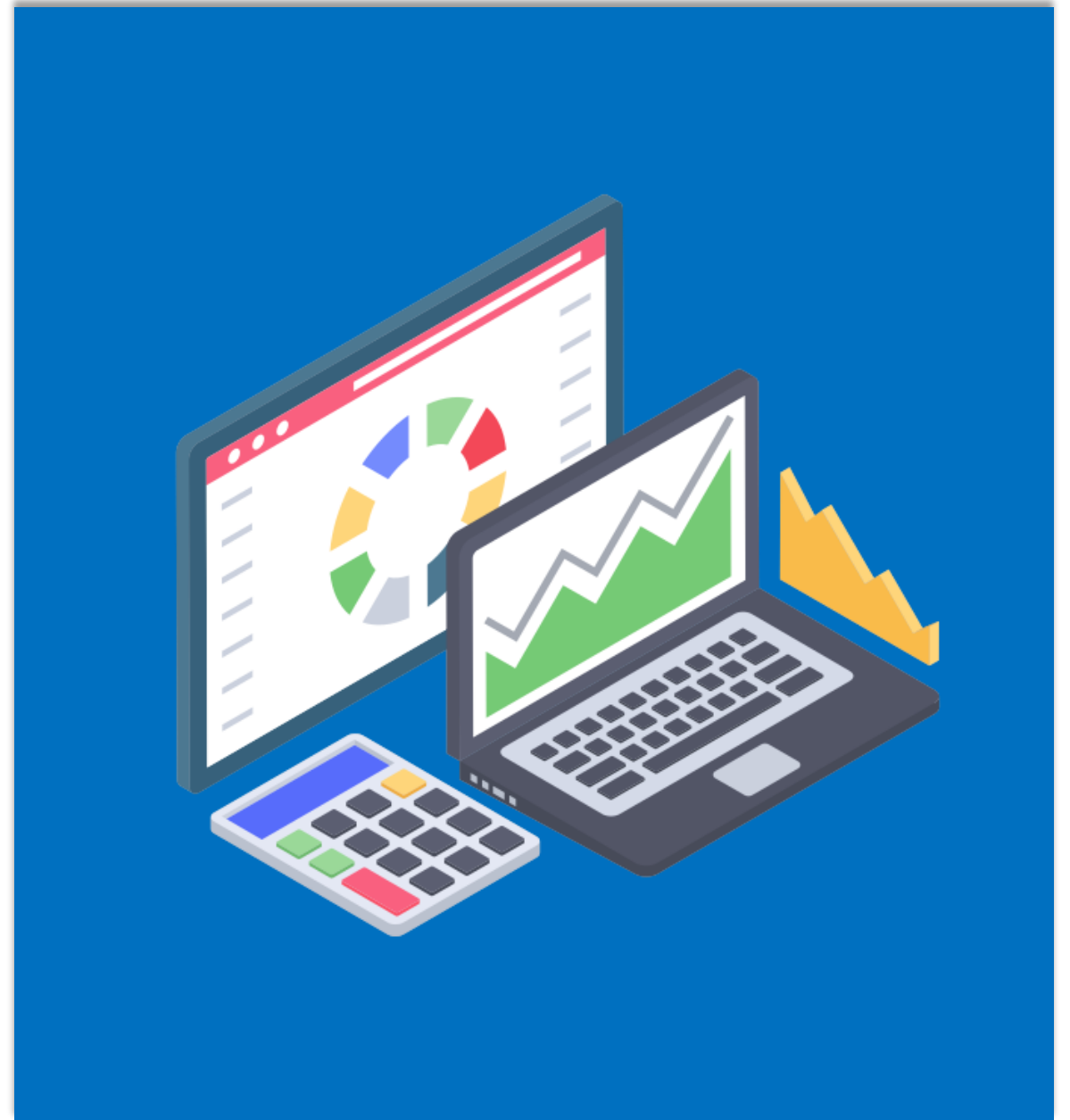


1Q23 ANALYST BRIEFING

Datuk Nor Azam M. Taib
GCEO, MBSB

26 May 2023

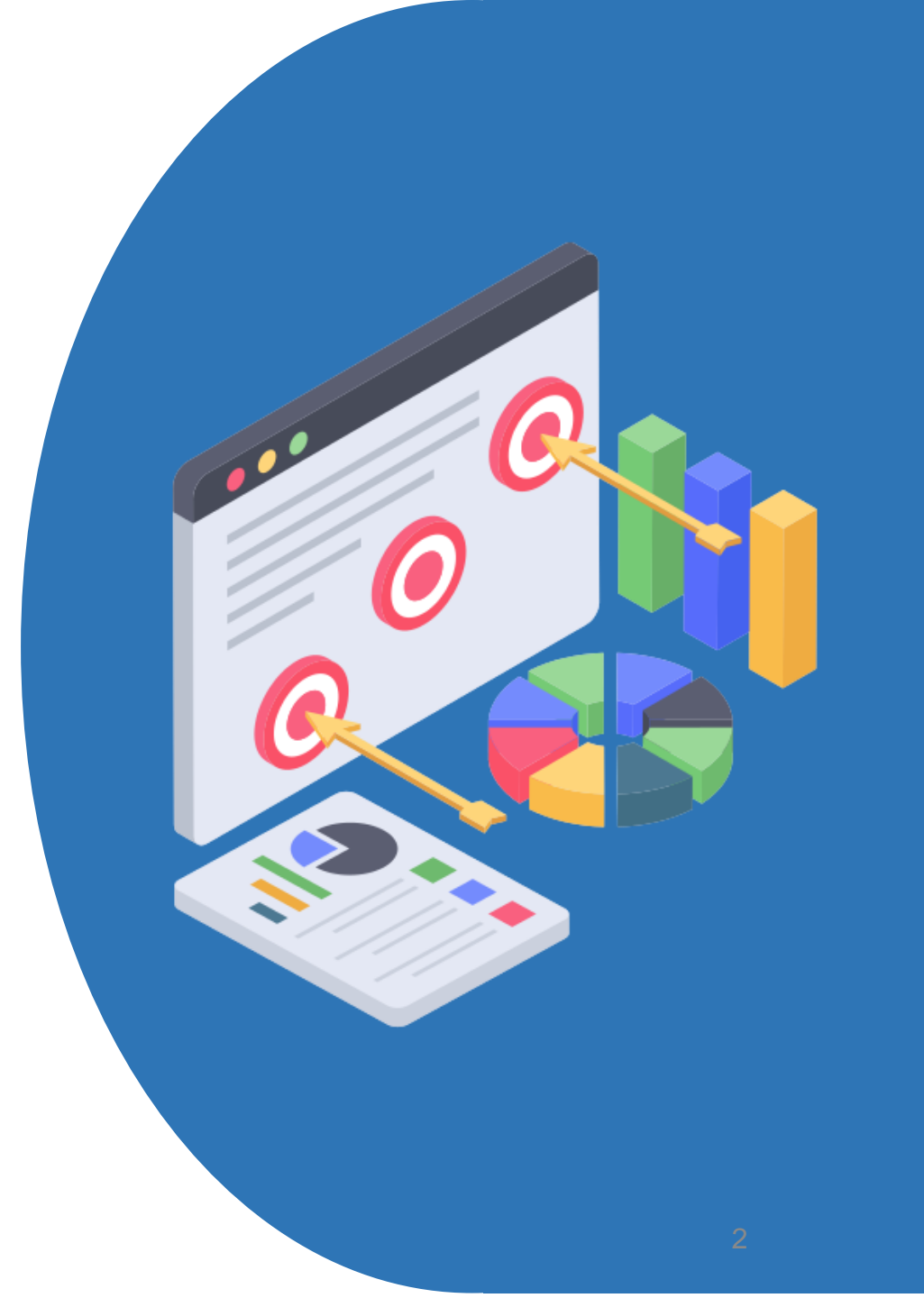


AGENDA

- **1Q23 KEY HIGHLIGHTS**
– Datuk Nor Azam M. Taib (GCEO)

- **1Q23 FINANCIAL PERFORMANCE**
– Ramanathan Rajoo (CFO)

- **MOVING FORWARD**
– Datuk Nor Azam M Taib (GCEO)



1Q23 FINANCIAL PERFORMANCE

Profitability

- Registered a profit before tax (“PBT”) of RM84 mil during the quarter, lower than the previous quarter of RM309 mil due to net impairment reversal of RM188 mil in 4Q22.
- Net profit margin at 2.0% in 1Q23 compared to 2.9% in the previous 4Q22 due to growth coming from lower margin business and higher funding cost.

