

3Q22 ANALYST BRIEFING

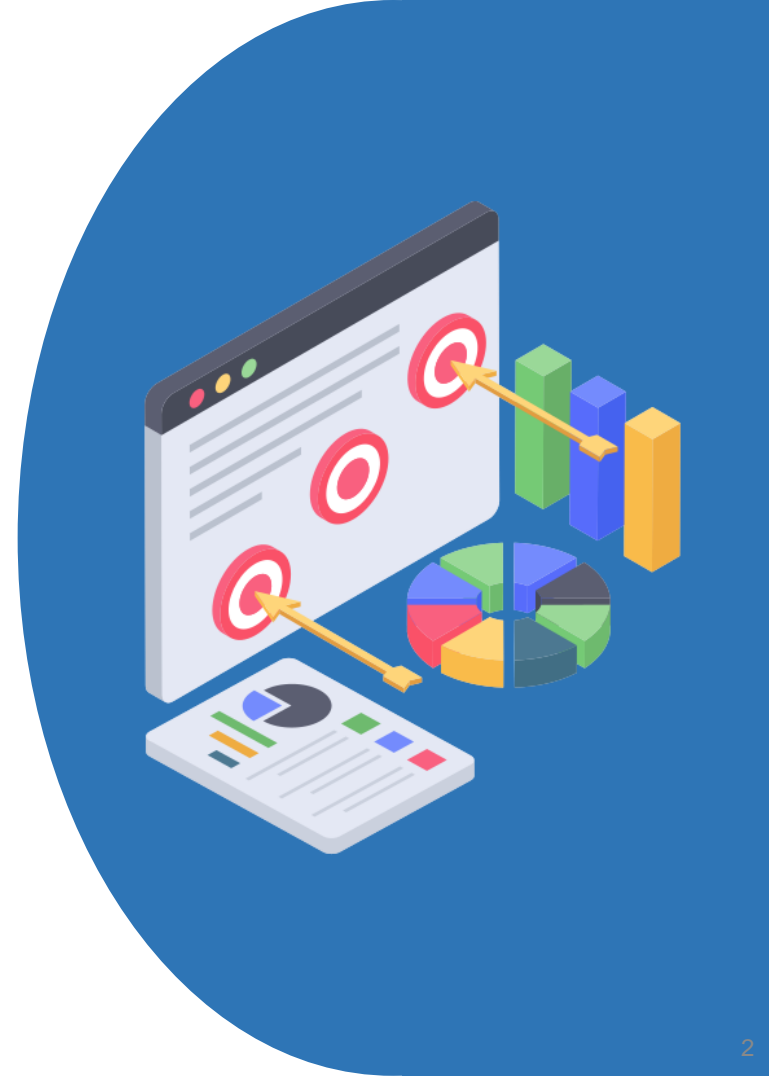
25 NOV 2022

Datuk Nor Azam M. Taib (GCEO)



AGENDA

- **SNAPSHOT OF 3Q22 PERFORMANCE**
– Datuk Nor Azam M. Taib (GCEO)
- **3Q22 FINANCIAL PERFORMANCE**
– Ramanathan Rajoo (CFO)
- **MOVING FORWARD**
– Datuk Nor Azam M Taib (GCEO)



3Q22 FINANCIAL PERFORMANCE



Profitability

- Registered a profit before tax (“PBT”) of RM97.4mil during the quarter, lower than the previous quarter of RM206.0mil mainly due to higher impairment allowances and lower net income.
- Net profit margin compressed by 17bps from 3.20% to 3.03% mainly contributed by 2 OPR hike during the period.

Financing

- Gross loans and financing increased by 4.4% to RM37.8bil from RM36.2bil (Dec 2021) contributed by both retail and non retail portfolios.

