



AFFIN BANK BERHAD
(Company No. 197501003274 / 25046-T)
(Incorporated in Malaysia)

MINUTES OF THE FORTY-FIFTH ANNUAL GENERAL MEETING OF AFFIN BANK BERHAD HELD VIRTUALLY AT THE BROADCAST VENUE AT BOARDROOM, 19TH FLOOR, MENARA AFFIN, 80 JALAN RAJA CHULAN, 50200 KUALA LUMPUR ON WEDNESDAY, 2 JUNE 2021 AT 2.30 P.M.

PRESENT AT THE BROADCAST VENUE:-

Board Of Directors

YBHG. DATO' AGIL NATT - *CHAIRMAN*

PARTICIPATION VIA VIDEO CONFERENCING

Board Of Directors

ENCIK MOHD SUFFIAN BIN HAJI HARON - Non-Independent Non-Executive Director
YBHG. DATO' ABDUL AZIZ BIN ABU BAKAR - Independent Non-Executive Director
YBHG. DATO' MOHD HATA BIN ROBANI - Independent Non-Executive Director
MR. IGNATIUS CHAN TZE CHING - Non-Independent Non-Executive Director
YBHG. DATO' ROZALILA BINTI ABDUL RAHMAN - Independent Non-Executive Director
MR. YUEN PETER WAI HUNG - Non-Independent Non-Executive Director
PUAN MARZIDA BINTI MOHD NOOR - Independent Non-Executive Director
MR. GREGORY JEROME GERALD FERNANDES - Independent Non-Executive Director
MS. CHAN WAI YU - Independent Non-Executive Director

Member of Senior Management

YBHG. DATUK WAN RAZLY ABDULLAH BIN WAN ALI (President & Group Chief Executive Officer)
MS. JOANNE RODRIGUES (Chief Financial Officer)

Company Secretary

PUAN NIMMA SAFIRA BINTI KHALID (Chief Legal Officer And Company Secretary)

Representative from External Auditors, Messrs PricewaterhouseCoopers PLT:

MR. SOO HOO KHOON YEAN (Engagement Partner)

Representative From Share Registrar And Poll Administrator, Tricor Investor & Issuing House Services Sdn Bhd

PUAN SUZANA ABDUL RAHIM

Independent Scrutineers, Asia Securities Sdn Bhd

MS. ONG WAI LENG

SHAREHOLDERS & PROXIES : As Per Attendance List

1. COMMENCEMENT OF THE MEETING

- 1.1 The Chairman, Dato' Agil Natt welcomed and thanked shareholders and proxies for their participation at Affin Bank Berhad's (ABB or Bank or Company) forty-fifth (45th) Annual General Meeting (AGM) (45th AGM) which was broadcasted fully virtual streaming from Tricor's TIIH online website at <https://tiih.online>.

The Chairman briefed that the convening of the AGM is in compliance with Section 327 of the Companies Act 2016 and in accordance to Article 67 of the Bank's Constitution.

Pursuant to the implementation of the National Total Lockdown, the Securities Commission Malaysia had on 1 June 2021 revised the Guidance Note and Frequently Asked Questions (FAQs) on the conduct of General Meetings for Listed Issuers (which was originally issued on 18 April 2020). The revised guidance states that listed issuers are only allowed to conduct fully virtual general meetings during the total lockdown. In a fully virtual general meeting, all meeting's participants including the Chairperson of the meeting, Board members, senior management and shareholders participate in the meeting online. Physical gatherings no matter how small are prohibited.

According to the Revised Guidance Note and FAQs, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of Companies Act 2016 if the online platform is located in Malaysia.

The Bank had on 31 May 2021 made announcement to Bursa Malaysia that the Broadcast Venue of the 45th AGM of the Company shall be changed from Level 18, Menara Affin, 80, Jalan Raja Chulan 50200 Kuala Lumpur to the online meeting platform of TIIH Online via its website at <https://tiih.online>.

- 1.2 The Chairman introduced the Board Members, President & Group Chief Executive Officer (PGCEO), Chief Financial Officer, and Company Secretary who were present at the meeting via online meeting platform. He further introduced Ms. Chan Wai Yu, a new Board Member who joined the Bank on 1 April 2021.

The Chairman informed that there was one (1) Board member who has resigned since the last AGM, Puan Nik Amlizan Binti Mohamed, a Nominee Director of Lembaga Tabung Angkatan Tentera, who resigned from the Bank on 5 October 2020. The Chairman, on behalf of the Board, expressed sincere appreciation to Puan Nik Amlizan for her invaluable contributions towards ABB.

- 1.3 The Chairman further introduced the representatives from Messrs. PricewaterhouseCoopers (Bank's external auditors), Tricor Investor & Issuing House Services Sdn Bhd (Tricor) (Share Registrar and Poll Administrator) and Asia Securities Sdn Bhd (Asia Securities) (Independent Scrutineer for the AGM's poll voting) who were also present at the Broadcast Venue.

