



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

To: Shareholders of Malaysia Building Society Berhad (the “Company”)

Dear Sir/ Madam

**ERRATA TO THE ANNUAL REPORT OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

Reference is made to the Annual Report of the Company for the financial year ended 31 December 2018 (“Annual Report”) submitted to Bursa Malaysia Securities Berhad (“Bursa Securities”) on 30 April 2019.

We wish to highlight that the following amendments (in bold) made to the Annual Report which shall by this Errata, be amended, corrected and taken as read as shown herein instead of as announced to Bursa Securities on 30 April 2019 and distributed to shareholders on 30 April 2019.

1. NOTE 43 – CAPITAL ADEQUACY (Pages 187 to 188 of the Annual Report)

	Before Amendment		After Amendment	
	Group 2018 RM'000	Company 2018 RM'000	Group 2018 RM'000	Company 2018 RM'000
<u>Common Equity Tier 1 Capital</u>				
Ordinary share capital	6,682,102	6,682,102	6,682,102	6,682,102
Retained earnings	1,086,629	359,234	1,086,629	359,234
Other reserve	16,873	6,261	16,873	6,261
Regulatory reserve	-	-	-	-
	<u>7,785,604</u>	<u>7,047,597</u>	<u>7,785,604</u>	<u>7,047,597</u>
Less: Common Equity Tier 1 regulatory adjustments				
Goodwill	(188,790)	-	(188,790)	-
Deferred tax assets	-	(15,687)	-	(15,687)
Cumulative gains of investment securities at FVOCI/AFS financial instruments	(8,134)	-	(8,134)	-
Other intangible assets	(104,723)	-	(104,723)	-
Total Common Equity Tier 1 Capital	<u>7,483,957</u>	<u>7,031,910</u>	<u>7,483,957</u>	<u>7,031,910</u>
<u>Tier 1 Capital</u>				
Additional Tier 1 capital instruments	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-
Total Tier 1 capital	<u>7,483,957</u>	<u>7,031,910</u>	<u>7,483,957</u>	<u>7,031,910</u>
<u>Tier II Capital</u>				
Impairment allowance	415,057	87,137	<b>478,878</b>	87,137
Regulatory reserve	-	-	-	-
Total Tier II capital	<u>415,057</u>	<u>87,137</u>	<u><b>478,878</b></u>	<u>87,137</u>
Total capital base	<u>7,899,014</u>	<u>7,119,047</u>	<u><b>7,962,835</b></u>	<u>7,119,047</u>

Breakdown of risk weighted assets in various categories of risk weights are as follows:

	Before Admendment		After Amendment	
	Group	Company	Group	Company
	2018	2018	2018	2018
	RM'000	RM'000	RM'000	RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	33,204,567	6,970,930	<b>38,310,259</b>	6,970,930
- Market risk	2,136	-	2,136	-
- Operational risk	2,268,538	1,649,011	2,268,538	1,649,011
Total RWA	<u>35,475,241</u>	<u>8,619,941</u>	<u><b>40,580,933</b></u>	<u>8,619,941</u>
<u>Capital ratios</u>				
Common equity tier 1 capital	21.096%	81.577%	<b>18.442%</b>	81.577%
Tier 1 capital	21.096%	81.577%	<b>18.442%</b>	81.577%
Total capital ratio	<u>22.266%</u>	<u>82.588%</u>	<u><b>19.622%</b></u>	<u>82.588%</u>

The capital ratios after the proposed single-tier final dividend of 5.0% of total number of shares in respect of financial year ended 31 December 2018 are as follows:

<u>Capital ratios (after proposed dividend)</u>				
CET I capital ratio	20.196%	77.871%	<b>17.655%</b>	77.871%
Tier I capital ratio	20.196%	77.871%	<b>17.655%</b>	77.871%
Total capital ratio	<u>21.366%</u>	<u>78.882%</u>	<u><b>18.835%</b></u>	<u>78.882%</u>

The amendment is due to change in risk weight used in credit risk. The capital adequacy ratios have been computed in accordance with BNM's Capital Adequacy Framework (Capital Components and Basel II – Risk Weighted Assets) since 7 February 2018 upon completion of the acquisition of the Banking subsidiary as disclosed in Notes 1 and 53. The total risk weighted assets are computed based on Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk.

## 2. NOTE 52 – THE OPERATIONS OF ISLAMIC BUSINESS (Page 236 of the Annual Report)

### (d) Financing

	Before Amendment		After Amendment	
	Group	Group	Group	Group
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
(ii) By contract:				
Bai	4,384,353	14,162,791	<b>2,316,806</b>	14,162,791
Tawarruq	23,698,767	9,892,992	<b>28,994,509</b>	9,892,992
Ijarah	4,111,153	-	<b>1,654,942</b>	-
Istisna	850,401	-	<b>78,417</b>	-
Contract financing	-	5,794,543	-	5,794,543
	<u>33,044,674</u>	<u>29,850,326</u>	<u>33,044,674</u>	<u>29,850,326</u>

The amendment is to reflect a more accurate classification.

The abovementioned amendments do not have any impact on the financial results of the Group and the Company for the financial year ended 31 December 2018.

We apologise for the above amendments and regret any inconveniences caused.

Thank you

By Order of the Board

KOH AI HOON (MAICSA 7006997)  
TONG LEE MEE (MAICSA 7053445)  
Company Secretaries  
Kuala Lumpur  
10 June 2019