group.

With sound risk management practices in place, the Group is able to make informed decisions on the types of risks it is willing to undertake, in line with its business goals and strategic plans.

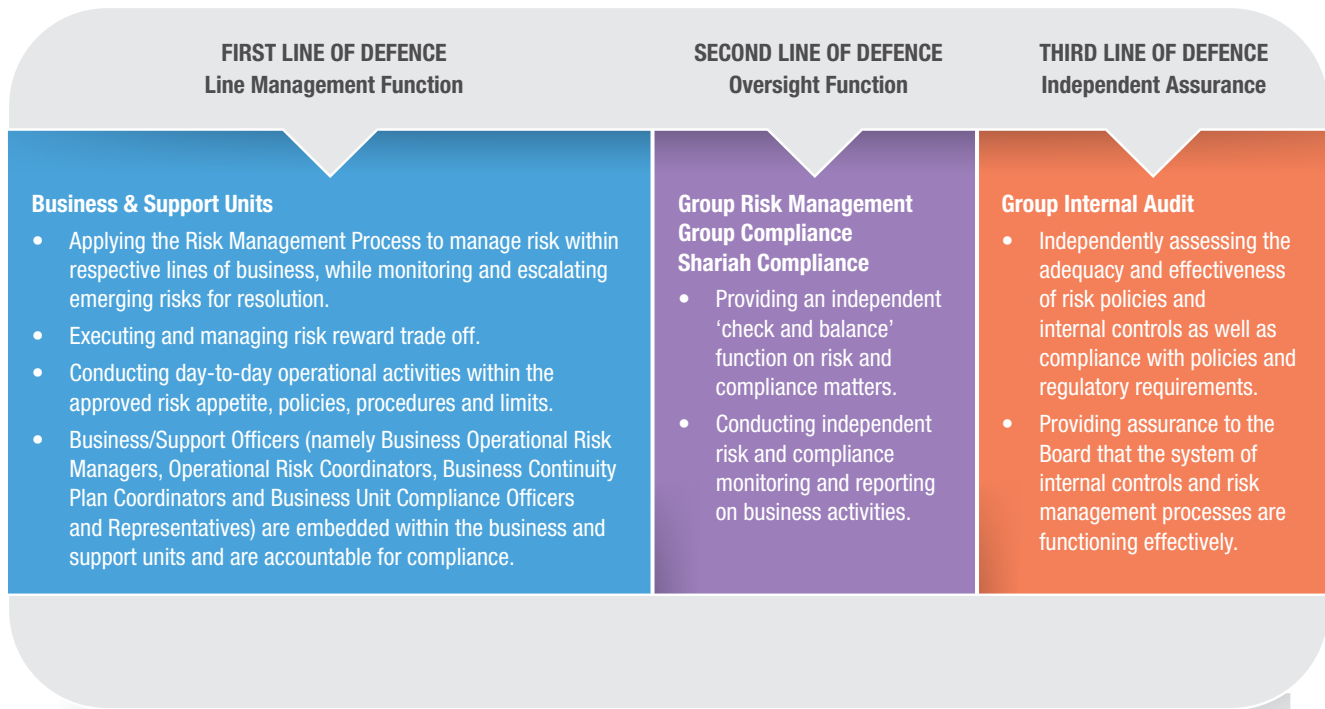
GROUP RISK MANAGEMENT FRAMEWORK ("GRMF")

An effective risk management system is vital for the Group to create value to its shareholders, customers, counterparties, employees, investors and the community it serves at large. The GRMF is an integrated enterprise-wide risk management framework encompassing amongst others, governance, risk appetite, risk compliance and internal controls which support business and strategic activities across the Group. As risks evolve over time, the Group continues to enhance its integrated risk management approach and processes towards the effective management of enterprise-wide risks.



The governance of risk is further supported by Three Lines of Defence Model which outlines the functional segregation and key responsibilities of the independent oversight functions, as well as the business and support units.

RISK MANAGEMENT



The effective implementation of the GRMF is grounded on a robust risk culture across the Group's business and support units.

