

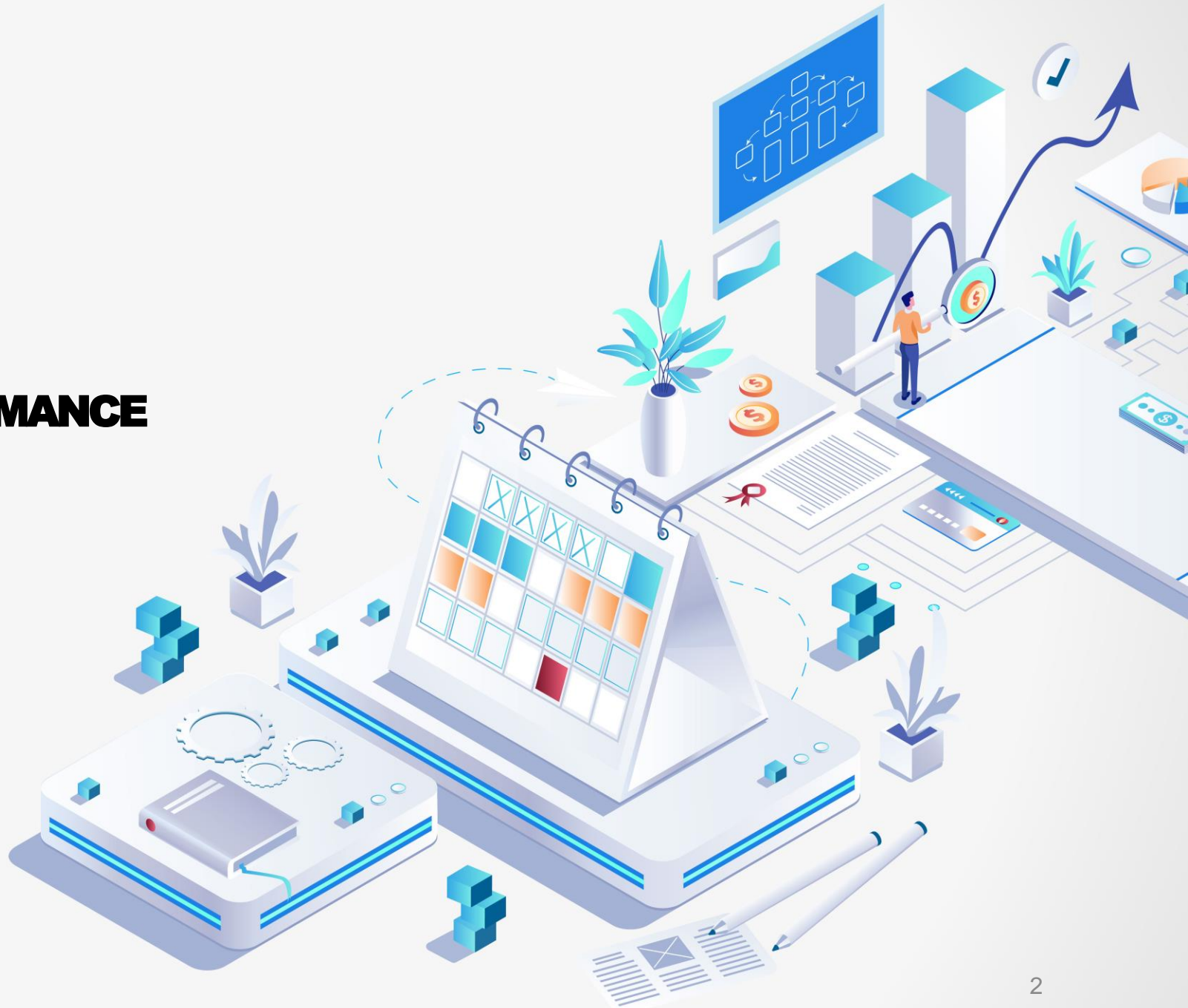
# 3Q23 ANALYST BRIEFING



30 NOV 2023

# AGENDA

- **3Q23 KEY HIGHLIGHTS**  
**Rafe Haneef (GCEO)**
- **3Q23 FINANCIAL PERFORMANCE**  
**Ramanathan Rajoo (CFO)**



# 3Q23 FINANCIAL PERFORMANCE

## Asset Growth & Quality

- Gross financing increased by 5.1% YTD to RM40.5 bil contributed by consumer (up by 5%) and commercial banking (up by 27%) segments
- GIFR increased slightly to 6.7% from 6.6% in 2Q23. However, excluding Ihsan-i, GIFR stands at 6.5% for the quarter.

## Deposit Growth

- Total deposits increased by 13.2% YTD to RM41.3 bil
- CASA ratio at 6.0% compared to 5.8% in 2Q23
- CASA composition from retail depositors is higher at 58% from 55% in 2Q23

## Profitability

- PBT for 3Q23 is RM23.0 mil, compared to RM155.0 mil recorded in 2Q23. This decrease is mainly attributed to normalization of ECL
- PAT for 3Q23 is at RM32.8 mil, as opposed to RM83.7 mil in 2Q23
- Annualised ROE is at 2.9% in 3Q23 compared to 3.6% in 2Q23

## Capital & Liquidity

- Capital and liquidity position remained stable with CET1/Tier 1 Capital at 18.1% and Total Capital ratio at 22.2%
- LCR increased to 181.7% compared 193.4% in 2Q23

# 3Q23 FINANCIAL SNAPSHOT QoQ

	2Q23	3Q23	Var		
<b>Profitability (RM'mil)</b>	Gross Income	719	745 <span style="color: green;">●</span>	26	Gross Income increase by RM26mil in tandem with the increase in financing/ loans growth by RM0.2bil.
			3Q2022: 660		
	Net Income	284	279 <span style="color: red;">●</span>	(6)	Lower net income by RM6mil QoQ due to lower non funded income during the quarter contributed by Treasury activities.
			3Q2022: 357		
	Operating Expenditure	(181)	(171) <span style="color: green;">●</span>	11	Lower OPEX by RM11mil mainly contributed by lower personnel expenses & promotional expenses
			3Q2022: (157)		
	Profit before provision (PBT before impairment)	103	108 <span style="color: green;">●</span>	5	
			3Q2022: 201		
	Impairment	52	(85) <span style="color: red;">●</span>	(137)	ECL normalised in Q3 2023 as a result of change in the methodology from MIA to days-past-due (DPD) in staging classification.
		3Q2022: (103)			
Profit after taxation	84	33 <span style="color: red;">●</span>	(51)	Lower PAT in 3Q23 by RM51mil, mainly due to normalisation of ECL and lower non funded income for the quarter.	
		3Q2022: 59			
ROE (Post tax) *	3.58%	2.89% <span style="color: red;">●</span>	(0.7%)	Decrease in ROE & ROA is in tandem with decrease in PAT	
		2022: 5.22%			
ROA (Post tax) *	0.57%	0.45% <span style="color: red;">●</span>	(0.1%)		
		2022: 0.87%			
<b>Assets &amp; Liabilities (RM'bil)</b>	Gross Financing/Loans	40.3	40.5 <span style="color: green;">●</span>	0.2	Increase in financing mainly from Commercial (27%) and Consumer (5%).
			2022: 38.6		
	Customer Deposits	40.0	41.3 <span style="color: green;">●</span>	1.3	Growth in deposit is mainly contributed by growth in Term Deposit
			2022: 36.5		
<b>Capital &amp; Liquidity</b>	CET1	18.92%	18.09% <span style="color: red;">●</span>	(0.8%)	Capital ratio decreased in line with increase in RWA due to Financing Growth.
			2022: 21.84%		
	LCR	193.37%	181.69% <span style="color: green;">●</span>	(11.7%)	LCR well above regulatory minimum requirement.
			2022: 176.20%		

\* annualised

# MANAGEMENT GUIDANCE FY23



	Gross Fin. Growth	NPM	CIR	GIFR	ROE
GUIDANCE FY23	7-8%	2.0%	≤50%	4-5%	5-6%
ACTUAL 3Q23	5.14%	1.96%	57.60%	6.71%	2.89%

# PROPOSED DISPOSAL BY MBSB OF ITS RESIDUAL A&L



## (Proposed Scheme)

The Proposed Scheme is to enable MBSB to be an investment holding company with no loans and no direct interest in companies which are not involved in financial services, pursuant to Section 126 of the Islamic Financial Services Act 2013 (IFSA) (corresponding Section 114 of Financial Services Act 2013 (FSA)).



