



MBSB 3rd QTR 2020 UPDATES

30th NOVEMBER 2020

By Datuk Seri Ahmad Zaini Othman
President and Chief Executive Officer

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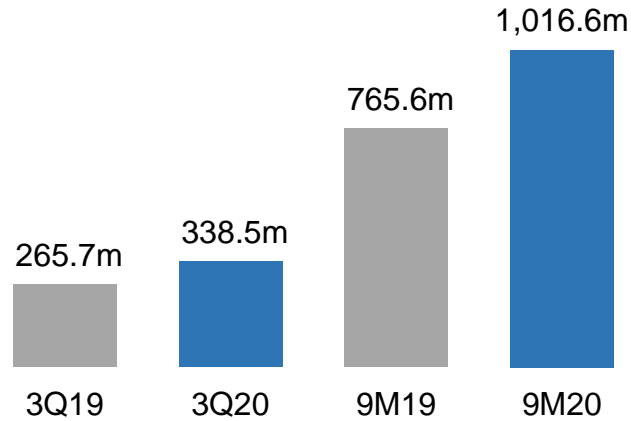
3Q20 FINANCIAL HIGHLIGHTS

02

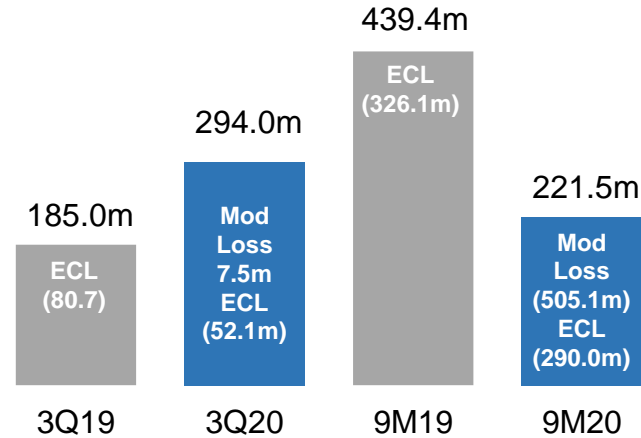
3Q20 KEY HIGHLIGHTS

KEY FINANCIAL HIGHLIGHTS

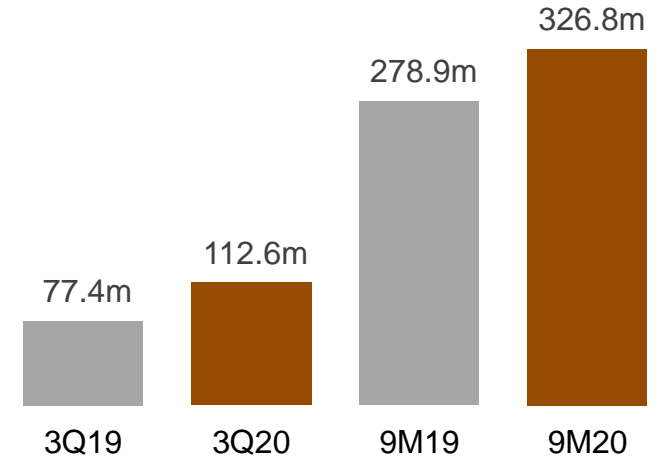
