

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

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**MALAYSIA BUILDING SOCIETY BERHAD**  
(Company No. 9417-K)  
(Incorporated in Malaysia under the Companies Act, 1965)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

**PROPOSED RENOUNCEABLE TWO-CALL RIGHTS ISSUE OF NEW ORDINARY SHARES OF RM1.00 EACH IN MALAYSIA BUILDING SOCIETY BERHAD (“MBSB” OR “COMPANY”) (“MBSB SHARES”) TO RAISE GROSS PROCEEDS OF UP TO RM2.00 BILLION (“PROPOSED RIGHTS ISSUE”)**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Joint Advisers**



**AmInvestment Bank**

**AmInvestment Bank Berhad**

(Company No. 23742-V)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

**RHB InvestmentBank**

**RHB Investment Bank Berhad**

(Company No. 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting (“EGM”) of Malaysia Building Society Berhad (“MBSB” or “the Company”) to be held at Grand Nexus, Level 3A, Connexion@Nexus, No. 7 Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur on Thursday, 5 May 2016 at 12.00 p.m., or immediately following the conclusion of the 46<sup>th</sup> Annual General Meeting of the Company, which will be held at the same venue and on the same day at 10.00 a.m., whichever is later or at any adjournment thereof, together with the Form of Proxy are enclosed herewith.

You are entitled to vote at the EGM. Should you be unable to attend the EGM, you are entitled to appoint a proxy or proxies to attend and vote on your behalf. You should complete and deposit the enclosed Form of Proxy at the Registered Office of the Company at 11<sup>th</sup> Floor, Wisma MBSB, 48, Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur, not less than forty-eight (48) hours before the time and date fixed for the EGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Tuesday, 3 May 2016 at 12.00 p.m.  
Date and time of the EGM : Thursday, 5 May 2016 at 12.00 p.m.

This Circular is dated 20 April 2016

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

<b>Act</b>	: Companies Act, 1965
<b>AGM</b>	: Annual general meeting of MBSB
<b>AmInvestment Bank</b>	: AmInvestment Bank Berhad
<b>BNM</b>	: Bank Negara Malaysia
<b>Board</b>	: Board of Directors of MBSB
<b>Bursa Depository</b>	: Bursa Malaysia Depository Sdn Bhd
<b>Bursa Securities</b>	: Bursa Malaysia Securities Berhad
<b>Cagamas</b>	: Cagamas Berhad
<b>Circular</b>	: This circular dated 20 April 2016 in relation to the Proposed Rights Issue
<b>Code</b>	: Malaysian Code on Take-Overs and Mergers, 2010
<b>DRP</b>	: The dividend reinvestment plan which applies to the entire Proposed Final Dividend as announced by the Board on 24 February 2016
<b>DRP Shares</b>	: Such number of new MBSB Shares to be issued pursuant to the DRP
<b>EGM</b>	: Extraordinary general meeting of MBSB
<b>Entitled Shareholder(s)</b>	: MBSB Shareholder(s) whose names appear in MBSB's Record of Depositors on the Entitlement Date
<b>Entitlement Basis</b>	: Entitlement basis for the Proposed Rights Issue
<b>Entitlement Date</b>	: 5.00 p.m. on a date to be determined by the Board and announced later on which MBSB Shareholders must be registered in the Record of Depositors of MBSB in order to be entitled to participate in the Proposed Rights Issue
<b>EPF</b>	: Employees Provident Fund Board
<b>EPS</b>	: Earnings per share
<b>Ernst &amp; Young or Reporting Accountants</b>	: Ernst & Young, being the Reporting Accountants for the Proposed Rights Issue
<b>ESOS</b>	: Employees' share option scheme
<b>ESOS Option(s)</b>	: Option(s) granted and/or to be granted to eligible employees and directors of MBSB Group in accordance with the by-laws of MBSB's ESOS to subscribe for new MBSB Shares
<b>First Call</b>	: The portion of the Issue Price payable in cash on application by an Entitled Shareholder and/or his renounee(s) to subscribe for the Rights Shares

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**DEFINITIONS (Cont'd)**

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<b>Foreign Addressed Shareholder(s)</b>	: The foreign shareholder(s) of MBSB and/or their renounee(s) on the Entitlement Date who have not provided an address in Malaysia for the service of documents to be issued for purposes of the Proposed Rights Issue
<b>FYE</b>	: Financial year(s) ended/ending, as the case may be
<b>High Court</b>	: High Court of Malaya
<b>Issue Price</b>	: Issue price of the Rights Shares which will be payable in two calls, namely, the First Call and the Second Call
<b>Joint Advisers</b>	: AmInvestment Bank and RHB Investment Bank, collectively
<b>Listing Requirements</b>	: Main Market Listing Requirements of Bursa Securities
<b>LPD</b>	: 31 March 2016, being the latest practicable date prior to the printing of this Circular
<b>Market Day</b>	: A day on which Bursa Securities is open for trading in securities
<b>Maximum Gross Proceeds</b>	: The gross proceeds of up to RM2.00 billion to be raised pursuant to the Proposed Rights Issue
<b>MBSB or Company</b>	: Malaysia Building Society Berhad
<b>MBSB Group or Group</b>	: MBSB and its subsidiaries
<b>MBSB Share(s) or Share(s)</b>	: Ordinary share(s) of RM1.00 each in MBSB
<b>MBSB Shareholder(s) or Shareholder(s)</b>	: Shareholder(s) of MBSB
<b>NA</b>	: Net assets
<b>Proposed Final Dividend</b>	: The proposed single-tier final dividend of 3.0% (3.0 sen net per MBSB Share) for the FYE 31 December 2015, which is subject to MBSB Shareholders' approval at the forthcoming AGM
<b>Proposed Rights Issue</b>	: The proposed renounceable two-call rights issue of new MBSB Shares to raise the Maximum Gross Proceeds
<b>Record of Depositors</b>	: A record of depositors provided by Bursa Depository to the Company under Chapter 24.0 of the Rules of Bursa Depository
<b>Registrar</b>	: Tricor Investor & Issuing House Services Sdn Bhd, being the registrar of MBSB
<b>RHB Investment Bank</b>	: RHB Investment Bank Berhad
<b>Rights Share(s)</b>	: New MBSB Share(s) to be issued pursuant to the Proposed Rights Issue
<b>RM and sen</b>	: Ringgit Malaysia and sen, respectively

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**DEFINITIONS (Cont'd)**

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<b>Rules of Bursa Depository</b>	: The rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991
<b>Second Call</b>	: The portion of the Issue Price to be capitalised from the Company's share premium and/or retained earnings accounts pursuant to the Proposed Rights Issue
<b>TERP</b>	: Theoretical ex-rights price
<b>Undertaking</b>	: The irrevocable written undertaking dated 10 March 2016 from MBSB's major shareholder, EPF, which has undertaken to subscribe in full for its entitlement under the Proposed Rights Issue based on its shareholdings of 1,847,895,724 MBSB Shares as at 4 March 2016, representing approximately 65.10% of the issued and paid-up share capital of MBSB subject to, <i>inter alia</i> , the First Call being priced at a minimum discount of 25% to the TERP based on the five (5)-market day VWAP of MBSB Shares up to the market day preceding the announcement of the price-fixing
<b>VWAP</b>	: Volume weighted average market price
<b>Warrant(s)</b>	: Warrant(s) of MBSB constituted by a deed poll executed by MBSB on 21 April 2011

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and/or neuter gender, and vice versa. References to persons shall include corporations, unless otherwise specified.

All references to "you" in this Circular are to MBSB Shareholder(s).

Any reference in this Circular to any enactment is a reference to that enactment or guidelines as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancy in the tables included in this Circular between the amount listed, actual figures and the totals thereof are due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the MBSB Group's plans and objectives will be achieved.

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**MALAYSIA BUILDING SOCIETY BERHAD**  
(Company No. 9417-K)  
(Incorporated in Malaysia under the Companies Act, 1965)

**Registered Office:**  
11<sup>th</sup> Floor, Wisma MBSB  
48 Jalan Dungun  
Damansara Heights  
50490 Kuala Lumpur

20 April 2016

### **Board of Directors**

Tan Sri Abdul Halim bin Ali (*Chairman and Non-Independent Non-Executive Director*)  
Datuk Syed Zaid bin Syed Jaffar Albar (*Non-Independent Non-Executive Director*)  
Datuk Shahril Ridza bin Ridzuan (*Non-Independent Non-Executive Director*)  
Aw Hong Boo (*Senior Independent Non-Executive Director*)  
Dato' Jasmy bin Ismail (*Independent Non-Executive Director*)  
Lim Tian Huat (*Independent Non-Executive Director*)  
Ravinder Kaur a/p Mahan Singh (*Independent Non-Executive Director*)  
Ir Moslim bin Othman (*Independent Non-Executive Director*)

### **To: The Shareholders of Malaysia Building Society Berhad**

Dear Sir/Madam,

### **PROPOSED RIGHTS ISSUE**

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#### **1. INTRODUCTION**

On 10 March 2016, the Joint Advisers had, on behalf of the Board, announced that MBSB proposes to undertake a renounceable two-call rights issue of new MBSB Shares to the Entitled Shareholders on a basis and Issue Price to be determined and announced later, to raise gross proceeds of up to RM2.00 billion.

The Issue Price will be payable in two calls, the First Call of which will be payable in cash on application by the Entitled Shareholder(s) and/or his renounee(s) who wishes to subscribe for the Rights Shares and the Second Call shall be capitalised from the Company's share premium and/or retained earnings account.

On 15 April 2016, the Joint Advisers had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 14 April 2016, approved the listing of and quotation for the Rights Shares to be issued pursuant to the Proposed Rights Issue, on the Main Market of Bursa Securities, subject to conditions as disclosed in Section 7 of this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED RIGHTS ISSUE AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RIGHTS ISSUE TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE FORTHCOMING EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RIGHTS ISSUE TO BE TABLED AT THE FORTHCOMING EGM.**

## **2. THE PROPOSED RIGHTS ISSUE**

### **2.1 Details of the Proposed Rights Issue**

The Company proposes to undertake the Proposed Rights Issue to raise the Maximum Gross Proceeds.

The Issue Price (comprising the First Call and the Second Call) and the Entitlement Basis have not been fixed at this juncture to provide flexibility to the Board in respect of the pricing of the Rights Shares and the number of Rights Shares to be issued.

Notwithstanding the above, the Maximum Gross Proceeds has been determined upfront to provide clarity to MBSB Shareholders with respect to the capital outlay required to subscribe for their respective entitlements under the Proposed Rights Issue, which can be approximated by multiplying the Maximum Gross Proceeds with their respective percentage shareholdings in MBSB.

For illustration purposes only, based on 2,838,777,543 MBSB Shares in issue as at the LPD, the capital outlay required from an Entitled Shareholder and/or his renounee(s) holding 1,000 MBSB Shares who wishes to subscribe for his entitlement is approximately RM705 (based on the Maximum Gross Proceeds). The actual outlay required by the Entitled Shareholders and/or their renounee(s) to fully subscribe for their entitlements under the Proposed Rights Issue depends on the Entitlement Basis and the First Call.

Fractional entitlements of the Rights Shares, if any, arising from the Proposed Rights Issue shall be disregarded and dealt with in such manner as the Board shall in its absolute discretion deem fit and expedient and in the best interest of the Company.

