



MBSB 1st QTR 2020 UPDATES

25th JUNE 2020

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President and Chief Executive Officer

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1Q20 FINANCIAL HIGHLIGHTS

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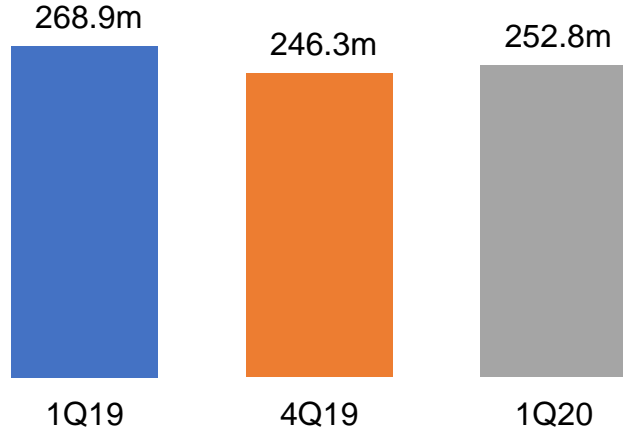
1Q20 KEY HIGHLIGHTS

03

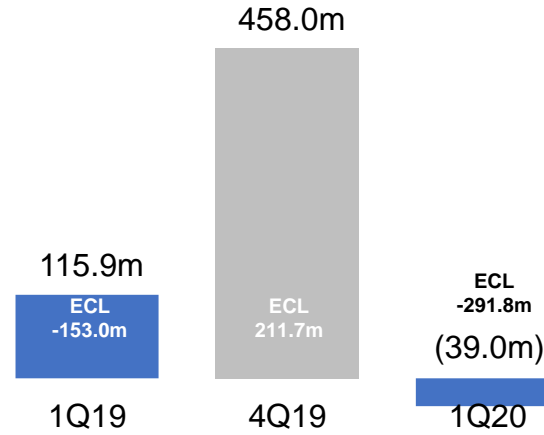
POST-PANDEMIC KEY STRATEGIES

Key Financial Highlights

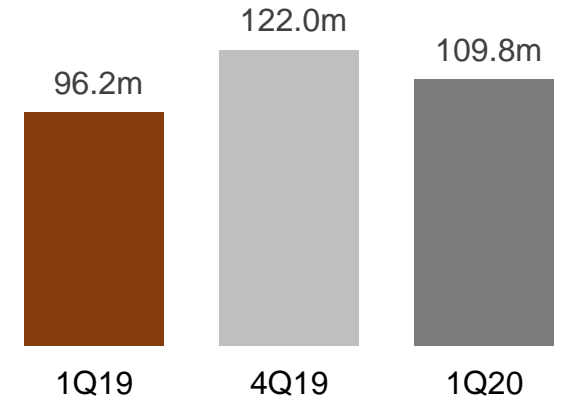
Operating Profit
+2.6% QoQ



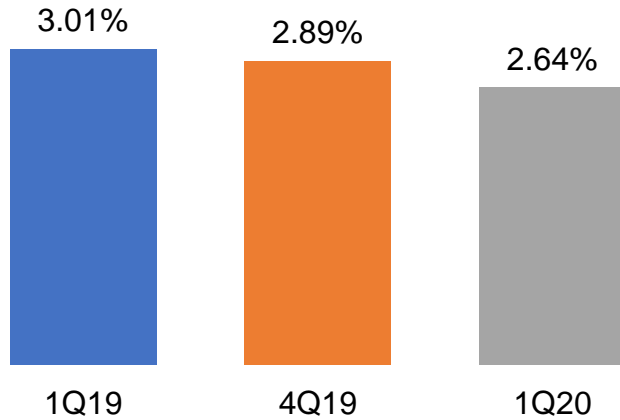
PBT
-108.5% QoQ



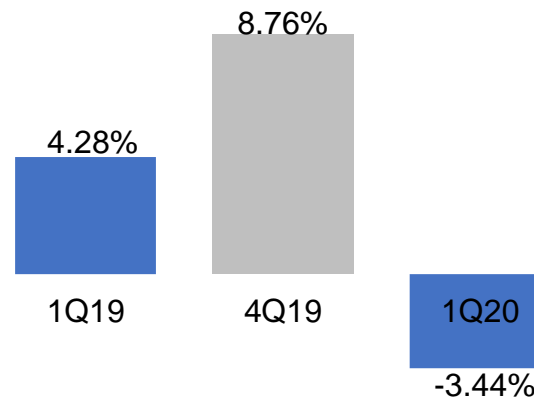
Opex
-10.0% QoQ



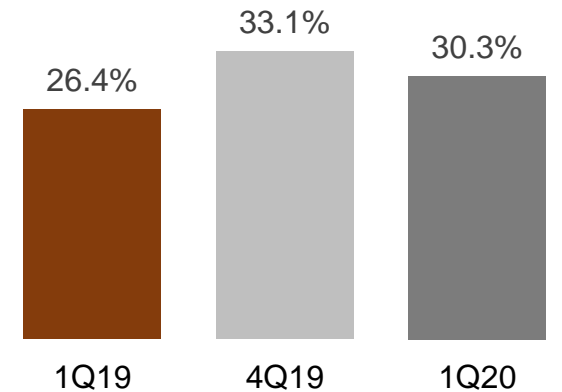
Net Profit Margin



Net Return on Equity



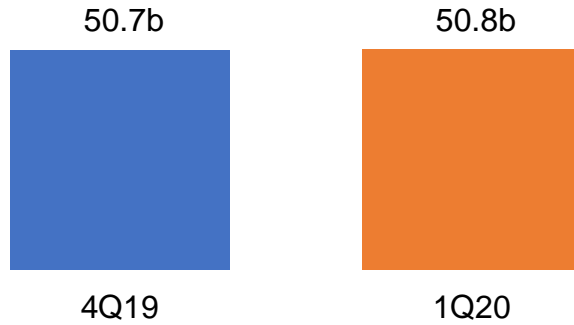
Cost to Income Ratio



Key Financial Highlights (cont'd)

