

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5185
COMPANY NAME : AFFIN BANK BERHAD
FINANCIAL YEAR : 31 DECEMBER 2018

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.

Application	:	Applied
Explanation on application of the practice	:	<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) Ensuring regulatory compliance within the Bank
- (v) Promoting, together with Senior Management, a sound corporate culture within the Bank which reinforces ethical, prudent and professional behaviour.
- (vi) Promoting sustainability through appropriate environmental, social and governance considerations in the Bank's business strategies.
- (vii) Overseeing and approving the recovery and resolution as well as business continuity plans of the Bank to restore its financial strength and maintain or preserve critical operations and critical services when it comes under stress.
- (viii) Promoting timely and effective communication between the Bank and BNM on matters affecting, or that may affect, the safety and soundness of the Bank.
- (ix) Undertaking various functions and responsibilities as specified in the policy documents and directives issued by BNM and other relevant laws from time to time.
- (x) Ensuring the establishment and implementation of group-wide policies and procedures to ensure Group's compliance with the regulatory requirements.

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

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.

Application	:	Applied
Explanation on application of the practice	:	<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">(i) The smooth functioning of the Board, the governance structure and inculcating positive culture in the Board.(ii) Guidelines and procedures are in place to govern the Board's operation and conduct.(iii) All relevant issues are on agenda for Board meetings and all Directors are able to participate fully in the Board's activities.(iv) Board debates strategic and critical issues.(v) Board receives the necessary information on a timely basis from the Management.(vi) Provides avenues for all Directors to participate openly in the discussion.(vii) Provides leadership to the Board and responsible for the developmental needs of the Board. <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 10 of the 2018 Annual Report.</p>

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

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.

Application	:	Applied
Explanation on application of the practice	:	<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, while Encik Kamarul Ariffin bin Mohd Jamil, the Group CEO focuses on the business and day-to-day management of the Bank.</p> <p>Encik Kamarul Ariffin bin Mohd Jamil has been the CEO since 1 April 2015 and he is not a Board member (non-board position).</p> <p>The key role of CEO includes the following:</p> <ul style="list-style-type: none"> (i) Developing the strategic direction of the Bank. (ii) Ensuring that the Bank's strategies and corporate policies are effectively implemented. (iii) Ensuring that Board's decisions are implemented and Board's directions are responded to. (iv) Providing directions in the implementation of short and long-term business plans. (v) Providing strong leadership that effectively communicates sound and viable vision, management philosophy and business strategy to the employees. (vi) Keeping the Board fully informed of all important aspects of the Bank's operations and ensuring sufficient information is distributed to Board members. (vii) Ensure the day-to-day business affairs of the Bank are effectively managed.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	: Applied.
Explanation on application of the practice	<p>The Board is supported by a suitably qualified and competent Company Secretary in discharging their 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 and Secretarial.</p> <p>She attained her Professional Postgraduate Diploma in Governance, Risk and Compliance from the International Compliance Association (ICA), UK in 2017. She is a Fellow Member of the ICA. She holds Certificate of Mediation and Advanced Mediation by The Accord Group, Australia, 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 which she is the appointed Secretary and is responsible for supporting the effective functioning of the Board. In discharging this role, the Company Secretary provides counsel to the Board on governance matters and facilitates the communication of key decisions and policies between the Board, Board Committees and Management. The Board is also regularly updated and kept informed of the latest developments in the legislation and regulatory framework affecting the Group and is advised on the proposed contents and timing of material announcements to be made to regulatory authorities.</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 and endorsed by the BNRC.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

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.

Application	: Applied.
Explanation on application of the practice	<p>Board meetings for the ensuing financial year are scheduled in advance before the year end in order for the Directors to be able to plan ahead and ensure full attendance at Board meetings.</p> <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.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	: Applied.
Explanation on application of the practice	<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">(i) Approval of financial results.(ii) Declaration of dividends.(iii) Risk appetite setting.(iv) Annual budget and business plan.(v) Appointment of key responsible persons(vi) Mergers and Acquisitions.(vii) Policy Manual.(viii) Connected Parties Transactions.(ix) Strategic Directions. <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 Main Market Listing Requirements by Bursa Malaysia Securities Berhad (MMLR), Bank Negara Malaysia's Policy Document on Corporate Governance (BNM CG), Malaysian Code of Corporate Governance issued by Securities Commission (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 www.affinbank.com.my.</p>

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

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.

Application	:	Applied.
Explanation on application of the practice	:	<p>The Bank has put in place a Code of Ethics and Code of Conduct.</p> <p>The Bank adopts the Code of Ethics for the Financial Services Industry developed by Financial Services Professional Board as the standard of conduct expected of its Directors and employees.</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. The Bank prescribes certain values and principles namely Affin 1st, Resourceful, Synergistic, Risk Culture, Ethical and Customer Focus (AFFIN DNA) 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>Explanation for departure :</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>Measure :</p>		
<p>Timeframe :</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.

Application	:	Applied.
Explanation on application of the practice	:	<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"> (i) Safeguard the Bank's reputation by minimising unfavorable surprise events. (ii) Encourage Whistleblower to divulge pertinent and information on improper activity occurring within the Bank and subsequently to curtail possible detrimental impact. (iii) Exhibit better corporate governance on managing whistleblowing issue, which is to be managed in a transparent manner by creating awareness on the protection, confidentiality and enforceability. <p>Complaints being channelled through the available avenues stated in the said Policy are addressed and dealt with in strictest confidence 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 www.affinbank.com.my.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

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.

Application	:	Applied.
Explanation on application of the practice	:	<p>The Board as at 29 March 2019 comprises nine (9) Directors, four (4) of whom are NINEDs and the remaining five (5) are Independent Non-Executive Directors (INEDs), following the appointment of Dato' Rozalila Binti Abdul Rahman as INED with effect from 4 February 2019. The presence of a majority of INED provides effective check and balance in functioning of the Board to safeguard the interest of the Bank and stakeholders.</p> <p>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>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

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

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.

Application	:	Applied.
Explanation on adoption of the practice	:	<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 five (5) 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.

Application	:	Applied.
Explanation on application of the practice	:	<p>The Bank promotes diversity in Board as it recognises values and the unique contribution from Directors with diversified individual background, skills, experiences, perspectives and nationality.</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 & 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>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

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.

Application	:	Departure.
Explanation on application of the practice	:	
Explanation for departure	:	<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 one (1) female Director following the appointment of Dato' Rozalila Binti Abdul Rahman as INED with effect from 4 February 2019. The Board/BNRC is searching for suitable additional 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>		
Measure	:	The Board/BNRC will endeavour to identify suitable women candidates for appointment as Director.
Timeframe	:	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.

Application	:	Applied.	
Explanation on application of the practice	:	<p>In identifying candidates for appointment of Directors, the BNRC has the right to utilize independent sources at the cost of the Bank 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"> • Director's registry (e.g. Institute of Corporate Directors Malaysia and NAM Institute for the Empowerment of Women) • Industry and professional associations; or • Independent search firm 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied.
Explanation on application of the practice	:	<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"> (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 (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. <p>Datuk Abdul Aziz's profile can be found on page 14 of the 2018 Annual Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied.
Explanation on application of the practice	:	<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">• is not and has not been an executive of the Bank in the last 2 years.• is not a substantial shareholder of the Bank or any of its affiliates.• does not have significant business or contractual relationship with the Bank or any of its affiliates within the last 2 years.• is not an Executive Director of the Bank or any related corporations of the Bank.• is not a family member of any Executive Director, officer or major shareholder of the Bank.

