



MBSB
BANK
Part Of Your Journey

1Q22 ANALYST BRIEFING

27 MAY 2022

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Acting Chief Executive Officer



AGENDA



1Q22 FINANCIAL PERFORMANCE



MOVING FORWARD

1Q22 FINANCIAL PERFORMANCE



Profitability

Registered profit before tax (“PBT”) during the quarter of RM79.2mil, lower than the previous quarter of RM164.4mil mainly due to higher impairment allowances

Net profit margin increased to 3.27% mainly due to higher yields.

Financing

Gross loans and financing increased to **RM36.4bil** from RM36.2bil contributed by retail portfolios.

Asset Quality

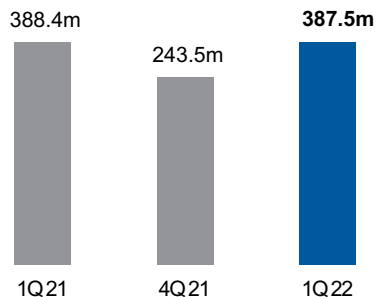
Gross impaired ratio of increased to 5.89% from 4.60% in 4Q21 after the expiry of repayment assistance. Loans and financing loss coverage falls below 100%.

Capital & Liquidity

Healthy capital and liquidity position with CET1 and Tier 1 capital ratios of 20.84%, and Total capital ratio of 25.32%. Liquidity coverage ratio is at 345.52%.

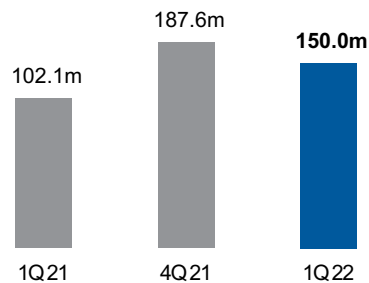
GROUP KEY FINANCIAL HIGHLIGHTS

Net Income



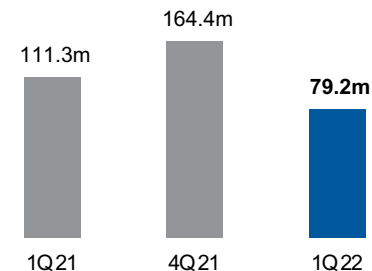
Net income (before impairment) in 1Q22 improved mainly due to lower modification loss during the quarter with some moratorium under the URUS programme.

Operating Expenses



Lower OPEX in 1Q22 mainly due to higher provision for expenses in the previous quarter.

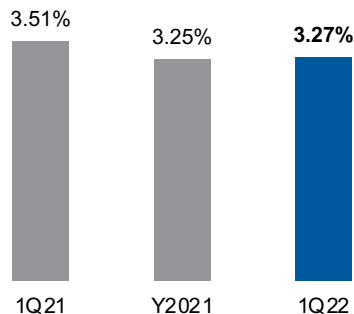
Profit Before Tax



Lower PBT in 1Q22 mainly due to higher impairment allowances.

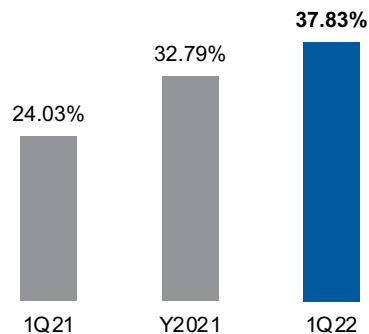
GROUP KEY FINANCIAL HIGHLIGHTS (CONT'D)

Net Profit Margin *



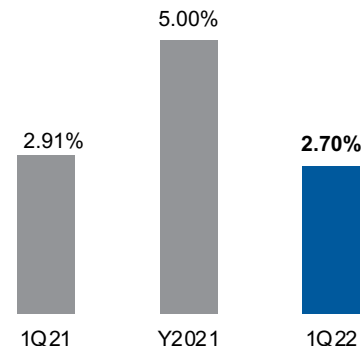
Net profit margin increase from 3.25% to 3.27% mainly due to annualization of higher yield as compared to year 2021.

Cost to Income Ratio



Higher cost to income ratio due to the increase in OPEX from the investments in technology and HR.

Net Return on Equity *



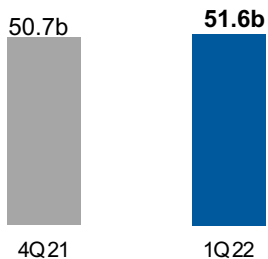
Annualized return on equity decreased to 2.70% due to lower profit.

