

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

- **PROPOSED DISPOSAL OF 21.00% EQUITY INTEREST IN AXA AFFIN LIFE INSURANCE BERHAD (“AALI”) (“PROPOSED AALI DISPOSAL”);**
- **PROPOSED DISPOSAL OF APPROXIMATELY 2.95% EQUITY INTEREST IN AXA AFFIN GENERAL INSURANCE BERHAD (“AAGI”) (“PROPOSED AAGI DISPOSAL”); AND**
- **PROPOSED ACQUISITION BY AAGI OF CERTAIN ASSETS AND LIABILITIES OF MPI GENERALI INSURANS BERHAD (“MPIG”) VIA A BUSINESS TRANSFER TO AAGI (“PROPOSED MERGER”)**

(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)

1. INTRODUCTION

We refer to the announcements dated 22 June 2021, 30 June 2021 and 9 May 2022.

On behalf of the Board of Directors of Affin (“**Board**”), Affin Hwang Investment Bank Berhad (“**Affin Hwang IB**”) wishes to announce that Affin had on 18 May 2022 entered into a share sale agreement (“**Affin SSA**”) with Generali Asia N.V. (“**Generali Asia**”) for:

- (i) the Proposed AALI Disposal to Generali Asia for a cash consideration of RM70,791,000 subject to adjustments; and
- (ii) the Proposed AAGI Disposal to Generali Asia for a cash consideration of RM84,747,811 subject to adjustments.

*(Proposed AALI Disposal and Proposed AAGI Disposal are collectively referred to as “**Proposed Disposals**”)*

Simultaneous with the execution of the Affin SSA, Generali Asia has also executed:

- (i) a separate share sale agreement with National Mutual International Pty Ltd (“**NMI**”) and AXA Asia for the acquisition of 49.00% and 49.99% equity interest in AALI and AAGI, respectively (“**AXA SSA**”);
- (ii) a separate share sale agreement with each of the minority shareholders of AAGI, namely BHR Enterprise Sdn Bhd and FGV Marketing Services Sdn Bhd (collectively, “**Minority Shareholders**”), for the acquisition of approximately 0.06% equity interest in AAGI (“**Minority Shareholders SSAs**”); and
- (iii) a separate share sale agreement with Multi-Purpose Capital Holdings Berhad (“**MPCHB**”), for the acquisition of 51.00% equity interest in MPIG (“**MPIG SSA**”).

Further details on the Proposed Disposals are set out in the ensuing sections of this announcement.

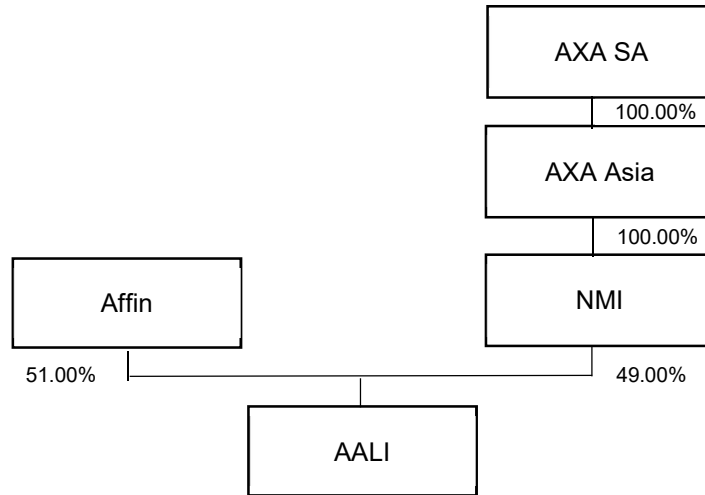
2. DETAILS OF THE PROPOSALS

2.1 Details of the Proposed AALI Disposal

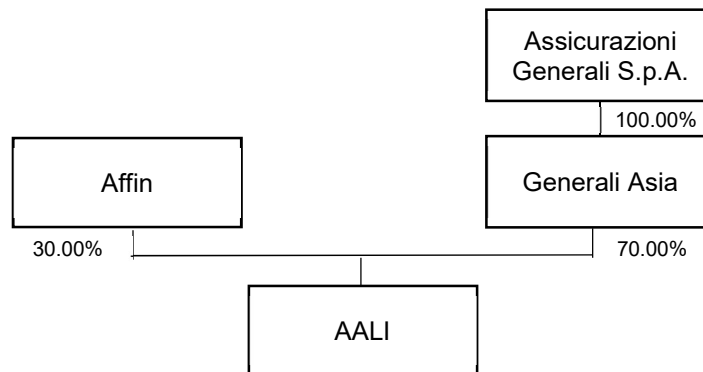
The Proposed AALI Disposal will involve Affin disposing the equivalent of the 21% equity interest in AALI (“**AALI Disposal Shares**”) for a cash consideration of approximately RM70.79 million and is subject to closing adjustments.