1. GOVERNANCE

The GRMF is governed by an oversight function comprising the Board of Directors, Board and Management Committees as well as all Business and Support units, to proactively manage risks in the interests of all stakeholders. The following table summarises the risk governance structure of the Group:

Set Overall Tone:	AUDIT COMMITTEE (including subsidiary levels)
Establish Risk Appetite and Risk Management Policy	
<ul style="list-style-type: none"> Board of Directors (including subsidiary levels) Group Board Risk Management and Compliance Committee Board Risk Management Committee at subsidiary levels 	
Ensure Implementation of Risk Management Policy and Compliance	
<p>Board Committees at subsidiary levels:</p> <ul style="list-style-type: none"> Board Credit Review & Recovery Committee Shariah Committee 	
<p>Management Committees at subsidiary levels:</p> <ul style="list-style-type: none"> Management Committee Group Management Credit Committee Group Asset Liability Management Committee Group Operational Risk Management Committee Group Early Alert Committee Credit Resolution Committee 	
<p>Independent Risk Control Function at subsidiary levels:</p> <ul style="list-style-type: none"> Risk Management Compliance Shariah Review 	
Compliance with Risk Management Policy	
<ul style="list-style-type: none"> All Business and Support units 	

RISK MANAGEMENT

2. RISK APPETITE & STRATEGIC GOALS

The Risk Appetite Framework governs the setting of risk appetite and is developed to be consistent with the Group's risk control framework and capability, while reflecting the Board's vision for future business.

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 also sets out the level of risk tolerance and limits to govern, manage and control the Group's risk taking activities.

The risk appetite is established based on strategic directions set by the Board, combining a top-down view of the bank's capacity to take risk with a bottom-up view of the business risk profile associated with each business unit's short to medium term plans, while having regard to capital and liquidity.

The Risk Appetite Statement for each subsidiary is set during the risk appetite setting process, which is undertaken at least annually in line with the ICAAP.

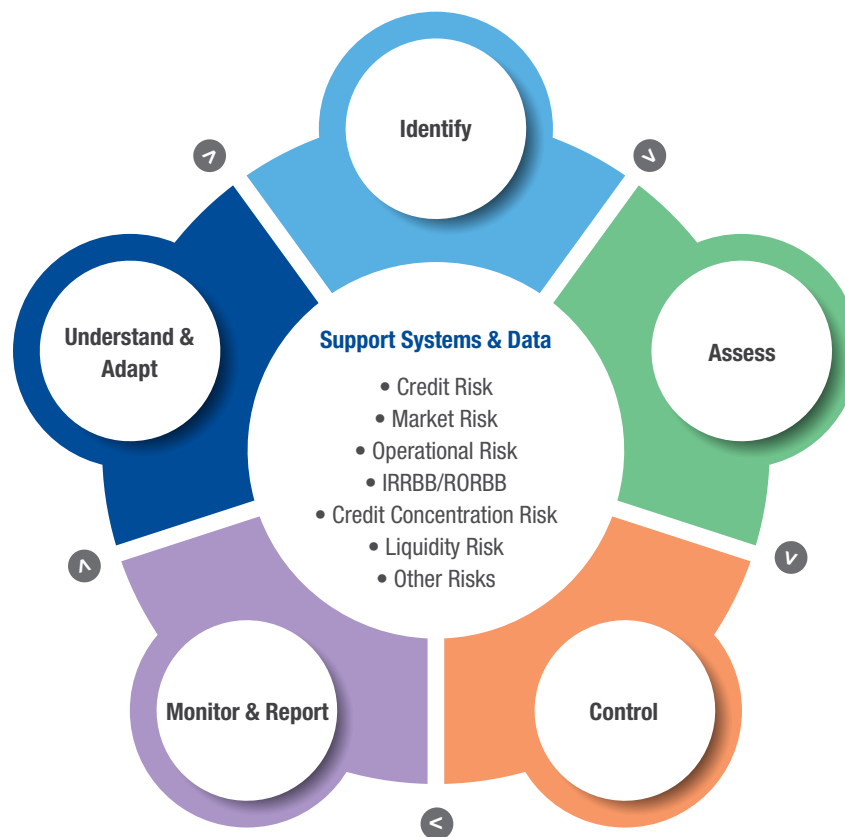
The process for assessing, setting, controlling, monitoring and reporting risk appetite are outlined in the Risk Appetite Framework.