Asset Quality

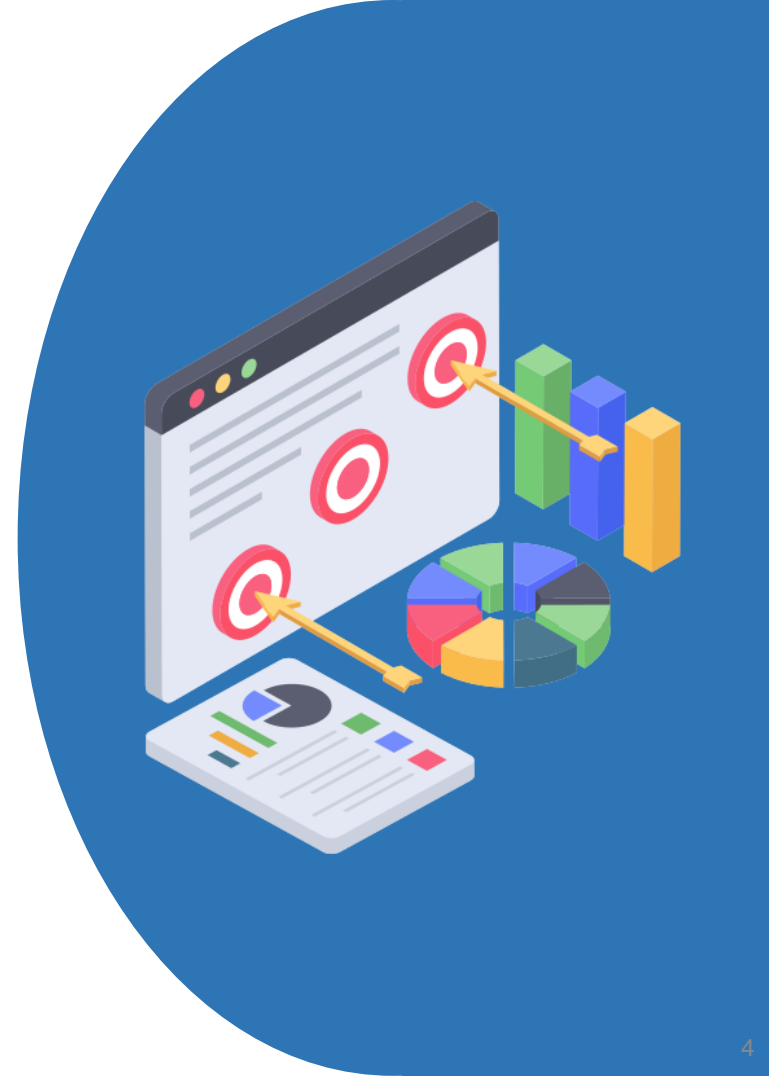
- Gross impaired ratio rose to 7.41% from 6.85% in 2Q22 due to deterioration in corporate financing which are currently being restructured.

Capital & Liquidity

- Capital and liquidity position remained stable with CET1/Tier 1 Capital at 20.46% and Total Capital ratio at 24.99%.

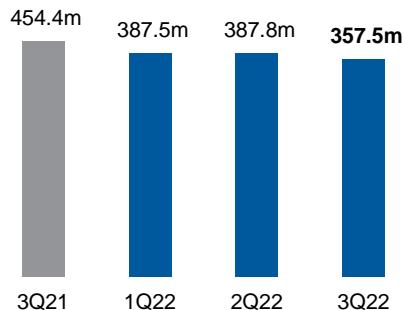
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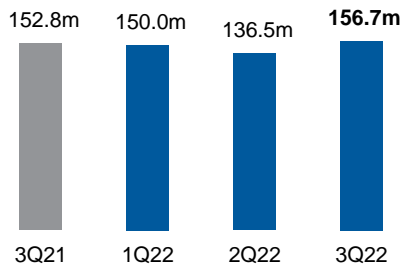
GROUP KEY FINANCIAL HIGHLIGHTS

Net Income



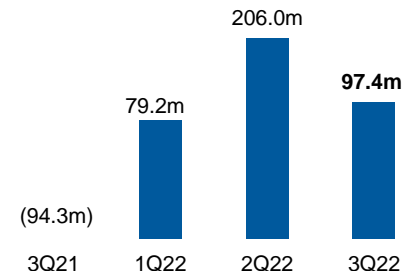
Net income (before impairment) in 3Q22 deteriorated due to lower net funded income as a result of OPR hike in Jul 22 (25bps) and Sep 22 (25bps).

Operating Expenses



Lower OPEX in 2Q22 as compared to current quarter mainly contributed by reversal of provision on expenses which is no longer required.

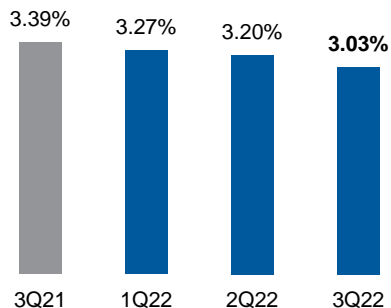
Profit Before Tax



Recorded lower PBT in 3Q22 due to higher impairment allowances in current quarter.

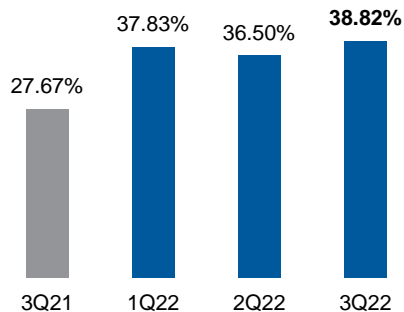
GROUP KEY FINANCIAL HIGHLIGHTS (CONT'D)

Net Profit Margin *



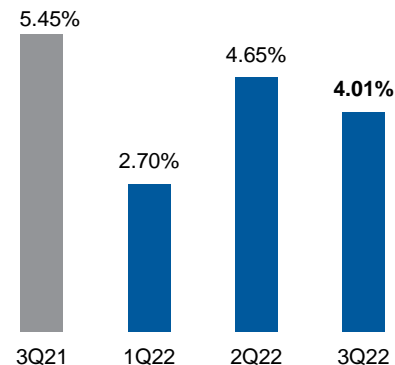
Net profit margin compressed to 3.03% from 3.20% as a result of 2 times OPR hike in 3Q22.

