

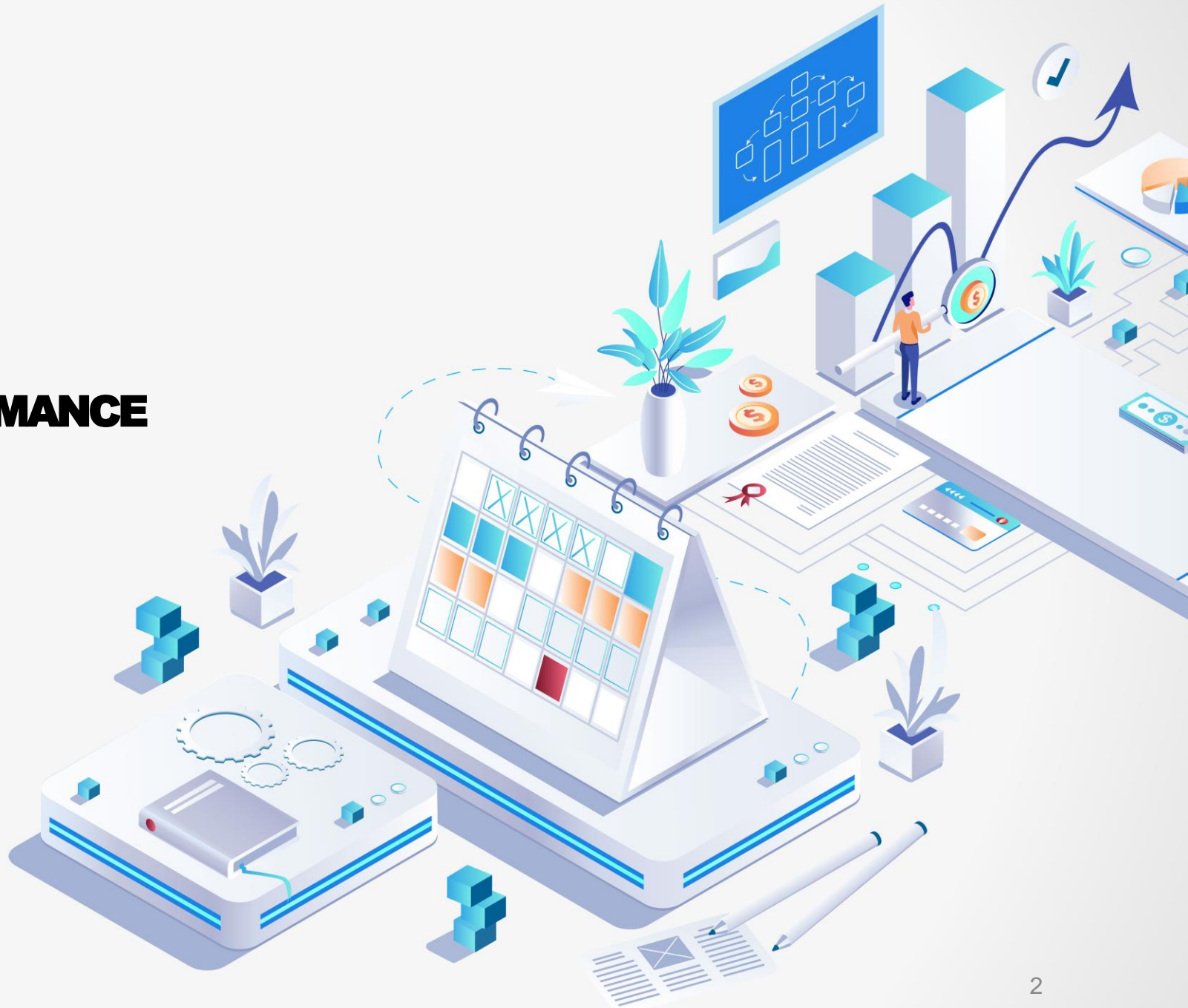
2023 ANALYST BRIEFING



30 Aug 2023

AGENDA

- **2023 KEY HIGHLIGHTS**
Rafe Haneef (GCEO)
- **2023 FINANCIAL PERFORMANCE**
Ramanathan Rajoo (CFO)



2Q23 FINANCIAL PERFORMANCE

Asset Growth & Quality

- Gross financing increased by 4.5% YTD to RM40.3 bil contributed by consumer (up by 3.8%) and corporate/commercial banking (up by 6.3%) segments
- GIFR improved to 6.6% from 7.0% in 1Q23 due to our recovery efforts and financing growth

Deposit Growth

- Total deposits increased by 9.6% YTD to RM40 bil
- CASA ratio at 5.78% compared to 7.01% in 1Q23
- CASA composition from retail depositors is higher at 55% from 43% in 1Q23

Profitability

- PBT is RM155 mil, higher than RM84 mil in 1Q23 due to increase in non-funded operating income (“NFOI”) of RM23 mil
- PAT is RM84 mil, higher than RM74 mil in 1Q23
- ROE is 3.58% compared to 5.22% in FY22

Capital & Liquidity

- Capital and liquidity position remained stable with CET1/Tier 1 Capital at 18.92% and Total Capital ratio at 23.12%
- LCR increased to 193.37% compared 145.42% in 1Q23

2Q2023 FINANCIAL SNAPSHOT



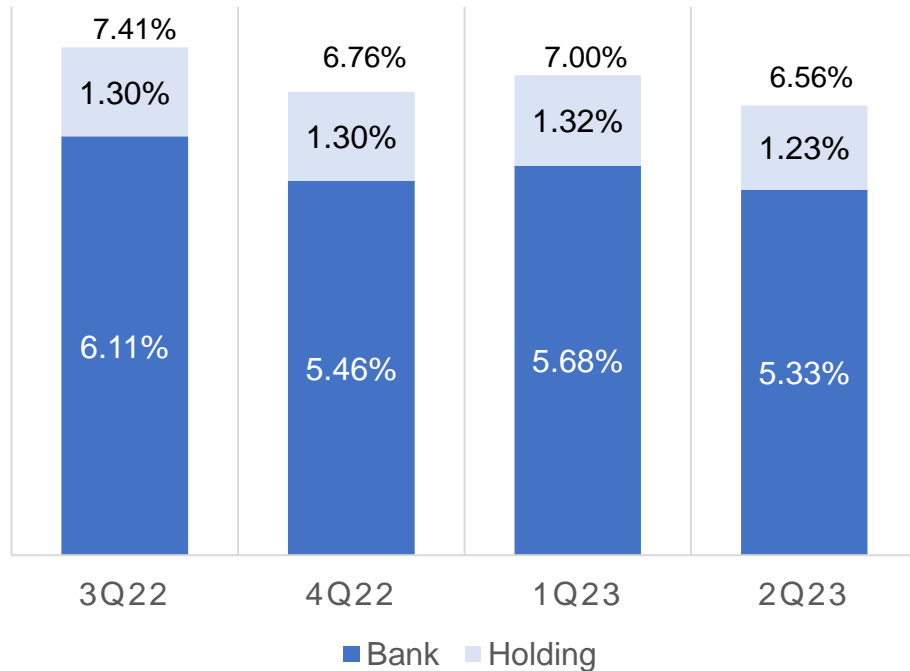
	1Q23	2Q23	Var		
Assets & Liabilities (RM'bil)	Gross Financing/Loans	39.2	40.3 ●	1.1	Increase in financing mainly from Consumer (89%) and Commercial (11%).
			2022: 38.6		
	Customer Deposits	37.9	40.0 ●	2.1	Growth in deposit is mainly contributed by growth in Term Deposit
			2022: 36.5		
Profitability (RM'mil)	Gross Income	677	719 ●	42	Gross Income increased by RM42 mil mainly due to higher financing growth of RM1.1bil and non-funded income from Treasury activities
			2Q2022: 673		
	Net Income	268	284 ●	16	Net income increased by RM16mil due to higher non funded income during the quarter contributed by Treasury activities.
			2Q2022: 388		
	Operating Expenditure	(127)	(181) ●	(54)	Higher expenses mainly due to one-off reversal of provision in 1Q23. There was also a marginal increase in overhead due to higher personnel and general expenses.
			2Q2022: (137)		
	Profit before provision (PBT before impairment)	141	103 ●	(38)	
			2Q2022: 251		
	Impairment	(57)	52 ●	109	ECL writeback mainly due to change in the methodology from MIA migration to days-past-due (DPD).
			2Q2022: (45)		
Profit before taxation	84	155 ●	70		
		2Q2022: 206			
Profit after taxation	74	84 ●	10	Higher PAT in line with higher total income and ECL writeback.	
		2Q2022: 142			
ROE (Post tax)	3.39%	3.58% ●	0.19%	} Increased in ROE & ROA in line with higher PAT.	
		2022: 5.22%			
ROA (Post tax)	0.54%	0.57% ●	0.03%		
		2022: 0.87%			
Capital & Liquidity	CET1	19.50%	18.92% ●	(0.58%)	Capital ratio decreased in line with increase in RWA due to Financing Growth.
			2022: 21.84%		
	LCR	145.42%	193.37% ●	47.95%	LCR well above regulatory minimum requirement.
			2022: 176.20%		