3. RISK LIMITS & CONTROLS

Risk Limits and Controls are mitigation measures from which Internal controls are established for material risks parameters through the Risk Management Process. 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.

4. RISK MANAGEMENT PROCESS

The management of risk across the Group is facilitated by the Risk Management Process as depicted in the diagram below:



RISK MANAGEMENT

The main types of risks faced by the Group include the following:

- a. Credit Risk
- b. Market Risk
- c. Liquidity Risk
- d. Operational Risk
- e. Strategic Risk
- f. Reputational Risk
- g. Shariah Non-Compliance Risk
- h. Technology Risk including Cyber Security Risk
- i. Business Continuity Risk

a. Credit Risk

Introduction	<ul style="list-style-type: none"> • Credit risk is the potential financial loss resulting from the failure of the customer to settle financial and contractual obligations through lending/financing, hedging, trading and investing activities. It includes both pre-settlement and settlement risks of trading counterparties. • Credit risk emanates mainly from loans, financing and advances, loan/financing commitments arising from such lending activities, as well as through financial transaction with counterparties including interbank money market activities as well as derivative instruments used for hedging and debt securities.
Credit Risk Management	<ul style="list-style-type: none"> • The management of credit risk is governed by credit policies, guidelines and procedures. New and existing businesses are governed by Credit Plan which is developed as part of the annual business planning and budgeting process. It is subject to review at least annually to ensure the guidelines and criteria align with portfolio strategy and market environment. • Assessment and quantification of credit risk are supported by the use of internal rating models, scorecards and decision support tools. Stress Testing supplements the overall assessment of credit risk.
Risk Controls	<ul style="list-style-type: none"> • Internal control parameters, risk triggers and related lending/financing rules are employed to control and mitigate credit risk, including large exposures and concentration of credit risk. • Stage transfer rules are established to provide guidance in determining significant increase in credit risk and classification of financial assets under MFRS 9.
Monitoring & Reporting	<ul style="list-style-type: none"> • Corporate credits and large individual accounts are reviewed at least once a year. Retail credits are actively monitored and managed on a portfolio basis. • An early warning process is adopted to pro-actively identify, report and manage deteriorating credit quality. Watchlist accounts are closely reviewed and monitored with corrective measures initiated to prevent credit deterioration. • Active portfolio monitoring as well as exceptions reporting are in place to manage the overall risk profile and mitigate adverse trends or specific areas of risk concerns.

RISK MANAGEMENT

b. Market Risk

Introduction	<ul style="list-style-type: none"> Market risk is defined as changes in the market value of a trading or investment position from movements in market factors such as interest rate, foreign exchange rates and implied volatility rates. The Group's exposure to market risk stems largely from interest 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.
Market Risk Management	<ul style="list-style-type: none"> The Group Market Risk Management Framework governs the market risk management activities of the Group which is supported by market risk management policies, guidelines and procedures. It is aided by the following tools/measures: <ol style="list-style-type: none"> Asset Liability Management System (ALMS) Value-at-Risk (VaR) Earnings-at-Risk (EaR) or Net Interest Income/Net Profit Margin simulation Economic Value of Equity (EVE), also known as Economic Value-at-Risk (EVaR) Thresholds on the level of exposure by currency and in aggregate for both overnight and intra-day positions. Periodic stress tests are performed to supplement the quantification of market risk.
Risk Controls	<ul style="list-style-type: none"> Risk parameters are established based on risk appetite, market liquidity and business strategies as well as macroeconomic conditions. These parameters are reviewed annually. Market risk arising from the trading book is primarily controlled through the imposition of Stop-loss and Value-at-Risk (VaR) risk parameters. Thresholds are set for EaR and EVaR as management triggers. Back testing of market risk computation systems is conducted regularly to gauge the accuracy of the risk measurement systems.
Monitoring & Controls	<ul style="list-style-type: none"> Market risks reports are produced daily, monthly, quarterly and annually for the respective stakeholders and committees.