	<ul style="list-style-type: none"> • is not acting as a nominee or representative of any Executive Director or major shareholder of the Bank. • 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. • 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. <p>The Board will be engaging an external consultant on periodical basis to conduct the evaluations of the Board and Board Committees.</p>
Explanation for departure :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

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.

Application :	Applied.							
Explanation on application of the practice :	<p data-bbox="523 853 639 887"><u>Directors</u></p> <p data-bbox="523 925 1386 1133">The BNRC recommends specific remuneration packages for non-executive Directors, and is structured such that it is competitive and consistent with the Bank's culture, objectives and strategies as well as ensuring that it commensurate 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="523 1171 1386 1245">The remuneration package for the Directors of the Bank comprise the following in accordance with the Remuneration Policy of Directors:-</p> <table border="1" data-bbox="528 1279 1370 1536"> <tr> <td data-bbox="528 1279 799 1352">Directors' Fees</td> <td data-bbox="799 1279 1370 1352">The Directors are entitled to annual Directors' fees.</td> </tr> <tr> <td data-bbox="528 1352 799 1426">Board Committees Fees</td> <td data-bbox="799 1352 1370 1426">Directors who sit on Board Committees are entitled to receive Board Committee fees.</td> </tr> <tr> <td data-bbox="528 1426 799 1536">Meeting Allowances</td> <td data-bbox="799 1426 1370 1536">Directors are also entitled to Meeting allowances when they attend any Board/Board Committee meetings.</td> </tr> </table> <p data-bbox="523 1574 1386 1648">The Directors' fees and benefits-in-kind payable to Directors are subject to shareholders' approval at the Annual General Meeting.</p> <p data-bbox="523 1686 1386 1895">In determining the level of remuneration for Directors, the Board may commission a survey of the remuneration levels of Directors, to be carried out either by external consultants or Senior Management. The survey should cover the remuneration levels of Directors of an organisation in a similar industry, size and location. The report shall be tabled to the BNRC and the Board for deliberation.</p>		Directors' Fees	The Directors are entitled to annual Directors' fees.	Board Committees Fees	Directors who sit on Board Committees are entitled to receive Board Committee fees.	Meeting Allowances	Directors are also entitled to Meeting allowances when they attend any Board/Board Committee meetings.
Directors' Fees	The Directors are entitled to annual Directors' fees.							
Board Committees Fees	Directors who sit on Board Committees are entitled to receive Board Committee fees.							
Meeting Allowances	Directors are also entitled to Meeting allowances when they attend any Board/Board Committee meetings.							

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

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

The details of the Directors' remuneration are set out in Note 38 to the Financial Statements of the 2018 Annual Report.

Senior Management

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

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

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

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

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

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

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

Explanation : for departure		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :	The Remuneration Policy will be further enhanced to be compliant with the provisions of BNM CG by the stipulated deadline of 3 August 2019.	
Timeframe :	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.

Application	:	Applied.
Explanation on application of the practice	:	<p>BNRC is chaired by an Independent Non-Executive Director, with the objective of providing a formal and transparent procedure in respect of the following:</p> <ul style="list-style-type: none"> (i) The selection and appointment of all new Directors and CEO as well as assessment of effectiveness of individual Directors, Board as a whole, Board Committees and performance of CEO and key Senior Management officers; and (ii) Develop remuneration policy for Directors, CEO and key Senior Management officers and ensuring that compensation is competitive and consistent with the Bank's culture, objectives and strategies. (iii) 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>The main activities of the BNRC in 2018 included the following:</p> <ul style="list-style-type: none"> • Assessment of fitness and propriety of Directors for re-appointment. • Assessment of fitness and propriety of new candidates for proposed appointment as new Directors. • Review the remuneration of Directors and Senior Management. • Recommendation to the Board on promotion and appointment of key responsible persons.
Explanation for departure	:	

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

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.

Application	:	Applied.	
Explanation on application of the practice	:	The details of the Directors' remuneration (including benefits-in-kind) of each Director during the financial year 2018 are disclosed on Note 38 to the Financial Statements of the 2018 Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Departure.
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board is of the opinion that such disclosure would be disadvantageous to the Bank's business interest, given the highly competitive conditions in the banking industry where poaching of executives is common.</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 2018 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>		
Measure	:	The Board will monitor developments in the market in respect of such disclosure for future consideration.
Timeframe	:	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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<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 13 of the 2018 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 138 to 141 of the 2018 Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied.	
Explanation on application of the practice	:	<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>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied.
Explanation on application of the practice	:	<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>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

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.

Application	:	Adopted
Explanation on adoption of the practice	:	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.

Application :	Applied.
Explanation on application of the practice :	<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 138 to 148 of the 2018 Annual Report.</p> <p>The GBAC comprises solely of Independent Non-Executive Directors as stipulated on page 138 of the 2018 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 2018, 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:-

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

DATO' MOHD HATA BIN ROBANI		
Trainer/Organizer	Course Title	Date
ICLIF	FIDE Core Programme – Bank	Module A (5 – 8 Feb 2018) Module B (16 – 19 July 2018)
Affin Bank Berhad	Board Induction Session	23 Mar 2018
Affin Bank Berhad	Risk, Challenges & Vulnerabilities Towards Regulatory Compliance	9 Nov 2018

	<table border="1"> <thead> <tr> <th colspan="3" data-bbox="549 264 1390 293">ASSOC PROF DR. SAID BOUHERAOUA</th> </tr> <tr> <th data-bbox="549 293 804 322">Trainer/Organizer</th> <th data-bbox="804 293 1198 322">Course Title</th> <th data-bbox="1198 293 1390 322">Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="549 322 804 351">Affin Bank Berhad</td> <td data-bbox="804 322 1198 351">Board Induction Session</td> <td data-bbox="1198 322 1390 351">23 Mar 2018</td> </tr> <tr> <td data-bbox="549 351 804 443">MICG</td> <td data-bbox="804 351 1198 443">Official Launching of the Pathway to a Governance Practitioner Programme</td> <td data-bbox="1198 351 1390 443">26 July 2018</td> </tr> <tr> <td data-bbox="549 443 804 506">Affin Bank Berhad</td> <td data-bbox="804 443 1198 506">Risk, Challenges & Vulnerabilities Towards Regulatory Compliance</td> <td data-bbox="1198 443 1390 506">9 Nov 2018</td> </tr> </tbody> </table>		ASSOC PROF DR. SAID BOUHERAOUA			Trainer/Organizer	Course Title	Date	Affin Bank Berhad	Board Induction Session	23 Mar 2018	MICG	Official Launching of the Pathway to a Governance Practitioner Programme	26 July 2018	Affin Bank Berhad	Risk, Challenges & Vulnerabilities Towards Regulatory Compliance	9 Nov 2018
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Explanation for departure :																	
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Measure :																	
Timeframe :																	

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.

Application	:	Applied.
Explanation on application of the practice	:	<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 include, inter alia financial, operational and compliance controls as well as risk management. The Board extended the responsibilities of the Group Board Audit Committee (GBAC) and Group Board Risk Management & Compliance Committee (GBRMCC) 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, GBRMCC and Shariah Committee reviews the effectiveness of the Risk Management and Internal Control Frameworks as well as Shariah Governance Framework to ensure that they are operating effectively in all material aspects during the financial year under review.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

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.