Operating Profit YTD +32.8% YoY



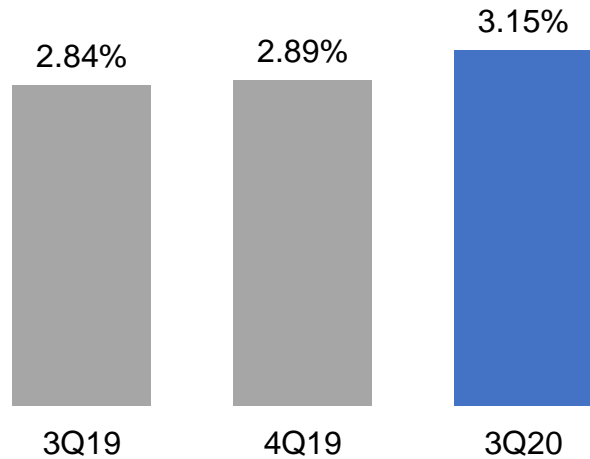
PBT YTD -49.6% YoY



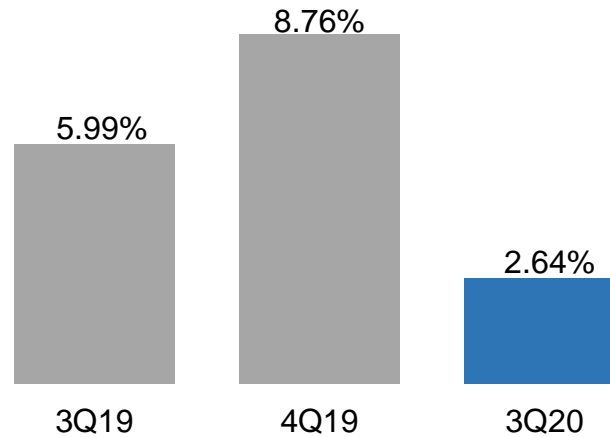
Opex YTD +17.2% YoY



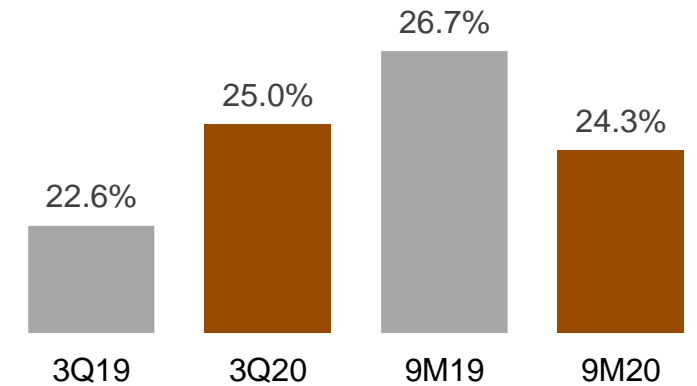
*Net Profit Margin



*Net Return on Equity

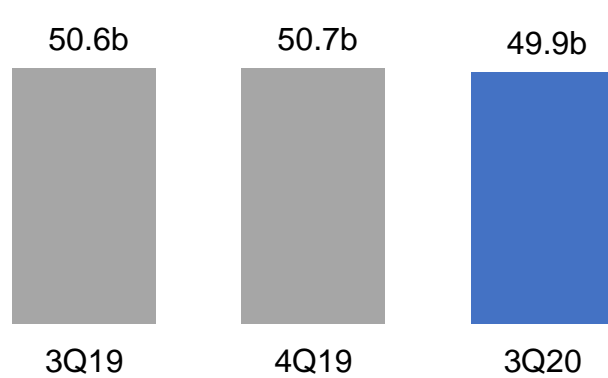


Cost to Income Ratio

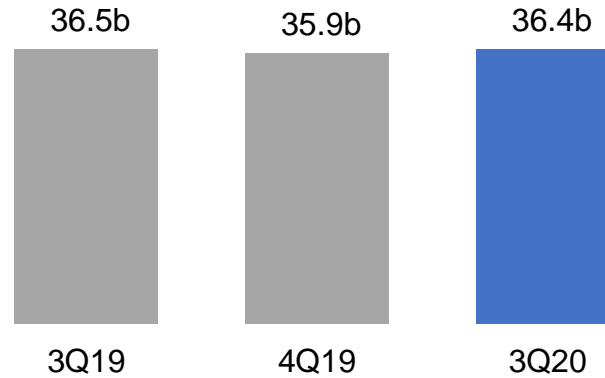


KEY FINANCIAL HIGHLIGHTS (CONT'D)

