



**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

**PRESS RELEASE
KENYATAAN AKHBAR
For Immediate Release
15 May 2019**

**MBSB ACHIEVED PROFIT BEFORE TAX (PBT) OF RM115.86 MILLION
FOR FIRST QUARTER 2019**

Kuala Lumpur, 15 May 2019– MBSB Group today announced its financial results for the first three (3) months ended 31 March 2019 (1Q19).

- Revenue of RM784.04 million increased by 4.49% from RM750.35 million quarter on quarter (“q-o-q”)
- Total assets grew by 2.12% y-o-y and 4.41% q-o-q to RM47.43 billion
- Deposits increased by 5.82% to RM34.70 billion compared to RM32.79 q-o-q
- Net Operating Income increased by 9.39% q-o-q and 5.54% y-o-y to RM268.88 million from RM245.81 million and RM254.77 million
- Profit Before Tax (PBT) recorded at RM115.86 million declined 26.96% from RM158.62 million q-o-q
- Gross loans and financing of RM35.44 billion is consistent with RM35.17 billion q-o-q
- Gross impaired loans, financing and advances coverage ratio improved to 114.47% compared to 106.03% q-o-q

MBSB’s revenue grew by 4.49 % to RM784.04 million (1Q19) compared to RM750.35 million recorded in 4Q18. This is mainly contributed by financing and investment in financial instruments from Islamic banking operations.

Profit Before Tax (PBT) saw a 26.96% decline to RM115.86 million (1Q19) compared to RM158.62 million (4Q18) and 71.68% compared to RM409.16 million (1Q18). Correspondingly, the group's Profit After Tax (PAT) declined by 28.93% to RM83.83 million compared to RM117.96 million (4Q18) and 73.53% compared to RM316.79 million (1Q18) due to higher expected credit losses (ECL).

On the group's performance, Group President and Chief Executive Officer, Datuk Seri Ahmad Zaini Othman commented, "Despite the on-going challenges including the impact of higher expected credit losses, we are registering stable growths in revenue, net operating income and still maintained a cost to income ratio of 26.34% which is below the industry average."

Net income is recorded at RM365.03million (1Q19) an improvement by 11.12% from RM328.51 million (4Q18) and 5.01% from RM347.63 million (1Q18). Group Deposits stood at RM34.70 billion (1Q19), a 5.82% growth compared to RM32.79 billion recorded in 4Q18. Capital position remains strong as CET-1 Capital Ratio stood at 20.95% as at 31 March 2019, standing well above Bank Negara Malaysia's prescribed ratio of 7.0%. Liquidity coverage ratio ("LCR") stood at 228.18% (1Q19) from 210.33% (4Q18).

Gross loans and financing is recorded at RM35.44 billion, consistent with RM35.17 billion recorded in 4Q18. Total assets grew by 2.12% to RM47.43 billion compared to RM46.45 billion (1Q18) and by 4.41% compared to RM45.43 billion (4Q18), contributed from investments in financial instruments portfolio under Global Markets Division.

Business expansions in the corporate segment continued to improve the asset composition ratio between retail and Corporate to 74:26 compared to 75:25 (4Q18), progressively moving towards the Group's target of 60:40 by year 2020.

Return on Assets (ROA) recorded at 0.72% (1Q19) declined compared to 1.42% recorded in 4Q18 and 2.78% (1Q18). Return on Equity (ROE) trended downwards at 4.28% compared to 8.62% (4Q18) and 17.29% (1Q18). Net Profit Margin (“NPM”) stood at 3.01% (1Q19), consistent with 3.06% (4Q18) and 3.05% (1Q18)

Cost to income ratio (“CIR”) improved to 26.34% (1Q19) compared to 26.71%(1Q18) but slightly regressed compared to 25.17% (4Q18). Nevertheless, the CIR remains well below the industry’s average of 48.6%.

On this, Datuk Seri Ahmad Zaini said “The rise in cost is expected as we have been developing and integrating our banking platform for the first few months of the year, enabling us to provide enhanced products and services and staying competitive in the industry. However, we managed to keep our CIR below 30%”

Net impaired financing ratio (“NIFR”) stood at 2.11% (1Q19) an improvement compared to 2.39% (4Q18) but regressed compared to 1.82% (1Q18). The improvement is due to lower gross impaired financing. Gross impaired loans, financing and advances coverage ratio is recorded at 114.47% (1Q19), from 106.03% (4Q18), providing sufficient provision for impaired financing.

On 2019 outlook, Datuk Seri Ahmad Zaini said “While the Malaysian economic condition remains challenging, we will remain focused in expanding our banking capabilities. With this, the bank’s technology transformation shall continue to be in the centre stage. On another front, we also aim in increasing our fee income based activities to make up 35% of its income by end of 2020.”

- END-

For more information or enquiries, please contact:

Azlina Mohd Rashad

Chief Corporate Officer

Corporate Services Division

Tel: 03-2096 3000/3230

Fax: 03-2096 3372

Email: 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 Malaya 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 holding entity of MBSB.

MBSB Corporate Highlights

MBSB has been granted with an exemption under Section 7(4) of the Borrowing Companies Act 1969 (BCA).

- As a result of the change from BCA to Finance Companies Act (FCA), all references to borrowing business and borrowing company were to be construed respectively as finance business and finance company.
- The FCA was later repealed by Banking and Financial Institutions Act 1989 (BAFIA)
- The BAFIA has been repealed and replaced with FSA 2013
- On 6 November 2017, MBSB entered into the 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 to 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 Members’ 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 subsidiary of MBSB on 7 February 2018.