AFFIN HOLDINGS
AFFIN HOLDINGS BERHAD
(23218-W)

ANNUAL REPORT 2015

COVER RATIONALE

AFFIN Holdings Berhad is constantly advancing. Its dynamism is symbolized by the arrows on the cover. They form a globe that represents our world of excellence. Our corporate colours dominate the cover design to strongly highlight our corporate identity.

On the cover, origami birds are emerging from the globe to emphasize our limitless growth as well as our abundance innovative ideas. The lively colours of the origami birds signify the diversity of our activities.

40th

Annual General Meeting of
AFFIN Holdings Berhad will be held at
Taming Sari Grand Ballroom,
The Royale Chulan,
Kuala Lumpur on

Monday, 18 April 2016 at 10.00 a.m.

CONTENTS

THE PREFERRED ONE STOP FINANCIAL SERVICES PROVIDER COMMITTED TO MEETING AND EXCEEDING CUSTOMERS' EXPECTATIONS

VISION

MISSION

Delivering premier investment and commercial banking solutions to satisfy the needs of our valued clients in all sectors;

Adoption of best business and management practices, investment in technology and human resources and strategic alliances with reputable world class players; and

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Achieving continuous growth and prosperity for the shareholders.

NOTICE OF 40TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the **FORTIETH (40TH) ANNUAL GENERAL MEETING** of **AFFIN HOLDINGS BERHAD** will be held at the Taming Sari Grand Ballroom, The Royale Chulan Kuala Lumpur, 5, Jalan Conlay, 50450 Kuala Lumpur on Monday, 18 April 2016 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 and the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To declare a final single-tier dividend of 5 sen per share. **Resolution 2**

3. To re-elect the following Directors who retire by rotation and being eligible, offer themselves for re-election in accordance with Article 104 of the Company's Articles of Association:-

   3.1 Gen (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin **Resolution 3**

   3.2 Abd Malik bin A Rahman **Resolution 4**

4. To re-elect the following Director who retires at the forthcoming AGM in accordance with Article 110 of the Company's Articles of Association:-

   4.1 Joseph Yuk Wing Pang **Resolution 5**

5. To consider and if thought fit, to pass the following resolutions:-

   5.1 "That pursuant to Section 129(6) of the Companies Act, 1965, Dato' Mustafa bin Mohamad Ali be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting." **Resolution 6**

   5.2 "That Dato' Mustafa bin Mohamad Ali will continue to serve the Company in the capacity as an Independent Director." **Resolution 7**

   5.3 "That pursuant to Section 129 (6) of the Companies Act, 1965, Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting." **Resolution 8**

6. To approve Directors' Fees for the financial year ended 31 December 2015. **Resolution 9**

7. To approve payment of Directors' Fees on a monthly basis for the period of 1 January 2016 to the date of next Annual General Meeting of the Company. **Resolution 10**

8. To re-appoint Auditors and to authorise the Directors to fix their remuneration. **Resolution 11**

9. **SPECIAL BUSINESS**

To consider and if thought fit, to pass the following resolutions:-

9.1 Ordinary Resolution
Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965

"**THAT** pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 12**

9.2 Ordinary Resolution
Allotment and Issuance of New Ordinary Shares of RM1.00 each in AFFIN Holdings Berhad ("AFFIN Shares") in relation to the Dividend Reinvestment Plan by the Company that provides the Shareholders of the Company with the Option to Reinvest their whole or a portion of the Dividend for which the Reinvestment Option applies in New AFFIN Shares ("Dividend Reinvestment Plan")

"**THAT** pursuant to the Dividend Reinvestment Plan as approved by the shareholders at the Extraordinary General Meeting held on 16 April 2012, approval be and is hereby given to the Company to allot and issue such number of new AFFIN Shares upon the election of the shareholders of the Company to reinvest the dividend pursuant to the Dividend Reinvestment Plan until conclusion of the next Annual General Meeting upon such terms and conditions and to such shareholders as the Directors may, in their absolute discretion, deem fit and in the interest of the Company provided that the issue price of the said new AFFIN Shares shall be fixed by the Directors at not more than 10% discount to the adjusted volume-weighted average market price ("WAMP") for the 5 market days of AFFIN Shares immediately prior to the pricing fixing date, of which the WAMP shall be adjusted ex-dividend before applying the abovementioned discount in arriving at the issue price;

AND THAT the Directors of the Company be and are hereby authorised to do all such acts, execute all such documents and to enter into all such transactions, arrangements and agreements, deeds or undertakings as may be necessary or expedient in order to give full effect to the Dividend Reinvestment Plan with full power to assent to any condition, variation, modification and/or amendment as may be imposed and/or agreed to by any relevant authorities or at the discretion of the Directors in the best interest of the Company."
Resolution 13

9.3 Ordinary Resolution
Proposed Renewal of Shareholders' Mandate and Additional Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

"**THAT** authority be and is hereby given in line with Chapter 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, for the Company, its subsidiaries or any of them to enter into any of the transactions falling within the types of the Recurrent Related Party Transactions, particulars of which are set out in the Circular to Shareholders dated 25 March 2016 with the Related Parties as described in the said Circular, provided that such transactions are of revenue or trading nature, which are necessary for the day-to-day operations of the Company and/or its subsidiaries within the ordinary course of business of the Company and/or its subsidiaries, made on an arm's length basis and on normal commercial terms which are those generally available to the public and are not detrimental to the minority shareholders of the Company;

AND THAT such authority shall commence immediately upon the passing of this Ordinary Resolution until:-

i. the conclusion of the next Annual General Meeting of the Company at which time the authority shall lapse unless by a resolution passed at a general meeting, the authority is renewed; or

ii. the expiration of the period within which the next Annual General Meeting of the Company which is to be held pursuant to Section 143(1) of the Companies Act, 1965; or

iii. revoked or varied by a resolution passed by the shareholders of the Company at a general meeting

whichever is earlier.

NOTICE OF 40TH ANNUAL GENERAL MEETING

AND FURTHER THAT the Board of Directors be and is hereby authorised to do all acts, deeds and things as may be deemed fit, necessary, expedient and/or appropriate in order to implement the Proposed Shareholders' Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed Shareholders' Mandate in the best interest of the Company." **Resolution 14**

10. To transact any other ordinary business of the Company.

By Order of the Board

NIMMA SAFIRA KHALID
Secretary

Kuala Lumpur
25 March 2016

Notes:

a. A member entitled to attend and vote at the above meeting may appoint one or more proxies (not more than two) on his behalf to attend and on show of hands or on a poll, to vote his stead. A proxy need not be a member of the Company. The completed instrument in writing appointing a proxy or proxies must be deposited at the Registered Office of the Company, 7th Floor, Chulan Tower, 3 Jalan Conlay, 50450 Kuala Lumpur not less than 48 hours before the time appointed to hold the meeting.

b. Reference is made to Recommendations 3.2 and 3.3 of the Malaysian Code of Corporate Governance 2012 (MCCG 2012) which states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Dato' Mustafa bin Mohamad Ali has served the Company as an Independent Director for more than thirteen (13) years since his initial appointment on 28 November 2002. The Nomination Committee and the Board have determined at the annual assessment carried out on Dato' Mustafa bin Mohamad Ali that he remains independent in his mind and character. He participates actively in the Board as well as Board Committees' deliberations and decision making. Dato' Mustafa bin Mohamad Ali's long tenure with the Company has neither impaired nor compromised his independent judgement. He continues to demonstrate the ability to ask hard questions, and remain objective in his views for the benefit of the Company.

c. The proposed ordinary resolution 10, if passed, will give authority to the Company to pay the Directors' Fees on a monthly basis based on the present fees structure for the period of 1 January 2016 until the date of next Annual General Meeting of the Company. Shareholders' approval will be sought for any adjustment to the monthly payment of Directors' Fees in the next Annual General Meeting of the Company.

d. The proposed ordinary resolution 12, if passed, will give powers to the Directors to issue up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company. The authority will, unless revoked or varied by the Company in a General Meeting, expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Thirty-Ninth Annual General Meeting held on 20 April 2015 and which will lapse at the conclusion of the Fortieth Annual General Meeting.

The General Mandate sought will provide flexibility to the Company for any possible fund raising activities, including but not limited for further placing of shares, for purpose of funding investment(s), working capital and/or acquisition(s).

e. The proposed ordinary resolution 13, if passed, will give authority to the Directors to allot and issue new AFFIN Holdings Berhad shares upon the election of the shareholders of the Company to reinvest the dividend declared by the Company (either an interim, final, special or any other dividend) from time to time pursuant to the Dividend Reinvestment Plan until conclusion of the next Annual General Meeting. A renewal of this authority will be sought at the next Annual General Meeting.

f. The proposed ordinary resolution 14, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

NAME OF DIRECTORS STANDING FOR RE-ELECTION OR RE-APPOINTMENT

The directors who are retiring pursuant to the Articles of Association and seeking for re-election in the forthcoming AGM:-

(i) Gen (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin
(ii) Abd Malik bin A Rahman
(iii) Joseph Yuk Wing Pang

The following directors who are over the age of seventy years are seeking for re-appointment in the forthcoming AGM:-

(i) Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad
(ii) Dato' Mustafa bin Mohamad Ali

The profile of the above directors are set out on pages 26 to 34 of this Annual Report.

DETAILS OF BOARD MEETINGS

Four (4) Board Meetings and three (3) Special Board Meetings were held during the financial year ended 31 December 2015. Details of the meetings are as follows:-

Date of Meeting	Time	Venue
5 January 2015	9.30 a.m.	7th Floor, Chulan Tower
11 February 2015	9.00 a.m.	7th Floor, Chulan Tower
16 April 2015	4.30 p.m.	7th Floor, Chulan Tower
20 May 2015	9.00 a.m.	7th Floor, Chulan Tower
13 August 2015	9.00 a.m.	7th Floor, Chulan Tower
18 November 2015	9.00 a.m.	7th Floor, Chulan Tower
26 November 2015	2.00 p.m.	7th Floor, Chulan Tower

DETAILS OF ATTENDANCE OF DIRECTORS

Details of attendance of Directors at the Board Meetings held during the financial year ended 31 December 2015 are as follows:-

Name of Directors	Date of Appointment	No. of Meetings Attended
Gen (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin	17 October 2005	7/7
Tan Sri Dato' Seri Lodin bin Wok Kamaruddin	19 July 1986	7/7
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad	25 April 1991	5/7
Dato' Mustafa bin Mohamad Ali	28 November 2002	7/7
Abd Malik bin A Rahman	16 February 2011	7/7
Tan Sri Dato' Seri Alauddin bin Dato' Mohd Sheriff	23 December 2011	7/7
Rosnah binti Omar	5 February 2014	7/7
Ignatius Chan Tze Ching	6 August 2013	6/7
Joseph Yuk Wing Pang	29 April 2015	3/4
Lee Chor Kee *(Alternate Director to Ignatius Chan Tze Ching)*	6 April 2015	-
Peter Yuen Wai Hung *(Alternate Director to Joseph Yuk Wing Pang)*	29 April 2015	1/7

CORPORATE INFORMATION

BOARD OF DIRECTORS

GEN (R) DATO' SERI DIRAJA TAN SRI MOHD ZAHIDI BIN HAJI ZAINUDDIN
Chairman

TAN SRI DATO' SERI LODIN BIN WOK KAMARUDDIN
Deputy Chairman

RAJA TAN SRI DATO' SERI AMAN BIN RAJA HAJI AHMAD

DATO' MUSTAFA BIN MOHAMAD ALI

ABD MALIK BIN A RAHMAN

TAN SRI DATO' SERI ALAUDDIN BIN DATO' MOHD SHERIFF

IGNATIUS CHAN TZE CHING

ROSNAH BINTI OMAR

JOSEPH YUK WING PANG
Appointed on 29 April 2015

LEE CHOR KEE
Appointed on 6 April 2015
Alternate Director to Ignatius Chan Tze Ching

PETER YUEN WAI HUNG
Appointed on 29 April 2015
Alternate Director to Joseph Yuk Wing Pang

COMPANY SECRETARY

Nimma Safira binti Khalid

PRINCIPAL BANKERS

AFFIN Bank Berhad
RHB Bank Berhad
Public Bank Berhad

STOCK EXCHANGE

Bursa Malaysia Securities Berhad
Stock Code : 5185
Stock Name : AFFIN

REGISTERED OFFICE

7th Floor, Chulan Tower
3 Jalan Conlay
50450 Kuala Lumpur
Tel : 603-2142 9569
Fax : 603-2143 1057

REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 603-2783 9299
Fax : 603-2783 9222

WEBSITE

http://www.affin.com.my

Gen (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin
Chairman

THE YEAR 2015 WAS INDEED A VERY CHALLENGING ONE CHARACTERISED BY NEGATIVE MARKET CONDITIONS AND WEAK EXTERNAL DEMAND. GLOBAL GROWTH WAS SOMEWHAT SLOWER WHILST THE SLOWDOWN IN CHINA'S ECONOMY IMPACTED ADVERSELY ON MANY AREAS OF THE MALAYSIAN ECONOMY INCLUDING BANKING.

It was also a year where low crude oil and commodity prices were badly affected. This of course led to a decrease in government revenue and a negative spill over effect on the country's economy.

The situation was further compounded by the depreciation of the ringgit by approximately 25% against the US dollar resulting in declining export revenues, capital outflows and weaker investor sentiments towards Malaysia. For the banking sector, all of these translated into less than favourable domestic demand, softer loan growth, greater pressure on earnings and concerns over asset quality from the possible rise in impaired loans.

Trading activities in most products in the domestic market remained subdued while market volumes also reduced drastically, especially in the second-half of 2015. Margin compression remains a challenge within the banking industry as banks compete for deposits to fulfil BNM's Liquidity Coverage Ratio requirements under Basel III as well as managing their loan to deposit ratio. This has led to higher funding costs, not helped by the lending yields as well.

CHAIRMAN'S STATEMENT

The Malaysian economy is expected to slow down in 2016, mainly due to volatility in financial markets, declining commodity prices, the strong dollar and the slowdown in China's economic growth. The government is forecasting that Malaysian GDP will grow from 4.0% to 5.0% in 2016, compared with the 5.0% growth achieved in 2015. The prospects offered by the domestic economy are promising although faced with a softer economic growth outlook and an increasingly regulated business environment in 2016.

In a truly eventful year for our subsidiaries and the associate company, I am pleased to present the Group's financial performance and review of operations for the financial year ended 31 December 2015.

GROUP FINANCIAL PERFORMANCE

For 2015, the Group's profit before taxation and zakat (PBT) saw a decrease of 35.6% to RM519.3 million from RM806.9 million in 2014. These results were achieved on the back of interest income of RM2.53 billion compared to RM 2.46 billion in 2014.

For 2015, earnings per share stood at 19.01 sen while after tax return on equity and after tax return on assets were 4.6% and 0.6% respectively. The Group's net assets per share stood at RM4.26 as at 31 December 2015.

For the financial year 2015, a single-tier interim dividend of 2.99 sen per share in respect of the current financial year amounting to RM58.1 million was paid on 30 December 2015. In line with the Company's dividend policy of providing shareholders with a minimum 50% payout based on the Company's profit after tax (PAT), the Board has proposed a final single-tier dividend of 5.0 sen per share amounting to RM97.1 million for the financial year ended 31 December 2015, subject to the shareholders' approval.

AFFINBANK GROUP
(AFFINBANK & AFFIN ISLAMIC)

The AFFINBANK Group (which includes AFFIN Bank Berhad and AFFIN Islamic Bank Berhad) recorded a PBT of RM461.2 million in 2015 compared to RM720.1 million in 2014, representing a decrease of RM258.9 million or 36.0%. Total assets grew by 0.5% from RM59.5 billion to RM59.8 billion in 2015.

The Group continued to focus on its retail and business banking segments with increased efforts to improve efficiency and productivity of its products and services. The year 2015 saw the group expanded its network with the opening of a new branch in Kota Damansara bringing the nationwide total to 106 for AFFINBANK and AFFIN ISLAMIC while adding three more off-site self-service machines bringing the total to 119 for the added convenience of customers.

The AFFINBANK BHPetrol 'Touch and Fuel' MasterCard Contactless was re-launched, offering greater benefits and privileges including petrol cash rebates of up to 10% on weekends at BHP petrol stations nationwide.

During the year, AFFINBANK entered into an agreement with Bursa Malaysia Berhad offering an electronic subscription and payment service for the application of Rights Issue or eRights via the bank's ATM and internet banking facilities. The bank is the second financial institution to provide investors such services as prior to this, all transactions and processing of Rights Issue exercises were carried out manually.

Among the promotional activities undertaken in 2015 were the Chinese New Year G.O.A.T.S campaign featuring higher fixed deposit rates, the AffinGrow campaign for deposits account and unit trusts, Current Account Drive campaign, AffinGold 'Home Sweet Home' campaign catering specifically to senior citizens account holders, 'Just Tap and Save' campaign as well as the E-Payment - RIB Campaign to further encourage internet banking or AffinOnline usage. This was in anticipation of the introduction of the 50 sen cheque processing fee by Bank Negara Malaysia.

AFFIN ISLAMIC together with five Islamic banking institutions in Malaysia launched the first multi-bank platform known as the Investment Account Platform (IAP). The platform was developed by a wholly-owned subsidiary of Raeed Holdings Sdn Bhd, a consortium of six Islamic banking institutions namely, AFFIN ISLAMIC, Bank Islam, Bank Muamalat, Maybank Islamic, Bank Rakyat and Bank Simpanan Nasional. IAP is a multi-bank platform to facilitate channelling of funds from individual and institutional investors to finance viable projects and ventures. It is also a strategic initiative of the Islamic finance industry to operationalise investment accounts, a new product offering by Islamic banking institutions. The platform will allow investors to choose from a wide range of ventures and projects sponsored by different Islamic banking institutions for investments. IAP also provides businesses and entrepreneurs with a new financing option for a variety of projects and business activities . It is envisaged that IAP will eventually be able to facilitate fund intermediation internationally.

CHAIRMAN'S STATEMENT

Some of the key initiatives undertaken in 2015 included the eGL upgrade in anticipation of the introduction of GST, the implementation of the eSDMS or Software Distribution and Management System for security management and monitoring of ATMs following a requirement by Bank Negara Malaysia and the launch of eSaver/eSaver-I for online applications of eSaver and eSaver-I accounts.

The Group has always and will continue to place great importance on its people as its key asset and 2015 saw intensified compliance training for staff in ensuring adherence to evolving regulatory requirements while enhancing human capital capabilities to increase staff efficiency, productivity and performance. Complementing this were the continued efforts to develop in-house talent to realise their potential and capabilities through various young talent programs. These included program like AFFIN Financial Sales Executive (AFSE), designed to support the consumer banking business transformation plan in 2015, Executive Banker and Professional Banker programs. New technical and functional programs were also introduced throughout the year to ensure staff were adequately prepared to meet new business and operational demands.

AFFINBANK, together with other subsidiaries / associate of AFFIN Holdings Berhad participated in GLC Open Day held from 7 to 9 August 2015, signalling the graduation of the 10-year GLC Transformation Programme which began in 2005. The event showcased the achievements of the GLICs and GLCs over the last 10 years, the transformation process and the commitment towards the development of the country in keeping with Vision 2020.

Moving forward, the bank will continue to enhance customer and stakeholder value through observing best practices and an efficient and productive work culture. High-end auto financing and mortgages remain the main drivers for loan growth while greater emphasis will be given to domestic retail banking segments such as consumer deposits, online banking and cash management services.

AFFIN HWANG CAPITAL
(AFFIN HWANG INVESTMENT BANK, AFFIN HWANG ASSET MANAGEMENT & ASIAN ISLAMIC INVESTMENT MANAGEMENT)

Following the merger between AFFIN Investment Bank Berhad Group and HwangDBS Investment Bank Berhad Group in September 2014, the merged entity, branded as Affin Hwang Capital, recorded its maiden full-year's PBT of RM84.2 million, before the fair value adjustment on held-to-maturity securities and amortisation of identifiable intangible assets, for the financial year ended 31 December 2015. Net income, mainly comprising fee income, was RM509.1 million.

The acquisition of HwangDBS Investment Bank Berhad (now known as Affin Hwang Investment Bank Berhad) undertaken by AFFIN has put it in good stead with the subsequent merger of the businesses within its investment banking segment resulting in complementary and diversified businesses in three major areas – investment banking, securities and asset management. This exercise has borne fruit with the asset management business, operating through Affin Hwang Asset Management Berhad (Affin Hwang AM) Group, providing a key stable income where, despite the very challenging capital markets environment last year, reported a very good performance with PBT of RM64.3 million as compared to RM44.3 million recorded in the previous year. Affin Hwang Capital's securities business retained top position in Bursa Malaysia for trading value and trading volume respectively. It was awarded by Bursa Malaysia in the annual Broker Awards for being the Best Investment Bank in 2014 in the Best Equities and Best Institutional Equities categories. Affin Hwang Capital's research analysts have also been consistently ranked, especially by The Edge Malaysia in the annual Best Call Awards.

Affin Hwang AM, together with its wholly owned subsidiary, Asian Islamic Investment Management Sdn. Bhd., has shown commendable growth momentum ending the year with RM34.9 billion in assets under administration, ranked third in terms of Unit Trust assets under management in 2015. It garnered a number of awards including the prestigious Fund House of the Year (Malaysia) by Asian Investor, the Best Islamic Asset Management Company in Asia by Islamic Finance News. Affin Hwang Select Income fund was voted the Best Fund – Mixed Asset MYR Conservative (5 Years) Malaysia by The Edge-Lipper and the Best Fund – MYR Allocation by Morningstar. Affin Hwang Capital's fund managers have also been consistently ranked by The Asset in the Asset Asian Awards and Benchmark Research.

Affin Hwang AM will continue to grow and capitalise on growth opportunities in the retail and high net worth segments to further expand its Asset Under Management (AUM) and client base. It is optimistic on its performance through collaborative efforts within the enlarged group and its ability to offer a wider range of products and services to the enlarged clientele.

CHAIRMAN'S STATEMENT

Affin Hwang Capital remains cautiously optimistic of the growth and business prospects for 2016. The recently concluded strategic alliance agreement with Thanachart Securities Plc (Thanachart), a leading securities house in Thailand, will further consolidate its position as a leading brokerage in Malaysia and support growing its regional footprint, particularly in institutional equities and research space. The Thanachart collaboration came on the back of the strategic alliance with Daiwa Securities Group (Daiwa) that has contributed significantly towards corporate access and equity trade flows as well as capital market collaborations despite challenging market conditions in 2015. The strategic partnerships with Thanachart and Daiwa provide Affin Hwang Capital with greater reach across Asian and global markets.

AFFIN MONEYBROKERS SDN BHD (AMBSB)

AMBSB maintained strong growth in 2015 despite recording a lower net turnover and profit compared to the previous year.

Net turnover totalled RM12.6 million for the year ended 31 December 2015 compared to RM12.9 million in 2014 while net PAT was RM1.6 million compared to RM1.8 million in the previous year. Net assets experienced a marginal drop of 1% in 2015 totalling RM10.3 million compared to RM10.4 million in 2014. This was mainly due to the risk-off approach and Bank Negara Malaysia guidance affecting market participants.

Foreign deposits, derivatives and fixed income sections registered higher contributions in 2015 with foreign deposits contributing the highest brokerage income of RM4.0 million and accounting for 33.1% of total net brokerage income.

Brokerage income from derivatives totalled RM2.1 million representing 17.6% of total net brokerage income while foreign exchange contributed RM2.0 million or 16.5% of total net brokerage income. The money market and fixed income sections contributed RM1.7 million and RM1.5 million or 13.7% and 12.1% of the total net brokerage income respectively while the Islamic section contributed RM0.8 million or 7.0% of total net brokerage income.

AMBSB continues to be a highly cash generative business which allows the company to invest in the development of the business enabling the Company to maintain a progressive approach to the dividend paid to the shareholders. An interim dividend of RM1.66 per share was paid in December 2015 for the year under review. AMBSB will constantly adapt to changing markets with the effective execution of the corporate strategies through staff commitment and teamwork.

The globalisation and liberalisation of financial markets, as outlined in the Financial Sectors Masterplan, may see the entry of new banks in the domestic market place. Also, the entry of foreign money broking companies competing in the domestic market is a real threat. As such, competitive negotiations in the industry will inevitably continue to capture larger market share and this invariable battle of discounts will effect brokerage income. To succeed, AMBSB needs to constantly adapt to changing markets through the effective execution of its corporate strategies.

AXA AFFIN LIFE INSURANCE BERHAD (AALIB)

For the financial year ended 31 December 2015, AALIB recorded a net loss of RM29.2 million mainly due to measures taken to strengthen policyholders' fund to support the future benefits of policyholders and lower gains on disposal of investment securities. Business indicators continue to be encouraging as gross premiums grew a solid 10% to RM360.6 million with double digit growth in both first year and renewal premiums.

AALIB recorded a commendable 15% growth in weighted new business premium supported by its multi-distribution channels in the area of new businesses. The growth in agency new business was attributed to an expansion in the number of agents and their case productivity. Bancassurance and Direct Marketing/Telemarketing enjoyed a 22% growth as a result of the implementation of the multi-partnership strategy while Employee Benefits business gained traction and grew by 69%.

AALIB leverages on the AXA Group's strength as a financial protection expert and AHB's local knowledge and diversified network coupled with a multi-distribution and multi-partnership strategy to expand reach of customers. The low interest rate environment will continue to influence profitability levels as it impacts investment returns, reserving for policyholder liabilities and capital requirements.

Moving forward, AALIB expects to continue its growth trajectory on the back of favourable demographics and relatively low insurance penetration. It is envisaged that this continuous growth would be achieved through expanding the reach of customers through various distribution channels and platforms as well as product development to cater to different needs.

AXA AFFIN GENERAL INSURANCE BERHAD (AAGIB)

AAGIB ended 2015 with a gross written premium of RM1.33 billion, recording a double digit growth of 17.7% compared to RM1.13 billion in 2014.

The strong performance was primarily due to the successful execution of strategic initiatives, with positive growth recorded from all regions. Motor continued being the largest contributor totalling 53% of the total business and recording 20.5% growth. PBT amounted to RM114.8 million which was slightly lower than that registered last year, partly attributed to forex losses related to charges in USD as well as lower underwriting results. Despite these, AAGIB continues to rank 5th in the market with an increased market share of 7.9%.

The insurance sector is expected to remain stable in 2016 amidst local and global economic challenges, underpinned by the industry's solid capitalisation. Domestic demand stability and low insurance penetration will continue to support the sector despite the lower automotive sales and private consumption in 2015 as consumers were adjusting to the GST implementation. AAGIB remains focused on growing the key business lines while starting its transformation journey into becoming a customer centric organisation via transformation projects and digital enablers.

Strategies and plans for 2016 have been outlined with the key objective of attaining sustainable growth with focus on enhancing customer-centricity, technical and data excellence as well as efficiency.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to express my sincere appreciation to our major stakeholders for their continued support of AHB and our Group of Companies. This includes our principal shareholders namely LTAT, Boustead Holdings Berhad, The Bank of East Asia, Limited and Employees Provident Fund as well as our clients and business partners given the highly competitive and dynamic industry we operate in, your contributions have been invaluable to the Group.

We would like to commend and acknowledge the commitment and dedication of our employees in facing up to the many challenges in a highly competitive operating environment.

The Board also wishes to extend its sincere gratitude to Bank Negara Malaysia, Securities Commission and other relevant regulatory bodies for their continued support and cooperation over the past years.

On this note and on behalf of the Group, my deepest appreciation to the Board of Directors, Board members of subsidiary and associate companies as well as our senior management team for their dynamic leadership in guiding and ensuring we keep an even keel as we journey these challenging time.

It is my hope that we will continue to work together as a team in the year ahead.

Thank you.

COMMUNITY

MARKETPLACE

WORKPLACE

ENVIRONMENT

CORPORATE SOCIAL RESPONSIBILITY

AT AFFIN HOLDINGS BERHAD, CORPORATE SOCIAL RESPONSIBILITY IS AN IMPORTANT ELEMENT AS WE ARE COMMITTED TO REACHING OUT TO COMMUNITIES THAT SUPPORT THE GROUP'S BUSINESSES. WE ENGAGE WITH COMMUNITIES THAT ARE CLOSELY ASSOCIATED TO THE BUSINESS THAT WE CONDUCT.

We focus on driving our strategy of growing responsibly, managing our risk, and deepening our relationships and engagement with customers, clients, communities and other stakeholders. We support local, national and global efforts to fulfil our purpose of making financial lives better, recognising that we only succeed when others are thriving. At the same time, these activities provide us with a better understanding of the business and our relationship with employees and society, as well as towards the environment.

The Corporate Responsibility Statement is structured in accordance with the four areas outlined above, namely Community, Marketplace, Workplace and the Environment.

COMMUNITY

GIVEN THAT OUR MAJOR SHAREHOLDER IS LEMBAGA TABUNG ANGKATAN TENTERA (LTAT), THE GROUP HAS A TRADITION OF CONTRIBUTING TO RETIRED AND SERVING ARMED FORCES PERSONNEL AND FAMILIES.

In 2015, a total of RM3.5 million was channelled to Yayasan Warisan Perajurit, with RM1.0 million each contributed by AHB and AFFINBANK, and RM1.5 million contributed by Affin Hwang Capital. Yayasan Warisan Perajurit is a foundation established with LTAT to raise funds for scholarships and provide education assistance to the children of retired and serving Malaysian Armed Forces personnel.

On 30 March 2015, AHB contributed two hemodialysis machines worth RM84,000 to two dialysis centres in Selangor owned and operated by Yayasan Veteran Angkatan Tentera Malaysia. The contribution is part of its tradition of caring for the welfare of retired and serving Armed Forces personnel and their families.

AFFINBANK and AFFIN ISLAMIC continued its "Majlis Berbuka Puasa Bersama Anak Yatim" at its Head Office for about 160 orphans from three orphanages located in the Klang Valley. Senior management and bank staff were on hand to entertain the guests who received "Duit Raya". AFFINBANK Group also organised a special visit to the National Museum, Petrosains and Aquaria KLCC for 69 underprivileged children from Pertubuhan Kebajikan Baitul Barokah Wal Mahabbah.

CHAIRMAN'S STATEMENT




Following from the massive flood in the East Coast in December 2014, AALIB assisted the victims' children in Tanah Merah, Kelantan to return to school by contributing school uniforms, school socks, school bags and mineral water. Affin Hwang Capital together with Yayasan Salam Malaysia assisted flood victims in the East Coast of Peninsular Malaysia in the packing and distribution of "Back-to-School" supplies which included school uniforms, home supplies and food.

AAGIB undertook a number of community activities in 2015 which included fund raising for flood victims, a blood donation drive and the AXA Hearts in Action Run 2015.

AFFINBANK contributed RM67,500 or the equivalent of 15 cows to the Minister of Defence in conjunction with Hari Raya Aidiladha-Ibadah Korban 2015.

Affin Hwang Capital co-hosted a Hari Raya Open House with the Malaysian Leprosy Relief Association for leprosy patients and ex-patients in Sungai Buloh. Patients were treated to traditional Hari Raya fare and karaoke entertainment. In addition, zakat monies were distributed to eligible patients nationwide.

MARKETPLACE

AHB GROUP IS DEDICATED TO ENHANCING THE LIVES OF ITS CUSTOMERS THROUGH INCREASING ACCESS TO FINANCIAL SERVICES AS WELL AS PROVIDING EDUCATION, TOOLS AND ADVICE TO HELP CUSTOMERS MAKE KNOWLEDGEABLE, RESPONSIBLE FINANCIAL DECISIONS.

CHAIRMAN'S STATEMENT

Affin Hwang Capital together with its corporate partner, Iskandar Investment contributed to the Tunku Laksamana Johor Cancer for needy cancer patients in the state. Assistance was also provided to a needy family in Petaling Jaya via opening a few funds for the family under its asset management business to encourage the family to invest and to secure a future for the children.

A number of other community activities were undertaken by the Group in 2015 beginning with a Chinese New Year visit by AFFINBANK to the Ampang Old Folks Home where the elderly were presented with festive gifts and dry food items. Under the "Sahabat Korporat" Program by Lembaga Tabung Haji, AFFINBANK sponsored the publication of the book entitled 'Wirid Terpilih Untuk Dhuyufurrahman' distributed to pilgrims during their stay at the holy land.

AFFINBANK continued to sponsor and support a CSR programme called 'Di Celah-Celah Kehidupan', a community lifestyle television programme organised by BHPetrol in collaboration with RTM featuring needy Malaysians. The bank sponsored savings accounts to programme recipients including RM1,000 cash each.

AFFINBANK and AFFIN ISLAMIC jointly sponsored Utusan Melayu's 'Tutor Pull-out Program' as an alternative learning tool for teachers, primary and secondary students. In conjunction with the Hari Raya festive celebrations, AFFINBANK contributed RM100,000 worth of gift packages to the Welfare Fund of the Malaysian Armed Forces as part of the Bank's appreciation for the sacrifices and services of the Malaysian Armed Forces to the nation.

AFFINBANK also sponsored advertising and promotion activities for the three months Tabung Hari Pahlawan Campaign seeking public contributions in support of the armed forces. Hari Pahlawan Campaign is observed on 31 July every year and is celebrated to inculcate patriotism among the younger generation as well as to commemorate the sacrifices of members of the Malaysian Armed Forces. In conjunction with Hari Pahlawan Campaign, a fund raising campaign is organised each year to provide a platform for the general public to contribute and show their support for the armed forces.

During the year, AFFINBANK also contributed RM100,000 in support of the Tabung Pendidikan 1 Billion, a fund for the advancement of education of the nation.

WORKPLACE

OUR EMPLOYEES ARE A KEY ASSET AND THEIR COMMITMENT AND ENGAGEMENT ARE ESSENTIAL TO THE SUCCESSFUL ACHIEVEMENT OF OUR OBJECTIVES. WITH INCREASING COMPETITION WORLDWIDE, ATTRACTING AND RETAINING THE BEST TALENT IS NOW MORE CRITICAL.

We aim to be a first-choice global employer in the financial sector by pursuing our strategic human resources agenda and incorporating our corporate values and beliefs.

These values and beliefs form a key part in the recruitment, interviewing and on-boarding processes as well as throughout our employees' careers. In 2015, we focused on applying our values to our daily work, actively encouraging visible and measurable changes in behaviour, policies, processes and practices. Employees were also encouraged to volunteer their time to support community organizations and social enterprises.

AFFINBANK's Education Excellence Awards, now in its eleventh year has disbursed total of RM916,350 in cash awards to more than 790 deserving students. The Bank also awarded scholarships of RM60,000 each or a total sum of RM1,091,135 to deserving children of the Bank's staff who had excelled in their SPM, STPM or A-levels examinations and those currently pursuing their tertiary education at local universities.

The Hari Raya celebrations saw employees of the Bank enjoy a special dinner and entertainment while more than 300 staff participated in three blood donation drives at AFFINBANK's Head Office.

AFFINBANK provided cash sponsorship for the 12-kilometre BHPetrol Orange Run 2015, to raise funds for selected charities. Running for the tenth consecutive year, the entry fee collection was donated to Damai Disabled Person Association Malaysia, The National Autism Society of Malaysia and Pusat Harian Kanak-kanak Spastik Bandar Ipoh.

In promoting a healthy lifestyle, the bank's staff participated in The Edge KL Rat Race and The Bursa Bull Run. Several activities were conducted prior to the Rat Race date which was initially planned in September 2015 with runners meeting up once a week for practice whilst discussing ways to garner public support.

Affin Hwang Capital also organised a month long activities in conjunction with the Breast Cancer Awareness Month with collaboration with the National Cancer Council Malaysia who conducted free clinical breast cancer check-ups and a cancer awareness exhibition for staff.

AALIB organized an Emergency Response Plan (ERP) and Preparedness and Fire Safety Training for the AXA-AFFIN OSH Committee as well as environmental talk for employees on "Climate Change and Biodiversity".

AAGIB organized health screening for general insurance staff and agents as well as a body and lips scrub DIY workshop.

ENVIRONMENT

WITH GROWING CONCERNS OVER CLIMATE CHANGE, A NUMBER OF INITIATIVES WERE UNDERTAKEN BY THE GROUP TO EDUCATE AND IMPLEMENT GREEN WORK PRACTICES IN THE OFFICE AS WELL AS THROUGH ITS PRODUCTS AND SERVICES WITH THE AIM OF PROMOTING GREATER ENVIRONMENTAL AWARENESS AMONG EMPLOYEES AND CLIENTS.

AALIB staff and their families spent a day in an environmental conservation project at Kuala Selangor Nature Park planting 210 mangrove trees in the park. The initiative was carried out with the objective to create awareness of the importance of conserving mangrove forests in maintaining the ecological balance and protection against global warming.

AALIB also sponsored 'biodegradable' food containers to replace the non-environmental friendly polystyrene for the whole year at the Chulan Tower cafeteria.

AAGIB organized a climate change environmental talk by WWF-Malaysia and encouraged energy conservation during lunch and after working hours and re-cycling of wastes in the office to protect the environment.

ZAKAT CONTRIBUTION

AFFIN ISLAMIC has been actively enhancing its market reputation and integration into local communities via various community outreach programmes and zakat contributions. These initiatives were undertaken in the belief that giving back to the community further strengthens the brand and increases intrinsic and long-term value of the Bank. In 2015, AFFIN ISLAMIC contributed a total of RM5.5 million in zakat to different causes and sectors of the under-served population.

This included RM2.6 million for families and individuals that live below the poverty line, to help fund their monthly basic and medical expenses. 60 students from poor and less fortunate families received a total of RM15,000 worth of shoes and clothes as part of the Program Sumbangan Aidilfitri 2015 organised by Yayasan Bunga Raya.

CHAIRMAN'S STATEMENT

AFFIN ISLAMIC also contributed RM250,000 to support deserving students pursuing tertiary education at Universiti Teknologi MARA, Universiti Kebangsaan Malaysia and Management & Science University. AFFIN ISLAMIC also channelled a total of RM478,842 towards knowledge cause (Fisabilillah), inclusive of Muallaf activities.

Among the Muallaf contributions by AFFIN ISLAMIC were RM60,000 to Multiracial Reverted Muslim (MRM) and RM25,000 to Interactive Da'wah Training, to assist newly converted Muslims. The Bank also contributed RM75,000 in rehabilitation aid to Pusat Jagaan Remaja Puteri Raudhatus Sakinah, amongst others. To help eligible recipients to settle their debts, the Bank disbursed RM45,212 under Gharmin.

The Bank also contributed RM1.5 million to the state zakat centres of Pahang, Kelantan, Terengganu, Sabah, Perak and Kedah and RM700,000 to Tabung Zakat Angkatan Tentera Malaysia.

In addition to its zakat contributions, AFFIN ISLAMIC also donated RM18,360 to the Yayasan Kanser Malaysia to assist providing basic medical needs and equipment for needy patients and RM20,000 to the Pemulihan Dalam Komuniti Kasih Templer Austisma to help Autisma and disabled children. The contributions were from the AFFIN Barakah Charity Account-i.

Affin Hwang Capital continued its annual contributions to Zakat Angkatan Tentera Malaysia and Zakat Veteran, foundations established by LTAT to provide scholarships and assistance to the children of Malaysian Armed Forces personnel.

Affin Hwang Capital also continued assisting various underprivileged communities both monetarily and in kind via its zakat drives covering a broad spectrum, which included refurbishment of a mosque badly damaged by floods in Kelantan, wheelchair donations to deserving recipients and education funds for underprivileged students.

BOARD OF DIRECTORS

Dato' Mustafa bin Mohamad Ali
(Independent
Non-Executive Director)

**Tan Sri Dato' Seri
Lodin bin Wok Kamaruddin**
Deputy Chairman
(Non-Independent
Non-Executive Director)

**Tan Sri Dato' Seri Alauddin bin
Dato' Mohd Sheriff**
(Independent
Non-Executive Director)

**Gen (R) Dato' Seri DiRaja
Tan Sri Mohd Zahidi bin
Haji Zainuddin**
Chairman
(Non-Independent
Non-Executive Director)

BOARD OF DIRECTORS

Abd Malik bin A Rahman
(Independent Non-Executive Director)

Rosnah binti Omar
(Independent Non-Executive Director)

Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad
(Independent Non-Executive Director)

Joseph Yuk Wing Pang
(Non-Independent Non-Executive Director)

Ignatius Chan Tze Ching
(Non-Independent Non-Executive Director)

DIRECTORS' PROFILE

GEN (R) DATO' SERI DIRAJA TAN SRI MOHD ZAHIDI BIN HAJI ZAINUDDIN

Chairman
Non-Independent Non-Executive Director

Gen (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin, a Malaysian aged 67, was appointed as a Non-Independent Non-Executive Director and Chairman of the Board on 17 October 2005. He is also a member of the Remuneration and Nomination Committees. Gen (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi served the Malaysian Armed Forces for 39 years, holding many key appointments at field and ministerial level. He was the Chief of Defence Forces with the rank of General from 1 January 1999 till his retirement on 30 April 2005.

Gen (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi is a graduate of Senior Executive Program in National and International Security Harvard University, USA, Command and General Staff College Philipines, Joint Services Staff College Australia and National Defence College Pakistan. He also holds a Master of Science Degree (Defence and Strategic Studies) of Quaid-I-Azam University Islamabad, Pakistan.

His current directorships in other public companies include Cahya Mata Sarawak Berhad, Genting Malaysia Berhad, Bintulu Port Holdings Berhad and Genting Plantations Berhad.

He is made a member of Dewan Negara Perak, elected by DYMM Paduka Seri Sultan Perak on 25 November 2006 and also a trustee of Yayasan Sultan Azlan Shah. On 23 April 2013, he was appointed as Orang Kaya Bendahara Seri Maharaja Perak by DYMM Paduka Seri Sultan Perak and consented by Dewan Negara Perak. On 4 April 2014, he was awarded "Kurniaan Darjah Kebesaran Seri Paduka Sultan Azlan Shah Perak Yang Amat DiMulia" (S.P.S.A) which carries the title "Dato' Seri DiRaja".

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted of any offence.

DIRECTORS' PROFILE

TAN SRI DATO' SERI LODIN BIN WOK KAMARUDDIN

Deputy Chairman
Non-Independent Non-Executive Director

Tan Sri Dato' Seri Lodin bin Wok Kamaruddin, a Malaysian aged 67, was appointed as a Director of AFFIN Holdings Berhad on 19 July 1986. He was subsequently appointed as the Managing Director of the Company in February 1991 and redesignated as Deputy Chairman on 1 July 2008. He is a member of the Nomination Committee.

Tan Sri Dato' Seri Lodin graduated from the University of Toledo, Ohio, USA with a Bachelor Business Administration and Master of Business Administration. He has extensive experience in managing a provident fund and in the establishment, restructuring and management of various business interests ranging from plantation, trading, financial services, property development to oil and gas, pharmaceuticals and shipbuilding.

Presently, Tan Sri Dato' Seri Lodin is the Chairman of Boustead Heavy Industries Corporation Berhad, Boustead Petroleum Marketing Sdn Bhd, Pharmaniaga Berhad and MHS Aviation Berhad as well as the Deputy Chairman and Group Managing Director of Boustead Holdings Berhad. He is also the Chief Executive of Lembaga Tabung Angkatan Tentera ("LTAT"). Prior to joining LTAT, he was the General Manager for Perbadanan Kemajuan Bukit Fraser for nine (9) years.

Tan Sri Dato' Seri Lodin holds directorships in FIDE Forum, Badan Pengawas Pemegang Saham Minoriti Berhad, Boustead Properties Berhad and UAC Berhad. He also sits on the Board of AFFIN Bank Berhad, AFFIN Islamic Bank Berhad, AFFIN Hwang Investment Bank Berhad, AXA AFFIN Life Insurance Berhad and other private limited companies. He is also the Non-Executive Chairman of AFFIN Hwang Asset Management Berhad.

Among the many awards Tan Sri Dato' Seri Lodin received to-date include the Chevalier De La Légion D'Honneur from the French Government, the Malaysian Outstanding Entrepreneurship Award, the Degree of Laws (honoris causa) from the University of Nottingham, United Kingdom, UiTM Alumnus of The Year 2010 Award and The Brand Laureate Most Eminent Brand ICON Leadership Award 2012 by Asia Pacific Brands Foundation, and The Brand Laureate Corporate Leader of The Year Award 2013 – 2014. He is also a Chartered Banker, having been awarded with the professional qualification by the Asian Institute of Chartered Bankers in November 2015.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted of any offence.

RAJA TAN SRI DATO' SERI AMAN BIN RAJA HAJI AHMAD

Independent Non-Executive Director

Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad, a Malaysian aged 70, was appointed as a Director of AFFIN Holdings Berhad on 25 April 1991. He was redesignated as an Independent Non-Executive Director on 15 January 2008. He is the Chairman of Audit Committee and a member of the Nomination Committee.

Raja Tan Sri Dato' Seri Aman was the Chief Executive Officer of AFFIN Bank Berhad, a wholly owned subsidiary of AFFIN Holdings Berhad until May 2003. Presently, Raja Tan Sri Dato' Seri Aman sits on the board of AFFIN Hwang Investment Bank Berhad, a subsidiary of AFFIN Holdings Berhad. He is also presently a Director of Ahmad Zaki Resources Berhad and Tomei Consolidated Berhad.

Raja Tan Sri Dato' Seri Aman is a member of the Malaysian Institute of Accountants, a Certified Public Accountant and a Fellow of the Institute of Chartered Accountant of England and Wales. He had held various positions in Maybank Group from 1974 to 1985 prior to joining AFFIN Bank Berhad in 1985 as an Executive Director/CEO. He left AFFIN Bank Berhad in 1992 to join Perbadanan Usahawan Nasional Berhad as the Chief Executive Officer for one year and was reappointed as Chief Executive Officer of AFFIN Bank Berhad in 1995.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted of any offence.

DIRECTORS' PROFILE

DATO' MUSTAFA BIN MOHAMAD ALI

Independent Non-Executive Director

Dato' Mustafa bin Mohamad Ali, a Malaysian aged 79, was appointed as an Independent Non-Executive Director of AFFIN Holdings Berhad on 28 November 2002. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. Dato' Mustafa sits on the Board of AXA-AFFIN Life Insurance Berhad, a subsidiary of AFFIN Holdings Berhad.

Dato' Mustafa also sits on the Board of Batu Kawan Berhad. Dato' Mustafa graduated with a Bachelor of Arts (Honours) Degree majoring in Economics and Master of Arts from Cambridge University, UK. He also holds a Diploma in Advertising from the Advertising Association, UK. He has attended the Advanced Management Programme at the Harvard Business School, USA.

Dato' Mustafa had held various positions, including as Marketing Director for Malaysian Tobacco Company from 1974 to 1979, Corporate Planning Executive for British-American Tobacco, Co. London from 1980 to 1982, Managing Director (Tobacco Division) for Malaysian Tobacco Company from 1982 to 1988, Director of Sime Darby (International Operation) from 1988 to 1992 and Regional Director of Sime Darby (Malaysian Region Operations) from 1992 to 1994. He was an Adviser for Kumpulan Guthrie from 1994 to 2002. Dato' Mustafa is currently a trustee of Harvard Business School Alumni, Club of Malaysia Foundation and the British Graduates Association.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted of any offence.

TAN SRI DATO' SERI ALAUDDIN BIN DATO' MOHD SHERIFF

Independent Non-Executive Director

Tan Sri Dato' Seri Alauddin bin Dato' Mohd Sheriff, a Malaysian aged 69, was appointed as an Independent Non-Executive Director of AFFIN Holdings Berhad on 23 December 2011. He is the Chairman of the Nomination Committee and a member of Group Board Risk Management Committee. He is currently an Independent Non-Executive Director of Malakoff Corporation Berhad.