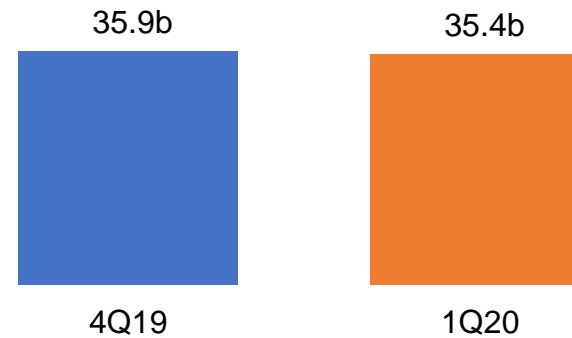
Total Assets

+0.2% YTD



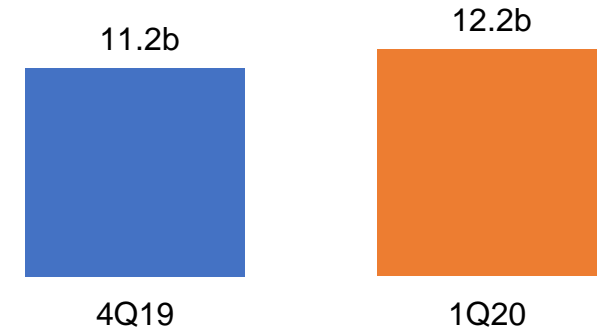
Gross Financing

-1.4% YTD



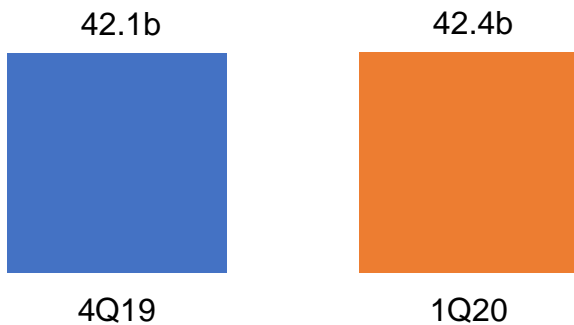
Financial Investments

+8.9% YTD



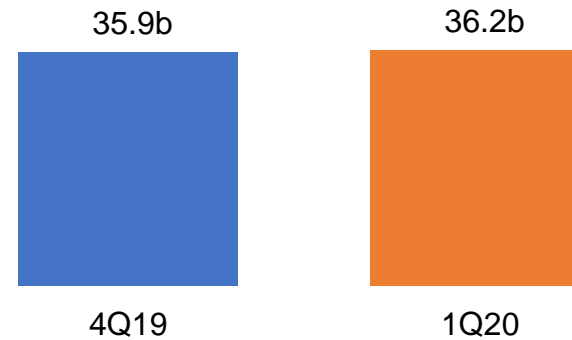
Total Liabilities

+0.7% YTD



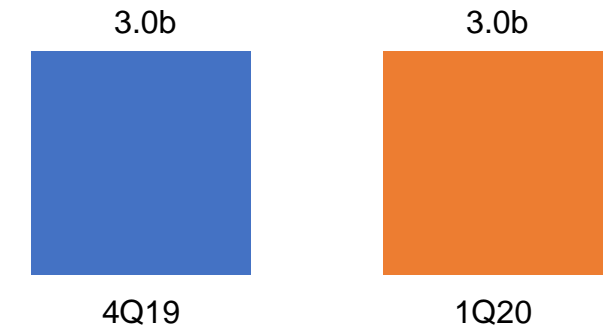
Total Deposits

+0.8% YTD



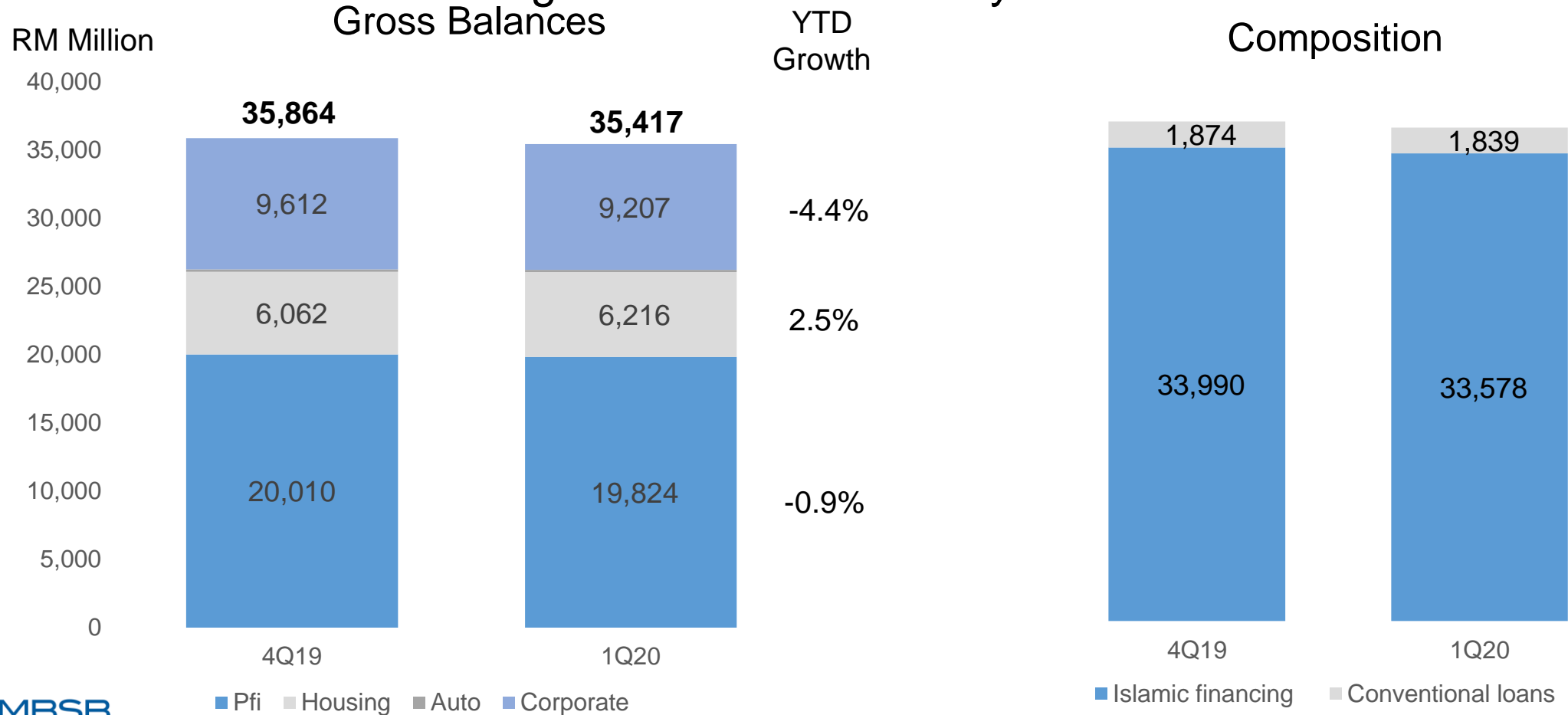
Total Sukuk

slight increase



