



MBSB BANK 4th QTR 2018 UPDATES

28 FEBRUARY 2019

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President and Chief Executive Officer

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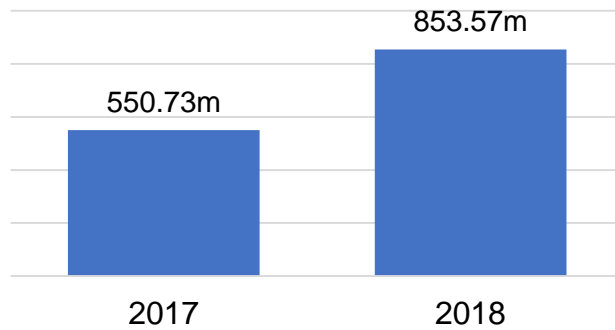
SINGLE PLATFORM DAY 1 (SPD1) PROGRESS UPDATES

04

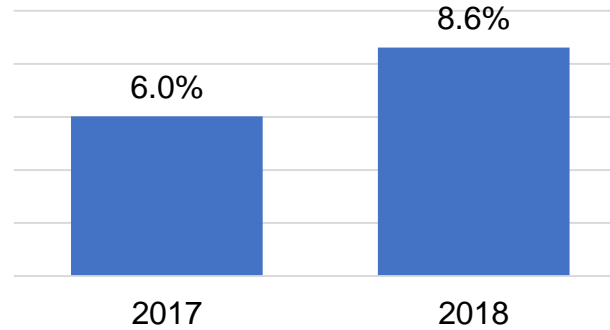
BUSINESS PLAN 2019

Key Financial Highlights

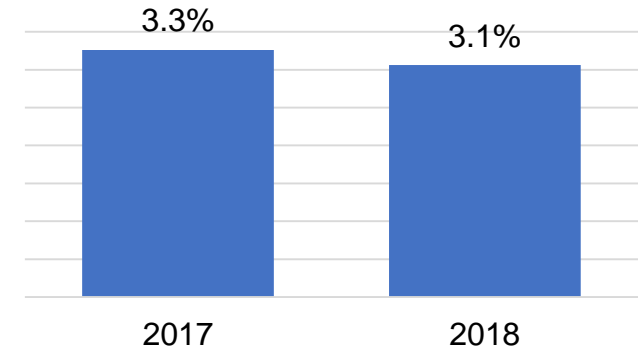
PBT +55.0% Y-o-Y



