

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
OF THE GROUP AND OF THE COMPANY
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	Note	Group		Company	
		30-Sep-18 RM'000	31-Dec-17 RM'000	30-Sep-18 RM'000	31-Dec-17 RM'000
Assets					
Cash and short-term funds	A8(a)	4,022,664	7,787,132	138,526	7,768,634
Deposits and placements with financial institutions	A8(b)	1,813,768	747,403	1,010,063	51,368
Financial assets at fair value through other comprehensive income ("FVOCI")	A9	3,855,126	-	-	-
Financial investment available-for-sale	A10	-	3,171,913	-	3,171,913
Financial assets at amortised cost	A11	601,038	-	-	-
Sukuk Commodity Murabahah		-	-	-	3,245,851
Loans, advances and financing	A12	33,284,376	32,006,244	1,453,660	32,006,244
Financial assets held- for-sale	A13	28,501	38,409	20,996	38,409
Financing to subsidiaries		-	-	-	305,140
Investments in subsidiaries		-	-	4,763,720	7,397
Trade receivables		762	295	-	-
Other receivables	A14	554,814	218,413	140,647	234,815
Inventories		102,370	103,242	-	900
Statutory deposits with Bank Negara Malaysia		1,029,287	-	-	-
Deferred tax assets		145,070	31,359	108,399	21,187
Tax recoverable		438,565	517,177	433,265	517,177
Investment properties		820	-	-	-
Land use rights		5,302	5,423	-	-
Property, plant and equipment		251,063	168,504	24,948	34,096
Intangible assets		268,932	14,633	-	14,588
Total assets		46,402,458	44,810,147	8,094,224	47,417,719
Liabilities					
Deposits from customers	A15	31,730,354	32,755,137	-	32,755,137
Deposits and placements of banks and other financial institutions	A16	1,839,756	-	-	-
Trade payables		477	210	-	-
Derivative liabilities		50	-	-	-
Other liabilities	A17	846,618	377,327	1,075,250	3,278,537
Recourse obligation on loan/financing sold		2,150,137	2,238,167	-	2,238,167
Sukuk-MBSB Structured Covered ("SC") Murabahah		2,214,559	2,287,877	-	2,287,877
Provision for taxation and zakat		21,082	16,410	7,723	13,374
Deferred tax liabilities		13,511	10,156	-	-
Total liabilities		38,816,544	37,685,284	1,082,973	40,573,092
Equity					
Ordinary share capital		6,682,102	6,172,051	6,682,102	6,172,051
Reserves		5,546	(395)	(4,335)	(395)
Retained earnings		898,266	953,207	333,484	672,971
Total equity		7,585,914	7,124,863	7,011,251	6,844,627
Total Liabilities and Equity		46,402,458	44,810,147	8,094,224	47,417,719
Commitments and contingencies	A24	5,894,091	6,894,090	49,254	6,894,090
Net assets per share attributable to ordinary equity of the Company (RM)		1.24	1.20	1.15	1.16

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017.

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

	Note	Group			
		3rd Quarter Ended 30-Sep-18 RM'000	30-Sep-17 RM'000	Nine Months Ended 30-Sep-18 RM'000	30-Sep-17 RM'000
Revenue		786,405	816,868	2,395,585	2,441,489
Income derived from investment of general investment deposits and Islamic capital funds	A18	686,460	665,435	2,077,327	1,967,837
Income attributable to depositors		(326,523)	(281,417)	(956,947)	(775,694)
Income attributable to securitisation		(24,266)	(21,623)	(73,531)	(74,125)
Income attributable to sukuk		(70,788)	(81,353)	(218,385)	(250,247)
Net income from Islamic financing operations		264,883	281,042	828,464	867,771
Interest income	A19	58,675	112,864	201,885	358,035
Interest expense	A20	(273)	(30,175)	(25,268)	(149,569)
Net interest income		58,402	82,689	176,617	208,466
Operating income		323,285	363,731	1,005,081	1,076,237
Net other income	A21	18,195	7,550	42,133	27,350
Net income		341,480	371,281	1,047,214	1,103,587
Other operating expenses	A22	(121,781)	(85,236)	(323,580)	(241,988)
Operating profit		219,699	286,045	723,634	861,599
Impairment allowance	A23	(58,838)	(156,007)	(28,677)	(489,162)
Profit before taxation and zakat		160,861	130,038	694,957	372,437
Taxation and zakat		(38,897)	(29,302)	(170,514)	(79,293)
Profit for the financial period		121,964	100,736	524,443	293,144
Profit attributable to:					
Owners of the Company		121,964	100,736	524,443	293,144
Earnings per share (sen)					
Basic		1.97	1.70	8.58	5.01
Diluted		1.97	1.70	8.58	5.01
Profit for the financial period		121,964	100,736	524,443	293,144
Other comprehensive income/(loss) :					
Other comprehensive income - FVOCI revaluation reserve, which may be reclassified subsequently to profit or loss		25,469	1,129	5,941	18,272
		25,469	1,129	5,941	18,272
Total comprehensive income for the financial period		147,433	101,865	530,384	311,416
Total comprehensive income attributable to:					
Owners of the Company		147,433	101,865	530,384	311,416
		147,433	101,865	530,384	311,416

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017.

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

	Note	Company			
		3rd Quarter Ended		Nine Months Ended	
		30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
		RM'000	RM'000	RM'000	RM'000
Revenue		43,257	753,944	827,711	2,252,003
Income derived from investment of general investment deposits and Islamic capital funds	A18	(12,195)	644,298	641,508	1,902,842
Income attributable to depositors		-	(281,417)	(304,799)	(775,694)
Income attributable to securitisation		-	(21,623)	(24,843)	(74,125)
Income attributable to sukuk		-	(81,353)	(74,653)	(250,247)
Net income from Islamic financing operations		(12,195)	259,905	237,213	802,776
Interest income	A19	47,889	103,345	170,670	330,495
Interest expense	A20	(273)	(30,175)	(25,268)	(149,569)
Net interest income		47,616	73,170	145,402	180,926
Operating income		35,421	333,075	382,615	983,702
Net other income	A21	10,982	5,627	17,571	22,198
Net income		46,403	338,702	400,186	1,005,900
Other operating expenses	A22	(18,134)	(77,776)	(103,634)	(226,419)
Operating profit		28,269	260,926	296,552	779,481
Impairment allowance	A23	(6,733)	(156,477)	32,661	(496,810)
Profit before taxation and zakat		21,536	104,449	329,213	282,671
Taxation and zakat		(10,297)	(28,143)	(89,316)	(75,517)
Profit for the financial period		11,239	76,306	239,897	207,154
Profit attributable to:					
Owners of the Company		11,239	76,306	239,897	207,154
		11,239	76,306	239,897	207,154
Earnings per share (sen)					
Basic		0.18	1.29	3.93	3.54
Diluted		0.18	1.29	3.93	3.54
Profit for the financial period		11,239	76,306	239,897	207,154
Other comprehensive income/(loss) :					
Other comprehensive income/(loss) - FVOCI revaluation reserve, which may be reclassified subsequently to profit or loss		-	1,129	(3,940)	18,272
		-	1,129	(3,940)	18,272
Total comprehensive income for the financial period		11,239	77,435	235,957	225,426
Total comprehensive income attributable to:					
Owners of the Company		11,239	77,435	235,957	225,426
		11,239	77,435	235,957	225,426

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017.

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

Group	Capital					← Other Reserves →			Retained profits/	
	Share Capital	Share Premium ^{#1}	Capital Reserve ^{#2}	Warrants Reserve	Preference Shares	Share Option Reserve	Available-for-sale Reserves/ FVOCI	Total	(Accumulated Losses) ^{#4}	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2018	6,172,051	-	-	-	-	6,261	(6,656)	(395)	953,207	7,124,863
Effects of adopting MFRS 9	-	-	-	-	-	-	-	-	(271,887)	(271,887)
	6,172,051	-	-	-	-	6,261	(6,656)	(395)	681,320	6,852,976
Profit for the financial period	-	-	-	-	-	-	-	-	524,443	524,443
Other comprehensive income for the financial period	-	-	-	-	-	-	5,941	5,941	-	5,941
Total comprehensive income for the financial period	-	-	-	-	-	-	5,941	5,941	524,443	530,384
Dividends	-	-	-	-	-	-	-	-	(307,497)	(307,497)
Issuance of ordinary shares pursuant to exercise of DRP	243,952	-	-	-	-	-	-	-	-	243,952
Issuance of shares for acquisition of a subsidiary	266,099	-	-	-	-	-	-	-	-	266,099
Balance as at 30 September 2018	6,682,102	-	-	-	-	6,261	(715)	5,546	898,266	7,585,914
Balance as at 1 January 2017	5,798,774	198,449	17,838	3,633	12,486	6,810	(19,810)	(13,000)	705,868	6,724,048
Profit for the financial period	-	-	-	-	-	-	-	-	293,144	293,144
Other comprehensive income for the financial period	-	-	-	-	-	-	18,272	18,272	-	18,272
Total comprehensive income for the financial period	-	-	-	-	-	-	18,272	18,272	293,144	311,416
Dividends	-	-	-	-	-	-	-	-	(173,963)	(173,963)
Issuance of ordinary shares pursuant to exercise of DRP	144,491	-	-	-	-	-	-	-	-	144,491
Issuance of ordinary shares pursuant to exercise of ESOS	13	-	-	-	-	(6)	-	(6)	-	7
Transfer of share option reserve to retained profits upon expiry of share options	-	-	-	-	-	(393)	-	(393)	393	-
Balance as at 30 September 2017	5,943,278	198,449	17,838	3,633	12,486	6,411	(1,538)	4,873	825,442	7,005,999

1 Pursuant to subsection 618(3) and 618(4) of the Companies Act 2016 ("CA 2016"), the Group may exercise its right to use the credit amount being transferred from the share premium account within 24 months after the commencement of the CA 2016.

2 Capital reserve arose out of the transfer of Malaya Borneo Building Society Limited as at 29 February 1972 to the Company on 1 March 1972 via a Scheme of Arrangement.

3 Capital redemption reserve arose out of the redemption of redeemable cumulative preference shares of the Company.

4 Effects of adopting MFRS 9 amounted to RM271.8 million.

The interim financial statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017.