* annualized

GROUP KEY FINANCIAL HIGHLIGHTS (CONT'D)

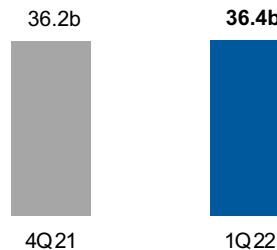
Total Assets

+1.8% QoQ



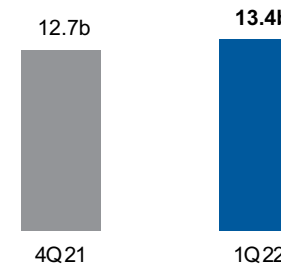
Gross Financing

+0.7% QoQ



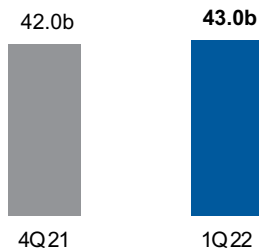
Financial Investments

+5.8% QoQ



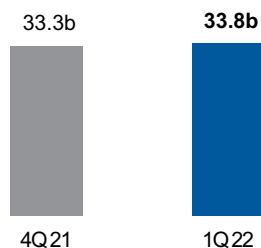
Total Liabilities

+2.5% QoQ



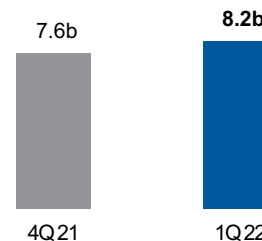
Total Deposits

+1.8% QoQ



Total Sukuk, Investment Account and Cagamas

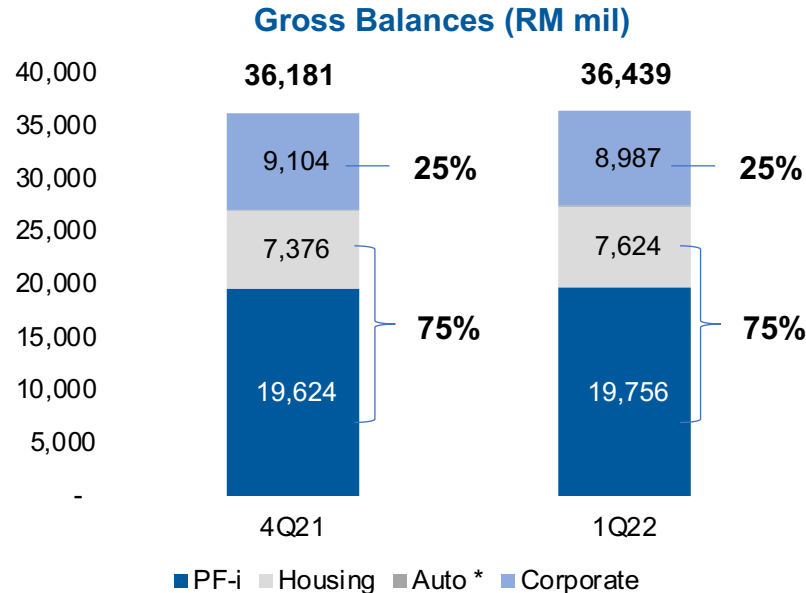
+8.0% QoQ



GROSS LOANS AND FINANCING INCREASED MARGINALLY BY 0.71% TO RM36.4bil (4Q21 : RM36.2 bil)



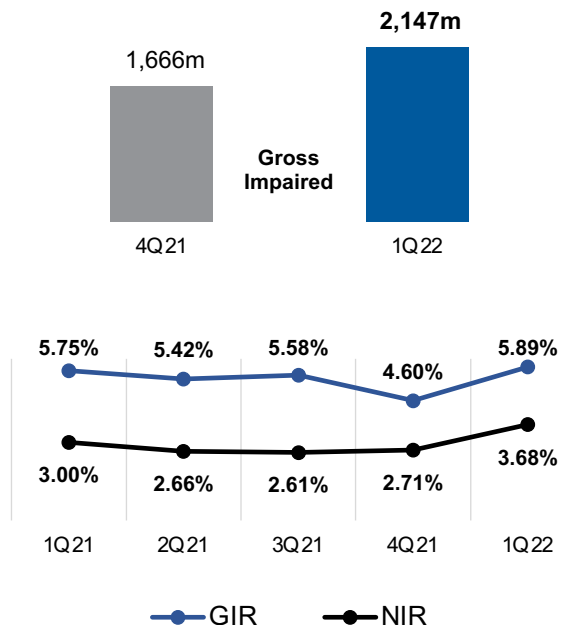
Corporate : Retail composition currently at 25 : 75
Projected financing growth for 2022: 10 – 11%



