



3Q21 ANALYST BRIEFING

29 NOVEMBER 2021

By Datuk Nor Azam M Taib
Acting Chief Executive Officer

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3Q21 OVERVIEW



3Q 21 FINANCIAL PERFORMANCE



MOVING FORWARD

3Q21 OVERVIEW

Over the last quarter, we focused on actively helping our affected customers while remaining cautious on financing growth as many businesses have yet to operate at full scale. We are also building the pipeline to achieve sustainable growth in the coming quarters



Actively helping our individual and business customers

- Continued to assist customers in need under our Repayment Assistance Program:
 - 59% of Retail customers
 - 23% of Corporate customers (mainly SMEs and IHP) – as at Sept 2021
- Following Government's announcement on Financial Management and Resilience Programme (URUS) in October 2021, we have started to receive submissions from our customers
- Encourage those who are seeking for financial relief to contact us or apply for URUS on our website



Building up our pipeline guided by 3 principles

Differentiation

Provide a unique value proposition to differentiate ourselves from other banks to capture targeted market segments

Demand-led

Match demands of the market. Demands should be sizeable and show good growth potential

Sustainable

Create value for our stakeholders and integrate sustainability elements to take advantage of increasing demands in ESG-based products

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3Q21 FINANCIAL PERFORMANCE

PROFITABILITY

Incurring a Loss Before Tax of RM94.3 mil from a Profit Before Tax of RM532.8 mil in 2Q21. The loss is mainly due to provision of modification loss amounting to RM147 mil (predominantly from personal financing portfolio) and provision made on corporate loans and financing due to delay in payment receipt amounting to RM135 mil. As at to date the accounts have been regularized.

FINANCING

Gross loans and financing increased marginally from RM35.8 bil in 2Q21 to RM36.2 bil in the current quarter. Overall for the year we are confident of achieving a 3% to 4% growth.

ASSET QUALITY

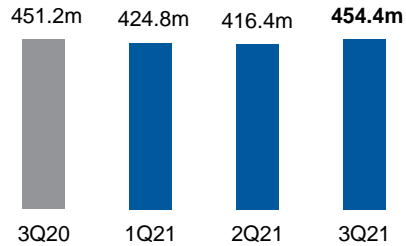
Gross impaired loans and financing deteriorated from 5.42% in 2Q21 to 5.58% in the current quarter. We are looking at some resolution and expect the ratio to be below 5% by 4Q21.

CAPITAL & LIQUIDITY

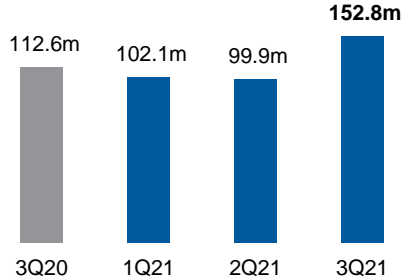
Capital ratios remain strong with marginal movement. Provide plenty of room for future growth. On liquidity, the Liquidity Coverage Ratio stands at a healthy 293%.