2. QUORUM

- 2.1 The Chairman informed that the Company Secretary has confirmed that the requisite quorum for commencement of a general meeting was met in accordance to Article 76 of the Bank's Constitution.
- 2.2 That a total of 354 shareholders (including proxies and corporate representatives) representing a total of 1,751,498,939 ordinary shares equivalent to 88.17% of the total issued share capital, had participated at the AGM via the Remote Participation and Voting (RPV) facility.
- 2.3 In addition, a total of 69 shareholders had appointed the Chairman of the Meeting as proxy to vote on their behalves and the shares so represented amounted to 498,481,048 ordinary shares equivalent to 25.09% of the total issued shares of ABB.
- 2.4 The Chairman then called the Meeting to order.

3. NOTICE OF MEETING

- 3.1 The Notice convening the AGM dated 30 April 2021, having been served on shareholders, was taken as read.

4. VOTING ON RESOLUTIONS

- 4.1 The Chairman informed that in line with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting on all resolutions for the 45th AGM would be conducted by way of poll, via electronic voting (e-voting) and would be administered by Tricor, the Poll Administrator appointed for this AGM. The poll results will be validated and verified by the appointed Scrutineers, Asia Securities Sdn Bhd.
- 4.2 That the shareholders were further informed of the following:-
 - (i) The voting session had already commenced from the start of the meeting and that shareholders/proxies may start registering their votes electronically until the closure of the voting session which would be announced later;
 - (ii) The results of the poll voting and declaration of resolutions will be shown on the screen after the Scrutineers have verified the poll results upon the closure of the e-voting session. Shareholders may view and take note of the results from the screen. The Chairman will then declare whether the resolutions are duly passed; and
 - (iii) Shareholders and proxies are welcome to raise questions at any time during the AGM by submitting written questions using the Query Box as provided via the RPV facility. The Board will then answer the questions during the question and answer (Q&A) session.

5. PRESENTATION BY PGCEO

5.1 The Chairman invited PGCEO to update the shareholders on the Group's performance and highlights for the financial year ended 31 December 2020 (FY2020).

5.2 The key highlights of the PGCEO's presentation were as follows:-

(I) Key Financial Highlights for FY2020

- (a) The Net Interest Income improved by 0.8% year-on-year (YoY) contributed by more significant loan bookings and improved Current Account/Saving Account (CASA) in deposit composition.
- (b) Improvement in lending Net Interest Margin & growth in loan base predominantly from Community Banking (Hire Purchase).
- (c) Despite the COVID-19 pandemic crisis, the Bank was able to improve Net Interest Income and steer the Bank in a better direction.
- (d) Gross Loans increased contributed majority by Community Banking business. Community Banking loan portfolio increased by 48.8% YoY contributed majority from Housing Loan.
- (e) Enterprise loan portfolio grew 18.5% YoY. Enterprise Banking shows great improvement in asset quality and reduces impairment by 98 bps.
- (f) Improvement in Asset Quality for Community Banking contributed by Mortgage portfolio.
- (g) The Bank has improved its deposit based by strong growth in CASA by RM1.3 billion or 13.6%. CASA is growing strong and ahead of budget by RM0.03 billion.
- (h) FD has contracted by RM2.8 billion YoY aligned with Bank's AFFINITY IN MOTION 22 (AIM22) strategy to reduce FD and increase CASA deposit base.
- (i) Reduced cost of fund (COF) was mainly due to Bank's strategy to increase deposit based on CASA and reducing high cost FD.
- (j) Affin Bank Berhad is one of the banks showing expansion in net interest margin (NIM) despite the overnight policy rate (OPR) cut.

(II) AIM22 Key Focus Areas

The AIM22 key focus areas are targeted on the following:-

- (a) Return on equity (ROE) Focus - building annuity income and converting branches into Dual Banking.
- (b) Productivity & Efficiency - launched two (2) new segments (Affin Invikta and Affin Avance).
- (c) Turbo Charged CASA - continuing CASA momentum and reduction in COFs and expansion of NIM.
- (d) Digital Transformation Acceleration : Affinmax - the Bank's new Corporate Internet Banking System.
- (e) Enhanced Retail Internet Banking.

(III) Sustainability

Sustainability initiatives at Affin Bank Group as a financial group.

(IV) Always About You

Financial Assistance Instalment Relief (FAIR) Program is specially customized and supportive to provide financial assistance/solutions to individuals, small and medium-sized enterprises (SME) and Corporate customers.

5.3 The PGCEO thanked the shareholders/stakeholders for their continued support.

Note: Details of the PGCEO's presentation can be viewed from ABB's website at www.affinbank.com.my.

6. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 AND REPORTS OF THE DIRECTORS AND AUDITORS

6.1 The Chairman informed that the Company's Audited Financial Statements (AFS) for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors were laid before the Company at this meeting pursuant to Section 340(1)(a) of the Companies Act, 2016.