Financing

- Gross loans and financing increased by 1.6% YTD to RM39.2 bil from RM38.6 bil (Dec 2022) contributed by consumer (0.4%) and corporate banking (4.6%) segments.

Asset Quality

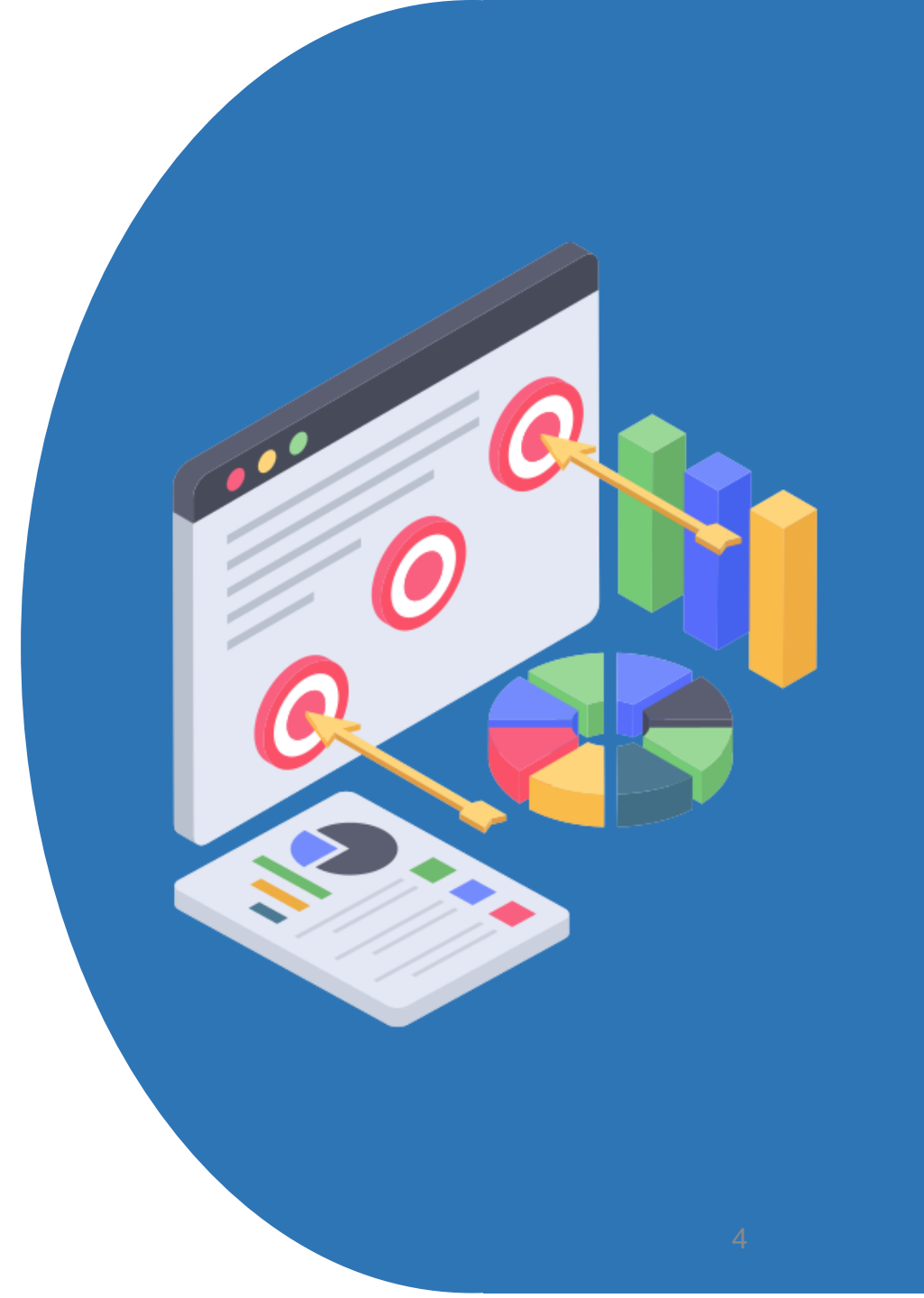
- Gross impaired ratio (GIR) rose slightly to 6.98% from 6.76% in 4Q22. However, GIR is lower than peak in 3Q23 of 7.41% due to our recovery efforts.

Capital & Liquidity

- MBSB declared and paid an 8.5 sen dividends in April 2023.
- Capital and liquidity position remained stable with CET1/Tier 1 Capital at 19.50% and Total Capital ratio at 23.77%.

AGENDA

- **1Q23 KEY HIGHLIGHTS**
– Datuk Nor Azam M. Taib (GCEO)
- **1Q23 FINANCIAL PERFORMANCE**
– Ramanathan Rajoo (CFO)
- **MOVING FORWARD**
– Datuk Nor Azam M Taib (GCEO)



