

## Press Release

### **Completion of acquisition of the investment banking, asset management and futures businesses of Hwang-DBS**

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Kuala Lumpur, Malaysia – Transformational merger for Affin Investment to establish leadership positions in Malaysia, across its investment banking franchise and drive its strategic plan to become the leading independent bank-backed investment bank.

Affin Holdings Berhad (“Affin”) has completed the acquisition of 100% of Hwang-DBS Investment Bank Berhad (“HwangIB”), 70% of Hwang Investment Management Berhad<sup>1</sup> (“HwangIM”), 49% of Asian Islamic Investment Management Sendirian Berhad (“AIIMAN”) and 100% of HDM Futures Sendirian Berhad (“HDM Futures”) (the “Hwang-DBS businesses”) on 7 April 2014. The conditional sale purchase agreement for this acquisition was signed on 22nd January 2014.

The acquisition was funded by bridge loans. For the long-term funding plan, Affin is in the process of undertaking a rights issue of new Affin shares (the “Proposed Rights Issue”), to raise gross proceeds of up to RM1,250.00 million. The proceeds from the Proposed Rights Issue are intended to be used for partial repayment of the bridge loans for the amount of RM1,050 million and the remaining RM200 million is for capital injection into Affin Bank Berhad to fund future growth. The remaining bridge loans are intended to be repaid by cash proceeds from the Proposed Merger (defined herein) and internally generated cash.

Affin’s major shareholders, Lembaga Tabung Angkatan Tentera, Boustead Holdings Berhad and Bank of East Asia Limited, have provided irrevocable undertakings to subscribe in full for their respective entitlements under the Proposed Rights Issue. The Proposed Rights Issue is expected to be completed in the second quarter of 2014.

Going forward, Affin will undertake the merger of the businesses of Affin Investment Bank Berhad (“Affin Investment”) and HwangIB (the “Proposed Merger”), through the transfer of Affin Investment’s businesses to HwangIB by way of a vesting order.

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The acquisition will create a stronghold for Affin in the Investment Banking space - the combined entities has become a top two brokerage house in Malaysia (based on combined traded value and traded volume) with ~ 770 remisiers and 25 branches, as well as has created a top five asset manager in Malaysia (based on assets under management).

The investment bank's end-to-end value proposition will be strengthened as it will be able to capitalise on the synergy that can be created by the enlarged platform of the merged businesses, enhanced distribution through the broader remisier network, leading asset management business and a wider customer reach.

The complementary strengths and capabilities of the Hwang-DBS businesses are expected to create revenue synergies of RM 32 million (PBT) and cost synergies of RM 79 million (PBT) between 2015-2017. We also expect to see some di-synergies of up to RM 25 million (PBT) over the next three years.

These synergies will be driven by increased cross selling of Affin products to Hwang's customer base, access to Affin's customer base & relationships to sell Hwang products, increase in productivity for back office and support functions and scale benefits for IT infrastructure and other sales, general and administration costs.

In addition to above synergies, Affin has plans in place to implement game changing strategies and transform the organisation. Affin future strategic vision has four core elements. Firstly, to leverage its distribution and execution excellence to increase share of wallet with existing customer base. Secondly to collaborate across businesses to enhance customer base and better realize revenue opportunities within the investment bank. Thirdly, to launch a new business – wealth management anchored around its unique investment advisory business. And finally, with increased scale invest in technology to strengthen its capabilities and manage cost. Affin aspires to be a top five investment bank in each of its business segments namely institutional stock broking, retail equities, asset management, investment banking & treasury and wealth management.

These transformational synergies together with synergies that can be generated between the merged Investment Bank and Affin Bank have not been included in the above said integration synergies.

Affin expects to spend up to RM 54 million on one off integration costs in the next 12-18 months to complete this integration. These costs are predominately related to setting up a combined IT infrastructure & systems platform, rebranding exercise and integration advisory support.

<sup>1</sup> 70% of Hwang IM, includes the 53% owned by Hwang-DBS and the 17% owned by Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar.

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Affin Holdings Berhad's Deputy Chairman YBhg. Tan Sri Dato' Seri Lodin bin Wok Kamaruddin said, " The acquisition of the Hwang-DBS businesses is a game-changer for our investment banking franchise, which not only represents a significant part of the Affin Banking Group in terms of financial contribution, but also in terms of our merged retail customer base. The demographic and geographical diversity this customer base brings to us represents a huge opportunity for the banking group as a whole. "

Affin Investment Bank Berhad's Chairman YBhg. Gen. (R) Tan Sri Yaacob Mohd Zain added, "The challenge for the combined management team will be to integrate quickly over the coming year. I have full faith that the management team will not only achieve this, but will also ensure that the business rapidly reaps the identified synergies, whilst still being able to capture market opportunities. We are also looking forward to unveiling the new brand and corporate image – both of which are important components of the transformational journey we are embarking on." The next major milestone for the integration team is to complete vesting and announce customer day one. This is expected to happen in late third quarter of 2014. Affin Investment would also be launching its unified brand closer to customer day one.

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### **About Affin Hwang Capital**

Affin Hwang Capital is a specialist investment banking group. From both our primary offices in Kuala Lumpur and Penang, our multi-product teams cover both retail and institutional clients.

GLCs and mid- to large-cap corporations form the core of our institutional client business. To these organisations, Affin Hwang Capital offers high quality advisory and execution services across investment banking, institutional securities and asset management.

For individuals, we focus on proactively growing wealth through our unique asset management approach. Our retail securities team deliver convenience, value and premium service.

We value long-term relationships with our clients, emphasising trust, flexibility, collaboration and independent thinking. As one of Malaysia's leading, bank-backed investment banking groups, we use our expertise to continually tackle the most compelling financial challenges and deliver pioneering solutions to our clients.

Affin Hwang Capital is part of the Affin Banking Group. To learn more visit [www.affinhwang.com](http://www.affinhwang.com)