

**MBSB BANK BERHAD
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**PRESS RELEASE
KENYATAAN AKHBAR
For Immediate Release**

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**MBSB BANK WILL NOT CHARGE CUSTOMERS WITH
MORATORIUM-RELATED COSTS**

KUALA LUMPUR, 4 JUNE 2020- MBSB Bank has announced that it will not be charging its customers for any costs related to the automatic moratorium. The bank takes cognizant of the financial impact that the Covid-19 pandemic and phases of the Movement Control Order (“MCO”) have had on Malaysian consumers.

The President and Chief Executive Officer, Datuk Seri Ahmad Zaini Othman said, “We understand Malaysians currently have many concerns, with regards to health, declining income and other uncertainties that shall continue to linger. As an Islamic Bank, it is only just that we fully absorb these charges”.

Essentially, the charges associated with the automatic moratorium relate to the modification loss that MBSB Bank has to incur for its fixed rate financing accounts. As at 31 December 2019, the bank has approximately RM19.0 billion or 56% of fixed rate financing assets, largely comprising of Personal Financing-i (PF-i) granted to the government servants. The monthly payment is then collected from the workforce through salary deductions. SME

customers who are currently enjoying the Industrial Hire Purchase based on fixed rate financing shall also benefit from this move.

With the deferment of six months' payments, MBSB Bank shall then extend the financing tenure by another six months. Except for the auto financing accounts, customers do not need to provide consent for the extension as the Selling Price for the commodity used under the Islamic concept of Tawarruq, does not change. Customers can also continue with the same monthly payments post-moratorium. Only those who wish to opt-out of the moratorium need to contact MBSB Bank by the end of July.

In reference to modification loss, Datuk Seri Ahmad Zaini explained, "MBSB Bank has the capital strength to fully absorb this loss on Day 1 of the moratorium. Further, we need to comply with the recognized and acceptable accounting standards, MFRS 9 but we will not pass on these losses to our customers as charges".

During the last financial year, the Financial Holding Company, Malaysia Building Society Berhad (MBSB) made a capital injection of RM534.0 million into MBSB Bank and in December, the bank issued a RM1.30 billion Tier-2 Sukuk Wakalah. These initiatives were undertaken to strengthen the bank's capital base. As at 31 December 2019, its total Capital Ratio stood at 18.4%.

In assisting businesses adversely affected by the pandemic, MBSB Bank had enhanced its SME offerings through the new Cashline-i Special Programme aimed at helping SMEs to sustain their businesses with an allocated fund size of RM1 billion. In addition, a PF-i campaign, MPrihatin was launched on 1 June 2020. MBSB Bank is also in support of Bank Negara Malaysia's initiative, Special Relief Facility (SRF-i) by providing relief assistance to SMEs and individual customers. The bank also advises customers to constantly refer to its website for any latest information.

In navigating the bank under present circumstances, Datuk Seri Ahmad Zaini concluded, "These are unprecedented times, an economic crisis that is heavily linked to a health crisis. But as we obtained more clarity on the viability of the economic sectors, we took the

immediate steps to re-strategize our Business Plan. Our technology initiatives will gain more traction in the immediate months as a key enabler to sustainable income”.

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About MBSB Bank Berhad

MBSB Bank Berhad formerly known as Asian Finance Bank (AFB) has been granted a license by Bank Negara Malaysia to undertake Islamic Banking business. MBSB Bank is regulated and supervised by Bank Negara Malaysia under the Islamic Financial Services Act, 2013(ISFA).

MBSB Bank Berhad, a full-fledged Islamic Bank was incorporated on 28 November 2005 is a wholly owned subsidiary of Malaysia Building Society Berhad (MBSB).

On November 2017, MBSB entered into a Share & Purchase Agreement with the 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 RM644,952,807.66 to be satisfied by way of cash amounting of RM396,894,036.26 and the issuance of 225,507,974 Consideration Shares at an issue price of RM1.10 per Consideration Share (“The Acquisition”).

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

Pursuant to the abovesaid approval and upon completion of the transfer of shares and the payment of the balance of the purchase consideration to the Vendors, AFB became a wholly owned of Malaysia Building Society Berhad on 7 February 2018.

AFB undertook a rebranding exercise and on 2 April 2018 it changed its name to MBSB Bank
