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AFFIN BANK BERHAD

(Company No. 25046-T)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED ESTABLISHMENT OF A DIVIDEND REINVESTMENT PLAN BY AFFIN BANK BERHAD ("ABB") THAT GIVES ITS SHAREHOLDERS THE OPTION TO REINVEST THEIR CASH DIVIDEND(S) DECLARED BY ABB IN NEW ORDINARY SHARES OF ABB

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



AFFIN HWANG
CAPITAL

AFFIN HWANG INVESTMENT BANK BERHAD (14389-U)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting ("**EGM**") of ABB to be held at the Taming Sari Grand Ballroom, The Royale Chulan Kuala Lumpur, 5 Jalan Conlay, 50450 Kuala Lumpur on Tuesday, 15 May 2018 at 12.00 p.m., or immediately following the conclusion or adjournment of the 42nd Annual General Meeting ("**AGM**") of ABB scheduled to be held at the same venue and on the same date at 10.00 a.m., whichever is later, or at any adjournment thereof, together with the Form of Proxy are enclosed herein. Only a depositor whose name appears on the Record of Depositors as at 7 May 2018 shall be entitled to attend the EGM and to speak and vote thereat.

A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies (not more than 2) to vote on his/her/its behalf. In such event, the Form of Proxy should be completed and lodged at the office of ABB's Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time set for holding the EGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Sunday, 13 May 2018, 12.00 p.m.

Date and time of EGM : Tuesday, 15 May 2018, 12.00 p.m. or immediately following the conclusion or adjournment of the 42nd AGM of ABB scheduled to be held at the same venue and on the same date at 10.00 a.m., whichever is later, or at any adjournment thereof.

This Circular is dated 30 April 2018

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Act	:	Companies Act, 2016
ABB or the Bank	:	AFFIN Bank Berhad
Group	:	Our Bank and our subsidiaries, collectively
ABB Shares or Share(s)	:	Ordinary share(s) in our Bank
AGM	:	Annual General Meeting
AHIB	:	AFFIN Hwang Investment Bank Berhad
Allotment Date	:	Date of the allotment of the New Shares which falls within 8 Market Days from the Expiry Date or such other periods as may be prescribed by Bursa Securities
Assumed Dividend	:	For illustrative purposes, the assumed Dividend to be declared by ABB is 5 sen per share, based on the average dividends of 7.5 sen and 2.5 sen declared by AFFIN Holdings Berhad in FYE 31 December 2016 and in FYE 31 December 2017 (excluding the special dividend of 2 sen), respectively
BNM	:	Bank Negara Malaysia
Board	:	Board of Directors of our Bank
Books Closure Date	:	Books closure date in relation to a Dividend for which our Board determines that the Proposed DRP applies to, being the date and time as determined by our Board at which the names of our shareholders must appear on the Record of Depositors of our Bank in order to be entitled for the Dividend
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
Cash Portion	:	The remaining portion of the Dividend after the deduction of the Electable Portion (where the Electable Portion is not for the entire amount of the Dividend) and any remaining part of the Electable Portion not reinvested which will be paid in cash
CDS	:	Central Depository System
CMSA	:	Capital Markets and Services Act, 2007
Dividend(s)	:	Dividend(s) to be declared by our Bank (either an interim, final or special dividend)
Dividend Payment Account	:	The non-interest bearing account opened by our Bank to facilitate the payment of Dividends
EGM	:	Extraordinary General Meeting
Electable Portion	:	The whole or a portion of the Dividend, as our Board may at its absolute discretion determine, to which the Reinvestment Option applies

DEFINITIONS (Cont'd)

EPS	:	Earnings per share
Expiry Date	:	The last day (which will be a date to be fixed and announced by our Board and shall not be less than 14 days from the date of despatch of the Notice of Election) by which the duly completed Notice of Election must be received by the share registrar of our Bank
FSA 2013	:	Financial Services Act, 2013
FYE	:	Financial year ended/ending (as the case may be)
IFSA 2013	:	Islamic Financial Services Act, 2013
Issue Price	:	The issue price of the New Shares, to be issued pursuant to the Proposed DRP in accordance with the provisions set out in Section 2.4 of this Circular
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	30 March 2018, being the latest practicable date prior to the date of this Circular
Market Day(s)	:	A day between Monday and Friday (both inclusive) which is not a public holiday and on which Bursa Securities is open for trading in securities
NA	:	Net assets
New Shares	:	New ABB Shares to be issued pursuant to the Proposed DRP
Notice of Election	:	Notice of election by which you confirm your exercise of the Reinvestment Option
Price Fixing Date	:	A date to be determined by our Board on which the Issue Price will be determined
Proposed DRP	:	Proposed establishment of a dividend reinvestment plan by our Bank that gives you the option to elect to reinvest the Electable Portion in New Shares
Record of Depositors	:	A record provided by Bursa Depository under Chapter 24 of the Rules of Bursa Depository
Reinvestment Option	:	The option made available to you pursuant to the Proposed DRP, to reinvest the entire Electable Portion or part thereof in New Shares, as our Board may at its absolute discretion decide
RM	:	Ringgit Malaysia
Rules	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC
SC	:	Securities Commission Malaysia
VWAP	:	Volume-weighted average market price

DEFINITIONS (Cont'd)

All references to “**we**”, “**us**”, “**our**” and “**ourselves**” and “**our Bank**” in this Circular are to ABB. “**Our Group**” collectively refers to our Bank and our subsidiaries collectively. All references to “**you**” in this Circular are to our shareholders.

Words denoting the singular shall include the plural and vice versa and words denoting the masculine gender shall include the feminine and neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any provisions of statutes, rules or regulations or rules/listing requirements of stock exchange shall (where the context admits), be construed as a reference to provisions of such statutes, rules or regulations or rules/listing requirements of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statutes, rules, regulations or rules of stock exchange for the time being in force.

For ease of reading, certain figures in this Circular have been rounded. Any discrepancy in the figures included in this Circular between the amounts stated and the totals thereof are due to rounding.

Any reference to a time or date in this Circular shall be a reference to the time Malaysia, unless otherwise stated.

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AFFIN BANK BERHAD

(Company No. 25046-T)
(Incorporated in Malaysia)

Registered Office:

17th Floor, Menara AFFIN
80, Jalan Raja Chulan
50200 Kuala Lumpur

30 April 2018

Board of Directors:

General Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) (Chairman, Non-Independent Non-Executive Director)
Mohd Suffian bin Haji Haron (Non-Independent Non-Executive Director)
Tan Sri Mohd Ghazali bin Mohd Yusoff (Independent Non-Executive Director)
Abd Malik bin A Rahman (Independent Non-Executive Director)
Dato' Abdul Aziz bin Abu Bakar (Independent Non-Executive Director)
Dato' Mohd Hata bin Robani (Independent Non-Executive Director)
Ignatius Chan Tze Ching (Non-Independent Non-Executive Director)
Joseph Yuk Wing Pang (Non-Independent Non-Executive Director)

To: Our shareholders

Dear Sir/Madam

PROPOSED DRP

1. INTRODUCTION

On 24 April 2018, AHIB had on behalf of our Board, announced that our Bank is proposing to undertake the Proposed DRP.

Further details of the Proposed DRP are set out in **Section 2 of this Circular**.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED DRP, TO SET OUT OUR BOARD'S RECOMMENDATION AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSED DRP TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTIONS IN RELATION TO THE PROPOSED DRP TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED DRP

2.1 Overview

The Proposed DRP will provide you with an opportunity to reinvest your Dividend in New Shares rather than to receive it in cash.

In the event where a Dividend is declared, our Board may in its absolute discretion, determine whether to pay such Dividend in cash or to offer you the Reinvestment Option and where applicable, the size of the Electable Portion. If you do not exercise the Reinvestment Option in whole, we will pay any remaining portion of the Dividend in cash. You should note that we are not obliged to undertake the Proposed DRP for each and every Dividend to be declared.

The Electable Portion may encompass the whole Dividend or a portion of the Dividend.

Please refer to **Appendix I of this Circular** for a process flow chart, illustrating how the Proposed DRP is intended to be administered.

Unless our Board has determined that the Proposed DRP will apply to a particular Dividend, all the Dividend as may be declared by our Bank will be paid to you in cash in the usual manner.

2.2 Election to reinvest Dividends into New Shares

In respect of the Electable Portion, you will have the following options:

- | | |
|-----------------|--|
| Option 1 | to elect to exercise the Reinvestment Option by reinvesting the entire Electable Portion in New Shares at the Issue Price and to receive the Cash Portion, if applicable; |
| Option 2 | to elect to exercise the Reinvestment Option by reinvesting part of the Electable Portion in New Shares at the Issue Price and to receive in cash the balance of the Electable Portion and Cash Portion, if applicable; or |
| Option 3 | to elect not to exercise the Reinvestment Option and thereby receive the entire Dividend entitlement in cash. |

Approval will be sought from Bursa Securities for the listing of and quotation for the New Shares on the Main Market of Bursa Securities pursuant to each and every Dividend to which the Reinvestment Option is made available by our Board. The Issue Price shall be announced either on the same day as or before the announcement of the Books Closure Date is made.