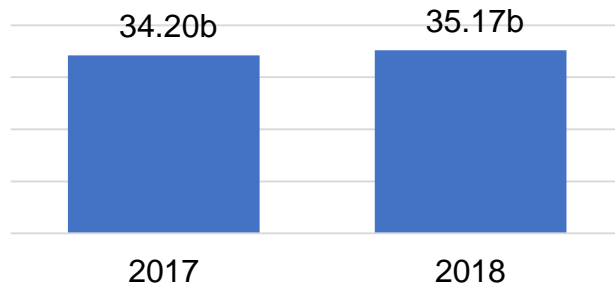
ROE +260bp Y-o-Y



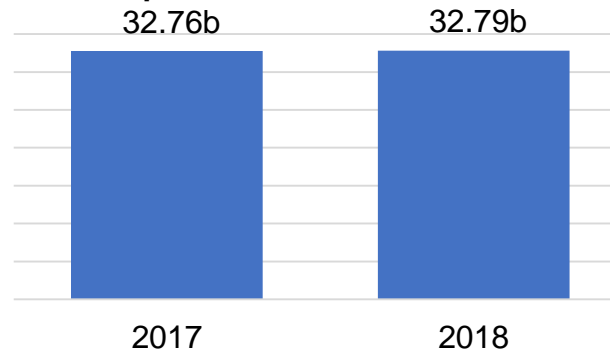
NPM -20bp Y-o-Y



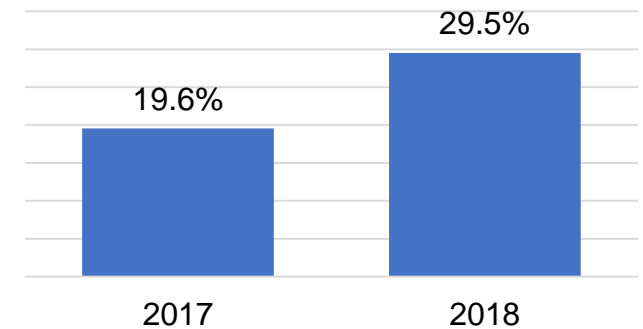
Gross financing +2.8% Y-o-Y



Deposits +0.1% Y-o-Y

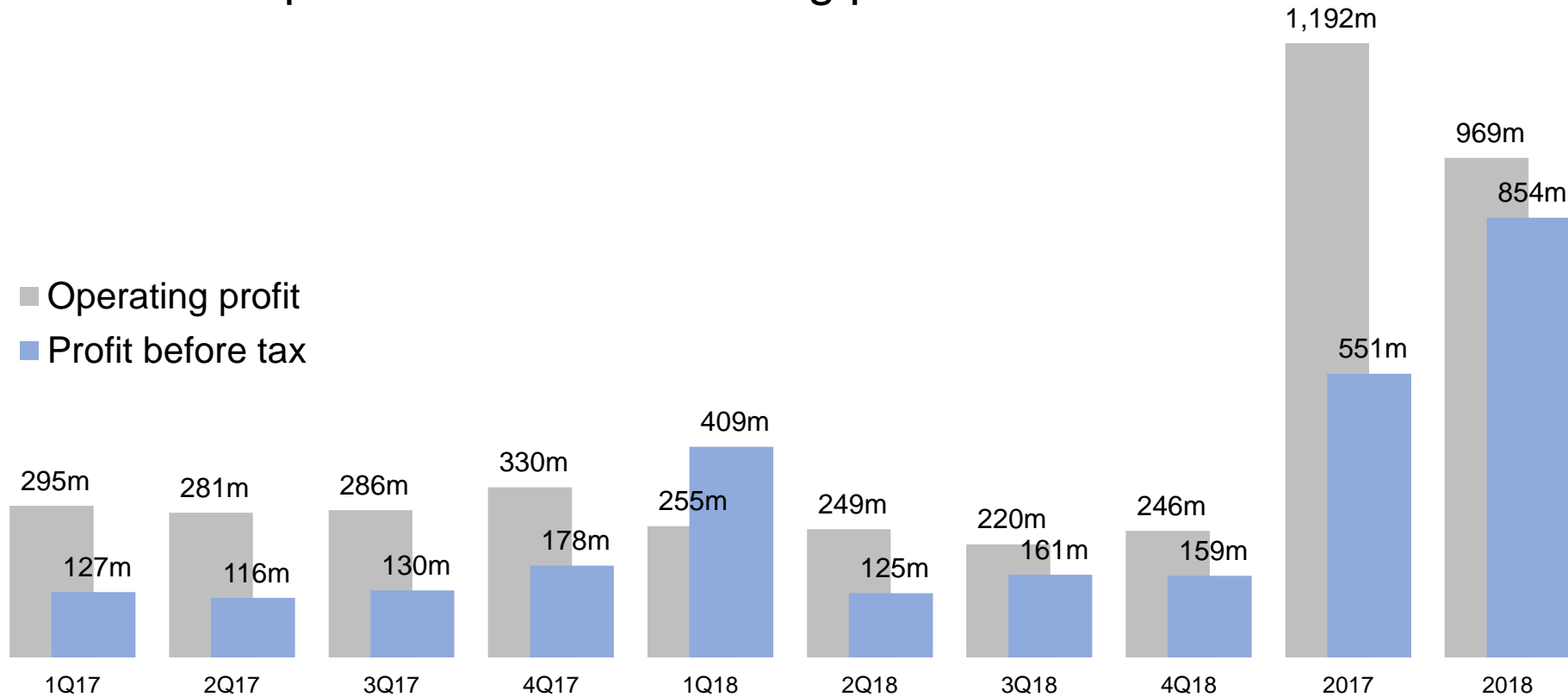


CIR +10% Y-o-Y



Improved Group Profit Before Tax

Improvement in Group PBT for 2018 due to lower impairment allowances and higher operating expenses as the Group transit into the banking platform.



