

1) From HwangDBS 260312:

Malaysia Building Society Berhad: Sustainable growth

- Personal finance to remain key growth driver
- Strict credit processes and continuous efforts to recover legacy NPL
- Fair value at RM2.50, assuming 8x FY13 EPS

Still robust personal finance market. Despite painting a more challenging outlook for 2012, MBSB expects personal finance growth to remain robust, targeting RM8-9 billion loan book (2011: RM8.7bn). It has achieved 23 per cent of this YTD-Feb12. The recently launched auto financing business is expected to originate RM30-50m loans per month. Its net loan base was RM15 billion at end 2011. Overall NIM should remain above 4 per cent (2011: 4.7 per cent) supported by 4.5-5.0 per cent NIM for personal financing. Net NPL ratio improved to 8.8 per cent from 13.7 per cent a year ago, largely after restructuring major legacy corporate accounts. Asset quality should continue to improve as MBSB sustains efforts to recover legacy NPLs. However, cost-to-income ratio should inch up 2-3 ppt (2011: 21 per cent) as MBSB invests in its core banking system (Phase 1 to be completed Sep12) and expands distribution network. It plans to open 10 SSC (Sales & Service Centre), 10 Representative Offices, and 7 branches in 2012, and will be recruiting a retail marketing head and more marketing agents.

Closing the gap with financial institutions. MBSB has access to Central Credit Reference Information System (CCRIS) effective January 12, which will enhance its credit scoring process. It currently uses net income to assess customer affordability, in line with the Central Bank's responsible lending guidelines. MBSB is not required to hold minimum capital but if it follows Basel III guidelines, it should have sufficient core capital of 8 per cent.

Consensus expects FY12 and FY13 net profit growth of 18 per cent respectively. Assuming 8x (which is equivalent to its mean level) consensus FY13 EPS would imply a value of RM2.50. This would be 1.8x FY13 BV

Trading Call: BUY  
FV: \$2.50

2) From RHB 260312:

MBSB will continue to grow its personal financing (PF-i) book aggressively this year. PF-i disbursements during the first two months of the year were RM2bn and MBSB appears to have upped the 2012 disbursement target slightly to RM8-9bn, from RM8bn (2011: RM6.6 billion).

MBSB has received approvals from federal and various state AGs to use the AG salary deduction codes for personal loans taken by government staff, which has a lower transactional cost of RM1/deduction vs. the

1.5 per cent/deduction charged by Angkasa. Given that this will be a new channel, contribution in the near term is not expected to be too significant.

MBSB highlighted a potential team up with EPF and a major property developer to undertake a mixed development project. However, unlike in the past when MBSB undertook development projects on its own, management stressed that there was no intention to do so again. The project is currently under evaluation and more details could follow later.

We have raised our FY12-14 net profit projections by 0.9-2.7 per cent after we updated for the 2011 Annual Report. Fair value raised to RM2.34 from RM2.32. Market Perform call is unchanged.

Trading Call: BUY  
FV: \$2.34

3) From OSK 260312:  
refer attachment.  
Trading Call: BUY  
FV: \$2.70

4) From MIDF 280312:  
refer attachment.  
Trading Call: HOLD  
FV: \$2.20

alib4b4 says:

> out of 4 analysts' call, 3 is BUY (HwangDBS, RHB, OSK) & 1 is HOLD (MIDF).  
> 3 analyses were published on 260312 & 1 on 280312.  
> FV ranging fm \$2.20 (lowest=MIDF), \$2.34 (RHB), \$2.50 (HwangDBS) & \$2.70 (highest-OSK)  
> average FV: \$2.435