



BANK TO THE FUTURE

**PRE-AGM QUESTIONS BY
SHAREHOLDERS AND REPLIES**

SHAREHOLDER'S NAME: LEE CHEW FOONG, CHEANG HENG HUNG, KOH ZHI ZHANG, KANG LAY BEE, ALFRED KEE AIK THEAM, HOH YIN YOK @ HO YIN YOKE, WONG AI MING, YONG YANG HAR, CHEE TENG HO, TEE BENG NGO, TEE BENG HEE, TEE BENG CHOO, TEE TZIEN YUNG, TEE TZIEN WOEI, ADRIAN TAY KIM MING, GOH WEE WEE

Question:

- 1. Many of us, shareholders, were not able to get the RM50 AGM door-gift during the past 4 years because the Affin online website for registration and account opening is highly faulty and there is no staff to provide help. Therefore, we request our kind Board of Directors to give us Touch & Go reloads as door-gifts and also to compensate all those shareholders who have not been able to successfully redeem their door-gifts in the past few years.***

Question (cont'd):

- 2. Kindly distribute door gift to delight the shareholders.**
- 3. Hi, may I know if door gift voucher will be given to door gift voucher?**
- 4. Kindly enlighten the status of Ticket no TUC-25643 logged via email dated 6th Aug 2024.**
- 5. Will the Board consider giving door gift, such as e-voucher or e-wallet for those have participated in this AGM? Touch N Go vouchers pls.**
- 6. Touch N Go vouchers pls.**
- 7. Please give us some door gifts/e-vouchers/e-wallet for attending this RPV as a token of appreciation.**

AFFIN's response:

The Bank has agreed to credit RM50 as a token of appreciation to those attending this AGM and applies to shareholders, proxies, and corporate representatives via any of Affin's current and savings accounts and credit cards.

SHAREHOLDER'S NAME: CHEW HON MUN

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Question:

Is AFFIN considering an asset management acquisition? Are there any potential targets or ongoing discussions?

The Edge Weekly reported that Affin Bank is looking to acquire another bank, which would make our bank larger in terms of size. Kindly provide your feedback.

AFFIN's response:

The Group's strategy is to remain open to any potential merger or acquisition that is complementary to our banking business that enhances returns to shareholders.

Our strategy is to scale up our business in line with our AX28 plan through organic and/or inorganic growth.

Should any deals materialised, we will make the necessary announcement.

Question:

As the largest shareholder, has the Sarawak Government provided any strategic direction for the company?

Will all state government payment systems transition to using Affin as a payment gateway?

What is the potential deposit amount that the state government could contribute to the banking system?

AFFIN's response:

One of the Bank's main strategy is to scale up our business and market presence (both digital and non-digital space) as outlined in the AX28 transformation plan. This plan has been presented and endorsed by the Sarawak Government.

Affin is in continuous discussion with the Sarawak Government to provide innovative financial solutions for their payment transactions.

Affin is also engaging the Sarawak Government to use our deposit products for its operations and investments.

SHAREHOLDER'S NAME: HO YUEH WENG

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Question:

With the Sarawak Govt. now having controlling interest, exactly how, where & to what extent can our Co. really expect to benefit compared to its banking business before? How will minority shareholders be better off now? Please elaborate.

AFFIN's response:

The Sarawak Government's controlling interest is poised to bring substantial projects to the company through enhanced business opportunities, strategic initiatives and increased market penetration which are expected to contribute to our financial strength.

With the improved financial performance and value creation, all shareholders including minority shareholders will reap the benefits accordingly.

(Note: The list of potential projects has been presented in the PGCEO presentation)

SHAREHOLDER'S NAME: CHEW HON MUN

Question:

LLC dropped from 116.85% in FY2023 to 83.65% in FY2024, a significant decline of 33.21 percentage points. What were the key factors behind this sharp drop?

AFFIN's response:

Loan Loss Coverage (LLC) ratio decreased from 116.86% in FY23 to 83.65% in FY24. This is a P&L ratio.