Gross Financing/Loans

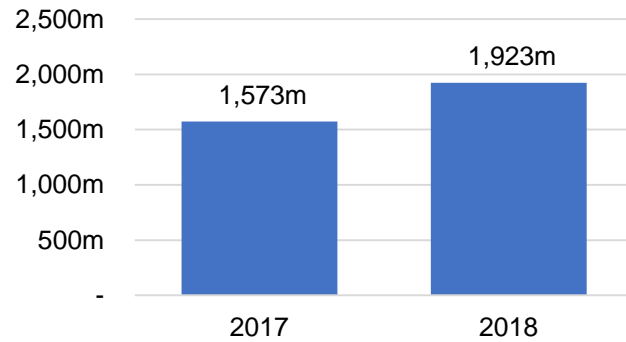
We continued to focus on corporate portfolio at 23% growth and expanding the corporate retail mix from 21:78 to 25:75

RM Million	2017		2018		Growth	2018	
						Islamic	Conventional
Personal financing	21,418	62.6%	20,579	58.5%	-3.9%	20,579	-
Housing	5,239	15.3%	5,429	15.4%	3.6%	4,362	1,067
Auto finance	284	0.8%	234	0.7%	-17.7%	217	17
Total retail	26,941	78.8%	26,241	74.6%	-2.6%	25,157	1,084
Corporate	7,261	21.2%	8,931	25.4%	23.0%	7,887	1,044
Total	34,201	100.0%	35,173	100.0%	2.8%	33,045	2,128
						94%	6%

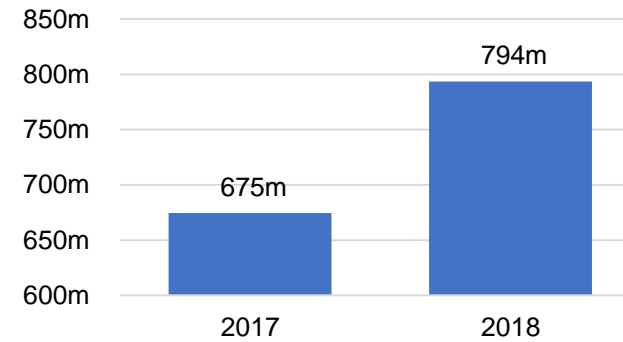
Impaired financing/loans

Household and construction sectors contributed approximately 80% of the impaired balances