The shareholding structure of AALI before and after the Proposed AALI Disposal is as follows:

(i) Shareholding structure of AALI as at the date of this announcement



(ii) Shareholding structure of AALI after the completion of the Proposed AALI Disposal and AXA SSA



Upon completion of the Proposed AALI Disposal and AXA SSA:

- (i) Affin, Generali Asia and AALI will enter into a shareholders' agreement for the purpose of regulating the affairs of AALI and the respective rights and obligations of Affin and Generali Asia, between themselves, as shareholders of AALI.
- (ii) Affin and AALI will enter into a distribution agreement for the distribution of AALI's products through Affin's channels.

2.1.1. Basis and justification of the consideration for the Proposed AALI Disposal

The consideration for the Proposed AALI Disposal had been agreed on a 'willing-buyer willing-seller' basis between Affin, AXA Asia and Generali Asia with reference to, among others, the unaudited net asset value ("NAV") of AALI as at 30 June 2020 of approximately RM245.65 million. The consideration is justified after taking into consideration, among others, the rationale of the Proposals and the financial effects arising from the Proposals. The consideration is to be satisfied entirely in cash and is subject to adjustments for NAV and for any differences in expected and required capital.

2.1.2. Information on AALI

AALI was incorporated in 2006 as a joint venture between NMI and Affin Holdings Berhad to carry on life insurance business in Malaysia. AALI acquired the life insurance business of Tahan Insurance Malaysia Berhad by way of a scheme of transfer on 18 November 2005. On 16 October 2017, Affin Holdings Berhad had completed the transfer of all of the entire equity interest it holds in AALI to Affin pursuant to a reorganisation exercise. AALI is a joint controlled company of Affin.

The principal activity of AALI is the underwriting of life insurance. AALI does not have any subsidiary, associate or joint-venture company as at the date of this announcement.

The Directors of AALI as at the date of this announcement are as follows:

Name of Director	Designation
Tan Sri Dato' Sri Rodzali bin Daud	Chairman
Mr. Emmanuel Jean Louis Nivet	Executive Director
Ms. Chong Kwai Ying	Independent Non-Executive Director
En. Mazhairul Jamaludin	Independent Non-Executive Director
Dr. Sharlene Thiagarajah	Independent Non-Executive Director

None of the Directors of AALI have any interest, direct or indirect in AALI as at the date of this announcement.

The direct substantial shareholders of AALI and their respective shareholding in the company as at the date of this announcement are as follows:

Substantial shareholders	No. of shares	(%) ⁽¹⁾
Affin	233,580,051	51.00%
NMI	224,420,049	49.00%

Note:

(1) Based on AALI's issued shares of 458,000,100 shares.

The financial information on AALI for the past 3 financial years up to the financial year ended (“FYE”) 31 December 2021 are as follows:

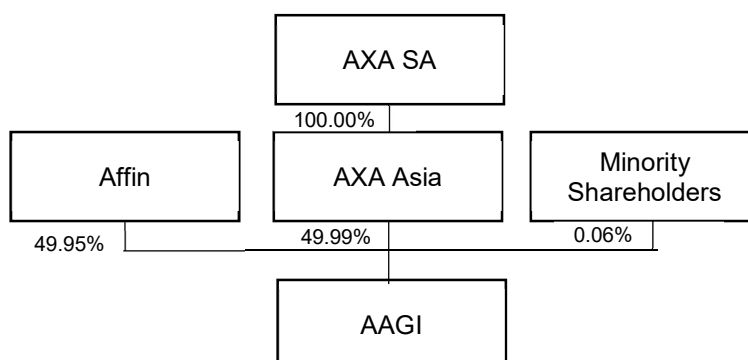
Group level (Audited)	FYE 31 December		
	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)
Net premium	474,605	468,444	488,390
Net (loss) / profit for the financial year	(10,560)	4,459	12,830
Basic (loss) / earnings per share (“EPS”) (sen)	(2.54)	1.04	2.80
Net assets	335,374	357,803	360,768
No. of AALI shares ('000)	428,000	458,000	458,000
Net assets per share (RM)	0.78	0.78	0.79

