



A Subsidiary of the EPF (9417-K)

*Your Financial Provider*



# **BRIEFING FOR ANALYSTS MBSB PERFORMANCE FOR 1 OCTOBER – 31 DECEMBER 2015**

**by Dato' Ahmad Zaini Othman  
President and CEO  
26 FEBRUARY 2016**

# HIGHLIGHTS

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- **IMPACT ON MBSB'S BROAD PERFORMANCE**
- **FINANCIAL REVIEW**
- **MOVING FORWARD STRATEGIES**

# IMPACT ON MBSB'S BROAD PERFORMANCE

## Introduction

- Remain committed to see through collective assessment that began last quarter of 2014 through 2017
- To ensure 'closing the gaps' being observed/ executed

## Impact ( - )

- Collective assessment, 2015 - 75% of total allowances (about RM526 million)
- Funding challenges
- Regulatory/ Compliance costs. Prudential/ Cost to Income
- Conservative assessment on Legacy loans
- 9 months spent on Merger
- Cost increased due to Merger costs

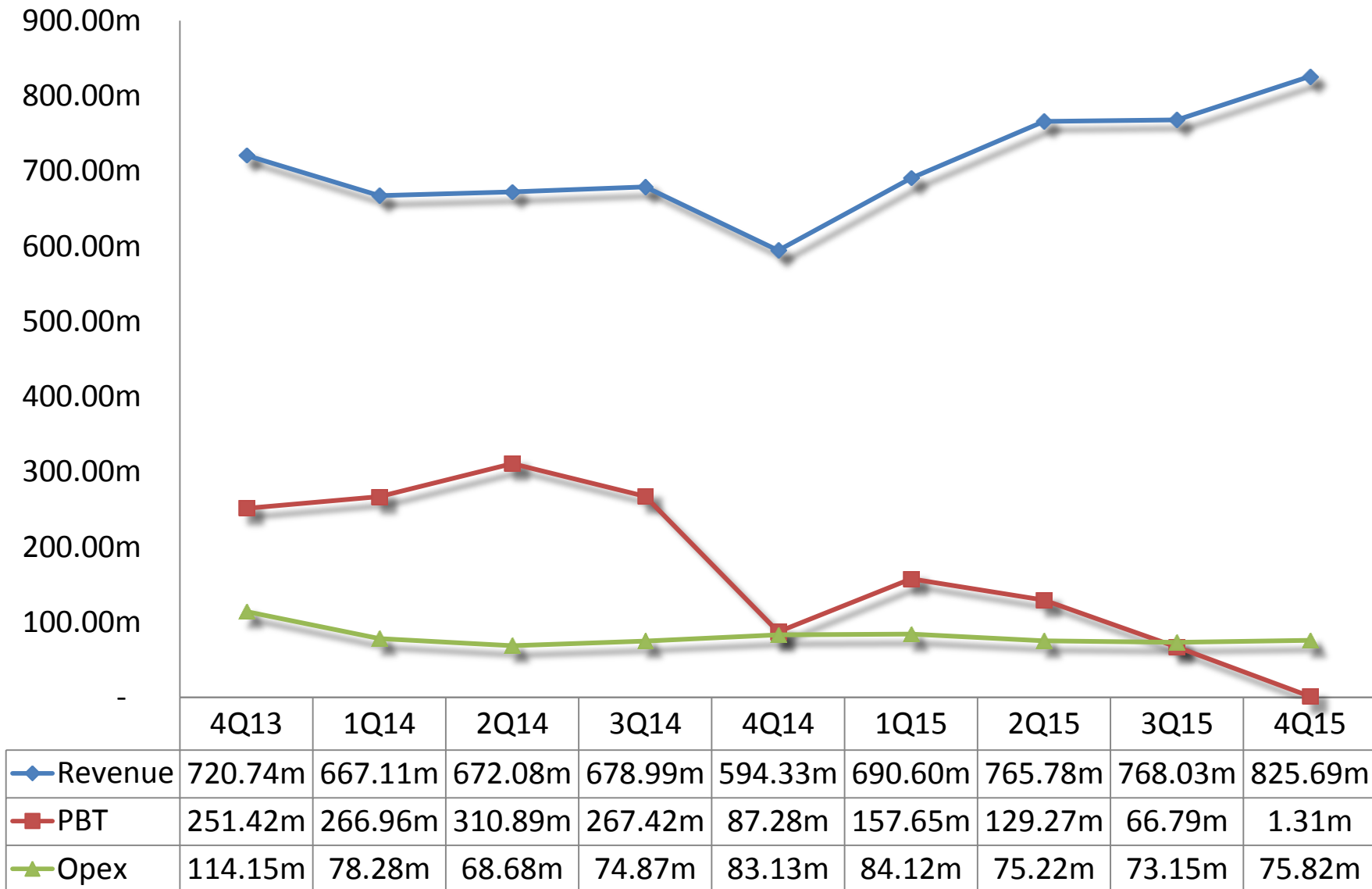
## Impact ( + )

