

Bursa Malaysia Berhad

9M 2023 Financial Results

31 October 2023



Pivoting Into A Multi-Asset Exchange

AGENDA

- Key Financial Highlights
- Markets Overview
- Recent Developments
- Our Key Priorities Going Forward
- Appendices

Key Financial Highlights

- 9M 2023 Financial Highlights
- 9 Months Financial Trend
- Operating Revenue
- Operating Expenses

9M 2023 Financial Highlights

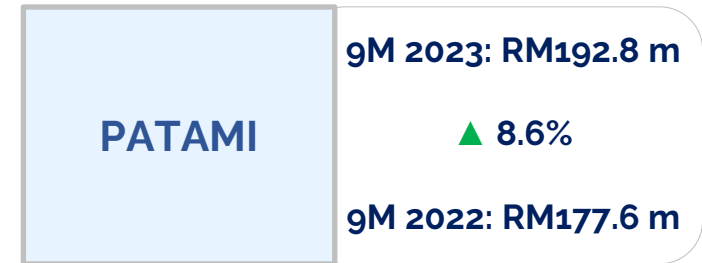
Higher PATAMI of RM192.8 m, on the back of lower operating expenses



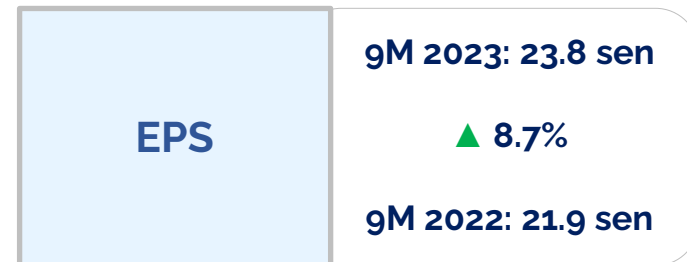
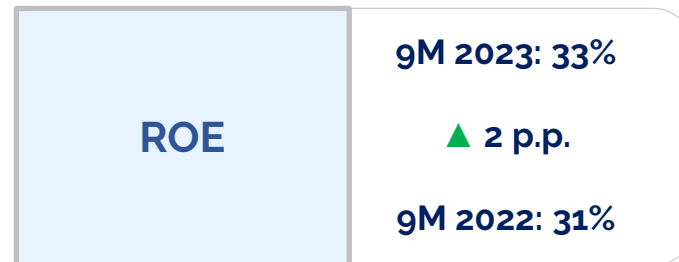
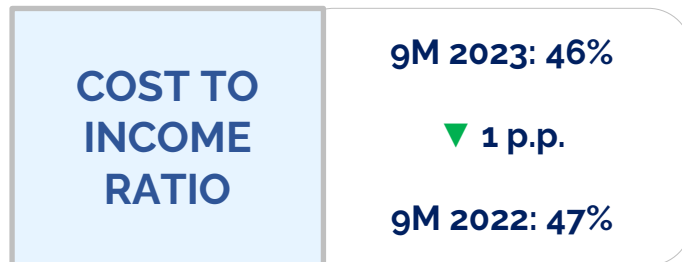
- Decrease in operating revenue mainly due to lower securities and derivatives trading revenue



- Lower operating expenses mainly due to a one-off reversal of provision

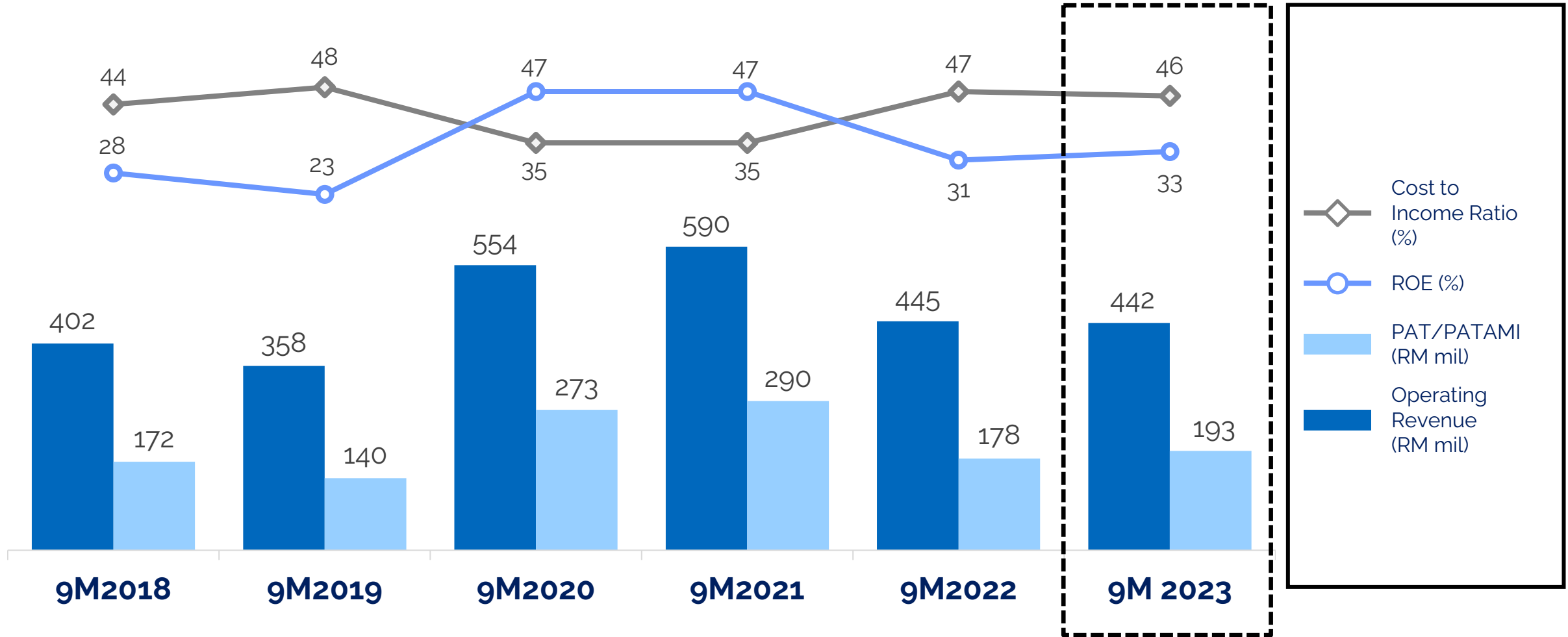


- As a result, PATAMI increased by 8.6% in 9M 2023 as compared to 9M 2022



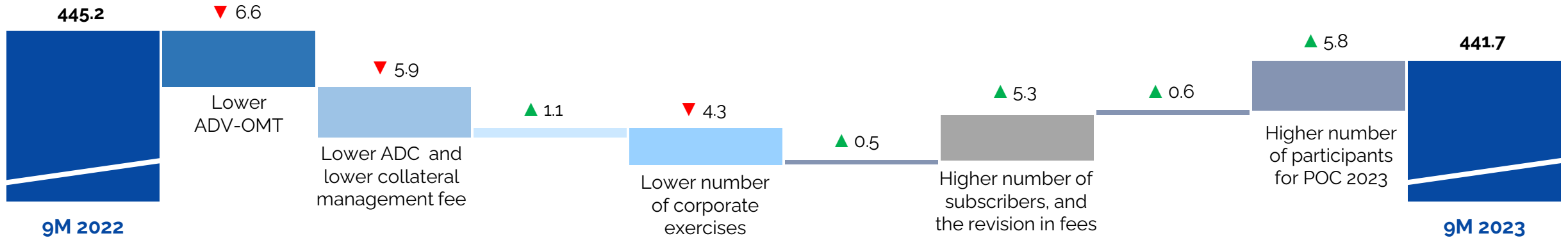
9 Months Financial Trend

ROE of 33% and CTI at 46% for 9M 2023



Operating Revenue

Decreased marginally by 0.8% to RM441.7 million



Revenue (RM mil)									
	Securities Trading Revenue	Derivatives Trading Revenue	BSAS Trading Revenue	Listing & Issuer Services	Depository Services	Data Business	Member Services & Connectivity	Conference Fee & Exhibition - Related Income	TOTAL
9M 2023	196.4 (44%)	67.5 (15%)	12.9 (3%)	47.1 (11%)	41.0 (9%)	51.1 (12%)	18.4 (4%)	7.3 (2%)	441.7
9M 2022	203.0 (46%)	73.4 (16%)	11.8 (3%)	51.4 (12%)	40.5 (9%)	45.8 (10%)	17.8 (4%)	1.5 (0%)	445.2
YoY	▼ 3.3%	▼ 8.0%	▲ 8.8%	▼ 8.3%	▲ 1.3%	▲ 11.5%	▲ 3.5%	▲ 373.5%	▼ 0.8%