c. Liquidity Risk

Introduction	<ul style="list-style-type: none"> Liquidity risk is the risk of inability 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.
Liquidity Risk Management	<ul style="list-style-type: none"> The Group Liquidity Risk Management Framework governs the liquidity risk management activities of the Group. The Group's short term liquidity risk management is premised on BNM's Liquidity Coverage Ratio (LCR) standards. The LCR is a quantitative requirement which seeks to ensure that the Bank holds sufficient high-quality liquid assets (HQLA) to withstand a significant liquidity stress scenario over a 30-day horizon. In addition, the Group's longer term liquidity risk management is premised on BNM's Net Stable Funding Ratio (NSFR) Observation Period Reporting. The NSFR is a minimum standard that requires banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. Liquidity stress tests are conducted periodically and on ad-hoc basis to gauge the Group's resilience in the event of a liquidity disruption. This is further supplemented with reverse stress testing to ascertain the level of liquidity disruptions that the bank can withstand to the point of non-viability. The Contingency Funding Plan provides a systematic approach in handling liquidity disruption.
Risk Controls	<ul style="list-style-type: none"> The Group employs a set of liquidity risk indicators as an early alert of any functional and structural change for liquidity risk management. The liquidity risk indicators include internal and external qualitative as well as quantitative indicators.
Monitoring & Reporting	<ul style="list-style-type: none"> Liquidity risk reports are produced daily, weekly, monthly, quarterly and annually for the respective stakeholders and committees. The liquidity risk indicators are reviewed at least annually to reflect changes in market conditions as well as the Group's business strategy.

RISK MANAGEMENT

d. Operational Risk

Introduction	<ul style="list-style-type: none"> Operational risk is the risk of direct or indirect loss resulting from inadequate internal processes, people and systems or external events. The definition includes legal risk, which is the risk of loss resulting from failure to comply with laws as well as prudent ethical standards and contractual obligations. It also includes the exposure to litigation from all aspects of the Bank's activities. However, the definition does not include strategic business, reputational and systemic risks.
Operational Risk Management	<ul style="list-style-type: none"> The Group Operational Risk Management Framework governs the management of operational risk across the Group. Operational risks are managed daily through established systems and processes to comply with policies, guidelines and control procedures. The following tools are employed: <ol style="list-style-type: none"> Risk Control Self-Assessment (RCSA); Key Control Standards (KCS); Key Risk Indicator (KRI); Loss Event Database (LED); and Scenario Analysis (SA) Operational Risk Managers/Coordinators are appointed at Business and Support Units as champions of ORM activities within respective units. The Operational Risk Managers/Coordinators are responsible for the reporting of ORM activities and to liaise with Group Operational Risk Management on operational lapses and mitigation actions.
Risk Controls	<ul style="list-style-type: none"> All Business/Support Units must operate within the Operational Risk Management Policy and Framework Manuals, and the relevant Business Procedural Manuals.
Monitoring & Reporting	<ul style="list-style-type: none"> The risk management tools i.e. LED, KCS, KRI, RCSA and SA provide a consistent approach for furnishing operational risk information to senior management. An escalation process is in place for the reporting of key operational risk issues and significant losses.

e. Strategic Risk

Introduction	<ul style="list-style-type: none"> Strategic risk is the risk of loss arising from strategic initiatives (including merger and acquisition, new business initiatives and expansions, strategic investments, partnerships) or risk arising from changes in the Group's businesses (including the risk that the Group may not be able to fulfil its business plan and business strategy).
Strategic Risk Management	<ul style="list-style-type: none"> Strategic risk is identified and assessed through periodic reviews whereby business strategies are refined where necessary to adapt to the evolving environment the Group operates in.
Risk Controls	<ul style="list-style-type: none"> Strategic risk is controlled and mitigated through an integrated approach where risk appetite, business objectives, budget and credit plans are aligned.
Monitoring & Reporting	<ul style="list-style-type: none"> To track the effective execution of strategic initiatives, performance reports against business targets are closely monitored at management and Board levels.

