



MBSB 4th QTR 2020 UPDATES

25 FEBRUARY 2021

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President and Chief Executive Officer

CONTENTS

01

4Q20 FINANCIAL HIGHLIGHTS

02

4Q20 KEY HIGHLIGHTS

03

BUSINESS PLAN 2021

GROUP KEY FINANCIAL HIGHLIGHTS

PROFITABILITY

- Achieved PBT for year 2020 of RM427.6mil, a decrease of RM469.8mil from RM897.4mil in year 2019.
- Impacted by a net increase in impairment by RM306.4mil and a loss on modification of cash flows of RM504.8mil as a result of COVID-19 pandemic.

ASSET QUALITY

- Gross impaired ratio increased marginally to 5.30%, an increase of 11bps from 5.19% in December 2019.
- Loans and financing loss coverage ratio recorded at 103.73% (December 2019: 102.64%) .

FINANCING

- Total gross loans and financing decreased marginally from RM35.86bil to RM35.73bil as at December 2020.
- Impacted by slower disbursements and loss on modification of cash flows.

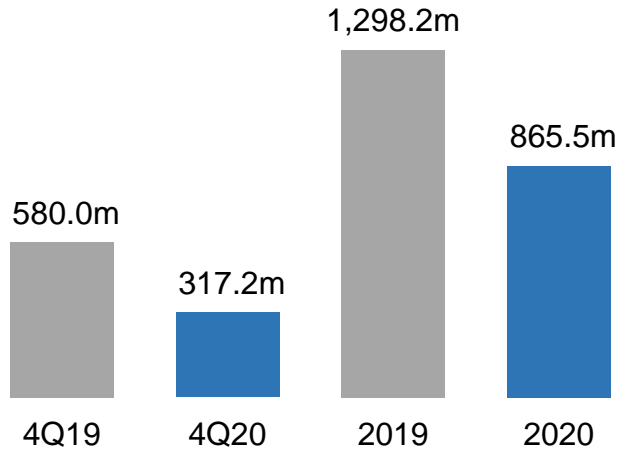
CAPITAL ADEQUACY

- CET1 and Tier1 capital ratios improved to 20.77% (December 2019: 19.24%) due to higher retained earnings.
- Total capital ratio increased to 25.09% (December 2019: 23.48%).
- The Group elected to apply transitional arrangement (“TA”) for regulatory capital treatment of ECL in Dec 2020. Capital ratios recorded higher with application of TA.

GROUP KEY FINANCIAL HIGHLIGHTS (CONT'D)