Trading Revenue
▼ 4.0%

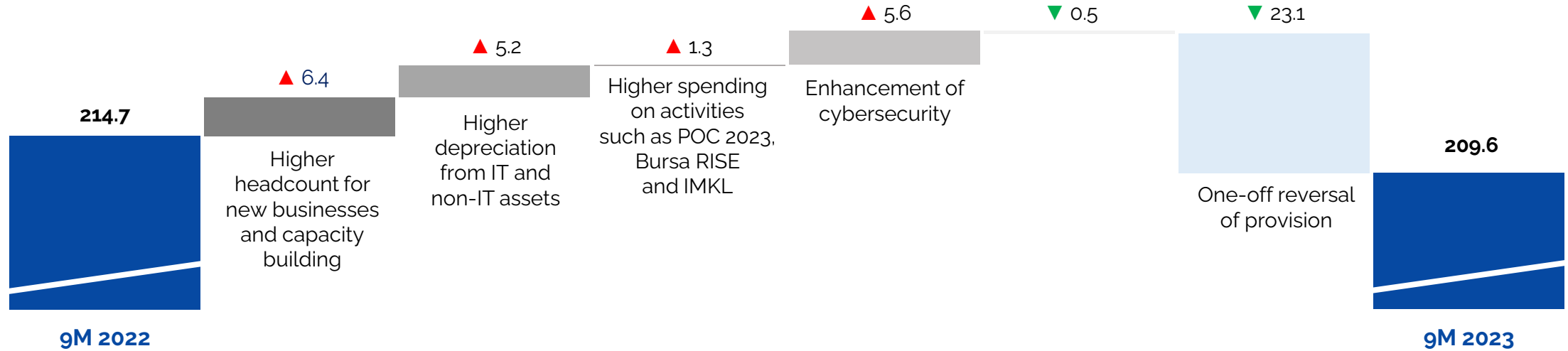
Securities Trading Revenue and Derivatives Trading Revenue experienced a 3.3% and 8.0% decline against 9M 2022, respectively

Non-Trading Revenue
▲ 5.0%

Non-trading revenue increased by 5.0% in 9M 2023, contributing 37% of the total operating revenue,

Operating Expenses

Decreased by 2.4% to RM209.6 million



Expenses (RM mil)

	Staff Costs	Depreciation & Amortisation	Marketing & Development	IT Maintenance	Service Fees	Other Operating Expenses	TOTAL
9M 2023	124.6 (59%)	24.7 (12%)	14.0 (7%)	26.3 (13%)	15.8 (7%)	4.2 (2%)	209.6
9M 2022	118.2 (55%)	19.5 (9%)	12.7 (6%)	20.7 (10%)	16.3 (7%)	27.3 (13%)	214.7
YoY	▲ 5.5%	▲ 26.3%	▲ 10.1%	▲ 26.9%	▼ 3.4%	▼ 84.4%	▼ 2.4%

Markets Overview

- Securities Market Overview
- Derivatives Market Overview
- Islamic Markets Overview

Securities Market Overview

ADV declined by 4.3%

Initial Public Offerings (IPO)

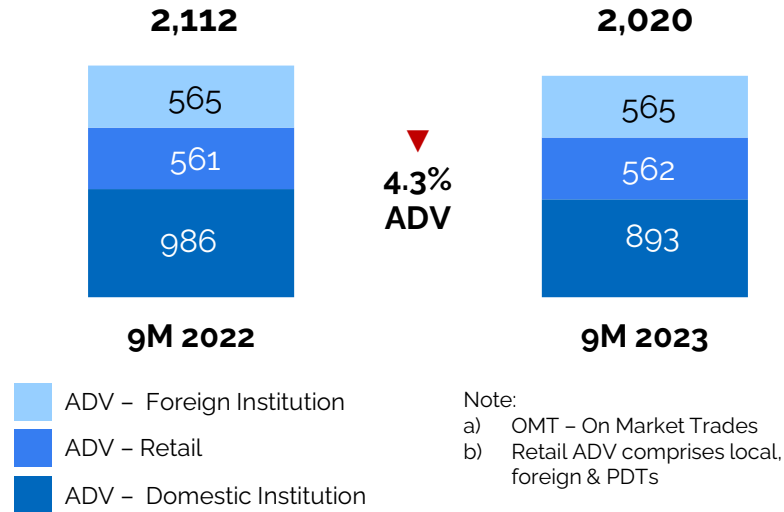
Number of IPOs	28	25
Total IPOs Market Cap*	RM10.6 billion	RM16.4 billion
Market	9M 2022	9M 2023
MAIN	4	6
ACE	19	18
LEAP	5	1

* Based on the first day closing market cap of each IPOs

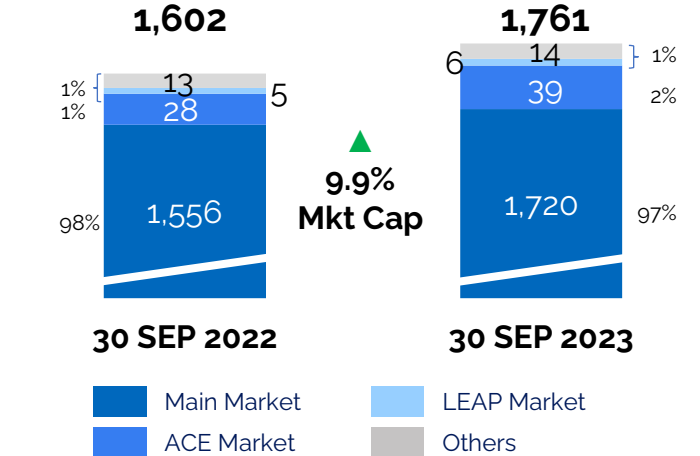
New Structured Warrants

9M 2022	9M 2023
1,157	1,126

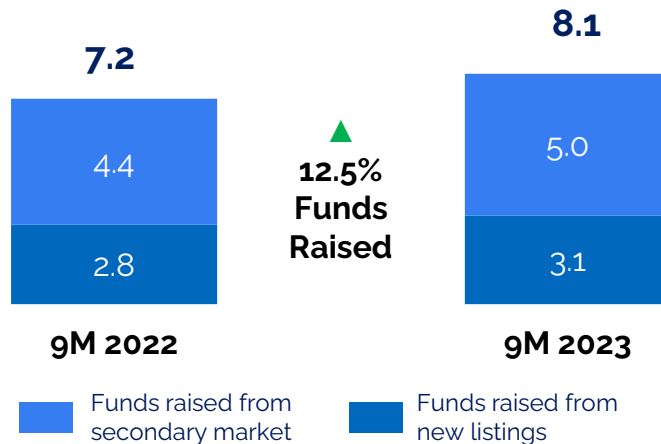
Average Daily Value (ADV) (OMT) (RM mil)