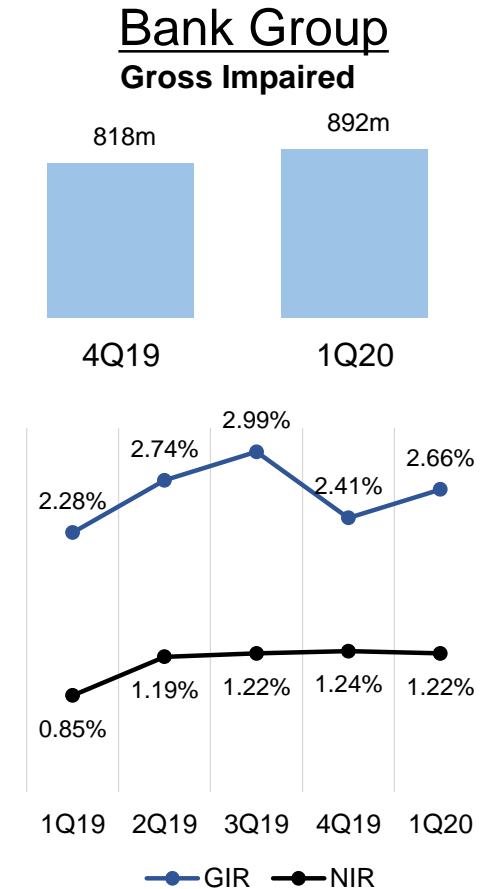
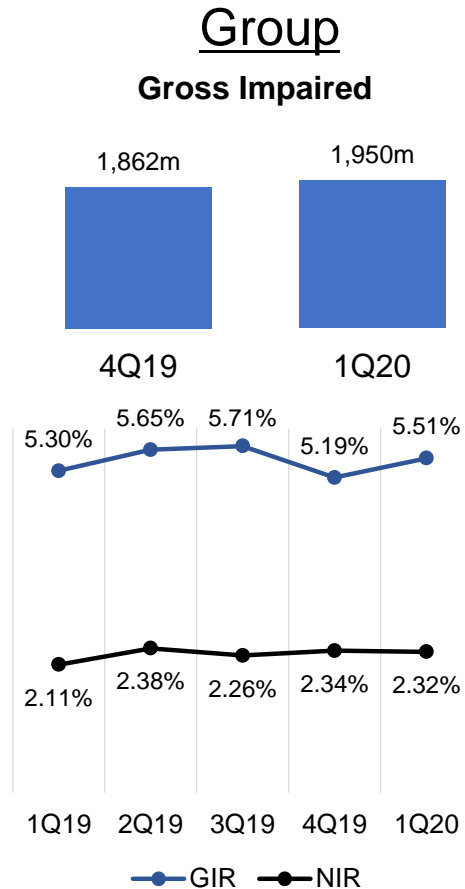
Group Gross Loans and Financing

Corporate portfolio slightly regressed by 4.2%. Corporate: Retail composition regressed from 27:73 (4Q19) to 26:74 (1Q20). Our target was set at 30:70 by 2022



Impaired Loans and Financing

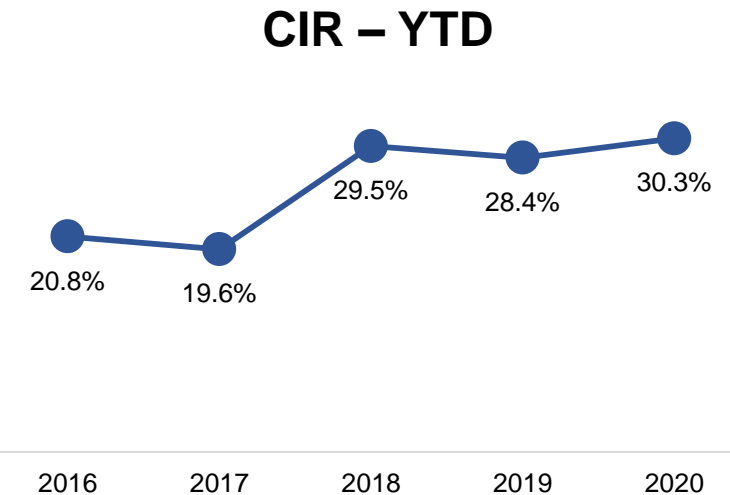
As at 1Q20, impaired ratio stood at 5.51% (Group) and 2.66% (Bank Group)