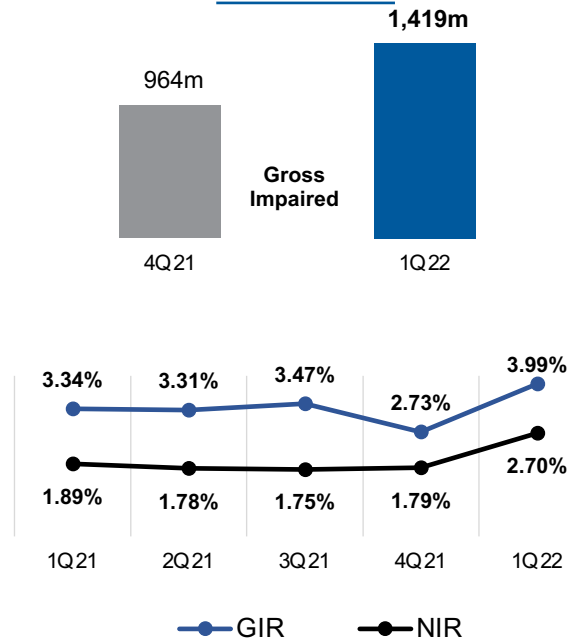
* Gross financing less than RM100mil

GROSS IMPAIRED RATIO (GIR) INCREASED AFTER EXPIRY OF REPAYMENT ASSISTANCE

MBSB Group



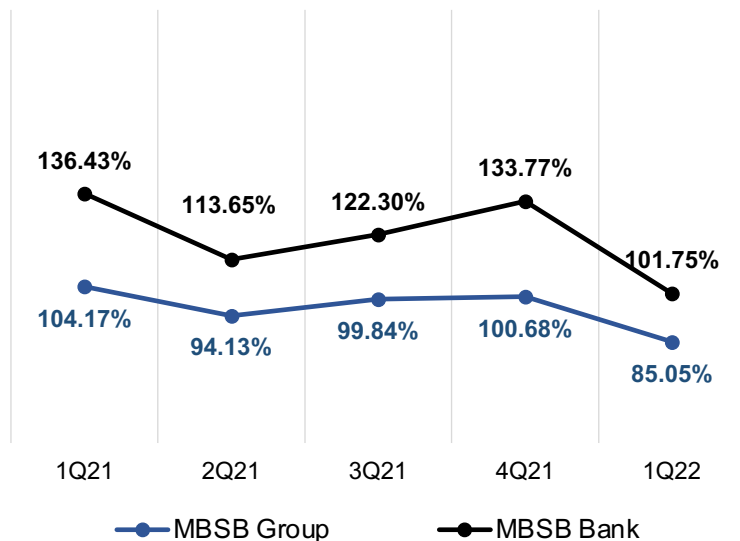
MBSB Bank



LOANS AND FINANCING LOSS COVERAGE BELOW 100% WITH THE INCREASE OF IMPAIRED LOANS AND FINANCING