Market Capitalisation (RM bil)



Funds Raised (RM bil)



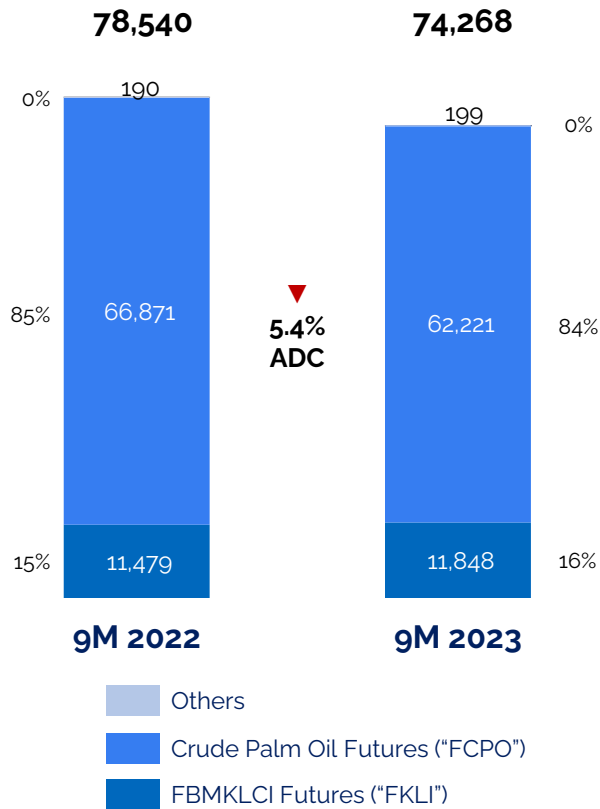
Retail ADV (RM mil)



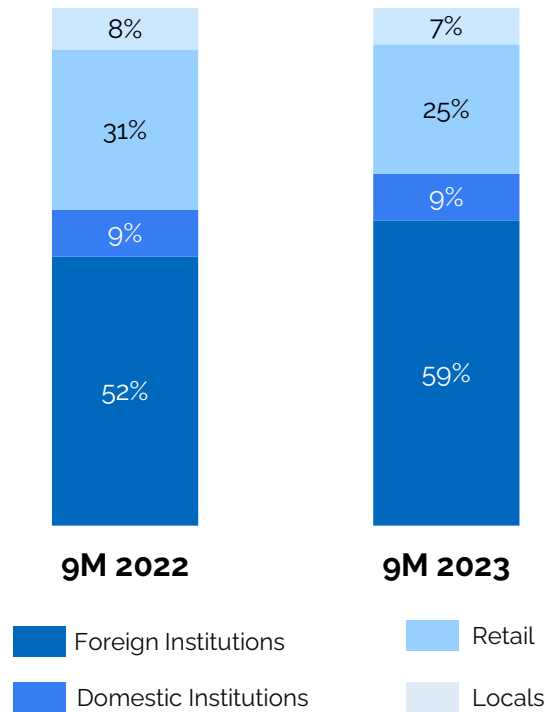
Derivatives Market Overview

ADC decreased on the back of lower volatility of CPO Prices and FBMKLCI

ADC Traded by Products



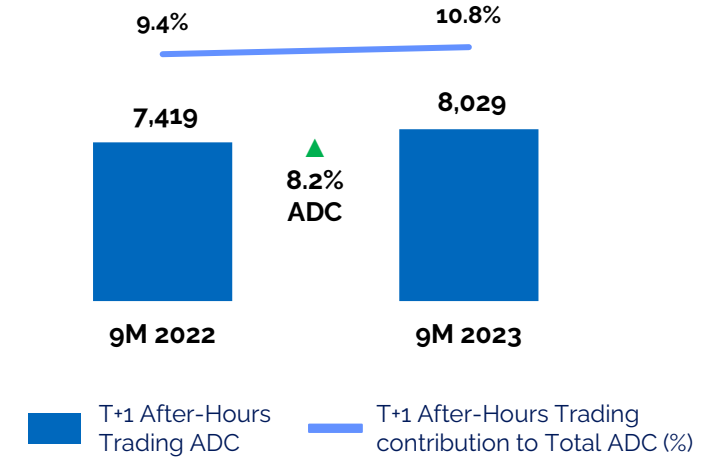
ADC Traded by Investor Types



Product Volatility

9M 2023	30%	7%
	Volatility of CPO Prices	Volatility of FBMKLCI
9M 2022	46%	11%

T+1 After-Hours Trading



Islamic Markets Overview

Higher BSAS trades mainly contributed by local participants

9M 2023 Highlights

83.0%

of Bursa Suq Al-Sila' (BSAS) trades contributed by local participants

18 new participants

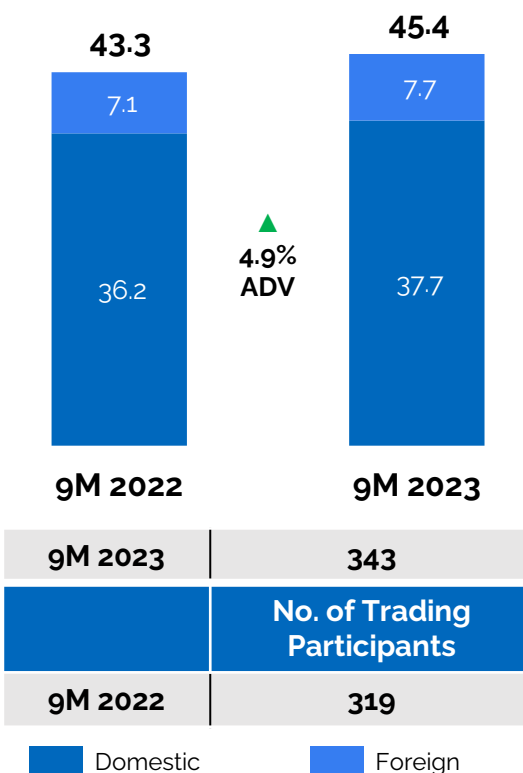
In 9M 2023, BSAS admitted 13 Local Participants and 5 Foreign Participants

▲ 6.8%

increase in the number of Shariah-compliant stocks

Breakdown of Islamic Markets Activity

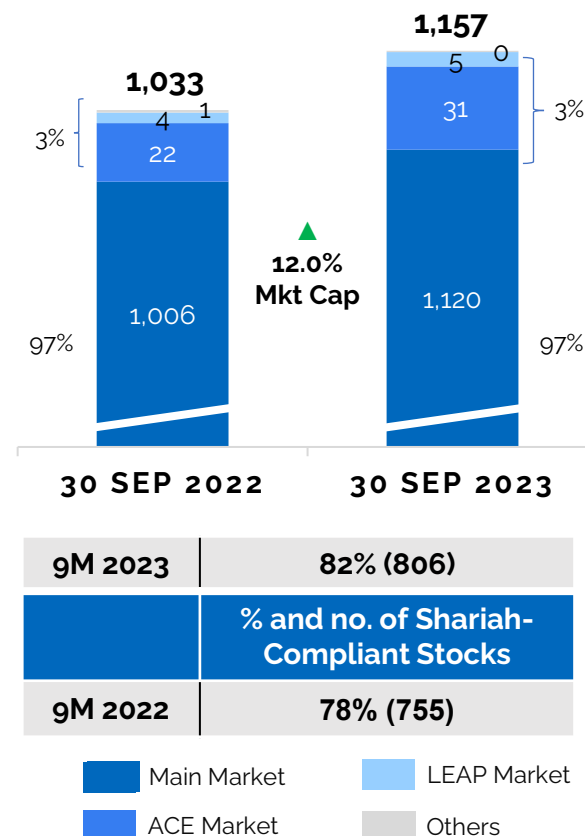
BSAS ADV (RM bil)



