



# **MBSB BANK 2<sup>nd</sup> QTR 2018 UPDATES**

## **30 JULY 2018**

By Datuk Seri Ahmad Zaini Othman  
President and Chief Executive Officer

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# 2<sup>ND</sup> QUARTER 2018 HIGHLIGHTS

## Income Statement

RM Million	2Q18	2Q17	Change
Profit before tax	124.9	115.6	8.0%
Profit after tax	85.7	91.1	-5.9%

RM Million	2Q18	1Q18	Change
Profit before tax	124.9	409.2	-69%
Profit after tax	85.7	316.8	-73%

## Key Financial Positions

RM Million	2Q18	4Q17	Change
Total assets	44,097.9	44,810.1	-1.6%
Gross financing	35,609.9	34,201.2	4.1%
Deposits	31,045.2	32,755.1	-5.2%
Securitisation	4,351.4	4,526.0	-3.9%
Shareholders' equity	7,378.7	7,124.9	3.6%

## Financial Ratios

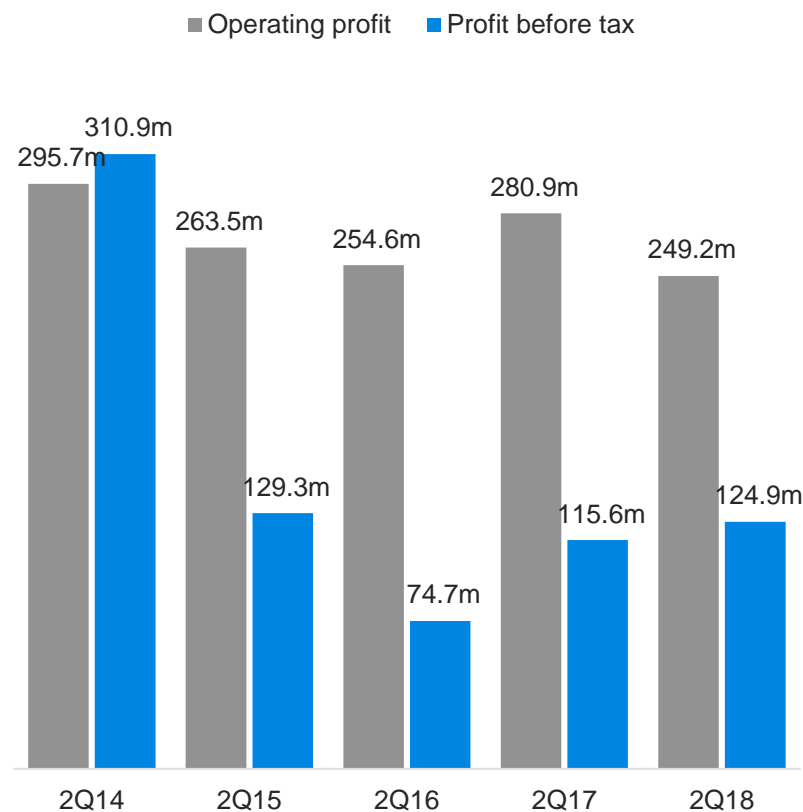
	2Q18	1Q18
Net return on equity	11.1%	17.3%
Net return on assets	1.8%	2.8%
Net profit margin	3.23%	3.05%
Cost to income ratio	28.6%	26.7%

	2Q18	1Q18
Gross impaired ratio	5.5%	4.8%
Net impaired ratio	1.9%	1.8%
Loss coverage	128.3%	133.3%
CET 1/Tier 1 ratio	17.143%	17.118%
Total capital ratio	18.320%	18.419%

# GROUP PROFITS

<b>2Q18 vs 1Q18</b>	<b>2Q18 RM Mil</b>	<b>1Q18 RM Mil</b>	<b>Change</b>
Revenue	794.1	815.0	-2.6% ↓
Total income	358.1	347.6	3.0% ↑
Other operating expenses	(108.9)	(92.9)	17.3% ↑
Operating profit	249.2	254.8	-2.2% ↓
Impairment allowance	(124.2)	154.4	-180.5% ↓
Profit before tax	124.9	409.2	-69.5% ↓
Profit after tax	85.7	316.8	-73.0% ↓

