



iFAST Corporation Ltd.

Proposed Acquisition of a UK Bank

7 JANUARY 2022



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Contents

Section I	■ Adding a Digital Bank to the iFAST Fintech Ecosystem	Pg. 4
Section II	■ The Proposed Acquisition	Pg. 9
Section III	■ Conclusion and Recap of the Five-Year Plan	Pg. 14

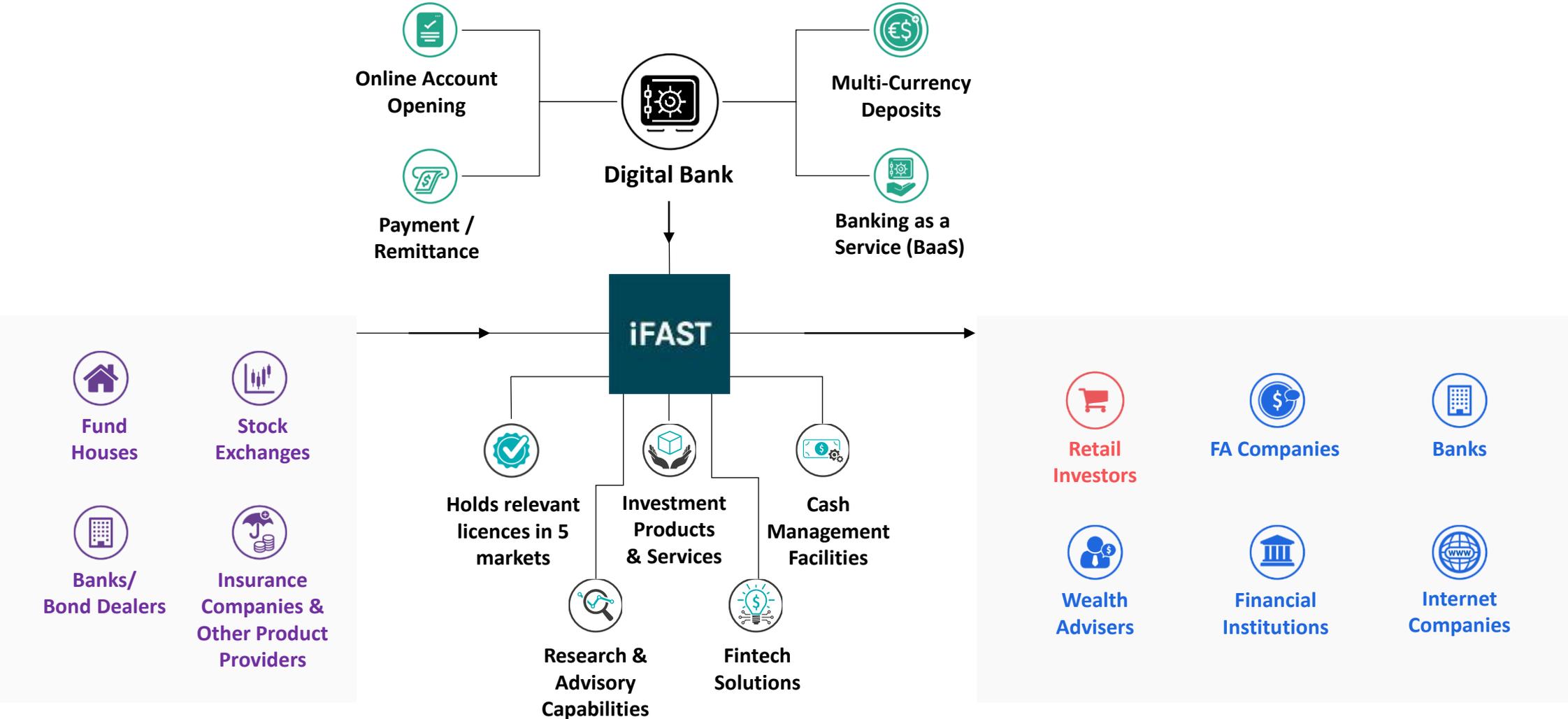
Adding a Digital Bank to the iFAST Fintech Ecosystem



The Future of Wealth Management and Digital Banking

- The Group believes that the future of wealth management is one where many investors from various emerging markets will be looking for the best wealth management platforms across the world that can provide them seamless access and connectivity to global products and global exchanges.
- Wealth management platforms with seamless links to good digital banking services that allow consumers and investors to manage payment flows seamlessly across borders while getting attractive deposit rates in various currencies, will have strong advantages.
- With that in mind, the Group believes that one of the central components of the iFAST Ecosystem in the future will be a digital bank located in a trusted jurisdiction.
- A full licensed UK bank will fit these requirements very well, given London's status as a top financial centre with strong connectivity to the world, and given its forward-looking regulatory frameworks.

Adding a Digital Bank to the iFAST Fintech Ecosystem



Banks and Wealth Management

- In most countries around the world, the biggest players in the wealth management industry are banks. This is not surprising given that banks have the advantage of consumers' cash sitting within the banks.
- iFAST Corp has made substantial progress as a wealth management platform without some of the key advantages that the banks have. A lot more can be achieved if the Group has a bank within the Group.
- In the last 3-4 years, the Group has been evaluating ways of being able to add a digital bank to its growing Fintech Ecosystem. The Group believes this will help to accelerate the growth of its overall wealth management platform.
- The Group believes that banks are operating at the 'foundation layer' of the financial industry. Having direct access to this 'foundation layer' will allow the Group to innovate and progress at a faster pace, especially in today's increasingly globalised and digitally-connected world.

