

**MALAYSIA BUILDING SOCIETY BERHAD**  
(Company No. 9417-K)  
(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015**

	As at 31 March 2015 (RM'000)	As at 31 December 2014 (RM'000)
<b>ASSETS</b>		
Cash and short term funds	5,309,463	5,683,939
Deposits and placements with financial institutions	177,649	83,418
Trade receivables	247	365
Other receivables	195,149	213,564
Inventories	103,233	103,233
Loans, advances and financing	31,219,921	31,032,148
Investment properties	-	-
Property, plant and equipment	138,951	137,773
Land use rights	5,867	5,908
Intangible assets	38,149	36,129
Deferred tax assets	374,332	369,426
<b>TOTAL ASSETS</b>	<b>37,562,961</b>	<b>37,665,903</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Deposits from customers	27,463,181	27,530,858
Bank borrowings	850,552	1,415,844
Other borrowings	125,434	150,544
Trade payables	184	184
Other payables	271,701	313,753
Provision for taxation and zakat	15,927	33,867
Recourse obligation on loans/financing sold	2,853,232	2,373,039
Sukuk - MBSB Structured Covered ("SC") Murabahah	1,162,832	1,150,124
Deferred tax liabilities	3,631	15,277
<b>TOTAL LIABILITIES</b>	<b>32,746,674</b>	<b>32,983,490</b>
Share capital	2,713,249	2,709,623
Share premium	1,280,868	1,278,873
Other reserves	40,663	36,810
Accumulated profit/(losses )	781,507	657,107
<b>Shareholders' equity</b>	<b>4,816,287</b>	<b>4,682,413</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>37,562,961</b>	<b>37,665,903</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>6,651,797</b>	<b>8,138,212</b>
<b>Net assets per share attributable to shareholders (RM)</b>	<b>1.78</b>	<b>1.73</b>

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2014.

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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD**  
**ENDED 31 MARCH 2015**

	1st quarter ended 31 March		Three months ended 31 March	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	690,602	667,110	690,602	667,110
Interest income	119,283	136,876	119,283	136,876
Interest expenses	(69,664)	(94,988)	(69,664)	(94,988)
Net interest income	49,619	41,888	49,619	41,888
Net income from Islamic banking operations	275,031	299,652	275,031	299,652
Operating income	324,650	341,540	324,650	341,540
Other income	18,437	18,888	18,437	18,888
Total income	343,087	360,428	343,087	360,428
Other operating expenses	(84,116)	(78,275)	(84,116)	(78,275)
Operating profit	258,971	282,153	258,971	282,153
Allowance for impairment losses on loans, advances and financing	(101,319)	(15,189)	(101,319)	(15,189)
Profit before taxation and zakat	157,652	266,964	157,652	266,964
Taxation	(33,340)	(70,230)	(33,340)	(70,230)
Zakat	-	-	-	-
Profit for the period	124,312	196,734	124,312	196,734
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	124,312	196,734	124,312	196,734
Earnings per share (sen):				
Basic	4.59	8.37	4.59	8.37
Diluted	4.57	8.33	4.57	8.33

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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2015**

	Ordinary Shares RM'000	Share Premium RM'000	Capital Reserve #1 RM'000	Share Option Reserve RM'000	Warrants Reserve RM'000	Redemption Reserve #2 RM'000	Accumulated Profit/(Losses) RM'000	Total Equity RM'000
<b>At 1 January 2014</b>	1,747,868	631,189	17,838	2,713	3,633	12,486	(229,517)	2,186,210
Total comprehensive income for the year	-	-	-	-	-	-	196,734	196,734
Dividend	-	-	-	-	-	-	-	-
Share options granted under ESOS recognised in profit or loss	-	-	-	-	-	-	-	-
Share options granted under ESOS recognised in profit or loss pursuant to exercise of rights issue	873,929	560,021	-	5,574	-	-	-	5,574
Issue of ordinary shares pursuant to exercise of ESOS	1,295	1,621	-	(1,089)	-	-	-	1,433,950
Issue of ordinary shares pursuant to exercise of warrants	2	-	-	-	-	-	-	1,827
Issue of ordinary shares pursuant to exercise of DRP	-	-	-	-	-	-	-	2
Transfer of share option reserve to retained profits upon expiry of share options	-	-	-	(143)	-	-	143	-
<b>At 31 March 2014</b>	2,623,094	1,192,831	17,838	7,055	3,633	12,486	(32,640)	3,824,297
<b>At 1 January 2015</b>	2,709,623	1,278,873	17,838	2,853	3,633	12,486	657,107	4,682,413
Total comprehensive income for the year	-	-	-	-	-	-	124,312	124,312
Share options granted under ESOS recognised in profit or loss	-	-	-	5,001	-	-	-	5,001
Issue of ordinary shares pursuant to exercise of ESOS	1,929	1,995	-	(1,060)	-	-	-	2,864
Issue of ordinary shares pursuant to exercise of warrants	1,697	-	-	-	-	-	-	1,697
Transfer of share option reserve to retained profits upon expiry of share options	-	-	-	(88)	-	-	88	-
<b>At 31 March 2015</b>	2,713,249	1,280,868	17,838	6,706	3,633	12,486	781,507	4,816,287

#1 Capital reserve arose out of the transfer of the Malaya Borneo Building Society Limited as at 29 February 1972 to the Company on 1 March 1972 via a Scheme of Arrangement and is not distributable as cash dividends.