Cost to Income Ratio



Cost to income ratio increased marginally in 3Q22 due to higher operating expenses.

Net Return on Equity *



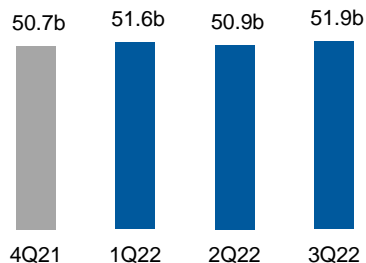
Annualized return on equity reduced to 4.01% from 4.65% (2Q22) due to lower profit.

* annualized

GROUP KEY FINANCIAL HIGHLIGHTS (CONT'D)

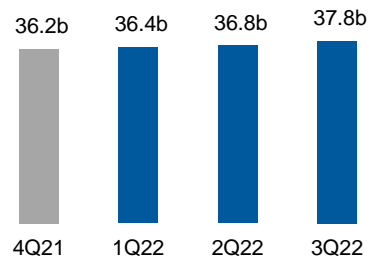
Total Assets

+2.4% YTD



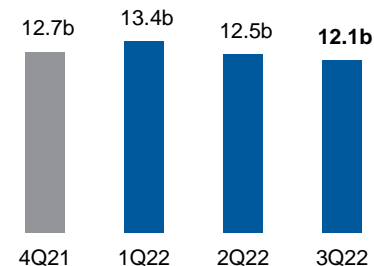
Gross Financing

+4.4% YTD



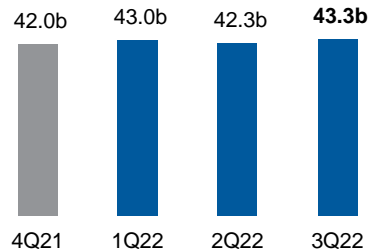
Financial Investments

-4.7% YTD



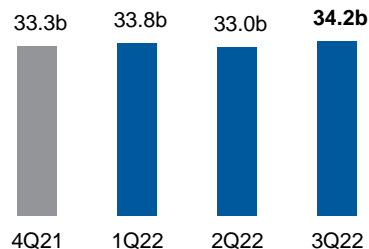
Total Liabilities

+3.1% YTD



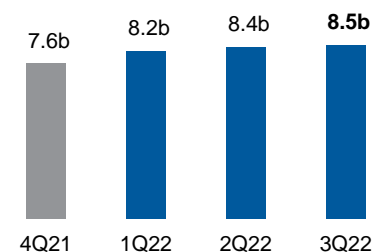
Total Deposits

+2.7% YTD



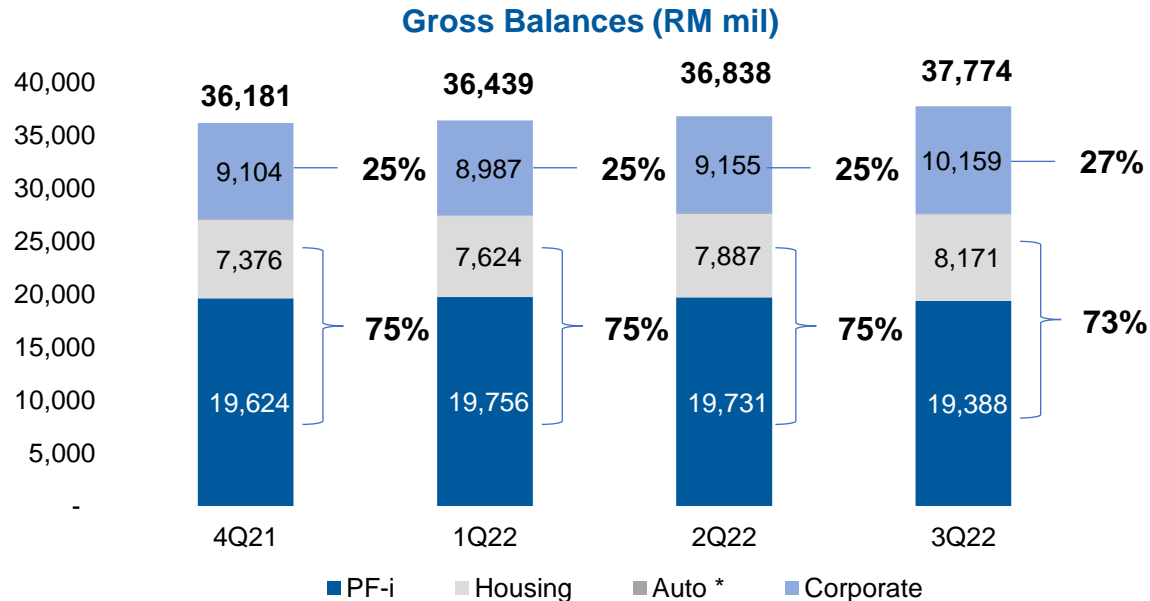
Total Sukuk, Investment Account and Cagamas

