



## **CIMB Group, RHB Capital and MBSB Move Forward With Proposed Merger**

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*for immediate release*

Kuala Lumpur: CIMB Group Holdings Berhad (“CIMB Group”), RHB Capital Berhad (“RHB Capital”) and Malaysia Building Society Berhad (“MBSB”) announced today that an application has been made to Bank Negara Malaysia to seek approval for its proposed three-way merger. The merged entity will be a major ASEAN financial powerhouse and a mega-Islamic bank.

“We are extremely pleased to have been able to reach this stage in the process. This exercise will cement CIMB Group’s position amongst the top banks in ASEAN and bring a host of value creation opportunities for all our stakeholders. We are excited that we can now move forward and work towards seeking the necessary approvals to effect this merger,” said Tengku Dato’ Zafrul Tengku Abdul Aziz, Acting Group Chief Executive, CIMB Group.

Kellee Kam, RHB Capital Group Managing Director said, “I am glad that we have been able to come this far in our negotiations in such short a time. The RHB Banking Group has enjoyed tremendous progress in the last few years, seeing us grow from strength to strength. This merger is a natural step in our growth story, enabling us to become a regional financial powerhouse via the merged entity. The task ahead for us now is to ensure that we meet all the expectations of our stakeholders, thereby creating new opportunities for our employees, enhanced services and product offerings for our customers, and increasing returns and value for our shareholders.”

The merger will see a share swap between CIMB Group and RHB Capital at an exchange ratio of 1.38 (1 RHB Capital share for 1.38 CIMB Group share). This is based on a benchmark price of RM7.27 per CIMB Group share and RM10.03 per RHB Capital share; translating into price-to-book ratios as at 30 June 2014 of 1.70 times and 1.44 times for CIMB Group and RHB Capital respectively. CIMB Group shareholders will own



70% of the merged CIMB-RHB Group (“Merged CIMB-RHB”) and RHB Capital shareholders the remaining 30%.

In tandem, CIMB Islamic, RHB Islamic and MBSB will merge to form a mega-Islamic Bank. This will be done at a price of RM2.82 per MBSB share, and MBSB shareholders will have the option of receiving cash or CIMB Islamic shares as consideration. It is envisaged that the newly created mega-Islamic bank will remain a subsidiary of the Merged CIMB-RHB in partnership with ex-MBSB and/or new strategic shareholders.

“The strategic rationale for the merger and the subsequent creation of a mega-Islamic bank is clear and we’re focused on getting this to the finish line. This move charts another significant milestone in the history of MBSB since its inception and we are happy to be part of this corporate exercise,” said Dato’ Ahmad Zaini bin Othman, President and Chief Executive Officer of MBSB.

The parties will now move towards the due diligence process in view of signing a definitive Sale and Purchase Agreements (“SPA”) in early 2015. Following the SPA, consent of other regulators and shareholders will be sought. The deal is expected to complete in mid-2015.

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### **About CIMB Group**

CIMB Group is Malaysia’s second largest financial services provider and one of ASEAN’s leading universal banking groups. It offers consumer banking, investment banking, Islamic banking, asset management and insurance products and services. Headquartered in Kuala Lumpur, the Group is now present in nine out of 10 ASEAN nations (Malaysia, Indonesia, Singapore, Thailand, Cambodia, Brunei, Vietnam, Myanmar and Laos). Beyond ASEAN, the Group has market presence in China, Hong Kong, Bahrain, India, Sri Lanka, Australia, Taiwan, Korea, the US and UK.

CIMB Group has the most extensive retail branch network in ASEAN of more than 1,000 branches as at 30 June 2014. CIMB Group’s investment banking arm is also one of the largest Asia Pacific-based investment banks, offering amongst the most comprehensive research coverage of more than 1,000 stocks in the region.



CIMB Group operates its business through three main brand entities, CIMB Bank, CIMB Investment Bank and CIMB Islamic. CIMB Group is also the 97.9% shareholder of Bank CIMB Niaga in Indonesia, and 93.7% shareholder of CIMB Thai in Thailand.

CIMB Group is listed on Bursa Malaysia via CIMB Group Holdings Berhad. It had a market capitalisation of approximately RM61.0 billion as at 30 June 2014. The Group has over 40,000 employees located in 18 countries.

### **About the RHB Banking Group**

The RHB Banking Group is the fourth largest fully integrated financial services group in Malaysia. The Group's core businesses are streamlined into three main business pillars, namely Group Retail and Commercial Banking, Group International Business and Group Corporate and Investment Banking. 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 undertaken by RHB Asset Management Sdn. Bhd. and RHB Islamic International Asset Management Berhad. The Group's regional presence now spans nine countries including Malaysia, Singapore, Indonesia, Thailand, Brunei, Cambodia, Hong Kong, Vietnam and Lao PDR. It is RHB Banking Group's aspiration to continue to deliver superior customer experience and shareholder value; and to be recognised as a Leading Multinational Financial Services Group.

### **About Malaysia Building Society Berhad (MBSB)**

The origin of Malaysia Building Society Berhad (MBSB) can be traced back to the Federal and Colonial Building Society Limited incorporated in 1950. In 1956, it changed its name to Malaya Borneo Building Society Limited (MBBS), with the Malaysian government as its major shareholder. MBBS was then listed on the Stock Exchange of Malaysia and Singapore in August 1963. The company became an incorporation in Malaysia under the Companies Act 1965 on 17 March 1970, before it was listed on the Kuala Lumpur Stock Exchange now Bursa Malaysia on 14 March 1972.

The Employees Provident Fund (EPF) is currently the financial holding company of MBSB. MBSB was defined as a Scheduled Institution under the repealed Banking and Financial Institution Act 1989 (BAFIA). The status of an Exempt Finance Company was granted to MBSB on 1 March 1972 by the Ministry of Finance and the status has remained since. This allows MBSB to undertake a financing business in the absence of a banking license. Under Section 272 (a) of the Financial Services Act 2013, exemptions granted under the BAFIA is deemed to have been granted under the corresponding provision of the Financial Services Act 2013 and shall remain in full force and effect until amended or revoked. As a financial provider, MBSB offers a spectrum of innovative financial products and services for both individuals and corporates throughout its branches nationwide.

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