- Revenue showed steady increment. Grew to RM3.05 billion from RM2.6 billion a year earlier. Operating profit before allowances stood at RM1.05 billion (almost similar a year earlier)
- Gross loans and financing improved by 4.38% from RM33.8 billion
- Cost to Income ratio of 22.66% i.e. improved by 0.19% from 22.85% in the preceding quarter
- Net impaired loans and financing ratio stood at 2.81% as at 31<sup>st</sup> December 2015, marked a reduction from 4.05% recorded in preceding year 2014

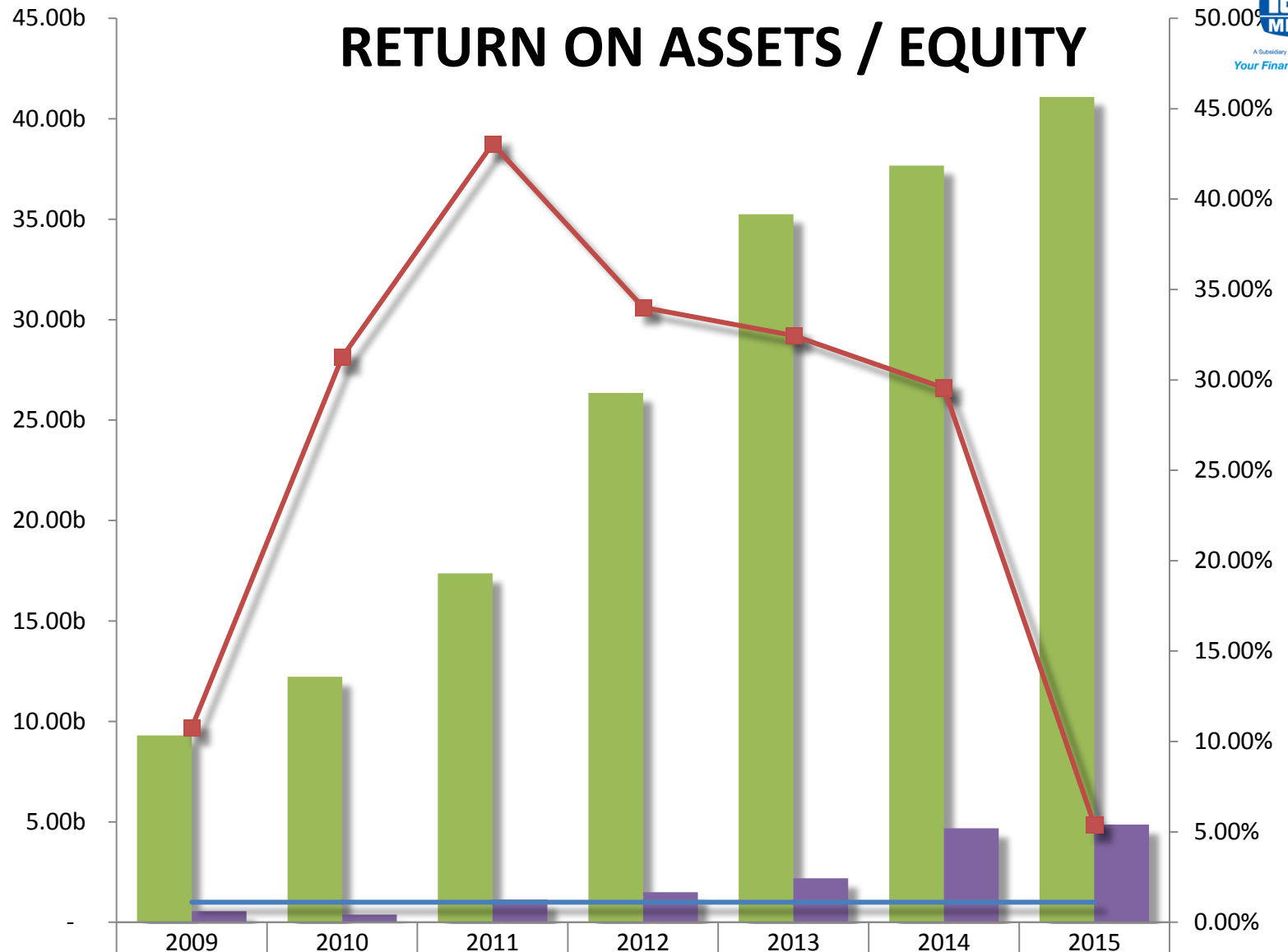






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# GROUP REVENUE, PROFIT BEFORE TAX & OPERATING EXPENSES



# RETURN ON ASSETS / EQUITY



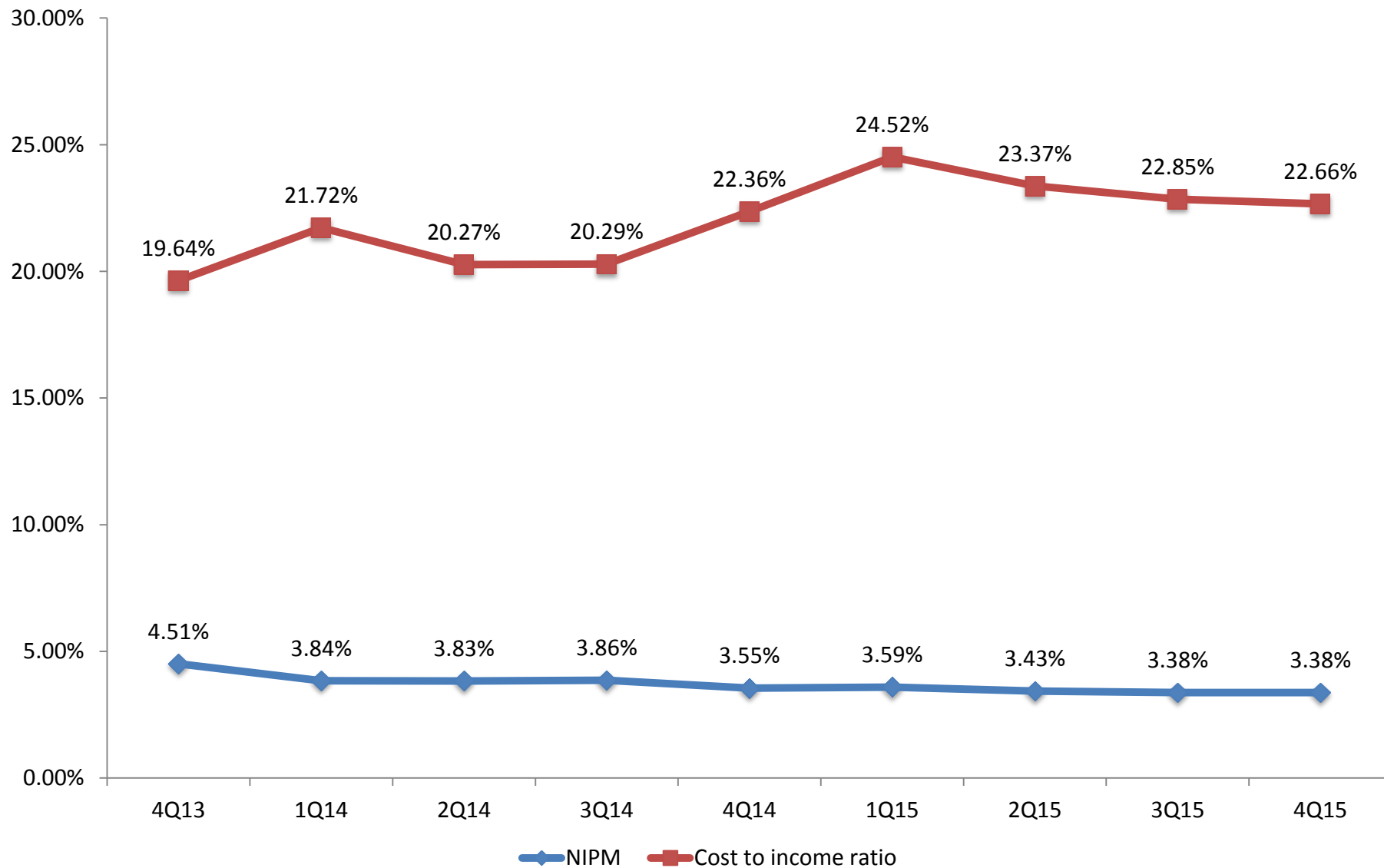
 Total assets	9.30b	12.23b	17.36b	26.36b	35.25b	37.67b	41.09b
 Shareholders' equity	0.55b	0.38b	1.13b	1.50b	2.19b	4.68b	4.86b
 Net ROE	10.76%	31.28%	43.06%	34.01%	32.45%	29.56%	5.40%
 Net ROA	0.69%	1.36%	2.20%	2.04%	1.94%	2.78%	0.65%