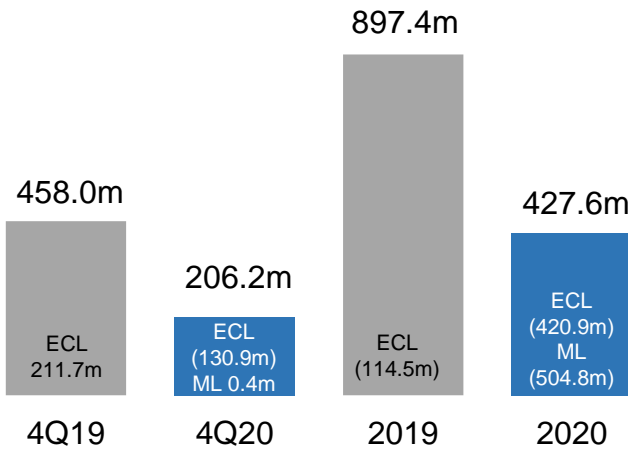
Net Income

YTD -33.3% YoY



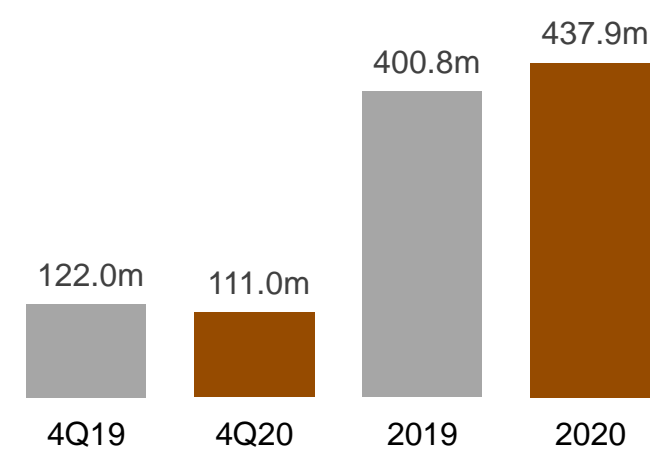
PBT

YTD -52.4% YoY



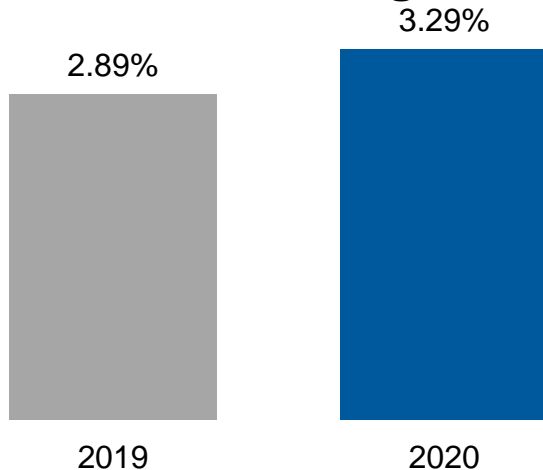
Opex

YTD +9.3% YoY

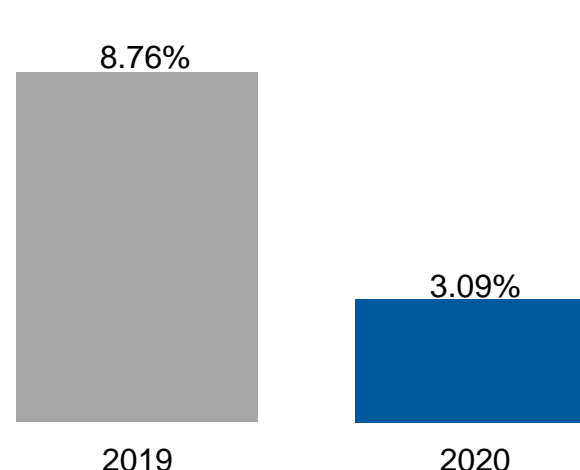


ECL: Expected Credit Loss / impairment
ML: Loss on modification of cash flows

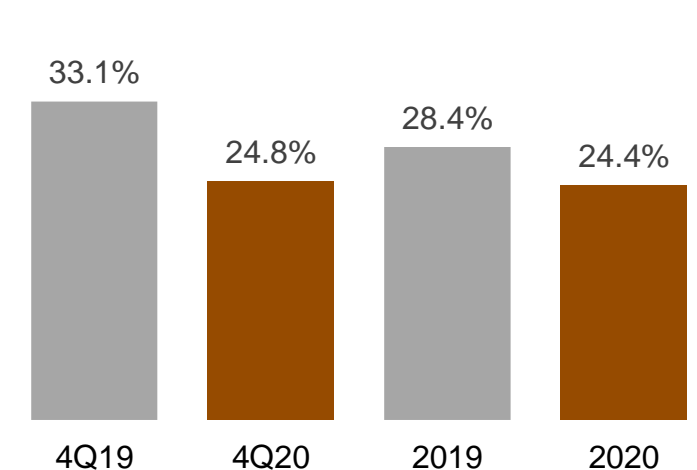
Net Profit Margin



Net Return on Equity



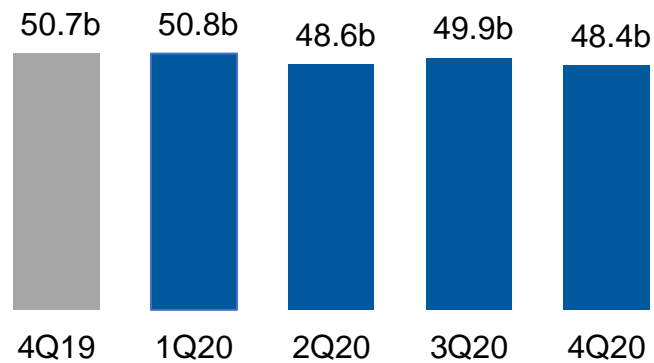
Cost to Income Ratio



GROUP KEY FINANCIAL HIGHLIGHTS (CONT'D)