2.2 Details of the Proposed AAGI Disposal

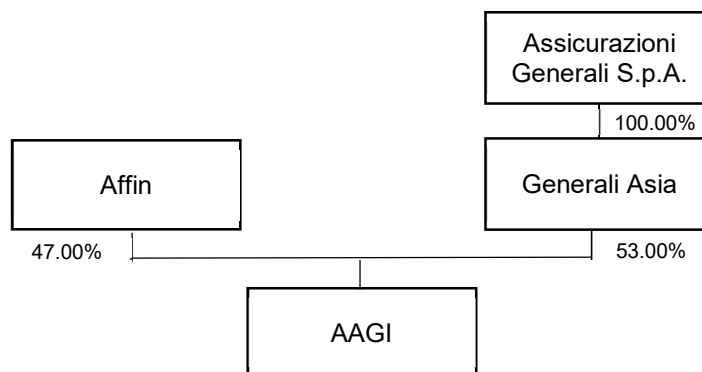
The Proposed AAGI Disposal will involve Affin disposing the equivalent of approximately 2.95% equity interest in AAGI (“**AAGI Disposal Shares**”) to Generali Asia for a cash consideration of approximately RM84.75 million, and is subject to closing adjustments.

The shareholding structure of AAGI before and after the Proposed AAGI Disposal is as follows:

(i) Shareholding structure of AAGI as at the date of this announcement



(ii) **Shareholding structure of AAGI after the completion of the Proposed AAGI Disposal, AXA SSA and Minority Shareholders SSAs**



Upon completion of the Proposed AAGI Disposal, AXA SSA and Minority Shareholders SSAs:

- (i) Affin, Generali Asia and AAGI will enter into a shareholders' agreement for the purpose of regulating the affairs of AAGI and the respective rights and obligations of Affin and Generali Asia, between themselves, as shareholders of AAGI.
- (ii) Affin and AAGI will enter into a distribution agreement for the distribution of AAGI's products through Affin's channels.

Upon completion of the Proposed AAGI Disposal, AXA SSA and Minority Shareholders SSAs Generali Asia will hold interest in two general insurance businesses in Malaysia, namely AAGI and MPIG. Subject to the approval of Bank Negara Malaysia ("BNM") having been obtained, it is intended that the Proposed Merger be undertaken after the completion of the Proposed AAGI Disposal, AXA SSA and Minority Shareholders SSAs. Further details with respect to the Proposed Merger are set out in Section 2.3 of this announcement.

2.2.1. Basis and justification of the consideration for the Proposed AAGI Disposal

The consideration for the Proposed AAGI Disposal had been agreed on a 'willing-buyer willing-seller' basis between Affin, AXA Asia and Generali Asia with reference to, among others, the unaudited NAV of AAGI as at 30 June 2020 of approximately RM1,013.9 million. The consideration is justified after taking into consideration, among others, the rationale of the Proposals and the financial effects arising from the Proposals. The consideration is to be satisfied entirely in cash and is subject to adjustments for NAV and for any differences in expected and required capital.

2.2.2. Information on AAGI

AAGI was incorporated on 12 July 1975 under the name Guardian Royal Exchange Assurance (Malaysia) Berhad. Subsequently, AAGI changed its name to AXA AFFIN Assurance Berhad on 5 February 2001. The company assumed its present name on 3 March 2006. AAGI is an associate company of Affin.

The principal activity of AAGI is the underwriting of general insurance. AAGI does not have any subsidiary, associate or joint-venture company as at the date of this announcement.

The Directors of AAGI as at the date of this announcement are as follows:

Name of Director	Designation
Tan Sri Dato' Hashim bin Meon	Non-Independent Non-Executive Director
Mr Emmanuel Jean Louis Nivet	Executive Director
Datin Zaimah Binti Zakaria	Independent Non-Executive Director
Mr. Yu Choong Cheong	Independent Non-Executive Director
Dr. Sharlene Thiagarajah	Independent Non-Executive Director

None of the Directors of AAGI have any interest, direct or indirect in AAGI as at the date of this announcement.

The direct substantial shareholders of AAGI and their respective shareholding in the company as at the date of this announcement are as follows:

Substantial shareholders	No. of shares	(%) ⁽¹⁾
Affin	59,460,710	49.95
AXA Asia	59,523,809	49.99

Note:

(1) Based on AAGI's issued shares of 119,047,619 shares.