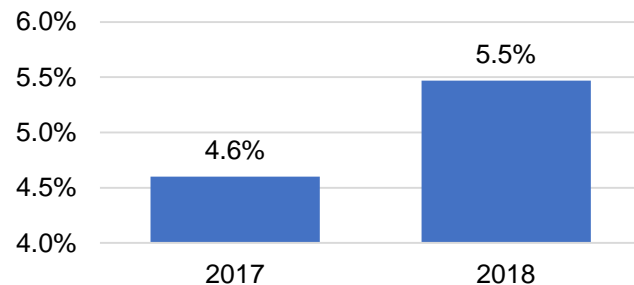
Gross impaired



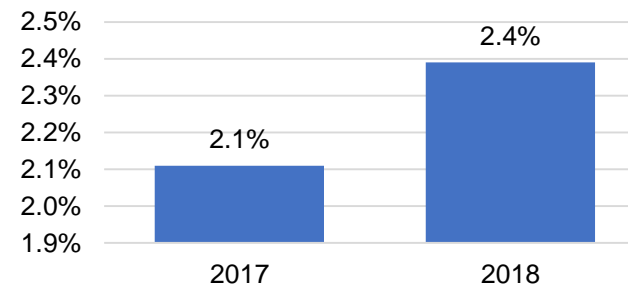
Net impaired



Gross impaired ratio -0.9% Y-o-Y



Net impaired ratio -0.3% Y-o-Y



Operating Expenses

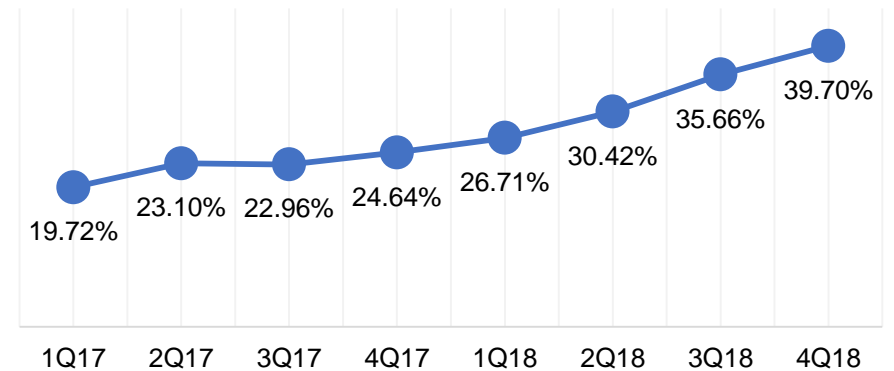
The increase on operating expenses was attributed from acquisition of talents, operating costs/depreciation from investment in IT infrastructure and distribution channels

RM Million	2017	2018
Total net income	1,482	1,376
Salary & related exp	162	224
Other expenses	128	183
	<u>290</u>	<u>406</u>

