

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

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Quarterly report on consolidated financial statements for the first quarter ended 31 March 2014.
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | 1st quarter ended 31 March | | 3 months ended 31 March | |
|---|-------------------------------|----------------|----------------------------|----------------|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Revenue | 667,110 | 562,475 | 667,110 | 562,475 |
| Interest income | 136,876 | 105,818 | 136,876 | 105,818 |
| Interest expenses | (94,988) | (68,489) | (94,988) | (68,489) |
| Net interest income | 41,888 | 37,329 | 41,888 | 37,329 |
| Net income from Islamic banking operations | 299,652 | 258,297 | 299,652 | 258,297 |
| Operating income | 341,540 | 295,626 | 341,540 | 295,626 |
| Other income | 18,888 | 15,398 | 18,888 | 15,398 |
| Total income | 360,428 | 311,024 | 360,428 | 311,024 |
| Other operating expenses | (78,275) | (57,415) | (78,275) | (57,415) |
| Operating profit | 282,153 | 253,609 | 282,153 | 253,609 |
| Allowance for impairment losses on loans, advances and financing | (15,189) | (16,499) | (15,189) | (16,499) |
| Profit before taxation and zakat | 266,964 | 237,110 | 266,964 | 237,110 |
| Taxation | (70,230) | (70,966) | (70,230) | (70,966) |
| Zakat | - | - | - | - |
| Profit for the year | 196,734 | 166,144 | 196,734 | 166,144 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the year | 196,734 | 166,144 | 196,734 | 166,144 |
| Earnings per share (sen): | | | | |
| Basic | 8.37 | 13.08 | 8.37 | 13.08 |
| Diluted | 8.33 | 12.24 | 8.33 | 12.24 |

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | As at 31 March 2014 (RM'000) | As at 31 December 2013 (RM'000) |
|---|------------------------------------|---------------------------------------|
| ASSETS | | |
| Cash and short term funds | 5,924,856 | 4,576,711 |
| Deposits and placements with financial institutions | 10,415 | 6,953 |
| Trade receivables | 362 | 524 |
| Other receivables | 211,071 | 187,949 |
| Inventories | 28,917 | 28,906 |
| Loans, advances and financing | 30,415,945 | 30,296,222 |
| Investment properties | 440 | 446 |
| Property, plant and equipment | 98,138 | 98,850 |
| Land use rights | 6,028 | 6,068 |
| Intangible assets | 42,473 | 42,979 |
| Deferred tax assets | 3,426 | 3,426 |
| TOTAL ASSETS | 36,742,071 | 35,249,034 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Deposits from customers | 29,061,230 | 28,192,669 |
| Bank borrowings | 500,678 | 1,440,319 |
| Other borrowings | 225,748 | 250,869 |
| Trade payables | 205 | 224 |
| Other payables | 297,717 | 323,982 |
| Provision for taxation and zakat | 71,466 | 79,448 |
| Recourse obligation on loans sold to Cagamas Berhad | 2,247,422 | 2,267,224 |
| Sukuk - MBSB SC Murabahah | 497,933 | 492,696 |
| Deferred tax liabilities | 15,375 | 15,393 |
| TOTAL LIABILITIES | 32,917,774 | 33,062,824 |
| Share capital | 2,623,094 | 1,747,868 |
| Share premium | 1,192,831 | 631,189 |
| Other reserve | 41,012 | 36,670 |
| Accumulated losses | (32,640) | (229,517) |
| Shareholders' equity | 3,824,297 | 2,186,210 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 36,742,071 | 35,249,034 |

The condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FINANCIAL YEAR ENDED 31 MARCH 2014