Application	: Applied.
Explanation on application of the practice	: 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"> a. Governance <ul style="list-style-type: none"> • 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. • GRMF is governed by a strong oversight function comprising the Board, Board and Management Committees. • 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. b. Risk Appetite & Strategic Goals <ul style="list-style-type: none"> • 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. • It sets out the level of risk tolerance and limits to govern, manage and control the Affin Bank Group's risk taking activities. • The strategic objectives, business plans, desired risk profile and capital plans are aligned to the risk appetite. • The processes for assessing, setting, controlling, monitoring and reporting risk appetite are outlined in the Risk Appetite Framework.

	<p>c. Risk Limits and Controls</p> <ul style="list-style-type: none"> • Risk Limits and Controls are mitigation measures. • Establishment of risk control parameters by risk type is based on the approved risk appetite and set in accordance with regulatory limits, internal prudential thresholds and management action triggers. <p>d. Risk Management Process</p> <ul style="list-style-type: none"> • 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. <p>e. Risk Culture & Awareness</p> <ul style="list-style-type: none"> • The effective implementation of the framework is further grounded on a robust and healthy risk culture and awareness. • The inculcation of risk culture and awareness is driven with a strong tone from the top. <p>For further information, please refer to Statement of Risk Management and Internal Control from pages 124 to 128 of the 2018 Annual Report.</p>
<p>Explanation for departure :</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>Measure :</p>	
<p>Timeframe :</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.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board has established a GBRMCC 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 GBRMCC 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 GBRMCC 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.

Application	:	Applied.
Explanation on application of the practice	:	<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">a. Reviewed and approved the GIA Annual Plan (proposed by GCIA) and Training Budget for Year 2018 in ensuring that adequate scope and comprehensive coverage on the audit activities and critical risk areas are adequately identified and covered;b. Performed fit and proper assessment of the GCIA, to ensure that she satisfies the fitness and propriety criteria set out in the Group Policy on Fit and Proper for Key Responsible Persons on a continuous basis. In addition, GBAC also reviewed GIA staff performance and competency.c. Reviewed and evaluated the adequacy of resources and the competencies of staff within the GIA to execute the plan as well as the audit programmes used in the execution of GIA's job to ensure satisfactory performance of GIA;

	<p>d. Reviewed the internal control issues identified by GIA, External and Regulatory Auditors as well as Management responses to audit recommendations and implementation of agreed action plans with particular attention on the following:</p> <ul style="list-style-type: none"> • Control environment (integrity, ethical values and competency of the personnel); • Control activities (policies and procedures), • Risk assessment (identified and assessed relevant risks and its preventive measure); and • Monitor the status of corrective actions taken by Management to rectify any deficiencies identified by GIA as well as ensuring that all issues are adequately resolved on a timely basis; <p>e. Reviewed the summary of internal audit findings by significant operating entities to ensure their significant audit findings especially on the investigations, fraud and non-compliances with regulatory and statutory requirements were promptly resolved;</p> <p>f. Reviewed the status report of GIA activities for the Financial Year Ended 31 December 2018 to ensure all the planned activities were satisfactorily carried out;</p> <p>g. Reviewed quarterly status update on issues highlighted in the Regulators and External Auditors' Audit Reports compiled by the GIA based on submissions by the significant operating entities to ensure that significant issues were addressed and resolved on a timely basis; and</p> <p>h. Reviewed the Group Board Audit Committee Terms of Reference and GIA Manual.</p> <p>For further information, please refer to the Statement on Risk Management and Internal Control on pages 124 to 128 and GBAC Report on pages 138 to 148 of the 2018 Annual Report.</p>
<p>Explanation for departure :</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>Measure :</p>	
<p>Timeframe :</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 10.2

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.

Application	:	Applied.
Explanation on application of the practice	:	<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>GIA adopt a risk-based approach towards the planning and conduct of audits, which is consistent with the Group’s framework in designing, implementing and monitoring its internal control system; as approved by the GBAC. The scope of coverage encompasses all key units and operations of the Group. The GIA’s processes and activities are governed by the regulatory guidelines as well as the Group’s Code of Ethics and IIA’s mandatory guidance, which includes the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing (Standards).</p> <p>GIA is headed by Puan Khatimah Mahadi who is a qualified Chartered Banker. She has served more than 36 years as Chief Internal Auditor in various local and foreign financial institutions throughout her entire career.</p> <p>She is assisted by 53 qualified auditors from various disciplines mainly operations, credit, information technology, risk management, Islamic banking, fraud and investigation, treasury, finance/accounting, investment banking, stockbroking and asset management.</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 internal auditors are continuously sent for training to equip themselves with the requisite product knowledge and skills especially in the areas of Islamic Banking, Treasury, Credit, Investment Banking, Information Technology, Asset Management and etc. In line with BNM’s expectation to equip all banking institutions’ internal auditors with Certification of Bank Auditors (CBA) qualification, GIA have drawn up its 3 years professional development plan in this regard and enrolled its staff with AICB.</p> <p>The GIA function is guided by its Audit Charter (as approved by the GBAC) which defines the mission & objective, responsibility, accountability, authority, independence & objectivity and professionalism & ethical standards of the GIA function of the Group.</p> <p>For further information, please refer to the Statement on Risk Management and Internal Control on pages 124 to 128 and GBAC Report on pages 138 to 148 of the 2018 Annual Report.</p>	
<p>Explanation for departure :</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>Measure :</p>		
<p>Timeframe :</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.

Application	:	Applied.
Explanation on application of the practice	:	<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 as well as 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 (www.affinbank.com.my) 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>

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

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.

Application	:	Departure.	
Explanation on application of the practice	:		
Explanation for departure	:	<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 will 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>			
Measure	:	The Board will consider adopting integrated reporting in future.	
Timeframe	:	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.

Application	:	Applied.	
Explanation on application of the practice	:	In line with the recommendations of the MCCG, the Notice of the 43 rd AGM of the Company dated 29 March 2019 was issued to the shareholders 31 days prior to the AGM which will be held on 29 April 2019.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied
Explanation on application of the practice	:	All Directors attended the Bank's AGM held 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.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Departure.	
Explanation on application of the practice	:		
Explanation for departure	:	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.	
		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.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	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.	
Timeframe	:	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.

<u>BOARD OF DIRECTORS</u>	
<u>Profile of Directors</u>	
Y.A.BHG. GENERAL DATO' SERI DIRAJA TAN SRI (DR.) MOHD ZAHIDI BIN HAJI ZAINUDDIN (RETIRED)	
<i>Chairman / Non-Independent Non-Executive Director</i>	
Nationality/Age/Gender	Malaysian/70 years old/Male
Date of Appointment	22 June 2017
Academic/Professional Qualification(s)	<ul style="list-style-type: none"> • Master of Science Degree (Defence and Strategic Studies), Quaid-I-Azam University, Islamabad, Pakistan • Senior Executive Programme, University of Harvard, USA • Command and General Staff College, Philippines • Joint Services Staff College, Australia • National Defence College, Pakistan • Honorary Doctorate in Management of Defence and Strategic Studies from Universiti Pertahanan Nasional Malaysia
Past Working Experience	<ul style="list-style-type: none"> • Served the Malaysian Armed Forces for 39 years, holding many key appointments at field and ministerial level • Chief of Defence Forces with the rank of General from 1 January 1999 until retirement on 30 April 2005
Directorship(s) in Other Public/Public Listed Companies	<ul style="list-style-type: none"> • Chairman of Lembaga Tabung Angkatan Tentera (LTAT) • Chairman of Genting Plantations Berhad • Chairman of AFFIN Holdings Berhad • Director of Genting Malaysia Berhad • Director of Bintulu Port Holdings Berhad • Director of Bintang Capital Partners Berhad
Other Appointment(s)/ Commitment(s)	<ul style="list-style-type: none"> • 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" • Orang Kaya Bendahara Seri Maharaja Perak Darul Ridzuan by DYMM Paduka Seri Sultan Perak and with the consent of Dewan Negara Perak Darul Ridzuan • Member of Dewan Negara Perak by DYMM Paduka Seri Sultan Perak

