

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5185  
**COMPANY NAME** : AFFIN BANK BERHAD  
**FINANCIAL YEAR** : 31 DECEMBER 2017

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT TO CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors (the Board), led by the Chairman, establishes the vision and strategic objectives of Affin Bank Berhad (Affin or 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.</p> <p>The Board had established the Bank's "Vision" and "Mission" as follows:-</p> <p><u>Vision</u></p> <p>"A premier partner for Financial Growth and Innovative Services."</p> <p><u>Mission</u></p> <p>"To provide innovative financial solutions and services to target customers in order to generate profits and create value for our shareholders and other stakeholders.</p> <p>In doing so, we provide opportunities for employees to contribute and excel; and be competitive in providing our solutions and services to our valued customers.</p> <p>We shall conduct our business with integrity and professionalism in compliance with good corporate governance, principles and practices."</p>

The Board delegates certain functions to several committees, namely the Group Board Audit Committee (GBAC), the Board Nomination and Remuneration Committee (BNRC), Group Board Credit Review and Recovery Committee (GBCRRC) and Group Board Risk Management and Compliance Committee (GBRMC) 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 the 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.

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 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) Promoting, together with Senior Management, a sound corporate culture within the Bank which reinforces ethical, prudent and professional behaviour.
- (v) Promoting sustainability through appropriate environmental, social and governance considerations in the Bank's business strategies.
- (vi) 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.
- (vii) Promoting timely and effective communication between the Bank and BNM on matters affecting, or that may affect, the safety and soundness of the Bank.
- (viii) Undertaking various functions and responsibilities as specified in the policy documents and directives issued by BNM and other relevant laws from time to time.

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, in carrying out its functions or duties shall have regard to the interests of depositors or policy owners of the Bank and Participants as defined in the Financial Services Act 2013.

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi Bin Haji Zainuddin (Retired) (the Chairman or Tan Sri Zahidi), a Non-Independent Non-Executive Director (NINED), was appointed as Chairman of the Bank with effect from 22 June 2017.</p> <p>The Chairman, in leading the Board, is responsible for the effective overall functioning of the Board. He ensures that proceedings of the Board are conducted in an orderly manner.</p> <p>The key role of the Non-Executive Chairman includes the following:-</p> <ul style="list-style-type: none"><li>(i) The smooth functioning of the Board, the governance structure and inculcating positive culture in the Board.</li><li>(ii) Guidelines and procedures are in place to govern the Board's operation and conduct.</li><li>(iii) All relevant issues are on agenda for Board meetings and all Directors are able to participate fully in the Board's activities.</li><li>(iv) Board debates strategic and critical issues.</li><li>(v) Provides avenues for all Directors to participate openly in the discussion.</li><li>(vi) Provides leadership to the Board and responsible for the developmental needs of the Board.</li></ul> <p>Eventhough the Chairman is a NINED, he encourages healthy discussions and ensures any concerns or dissenting views are being discussed and addressed accordingly.</p> <p>In addition, the Chairman cultivates a positive working relationship with the Group CEO and the Management. He demonstrates the highest standard of corporate governance practices in setting the tone from the top.</p> <p>The Chairman's profile can be found on page 6 on the 2017 Annual Report.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The roles of Chief Executive Officer (CEO) and Chairman are strictly separated and distinct. 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.</p> <p>Tan Sri Zahidi, the Chairman, in leading the Board, is responsible for the effective overall functioning of the Board.</p> <p>Encik Kamarul Ariffin bin Mohd Jamil has been the Group CEO since 1 April 2015 and he does not sit on the Board (non-board position).</p> <p>The key role of CEO includes the following:</p> <ul style="list-style-type: none"> <li>(i) Develop the strategic direction of the Bank.</li> <li>(ii) Ensure that the Bank's strategies and corporate policies are effectively implemented.</li> <li>(iii) Ensure that Board's decisions are implemented and Board's directions are responded to.</li> <li>(iv) Provide directions in the implementation of short and long-term business plans.</li> <li>(v) Provide strong leadership that effectively communicates sound and viable vision, management philosophy and business strategy to the employees.</li> <li>(vi) Keep the Board fully informed of all important aspects of the Bank's operations and ensuring sufficient information is distributed to Board members.</li> <li>(vii) Ensure the day-to-day business affairs of the Bank are effectively managed.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	: Applied.
<b>Explanation on application of the practice</b>	<p>The Board is supported by a suitably qualified and competent Company Secretary in discharging her functions.</p> <p>Puan Nimma Safira binti Dato' Khalid, the Chief Legal Officer and Company Secretary has more than 24 years of experience in Legal, Secretarial and Compliance. She attained her Professional Postgraduate Diploma in Governance, Risk and Compliance from the International Compliance Association (ICA), UK in 2017. She is an Affiliate member of The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and a member of the Asian Institute of Chartered Bankers (AICB).</p> <p>As the Company Secretary, she 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.</p> <p>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.</p> <p>The Company Secretary attends Board and Board Committee meetings 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 is advised on the proposed contents and timing of material announcements to be made to regulatory authorities.</p>



	<p>For the FYE2017, the following legislation and regulatory framework were duly communicated to the Board:-</p> <ul style="list-style-type: none"> <li>(i) Bank Negara Malaysia's (BNM) Policy on Corporate Governance (BNM CG);</li> <li>(ii) New corporate governance disclosure requirements issued by Bursa Malaysia Securities Berhad (Bursa Malaysia);</li> <li>(iii) The Companies Act, 2016;</li> <li>(iv) Malaysian Code on Corporate Governance (the Code or MCCG); and</li> <li>(v) Amendments made to the salient provisions of the Main Market Listing Requirements (MMLR) issued by Bursa Malaysia.</li> </ul> <p>The appointment and removal of the Company Secretary must be approved by the Board. An assessment on the fit and proper criteria of the Company Secretary is conducted annually by the BNRC.</p>	
<p><b>Explanation for departure</b> :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b> :</p>		
<p><b>Timeframe</b> :</p>		

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	: Applied.
<b>Explanation on application of the practice</b>	<p>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.</p> <p>Prior to each Board meeting, each Director will be provided with the draft minutes of the previous meeting and the agenda together with the respective reports/papers and other board meeting reference materials for each item to be discussed in order for them to be apprised of the topics and to be prepared accordingly. These materials are disseminated in a paperless manner via the 'BoardPAC', an iPad-based solution which stores meeting documents digitally in a secured manner.</p> <p>The Board papers include the minutes of the previous Board meeting, minutes of the Board Committees and reports on related banking aspects such as financials, investment, operational, Information Technology, Human Resource, Risk Management and Audit as well as regulatory compliance matters.</p> <p>The Chairman with the assistance of the Company Secretary ensures that clear and accurate minutes of board meetings which include the key deliberations, rationale for each decision made, and any significant concerns or dissenting views are maintained.</p> <p>The minutes of Board meetings are circulated to all Directors for their perusal prior to confirmation of the minutes to be done at the commencement of the following Board meeting. The Directors may request for clarification or raise comments before the minutes are tabled for confirmation and upon receiving confirmation from all the Members at the Board meetings, the minutes will be signed by the Chairman of the meeting as a correct record of the proceedings of the meeting.</p>

	All Board members have unrestricted access to timely and accurate information and access to the advice and services of the Company Secretary who is responsible for ensuring that the Board meetings' procedures are followed and that all applicable rules and regulations are complied with.	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

### Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	: Applied.
<b>Explanation on application of the practice</b>	<p>The Board has established a Board Charter which 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.</p> <p>The Board Charter also charts the issues and decisions reserved for the Board as follows:-</p> <ul style="list-style-type: none"><li>(i) Approval of financial results.</li><li>(ii) Declaration of dividends.</li><li>(iii) Risk appetite setting.</li><li>(iv) Annual budget and business plan.</li><li>(v) Appointment of key responsible persons</li><li>(vi) Mergers and Acquisitions.</li><li>(vii) Policy Manual.</li><li>(viii) Connected Parties Transactions.</li><li>(ix) Strategic Directions.</li></ul> <p>The Board Charter will be reviewed by the Board from time to time in tandem with the Bank's Corporate Governance Framework as well as changes to the MMLR, BNM CG, MCCG and Companies Act 2016 to ensure its relevance and effectiveness in the light of the ever changing environment in which the Bank operates.</p> <p>The Board Charter is available on the Bank's website at <a href="http://www.affinbank.com.my">www.affinbank.com.my</a>.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The Bank has put in place a Code of Ethics and Code of Conduct.</p> <p>The Code of Ethics is to ensure that staff consistently adhered to a high standard of professionalism and ethics in the conduct of business and professional activities to serve the legitimate interest of the Bank's customers and clients with the highest standards of professional and ethical behavior.</p> <p>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 so as not to bring the Bank into dispute. 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.</p> <p>The Bank's Code of Conduct has been adopted by the Board to support the Group's objectives, vision and values which reflects the Group's vision and core values of integrity, respects, trust and openness. The basic principles have been carried out by having appropriate regard to the interests of the Bank's customers, shareholders, business partners and the broader community in which the Group operates.</p> <p>The Bank encourages its employees to provide feedback with any concerns regarding misconduct and/or wrong doing by the employees. Any non-compliance and failure to report non-compliance to the Code may lead to disciplinary action.</p>

	<p>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 for 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.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

## Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The 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.</p> <p>This includes the following:-</p> <ul style="list-style-type: none"><li>(i) Safeguard the Bank's reputation by minimising unfavorable surprise events.</li><li>(ii) Encourage Whistleblower to divulge pertinent and unknown information on improper activity occurring within the Bank and subsequently to curtail possible detrimental impact.</li><li>(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.</li></ul> <p>Complaints being channelled through the available avenues stated in the said Policy are addressed and dealt with in strictest confidence by the Legal and Secretarial Division in consultation with the Non-Executive Director in Charge.</p> <p>A Board member has been appointed and designated as the Non-Executive Director responsible for the effective implementation of the Whistleblowing Policy.</p> <p>The Whistleblowing Policy is available on the Bank's website at <a href="http://www.affinbank.com.my">www.affinbank.com.my</a>.</p>
<b>Explanation for departure</b>	:	



*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Departure.
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board comprises eight (8) Directors, four (4) of whom are NINEDs and the remaining four (4) are Independent Non-Executive Directors (INEDs). The current Board composition of which half comprise Independent Directors exceed the MMLR. Nevertheless, the Board is in the process of appointing an additional Independent Director, pending BNM's approval.</p> <p>Notwithstanding the above, the current 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 for 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.</p> <p>The existing size and composition of the Board is able to promote effective deliberation, encourages active participation from all Directors and allows their roles and responsibilities to be discharged without giving rise to an over-extension of Directors that are required to serve on multiple Board Committees. The diverse and broad range of experience, skills and knowledge of the Directors effectively facilitate the discharge of the Board's stewardship.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	A potential candidate has been identified for appointment as an additional Independent Director, pending the approval from BNM. Subsequent to this, the Board is expected to comprise majority Independent Directors.
<b>Timeframe</b>	:	Pending approval by BNM expected in 2018.