9M 2023	343
No. of Trading Participants	
9M 2022	319

■ Domestic ■ Foreign

Market Capitalisation of Shariah-Compliant Stocks (RM bil)



9M 2023	82% (806)
% and no. of Shariah-Compliant Stocks	
9M 2022	78% (755)

■ Main Market ■ LEAP Market
 ■ ACE Market ■ Others

Recent Developments

- YTD September 2023 Highlights

2021 - 2023 Strategic Roadmap

Progressing as planned

VISION

To be ASEAN's leading, sustainable and globally-connected marketplace

MISSION

Creating Opportunities, Growing Value

3 CORE STRATEGIES

- Product Expansion
- Ecosystem Development
- Capacity & Capabilities Building

4 ENABLERS






- Data & Innovation
- Technology
- Ecosystem
- People & Culture

5 STRATEGIC PILLARS

- Strengthening Our Core Business – Securities Market
- Diversifying The Derivatives Business
- Positioning Bursa Malaysia as the Global Hub for Islamic Capital Market
- Providing New & Improved Services to the Capital Market
- Embedding Sustainability in our Organisation & Marketplace

Strengthening to be a Multi-Asset Exchange

We have made progress in expanding our products & services

	Launched in 2021	Launched in 2022	Key Highlights in YTD Sept 2023
 Securities Market	<ul style="list-style-type: none"> 30 new IPOs 1,451 structured warrants FTSE4GOOD Bursa Malaysia Shariah Index 	<ul style="list-style-type: none"> 35 new IPOs 1,447 structured warrants FBM Top 100 ESG Low Carbon Select Shariah Index FBM Top 100 ESG Low Carbon Select Index 	<ul style="list-style-type: none"> 25 new IPOs YTD Sept 2023 1,126 structured warrants YTD Sept 2023
 Derivatives Market	<ul style="list-style-type: none"> East Malaysia Crude Palm Oil Futures (FEPO) Contract Revamped Crude Palm Kernel Oil Futures (FPKO) Contract 	<ul style="list-style-type: none"> Enhanced Gold Futures (FGLD) Contract FTSE4Good Bursa Malaysia Index Futures (F4GM) Contract 	<ul style="list-style-type: none"> Advancing towards introducing a new currency futures product
 Islamic Products & Solutions	<ul style="list-style-type: none"> VP-DJ Shariah China A-Shares 100 ETF Hibah Amanah service 	<ul style="list-style-type: none"> Shariah Discretionary Trading 	<ul style="list-style-type: none"> Progressing on system readiness towards the launch of Bursa Gold Dinar (<i>also a new asset class</i>)
 New Services	<ul style="list-style-type: none"> Bursa Digital Research e-Rights & e-General Offer (Bursa Anywhere) 	<ul style="list-style-type: none"> Shares2share e-Dividend Reinvestment Plan (Bursa Anywhere) Bursa Fund Platform 	<ul style="list-style-type: none"> Launched Bursa Connectivity Services (<i>16 Feb 2023</i>)
 New Asset Classes		<ul style="list-style-type: none"> Bursa Carbon Exchange (BCX) 	<ul style="list-style-type: none"> Bursa Carbon Exchange (BCX) commenced trading of carbon credits (<i>25 Sept 2023</i>) Received Approval-In-Principle from the Securities Commission to operate a new debt fundraising platform, and enhancing operational readiness

Note: Products & Services listed are not-exhaustive.
Green font indicates ESG-related

Continuously enhancing our market ecosystem

Towards creating a more facilitative, competitive and vibrant marketplace

Reduction in stamp duty rate to directly lower cost of transactions

- Stamp duty rate for trading of listed shares was reduced to 0.10% (from 0.15%), with cap kept at RM1K for each contract (w.e.f. 13 Jul 2023)

Strengthen PLCs' competitiveness via enhanced corporate performance

- Ramping up participation in PLC Transformation Programme
- As at Sept 2023, 201 PLCs have registered to participate in the programme

Improve profiling & visibility of PLCs

- IR & PR Programme, Bursa Digital Research, and Bursa RISE
- Bursa Malaysia assumed Malaysian Investor Relations Association's (MIRA) role and now serves as single point of reference for Investor Relation matters (w.e.f. 1 Jul 2023)

Promote retail growth & participation

- Drive investor engagement via social media and engaging content, including launch of web-based Burmon Trader game to educate children on concepts of stock investment (5 Aug 2023)
- Bursa Marketplace Fair in Johor, featuring various investing programmes, tools, and solutions (5 Aug 2023)

Drive market conversation and fortify marketing efforts to raise foreign participation

- Invest Malaysia series, including Invest Malaysia New York (21 Sept 2023)
- BSAS admitted 5 Foreign Participants from Saudi Arabia, Kuwait, Kenya & Singapore (YTD Sep 2023)

Widen market reach via education initiatives & infrastructure

- Launched Futures Trading Apprenticeship Programme, an educational initiative to nurture and equip aspiring traders with skills needed to succeed as full-time derivatives traders (11 Sept 2023)

Supportive frameworks to boost market vibrancy and trading

- Introduced listing transfer framework from LEAP Market to ACE Market
- Harmonisation of the framework for proprietary day traders (PDT) & salaried dealer's representatives trading for Investment Account (IVT)

* Daily market capitalisation requirement is reduced to RM200 million (from RM500 million)

IR & PR = Investor Relations & Public Relations
Bursa RISE = Bursa Research Incentive Scheme

IMKL = Invest Malaysia
IM Away = Invest Malaysia Away

Raising ESG strength & competitiveness of our marketplace (1/2)

Augmenting sustainability practices and disclosures

Key Highlights YTD Sept 2023



Offer various ESG capability building support

- New mandatory onboarding programme on sustainability for directors of PLCs (6 Jun 2023).
- Issued the Illustrative Sustainability Report (ISR), a new tool aimed to encourage greater sustainability reporting compliance by listed issuers (20 Sept 2023).
 - The ISR will aid listed issuers as they prepare for phased implementation of the Enhanced Sustainability Reporting Framework, effective from FYE 31 December 2023.
- Numerous ongoing engagements with PLCs - webinars & panel discussions covering ESG strategies, practitioner insights, as well as convergence of digitalisation and ESG.



Enhance our carbon market ecosystem

- Signed an MoC with Malaysian Green Technology and Climate Change Corporation to identify, guide, connect, and nurture key players in the carbon market ecosystem (20 Feb 2023).



National Voluntary Carbon Market (VCM) handbook

Directory of Carbon Industry Service Providers

Inaugural Malaysia Carbon Market Forum



Completed (Oct. 2023)

- Joined International Emissions Trading Association (IETA) for access to the latest developments in climate policy and carbon market design (6 Apr 2023).



MoC = Memorandum of Collaboration

Raising ESG strength & competitiveness of our marketplace (2/2)

Augmenting sustainability practices and disclosures

Key Highlights in YTD Sept 2023

- At the 6th ASEAN Exchanges CEOs Meeting, Bursa Malaysia together with five exchanges in ASEAN agreed to jointly develop a set of core sustainability metrics that are aligned to international standards (8 Sept 2023).

- Signed a Memorandum of Understanding (MoU) with Indonesia Stock Exchange and Stock Exchange of Thailand to collaborate on an Inter-Regional ESG-linked Ecosystem in ASEAN (19 Sept 2023).



- Among others, the exchanges will establish a “sandbox” environment designed to facilitate cross-border trade, broaden business opportunities, and advance sustainable financing for corporations of all sizes and their supply chains in the region

- Piloting a Centralised Sustainability Intelligence (CSI) Platform

- YTD Sept 2023, MoCs were signed with several PLCs and banks, to bring them on board as Early Adopters of the CSI Platform.

