

# Financial Highlights 1H 2015

Analyst Briefing by:  
Dato' Sri Zukri Samat  
8 October 2015

**BIMB Holdings Financial Results**

**Section 1**

**Bank Islam Financial Results**

**Section 2**

**Takaful Malaysia Financial Results**

**Section 3**



MALAYSIA'S PREMIER SHARIAH-COMPLIANT  
FINANCIAL SERVICES GROUP

 **BIMB HOLDINGS**  
THE ONLY PUBLIC LISTED ISLAMIC FINANCIAL  
HOLDING COMPANY IN MALAYSIA

 **BANK ISLAM** • FIRST ISLAMIC BANK  
IN MALAYSIA

FIRST AND ONLY  
PUBLIC LISTED TAKAFUL OPERATOR  
IN MALAYSIA

 **TAKAFULmalaysia**

  
BIMB SECURITIES SDN BHD • FIRST FULL-FLEDGED,  
SHARIAH-COMPLIANT  
STOCK BROKING COMPANY  
IN MALAYSIA

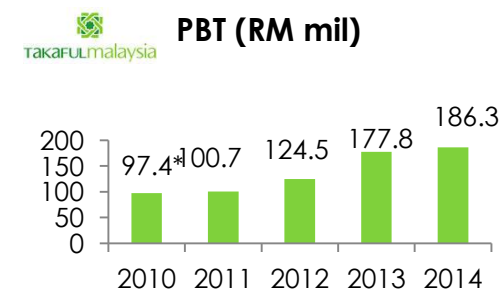
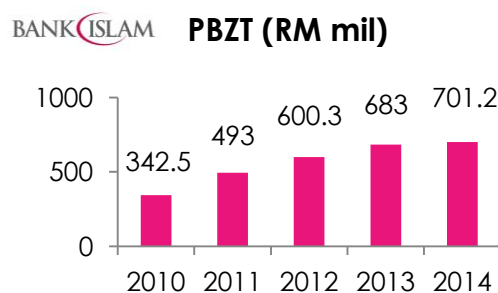
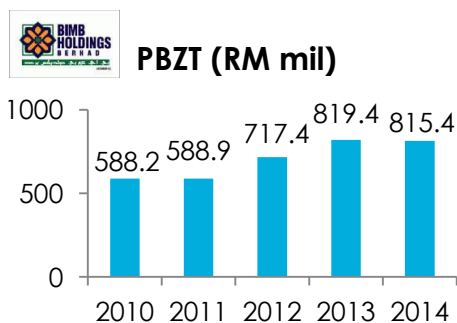


**BIMB**  
**HOLDINGS**  
BERHAD

بي ايج ايم بي مولديفيس برهاد

## 1H 2015 HIGHLIGHTS

- 1 Revenue growth from RM1.46 billion to RM1.62 billion or +11.1% YoY (Bank Islam 80% : Takaful Malaysia 20%)
- 2 PBZT of RM430.2 million or +7.3% YoY
- 3 Total assets grew from RM53.0 billion to RM55.8 billion (+10.6% annualised)
- 4 Net financing grew from RM29.5 billion to RM31.1 billion (+10.7% annualised)
- 5 Gross impaired financing of 1.18% (1.14% in FY2014) in tandem with financing growth
- 6 Healthy RWCR of 14.3%



# GROUP KEY PERFORMANCE INDICATORS

	Jun-14	Actual Jun-15	Dec-14	Banking System
Return on equity (%) - based on PBT	24.9%*	24.2%*	26.1%	15.2%~
Return on assets (%) - based on PBT	1.6%*	1.6%*	1.6%	1.5%~
Cost Income Ratio (%)	56.2%	53.3%	57.6%	45.5%~
Earnings per share (sen)	16.95	17.26	35.64	NA
Net tangible assets per share (sen)	1.95	2.21	1.97	NA
Price earnings ratio (time)	16.52^	11.34**	11.42***	NA
Market capitalisation (RM' billion)	6.38	6.23	6.08	NA

\* Annualised

~ Bank Negara Malaysia Annual Report 2014

^ Price of RM4.27 as at 30 June 2014

\*\* Price of RM4.04 as at 30 June 2015

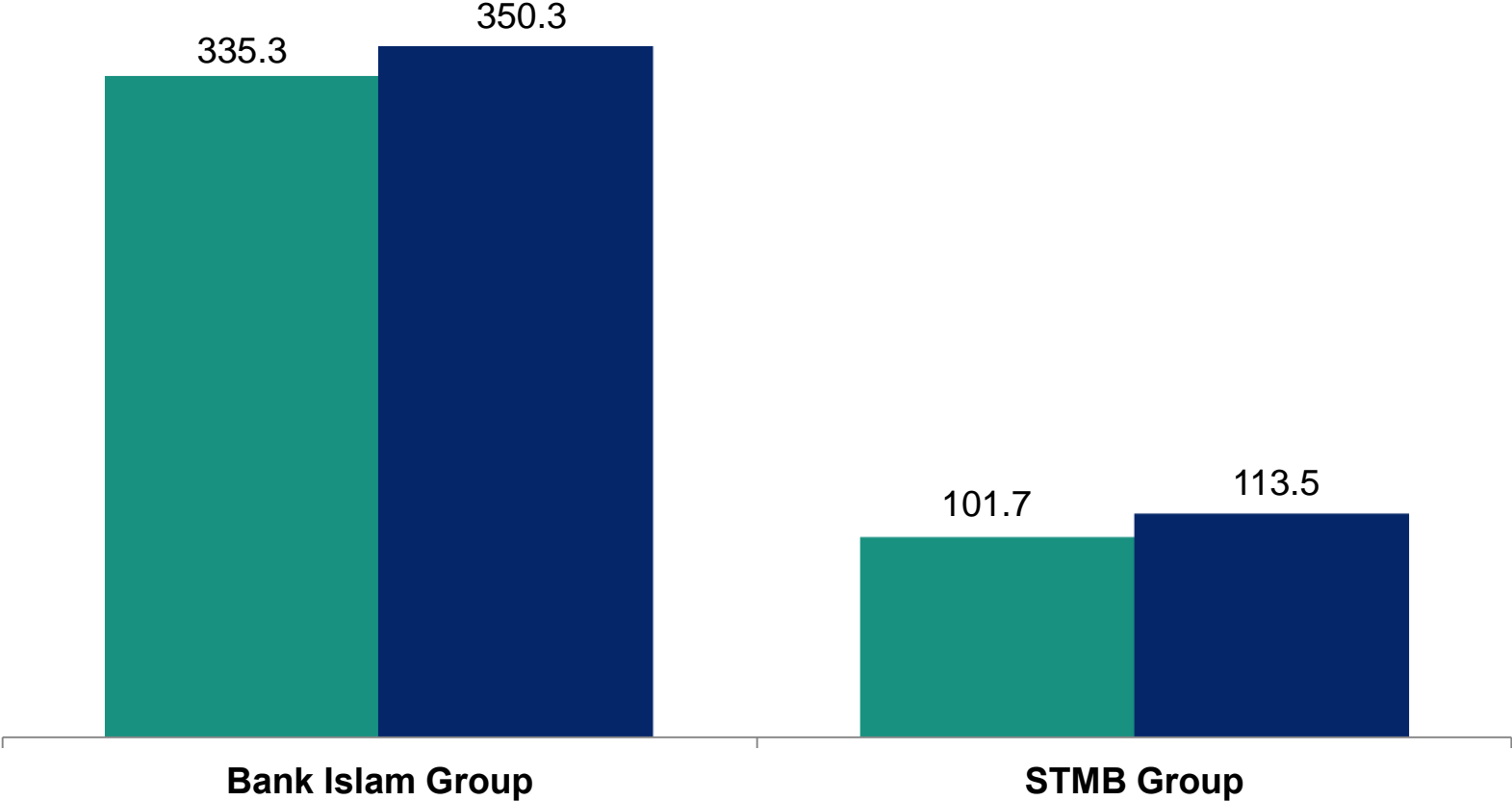
\*\*\* Price of RM4.07 as at 31 December 2014

