

EXTRAORDINARY GENERAL MEETING

PRESENTATION TO SHAREHOLDERS

By

Datuk Wan Razly Abdullah
President & Group CEO

25 May 2022

ANNUAL REPORT 2021

Metamorphosis

The Evolution of AFFIN GROUP



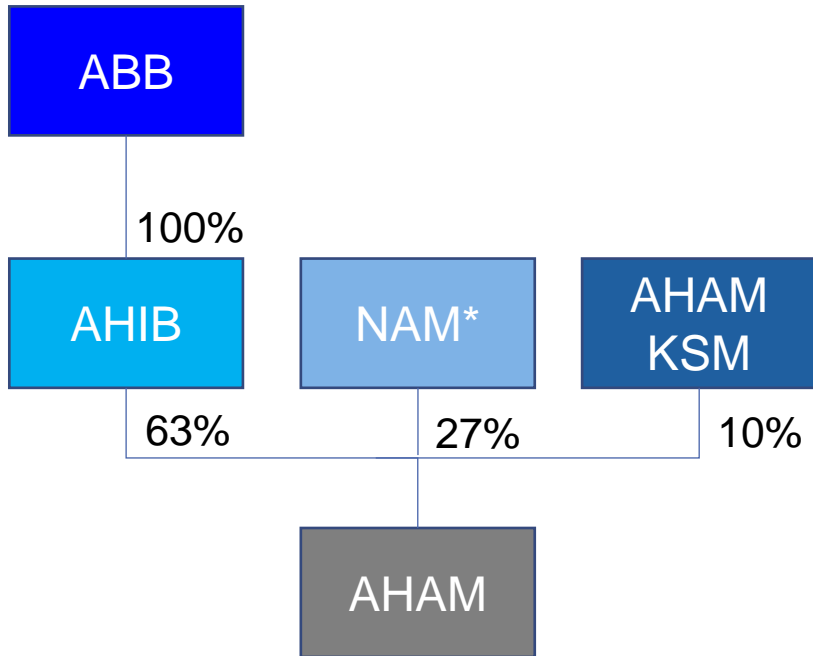
DIVESTMENT OF AHAM

- On 28 January 2022, Affin Hwang Investment Bank signed a conditional share purchase agreement (“SPA”) with Starlight Asset Sdn Bhd, an investment holding company incorporated by funds managed by CVC Capital Partners (“CVC”) for the divestment of its entire 63% stake in its asset manager, Affin Hwang Asset Management Berhad (“AHAM”).
- Affin Hwang Investment Bank will divest a total equity interest of 63% in AHAM for a consideration of RM1.417billion to CVC.
- **The divestment will result in a gain of RM1.063billion for AFFIN Group.**

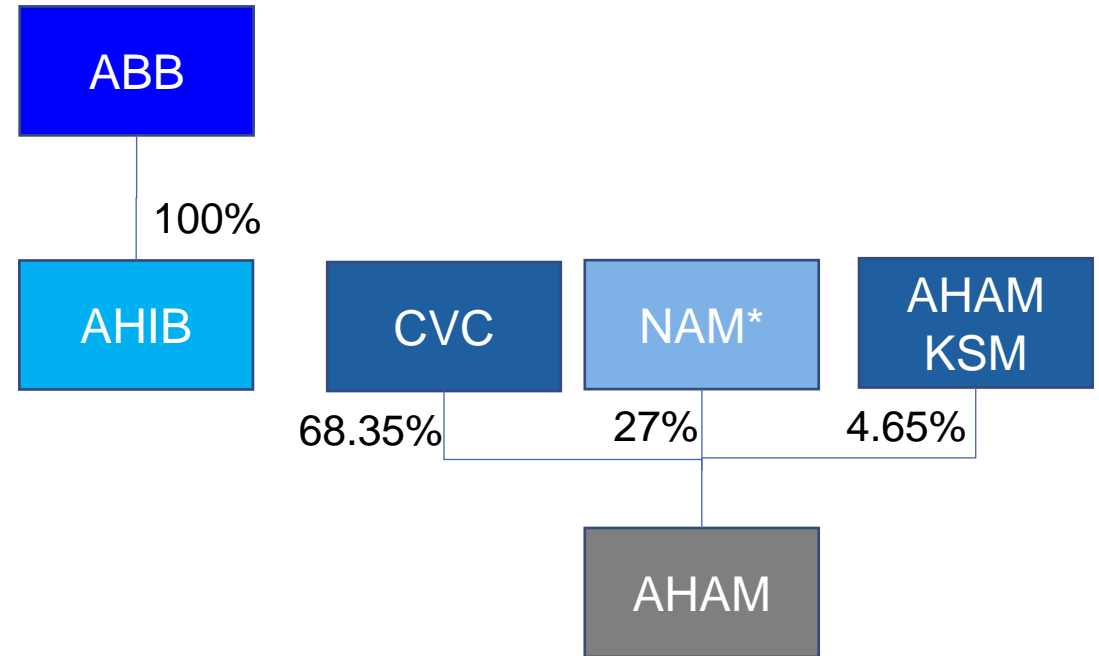


STRUCTURE AFTER DIVESTMENT

CURRENT



NEW



*Nikko Asset Management International Limited (NAM)