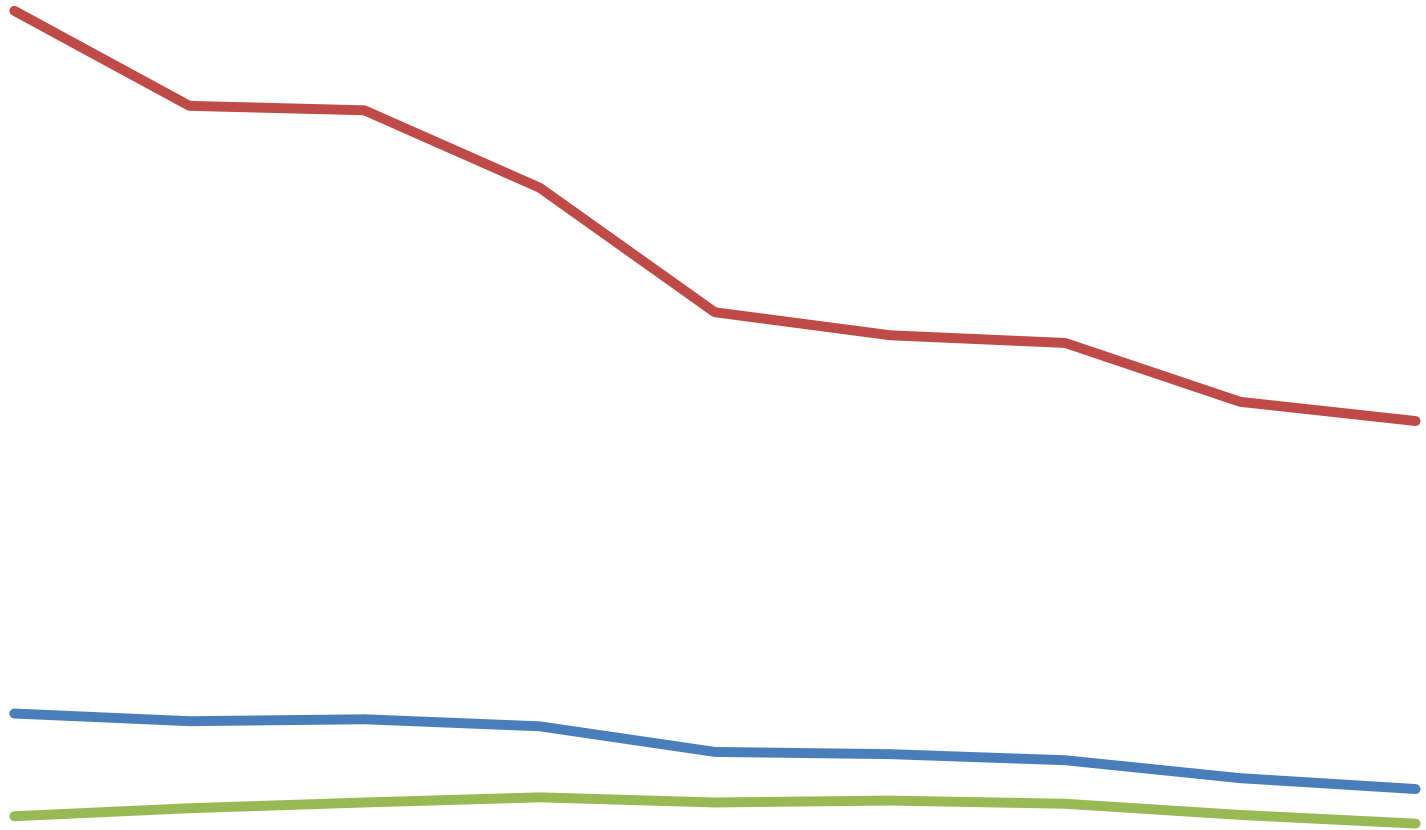
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# NET INCOME MARGIN & COST TO INCOME RATIO