Tan Sri Dato' Seri Alauddin holds a Degree of Barrister-at-Law of Inner Temple, London. He had held various posts in the legal and judicial service since 1971. He started his career with the Judiciary as a Magistrate in Bukit Mertajam in 1971 and in Kangar in 1972. Thereafter, he was appointed as President of the Session's Court in Sungai Petani, Kuantan and Taiping. In 1977, he was appointed as Senior Federal Counsel with the Income Tax Department and the Attorney General's Chambers.

On 1 June 1979, he was seconded to Petronas Carigali as its Secretary cum Legal Advisor. Thereafter, he was appointed as the Legal Advisor to the State of Johor in October 1980. On 1 April 1982, he took the office of the Legal Advisor of Negeri Sembilan. He was again appointed as the Legal Advisor to the state of Johor in June 1983. He was appointed as the Chairman of the Advisory Board in the Prime Minister's Department since 1 June 1989.

Tan Sri Dato' Seri Alauddin was appointed as Judicial Commissioner of the High Court of Malaya in Kuala Lumpur on 1 February 1992 and was transferred to the High Court of Malaya in Johor in the same year. He was later elevated as the Judge of the High Court wherein he had served in the High Courts of Johor, Kangar and Alor Star before being elevated to the Court of Appeal on 15 April 2001.

After serving for about 3 years in the Court of Appeal, he was elevated to the Federal Court of Malaysia on 12 July 2004. During his tenure as a Judge of the Federal Court, he had the occasion of carrying out the duties and functions of the President of the Court of Appeal from 15 August 2006 until 4 September 2007.

On 5 September 2007, he was appointed as the Chief Judge of Malaya and on 18 October 2008, he was appointed as the President of the Court of Appeal until his retirement in August 2011.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted of any offence.

ABD MALIK BIN A RAHMAN

Independent Non-Executive Director

Encik Abd Malik bin A Rahman, a Malaysian aged 67, was appointed as an Independent Non-Executive Director of AFFIN Holdings Berhad on 16 February 2011. Encik Abd Malik is currently an Independent Non-Executive Director of Boustead Heavy Industries Corporation Berhad, CYL Corporation Berhad, Lee Swee Kiat Group Berhad and Innity Corporation Berhad as well as Director of several private limited companies including Boustead Penang Shipyard Sdn. Bhd. He is also a Director of the subsidiaries of AFFIN Holdings Berhad namely AFFIN Bank Berhad, AFFIN Hwang Investment Bank Berhad and AFFIN Hwang Asset Management Berhad.

He is a Chartered Accountant member of the Malaysian Institute of Accountants, Fellow of the Association of Chartered Certified Accountants (UK), a member of the Malaysian Institute of Certified Public Accountants, member of Certified Financial Planners (USA), member of Chartered Management Institute (UK) and a member of the Malaysian Institute of Management.

Encik Abd Malik has held various senior management positions in Peat Marwick Mitchell (KPMG), Esso Group of Companies, Colgate Palmolive (M) Sdn Bhd, Amway (Malaysia) Sdn Bhd, Fima Metal Box Berhad and Guinness Anchor Berhad. He was the General Manager, Corporate Services of Kelang Multi Terminal Sdn Bhd (Westports) from 1994 until 2003.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted of any offence.

DIRECTORS' PROFILE

ROSNAH BINTI OMAR

Independent Non-Executive Director

Rosnah binti Omar, a Malaysian aged 62, was appointed as an Independent Non-Executive Director of AFFIN Holdings Berhad on 5 February 2014. She is the Chairman of Group Board Risk Management Committee of AFFIN Holdings Berhad since 11 August 2014.

Rosnah has more than 30 years of Banking and Finance experience since 1976, having worked for Bank Bumiputra Malaysia Berhad (Kuala Lumpur, London and New York), Prudential Bache (London), Bankers Trust International (London) Security Pacific Hoare Govett (London) and NM Rothschild (Singapore). Her working exposure covered commercial and investment banking in Malaysia, London, New York and Singapore and asset management in Malaysia. She became Board Member of all the Bank Bumiputra Malaysia Berhad financial subsidiaries in Merchant Banking, Securities Company, Futures entity and offshore operations in Labuan. Rosnah was also a Board Director in NM Rothschild in Singapore. She represented Rothschild in Bumiputra Merchant Bank, KN Kenanga Asset Management and Investment Management in Malaysia.

In 2000, Rosnah ventured in the risk management advisory business as Executive Director of PK Tech. Sdn Bhd responsible for the Information Technology strategy for the company. Subsequently, Rosnah became Chief Executive Officer at Malaysia Building Society Berhad, a subsidiary of the Employees Provident Fund and a listed company on the KLSE from 2001-2003.

Rosnah was appointed the Director-General of the Labuan Offshore Financial Services Authority by the Malaysian Government effective July 2003-June 2005. She was on the Board of the Islamic International Financial Market (IIFM) based in Bahrain and attended the first program in International Centre for Leadership in Finance (ICLIF) conducted by the ICLIF Leadership and Governance Centre in Malaysia.

Rosnah became Chairman and Managing Director of Rothschild Malaysia Sdn. Bhd. in 2006. Rosnah left Rothschild in 2008 after having reestablished Rothschild's operations in Malaysia to pursue her interest in Islamic Finance and Risk Management advisory. Rosnah was adviser on Islamic Finance for the Commonwealth Business Council in London and on Banking Risk in Malaysia with Algorithmics (Singapore). She has completed the Financial Institutions Directors' Education (FIDE) program and the Advanced Risk Management conducted by ICLIF. She is in the midst of completing her PhD in Islamic Finance at the International Islamic University Malaysia in the International Institute of Islamic Banking and Finance.

She does not have any family relationship with any Director and/or major shareholder of the Company, or any personal interest in any business arrangement involving the Company. She has not been convicted of any offence.

DIRECTORS' PROFILE

IGNATIUS CHAN TZE CHING

Non-Independent Non-Executive Director

Mr. Ignatius Chan Tze Ching (Mr. TC Chan) a Chinese national aged 59, was appointed as a Non-Independent Non-Executive Director of AFFIN Holdings Berhad on 6 August 2013 replacing Dr. the Hon. Sir David Li Kwok Po who resigned as a Director of AFFIN Holdings Berhad on the same date. He is a member of Risk Management Committee since 11 August 2014.

Mr. TC Chan started his career in banking industry with Citibank, Hong Kong as a Management Associate in 1980. He was posted to Japan from 1986 to 1994. In 1994, he returned to Hong Kong to become Country Treasurer and Head of Sales and Trading. In 1997, he became the Head of Citibank's Corporate banking business for Hong Kong. In 1999, he became Citigroup Country Officer for Hong Kong. In 2003, Mr. TC Chan was posted to Taiwan as Citigroup Country Officer. In 2004, he assumed the additional role of Chief Operating Officer for Greater China. In 2005, he returned from Taiwan to Hong Kong as Citigroup Country Officer for Hong Kong and Head of Corporate and Investment Banking business for Greater China, a position he held until his retirement from Citibank in 2007.

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

Mr. TC Chan is also an Independent Non-Executive Director of two (2) other listed companies namely Hong Kong Exchanges and Clearing Limited and Mongolian Mining Corporation (MMC). He is the Chairman of the Audit Committee of MMC. He is also a Non-Executive Director of Rizal Commercial Banking Corporation, a company listed on the Philippines Stock Exchange, and an Honorary Advisory Vice President, Hong Kong Institute of Bankers.

Mr. TC Chan is presently 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 Executive Committee of Investor Education Centre, Securities and Futures Commission, member of Hong Kong Tourism Board and member of Standing Commission on Civil Service Salaries and Conditions of Service (SCCS).

Among the past positions that Mr. TC Chan had held were 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, Board member 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 Board Market Development, Chairman of Financial & Treasury Services Committee, Hong Kong General Chamber of Commerce and Chairman of HKSAR Travel Industry Compensation Fund Management Board.

Mr. TC Chan obtained his Bachelor of Business Administration degree from University of Hawaii in 1977. He obtained his MBA degree from the same university in 1979 and his CPA from the American Institute of Certified Public Accountants in the same year.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted of any offence.

DIRECTORS' PROFILE

JOSEPH YUK WING PANG

Non-Independent Non-Executive Director

Mr. Joseph Yuk Wing Pang (Mr. Joseph Pang) a Hong Kong-Chinese citizen aged 67, was appointed as a Non-Independent Non-Executive Director of AFFIN Holdings Berhad on 29 April 2015, replacing Professor Arthur Li Kwok Cheung who resigned as a Director of AFFIN Holdings Berhad on 31 December 2014.

Mr. Joseph Pang is currently a Senior Advisor at The Bank of East Asia, Limited (BEA). He is an outstanding banker with over forty years of experience in the financial industry. Mr. Joseph Pang joined BEA after graduating from The Chinese University of Hong Kong in 1973. He was promoted to General Manager in 1992 and further promoted to Deputy Chief Executive and appointed as Executive Director in 1995. As an Executive Director, he assisted the Chief Executive in the overall operation and management of BEA. In 2009, he assumed the position of Senior Advisor.

Mr. Joseph Pang is a director of several BEA Group companies, including Blue Cross (Asia-Pacific) Insurance Limited, East Asia Properties Holding Company Limited and Tricor Global Limited, etc. He is currently the Chairman of East Asia Securities Company Limited.

Mr. Joseph Pang holds a Bachelor Degree in Social Science from The Chinese University of Hong Kong and an MBA from the same University. He is an Associate of The Chartered Institute of Bankers and a Fellow of The Hong Kong Institute of Bankers.

Mr. Joseph Pang is dedicated to community service and has held various public roles, especially in the Education Sector. He was conferred the Doctor of Social Sciences Honoris Causa by Lingnan University in 2002 and made an Honorary Fellow by The Chinese University of Hong Kong in 2004.

In recognition of his services to the community, he was appointed as a Justice of the Peace in 2000 and awarded the Bronze Bauhinia Star in 2013 by the Hong Kong SAR Government.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted of any offence.

SENIOR MANAGEMENT OF AFFIN HOLDINGS BERHAD GROUP

KAMARUL ARIFFIN BIN MOHD JAMIL
Group Chief Executive Officer

Encik Kamarul Ariffin bin Mohd Jamil (Encik Kamarul), a Malaysian aged 47, was appointed as Group Chief Executive Officer (CEO), AFFIN Holdings Berhad on 1 April 2015 replacing the former Group CEO, YBhg Dato' Zulkiflee Abbas bin Abdul Hamid.

Encik Kamarul joined AFFIN Bank Berhad in 2003 as Head, Corporate Strategy Division. In year 2005, Encik Kamarul was appointed as Head, Islamic Banking Division. With the establishment of AFFIN Islamic Bank Berhad, Encik Kamarul was appointed as its Chief Executive Officer in 2006 until 1 April 2015 when he was appointed as the Managing Director/Chief Executive Officer of AFFIN Bank Berhad. Encik Kamarul currently holds dual position as the Group CEO of AFFIN Holdings Berhad and Managing Director/Chief Executive Officer of AFFIN Bank Berhad.

Prior to AFFIN Bank Berhad, Encik Kamarul had held various positions at Pengurusan Danaharta Nasional Berhad, Trenergy Malaysia Berhad and Shell Malaysia Trading Sdn Bhd in various capacities including business development and strategic planning.

Encik Kamarul graduated from the University of Cambridge in 1992 with a Bachelor of Arts in Economics.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted of any offence.

SENIOR MANAGEMENT OF AFFIN HOLDINGS BERHAD GROUP

01.
Kamarul Ariffin bin Mohd Jamil
Group Chief Executive Officer
AFFIN Holdings Berhad

Managing Director/Chief Executive Officer
AFFIN Bank Berhad

02.
Maimoonah binti Hussain
Group Managing Director
AFFIN Hwang Investment Bank Berhad

03.
Nazlee Khalifah
Chief Executive Officer
AFFIN Islamic Bank Berhad

04.
Loke Kah Meng
Chief Executive Officer
AXA AFFIN Life Insurance Berhad

05.
Emmanuel Nivet
Chief Executive Officer
AXA AFFIN General Insurance Berhad

SENIOR MANAGEMENT OF AFFIN HOLDINGS BERHAD GROUP

06.
Teng Chee Wai
Managing Director
AFFIN Hwang Asset Management Berhad

07.
Lee Yoke Kiow
Executive Director
AFFIN Holdings Berhad

08.
Wong Kok Leong
Group Chief Risk Officer
AFFIN Holdings Berhad Group

09.
Akmal bin Hassan
Chief Executive Officer
Asian Islamic Investment Management Sdn Bhd

10.
Nimma Safira binti Khalid
Company Secretary
AFFIN Holdings Berhad

11.
Chandra Nair
Chief Executive Officer
AFFIN Moneybrokers Sdn Bhd

12.
Khatimah binti Mahadi
Group Chief Internal Auditor
AFFIN Holdings Berhad Group

THE MCCG SETS OUT THE BROAD PRINCIPLES AND SPECIFIC RECOMMENDATIONS ON STRUCTURES AND PROCESSES WHICH THE COMPANY SHOULD ADOPT IN MAKING GOOD CORPORATE GOVERNANCE AN INTEGRAL PART OF ITS BUSINESS DEALINGS AND CULTURE AND FOCUSES ON STRENGTHENING BOARD STRUCTURE AND COMPOSITION RECOGNISING THE ROLE OF DIRECTORS AS ACTIVE AND RESPONSIBLE FIDUCIARIES. THE BOARD IS COMMITTED TO ENSURING THAT THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE ARE PRACTICED THROUGHOUT THE GROUP.

The Board of AFFIN Holdings Berhad fully subscribes and supports the Malaysian Code on Corporate Governance 2012 (MCCG) and the relevant provisions in the Bursa Malaysia Securities Berhad (BMSB) Main Market Listing Requirements.

CORPORATE GOVERNANCE WITHIN AFFIN HOLDINGS BERHAD

The Board recognises that corporate governance is a continuous process that requires periodic reassessment and refinement.

THE BOARD OF DIRECTORS

The Board has the responsibility for leading and controlling the Group including those pertaining to corporate governance, strategic direction and overseeing the investments and operations of the Group. The Board also has its own code of conduct which is stated in the Board Policy Manual.

COMPOSITION OF THE BOARD

The Board currently has nine (9) members comprising one (1) Non-Independent Non-Executive Chairman, one (1) Non-Independent Non-Executive Deputy Chairman, two (2) Non-Independent Non-Executive Directors and five (5) Independent Non-Executive Directors.

(a) Board Members

The directors who have held office since the date of the last report and as at the date of this report are:-

Name of Directors	Executive/Non-Executive Director	Independent/Non-Independent Director
Gen (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin *(Chairman)*	Non-Executive	Non-Independent
Tan Sri Dato' Seri Lodin bin Wok Kamaruddin *(Deputy Chairman)*	Non-Executive	Non-Independent
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad	Non-Executive	Independent
Dato' Mustafa bin Mohamad Ali	Non-Executive	Independent
Abd Malik bin A Rahman	Non-Executive	Independent
Rosnah binti Omar	Non-Executive	Independent
Tan Sri Dato' Seri Alauddin bin Dato' Mohd Sheriff	Non-Executive	Independent
Ignatius Chan Tze Ching	Non-Executive	Non-Independent
Joseph Yuk Wing Pang ^	Non-Executive	Non-Independent
Lee Chor Kee @ *(Alternate Director to Ignatius Chan Tze Ching)*	Non-Executive	Non-Independent
Peter Yuen Wai Hung ^ *(Alternate Director to Joseph Yuk Wing Pang)*	Non-Executive	Non-Independent

@ Appointed on 6 April 2015
^ Appointed on 29 April 2015

A brief description of the background of each director is presented in pages 26 to 34 of this Annual Report.

As directors should devote sufficient time to carry out their responsibilities, the Board will obtain this commitment from its members at the time of their appointment. The appointed director should notify the Chairman before accepting any new Directorship. The notification will include an indication of time that will be spent on the new appointment.

(b) Board Balance, Duties and Responsibilities

The membership of the Board complies with the provision of MCCG in that at least one-third of the Board must be independent. The current Board consists of five (5) Independent Directors and four (4) Non-Independent Directors. The higher proportion of Independent Directors enables a balanced and objective consideration of issues and enhanced accountability in the decision making process at the Board and mitigate any possible conflict of interest.

The directors have a wide range of business, financial and technical skills and experience. Together the members of the Board bring a mix of skills and experience required for the success of the Group. The diversity in the composition of the Board ensures the good use of the differences in the wide range of skills, industry experience, background, gender and other attributes of the directors.

The Board together with the Group CEO had developed the descriptions for their respective functions in the Board Policy manual. Among the responsibilities of the Group CEO are developing and recommending to the Board a long term strategy and vision for the Group that leads to the creation of shareholder value, recommending to the Board, the Group operational plans and budgets that support the Group's long term strategy and fostering a corporate culture that promotes adherence to laws and regulations of the country. There is a regular review of the division of responsibilities of the Board and management to ensure that the needs of the company are consistently met and reflect the dynamic nature of the relationship for the company to adapt to changing circumstances.

The Board has established clear functions reserved for the Board and those delegated to the management in the Board Policy manual. The formal schedule of matters reserved for collective decision of the Board include matters relating to conduct of Board, directors' remuneration, operational, financial and other matters. The Board deliberates the annual budget and business plan and approves the performance targets and the goals of the business to be met by the Company, subsidiaries and associated company. The positions of Chairman and Group Chief Executive Officer are held by different individuals, and the Chairman is a Non-Executive member of the Board. There is a division of responsibility between the Chairman who is leading the Board in the oversight of management and the Group Chief Executive Officer, who is responsible for managing the overall business and day to day operations of the Company to ensure that there is a balance of power and authority, promotion of accountability and facilitation of division of responsibilities between them.

The Board's authority conferred on management is delegated through the Group CEO. The authority and accountability of the Group CEO in so far as the Board is concerned, limited by the authority limit pertaining to the powers and authorities that the Board confers on the Group CEO and the management.

There are clear duties and responsibilities for the directors, Independent Directors, Chairman and Deputy Chairman as stated in the Board Policy Manual.

The current Chairman is not the previous Chief Executive Officer of the Company. The key duties and responsibilities of the Chairman are to provide leadership to the Board, chairing the meetings of the Board and shareholders, ensuring that the Board fully discharge of its responsibilities and acting as liaison person between the Board and the management. He is the informal link between the Board and management and between the Board, Group CEO and the Executive Director. The Chairman is kept informed by the Group CEO/Executive Director on all important matters, and to provide counsel and advice to the Chairman where necessary.

The present Board has five (5) Independent Directors to ensure balance and authority of the Board as the Chairman of the Board is not an Independent Director. The presence of the Independent Non-Executive Directors of the necessary calibre and experience to carry sufficient weight in Board decisions provides a balance in the Board. Although all the directors have equal responsibility for the Group's operations, the role of the Independent Non-Executive Directors is particularly important in providing an independent view, advice and judgement to take into account the interest of the Group, shareholders, employees and communities in which the Group conducts business.

The Board undertakes an assessment of its Independent Directors at the point of appointment of the director, prior to the application to BNM for the re-appointment of Independent Directors or at least on an annual basis based on the criteria stated in Revised BNM/GP1 and Main Market Listing Requirements of Bursa Malaysia which require that an Independent Director is independent of management and free from any business or other relationship, which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Group. When assessing independence, the Board focuses beyond the Independent Director's background, economic and family relationships and considers whether the Independent Director can continue to bring independent and objective judgment to Board deliberations.

In its meeting on 24 May 2011, the Board resolved that the maximum tenure for an Independent Director is 15 years until year 2013. After 2013, the maximum tenure for an Independent Director would be reduced to 12 years.

The MCCG recommends that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years and the Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. The MCCG also allows for the Board to seek shareholders' approval in the event it retains an Independent Director who has served in that capacity for more than nine (9) years.

On an annual basis, the Board considers the list of Independent Directors in AHB and its subsidiaries who have served in that capacity for a cumulative term of more than nine (9) years and the requirement of the respective Board of AHB and its subsidiaries to justify and seek shareholders' approval in Annual General Meeting in the event the respective Board decided to retain any of its Independent Directors who have served in that capacity for a cumulative term of more than nine (9) years.

In this respect, the Board of the Company and the subsidiaries will seek shareholders' approval with justifications during the Annual General Meeting of the Company and the subsidiaries for the relevant Independent Directors in the Group to remain as Independent Directors after serving a cumulative term of nine (9) years. A formal assessment with the relevant justifications is done by the Nomination Committee for a director who has served a cumulative term of nine (9) years to continue to serve in the capacity as an Independent Director.

The Board has established clear roles and responsibilities in discharging its fiduciary and leadership functions. The Board has assumed, amongst others the following duties and responsibilities during the financial year:-

a) Reviewing and adopting a strategic plan for the Group;
b) Overseeing the conduct of the Company's business;
c) Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
d) Succession planning;
e) Overseeing the development and implementation of a corporate disclosure policy and procedures; and
f) Reviewing the adequacy and the integrity of the management information and internal control system of the Company.

CORPORATE GOVERNANCE STATEMENT

The role of the Board is to review and approve management's proposal on the strategic plan of the Company and the Group. The Board brings objectivity and breadth of judgment to the strategic planning process as they are not involved in day-to-day management of the business. Every year, the CEOs of the subsidiaries and associate are invited to make presentations of their budget and strategic business plan to satisfy the Board that the management of subsidiaries has taken into account all the appropriate considerations in preparing their budget and strategic plans. The Board is also responsible for monitoring the implementation of the strategic plans by the subsidiaries. The CEOs of the subsidiaries and associate are also invited to make presentations to the Board on the achievement of their approved budget and the strategic plan initiatives on a quarterly or half yearly basis.

The Board has also ensured that all candidates appointed to senior management positions are of sufficient calibre and satisfied that there are programmes in place to provide for the orderly succession of senior management. The Board is also supported by a suitably qualified and competent company secretary who also plays an important role in supporting the Board by ensuring adherence to Board policies and procedures. The Company Secretary is an Advocate & Solicitor of the High Court of Malaya and licensed under Section 139B of the Companies Act, 1965.

The Board recognises its role in establishing ethical values that support a culture of integrity, fairness, trust, forthrightness and pursuit of excellence. To this, the Board has formalised its code of conduct in the Board Policy Manual and has made them available in the corporate website of the Company. The Board had ensured compliance to the code of conduct during the year by committing itself and its members to ethical, business like and lawful conduct, including proper use of authority and decorum when acting as directors. The directors also have avoided conflict of interest with respect to their fiduciary responsibilities and conduct themselves in the interest of the Group. The Board has also established its Board Charter which includes the roles and responsibilities of the Chairman, Deputy Chairman, Independent Directors and the Group CEO - and made them available on the website.

The whistle blowing policy was approved by the Board on 13 August 2012. The policy is intended to encourage employees to raise serious and genuine concern(s) about any malpractice or wrongdoing by their colleagues with the Whistle Blowing Committee of the Company, without fear of victimisation, harassment, discrimination or intimidation rather than overlooking the concern(s) or 'blowing the whistle' outside the Company. The policy aims to reassure employees that concerns(s) raised by employees will be handled with high confidentiality and employees will be protected from reprisals or victimisation if they had made a disclosure in good faith. In line with the company's commitment to the highest standards of ethical and fair business conduct and ensuring high standard of governance and accountability, the Board has ensured compliance to the whistle blowing policy during the year.

The Company's strategies to promote sustainability were approved by the Board on 19 November 2012. The Company's commitments with respect to sustainability are in the core areas of workplace, marketplace, community and environment. The Company's involvement in the community takes many forms which include providing financial aid or in-kind to the poor and needy members of the society, sponsorship of special community events or projects, contribution of funds to community organisations or causes and activities with community and staff participation.

Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad is the Senior Independent Non-Executive Director, to whom concerns from the other directors, public or investors shall be conveyed.

Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad, the Chairman of the Audit Committee, is a member of the Malaysian Institute of Accountants ("MIA") and meets the requirements of Paragraph 15.09(1)(c) of the BMSB Main Market Listing Requirements.

BOARD MEETINGS

The Chairman is responsible for ensuring that the Board meets on a regular basis throughout the year. The Board meets at least four (4) times a year, with additional meetings convened when necessary. It has a formal time schedule that is determined in advance. The notice of the meetings is circulated to Board members at least fourteen (14) days before the meeting and the agenda and Board papers are circulated at least seven (7) days before each meeting. Key matters discussed at Board meetings include financial performance, budget and strategic business plans, significant operational matters, capital management plans and potential acquisitions.

The Board has formalised its responsibilities and the terms of reference of its committees in the Board Policy Manual and has made them available in the corporate website of the Company.

The Board has a formal schedule of matters (including strategic and policy issues, financial decisions and the annual business plan) reserved to it. The Board and its committees are supplied with all necessary information to enable them to effectively discharge their responsibilities.

The quorum for the Board meetings is a minimum of three (3) attendees or 50% of total Board members, whichever is higher as set out in the Board Policy Manual and the revised Guidelines on Corporate Governance for Licensed Institution (Revised BNM/GP1). The Board records all its deliberations, in terms of the issues discussed and the conclusions in discharging its duties and responsibilities. All conclusions of the Board are duly recorded in the Board minutes.

During the financial year ended 31 December 2015, four (4) Board meetings and three (3) Special Board Meetings were held. The details of attendance of each director at the Board meetings held during their tenure of service in financial year 2015 are as follows:-

Name of Directors	Attendance at Meetings
Gen (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin	7/7
Tan Sri Dato' Seri Lodin bin Wok Kamaruddin	7/7
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad	5/7
Dato' Mustafa bin Mohamad Ali	7/7
Abd Malik bin A Rahman	7/7
Tan Sri Dato' Seri Alauddin bin Dato' Mohd Sheriff	7/7
Rosnah binti Omar	7/7
Ignatius Chan Tze Ching	6/7
Joseph Yuk Wing Pang ^	3/4
Lee Chor Kee @ (Alternate Director to Ignatius Chan Tze Ching)	-
Peter Yuen Wai Hung ^ (Alternate Director to Joseph Yuk Wing Pang)	1/7

@ Appointed on 6 April 2015
^ Appointed on 29 April 2015

SUPPLY OF INFORMATION

All directors are entitled to information pertaining to the Group to enable them to effectively discharge their duties as directors. Occasions may arise when the Board has to seek legal, financial, governance or expert advice in the course of their duties. There are established procedures in place for any director to obtain independent professional advice at the cost of the Group. The directors also have unrestricted access to the information pertaining to the Group including the Group's auditors and consultants. All directors, particularly the Chairman, have unrestricted access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business. The Board also regularly consults the Company Secretary who is qualified and competent on procedural and regulatory requirements. The Company Secretary is responsible for ensuring compliance with the relevant regulations affecting the Group, including but not limited to the Financial Services Act 2013, Islamic Financial Services Act 2013, the Companies Act 1965, Capital Markets and Services Act 2007, the Main Market Listing Requirements of BMSB and the laws and regulations imposed by the Securities Commission.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

(a) Appointment

The Nomination Committee is in compliance with the best practice set out in MCCG on the appointment of members to the Board, and is subject to the approval of Bank Negara Malaysia. For new appointment of directors, the Board will set out expectations on time commitment for the new director and the protocols for accepting new Directorships.

(b) Re-election

The Company's Articles of Association provides for all directors to be subjected to re-election by rotation at each Annual General Meeting. The Articles of Association further provides for all directors to submit themselves for re-election at least once in three (3) years in compliance with the BMSB Main Market Listing Requirements. The re-appointment of directors is also subject to the approval of Bank Negara Malaysia.

DIRECTORS' TRAINING

An integral element in the process of appointing new directors requires new directors to undergo an orientation program in respect of the businesses of the Group together with meeting the management teams within the Group, including reiterating the expectations of the Board with regard to individual members' contributions to the Board and the Group. Every year, the Nomination Committee will propose available training programmes conducted by the regulators and training organisations for directors and further ensures that its members have access to appropriate continuing education programmes and all Board members undergo the necessary training from time to time and are kept abreast with current regulatory issues and changing commercial risks. It is imperative that directors devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning. This will enable directors to sustain their active participation in board deliberations.

During the year, all the directors have attended various courses and seminars relevant to their duties and responsibilities to further enhance their skill and knowledge in compliance with para 15.08 of the listing requirements of Bursa Malaysia.

Pursuant to the requirements of Bursa Malaysia, a newly appointed director is required to attend the Mandatory Accreditation Programme (MAP) by Bursa Malaysia. The director is required to complete the MAP within four (4) months of his/her appointment.

Conferences, seminars and training programmes attended by directors in year 2015 were:-

No	Training Program	Conducted by	Attended by	Date
1.	Crowd Funding in China	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	2 January 2015
2.	Manager's Conference	Tomei Consolidated Berhad	• Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad	7 January 2015
3.	Alibaba's Financial Services Innovation	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	9 January 2015
4.	Impacts of Falling Oil Prices on Asia's Economies	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	16 January 2015
5.	Asian Financial Forum	The Government of HKSAR and Hong Kong Trade Development Council	• Ignatius Chan Tze Ching	20 January 2015
6.	China's High Staff Turnover Rate	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	23 January 2015
7.	Focus Group Discussion on Financial Director's Remuneration	FIDE Forum	• Dato' Mustafa bin Mohd Ali	28 January 2015
8.	Talent Shortages in Hong Kong's Financial Industry	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	30 January 2015
9.	Financial Services in Turbulent Times - A dialogue with Tan Sri Lee See Yan	FIDE Forum	• Tan Sri Dato' Seri Lodin bin Wok Kamaruddin	5 February 2015
10.	The Success of China's Joint Stock Banks	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	6 February 2015
11.	Focus Group Discussion	FIDE Forum	• Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad	9 February 2015

No	Training Program	Conducted by	Attended by	Date
12.	AFFIN Hwang Capital Conference Series 2015 Navigating Through Turbulent Times	AFFIN Hwang Investment Bank Berhad	• Tan Sri Dato' Seri Lodin bin Wok Kamaruddin • Abd Malik bin A Rahman	10 February 2015
13.	Remuneration Reform of Civil Servants in China	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	13 February 2015
14.	Latest Development of P2P lending in China	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	27 February 2015
15.	Global Risk Report 2015 : A Perspective Shadow Banking in China Event	Oliver Wyman	• Ignatius Chan Tze Ching	2 March 2015
16.	China's Outbound Tourism	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	6 March 2015
17.	The Rise of Chinese Investment in Global Real Estate	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	13 March 2015
18.	"Cyber-Sovereignty" in China	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	20 March 2015
19.	Economic and Financial Services Sector: Trends and Challenges Moving Forward. Dialogue with the Governor of Bank Negara Malaysia	FIDE Forum	• Tan Sri Dato' Seri Lodin bin Wok Kamaruddin • Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad	23 March 2015
20.	Third Runway of the Hong Kong International Airport	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	27 March 2015
21.	Managing in Uncertainties and Surviving the Turbulence	Tomei Consolidated Berhad	• Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad	7 April 2015
22.	Nominating Committee Programme 2 : Effective Board Evaluation	ICLIF	• Tan Sri Dato' Seri Alauddin bin Dato' Mohd Sheriff	8 April 2015
23.	China's New Economic Diplomacy	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	10 April 2015
24.	Fiscal Constraints of China Economy	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	17 April 2015
25.	Hong Kong Population Policy 2015	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	24 April 2015
26.	Industry Consultation Session : 2015 Non-Executive Directors' Remuneration Study	FIDE Forum	• Abd Malik bin A Rahman	6 May 2015
27.	China's Debt Problem	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	8 May 2015
28.	Group Discussion on Financial Directors' Remuneration	FIDE Forum	• Dato' Mustafa bin Mohd Ali	12 May 2015

CORPORATE GOVERNANCE STATEMENT

No	Training Program	Conducted by	Attended by	Date
29.	China's Super Rich	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	15 May 2015
30.	2nd Distinguished Board Leadership Series – Board's Strategic Leadership Innovation & growth In Uncertain Times by Ram Charan	FIDE Forum	• Tan Sri Dato' Seri Lodin bin Wok Kamaruddin • Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad • Dato' Mustafa bin Mohd Ali	21 May 2015
31.	China's Start-up Boom	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	22 May 2015
32.	The political and economic climate in the mainland China and Hong Kong after the 2015 National People's Congress (NPC) & the Chinese People's Political Consultative Conference (CPPCC) by Mr. Lau Yui-Siu	The Bank of East Asia, Limited	• Ignatius Chan Tze Ching	27 May 2015
33.	China's "One Belt, One Road" Initiative	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	29 May 2015
34.	China's Push for Private-Public Partnership	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	5 June 2015
35.	Impact of New Accounting Standard on Banks – What Directors should be aware of by Danial Scott	FIDE Forum	• Rosnah binti Omar	5 June 2015
36.	Impact of New Accounting Standard IFRS 9 on banks	FIDE Forum/IASB	• Abd Malik bin A Rahman	5 June 2015
37.	7th Annual Corporate Governance Summit	Asian World Summit	• Abd Malik bin A Rahman	8 & 9 June 2015
38.	China Financial Future	Fung Global Institute	• Ignatius Chan Tze Ching	8 June 2015
39.	Occupying the Excess "Danger", "Opportunities" about the Future Discussion Forum	Hong Kong Development Forum Limited	• Ignatius Chan Tze Ching	10 June 2015
40.	2nd Board Risk Intelligence – "Risk Governance in Practice"	Asian World Summit	• Rosnah binti Omar	10 – 11 June 2015
41.	RMB Fixed Income and Currency (FIC) Conference	Hong Kong Exchanges and Clearing Limited	• Ignatius Chan Tze Ching	11 June 2015
42.	The Latest Economic Developments in Cambodia	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	12 June 2015
43.	Capital Market Directors' Training Program (CMDP) 2015	SC/SIDC	• Abd Malik bin A Rahman	15 – 17 June 2015

No	Training Program	Conducted by	Attended by	Date
44.	Hong Kong's Tight Labour Market Puzzle	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	19 June 2015
45.	The Booming FDI in ASEAN	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	26 June 2015
46.	Made in China 2025	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	3 July 2015
47.	Capital Market Directors' Training Program (CMDP) 2015	SC/SIDC	• Abd Malik bin A Rahman	2 – 3 July 2015
48.	The Development of China's Automobile Industry	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	10 July 2015
49.	The Credit Card Market in China	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	24 July 2015
50.	Enhancing regional financial integrating and standardising towards a more dynamic ASEAN financial market by Governor of Bank Negara Malaysia	EU-Malaysia Chamber of Commerce and Industry (EUMCCI) & Bank Negara Malaysia	• Gen (R) Dato' Seri Diraja Tan Sri Mohd Zahidi bin Hj Zainuddin	29 July 2015
51.	CG Breakfast Series : The Board's Response in Light of Rising Shareholder Engagements Bursa Malaysia/CLSA/ICLIF 4 August 2015	Bursa Malaysia/CLSA/ICLIF	• Abd Malik bin A Rahman	4 August 2015
52.	Dissecting China's Stock Market	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	7 August 2015
53.	RMB's inclusion into the SDR	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	14 August 2015
54.	The Recent Depreciation of the Renminbi	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	21 August 2015
55.	Roundtable on Sustainable Palm Oil	KL Kepong Bhd	• Dato' Mustafa bin Mohd Ali	18 August 2015
56.	Non-Executive Director Programme: Corporate Governance Code update – is your board ready to respond	PricewaterhouseCoopers Limited	• Ignatius Chan Tze Ching	18 August 2015
57.	AMLATFPUAA 2001 : Complexity & its Impact on Investment Banking	AFFIN Hwang Capital/ Sheila Hussain Vijay & Partners	• Abd Malik bin A Rahman	24 August 2015
58.	The World Capital Markets Symposium (WCMS) 2015 – Markets and Technology : Driving Future Growth Through Innovation by Securities Commission	Securities Commission, Malaysia	• Tan Sri Dato' Seri Lodin bin Wok Kamaruddin	3 September 2015

CORPORATE GOVERNANCE STATEMENT

No	Training Program	Conducted by	Attended by	Date
59.	Board Chairman Series part 2 : Leadership Excellence from the Chair	Bursa Malaysia/ICLIF	• Abd Malik bin A Rahman	3 September 2015
60.	Accelerating Global Brand Success	Genting Malaysia Berhad	• Gen (R) Dato' Seri Diraja Tan Sri Mohd Zahidi bin Hj Zainuddin	7 & 8 September 2015
61.	Corporate Governance Breakfast Series with Directors : How to Maximise Internal Audit	Bursa Malaysia/IIAM	• Abd Malik bin A Rahman	9 September 2015
62.	Corporate Governance Breakfast Series : How to Maximise Internal Audit	Bursa Malaysia	• Tan Sri Dato' Seri Alauddin bin Dato' Mohd Sheriff	9 September 2015
63.	The Situations of Sub-divided Units (SDUs) in Hong Kong	The Bank of East Asia, Limited	• Joseph Yuk Wing Pang	11 September 2015
64.	Innovation, Technologies, Mechanization and Sustainability	Genting Plantations Berhad	• Gen (R) Dato' Seri Diraja Tan Sri Mohd Zahidi bin Hj Zainuddin	17 & 18 September 2015
65.	Corporate Governance Breakfast Series with Directors : Future of Auditor Reporting – The Game Changer for Boardroom	Bursa Malaysia	• Tan Sri Dato' Seri Lodin bin Wok Kamaruddin	21 September 2015
66.	The Interplay between Corporate Governance, Non-Financial Information and Investment Decision - What Directors of Listed Companies Need to Know	Bursa Malaysia/SIDC	• Abd Malik bin A Rahman	22 September 2015
67.	Capital Market Director's Training Program (CDMP) 2015 – Module 2A : Business Challenges and Regulatory Expectations : What Directors Need to Know : Equities & Future Broking	Securities Commission, Malaysia	• Tan Sri Dato' Seri Lodin bin Wok Kamaruddin	29 September 2015
68.	Malaysian Economic Convention 2015	MEA & FEA	• Rosnah binti Omar	28 & 29 September 2015
69.	Capital Market Director's Training Program (CDMP) 2015 – Module 4 : Current and Emerging Regulatory Issues in the Capital Market	Securities Commission, Malaysia	• Tan Sri Dato' Seri Lodin bin Wok Kamaruddin	2 October 2015

No	Training Program	Conducted by	Attended by	Date
70.	Capital Market Director's Training Program (CDMP) 2015 – Module 1: Directors 76 as Gatekeepers of Market Participants	Securities Commission, Malaysia	• Tan Sri Dato' Seri Lodin bin Wok Kamaruddin	5 October 2015
71.	Capital Market Director's Training Program (CDMP) 2015 – Module 2B : Business Challenges and Regulatory Expectations – What Directors Need to Know (Fund Management)	Securities Commission, Malaysia	• Tan Sri Dato' Seri Lodin bin Wok Kamaruddin	7 October 2015
72.	5th Distinguished Board Leadership Series by Sheila Blair	FIDE Forum	• Rosnah binti Omar	28 October 2015
73.	Half day talk on:- - The Malaysian Economy 2015: Economic Outlook - Economy and Financial Market Post Global Financial Crisis - The Malaysian Economy: Issues and Prospects	AFFIN Holdings Berhad/MICG	• Gen (R) Dato' Seri Diraja Tan Sri Mohd Zahidi bin Hj Zainuddin • Tan Sri Dato' Seri Lodin bin Wok Kamaruddin • Dato' Mustafa bin Mohd Ali • Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad • Abd Malik bin A Rahman • Tan Sri Dato' Seri Alauddin bin Dato' Mohd Sheriff • Rosnah binti Omar	11 November 2015
74.	Half day talk on:- - Budget 2106, MFRS 9, Anti Money Laundering and Cybercriminals in the Financial Services Sector	AFFIN Holdings Berhad/ Pricewaterhousecoopers	• Gen (R) Dato' Seri Diraja Tan Sri Mohd Zahidi bin Hj Zainuddin • Tan Sri Dato' Seri Lodin bin Wok Kamaruddin • Dato' Mustafa bin Mohd Ali • Abd Malik bin A Rahman • Tan Sri Dato' Seri Alauddin bin Dato' Mohd Sheriff • Rosnah binti Omar	3 December 2015
75.	Advanced Women Directors' Training Programme	NAM Institute for the Empowerment of Woman (NIEW)	• Rosnah binti Omar	7 – 9 December 2015

CORPORATE GOVERNANCE STATEMENT

DIRECTORS' REMUNERATION

The objective of the Company's policy on directors' remuneration is to attract and retain directors of the calibre needed to lead the Group successfully.

The Board has established a formal and transparent remuneration policies and procedures to attract and retain directors. The determination of the remuneration for Non-Executive Directors is a matter for the Board as a whole. The remuneration packages had taken into account of pay and employment conditions within the industry. The level of remuneration paid to Non-Executive Directors reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned. Non-Executive Directors are paid a basic fee as ordinary remuneration and paid a sum based on their responsibilities in the Committees. The fee is a fixed sum and not by a commission on or percentage of profits or turnover as stated in the Main Market Listing Requirements of BMSB. In determining the level of remuneration for Non-Executive Directors, the Board normally will conduct a survey of the remuneration levels in the industry either by external consultants or the management. This survey will be tabled and presentation be made to the Remuneration Committee and Board for deliberation.

The considerations that the Board normally takes into account in determining the remuneration package of directors include:-

a) membership of a director in committee(s);

b) whether the director is a member or Chairman of committee(s);

c) affordability;

d) industry's practices/benchmarks; and

e) reasonableness.

Fees payable to directors are recommended by the Remuneration Committee to the Board for approval by the shareholders at the Annual General Meeting. The Company reimburses reasonable expenses incurred by the directors in the course of performing their duties as directors.

The details of the remuneration for the financial year ended 31 December 2015 of the directors are as follows:-

Directors	Fees (RM)	Allowances (RM)	Benefit in kind (RM)	Other Emoluments (RM)	Total (RM)
Non-Executive Directors	2,395,884	454,400	33,970	-	2,884,254

The numbers of directors whose total remuneration during the year fall within the following bands are as follows:-

Non-Executive Directors (Including Alternate Directors)	No. of directors
Nil	-
RM 1 to RM 50,000	1
RM 50,001 to RM 100,000	1
RM 100,001 to RM 150,000	2
RM 150,001 to RM 200,000	1
RM 250,001 to RM 300,000	1
RM 300,001 to RM 350,000	1
RM 400,001 to RM 450,000	1
RM 500,001 to RM 550,000	1
RM 750,001 to RM 800,000	1

THE BOARD COMMITTEES

The current Board Committees to assist the Board in the execution of its responsibilities are as follows:-

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Risk Management Committee

(a) Audit Committee

The present terms of reference of the Audit Committee are in compliance with the requirements of the BMSB Main Market Listing Requirements and the best practices contained in MCCG.

The Board recognises that an effective Audit Committee is vital to ensure the Company's financial statement is a reliable source of financial information. The Audit Committee ensures that the Company's financial statements comply with applicable financial reporting standards as this is integral to the reliability of financial statements.

The Board has established an internal audit function which reports directly to the Audit Committee. The Group Chief Internal Auditor has the relevant qualifications and be responsible for providing assurance to the Board that the internal controls are operating effectively. The Group Internal Audit is carrying out their functions according to the standards set by recognised professional bodies and conduct regular reviews and appraisals of the effectiveness of the governance, risk management and internal control processes within the Company. Periodic testing of the effectiveness and efficiency of the internal control procedures and processes is conducted to ensure that the system is viable and robust.

The internal audit function of the Group is performed in-house. The Chief Group Internal Auditor reports to the Audit Committee of AFFIN Holdings Berhad and the respective subsidiaries. As for AXA-AFFIN Life Insurance Berhad and AXA-AFFIN General Insurance Berhad, the Head of Internal Audit reports to the Audit Committee of the respective Company.

(b) Nomination Committee

The members of the Nomination Committee are as follows:-

Tan Sri Dato' Seri Alauddin bin Dato' Mohd Sheriff (Chairman)	Independent Non-Executive Director
Gen (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin	Non-Independent Non-Executive Director
Tan Sri Dato' Seri Lodin bin Wok Kamaruddin	Non-Independent Non-Executive Director
Dato' Mustafa bin Mohamad Ali	Independent Non-Executive Director
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad	Independent Non-Executive Director

The composition of the Nomination Committee complies with Revised BNM/GPI which requires a minimum of five members of which at least four must be Non-Executive Directors. It also complies with the best practices in MCCG which requires the Committee to be composed exclusively of Non-Executive Directors, a majority of whom are independent. The Chairman of the Committee is an Independent Director as required by Revised BNM/GP1.

CORPORATE GOVERNANCE STATEMENT

The Nomination Committee has the following duties and responsibilities:-

- To recommend candidates for all directorships to be filled by shareholders or the Board;
- To recommend candidates to fill the seats on Board Committees;
- To recruit and retain the best available directors;
- To assess the contribution of each individual director;
- Reviewing annually the Board structure, size, composition and the balance between Executive Directors, Non-Executive Directors and Independent Directors to ensure that the Board has the appropriate mix of skills and experience including core competencies which directors should bring to the Board and other qualities to function effectively and efficiently;
- To take necessary steps to ensure that women candidates are sought as part of the the Company's recruitment exercise to meets its gender diversity policy;
- To establish and implement processes for assessing the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each director;
- To review regularly the status of Independent Directors and ensure that they meet the criteria of Independent Directors as defined in the guidelines issued by BNM and in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- To assess and recommend to the Board, the re-appointment of directors and CEO upon the expiry of the respective terms of appointment as approved by BNM;
- To recommend directors who are retiring at Annual General Meetings for re-election and termination of Board membership for appropriate reasons;
- To conduct assessments on the fitness and propriety of directors, the CEO and the Company Secretary and making decisions on their appointments;
- To review regularly the list of key responsible persons (which include the directors, CEO and Senior Officers) of the Company to ensure that the list is comprehensive and has included all key positions within the Company;
- To establish and to review regularly the internal policies on fit and proper procedures and assessment processes relating to key responsible persons and the Company Secretary;
- To assess on an annual basis, that the directors, CEO and Senior Officers are not disqualified under Section 59 of the Financial Services Act 2013 and that the directors, CEO and Senior Officers continue to comply with the fit and proper criteria as approved by the Board;
- To assess on an annual basis, that the Company Secretary is not disqualified under Section 139C of the Companies Act 1965 and that he/she continues to comply with the fit and proper criteria as approved by the Board;
- To recommend to the Board the removal of a director or CEO if he/she is disqualified under Section 59 of the Financial Services Act 2013, no longer comply with fit and proper criteria as approved by the Board or is inefficient, errant and negligent in discharging his/her responsibilities;
- To recommend to the Board the removal of the Company Secretary if he/she is disqualified under Section 139C of the Companies Act 1965 or he/she is no longer comply with fit and proper criteria as approved by the Board;
- To ensure existence of an appropriate framework and succession plan for the CEO and Senior Officers of the Company;

- To ensure that all Board appointees undergo the necessary training programmes prescribed by the applicable statutory and regulatory bodies;

- To provide adequate training and orientation of new directors with respect to the business, structure and management of the Group as well as the expectations of the Board with regards to their contribution to the Board and Group;

- To carry out such other responsibilities as may be specified by BNM from time to time; and

- Considering other matters as referred to the Committee by the Board.

In carrying out its duties and responsibilities, the Nomination Committee is additionally guided by the Board Policy Manual.

The Nomination Committee has developed and maintained the criteria for core competencies to be assessed in the recruitment and annual assessment of the directors in the Board Policy Manual namely integrity, commitment, ethics, governance, strategic perspective, business acumen, judgment, decision making, teamwork, communication and leadership. Directors are assessed based on their contributions as a member of the Board and their respective membership in Board Committees.

The Board delegates the screening and evaluation process for potential new directors and for re-appointment of existing directors to the Nomination Committee. The Chairman of the Board actively participates in the selection of directors. The screening process of potential candidates is in accordance with BNM's guidelines and the Company's Fit and Proper Policies and Procedures for Key Responsible Persons. The Policy sets out a formal and transparent process for the appointment, re-appointment and annual assessment of the directors and Key Senior Management Personnel. Potential candidates recommended by the Nomination Committee for Board membership will be assessed by the Board before approval and will be subject to final approval by Bank Negara Malaysia.

