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**PRESS RELEASE**  
**KENYATAAN AKHBAR**  
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**MBSB SUSTAINS STRONG PERFORMANCE WITH PRE-TAX PROFIT OF  
RM 932.6 MILLION FOR FYE 31 DEC 2014**

**Kuala Lumpur, 16 February 2015** – MBSB Group today announced its 2014 full-year results which posted a pre-tax profit of RM932.6 million for the twelve (12) months ended 31 December 2014. This reflects a sustainable strong performance consistent with the record results registered for the preceding 2013 of RM932.3 million.

However, the Group achieved an exceptional profit after tax of RM1.0 billion due to deferred tax assets recognition of RM366 million.

In announcing the results, Dato' Ahmad Zaini Othman, the President and Chief Executive Officer of MBSB explained, "The Company had secured another set of sturdy results for financial year 2014 that had actually surpassed the RM1.1 billion mark in profit before tax and adjustments. Due to this exceptional performance, the Board had decided to accelerate the adoption of higher standards on the impairment of its financing assets. These impairments were mainly made for our mortgage financing portfolio".

The Group's net NPL (3-months' classification) ratio showed an improved trend from 5.4% as at 31 December 2013 to 4.1% as at 31 December 2014. Dato' Ahmad Zaini remarked that this was another important progress as beginning January 2014, MBSB had already moved towards the industry's NPL classification of three months in arrears from the previous six months in arrears. He commented, "the Board intends to continue with the adoption of these higher standards over the next two years to close the gap in line with best banking practices".

Nevertheless, despite the higher provisioning in the 4<sup>th</sup> quarter 2014, MBSB is in a position to pay an additional dividend in the form of a Special Dividend of 2.0 sen per share in addition to the Final dividend of 10 sen per share. For the Financial Year 2014, MBSB

recorded a basic net earnings of 39.15 sen per share and net return on equity of 29.56% on a yearly basis.

The net loan, advances and financing as at 31 December 2014 stood at RM31.0 billion or 2.43% higher compared to RM30.3 billion as at 31 December 2013. On this Dato' Ahmad Zaini said, "The Group revenue remains to be contributed mainly by the retail financing portfolio but the expansion in corporate financing continued to provide us with the desired asset growth." Meanwhile deposits level declined slightly by 2.35% or RM661.8 million as at 31 December 2014 from the preceding 2013 level of RM28.2 billion. This was expected due to the heightened competitive rates towards the end of the year.

Dato' Ahmad Zaini remarked that, "fundamentally, the Group is in a strengthened financial footing with key financial ratios remain amongst the best in the industry. Our cost to income ratio is at 22.4%, Return on Assets at 2.78% and Return on Equity at 29.56% while the industry average is at 46.8%, 1.20% and 13.80% respectively".

Last year, MBSB was part of the banking merger negotiations to create the country's first mega Islamic Bank, however it did not materialize as all parties ceased the discussions last month. Amongst the reasons cited was the unfavorable economic conditions that no longer render the corporate exercise a viable proposition. On this, Dato' Ahmad Zaini commented, "the management time and efforts had substantially been spent on the merger negotiations, yet we were able to stay on track to achieve this performance. We have always taken cognizant of the need to persist with the Company's business plans so as not to be derailed in the event of such outcome".

On the business outlook for the year 2015, Dato' Ahmad Zaini remained optimistic despite the forthcoming economic and industry challenges. He remarked, "It has been a challenging start this year for the industry due to the unfavorable economic developments. Nonetheless, MBSB had already begun implementing key plans to take advantage of certain sectors that are not heavily impacted by these economic changes. There are still a lot of potentials untapped especially when we had recently started on new corporate financing facilities late last year. As for the retail market, customer retention strategy remained a major factor in retaining the existing retail portfolio. The industry can only expect a marginal growth this year unless we see significant improvements in the economic landscape".

Dato' Ahmad Zaini further reiterated that it was most important to continue maintaining the Company's earnings and achieve sustainable growth.

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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. As a financial provider, MBSB offers a spectrum of innovative financial products and services for both individuals and corporates throughout its branches nationwide.