- Expanding FTSE4Good ESG scores to all Main Market PLCs in a phased approach:

- The objectives include developing a call-to-action targeting mid-to-small sized PLCs and creating a transition tool aligned with global standards.



FTSE4Good



Centralised Sustainability Intelligence (CSI) Platform

is aimed to enable listed issuers and their supply chain partners to enhance ESG disclosures, conduct carbon assessments, and access sustainable financing

Our Key Priorities Going Forward

We remain focused on our efforts to enhance our marketplace and shareholder value

Key Priorities in the remaining of 2H 2023



Broaden product offerings to enhance market vibrancy

- Strengthen our IPO pipeline
- Broaden Islamic thought leadership and derivatives offerings (e.g. currency futures)
- Advance on introduction of new asset classes / platforms to meet emerging needs:
 - Bursa Gold Dinar
 - Debt Fundraising Platform
 - Centralised Sustainability Intelligence (CSI) Platform



Strengthen market ecosystem & accessibility

- Champion best practices, and provide supportive tools to serve PLCs' needs
- Facilitate investors' journey via learning enhancement, access to research reports as well as new innovative solutions (e.g. fractional shares)
- Drive trading velocity, including onboarding of liquidity providers



Leverage technology & innovation to deepen capabilities & drive growth

- Deliver new solutions to offer seamless & unified digital platform experience for users
- Implement subsequent phases in modernising our Enterprise Data Platform
- Progress on implementing the revamped BSAS 2.0 system

Several factors could provide positive momentum in our securities market



Although the global economy continues to face challenges there are some reasons for optimism

- Possible upside factors include analyst expectations of a peak of the interest rate cycle, and diminishing concerns over a hard landing in some major economies



Malaysia is a potential key beneficiary of ongoing reorientation in global supply chains



Companies in FBMKLCI remain relatively attractive in valuation, hence offering upside opportunities

- FBMKLCI is currently trading at a forward P/E of 14.3x.



Malaysia's economic growth is expected to remain resilient, anchored by firm domestic demand

- GDP is projected to grow by about 4% in 2023 (2024: 4-5%)
- Growth is supported by favourable labour market condition, easing inflation and vibrant tourism activities as well as strong export demand, especially the technology sector



Unveiling of new policies and roadmap can strengthen Malaysia's growth trajectory

- National Energy Transition Roadmap (NETR),
- New Industrial Master Plan (NIMP 2030),
- Mid-Term Review of the Twelfth Malaysia Plan



Ongoing initiatives to attract trading and IPOs/products can strengthen market vibrancy

Our securities market and carbon market may find renewed vigour following the latest government budget announcement

2024 Malaysia Budget Key Highlights

Potential Impact to our Market

Capital Gains Tax (CGT) and SST

1. **Enforcement of CGT** on disposal of unlisted shares by companies, effective 1 March 2024. **Exemption proposed for Initial Public Offering (IPO)** approved by Bursa Malaysia and restructuring of shares within the same group.



- Improve **fundraising activities** - encourage more companies to list on Bursa Malaysia.

Islamic Capital Market

1. Tax exemption on income derived from **Islamic Securities Selling and Buying (ISSB)**



- Potentially improve **trading liquidity and velocity of Shariah-compliant securities assets** and encourage more Islamic finance activities.

ESG and Sustainability Agenda

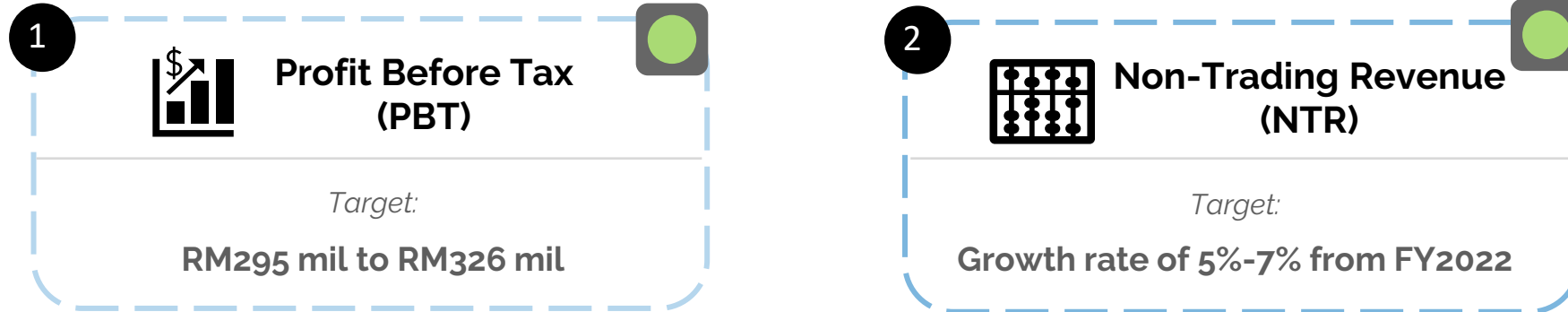
1. Government support up to **RM 300K additional tax deduction for domestic companies spending on Measurement, Reporting and Verification (MRV)** related to carbon project development, who successfully registered under the international standards recognised by BCX.
2. Issuance of **biodiversity sukuk up to RM1 billion** for reforestation to generate carbon credits.
3. **Tax deductions of up to RM50,000 for ESG-related expenditure** underlines the commitment to encourage companies to step up on their ESG efforts.



- Spur generation of local carbon credits (for future supply to BCX)
- By strengthening PLCs' ESG practices and improving disclosure quality, **investors will be more drawn to invest in green/ESG-compliant companies**

We are on track in achieving most of our Headline KPIs in 2023

Financial



Non-financial

Product Expansion & Ecosystem Development



The headline KPIs are targets or aspirations set by the Company as a transparent performance management practice. These headline KPIs shall not be construed as either forecasts, projections or estimates of the Company or representations of any future performance, occurrence or matter as the headline KPIs are merely a set of targets/aspirations of future performance aligned to the Company's strategy.

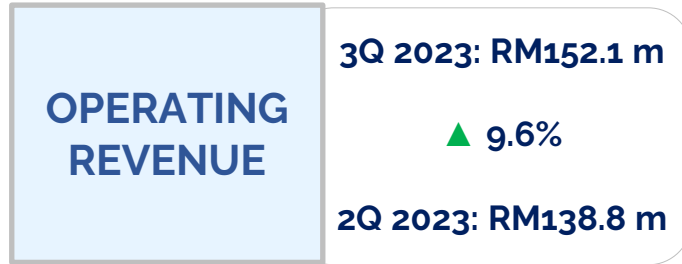
Legend: On track Likely to miss target

Appendices

- 3Q 2023 Financial Highlights
- Securities Market Trading Activity
- Securities Market Participation
- Foreign Inflow/Outflow
- Derivatives Market Activity
- BSAS Activity