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.2**

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Not applicable - Step Up 4.3 adopted.	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

<b>Application</b>	:	Applied.
<b>Explanation on adoption of the practice</b>	:	<p>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 Affin Bank Group.</p> <p>The Independent Director may, 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 NINED.</p> <p>Represented on the Board are four (4) INEDs who bring their independent advice, views and judgement 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.</p>

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The Bank promotes diversity in Board as it recognises and values the unique contribution from Directors with diversified background, skills, experiences and perspectives.</p> <p>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.</p> <p>All appointments of Directors are subject to the approval of BNM which will be for a specific term of appointment.</p> <p>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 CG, BNM Fit and Proper Criteria and any other relevant laws for appointment of Directors. The BNRC thereafter submits its recommendation to the Board for decision on submission of application to BNM for the proposed new appointment of Director.</p> <p>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, BNM Fit and Proper Criteria and MMLR, understands the expectation of the roles and is able to meaningfully contribute to the Board.</p> <p>The BNRC is responsible for assessing the performance of Directors whose current term of appointment as approved by BNM are due to expire, and submit its recommendation to the Board for decision on the application to BNM for the proposed reappointment of the Directors concerned.</p>

	<p>An annual review is carried out to assess the Fit and Proper Criteria, performance and effectiveness of each Director. Corrective measures will be taken by BNRC if the Director is no longer Fit and Proper or non-performing as and when BNRC becomes aware of such circumstances.</p> <p>Senior Management appointments and removal are governed by the standards in BNM CG which stipulates that member of Senior Management must fulfill the minimum requirements at the time of appointment and on a continuing basis.</p> <p>An annual review is carried out to assess the Fit and Proper Criteria, performance and effectiveness of each Senior Management. Corrective measures will be taken by BNRC if the Senior Management is no longer Fit &amp; Proper or non-performing as and when BNRC becomes aware of such circumstances.</p> <p>The Bank acknowledges that 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.</p> <p>The BNRC shall submit to the Board for the new appointment, re-appointment and removal of CEO and Senior Management.</p>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Departure.
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>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.</p> <p>The Board currently has no female Director. However, the Board/BNRC is actively searching for suitable female candidate(s) for appointment as Director.</p> <p>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.</p> <p>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.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board/BNRC had initiated efforts and identified a suitable female candidate for appointment as Director.
<b>Timeframe</b>	:	2020

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

<b>Application</b>	:	Applied.	
<b>Explanation on application of the practice</b>	:	<p>In identifying candidates for appointment of Directors, the BNRC has the right to utilize independent sources at the cost of the Company to identify suitably qualified candidates.</p> <p>Being a financial institution, the Bank can leverage amongst other on the FIDE Forum Directors' Register to identify suitable candidate for appointment of Directors.</p> <p>BNRC may also consider utilising the following sources:-</p> <ul style="list-style-type: none"> <li>• Director's registry (e.g. Institute of Corporate Directors Malaysia and NAM Institute for the Empowerment of Women)</li> <li>• Industry and professional associations; or</li> <li>• Independent search firm</li> </ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the BNRC is YBhg. Dato' Abdul Aziz bin Abu Bakar, an INED.</p> <p>As the Chairman of BNRC, Dato' Abdul Aziz ensures that the Committee provides a formal and transparent procedure in respect of the following:-</p> <ul style="list-style-type: none"> <li>(i) The selection and appointment of all new Directors and Chief Executive Officer as well as assessment on effectiveness of individual Directors, Board as a whole, Board Committees and performance of Chief Executive Officer and key Senior Management officers; and</li> <li>(ii) Develop remuneration policy for Directors, Chief Executive Officer and key Senior Management officers and ensuring that compensation is competitive and consistent with the Bank's culture, objectives and strategies.</li> </ul> <p>Datuk Abdul Aziz's profile can be found on page 11 of the 2017 Annual Report.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

### Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The Board conducts annual Board evaluation to objectively assess the performance and effectiveness of each Director and the Board as a whole, as well as its Board Committees.</p> <p>BNRC reviews the criteria to be used in the evaluation process and the results will assist the BNRC to assess the required mix of skills and experience and other qualities, including core competencies which Directors should bring to the Board.</p> <p>The purpose of the Board Evaluation is to assess the processes by which the Board fulfils its responsibilities. Regardless of whether all or some of these responsibilities have been delegated to Board committees, the responsibilities would form part of the Board Evaluation as the Board is ultimately accountable.</p> <p>In line with the assessment of Board effectiveness, an assessment of the Board Committees as a function of the Board is also carried out to evaluate the effectiveness of the Committees in meeting the objectives for which they are established. Committee members will assess their roles in assisting the Board to fulfill its responsibilities as delegated to the Committee by its terms of reference.</p> <p>The Board/BNRC also assesses the independence of Directors annually based on the criteria specified in the BNM CG and the MMLR. A Director is considered independent if he/she:-</p> <ul style="list-style-type: none"><li>• is not and has not been an executive of the Bank in the last 2 years.</li><li>• is not a substantial shareholder of the Bank or any of its affiliates.</li><li>• does not have significant business or contractual relationship with the Bank or any of its affiliates within the last 2 years.</li><li>• is not an Executive Director of the Bank or any related corporations of the Bank.</li><li>• is not a family member of any Executive Director, officer or major shareholder of the Bank.</li></ul>

	<ul style="list-style-type: none"> <li>• is not acting as a nominee or representative of any Executive Director or major shareholder of the Bank.</li> <li>• has not been engaged as an adviser by the Bank under such circumstances as prescribed by Bursa Malaysia or is not presently a partner, Director (except as an Independent Director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the Bank under such circumstances as prescribed by Bursa Malaysia.</li> <li>• has not engaged in any transaction with the Bank under such circumstances as prescribed by Bursa Malaysia or is not presently a partner, Director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Bank) which has engaged in any transaction with the Bank under such circumstances as prescribed by Bursa Malaysia.</li> </ul> <p>The Board shall appoint independent experts to facilitate evaluations of the Board on a periodic basis.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	: Applied.						
<b>Explanation on application of the practice</b>	<p data-bbox="544 857 655 887">: <u>Directors</u></p> <p data-bbox="544 927 1396 1137">The BNRC recommends specific remuneration packages for 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.</p> <p data-bbox="544 1178 1396 1245">The remuneration package for the Directors of the Bank comprise the following in accordance with the Remuneration Policy:-</p> <table border="1" data-bbox="544 1283 1396 1574"> <tr> <td data-bbox="544 1283 783 1350">Directors' Fees</td> <td data-bbox="783 1283 1396 1350">The Directors are entitled to annual Directors' fees.</td> </tr> <tr> <td data-bbox="544 1350 783 1462">Board Committees Allowances</td> <td data-bbox="783 1350 1396 1462">Directors who sit on Board Committees are entitled to receive Board Committee allowances.</td> </tr> <tr> <td data-bbox="544 1462 783 1574">Meeting Allowances</td> <td data-bbox="783 1462 1396 1574">Directors are also entitled to Meeting allowances when they attend any Board/Board Committee meetings.</td> </tr> </table> <p data-bbox="544 1615 1396 1682">The Directors' fees and benefits payable to Directors are subject to shareholders' approval at the Annual General Meeting (AGM).</p> <p data-bbox="544 1722 1396 1924">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 organization in a similar industry, size and location. This report shall be tabled to the BNRC and the Board for deliberation.</p>	Directors' Fees	The Directors are entitled to annual Directors' fees.	Board Committees Allowances	Directors who sit on Board Committees are entitled to receive Board Committee allowances.	Meeting Allowances	Directors are also entitled to Meeting allowances when they attend any Board/Board Committee meetings.
Directors' Fees	The Directors are entitled to annual Directors' fees.						
Board Committees Allowances	Directors who sit on Board Committees are entitled to receive Board Committee allowances.						
Meeting Allowances	Directors are also entitled to Meeting allowances when they attend any Board/Board Committee meetings.						

During deliberations pertaining to the individual Directors' remuneration, the interested parties should excuse themselves from both the deliberations and voting.

The Board reviews the Remuneration Policy of Directors and Senior Management annually 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 Note 37 to the Financial Statements of the 2017 Annual Report.

#### Senior Management

The Bank's Remuneration Policy considers the role of each staff. The objective of the Remuneration Policy is to ensure that the remuneration system in the Bank:-

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

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

- (i) Support for Strategic Objectives: Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Bank's vision and strategy.
- (ii) Transparency: The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.
- (iii) Internal Equity: The Bank shall remunerate all staff fairly in terms of their roles within the organization.
- (iv) Market-Related Remuneration: The Bank shall measure its remuneration practices against both the local and national market through the use of remuneration surveys and through benchmarking with other similar institutions.
- (v) Flexibility: Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of individuals and those of the institution whilst complying with relevant tax and other legislation.
- (vi) Performance-Driven Remuneration: The Bank shall entrench a culture of performance driven remuneration through the implementation of the Performance Management System.

	<p>(vii) <b>Affordability and Sustainability:</b> The Bank shall ensure that remuneration is affordable on a sustainable basis.</p> <p>The Remuneration Policy and practices will evolve over time, reflecting Bank's priorities but will always adhere to the BNM CG and at the same time promoting sound and effective risk management.</p> <p>The Bank ensures that overall remuneration system for the Bank (as per the BNM CG) shall:-</p> <ul style="list-style-type: none"> <li>(i) be subject to Board's active oversight to ensure that the system operates as intended;</li> <li>(ii) be in line with the business and risk strategies, corporate values and long-term interests of the Bank;</li> <li>(iii) promote prudent risk-taking behavior and encourage individuals to act in the interests of the Bank as a whole, taking into account the interests of its customers; and be designed and implemented with input from the control functions and the Group Board Risk Management and Compliance Committee to ensure that risk exposures and risk outcomes are adequately considered.</li> </ul> <p>The remuneration of Senior Management and Other Material Risk Taker (OMRT) must be approved by the Board and the Bank will maintain and regularly review the list of officers who fall within the definition of Senior Management and OMRT.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Remuneration Policy will be further enhanced to be compliant with the provisions of BNM CG by the stipulated deadline of 3 August 2019.
<b>Timeframe</b>	:	3 August 2019

## Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	: Applied.
<b>Explanation on application of the practice</b>	<p>BNRC is chaired by an INED, with the objective of providing a formal and transparent procedure in respect of the following:</p> <p>(i) The selection and appointment of all new Directors and Chief Executive Officer 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</p> <p>(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.</p> <p>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.</p> <p>The main activities of the BNRC in 2017 included the following:-</p> <ul style="list-style-type: none"><li>• Assessment of fitness and propriety of Directors for re-appointment.</li><li>• Assessment of fitness and propriety of new candidates for proposed appointment as new Directors.</li><li>• Review mechanism and evaluation form for annual assessment of effectiveness of the Board as a whole and annual assessment of effectiveness of each individual Director and Board Committees.</li><li>• Review mechanism for annual fit and proper assessment of Senior Management.</li><li>• Review the remuneration of Directors and Senior Management.</li><li>• Recommendation to the Board on promotion and appointment of key responsible persons.</li></ul>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		



## Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied.	
<b>Explanation on application of the practice</b>	:	The details of the Directors' remuneration (including benefits-in-kind) of each Director during the financial year 2017 are disclosed on Note 37 to the Financial Statements of the 2017 Annual Report.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Departure.
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board is of the opinion that such disclosure would be disadvantageous to the Bank's business interests, given the highly competitive conditions in the banking industry where poaching of executives is common.</p> <p>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 2017 which allow shareholders to assess whether the remuneration of Directors and Senior Management commensurate with their performance taking into consideration, the Bank's performance.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board will monitor developments in the market in respect of such disclosure for future consideration.
<b>Timeframe</b>	:	Others

### **Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### **Practice 7.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Board is not a member of the GBAC. The GBAC is chaired by Encik Abd Malik bin A Rahman, an INED. His profile can be found on page 9 of the 2017 Annual Report.</p> <p>The GBAC comprises of only INEDs. The composition of the GBAC and details of their meeting attendance can be found on pages 91 to 96 of the 2017 Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 8.2**

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied.	
<b>Explanation on application of the practice</b>	:	<p>The composition, quorum, frequency of meeting as well as the specific duties, responsibilities and authority of the GBAC are set out under its Terms of Reference.</p> <p>The GBAC acknowledge the importance of an independent Audit Committee where it is able to rigorously challenge and ask probing questions on the Bank's financial reporting process, internal controls, risk management and governance. In doing so, the GBAC observe the cooling-off period of at least two years, required by the MCCG, before a former key audit partner may be appointed as a member of the GBAC, to ensure their ability to act independently.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b> :	Applied.
<b>Explanation on application of the practice</b> :	<p>The GBAC has put in place policies and procedures to assess the suitability, objectivity and independence of external auditors. Making reference to the requirements set out in the Bank Negara Malaysia's Policy Document on External Auditor, Affin Bank Group has documented its own Group policy and Procedures on Appointment and Re-appointment of External Auditors and Policy on Engagement of External Auditors for Non-Audit Services.</p> <p>GBAC reviews and assesses the appointment or re-appointment of external auditors to ensure the sustainability, objectivity and independence of the External Auditor.</p> <p>GBAC meets up with the external auditors to discuss the scope of the audit plan, system of internal controls, the audit reports and audit findings. At least two private meetings are held with External Auditors without the presence of members of Management to discuss relevant issues and share latest developments.</p> <p>GBAC ensures that Audit Fees commensurate with the scope of audit and accountability assumed by the external auditor, taking into account the required skills, knowledge and the allocation of time and resources needed to complete the audit assignment in accordance with the requirements set out in the BNM Policy Document on External Auditor.</p> <p>For engagement of external auditor to perform non-audit service, the GBAC has to be satisfied that the provision of such services does not impair the auditor's objectivity, judgement or independence. Also to ensure that the fees chargeable are within the allowable threshold before recommending the proposed engagement to the Board of Directors for consideration and approval.</p>
<b>Explanation for departure</b> :	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

### **Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### **Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	All members of the GBAC are INEDs.



## Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the value of an effective GBAC in ensuring the integrity in financial reporting and effective internal control framework.</p> <p>The roles and responsibilities of the GBAC are set out under the GBAC report on pages 91 to 96 of the 2017 Annual Report.</p> <p>The GBAC comprises solely of Independent Non-Executive Directors as stipulated on page 91 of the 2017 Annual Report. The Chairman of the GBAC is a Chartered Accountant of the Malaysian Institute of Accountants.</p> <p>The GBAC possesses a wide range of necessary skills to discharge their duties effectively. The members are financially literate and are able to understand matters under the purview of the GBAC including the financial reporting standards.</p> <p>During the financial year 2017, the GBAC members have attended training workshops, seminars and talks on areas relevant to their duties and responsibilities to keep themselves abreast of the latest developments in banking industry such as the relevant regulatory requirements as well as effective governance practices.</p>

The details of the continuous professional development undertaken by the Members of the GBAC are as follows:-

<b>ENCIK ABD MALIK BIN A RAHMAN</b>		
<b>Trainer/Organizer</b>	<b>Course Title</b>	<b>Date</b>
Bursa Malaysia	Forum for Directors/CEO's : The Velocity of Global Change & Sustainability – The New Business Model	10 January 2017
Aram Global Sdn Bhd	The New Companies Act 2016 "Raising the Bar For Directors"	29 March 2017
Bursatra Sdn Bhd	What Directors Need To Know on Reporting & Disclosure Obligations to Prevent Public Reprimand & Fines by the Regulators	20 April 2017
FIDE	Efficient Inefficiency: Making Boards Effective in a Changing World	4 May 2017
Bank Negara Malaysia	Compliance Conference 2017	18 May 2017
Affin Hwang Capital	Companies Act 2016: Key Changes and Implications to Board	17 July 2017
Affin Hwang Capital	AMLATFPUAA 2001: Risk, Challenges & Vulnerabilities Towards Risk Based Approach & Partners	6 September 2017
Affin Holdings Berhad	Code of Corporate Governance and Companies Act 2016	14 September 2017
Affin Hwang Capital	Conference Series 2017 - Opportunities Amidst Geopolitical Shifts	5 October 2017
Bursa Malaysia	CG Breakfast Series for Directors: Leading in a Volatile, Uncertain, Complex, Ambiguous (VUCA) World	13 October 2017

<b>ASSOCIATE PROF. DR. SAID BOUHERAOUA</b>		
<b>Trainer/Organizer</b>	<b>Course Title</b>	<b>Date</b>
Malaysian Institute of Corporate Governance	<ul style="list-style-type: none"> <li>The New Malaysian Code on Corporate Governance - "How to Walk the Talk"</li> <li>Related Party Transactions (RPT) - Their Implication to the Board of Directors, Audit Committee &amp; Management</li> </ul>	11 May 2017
Bank Negara Malaysia	Compliance Conference 2017	28 May 2017
University of Jordan, Amman	Workshop on Bursa Suq Al-Sila', "Bursa Suq al-Sila' – Experience Sharing from Fiqhi perspective"	16 August 2017

<b>ASSOCIATE PROF. DR. SAID BOUHERAOUA</b>		
<b>Trainer/Organizer</b>	<b>Course Title</b>	<b>Date</b>
University of Jordan, Amman	Islamic Capital Market Conference, "Islamic Financial Markets: Prospect and Challenges"	17 August 2017
The College of Banking & Financial Studies and Tawafuq Consultancy (Malaysia)	1st Salalah International Forum on Islamic Finance, "Islamic Fatwa in Islamic Finance – Appraisal of Approaches"	20 August 2017
The College of Banking & Financial Studies and Tawafuq Consultancy (Malaysia)	Workshop on Sukuk: Theory and practices 1st Salalah International Forum on Islamic Finance	22 August 2017
Ministry of Religious Affairs and Awqaf of Algeria	International Conference on Waqf, "Islamic Finance Contribution in the Development of Waqf Sector: Malaysia and Singapore as a case study"	27-28 September 2017
Kuala Lumpur Islamic Finance Forum	14th Kuala Lumpur Islamic Finance Forum 2017 "Real Finance For Real Economy"	3 – 5 October 2017
AAOIFI	AAOIFI Conference – World Bank 12 <sup>th</sup> Annual Conference, "Global standardisation of Shari'ah reference for the Islamic Financial industry: Reality and proposed road map"	5 -6 November 2017
Musiad, TKBB&TOBB	Earn and Make People Earn! A 700 year Old Success Story, "Islamic Finance Fundamentals, Strategic Proposition and Implementations"	16 – 17 November 2017
Affin Holdings Berhad	Half Day Talk on: Building A Cyber Resilient Organisation & Strategic Impact of MFRS 9	28 November 2017
International Centre of Islamic Foundation, LAREFA	5th International Conference of Entrepreneurial Finance CIFEMA 2017, "Islamic Capital Market and Islamic Social Finance: Fundamentals and Practices"	4-5 December 2017
Shura Sharia Consultancy	Shura 7 <sup>th</sup> Fiqhi Conference 2017 on Sukuk between Market Efficiency and Shariah Compliance, "Shariah Issues in Agreement to Sale"	19 – 20 December 2017

DATO' MOHD HATA BIN ROBANI		
Trainer/Organizer	Course Title	Date
Malaysian Institute of Corporate Governance (MICG)	Drafting the Statement On Corporate Governance on Risk and Internal Control – Critical Success Factors & Pitfalls to Avoid	14 March 2017
Bursatra	Highlights of the Companies Act 2016 – Changes and Implications	28 March 2017
Aram Global Sdn Bhd	The New Companies Act 2016 “Raising the Bar For Directors”	29 March 2017
ICLIF	Mandatory Accreditation Programme (MAP)	6 – 7 April 2017
MICG	Assessment of the Board, Board Committees and Individual Directors – Taking Stock of Performance	11 April 2017
Bursatra Sdn Bhd	Changing Expectations of Board Committees - What a Director Must Know	12 April 2017
Aram Global Sdn Bhd	National Seminar on Malaysian Code on Corporate Governance (New) – “An Overview”	19 April 2017
FIDE	Efficient Inefficiency: Making Boards Effective in a Changing World	4 May 2017
Aram Global Sdn Bhd	Latest Updates on Directors’ Remuneration in Compliance with the Companies Act and the Upcoming Amendments to the Listing Requirements 2017	6 June 2017
Securities Industry Development Corporation (SIDC)	Board in the Digital Economy	17 July 2017
Bursatra Sdn Bhd	Raising the Bar in Board Performance & Effectiveness	18 September 2017
Affin Bank Berhad	Half Day Session on AML/CFT	29 November 2017
Affin Bank Berhad	Risk Governance Framework for Islamic Banks	12 December 2017
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 9.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>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 Group.</p> <p>The Board has established a process for identifying, assessing and managing the relevant risks faced by the Group; fundamentally through the adoption of the Group Risk Management Framework (GRMF), and Three Lines of Defence model which set out clear risk management and control responsibilities. However, the system is 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 adverse circumstances.</p> <p>The Board meets regularly to discuss matters related to system of internal controls which cover inter alia financial, operational and compliance controls as well as risk management. The Board extended the responsibilities of the GBAC and GBRMC to include the role of oversight on internal controls and risk management strategies, policies and other risk related matters.</p> <p>The Board, through the GBAC, GBRMC and Shariah Committee reviews the effectiveness of the Shariah Governance Framework, Risk Management and Internal Control Framework to ensure that they are operating effectively in all material aspects during the financial year under review.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	: Applied.
<b>Explanation on application of the practice</b>	: The risk management approach of the Affin Bank Group is underpinned by a robust GRMF, which is continuously enhanced to remain relevant and resilient in ensuring effective management of risk. The GRMF is supported by the following elements: <ul style="list-style-type: none"> <li>a. Governance             <ul style="list-style-type: none"> <li>• A robust risk governance structure is in place to proactively manage risk within the Affin Bank Group through the establishment of risk appetite and risk management policy as well as the implementation of risk management policy and risk compliance.</li> <li>• GRMF is governed by a strong oversight function comprising of the Board, Board and Management Committees.</li> <li>• The governance of risk is further supported by the Three Line of Defence Model which outlines the functional segregation and key responsibilities of the independent oversight functions and business units.</li> </ul> </li> <li>b. Risk Appetite &amp; Strategic Goals             <ul style="list-style-type: none"> <li>• The Affin Bank Group's risk appetite defines the amount and types of risk that the Affin Bank Group is able and willing to accept in pursuit of its business objectives.</li> <li>• It sets out the level of risk tolerance and limits to govern, manage and control the Affin Bank Group's risk taking activities.</li> <li>• The strategic objectives, business plans, desired risk profile and capital plans are aligned to the risk appetite.</li> <li>• The processes for assessing, setting, controlling, monitoring and reporting risk appetite are outlined in the Risk Appetite Framework.</li> </ul> </li> </ul>