RISK MANAGEMENT

f. Reputational Risk

Introduction	<ul style="list-style-type: none"> Reputational Risk is the potential of damage resulting in loss of earnings or adverse impact on market capitalisation of the Group as a result of existing or potential stakeholders taking a negative view of the Group and/or its subsidiaries on its actions.
Reputational Risk Management	<ul style="list-style-type: none"> The management of reputational risk is a Group wide responsibility undertaken by each business and support unit. The Group's reputation is cultivated through the activities that promote the Group image and brand. Processes are in place to identify emerging issues, anticipate threats and analyse trends to assess and manage impact to the Group's reputation.
Risk Controls	<ul style="list-style-type: none"> Policies and processes are emplaced for the proactive mitigation of risks related to the Group's reputation.
Monitoring & Reporting	<ul style="list-style-type: none"> Risk management tools are used to identify and monitor key risk factors associated with reputational risk, including operational risk, liquidity, and AML/CFT tools, as well as via social media.

g. Shariah Non-Compliance (SNC) Risk

Introduction	<ul style="list-style-type: none"> 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 (SAC) of BNM, standards on Shariah matters issued by BNM or decisions or advice of the Shariah Committee that are consistent with the rulings of the SAC.
Shariah Risk Management	<ul style="list-style-type: none"> Shariah Risk Management (SRM) is established in line with the requirement of BNM's Shariah Governance Framework for Islamic Financial Institutions. SRM, which is part of the integrated risk management control function, assists the Business Unit/Functional Lines to systematically identify, measure, monitor and control SNC risks by providing risk assessment tools and methodologies. The scope of SRM covers overall business activities and operations, from Islamic product origination to maturity. In addition, SRM also has an oversight role in other risks inherent to AFFIN Islamic Bank including credit, operational and market risks. The Bank's Shariah Risk Management Framework outlines the governance and oversight structure for managing SNC risk and approaches to SNC risk identification, assessment, monitoring and reporting.
Risk Controls	<ul style="list-style-type: none"> <u>Product Programmes and approval process</u> All Islamic products, processes, and strategies must be reviewed and approved by the Shariah Committee. A post-implementation review will be submitted 6 months after product launch to ascertain that the requirements have been met and to determine if there is any emerging issue identified for rectification. <u>Risk and Control Self-Assessment</u> Each Business Unit and Functional Line is responsible to identify and assess potential SNC risk through performing the Shariah Risk Control and Self-Assessment annually or as and when significant events occur, whether internal or external. <u>Shariah Review</u> The Shariah Review team will conduct an independent review to ensure that all contract documentation, including terms and conditions that govern the relationship between the bank and the customer, fully comply with Shariah rules and principles.
Monitoring & Reporting	<ul style="list-style-type: none"> Internal control deficiencies and SNC events are reported to the Management, Shariah Committee and the Board. SRM periodically consolidates SNC Key Risk Indicators reports to alert Management of changes that may have risk concerns. SRM also provides input to the Bank's capital management by conducting quarterly stress testing on SNC risk.

RISK MANAGEMENT

h. Technology Risk

Introduction	<ul style="list-style-type: none"> Technology Risk is the risk associated with the use, ownership, operation, involvement, influence and adoption of Information Technology (“IT”) within an organisation. Cyber threats refer to the possibility of a malicious attempt to disrupt or damage the bank’s reputation due to failure of its information technology systems. Technology risks include hardware and software failure, human error, spam, data loss, viruses and malicious attacks, as well as natural disasters such as fires, cyclones or floods.
IT Risk Management	<ul style="list-style-type: none"> The IT Risk Management Framework covers an end-to-end process of managing IT Risk within the Bank, including governance, Risk Management Approach, Risk Management Process, Risk Management Tools and Exception Process. The Risk Management Process is in line with the Operational Risk Management Framework, which includes risk identification, risk analysis, risk mitigation as well as risk monitoring and reporting.
Risk Control	<ul style="list-style-type: none"> Policies and processes are in place for the proactive management of technology risk throughout the Group.
Monitoring & Reporting	<ul style="list-style-type: none"> The metrics in IT Risk Appetite Statement are closely monitored to ensure that the organisation is operating within the Group’s tolerance limits. The risk management tools provide a consistent approach for furnishing technology risk information to senior management. An escalation process is in place for the reporting of key technology issues and significant losses.