3Q 2023 Financial Highlights

Current quarter versus previous quarter



- Improved operating revenue mainly due to higher securities trading revenue



- Higher operating expenses due to a one-off reversal of provision in 2Q 2023

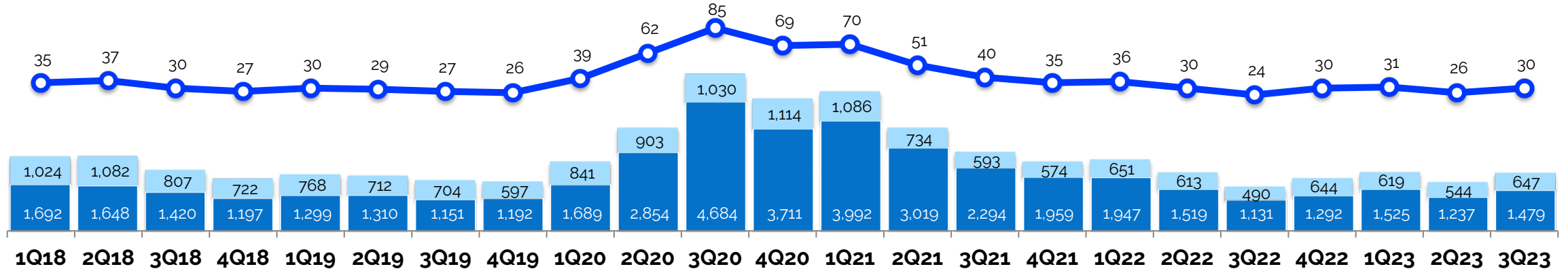


- As a result, PATAMI decreased by 20.9% to RM60.4 million in 3Q 2023 as compared to 2Q 2023

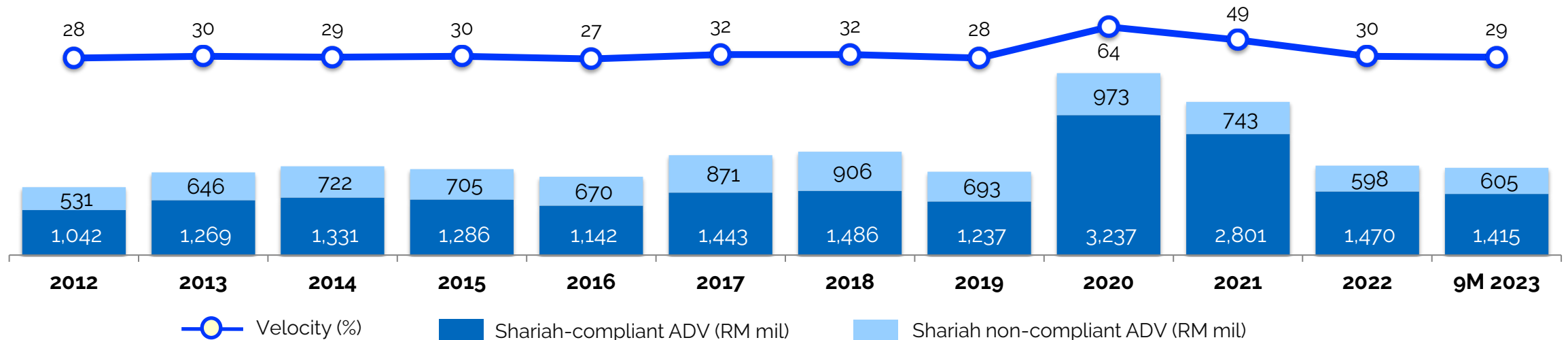


Securities Market Trading Activity

Quarterly ADV Traded (Shariah-compliant and Shariah non-compliant) & Velocity

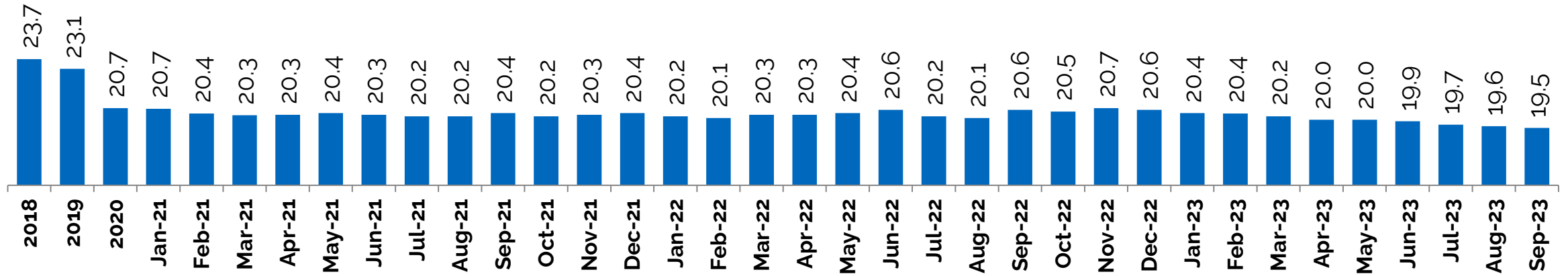


Annual ADV Traded (Shariah-compliant and Shariah non-compliant) & Velocity

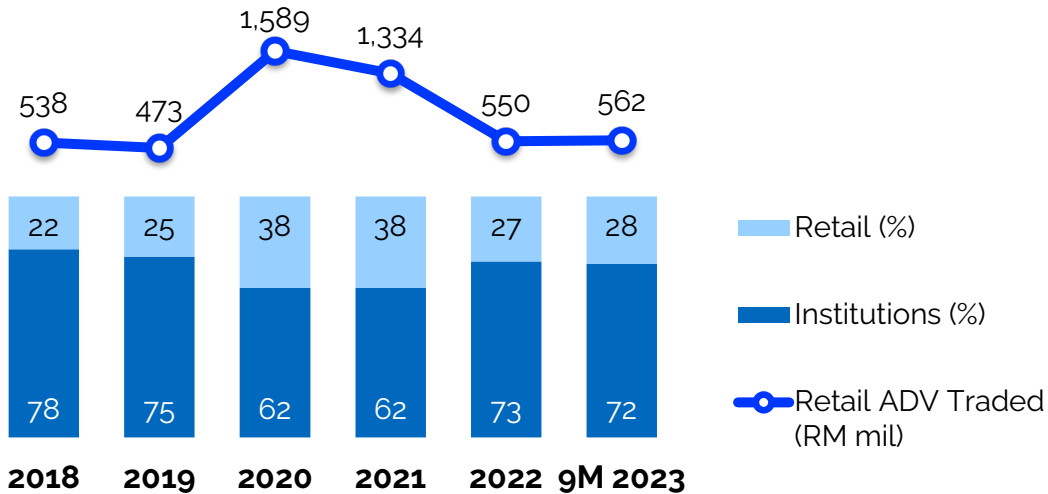


Securities Market Participation

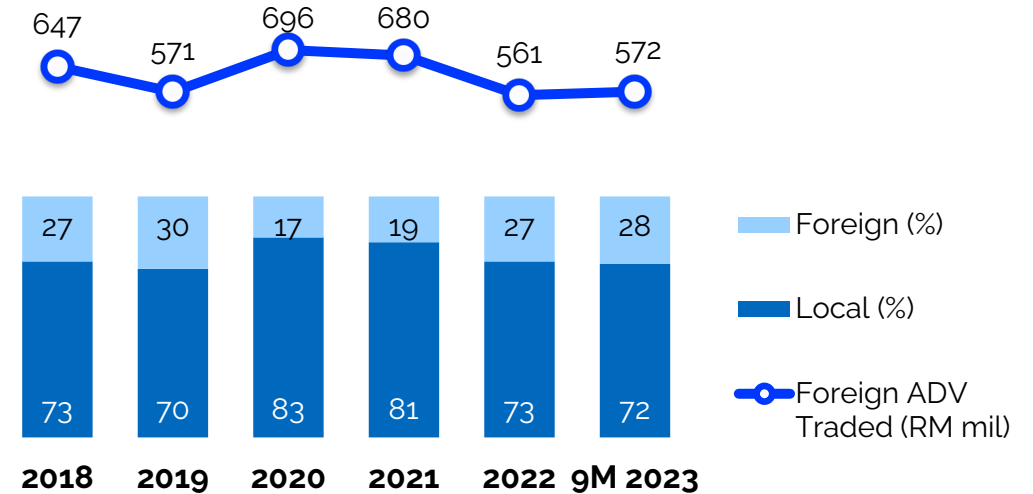
Securities Market Foreign Ownership Based on Market Capitalisation (%)