ASSET QUALITY ANALYSIS

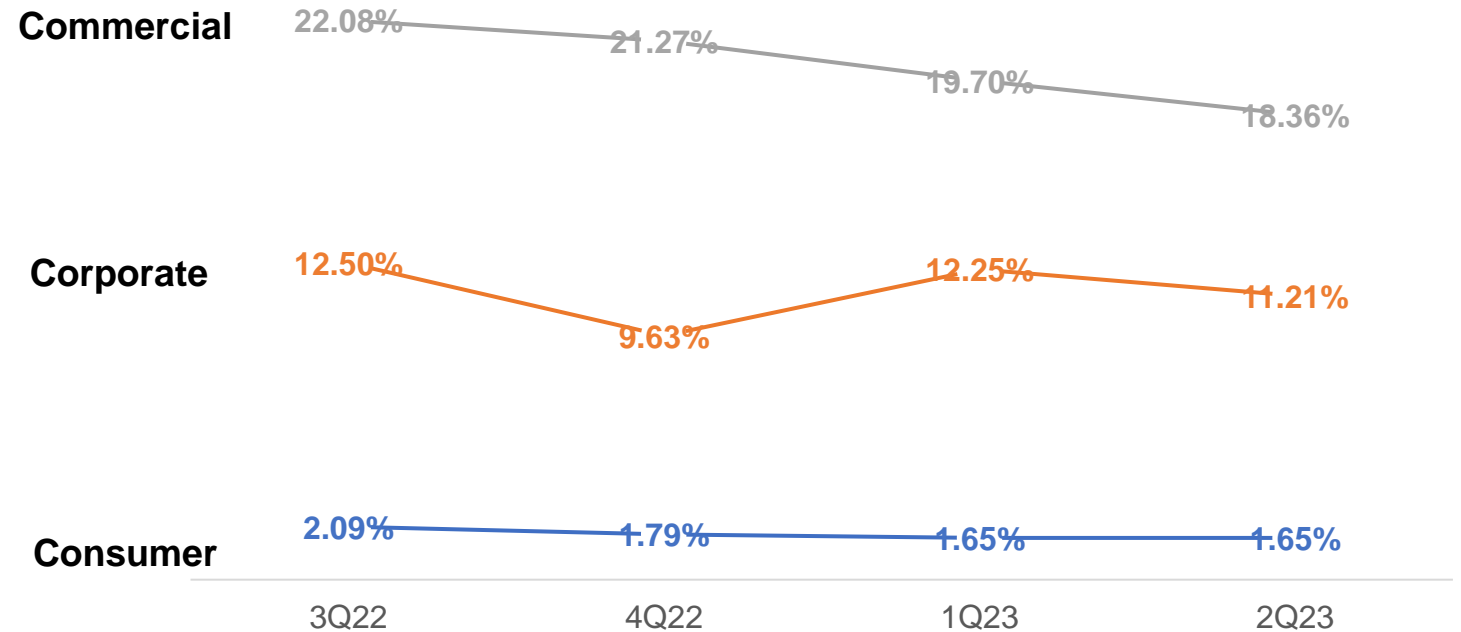


GIFR continues to improve across business segments

Total GIFR% (Holding + Bank)



GIFR% Breakdown by Segment (Bank)



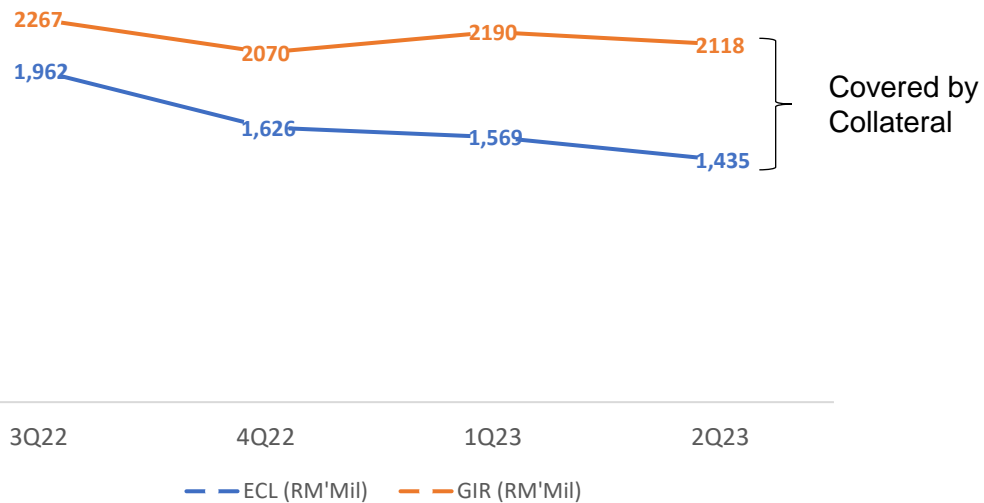
ASSET QUALITY ANALYSIS

Lower Loan Loss Coverage (LLC) a result of lower ECL

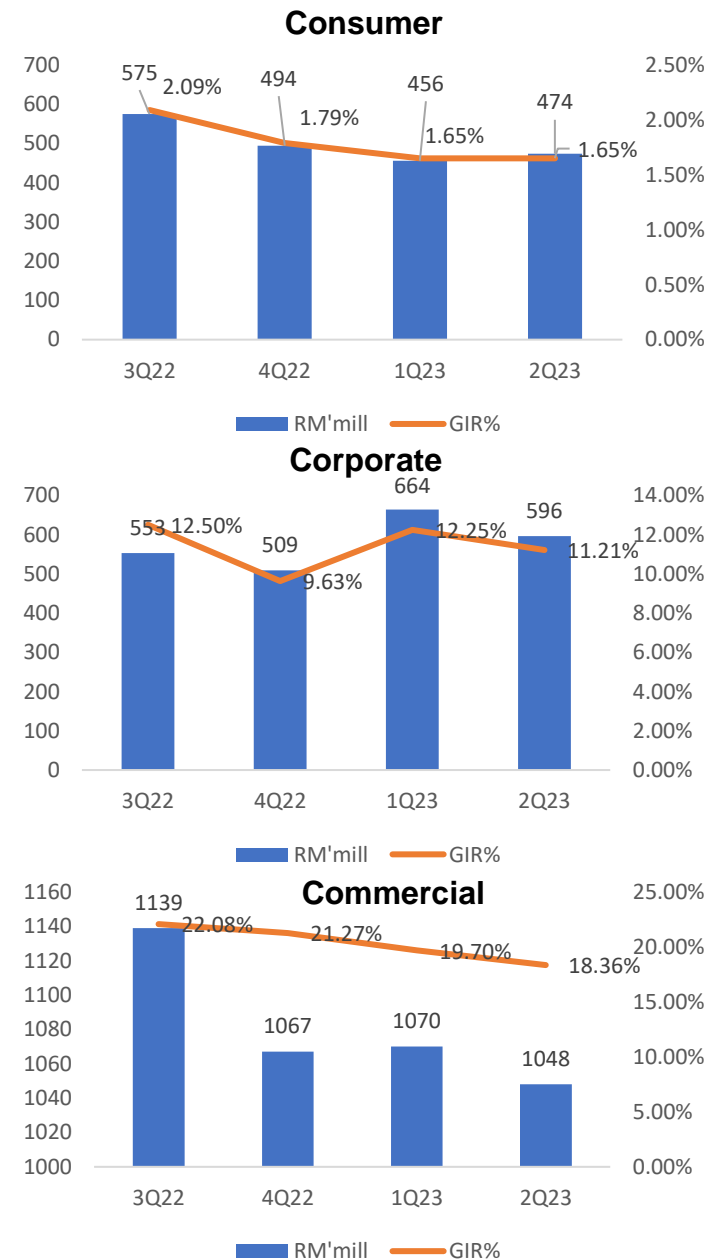
LLC (Holding + Bank)

	Sep-22	Dec-22	Mar-23	Jun-23
LLC	70.1%	62.4%	57.4%	54.3%
LLC Incl. Regulatory Reserve	70.1%	62.4%	57.4%	56.9%

ECL vs GIFR (Bank)



GIFR% Breakdown by Segment (Bank)

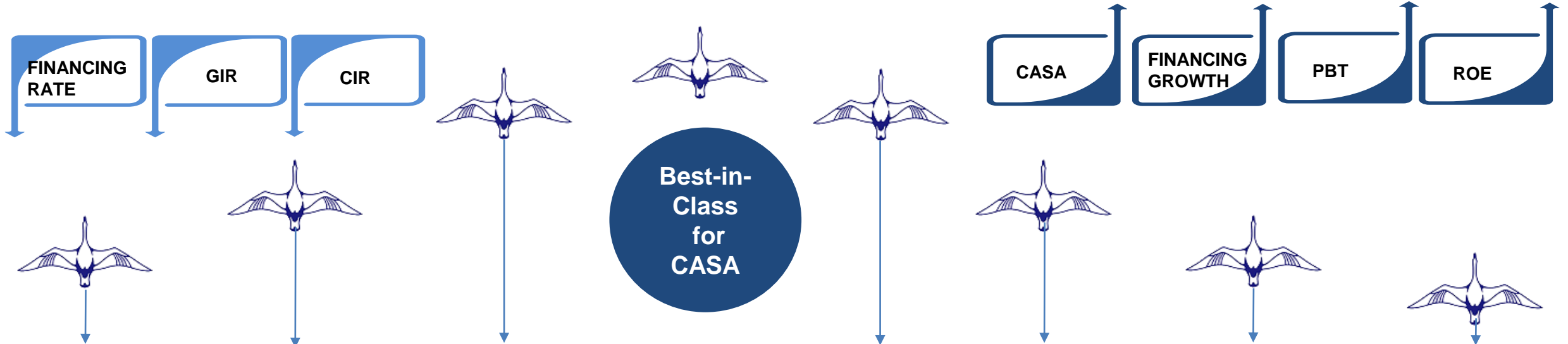


MANAGEMENT GUIDANCE FY23



	Gross Fin. Growth	NPM	CIR	GIFR	ROE
GUIDANCE FY23	7-8%	2.0-2.1%	≤50%	4-5%	5-6%
ACTUAL 1HFY23	4.50%	1.99%	55.79%	6.56%	3.58%

