



**MALAYSIA BUILDING SOCIETY BERHAD(MBSB)**

Registration No. 197001000172 (9417-K)

**STRATEGIC COMMUNICATIONS DEPARTMENT**

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**PRESS RELEASE**

**KENYATAAN AKHBAR**

**For Immediate Release**

**25 February 2021**

**MBSB REPORTED NET PROFIT OF RM269.32 MILLION FOR FYE20**

**Highlights on FYE20**

- **Net profit for FYE 31 December 2020 (FYE20) registered at RM269.32 million against RM716.90 million in FYE19**
- **Profit Before Tax (PBT) registered at RM427.64 million in FYE20, against RM897.43 million in FYE19**
- **Revenue stood at RM3.15 billion in FYE20 compared to RM3.01 billion in FYE19**
- **Total assets reported at RM48.44 billion compared to RM50.71 billion in FYE19**
- **Deposits stood at RM33.88 billion in FYE20 from RM35.89 billion in FYE19**
- **Cost to income ratio improved to 24.45% compared to 28.37% during FYE19**

**Kuala Lumpur, 25 February 2021** – Malaysia Building Society Berhad (MBSB) today announced its financial results for 12 months ended 31 December 2020.

The Group generated a net profit of RM269.32 million in FYE20. On a year-on-year (y-o-y) basis, it fell by 62.43% or RM447.58 million from RM716.90 million in FYE19. This is mainly due to higher impairment losses and modification loss as a result of financing moratorium granted to customers in 2020.

The Group's Profit Before Tax (PBT) registered at RM427.64 million in FYE20, a RM469.79 million or 52.35% drop from RM897.43 million in FYE19. Meanwhile the Group registered PBT of RM206.16 million in 4Q20, lower by RM87.80 million against PBT of RM293.96 million in 3Q20.

The Group's revenue increased by 4.43% or RM133.50 million from RM3.01 billion in FYE19 and mainly attributable to higher gain on sale of financial investments in FYE20 of RM249.60 million compared to RM60.02 million in FYE19.

Giving his statement on the performance, MBSB's President and Chief Executive Officer, Datuk Seri Ahmad Zaini Othman said, "We have made gradual recovery in navigating the business under a highly uncertain economic environment."

He added, "While we had been hit by substantial modification loss of RM504.75 million in FYE20 due to blanket automatic moratorium granted by the Government, the modification loss has been more manageable now due to implementation of a more targeted assistance to those in need. Nonetheless, we will continue to assist our customers based on their financial situations."

The Group's total assets fell by RM2.27 billion or 4.48% from RM50.71 billion in FYE19 mainly due to decline in interbank placements. The Group's deposit declined slightly to RM33.88 billion from RM35.89 billion in FYE19. The Group's Gross Impaired Financing Ratio is at 5.30%, a marginal deterioration from 5.19% in FYE19. Net Impaired Financing Ratio is at 2.81% in FYE20 compared to 2.34% in FYE19.

On the Group's Net Profit Margin, there is an improvement to 3.28% in FYE20 compared to 2.89% in FYE19 due to lower funding costs.

Net Impairment Allowance for FYE20 recorded higher by RM306.47 million to RM420.93 million from RM114.46 million in FYE19 primarily due to lower recovery and higher Expected Credit Loss (ECL) provided on loans, financing and advances as a result of higher delinquencies due to Covid-19 pandemic.

It is also worth to note that the Group's Cost to Income Ratio (CIR) stood at 24.45% which is an improvement by 3.92% from 28.37% in FYE19. The Group's Return on Equity (ROE) recorded lower at 3.09% against 8.76% in FYE19 while Return on Assets (ROA) is at 0.55%, lower by 0.94% compared to 1.49% in FYE19 which is in line with the decline in the overall net profit.

Common Equity Tier-1 (CET-1) improved to 20.77% compared to 19.24% in FYE19 due to higher retained earnings. Liquidity Coverage Ratio (LCR) stood at 203.09%, lower by 92.81% compared to 295.90% in FYE19.

Datuk Seri Ahmad Zaini also touched on some of the fundamental developments that happened at the Group's wholly owned banking subsidiary, MBSB Bank in 4Q20.

He said, "Our Trade Finance portfolio remains strong, contributing RM1.10 billion in that quarter. On top of that, our e-Prime Term Deposit-i campaign which was launched in November 2020 received an overwhelming response that the target was achieved within 2 months from the launch date."

MBSB Bank introduced 'Payment Flexibility Program' in 3Q20 for its retail and SME customers alongside 'Targeted Repayment Assistance for B40 and M40' as per Government's Budget 2021 initiatives. It has offered the assistance to more than 40,000 accounts to date. MBSB Bank also introduced the 'Care Program' for its corporate customers that allow them to opt for Rescheduling and Restructuring until 30 June 2021.

Datuk Seri Ahmad Zaini shared on the Bank's moving forward plans which include additional capital injection from its holding company, MBSB. "We anticipate capital injections over the next 3 years, to further strengthen the Bank Group's capital position. Aside from that, we will work on growing our fee-based income, such as wealth management and lower our gross impaired financing ratio" he said.

MBSB Bank is currently working on a new platform called 'electronic know-your-customer' or e-KYC' which is in its development stage to be integrated with two of its products, 'M Fast PF-i' and 'CASA-i online account opening' and is target to 'go-live' in 2Q21.

Amongst the commendable achievements accomplished by the Bank in 2020 were receiving Best Wealth Management at the 12<sup>th</sup> Annual Alpha Southeast Asia Islamic Finance Awards 2020 by Alpha South East Asia and Highest Growth Award in Financial Services Sector by The Edge Billion Dollar Club 2020. Additionally, its President and Chief Executive Officer, Datuk Seri Ahmad Zaini was awarded the 'CEO Of the Year Award' by Cambridge IFA at the Islamic Retail Banking Awards in December 2020.

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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)**