	<ul style="list-style-type: none"> • Trustee of Yayasan Sultan Azlan Shah • Chancellor of Asia Metropolitan University (AMU)
Membership of Board Committees	<ul style="list-style-type: none"> • Chairman of AFFIN Group Oversight Committee • Member of Board Nomination and Remuneration Committee
Attendance for the Financial Year Ended 31 December 2018	All the 10 scheduled Board Meetings and 6 special Board Meetings
Shareholdings in AFFIN Bank Berhad	Please refer to page 148 of the 2018 Annual Report

* *Tan Sri Mohd Zahidi is a nominee of LTAT, a major shareholder of AFFIN Bank Berhad*

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

Nationality/Age/Gender	Malaysian/73 years old /Male
Date of Appointment	15 August 2009
Academic/Professional Qualification(s)	<ul style="list-style-type: none"> • Bachelor of Economics, University of Malaya • Master of Business Administration, University of Oregon, USA
Past Working Experience	<ul style="list-style-type: none"> • Managing Director of Willis Faber (M) Sdn Bhd (an Insurance Broking Company) • Director of Far East Computers (India) • Director of AFFIN Discount Berhad • Director of Fraser's Hill Development Corporation • Director of the State Development Corporations of Perak, Pahang and Terengganu • Director of Bank Pembangunan Malaysia Berhad • Director of Kompleks Kewangan Malaysia Berhad • Director of HICOM • Council Member of Majlis Amanah Rakyat (MARA) • Diplomatic and Administrative Officer, attached to the Prime Minister's Department and the Ministry of Public Enterprises • Assistant to the Special Economic Adviser to the Government • Vast experience in general trading, power generation and transmission, aircraft maintenance as well as the oil and gas services sectors
Directorship(s) in Other Public/Public Companies	<ul style="list-style-type: none"> • Chairman of AFFIN Islamic Bank Berhad • Director of Pharmaniaga Berhad • Director of Lonpac Insurance Bhd
Membership of Board Committees	<ul style="list-style-type: none"> • Member of Board Nomination and Remuneration Committee • Member of Group Board Credit Review and Recovery Committee • Member of Board Oversight Transformation Committee • Member of AFFIN Group Oversight Committee
Attendance for the Financial Year Ended 31 December 2018	All the 10 scheduled Board Meetings and 6 special Board Meetings
Shareholdings in AFFIN Bank Berhad	Nil

* *Encik Mohd Suffian is a nominee of LTAT, a major shareholder of AFFIN Bank Berhad*

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

Nationality/Age/Gender	Malaysian/73 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">• Joined the Malaysian Judicial and Legal Service in 1974 as a Magistrate• Judge of the Federal Court, Court of Appeal and High Court• Solicitor General• Chief Registrar of the Supreme Court• State Legal Adviser of Pahang• Registrar of Companies• State Legal Adviser of Negeri Sembilan• Deputy Public Prosecutor
Directorship(s) in Other Public/Public Listed Companies	Director of AXA AFFIN Life Insurance Berhad
Membership of Board Committees	<ul style="list-style-type: none">• Chairman of Group Board Credit Review and Recovery Committee• Member of Group Board Risk Management and Compliance Committee
Attendance for the Financial Year Ended 31 December 2018	All the 10 scheduled Board Meetings and 6 special Board Meetings
Shareholdings in AFFIN Bank Berhad	Nil

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

Nationality/Age/Gender	Malaysian/70 years old /Male
Date of Appointment	3 March 2015
Academic/Professional Qualification(s)	<ul style="list-style-type: none"> • Chartered Accountant Member of the Malaysian Institute of Accountants • Fellow of the Association of Chartered Certified Accountants (UK) • Member of Malaysian Institute of Certified Public Accountants • Member of Certified Financial Planners (USA) • Member of Chartered Management Institute (UK) • Member of Malaysian Institute of Management
Past Working Experience	<ul style="list-style-type: none"> • Senior Management of Peat Marwick Mitchell (currently known as KPMG) • Senior Management of Esso Group of Companies • Senior Management of Colgate-Palmolive (M) Sdn Bhd • Senior Management of Amway (Malaysia) Sdn Bhd • Senior Management of Fima Metal Box Berhad • Senior Management of Guinness Anchor Berhad • General Manager of Corporate Services of Kelang Multi Terminal Sdn Bhd (currently known as Westports Malaysia Sdn Bhd) • Director of Innity Corporation Berhad • Director of CYL Corporation Berhad
Directorship(s) in Other Public/Public Listed Companies	<ul style="list-style-type: none"> • Chairman of AFFIN Hwang Investment Bank Berhad • Director of AFFIN Holdings Berhad • Director of AFFIN Hwang Asset Management Berhad • Director of Boustead Heavy Industries Corporation Berhad • Director of Lee Swee Kiat Group Berhad • Director of Mah Sing Group Bhd • Director of Amway (Malaysia) Holding Berhad
Membership of Board Committees	<ul style="list-style-type: none"> • Chairman of Group Board Audit Committee • Chairman of Board Oversight Transformation Committee • Member of Board Nomination and Remuneration Committee • Member of Group Board Risk Management and Compliance Committee • Member of AFFIN Group Oversight Committee
Attendance for the Financial Year Ended 31 December 2018	All the 10 scheduled Board Meetings and 6 special Board Meetings
Shareholdings in AFFIN Bank Berhad	Please refer to page 148 of the 2018 Annual Report

YBHG. DATO' ABDUL AZIZ BIN ABU BAKAR*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"> • Bachelor of Economics (Honours), University of Malaya • Senior Management Development Programme (SMDP), Harvard Business School • Member of the Resources Committee of Razak School of Government (RSOG)
Past Working Experience	<ul style="list-style-type: none"> • Fleet Planning Coordinator of Malaysia Airlines System (MAS) • Various management positions including Internal & IT Audit, Marketing Economics, Sales & Distribution, Supply & Planning and Human Resource (HR) in Shell Malaysia for 20 years • Shareholders' representative at Shell Group HQ, London overseeing Shell's business interest in Hong Kong and China • Managing Director of INTRIA Berhad (currently known as UEM Builders) • Director of Costain Group PLC (UK) • Director of Rangkaian Segar Sdn Bhd • Director of FCW Holdings Berhad • Chief Human Capital Officer of Telekom Malaysia Berhad (TM) • Executive VP, Human Resources of RHB Bank Berhad • CEO/ED of Malaysian Directors Academy (MINDA)
Award(s)	National HR Leader Award by the Ministry of Human Resources and Malaysian Institute of HR Management
Directorship(s) in Other Public/Public Companies	<ul style="list-style-type: none"> • Director of ALKHAIR International Islamic Bank Malaysia Bhd (AKIIB) • Director of Merchant Trade Asia Bhd
Other Appointment(s)/ Commitment(s)	<ul style="list-style-type: none"> • Director of the Institute of Corporate Directors of Malaysia (ICDM)
Membership of Board Committees	<ul style="list-style-type: none"> • Chairman of Board Nomination and Remuneration Committee • Member of Group Board Credit Review and Recovery Committee
Attendance for the Financial Year Ended 31 December 2018	9 scheduled Board Meetings and 6 special Board Meetings
Shareholdings in AFFIN Bank Berhad	Nil