Chevron Flight Strategy



Best-in-Class for CASA

Engineering a Complete Products Suite

- Consumer:**
 - Full-fledged financing, Cash management & WM products
- Commercial:**
 - Integrated financing, Cash management & Advisory solutions
- Corporate:**
 - Preferred Financing, Capital Markets, Cash Management & Advisory Provider

Differentiating via Value-Based Pricing

- Sharpened segment-oriented play
- Appealing to high-value customers
- Reduced NPF
- Higher transaction velocity and product holding
- Sustained NFOI

Institutionalising Effective Risk Controls

- Robust credit underwriting
- Enhanced cybersecurity & fraud controls
- Effective monitoring & recovery of NPF
- Resilient & stable digital channels
- Appealing to high-value customers

Elevating Experiences via Compelling Propositions

- Differentiated customer-centric propositions
- Enhanced brand awareness & positioning
- Customer-centric marketing
- Segment-oriented value-added financing packages
- Integrated advisory & financing solutions

Easing Accessibility through Diverse Channels

- Holistic physical and digital touchpoints
- Expanded reach to customers
- Enriched customer experience and engagement

Delivering Excellent Customer Service

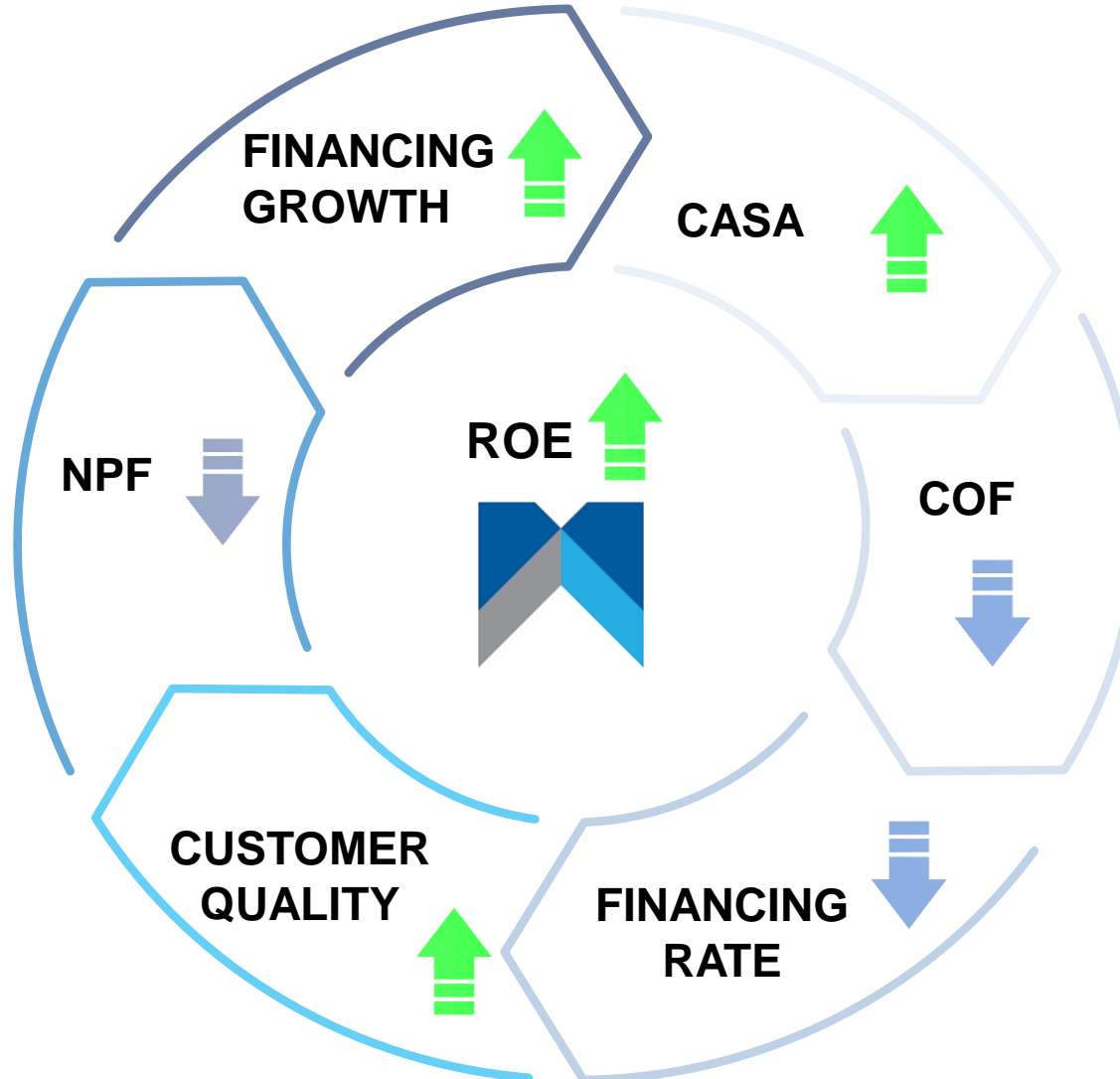
- Customer-first mindset
- Simplified processes through reengineering & automation
- Fast TAT
- Improved NPS

Cultivating High Performance Culture

- Effective training & upskilling
- Consistent communication for staff commitment
- Bottom-ups innovation
- A clear KPI tied to the reward matrix
- Hiring & retaining quality talents
- Leverage internal influencers

THE CIRCLE OF SUCCESS

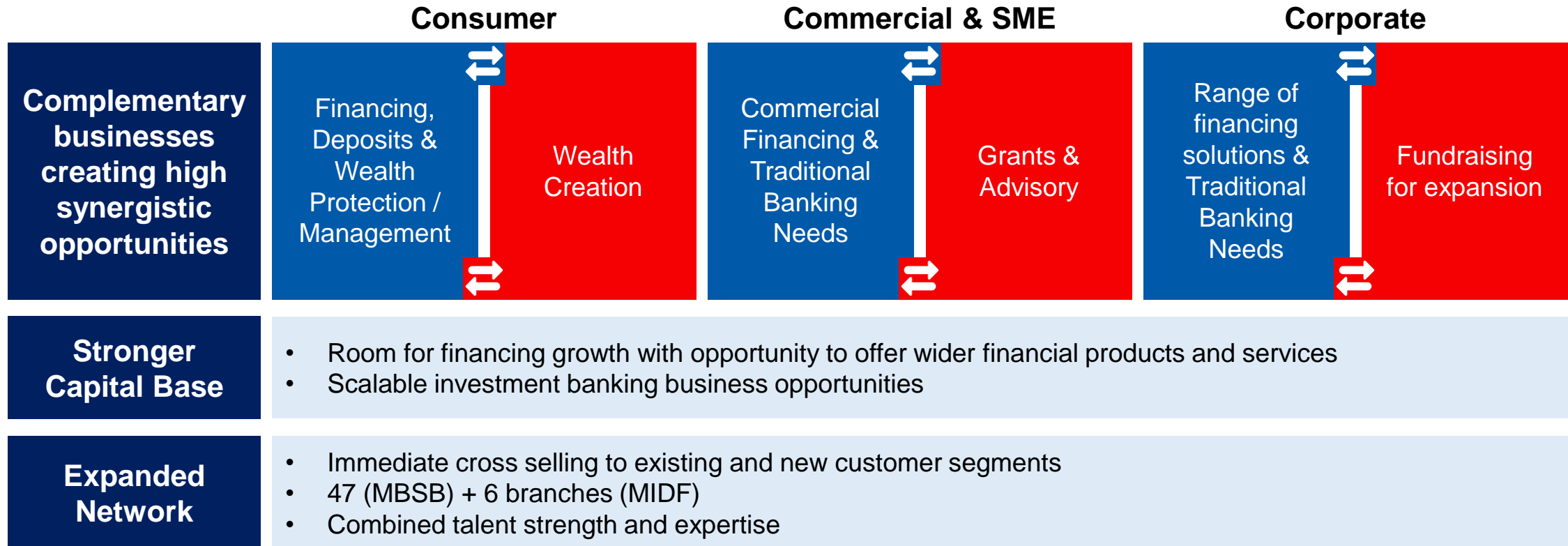
Aggressively growing our CASA will lower our COF and financing rate. A competitive financing rate will attract customers with better credit profile and subsequently reduce the NPF. A lower NPF will release more capital to fuel financing growth leading to higher ROE.