+11.8% YTD



GROSS LOANS AND FINANCING IMPROVED BY 4.4% TO RM37.8bil (4Q21 : RM36.2 bil)

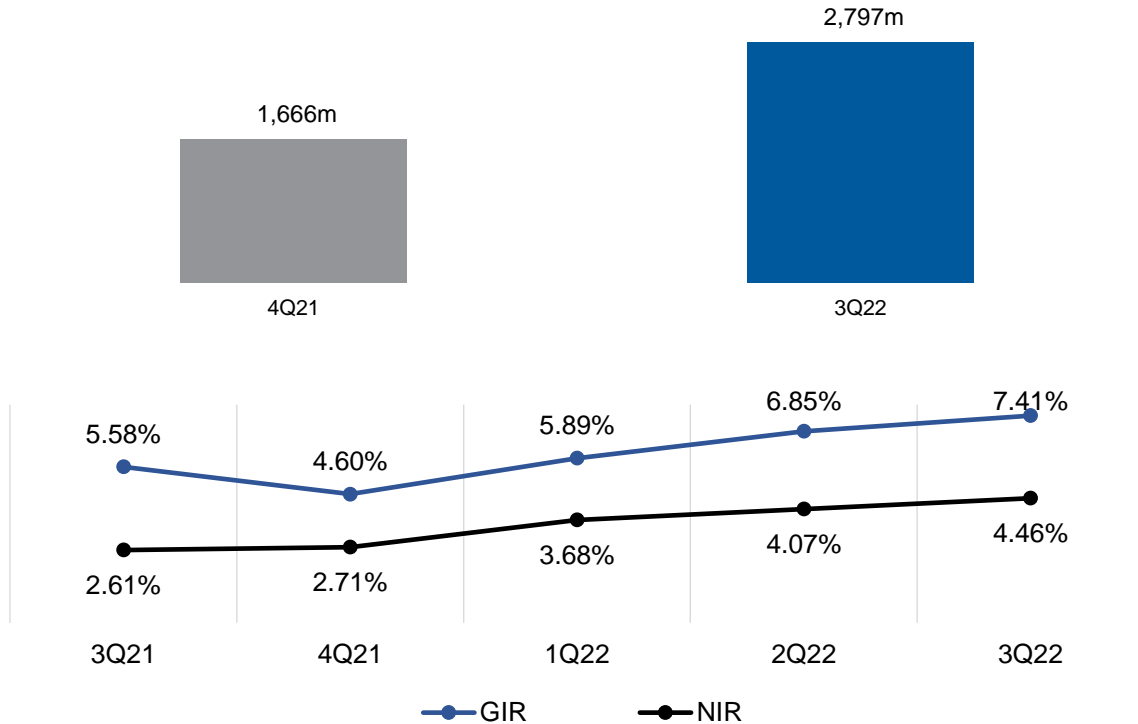
Corporate : Retail composition currently at 27 : 73