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

Nationality/Age/Gender	Malaysian/66 years old /Male
Date of Appointment	17 October 2017
Academic/Professional Qualification(s)	<ul style="list-style-type: none"> • Bachelor of Economics (Business Administration), University of Malaya • Management Development Programme, University of Harvard, USA
Past Working Experience	<ul style="list-style-type: none"> • Senior Assistant Manager of Bank Inspection Department, Bank Negara Malaysia (BNM) • Director of IT Department, BNM • Director of Banking Department, BNM • General Manager of the Financial Services Division, Amanah Capital Partners Group • Group Chief Operating Officer, Amanah Capital Partners Group • Director of Short Deposits Malaysia Berhad • Director of Asia Unit Trust Berhad • Director of Taisho Marine & Fire Insurance (M) Berhad • Director of Fulton Preborn Sdn Bhd • Executive Director, BSN Commercial Bank (M) Berhad • Managing Director, Malaysian Electronic Payment System Sdn Bhd (MEPS) • Executive Chairman, Excellent Tank Treatment Services Sdn Bhd • Director of Seacorp Schroeder Asset Management Berhad • Director, AFFIN Holdings Berhad
Directorship(s) in Other Public/Public Companies	NIL
External Professional Commitment	Advisor, Agenda Harmoni Sdn Bhd
Membership of Board Committees	<ul style="list-style-type: none"> • Chairman of Group Board Risk Management and Compliance Committee • Member of Board Nomination and Remuneration Committee • Member of Group Board Audit Committee • Member of Board Oversight Transformation Committee
Attendance for the Financial Year Ended 31 December 2018	All the 10 scheduled Board Meetings and 6 special Board Meetings
Shareholdings in Affin Bank Berhad	Nil

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

Nationality/Age/Gender	Chinese /62 years old /Male
Date of Appointment	1 December 2017
Academic/Professional Qualification(s)	<ul style="list-style-type: none">• Bachelor of Business Administration, University of Hawaii, USA• Master of Business Administration, University of Hawaii, USA• Certified Public Accountant, American Institute of Certified Public Accountants
Past Working Experience	<ul style="list-style-type: none">• Management Associate, Citibank, Hong Kong and Japan• Country Treasurer and Head of Sales and Trading, Citibank, Hong Kong• Head, Corporate Banking Business, Citibank, Hong Kong• Country Officer, Citibank, Hong Kong and Taiwan• Chief Operating Officer, Citibank, Greater China• Head of Corporate and Investment Banking Business, Citibank, Greater China• Deputy Chief Executive, Bank of China (Hong Kong)• Vice President and Fellow, Hong Kong Institute of Bankers• Member of Banking Advisory Committee of the Hong Kong Monetary Authority• Member of HKSAR Small and Medium Size Enterprises Committee• Council member of Hong Kong Treasury Markets Association• Council member of Employer's Federation of Hong Kong• Director of Hong Kong Export Credit Insurance Corporation• Honorary Chairman of Hong Kong Chinese Bankers Club• Chairman of HKSAR Advisory Committee on Human Resources Development in the Financial Services Sector• Member of HKSAR Advisory Committee on Bond Market Development• Chairman of Financial & Treasury Services Committee, Hong Kong General Chamber of Commerce• Chairman of HKSAR Travel Industry Compensation Fund Management Board• Member of Greater Pearl River Delta Business Council (Convener of Services Industry Development & Human Resources Sub-Group)• Director of Larry Jewelry International Company Limited• Member of Hong Kong Open University Sponsorship and Development Fund Committee• Member of Executive Committee of Investor Education Centre, Securities and Futures Commission• Director of AFFIN Holdings Berhad

Directorship(s) in Other Public/Public Companies Listed	<ul style="list-style-type: none"> • Director of Hong Kong Exchanges and Clearing Limited • Director of Mongolian Mining Corporation (MMC) • Director of Rizal Commercial Banking Corporation • Chairman of Prasac Microfinance Institution Limited (Cambodia) (PRASAC)
External Professional Commitment	Senior Advisor at The Bank of East Asia, Limited (BEA) and CVC Capital Partners
Other Appointment(s)	<ul style="list-style-type: none"> • Honorary Advisory Vice President, Hong Kong Institute of Bankers • Chairman of Hong Kong Polytechnic University Council • Member of The Hong Kong Community Chest Board (Chairman of Investment Sub-committee) • Member of Hong Kong Red Cross Council (Chairman of Audit Committee) • Member of Hong Kong Tourism Board • Member of Standing Commission on Civil Service Salaries and Conditions of Service (SCCS) • Member of Standing Committee on Judicial Salaries and Conditions of Service • Member of the Financial Reporting Council
Membership of Board Committees	Member of Group Board Risk Management and Compliance Committee
Attendance for the Financial Year Ended 31 December 2018	8 scheduled Board Meetings and 5 special Board Meetings
Shareholdings in Affin Bank Berhad	Nil

* *Mr. Ignatius Chan is a nominee of BEA, a major shareholder of Affin Bank Berhad*

MR. JOSEPH YUK WING PANG*Non-Independent Non-Executive Director*

Nationality/Age/Gender	Chinese/70 years old /Male
Date of Appointment	18 April 2018
Academic/Professional Qualification(s)	<ul style="list-style-type: none">• Bachelor of Social Science in Economics (Hons), The Chinese University of Hong Kong• Master of Business Administration, The Chinese University of Hong Kong• Conferred the Doctor of Social Sciences Honoris Causa by Lingnan University• Fellow of The Hong Kong Institute of Bankers• Associate of The Chartered Institute of Bankers
Past Working Experience	<ul style="list-style-type: none">• Executive Director & Deputy Chief Executive, The Bank of East Asia, Limited (BEA)• Various positions in BEA• Director of AFFIN Holdings Berhad
Directorship(s) in Other Public/Public Listed Companies	<ul style="list-style-type: none">• Director of several BEA Group of companies• Chairman of East Asia Securities Company Limited
Business Occupation	Senior Advisor, BEA
Membership of Board Committees	NIL
Attendance for the Financial Year Ended 31 December 2018	All the 8 scheduled Board Meetings and 4 special Board Meetings held since his appointment as Director
Shareholdings in AFFIN Bank Berhad	Nil

* *Mr. Joseph Pang is a nominee of BEA, a major shareholder of Affin Bank Berhad*

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

Nationality/Age/Gender	Malaysian/57 years old /Female
Date of Appointment	4 February 2019
Academic/Professional Qualification(s)	<ul style="list-style-type: none">• Bachelor of Science, Food Science & Technology from Universiti Pertanian Malaysia• Certificate of Merits, Sophia University, Japan• Diploma of Science with Education (Math Major), Universiti Pertanian Malaysia
Past Working Experience	<ul style="list-style-type: none">• Chief Executive Officer of Astro GS Shop Sdn Bhd• Chief Marketing Officer of TM Berhad• General Manager of Maxis Berhad• Sales & Marketing Director of Bank Simpanan Nasional• Marketing Manager of Reckitt Benckiser, Malaysia & Singapore• Marketing Manager of Kellogg Asia Inc. South East Asia• Cold Room Supervisor, Perwira Niaga Malaysia (PERNAMA)• Various Managerial positions at Unilever (M) Holdings Sdn Bhd, Malaysia & Singapore
Directorship(s) in Other Public/Public Listed Companies	<ul style="list-style-type: none">• Director of MISC Berhad
Membership of Board Committees	Nil
Attendance for the Financial Year Ended 31 December 2018	N/A
Shareholdings in AFFIN Bank Berhad	Nil

Changes of Board of Directors during the Financial Year Ended 2018

- 1) Mr Tang Peng Wah completed his tenure as Non-Independent Non-Executive Director w.e.f. 17.04.2018.
- 2) Mr. Joseph Yuk Wing Pang was appointed as Non-Independent Non-Executive Director w.e.f. 18.04.2018.
- 3) Dato' Rozalila Binti Abdul Rahman was appointed as Independent Non-Executive Director w.e.f. 04.02.2019.