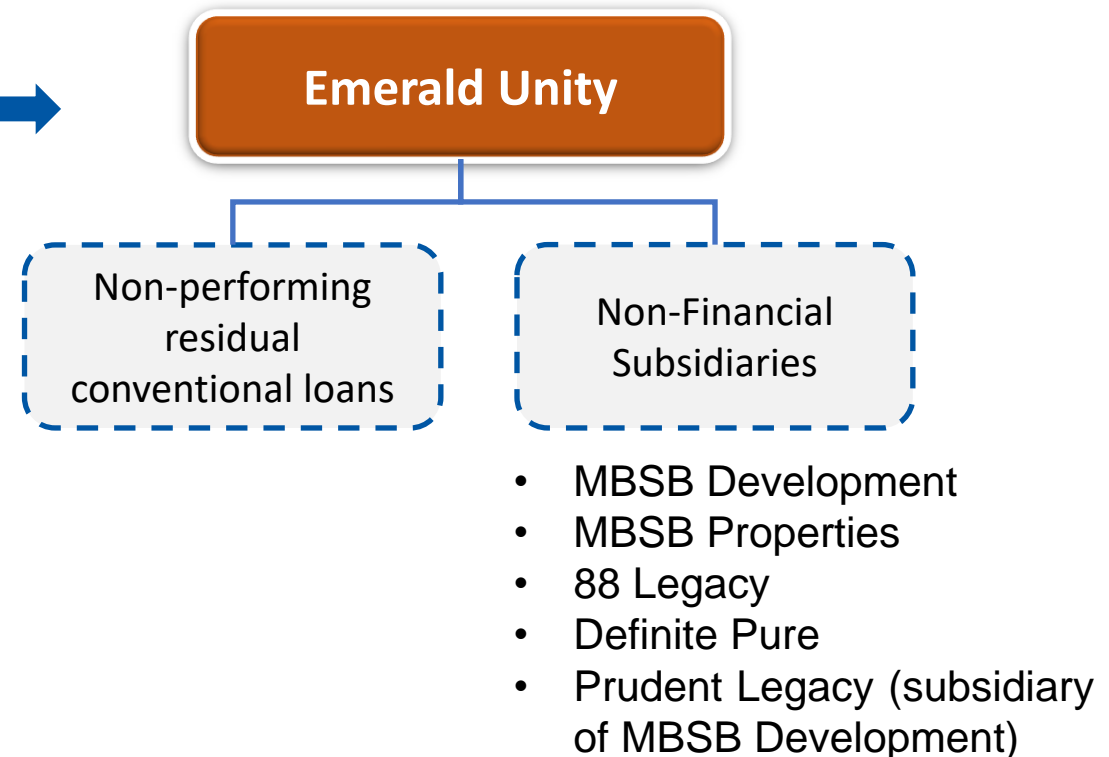
MBSB will dispose the following Residual A&L to Emerald Unity:-

### i. Non-performing residual conventional loans

On a deferred cash basis based on NBV at month end prior to transfer. For info, the NBV @ 30 June 2023 is RM279 million.

### ii. Non-Financial Subsidiaries

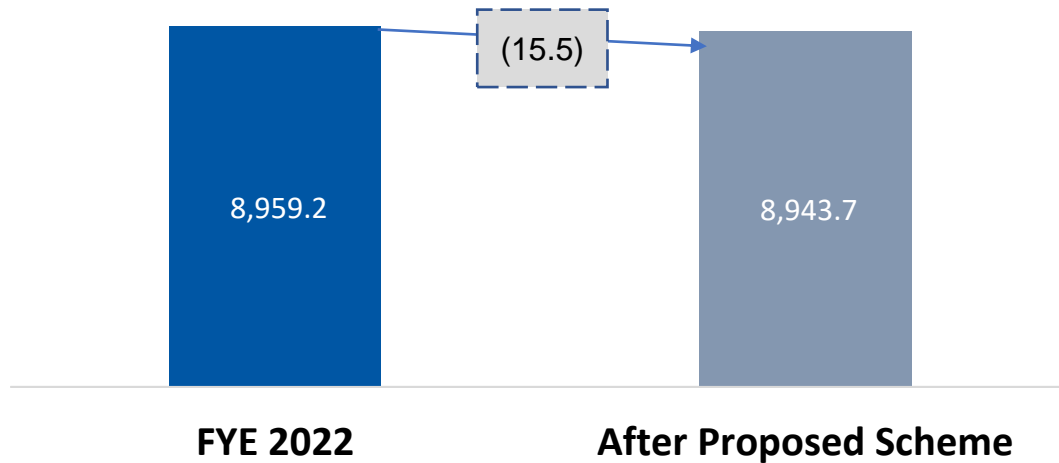
At a nominal sum of RM2 for each direct subsidiary payable on the transfer date.



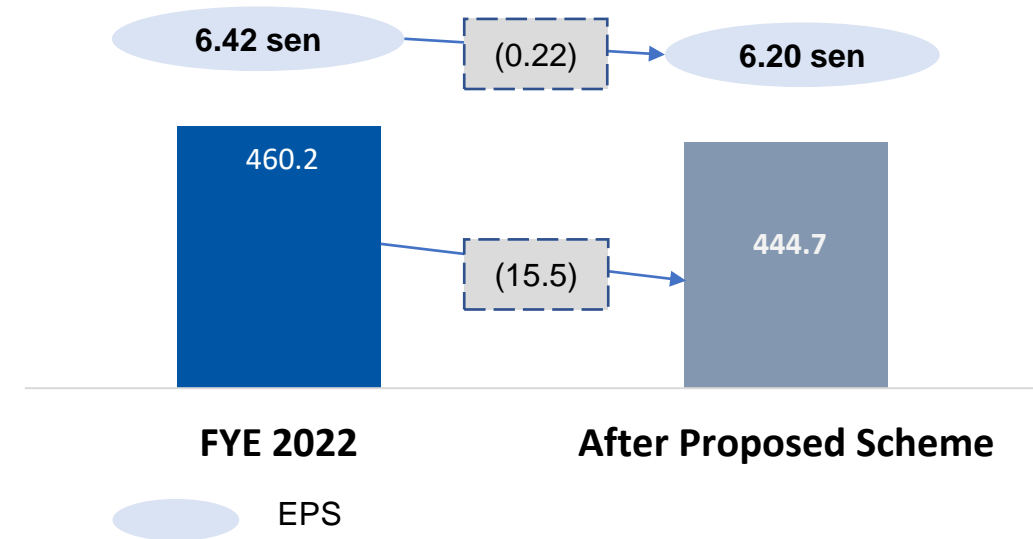
# FINANCIAL IMPACT TO MBSB GROUP



Net Assets (RM' mil)



