



MBSB (9417-K)
CORPORATE COMMUNICATIONS DEPARTMENT
Level 7, Wisma MBSB,
No. 48, Jalan Dungun,
Damansara Heights,
50490, Kuala Lumpur
Tel. (03) 2096 3000/3230
Fax. (03) 2096 3372
Website: www.mbsb.com.my

PRESS RELEASE

KENYATAAN AKHBAR
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MBSB PROFIT AFTER TAX ROSE 73.90% TO RM100.74 MILLION FOR THIRD QUARTER 2017

Kuala Lumpur, 23 November 2017 – MBSB Group today announced its financial results for the third quarter ended 30 September 2017 (3Q17).

- **Profit After Tax (PAT) for the third quarter (3Q17) increased by 73.90% year-on-year (y-o-y) to RM100.74 million**
- **Total Gross Financing recorded a year to date growth of RM0.80 billion or 2.27% to RM36.09 billion**
- **Total assets recorded a year to date growth of RM1.68 billion or 3.89% to RM44.95 billion**
- **Total deposits recorded a year to date growth of RM2.53 billion or 8.27% to RM33.14 billion**
- **Quarterly group revenue remains consistent at RM816.87 million y-o-y**
- **Cost to income ratio further improved to 21.93% from 22.80% a year ago**

The Group reported Profit After Tax (PAT) of RM100.74 million, an impressive growth of 73.90% or RM42.81 million from RM57.93 million posted in the same period of 2016 (3Q16). On a quarterly basis, the PAT is also an increase of 10.60% from RM91.08 million achieved in the last quarter (2Q17). Profit Before Tax (PBT) of RM 130.04 million, a vast improvement

of RM56.32 million or 76.4% from RM73.72 million (3Q16) and 12.5% or RM14.41 million from RM115.63 million (2Q17).

The Group has attributed its remarkable financial results to the lower amount allowance for impairment losses on financing/loans and advances and to the lower cost of funds. Meanwhile, the PAT was achieved on the back of Group Revenue of RM816.87 million, a slight reduction from RM830.25 million (3Q16) but consistent with RM813.42 million (2Q17).

On the announcement, Datuk Seri Ahmad Zaini Othman, President and Chief Executive Officer commented, "We are pleased with the significance of these results in view of another hectic period for MBSB this year. We had utilized substantial time and efforts to ensure that the negotiation of the proposed merger with the Asian Finance Bank would conclude favourably for both parties, while implementing our strategic business plans to achieve the KPI. We're indeed encouraged that we are on track to accomplish both objectives. "

The Group posted RM36.09 billion in Gross financing/loans and advances and Total Assets of RM44.95 billion as at September 2017. Both show year-to-date positive growths of 2.27% and 3.89% respectively. The upward trend in Gross financing/loans and advances is mainly due to the expansion in corporate and property financing, which has helped to partly offset the contraction in retail segment.

On Deposits from customers, a notable rise of 8.27% was recorded for the Group's year-to-date position as compared to 5.58% (2Q17). The Group has secured a total of RM33.14 billion in deposits as at 3Q17 in contrast to RM31.46 billion (3Q16) and RM32.32 billion (2Q17). The drive for deposit continued to be supported by the corporate and institutional clients.

The Group also shows improved profitability indicators with Net Return on Average Equity (Net ROE) at 5.69% (3Q17) against 3.59% (3Q16) and 5.65% (2Q17). The Net Return on Average Assets (Net ROA) stood at 0.89% (3Q17), which had progressed from 0.49% (3Q16) meanwhile the Cost to Income Ratio (CIR) of 21.93% (3Q17) is a further reduction of 0.9 percentage points from 22.80% (3Q16).

Concluding on the third quarter 2017 financial performance, Datuk Seri Ahmad Zaini added, “We shall complete the impairment program end of this year as targeted. We continue to advance towards 70:30 asset composition between retail and corporate with September position showing 78:22 and meanwhile, close to 90% of our asset portfolio are Islamic. To summarize, these are amongst the key contributing factors that shall help establish MBSB’s footing in the banking industry. We expect to conclude the Share Purchase Agreement with the shareholders of Asian Finance Bank sometime in the first quarter of 2018 and that shall then mark a new beginning for MBSB.”

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For more information or enquiries, please contact:

Azlina Mohd Rashad

Senior Vice President,

Corporate Services Division

Tel: 03-2096 3000/3230

Fax: 03-2096 3372

Email: corporatecom@mbsb.com.my

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 a corporation 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.