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) Ensuring regulatory compliance within the Bank.
- 5) Promoting, together with Senior Management, a sound corporate culture within the Bank which reinforces ethical, prudent and professional behaviour.
- 6) Promoting sustainability through appropriate environmental, social and governance considerations in the Bank's business strategies.
- 7) 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.
- 8) Promoting timely and effective communication between the Bank and BNM on matters affecting, or that may affect, the safety and soundness of the Bank.
- 9) Undertaking various functions and responsibilities as specified in the policy documents and directives issued by BNM and other relevant laws from time to time.
- 10) Ensuring the establishment and implementation of group-wide policies and procedures to ensure Group's compliance with the regulatory requirements.

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 2018 are as follows:-

Name of Director	Number of GBCRRC Meetings Attended
YBhg Tan Sri Mohd Ghazali bin Mohd Yusoff (Chairman) Independent Non-Executive Director	22/22
Encik Mohd Suffian bin Haji Haron Independent Non-Executive Director	22/22
YBhg Laksamana Madya Tan Sri Dato’ Seri Ahmad Ramli bin Mohd Nor (Bersara) Non-Independent Non-Executive Director (Representative from AFFIN Islamic Bank Berhad)	21/22
YBhg Dato’ Abdul Aziz bin Abu Bakar Independent Non-Executive Director (Appointed w.e.f. 2 April 2018)	14/16

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

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

The attendance of members at BNRC meetings held in 2018 are as follows:-

Name of Members	Number of BNRC Meetings Attended
YBhg Dato’ Abdul Aziz bin Abu Bakar (Chairman) Independent Non-Executive Director (Appointed w.e.f. 2 April 2018)	7/7
Encik Abd Malik bin A Rahman Independent Non-Executive Director	9/9
Encik Mohd Suffian bin Haji Haron Non-Independent Non-Executive Director	9/9
YABhg General Dato’ Seri Diraja Tan Sri (Dr.) Mohd Zahidi Bin Hj Zainuddin Non-Independent Non-Executive Chairman	9/9
YBhg Dato’ Mohd Hata bin Robani Independent Non-Executive Director (Appointed w.e.f. 2 April 2018)	7/7
YBhg Tan Sri Mohd Ghazali bin Mohd Yusoff Independent Non-Executive Director (Ceased to be member w.e.f. 2 April 2018)	2/2

3) Group Board Audit Committee (“GBAC”)

The GBAC established by the Board comprises of three (3) members all of whom are Independent Non-Executive Directors. The GBAC members have the relevant accounting or related financial management experience or expertise.

The GBAC comprises solely of Independent Non-Executive Directors and the Chairman of the GBAC is not the Chairman of the Board. The Chairman of GBAC, En Abd Malik bin A Rahman is a Chartered Accountant member of the Malaysian Institute of Accountants and also a member of other local and international accounting bodies.

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

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

The primary objectives of GBAC are to:

- (i) Establish the framework for and oversee the audit function of Affin Bank Group;
- (ii) Provide assistance to the Board in fulfilling its statutory and fiduciary responsibilities in ensuring that good Corporate Governance, system of internal controls, codes of conduct and compliance with regulatory and statutory requirements are maintained by the Affin Bank Group;
- (iii) Implement and support the function of the Board by reinforcing the independence and objectivity of the Group Internal Audit Division (GIA); and
- (iv) Ensure that Internal and External Audit functions are properly conducted and audit recommendations are implemented effectively.

The attendance of members at GBAC meetings held in 2018 are as follows:-

Name of Members	Number of GBAC Meetings Attended
Encik Abd Malik bin A Rahman (Chairman) Independent Non-Executive Director (Appointed w.e.f.26 January 2018)	13/13
YBhg. Dato' Mohd Hata bin Robani Independent Non-Executive Director (Appointed w.e.f. 2 April 2018)	10/10
Associate Prof Dr Said Bouheraoua Independent Non-Executive Director (Representative from AFFIN Islamic Bank Berhad)	14/14
YBhg Tan Sri Mohd Ghazali bin Mohd Yusoff Independent Non-Executive Director (Ceased to be member w.e.f. 2 April 2018)	4/4

4) **Group Board Risk Management and Compliance Committee ("GBRMC")**

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

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

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

The GBRMCC is established to support the Board of Directors (Board) to fulfill its responsibilities in:-

- (i) ensuring that the Group wide enterprise risk management framework, policies and guidelines adequately protect the Group against all relevant risks, comprising but not limited to, credit risk, market and liquidity and interest rate risks, operational risks including legal risk, regulatory risks, reputational risk, information technology (“IT”) and cyber risks.
- (ii) overseeing the management of the Group’s compliance risk by ensuring compliance process is in place and functioning in line with the expectations of Bank Negara Malaysia (“BNM”), Securities Commission (“SC”) and Bursa Malaysia (“Bursa”);
- (iii) overseeing the management of IT and cyber risks including ex-ante risk assessments on e-banking services at ABB; and
- (iv) implementing a sound remuneration system by examining whether incentives provided take into consideration risks, capital, liquidity and the likelihood and timing of earnings, without prejudice to the tasks of the Board Nomination & Remuneration Committee.

The GBRMCC is supported by the Board Risk Management Committee (BRMC) at subsidiaries such as Affin Hwang Investment Bank and AXA Affin Life Insurance Berhad.

The attendance of members at GBRMC meetings held in 2018 are as follows:-

Name of Director	Number of GBRMC Meetings Attended
YBhg. Dato’ Mohd Hata bin Robani (Chairman) Independent Non-Executive Director (Appointed w.e.f. 2 April 2018)	5/5
Encik Abd Malik bin A Rahman Independent Non-Executive Director	6/6
YBhg Tan Sri Mohd Ghazali bin Mohd Yusoff Independent Non-Executive Director	6/6
Mr. Ignatius Chan Tze Ching Non-Independent Non-Executive Director (Appointed w.e.f. 2 April 2018)	3/5
YBhg Laksamana Madya Tan Sri Dato’ Seri Ahmad Ramli bin Mohd Nor (Bersara) Non-Independent Non-Executive Director (Representative from Affin Islamic Bank Berhad) (Appointed w.e.f. 2 April 2018)	5/5

YBhg Dato' Bakarudin bin Ishak Independent Non-Executive Director (Representative from Affin Islamic Bank Berhad) (Appointed w.e.f. 2 April 2018)	4/5
Mr. David Lim Hun Soon Independent Non-Executive Director (Representative from Affin Islamic Bank Berhad) (Appointed w.e.f. 26 September 2018)	1/1
Encik Mohd Suffian bin Haji Haron Non-Independent Non-Executive Director (Ceased to be member w.e.f. 2 April 2018)	1/1

5) **Board Oversight Transformation Committee (“BOTC”)**

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

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

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) To approve matters relating to the structure, function, development, monitoring, co-ordination and evaluation of the transformation preparation process.
- (ii) To ensure that the transformation plan complements and supports the business strategy as adopted by the Board.
- (iii) To ensure Management prepares forecasts for the incremental revenue and earnings resulting from the transformation plan and continue to monitor and report on the realization of these benefits throughout the transformation process.
- (iv) To monitor risks related to the transformation and the development of mitigation measures.
- (v) To monitor the communication of progress of the transformation process to employees, shareholders, regulators and any other stakeholders in compliance with the relevant laws and guidelines.

