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PRESS RELEASE

KENYATAAN AKHBAR

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**MBSB RECORDS 10.38% GROWTH IN PRE-TAX PROFITS
FOR THIRD QUARTER OF 2016**

Kuala Lumpur, 24 November 2016 – For the third quarter ended September 2016 (3Q16), MBSB Group achieved pre-tax profits of RM73.72 million, registering a growth of 10.38% or RM6.93 million from the previous year's corresponding quarter (3Q15). This achievement is made on the back of RM830.25 million in revenue (3Q16), an increase of 8.10% from RM768.03 million (3Q15) and 2.18% from RM812.52 million in the preceding quarter (2Q16).

The improvement in Group Revenue is also due to the higher contribution from corporate financing income as well as higher income from the investments in liquefiable assets. The position of qualified liquefiable assets has advanced to RM10.16 billion (3Q16) from RM8.01 billion (3Q15) and RM8.90 billion (2Q16).

In comparison to the preceding quarter (2Q16), pre-tax profits remain comparable showing a minimal decline of 1.34% from RM74.72 million. This is attributed to the higher impairment losses on financing and loans but is partially set off by the increase in net income and lower operating expenses.

MBSB President and Chief Executive Officer, Dato' Ahmad Zaini Othman commented, "Despite the adverse economic environment and our on-going impairment program, third quarter performance shows improved profitability, hence it is important that we sustain this."

Net profits of RM57.93 million, however declined by 8.81% from RM63.53 million (3Q15) and by 8.06% from RM63.01 million (2Q16).

The Group's total assets reached RM44.53 billion as at 30 September 2016, an expansion of 8.37% or RM3.44 billion from RM41.09 billion, 31 December 2015. The rise is mainly due to the increase in liquefiable assets and growth in net financing and loans. Growth in gross financing and loans shows a positive trend of 1.64% at RM35.37 billion (3Q16) as compared to RM34.80 billion (2Q16).

The Group's net impaired financing ratio stood at 2.91% as at 30 September 2016, a reduction of 0.38% as compared to 3.29% (2Q16). On this, Dato' Ahmad Zaini commented, "While our credit underwriting ensures qualified customers are able to secure financing, we do pay greater attention as well on early detection of distressed accounts to prevent any deterioration of existing assets. It is key that customers get assistance at an early stage."

The Group's gross financing asset composition between retail and corporate segment stood at 81:19 (3Q16), progressing from 86:14 (3Q15) steadily moving towards the Group's target of 70:30.

The Group also registered a strong deposit level with an increase of 10.05% or RM2.87 billion to RM31.46 billion (3Q16) as compared to RM28.59 billion recorded in December 2015. This was achieved despite a very challenging environment as banks aggressively competed to secure deposits from both retail and corporate segments.

The Group maintained an impressive low cost to income ratio at 22.80% (3Q16), a progress of 0.68% compared to 23.48% (2Q16). The industry average stands at 50.1 %.

The Equipment Financing business, targeted as a high growth segment for MBSB, registered a rise of 204.82% or RM213.60 million to RM317.89 million (3Q16) compared to RM104.29 million recorded in December 2015 (4Q15).

Dato' Ahmad Zaini concluded, "In view of the increasing market uncertainties, we will continue to be cautious in evaluating our business initiatives to ensure we sustain the profitability level and maintain the asset quality. Due to these reasons, we have in the past year secured financing of the affordable housing projects under the *Perumahan Penjawat Awam 1Malaysia* (PPA1M) and *Perumahan Rakyat 1Malaysia* (PR1MA). We believe there is

a lot of potentials to be had from this sector as the property players have begun shifting their focus to this segment.”

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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.