# CONSOLIDATED GROUP INCOME STATEMENT

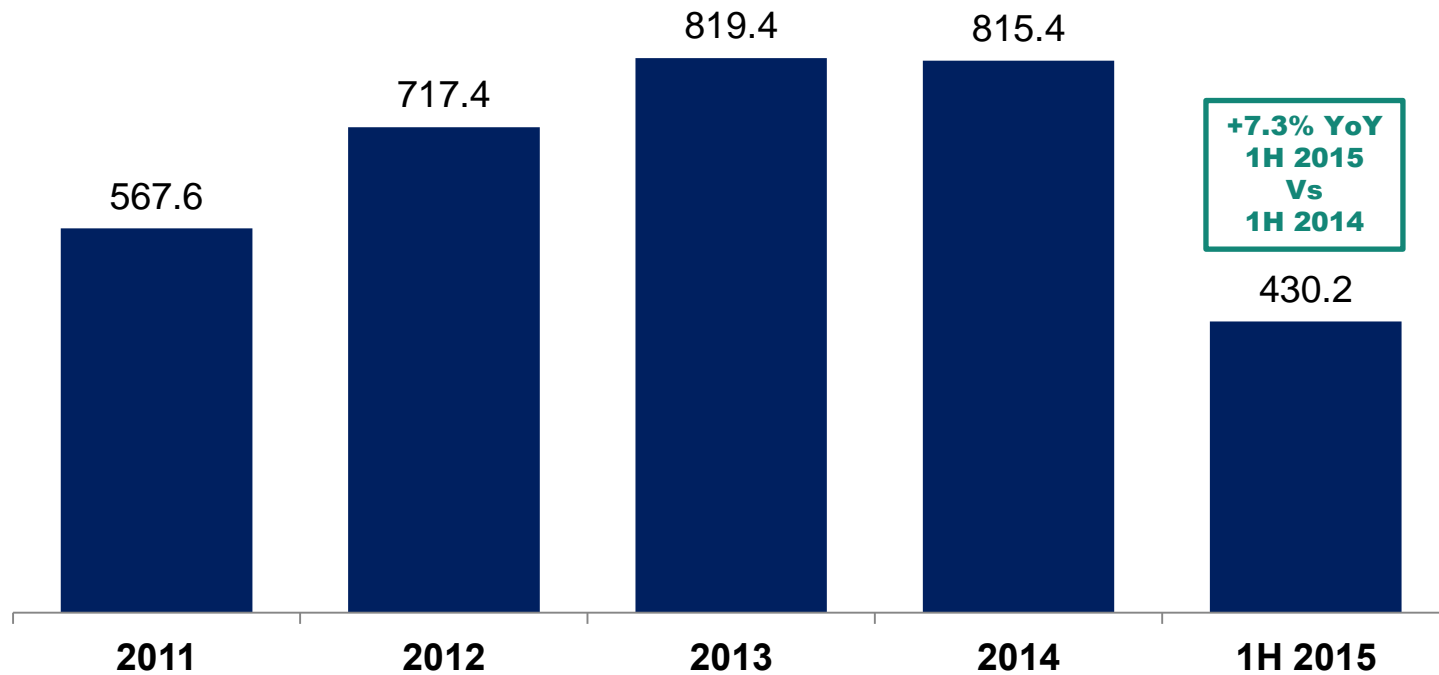
	<i>(RM' million)</i>	1H 2015	1H 2014	Variance	
				Amount	%
Total revenue		1,623.8	1,461.5	162.3	11.1%
Profit to depositors		(499.6)	(394.9)	(104.7)	26.5%
<b>Net income</b>		<b>1,124.2</b>	<b>1,066.6</b>	<b>57.6</b>	<b>5.4%</b>
Total operating overheads		(599.4)	(599.2)	(0.2)	0.0%
<b>Operating results</b>		<b>524.8</b>	<b>467.4</b>	<b>57.4</b>	<b>12.3%</b>
Write-back/(allowance) for impairment on financial assets		(56.0)	(32.4)	(23.6)	72.7%
Finance cost from issuance of sukuk		(38.6)	(33.9)	(4.7)	13.7%
<b>Profit before zakat and taxation</b>		<b>430.2</b>	<b>401.1</b>	<b>29.1</b>	<b>7.3%</b>

## Profit Before Zakat & Tax (RM' million)

■ 1H 2014 ■ 1H 2015



## Profit Before Zakat & Tax (RM' million)





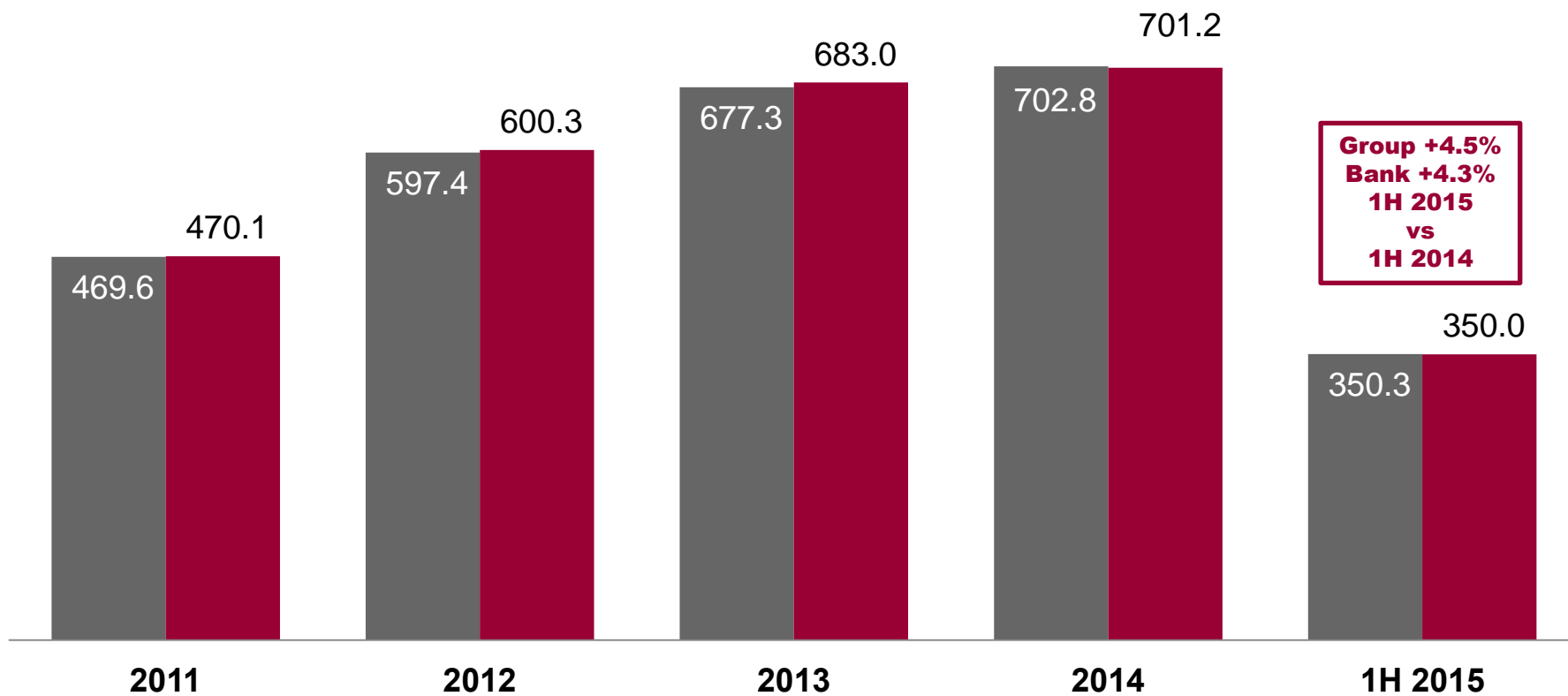
# KEY CONSOLIDATED FINANCIAL POSITION ITEMS

	<i>(RM' million)</i>	Jun-15	Dec-14	Variance	
				Amount	%
<b>Total Assets</b>		<b>55,837.7</b>	<b>53,030.2</b>	<b>2,807.5</b>	<b>5.3%</b>
<i>of which:</i>					
Cash, short-term funds and placements		5,359.6	4,619.5	740.1	16.0%
Marketable securities		16,006.4	15,528.7	477.7	3.1%
Net financing, advances and others		31,109.6	29,524.6	1,585.0	5.4%
Takaful assets		993.1	811.1	182.0	22.4%
Deposits from customers		42,967.2	40,678.4	2,288.8	5.6%
Deposits and placements of banks and other FIs		37.7	300.0	(262.3)	-87.4%
Takaful liabilities		6,529.1	6,323.6	268.5	4.2%
Sukuk liabilities		1,468.5	1,133.3	335.3	29.6%
Equity		3,662.0	3,189.3	472.7	14.8%

BANK ISLAM

## Profit Before Zakat & Tax (RM' million)

■ Group ■ Bank



# KEY FINANCIAL INDICATORS

BANK ISLAM



	Jun-15	Dec-14	Islamic Banking System	Banking System	Targets
<b>PROFITABILITY</b>					
Return on equity (%) – based on PBT	17.8%*	19.9%	15.5%~	15.2%~	>15%
Return on assets (%) – based on PBT	1.5%*	1.6%	1.1%~	1.5%~	
Non-Fund Based Income Ratio (%)	10.9%	11.8%	6.0%~	18.2%~	
Cost Income Ratio (%)	48.9%	51.9%	45.8%~	45.5%~	
<b>ASSET QUALITY</b>					
Gross impaired financing ratio (%)	1.2%	1.1%	1.2%^	1.6%^	<1.5%
Net impaired financing ratio – less IA & CA (%)	-0.8%	-0.8%	-0.0%^	0.0%^	
Financing loss coverage ratio (%)	166.9%	170.4%	101.2%^	97.5%^	
<b>EFFICIENCY</b>					
Financing to Deposits (%)	73.3%	73.4%	84.8%^	82.4%^	<80%
CASA to Total Deposits (%)	33.8%	38.1%	24.8%^	25.8%^	