Earnings (RM' mil)



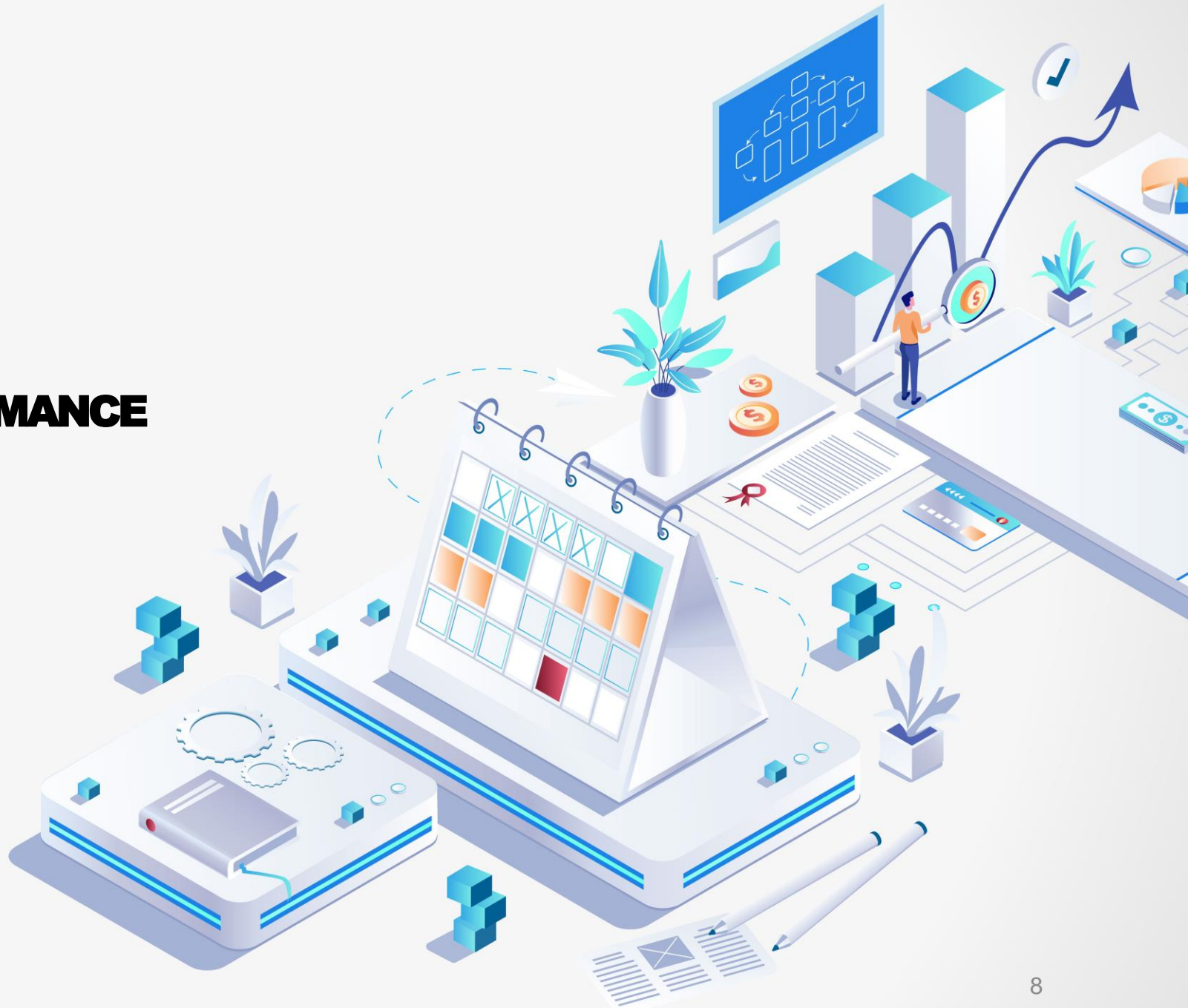
Note: These financial effects have not taken into account MBSB's acquisition of MIDF.

The Proposed Scheme will have no major impact on MBSB's proforma consolidated net assets and earnings which will be slightly lower taking into account the estimated expenses for the Proposed Scheme of RM15.5 million (which includes an estimated stamp duty of RM12.3 million).



# AGENDA

- **3Q23 KEY HIGHLIGHTS**  
**Rafe Haneef (GCEO)**
- **3Q23 FINANCIAL PERFORMANCE**  
**Ramanathan Rajoo (CFO)**





# 3Q 2023 P&L SUMMARY

## Net Funded Income Improved QoQ in Tandem With Financing Growth

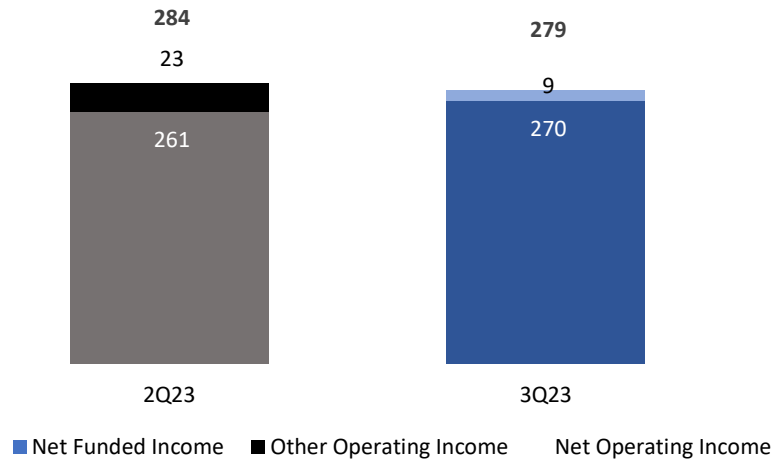
More details on	RM million	3Q22	2Q23	3Q23	QoQ (%)	YoY (%)
Slide 3Q 2023 NET OPERATING INCOME	<b>Net Funded Income</b>	<b>341</b>	<b>261</b>	<b>270</b>	<b>3.3%</b>	<b>-21.0%</b>
Slide 3Q 2023 NET OPERATING INCOME	<b>Other Operating Income</b>	<b>16</b>	<b>23</b>	<b>9</b>	<b>-60.8%</b>	<b>-43.7%</b>
Slide 3Q 2023 NET OPERATING INCOME	<b>Net Operating Income</b>	<b>357</b>	<b>284</b>	<b>279</b>	<b>-2.0%</b>	<b>-22.0%</b>
Slide 3Q 2023 OVERHEAD EXPENSES	Overhead expenses	(157)	(181)	(171)	-5.9%	8.9%
	<b>Pre-provisioning operating profit</b>	<b>201</b>	<b>103</b>	<b>108</b>	<b>5.1%</b>	<b>-46.1%</b>
Slide 3Q 2023 NET IMPAIRMENT LOSSES	Net impairment losses	(103)	52	(85)	-264.3%	-17.7%
	<b>Profit before taxation and Zakat</b>	<b>97</b>	<b>155</b>	<b>23</b>	<b>-85.1%</b>	<b>-76.3%</b>
	<b>Profit After Taxation</b>	<b>59</b>	<b>84</b>	★ <b>33</b>	<b>-60.8%</b>	<b>-44.3%</b>

