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**PRESS RELEASE**

**KENYATAAN AKHBAR**

**For Immediate Release**

**24 May 2017**

**MBSB REPORTS PROFIT AFTER TAX OF RM101.32 MILLION**

**FOR FIRST QUARTER 2017**

**Kuala Lumpur, 24 May 2017** – MBSB Group today announced its financial results for the first three (3) months ended 31 March 2017 (1Q17).

- **Profit After Tax (PAT) for the first quarter (“1Q17”) increased substantially by 190.87% year-on-year (“y-o-y”) to RM101.32 million**
- **Total Gross Financing increased by RM1.40 billion or 4.07% y-o-y to RM35.85 billion**
- **Total assets grew RM2.95 billion or 7.06% y-o-y**
- **Total deposits increased by RM1.56 billion or 5.13% y-o-y to RM32.06 billion**
- **Group Revenue was consistent on a y-o-y basis at RM811.20 million**
- **Cost to income ratio further improved to 19.72%**

Datuk Seri Ahmad Zaini Othman, President and Chief Executive Officer commented on the Group’s results, “Despite the challenging economic conditions, we managed to achieve commendable PAT and maintain high operating efficiencies as reflected by our Cost to Income ratio.”

1Q17’s Profit Before tax (PBT) of RM126.77 million increased by 224.22% y-o-y. This is due to higher gross loans and lower cost of funds. In tandem, Profit After Tax (PAT) increased by 190.87% to RM101.32 million.

The Group's gross loans and financing grew by 4.07% y-o-y to RM35.85 billion which was mainly contributed by higher corporate financing disbursements but partly set off by a slight contraction in the retail base. Corporate business' strategic business expansions in the sector had increased its asset composition between retail and corporate to 80:20 compared to 84:16 y-o-y, steadily progressing towards the group's target of 70:30.

Return on equity (ROE) stood at 5.98% an increase of 3.13 percentage points on a y-o-y basis while return on assets (ROA) grew to 0.92%, an increase of 0.58 percentage points y-o-y. Meanwhile, asset quality has improved with net impaired financing/loans ratio (NPF/L) strengthening by 0.31 percentage points y-o-y to 2.76%.

On this, Datuk Seri Ahmad Zaini said, "We are definitely pleased that the NPL continued to show a positive trend, which is mainly due to our efforts in early detection and effective monitoring of accounts".

The quarter's growth in total assets was 7.06% y-o-y or RM2.95 billion mainly due to higher net financing/loans and liquefiable assets. Total deposits increased by RM1.56 billion or 5.13% y-o-y to RM32.06 billion which continued to be driven by deposits and support from corporate clients.

MBSB's liquid asset position as at 1Q17 increased by 19.43% y-o-y and 7.5% q-o-q to RM9.98 billion. Meanwhile, financing/loan loss coverage increased to 113.30% from 93.69% on a y-o-y basis. The group's leverage ratio remains healthy at 13.87%. Datuk Seri Ahmad Zaini informed, "We have been taking a prudent approach on our capital and liquidity positions which have seen our standings strengthen over time."

MBSB continued to preserve a cost-efficient entity with an industry leading cost to income ratio of 19.72%, an improvement of 2.43 percentage points from 22.15% y-o-y. The figure is considerably better than the industry's average of 49.5%. This is attributable to higher total income which stood at RM376.06 million for the quarter.

Datuk Seri Ahmad Zaini concluded the first reported results of 2017 by indicating the remaining year's strategy, "We shall continue to strengthen our market position in financing government contracts and projects especially in the affordable housing segment as well as the SME which has shown continued resilience".

Commenting on the proposed merger with Asian Finance Bank “We are at the final stage of the M&A negotiations with the shareholders and hope to finalize it within the timeline set by Bank Negara Malaysia.” said Datuk Seri Ahmad Zaini.

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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.*