6.2 The Chairman explained that the AFS are laid for discussion only and will not be put forward for voting.

7. MINORITY SHAREHOLDERS WATCH GROUP (MSWG) QUESTIONS AND ANSWERS

7.1 The PGCEO informed that the MSWG had per their letter dated 25 May 2021 raised some points on the Company's strategy, financials and governance matters. The Bank had via its letter dated 2 June 2021 provided the responses to MSWG.

7.2 The questions from MSWG and responses from the Company were as follows:-

(i) Questions by MSWG (Question 1)

In 2020, AFFIN BANK launched the AFFINITY IN MOTION 22 (AIM22) programme for year 2020 - 2022 with five (5) key areas namely ROE Focus, Productivity & Efficiency, Turbo Charged CASA, Digital Transformation Acceleration and People (page 52 of Annual Report 2020).

The Bank is now halfway through the AIM22 plan. What are the outcomes that the Bank has achieved from the ongoing 30 initiatives under the Plan? Is the Group on track to achieve the return on equity of 7%?

Response by Affin Bank Berhad (Question 1)

The Bank is starting to see some positive results from the implementation of AIM22 as follows:-

Pillar	Measurement	2019	2020		Trend	2022 Target
Turbo charged CASA	CASA Ratio	19%	22%	▲	16%	25%
	Cost of Funds	3.82%	2.89%	▲	24%	2.53%
ROE Focus	Net Interest Income	RM743m	RM772m	▼	4%	RM995m
	Net Interest Margin	1.49%	1.66%	▲	11%	1.91%
	Islamic Banking	RM411m	RM481m	▲	17%	RM540m
Productivity & Efficiency	Cost to Income ratio	63%	59%	▲	6%	55%
	Gross Impaired Loan ratio	3.00%	3.52%	▲	52bps	2.3%
Digital Transformation	No of RIB users	242k	291k	▲	20%	450k
	No of digital transactions per annum	13.5 million	14.8 million	▲	9%	25 million
People	CASA per headcount	RM1.7m	RM1.9m	▲	11%	RM2.5m
	PBT per headcount	RM0.12m	RM0.07m	▼	44%	RM0.15m

(ii) Questions by MSWG (Question 2)

Under AFFIN BANK's Financial Assistance and Instalment Relief (FAIR) programme, the Bank had provided moratoriums, repayment assistances, and granted Rescheduling and Restructuring to RM20.28 billion retail loans in FY2020 (page 64 of Annual Report 2020). Of this, borrowers for RM951.42 million of the loans had missed their payments.

Has the Bank seen improvement in the collection of these missed payments? Is there an increased default risk for these loans? Is there a need for provisions for these loans?

Response by Affin Bank Berhad (Question 2)

The RM20.28 billion relates to the total number of retail loans outstanding that were accorded the various financial assistance programmes throughout FY2020.

The total retail loans under the various financial assistance programmes as of 31 December 2020 and 31 March 2021 are as follows:-

	31 December 2020	31 March 2021
Financial Assistance	RM3.2 billion	RM4.2 billion
Percentage (%) of Community Banking	12.5	16.1

The prolonged COVID-19 pandemic going into 2021 and Movement Control Orders (MCO) 3.0 will have an effect on economic recovery and therefore the ability of the Bank's affected customers to fulfill their loan repayment obligations.

(iii) Questions by MSWG (Question 3)

AFFIN BANK's allowances for credit impairment losses increased about ten-fold to RM543.13 million in FY2020 (FY2019: RM49.86 million).

- (a) From the FY2020's net allowance for credit impairment losses, what is the proportion set aside for provision due to macroeconomic factors, as well as provision due to vulnerable borrowers impacted by the COVID-19 pandemic?
- (b) In view of the various MCO implemented in 2021, how will AFFIN BANK's asset quality look like in FY2021? Will the allowance for credit impairment losses remain elevated in FY2021?

Response by Affin Bank Berhad (Question 3)

- (a) For FY2020, the proportion of provision set aside due to macroeconomic factors and COVID-19 overlays due to vulnerable borrowers impacted by the COVID-19 pandemic was RM128.4 million.
- (b) The credit impairment losses will depend on the speed of the economic recovery following the latest MCO 3.0. The Board has set targets of Gross Impaired Loans of 2.9% and credit cost charge of under 50 bps in FY2021. Management will be measured against these targets.

(iv) Questions by MSWG (Question 4)

AFFIN BANK's cost-to-income ratio (CIR) remains high at 59.6% (FY2019: 63%) as compared to banking industry peers.

What is the optimal CIR that AFFIN BANK aims to achieve? What are the other initiatives to further bring CIR to a level that is on par with industry peers?

Response by Affin Bank Berhad (Question 4)

AFFIN BANK aims to achieve a CIR of 55% by year 2022. Some of the initiatives are as follows:-

- (a) Pushing the drivers to build higher and more stable revenue streams;
- (b) Review and renegotiation of contracts with vendors;
- (c) Energy saving initiatives at the main office and all branches;
- (d) Robotics Processes Automation to increase efficiency; and
- (e) Increasing the sales productivity of the employees

(v) Questions by MSWG (Question 5)

AFFIN BANK's gross impaired loan (GIL) ratio increased to 3.52% in FY2020 (FY2019: 3%).