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018 (CONTINUED)

Company	Share Capital RM'000	Share Premium ^{#1} RM'000	Capital Reserve ^{#2} RM'000	Warrants Reserve RM'000	Capital Redemption Reserve ^{#3} Redeemable Cumulative Preference Shares RM'000	← Other Reserves →			Retained profits/ (Accumulated Losses) ^{#4} RM'000	Total RM'000
						Share Option Reserve RM'000	Available-for-sale Reserves/ FVOCI RM'000	Total RM'000		
Balance as at 1 January 2018	6,172,051	-	-	-	-	6,261	(6,656)	(395)	672,971	6,844,627
Effects of adopting MFRS 9	-	-	-	-	-	-	-	-	(271,887)	(271,887)
	6,172,051	-	-	-	-	6,261	(6,656)	(395)	401,084	6,572,740
Profit for the financial period	-	-	-	-	-	-	-	-	239,897	239,897
Other comprehensive loss for the financial period	-	-	-	-	-	-	(3,940)	(3,940)	-	(3,940)
Total comprehensive (loss)/income for the financial period	-	-	-	-	-	-	(3,940)	(3,940)	239,897	235,957
Dividends	-	-	-	-	-	-	-	-	(307,497)	(307,497)
Issuance of ordinary shares pursuant to exercise of DRP	243,952	-	-	-	-	-	-	-	-	243,952
Issuance of shares for acquisition of a subsidiary	266,099	-	-	-	-	-	-	-	-	266,099
Balance as at 30 September 2018	6,682,102	-	-	-	-	6,261	(10,596)	(4,335)	333,484	7,011,251
Balance as at 1 January 2017	5,798,774	198,449	17,838	3,633	12,486	6,810	(19,810)	(13,000)	538,490	6,556,670
Profit for the financial period	-	-	-	-	-	-	-	-	207,154	207,154
Other comprehensive income for the financial period	-	-	-	-	-	-	18,272	18,272	-	18,272
Total comprehensive income for the financial period	-	-	-	-	-	-	18,272	18,272	207,154	225,426
Dividends	-	-	-	-	-	-	-	-	(173,963)	(173,963)
Issuance of ordinary shares pursuant to exercise of DRP	144,491	-	-	-	-	-	-	-	-	144,491
Issuance of ordinary shares pursuant to exercise of ESOS	13	-	-	-	-	(6)	-	(6)	-	7
Transfer of share option reserve to retained profits upon expiry of share options	-	-	-	-	-	(393)	-	(393)	393	-
Balance as at 30 September 2017	5,943,278	198,449	17,838	3,633	12,486	6,411	(1,538)	4,873	572,074	6,752,631

1 Pursuant to subsection 618(3) and 618(4) of the Companies Act 2016 ("CA 2016"), the Group may exercise its right to use the credit amount being transferred from the share premium account within 24 months after the commencement of the CA 2016.

2 Capital reserve arose out of the transfer of Malaya Borneo Building Society Limited as at 29 February 1972 to the Company on 1 March 1972 via a Scheme of Arrangement.

3 Capital redemption reserve arose out of the redemption of redeemable cumulative preference shares of the Company.

4 Effects of adopting MFRS 9 amounted to RM271.8 million.

The interim financial statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017.

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

	Group		Company	
	30-Sep-18 RM'000	30-Sep-17 RM'000	30-Sep-18 RM'000	30-Sep-17 RM'000
Cash flows from operating activities				
Profit before taxation	694,957	372,437	329,213	282,671
Adjustments for non-cash items	(30,120)	491,021	(126,241)	407,020
Operating profit before working capital changes	664,837	863,458	202,972	689,691
Working capital changes:				
Net changes in operating assets	(3,638,029)	(1,941,486)	25,647,151	(1,709,501)
Net changes in operating liabilities	1,288,539	2,547,800	(34,898,420)	2,297,628
Cash (used in)/generated from operations	(1,684,653)	1,469,772	(9,048,297)	1,277,818
Income taxes and zakat paid	(34,839)	(52,204)	(24,523)	(48,286)
Net cash (used in)/generated from operating activities	(1,719,492)	1,417,568	(9,072,820)	1,229,532
Cash flows from investing activities				
Purchase of property, plant and equipment	(101,359)	(27,294)	(1,560)	(1,672)
Purchase of intangible assets	(92,895)	(5,428)	(11,510)	(5,417)
Net cash outflow on acquisition of a subsidiary	(396,894)	-	(396,894)	-
Proceeds from disposal of foreclosed properties	-	2,615	-	2,615
Proceeds from disposal of property, plant and equipment	93	22	93	22
Proceeds from disposal of inventories	1,000	-	1,000	-
(Payments)/proceeds from (purchase)/sale of financial assets at FVOCI	(675,327)	(657,866)	3,167,973	(657,866)
Payments from purchase of financial assets at amortised cost	(582,202)	-	-	-
Proceeds from maturity of Sukuk Commodity Murabahah	-	-	3,273,199	162,320
Net cash (used in)/generated from investing activities	(1,847,584)	(687,951)	6,032,301	(499,998)
Cash flows from financing activities				
Repayment of bank borrowings	-	(575,275)	-	(575,275)
Repayment/vesting of recourse obligation on loans/financing sold	(88,030)	(495,838)	(2,238,167)	(495,838)
Repayment/vesting of Sukuk - MBSB SC Murabahah	(45,817)	(36,997)	(2,287,877)	(36,997)
Dividends paid on ordinary shares	(307,497)	(173,963)	(307,497)	(173,963)
Net proceeds from issuance of ordinary shares	243,952	144,504	243,952	144,504
Net cash used in financing activities	(197,392)	(1,137,569)	(4,589,589)	(1,137,569)
Net decrease in cash and cash equivalents	(3,764,469)	(407,952)	(7,630,108)	(408,035)
Cash and cash equivalents at beginning of year	7,787,132	6,639,369	7,768,634	6,620,990
Cash and cash equivalents at end of year	4,022,664	6,231,417	138,526	6,212,955
Cash and cash equivalents is represented by:				
Cash and short-term funds	4,022,664	6,231,417	138,526	6,211,842

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017.

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2018
- PART A - EXPLANATORY NOTES PURSUANT TO MFRS134

A1. Basis of preparation

The unaudited condensed interim financial statements for the financial quarter ended 30 September 2018 have been prepared under the historical cost convention except for financial investments available-for-sale which are recognised at fair value and the following financial assets and financial liabilities which are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest/profit method: loans and financing, trade and other payables, bank borrowings and recourse obligations on financing/loans sold.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad, Financial Reporting for Islamic Banking Institutions policy issued by Bank Negara Malaysia ("BNM") and provisions of Companies Act 2016. The unaudited interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2017. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2017.

The unaudited interim financial statements of the Group consolidated financial performance is relating to the Banking group which also comprises of MBSB Bank Berhad ("Bank") and the Bank's subsidiary, Jana Kapital Sdn Bhd ("JKSB"). The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 December 2017.

On 1 January 2018, where applicable, the Group adopted the following MFRSs and Amendments to MFRSs mandatory for annual financial periods beginning on or after 1 January 2018:

Effective for annual periods commencing on or after 1 January 2018

- Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)
- Amendments to MFRS 1 (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- MFRS 9 Financial Instruments (2014)
- MFRS 15 Revenue from Contracts with Customers; and Clarifications to MFRS 15 Revenue from Contracts with Customers
- Amendments to MFRS 128 (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Transfers of Investment Property (Amendments to MFRS 140)
- IC Interpretation 22, Foreign Currency Transaction and Advance Consideration

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

A1. Basis of preparation (continued)

Impact of application of MFRS 9 Financial Instruments

The Group has adopted MFRS 9 on 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements. As permitted by MFRS 9, the Company elected not to restate the comparative figures. Any adjustments to the carrying value of the financial assets and liabilities at the date of transition were recognized in the opening retained earnings and other reserves of the current period.

The adoption of MFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets.

The new impairment requirements apply to financial assets measured at amortised cost and fair value through other comprehensive income ("FVOCI"). Impairment is computed based on the exposure at default ("EAD"), which is based on the amounts the Company expects to be owned at the time of default, over the next 12 months, or the remaining lifetime ("Lifetime EAD").

At initial recognition, an impairment allowance is required for expected credit losses ("ECL") resulting from default events that are possible within the next 12 months. In the event of a significant increase in credit risk, an allowance is required for ECL resulting from all possible default events over the expected life of the financial instrument ("Lifetime ECL"). Financial assets where 12 month ECL is recognized are in "Stage 1", financial assets which are considered to have a significant increase in credit risk are in "Stage 2" and financial assets for which there is objective evidence of impairment and are considered impaired are in "Stage 3".

The estimation of ECL incorporates all available information relevant to the assessment, including information about past events, current conditions, and reasonable and supportable economic forecasts at reporting date. As a result, the recognition and measurement of impairment is intended to be more forward looking than under MFRS 139, and the resulting impairment change will tend to be more volatile.

Set out below are disclosures relating to the impact of adoption of MFRS9.

Classification and measurement of financial instruments

The reclassification for financial assets to new categories under MFRS9 in their previous categories had been "retired" with no changes to measurement basis:

- i) Those previously classified as available for sale are now classified as measured at FVOCI.
- ii) Those previously classified as loans, financing and receivables are now classified as measured at amortised cost.

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

A1. Basis of preparation (continued)

Impact of application of MFRS 9 Financial Instruments (continued)

The measurement category and the carrying amount of financial assets in accordance with MFRS139 and MFRS9 as at 1 January 2018 and Day-1 adjustments are as follows:

GROUP

	<u>Measurement category</u>		<u>Movement of carrying amount</u>		<u>New carrying amount</u>
	<u>MFRS 139</u>	<u>MFRS 9</u>	<u>MFRS 139</u>	<u>Adjustments</u>	<u>MFRS 9</u>
			RM'000	RM'000	RM'000
Cash and short-term funds	Loans, financing and receivables	Financial assets at amortised cost	7,787,132	-	7,787,132
Deposits and placements with financial institutions	Loans, financing and receivables	Financial assets at amortised cost	747,403	-	747,403
Trade receivables	Loans, financing and receivables	Financial assets at amortised cost	295	-	295
Other receivables	Loans, financing and receivables	Financial assets at amortised cost	218,413	-	218,413
Loans, advances and financing	Loans, financing and receivables	Financial assets at amortised cost	32,006,244	(268,098)*	31,738,146
Financial assets held-for-sale	Loans, financing and receivables	Financial assets at amortised cost	38,409	(3,789)*	34,620
Financial investments available-for-sale	Available-for-sale investments	Financial assets at FVOCI	3,171,913	-	3,171,913

COMPANY

	<u>Measurement category</u>		<u>Movement of carrying amount</u>		<u>New carrying amount</u>
	<u>MFRS 139</u>	<u>MFRS 9</u>	<u>MFRS 139</u>	<u>Adjustments</u>	<u>MFRS 9</u>
			RM'000	RM'000	RM'000
Cash and short-term funds	Loans, financing and receivables	Financial assets at amortised cost	7,768,634	-	7,768,634
Deposits and placements with financial institutions	Loans, financing and receivables	Financial assets at amortised cost	51,368	-	51,368
Trade receivables	Loans, financing and receivables	Financial assets at amortised cost	-	-	-
Other receivables	Loans, financing and receivables	Financial assets at amortised cost	234,815	-	234,815
Loans, advances and financing	Loans, financing and receivables	Financial assets at amortised cost	32,006,244	(268,098)*	31,738,146
Financial assets held-for-sale	Loans, financing and receivables	Financial assets at amortised cost	38,409	(3,789)*	34,620
Financial investments available-for-sale	Available-for-sale investments	Financial assets at FVOCI	3,171,913	-	3,171,913

* Note:

	Islamic	Conventional	Total Day-1
	RM'000	RM'000	Adjustments RM'000
Loans, advances and financing	(314,375)	46,277	(268,098)
Financial assets held-for-sale	(2,454)	(1,335)	(3,789)
	<u>(316,829)</u>	<u>44,942</u>	<u>(271,887)</u>

There were no changes to the classification and measurement of financial liabilities.

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

A1. Basis of preparation (continued)

Impact of application of MFRS 9 Financial Instruments (continued)

On 2 April 2018, Islamic financial assets and liabilities were vested from MBSB to MBSB Bank at prevailing net position. Day-1 adjustments remained in the retained earnings of MBSB.

The preparation of the unaudited condensed interim financial statements in conformity with the MFRS requires the use of certain critical accounting estimates and assumptions that effect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of income and expenses during the reported period. It also requires directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and assumptions are based on the directors' best knowledge of current events and actions, actual results may differ from those estimates.