* Gross financing less than RM100mil

GROSS IMPAIRED RATIO (GIR) ROSE CONTRIBUTED BY BOTH RETAIL AND CORPORATE PORTFOLIO

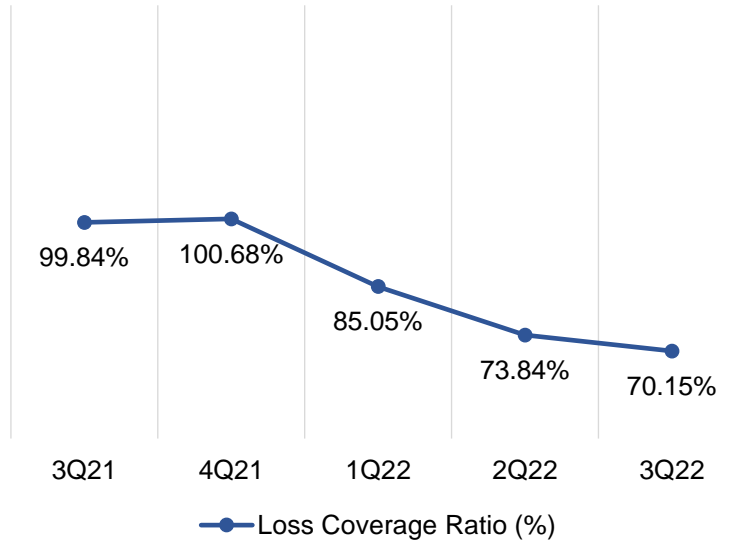
Gross Impaired



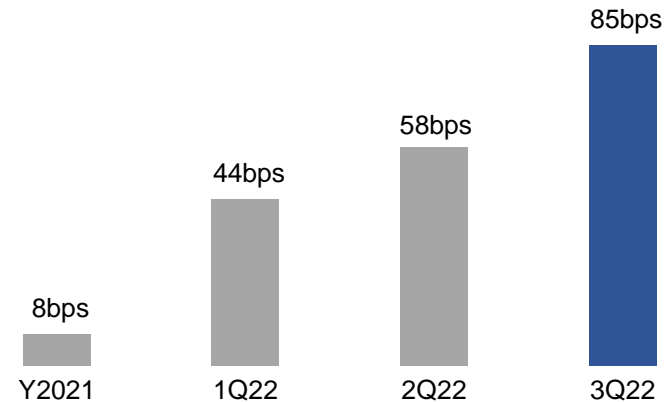
LOANS AND FINANCING LOSS COVERAGE



Loss Coverage Ratio



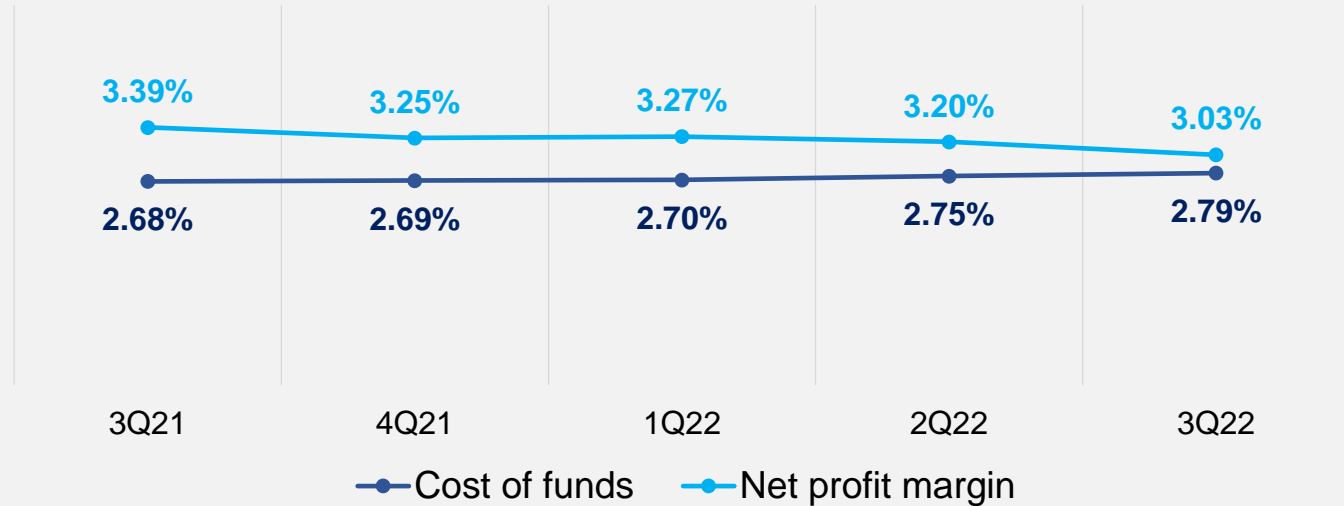
YTD Net Credit Cost



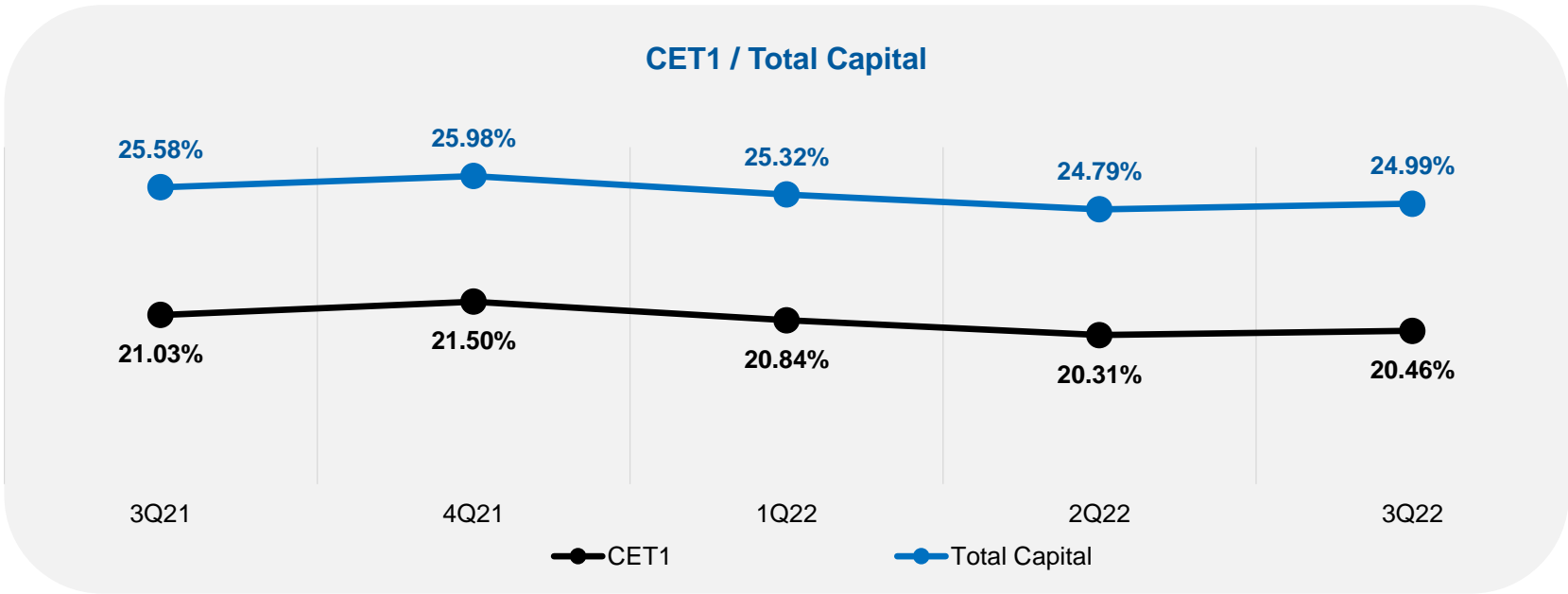
The decline is mainly due to the fact that most of the new impaired financing is partially collateralized.