\* Annualised

~ Bank Negara Malaysia Annual Report 2014

^ Bank Negara Malaysia Monthly Statistical Bulletin @ June 2015

# INCOME STATEMENT

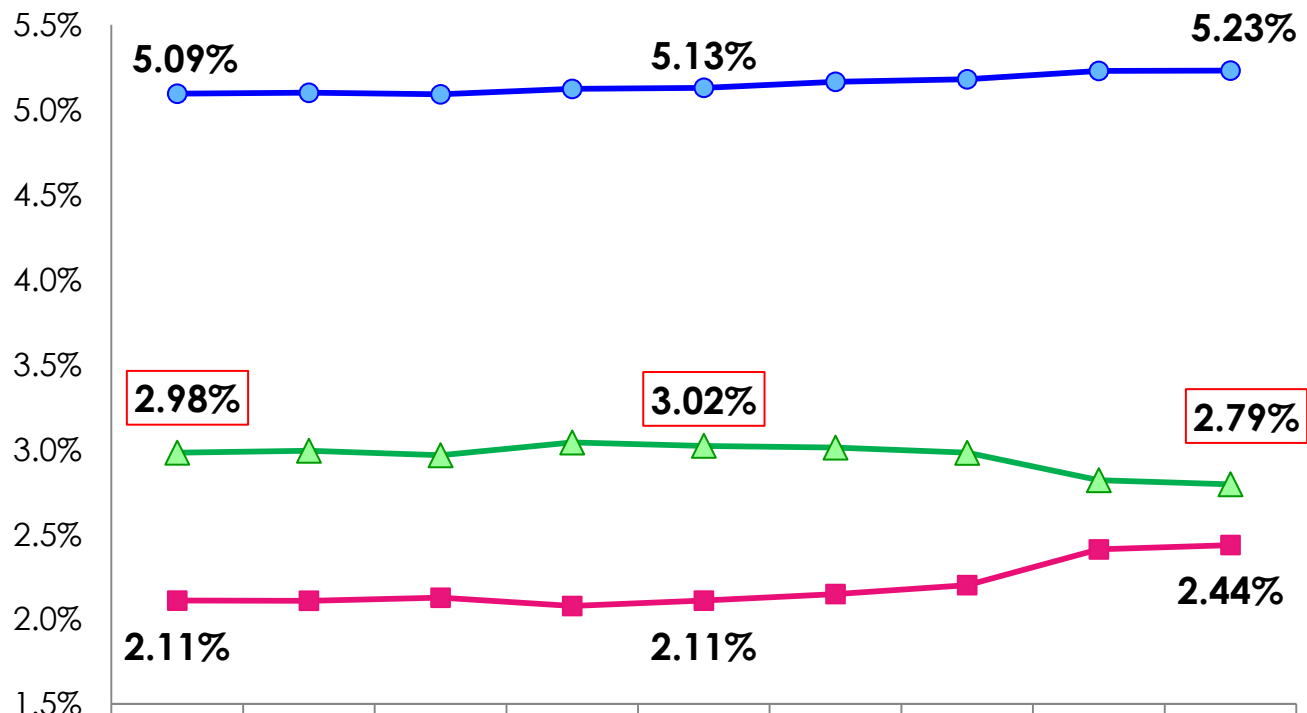
BANK ISLAM



	<i>(RM' million)</i>	1H 2015	1H 2014	Variance	
				Amount	%
Total income		1,299.6	1,172.9	126.7	10.8%
Profit to depositors		(502.1)	(398.0)	(104.1)	-26.2%
<b>Net income</b>		<b>797.5</b>	<b>774.9</b>	<b>22.6</b>	<b>2.9%</b>
Total overheads		(388.2)	(406.9)	18.7	4.6%
Finance cost		(3.3)	-	(3.3)	-
<b>Profit before allowance for impairment</b>		<b>406.0</b>	<b>368.0</b>	<b>38.0</b>	<b>10.3%</b>
Allowance for impairment on financing and advances		(56.0)	(32.4)	(23.6)	-72.7%
<b>Profit before zakat and tax</b>		<b>350.0</b>	<b>335.6</b>	<b>14.4</b>	<b>4.3%</b>
Zakat		(6.0)	(4.5)	(1.5)	-32.8%
Tax		(96.7)	(89.0)	(7.7)	-8.6%
<b>Profit for the period</b>		<b>247.3</b>	<b>242.1</b>	<b>5.2</b>	<b>2.2%</b>

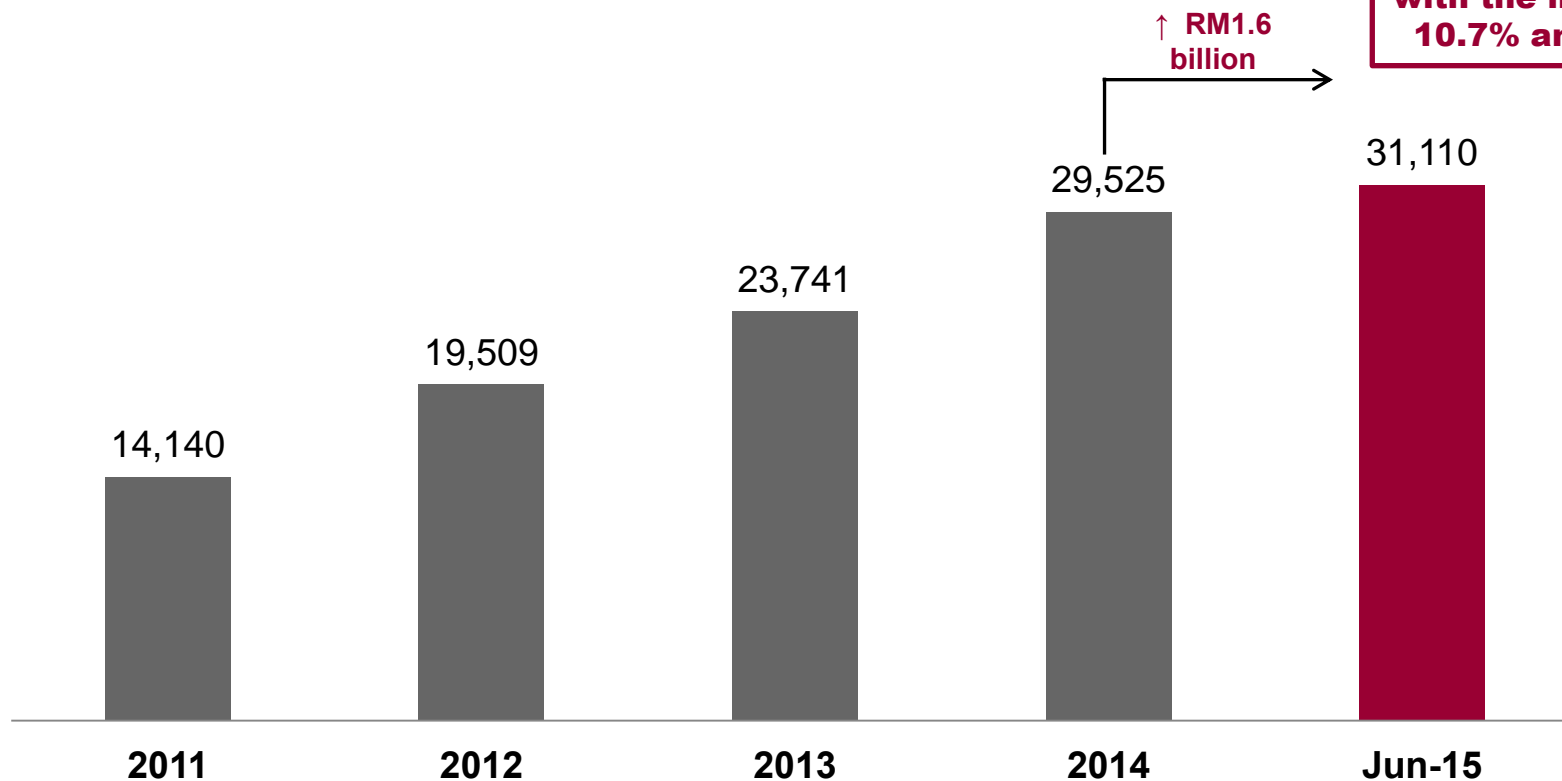
# NET INCOME SPREAD TREND

**Target NIM for FY2015 = >2.75%**



	As at June 13	As at Sep 13	As at Dec 13	As at Mar 14	As at June 14	As at Sep 14	As at Dec 14	As at Mar 15	As at June 15
● Average assets rate	5.09%	5.10%	5.09%	5.12%	5.13%	5.16%	5.18%	5.23%	5.23%
■ Average liabilities rate	2.11%	2.11%	2.13%	2.08%	2.11%	2.15%	2.20%	2.41%	2.44%
▲ Net income spread	2.98%	2.99%	2.96%	3.04%	3.02%	3.01%	2.98%	2.82%	2.79%

## Net Financing (RM' million)

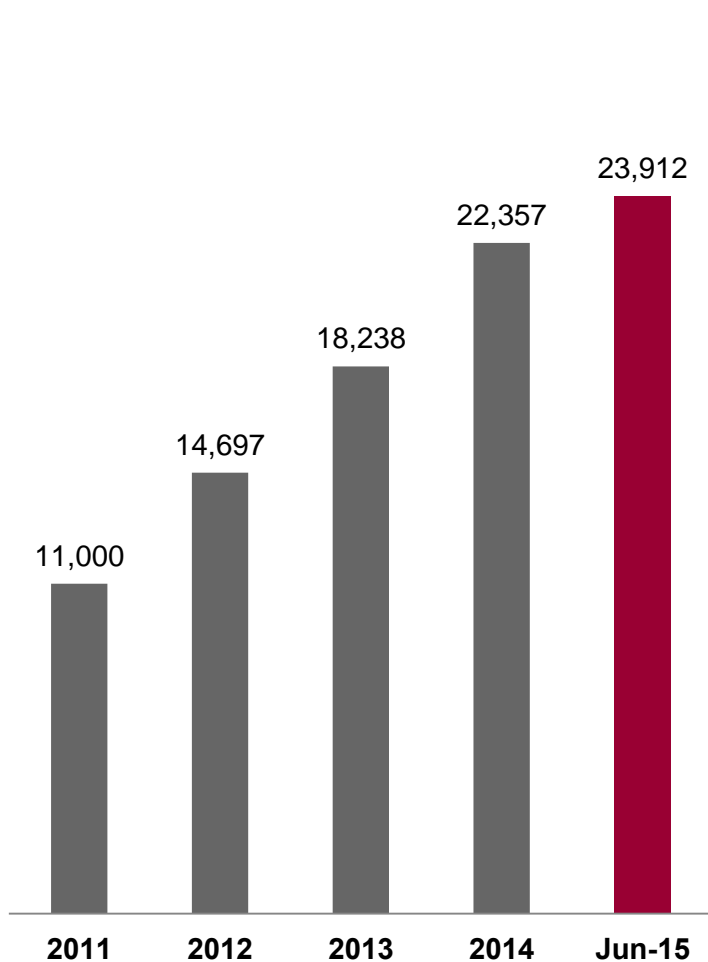


**Target financing  
FY2015 = At par  
with the industry vs  
10.7% annualised**

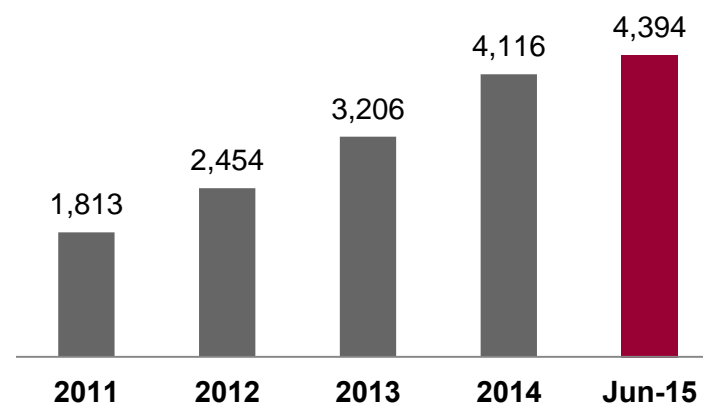
# GROSS FINANCING BY BUSINESS UNITS

(RM' million)

