



A Subsidiary of the EPF (9417-K)

Your Financial Provider

BRIEFING FOR ANALYSTS MBSB PERFORMANCE FOR 1 OCTOBER – 31 DECEMBER 2014

**by Dato' Ahmad Zaini Othman
President and CEO
16 FEBRUARY 2015**

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The Transformation Journey – “Taking MBSB to the Next Level...”

Year	Theme	Strategic Thrust & Key Initiatives	Financial Achievements														
2009	Towards greater maintainable operating profit and enhanced efficiency in Business, Recovery Actions and Operations	<p><u>Strategic Thrust</u></p> <ul style="list-style-type: none"> ▪ Foundation building for a sustainable income and profitability <p><u>Achievements</u></p> <ul style="list-style-type: none"> ✓ Re-launched of PFi ✓ Streamline business processes <ul style="list-style-type: none"> ○ Focus on three main products; Mortgage, Personal Financing and Corporate Business ○ Emphasize on prevention, reduction and recovery of NPLs ○ Organizational restructuring 	<table> <tr> <td>PBT (RM mil)</td> <td>RM80 mil</td> </tr> <tr> <td>ROE (%)</td> <td>14.0%</td> </tr> <tr> <td>Gross loan/ financing growth (%)</td> <td>13.9%</td> </tr> <tr> <td>Total Assets (RM mil)</td> <td>RM9.3 bil</td> </tr> <tr> <td>Net NPL 6 mths(%)</td> <td>19.5%</td> </tr> <tr> <td>Cost to Income (%)</td> <td>37.6%</td> </tr> <tr> <td>Shareholders' Equity</td> <td>RM553 mil</td> </tr> </table>	PBT (RM mil)	RM80 mil	ROE (%)	14.0%	Gross loan/ financing growth (%)	13.9%	Total Assets (RM mil)	RM9.3 bil	Net NPL 6 mths(%)	19.5%	Cost to Income (%)	37.6%	Shareholders' Equity	RM553 mil
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2010	The Journey Continues	<p><u>Strategic Thrust</u></p> <ul style="list-style-type: none"> ▪ Rapid expansion of PF-i ▪ New products ▪ Operational improvements <p><u>Achievements</u></p> <ul style="list-style-type: none"> ✓ Established new Retail Business Division ✓ Recruited new Corporate Business Head ✓ Centralized business and operations of PF-i at Leboh Ampang building ✓ Established PMMD ✓ Established Performance Measurement System 	<table> <tr> <td>PBT (RM mil)</td> <td>RM207 mil</td> </tr> <tr> <td>ROE (%)</td> <td>31.3%</td> </tr> <tr> <td>Gross loan/ financing growth (%)</td> <td>22.9%</td> </tr> <tr> <td>Total Assets (RM mil)</td> <td>RM12.2 bil</td> </tr> <tr> <td>Net NPL 6 mths (%)</td> <td>15.7%</td> </tr> <tr> <td>Cost to Income (%)</td> <td>27.6%</td> </tr> <tr> <td>Shareholders' Equity</td> <td>RM381 mil</td> </tr> </table>	PBT (RM mil)	RM207 mil	ROE (%)	31.3%	Gross loan/ financing growth (%)	22.9%	Total Assets (RM mil)	RM12.2 bil	Net NPL 6 mths (%)	15.7%	Cost to Income (%)	27.6%	Shareholders' Equity	RM381 mil
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The Transformation Journey – “Taking MBSB to the Next Level...”

Year	Theme	Strategic Thrust & Key Initiatives	Financial Achievements	
2011	Treading into An Uncharted Territory	<p><u>Strategic Thrust</u></p> <ul style="list-style-type: none"> ▪ Repositioning of the company’s businesses ▪ Strengthen liability program ▪ Continuous strive for operational improvements <p><u>Achievements</u></p> <ul style="list-style-type: none"> ✓ Strategic collaborations for Bancassurance products ✓ Launched of MBSB Ultimate for high net worth customers ✓ Raised funds via Securitization of RM1.0 bil of PF-i assets, an EPF Bai-Inah Islamic Financing of RM0.5 bil and rights issuance of RM0.5 bil ✓ Inclusion of MBSB into BNM’s CCRIS ✓ PMMD being granted ISO 9008:2008 ✓ Established Customer Call Centre 	PBT (RM mil) ROE (%) Gross loan/ financing growth (%) Total Assets (RM mil) Net NPL 6 mths (%) Cost to Income (%) Shareholders’ Equity	RM428 mil 43.1% 22.8% RM17.4 bil 8.5% 21.1% RM1.1 bil

The Transformation Journey – “Taking MBSB to the Next Level...”

Year	Theme	Strategic Thrust & Key Initiatives	Financial Achievements	
2012	Creating a Sustainable Growth	<p><u>Strategic Thrust</u></p> <ul style="list-style-type: none"> ▪ Leveraging on sustainable business strategies; ▪ Strengthening operational improvements; ▪ Enhancing regional performance; and ▪ Increasing employees’ productivity. <p><u>Achievements</u></p> <ul style="list-style-type: none"> ✓ New Tawarruq concept for Pfi ✓ Launched MyFirst Home Campaign ✓ Set up new Auto Finance Department ✓ Inclusion of MBSB as the panel of FIs with UKAS ✓ MICoB Phase 1 implemented ✓ Increased Collection Agents ✓ Revised remuneration package 	PBT (RM mil) ROE (%) Gross loan/ financing growth (%) Total Assets (RM mil) Net NPL 6 mths (%) Cost to Income (%) Shareholders’ Equity	RM656 mil 34.0% 51.4% RM26.4 bil 4.5% 20.5% RM1.5 bil

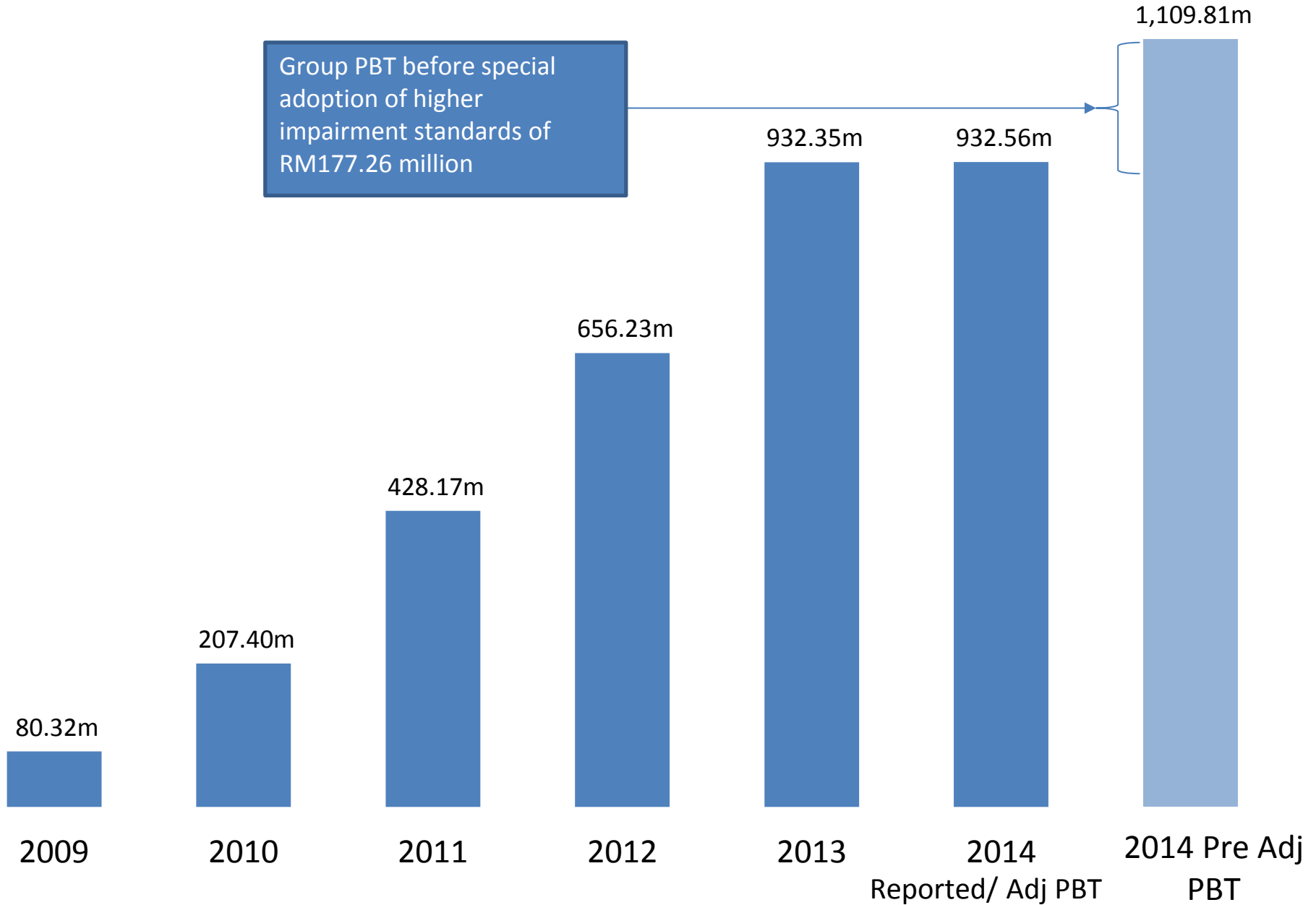
The Transformation Journey – “Taking MBSB to the Next Level...”