Operating Expenses

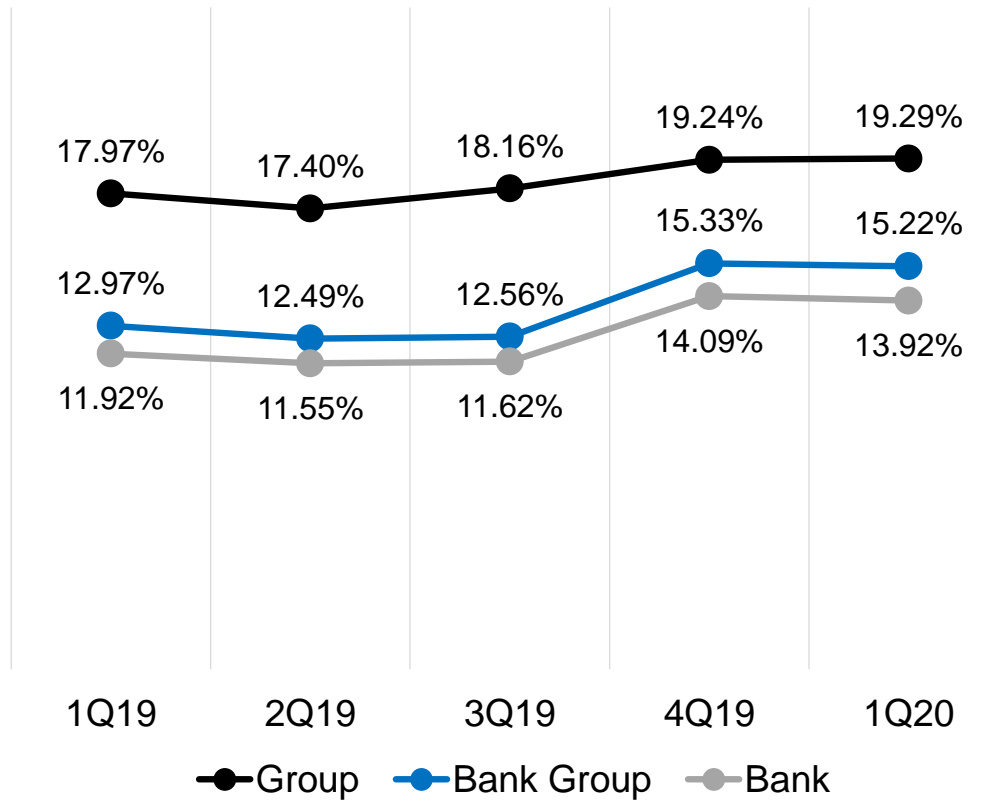
Salary and other personnel costs remain as main operating expenses for the Group.

RM mil	1Q19	4Q19	1Q20
Net income	365.0	368.3	362.6
Salary/personnel exp	62.3	74.8	68.6
Other expenses	33.9	47.2	41.2
	<u>96.2</u>	<u>122.0</u>	<u>109.8</u>
Cost to income ratio ("CIR")	26.4%	33.1%	30.3%
Salary & related exp to total expenses ratio	64.8%	61.3%	62.5%