A2. Audit Report of Preceding Financial Year Ended 31 December 2017

The audit report on the financial statements of the preceding year was not qualified.

A3. Seasonality and Cyclicity of Operation

The business operations of the Group have not been affected by any seasonal or cyclical factors.

A4. Exceptional or Unusual Items

On 2 April 2018, MBSB ("the Company") had via the First Tranche Transfer, transferred all of its Shariah-compliant assets and liabilities ("Identified A&L") to MBSB Bank Berhad ("MBSB Bank"), a wholly-owned subsidiary, as a going concern. The transfer of Identified A&L was implemented through a members' scheme of arrangement pursuant to section 366 of the Companies Act, 2016 by way of a Vesting Order dated 28 February 2018 from the High Court of Malaya. The Identified A&L comprised the following:

Identified A&L	Assets RM Million		Liabilities RM Million
Cash & short terms funds	6,269	Deposits from customers	31,964
Net advances & financing	30,118	Securitisation - Cagamas	2,175
Financial instruments	3,210	Sukuk	2,316
Other assets	4,226	Other liabilities	3,275
	<u>43,823</u>		<u>39,730</u>
Net assets transferred	<u>4,093</u>		

The consideration for the above transfer was satisfied by an issuance of 4,093,329 new shares by MBSB Bank to the Company. Consequent to the First Tranche Transfer, the Sukuk Exchange was also completed following the successful issuance of the Structured Covered Sukuk (debt nature) by MBSB Bank in exchange for MBSB Covered Sukuk held by MBSB Sukukholders. Accordingly, Jana Kapital Sdn Bhd, the special purpose vehicle for the Sukuk programme, an investment being part of Identified A&L is now a wholly-owned subsidiary of MBSB Bank.

There are no exceptional or unusual items in the current quarter.

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

A5. Changes in Estimates of Amounts Reported Previously

There were no changes in estimates of amounts reported in prior financial years that may have a material effect in the current quarter.

A6. Debts and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial quarter.

	No of ordinary shares '000	Share capital RM'000
At 1 January 2018	5,924,425	6,172,051
Issued at RM1.02 per share pursuant to Dividend Re-Investment Plan ("DRP")	239,168	243,952
Issued on 7 February 2018 pursuant to the acquisition of the entire equity interest in MBSB Bank Berhad ("MBSB Bank"), formerly known as Asian Finance Bank Berhad	225,508	266,099
At 30 September 2018	<u>6,389,101</u>	<u>6,682,102</u>

A7. Dividend Paid

During the financial quarter ended 30 September 2018, the single-tier final dividend of 5.0% on 5,924,425,200 ordinary shares in respect of the financial year ended 31 December 2017 declared on 30 January 2018, amounted to RM307,496,658.70 was paid on 3 August 2018.

Pursuant to the option to reinvest via the DRP which was approved during the Annual General Meeting held on 25 June 2018, a total of 239,168,124 shares at RM1.02 per share amounted to RM243,951,486.48 in cash were reinvested.

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

A8. Cash and short-term funds

	Group		Company	
	30-Sep-18 RM'000	31-Dec-17 RM'000	30-Sep-18 RM'000	31-Dec-17 RM'000
(a) Cash and balances with banks and other financial institutions	410,775	265,196	70,509	250,492
Money at call and deposit placements maturing within one month	<u>3,611,889</u>	<u>7,521,936</u>	<u>68,017</u>	<u>7,518,142</u>
Total cash and short-term funds	4,022,664	7,787,132	138,526	7,768,634
(b) Deposits and placements with financial institutions with original maturity of more than one month	<u>1,813,768</u>	<u>747,403</u>	<u>1,010,063</u>	<u>51,368</u>
	1,813,768	747,403	1,010,063	51,368
Total cash and short-term funds and deposits and placements with financial institutions	<u><u>5,836,432</u></u>	<u><u>8,534,535</u></u>	<u><u>1,148,589</u></u>	<u><u>7,820,002</u></u>

A9. Financial assets at FVOCI

	Group		Company	
	30-Sep-18 RM'000	31-Dec-17 RM'000	30-Sep-18 RM'000	31-Dec-17 RM'000
At fair value				
Money Market Instruments				
Malaysian Government Investment Issues	1,656,350	-	-	-
Debt securities:				
<u>In Malaysia</u>				
Private and Islamic debt securities	779,546	-	-	-
Government Guaranteed debt securities	1,227,413	-	-	-
Quoted securities:				
Islamic Medium Term Notes	191,817	-	-	-
Corporate Sukuk	-	-	-	-
	<u>3,855,126</u>	<u>-</u>	<u>-</u>	<u>-</u>

A10. Financial investment available-for-sale

	Group		Company	
	30-Sep-18 RM'000	31-Dec-17 RM'000	30-Sep-18 RM'000	31-Dec-17 RM'000
At fair value				
Money Market Instruments				
Malaysian Government Investment Issues	-	1,111,691	-	1,111,691
Quoted securities:				
<u>In Malaysia</u>				
Private and Islamic debt securities	-	685,123	-	685,123
Government Guaranteed debt securities	-	1,375,099	-	1,375,099
	<u>-</u>	<u>3,171,913</u>	<u>-</u>	<u>3,171,913</u>

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

A11. Financial assets at amortised cost

	Group		Company	
	30-Sep-18 RM'000	31-Dec-17 RM'000	30-Sep-18 RM'000	31-Dec-17 RM'000
At amortised cost				
Quoted securities:				
<i>In Malaysia</i>				
Islamic Medium Term Notes	601,038	-	-	-
	<u>601,038</u>	<u>-</u>	<u>-</u>	<u>-</u>

A12. Loans, Advances and Financing

	Group		Company	
	30-Sep-18 RM'000	31-Dec-17 RM'000	30-Sep-18 RM'000	31-Dec-17 RM'000
(i) By type				
At amortised cost				
<i>Islamic:</i>				
<i>Term financing:</i>				
Property financing	4,127,376	2,407,876	-	2,407,876
Bridging financing	929,824	872,513	-	872,513
Hire purchase receivables	745,487	638,404	-	638,404
Auto finance	227,637	262,827	-	262,827
Personal financing	21,109,443	22,505,977	-	22,505,977
Other term financing	5,429,933	4,092,117	-	4,092,117
Trusts receipts	22,883	-	-	-
Staff financing	44,360	23,261	-	23,261
Revolving Credit	820,354	191,511	-	191,511
Others	133,813	-	-	-
Reclassification to assets held-for-sale (Note A13)	-	(1,144,160)	-	(1,144,160)
<i>Conventional:</i>				
<i>End finance:</i>				
Normal housing programme	1,155,001	3,197,981	1,155,001	3,197,981
Low cost housing programme	15,667	16,580	15,667	16,580
Bridging financing	227,846	326,759	227,846	326,759
Auto finance	17,014	18,747	17,014	18,747
Other term financing	845,118	1,138,521	845,118	1,138,521
Staff financing	385	20,424	385	20,424
Revolving Credit	-	724	-	724
Reclassification to assets held-for-sale (Note A13)	-	(368,883)	-	(368,883)
Gross loans, advances and financing	<u>35,852,141</u>	<u>34,201,179</u>	<u>2,261,031</u>	<u>34,201,179</u>
Less: Impairment allowance				
- Collective assessment allowance	-	(3,367,452)	-	(3,367,452)
- Individual assessment allowance	-	(302,117)	-	(302,117)
- Reclassification to assets held-for-sale (Note A13)	-	1,474,634	-	1,474,634
- Stage 1	(409,474)	-	(14,156)	-
- Stage 2	(757,005)	-	(214,175)	-
- Stage 3	(1,401,286)	-	(579,040)	-
Net loans, advances and financing	<u>33,284,376</u>	<u>32,006,244</u>	<u>1,453,660</u>	<u>32,006,244</u>

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

A12. Loans, Advances and Financing (continued)

(ii) By maturity structure

	Group		Company	
	30-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17
	RM'000	RM'000	RM'000	RM'000
Maturity within one year	2,220,964	1,028,128	755,567	1,028,128
More than one year to three years	1,863,651	1,655,580	67,706	1,655,580
More than three years to five years	2,229,040	2,123,963	185,059	2,123,963
More than five years	29,538,486	29,393,508	1,252,699	29,393,508
	<u>35,852,141</u>	<u>34,201,179</u>	<u>2,261,031</u>	<u>34,201,179</u>

(iii) By economic purpose

	Group		Company	
	30-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17
	RM'000	RM'000	RM'000	RM'000
Personal Use	21,129,783	21,417,605	-	21,417,605
Working Capital	3,696,872	2,563,760	171,364	2,563,760
Property development	4,676,696	4,031,832	425,655	4,031,832
Purchase of landed property:				
- Residential	5,034,601	4,937,712	1,088,731	4,937,712
- Non-Residential	358,460	301,205	82,321	301,205
Purchase of transport vehicles	247,328	284,109	17,014	284,109
Others	708,401	664,956	475,946	664,956
	<u>35,852,141</u>	<u>34,201,179</u>	<u>2,261,031</u>	<u>34,201,179</u>

(iv) By type of customers

	Group		Company	
	30-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17
	RM'000	RM'000	RM'000	RM'000
Domestic business enterprises				
- Small medium enterprise	2,727,882	2,540,062	423,383	2,540,062
- Government	292,243	-	-	-
- Non-bank financial institutions	816,771	-	-	-
- Others	5,449,954	4,850,648	700,880	4,850,648
Individuals	26,558,924	26,810,469	1,136,768	26,810,469
Foreign entities	6,367	-	-	-
	<u>35,852,141</u>	<u>34,201,179</u>	<u>2,261,031</u>	<u>34,201,179</u>

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

A12. Loans, Advances and Financing (continued)

(v) By sector	Group		Company	
	30-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17
	RM'000	RM'000	RM'000	RM'000
Household sectors	26,551,280	26,818,517	1,140,600	26,818,517
Agriculture	244,246	60,246	3,758	60,246
Mining and quarrying	58,269	5,736	-	5,736
Manufacturing	356,449	182,162	134,879	182,162
Electricity, gas and water	206,750	22,637	-	22,637
Construction	6,039,822	5,607,228	731,106	5,607,228
Purchase of landed property	18,298	-	-	-
Wholesale & retail trade and restaurants & hotels	164,415	58,334	-	58,334
Transport, storage and communication	137,581	81,495	1,707	81,495
Finance, insurance and business services	1,452,042	774,088	23,763	774,088
Education, health and others	615,031	563,797	220,169	563,797
Purchase of transport vehicles	89	-	-	-
Consumption credit	10	-	-	-
Others	7,859	26,939	5,049	26,939
	<u>35,852,141</u>	<u>34,201,179</u>	<u>2,261,031</u>	<u>34,201,179</u>

(vi) By profit/interest rate sensitivity

	Group		Company	
	30-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17
	RM'000	RM'000	RM'000	RM'000
Fixed rate:				
Personal financing	19,600,100	20,598,230	-	20,598,230
Auto finance	247,240	284,109	17,014	284,109
Mortgage and property Islamic	505,203	667,953	3,551	667,953
Bridging, structured and term financing	1,157,721	1,291,123	262,663	1,291,123
Variable rate:				
Personal financing	1,529,683	819,376	-	819,376
Auto finance	88	-	-	-
Mortgage and property Islamic	4,814,579	4,570,963	1,167,501	4,570,963
Bridging, structured and term financing	7,997,527	5,969,425	810,302	5,969,425
	<u>35,852,141</u>	<u>34,201,179</u>	<u>2,261,031</u>	<u>34,201,179</u>