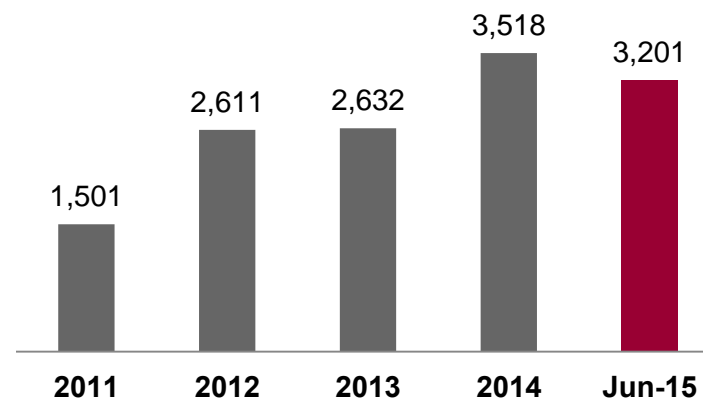
## Consumer



## Commercial



## Corporate





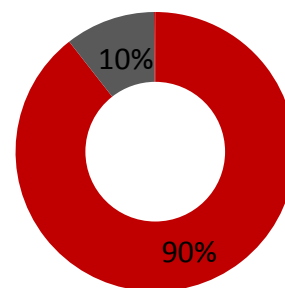
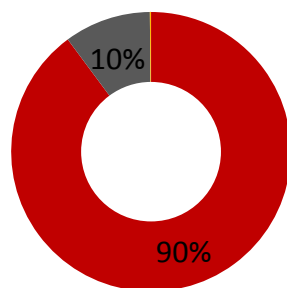
# CONSUMER FINANCING DRIVEN BY HOUSE & PERSONAL FINANCING

	(RM' million)	Dec -14	Jun-15	Growth Jun-15 vs Dec-14	
				Amount	%
House & Fixed Assets financing (HFA)		9,667	10,869	1,202	12.4%
Personal financing (PF)		9,436	9,867	431	4.6%
Vehicle financing		2,728	2,678	(50)	-1.8%
Credit card		436	421	(15)	-3.3%
Ar-Rahnu		90	77	(13)	-14.6%
<b>Total Consumer Financing</b>		<b>22,357</b>	<b>23,912</b>	<b>1,555</b>	<b>7.0%</b>

Dec 2014

Jun 2015

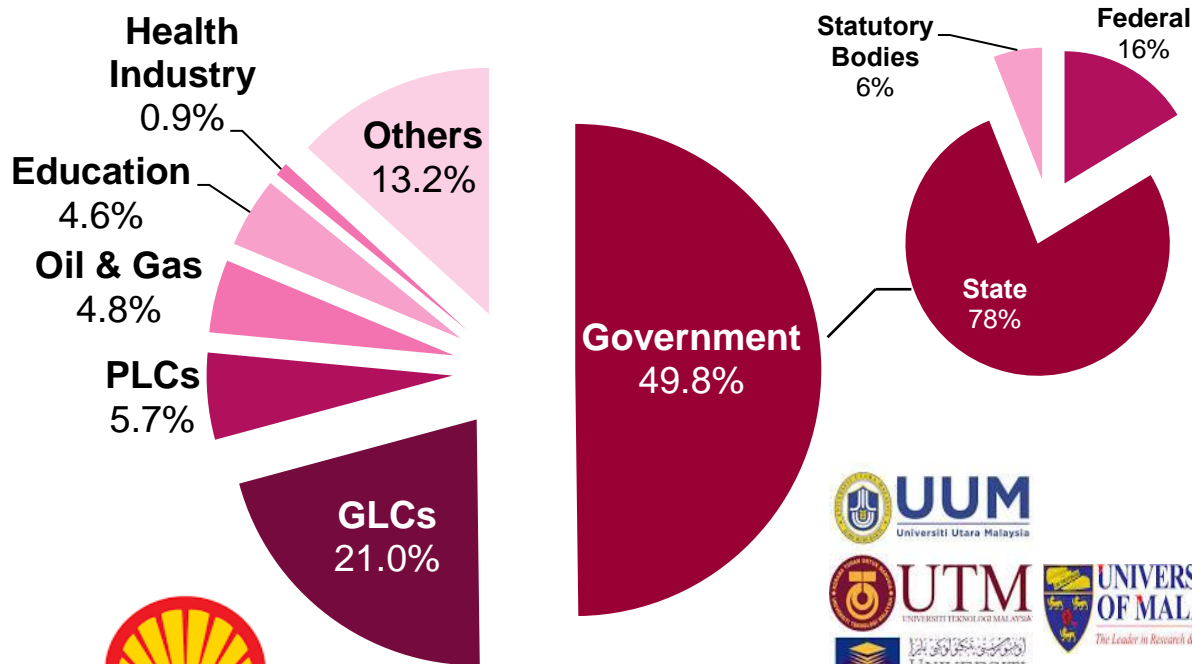
**90% of PF is Package Financing**



■ Package  
 ■ Non-package

Personal Financing

# PERSONAL FINANCING: PACKAGE CUSTOMERS



## Personal Financing

Bank Islam	Responsible Financing Guidelines and Other Institutions
1 Increase minimum income for Non Package customer from RM3,000 to RM3,500 (implemented June 2014)	Industry practice ranging from RM1,500 to RM3,500
2 <ul style="list-style-type: none"> <li>•Capped maximum financing to RM150k</li> <li>•For mass affluent customers earning RM10k and above, maximum financing of RM200k</li> </ul>	<ul style="list-style-type: none"> <li>• Industry practice - maximum of RM200k</li> <li>• Industry practice - for customers earning RM10k and above, maximum of RM 400k</li> </ul>
3 Tightened DSR for customers earning <RM3k from 60% to 50% (implemented in Nov 2014) Results for Jan – Jun 2015: <ul style="list-style-type: none"> <li>• For DSR ranging between 41-60%, accounts approved have reduced to 44% from 60% in 2014</li> <li>• For DSR ranging below 40%, accounts approved have increased to 56% from 40% in 2014</li> </ul>	<ul style="list-style-type: none"> <li>• Financial institutions to use prudent DSR</li> </ul>
4 Increased net take home pay minimum requirement for applicants (implemented in November 2014): <ol style="list-style-type: none"> <li>a) Klang Valley from RM1,000 to RM1,250</li> <li>b) Non Klang Valley from RM750 to RM1,000</li> </ol> To take consideration of customers' basic needs and subsequently preserve asset quality	<ul style="list-style-type: none"> <li>• Not industry practice.</li> </ul>

## Bank Islam's HFA

1	Focus on first time house owners												
2	Low exposure on Developer Interest Bearing Scheme <ul style="list-style-type: none"> <li>• 0.04% from total number of HFA</li> <li>• 0.13% from total outstanding HFA</li> </ul>												
3	No exposure on overseas house financing												
4	Gross NPF for HFA 0.97% Net NPF for HFA – 0.07%												
5	Average financing size has improved in the last 5 years e.g.: <table border="1" data-bbox="421 999 1429 1170"> <thead> <tr> <th></th> <th><u>2010</u></th> <th><u>June 2015</u></th> </tr> </thead> <tbody> <tr> <td>RM100k-RM250k</td> <td>46%</td> <td>38%</td> </tr> <tr> <td>RM250k-RM500k</td> <td>13%</td> <td>33%</td> </tr> <tr> <td>RM500-RM 1mil</td> <td>2%</td> <td>11%</td> </tr> </tbody> </table>		<u>2010</u>	<u>June 2015</u>	RM100k-RM250k	46%	38%	RM250k-RM500k	13%	33%	RM500-RM 1mil	2%	11%
	<u>2010</u>	<u>June 2015</u>											
RM100k-RM250k	46%	38%											
RM250k-RM500k	13%	33%											
RM500-RM 1mil	2%	11%											

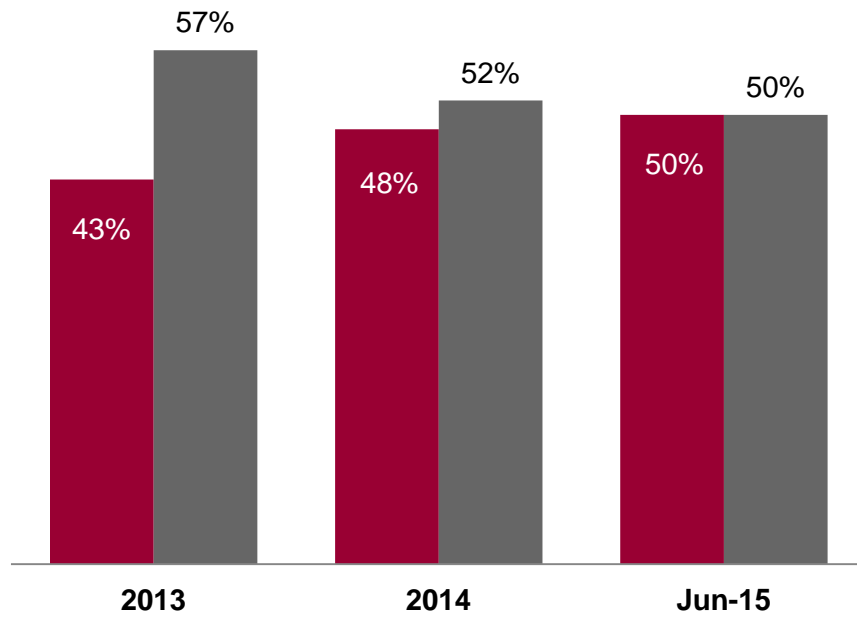
## Top 5 Sectors: Commercial / Corporate / Investment