Adding a Digital Bank to the iFAST Fintech Ecosystem

- Adding a digital bank to the iFAST Fintech Ecosystem will have the effect of allowing the Group to acquire more customers globally at a faster pace, as it taps into the growing demand of customers around the world for good wealth management and digital banking platforms.
- Convenient online account openings, remittance services and multi-currency deposit accounts with attractive deposit rates are starting points that will already make a difference to the client acquisition process.
- Digital banks can be run with a capital-efficient, asset-light and scalable business model, unlike many traditional banks.

The Proposed Acquisition



Background of the Proposed Acquisition

- On 6 January 2022, the Group signed an agreement with its partner, Eagles Peak Holding Limited (“EPHL”), to acquire BFC Bank Limited (“BFC Bank” or “UK bank”) from BFC Group Holdings (“BFC Group”, based in Bahrain). The Group will have an 85% stake in BFC Bank. BFC Bank has the requisite banking licence in the UK.
- The Proposed Acquisition in the UK bank will allow the Group to acquire a banking licence in the UK, a reputable jurisdiction and a global financial centre.
- The Group sees synergy in adding the bank’s capabilities into its existing digital wealth management platform, strengthening its vision to become a truly global wealth management business and opening up other opportunities in the future.
- The acquisition after some technology upgrades, will allow the Group’s clients in its current eco-system across the various Asian markets to have access to online account opening, multi-currency deposits, remittances and cross-border transactions, and Banking as a Service (BaaS).

About BFC Bank

- BFC Bank is a full licensed UK bank operating under the Financial Services Compensation Scheme, and is authorised by the Prudential Regulation Authority of the United Kingdom (“PRA”) and Financial Conduct Authority of the United Kingdom (“FCA”).
- Key financial numbers of BFC Bank are as follows:

9M2021	£ Million	S\$ Million
Gross Revenue	7.9	14.4
Net Revenue	6.2	11.4
Operating Expenses	8.4	15.4
Net Profit/Loss	(2.2)	(4.0)
Net Profit/Loss (Based on 85% stake)	(1.9)	(3.4)
As at 30 September 2021	£ Million	S\$ Million
Net Asset Value	17.8	32.7

The Proposed Acquisition

- Based on the net loss of approximately £1.9 million (equivalent to approximately S\$3.4 million) which is based on an 85.0% stake in BFC Bank for 9M2021, and the Group's net profit of approximately S\$27.8 million for 9M2021, the net loss attributable to the assets acquired is approximately 12.4% of the Group's net profit.
- The Acquisition Amount will be £25.0 million (equivalent to approximately S\$45.9 million), comprising an estimated amount of £22.6 million (equivalent to approximately S\$41.5 million) to fund the acquisition of BFC Bank and £2.4 million (equivalent to approximately S\$4.4 million) to offset relevant transaction costs.
- The proposed deal represents a price-to-book multiple of about 1.62x. The Group believes this is an attractive level.
- The above mentioned Acquisition Amount of £25.0 million (equivalent to approximately S\$45.9 million) to acquire BFC Bank represents 2.0% of the Company's market capitalisation (based on the total number of issued shares excluding treasury shares) at 5 January 2022.

The Proposed Acquisition

- There will be an additional Injection Amount of £15.0 million (approximately S\$27.5 million) to fund a capital injection into BFC Bank.
- The Total Investment Amount of £40.0 million (equivalent to approximately S\$73.4 million) comprising the Acquisition Amount of £25.0 million (equivalent to approximately S\$45.9 million) and the Injection Amount of £15.0 million (approximately S\$27.5 million) to subsequently fund a capital injection into BFC Bank represents 3.2% of the Company's market capitalisation (based on the total number of issued shares excluding treasury shares) at 5 January 2022.
- The Proposed Acquisition is conditional upon the PRA's and the FCA's approval, and either iFAST Corp shareholders' approval or a waiver of shareholders' approval granted by SGX.
- The Group plans to finance the proposed deal using a combination of internal funds, bank borrowings and/or fund raising in the capital markets.

Conclusion and Recap of the Five-Year Plan



Recap: iFAST's Five-Year Plan

- 1. Get Bigger and Better:** Continue to work on increasing the scale and quality of its Fintech wealth management platform in various markets, in line with the Group's target AUA of S\$100 billion by 2028.
- 2. Accelerate Hong Kong Growth:** Substantially accelerate the growth of the Group's overall Hong Kong business as it effectively executes its ePension business in Hong Kong, and continues to improve on its existing platform capabilities.
- 3. More Licences:** Pursue more financial licences in different jurisdictions and make strategic investments in adjacent Fintech capabilities, while ensuring that wealth management will remain as its core service as a progressive Fintech player.
- 4. Truly Global Business Model:** Make tangible progress towards the Group's vision of being a top Fintech wealth management player with a truly global business model, which will be even more scalable.

Conclusion: Recap of the Five-Year Plan

- The proposed acquisition of the UK bank will enable the Group to add a digital bank to its Fintech Ecosystem. In an increasingly digitally-connected world, this will help to accelerate the growth of its overall wealth management business.
- The Group will focus on having a capital-efficient, asset-light and scalable business model for its banking business.
- The Proposed Acquisition will enable the Group to take a significant step towards building a truly global business model.
- iFAST Corp expects the Proposed Acquisition to contribute some initial start-up losses in 2022 and 2023. However, as a Group, iFAST Corp expects to see a robust growth in the Group's profitability between 2021 and 2025, helped also by contributions from its ePension division in Hong Kong.

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