Subsequently, a Notice of Election will be despatched to you. We will provide instructions in the Notice of Election in respect of the action to be undertaken by you to exercise the Reinvestment Option. The Expiry Date will be stated in the Notice of Election.

After the Expiry Date, our Bank will transfer funds amounting to the total Dividends, after deduction of the Dividend which have been elected by our shareholders for reinvestment in New Shares, from our account to the Dividend Payment Account held in trust for our shareholders.

In accordance with Paragraph 6.09 of the Listing Requirements, our Bank will, within 8 Market Days from the Expiry Date or such other periods as may be prescribed by Bursa Securities, allot and issue the New Shares and despatch notices of allotment to you when you elect to exercise the Reinvestment Option. The New Shares to be issued pursuant to the Proposed DRP will not be underwritten.

Further, in accordance with Paragraphs 8.26(2) and 9.19(2)(a)(ii) of the Listing Requirements, a dividend (cash, by share or both) must be paid within 1 month from the Books Closure Date and in any event, within 3 months from the date of the declaration of the Dividend or the date on which the approval is obtained in a general meeting of our Bank, whichever is applicable. For avoidance of doubt, Dividends for our shareholders who elect not to exercise their Reinvestment Option will also be paid concurrently on the Allotment Date, in cash, in the usual manner.

An announcement will also be made in respect of the day on which the New Shares will be listed and quoted on the Main Market of Bursa Securities.

You will receive the Dividend in cash if you do not expressly elect, in writing via the Notice of Election, to exercise the Reinvestment Option by the Expiry Date. As such, you need not take any action if you wish to receive your Dividend in cash.

Your percentage of shareholding in our Bank may be diluted should you decide not to exercise your Reinvestment Option. However, the extent of the dilution, if any, will depend on the number of New Shares issued by our Bank pursuant to the level of the Reinvestment Option exercised by our other shareholders, which cannot be determined at this juncture.

2.3 Taxation

Irrespective of whether you elect to exercise the Reinvestment Option, a tax voucher will be despatched to you and for income tax purposes, where you shall be treated as having received a cash distribution equivalent to the amount of the Dividend declared. Hence, the exercise of the Reinvestment Option does not relieve you of any income tax obligation (if applicable) and there is no tax advantage to be gained in exercising the Reinvestment Option or otherwise.

2.4 Pricing of the New Shares

The Issue Price, which will be determined and fixed by our Board on the Price Fixing Date, shall not be more than 10% discount to the 5-day VWAP of ABB Shares immediately prior to the Price Fixing Date to be determined. For avoidance of doubt, the VWAP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the Issue Price.

For avoidance of doubt, the Price Fixing Date shall be determined and announced by our Board, upon procuring all relevant approvals, either on the same day as or before the announcement of the Books Closure Date.

You do not have to pay any brokerage fees and other related transaction costs, unless otherwise provided by any statute, law or regulation.

2.5 Eligibility to participate in the Proposed DRP

You are eligible to participate in the Proposed DRP:

- (i) unless you have a registered address outside of Malaysia as at the relevant Books Closure Date, so as to avoid any violation on the part of our Bank of the securities laws applicable outside of Malaysia; and
- (ii) subject to the requirement that your participation will not result in a breach of any other restriction applicable to your holding of ABB Shares which may be imposed by statute, law or regulation in force in Malaysia or any other relevant jurisdiction.

We will not send the Notice of Election to you if your address in our Bank's Record of Depositors is not in Malaysia to avoid any violation on the part of our Bank of any securities laws applicable outside Malaysia.

If you do not have a registered address in Malaysia but wish to participate in the Proposed DRP, you are required to provide an address in Malaysia to our share registrar for service of documents and should inform your respective stockbrokers to effect the change of address. Accordingly, our share registrar will send the Notice of Election and other documents relating to the Proposed DRP to the address provided. Such notification of the change of address should be done not later than 3 Market Days before the relevant Books Closure Date.

2.6 Odd lots and fractional shares

If you elect to reinvest the entire Electable Portion or part thereof and receive New Shares, you may be allotted such New Shares in odd lots depending on your entitlement of New Shares. If you receive odd lots of New Shares and wish to trade such odd lots on Bursa Securities, you may do so in the Odd Lot Market, which allows trading of odd lots (with a minimum of 1 ABB Share).

If you do not wish to receive New Shares in odd lots, you may round down the number of New Shares elected such that you will receive New Shares in multiples of and not less than 100 New Shares. If your entitlement of New Shares is less than 1 board lot, you can elect to receive your entire Dividend entitlement in cash or New Shares in odd lots.

Under the Proposed DRP, our shareholders who elect to exercise the Reinvestment Option shall not be allotted fractional shares. As such, the amount of Dividend relating to such fractional entitlement of New Shares will be paid in cash in the usual manner. Additionally, any amount of the Dividend payment that is insufficient for the issuance of 1 new ABB Share will be received in cash by our shareholders in the usual manner.

2.7 Availability

If at any time after our Board has determined that the Proposed DRP shall apply to any Dividend and before the allotment and issuance of New Shares in respect of the Electable Portion reinvested, our Board considers that by reason of any event or circumstance (whether arising before or after such determination) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement the Proposed DRP and regardless if you have exercised your Reinvestment Option, our Board may, in its absolute discretion and as it deems fit and in our Bank's interest and without assigning any reason whatsoever, cancel the application of the Proposed DRP in relation to the Electable Portion.

In such event, the Electable Portion shall be paid to you in cash in the usual manner.

2.8 Modification, suspension and termination of the Proposed DRP

Subject to any requirement or provision imposed by any statute, law or regulation in force in Malaysia, as the case may be, the Proposed DRP may be modified, suspended (in whole or in part) or terminated at any time by our Board as our Board deems fit by giving you notice in writing in such manner as our Board deems fit. If our Board decides to cancel the application of the Proposed DRP in relation to the Electable Portion, you will receive the Electable Portion in cash in the usual manner from the Dividend Payment Account.

2.9 Ranking of New Shares

The New Shares to be issued pursuant to the Proposed DRP will rank equally in all respects with the existing ABB Shares, except that the holders of the New Shares shall not be entitled to any Dividends, rights, allotments and/or other form of distributions which may be declared, made or paid preceding the date of allotment of the New Shares.

The New Shares are prescribed securities and will be credited directly into your CDS account(s) when you exercise your Reinvestment Option. No physical share certificates will be issued.

2.10 Utilisation of cash retained arising from the Proposed DRP

The amount of cash retained arising from the Proposed DRP can only be ascertained on or after the Expiry Date by which you have elected whether to exercise your respective Reinvestment Option. Therefore, the time frame for the utilisation of cash retained can only be determined then. Nonetheless, the retained proceeds from the Proposed DRP (after deducting estimated expenses for the Proposed DRP) will be utilised for working capital and/or other requirements of our Bank and/or our Group as our Board may, in their absolute discretion and as they deem fit and in the interest of our Bank. For information purposes, the estimated expenses in relation to the Proposed DRP in the 1st year of implementation amounts to approximately RM500,000.

2.11 General

It should be noted that the grant of the right to participate in the Proposed DRP (i.e. to elect to reinvest the entire Electable Portion or part thereof into New Shares) is made to all our shareholders, including our directors, substantial shareholders and other interested persons (including persons connected with our Director or substantial shareholder) of our Bank who hold ABB Shares, subject to the restriction referred to in **Section 2.5 and Section 3 of this Circular**.

Your approval for the Proposed DRP and the issuance of New Shares arising from the Proposed DRP will be sought at the forthcoming EGM to be convened. Subsequently, approval for future issuances of New Shares is to be sought at the AGM of our Bank on an annual basis.

For avoidance of doubt, the specific approval to be obtained from our shareholders for the issuance of New Shares arising from the Proposed DRP is separate from and in addition to the general mandate (i.e. the shareholders' approval under Sections 75 and 76 of the Act for general purpose, where the ABB Shares to be issued shall not exceed 10% of the total number of issued shares of our Bank (less treasury shares, if any)) that may be sought at the AGM on an annual basis.

Amendments to our Constitution are not required under the Proposed DRP as neither the Constitution of our Bank nor the Act prohibits the implementation of any dividend reinvestment plan.