i. Business Continuity Risk

Introduction	<ul style="list-style-type: none"> Business continuity risk is the risk of loss in assets, revenue, reputation and stakeholder/customer confidence due to the discontinuation of services in both business and technology operations. Low resilience to the following threats may lead to this risk, which results in irreconcilable losses to the Group, given the high magnitude of impact: <ul style="list-style-type: none"> Unanticipated technology and infrastructure outages Cyber attack Fire incidents Security breaches Data breaches Adverse condition of environment (natural disaster) Supply chain disruption Health and safety issues Act of terrorism New law and regulations
Business Continuity Risk Management	<ul style="list-style-type: none"> The Business Continuity Management Policy governs the management of service continuity issues across the Group, in line with BNM Guidelines on Business Continuity Management (BCM). The Crisis Management Team (CMT) has been established to enable the BCM process to be activated whenever the need to immediately respond to a major incident/crisis arises. Annual Risk Assessment and Business Impact Analysis are undertaken by business and support units, to enable development and review of the respective Business Continuity Plans.
Risk Control & Mitigation	<ul style="list-style-type: none"> Risk control is established through adherence to established BCM guidelines and standards. Rigorous testing on business continuity and disaster recovery plans are diligently performed to ensure effective and smooth execution of the plan in the event resumption and recovery of disrupted services are necessitated.
Monitoring & Reporting	<ul style="list-style-type: none"> Policies and processes are in place to support the monitoring and reporting of service continuity risks.

RISK MANAGEMENT

RISK CULTURE & AWARENESS

The inculcation of a risk awareness culture is a key aspect of an effective enterprise-wide risk management framework. The key factors of the Group's risk culture are as follows:

- Strong corporate governance
- Organisational structure with clearly defined roles and responsibilities
- Effective communication and training
- Commitment to compliance with laws, regulations and internal controls
- Integrity in fiduciary responsibilities
- Clear policies, procedures and guidelines

Recognising the importance of a healthy risk culture in an organisation, the Risk & Compliance Management Pillar was introduced as a key part of the AFFINITY programme. This is intended to embed deep appreciation and understanding of Ethics, Risk and Compliance into day-to-day business activities and processes.

RISK MANAGEMENT INITIATIVES

Group Risk Management continued to strengthen its risk management functions and practices in accordance with the strategic priorities under the AFFINITY Programme.

During the year, the Group embarked on a Strategic Risk Programme ("SRP") with the objective of improving its risk profile and risk management.

Core components of SRP include enhancement in the following areas:

- Application of risk in business management - this involves framework design and tools delivery for multiple business applications including planning, pricing and performance management.
- Liquidity optimisation review- this involves identifying areas of vulnerabilities and put in place remedial actions. The project includes reviewing of the AFFIN's balance sheet mix, operating model, assets and liability structure, with the key objective, amongst others, to better prepare AFFIN for the impending NSFR implementation in year 2020.
- Improvement/Upgrade in risk management which includes the following focus areas:
 - Supporting the group's strategic growth through enhanced risk management on enterprise-wide basis.
 - Aligning and institutionalisation of Risk Appetite across the Group as well as strengthening the measurement and applicable thresholds.
 - Strengthening risk infrastructure as well as enhancing risk management models and processes, including stress testing and independent model validations.
 - Reinforcing a healthy ethics, risk and compliance culture as well as strengthening risk oversight and governance.
 - Review, build and upskill risk management capacity and capability, including the management of Technology Risks.

During the year, the Bank also established the Scenario Analysis (SA) process and methodology. SA is a systematic identification and assessment process for the creation of extreme but plausible operational risk events that can affect its strategy, reputation, operation and financial health and has become an essential element in operational risk management and measurement. The intention of this initiative is to enable comprehensive assessment on the bank's current state of readiness in mitigating the risks in a given scenario, and identify areas for improvements.

AWARD AND RECOGNITION

AFFIN was the winner for the Achievement in Liquidity Risk Management Award for year 2018 awarded by The Asian Banker for the Asia Pacific region. The Asian Banker Risk Management Awards identifies practices and achievements of the best risk management teams in the financial institutions. The award is a recognition of the bank's firm commitment to continuously improve its enterprise-wide and liquidity management as well as to advance its risk management practices to keep up with the competitive environment and fast changing regulatory landscape.