★ higher PAT due to over provision of Tax for YA2022

# 3Q 2023 NET OPERATING INCOME

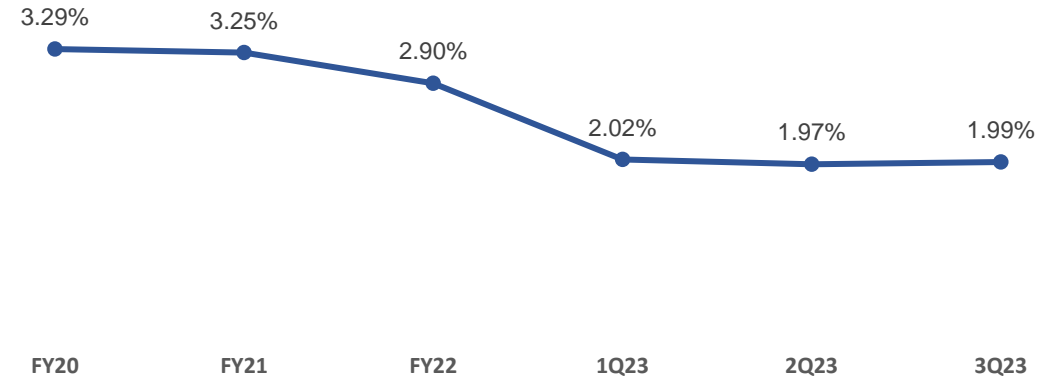
## Increase in Net Funded Income in 3Q23

▲ QoQ 1.8%



- **Net funded income** increased in tandem with loan growth.
- **Other operating income** recorded lower in 3Q23 due to loss on foreign exchange transactions and lower gain on sale of financial investments.

## Net Profit Margin (%)



## Other Operating Income (RM'mil)

23

▼ QoQ 60.9%



2Q23

3Q23

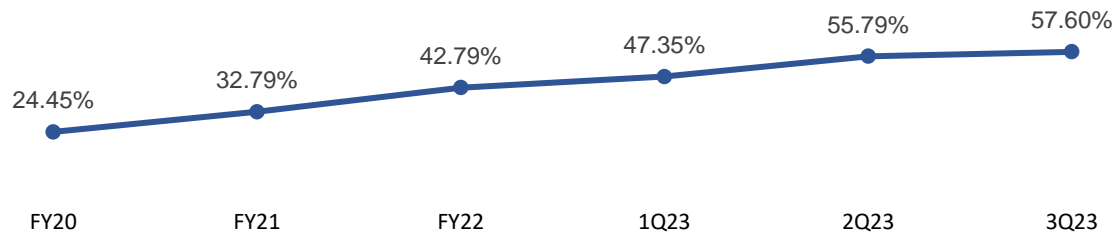
■ Fees and others ■ Trading and FX

# 3Q 2023 OVERHEAD EXPENSES

## CIR % Increase Due to Lower Net Income

RM million	3Q22	2Q23	3Q23	QoQ	YoY
Personnel expenses	87	98	95	(3.5%)	9.2%
Establishment related expenses	43	40	47	15.1%	8.2%
General administrative expenses	24	38	28	(24.1%)	20.1%
Promotion and marketing related expenses	3	5	1	(82.4%)	(71.4%)
<b>TOTAL</b>	<b>157</b>	<b>181</b>	<b>171</b>	<b>(5.9%)</b>	<b>8.9%</b>

### Cost to Income Ratio (%)



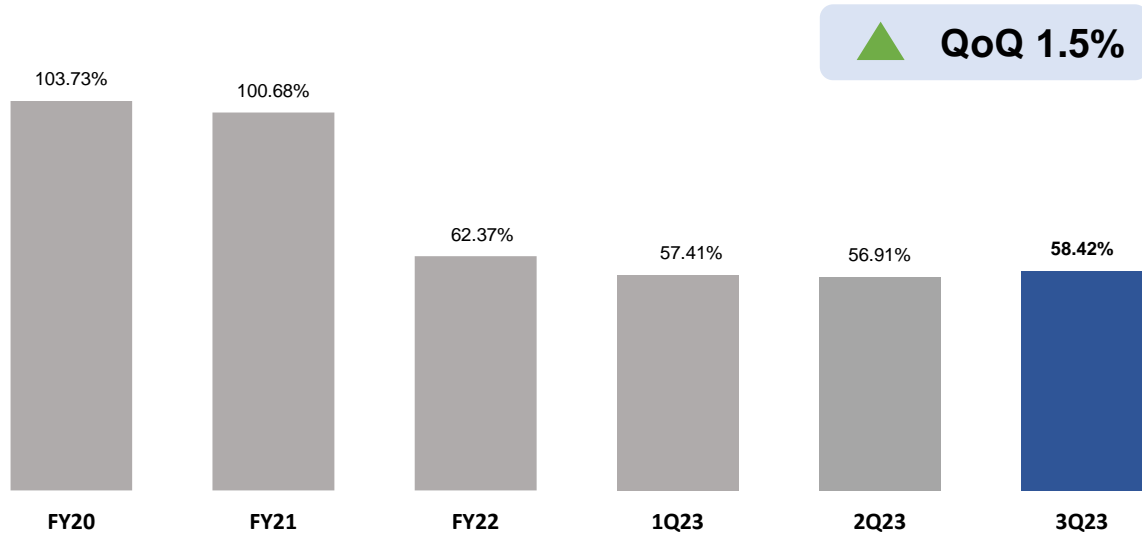
- **CIR%** rose to 57.60% due to lower net income.
- Decrease in Opex due to lower personnel expenses & promotional expenses.

# 3Q 2023 NET IMPAIRMENT LOSSES

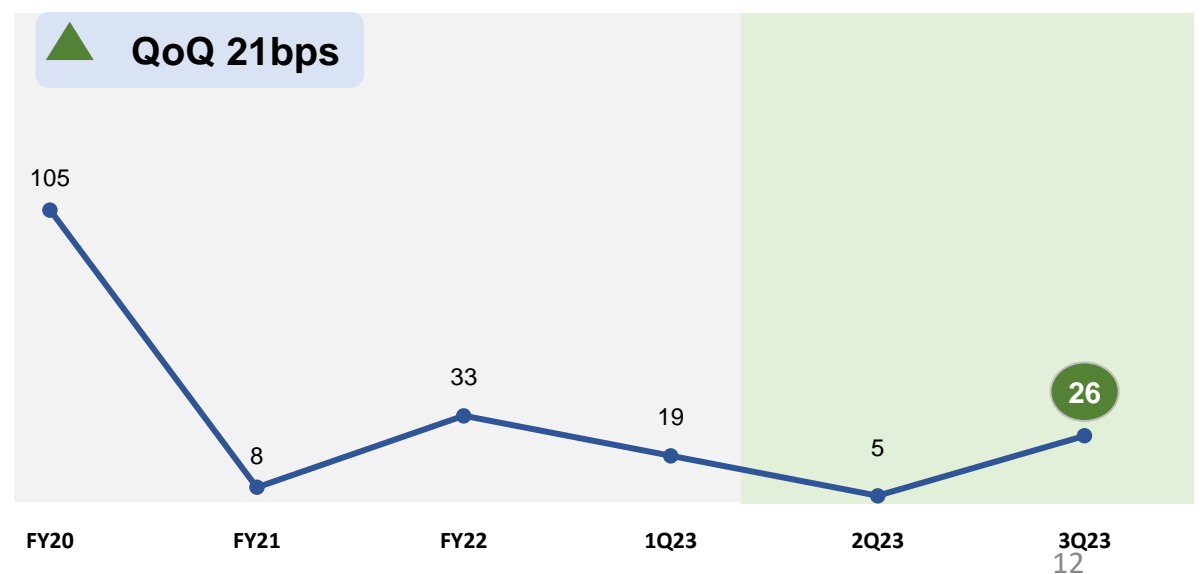
Credit Cost normalised to 26bps due to changes in ECL methodology