The financial information on AAGI for the past 3 financial years up to the FYE 31 December 2021 are as follows:

Group level (Audited)	FYE 31 December		
	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)
Net earned premium	1,156,780	1,128,795	1,108,340
Net profit for the financial year attributable to equity holders of the parents	70,723	86,409	75,068
Basic EPS (sen)	59.41	72.58	63.06
Net assets	1,229,344	1,341,033	1,360,284
No. of AAGI shares ('000)	119,048	119,048	119,048
Net assets per share (RM)	10.33	11.26	11.43

2.3 Details of the Proposed Merger

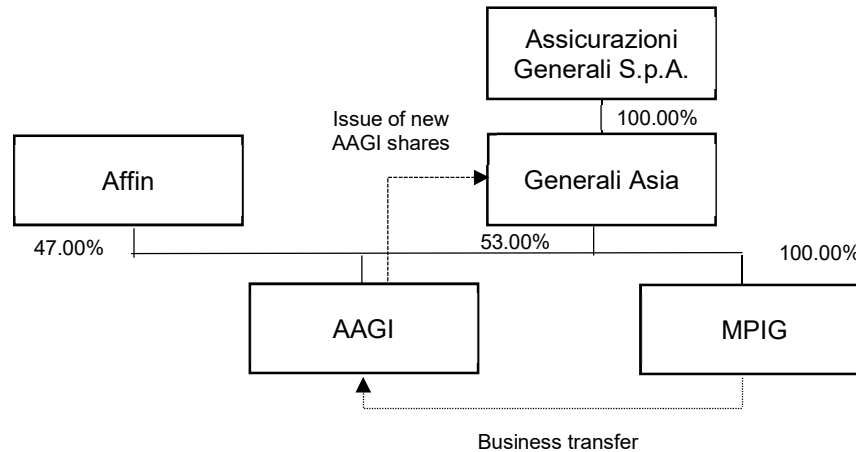
Upon completion of the Proposed AAGI Disposal, AXA SSA and Minority Shareholders SSAs, Generali Asia will hold interest in two general insurance businesses in Malaysia, namely AAGI and MPIG. Given BNM single presence policy, it is intended that the Proposed Merger be undertaken, subject to the approval of BNM having been obtained for the same.

The Proposed Merger entails the acquisition by AAGI of MPIG's general insurance business (save for certain excluded assets and liabilities) through a business transfer to be effected after the completion of the Proposed AAGI Disposal, AXA SSA and Minority Shareholders SSAs for a base consideration of RM765.00 million, which will be satisfied by the issuance of new AAGI shares to Generali Asia (at the request of MPIG) in accordance with the terms and conditions as stipulated in the agreed form business transfer agreement ("BTA"). The consideration for the Proposed Merger is subject to adjustments.

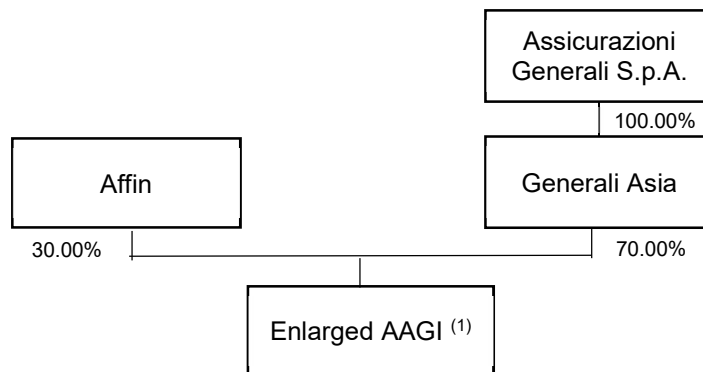
Subject to the approval of BNM having been obtained, the BTA will be executed after the completion of the Proposed AAGI Disposal, AXA SSA and Minority Shareholders SSAs and MPIG SSA.

The shareholding structure of AAGI before and after the Proposed Merger are as follows:

(i) **Shareholding structure of AAGI before the Proposed Merger (after the completion of the Proposed AAGI Disposal, AXA SSA, Minority Shareholders SSAs and MPIG SSA)**



(ii) **Shareholding structure of AAGI after the completion of the Proposed Merger**



Note:

(1) AAGI, which is designated as the surviving entity, will acquire the assets and liabilities comprising MPIG's general insurance business (save for certain excluded assets and liabilities) through a business transfer to be effected after the completion of the Proposed AAGI Disposal, AXA SSA, Minority Shareholders SSAs and MPIG SSA. This will result in a merger of the general insurance businesses of AAGI and MPIG ("**Enlarged AAGI**"). As the consideration for the Proposed Merger will be satisfied by the issuance of new AAGI shares to Generali Asia (at the request of MPIG), this will result in a dilution of Affin's shareholding in AAGI from 47.00% to 30.00% and an increase in Generali Asia's shareholding in AAGI from 53.00% to 70.00%.

A new locally incorporated company will be established for the purpose of holding all of the shares in AALI and AAGI ("**Newco**"). Affin will, in turn, hold 30% equity interest in the Newco and Generali Asia will hold the remaining 70% equity interest in the Newco.