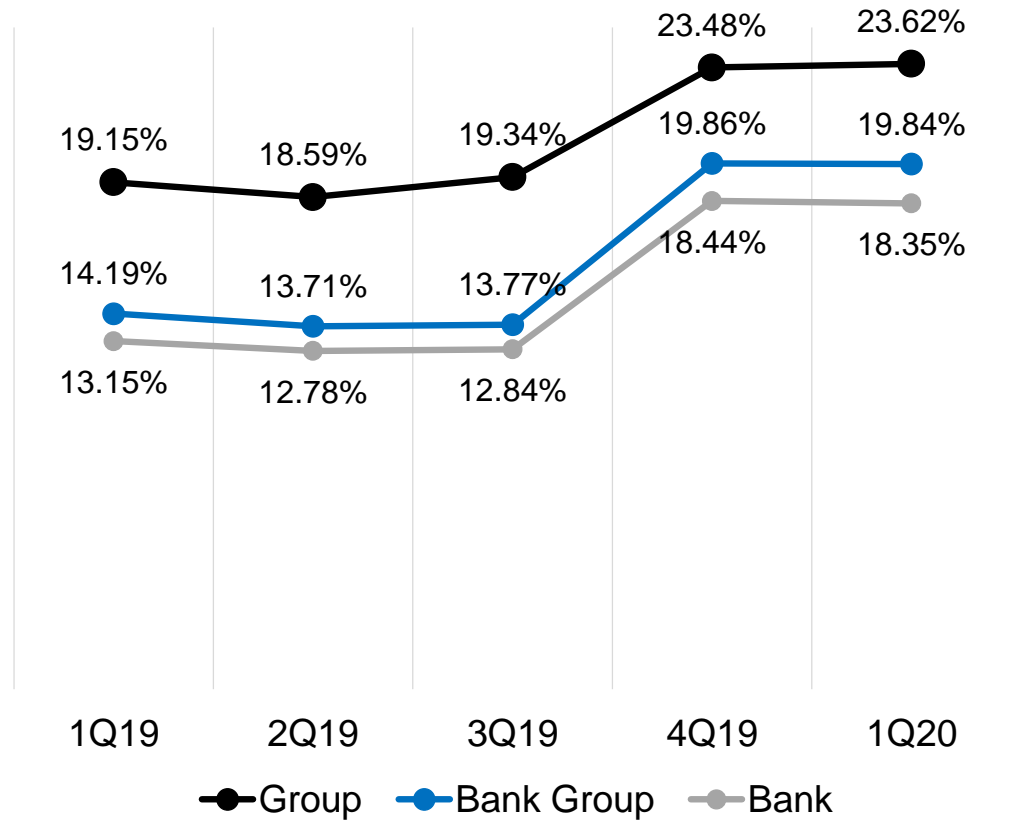


Capital Ratios

CET 1/Tier 1



Total Capital



Regulatory requirements

CET1 – 7.0%

T1 – 8.5%

Total Capital – 10.5%



1Q20 KEY ACHIEVEMENTS

Business & Consumer Banking

- ✓ Overall, total 1Q2020 disbursement is recorded at RM2.1 billion, which is a 12.5% quarter-on-quarter decrease and 10.5% year-on-year increase. The amount was mainly contributed by Trade Finance of RM723.4 million.
- ✓ Unutilized or carry forward stock of Business Banking stood at RM3.8 billion as at 31st March 2020.
- ✓ Trade Financing income experienced year-on-year increase by 128% in 1Q20 (RM8.46 mil in 1Q20 compared to RM3.71 million in 1Q19).
- ✓ 1Q20 Wealth Management fee income has improved by 16% compared to 1Q19, mainly contributed by credit takaful segment.

Deposits

- ✓ Almost 15,000 debit cards have been issued since it was launched in April 2019 with total transaction of RM8.3 million

1Q20 KEY ACHIEVEMENTS CONT'D

Global Markets

- ✓ Global Markets registered a commendable performance with RM35 million collected in Forex and Fixed Income Trading in 1Q20.
- ✓ Fixed Income portfolio witnessed an increase from RM10 billion in December 2019 to RM11.19 billion in March 2020.

Technology/ Operations

- ✓ E-wallet & Mobile Banking application have been launched in February and May 2020 respectively.

1Q20 KEY ACHIEVEMENTS CONT'D

New Norm

- ✓ The Bank has introduced a Guide on the New Norm (“GNN”) in early May with the objective of managing effectively the Covid-19 risks while concurrently ensuring that all aspects of the business and operations of MBSB Bank remain intact.

BUSINESS PLAN 2020 - BROAD STRATEGY

**NEXT 3-MONTHS
(up to Aug 2020)**

BUILDING CONFIDENCE

- Focus on sustainable revenue streams and further strengthen the capital, intensify cost management and accelerate collection
- Online-based services