Despite the decline, Affin Bank remains comfortable with its current levels of LLC, indicating confidence in its ability to manage impaired loans. The drop in LLC was primarily due to the settlement of a few problematic stage 2 accounts and recoveries from impaired loans.

Question:

According to The Edge, cited RHB IB, Affin's CET-1 ratio is projected to decline by 90 basis points by the end of 2025. How does the bank plan to strengthen its capital position while maintaining its ambitious loan growth target of 12%?

AFFIN's response:

The CET 1 ratio of 13.2% as of FY2024 provides a healthy buffer well above the regulatory threshold of 7.0%.

AFFIN's response (cont'd) : Capital Planning For AX28

- 1 Increase of Term Investment Account-i (TIA-i)
- 2 Internal Rating Based (IRB) Model
- 3 Issuance of AT1/ Tier 2 capital instruments under existing programme
- 4 Dividend Reinvestment Plan (DRP)

AFFIN's response (cont'd) : Capital Planning For AX28

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Growing fee-based income/ low capital charge products

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Bonus Issue Shares

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Recoveries of Stage 2 and Impaired Loans

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Optimising Risk Weighted Assets (RWA)

Question:

Key financial metrics such as asset quality (GIL, LLC, LLS) have worsened compared to FY2023, and capital ratios (CET1, Tier 1, Total) have also declined. What measures are being taken to address these challenges?

AFFIN's response:

Ratio	FY2024	FY2023	Note
GIL	1.94%	1.90%	GIL increased due to softening of the retail & SME segments, while lower LLC/LLR reflects recoveries and the release of overlays from certain borrowers who have made their repayments. Measures to address asset quality include: <ul style="list-style-type: none"> a. Review of underwriting standards and key segments/demographics b. Forward looking risk analysis for early detection c. Enhanced efficiency in collection and recovery processes
LLC	83.65%	116.86%	
LLR	117.49%	143.54%	
CET 1 capital	13.2%	13.8%	Capital ratios still remain healthy. Various capital plan initiatives as listed in PGCEO's presentation slide.
Tier 1 capital	14.6%	15.3%	
Total capital	17.1%	18.0%	

Question:

What is the impact of foreign brokers offering low brokerage fees on the investment banking business, particularly on brokerage fee-based income?

AFFIN's response:

- The inclusion of foreign brokers have impacted the brokerage fee structure for all stockbrokers in Malaysia which saw thinning of margin.
- For AFFIN, we have broadened our product suites including structured warrants, derivatives, futures, proprietary trading, share margin financing, strong research capabilities, share underwriting and share placement. This is to ensure sustainability of profitability for Affin Hwang Investment Bank.

Question:

Why did AFFIN opt for a bonus issue instead of a dividend? With a Dividend Reinvestment Plan (DRP), the bank could retain capital while increasing the number of shares in the market. Additionally, investors would have the option to receive cash dividends or reinvest. What was the rationale behind this decision and the ratio of 1:18.

AFFIN's response:

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- The bonus issue will enable the shareholders to increase their equity participation, thereby allowing the shareholders to benefit from the potential growth in our share price performance in the future and sharing our journey under the Group's AX28 plan.
- The bonus issue will preserve the Bank's capital whilst dividend with DRP will have some impact on capital arising from payment of dividends to shareholders who do not opt for the DRP.
- The capital preserved (approximately RM510 million) from the bonus issue will give the Group ready resources for strategic Mergers and Acquisitions and support the Bank's ambitious loan growth plans.

AFFIN's response (cont'd):

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- The ratio of 1:18 was arrived at after taking into consideration, among others the potential adjustments to the share price from the bonus issue, giving an attractive implied dividend payout.
- As an illustration, based on yesterday's closing price of RM2.65 per share, the theoretical ex-bonus price is RM2.51 per share.
- Based on the above, the adjustments to the share price from the bonus issue is RM0.14 per share. This translates to an implied dividend payout of RM0.14 per share and implied dividend payout ratio of 65.7%.
- The implied dividend payout is one of the highest in the past 10 years of the Bank's historical dividend payments.