Based on current economic outlook and internal credit risk assessment, how would AFFIN BANK's GIL ratio perform in FY2021?

Response by Affin Bank Berhad (Question 5)

The target GIL is 2.9% in FY2021. As of Q1 2021, we have improved our GIL ratio to 3.41%, from 3.52% in FY2020. The Bank will further reduce this ratio via auctioning of non-performing loan (NPL) assets, recovery from the borrowers and restructuring of loans. Similar to the credit impairment losses, the ability to manage the GIL ratio will also depend on the state of the economy and how it manages to recover from the pandemic.

(vi) Questions by MSWG (Question 6)

During FY2020, the Bank's total deposits from customers declined 2.36% to RM49.88 billion from RM51.09 billion. What is the reason for the decrease in customers' deposit? Was the decrease in deposit a sign of public's disinterest towards AFFIN BANK's deposits and savings products? Will the decline in customers deposit affect AFFIN BANK's plan to reduce the cost of funds?

Response by Affin Bank Berhad (Question 6)

The Bank's business strategy is focused on growing Enterprise and Community Banking loans and deposits. This is evident on the growth in the Enterprise Banking deposits of 15.8% YoY and Community Banking deposits of 7.5% YoY. In addition, the Bank was recognized by RinggitPlus Readers' Choice Awards as BANK with the Best Retail FD Award.

In 2020, it is the Bank's intention to reduce high cost FDs from the Corporate Banking segment. This has progressively reduced the Bank's cost of funds from 3.8% in FY2019 to 2.9% as of 31 December 2020.

The Bank's liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) remains comfortable at 154.9% and 111.1% respectively as at end 2020.

(vii) Questions by MSWG (Question 7)

It was reported that Affin Hwang Asset Management, the asset management unit of AFFIN BANK, is working with advisors on a potential listing exercise which might take place as soon as the second half of 2021.

Is AFFIN BANK currently undertaking such an exercise? If yes, please provide an update.

Response by Affin Bank Berhad (Question 7)

The Bank will continue to evaluate all strategies to unlock value of our businesses. Any corporate exercise by the Group will be announced through Bursa Malaysia.

(viii) Corporate Governance Matters (Question 1)

Based on the Corporate Governance (CG) report of the Company on the application of the Practices under the Malaysian Code on Corporate Governance (MCCG), please provide clarification on the following:-

Practice 11.2: Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

AFFIN BANK's response: The Bank has yet to adopt integrated reporting. The Board would consider adopting integrated reporting in the future.

MSWG's comment: Being a Large Company, AFFIN BANK did not indicate the timeframe to apply integrated reporting.

When does the Group intend to adopt integrated reporting? What are the challenges faced by the Company that hinder the adoption of integrated reporting?

Response by Affin Bank Berhad (Question 1)

The Group is currently undertaking its AIM22 business transformation plan and will review the Integrated Reporting adoption post FY2022. The main challenge is that Affin Group is currently upgrading the financial reporting systems as well as consolidating the financial and non-financial data.

(x) Corporate Governance Matters (Question 2)

Chapter 9, Paragraph 9.21(2) of the Main Market Listing Requirements requires companies to publish a summary of the Key Matters Discussed (KMD) at the AGM onto the Company's website soon after the conclusion of the general meeting.

As of 25 May, the Group had not published the KMD on its corporate website (https://affin.listedcompany.com/agm_egm.html). Please upload the said document to the corporate website as soon as possible.

Response by Affin Bank Berhad (Question 2)

The KMD has been published on our corporate website.

8. PRE-AGM MEETING AND LIFE QUESTIONS AND ANSWERS

8.1 After presenting the questions from MSWG and Affin Bank's reply to them, the Chairman proceeded to read the pre-AGM and life questions and the responses were then provided by the PGCEO. The questions raised amongst others were on Corporate Social Responsibility, Loan Repayment/Deferment of Loan, Share Price, Recyclables, Corporate Strategy, Operational & Financial Matters, Sustainability/ESG, Dividend Reinvestment Plan, Corporate Exercises/Others, COVID-19 Pandemic, Door Gifts/E-Voucher and Cost of AGM.

Chairman proceeded to address the questions submitted by shareholders as follows:

8.1.1 Request from shareholders on door Gift / e- Voucher / e-wallet

* The Chairman clarified that as stated in the Administrative Notes sent to shareholders together with the Notice of Affin Bank 45th AGM on 30 April 2021, there would be no distribution of door gift or e-vouchers to shareholders/proxyholders who participated in the Affin Bank 45th AGM.

8.1.2 Request from shareholders for copy of Annual Report

* The Chairman informed that as stated in the Administrative Notes sent to shareholders together with the Notice of Affin Bank 45th AGM on 30 April 2021, Affin Bank's Annual Report 2020 is available on the Company's website at <https://www.affinbank.com.my>. Shareholders may request for a printed copy of the Annual Report 2020 at <https://tiih.online> by selecting "Request for Annual Report/Circular" under the "Investor Services". However, shareholders are advised to consider the environmental and sustainability concerns prior to requesting for the printed copy of the Annual Report 2020.