<b>2Q18 vs 2Q17</b>	<b>2Q18 RM Mil</b>	<b>2Q17 RM Mil</b>	<b>Change</b>
Revenue	794.1	813.4	-2.4% ↓
Total income	358.1	365.2	-2.0% ↓
Other operating expenses	(108.9)	(84.4)	29.1% ↑
Operating profit	249.2	280.9	-11.3% ↓
Impairment allowance	(124.2)	(165.2)	-24.8% ↓
Profit before tax	124.9	115.6	8.0% ↑
Profit after tax	85.7	91.1	-5.9% ↓



# MFRS 9 – DAY 1

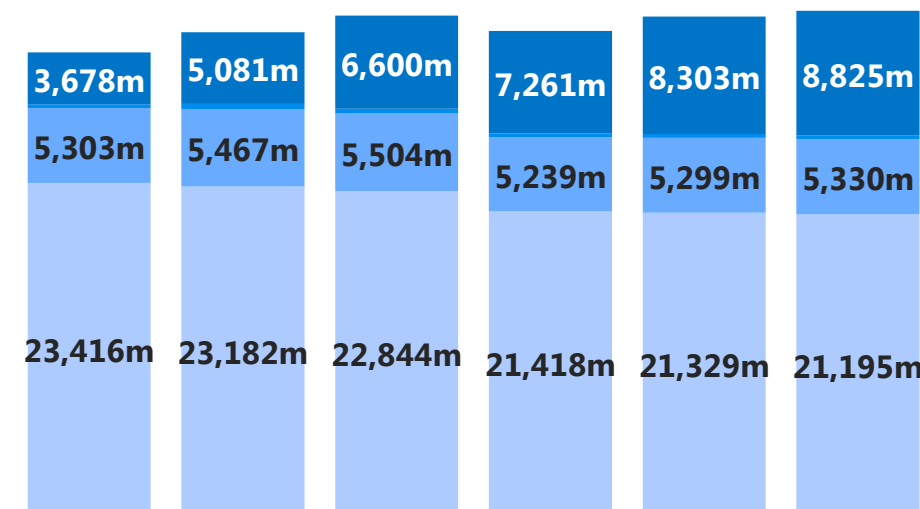
As at 31 Dec 2017 MFRS 139		As at 1 Jan 2018 MFRS 9 Impairment Allowances				
MIA	RM Mil	Stage	Previously reported in 1Q18 RM Mil	Further Day 1 adjustments RM Mil	Day 1 Impairment Allowance RM Mil	Total Day 1 Adjustments RM Mil
0	1,035	1	560	49	609	(426)
1 & 2	376	2	751	38	789	413
≥ 3 + IA	2,258	3	2,532	12	2,544	286
	<u>3,669</u>		<u>3,843</u>	<u>99</u>	<u>3,942</u>	<u>273</u>

# LOANS, ADVANCES & FINANCING

Gross balance	2Q18	1Q18	Change	
	RM Mil	RM Mil	RM Mil	%
Personal financing	21,195	21,329	(133)	-0.6%
Housing	5,330	5,299	30	0.6%
Auto financing	260	271	(12)	-4.4%
<b>Total Retail</b>	<b>26,785</b>	<b>26,900</b>	<b>(115)</b>	<b>-0.4%</b>
Corporate	8,825	8,303	523	6.3%
<b>Total</b>	<b>35,610</b>	<b>35,202</b>	<b>408</b>	<b>1.2%</b>