1Q 2023 FINANCIAL SNAPSHOT

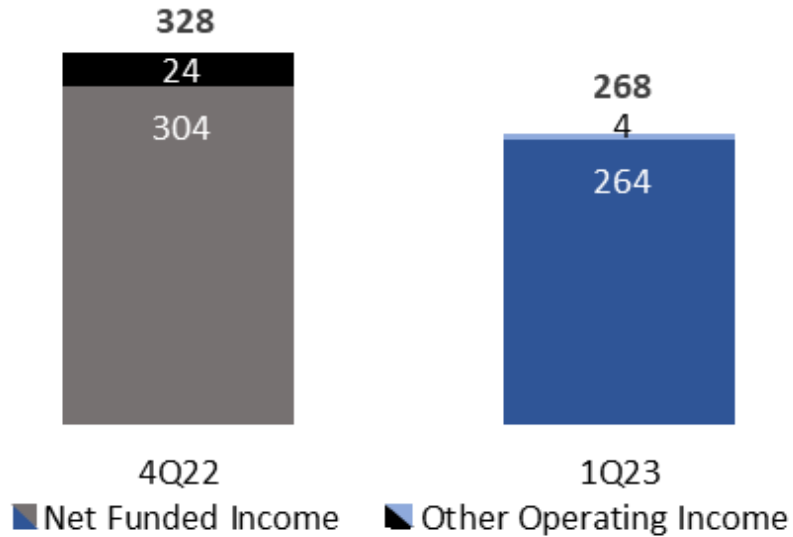


	4Q22	1Q23	Var	Significant improvement in Profit after Taxation	
Profitability (RM'mil)	Income	328	268 ●	(60)	Total income reduced by RM60mil QoQ mainly due to margin compression following 4 times OPR hike in year 2022.
			1Q2022: 396		
	Expenses	(207)	(127) ●	80	Lower expenses recorded mainly due to reversal of provisions no longer required.
			1Q2022: (150)		
	Profit before provision (PBT before impairment)	121	141 ●	20	
			1Q2022: 238		
	Impairment	188	(57) ●	(245)	Higher impairment as a result of deterioration of asset quality in 1Q23 as compared to a writeback in 4Q22 (following ECL model refinement, including debt sales recovery collected in Dec-22)
		1Q2022: 158			
Profit after taxation	201	74 ●	(127)	Lower PAT recorded in 1Q23 in line with lower total income and higher impairment.	
		1Q2022: 58			
ROE (Post tax)		3.39% ●	1.83	Lower ROE in 1Q23 compared to 4Q22 due to lower profit for the quarter arising from increase in OPR.	
		2022: 5.22%			
ROA (Post tax)		0.54% ●	0.33	Decrease in ROA% contributed by margin compression following 4 OPR hike in FY2022.	
		2022: 0.87%			
Assets & Liabilities (RM'bil)	Gross Financing/Loans		39.2 ●	0.6	Expansion of portfolio across all business segments.
			2022: 38.6		
	Customer Deposits		37.9 ●	1.4	Growth in deposit in tandem with asset growth. CASA grew from RM2.3b to RM2.7b.
			2022: 36.5		
Capital & Liquidity	CET1		19.50% ●	(2.34)	Capital ratio decline to below 20% due to dividend payment and RWA growth.
			2022: 21.84%		
	LCR		145.42% ●	(30.78)	LCR well above regulatory minimum requirement.
			2022: 176.20%		

1Q 2023 NET OPERATING INCOME

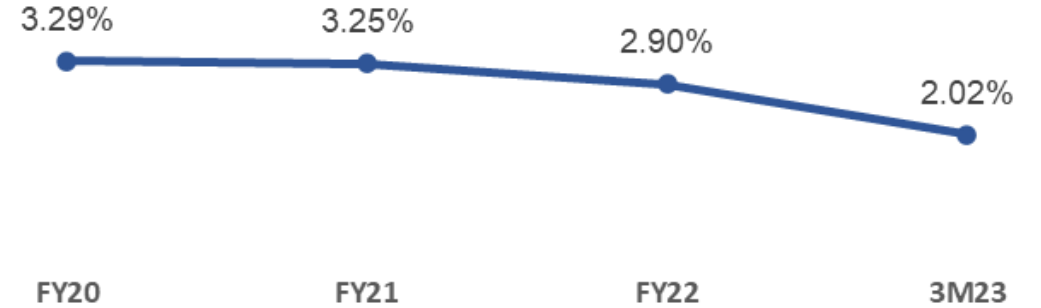
Lower Net Funded Income due to OPR hike

▼ QoQ 18.3%



- **Net funded income** reduced following 4 OPR hike in 2022.
- **Other operating income** decreased as compared to 4Q22 due to lower fee income and trading losses.

Net Profit Margin (%)



4 OPR hike in total of 1% during year 2022

Other Operating Income (RM'mil)

▼ QoQ 82.6%

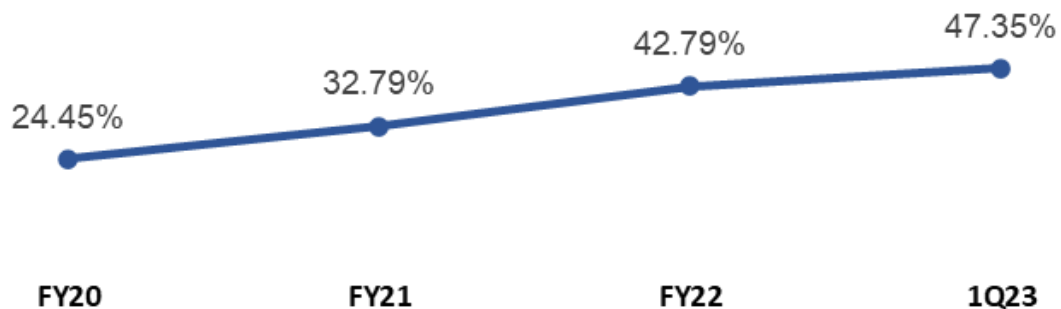


1Q 2023 OVERHEAD EXPENSES

CIR% Increase Due to Investment in New Business & Digitalization

RM million	4Q22	1Q23	QoQ
Personnel expenses	72	80	10.9%
Establishment related expenses	54	40	-25.4%
General administrative expenses	59	(10)	-116.6%
Promotion and marketing related expenses	8	4	-52.4%
Commission fees	14	13	-9.7%
TOTAL	207	127	-38.7%

Cost to Income Ratio (%)



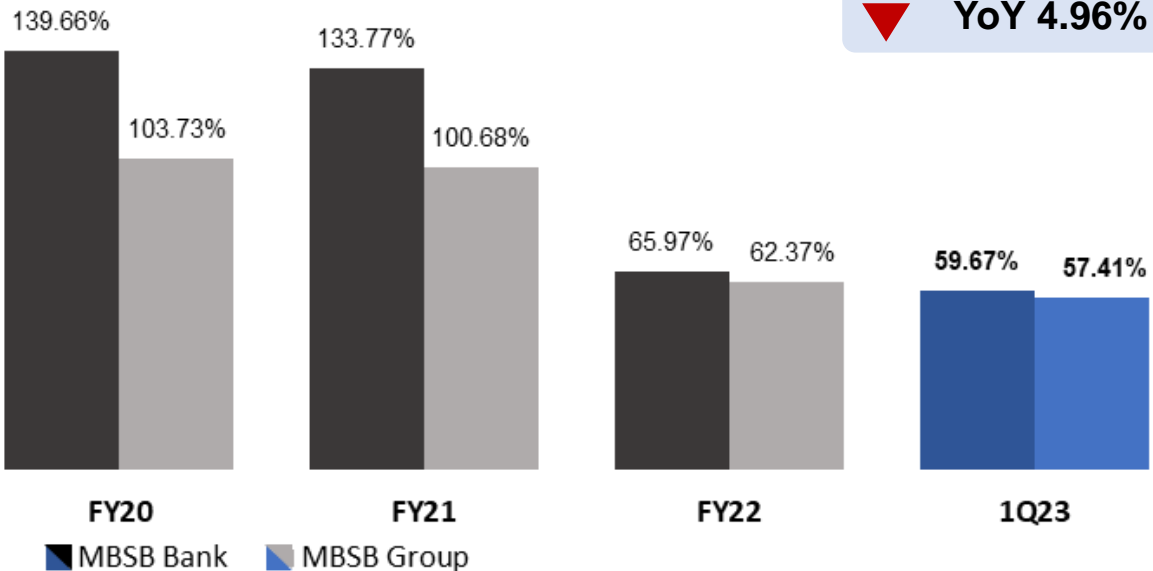
- **CIR%** rose to 47.35% due to lower net income.
- Reduction in expenses mainly due to reversal of provision.

1Q 2023 NET IMPAIRMENT LOSSES

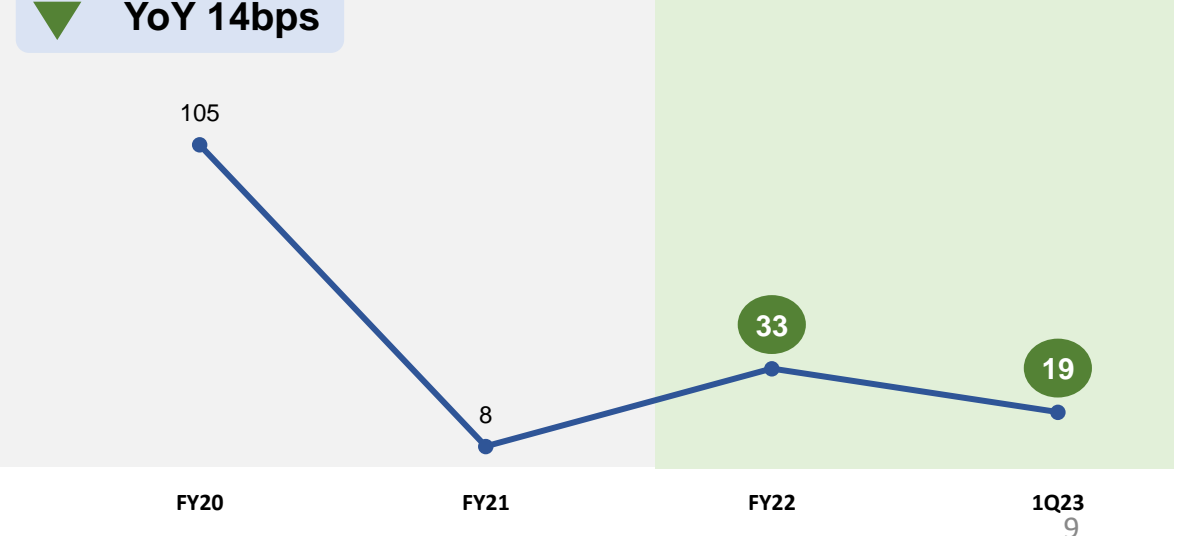
Credit Cost Reduced by 14bps as Compared to Previous Quarter

