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PRESS RELEASE

KENYATAAN AKHBAR

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**MBSB POST-TAX PROFITS UPPED 54% TO RM642.40 MILLION
FOR FINANCIAL YEAR END 2018**

Kuala Lumpur, 28 February 2019– MBSB Group today announced its financial results for the twelve (12) months ended 31 December 2018.

- **Profit After Tax (PAT) for FYE 31 Dec 2018 (“FYE18”) of RM642.40 million increased by 54.01% compared to RM417.13 million for FYE 31 Dec 2017 (“FYE17”)**
- **Total assets grew by RM615.37 million y-o-y to RM45.42 billion compared to RM 44.81 billion in FYE17**
- **Gross Financing and Advances grew y-o-y by 2.84% to RM35.17 billion compared to RM34.20 billion in FYE17**

The Group reported its Profit After Tax (PAT) of RM642.40 million for the full Financial Year Ended 31 December 2018 (“FYE18”), a significant increase of RM225.27 million compared to RM417.13 million posted in the previous Financial Year Ended 31 December 2017 (“FYE17”) due to lower impairment allowances and partly set off by higher operating expenses.

On the results' announcement, Datuk Seri Ahmad Zaini Othman, MBSB's Group President and Chief Executive Officer commented, "2018 was an eventful year for us as we completed the successful acquisition of Asian Finance Bank Berhad on 7 February 2018. We had only merged the business and operations of the two entities on 2 April 2018. From then on, we began implementing our plans to build up the core banking capabilities for the new merged entity."

The Group's revenue at RM3.15 billion for FYE18 is consistent with RM3.26 billion recorded in FYE 2017. Quarterly revenue also reflects consistency at RM750.35 million (4Q18) against RM786.40 million (3Q18). The Group's Cost to Income ratio (CIR) of 29.53% regressed from 19.56% (FYE17) due to the increase in staff and higher operating costs from investments in IT infrastructure and distribution channels. Nevertheless, MBSB's CIR still remained well below the industry's average of 50.1%. Net Profit Margin ("NPM") stood at 3.06% (FYE18), consistent with 3.08% (3Q18) mainly contributed by Personal Financing, Corporate and Global Market portfolios. The Net Return on Equity ("ROE") stood at 8.62% (FYE18) trending upwards compared to 6.02% (FYE17). Similarly, Net Return on Assets ("ROA") moved up to 1.42% (FYE18) from 0.95% (FYE17).

On the Group's 2018 performance, Datuk Seri Ahmad Zaini stated, "95% of 2018's income was derived from the existing lines of business and the remaining 5% from new offerings. This was within our expectations as we had focused our time and resources significantly on building the banking infrastructure to enable us to roll out new capabilities such as Corporate and Retail Internet Banking, SWIFT and RENTAS, Cash Recycling Machine/ATM, and trade finance. Concurrently, we grew the existing core business to ensure growth in financing as well as fee based income."

Gross financing and loans trended upwards by 2.84% from RM34.20 billion (FYE17) to RM35.17 billion (FYE18) and consistent with RM35.85 billion (3Q18). The Group's total assets stood at RM45.42 billion, consistent with RM46.40 billion (3Q18) and RM44.81 billion (FYE17). Net Impaired Financing Ratio stood at 2.39% (FYE18) compared to 1.76% (3Q18) and 2.11% (FYE17). The increase is due to impairment allowance write backs mainly for corporate portfolio in 4Q18.

Business expansions in the corporate segment continued to improve the asset composition ratio between retail and corporate to 75:25 compared to 79:21 on 31 December 2017, steadily progressing towards the Group's target of 65:35 by year 2020.

The Group's Deposit remains consistent with growth of 1.01% at RM32.78 billion (FYE18) compared to RM32.76 billion (FYE17). Liquidity Coverage Ratio ("LCR") stood at 210.33% (4Q18) from 154.96% (3Q18) due to higher stock of High Quality Liquid Assets ("HQLA") as well as lower total net cash outflows. Capital position remains strong as CET-1 Capital Ratio is recorded at 20.096% as at 31 December 2018.

On another front, MBSB Bank had received stellar recognitions from the industry in 2018 namely the *Sustainable Bank Award* from Asia Pacific CSR Council, *The League Excellence Award (I-Lead)* by Islamic Banking and Finance Institute Malaysia (IBFIM) and the *Best Sukuk Deal Award In Southeast Asia* by Alpha Southeast Asia.

On 2019 outlook, Datuk Seri Ahmad Zaini said "We do take cognizant of the challenges this year, economic and other factors but we shall keep to the technology transformation plans as these are key to ensuring our ability to compete in the industry. With new capabilities and channels, we shall be able to extend our market reach especially in the SME segment through products such as trade finance. Greater emphasis shall also be placed on fee income to be attributed from the retail segment."

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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”).