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3. IMPLICATION OF THE RULES AND OTHER SHAREHOLDING LIMITS

3.1 The Rules

You should take note of Paragraph 4.01 of the Rules and Section 217 of the CMSA. In particular, you should be aware that you may be under an obligation to extend a mandatory take-over offer for the remaining ABB Shares that you, and persons acting in concert with you, do not already own (collectively, referred to as the “**Affected Parties**”), if:

- (i) by participating in the Proposed DRP in relation to the reinvestment of the Electable Portion, the Affected Parties have obtained control via the acquisition or holding of, or entitlement to exercise the control of voting shares or voting rights of 33% or more, or such other amount as may be prescribed in the Rules, in our Bank, howsoever effected; or
- (ii) the Affected Parties acquire (including by participating in the Proposed DRP in relation to any Electable Portion) more than 2% of the voting shares or voting rights in our Bank in any 6-month period, and the Affected Parties hold more than 33% but not more than 50% of the voting shares or voting rights of our Bank during the said 6-month period or such other amount as may be prescribed in the Rules, howsoever effected.

Therefore, in the event an obligation to undertake a mandatory take-over offer is expected to arise resulting from the exercise of the Reinvestment Option, the Affected Parties may make an application to the SC to obtain approval for an exemption from the obligation to undertake a mandatory take-over offer pursuant to the Rules prior to exercise their Reinvestment Option.

The statements herein do not purport to be a comprehensive or exhaustive description of all the relevant provisions of, or all implications that may arise under the Rules or other relevant legislation or regulations. If you are in doubt as to whether you would incur any obligation to make a take-over offer under the Rules as a result of any subscription of ABB Shares through your participation in the Proposed DRP, you are advised to consult your professional advisers at the earliest opportunity.

3.2 Other shareholding limits

Our Bank is a financial service company with activities in commercial banking and hire purchase as well as the holding company of other financial services companies which are involved in *inter-alia*, investment banking, Islamic banking, money-broking and insurance. Our Bank and its subsidiaries are regulated entities with shareholding limitations prescribed by FSA 2013 and IFSA 2013. In the event any of the shareholding limits as prescribed under FSA 2013 and IFSA 2013 are expected to be breached by you (whether alone or together with any party acting in concert or associate) as a result of your exercise of the Reinvestment Option, you are required to seek the approval of BNM for each exercise of the Reinvestment Option prior to electing to participate and reinvest the entire Electable Portion or part thereof.

You are also reminded to ensure that your exercise of the Reinvestment Option will not result in the breach of any restrictions on your holding of ABB Shares which may be imposed by any contractual obligation on you, or by statute, law or regulation in force in Malaysia or any other relevant jurisdiction, or by any relevant authorities, as the case may be (unless the requisite approvals under the relevant law, statute or regulation or from the relevant authorities are first obtained), or as prescribed our Bank's Constitution.

In view of the other shareholding limits referred to above and notwithstanding the proportion of Electable Portion which you may reinvest, our Board shall be entitled but not obligated to reduce or limit the number of New Shares to be allotted and issued to you should our Board be aware or be informed of any expected breach of such shareholding limits or non-approval by BNM as a result of the exercise of your Reinvestment Option.

4. RATIONALE FOR THE PROPOSED DRP

The establishment of the Proposed DRP is intended to:

- (i) strengthen our Group's capital position as any cash so retained within our Bank, that would otherwise be made payable by way of Dividend, will be preserved as capital which will be used to fund working capital and/ or other requirements of our Bank or our Group;
- (ii) potentially improve the liquidity of ABB Shares currently listed on the Main Market of Bursa Securities through the issuance of New Shares pursuant to the Proposed DRP resulting in our enlarged ABB share capital base; and
- (iii) give an additional avenue for our investors to increase their equity participation in our Bank. In addition, our shareholders are expected to benefit from their participation in the Proposed DRP as the New Shares may be issued at a discount and their subscription of such New Shares will be free from any brokerage fees and other related transaction costs (unless otherwise provided by any statute, law or regulation).

While the Proposed DRP will provide our shareholders with greater flexibility in meeting their investment objectives, it also provides an alternative for our Bank to balance the demand of our investors and our capital objective. In relation thereto, our shareholders will not be worse off as a result of the implementation of the Proposed DRP because they will still receive the Dividends in cash if they do not elect to exercise their Reinvestment Option.

5. EFFECTS OF THE PROPOSED DRP

The pro forma effects of the Proposed DRP are dependent on several factors including, amongst others:

- (i) the quantum of the Dividend;
- (ii) our Board's decision on the proportion/size of the Electable Portion;
- (iii) the number of our shareholders who elect to exercise the Reinvestment Option and the extent of their election;
- (iv) the Issue Price of the New Shares; and
- (v) any necessary downward adjustment by our Board to the final number of New Shares to be allotted and issued to any of our shareholders.

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Strictly for illustration purposes, the effects of the Proposed DRP are illustrated based on the following assumptions pertaining to the Assumed Dividend:

- (a) the Electable Portion applies to the entire Assumed Dividend;
- (b) issue price of RM2.12, computed based on the maximum discount of 10.0% to the 5-days VWAP of ABB Shares as at the LPD of RM2.40 less the Assumed Dividend;
- (c) no occurrence of fractional adjustments which require settlement of the difference in cash; and
- (d) all our shareholders elect to exercise their Reinvestment Option and reinvest the entire Electable Portion in New Shares.

Based on the assumptions above, the number of New Shares that may be issued by our Bank pursuant to the Proposed DRP is as follows:

Electable Portion (RM'000)	[A]	*97,147
Issue Price (RM)	[B]	2.12
New Shares to be issued ('000)	[C]=[A]/[B]	45,824

Note:

* Computed as follows:

Number of ABB Shares in issue ('000)	[A]	1,942,949
Assumed Dividend per ABB Share to which the Proposed DRP applies to (RM)	[B]	0.05
Electable Portion (RM'000)	[C]=[A]*[B]	97,147

5.1 Issued share capital

For illustrative purposes based on the assumptions stated above, the pro forma effect of the Proposed DRP on the issued share capital of our Bank is as follows:

	No. of ABB Shares	Issued share capital	%
	'000	RM'000	
As at the LPD	1,942,949	4,684,752	97.7
Issuance of New Shares	45,824	97,147	2.3
Enlarged share capital	1,988,773	4,781,899	100.0

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5.2 Substantial shareholders' shareholdings

Our substantial shareholders' percentage shareholdings in the Bank will not be affected if all our shareholders fully exercise their respective Electable Portion. However, in the event where our substantial shareholders fully exercise their respective Electable Portion while some or all of our other shareholders do not elect to reinvest their Electable Portion or elect to reinvest only part of their Electable Portion, the shareholding percentage of our substantial shareholders will increase. Inversely, where our substantial shareholders do not exercise their respective Electable Portion while some or all of our other shareholders elect to reinvest their Electable Portion or elect to reinvest only part of their Electable Portion, the shareholding percentage of our substantial shareholders will be diluted.

5.3 Earnings and EPS

The Proposed DRP is not expected to have any material effect on the earnings of the Group for the FYE 31 December 2018. However, for illustrative purposes, the EPS of our Group will be proportionally diluted in consequence to any issuance of New Shares from the Proposed DRP, assuming the net earnings of our Group remain unchanged. The quantum of such impact cannot be reliably ascertained at this point in time as such effect on the earnings of our Group is dependent on the extent to which our shareholders exercise the Reinvestment Option into New Shares.

Such reinvested amount will be reserved to fund working capital and/or other requirements of our Bank and/or our Group and is expected to contribute positively to the future earnings of our Group.

5.4 NA and gearing

The Proposed DRP will not have any immediate effect on the consolidated NA per Share and gearing level of our Group until such time when the Reinvestment Option is exercised. In any event, the NA per Share will not be higher than the pre-dividend payout position. The consolidated gearing position of our Group is expected to improve when Reinvestment Option is exercised. Such improvement however, will depend on the extent to which our shareholders elect to exercise the Reinvestment Option.

5.5 Existing convertible securities

As at the LPD, we do not have any outstanding convertible securities.

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6. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of ABB Shares traded on the Main Market of Bursa Securities for the past 12 months are as follows:

	High RM	Low RM
Affin Holdings Berhad:		
<u>2017</u>		
April	2.97	2.78
May	3.00	2.65
June	2.75	2.64
July	2.70	2.57
August	2.59	2.49
September	2.69	2.51
October	2.63	2.53
November	2.58	2.36
December	2.42	2.24
<u>2018</u>		
January	2.56	2.28
Our Bank⁽¹⁾:		
<u>2018</u>		
February	2.38	2.70
March	2.51	2.38
Last transacted market price of ABB Shares on 23 April 2018		2.53
(being the last trading day prior to the announcement of the Proposed DRP)		
Last transacted market price of ABB Shares as at the LPD		2.40
(Source: Bloomberg)		

Note:

- (1) On 2 February 2018, Affin Holdings Berhad announced, among others, the completion of the transfer of listing status from Affin Holdings Berhad to our Bank. Further details of the reorganisation have been set out in the circular issued by Affin Holdings Berhad to its shareholders dated 21 September 2017.

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7. APPROVALS REQUIRED

The Proposed DRP is subject to the following approvals being obtained:

- (i) BNM, for the following:
 - (a) establishment of the Proposed DRP, if required; and
 - (b) the issuance of such number of New Shares arising from the application of the Proposed DRP.