RM million	4Q22	1Q23	QoQ
Financing/Loans (impairment)	146	(68)	-146.2%
Financing/Loans (write off)/recovered	43	3	-93.4%
Others	(1)	8	-846.6%
Net impairment (losses)/writeback	188	(57)	-130.2%

Financing/Loan Loss Coverage Ratio (%)



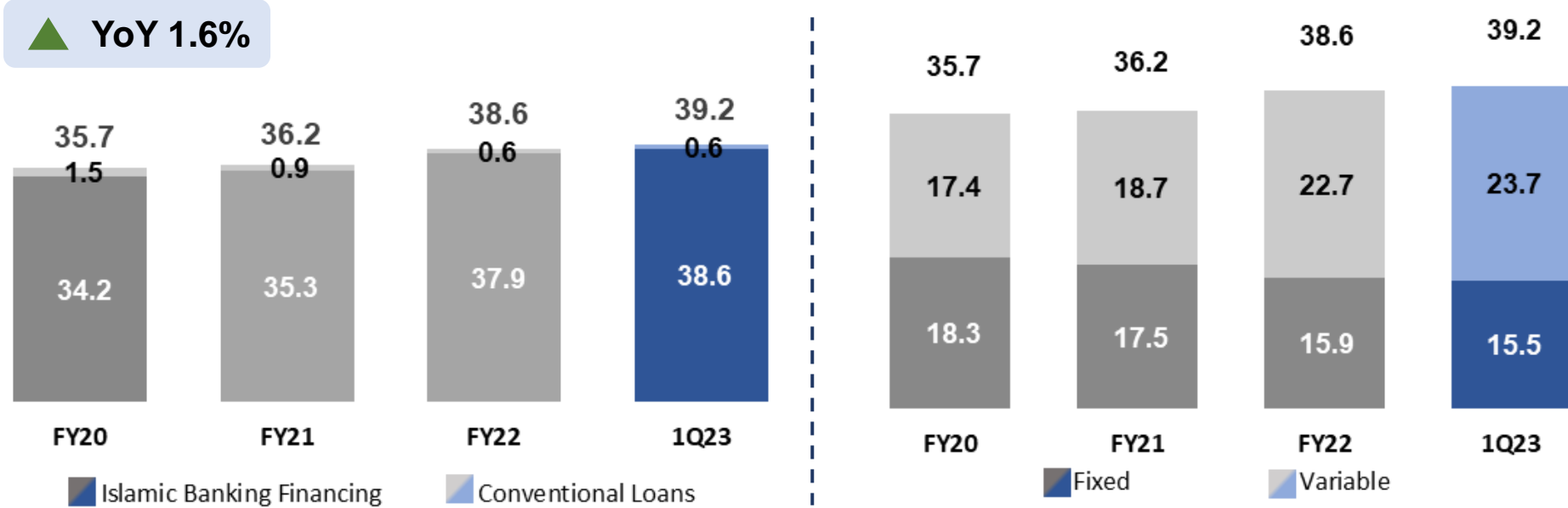
MBSB Group Credit Cost (bps)



GROSS LOANS AND FINANCING

Loans & Financing Growth Contributed Mainly by Corporate Sector

Gross Loans & Financing Composition (RM'bil)



1.6%

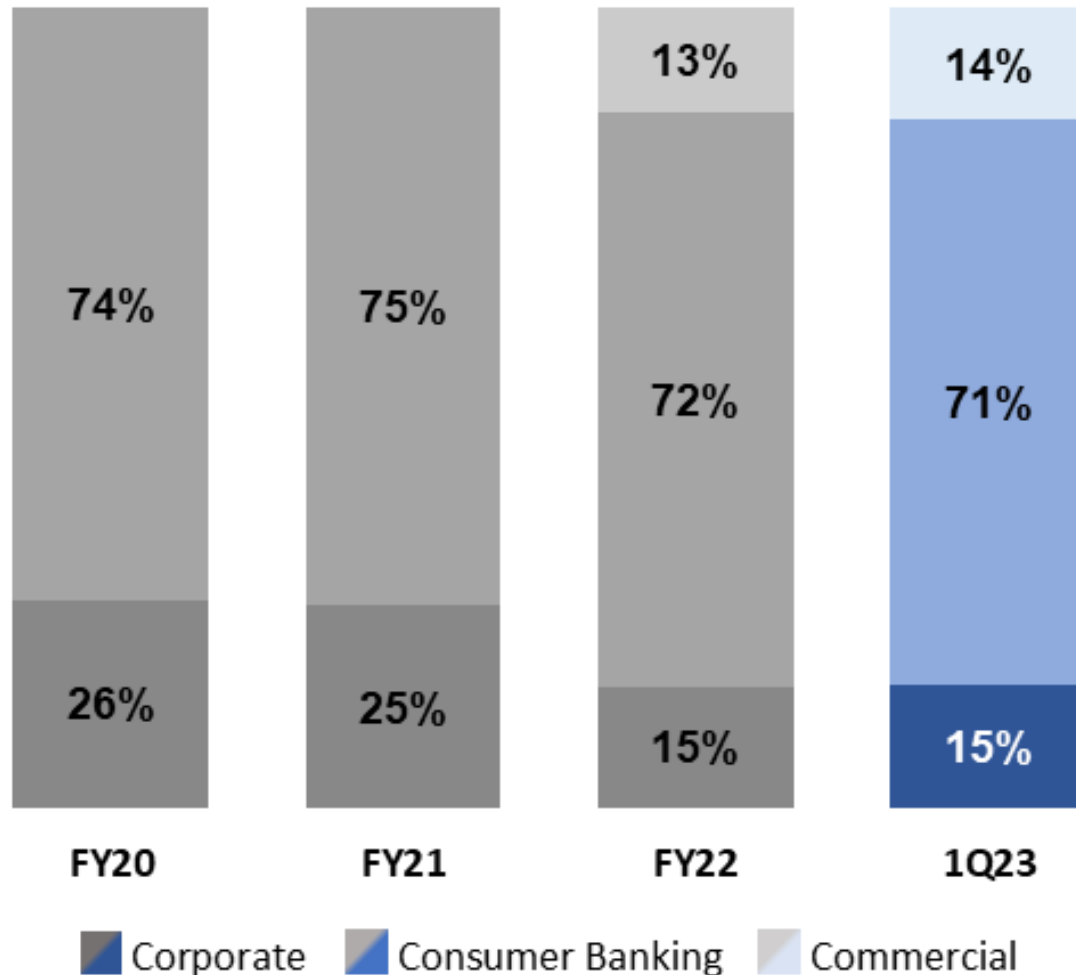
FINANCING GROWTH

Loans/Financing by busines segment (RM'bil)	1Q22	4Q22	1Q23	QoQ	YoY
Consumer Banking	27.5	27.7	27.8	▲ 0.3%	▲ 1.2%
Corporate Banking	9.0	10.9	11.4	▲ 4.3%	▲ 26.5%
TOTAL	36.4	38.6	39.2	▲ 1.4%	▲ 7.4%