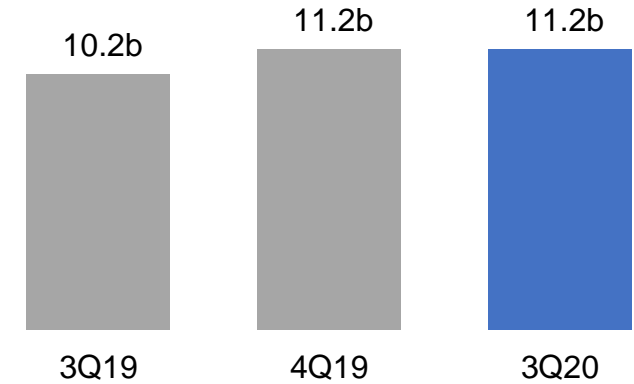
Total Assets
-1.6% YTD



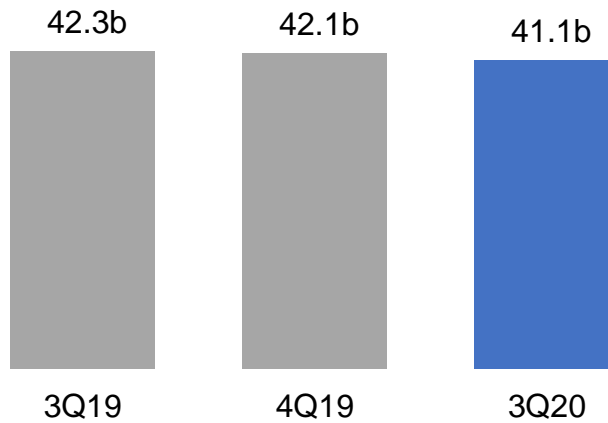
Gross Financing
1.4% YTD



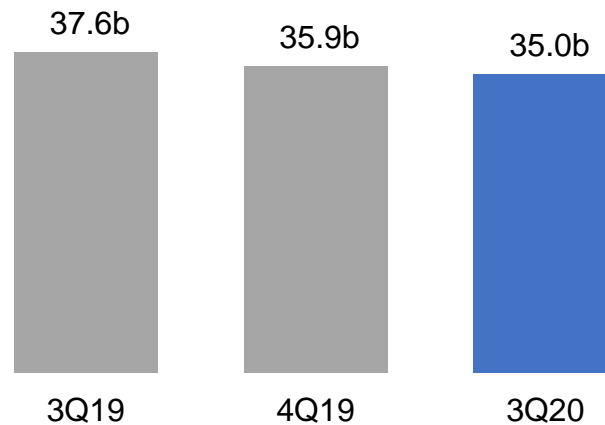
Financial Investments
remains steady



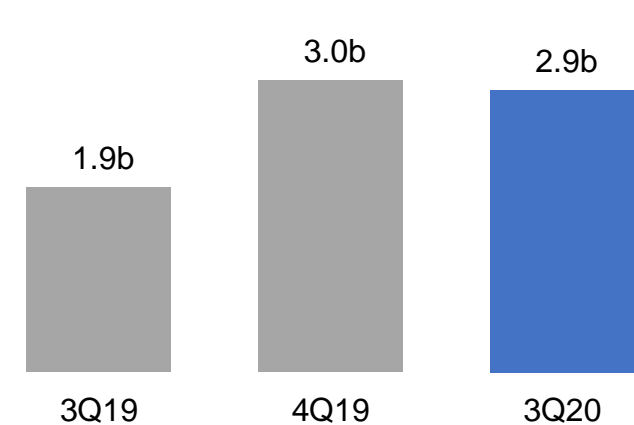