The attendance of members at BOTC meetings held in 2018 are as follows:-

Name of Director	Number of BOTC Meetings Attended
Encik Abd Malik bin A Rahman (Chairman) Independent Non-Executive Director	6/6
Encik Mohd Suffian bin Haji Haron Non-Independent Non-Executive Director	6/6
YBhg. Dato' Mohd Hata bin Robani Independent Non-Executive Director (Appointed w.e.f. 2 April 2018)	3/4

YBhg Dato' Bakarudin bin Ishak Independent Non-Executive Director (Representative from Affin Islamic Bank Berhad) (Appointed w.e.f. 2 April 2018)	3/4
Associate Prof Dr Said Bouheraoua Independent Non-Executive Director (Representative from AFFIN Islamic Bank Berhad) (Ceased to be member w.e.f. 2 April 2018)	2/2

Training and Education attended by the Board During the Financial Year Ended 31 December 2018

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

ENCIK MOHD SUFFIAN HAJI HARON		
Trainer/Organizer	Course Title	Date
KPMG	Audit Committee Institute Breakfast Roundtable 2018	19 Mar 2018
Affin Bank Berhad	Board Induction Session	23 Mar 2018
FIDE Forum	5 th BNM-FIDE Forum Annual Dialogue	19 Apr 2018
Malaysian Institute of Corporate Governance (MICG)	Official Launch of the Pathway to a Governance Practitioner Programme	26 July 2018
MICG	Half-day Seminar on Introduction to Corporate	6 Sept 2018

	Liability Provision	
ICDM	Invitation to the Launch of ICDM	1 Oct 2018
Association of Islamic Banking Institutions Malaysia (AIBIM)	Invitation to Global Islamic Finance Forum (GIFF 2018)	3 & 4 Oct 2018
ICDM	PowerTalk “Effective Boards in a VUCA World”	31 Oct 2018
International Centre for Leadership in Finance (ICLIF)	Breakfast Series : Non-Financials (Does It Matter)	5 Dec 2018

TAN SRI MOHD GHAZALI BIN MOHD YUSOFF

Trainer/Organizer	Course Title	Date
Affin Bank Berhad	Board Induction Session	23 Mar 2018
FIDE Forum	5 th BNM-FIDE Forum Annual Dialogue	19 Apr 2018
FIDE Forum	Win The Innovation Race : Unlocking the creative power of Asians	6 June 2018
FIDE Forum	1 st PIDM-FIDE Forum Annual Dialogue – Up Close with the CEO of PIDM	10 July 2018
FIDE Forum	Blockchain in Financial Services Industry	17 July 2018
MICG	Half-day Seminar on Introduction to Corporate Liability Provision	6 Sept 2018
Affin Hwang Capital	Affin Hwang Capital Conference Series 2018	8 Nov 2018
Affin Bank Berhad	Risk, Challenges & Vulnerabilities Towards Regulatory Compliance	9 Nov 2018
FIDE Forum	BNM-FIDE Forum Board Conversation – Dialogue with Senior Officials of BNM	27 Nov 2018
ICLIF	Breakfast Series : Non-Financials (Does It Matter)	5 Dec 2018

ENCIK ABD MALIK BIN A RAHMAN

Trainer/Organizer	Course Title	Date
FIDE Forum	BNM Dialogue on “Managing Cyber Risks in Financial Institutions”	22 Jan 2018
Financial Planning Association of Market-Capital Market Development Fund (FPAM-CMDF)	Regulatory Compliance Challenges for Financial Planning/Financial Advisor Firms & Licensed Representative	25 Jan 2018
30% Club/Securities Commission (SC)	30% Club Business Leaders Roundtable Meeting with top 200 PLCs	5 Mar 2018
FPAM	Y-E-S! The Feng Shui of Money - Managing Cash Flow to build Wealth	10 Mar 2018
FIDE Forum	5 th BNM-FIDE Forum Annual Dialogue	19 Apr 2018
FPAM	My Estate: Administration of an Estate/Trust and Planning for the Next Generation	18 Aug 2018
Bursa Malaysia	International Professional Practices Framework for Audit Committee	28 Aug 2018
Affin Hwang Capital/Sheila Hussain	Battling Money Laundering & Terrorism Financing in Malaysia - Refresher	6 Sept 2018

Vijay & Partners		
FPAM	Financial Planning : Aging Well Financially & Growing Old with Dignity	29 Sep 2018
ICDM	Invitation to the Launch of ICDM	1 Oct 2018
Malaysian Institute of Accountants (MIA)	MIA International Accountants Conference 2018 - "Riding the Digital Wave, Leading Transformation"	9 & 10 Oct 2018
SC	Green Financing: Funding Green Projects through The Islamic Capital Market	17 Oct 2018
Affin Hwang Capital	Affin Hwang Capital Conference Series 2018	8 Nov 2018
FIDE Forum	BNM-FIDE Forum Board Conversation – Dialogue with Senior Officials of BNM	27 Nov 2018

MR. IGNATIUS CHAN TZE CHING

Trainer/Organizer	Course Title	Date
The Bank of East Asia, Limited (BEA)	Economic & Market Outlook 2017	15 Jan 2018
The Government of the HKSAR and Hong Kong Trade Development Council	Asian Financial Forum	15 - 16 Jan 2018
The Hong Kong Polytechnic University (HKPU)	Luncheon Dialogues on "Learning & Teaching" : the core functions and operations of the University, including Learning & Teaching, Student Development, Research, Knowledge Transfer, Entrepreneurship, Campus Development, Branding, etc.	17 Apr 2018
Hong Kong Exchanges and Clearing Limited (HKEX)	Luncheon Presentation by Dr. Graham Allison on "Can America and China Escape Thucydides's Trap?"	24 Apr 2018
The Open University of Hong Kong	The 2018-19 Budget – An outline for future opportunities and challenges of Hong Kong economy delivered by Secretary for Development of the HKSAR The Honourable Paul Chan Mo-Po	11 May 2018
Chinese Association of Hong Kong & Macao Studies One Country Two Systems Research Institute (OCTS) HKEX Chinese Financial Association of Hong Kong (HKCFA) Chinese Securities Association of Hong Kong (HKCSA)	A New Journey for a New Era - The Future of Hong Kong's Capital Market Forum	1 June 2018
HKEX	5 th Annual RMB Fixed Income & Currency Conference 2018	12 June 2018
HKPU	Luncheon Dialogues on University Rankings by Dr Alison Lloyd	26 June 2018

The Chinese General Chamber of Commerce, Hong Kong (CGCC)	CGCC World Chinese Entrepreneurs Summit: Belt & Road and Guangdong - Hong Kong - Macao Bay Area Opportunities	23 Aug 2018
HKEX	Speaker Presentation by Sir John Sawers and Mr. David Claydon about the current geopolitical risks and world perceptions of China and Hong Kong	4 Sept 2018
Treasury Markets Association and Hong Kong Monetary Authority	Treasury Markets Summit 2018: Guangdong-Hong Kong-Macao Greater Bay Area: Financial market cooperation between Hong Kong and other cities in the Area	21 Sept 2018
Rizal Commercial Banking Corporation	Annual Corporate Governance Seminar in Manila	27 Oct 2018
PRASAC Microfinance Institution Limited	PRASAC Fintech Workshop - Phnom Penh	13 Nov 2018
The Hong Kong Association of Banks (HKAB)	HKAB Distinguished Speaker Luncheon	14 Nov 2018
The Singapore Consulate-General in Hong Kong, the Asia Society in Hong Kong, and the Singapore Chamber of Commerce in Hong Kong	ASEAN Smart Cities Network and the Challenges of Urbanization	20 Nov 2018
PricewaterhouseCoopers Limited	Non-Executive Director Programme: Building your social license to operate in challenging security environments	21 Nov 2018
HKPU	'Excellent Teachers on Teaching Excellence' (ETTE) Symposium	11 Dec 2018