Subsequent approval from BNM is to be sought for each declaration of Dividend and the increase in issued share capital of our Bank arising from the Proposed DRP;

- (ii) Bursa Securities, for the listing of and quotation for the New Shares on the Main Market of Bursa Securities pursuant to Proposed DRP;
- (iii) our shareholders, for the Proposed DRP and the issuance of New Shares arising from the Proposed DRP at the forthcoming EGM to be convened.

The approval from our shareholders shall continue to be in force until the conclusion of our next AGM. Subsequently, approval for future issuances of New Shares is to be sought at the AGM of our Bank on an annual basis. This specific approval is in addition to the general mandate sought under Sections 75 and 76 of the Act for general purposes; and

- (iv) approval of any other relevant authorities and/or parties, if required.

The Proposed DRP is not conditional or inter-conditional upon any other proposal undertaken or to be undertaken by our Bank.

8. ESTIMATED TIMEFRAME FOR THE IMPLEMENTATION OF THE PROPOSED DRP

The indicative timeline for the implementation of the Proposed DRP for any Dividend declared for which our Board determines that the Reinvestment Option applies is as set out below:

Events	Indicative timeline
Application to BNM for the issuance of new ABB Shares pursuant to the Proposed DRP	T-60 calendar days
Declaration of final Dividend which the Reinvestment Option is made available for ⁽¹⁾ ⁽²⁾	T-48 calendar days
Issuance of annual report ⁽¹⁾	T-44 calendar days
AGM ⁽¹⁾ ; or Declaration of interim Dividend which the Proposed DRP applies to ⁽²⁾	T-16 calendar days
Submission of additional listing application ("ALA") to Bursa Securities for its approval	T-14 calendar days
(1) Receipt of approval in principle from Bursa Securities (assuming Bursa Securities takes 14 days to approve the ALA) ⁽³⁾	T
(2) Announcement of the Issue Price and Books Closure Date ⁽³⁾	
Books Closure Date ⁽³⁾	T+10 Market Days

Events	Indicative timeline
Despatch of Notice of Election and Dividend Reinvestment Plan Statement ⁽³⁾	T+12 Market Days
Expiry Date ⁽³⁾	T+22 Market Days
Issuance and allotment of New Shares as well as payment of Cash Portion to our shareholders ⁽³⁾	T+29 Market Days
Listing of New Shares ⁽³⁾	T+30 Market Days

Notes:

- (1) *Relates to the declaration of final Dividend which requires your approval for the payment.*
- (2) *As the approval of our shareholders is not required in respect of the interim Dividend, the indicative timeline for our Board to declare such interim Dividend which the Proposed DRP applies to, may fall on T-16 calendar days.*
- (3) *Common processes which apply to declaration of both interim and final Dividend which the Proposed DRP applies to.*

9. CORPORATE PROPOSALS ANNOUNCED BUT PENDING IMPLEMENTATION

Save for the Proposed DRP, there are no other corporate proposals announced but pending implementation as at the date of this Circular.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of our Bank's directors or major shareholders and/or persons connected to them have any interest, direct and/or indirect, in the Proposed DRP beyond their respective entitlements to Dividends as our shareholders, to which you are similarly entitled to.

11. DIRECTORS' RECOMMENDATION

Having considered the all aspects of the Proposed DRP, including but not limited to the rationale and effects of the Proposed DRP, our Board is of the opinion that the Proposed DRP is in the best interest of our Bank.

Accordingly, our Board recommends that you vote in favour of the resolutions relating to the Proposed DRP to be tabled at the forthcoming EGM.

12. EGM

An EGM, the notice of which is enclosed in this Circular, will be held at the Taming Sari Grand Ballroom, The Royale Chulan Kuala Lumpur, 5 Jalan Conlay, 50450 Kuala Lumpur on Tuesday, 15 May 2018 at 12.00 p.m. or immediately after the conclusion of the 42nd AGM of our Bank which is to be held at the same venue and on the same day at 10.00 a.m., whichever is later, or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolutions pertaining to the Proposed DRP.

If you are unable to attend and vote in person at the EGM, please complete, sign and send the enclosed Form of Proxy in accordance with the instructions therein as soon as possible and in any event so as to arrive at our Bank's share registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time set for the convening of the forthcoming EGM or any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the forthcoming EGM should you subsequently wish to do so.

13. FURTHER INFORMATION

You are advised to refer to the enclosed appendices for further information.

Yours faithfully
For and on behalf of our Board
AFFIN Bank Berhad

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

DIVIDEND REINVESTMENT PLAN STATEMENT

**AFFIN BANK BERHAD**

(Company No. 25046-T)

(Incorporated in Malaysia)

Dividend Reinvestment Plan (“DRP”) Statement

(Abbreviations and definitions, unless where the context requires otherwise, shall be as set out in Section 2 of the Terms and Conditions (as defined below) governing this DRP Statement)

This DRP Statement contains the terms and conditions of the proposal by AFFIN Bank Berhad (“**ABB**” or the “**Bank**”) (“**Terms and Conditions**”) under which persons registered in the Record of Depositors of the Bank, as the holders of the ABB Shares (“**Shareholders**”) may, in relation to any dividend(s) as declared by the Bank (either an interim, final or special dividend) (“**Dividend**”), be given an option to reinvest the entire Electable Portion or part thereof in New Shares (“**Reinvestment Option**”) as the Board of Directors of the Bank (“**Board**”) may, at its absolute discretion, make available.

Irrespective of whether an election is made by Shareholders to exercise the Reinvestment Option, a tax voucher will be despatched to all Shareholders and for income tax purposes, Shareholders will be regarded as having received a cash distribution equivalent to the amount of the Dividend declared. Hence, the election for the Reinvestment Option does not relieve the Shareholder of any income tax obligation (if applicable) and there is no tax advantage to be gained in exercising the Reinvestment Option or otherwise.

Unless the Board has determined that the DRP will apply to a particular Dividend, all Dividends as may be declared by ABB will be paid wholly in cash to the Shareholders in the usual manner.

The New Shares will be issued free from any brokerage fees and other related transaction costs to Shareholders who elect to participate in the DRP (“**Participating Shareholders**”) unless otherwise provided by any statute, law or regulation.

SUMMARY OF THE MAIN FEATURES OF THE DRP

The Board may, in its absolute discretion, declare a Dividend and determine whether to offer the Reinvestment Option to the Shareholders and where the Electable Portion is not reinvested by the Shareholders in whole, any remaining portion of the Dividend will be paid in cash.

In respect of the Electable Portion, each Shareholder has the following options:

- | | |
|-----------------|--|
| Option 1 | to elect to exercise the Reinvestment Option by reinvesting the entire Electable Portion in New Shares at the Issue Price and to receive the Cash Portion, if applicable; |
| Option 2 | to elect to exercise the Reinvestment Option by reinvesting part of the Electable Portion in New Shares at the Issue Price and to receive in cash the balance of the Electable Portion and Cash Portion, if applicable; or |
| Option 3 | to elect not to exercise the Reinvestment Option and thereby receive the entire Dividend entitlement in cash. |

The Issue Price shall be at the adjusted volume-weighted average market price (“**VWAP**”) for the 5 Market Days immediately prior to the Price Fixing Date after applying a discount of not more than 10%. The VWAP shall be adjusted ex-dividend before applying the aforementioned discount.

DIVIDEND REINVESTMENT PLAN STATEMENT (*cont'd*)

The Issue Price shall be announced on or before ABB announces its intention to fix the Books Closure Date.

Subsequently, a Notice of Election will be despatched to the Shareholders. Instructions will be provided in the Notice of Election in respect of the action to be undertaken by the Shareholders to exercise the Electable Portion. The Expiry Date will be stated in the Notice of Election.

An announcement will also be made in respect of the listing of and quotation for the New Shares to be issued pursuant to the exercise by the Shareholders of the Reinvestment Option on the Main Market of Bursa Securities.

Shareholders will receive the Electable Portion in cash if they do not expressly in writing elect to participate in the DRP according to its Terms and Conditions. As such, Shareholders need not take any action if they wish to receive their Electable Portion in cash.

HOW TO PARTICIPATE

Participation in the DRP is optional and not transferable. A Shareholder wishing to reinvest in New Shares in respect of any Electable Portion must complete the Notice of Election and return it to the share registrar of ABB in accordance with the instructions as prescribed therein.