Year	Theme	Strategic Thrust & Key Initiatives	Financial Achievements	
2013	Enhancing Our Capabilities	<p><u>Strategic Thrust</u></p> <ul style="list-style-type: none"> ▪ Enhanced system capabilities (MCoB) ▪ Improved product development ▪ Increase service efficiency ▪ Closing the gap <p><u>Achievements</u></p> <ol style="list-style-type: none"> i. Opened PF-i Ekspres Tunai (ET) at 7 SSCs ii. World’s First Structured Covered Sukuk Commodity Murabahah Programme of up to RM3.0 billion backed by Financing Receivables iii. MCoB Phase II final cutover completed in Dec 2013 iv. New Liquidity Framework emplaced v. Strengthened existing AMLA framework 	PBT (RM mil) ROE (%) Gross Loan/ financing Growth (%) Total Assets (RM bil) Net NPL (%)	RM932 mil 32.4% 18.4% RM35.2 bil 3.4% (6 mths) 5.4% (3 mths) 18.3% RM2.2 bil

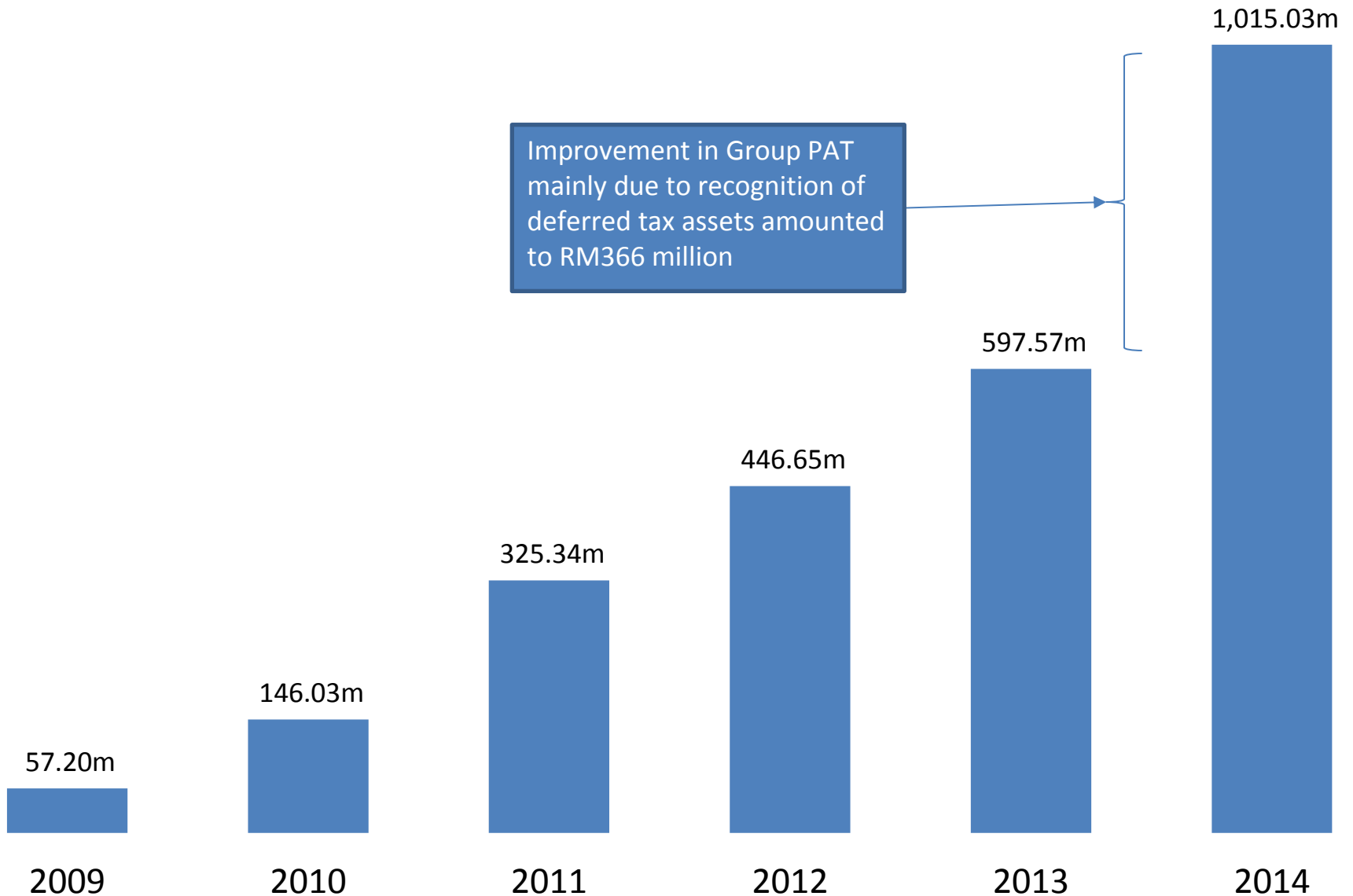
The Transformation Journey – “Taking MBSB to the Next Level...”