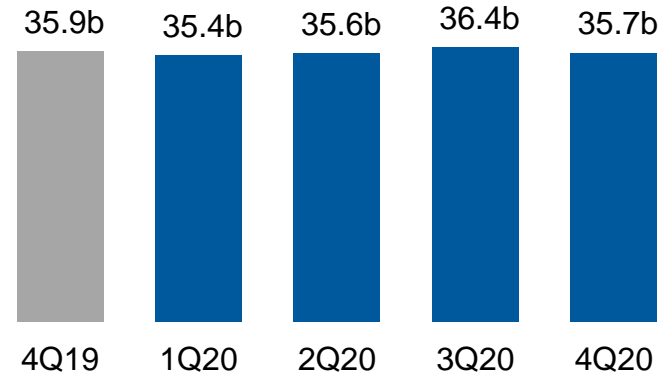
Total Assets

-4.5% YTD



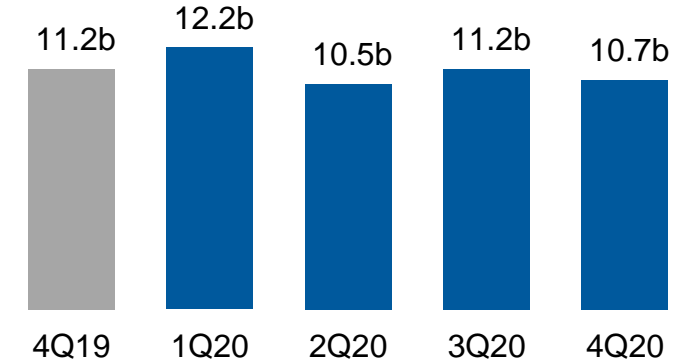
Gross Financing

-0.38% YTD



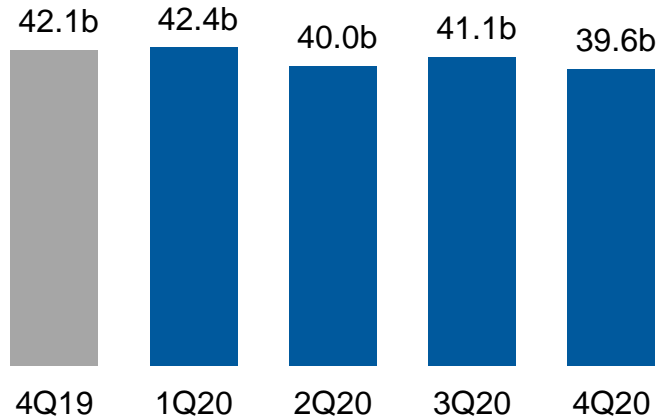
Financial Investments

-4.5% YTD



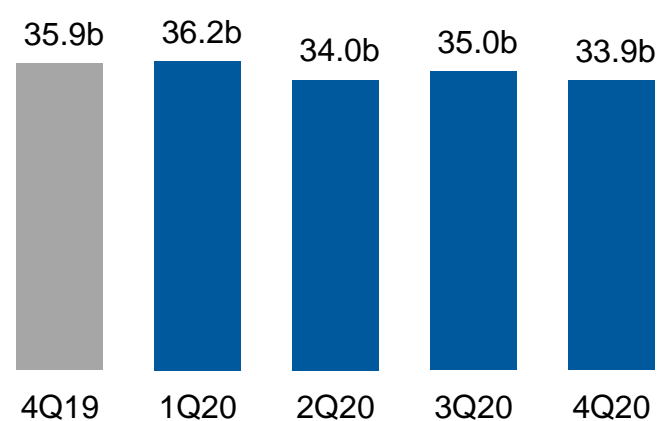
Total Liabilities

-6.1% YTD



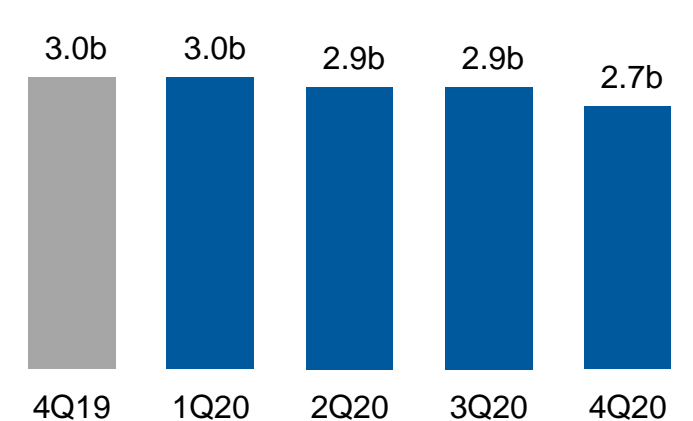
Total Deposits

-5.6% YTD



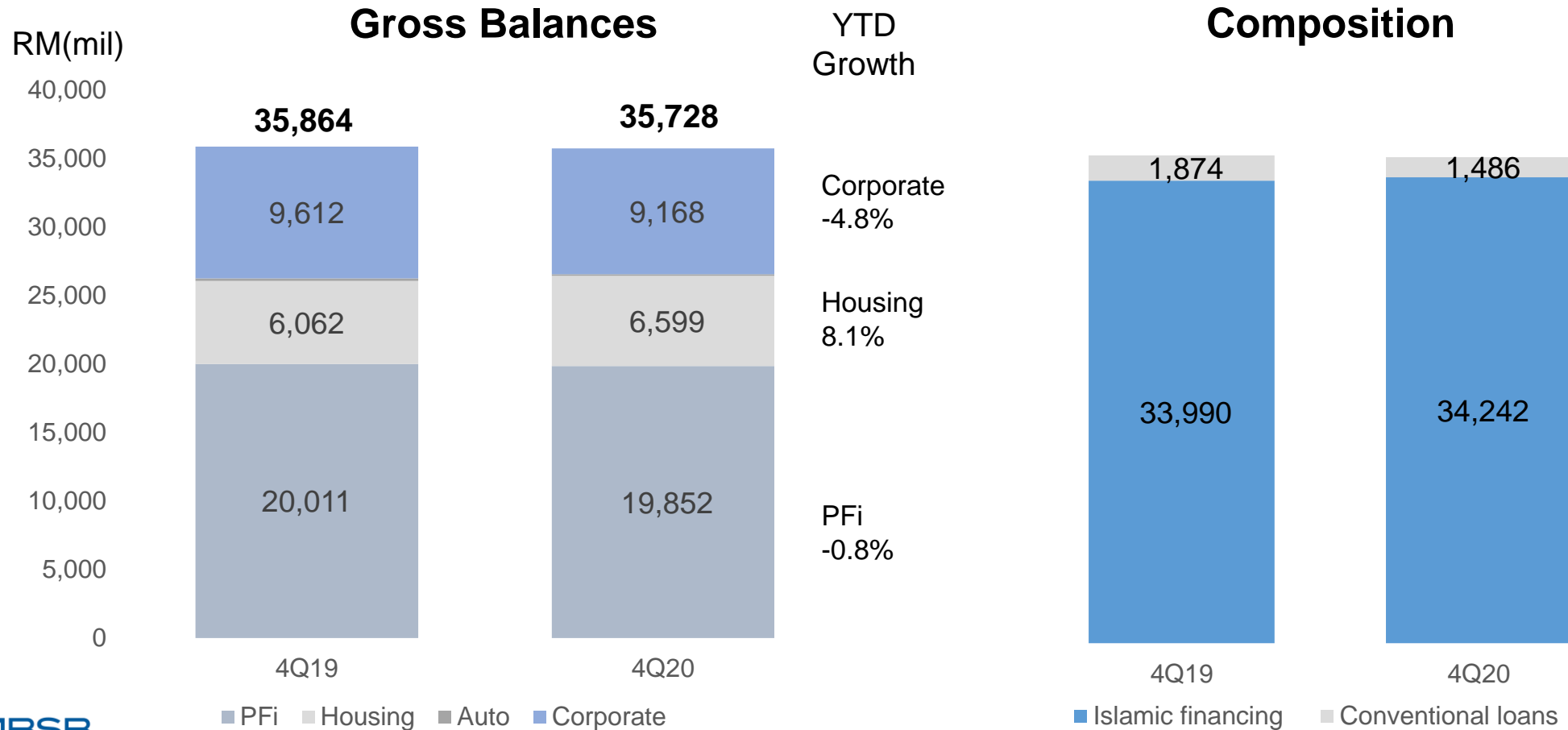
Total Sukuk