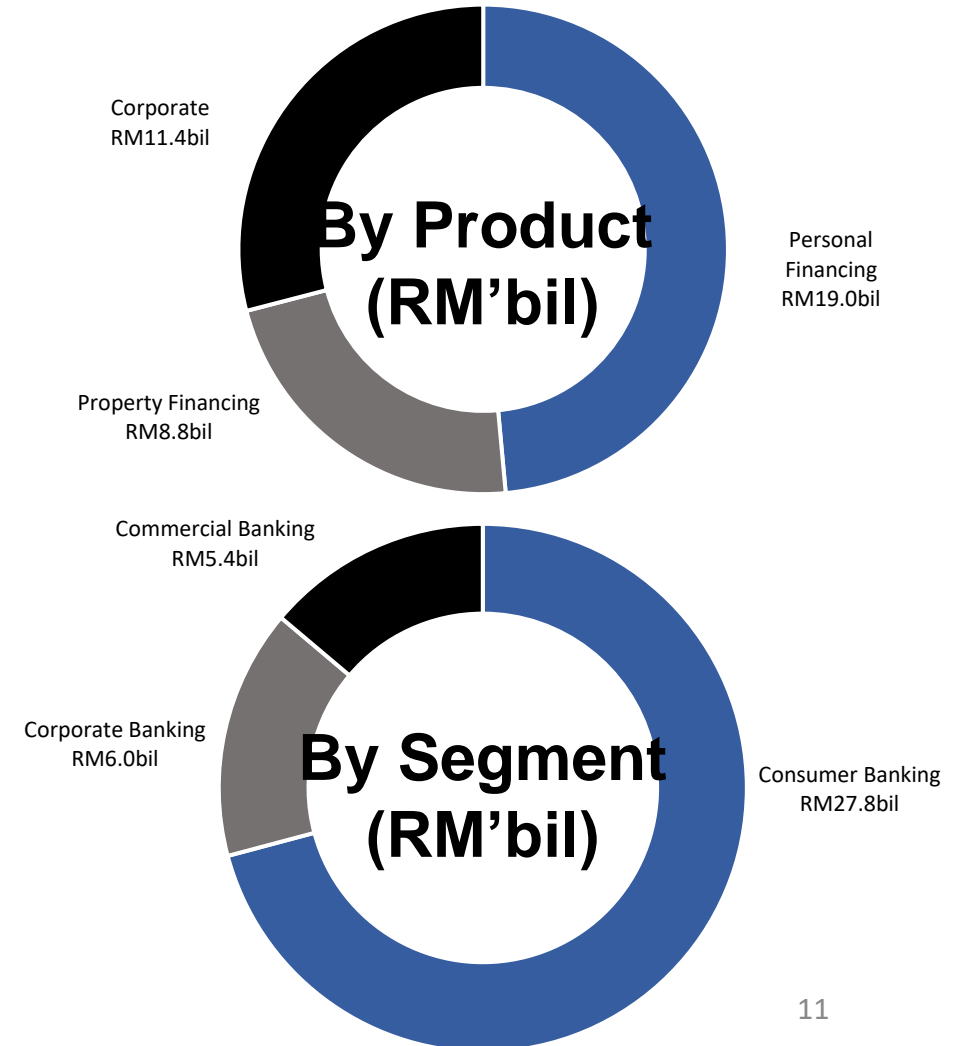
GROSS LOANS AND FINANCING (Cont'd)