AFFIN's response (cont'd):

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- To reward shareholders in line with our growth journey, we are proposing a Bonus Issue on the basis of 1 new share for every 18 existing shares held. This Bonus Issue is a mechanism to distribute the 2024 profit to all shareholders, enabling them to participate in the Group's long-term value creation. The move comes amid strong demand for AFFIN shares, which remain tightly held, and reflects our confidence in our strategic direction and digital-first agenda. We have seen the entry of foreign shareholders into AFFIN, with foreign funds acquiring up to 4% of the Group's total shares.

Question:

- 1. got anyway to up the share price? and will issue bonus issue of share?***
- 2. got anyway to rise share price and dividend payout? next and coming year conduct in online meeting also let other nation shareholders can join like now***

AFFIN's response:

- We are constantly looking at ways to enhance shareholders' return which would have a corresponding impact to the share price. Our market capitalization based on yesterday's closing price is RM6.1 billion as compared to RM3.6 billion in 2020. This represents a CAGR of 11.2% in the last 5 years.
- However, the share price is also affected by external factors which is beyond our control.
- Any form of rewards to shareholders including bonus issue in the future will be assessed based on the relevant considerations at the material time and appropriate announcement will be made.

AFFIN's response (cont'd):

- Any future dividend declaration will depend on among others, the Group's financial performance, capital and business requirements as well as obtaining relevant regulatory's approval.
- We had conducted online meeting during the Movement Control Order and for the last as well as this year's AGM, we have allowed online participation in addition to physical attendance. It is our intention to continue conducting AGM in a hybrid mode, subject to relevant considerations at the material time.

Question:

According to The Edge, cited RHB IB, Affin had previously disclosed that it was exploring a potential transition to the internal ratings-based (IRB) approach to assess its own credit risk and calculate the regulatory capital required. The approach could raise Affin's CET-1 ratio by over two percentage points, though the bank may have to withhold dividend payments for longer to preserve its capital position as the adoption will take time. Kindly comment on your dividend policy.

AFFIN's response:

- Affin is aiming to become FIRB bank and currently in the midst of appointing consultant to assist with this approach.
- Capital efficiency plan has been presented in the earlier PGCEO's presentation slide.
- Under Affin Group's dividend policy, the dividend payout ratio is 25% of net profit, with a target payout range between 40% to 60%. Dividend can be made in the form of cash, DRP, shares (bonus issue) or any combination, and depending on opportunities for Mergers and Acquisitions as well as loan growth.

Question:

- 1. With the cost-to-income ratio (CIR) at 74.6% (compared to Maybank <49%, RHB Bank 46.7%, and Public Bank 34.2%), and higher than FY2023's 71.6%, what strategies are in place to improve efficiency? Even with the FY2025 target set at 65%, isn't this still considered high?**
- 2. The profit before tax (PBT) target for FY2025 is RM1,100 million, up from RM750 million in FY2024. What are the key drivers and strategies to achieve this target?**

AFFIN's response:

1. Agree, Maybank has RM1 trillion assets at CIR of 48.9% while Affin's assets hovering at RM100 million level at CIR of 76%. We need to scale up our business to achieve cost efficiency in line with our AX28 aspirations.
2. Our key strategies are to improve NIM by widening 15 basis points to 1.55%, driven by efforts to grow the Current Account Savings Account (CASA) base, reduce Cost of Funds (COF), and expand loan portfolios with 12% loan growth, which will contribute NII uplift by RM200 million.

SHAREHOLDER'S NAME: CHEW HON MUN

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Question:

The profit before tax (PBT) target for FY2025 is RM1,100 million, up from RM750 million in FY2024.

What are the key drivers and strategies to achieve this target?