Total Liabilities
-2.4% YTD



Total Deposits
-2.5% YTD

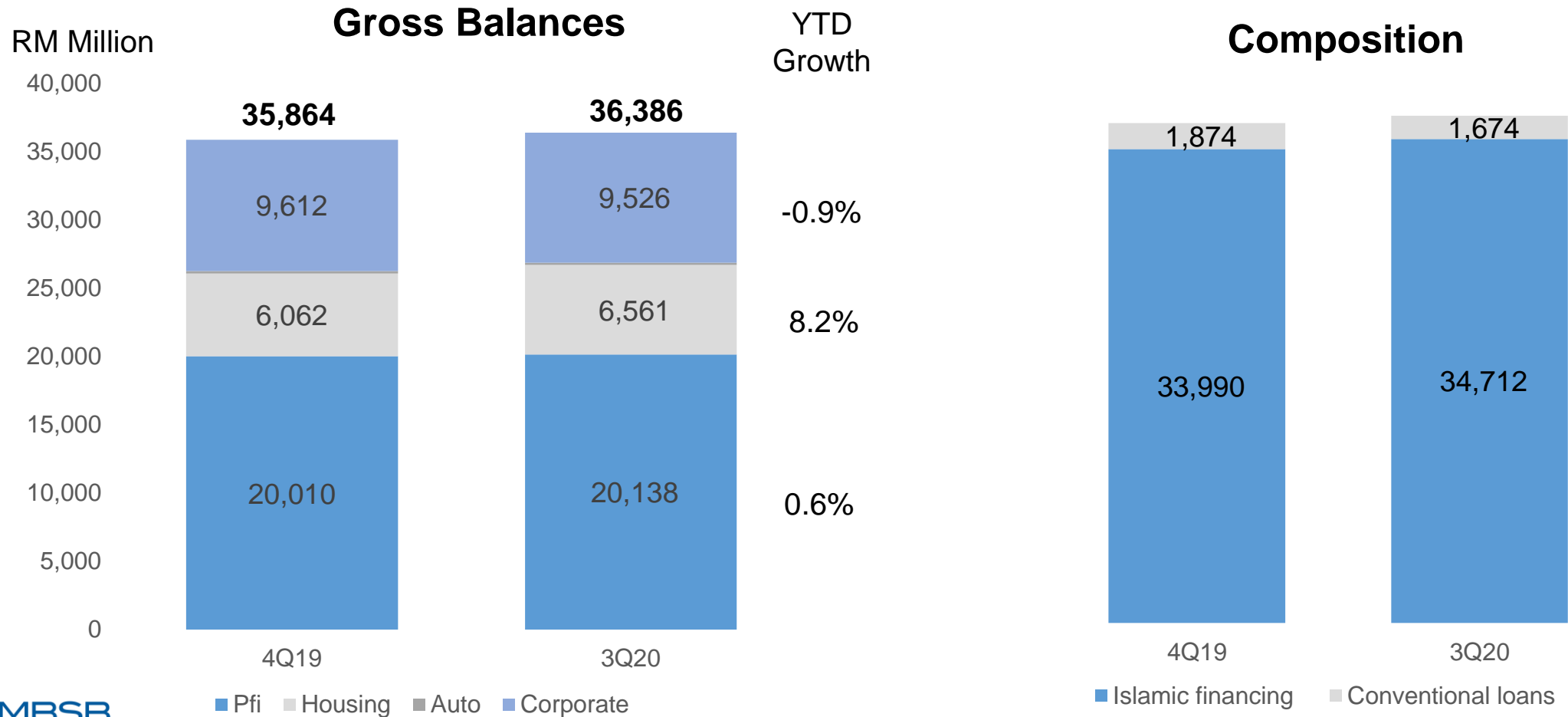


Total Sukuk
-3.3% YTD



GROUP GROSS LOANS AND FINANCING

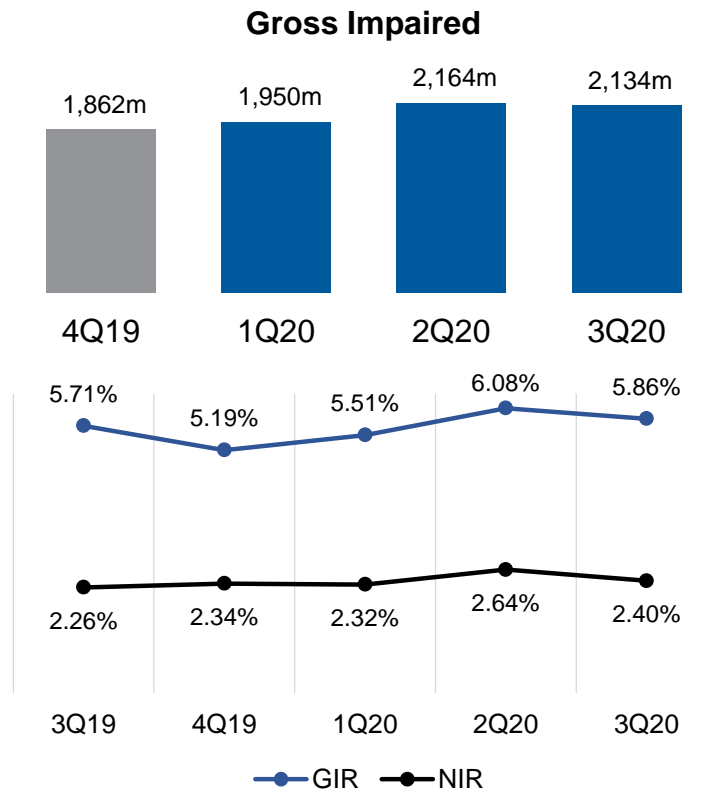
Corporate portfolio slightly regressed by 0.9%. Corporate: Retail composition moved from 27:73 (4Q19) to 26:74 (3Q20). Our target was set at 30:70 by 2021



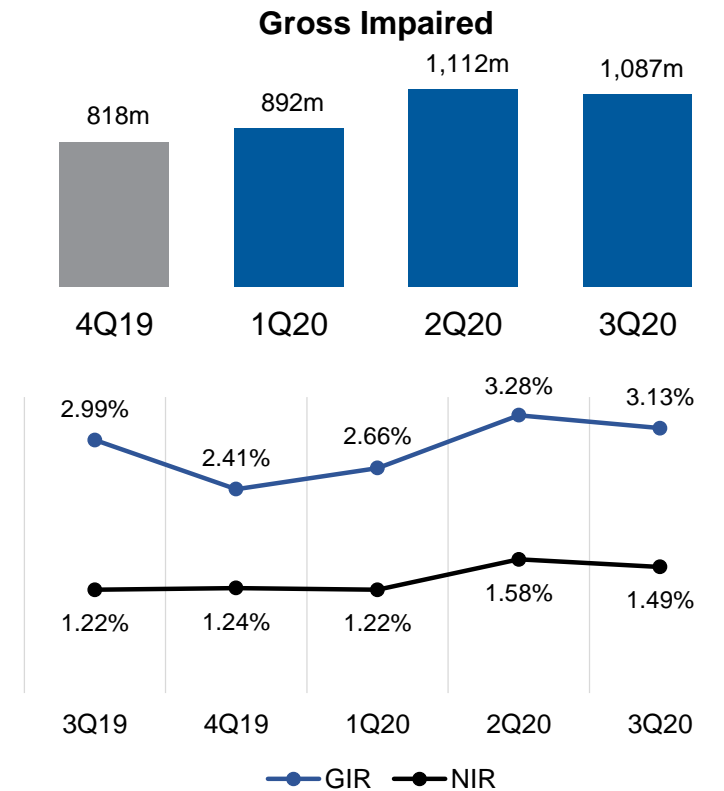
IMPAIRED LOANS AND FINANCING

As at 3Q20, gross impaired ratio stood at 5.86% (Group) and 3.13% (MBSB Bank)