ADV - Retail vs. Institution

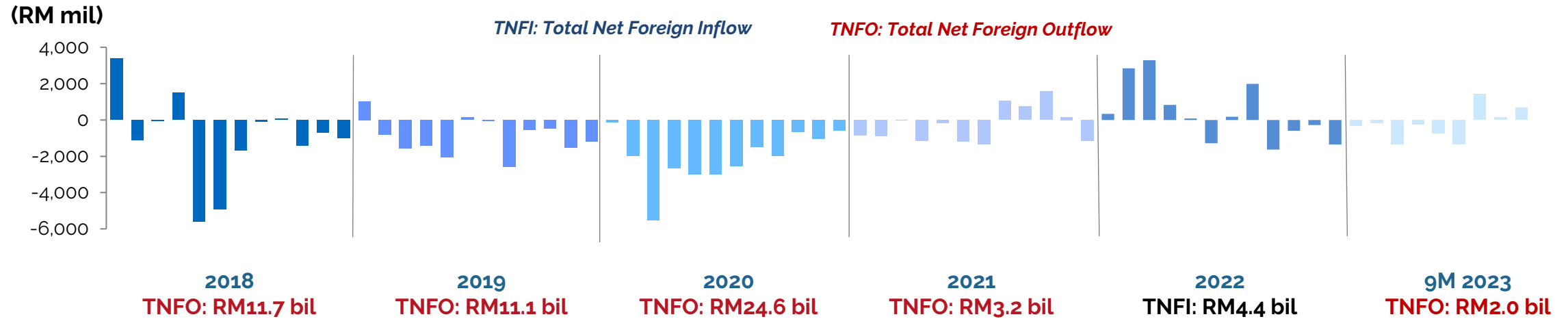


ADV - Foreign vs. Local

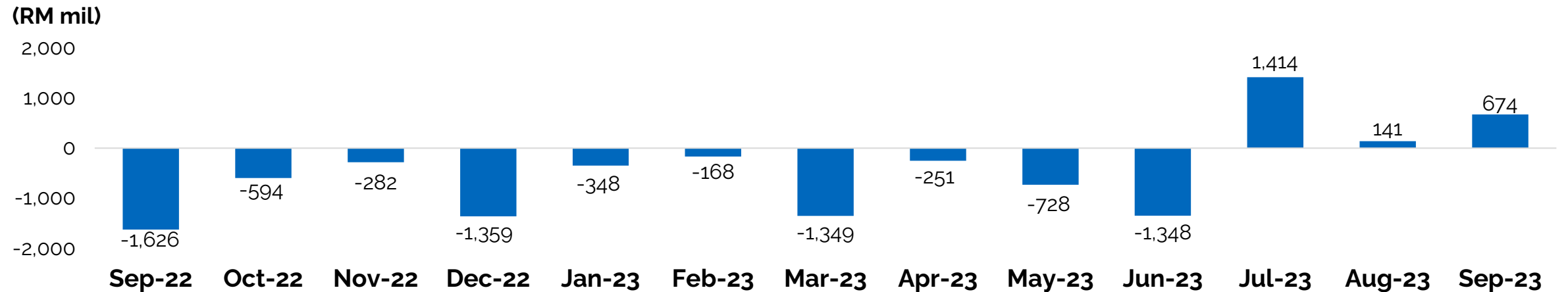


Foreign Inflow/Outflow

Monthly foreign inflow/outflow from 2018 to YTD 2023

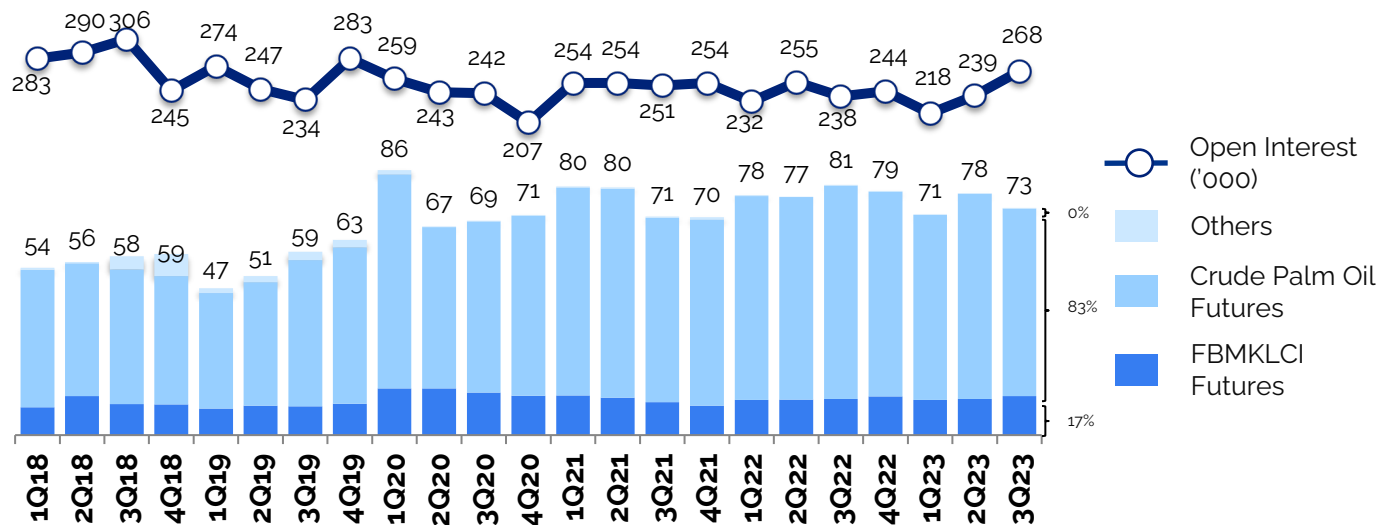


Monthly foreign inflow/outflow from September 2022 to September 2023

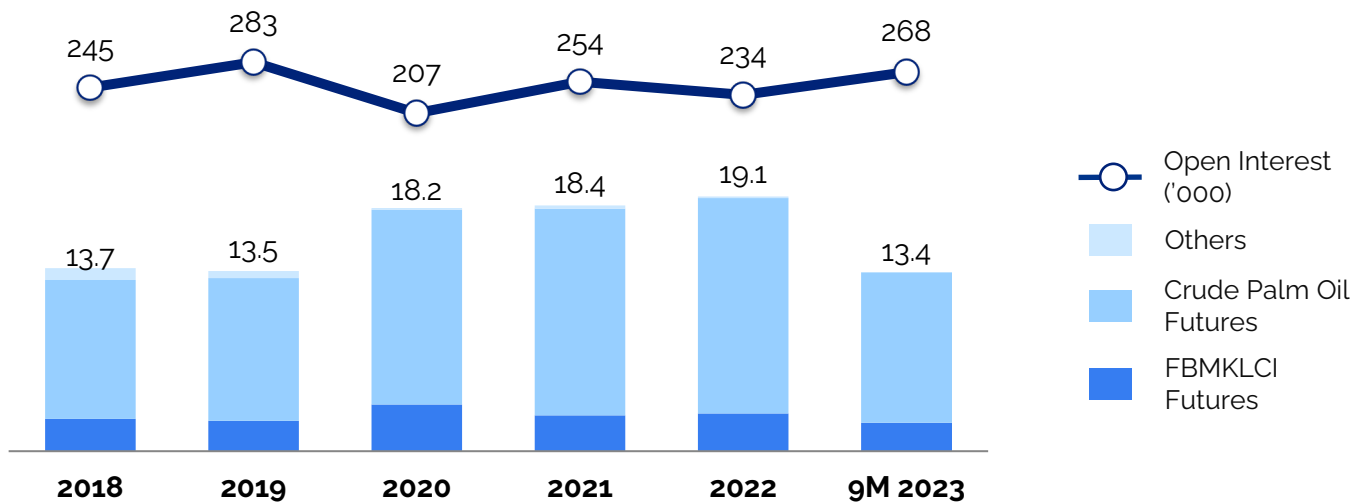


Derivatives Market Activity

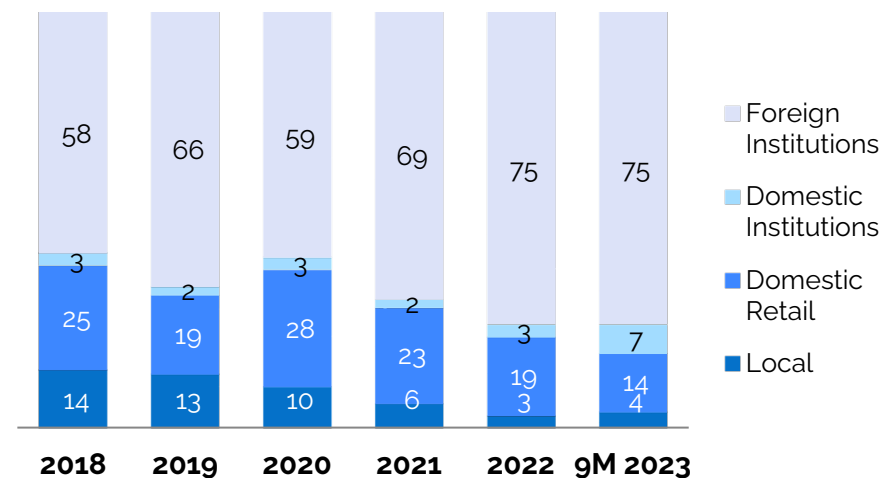
Quarterly Average Daily Contracts ('000)



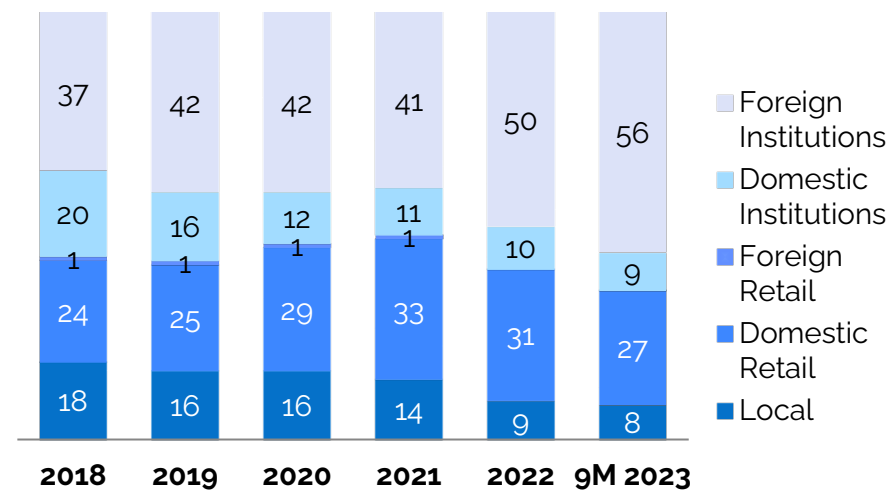
Total Annual Contracts (mil)