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 2018.

GROUP BOARD AUDIT COMMITTEE

The GBAC comprises of the following Directors:

- 1. YBhg. Tan Sri Mohd Ghazali Bin Mohd Yusoff**
Independent Non-Executive Director
(Chairman until 25 January 2018 and remained as member until 2 April 2018)
- 2. Encik Abd Malik Bin A Rahman**
Chairman/Independent Non-Executive Director
(Appointed as Chairman on 26 January 2018)
- 3. YBhg. Dato' Mohd Hata Bin Robani**
Member/Independent Non-Executive Director
(Appointed as member on 2 April 2018)
- 4. YH Associate Prof Dr Said Bouheraoua**
Member/Independent Non-Executive Director of Affin Islamic Bank Berhad

TERMS OF REFERENCE

1. OBJECTIVE

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

- Establish the framework for and oversee the audit function of AFFIN Bank Group;
- 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;
- Implement and support the function of the Board by reinforcing the independence and objectivity of the Group Internal Audit (GIA); and
- Ensure that Internal and External Audit functions are properly conducted and audit recommendations are implemented effectively.

2. COMPOSITION AND APPOINTMENT

- 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.
- At least one (1) member of the Committee must be a qualified accountant.
- GBAC members and the Chairman shall be appointed by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee.
- The Board shall review the 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.
- 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.
- The GBAC shall have no executive powers.
- The composition of AFFIN Bank Group's GBAC is in compliance with Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements of Bursa Securities, at all times throughout the year 2018 and as at the date of this report.

BOARD AUDIT COMMITTEE 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 should 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 Group Board Audit Committee.
- 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.
- 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.

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 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.

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.

- b. 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 of 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.

BOARD AUDIT COMMITTEE REPORT

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 followings:
 - 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 act upon any request from the Board to investigate and report on any issues of concern as regard to the Management of the Group.
- c. 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.
- d. To recommend to the Board the appointment of External Auditors and their audit fee.
- e. 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 and any findings or action to be taken.
- f. To meet with the External Auditors without the presence of members management at least twice a year.
- g. To review the proposals for non-audit services rendered by the External Auditors or 3rd parties. If the External Auditors are engaged, the GBAC is responsible for ensuring that such engagement does not compromise the independence of the External Auditors in their roles as Statutory Auditors of the Group.
- h. To review the adequacy and effectiveness of the Group's control environment.
- i. To consider the major findings of internal investigations and Management response.
- j. To review the findings of any examinations by regulatory authorities and the Management response.
- k. To review existing policies and practices within the Group in order to regulate and streamline the same to ensure uniformity.
- l. 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.
- m. To review any related party transactions that may arise within the AFFIN Bank Group.
- n. 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.

BOARD AUDIT COMMITTEE REPORT

AUDIT COMMITTEE MEETINGS HELD IN THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

During the Financial Year Ended 31 December 2018, a total of fourteen (14) 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
YBhg. Tan Sri Mohd Ghazali Bin Mohd Yusoff Independent Non-Executive Director (Chairman until 25 January 2018 and remained as member until 2 April 2018)	4/4
Encik Abd Malik Bin A Rahman Chairman/Independent Non-Executive Director (Appointed on 26 January 2018)	13/13
YBhg. Dato' Mohd Hata Bin Robani Independent Non-Executive Director (Appointed as member on 2 April 2018)	10/10
Associate Prof Dr Said Bouheraoua Member/Independent Non-Executive Director	14/14

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 Department 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 five (5) GBAC meetings during the period. There were discussions between the GBAC and the External Auditors with regard to significant audit issues, changes in the implementation of major accounting policies, compliance with accounting standards and other legal requirements including regulatory requirement and business issues highlighted by them for Financial Year Ended 31 December 2018. The GBAC had also reviewed the External Auditors' Audit Plan for the Financial Year Ending 31 December 2018.