Group



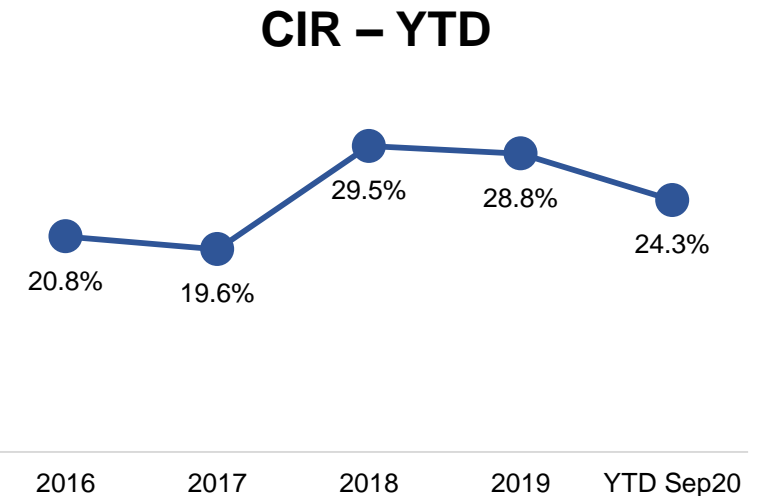
MBSB Bank



OPERATING EXPENSES

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

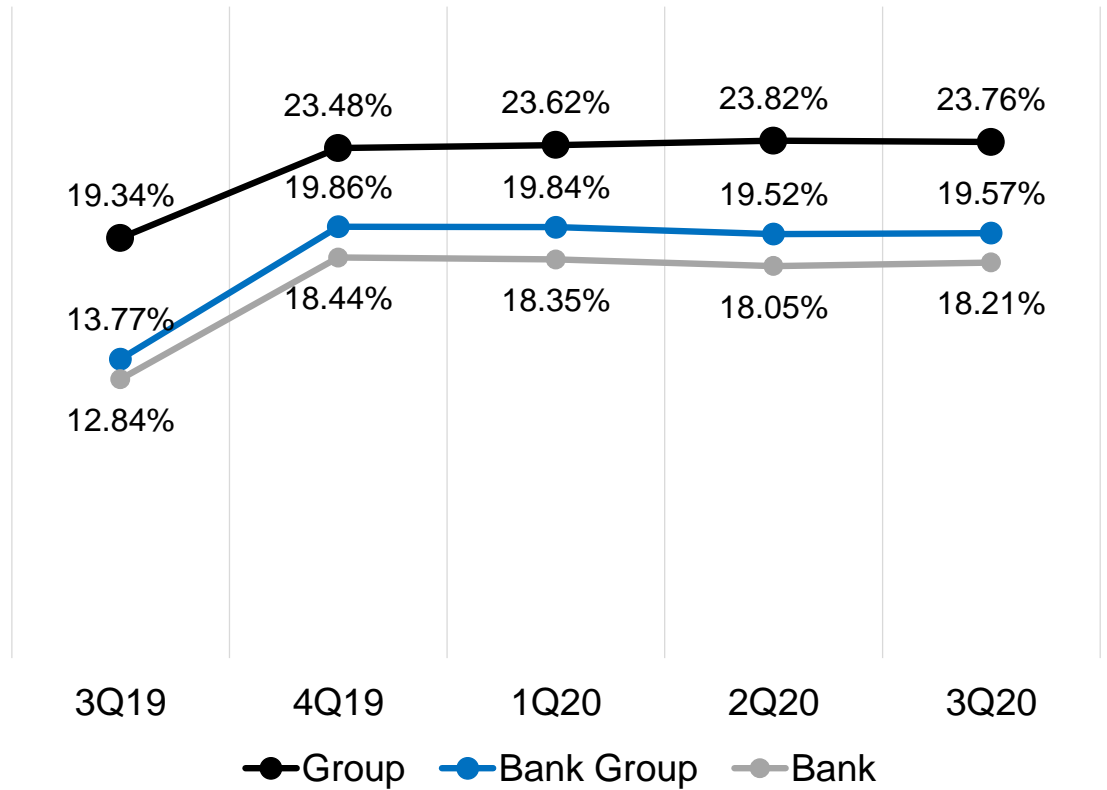
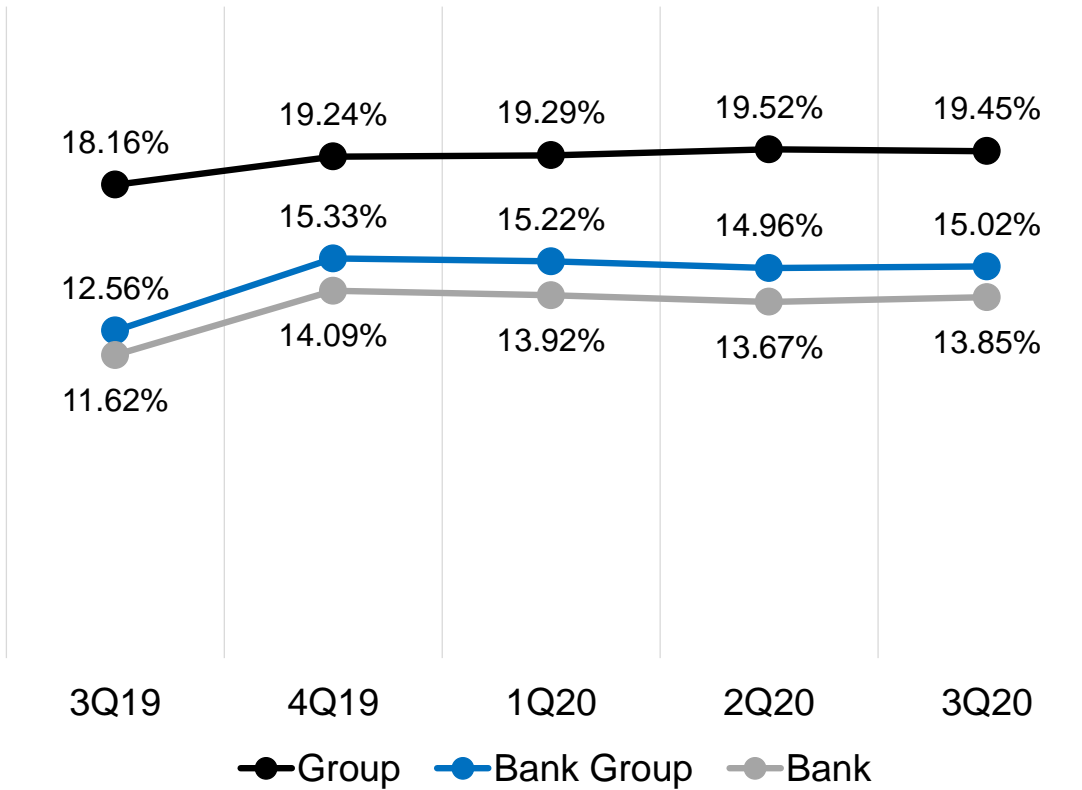
RM mil	3Q19	3Q20	9M19	9M20
Net income	343.1	451.2	1,044.4	1,343.4
Salary/personnel exp	38.0	73.6	165.5	214.9
Other expenses	39.4	39.0	113.4	111.9
	<u>77.4</u>	<u>112.6</u>	<u>278.9</u>	<u>326.8</u>
Cost to income ratio ("CIR")	22.6%	25.0%	26.7%	24.3%
Salary & related exp to total expenses ratio	49.1%	65.4%	59.3%	65.8%



CAPITAL RATIOS

CET 1/Tier 1

Total Capital



Regulatory requirements

CET1 – 7.0%

T1 – 8.5%

Total Capital – 10.5%



3Q20 KEY HIGHLIGHTS - FINANCING



Updates

- ✓ 3Q20 disbursement recorded at RM2.8 bil, a q-o-q growth of 115% (2Q20: RM1.3 bil)
- ✓ The highest contributor to the 3Q20 disbursement is Trade Finance amounting to RM1.2 bil (2Q20: RM653 mil).
- ✓ YTD Sept-20 total disbursement stood at RM6.2 bil which is a slight y-o-y decrease of RM0.1 bil (YTD Sept-19: RM6.3 bil).
- ✓ Unutilised Business Banking stock stood at RM2.47 bil as at 30 September 2020.



