



1Q21 ANALYST BRIEFING

28 MAY 2021

Datuk Seri Ahmad Zaini Othman
President and Chief Executive Officer

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FINANCIAL OVERVIEW



MOVING FORWARD

A GLANCE AT FY2020 FINANCIAL RESULTS

PROFITABILITY

- Profit Before Tax of RM427.6mil
- Net impairment allowance of RM420.9mil
- Modification loss of RM504.8mil

FINANCING

- Total gross loans, financing and advances of RM35.7bil

ASSET QUALITY

- Gross Impaired Ratio of 5.30%
- Loans and financing Loss Coverage Ratio of 103.73%

CAPITAL & LIQUIDITY

- CET1 and Tier 1 capital ratios of 20.77%
- Total Capital Ratio of 25.09%
- Liquidity Coverage Ratio of 203.90%

1Q21 FINANCIAL OVERVIEW

PROFITABILITY

- Profit Before Tax of RM111.3mil, up from Loss Before Tax of RM39.0mil in 1Q20
- Net impairment allowance of RM175.0mil (including ECL of RM168.8mil)
- Modification loss of RM36.5mil following moratorium granted to B40 and M40 group

FINANCING

- Total gross loans, financing and advances of RM35.6bil, up from RM35.4bil in 1Q20

ASSET QUALITY

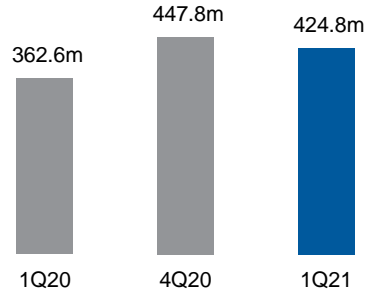
- Gross Impaired Ratio of 5.76%, up 46bps from 5.30% in 4Q20
- Loans and financing Loss Coverage Ratio of 104.13%, up from 103.73% in 4Q20

CAPITAL & LIQUIDITY

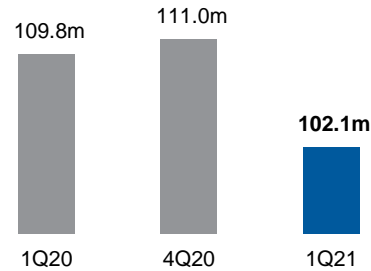
- CET1 and Tier 1 capital ratios of 21.20%, up from 20.77% in 4Q20 contributed by lower Risk Weighted Assets
- Total Capital Ratio of 25.71%, up from 25.09% in 4Q20
- Liquidity Coverage Ratio of 202.62%, down from 203.90% in 4Q20