In selecting potential new directors and directors to be nominated for re-election, the Nomination Committee consider the skills and industry knowledge that the candidate will bring to the Board, including specific qualifications, knowledge, abilities, skills, experience and expertise of the candidate. In selecting a new director to replace another director who resigns or for any reason ceases to be a member of the Board, the Nomination Committee will consider the candidate nominated by the Chairman, the Deputy Chairman, other directors, the Group CEO or the major shareholders.

One new director, Mr. Joseph Yuk Wing Pang and two (2) new alternate directors, Mr. Lee Chor Kee and Mr. Peter Yuen Wai Hung were appointed during the year as the nominee directors of The Bank of East Asia, Limited. The Nomination Committee has assessed their suitability for appointment as director/alternate directors of AHB based on their qualifications, skills and experience in the banking industry.

On 13 August 2012, the Board approved the proposed policy on Boardroom diversity. The Board, through the Nomination Committee will take steps to ensure that women candidates are sought as part of its recruitment exercise. Selection of women candidates to join the Board will be, in part, dependent on the pool of women candidates with the necessary skills, knowledge and experience. The ultimate decision will be based on merit and contributions the candidate brings to the Board.

The Board has every intention of meeting the 30% women participation target by 2016 as recommended by Corporate Governance Blueprint 2011 issued by the Securities Commission and will take the necessary measures to meet the target. The Nomination Committee is responsible to implement this policy and monitoring the progress towards the achievement of the target of 30% women participation in the Board by 2016.

The Committee had reviewed the size and composition of the Board and its committees and is of the opinion that the current Board and its committees possess the appropriate mix of skills and competencies required to effectively lead the Group.

The Nomination Committee held three (3) meetings during the financial year. All the members of the Nomination Committee attended the meetings. During the meetings, the Committee:-

- noted Bank Negara Malaysia's approval dates for the re-appointment of directors and their respective expiry dates;

- conducted the directors' Appraisal for the year 2015. The directors were appraised based on their core competencies, namely integrity, commitment, ethics, governance, strategic perspective, business acumen, judgment, decision making, teamwork, communication and leadership;

- conducted fit and proper assessment on the directors and senior management of the Company;
- conducted an assessment of Board effectiveness as required by the Green Book under the Government Linked Companies (GLC) Transformation Programme;
- noted, deliberated and provide recommendation to the Board on the matters raised by Bank Negara Malaysia on Composite Risk Rating of AFFIN Bank Berhad pertaining to supervisory expectation on corporate governance.
- noted the list of Independent Directors of AHB and its subsidiaries who have served as Independent Directors for a cumulative term of more than nine (9) years;
- recommended to the Board for the re-appointment of directors who retire at the Annual General Meeting in year 2016 and re-appointment of directors due to expiry of BNM approval; and
- noted the list of trainings available for directors and list of trainings attended by directors in year 2015.

(c) Remuneration Committee

The members of the Remuneration Committee are as follows:-

Dato' Mustafa bin Mohamad Ali (Chairman)	Independent Non-Executive Director
Gen (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin	Non-Independent Non-Executive Director
Abd Malik bin A Rahman	Independent Non-Executive Director

As per recommendation of MCCG, the Remuneration Committee consists exclusively of three (3) Non-Executive Directors. The Chairman of the committee is an Independent Director.

The Remuneration Committee is responsible for setting the framework for the remuneration policy and for recommending to the Board the remuneration and benefits extended to the senior management of the Company.

In addition, the Remuneration Committee also reviews and approves the salary increment, bonus and other benefits extended to the Company's senior management.

The Remuneration Committee has the following duties and responsibilities:-

- Review the performance of senior management of the Company;
- Determine the level of make-up of the directors and senior management's remuneration so as to ensure that the Company attracts and retains the directors and senior management of the appropriate calibre, experience and quality needed to run the Group successfully. The level and make-up of the remuneration should be structured so as to link rewards with corporate and individual performance and commensurate with responsibilities;
- Develop policies, practices and recommend proposals appropriate to facilitate the recruitment and retention of directors and senior management of the Company; and
- Consider other matters as referred to the Committee by the Board.

The Remuneration Committee held two (2) meetings during the financial year. All the members of the Remuneration Committee attended the meetings. During the meetings, the Committee:-

- Noted, deliberated and recommended for Board's approval of the directors' remuneration in AHB and its subsidiaries for the financial year ending 31 December 2015;
- Considered and recommended the proposed payment of bonus and annual salary increment to the staff of AHB.

(d) Group Board Risk Management Committee (GBRMC)

The members of the GBRMC are as follows:-

Rosnah binti Omar (Chairman)	Independent Non-Executive Director
Tan Sri Dato' Seri Alauddin bin Dato' Mohd Sheriff	Independent Non-Executive Director
Ignatius Chan Tze Ching	Non-Independent Non-Executive Director

The Committee has the following Terms of Reference:-

Composition and scope of the GBRMC

The GBRMC shall consist of not less than three (3) members comprising only Non-Executive Directors, of which the majority of members shall be Independent Directors. The GBRMC should be chaired by an Independent Director.

The Chairmen of the Board Risk Management Committees of AFFIN Bank Berhad, AFFIN Islamic Bank Berhad and AFFIN Hwang Investment Bank Berhad shall be invitees at GBRMC meetings. The Group Chief Executive Officer and CEOs representing the Banks above will also be invited to attend the GBRMC accordingly. The Group Chief Risk Officer (GCRO) shall be in attendance at the GBRMC meetings, with the Company Secretary acting as the Secretariat.

GBRMC represents a Board committee to assess and examine the adequacy of group risk management framework including the policies, procedures and processes for the Group. GBRMC is established to ensure that the Group wide enterprise risk management framework, policies and guidelines adequately protect AFFIN Banking Group comprising AFFIN Bank Berhad, AFFIN Islamic Bank Berhad, AFFIN Hwang Investment Bank Berhad (Banking Group) any other financial institutions to be included against all identified risks. The enterprise risk management include credit, market, liquidity, interest rate and operational which incorporate legal, regulatory, reputational, human resource and anti-money laundering and counter financing of terrorism (AML/CFT) risks.

Quorum of GBRMC Meeting

Two (2) members present shall constitute a quorum.

Frequency of GBRMC Meetings

The GBRMC shall meet at least once every quarter basis to execute its responsibilities and tasks.

Detailed Scope of Responsibilities of GBRMC

(i) Set the overall approach of the Banking Group's enterprise wide risk strategy for approval by the Board of AHB. The risk management framework and guidelines must enable the identification, measurement, managing, monitoring and reporting of all relevant and material risks on a group wide basis.

(ii) The GBRMC shall ensure that the group risk management policies adequately protect the Banking Group against all risks identified in the scope above with group wide risk management framework detailing the policies, procedures and processes to address the Group's strategic business and operational risks.

(iii) Review the risk appetite for the Group that are consistent with the Banking Group's risk appetite, strategic/business focus and prevailing business environment and ensure that the reviews on the risk appetite are effectively communicated throughout the Banking Group. The GBRMC is to certify that this is well integrated throughout and embedded into the business strategy, operations and culture of the Banking Group.

(iv) Review and appraise risks inherent in all products and activities and evaluate reports on risks under stress scenarios and the capability of the Bank's capital to sustain such risks. Any new risks to the Banking Group are subject to adequate risk management policy and controls before being introduced or undertaken.

(v) Review the capital management of the Group in accordance with the mandatory regulatory supervision on the reserves, loans and capital ratios by the Regulatory Authorities. Evaluate and make recommendation to the AHB's Board on all new subsidiaries and mergers and acquisition proposals to ensure soundness of investment by the Group.

(vi) Discuss and consult with the Banking Group Board Risk Management Committee (BRMC) and the CEO's of the Banking Group on matters to administer and improve the enterprise wide risk management policy within the Group. The consultation includes operational matters and compliance adherence on the risk management's governance and internal controls including on new regulatory framework from the Regulatory Authorities.

(vii) Oversees the implementation of group wide risk management framework by reviewing the related reports submitted by the Chief Risk Officers on the adherence of the policies and procedures as approved by the Board of AHB. The reports include the respective monitoring and reporting of the BRMC in managing identified risk that may affects the financial stability and non-financial impact to the Banking Group. Reviews of critical risk matters should be made available immediately to GBRMC for information, considerations and actions to mitigate the identified risk.

(viii) Submit a regular report on the overall adherence of regulatory compliances and implementation of the enterprise wide risk management policy for the Board of AHB's information and consideration. To submit and recommend to the Board where appropriate the measures to be undertaken on the Group Risk Management Policy and Guidelines on matters that will impact the performance of the business activities and the risk management controls of the Group. Minutes of the GBRMC shall be submitted to the Board for endorsement and notification.

(ix) Address any matters that may affect the enterprise wide risk management controls and reporting to the Board and prepare the Risk Management Statement in the Annual Report for the Board's consideration and approval.

The Committee had four (4) meetings in 2015. All the members of the Committee attended the meetings. During the meetings, the Committee deliberated on amongst others the following:-

1. Risk Management Framework and Policies
2. Relevant regulatory compliance framework
3. Review of Terms of Reference for the Committee
4. Risk Management Structure for the Group and Compliance Reporting
5. Risk Reporting on Imminent & Critical Risk
6. Group policies review and implementation
7. Major Group Risks such as Credit Market, Operational and Legal
8. Internal Capital Adequacy Assessment Process (ICAAP)
9. Portfolio Review and Analysis
10. Other matters

SHAREHOLDERS

(a) Dialogue between the Company and Investors

The Group values dialogue with investors. The aims of the investor relations program are primarily to provide consistent and accurate information to shareholders and fund managers on the Group and to provide prompt feedback to senior management on investors' concerns and market perceptions thus, ensuring effectiveness of the information dissemination.

Various announcements, including quarterly financial results were made during the year to provide shareholders with information on the Group's performance and operations. The Group also holds meetings, briefings and road shows with investors and fund managers from time to time to update them on the latest developments and corporate exercises undertaken by the Group.

On 19 November 2012, the Board approved the corporate disclosure policy and procedures of the Company which are practical and comply with the Main Market Listing requirements of BMSB. It outlines the Company's approach towards the determination and dissemination of material information especially price-sensitive information, the circumstances under which the confidentiality of the information will be maintained and restrictions on insider trading. It also sets out the internal procedural guidelines to facilitate implementation and consistent disclosure practices across the Company.

Only the authorised spoke persons, i.e. the Chairman, the Deputy Chairman, any other Directors or officers of the Company or subsidiaries as authorised by the Board of Directors from time to time are authorised to disclose material information to shareholders, stakeholders, analysts, media, regulators and the investing public. Only the Group CEO and the Executive Director of the Company, the Chief Executive Officer / Managing Director of subsidiaries and senior management of AHB and subsidiaries are authorised to participate in briefing sessions with financial analysts, media and investing public on behalf of the Company and make comments on analyst reports.

Direct engagement of the management in the Group and effective communication with shareholders provides a better appreciation of the Company's objectives, quality of its management and challenges, while also making the Company aware of the expectations and concerns of the shareholders. This will assist shareholders in evaluating the Company and facilitate the considered use of their votes.

(b) Annual General Meeting

The Annual General Meeting is the principal forum for dialogue with the shareholders. At each Annual General Meeting, the Board presents the progress and performance of the business and encourages shareholders to participate in the question and answer session. All the Directors are available to respond to shareholders' questions during the meeting.

For re-election of Directors, full information is provided with the notice of the meeting regarding Directors who are retiring and whether they are willing to serve if re-elected.

Each item of special business included in the notice of the meeting is accompanied by a full explanation of the effects of a proposed resolution to facilitate understanding and evaluation of the issues involved. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman declares the number of proxy votes received both for and against each separate resolution.

The Board takes note of the recommendation by MCCG on the adoption of electronic voting and encourage poll voting to facilitate greater shareholder participation and inform shareholders of their right to demand a poll vote at the commencement of general meeting.

The Company will make an announcement of the detailed results showing the number of votes cast for and against each resolution. The Company will also ensure that any vote of shareholders taken at the general meeting on the resolution approving related party transactions is taken on a poll.

ACCOUNTABILITY AND AUDIT

(a) Financial Reporting

In presenting the annual financial statements and quarterly announcements to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. This also applies to other price-sensitive public reports and reports to regulators. In preparing the financial statements, the Directors consider that the Group had used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates.

(b) Performance targets

On 26 February 2016, AHB announced its achievement of Headline Key Performance Indicators ("KPIs") for the financial year ended 31 December 2015 as follows:-

Headline KPIS achieved for the financial year ended 31 December 2015

No	Headline KPIs	As announced on 26 February 2015	As achieved	% of achievement of Headline KPIs
1	After Tax Return on Equity (ROE)	8.0%	4.6%	57.5%
2	After Tax Return on Assets (ROA)	0.9%	0.6%	66.7%
3	Gross Impaired Loan Ratio	1.64%	1.90%	86.3%
4	Earnings Per Share (EPS)	33.00 sen	19.01 sen	57.6%

These Headline KPIs are targets or aspirations set by the Company as a transparent performance management practice. These headlines shall not be construed as either forecasts, projections or estimates of the Company or representations of any future performance, occurrence or matter as the headlines are merely a set of targets/aspirations of future performance aligned to the Company's strategy and may not be realised.

(c) Internal Control

The Directors acknowledge their responsibility for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management, to safeguard shareholders' investments and the Group's assets. The Board believes that the internal control systems and procedures provide reasonable but not absolute assurance that assets are safeguarded, transactions are authorised and recorded properly and that material errors and irregularities are either detected or minimised to prevent recurrence. The Board has appointed the Audit Committee to review the effectiveness of control procedures and report to the Board on all findings for deliberations.

Some of the key elements of the Group's internal control systems are described below:-

- Clearly defined delegation of responsibilities to the Board Committees and the management of the Group, including authorisation levels for all business units. Each business unit has clear accountabilities for ensuring that appropriate risk management and control procedures are in place. These delegated responsibilities are subject to review throughout the year;
- Audits are undertaken at regular intervals to monitor compliance with policies and procedures; and
- Monitoring of results against the annual business plan, with major variances examined and management action taken.

There is an established framework to manage risks emanating from the operations of the Group. The Board has determined the Company's level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Company's assets. Details of the main features of the Company's risk management framework and the state of internal controls are further elaborated under the Statement on Internal Control provided separately in the Annual Report.

(d) Relationship with the auditors

Through the Audit Committee, the Group has established transparent and appropriate relationships with the Group's auditors, both external and internal. As the independence of external auditors can be impaired by the provision of non-audit services to the Company, the Audit Committee review and monitor the suitability and independence of external auditors. To ensure independence, the Company obtains written assurance from the external auditors confirming that they have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. Other than the written assurance, there are also independence assessment carried out by the Company on an annual basis to assess the suitability and independence of External Auditors in compliance with the policy document on "External Auditors" issued by BNM.

Based on the assessment for the year, the Board is of the view that the present External Auditors are suitable and independent to carry out their duties as the External Auditors, although they have acted as the External Auditors for the Company for 26 years. A report of the Audit Committee is provided in pages 64 to 69 in this Annual Report.

(e) Directors' Responsibilities in Respect of the Audited Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of their results and cash flows for the financial year then ended.

In preparing these financial statements, the Directors have:-

- adopted suitable accounting policies and applying them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

Signed on behalf of the Board of Directors in accordance with their resolution dated 15 February, 2016.

Gen (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin
Chairman

Tan Sri Dato' Seri Lodin bin Wok Kamaruddin
Deputy Chairman

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. CORPORATE GOVERNANCE & BOARD'S OVERSIGHT

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

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

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

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

e. The Board extended the responsibilities of the Audit and Examination Committee ("AC") and Board Risk Management Committee ("BRMC") to include the role of oversight on internal controls and risk management strategies, policies and other risk related matters.

f. AC and BRMC comprised of Independent Non-Executive Directors.

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

h. The Board received assurance from Chief Executive Officers and Chief Financial Officers of the significant operating entities that the Group's risk management and system of internal controls is operating adequately and effectively in all material aspects based on the risk management and internal control system.

2. BUSINESS AND CAPITAL PLAN INCLUDING BUDGET

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

b. A structured framework and processes with regard to capital expenditure and revenue is in place.

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

d. The variances between the actual and targeted results are presented to the Board on a periodic basis to allow for timely responses and corrective actions to be taken to mitigate risks.

3. AUDIT COMMITTEE ("AC") AND GROUP INTERNAL AUDIT ("GIA")

a. Group Internal Audit carry out regular reviews of the business processes and activities to assess the effectiveness of internal control and highlight significant risks impacting the Group. The Audit Committees of the respective Boards conduct annual reviews on the adequacy of the scope of work and resources of Group Internal Audit Division.

b. The Audit Committee of the respective Boards regularly review and hold discussions with management on the action taken on internal control issues identified by Group Internal Audit, external auditors and regulatory authorities.

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

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

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

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

g. The management of business and support departments that are rated "Needs Improvement" and "Unsatisfactory" by GIA are counseled by AC.

h. All related party transactions and audit and non-audit related fees proposed by external auditors or Chief Financial Officer ("CFO") are reviewed by AC.

4. RISK MANAGEMENT FRAMEWORK

a. **Group Board Risk Management Committee ("GBRMC")**

- GBRMC has been established and their responsibilities, amongst others, include overseeing the effective implementation of the Enterprise-Wide Risk Management framework.

b. **Risk Assessment**

- Risk Assessment is in place to provide the process for the identification of the Group's material risks, from the perspective of impact on the Group's financial standing and reputation.

- Consistent and well-accepted methodologies of risk measurement introduced to assess Liquidity, Capital Position, Asset and Liability Management and other relevant metrics.

c. **Risk Governance Structure**

- The Risk Governance Structure is aligned across all the business units and subsidiaries of the Group. These are aligned through the streamlining of the Risk Frameworks, Policies and Organisational Structures in order to embed and enhance risk management and risk culture.

d. **Risk Governance Policies and Procedures**

- Risk Management policies and procedures are reviewed and updated regularly to ensure relevance to the current business needs and current/applicable regulatory requirements.

e. **Whistle Blowing Policy**

- This policy provides avenue for employees to report actual and suspected malpractice, misconduct and violations of the Group policies in a safe and confidential manner.

f. **Operational Risk Management**

- Process facilitated by Group Risk.
- Risk Control Self Assessment (RCSA) has been implemented to enable management to identify and assess the risks under their areas of supervision and control on a continual basis.
- This serves as a trigger point to determine Key Risk Indicators (KRIs) to adopt and monitor operational risk exposures.

g. Concerns and breaches if any, will be escalated to the Group CEO and Group Board Risk Management Committee (GBRMC). The same will then be escalated to the BOD.

h. The operational risk are being reviewed and monitored by Group Risk Management. Discrepancies if any, are escalated to Group Operational Risk Management Committee (GORMC), BRMC, Audit and Examination Committee (AEC) and Shariah Committee (SC) on Shariah related matters. Relevant trainings relating to Operational Risk such as Anti-Money Laundering Act (AMLA), Whistle Blowing Policy, Business Continuity Plan etc are being provided by Group Risk Management Division ("GRMD").

5. COMPLIANCE FRAMEWORK

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

- **Compliance Framework : Policies and Procedures**
  - Policies and Procedures are reviewed on a periodic basis or as and when required to reflect current practices and the applicable legal/regulatory requirements.
- **Training**
  - Scheduled trainings are regularly conducted to create compliance awareness amongst the staff.
- **Compliance Matrix**
  - Compliance Matrix has been established. It is a document that encompasses relevant laws, regulations and guidelines that apply to the business and support units/entities.
- **Compliance Plan**
  - The respective Compliance Department has drawn-up the plan which was tabled and approved by the Board.
- **Anti-Money Laundering/Counter Financing Terrorism (AML/CFT)**
  - The Group AMLA office function, a unit within Group Risk Management Division maintains Group AML/CFT policies and procedures, duly approved by Board Risk Management Committee ("BRMC").

6. SHARIAH GOVERNANCE FRAMEWORK

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

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

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

- **Shariah Research**
  - The Shariah Research Unit comprises qualified Shariah officers who conduct the pre-product approval process, research, vetting of issues for submission and undertake administrative duties relating to the Shariah Committee.
- **Shariah Review**
  - The Shariah Compliance Review comprising qualified Shariah officers, is responsible for conducting the Shariah compliance review function.
  - The Shariah Compliance Review has established the Policy and Procedures Manual which sets out the Shariah compliance review function, encompassing regular assessment on Shariah compliance in the activities and operations of the subsidiaries, including examining and evaluating the level of compliance to the Shariah, remedial rectification measures to resolve non-compliances and control mechanisms to avoid recurrences.
- **Shariah Risk Management**
  - Shariah Non-Compliance ("SNC") risk is identified as one of the material risks under its Islamic banking business. In this regard, Affin Bank Group has established a dedicated Shariah Risk Management team to facilitate a systematic and consistent approach in managing SNC.
- **Shariah Audit**
  - Group Internal Audit Division provides independent assurance on the efficiency and effectiveness of the internal control systems and related policies and procedures implemented by management governing Islamic products and services. Findings related to Shariah products and services are reported to the Shariah Committee of the respective subsidiaries and AC.

7. ESCALATION PROCESS

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

b. Corrective Action Tracking on resolution of issues/findings highlighted by external audit, Group Internal Audit and regulators, if any, have also been escalated to Management Committee Meeting ("MCM"), AC and BOD.

8. HUMAN RESOURCES

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

b. HR Policies and Procedures (“HRPP”)

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

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

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

e. The recruitment process including screening process is in place.

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

9. POLICIES/PROCEDURES INCLUDING EMPOWERMENT AND APPROVING AUTHORITY POLICIES

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

b. Empowerment and Approving Authority Policies

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

10. CONCLUSION

a. The Statement on Risk Management and Internal Control is reviewed by the external auditors in line with Recommended Practice Guide (“RPG”) 5 (Revised) by Malaysian Institute of Internal Auditors (MIA) and para 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing requirements.

b. The Board, through the AC, BRMC and Shariah Committee reviewed the effectiveness of the Risk Management and Internal Control Framework and are operating adequately and effectively in all material aspects during the financial year under review based on the Risk Management and Internal Control system adopted by the Group.

c. Taking into consideration the assurance from the management and input from the relevant assurance providers, it is viewed that the Group’s Risk Management and Internal Control System are operating adequately and effectively to safeguard shareholders’ investment and the company’s assets.

AUDIT COMMITTEE REPORT

The Board of AFFIN Holdings Berhad is pleased to present the Report on Audit Committee (AC) for the Financial Year ended 31 December 2015.

AUDIT COMMITTEE

The AC comprises of the following Directors:-

1. YM Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad
   Chairman/Independent Non-Executive Director

2. YBhg Dato' Mustafa bin Mohamad Ali
   Member/Independent Non-Executive Director

3. En. Abd Malik bin A Rahman
   Member/Independent Non-Executive Director

TERMS OF REFERENCE

1. OBJECTIVE

Audit Committee (AC) is established as a Committee of the Board of Directors.

The primary objectives of AC are to:-

a. Establish the framework for and oversee the audit function of AFFIN Holdings Berhad;

b. Provide assistance to the Board in fulfilling its statutory and fiduciary responsibilities in ensuring that good Corporate Governance, system of internal controls, codes of conduct and compliance with regulatory and statutory requirements are maintained by the AFFIN Group;

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

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

2. COMPOSITION AND APPOINTMENT

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

b. At least one (1) member of the Committee must meet the criteria set by the Bursa Malaysia Securities Bhd's Main Market Listing Requirements.

c. AC members and the Chairman shall be appointed by the Board of Directors based on the recommendations of the Nomination Committee.

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

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

f. The AC shall have no executive powers.

AUDIT COMMITTEE REPORT

3. SECRETARY TO THE AUDIT COMMITTEE

The Company Secretary shall be the Secretary to the Audit Committee.

4. QUORUM

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

5. ATTENDANCE OF MEETINGS

a. The notice of meeting should be served to the AC members at least seven (7) days before the meeting. The agenda and AC papers are to be circulated at least five (5) days before each meeting.

b. The Group Chief Internal Auditor is invited to attend all meetings of the Audit Committee.

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

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

6. FREQUENCY OF MEETINGS

a. The AC shall meet at least four (4) times in a financial year with the objective of reviewing the internal audit reports and AFFIN Group's financial reporting. The AC complements this through regular meetings with the Senior Management and both the Internal and External Auditors to review the AFFIN Group's overall state of governance and internal controls. To ensure that critical issues are highlighted to all Board members in a timely manner, where possible, the AC meetings are convened before the Board meetings. The AC, through its Chairman, shall report to the Board after each meeting where issues can be further deliberated, if necessary.

b. Besides the minimum of four (4) AC meetings in a year, additional meetings shall be scheduled whenever deemed necessary by the AC's Chairman or the majority of the Committee members.

7. AUTHORITY

The AC is authorised by the Board to:-

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

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

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

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

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

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

8. FUNCTIONS AND DUTIES

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

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

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

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

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

d. To recommend to the Board the appointment of External Auditors and their audit fee.

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

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

g. To review the proposals for non-audit services rendered by the External Auditors or 3rd parties. If the External Auditors are engaged, the AC is responsible for ensuring that such engagement does not compromise the independence of the External Auditors in their roles as Statutory Auditors of the Group.

h. To review the adequacy and effectiveness of the Group's control environment.

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

j. To review the findings of any examination by regulatory authorities and the Management response.

k. To review existing policies and practices within the Group in order to regulate and streamline the same to ensure uniformity.

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

m. To review any related party transactions that may arise within the AFFIN Group.

n. To review the adequacy of the scope, functions, competency and resources of the Group Internal Audit Division and the necessary authority to carry its work. The review may cover the planned audit work, internal audit programmes, the results of completed work and Management implementation of agreed actions as recommended by Group Chief Internal Auditor (GCIA). Where appropriate, the Committee may direct the Management to rectify and improve the system of internal controls and procedures based on the Group Internal Auditors' recommendations and suggestions for improvements.

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE MEETINGS HELD IN THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

During the Financial Year Ended 31 December 2015, a total of six (6) AC meetings were held. The AC members and details of the attendance of each member at the meetings are as follows:-

Name Of Committee Member	Attendence
YM Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad *Chairman/Independent Non-Executive Director*	6/6
Dato' Mustafa bin Mohamad Ali *Member/Independent Non-Executive Director*	6/6
En. Abd Malik bin A Rahman *Member/Independent Non-Executive Director*	6/6

The AHB's AC is in compliance with the principles and best practices set out in the Malaysian Code on Corporate Governance and they had met the criteria set by the Bursa Malaysia Securities Berhad (BMSB) Main Market Listing Requirements, Chapter 15 Part C, D and E on Audit Committee. The AC members comprise individuals with a diversity of skills, knowledge and caliber in providing independent, objectivity and effective oversight.

The AC meetings' agenda, relevant AC papers and audit reports were distributed to the AC members five (5) days prior to the date of the meetings. Executive Director of AFFIN Holdings Berhad and Group Chief Internal Auditor were invited to attend all six (6) AC meetings during the financial year. This had allowed the AC members to have full consideration of the issues.

The Company's External Auditors attended three (3) AC meetings during the period. There were discussions between the AC and the External Auditors with regard to significant audit issues, changes in the implementation of major accounting policies, compliance with accounting standards and other legal requirements including regulatory requirement and business issues highlighted by them for both Holdings company and its significant operating entities for Financial Year Ended 31 December 2015. The AC had also reviewed the External Auditors' Audit Plan for the Financial Year Ending 31 December 2015.

The AC had two (2) private meetings with the External Auditors without the presence of Management and Internal Auditors in year 2015. In addition, the External Auditors were invited to attend the annual general meeting to respond to shareholders' questions on audit related issues. The AC also had direct and unrestricted access to the Internal Auditors and had ad-hoc discussions with the Internal Auditor without the presence of Management.

As the Board is ultimately responsible for the financial reporting and overall management of the Holding Company and oversight of its significant operating entities, the Chairman of the Audit Committee had consistently briefed the Board of Directors on issues discussed at the AC meetings and the minutes of the AC meetings are tabled to the Board for information and action by the Board where appropriate.

AC members had attended trainings in the Financial Year Ended 2015 for continuous improvements.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee has carried out the following activities in discharging its duties and responsibilities for the Financial Year Ended 31 December 2015:-

1. EXTERNAL AUDIT

a. Reviewed the 2015 Audit Plan to ensure the scope of work adequately covered the activities of the Holding Company and its significant operating entities;

b. Reviewed the significant audit, accounting, taxation and other matters arising from their audit of the financial year and resolution of such issues highlighted in their report to the Committee for the Company and its significant operating entities; and

c. Reviewed and evaluated the External Audit performance, objectivity and independence during the year before recommending to the Board for their reappointment.

2. NON-AUDIT SERVICES

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

3. GROUP INTERNAL AUDIT

a. Reviewed and approved the Group Internal Audit Annual Plan (proposed by Group Chief Internal Auditor) and Training Budget for Year 2015 in ensuring that adequate scope and comprehensive coverage on the audit activities and critical risk areas are adequately identified and covered;

b. Reviewed and evaluated the adequacy of resources and the competencies of staff within the Group Internal Audit Division (GIAD) to execute the plan as well as the audit programmes used in the execution of Internal Auditors' job to ensure satisfactory performance of GIAD;

c. Reviewed the internal control issues identified by GIAD, External and Regulatory Auditors as well as Management response to audit recommendations and implementation of agreed action plans with particular attention on the following:-

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

d. Reviewed the status report of Group Internal Audit activities for the Financial Year Ended 31 December 2015 to ensure all the planned activities were satisfactorily carried out;

e. Reviewed the summary of audit findings by significant operating entities' Internal Auditors to ensure their significant audit findings especially on the investigations, fraud and non-compliances with regulatory and statutory requirements were promptly resolved;

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

g. Reviewed the Audit Committee Terms of Reference and Group Internal Audit Manual.

AUDIT COMMITTEE REPORT

4. GROUP INTERNAL AUDIT FUNCTION

a. Group Internal Audit is guided by its Group Internal Audit Charter. Its primary role is to assist the Group Audit Committee to discharge its duties and responsibilities by independently reviewing and reporting on the adequacy and integrity of the Group's risk management, internal control and governance processes;

b. Group Internal Audit 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;

c. The group internal auditors closely monitored the implementation of the audit recommendations in order to obtain assurance that all major risk and control concerns have been duly addressed. Audit reports were presented to the management and Group Audit Committee;

d. Group Internal Audit worked closely with the external auditors to ensure that significant issues are duly addressed and resolved on a timely basis; and

e. The total Group Internal Audit cost for year 2015 was RM2.9 million.

5. FINANCIAL RESULTS

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

b. Reviewed with the senior Management and External Auditors the annual audited financial statements of the Company and the significant operating entities' before recommending to the Board for their approval and release of the Group's results to Bursa Malaysia focusing on the matters set out in the following Requirements, Acts and Standards:

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

6. RELATED PARTY TRANSACTIONS

Reviewed related party transactions and recurrent related party transactions for compliance with the Main Market Listing Requirements of Bursa Malaysia and the appropriateness of such transactions entered into by the Company and its significant operating entities' to avoid potential or actual conflict of interest to ensure the decisions are based on the best interest of the company and its shareholders.

7. OTHERS

Reviewed the Statement on Internal Control and Audit Committee Report for inclusion in the Year 2015 Annual Report before recommending to the Board for approval.

OVERVIEW

RISK MANAGEMENT IS A CORE DISCIPLINE OF THE GROUP'S ACTIVITIES WITH THE MAIN OBJECTIVE OF OPTIMISING RISK-REWARD TRADE-OFF.

THE GROUP'S AIM IS TO ACHIEVE AN APPROPRIATE BALANCE BETWEEN RISK AND RETURN. THIS IS ACHIEVED BY THE IMPLEMENTATION OF A SOUND ENTERPRISE-WIDE MANAGEMENT FRAMEWORK TO ADEQUATELY CAPTURE, ASSESS AND MANAGE ALL RELEVANT RISKS THE GROUP IS EXPOSED TO.

GROUP RISK MANAGEMENT FRAMEWORK

The management of risk within the Group is governed by the Group Risk Management Framework. The framework enables the Group to carry out systematic and proactive management of relevant risks faced on an ongoing basis. The main types of risks faced by the Group include the following:-

- Credit risk
- Market risk
- Operational risk
- Liquidity risk
- Shariah non-compliance risk
- Strategic risk
- Reputational risk
- Life and savings insurance risks

The key elements of Group Risk Management Framework are as follows:-

- Risk Governance
- Risk Appetite
- Risk Management Policies and Processes

RISK MANAGEMENT STATEMENT

RISK GOVERNANCE STRUCTURE

There is a well-established risk governance structure to proactively manage risks in the interests of all stakeholders. The following table summarizes the risk governance structure of the Group:-.

<table>
<tr><th colspan="2">SET OVERALL TONE
ESTABLISH RISK APPETITE AND RISK MANAGEMENT POLICY</th><th rowspan="32">AUDIT COMMITTEE (including subsidiary levels)</th></tr>
<tr><td rowspan="3"></td><td>• Board of Directors (including subsidiary levels)</td></tr>
<tr><td>• Group Board Risk Management Committee</td></tr>
<tr><td>• Board Risk Management Committee at subsidiary levels</td></tr>
<tr><th colspan="2">ENSURE IMPLEMENTATION OF RISK MANAGEMENT POLICY AND COMPLIANCE</th></tr>
<tr><td rowspan="23"></td><td>Board Committees at subsidiary levels:</td></tr>
<tr><td>• Board Loan Review & Recovery Committee</td></tr>
<tr><td>• Board Credit Review Committee</td></tr>
<tr><td>• Investment Committee</td></tr>
<tr><td>• Shariah Committee</td></tr>
<tr><td>Management Committees at subsidiary levels:</td></tr>
<tr><td>• Management Committee</td></tr>
<tr><td>• Group Management Loan Committee</td></tr>
<tr><td>• Underwriting Committee</td></tr>
<tr><td>• Asset & Liability Management Committee</td></tr>
<tr><td>• Compliance & Risk Oversight Committee</td></tr>
<tr><td>• Group Operational Risk Management Committee</td></tr>
<tr><td>• Group Whistle Blowing Committee</td></tr>
<tr><td>• Group Early Alert Committee</td></tr>
<tr><td>• Local Risk Committee (AXA AFFIN Life)</td></tr>
<tr><td>• Local Management Audit & Compliance Committee (AXA AFFIN Life)</td></tr>
<tr><td>• Local Management Investment Committee (AXA AFFIN Life)</td></tr>
<tr><td>• Local Product Management Committee (AXA AFFIN Life)</td></tr>
<tr><td>Independent Risk Control Function at subsidiary levels:</td></tr>
<tr><td>• Risk Management</td></tr>
<tr><td>• Compliance</td></tr>
<tr><td>• Shariah Review</td></tr>
<tr><th colspan="2">COMPLIANCE WITH RISK MANAGEMENT POLICY</th></tr>
<tr><td rowspan="2"></td><td>Lines of Business</td></tr>
<tr><td>• All Business and Support units</td></tr>
</table>

BOARD OF DIRECTORS

The Board of Directors is responsible for the overall risk oversight within the Group. The Board has delegated specific responsibilities to Board Committees, which operate under approved terms of reference, to assist the Main Board in ensuring that the group risk management framework and internal control systems adequately protect the Group against all relevant risks.

BOARD COMMITTEES:-

Group Board Risk Management Committee	• Sets the overall tone of the Group's risk appetite. • Provides oversight on implementation of group-wide risk management strategies, policies, processes and framework.
Board Risk Management Committees (BRMC) at subsidiary levels	• Responsible for overseeing management's activities in managing credit, market, liquidity, operational, legal, reputational and other related risks so as to ensure that the risk management process is adequate and functions effectively.
Board Loan Review and Recovery Committee/ Board Credit Review Committee at subsidiary levels	• Responsible for providing critical review of loans/financing and other credit facilities with higher risk implications, and if appropriate, exercise the power to veto applications that have been approved by Group Management Loan Committee (GMLC).
Shariah Committee at Affin Islamic Bank Berhad	• Oversees all Shariah matters. • Ensures business operations and activities comply with relevant regulatory frameworks and Shariah principles.
Audit Committee (including subsidiary levels)	• Audit Committee, with the support of Internal Audit, provides independent assessment on the adequacy and integrity of the internal control and risk management systems, oversees compliance with policies, laws and regulatory requirements and ensures financial statements comply with applicable financial reporting standards.

MANAGEMENT COMMITTEES:-

The Management Committees at the subsidiary levels assist the Board in implementation of the policies approved by the Board and in evaluating as well as managing the various risks inherent in the business of the Group. These committees are responsible for:-

- developing and implementing risk and control procedures;
- identifying, evaluating and monitoring the risks faced by the Group; and
- ensuring appropriate actions are taken to address identified risks.

RISK MANAGEMENT STATEMENT

RISK MANAGEMENT APPROACH

Three Lines of Defence Concept

The Group risk management and control environment is founded on the Three Lines of Defence model where risks are managed from the point of risk-taking activities.

Line of Defence	Functional Segregation	Key Responsibilities
1st Line of Defence - Line management function	• Business and Support Units • Business/Support Risk Officers	• Risk taking units execute and manage the risk-reward trade-off. • Have primary responsibility to ensure day-to-day operational activities are carried out within approved risk appetite, policies, procedures and limits. • Business/Support Risk Officers (namely Operational Risk coordinators, Branch Anti-Money Laundering officers and Business Continuity plan Coordinators) are embedded within the business and support units and are accountable for compliance.
2nd Line of Defence - Oversight function	• Group Risk Management • Group Compliance • Shariah Compliance & Secretariat	• Independent risk and compliance units provide a 'check and balance' function. • Formulate and enhance risk management/compliance/Shariah frameworks. • Independent risk/compliance monitoring and reporting on business activities.
3rd Line of Defence - Independent Assurance	• Group Internal Audit	• Independent assessment on the adequacy and effectiveness of risk policies and internal controls. • Provides assurance to Board that the system of internal control and risk management activities are functioning effectively.

Risk Appetite and Risk Management Policies

The Risk Appetite Statement within respective subsidiaries embodies the Group's position concerning the amount and types of risk in relation to the Group's strategic direction and business objectives. This dictates the development and alignment of strategic plans and policies.

All risk management policies and limits are subject to periodic review. This is to ensure they remain relevant and effective in managing the risks of an evolving operating and regulatory environment.

The Group's risk management policies are established to:-

- identify all key risks,
- assess and measure risks,
- control and mitigate risks, and
- manage, monitor and report risk positions.

Credit Risk Management

Credit risk is the potential financial loss resulting from the failure of the customer to settle financial and contractual obligations through lending/financing, hedging, trading and investing activities.

The Group credit risk management encompasses the following approaches:-

- New businesses are governed by the Annual Credit Plan.
- Assessment and quantification of credit risk are supported by the use of internal rating models, scorecards and decision support tools.
- Internal limits, risk triggers and related lending guidelines are introduced to manage large exposures and avoid undue concentration of credit risk. The risks and limits are actively monitored.
- Corporate credits and large individual accounts are reviewed at least once a year against updated financial and other relevant information.
- Retail credits are actively monitored and managed on a portfolio basis.
- Early Alert Process is adopted to pro-actively identify, report and manage warning signs of potential credit deterioration.
- Active portfolio monitoring is in place to understand and manage the overall risk profile, identify, analyse and mitigate adverse trends or specific areas of risk concerns.

Market Risk Management

Market risk is the potential loss arising from movements in market variables such as interest rates, equity prices, commodity prices and foreign exchange rates. The Group's exposure to market risk results largely from interest rate risk and foreign exchange rate risk.

The Group's market risk management framework encompasses the following approaches:-

- Control limits are established based on risk appetite, market liquidity and business strategies as well as macroeconomic conditions. These limits are reviewed at least annually.
- Market risk stemming from the trading book is primarily controlled through the imposition of Cut-loss and Value-at-Risk ('VaR') Limits.
- Interest rate risk is quantified by analysing the repricing mismatch between the rate sensitive assets and rate sensitive liabilities. Earnings-at-Risk (EaR) or Net Interest Income simulation is conducted to assess the variation in short term earnings under various rates scenarios.
- The potential long term effects of the overall exposure is also tracked by assessing the impact on Economic Value of Equity ('EVE'), also known as Economic Value-at-Risk ('EVaR').
- Periodic stress tests are conducted to quantify market risk arising from low probability, abnormal market movements.
- For AXA AFFIN Life, interest rate risk is the risk that the fair value of a financial instrument and the underlying policy liabilities for which assets are intended to fund will fluctuate due to changes in market interest rates. The Management Investment Committee regularly reviews the asset liabilities mismatch studies carried out and reviews the investment strategies to manage and monitor any net interest rate risk or asset liability mismatch risk.

RISK MANAGEMENT STATEMENT

Liquidity Risk Management

Liquidity risk is the risk of loss due to inability to access funds at reasonable cost to fund the Group's operations and honour its financial obligations when they fall due.

The objective of liquidity risk management is to ensure that there are sufficient funds to meet contractual and regulatory obligations without incurring unacceptable losses as well as to undertake new transactions.

Liquidity risk is managed under the following approaches:-

- The Group's short term liquidity risk management is premised on BNM's Liquidity Coverage Ratio ("LCR") final standards.
- The LCR promotes short-term resilience of the Group's liquidity risk profile by ensuring it has sufficient high quality liquid assets ("HQLA") to survive a significant stress testing scenario lasting for one month.
- Liquidity risk indicators serve as an early alert of any structural change for liquidity risk management and are tracked via internal and external qualitative as well as quantitative indicators.
- Liquidity stress tests are conducted periodically and on ad-hoc basis to gauge the Group's resilience in the event of a liquidity disruption.
- Contingency funding plans enable the Group to respond to an unexpected liquidity disruption in an effective and efficient manner.
- For AXA AFFIN Life, the liquidity risk is measured by assessing the risk that the company is unable to meet next 12 months obligations under stress conditions.

Operational Risk

Operational risk is the risk of direct or indirect loss resulting from inadequate internal processes, people and systems or external events.

The Group's operational risk framework encompasses the following approaches:-

- Operational Risk Awareness & Certification Program is conducted periodically to inculcate and reinforce risk management awareness culture amongst the staff.
- Operational risks are managed daily through established systems and processes to ensure compliance with policies, guidelines and control procedures.
- Operational risk management tools are used for identifying and monitoring operational risk issues and exposures.
- Operational risk includes cyber risk which is incorporated into existing risk management and governance processes. Cyber review and oversight activities are managed under Information Technology systems which are assessed and tested regularly to ensure resilience, continuity and are secure from internal and external threats.
- Introduction of new products or services are evaluated to assess suitability, potential risks and operational readiness.
- Operational Risk Coordinators ("ORC") are appointed at Business and Support Units – to assume the role, the ORC must satisfy an Internal Operational Risk (including anti-money laundering/counter financing of terrorism and business continuity management) Certification Program.

Strategic Risk Management

Strategic risk arises from inappropriate business objectives, improper implementation of business strategies and weakness in responding to changes in market conditions and external factors.

Strategic risk is managed under the following approaches:-

- Strategic risk is managed through an integrated approach where risk appetite, Shariah principles (for Islamic Banking), business objectives, budget and credit plans are aligned.
- Close monitoring and reporting of performance against business targets.
- Periodic reviews are conducted and business strategies refined where appropriate to adapt to the evolving environment the Group operates in.

Reputational Risk Management

Reputational Risk is the potential of damage resulting in loss of earnings or adverse impact on market capitalization of the Group as a result of existing or potential stakeholders taking a negative view of the Group or its actions.

Reputational risk is managed under the following approaches:-

- Activities to promote Group image and brand.
- Processes in place to identify emerging issues, anticipate threats and analyse trends to proactively manage and mitigate risks relating to its reputation.
- Operational risk management tools are used to identify and monitor key risk factors associated with reputational risk.

Shariah Non-Compliance Risk Management

Shariah Non-Compliance is the risk of failure to comply with the Shariah rules and principles as determined by the Shariah Committee and/or any other relevant bodies, such as Bank Negara Malaysia's (BNM) Shariah Advisory Councils.

Shariah Non-Compliance risk is managed under the following approaches:-

- Shariah Committee (SC) is established to deliberate on Shariah issues and provide resolution as well as guidance.
- Independent Shariah reviews and assessment are conducted by the Shariah Review team on ongoing basis and supported by Shariah Risk Management and the Internal Auditor.
- Shariah non-compliance findings are reported to the Shariah Committee for further deliberation, decision and remedial action.
- The Shariah Review team provides training on Shariah compliance.

Life & Savings Insurance Risk

Insurance risk relates to uncertainty regarding the level and timing of claims (i.e. claims experience) and expenses. The main risks relate to mortality, morbidity, expenses and lapses.

Insurance risk also includes the risk of products being priced inappropriately or mis-sold to customers, and the risk of the company not being adequately insured.

Insurance risk is managed under the following approaches:-

- Underwriting strategy to ensure that risks underwritten are well diversified in terms of the type of risk and level of insured benefits.
- Adherence to established underwriting guidelines and limits.
- Appropriate reinsurance covers to manage mortality and morbidity risk.
- Stress testing is performed semi-annually by Appointed Actuary to assess solvency of the Life fund under various scenarios
- Only reinsurers that meets minimum credit rating are considered when deciding on which reinsurers to reinsure the company's risk.

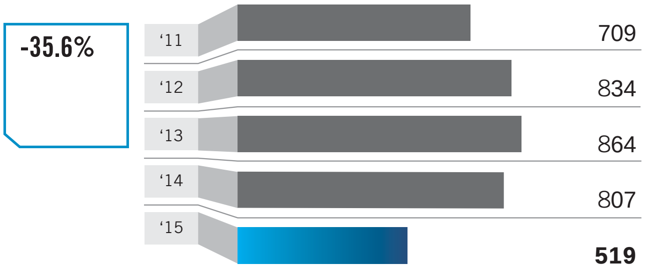
FIVE-YEAR GROUP FINANCIAL SUMMARY

	'15	'14	'13	'12	'11#
OPERATING RESULTS					
For the financial year ended 31 December (RM Million)					
Revenue	**1,802**	1,820	1,526	1,522	1,382
Profit before zakat and taxation	**519**	807	864	834	709
Net profit attributable to equity holders of the company	**369**	593	650	629	508
KEY STATEMENTS OF FINANCIAL POSITION DATA					
As at 31 December (RM Million)					
Loans, advances and financing	**43,345**	40,492	36,909	34,163	30,437
Total assets	**67,402**	66,678	59,952	55,834	53,681
Deposits from customers	**50,549**	50,604	47,354	42,945	39,363
Total liabilities	**59,075**	58,706	53,575	49,790	48,089
Commitments and contigencies	**27,996**	27,300	22,223	19,097	20,068
Paid-up capital	**1,943**	1,943	1,495	1,495	1,495
Shareholders' equity	**8,282**	7,932	6,377	6,045	5,592
FINANCIAL RATIOS (%)					
Profitability Ratios					
Net return on average shareholders' funds	**4.55**	8.28	10.47	10.81	9.41
Net return on average assets	**0.55**	0.94	1.12	1.15	1.01
Net return on average risk-weighted assets	**0.82**	1.39	1.66	1.72	1.57
Cost to income ratio	**60.23**	54.82	46.97	46.01	47.68
Asset Quality Ratios					
Gross impaired loans ratio	**1.90**	1.82	1.98	2.28	2.84
Net impaired loans ratio	**1.02**	0.84	0.92	1.13	1.32
Loan loss coverage	**64.03**	75.57	74.38	71.03	72.80
SHARE INFORMATION – Per share (sen)					
Earnings - Basic and fully diluted	**19.01**	34.52	43.49	42.08	33.99
Gross Dividend	**7.99**	15.00	15.00	15.00	12.00
Net assets	**426**	408	427	404	374
Share price - high	**300**	426	456	379	373
Share price - low	**210**	268	327	285	225
Share price as at 31 December	**234**	290	415	344	308
Market capitalisation (RM' Million)	**4,547**	5,635	6,202	5,141	4,603
VALUATION ON SHARE					
Gross dividend yield (%)	**3.41**	5.17	3.61	4.36	3.90
Dividend payout ratio (%):-					
- based on Company's profit after tax	**67.17**	58.31	80.20	65.31	60.62
Price to earnings multiple (times)	**12.31**	8.40	9.54	8.17	9.06
SEGMENT INFORMATION					
Profit before taxation and zakat by activity (RM Million)					
Commercial banking	**461**	720	763	703	613
Investment banking	**60**	89	85	91	89
Insurance (net of tax)	**8**	30	29	35	-
Others	**(10)**	(32)	(13)	5	7
	519	807	864	834	709

Restated with retrospective application of MFRS and changes in accounting policies.