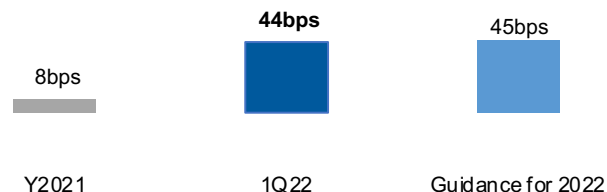


Loss Coverage Ratio

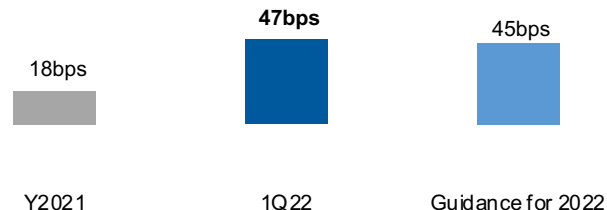


YTD Net Credit Cost

MBSB Group

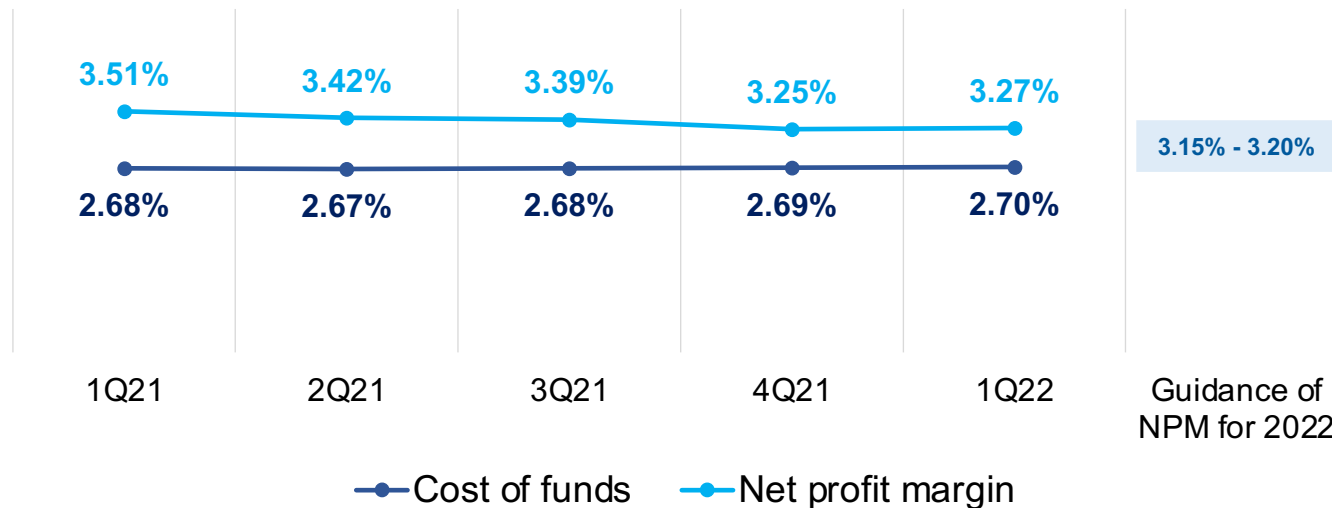


MBSB Bank

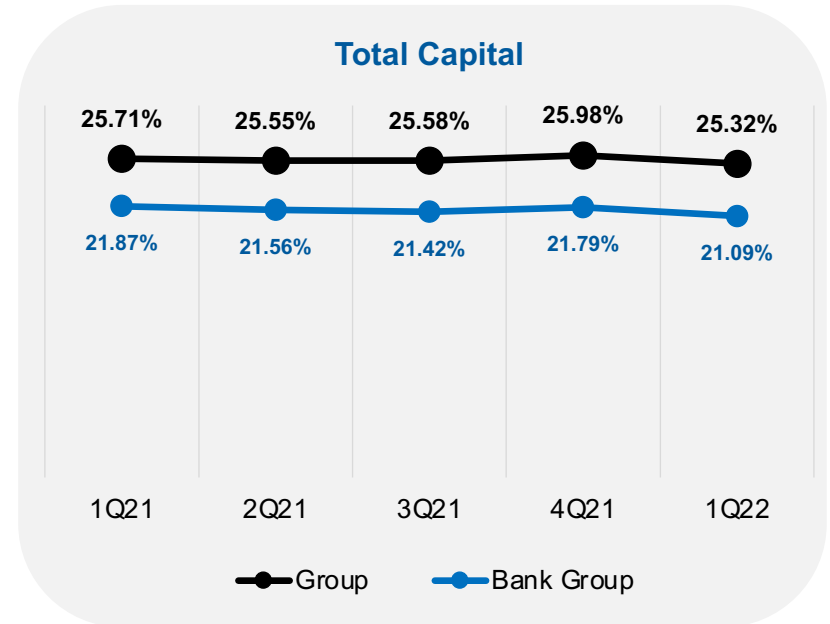
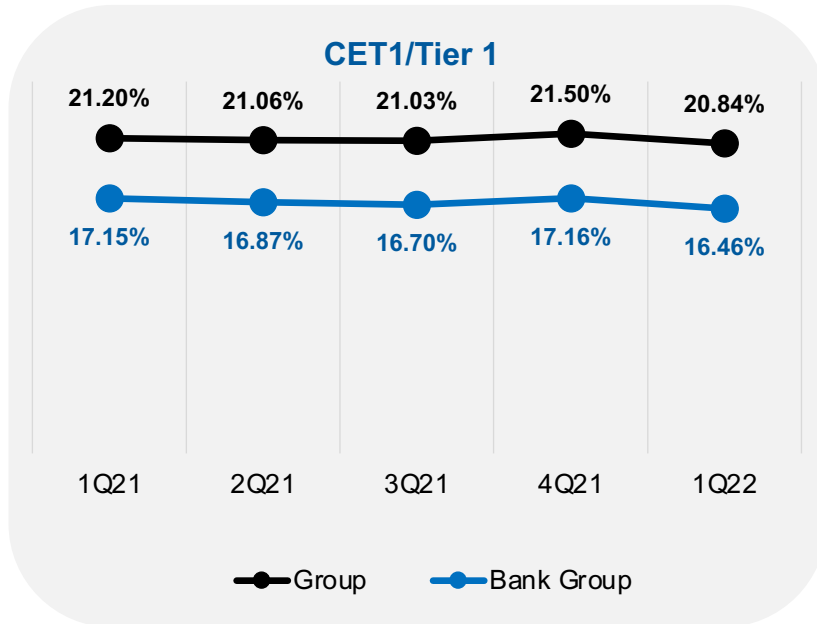