#2 Capital redemption reserve arose out of the redemption of redeemable cumulative preference shares and is not distributable as cash dividends.

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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 MARCH 2015**

	<b>31 March 2015 RM'000</b>	<b>31 March 2014 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	157,652	266,964
Adjustments for :		
Depreciation		
- Investment properties	-	21
- Property, plant and equipment	3,724	3,448
Amortisation		
- land use rights	40	40
- Intangible assets	3,290	2,974
Allowance for impairment of:		
- unsecured advances in respect of certain projects	7,959	7,170
Allowance for impairment losses on loans, advances and financing	101,319	15,189
(Reversal)/accruals made during the year	(20,945)	11,524
Interest/profit income adjustment on:		
- loans, advances and financing	34,470	50,330
- Sukuk - MBSB SC Murabahah	(12,563)	(5,236)
Operating profit before working capital changes	274,946	352,424
Increase in deposits with financial institutions with maturity of more than one month	(94,231)	(3,462)
Increase in loans, advances and financing	(278,381)	(170,341)
Increase in inventories	-	(11)
Decrease in trade receivables	118	163
Increase in other receivables	(43,600)	(46,999)
(Decrease)/increase in deposits from customers	(67,677)	868,561
Decrease in trade payables	-	(19)
Decrease in other payables	(42,051)	(26,267)
Cash (used in)/generated from operations	(250,876)	974,049
Tax paid	(21,250)	(86,619)
Tax refund	-	8,783
Zakat paid	(274)	(395)
Net cash (used in)/generated from operating activities	(272,400)	895,818

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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 MARCH 2015**

	<b>31 March 2015 RM'000</b>	<b>31 March 2014 RM'000</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(4,901)	(2,745)
Purchase of intangible assets	(5,294)	(2,469)
Net cash used in investing activities	(10,195)	(5,214)
<b>Cash flows from financing activities</b>		
Repayment of bank borrowings	(565,292)	(939,641)
Repayment of other borrowings	(25,110)	(25,121)
Proceeds from/(repayment of) recourse obligation on loans/financing sold	480,193	(19,802)
Proceeds from Sukuk - MBSB SC Murabahah	12,708	5,237
Net proceeds from issuance of ordinary shares	5,620	1,436,868
Net cash (used in)/generated from financing activities	(91,881)	457,541
Net (decrease)/increase in cash and cash equivalents	(374,476)	1,348,145
Cash and cash equivalents at beginning of financial period	5,683,939	4,576,711
Cash and cash equivalents at end of financial period	5,309,463	5,924,856
Cash and cash equivalents comprise :		
Cash and short term funds	5,309,463	5,924,856

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2014.

**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](http://www.mbsb.com.my)

**PRESS RELEASE**

**KENYATAAN AKHBAR**

For Immediate Release

7 May 2015

**MBSB'S PRE TAX PROFITS UP BY 80% TO RM157.65 MILLION  
FOR FIRST QUARTER OF 2015**

**Kuala Lumpur, 7 May 2015** – For the first three (3) months ended 31 March 2015, MBSB Group achieved pre-tax profits of RM157.65 million, an increase of 80.63% from RM87.28 million recorded in the preceding fourth quarter of 2014. This is mainly due to higher net income earned from the Islamic banking operations. Group Revenue also grew by 16.2% or RM96.27 million from RM594.33 million. On a year to year basis, the Group Revenue recorded at RM690.60 million for the first quarter 2015 is also an improvement of 3.52% from RM667.11 million.

Dato' Ahmad Zaini Othman, President and Chief Executive Officer commented, "The revenue performance shown in the first quarter of 2015 is partly due to the company's substantial efforts in penetrating the corporate segment and this has resulted in a slight asset growth amidst a challenging retail banking environment".

However due to the exceptional recognition of deferred tax assets made in the last quarter of 2014, the Group showed a decline in post-tax profits from RM393.07 million to RM124.31 million. The Group had recognized RM366 million as deferred tax assets in that last reporting quarter.

The Group's net impaired financing ratio has trended downwards from 4.05% as at 31 December 2014 to 3.98% as at 31 March 2015. This positive development is due to the improvements in the quality of assets as well as in the collection and recovery strategies. It

is also on the back of an ongoing impairment program that the Group had initiated beginning the fourth quarter last year.

Dato' Ahmad Zaini, added, "We continued with our impairment program to ensure the Group's reporting standards are moving towards the industry's and shall continue to do so."

The Group had also undertaken a second drawdown of its securitization program with Cagamas Berhad amounting to RM500 million with a tenure of three years. This is to further support and strengthen its liability management program. Meanwhile, it recorded a cost to income ratio of 24.5%, which remains below the industry average of 45.5%.

On another front, this year MBSB continued to carve its name as a significant industry player with award recognitions from IFR Asia Awards for Islamic Issue of the Year 2014 and Most Innovative Financier from Property Insight Prestigious Developer Awards 2015. The IFR Asia Awards is part of the Thomson Reuters Awards for Excellence, recognizing corporate and individual success in the global financial industry, meanwhile the Property Insight Prestigious Developer Awards acknowledges and highlights some of Malaysia's best in the property and real estate industry.

Dato' Ahmad Zaini concluded, "We are pleased that the implementation of the new five-year Business Plan 2015-2019 has shown some positive progress. The plan focuses on sustaining profitability and maintaining a Return on Equity (ROE) within the industry level. Barring unforeseen circumstances, we remain optimistic that we are on track to achieve the desired targets."

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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](mailto: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.*