

**MBSB (9417-K)
CORPORATE COMMUNICATIONS
DEPARTMENT**

Level 5, Wisma MBSB,
No. 48, Jalan Dungun,
Damansara Heights,
50490, Kuala Lumpur
Tel. (03) 2096 3000/3230
Fax. (03) 2096 3372
Website: www.mbsb.com.my

PRESS RELEASE

KENYATAAN AKHBAR

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MBSB, DRB AND KHAZANAH END DISCUSSIONS

Kuala Lumpur, 2 FEBRUARY 2016 - Malaysia Building Society Berhad (MBSB), DRB-HICOM Berhad and Khazanah Nasional Berhad have decided to end negotiations for the proposed merger of MBSB and Bank Muamalat Malaysia Berhad in an announcement made by MBSB to Bursa Malaysia today.

In the announcement, MBSB informed that the parties have not been able to reach an agreement on the terms and conditions of the proposed merger after a series of discussions and negotiations. Accordingly, the parties have mutually agreed to end all discussions and not proceed with the proposed merger.

The President and Chief Executive Officer of MBSB, Dato' Ahmad Zaini Othman commented, "All parties have diligently been working towards formulating a position that would best strengthen the new merged entity as well as serve the best interests of all shareholders. Unfortunately despite these efforts, we were not able to commonly agree on that position".

The parties were first given the deadline of 31 December 2015 by Bank Negara Malaysia (BNM) to conclude negotiations. However on 23 December 2015, the parties submitted an application to BNM for a month's extension which was granted and ends today.

Further to the development, Dato Ahmad Zaini says, “There is a lot of value in MBSB even though we are not a banking institution. Hence, we should still continue to add to this value regardless of the status that MBSB holds”.

He further added, “Our team has already embarked on revised strategies in the fourth quarter of last year, taking cognizant of changes in the economy. We are also being more prudent in the sectors that we continue to lend and our impairment program is running into its second year”.

In addressing MBSB’s plans moving forward, Dato’ Ahmad Zaini placed the emphasis on the company’s continuous efforts to strengthen its funding program and build up its capabilities in both business and operations.

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For more information or enquiries, please contact:

Azlina Mohd Rashad
Senior Vice President,
Corporate Planning and Communication MBSB
Tel: 03-2096 3000/3230
Fax: 03-2096 3372
Email: corporatecom@mbsb.com.my

About Malaysia Building Society Berhad (MBSB)

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

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