### **2.2 First Call and Second Call of the Rights Shares**

The Issue Price shall be satisfied in two calls as follows:-

- (a) First Call : payable in cash by the Entitled Shareholders and/or their renounee(s) who subscribe for the Rights Shares; and
- (b) Second Call : to be capitalised from the Company's share premium and/or retained earnings account

By capitalising the share premium and/or retained earnings account for the Second Call, the Entitled Shareholders and/or their renounee(s) who subscribe for the Rights Shares will only be required to make a cash payment for the First Call.

For illustrative purposes throughout this Circular, the proforma effects of the Proposed Rights Issue are based on the following parameters (“**Parameters**”):-

- (a) As at the LPD, the Company has the following outstanding securities:-
  - (i) 2,838,777,543 MBSB Shares;
  - (ii) 21,105,277 outstanding ESOS Options which are exercisable into 21,105,277 MBSB Shares at exercise prices ranging from RM1.01 to RM2.15 each; and
  - (iii) 13,774,009 outstanding Warrants which are exercisable into 13,774,009 MBSB Shares by 31 May 2016 at an exercise price of RM1.00 each.
- (b) On 24 February 2016, the Board announced the Proposed Final Dividend and has determined that the DRP shall apply to the entire portion of the Proposed Final Dividend. In the event the issuance date of the DRP Shares is prior to the Entitlement Date, the DRP Shares will be entitled for the Proposed Rights Issue.
- (c) The minimum scenario assumes that none of the outstanding ESOS Options and Warrants is exercised prior to the Entitlement Date and that none of the Proposed Final Dividend is reinvested in new MBSB Shares under the DRP and is payable wholly in cash prior to the Entitlement Date (“**Minimum Scenario**”). The Issue Price and the Entitlement Basis under the Minimum Scenario shall be based on the following assumptions:-
  - (i) Issue Price of RM1.00, comprising First Call of RM0.82 and Second Call via capitalisation of share premium account of RM0.18. The First Call represents a 26.13% discount to the TERP of RM1.11 based on the five (5)-market day VWAP of MBSB Shares up to the LPD of RM1.3633; and
  - (ii) Entitlement Basis of seventeen (17) Rights Shares for every twenty (20) MBSB Shares held.

Based on the Minimum Scenario, the total gross proceeds to be raised from the Proposed Rights Issue will amount to approximately RM1.98 billion.

- (d) The maximum scenario assumes that MBSB’s share premium reserves and retained earning reserves are substantially utilised to support the Second Call for the Proposed Rights Issue. As at 31 December 2015, MBSB’s share premium reserves and retained earnings reserves stood at RM1.39 billion and RM0.53 billion, respectively. Based on MBSB’s reserves as at 31 December 2015 and after accounting for the Proposed Final Dividend, the maximum scenario would entail the issuance of up to 3.77 billion Rights Shares at an Issue Price of RM1.00 per Rights Share with the First Call of RM0.53 (and Second Call of RM0.47 via capitalisation of share premium reserves and retained earnings reserves) to raise gross proceeds of RM2.00 billion (“**Maximum Scenario**”).

In view of the volatile market conditions, MBSB proposes to seek shareholders’ approval based on the Maximum Scenario upfront at the EGM, so as to be able to implement the Proposed Rights Issue with minimal delay, subject always to all requisite approvals being obtained. Shareholders should note that the actual Issue Price and the First Call shall only be determined by the Board after the EGM and announced accordingly.



For illustrative purposes and assuming that the Second Call will be capitalised entirely out of the Company's share premium reserves and/or retained earnings reserves, the proforma effects of the capitalisation on the audited share premium reserves and/or retained earnings of MBSB as at 31 December 2015 are as set out below:-

Company Level	Minimum Scenario		Maximum Scenario <sup>(a)</sup>	
	Share Premium (RM'000)	Retained Earnings (RM'000)	Share Premium (RM'000)	Retained Earnings (RM'000)
As at 31 December 2015	1,392,980	530,670	1,392,980	530,670
Adjusted for:-				
- Proposed Final Dividend	-	(85,213) <sup>(b)(c)</sup>	-	(86,260) <sup>(c)(d)</sup>
<b>After the Proposed Final Dividend</b>	<b>1,392,980</b>	<b>445,457</b>	<b>1,392,980</b>	<b>444,410</b>
Less:-				
- Capitalisation for the Second Call	(434,333)	-	(1,392,980)	(379,032)
- Estimated expenses for the Proposed Rights Issue	(14,000)	-	-	(14,000)
<b>After the Proposed Rights Issue</b>	<b>944,647</b>	<b>445,457</b>	<b>-</b>	<b>51,378</b>

**Notes:-**

- (a) Does not include the adjustments to the share premium reserves arising from the full exercise of the outstanding ESOS Options and Warrants as well as the issuance of DRP Shares.
- (b) Based on 2,838,777,543 MBSB Shares in issue as at the LPD.
- (c) Inclusive of the estimated expenses for the Proposed Final Dividend of RM50,000.
- (d) Based on the enlarged issued and paid-up share capital of 2,873,656,829 MBSB Shares assuming the full exercise of the outstanding 21,105,277 ESOS Options and 13,774,009 Warrants prior to the entitlement date of the Proposed Final Dividend.

The Board confirms that based on MBSB's latest audited consolidated financial statements for the FYE 31 December 2015, the reserves required for capitalisation of the Second Call of the Proposed Rights Issue are adequate and unimpaired by losses on a consolidated basis in accordance with Paragraph 6.30 of the Listing Requirements.

**Shareholders should note that the scenarios set out above are for illustration purposes only and the actual pricing and Entitlement Basis for the Proposed Rights Issue may differ. The Board shall fix the pricing and Entitlement Basis for the Proposed Rights Issue after the EGM and announced accordingly.**

**2.3 Basis of determining and justification for the Issue Price (comprising the First Call and the Second Call) as well as the Entitlement Basis**

The First Call and the Second Call, the aggregate of which constitutes the Issue Price, will be determined and announced by the Board before the Entitlement Date, after taking into consideration, *inter alia*, the following:-

- (a) the TERP based on the five (5)-market day VWAP of MBSB Shares immediately preceding the price-fixing date; and
- (b) share premium and/or retained earnings position in the Company.

It is the intention of the Board that the First Call shall be priced at a discount of at least 25% to the TERP based on the five (5)-market day VWAP of MBSB Shares immediately preceding the price-fixing date. The First Call's minimum discount of 25% to the TERP is proposed after taking into consideration the discount adopted in the pricing of rights issue exercises undertaken by other Malaysian financial institutions. For information, the financial institutions which have undertaken a rights issue with at least 25% discount to the TERP include Public Bank Berhad in 2014 (33% discount), Hong Leong Bank Berhad in 2011 (27% discount), Malayan Banking Berhad in 2009 (34% discount) as well as MBSB's rights issue in 2013 (29% discount).

The Entitlement Basis and the corresponding number of Rights Shares to be issued can only be determined in conjunction with the price-fixing.

#### **2.4 Major shareholder's undertaking and underwriting arrangement**

The Proposed Rights Issue is intended to be undertaken on a full subscription basis.

MBSB has procured a written undertaking dated 10 March 2016 from its major shareholder, EPF, which has undertaken to subscribe in full for its entitlement under the Proposed Rights Issue based on its shareholdings of 1,847,895,724 MBSB Shares as at 4 March 2016, representing approximately 65.10% of the issued and paid-up share capital of MBSB ("**EPF Shareholdings**") subject to, *inter alia*, the First Call being priced at a minimum discount of 25% to the TERP based on the five (5)-market day VWAP of MBSB Shares up to the market day preceding the announcement of the price-fixing. In the same Undertaking, EPF also undertook that it will vote in favour for the Proposed Rights Issue at the EGM.

Based on the EPF Shareholdings and the Maximum Gross Proceeds, the Undertaking will be up to RM1.30 billion.

EPF has confirmed via the Undertaking that it has sufficient financial resources to subscribe in full for its entitlement under the Proposed Rights Issue and the Joint Advisers have verified the said confirmation.

The remaining portion of Rights Shares for which no undertaking is obtained will be fully underwritten. As at LPD, the underwriting arrangement and commission have not been finalised. Such underwriting arrangement and commission will be in place prior to the implementation of the Proposed Rights Issue, details of which will be set out in the abridged prospectus to be issued for the Proposed Rights Issue. The underwriting commission will be borne by the Company.

In view that EPF has a controlling stake of more than 50% of the voting shares in MBSB, there will not be any implication under the Code in the event EPF subscribes in full for its entitlement or applies for excess Rights Shares.

#### **2.5 Ranking of the Rights Shares**

The Rights Shares shall, upon allotment and issue, rank *pari passu* in all respects with the then existing MBSB Shares, save and except that the Rights Shares will not be entitled to any dividend, right, allotment and/or other distribution, the entitlement date of which is prior to the date of allotment of the Rights Shares.

## 2.6 Renunciation of the Rights Shares

The Proposed Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Shares in full or in part. The Rights Shares which are not taken up or not validly taken up will be made available for excess applications by the other Entitled Shareholders and/or their renounee(s). It is the intention of the Board to allocate the excess Rights Shares in a fair and equitable manner and on a basis to be determined, details of which will be set out in the abridged prospectus to be issued for the Proposed Rights Issue.

## 2.7 Listing of and quotation for the Rights Shares

The approval from Bursa Securities has been obtained vide its letter dated 14 April 2016 for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities subject to conditions as stated in Section 7 of this Circular.

## 2.8 Utilisation of proceeds

The Maximum Gross Proceeds is proposed to be utilised in the following manner:-

<u>Details of utilisation</u>	<u>Timeframe for utilisation *</u>	<u>RM' million</u>
(a) Purchase of liquefiable assets	Within 12 months	800
(b) Expansion of financing business	Within 12 months	1,100
(c) Working capital purposes	Within 12 months	86
(d) Defrayment of estimated expenses in relation to the Proposed Rights Issue	Within 6 months	14
		2,000

### Notes:-

\* From the date of listing of the Rights Shares.

### (a) Purchase of liquefiable assets

The liquefiable assets are such assets that fulfill the qualifying characteristics specified under the BNM's Liquidity Framework Guidelines and are eligible for liquefiable assets status. Examples of liquefiable assets are RM marketable securities/papers issued/guaranteed by the Government or BNM, RM denominated bonds issued by Multilateral Development Banks or Multilateral Financial Institutions and ABF Malaysia Bond Index Fund.

The maintenance of liquefiable assets which facilitates MBSB to operate under a liquidity framework in a financial regulatory environment will enhance the funding structure of MBSB and its ability to handle short to medium-term liquidity management as well as provide better means of assessing the present and future liquidity of MBSB.

**(b) Expansion of financing business**

The financing business includes but not limited to personal financing, mortgage and property financing, auto financing, corporate and project loans/financing, equipment financing, as well as funding purchase of financial instruments to facilitate the expansion of financing business.

**(c) Working capital purposes**

The working capital is mainly for the purposes of defraying operating expenses to be incurred in the course of day-to-day business operations such as general administrative expenses and promotion/marketing relating expenses. The breakdown of proceeds to be utilised for each component of working capital has not been determined at this juncture. The actual amount to be utilised by each component of working capital will vary according to the operating requirements of MBSB and its subsidiaries at the time of utilisation.

**(d) Defrayment of estimated expenses in relation to the Proposed Rights Issue**

The expenses relating to the Proposed Rights Issue comprises, amongst others, estimated professional fees and fees payable to the relevant authorities, underwriting commission, expenses to convene the EGM for the Proposed Rights Issue and other miscellaneous charges.

