

**SUBMISSION TO BANK NEGARA MALAYSIA (“BNM”) FOR APPROVAL ON THE PROPOSED MERGER OF THE BUSINESSES AND UNDERTAKINGS OF RHB CAPITAL BERHAD (“RHB CAPITAL”), CIMB GROUP HOLDINGS BERHAD (“CIMB GROUP”) AND MALAYSIA BUILDING SOCIETY BERHAD (“MBSB”) AND THE CREATION OF AN ENLARGED ISLAMIC BANKING FRANCHISE (“PROPOSED MERGER”)**

We refer to the previous announcement dated 10 July 2014 (“**Announcement**”). Unless otherwise stated, the definitions used here shall have the same meanings as set out in the Announcement.

On behalf of MBSB, AmlInvestment Bank Berhad (“**AmlInvestment Bank**”) wishes to announce that MBSB has been informed that CIMB Group and RHB Capital, as well as their relevant subsidiaries, had made a joint application to BNM to seek the approval of BNM and/or the Minister of Finance (“**MoF**”) through BNM for, amongst others, the Proposed Merger, of which MBSB is a party to.

The Proposed Merger is intended to encompass the following:

- (i) The proposed disposal by CIMB Group of all its assets, liabilities, business and undertakings (“**Assets and Liabilities**”) to RHB Capital (“**Proposed Disposal**”).

CIMB Group shall dispose of all its Assets and Liabilities to RHB Capital in consideration for new shares in RHB Capital (“**CIMB Group Consideration Shares**”) via a proposed scheme of arrangement under Section 176 of the Companies Act, 1965 (“**Act**”) between CIMB Group and its shareholders, and RHB Capital, CIMB Islamic Bank, and RHB Islamic and a business sale and purchase agreement entered into between CIMB Group and RHB Capital. In addition, CIMB Group will undertake a capital reduction exercise under Section 64 of the Act to facilitate the distribution of the CIMB Group Consideration Shares to its shareholders, following which CIMB Group shall be delisted from the Main Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

The consideration for the Proposed Disposal (“**CIMB Group Merger Consideration**”) is RM7.267 per CIMB Group share. This is equivalent to an aggregate CIMB Group Merger Consideration of RM60,581.5 million based on the number of shares in CIMB Group as at 31 July 2014 (8,336.5 million CIMB Group shares). The CIMB Group Merger Consideration represents a premium of 0.4% to the market price of CIMB Group of RM7.24 as at the reference date of 9 July 2014. The CIMB Group Merger Consideration values RHB Capital at RM10.028 per share based on the number of shares in RHB Capital as at 24 July 2014 (2,572.5 million RHB Capital shares). This represents a premium of 15.0% to the market price of RHB Capital of RM8.72 as at the reference date of 9 July 2014.

- (ii) The proposed acquisition by CIMB Islamic Bank Berhad ("**CIMB Islamic**") of the Assets and Liabilities of RHB Islamic Bank Berhad ("**RHB Islamic**") ("**Proposed RHB Islamic Acquisition**").

As an integral part of the Proposed Merger, CIMB Islamic will acquire all the Assets and Liabilities of RHB Islamic in consideration for new ordinary shares in CIMB Islamic ("**RHB Islamic Consideration Shares**").

The proposed consideration for the Proposed RHB Islamic Acquisition ("**RHB Islamic Purchase Consideration**") is RM4,146.8 million. This is equivalent to an implied price per share in RHB Islamic of RM3.53 based on the number of shares of RHB Islamic (1,173.4 million RHB Islamic shares) as at 31 March 2014. The RHB Islamic Purchase Consideration values RHB Islamic at a price-to-book ratio ("**PB Ratio**") of 2.00 times the unaudited consolidated net assets ("**NA**") to equity holders of RHB Islamic of RM2,073.4 million as at 31 March 2014 and 1.96 times the unaudited consolidated NA to equity holders of RHB Islamic of RM2,119.3 million as at 30 June 2014.

The implied issue price of RM5.399 per share in CIMB Islamic for the RHB Islamic Purchase Consideration values CIMB Islamic at a PB Ratio of 2.00 times to the unaudited consolidated NA to equity holders of CIMB Islamic of RM2,699.3 million as at 31 March 2014 and 1.93 times to the unaudited consolidated NA to equity holders of CIMB Islamic of RM2,803.4 million as at 30 June 2014.

- (iii) The proposed merger of the Assets and Liabilities of CIMB Islamic, RHB Islamic and MBSB to create a mega Islamic bank ("**Proposed Islamic Merger**").

The Proposed Islamic Merger will involve the acquisition by CIMB Islamic of all the Assets and Liabilities of MBSB in consideration for new redeemable convertible preference shares in CIMB Islamic ("**MBSB Consideration Shares**") ("**Proposed MBSB Acquisition**"). MBSB shall undertake a capital repayment exercise under Section 64 of the Act ("**Proposed Capital Repayment**") to distribute the rights to the MBSB Consideration Shares (i.e. the CIMB Islamic redeemable convertible preference shares and/or the rights and entitlements thereunder) to all the shareholders of MBSB as at an entitlement date to be determined and announced later. Upon completion of the Proposed Capital Repayment, the relevant steps will be taken for the delisting of MBSB from the Main Market of Bursa Securities.

The proposed consideration for the acquisition of the Assets and Liabilities of MBSB ("**MBSB Purchase Consideration**") is RM2.820 per MBSB share and represents a premium of 20.5% to the market price of MBSB of RM2.34 as at the reference date of 9 July 2014. This is equivalent to an aggregate consideration of RM7,768.1 million (on a fully diluted basis, based on 2,676.0 million outstanding MBSB Shares, 18.0 million unexercised MBSB warrants 2011/2016 and 60.6 million unexercised MBSB employee share option scheme options as at 27 August 2014).

The implied issue price of RM5.399 per share in CIMB Islamic for the MBSB Purchase Consideration values CIMB Islamic at a PB Ratio of 2.00 times the unaudited consolidated NA to equity holders of CIMB Islamic of RM2,699.3 million as at 31 March 2014 and 1.93 times the unaudited consolidated NA to equity holders of CIMB Islamic of RM2,803.4 million as at 30 June 2014.

- (iv) Upon completion of the Proposed Islamic Merger, the enlarged Islamic bank may undertake a capital raising exercise to bolster its capital base for future growth. It is envisaged that following the capital raising exercise, the merged CIMB Group-RHB Capital would retain a controlling stake in the mega Islamic bank.

The Proposed Disposal and Proposed RHB Islamic Acquisition are not conditional upon the Proposed Islamic Merger and vice versa, or any other transaction or proposal involving the Parties.

Citigroup Global Markets Limited and AmInvestment Bank acted as joint advisers to MBSB. Albar & Partners acted as legal counsel to MBSB.

Attached is the press release in relation to the above. Further details on the Proposed Merger will be announced by the Parties upon approval by BNM and/or MoF and the signing of the definitive agreements in relation to the Proposed Merger.

**This announcement is dated 9 October 2014.**