**NEXT 6-MONTHS
(up to Nov 2020)**

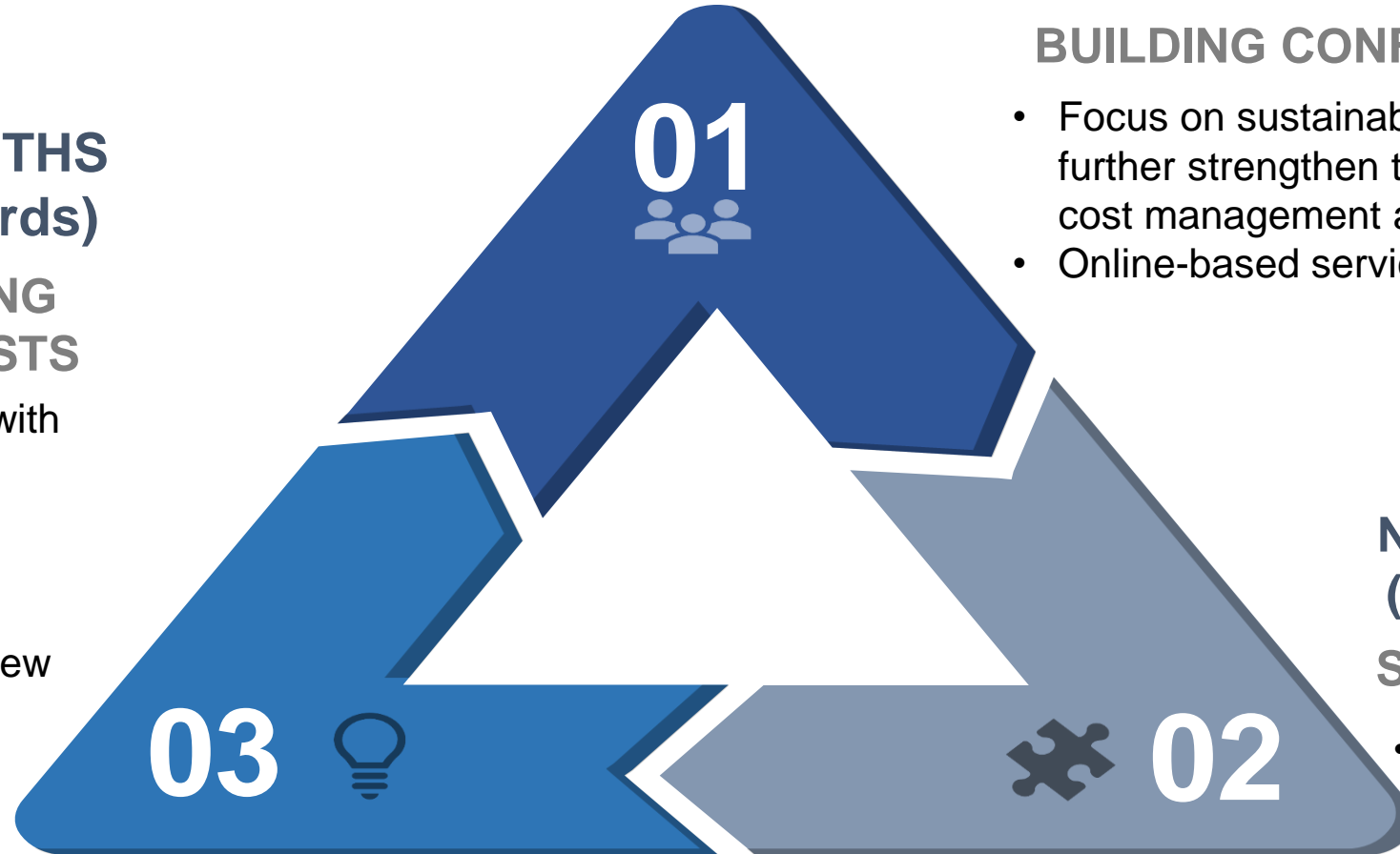
SUSTAINABILITY

- Accelerate efforts to build new businesses and ops capabilities with tech. and automation.

**BEYOND 6-MONTHS
(Dec 2020 onwards)**

STRENGTHENING EXISTING ASSETS

- Business enhancements with technology as medium
- Continue to automate to increase efficiency
- Activities are aligned to strategies in opening up new opportunities



KEY CONSIDERATIONS IN REVISED 2020 BUSINESS PLAN

REVENUE

- **Sustaining** current business and services
