



**MALAYSIA BUILDING SOCIETY BERHAD (MBSB)**

Registration No.197001000172 (9417-K)

**STRATEGIC MARKETING AND COMMUNICATIONS  
DEPARTMENT**

Level 25, Menara MBSB Bank,

Lot 12, PJ Sentral,

Persiaran Barat,

Seksyen 52, 46200,

Selangor,

Website: [www.mbsb.com.my](http://www.mbsb.com.my)

**PRESS RELEASE**

**KENYATAAN AKHBAR**

**For Immediate Release**

**26 May 2022**

**MBSB RECORDS NET PROFIT OF RM58.21 MILLION FOR FIRST  
QUARTER 2022 (1Q22)**

**1Q22 Highlights**

- Net Profit after tax was lower by 8.2% year on year (y-o-y) at RM58.21 million
- Total Assets grew by 1.9% y-o-y to RM51.62 billion
- Healthy capital and liquidity position with CET1, Tier 1 and Total capital ratio at 20.84%, 20.84% and 25.32% respectively
- Cost To Income Ratio (CIR) stood at 37.83% in 1Q22

**Petaling Jaya, 26 May 2022:** Malaysia Building Society Berhad (MBSB) today announced its financial results for the first quarter of the year ended 31 March 2022 (1Q22).

The Group recorded a net profit of RM58.21 million in 1Q22, which is 8.2% or RM5.21 million lower against RM63.41million recorded in the corresponding period last year. The lower profit is due to lower non-funded income and higher operating expenditure in technology and personnel related expenses. The Group's impairment charge dropped by RM16.70 million or 9.5% on a year-on-year (y-o-y) basis while minimal modification losses of RM8.96 million was incurred in 1Q22 under the URUS programme.

The Group also recorded a higher gross impaired ratio of 5.89% compared to 4.60% in the preceding quarter mainly arising from the expiry of the repayment assistance and impairment of several corporate financing facilities. We expect gross impaired financing to normalize in subsequent quarters with efforts underway to restructure and recover the financing.

Acting Chief Executive Officer, Datuk Nor Azam said, "The reopening of the economy augurs well for the country, and we expect improved confidence from both consumer and businesses, which will contribute positively towards the overall activity of the Malaysian economy. We are reaffirming our strategies to grow our business in meeting our current business plan in providing sustainable Islamic financing to our customers."

He also pointed out that although gross financing only grew by 0.7% during the 1st quarter, MBSB is set to see higher growth in the coming quarters as some of these financing facilities are at various stages of disbursements.

On the recent hike to the Overnight Policy Rate (OPR) by 25 basis points to 2%, he said "We do expect some margin compression as a result of the OPR increase and we aim to address this by managing our funding costs".

### **Continued Expansion in Loans and Deposits**

- **Financing** stood at RM36.44 billion, an increase of 0.7% mainly supported by financing to retail customers and property financing, moderated by a slowdown in corporate financing.
- **Deposits** registered at RM33.85 billion, an increase by 1.80% from RM33.25 billion in 4Q21. The growth is contributed by the current and savings account (CASA-i) segment via various campaigns.

### **Business Performance**

- **Revenue** for 1Q22 was lower by 2.4% y-o-y to RM664.5 million, contributed by lower non-funded income mainly due to losses incurred in the sale of Treasury investments.
- **Net funded income** dropped marginally despite a financing growth of 0.7% or RM0.3 billion, mainly due to a higher funding cost incurred during the quarter.
- **Operating Expenses (“OPEX”)** for 1Q22 was 46.9% higher y-o-y to RM150.0 million due to higher technology and personnel related expenses. The increase has led to a higher cost-to-income ratio of 37.83%.
- **Operating Profit before Allowances** for 1Q22 was RM246.5 million, a 23.6% y-o-y drop as compared to 1Q21.

### **Healthy Capital and Liquidity Position**

The Group’s common equity Tier 1 and total capital ratio stood at a healthy level of 20.84% and 25.32% respectively.

## **Business Outlook**

The Group's main subsidiary, MBSB Bank has recently launched its e-KYC solution, a digital customer identity verification solution, aimed at increasing customer convenience and improving the Bank's efficiency. It would start with an integration with the existing CASA-i account opening platform, to be followed by Personal Financing-i and e-Wallet.

The system will perform document verification, facial recognition, bureau-file verification and knowledge based verification to deter fraudulent transactions, cross checking against independent data source and real time data extraction.

MBSB Bank has also recently launched its virtual branch, that enables customers to perform various digital on-demand banking services using their online and mobile devices.

- END-

For more information or enquiries, please contact:

**Azlina Mohd Rashad**  
**Chief Corporate Officer**  
**Corporate Services Division**  
**MBSB Bank Berhad**  
**Tel: 03 7455 5567**  
**Email : [strategiccom@mbsbbank.com](mailto:strategiccom@mbsbbank.com)**

**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**