Portfolio	Top 5 Broad Sector	TOS @ June 2015 (RM 'million)	% to Overall TOS
<ul style="list-style-type: none"> <li>• Commercial</li> <li>• Corporate</li> <li>• Investment</li> </ul>	Fin, Ins, Real Estate & Business Activities	5,020.20	33.1%
	Electricity, Gas & Water Supply	2,798.83	18.4%
	Construction	2,716.32	17.9%
	Transport, Storage, Communication	1,695.15	11.2%
	Wholesale, Retail Trade, Restaurants & Hotels	1,011.37	6.7%
	<b>Total</b>		<b>13, 241.88</b>

Note: Exposure to primary agriculture as at June 15 was RM388.72 (2.6%)

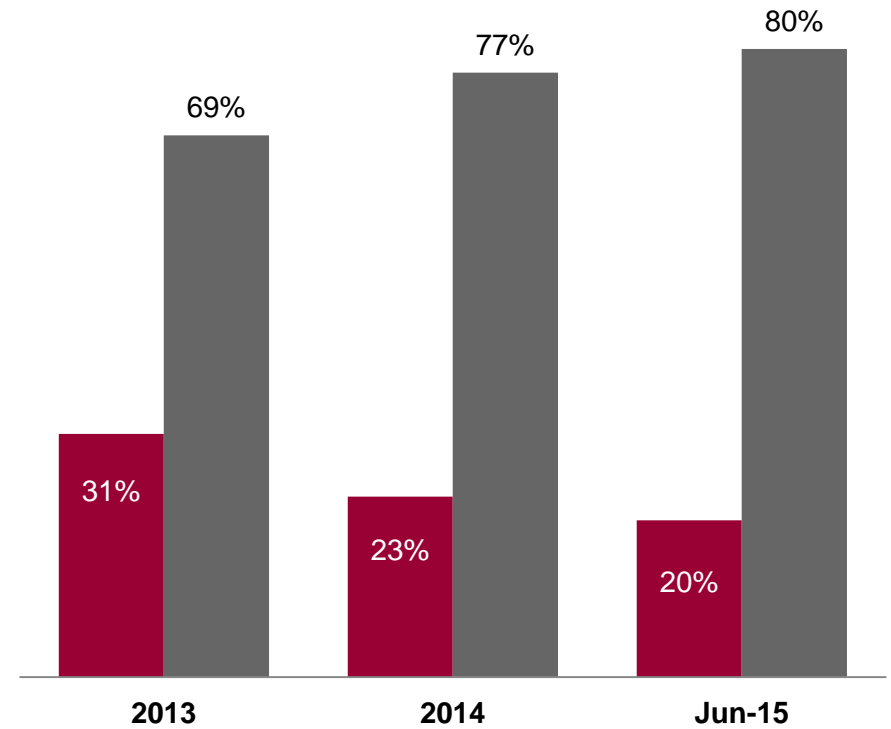
## Secured vs Unsecured

■ Secured  
 ■ Unsecured

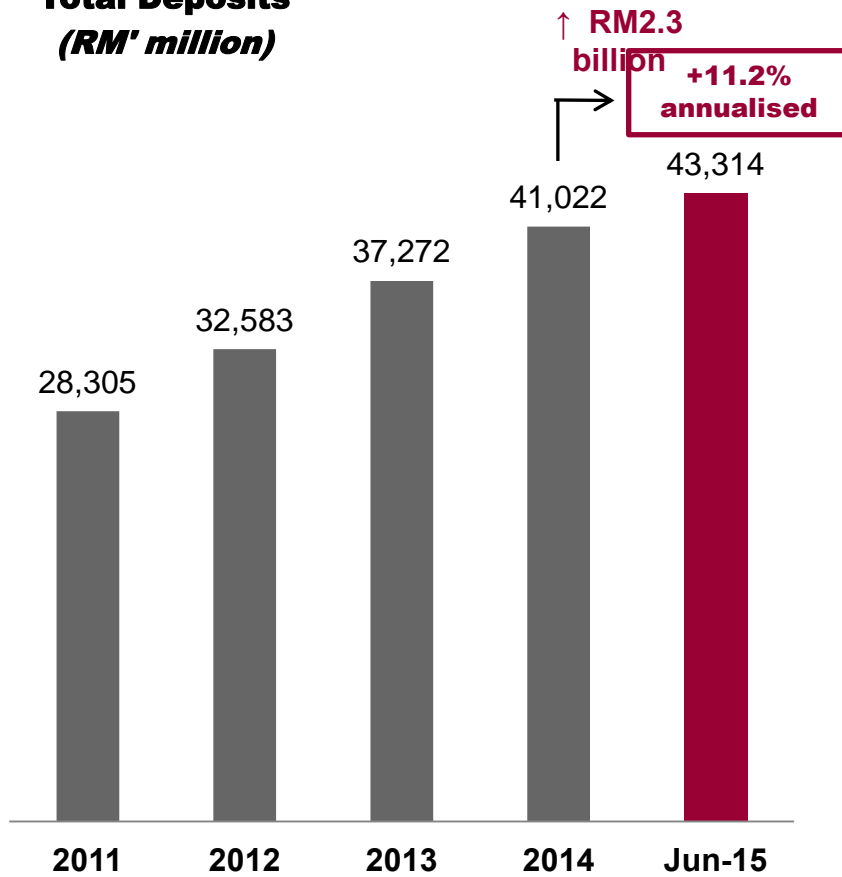


## Fixed vs Floating

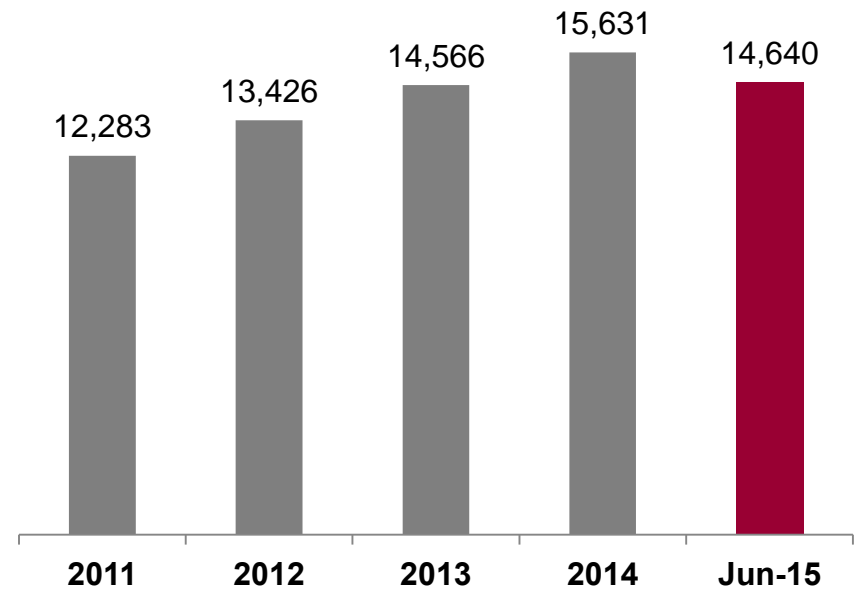
■ Fixed Rate  
 ■ Floating Rate



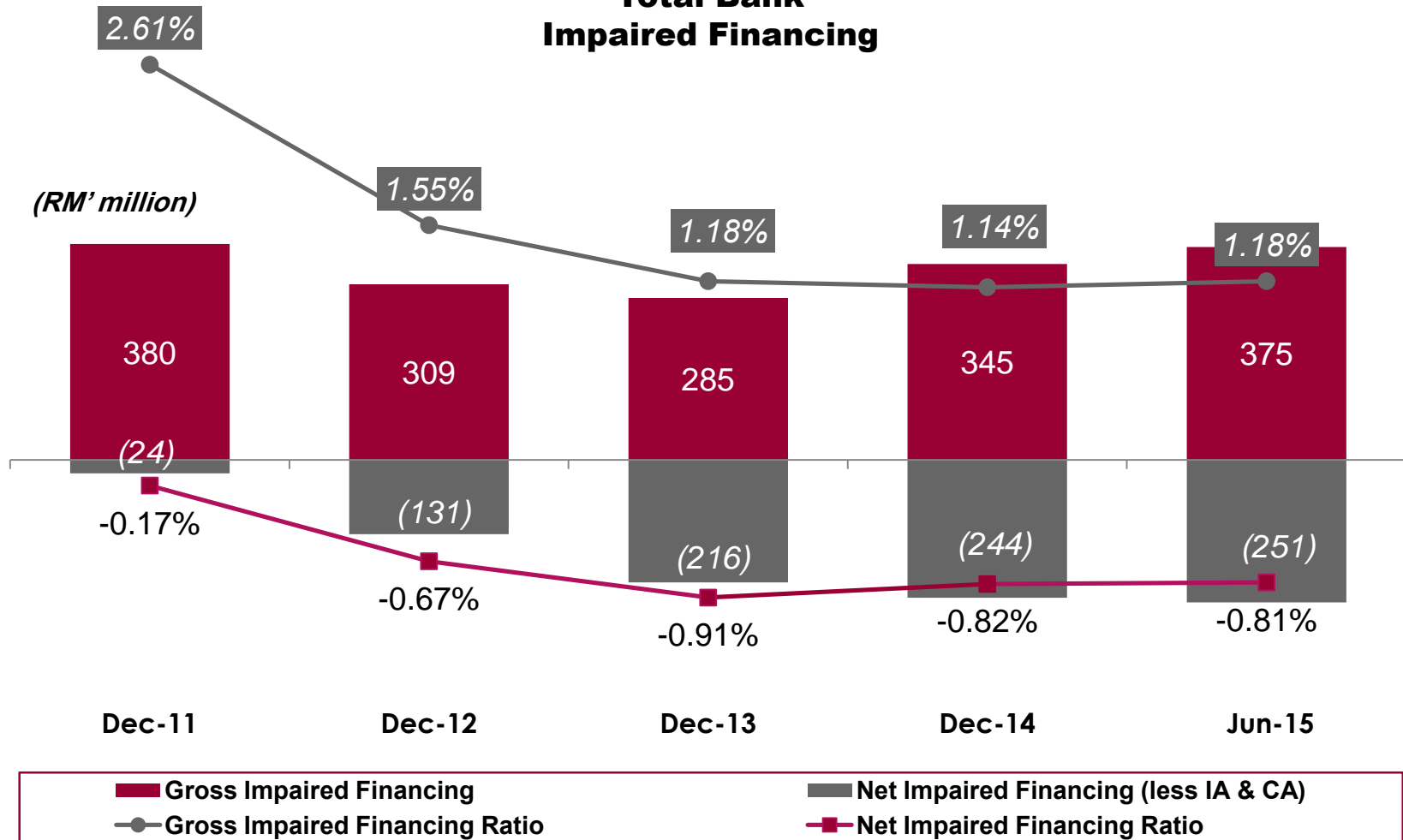
## Total Deposits (RM' million)