(vii) By geographical distribution

	Group		Company	
	30-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17
	RM'000	RM'000	RM'000	RM'000
Malaysia	35,851,742	34,201,179	2,261,031	34,201,179
United Kingdom	399	-	-	-
	<u>35,852,141</u>	<u>34,201,179</u>	<u>2,261,031</u>	<u>34,201,179</u>

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

A12. Loans, Advances and Financing (continued)

(viii) Movement in gross loans, advances and financing

	Group			
	30-Sep-18			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Gross carrying amount upon adoption of MFRS 9 as at 1 January 2018	28,215,388	4,412,616	1,573,175	34,201,179
Changes in the loss allowance				
- Transfer to stage 1	1,281,337	(1,238,800)	(42,537)	-
- Transfer to stage 2	(1,793,771)	1,968,419	(174,648)	-
- Transfer to stage 3	(140,565)	(519,352)	659,917	-
Acquisition of subsidiary	655,075	242,705	74,346	972,126
Changes in credit risk	(1,946,732)	(148,996)	(55,514)	(2,151,242)
Write-offs	-	-	(12,676)	(12,676)
Loans/Financing derecognised during the period (other than write-offs)	(2,225,038)	(603,953)	(62,230)	(2,891,221)
New loans/financing originated or purchased	4,732,391	974,521	27,063	5,733,975
Gross carrying amount as at 30 September 2018	28,778,085	5,087,160	1,986,896	35,852,141

	Company			
	30-Sep-18			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Gross carrying amount upon adoption of MFRS 9 as at 1 January 2018	28,215,388	4,412,616	1,573,175	34,201,179
Changes in the loss allowance				
- Transfer to stage 1	258,018	(256,780)	(1,238)	-
- Transfer to stage 2	(285,091)	325,798	(40,707)	-
- Transfer to stage 3	(7,394)	(202,633)	210,027	-
Vesting of assets to MBSB Bank	(27,886,081)	(3,046,418)	(716,776)	(31,649,275)
Changes in credit risk	1,499,225	(28,989)	(71,872)	1,398,364
Write-offs	-	-	(12,670)	(12,670)
Loans/Financing derecognised during the period (other than write-offs)	(1,339,956)	(321,791)	(16,591)	(1,678,338)
New loans/financing originated or purchased	1,548	223	-	1,771
Gross carrying amount as at 30 September 2018	455,657	882,026	923,348	2,261,031

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

A12. Loans, Advances and Financing (continued)

(ix) Movement in the allowance for impaired loans, advances and financing

Group and Company

	30-Sep-18	31-Dec-17
	RM'000	RM'000
Collective Assessment Allowance		
Balance as at 1 January	1,892,818	2,809,131
- effects of MFRS 9 adoption	<u>(1,892,818)</u>	-
- as restated	-	2,809,131
Impairment made during the financial period	-	558,321
Reclassified to AHS	-	<u>(1,474,634)</u>
Balance as at end of financial period	<u>-</u>	<u>1,892,818</u>
Individual Assessment Allowance		
Balance as at 1 January	302,117	282,005
- effects of MFRS 9 adoption	<u>(302,117)</u>	-
- as restated	-	282,005
Impairment made during the financial period	-	20,400
Written-off	-	<u>(288)</u>
Balance as at end of financial period	<u>-</u>	<u>302,117</u>

Group

	Stage 1	Stage 2	Stage 3	30-Sep-18	31-Dec-17
	RM'000	RM'000	RM'000	RM'000	RM'000
Impairment allowance upon adoption of MFRS 9 as at 1 January 2018	609,042	789,208	1,064,780	2,463,030	-
Changes in the impairment allowance					
- Transfer to stage 1	208,307	(178,512)	(29,795)	-	-
- Transfer to stage 2	(49,190)	156,739	(107,549)	-	-
- Transfer to stage 3	(4,709)	(110,646)	115,355	-	-
Acquisition of subsidiary	15,193	6,439	45,698	67,330	-
Changes in credit risk	(183,024)	68,876	34,166	(79,982)	-
Write-offs	-	-	(8,909)	(8,909)	-
Charge to income statement (Note A23)	(220,053)	(39,710)	299,700	39,937	-
Loans/Financing derecognised during the period (other than write-offs)	(96,615)	(94,518)	(31,364)	(222,497)	-
New loans/financing originated or purchased	130,523	159,129	19,204	308,856	-
Loss allowance as at 30 September 2018	<u>409,474</u>	<u>757,005</u>	<u>1,401,286</u>	<u>2,567,765</u>	<u>-</u>

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

A12. Loans, Advances and Financing (continued)

(viii) Movement in the allowance for impaired loans, advances and financing

Company	Stage 1	Stage 2	Stage 3	30-Sep-18	31-Dec-17
	RM'000	RM'000	RM'000	RM'000	RM'000
Loss allowance upon adoption of MFRS 9 as at 1 January 2018	609,042	789,208	1,064,780	2,463,030	-
Changes in the loss allowance					
- Transfer to stage 1	39,202	(37,849)	(1,353)	-	-
- Transfer to stage 2	(9,928)	42,019	(32,091)	-	-
- Transfer to stage 3	(286)	(39,304)	39,590	-	-
Vesting of assets to MBSB Bank	(523,891)	(467,281)	(539,919)	(1,531,091)	-
Changes in credit risk	(14,502)	80,557	11,135	77,190	-
Write-offs	-	-	(8,904)	(8,904)	-
Charge to income statement (Note A23)	(32,818)	(95,174)	63,086	(64,906)	-
Loans/Financing derecognised during the period (other than write-offs)	(52,774)	(58,037)	(17,284)	(128,095)	-
New loans/financing originated or purchased	111	36	-	147	-
Loss allowance as at 30 September 2018	14,156	214,175	579,040	807,371	-

(x) Movement for impaired loans, advances and financing

	Group		Company	
	30-Sep-18 RM'000	31-Dec-17 RM'000	30-Sep-18 RM'000	31-Dec-17 RM'000
Balance as at 1 January	1,573,175	2,829,626	1,573,175	2,836,814
Opening balance of MBSB Bank acquired on 2 February 2018	111,424	-	-	-
Assets vested to MBSB Bank	-	-	(697,614)	-
Classified as impaired during the period	673,006	757,166	166,913	749,978
Reclassified as non-impaired	(251,852)	(417,763)	(58,536)	(417,763)
Amount recovered	(106,181)	(85,696)	(47,920)	(85,696)
Amount written off	(12,676)	(288)	(12,670)	(288)
Reclassification to assets held-for-sale	-	(1,509,870)	-	(1,509,870)
Balance as at end of financial period	1,986,896	1,573,175	923,348	1,573,175
Collective assessment allowance	-	(2,121,500)	-	(2,121,500)
Reclassification to assets held-for-sale	-	1,474,087	-	1,474,087
Individual assessment allowance	-	(251,226)	-	(251,226)
Stage 3 impairment allowance	(1,401,286)	-	(579,040)	-
	(1,401,286)	(898,639)	(579,040)	(898,639)
Net impaired financing and advances	585,610	674,536	344,308	674,536

* The collective allowance included in the computation of net impaired loans, advances and financing pertain to the collective allowance recognised on loans and financing categorised as impaired.

Net impaired loans as a percentage of net financing and advances	1.76%	2.11%	23.69%	2.11%
Gross impaired loans as a percentage of gross financing and advances	5.54%	4.60%	40.84%	4.60%

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

A12. Loans, Advances and Financing (continued)

(xi) Impaired financing by sector

	Group		Company	
	30-Sep-18 RM'000	31-Dec-17 RM'000	30-Sep-18 RM'000	31-Dec-17 RM'000
Household sector	1,151,811	890,186	329,515	890,186
Agriculture	516	-	362	-
Mining and quarrying	38,889	150	-	150
Manufacturing	211	7,066	211	7,066
Finance, insurance and business services	12,325	2,507	1,945	2,507
Construction	677,684	571,537	584,360	571,537
Purchase of landed property	3,194	-	-	-
Wholesale & retail trade and restaurants & hotels	20,716	18,809	-	18,809
Transport, storage and communication	58	29	56	29
Education, health and others	79,797	81,029	6,025	81,029
Consumption credit	4	-	-	-
Others	1,691	1,862	874	1,862
	<u>1,986,896</u>	<u>1,573,175</u>	<u>923,348</u>	<u>1,573,175</u>

A13. Financial assets held- for-sale

	Group		Company	
	30-Sep-18 RM'000	31-Dec-17 RM'000	30-Sep-18 RM'000	31-Dec-17 RM'000
Balance as at 1 January	1,513,043	-	1,513,043	-
Reclassification from loans, advances and financing	-	1,513,043	-	1,513,043
Vested to MBSB Bank	-	-	(1,155,396)	-
	<u>1,513,043</u>	<u>1,513,043</u>	<u>357,647</u>	<u>1,513,043</u>
Adjustment for current period	(11,009)	-	16,037	-
Gross assets held-for-sale (Note 12(i))	<u>1,502,034</u>	<u>1,513,043</u>	<u>373,684</u>	<u>1,513,043</u>
Less: impairment allowance				
- Balance as at 1 January	(1,474,634)	-	(1,474,634)	-
- Reclassification from loans, advances and financing	-	(1,474,634)	-	(1,474,634)
- Effects of MFRS 9 adoption	(3,789)	-	(3,789)	-
	<u>(1,478,423)</u>	<u>(1,474,634)</u>	<u>(1,478,423)</u>	<u>(1,474,634)</u>
- Vested to MBSB Bank	-	-	1,137,050	-
- Net impairment for current period	4,267	-	(11,758)	-
- Adjustment for current period	623	-	443	-
Total impairment allowance	<u>(1,473,533)</u>	<u>(1,474,634)</u>	<u>(352,688)</u>	<u>(1,474,634)</u>
Net assets held-for-sale	<u>28,501</u>	<u>38,409</u>	<u>20,996</u>	<u>38,409</u>

Financial assets held-for-sale represents financing and loan receivables, which have been identified and for which a firm commitment has been received from an external party as at 31 December 2017.