GROUP KEY FINANCIAL HIGHLIGHTS

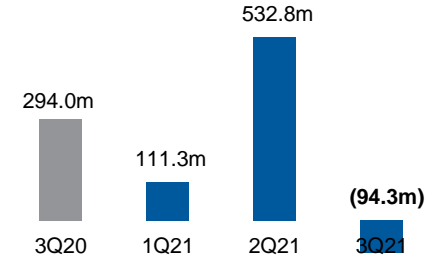
Net Income



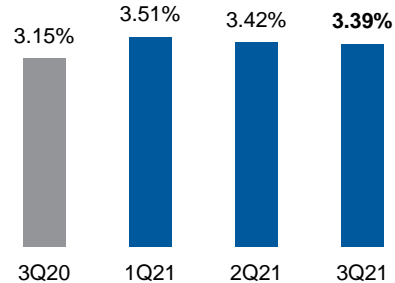
Operating Expenses



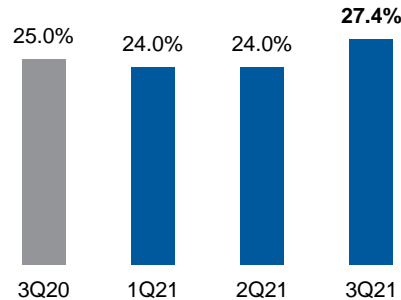
Profit/Loss Before Tax



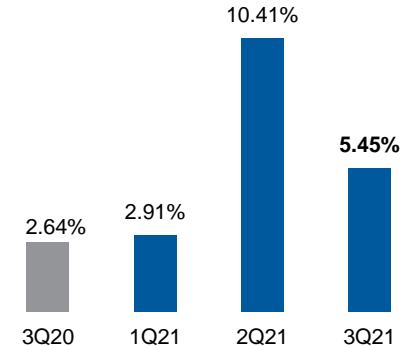
Net Profit Margin*



Cost to Income Ratio



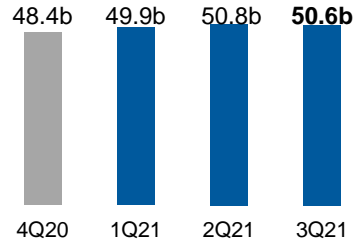
Net Return on Equity*



GROUP KEY FINANCIAL HIGHLIGHTS (CONT'D)

