



MALAYSIA BUILDING SOCIETY BERHAD(MBSB)

Registration No. 197001000172 (9417-K)

STRATEGIC COMMUNICATIONS DEPARTMENT

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PRESS RELEASE

KENYATAAN AKHBAR

For Immediate Release

17 June 2021

MBSB AIMS TO BE REGIONAL PLAYER ON TRADE FINANCE

Kuala Lumpur, 17 June 2021: Malaysia Building Society Berhad (MBSB) informed its shareholders at the 51st Annual General Meeting (AGM) today that it is setting its targets to be a regional player on trade finance.

Under the new chairmanship of Tan Sri Azlan Zainol who was appointed in March this year, the AGM was held virtually to observe the Movement Control Order (MCO) 3.0 restrictions. MBSB's shareholders passed all resolutions including the single tier final dividend of 2.0 sen per ordinary share.

The Group President and Chief Executive Officer, Datuk Seri Ahmad Zaini Othman had shared the key strategic plans with the shareholders. He commented, "MBSB's main subsidiary, MBSB Bank Berhad had focused on three core strategies to navigate a challenging environment caused by the pandemic and movement control restrictions. These strategies centered on the preservation of assets, the optimization of customers' experience through digital capabilities and the expansion of products and services".

He added, "Recognizing the financial difficulties faced by both retail and corporate customers and as part of our efforts to preserve the assets, we have assisted our customers through the Targeted

Repayment Assistance Program. While the moratorium has impacted our earnings, it is still manageable as our customers are responding positively to requests for consultations to restructure their financing accounts. As at the end of last year, we have assisted over 47,000 of our retail customers allowing them to continue payments at their present affordability level”.

MBSB informed that their aim to be a regional player on trade finance would be part of the achievements in realizing the Journey 25 (J25) aspiration where it aims to become a fully matured Islamic Financial Institution by year 2025. The Group is also currently considering various forms of corporate exercise in order to benefit from a greater access to funding, investments and which can strengthen its capital position.

The banking subsidiary remains committed to its technology investments to further advance the digital capabilities. Another key area that its digital advancement focuses on is the operational efficiency. On this Datuk Seri Ahmad Zaini explained, “We may have the lowest Cost to Income ratio in the industry but this is only meaningful when it is also supported by an operational efficiency. Process improvements are on top of the agenda and we expect to see visible results next year”.

At the AGM, he also presented the Group’s financial results for FYE20 where the Group earned profit after tax of RM269.32 million and revenue of RM3.15 billion. Group’s Cost to Income Ratio stood at 24.45% in FYE20 which is an improvement by 3.92% from 28.37% in FYE19. On the Group’s Net Profit Margin, there is an improvement to 3.29% in FYE20 compared to 2.89% in FYE19 due to lower funding costs.

MBSB Group’s Common Equity Tier-1 (CET-1) increased to at 20.77% compared to 19.24% in FYE19 due to higher retained earnings.

In committing to the sustainability agenda, MBSB had achieved RM1.8 billion in total direct value generated and distributed to key stakeholders last year. Meanwhile, the total indirect value distributed had included the increase in sector limit for renewable energy from RM1.2 billion to RM1.8 billion and a cumulative financing approval and acceptance of over RM400 million in green financing.

Datuk Seri Ahmad Zaini also gave his perspectives on the outlook in the immediate term, “In a pandemic situation that has had a significant impact on the economy, it can be quite difficult to have even a two-year visibility but with the country’s Immunisation rate improving coupled with the recent announcement on the National Recovery Plan, we expect economic recovery to regain its momentum. We forecast our trade finance business to continue thriving and total deposits to increase further in 2Q21 following a growth of 5.12% for 1Q21”.

MBSB Bank is currently running a personal financing-i campaign called PF-*i Masyuuk*’ and CASA-i campaign called ‘*Simpan Berganda Menang Bergaya*’ which will end in July 2021 and May 2022 respectively.

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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)