Loans & Financing Growth In Line with Industry

Retail: Corporate Loans & Financing Composition



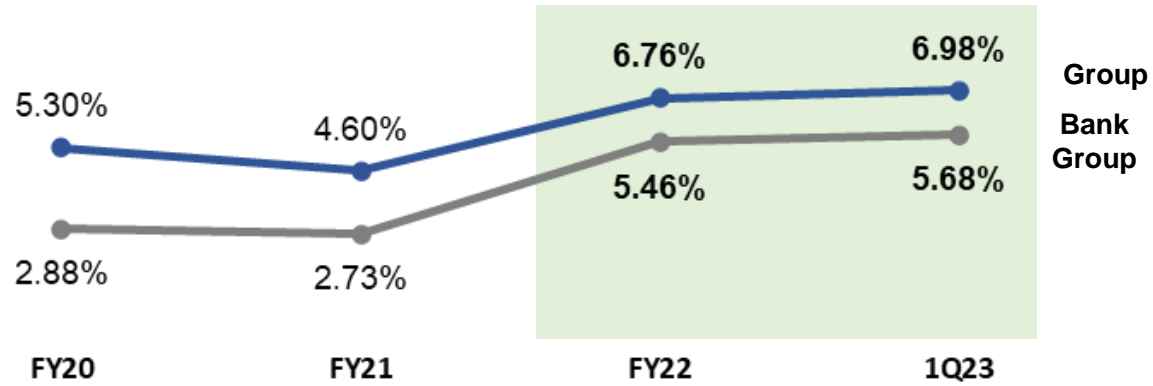
Loans & Financing Composition



ASSET QUALITY

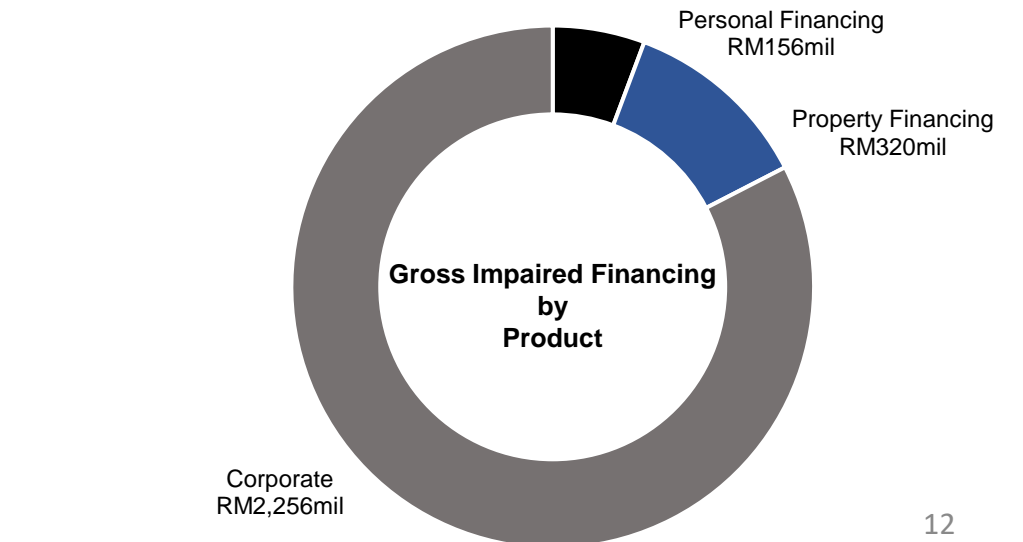
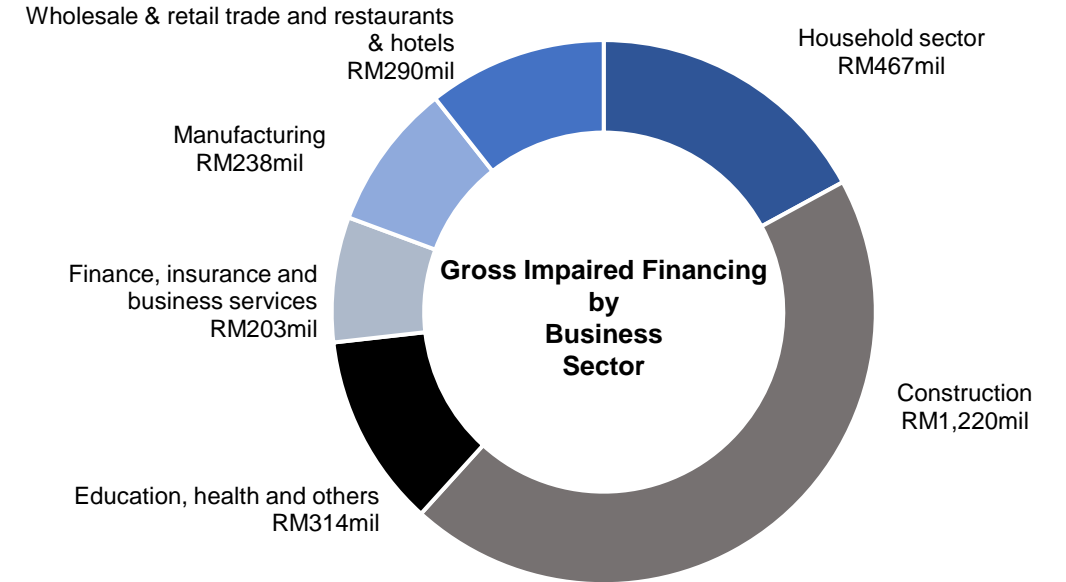
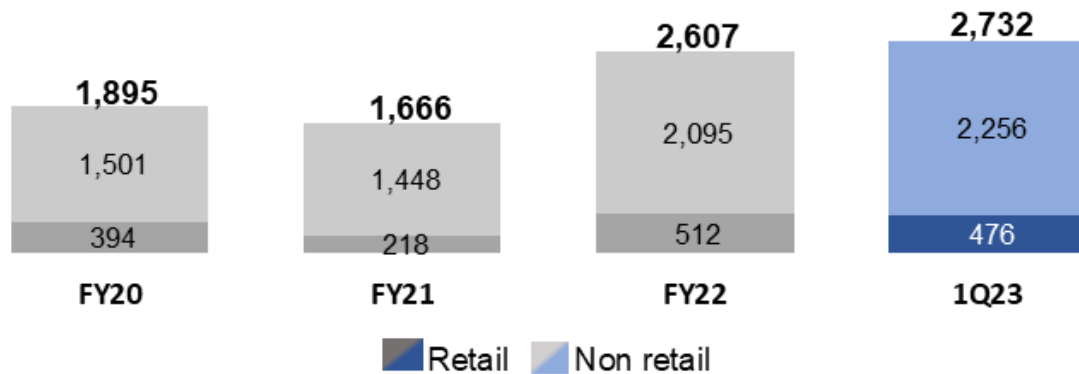
Deterioration in GIF% As Compared to 4Q22

Gross Impaired Loans/Financing Ratio (%)



Gross Impaired Loans/Financing (RM'mil)

Group

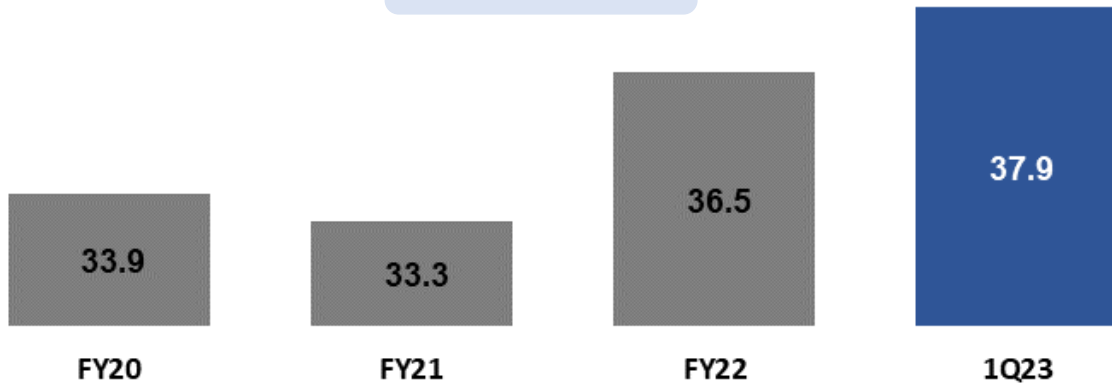


DEPOSITS

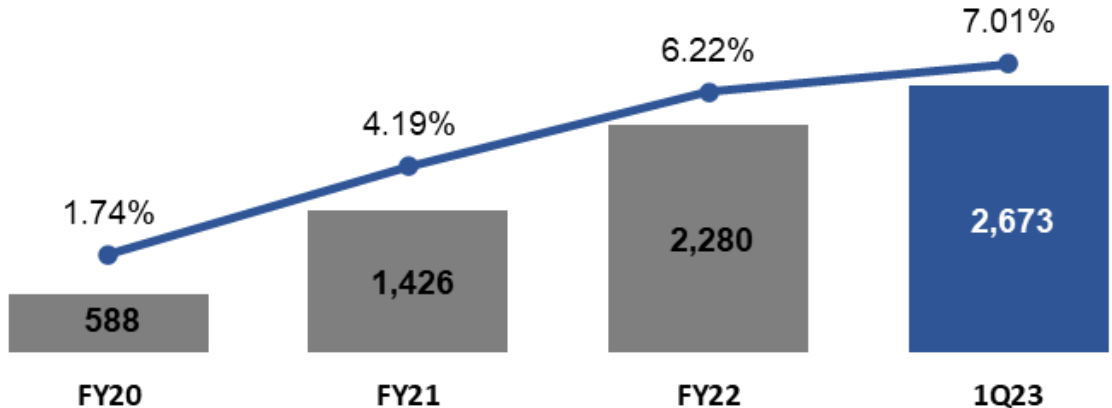
Funding Management Through CASA Expansion

Total Deposits (RM'bil)

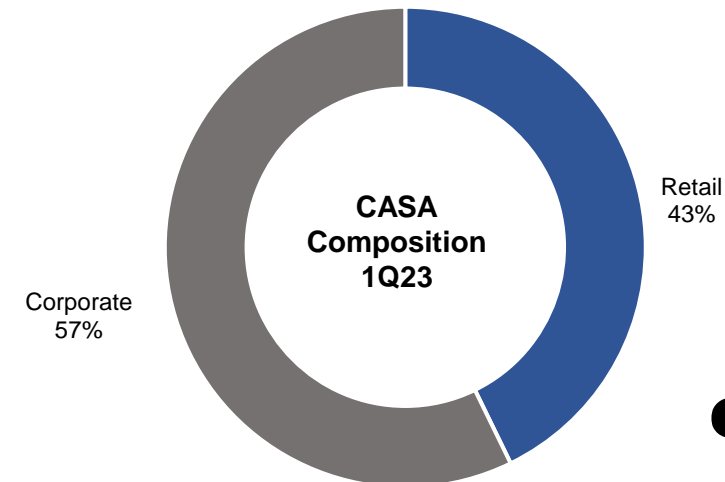
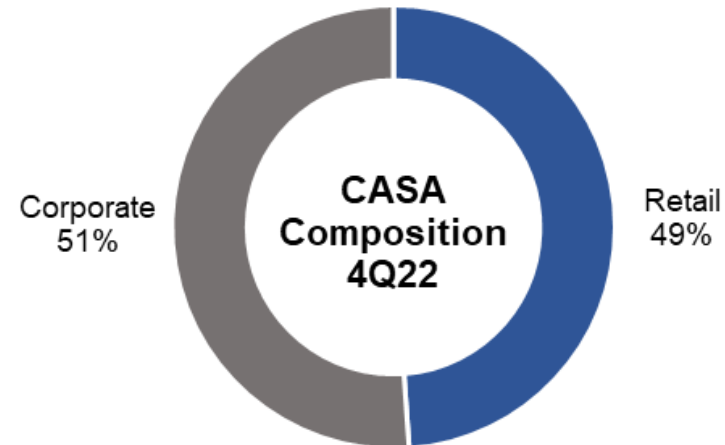
▲ YoY 3.8%