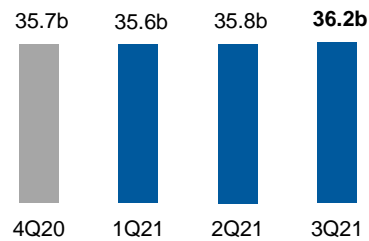
Total Assets

+4.5% YTD



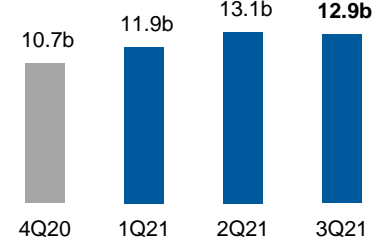
Gross Financing

+1.3% YTD



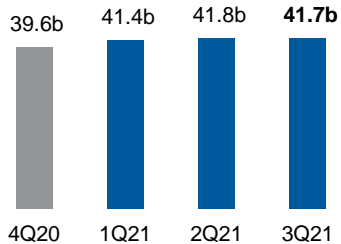
Financial Investments

+20.7% YTD



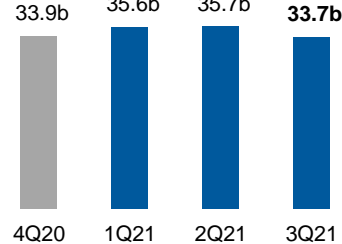
Total Liabilities

+5.5% YTD



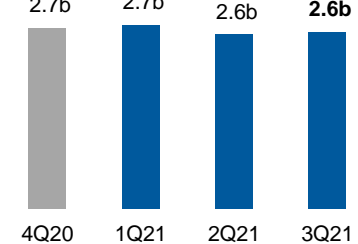
Total Deposits

-0.7% YTD



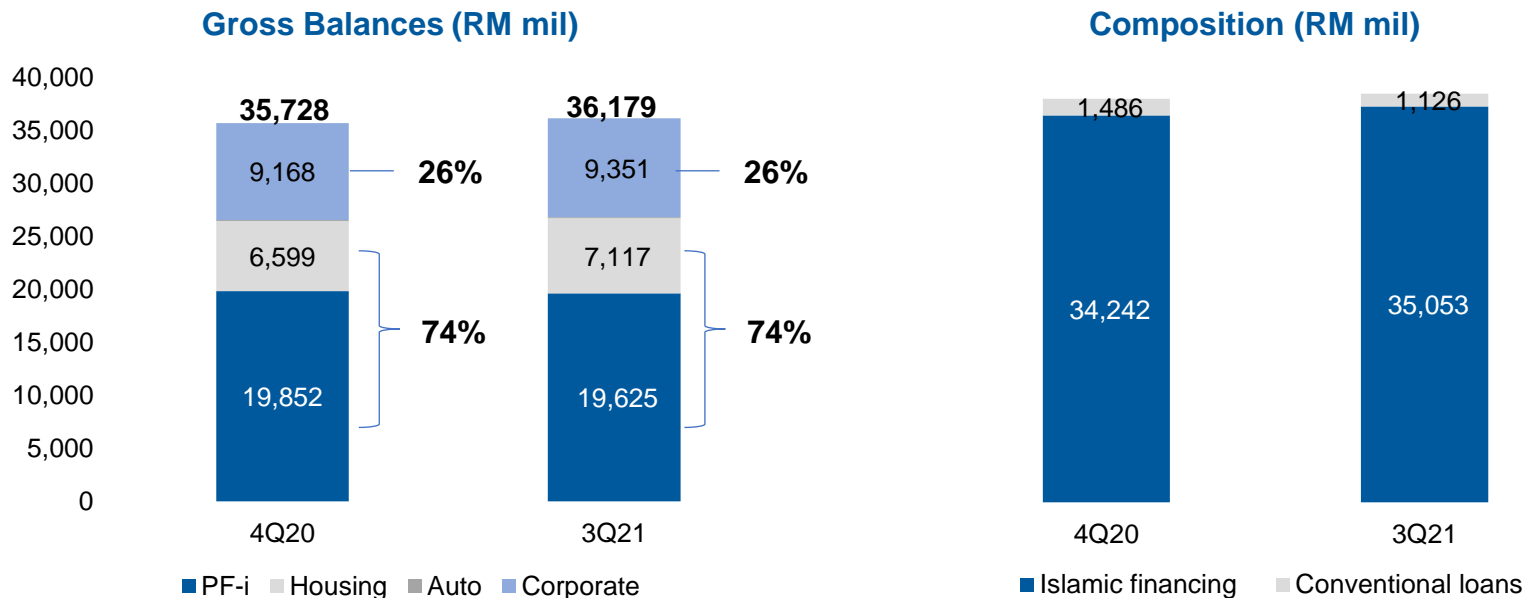
Total Sukuk

-2.4% YTD



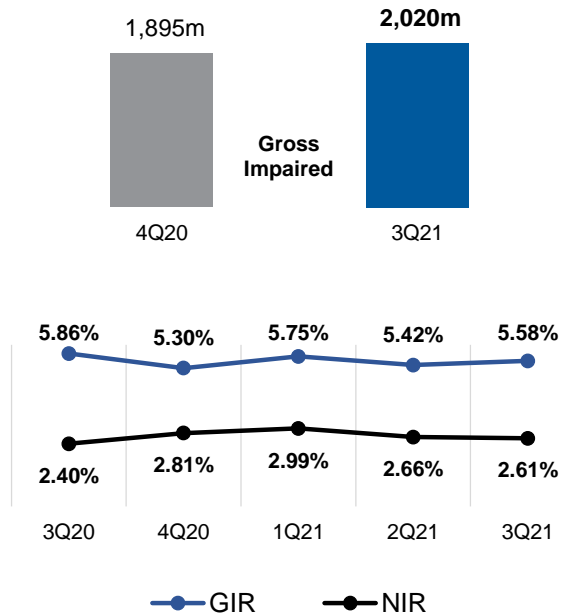
GROSS LOANS AND FINANCING INCREASED MARGINALLY BY 1.26% TO RM36.2bil (4Q20: RM35.7 bil)

