

RHB Capital To Acquire OSK Investment Bank

Transformational Transaction for RHB Investment Bank and Important Step for RHB Banking Group in Building Local Leadership and Accelerating Regional Growth to become a Leading Multinational Financial Services Group

Kuala Lumpur, 28 May 2012 – RHB Capital Berhad (RHB Capital) and OSK Holdings Berhad (OSK Holdings) today signed a conditional share purchase agreement that will see RHB Capital acquire 100% of OSK Investment Bank Berhad (OSK Investment Bank) shares from OSK Holdings in exchange for 245 million new RHB Capital shares and cash of RM147.5 million. This combination will transform RHB Investment Bank Berhad (RHB Investment Bank) into Malaysia's largest investment bank by assets and marks a significant milestone in RHB Banking Group's ambition in building local leadership and accelerating regional growth to become a leading multinational financial services group.



From left: Mr Kellee Kam Chee Khiong, Group Managing Director, RHB Capital Berhad; Dato' Mohamed Khadar Merican, Chairman of RHB Capital Berhad; Tan Sri Azlan Zainol, Chairman of RHB Bank Berhad; Dato' Nik Mohamed Din Datuk Nik Yusoff, Chairman of OSK Holdings Berhad and Mr Ong Leong Huat, Director of OSK Holdings Berhad.

The agreement, which was signed with OSK Holdings, the holding company of OSK Investment Bank, will see RHB Capital acquiring 100% of OSK Investment Bank shares for a purchase consideration of RM1,950.7 million, comprising of RM1,803.2 million in the form of 245 million new RHB Capital shares issued at RM7.36 per share and RM147.5 million in cash. OSK Holdings will become RHB Capital's third largest shareholder with approximately 10% stake after the completion of the transaction.

The purchase consideration implies a 1.77x multiple on OSK Investment Bank's book value of RM1.1 billion as of 30 September 2011 and represents 18.9x last twelve months' normalised earnings adjusted for one-off costs.

The issue price of RM7.36 was arrived at after considering the 5-day volume weighted average market price of RM7.42 of RHB Capital shares up to 28 September 2011, being the last market day prior to the announcement of the application to Bank Negara Malaysia to commence negotiations on the possible merger of businesses of RHB Banking Group and OSK Investment Bank dated 29 September 2011, adjusted for the 2011 interim dividend paid by RHB Capital and the Dividend Reinvestment Plan applied on the said dividends.

In addition, RHB Capital will acquire 100% of OSK Investment Bank (Labuan) Limited's shares as well as the remaining 20% in OSK Trustees Berhad, 20% in Malaysian Trustees Berhad and 59.95% in Finexasia.com Sdn Bhd not currently owned by OSK Investment Bank for a cash consideration of RM39.3 million. This brings the total aggregate purchase consideration to RM1,990 million.



News Room

The acquisition substantially strengthens RHB Investment Bank's competitive position in Malaysia and delivers immediate established access to key strategic markets in the region. The two investment banking operations exhibit highly complementary strengths and successfully serve distinct customer segments which is expected to result in significant synergistic benefits. RHB Banking Group will be able to leverage on OSK Investment Bank's strong management track record and proven ability to build a meaningful regional presence to augment its existing management line-up.

In addition, RHB Banking Group will be able to leverage off the Group's complete banking platform to provide the full breadth of products and services to OSK Investment Bank's client base. The transaction is in line with RHB Banking Group's ambition in building domestic leadership positions in targeted segments and the ability to address the growing opportunities in ASEAN and Hong Kong/China.

OSK Investment Bank is a leading investment bank focused on the small and medium enterprise and retail segments. Under the leadership of Mr. Ong Leong Huat, OSK Investment Bank has transformed itself over the last decade from a domestic retail broker into an established regional investment bank with operations in Singapore, Indonesia, Hong Kong, Thailand and Cambodia as well as a representative office in Shanghai. It is one of the top brokers in Malaysia and Singapore and has a growing presence in its other markets. Its well-regarded Equity Research house has won many accolades in Malaysia, Singapore, Indonesia and Hong Kong.

RHB Investment Bank is one of the top investment banks in Malaysia, having advised on some of the largest landmark transactions and won numerous awards for advisory and capital markets transactions. It also has the expertise and skill in managing a full range of investment instruments, and is supported by an award-winning Equity Research house.

YBhg Dato' Mohamed Khadar Merican, Chairman of RHB Capital and RHB Investment Bank, said, "This acquisition allows RHB Banking Group to increase our participation in the strong economic fundamentals in ASEAN and Hong Kong/China. In addition, the combination of complementary businesses means we will have an opportunity to build a full coverage investment bank across segments and expand geographies to serve our clients better. We see tremendous potential in this combination and expect it to contribute positively to our aspirations of building a leading multinational financial services group.

YBhg Dato' Nik Mohamed Din Bin Datuk Nik Yusoff, Chairman of OSK Holdings, said, "The combination of OSK Investment Bank with the RHB Banking Group will create a leading investment bank with a strong position in mergers and acquisitions, brokerage, equity capital market and debt capital market. Furthermore, OSK Investment Bank will be able to leverage on the financial strengths and the commercial banking franchise of RHB Banking Group to expand in the region after having built its comprehensive regional investment banking platform across Southeast Asia and Hong Kong/China over the last seven years."

The transaction is expected to complete in the fourth quarter of 2012 upon the receipt of shareholders' approvals from RHB Capital and OSK Holdings and regulatory approvals in all markets where OSK Investment Bank is present.

RHB Investment Bank is the principal adviser and Credit Suisse is the financial adviser to RHB Capital on this transaction.

This release contains forward-looking statements such as the outlook for the RHB Banking Group. Although RHB believes that the expectations reflected in such future statements are reasonable at this time, there can be no assurance that such expectations will prove correct subsequently. Actual performance may be materially different from that anticipated or described herein, and RHB Capital's financial and business plans may be subject to change from time to time.

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News Room

About the RHB Banking Group

The RHB Banking Group is one of Malaysia's fully integrated financial services group. The Group's core businesses are streamlined into seven Strategic Business Groups (SBGs): Retail Banking, Business Banking, Group Transaction Banking, Corporate & Investment Banking, Islamic Banking, Global Financial Banking and Group Treasury. These businesses are offered through its main subsidiaries - RHB Bank Berhad, RHB Investment Bank Berhad, RHB Insurance Berhad and RHB Islamic Bank Berhad, while its asset management and unit trust businesses are held under RHB Investment Management Berhad. The Group has its presence in Singapore, Thailand and Brunei. RHB Investment Bank is a top investment bank in Malaysia with a market leading position in M&A and capital markets segment.