



**MBSB (9417-K)**  
**STRATEGIC 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](http://www.mbsb.com.my)

**PRESS RELEASE**  
**KENYATAAN AKHBAR**  
**For Immediate Release**  
**30 JULY 2018**

**MBSB RECORDS PROFIT AFTER TAX OF RM402.48 MILLION  
FOR FIRST HALF 2018**

**Kuala Lumpur, 30 July 2018** – MBSB Group today announced its financial results for the second quarter ended 30 June 2018 (“2Q18”).

- **Profit After Tax (“PAT”)** increased by 109.2% or RM210.07 million, recorded at RM402.48 million year-to-date (YTD) compared to RM192.41 million on 30 June 2017.
- **Profit Before Tax (“PBT”)** increased by 120.3% or RM291.70 million, registered at RM 534.10 million YTD compared to RM242.40 million recorded as at 30 June 2017.
- **Group revenue** stood at RM1.61 billion, consistent with RM1.62 billion recorded in the same period of 2017.
- **Gross Financing** increased by 4.1% at RM35.61 billion compared to RM34.20 billion registered on 31 December 2017

On the announcement, Datuk Seri Ahmad Zaini Othman, Group President and Chief Executive Officer commented, “We are certainly encouraged with these achievements. I am also pleased to share that we had vested all Shariah Compliant assets and liabilities to MBSB Bank on 2 April 2018, leaving behind the conventional loans and deposits at Malaysia Building Society Berhad (MBSB).”

The Group's Profit Before Tax (PBT) of RM534.10 million is contributed mainly from the corporate segment and improvements in impaired accounts. As for second quarter 2018 ("2Q18") PBT is registered at RM124.94 million, an increase by 8.0% or RM9.31 million compared to second quarter 2017 ("2Q17"). The increase was mainly due to lower charge of impairment allowances on loans and financing.

Group revenue for 2Q18 of RM794.14 million decreased by RM19.28 million or 2.4% from 2Q17 and by RM20.90 million or 2.6% from first quarter 2018 ("1Q18"). This is contributed by lower income from financing activities due to cessation of conventional businesses since 1Q18

The Group PBT for 2Q18 is however lower by 69.5% as compared to the Group PBT for the first quarter 2018 ("1Q18") of RM409.16 million. This was mainly due to net write back of RM154.4 million in impairment allowances on loans and financing in 1Q18 and higher operating cost in 2Q18. The higher operating cost in 2Q18 was due to integration costs and amortisation of investments in system enhancements. In 1Q18, the writeback of RM154.4mil for impairment allowances was predominantly due to improvements in impairment allowances for Corporate segment from Stage 2 to Stage 1. However, in 2Q18, the increase in impairment allowances was due to shifts in Stages of credit quality of loans and financing from Stage 1 to Stages 2 and 3 across both Retail and Corporate segments.

Datuk Seri Ahmad Zaini noted, "The volatility of allowances is reflective of current exposures, collection trends and movements in forward looking macroeconomic variables within the MFRS9 compliant impairment model".

The Group's gross loans and financing recorded a year to date growth of 4.1% or RM1.41 billion to RM35.61 billion which was mainly contributed by higher corporate financing disbursements but partly set off by a slight contraction in the retail base.

Annualised return on equity stood at 11.1% while annualised return on assets stood at 1.81%, demonstrating improvements compared to 2Q17 of 5.6% and 0.9% respectively. This is due to lower credit losses on impaired financing and loans.

Total assets stood at RM44.10 billion, a decrease by 1.6% compared to RM44.81 billion recorded as at 31 December 2017. This is mainly due to lower liquefiable assets as a result of deposit alignment management. As the Group realign its deposit takings to lower the average cost of funding, total deposits dropped by RM1.28 billion or 3.9% from 31 December 2017, registering at RM31.48 billion. Corresponding to this, MBSB's liquid

asset position dropped by 38.4%, at RM6.36 billion compared to RM10.32 billion in December 2017.

Meanwhile, financing/loan loss coverage moderated at 128.3% compared to 113.1% in 2Q17 with net impaired ratio at 1.9%.

The expansion in corporate segment had increased the Group's asset composition between retail and corporate to 75:25 compared to 79:21 on 31 December 2017.

Datuk Seri Ahmad Zaini informed "Apart from the corporate segment, the consolidation of existing portfolios from MBSB Bank also contributed to the Group moving dynamically towards its targeted asset composition of 65:35 by year 2019."

MBSB's cost to income ratio ("CIR") of 28.6% regressed compared to 21.4% recorded in 2Q17. This is contributed by higher operational expenses such as increase in salaries as well as integration costs and system enhancements. Nevertheless, the figure continuously remained below the industry's average of 49.8%.

On moving forward plans for the remaining year, "MBSB Bank will continue to expand its new banking products which include trade finance and wealth management while achieving required capabilities such as internet and mobile banking for us to increase our customer reach" said Datuk Seri Ahmad Zaini Othman.

- END-

For more information or enquiries, please contact:

**Azlina Mohd Rashad**  
**Chief Corporate Officer**  
**Corporate Services Division**  
**MBSB Bank Berhad**  
**(Formerly known as Asian Finance Bank)**  
**Tel: 03-2096 3000/3230**  
**Fax: 03-2096 3372**  
**Email: [strategiccom@mbsbbank.com](mailto:strategiccom@mbsbbank.com)**

### **About Malaysia Building Society Berhad (MBSB)**

*The origin of Malaysia Building Society Berhad (MBSB) can be traced back to the Federal and Colonial Building Society Limited incorporated in 1950. In 1956, it changed its name to Malaya Borneo Building Society Limited (MBBS), with the Malaysian government as its major shareholder. MBBS was then listed on the Stock Exchange of Malaysia and Singapore in August 1963. The company became an incorporation in Malaysia under the Companies Act 1965 on 17 March 1970, before it was listed on the Kuala Lumpur Stock Exchange now Bursa Malaysia on 14 March 1972. The Employees Provident Fund (EPF) is currently the financial holding company of MBSB.*

*MBSB was defined as a Scheduled Institution under the repealed Banking and Financial Institution Act 1989 (BAFIA). The status of an Exempt Finance Company was granted to MBSB on 1 March 1972 by the Ministry of Finance and the status has remained since. This allows MBSB to undertake a financing business in the absence of a banking license. Under Section 272 (a) of the Financial Services Act 2013, exemptions granted under the BAFIA is deemed to have been granted under the corresponding provision of the Financial Services Act 2013 and shall remain in full force and effect until amended or revoked.*

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

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

*Pursuant to the abovesaid approval and upon completion of the transfer of shares and payment of the balance of the purchase consideration to the Vendors, AFB became a wholly owned subsidiary of MBSB on 7 February 2018. AFB undertook a rebranding exercise and on 2 April 2018 it changed its name to MBSB Bank Berhad (“MBSB Bank”).*