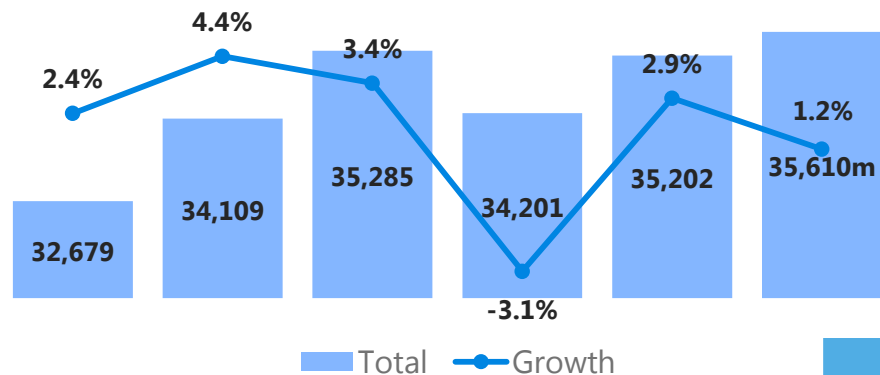
## Portfolio mix

Retail	75.2%	76.4%
Corporate	24.8%	23.6%



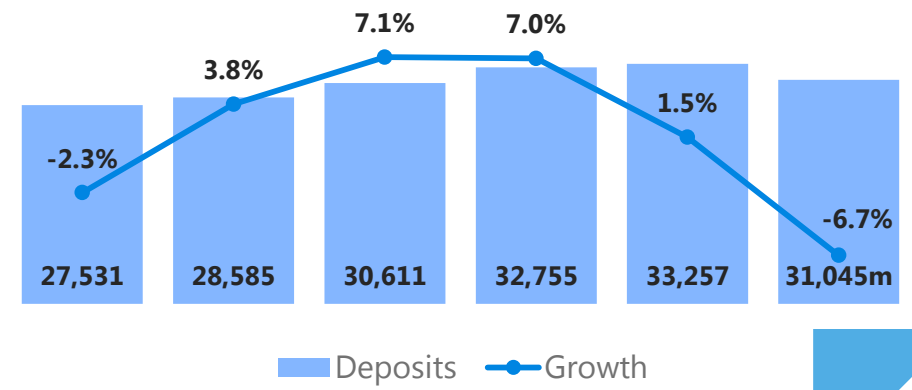
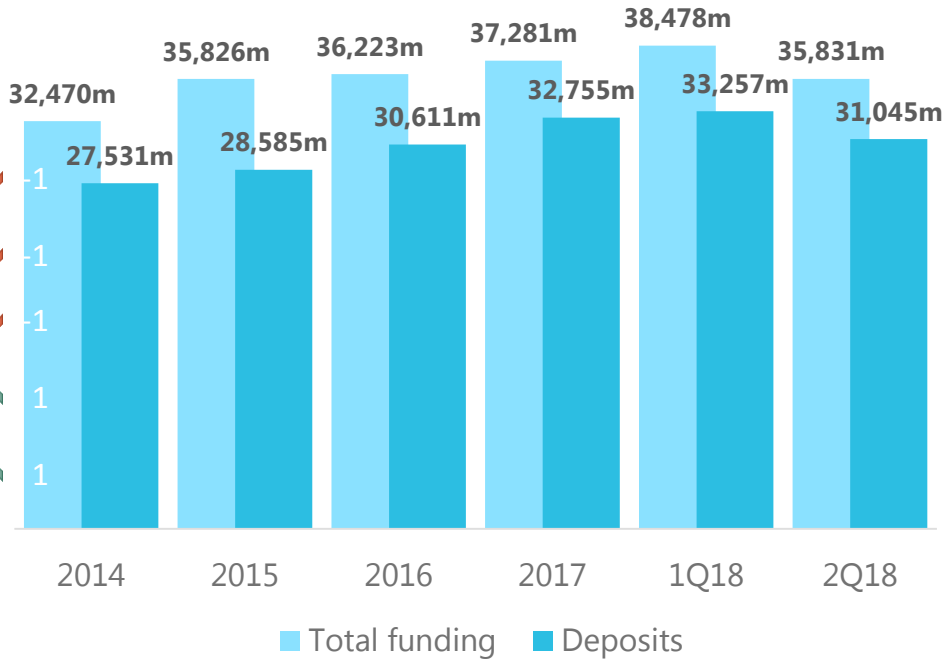
2014 2015 2016 2017 1Q18 2Q18