- **Treasury activities** – **Optimizing investment portfolios** through **divestment.**
- Building **transactional capabilities** to increase fee income

COST TO INCOME

Economics of scale – Riding on technology platform to expand market reach.

OPERATIONAL CAPABILITIES

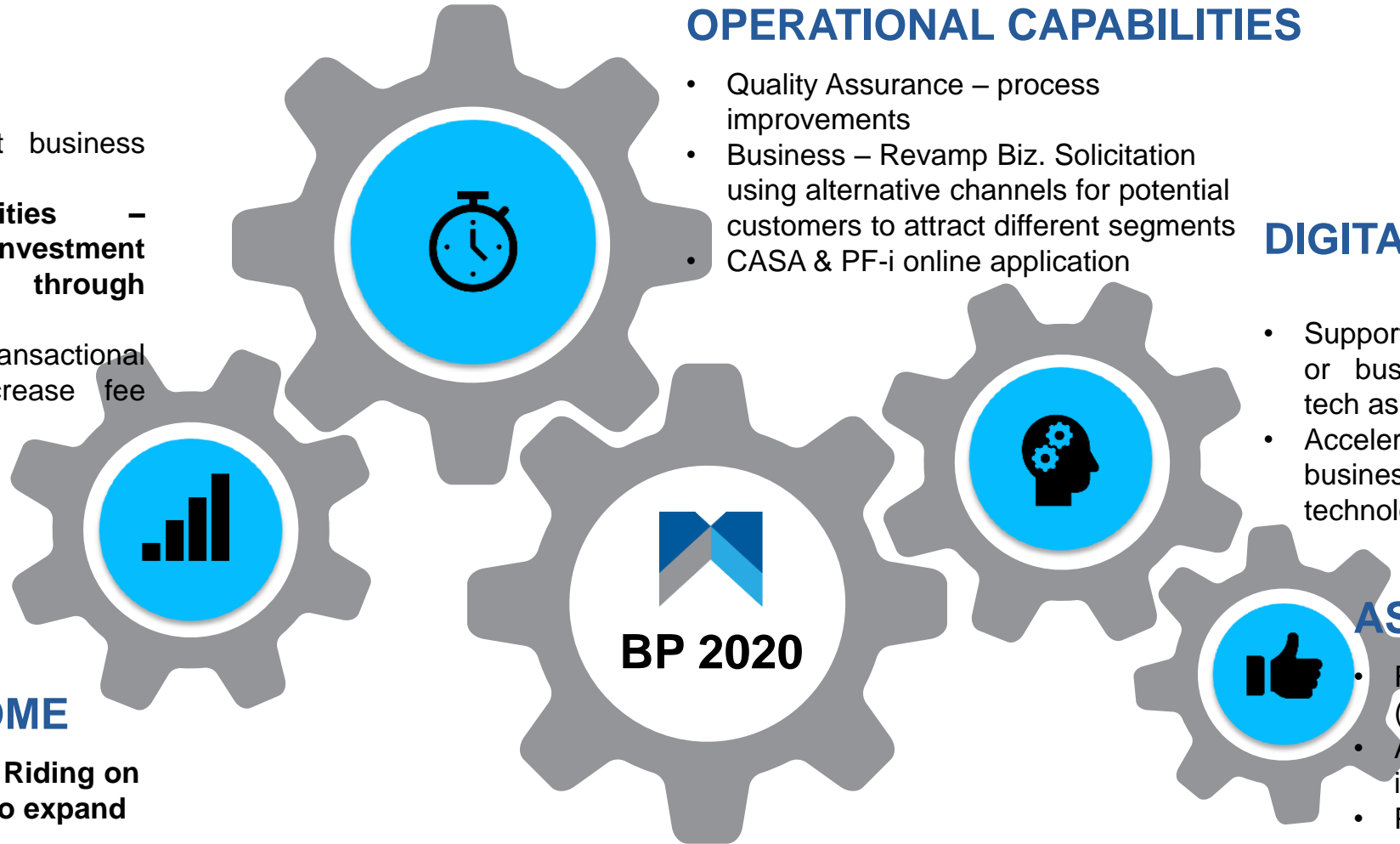
- Quality Assurance – process improvements
- Business – Revamp Biz. Solicitation using alternative channels for potential customers to attract different segments
- CASA & PF-i online application