2.3.1. Consideration for the Proposed Merger

The consideration had been agreed on a 'willing-buyer willing-seller' basis with reference to, among others, the unaudited NAV of MPIG as at 30 June 2020 of approximately RM596.74 million. The consideration is justified after taking into consideration, among others, the rationale of the Proposals and the financial effects arising from the Proposals. The consideration will be satisfied by the issuance of new AAGI shares to Generali Asia (at the request of MPIG) on completion of the BTA.

The consideration is subject to closing adjustment, depending on the relative movement of the NAV of AAGI and MPIG up to the completion of the Proposed Merger, undertaken in the form of:

- (i) prior to the completion of the Proposed Merger, the exclusion of certain cash/bank balances and assets by MPIG from the business transfer; and/or
- (ii) after the completion of the Proposed Merger, further cash payments between AAGI and MPIG and potentially issuance of additional shares by AAGI to Generali Asia (with Affin also subscribing for additional shares in AAGI to maintain the 70%:30% shareholding ratio in AAGI between Generali Asia and Affin).

2.3.2. Information on MPIG

MPIG is a public limited company incorporated in Malaysia on 28 May 1973 under the name of KSM Insuran Berhad. Subsequently, it changed its name to Kompas Insurans Berhad on 7 September 1991. Thereafter, it changed its name to Multi-Purpose Insurans Berhad on 11 January 1995 and subsequently assumed its present name on 15 July 2015. It is a 51%-owned subsidiary of MPCHB, which in turn is a wholly-owned subsidiary of MPH Capital Berhad.

MPIG is principally engaged in underwriting general insurance business in Malaysia. The principal activities of MPIG's subsidiaries or wholesale unit trust funds are investments in fixed income instruments and money market instruments.

The Directors of MPIG as at the date of this announcement are as follows:

Name of Director	Designation
Mohd Azlan Bin Mohammed	Independent Non-Executive Chairman
Kheoh And Yeng	Non-Independent Executive Director
Datuk Tan Leh Kiah	Independent Non-Executive Director
Jennifer Susan Sparks	Non-Independent Non-Executive Director
Vijayam Nadarajah	Independent Non-Executive Director

None of the Directors of MPIG have any interest, direct or indirect in MPIG as at the date of this announcement.

The direct substantial shareholders of MPIG and their respective shareholding in the company as at the date of this announcement are as follows:

Substantial shareholders	No. of shares	(%) ⁽¹⁾
MPCHB	51,000,000	51.00
Generali Asia	49,000,000	49.00

Note:

(1) Based on MPIG's issued shares of 100,000,000 shares.

The financial information on MPIG for the past 3 financial years up to the FYE 31 December 2021 are as follows:

Group level (Audited)	FYE 31 December		
	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)
Net earned premium	376,580	398,212	464,301
Net profit for the financial year attributable to equity holders of the parents	74,303	75,680	50,422
Basic EPS (sen)	74.30	75.68	50.42
Net assets	595,186	670,866	721,288
No. of MPIG shares ('000)	100,000	100,000	100,000
Net assets per share (RM)	5.95	6.71	7.21

2.4 Information on Generali Asia

Generali Asia was incorporated in the Netherlands and is an indirect wholly-owned subsidiary of Assicurazioni Generali S.p.A.. Generali Asia is principally involved in financial holding activities in the Asia Pacific region.

Generali Asia currently owns 49.00% equity interest in MPIG. Generali Asia intends to expand its presence in Malaysia and therefore intends to acquire up to 70.00% equity interest in both AALI and AAGI.

The Directors of Generali Asia as at the date of this announcement are as follows:

Name of Director	Designation
Gerrit Klaas Nolles	Director
Franciscus Wilhelmus Hendricus Maria Heus	Director
Rachel Naomi Drielinger	Director

None of the Directors of Generali Asia have any interest, direct or indirect in Generali Asia as at the date of this announcement.

2.5 Utilisation of the disposal proceeds

Affin will utilise the disposal proceeds towards its working capital requirement within 12 months from the date of completion of the Proposed Disposals.

2.6 Dates and original costs of investment

(i) AALI

AALI is a 51%-owned joint controlled company of Affin Holdings Berhad since 2006. In 2017, Affin Holdings Berhad had completed the transfer of all of the entire equity interest it holds in AALI to Affin pursuant to a reorganisation exercise. The original costs of investment in respect of the AALI Disposal Shares is RM79.98 million.

(ii) AAGI

AAGI is an 40%-owned associate company of Affin Holdings Berhad since 1991. Since then, it has increased its equity interest in AAGI to 49.95%. In 2017, Affin Holdings Berhad had completed the transfer of all of the entire equity interest it holds in AAGI to Affin pursuant to a reorganisation exercise. The original costs of investment in respect of the AAGI Disposal Shares is RM32.39 million.