DATO' ABDUL AZIZ BIN ABU BAKAR		
Trainer/Organizer	Course Title	Date
Bursa Malaysia	Corporate Governance Briefing Sessions : MCCG Reporting & CG Guide	16 Mar 2018
Affin Bank Berhad	Board Induction Session	23 Mar 2018
ICLIF	Mandatory Accreditation Programme (MAP)	9 – 10 Apr 2018
Bursatra Sdn Bhd	Disclosure Framework & Key Activities	13 Apr 2018
MICG	Official Launching of the Pathway to a Governance Practitioner Programme	26 July 2018
Affin Bank Berhad	Risk, Challenges & Vulnerabilities Towards Regulatory Compliance	9 Nov 2018
FIDE Forum	BNM-FIDE Forum Board Conversation – Dialogue with Senior Officials of BNM	27 Nov 2018

DATO' MOHD HATA BIN ROBANI		
Trainer/Organizer	Course Title	Date
ICLIF	FIDE Core Programme – Bank	Module A (5 – 8 Feb 2018) Module B (16 – 19 July 2018)
Affin Bank Berhad	Board Induction Session	23 Mar 2018
Affin Bank Berhad	Risk, Challenges & Vulnerabilities Towards Regulatory Compliance	9 Nov 2018
MR. JOSEPH YUK WING PANG		
Trainer/Organizer	Course Title	Date
The Bank of East Asia, Limited (BEA)	Recent Investment Environment for Chinese Enterprises in Indonesia	5 Jan 2018
BEA	China's Central Economic Work Conference for 2018	12 Jan 2018
BEA	China's Consumer Lending Binge	19 Jan 2018
BEA	2017 Review and Outlook of China's ODI	26 Jan 2018
BEA	Chinese Internet Giants in Southeast Asia	2 Feb 2018
BEA	Outlook on Chinese Property Developers	9 Feb 2018
BEA	Green Finance in China	2 Mar 2018
BEA	The Chinese Government Work Report 2018	9 Mar 2018
BEA	Role of Guangzhou-Foshan-Zhaoqing Cluster in the Greater Bay Area	16 Mar 2018
BEA	A Global Phenomenon of Slower Productivity	06 Apr 2018
BEA	Sino-US Trade Conflict in 2018	13 Apr 2018
BEA	The Impact of China's Financial Sector Opening	20 Apr 2018
BEA	China's Lower-tier Cities of Opportunity	4 May 2018
BEA	Chinese Local Government Debt Problem	11 May 2018
BEA	China's Growing Influence in 5G Mobile Technology	18 May 2018
BEA	Lower-tier Cities are Shaping China's Consumption	25 May 2018
BEA	The Chinese Investment in Malaysia's Post-election Time	1 Jun 2018
BEA	Changing Demographic Structure in Hong Kong	8 Jun 2018
BEA	China's Internet Healthcare Market	15 Jun 2018
BEA	Blockchain Applications in China's Real Economy	22 Jun 2018
BEA	The Trade War between China and the United States	6 Jul 2018
BEA	Development of China's Unicorn	13 Jul 2018
BEA	Transformation of China's Shopping Malls	10 Aug 2018
BEA	The Retirement Investment in China	17 Aug 2018
BEA	Emerging Markets' Risks	24 Aug 2018
BEA	Hong Kong's Potential as a Global Aviation Leasing and Finance Hub	31 Aug 2018
BEA	Consumption Downgrade in China	7 Sep 2018
BEA	China's Online Food Delivery Market	21 Sep 2018
BEA	The Shift of China's Fintech Companies	28 Sep 2018

BEA	Brexit: Deal or No-deal?	5 Oct 2018
BEA	The Natural Gas Market	12 Oct 2018
BEA	Impact of China-US Trade War on ASEAN	19 Oct 2018
BEA	The Struggling Private Sector in China	26 Oct 2018
BEA	A Review on China's High-Speed Railway	2 Nov 2018
BEA	China-Japan Infrastructure Cooperation in Third Countries	9 Nov 2018
BEA	An Overview on Chinese Outbound Tourism	16 Nov 2018
FIDE Forum	BNM-FIDE Forum Board Conversation – Dialogue with Senior Officials of BNM	27 Nov 2018
BEA	The Latest Trend of China's Local Government Debt	30 Nov 2018
BEA	Competition for Talent to Support the Fintech Development in Hong Kong	07 Dec 2018

INTERNAL CONTROL FRAMEWORK

The Internal Control Framework is set out in the Statement on Risk Management and Internal Control in the 2018 Annual Report.

REMUNERATION FOR DIRECTORS, SENIOR MANAGEMENT AND OTHER MATERIAL RISK TAKERS

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

The remuneration package for the Directors of the Bank comprise the following in accordance with the Remuneration Policy of Directors:-

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

The Directors' fees and benefits-in-kind payable to Directors are subject to shareholders' approval at the Annual General Meeting.

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

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

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

The details of the Directors' remuneration are set out in Note 38 to the Financial Statements of the 2018 Annual Report.

The aggregate amount of remuneration for the Directors and Chief Executive Officer of the Bank for the FYE2018 was as follows:

The Bank 2018	Salaries RM'000	Bonuses RM'000	Directors' Fees RM'000	Other Emoluments RM'000	Benefits- in-kind RM'000	Total RM'000
Group CEO						
Kamarul Ariffin bin Mohd Jamil	1,740	1,520	-	*592	167	4,019
Total	1,740	1,520	-	592	167	4,019
Non-Executive Directors						
Gen Dato' Seri Diraja Tan Sri (Dr.) Mohd Zahidi Bin Haji Zainuddin (Retired)	-	-	258	72	7	337
En. Mohd Suffian bin Haji Haron	-	-	321	-	-	321
Tan Sri Mohd Ghazali bin Mohd Yusoff	-	-	338	-	-	338
En. Abd Malik bin A Rahman	-	-	355	-	-	355
Mr Tang Peng Wah	-	-	48	15	-	63
Dato' Mohd Hata bin Robani	-	-	303	-	-	303
Dato' Abdul Aziz bin Abu Bakar	-	-	256	-	-	256
Ignatius Chan Tze Ching	-	-	192	-	-	192
Joseph Yuk Wing Pang	-	-	122	-	-	122
Total	-	-	2,193	87	7	2,287
Grand total	1,740	1,520	2,193	679	174	6,306

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

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 2018 as per the below table:

AFFIN BANK BERHAD

Total value of remuneration awards for the financial year	Unrestricted	Deferred
Fixed remuneration		
• Cash-based	13,522,260.47	-
• Shares and share-linked instruments	-	
• Other (Benefits-In-Kind)	446,424.96	-
Variable remuneration		
• Cash-based	5,892,450.00	1,936,250.00*
• Shares and share-linked instruments		
• Other(Benefits-In-Kind)		

* The multi-year deferred bonus is for FYE2017 which was paid in January 2019.

For information

- (i) The number of personnel included in the above total is 15 which include GCEO and Key Senior Personnel of Affin Bank Berhad.
- (ii) Cash-based fixed remuneration includes Basic Salary, Employer's EPF contribution and Fixed Allowances.