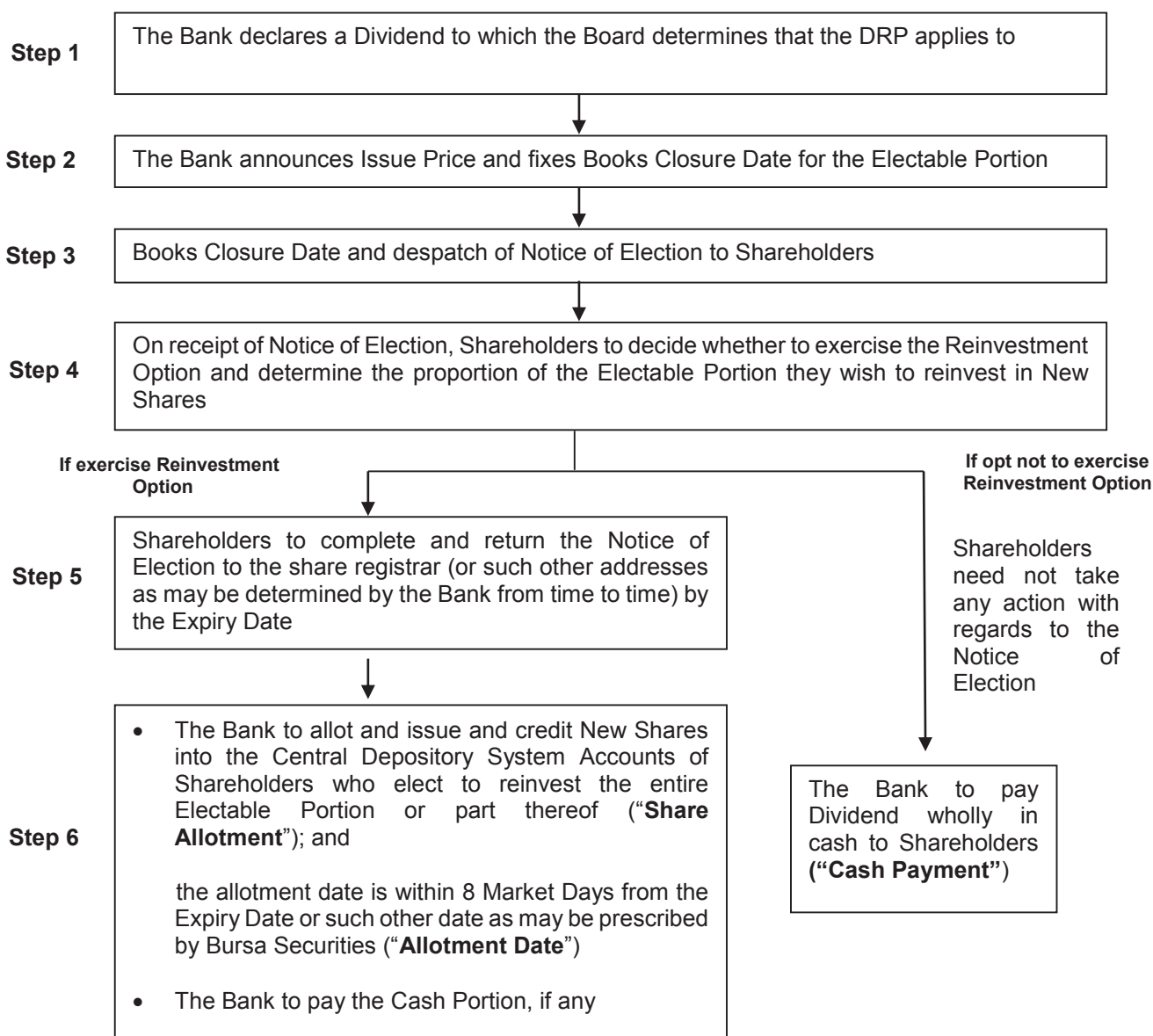
A Shareholder receiving more than one Notice of Election and wishing to reinvest in New Shares in respect of all of his entitlement to the Electable Portion must complete all Notices of Election received by him and return the completed Notices of Election to the share registrar of ABB. Shareholders should note that they are at liberty to decide which particular Notice of Election they wish to elect for the reinvestment in New Shares. Where any particular Notice of Election is not elected upon, the Dividend relating thereto will be received in cash by the Shareholders in the usual manner.

To be effective in respect of any exercise of the Reinvestment Option to which a Notice of Election relates, such duly completed and signed Notice of Election must be received by the share registrar of ABB no later than the Expiry Date stated in the Notice of Election in respect of that particular Reinvestment Option.

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DIVIDEND REINVESTMENT PLAN STATEMENT (cont'd)

The process flow chart in relation to how the DRP is to be administered is shown below.

**Note:**

In respect of Step 6, the Share Allotment and payment of Cash Portion or the Cash Payment (where applicable) will occur on the same day, which will be within 1 month from the Books Closure Date and in any event, within 3 months from the date of the declaration of the Dividend or the date on which the approval is obtained in annual general meeting of ABB, whichever is applicable.

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DIVIDEND REINVESTMENT PLAN STATEMENT (cont'd)

1. ESTABLISHMENT

The DRP has been established by the Board.

2. TERMS AND CONDITIONS

In these Terms and Conditions, the following definitions shall apply:

“ABB Share(s)”	: Ordinary share(s) in ABB
“Books Closure Date”	: Books closure date in relation to a Dividend for which the Board determines that the DRP applies to, being the date and time as determined by the Board at which the names of the Shareholders must appear on the record of depositors of the Bank with Bursa Malaysia Depository Sdn Bhd in order to be entitled for the Dividend
“Bursa Securities”	: Bursa Malaysia Securities Berhad (635998-W)
“Cash Portion”	: The remaining portion of the Dividend after the deduction of the Electable Portion (where the Electable Portion is not for the entire amount of the Dividend) and any remaining part of the Electable Portion not reinvested which will be paid in cash
“Dividend Payment Account”	: The non-interest bearing account opened by ABB to facilitate the payment of Dividend
“Electable Portion”	: The whole or a portion of the Dividend (after the deduction of the applicable income tax), as the Board may at its absolute discretion determine, to which the Reinvestment Option applies
“Expiry Date”	: The last day (which will be a date to be fixed and announced by the Board and shall not be less than 14 days from the date of despatch of the Notice of Election) by which the duly completed Notice of Election must be received by the share registrar of ABB
“Foreign Addressed Shareholders”	: Shareholders whose registered address in the Bank's Record of Depositors is not in Malaysia
“Issue Price”	: The issue price of the New Shares to be issued pursuant to the DRP
“Market Day(s)”	: Any day between Monday and Friday (both inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities
“New Shares”	: New ABB Shares to be issued pursuant to the DRP
“Notice of Election”	: Notice of election by which Shareholders confirm their exercise of the Reinvestment Option
“Price Fixing Date”	: A date to be determined by the Board on which the Issue Price will be determined
“RM”	: Ringgit Malaysia

DIVIDEND REINVESTMENT PLAN STATEMENT (cont'd)

“Rules” : Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by Securities Commission Malaysia and any amendments from time to time

3. ELIGIBILITY

All Shareholders are eligible to participate in the DRP, subject to:

- (i) restriction to Shareholders with registered addresses outside Malaysia as at the relevant Books Closure Date so as to avoid any violation on the part of ABB of the securities laws applicable outside Malaysia; and
- (ii) the requirement that such participation by the Shareholders will not result in a breach of any other restriction on such Shareholder's holding of ABB Shares which may be imposed by statute, law or regulation in force in Malaysia or any other relevant jurisdiction.

There are no restrictions prescribed in the Constitution of ABB for the Bank to implement and for the Shareholders to participate in the DRP.

4. SHAREHOLDERS WITH ADDRESSES OUTSIDE MALAYSIA

To avoid any violation on the part of the Bank of the securities laws applicable outside of Malaysia, the Notice of Election and any other documents relating to the DRP will not be sent to Foreign Addressed Shareholders. Foreign Addressed Shareholders shall have no claim whatsoever against the Bank as a result of such documents not being despatched to them. Foreign Addressed Shareholders who received or come to have in their possession a Notice of Election may not treat it as being applicable to them (except where the Notice of Election is collected from the share registrar of ABB as provided below) and are, in any event, advised to inform themselves of, and to observe, any prohibitions and restrictions and to comply with any applicable laws and regulations relating to the DRP as may be applicable.

Foreign Addressed Shareholders may collect the documents relating to the DRP from the share registrar of ABB, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or at such address as may be announced by the Bank from time to time and the share registrar of ABB may in such an event be entitled to satisfy itself as to the identity and authority of the person collecting the Notice of Election; or alternatively, provide the share registrar of ABB with their respective address in Malaysia not later than 3 Market Days before the relevant Books Closure Date in respect of any Dividend to which the Board has determined that the DRP shall apply.

Foreign Addressed Shareholders will be solely responsible for seeking advice as to the laws of any jurisdiction that they may be subjected to, and participation by Foreign Addressed Shareholders in the DRP will be on the basis that they may lawfully so participate without the Bank, its directors and employees and its advisers and the employees of the advisers being in breach of the laws of any jurisdiction.

DIVIDEND REINVESTMENT PLAN STATEMENT (cont'd)

5. LEVEL OF PARTICIPATION

Participating Shareholders may elect to participate in the DRP to the extent of the Electable Portion as determined by the Board at its absolute discretion. A Shareholder's right to participation will be based on his holding of ABB Shares as at each Books Closure Date to which each Notice of Election received by him relates ("**Participating Shares**").