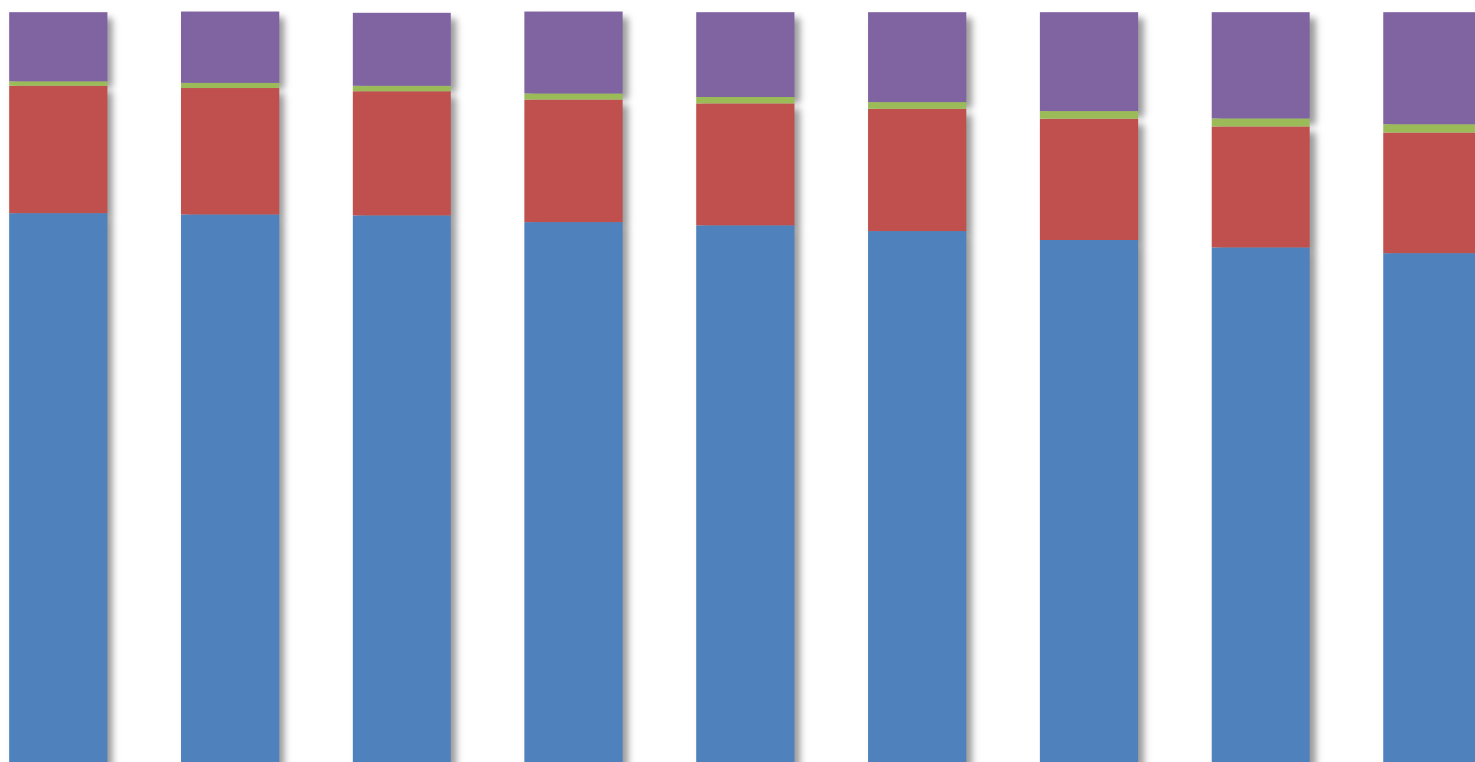


# NET NON-PERFORMING LOANS AND FINANCING (COMPANY)



	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15
Net NPLF	5.44%	5.20%	5.26%	5.03%	4.21%	4.14%	3.94%	3.37%	3.02%
Pre2009	28.02%	24.97%	24.83%	22.34%	18.34%	17.60%	17.35%	15.46%	14.84%
Post2009	2.14%	2.40%	2.58%	2.75%	2.59%	2.65%	2.54%	2.18%	1.91%