Moving Forward

- ✓ RM1.6 bil is expected to be disbursed in 4Q20 to achieve year end disbursement target of RM7.8 bil.

3Q20 KEY HIGHLIGHTS - DEPOSITS



Updates

- ✓ 3Q20 total deposit balance recorded at RM34.0 bil (3Q19: RM37.6 bil)
- ✓ Composition of retail deposit over total deposit is at the lowest in 3Q20 i.e. 14.32% compared to 1Q20 and 2Q20.
- ✓ CASA shows a significant reduction of RM0.19bil in 3Q20, mainly due to higher withdrawal by depositors to compensate income cut or loss as a result of MCO.



Moving Forward

- ✓ Plans to grow CASA:
 - i. Special Rate Programme for Term Deposit launched in October 2020. Special rate is offered on condition the customers place 20% of the deposits amount into CASA.
 - ii. e-Prime Term Deposit-i launched mid-November 2020. Campaign offers customers to place a Term Deposit-i via MJourney online banking or mobile application and enjoy returns of 2.4% p.a. for 6 months.

3Q20 KEY HIGHLIGHTS – TREASURY



Updates

- ✓ Registered a commendable performance with RM207.4 mil income gained from Forex and Fixed Income Trading as at 3Q20.
- ✓ Top 10 depositors' concentration over total deposits is showing a decreasing trend to 37.16% in 3Q20 from 37.7% and 42.25% in 2Q20 and 1Q20 respectively. This is in tandem with bank's target to keep the concentration below 40%.



Moving Forward

- ✓ Islamic FX Swap and Long Term FX Forward to be launched in 1Q21. The instruments will increase FX product offerings.
- ✓ Islamic derivatives instruments i.e. IPRS and ICCS will provide customers with more instruments for their hedging requirements. Similarly it will provide GMD with more capabilities for market-making and hedging activities. Target launch date is in 2Q21.
- ✓ Investment Account : BNM approval has been acquired. Pending system and operational setup. Target launch date is 1Q21.

3Q20 KEY HIGHLIGHTS – TECHNOLOGY / DIGITAL



Updates

- ✓ Since launched in March 2020, E-wallet has tied up with over 200 Merchants and accumulated over 3,000 registered users.
- ✓ Mobile banking has captured over 6,000 registered users since launched in May 2020.
- ✓ MFast for CASA has processed over 2,500 number of online applications since launched in June 2020.
- ✓ Number of online banking transactions increased by 29.7% compared to the previous quarter.
- ✓ In terms of online banking transaction value, it increased by 60.7% compared to the previous quarter.



Moving Forward

- ✓ MFast for Personal Financing will be launched end of the year.
- ✓ Continuing Data Centre migration focus to support sustainable business growth which is expected to be completed by 3Q21.

3Q20 KEY HIGHLIGHTS – OTHERS



Targeted Payment Flexibility Program

- ✓ Received almost 18,000 applications from Consumer Financing segment for this program of which 10% were approved and over 50% were rejected due to failure in meeting the set criteria (pay cut/ being retrenched).
- ✓ As for SME customers, almost 300 received extended financing tenure of 6 months.
- ✓ The Non-SME segment is evaluated on case per case basis.



Human Resource

- ✓ All employees required to complete the following 4 modules via MLearning, the Bank's e-learning platform by end of the year:
 - AML/ CFT
 - Information & Cyber Security
 - Islamic Finance & Shariah Principles
 - Operational Risk & Business Continuity Management
- ✓ HR has initiated Talent Management exercise and currently in the midst of analysing potential successors for Head of Divisions from the middle management pool.

3Q20 KEY HIGHLIGHTS – OTHERS



Quality Assurance

- ✓ Quality Assurance Department has been set up in September to improve turnaround time, establish productivity measurements and build continuous improvement.

