



MALAYSIA BUILDING SOCIETY BERHAD(MBSB)

Registration No.197001000172 (9417-K)

**STRATEGIC MARKETING AND COMMUNICATIONS
DEPARTMENT**

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PRESS RELEASE

KENYATAAN AKHBAR

For Immediate Release

24 FEBRUARY 2022

**MBSB RECORDS 62.90% INCREASE IN PROFIT AFTER TAX (PAT) AT RM438.71
MILLION FOR 2021**

Highlights on Financial Year Ended 31 December 2021

- **Profit After Tax (PAT) for Financial Year Ended 31 December 2021 (FYE21) recorded at RM438.71 million, a 62.90% increase against RM269.32 million in FYE20**
- **Revenue registered lower at RM2.62 billion in FYE21 compared to RM3.15 billion in FYE20**
- **Net income increased to RM1.34 billion in FYE21 against RM1.29 billion in FYE20**
- **Total Assets improved to RM50.68 billion in FYE21 compared to RM48.44 billion in FYE20**
- **Deposits fell marginally to RM33.25 billion in FYE21 from RM33.88 billion in FYE20**
- **Cost to Income Ratio (CIR) increased by 8.33% to 32.78% in FYE21 from 24.45% in FYE20**
- **Common Equity Tier (CET-1) improved by 0.73% to 21.50% in FYE21 from 20.77% in FYE20**

Petaling Jaya, 24 February 2022: Malaysia Building Society Berhad (MBSB) today announced its financial results for the financial year ended 31 December 2021 (FYE21).

The Group's Profit After Tax (PAT) increased by 62.90% or RM169.39 million to RM438.71 million for FYE21 compared to RM269.32 million in FYE20 contributed by lower impairment following an improvement of customer staging. The Group continued to recognize modification loss arising from continuous moratorium from Government initiatives such as the PEMULIH programme.

However, the Group's revenue at RM2.62 billion declined by 16.83% or RM530 million against RM3.15 billion in the same period last year. This is mainly contributed by the decline in financing and investment income due to the full year impact of overnight policy rate (OPR) cuts in 2020 and a decline in gain from sale of financial investments during the year.

The Group's net income before impairment increased slightly by 3.88% or RM50 million at RM1.34 billion in FYE21 against RM1.29 billion in FYE20 due to lower modification loss during the year.

MBSB's Acting Chief Executive Officer Datuk Nor Azam M Taib said, "While we were impacted by the OPR cuts and modification loss, we remained resilient and had a healthy growth despite the 2 years of economic uncertainties caused by the pandemic."

He added, “We continued to maintain our asset quality and have converted a portion of conventional mortgage to Islamic property financing in 2021. We also continued to disburse property financing resulting in growth of the home financing asset base.”

The Group’s total assets increased by 4.62% or RM2.24 billion to RM50.68 billion compared to RM48.44 billion in FYE20. This is mainly contributed by the increase in financial investments and increase in net loans, financing and advances. Deposits fell marginally to RM33.25 billion in FYE21 from RM33.88 billion in FYE20.

On the Group’s profitability ratio, Cost to Income Ratio (CIR) saw an 8.33% increase to 32.78% in FYE21 compared to 24.45% in the same period last year due to the increase in operating expenses from investments in technology, while the Group’s Return on Equity (ROE) improved to 5.00% in FYE21 against 3.08% in FYE20 as a result of higher PAT.

Common Equity Tier (CET-1) improved by 0.73% to 21.50% in FYE21 against 20.77% in FYE20. Liquidity Coverage Ratio (LCR) increased by 31.59% to 234.68% compared to 203.09% in FYE20. The Group also declared dividend for the year 2021 amounting to RM215.14 million on 17 December 2021 at 3.0 sen per share. The dividend was paid on 12 January 2022.

Datuk Nor Azam also shared some of the important developments at the Group's wholly-owned subsidiary, MBSB Bank for the fourth quarter of 2021 (4Q21) where the Bank's Current and Savings Account (CASA) ratio grew to 3.98% in 2021 from 2.34% in 2020. The Bank also made significant investments in technology, mainly to strengthen cyber-security, improve efficiency and enable new business capabilities.

The Bank also continues to waive fees for cash withdrawals made at all its Automated Teller Machines (ATMs) until 31 December 2022. For small and medium enterprises, the Bank offers a CAKNA scheme that shortens the time for contractors under the Govt's ePerolehan system to receive payments for work done to alleviate their cashflow constraints.

On another development, the Bank was also recognised by the industry players and received an award at the CSR and Sustainability Malaysia Award under the Financial Institution category as well as from Cambridge IFA for the Best Upcoming Islamic Retail Bank in Malaysia at the Islamic Retail Awards 2021.

Staying committed to its sustainability path, MBSB Bank recently announced a RM5 billion Sustainability Sukuk Programme, where proceeds raised will be utilized to finance companies that are pursuing green economy that adopt ESG practices.

Moving forward, Datuk Nor Azam added, “We have set out a 2022-2023 Strategic Roadmap, which has outlined a two-pronged strategy to enhance return on equity and stakeholder value. New businesses are being identified to expand revenue streams and we will continue to enhance existing businesses to improve competitiveness and meet market expectations.

He continues to say that the focus continues to be on the SME market and is already planning on digital collaboration to develop Fintech solutions such as cross border payment.

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For more information or enquiries, please contact:

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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.

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").

CORPORATE STRUCTURE



MALAYSIA BUILDING SOCIETY BERHAD

REGISTRATION NO: 197001000172

FINANCIAL HOLDING COMPANY



MBSB BANK BERHAD

REGISTRATION NO: 200501033981

100% OWNED BY MBSB