The actual gross proceeds to be raised will depend on the final First Call and the total number of Rights Shares to be issued. Any difference between the Maximum Gross Proceeds and actual proceeds raised shall be adjusted to/from the amount allocated for working capital purposes.

Pending utilisation of the proceeds from the Proposed Rights Issue, the proceeds will be placed in deposits with financial institutions or in short-term money market instruments.

## **2.9 Foreign Addressed Shareholders**

An abridged prospectus together with the accompanying documents which will be issued in connection with the Proposed Rights Issue are not and will not be made to comply with the laws of any countries or jurisdictions other than Malaysia, and have not and will not be registered under any applicable securities legislation of any countries or jurisdictions other than Malaysia as the Proposed Rights Issue will not be offered for purchase or subscription in any countries or jurisdictions other than Malaysia.

Accordingly, the abridged prospectus together with the accompanying documents will only be sent to the Entitled Shareholders who have a registered address or an address for service in Malaysia as registered in MBSB's Record of Depositors as at the Entitlement Date. Foreign Addressed Shareholders who wish to provide Malaysian addresses should inform their respective stockbrokers to effect the change of address prior to the Entitlement Date. Alternatively, such Foreign Addressed Shareholders may collect the abridged prospectus from MBSB's Registrar who shall be entitled to request for such evidence as they deem necessary to satisfy themselves as to the identity and authority of the person collecting the abridged prospectus.

MBSB will not make or be bound to make any enquiry as to whether the Entitled Shareholders have a registered address other than as stated in MBSB's Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith.

Foreign Addressed Shareholders may only exercise their rights in respect of the Proposed Rights Issue to the extent that it would be lawful to do so and MBSB and/or the Joint Advisers would not, in connection with the Proposed Rights Issue, be in breach of the laws of any country or jurisdiction which the Foreign Addressed Shareholders and/or their renounees might be subject to.

Foreign Addressed Shareholders will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such foreign country or jurisdiction and MBSB shall be entitled to be fully indemnified and held harmless by such foreign applicants for any issue, transfer or any other taxes or duties as such person may be required to pay. They will have no claims whatsoever against MBSB, MBSB's Registrar and/or the Joint Advisers in respect of their rights or entitlements under the Proposed Rights Issue. Such applicants should also consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to exercise their rights in respect of the Proposed Rights Issue.

Foreign Addressed Shareholders shall be solely responsible to seek advice as to the laws of any jurisdiction to which they may be subject and participation by the Foreign Addressed Shareholders in the Proposed Rights Issue shall be on the basis of a warranty by them that they may lawfully so participate without MBSB and/or the Joint Advisers being in breach of the laws of any jurisdiction.

Foreign Addressed Shareholders who do not provide an address in Malaysia or who are not entitled to subscribe for the Rights Shares under the laws and jurisdiction to which they are subject to, will have no claims whatsoever against MBSB and/or any of its advisers in respect of their rights entitlements or any net proceeds arising from the Proposed Rights Issue.

Neither MBSB, the Joint Advisers nor any other advisers to the Proposed Rights Issue shall accept any responsibility or liability in the event that any acceptance of a Foreign Addressed Shareholder of his rights in respect of the Proposed Rights Issue is or shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

MBSB reserves the right in its absolute discretion to treat any acceptances as being invalid if it believes or has reason to believe that such acceptance may violate applicable legal or regulatory requirements.

### **3. RATIONALE FOR THE PROPOSED RIGHTS ISSUE**

The Proposed Rights Issue is in line with MBSB's strategy to strengthen its core capital. The Proposed Rights Issue will also enable MBSB to increase its leverage ratio to at least 12.5% in compliance with BNM's requirement.

Pursuant to the Proposed Rights Issue, MBSB will be able to capitalise on its stronger capital base to grow and expand its business.

After due consideration of the various methods of fund raising, the Board is of the view that the Proposed Rights Issue is the most appropriate means of raising the necessary funds to meet its capital requirement after taking into consideration, *inter alia*, the Proposed Rights Issue will provide the Entitled Shareholders the opportunity to maintain their equity participation in MBSB via the issuance of new MBSB Shares without diluting existing Shareholders' percentage shareholdings provided that all the Entitled Shareholders subscribe in full for their respective entitlements under the Proposed Rights Issue.

## 4. INDUSTRY OVERVIEW AND PROSPECTS OF THE MBSB GROUP

### 4.1 Outlook of the Malaysian economy

The Malaysian economy registered a growth of 4.5% in the fourth (4<sup>th</sup>) quarter of 2015 (3Q 2015: 4.7%), supported mainly by the private sector demand. On the supply side, growth was underpinned by the major economic sectors. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.5% (3Q 2015: 0.7%). For the year 2015, the Malaysian economy expanded by 5.0%.

Despite the challenging economic environment during the quarter, the private sector continued to be the key driver of growth. Private consumption grew by 4.9% (3Q 2015: 4.1%), supported by stable wage growth and labour market conditions. Private investment expanded by 5.0% (3Q 2015: 5.5%), driven by capital spending in the manufacturing and services sectors. Public investment growth moderated in the fourth quarter (0.4%; 3Q 2015: 1.8%), following lower growth in fixed assets spending by the Federal Government. Meanwhile, public consumption growth registered sustained growth of 3.3% (3Q 2015: 3.5%) as the stronger growth in emoluments was offset by slower growth in supplies and services expenditure.

On the supply side, growth in the fourth (4<sup>th</sup>) quarter was supported by the major economic sectors. Growth in the services sector was underpinned by the consumption- and trade-related activities. The manufacturing sector recorded a marginally higher growth, supported mainly by domestic-oriented industries. In the construction sector, growth was supported by the civil engineering and residential subsectors. Meanwhile, growth in the agriculture sector moderated, reflecting lower production of palm oil. The mining sector, however, registered a contraction arising from the lower production of both crude oil and natural gas.

Inflation, as measured by the annual change in the consumer price index, was lower at 2.6% in the fourth (4<sup>th</sup>) quarter of 2015 due to the lower domestic fuel prices. However, this was partly offset by the higher inflation for food and cigarettes.

The Malaysian economy is expected to face a challenging operating environment in the immediate future. Growth will continue to be driven by domestic demand, with some support from net exports. Nevertheless, the pace of domestic demand expansion is projected to moderate. While the growth in income and employment continues to support private consumption, it is expected to moderate as households continue to adjust to the higher cost of living. Meanwhile, private investment is projected to moderate to below its long term trend but will nevertheless be supported by the capital expenditure in the manufacturing and services sectors, as well as the implementation of infrastructure projects. The downside risks to growth will however remain, given the continued uncertainty in the external environment and the on-going reforms in the domestic economy.

*(Source: Quarterly Bulletin, Fourth (4<sup>th</sup>) Quarter 2015, www.bnm.gov.my)*

Against the backdrop of increased uncertainty in the global economy, growth in the Malaysian economy will be driven by domestic demand, with private expenditure as the main anchor, while public expenditure will increase moderately. Strong economic fundamentals such as benign inflation and stable employment supported by an accommodative monetary policy are expected to support growth. Thus, the Malaysian economy is expected to remain on a steady growth path, expanding between 4%-5% in 2016. On the supply side, growth though moderating, is expected to be broad-based supported by expansion in all sectors of the economy, led by the services and manufacturing sectors. Thus, the nominal gross national income per capita is expected to increase by 5.6% to RM38,438 in 2016 (2015: 4.2%; RM36,397).

In 2016, the impact of goods and services tax on prices is expected to wane, while the weakening ringgit may lead to higher prices in some imported goods. However, this will be mitigated by weak commodity prices and lower global inflation. Furthermore, the economy is expected to operate in line with potential output without any significant upward pressure on domestic prices. Hence, inflation is expected to remain stable at 2%-3%.

*(Source Economic Report 2015/2016, Economic Performance and Prospects, Ministry of Finance, www.treasury.gov.my)*

#### **4.2 Description and outlook of the Malaysian financial sector**

Total gross financing raised by the private sector through the banking system and the capital market amounted to RM331.4 billion (3Q 2015: RM287.9 billion) in the fourth (4<sup>th</sup>) quarter. On a net basis, outstanding banking system loans and Private Debt Securities (“PDS”) expanded at a relatively stable growth rate of 8.6% as at end-December 2015 (end-September 2015: 8.8%). While growth in outstanding business loans was at a slower annual pace of 8.0% as at end-December 2015 (end-September 2015: 11.0%), the amount of loans disbursed to businesses increased during the quarter. Financing provided to small and medium enterprises (“SMEs”) remained high, with outstanding SME loans recording an annual growth rate of 15.0% as at end-December 2015 (end-September 2015: 17.6%). Outstanding household loans growth however, moderated to 7.7% as at end-December 2015 (end-September 2015: 8.1%), reflecting mainly the moderation in loans for the purchase of non-residential property and for the purchase of securities. Net funds raised in the capital market increased to RM51.4 billion in the fourth quarter (3Q 2015: -RM2.6 billion), driven mainly by funds raised through private sector issuances in December.

The Malaysian financial system remained resilient throughout the quarter despite the environment of heightened market volatility amid uncertainties in global growth and energy prices. Domestic financial intermediation continued to be well-supported by sound and well-capitalised financial institutions. Liquidity in the banking system remained ample despite occasional tight funding conditions. While investors’ take a cautious approach in the period ahead, domestic financial system stability is expected to be maintained. The deep and well-developed domestic financial markets have continued to support orderly market conditions and sustained confidence in the financial system. The Malaysian financial institutions remained well-capitalised. The common equity tier-1 capital, tier-1 capital and total capital ratios of banks were sustained well above the minimum regulatory levels at 12.8%, 13.8% and 16.1%, respectively. More than 80% of the banks’ total capital is of high quality, comprising retained earnings, paid-up capital and reserves. In aggregate, banks, insurers and takaful operators have capital buffers totalling RM147.4 billion (banks: RM117.3 billion; insurers / takaful operators: RM30.1 billion), that would be able to absorb any potential losses from adverse credit and market events.

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The debt servicing capacity of borrowers remained generally intact. Delinquencies, measured in terms of loans-in-arrears of between one and three months, remained low and stable at 2.2% of total bank loans, while the ratio of net impaired loans held steady at 1.2% of total bank loans. The pace of year-on-year growth in household debt moderated further in the final quarter of the year to 7.3% (3Q 2015: +7.6%; 4Q 2014: +9.4%). This continued to be mainly driven by the modest growth of 3.4% in the financing for personal use by non-bank financial institutions (“**NBFI**”). Stable income and employment conditions continue to support the repayment capacity of the majority of households. Correspondingly, the performance of household loans from the banking sector was sustained with the impaired and delinquent loan ratios at 1.1% and 1.5%, respectively, across all types of financing facilities. Nevertheless, borrowers in the more vulnerable income segments faced some challenges in adjusting to the higher cost of living. Based on BNM’s ongoing engagements with banks and key NBFI lenders, higher delinquencies were observed in the compact car hire purchase and personal financing segments, likely reflecting difficulties faced by more highly leveraged households in the lower income group of borrowers. For some borrowers, this has also started to increase challenges faced in maintaining regular home financing repayments, resulting in slightly higher house financing delinquencies.