GROUP KEY FINANCIAL HIGHLIGHTS

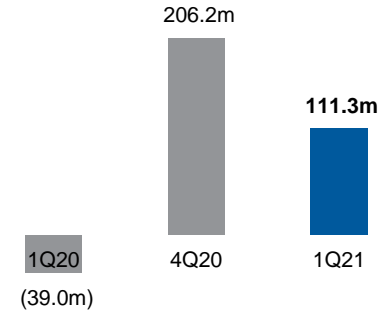
Net Income



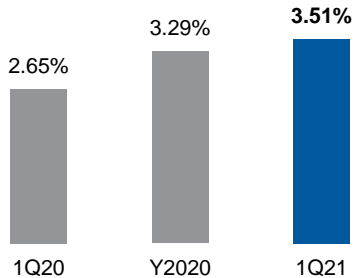
Operating Expenses



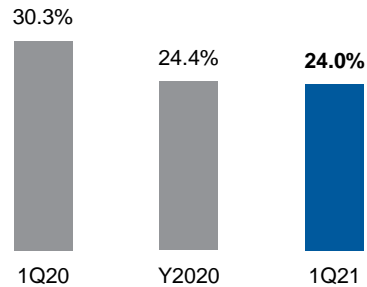
Profit Before Tax



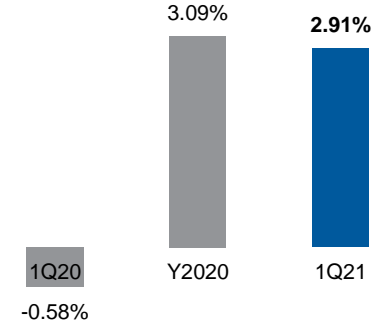
Net Profit Margin*



Cost to Income Ratio



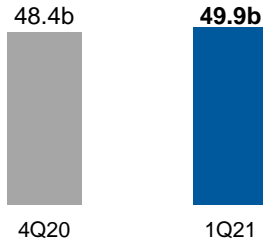
Net Return on Equity*



GROUP KEY FINANCIAL HIGHLIGHTS (CONT'D)

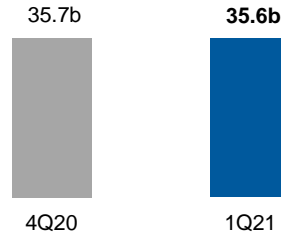
Total Assets

+3.1% QoQ



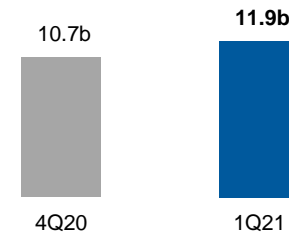
Gross Financing

-0.3% QoQ



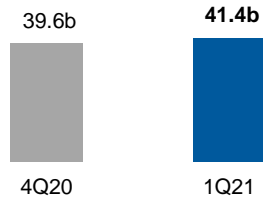
Financial Investments

+11.8% QoQ



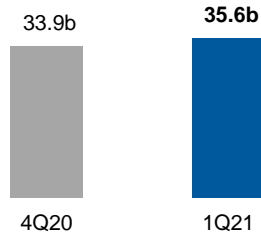
Total Liabilities

+4.6% QoQ



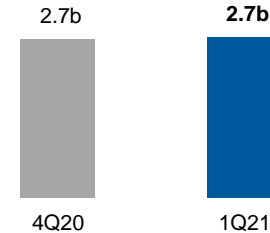
Total Deposits

+5.1% QoQ



Total Sukuk

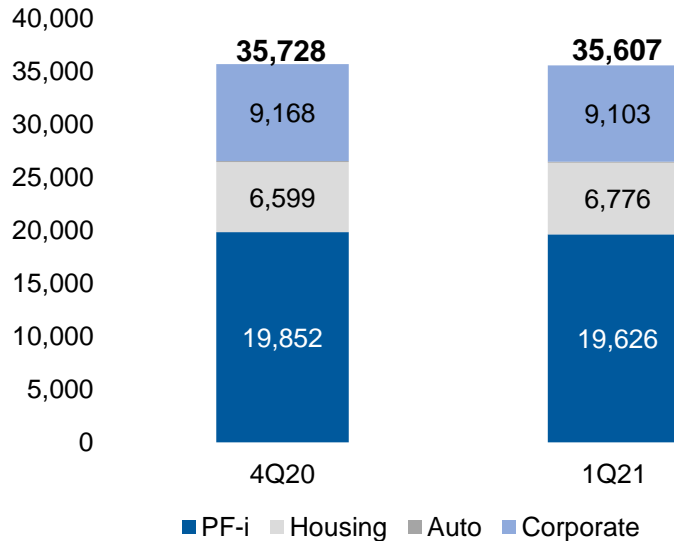
+1.3% QoQ



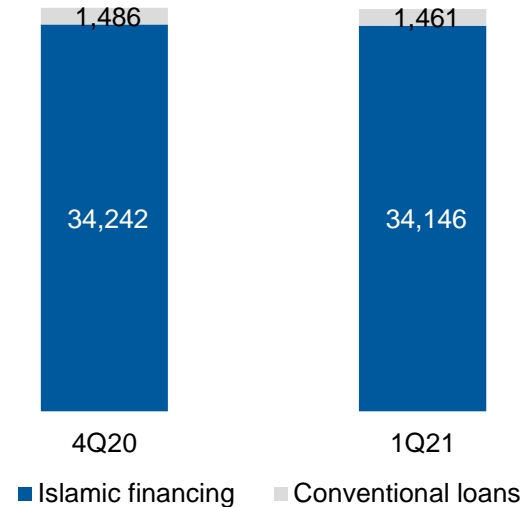
GROSS LOANS AND FINANCING

Gross loans and financing slightly regressed by 0.34% to RM35.6bil.
Corporate : Retail composition remains at 26 : 74