These amounts are categorised according to their purpose as follows:

	RM'000	RM'000	RM'000	RM'000
Purchase of residential properties	370,504	367,759	338,189	367,759
Purchase of non-residential properties	36,449	36,183	35,495	36,183
Personal use	1,095,081	1,109,101	-	1,109,101
	<u>1,502,034</u>	<u>1,513,043</u>	<u>373,684</u>	<u>1,513,043</u>

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

A14. Other receivables

	Group		Company	
	30-Sep-18 RM'000	31-Dec-17 RM'000	30-Sep-18 RM'000	31-Dec-17 RM'000
Advances in respect of certain projects	450,751	416,848	-	-
Loan commitment fees	8,740	8,740	8,740	8,740
Amount due from subsidiaries	-	-	55,699	68,919
Foreclosed properties	133,505	135,405	133,505	135,405
Prepayments and deposits	12,078	72,417	8,644	71,655
Sundry receivables	442,533	45,891	33,001	40,847
Public Low Cost Housing Payment (PLCHP)	23,219	23,337	23,219	23,337
Deferred expenses due to issuance of Sukuk Commodity Murabahah	131	141	-	-
Deferred expenses due to issuance of Sukuk - MBSB SC Murabahah	4,419	2,733	-	2,733
	<u>1,075,376</u>	<u>705,512</u>	<u>262,808</u>	<u>351,636</u>
Less: Allowance for impairment	<u>(520,562)</u>	<u>(487,099)</u>	<u>(122,161)</u>	<u>(116,821)</u>
	<u>554,814</u>	<u>218,413</u>	<u>140,647</u>	<u>234,815</u>

A15. Deposits from customers

	Group		Company	
	30-Sep-18 RM'000	31-Dec-17 RM'000	30-Sep-18 RM'000	31-Dec-17 RM'000
(i) By type of deposit:				
Fixed deposits	-	775,059	-	775,059
Demand deposits:				
<i>Tawarruq</i>	187,047	-	-	-
Savings deposits:				
<i>Tawarruq</i>	77,377	-	-	-
<i>Wadiah</i>	-	96,751	-	96,751
Commodity Murabahah Term Deposit:				
<i>Tawarruq</i>	<u>31,465,930</u>	<u>31,320,873</u>	<u>-</u>	<u>31,320,873</u>
	<u>31,730,354</u>	<u>32,192,683</u>	<u>-</u>	<u>32,192,683</u>
General investment deposits	<u>-</u>	<u>562,454</u>	<u>-</u>	<u>562,454</u>
	<u>-</u>	<u>562,454</u>	<u>-</u>	<u>562,454</u>
	<u>31,730,354</u>	<u>32,755,137</u>	<u>-</u>	<u>32,755,137</u>

(ii) The deposits are sourced from the following classes of customers:

	Group		Company	
	30-Sep-18 RM'000	31-Dec-17 RM'000	30-Sep-18 RM'000	31-Dec-17 RM'000
Government and statutory bodies	15,346,417	15,276,437	-	15,276,437
Business enterprises	13,387,393	14,672,905	-	14,672,905
Individuals	<u>2,996,544</u>	<u>2,805,795</u>	<u>-</u>	<u>2,805,795</u>
	<u>31,730,354</u>	<u>32,755,137</u>	<u>-</u>	<u>32,755,137</u>

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

A15. Deposits from customers (continued)

(iii) The maturity structure of saving deposits, amount payable on demand and term deposits are as follows:

	Group		Company	
	30-Sep-18 RM'000	31-Dec-17 RM'000	30-Sep-18 RM'000	31-Dec-17 RM'000
Due within six months	24,672,948	25,950,991	-	25,950,991
More than six months to one year	3,848,232	4,178,612	-	4,178,612
More than one year to three years	913,648	2,625,534	-	2,625,534
More than three years	2,295,526	-	-	-
	<u>31,730,354</u>	<u>32,755,137</u>	<u>-</u>	<u>32,755,137</u>

(iv) By type of contract:

	Group		Company	
	30-Sep-18 RM'000	31-Dec-17 RM'000	30-Sep-18 RM'000	31-Dec-17 RM'000
Mudharabah	-	562,454	-	562,454
Tawarruq	31,730,354	31,320,873	-	31,320,873
Wadiah	-	96,751	-	96,751
Others	-	775,059	-	775,059
	<u>31,730,354</u>	<u>32,755,137</u>	<u>-</u>	<u>32,755,137</u>

A16. Deposits and placements of banks and other financial institutions

	Group		Company	
	30-Sep-18 RM'000	31-Dec-17 RM'000	30-Sep-18 RM'000	31-Dec-17 RM'000
(i) By type of deposit:				
Licensed Islamic banks	302,776	-	-	-
Other financial institutions	1,536,980	-	-	-
	<u>1,839,756</u>	<u>-</u>	<u>-</u>	<u>-</u>

(ii) By type of contract:

Tawarruq	1,839,756	-	-	-
	<u>1,839,756</u>	<u>-</u>	<u>-</u>	<u>-</u>

A17. Other liabilities

	Group		Company	
	30-Sep-18 RM'000	31-Dec-17 RM'000	30-Sep-18 RM'000	31-Dec-17 RM'000
Due to other subsidiaries	-	-	-	13,187
Al-Mudharabah security deposit	119,629	112,629	-	112,629
Amount due to a subsidiary, Jana Kapital Sdn. Bhd. ("JKSB")	-	-	-	2,891,912
Amount due to MBSB Bank	-	-	565,849	-
Sundry creditors	164,280	-	-	-
Other provisions and accruals	522,971	230,867	469,882	226,978
Deferred income	39,738	33,831	39,519	33,831
	<u>846,618</u>	<u>377,327</u>	<u>1,075,250</u>	<u>3,278,537</u>

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

A18. Income derived from investment of general investment deposits and Islamic capital funds

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
Financing	563,155	561,353	1,701,499	1,669,016
Income from securities	8,530	-	22,827	-
Profit income from Sukuk Commodity Murabahah	43,930	30,437	131,824	92,112
Financial assets at FVOCI	37,514	30,392	110,902	84,940
Deposits with financial institutions	29,942	41,693	102,798	117,494
Profit on subsidiaries	3,389	1,560	7,477	4,275
	<u>686,460</u>	<u>665,435</u>	<u>2,077,327</u>	<u>1,967,837</u>

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
Financing	(12,195)	540,654	539,255	1,604,815
Profit income from Sukuk Commodity Murabahah	-	30,437	27,348	92,112
Financial assets at FVOCI	-	30,392	33,043	84,940
Deposits with financial institutions	-	35,240	33,247	99,155
Profit on subsidiaries	-	7,575	8,615	21,820
	<u>(12,195)</u>	<u>644,298</u>	<u>641,508</u>	<u>1,902,842</u>

A19. Interest income

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- Loans, advances and financing	45,560	84,127	166,864	271,742
- Deposits and placements with banks and other financial institutions	13,115	28,737	35,021	86,293
	<u>58,675</u>	<u>112,864</u>	<u>201,885</u>	<u>358,035</u>

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- Loans, advances and financing	34,774	74,608	135,649	244,202
- Deposits and placements with banks and other financial institutions	13,115	28,737	35,021	86,293
	<u>47,889</u>	<u>103,345</u>	<u>170,670</u>	<u>330,495</u>

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

A20. Interest expense

	Group and Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	-	29,915	24,838	148,736
Others	273	260	430	833
	<u>273</u>	<u>30,175</u>	<u>25,268</u>	<u>149,569</u>

A21. Net other income

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
Rental income	46	42	133	139
Revenue from hotel operations	1,805	1,831	5,015	4,848
Loan related fees	13,660	2,627	23,879	12,450
Insurance commission	2,752	942	10,324	3,413
Legal notice fees	-	-	-	49
Sundry (expenses)/income	(7)	1,922	2,768	4,312
(Loss)/gain from disposal of:				
Property, plant and equipment	(61)	-	(86)	(10)
Foreclosed properties	-	186	-	2,149
Inventories	-	-	100	-
	<u>18,195</u>	<u>7,550</u>	<u>42,133</u>	<u>27,350</u>

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
Rental income	5	1	10	16
Loan related fees	10,990	1,740	15,753	11,784
Insurance commission	12	4,048	3,474	6,519
Legal notice fees	-	-	-	49
Sundry income / (expenses)	33	(325)	(1,683)	1,775
(Loss)/gain from disposal of:				
Property, plant and equipment	(58)	-	(83)	(10)
Foreclosed properties	-	186	-	2,149
Subsidiaries	-	(23)	-	(84)
Inventories	-	-	100	-
	<u>10,982</u>	<u>5,627</u>	<u>17,571</u>	<u>22,198</u>

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

A22. Other operating expenses

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
Personnel expenses *	60,323	41,703	162,300	119,868
Establishment related expenses	20,027	21,207	29,752	27,497
Promotion and marketing related expenses	3,783	3,018	8,161	5,661
General administrative expenses	12,080	862	60,873	36,071
Commission fees	13,846	7,413	28,599	21,901
Allowance for impairment of:				
Advances in respect of certain projects	11,722	11,033	33,903	30,982
Trade receivable	-	-	(8)	8
	<u>121,781</u>	<u>85,236</u>	<u>323,580</u>	<u>241,988</u>

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
Personnel expenses *	277	40,593	42,296	116,660
Establishment related expenses	3,573	17,721	7,724	24,418
Promotion and marketing related expenses	674	2,984	2,413	5,563
General administrative expenses	5,484	(658)	28,374	30,217
Commission fees	5,281	7,413	12,461	21,901
Allowance of impairment of:				
Financing to subsidiaries	(640)	8,733	4,588	24,993
Amount due from subsidiaries	3,485	990	5,778	2,667
	<u>18,134</u>	<u>77,776</u>	<u>103,634</u>	<u>226,419</u>

*** Personnel expenses**

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	45,832	32,834	126,004	95,870
Social security costs	388	250	1,033	739
Pension costs - Employees Provident Fund	7,525	5,307	20,568	15,420
Other staff related expenses	6,578	3,312	14,695	7,839
	<u>60,323</u>	<u>41,703</u>	<u>162,300</u>	<u>119,868</u>

*** Personnel expenses**

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	-	31,919	31,698	93,198
Social security costs	-	240	292	710
Pension costs - Employees Provident Fund	-	5,230	5,350	15,191
Other staff related expenses	277	3,204	4,956	7,561
	<u>277</u>	<u>40,593</u>	<u>42,296</u>	<u>116,660</u>

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

A23. Impairment allowance

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
Impairment allowance for loans, advances and financing:				
- Individual assessment allowance	-	3,976	-	10,785
- Collective assessment allowance	-	150,062	-	481,263
- Stage 1	(73,394)	-	(220,053)	-
- Stage 2	56,451	-	(39,710)	-
- Stage 3	86,334	-	299,700	-
Total (Note A12(ix))	<u>69,391</u>	<u>154,038</u>	<u>39,937</u>	<u>492,048</u>
Impaired on financing and advances:				
- Written off/(write back)	7,358	1,969	14,315	(2,886)
- Recovered	(2,917)	-	(21,316)	-
Total	<u>73,832</u>	<u>156,007</u>	<u>32,936</u>	<u>489,162</u>
Impairment allowance for other financial assets:				
- Financial asset held-for-sale	(15,002)	-	(4,267)	-
- Debt instruments at amortised cost	8	-	8	-
Total	<u>(14,994)</u>	<u>-</u>	<u>(4,259)</u>	<u>-</u>
Total	<u><u>58,838</u></u>	<u><u>156,007</u></u>	<u><u>28,677</u></u>	<u><u>489,162</u></u>

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
Impairment allowance for loans, advances and financing:				
- Individual assessment allowance	-	3,977	-	10,786
- Collective assessment allowance	-	150,062	-	481,263
- Stage 1	(3,505)	-	(32,818)	-
- Stage 2	(2,023)	-	(95,174)	-
- Stage 3	(10,319)	-	63,086	-
Total (Note A12(ix))	<u>(15,847)</u>	<u>154,039</u>	<u>(64,906)</u>	<u>492,049</u>
Bad debts on loans and financing:				
- Written off/(write back)	2,769	2,438	8,208	4,761
- Recovered	(907)	-	(5,310)	-
Total	<u>(13,985)</u>	<u>156,477</u>	<u>(62,008)</u>	<u>496,810</u>
Impairment allowance for other financial assets:				
- Financial asset held-for-sale	20,718	-	11,758	-
- Financing to a subsidiary	-	-	17,589	-
Total	<u>20,718</u>	<u>-</u>	<u>29,347</u>	<u>-</u>
	<u><u>6,733</u></u>	<u><u>156,477</u></u>	<u><u>(32,661)</u></u>	<u><u>496,810</u></u>

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

A24. Commitments and contingencies

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transaction, hence, they are not provided for in the financial statements.