KEY RATIONALE FOR MIDF ACQUISITION

The proposed acquisition aims to unlock synergies and capitalise on strategic opportunities in driving value and growth for the Enlarged Group and its shareholders

■ MBSB Bank
■ MIDF



PURCHASE CONSIDERATION

Purchase consideration of RM1.01 billion, 0.85x price to book multiple



2022 MIDF Net Assets ("NA")
Post Adjustments

RM1,186.69m

2022 NA (including non- controlling interests)	1,652.9m
Pre-completion dividend paid on 31.3.2023	(450.0m)
MIDF Adjustment	(16.21m)
	1,186.69m

**Adjusted Closing Net
Assets Excluding
Excess Capital**

RM749.56m



RM437.13m

RM1,186.69m

Net Excess Capital

Valued at

**0.77x
multiple**

RM577.16m



**1x
multiple**

RM437.13m

**Purchase
Consideration**

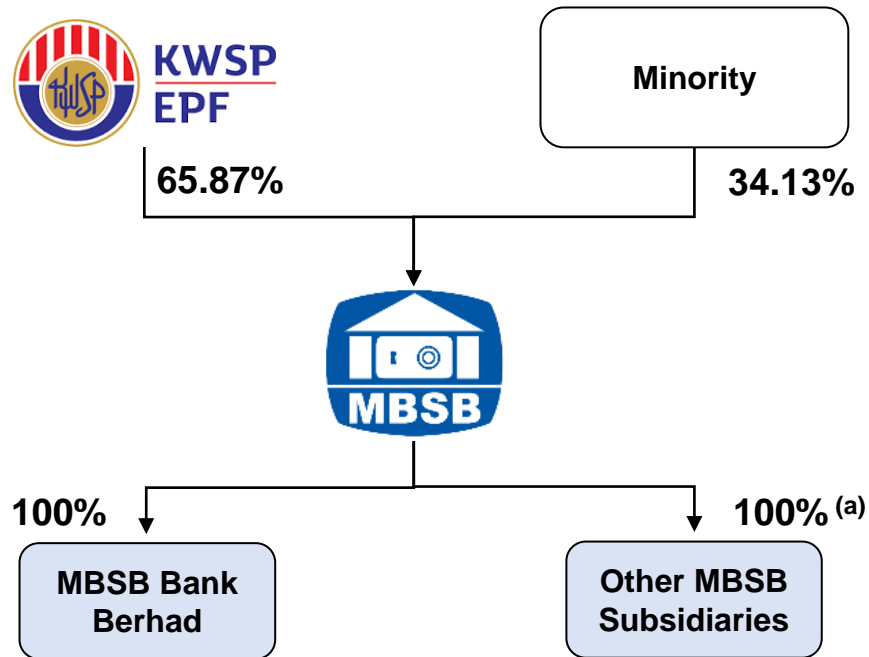
RM1,014.29m

The purchase consideration represents a **price-to-book ratio ("PBR") of 0.85x** (*RM1.01 billion / RM1.19 billion*) based on 2022 MIDF Net Assets Post Adjustments which is **within the range of 0.39x to 1.47x** of the traded PBR of financial institution/ their holding companies listed in Malaysia

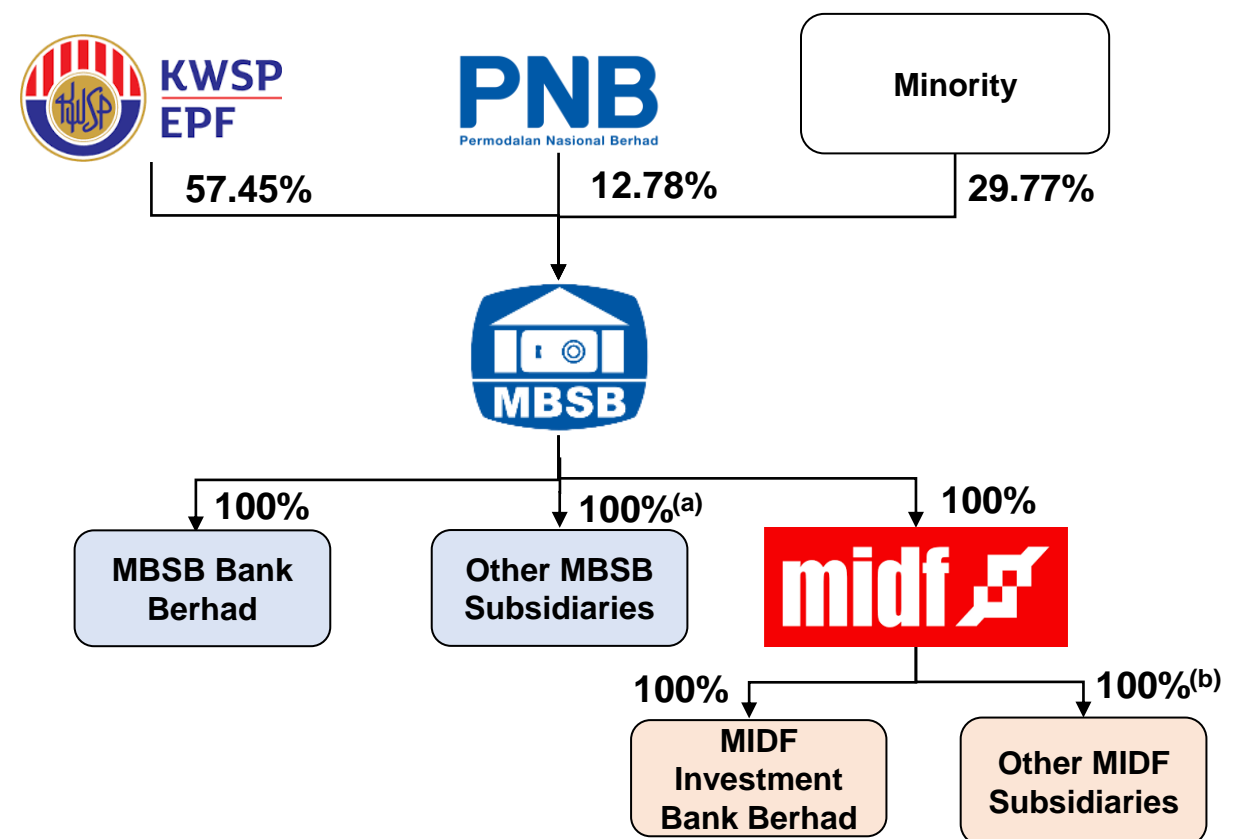
SHAREHOLDING BEFORE AND AFTER THE PROPOSED ACQUISITION

MIDF will become a wholly owned subsidiary of MBSB, and PNB will emerge as a substantial shareholder of MBSB

Existing



After



Notes:

(a) Except for Prudent Legacy Sdn Bhd, in which MBSB owns 92% interest.

(b) Except for Oriental 1963 Berhad, in which MIDF owns 75.2% interest

AGENDA

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- **2023 FINANCIAL PERFORMANCE**
Ramanathan Rajoo (CFO)



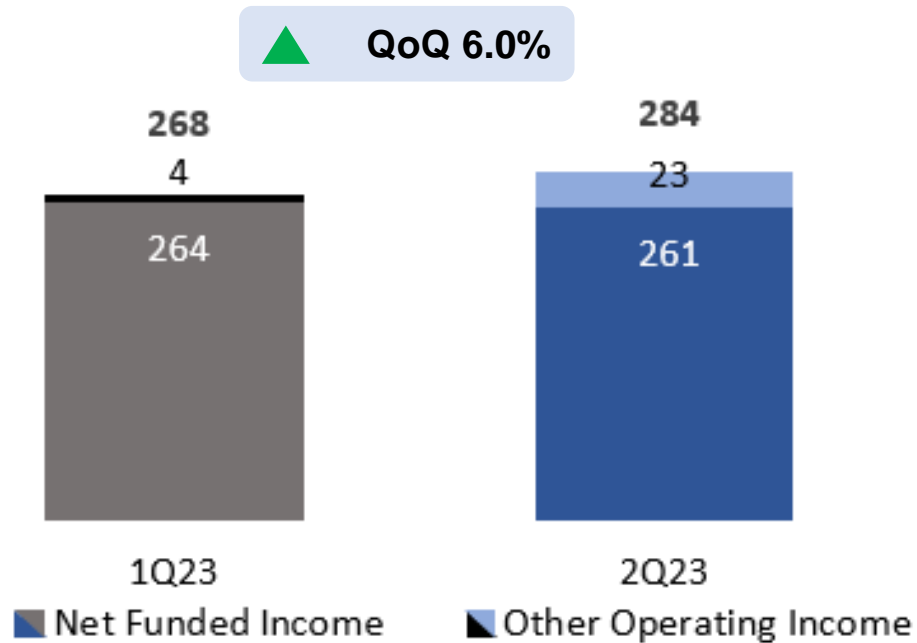
2Q2023 P&L SUMMARY

PBT Improved QoQ due to Higher Non-Funded Income & ECL Writeback

More details on	RM million	2Q22	1Q23	2Q23	QoQ (%)	YoY (%)
Slide 2Q 2023 NET OPERATING INCOME	Net Funded Income	376	264	261	-1.0%	-30.6%
Slide 2Q 2023 NET OPERATING INCOME	Other Operating Income	12	4	23	443.9%	100.4%
Slide 2Q 2023 NET OPERATING INCOME	Net Operating Income	388	268	284	6.0%	-26.7%
Slide 2Q 2023 OVERHEAD EXPENSES	Overhead expenses	(137)	(127)	(181)	42.8%	32.9%
	Pre-provisioning operating profit	251	141	103	-27.1%	-59.0%
Slide 2Q 2023 NET IMPAIRMENT LOSSES	Net impairment losses	(45)	(57)	52	-191.2%	-214.5%
	Profit before taxation and Zakat	206	84	155	83.3%	-24.9%
	Profit After Taxation	142	74	84	12.9%	-41.2%

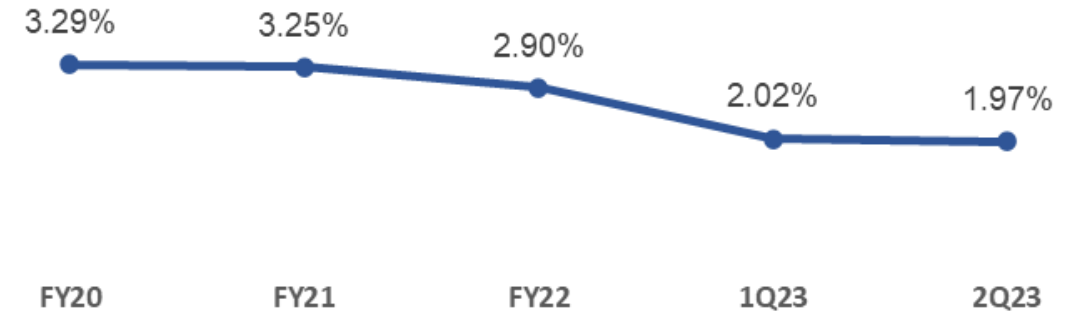
2Q2023 NET OPERATING INCOME

Higher Other Operating Income As Compared to Q1 due to Gain on Financial Investment Sales