RM million	3Q22	2Q23	3Q23	QoQ	YoY
Financing/Loans (impairment)	(108)	46	(81)	-276.5%	-25.1%
Financing/Loans (write off)/recovered	4	8	(0)	-105.2%	-109.8%
Others	1	(2)	(4)	57.4%	-690.5%
<b>Net impairment (losses)/writeback</b>	<b>(103)</b>	<b>52</b>	<b>(85)</b>	<b>-264.3%</b>	<b>-17.7%</b>

## Financing/Loan Loss Coverage Ratio (%)



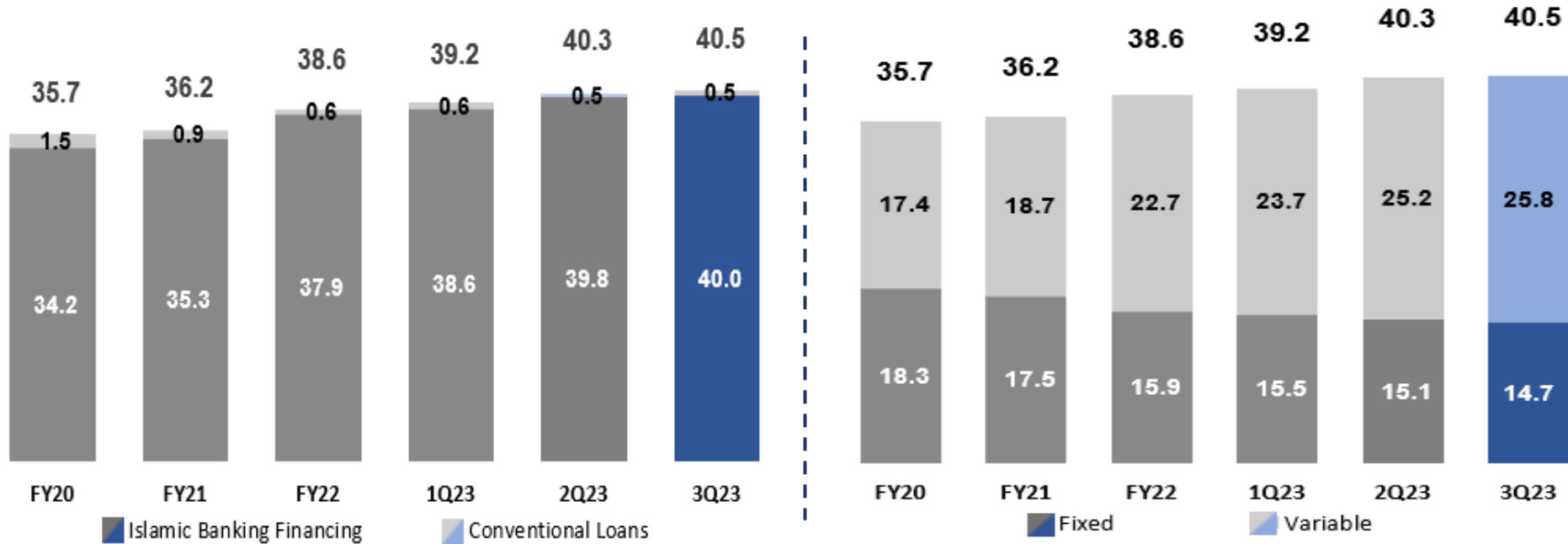
## MBSB Group Credit Cost (bps)



# GROSS LOANS AND FINANCING

## Loans & Financing Growth Contributed Mainly by Consumer Sector for Q3 2023

Gross Loans & Financing Composition (RM'bil)



**5.1%**  
  
**FINANCING**  
**GROWTH**  
**(Annualised 6.8%)**

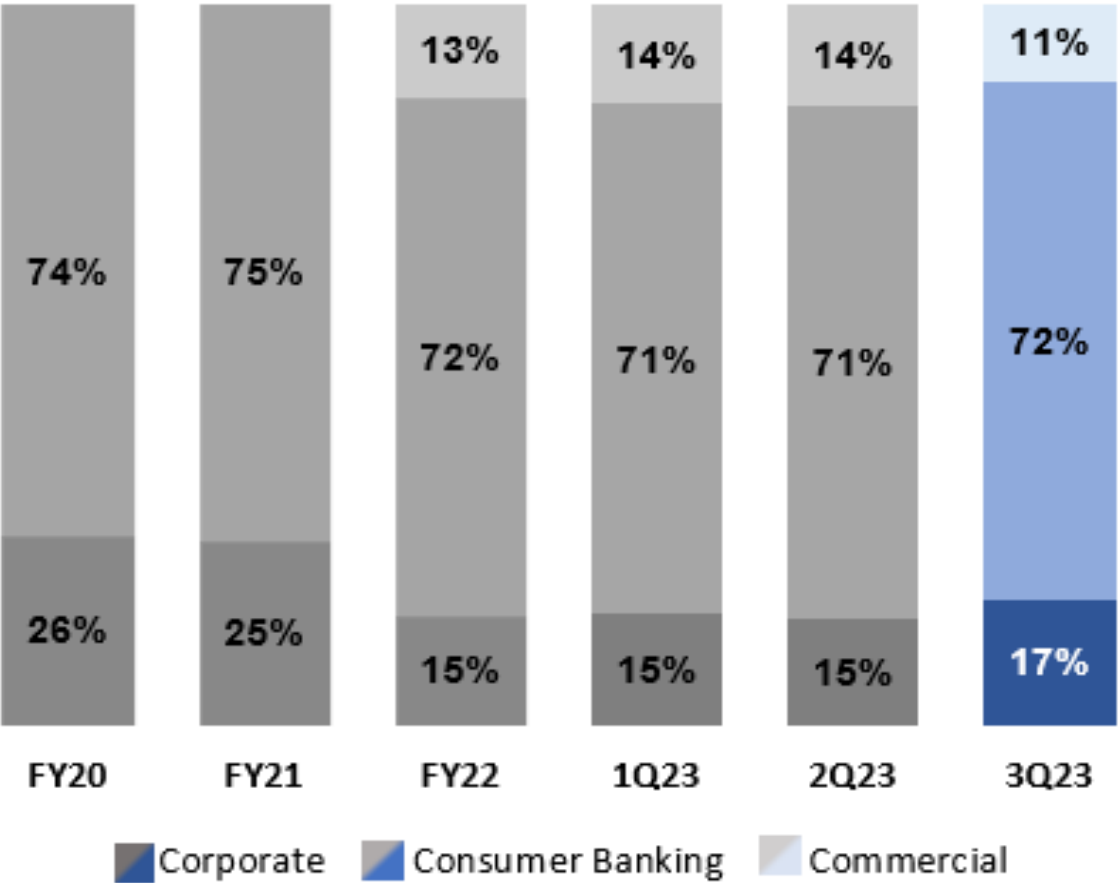
Loans/Financing by busines segment (RM'bil)	4Q22	1Q23	2Q23	3Q23	QoQ	YTD
Consumer Banking	27.7	27.8	28.7	29.1	▲ 1.2%	▲ 4.9%
Corporate/ Commercial Banking	10.8	11.4	11.6	11.5	▼ -1.2%	▲ 5.8%
<b>TOTAL</b>	<b>38.6</b>	<b>39.2</b>	<b>40.3</b>	<b>40.5</b>	▲ 0.5%	▲ 5.1%