NET PROFIT MARGIN INCREASED TO 3.27% MAINLY DUE TO HIGHER YIELDS

MBSB Group



CAPITAL REMAINS HEALTHY AND WELL ABOVE MINIMUM REGULATORY REQUIREMENTS



Regulatory requirements

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

GROUP KEY RATIOS



KEY RATIOS		4Q21 (%)	1Q22 (%)
PROFITABILITY	Return on Equity	5.00	2.70
	Return on Asset	0.89	0.46
	Net Profit Margin	3.25	3.27
	Cost to Income Ratio	32.79	37.83
ASSET QUALITY	Gross Impaired Ratio	4.60	5.89
	Net Impaired Ratio	2.71	3.68
	Loans and financing Loss Coverage Ratio	100.68	85.05
CAPITAL	CET1 and Tier 1	21.50	20.84
	Total Capital	25.98	25.32
LIQUIDITY	Cost of Funds	2.69	2.70
	Liquidity Coverage Ratio	234.68	345.52
	Net Stable Funding Ratio (for MBSB Bank Group)	103.10	108.01

Regulatory requirements

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

AGENDA



1Q22 FINANCIAL PERFORMANCE



MOVING FORWARD

Moving forward – Macro Environment

Domestic GDP Outlook

Malaysian economy is expected to grow between 5.3% and 6.3% this year according to the Ministry of Finance.

This growth is expected to be supported by higher domestic demand and support from external demand (exports), increased economic activity, and continued labour market recovery.

Risks to Growth

Risks to Malaysia's growth recovery include slowing in the developed economies and China, further escalation of geopolitical conflicts, worsening supply chain disruptions, elevated global inflation, high commodity and food prices. Source: BNM

After expanding by 5.9% in 2021, the global economy is projected to slow to 2.9% this year, representing a downgrade of 0.4 percentage point from April. Source: Conference Board

Malaysia's Monetary Policy

With the domestic growth on a firmer footing, BNM's Monetary Policy Committee or MPC decided to begin reducing the degree of monetary accommodation, raising OPR from 1.75% to 2.00% recently.

This will be done in a measured and gradual manner, ensuring that monetary policy remains accommodative to support a sustainable economic growth in an environment of price stability. Source: BNM

Moving forward – MBSB Outlook

Growth

We are constantly looking to enhance our business from both organic and inorganic approaches.

We strive to improve our existing business via enhanced capabilities and processes, while generating new business streams from higher digital capabilities and branch transformation, parallel Musyarakah as well as capturing more SMEs.

Reaffirming Strategies

We are reaffirming 5 year Journey roadmap as we aspire to become a top progressive Islamic Bank by 2025. Our priorities are ROE \geq 10%, financing growth of circa 10%, and raising CASA as a percentage of deposits. Our FY22 NIM guidance is at 3.15%-3.20%.

We will also continue to be vigilant on our asset quality management and will be closely monitoring our customers' repayments.

Commitment to shareholders

We are focused on executing and delivering on our commitment to our shareholders – targeting a higher ROE of 8% for FY22 and higher dividend payout.

MBSB continues to have healthy capital and liquidity position. CET1 and Tier 1 capital ratios of 20.8%. Total capital ratio of 25.3%.

Forward Momentum

Despite a relatively new entrant, we have confidence in the forward momentum as we continue to grow the business and strengthen our return profile to our shareholders.

We see tremendous potential and opportunities for MBSB to grow our 5% market share presence in the Islamic banking space.

THANK YOU