Based on BNM’s supervisory assessments, banks were observed to have maintained generally sound underwriting practices and loan affordability assessments. About half of new loans approved were to borrowers with an aggregate debt service ratio not exceeding 40%, with the average debt service ratio for all new household borrowings remaining below 60%. Total business sector borrowings expanded further by 14.1% as at end of the year (3Q 2015: +14.8%). This reflected the higher growth in external borrowings in the third (3<sup>rd</sup>) quarter, about half of which was attributed to exchange rate valuation effects. New external borrowings by domestic conglomerates and government linked companies comprised funds for domestic and overseas operations and investments and intra-company loans from multinational corporations for operations in Malaysia. These are generally supported by foreign currency denominated receivables which act as a natural hedge against exchange rate movements. Business loans from the banking system recorded a slower growth of 8% as at end-2015 (3Q 2015: +11%), with the growth in financing to SMEs remaining robust at 15% (3Q 2015: +17.6%). Aggregate leverage of Malaysian businesses, as measured by the median debt-to-equity ratio, was 46.8% in 3Q 2015, little changed from the previous quarter (2Q 2015: 46.5%).

*(Source: Quarterly Bulletin, Fourth (4<sup>th</sup>) Quarter 2015, [www.bnm.gov.my](http://www.bnm.gov.my))*

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### 4.3 Prospects of the MBSB Group

The retail business segment which was driven primarily by the personal financing business remained the largest contributor to MBSB Group's revenue. The gross income from personal financing for year 2015 was however lower compared to the year 2014 due to lower disbursements and decreasing portfolio base. MBSB anticipates that the growth trend for the retail segment to be flattish for 2016 as a result of the current challenging operating and economic environment. MBSB intends to continue to grow its retail business through new products, campaigns and by strategically expanding its marketing force.

MBSB Group's corporate business has been growing over the past years. Gross income from corporate business segment amounted to RM293.1 million for 2015, an increase of 28.8% as compared to 2014. This was primarily attributable to the financing extended to property developers who secured the Government projects including the affordable housing projects and education infrastructure projects. MBSB Group proposes to continue to grow its corporate business through funding Government related projects such as construction of hospitals, educational facilities, roads and other infrastructure projects. MBSB Group also intends to further expand its new business in equipment financing which commenced in September 2014. In December 2015, the Group had established a processing hub in MBSB's Tebrau Service Centre in Southern region and is expected to open another processing hub in Northern region in the second (2<sup>nd</sup>) quarter of 2016. MBSB believes it is well positioned to grow its equipment financing business.

Since 2010, MBSB Group has embarked on a "Closing the Gaps" exercise to bridge its frameworks to be in line with the banking standards and best practices. The impairment programme initiated by MBSB in the fourth (4<sup>th</sup>) quarter of 2015 is in addition to MBSB Group's existing impairment provisioning that is in compliance with the current Malaysian Financial Reporting Standards. This impairment programme is in line with the recommendations of BNM. For year 2015, MBSB has provided approximately RM526 million under the impairment programme. As announced in its 2015 fourth (4<sup>th</sup>) quarter results on 24 February 2016, MBSB Group expects its impairment programme to end in 2017 with an estimated average credit cost of 2% (approximately RM700 million) per annum for year 2016 and 2017 respectively based on its gross loans/financing of RM34 billion as at 31 December 2015. Accordingly, MBSB Group's financial performance for 2016 and 2017 would be weighed down by the impairment programme.

Premised on the above and the outlook of the Malaysian economy and financial sector, the Board is of the view that 2016 would be a challenging year for the MBSB Group.

*(Source: The management of MBSB)*

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## 5. EFFECTS OF THE PROPOSED RIGHTS ISSUE

The Company wishes to emphasise that the proforma effects under this Section are presented purely for illustrative purposes based on the Parameters as set out in Section 2.2 of this Circular and should not be regarded as an indication or reference to the Issue Price (comprising the First Call and the Second Call) or the Entitlement Basis of the Proposed Rights Issue.

The Proposed Rights Issue is illustrated based on the following scenarios:-

**Minimum Scenario** : Assuming that none of the outstanding ESOS Options and Warrants is exercised prior to the Entitlement Date and that none of the Proposed Final Dividend is reinvested in new MBSB Shares under the DRP and is payable wholly in cash prior to the Entitlement Date. Based on 2,838,777,543 MBSB Shares as at the LPD, the Minimum Scenario would entail the issuance of up to 2.41 billion Rights Shares at an Issue Price of RM1.00 per Rights Share with the First Call of RM0.82 and Second Call via capitalisation of share premium of RM0.18.

**Maximum Scenario** : Assuming that MBSB's share premium reserves and retained earning reserves are substantially utilised to support the Second Call for the Proposed Rights Issue. As at 31 December 2015, MBSB's share premium reserves and retained earnings reserves stood at RM1.39 billion and RM0.53 billion, respectively. Based on MBSB's reserves as at 31 December 2015 and after accounting for the Proposed Final Dividend, the Maximum Scenario would entail the issuance of up to 3.77 billion Rights Shares at an Issue Price of RM1.00 per Rights Share with the First Call of RM0.53 and Second Call of RM0.47 via capitalisation of share premium reserves and retained earnings reserves. For illustrative purposes, the Maximum Scenario also assumes that all the outstanding ESOS Options and Warrants are fully exercised prior to the Entitlement Date and that the entire Proposed Final Dividend is reinvested in new MBSB Shares at an assumed issue price of RM1.20 per DRP Share prior to the Entitlement Date. The assumed issue price of RM1.20 per DRP Share represents a discount of approximately 10.00% to the ex-dividend VWAP of MBSB Share of RM1.3333, which was arrived at after taking into consideration the following assumptions:-

- (a) the five (5)-market day VWAP of MBSB Shares up to the LPD of RM1.3633; and
- (b) a dividend adjustment of 3.0 sen to the five (5)-market day VWAP of MBSB Share.

## 5.1 Share capital

For illustrative purposes, the proforma effects of the Proposed Rights Issue on the issued and paid-up share capital of the Company based on the Parameters are as follows:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares (‘000)	RM’000	No. of Shares (‘000)	RM’000
<b>Authorised share capital</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>
<b>Issued and paid-up share capital:-</b>				
As at the LPD	2,838,777	2,838,777	2,838,777	2,838,777
To be issued pursuant to the:-				
- full exercise of all outstanding ESOS Options & Warrants	-	-	34,879	34,879
- full reinvestment of Proposed Final Dividend in new Shares	-	-	71,842	71,842
- Proposed Rights Issue	2,412,960	2,412,960	3,770,238	3,770,238
<b>Enlarged issued and paid-up share capital</b>	<b>5,251,737</b>	<b>5,251,737</b>	<b>6,715,736</b>	<b>6,715,736</b>

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## 5.2 Substantial shareholders' shareholdings

The percentage shareholdings of the substantial shareholders will remain the same in the event that all the Entitled Shareholders subscribe in full for their entitlements under the Proposed Rights Issue.

For illustrative purposes, based on the Parameters, the Undertaking provided by EPF and assuming all Entitled Shareholders subscribe in full for their entitlements under the Proposed Rights Issue, the proforma effects of the Proposed Rights Issue on the substantial shareholder's shareholdings as at the LPD under the Minimum Scenario and the Maximum Scenario are as follows:-

Substantial shareholder	As at the LPD		(1) After Proposed Rights Issue <sup>(a)</sup>	
	Direct No. of Shares ( '000)	%	Direct No. of Shares ( '000)	Indirect No. of Shares ( '000)
EPF	1,847,896	65.10	3,418,608	-
Tan Sri Dato' Chua Ma Yu	106,672	3.76	197,343	120,668 <sup>(b)</sup>
				2.30

### Notes:-

(a) Assuming that none of the outstanding ESOS Options and Warrants is exercised and that EPF and the other MBSB Shareholders do not reinvest their entitlements under the Proposed Final Dividend in new MBSB Shares prior to the Entitlement Date.

(b) Held under Maybank Securities Nominees (Asing) Sdn Bhd and Maybank Kim Eng Securities Pte Ltd for CMY Global Ltd.

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**Maximum Scenario**

Substantial shareholder	As at the LPD				(I) After full exercise of outstanding ESOS Options and Warrants and Proposed Final Dividend <sup>(a)</sup>				(II) After (I) and Proposed Rights Issue			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
EPF	1,847,896	65.10	-	-	1,894,093	64.30	-	-	4,318,532	64.30	-	-
Tan Sri Dato' Chua Ma Yu	106,672	3.76	65,226 <sup>(b)</sup>	2.30	109,338	3.71	66,856 <sup>(b)</sup>	2.27	249,292	3.71	152,433 <sup>(b)</sup>	2.27

**Notes:-**

(a) Assuming that all of the outstanding ESOS Options and Warrants are fully exercised and that EPF and the other MBSB Shareholders reinvest in full their entitlements under the Proposed Final Dividend in new MBSB Shares prior to the Entitlement Date.

(b) Held under Maybank Securities Nominees (Asing) Sdn Bhd and Maybank Kim Eng Securities Pte Ltd for CMY Global Ltd.

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### 5.3 NA per share and gearing

For illustrative purposes, based on the Parameters, the audited consolidated statement of financial position of MBSB as at 31 December 2015 and assuming that the Proposed Rights Issue has been completed on 31 December 2015, the proforma effects of the Proposed Rights Issue on the consolidated NA per share and gearing of MBSB are as follows:-

	<b>Minimum Scenario</b>	
	(I) Audited 31 December 2015 RM'000	(II) After subsequent events <sup>(a)</sup> and Proposed Final Dividend RM'000
		<b>After (I) and Proposed Rights Issue RM'000</b>
Share capital	2,838,551	2,838,777
Share premium	1,392,980	1,392,980
Retained earnings	589,276	504,063 <sup>(b)</sup>
Other reserves	40,733	40,733
<b>Total equity/NA</b>	<b>4,861,540</b>	<b>4,776,553</b>
Number of MBSB Shares ('000)		5,251,737
NA per MBSB Share (RM)	1.71	1.68
Total borrowings <sup>(d)</sup> (RM'000)		7,290,969
- including recourse obligation on loans sold to Cagamas		4,523,727
- excluding recourse obligation on loans sold to Cagamas		2,767,242
Gearing ratio (times)		1.53
- including recourse obligation on loans sold to Cagamas	1.50	1.53
- excluding recourse obligation on loans sold to Cagamas	0.93	0.95

#### Notes:-

- (a) After adjusting for the exercise of the ESOS Options and Warrants from 1 January 2016 up to the LPD.  
(b) Assuming that the Proposed Final Dividend of approximately RM85.16 million based on the issued and paid-up share capital of MBSB as at the LPD is paid entirely in cash and the estimated expenses for the Proposed Final Dividend amounts to RM50,000.  
(c) After capitalising approximately RM434.33 million for the Second Call and deducting the estimated expenses relating to the Proposed Rights Issue of approximately RM14.00 million.  
(d) Borrowings consist of bank borrowings, other borrowings and Structured Covered Sukuk Murabahah.

