



**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**

**25 August 2021**

**MBSB DELIVERS AN IMPROVED PERFORMANCE IN 2Q21 WITH  
PROFIT AFTER TAX (PAT) OF RM403.41 MILLION**

**2Q21 Highlights**

- **Profit After Tax (PAT) improved to RM403.41 million in 2Q21 compared to RM63.41 million in 1Q21**
- **Revenue fell by 2.35% to RM664.94 million from RM680.98 million in 1Q21**
- **Total Assets marginally higher at RM50.84 billion compared to RM49.94 billion in 1Q21**
- **Deposits increased to RM35.68 billion against RM35.60 billion in 1Q21**
- **Cost to Income Ratio stood at 24.01% against 24.03% in 1Q21**

**Petaling Jaya, 25 August 2021:** Malaysia Building Society Berhad (MBSB) today announced its financial results for the second quarter of this year ended 30 June 2021.

Despite the continued impact of Covid-19, the Group delivered an improved performance with Profit After Tax (PAT) of RM403.41 million in 2Q21, which is RM340.00 million higher from RM63.41 million in 1Q21 contributed mainly by writebacks on impairment. On a year-on-year (y-o-y) basis, the Group saw a RM415.92 million increase in PAT from a net loss of RM12.51 million in 2Q20.

Revenue fell by 2.35% or RM16.04 million to RM664.94 million against RM680.98 million in 1Q21 mostly due to lower gain from sale of financial investments in 2Q21.

Its Acting Group President and Chief Executive Officer, Datuk Nor Azam M Taib commented on the financial results and said, “The results were mainly attributed by lower expected credit loss (ECL) which contributed to net writebacks for impairment following improvement of staging for our loans, financing and advances. This also denotes the efficiency on the enhancement of our business plan which we operated on diligently since the beginning of the year.”

The Group’s total asset for the quarter increased marginally by 1.80% to RM50.84 billion (q-o-q) in 2Q21 from RM49.94 billion in 1Q21 mainly in the financial investments and net financing amount. Total asset saw a y-o-y increase by 4.63% from RM48.59 billion in 2Q20.

Deposits increased by 0.22% to RM35.68 billion in 2Q21 against RM35.60 billion in 1Q21 and 4.97% against RM33.99 billion in 2Q20.

Looking at the Group’s key financial ratios, Cost to Income Ratio (CIR) stood at 24.01% in 2Q21, marginally lower q-o-q against 24.03% in 1Q21. Common Equity Tier (CET-1) ratio dipped slightly q-o-q to 21.06% in 2Q21 against 21.20% in 1Q21, while the Group’s Liquidity Coverage Ratio (LCR) stood at 220.09% in 2Q21 compared to 202.67% in 1Q21 and in compliance with Bank Negara Malaysia’s requirement.

The Group’s Net Profit Margin for 2Q21 decreased to 3.42% in 2Q21 against 3.51% in 1Q21 due to the lower average financing yields and increase in funding costs during the quarter. Net Return on Equity increased to 10.41% in 2Q21 compared to 2.91% in 1Q21 due to improvement in profits during the quarter.

The Group’s financing loss coverage is at 94.31% in 2Q21 compared to 104.17% in 1Q21 while the Net Impaired Ratio improved to 2.66% from 2.99% in 1Q21.

Sharing on the Group’s plans for its main subsidiary, MBSB Bank Berhad, Datuk Nor Azam stated that MBSB will be maintaining its core strategy by ensuring a strict cost structure that has enabled MBSB Bank to invest in growth opportunities and deliver sustainable returns to its stakeholders.

“We were very concerned on the restrictions under Full Movement Control order (FMCO) where many industries were not allowed to operate and it could have potentially caused serious consequence to the economy. But as a financial institution, it is our responsibility to deliver our services the best we can, even when times are tough,” he said.

Datuk Nor Azam also elaborated on the expectations for the next quarter “With the reopening of the economy, we are optimistic that we can further strengthen our position and explore on new initiatives. We hope to see an improvement in the political front, as political stability does have an impact on consumer sentiment.”

On a related note, MBSB Bank has allocated RM1 billion for CAKNA scheme, which is an initiative spearheaded by Bank Negara Malaysia in collaboration with Ministry of Finance. This is to provide cash flow assistance through quick liquidity to the contractors supplying or providing services to the government.

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For more information or enquiries, please contact:

**Azlina Mohd Rashad**  
**Chief Corporate Officer**  
**Corporate Services Division**  
**MBSB Bank Berhad**  
**Tel: 019 274 3305**  
**E-mail : 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**

