

MALAYSIA'S PREMIER
SHARIAH - COMPLIANT
FINANCIAL SERVICES GROUP



ANALYSTS' BRIEFING HALF YEAR ENDED 30 JUNE 2017

STRATEGIC FOCUS IN 2017 & HOW TO PLAN TO GET THERE

Deposit Drive



- Focus on CASA (Driving Salary accounts, Cash Mgt e-banker, Mudarabah CA, Driving Transactional IA – Al Awfar)
- Rightsizing of Funding Mix (Cagamas & Issuance of MTN)

Defensive Strategy



- Cautious Assets Growth (8%)
- Capital efficient strategy (Driving IA & IAP)
- Balanced growth (Driving SME & Supply Chain)
- Preserve Asset Quality

Digitalisation



- Strategic Collaboration with FinTech companies
- Building Digital Capability / Digital banking division
- Digital transformation – channels, processes, productivity and analytics

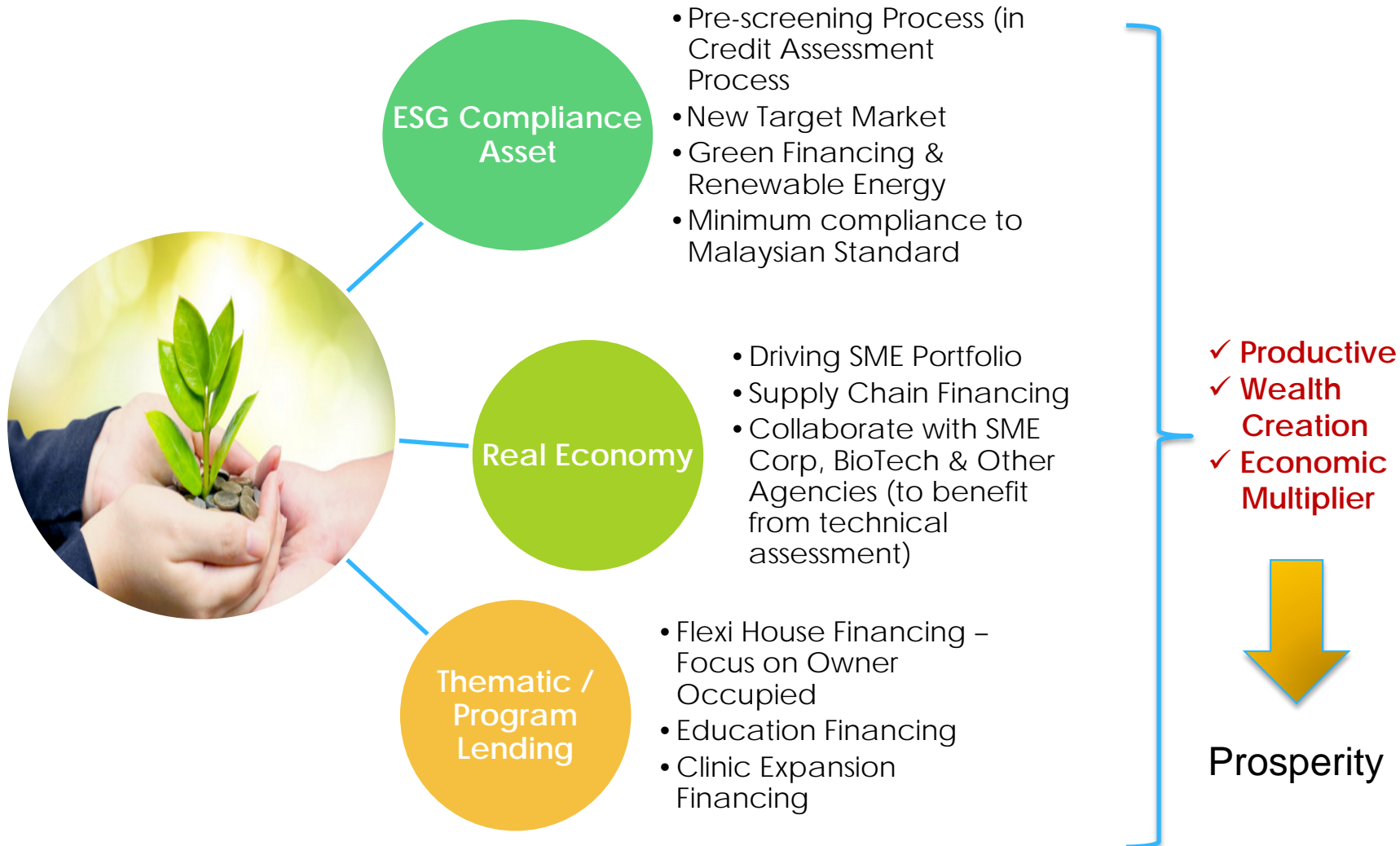


STRATEGY AGENDA

VALUE BASED
INTERMEDIARY (VBI)

DIGITALISATION

RESPONSIBLE FINANCE



DIGITALISATION



Strategic
Collaboration
with FinTech
companies
(Revenue
Sharing Model)

Building Digital
Capability

Digital
transformation –
channels,
processes,
productivity and
analytics

Digital Banking
(a division of the
Bank)



BIMB HOLDINGS

1H 2017 HIGHLIGHTS

Total revenue RM1,862.8 million, + 5.1% (1H 17 vs. 1H 16)

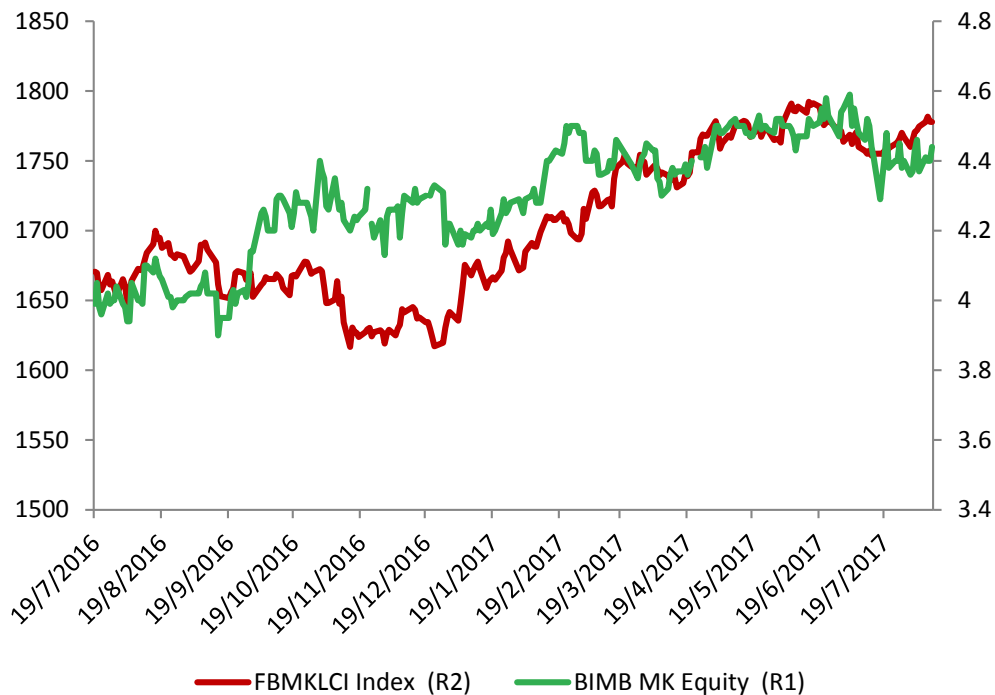
PBZT RM461.4 million, + 5.3% (1H 17 vs. 1H 16)

ROE: 20.0% & ROA: 1.5% (based on PBZT)