-10.1% YTD



GROSS LOANS AND FINANCING

Corporate portfolio regressed by 4.8% with Corporate:Retail composition moved from 27:73 (4Q19) to 26:74 (4Q20). Conventional loans decreased following conversion to Islamic financing.

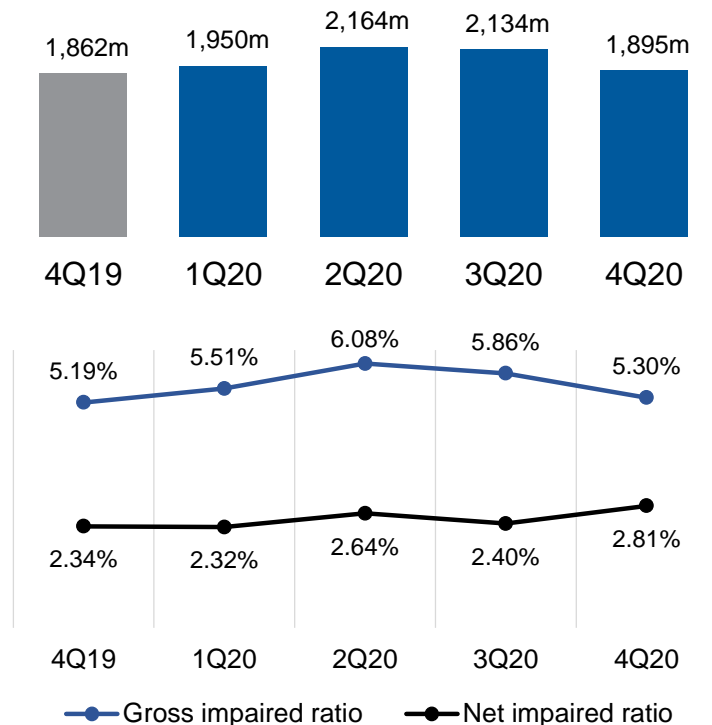


IMPAIRED LOANS AND FINANCING

Gross impaired ratio and net impaired ratio closed higher than 4Q19 following impact of COVID-19 pandemic.