CHARTS OF FIVE-YEAR GROUP FINANCIAL SUMMARY

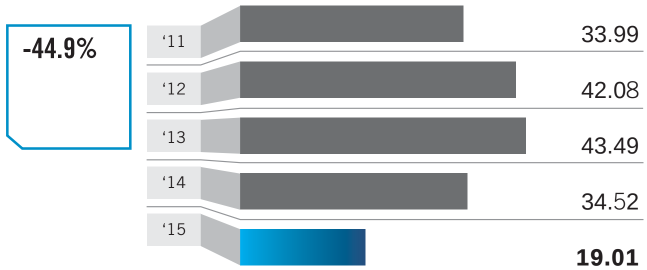
PROFIT BEFORE TAXATION AND ZAKAT
(RM million)



SHAREHOLDERS' EQUITY
(RM million)

GROSS DIVIDEND PER SHARE
(Sen)

EARNING PER SHARE
(Sen)



NET ASSETS PER SHARE
(Sen)

TOTAL ASSETS
(RM million)

GROSS LOANS, ADVANCES AND FINANCING
(RM million)

DEPOSITS FROM CUSTOMERS
(RM million)

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are commercial banking and hire purchase business, Islamic banking business, investment banking and stock-broking, money-broking, fund and asset management.

The principal activity of the joint ventures are underwriting of life insurance business and property development while the associate is principally engaged in the underwriting of general insurance business.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit before taxation and zakat	519,262	125,292
Zakat	(4,853)	-
Profit before taxation	514,409	125,292
Taxation	(132,236)	(1,585)
Net profit for the financial year	382,173	123,707

DIVIDENDS

The dividends on ordinary shares paid by the Company since 31 December 2014 were as follows:-

	RM'000
In respect of the financial year ended 31 December 2015:-	
An interim single-tier dividend of 2.99 sen per share was paid on 30 December 2015.	58,094

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the current financial year ended 31 December 2015 of 5.0 sen per ordinary share of RM1.00 each, amounting to a net dividend payable of RM97,147,427 (based on 1,942,948,547 ordinary shares of RM1.00 each in issue as at 31 December 2015) will be proposed for the shareholders' approval.

The financial statements for the current financial year ended 31 December 2015 do not reflect this proposed final dividend. Such dividend, if approved by the shareholders, will be accounted for in the statements of changes in equity as an appropriation of retained profits in the next financial year ending 31 December 2016.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements and notes to the financial statements.

DIRECTORS' REPORT

DIRECTORS

The directors who have held office since the date of the last report and at the date of this report are:-

Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin
Tan Sri Dato' Seri Lodin bin Wok Kamaruddin
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad
Dato' Mustafa bin Mohamad Ali
Abd Malik bin A Rahman
Tan Sri Dato' Seri Alauddin bin Dato' Mohd Sheriff
Ignatius Chan Tze Ching
Rosnah binti Omar
Joseph Yuk Wing Pang (Appointed on 29.4.2015)
Peter Yuen Wai Hung (Alternate Director to Joseph Yuk Wing Pang) (Appointed on 29.4.2015)
Lee Chor Kee (Alternate Director to Ignatius Chan Tze Ching) (Appointed on 6.4.2015)

In accordance with Article 104 of the Company's Articles of Association, Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Abd Malik bin A Rahman retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

In accordance with Article 110 of the Company's Articles of Association, Joseph Yuk Wing Pang retires and being eligible, offers himself for re-election at the forthcoming Annual General Meeting.

Pursuant to section 129(6) of the Companies Act, 1965, Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad and Dato' Mustafa bin Mohamad Ali retire and offer themselves for re-appointment at the forthcoming Annual General Meeting.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in Note 35 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interest of directors in office at end of the financial year in shares in the Company and its related companies are as follows:-

	Number of ordinary shares of RM1 each			
The Company	At 1.1.2015	Bought	Sold	At 31.12.2015
Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin	40,000	-	-	40,000
Tan Sri Dato' Seri Lodin bin Wok Kamaruddin	1,051,328*	-	-	1,051,328*

* Shares held in trust by nominee company

	Number of ordinary shares of RM1 each			
Related Companies	At 1.1.2015	Bought	Sold	At 31.12.2015
Boustead Heavy Industries Corporation Berhad				
Tan Sri Dato' Seri Lodin bin Wok Kamaruddin	2,000,000	-	-	2,000,000
Abd Malik bin A Rahman	3,000	-	-	3,000
Boustead Petroleum Sdn Bhd				
Tan Sri Dato' Seri Lodin bin Wok Kamaruddin	5,916,465	-	-	5,916,465

	Number of ordinary shares of 50 sen each			
Related Companies	At 1.1.2015	Bought	Sold	At 31.12.2015
Boustead Holdings Berhad				
Tan Sri Dato' Seri Lodin bin Wok Kamaruddin	28,192,758	-	-	28,192,758
Pharmaniaga Berhad				
Tan Sri Dato' Seri Lodin bin Wok Kamaruddin	12,500,148	-	-	12,500,148
Boustead Plantations Berhad				
Tan Sri Dato' Seri Lodin bin Wok Kamaruddin	31,381,600	-	-	31,381,600
Abd Malik bin A Rahman	2,000	-	-	2,000

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

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps:-

(a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and financing and the making of allowance for doubtful debts and financing and satisfied themselves that all known bad debts had been written-off and that adequate allowances had been made for doubtful debts and financing; and

(b) to ensure that any current assets, other than debts and financing, which were unlikely to realise in the ordinary course of business, their value as shown in the accounting records of the Group and the Company, have been written-down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:-

(a) which would render the amounts written-off for bad debts and financing or the amount of allowances for doubtful debts and financing in the financial statements of the Group and the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or the Company to meet their obligations when they fall due.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the directors:-

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

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

DIRECTORS' REPORT

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events of the Group and the Company are disclosed in Note 46 to the financial statements.

SUBSEQUENT EVENTS

There were no material events subsequent to the reporting date that require disclosure or adjustment to the financial statements.

ULTIMATE HOLDING CORPORATE BODY

The directors regard Lembaga Tabung Angkatan Tentera, a corporate body established under the Tabung Angkatan Tentera Act, 1973, as the ultimate holding corporate body of the Company.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 3 March 2016.

TAN SRI DATO' SERI LODIN BIN WOK KAMARUDDIN
DIRECTOR

RAJA TAN SRI DATO' SERI AMAN BIN RAJA HAJI AHMAD
DIRECTOR

Kuala Lumpur
3 March 2016

STATEMENTS OF FINANCIAL POSITION
– 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000 (Restated)	Company 2015 RM'000	Company 2014 RM'000
ASSETS					
Cash and short-term funds	2	4,441,700	7,360,588	45,393	33,760
Deposits and placements with banks and other financial institutions	3	497,161	383,692	-	85,087
Trade receivables	4	551,579	429,236	-	-
Financial assets held-for-trading	5	122,016	182,780	-	-
Financial investments available-for-sale	6	13,085,556	12,617,620	-	-
Financial investments held-to-maturity	7	459,368	652,741	-	-
Derivative financial assets	8	293,864	170,035	-	-
Loans, advances and financing	9	43,345,290	40,492,016	-	-
Other assets	10	225,869	300,957	305	394
Statutory deposits with Bank Negara Malaysia	11	1,782,450	1,831,550	-	-
Amount due from subsidiaries	12	-	-	1,004,446	604,313
Amount due from associate	13	58,560	67,256	58,560	67,256
Investment in subsidiaries	14	-	-	5,461,063	5,902,034
Investment in joint ventures	15	129,396	136,208	159,630	146,880
Investment in associate	16	269,774	241,457	15,623	15,623
Taxation recoverable		75,994	18,730	2,459	4,085
Deferred tax assets	25	16,339	13,954	-	-
Property and equipment	17	434,639	164,176	128	283
Intangible assets	18	1,612,462	1,615,161	3	4
TOTAL ASSETS		67,402,017	66,678,157	6,747,610	6,859,719
LIABILITIES AND EQUITY					
Deposits from customers	19	50,548,747	50,604,005	-	-
Deposits and placements of banks and other financial institutions	20	3,385,439	5,367,803	-	-
Obligation on securities sold under repurchase agreements		1,740,946	-	-	-
Bills and acceptances payable		77,114	94,308	-	-
Trade payables	21	642,483	582,166	-	-
Derivative financial liabilities	22	555,867	325,755	-	-
Recourse obligation on loans sold to Cagamas Berhad	23	134,585	139,147	-	-
Other liabilities	24	640,436	567,767	3,098	2,965
Provision for taxation		11,799	32,418	-	-
Deferred tax liabilities	25	31,505	19,879	27	68
Amount due to subsidiaries	26	-	-	400,253	911,620
Borrowings	27	1,306,011	972,458	1,306,011	972,458
TOTAL LIABILITIES		59,074,932	58,705,706	1,709,389	1,887,111
EQUITY					
Share capital	28	1,942,949	1,942,949	1,942,949	1,942,949
Share premium		2,185,712	2,185,712	2,185,712	2,185,712
Reserves	29	4,153,778	3,802,961	909,560	843,947
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		8,282,439	7,931,622	5,038,221	4,972,608
Non-controlling interest		44,646	40,829	-	-
TOTAL EQUITY		8,327,085	7,972,451	5,038,221	4,972,608
TOTAL LIABILITIES AND EQUITY		67,402,017	66,678,157	6,747,610	6,859,719
COMMITMENTS AND CONTINGENCIES	42(d)	27,995,755	27,300,154	-	-

The accounting policies on pages 96 to 114 and the notes on pages 115 to 211 form an integral part of these financial statements.

INCOME STATEMENTS
For The Financial Year Ended 31 December 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
			(Restated)		
Interest income	30	2,534,695	2,460,595	38,043	43,892
Interest expense	31	(1,586,868)	(1,491,256)	-	-
Net interest income		947,827	969,339	38,043	43,892
Islamic banking income	32	238,921	220,369	-	-
		1,186,748	1,189,708	38,043	43,892
Other operating income	33	615,744	630,105	138,094	538,218
Net income		1,802,492	1,819,813	176,137	582,110
Operating expenses	34	(1,085,718)	(997,694)	(9,898)	(17,126)
Operating profit before allowance for impairment losses on loans, advances and financing		716,774	822,119	166,239	564,984
(Allowances for)/write-back of impairment losses on loans, advances and financing	36	(188,378)	16,284	-	-
Write-back of/(allowances for) impairment losses on securities	37	23,758	(286)	-	-
Operating profit		552,154	838,117	166,239	564,984
Finance costs	38	(40,947)	(61,701)	(40,947)	(61,701)
Share of results of joint ventures		(18,908)	242	-	-
Share of results of associates		26,963	30,196	-	-
Profit before taxation and zakat		519,262	806,854	125,292	503,283
Zakat		(4,853)	(5,789)	-	-
Profit before taxation		514,409	801,065	125,292	503,283
Taxation	39	(132,236)	(202,563)	(1,585)	(3,456)
Net profit for the financial year		382,173	598,502	123,707	499,827
Net profit for the financial year attributable to:-					
- Equity holders of the Company		369,269	592,677	123,707	499,827
- Non-controlling interest		12,904	5,825	-	-
		382,173	598,502	123,707	499,827
Earnings per share attributable to equity holders of the Company (sen)					
- Basic	40	19.01	34.52		

The accounting policies on pages 96 to 114 and the notes on pages 115 to 211 form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME
For The Financial Year Ended 31 December 2015

	Note	Group		Company	
		2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
			(Restated)		
Profit after taxation		382,173	598,502	123,707	499,827
Other comprehensive income:-					
Items that may be reclassified subsequently to profit or loss:-					
- Net fair value change in financial investments available-for-sale		61,757	21,274	-	-
- Net gain transferred to profit or loss on disposal of financial investments available-for-sale		(10,230)	(3,282)	-	-
- Deferred tax on revaluation of financial investments available-for-sale	25	(12,672)	(7,182)	-	-
- Share of other comprehensive income/(loss) of an associated company		1,354	(1,160)	-	-
- Share of other comprehensive (loss)/income of a joint venture		(654)	427	-	-
Other comprehensive income for the financial year, net of tax		39,555	10,077	-	-
Total comprehensive income for the financial year		421,728	608,579	123,707	499,827
Total comprehensive income for the financial year attributable to:-					
- Equity holders of the Company		408,911	602,720	123,707	499,827
- Non-controlling interest		12,817	5,859	-	-
		421,728	608,579	123,707	499,827

The accounting policies on pages 96 to 114 and the notes on pages 115 to 211 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2015

		← Attributable to Equity Holders of the Company →								
		Share capital	Share premium	Statutory reserves	AFS revaluation reserves	Regulatory reserves	Retained profits	Total Shareholders' equity	Non-controlling interest	Total equity
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015, previously reported		1,942,949	2,185,712	1,502,616	34,357	187,922	2,099,826	7,953,382	30,329	7,983,711
- Adjustment upon the completion of Purchase Price Allocation in relation to the acquisition of HwangDBS Investment Bank Berhad and its subsidiaries	47(a)	-	-	-	(9,166)	-	(12,594)	(21,760)	10,500	(11,260)
At 1 January 2015, as restated		1,942,949	2,185,712	1,502,616	25,191	187,922	2,087,232	7,931,622	40,829	7,972,451
Comprehensive income:-										
- Net profit for the financial year		-	-	-	-	-	369,269	369,269	12,904	382,173
Other comprehensive income (net of tax) of which:-										
- Financial investments available-for-sale		-	-	-	38,942	-	-	38,942	(87)	38,855
- Share of other comprehensive income of an associated company		-	-	-	1,354	-	-	1,354	-	1,354
- Share of other comprehensive loss of a joint venture		-	-	-	(654)	-	-	(654)	-	(654)
Total comprehensive income for the financial year		-	-	-	39,642	-	369,269	408,911	12,817	421,728
Transfer to statutory reserves		-	-	123,559	-	-	(123,559)	-	-	-
Transfer to regulatory reserves		-	-	-	-	96,219	(96,219)	-	-	-
Dividends paid for the financial year	41	-	-	-	-	-	(58,094)	(58,094)	(9,000)	(67,094)
At 31 December 2015		1,942,949	2,185,712	1,626,175	64,833	284,141	2,178,629	8,282,439	44,646	8,327,085

The accounting policies on pages 96 to 114 and the notes on pages 115 to 211 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For The Financial Year Ended 31 December 2015

		← Attributable to Equity Holders of the Company						→		
		Share capital	Share premium	Statutory reserves	AFS revaluation reserves	Regulatory reserves	Retained profits	Total Shareholders' equity	Non-controlling interest	Total equity
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2014		1,494,576	1,400,410	1,469,048	15,148	-	1,997,542	6,376,724	-	6,376,724
Comprehensive income:-										
- Net profit for the financial year		-	-	-	-	-	592,677	592,677	5,825	598,502
Other comprehensive income (net of tax) of which:-										
- Financial investments available-for-sale		-	-	-	10,776	-	-	10,776	34	10,810
- Share of other comprehensive loss of an associated company		-	-	-	(1,160)	-	-	(1,160)	-	(1,160)
- Share of other comprehensive income of a joint venture		-	-	-	427	-	-	427	-	427
Total comprehensive income for the financial year		-	-	-	10,043	-	592,677	602,720	5,859	608,579
Issue of shares pursuant to the Rights Issue	28	448,373	789,136	-	-	-	-	1,237,509	-	1,237,509
Share issue expenses		-	(3,834)	-	-	-	-	(3,834)	-	(3,834)
Non-controlling interest arising from business combinations	47(a)	-	-	-	-	-	-	-	44,915	44,915
Gain/effect on dilution of interest in a subsidiary		-	-	-	-	-	9,945	9,945	(9,945)	-
Transfer to statutory reserves		-	-	33,568	-	-	(33,568)	-	-	-
Transfer to regulatory reserves		-	-	-	-	187,922	(187,922)	-	-	-
Dividends paid for the financial year	41	-	-	-	-	-	(291,442)	(291,442)	-	(291,442)
At 31 December 2014		1,942,949	2,185,712	1,502,616	25,191	187,922	2,087,232	7,931,622	40,829	7,972,451

The accounting policies on pages 96 to 114 and the notes on pages 115 to 211 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
For The Financial Year Ended 31 December 2015

	Note	Share capital RM'000	Non-Distributable Share premium RM'000	Distributable Retained profits RM'000	Total equity RM'000
At 1 January 2015		1,942,949	2,185,712	843,947	4,972,608
Total comprehensive income for the financial year:-					
- Net profit for the financial year		-	-	123,707	123,707
Dividends paid for the financial year	41	-	-	(58,094)	(58,094)
At 31 December 2015		1,942,949	2,185,712	909,560	5,038,221
At 1 January 2014		1,494,576	1,400,410	635,562	3,530,548
Total comprehensive income for the financial year:-					
- Net profit for the financial year		-	-	499,827	499,827
Issue of shares pursuant to the Rights Issue	28	448,373	789,136	-	1,237,509
Share issue expenses		-	(3,834)	-	(3,834)
Dividends paid for the financial year	41	-	-	(291,442)	(291,442)
At 31 December 2014		1,942,949	2,185,712	843,947	4,972,608

The accounting policies on pages 96 to 114 and the notes on pages 115 to 211 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For The Financial Year Ended 31 December 2015

	2015 RM'000	2014 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	514,409	801,065
Adjustments for items not involving the movement of cash and cash equivalents:-		
Interest income from:-		
- financial assets held-for-trading	(146,588)	(151,239)
- financial investments available-for-sale	(403,289)	(310,261)
- financial investments held-to-maturity	(26,335)	(40,587)
Dividend income from:-		
- financial assets held-for-trading	(1,780)	(1,791)
- financial investments available-for-sale	(16,487)	(11,162)
Accretion of discount less amortisation of premium:-		
- financial investments available-for-sale	(4,625)	(29,546)
- financial investments held-to-maturity	(250)	(1,092)
Gain on disposal/redemption:-		
- financial assets held-for-trading	(28,237)	(34,564)
- financial investments available-for-sale	(23,990)	(20,474)
- financial investments held-to-maturity	-	(3,500)
- derivatives	(4,596)	(7,147)
Unrealised (gain)/loss on revaluation:-		
- financial assets held-for-trading	37	(1,600)
- derivatives	13,882	(9,377)
- foreign exchange	(55,965)	113,411
(Write-back of)/allowance for impairment losses on securities	(23,758)	286
Depreciation of property and equipment	21,216	20,087
Property and equipment written-off	182	129
Intangible assets written-off	6	-
Net gain on disposal of property and equipment	(431)	(6,292)
Loss on disposal of intangible assets	-	21
Gain on disposal of foreclosed properties	(684)	(3,329)
Surplus on realisation of assets of a subsidiary previously placed under members' voluntary winding up	-	(107)
Amortisation of intangible assets	21,448	17,826
Bad debts written-off	3,603	4,381
Share of results of joint ventures	18,908	(242)
Share of results of associates	(26,963)	(30,196)
Net allowance for impairment losses on loans, advances and financing		
- collective impairment	17,646	33,521
- individual impairment	251,401	87,365
Allowance for impairment losses – other debtors	243	350
Zakat	4,853	5,789
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL	103,856	421,725

CONSOLIDATED STATEMENT OF CASH FLOWS
For The Financial Year Ended 31 December 2015

	2015 RM'000	2014 RM'000 (Restated)
INCREASE/(DECREASE) IN OPERATING ACTIVITIES		
(Increase)/decrease in operating assets:-		
Deposits and placements with banks and other financial institutions	(113,469)	84,893
Financial assets held-for-trading	235,552	270,902
Loans, advances and financing	(3,125,924)	(3,290,258)
Statutory deposits with Bank Negara Malaysia	49,100	(233,266)
Trade receivables	(122,343)	161,098
Other assets	(609)	(139,133)
Increase/(decrease) in operating liabilities:-		
Deposits from customers	(55,258)	2,416,569
Deposits and placements of banks and other financial institutions	(1,982,364)	(292,175)
Obligation on securities sold under repurchase agreements	1,740,946	-
Bills and acceptances payable	(17,194)	4,100
Trade payables	60,317	(32,165)
Recourse obligation on loans sold to Cagamas Berhad	(4,562)	(258,643)
Other liabilities	297,487	151,926
Cash used in operating activities	(2,934,465)	(734,427)
Tax and zakat paid	(220,641)	(245,048)
Tax refund	1,364	2,023
NET CASH USED IN OPERATING ACTIVITIES	(3,153,742)	(977,452)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchase of financial investments available-for-sale	(387,627)	(2,322,643)
Net disposal of financial investments held-to-maturity	217,214	295,951
Proceeds from disposal of property and equipment	581	13,035
Proceeds from disposal of foreclosed properties	4,877	10,055
Purchase of property and equipment	(303,996)	(17,496)
Purchase of intangible assets	(6,932)	3,049
Subscription of shares in a joint venture	(12,750)	-
Purchase of shares in associate	-	(4,942)
Interest received from:-		
- financial investments available-for-sale	403,289	310,261
- financial investments held-to-maturity	26,335	40,587
Dividend received from:-		
- financial investments available-for-sale	16,487	11,162
- financial assets held-for-trading	1,780	1,791
Repayment of subordinated loan and other receivables by associate	8,696	1
Cash flow arising from acquisition of subsidiaries:-		
- Acquisition of AFFIN Hwang Investment Bank Berhad (Note 47(a))	-	(302,929)
- Acquisition of Asian Islamic Investment Management Sdn Bhd (Note 47(b))	-	(10,624)
NET CASH USED IN INVESTING ACTIVITIES	(32,046)	(1,972,742)

CONSOLIDATED STATEMENT OF CASH FLOWS
For The Financial Year Ended 31 December 2015

	2015 RM'000	2014 RM'000 (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	400,000	300,000
Repayment of borrowings	(66,447)	(304,974)
Drawdown of bridging loans	-	1,300,485
Repayment of bridging loans	-	(1,300,485)
Proceeds from issuance of shares	-	1,237,509
Dividends paid to shareholders of the Company	(58,094)	(291,442)
Dividends paid to non-controlling interest	(9,000)	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	266,459	941,093
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,919,329)	(2,009,101)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,312,405	9,321,506
CASH AND CASH EQUIVALENTS AT END OF YEAR	4,393,076	7,312,405
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and short-term funds (Note 2)	4,441,700	7,360,588
Adjustment for money held in trust on behalf of remisiers (Note 24)	(48,624)	(48,183)
Cash and cash equivalents	4,393,076	7,312,405

The accounting policies on pages 96 to 114 and the notes on pages 115 to 211 form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS
For The Financial Year Ended 31 December 2015

	2015 RM'000	2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	125,292	503,283
Adjustments for items not involving the movement of cash and cash equivalents:-		
Gross dividends from subsidiaries	(67,688)	(538,217)
Depreciation of property and equipment	189	192
Gain on winding-up of a subsidiary	(70,391)	-
Amortisation of intangible assets	1	1
OPERATING LOSS BEFORE CHANGES IN WORKING CAPITAL	(12,597)	(34,741)
INCREASE/(DECREASE) IN OPERATING ACTIVITIES		
Decrease/(increase) in operating assets:-		
Deposits and placements with banks and other financial institutions	85,087	(80,627)
Other assets	89	64,267
(Decrease)/increase in operating liabilities:-		
Other liabilities	132	(16,669)
Cash generated/(used in) from operating activities	72,711	(67,770)
Tax paid	-	(2,409)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	72,711	(70,179)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from subsidiaries	67,688	538,217
Net cash movement in amount due from/to subsidiaries	(400,137)	812,021
Purchase of property and equipment	(34)	(5)
Purchase of intangible assets	-	(4)
Repayment of subordinated loan and other receivables by associate	8,696	1
Acquisition of AFFIN Hwang Investment Bank Berhad	-	(1,319,352)
Subscription of shares in a licensed bank subsidiary	-	(500,000)
Subscription of shares in a licensed investment bank subsidiary	-	(499,800)
Subscription of shares in a joint venture	(12,750)	-
Purchase of shares in associate	-	(4,942)
NET CASH USED IN INVESTING ACTIVITIES	(336,537)	(973,864)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	400,000	302,055
Repayment of borrowings	(66,447)	(302,029)
Drawdown of bridging loans	-	1,300,485
Repayment of bridging loans	-	(1,300,485)
Proceeds from issuance of shares	-	1,237,509
Dividends paid to shareholders of the Company	(58,094)	(291,442)
NET CASH GENERATED FROM FINANCING ACTIVITIES	275,459	946,093
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	11,633	(97,950)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	33,760	131,710
CASH AND CASH EQUIVALENTS AT END OF YEAR	45,393	33,760
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and short-term funds (Note 2)	45,393	33,760

The accounting policies on pages 96 to 114 and the notes on pages 115 to 211 form an integral part of these financial statements.

SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES
For The Financial Year Ended 31 December 2015

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

1 BASIS OF PREPARATION

The financial statements of the Group and the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements incorporate those activities relating to Islamic banking business which has been undertaken by the Group. Islamic banking refers generally to the acceptance of deposits and granting of financing under the Shariah principles.

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

The preparation of the financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 31 of the Summary of Significant Group Accounting Policies.

a) Standards, amendments to published standards and interpretations that are effective to the Group

The Group and the Company have applied the following amendments for the first time for the financial year beginning on 1 January 2015:

- Annual Improvements to MFRSs 2010-2012 Cycle
- Annual Improvements to MFRSs 2011-2013 Cycle
- Amendments to MFRS 119 'Defined Benefit Plans : Employees Contribution'

The adoption of these amendments did not have any impact on the current or any prior year and are not likely to affect future periods.

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

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2016. None of these is expected to have a significant effect on the consolidated financial statements of the Group and the Company, except the following set out below:-

- Amendment to MFRS 11 'Joint Arrangements' (effective from 1 January 2016) requires an investor to apply the principles of MFRS 3 'Business Combination' when it acquires an interest in a joint operation that constitutes a business. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not remeasured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES
For The Financial Year Ended 31 December 2015

1 BASIS OF PREPARATION (CONTINUED)

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

- Amendments to MFRS 116 'Property, Plant and Equipment' and MFRS 138 'Intangible Assets' (effective from 1 January 2016) clarify that the use of revenue-based methods to calculate the depreciation of an item of property, plant and equipment and intangible assets is not appropriate. This is because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

  The amendments to MFRS 138 also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption can be overcome only in the limited circumstances where the intangible asset is expressed as a measure of revenue or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

- MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 'Financial Instruments: Recognition and Measurement'.

  MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flows characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

  For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

  MFRS 9 introduces an expected credit loss model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

- MFRS 15 'Revenue from Contracts with Customers' (effective from 1 January 2018) replaces MFRS 118 "Revenue" and MFRS 111 "Construction Contracts" and related interpretations. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

  Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group and the Company will apply these standards when effective. The adoption of the above standards, amendments to published standards and interpretations to existing standards are not expected to have any significant impact on the financial statements of the Group and the Company except for MFRS 9. The financial effect of the adoption of MFRS 9 is still being assessed by the Group and the Company.

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 3 March 2016.

2 CONSOLIDATION

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

(a) Subsidiaries

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

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

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

Acquisition related costs are expensed as incurred.

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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

The acquired entity's results, assets and liabilities are consolidated from the date on which the business combination between entities under common control occurred. Consequently, the consolidated financial statements do not reflect the results of the acquired entity for the period before the transaction occurred. The corresponding amounts for the previous year are not restated.

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

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

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

SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES

For The Financial Year Ended 31 December 2015

2 CONSOLIDATION (CONTINUED)

(c) Disposal of subsidiaries

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

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

(d) Joint arrangements

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

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

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

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

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

(e) Associates

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

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

2 CONSOLIDATION (CONTINUED)

(e) Associates (continued)

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

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

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

Dilution gains or losses arising in investments in associates are recognised in the income statement.

(f) Investments in subsidiaries, joint ventures and associates in separate financial statements

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

The amount due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in the subsidiaries.

3 INTANGIBLE ASSETS

Goodwill

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

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

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

SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES
For The Financial Year Ended 31 December 2015

3 INTANGIBLE ASSETS (CONTINUED)

Identifiable intangible assets arising from business combination

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

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

Brand	- 3 years
Customer relationship	- 7 years

Computer software

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

(i) it is technically feasible to complete the software product so that it will be available for use;
(ii) management intends to complete the software product and use or sell it;
(iii) there is an ability to use or sell the software product;
(iv) it can be demonstrated how the software product will generate probable future economic benefits;
(v) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
(vi) the expenditure attributable to the software product during its development can be reliably measured.

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

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

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

4 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

5 CASH AND CASH EQUIVALENTS

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

6 CURRENT AND DEFERRED INCOME TAXES

Current tax

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

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

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

Deferred tax

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

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

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

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

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

SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES

For The Financial Year Ended 31 December 2015

7 PROPERTY AND EQUIPMENT AND DEPRECIATION

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

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

Freehold land is not depreciated as it has an infinite life. Other property and equipment are depreciated on the straight-line basis to allocate the cost to their residual values over their estimated useful lives, summarised as follows:-

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

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

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

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount.

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

8 LEASES

Accounting by lessee:-

(i) *Finance leases*

Leases of property and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property and equipment acquired under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in income statement over the lease term on the same basis as the lease expense.

8 LEASES (CONTINUED)

Accounting by lessee (continued):-

(ii) *Operating leases*

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

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

9 FORECLOSED PROPERTIES

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

10 BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable, which are financial liabilities, represent the banking subsidiaries' bills and acceptances rediscounted and outstanding in the market (Refer Note 19 of Summary of Significant Group Accounting Policies).

11 EMPLOYEE BENEFITS

Short-term employee benefits

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

Defined contribution plan

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

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

Termination benefits

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

SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES
For The Financial Year Ended 31 December 2015

12 FINANCIAL GUARANTEE CONTRACTS

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

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Group for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

13 PROVISIONS

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

(i) the Group has a present legal or constructive obligation as a result of past events;
(ii) it is probable that an outflow of resources to settle the obligation will be required; and
(iii) a reliable estimate of the amount of obligation can be made.

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

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

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

14 ZAKAT

This represents business zakat payable by the Group to comply with the principles of Shariah and as approved by the Shariah Supervisory Council. The Group only pays zakat on its Islamic operations and does not pay zakat on behalf of depositors or shareholders.

Zakat provision is calculated based on either 2.5775% of the prior year's net assets of the Islamic operations, 2.5% of the Shariah compliant income net of allocated cost or 2.5% of the net operating profit from management of Islamic funds, whichever applicable to the subsidiaries.

15 RECOGNITION OF INTEREST AND FINANCING INCOME AND EXPENSES

Interest and financing income and expense for all interest/profit-bearing financial instruments are recognised within "interest income", "interest expense" and "Islamic banking income" respectively in the income statement using the effective interest/profit method.

The effective interest/profit method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest and financing income or expense over the relevant period. The effective interest/profit rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest/profit rate, the Group takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

Interest or income on impaired financial assets is recognised using the rate of interest/profit used to discount the future cash flows for the purpose of measuring the impairment loss. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

When a loan/financing receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest/profit rate of the instrument, and continues unwinding the discount as interest/profit income. Interest/profit income on impaired loans/financing and receivables are recognised using the original effective interest/profit rate.

16 RECOGNITION OF FEES AND OTHER INCOME

Fees and commissions are recognised as income when all conditions precedent are fulfilled. Commitment fees for loans, advances and financing that are likely to be drawn down are deferred (together with related direct costs) and income which forms an integral part of the effective interest/profit rate of a financial instrument is recognised as an adjustment to the effective interest/profit rate on the financial instrument.

Portfolio management fees, commitment fees, guarantee fees, agency fees and commissions are recognised as income based on time apportionment.

Corporate advisory fees, project feasibility study, management and participation fees, acceptance and underwriting commissions are recognised as income where progress payments are agreed, by reference to the stage of completion.

For stock-broking business, brokerage income is recognised on execution of contract.

For fund and unit trusts management, initial service charge and management fee are recognised as income on an accrual basis at the rates stated in the prospectus of the respective unit trust funds. Distribution income from the unit trust funds is recognised on the ex-distribution date.

Dividends are recognised when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

Net profit from financial assets held at fair value through profit or loss and financial instruments available-for-sale are recognised upon disposal of the assets, as the difference between net disposals proceeds and the carrying amount of the assets.

SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES

For The Financial Year Ended 31 December 2015

17 FINANCIAL ASSETS

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held-to-maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluate this designation at the end of each reporting period.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held-for-trading. A financial asset is classified in this category if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term. Derivatives are also categorised as held-for-trading unless they are designated as hedges (Refer to Note 22 of Summary of Significant Group Accounting Policies).

The Group has not elected to designate any financial assets at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financial investments available-for-sale

Financial investments available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories.

Financial investments held-to-maturity

Financial investments held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the settlement date, the date that an asset is delivered to or by the Group.

Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in income statement.

Subsequent measurement - gains and losses

Financial investments available-for-sale and financial assets at fair value through income statement are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest/profit method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in income statement in the period in which the changes arise.

Changes in the fair value of financial investments available-for-sale are recognised in other comprehensive income, except for impairment losses (Refer to Note 18 of Summary of Significant Group Accounting Policies) and foreign exchange gains and losses on monetary assets (Refer to Note 23 of Summary of Significant Group Accounting Policies).

Interest/profit and dividend income on financial investments available-for-sale are recognised separately in income statements. Interest/profit on financial investments available-for-sale calculated using the effective interest/profit method is recognised in income statements. Dividend income on available-for-sale equity instruments are recognised in income statements when the Group's right to receive payments is established.

17 FINANCIAL ASSETS (CONTINUED)

De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Loans and receivables that are factored out to banks and other financial institutions with recourse to the Group are not de-recognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

When financial investment available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to income statement.

Reclassification of financial assets

The Group may choose to reclassify a non-derivative financial assets out of the held-for-trading category if the financial assets are no longer held for the purpose of selling in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at the fair value as of the date of reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest/profit rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust the effective interest rates prospectively.

18 IMPAIRMENT OF FINANCIAL ASSETS

Assets carried at amortised cost

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include amongst others:-

- past due contractual payments;
- significant financial difficulties of the borrower;
- probability of bankruptcy or other financial re-organisation;
- default of related borrower;
- breach of trading accounts terms and conditions;
- contract of dealer;
- measurable decrease in estimated future cash flows than was originally envisaged; and
- significant deterioration in issuer’s credit rating.

The amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest/profit rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in income statements. If “loan and receivables” or a “held-to-maturity investment” has a variable interest/profit rate, the discount rate for measuring any impairment loss is the current effective interest/profit rate determined under the contract.

SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES
For The Financial Year Ended 31 December 2015

18 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Assets carried at amortised cost (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized such as an improvement in the debtor's credit rating, the reversal of the previously recognised impairment loss is recognised in income statements.

When an asset is uncollectible, it is written-off against the related allowance account. Such assets are written-off after all the necessary procedures have been completed and the amount of the loss has been determined.

For loans, advances and financing, the Group first assesses whether objective evidence of impairment exists individually for loans, advances and financing that are individually significant, and individually or collectively for loans, advances and financing that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed loans, advances and financing, whether significant or not, it includes the asset in a group of loans, advances and financing with similar credit risk characteristics and collectively assesses them for impairment.

Individual impairment allowance

Loans, advances and financing that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. Loans/financing that are individually assessed for impairment and for which no impairment loss is required (over-collateralised loans) are collectively assessed as a separate segment.

The amount of the loss is measured as the difference between the loans/financing's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the loans/financing's original effective interest/profit rate. The carrying amount of the loan/financing is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan/financing has a variable interest rate, the discount rate for measuring any impairment losses is the current effective interest/profit rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised loan reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Collective impairment allowance

For the purposes of a collective evaluation of impairment, loans, advances and financing are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such loans, advances and financing by being indicative of the borrower's ability to pay all amounts due according to the contractual terms of the loans being evaluated.

Future cash flows in a group of loans/financing that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the loans in the Group and historical loss experience for loans with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of loans should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

Based on the Guideline on Classification and Impairment Provisions for Loans/Financing, banking institutions is required to maintain, in aggregate, collective impairment provisions and regulatory reserves of no less than 1.2% of total outstanding loans/financing (excluding loans/financing with an explicit guarantee from the Federal Government of Malaysia), net of individual impairment provisions. Banking institutions are required to comply with the requirement by 31 December 2015.

As at reporting date, the Group has maintained the collective impairment provisions and regulatory reserves of no less than 1.2% in the books.

18 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Assets classified as available-for-sale

The Group assess at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, the Group assess at each date of the statement of financial position whether there is any objective evidence that a financial investment or group of financial investments is impaired. The criteria the Group uses to determine whether there is objective evidence of impairment include non-payment of coupon or principal redemption, significant financial difficulty of issuer or obligor and significant drop in rating. In the case of equity securities classified as available-for-sale, in addition to the criteria above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in income statements. The amount of cumulative loss reclassified to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income statements. Impairment losses recognised in income statements on equity instruments classified as available-for-sale are not reversed through income statements.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in income statements, the impairment loss is reversed through income statements in subsequent periods.

19 FINANCIAL LIABILITIES

All financial liabilities which include derivative financial instruments have to be recognised in the statement of financial position and measured in accordance with their assigned category.

The Group's holding in financial liabilities are in financial liabilities at fair value through profit or loss (including financial liabilities held-for-trading and those that are designated at fair value) and financial liabilities at amortised cost. Financial liabilities are initially recognised at fair value plus transaction costs for all financial liabilities not carried at fair value through profit or loss.

Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held-for-trading and financial liabilities designated by the Group as at fair value through profit or loss upon initial recognition. The Group and the Company do not have any non-derivative financial liabilities designated at fair value through profit or loss.

A financial liability is classified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held-for-trading unless they are designated and effective as hedging instruments.

Financial liabilities classified as held-for-trading are initially recognised at fair value, and transaction costs are expensed in profit or loss. Gains and losses arising from changes in fair value of financial liabilities classified held-for-trading are included in the income statement.

Other liabilities measured at amortised cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortised cost.

De-recognition

Financial liabilities are de-recognised when they have been redeemed or otherwise extinguished.

SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES
For The Financial Year Ended 31 December 2015

20 OFFSETTING FINANCIAL INSTRUMENTS

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

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

21 SALE AND REPURCHASE AGREEMENTS

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

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

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

22 DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

As at reporting date, the Group has not designated any derivative as hedging instruments.

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

23 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

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

23 FOREIGN CURRENCY TRANSLATION (CONTINUED)

Transactions and balances

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

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

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

24 SHARE CAPITAL

Classification

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

Share issue costs

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

Dividend distribution

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

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

Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:-

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

(ii) Diluted earnings per share

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

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

SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES
For The Financial Year Ended 31 December 2015

25 BORROWINGS

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

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

26 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

27 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Board of Directors has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments as well as making strategic decisions for the Group.

28 TRUST ACTIVITIES

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

29 TRADE RECEIVABLES

In accordance with the Rules of Bursa Malaysia Securities Berhad (“Bursa Securities”), clients’ accounts are classified as impaired accounts under the following circumstances:-

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

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

30 RESTRICTED INVESTMENT ACCOUNTS ("RIA")

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

31 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. To enhance the information content of the estimates, certain variables that are anticipated to have material impact to the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Allowance for impairment losses on loans, advances and financing

The accounting estimates and judgements related to the impairment of loans and provision for off-balance sheet positions is a critical accounting estimate because the underlying assumptions used for both the individually and collectively assessed impairment can change from period to period and may significantly affect the Group's results of operations.

In assessing assets for impairment, management judgement is required. The determination of the impairment allowance required for loans/financing which are deemed to be individually significant often requires the use of considerable management judgement concerning such matters as local economic conditions, the financial performance of the counterparty and the value of any collateral held, for which there may not be a readily accessible market. The actual amount of the future cash flows and their timing may differ from the estimates used by management and consequently may cause actual losses to differ from the reported allowances.

The impairment allowance for portfolios of smaller-balance homogenous loans/financing, such as those to individuals and small business customers of the private and retail business, and for those loans/financing which are individually significant but for which no objective evidence of impairment exists, is determined on a collective basis. The collective impairment allowance is calculated on a portfolio basis using statistical models which incorporate numerous estimates and judgements, and therefore is subject to estimation uncertainty. The Group performs regular review of the models and underlying data and assumptions as far as possible to reflect the current economic circumstances. The probability of default, loss given defaults, and loss identification period, amongst other things, are all taken into account during this review.

Estimated impairment of goodwill

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

Impairment of investment in subsidiaries and joint ventures

Investment in subsidiaries and joint ventures are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Significant judgment is required in the estimation of the present value of future cash flows generated by the subsidiaries and joint ventures, which uncertainties are significantly affected by assumptions used and judgments made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's test for impairment of investments.

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

1 GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are commercial banking, Islamic banking business, investment banking and stock-broking, money-broking, fund and asset management. The principal activities of the joint ventures are underwriting of life insurance business and property development while the associate is principally engaged in general insurance business.

The number of employees in the Group and the Company as at 31 December 2015 was 4,682 (2014: 4,815) and 21 (2014: 20) employees respectively.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of the Bursa Malaysia Securities.

2 CASH AND SHORT-TERM FUNDS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances with banks and other financial institutions	1,236,538	754,328	67	49
Money at call and deposits placements maturing within one month	3,205,162	6,606,260	45,326	33,711
	4,441,700	7,360,588	45,393	33,760

The cash and short-term funds is inclusive of remisiers' trust monies of RM48,624,000 (2014: RM48,183,000).

3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Licensed banks	462,127	383,692	-	85,087
Other financial institutions	35,034	-	-	-
	497,161	383,692	-	85,087

Included in deposits placed with banks and other financial institutions of the Group and the Company in 2014 was an amount of RM628,000 set aside for term loan facilities of the Group and Company.

4 TRADE RECEIVABLES

	Group	
	2015	2014
	RM'000	RM'000
Amount due from stock-broking clients		
- performing accounts	290,256	319,168
- impaired accounts (a)	4,460	4,420
Amount due from brokers	141,493	34,125
Amount due from Bursa Securities Clearing Sdn Bhd	51,033	26,849
Management fees receivable on fund management	68,476	48,776
	555,718	433,338
Allowance for impairment (b)		
- collective impairment	(16)	(19)
- individual impairment	(4,123)	(4,083)
	551,579	429,236

(a) Movements of impaired accounts are as follows:-

	2015 RM'000	2014 RM'000
Balance at beginning of financial year	4,420	3,633
Amount arising from acquisition of a subsidiary	-	786
Classified as impaired during the financial year	108	140
Amount recovered during the financial year	(68)	(139)
Balance at end of financial year	4,460	4,420

(b) Movements in allowance for impairment on trade receivables:-

	2015 RM'000	2014 RM'000
Collective impairment		
Balance at beginning of financial year	19	19
Amount written-back during the financial year	(3)	-
Balance at end of financial year	16	19
Individual impairment		
Balance at beginning of financial year	4,083	3,633
Amount arising from acquisition of a subsidiary	-	303
Allowance made during the financial year	108	656
Amount written-back during the financial year	(68)	(487)
Amount written-off during the financial year	-	(22)
Balance at end of financial year	4,123	4,083

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

5 FINANCIAL ASSETS HELD-FOR-TRADING

	Group	
	2015	2014
	RM'000	RM'000
At fair value		
Bank Negara Malaysia Notes	-	149,904
Negotiable Instruments of Deposit	79,807	-
Quoted securities		
- Shares in Malaysia	33,564	18,903
- Unit Trusts in Malaysia	8,645	8,983
Unquoted securities		
- Private Debt Securities in Malaysia	-	4,990
Total financial assets held-for-trading	122,016	182,780

6 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group	
	2015	2014
	RM'000	RM'000
At fair value		
Malaysian Government Securities	59,892	131,630
Malaysian Government Treasury Bills	-	225,782
Malaysian Government Sukuk	-	7,096
Malaysian Government Investment Issuance	2,538,871	3,046,553
Cagamas Bonds	20,102	84,924
Sukuk Perumahan Kerajaan	753,385	400,377
Khazanah Bonds	437,819	353,165
Bank Negara Malaysia Notes	-	1,387,284
Negotiable Instruments of Deposit and Islamic Debt Certificate	1,004,703	503,451
	4,814,772	6,140,262
Quoted securities		
- Shares in Malaysia	19,610	32,975
- Private Debt Securities in Malaysia	-	2,167
- Unit Trusts in Malaysia	240,850	242,902
- REITs in Malaysia	40,219	35,546
- REITs outside Malaysia	39,618	37,367
Unquoted securities		
- Shares in Malaysia	226,419	179,380
- Private Debt Securities in Malaysia	7,051,910	5,187,717
- Private Debt Securities outside Malaysia	655,651	846,040
	13,089,049	12,704,356
Allowance for impairment losses of securities	(3,493)	(86,736)
Total financial investments available-for-sale	13,085,556	12,617,620

6 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE (CONTINUED)

	Group	
	2015	2014
	RM'000	RM'000
Movements in allowance for impairment losses of securities		
Balance at beginning of financial year	86,736	86,451
Allowance made during the financial year	-	550
Amount written-back during the financial year	(167)	(264)
Amount written-off during the financial year	(83,076)	(6,506)
Transferred from allowance for impairment losses on loans, advances and financing	-	6,157
Exchange difference	-	348
Balance at end of financial year	3,493	86,736

7 FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group	
	2015	2014
	RM'000	RM'000
At amortised cost		
Quoted securities		
- Private Debt Securities in Malaysia	23,439	23,439
Unquoted securities		
- Private Debt Securities in Malaysia	436,107	673,580
- Redeemable Convertible Secured Loan Stocks in Malaysia	-	1,554
	459,546	698,573
Allowance for impairment losses of securities	(178)	(45,832)
Total financial investments held-to-maturity	459,368	652,741
Movements in allowance for impairment losses of securities		
Balance at beginning of financial year	45,832	57,918
Amount written-back during the financial year	(22,037)	-
Amount written-off during the financial year	(23,617)	(12,086)
Balance at end of financial year	178	45,832

8 DERIVATIVE FINANCIAL ASSETS

	Group 2015		Group 2014	
	Contract/ Notional Amount	Assets	Contract/ Notional Amount	Assets
	RM'000	RM'000	RM'000	RM'000
<u>At fair value</u>				
Foreign exchange derivatives:				
- Currency forwards	1,887,310	139,810	1,623,987	88,506
- Cross currency swaps	3,841,581	90,772	2,290,742	39,177
- Currency swaps	169,600	45,783	198,687	18,431
- Currency options	39,130	(12)	367	1
Interest rate derivatives:				
- Interest rate swaps	1,660,148	17,511	2,411,000	23,920
	7,597,769	293,864	6,524,783	170,035

9 LOANS, ADVANCES AND FINANCING

	Group 2015	Group 2014
	RM'000	RM'000
<u>BY TYPE</u>		
Overdrafts	1,960,022	1,943,124
Term loans/financing		
- Housing loans/financing	6,172,180	5,777,114
- Syndicated term loans/financing	2,079,497	1,887,541
- Hire purchase receivables	12,000,990	10,963,715
- Business term loans/financing	14,118,507	13,861,525
Bills receivables	321,091	1,194,884
Trust receipts	298,417	244,117
Claims on customers under acceptance credits	1,016,613	1,120,038
Staff loans/financing (of which RM Nil to directors)	154,076	141,268
Credit/charge cards	83,769	81,870
Revolving credit	5,420,534	3,630,059
Margin financing	157,979	207,186
Factoring	4,369	4,674
Other receivables	91,377	-
Gross loans, advances and financing	43,879,421	41,057,115
Less: Allowance for impairment losses		
- Collective impairment	(238,868)	(301,601)
- Individual impairment	(295,263)	(263,498)
Total net loans, advances and financing	43,345,290	40,492,016

Included in term loans are housing loans sold to Cagamas Berhad with recourse amounting to RM134,585,000 (2014: RM139,147,000).