DIGITAL TECHNOLOGY

- Supporting process re-engineering or business enhancements using tech as medium..
- Accelerating efforts to build new businesses and ops capabilities with technology and automation.

ASSET QUALITY

- Risk Acceptance Criteria (RAC) for new onboarding.
- Avoiding Covid-19 impacted sector
- Pro active post-moratorium collection



MBSB BANK RESPONSE TO COVID-19



Financing Assets

- ✓ Continuous assessment to detect early sign of distress accounts
- ✓ Early engagement with AG & Biro



Treasury

- ✓ Capture higher investment yield and diversify source of income



Business Operation

- ✓ Introduced Mobile Banking in May 2020
- ✓ Online application for CASA has been launched on 18 June 2020
- ✓ Personal Financing online application will be made available by year end



Introduce New Norm Guideline

- ✓ Introduced Guideline on New Norm ("GNN") in May to mitigate the Covid-19 risks
- ✓ 63% of total HQ workforce Work From Office



Special Financing Packages

- ✓ PRIHATIN Financing for front liners
- ✓ Special Takaful Solution Campaign
- ✓ RM1Billion Special Relief Cashline
- ✓ BNM Special Relief Fund

MBSB BANK RESPONSE TO COVID-19

Frontliners

Distribution of personal protective equipment (PPE).

Rumah Pengasih Warga Prihatin (RPWP)	RM30,000
Angkatan Belia Islam Malaysia (ABIM)	RM50,000
Badan Kebajikan Keluarga Angkatan Tentera (BAKAT ATM)	RM20,000
National Kidney Foundation Malaysia (NKFM)	RM30,000
Hospital Pakar An-Nur Barakah Sdn Bhd	RM20,000
IJN Foundation	RM50,000

Total Received
RM200,000

Healthcare

Aid to purchase respiratory equipment and medical supplies.

Mercy Malaysia	RM100,000
Association of Islamic Banking and Financial Institutions Malaysia (AIBIM)	RM100,000
Kementerian Kesihatan Malaysia (KKM)	RM100,000

Total Received
RM300,000

Community

Looking after the underprivileged.

Islamic Relief Malaysia (IRM)	RM100,000
Pertubuhan Tindakan Wanita Islam (PERTWI)	RM50,000
Pusat Pungutan Zakat - Majlis Agama Islam Wilayah Persekutuan (PPZ-MAIWP)	RM30,000
18 Welfare Homes	RM803,200
Muslim Professional Forum Berhad	RM30,000
Kelab Usahawan Muslim Profesional	RM20,000
Mercy Mission Malaysia	RM45,000
Maahad Tahfiz Sulaimaniyyah, Bangi Selangor	RM10,000
Majlis Perkhidmatan Masyarakat Sabah	RM10,000

Total Received
RM898,200

Animals

Facilitation of cleaning and feeding of animals.

Malaysia Zoological Society	RM50,000
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Total Received
RM50,000

Universities

Distribution of packed foods, face masks and hand sanitizers for students.

Universiti Sabah Malaysia (UMS)	RM30,000
Universiti Sains Malaysia (USM)	RM30,000
Universiti Teknologi Malaysia (UTM)	RM15,000
Universiti Teknikal Malaysia Melaka (UTeM)	RM30,000
Universiti Sultan Zainal Abidin (UNISZA)	RM30,000
Universiti Sains Islam Malaysia (USIM)	RM30,000
Universiti Malaysia Kelantan (UMK)	RM30,000
Universiti Teknologi MARA Sabah (UITM Sabah)	RM30,000
Universiti Pertahanan Nasional Malaysia (UPNM)	RM10,000

Total Received
RM235,000

As at 31 May 2020

Total
RM1,683,200

Q & A