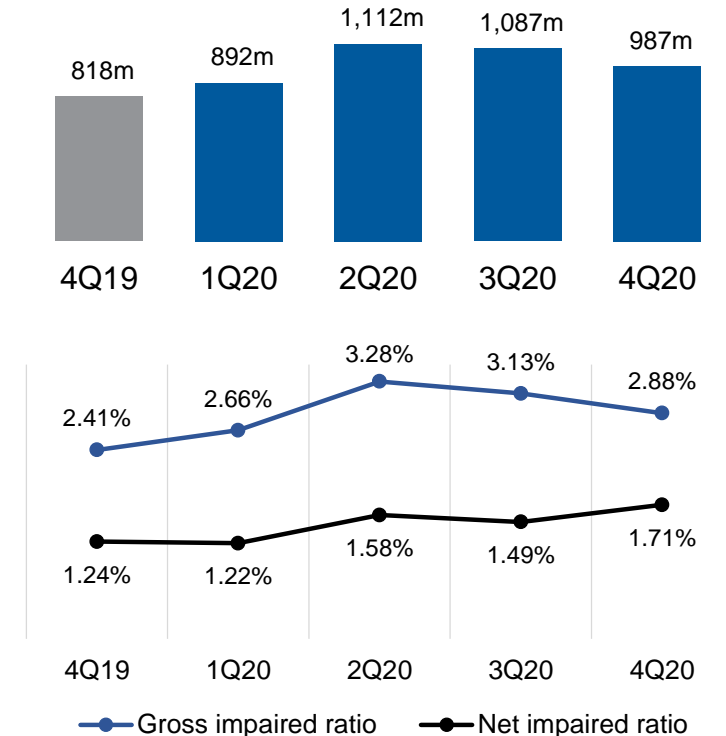
MBSB Group

Gross Impaired



MBSB Bank

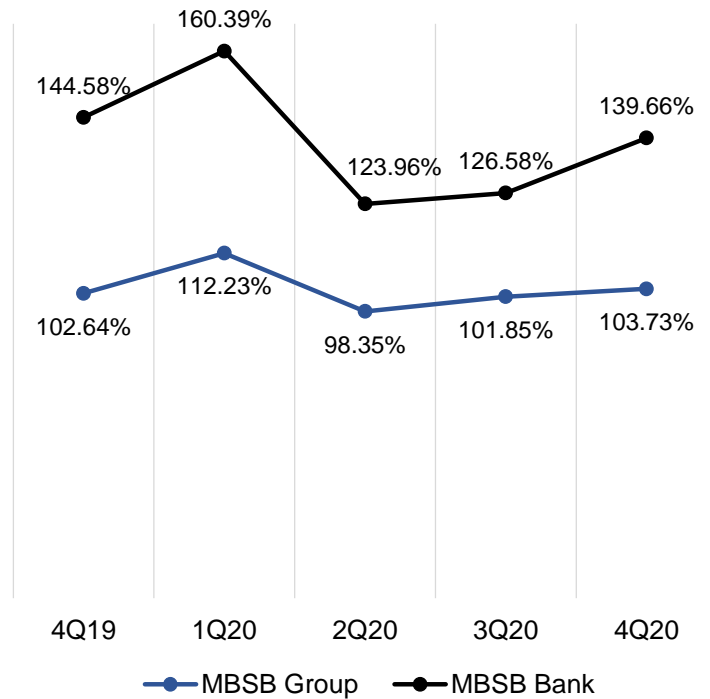
Gross Impaired



LOANS AND FINANCING LOSS COVERAGE AND CREDIT COST

Loans and financing loss coverage ratio remains above 100% with higher credit cost recorded during the year.