Corporate : Retail composition remains at 26 : 74

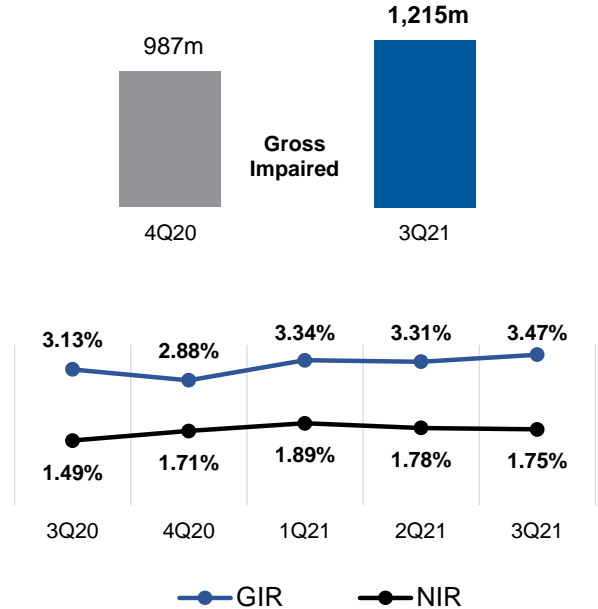


GROSS IMPAIRED RATIO (GIR) INCREASE MARGINALLY; CONTRIBUTED MAINLY BY CORPORATE PORTFOLIO

MBSB Group



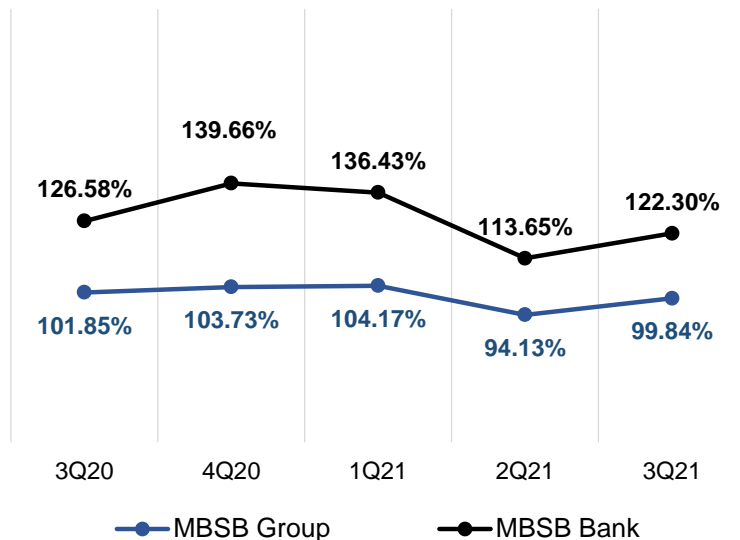
MBSB Bank



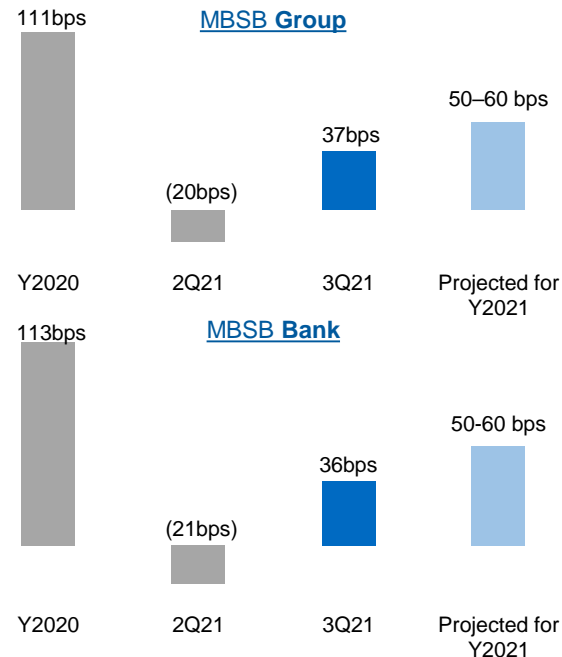
LOANS AND FINANCING LOSS COVERAGE FOR THE GROUP DROPPED BELOW 100% DUE TO WRITEBACK ON ECL