Group	Gross Positive			
	Principal amount	Fair Value - Derivative Contract	Credit equivalent amount	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000
30-September-18				
Direct credit substitutes	163,266	-	163,266	163,266
Trade-related contingencies	159,308	-	79,654	79,654
Irrevocable commitments to extend credit:				
- one year or less	1,026,927	-	205,385	205,385
- over one year to five years	4,266,890	-	2,133,445	2,133,445
- over five years	277,700	-	138,850	138,850
Total	5,894,091	-	2,720,600	2,720,600

Company	Gross Positive			
	Principal amount	Fair Value - Derivative Contract	Credit equivalent amount	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000
30-September-18				
Direct credit substitutes	7,832	-	7,832	7,832
Trade-related contingencies	2,939	-	1,469	1,469
Irrevocable commitments to extend credit:				
- one year or less	-	-	-	-
- over one year to five years	38,483	-	19,242	19,242
- over five years	-	-	-	-
Total	49,254	-	28,543	28,543

Group and Company	Gross Positive			
	Principal amount	Fair Value - Derivative Contract	Credit equivalent amount	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000
31-Dec-17				
Direct credit substitutes	190,609	-	190,609	-
Trade-related contingencies	93,441	-	46,721	-
Irrevocable commitments to extend credit:				
- one year or less	1,558,172	-	311,634	-
- over one year to five years	4,831,868	-	2,415,934	-
- over five years	220,000	-	110,000	-
Total	6,894,090	-	3,074,898	-

(i) Capital Commitments

	Group and Company	
	30-Sep-18	31-Dec-17
	RM'000	RM'000
Property, plant and equipment:		
- Approved and contracted for	51,686	132,043
	51,686	132,043

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

A25. Unsecured Contingent Liabilities

- (i) Bongsor Bina Sdn Bhd (“BBSB”), a contractor appointed by one of the Company’s borrowers has instituted civil suits against the Company for an alleged breach of contract and is claiming damages amounting to RM2.54 million.

On conclusion of the Full Trial, the claim against the Company was dismissed with costs. BBSB’s appeal to the Court of Appeal was allowed. The Company filed an application for leave to appeal to the Federal Court. On 31 May 2017, the Company’s motion for leave to appeal to Federal Court was allowed with costs. The matter is now fixed for Case Management on 7 March 2018 for both parties to update the court on the filing of the Supplemental Record of Appeal.

The Case Management which was fixed earlier on 10 July 2018 was adjourned to 7 September 2018 pending filing of Grounds of Judgment by BBSB. The FC fixed hearing on 13 November 2018 and the parties are directed to file Submissions, Bundle of Authorities and Core Bundle 2 weeks before the aforesaid hearing date i.e. by 31 October 2018.

The directors after obtaining advice from the Company’s solicitors are of the opinion that the Company has reasonably good case in respect of the claim against the Company.

- (ii) KCSB Konsortium Sdn Bhd and Kausar Corporation Sdn Bhd (collectively referred to as “the Plaintiffs/the Appellant”) have instituted a civil suit against the Company and its subsidiary for an alleged breach of facility agreement.

The High Court dismissed the Plaintiff’s claim with costs and allowed the Company’s counterclaim. The Plaintiffs appealed to the Court of Appeal which on 1 November 2016, allowed the appeal with no order as to costs and sent the case back to the High Court for retrial before a different Judge on the ground that the Judgement were wholly inadequate as they could not be certain as to the basis on which the Decision was reached.

The High Court fixed the matter for full trial on 11, 12 and 15 September 2017. The parties filed Striking-Out Applications on 18 July 2017. On 8 September 2017, the Court found that both claims were time barred and struck out both the claims. Both parties have appealed to the Court of Appeal and the matter was subsequently heard on 28 August 2018. The Court of Appeal dismissed both appeals and directed the matter to be fixed for trial before a different judge. The matter now is pending a date to be fixed by the High Court.

The directors after obtaining advice from the Company’s solicitors are of the opinion that the Company has reasonably fair chance in respect of the civil suit against the Company and its subsidiary.

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

A26. Segmental Information on Revenue and Results

Group	Hotel			Consolidated RM'000
	Financing RM'000	Operations RM'000	Eliminations RM'000	
3 months ended 30 September 2018				
External sales	784,601	1,804	-	786,405
Intersegment transactions	6,960	991	(7,951)	-
Total revenue	<u>791,561</u>	<u>2,795</u>	<u>(7,951)</u>	<u>786,405</u>
Segment results	142,538	(4,770)	23,092	160,860
Unallocated income (net of cost)				-
Profit from operations				<u>160,860</u>
Segment assets	51,921,546	65,132	(5,584,220)	46,402,458
Unallocated corporate assets				-
Consolidated total assets				<u>46,402,458</u>
Segment liabilities	40,463,600	203,570	(1,850,626)	38,816,544
Unallocated corporate liabilities				-
Consolidated total liabilities				<u>38,816,544</u>
Group	Hotel			Consolidated RM'000
	Financing RM'000	Operations RM'000	Eliminations RM'000	
3 months ended 30 September 2017				
External sales	818,589	1,831	(3,552)	816,868
Intersegment transactions	3,730	952	(4,682)	-
Total revenue	<u>822,319</u>	<u>2,783</u>	<u>(8,234)</u>	<u>816,868</u>
Segment results	111,488	(5,726)	24,276	130,038
Unallocated income (net of cost)				-
Profit from operations				<u>130,038</u>
Segment assets	51,719,213	67,287	(6,834,640)	44,951,860
Unallocated corporate assets				-
Consolidated total assets				<u>44,951,860</u>
Segment liabilities	45,320,197	185,685	(7,560,021)	37,945,861
Unallocated corporate liabilities				-
Consolidated total liabilities				<u>37,945,861</u>

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

A26. Segmental Information on Revenue and Results (continued)

	Financing	Hotel	Eliminations	Consolidated
	RM'000	Operations	RM'000	RM'000
9 months ended 30 September 2018				
External sales	2,390,571	5,014	-	2,395,585
Intersegment transactions	23,613	2,937	(26,550)	-
Total revenue	<u>2,414,184</u>	<u>7,951</u>	<u>(26,550)</u>	<u>2,395,585</u>
Segment results	627,846	(15,379)	82,490	694,957
Unallocated income (net of cost)				-
Profit from operations				<u>694,957</u>
Segment assets	51,921,546	65,132	(5,584,220)	46,402,458
Unallocated corporate assets				-
Consolidated total assets				<u>46,402,458</u>
Segment liabilities	40,463,600	203,570	(1,850,626)	38,816,544
Unallocated corporate liabilities				-
Consolidated total liabilities				<u>38,816,544</u>

	Financing	Hotel	Eliminations	Consolidated
	RM'000	Operations	RM'000	RM'000
9 months ended 30 September 2017				
External sales	2,447,162	4,848	(10,521)	2,441,489
Intersegment transactions	10,669	2,778	(13,447)	-
Total revenue	<u>2,457,831</u>	<u>7,626</u>	<u>(23,968)</u>	<u>2,441,489</u>
Segment results	302,405	(14,327)	84,359	372,437
Unallocated income (net of cost)				-
Profit from operations				<u>372,437</u>
Segment assets	51,719,213	67,287	(6,834,640)	44,951,860
Unallocated corporate assets				-
Consolidated total assets				<u>44,951,860</u>
Segment liabilities	45,320,197	185,685	(7,560,021)	37,945,861
Unallocated corporate liabilities				-
Consolidated total liabilities				<u>37,945,861</u>

A27. Subsequent Events

There is no subsequent events up to the date of this report.

A28. Changes in the Composition of the Group

There is no change in the composition of the Group in the current quarter.

MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
(Incorporated in Malaysia)

A29. Acquisition/Disposal of Property, Plant and Equipment

	Group As at 30-Sep-18 RM'000
Additions	
Building in progress	80,357
Building renovation	6,309
Furniture & equipment	3,801
Data processing equipment	10,803
Motor vehicle	88
	<u>101,358</u>
Disposals	
Building renovation	(367)
Furniture & equipment	(26)
Data processing equipment	(34)
	<u>(427)</u>

A30. Significant Related Party Transactions

	Group	
	30-Sep-18 RM'000	30-Sep-17 RM'000
(i) Transactions and balances with Employees Provident Fund Board, the ultimate holding body:		
Expenses		
Profit expense paid on Sukuk to EPF	42,443	15,957
Profit expense paid on Fixed deposit to EPF	2,415	-
Rental expense	216	214
	<u>45,074</u>	<u>16,171</u>
Balances		
Sukuk - MBSB SC Murabahah	1,143,032	1,149,387
Fixed deposit by EPF	100,594	-
Rental deposit	97	97
	<u>1,243,723</u>	<u>1,149,484</u>
(ii) Transactions and balances with RHB Banking Group of companies, being companies directly controlled by EPF:		
Income		
Interest/profit from deposit placements	1,742	7,827
	<u>1,742</u>	<u>7,827</u>
Expenses		
Interest expense to depositors	-	1,576
Interest expense for bank borrowing	-	240
Interest expenses for recourse obligation on loan/financing sold	-	30,246
	<u>-</u>	<u>32,062</u>
Balances		
Deposits and placements with financial institutions	801,878	1,505,450
Bank borrowings	-	-
Recourse obligation on loans sold to Cagamas Berhad	-	-
	<u>801,878</u>	<u>1,505,450</u>
(iii) Collectively, but not individually, significant transactions and balances:		
Expenses		
Interest expense to depositors	70,924	25,732
	<u>70,924</u>	<u>25,732</u>
Balances		
Deposit from customers	752,013	989,328
	<u>752,013</u>	<u>989,328</u>

MALAYSIA BUILDING SOCIETY BERHAD (9417-k)
(Incorporated in Malaysia)

A31. Capital adequacy

The capital adequacy ratios of the Group are computed based on the Bank Negara Malaysia ("BNM") Capital Adequacy Framework (Capital Components) issued on 2 February 2018.