	<p>c. Risk Limits and Controls</p> <ul style="list-style-type: none"> <li>• Risk Limits and Controls are mitigation measures.</li> <li>• 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.</li> </ul> <p>d. Risk Management Process</p> <ul style="list-style-type: none"> <li>• The management of risk is facilitated by Risk Management Process which sets out the methodology for management of inherent risks across the Affin Bank Group.</li> </ul> <p>e. Risk Culture &amp; Awareness</p> <ul style="list-style-type: none"> <li>• The effective implementation of the framework is further grounded on a robust and healthy risk culture and awareness.</li> <li>• The inculcation of risk culture and awareness is driven with a strong tone from the top.</li> </ul> <p>For further information, please refer to Statement of Risk Management and Internal Control from pages 76 to 80 of the 2017 Annual Report.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	



## Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

## Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Board has established a GBRMC that is responsible for overseeing Management's activities in managing credit, market, liquidity, operational, legal, reputational and other relevant risks so as to ensure that the risk management process is in place and functioning effectively.</p> <p>The GBRMC comprises seven (7) members, where the majority members (including the Chairman) are INEDs.</p> <p>The compliance function is included in the oversight scope of GBRMC with effect from 2 April 2018.</p>

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The Group Internal Audit (GIA) function is established by the Board to undertake independent review and assessment on the adequacy, efficiency and effectiveness of Group Risk Management, Control and Governance processes implemented by the Management. GIA reports functionally to the GBAC and administratively to the Group Chief Executive Officer (GCEO). It is independent from the activities or operations of other operating units in the Affin Bank Group.</p> <p>The GIA function is guided by its Audit Charter (approved by the Board) which defines the objective, responsibility, accountability, authority, independence and objectivity and professionalism and ethical standards of the GIA function of the Affin Bank Group.</p> <p>GIA reports material findings to GBAC with recommended corrective actions. Management is responsible to ensure that corrective actions on reported areas of improvements/weaknesses are executed timely within the agreed timeframe. The resolution deadlines committed by management are closely monitored. Non-closure of issues/findings per agreed deadline, justifications need to be provided to the GBAC.</p> <p>The GBAC will review the effectiveness of the GIA function, in particular:-</p> <ol style="list-style-type: none"><li>a. Review and approve the Group Internal Audit Annual Plan to ensure that adequate scope and comprehensive coverage on the audit activities and critical risk areas including assessment on whether it has the necessary authority to carry out its work.</li><li>b. Review and evaluate the adequacy of resources and the competencies of staff within GIA to execute the plan as well as the audit programmes used in the execution of Group Internal Auditors' job to ensure satisfactory performance of GIA.</li><li>c. Review the internal control issues/findings identified by GIA as well as Management response to audit recommendations and implementation of agreed action plans.</li><li>d. Review the status report of GIA's activities to ensure all the planned activities were satisfactorily carried out.</li></ol>

	<ul style="list-style-type: none"> <li>e. Review the summary of audit findings of all operating entities' and ensure effective follow-up by GIA especially findings highlighted on the investigations, fraud, findings by external auditor and regulators and non-compliances with regulatory and statutory requirements.</li> <li>f. To oversee the functions of GIA and ensure compliance with relevant guidelines on internal audit issued by Bursa Malaysia, BNM and Securities Commission.</li> <li>g. To evaluate the performance and decide on the remuneration package of the Group Chief Internal Auditor.</li> <li>h. To approve the appointment, transfer and dismissal of Group Chief Internal Auditor and to be informed of the resignation of GIA's staff and the reasons of their resignation.</li> </ul> <p>Summary of GBAC activities in 2017 :-</p> <ul style="list-style-type: none"> <li>a. Approved the Annual GIA plan, reviewed the audit scope planned based on risk assessment conducted and the audit resource requirements.</li> <li>b. Reviewed GIA's methodology in assessing the risk levels of the various auditable areas for planning purposes, with audit emphasis on the critical risk areas.</li> <li>c. Reviewed GIA's audit rating methodology and its consistent application for the various types of audits (e.g. end-to-end audit, thematic audit and compliance audit) in ensuring that the audit ratings accorded are reflective of the state of internal control of the areas audited.</li> <li>d. Approved the KPIs for GCIA and his direct reports; evaluated the GCIA's annual performance together with the remuneration payout.</li> <li>e. Evaluated GIA's overall performance and provided written feedback for improvements.</li> <li>f. Reviewed the summary of internal audit work performed together with the audit outcome on half yearly basis.</li> </ul> <p>For further information, please refer to the Statement on Risk Management and Internal Control on pages 76 to 80 and GBAC Report on pages 91 to 96 of the 2017 Annual Report.</p>
<p><b>Explanation for departure</b> :</p>	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	: Applied.
<b>Explanation on application of the practice</b>	<p>GIA reports independently to the GBAC and is independent of the activities and operations of the business and other support units. The principal responsibility of GIA is to provide independent appraisal on the adequacy, efficiency and effectiveness of risk management, control and governance processes implemented by Management.</p> <p>In evaluating internal controls, GIA adopts the 5 components set out in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO); namely control environment, risk assessment, control activities, information and communication, and monitoring activities. COSO is an internationally recognised organization providing thought leadership and guidance on internal control, enterprise risk management and fraud deterrence.</p> <p>GIA is headed by Puan Khatimah Mahadi who is a qualified Chartered Banker. She has over 35 years of banking experiences particularly in the arrears of Auditing, Compliance, Investigations, Project Management and Quality Assurance. She is also an Associate Fellow of Institute Bankers of Malaysia.</p> <p>She is assisted by 48 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.</p> <p>GIA carries out regular reviews of the business processes and activities to assess the effectiveness of internal control and highlight significant risks impacting the Group.</p>

	<p>In order to perform its functions effectively, the 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.</p> <p>GIA conducts training routinely for relevant staff on governance and internal control matters, including attachment of certain staff with GIA for both classroom and on-the-job training i.e. guest review program.</p> <p>GIA's personnel are independent from the business and free from any conflicts of interest and any material related party transactions as disclosed in the 2017 Annual Report.</p> <p>GIA's function is carried out in line with its Internal Audit Charter and the requirements of the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing (ISPPIA) and BNM's Guidelines on Internal Audit Function of Licensed Institutions.</p> <p>In order to internalise objectivity and independence, GIA does not and shall not have responsibility or authority over any audit area nor is involved in any activity that may impair the judgement of GIA or its staff. For this purpose, when providing consultation and advisory services to Management such as review of the risk exposures of new systems, business products and services to assess the controls that should be put in place to mitigate the associated risks identified prior to implementation, GIA is not involved in the system selection or implementation process in order to maintain its objectivity and independence.</p> <p>For further information, please refer to the Statement on Risk Management and Internal Control on pages 76 to 80 and GBAC Report on pages 91 to 96 of the 2017 Annual Report.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The Board and Management recognised the importance of maintaining good relationship with both the shareholders and the stakeholders and will take the responsibility to always improve the communication with the shareholders and the stakeholders.</p> <p>The Bank continuously ensure that timely, complete, transparent and accurate disclosures are made to shareholders and stakeholders in accordance with the requirements of MCCG, BNM CG and MMLR.</p> <p>The Bank actively engages with its shareholders and investors through the media, AGM/Extraordinary General Meeting, meetings with analysts/investors, corporate briefings and road shows. Active communications with the investors and public are made through various communication channels such as events, advertisements, media releases, public relations and the Bank's corporate website.</p> <p>AGM 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.</p> <p>The shareholders and stakeholders may obtain information about the Bank through the corporate website (<a href="http://www.affinbank.com.my">www.affinbank.com.my</a>) where its provides convenient access to the latest and archival information about the Bank. The information available on the corporate website includes corporate and financial information, annual reports, press releases and regulatory announcements made by the Bank to Bursa Malaysia.</p> <p>In addition, the corporate website has a dedicated Investor Relations section that provides relevant investor-related information and also on Corporate Governance matters which include Board Charter and Whistleblowing Policy and Procedure.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		



**Intended Outcome**

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other’s objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

**Practice 11.2**

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Departure.	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The Company has yet to adopt integrated reporting. The Board acknowledges that integrated reporting goes beyond a mere combination of the reports in the Annual Report into a single document.</p> <p>Nevertheless, there are coordination efforts among cross-functional departments in preparing the various statements and reports in the Annual Report.</p> <p>The Board may consider adopting integrated reporting in future.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Board may consider adopting integrated reporting in future.	
<b>Timeframe</b>	:	Others	

## Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	In line with the recommendations of the MCCG, the Notice of the 42 <sup>nd</sup> AGM of the Company dated 16 April 2018 was issued to the shareholders 28 days prior to the AGM which will be held on 15 May 2018.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	2018 AGM is the first AGM of ABB as a listed entity. All Directors have given their commitment to attend the AGM which is scheduled on 15 May 2018.  The Chairman and Chair of all Board Committees are involved in the preparations of AGM and are regularly updated by the Management on potential issues which may arise during the AGM. They are also fully aware of their respective scope of responsibilities and will be prepared to address any issues that the shareholders may raise within the scope of responsibilities of the Board Committees that they lead.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

<b>Application</b>	:	Departure.
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Taking into account the intended outcome of this practice, the Board will continue to monitor developments in the market in respect of new technologies to facilitate the conduct of meetings remotely and may consider implementing the same in the future if there is a strong case for change and is in compliance with legal requirements.</p> <p>AGM will also be held at a location which is easily accessible to shareholders to encourage them to attend the AGM. As an alternative to the recommended practice, shareholders who are unable to attend general meetings may in accordance with the relevant provisions of the Articles, appoint their respective proxies to vote on their behalf at all general meetings of the Bank.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Company will be exploring the appropriate measures to facilitate greater participation by shareholders in the Company's annual general meetings by leveraging on technology.
<b>Timeframe</b>	:	Others

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT TO CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