<----- Non Distributable ----->

| | Ordinary Shares <i>RM'000</i> | Share Premium <i>RM'000</i> | Capital Reserve ^{#1} <i>RM'000</i> | Share Option Reserve <i>RM'000</i> | Warrants Reserve <i>RM'000</i> | Capital Redemption Reserve ^{#2} <i>RM'000</i> | Accumulated Losses <i>RM'000</i> | Total Equity <i>RM'000</i> |
|---|-------------------------------------|-----------------------------------|---|---|--------------------------------------|---|--|----------------------------------|
| At 1 January 2013 | 1,240,361 | 514,098 | 17,838 | 2,799 | 98,207 | 12,486 | (389,143) | 1,496,646 |
| Total comprehensive income for the year | - | - | - | - | - | - | 166,144 | 166,144 |
| Share options granted under ESOS recognised in profit or loss | - | - | - | 2,226 | - | - | - | 2,226 |
| Issue of ordinary shares pursuant to ESOS | 4,114 | 4,863 | - | (2,333) | - | - | - | 6,644 |
| Issue of ordinary shares pursuant to warrants | 369,775 | 112,230 | - | - | (67,883) | - | (44,347) | 369,775 |
| Transfer of share option reserve to accumulated losses upon forfeiture of share options | - | - | - | (426) | 14,023 | - | (13,597) | - |
| At 31 March 2013 | 1,614,250 | 631,191 | 17,838 | 2,266 | 44,347 | 12,486 | (280,943) | 2,041,435 |
| At 1 January 2014 | 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 |
| Share options granted under ESOS recognised in profit or loss | - | - | - | 5,574 | - | - | - | 5,574 |
| Issue of ordinary shares pursuant to rights issue | 873,929 | 560,021 | - | - | - | - | - | 1,433,950 |
| Issue of ordinary shares pursuant to ESOS | 1,295 | 1,621 | - | (1,089) | - | - | - | 1,827 |
| Issue of ordinary shares pursuant to warrants | 2 | - | - | - | - | - | - | 2 |
| Transfer of share option reserve to accumulated losses upon expiry of share options | - | - | - | (143) | - | - | 143 | - |
| At 31 March 2014 | 2,623,094 | 1,192,831 | 17,838 | 7,055 | 3,633 | 12,486 | (32,640) | 3,824,297 |

^{#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.

The condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statement for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

| | 31 March 2014 RM'000 | 31 March 2013 RM'000 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before taxation | 266,964 | 237,110 |
| Adjustments for : | | |
| Depreciation | | |
| - Investment properties | 21 | 5 |
| - Property, plant and equipment | 3,448 | 3,239 |
| Amortisation | | |
| - land use rights | 40 | 41 |
| - Intangible assets | 2,974 | 2,657 |
| Allowance for impairment of receivables | 7,170 | 6,458 |
| Allowance for impairment losses on loans and financing | 15,189 | 16,499 |
| Accruals made during the year | 11,524 | 2,496 |
| Operating profit before working capital changes | 307,330 | 268,505 |
| Increase in deposits with financial institutions | (3,462) | (1,857) |
| Increase in loans, advances and financing | (125,247) | (2,298,219) |
| (Increase)/Decrease in inventories | (11) | 19 |
| Decrease in trade receivables | 163 | 312 |
| (Increase)/Decrease in other receivables | (46,999) | 158,699 |
| Increase in deposits from customers | 868,561 | 3,260,330 |
| Decrease in trade payables | (19) | (31) |
| (Decrease)/Increase in other payables | (26,267) | 387,628 |
| Cash generated from operations | 974,049 | 1,775,386 |
| Tax paid | (86,619) | (72,405) |
| Tax refund | 8,783 | - |
| Zakat paid | (395) | (165) |
| Net cash generated from operating activities | 895,818 | 1,702,816 |

(Contd.)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (CONTD.)

| | 31 March 2014 RM'000 | 31 March 2013 RM'000 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (2,745) | (1,187) |
| Purchase of intangible assets | (2,469) | (843) |
| Net cash used in investing activities | (5,214) | (2,030) |
| Cash flows from financing activities | | |
| Repayment of bank borrowings | (939,641) | (150,114) |
| Repayment of other borrowings | (25,121) | (25,062) |
| Repayment of recourse obligation on loans sold to Cagamas Berhad | (19,802) | (22,250) |
| Proceeds from Sukuk - MBSB SC Murabahah | 5,237 | - |
| Net proceeds from issuance of ordinary shares | 1,436,868 | 373,889 |
| Net cash generated from financing activities | 457,541 | 176,463 |
| Net increase in cash and cash equivalents | 1,348,145 | 1,877,249 |
| Cash and cash equivalents at beginning of financial period | 4,576,711 | 1,275,431 |
| Cash and cash equivalents at end of financial period | 5,924,856 | 3,152,680 |
| Cash and cash equivalents comprise : | | |
| Cash and short term funds | 5,924,856 | 3,152,680 |

The condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying notes attached to the interim financial statements.