

AFFIN BANK BERHAD (“ABB” OR “COMPANY”)

- **PROPOSED SHARE REWARD TO THE SHAREHOLDERS IN THE FORM OF BONUS ISSUE OF UP TO 133,360,363 NEW ORDINARY SHARES IN ABB (“ABB SHARE(S)” OR “SHARE(S)”) ON THE BASIS OF 1 NEW ABB SHARE (“BONUS SHARE(S)”) FOR EVERY EXISTING 18 ABB SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED BONUS ISSUE”)**
-

1. INTRODUCTION

On behalf of the Board of Directors of ABB (“**Board**”), Affin Hwang Investment Bank Berhad (“**Affin Hwang IB**”) wishes to announce that the Company proposes to undertake the Proposed Bonus Issue.

Further details on the Proposed Bonus Issue are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED BONUS ISSUE

2.1 Basis and number of Bonus Shares to be issued

The Proposed Bonus Issue will entail the issuance of up to 133,360,363 Bonus Shares on the basis of 1 Bonus Share for every 18 existing ABB Shares held by the shareholders of ABB whose names appear in the Record of Depositors of the Company at the close of business on an entitlement date to be determined and announced later by the Board (“**Entitlement Date**”).

As at 24 February 2025, being the latest practicable date prior to this announcement (“**LPD**”), the issued share capital of the Company is RM5,488,543,516 comprising 2,400,486,539 ABB Shares. Upon completion of the Proposed Bonus Issue, the issued share capital of ABB will remain at RM5,488,543,516, while our Company’s total number of issued ABB Shares will increase to 2,533,846,902 ABB Shares.

Fractional entitlements arising from the Proposed Bonus Issue, if any, will be disregarded, and dealt with by the Board in such manner as the Board may in its absolute discretion deem fit or expedient, and in the best interest of the Company.

The Entitlement Date will be determined and announced at a later date upon receipt of all relevant approvals for the Proposed Bonus Issue. The Proposed Bonus Issue will not be implemented on a staggered basis.

2.2 No capitalisation of reserves

The Bonus Shares will be issued as fully paid, at no consideration and without capitalisation of the Company’s reserves. Therefore, Paragraph 6.30(2)(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**MMLR**”) which requires the Company to ensure that it has sufficient reserves for the capitalisation of the Proposed Bonus Issue will not apply.

For the avoidance of doubt, the Proposed Bonus Issue will increase the number of ABB Shares in issue but will not increase the value of ABB’s issued share capital.

2.3 Theoretical ex-bonus price of ABB Shares

There will be an adjustment to the market price of ABB Shares as quoted on the Main Market pursuant to the Proposed Bonus Issue. However, this will not have any impact on the total market value of the ABB Shares held by the shareholders.

Pursuant to Paragraph 6.30(1A) of the MMLR, a listed issuer must ensure that its share price adjusted for a bonus issue is not less than RM0.50 based on the daily volume-weighted average market price (“**VWAP**”) during the 3-month period before the application date.

For illustrative purposes, based on the following prices of ABB Shares, the theoretical ex-bonus price of ABB Shares (“TEBP”) is as follows:

	RM	TEBP * RM
Last traded price as at the LPD	2.79	2.64
3-month VWAP up to and including the LPD	2.86	2.71

Note:

* TEBP is calculated based on the following formula:

$$\text{TEBP of ABB Share} = \frac{\text{VWAP per ABB Share} \times 18 \text{ ABB Shares}}{18 \text{ ABB Shares} + 1 \text{ Bonus Share}}$$

2.4 Ranking of the Bonus Shares

The Bonus Shares will, upon allotment and issuance, rank equally in all respects with the existing ABB Shares, save and except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid where the entitlement date is before the date of allotment and issuance of the Bonus Shares.

2.5 Listing of and quotation for the Bonus Shares

An application will be made to Bursa Securities for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities.

3. RATIONALE FOR THE PROPOSED BONUS ISSUE

ABB and its subsidiaries (“**Affin Group**”) have undergone various changes over the years as part of its transformation journey towards achieving its vision to be “*the most creative financial company in Malaysia*”. Over the past 3 years, ABB’s market capitalisation has grown from RM3.72 billion to RM6.70 billion (as at LPD), representing an increase of 80.11% (*Source: Bloomberg*). Further, as part of Affin Group’s Affin Accelerate 2028 plan, which outlines key performance targets until 2028 covering financial and sustainability metrics, ABB is committed to sustainable growth strategies to enhance its shareholders’ value.

Accordingly, the Proposed Bonus Issue aims to reward ABB’s existing shareholders for their loyalty and continuous support to Affin Group by increasing their equity participation in the Company, thereby allowing them to benefit from the potential growth in ABB’s share price performance in the future. The Proposed Bonus Issue also reflects the Company’s confidence in its future growth and demonstrates the Board’s commitment to sharing the Company’s growth with its shareholders.