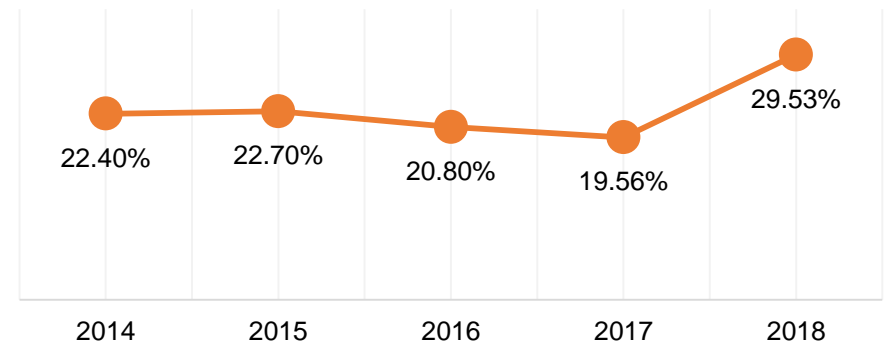
Cost to income ratio 19.6% 29.5%

Salary & related exp to total expenses ratio 56% 55%

CIR – by Quarter

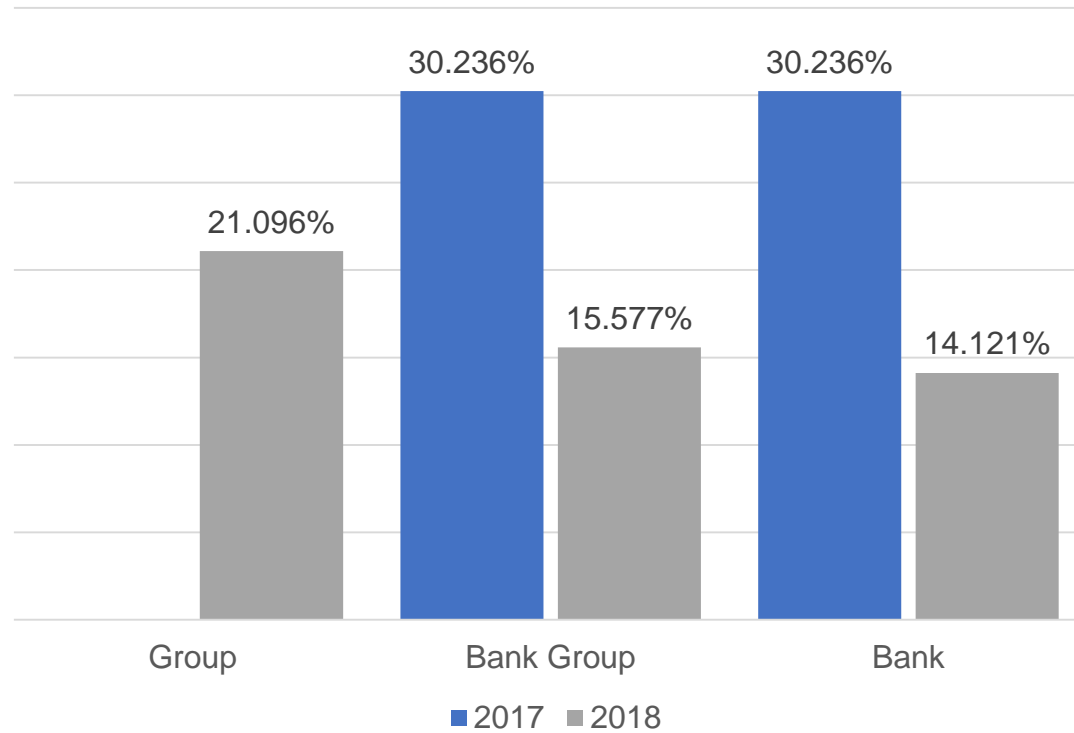


CIR – by year

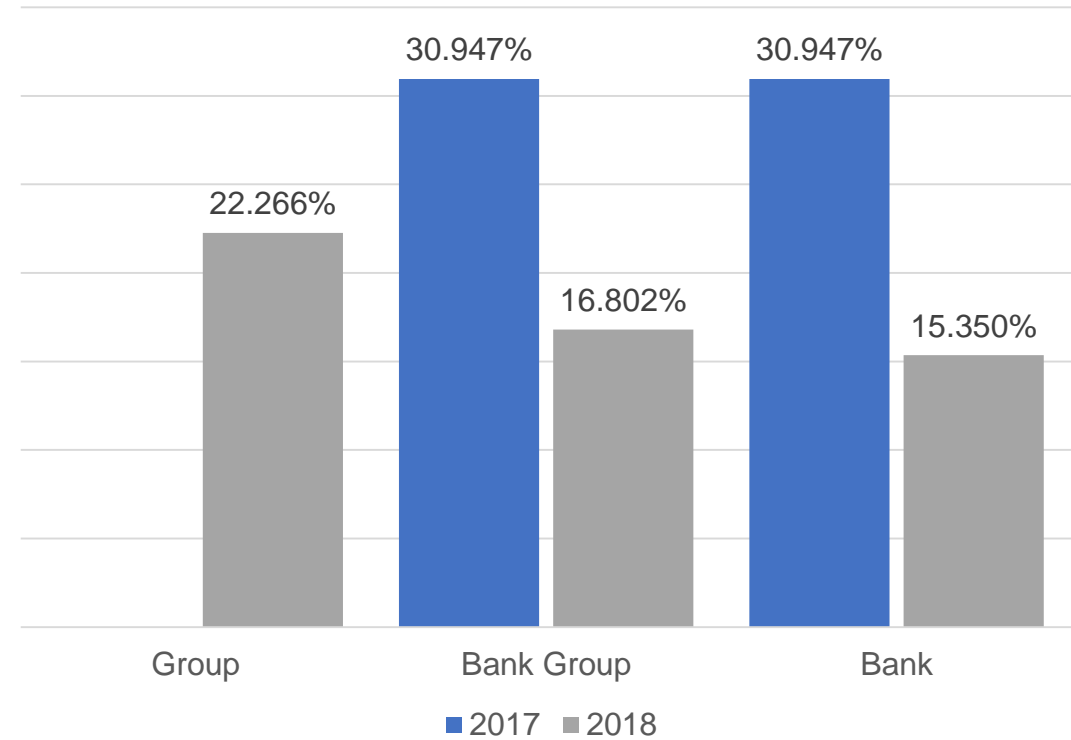


Capital Adequacy

CET 1/Tier 1



Total Capital



KEY HIGHLIGHTS

Corporate Banking, Consumer Banking & Trade Finance

- ✓ In 2018, we have disbursed RM5.6 billion worth of financing that consists of RM4.0 billion from Corporate Banking and RM1.6 billion from Consumer Banking.
- ✓ Unutilized Corporate Financing or carry forward stock stood at RM5.8 billion as at December 2018.
- ✓ Trade Finance has approved RM1.04 billion worth of facilities. Trade Finance system has been successfully deployed in October 2018.
- ✓ In 2018, we have approved RM603.6 million for Affordable Housing Projects and RM645.3 million for Equipment Financing.
- ✓ MHUB Mobile Property Application has been operationally ready since October 2018 under the trial run mode.
- ✓ The MHUB Mobile Property Application is a digital business platform that provides real-time sales tools in securing warm leads for Mortgage and Property financing applications that connects developer, real estate agents and the Bank Sales Team. Anticipated to assist our Mortgage Financing to expand further via this online digital connectivity platform as well as increase the efficiency and improve turn-around time.