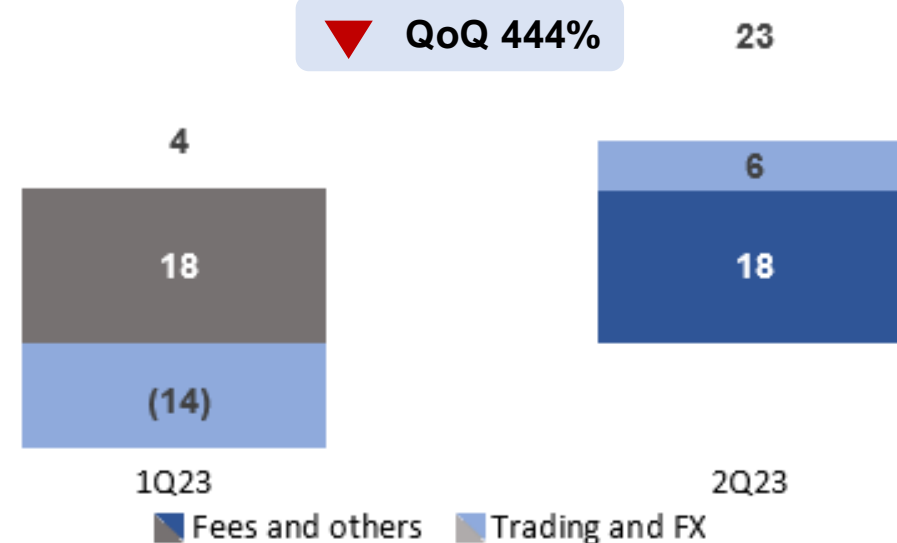
- **Net funded income** reduced marginally due to increase in funding cost.
- **Other operating income** recorded higher in 2Q23 due to gain from sale of financial investment and higher fee income as compared to lower fee income and trading losses in 1Q23.

Net Profit Margin (%)



NPM decreased mainly due to higher funding cost following TD repricing

Other Operating Income (RM'mil)

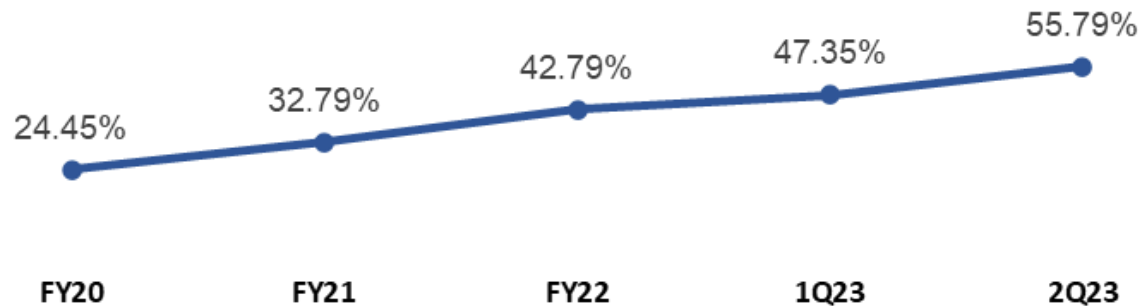


2Q2023 OVERHEAD EXPENSES

CIR% Increase Due to Higher Personnel Cost in 2Q23 and Reversal of Provisions in 1Q23

RM million	2Q22	1Q23	2Q23	QoQ	YoY
Personnel expenses	68	80	98	22.3%	45.3%
Establishment related expenses	42	40	40	0.1%	(4.8%)
General administrative expenses	13	(10)	24	(342.9%)	76.1%
Promotion and marketing related expenses	2	4	5	46.7%	248.1%
Commission fees	12	13	14	10.2%	19.4%
TOTAL	137	127	181	42.8%	32.8%

Cost to Income Ratio (%)



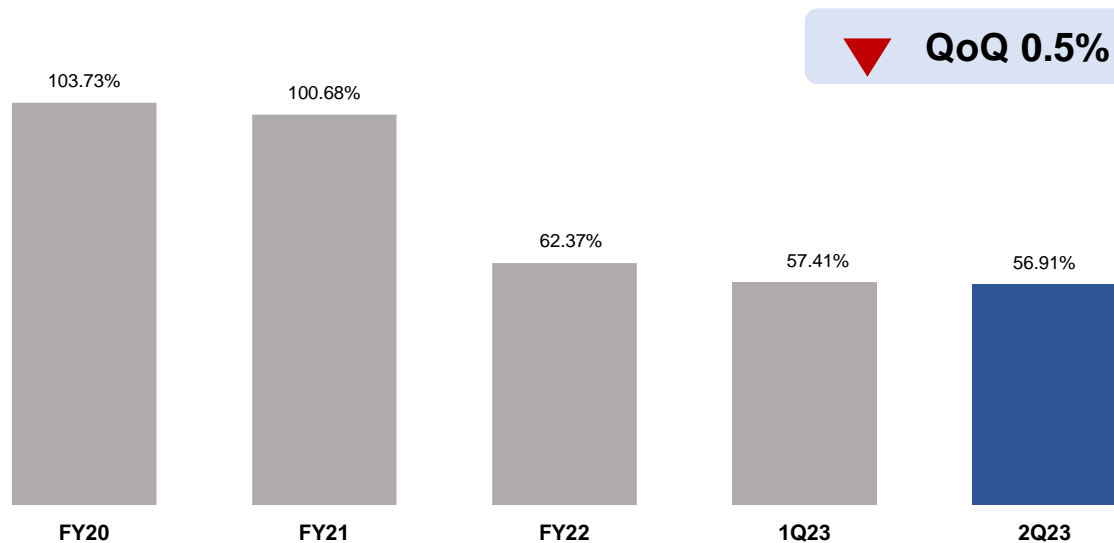
- **CIR%** rose to 55.79% due to lower net income.
- Increase in Opex due to higher personnel costs following salary increment and NUBE CA adjustment and lower administrative costs in 1Q23 due to reversal of provisions.

2Q2023 NET IMPAIRMENT LOSSES

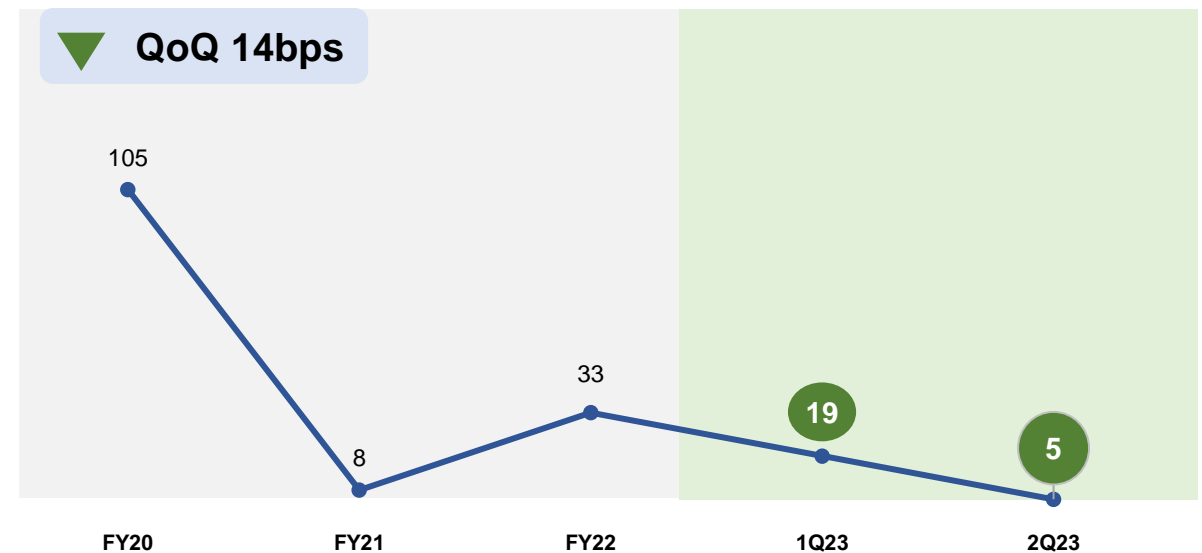
Credit Cost Reduced by 14bps as Compared to Previous Quarter

RM million	2Q22	1Q23	2Q23	QoQ	YoY
Financing/Loans (impairment)	(55)	(68)	46	-168.0%	-183.7%
Financing/Loans (write off)/recovered	2	3	8	182.7%	260.9%
Others	7	8	(2)	-129.4%	-130.7%
Net impairment (losses)/writeback	(45)	(57)	52	-190.9%	-214.5%

Financing/Loan Loss Coverage Ratio (%)