\* YTD : 3Q23 vs 4Q22

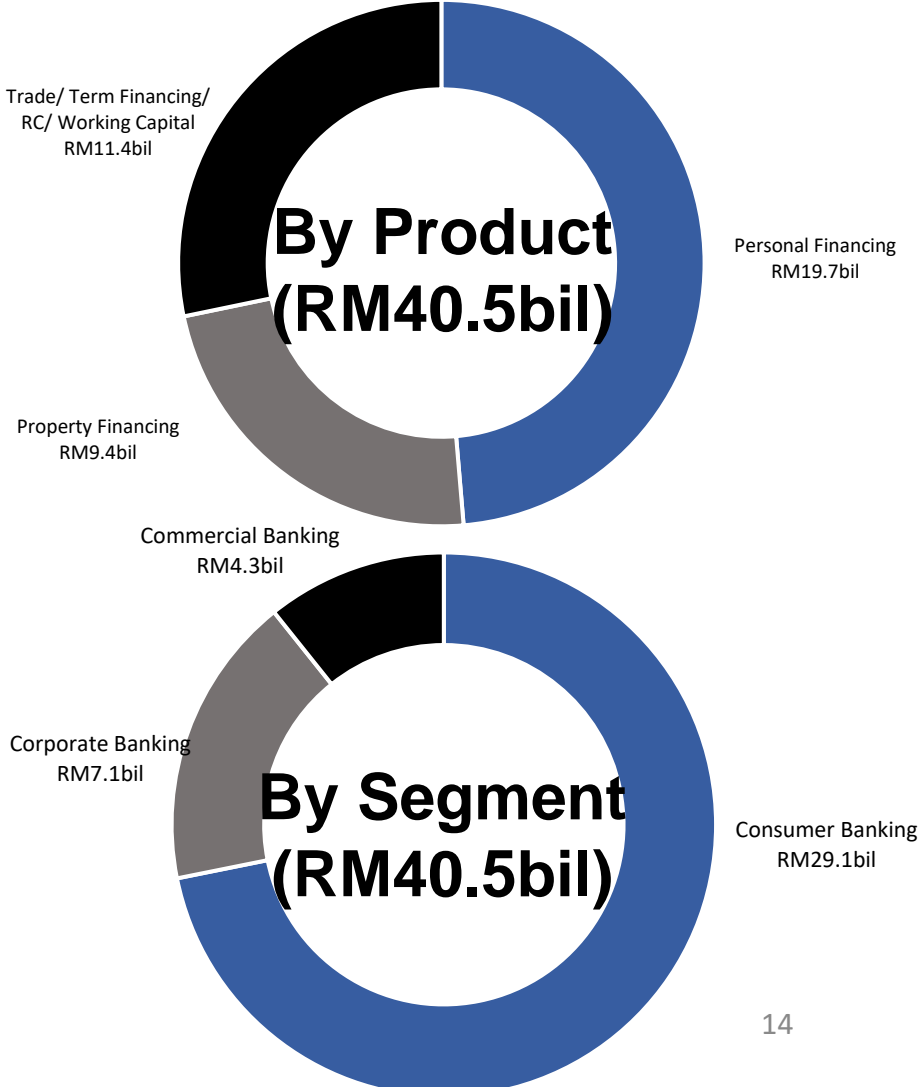
# GROSS LOANS AND FINANCING (Cont'd)