NET PROFIT MARGIN COMPRESSED TO 3.03% RESULTED FROM HIGHER FUNDING COST AND OPR HIKE

MBSB Group



CAPITAL REMAINS STABLE AND WELL ABOVE MINIMUM REGULATORY REQUIREMENTS



Regulatory requirements

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

GROUP KEY RATIOS

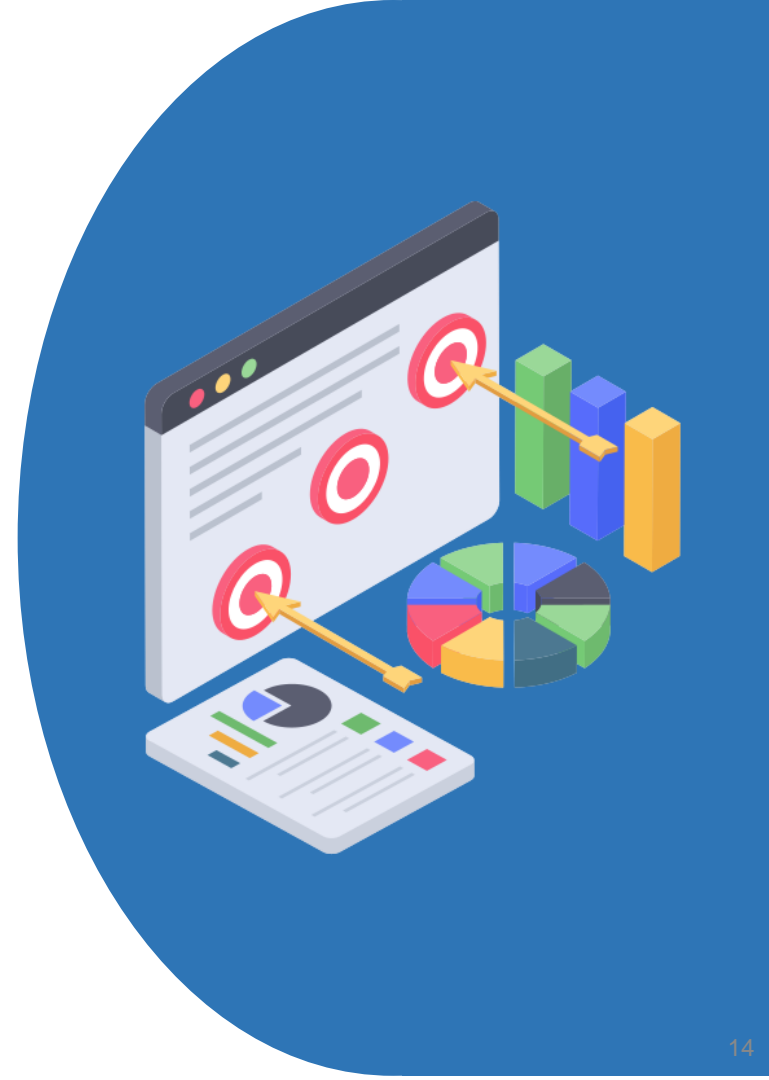
KEY RATIOS		4Q21 (%)	1Q22 (%)	2Q22 (%)	3Q22 (%)
PROFITABILITY	Return on Equity	5.00	2.70	4.65	4.01
	Return on Asset	0.89	0.46	0.79	0.67
	Net Profit Margin	3.25	3.27	3.20	3.03
	Cost to Income Ratio	32.79	37.83	36.54	38.82
ASSET QUALITY	Gross Impaired Ratio	4.60	5.89	6.85	7.41
	Net Impaired Ratio	2.71	3.68	4.07	4.46
	Loans and financing Loss Coverage Ratio	100.68	85.05	73.84	70.15
CAPITAL	CET1 and Tier 1	21.50	20.84	20.31	20.46
	Total Capital	25.98	25.32	24.79	24.99
LIQUIDITY	Cost of Funds	2.69	2.70	2.75	2.79
	Liquidity Coverage Ratio	234.68	345.52	255.14	197.61
	Net Stable Funding Ratio (for MBSB Bank Group)	103.10	108.01	105.30	107.37

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Moving forward – Macro Environment

Economic Outlook

The Malaysian economy grew 14.2% YoY in 3Q22 accelerating sharply from 8.9% growth in 2Q22 boosted by strong domestic demand and further improvement in labour market. Bank Negara Malaysia (BNM) is projecting full-year growth to be at the upper end of its 5.3%-6.3% forecast.

