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PRESS RELEASE

KENYATAAN AKHBAR

For Immediate Release

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MBSB'S PROFIT AFTER TAX SOARED 78.90%

FOR THIRD QUARTER 2018

Kuala Lumpur, 13 November 2018 – MBSB Group today announced its financial results for the third quarter ended 30 September 2018 (“3Q18”).

- **Profit After Tax (“PAT”)** for third quarter 2018 increased by **78.90%** year-on-year (y-o-y) or **RM231.30 million**, recorded at **RM524.44 million** compared to **RM293.14 million** in third quarter last year
- **Profit Before Tax (“PBT”)** increased by **86.60%** at **RM694.96 million** y-o-y compared to **RM372.43 million** recorded last year
- **Total assets YTD** recorded a growth of **RM1.65 billion** or **4.83%** to **RM46.40 billion**

On the announcement, Datuk Seri Ahmad Zaini Othman, Group President and Chief Executive Officer commented, “The Group’s improved financial results is attributed to the lower impairment allowances on loans and financing in the current year following the completion of the 3-year impairment programme in December 2017 as well as the implementation of the MFRS9 compliant impairment model on 1 January 2018.”

The Group reported its Profit After Tax (PAT) of RM524.44 million, a notable growth of 78.90% or RM231.30 million from RM293.14 million posted in the same period of 2017 (3Q17). On a quarterly basis, the PAT is also an increase of 42.34% % from RM85.69 million achieved in the last quarter (2Q18). The PAT was achieved on the back of Group Revenue of RM2.40 billion, consistent with RM2.44 billion (3Q17).

Profit Before Tax (PBT) of RM694.96 million, is a significant progress of RM322.52 million or 86.60% from RM372.44 million (3Q17).

The Group registered its quarterly Profit Before Tax (PBT) of RM160.86 million, an increase by 28.75% or RM35.92 million compared to 2Q18. This is contributed by write backs from the improvements in the impaired accounts.

The Group's gross loans and financing recorded a year to date growth of 4.83% to RM35.85 billion which was mainly contributed by higher corporate financing disbursements.

Total assets stood at RM46.40 billion, an increase of 3.55 % compared to RM44.81 billion recorded as at 31 December 2017, mainly due to higher gross financing/loans and liquefiable assets. Total deposits decreased by RM1.03 billion or -3.13% from 31 December 2017 to RM32.76 billion.

Corporate segment's strategic business expansions had increased the asset composition between retail and corporate to 74:26 compared to 79:21 as at 31 December 2017, moving dynamically towards the group's target of 65:35 by year 2020.

Datuk Seri Ahmad Zaini informed, "We continue to make progress in the SME segment as our customers are now able to obtain other key banking facilities from us which they would have otherwise subscribed from the other banks. Our aim is to exert more efforts on SME customers' acquisition in other business regions in the country."

MBSB's liquid asset position as at 3Q18 decreased by 12.07% from 31 December 2017 to RM10.29 billion.

Annualised return on equity stood at 9.53% while annualised return on asset stood at 1.54%. Financing/loan loss coverage moderated at 129.24% compared to 128.30% in 2Q18.

MBSB's cost to income ratio stood at 30.70% as compared to 28.60% recorded in 2Q18 which is mainly contributed by higher banking operating costs. However, the figure remains below the industry's average of 45.8%.

Concluding the third quarter performance, Datuk Seri Ahmad Zaini added "Our Information Technology (IT) integration and Digital Banking plans are on track and we will be wrapping up the year 2018 with the launch of MBSB Bank's corporate internet banking by the end of this year alongside other new products and services that will be rolled out in phases next year."

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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.

On 6 November 2017, MBSB entered into the Share Purchase Agreement with shareholders of Asian Finance Bank Berhad (“AFB/Vendors”) for the proposed acquisition by MBSB of the entire equity interest in AFB for an aggregate purchase consideration of RM 644,952,807.66 to be satisfied by way of cash amounting to RM396,894,036.26 and the issuance of 255,507,974 Consideration Shares at an issue price of RM1.10 per Consideration Share (“the Acquisition”).

The Acquisition was approved by the shareholders of MBSB on 23 January 2018. The Shareholders also approved the transfer of Shariah Compliant Assets and Liabilities of MBSB to AFB via a Members’ Scheme of Arrangement.

Pursuant to the abovesaid approval and upon completion of the transfer of shares and payment of the balance of the purchase consideration to the Vendors, AFB became a wholly owned subsidiary of MBSB on 7 February 2018.

AFB undertook a rebranding exercise and on 2 April 2018 it changed its name to MBSB Bank Berhad (“MBSB Bank”).