The coverage remains above 100% for MBSB Bank

Loss Coverage Ratio

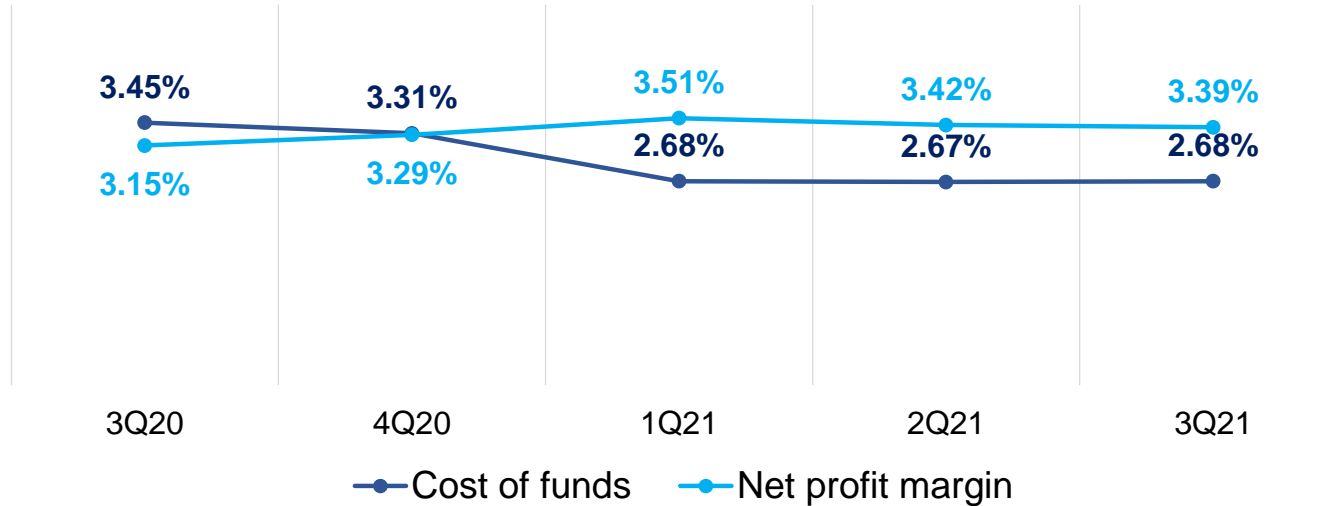


YTD Net Credit Cost



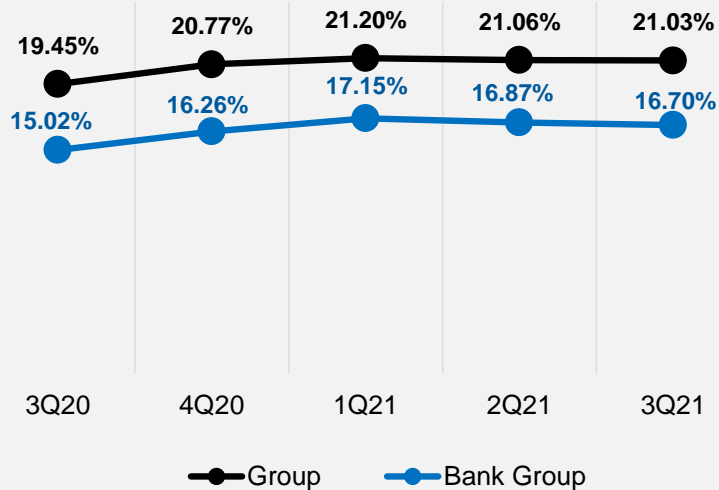
NET PROFIT MARGIN REGRESSED TO 3.39% MAINLY DUE TO LOWER AVERAGE FINANCING YIELDS