## CASA (RM' million)



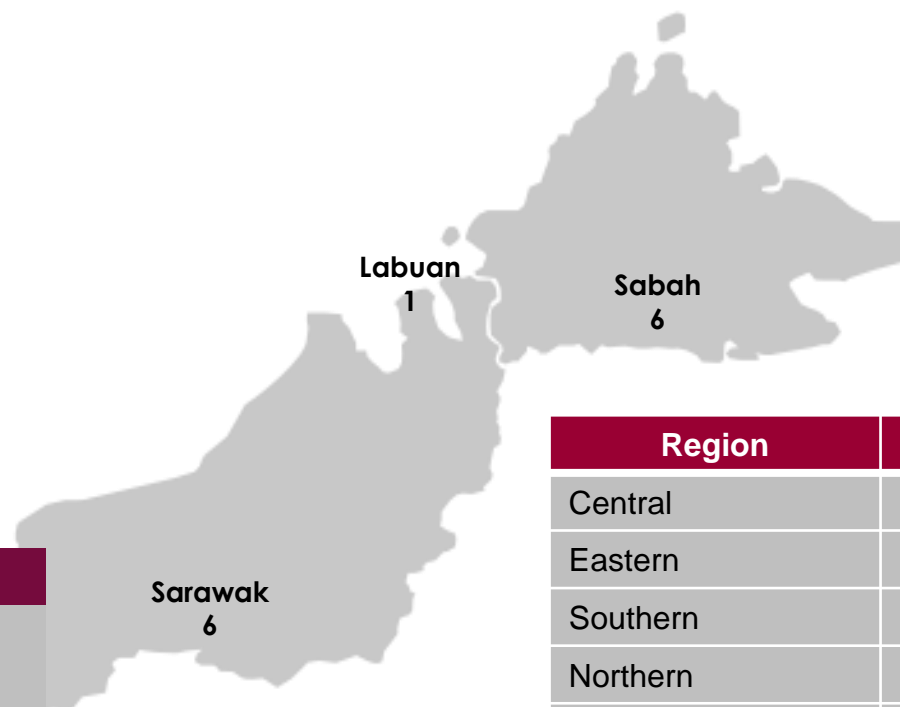
## Total Bank Impaired Financing





## Since December 2014 ...

New Branches 4 Keningau, Sabah, Austin Height, Johor, Banda Kaba, Melaka and Denai Alam, Selangor



## Additional new branches to be opened in 2015

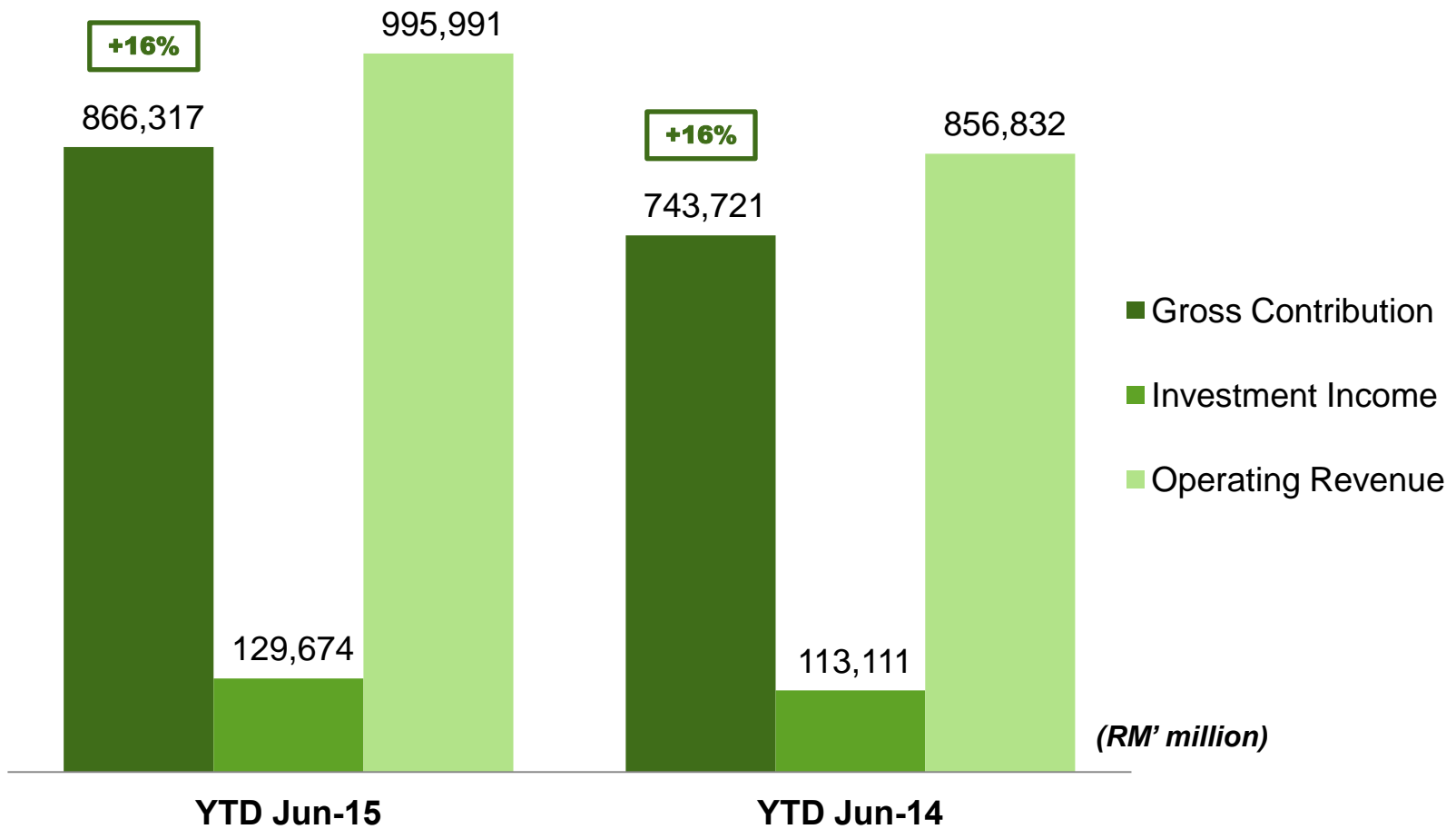
New Branches 7  
 Kodiang (Bsc) – Kedah  
 Setia Alam (Bsc) – Selangor  
 Bangi 2, Branch – Selangor  
 Ampang 2 Branch - Selangor  
 Tapah Branch - Perak  
 Bdr Seri Putra Branch – Selangor  
 Kuala Selangor Branch – Selangor

Region	Total
Central	47
Eastern	29
Southern	28
Northern	26
East Malaysia	13
<b>Total @ 31 July 2015</b>	<b>143</b>