KEY HIGHLIGHTS

Deposit and Global Market

- ✓ Current Account balance as at December 2018 stood at RM235.7 million, an increase of over 300% against December 2017.
- ✓ Overall CASA also has improved significantly compared to December 2017. CASA balance as at December 2018 stood at RM363.5 million, an increase of 98% compared to December 2017.
- ✓ The Capital Gain for the liquidation exercise for Fixed Income portfolio as at 31 December 2018 was at RM7.0 million, an increase of 109% compared to December 2017.

Operations and Technology

- ✓ 8 Cash Recycling Machines (CRM) have been installed in December 2018 at 4 branches; Damansara, Jalan Sultan Ismail, Taman Molek and Penang branch (2 CRMs at each branch).
- ✓ Retail and Corporate Internet Banking have been deployed and currently on Pilot run.
- ✓ Customer Service Centre has extended its operation hours to 18 hours (6 am to 12am)

SPD1 PROGRESS UPDATES (as at 14 Feb 2019)

Areas	Sub-Areas	Overall Status	Key Updates	
Payments and Cards	1	Cheque Processing System	COMPLETED	<ul style="list-style-type: none"> Project went live on 15 Jul'18
	2	Banker's Cheque	COMPLETED	<ul style="list-style-type: none"> Project went live on 3 Sep'18
	3	SWIFT and RENTAS	COMPLETED	<ul style="list-style-type: none"> Phase 1 went live on 29 Oct'18 Phase 2A enhancement is on track to go live on 29 Mar'19
	4	Interbank GIRO (IBG)	COMPLETED	<ul style="list-style-type: none"> Project went live on 5 Nov'18
	5	JomPAY	COMPLETED	<ul style="list-style-type: none"> Project went live on 10 Jan'19, currently in Pilot
	6	Bulk Payment	COMPLETED	<ul style="list-style-type: none"> Project went live on 10 Jan'19, currently in Pilot
	7	Retail Payment Platform (DuitNow, NAD)	G	<ul style="list-style-type: none"> Project on track to go live on 25 Mar'19
	8	Cash Recycling Machine and Shared ATM (MEPS)	COMPLETED	<ul style="list-style-type: none"> Phase 1 went live on 10 Jan'19 with 4 branches (Damansara, Jalan Sultan Ismail, Taman Molek Johor Bahru and Penang) Project 2A enhancement is on track to go live on 25 Mar'19
	9	Debit Card, MyDebit and VISA	A	<ul style="list-style-type: none"> Conditional approval obtained from BNM on 25 Jan'19 to submit Internal Audit verification report prior to Debit Card launching Target to launch Debit Card to all staffs on 21 Mar'19 and public launch on 8 Apr'19
Digital	10	Corporate Internet Banking	COMPLETED	<ul style="list-style-type: none"> Project went live on 10 Jan'19, currently in Pilot
Trade Finance	11	Trade Finance System	COMPLETED	<ul style="list-style-type: none"> Project went live on 22 Oct'18
Treasury	12	Treasury System Upgrade	COMPLETED	<ul style="list-style-type: none"> Project went live on 14 Jan'19
Cash Management	13	Cash Management System	N	<ul style="list-style-type: none"> Project currently in Request for Proposal (RFP) stage