2.7 Liabilities to be assumed

Save for the obligations and liabilities pursuant to the Affin SSA, there are no other liabilities, including contingent liabilities, in relation to the Proposed Disposals which remain with Affin and there are no guarantees given by Affin to Generali Asia pursuant to the Proposed Disposals.

3. SALIENT TERMS OF THE AFFIN SSA

Please refer to **Appendix I** of this Announcement for the salient terms of the Affin SSA.

4. RATIONALE FOR THE PROPOSALS

Affin has embarked on its transformation plan (AIM22) with an emphasis on digital and technology innovation and new product offerings. As such, the rationale of the Proposed Disposals is essentially driven by Affin's strategic intention to focus and support its core banking business.

Further, the Proposed Disposals will allow Affin to unlock value and monetise part of its investment in the insurance segment, the proceeds of which will be reallocated to fund business growth in its core banking business.

As part of the Proposed Disposals, Affin will be entering into an exclusive long-term conventional insurance bancassurance partnership with both AALI and AAGI. As such, Affin can continue to provide comprehensive insurance product offerings through its banking channels and this refreshed focus is likely to further enhance the financial services proposition Affin provides to its customers.

On the other hand, the Proposed Merger allows Affin to retain a significant interest in an enlarged insurance segment in partnership with Generali Asia. Post-merger, AAGI is expected to command a respectable market size and share in the domestic general insurance businesses where Affin stands to benefit from shared profits and other business synergies moving forward.

The partnership with Generali Asia, which is one of the largest global insurance groups, will allow Affin to tap on Generali Asia's expertise, know-how and experiences in insurance businesses, particularly in the bancassurance segment to support and complement Affin's core banking business moving forward.

5. FINANCIAL EFFECTS OF THE PROPOSALS

5.1 Issued share capital and substantial shareholders' shareholding

The Proposals will not have any effect on the issued share capital of Affin and the shareholding of Affin's substantial shareholders as it does not involve the issuance of any new ordinary shares in Affin.

5.2 Net assets (“NA”) and NA per share

For illustrative purposes, the proforma effects of the Proposals based on the latest available audited consolidated statement of financial position of Affin as at 31 December 2021, and assuming that the Proposals had been completed on 31 December 2021 are as follows:

Affin (Group level)	As at 31 December 2021 RM'000	(I) Adjustment (1) RM'000	(II) After (I) and the Proposed AALI Disposal RM'000	(III) After (II) and the Proposed AAGI Disposal RM'000	After (III) and the Proposed Merger RM'000
Share capital	4,969,150	4,969,150	4,969,150	4,969,150	4,969,150
FVOCI revaluation reserves	90,473	90,473	90,473	90,473	90,473
Regulatory reserves	754,603	754,603	754,603	754,603	754,603
Foreign exchange reserves	39	39	39	39	39
Other reserves	(88,737)	(88,737)	(88,737)	(88,737)	(88,737)
Retained profits	4,163,442	5,311,442	5,296,990 (2)	5,323,667 (3)	5,308,844 (4)
NA	9,888,970	11,036,970	11,022,518	11,049,195	11,034,372
No. of shares ('000)	2,124,062	2,124,062	2,124,062	2,124,062	2,124,062
NA per share (RM)	4.66	5.20	5.19	5.20	5.19
Borrowings	3,303,075	3,303,075	3,303,075	3,303,075	3,303,075
Gearing (times)	0.33	0.30	0.30	0.30	0.30

Notes:

- (1) Being adjustment for the proposed divestment of 7,000,000 ordinary shares in Affin Hwang Asset Management Berhad (“AHAM”), representing 63% of the equity interest in AHAM by Affin Hwang IB, a wholly-owned subsidiary of Affin, to Starlight Assets Sdn Bhd, an investment holding company incorporated by funds managed by CVC Capital Partners Asia V Limited, for a provisional cash consideration of RM1,417.5 million, as extracted from Affin’s circular to shareholders dated 26 April 2022.
- (2) Net of estimated expenses to be incurred by Affin in 2022 for the Proposed AALI Disposal of approximately RM10.36 million (which comprise mainly professional fees), estimated loss from disposal of RM4.09 million (computed based on audited financial statements of AALI for the FYE 31 December 2021 and consideration of approximately RM70.79 million (which are subject to adjustments)).
- (3) Net of estimated expenses to be incurred by Affin in 2022 for the Proposed AAGI Disposal and Proposed Merger of approximately RM15.23 million (which comprise mainly professional fees), estimated gain from disposal of RM41.90 million (computed based on audited financial statements of AAGI for the FYE 31 December 2021 and consideration of approximately RM84.75 million (which are subject to adjustments)).
- (4) After taking into account the dilution loss impact of the Enlarged AAGI upon completion of the Proposed Merger of RM14.82 million (computed based on audited financial statements of AAGI and MPIG for the FYE 31 December 2021).