<b><u>BOARD OF DIRECTORS</u></b>	
<b><u>Profile of Directors</u></b>	
<b>Y.A.BHG. GENERAL DATO’ SERI DIRAJA TAN SRI (DR.) MOHD ZAHIDI BIN HAJI ZAINUDDIN (RETIRED)</b>	
<i>Chairman / Non-Independent Non-Executive Director</i>	
Nationality/Age/Gender	Malaysian/69 years old/Male
Date of Appointment	22 June 2017
Academic/Professional Qualification(s)	<ul style="list-style-type: none"> <li>• Master of Science Degree (Defence and Strategic Studies), Quaid-I-Azam University, Islamabad, Pakistan</li> <li>• Senior Executive Programme, University of Harvard, USA</li> <li>• Command and General Staff College, Philippines</li> <li>• Joint Services Staff College, Australia</li> <li>• National Defence College, Pakistan</li> <li>• Honorary Doctorate in Management of Defence and Strategic Studies from Universiti Pertahanan Nasional Malaysia</li> </ul>
Past Working Experience	<ul style="list-style-type: none"> <li>• Served the Malaysian Armed Forces for 39 years, holding many key appointments at field and ministerial level</li> <li>• Chief of Defence Forces with the rank of General from 1 January 1999 until retirement on 30 April 2005</li> </ul>
Directorship of Other Public Companies	<ul style="list-style-type: none"> <li>• Chairman of Affin Holdings Berhad</li> <li>• Chairman of Genting Plantations Berhad</li> <li>• Director of Genting Malaysia Berhad</li> <li>• Director of Bintulu Port Holdings Berhad</li> </ul>
Other Appointments	<ul style="list-style-type: none"> <li>• Bestowed with the Perak’s highest award for commoners, the ‘Darjah Kebesaran Seri Paduka Sultan Azlan Shah Perak Yang Amat Dimulia’ (S.P.S.A) which carries the title “Dato’ Seri DiRaja”</li> <li>• Orang Kaya Bendahara Seri Maharaja Perak Darul Ridzuan by DYMM Paduka Seri Sultan Perak and with the consent of Dewan Negara Perak Darul Ridzuan</li> <li>• Member of Dewan Negara Perak by DYMM Paduka Seri Sultan Perak</li> <li>• Trustee of Yayasan Sultan Azlan Shah</li> <li>• Chancellor of Asia Metropolitan University (AMU)</li> </ul>

Membership of Board Committees in AFFINBANK	Member of Board Nomination and Remuneration Committee
Attendance for the financial year ended 31 December 2017	All the 6 scheduled monthly Board Meetings and 3 Special Board Meetings held since his appointment as Chairman.
Shareholdings in AFFINBANK	Please refer to page 101 of the 2017 Annual Report

\* *Gen. Tan Sri Mohd Zahidi is a nominee of Lembaga Tabung Angkatan Tentera (LTAT), a major shareholder of AFFINBANK*

**ENCIK MOHD SUFFIAN BIN HAJI HARON***Non-Independent Non-Executive Director*

Nationality/Age/Gender	Malaysian/72 years old /Male
Date of Appointment	15 August 2009
Academic/Professional Qualification(s)	<ul style="list-style-type: none"> <li>• Bachelor of Economics, University of Malaya</li> <li>• Master of Business Administration, University of Oregon, USA</li> </ul>
Past Working Experience	<ul style="list-style-type: none"> <li>• Managing Director of an Insurance Broking Company</li> <li>• Director of Far East Computers (India)</li> <li>• Director of Affin Discount Berhad</li> <li>• Director of Fraser's Hill Development Corporation</li> <li>• Director of the State Development Corporations of Perak, Pahang and Terengganu</li> <li>• Director of Bank Pembangunan Malaysia Berhad</li> <li>• Director of Kompleks Kewangan Malaysia Berhad</li> <li>• Director of HICOM</li> <li>• Council Member of Majlis Amanah Rakyat (MARA)</li> <li>• Diplomatic and Administrative Officer, attached to the Prime Minister's Department and the Ministry of Public Enterprises</li> <li>• Assistant to the Special Economic Adviser to the Government</li> <li>• Vast experience in general trading, power generation and transmission, aircraft maintenance as well as the oil and gas services sectors</li> </ul>
Directorship of Other Public Companies	<ul style="list-style-type: none"> <li>• Chairman of AFFIN Islamic Bank Berhad</li> <li>• Director of Pharmaniaga Berhad</li> <li>• Director of Lonpac Insurance Bhd</li> </ul>
Membership of Board Committees in AFFINBANK	<ul style="list-style-type: none"> <li>• Member of Board Nomination and Remuneration Committee</li> <li>• Member of Group Board Credit Review and Recovery Committee</li> <li>• Member of Board Oversight Transformation Committee</li> </ul>
Attendance for the financial year ended 31 December 2017	All the 11 scheduled monthly Board Meetings and 9 Special Board Meetings
Shareholdings in AFFINBANK	Nil

\* *Encik Mohd Suffian is a nominee of LTAT, a major shareholder of AFFINBANK*

**YBHG. TAN SRI MOHD GHAZALI BIN MOHD YUSOFF***Independent Non-Executive Director*

Nationality/Age/Gender	Malaysian/72 years old /Male
Date of Appointment	20 June 2014
Academic/Professional Qualification(s)	Degree of the Utter Bar from Middle Temple, Inns-of-Court, London
Past Working Experience	<ul style="list-style-type: none"><li>• Joined the Malaysian Judicial and Legal Service in 1974 as a Magistrate</li><li>• Judge of the Federal Court, Court of Appeal and High Court</li><li>• Solicitor General</li><li>• Chief Registrar of the Supreme Court</li><li>• State Legal Adviser of Pahang</li><li>• Registrar of Companies</li><li>• State Legal Adviser of Negeri Sembilan</li><li>• Deputy Public Prosecutor</li></ul>
Directorship of Other Public Companies	Director of AXA AFFIN Life Insurance Berhad
Membership of Board Committees in AFFINBANK	<ul style="list-style-type: none"><li>• Chairman of Group Board Credit Review and Recovery Committee</li><li>• Member of Group Board Risk Management and Compliance Committee</li></ul>
Attendance for the financial year ended 31 December 2017	All the 11 scheduled monthly Board Meetings and 9 Special Board Meetings
Shareholdings in AFFINBANK	Nil



**ENCIK ABD MALIK BIN A RAHMAN***Independent Non-Executive Director*

Nationality/Age/Gender	Malaysian/69 years old /Male
Date of Appointment	3 March 2015
Academic/Professional Qualification(s)	<ul style="list-style-type: none"> <li>• Chartered Accountant Member of the Malaysian Institute of Accountants</li> <li>• Fellow of the Association of Chartered Certified Accountants (UK)</li> <li>• Member of Malaysian Institute of Certified Public Accountants</li> <li>• Member of Certified Financial Planners (USA)</li> <li>• Member of Chartered Management Institute (UK)</li> <li>• Member of Malaysian Institute of Management</li> </ul>
Past Working Experience	<ul style="list-style-type: none"> <li>• Various senior management positions in Peat Marwick Mitchell (currently known as KPMG), Esso Group of Companies, Colgate-Palmolive (M) Sdn Bhd, Amway (Malaysia) Sdn Bhd, Fima Metal Box Berhad and Guinness Anchor Berhad</li> <li>• General Manager, Corporate Services of Kelang Multi Terminal Sdn Bhd (currently known as Westports Malaysia Sdn Bhd)</li> </ul>
Directorship of Other Public Companies	<ul style="list-style-type: none"> <li>• Director of AFFIN Holdings Berhad</li> <li>• Director of AFFIN Hwang Investment Bank Berhad</li> <li>• Director of AFFIN Hwang Asset Management Berhad</li> <li>• Director of Boustead Heavy Industries Corporation Berhad</li> <li>• Director of CYL Corporation Berhad</li> <li>• Director of Lee Swee Kiat Group Berhad</li> <li>• Director of Innity Corporation Berhad</li> </ul>
Membership of Board Committees in AFFINBANK	<ul style="list-style-type: none"> <li>• Chairman of Group Board Audit Committee</li> <li>• Chairman of Board Oversight Transformation Committee</li> <li>• Member of Board Nomination and Remuneration Committee</li> <li>• Member of Group Board Risk Management and Compliance Committee</li> </ul>
Attendance for the financial year ended 31 December 2017	11 scheduled monthly Board Meetings and 8 Special Board Meetings
Shareholdings in AFFINBANK	Please refer to page 101 of the 2017 Annual Report

**MR. TANG PENG WAH***Non-Independent Non-Executive Director*

Nationality/Age/Gender	Singaporean /64 years old /Male
Date of Appointment	22 May 2017
Academic/Professional Qualification(s)	<ul style="list-style-type: none"> <li>• Associateship and Banking Diploma, the Chartered Institute of Bankers, London</li> <li>• Master of Business Administration, University of Hull, United Kingdom</li> </ul>
Working Experience	<p><b>Present:</b></p> <ul style="list-style-type: none"> <li>• Regional Chief Executive, Southeast Asia, The Bank of East Asia, Limited (BEA)</li> </ul> <p><b>Past:</b></p> <ul style="list-style-type: none"> <li>• Various positions in the operating department in BEA, Singapore</li> <li>• Head of Treasury, BEA, Singapore</li> <li>• General Manager, BEA, New York Branch</li> <li>• President of East Asia Holding Company, Inc.</li> <li>• President and Chief Executive Officer of BEA (USA) N.A.</li> </ul>
Directorship of Other Public Companies	NIL
Membership of Board Committees in AFFINBANK	NIL
Attendance for the financial year ended 31 December 2017	7 scheduled monthly Board Meetings and 3 Special Board Meetings held since his appointment as Director
Shareholdings in AFFINBANK	Nil

\* *Mr. Tang is a nominee of BEA, a major shareholder of AFFINBANK*

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

Nationality/Age/Gender	Malaysian/64 years old /Male
Date of Appointment	17 October 2017
Academic/Professional Qualification(s)	<ul style="list-style-type: none"> <li>• Bachelor of Economics (Honours), University of Malaya</li> <li>• Senior Management Development Programme (SMDP), Harvard Business School</li> <li>• Council Member at the Malaysian Employers Federation (MEF)</li> <li>• Member of the Resources Committee of Razak School of Government (RSOG)</li> </ul>
Working Experience	<p><b>Present:</b></p> <ul style="list-style-type: none"> <li>• Director of the Institute of Corporate Directors of Malaysia (ICDM)</li> </ul> <p><b>Past:</b></p> <ul style="list-style-type: none"> <li>• Managing Director of INTRIA Berhad (currently known as UEM Builders)</li> <li>• Director of Costain Group PLC (UK)</li> <li>• Director of Rangkaian Segar Sdn Bhd</li> <li>• Director of FCW Holdings Berhad</li> <li>• Chief Human Capital Officer of Telekom Malaysia Berhad (TM)</li> <li>• Executive VP, Human Resources of RHB Bank Berhad</li> <li>• Various management positions including Internal &amp; IT Audit, Marketing Economics, Sales &amp; Distribution, Supply &amp; Planning and Human Resource (HR) in Shell Malaysia for 20 years</li> <li>• Shareholders' representative at Shell Group HQ, London overseeing Shell's business interest in Hong Kong and China</li> <li>• Senior positions across a number of industries including aviation, oil &amp; gas, construction, banking and telecommunication</li> </ul>
Award(s)	National HR Leader Award by the Ministry of Human Resources and Malaysian Institute of HR Management
Directorship of Other Public Companies	<ul style="list-style-type: none"> <li>• Director of ALKHAIR International Islamic Bank Malaysia Bhd (AKIIB)</li> <li>• Director of Merchant Trade Asia Bhd</li> <li>• Alternate Director of SOCSO</li> </ul>
Membership of Board Committees in AFFINBANK	<ul style="list-style-type: none"> <li>• Chairman of Board Nomination and Remuneration Committee</li> <li>• Member of Group Board Credit Review and Recovery Committee</li> </ul>
Attendance for the financial year ended 31 December 2017	All the 2 scheduled monthly Board Meetings and 1 Special Board Meeting held since his appointment as Director
Shareholdings in AFFINBANK	Nil