Year	Theme	Strategic Thrust & Key Initiatives	Financial Achievements																
2014	Re-positioning Towards Sustainable Growth	<p><u>Strategic Thrust</u></p> <ul style="list-style-type: none"> ▪ Expand further corporate business to ensure a reasonable growth level and to preserve assets’ value and income ▪ MBSB needs a repositioning to ensure it is able to achieve sustainable growth ▪ Continuation of Closing of the Gap <p><u>Achievements</u></p> <ul style="list-style-type: none"> ✓ Established Kids Fun Branch ✓ Auto Finance established 6 Hubs ✓ Establish Customer Relationship Management (CRM) ✓ Ekspres Tunai opened for Non-biro and private sector ✓ Commercial Business and Bumiputera Development Division was set up to develop Bumiputera companies ✓ Completed Business Contingency Planning for all divisions ✓ Securitize mortgage assets with Cagamas amounting to RM 1.0 billion ✓ Executed 2nd tranche Sukuk issuance of RM700 million via the Structured Sukuk Commodity Murabahah Programme 	<table border="0"> <tr> <td>PBT (RM mil)</td> <td>RM932.6 mil</td> </tr> <tr> <td>ROE (%)</td> <td>29.6%</td> </tr> <tr> <td>Gross Loan/ financing Growth (%)</td> <td>2.4%</td> </tr> <tr> <td>Total Assets (RM bil)</td> <td>RM37.7 bil</td> </tr> <tr> <td>Net NPL (%) -Company</td> <td>4.2% (3 mths)</td> </tr> <tr> <td>Net NPL (%) - Group</td> <td>4.1% (3 mths)</td> </tr> <tr> <td>Cost to Income (%)</td> <td>22.4%</td> </tr> <tr> <td>Shareholders Equity (RM bil)</td> <td>RM4.7 bil</td> </tr> </table> <hr/> <p style="text-align: center;">Achievement since 2009</p> <p>PBT RM3.235 billion</p> <p>Total estimated dividend payout > RM1 billion</p>	PBT (RM mil)	RM932.6 mil	ROE (%)	29.6%	Gross Loan/ financing Growth (%)	2.4%	Total Assets (RM bil)	RM37.7 bil	Net NPL (%) -Company	4.2% (3 mths)	Net NPL (%) - Group	4.1% (3 mths)	Cost to Income (%)	22.4%	Shareholders Equity (RM bil)	RM4.7 bil
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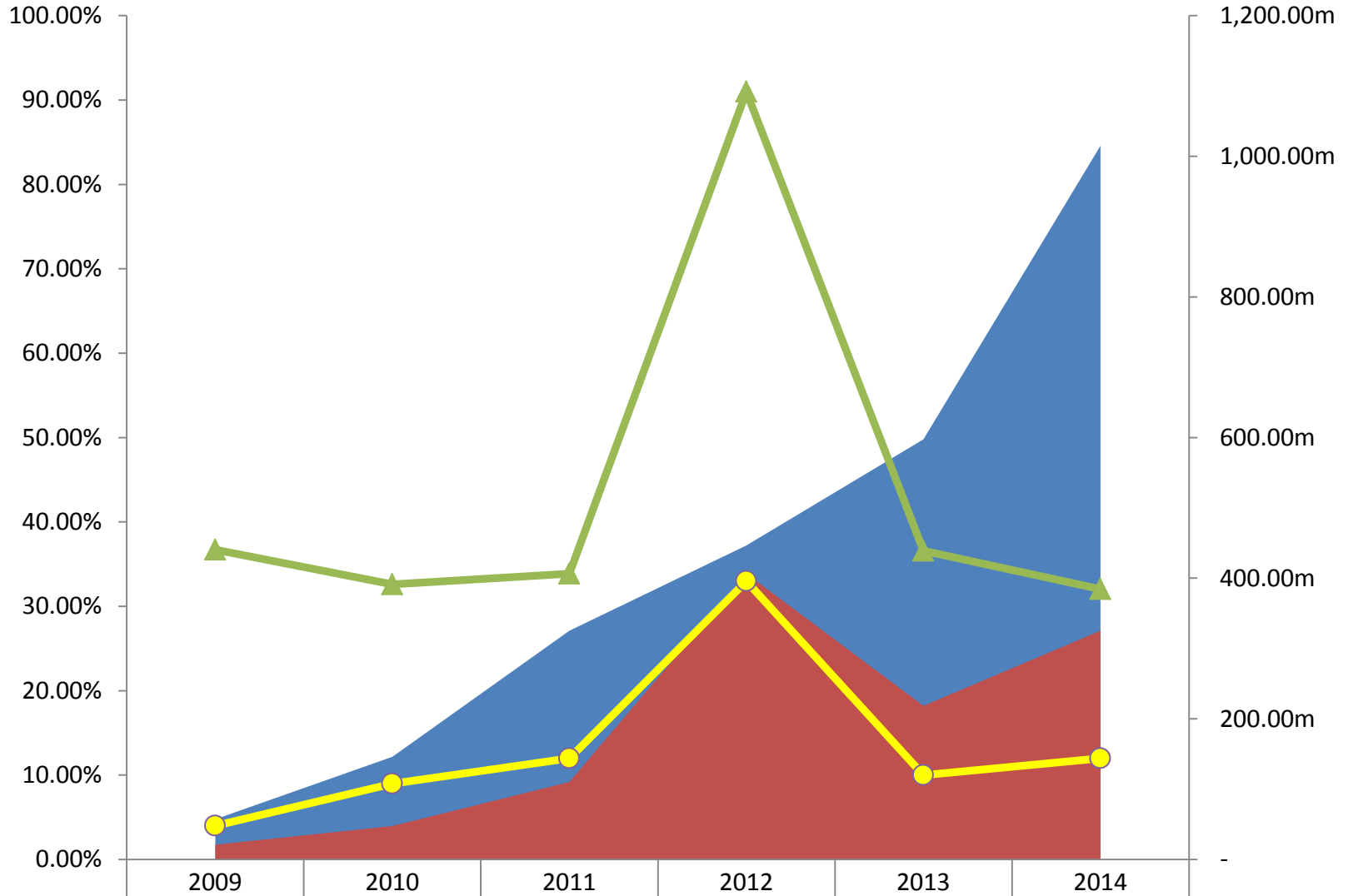
GROUP PROFIT BEFORE TAX