CASA (RM'mil)



CASA Composition



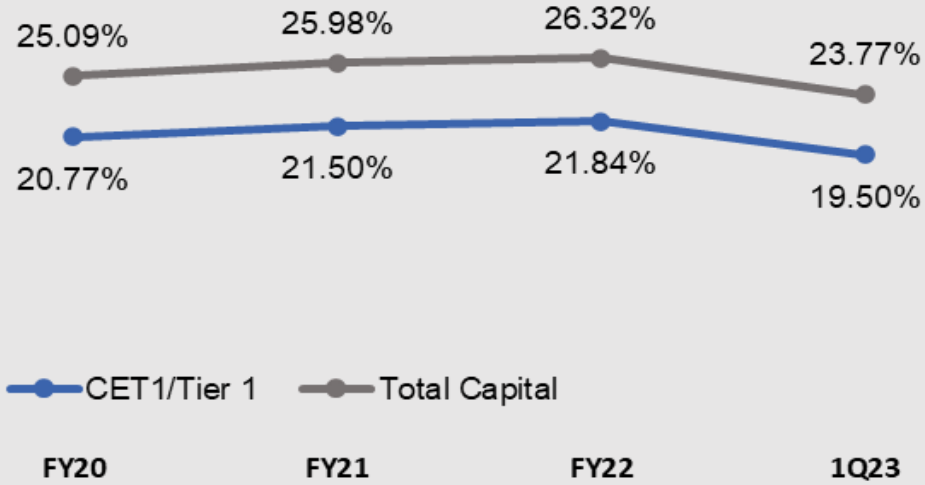
6%

**Corporate
portfolio
CASA
contribution**

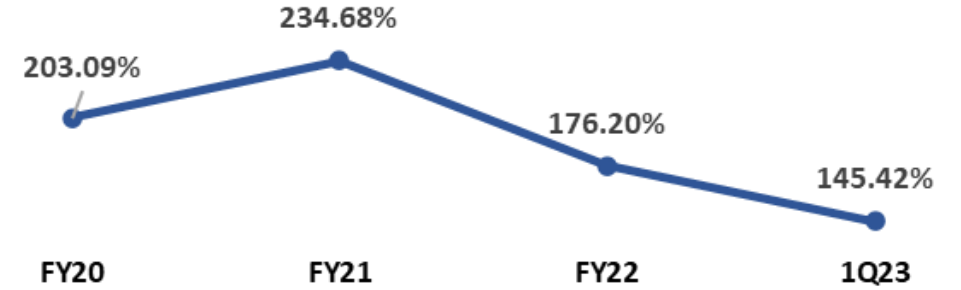
CAPITAL AND LIQUIDITY MANAGEMENT

Strong Capital and Liquidity Position

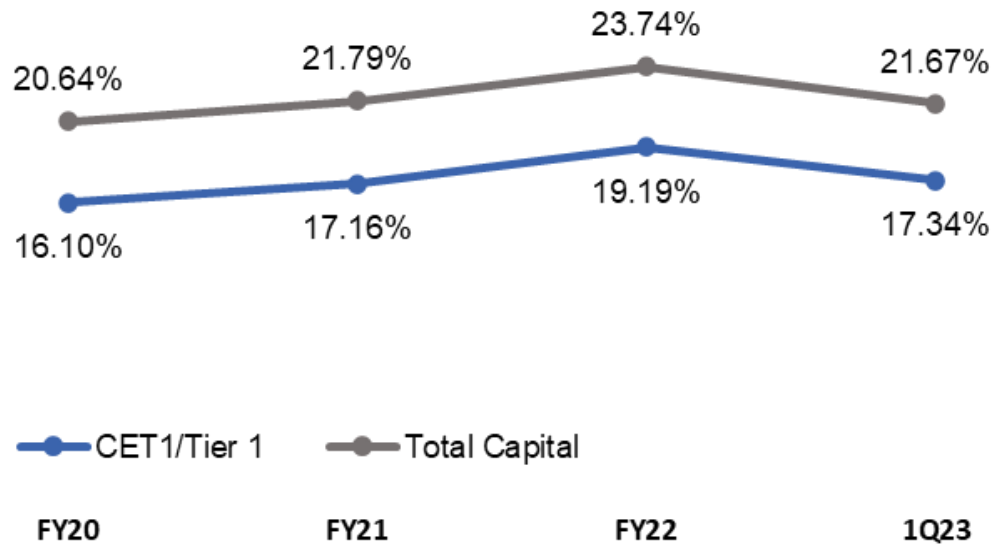
MBSB Group TCR



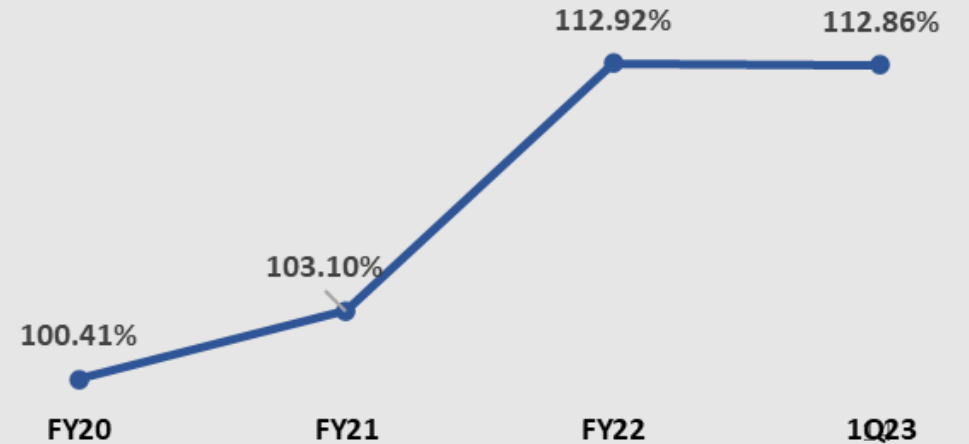
MBSB Group LCR



MBSB Bank Group TCR

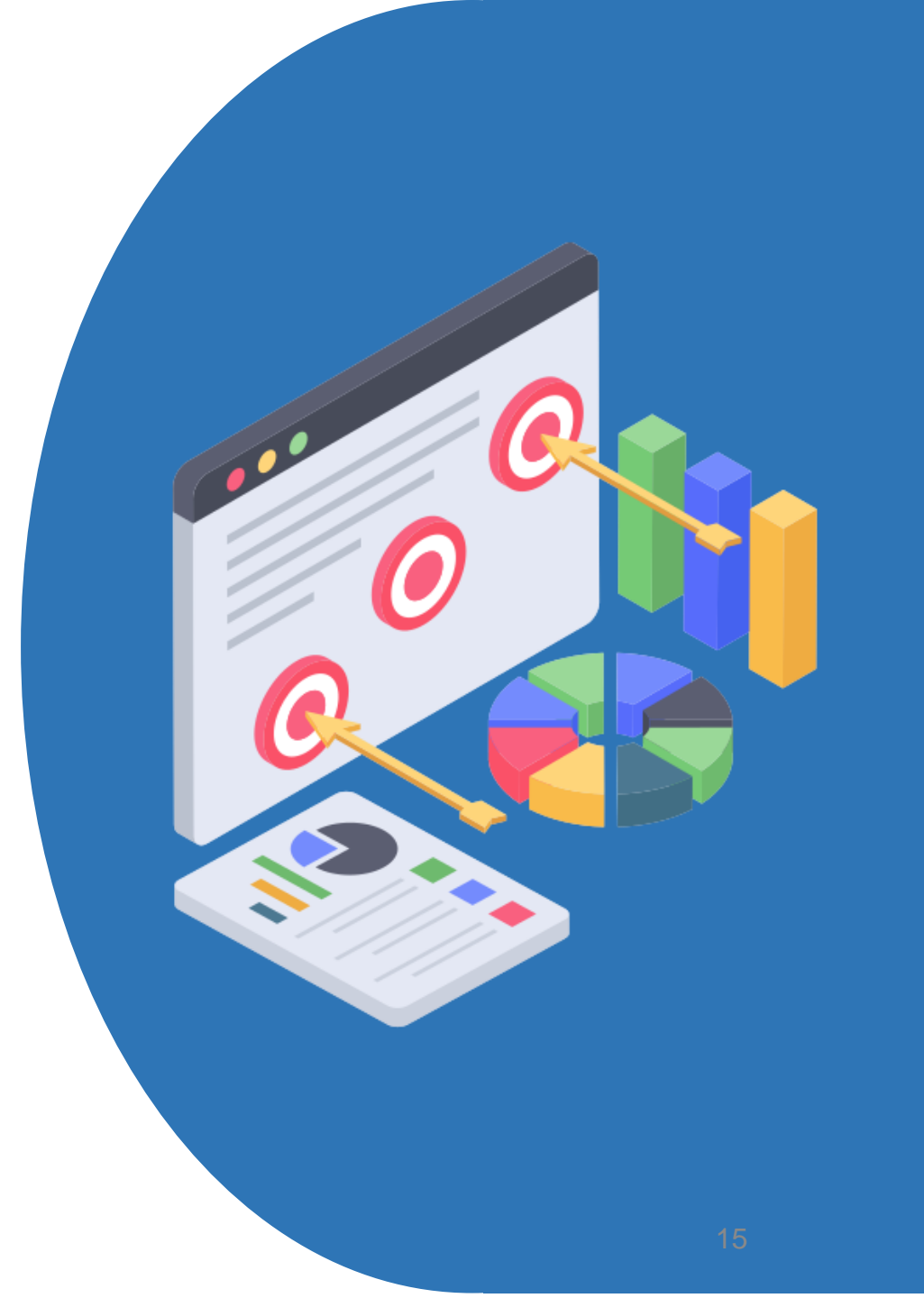


MBSB Bank Group NSFR



AGENDA

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– Datuk Nor Azam M Taib (GCEO)



MOVING FORWARD – BANKING ENVIRONMENT

Financing

- In March, the banking system loans grew by +5.0% yoy supported by both household (+5.4%) and business (+4.4%)
- Household growth driven by Home mortgages at +6.8%, while personal loans grew modestly by +2.2%.
- Financial and insurance services led the business growth at +14.0%, while manufacturing experienced negative growth at -0.8%.