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

Nationality/Age/Gender	Malaysian/65 years old /Male
Date of Appointment	17 October 2017
Academic/Professional Qualification(s)	<ul style="list-style-type: none"> <li>• Bachelor of Economics (Business Administration), University of Malaya</li> <li>• Management Development Programme, University of Harvard, USA</li> </ul>
Past Working Experience	<ul style="list-style-type: none"> <li>• Managing Director, Malaysian Electronic Payment System Sdn Bhd (MEPS)</li> <li>• Executive Director (representing Danamodal Nasional Berhad), BSNC Bank</li> <li>• Senior Assistant Manager of Bank Inspection Department, Bank Negara Malaysia (BNM)</li> <li>• Director of IT Department, BNM</li> <li>• Director of Banking Department, BNM</li> <li>• General Manager of the Financial Services Division, Amanah Capital Partners Group</li> <li>• Group Chief Operating Officer, Amanah Capital Partners Group</li> <li>• Director of Short Deposits Malaysia Berhad</li> <li>• Director of Asia Unit Trust Berhad</li> <li>• Director of Taisho Marine &amp; Fire Insurance (M) Berhad</li> <li>• Director of Seacorp Schroeder Asset Management Berhad</li> </ul>
Directorship of Public Companies	NIL
Membership of Board Committees in AFFINBANK	<ul style="list-style-type: none"> <li>• Chairman of Group Board Risk Management and Compliance Committee</li> <li>• Chairman of Board Nomination and Remuneration Committee</li> <li>• Member of Group Board Audit Committee</li> <li>• Member of Board Oversight Transformation Committee</li> </ul>
Attendance for the financial year ended 31 December 2017	All the 2 scheduled monthly Board Meetings and 1 Special Board Meeting held since his appointment as Director
Shareholdings in AFFINBANK	Nil

**MR. IGNATIUS CHAN TZE CHING***(Non-Independent Non-Executive Director)*

Nationality/Age/Gender	Chinese National /61 years old /Male
Date of Appointment	1 December 2017
Academic/Professional Qualification(s)	<ul style="list-style-type: none"><li>• Bachelor of Business Administration, University of Hawaii, USA</li><li>• Master of Business Administration, University of Hawaii, USA</li><li>• Certified Public Accountant, American Institute of Certified Public Accountants</li></ul>
Working Experience	<p><b>Present:</b></p> <ul style="list-style-type: none"><li>• Senior Advisor at The Bank of East Asia, Limited and CVC Capital Partners</li></ul> <p><b>Past:</b></p> <ul style="list-style-type: none"><li>• Management Associate, Citibank, Hong Kong</li><li>• Country Treasurer and Head of Sales and Trading, Citibank, Hong Kong</li><li>• Head, Corporate Banking Business, Citibank, Hong Kong</li><li>• Country Officer, Citibank, Hong Kong</li><li>• Country Officer, Citibank, Taiwan</li><li>• Chief Operating Officer, Citibank, Greater China</li><li>• Head of Corporate and Investment Banking Business, Citibank, Greater China</li><li>• Deputy Chief Executive, Bank of China (Hong Kong)</li><li>• Vice President and Fellow, Hong Kong Institute of Bankers</li><li>• Member of Banking Advisory Committee of the Hong Kong Monetary Authority</li><li>• Member of HKSAR Small and Medium Size Enterprises Committee</li><li>• Council member of Hong Kong Treasury Markets Association</li><li>• Member of Hong Kong Open University Sponsorship and Development Fund Committee</li><li>• Council member of Employer's Federation of Hong Kong</li><li>• Director of Hong Kong Export Credit Insurance Corporation</li><li>• Honorary Chairman of Hong Kong Chinese Bankers Club</li><li>• Chairman of HKSAR Advisory Committee on Human Resources Development in the Financial Services Sector</li><li>• Member of HKSAR Advisory Committee on Board Market Development</li><li>• Chairman of Financial &amp; Treasury Services Committee, Hong Kong General Chamber of Commerce</li><li>• Chairman of HKSAR Travel Industry Compensation Fund Management Board</li></ul>

	<ul style="list-style-type: none"> <li>• Member of Greater Pearl River Delta Business Council (Convener of Services Industry Development &amp; Human Resources Sub-group)</li> <li>• Director of Larry Jewelry International Company Limited</li> </ul>
Directorship of Public Companies	<ul style="list-style-type: none"> <li>• Director of Hong Kong Exchanges and Clearing Limited</li> <li>• Director of Mongolian Mining Corporation (MMC)</li> <li>• Director of Rizal Commercial Banking Corporation</li> <li>• Chairman of Prasac Microfinance Institution Limited (Cambodia) (PRASAC)</li> </ul>
Other Appointments	<ul style="list-style-type: none"> <li>• Honorary Advisory Vice President, Hong Kong Institute of Bankers</li> <li>• Chairman of Hong Kong Polytechnic University Council</li> <li>• Member of The Hong Kong Community Chest Board (Chairman of Investment Sub-committee)</li> <li>• Member of Hong Kong Red Cross Council (Chairman of Audit Committee)</li> <li>• Member of Executive Committee of Investor Education Centre, Securities and Futures Commission</li> <li>• Member of Hong Kong Tourism Board</li> <li>• Member of Standing Commission on Civil Service Salaries and Conditions of Service (SCCS)</li> <li>• Member of Standing Committee on Judicial Salaries and Conditions of Service</li> </ul>
Membership of Board Committees in AFFINBANK	<ul style="list-style-type: none"> <li>• Member of Group Board Risk Management and Compliance Committee</li> </ul>
Attendance for the financial year ended 31 December 2017	1 Special Board Meeting held since his appointment as Director
Shareholdings in AFFINBANK	Nil

\* *Mr. Chan is a nominee of BEA, a major shareholder of AFFINBANK*

### **Changes of Board of Directors during the Financial Year Ended 2017**

- 1) Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired) was appointed as Chairman/Non-Independent Non-Executive Director w.e.f. 22.6.2017.
- 2) Mr Tang Peng Wah was appointed as Non-Independent Non-Executive Director w.e.f. 22.5.2017.
- 3) Dato' Mohd Hata bin Robani was appointed as Independent Non-Executive Director w.e.f. 17.10.2017.
- 4) Dato' Abdul Aziz bin Abu Bakar was appointed as Independent Non-Executive Director w.e.f. 17.10.2017.
- 5) Mr Ignatius Chan Tze Ching was appointed as Non-Independent Non-Executive Director w.e.f. 1.12.2017.
- 6) Mr Aubrey Li Kwok-Sing completed his tenure as Non-Independent Non-Executive Director w.e.f. 17.3.2017.
- 7) Jen Tan Sri Dato' Seri Ismail bin Haji Omar (Bersara) completed his tenure as Chairman / Non-Independent Non-Executive Director w.e.f. 1.4.2017.
- 8) Tan Sri Dato' Seri Mohamed Jawhar completed his tenure as Non-Independent Non-Executive Director w.e.f. 1.7.2017.

### **Roles and Responsibilities of the Board**

The key roles and responsibilities of the Board are as follows:-

- 1) Approving the Bank's risk appetite, annual business plan and other initiatives which would have material impact on the Bank's risk profile.
- 2) Overseeing the selection, performance, remuneration and succession plans of the Chief Executive Officer, 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.
- 3) Overseeing the implementation of the Bank's governance framework and internal control framework, and periodically ascertaining whether they remain appropriate in the light of material changes to the size, nature and complexity of the Bank's operations.
- 4) Promoting, together with Senior Management, a sound corporate culture within the Bank which reinforces ethical, prudent and professional behaviour.
- 5) Promoting sustainability through appropriate economic, environmental and social considerations in the Bank's business strategies.
- 6) 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.
- 7) Promoting timely and effective communication between the Bank and BNM on matters affecting, or that may affect, the safety and soundness of the Bank.
- 8) Undertaking various functions and responsibilities as specified in the policy documents and directives issued by BNM and other relevant laws from time to time.

## **Board Committees**

### **1) 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.

The attendance of members at GBCRRC meetings held in 2017 are as follows:-

<b>Name of Director</b>	<b>Number of GBCRRC Meetings Attended</b>
<b>YBhg Tan Sri Mohd Ghazali bin Mohd Yusoff</b> Chairman Independent Non-Executive Director	6/6
<b>Encik Mohd Suffian bin Haji Haron</b> Independent Non-Executive Director	14/14
<b>YBhg Laksamana Madya Tan Sri Dato’ Seri Ahmad Ramli bin Mohd Nor (Bersara)</b> Non-Independent Non-Executive Director (Representative from AFFIN Islamic Bank Berhad)	14/14
<b>YBHG. Dato’ Abdul Aziz bin Abu Bakar</b> Independent Non-Executive Director (Appointed w.e.f. 2 April 2018)	

### **2) 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 Chief Executive Officer as well as assessment of effectiveness of individual Directors, Board as a whole, Board Committees and performance of Chief Executive Officer and key Senior Management officers; and
- (ii) Develop remuneration policy for Directors, Chief Executive Officer and key Senior Management officers and ensuring that compensation is competitive and consistent with the Bank’s culture, objectives and strategies.



The BNRC is not delegated with decision making powers but reports its recommendations to the Board for decision.

The attendance of members at BNRC meetings held in 2017 are as follows:-

Name of Members	Number of BNRC Meetings Attended
<b>YBHG. Dato' Abdul Aziz bin Abu Bakar</b> Chairman Independent Non-Executive Director (Appointed w.e.f. 2 April 2018)	
<b>Encik Abd Malik bin A Rahman</b> Independent Non-Executive Director	9/9
<b>Encik Mohd Suffian bin Haji Haron</b> Non-Independent Non-Executive Director	9/9
<b>YABhg General Dato' Seri Diraja Tan Sri (Dr.) Mohd Zahidi Bin Hj Zainuddin</b> Non-Independent Non-Executive Chairman	3/3
<b>YBhg. Dato' Mohd Hata bin Robani</b> Independent Non-Executive Director (Appointed w.e.f. 2 April 2018)	

### 3) Group Board Audit Committee ("GBAC")

The GBAC comprises solely of Independent Non-Executive Directors and the Chairman of the GBAC is not the Chairman of the Board.