GROUP PROFIT AFTER TAX

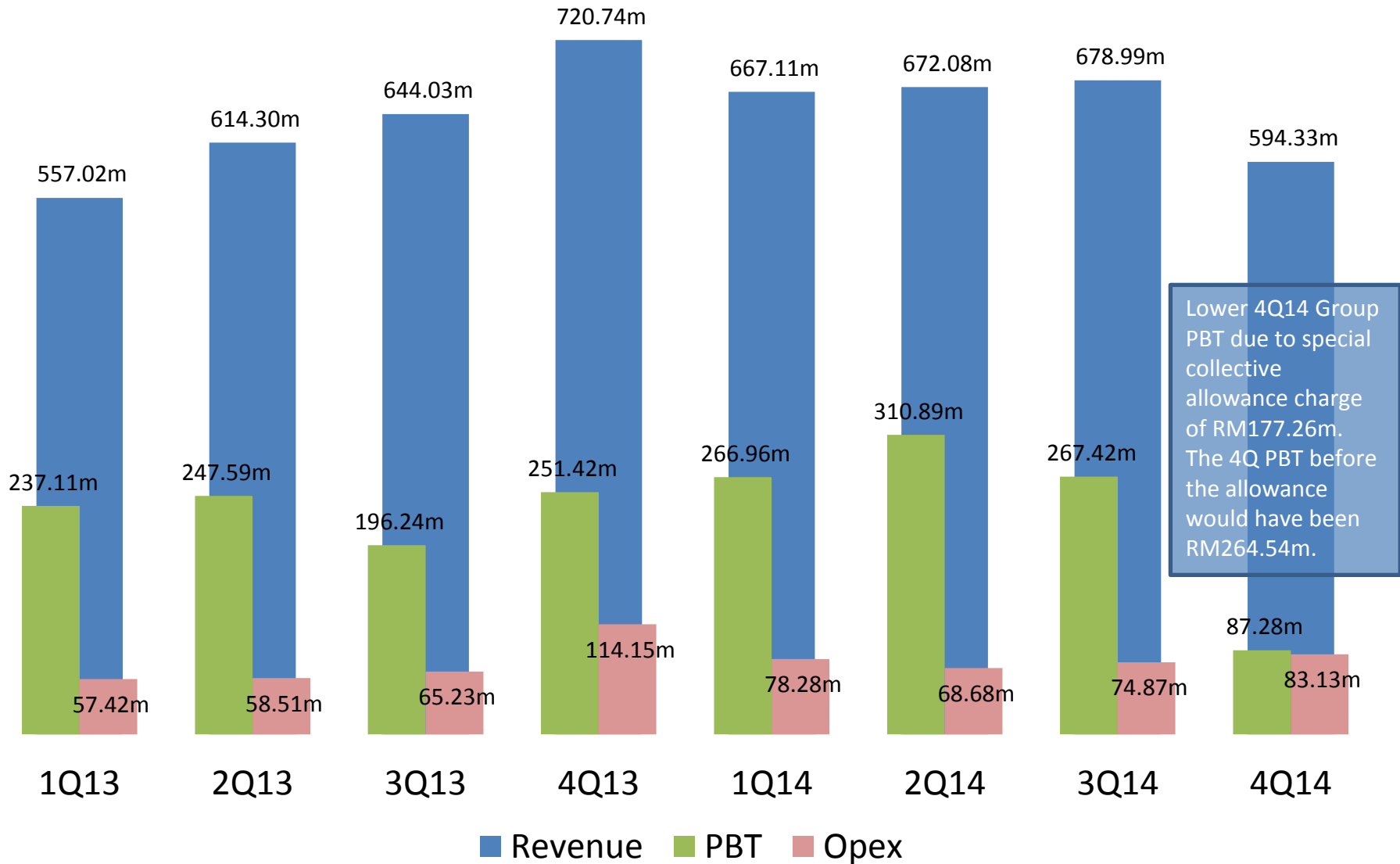


GROUP PROFITS AND DIVIDEND PAYOUTS

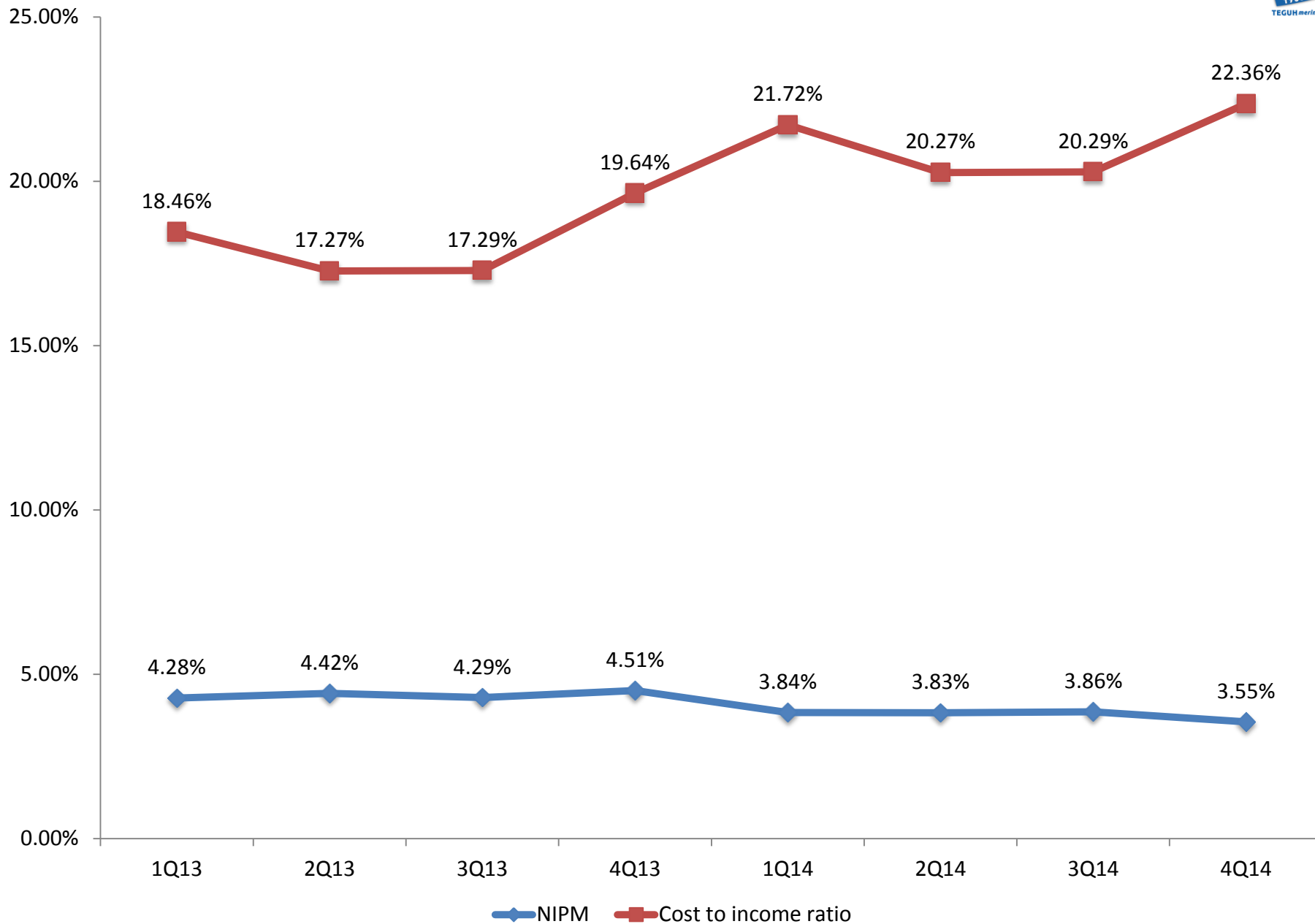


	2009	2010	2011	2012	2013	2014
Group PAT	57.20m	146.03m	325.34m	446.65m	597.57m	1,015.03m
Dividend payout	21.01m	47.61m	110.22m	406.52m	218.50m	325.35m
Dividend payout ratio	36.72%	32.60%	33.88%	91.01%	36.57%	32.05%
All dividend rate	4.00%	9.00%	12.00%	33.00%	10.00%	12.00%