Personal financing Housing Auto financing Corporate



# SOURCES OF FUNDS

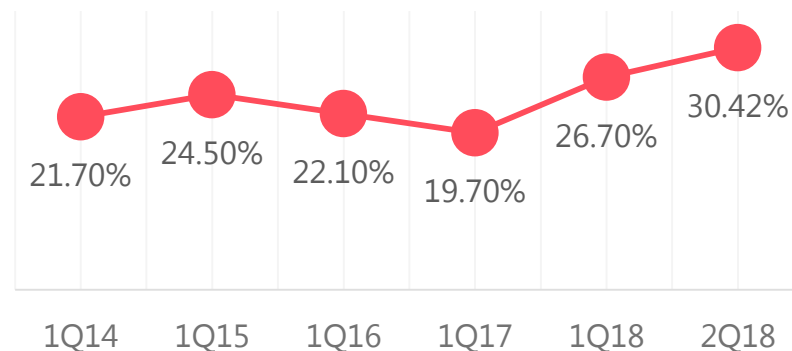
	2Q18	1Q18	Change	
	RM Mil	RM Mil	RM Mil	%
Deposits from customers	31,045	33,257	(2,212)	-6.7% ↓
Cagamas	2,165	2,175	(10)	-0.5% ↓
Sukuk	2,187	2,316	(129)	-5.6% ↓
Borrowing/ InterBank	434	730	(296)	100.0% ↑
<b>Total</b>	<b>38,478</b>	<b>37,281</b>	<b>1,197</b>	<b>3.2% ↑</b>



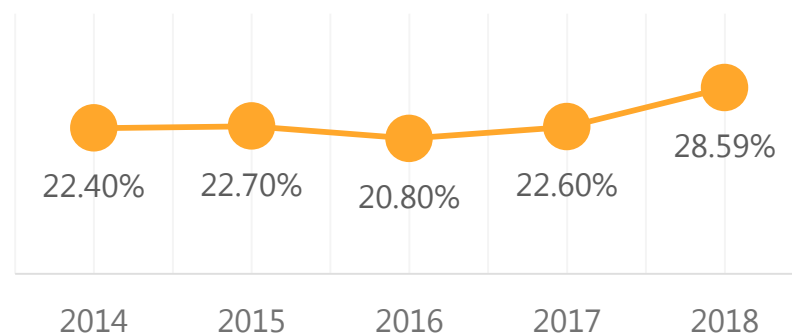
# OPERATING EXPENSES

	2Q18	1Q18	2Q17
	RM mil	RM mil	RM mil
Total income	358.1	347.6	365.2
Salary and related expenses	57.4	44.6	41.2
Other expenses	51.5	48.3	43.2
Total	108.9	92.9	84.4
Salary & related expenses to total expenses ratio	52.7%	48.0%	48.8%