The Board recognises the value of an effective GBAC in ensuring the integrity in financial reporting and effective internal control framework.

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

- (i) To review the Quarterly Financial Results and Year-End Financial Statement prior to the approval by the Board.
- (ii) To recommend to the Board the appointment of External Auditors and their audit fee.
- (iii) 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.
- (iv) To meet with the External Auditors without the presence of members management at least twice a year.
- (v) To review the proposals for non-audit services rendered by the External Auditors or 3rd parties. If the External Auditors are engaged, the BAC 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.

The attendance of members at GBAC meetings held in 2017 are as follows:-

Name of Members	Number of GBAC Meetings Attended
<b>Encik Abd Malik bin A Rahman</b> Chairman Independent Non-Executive Director (Appointed w.e.f.26 January 2018)	
<b>YBhg. Dato' Mohd Hata bin Robani</b> Independent Non-Executive Director (Appointed w.e.f. 2 April 2018)	
<b>Associate Prof Dr Said Bouheraoua</b> Independent Non-Executive Director (Representative from AFFIN Islamic Bank Berhad)	12/12

#### 4) Group Board Risk Management Committee (“GBRMC”)

The GBRMC is responsible for overseeing the risk management and compliance function of the Group. The GBRMC ensures that the Management has in place risk and compliance management policies, processes, procedures and framework to adequately protect the Group against risks.

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

- (i) Set the overall tone of the Group’s risk appetite;
- (ii) Review the risk strategy, policies, processes and risk management framework;
- (iii) Review and evaluate risks inherent in all products and activities;
- (iv) Review and ensure an effective internal review by risk management and reporting system.
- (v) Review management’s periodic reports on compliance, risk exposure, risk portfolio composition, risk management activities and compliance issues.
- (vi) Ensure that the Board is fully informed and to have an adequate understanding of the risks and the framework.

The attendance of members at GBRMC meetings held in 2017 are as follows:-

Name of Director	Number of GBRMC Meetings Attended
<b>YBhg. Dato' Mohd Hata bin Robani</b> Chairman Independent Non-Executive Director (Appointed w.e.f. 2 April 2018)	
<b>Encik Abd Malik bin A Rahman</b> Independent Non-Executive Director	7/7
<b>YBhg Tan Sri Mohd Ghazali bin Mohd Yusoff</b> Independent Non-Executive Director	7/7
<b>Mr. Ignatius Chan Tze Ching</b> Non-Independent Non-Executive Director (Appointed w.e.f. 2 April 2018)	
<b>YBhg Laksamana Madya Tan Sri Dato' Seri Ahmad Ramli bin Mohd Nor (Bersara)</b> Non-Independent Non-Executive Director (Representative from Affin Islamic Bank Berhad) (Appointed w.e.f. 2 April 2018)	
<b>YBhg Dato' Bakarudin bin Ishak</b> Independent Non-Executive Director (Representative from Affin Islamic Bank Berhad) (Appointed w.e.f. 2 April 2018)	

#### 5) Board Oversight Transformation Committee ("BOTC")

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

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

The delegation of authority to the BOTC is intended to be sufficiently broad so that the issues which remain with the Board or which would be referred by Management Committee to the Board would generally be as follows:-

- (i) High level strategic, budgetary and stewardship policy issues or matters of significant risk to the Group;
- (ii) Any matter involving alteration(s) to the mandate, terms of reference, membership or structure of the BOTC;
- (iii) Matters which the BOTC considers to be of major strategic significance with long term impact on the Group;
- (iv) Matters which, in the opinion of the Chairman of BOTC, have seen a strong division of opinion within the BOTC; and
- (v) Issues in which there is lack of clarity as to the responsibility and authority of the BOTC.

The attendance of members at BOTC meetings held in 2017 are as follows:-

<b>Name of Director</b>	<b>Number of BOTC Meetings Attended</b>
<b>Encik Abd Malik bin A Rahman</b> Chairman Independent Non-Executive Director	6/6
<b>Encik Mohd Suffian bin Haji Haron</b> Non-Independent Non-Executive Director	6/6
<b>YBhg. Dato' Mohd Hata bin Robani</b> Independent Non-Executive Director (Appointed w.e.f. 2 April 2018)	
<b>YBhg Dato' Bakarudin bin Ishak</b> Independent Non-Executive Director (Representative from Affin Islamic Bank Berhad) (Appointed w.e.f. 2 April 2018)	

**Training and Education attended by the Board During the Financial Year Ended 31 December 2017**

<b>GEN. DATO' SERI DIRAJA TAN SRI (DR.) MOHD ZAHIDI BIN HAJI ZAINUDDIN (RETIRED)</b>		
<b>Trainer/Organizer</b>	<b>Course Title</b>	<b>Date</b>
MIINDA/ICLIF	Breakfast Talk on CG Watch 2016 Entitled "Ecosystems Matter"	7 March 2017
Aram Global Sdn Bhd	The New Companies Act 2017 "Raising the Bar For Directors"	29 March 2017
Aram Global Sdn Bhd	Latest Updates on Directors' Remuneration in Compliance with the Companies Act and the Upcoming Amendment to the Listing Requirements 2017.	6 June 2017
Aram Global Sdn Bhd	A Seminar on Implementing A Risk Management & Internal Control Framework Based on The Malaysian Code Of Corporate Governance 2017	26 July 2017
Affin Holdings Berhad	International Forum on Asia Pacific Retailers Convention & Exhibition 2017 (APRCE)	25 August 2017
Affin Holdings Berhad	Code of Corporate Governance and the Companies Act 2016	14 September 2017
PricewaterhouseCoopers	Building a Cyber Resilient Organization & Strategic Impact of MFRS 9	28 November 2017
Affin Bank Berhad	Risk Governance Framework for Islamic Banks	12 December 2017

<b>ENCIK MOHD SUFFIAN HAJI HARON</b>		
<b>Trainer/Organizer</b>	<b>Course Title</b>	<b>Date</b>
MINDA/ICLIF	Breakfast Talk on CG Watch 2016 Entitled "Ecosystems Matter"	7 March 2017
Bursa Malaysia	Sustainability Engagement Series for Directors / Chief Executive Officers	13 March 2017
Bank Negara Malaysia	Compliance Conference 2017	28 May 2017
Bank Negara Malaysia	FIDE forum on Fintec: Opportunities for the Financial Services Industry in Malaysia	12 July 2017
Securities Commission	Boards in the Digital Economy	17 July 2017
FIDE	Cryptocurrency and Blockchain Technology	10 August 2017
Affin Holdings Berhad	Code of Corporate Governance & The Companies Act 2016	14 September 2017
Kuala Lumpur Islamic Finance Forum	14th Kuala Lumpur Islamic Finance Forum 2017 "Real Finance For Real Economy"	3 – 5 October 2017
Affin Hwang Capital	Conference Series 2017: "Opportunities Amidst Geopolitical Shift"	5 October 2017
Bursa Malaysia/MINDA	CG Breakfast Series with Directors: " Integrating an Innovation Mindset with Effective Governance"	7 October 2017
PricewaterhouseCoopers	Building a Cyber Resilient Organization & Strategic Impact of MFRS 9	28 November 2017
Affin Bank Berhad	AMLATFPUAA: Risk, Challenges & Vulnerabilities towards Regulatory Compliance	29 November 2017
IBFIM	Risk Governance Framework for Islamic Banks	12 December 2017

<b>TAN SRI MOHD GHAZALI BIN MOHD YUSOFF</b>		
<b>Trainer/Organizer</b>	<b>Course Title</b>	<b>Date</b>
MINDA/ICLIF	Breakfast Talk on CG Watch 2016 Entitled "Ecosystems Matter"	7 March 2017
ICLIF	Mandatory Accreditation Programme (MAP)	6 – 7 April 2017
Bank Negara Malaysia	BNM Value - Compliance Conference 2017	18 May 2017
Affin Holdings Berhad	Code of Corporate Governance & The Companies Act 2016	14 September 2017
Affin Hwang Capital	Conference Series 2017: "Opportunities Amidst Geopolitical Shift"	5 October 2017
FIDE	2 <sup>nd</sup> Securities Commission – FIDE Forum Dialogue – Leveraging Technology For Growth	14 November 2017
PricewaterhouseCoopers	Building a Cyber Resilient Organization & Strategic Impact of MFRS 9	28 November 2017
FIDE	2nd Securities Commission - Leveraging Technology for Growth	29 November 2017
Affin Bank Berhad	Risk Governance Framework for Islamic Banks	12 December 2017

<b>ENCIK ABD MALIK BIN A RAHMAN</b>		
<b>Trainer/Organizer</b>	<b>Course Title</b>	<b>Date</b>
Bursa Malaysia	Forum for Directors/CEO's : The Velocity of Global Change & Sustainability – The New Business Model	10 January 2017
Aram Global Sdn Bhd	The New Companies Act 2016 "Raising the Bar For Directors"	29 March 2017
Bursatra Sdn Bhd	What Directors Need To Know on Reporting & Disclosure Obligations to Prevent Public Reprimand & Fines by the Regulators	20 April 2017
FIDE	Efficient Inefficiency: Making Boards Effective in a Changing World	4 May 2017
Bank Negara Malaysia	Compliance Conference 2017	18 May 2017
Affin Hwang Capital	Companies Act 2016: Key Changes and Implications to Board	17 July 2017
Affin Hwang Capital	AMLATFPUAA 2001: Risk, Challenges & Vulnerabilities Towards Risk Based Approach & Partners	6 September 2017
Affin Holdings Berhad	Code of Corporate Governance and Companies Act 2016	14 September 2017
Affin Hwang Capital	Conference Series 2017 - Opportunities Amidst Geopolitical Shifts	5 October 2017
Bursa Malaysia	CG Breakfast Series for Directors: Leading in a Volatile, Uncertain, Complex, Ambiguous (VUCA) World	13 October 2017

<b>MR. TANG PENG WAH</b>		
<b>Trainer/Organizer</b>	<b>Course Title</b>	<b>Date</b>
BEA-Risk Management Dept	Enterprise Risk Management	17 February 2017
Thomson Reuters	BEA IT Securities Awareness	8 April 2017
Thomson Reuters	Preventing Financial Crime (Global)	8 April 2017
BEA-Risk Management Dept	KPMG Powerpoint Presentation for IFRS 9	19 April 2017
Thomson Reuters	Market Conduct (Global)	29 May 2017
Thomson Reuters	Personal Data Protection Act (Singapore)	15 July 2017
Thomson Reuters	Anti Bribery and Anti Corruption (AP)	15 July 2017
Thomson Reuters	Information Security and Cyber Risk Awareness	15 July 2017
Thomson Reuters	Fraud Prevention (Global 2016)	16 July 2017
Thomson Reuters	FATCA Essentials FY 16-17	19 July 2017
Angelia Sam and Lini Widjaja	Oversight/Errors in Credit Proposal to avoid	25 July 2017
ICLIF	Current Issues in Corporate Governance	14 – 15 August 2017
Bank of America Merrill Lynch	Financial Institution Forum Singapore 2017	17 August 2017
Yong Soon Kiat Alvin	"Manage Self" Post-Workshop Sharing	25 August 2017