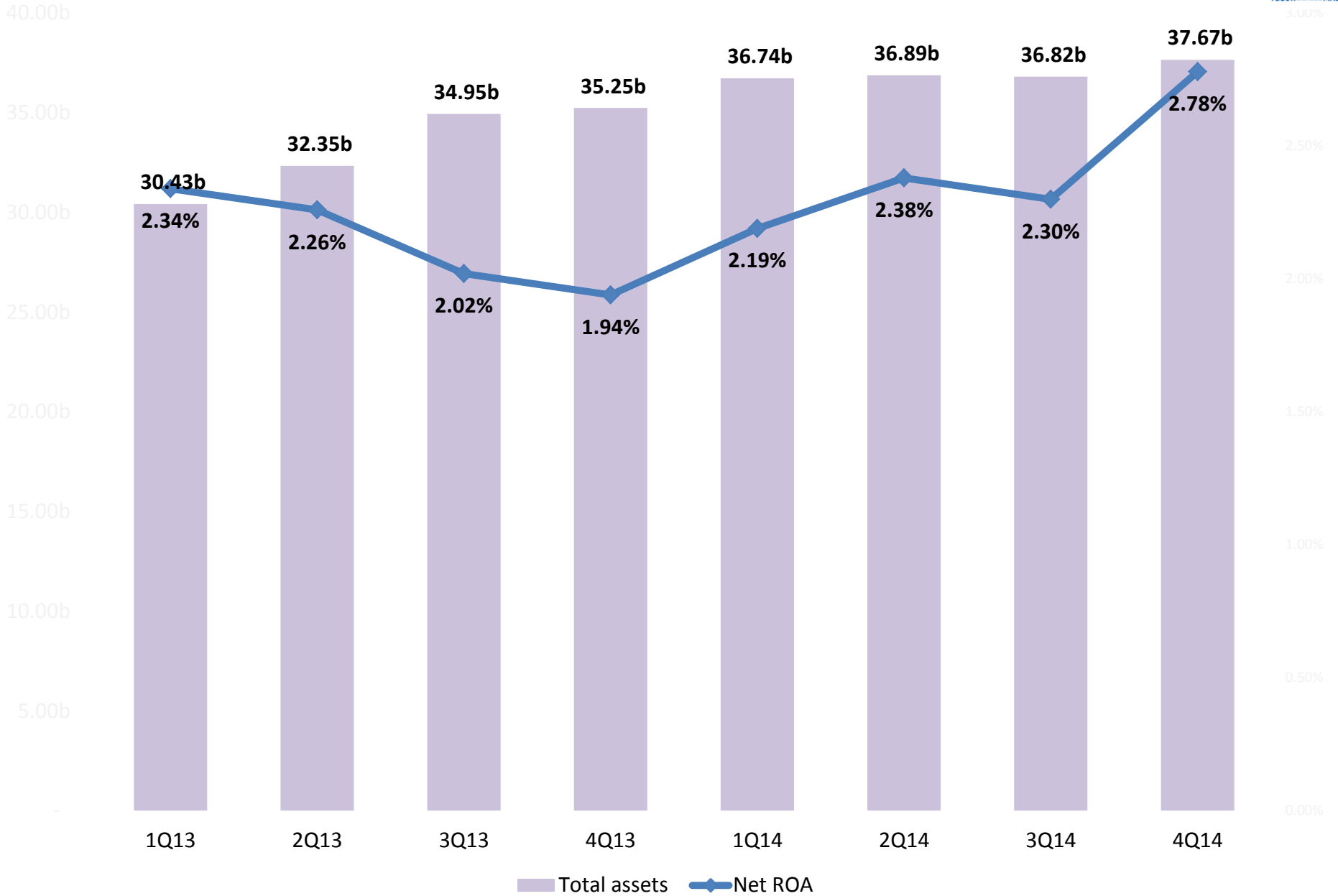
GROUP REVENUE, PROFIT BEFORE TAX & OPERATING EXPENSES



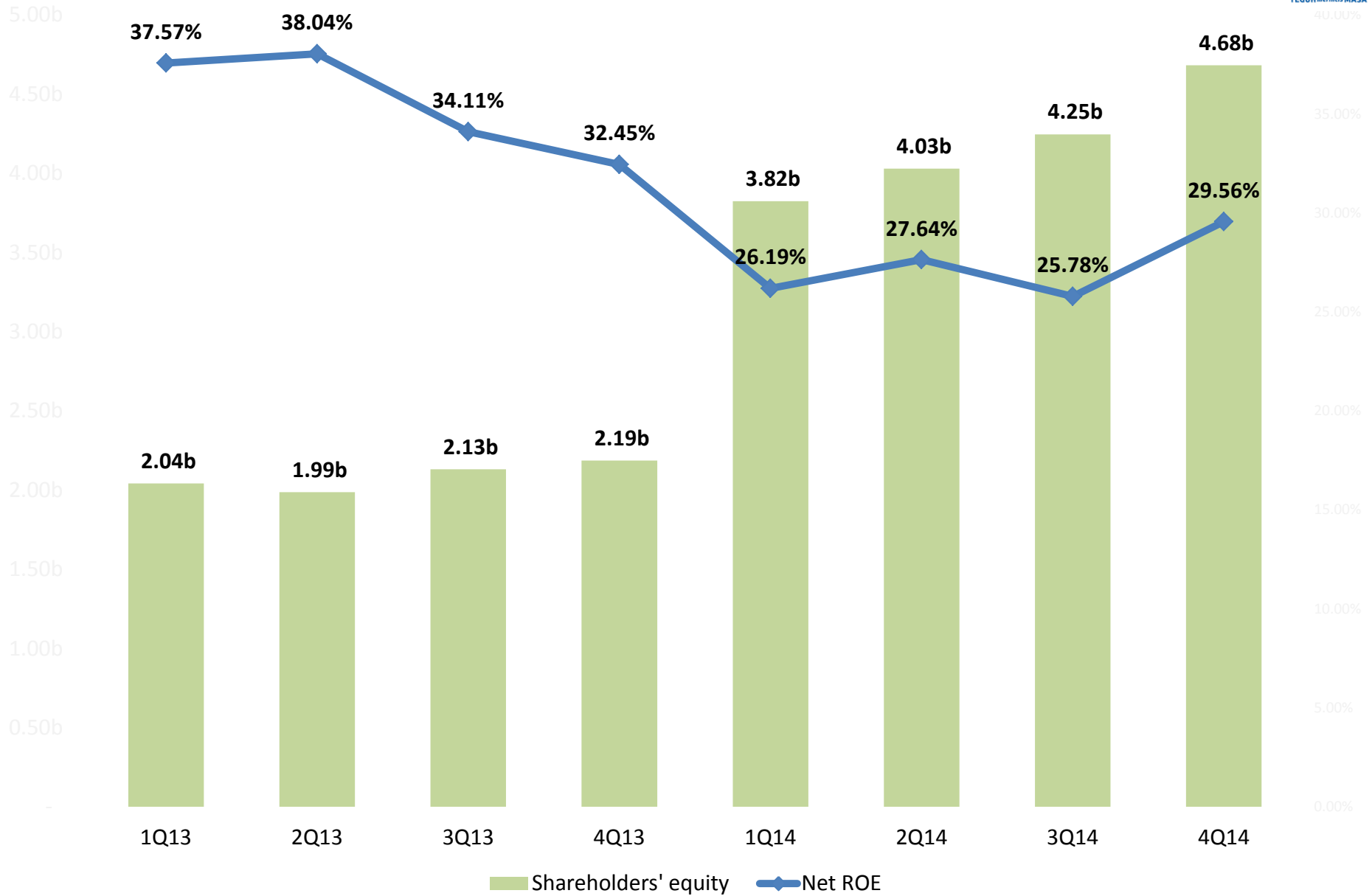
NET INTEREST/PROFIT MARGIN & COST TO INCOME RATIO



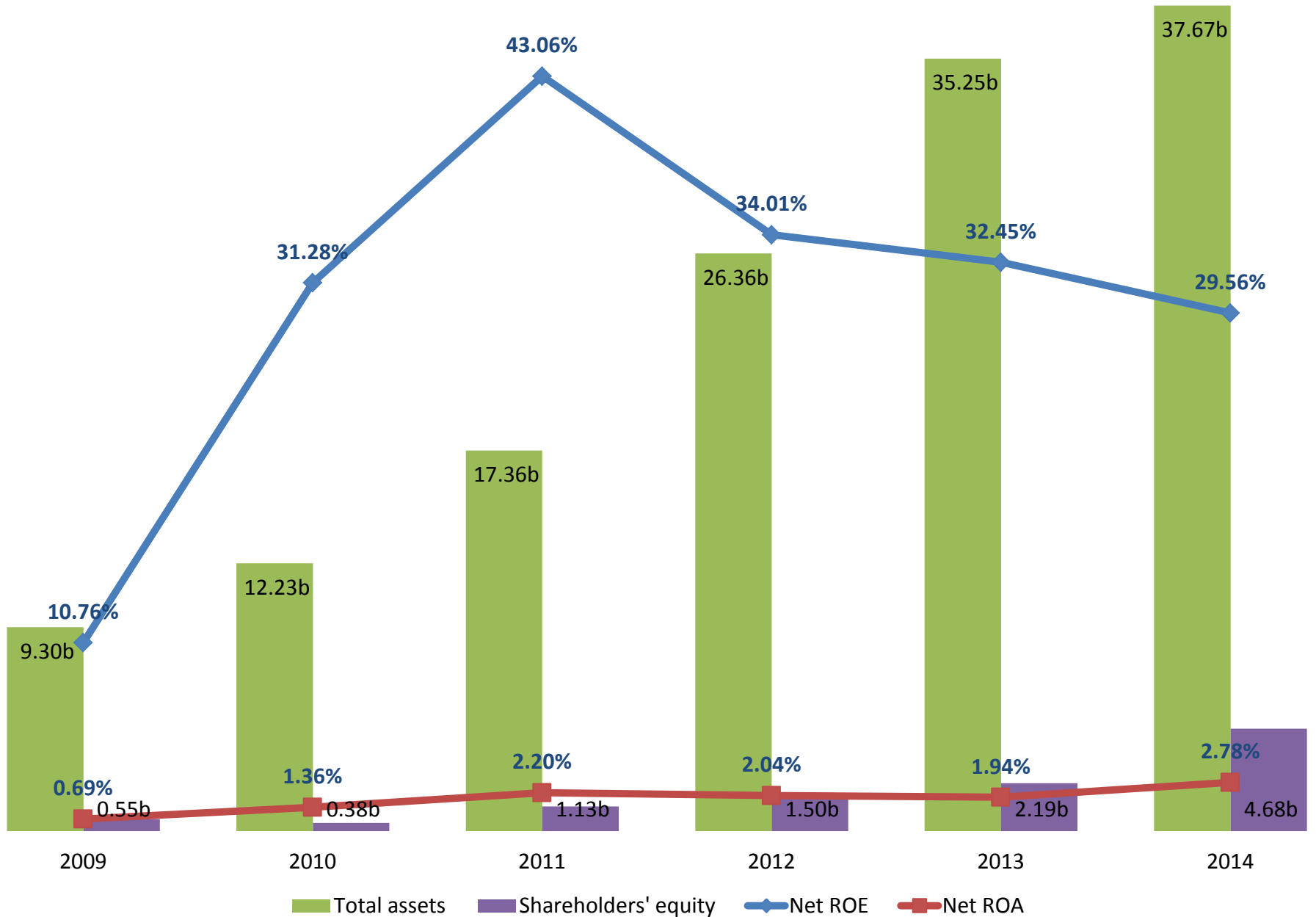
RETURN ON ASSETS



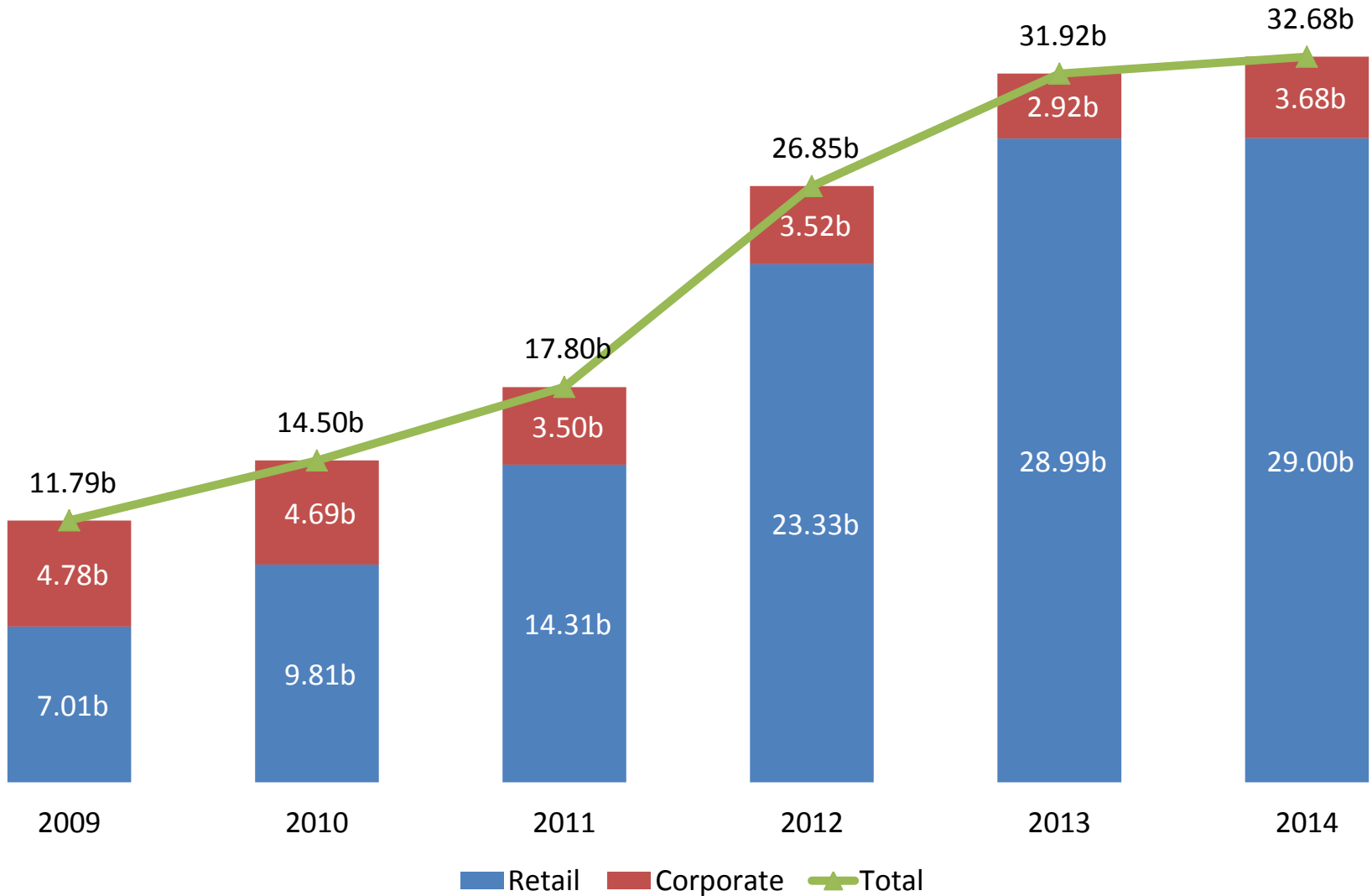
RETURN ON EQUITY



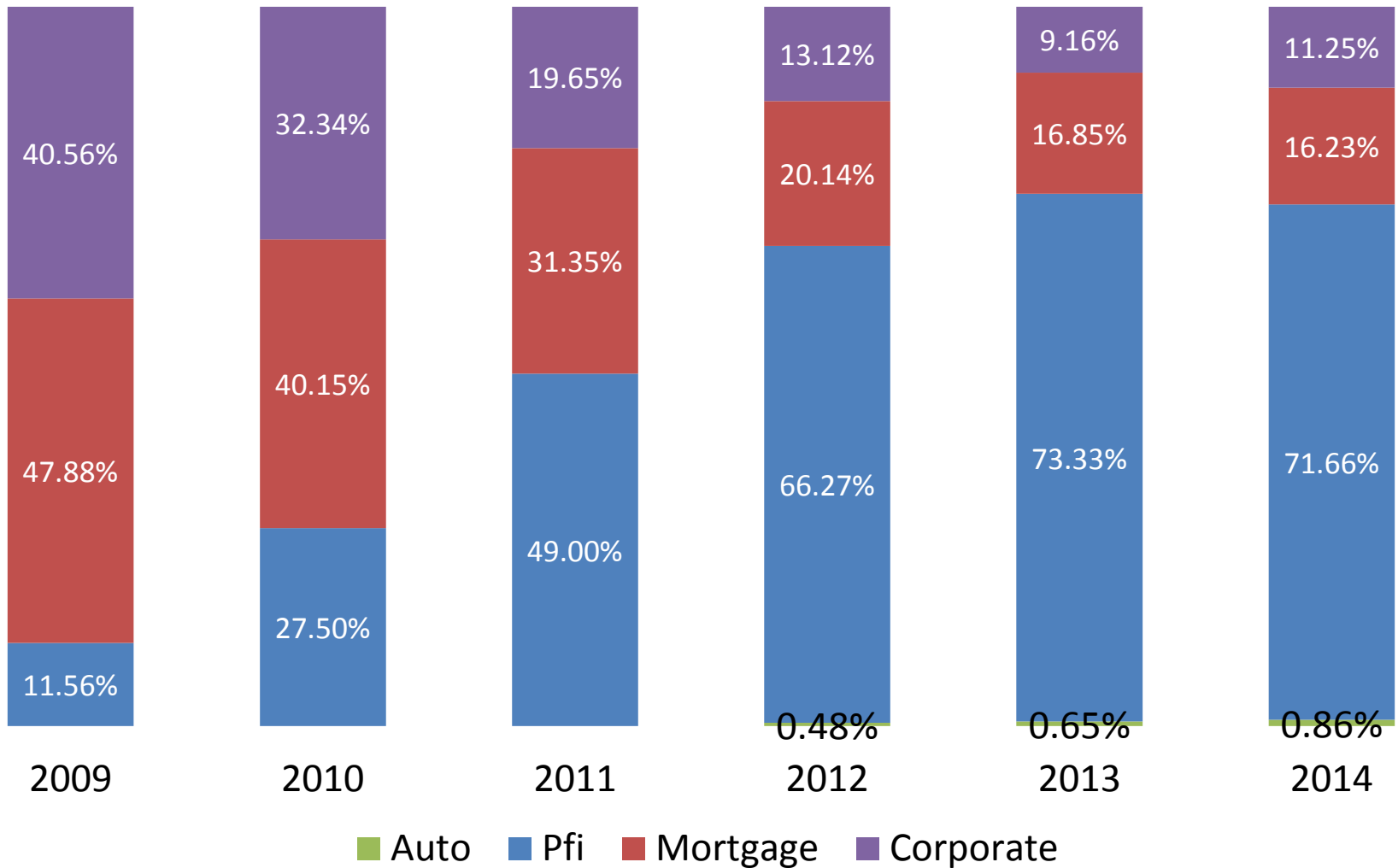