## CIR - Quarterly



## CIR - Yearly

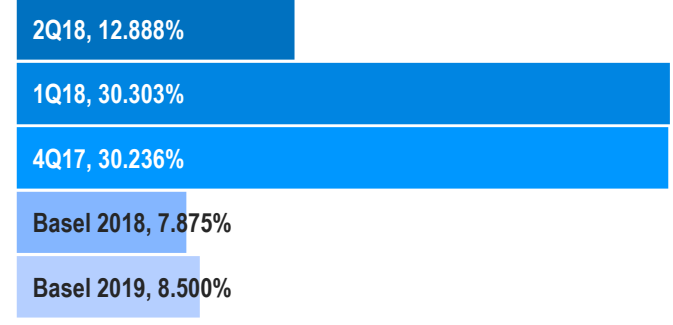
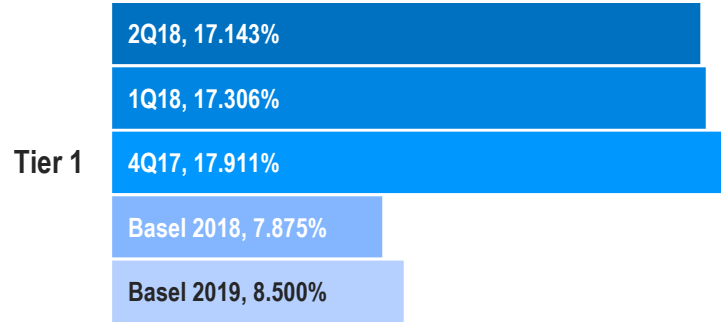
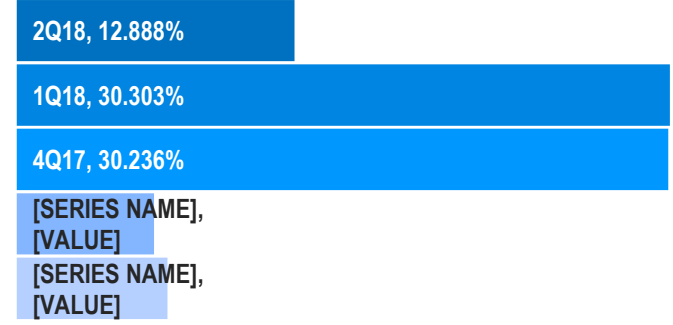
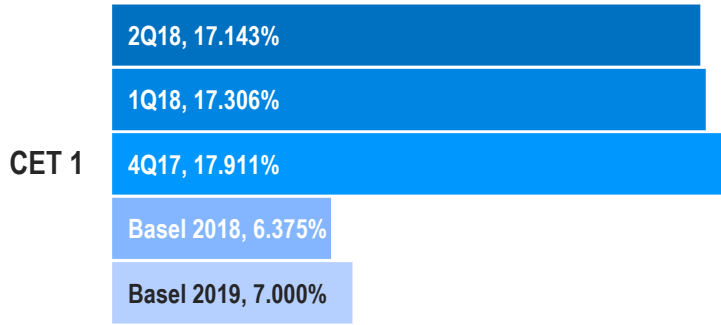




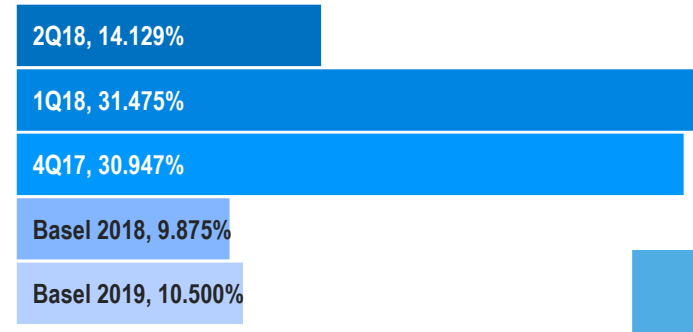
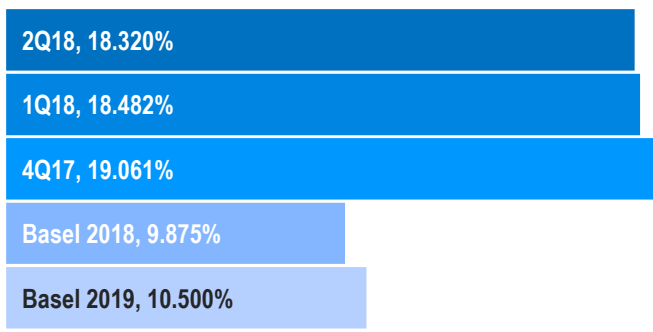
# CAPITAL – MBSB GROUP

## MBSB Group

## MBSB Bank Group



**Total capital ratio**



# VESTED ASSETS AND LIABILITIES TO MBSB BANK

- MBSB shareholders approved acquisition of MBSB Bank, then known as Asian Finance Bank Berhad on 23 Jan 2018
- Acquisition of MBSB Bank was completed on 7 Feb 2018
- Changed to its present name on 2 Apr 2018
- MBSB vested Shariah compliant assets and liabilities to MBSB Bank on 2 Apr 2018