**Maximum Scenario**

	(I) After subsequent events <sup>(a)</sup> and full exercise of outstanding ESOS Options and Warrants and Proposed Final Dividend RM'000	(II) After (I) and Proposed Rights Issue RM'000
Audited 31 December 2015 RM'000		
Share capital	2,838,551	2,945,498
Share premium	1,392,980	1,438,003 <sup>(b)(c)</sup>
Retained earnings	589,276	503,016 <sup>(c)</sup>
Other reserves	40,733	31,890
<b>Total equity/NA</b>	<b>4,861,540</b>	<b>4,918,407</b>
Number of MBSB Shares ('000)	2,838,551	2,945,498
NA per MBSB Share (RM)	1.71	1.67
Total borrowings <sup>(e)</sup> (RM'000)	7,290,969	7,290,969
- including recourse obligation on loans sold to Cagamas	4,523,727	4,523,727
- excluding recourse obligation on loans sold to Cagamas		
Gearing ratio (times)	1.50	1.48
- including recourse obligation on loans sold to Cagamas	0.93	0.92
- excluding recourse obligation on loans sold to Cagamas		

**Notes:-**

- (a) After adjusting for the exercise of the ESOS Options and Warrants from 1 January 2016 up to the LPD.
- (b) Assuming that all of the outstanding ESOS Options and Warrants are fully exercised at the ESOS exercise price ranging from RM1.01 to RM2.15 and Warrant exercise price of RM1.00 respectively.
- (c) Assuming that the entire Proposed Final Dividend of RM86.21 million (based on the enlarged issued and paid-up share capital of 2,873,656,829 MBSB Shares after the full exercise of the outstanding ESOS Options and Warrants) is reinvested in new MBSB Shares at an assumed issue price of RM1.20 per DRP Share (representing approximately 10.00% discount to the ex-dividend five (5)-market day VWAP of MBSB Shares up to the LPD of RM1.3333) prior to the Entitlement Date and after adjusting for the estimated expenses for the Proposed Final Dividend of RM50,000.
- (d) After capitalising approximately RM1,772.01 million for the Second Call and deducting the estimated expenses relating to the Proposed Rights Issue of approximately RM14.00 million.
- (e) Borrowings consist of bank borrowings, other borrowings and Structured Covered Sukuk Murabahah.

## 5.4 Earnings and EPS

The Proposed Rights Issue will result in an immediate dilution in MBSB's EPS as a result of the increase in the number of MBSB Shares in issue upon completion of the Proposed Rights Issue.

The actual impact of the Proposed Rights Issue on the earnings and EPS of MBSB will depend on, amongst others, the actual number of Rights Shares to be issued and the level of returns generated from the utilisation of proceeds raised from the Proposed Rights Issue.

## 5.5 Convertible securities

Save for the ESOS Options and Warrants, MBSB does not have any other convertible securities as at the LPD.

Adjustments to the exercise price and number of outstanding ESOS Options arising from the Proposed Rights Issue will be determined based on the by-laws governing the ESOS.

Pursuant to the deed poll, the Warrants will expire on 31 May 2016. The Company envisages that the Entitlement Date will be after the expiry date of the Warrants as stated in Section 8 of this Circular. As such, the Proposed Rights Issue will not result in any adjustment to the outstanding Warrants. Warrant holders who would like to be entitled for the Proposed Rights Issue will need to exercise their Warrants prior to the expiry date and hold such new MBSB Shares allotted to them up till the Entitlement Date.

## 6. HISTORICAL SHARE PRICE

The monthly highest and lowest market prices of MBSB as traded on the Main Market of Bursa Securities for the past twelve (12) months from April 2015 to March 2016 are as follows:-

	<b>High (RM)</b>	<b>Low (RM)</b>
<b>2015</b>		
April	2.31	2.06
May	2.09	1.78
June	1.88	1.67
July	1.93	1.64
August	1.82	1.26
September	1.63	1.35
October	1.67	1.48
November	1.79	1.55
December	1.59	1.39
<b>2016</b>		
January	1.55	1.39
February	1.45	1.33
March	1.49	1.32
		<b>RM</b>
The last transacted market price of MBSB Shares on 9 March 2016 ( <i>being the last market day immediately prior to the announcement of the Proposed Rights Issue</i> )		1.43
The last transacted market price of MBSB Shares as at the LPD		1.37

(Source: Bloomberg)



## 7. APPROVALS REQUIRED

The Proposed Rights Issue is subject to the following approvals being obtained:-

- (a) approval of Bursa Securities for the listing of and quotation for the Rights Shares to be issued pursuant to the Proposed Rights Issue on the Main Market of Bursa Securities, which was obtained vide its letter dated 14 April 2016 subject to *inter alia* the following conditions:-
  - (i) MBSB and the Joint Advisers must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Rights Issue;
  - (ii) MBSB and the Joint Advisers to inform Bursa Securities upon the completion of the Proposed Rights Issue; and
  - (iii) MBSB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue is completed.
- (b) MBSB Shareholders at an EGM to be convened; and
- (c) approvals, waivers and/or consents of any other relevant authorities/parties, if required.

The Proposed Rights Issue is not inter-conditional with or conditional upon any other corporate exercise undertaken or to be undertaken by MBSB.

## 8. ESTIMATED TIMEFRAME FOR THE COMPLETION OF THE PROPOSED RIGHTS ISSUE

Barring any unforeseen circumstances, the Proposed Rights Issue is expected to be completed by the third (3<sup>rd</sup>) quarter of 2016.

The tentative timetable for the implementation of the Proposed Rights Issue is as follows:-

<b>Events</b>	<b>Tentative Timing</b>
EGM	5 May 2016
Announcement of the Entitlement Date	mid June 2016
Entitlement Date	end June 2016
Despatch of the abridged prospectus together with notice of provisional allotment of the Rights Shares and the rights subscription form to Entitled Shareholders	end June 2016
Last day for receipt of acceptance of and applications for the Rights Shares	mid July 2016
Listing of the Rights Shares on the Main Market of Bursa Securities	end July 2016

**9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM**

None of the directors and/or major shareholder of MBSB and/or any persons connected with them have any interest, direct or indirect, in the Proposed Rights Issue save for their respective entitlements as Shareholders under the Proposed Rights Issue as well as their right to apply for excess Rights Shares to which all other Shareholders are similarly entitled to.

**10. DIRECTORS' RECOMMENDATIONS**

Having considered all aspects of the Proposed Rights Issue (including but not limited to the rationale and proforma effects of the Proposed Rights Issue) and after careful deliberation, the Board is of the opinion that the Proposed Rights Issue is in the best interest of the Company.

Accordingly, the Board recommends that you vote in **favour** of the ordinary resolution pertaining to the Proposed Rights Issue to be tabled at the forthcoming EGM.

**11. OUTSTANDING CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION**

Save for the Proposed Rights Issue, there is no outstanding corporate proposal which has been announced by the Company but not yet completed prior to the printing of this Circular.

**12. EGM**

The EGM, the notice of which is enclosed in this Circular, will be held at Grand Nexus, Level 3A, Connexion@Nexus, No. 7 Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur on Thursday, 5 May 2016 at 12.00 p.m., or immediately following the conclusion of the 46<sup>th</sup> AGM of the Company, which will be held at the same venue and on the same day at 10.00 a.m., whichever is later or at any adjournment thereof for the purpose of considering and if thought fit, passing the ordinary resolution to give effect to the Proposed Rights Issue.

If you are unable to attend and vote in person at the EGM, please complete, sign and send the enclosed Form of Proxy in accordance with the instructions therein as soon as possible and in any event so as to arrive at the registered office of the Company at 11<sup>th</sup> Floor, Wisma MBSB, 48, Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur, not later than forty-eight (48) hours before the time and date fixed for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

**13. ADDITIONAL INFORMATION**

Shareholders are advised to refer to the attached appendices for additional information.

Yours faithfully  
For and on behalf of the Board  
**MALAYSIA BUILDING SOCIETY BERHAD**

**TAN SRI ABDUL HALIM BIN ALI**  
*Chairman*

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**APPENDIX I - PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE MBSB GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON**

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Ernst & Young AF: 0039  
GST Reg No: 001556430848  
Chartered Accountants  
Level 23A Menara Milenium  
Jalan Damanlela, Pusat Bandar Damansara  
50490 Kuala Lumpur Malaysia

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+603 2095 9076  
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**REPORTING ACCOUNTANTS' REPORT ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Prepared for inclusion in the Circular to Shareholders to be dated 20 April 2016)

18 April 2016

The Board of Directors  
Malaysia Building Society Berhad  
11th Floor, Wisma MBSB  
48 Jalan Dungun  
Damansara Heights  
50490 Kuala Lumpur

Dear Sirs

**MALAYSIA BUILDING SOCIETY BERHAD ("MBSB" OR "THE COMPANY") AND ITS SUBSIDIARIES (COLLECTIVELY KNOWN AS "THE GROUP")**

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION IN RELATION TO THE PROPOSED RENOUNCEABLE TWO-CALL RIGHTS ISSUE OF NEW ORDINARY SHARES OF RM1.00 EACH IN MBSB TO RAISE GROSS PROCEEDS OF UP TO RM2.00 BILLION ("PROPOSED RIGHTS ISSUE")**

We have completed our assurance engagement to report on the compilation of proforma consolidated statements of financial position of MBSB as at 31 December 2015. The pro forma consolidated statements of financial position which is set out in the Appendix (which we have stamped for the purpose of identification) have been compiled by the Directors of the Company ("Directors") for inclusion in the Circular to Shareholders to be dated 20 April 2016 in connection with the Proposed Rights Issue.

The applicable criteria on the basis of which the Directors have compiled the proforma consolidated statements of financial position are described in Note 1 of the Appendix.

The proforma consolidated statements of financial position have been compiled by the Directors, for illustrative purposes only, to show the effects of the Proposed Rights Issue on the audited consolidated statement of financial position of the Company as at 31 December 2015 had the Proposed Rights Issue been effected on that date.

As part of this process, information about the consolidated statements of financial position has been extracted by the Directors from the relevant financial statements for the year ended 31 December 2015, on which audit report have been published.

**The Directors' Responsibility for the ProForma Consolidated Statements of Financial Position**

The Directors are responsible for compiling the proforma consolidated statements of financial position as at 31 December 2015 on the basis of the applicable criteria.



## Our responsibilities

Our responsibility is to express an opinion about whether the proforma consolidated statements of financial position has been compiled, in all material respects, by the Directors on the basis of the applicable criteria.

We conducted our engagement in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the proforma consolidated statements of financial position on the basis of the applicable criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the proforma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the proforma financial information.

The purpose of the proforma consolidated statements of financial position included in the Circular to Shareholders is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the proforma consolidated statements of financial position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of proforma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related proforma adjustments give appropriate effect to those criteria; and
- The proforma consolidated statements of financial position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the proforma consolidated statements of financial position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the proforma consolidated statements of financial position.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

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**APPENDIX I - PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE MBSB GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (Cont'd)**

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### Opinion

In our opinion:

- (i) the proforma consolidated statements of financial position of the Group as at 31 December 2015, which have been compiled by the directors of the Company, have been properly compiled on the basis stated in Note 1 of the Appendix using financial statements prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group; and
- (ii) the adjustments made to the information used in the preparation of the proforma consolidated statements of financial position as at 31 December 2015 is appropriate for the purposes of preparing the proforma financial information.

### Other matters

This letter is issued for the sole purpose of inclusion in the Circular to Shareholders in connection with the Proposed Rights Issue. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Proposed Rights Issue described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the Proposed Rights Issue.