Apart from the above, the shareholders will be able to enjoy the potential benefits from the Proposed Bonus Issue as follows:

- (i) the additional shares from the Proposed Bonus Issue will increase the number of shares available for trading, which can enhance the marketability and trading liquidity of ABB Shares. This can also provide an opportunity for greater participation from a broader range of investors; and
- (ii) the Proposed Bonus Issue as a reward for shareholders will not impact ABB’s total equity as the Proposed Bonus Issue will be implemented without capitalisation of the Company’s reserves.

After taking into consideration other available options and based on the rationale as set out above, the Board is of the view that the Proposed Bonus Issue is an appropriate avenue for the Company to reward its existing shareholders.

4. EFFECTS OF THE PROPOSED BONUS ISSUE

4.1 Issued share capital

For illustrative purposes, the proforma effects of the Proposed Bonus Issue on the Company's issued share capital are as follows:

	No. of ABB Shares	RM
Issued share capital as at the LPD	2,400,486,539	5,488,543,516
Bonus Shares to be issued pursuant to the Proposed Bonus Issue	133,360,363	-
Enlarged issued share capital upon completion of the Proposed Bonus Issue	2,533,846,902	5,488,543,516

4.2 Net assets ("NA") and NA per ABB Share

Based on the Affin Group's latest available audited consolidated statement of financial position as at 31 December 2023, the proforma effects of the Proposed Bonus Issue on the NA and NA per ABB Share are as follows:

	Audited consolidated as at 31 December 2023 RM'000	(I) After adjusting for subsequent events up to the LPD ⁽ⁱ⁾ RM'000	After (I) and the Proposed Bonus Issue RM'000
Share capital	5,371,044	5,488,544	5,488,544
Financial investments at fair value through other comprehensive income (FVOCI) revaluation reserves	169,540	169,540	169,540
Regulatory reserves	337,761	337,761	337,761
Other reserves	4,146	4,146	4,146
Retained profits	5,226,324	5,091,165 ⁽ⁱ⁾	5,090,965 ⁽ⁱⁱ⁾
Total equity / NA	11,108,815	11,091,156	11,090,956
No. of ABB Shares in issue ('000)	2,346,488	2,400,487	2,533,847
NA per ABB Share (RM)	4.73	4.62	4.38

Notes:

- (i) After adjusting for the effects of the dividend reinvestment scheme undertaken by ABB which was completed on 13 June 2024 where 53,998,201 ABB Shares were issued at an issue price of RM2.176.

- (ii) *After deducting estimated expenses of approximately RM200,000 in relation to the Proposed Bonus Issue.*

4.3 Earnings and earnings per ABB Share (“EPS”)

The Proposed Bonus Issue will not have a material effect on the Affin Group’s consolidated earnings for the financial year ending 31 December 2025. However, the EPS will be diluted as a result of the increase in the total number of issued ABB Shares pursuant to the Proposed Bonus Issue.

4.4 Substantial shareholders’ shareholdings

The Proposed Bonus Issue will not result in any change to the percentage equity interest of ABB’s substantial shareholders as the Bonus Shares will be allotted on a pro-rata basis to all shareholders of the Company. Notwithstanding the above, their total number of ABB Shares owned will increase proportionately to their existing shareholdings in the Company as a result of the Proposed Bonus Issue.

4.5 Convertible securities

As at the LPD, ABB does not have any convertible securities.

5. APPROVALS REQUIRED

The Proposed Bonus Issue is subject to the approvals being obtained from the following:

- (i) Bank Negara Malaysia for the issuance of up to 133.4 million new ABB Shares pursuant to the Proposed Bonus Issue, which was obtained on 25 February 2025;
- (ii) Bursa Securities for the listing of and quotation for up to 133,360,363 Bonus Shares to be issued pursuant to the Proposed Bonus Issue on the Main Market of Bursa Securities;
- (iii) the shareholders of ABB at a general meeting to be convened; and
- (iv) any other relevant authorities, if required.

The Proposed Bonus Issue is not conditional upon any other proposals undertaken or to be undertaken by the Company.

6. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders of ABB, chief executive and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Bonus Issue, save for their respective entitlements as shareholders of ABB, to which all other shareholders of ABB are similarly entitled.

7. DIRECTORS’ STATEMENT

The Board, having considered all aspects of the Proposed Bonus Issue, including but not limited to the basis, rationale and effects of the Proposed Bonus Issue, is of the opinion that the Proposed Bonus Issue is in the best interest of ABB.

8. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all the required approvals being obtained, the Proposed Bonus Issue is expected to be completed within the second quarter of 2025.

9. APPLICATION TO THE RELEVANT AUTHORITIES

Barring any unforeseen circumstances, the application to the relevant authorities for the Proposed Bonus Issue will be made within 1 month from the date of this announcement.

10. ADVISER

Affin Hwang IB has been appointed as the Principal Adviser for the Proposed Bonus Issue.

This announcement is dated 25 February 2025.