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**PRESS RELEASE**  
**KENYATAAN AKHBAR**  
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## **MBSB POSTS A POSITIVE THIRD QUARTER RESULTS**

**Kuala Lumpur, 3 November 2014** – Malaysia Building Society Berhad (MBSB) Group today announced that the Group pre-tax profit for the third quarter ended September 2014 in the current financial year ending December 2014, rose 24.1% to RM845.3 million from RM680.9 million in the corresponding period last year.

Dato' Ahmad Zaini Othman, MBSB President and Chief Executive Officer said that the group has maintained its growth momentum, by remaining focused in the expansion of corporate segment with total disbursement amounting to RM1.7 billion as at September 2014.

The corporate segment contributed 10.9% from the total gross loan and financing as at September 2014 as compared to 9.2% as at December 2013. The earnings from corporate segment were predominantly contributed by the property development sector.

Dato' Ahmad Zaini added, "We expect to see increased earnings in our corporate segment backed by a healthy asset quality".

Net loan, advances and financing stood at RM31.0 billion and increased by 2.3% as at 30 September 2014 as compared to RM30.3 billion as at 31 December 2013. Cost to income ratio stood at 20.3% as at 30 September 2014 increased slightly from 19.6% as at 31 December 2013. This was partly attributed from the higher interest costs due to an increase in the Overnight Policy Rate (OPR) in July 2014. However, the company's cost to income ratio remains an impressive achievement in comparison to the industry average of 46.6%.

On retail business development, MBSB continues to be resilient amidst a highly challenging environment. This is partly done through home financing with increase in marketing efforts and end-financing tie-ups with property developer customers who have secured bridging

finance from MBSB. Two new auto-finance hubs were also opened in Kajang and Wangsa Maju with one expected to be opened in Butterworth, Penang in November 2014.

Net non-performing loan (NPL) as at September 2014 improves further to 4.9% from 5.1% in June 2014. Total assets were RM36.82 billion as at September 2014. On this, Dato Ahmad Zaini commented “We need to emphasize that MBSB does not write off its non-performing loans in contrast to industry practice although we have begun early this year to assess the company’s NPL based on the industry’s standards of three months in arrears. Because of this reason, our collection and recovery efforts become more arduous and it may also not be a fair process to make a direct comparison of MBSB’s NPL ratio to that of other financial institutions”.

As part of the company’s strategic initiative, MBSB has completed its groundwork and processes to close the gaps in becoming a full-fledged banking institution. This includes uplifting its operational standards and enhancing business capabilities as well as training its personnel on Islamic Banking, a move which began more than two years ago. This is towards preparing the company with future opportunities and to ensure that the Company’s competitiveness is matched with industry’s standards and best practices.

Commenting on the planned corporate merger between CIMB Group, RHB Capital and MBSB, Dato’ Ahmad Zaini said, “We will continue with our business growth plans and operational improvements moving into year 2015 as these will only bring value to the new entity. Being the smallest entity amongst the three with far less employees, a lot of our time and efforts will substantially be expended on the corporate exercise, nevertheless we shall ensure any impact on business is well managed and minimized”.

He added “We are excited about the potentials of the corporate merger as MBSB will be part of a formation of the first mega Islamic Bank in the country. Such news should also be well received by the market considering the substantial benefits that can be gained by consumers and the country”.

Meanwhile, MBSB recently bagged the Best Companies to Work for in Asia Award 2014 by HR Asia Magazine. Whilst, MBSB’s President and Chief Executive Officer (PCEO) Dato’ Ahmad Zaini Othman received the “Asia Pacific Outstanding Entrepreneurship Award 2014” from the Enterprise Asia. The award recognizes talented young entrepreneurs to experienced industrialists who are considered pioneers in their respective fields.

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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.*