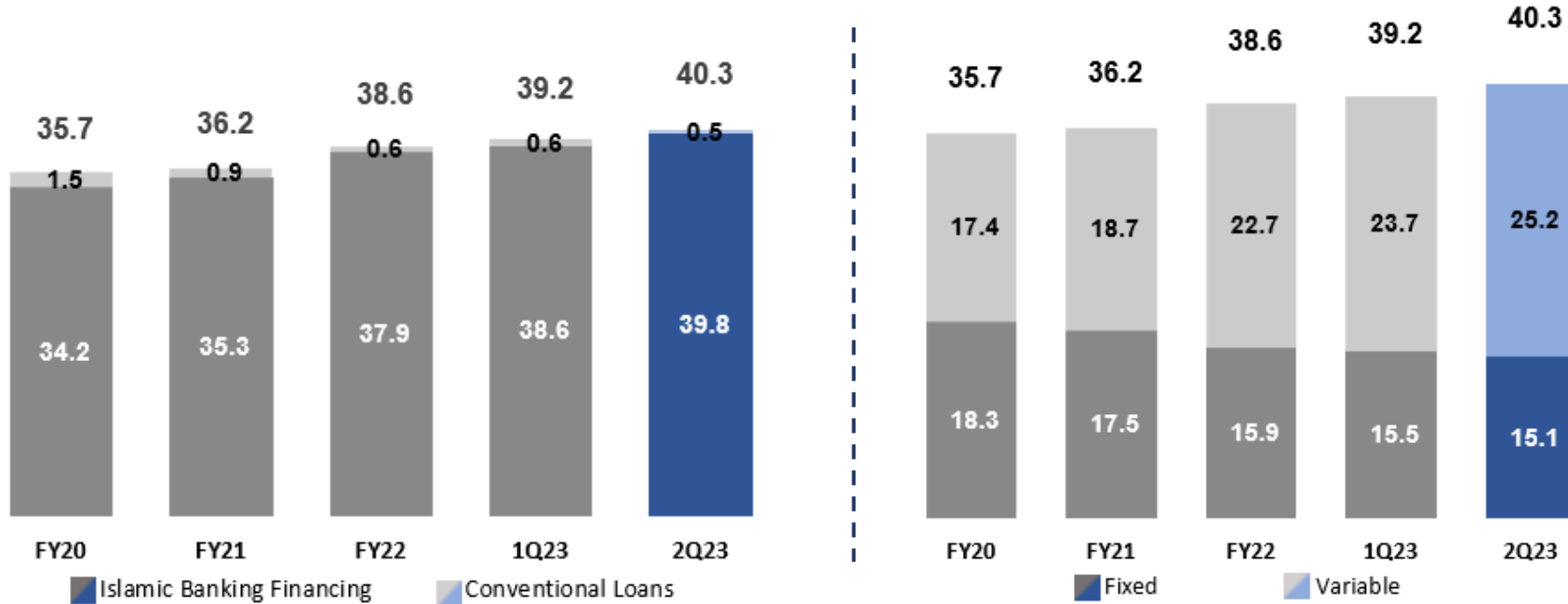
MBSB Group Credit Cost (bps)



GROSS LOANS AND FINANCING

Loans & Financing Growth Contributed Mainly by Consumer Sector for Q2 2023

Gross Loans & Financing Composition (RM'bil)



4.5%
↑
**FINANCING
GROWTH**
(Annualised 9.0%)

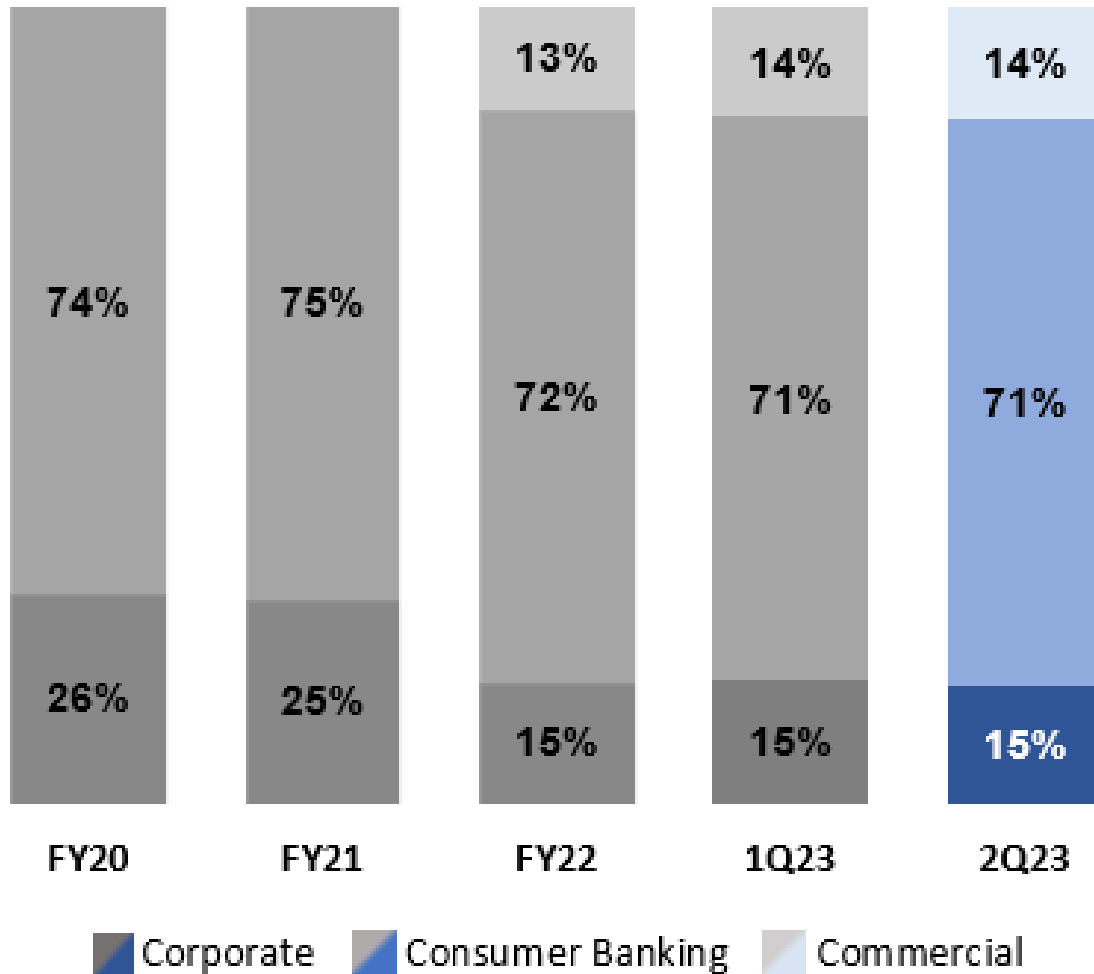
Loans/Financing by busines segment (RM'bil)	4Q22	1Q23	2Q23	QoQ	YTD
Consumer Banking	27.7	27.8	28.7	▲ 3.5%	▲ 3.8%
Corporate Banking	10.9	11.4	11.6	▲ 1.9%	▲ 6.3%
TOTAL	38.6	39.2	40.3	▲ 3.0%	▲ 4.5%

* YTD : 2Q23 vs 4Q22

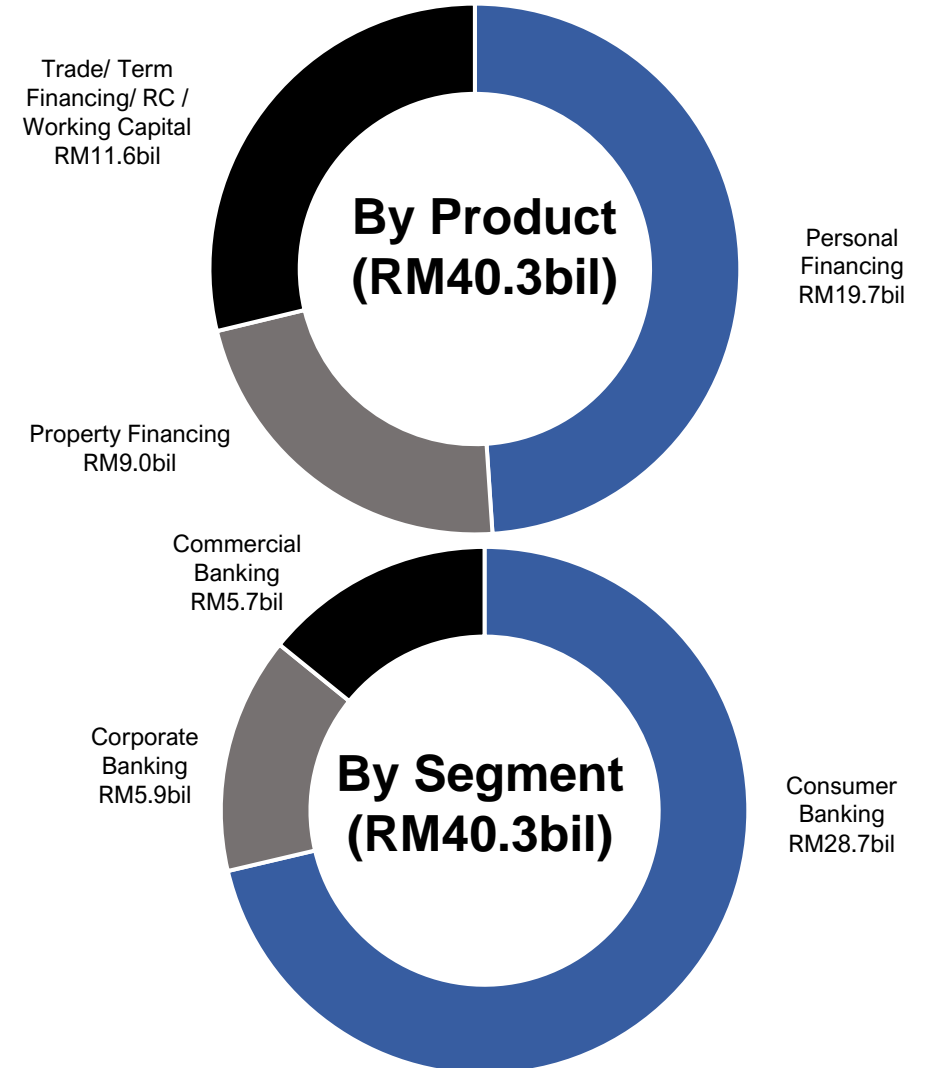
GROSS LOANS AND FINANCING (Cont'd)