Yours faithfully

Ernst & Young  
AF: 0039  
Chartered Accountants

Yeo Beng Yean  
3013/10/16(J)  
Chartered Accountant

**APPENDIX I - PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE MBSB GROUP AS AT 31 DECEMBER 2015  
TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (Cont'd)**

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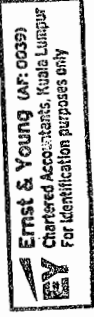
APPENDIX

Malaysia Building Society Berhad  
(Incorporated in Malaysia)

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015**

Minimum Scenario

	Proforma I		Proforma II		Proforma III		
	Audited as at 31 December 2015 RM'000	Subsequent Event Adjustment RM'000	After adjusting for exercise of ESOS Options and Warrants from 1 January 2016 up to 31 March 2016 RM'000	Adjustment RM'000	After (I) and after Proposed Single-Tier Final Dividend FYE 31 December 2015 RM'000	Adjustment RM'000	After (II) and after the Proposed Rights Issue RM'000
<b>ASSETS</b>							
Cash and short term funds	6,928,263	226	6,928,489	(85,213)	6,843,276	64,627	6,907,903
Deposits and placements with financial institutions	406,529		406,529		406,529		406,529
Trade receivables	819		819		819		819
Other receivables	195,078		195,078		195,078		195,078
Inventories	103,287		103,287		103,287		103,287
Loans, advances and financing	31,784,970		31,784,970		31,784,970	1,100,000	32,884,970
Financial Investment Available For Sale	983,354		983,354		983,354	800,000	1,783,354
Property, plant and equipment	138,052		138,052		138,052		138,052
Land use rights	5,746		5,746		5,746		5,746
Tax recoverable	3,181		3,181		3,181		3,181
Intangible assets	28,679		28,679		28,679		28,679
Deferred Tax Assets	511,050		511,050		511,050		511,050
<b>Total assets</b>	<b>41,089,008</b>		<b>41,089,234</b>		<b>41,004,021</b>		<b>42,968,648</b>
<b>LIABILITIES</b>							
Bank borrowings	1,645,591		1,645,591		1,645,591		1,645,591
Deposits from customers	28,585,387		28,585,387		28,585,387		28,585,387
Other borrowings	50,181		50,181		50,181		50,181
Trade payables	214		214		214		214
Other payables	325,968		325,968		325,968		325,968
Provision for taxation and zakat	10,850		10,850		10,850		10,850
Recourse obligation on loans sold to Cagamas Berhad	2,767,242		2,767,242		2,767,242		2,767,242
Sukuk Structured Covered Murabahah	2,827,955		2,827,955		2,827,955		2,827,955
Deferred tax liabilities	14,080		14,080		14,080		14,080
<b>Total liabilities</b>	<b>36,227,468</b>		<b>36,227,468</b>		<b>36,227,468</b>		<b>36,227,468</b>



**APPENDIX I - PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE MBSB GROUP AS AT 31 DECEMBER 2015  
TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (Cont'd)**

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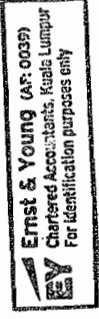
APPENDIX

Malaysia Building Society Berhad  
(Incorporated in Malaysia)

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 (CONT'D.)**

**Minimum Scenario (Cont'd.)**

	Profirma I		Profirma II		Profirma III		
	Audited as at 31 December 2015 RM'000	Subsequent Event from 1 January 2016 up to 31 March 2016 Adjustment RM'000	After adjusting for exercise of ESOS Options and Warrants RM'000	Adjustment RM'000	After (I) and after Proposed Single-Tier Final Dividend FYE 31 December 2015 RM'000	Adjustment RM'000	After (II) and after the Proposed Rights Issue RM'000
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>							
Share capital	2,838,551	226	2,838,777		2,838,777	2,412,960	5,251,737
Share premium	1,392,980		1,392,980		1,392,980	(448,333)	944,647
Retained earnings	589,276		589,276	(85,213)	504,063		504,063
Other Reserves	40,733		40,733		40,733		40,733
<b>Total equity</b>	<u>4,861,540</u>		<u>4,861,766</u>		<u>4,776,553</u>		<u>6,741,180</u>
<b>Total liabilities and shareholders' equity</b>	<u>41,089,008</u>		<u>41,089,234</u>		<u>41,004,021</u>		<u>42,968,648</u>
No. of ordinary shares in issue of RM1.00 each ('000)	2,838,551		2,838,777		2,838,777		5,251,737
Net assets per share (RM)	1.71		1.71		1.68		1.28
Net tangible asset (RM'000)	4,832,861		4,833,087		4,747,874		6,712,501
Net tangible asset per share (RM)	1.70		1.70		1.67		1.28
Borrowings							
- excluding cagamas	4,523,727		4,523,727		4,523,727		4,523,727
- including cagamas	7,290,969		7,290,969		7,290,969		7,290,969
Gearing ratio							
- excluding cagamas	0.93		0.93		0.95		0.67
- including cagamas	1.50		1.50		1.53		1.08



**APPENDIX I - PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE MBSB GROUP AS AT 31 DECEMBER 2015  
TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (Cont'd)**

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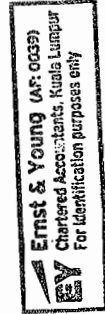
APPENDIX

Malaysia Building Society Berhad  
(Incorporated in Malaysia)

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015**

Maximum Scenario

	Profорма I	Profорма II	Profорма III	Profорма IV
	After adjusting for exercise of ESOS Options and Warrants from 1 January 2016 up to 31 March 2016	After (I) and after exercise of outstanding ESOS Options and Warrants	After (II) and after the adjustments for Dividend Reinvestment Plan to Proposed Single-Tier Final Dividend FYE 31 December 2015	After (III) and after the Proposed Rights Issue
	RM'000	RM'000	RM'000	RM'000
	Adjusted	Adjusted	Adjusted	Adjusted
	December 2015	December 2015	December 2015	December 2015
	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>				
Cash and short term funds	6,928,263	6,985,180	6,985,130	7,069,356
Deposits and placements with financial institutions	406,529	406,529	406,529	406,529
Trade receivables	819	819	819	819
Other receivables	195,078	195,078	195,078	195,078
Inventories	103,287	103,287	103,287	103,287
Loans, advances and financing	31,784,970	31,784,970	31,784,970	32,884,970
Financial Investment Available For Sale	983,354	983,354	983,354	1,783,354
Property, plant and equipment	138,052	138,052	138,052	138,052
Land use rights	5,746	5,746	5,746	5,746
Tax recoverable	3,181	3,181	3,181	3,181
Intangible assets	28,679	28,679	28,679	28,679
Deferred Tax Assets	511,050	511,050	511,050	511,050
<b>Total assets</b>	<b>41,089,008</b>	<b>41,145,925</b>	<b>41,145,875</b>	<b>43,130,101</b>
<b>LIABILITIES</b>				
Bank borrowings	1,645,591	1,645,591	1,645,591	1,645,591
Deposits from customers	28,585,387	28,585,387	28,585,387	28,585,387
Other borrowings	50,181	50,181	50,181	50,181
Trade payables	214	214	214	214
Other payables	325,968	325,968	325,968	325,968
Provision for taxation and zakat	10,850	10,850	10,850	10,850
Recourse obligation on loans sold to Cagamas Berhad	2,767,242	2,767,242	2,767,242	2,767,242
Sukuk Structured Covered Murabahah	2,827,955	2,827,955	2,827,955	2,827,955
Deferred tax liabilities	14,080	14,080	14,080	14,080
<b>Total liabilities</b>	<b>36,227,468</b>	<b>36,227,468</b>	<b>36,227,468</b>	<b>36,227,468</b>





**APPENDIX I - PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE MBSB GROUP AS AT 31 DECEMBER 2015  
TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (Cont'd)**

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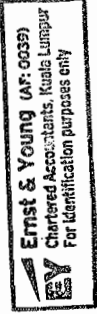
APPENDIX

Malaysia Building Society Berhad  
(Incorporated in Malaysia)

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 (CONT'D.)**

Maximum Scenario (cont'd.)

	RM'000	RM'000	Proforma I	Proforma II	Proforma III	Proforma IV
	Audited as at 31 December 2015	Subsequent Event Adjustment	After adjusting for exercise of ESOS Options and Warrants from 1 January 2016 up to 31 March 2016	After (I) and after exercise of outstanding ESOS Options and Warrants	After (II) and after the adjustments for Dividend Reinvestment Plan to Proposed Single-Tier Final Dividend FYE 31 December 2015	After (III) and after the Proposed Rights Issue
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
Share capital	2,838,551	226	2,838,777	2,873,656	2,945,498	6,715,736
Share premium	1,392,980		1,392,980	1,423,635	1,438,003	-
Retained earnings	589,276		589,276	589,276	(86,260)	(348,009)
Other Reserves	40,733		40,733	31,890	31,890	155,007
<b>Total equity</b>	<b>4,861,540</b>		<b>4,861,766</b>	<b>4,918,457</b>	<b>4,918,407</b>	<b>6,902,633</b>
<b>Total liabilities and shareholders' equity</b>	<b>41,089,008</b>		<b>41,089,234</b>	<b>41,145,925</b>	<b>41,145,875</b>	<b>43,130,101</b>
No. of ordinary shares in issue of RM1.00 each ('000)	2,838,551		2,838,777	2,873,656	2,945,498	6,715,736
Net assets per share (RM)	1.71		1.71	1.71	1.67	1.03
Net tangible asset (RM'000)	4,832,861		4,833,087	4,889,778	4,889,728	6,873,954
Net tangible asset per share (RM)	1.70		1.70	1.70	1.66	1.02
Borrowings						
- excluding cagamas	4,523,727		4,523,727	4,523,727	4,523,727	4,523,727
- including cagamas	7,290,969		7,290,969	7,290,969	7,290,969	7,290,969
Gearing ratio						
- excluding cagamas	0.93		0.93	0.92	0.92	0.66
- including cagamas	1.50		1.50	1.48	1.48	1.06



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**APPENDIX I - PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE MBSB GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (Cont'd)**

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**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015**

**1. Basis of Preparation**

The proforma consolidated statements of financial position of Malaysia Building Society Berhad ("MBSB") as at 31 December 2015, for which the Board of Directors of MBSB ("Board") are solely responsible, have been prepared for illustration purposes only, for the inclusion in the Circular to Shareholders dated 20 April 2016 ("Circular") in connection with the proposed renounceable two-call rights issue of new ordinary shares of RM1.00 each in MBSB ("Rights Shares") to raise gross proceeds of up to RM2.0 billion ("Proposed Rights Issue").

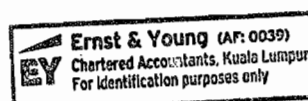
The proforma consolidated statements of financial position illustrates the effect of the Proposed Rights Issue, assuming the Proposed Rights Issue had been implemented and completed on 31 December 2015. The proforma consolidated statements of financial position of MBSB have been properly compiled using the audited consolidated financial statements of MBSB for the year ended 31 December 2015 which was prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") in Malaysia and in a manner consistent with both the format of the financial statements and the accounting policies of MBSB.

Furthermore, such financial information does not purport to predict the future financial position of MBSB and its subsidiaries ("MBSB Group").

The numbers detailed in the Notes to the ProForma Consolidated Statements of Financial Position are rounded to the nearest thousand (RM'000) for illustrative purposes.

**1.1 Transaction costs for equity instruments**

The transaction costs for equity instruments are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.



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**APPENDIX I - PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE MBSB GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (Cont'd)**

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**2. Scenarios illustrated**

For the purpose of the proforma consolidated statements of financial position, the following 2 scenarios are illustrated:

**Minimum Scenario**

The minimum scenario assumes that none of the outstanding options granted pursuant to the MBSB's Employees' Share Option Scheme ("ESOS Options") and Warrants are exercised prior to the entitlement date of the Proposed Rights Issue ("Entitlement Date") and that none of the Proposed Single-Tier Final Dividend for the year ended 31 December 2015 ("Dividend") is reinvested in new shares of RM1.00 each in MBSB ("MBSB Share") under the Dividend Reinvestment Plan ("DRP") and is payable wholly in cash prior to the Entitlement Date.

