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PRESS RELEASE

KENYATAAN AKHBAR
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MBSB REPORTS PROFIT AFTER TAX OF RM91.08 MILLION FOR SECOND QUARTER 2017

Kuala Lumpur, 21 August 2017 – MBSB Group today announced its financial results for the second quarter ended 30 June 2017 (“2Q17”).

- **Profit After Tax (“PAT”) for 2Q17 increased substantially by 44.56% to RM91.08 million compared to second quarter of 2016 (“2Q16”)**
- **Total Gross Financing recorded a year to date growth of RM0.77 billion or 2.19% to RM36.06 billion**
- **Total assets recorded a year to date growth of RM1.6 billion or 3.72% to RM44.88 billion**
- **Total deposits recorded a year to date growth of RM1.71 billion or 5.58% to RM32.32 billion**
- **Quarterly group revenue remain consistent at RM813.42 million**
- **Cost to income ratio improved to 21.41% compared to the 2Q16 of 23.48%**

On the announcement, Datuk Seri Ahmad Zaini Othman, President and Chief Executive Officer commented, “We are certainly encouraged with these results, a marked improvement from last year’s performance and it also indicates the company’s continued ability to sustain revenue growth”.

The Group registered a Profit Before Tax (PBT) of RM115.63 million, an increase by 54.75% or RM40.91 million compared to 2Q16. This is due to higher income from net financing/loans, investment activities and lower cost of funds.

The Group's gross loans and financing recorded a year to date growth of 2.19% to RM36.06 billion which was mainly contributed by higher corporate financing disbursements but partly set off by a slight contraction in the retail base. Annualised return on equity stood at 5.7% while annualised return on assets stood at 0.87%.

Meanwhile, asset quality has improved with a reduction in net impaired financing/loans ratio by 0.47 percentage points to 2.84% compared to 2Q16. This is contributed by strengthened collection and recovery strategies.

Corporate segment's strategic business expansions had increased the asset composition between retail and corporate to 79:21 compared to 81:19 as at 31 December 2016, progressing towards the group's target of 70:30 by year 2019.

Total assets recorded a year to date growth of RM1.6 billion of 3.72% which stood at RM44.88 billion. This is mainly due to higher gross financing/loans and liquefiable assets. Total deposits grew by RM1.7 billion or 5.58% from 31 December 2016 driven by increase in deposits from corporate clients.

MBSB's liquid asset position as at 2Q17 increased by 11.45% as compared to 4Q16 to RM10.5 billion. Meanwhile, financing/loan loss coverage remains consistent at 113.14% from 113.30% on a q-o-q basis with a reduction of 0.16 percentage points. The Group's leverage ratio remains strong at 14.06%.

Datuk Seri Ahmad Zaini informed "We are pleased to note that our capital and liquidity management remain effective in supporting the business growth as well as adhering to regulatory requirements".

MBSB maintained its superiority in being a cost-efficient entity with a cost to income ratio of 21.41%, a further improvement of 2.07 percentage points from the 2Q16 of 23.48%. The figure is below the latest industry's average of 44.8% and this is attributed by a higher total income which stood at RM732.31 million for the quarter, an increase of 9.39% compared to 2Q16 of RM669.43 million.

Concluding the 2Q17 results, Datuk Seri Ahmad Zaini indicated business strategies for the remaining year, "In line with our efforts to expand the corporate segment, we shall develop special programs for equipment financing, seek more effective approaches to increase the generation of fee income via wealth management as well as corporate advisory services.

In response to the approval of the merger with Asian Finance Bank “We are indeed grateful to Bank Negara Malaysia for granting us the approval. This is positive news much welcomed by all stakeholders especially the shareholders and the workforce at MBSB. Prior to this, we have actually established key plans and activities to ensure a smooth integration process, so now it’s the time to get the ball rolling.”

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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.