8.1.3 **Cost for holding virtual AGM and future AGM**

- * The Chairman explained that, similar to last year, the cost of conducting Affin Bank 45th AGM is estimated at RM80,000.

The Chairman informed that the conduct of the Bank's future AGM would have to take into consideration the prevailing regulatory requirements and circumstances in deriving at the decision.

8.1.4 **Will Affin Bank answer every single shareholder question raised by shareholders on AGM and publish on the Bank's website?**

- * The video recording of the AGM and the questions and answers from MSWG will be published on Affin Bank's corporate website www.affinbank.com.my. For those questions from the shareholders which could not be answered during the AGM, the reply will be e-mailed to the shareholders.

The minutes of Affin Bank's AGM on the meeting proceedings including issues or concerns raised by shareholders and responses will be published on Affin Bank's corporate website www.affinbank.com.my.

8.1.5 **What is the Bank's strategic plan for year 2022 and digital transformation under "Revolutionizing Through Digitalization"?**

- * For year 2022, Affin Bank will continue to pursue AIM22 Transformation Programme ("AIM22") as part of the Bank's efforts to achieve sustainable growth..

The AIM22 Metamorphosis Plan is a two-year programme with 30 initiatives, covering the connectivity between organisation and individuals, supplemented by processes and capabilities to enhance banking propositions as follows:-

- (i) Productivity and efficiency;
- (ii) Turbo charged CASA;
- (iii) Digital Transformation Acceleration;
- (iv) People : High Performance Culture; and
- (v) ROE Focus : Value Creation

These strategic initiatives are focused to improve Affin Bank's business and operations with specific targets set.

Affin Bank has embarked on a digital transformation across all aspects of operations. The transformation includes the adoption of key initiatives such as Robotic Process Automation (RPA), Digital Imaging System (DIS) and New Branch Delivery System.

Affin Bank's operations will be digitised in phases and is expected to be completed by 2022. Some of these key projects have been implemented under AIM22 Transformation Programme and have started to show positive results in-line with their objectives.

Affin Bank targets to launch Lifestyle App and Mobile Banking App by end of this year. With increasing innovation and partnerships with viable fintech solution providers, customers can expect new digital enhancements to improve their banking experience.

8.1.6 What is the timeline to list Affin Hwang Asset Management, i.e. listing date and progress of the insurance divesture?

* The disclosures of corporate exercises are governed by the Listing Requirements of Bursa Malaysia and will be announced through Bursa Malaysia.

Assessment of any corporate exercise will be undertaken holistically, including the financial effects on Affin Bank and the Group. If any such announcement is required to be made, these details will be announced to Bursa Malaysia Securities Berhad.

The Affin Bank Group's strategy is to remain open to any potential merger or acquisition and will continue to evaluate all strategies to unlock value /create value and benefits to provide maximum returns to shareholders.

8.1.7 Can the board of directors provide shareholders an investor relations calendar yearly.

* The Chairman took note of the suggestion and would consider uploading the tentative dates of events in the investor relation calendar on Affin Bank's corporate website, www.affinbank.com.my.

8.1.8 What will Affin Bank be doing more than it is doing currently to march ahead of competitors and properly reflect share price performance for shareholders?

* Affin Bank Group's strategy for this year will be on the following: -

- (i) Exploring new growth opportunities in line with the Affin Bank Group's risk appetite and focusing to grow fee-based income;
- (ii) Drive productivity improvements & maintain disciplined cost management while strengthening the Affin Bank Group's franchise in the country;
- (iii) Remain focused on building a sustainable funding base through low cost CASA deposits through assets and liabilities management & pricing of loans and deposits to lower cost of fund and manage NIM;

- (iv) Maintain capital strength and a balanced risk management to manage business growth and potential asset quality deterioration and at the same time meeting regulatory requirements; and
- (v) Upskilling employees in digital skills

8.1.9 Under FMCO & to assist those SMEs & individuals seriously affected financially, MOF through BNM requested commercial banks to allow moratorium of loan repayment deferment. Will such deferment have great impact on Affin Bank?

* Despite the COVID-19 Pandemic in year 2020, the deposits for the Community Banking segment grew by 7.5% as compared to the industry's growth of 5%. The segment's total loan also grew by RM0.8 billion or 3.3%. The Mortgage portfolio managed to grow by a respectable 6.0% and the card base increased by 59% as compared to the industry which dropped by 3%. Wealth Management revenues increased by more than five times as compared to 2019, with the unit trust sales showing an improvement of 1500% year on year.

For the Enterprise Banking segment, the total loans increased by RM0.8 billion or 18.8% during the year while the deposits grew by RM0.9 billion or 15.8%.

In responding to the pandemic, Affin Bank has improved the overall digital offerings and expanded delivery channels to allow customers to connect with the Bank in a safe and timely manner.