Total Assets RM61.9 billion, + 8.2% Y-o-Y

Net Financing RM40.5 billion, + 11.5% Y-o-Y

BIMB vs KLCI – ONE YEAR SNAPSHOT



Δ from	Jul 16 vs Aug 17
BIMB	11.3%
KLCI	6.4%

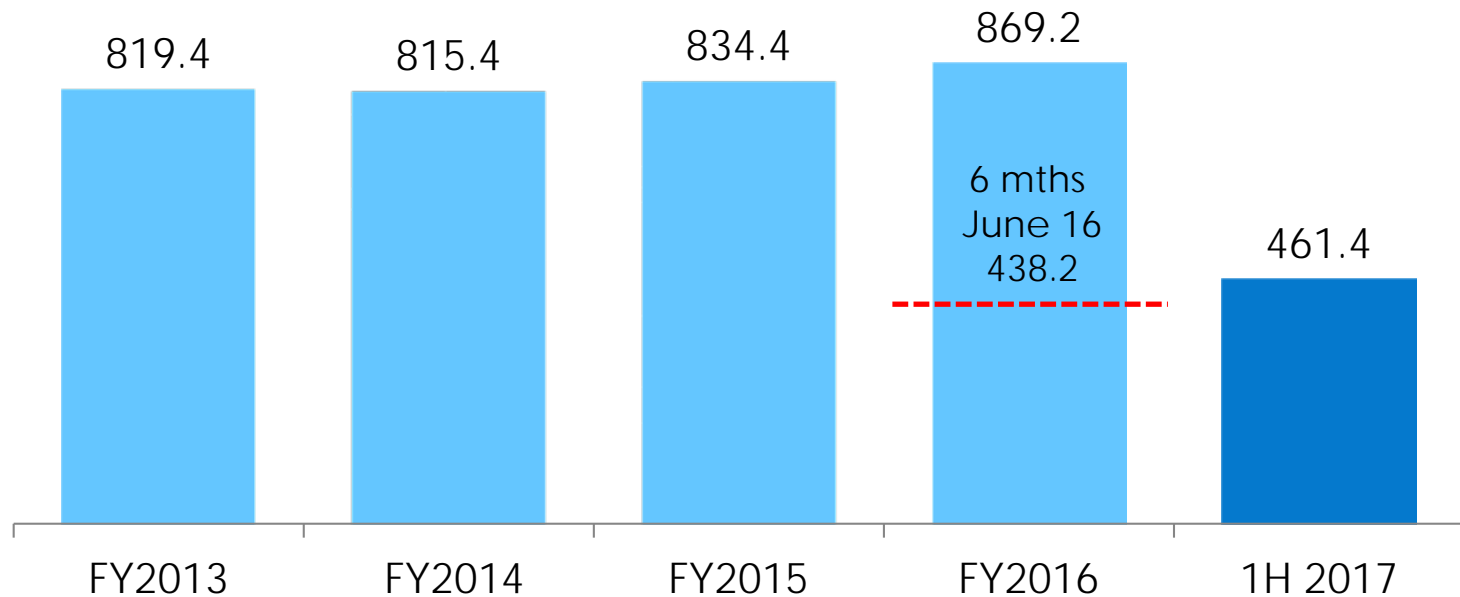
Shareholding as at 30 June 2017		%
1	LTH	52.48
2	EPF	12.47
3	PNB	5.78
4	KWAP	5.46
5	Amanah Saham Bumiputera	5.31

	Foreign	2.00
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PROFITABILITY TREND – BHB GROUP