AFFIN's response:

Net Interest Income (NII)

NIM Projection: Widening of 15 basis points to 1.55%, driven by efforts to grow the Current Account Savings Account (CASA) base, reduce Cost of Funds (COF), and expand loan portfolios with 12% loan growth will contribute the NII uplift of RM200 million.

Projected Gross Loan for FY25 (RM'million)	120,000
Net Interest Margin	1.55%
Projected net income from loan (RM'million)	200
PBT (FY24) (RM'million)	750
Projected PBT for FY25 (before other profit drivers)	950

Non-Interest Income (NOII)

The Bank aims to drive revenue growth by enhancing **Non-Interest Income (NOII)**, particularly through:

- Financial Instruments
- Wealth Management
- Brokerage fees
- Forex activities.

AFFIN's response (cont'd) :

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Operating Expenses (Opex)	<p>To control Operating Expenses (Opex), AFFIN will optimize operational efficiency by:</p> <ul style="list-style-type: none">• Implementing cost-saving measures• Streamlining processes to reduce overhead costs.• Leveraging technology to automate routine tasks• Improve productivity
Recoveries from Impaired Loans	<p>For recoveries from the impaired loans, AFFIN will enhance risk management by:</p> <ul style="list-style-type: none">• Strengthening credit risk assessment• Monitoring to minimize ECL provisions• Focusing on high-yield segments with lower default rates• Conducting regular performance reviews of expense management strategies will help in maintaining a balanced approach to achieving financial targets while managing risks and costs effectively.

Question:

- 1. On 13/2/25, the bank management happily organised 50th anniversary Grand Dinner in Shangri-la hotel. How was the selection of guests/customers attending, done? Invikta members only? Shareholders holding certain amount of shares? By random/draw lots? Or those who got “connections” with the management/branch managers? As both the shareholders & Invikta members, I hv the right to question the management. U r spending our money! I demand an answer, & don't sweep this Q under the carpet!***
- 2. How much was the amount spent in organising the lavish 50th anniversary dinner on 13/2/25 in Shangri-la, & total no. of attendees***

AFFIN's response:

We have not yet held our 50th Anniversary Dinner.

We believe you are referring to our Chinese New Year Dinner in KL.

The total investment of RM480,000 was allocated to a top corporate customers and high-impact client engagement event involving over 1,118 guests from our Corporate, Community, Investment Bank, and SME Banking segments. This initiative was designed to recognize and strengthen relationships with key clients who have significantly contributed to our performance, with Loan Growth increasing by 8.1% YoY and Deposits growing by 18.3% YoY.

AFFIN's response (cont'd):

Guests were carefully selected based on the value of business conducted and the duration of their relationship with the bank. By honoring our top-tier clients, we are reinforcing loyalty, enhancing brand trust, and creating opportunities for future business expansion across strategic segments. This initiative reflects our commitment to long-term value creation and sustainable growth.

SHAREHOLDER'S NAME: WONG SEE KAI

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Question:

Virtual AGM should continue for elderly shareholders in future.

AFFIN's response:

The AGM will be conducted in hybrid mode, in line with the 'Guidance Note on the Conduct of General Meetings for Listed Issuers' issued by the Securities Commission Malaysia.

Question:

- 1. Will Affin Bank support Apple Pay in the near future? As digital payments gain popularity, many customers expect convenient and secure payment options like Apple Pay. Can management share if there are plans or timelines to implement this feature?***
- 2. Affin Bank's digital banking app requires customers to log in via the web portal every 30 days, or their account gets locked, even if they actively use the app. This practice is highly inconvenient, and no other bank is known to enforce this. Why is this policy in place, and will Affin consider removing it to enhance user experience?***

AFFIN's response:

1. Affin Bank is targeting to launch Google Pay in Q4 2025. Apple Pay is next to be launched after Google Pay.
2. We take note on your feedback and are looking into enhancing our capabilities to ensure seamless customer experience without compromising the security. We would like to clarify that our policy is to freeze an account after 90 days of inactivity as guided by BNM eBanking guidelines and part of Bank's fraud counter measures.

