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PRESS RELEASE
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2012 EARNING MARKS MBSB 4 YEARS' SUCCESSFUL TRANSFORMATION

Kuala Lumpur, 31 January 2013 – MBSB Group today announced another record profit before taxation of **RM656.2 million** for the twelve (12) months ended 31 December 2012, a rise of **53.2%** as compared to the pre-tax profit of **RM428.3 million** achieved in the same period in 2011.

On a quarterly basis, the Group's pre-tax profit has surged to **RM245.7 million** which is an increase of **38.5%** from the third quarter pre-tax profit of **RM177.4 million**. The pre-tax profit for the year also recorded an improvement of **142.8%** or **RM144.5 million** against **RM101.2 million** reported in the fourth quarter of 2011. The strong results contributed to an improved basic net earnings of **RM36.7 sen** and return on equity of **34.0% on a yearly basis**.

In announcing the results, Dato' Ahmad Zaini Othman, the President and Chief Executive Officer said, "The strong performance by MBSB is the result of the culmination of transformation initiatives undertaken by the company for the last four years. MBSB has largely benefitted from its renewed business direction and focus. These changes have allowed MBSB to intensely grow its retail assets, largely dominated by the personal financing-i (PF-i) to the government servant segment."

He added that, "The creation of new income streams in 2010 via the expansion of retail business has been generating significant fee based income. This includes the provision of bancatakaful, will writing and new services at our branches nationwide."

A continuous rise in loan growth is also attributed to the offering of new financial products to the corporate segment two years ago. Contract financing, SME Cash Express and wholesale banking have provided the company with an expanded corporate customer base and diversified income. As at 31 December 2012, net loan, advances and financing stood at **RM24.3 billion**, an increase of **59.8%** as compared to **RM15.2 billion** as at 31 December 2011. MSBS also now stands as a key supporter of the Government's Private Finance Initiative (PFI) projects having secured financing for four major projects.

Dato' Ahmad Zaini added, "We have achieved significant operational improvements as a consequence to the transformation program. The recent implementation of a new core banking system, MBSB Integrated Core Banking (MICoB) shall facilitate the company to increase operational efficiency, enhance customers' banking experience and facilitate product development".

The company's liability program continued to be strengthened with marked improvements in deposit level. The deposits which stood at **RM21.5 billion** as at 31 December 2012 grew by **59.1%** from 31 December 2011 of **RM13.5 billion**. Meanwhile, corporate depositors remain largely the Government agencies, Federal and State GLCs.

The company's persistent efforts to address its corporate legacy accounts have also shown progress. On this, Dato Ahmad Zaini said, "Our new strategy to resolve these accounts through rehabilitation and revival of viable projects have resulted in the execution of key settlement agreements. It is a critical first step to begin the recovery of these accounts". The declining trend in the Group's NPL ratio continued from **8.5%** as at 31 December 2011 to **4.5% as at 31 December 2012**.

On another development, branch network expansion for year 2012 has led to the opening of one (1) new branch in Kelana Jaya, Selangor and three (3) Representative Offices in Lahad Datu, Sabah and Kota Samarahan and Sarikei in Sarawak. Currently, MBSB has a total network of 36 Sales and Service Centre (SSCs) and 12 Representative Offices (REPs) nationwide.

Dato' Ahmad Zaini informed, "We are indeed grateful to all our stakeholders for their generous support and confidence and shall strive to maintain this positive trend in company's performance. Year 2013 shall be another challenging year but our renewed strategies are in place to further reinforce MBSB's position as a retail based lender".

MBSB is proposing a final dividend of **9% less 25%** taxation and a special dividend of **18% less 25%** taxation in respect of the FYE 31 December 2012. The payment of the dividends is subject to shareholder's approval at the forthcoming Annual General Meeting.

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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. Subsequently, on 15 March 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. Malaysia Building Society Berhad (MBSB) was incorporated on 17 March 1970 in Malaysia to take over the Malaysian operations and was listed on the Kuala Lumpur Stock Exchange on 14 March 1972. MBSB is a Scheduled Institution as defined under the 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 in force since. Employees Provident Fund Board (EPF) and Permodalan Nasional Berhad (PNB) are two major shareholders of MBSB. As a financial provider, MBSB offers a spectrum of innovative financial products and services for both individuals and corporates throughout its branches nationwide.