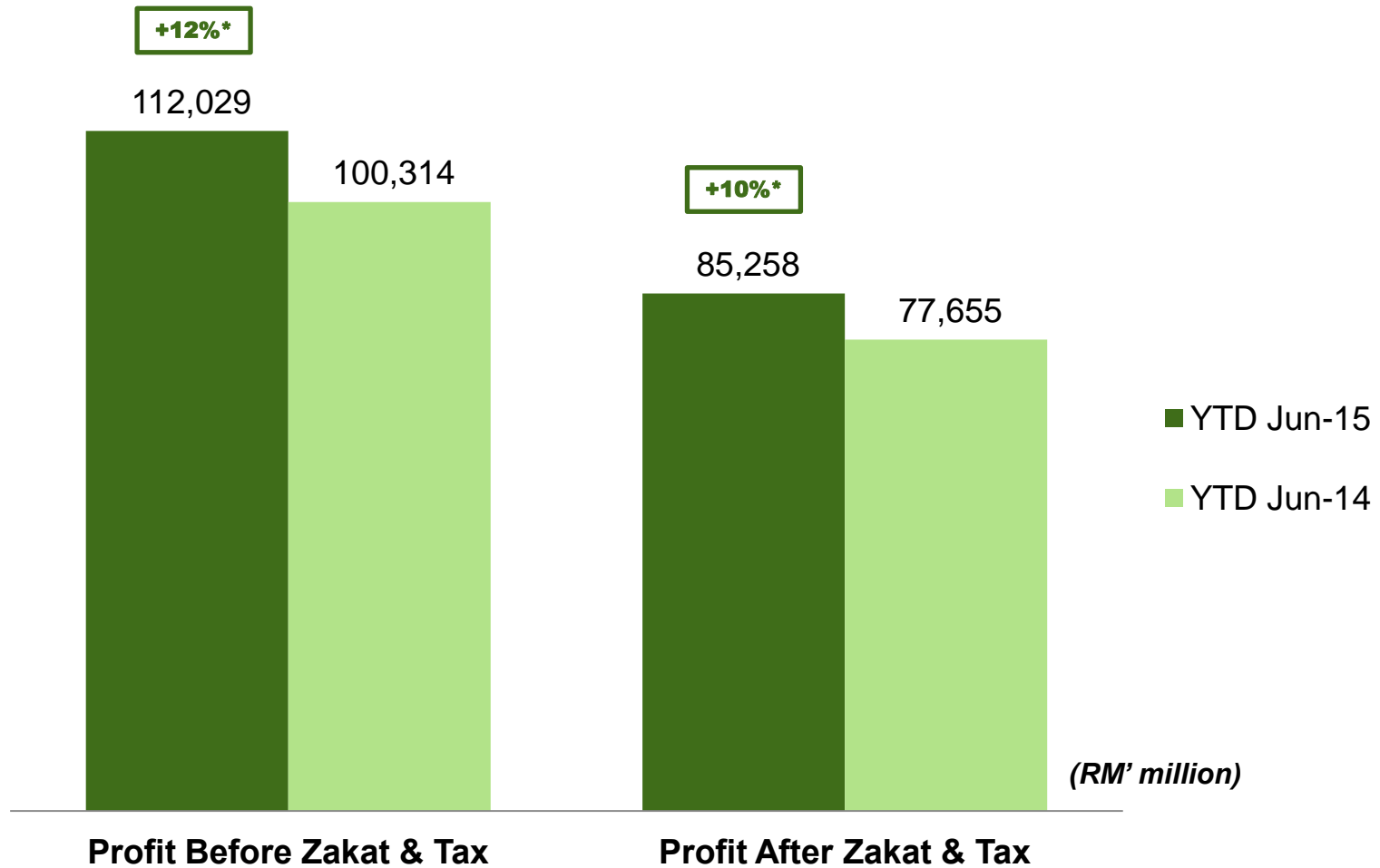


TAKAFULmalaysia

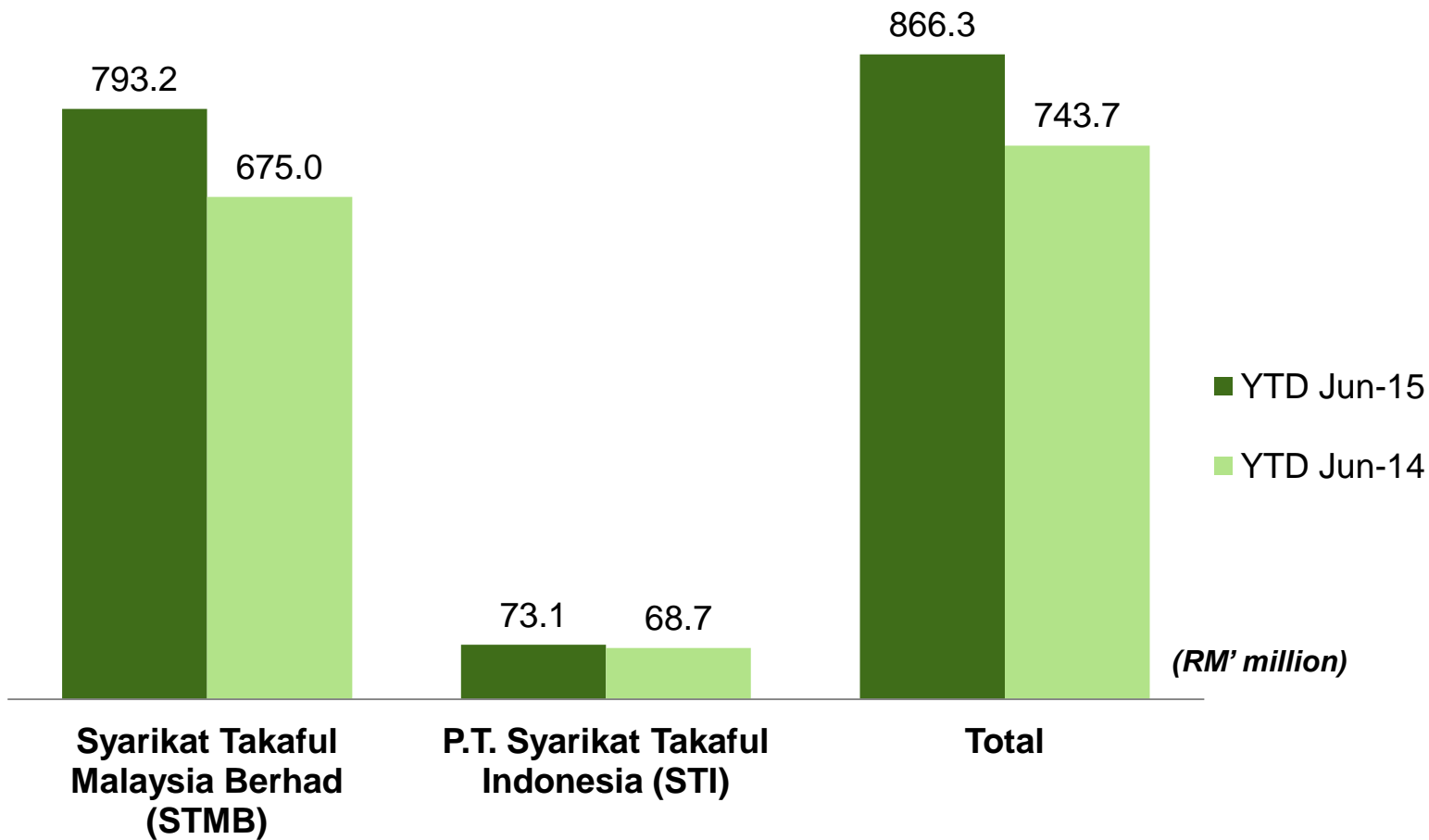
# GROUP OPERATING REVENUE



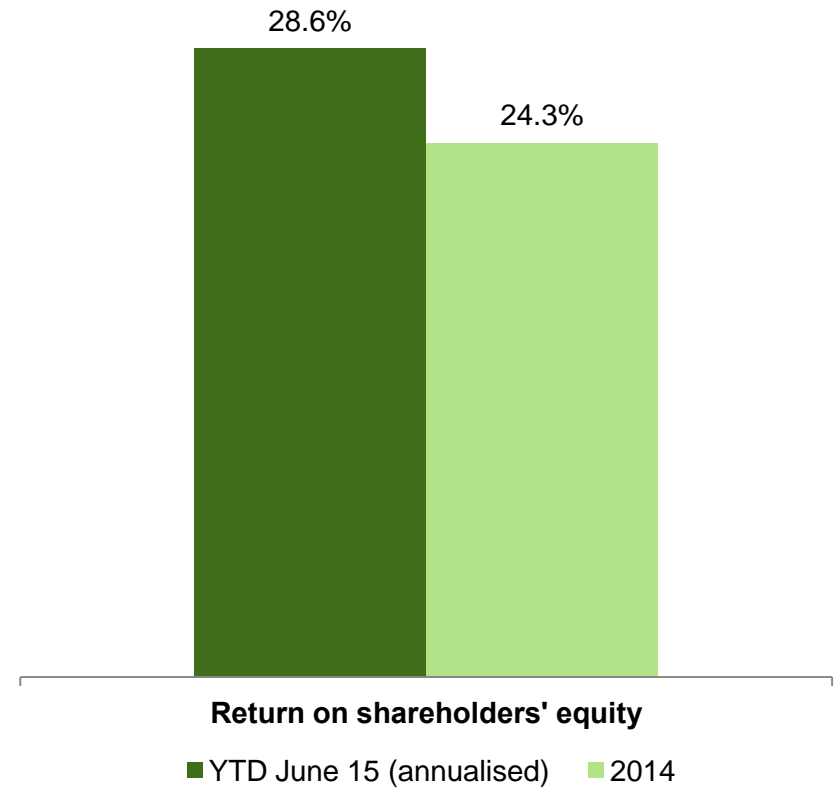
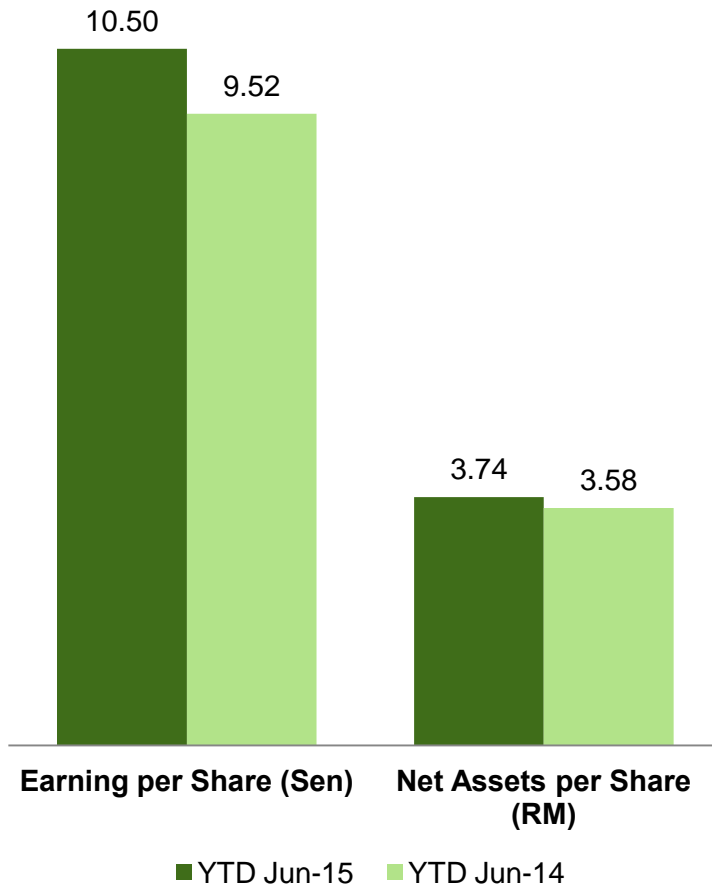
# PROFITABILITY