Loans & Financing Growth In Line with Industry

Retail: Corporate Loans & Financing Composition



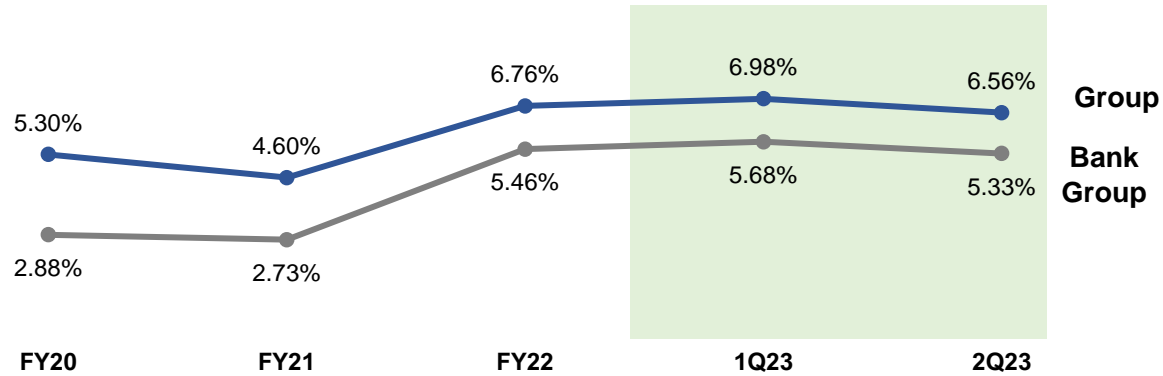
Loans & Financing Composition



ASSET QUALITY

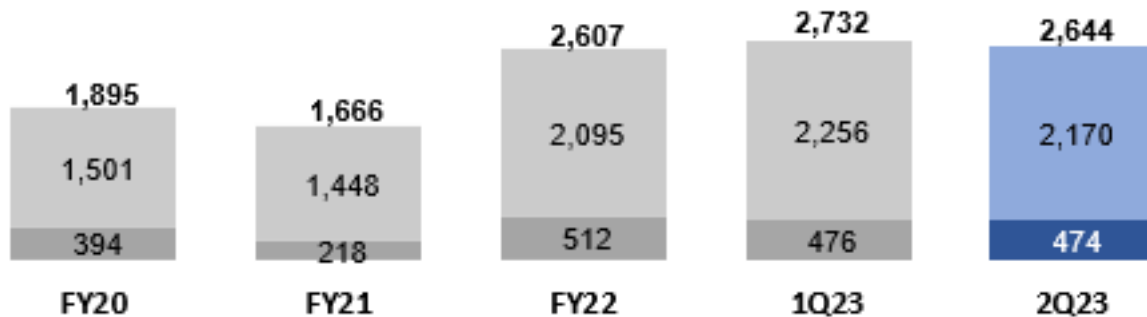
Improvement in GIF% As Compared to FY22

Gross Impaired Loans/Financing Ratio (%)

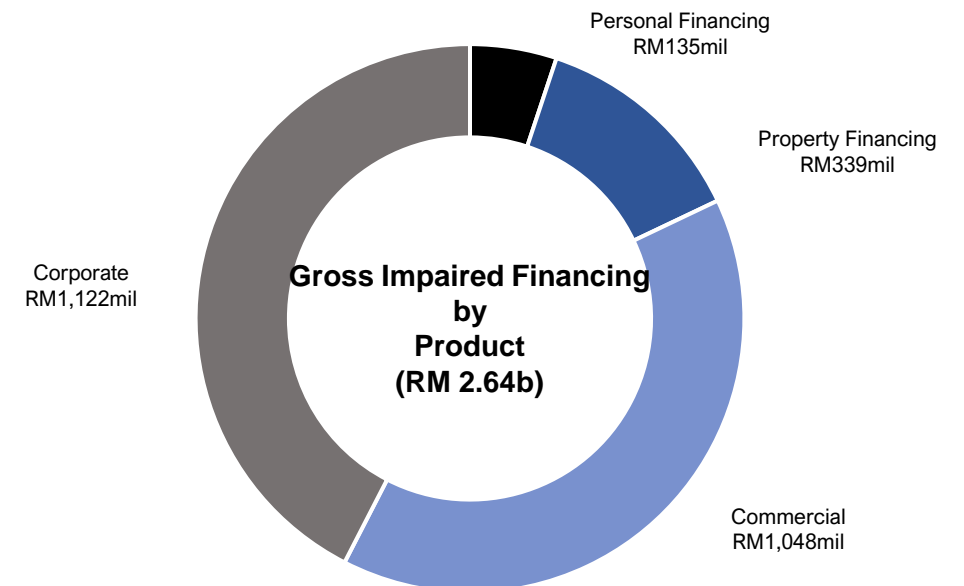
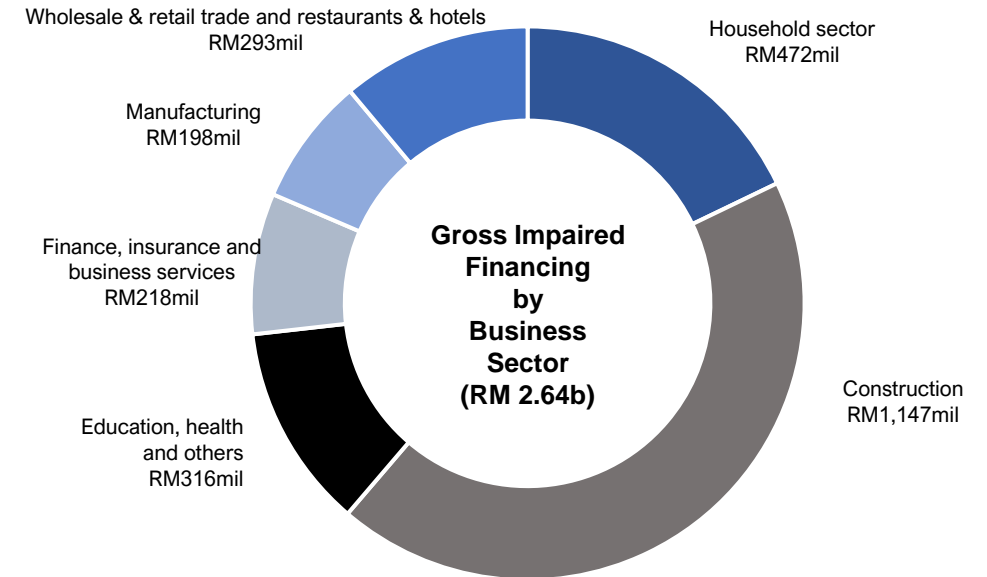


Gross Impaired Loans/Financing (RM'mil)