5.3 Earnings and EPS

The final gain/loss to be recorded by Affin will depend on the NAV of AALI, AAGI and the Enlarged AAGI upon completion of the Proposals, the consideration (which are subject to adjustments) and the aforesaid expenses incurred in relation to the Proposals.

Save for the above and the expenses to be incurred in relation to the Proposals, the Proposals are not expected to have a material effect on the earnings and EPS of the Affin Group for the FYE 31 December 2022 as the Proposed Merger is expected to be completed within the 4th quarter of 2022.

6. RISK FACTORS

As Affin already has exposure to the life and general insurance industry through its existing equity interests held in AALI and AAGI, hence the Proposals will not expose Affin to any additional risks. However, the Proposed Disposals are subject to the following risks:

6.1. Completion risks

There is a possibility that the Proposed Disposals may not be completed due to failure in fulfilling the conditions precedent within the timeframe prescribed in the Affin SSA. In the event that the conditions precedent are not fulfilled or waived in accordance with the terms of the Affin SSA, the Affin SSA will lapse and the Company will not be able to complete the Proposed Disposals. Whilst there is no assurance that the conditions precedent can be fulfilled, Affin and Generali Asia are obligated to use best efforts to procure the satisfaction of the conditions precedent which they are responsible for within the timeframe prescribed under the terms of the Affin SSA.

7. APPROVALS REQUIRED

The Proposals are not subject to the approval of the shareholders of Affin.

BNM had on 6 May 2022 informed Affin, AXA Asia, MPCHB and Generali Asia (as the case may be) that the Minister of Finance (“**MOF**”) had provided its approval for the disposals and acquisitions of shares in AALI, AAGI and MPIG (as the case may be) as contemplated under the Affin SSA, AXA SSA, Minority Shareholders SSA and MPIG SSA (as the case may be).

Under the terms of the Affin SSA, the completion of the Proposed Disposals is conditional upon, among other things, the following approvals being obtained:

- (i) the approval of BNM for, among others, the Proposed Merger, (including the issuance of the new AAGI shares to Generali Asia to satisfy the consideration for the Proposed Merger), of which the application for the same has been submitted on 27 October 2021 and is pending approval as at the date of this announcement;
- (ii) the approval of Istituto per la Vigilanza sulle Assicurazioni having been obtained by Assicurazioni Generali S.p.A., of which the application for the same has been submitted on 25 June 2021 and approval has been obtained on 22 July 2021; and
- (iii) the approval of the shareholders of MPH Capital Berhad, being the shareholder of MPCHB, for the sale by MPCHB of its 51.00% equity interest in MPIG to Generali Asia at an extraordinary general meeting.

8. INTER-CONDITIONALITY

The Proposed AALI Disposal is inter-conditional with the Proposed AAGI Disposal.

The Proposed Disposals are inter-conditional with the AXA SSA and MPIG SSA.

Subject to the approval of BNM having been obtained, the BTA for the Proposed Merger will be executed after the completion of the Proposed AAGI Disposal, AXA SSA, Minority Shareholders SSAs and MPIG SSA.

9. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED

None of the Directors and/or major shareholders of Affin and/or persons connected with them have any interest, whether direct or indirect, in the Proposals.

10. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Affin SSA and the Proposals including, amongst others, the rationale and financial effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company.

11. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Disposals are expected to be completed within the 3rd quarter of 2022.

The Proposed Merger is expected to be completed within the 4th quarter of 2022.

12. DOCUMENTS AVAILABLE FOR INSPECTION

The executed Affin SSA will be made available for inspection at the Company's registered office located at 17th Floor, Menara Affin, 80 Jalan Raja Chulan, 50200 Kuala Lumpur, Wilayah Persekutuan Malaysia, during normal working hours from Mondays to Fridays (excluding public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 18 May 2022.

SALIENT TERMS OF THE AFFIN SSA

1. **Conditions precedent**

- (a) Closing of the Affin SSA is conditional upon:
- (i) the passing by the shareholders of MPHB Capital Berhad at an extraordinary general meeting of a resolution approving the proposed sale of all of the shares of MPIG held by MPCHB to Generali Asia;
 - (ii) IVASS (Istituto per la Vigilanza sulle Assicurazioni) approval having been obtained by Generali Asia;
 - (iii) AAGI having received a written waiver from Affin of its termination rights and/or its written consent to the change of control of AAGI under the Affin facility;
 - (iv) there having been no Material Adverse Effect (as defined in the Affin SSA);
 - (v) closing under the AXA SSA and MPIG SSA; and
 - (vi) BNM's approval for the Proposed Merger having been obtained by AAGI, MPIG and Generali Asia.
- (b) Subject to certain agreed exceptions, Generali Asia shall take such steps and agree to all such conditions, obligations, undertakings or modifications as may be required or requested by the BNM or IVASS to ensure that the relevant approvals are obtained before the Long Stop Date (see below).
- (c) If any condition, obligation or undertaking is imposed by the BNM or IVASS would require Generali Asia to make any capital contributions in respect of AALI and/or AAGI, Affin shall make a pro rata capital contribution up to an aggregate amount of RM17 million.