Events	Timeline
Signing of SPA. ABB announcement on Bursa Securities.	28 January 2022 ✓
Submission of application to SC	28 March 2022 ✓
Submission of ABB circular to Bursa Securities.	8 April 2022 ✓
Dispatch circular to shareholders.	26 April 2022 ✓
EGM of ABB for shareholders' approval.	25 May 2022
Expected receipt of SC Approval	End June 2022
Completion of the Proposed Divestment	End September 2022



AHAM PROFIT CONTRIBUTION TO AFFIN GROUP

AHAM	FY20 RM'mil	FY21 RM'mil
PBT	137.3	156.8
Tax	(23.1)	(34.1)
PAT	114.3	122.8
ABB Shares PAT @ 63%	72.0	77.4
AUM (RMb)	73.0	81.0



DEAL RATIONALE

1. **Opportunity for ABB Group to unlock and realise the value of its investment in AHAM at an attractive premium.** We are selling at top end of valuation range (19.7x PE FY2020, 18.6x PE FY2021), to reinvest into our core banking business.
2. **Accelerate our organic growth in core banking business.** Gains from the divestment will be invested into the Bank and assuming at 10x multiplier, will generate additional income of **RM190m of Net Interest Income (After Tax RM142m)** over 2 years.

$RM1,000m \times 10 \times 1.9\% \text{ (NIM)} \times 75\% \text{ (Effective Tax Rate)} = RM142\text{million.}$

3. Improvement in the Group's **CET1 to circa 16% (+2.89%)** and **Total Capital of circa 24%** after dividend will support the Group's future growth and recalibration of the Market Capitalisation.

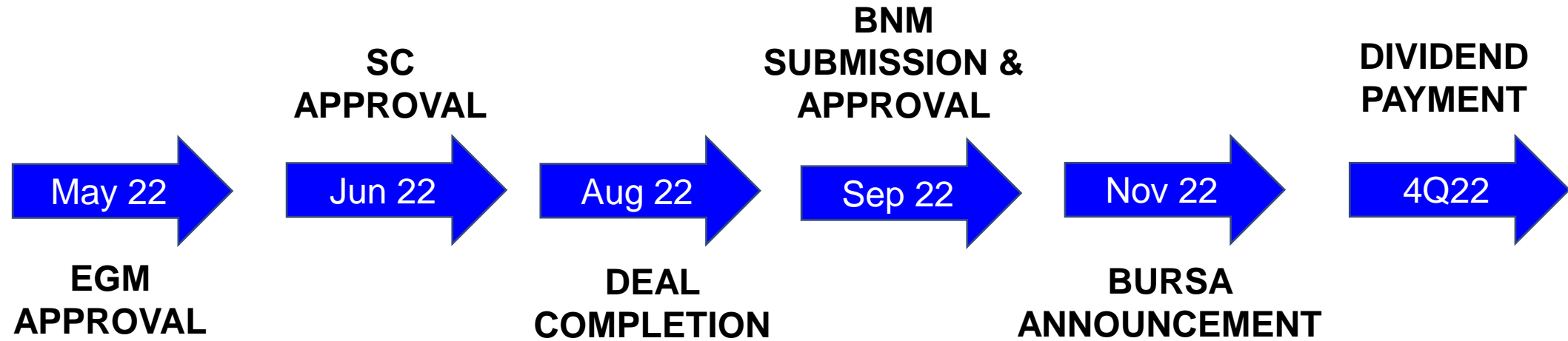


DEAL RECOMMENDATION

The Board is recommending for shareholders to approve the proposed divestment based on rationale provided and the recommendations from financial advisers.



SPECIAL DIVIDEND TIMELINE



- The Board has intention to reward shareholders with special dividends. Special dividends can only be done after shareholders approval for the divestment, Securities Commission approval for the transaction, deal conclusion followed by submission to BNM for special dividends.
- Tentative Date for the Special Dividends would be before end of the year.
- The Board will have to assess and ensure that sufficient capital is retained for the Group's long term growth plans.

END OF PRESENTATION

