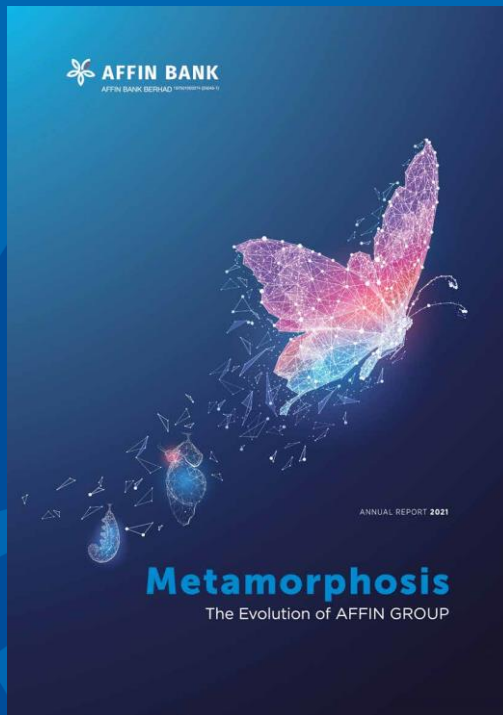


# EXTRAORDINARY GENERAL MEETING

**AFFIN BANK BERHAD**

**25 MAY 2022**



**QUESTIONS BY  
MINORITY SHAREHOLDERS  
WATCH GROUP  
AND REPLIES**



## OPERATIONAL & FINANCIAL MATTERS

*On 28 January 2022, Affin Bank proposed to divest the 63% stake it owned in AHAM for RM1.417 billion.*

*Upon the divestment, Affin Bank is set to lose a major income contributor. AHAM contributed 14.8% (or RM78.1 million) of net profit to Affin Bank in FY2021 (page 9 of Circular to Shareholders dated 26 April 2022).*

*Although Affin Bank's intention is to plough back the sale proceeds to its core banking business, the efforts to fill the void left by AHAM would take years to fill. Analysts also foresee that its ROE could be hit due to the enlarged equity base.*

*How does the Board/management plan to assure that its bottom-line performance and return to shareholders would remain intact post-divestment?*

*How long would it take the Board/management to groom its core banking businesses to fill the earnings vacuum left by AHAM?*



## OPERATIONAL & FINANCIAL MATTERS

### **AFFIN's reply:**

The proposed divestment of AHAM will enhance the Group's capital position by RM1,063 million or approximately 2.7% increase in Total Capital to 24%, which will support growth in our Conventional banking, Islamic banking and Investment banking businesses.

With the capital, the Bank is able to grow by 10x multiple. With RM1 billion capital, the Bank can grow its loan portfolio by RM10 billion. This capital will fuel our loan growth for 2 years. Conservatively, the Bank can grow at a rate of approximately RM6.0 billion per annum with a margin (NIM) of 1.9%. This equates to an additional RM85.5 million in Earnings After Tax per annum. [RM6,000 million X 1.9% (NIM) X 75% (Effective Tax Rate) = RM85.5 million].