## Loans & Financing Growth In Line with Industry

Retail: Corporate Loans & Financing Composition



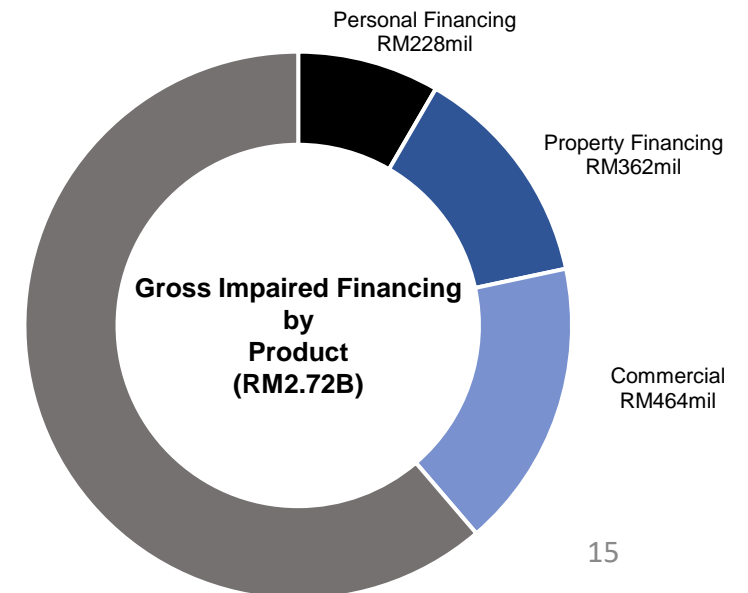
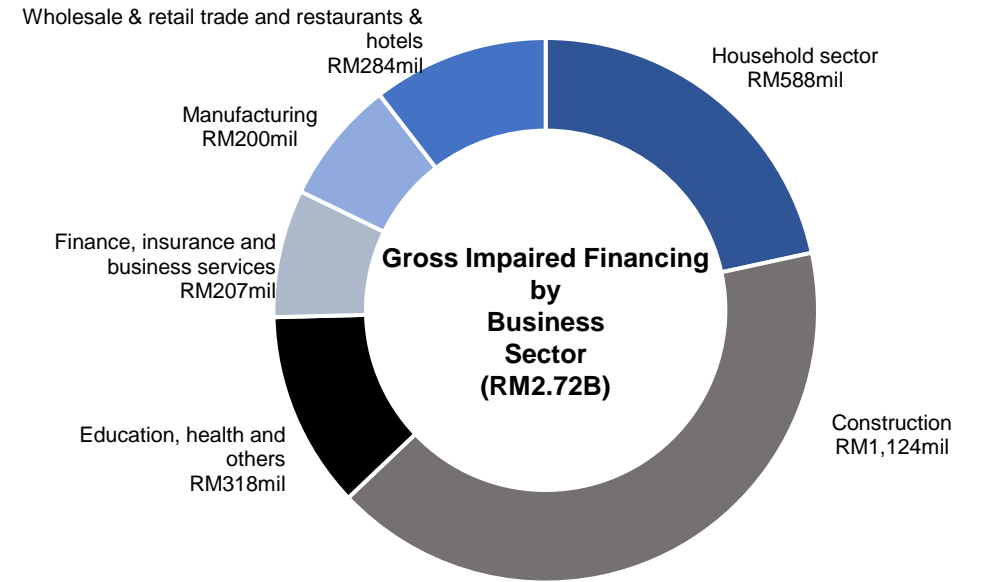
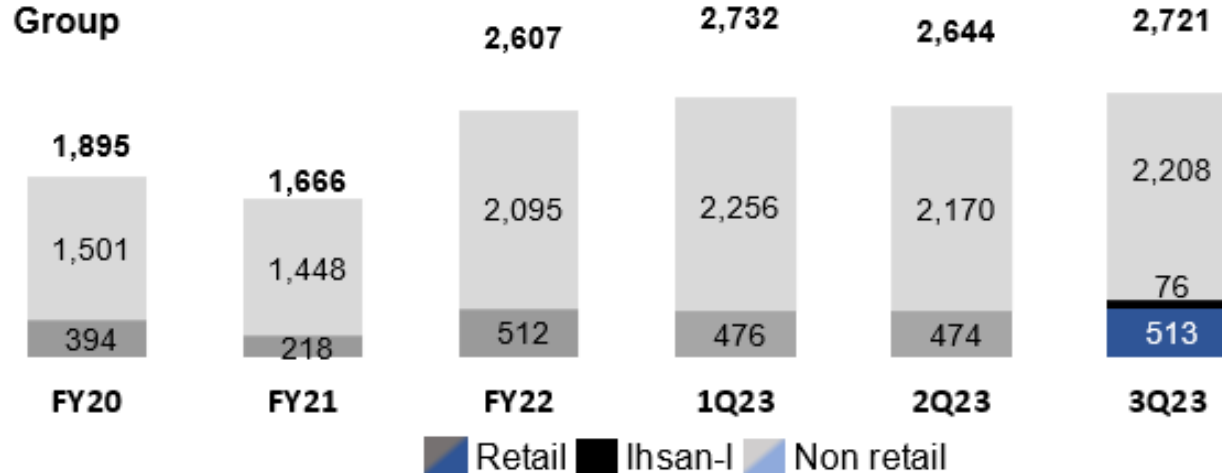
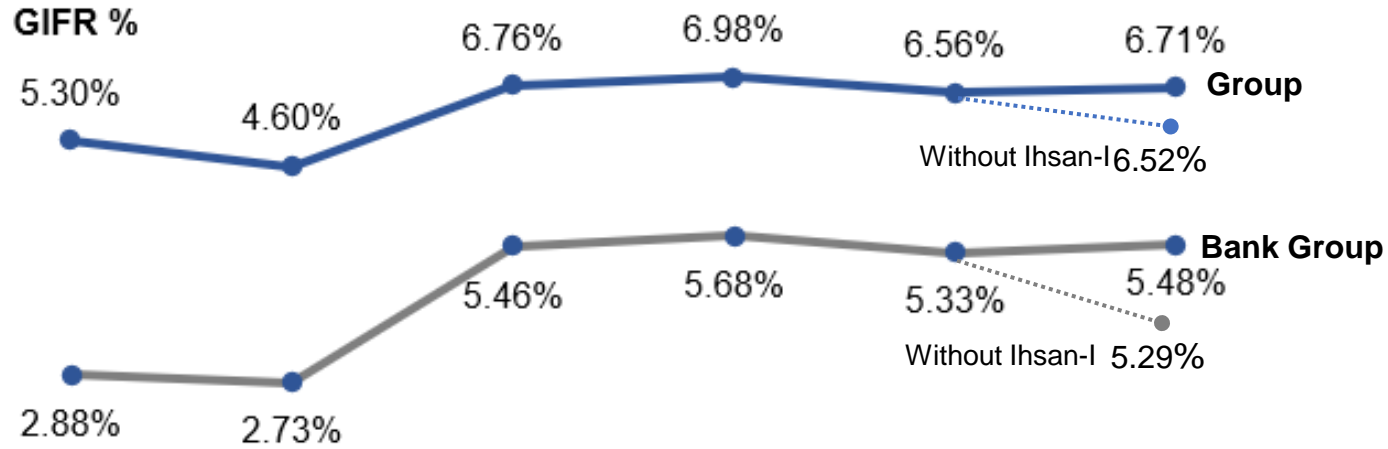
Loans & Financing Composition