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 management of the AFFIN Bank Group, the Chairman of the Group Board Audit Committee had consistently briefed the Board of Directors on issues discussed at the GBAC meetings and the minutes of the GBAC meetings are tabled to the Board for information and action by the Board where appropriate.

GBAC members had attended trainings in the Financial Year Ended 2018 for continuous improvements.

SUMMARY OF ACTIVITIES OF THE GROUP BOARD AUDIT COMMITTEE

The GBAC is principally responsible to support the Board in ensuring that there is a reliable and transparent financial reporting process within the Bank and its principal subsidiaries. The GBAC has carried out the following activities in discharging its duties and responsibilities for the Financial Year Ended 31 December 2018:

1. EXTERNAL AUDIT

- a. Reviewed the 2018 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. Reviewed the significant audit, accounting, taxation and other matters raised by the external auditors; and
- c. Reviewed and evaluated the External Audit performance, objectivity and independence during the year before recommending to the Board for their reappointment.

BOARD AUDIT COMMITTEE REPORT

- 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 the non-audit services rendered by the External Auditors or 3rd parties.

3. GROUP INTERNAL AUDIT

- a. Reviewed and approved the GIA Annual Plan (proposed by GCIA) and Training Budget for Year 2018 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. In addition, GBAC also reviewed GIA staff performance and competency.
- c. 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;
- d. Reviewed the internal control issues identified by GIA, External and Regulatory Auditors 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); 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;
- e. Reviewed the summary of internal audit findings by significant operating entities to ensure their significant audit findings especially on the investigations, fraud and non-compliances with regulatory and statutory requirements were promptly resolved;
- f. Reviewed the status report of GIA activities for the Financial Year Ended 31 December 2018 to ensure all the planned activities were satisfactorily carried out;
- g. 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
- h. Reviewed the Group Board Audit Committee Terms of Reference and GIA Manual.

BOARD AUDIT COMMITTEE REPORT

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.
- 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.
- 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 matters highlighted including financial reporting issues, 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.

5. RELATED PARTY TRANSACTIONS

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.

6. OTHERS

- a. Reviewed the Statement on Internal Control and Audit Committee Report for inclusion in the Year 2018 Annual Report before recommending to the Board for approval.
- b. Provided oversight over the preparation and implementation of the Malaysian Financial Reporting Standard 9 (MFRS 9), which came into effect on 1 January 2018, including the review of the gap analysis and the potential impact to the Group.
- c. Reviewed the Audit Committee Report and the Statement on Risk Management and Internal Control for the Board's approval to be included in the Annual Report.

GROUP INTERNAL AUDIT FUNCTION

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 Group Board Audit Committee (GBAC) and administratively to the GCEO. It is independent from the activities or operations of other operating units in the Group.
- 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.

BOARD AUDIT COMMITTEE REPORT

Profile and qualification

- a) GIA is headed by Puan Khatimah Mahadi who is a qualified Chartered Banker. She has served more than 36 years as Chief Internal Auditor in various local and foreign financial institutions throughout her entire career. She is assisted by 53 qualified 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.
- b) In order to perform its functions effectively, the internal auditors are continuously sent for training to equip themselves with the requisite product knowledge and skills especially in the areas of Islamic Banking, Treasury, Credit, Investment Banking, Information Technology, Asset Management and etc. In line with BNM's expectation to equip all banking institutions' internal auditors with Certification of Bank Auditors (CBA) qualification, GIA have drawn up its 3 years professional development plan in this regard and enrolled its staff with AICB.

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) GIA adopt a risk-based approach towards the planning and conduct of audits, which is consistent with the Group's framework in designing, implementing and monitoring its internal control system; as approved by the GBAC. The scope of coverage encompasses all key units and operations of the Group. The GIA's processes and activities are governed by the regulatory guidelines as well as the Group's Code of Ethics and IIA's mandatory guidance, which includes the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing (Standards).
- c) The GIA closely monitored the 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;
- d) GIA worked closely with the external auditors to ensure that significant issues are duly addressed and resolved on a timely basis; and
- e) The total GIA's cost for year 2018 is approximately RM9.2 million, comprising mainly salaries, staff training and development, travelling, accommodation expenses and subsistence allowances for audit assignments.