	Group		Bank Group		Bank	
	30-Sep-18 RM'000	31-Dec-17 RM'000	30-Sep-18 RM'000	31-Dec-17 RM'000	30-Sep-18 RM'000	31-Dec-17 RM'000
<u>Common Equity Tier 1 Capital</u>						
Ordinary share capital	6,682,102	6,172,051	4,625,859	532,530	4,625,859	532,530
Retained earnings	373,823	645,710	(64,805)	(43,336)	(64,805)	(43,336)
Other reserve	5,546	-	9,979	5,275	9,979	5,275
Regulatory reserve**	-	-	5,234	-	5,234	-
	<u>7,061,471</u>	<u>6,817,761</u>	<u>4,576,267</u>	<u>494,469</u>	<u>4,576,267</u>	<u>494,469</u>
Less : Common Equity Tier 1 regulatory adjustments						
Goodwill and bargain purchase gains	(188,790)	-	-	-	-	-
Deferred tax assets	(131,559)	(21,204)	(23,089)	(626)	(23,089)	(626)
Cumulative (gains)/losses of Investment securities at FVOCI/AFS financial instruments	715	(6,656)	(137)	(30)	(137)	(30)
Regulatory reserve attributable to financing	-	-	(5,234)	(5,234)	(5,234)	(5,234)
Other intangibles	(80,142)	-	(80,108)	(1,620)	(80,108)	(1,620)
Total Common Equity Tier 1 Capital	<u>6,661,695</u>	<u>6,789,901</u>	<u>4,467,700</u>	<u>486,959</u>	<u>4,467,700</u>	<u>486,959</u>
<u>Tier 1 Capital</u>						
Additional Tier 1 capital instruments	-	-	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-	-	-
Total Tier 1 capital	<u>6,661,695</u>	<u>6,789,901</u>	<u>4,467,700</u>	<u>486,959</u>	<u>4,467,700</u>	<u>486,959</u>
<u>Tier II Capital</u>						
Impairment allowance ^	415,343	436,425	386,905	6,209	424,837	6,209
Regulatory reserve	5,234	-	5,234	5,234	5,234	5,234
Total Tier II capital	<u>420,577</u>	<u>436,425</u>	<u>392,139</u>	<u>11,443</u>	<u>430,071</u>	<u>11,443</u>
Total capital base	<u>7,082,272</u>	<u>7,226,326</u>	<u>4,859,839</u>	<u>498,402</u>	<u>4,897,771</u>	<u>498,402</u>

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

	Group		Bank Group		Bank	
	30-Sep-18 RM'000	31-Dec-17 RM'000	30-Sep-18 RM'000	31-Dec-17 RM'000	30-Sep-18 RM'000	31-Dec-17 RM'000
<u>Total risk weighted assets ("RWA")</u>						
- Credit risk	33,646,162	35,685,831	31,371,087	1,511,252	34,405,657	1,511,252
- Market risk	9,742	21,681	9,742	9,836	9,742	9,836
- Operational risk	2,200,601	2,237,016	397,950	89,397	354,446	89,397
Total RWA	<u>35,856,505</u>	<u>37,944,528</u>	<u>31,778,779</u>	<u>1,610,485</u>	<u>34,769,845</u>	<u>1,610,485</u>
<u>Capital ratios</u>						
Common equity tier 1 capital	18.579%	17.894%	14.059%	30.236%	12.849%	30.236%
Tier 1 capital	18.579%	17.894%	14.059%	30.236%	12.849%	30.236%
Total capital ratio	<u>19.752%</u>	<u>19.044%</u>	<u>15.293%</u>	<u>30.947%</u>	<u>14.086%</u>	<u>30.947%</u>

** The regulatory reserve is maintained in aggregate with Stage 1 and Stage 2 allowance representing loss allowances required to be maintained at a minimum level of 1% of total credit exposures, net of Stage 3 impairment loss allowance

^ Excludes impairment allowance assessment attributable to financing and advances classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on "Classification and impairment Provisions for Loans/Financing" issued 6 April 2015.

MALAYSIA BUILDING SOCIETY BERHAD (9417-k)
(Incorporated in Malaysia)

PERFORMANCE REVIEW FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018

B1. Performance Review of the Group

Variation of Results against Preceding Year Corresponding Quarter

	Current Year Quarter 30-Sep-18 RM'000	Preceding Year Corresponding Quarter 30-Sep-17 RM'000	Changes RM'000	
Personal financing	21,129,781	22,598,355	(1,468,574)	-6.5%
Corporate loans and financing	9,154,692	7,621,775	1,532,917	20.1%
Property financing and mortgage loans	5,320,338	5,567,012	(246,674)	-4.4%
Auto financing	247,330	298,328	(50,998)	-17.1%
Total gross loans and financing	<u>35,852,141</u>	<u>36,085,470</u>	<u>(233,329)</u>	-0.6%

Variation of Results against Preceding Quarter

	Current Year Quarter 30-Sep-18 RM'000	Immediate Preceding Quarter 30-Jun-18 RM'000	Changes RM'000	
Personal financing	21,129,781	21,195,243	(65,462)	-0.3%
Corporate loans and financing	9,154,692	8,825,293	329,399	3.7%
Property financing and mortgage loans	5,320,338	5,329,793	(9,455)	-0.2%
Auto financing	247,330	259,548	(12,218)	-4.7%
Total gross loans and financing	<u>35,852,141</u>	<u>35,609,877</u>	<u>242,264</u>	0.7%

The Group gross loans and financing for the 3rd quarter 2018 ("3Q18") declined by 0.6% as compared to 3rd quarter 2017 ("3Q17") mainly due to the proposed sale of personal financing, property financing and mortgage in 4th quarter 2017 amounted to RM1.513 billion. While the gross loans and financing for 3Q18 increased by 0.7% as compared to 2Q18. The increase was mainly due to increase in corporate loans and financing portfolio.

The performance of the respective operating business segments for the current period under review as compared to the previous year corresponding period is analysed as follows:

- (i) Personal financing – The gross income from personal financing in the current period was lower compared to the previous year corresponding period due to lower disbursements and decreasing portfolio base.
- (ii) Corporate loans and financing – The gross income from corporate loans and financing in the current period was higher compared to the previous year corresponding period due to the continued growth of corporate loans and financing assets base. Corporate disbursements amounted to RM2.4 billion in 3Q18 representing 49.43% of the total quarter disbursement of RM4.9 billion.
- (iii) Property financing and mortgage loans – The gross income from property financing was higher in the current period compared to the previous corresponding period due to growth in its financing assets base. This was partly set off by lower income from mortgage loans as its assets base decreases following conversion efforts from conventional mortgage to Islamic property financing.
- (iv) Auto financing – The gross income from auto financing was lower compared to the previous year corresponding period due to decreasing portfolio base.

MALAYSIA BUILDING SOCIETY BERHAD (9417-k)
(Incorporated in Malaysia)

B1. Performance Review (continued)

Current Year-to-Date vs Previous Year-to-Date

	Current Year Quarter 30-Sep-18 RM'000	Preceding Year Corresponding Quarter 30-Sep-17 RM'000	Changes RM'000	
Revenue	786,405	816,868	(30,463)	-3.7%
Other operating expenses	(121,781)	(85,236)	(36,545)	42.9%
Operating profit	219,699	286,045	(66,346)	-23.2%
Allowances for impairment losses on loans, advances and financing	(58,838)	(156,007)	97,169	-62.3%
Profit before tax	<u>160,861</u>	<u>130,038</u>	30,823	23.7%
Profit after tax	<u>121,964</u>	<u>100,736</u>	21,228	21.1%
Profit attributable to ordinary equity holders of the Parent	<u>121,964</u>	<u>100,736</u>	21,228	21.1%
Cost to income ratio	35.7%	23.0%		

Variation of Results against Preceding Quarter

	Current Year Quarter 30-Sep-18 RM'000	Immediate Preceding Quarter 30-Jun-18 RM'000	Changes RM'000	
Revenue	786,405	794,141	(7,736)	-1.0%
Other operating expenses	(121,781)	(108,937)	(12,844)	11.8%
Operating profit	219,699	249,168	(29,469)	-11.8%
Allowances for impairment losses on loans, advances and financing	(58,838)	(124,234)	65,396	-52.6%
Profit before tax	<u>160,861</u>	<u>124,934</u>	35,927	28.8%
Profit after tax	<u>121,964</u>	<u>85,686</u>	36,278	42.3%
Profit attributable to ordinary equity holders of the Parent	<u>121,964</u>	<u>85,686</u>	36,278	42.3%
Cost to income ratio	35.7%	30.4%		

The Group profit before tax for 3Q18 increased by 23.7% compared to 3Q17 respectively. The increase was mainly due to lower charge of impairment allowances on loans and financing compared to 3Q17. The lower charge was mainly due to improvement of staging from both Stage 1 and Stage 2 under MFRS 9 and higher 2017 impairment following the impairment programme. The higher operating expenses was due to integration costs.

The Group profit before tax for 3Q18 increased by 28.8% as compared to 2Q18. The increase was mainly due to higher operating expenses as stated in the preceding paragraph. Impairment allowances for 3Q18 decreased by RM65.4mil compared to 2Q18 due to favourable forward looking macroeconomic variables forecasted by external agency applied to Retail portfolio.

The Group cost to income ratio for 3Q18 of 35.7% increased from 3Q17 and 2Q18. The increase was mainly due to higher costs relating to banking operations.

MALAYSIA BUILDING SOCIETY BERHAD (9417-k)
(Incorporated in Malaysia)

B1. Performance Review (continued)

Contribution of Major Subsidiary to Group Financial Holding Company

	Group Current Year Quarter 30-Sep-18 RM'000	MBSB Bank Current Year Quarter 30-Sep-18 RM'000	Contribution	Group Current Year to - Date 30-Sep-18 RM'000	MBSB Bank Preceding Year Corresponding Period 30-Sep-17 RM'000	Contribution
Total assets	46,402,458	45,754,791	98.6%	46,402,458	2,462,162	5.3%
Total equity	7,585,914	4,790,467	63.1%	7,585,914	481,076	6.3%
Profit before tax	160,861	117,626	73.1%	694,957	(17,561)	-2.5%
Profit after tax	121,964	90,650	74.3%	524,443	(17,561)	-3.3%
Dividends	-	-	0.0%	-	-	0.0%
Gross return on equity	4.37%	5.94%		12.60%	-4.80%	
Gross return on assets	0.71%	0.65%		2.03%	-0.97%	

Subsequent to the vesting of Shariah compliant net assets as disclosed in Note A4, total assets of MBSB Bank of RM45.75 billion accounts for 98.6% of the total assets of the Group. While the Bank's equity represents 63.1% of the Group's total equity.

Contribution of profit before tax of MBSB Bank increased in current quarter post the vesting of net assets on 2 April 2018 for the Company. Profit before tax and profit after tax in Q1 2018 prior to the vesting remains in Financial Holding Company.

B2. Prospects

Brief Overview and Outlook of the Malaysian Economy

The Malaysian economy expanded at a slower pace of 4.5% in the second quarter of 2018 (1Q 2018: 5.4%). Growth was slower on account of supply disruptions in the mining sector and lower agriculture production. The latter is due to supply constraints and adverse weather conditions. On the demand side, growth was dampened by lower public investment and net export growth. Private sector spending remained resilient, expanding further by 7.5% (1Q 2018: 5.2%). In particular, private consumption increased strongly by 8.0% (1Q 2018: 6.9%). On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.3% (1Q 2018: 1.4%).

Domestic demand recorded a stronger growth of 5.6% (1Q 2018: 4.1%), as the higher private sector activity (7.5%; 1Q 2018: 5.2%) more than offset the decline in public sector spending (-1.4%; 1Q 2018: -0.1%). Private consumption expanded at a stronger pace of 8.0% (1Q 2018: 6.9%), the highest since the first quarter of 2015. This was driven by continued strength in income and employment. Consumer spending was also boosted by the lower inflation during the quarter following the zerorisation of the Goods and Services Tax (GST) rate¹ and stronger consumer sentiments. Private investment growth was higher at 6.1% (1Q 2018: 0.5%), driven mainly by capital spending in the manufacturing and services sectors. The better performance was supported by positive business sentiments, favourable demand conditions and continued high capacity utilisation during the quarter. Public consumption registered a higher growth of 3.1% (1Q 2018: 0.4%), supported by improvement in supplies and services and sustained growth in emoluments.