Gross Balances (RM'mil)



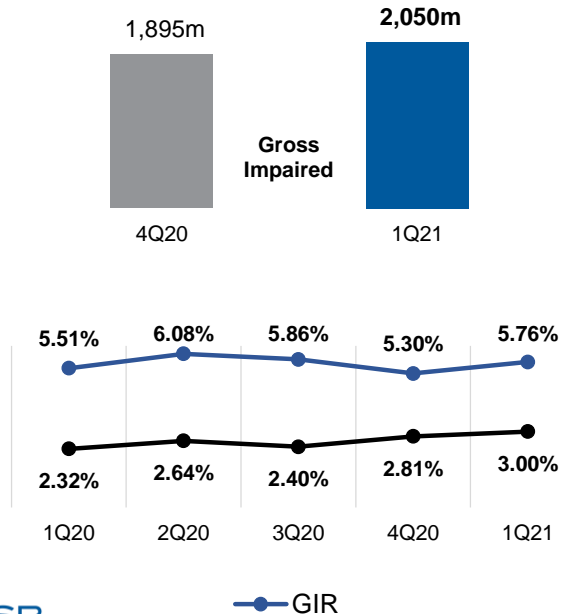
Composition (RM'mil)



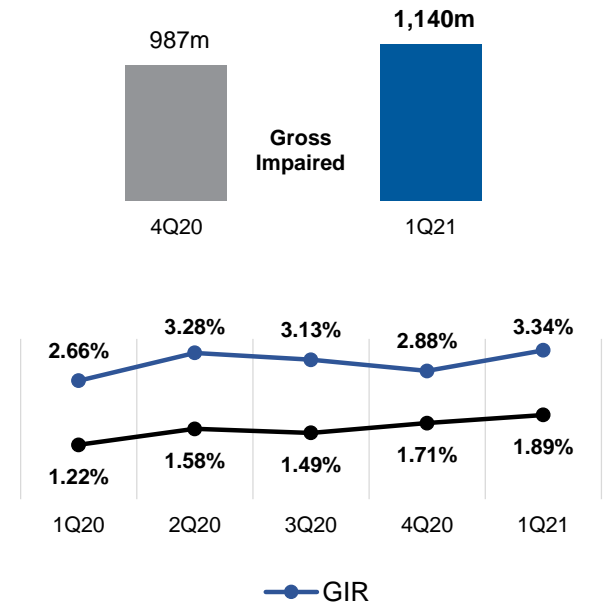
IMPAIRED LOANS & FINANCING

Gross impaired and net impaired ratios slightly deteriorated contributed mainly by the retail portfolio