RETURN ON EQUITY & RETURN ON ASSETS,



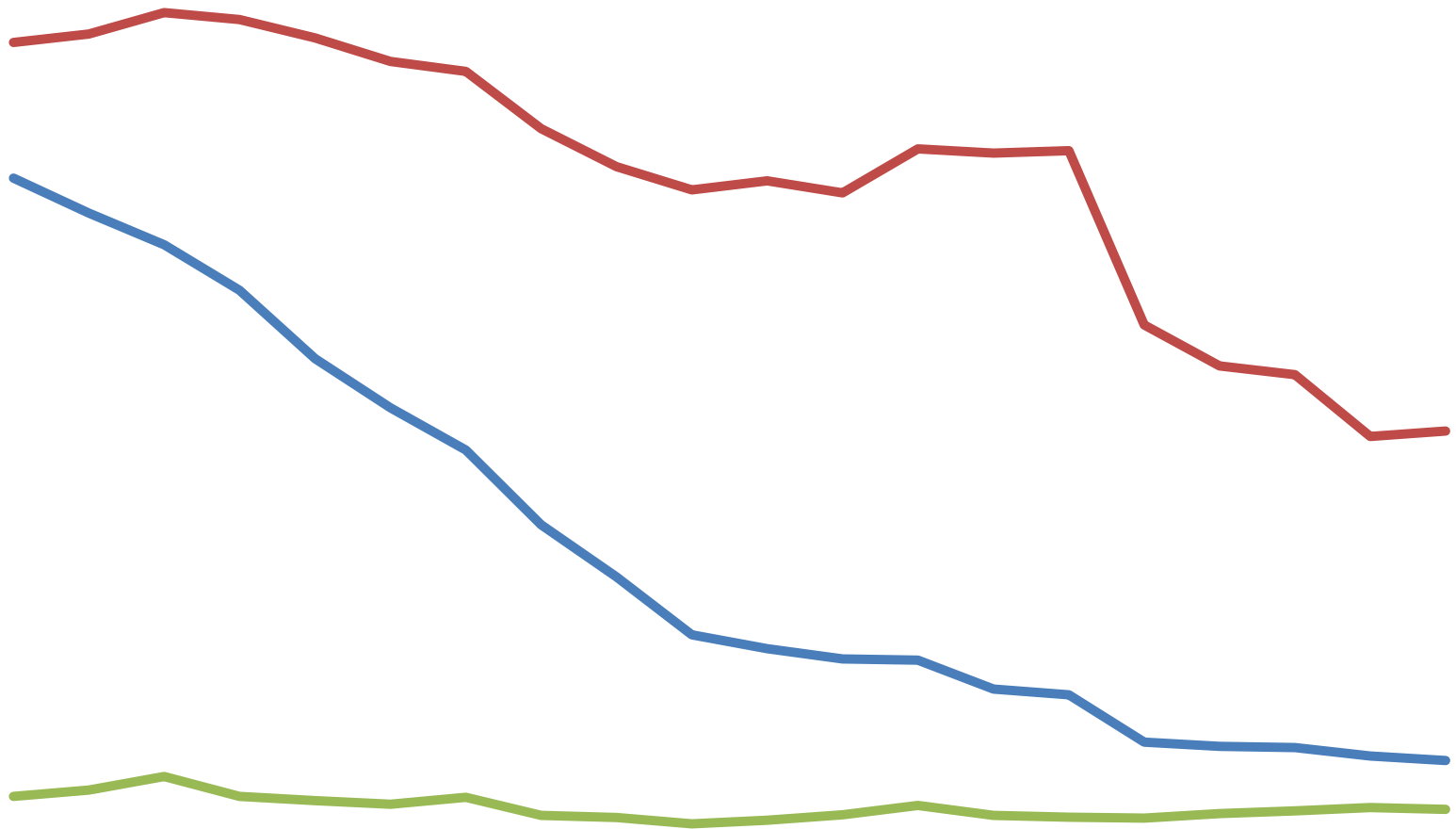
GROSS LOANS & FINANCING



COMPOSITION OF GROSS LOANS & FINANCING

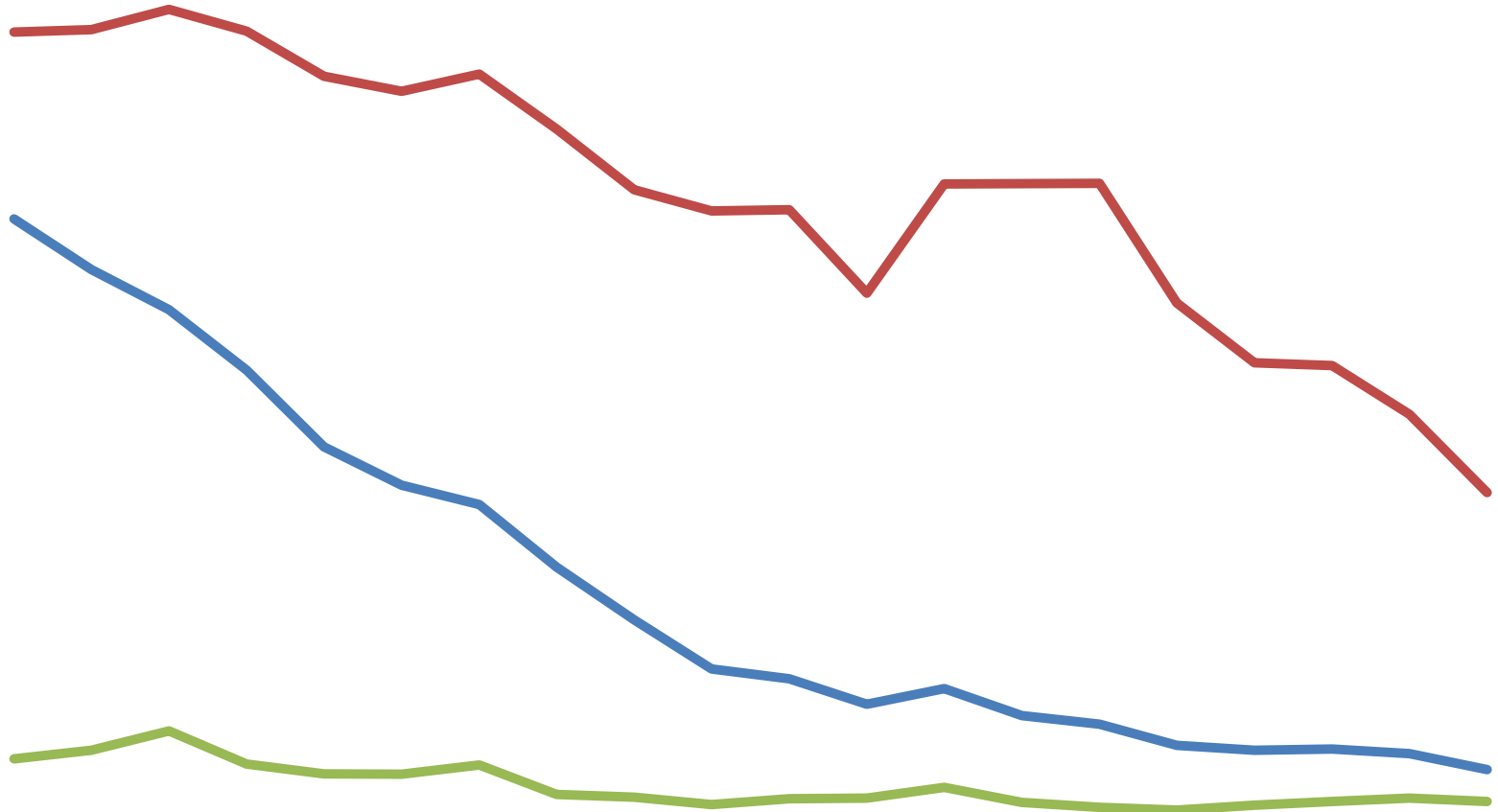


GROSS NON-PERFORMING LOANS AND FINANCING (COMPANY)



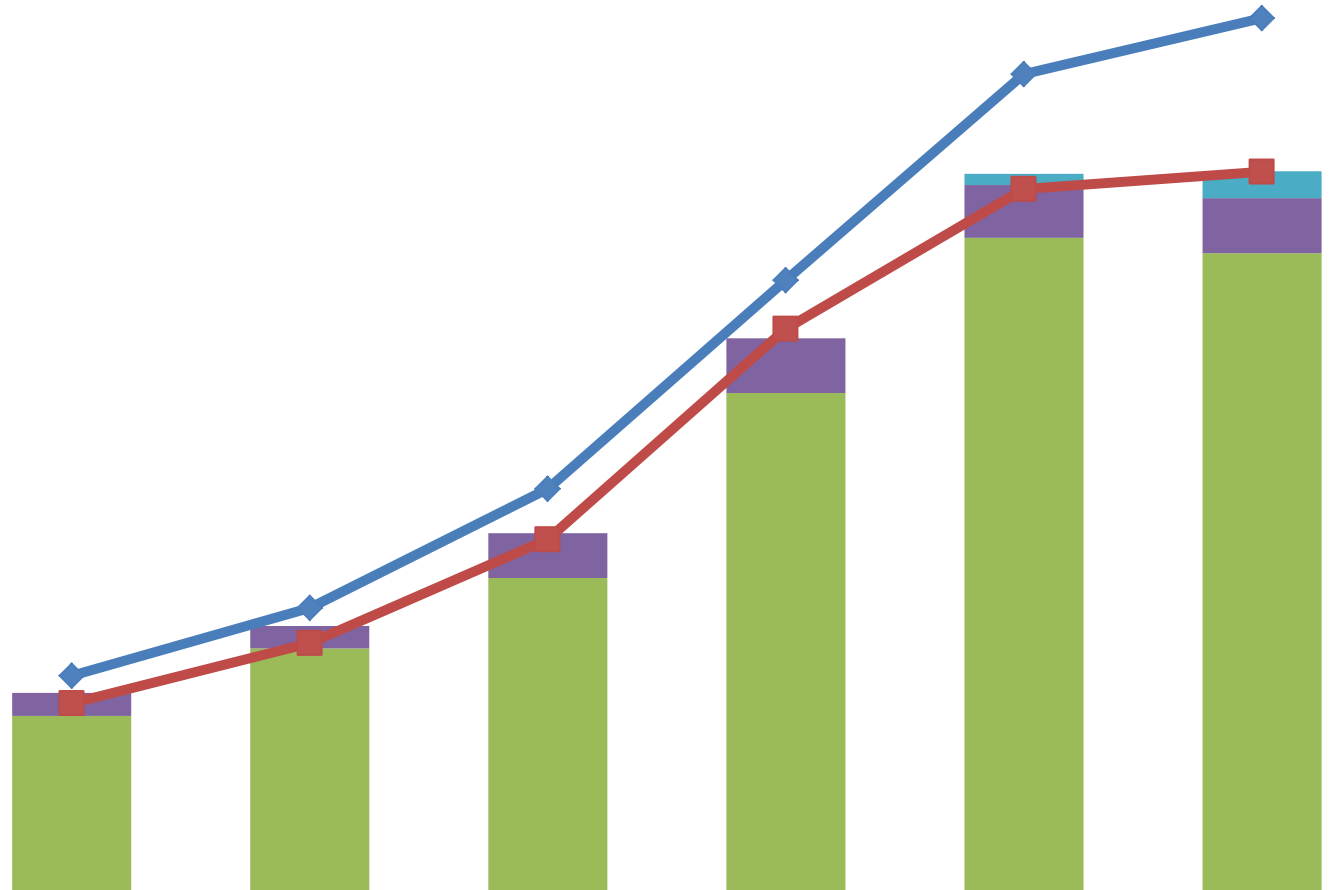
	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
Gross NPLF	49.71%	47.16%	44.86%	41.55%	36.58%	33.00%	29.93%	24.50%	20.71%	16.51%	15.49%	14.75%	14.65%	12.55%	12.14%	8.71%	8.39%	8.31%	7.70%	7.37%
Pre2009	59.56%	60.17%	61.72%	61.22%	59.89%	58.18%	57.46%	53.30%	50.54%	48.84%	49.51%	48.63%	51.83%	51.51%	51.70%	39.03%	36.04%	35.41%	30.91%	31.32%
Post2009	4.75%	5.21%	6.20%	4.75%	4.46%	4.19%	4.69%	3.37%	3.22%	2.76%	3.02%	3.41%	4.10%	3.38%	3.24%	3.18%	3.50%	3.71%	3.95%	3.81%






