



MALAYSIA BUILDING SOCIETY BERHAD(MBSB)

Registration No. 197001000172 (9417-K)

STRATEGIC COMMUNICATIONS DEPARTMENT

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PRESS RELEASE

KENYATAAN AKHBAR

For Immediate Release

27 May 2021

**MBSB REGISTERED A PROFIT BEFORE TAX OF RM111.28 MILLION IN 1Q21 AGAINST A
LOSS OF RM38.98 MILLION IN 1Q20**

1Q21 Highlights

- **Registered Profit Before Tax of RM111.28 million in 1Q21 against profit of RM206.16 million in 4Q20 and loss of RM38.98 million in 1Q20**
- **Revenue dropped by 9.46% to RM680.98 million in 1Q21 compared to RM752.17 million in 4Q20**
- **Total Assets grew by 3.10% to RM49.9 billion in 1Q21 compared to RM48.4 billion in 4Q20**
- **Total deposits grew by 5.12% to RM35.6 billion in 1Q21 compared to RM33.9 billion in 4Q20**
- **Cost to Income Ratio decreased slightly to 24.03% in 1Q21 against 24.45% in 4Q20**

Kuala Lumpur, 27 May 2021: Malaysia Building Society Berhad (MBSB) today announced its financial results for first quarter ended 31 March 2021.

The Group reported a Profit Before Tax (PBT) of RM111.28 million for the 1Q21, a decline of 46.02% or RM94.88 million from the 4Q20 mainly due to higher net impairment, modification loss charged from the extension of moratorium for B40/M40 and lower operating revenue. On a year on year basis, the PBT increased by RM150.26 million from a loss position of RM38.98 million.

Its President and Chief Executive Officer, Datuk Seri Ahmad Zaini Othman commented on the financial results and said, “We had to withstand the economic pressure due to the Movement Control Order (MCO) and there were a few factors which affected our profitability. However, trade finance remains active with disbursement of more than RM900 million in 1Q21.”

The Group’s revenue is recorded at RM680.98 million, 9.46% or RM71.19 million lower compared 4Q20 while net income declined by 5.12% to RM424.84 million from RM447.77 million in 4Q20.

The Group’s total assets stood at RM49.9 billion which is a 3.10% or RM1.5 billion increase from the previous quarter’s RM48.4 billion mainly contributed by increase in financial investments and increase in interbank placements.

Concurrently, the Group’s total deposits grew by 5.12% to RM35.6 billion in 1Q21 compared to RM33.9 billion in 4Q20.

Looking at the Group’s key financial ratios, its cost to income ratio is reported at 24.03% in 1Q21 against 24.45% recorded in 4Q20, maintaining its position as amongst the lowest in the industry. The Gross Impaired Ratio increased to 5.75% from 5.30% in 4Q20 mainly contributed by retail portfolio. The Group’s CET-1 improved by 0.43% to 21.19% in 1Q21 compared to 20.77% in 4Q20, while the Group’s liquidity coverage ratio (LCR) is at 202.62% in 1Q21 and in compliance with Bank Negara Malaysia’s requirement of 140%.

Despite the highly uncertain economic environment, MBSB is confident in managing the continued impact from Covid-19 pandemic. Datuk Seri Ahmad Zaini said, “Based on the recently announced MCO 3.0, we do expect further financial pressure on some of our customers but MBSB Bank will continue to assist them.”

“We will also work on improving our retail segment by providing customers an enriched digital banking capabilities,” he added.

The Group shared its moving forward plan, particularly ‘Journey 25’ or ‘J25’ where MBSB will be stepping up the efforts to enhance its IT infrastructure to support new digital capabilities. This is in line with its goals to become a matured Islamic financial institution by the year 2025.

The Group also shared its target of having an external rating of AA2 and achieve a higher Return On Equity (ROE).

Datuk Seri Ahmad Zaini also touched on MBSB’s advocacy towards the country’s vaccination initiative and said, “In support of the country’s National Immunisation Plan, we are granting our employees one day of unrecorded leave for each dose taken and are running webinars for them to get detailed and verified information on vaccination from healthcare professionals. We are encouraged to undertake these initiatives as almost 90% of our employees have registered to be vaccinated”.

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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 (9417-K)



(FINANCIAL HOLDING COMPANY)

MBSB BANK BERHAD
REGISTRATION NO. 200501033981 (716122-P)
(100% OWNED BY MALAYSIA BUILDING SOCIETY BERHAD)