Group



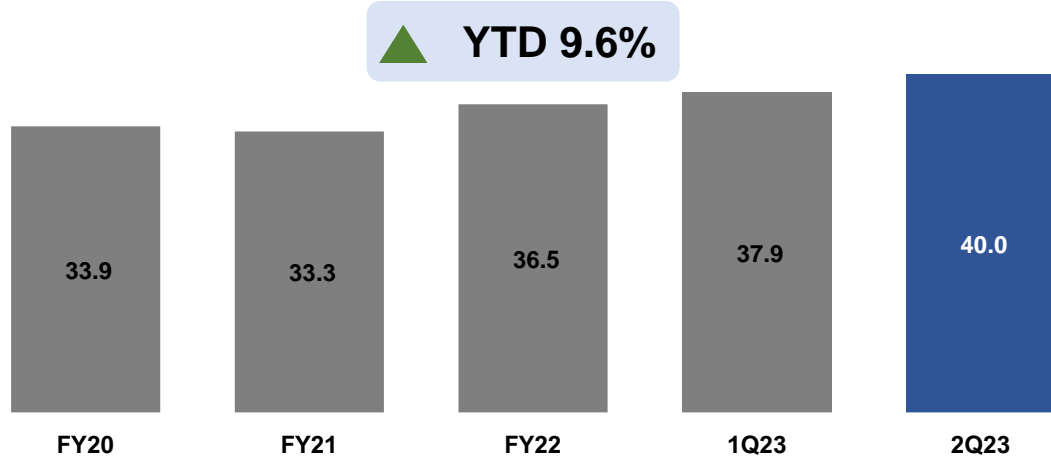
■ Retail ■ Non retail



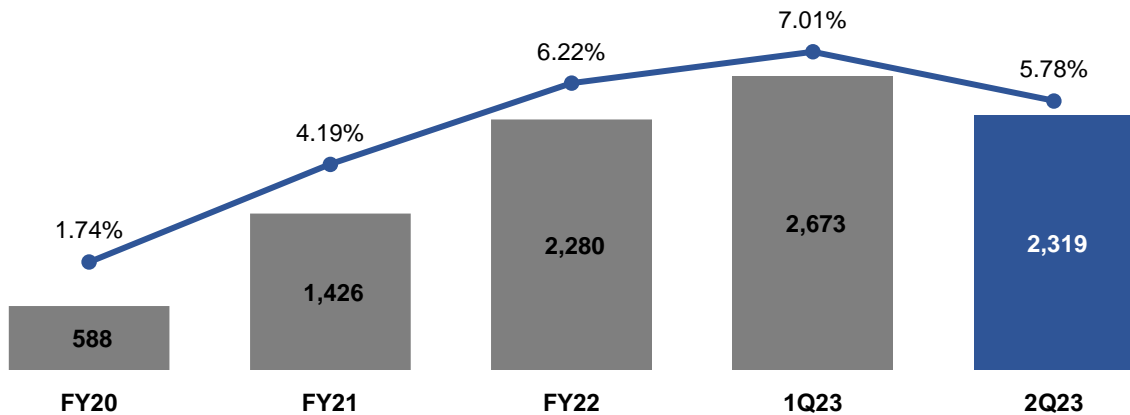
DEPOSITS

Funding Management Through CASA Expansion

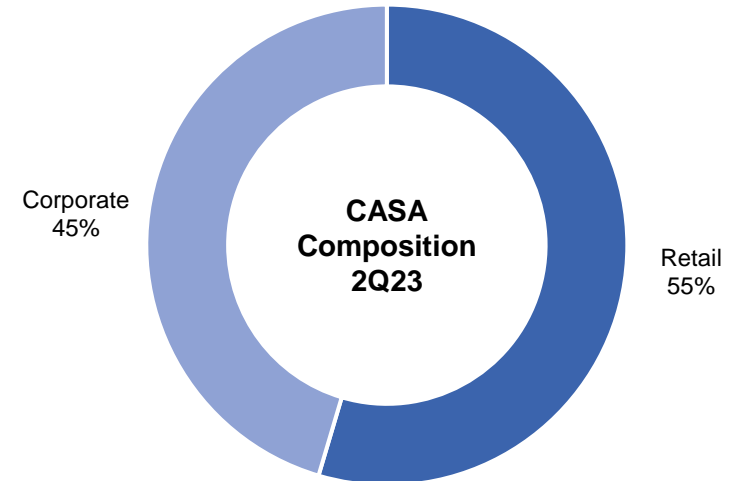
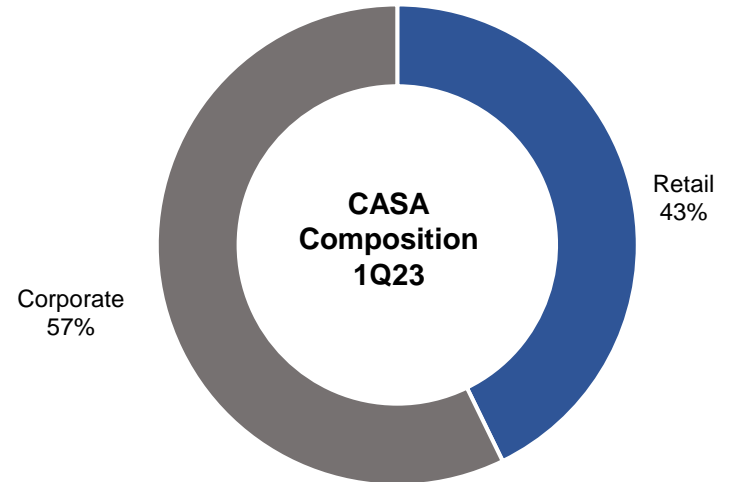
Total Deposits (RM'bil)



CASA (RM'mil)



CASA Composition



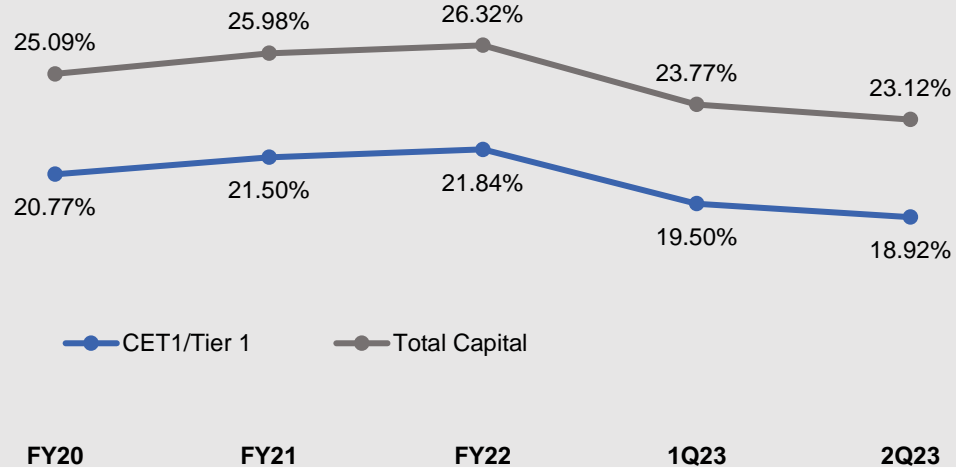
12% ↑

**In Retail
portfolio
Within
CASA**

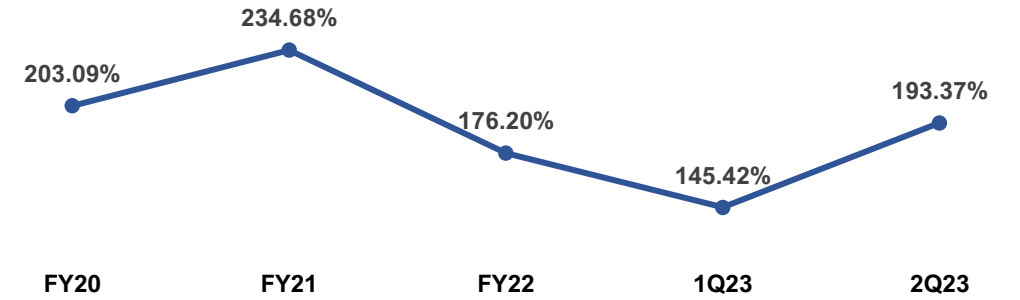
CAPITAL AND LIQUIDITY MANAGEMENT

Strong Capital and Liquidity Position

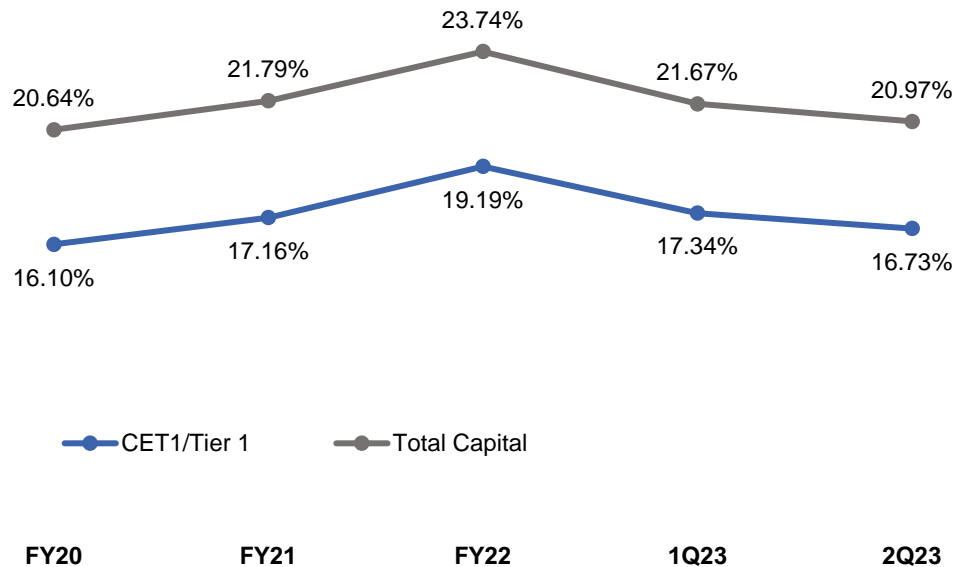
MBSB Group TCR



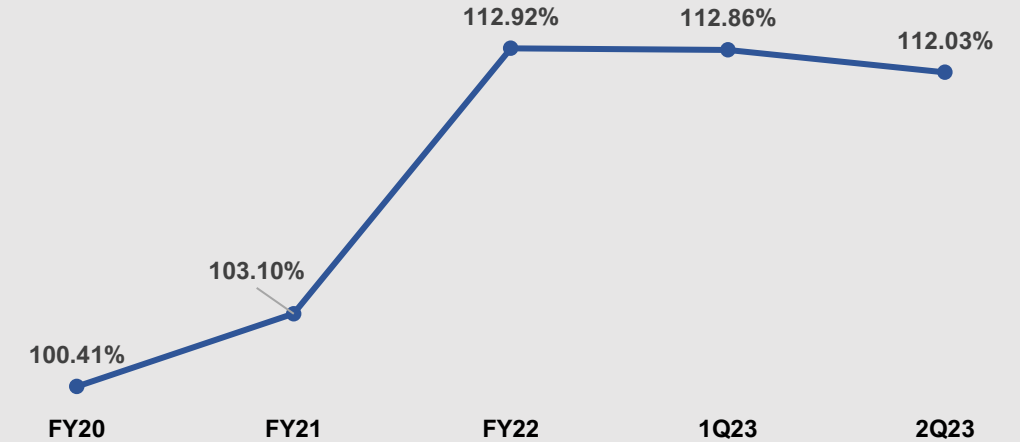
MBSB Group LCR



MBSB Bank Group TCR



MBSB Bank Group NSFR



THANK YOU

Q & A