**Maximum Scenario**

The maximum scenario assumes that all 21,105,277 outstanding ESOS Options and all 13,774,009 outstanding Warrants are exercised prior to the Entitlement Date and that the entire Dividend is fully reinvested in new MBSB Shares under the DRP prior to the Entitlement Date.

**3. Proforma Adjustments**

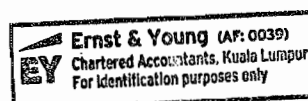
The proforma consolidated statements of financial position of MBSB incorporate the following adjustments:

i) Minimum Scenario and Maximum Scenario

Proforma I

Proforma I incorporates the effects of changes in equity arising from the exercise of 226,406 Warrants from 1 January 2016 up to 31 March 2016 at a conversion price of RM1.00 each which resulted in an increase in issued and paid-up share capital by RM226,406 comprising 226,406 MBSB Shares and a cash inflow of RM226,406.

There were no ESOS Options exercised while 68,918 ESOS Options had lapsed during the period from 1 January 2016 to 31 March 2016.



**APPENDIX I - PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE MBSB GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (Cont'd)**

3. Proforma Adjustments (Cont'd.)

ii) Minimum Scenario

Proforma II

Proforma II incorporates Proforma I and the effects of the Dividend. The following are the assumptions that have been applied in estimating the effects of the Dividend:

- (a) The dividend payout will be 3.0 sen net per MBSB Share, amounting to RM85,163,000 which is based on illustrative issued and paid-up share capital arising from Proforma I of RM2,838,777,000;
- (b) The Dividend will be paid out prior to the Entitlement Date of the Proposed Rights Issue;
- (c) Expense expected to be incurred with regard to the Dividend is approximately RM50,000; and
- (d) None of the Dividend will be reinvested via the DRP.

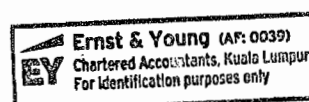
Proforma II will give rise to a reduction in the retained earnings account of RM85,213,000 and, accordingly, a reduction in the cash and short term funds of the same amount.

Proforma III

Proforma III incorporates Proforma II and the effects of the issuance of up to 2,412,960,000 Rights Shares which will result in an increase in issued and paid-up share capital by RM2,412,960,000 comprising 2,412,960,000 MBSB Shares.

The First Call of the Proposed Rights Issue will be payable in cash by entitled shareholders and/or their renounees at 82 sen per Rights Share, amounting to RM1,978,627,000. The remaining balance of 18 sen per Rights Share, pertaining to the Second Call of the Proposed Rights Issue, will be capitalised from the share premium account, resulting in a reduction in the share premium account of RM434,333,000.

The estimated expenses relating to the Proposed Rights Issue of approximately RM14,000,000 will be accounted for as a reduction in the share premium account, resulting in an aggregate reduction of RM448,333,000 to the share premium account.



**APPENDIX I - PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE MBSB GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (Cont'd)**

3. Proforma Adjustments (Cont'd.)

ii) Minimum Scenario (cont'd.)

Proforma III (cont'd.)

The total gross proceeds of RM1,978,627,000 are assumed to be utilised as follows:

- (a) RM1,100,000,000 for the expansion of the financing business of the MBSB Group, RM800,000,000 for the purchase of liquefiable assets and RM64,627,000 for working capital purposes; and
- (b) RM14,000,000 to defray the estimated expenses relating to the Proposed Rights Issue.

iii) Maximum Scenario

Proforma II

Proforma II incorporates Proforma I and the effects of:

- a) full exercise of the outstanding ESOS Options of 21,105,277 at exercise prices of RM1.01, RM1.44, RM2.01 and RM2.15 per ESOS for Batch 1, 2, 3 and 4 respectively; and
- b) full exercise of the outstanding Warrants of 13,774,009 into new MBSB Shares at an exercise price of RM1.00 each.

The full exercise of the ESOS Options and Warrants will give rise to an increase in the cash and short term funds account of the Group of RM56,691,000 and an increase in the issued and paid-up share capital of approximately RM34,879,000 and in the share premium account of approximately RM30,655,000.

Correspondingly, the full exercise of the outstanding ESOS and the full conversion of Warrants will result in RM5,210,000 and RM3,633,000 being reversed from the share option reserves and the warrant reserves accounts respectively to the share premium account.

**APPENDIX I - PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE MBSB GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (Cont'd)**

3. Proforma Adjustments (Cont'd.)

iii) Maximum Scenario (cont'd.)

Proforma III

Proforma III incorporates Proforma II and the effects of the Dividend.

The following are the assumptions that have been applied in estimating the effects of the Dividend:

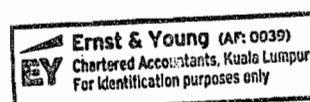
- (a) The dividend payout will be 3.0 sen net per ordinary share of RM1.00 each in MBSB, amounting to RM86,210,000 which is based on illustrative issued and paid-up share capital arising from Proforma I and Proforma II of RM2,873,656,000;
- (b) The Dividend will be paid out prior to the Entitlement Date of the Proposed Rights Issue;
- (c) Expense expected to be incurred with regard to the Dividend is approximately RM50,000; and
- (d) The Dividend will be fully reinvested via the Company's DRP at an illustrative price of RM1.20 per MBSB Share, representing a 10.0% discount to the ex-dividend 5-day Volume Weighted Average Price of MBSB Shares up to 31 March 2016 of RM1.3333.

Proforma III will give rise to a reduction in the retained earnings account of RM86,260,000. Accordingly, Proforma III will also give rise to an increase in the issued and paid-up share capital by RM71,842,000 comprising 71,842,000 MBSB Shares and in the share premium account of RM14,368,000.

Proforma IV

Proforma IV incorporates Proforma III and the effects of the issuance of up to 3,770,238,000 Rights Shares which will result in an increase in issued and paid-up share capital by RM3,770,238,000 comprising 3,770,238,000 MBSB Shares.

The First Call of the Proposed Rights Issue will be payable in cash by entitled shareholders and/or their renounees at 53 sen per Rights Share, amounting to RM1,998,226,000. The remaining balance of 47 sen per Rights Share, pertaining to the Second Call of the Proposed Rights Issue, will be capitalised from the share premium account, resulting in a reduction in the share premium account of RM1,438,003,000 with the balance of RM334,009,000 as a reduction to retained earnings.



**APPENDIX I - PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE MBSB GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (Cont'd)**

3. Proforma Adjustments (Cont'd.)

iii) Maximum Scenario (cont'd.)

Proforma IV (cont'd.)

The estimated expenses relating to the Proposed Rights Issue of approximately RM14,000,000 will be accounted for as a reduction in retained earnings, resulting in an aggregate reduction of RM348,009,000 to retained earnings.

The total gross proceeds of RM1,998,226,000 are assumed to be utilised as follows:

- (a) RM1,100,000,000 for the expansion of the financing business of the MBSB Group, RM800,000,000 for the purchase of liquefiable assets and RM84,226,000 million for working capital purposes; and
- (b) RM14,000,000 to defray the estimated expenses relating to the Proposed Rights Issue.

**1. RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given. The Board hereby confirms that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular, or other facts the omission of which would make any information herein false or misleading.

**2. CONSENT AND CONFLICT OF INTERESTS****(a) AmInvestment Bank**

AmInvestment Bank has given and has not subsequently withdrawn their written consent for the inclusion in this Circular of their names, reports and/or letters (where applicable) and all references thereto in the form and context in which they appear in this Circular.

AmInvestment Bank has given its written confirmation that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Joint Adviser in respect of the Proposed Rights Issue.

For information, AMMB Holdings Berhad (“**AMMB**”), the holding company of AmInvestment Bank and MBSB have a common major shareholder, namely EPF. Nevertheless, AmInvestment Bank is of the view that its role as the Joint Adviser to MBSB on the Proposed Rights Issue will not give rise to a conflict of interest situation as there are no representatives from EPF on the Board of Directors of AMMB and its subsidiaries.

AmInvestment Bank, its related and associated companies, as well as its holding company, AMMB Holdings Berhad and the subsidiaries and associated companies of its holding company (“**AmBank Group**”) form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. The AmBank Group has engaged and/or may in the future, engage in transactions with and perform services for MBSB Group, in addition to the role involved in the Proposed Rights Issue. In addition, in the ordinary course of business, any member of the AmBank Group may at any time offer or provide its services to or engage in any transactions (on its account or otherwise) with MBSB Group, hold long or short positions, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities of MBSB Group. This is a result of the businesses of AmBank Group generally acting independently of each other and accordingly there may be situations where parts of AmBank Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of MBSB Group.

As at the LPD, the AmBank Group has extended various credit facilities to MBSB Group. Notwithstanding the above, AmInvestment Bank is of the view that the aforementioned extension of credit facilities does not result in a conflict of interest situation in its capacity as the Joint Adviser for the Proposed Rights Issue as the extension of credit facilities arose in the ordinary course of business of the AmBank Group; the operation of AmBank Group is regulated by the Financial Services Act, 2013 and its internal Chinese Wall policy, and the outstanding amount owed by MBSB Group is not material when compared to the audited total assets of the AmBank Group as at 31 March 2015.



**(b) RHB Investment Bank**

RHB Investment Bank has given and has not subsequently withdrawn their written consent for the inclusion in this Circular of their names, reports and/or letters (where applicable) and all references thereto in the form and context in which they appear in this Circular.

EPF is a common major shareholder of MBSB and RHB Capital Berhad (being the ultimate holding company of RHB Investment Bank) ("**RHB Capital**"). Nevertheless, EPF is not involved in the day-to-day operations of RHB Investment Bank.

As at LPD, RHB Investment Bank and its related companies (collectively referred to as "**RHB Banking Group**") have extended various credit facilities amounting to approximately RM1,662.40 million (with an amount of approximately RM1,381.50 million outstanding) to the MBSB Group. Such credit facilities represent approximately 0.72% of the audited total assets of RHB Banking Group as at 31 December 2015 of RM230,717.67 million. Notwithstanding the above, RHB Investment Bank confirms that no conflict of interest situation exists or is likely to exist in its capacity as the Joint Adviser in relation to the Proposed Rights Issue premised on the following:-

- (i) the above credit facilities are provided by RHB Banking Group in its ordinary course of business;
- (ii) RHB Investment Bank is a licensed investment bank and its appointment as the Joint Adviser in relation to the Proposed Rights Issue is in its ordinary course of business;
- (iii) the conduct of RHB Investment Bank is regulated by the Financial Services Act, 2013 and by its internal controls and checks; and
- (iv) save for the professional fees in relation to its appointment as the Joint Adviser and underwriting fees for the Proposed Rights Issue, if any, RHB Investment Bank does not receive nor derive any other financial benefit from the Proposed Rights Issue.

Save as disclosed above, RHB Investment Bank confirms that it is not aware of any other circumstance which would or is likely to give rise to a possible conflict of interest situation in RHB Investment Bank's capacity as the Joint Adviser in relation to the Proposed Rights Issue.

**(c) Ernst & Young**

Ernst & Young has given and has not subsequently withdrawn its written consent for the inclusion in this Circular of its name and the proforma consolidated statements of financial position of MBSB Group as at 31 December 2015 together with the Reporting Accountants' report thereon, in the form and context in which they appear in this Circular.