MBSB Group



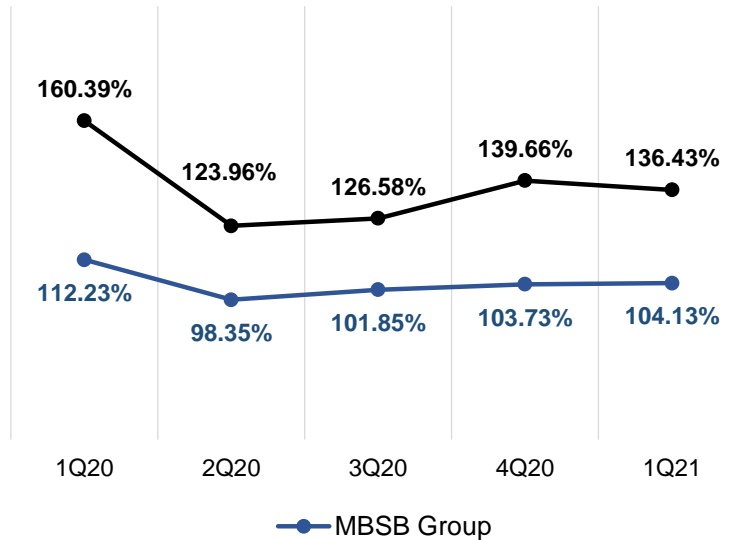
MBSB Bank



LOANS AND FINANCING LOSS COVERAGE AND CREDIT COST

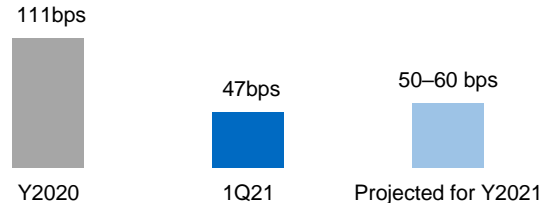
Loans and financing loss coverage ratio remains above 100%