Borrowers under M40 who have experienced a reduction in income (including salary, allowance, commissions and household income) may request for reduction of monthly instalments according to the reduced income. Moratorium and loan repayment deferment is granted on opt-in basis for individual under B40 category and SMEs from sectors not allowed to operate during lockdown. The extent of the impact will depend on the opt-in ratio, how severe and long is the lockdown.

Affin Bank still offers loan deferment and moratorium and the estimated modification loss to be minimal. For now, loan moratorium is granted on opt-in basis to individual B40 category and SMEs from sectors not allowed to operate during this lockdown.

8.1.10 Referring to FY2021 Q1 results, note A23 shows that personal cost increases by around 10% y-o-y to RM229 million. What causes the higher personal cost?

* The increase in personnel costs is mainly due to increase in bonus and incentives in Affin Hwang Asset Management Berhad (AHAM), in line with the higher PBT and business growth of AHAM in 1Q2021.

8.1.11 Affin Bank's Gross Impaired Loan ratio (GIL) are worse than peers, even before Covid-19? Is it due to the nature of the loans or underwriting practice is not as prudent?

* The GIL has improved to 3.41% in 1Q 2021 compared to 3.52% in 4Q 2020. Affin Bank is targeting to further improved the ratio by end of this year despite the current challenging market..

Affin Bank is taking its impaired loan ratio seriously and is working to ensure that its portfolio reduces towards the industry average.

8.1.12 What is Affin Bank's Cost to Income Ratio (CIR) and what are the actions planned for reducing it to be in line with the bigger banks?

* Affin Bank's CIR is currently 59.6% and aims to reduce to 55% by year 2022. Some of the initiatives are as follows:-

- (i) Pushing the drivers to build higher and more stable revenue streams;
- (ii) Review & renegotiation of contracts with vendors;
- (iii) Energy saving initiatives at the main office and all branches; and
- (iv) Robotics Processes Automation to increase efficiency and the sales productivity of the employees.

Increase in Affin Bank's operating expenses in year 2020 was mainly due to digitalisation costs incurred as the Bank is moving towards digital transformation.

8.1.13 Why is the Bank ROE low when compared with the others in the industry?

* The Bank's ROE was affected due to the elevated provisioning partly due to overlay arising from the COVID-19 pandemic.

8.1.14 Affin Bank plans to increase Loan Loss Coverage ratio (LLC) from 50% to 70% in FY2021. Does this implying that in order to bring the ratio up to targeted 70%, Affin Bank will need to make another significant provision in FY2021?

* The increase in LLC from 50% to 70% will be achieved through conservative provisioning and resolution of impaired loans.

8.1.15 Is there any ESG restriction on granting loans to oil and gas sector as well as mining sector?

* ESG restrictions only applicable to activities with clear evidence of unmitigated adverse impact to the environment, people and community. Affin Bank is guided by the relevant cohort issued by Bank Negara Malaysia where first cohort has been issued on Palm Oil, Renewable Energy and Energy Efficiency and the Community of Practitioners is working on the second cohort to be issued on manufacturing, oil & gas as well as construction and infrastructure.

8.1.16 Other than dividends declared for shareholders through optional DRP, is there any proposal in future for the board to declare bonus issue?

* The Bank has paid interim dividend of 3.5 sen in April 2021 for the FYE2020 and expected to continue paying dividends to its shareholders. The quantum of the dividend will depend on the level of profitability of the Affin Bank Group for the year.

The Board of Directors may consider declaring bonus issue in the future after taking into consideration the financial implications on the Bank and its group, including the impacts on earnings per share and share price given the bonus issue will result in higher number of Affin Bank shares.

8.1.17 Is there a whistleblower report on any wrongdoings in Year 2020 and if so, legal action taken against those wrongdoers?

* The whistleblowing cases are governed by the Bank's Whistleblowing Policy. A whistle blowing case, if any, received by the Bank will be accorded with adequate attention and proper investigation conducted.

The Chairman assured shareholders that for questions which were unable to be addressed during this Meeting, the Bank will revert to shareholders directly via e-mail.

The Chairman then proceeded with the remaining Agenda items of the Meeting.

ORDINARY BUSINESS

9. ORDINARY RESOLUTION 1 - RE-ELECTION OF MR. IGNATIUS CHAN TZE CHING WHO RETIRES BY ROTATION PURSUANT TO ARTICLE 118 OF THE COMPANY'S CONSTITUTION

The Chairman informed the Meeting that Mr. Ignatius Chan Tze Ching was subject to retirement under Article 118 of the Company's Constitution and being eligible, had offered himself for re-election.

The following ordinary resolution was put for a vote at the end of the meeting and was duly passed:-

“THAT Mr. Ignatius Chan Tze Ching retiring pursuant to Article 118 of the Company's Constitution, be and was thereby re-elected as Director of the Company.”

10. **ORDINARY RESOLUTION 2 - RE-ELECTION OF DATO' ROZALILA BINTI ABDUL RAHMAN, WHO RETIRES BY ROTATION PURSUANT TO ARTICLE 118 OF THE COMPANY'S CONSTITUTION**

The Chairman informed the Meeting that Dato' Rozalila binti Abdul Rahman was subject to retirement under Article 118 of the Company's Constitution and being eligible, had offered herself for re-election.