Question:

What is the current status of Menara Affin Bank at Jalan Raja Chulan? Are there any potential buyers, and what is the estimated transaction price? If the building is sold, will the proceeds be distributed to shareholders?

AFFIN's response:

The building has been returned to its landlord, Boustead. As we do not own the building, we are unaware of its current status.

SHAREHOLDER'S NAME: TAN KENG CHOK

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Question:

- 1. What is the % of shareholding under Sarawak Govt.?***
- 2. Your reply to all questions submitted: "Tq for ur Q. We will revert a.s.a.p." Make 100% sure that u get the management to reply whether in the AGM, or in writing, or through email etc. Don't turn ur promise of a.s.a.p. into the reap "asap"!***

AFFIN's response:

- 1. Percentage of shareholding by Sarawak as at 28 March 2025 is 31.254%.**
- 2. We will ensure all questions are responded accordingly.**

Question:

Will 2026 be better than 2025?

AFFIN's response:

For 2026, the Malaysia's GDP is expected to remain stable but likely expanding at a slower pace of between the range of 4.0% to 4.5%, against the official forecast of between 4.5% to 5.5% in 2025 (5.1% in 2024). In 2026, while downside risks remain on the external front, the country's domestic demand (supported by private consumption) will provide some cushion to external uncertainties that could moderate export growth.

AFFIN's response (cont'd):

These uncertainties factors from global economic growth conditions, geopolitical risks, as well as Trump's economic policies in tariffs, if worsen further, we expect government to focus on fiscal stimulus support, but remained committed to fiscal discipline and some structural reform such as fuel and energy rationalization to support on the country's fiscal condition. The country's monetary policy will remain supportive of economic growth.



Budget 2025

	Actual FY24	Budget 2025
PBT	749.5m	1,100m
ROE	4.49%	6.0%
NIM	1.40%	1.55%
CIR	74.60%	65.00%
Gross Credit Cost	-3 bps	12 bps
Loan Growth	8.1%	12.0%
Gross Impaired Loan	1.94%	1.70%
Loan Loss Coverage	83.7%	90%-100%
ESG financing target	10.6%	15.0%

SHAREHOLDER'S NAME: CHEW HON MUN

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Question:

What is the potential impact on our bank if the US tariff remains at 10% or 24%?

What percentage of our corporate borrowers' businesses focus on exports, especially to the US market?

AFFIN's response:

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Tariff would cause the following factors:

- Increase uncertainty and volatility in term of stock market, Forex, Investment front
- Tariff would slowdown international trade and GDP. With no intervention, GDP expected to reduce by 0.5%. This would impact exporters and servicing of bank borrowings. US only contributes 11% of Malaysia total export.
- Higher inflation would dampen consumer demand
- Interest rate reduction versus bond yield increasing impacting capital flows

Budget has been set as presented earlier. We will navigate these challenges and stick to our business plan to grow our assets and customer base.

AFFIN's response (cont'd):

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The Bank could be impacted by:

1. Lower revenue and profits due to OPR being lowered to support the economy. However, as the country's domestic demand will be stable to cushion the unexpected slowdown in exports, any reduction in OPR will be marginal.
2. Increase in impairment loans due to weakening economy and businesses having lower demand due to cost cutting.
3. Malaysia is an exporting country. Any impact to countries such as US, China, and regional Asean economies and etc have indirect impact to Malaysia economy. Thus, this also indirectly impacted Malaysia's financial sector through the trade channel.

AFFIN's response (cont'd):

Malaysia Top 5 export destinations in Feb 2025

No	Countries	Blanket Tariff Imposed	Reciprocal Tariff Imposed
1	Singapore	10%	10%
2	United States		125% (by China)
3	China	20% - 25%	145%
4	European Union	10%	20%
5	Hong Kong	20% - 25%	145%

A composite image featuring a city skyline with the Petronas Towers and Kuala Lumpur Tower, a boy and girl with backpacks, and a digital circuit overlay.

THANK YOU