Loss Coverage Ratio

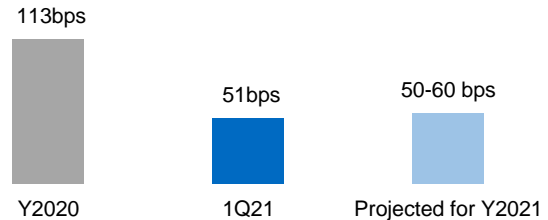


Credit Cost

MBSB Group

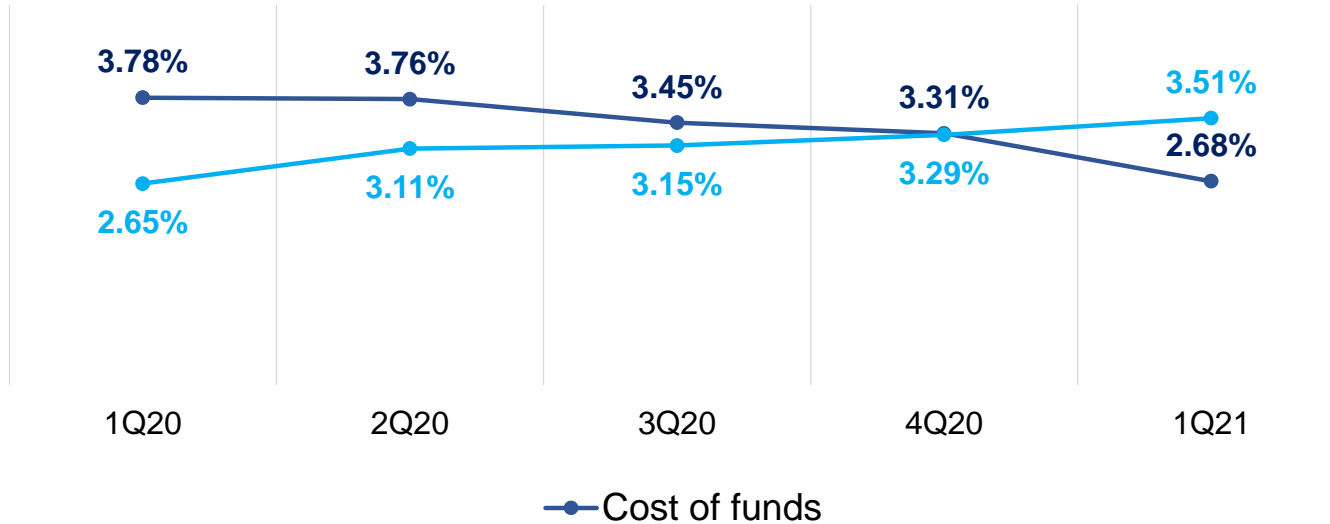


MBSB Bank



GROUP COST OF FUNDS AND NET PROFIT MARGIN

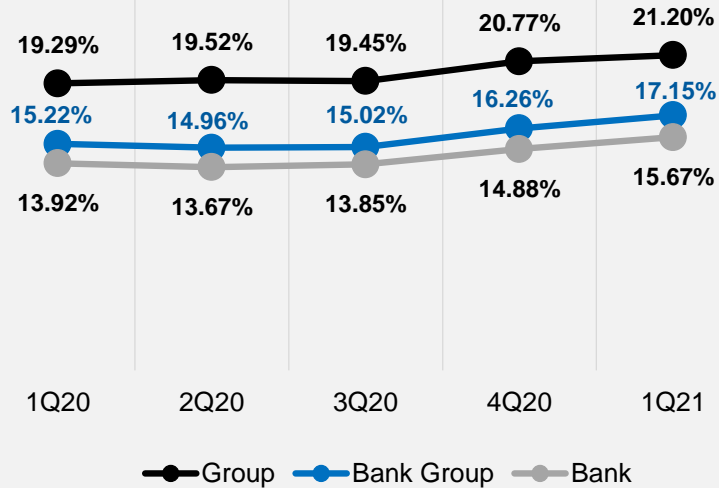
Net profit margin increased to 3.51% mainly due to lower funding cost with the repricing of deposits to lower rates



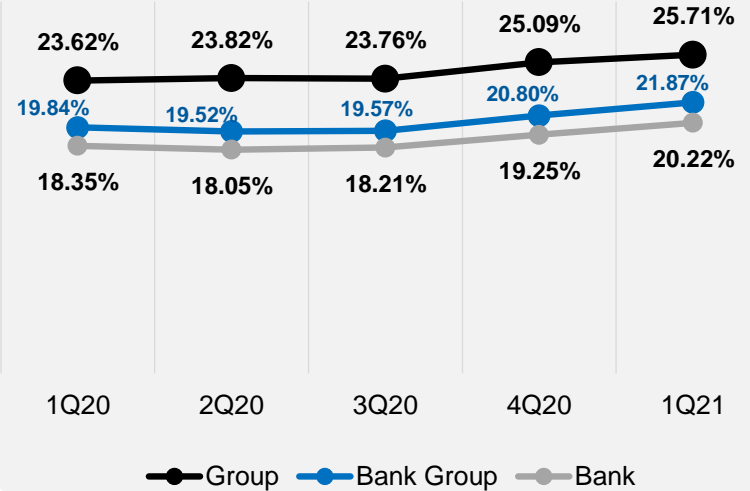
CAPITAL RATIOS

Capital remains healthy and well above minimum regulatory requirements

CET1/Tier 1



Total Capital



Regulatory requirements

CET1	: 7.0%
Tier 1	: 8.5%
Total Capital	: 10.5%

GROUP KEY RATIOS

KEY RATIOS		1Q20 (%)	Y2020 (%)	1Q21 (%)
PROFITABILITY	Return on Equity	-0.58	3.09	2.91
	Return on Asset	-3.44	0.55	0.52
	Net Profit Margin	2.65	3.29	3.51
	Cost to Income Ratio	30.28	24.45	24.03
ASSET QUALITY	Gross Impaired Ratio	5.51	5.30	5.76
	Net Impaired Ratio	2.32	2.81	3.00
	Loans and financing Loss Coverage Ratio	112.23	103.73	104.13
CAPITAL	CET1 and Tier 1	19.29	20.77	21.20
	Total Capital	23.62	25.09	25.71
LIQUIDITY	Cost of Funds	3.78	3.30	2.68
	Liquidity Coverage Ratio	203.18	203.90	202.62
	Net Stable Funding Ratio (for MBSB Bank Group)	108.17	100.46	107.54