- Improvement in labour market to pre-covid level may provide an opportunity to grow property financing portfolio.
- Increase in MBSB financing demand for rest of 2022 (9M22 financing growth has recovered to 4.4% YoY).

Inflation & Monetary Policy

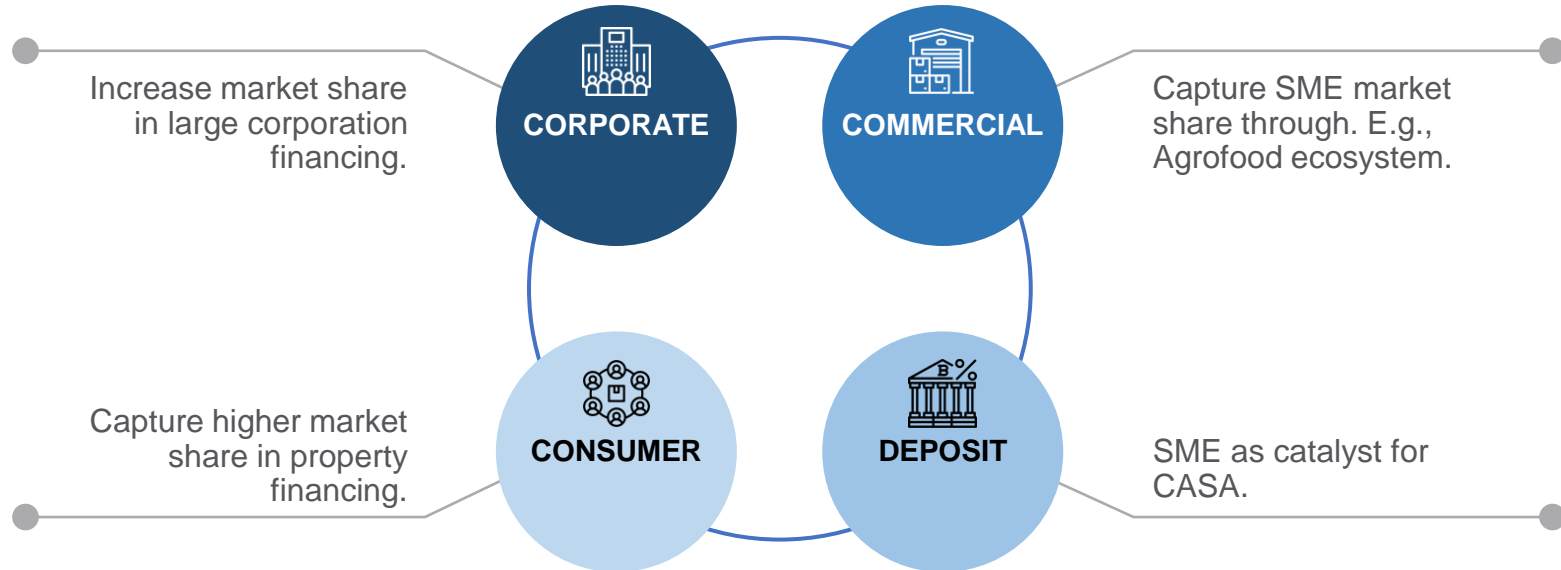
Malaysia inflation for 4Q22 continues to increase at 4.5% YoY (2Q22: +3.4% YoY) contributed largely by Food and Restaurants & Hotels at 7.0% and 6.4% respectively.

BNM raised OPR in Nov 22 by 25 bps to 2.75%. On the back of strong domestic and consumer demand, OPR set to see a rise to 3.00 – 3.25% by mid-2023 (Source: Consensus).

- We strive to grow CASA aggressively through our “Simpan Berganda Menang Bergaya” campaign to meet our CASA ratio target and have a better mix of funding.
- Focusing on our financing growth on premium corporate portfolio, taking into factor of headwinds from external environment that would slow economic growth in 2023.