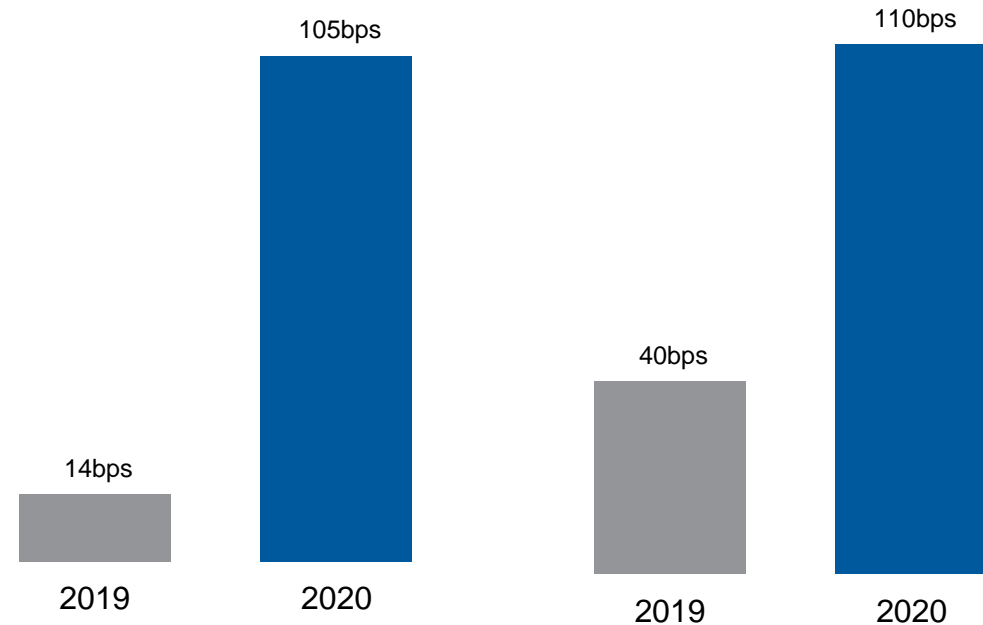
Loss coverage ratio



Credit cost

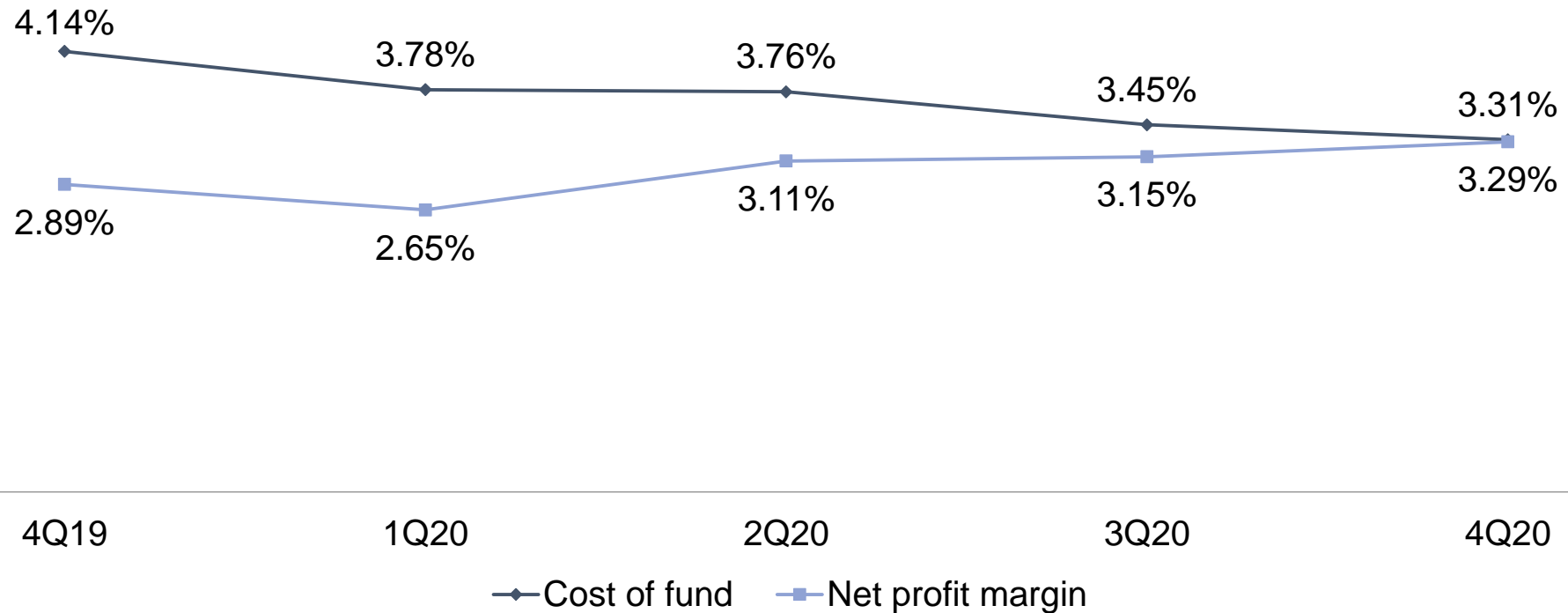
MBSB Group

MBSB Bank



GROUP COST OF FUND AND NET PROFIT MARGIN

Cost of fund decreased following OPR cuts and repricing of term deposits to lower rates during the year. However, net profit margin increased as OPR cuts did not impact income from fixed rate financing and fixed rate investments portfolio.

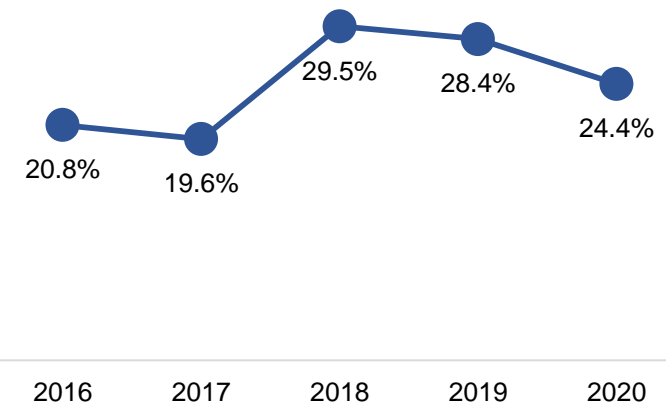


OPERATING EXPENSES

Salary and other personnel costs remain as main operating expenses for the Group. Other expenses for the year decreased mainly due to lower commission charges.

	Amount in RM (mil)			
	4Q19	4Q20	2019	2020
Net income (<i>excluding ECL and modification loss</i>)	368.3	447.8	1,412.7	1,791.2
Salary/personnel exp	74.8	73.4	240.3	288.3
Other expenses	47.2	37.7	160.5	149.6
	122.0	111.1	400.8	437.9
Cost to income ratio ("CIR")	33.1%	24.8%	28.4%	24.4%