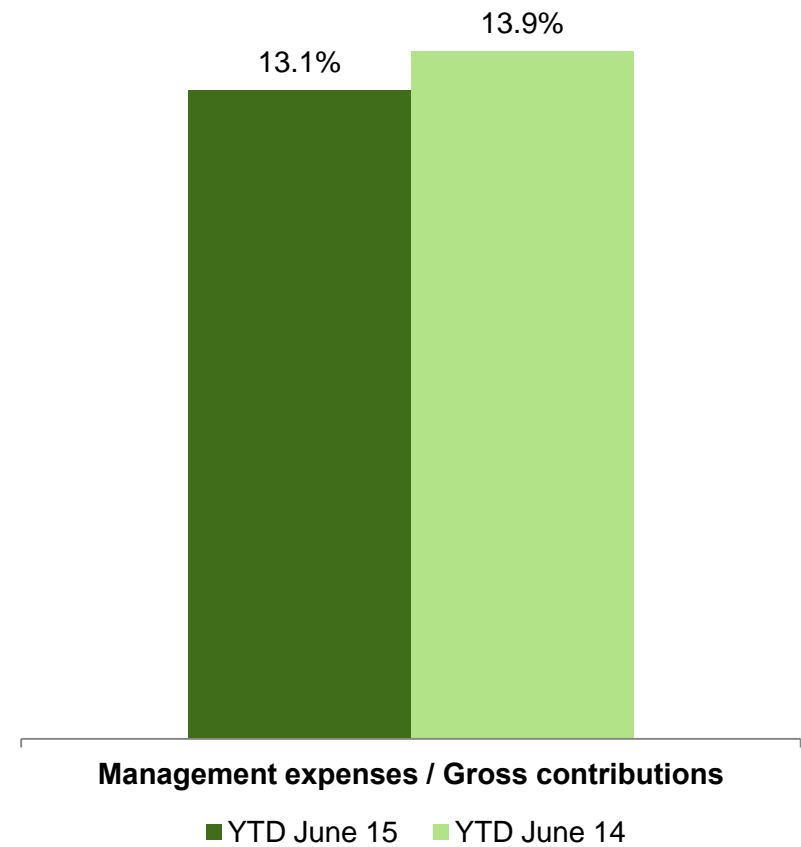
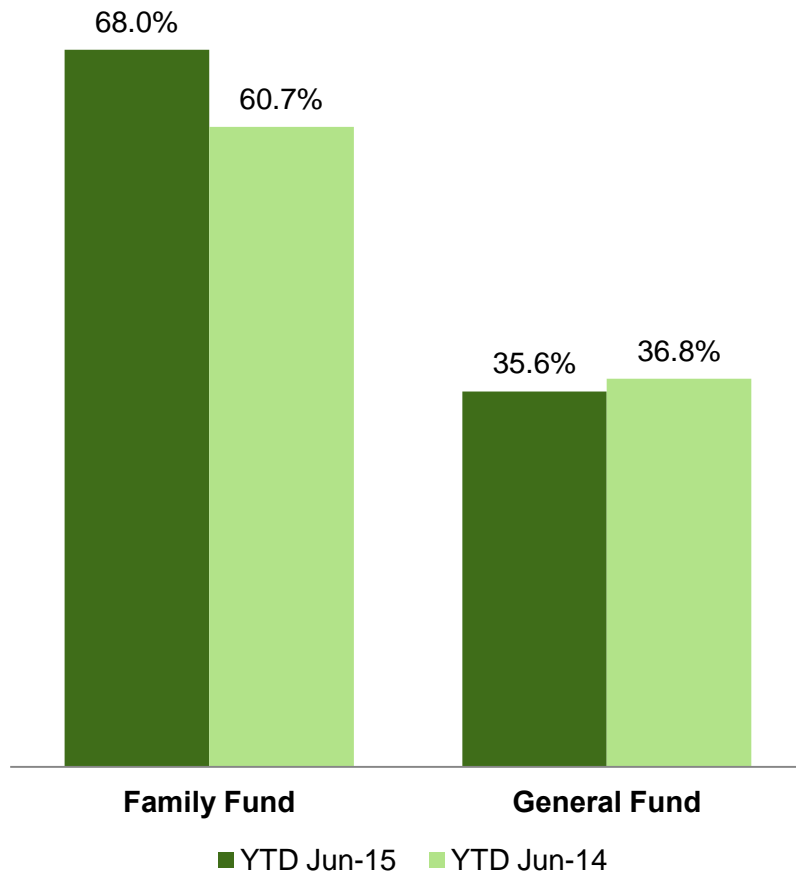
# GROSS CONTRIBUTION BY ENTITY



# KEY FINANCIAL RATIOS



## Net claims incurred ratio



# STRATEGIC PRIORITIES



1

**Robust Liability Management**

2

**Capital Preservation**

3

**Safeguard Asset Quality**

4

**Earnings Stability**

# INVESTMENT ACCOUNT – “A NEW FRONTIER”

## What is an Investment Account?

- Money paid and accepted for the purposes of investment in accordance with Shariah
- Shariah contracts:
  - Mudarabah, Musharakah, Wakalah, etc.
- The return in an investment account commensurate with the risk taken

# DIFFERENCES BETWEEN DEPOSIT & INVESTMENT ACCOUNT

Islamic Deposit	Investment Account
<ul style="list-style-type: none"> <li>Sum of money accepted or paid in accordance with Shariah.</li> </ul>	<ul style="list-style-type: none"> <li>Money is paid and accepted for the purpose of investment in accordance with Shariah.</li> </ul>
<ul style="list-style-type: none"> <li>Will be repaid in full on maturity.</li> </ul>	<ul style="list-style-type: none"> <li>No expressed or implied obligation to repay the Money in full (Principal and/or Profit).</li> </ul>
<ul style="list-style-type: none"> <li>Shariah contracts: Wadiah, Tawarruq, Bai' 'Inah</li> </ul>	<ul style="list-style-type: none"> <li>Shariah contracts: Mudarabah, Musharakah, Wakalah</li> </ul>
<ul style="list-style-type: none"> <li>Capital guaranteed.</li> </ul>	<ul style="list-style-type: none"> <li>Capital is <b>not</b> guaranteed.</li> </ul>
<ul style="list-style-type: none"> <li>PIDM protection – YES</li> </ul>	<ul style="list-style-type: none"> <li>PIDM protection – NO</li> </ul>

# DIFFERENCES BETWEEN UNRESTRICTED IA (URIA) & RESTRICTED IA (RIA)

URIA	RIA
<ul style="list-style-type: none"> <li>General mandate or allow the Bank to make ultimate investment decision without restrictions or any conditions</li> </ul>	<ul style="list-style-type: none"> <li>Specific Investment Mandate/Asset Class</li> </ul>
<ul style="list-style-type: none"> <li>Unlimited withdrawal</li> </ul>	<ul style="list-style-type: none"> <li>Fixed tenure</li> </ul>
<ul style="list-style-type: none"> <li>Mismatch maturity</li> </ul>	<ul style="list-style-type: none"> <li>Redemption upon maturity of assets; or redemption only upon realisation of underlying assets to a third party; or redemption only upon finding replacement of funds from other IAH (other than the Bank)</li> </ul>
<ul style="list-style-type: none"> <li>On-balance Sheet (subject to compliance with principles of FRS10)</li> </ul>	<ul style="list-style-type: none"> <li>Off-balance Sheet</li> </ul>

## Why? Benefits from 3 perspectives:

1. Deposits perspective
2. Finance perspective
3. Customers perspective

## Deposit's perspective:

- 1. Manage capital more effectively** - Risk weighted assets funded by investment accounts are excluded from the calculation of capital adequacy ratio.
- 2. Reduce regulatory cost** - All 'deposits' i.e. placement accounts are excluded from Eligible Liabilities (EL) base for the purposes of statutory reserve requirement (SRR) computation
- 3. Cost savings from PIDM premium approximately 0.04%-0.06%**

## Finance's perspective:

1. **Option for on-balance sheet and off-balance sheet** – Restricted Investment Account and Unrestricted Investment Account
2. **Capital management** – Potential improvement on level of Risk Weighted Capital Ratio (RWCR)
3. **New source of revenue** – opportunity to earn fee based income (e.g. wakalah fees)
4. **As an Investment intermediary** – Bank Islam will not take any risk



## Customer's perspective:

### 1. So, is IA riskier than deposit?

Not necessarily, in fact IA can be safer than deposit and customer may enjoy higher return if placement is made under URIA.

### 2. How?

- Placements are tagged against assets of the bank(secured position)
- Opportunity to earn higher return than deposit as the bank enjoys savings from:
  - a. Tagged assets are excluded from capital adequacy ratio calculation
  - b. IA excluded from Eligible Liabilities (EL) base for the purposes of statutory reserve requirement (SRR) computation
  - c. Savings from PIDM premium



## FY2015 EXPECTATIONS

# BHB GROUP'S YEAR END FY2015 EXPECTATIONS



	Target
Earnings (PBZT) growth	Maintain FY2014 performance
Financing growth	14%-15%
Deposits and IA growth	Circa 5%
Gross impaired financing ratio	<1.5%

Thank You  
والسلام

BANK ISLAM



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BIMB SECURITIES SDN BHD