Included in business term loans/financing are term financing of RM53.7 million (2014: RM53.7 million) and RM63.9 million (2014: RM62.9 million) granted by AFFIN Islamic Bank Berhad to its joint ventures, namely AFFIN-i Nadayu Sdn Bhd and KL South Development Sdn Bhd respectively.

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group	
	2015	2014
	RM'000	RM'000
BY MATURITY STRUCTURE		
Maturing within one year	10,067,237	9,678,740
One year to three years	4,726,084	4,609,944
Three years to five years	6,937,257	6,813,615
Over five years	22,148,843	19,954,816
	43,879,421	41,057,115
BY TYPE OF CUSTOMER		
Domestic non-banking institutions		
- Stock-broking companies	221	231
- Others	1,644,820	1,304,372
Domestic business enterprises		
- Small medium enterprises	9,478,855	7,731,103
- Others	13,603,783	14,680,028
Government and statutory bodies	1,137,674	92,725
Individuals	17,066,576	15,833,956
Foreign individuals	966	3,084
Other domestic entities	109,263	13,634
Foreign entities	837,263	1,397,982
	43,879,421	41,057,115
BY INTEREST/PROFIT RATE SENSITIVITY		
Fixed rate		
- Housing loans/financing	404,929	362,329
- Hire purchase receivables	12,003,958	10,967,008
- Other fixed rate loans/financing	4,077,555	3,823,349
- Margin financing	157,979	207,186
Variable rate		
- BLR plus	16,014,700	16,064,029
- Cost plus	11,220,300	9,633,214
	43,879,421	41,057,115

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group	
	2015	2014
	RM'000	RM'000
BY ECONOMIC PURPOSE		
Construction	3,185,612	3,146,539
Purchase of landed property of which:-		
- Residential	6,427,607	5,737,764
- Non-residential	5,909,182	5,813,704
Purchase of securities	881,476	664,471
Purchase of transport vehicles	12,490,445	11,494,825
Fixed assets other than land and building	240,609	326,163
Personal use	745,582	887,115
Credit card	83,769	81,870
Consumer durable	852	803
Merger and acquisition	329,230	447,524
Working capital	13,127,816	11,689,397
Others	457,241	766,940
	43,879,421	41,057,115
BY SECTOR		
Primary agriculture	692,126	684,340
Mining and quarrying	789,889	666,518
Manufacturing	2,307,212	2,071,976
Electricity, gas and water supply	244,682	377,940
Construction	3,716,691	4,112,804
Real estate	6,974,487	6,100,730
Wholesale and retail trade and restaurants and hotels	2,552,553	2,182,791
Transport, storage and communication	2,243,659	2,106,782
Finance, insurance and business services	4,468,584	4,944,337
Education, health and others	2,650,162	1,815,614
Household	17,185,511	15,975,397
Others	53,865	17,886
	43,879,421	41,057,115

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group	
	2015	2014
	RM'000	RM'000
BY GEOGRAPHICAL DISTRIBUTION		
Perlis	155,914	130,950
Kedah	1,362,682	1,216,592
Pulau Pinang	2,156,877	2,000,495
Perak	1,304,444	1,171,747
Selangor	13,424,739	12,874,207
Wilayah Persekutuan	13,750,878	11,712,171
Negeri Sembilan	995,346	895,433
Melaka	1,003,701	982,343
Johor	3,557,500	3,254,531
Pahang	845,284	824,164
Terengganu	803,862	989,058
Kelantan	229,607	230,819
Sarawak	1,584,176	1,277,605
Sabah	1,622,166	1,705,599
Labuan	684,220	520,747
Outside Malaysia	398,025	1,270,654
	43,879,421	41,057,115
IMPAIRED LOANS, ADVANCES AND FINANCING		
Movements of impaired loans, advances and financing		
Balance at beginning of financial year	747,776	740,958
Classified as impaired during the financial year	904,886	543,093
Reclassified as non-impaired during the financial year	(394,738)	(289,556)
Amount recovered	(150,230)	(135,501)
Amount written-off	(273,472)	(94,353)
Amount converted to financial investments available-for-sale	-	(16,865)
Balance at end of financial year	834,222	747,776
Impaired loans, advances and financing by economic purpose		
Construction	102,603	77,071
Purchase of landed property of which:		
- Residential	180,137	231,048
- Non-residential	42,170	31,278
Purchase of securities	804	10,420
Purchase of transport vehicles	82,026	86,409
Fixed assets other than land and building	164	282
Personal use	20,539	7,826
Credit card	389	326
Consumer durable	16	13
Working capital	372,038	286,669
Others	33,336	16,434
	834,222	747,776

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group	
	2015	2014
	RM'000	RM'000
Impaired loans, advances and financing by sector		
Primary agriculture	14,388	17,556
Mining and quarrying	15	-
Manufacturing	58,035	53,950
Electricity, gas and water supply	148	246
Construction	81,302	258,070
Real estate	121,692	323
Wholesale and retail trade and restaurants and hotels	48,914	41,850
Transport, storage and communication	3,314	5,099
Finance, insurance and business services	216,444	38,442
Education, health and others	2,602	1,607
Household	287,368	330,633
	834,222	747,776
Impaired loans, advances and financing by geographical distribution		
Perlis	680	901
Kedah	19,972	22,141
Pulau Pinang	42,525	35,458
Perak	18,793	15,193
Selangor	484,346	277,204
Wilayah Persekutuan	89,094	139,798
Negeri Sembilan	13,949	24,380
Melaka	7,231	8,575
Johor	25,596	49,319
Pahang	8,262	48,236
Terengganu	5,307	17,139
Kelantan	5,068	5,152
Sarawak	6,918	14,407
Sabah	20,614	12,384
Outside Malaysia	85,867	77,489
	834,222	747,776
Movements in allowance for impairment on loans, advances and financing		
Collective impairment		
Balance at beginning of financial year	301,601	307,142
Amount arising from acquisition of a subsidiary	-	4,299
Allowance (net of write-back) made during the financial year	17,649	45,835
Amount written-off during the financial year	(80,382)	(43,361)
Amount reclassified to individual impairment	-	(12,314)
Balance at end of financial year	238,868	301,601

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group	
	2015	2014
	RM'000	RM'000
Individual impairment		
Balance at beginning of financial year	263,498	243,969
Amount converted to financial investments available-for-sale	-	(6,157)
Allowance made during the financial year	258,654	79,268
Amount recovered during the financial year	(7,293)	(4,386)
Amount written-off during the financial year	(193,087)	(50,870)
Unwinding discount of allowance	(33,004)	(12,432)
Exchange difference	6,495	1,792
Amount reclassified from collective impairment	-	12,314
Balance at end of financial year	295,263	263,498

10 OTHER ASSETS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cheque clearing accounts	6,803	179,711	-	-
Foreclosed properties (a)	4,906	9,099	-	-
Other debtors, deposits and prepayments (b)	174,062	97,289	305	391
Amount due from joint ventures (c)	39,936	14,858	-	3
Land held for sale (Note 17)	162	-	-	-
	225,869	300,957	305	394

	Group	
	2015	2014
	RM'000	RM'000
(a) Foreclosed properties		
As at beginning of the financial year	9,099	15,825
Disposal during the financial year	(4,193)	(6,726)
As at end of the financial year	4,906	9,099

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

10 OTHER ASSETS (CONTINUED)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
(b) Other debtors, deposits and prepayments				
Other debtors, deposits and prepayments	184,199	107,183	305	391
Less: Allowance for bad and doubtful debts	(10,137)	(9,894)	-	-
	174,062	97,289	305	391

(c) Amount due from joint ventures

The amount due from joint ventures are unsecured, bear average interest rate 7.85% (2014: 7.74%) and repayable on demand.

11 STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act 2009, the amounts of which are determined as a set percentages of total eligible liabilities.

12 AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2015	2014
	RM'000	RM'000
10-year subordinated term loan ("STL") to a licensed bank subsidiary:-		
- Term Loan II (a)	301,381	301,370
- Term Loan III (b)	302,960	302,940
- Tier II Basel III STL I (c)	400,105	-
Other receivables (d)	-	3
	1,004,446	604,313

(a) The 10-year subordinated term loan II to a licensed bank subsidiary is unsecured and carries an interest rates ranging from 4.63% to 4.77% per annum during the financial year. The term loan has a bullet repayment on 26 May 2021.

(b) The 10-year subordinated term loan III to a licensed bank subsidiary is unsecured and carries an interest rates ranging from 4.63% to 4.75% per annum during the financial year. The term loan has a bullet repayment on 16 January 2022.

(c) The 10-year tier II Basel III subordinated term loan I to a licensed bank subsidiary is unsecured and carries an interest rates of 4.79% per annum during the financial year. The term loan has a bullet repayment on 30 December 2025.

(d) The other receivables from subsidiaries are unsecured, interest-free and repayable on demand.

13 AMOUNT DUE FROM ASSOCIATE

	Group and Company	
	2015	2014
	RM'000	RM'000
10-year subordinated loan (a)	58,560	67,255
Other receivables (b)	-	1
	58,560	67,256

(a) The 10-year subordinated loan to associate is unsecured and carries a fixed interest rate of 8.00% to 10.00% per annum during the financial year. The subordinated loan has a bullet repayment on 28 April 2020. In 2015, the associate sought approval from Bank Negara Malaysia to prepay the subordinated loan bi-annually over eleven (11) instalments and the first prepayment was made on 21 August 2015.

(b) The other receivables from associate are unsecured, interest-free and repayable on demand.

14 INVESTMENT IN SUBSIDIARIES

	Company	
	2015	2014
	RM'000	RM'000
Unquoted shares at cost	5,461,063	5,902,034
Balance as at beginning of financial year	5,902,034	3,582,882
Acquisition of AFFIN Hwang Investment Bank Berhad	-	1,319,352
Subscription of shares in a licensed bank subsidiary	-	500,000
Subscription of shares in a licensed investment bank subsidiary	-	499,800
Liquidation of AFFIN Investment Berhad	(440,971)	-
Balance as at end of financial year	5,461,063	5,902,034

The subsidiaries, all of which are incorporated in Malaysia, are as follows:-

Name	Principal activities	Issued and paid up share capital	Percentage of equity held	
			2015	2014
		RM'000	%	%
(1) AFFIN Bank Berhad	Provision of commercial banking and hire purchase services	1,688,770	100	100
- AFFIN Islamic Bank Berhad	Islamic banking business	460,000	100	100
- ABB Trustee Berhad #	Trustee management services	500	100	100
- PAB Properties Sdn Bhd	Property management services	8,000	100	100
- ABB Nominee (Tempatan) Sdn Bhd	Share nominee services	40	100	100

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name	Principal activities	Issued and paid up share capital	Percentage of equity held	
			2015	2014
		RM'000	%	%
- ABB Nominee (Asing) Sdn Bhd	Dormant	@	100	100
- AFFIN Factors Sdn Bhd	Dormant	10,000	100	100
- PAB Property Development Sdn Bhd *	Dormant	250	100	100
- AFFIN Futures Sdn Bhd	Dormant	13,000	100	100
- ABB IT & Services Sdn Bhd	Dormant	2,000	100	100
- BSNCB Nominees (Tempatan) Sdn Bhd	Dormant	500	100	100
- BSNC Nominees (Tempatan) Sdn Bhd *	Dormant	10	100	100
- AFFIN Recoveries Berhad	Dormant	125,000	100	100
- AFFIN-ACF Nominees (Tempatan) Sdn Bhd *	Dormant	25	100	100
(2) AFFIN Hwang Investment Bank Berhad	Provision of investment banking services	780,000	100	100
- AFFIN Hwang Asset Management Berhad	Asset Management and management of unit trust and private retirement scheme	10,000	70	70
- Asian Islamic Investment Management Sdn Bhd	Islamic fund management	10,000	70	70
- AFFIN Hwang Futures Sdn Bhd	In members' voluntary winding-up	-	-	100
- AFFIN Hwang Nominees (Asing) Sdn Bhd	Nominee services	^	100	100
- AFFIN Hwang Nominees (Tempatan) Sdn Bhd	Nominee services	5,000	100	100
- AFFIN Nominees (Asing) Sdn Bhd	In members' voluntary winding-up	-	-	100
- AFFIN Nominees (Tempatan) Sdn Bhd	In members' voluntary winding-up	-	-	100
- AFFIN Capital Services Berhad (fka AFFIN Fund Management Berhad)	Dormant	12,000	70	70

14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name	Principal activities	Issued and paid up share capital	Percentage of equity held	
			2015	2014
		RM'000	%	%
(3) AFFIN Moneybrokers Sdn Bhd	Money-broking	1,000	100	100
(4) AFFIN-ACF Holdings Sdn Bhd	Investment holding	338,382	100	100
(5) AFFIN Capital Sdn Bhd	In members' voluntary winding-up	-	-	100
(6) AFFIN Investment Berhad (fka AFFIN Investment Bank Berhad)	In members' voluntary winding-up	-	-	100
- Classic Precision Sdn Bhd	Dissolved on 7 November 2015	-	-	67
- Merchant Nominees (Tempatan) Sdn Bhd	Dissolved on 7 November 2015	-	-	100

\# 80% held by directors of AFFIN Bank Berhad, in trust for AFFIN Bank Berhad
@ Subsidiary with issued and paid up share capital of RM2 each
^ Subsidiary with issued and paid up share capital of RM5 each
* Application to strike off the name of the company had been filed with Suruhanjaya Syarikat Malaysia ("SSM")

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of a subsidiary which has material non-controlling interests.

The summarised financial information of the asset management subsidiary, AFFIN Hwang Asset Management Berhad ("AHAM") has non-controlling interests which is material to the Group is set out below. The proportion of ownership interests and voting rights held by non-controlling interests is 30.0%. The summarised financial information below represents amounts before inter-company eliminations.

	2015 RM'000	2014 RM'000
Summarised financial position		
Total assets	349,754	324,797
Total liabilities	(230,331)	(223,699)
Net assets	119,423	101,098
Equity attributable to owners of the Company	83,596	70,769
Non-controlling interest ("NCI") – share of net assets of AHAM	35,827	30,329
Summarised financial results		
Profit before taxation	64,170	33,649
Taxation	(15,557)	(10,032)
Other comprehensive (loss)/income	(288)	109
Total comprehensive income	48,325	23,726
Summarised cash flows		
Net cash generated from operating activities	29,115	116,030
Net cash used in financing activities	(30,000)	-
Net cash used in investing activities	(5,619)	(73,193)
Net (decrease)/increase in cash and cash equivalents	(6,504)	42,837
Profit allocated to NCI of the Group	12,904	5,825
Dividends paid to NCI of the Group	9,000	-
Movements in NCI at Group level		
Balance at beginning of the financial year	40,829	-
Adjustment upon the completion of Purchase Price Allocation in relation to the acquisition of HwangDBS Investment Bank Berhad and its subsidiaries	-	11,760
Share of reserves of a subsidiary acquired during the financial year	-	33,155
Gains/effect on dilution of interest in a subsidiary	-	(9,945)
Profit for the financial year	12,904	5,825
Other comprehensive (loss)/income for the financial year	(87)	34
Dividends paid for the financial year	(9,000)	-
Balance at end of the financial year	44,646	40,829

15 INVESTMENT IN JOINT VENTURES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Unquoted shares at cost	160,280	147,530	159,630	146,880
Group's share of post-acquisition losses	(30,884)	(11,322)	-	-
	129,396	136,208	159,630	146,880

Information about joint ventures

Name	Principal activities	Issued and paid up share capital	Percentage of equity held	
			2015	2014
		RM'000	%	%
AXA AFFIN Life Insurance Berhad *	Underwriting of life insurance business	313,000	51	51
AFFIN-i Nadayu Sdn Bhd #	Property development	1,000	50	50
KL South Development Sdn Bhd #	Property development	500	30	30

* Shareholding held directly by the Company.
\# Shareholding held directly by AFFIN Islamic Bank Berhad.

The summarised financial information of the major joint venture namely AXA AFFIN Life Insurance Berhad ("AALI") is as follows:-

	Group	
	2015	2014
	RM'000	RM'000
Revenue	360,578	329,022
Tax expense	2,479	5,645
(Loss)/profit after taxation	(37,076)	473
Total assets	1,285,876	1,069,388
Total liabilities	1,032,159	802,314
Total comprehensive (loss)/income	(38,357)	1,312
Cash and cash equivalents	105,575	73,116
Capital commitment for property and equipment	-	-
Reconciliation of the summarised financial information to the carrying amount of the interest in AALI recognised in the consolidated financial statements:-		
Opening net assets as at beginning of the financial year	267,074	265,762
(Loss)/profit for the financial year	(37,076)	473
Other comprehensive (loss)/income	(1,281)	839
Proceeds from issuance of shares	25,000	-
Closing net assets as at end of the financial year	253,717	267,074
Interest in AALI:-		
- In percentage (%)	51%	51%
- In thousand (RM'000)	129,396	136,208

The financial information of AFFIN-i Nadayu Sdn Bhd and KL South Development Sdn Bhd is not significant to the Group.

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

15 INVESTMENT IN JOINT VENTURES (CONTINUED)

Allowance for impairment of investment in joint ventures

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint ventures is impaired. When an objective evidence of impairment is identified, the investment in joint venture is tested for impairment. An impairment loss is recognised for the amount by which the carrying amount of the joint ventures exceed its recoverable amount. The recoverable amount is assessed based on higher of the fair value less costs to sell and value in use.

AXA AFFIN Life Insurance Berhad

For the financial year ended 31 December 2015, the recoverable amount of AXA AFFIN Life Insurance Berhad is assessed using the European Embedded Value ("EEV"). EEV is a measure of inforce value of a life insurance business at a particular point in time based on market consistent approach.

EEV is derived based on the current shareholders' net asset value and present value of future profit of shareholders' cash flows from inforce covered business.

Swap rates with ultimate forward rates of 4.20% is used as discount and earning rates.

Based on the impairment assessment performed, no impairment is required. The impairment assessment is most sensitive to discount and earning rates. If discount and earning rates increased to 5.20%, the estimated recoverable amount will be equal to the carrying value.

AFFIN-i Nadayu Sdn Bhd and KL South Development Sdn Bhd

For the financial year ended 31 December 2015, the recoverable amount is assessed using the value in use calculations based on the cash flow projections of the property development projects covering a period of 4 to 7 years based on actual historical sales, revised for current economic and property market conditions.

The cash flow projections are derived based on a number of key factors including past performance and management's expectations of the property market developments. For financial year ended 31 December 2015, the value in use calculation was based on discount rate of 10.00%.

Impairment was not required for investment in joint ventures. The impairment charge is most sensitive to discount rate. If the discount rate increased to 11.31% or selling price reduced by 8.27%, the estimated recoverable amount will be equal to carrying value.

16 INVESTMENT IN ASSOCIATE

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Unquoted shares at cost	15,623	15,623	15,623	15,623
Group's share of post-acquisition profits	254,151	225,834	-	-
	269,774	241,457	15,623	15,623

The associate is incorporated in Malaysia and the details are as follows:-

Name	Principal activities	Issued and paid up share capital	Percentage of equity held	
			2015	2014
		RM'000	%	%
AXA AFFIN General Insurance Berhad *	Underwriting of general insurance business	119,048	34.51	34.51

* Shareholding held directly by the Company

The summarised financial information of associate are as follows:-

	Group	
	2015	2014
	RM'000	RM'000
Revenue	1,413,363	1,198,788
Profit after taxation	78,134	85,657
Total comprehensive income	82,058	82,371
Total assets	2,825,742	2,453,481
Total liabilities	2,039,779	1,749,576
Capital commitment for property and equipment	12,312	8,676
Reconciliation of the summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:-		
Opening net assets as at beginning of the financial year	703,905	621,534
Profit for the financial year	78,134	85,657
Other comprehensive income/(loss)	3,924	(3,286)
Closing net assets as at end of the financial year	785,963	703,905
Interest in associate:-		
- In percentage (%)	34.509%	34.509%
- In thousand (RM'000)	271,228	242,911
Discount on acquisition	(1,454)	(1,454)
	269,774	241,457

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

17 PROPERTY AND EQUIPMENT

Group	Freehold land	Leasehold land 50 years or more	Leasehold land Less than 50 years	Buildings on freehold land	Buildings on leasehold land	Renovations	Furniture and equipment	Motor vehicles	Capital work-in-progress	Computers	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015											
Cost											
As at beginning of the financial year	19,236	12,342	5,380	26,368	80,982	134,811	85,427	11,484	9,316	114,046	499,392
- Additions	-	-	-	-	-	14,002	2,547	1,099	278,174	8,174	303,996
- Disposals	-	-	-	-	-	(3)	(1,521)	(1,678)	-	(1,149)	(4,351)
- Write-off	-	-	-	-	-	(2,311)	(1,373)	-	-	(880)	(4,564)
- Reclassification to other assets (Note 10)	(162)	-	-	-	-	-	-	-	-	-	(162)
- Reclassification of leasehold land	-	(520)	520	-	-	-	-	-	-	-	-
- Reclassification to intangible assets (Note 18)	259,831	-	-	-	-	439	141	-	(272,290)	56	(11,823)
As at end of the financial year	278,905	11,822	5,900	26,368	80,982	146,938	85,221	10,905	15,200	120,247	782,488
Accumulated depreciation											
As at beginning of the financial year	-	2,142	1,813	12,385	24,282	117,853	65,016	8,048	-	103,537	335,076
- Charge for the financial year	-	97	128	439	1,628	7,443	4,704	1,372	81	5,324	21,216
- Disposals	-	-	-	-	-	(3)	(1,510)	(1,290)	(249)	(1,149)	(4,201)
- Write-off	-	-	-	-	-	(2,246)	(1,272)	-	-	(864)	(4,382)
- Reclassification of leasehold land	-	(137)	137	-	-	-	-	-	-	-	-
As at end of the financial year	-	2,102	2,078	12,824	25,910	123,047	66,938	8,130	(168)	106,848	347,709
Impairment losses											
As at beginning/end of the financial year	140	-	-	-	-	-	-	-	-	-	140
Net book value											
As at end of the financial year	278,765	9,720	3,822	13,544	55,072	23,891	18,283	2,775	15,368	13,399	434,639

17 PROPERTY AND EQUIPMENT (CONTINUED)

	Freehold land	Leasehold land		Buildings on freehold land	Buildings on leasehold land	Renovations	Furniture and equipment	Motor vehicles	Capital work-in-progress	Computers	Total
		50 years or more	Less than 50 years								
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2014											
Cost											
As at beginning of the financial year	19,676	12,862	5,380	26,803	89,069	127,282	66,733	8,794	2,820	88,810	448,229
- Amount arising from acquisition of subsidiaries	-	-	-	-	-	8,957	18,230	4,150	-	32,022	63,359
- Additions	-	-	-	-	-	3,444	3,080	253	8,247	2,472	17,496
- Disposals	(440)	(520)	-	(435)	(8,087)	(2,982)	(535)	(1,713)	-	(3,318)	(18,030)
- Write-off	-	-	-	-	-	(1,890)	(2,081)	-	-	(503)	(4,474)
- Reclassification to intangible assets (Note 18)	-	-	-	-	-	-	-	-	(1,751)	(5,437)	(7,188)
As at end of the financial year	19,236	12,342	5,380	26,368	80,982	134,811	85,427	11,484	9,316	114,046	499,392
Accumulated depreciation											
As at beginning of the financial year	-	2,146	1,693	12,273	25,160	108,178	47,728	5,108	-	78,765	281,051
- Amount arising from acquisition of subsidiaries	-	-	-	-	-	7,429	15,513	3,121	-	26,593	52,656
- Charge for the financial year	-	106	120	438	1,491	7,101	4,262	1,532	-	5,037	20,087
- Disposals	-	(110)	-	(326)	(2,369)	(2,971)	(514)	(1,713)	-	(3,280)	(11,283)
- Write-off	-	-	-	-	-	(1,884)	(1,973)	-	-	(501)	(4,358)
- Reclassification to intangible assets (Note 18)	-	-	-	-	-	-	-	-	-	(3,077)	(3,077)
As at end of the financial year	-	2,142	1,813	12,385	24,282	117,853	65,016	8,048	-	103,537	335,076
Impairment losses											
As at beginning/end of the financial year	140	-	-	-	-	-	-	-	-	-	140
Net book value											
As at end of the financial year	19,096	10,200	3,567	13,983	56,700	16,958	20,411	3,436	9,316	10,509	164,176

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

17 PROPERTY AND EQUIPMENT (CONTINUED)

Company	Renovations RM'000	Furniture and equipment RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Total RM'000
2015					
Cost					
As at beginning of the financial year	565	574	274	398	1,811
- Additions	7	16	11	-	34
- Write-off	-	(2)	(2)	-	(4)
As at end of the financial year	572	588	283	398	1,841
Accumulated depreciation					
As at beginning of the financial year	473	490	260	305	1,528
- Charge for the financial year	57	44	8	80	189
- Write-off	-	(2)	(2)	-	(4)
As at end of the financial year	530	532	266	385	1,713
Net book value					
As at end of the financial year	42	56	17	13	128
2014					
Cost					
As at beginning of the financial year	565	574	272	398	1,809
- Additions	-	-	5	-	5
- Write-off	-	-	(3)	-	(3)
As at end of the financial year	565	574	274	398	1,811
Accumulated depreciation					
As at beginning of the financial year	417	445	252	225	1,339
- Charge for the financial year	56	45	11	80	192
- Write-off	-	-	(3)	-	(3)
As at end of the financial year	473	490	260	305	1,528
Net book value					
As at end of the financial year	92	84	14	93	283

18 INTANGIBLE ASSETS

	Group	
	2015	2014
	RM'000	RM'000
Goodwill on consolidation (a)	1,517,835	1,517,835
Intangible assets (b)		
- Computer Software License	29,654	18,602
- Brand	2,256	4,061
- Customer Relationship	62,717	74,663
	1,612,462	1,615,161

(a) Goodwill on consolidation

	Group	
	2015	2014
	RM'000	RM'000
<u>Cost</u>		
As at beginning of the financial year	1,517,835	989,741
Goodwill arising from acquisition of subsidiaries during the year	-	546,077
Fair value adjustments on completion of accounting for business combination (Note 47(a))	-	(17,983)
As at end of the financial year	1,517,835	1,517,835

Goodwill arising from acquisition of subsidiaries in 2014 is inclusive of an existing goodwill of RM110,002,000 in a subsidiary acquired.

Allocation of goodwill to cash-generating units

Goodwill has been allocated to the following cash-generating units ("CGUs").

	Group	
	2015	2014
	RM'000	RM'000
Cash-generating units ("CGU")		
Commercial banking	829,478	829,478
Investment banking	266,884	266,884
Asset management	180,931	180,931
Stock-broking	229,422	229,422
Money-broking	11,120	11,120
	1,517,835	1,517,835

Goodwill is allocated to the Group's CGUs which are expected to benefit from the synergies of the acquisitions. For annual impairment testing purposes, the recoverable amount of the CGUs are based on their value-in-use calculations using the cash flow projections based on 5 years financial budgets of the respective subsidiaries, which were approved by directors. The cash flows beyond the fifth year are assumed to grow on perpetual basis based on forecasted Gross Domestic Product ("GDP") growth rate of Malaysia, adjusted for specific risk of the CGUs.

The cash flow projections are derived based on a number of key factors including past performance and management's expectations of the market developments. The discount rates used are based on the pre-tax weighted average cost of capital plus an appropriate risk premium where applicable, at the date of assessment of the CGUs.

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

18 INTANGIBLE ASSETS (CONTINUED)

During the financial year, impairment was not required for goodwill arising from all the business segments. The impairment charge is most sensitive to discount rate and the directors are of the view that any reasonable possible changes to the assumptions applied are not likely to cause the recoverable amount of all the CGUs to be lower than its carrying amount, other than Investment Banking and Stock-broking CGUs.

The estimated terminal growth rates and discount rates used for value in use calculation are as follows:-

	Discount Rate		Terminal Growth Rate	
CGU	**2015**	**2014**	**2015**	**2014**
Commercial banking	8.91%	8.62%	3.60%	4.00%
Investment banking	10.65%	13.16%	3.00%	3.00%
Asset management	10.65%	13.16%	3.00%	3.00%
Stock-broking	10.65%	13.16%	3.00%	3.00%
Money-broking	7.29%	8.49%	3.60%	4.00%

For Investment Banking CGU, if the discount rate increased to 11.08% or growth rate reduced to 2.52%, the estimated recoverable amount will be equal to the carrying value.

As for the Stock-broking CGU, the estimated recoverable amount will be equal to the carrying value if the discount rate is increased to 12.65% or growth rate reduced to 2.85%.

	Computer Software License	Brand	Customer Relationship	Total
	RM'000	RM'000	RM'000	RM'000
(b) Intangible assets				
Group				
2015				
Cost				
As at beginning of the financial year	153,755	5,415	83,622	242,792
Additions	6,932	-	-	6,932
Write-off	(148)	-	-	(148)
Reclassification from property and equipment (Note 17)	11,823	-	-	11,823
As at end of the financial year	172,362	5,415	83,622	261,399
Accumulated amortisation and impairment losses				
As at beginning of the financial year	135,153	1,354	8,959	145,466
Charge for the financial year	7,697	1,805	11,946	21,448
Write-off	(142)	-	-	(142)
As at end of the financial year	142,708	3,159	20,905	166,772
Net book value				
As at end of the financial year	29,654	2,256	62,717	94,627

18 INTANGIBLE ASSETS (CONTINUED)

(b) **Intangible assets (continued)**

Group
2014

	Computer Software License RM'000	Brand RM'000	Customer Relationship RM'000	Total RM'000
Cost				
As at beginning of the financial year	145,578	-	-	145,578
Amount arising from completion of Purchase Price Allocation in relation to the acquisition of HwangDBS Investment Bank Berhad and its subsidiaries	-	5,415	83,622	89,037
Additions	1,778	-	-	1,778
Disposal	(789)	-	-	(789)
Reclassification from property and equipment (Note 17)	7,188	-	-	7,188
As at end of the financial year	153,755	5,415	83,622	242,792
Accumulated amortisation and impairment losses				
As at beginning of the financial year	125,331	-	-	125,331
Amount arising from completion of Purchase Price Allocation in relation to the acquisition of HwangDBS Investment Bank Berhad and its subsidiaries	-	1,354	8,959	10,313
Charge for the financial year	7,513	-	-	7,513
Write-off	(768)	-	-	(768)
Reclassification from property and equipment (Note 17)	3,077	-	-	3,077
As at end of the financial year	135,153	1,354	8,959	145,466
Net book value				
As at end of the financial year	18,602	4,061	74,663	97,326

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

18 INTANGIBLE ASSETS (CONTINUED)

(b) Intangible assets (continued)

Company

	Computer Software License	
	2015	2014
	RM'000	RM'000
Cost		
As at beginning of the financial year	24	20
Additions	-	4
As at end of the financial year	24	24
Accumulated amortisation and impairment losses		
As at beginning of the financial year	20	19
Charge for the financial year	1	1
As at end of the financial year	21	20
Net book value		
As at end of the financial year	3	4

19 DEPOSITS FROM CUSTOMERS

	Group	
	2015	2014
	RM'000	RM'000
By type of deposits		
Money market deposits	1,637,103	1,177,702
Demand deposits	7,740,255	8,096,429
Savings deposits	1,951,353	2,047,242
Fixed deposits	31,816,220	31,032,250
Negotiable Instruments of Deposit ("NID")	6,581,758	7,059,508
Commodity Murabahah Deposits ("CMD")	630,118	1,030,814
Others	191,940	160,060
	50,548,747	50,604,005
Maturity structure of fixed deposits and NID are as follows:-		
Due within six months	31,837,424	31,712,118
Six months to one year	5,412,579	5,670,967
One year to three years	1,142,315	701,583
Three years to five years	5,660	7,090
	38,397,978	38,091,758

19 DEPOSITS FROM CUSTOMERS (CONTINUED)

	Group	
	2015	2014
	RM'000	RM'000
By type of customers		
Government and statutory bodies	8,724,822	9,335,163
Business enterprises	15,654,194	14,468,197
Individuals	12,284,299	13,138,092
Domestic banking institutions	6,556,250	6,736,994
Domestic non-banking financial institutions	5,888,596	5,639,041
Foreign entities	431,589	398,477
Others	1,008,997	888,041
	50,548,747	50,604,005

20 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	2015	2014
	RM'000	RM'000
Licensed banks	2,333,764	2,783,993
Licensed investment banks	3,680	154,173
Bank Negara Malaysia	-	47,898
Other financial institutions	1,047,995	2,381,739
	3,385,439	5,367,803
Maturity structure of deposits are as follows:-		
Due within six months	3,385,439	5,319,905
Six months to one year	-	47,898
	3,385,439	5,367,803

21 TRADE PAYABLES

	Group	
	2015	2014
	RM'000	RM'000
Amount due to clients	642,483	582,166

The trade payables represent amount payable under outstanding sales contracts in relation to the stock-broking business.

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

22 DERIVATIVE FINANCIAL LIABILITIES

	Group 2015		Group 2014	
	Contract/ Notional Amount	Liabilities	Contract/ Notional Amount	Liabilities
	RM'000	RM'000	RM'000	RM'000
At fair value:-				
Foreign exchange derivatives:-				
- Currency forwards	1,880,906	18,299	262,152	2,883
- Cross currency swaps	2,963,519	446,115	3,312,438	247,073
- Currency swaps	1,060,532	73,912	1,070,744	56,236
- Currency option	-	-	367	1
Interest rate derivatives:-				
- Interest rate swaps	1,250,991	17,541	966,552	19,562
	7,155,948	555,867	5,612,253	325,755

23 RECOURSE OBLIGATION ON LOANS SOLD TO CAGAMAS BERHAD

In the normal course of banking operations, the banking subsidiaries sell loans and advances to Cagamas Berhad with recourse to the banking subsidiaries at values equivalent to the unpaid principal balances of loans and advances due from borrowers.

The banking subsidiaries are liable in respect of housing loans and hire purchase portfolio sold directly and indirectly to Cagamas Berhad, under the condition that the banking subsidiaries undertake to administer the loans on behalf of Cagamas Berhad and to buy back any loans which are regarded as defective based on agreed prudential criteria. Such financing transactions and the obligations to buy back the loans are reflected as a liability in the reporting date.

24 OTHER LIABILITIES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Bank Negara Malaysia and Credit Guarantee Corporation Funding Programmes	38,536	33,602	-	-
Margin and collateral deposits	131,678	145,430	-	-
Trust accounts for remisiers	48,624	48,183	-	-
Defined contribution plan (a)	18,303	15,301	-	-
Accrued employee benefits (b)	886	1,499	52	59
Other creditors and accruals	302,301	229,210	2,884	2,831
Provision for zakat	2,307	5,037	-	-
Sundry creditors	97,801	89,505	162	75
	640,436	567,767	3,098	2,965

24 OTHER LIABILITIES (CONTINUED)

(a) Defined contribution plan

The Group contributes to the Employees Provident Fund ("EPF"), the national defined contribution plan. Once the contributions have been paid, the Group has no further payment obligations.

(b) Accrued employee benefits

This refers to the accruals for short-term employee benefits for leave entitlement. Under employment contract, employees earn their leave entitlement which they are entitled to carry forward and will lapse if not utilised in the following accounting period.

25 DEFERRED TAX ASSETS/(LIABILITIES)

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

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	16,339	13,954	-	-
Deferred tax liabilities	(31,505)	(19,879)	(27)	(68)
	(15,166)	(5,925)	(27)	(68)
Deferred tax assets				
- to be settled more than 12 months	-	-	-	-
- to be settled within 12 months	45,600	41,655	-	-
Deferred tax liabilities				
- to be settled more than 12 months	(21,472)	(26,761)	(27)	(50)
- to be settled within 12 months	(39,294)	(20,819)	-	(18)
	(15,166)	(5,925)	(27)	(68)
At beginning of the financial year	(5,925)	14,303	(68)	(108)
Adjustment upon the completion of Purchase Price Allocation in relation to the acquisition of HwangDBS Investment Bank Berhad and its subsidiaries	-	(24,358)	-	-
Amount arising from acquisition of subsidiaries	-	1,289	-	-
Credited to income statements (Note 39)	3,431	10,023	41	40
Charged to equity	(12,672)	(7,182)	-	-
At end of the financial year	(15,166)	(5,925)	(27)	(68)

25 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The movements in deferred tax assets and liabilities during the financial year are as follows:-

Group	Financial investments available-for-sale RM'000	Financial investments held-to-maturity RM'000	Property and equipment RM'000	Intangible assets RM'000	Provision for other liabilities RM'000	Foreign exchange translation gain RM'000	Unutilised business tax losses and unabsorbed capital allowance RM'000	Others RM'000	Total RM'000
2015									
At beginning of the financial year	(7,491)	(60)	(5,175)	(23,362)	37,968	(7,888)	-	83	(5,925)
Credited/(charged) to income statements (Note 39)	-	45	(657)	5,514	(420)	(3,447)	3,540	(1,144)	3,431
Charged to equity	(12,672)	-	-	-	-	-	-	-	(12,672)
At end of the financial year	(20,163)	(15)	(5,832)	(17,848)	37,548	(11,335)	3,540	(1,061)	(15,166)
2014									
At beginning of the financial year	(310)	-	(5,463)	(4,854)	24,926	-	-	4	14,303
Adjustment upon the completion of Purchase Price Allocation in relation to the acquisition of HwangDBS Investment Bank Berhad and its subsidiaries	-	(2,099)	-	(22,259)	-	-	-	-	(24,358)
Amount arising from acquisition of subsidiaries	1	-	-	-	1,207	-	-	81	1,289
Credited/(charged) to income statements (Note 39)	-	2,039	288	3,751	11,835	(7,888)	-	(2)	10,023
Charged to equity	(7,182)	-	-	-	-	-	-	-	(7,182)
At end of the financial year	(7,491)	(60)	(5,175)	(23,362)	37,968	(7,888)	-	83	(5,925)

25 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

	Company					
	2015			2014		
	Property and equipment RM'000	Intangible assets RM'000	Total RM'000	Property and equipment RM'000	Intangible assets RM'000	Total RM'000
At beginning of the financial year	(67)	(1)	(68)	(108)	-	(108)
Credited/(charged) to income statements (Note 39)	41	-	41	41	(1)	40
At end of the financial year	(26)	(1)	(27)	(67)	(1)	(68)

The Group did not recognise the unused tax losses of certain dormant subsidiaries as deferred tax assets as at the reporting date as follows:-

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Tax losses	99,005	98,860	-	-

26 AMOUNT DUE TO SUBSIDIARIES

The amount due to subsidiaries is unsecured, interest-free and is repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

27 BORROWINGS

	Group and Company	
	2015	2014
	RM'000	RM'000
Unsecured borrowings		
(a) 5-year floating rate term loan ("Term Loan II")	301,306	301,295
(b) 5-year floating rate term loan ("Term Loan III")	302,792	302,773
(c) 5-year fixed rate term loan	-	66,590
(d) 5-year floating rate term loan ("Term Loan IV")	301,814	301,800
(e) 5-year floating rate term loan	400,099	-
	1,306,011	972,458

(a) 5-year floating rate term loan ("Term Loan II")

The 5-year floating rate term loan is unsecured and carries interest rates ranging from 4.38% to 4.52% per annum during the financial year, repayable in one (1) lump sum five (5) years from the date of first drawdown on 26 May 2011.

(b) 5-year floating rate term loan ("Term Loan III")

The 5-year floating rate term loan is unsecured and carries interest rates ranging from 4.38% to 4.50% per annum during the financial year, repayable in one (1) lump sum five (5) years from the date of first drawdown on 16 January 2012.

(c) 5-year fixed rate term loan

The 5-year fixed rate term loan is unsecured and carries a fixed interest rate of 5.32% per annum during the financial year, repayable in one (1) lump sum five (5) years from the date of first drawdown on 30 April 2010. The loan was fully repaid on 30 April 2015.

(d) 5-year floating rate term loan ("Term Loan IV")

The 5-year floating rate term loan is unsecured and carries interest rates ranging from 4.38% to 4.50% per annum during the financial year, repayable in one (1) lump sum five (5) years from the date of first drawdown on 12 May 2014.

(e) 5-year floating rate term loan

The 5-year floating rate term loan is unsecured and carries interest rates of 4.515% per annum during the financial year, repayable in one (1) lump sum five (5) years from the date of first drawdown on 30 December 2015.

28 SHARE CAPITAL

Group and Company	Number of ordinary shares of RM1.00 each		Amount	
	2015	2014	2015	2014
	'000	'000	RM'000	RM'000
Authorised:- Ordinary shares of RM1.00 each				
As at beginning/end of the financial year	5,000,000	5,000,000	5,000,000	5,000,000
Issued and fully paid up:- Ordinary shares of RM1.00 each				
As at beginning of the financial year	1,942,949	1,494,576	1,942,949	1,494,576
Issue of shares pursuant to the Rights Issue	-	448,373	-	448,373
As at end of the financial year	1,942,949	1,942,949	1,942,949	1,942,949

In 2014, the Company's issued and paid-up capital increased from 1,494,575,806 to 1,942,948,547 by way of issuance of 448,372,741 new ordinary shares of RM1.00 each pursuant to the Rights Issue on the basis of three (3) Rights Shares for every ten (10) existing ordinary shares held on 12 June 2014, at an issue price of RM2.76 per share.

The Rights Issue was completed following the listing and quotation of the 448,372,741 Rights Shares on the Main Market of the Bursa Malaysia Securities Berhad on 10 July 2014. The gross proceeds from the Rights Issue of RM1,237.5 million was used to fund the partial repayment of bridging loans of RM1.05 billion on 10 July 2014 and the capital injection of RM200.0 million into AFFIN Bank Berhad on 16 July 2014.

29 RESERVES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Retained profits	2,178,629	2,087,232	909,560	843,947
AFS revaluation reserves (a)	64,833	25,191	-	-
Statutory reserves (b)	1,626,175	1,502,616	-	-
Regulatory reserves (c)	284,141	187,922	-	-
	4,153,778	3,802,961	909,560	843,947

(a) AFS revaluation reserves represent the unrealised gains or losses arising from the change in fair value of investments classified as financial investments available-for-sale. The gains or losses are transferred in the income statement upon disposal or when the securities become impaired.

(b) The statutory reserves of the Group are maintained in compliance with Section 47(2)(f) of the Financial Services Act 2013 and Section 57(2)(f) Islamic Financial Services Act 2013 and are not distributable as cash dividends.

(c) The banking subsidiaries are required to maintain in aggregate collective impairment allowances and regulatory reserves of no less than 1.2% of the total outstanding loans, advances and financing, net of individual impairment allowances.

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

30 INTEREST INCOME

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	1,875,301	1,762,090	-	-
Money at call and deposits with financial institutions	71,612	160,111	3,821	8,708
Financial assets held-for-trading	11,752	1,992	-	-
Financial investments available-for-sale	403,289	310,261	-	-
Financial investments held-to-maturity	26,335	40,587	-	-
Derivatives	134,836	149,247	-	-
Subordinated term loans	6,033	5,305	34,222	35,184
Others	662	364	-	-
	2,529,820	2,429,957	38,043	43,892
Accretion of discount less amortisation of premium	4,875	30,638	-	-
	2,534,695	2,460,595	38,043	43,892
of which:-				
Interest income earned on impaired loans, advances and financing	16,677	7,933	-	-

31 INTEREST EXPENSE

	Group	
	2015	2014
	RM'000	RM'000
Deposits and placements of banks and other financial institutions	47,322	65,692
Deposits from customers	1,377,907	1,270,101
Loans sold to Cagamas Berhad	5,917	13,263
Derivatives	120,785	139,380
Others	34,937	2,820
	1,586,868	1,491,256

32 ISLAMIC BANKING INCOME

	Group	
	2015	2014
	RM'000	RM'000
Income derived from investment of depositors' funds and others	509,434	450,257
Less: Income attributable to depositors	(306,915)	(261,860)
	202,519	188,397
Income derived from investment of shareholders' funds	36,402	31,972
	238,921	220,369
of which:-		
Financing income earned on impaired financing, advances and other financing	310	1,345

33 OTHER OPERATING INCOME

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Fee income:-				
Gross brokerage	100,858	118,834	-	-
Underwriting fees	6,423	10,269	-	-
Portfolio management fees	171,357	121,145	-	-
Corporate advisory fees	3,788	10,190	-	-
Commission	15,846	14,553	-	-
Service charges and fees	57,359	59,778	-	-
Guarantee fees	23,950	23,853	-	-
Arrangement fees	3,657	13,294	-	-
Agency fees	2,184	2,190	-	-
Initial service charges	67,893	57,268	-	-
Other fee income	6,960	13,340	-	-
	460,275	444,714	-	-
Income from financial instruments:-				
Gains/(losses) arising on financial assets held-for-trading				
- net gains on disposal	28,237	34,564	-	-
- unrealised (losses)/gains	(37)	1,600	-	-
- gross dividend income	1,780	1,791	-	-
Gains/(losses) on derivatives				
- realised	4,596	7,147	-	-
- unrealised	(13,882)	9,377	-	-
Gains arising on financial investments available-for-sale				
- net gains on disposal	23,990	20,474	-	-
- gross dividend income	16,487	11,162	-	-
Gains arising on financial investments held-to-maturity				
- net gains on redemption	-	3,500	-	-
	61,171	89,615	-	-
Other income:-				
Foreign exchange gains/(losses)				
- realised	25,175	176,880	-	-
- unrealised	55,965	(113,411)	-	-
Rental income	1,726	1,500	-	-
Gain on winding-up of a subsidiary	-	-	70,391	-
Gains on disposal of property and equipment	431	6,292	-	-
Gains on disposal of foreclosed properties	684	3,329	-	-
Surplus on realisation of assets of a subsidiary previously placed under members' voluntary winding-up	-	107	-	-
Gross dividends received from subsidiaries	-	-	67,688	538,217
Other non-operating income	10,317	21,079	15	1
	94,298	95,776	138,094	538,218
Total other operating income	615,744	630,105	138,094	538,218

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

34 OPERATING EXPENSES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Wages, salaries and bonus	453,991	419,397	2,571	2,457
Defined contribution plan	74,496	66,903	443	418
Other personnel costs	67,248	54,480	494	562
	595,735	540,780	3,508	3,437
Promotion and marketing-related expenses				
Business promotion and advertisement	12,848	16,542	-	-
Entertainment	4,093	4,479	-	-
Travelling and accommodation	6,886	5,674	-	-
Dealer's handling fees	11,444	7,682	-	-
Commission and brokerage expenses	83,103	58,118	-	-
Dealers representative performance incentive	6,137	11,753	-	-
Others	8,440	6,648	-	-
	132,951	110,896	-	-
Establishment-related expenses				
Rental of premises	43,102	39,227	877	802
Equipment rental	3,207	2,983	6	6
Repair and maintenance	43,415	38,326	102	153
Depreciation of property and equipment	21,216	20,087	189	192
Amortisation of intangible assets	21,448	17,826	1	1
IT consultancy fees	64,245	61,746	-	-
Dataline rental	6,380	4,523	-	-
Security services	16,293	17,690	-	-
Electricity, water and sewerage	13,472	12,903	23	25
Insurance and indemnities	17,468	9,952	61	45
Others	5,268	3,776	-	-
	255,514	229,039	1,259	1,224
General and administrative expenses				
Telecommunication expenses	14,825	13,520	36	28
Directors' remuneration	2,884	2,924	1,501	1,507
Auditors' remuneration	2,694	3,197	522	498
Professional fees	16,496	38,215	720	3,241
Property and equipment written-off	182	129	-	-
Intangible assets written-off	6	-	-	-
Postage and courier charges	3,251	3,439	3	4
Stationery and consumables	10,598	9,899	16	14
Donations	2,822	6,263	1,128	1,013
Settlement, clearing and bank charges	9,935	8,012	6	7
Stamp duties	384	6,232	1	5,592
Operational and litigation write-off expenses	4,922	-	-	-
Subscription fees	6,083	2,920	19	28
Transaction levy	7,722	6,894	-	-
Subsidies and allowances	2,980	930	-	-
SCORE fees	2,686	2,376	-	-
Others	13,048	12,029	1,179	533
	101,518	116,979	5,131	12,465
Total operating expenses	1,085,718	997,694	9,898	17,126

34 OPERATING EXPENSES (CONTINUED)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
The above expenditure includes the following statutory disclosures:-				
Directors' remuneration (Note 35)	2,884	2,924	1,501	1,507
Auditors' remuneration:-				
(i) Statutory audit fees				
- Current year	1,632	1,611	189	204
- Over provision in prior year	(42)	-	-	-
(ii) Audit related fees	551	513	62	62
(iii) Non audit fees				
- Current year	652	1,073	271	232
- Over provision in prior year	(99)	-	-	-

35 DIRECTORS' REMUNERATION

The directors of the Company in office during the financial year are as follows:-

Non-executive directors

Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin
Tan Sri Dato' Seri Lodin bin Wok Kamaruddin
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad
Dato' Mustafa bin Mohamad Ali
Abd Malik bin A Rahman
Tan Sri Dato' Seri Alauddin bin Dato' Mohd Sheriff
Ignatius Chan Tze Ching
Rosnah binti Omar
Joseph Yuk Wing Pang (Appointed on 29.4.2015)
Peter Yuen Wai Hung (Alternate Director to Joseph Yuk Wing Pang) (Appointed on 29.4.2015)
Lee Chor Kee (Alternate Director to Ignatius Chan Tze Ching) (Appointed on 6.4.2015)

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

35 DIRECTORS' REMUNERATION (CONTINUED)

The aggregate amount of emoluments receivables by directors of the Company during the financial year are as follows:-

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Non-executive directors				
- fees	2,396	2,414	1,246	1,237
- other emoluments	454	478	221	238
- estimated money value of benefits-in-kind	34	32	34	32
Total directors' remuneration	2,884	2,924	1,501	1,507
Total directors' remuneration excluding estimated money value of benefits-in-kind	2,850	2,892	1,467	1,475

Other emoluments comprise mainly fixed allowances and meeting allowances paid by the Group and Company during the year.