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Vision

- To Become a Top Progressive Islamic Bank



Theme

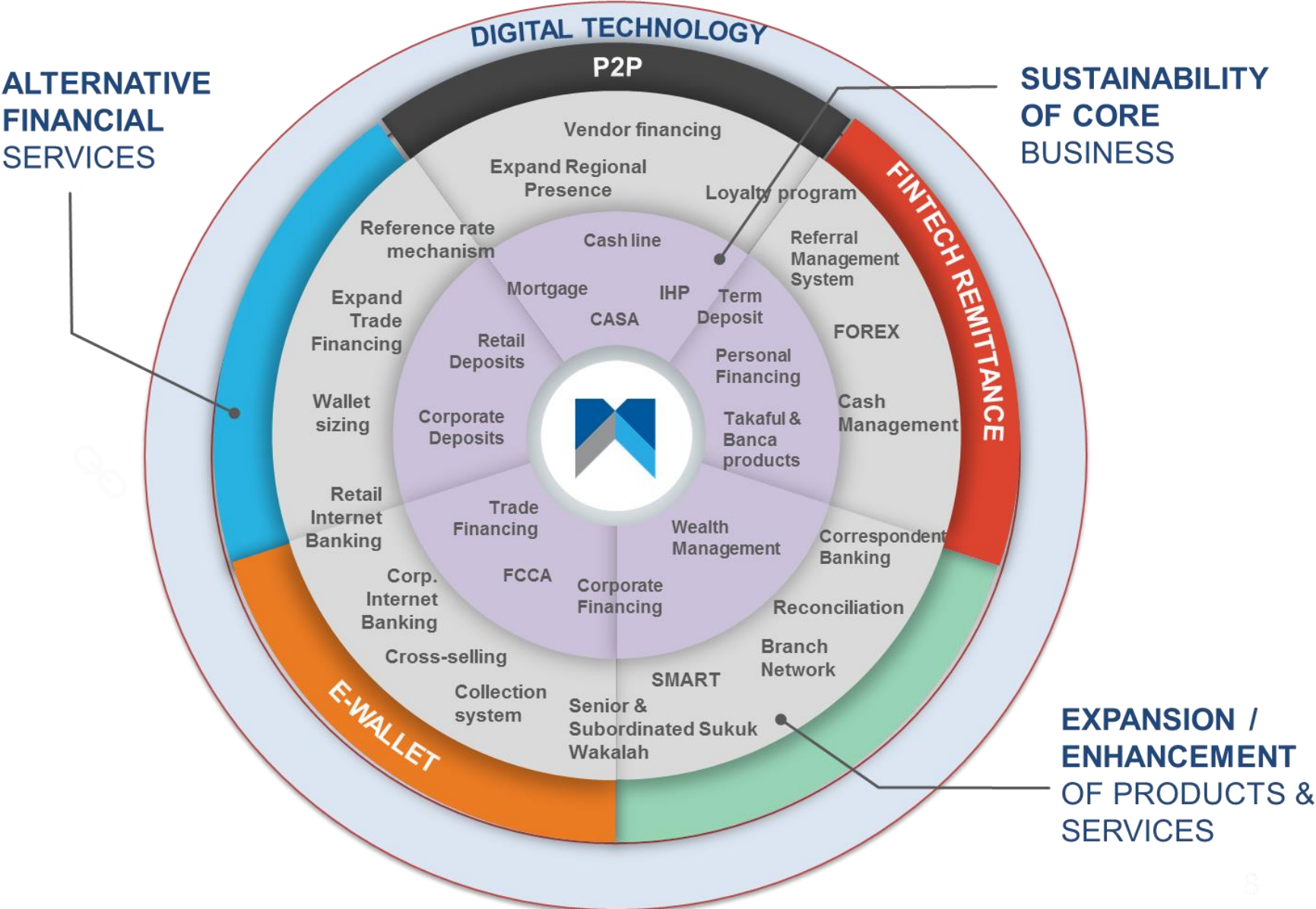
- Journey Towards Technology Transformation

HAVE WE MAXIMIZED OUR BANKING LICENCE?



- **Business** has reached almost **90%** in terms of **products & services offered**. However we have yet to maximize our license in terms of deliverables of products & services.
- **Global Markets** has reached almost **90%** in terms of **products & services** offered and plans are underway to optimize our capabilities by revising the existing policy based on new Bank's risk appetite, enhancing treasury system, aggressive marketing and promotions as well as ensuring sufficient resources are in place.
- **Digital** transformation has yielded Retail Internet Banking, Corporate Internet Banking, Cash Recycling Machines (combination of Cash Deposit Machine and Automated Teller Machine) with connectivity to PayNet - this constitutes the bulk of the Bank's reach to customers for majority of fund transfers and payments (JomPay)

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Q & A