Regulatory requirements

CET1	: 7.0%
Tier 1	: 8.5%
Total Capital	: 10.5%

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FINANCIAL OVERVIEW



MOVING FORWARD

MOVING FORWARD



Digital Banking Roadmap



Corporate Restructuring



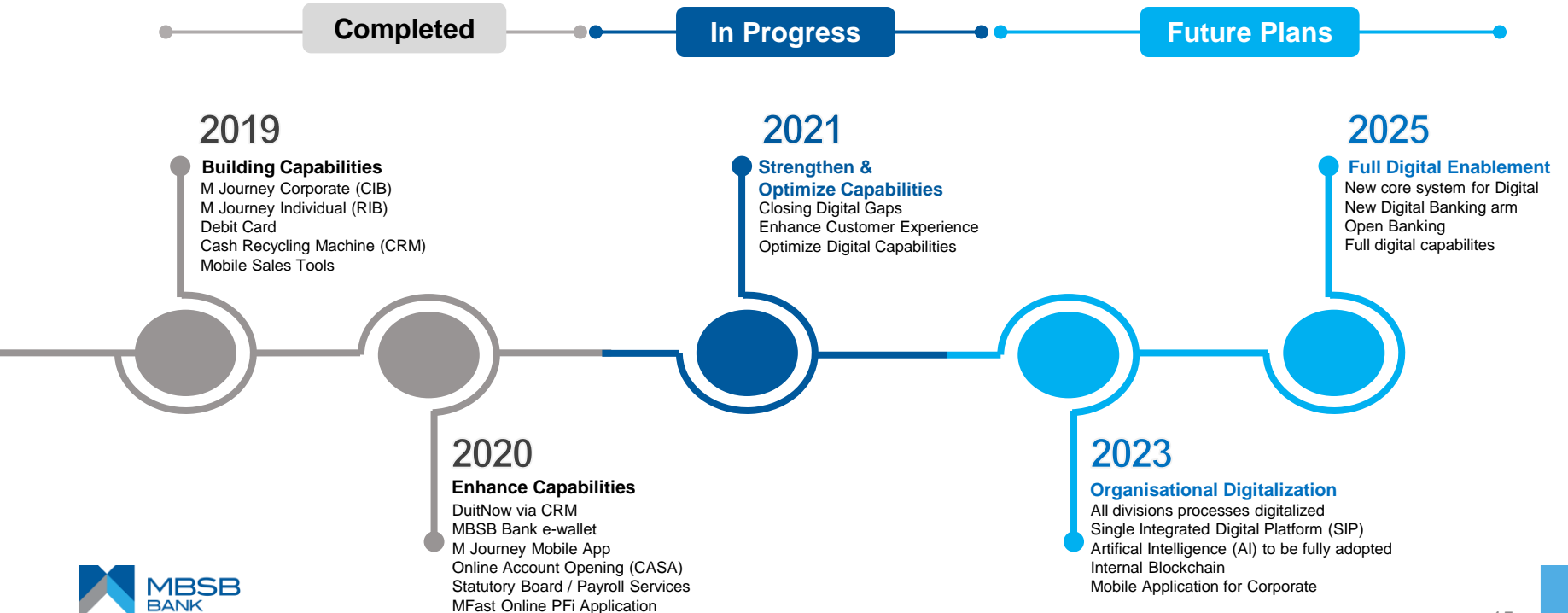
Care Unit / Targeted Repayment Assistance



Re-strategize Business Approach and Activities

DIGITAL BANKING ROADMAP

Digital Capabilities Journey



CORPORATE RESTRUCTURING

MBSB is also embarking on a possible corporate restructuring that would transfer its listing status to MBSB Bank, which is expected to increase shareholder value

2nd full fledged Financial Institution to be listed as Shariah stock



Improved dividend efficiencies



Bank will have direct access to the equity capital markets for fund raising



Bank shares will be shariah compliant, attracting Shariah investors



Shareholders will have direct equity participation in the Bank



CARE UNIT / TARGETED REPAYMENT ASSISTANCE

Chaired by PCEO

Steering Committee comprises
Senior Management team

Ensuring effective implementation of the Bank's
Targeted Payment Flexibility Programs for customers
affected by Covid-19 pandemic

Relationship managers actively engaging with affected
corporate customers

Type of Customer	% of Total Portfolio
 Individual Breakdown by Product Personal Financing 21% Property Financing 3% Auto Financing 1%	25%
 Non-Individual	11%

RE-STRATEGIZE BUSINESS APPROACH AND ACTIVITIES

① Continue focus in the following sustainable sectors:



Government



Government Linked
Companies (GLCs)



Financial
Institutions



Essential
Services

② Identify other sustainable sectors and new growth areas

③ Avoid high risk (related to Covid-19) and red flag sectors

④ Various campaigns for financing and deposits

Q&A