The number of directors of the Company whose total remuneration (including benefits-in-kind) received from the Group falls into the following remuneration bands:-

	Group Number of Non-Executive Directors	
	2015	2014
Remuneration band:-		
RM1 – RM100,000	2	1
RM100,001 – RM200,000	3	4
RM200,001 – RM300,000	1	-
RM300,001 – RM400,000	1	2
RM400,001 – RM500,000	1	2
RM500,001 – RM600,000	1	-
RM600,001 – RM700,000	-	-
RM700,001 – RM800,000	1	-
RM800,001 – RM900,000	-	1

36 ALLOWANCES FOR / (WRITE-BACK OF) IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING

	Group	
	2015	2014
	RM'000	RM'000
Collective impairment		
- made during the financial year	17,646	33,521
Individual impairment		
- made during the financial year	258,762	92,238
- written-back during the financial year	(7,361)	(4,873)
Bad debts		
- recovered	(84,515)	(141,901)
- written-off	3,603	4,381
Additional allowance for impairment losses		
- other debtors	243	350
	188,378	(16,284)

37 (WRITE-BACK OF) / ALLOWANCES FOR IMPAIRMENT LOSSES ON SECURITIES

	Group	
	2015	2014
	RM'000	RM'000
Allowance made for impairment loss		
- Financial investments available-for-sale	-	550
Write-back of allowance for impairment losses		
- Financial investments available-for-sale	(167)	(264)
- Financial investments held-to-maturity	(23,591)	-
	(23,758)	286

Allowance for impairment loss on financial investments available-for-sale and financial investments held-to-maturity was made by certain subsidiaries to write-down the carrying value of the securities to the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

38 FINANCE COSTS

	Group and Company	
	2015	2014
	RM'000	RM'000
Interest expenses		
- Term loans	40,947	42,449
- Bridging loans	-	15,217
Upfront fees on bridging loans	-	3,075
Other finance cost on bridging loans	-	960
	40,947	61,701

39 TAXATION

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:-				
- Current tax	123,668	212,540	1,761	2,692
- Deferred tax (Note 25)	(3,431)	(10,023)	(41)	(40)
	120,237	202,517	1,720	2,652
Under/(over) provision in prior years	11,999	46	(135)	804
	132,236	202,563	1,585	3,456

The numeric reconciliation between the applicable statutory income tax rate to the effective income tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit before taxation after zakat	514,409	801,065	125,292	503,283
Tax on current year's profit based on statutory tax rate in Malaysia of 25% (2014: 25%)	128,602	200,266	31,323	125,821
Tax effect in respect of:-				
Non-allowable expenses	17,019	20,999	4,961	11,371
Non-taxable income	(15,004)	(13,566)	(34,564)	(134,540)
Recognition of deferred tax previously not recognised	(4,807)	-	-	-
Effect of different tax rate	(5,650)	(5,069)	-	-
Change in tax rate	77	(26)	-	-
Utilisation of previously unrecognised tax losses	-	(87)	-	-
Under/(over) provision in prior years	11,999	46	(135)	804
	132,236	202,563	1,585	3,456

40 EARNINGS PER SHARE

The basic earnings per share of the Group has been calculated based on the net profit attributable to the equity holders of the Company of RM369,269,000 (2014: RM592,677,000) divided by the weighted average number of ordinary shares in issue of 1,942,948,547 (2014: 1,716,919,549) during the financial year.

	Group	
	2015	2014
	RM'000	RM'000
Net profit attributable to equity holders of the Company	369,269	592,677
Weighted average number of ordinary shares in issue	1,942,949	1,716,920
Basic earnings per share (sen)	19.01	34.52

41 DIVIDENDS

Dividends recognised as distribution to ordinary equity holders of the Company are as follows:-

	Group and Company			
	2015		2014	
	Dividend per share	Amount of dividend	Dividend per share	Amount of dividend
	sen	RM'000	sen	RM'000
Interim dividend:-				
- Single-tier dividend	2.99	58,094	15.0	291,442

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the current financial year ended 31 December 2015 of 5.0 sen per ordinary share of RM1.00 each, amounting to a net dividend payable of RM97,147,427 (based on 1,942,948,547 ordinary shares of RM1.00 each in issue as at 31 December 2015) will be proposed for the shareholders' approval.

The financial statements for the current financial year ended 31 December 2015 do not reflect this proposed final dividend. Such dividend, if approved by the shareholders, will be accounted for in the statements of changes in equity as an appropriation of retained profits in the next financial year ending 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

42 COMMITMENTS AND CONTINGENCIES

	Group	
	2015	2014
	RM'000	RM'000
(a) Capital commitments		
Property and equipment:-		
Authorised capital expenditure contracted but not provided for	38,168	74,574
Capital expenditure approved by the Board but not contracted for	-	310
	38,168	74,884

(b) Lease commitments

The Group has lease commitments in respect of rented premises and hired equipment, all of which are classified as operating leases. A summary of the future minimum lease payments under non-cancellable operating lease commitments are as follows:-

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Within one year	35,496	34,908	883	883
One year to five years	43,436	55,622	894	1,755

	Group	
	2015	2014
	RM'000	RM'000
(c) Operating commitments		
Operating expenditure approved by the Directors but not provided for in the financial statements	79,263	138,051

42 COMMITMENTS AND CONTINGENCIES (CONTINUED)

(d) Other commitments and contingencies

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured over the assets of the Group.

	Principal Amount	
	2015	2014
Group	RM'000	RM'000
Direct credit substitutes *	507,168	813,629
Transaction-related contingent items	2,027,954	2,043,704
Short-term self-liquidating trade-related contingencies	470,476	746,576
Obligation under underwriting commitments	25,500	17,122
Foreign exchange related contracts #		
- less than one year	10,585,763	7,403,019
- one year to less than five years	1,256,815	1,260,435
- five years and above	-	96,030
Interest rate related contracts #		
- less than one year	652,116	1,156,279
- one year to less than five years	1,662,023	1,831,125
- five years and above	597,000	390,148
Irrevocable commitments to extend credit		
- maturity less than one year	7,687,062	8,987,864
- maturity more than one year	1,717,346	2,022,597
Commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	618,204	322,761
Unutilised credit card lines	188,328	208,865
	27,995,755	27,300,154

* Included in direct credit substitutes as above are financial guarantee contracts of RM462.05 million (2014: RM508.55 million) of which fair value at the time of issuance is zero.

\# The fair value of these derivatives has been recognised as "derivative financial assets" and "derivative financial liabilities" in the statement of financial position as disclosed in Note 8 and Note 22 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

43 CAPITAL MANAGEMENT

The Group actively manages its capital to counter underlying risks in its business activities and to enable future business growth. The Group's capital management strategy is to continue to maximise shareholders and stakeholders values via efficient capital structure, whilst ensuring compliance with regulatory capital requirements. The allocation of capital resources forms part of the Group's strategic planning review and is subject to the approval of the Board of Directors.

With effect from 1 January 2013, the total capital and capital adequacy ratios of the banking subsidiaries are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components) dated 28 November 2012. In line with the transitional arrangements under the Bank Negara Malaysia's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for Common Equity Tier I ("CET I") Capital Ratio and Tier I Capital Ratio are 4.5% and 6.0% respectively for year 2015. The minimum regulatory capital adequacy requirement remains at 8.0% (2014: 8.0%) for total capital ratio.

The components of the capital base and capital adequacy ratios of the banking subsidiaries are disclosed in Note 44.

44 CAPITAL ADEQUACY

The Group has adopted the Standardised Approach for credit risk and market risk, and Basic Indicator Approach for operational risk computation.

The components of CET I, Tier I and Tier II capital, breakdown of risk-weighted assets and capital adequacy ratios of all banking subsidiaries namely, AFFIN Bank, AFFIN Islamic Bank and AFFIN Hwang Investment Bank are as follows:-

2015	**AFFIN Bank RM'000**	**AFFIN Islamic Bank RM'000**	**AFFIN Hwang Investment Bank RM'000**
a) The components of CET I, Tier I and Tier II Capital:-			
CET I/Tier I Capital			
Share capital	1,688,770	460,000	780,000
Share premium	858,904	-	219,800
Statutory reserves	1,328,792	248,717	214,915
Retained profits	805,289	196,256	274,498
Unrealised gains/(losses) on AFS	101,388	(10,405)	(14,762)
	4,783,143	894,568	1,474,451
Less : Regulatory adjustments:-			
- Goodwill and other intangibles	(156,604)	(426)	(320,046)
- Investment in subsidiaries/joint ventures	(195,630)	(260)	(106,200)
- 55% of cumulative unrealised gains of AFS	(55,763)	-	-
- Deferred tax assets ^	-	(3,598)	(7,770)
Total CET I/Tier I Capital (a)	4,375,146	890,284	1,040,435

44 CAPITAL ADEQUACY (CONTINUED)

2015	AFFIN Bank RM'000	AFFIN Islamic Bank RM'000	AFFIN Hwang Investment Bank RM'000
a) The components of CET I, Tier I and Tier II Capital:-			
Tier II Capital			
Subordinated loans	820,000	-	-
Collective impairment #	110,058	23,750	9,423
Regulatory adjustments	220,148	58,400	5,594
Less : Investment in subsidiaries/joint ventures	(293,444)	(390)	(15,017)
Total Tier II Capital (b)	856,762	81,760	-
Total CET I/Tier I and Tier II Capital (a) + (b)	5,231,908	972,044	1,040,435
Proposed dividends	(104,366)	-	(3,042)
Capital base after proposed dividends	5,127,542	972,044	1,037,393
b) The breakdown of risk-weighted assets:-			
Credit risk	33,498,227	6,336,026	2,589,933
Market risk	323,855	3,650	279,305
Operational risk	1,951,219	403,377	365,105
Total risk-weighted assets	35,773,301	6,743,053	3,234,343
c) Capital adequacy ratios:-			
Before deducting proposed dividends:-			
CET I capital ratio	12.230%	13.203%	32.168%
Tier I capital ratio	12.230%	13.203%	32.168%
Total capital ratio	14.625%	14.415%	32.168%
After deducting proposed dividends:-			
CET I capital ratio	11.938%	13.203%	32.074%
Tier I capital ratio	11.938%	13.203%	32.074%
Total capital ratio	14.333%	14.415%	32.074%

^ Deferred tax assets exclude deferred tax arising from AFS revaluation reserves.
\# Qualifying collective impairment is restricted to allowances on the unimpaired loans, advances and financing.

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

44 CAPITAL ADEQUACY (CONTINUED)

2014	AFFIN Bank RM'000	AFFIN Islamic Bank RM'000	AFFIN Hwang Investment Bank RM'000
a) The components of CET I, Tier I and Tier II Capital:-			
CET I/Tier I Capital			
Share capital	1,688,770	360,000	780,000
Share premium	858,904	-	219,800
Statutory reserves	1,263,470	206,324	199,071
Retained profits	760,153	163,244	260,692
Unrealised gains/(losses) on AFS	30,893	(7,730)	5,347
	4,602,190	721,838	1,464,910
Less : Regulatory adjustments:-			
- Goodwill and other intangibles	(150,690)	(891)	(314,772)
- Investment in subsidiaries/joint ventures	(77,815)	(130)	(124,563)
- 55% of cumulative unrealised gains of AFS	(16,991)	-	(2,941)
- Deferred tax assets ^	(218)	(2,900)	(5,990)
Total CET I/Tier I Capital (a)	4,356,476	717,917	1,016,644
Tier II Capital			
Subordinated loans	480,000	-	-
Collective impairment #	129,134	21,120	9,001
Regulatory adjustments	135,347	49,020	3,556
Less : Investment in subsidiaries/joint ventures	(311,259)	(520)	(12,557)
Total Tier II Capital (b)	433,222	69,620	-
Total CET I/Tier I and Tier II Capital (a) + (b)	4,789,698	787,537	1,016,644
Proposed dividends	(66,031)	-	-
Capital base after proposed dividends	4,723,667	787,537	1,016,644

44 CAPITAL ADEQUACY (CONTINUED)

2014	AFFIN Bank RM'000	AFFIN Islamic Bank RM'000	AFFIN Hwang Investment Bank RM'000
b) The breakdown of risk-weighted assets:-			
Credit risk	32,586,612	5,390,103	2,791,978
Market risk	284,148	2,590	191,477
Operational risk	1,954,278	366,578	325,813
Total risk-weighted assets	34,825,038	5,759,271	3,309,268
c) Capital adequacy ratios:-			
Before deducting proposed dividends:-			
CET I capital ratio	12.510%	12.465%	30.721%
Tier I capital ratio	12.510%	12.465%	30.721%
Total capital ratio	13.754%	13.674%	30.721%
After deducting proposed dividends:-			
CET I capital ratio	12.320%	12.465%	30.721%
Tier I capital ratio	12.320%	12.465%	30.721%
Total capital ratio	13.564%	13.674%	30.721%

^ Deferred tax assets exclude deferred tax arising from AFS revaluation reserves.
\# Qualifying collective impairment is restricted to allowances on the unimpaired loans, advances and financing.

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

45 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of, and their relationship with the Group and the Company are as follows:-

Related parties	**Relationship**
Subsidiaries of the Company as disclosed in Note 14	Subsidiaries
AXA AFFIN Life Insurance Berhad AFFIN-i Nadayu Sdn Bhd KL South Development Sdn Bhd	Joint ventures
AXA AFFIN General Insurance Berhad	Associate
Lembaga Tabung Angkatan Tentera ("LTAT")	Ultimate holding corporate body, which is Government-Linked Investment Company ("GLIC") of the Government of Malaysia
Subsidiaries and associates of LTAT	Subsidiaries and associated companies of the ultimate holding corporate body
The Bank of East Asia, Limited	Substantial shareholder
Key management personnel	The key management personnel of the Group and Company consists of:- - Directors of the Company - Chief Executive Officer/Managing Director of banking subsidiaries - Members of senior management team of banking subsidiaries
Related parties of key management personnel (deemed as related to the Company)	(i) Close family members and dependents of key management personnel (ii) Entities that are controlled, joint ventures, or for which significant voting power in such entity resides with, directly or indirectly by key management personnel or its close family members

Key management personnel include the directors of the Company in office during the year and their remuneration for the financial year is disclosed in Note 35.

45 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

The Group and the Company do not have any significant transactions outside the ordinary course of business with the Government of Malaysia and government related entities. In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances.

(a) The significant transactions of the Group and Company with the related parties

	Ultimate holding corporate body		Other related parties		Joint ventures/ Associate		Substantial shareholder		Key management personnel	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Income										
Interest income:-										
- loans, advances and financing	-	-	56,884	44,890	6,323	6,548	6,164	24,548	95	92
- subordinated loan	-	-	-	-	6,034	5,305	-	-	-	-
Fee income	400	265	1,902	1,456	1,282	296	-	-	-	-
Brokerage income	523	3,203	-	713	-	-	-	-	-	-
Commission income	-	-	-	-	7,710	8,244	-	-	-	-
Others	-	-	2,883	557	-	-	-	-	-	-
	923	3,468	61,669	47,616	21,349	20,393	6,164	24,548	95	92
Expenses										
Interest expenses:-										
- deposits from other customers	4,209	10,009	14,760	14,067	5,748	6,201	3	3	199	199
Rental of premises	239	239	20,590	15,209	-	-	-	-	116	90
Insurance premium	-	-	-	-	39,489	41,388	-	-	8	8
Other expenses	-	-	6,893	4,065	3,814	-	67	147	-	-
	4,448	10,248	42,243	33,341	49,051	47,589	70	150	323	297

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

45 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) The significant transactions of the Group and Company with the related parties (continued)

	Subsidiaries		Other related parties		Joint ventures/ Associate	
	2015	2014	2015	2014	2015	2014
Company	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Income						
Interest income:-						
- money at call and deposits with financial institutions	3,821	8,704	-	-	-	-
- subordinated term loans	28,189	29,879	-	-	6,034	5,305
	32,010	38,583	-	-	6,034	5,305
Expenses						
Professional fees	600	2,458	-	-	-	-
Rental of premises	-	-	877	802	-	-
Other expenses	38	64	345	514	79	75
	638	2,522	1,222	1,316	79	75

45 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Related parties balances

	Ultimate holding corporate body		Other related companies		Joint ventures/ Associate		Substantial shareholder		Key management personnel	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Amount due from										
Loans, advances and financing	-	-	1,519,288	1,230,233	117,631	116,696	223,122	925,399	2,586	2,662
Rental deposits	-	102	1,676	4,335	-	-	-	-	-	-
Purchase of securities	10,893	2,453	-	-	-	-	-	-	-	-
Fees receivable	193	-	-	394	-	-	-	-	-	-
Subordinated loan	-	-	-	-	58,560	67,255	-	-	-	-
Other assets	-	4	2	78	29	14,891	-	-	-	-
Financial investments available-for-sale	-	-	70,577	52,954	-	-	-	-	-	-
	11,086	2,559	1,591,543	1,287,994	176,220	198,842	223,122	925,399	2,586	2,662
Amount due to										
Deposits from customers	43,506	322,537	839,744	689,475	-	-	100	100	7,849	4,521
Deposits and placements of banks and other financial institutions	-	-	-	-	200,036	150,190	-	-	-	-
Sales of securities	121,792	1,835	-	-	-	-	-	-	-	-
Current accounts	93,496	97,771	456,167	217,775	12,722	2,447	121	149	6,976	6,643
Other liabilities	-	-	689	185	39,937	-	-	-	-	-
	258,794	422,143	1,296,600	907,435	252,695	152,637	221	249	14,825	11,164
Commitments	-	-	1,817,321	1,699,327	92,266	92,010	-	36,615	-	-

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

45 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Related parties balances (continued)

	Ultimate holding corporate body		Subsidiaries		Other related parties		Joint ventures/ Associate	
	2015	2014	2015	2014	2015	2014	2015	2014
Company	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Amount due from								
Cash and bank balances with banks and other financial institutions	-	-	50	32	-	-	-	-
Money at call and deposits placements maturing within one month	-	-	45,326	33,082	-	-	-	-
Deposits and placements with banks and other financial institutions	-	-	-	85,087	-	-	-	-
Subordinated term loans		-	1,004,446	604,310	-	-	58,560	67,256
Other assets	-	4	-	3	222	298	-	-
	-	4	1,049,822	722,514	222	298	58,580	67,256
Amount due to								
Interest-free advances	-	-	400,253	911,620	-	-	-	-
Other liabilities	-	-	9	7	-	-	-	-
	-	-	400,262	911,627	-	-	-	-

45 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) Key management personnel compensation

The remuneration of key management personnel of the Group and Company during the year are as follows:-

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Directors' remuneration				
- fees	2,396	2,414	1,246	1,237
- other emoluments	454	478	221	238
Salaries	13,451	10,476	-	-
Bonuses	16,631	11,356	-	-
Defined contribution plan ("EPF")	5,273	3,750	-	-
Other employee benefits	1,812	1,392	-	-
Benefits-in-kind	507	481	34	32
	40,524	30,347	1,501	1,507

Included in the above are directors' remuneration as disclosed in Note 35.

46 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Transfer of the Futures Broking Business of AFFIN Hwang Futures Sdn Bhd (fka HDM Futures Sdn Bhd) ("AHF") to AFFIN Hwang Investment Bank Berhad (fka HwangDBS Investment Bank Berhad) ("AFFIN Hwang IB") ("Futures Business Transfer")

On 30 January 2015, AFFIN Hwang IB and its wholly-owned subsidiary namely AHF entered into the business transfer agreement to effect the transfer of the whole of the assets, liabilities and business undertakings of AHF as a going concern to AFFIN Hwang IB by way of a vesting order from the High Court of Malaya pursuant to section 139 of the Capital Markets and Services Act 2007.

An Order from the High Court of Malaya at Kuala Lumpur was obtained on 12 February 2015 in respect of the transfer of the whole of the business, including all assets and liabilities of AHF to AFFIN Hwang IB, pursuant to section 139 of the Capital Markets and Services Act 2007.

The Futures Business Transfer was completed on 28 February 2015 and AHF ceased its operation and become dormant on the same day. Pursuant to the completion of the Futures Business Transfer, AHF had surrendered its Capital Markets Services Licence to the Securities Commission Malaysia accordingly.

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

47 BUSINESS COMBINATION

(a) Completion of Purchase Price Allocation in Relation to the Acquisition of HwangDBS Investment Bank ("HwangIB") and Its Subsidiaries ["PPA"]

The Group had previously accounted for the acquisition of the assets and liabilities of HwangIB and its subsidiaries by using the provisional fair value for the financial year ended 31 December 2014.

During the current financial year, the Group has completed its allocation of cost of business combination to the assets acquired and liabilities and contingent liabilities assumed in accordance with MFRS 3 "Business Combinations". The fair value adjustments and intangible assets identified on acquisition are based on the final purchase price allocation and fair value exercise.

The fair values of assets and liabilities arising from the acquisition of HwangIB and its subsidiaries on 7 April 2014 (i.e. date of acquisition) have been restated accordingly as follows:-

	As at the date of acquisition		
	Provisional fair value RM'000	Adjustments RM'000	Adjusted fair value RM'000
Cash and short-term funds	1,155,430	-	1,155,430
Trade receivables	412,219	-	412,219
Financial assets held-for-trading	116,735	-	116,735
Financial investments available-for-sale	1,442,023	-	1,442,023
Financial investments held-to-maturity	304,602	20,620	325,222
Loans, advances and financing	417,641	-	417,641
Derivative financial assets	21,869	-	21,869
Other assets	42,397	-	42,397
Statutory deposits with Bank Negara Malaysia	53,140	-	53,140
Taxation recoverable	72	-	72
Deferred tax assets	1,289	-	1,289
Investments in associate	6,892	-	6,892
Property and equipment	10,483	-	10,483
Intangible assets	162,502	36,537	199,039
Total assets acquired	**4,147,294**	**57,157**	**4,204,451**
Deposits from customers	833,922	-	833,922
Deposits and placements of banks and other financial institutions	1,676,066	-	1,676,066
Trade payables	435,253	-	435,253
Derivative financial liabilities	28,575	-	28,575
Other liabilities	106,125	-	106,125
Provision for taxation	3,312	-	3,312
Deferred tax liabilities	-	27,414	27,414
Borrowings	5,000	-	5,000
Total liabilities assumed	**3,088,253**	**27,414**	**3,115,667**
Provisional / adjusted fair value of the identifiable assets and liabilities acquired	1,059,041	29,743	1,088,784
Less: Non-controlling interest	(33,155)	(11,760)	(44,915)
Excess of acquisition cost over the fair value of net assets acquired	432,473	(17,983)	414,490
Total cost of acquisition	1,458,359	-	1,458,359
Less: Cash and short-term funds acquired	(1,155,430)	-	(1,155,430)
Net cash outflow arising from acquisition	**302,929**	**-**	**302,929**

47 BUSINESS COMBINATION (CONTINUED)

(a) Completion of Purchase Price Allocation in Relation to the Acquisition of HwangDBS Investment Bank ("HwangIB") and Its Subsidiaries ["PPA"] (continued)

The following comparative figures have also been restated accordingly upon the completion of the above PPA and fair value exercise:-

	As reported RM'000	Adjustment RM'000	As restated RM'000
Statement of Financial Position			
As at 31 December 2014			
Assets			
Financial investment held-to-maturity	652,501	240	652,741
Intangible assets	1,606,920	8,241	1,615,161
Liabilities			
Deferred tax liabilities	138	19,741	19,879
Equity			
Retained profits	2,099,826	(12,594)	2,087,232
AFS revaluation reserve	34,357	(9,166)	25,191
Non-controlling interest	30,329	10,500	40,829
Consolidated Income Statement			
For the financial year ended 31 December 2014			
Interest income	2,468,753	(8,158)	2,460,595
- Accretion of discount less amortisation of premium	38,796	(8,158)	30,638
Other operating expenses	(987,381)	(10,313)	(997,694)
- Amortisation of intangible assets	(7,513)	(10,313)	(17,826)
Profit before taxation	819,536	(18,471)	801,065
Taxation	(207,180)	4,617	(202,563)
Profit after taxation	612,356	(13,854)	598,502
Profit for the financial year attributable to:-			
- Equity holders of the Company	605,271	(12,594)	592,677
- Non-controlling interest ("NCI")	7,085	(1,260)	5,825

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

47 BUSINESS COMBINATION (CONTINUED)

(b) Completion of initial accounting for acquisition of entire equity interest of 10,000,000 ordinary shares of RM1.00 each in Asian Islamic Investment Management Sdn Bhd ("AIIMAN") by AFFIN Hwang Asset Management Berhad from Nikko Asset Management Asia Limited and HwangDBS Investment Bank Berhad ("HwangIB")

The Group had previously accounted for the acquisition of assets and liabilities of AIIMAN by using the initial provisional fair value for the financial year ended 31 December 2014.

During the financial year, the Group has completed its allocation of cost of business combination to the assets acquired and liabilities assumed, in accordance with MFRS3 "Business Combination". The fair value and intangible assets identified on acquisition are based on finalised purchase price allocation and fair value exercise.

Arising from this exercise, there are no changes to the fair value of the assets acquired and liabilities assumed arising from the acquisition of AIIMAN as previously reported and as set out below:-

	Acquiree's Fair Value RM'000
Assets	
Cash and short-term funds	1,106
Financial investments available-for-sale	14,475
Trade receivables	1,409
Other assets	198
Property and equipment	220
Total Assets	**17,408**
Liabilities	
Other liabilities	1,470
Total Liabilities	**1,470**
Fair value of the identifiable assets and liabilities acquired	**15,938**
Less : Fair value of net assets attributable to 49% interest previously held by AFFIN Hwang Investment Bank Berhad	(7,809)
Goodwill on acquisition of additional 51% interest in AIIMAN	3,601
Total purchase consideration	11,730
Less : Cash and short-term funds acquired	(1,106)
Net cash outflow arising from the acquisition	**10,624**

48 SEGMENT ANALYSIS

Operating segments are reported in a manner consistent with the internal financial reporting system which reflects the Group's management reporting structure.

Segment results, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

The Group's operations are principally conducted in Malaysia and accordingly, no analysis in respect of geographical segments has been presented. The Group comprises the following main segments:-

Commercial Banking

The Commercial Banking segment focuses on business of banking in all aspects which includes Islamic Banking operations. Its activities are generally structured into two key areas, Consumer Banking and Enterprise Banking Services.

Consumer Banking comprises the full range of products and services offered to individuals, including savings and fixed deposits, remittance services, current accounts, consumer loans such as vehicle loans (i.e. hire purchase), housing loans, overdrafts and personal loans, credit cards, unit trusts and bancassurance products.

Enterprise Banking provides a full range of financial products and services to cater mainly the business and funding needs of corporate customers, ranging from large corporate and the public sector to small and medium enterprises. The products and services offered include long-term loans, project and equipment financing and short-term credit such as overdrafts and trade financing and other fee-based services.

Investment Banking

The Investment Banking segment focuses on business of a merchant bank, stock-broking, fund and asset management.

This segment focuses on business needs of mainly large corporate customers and financial institutions. The products and services offered to customers include advisory services and structuring of private debt securities, corporate finance and advisory services for corporate listings, mergers and acquisitions, capital raising through issues of equity and debt instruments, corporate and debts restructuring exercises.

It also provides structured lending solutions mainly in support of corporate finance and capital market activities as well as access to variety of funds and capital market investment products to corporate, institutional and individual investors for competitive returns and other investment benefits including portfolio diversification and liquidity enhancement.

The stock-broking business comprises institutional and retail stock-broking business for securities listed on local and foreign stock exchanges, investment management and research services.

The fund and asset management arm provides the establishment, management and distribution of unit trust funds and private retirement as well as provision of fund management services to private clients.

Insurance

The insurance segment includes the business of underwriting all classes of general and life insurance businesses in Malaysia.

Others

Other business segments in the Group include operation of investment holding companies, money-broking and other related financial services whose results are not material to the Group and therefore do not render separate disclosure in the financial statements and have been reported in aggregate.

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

48 SEGMENT ANALYSIS (CONTINUED)

The segment analysis of the Group by activities in 2015 and 2014 are as follows:-

2015	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Eliminations RM'000	Group RM'000
Revenue						
External revenue	1,276,961	507,860	-	17,671	-	1,802,492
Intersegment revenue	(22,418)	(9,466)	-	172,008	(140,124)	-
Segment revenue	1,254,543	498,394	-	189,679	(140,124)	1,802,492
Operating expenses	(628,358)	(438,952)	-	(20,312)	1,904	(1,085,718)
of which:-						
Depreciation of property and equipment	(15,044)	(5,763)	-	(409)	-	(21,216)
Amortisation of intangible assets	(6,200)	(15,214)	-	(34)	-	(21,448)
(Allowances for)/write-back of allowance for impairment losses on loans, advances and financing/securities	(164,950)	330	-	-	-	(164,620)
Segment results	461,235	59,772	-	169,367	(138,220)	552,154
Finance costs	-	-	-	(40,947)	-	(40,947)
Share of results of joint ventures (net of tax)	-	-	(18,908)	-	-	(18,908)
Share of results of associate (net of tax)	-	-	26,963	-	-	26,963
Profit before taxation and zakat	461,235	59,772	8,055	128,420	(138,220)	519,262
Zakat						(4,853)
Profit before taxation						514,409
Taxation						(132,236)
Net profit for the financial year						382,173
Segment assets	59,452,890	7,474,557	-	75,400	-	67,002,847
Investment in joint ventures	-	-	129,396	-	-	129,396
Investment in associate	-	-	269,774	-	-	269,774
Total segment assets						67,402,017
Segment liabilities						
Total segment liabilities	52,751,609	5,012,694	-	1,310,629	-	59,074,932
Other information						
Capital expenditure	285,122	25,408	-	398	-	310,928

48 SEGMENT ANALYSIS (CONTINUED)

The segment analysis of the Group by activities in 2015 and 2014 are as follows (continued):-

2014	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Eliminations RM'000	Group RM'000
Revenue						
External revenue	1,313,066	489,372	-	17,375	-	1,819,813
Intersegment revenue	(21,740)	(14,438)	-	578,896	(542,718)	-
Segment revenue	1,291,326	474,934	-	596,271	(542,718)	1,819,813
Operating expenses	(589,114)	(385,043)	-	(27,577)	4,040	(997,694)
of which:-						
Depreciation of property and equipment	(14,951)	(4,700)	-	(436)	-	(20,087)
Amortisation of intangible assets	(6,304)	(11,510)	-	(12)	-	(17,826)
(Allowances for)/write-back of allowance for impairment losses on loans, advances and financing/securities	17,918	(1,920)	-	-	-	15,998
Segment results	720,130	87,971	-	568,694	(538,678)	838,117
Finance costs	-	-	-	(61,701)	-	(61,701)
Share of results of joint ventures (net of tax)	-	-	242	-	-	242
Share of results of associate (net of tax)	-	917	29,279	-	-	30,196
Profit before taxation and zakat	720,130	88,888	29,521	506,993	(538,678)	806,854
Zakat						(5,789)
Profit before taxation						801,065
Taxation						(202,563)
Net profit for the financial year						598,502
Segment assets	59,382,997	6,830,773	-	86,722	-	66,300,492
Investment in joint ventures	-	-	136,208	-	-	136,208
Investment in associate	-	-	241,457	-	-	241,457
Total segment assets						66,678,157
Segment liabilities						
Total segment liabilities	53,207,512	4,520,714	-	977,480	-	58,705,706
Other information						
Capital expenditure	14,133	4,838	-	303	-	19,274

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has set up objectives and policies to manage the risks that arise in connection with financial instruments. The risk management framework and policies of the Group are guided by specific objectives to ensure that comprehensive and adequate risk management policies are established to mitigate the salient risk elements in the operations of the Group. The establishment of the overall financial risk management objectives is consistent and in tandem with the strategy to create and enhance shareholders' value, whilst guided by a prudent and robust framework of risk management policies. In achieving the objective of maximising returns to shareholders, the Board takes cognisance of the risk elements that the Group is confronted with in its operations. In view of the multi-faceted risks inherent especially in the Group's operations in the banking sector, the Group places great emphasis on the importance of risk management and has put in place clear and comprehensive risk management mechanisms and strategies to identify, monitor, manage and control the relevant risk factors.

Credit Risk

Credit risk is the potential financial loss resulting from the failure of the customer or counterparty to settle the financial and contractual obligation to the Group. Credit risk emanates mainly from loans, advances and financing, loan commitments arising from such lending activities, as well as through financial transactions with counterparties including interbank money market activities, derivative instruments used for hedging and debt securities.

The management of credit risk in the Group is governed by a set of approved credit policies, guidelines and procedures. Approval authorities are delegated to Senior Management and the Group Management Loan Committee of its banking subsidiaries to implement the credit policies and ensure sound credit granting standards.

At the respective subsidiary level, an independent Group Risk Management ("GRM") function headed by Group Chief Risk Officer ("GCRO") with direct reporting line to the Board Risk Management Committee ("BRMC") is in place to ensure adherence to risk standards and discipline. Portfolio management risk reports are submitted regularly to BRMC.

Lending guidelines and credit strategies are formulated and incorporated in the Annual Credit Plan. New businesses are governed by the risk acceptance criteria and customer qualifying criteria/fitness standards prescribed in the Annual Credit Plan. The Annual Credit Plan is reviewed at least annually and approved by the BRMC.

Credit Risk measurement

i) Loans, advances and financing

Credit evaluation is the process of analysing the creditworthiness of the prospective customer against the Group's underwriting criteria and the ability of the Group to make a return commensurate to the level of risk undertaken. A critical element in the evaluation process is the assignment of a credit risk grade to the counterparty. This assists in the risk assessment and decision making process. The Group has developed internal rating models to support the assessment and quantification of credit risk.

For consumer mass market products, statistically developed application scorecards are used by the Group to assess the risks associated with the credit application. The scorecards are used as a decision support tool at loan origination.

All corporate lending, underwritings and share margin financing applications are evaluated by credit management and approved by the relevant approving authorities based on the Authority Matrix approved by the Board of the respective banking subsidiary.

ii) Over-the-Counter ("OTC") Derivatives

The OTC derivatives credit exposure is computed using the Current Exposure Method. Under the Current Exposure Method, computation of credit equivalent exposure for interest rate and exchange rate related contracts is derived from the summation of the two elements; the replacement costs (obtained by marking-to-market) of all contracts and the potential future exposure of outstanding contracts (Add On charges depending on the specific remaining tenor to maturity).

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit Risk (continued)

Credit Risk measurement (continued)

Risk limit control and mitigation policies

The Group employs various policies and practices to control and mitigate credit risk.

i) Lending limits

The Group establishes internal limits and related lending guidelines to manage large exposures and avoid undue concentration of credit risk in its credit portfolio. The limits include single customer groupings, large exposure, connected parties and industry segments. These risks are monitored regularly and the limits reviewed annually or sooner depending on market and economic conditions.

The credit risk exposure for derivative arising from market movement, and loan books are managed on an aggregate basis as part of the overall lending limits with customers together with potential exposure from market movements.

ii) Collateral

Credits are established against borrower's capacity to repay rather than rely solely on security. However, collateral may be taken to mitigate credit risk. The main collateral types accepted and given value by the Group are:-

- Mortgages over residential properties;
- Charges over commercial real estate or vehicles financed;
- Charges over business assets such as business premises, inventory and accounts receivable; and
- Charges over financial instruments such as marketable equities.

Documentary and commercial letters of credit are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

iii) Credit related commitments

Commitment to extend credit represents unutilised portion of approved credit in the form of loans, guarantees or letters of credit. In terms of credit risk, the Group is potentially exposed to loss in an amount equal to the total unutilised commitments. However, the potential amount of loss is less than the total unutilised commitments, as most commitments to extend credit are contingent upon customers maintaining specific minimum credit standards.

The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than short-term commitments.

Credit Risk monitoring

Retail credits are actively monitored and managed on a portfolio basis by product type. A collection management system in place to promptly identify, monitor and manage delinquent accounts at early stages of delinquency.

Corporate credits and large individual accounts are reviewed by the Business Units at least once a year against updated information. This is to ensure that the credit grades remain appropriate and any signs of weaknesses or deterioration in the credit quality are detected. Remedial action is taken where evidence of deterioration emanates.

Early Alert Process is in place as part of a means to pro-actively identify, report and manage deteriorating credit quality. Watchlist accounts are closely reviewed and monitored with corrective measures initiated to prevent them from turning non-impaired. As a rule, Watchlist accounts are either worked up or worked out within a period of twelve months.

Active portfolio monitoring enables the Group to understand the overall risk profile and identify any adverse trends or areas of risk concentrations affecting asset quality so that appropriate actions are adopted to manage and mitigate risks.

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit Risk (continued)

Credit Risk monitoring (continued)

a) Maximum exposure to credit risk

For financial assets recognised on the statement of financial position, the exposure to credit risk equals their carrying amount. For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that the Group and the Company would have to pay if guarantee were to be called upon. For loan commitments and other commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

All financial assets of the Group and the Company are subject to credit risk except for cash in-hand, equity securities held as financial assets held-for-trading or financial investments available-for-sale, as well as non-financial assets.

The exposure to credit risk of the Group and the Company equals their carrying amount in the statements of financial position as at reporting date, except for the following:-

		Group		Company	
		Carrying Value	Maximum Credit Exposure	Carrying Value	Maximum Credit Exposure
2015		RM'000	RM'000	RM'000	RM'000
Credit risk exposures of on-balance sheet assets					
Cash and short-term funds	*	4,441,700	4,237,092	45,393	45,392
Financial assets held-for-trading	**	122,016	79,807	-	-
Financial investments available-for-sale	#	13,085,556	12,522,333	-	-
Other assets	^	225,869	192,670	305	241
		17,875,141	17,031,902	45,698	45,633
Credit risk exposures of off-balance sheet assets					
Financial guarantees	@	507,018	507,018	-	-
Loan commitments and other credit related commitments	@	12,724,520	3,541,974	-	-
Obligation under underwriting agreement	@	25,500	-	-	-
		13,257,038	4,048,992	-	-
Total maximum credit risk exposure		**31,132,179**	**21,080,894**	**45,698**	**45,633**

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit Risk (continued)

Credit Risk monitoring (continued)

a) Maximum exposure to credit risk (continued)

The exposure to credit risk of the Group and the Company equals their carrying amount in the statements of financial position as at reporting date, except for the following (continued):-

		Group		Company	
		Carrying Value	Maximum Credit Exposure	Carrying Value	Maximum Credit Exposure
2014		RM'000	RM'000	RM'000	RM'000
Credit risk exposures of on-balance sheet assets					
Cash and short-term funds	*	7,360,588	7,191,937	33,760	33,759
Financial assets held-for-trading	**	182,780	154,894	-	-
Financial investments available-for-sale	#	12,617,620	12,134,719	-	-
Other assets	^	300,957	266,373	394	316
		20,461,945	19,747,923	34,154	34,075
Credit risk exposures of off-balance sheet assets					
Financial guarantees	@	588,592	588,592	-	-
Loan commitments and other credit related commitments	@	14,557,404	4,246,848	-	-
Obligation under underwriting agreement	@	17,122	-	-	-
		15,163,118	4,835,440	-	-
Total maximum credit risk exposure		**35,625,063**	**24,583,363**	**34,154**	**34,075**

The following have been excluded for the purpose of maximum credit risk exposure calculation:-

* Cash in-hand
** Investment in shares, warrants and REITs
# Investment in quoted and unquoted shares
^ Prepayment

@ Amount stated at notional value

Whilst the Group and the Company's maximum exposure to credit risk is the carrying value of the assets, or in the case of off-balance sheet items, the amount guaranteed, committed or accepted, in most cases the likely exposure is far less due to collateral, credit enhancements and other actions taken to mitigate the credit exposure.

The financial effect of collateral held for loans, advances and financing is 68% (2014: 66%). The financial effects of collateral for the other financial assets are insignificant.

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit Risk (continued)

Credit Risk monitoring (continued)

b) Credit risk concentrations

Credit risk is the risk of financial loss from the failure of customers to meet their obligations. Exposure to credit risk is managed through portfolio management. The credit portfolio's risk profiles and exposures are reviewed and monitored regularly to ensure that an acceptable level of risk diversification is maintained. Exposure to credit risk is also managed in part by obtaining collateral security and corporate and personal guarantees.

The credit risk concentrations of the Group and the Company, by industry concentration, as at the reporting date:-

	Short-term funds and placements with banks and other financial institutions	Financial assets held-for-trading	Financial investments available-for-sale	Financial investments held-to-maturity	Loans, advances and financing	Trade receivables, other assets and amount due from associate	Derivative financial assets	On-balance sheet total	Commitments and contingencies
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015									
Agriculture	-	-	62,004	-	689,296	1,269	12	752,581	77,179
Mining and quarrying	-	-	22,869	-	787,894	-	-	810,763	90,954
Manufacturing	-	-	252,222	54,719	2,269,214	628	1,682	2,578,465	710,916
Electricity, gas and water	-	-	599,689	-	243,648	1,311	29	844,677	2,888
Construction	-	-	426,161	185,032	3,644,555	1,502	8	4,257,258	1,134,802
Real estate	-	-	239,706	-	6,918,939	2,123	-	7,160,768	549,466
General commerce	-	-	60,255	23,439	2,515,440	3,184	170	2,602,488	488,511
Transport, storage and communication	-	-	588,225	26,922	2,234,233	990	46	2,850,416	212,674
Finance, insurance and business services	1,730,747	79,807	3,951,257	169,240	4,305,551	195,235	240,511	10,672,348	265,852
Government and government agencies	2,981,728	-	6,020,318	-	1,137,674	-	-	10,139,720	193,568
Purchase of landed property, securities and vehicles	21,778	-	-	-	-	481,617	-	503,395	-
Education, Health and others	-	-	187,518	-	59,822	32	-	247,372	6,377
Others	-	-	112,109	16	18,539,024	114,918	51,406	18,817,473	315,805
Total	4,734,253	79,807	12,522,333	459,368	43,345,290	802,809	293,864	62,237,724	4,048,992

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit Risk (continued)

Credit Risk monitoring (continued)

b) Credit risk concentrations (continued)

Group	Short-term funds and placements with banks and other financial institutions RM'000	Financial assets held-for-trading RM'000	Financial investments available-for-sale RM'000	Financial investments held-to-maturity RM'000	Loans, advances and financing RM'000	Trade receivables, other assets and amount due from associate RM'000	Derivative financial assets RM'000	On-balance sheet total RM'000	Commitments and contingencies RM'000
2014									
Agriculture	-	-	40,049	-	679,067	-	119	719,235	74,395
Mining and quarrying	-	-	142,737	-	664,703	-	1,132	808,572	87,463
Manufacturing	-	-	157,458	75,053	2,028,154	43	3,620	2,264,328	640,111
Electricity, gas and water	-	-	586,290	-	375,911	689	37	962,927	2,175
Construction	-	4,990	335,861	190,155	3,903,662	89	2	4,434,759	1,377,741
Real estate	-	-	201,878	-	6,082,499	1,149	3	6,285,529	474,305
General commerce	-	-	85,872	23,439	2,150,076	672	372	2,260,431	428,305
Transport, storage and communication	-	-	379,875	104,949	2,097,224	3,768	35	2,585,851	319,217
Finance, insurance and business services	1,536,982	-	3,062,721	259,129	4,885,298	132,434	162,162	10,038,726	425,008
Government and government agencies	6,017,586	149,904	6,877,648	-	92,404	4,159	-	13,141,701	213,748
Purchase of landed property, securities and vehicles	21,061	-	-	-	-	378,722	-	399,783	-
Others	-	-	264,330	16	17,533,018	241,140	2,553	18,041,057	792,972
Total	7,575,629	154,894	12,134,719	652,741	40,492,016	762,865	170,035	61,942,899	4,835,440

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit Risk (continued)

Credit Risk monitoring (continued)

b) Credit risk concentrations (continued)

Company	Short-term funds and placements with banks and other financial institutions RM'000	Other assets RM'000	Amount due from subsidiaries RM'000	Amount due from associate RM'000	On-balance sheet total RM'000
2015					
Finance, insurance and business services	45,392	-	1,004,446	58,560	1,108,398
Others	-	241	-	-	241
	45,392	241	1,004,446	58,560	1,108,639
2014					
Finance, insurance and business services	118,846	-	604,313	67,256	790,415
Others	-	316	-	-	316
	118,846	316	604,313	67,256	790,731

c) Collateral

The main types of collateral obtained by the Group are as follows:-

- For personal housing loans, mortgages over residential properties;
- For commercial property loans, charges over the properties being financed;
- For hire purchase, charges over the vehicles or plant and machineries financed;
- For other loans, charges over business assets such as premises, inventories, trade receivables or deposits; and
- For share margin financing charges over marketable securities.

d) Total loans, advances and financing - credit quality

All loans, advances and financing are categorised into "neither past due nor impaired", "past due but not impaired" and "impaired". Past due loans refer to loans that are overdue by one day or more. Impaired loans are loans with months-in-arrears more than 3 months (i.e. 90 days) or with impairment allowances.