Ernst & Young has given its written confirmation that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Reporting Accountants in respect of the Proposed Rights Issue.

**3. MATERIAL LITIGATION**

Save as disclosed below, as at the LPD, MBSB Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which may have a material and adverse effect on the business or financial position of MBSB Group and the Board is not aware of any proceedings, pending or threatened against MBSB Group, or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of MBSB Group:-

(a) **Kuala Lumpur High Court Suit No. S-22-692-2009: KCSB Konsortium Sdn Bhd (“KCSB”) & Kausar Corporation Sdn Bhd (“Kausar Corp”) v MBSB & MBSB Development Sdn Bhd (“MBSB Development”)**

KCSB and Kausar Corp (collectively, “**Plaintiffs**”) had, on 29 September 2009, instituted a civil suit against the Company and MBSB Development, a wholly-owned subsidiary of the Company, for an alleged breach of facility agreement.

The Company and MBSB Development had filed their defence and a counterclaim in response to the suit. The Company and MBSB Development had also filed an application to strike out the Plaintiff’s suit which was dismissed with costs on 24 May 2010. The Company subsequently filed an appeal on 4 June 2010 against the said dismissal decision.

On 3 April 2012, the Company’s appeal was dismissed with costs of RM5,000.00. The Company filed an appeal to the High Court against the said decision. On 31 December 2014, the High Court dismissed the Plaintiffs’ claim and allowed the Company’s counterclaim. The Plaintiffs then filed an appeal against the said decision on 6 January 2015 to the Court of Appeal. The appeal was fixed for case management on 8 April 2016. The Court of Appeal fixed for hearing on 17 August 2016.

The solicitor handling the matter is of the opinion that the Company has a good chance of success.

(b) **Johor Bahru High Court Originating Summons No. 24M-154-04/2013: KCSB v MBSB & Pentadbir Tanah, Pejabat Tanah dan Galian Negeri Johor**

**In the Federal Court Civil Appeal No. 02(F)-13-02/2015(J): MBSB v KCSB**

On 25 April 2013, KCSB had served an Originating Summons on the Company seeking an order from the Johor Bahru High Court that the charge created in favour of the Company be set aside and is of no effect and for a removal and cancellation of the said charge. On 13 December 2013 after the hearing, KCSB’s application was allowed. The Court of Appeal dismissed the Company’s appeal. The Company’s application to the Federal Court for leave to appeal was allowed on 29 January 2015. The appeal came up for hearing on 10 March 2016 and is now pending a date for decision by the Federal Court.

The solicitor handling the matter is of the view that there is a fair chance of success in the appeal.

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**APPENDIX II - ADDITIONAL INFORMATION (Cont'd)**

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**4. CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS****(a) Contingent liabilities**

Save as disclosed below, as at 31 December 2015, the Board is not aware of any other material contingent liabilities incurred or known to be incurred by MBSB Group, which upon becoming enforceable, may have a material impact on the profit or NA of MBSB Group:-

	<b>Amount RM'000</b>
Financial guarantees*	104,076

**Note:-**

\* *The financial guarantees are secured by way of fixed charges over the borrowers' development project land or debenture created over the fixed and floating charge over the specific or entire assets of the borrowers.*

**(b) Material commitments**

Save as disclosed below, as at 31 December 2015, the Board is not aware of any other material commitments incurred or known to be incurred by MBSB Group, which upon becoming enforceable, may have a material impact on the profit or NA of MBSB Group:-

	<b>Amount RM'000</b>
Loan commitments not approved for:	
- End finance	251,351
- Islamic properties and personal	144,172
- Bridging, structured and term loans	7,614,958
Property development:	
- Approved and contracted for	421,528
Property, plant and equipment:	
- Approved and contracted for	183,105
- Approved but not contracted for	46,702
<b>Total</b>	<b>8,661,816</b>

*[The rest of this page has been intentionally left blank]*

**5. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of MBSB at 11<sup>th</sup> Floor, Wisma MBSB, 48, Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the EGM:-

- (a) memorandum and articles of association of MBSB;
- (b) letter of undertaking from EPF dated 10 March 2016;
- (c) the audited consolidated financial statements of MBSB for the past two (2) FYEs 31 December 2014 and 31 December 2015;
- (d) the letters of consent referred to in Section 2 of this Appendix II of this Circular;
- (e) the proforma consolidated statements of financial position of the MBSB Group as at 31 December 2015 together the Reporting Accountants' report thereon, as set out in Appendix I of this Circular; and
- (f) the relevant cause papers in respect of the material litigation referred to in Section 3 of this Appendix II of this Circular.

*[The rest of this page has been intentionally left blank]*



**MALAYSIA BUILDING SOCIETY BERHAD**

(Company No. 9417-K)

(Incorporated in Malaysia under the Companies Act, 1965)

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting (“EGM”) of Malaysia Building Society Berhad (“MBSB” or the “Company”) will be held at Grand Nexus, Level 3A, Connexion@Nexus, No. 7 Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur on Thursday, 5 May 2016 at 12.00 p.m. or immediately following the conclusion of the 46<sup>th</sup> Annual General Meeting of the Company, which will be held at the same venue and on the same day at 10.00 a.m., whichever is later or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolution with or without any modification:-

**ORDINARY RESOLUTION**

**PROPOSED RENOUNCEABLE TWO-CALL RIGHTS ISSUE OF NEW ORDINARY SHARES OF RM1.00 EACH IN MBSB (“MBSB SHARES”) (“RIGHTS SHARES”) TO RAISE GROSS PROCEEDS OF UP TO RM2.00 BILLION (“PROPOSED RIGHTS ISSUE”)**

“**THAT** subject to the approvals of all relevant regulatory authorities being obtained (if required), the Board of Directors of MBSB (“**Board**”) be and is hereby authorised to provisionally allot by way of a renounceable two-call rights issue of such number of new MBSB Shares to raise gross proceeds of up to RM2.00 billion, of which the first call will be payable in cash on application and the second call will be capitalised from the Company’s share premium and/or retained earnings account, at an issue price and entitlement basis to be determined and announced by the Board, to the shareholders of MBSB (“**Shareholders**”) whose names appear in the Record of Depositors of MBSB at 5.00 p.m. on an entitlement date to be determined and announced later by the Board (“**Entitled Shareholders**”);

**THAT** fractional entitlements of the Rights Shares, if any, arising from the Proposed Rights Issue shall be disregarded and dealt with in such manner as the Board shall in its absolute discretion deem fit and expedient and in the best interest of the Company;

**THAT** any Rights Shares which are not taken up or are not validly taken up or which are not allotted for any reason whatsoever shall first be made available for excess applications by the other Entitled Shareholders and/or their renounee(s) in a fair and equitable manner on a basis to be determined by the Board;

**THAT** the proceeds of the Proposed Rights Issue be utilised for the purposes as set out in Section 2.8 of the Circular to the Shareholders dated 20 April 2016, and the Board be authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject to the approval of the relevant authorities, where required;

**THAT** the Rights Shares shall, upon allotment and issue, rank *pari passu* in all respects with the then existing MBSB Shares, save and except that the Rights Shares will not be entitled to any dividend, right, allotment and/or other distribution, the entitlement date of which is prior to the date of allotment of the Rights Shares;

**AND THAT** the Board be and is hereby authorised to:-

- (a) capitalise from the Company's share premium and/or retained earnings towards paying in full the second call of the Rights Shares pursuant to the Proposed Rights Issue;
- (b) enter into any underwriting agreement(s) for the underwriting of any part of the open portion of the Rights Shares and all other documents, agreements and/or arrangements in connection with the underwriting of the Rights Shares with such parties and upon such terms and conditions as the Board may deem fit; and
- (c) do all acts, deeds and things and execute, sign, deliver and cause to be delivered on behalf of MBSB all such transactions, arrangements, agreements and/or documents as may be necessary or expedient in order to implement, give effect to and complete the Proposed Rights Issue with full powers to assent to any condition, modification, variation and/or amendment to the terms of the Proposed Rights Issue as the Board may deem fit, necessary and/or expedient in the interest of the Company or as may be imposed by any relevant authority or consequent upon the implementation of the said conditions, modifications, variations and/or amendments and to take all steps as it considers necessary in connection with the Proposed Rights Issue."

By Order of the Board  
Malaysia Building Society Berhad

Koh Ai Hoon (MAICSA 7006997)  
Tong Lee Mee (MAICSA 7053445)  
Company Secretaries

Kuala Lumpur  
20 April 2016

**Notes:-**

1. *For the purpose of determining a member who shall be entitled to attend this EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 58A(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), to issue a General Meeting Record of Depositors as at 25 April 2016. Only a depositor whose name appears on the Record of Depositors as at 25 April 2016 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.*
2. *A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.*
3. *In the case of a corporate body, the proxy appointed must be in accordance with its Memorandum & Articles of Association and the instrument appointing a proxy shall be given under the Company's common seal or under the hand of an officer or attorney duly authorised.*
4. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*
6. *To be valid, the duly completed instrument appointing a proxy must be deposited at the Company's registered office at 11th Floor, Wisma MBSB, 48, Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur not less than forty-eight (48) hours before the time and date fixed for holding the meeting or any adjournment thereof.*



**MALAYSIA BUILDING SOCIETY BERHAD**

(Company No. 9417-K)

(Incorporated in Malaysia under the Companies Act, 1965)

**Proxy Form**

<b>No. of shares held</b>	<b>CDS Account No.</b>

I/We \_\_\_\_\_ Company/NRIC No. \_\_\_\_\_

Tel No. \_\_\_\_\_ of \_\_\_\_\_

being a member/members of MALAYSIA BUILDING SOCIETY BERHAD hereby appoint \_\_\_\_\_

\_\_\_\_\_ NRIC No. \_\_\_\_\_

of \_\_\_\_\_

or failing him \_\_\_\_\_ NRIC No. \_\_\_\_\_

of \_\_\_\_\_

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote and act for me/us, and on my/our behalf at the Extraordinary General Meeting of the Company to be held at Grand Nexus, Level 3A, Connexion@Nexus, No. 7 Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur on Thursday, 5 May 2016 at 12.00 p.m. or immediately following the conclusion of the 46<sup>th</sup> Annual General Meeting of the Company, which will be held at the same venue and on the same day at 10.00 a.m., whichever is later or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the resolution to give effect to the Proposed Rights Issue.

Please indicate with an "X" in the space provided below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

<b>ORDINARY RESOLUTION</b>	<b>FOR</b>	<b>AGAINST</b>
PROPOSED RIGHTS ISSUE		

Signed this..... day of .....2016

.....  
Signature / Common Seal

**Notes:-**

- For the purpose of determining a member who shall be entitled to attend this EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 58A(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), to issue a General Meeting Record of Depositors as at 25 April 2016. Only a depositor whose name appears on the Record of Depositors as at 25 April 2016 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
- A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.
- In the case of a corporate body, the proxy appointed must be in accordance with its Memorandum & Articles of Association and the instrument appointing a proxy shall be given under the Company's common seal or under the hand of an officer or attorney duly authorised.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
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AFFIX  
STAMP

**MALAYSIA BUILDING SOCIETY BERHAD (9417-K)**  
Secretarial Division  
11<sup>th</sup> Floor, Wisma MBSB  
48, Jalan Dungun  
Damansara Heights  
50490 Kuala Lumpur

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