2. **Payment**

Generali Asia shall pay for the consideration for the transfer of the AALI Disposal Shares and AAGI Disposal Shares wholly in cash upon Closing.

3. **Long Stop Date**

The Long Stop Date for the satisfaction of the signing conditions is 12 months after the date of the implementation agreement ("IA") and for the satisfaction of the closing conditions is 31 August 2022 (unless the cut-off date under the MPIG SSA is extended beyond 31 August 2022, in which event the Long Stop Date shall be the earlier of: (i) the cut-off date under the MPIG SSA and (ii) 1 December 2022, or such other date agreed in writing by the parties), after which either party shall have the right to terminate the Affin SSA (other than certain surviving clauses).

4. **Pre-closing covenants**

Extensive list pre-closing covenants, including an undertaking to maintain the capital adequacy ratio of AAGI and AALI at or above the individual target capital level (ITCL) as at Closing.

5. **Seller's warranties**

Extensive set of Seller's warranties to be given at the Affin SSA date and partially repeated on Closing. The Seller's warranties are qualified by disclosures set out in the Disclosure Letter (in agreed form as at the IA date) subject to these being fair disclosures. In addition, the Seller warrants to the Purchaser at the IA date that Affin and (as far as it is aware) Lembaga Tabung Angkatan Tentera and Boustead Holdings Berhad are not in active negotiations and have no plans to commence negotiations within the next 12 months from the Affin SSA date with any third party in respect of any potential bank merger in relation to Affin.

SALIENT TERMS OF THE AFFIN SSA (Cont'd)**6. Seller's indemnities**

Affin shall indemnify the Purchaser in respect of: (i) 20% of amounts paid by AAGI relating to various litigation, tax and financial claims; and (ii) 21% of amounts paid by AALI in respect of certain tax liabilities. The percentage payable is on the basis of the effective interest Generali Asia is acquiring from Affin.

7. Limitations on liability

- (i) Any damages in respect of any Claim relating to AAGI shall be assessed on the basis that Generali Asia is acquiring an effective 20% interest in AAGI from Affin.
- (ii) Financial limitations – Maximum Liability
 - For AAGI, for all fundamental claims shall not exceed RM314,247,811; for all general claims, tax covenant claims and tax claims shall not exceed RM125,699,124; and in any case for all claims under the Affin SSA shall not exceed RM314,247,811.
 - For AALI, for all fundamental claims shall not exceed RM70,791,000; for all general claims, tax covenant claims and tax claims shall not exceed RM28,316,400; and in any case for all claims under the Affin SSA shall not exceed RM70,791,000.

8. Purchaser's termination rights

Generali Asia has a walk-away right if:

- there is any matter which constitutes or would constitute a breach of the fundamental warranties (which is not rectified within 30 days of notification in writing by Generali Asia to Affin if capable of being rectified);
- any material restriction or qualification to the existing scope of the insurance licence of AAGI or AALI that has a material impact on the business of the relevant company;
- there is a permanent revocation of the insurance licence of AAGI or AALI subsisting immediately before Affin SSA date; or
- closing under the AXA SSA and/or MPIG SSA does not complete simultaneously with closing under the Affin SSA.

9. Restrictive covenants

No member of the Affin, its holding companies and its subsidiaries and any subsidiary of any such holding company from time to time ("**Affin Group**") will, during the period of three years commencing on Closing (or such shorter period of time recognised by applicable law as being binding on Affin):

- (i) carry on or be engaged in any life or non-life insurance business in Malaysia undertaken under a licence issued to a member of the Affin Group by a relevant authority in Malaysia which is the same or similar type to the business as now carried on by either of AAGI or AALI and which is or is likely to be in competition with the business of either of AAGI or AALI as now carried on; or
- (ii) offer employment to, enter into a contract for the services of, or attempt to entice away from either of AAGI or AALI, any individual who is, at the date of the Affin SSA, a senior employee of such company or procure or facilitate the making of any such offer or attempt by any other person.

10. Governing law and dispute resolution

The Affin SSA is governed by Malaysian law and arbitration in Singapore for any dispute resolution.