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RHB To Acquire 80% Of Bank Mestika For RM1.16 Billion

Indonesian Expansion to Further Enhance the Group's Presence in the ASEAN Region

Kuala Lumpur, 19 October 2009: RHB Capital Berhad today signed a conditional sale and purchase agreement that will see the Group acquiring a substantial stake in PT Bank Mestika Dharma (Bank Mestika), one of Indonesia's leading banks. This strategic initiative is in line with the Group's aspirations of becoming one of the leading financial services providers in ASEAN by 2020.

The agreement was signed with PT Mestika Benua Mas, a holding company that currently holds 99.95% of the issued and paid-up share capital of Bank Mestika. The proposed exercise will involve RHB Capital acquiring 80% of Bank Mestika's issued and paid-up share capital from PT Mestika Benua Mas for a total cash consideration of Rp3,118 billion, equivalent to approximately RM1.16 billion (Rp100,000 = RM37.3), subject to regulatory approvals.

Concurrently, RHB Capital also entered into an option agreement to acquire an additional 9% of the issued and paid-up share capital in Bank Mestika held by PT Mestika Benua Mas. The option is exercisable between the 3rd anniversary and 7th anniversary date of the completion of the acquisition of Bank Mestika (both inclusive). This option agreement has been structured with the intention of strengthening the partnership between the Group and PT Mestika Benua Mas, whose continued involvement in Bank Mestika is invaluable given its expertise in the Indonesian market.

YBhg Tan Sri Azlan Zainol, Director of RHB Capital and Chairman of RHB Bank Berhad, said, "This acquisition places us in a strong position to grow with Indonesia as this nation is poised for further economic success. The country's relatively low penetration rate of banking services, with a loan-to-GDP ratio of only 25% against a population of 240 million, offers us immense opportunities.

"Indonesia's continued political stability, improving regulatory framework as well as the consistently high net interest margins of over 5%, are compelling factors that will help us achieve our goal of being a leading participant in the specified timeframe.

"Strategically, we are investing in a well-managed, profitable and well-capitalised entity, which has seen a consistently high return on equity of more than 15% for the past 4 years. Bank Mestika will provide us with the platform to develop our base of operations through Sumatra and expand further within the country."

YBhg Dato' Tajuddin Atan, Group Managing Director, RHB Capital, said, "The Group will work with our strategic partners to create value by growing Bank Mestika's profitability through products and services. We will also be strengthening Bank Mestika's human capital and talent management, process systems and corporate governance.

"We expect Bank Mestika to contribute to the Group's earnings positively. Over time, we aim to expand Bank Mestika's reach and presence significantly throughout Indonesia," he added.

Bank Mestika registered a net profit of approximately Rp169,819 million (equivalent to RM63 million) for its financial year ended 31 December 2008. As at 31 December 2008, its net assets amounted to Rp1,114 billion (equivalent to RM415 million), while it has a strong capital adequacy ratio, which stood at 26.2% as at 31 December 2008. Between 2006 and 2008, Bank Mestika achieved an average return on equity of 19.0%, average return on assets of 4.1% and average net interest margin of 9.0%.

Mr. Witarso Oemar, President Commissioner of Bank Mestika, said, "Our foundation has been built on developing close relationships with our customers, coupled with an in-depth knowledge of the local market and core business segments.

"It is now the time for Bank Mestika to move to the next level. This strategic collaboration with RHB Capital will enable Bank Mestika to become a nationally competitive player in Indonesia's dynamic banking sector.

"Bank Mestika will have the benefit of RHB Banking Group's expertise and product strength and will leverage on synergies to enhance our franchise, offering new services such as credit and debit cards, foreign exchange and Islamic banking. Our new partnership is determined to contribute to the further development of a sound, strong and efficient banking sector in Indonesia," Mr. Witarso Oemar concluded.



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In tandem with the proposed acquisition of Bank Mestika and subject to regulatory approvals, Bank Mestika is exploring the prospect of pursuing an Initial Public Offering on the Indonesia Stock Exchange over the coming months. This will enhance the profile of Bank Mestika and enable investors to participate in the future growth of Bank Mestika.

The proposed acquisition is subject to approvals from the relevant authorities, and is expected to be completed by the end of the first half of 2010. The proposed acquisition will be funded via a renounceable rights issue of shares aimed at strengthening the Group's capital base, providing financial flexibility for future growth and maximizing shareholder value. This exercise is not expected to have any material effect on the share capital, earnings and earnings per share of RHB Capital for the year ending 31 December 2009.