# COMPOSITION OF GROSS LOANS AND FINANCING



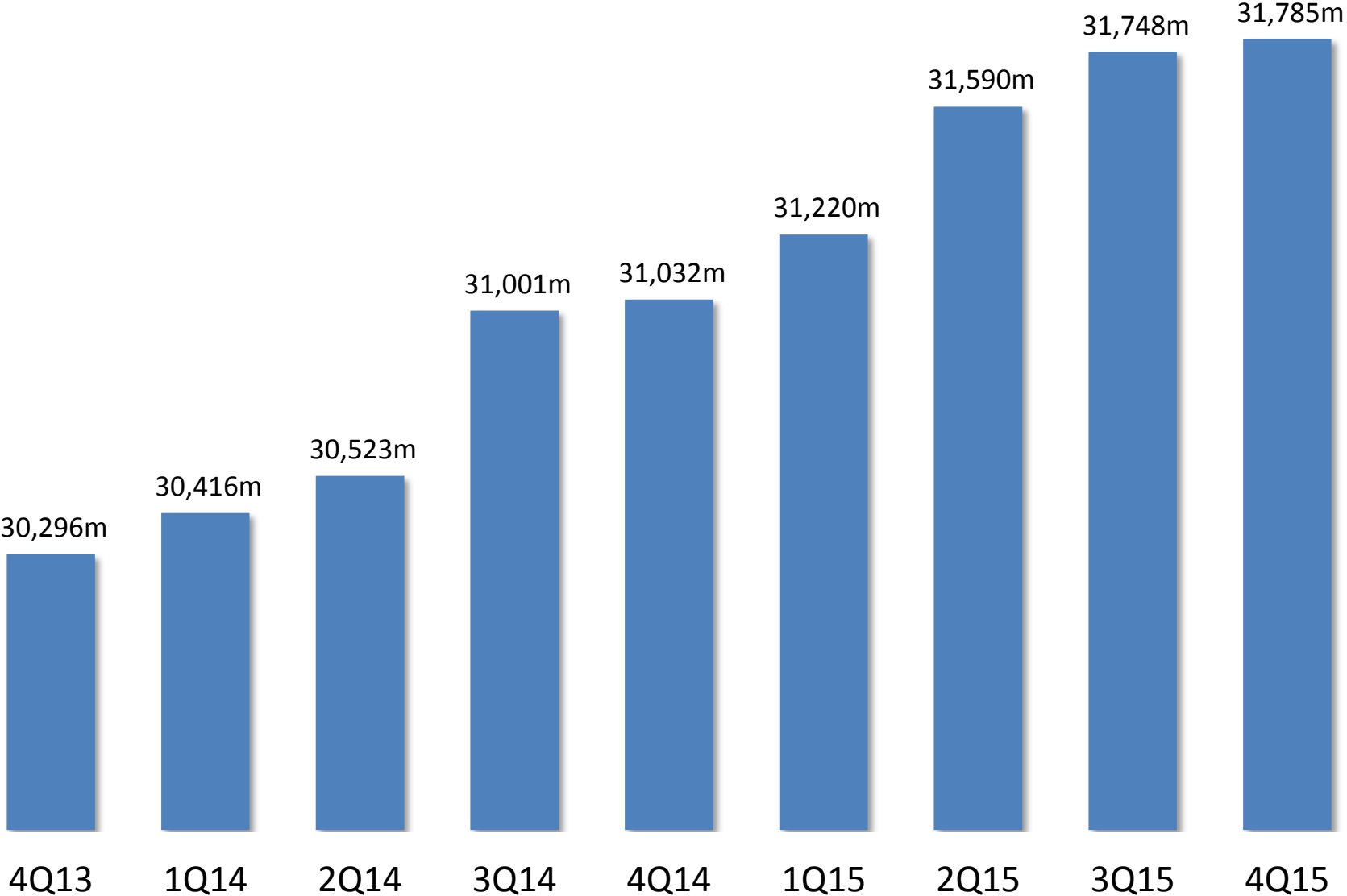
	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15
Corporate	9.2%	9.5%	9.7%	10.9%	11.3%	11.9%	13.1%	14.1%	14.9%
Auto	0.6%	0.7%	0.7%	0.8%	0.9%	0.9%	1.0%	1.1%	1.1%
Mortgage	16.9%	16.8%	16.5%	16.3%	16.2%	16.2%	16.1%	16.1%	16.0%
PFI	73.3%	73.1%	73.0%	72.1%	71.7%	70.9%	69.7%	68.7%	68.0%