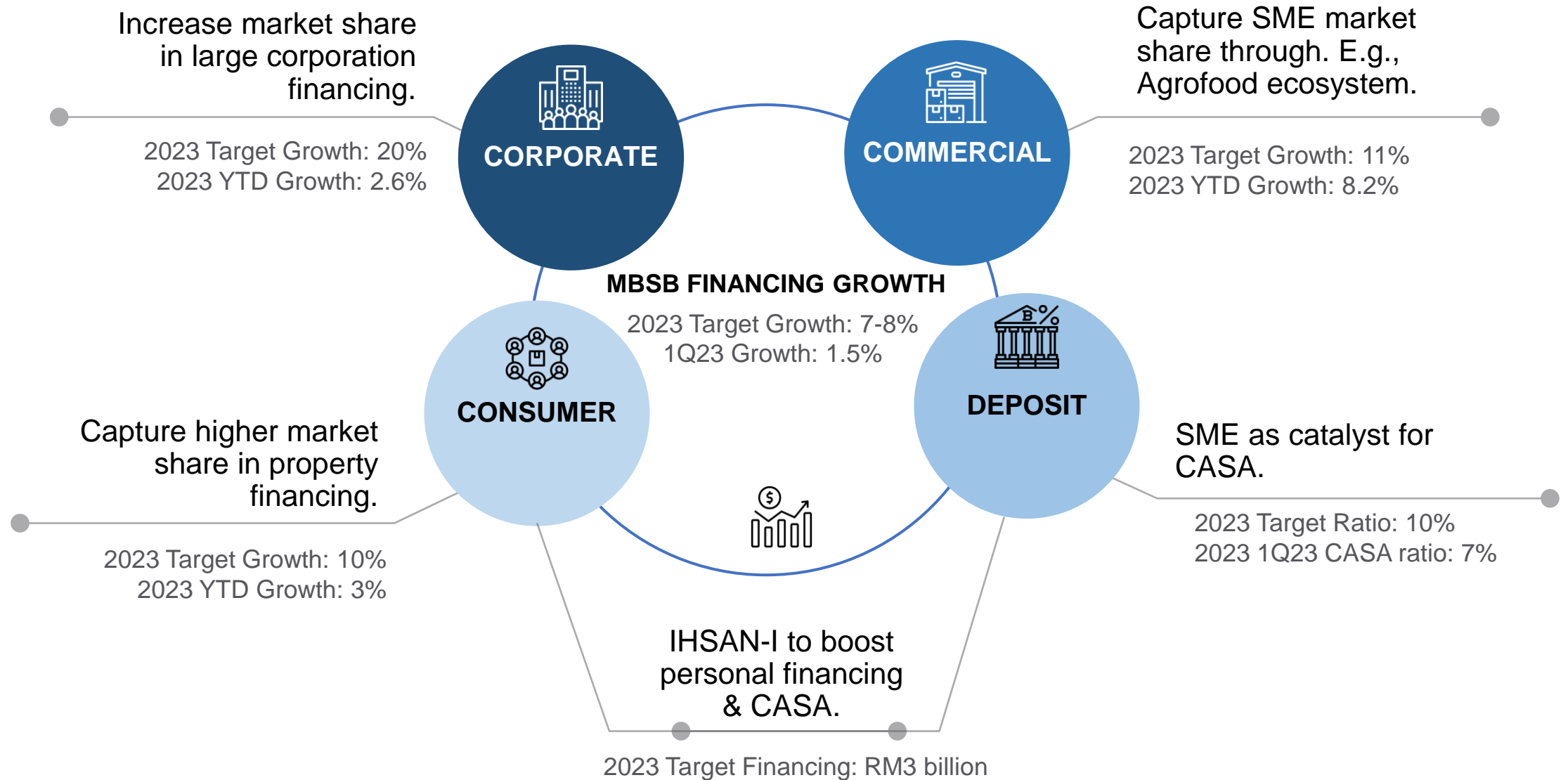
NIM

- Total deposits grew by +7.0% yoy in March. There seems to be a demand substitute for higher rate savings as FD deposit increased by +8.9% yoy while CASA declined by -1.8% yoy in March
- OPR increase may result in net interest margins squeeze in 2023 due to rising costs of funds, deposit repricing, keener deposit competition (Source: RAM)

MBSB Strategy

- MBSB will continue to expand our financing portfolio through our 4-prong strategy while pursuing growth in CASA to manage our cost of fund. CASA target is 10% for 2023.
- MBSB will strive to capture higher SME market share, especially in Agrofood ecosystem. Growth in Commercial financing YTD is +8.2%.
- Ihsan-I (EPF Scheme) will be our new financing and CASA growth driver. Target financing is RM3 billion for 2023.

MOVING FORWARD – CORE STRATEGIES 2023 UPDATE



MOVING FORWARD – MIDF ACQUISITION UPDATE



Q & A

THANK YOU