YTD CIR

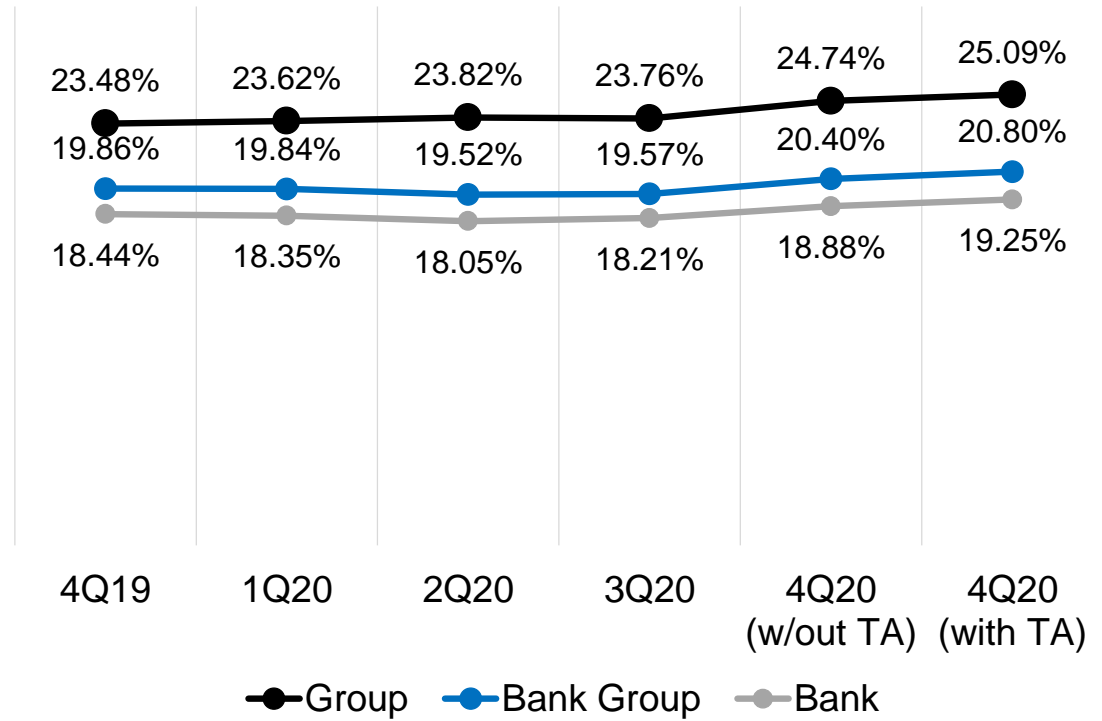
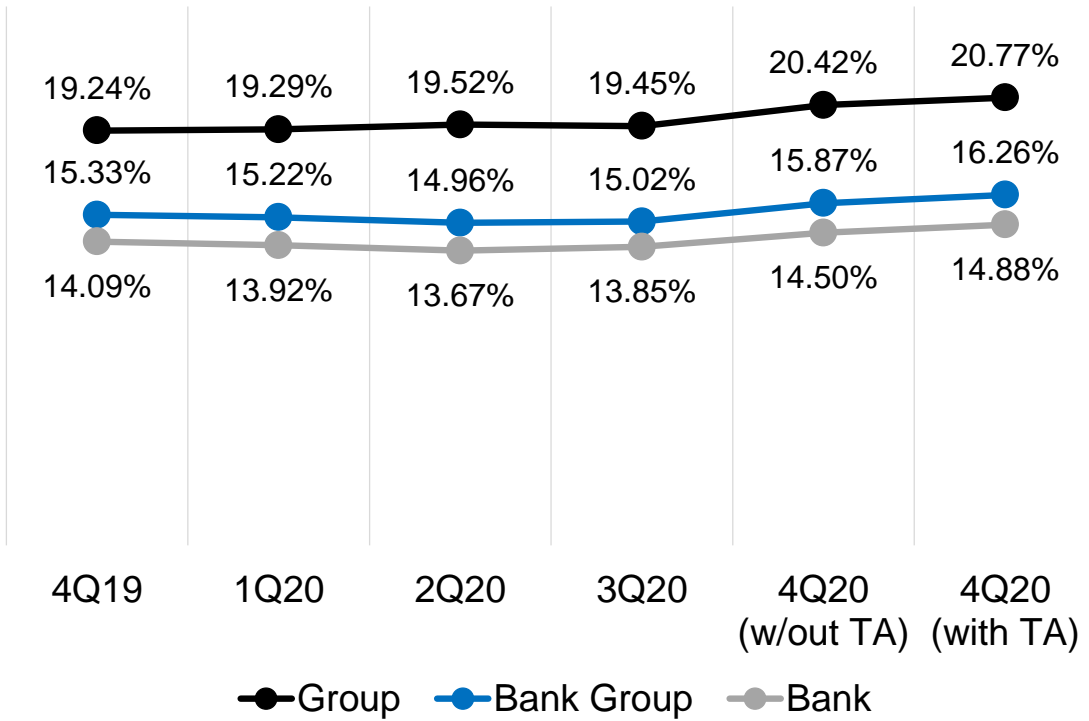


CAPITAL RATIOS

The Group capital improved further mainly due to higher retained earnings and transitional arrangement (“TA”) for regulatory capital treatment of ECL in 4Q20.

CET 1 and Tier 1

Total Capital



Regulatory requirements
 CET1 – 7.0%
 T1 – 8.5%
 Total Capital – 10.5%

PBT CONTRIBUTION BY ENTITY

Group PBT is showing overall decrease following impact of COVID-19 pandemic.

ENTITY	3Q2020 RM(mil)	4Q2020 RM(mil)	QoQ (%)	2019 RM(mil)	2020 RM(mil)	YoY (%)
Malaysia Building Society Berhad, MBSB	(39.0)	83.2	>100.0	139.6	210.2	50.6
MBSB Bank Berhad	316.0	116.8	(63.0)	663.7	290.8	(56.2)
Jana Kapital Sdn Bhd <i>(subsidiary of MBSB Bank)</i>	21.3	22.0	3.3	89.5	88.3	(1.3)
MBSB GROUP	294.0	206.2	(29.9)	897.4	427.6	(52.4)

GROUP KEY RATIOS

Key ratios		2019 (%)	3Q20 (%)	2020 (%)
PROFITABILITY	Return on Equity	8.76	2.64	3.09
	Return on Asset	1.49	0.46	0.55
	Net Profit Margin	2.89	3.15	3.29
	Cost to Income Ratio	28.37	24.33	24.45
CAPITAL	CET 1 and Tier 1	19.24	19.45	20.77
	Total Capital	23.48	23.76	25.09
LIQUIDITY	Cost of Funds	4.14	3.45	3.30
	Liquidity Coverage Ratio	295.90	148.20	203.90
	Net Stable Funding Ratio <i>(for MBSB Bank Group)</i>	107.41	100.19	100.46
ASSET QUALITY	Gross Impaired Ratio	5.19	5.86	5.30
	Net Impaired Ratio	2.34	2.40	2.81
	Loans and financing Loss Coverage Ratio	102.64	101.85	103.73