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit Risk (continued)

Credit Risk monitoring (continued)

d) Total loans, advances and financing - credit quality (continued)

i) Distribution of loans, advances and financing by credit quality

	Group	
	2015	2014
	RM'000	RM'000
Neither past due nor impaired	40,352,238	37,644,591
Past due but not impaired	2,692,961	2,664,748
Impaired	834,222	747,776
Gross loans, advances and financing	43,879,421	41,057,115
Less: Allowance for impairment losses		
- individual impairment	(295,263)	(263,498)
- collective impairment	(238,868)	(301,601)
Net loans, advances and financing	43,345,290	40,492,016

ii) Loans neither past due nor impaired

Analysis of loans, advances and financing that are neither past due nor impaired analysed based on the Group's internal credit grading system is as follows:-

	Group	
	2015	2014
	RM'000	RM'000
Quality classification:-		
Satisfactory *	39,764,693	34,080,778
Special mention #	587,545	3,563,813
	40,352,238	37,644,591

Quality classification definitions

* Satisfactory: Exposures demonstrate a strong capacity to meet financial commitments, with negligible or low probability of default and/or levels of expected loss.

\# Special mention: Exposures require varying degrees of special attention and default risk is of greater concern which are under the monitoring of early alert and watchlist committee.

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit Risk (continued)

Credit Risk monitoring (continued)

d) Total loans, advances and financing - credit quality (continued)

iii) Loans past due but not impaired

Certain loans, advances and financing are past due but not impaired as the collateral values of these loans are in excess of the principal and interest/profit outstanding. Allowances for these loans may have been set aside on a portfolio basis. The Group's loans, advances and financing which are past due but not impaired are as follows:-

	Group	
	2015	2014
	RM'000	RM'000
Past due up to 30 days	1,537,402	1,530,159
Past due 30-60 days	819,181	801,073
Past due 60-90 days	336,378	333,516
	2,692,961	2,664,748

iv) Loans impaired

	Group	
	2015	2014
	RM'000	RM'000
Analysis of impaired assets:-		
Gross impaired loans	834,222	747,776
Individually impaired loans	593,503	442,035

v) Collateral and other credit enhancements obtained

During the year, the Group has obtained the following assets by taking possession of collateral held as security or calling upon other credit enhancements.

	Group	
	2015	2014
	RM'000	RM'000
Nature of assets:-		
Industrial and residential properties	4,906	9,099

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit Risk (continued)

Credit Risk monitoring (continued)

e) Deposits and short-term funds, private debt securities, treasury bills and derivatives – credit quality

Private debt securities, treasury bills and other eligible bills included in financial assets held-for-trading and financial investments available-for-sale are measured on a fair value basis. The fair value will reflect the credit risk of the issuer.

Most listed and some unlisted securities are rated by external rating agencies. The Group mainly uses external credit ratings provided by RAM, MARC, Standard & Poors' or Moody's.

The table below presents the deposits and short-term funds, debt securities, treasury bills and other eligible bills that are neither past due nor impaired and impaired, analysed by rating:-

Group	Sovereigns RM'000	AAA RM'000	AA- to AA+ RM'000	A- to A+ RM'000	Lower than A- RM'000	Unrated RM'000	Impaired* RM'000	Total RM'000
2015								
Short-term funds	2,981,727	245,385	969,380	24,336	3,301	12,963	-	4,237,092
Deposits and placements with banks and other financial institutions	-	180,933	276,228	-	40,000	-	-	497,161
Financial assets held-for-trading:-								
- Negotiable Instruments of Deposit	-	-	-	79,807	-	-	-	79,807
Financial investments available-for-sale:-								
- Malaysian Government Securities	59,892	-	-	-	-	-	-	59,892
- Malaysian Government Investment Issuance	2,538,871	-	-	-	-	-	-	2,538,871
- Sukuk Perumahan Kerajaan	753,385	-	-	-	-	-	-	753,385
- Negotiable Instruments of Deposit	-	-	954,663	50,040	-	-	-	1,004,703
- Khazanah Bonds	437,819	-	-	-	-	-	-	437,819
- Cagamas Bonds	-	20,102	-	-	-	-	-	20,102
- Private Debt Securities	2,716,635	1,896,265	1,878,520	524,449	67,542	624,150	-	7,707,561
Financial investments held-to-maturity:-								
- Private debt securities	-	-	-	10,330	-	425,599	23,439	459,368
Derivative financial assets	-	36,804	43,229	43,386	1,647	168,798	-	293,864
Total	9,488,329	2,379,489	4,122,020	732,348	112,490	1,231,510	23,439	18,089,625

* Net of allowance for impairment

Collateral is not generally obtained directly from the issuers of debt securities. Certain debt securities may be collateralised by specifically identified assets that would be obtainable in the event of default.

Deposits and short-term funds, private debt securities, treasury bills and derivatives which are past due but not impaired is not significant.

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit Risk (continued)

Credit Risk monitoring (continued)

e) Deposits and short-term funds, private debt securities, treasury bills and derivatives – credit quality (continued)

The table below presents the deposits and short-term funds, debt securities, treasury bills and other eligible bills that are neither past due nor impaired and impaired, analysed by rating (continued):-

Group	Sovereigns RM'000	AAA RM'000	AA- to AA+ RM'000	A- to A+ RM'000	Lower than A- RM'000	Unrated RM'000	Impaired* RM'000	Total RM'000
2014								
Short-term funds	6,017,586	180,796	875,455	52,658	1,570	63,872	-	7,191,937
Deposits and placements with banks and other financial institutions	-	82,017	301,675	-	-	-	-	383,692
Financial assets held-for-trading:-								
- Unit trusts	-	-	-	-	-	8,983	-	8,983
- Bank Negara Malaysia Monetary Notes	149,904	-	-	-	-	-	-	149,904
- Private debt securities	-	4,990	-	-	-	-	-	4,990
Financial investments available-for-sale:-								
- Malaysian Government Treasury Bills	225,782	-	-	-	-	-	-	225,782
- Malaysian Government Securities	131,630	-	-	-	-	-	-	131,630
- Malaysian Government Investment Issuance	3,046,553	-	-	-	-	-	-	3,046,553
- Bank Negara Malaysia Monetary Notes	1,387,284	-	-	-	-	-	-	1,387,284
- Sukuk Perumahan Kerajaan	400,377	-	-	-	-	-	-	400,377
- Malaysian Government Sukuk	7,096	-	-	-	-	-	-	7,096
- Negotiable Instruments of Deposit	-	-	423,335	80,116	-	-	-	503,451
- Khazanah Bonds	353,165	-	-	-	-	-	-	353,165
- Cagamas Bonds	-	84,924	-	-	-	-	-	84,924
- Private debt securities	1,325,761	1,879,035	1,785,674	403,554	324,783	275,641	9	5,994,457
- Unit trusts	-	-	-	-	-	242,902	-	242,902
Financial investments held-to-maturity:-								
- Private debt securities	-	-	-	25,940	-	559,362	67,439	652,741
Derivative financial assets	-	32,464	18,887	20,602	943	97,139	-	170,035
Total	13,045,138	2,264,226	3,405,026	582,870	327,296	1,247,899	67,448	20,939,903

* Net of allowance for impairment

Collateral is not generally obtained directly from the issuers of debt securities. Certain debt securities may be collateralised by specifically identified assets that would be obtainable in the event of default.

Deposits and short-term funds, private debt securities, treasury bills and derivatives which are past due but not impaired is not significant.

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit Risk (continued)

Credit Risk monitoring (continued)

e) Deposits and short-term funds, private debt securities, treasury bills and derivatives – credit quality (continued)

The table below presents the deposits and short-term funds that are neither past due nor impaired, analysed by rating (continued):-

	2015		2014	
	AAA	Total	AAA	Total
Company	RM'000	RM'000	RM'000	RM'000
Short-term funds	45,392	45,392	33,759	33,759
Deposits and placements with banks and other financial institutions	-	-	85,087	85,087

There are no deposits and short-term funds which are past due but not impaired or impaired.

f) Other financial assets – credit quality

Other financial assets of the Group and the Company that are neither past due nor impaired are summarised as below:-

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Trade receivables	551,579	429,236	-	-
Other assets	192,670	266,373	241	316
Amount due from subsidiaries	-	-	1,004,446	604,313
Amount due from associate	58,560	67,256	58,560	67,256

Other financial assets that are past due but not impaired or impaired are not significant.

Market Risk

Market risk is the potential loss arising from movements in market variables such as interest rates, foreign exchange rates, equity and commodity prices. The exposure to market risk results largely from interest rate and foreign exchange rate risks.

The market risk management framework encompasses the following approaches:-

- Risk control parameters are established based on risk appetite, market liquidity and business strategies as well as macroeconomic conditions. These parameters are reviewed at least annually.
- Market risk stemming from the Trading book is primarily controlled through the imposition of Stop-loss and Value-at-Risk ('VaR') Risk Control Parameters.
- Interest rate risk is quantified by analysing the repricing mismatch between the rate sensitive assets and rate sensitive liabilities. Based on the repricing mismatch, Earnings-at-Risk ('EaR') or Net Interest Income ('NII') simulation is conducted to assess the variation in short term earnings.
- In addition, the potential long term impact arising from the Group's exposures is also tracked by assessing the impact on Economic Value of Equity ('EVE'), also known as Economic Value-at-Risk ('EVaR').
- Periodic stress tests are conducted to quantify market risk arising from abnormal market movements.

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market Risk (continued)

a) Value-at-Risk ('VaR')

Value-at-Risk ('VaR') is used to compute the maximum potential loss amount over a specified holding period of a Trading Portfolio. It measures the risk of losses arising from potential adverse movements in interest rates and foreign exchange rates that could affect values of financial instruments.

The Group adopts Historical Pricing Simulation Method ('HPS') to compute potential loss or Value-at-Risk ('VaR') amount. The HPS Method uses the relative change of historical prices to estimate future potential changes in the market value of outstanding positions. The Group currently adopts 250 simulated business days for its HPS VaR computation. After applying these price changes to the outstanding portfolios, 250 simulated market values for the portfolio are generated and the change in the day-to-day market value is taken as simulated Profit & Loss ('P&L') for the portfolio. Since VaR calculates the worst expected loss over a given day horizon and confidence level under normal market condition, the 250 values are sorted from the lowest to the highest simulated P&L. The VaR focuses on the tail of the distribution (i.e. the loss figures) at the 99th percentile.

The table below sets out a summary of the Group's VaR profile by financial instrument types and fixed income for the Trading Portfolio:-

	Portfolio during the financial year			
	Balance	Average balance	Minimum balance	Maximum balance
Group	RM'000	RM'000	RM'000	RM'000
2015				
Instruments:-				
FX swap	472	605	253	3,128
FX sport (Metro Desk)	466	330	48	3,240
FX option	77	362	5	932
FX related contract	84	70	-	308
Bonds	66	77	-	591
Government securities	1	-	-	17
2014				
Instruments:-				
FX swap	668	432	6	2,400
FX sport (Metro Desk)	138	222	31	776
FX option	5	206	5	550
FX related contract	-	31	-	262
Bonds	-	9	-	370
Government securities	1	-	-	3

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market Risk (continued)

Other Risk Measures

i) Mark-to-Market

Mark-to-Market valuation tracks the current market value of the outstanding financial instruments.

ii) Stress testing

Stress tests are conducted to attempt to quantify market risk arising from low probability, abnormal market movements. The stress tests measure the change in value arising from range of extreme movements in the interest rates and foreign exchange rates based on past experience and simulated stress scenarios.

Interest/profit rate sensitivity

The table below shows the sensitivity for the financial assets and financial liabilities held as at reporting date.

Impact on profit after tax is measured using Repricing Gap Simulation methodology based on 100 basis point parallel shifts in interest/profit rate.

Impact on equity represents the changes in fair values of fixed income instruments held in available-for-sale portfolio arising from the shift in interest/profit rate.

	2015		2014	
	+100 bps	-100 bps	+100 bps	-100 bps
	RM million	RM million	RM million	RM million
	positive/(negative) impact			
Group				
Impact on profit after tax	(71.04)	71.04	(30.50)	30.50
Impact on equity	(387.71)	403.55	(292.79)	307.54

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market Risk (continued)

Foreign exchange risk sensitivity analysis

An analysis of the exposure to assess the positive/(negative) impact of a one per cent change in exchange rate to the profit after tax are as follows:-

	Group	
	2015	2014
	RM'000	RM'000
+1%		
Euro	1,512	1,206
United States Dollar	39,285	35,715
Great Britain Pound	2,347	33
Australian Dollar	(21)	224
New Zealand Dollar	17	7
Japanese Yen	184	45
Others	4,608	10,929
	47,932	48,159
-1%		
Euro	(1,512)	(1,206)
United States Dollar	(39,285)	(35,715)
Great Britain Pound	(2,347)	(33)
Australian Dollar	21	(224)
New Zealand Dollar	(17)	(7)
Japanese Yen	(184)	(45)
Others	(4,608)	(10,929)
	(47,932)	(48,159)

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market Risk (continued)

b) Foreign exchange risk

The Group is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Thresholds are set on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The following table summarises the Group's exposure to foreign currency exchange rate risk at reporting date. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

	Euro	United States Dollar	Great Britain Pound	Australian Dollar	New Zealand Dollar	Japanese Yen	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
2015								
Assets								
Cash and short-term funds	1,794	872,360	4,186	4,040	293	572	28,824	912,069
Deposits and placements with banks and other financial institutions	-	33,118	-	-	-	-	-	33,118
Financial assets held-for-trading	-	112	-	22	-	-	40	174
Financial investments available-for-sale	46,955	392,556	-	32,631	15,020	-	343,276	830,438
Derivative financial assets	492	113,475	31,537	39	-	93	747	146,383
Loans, advances and financing	-	1,132,447	-	-	-	-	222,725	1,355,172
Trade receivable	-	2,586	-	7,930	-	-	3,074	13,590
Other assets	-	23,077	-	-	-	-	156	23,233
Total financial assets	49,241	2,569,731	35,723	44,662	15,313	665	598,842	3,314,177
Liabilities								
Deposits from customers	526,841	477,647	10,377	7,956	-	603	10,889	1,034,313
Deposits and placements of banks and other financial institutions	-	295,110	-	814	-	-	-	295,924
Derivative financial liabilities	2,117	14,080	117	-	-	-	495	16,809
Trade payables	-	15,853	-	5,178	-	-	3,261	24,292
Other liabilities	16	184	-	1,409	149	-	1,625	3,383
Total financial liabilities	528,974	802,874	10,494	15,357	149	603	16,270	1,374,721
Net on-balance sheet financial position	(479,733)	1,766,857	25,229	29,305	15,164	62	582,572	1,939,456
Off-balance sheet commitments	681,383	3,471,086	287,647	(32,056)	(12,945)	24,473	31,845	4,451,433

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market Risk (continued)

b) Foreign exchange risk (continued)

	Euro	United States Dollar	Great Britain Pound	Australian Dollar	New Zealand Dollar	Japanese Yen	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
2014								
Assets								
Cash and short-term funds	4,814	182,209	5,415	4,795	718	1,415	15,155	214,521
Financial assets held-for-trading	-	5	-	3	-	-	4	12
Financial investments available-for-sale	42,439	440,911	-	61,622	27,414	-	432,910	1,005,296
Derivative financial assets	373	63,987	15	38	-	75	663	65,151
Loans, advances and financing	195	1,302,416	-	-	-	-	962,170	2,264,781
Trade receivable	-	1,261	-	1,316	-	-	9,389	11,966
Other assets	-	12,161	-	-	-	-	19	12,180
Total financial assets	47,821	2,002,950	5,430	67,774	28,132	1,490	1,420,310	3,573,907
Liabilities								
Deposits from customers	80,243	298,048	6,305	9,582	-	3,952	10,490	408,620
Deposits and placements of banks and other financial institutions	-	519,215	-	2,200	-	-	47,898	569,313
Derivative financial liabilities	562	2,509	-	3	-	-	1,127	4,201
Trade payables	-	6,015	-	1,583	-	-	11,167	18,765
Other liabilities	29	3,325	-	1,353	1	-	1,512	6,220
Total financial liabilities	80,834	829,112	6,305	14,721	1	3,952	72,194	1,007,119
Net on-balance sheet financial position	(33,013)	1,173,838	(875)	53,053	28,131	(2,462)	1,348,116	2,566,788
Off-balance sheet commitments	193,781	3,578,304	5,319	(23,647)	(27,412)	8,470	109,550	3,844,365

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market Risk (continued)

c) Interest/profit rate risk

Interest/profit rate risk is the risk to earnings and capital arising from exposure to adverse movements in interest/profit rates mainly due to mismatches in timing repricing of assets and liabilities. These mismatches are actively managed from an earnings and economic value perspective. Interest/profit rate risk thresholds are established in line with the Group's strategy and risk appetite. These thresholds are reviewed regularly to ensure relevance in the context of prevailing market conditions.

The table below represents the Group's and the Company's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates as at reporting date.

	Non-trading Book					Non-interest/ profit sensitive	Trading book	Total
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years			
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015								
Assets								
Cash and short-term funds	3,431,298	-	-	-	-	1,010,402	-	4,441,700
Deposits and placements with banks and other financial institutions	90,000	119,843	140,000	145,000	-	2,318	-	497,161
Financial assets held-for-trading	-	-	-	-	-	-	122,016	122,016
Financial investments available-for-sale	133,170	1,033,273	976,992	4,498,528	5,762,086	681,507	-	13,085,556
Financial investments held-to-maturity	185,032	43,741	98,748	41,430	65,546	24,871	-	459,368
Derivative financial assets	-	-	-	-	-	-	293,864	293,864
Loans, advances and financing								
- non-impaired	24,556,510	2,380,783	4,164,636	8,936,394	2,773,680	(5,672)*	-	42,806,331
- impaired	-	-	-	-	-	538,959 ^	-	538,959
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,782,450	-	1,782,450
Other assets [(1)]	475,832	6	22,318	57,600	-	275,339	-	831,095
Total assets	28,871,842	3,577,646	5,402,694	13,678,952	8,601,312	4,310,174	415,880	64,858,500

* The negative balance represents collective impairment allowance for loans, advances and financing in accordance with the Group's accounting policy on allowance for impaired loans, advances and financing.

^ Net of individual impairment allowance.

(1) Other assets include amount due from associate, trade receivables and other assets.

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market Risk (continued)

c) Interest/profit rate risk (continued)

	Non-trading Book					Non-interest/ profit sensitive	Trading book	Total
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years			
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015								
Liabilities								
Deposits from customers	18,526,398	12,674,638	14,606,765	1,086,840	-	3,654,106	-	50,548,747
Deposits and placements of banks and other financial institutions	2,227,503	889,130	262,132	-	-	6,674	-	3,385,439
Derivative financial liabilities	-	-	-	-	-	-	555,867	555,867
Obligation on securities sold under repurchase agreements	94,590	1,637,230	-	-	-	9,126	-	1,740,946
Bills and acceptances payable	-	-	-	-	-	77,114	-	77,114
Recourse obligation on loans sold to Cagamas Berhad	-	-	-	133,779	-	806	-	134,585
Other liabilities [2]	12,109	-	-	-	-	1,270,771	-	1,282,880
Borrowings	1,295,554	-	-	-	-	10,457	-	1,306,011
Total liabilities	22,156,154	15,200,998	14,868,897	1,220,619	-	5,029,054	555,867	59,031,589
Net interest/profit sensitivity gap	6,715,688	(11,623,352)	(9,466,203)	12,458,333	8,601,312			

[2] Other liabilities include trade payables and other liabilities.

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market Risk (continued)

c) Interest/profit rate risk (continued)

	Non-trading Book							
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years	Non-interest/ profit sensitive	Trading book	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2014								
Assets								
Cash and short-term funds	7,196,416	-	-	-	-	164,172	-	7,360,588
Deposits and placements with banks and other financial institutions	145,000	-	-	195,000	40,000	3,692	-	383,692
Financial assets held-for-trading	-	-	-	-	-	-	182,780	182,780
Financial investments available-for-sale	819,508	944,536	1,635,192	5,586,782	3,053,942	577,660	-	12,617,620
Financial investments held-to-maturity	-	401,728	96,804	60,576	19,891	73,742	-	652,741
Derivative financial assets	-	-	-	-	-	-	170,035	170,035
Loans, advances and financing								
- non-impaired	23,284,283	2,643,474	3,814,577	8,334,168	2,230,548	(299,311)*	-	40,007,739
- impaired	-	-	-	-	-	484,277^	-	484,277
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,831,550	-	1,831,550
Other assets [(1)]	30,766	-	-	66,310	-	691,274	-	788,350
Total assets	31,475,973	3,989,738	5,546,573	14,242,836	5,344,381	3,527,056	352,815	64,479,372

* The negative balance represents collective impairment allowance for loans, advances and financing in accordance with the Group's accounting policy on allowance for impaired loans, advances and financing.

^ Net of individual impairment allowance.

(1) Other assets include amount due from associate, trade receivables and other assets.

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market Risk (continued)

c) Interest/profit rate risk (continued)

	Non-trading Book					Non-interest/ profit sensitive	Trading book	Total
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years			
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2014								
Liabilities								
Deposits from customers	20,971,576	12,729,546	12,776,559	806,015	-	3,320,309	-	50,604,005
Deposits and placements of banks and other financial institutions	2,574,052	2,315,221	464,273	-	-	14,257	-	5,367,803
Bills and acceptances payable	-	-	-	-	-	94,308	-	94,308
Derivative financial liabilities	-	-	-	-	-	-	325,755	325,755
Recourse obligation on loans sold to Cagamas Berhad	-	-	-	138,313	-	834	-	139,147
Other liabilities (2)	-	-	-	-	-	1,149,933	-	1,149,933
Borrowings	900,000	-	-	66,310	-	6,148	-	972,458
Total liabilities	24,445,628	15,044,767	13,240,832	1,010,638	-	4,585,789	325,755	58,653,409
Net interest/profit sensitivity gap	7,030,345	(11,055,029)	(7,694,259)	13,232,198	5,344,381			

(2) Other liabilities include trade payables and other liabilities.

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market Risk (continued)

c) Interest/profit rate risk (continued)

	Non-trading Book					Non-interest/ profit sensitive	Trading book	Total
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company								
2015								
Assets								
Cash and short-term funds	45,265	-	-	-	-	128	-	45,393
Other assets	-	-	-	-	-	305	-	305
Amount due from subsidiaries	1,000,000	-	-			4,446	-	1,004,446
Amount due from associate	-	-	-	57,469	-	1,091	-	58,560
Total assets	1,045,265	-	-	57,469	-	5,970	-	1,108,704
Liabilities								
Other liabilities	-	-	-	-	-	3,098	-	3,098
Amount due to subsidiaries	-	-	-	-	-	400,253	-	400,253
Borrowings	1,300,000	-	-	-	-	6,011	-	1,306,011
Total liabilities	1,300,000	-	-	-	-	409,362	-	1,709,362
Net interest/profit sensitivity gap	(254,735)	-	-	(57,469)	-			

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market Risk (continued)

c) Interest/profit rate risk (continued)

	Non-trading Book					Non-interest/ profit sensitive	Trading book	Total
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company								
2014								
Assets								
Cash and short-term funds	33,669	-	-	-	-	91	-	33,760
Deposits and placements with banks and other financial institutions	-	85,000	-	-	-	87	-	85,087
Other assets	-	-	-	-	-	394	-	394
Amount due from subsidiaries	600,000	-	-	-	-	4,313	-	604,313
Amount due from associate	-	-	-	66,310	-	946	-	67,256
Total assets	633,669	85,000	-	66,310	-	5,831	-	790,810
Liabilities								
Other liabilities	-	-	-	-	-	2,965	-	2,965
Amount due to subsidiaries	-	-	-	-	-	911,620	-	911,620
Borrowings	900,000	-	-	66,310	-	6,148	-	972,458
Total liabilities	900,000	-	-	66,310	-	920,733	-	1,887,043
Net interest/profit sensitivity gap	(266,331)	85,000	-	-	-			

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity Risk

Liquidity risk is the current and prospective risk to earnings or capital arising from a bank's inability to meet its obligations when they fall due. Liquidity risk includes the inability to manage sudden decreases or changes in funding sources. Liquidity risk also arises from the failure to recognise changes in market conditions that affect the ability to liquidate assets quickly and with minimal loss in value.

Liquidity risk management is managed on an individual Banking Group basis. The objective of liquidity risk management is to ensure that there are sufficient funds to meet contractual and regulatory obligations without incurring unacceptable losses as well as to undertake new transactions. The Group's liquidity management process involves establishing liquidity risk management policies and limits, liquidity risk limits monitoring, stress testing and establishing contingency funding plans. These building blocks of liquidity risk management are subject to regular reviews to ensure relevance in the context of prevailing market conditions.

Liquidity risk monitoring is premised on BNM's Liquidity Coverage Ratio ('LCR') final standards as well as BNM's revised Basel III Observation Period reporting for Net Stable Funding Ratio ('NSFR').

The LCR is a quantitative requirement which seeks to ensure that the respective banking subsidiary holds sufficient high-quality liquid assets ('HQLA') to withstand an acute liquidity stress scenario over a 30-day horizon.

Long term liquidity risk profile is assessed via NSFR which promotes resilience over a longer time horizon for the respective banking subsidiary to fund its activities with more stable sources of funding on an ongoing basis.

Basel III Liquidity Standards

The Group employs liquidity risk indicators as an early alert of any structural change for liquidity risk management. Liquidity risk is tracked using internal and external qualitative and quantitative indicators. Liquidity positions in the major currencies are being closely monitored by tracking the availability of medium to long term foreign currency funding and adhering to the guiding principles for foreign currency assets creations.

The Group also conducts liquidity stress test to to assess its banking subsudiaries' resilience to withstand short term liquidity shocks over a 30-day horizon. A Contingency Funding Plan is in place to alert and enable Management to act effectively and efficiently in handling liquidity disruption. The document encompasses early warning system, strategies, decision-making authorities, and courses of actions to be taken in the event of liquidity crisis and emergencies.

The Basel Committee has developed two minimum standards for funding liquidity to achieve two separate but complementary objectives:-

- LCR – to promote short-term resilience of the bank's liquidity risk profile by ensuring that it has sufficient high-quality liquid assets to survive a significant stress scenario lasting for one month.

- NSFR – to promote resilience over a longer time horizon for the bank to fund its activities with more stable sources of funding on an ongoing basis.

The LCR and NSFR are tracked to assess the short term and long term liquidity risk profile of the banking subsudiaries, in line with BNM's Liquidity Coverage Ratio ('LCR') final standards issued on 31st March 2015 as well as BNM's revised Basel III Observation Period reporting for Net Stable Funding Ratio ('NSFR') and Leverage Ratio ('LR') issued on 7th August 2015.

The BRMC is responsible for the Group's liquidity policy of the respective banking subsidiaries and the strategic management of liquidity has been delegated to the ALCO. The BRMC is informed regularly on the liquidity position of the respective bank.

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity Risk (continued)

The table below provides analysis of cash flow payables for financial liabilities based on remaining contractual maturities on undiscounted basis. The balances in the table below do not agree directly to the balances reported in the statement of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest/profit payments.

i) Liquidity risk disclosure table based on contractual undiscounted cash flow:-

	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015						
Deposits from customers	21,751,209	12,869,273	15,203,153	1,268,565	-	51,092,200
Deposits and placements of banks and other financial institutions	2,232,565	896,459	265,323	-	-	3,394,347
Obligation on securities sold under repurchase agreements	95,424	1,652,019	-	-	-	1,747,443
Bills and acceptances payable	77,114	-	-	-	-	77,114
Trade payables	642,483	-	-	-	-	642,483
Recourse obligation on loans sold to Cagamas Berhad	-	2,560	136,965	-	-	139,525
Other liabilities	492,068	39,865	106,880	766	-	639,579
Borrowings	5,624	11,256	342,870	1,122,615	-	1,482,365
Total financial liabilities	25,296,487	15,471,432	16,055,191	2,391,946	-	59,215,056
2014						
Deposits from customers	24,064,017	12,941,155	13,187,001	963,743	347	51,156,263
Deposits and placements of banks and other financial institutions	2,625,947	2,332,482	472,699	-	-	5,431,128
Bills and acceptances payable	94,308	-	-	-	-	94,308
Trade payables	582,166	-	-	-	-	582,166
Recourse obligation on loans sold to Cagamas Berhad	-	2,572	7,729	139,712	-	150,013
Other liabilities	484,086	6,307	72,734	4,640	-	567,767
Borrowings	4,201	7,803	99,971	978,765	-	1,090,740
Total financial liabilities	27,854,725	15,290,319	13,840,134	2,086,860	347	59,072,385

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity Risk (continued)

i) Liquidity risk disclosure table based on contractual undiscounted cash flow (continued):-

Company	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
2015						
Other liabilities	509	711	1,879	-	-	3,099
Amount due to subsidiaries	400,253	-	-	-	-	400,253
Borrowings	5,624	11,256	342,870	1,122,615	-	1,482,365
Total financial liabilities	406,386	11,967	344,749	1,122,615	-	1,885,717
2014						
Other liabilities	438	654	1,873	-	-	2,965
Amount due to subsidiaries	911,620	-	-	-	-	911,620
Borrowings	4,201	7,803	99,971	978,765	-	1,090,740
Total financial liabilities	916,259	8,457	101,844	978,765	-	2,005,325

ii) Derivatives financial liabilities based on contractual undiscounted cash flow:-

Group	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
2015						
Derivatives settled on a net basis						
Interest rate derivatives	(200)	(63)	(663)	(364)	948	(342)
Derivatives settled on a gross basis						
Foreign exchange derivatives:-						
Outflow	(2,381,304)	(932,410)	(2,321,824)	(1,110,568)	-	(6,746,106)
Inflow	2,375,556	927,048	2,297,442	910,450	-	6,510,496
	(5,748)	(5,362)	(24,382)	(200,118)	-	(235,610)
2014						
Derivatives settled on a net basis						
Interest rate derivatives	1,193	(1,205)	(7,355)	(21,403)	(1,400)	(30,170)
Derivatives settled on a gross basis						
Foreign exchange derivatives:-						
Outflow	(1,324,578)	(769,613)	(1,829,490)	(112,860)	(105,145)	(4,141,686)
Inflow	1,314,604	764,300	1,811,162	605,163	98,789	4,594,018
	(9,974)	(5,313)	(18,328)	492,303	(6,356)	452,332

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity Risk (continued)

iii) Liquidity risk for assets and liabilities based on remaining contractual maturities:-

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group. The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities.

Maturities of assets and liabilities of the Group and Company by remaining contractual maturities profile are as follows:-

Group	Up to 1 month RM'000	>1-3 Months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
2015						
Assets						
Cash and short-term funds	4,441,700	-	-	-	-	4,441,700
Deposits and placements with banks and other financial institutions	-	35,034	-	432,093	30,034	497,161
Trade receivables	545,319	6,157	103	-	-	551,579
Financial assets held-for-trading	42,209	5,114	74,693	-	-	122,016
Financial investments available-for-sale	459,278	974,812	1,169,219	4,683,514	5,798,733	13,085,556
Financial investments held-to-maturity	23,438	-	71,341	74,208	290,381	459,368
Derivative financial assets	24,667	85,319	96,102	85,198	2,578	293,864
Loans, advances and financing	3,799,165	1,543,279	2,311,424	11,650,950	24,040,472	43,345,290
Other assets	89,603	2,091	30,481	97,062	6,632	225,869
Statutory deposits with Bank Negara Malaysia	1,782,450	-	-	-	-	1,782,450
Amount due from associate	1,092	-	13,262	44,206	-	58,560
Other non-financial assets [(1)]	3,598	-	48,705	340,030	2,146,271	2,538,604
Total assets	11,212,519	2,651,806	3,815,330	17,407,261	32,315,101	67,402,017

[(1)] Other non-financial assets include investment in joint ventures, investment in associate, taxation recoverable, deferred tax assets, property and equipment and intangible assets.

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity Risk (continued)

iii) Liquidity risk for assets and liabilities based on remaining contractual maturities (continued):-

Group	Up to 1 month RM'000	>1-3 Months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
2015						
Liabilities						
Deposits from customers	21,735,151	12,733,069	14,932,551	1,147,976	-	50,548,747
Deposits and placements of banks and other financial institutions	2,230,823	892,078	262,538	-	-	3,385,439
Obligation on securities sold under repurchase agreements	95,370	1,645,576	-	-	-	1,740,946
Bills and acceptances payable	77,114	-	-	-	-	77,114
Trade payables	642,483	-	-	-	-	642,483
Derivative financial liabilities	63,796	94,227	157,746	235,368	4,730	555,867
Recourse obligation on loans sold to Cagamas Berhad	-	806	-	133,779	-	134,585
Other liabilities	491,379	39,890	108,401	766	-	640,436
Other non-financial liabilities [(2)]	15,104	-	11,826	-	16,374	43,304
Borrowings	2,890	3,121	300,000	300,000	700,000	1,306,011
Total liabilities	25,354,110	15,408,767	15,773,062	1,817,889	721,104	59,074,932
Net liquidity gap	(14,141,591)	(12,756,961)	(11,957,732)	15,589,372	31,593,997	8,327,085

[(2)] Other non-financial liabilities include provision for taxation and deferred tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity Risk (continued)

iii) Liquidity risk for assets and liabilities based on remaining contractual maturities (continued):-

Group	Up to 1 month RM'000	>1-3 Months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
2014						
Assets						
Cash and short-term funds	7,360,588	-	-	-	-	7,360,588
Deposits and placements with banks and other financial institutions	-	-	-	322,216	61,476	383,692
Trade receivables	426,353	2,701	182	-	-	429,236
Financial assets held-for-trading	182,780	-	-	-	-	182,780
Financial investments available-for-sale	1,163,361	905,936	1,762,776	5,731,838	3,053,709	12,617,620
Financial investments held-to-maturity	70,375	155,879	30,381	131,554	264,552	652,741
Derivative financial assets	20,967	33,773	76,660	36,410	2,225	170,035
Loans, advances and financing	3,221,525	1,911,412	2,469,763	11,009,745	21,879,571	40,492,016
Other assets	215,428	111	27,626	46,760	11,032	300,957
Statutory deposits with Bank Negara Malaysia	1,831,550	-	-	-	-	1,831,550
Amount due from associate	946	-	-	-	66,310	67,256
Other non-financial assets [(1)]	3,118	-	4,105	536,823	1,645,640	2,189,686
Total assets	14,496,991	3,009,812	4,371,493	17,815,346	26,984,515	66,678,157
Liabilities						
Deposits from customers	24,042,889	12,851,050	12,899,702	810,364	-	50,604,005
Deposits and placements of banks and other financial institutions	2,582,639	2,319,508	465,656	-	-	5,367,803
Bills and acceptances payable	94,308	-	-	-	-	94,308
Trade payables	582,166	-	-	-	-	582,166
Derivative financial liabilities	44,809	49,485	137,772	81,019	12,670	325,755
Recourse obligation on loans sold to Cagamas Berhad	-	834	-	138,313	-	139,147
Other liabilities	497,392	6,295	63,789	291	-	567,767
Other non-financial liabilities [(2)]	19,741	-	28,097	4,349	110	52,297
Borrowings	3,052	3,096	-	966,310	-	972,458
Total liabilities	27,866,996	15,230,268	13,595,016	2,000,646	12,780	58,705,706
Net liquidity gap	(13,370,005)	(12,220,456)	(9,223,523)	15,814,700	26,971,735	7,972,451

(1) Other non-financial assets include investment in joint ventures, investment in associate, taxation recoverable, deferred tax assets, property and equipment and intangible assets.

(2) Other non-financial liabilities include provision for taxation and deferred tax liabilities.

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity Risk (continued)

iii) Liquidity risk for assets and liabilities based on remaining contractual maturities (continued):-

Company	Up to 1 month RM'000	>1-3 Months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
2015						
Assets						
Cash and short-term funds	45,393	-	-	-	-	45,393
Other assets	-	-	-	-	305	305
Amount due from subsidiaries	3,066	1,380	-	600,000	400,000	1,004,446
Amount due from associate	1,092	-	13,262	44,206	-	58,560
Other non-financial assets [(1)]	-	-	2,459	-	5,636,447	5,638,906
Total assets	49,551	1,380	15,721	644,206	6,036,752	6,747,610
Liabilities						
Other liabilities	509	711	1,878	-	-	3,098
Amount due to subsidiaries	400,253	-	-	-	-	400,253
Deferred tax liabilities	-	-	27	-	-	27
Borrowings	2,891	3,120	300,000	600,000	400,000	1,306,011
Total liabilities	403,653	3,831	301,905	600,000	400,000	1,709,389
Net liquidity gap	(354,102)	(2,451)	(286,184)	44,206	5,636,752	5,038,221

(1) Other non-financial assets include investment in subsidiaries, investment in joint ventures, investment in associate, taxation recoverable, property and equipment and intangible assets.

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity Risk (continued)

iii) Liquidity risk for assets and liabilities based on remaining contractual maturities (continued):-

Company	Up to 1 month RM'000	>1-3 Months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
2014						
Assets						
Cash and short-term funds	33,760	-	-	-	-	33,760
Deposits and placements with banks and other financial institutions	-	85,087	-	-	-	85,087
Other assets	-	-	-	-	394	394
Amount due from subsidiaries	2,943	1,370	-	-	600,000	604,313
Amount due from associate	946	-	-	-	66,310	67,256
Other non-financial assets [(1)]	-	-	4,085	-	6,064,824	6,068,909
Total assets	37,649	86,457	4,085	-	6,731,528	6,859,719
Liabilities						
Other liabilities	438	654	1,873	-	-	2,965
Amount due to subsidiaries	911,620	-	-	-	-	911,620
Deferred tax liabilities	-	-	68	-	-	68
Borrowings	3,052	3,096	-	966,310	-	972,458
Total liabilities	915,110	3,750	1,941	966,310	-	1,887,111
Net liquidity gap	(877,461)	82,707	2,144	(966,310)	6,731,528	4,972,608

(1) Other non-financial assets include investment in subsidiaries, investment in joint ventures, investment in associate, taxation recoverable, property and equipment and intangible assets.

Operational Risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, action on or by people, infrastructure or technology or events which are beyond the bank's immediate control which have an operational impact, including natural disaster, fraudulent activities and money laundering/financing of terrorism.

The Group manages operational risk through a control based environment in which policies and procedures are formulated after taking into account individual unit's business activities, the market in which it is operating and regulatory requirement in force.

The Group adopts the Basic Indicator Approach for the purpose of calculating the capital requirement for operational risk. The capital requirement is calculated by taking 15% of the banking subsidiaries' average annual gross income over the previous three years.

Risk is identified through the use of assessment tools and measured using threshold mapped against risk matrix. Monitoring and control procedures include the use of key control standards, independent tracking of risk, back-up procedures and contingency plans, including disaster recovery and business continuity plans. This is supported by periodic reviews undertaken by Group Internal Audit to ensure adequacy and effectiveness of the Group Operational Risk Management process.

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Operational Risk (continued)

The Group gathers, analyses and reports operational risk loss and 'near miss' events to Group Operational Risk Management Committee and Board Risk Management Committee. Appropriate preventive and remedial actions are reviewed for effectiveness and implemented to minimise the recurrence of such events.

As an internal requirement, all Operational Risk Coordinators must satisfy an Internal Operational Risk (including anti-money laundering/counter financing of terrorism and business continuity management) Certification Program. These coordinators will first undertakes an on-line self-learning exercise before attempting on-line assessments to measure their skills and knowledge level. This will enable Group Risk Management to prescribe appropriate training and development activities for the coordinators.

50 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group and the Company measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:-

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and reliability of the fair value measurement is high.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

This category includes unquoted shares held for socio economic reasons. Fair values for shares held for socio economic reasons are based on the net tangible assets of the affected companies. The Group exposure to financial instruments classified as Level 3 comprised a small number of financial instruments which constitute an insignificant component of the Group's portfolio of financial instruments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

The Group recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. Transfers between fair value hierarchy primarily due to change in the level of trading activity, change in observable market activity related to an input, reassessment of available pricing information and change in the significance of the unobservable input. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial year (2014: Nil).

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

50 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:-

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2015				
Assets				
Financial assets held-for-trading	33,564	88,452	-	122,016
Financial investments available-for-sale *				
- Private debt securities	-	7,707,647	-	7,707,647
- Equity securities	98,733	-	223,554	322,287
- Money market instruments	-	5,055,622	-	5,055,622
Derivative financial assets	-	293,864	-	293,864
	132,297	13,145,585	223,554	13,501,436
Liabilities				
Derivative financial liabilities	-	555,867	-	555,867
2014				
Assets				
Financial assets held-for-trading	18,903	163,877	-	182,780
Financial investments available-for-sale *				
- Private debt securities	-	5,994,536	-	5,994,536
- Equity securities	92,434	41,046	147,486	280,966
- Money market instruments	-	6,342,118	-	6,342,118
Derivative financial assets	-	170,035	-	170,035
	111,337	12,711,612	147,486	12,970,435
Liabilities				
Derivative financial liabilities	-	325,755	-	325,755

* Net of allowance for impairment losses

50 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table presents the changes in Level 3 instruments for the financial year ended:-

Group	2015 RM'000	2014 RM'000
As at beginning of the financial year	147,486	134,235
Purchases	500	9,674
Sales	-	(10,221)
Exchange differences	-	548
Total gains recognised in other comprehensive income	75,578	13,800
Allowance for impairment losses	-	(550)
As at end of the financial year	223,554	147,486

<u>Effect of changes in significant unobservable assumptions to reasonably possible alternative</u>

As at reporting date, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) mainly include unquoted shares held for socio economic purposes.

Qualitative information about the fair value measurements using significant unobservable inputs (Level 3):-

Group	Fair Value Assets 2015 RM'000	Fair Value Assets 2014 RM'000	Valuation techniques	Unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial investments available-for-sale					
- Unquoted shares	223,554	147,486	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value

In estimating its significance, the Group uses an approach that is currently based on methodologies used for fair value adjustments. These adjustments reflect the values that the Group estimates are appropriate to adjust from the valuations produced to reflect for uncertainties in the inputs used. The methodologies used can be statistical or other relevant approved techniques.

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

50 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following tables analyse within the fair value hierarchy of the Group's and the Company's assets and liabilities not measured at fair value as at reporting date but for which fair value is disclosed:-

	Carrying value	Fair Value			
		Level 1	Level 2	Level 3	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000
2015					
Financial assets					
Financial investments held-to-maturity	459,368	-	442,304	-	442,304
Loans, advances and financing	43,345,290	-	43,060,045	-	43,060,045
	43,804,658	-	43,502,349	-	43,502,349
Financial liabilities					
Deposits from customers	50,548,747	-	50,569,344	-	50,569,344
Recourse obligation on loans sold to Cagamas Berhad	134,585	-	136,065	-	136,065
	50,583,332	-	50,705,409	-	50,705,409
2014					
Financial assets					
Financial investments held-to-maturity	652,741	-	649,709	-	649,709
Loans, advances and financing	40,492,016	-	40,207,095	-	40,207,095
	41,144,757	-	40,856,804	-	40,856,804
Financial liabilities					
Deposits from customers	50,604,005	-	50,605,254	-	50,605,254
Deposits and placements of banks and other financial institutions	5,367,803	-	5,367,441	-	5,367,441
Recourse obligation on loans sold to Cagamas Berhad	139,147	-	140,764	-	140,764
Borrowings	972,458	-	972,637	-	972,637
	57,083,413	-	57,086,096	-	57,086,096

50 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following tables analyse within the fair value hierarchy of the Group's and the Company's assets and liabilities not measured at fair value as at reporting date but for which fair value is disclosed:-

	Carrying value	Fair Value			
		Level 1	Level 2	Level 3	Total
Company	RM'000	RM'000	RM'000	RM'000	RM'000
2014					
Financial liabilities					
Borrowings	972,458	-	972,637	-	972,637

Other than as disclosed above, the total fair value of each financial assets and liabilities presented on the statements of financial position as at reporting date of the Group and the Bank approximates the total carrying amount.

The fair value estimates were determined by application of the methodologies and assumptions described below:-

Short-term funds and placements with banks and other financial institutions

For short-term funds and placements with banks and other financial institutions with maturities of less than six months, the carrying amount is a reasonable estimate of the fair value.

For amounts with maturities of six months or more, fair values have been estimated by reference to current rates at which similar deposits and placements would be made with similar credit ratings and maturities.

Financial investments held-to-maturity

The fair values of financial investments held-to-maturity are reasonable estimates based on quoted market prices. In the absence of such quoted prices, the fair values are based on the expected cash flows of the instruments discounted by indicative market yields for the similar instruments as at reporting date or the audited net tangible asset of the invested company.

Loans, advances and financing

Loans, advances and financing of the Group comprise of floating rate loans and fixed rate loans. For performing floating rate loans, the carrying amount is a reasonable estimate of their fair values.

The fair values of performing fixed rate loans are arrived at using the discounted cash flows based on the prevailing market rates of loans, advances and financing with similar credit ratings and maturities.

The fair values of impaired loans, advances and financing, whether fixed or floating are represented by their carrying values, net of individual and collective allowances, being the reasonable estimate of recoverable amount.

Other assets and liabilities

The carrying value less any estimated allowance for financial assets and liabilities included in other assets and other liabilities are assumed to approximate their fair values.

Deposits from customers, banks and other financial institutions, bills and acceptances payable

The carrying values of deposits and liabilities with maturities of six months or less are assumed to be reasonable estimates of their fair values. Where the remaining maturities of deposits and liabilities are above six months, their estimated fair values are arrived at using the discounted cash flows based on prevailing market rates currently offered for similar remaining maturities.

The estimated fair value of deposits with no stated maturity, which include non-interest bearing deposits, approximates carrying amount which represents the amount repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

50 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Recourse obligation on loans sold to Cagamas Berhad

For floating rate loans sold to Cagamas Berhad, the carrying value is generally a reasonable estimate of their fair values.

The fair values of fixed rate loans sold to Cagamas Berhad are arrived at using the discounted cash flow methodology at prevailing market rates of similarly profiled loans.

Borrowings

For fixed rate borrowings, the estimate of fair value is based on discounted cash flow model using prevailing lending rates for borrowings with similar risks and remaining term to maturity.

For floating rate borrowings, the carrying value is generally a reasonable estimate of their fair values.

51 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

In accordance with MFRS 132 "Financial Instruments: Presentation", the Group report financial assets and financial liabilities on a net basis on the statements of financial position only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangement on:-

- All financial assets and liabilities that are reported net on statements of financial position; and
- All derivative financial instruments and reverse purchase and repurchased agreements and other similar secured lending and borrowing agreements that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for statements of financial position netting.

The table identifies the amounts that have been offset in the statements of financial position and also those amounts that are covered by enforceable netting arrangements (offsetting arrangements and financial collateral) but do not qualify for netting under the requirements of MFRS 132 described above.

The "Net amounts" presented below are not intended to represent the Group's actual exposure to credit risk, as a variety of credit mitigation strategies are employed in addition to netting and collateral arrangements.

Related amount not offset

Derivative financial assets and liabilities

The 'Financial instruments' column identifies financial assets and liabilities that are subject to set off under netting agreements, such as the ISDA Master Agreement or derivative exchange or clearing counterparty agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transaction covered by the agreements if an event of default or other predetermined events occur.

Financial collateral refers to cash and non-cash collateral obtained, typically daily or weekly, to cover the net exposure between counterparties by enabling the collateral to be realised in an event of default or if other predetermined events occur.

Obligation on securities sold under repurchase agreements The 'Financial Instruments' column identifies financial assets and liabilities that are subject to set-off under netting agreements, such as global master repurchase agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transaction covered by the agreements if an event of default or other predetermined events occur.