The following ordinary resolution was put for a vote at the end of the meeting and was duly passed:-

“THAT Dato' Rozalila binti Abdul Rahman retiring pursuant to Article 118 of the Company's Constitution, be and was thereby re-elected as Director of the Company.”

The Chairman informed the Meeting that Encik Mohd Suffian bin Haji Haron who also retires pursuant to Article 118 of the Constitution of the Company, has expressed his intention not to seek re-election. Hence, he will retain office until the close of this 45th AGM.

11. **ORDINARY RESOLUTION 3 - RE-ELECTION OF MS. CHAN WAI YU WHO RETIRES BY ROTATION PURSUANT TO ARTICLE 124 OF THE COMPANY'S CONSTITUTION**

The Chairman informed the Meeting that Ms. Chan Wai Yu was subject to retirement under Article 124 of the Company's Constitution and being eligible, had offered herself for re-election.

The following ordinary resolution was put for a vote at the end of the meeting and was duly passed:-

“THAT Ms. Chan Wai Yu retiring pursuant to Article 124 of the Company's Constitution, be and was thereby re-elected as Director of the Company.”

12. **ORDINARY RESOLUTION 4 - PAYMENT OF NON-EXECUTIVE DIRECTORS' REMUNERATION WITH EFFECT FROM THE 45TH AGM TO THE 46TH AGM OF THE COMPANY**

The Company sought approval of the shareholders on the proposed payment of the following fees to Non-Executive Directors for the period from the 45th AGM to the 46th AGM of the Company:-

- a) Chairman's fee - RM160,000 per annum;
- b) Director's fee - RM130,000 per annum for each Non-Executive Director;
- c) Board Committee Chairman's fee - RM40,000 per annum; and
- d) Board Committee Member's fee - RM35,000 per annum for each member of Board Committee.

The following ordinary resolution was put for a vote at the end of the meeting and was duly passed:-

“THAT the payment of the following fees to Non-Executive Directors for the period from the 45th AGM to the 46th AGM of the Company, be approved:-

- a) Chairman's fee - RM160,000 per annum;*
- b) Director's fee - RM130,000 per annum for each Non-Executive Director;*
- c) Board Committee Chairman's fee - RM40,000 per annum; and*
- d) Board Committee Member's fee - RM35,000 per annum for each member of Board Committee.”*

13. ORDINARY RESOLUTION 5 - PAYMENT OF UP TO RM1.4 MILLION AS BENEFITS TO ELIGIBLE NON-EXECUTIVE DIRECTORS FROM 45TH AGM TO THE 46TH AGM OF THE COMPANY

The Company sought approval of the shareholders on the proposed payment of up to RM1.4 million as benefits to eligible Non-Executive Directors from the 45th AGM to the 46th AGM of the Company.

The following ordinary resolution was put for a vote at the end of the meeting and was duly passed:-

“THAT the payment of up to RM1.4 million as benefits to eligible Non-Executive Directors from the 45th AGM to the 46th AGM of the Company, be approved”

14. ORDINARY RESOLUTION 6 - RE-APPOINTMENT OF AUDITORS

The Chairman informed the Meeting that Messrs. PricewaterhouseCoopers PLT had indicated their willingness to continue in office.

The Meeting was requested to consider the re-appointment of Messrs. PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2021 and to authorize the Directors to fix the Auditors' remuneration.

The following ordinary resolution was put for a vote at the end of the meeting and was duly passed:-

“THAT Messrs. PricewaterhouseCoopers PLT be re-appointed as Auditors of the Company for the financial year ending 31 December 2021 at a remuneration to be fixed by the Directors.”

15. **ORDINARY RESOLUTION 7 - AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE NEW ORDINARY SHARE IN AFFIN BANK BERHAD ("ABB SHARES")**

The Chairman informed the meeting that this Special Business was to obtain general mandate from shareholders to empower Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.

The following ordinary resolution was put for a vote at the end of the meeting and was duly passed:-

"THAT subject always to the Companies Act, 2016 ("Act"), the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and approval of the relevant government/regulatory authorities, the Directors be and are hereby authorised pursuant to Section 75 and Section 76 of the Act, to allot ABB Shares at any 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 ABB Shares to be allotted pursuant to the said allotment does not exceed ten percent (10%) of the total number of issued shares of the Company as at the date of such allotment and that the Directors be and are hereby authorised to obtain all necessary approvals from the relevant authorities for the allotment and listing and quotation of the additional shares so allotted on Bursa Malaysia and that such authority to allot ABB Shares shall continue to be in force until the conclusion of the next annual general meeting of the Company."