MBSB CORE STRATEGIES

Below are the core strategies that will be implemented to reach MBSB's projected growth



PREMIUM PORTFOLIO

The Premium Portfolio targets top 100 companies listed on Bursa. This is to diversify our corporate financing exposure into major Malaysian corporations. In addition, we are extending the retail offerings to the corporate premium portfolio's employees



PREMIUM PORTFOLIO

GTM Strategy:

- Dedicated relationship manager to service the corporates.
- Leverage on relationship, particularly amongst government linked entities and extensive marketing event
- Marketing: event sponsorship/management/roundtables/corporate programmes/KL Business Clubs



Public Listed Companies



Government Linked Companies



Global Multinational Companies

Corporate Offerings

General working capital

Refinance CP/MTN/Sukuk

General working capital

Refinance CP/MTN/Sukuk

Temporary working capital for Project Financing

General working capital

Retail Offerings



Personal Financing



Property Financing



Wealth / Bancatakafu



Debit card



Deposit



e-Wallet

THROUGH

Servicing Branch



Physical Branch

Online Platform

FAST

Virtual Branch



JOURNEY

Internet & mobile Banking

INCREASE EXPOSURE TO AGROFOOD INDUSTRY

Malaysia's Agrofood is a fast-growing industry. Apart of strengthening its agricultural production, the government is facilitating the development of food production and trading as Malaysia is still a net importer of food products. Most companies within the Agrofood industry are SME's.



INCREASE EXPOSURE TO AGROFOOD INDUSTRY

GTM Strategy:

- Identified target clients through previous banking relationship
- To host hi-tea session with existing and potential clients
- Solicit referrals from valued clients via the concept of expanding relationship with their valued buyers and suppliers.
- Dedicated officer for each segments
- Create regional center for SMEs



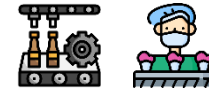
SMEs Financing
WC Financing
Equipment Financing

Cross sell
FX - Import/export related
PFi/Mortgage - Employees

AGRICULTURE



MANUFACTURING



WHOLESALE RETAIL



Potential events to participate or sponsor:

MIHAS (under MATRADE), Food & Beverages Events, Food Expo, Federation of Livestock Farmers Associations of Malaysia (FLFAM) Trade Show, Malaysia International Feed, Livestock & Meat Industry Show, MPOB International Palm Oil Congress and Exhibition and etc.

GROSS IMPAIRED RATIO – RECOVERY

To reduce GIR for our consumer portfolio, we are setting up a mortgage care unit and offer conditional approval for R&R to expedite the recovery process

CONDITIONAL APPROVAL

- From the Portfolio review and the external data gathered, we will offer **conditional approval** via refinancing or R&R to selected customers.
- Through refinancing, a portion of the excess cash will be set aside as security deposit to service monthly payments during the distress period. R&R will aid clients by lowering their monthly payment, hence increasing their disposable income.




MORTGAGE CARE UNIT

- Strategy is to assist customers in distress to dispose off their assets without having to go through the long legal process.
- This team will approach and assist customers to find buyers for their property. Bank can assist customer to refurbish the assets to make it more marketable to be disposed off after refurbishment. This unit will also create a platform for private auction.

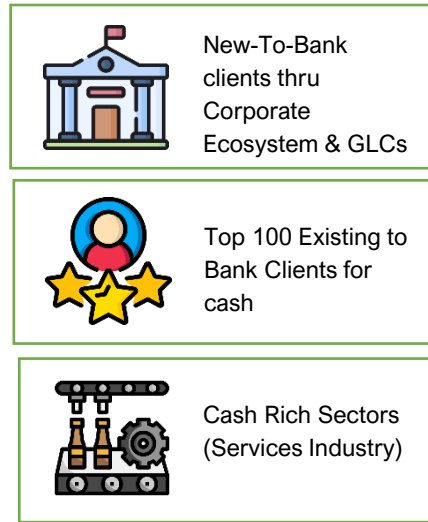
BUILDING CASA THROUGH DIGITAL CASH MANAGEMENT (DCM)

DCM will be a catalyst for conversion of new SME customers to use MBSB retail product offerings and boost up CASA

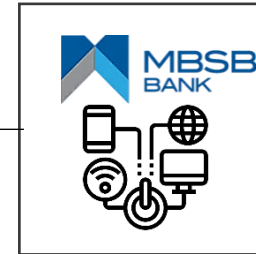

BUILDING CASA

GTM Strategy:

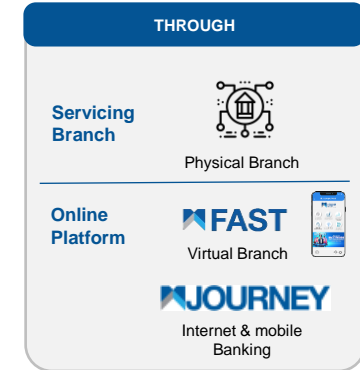
- DTB Platform Functionalities
- Experienced Solution Specialist
- Strong operation support team
- Partnering, Collaboration & Campaigns
- Reskilling & Upskilling of CIB / DTB
- Lessons on how to source for
 - **New-to-Bank Clients**
 - **How to Grow Transactions: Payments & Collections**



Digital Cash Management (DCM)



Retail Offerings





MALAYSIA BUILDING SOCIETY BERHAD
Registration No. 19753-000172 (M17-A)

Q & A



MALAYSIA BUILDING SOCIETY BERHAD
Registration No. 19753-1605172 (M17-A)

THANK YOU