NET NON-PERFORMING LOANS AND FINANCING (COMPANY)



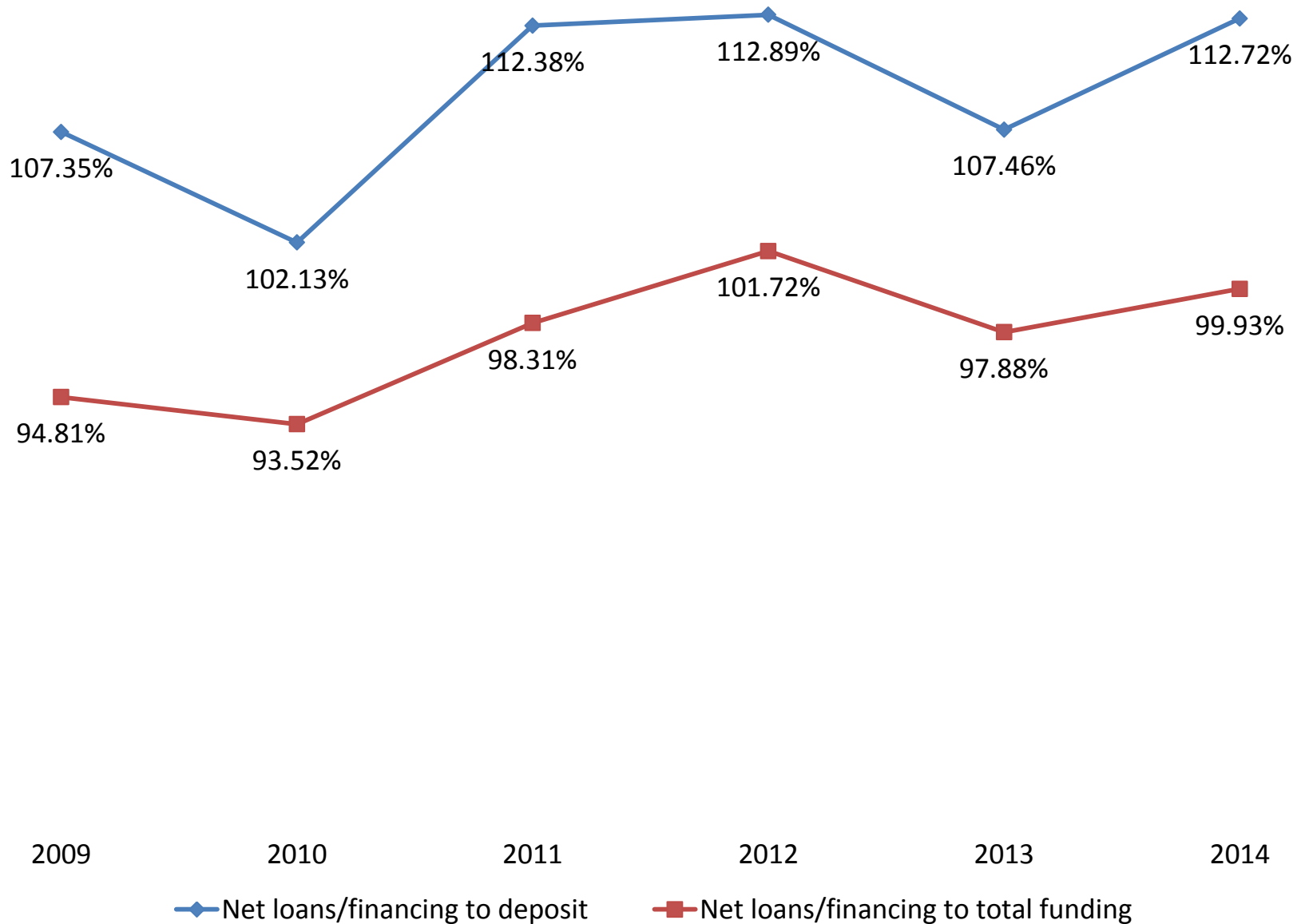
	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
Net NPLF	32.30%	29.72%	27.67%	24.59%	20.68%	18.72%	17.73%	14.54%	11.85%	9.34%	8.85%	7.54%	8.35%	6.97%	6.52%	5.44%	5.20%	5.26%	5.03%	4.21%
Pre2009	41.84%	41.96%	43.00%	41.88%	39.58%	38.82%	39.69%	36.90%	33.80%	32.71%	32.78%	28.52%	34.09%	34.11%	34.12%	28.02%	24.97%	24.83%	22.34%	18.34%
Post2009	4.76%	5.19%	6.18%	4.50%	3.99%	3.98%	4.45%	2.94%	2.80%	2.43%	2.73%	2.75%	3.31%	2.54%	2.29%	2.14%	2.40%	2.58%	2.75%	2.59%

TOTAL ASSETS & GROSS LOANS & FINANCING VS FUNDING



	2009	2010	2011	2012	2013	2014
 Sukuk	-	-	-	-	0.5b	1.2b
 Cagamas	1.0b	1.0b	1.9b	2.4b	2.3b	2.4b
 Deposit	7.6b	10.5b	13.5b	21.5b	28.2b	27.5b
 Total assets	9.3b	12.2b	17.4b	26.4b	35.2b	37.7b
 Net loans/financing	8.1b	10.7b	15.2b	24.3b	30.3b	31.0b

NET LOANS & FINANCING TO DEPOSIT AND TOTAL FUNDING RATIO



THEME

**PROPELLING MBSB
FURTHER AND BEYOND
(2015-2019)**

	INITIATIVES
BROAD STRATEGIES	<ul style="list-style-type: none">✓ Islamic Finance preparedness✓ Conversion of all existing conventional products✓ Capital Management Programme✓ Readiness of banking platform i.e. loan conversion, closing the gaps✓ Corporate Plantation/ Equipment Financing✓ Plan adoption of higher impairment standards

BROAD STRATEGIES	<ul style="list-style-type: none">✓ Widen Biro Code utilization and greater utilization of the AG Code✓ Widen income base i.e. introduce more Wealth Management products, establish trade finance and working capital programme✓ Branches to be more service oriented✓ Improve Pre and Post NPL management✓ Emphasis on Credit Management

Q & A