FKLI Demography (%)

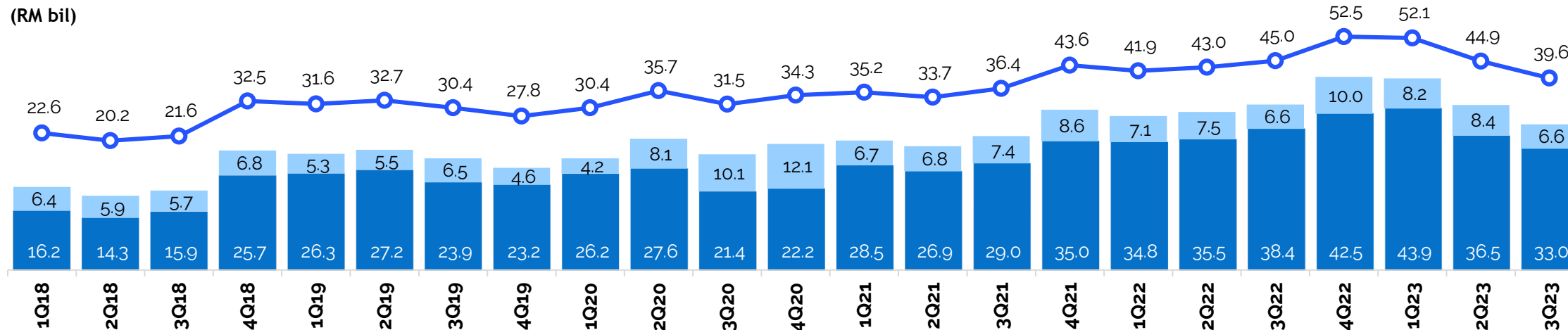


FCPO Demography (%)

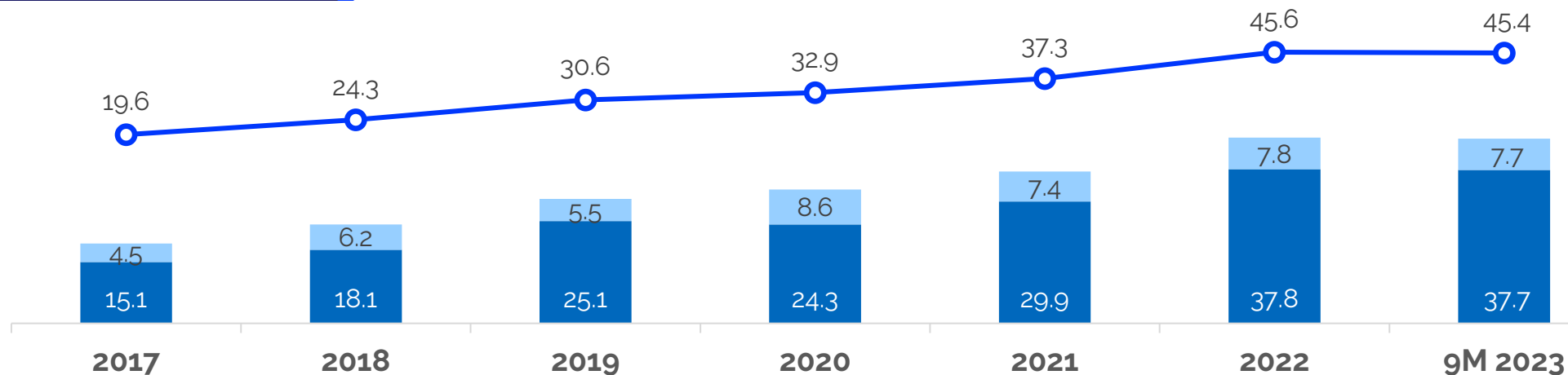


BSAS Activity

BSAS Quarterly Average Daily Value



BSAS Annual Average Daily Value



Local ADV Foreign ADV BSAS ADV (RM bil)

INVESTOR RELATIONS CONTACT INFORMATION

RASMONA ABDUL RAHMAN
rasmona@bursamalaysia.com
603-2034 7175

ARHAM HAKIMY ABDUL RAHIM
arhamhakimy@bursamalaysia.com
603-2034 7144

RAFIDAH AZIZ
rafidahaziz@bursamalaysia.com
603-2034 7262

E-mail : ir@bursamalaysia.com

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