6. NOTICE OF ELECTION TO PARTICIPATE

Subsequent to the Books Closure Date, a Notice of Election will be despatched to Shareholders. The Notice of Election will contain the instructions with respect to the action that is required to be taken by Shareholders to exercise the Reinvestment Option and will also state the Expiry Date. The Notice of Election and any other documents relating to the DRP will not be sent to Foreign Addressed Shareholders.

The Bank will, at its discretion, send to each Shareholder one (1) or more Notices of Election in relation to each Central Depository System account held by the Shareholder. To be effective in respect of any exercise of the Reinvestment Option, a duly completed Notice of Election must be received by the share registrar of ABB, no later than the Expiry Date. A Shareholder receiving two or more Notices of Election may elect to reinvest in New Shares in respect of his entitlement to which one Notice of Election relates and decline to reinvest in New Shares in respect of his entitlement to which any other Notice(s) of Election relates. A Shareholder receiving two or more Notices of Election and wishing to reinvest in New Shares in respect of all of his entitlement to the Electable Portion in respect of all his holding of ABB Shares must duly complete all the Notices of Election received by him and return the completed Notices of Election to the office of the share registrar of ABB, no later than the Expiry Date specified in the Notice of Election.

A Notice of Election in respect of any Electable Portion shall not, upon its receipt by the Bank be withdrawn or cancelled.

The Bank has the discretion and right to accept or reject any Notice of Election that is incomplete, contains errors or is otherwise defective. The Bank is under no obligation to correct invalid Notices of Election on behalf of any Shareholder or to provide any reason for rejecting any Notice of Election.

By electing to participate in the DRP, the Participating Shareholder unconditionally:

- (a) warrants to the Bank that it has the legal right and full power and authority to participate in the DRP and that its participation in the DRP will not result in a breach of any law or regulation or contractual obligation by which it is bound;
- (b) acknowledges that the Bank may at any time determine whether the Participating Shareholder's Notice of Election or other form (collectively, "**Form**") is valid, even if the relevant Form is incomplete, contains errors or is otherwise defective;
- (c) acknowledges that the Bank may accept or reject any Form and agrees that the Bank need not provide any reason therefore;
- (d) acknowledges that the Bank has not provided the Participating Shareholder with investment advice or any other advice;

DIVIDEND REINVESTMENT PLAN STATEMENT (cont'd)

- (e) agrees to these Terms and Conditions and agrees not to do any act or thing which would be contrary to the intention or purpose of the DRP;
- (f) submits to the jurisdiction of the Malaysia Courts, in each case, at all times until termination of the DRP; and
- (g) agrees that notwithstanding any other provisions, Terms and Conditions of the DRP set out herein or otherwise and irrespective of whether an election to exercise the Reinvestment Option has been made, if at any time after the Board has determined that the DRP shall apply to any Dividend and before the allotment and issuance of the New Shares in respect of any Electable Portion reinvested, where the Board considers that by reason of any event or circumstance (whether arising before or after such determination) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement the DRP in respect of the Electable Portion and regardless whether the Reinvestment Option is exercised by the Shareholders, the Board may, at their absolute discretion and as they deem fit in the interest of the Bank and without assigning any reason thereof, cancel the application of the DRP. In such event, the Electable Portion shall be paid in cash to the Shareholders in the usual manner.

7. SHARE ENTITLEMENT

By electing to participate in the DRP in respect of any Notice of Election received by him, a Shareholder elects to reinvest the entire Electable Portion or part thereof to which such Notice of Election relates.

In respect of any Electable Portion, the number of New Shares to be allotted and issued to the Participating Shareholder electing to reinvest the entire Electable Portion or part thereof in New Shares in respect of a Notice of Election shall be calculated in accordance with the following formula:

$$N = \frac{S \times D \times W}{V}$$

Where:

- N = is the number of New Shares to be allotted and issued as fully paid-up to the Participating Shareholder in respect of such Notice of Election.
- S = is the number of Participating Shares held by the Participating Shareholder as at the Books Closure Date in respect of which Notice of Election relates.
- D = Amount of Dividend declared for each ABB Share (after deduction of applicable income tax), expressed in RM, for which the Reinvestment Option applies.
- W = is the proportion of the Electable Portion chosen by the Participating Shareholder to be reinvested in New Shares in which the Participating Shareholders is entitled to exercise the Reinvestment Option.
- V = is the Issue Price, which, for the purpose of the DRP, shall be an amount in RM as determined by the Board based on the adjusted VWAP for the 5 Market Days immediately prior to a Price Fixing Date after applying a discount of not more than 10%. The VWAP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the Issue Price.

DIVIDEND REINVESTMENT PLAN STATEMENT (cont'd)

8. TERMS OF ALLOTMENT

Unless the Board otherwise determines, all New Shares allotted under the DRP will be allotted as fully paid-up. All such New Shares shall upon allotment and issuance, rank *pari passu* in all respects with the existing ABB Shares, except that the holders of New Shares shall not be entitled to any Dividends, rights, allotments and/or other distributions which may be declared, made or paid preceding the date of allotment of the New Shares.

As the New Shares to be issued pursuant to the DRP are prescribed securities, the New Shares will be credited directly into the respective Central Depository System Accounts of Shareholders. No physical share certificates will be issued.

9. ODD LOTS AND FRACTIONAL SHARES

A Shareholder who exercise the Reinvestment Option may be allotted New Shares in off lots depending on his entitlement of New Shares. Shareholders who receive odd lots of New Shares and who wish to trade such odd lots on Bursa Securities may do so in the Odd Lot Market, which allows trading of odd lots (with a minimum of 1 ABB Share). A Shareholder who does not wish to receive new ABB Shares in odd lots may round down the number of new ABB Shares elected such that he will receive new ABB Shares in multiples of and not less than a board lot comprising 100 new ABB Shares. Where a Shareholder's entitlement of new ABB Shares is less than 1 board lot, the Shareholder can elect to receive his entire Dividend entitlement in cash or new ABB Shares in odd lots.

Under the DRP, Shareholders who elect to exercise the Reinvestment Option shall not be allotted fractional shares. As such, the amount of Dividend relating to such fractional of shares will be paid in cash to the Shareholders in the usual manner.

10. NOTIFICATION TO PARTICIPATING SHAREHOLDERS

After the Books Closure Date, the Bank shall transfer funds amounting to the total payment of Dividend from its account to the Dividend Payment Account held in trust for Shareholders.

After such transfer of funds, the Dividend in the Dividend Payment Account will be paid and dealt with as follows:

- (a) in respect of Shareholders who elect to exercise their Reinvestment Option:
 - i. their entire Electable Portion or part thereof, which such Shareholders elect to reinvest in New Shares will be paid to, and reinvested in, the Bank for New Shares; and
 - ii. receive the Cash Portion, if applicable.
- (b) in respect of the Shareholders who do not exercise their Reinvestment Option, their entire Dividend will be received in cash.

Thereafter, on the Allotment Date, New Shares will be allotted and issued and notices of allotment will be despatched to Shareholders who have elected to exercise their Reinvestment Option.

An announcement will also be made on the listing of and quotation for the New Shares to be issued pursuant to the exercise by the Shareholders of the Reinvestment Option on the Main Market of Bursa Securities.

DIVIDEND REINVESTMENT PLAN STATEMENT (cont'd)

If Shareholders do not expressly elect in writing (i.e. by signing and returning the Notice of Election in accordance with the instructions stated therein) to exercise the Reinvestment Option by the Expiry Date, their Dividends will not be reinvested in New Shares and they will receive their Dividends in cash in the usual manner from the Dividend Payment Account. As such, Shareholders who do not wish to reinvest their Dividends in New Shares need not take any action with regards to the Notice of Election.

11. COST TO THE PARTICIPATING SHAREHOLDERS

The New Shares will be issued free from any brokerage or fees to Participating Shareholders unless otherwise provided by any statute, law or regulation.

12. CANCELLATION OF APPLICATION OF THE DRP

Notwithstanding any other provisions, Terms and Conditions of the DRP set out herein or otherwise and irrespective of whether an election to exercise the Reinvestment Option has been made, if at any time after the Board has determined that the DRP shall apply to any Dividend and before the allotment and issuance of New Shares in respect of the Electable Portion reinvested, the Board shall consider that by reason of any event or circumstance (whether arising before or after such determination) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement the DRP in respect of the Electable Portion, the Board may, at its absolute discretion and as it deems fit and in the interest of the Bank and without assigning any reason thereof, cancel the application of the DRP to the Electable Portion subject to any requirement or provision imposed by any statute, law or regulation in force in Malaysia, as the case may be. In such event, the Electable Portion shall be received in cash by Shareholders in the usual manner.