# GROWTH IN NET LOANS AND FINANCING



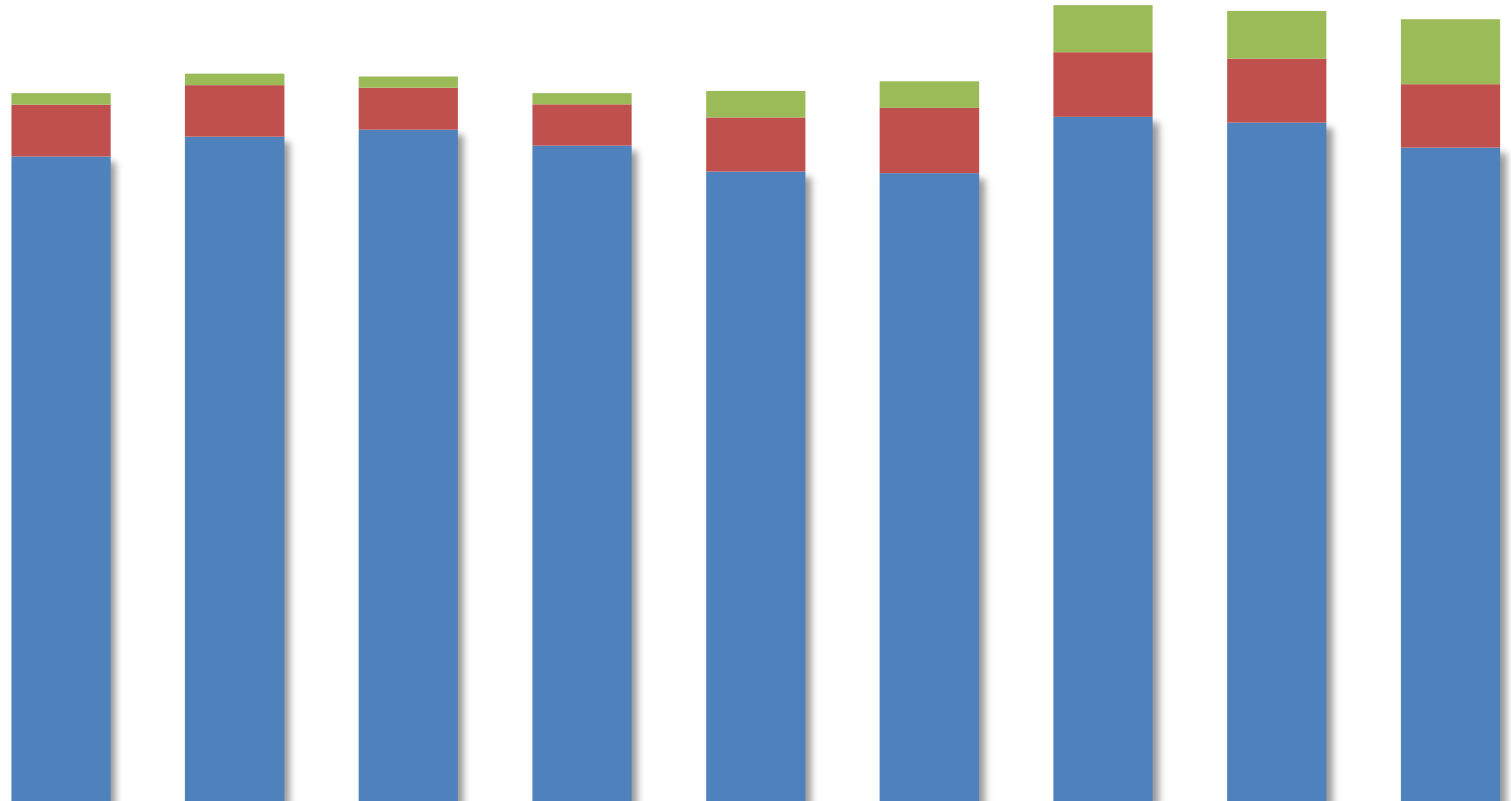
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# GROWTH IN FUNDING