CONTENTS

01

4Q20 FINANCIAL HIGHLIGHTS

02

4Q20 KEY HIGHLIGHTS

03

BUSINESS PLAN 2021

4Q20 KEY HIGHLIGHTS



Financing

Deposits

Treasury

Digital Banking

Customer Experience

New Appointment

Accolades

- ✓ 4Q20 disbursement recorded at RM2.7 bil (3Q20:RM2.8 bil), which brings to the full year disbursement of RM8.8 bil.
- ✓ The highest contributor to the 4Q20 remains Trade Finance which stood at RM1.1 bil (3Q20: RM1.2 bil).
- ✓ Trade Finance is also the highest contributor for the full year disbursement amount, which stood at RM3.7 bil or 43% of total disbursement portfolio.
- ✓ Personal Financing also remains strong with total disbursement for the year amounting to RM1.2 bil.
- ✓ Unutilised Business Banking stock stood at RM1.71 bil as at 31 December 2020.
- ✓ RM2.85 bil is expected to be disbursed in 1Q21.

4Q20 KEY HIGHLIGHTS



Deposits

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Customer Experience

New Appointment

Accolades

- ✓ 4Q20 total deposit balance recorded at RM32.7 bil (3Q20: RM 33.9 bil).
- ✓ Composition of retail deposit over total deposit in 4Q20 stood at 15.2% (3Q20: 14.3%).
- ✓ e-Prime Term Deposit-i campaign which was launched in November 2020 received an overwhelming response that budget achieved within 2 months of launching date. A total of 2,203 accounts worth RM103 mil was secured which represent 85% of total term deposit placement via digital channel.

4Q20 KEY HIGHLIGHTS



Treasury

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Customer Experience

New Appointment

Accolades

- ✓ Registered a commendable performance with RM266.2 mil income gained from Forex and Fixed Income Trading as at YTD Dec 2020.
- ✓ Top 10 Depositors' registered at 37.5% as at YTD Dec 2020 compared to 44.65% as at YTD Dec 2019. This is in tandem with bank's target to keep the concentration below 40%.
- ✓ Total Cost of Funds reduction of 135 basis points in 2020 attributed by the various key initiatives put in place to improve the bank's NIM.

4Q20 KEY HIGHLIGHTS



Digital Banking

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Accolades

- ✓ Online Application for Personal Financing (Mfast PF-i) was launched in December 2020.
- ✓ e-KYC is currently in development stage to integrate with MFast PF-i & MFast CASA. Target 'go-live' date for e-KYC is in 2Q21.

4Q20 KEY HIGHLIGHTS



Customer Experience

Financing

Deposits

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New Appointment

Accolades

- ✓ **Customer Satisfaction Index** - overall score in 2020 stood at 844/1,000 further improved from 820/1,000 in 2019.
- ✓ **Mystery Shopping** – overall score at 87.5% in 2020 compared to 84.6% in 2019.
- ✓ **Branding Awareness** – results in 2020 stood at 48% which has improved significantly from only 26% in 2019.

4Q20 KEY HIGHLIGHTS



New Appointment

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Deposits

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Digital Banking

Customer Experience

Accolades

- ✓ The following key senior management positions joined MBSB Bank on 2nd February 2021:
 - Encik Ramanathan Rajoo, Chief Financial Officer
 - Encik Amran Abdul Latip, Chief Technology Officer
 - Encik Wan Hosni Wan Kamal, Head, Consumer Banking

4Q20 KEY HIGHLIGHTS



Accolades

Financing

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New Appointment

- ✓ The Edge Billion Ringgit Club 2020, Highest growth in profit after tax over three years under Financial Services category.
- ✓ CEO of The Year Islamic from the Islamic Retail Banking Awards 2020 by Cambridge IFA.
- ✓ Most People-Focused CEO, Bronze Winner, HR Excellence Awards 2020

CONTENTS

01

4Q20 FINANCIAL HIGHLIGHTS

02

4Q20 KEY HIGHLIGHTS

03

BUSINESS PLAN 2021

BUSINESS PLAN 2021



THEME

**NAVIGATING THROUGH
THE PANDEMIC**

BUSINESS PLAN 2021 – GUIDING PRINCIPLES



Sustainability

- Profitability
- Capital and Liquidity
- Cost Efficiency
- Regulatory Compliance
- Environmental, Social & Governance (ESG)



Optimize Income

- Financing income
- Investment income
- Fee Based Income



Asset Quality

- Impairment management
- Aggressive collection efforts



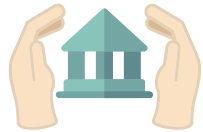
Operational Efficiency

- Improve efficiency via;
- Technology enhancement

BUSINESS PLAN 2021 – KEY STRATEGIES

Navigating Through the Pandemic in 2021 requires key strategies that will help minimize the financial impact from the pandemic.

Preserve



Sustain stakeholders' confidence;

- NPF, ECL and Modification Loss Management
- Cost Management
- Capital and Liquidity Management

Optimize



Optimize customer's reach/ efficiency through;

- Digital Capabilities
- Technology Enhancements

Explore



Expand existing products