# ASSET QUALITY

## Improvement in GIF% As Compared to FY22

### Gross Impaired Loans/Financing

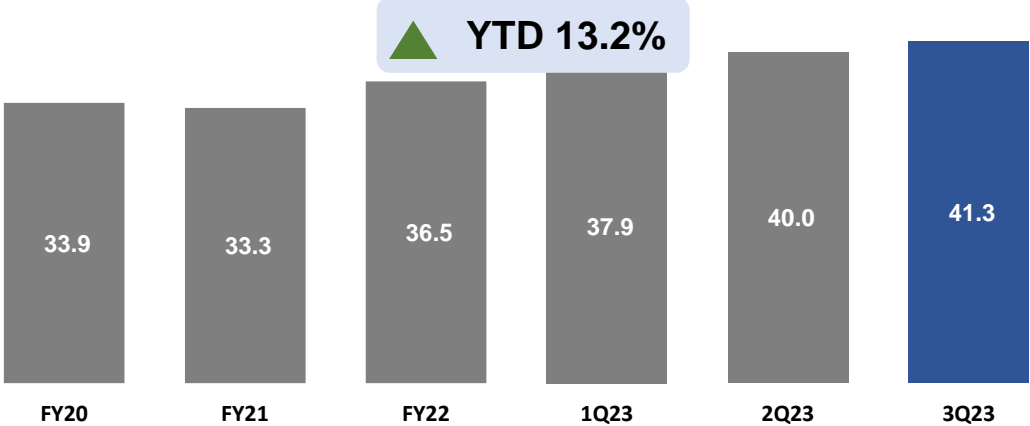




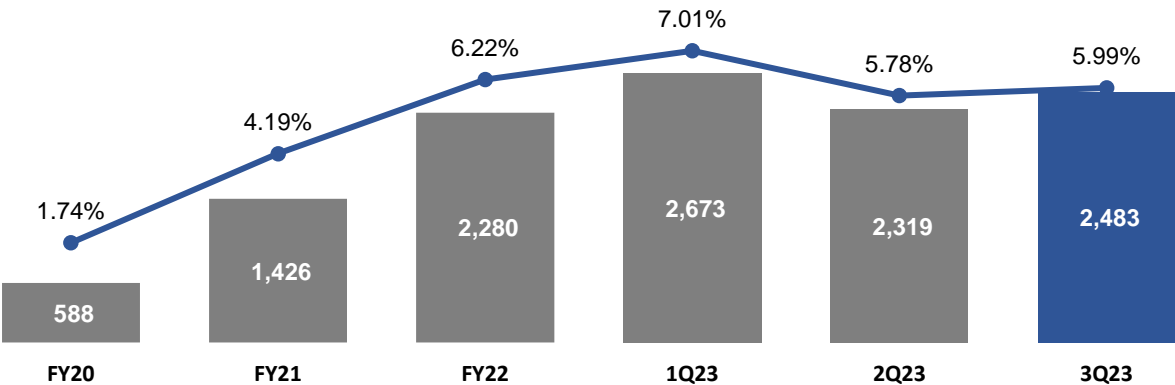
# DEPOSITS

## Funding Management Through CASA Expansion

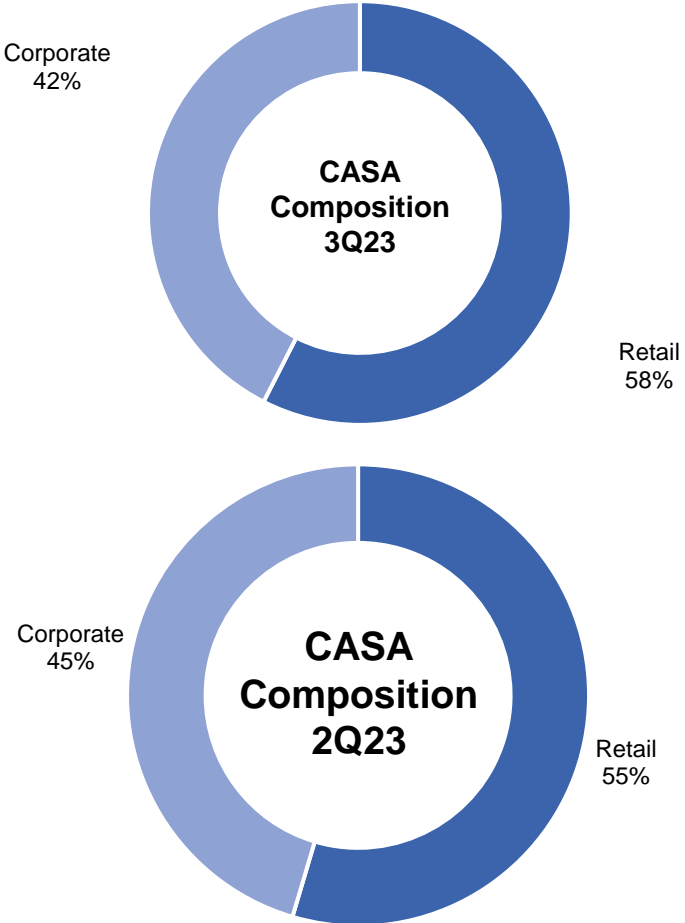
### Total Deposits (RM'bil)



### CASA (RM'mil)



### CASA Composition

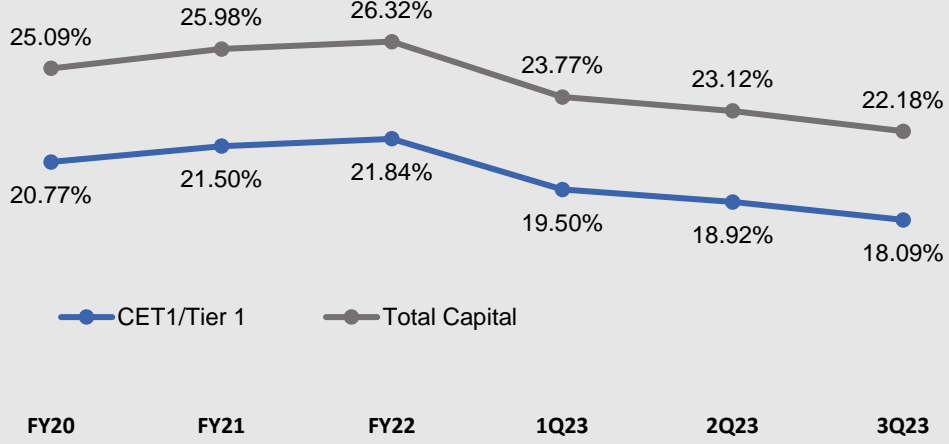


**3%** ↑  
**In Retail portfolio Within CASA**

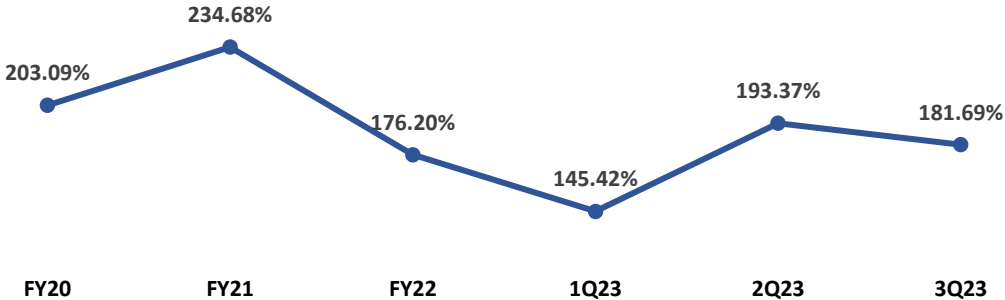
# CAPITAL AND LIQUIDITY MANAGEMENT

## Strong Capital and Liquidity Position

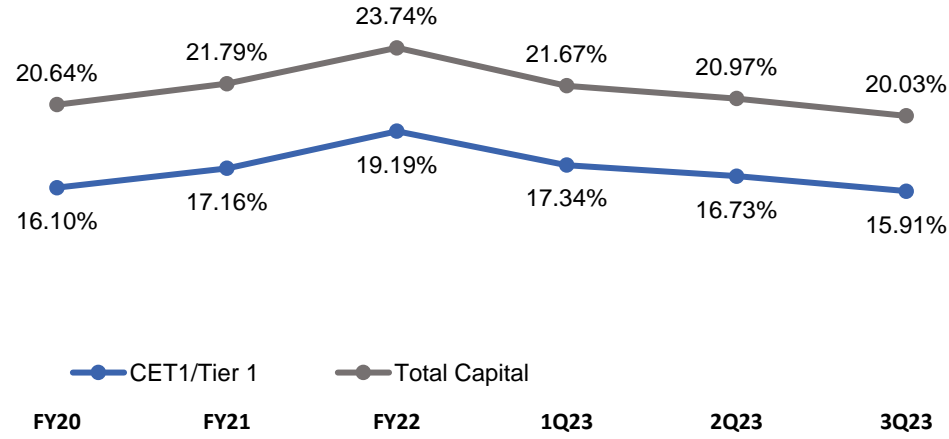
MBSB Group TCR



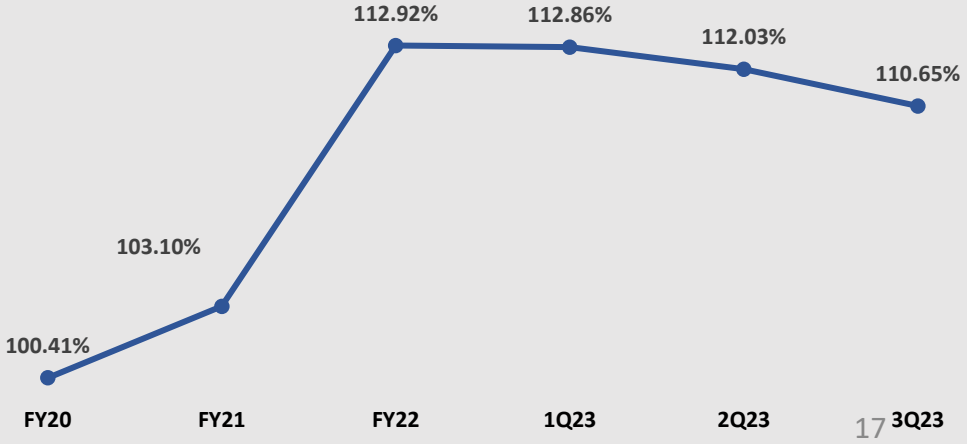
MBSB Group LCR



MBSB Bank Group TCR



MBSB Bank Group NSFR



**THANK YOU**

# Q & A