<b>DATO' ABDUL AZIZ BIN ABU BAKAR</b>		
<b>Trainer/Organizer</b>	<b>Course Title</b>	<b>Date</b>
PricewaterhouseCoopers	Building a Cyber Resilient Organization & Strategic Impact of MFRS 9	28 November 2017
FIDE Forum	2nd Securities Commission – Leveraging Technology for Growth	29 November 2017
Affin Bank Berhad	Risk Governance Framework for Islamic Banks	12 December 2017

<b>DATO' MOHD HATA BIN ROBANI</b>		
<b>Trainer/Organizer</b>	<b>Course Title</b>	<b>Date</b>
Malaysian Institute of Corporate Governance (MICG)	Drafting the Statement On Corporate Governance on Risk and Internal Control – Critical Success Factors & Pitfalls to Avoid	14 March 2017
Bursatra	Highlights of the Companies Act 2016 – Changes and Implications	28 March 2017
Aram Global Sdn Bhd	The New Companies Act 2016 “Raising the Bar For Directors”	29 March 2017
ICLIF	Mandatory Accreditation Programme (MAP)	6 – 7 April 2017
MICG	Assessment of the Board, Board Committees and Individual Directors – Taking Stock of Performance	11 April 2017
Bursatra Sdn Bhd	Changing Expectations of Board Committees - What a Director Must Know	12 April 2017
Aram Global Sdn Bhd	National Seminar on Malaysian Code on Corporate Governance (New) – “An Overview”	19 April 2017
FIDE	Efficient Inefficiency: Making Boards Effective in a Changing World	4 May 2017
Aram Global Sdn Bhd	Latest Updates on Directors’ Remuneration in Compliance with the Companies Act and the Upcoming Amendments to the Listing Requirements 2017	6 June 2017
Securities Industry Development Corporation (SIDC)	Board in the Digital Economy	17 July 2017
Bursatra Sdn Bhd	Raising the Bar in Board Performance & Effectiveness	18 September 2017
Affin Bank Berhad	Half Day Session on AML/CFT	29 November 2017
Affin Bank Berhad	Risk Governance Framework for Islamic Banks	12 December 2017

<b>MR. IGNATIUS CHAN TZE CHING</b>		
<b>Trainer/Organizer</b>	<b>Course Title</b>	<b>Date</b>
The Bank of East Asia, Limited	Economic & Market Outlook 2017	9 January 2017
The Government of the HKSAR and Hong Kong Trade Development Council	Asian Financial Forum	16-17 January 2017
PricewaterhouseCoopers Limited	Non-Executive Director Programme: Global Development of Climate Risk Disclosure by Ms Paula DiPerna	21 March 2017
Erste Group Bank AG in Vienna	Financial Institutions Day 2017 “Excellence”	4 May 2017
The Hong Kong Polytechnic University	Open Forum on the University’s 2018/19 to 2023/24 Strategic Plan	6 June 2017
Hong Kong Exchanges and Clearing Limited	HKEX 4th Annual RMB Fixed Income & Currency Conference 2017	6 June 2017
PricewaterhouseCoopers China Holding Limited	Non-Executive Director Programme: Are Independent Non-Executive Directors in Hong Kong Performing Their Roles Effectively?	12 June 2017
The Hong Kong Polytechnic University	2nd Open Forum on the University’s 2018/19 to 2023/24 Strategic Plan	28 July 2017
JA Asia Pacific, J.P. Morgan and Asia Society Hong Kong Centre	One Step Ahead Series Luncheon Forum: Advancing Opportunity for Hong Kong’s Youth: Pathways to Economic Growth and Inclusion	6 September 2017
Hong Kong Trade Development Council and Chinese People’s Political Consultative Conference Shanghai Committee (CPPCC)	High Level Roundtable Meeting with the Chinese People’s Political Consultative Conference (CPPCC) Shanghai Committee on Belt and Road Cooperation	6 September 2017
AFFIN Holdings Berhad	Building a Cyber Resilient Organization & Strategic Impact of MFRS 9	28 November 2017
Asia Pacific Institute for Strategy	Innovation and Leadership in Finance	28 November 2017
KPMG Hong Kong	The KPMG Independent Non-Executive Directors Forum	5 December 2017
Hong Kong Economic Journal and Metro Finance Radio	Hong Kong Economic Summit	8 December 2017

#### **INTERNAL CONTROL FRAMEWORK**

The Internal Control Framework is set out in the Statement on Risk Management and Internal Control in the 2017 Annual Report.



## **REMUNERATION FOR DIRECTORS, SENIOR MANAGEMENT AND OTHER MATERIAL RISK TAKERS**

The BNRC recommends specific remuneration packages for 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:-

Directors' Fees	The Directors are entitled to annual Directors' fees.
Board Committees Allowances	Directors who sit on Board Committees are entitled to receive Board Committee allowances.
Meeting Allowances	Directors are also entitled to Meeting allowances when they attend any Board/Board Committee meetings.

The Directors' fees and benefit-in-kind payable to Directors are subject to shareholders' approval at the AGM.

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 organization in a similar industry, size and location. This report shall be tabled to the BNRC and the Board for deliberation.

During deliberations pertaining to the individual Directors' remuneration, the interested parties should excuse themselves from both the deliberations and voting.

The Board reviews the Remuneration Policy of Directors and Senior Management annually 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 aggregate amount of remuneration for the Directors and Chief Executive Officer of the Bank for the FYE2017 was as follows:

	Salaries	Bonuses	Directors' Fees	Other Emoluments	Benefits- in-kind	Total
2017	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Managing Director/Chief Executive Officer</b>						
Kamarul Ariffin Bin Mohd Jamil	1,410	1,450	-	*528	69	3,457
Total	1,410	1,450	-	528	69	3,457
<b>Non-Executive Directors</b>						
Gen Dato' Seri Diraja Tan Sri (Dr.) Mohd Zahidi Bin Haji Zainuddin (Retired)	-	-	137	-	8	145
En. Mohd Suffian Bin Haji Haron	-	-	367	-	-	367
Tan Sri Mohd Ghazali bin Mohd Yusoff	-	-	366	-	-	366
En. Abd Malik Bin A Rahman	-	-	310	-	-	310
Mr Tang Peng Wah	-	-	115	-	-	115
Dato' Mohd Hata bin Robani	-	-	39	-	-	39
Dato' Abdul Aziz bin Abu Bakar	-	-	38	-	-	38
Ignatius Chan Tze Ching	-	-	13	-	-	13
Jen Tan Sri Dato' Seri Ismail Bin Haji Omar (Bersara) (completed his tenure of Directorship on 1 April 2017)	-	-	75	204	12	291
Mr Aubrey Li Kwok-Sing (completed his tenure of Directorship on 17 March 2017)	-	-	35	150	-	185
Tan Sri Dato' Seri Mohamed Jawhar (completed his tenure of Directorship on 1 July 2017)	-	-	185	90	-	275
Total	-	-	1,680	444	20	2,144
Grand total	1,410	1,450	1,680	972	89	5,601

\* Include allowances and EPF

### **Senior Management and Other Material Risk Takers (“MRT”)**

The Bank’s Remuneration Policy considers the role of each staff. The objective of the Remuneration Policy is to ensure that the remuneration system in the Bank:-

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

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

- (i) Support for Strategic Objectives: Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Bank’s vision and strategy.
- (ii) Transparency: The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.
- (iii) Internal Equity: The Bank shall remunerate all staff fairly in terms of their roles within the organization.
- (iv) Market-Related Remuneration: The Bank shall measure its remuneration practices against both the local and national market through the use of remuneration surveys and through benchmarking with other similar institutions.
- (v) Flexibility: Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of individuals and those of the institution whilst complying with relevant tax and other legislation.
- (vi) Performance-Driven Remuneration: The Bank shall entrench a culture of performance driven remuneration through the implementation of the Performance Management System.
- (vii) Affordability and Sustainability: The Bank shall ensure that remuneration is affordable on a sustainable basis.

The Remuneration Policy and practices will evolve over time, reflecting Bank’s priorities but will always adhere to the BNM CG and at the same time promoting sound and effective risk management.

The Bank ensures that overall remuneration system for the Bank (as per the BNM CG) shall:-

- (i) be subject to Board’s active oversight to ensure that the system operates as intended;
- (ii) be in line with the business and risk strategies, corporate values and long-term interests of the Bank;
- (iii) promote prudent risk-taking behavior and encourage individuals to act in the interests of the Bank as a whole, taking into account the interests of its customers; and be designed and implemented with input from the control functions and the Group Board Risk Management and Compliance Committee to ensure that risk exposures and risk outcomes are adequately considered.

As stipulated under the BNM CG, OMRT refers to an officer who is not a member of senior management of a financial institution and who:-

- (i) can materially commit or control significant amounts of the financial institution's resources or whose actions are likely to have a significant impact on its risk profile; or
- (ii) is among the most highly remunerated officers in the financial institution;

The identified staff that falls under the OMRT are as follows:-

Qualifying Criteria	Review	Identified Staff
Members of Committees whose decisions have a significant material impact on the Bank's Business	Annually reviewed by the BNRC and subsequently by the Board of Directors for approval	Officers who are members of: <ul style="list-style-type: none"> <li>➤ Management Committee of Affin Bank Berhad and Affin Islamic Bank Berhad</li> <li>➤ Group Management Loan Committee</li> <li>➤ Planning &amp; Technology Steering Committee</li> <li>➤ Assets And Liability Committee</li> </ul>
Staff who are involved in business lines or other activities which have a material risk impact on the Bank.	Annually reviewed by MD/CEO.	<ul style="list-style-type: none"> <li>➤ All Direct Reports of Division Heads</li> <li>➤ All Treasury Dealers</li> <li>➤ All Credit Appraisers</li> </ul>
Remuneration structure which creates incentives for material impact	The list of identified Other Material Risk Takers are then tabled to the BNRC for review, and subsequently for Board of Directors approval	<ul style="list-style-type: none"> <li>➤ Those who earn high incentives</li> <li>➤ Those with a high fixed-to-variable remuneration ratio.</li> </ul>

The listing of the positions for the Senior Management and OMRT shall be reviewed annually to be in accordance with the BNM CG requirement.

The remuneration of Senior Management and Other Material Risk Taker (OMRT) must be approved by the Board and the Bank will maintain and regularly review the list of officers who fall within the definition of Senior Management and OMRT.

The total value of remuneration awards for the financial year 2017 as per the below table:

**AFFIN BANK BERHAD**

<b>Total value of remuneration awards for the financial year</b>	<b>Unrestricted</b>	<b>Deferred</b>
Fixed remuneration		
• Cash-based	11,586,440.62	
• Shares and share-linked instruments	-	
• Other (Benefits-In-Kind)	338,610.38	
Variable remuneration		
• Cash-based	4,981,690.00	1,597,500.00
• Shares and share-linked instruments		
• Other(Benefits-In-Kind)		