MBSB Group

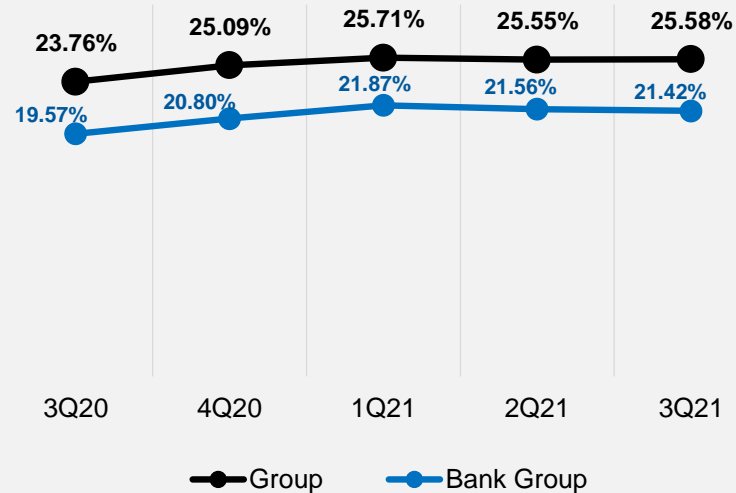


CAPITAL REMAINS HEALTHY AND WELL ABOVE MINIMUM REGULATORY REQUIREMENTS

CET1/Tier 1



Total Capital



Regulatory requirements

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

GROUP KEY RATIOS

KEY RATIOS		4Q20 (%)	1Q21 (%)	2Q21 (%)	3Q21 (%)
PROFITABILITY	Return on Equity	3.09	2.91	10.41	5.45
	Return on Asset	0.55	0.52	1.88	0.98
	Net Profit Margin	3.29	3.51	3.42	3.39
	Cost to Income Ratio	24.45	24.03	24.01	27.38
ASSET QUALITY	Gross Impaired Ratio	5.30	5.75	5.42	5.58
	Net Impaired Ratio	2.81	2.99	2.66	2.61
	Loans and financing Loss Coverage Ratio	103.73	104.17	94.13	99.84
CAPITAL	CET1 and Tier 1	20.77	21.20	21.06	21.03
	Total Capital	25.09	25.71	25.55	25.58
LIQUIDITY	Cost of Funds	3.30	2.68	2.67	2.68
	Liquidity Coverage Ratio	203.90	202.67	220.09	293.03
	Net Stable Funding Ratio (for MBSB Bank Group)	100.46	107.54	106.42	108.70

Regulatory requirements

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 Tier 1 : 8.5%
 Total Capital : 10.5%

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SUSTAINABILITY AS OUR COMPETITIVE EDGE



SUSTAINABILITY@WORKPLACE



CHAMPIONING TRUE ISLAMIC MUAMALAH

SUSTAINABILITY AS OUR COMPETITIVE EDGE

Strengthen ESG portfolio via Green Financing disbursement, helping customers to transition towards a better ESG position and issuance of Sustainability Sukuk program to fund sustainable projects

Corporate financing customers will be **assessed and classified** based on **ESG Risk Framework***.

Upon classification, we will provide customer with the necessary **financial support** to help them **transition towards a better ESG position.**

Green Financing

Sustainability Sukuk

Solar rooftop financing for affordable homes

Affordable Homes Developer Partner



Affordable Home Buyers/ Owners

Proceeds to fund sustainable projects



Energy



Water



Building & Township



Transport



Waste



Manufacturing



Note:

*Guided by BNM's Climate Change & Principle-based Taxonomy (CCPT) and Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIAF)

SUSTAINABILITY@WORKPLACE



Sustainability@Workplace campaign was launched in October 2021 to inculcate a sustainability culture among employees



Increase Sustainability Awareness among employees



Maintain LEED and GBI certification



Energy efficiency improvements at all office and branch locations

Sustainability Working Group, chaired by the CEO, established in September 2021:

1. Ensures compliance with ESG obligations
2. Drives Sustainability@Workplace initiatives
3. Reports monthly to BRMCC

- New HQ at PJ Sentral has been awarded with :
- i. GOLD in Leadership in Energy and Environmental Design (“LEED”)
 - ii. CERTIFIED Green Building Index (“GBI”)

CHAMPIONING TRUE ISLAMIC MUAMALAH

Offering holistic solutions beyond banking and benefitting the society's well-being based on the Muamalah principles of being inclusive, fair and transparent



Q&A