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PRESS RELEASE

KENYATAAN AKHBAR

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**MBSB ACHIEVES PRE TAX PROFIT OF RM129.3 MILLION
FOR SECOND QUARTER OF 2015**

Kuala Lumpur, 6 August 2015 – For the second quarter ended 30 June 2015, MBSB Group achieved a pre-tax profit of RM129.3 million on the back of RM765.8 million in revenue. The Group's quarter revenue grew by 10.9% from the preceding first quarter of 2015 whilst the revenue for 6 months ended 2015 grew by 8.8% from the previous 6 months ended 2014. However, due to the impairment programme initiated in fourth quarter of 2014, the 2nd quarter pre-tax profit of RM129.3 million declined by 18.0% or RM28.4 million from RM157.7 million recorded in the preceding first quarter of 2015. The pre-tax profit for the 6 months period ended 2015 also declined by 50.4% or RM290.9 million from the corresponding 6 months period ended 2014.

Dato' Ahmad Zaini Othman, President and Chief Executive Officer commented, "We are encouraged by the upward trend in revenue principally due to the Group's expansion in corporate segment, a conscious effort that we had continued to exert in ensuring that a balanced and healthy exposure is achieved between corporate and retail segments." On the pre-tax profit, "We remain committed to the impairment programme that was emplaced end of last year as this is important to ensure that our efforts to increase the level of collective assessment allowances as part of closing the gap."

The Group's total assets of RM41.0 billion as at 30 June 2015 grew by 8.9% or RM3.3 billion from RM37.7 billion as at 31 December 2014. Notably, the Group's liquid assets contributed to the growth. It grew by 47.5% or RM2.7 billion reflecting efforts to increase the Group's

liquid assets ratio to above 25%. Dato' Ahmad Zaini further commented, "The efforts to increase our liquid assets via deposits, issuance of Sukuk and Cagamas securitised financing in order to have a better liquidity coverage directly increases our funding cost. This has lowered our 2nd quarter operating income as compared to the previous quarters."

However, the impairment programme and collection recovery strategies have improved the Group's net impaired financing ratio from 4.0% as at 31 March 2015 to 3.8% as at 30 June 2015.

The Group has also improved in other areas, recording a cost to income ratio of 23.4%, an improvement of 1.1% compared to 24.5 % in the preceding first quarter 2015.

On its present business plans, MBSB currently supports the government's National Housing Project through the financing of several affordable housing projects as well as providing end financing for eligible affordable homebuyers and plans to increase its industrial hire purchase financing programmes by establishing equipment financing hubs in Penang and Johor Bahru.

Dato' Ahmad Zaini further concluded that, "The Group's efforts in putting in place more stringent prudential standards and the overall impairment programmes have increased pressure on our bottom line". However, he acknowledged that this is something the Group has to endure in order to have the entity conform towards a sustainable banking-like platform and maintain a healthy reasonable return on equity in the future.

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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.