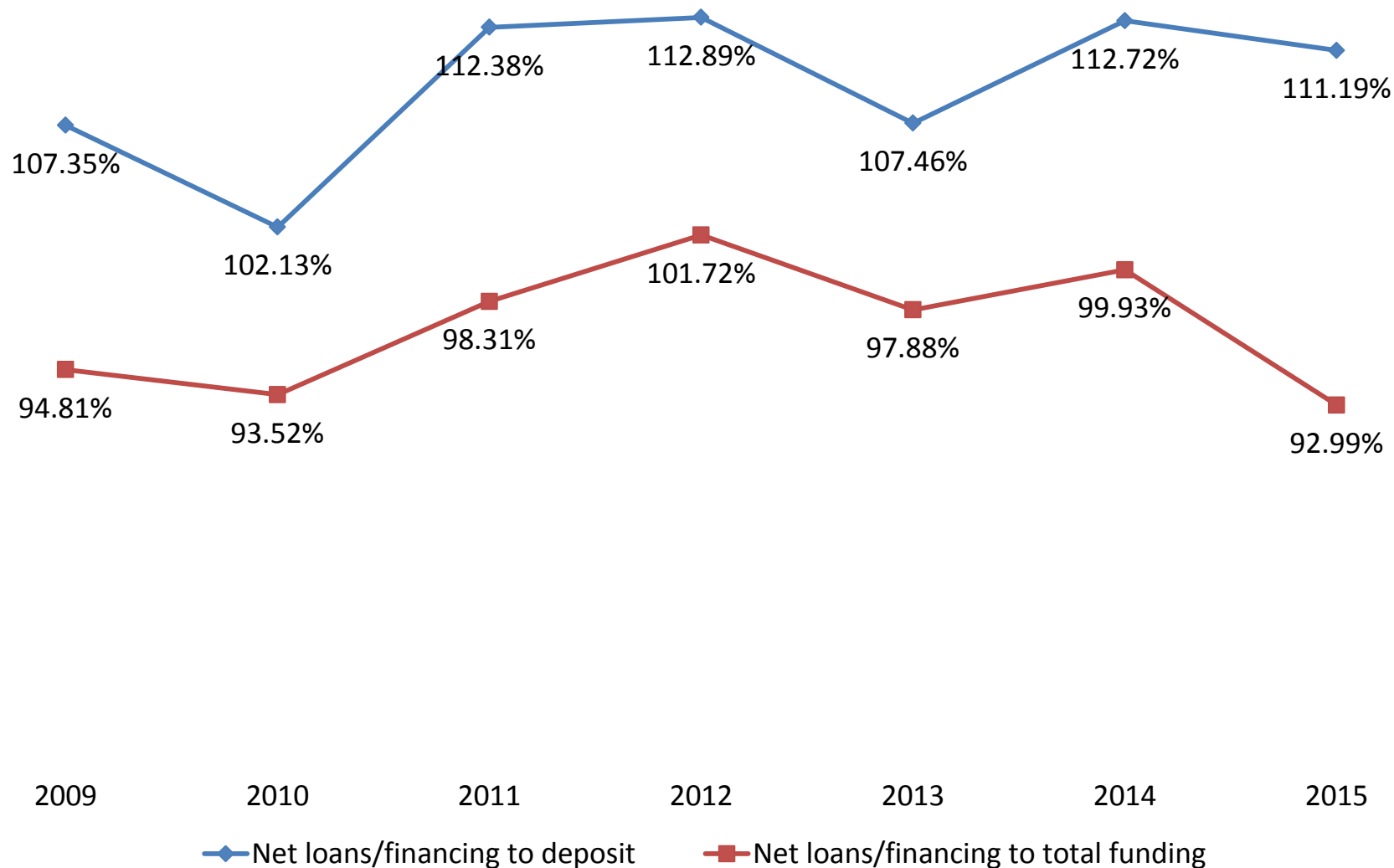


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	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15
■ Sukuk	493m	498m	493m	498m	1,150m	1,163m	2,050m	2,074m	2,828m
■ Cagamas	2,267m	2,247m	1,819m	1,800m	2,373m	2,853m	2,825m	2,796m	2,767m
■ Deposit	28,193m	29,061m	29,373m	28,668m	27,531m	27,463m	29,926m	29,676m	28,585m

# NET LOANS & FINANCING TO DEPOSIT AND TOTAL FUNDING RATIO



**THEME**

**PROPELLING MBSB FURTHER  
AND BEYOND...  
IN PURSUIT OF NEW  
HORIZON**

# WHAT ARE THE MOVING FORWARD PLANS?

No.	Areas	Broad Ideas
1.	Business Focus	<ul style="list-style-type: none"> <li>Corporate Business, Government initiated Contracts, Equipment Financing Programmes, Dedicated EF programmes, etc.</li> </ul>
2.	Cost rationalization	<ul style="list-style-type: none"> <li>PIP, selective recruitment, replacement, etc.</li> <li>Branch Rationalization</li> <li>10% - 15% reduction in operating expenditure &amp; maintaining cost to income below 23%</li> <li>Closure of non-core subsidiaries</li> <li>Review service providers processes i.e. collection agency, IT vendors, document storage.</li> </ul>
3.	Improving quality asset	<ul style="list-style-type: none"> <li><b>Anti-Attrition</b> – Aggressive and proactive measure to retain quality customers</li> <li><b>Credit</b> – stringent credit policy</li> <li><b>Business</b> – utilizing Biro code/AG across all products</li> <li><b>Risk Based Pricing</b></li> <li>Completing the impairment programme by 2017</li> </ul>
4	Strengthening Capital Base	<ul style="list-style-type: none"> <li>Planned capital raising exercise to strengthen Prudential/ Business requirements</li> </ul>

# WHAT ARE THE MOVING FORWARD PLANS? (..cont')



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No.	Areas	Broad Ideas
4.	Proper pricing structure	<ul style="list-style-type: none"> <li>• <b>Business</b> – Push for higher NIM financing &amp; meeting prudential requirements;</li> <li>• Target PR1MA, PPA1M, affordable, EF, MRT, PFI refinancing, etc.</li> </ul>
5.	Efficiency in processes	<ul style="list-style-type: none"> <li>• <b>IT</b> – Enhance IT infrastructure capabilities i.e. internet/online banking, platform for EPF-I in the future</li> <li>• <b>Risk Management</b>– review corporate scorecard</li> <li>• <b>Wealth Mgmt</b> – EPF-i related proposition</li> <li>• <b>Retail Credit</b> - Mobile application for retail financing to be introduced this year</li> </ul>
6.	Collections	<ul style="list-style-type: none"> <li>• <b>Retail Collection</b> – Strengthening further collaboration with agencies, review requirement of manpower, investment on system to improve TAT and productivity</li> </ul>
7.	Deposit	<ul style="list-style-type: none"> <li>• SME Business Cash Accounts</li> </ul>

# Q & A

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