Profit before zakat & taxation
RM million

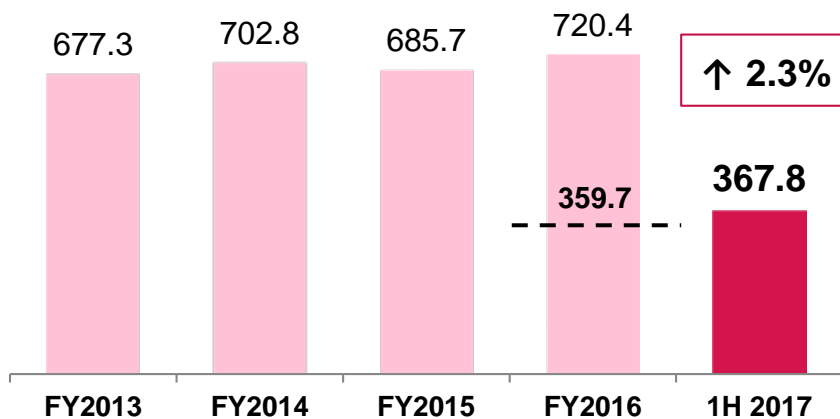
Consistent Results



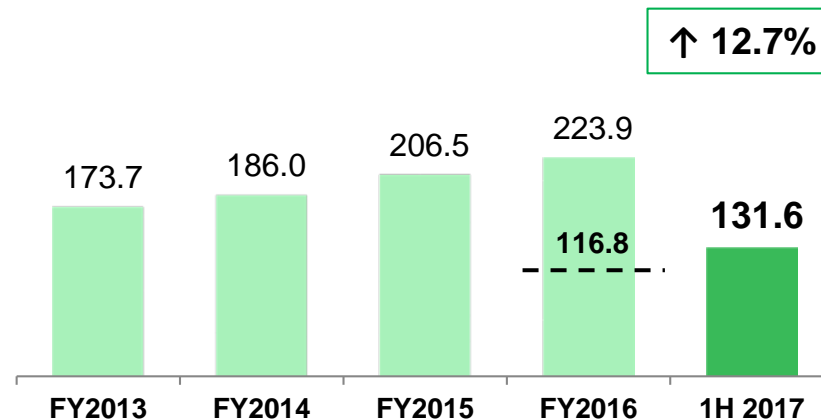
PROFITABILITY TREND – BHB GROUP

Profit before zakat and taxation (RM million)

