



**MALAYSIA BUILDING SOCIETY BERHAD(MBSB)**

Registration No. 197001000172 (9417-K)

**STRATEGIC COMMUNICATIONS DEPARTMENT**

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**PRESS RELEASE**

**KENYATAAN AKHBAR**

**For Immediate Release**

**28 FEBRUARY 2020**

**MBSB POST TAX PROFITS INCREASED 12% TO RM717 MILLION FOR FINANCIAL  
YEAR END 2019**

**Highlights of FYE 2019**

- **Profit After Tax (PAT) for FYE 31 December 2019 (“FYE19”) is RM716.90 million against RM642.40 million in FYE 31 Dec 2018 (“FYE18”)**
- **Revenue increased to RM3.01 billion in FYE19 from RM2.86 billion in FYE18**
- **Total assets increased to RM50.71 billion in FYE19 from RM45.43 billion in FYE18**
- **Cost to income ratio improved to 28.37% from 29.53% in FYE18**

**Kuala Lumpur, 28 February 2020** – Malaysia Building Society Berhad (MBSB) Group today announced its financial results for twelve (12) months ended 31 December 2019.

Coming up against the slow consumer sentiment, MBSB performed well above average by posting a two digit growth. The Group reported a Year-On-Year (y-o-y) increase for its Profit After Tax (PAT) by 11.60% to RM716.90 million for FYE19 compared to RM642.40 million in the previous Financial Year Ended 31 December 2018 (“FYE18”). On a quarter-on-quarter (q-o-q) basis, PAT increased by RM186.53 million from RM170.16 million in 3Q19 to RM356.69 million in 4Q19.

Profit Before Tax (PBT) in FYE19 registered at RM897.43 million versus RM853.57 million in FYE18 which is an increase of RM43.86 million or 5.14% (y-o-y). PBT also sees an increase (q-o-q), at RM457.98 million in 4Q19 compared to RM185.04 million in 3Q19.

The increase of profit is underpinned by the impairment write back of RM211.67 million in 4Q19 mainly due to the refinement on Expected Credit Loss (ECL) model for loans, financing and advances.

Revenue stood at RM3.01 billion for FYE19 which is a marginal growth from FYE18’s RM2.86 billion. Revenue growth for the year is also driven by treasury income from financial investments.

Commenting on the performance results, the Group President and Chief Executive Officer, Datuk Seri Ahmad Zaini Othman said, “We have executed various initiatives to better serve our products and services and managed to gain traction. We remained resilient and held up well against the challenging economic environment.”

It is also worth noting that MBSB’s cost to income ratio improved to 28.37% from 29.53% in FYE18.

Operating profit stood at RM1.01 billion, higher than FYE18 which was RM0.97 billion. Meanwhile, Net Return on Equity (ROE) trended upwards (y-o-y) by 0.14% to 8.76% in FYE19 from 8.62% in FYE18 and Net Return on Assets (ROA) increased by 0.07% to 1.49% in FYE19 from 1.42% in FYE18.

The Group's deposit showed positive growth by 9.45% to RM35.89 billion in FYE19 compared to RM32.79 billion in FYE18. Financing loss coverage ratio is at 102.64%.

This year, the Group's Net Impaired Loans, Financing and Advances saw an improvement of 0.05% (y-o-y) to 2.34% in FYE19 compared to 2.39% in FYE18 while MBSB's Gross Impaired Financing Loans, Financing and Advances improved by 0.28% (y-o-y) to 5.19% in FYE19 compared to 5.47% in FYE18. However, Net Profit Margin (NPM) regressed slightly to 2.89% in FYE19 compared to 3.06% in FYE18 following overnight policy rate (OPR) cut in May 2019. Common Equity Tier (CET)-1 capital ratio is recorded at 19.24% as at 31 December 2019.

Another significant development worth highlighting is on MBSB's capital injection to its largest subsidiary MBSB Bank Berhad (MBSB Bank) of RM534.00 million. In a related development, MBSB Bank issued RM1.30 billion Tier-2 Sukuk Wakalah on December 20, 2019. On this, Datuk Seri Ahmad Zaini commented, "This is done to strengthen our capital base."

Corporate to retail financing asset composition is at 25:75 in December 2019 moving steadily towards MBSB Bank's target of 30:70 by 2022

In addressing the present economic challenges, Datuk Seri Ahmad Zaini mentioned, "We take cognisance of the unfavourable factors currently affecting the economy, especially the Covid-19 virus and the political landscape. We have taken the necessary steps to manage these risks as well as putting in place the initiatives to accommodate customers who are distressed by the negative impact of Covid-19. Our business diversification into other sectors for example, Renewable Energy (RE) has also shown results as we have granted financing facilities amounting to over half a billion ringgit to certain key players".

MBSB Bank is also well on its way to achieve its three year technology transformation plan and will launch its E-wallet soon.

On another front, MBSB Bank had received several awards and recognitions from the industry namely Best Independent Assessment, Small Banks and Other Companies 2018 by Paynet, Best Structured Finance Sukuk Asia Pacific at the Asset Asian Awards 2019, Equity & IPO deal of the year at IFN Awards 2019 and Best Sukuk Deal in Southeast Asia at the 12<sup>th</sup> Annual Alpha Awards.

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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)**