13. MODIFICATION, SUSPENSION AND TERMINATION OF THE DRP

Subject to any requirement or provision imposed by any statute, law or regulation in force in Malaysia, as the case may be, the DRP (including the Terms and Conditions) may be modified, suspended (in whole or in part) or terminated at any time by the Board as it deems fit or expedient by giving notice to Shareholders in such manner as it deems fit notwithstanding any other provisions, Terms and Conditions of the DRP set out herein or otherwise and irrespective of whether an election to exercise the Reinvestment Option has been made.

In the case of a suspension, the DRP will be suspended in whole or in part, as the case may be, until such time as the Board resolve to recommence or terminate the DRP. If the DRP is recommenced, Participating Shareholders' Notice of Election confirming their participation under the previously suspended DRP will be valid and have full force and effect in accordance with these Terms and Conditions and any directions, terms and conditions to Shareholders for such recommencement of the DRP which may be notified to all Shareholders.

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DIVIDEND REINVESTMENT PLAN STATEMENT (cont'd)

14. GENERAL ADMINISTRATION OF THE DRP

The Board may implement the DRP in the manner it deems fit. The Board has the power to:

- (a) determine procedures, rules and regulations for administration of the DRP consistent with these Terms and Conditions, as may be amended or modified from time to time;
- (b) settle in such manner as they think fit, any difficulty, anomaly or dispute (including relating to the interpretation of any provision, regulation or procedure or as to any rights under the DRP) which may arise in connection with the DRP, whether generally or in relation to any Participating Shareholder or any ABB Share and the determination of the Board will be conclusive and binding on all Shareholders and other persons to whom the determination relates;
- (c) delegate to any one or more persons, for such period and on such conditions as the Board may determine, the exercise of any of its powers or discretion under or in respect of the DRP and references to a decision, opinion or determination of the Board include a reference to the decision, opinion or determination of the person or persons to whom the Board has delegated its authority for the purposes of administering the DRP; and
- (d) waive strict compliance by the Bank or any Shareholders with any of these Terms and Conditions.

15. IMPLICATION OF THE RULES AND OTHER SHAREHOLDING LIMITS**(a) The Rules**

Under Paragraph 4.01 of the Rules and Section 217 of the Capital Markets and Services Act, 2007, a Shareholder will, subject to any exemptions from the Securities Commission of Malaysia be under an obligation to extend a take-over offer for the remaining shares in ABB not already owned by him and persons acting in concert with him, if by participating in the DRP:

- (i) he, together with persons acting in concert with him (collectively, the “**Affected Party**”) acquire or hold or are entitled to exercise or control the exercise of 33% or more of the voting shares or voting rights of ABB; or
- (ii) where the Affected Party holds more than 33% but not more than 50% of the voting shares or voting rights of ABB and the Affected Party acquires more than 2% of the voting shares or voting rights of ABB in any period of 6 months.

If any of the circumstances above apply, the Affected Party may make an application to the Securities Commission of Malaysia for a waiver from the obligation to undertake a mandatory offer pursuant to the Rule prior to them exercising the Reinvestment Option.

The statements herein do not purport to be a comprehensive or exhaustive description of all the relevant provisions of, or all implications that may arise under, the Rules or other relevant legislation or regulations. Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer under the Rules as a result of any subscription of ABB Shares through their participation in the DRP are advised to consult their professional advisers at the earliest opportunity.

DIVIDEND REINVESTMENT PLAN STATEMENT (cont'd)

(b) Other shareholding limits

ABB is a financial service company with activities in commercial banking and hire purchase as well as the holding company of other financial services companies which are involved in *inter-alia*, investment banking, Islamic banking, money broking and insurance. ABB and its subsidiaries which are regulated entities with shareholding limitations prescribed by the Financial Services Act 2013 (“**FSA 2013**”), the Islamic Financial Services Act 2013 (“**IFSA 2013**”). In the event any of the shareholding limits as prescribed by FSA 2013 and IFSA 2013 are expected to be breached with respect to any Shareholder (whether alone or together with any party acting in concert or associate) as a result of the exercise of the Reinvestment Option, the relevant Shareholders shall be required to make the necessary application to BNM prior to them electing to participate and reinvest the entire Electable Portion or part thereof.

Shareholders are also reminded to ensure that their participation will not result in the breach of any restrictions on their respective holding of ABB Shares which may be imposed by any contractual obligation of Shareholders, or by statute, law or regulation in force in Malaysia or any other relevant jurisdiction, or by any relevant authorities, as the case may be (unless the requisite approvals under the relevant law, statute or regulation or from the relevant authorities are first obtained), or as prescribed in ABB’s Constitution.

In view of the other shareholding limits referred to above, notwithstanding the proportion of Electable Portion which may be determined to be reinvested, the Board shall be entitled but not obligated to reduce or limit the number of New Shares to be allotted and issued to any Shareholder should the Board be aware or be informed of any expected breach of such shareholding limits as a result of the exercise of the Reinvestment Option by such Shareholder.

16. GOVERNING LAW

The DRP Statement and the Terms and Conditions thereof shall be governed by and construed in accordance with the laws of Malaysia.

17. NOTICES AND STATEMENTS

Unless otherwise provided in these Terms and Conditions, any notices, documents and statements required to be given by the Bank to a Participating Shareholder shall be given in accordance with provisions of the Bank’s Constitution.

ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board who collectively and individually accept full responsibility for the accuracy of the information contained herein and confirms that after having made all reasonable enquiries, to the best of its knowledge and belief, there are no other facts, the omission of which would make any statement herein false or misleading.

2. CONSENT

AHIB, being the Principal Adviser for the Proposed DRP has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which it appears in this Circular.

3. CONFLICT OF INTEREST

AHIB is a wholly-owned subsidiary of our Bank and the Principal Adviser for the Proposed DRP. As such, AHIB and ABB are related parties and hence, AHIB is deemed to be conflicted in its role as Principal Adviser to ABB in relation to the Proposed DRP. Further, Encik Abd Malik bin A Rahman is the Independent Non-Executive Directors of both ABB and AHIB ("**Said Director**"). He also holds 13,000 ABB Shares as at the LPD.

AHIB has been appointed as one of the joint lead arranger, joint lead manager and joint book runner for our Bank in relation to a medium term notes programme and lead arranger, lead manager and facility agent for our substantial shareholder in relation a sukuk murabahah programme, in which AHIB is one of the primary subscribers.

Notwithstanding the above, AHIB is of the view that this would not give rise to a situation of conflict of interest in AHIB's role as Principal Adviser to our Bank for the Proposed DRP for the following reasons:

- (i) AHIB is a licensed investment bank and its appointment as Principal Adviser to ABB for the Proposed DRP is in its ordinary course of business (being amongst others, the provision of corporate advisory services);
- (ii) the business of the Group generally act independent of each other and are each required to comply with their own applicable laws and regulations issued by the relevant regulators;
- (iii) the conduct of AHIB is strictly regulated by the FSA 2013, the CMSA and its own internal policies;
- (iv) the corporate advisory business of AHIB is required to be segregated from AHIB's other businesses;
- (v) the directorships of the Said Director in AHIB are non-executive in nature. The Said Director is not involved in the management and/ or operational affairs in relation to the assignment undertaken by AHIB, including the Proposed DRP;
- (vi) the existing shareholdings of the Said Director in ABB is not substantial; and
- (vii) AHIB is acting in a professional capacity as the Principal Adviser on the Proposed DRP and AHIB will not gain any financial benefit from the Proposed DRP, save for the advisory fees arising from the said appointment.

Further, our Board has confirmed that they have been informed and is aware of the situation as described above and is agreeable to the role of AHIB as Principal Adviser to our Bank for the Proposed DRP.

ADDITIONAL INFORMATION (cont'd)

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed below, as at 31 December 2017 (being the latest available audited financial statements of our Bank) our Board is not aware of any other material commitments or contingent liabilities incurred or known to be incurred by our Group.

In the normal course of the business, our 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. These commitment and contingencies are not secured over the assets of our Group and our Bank.

The commitments and contingencies consist of:

	Principal amount (RM'000)
Direct credit substitutes	573,469
Transaction related contingent items	2,091,113
Short-term self-liquidating trade related contingencies	431,400
Foreign exchange related contracts	12,007,480
- less than one year	
- one year to less than five years	380,815
- five years and above	42,485
Interest rate related contracts	886,000
- less than one year	
- one year to less than five years	2,216,148
- five years and above	1,115,000
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	3,255,925
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	8,349,806
Any 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	571,760
Unutilised credit card lines	364,163
Total	32,285,564

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ADDITIONAL INFORMATION (cont'd)

5. MATERIAL LITIGATION

Other than as disclosed below, as at the LPD, neither our Bank nor any of our subsidiaries is engaged in any material litigation, claim or arbitration outside the ordinary course of business either as plaintiff or defendant and our Board is not aware of any other proceedings pending or threatened against our Bank or any of our subsidiaries, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the financial position of our Bank.