MALAYSIA BUILDING SOCIETY BERHAD (9417-k)
(Incorporated in Malaysia)

B2. Prospects (continued)

Brief Overview and Outlook of the Malaysian Economy (continued)

Public consumption registered a higher growth of 3.1% (1Q 2018: 0.4%), supported by improvement in supplies and services and sustained growth in emoluments. Public investment continued to contract during the quarter (-9.8%; 1Q 2018: -1.0%). This was in part due to the near completion of ongoing projects and lower Federal Government development expenditure. Growth in gross fixed capital formation (GFCF) improved to 2.2% (1Q 2018: 0.1%), attributed to higher private sector investment activity. By type of assets, capital spending on machinery and equipment rebounded to 3.6% (1Q 2018: -3.6%). Investment in structures expanded at a slower pace of 2.1% (1Q 2018: 2.8%), due mainly to a slower expansion in investments in non-residential property such as office and retail space. Investment in other types of assets contracted by 2.9% (1Q 2018: -0.2%).

(Source: Extracted from the latest BNM Quarterly Bulletin - Developments in the Malaysian Economy, Second Quarter 2018)

OPR remained accommodative

In May and July 2018, the Monetary Policy Committee (MPC) maintained the Overnight Policy Rate (OPR) at 3.25%.

The Malaysian economy continued to expand in the first half of 2018, supported by private sector activity. In terms of growth prospects, the MPC assessed that growth of the domestic economy is expected to remain firm. Private consumption will be underpinned by continued wage and employment growth, with an additional lift from higher household spending due to the zerorisation of the GST. Investment activity is projected to be supported by capacity expansion mainly in the export-oriented industries and ongoing infrastructure projects. The external sector will continue to benefit from the continued expansion in global growth, despite emerging risks amid escalation of trade tensions.

Headline inflation in 2018 is projected to be lower compared to the forecast earlier in the year. This revised forecast has taken into account the anticipated impact of recent policy measures, including the zerorisation of the GST and the fixing of retail fuel prices, on domestic cost factors. However, the low inflation environment is expected to be transitory, reflecting the one-off impact of the policy measures that would lapse from the second half of 2019. Core inflation is nevertheless expected to remain relatively stable in line with sustained private sector spending. The MPC will continue to monitor key risks from any material shifts in the prospects for domestic growth and inflation. Risks to the global outlook have tilted to the downside from more balanced prospects earlier in the year, reflecting the escalating trade tensions, and spillover effects from global liquidity shifts in an environment of monetary policy normalisation. Domestically, the growth outlook will be further supported with greater certainty in policy in the coming months. The inflation outlook is subject to uncertainties from the extent of pass-through from the policies on consumption tax to prices.

The positive domestic demand outlook, sound financial sector and improving current account surplus of the balance of payments will continue to support Malaysia's fundamentals. Domestic financial markets have remained resilient through heightened volatility caused by non-resident portfolio outflows. The ringgit exchange rate would be more reflective of the underlying fundamentals of the economy when the external and domestic uncertainties recede. The domestic monetary and financial conditions remain supportive of economic growth. Monetary operations will continue to ensure sufficient liquidity to support the orderly functioning of money and foreign exchange markets and intermediation activity.

(Source: Extracted from the latest BNM, Quarterly Bulletin - The Bank Policy Consideration, Second Quarter 2018)

B2. Prospects (continued)

Overall liquidity conditions remained sufficient for financial intermediation

In the banking system, liquidity conditions remained sufficient at both the institutional and system-wide levels. Reflecting the overall non-resident portfolio outflows during the quarter, the level of surplus liquidity placed with the Bank was lower. Nevertheless, interbank lending and borrowing activities remained orderly. At the institutional level, most banks continued to maintain surplus liquidity positions.

The annual growth of net financing was sustained at 6.3% in the second quarter (1Q 2018: 6.3%). The growth in outstanding loans⁶ increased to 4.4% during the quarter (1Q 2018: 3.9%), while the growth of net outstanding issuances of corporate bonds⁷ continued to expand at a double-digit rate of 12.4% (1Q 2018: 14.1%). During the quarter, corporate bonds were mainly issued for infrastructure project financing and working capital. Total outstanding business loans increased by 2.2% (1Q 2018: 1.3%), driven mainly by the manufacturing; electricity, gas and water supply; and wholesale and retail trade, restaurants and hotels sectors. Loan growth to SMEs was steady at 4.6% (1Q 2018: 4.8%) and the amount of loans disbursed sustained during the quarter (RM73.4 billion; 1Q 2018: RM75.9 billion). The growth of outstanding household loans remained stable at 5.3% during the period (1Q 2018: 5.2%). Of note, the growth of household loan applications and approvals for the purchase of passenger cars increased significantly in the second quarter to 14.2% and 21.0%, respectively, due mainly to the higher demand for financing amid stronger car sales following the zerorisation of the GST rate (1Q 2018: -6.2% and 0.2%, respectively).

(Source: Extracted from the latest BNM, Quarterly Bulletin - Monetary and Financial Developments in the Malaysian Economy, Second Quarter 2018)

Development of the Islamic finance industry

The Islamic banking industry in Malaysia has advanced significantly over the years. From a market share of 5.3% in 2000, Islamic financing now accounts for 34.9% of total loans and financing. Islamic banks also offer a wide range of competitive and innovative products, complementing solutions offered by conventional banks.

While the growing depth and breadth of Islamic finance is an important barometer of progress, equally important is ensuring that Islamic finance delivers a positive and sustainable impact on the community, economy and environment. This vision is being realised through the adoption of value-based intermediation (VBI) by Islamic banks, which reinforces the intent of Shariah to promote good and prevent harm. VBI is being advanced to bring about a transformation in the business models and day-to-day conduct of Islamic banks. This was captured in a strategy paper that was developed in collaboration with the industry and issued by the Bank in July 2017.

As the VBI initiative progresses to its implementation phase, the immediate focus in 2018 will be on developing tools for operationalisation and performance measurement. Guidance on applications and approaches to VBI will be developed to help Islamic banks navigate implementation challenges associated with different business models and maturity of individual Islamic bank's operations. In addition, a scorecard will be introduced to measure both financial and non-financial progress of Islamic banks towards VBI adoption. This is expected to yield changes in the financing portfolios of Islamic banks, with at least half of new business and personal financing channelled to purposes that are consistent with VBI by 2020. Going forward, further targets will be set upon implementation of the scorecard.

(Source: Chapter 4: Islamic Finance Development, Financial Stability and Payment Systems Report 2017, BNM)

MALAYSIA BUILDING SOCIETY BERHAD (9417-k)
(Incorporated in Malaysia)

Group Prospects

The Group's business, policies and operations have been realigned following the acquisition of MBSB Bank (formerly known as Asian Finance Bank Berhad) on 7 February 2018. Investments are being made to upgrade and improve the delivery of products and services at various channels including internet and mobile banking. These investments include upgrade and enhancement of information technology infrastructure and services, people resources and upgrading of branches.

The Group focus to expand the corporate business prior to the bank acquisition will continue, to reach the desire corporate retail portfolio mix. As a new Islamic banking group in the banking sector, the Group is looking forward to expand its products and services which include trade finance, wealth management and internet and mobile banking to cater various segments of our customers and depositors.

Barring any unforeseen circumstances, the Group's prospects for the year are expected to be satisfactory.

B3. Variance from Profit Forecast and Profit Guarantee

None.

B4. Taxation

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	54,647	31,092	166,538	82,819
	<u>54,647</u>	<u>31,092</u>	<u>166,538</u>	<u>82,819</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	(15,750)	(1,790)	-	(3,397)
	<u>(15,750)</u>	<u>(1,790)</u>	<u>-</u>	<u>(3,397)</u>
Total income tax expense	<u>38,897</u>	<u>29,302</u>	<u>166,538</u>	<u>79,422</u>

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	22,751	29,915	89,316	78,988
	<u>22,751</u>	<u>29,915</u>	<u>89,316</u>	<u>78,988</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	(12,454)	(1,772)	-	(3,342)
	<u>(12,454)</u>	<u>(1,772)</u>	<u>-</u>	<u>(3,342)</u>
Total income tax expense	<u>10,297</u>	<u>28,143</u>	<u>89,316</u>	<u>75,646</u>

There were no significant sales of unquoted investments or properties during the current quarter.

MALAYSIA BUILDING SOCIETY BERHAD (9417-k)
(Incorporated in Malaysia)

B5. Status of Corporate Proposals

There are no pending corporate proposals.

B6. Borrowings and Debts

Borrowings of the Group were as follows:

	Current Year Quarter 30 September 2018		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Recourse obligation on loans/financing sold	2,076,997	73,140	2,150,137
	<hr/>	<hr/>	<hr/>
	Preceding Year Corresponding Quarter		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Recourse obligation on loans/financing sold	545,532	1,378,805	1,924,337
	<hr/>	<hr/>	<hr/>

B7. Off Balance Sheet Financial Instruments

None.

B8. Material Litigation

The details of the pending material litigation are as per note A25 above.

B9. Dividend Proposed

No dividend was proposed during the current quarter.

MALAYSIA BUILDING SOCIETY BERHAD (9417-k)
(Incorporated in Malaysia)

B10. Earnings Per Share

Basic

Basic earnings per share are calculated by dividing the net profit attributable to shareholders for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to shareholders for the period (RM'000)	121,964	100,736	524,443	293,144
Weighted average number of ordinary shares in issue ('000)	6,187,938	5,936,919	6,108,893	5,849,010
Basic earnings per share (sen)	<u>1.97</u>	<u>1.70</u>	<u>8.58</u>	<u>5.01</u>

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to shareholders for the period (RM'000)	11,239	76,306	239,897	207,154
Weighted average number of ordinary shares in issue ('000)	6,187,938	5,936,919	6,108,893	5,849,010
Basic earnings per share (sen)	<u>0.18</u>	<u>1.29</u>	<u>3.93</u>	<u>3.54</u>

Diluted

For the purpose of calculating diluted earnings per share, the net profit for the year and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. Employee Share Option Scheme ("ESOS") and Warrants.

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to shareholders for the period (RM'000)	121,964	100,736	524,443	293,144
Weighted average number of ordinary shares in issue ('000)	6,187,938	5,936,919	6,108,893	5,849,010
Adjusted for assumed conversion of ESOS ('000)	<u>25</u>	<u>344</u>	<u>25</u>	<u>344</u>
Adjusted weighted average number of ordinary shares in issue ('000)	<u>6,187,963</u>	<u>5,937,263</u>	<u>6,108,918</u>	<u>5,849,354</u>
Basic earnings per share (sen)	<u>1.97</u>	<u>1.70</u>	<u>8.58</u>	<u>5.01</u>

MALAYSIA BUILDING SOCIETY BERHAD (9417-k)
(Incorporated in Malaysia)

B10. Earnings Per Share (continued)

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to shareholders for the period (RM'000)	11,239	76,306	239,897	207,154
Weighted average number of ordinary shares in issue ('000)	6,187,938	5,936,919	6,108,893	5,849,010
Adjusted for assumed conversion of ESOS ('000)	25	344	25	344
Adjusted weighted average number of ordinary shares in issue ('000)	<u>6,187,963</u>	<u>5,937,263</u>	<u>6,108,918</u>	<u>5,849,354</u>
Basic earnings per share (sen)	<u>0.18</u>	<u>1.29</u>	<u>3.93</u>	<u>3.54</u>

B11. Authorisation for Issue

The unaudited interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 13 November 2018.

BY ORDER OF THE BOARD

Koh Ai Hoon
(MAICSA 7006997)
Tong Lee Mee
(MAICSA 7053445)
Joint Company Secretaries
Kuala Lumpur
13 November 2018