51 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Related amount not offset (continued)

Derivative financial assets and liabilities (continued)

	Effects of offsetting on the statement of financial position			Related amounts not offset		
	Gross amount	Amount offset	Net amount reported on statement of financial position	Financial instruments	Financial collateral	Net amount
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015						
Derivatives financial assets	293,864	-	293,864	(154,415)	-	139,449
Trade receivables						
- Amount due from Bursa Securities Clearing Sdn Bhd	593,363	(542,330)	51,033	-	-	51,033
	887,227	(542,330)	344,897	(154,415)	-	190,482
Obligation on securities sold under repurchase agreements	1,740,946	-	1,740,946	(1,740,946)	-	-
Derivatives financial liabilities	555,867	-	555,867	(154,415)	(61,841)	339,611
Trade payables						
- Amount due to Bursa Securities Clearing Sdn Bhd	542,330	(542,330)	-	-	-	-
	2,839,143	(542,330)	2,296,813	(1,895,361)	(61,841)	339,611
2014						
Derivatives financial assets	170,035	-	170,035	(49,087)	-	120,948
Trade receivables						
- Amount due from Bursa Securities Clearing Sdn Bhd	3,185,715	(3,158,866)	26,849	-	-	26,849
	3,355,750	(3,158,866)	196,884	(49,087)	-	147,797
Derivatives financial liabilities	325,755	-	325,755	(49,087)	(25,697)	250,971
Trade payables						
- Amount due to Bursa Securities Clearing Sdn Bhd	3,158,866	(3,158,866)	-	-	-	-
	3,484,621	(3,158,866)	325,755	(49,087)	(25,697)	250,971

52 CLIENTS TRUST ACCOUNTS

As at 31 December 2015, cash held in trust for the clients by the Group amounted to RM463,616,000 (2014: RM471,253,000). These amounts are not recognised in the financial statements as they are held by the Group's fiduciary capacity.

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2015

53 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURTIES BERHAD LISTING REQUIREMENTS

Realised and unrealised unappropriated profits

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses into realised and unrealised profits or losses as at the end of the reporting period. On 20 December 2010, Bursa Malaysia had also issued a guide to all listed issuers on the disclosure requirement for the realised and unrealised unappropriated profits and losses.

Pursuant to the above directives, the breakdown of retained profits of the Group and Company into realised and unrealised profits as at reporting date is disclosed as follows:-

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained profits of AFFIN Holdings Berhad and its subsidiaries:-				
- Realised	2,018,252	2,070,159	909,587	844,015
- Unrealised				
- deferred tax recognised in the income statement	18,469	21,157	(27)	(68)
- other items of income and expenses	157,623	79,487	-	-
	2,194,344	2,170,803	909,560	843,947
Total share of retained profits in associate:-				
- Realised	242,070	217,552	-	-
- Unrealised	5,412	2,966	-	-
Total share of retained losses in joint ventures:-				
- Realised	(32,540)	(13,758)	-	-
- Unrealised	(1,206)	(1,080)	-	-
	2,408,080	2,376,483	909,560	843,947
Add: Consolidation adjustments	(229,451)	(289,251)	-	-
Total Group retained profits as per consolidated financial statements	2,178,629	2,087,232	909,560	843,947

The breakdown of realised and unrealised retained profits is determined based on the Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" issued by the Malaysian Institute of Accountants on 20 December 2010.

The unrealised retained profits of the Group as disclosed above does not include translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts. These translation gains and losses are incurred in the ordinary course of business of the Group and hence deemed as realised.

The above disclosure of realised and unrealised unappropriated profits and losses is strictly for the compliance of the disclosure requirements stipulated in the directive issued by Bursa Malaysia and should not be used for any other purposes.

STATEMENT BY DIRECTORS

Pursuant To Section 169(15) Of The Companies Act, 1965

We, Tan Sri Dato' Seri Lodin bin Wok Kamaruddin and Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad, two of the directors of AFFIN Holdings Berhad, state that, in the opinion of the directors, the accompanying financial statements set out on pages 86 to 211 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2015 and of the results and cash flows of the Group and the Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 3 March 2016.

TAN SRI DATO' SERI LODIN BIN WOK KAMARUDDIN
Director

RAJA TAN SRI DATO' SERI AMAN BIN RAJA HAJI AHMAD
Director

Kuala Lumpur
3 March 2016

DECLARATION

Pursuant To Section 169(16) Of The Companies Act, 1965

I, Lee Yoke Kiow, the officer primarily responsible for the financial management of AFFIN Holdings Berhad, do solemnly and sincerely declare that in my opinion, the financial statements set out on pages 86 to 211 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

LEE YOKE KIOW

Subscribed and solemnly declared by the above named Lee Yoke Kiow at Kuala Lumpur in Malaysia on
3 March 2016 before me.

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

To The Members Of AFFIN Holdings Berhad
(Company No. 23218-W) (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of AFFIN Holdings Berhad on pages 86 to 210, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of income, comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Note 1 to Note 52.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT

To The Members Of AFFIN Holdings Berhad
(Company No. 23218-W) (Incorporated in Malaysia)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:-

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 53 on page 211 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

SOO HOO KHOON YEAN
(No. 2682/10/17 (J))
Chartered Accountant

Kuala Lumpur
3 March 2016

ADDITIONAL DISCLOSURE
Pursuant to Listing Requirements

The information set out below is disclosed in accordance with the Main Market Listing Requirements of Bursa Malaysia Sdn Bhd ("**BMSB**"):-

1. Utilisation of proceeds from corporate proposal

Not Applicable.

2. Share buy-backs during the financial year

The Company did not carry out any share buy-backs exercise during the financial year ended 31 December 2015.

3. Options, warrants or convertible securities exercised

No options, warrants or convertible securities were issued by the Company or exercised during the financial year ended 31 December 2015.

4. Sanctions/penalties

There were no material sanctions and/or penalties imposed on the Company and its subsidiaries, directors and management by the relevant regulatory bodies during the financial year ended 31 December 2015.

5. Non-audit fees

	Group RM'000	Company RM'000
Non-audit fees paid to external auditors for the financial year ended 31 December 2015	652	271

6. Variation in result

There were no profit estimate, forecast and projection issued by AFFIN Holdings Berhad and its subsidiary companies during the financial year ended 31 December 2015.

7. Profit guarantee

There were no profit guarantees given by the Company and its subsidiaries during the financial year ended 31 December 2015.

8. Revaluation policy of landed properties

The Group does not revalue its landed properties classified as Property, Plant and Equipment.

9. Material contracts

There were no material contracts outside the ordinary course of business entered by the Group during the financial year except for those disclosed in note 46 to the financial statements.

10. Recurrent Related Party Transactions of a Revenue or Trading Nature

At the Annual General Meeting held on 20 April 2015, the Company obtained Shareholders' Mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with Section 3.1.5 of Practice Note No. 12 of the BMSB Main Market Listing Requirements, the details of recurrent related party transactions conducted during the financial year ended 31 December 2015 pursuant to the Shareholders' Mandate are disclosed as follows:-

Name of Company	Related Company	Nature of Transaction	Interested Directors/Major Shareholders/Person(s) Connected to Interested Directors or Interested Major Shareholders	Value of Transaction RM'000
AFFIN Holdings Berhad (AFFIN)	Irat Hotels & Resorts Sdn Bhd (Irat)	Rental payment by AFFIN for office premises, car park and utilities charges payable monthly for a lease term renewable every three (3) years and payment for other related services	<u>Interested Directors</u> Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin <u>Interested Major Shareholders</u> LTAT and Boustead	909
	Boustead Travel Services Sdn Bhd (Boustead Travel)	Provision of travelling related services to AFFIN	<u>Interested Directors</u> Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin <u>Interested Major Shareholders</u> LTAT and Boustead	41
	Boustead Hotels & Resorts Sdn Bhd (Boustead Hotels & Resorts)	Hotel facilities and refreshment provided to AFFIN	<u>Interested Directors</u> Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin <u>Interested Major Shareholders</u> LTAT and Boustead	240
	Boustead Information Technology Sdn Bhd (Boustead Information Technology)	Provision for information technology support services and facility for external storage to AFFIN	<u>Interested Directors</u> Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin <u>Interested Major Shareholders</u> LTAT and Boustead	2

ADDITIONAL DISCLOSURE
Pursuant to Listing Requirements

Name of Company	Related Company	Nature of Transaction	Interested Directors/Major Shareholders/Person(s) Connected to Interested Directors or Interested Major Shareholders	Value of Transaction RM'000
AFFIN (continued)	Tricor Issuing House (Tricor)	Special registrar services provided to AFFIN	Interested Directors Professor Arthur Li Kwok Cheung, Ignatius Chan Tze Ching, Joseph Yuk Wing Pang, Adrian David Li Man Kiu, Lee Chor Kee and Peter Yuen Wai Hung Interested Major Shareholder The Bank of East Asia, Limited	17
AFFIN Bank Berhad (ABB)	Perbadanan Perwira Niaga Malaysia (Perwira Niaga)	Rental payment by ABB for office premises, service charge and space for Automated Teller Machine (ATM) at various locations for a lease period ranging from two (2) to three (3) years	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	136
	Boustead Travel	Provision of travelling related services to ABB	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	873
	Boustead Properties Sdn Bhd (Boustead Properties)	Rental payment by ABB for office premises and car park payable monthly for a lease term renewable every five (5) years (Menara AFFIN)	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	11,804
	Lembaga Tabung Angkatan Tentera (LTAT)	Rental payment by ABB for office premises and car park payable monthly for a lease term renewable every three (3) years	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	239

Name of Company	Related Company	Nature of Transaction	Interested Directors/Major Shareholders/Person(s) Connected to Interested Directors or Interested Major Shareholders	Value of Transaction RM'000
ABB (continued)	Boustead Curve Sdn Bhd (Boustead Curve)	Rental payment by ABB for office premises, car parking and utilities charges for a lease term renewable every three (3) years and payment for other related services (The Curve)	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	203
	Boustead Hotels & Resorts	Hotel facilities and refreshment provided to ABB	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	334
	Boustead Hotels & Resorts	Rental payment by ABB for space of ATM machine at The Royale Chulan Kuala Lumpur Hotel	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	12
	Boustead Petroleum Marketing Sdn Bhd (Boustead Petroleum)	LED advertising charges and related expenses to ABB	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	76
	Boustead Petroleum	Rental payment by ABB for space of ATM machine at BHP petrol stations	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	163

ADDITIONAL DISCLOSURE
Pursuant to Listing Requirements

Name of Company	Related Company	Nature of Transaction	Interested Directors/Major Shareholders/Person(s) Connected to Interested Directors or Interested Major Shareholders	Value of Transaction RM'000
ABB (continued)	Rosnah binti Omar	Rental payment by ABB for branch premises payable monthly for a lease term renewable every three (3) years (Ara Damansara)	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Seri Lodin bin Wok Kamaruddin and Rosnah binti Omar Interested Major Shareholders LTAT and Boustead	79
AFFIN Islamic Bank Berhad (AFFIN Islamic)	Boustead Travel	Provision of travelling related services to AFFIN Islamic	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	104
	Boustead Hotels & Resorts	Hotel facilities and refreshment provided to AFFIN Islamic	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	–
AFFIN Hwang Investment Bank Berhad (AFFIN Hwang Investment)	Boustead Realty Sdn Bhd (Boustead Realty)	Rental payment by AFFIN Hwang Investment for office premises, car parking and utilities charges for a lease term renewable every three (3) years and payment for other related services (Menara Boustead)	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	2,793
	Boustead Travel	Provision of travelling related services to AFFIN Hwang Investment	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	301

ADDITIONAL DISCLOSURE
Pursuant to Listing Requirements

Name of Company	Related Company	Nature of Transaction	Interested Directors/Major Shareholders/Person(s) Connected to Interested Directors or Interested Major Shareholders	Value of Transaction RM'000
AFFIN Hwang Investment (continued)	Boustead Petroleum	Petrol consumption	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	11
	Boustead Curve	Rental payment by AFFIN Investment for office premises, car parking and utilities charges for a lease term renewable every three (3) years and payment for other related services (The Curve)	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	281
	Irat	Rental payment by AFFIN Investment for office premises, car parking and utilities charges for a renewable lease term every three (3) years and payment for other related services (Chulan Tower)	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	2,520
	Boustead Hotels & Resorts	Hotel facilities and refreshment provided to AFFIN Investment for staff in-house training and other expenses	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	117
	Boustead	Rental of conference room meeting by AFFIN Investment	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	–

ADDITIONAL DISCLOSURE
Pursuant to Listing Requirements

Name of Company	Related Company	Nature of Transaction	Interested Directors/Major Shareholders/Person(s) Connected to Interested Directors or Interested Major Shareholders	Value of Transaction RM'000
AFFIN Hwang Investment (continued)	Sure Reach Tricor Record Management Sdn Bhd	Payment by AFFIN Investment for document storage services	Interested Directors Professor Arthur Li Kwok Cheung, Ignatius Chan Tze Ching, Joseph Yuk Wing Pang, Adrian David Li Man Kiu, Lee Chor Kee and Peter Yuen Wai Hung Interested Major Shareholder The Bank of East Asia, Limited	18 [see note below]
	Boustead Weld Quay Sdn Bhd	Accommodation and meeting package	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	6
AFFIN Hwang Asset Management	LTAT	Management fees payable by LTAT to AFFIN Hwang Asset Management	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	183
	Boustead Travel	Provision of travelling related services to AFFIN Hwang Asset Management	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	476
	Nikko Asset Management	Management fees and sales charge payable by Nikko Asset Management to AFFIN Hwang Asset Management	Interested Directors Blair Chilton Pickerell, Seet Oon Eleanor (Xue Enhui Eleanor) and David Jonathan Semaya Interested Major Shareholder Nikko Asset Management	–

Note:
Sure Reach Tricor Record ceased to be a wholly-owned subsidiary of The Bank of East Asia, Limited upon the disposal by Tricor Services (Malaysia) Sdn Bhd of its 100% equity interest in the said company on 16 July 2015. Accordingly, Sure Reach Tricor Record ceased to be a related party effective 16 July 2015. The value of transaction reported is up to 16 July 2015.

ADDITIONAL DISCLOSURE
Pursuant to Listing Requirements

Name of Company	Related Company	Nature of Transaction	Interested Directors/Major Shareholders/Person(s) Connected to Interested Directors or Interested Major Shareholders	Value of Transaction RM'000
AFFIN Hwang Asset Management (continued)	Nikko Asset Management	Management fees payable by AFFIN Hwang Asset Management to Nikko Asset Management	Interested Directors Blair Chilton Pickerell, Seet Oon Eleanor (Xue Enhui Eleanor) and David Jonathan Semaya Interested Major Shareholder Nikko Asset Management	1,051
	Nikko Asset Management	Advisory fees payable by AFFIN Hwang Asset Management to Nikko Asset Management	Interested Directors Blair Chilton Pickerell, Seet Oon Eleanor (Xue Enhui Eleanor) and David Jonathan Semaya Interested Major Shareholder Nikko Asset Management	608
	Nikko Asset Management	Commission payable by AFFIN Hwang Asset Management to Nikko Asset Management	Interested Directors Blair Chilton Pickerell, Seet Oon Eleanor (Xue Enhui Eleanor) and David Jonathan Semaya Interested Major Shareholder Nikko Asset Management	–
AFFIN Moneybrokers Sdn Bhd (AFFIN Moneybrokers)	Boustead Realty	Rental payment by AFFIN Moneybrokers for office premises and car park payable monthly for a lease term renewable every three (3) years and payment for other related services	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	380
	Boustead Travel	Provision of travelling related services to AFFIN Moneybrokers	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	52

ADDITIONAL DISCLOSURE
Pursuant to Listing Requirements

Name of Company	Related Company	Nature of Transaction	Interested Directors/Major Shareholders/Person(s) Connected to Interested Directors or Interested Major Shareholders	Value of Transaction RM'000
AXA AFFIN Life Insurance Berhad (AXA AFFIN Life)	Irat	Rental payment by AXA AFFIN Life for office premises, car park and utilities charges for lease term renewable every three (3) years and payment for other related services	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	1,771
	AXA Asia Pacific Ltd	Provision of information technology and other support services to AXA AFFIN Life	Interested Directors Kevin John Wright, Benoit Michel Claveranne and Loke Kah Meng Interested Major Shareholder AXA Asia Pacific Ltd	9,089
	AXA Asia Pacific Ltd	Software development and license fees by AXA Asia Pacific Ltd to AXA AFFIN Life	Interested Directors Kevin John Wright, Benoit Michel Claveranne and Loke Kah Meng Interested Major Shareholder AXA Asia Pacific Ltd	4,896
	Boustead Travel	Provision of travelling related services to AXA AFFIN Life	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	868
	Boustead Hotels & Resorts	Hotel facilities and refreshment provided to AXA AFFIN Life	Interested Directors Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	99
Total				40,752

PARTICULARS OF PROPERTIES
As at 31 December 2015

No.	Title/Lot No.	Location/Address	Description/ Existing Use	Tenure	Area Sq. Ft L : Land Area B : Built-Up Area	Approx. Age of Building (Years)	Net Book Value as at 31/12/2015 (RM)
1	HS(D) 5217 PT. 90 Section 1 Town of Port Swethenham District of Klang	No. 1, Jln Berangan 42000 Port Klang Selangor Darul Ehsan	4 Storey Shop Office / Branch Premises (Port Klang) CRC	Freehold	L : 3,000 B : 12,768	34	420,756
2	Lot 51412 & 51413 HS(D) 23844 & 23843 PT. 3479 & 3480 Mukim of Kuala Lumpur District of W. Persekutuan	No. 4 & 6 Jalan Telawi 3 Bangsar Baru 59100 Kuala Lumpur Wilayah Persekutuan	2 Units 3 Storey Shop Office / Branch Premises (Bangsar) CRC	Freehold	L : 4,659 B : 11,858	24	3,122,506
3	HS(M) 4961 PT. 457 HS(M) 4962 PT. 458 Mukim of Kajang District of Ulu Langat	No. 2 & 3, Jln Saga Tmn Sri Saga off Jln Sg Chua 43000 Kajang Selangor Darul Ehsan	2 Units 3 1/2 Storey Shop Office / Branch Premises (Kajang) CRC	Freehold	L : 3,510 B : 11,136	20	217,320
4	Plot 65 & 66 HS(D) 7570 & 7571 Lot 8552 & 8553 Mukim 12 District of Barat Daya	No. 124 & 126 Jalan Mayang Pasir Tmn Sri Tunas 11950 Bayan Baru Pulau Pinang	2 Units 3 Storey Shop Office / Branch Premises (Bayan Baru) CRC	Freehold	L : 3,080 B : 8,360	23	991,119
5	HS(D) 11547, 11548 PT. 15727, 15728 Mukim of Ampang	No. 11 & 11A Jln Mamanda 7/1 Ampang Point 68000 Ampang Selangor Darul Ehsan	5 Storey Shop Office (Occupied Ground & 1st Floor Only) / Branch Premises (Ampang Jaya) CRC	Freehold	L : 3,261 B : 5,658.4	19	991,744
6	HS(D) 52849,52850, 52988 & 52989 PT. 2, 3, 6620 & 6621 Mukim of Batu District of Wilayah Persekutuan	No. 81, 83 & 85 Jalan 2/3A Pusat Pasar Borong km 12, Jalan Ipoh 68100 Batu Caves Kuala Lumpur	3 Units 4 Storey Shop Office / Branch Premises (Selayang) CRC	Leasehold / Expiry : 01/01/2086	L : 4,950 B : 16,733	20	960,915
7	HS(D) 39216, K1 PT. 2068 Mukim and District of Petaling	No. 1, Jln TK 1/11A Tmn Kinrara Section 1 Batu 7 ½ Jln Puchong 58200 Selangor Darul Ehsan	3 Storey Shop Office + Basement / Branch Premises (Kinrara) CRC	Leasehold / Expiry : 27/8/2091	L : 3,900 B : 15,600	21	1,365,036
8	HS(D) 9406, Lot 8226 & PT. 4045 HS(D) 9407, Lot 8227 & PT. 4046 Mukim of Damansara District of Petaling	No. 7 & 9 Jln SS 15/8A 47500 Petaling Jaya Selangor Darul Ehsan	2 Units 4 Storey Shop Office / Branch Premises (Subang Jaya) CRC	Freehold	L : 3,520 B : 9,944	22	960,771
9	HS(D) 2874 & PTD 4161 Township of Kluang District of Kluang	No. 503 Jln Mersing 86000 Kluang Johor Darul Takzim	3 Storey Shop Office / Branch Premises (Kluang) CRC/HPC	Freehold	L : 6,000 B : 9,944	22	458,827
10	HS(M) 6367, PT. 7485 Mukim of Chenor District of Maran	Nadi Kota Bandar Pusat Jengka 26400 Jengka Pahang Darul Makmur	Single Storey Bungalow / Branch Premises (Jengka) CRC	Leasehold / Expiry : 21/8/2091	L : 20,056 B : 2,100	25	383,968
11	GM 2251 & 2252 Lot 3991 & 3992 Mukim 5 District of Seberang Perai Utara	No. 1317 & 1318 Tmn Sepakat off Jln Butterworth 13200 Kepala Batas Seberang Prai Utara Pulau Pinang	2 Units 3 Storey Shop Office / Branch Premises (Kepala Batas) CRC	Freehold	L : 2,390 B : 6,920	20	501,442

PARTICULARS OF PROPERTIES
As at 31 December 2015

No.	Title/Lot No.	Location/Address	Description/ Existing Use	Tenure	Area Sq. Ft L : Land Area B : Built-Up Area	Approx. Age of Building (Years)	Net Book Value as at 31/12/2015 (RM)
12	Town Lease No. 017541374 & 017541383 Lot 82 & 83, Blok K Mukim of Karamunsing District of Kota Kinabalu	Lot 19 & 20 Sadong Jaya Complex Jalan Juara Ikan 3 Karamunsing 88300 Kota Kinabalu Sabah	4 Storey Shop Office / Branch Premises (Kota Kinabalu) CRC	Leasehold / Expiry : 21/1/2901	L : 2,780 B : 10,144	22	2,202,313
13	HS(D) 73618 & 73619 PT. 5733 & 5734 Mukim of Labu District of Seremban	No. 5733 & 5734 Jln TS 2/1 Tmn Semarak, Phase II 71800 Nilai, N. Sembilan	2 Units 3 Storey Shop Office / Branch Premises (Nilai) CRC	Freehold	L : 3,600 B : 10,800	21	680,569
14	HS(D) 7156, 7157, 7187 & 7188 PT. 34, 35, 65 & 66 Bandar Bukit Baru Seksyen 11 District of Melaka Tengah	No. 7 & 8, Jalan DR1 Delima Point Taman Delima Raya 75150 Melaka	2 Units 5 Storey Shop Office / Branch Premises (Bukit Baru) CRC	Freehold	L : 3,509 B : 17,160	19	1,386,090
15	HS(D) 143324, PT. 18 Seksyen 14 Bandar Shah Alam Selangor Darul Ehsan	A. Commercial Land Precint 3.4 Pusat Bandar Shah Alam B. Bangunan AFFIN Bank	16-Storey Building With 4 Storey Basement Building (Bangunan AFFIN Bank Shah Alam)	Leasehold / Expiry : 11/5/2100	L : 32,561 B : 81,400	16	39,352,234
16	Lot S03 & S04 PT. 72, HS(D) 7295 District of Port Dickson	No. 3 & 4, Jalan Aman Kawasan Penambakan Laut Bandar Port Dickson 71009 Negeri Sembilan	2 Units 3 Storey Shop Office / Branch Premises (Port Dickson) CRC	Leasehold / Expiry : 31/1/2085	L : 3,532 B : 9,900	19	733,984
17	Lot 2387 & 2388 Block 5 District of Miri	Lot 2387 & 2388 Jalan Boulevard 1A Boulevard Commercial Centre 3km, Jalan Miri-Pujut 98000 Miri, Sarawak	2 Units 3 Storey Shop Office / Branch Premises (Miri) CRC	Leasehold / Expiry : 21/1/2050	L : 3,190 B : 8,371	19	785,293
18	PTD 48474 & 48475 HS(D) 86046 & 86047 Mukim of Plentong District of Johor Bharu	No. 130 & 132 Jln Rosmerah 2/17 Tmn Johor Jaya 81100 Johor Darul Takzim	2 Units 3 Storey Shop Office / Branch Premises (Johor Jaya) CRC	Freehold	L : 4,773 B : 14,319	21	1,468,884
19	PTD 100479 & 100480 Mukim of Plentong District of Johor Bahru	No. 23 & 25 Jalan Permas 10/2 Permas Jaya 81750 Masai Johor Bahru Johor Darul Takzim	2 Units 4 Storey Shop Office / Branch Premises (Permas Jaya) CRC	Freehold	L : 3,840 B : 13,440	22	1,790,895
20	PT. 3686 & 3687 HS(D) 5167 & 5168 Mukim 1 District of Seberang Perai Tengah Penang	No. 10 Jln Todak 1 Pusat Bandar Seberang Jaya 13700 Perai Penang	4 Storey Shop Office / Branch Premises (Seberang Jaya) CRC	Leasehold / Expiry : 21/10/2092	L : 3,681 B : 13,716	19	1,706,313
21	Lot 175 & 176 PT. 1386 & 1387 Grant 6787 Mukim of Kuah District of Langkawi	No. 149-A, 149-B & 149-C No. 151-A, 151-B & 151-C Persiaran Bunga Raya Langkawi Mall 07000 Kuah Langkawi Kedah	2 Adjacent Lot 3 Storey Shop Office / Branch Premises (Kuah) CRC	Freehold	L : 3,304 B : 9,912	18	1,244,321

PARTICULARS OF PROPERTIES
As at 31 December 2015

No.	Title/Lot No.	Location/Address	Description/ Existing Use	Tenure	Area Sq. Ft L : Land Area B : Built-Up Area	Approx. Age of Building (Years)	Net Book Value as at 31/12/2015 (RM)
22	Lot 1894 Title No. 1289 & Lot 1895 Title No. 1290, Daerah & Bandar Kuala Terengganu Negeri Terengganu	63 & 63A , Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman	3 Storey Shop Office / Branch Premises (Kuala Terengganu) CRC	Leasehold / Expiry : 18/12/2048	L : 4,171 B : 8,128	15	1,431,030
23	Lot 14127 & 14128 Grants 7792 & 7793 Mukim of Setapak District of Kuala Lumpur	No. 159 & 161 Jalan Genting Kelang 53300 Setapak Kuala Lumpur	2 Units 3 Storey Shop Office with Basement / Branch Premises (Setapak) CRC	Freehold	L : 4,306 B : 17,224	27	1,771,069
24	HS(D) 67774 & 67773 Lot 29427 & 29428 Mukim of Kuala Lumpur District & State of Wilayah Persekutuan	No. 47 & 49 Jalan Tun Mohd Fuad 3 Taman Tun Dr Ismail 60000 Kuala Lumpur	2 Units 3 Storey Shop Office / Branch Premises (TTDI) CRC	Freehold	L : 5,138 B : 11,250	24	3,626,449
25	HS(D) 16728, PTD 9887 & HS(D) 16729, PTD 9888, Mukim of Simpang Kanan District of Batu Pahat	No. 3 & 4 Jalan Merah Taman Bukit Pasir 83000 Batu Pahat Johor Darul Takzim	2 Units 3 Storey Shop House / Branch Premises (Batu Pahat) CRC	Freehold	L : 3,080 B : 16,227	25	746,912
26	HS(M) 14862 & 14863 PT. 21350 & 21351 Tempat Bukit Raja Mukim of Kapar District of Klang	No. 29 & 31 Jalan Tiara 3 Bandar Baru Kelang 41150 Kelang Selangor Darul Ehsan	2 Units 4 Storey Shop Office / Branch Premises (Klang Utara) CRC	Leasehold / Expiry : 8/5/2093	L : 3,300 B : 13,200	18	2,579,641
27	PTD 62642 & 62643 HS(D) 227069 & 227070 Mukim of Pulai District of Johor Bahru	No. 49 & 51 Jalan Sri Perkasa 2/1 Taman Tampoi Utama 81200 Tampoi Johor Bahru Johor Darul Takzim	2 Adjacent Lot 3 Storey Shop House / Branch Premises (Tampoi) CRC	Leasehold / Expiry : 13/4/2094	L : 5,468 B : 10,710	18	1,194,230
28	Lot 436 & 437 Geran No. 12256 & 12257 Section 13 District of Kota Bharu New Title:- HS(D) KB. 4/98, No. PT. 133 & HS(D) KB. 5/98, No. PT. 134, Section 13 District of Kota Bharu	No. 3788 H & 3788 I Section 13 Jalan Sultan Ibrahim 15050 Kota Bharu Kelantan Darul Naim	2 Units 3 Storey Shop Office / Branch Premises (Kota Bahru) CRC	Leasehold / Expiry : 09/03/2064	L : 3,200 B : 9,152	30	815,585
29	Sub-Lot 13 Lot 3060 District of Bintulu	Sub Lot 13, off Lot 3299 Bintulu Town District off Jalan Diwarta 97000 Bintulu Sarawak	1 Units 3 Storey Shop Office / Branch Premises (Bintulu) CRC	Leasehold / Expiry : 29/3/2055	L : 3,240 B : 9,720	18	603,905
30	Lot 27/28, Seksyen 1 No. Hakmilik 980/981 Mukim of Pekan Batu	No. 840 & 842 Bt 4 ½ Jalan Ipoh 51200 Kuala Lumpur	4 1/2 Storey Building with Basement / Branch Premises (Batu Cantonment) CRC	Leasehold / Expiry : 13/01/2037	L : 3,081 B : 9,243	30	1,383,495
31	HS(M) 6836 PT. 14531 Mukim of Damansara District of Petaling	No. 301, 401 & 501 Block C, Menara Glomac Kelana Business Centre 97, Jalan 227/2 47301 Kelana Jaya Selangor Darul Ehsan	Branch Premises	Leasehold / Expiry : 21/11/2092	L : N/A B No. 301 : 6,916 No. 401 : 6,916 No. 501 : 6,916	15	5,199,476

PARTICULARS OF PROPERTIES
As at 31 December 2015

No.	Title/Lot No.	Location/Address	Description/ Existing Use	Tenure	Area Sq. Ft L : Land Area B : Built-Up Area	Approx. Age of Building (Years)	Net Book Value as at 31/12/2015 (RM)
32	HS(D) 96849 (30438 [New]) Lot/PT. 6536 (28035 [New]) Mukim of Setapak District & State of Wilayah Persekutuan	No. 2, Jln 1/27F KLSC Wangsa Maju 53300 Kuala Lumpur [C7/50/86-1&C7/50/86-2 C7/50/86-4, C7/50/86-3]	4 Storey Shop Office Corner Unit / Branch Premises (Wangsa Maju) CRC	Leasehold / Expiry : 19/04/2083	L : 4,480 B : 14,920	17	2,359,005
	HS(D) 96848 (30437) Lot/PT. 6537 (28034) Mukim of Setapak District & State of Wilayah Persekutuan	No. 4, Jln 1/27F KLSC Wangsa Maju 53300 Kuala Lumpur [C7/50/85-1, C7/50/85-3]	3 Storey Shop Office / Branch Premises (Wangsa Maju) CRC	Leasehold / Expiry : 19/04/2083	L : 1,920 B : 5,760		
33	HS(D) 23766 PT. 199, Section 40 Mukim Kuala Lumpur	133, Jalan Bunus off Jalan Masjid India 50100 Kuala Lumpur	1 Unit 4 1/2 Storey Shop Office / Branch Premises (Jalan Bunus) CRC	Freehold	L : 1,539.9 B : 7,699.8	15	3,205,824
34	GM 405, Lot 1927 GM 407, Lot 2007 GM 409, Lot 2006 Mukim Nibong Tanah Merah Kelantan	Lot PT. 1995/1996 Bandar Baru Bukit Bunga 17700 Tanah Merah Kelantan Darul Naim	1 Unit 2 Storey Shop Office / Branch Premises (Jeli) CRC	Freehold	L : 2,000 B : 4,000	15	277,310
35	HS(D) 103053 Lot No. 770, Section 11 District of Petaling Town of Shah Alam	No. 11 & 12 Kompleks Perdagangan UMNO Persiaran Damai 40000 Shah Alam Selangor Darul Ehsan	1 Unit 4 Storey Shop Office / Branch Premises (BIC, Mortgage & Storage)	Leasehold / Expiry : 12/05/2095	L : 1,650 B : 8,000	15	1,838,235
36	HS(D) 4705 & 4706 District of Melaka Tengah	No. 200 & 201 Taman Melaka Raya off Jalan Parameswara 75000 Melaka	2 Units 3 Storey Shop Office / Branch Premises (Melaka Raya) CRC/HPC	Leasehold / Expiry : 19/12/2075	L : 4,430 B : 10,031	35	464,848
37	HS(D) 36868, Lot 25724 Mukim of Petaling	SS2 (AIBB/HPC) No. 161, Jalan SS2/24 47300 Petaling Jaya Selangor Darul Ehsan	3 Storey Shop House / Branch Premises (SS2) CRC	Freehold	L : 2,268 B : 8,902	35	817,289
38	Lot 247 & 248 Section 49 Lease of State Land	Lot 247 & 248 Section 49 KTLD Jalan Tunku Abdul Rahman 93100 Kuching Sarawak	2 Units 4 Storey Shop Office / Branch Premises (Kuching) CRC/HPC	Leasehold / Expiry : 24/07/2044	L : 2,500 B : 9,405	29	864,805
39	HS(D) 194608, PT. 1106 Pekan Serdang Daerah Petaling Selangor Darul Ehsan	No. 36, Jalan PSK 3 Pusat Perdagangan Seri Kembangan 43300 Seri Kembangan Selangor Darul Ehsan	3 Storey Shop House / Branch Premises (Seri Kembangan) CRC	Freehold	L : 3,563 B : 10,684	15	1,307,638
40	Lot 1 Mukim of Padang Cina District of Kulim	Suite B.4 KHTP Business Centre Kulim Hi-Tech Park 09000 Kulim Kedah Darul Aman	Office / Commercial Complex KHTP Business Centre (Ground Floor of 5 Storey Office / Commercial Complex)	Freehold	L : 9,064.36 B : 9,064.36	17	1,787,498

PARTICULARS OF PROPERTIES
As at 31 December 2015

No.	Title/Lot No.	Location/Address	Description/ Existing Use	Tenure	Area Sq. Ft L : Land Area B : Built-Up Area	Approx. Age of Building (Years)	Net Book Value as at 31/12/2015 (RM)
41	Unit No. P1-01-32 Held Under Hakmilik, Strata No Berdaftar Geran 61929/M1/1/53 Lot No. 1594, Seksyen 2 Bandar Tanjong Tokong	98-G-32 to 98-3A-32 Block 32 Prima Tanjung Business Centre Jalan Tanjung Tokong 10470 Pulau Pinang	5 Storey Shop Office	Freehold	L : 1,037 B : 1,037	15	1,715,799
	Unit No. P1-02-32 Held Under Hakmilik, Strata No Berdaftar Geran 61929/M1/2/121 Lot No. 1594, Seksyen 2 Bandar Tanjong Tokong				L : N/A B : 1,037		
	Unit No. P1-03-32 Held Under Hakmilik, Strata No Berdaftar Geran 61929/MB/3/223 Lot No. 1594, Seksyen 2 Bandar Tanjong Tokong				L : N/A B : 1,886		
	Unit No. P1-04-32 Held Under Hakmilik, Strata No Berdaftar Geran 61929/MB/4/257 Lot No. 1594, Seksyen 2 Bandar Tanjong Tokong				L : N/A B : 1,886		
	Unit No. P1-05-32 Held Under Hakmilik, Strata No Berdaftar Geran 61929/MB/5/259 Lot No. 1594, Seksyen 2 Bandar Tanjong Tokong				L : N/A B : 1,886		
42	HS(D) 9980 PT. 4370 Mukim & District Port Dickson New Title:- Lot No. 287 PN 2474 / M1 / 3/48 Mukim Bandar Port Dickson Daerah Port Dickson	Corus Lagoon Apartment Unit B-L3-06 Batu 2, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus	1 Unit Apartment	Leasehold / Expiry : 06/07/2087	L : N/A B : 792	15	134,184
43	Title No. 35120 Lot No. 86, Section 2 Town of Batu Feringhi North East District of Penang New Title:- Lot No. 666, Geran HBM 107 / M1 / 22 / 124 Mukim Bandar Batu Peringgi Sek. 2 Daerah Timur Laut Negeri Pulau Pinang	Sri Sayang Resort Apartment Unit No. 22-06 22nd Storey Batu Feringhi Pulau Pinang	1 Unit 3 Bedroom Apartment	Freehold	L : N/A B : 911	15	164,501

PARTICULARS OF PROPERTIES
As at 31 December 2015

No.	Title/Lot No.	Location/Address	Description/ Existing Use	Tenure	Area Sq. Ft L : Land Area B : Built-Up Area	Approx. Age of Building (Years)	Net Book Value as at 31/12/2015 (RM)
44	HS(D) 1772 PT. 2851 Mukim of Kijal District of Kemaman	Awana Kijal Beach Resort Apartment (2 Rooms) 13B, Baiduri Apartment km 28, Jalan Kemaman-Dungun 24100 Kijal Terengganu Darul Iman	1 Unit 2 Bedroom Apartment	Leasehold / Expiry : 27/11/2091	L : N/A B : 892	15	130,314
45	HS(D) 1772 PT. 2851 Mukim of Kijal District of Kemaman	Awana Kijal Beach Resort Apartment (3 Rooms) 19A, Baiduri Apartment km 28, Jalan Kemaman-Dungun 24100 Kijal Terengganu Darul Iman	1 Unit 3 Bedroom Apartment	Leasehold / Expiry : 27/11/2091	L : N/A B : 1,107	15	161,161
46	HS(D) 807 & 808 PT. 2592 & 2593 District of Seberang Perai Utara	No. 55 & 57, Tmn Selat Jln Bagan Luar 12710 Butterworth Pulau Pinang	2 Units 4 Storey Shop Office / Branch Premises	Freehold	L : 4,779.2 B : 13,760	30	1,446,456
47	HS(M) 2926 & 2925 PT. 21346 & 21345 Mukim of Petaling District of W.P.	No. 10 & 12 Jln Radin Tengah Bandar Baru Seri Petaling 57000 Kuala Lumpur	2 Units 3 Storey Shop Office / Branch Premises	Leasehold / Expiry : 05/04/2078	L : 3,840 B : 11,520	32	516,898
48	HS(D) 16521 & 16496 PT. 8912 / 1367 & PT. 8912 / 1366 Mukim of Kuala Lumpur District of Petaling	Sea Park No. 20 & 22 Jln 21/12, Sea Park 46730 Petaling Jaya Selangor Darul Ehsan	2 Units 2 Storey Shop Office + Basement / Branch Premises (Sea Park)	Freehold	L : 3,230 B : 9,750	31	1,376,080
49	Town Lease : 107516432 Town Lease : 107516441 Town Lease : 107516450 District of Tawau	Tb 281, 282 & 283 Jln Hj Karim Town Extension 11 91008 Tawau Sabah	3 Units 4 Storey Shop Office / Branch Premises (Tawau)	Leasehold / Expiry : 31/12/2895	L : 6,720 B : 13,440	31	1,447,723
50	Geran No. Hakmilik 75550 Lot 1207 Seksyen 62 (previously Lot 13151) Geran No. Hakmilik 76429 Lot 20006, Seksyen 62 (previously Lot 11641) Bandar & District of Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	TRX District Plot C7.9-CT	Commercial Land (Vacant Land)	Freehold	L : 54,266	N/A	259,831,312
51	Lot 400 Mukim of Kawasan Bandar XXXIX District of Melaka Tengah Melaka	No. 596 Jln Melaka Raya 10 Taman Melaka Raya Bandar Hilir 75000 Melaka	2 Storey Shop Office	Leasehold / Expiry: 4/10/2082	L : 1,580 B : 2,790	29	260,500
							361,184,472

SHAREHOLDING STATISTICS
As at 29 February 2016

ANALYSIS OF SHAREHOLDINGS AS AT 29 FEBRUARY 2016

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	782	4.56	16,216	0.00
100 to 1,000	2,212	12.89	1,646,157	0.08
1,001 to 10,000	10,978	63.96	41,960,087	2.16
10,001 to 100,000	2,868	16.71	79,497,190	4.09
100,001 to 97,147,426*	319	1.86	125,638,874	6.47
97,147,427 ** and Above	4	0.02	1,694,190,023	87.20
Total	**17,163**	**100.00**	**1,942,948,547**	**100.00**

* Less than 5% of issued shares
** 5% and above of issued shares

LIST OF TOP 30 SHAREHOLDERS AS AT 29 FEBRUARY 2016

	Name	Shareholdings	%
1.	**LEMBAGA TABUNG ANGKATAN TENTERA**	688,154,541	35.42
2.	**MAYBANK NOMINEES (ASING) SDN BHD** THE BANK OF EAST ASIA, LIMITED HONG KONG FOR THE BANK OF EAST ASIA, LIMITED (INVESTMENT AC)	456,942,493	23.52
3.	**BOUSTEAD HOLDINGS BERHAD** ACCOUNT NON-TRADING	402,012,529	20.69
4.	**CITIGROUP NOMINEES (TEMPATAN) SDN BHD** EMPLOYEES PROVIDENT FUND BOARD	147,080,460	7.57
5.	**CITIGROUP NOMINEES (ASING) SDN BHD** CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	12,090,550	0.62
6.	**CITIGROUP NOMINEES (TEMPATAN) SDN BHD** EXEMPT AN FOR AIA BHD	7,982,660	0.41
7.	**CITIGROUP NOMINEES (ASING) SDN BHD** CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	3,762,000	0.19
8.	**PUBLIC NOMINEES (ASING) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR MAYLAND PARKVIEW SDN BHD (KLC)	2,800,200	0.14
9.	**HSBC NOMINEES (ASING) SDN BHD** EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (AUSTRALIA)	2,425,800	0.12
10.	**CITIGROUP NOMINEES (ASING) SDN BHD** EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	2,221,000	0.11
11.	**KEY DEVELOPMENT SDN.BERHAD**	1,892,670	0.10
12.	**HSBC NOMINEES (ASING) SDN BHD** TNTC FOR LSV EMERGING MARKETS EQUITY FUND L.P	1,801,000	0.09
13.	**FANG INN**	1,701,510	0.09
14.	**AMANAHRAYA TRUSTEES BERHAD** PUBLIC GROWTH FUND	1,637,300	0.08
15.	**KENANGA NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR HII YU HO	1,410,000	0.07

SHAREHOLDING STATISTICS
As at 29 February 2016

LIST OF TOP 30 SHAREHOLDERS AS AT 29 FEBRUARY 2016 (CONTINUED)

	Name	Shareholdings	%
16.	**CITIGROUP NOMINEES (ASING) SDN BHD** CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	1,395,020	0.07
17.	**PERTUBUHAN PELADANG KEBANGSAAN**	1,250,000	0.06
18.	**TA NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR HENG TENG KUANG	1,215,500	0.06
19.	**CITIGROUP NOMINEES (ASING) SDN BHD** CBNY FOR DFA EMERGING MARKETS SERIES	1,141,900	0.06
20.	**DB (MALAYSIA) NOMINEE (ASING) SDN BHD** SSBT FUND NYLS FOR CITY OF NEW YORK GROUP TRUST	1,113,670	0.06
21.	**CHINCHOO INVESTMENT SDN.BERHAD**	1,101,880	0.06
22.	**AMANAHRAYA TRUSTEES BERHAD** PUBLIC OPTIMAL GROWTH FUND	1,052,500	0.05
23.	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB BANK FOR CHE LODIN BIN WOK KAMARUDDIN (PBCL-0G0052)	1,051,328	0.05
24.	**HSBC NOMINEES (ASING) SDN BHD** EXEMPT AN FOR THE BANK OF NEW YORK MELLON (MELLON ACCT)	1,030,250	0.05
25.	**G.T.Y. HOLDINGS SDN. BHD**	1,000,000	0.05
26.	**DB (MALAYSIA) NOMINEE (ASING) SDN BHD** STATE STREET LONDON FUND DIMH FOR DIMENSIONAL FUNDS PLC	991,750	0.05
27.	**DB (MALAYSIA) NOMINEE (ASING) SDN BHD** SSBT FUND NT6P FOR CANADA PENSION PLAN INVESTMENT BOARD	923,780	0.05
28.	**ZALARAZ SDN BHD**	880,350	0.04
29.	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB BANK FOR ARSHAD BIN AYUB (MY1393)	880,000	0.04
30.	**UOB KAY HIAN NOMINEES (ASING) SDN BHD** EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	854,200	0.04
	TOTAL	**1,749,796,841**	**90.06**

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 29 FEBRUARY 2016

	Name	Direct Shareholdings	%	Indirect Shareholdings	%
1	LEMBAGA TABUNG ANGKATAN TENTERA (LTAT)	688,154,541	35.42	402,532,529*	20.72
2	THE BANK OF EAST ASIA LIMITED	456,942,493	23.52		
3	BOUSTEAD HOLDINGS BERHAD (BHB)	402,012,529	20.69	520,000#	0.03
4	EMPLOYEES PROVIDENT FUND	147,080,460	7.57		

* Deemed interest by virtue of LTAT's interest in BHB
\# Deemed interest by virtue of BHB's interest in UAC Berhad

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AFFIN HOLDINGS BERHAD (23218-W)

(Incorporated In Malaysia)

PROXY FORM

I/We, ____ NRIC (New) No. / Company No.__________________________
(Full Name in Block Capitals)

of____

being a member/members of **AFFIN HOLDINGS BERHAD** hereby appoint____

______________________________NRIC (New) No.______________________________of______________________________

______________________________________and/or____

NRIC (New) No.__________________________________of____

____

or failing him, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Fortieth (40th) Annual General Meeting of the Company to be held on Monday, 18 April 2016 at 10:00 a.m. at the Taming Sari Grand Ballroom, The Royale Chulan Hotel Kuala Lumpur, 5 Jalan Conlay, 50450 Kuala Lumpur and at any adjournment thereof.

My/our proxy is to vote as indicated below:-

	Resolution	For	Against
1.	To receive and adopt the Audited Financial Statements and the Reports of the Directors and Auditors thereon		
2.	To declare a final single-tier dividend of 5 sen per share		
3.	To re-elect Gen (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin as Director		
4.	To re-elect Abd Malik bin A Rahman as Director		
5.	To re-elect Joseph Yuk Wing Pang as Director		
6.	To re-appoint Dato' Mustafa bin Mohamad Ali as Director		
7.	That Dato' Mustafa bin Mohamad Ali to continue to serve the Company in the capacity of an Independent Director		
8.	To re-appoint Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad as Director		
9.	To approve Directors' Fees for the financial year ended 31 December 2015		
10.	To approve payment of Directors' Fees on a monthly basis for the period of 1 January 2016 to the date of next Annual General Meeting of the Company		
11.	To re-appoint Auditors and to authorise Directors to fix their remuneration		
12.	To authorise the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
13.	To approve the allotment and issuance of new ordinary shares pursuant to the Dividend Reinvestment Plan		
14.	To approve the Proposed Shareholders' Mandate and Additional Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue of Trading Nature		

Signed this _____________ day of ______________ 2016

____
Signature or common seal of Shareholder(s)

CDS Account No.:	
No. of shares held:	
Proportion of shareholdings represented by proxies	First Proxy : % Second Proxy : % 100%
Contact No.:	

NOTES:

1. A member entitled to attend or vote at the meeting may appoint a proxy or proxies (not more than two) to attend and vote instead of him. A proxy need not be a member.
2. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. The instrument appointing a proxy in the case of any individual shall be signed by the appointer or his attorney and in the case of a corporation, under its common seal or under the hand of the officer duly authorised.
4. Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he thinks fit.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company, located at 7th Floor, Chulan Tower, 3 Jalan Conlay, 50450 Kuala Lumpur not less than forty-eight hours before the time of the Meeting or any adjournment thereof.
6. Only member registered in the Record of Depositors as at 8 April 2016 shall be eligible to attend meeting or appoint a proxy to attend and vote on his/her behalf.

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STAMP

AFFIN HOLDINGS BERHAD
7th Floor, Chulan Tower
3 Jalan Conlay
50450 Kuala Lumpur

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www.affin.com.my

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