KUALA LUMPUR HIGH COURT CIVIL NO: 22-NCVC-31-01/2016

Plaintiff : Abu Bakar bin Ismail

Defendant : our Bank

This is a claim by the Plaintiff against our Bank vide Writ of Summons and Statement of Claim dated 22 January 2016 (“**Writ**”) for among others: (1) RM56,885,317.82 together with interest at 5% per annum from 1999 till full settlement as alleged damages, (2) SGD9,928,473.75 together with interest at 5% per annum from 2013 till full settlement as alleged losses, (3) RM776,331.00 being alleged losses of Plaintiff’s shares in Berlian Ferries Pte. Ltd which was transferred out as a result of his bankruptcy in 2013 with interest at 5% per annum from 2013 till full settlement as alleged losses, and (4) RM500,000 as cost in respect of legal proceedings in Singapore.

Our Bank had on 25 January 1996 granted Suria Barisan (M) Sdn Bhd (“**Suria**”) a credit facility of RM22.3 million (“**Facility**”) against the security of 7.2 million shares in Naval Dockyard Sdn Bhd and guaranteed by the Plaintiff and Puan Norashikin Binti Abdul Latiff (“**Guarantor**”). Suria, the Plaintiff and the Guarantor (“**All**”) defaulted in the Facility, which led to our Bank filing a debt recovery action against All of them in 1999. Judgement was obtained against All on 8 July 2004. The Plaintiff was made bankrupt on 17 January 2013. The bankruptcy was set aside in September 2015 on grounds that he was solvent due to a third party, Chenet Finance Ltd being ordered by a Singapore Court to pay damages to the Director General of Insolvency Malaysia (“**DGI**”) as receiver of Plaintiff’s estate. The Plaintiff’s claim was premised on among others: (1) failure to sell 7.2 million shares in Naval Dockyard Sdn Bhd (“**NDSB shares**”) which was pledged by Suria to our Bank as securities for the Facility on a timely basis, (2) allowing the release of the Guarantor from her liability upon payment of a certain sum pursuant to her Guarantee without giving the same opportunity to the Plaintiff, (3) conspiracy with the opponent of the Plaintiff in Singapore to prevent to Plaintiff from claiming his assets in Singapore, and (4) wrongfully making Plaintiff a bankrupt in 2013.

The High Court has fixed the trial dates on 27-29 August 2018. Our Board reasonably believes that our Bank has a good prospect of successfully opposing the writ action by the Plaintiff.

6. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the Registered Office of our Bank at 17th Floor, Menara Affin, 80, Jalan Raja Chulan, 50200 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM:

- (i) the Constitution of our Bank;
- (ii) audited financial statements of our Bank for the past 2 FYE 31 December 2016 and FYE 31 December 2017;
- (iii) the letter of consent referred to in **Section 2 of Appendix II of this Circular**;
- (iv) the relevant cause papers in respect of material litigation referred to in **Section 5 of Appendix II of this Circular**; and
- (v) the Dividend Reinvestment Plan Statement.



AFFIN BANK BERHAD

(Company No. 25046-T)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting ("**EGM**") of AFFIN Bank Berhad ("**ABB**" or the "**Bank**") will be held at Taming Sari Grand Ballroom, The Royale Chulan Kuala Lumpur, 5 Jalan Conlay, 50450 Kuala Lumpur on Tuesday, 15 May 2018 at 12.00 p.m. or immediately after the conclusion of the 42nd Annual General Meeting which is to be held at the same venue and on the same day at 10.00 a.m., whichever is later or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED ESTABLISHMENT OF A DIVIDEND REINVESTMENT PLAN BY ABB THAT GIVES ITS SHAREHOLDERS THE OPTION TO REINVEST THEIR CASH DIVIDEND(S) DECLARED BY ABB IN NEW ORDINARY SHARES OF ABB ("PROPOSED DRP**")**

THAT, subject to the approvals of the relevant regulatory authorities being obtained and to the extent permitted by law:

- (a) the Proposed DRP upon such terms and conditions as the Board of Directors of ABB ("**Board**"), at its sole absolute discretion, deem fit be and is hereby approved;
- (b) the directors of the Bank are hereby authorised:
 - (i) to establish and implement the Proposed DRP;
 - (ii) to determine, in their sole and absolute discretion, whether the Proposed DRP will apply to any or all dividend declared by the Bank;
 - (iii) to allot and issue such number of new ordinary shares in ABB ("**ABB Shares**") from time to time upon the election of the shareholders of the Bank to reinvest the dividend pursuant to the Proposed DRP ("**New Shares**") until conclusion of the next Annual General Meeting; and
 - (iv) 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 Proposed DRP with full powers to assent to any conditions, variations, modifications and/or amendments as the Board may, in their absolute discretion, deem fit and in the best interest of the Bank and/or as may be imposed and/or agreed to by any relevant authorities.

AND THAT, the New Shares shall, upon allotment and issue, rank equally in all respects with the existing ABB Shares in issue, save and except that the New Shares shall not be entitled to any dividends, rights, allotments and/or other form of distributions which may be declared, made or paid prior to the allotment of the New Shares issued pursuant to the Proposed DRP.

ORDINARY RESOLUTION 2

PROPOSED ISSUANCE OF NEW SHARES IN RELATION TO THE PROPOSED DRP ("PROPOSED ISSUANCE OF NEW SHARES")

THAT, subject to the passing of Ordinary Resolution 1, and the approvals of all relevant authorities or parties being obtained, where required, approval be and is hereby given to the Board to allot and issue such number of New Shares pursuant to the Proposed DRP until the conclusion of the next Annual General Meeting, which shall upon such terms and conditions and to such persons as the Board may, in their sole and absolute discretion, deem fit and in the best interest of the Bank;

AND THAT, the issue price of the said New Shares which will be determined by the Board on the price fixing date to be determined ("**Price Fixing Date**"), shall not be more than 10% discount to the 5-day volume-weighted average market price ("**VWAP**") of ABB Shares immediately prior the Price Fixing Date. The VWAP shall be adjusted ex-dividend before applying the aforementioned 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 and to execute, sign and deliver for and on behalf of the Bank, 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 Proposed Issuance of New Shares, with full powers to assent to any conditions, modifications, variations and/or amendments (if any) including amendments, modifications, suspension and termination of the Proposed DRP as the Board may, in their absolute discretion, deem fit and in the best interest of the Bank and/ or as may be imposed or agreed to by any relevant authorities.

By Order of the Board

NIMMA SAFIRA KHALID (LS0009015)

Secretary

Kuala Lumpur

30 April 2018

NOTES:

1. A member entitled to attend and vote at the meeting may appoint a proxy or proxies (not more than 2) to attend and vote on his/her behalf. A proxy need not be a member.
2. Where a member appoints 2 proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her 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/her attorney and in the case of a corporation, under its common seal or under the hand of the officer duly authorised.
4. Where a member of the Bank is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account which is credited with ordinary shares of the Bank.
5. Where a member of the Bank is an exempt authorised nominee which holds ordinary shares in the Bank for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the said Act.
6. The Form of Proxy should be completed and lodged at the office of the Bank's Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time set for holding the EGM or any adjournment thereof.
7. Only member registered in the Record of Depositors as at 7 May 2018 shall be eligible to attend the meeting or appoint proxy(ies) to attend the meeting and vote on his/her behalf.

**AFFIN BANK BERHAD**

(Company No. 25046-T)
(Incorporated in Malaysia)

Proxy Form

I/We _____ NRIC (New)/Company No. _____
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

Tel No. _____ being a member/members of AFFIN BANK BERHAD, hereby appoint

_____ NRIC No. _____
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

and/or _____ NRIC No. _____
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf, at the Extraordinary General Meeting of the Bank to be held at Taming Sari Grand Ballroom, The Royale Chulan Kuala Lumpur, 5 Jalan Conlay, 50450 Kuala Lumpur on Tuesday, 15 May 2018 at 12.00 p.m. or immediately after the conclusion of the 42nd Annual General Meeting which is to be held at the same venue and on the same day at 10.00 a.m., whichever is later or at any adjournment thereof.

My/our proxy(ies) is/are to vote as follows:

No.	Ordinary Resolution	For	Against
1.	Proposed DRP		
2.	Proposed Issuance of New Shares		

Signed this on _____ day of _____ 2018

CDS Account No.:	
No. of ordinary shares held:	
Proportion of shareholdings to be represented by proxies	First proxy Second proxy Total
	100

Signature of Member/Common Seal _____

NOTES:

1. A member entitled to attend and vote at the meeting may appoint a proxy or proxies (not more than 2) to attend and vote on his/her behalf. A proxy need not be a member.
2. Where a member appoints 2 proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her 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/her attorney and in the case of a corporation, under its common seal or under the hand of the officer duly authorised.
4. Where a member of the Bank is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account which is credited with ordinary shares of the Bank.
5. Where a member of the Bank is an exempt authorised nominee which holds ordinary shares in the Bank for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the said Act.
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7. Only member registered in the Record of Depositors as at 7 May 2018 shall be eligible to attend the meeting or appoint proxy(ies) to attend the meeting and vote on his/her behalf.



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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

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