## PROFORMA KEY FINANCIAL POSITION OF MBSB BANK ON 2 APRIL 2018

	RM Million
<b>ASSETS</b>	
Cash and short term funds	5,834
Deposits & placement with financial institutions	883
Advances & financing	31,029
Investment securities at FVOCI	3,427
Investment securities at amortised cost	601
Other assets	2,075
<b>Total assets</b>	<u>43,849</u>
<b>LIABILITIES</b>	
Deposits from customers	33,234
Deposits & placement of financial institutions	730
Recourse obligation on financing sold	2,175
Sukuk	2,316
Other liabilities	485
<b>Total liabilities</b>	<u>38,940</u>
<b>SHAREHOLDERS' EQUITY</b>	
Ordinary share capital	4,626
Reserves	(53)
Negative goodwill	347
	<u>4,919</u>
<b>Total liabilities &amp; shareholders' equity</b>	<u>43,859</u>
Total assets vested	43,824
Total liabilities vested	39,731
Net assets vested	4,093



# KEY HIGHLIGHTS

## Business Banking

- ✓ Total Corporate Financing disbursement from January to June 2018 amounting to RM2.0 billion.
- ✓ Unutilized Corporate Financing stood at RM7.1 billion as at 30<sup>th</sup> June 2018.
- ✓ For 3<sup>rd</sup> Qtr 2018, Corporate Financing expected to disburse RM700 million.
- ✓ Trade Finance has approved RM538.6 million worth of facilities. New Trade Finance system will be launched in 3<sup>rd</sup> Qtr to improve productivity and efficiency.
- ✓ As at June 2018, we have approved Financing up to RM537.8 million for Affordable Housing Projects and RM424.3 million for Equipment Financing.

# KEY HIGHLIGHTS

## Consumer Banking

- ✓ Amazing Journey Campaign was launched to promote product Bundling in retail segment.
- ✓ Signed MoU with Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA).
- ✓ The scheme when launched, will allow spouses or parents and children to apply for a joint financing to purchase a house, provided at least one of the joint applicants is a public sector employee. The facilities offered by MBSB Bank are to finance the differential amount between the amount of funding approved by LPPSA and the balance of house prices.
- ✓ RM500 million shall be allocated for this scheme by MBSB Bank for three years.
- ✓ Emplace a complete protection solution for retail and corporate segment. Wealth Specialists are available at main branches in the regional offices.
- ✓ In the midst of registering with Institutional Unit Trust Advisor (IUTA) to offer Unit Trust Products by year end.

# KEY HIGHLIGHTS

## Operations and IT

- ✓ Cheque Processing System has been implemented in mid-July 2018.
- ✓ Banker's cheque expected to be deployed in 3<sup>rd</sup> Qtr 2018.
- ✓ Call Centre System was emplaced in April 2018.
- ✓ New Branch Model has been approved by the Management. Branches will be transformed into 3 categories of branches, namely; Hub Branch, City Spoke and Digital Spoke. Target completion of this exercise is by 2<sup>nd</sup> Qtr 2019.
- ✓ Completed 92% of Analytics & Reporting System (Data Warehouse and Business Intelligence) project.

# KEY HIGHLIGHTS

## Digital Initiatives

- ✓ Currently working on Corporate and retail internet banking focusing on cashless transactions aimed at enhancing the Bank's core banking products and services whilst creating new channels to increase our presence and reach. Target to roll out by year end.
- ✓ Rolled out Rescheduling & Restructuring (R&R) On-line Portal and Mobile Sales App, being part of the deliverables under the digital map.
- ✓ R&R On-line Portal provides a flexible and ease-of-use application for retail consumers to self-assess and request for re-scheduling and/or re-structuring of their existing financing facilities with the Bank.
- ✓ Mobile Sales App on the other hand, is a business tool that enables Relationship Managers to undertake client on-boarding and initial credit profiling on-site.

# KEY HIGHLIGHTS

## Asset and Liability Conversion

- ✓ Mortgage Conventional Loan has successfully converted 75% of total eligible accounts to be converted from March to May 2018. Next phase of conversion will be done in August 2018.
- ✓ Corporate Conventional Loan has successfully completed 95% of total eligible accounts. The remaining accounts are expected to be completed by year end.
- ✓ Has successfully converted 98% of total existing Deposit accounts; i.e. Wadi'ah Savings Account-i and General Investment Account-i to Tawarruq concept. The remaining accounts are expected to be completed by end of July 2018.

# Q & A