16. **ORDINARY RESOLUTION 8 - ALLOTMENT AND ISSUANCE OF NEW SHARES OF AFFIN BANK BERHAD ("ABB SHARES") IN RELATION TO THE DIVIDEND REINVESTMENT PLAN BY THE COMPANY THAT GIVES THE SHAREHOLDERS OF THE COMPANY THE OPTION TO REINVEST THEIR WHOLE OR A PORTION OF THE DIVIDEND FOR WHICH THE REINVESTMENT OPTION APPLIES IN THE NEW ABB SHARES ("DIVIDEND REINVESTMENT PLAN")**

The Chairman informed that the meeting was requested to consider and, if thought fit, to pass the ordinary resolution on the allotment and issuance of New Shares of ABB in relation to the Dividend Reinvestment Plan by the Company that gives the Shareholders of the Company the Option to Reinvest their whole or a portion of the Dividend for which the Reinvestment Option applies in New ABB Shares.

The following ordinary resolution was put for a vote at the end of the meeting and was duly passed:-

"THAT pursuant to the Dividend Reinvestment Plan as approved by the shareholders at the Extraordinary General Meeting held on 15 May 2018 and subject to the approval of the relevant regulatory authority (if any), approval be and is hereby given to the Company to allot and issue such number of new ABB 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 persons as the Board may, in their sole and absolute discretion, deem fit and in the interest of the Company;

AND THAT, the issue price of the said new ABB Shares which will be determined by the Board on a price fixing date to be determined (Price Fixing Date), shall not be more than 10% discount to the adjusted 5-day volume-weighted average market price (WAMP) of ABB Shares immediately prior to the Pricing Fixing Date, of which the WAMP shall be adjusted ex-dividend before applying the abovementioned discount in fixing the issue price;

AND THAT the Board be and is hereby authorised to do all such acts and enter into all such transactions, arrangements and agreements, deeds or undertakings and to execute, sign and deliver for and on behalf of the Company, all such documents and impose such terms and conditions or delegate all or any part of its powers as may be necessary or expedient in order to give full effect to the Dividend Reinvestment Plan with full power to assent to any conditions, variations, modifications and/or amendments, as the Board may, in its absolute discretion deem fit and in the best interest of the Company and/or as may be imposed or agreed to by any relevant authorities."

17. **ORDINARY RESOLUTION 9 - PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (PROPOSED SHAREHOLDERS' MANDATE)**

The Chairman informed that the meeting was requested to consider and, if thought fit, to pass the ordinary resolution on the proposed renewal of shareholders' mandate and proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature.

The following ordinary resolution was put for a vote at the end of the meeting and was duly passed:-

"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 30 April 2021 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 AGM 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 AGM of the Company which is to be held pursuant to Section 340(2) of the Companies Act, 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or*
- iii. *revoked or varied by a resolution passed by the shareholders of the Company at a general meeting, whichever is earlier.*

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."

18. OTHER BUSINESS

The Chairman briefed the shareholders that the Company Secretary has confirmed that no notice had been received from shareholders to transact any other business at the AGM.

19. POLL VOTING

- 19.1 As all resolutions have been tabled, the Chairman reminded shareholders who have yet to cast their votes to do so before the voting session is closed. The Meeting was adjourned at 4.00 p.m. for the shareholders and proxies to cast their votes.
- 19.2 That after five (5) minutes, the Chairman announced the closure of the voting. The poll results were handed over to Asia Securities Sdn Bhd, the Scrutineers for validation. The Meeting was adjourned for twenty (20) minutes for poll counting and validation.

20. POLL RESULT

- 20.1 The Chairman called the Meeting to order at 4.20 p.m. for the announcement of poll results.
- 20.2 Ms. Ong Wai Leng, the representative from Asia Securities Sdn Bhd, the Independent Scrutineer confirmed that the polling results as counted by the Poll Administrator, Tricor Investor & Issuing House Services Sdn Bhd have been verified by Asia Securities Sdn Bhd.
- 20.3 Based on the poll results, the Chairman declared that all the nine (9) resolutions as set out in the Notice of the 45th Annual General Meeting dated 2 June 2021 were carried.

20.4 The table below shows the poll results for each Ordinary Resolution:-

Resolutions	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 1	1,863,808,317	99.9823	329,800	0.0177
Ordinary Resolution 2	1,863,933,791	99.9891	202,977	0.0109
Ordinary Resolution 3	1,864,026,968	99.9950	93,400	0.0050
Ordinary Resolution 4	1,863,862,585	99.9865	251,633	0.0135
Ordinary Resolution 5	1,863,807,606	99.9837	304,113	0.0163
Ordinary Resolution 6	1,863,639,071	99.9731	500,800	0.0269
Ordinary Resolution 7	1,863,730,816	99.9785	400,552	0.0215
Ordinary Resolution 8	1,863,635,812	99.9734	496,659	0.0266
Ordinary Resolution 9	178,084,952	99.7549	437,562	0.2451

20.5 The Chairman emphasised to the shareholders that the Bank will revert directly to the questions which were not addressed during this Meeting.

21. TERMINATION OF MEETING

There being no other business, the meeting ended at 4.30 p.m. with a vote of thanks to the Chair.

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DATO' AGIL NATT
CHAIRMAN