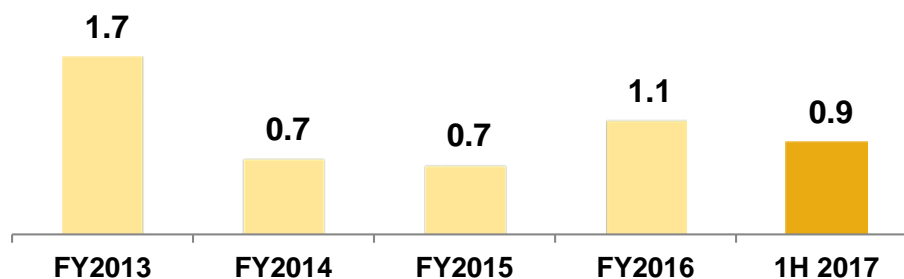
Bank Islam Group



STMB Group



BIMB Securities Group

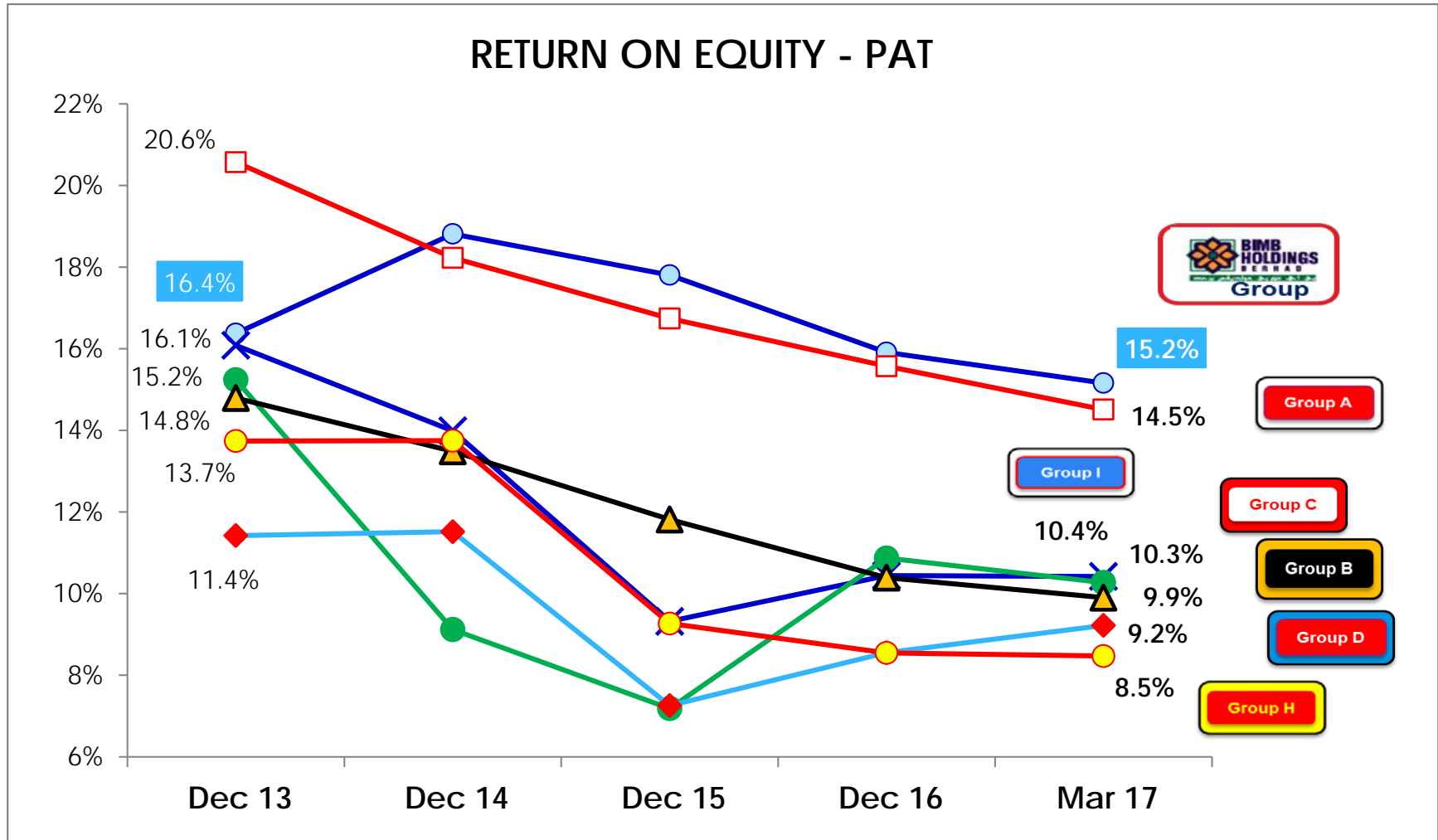


GROUP KEY FINANCIAL INDICATORS

	Actual June 17	Actual Dec 16
Return on Equity (%) – based on PBT	20.0% *	22.0%
Return on Assets (%) – based on PBT	1.5% *	1.4%
Return on Equity (%) – based on PAT	14.2% *	15.9%
Return on Assets (%) – based on PAT	1.1% *	1.0%
Cost Income Ratio (%)	59.1%	58.7%
Earnings per share (sen)	17.60	35.25
Net tangible assets per share (RM)	2.69	2.44




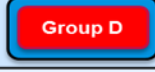
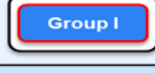




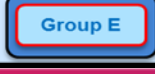
* Annualised

SELECTED FINANCIAL HOLDING CONGLOMERATES - ROE



Excluding BHB Group, the other financial conglomerates operate both Islamic and conventional banking operations

FINANCIAL HOLDING CONGLOMERATES – SNAPSHOT @ 30 JUNE 2017

	Market price @ 30 June 2017 RM	Market Cap RM mil	Price- to-Book ratio [P/B] (x)	Price Earnings ratio [PE] (x)	Position @ 31 Mar 2017			
					ROE (based on PAT) %	Cost-to- income ratio %	Total Capital Ratio %	Gross Impaired Loans ratio %
 Group B	9.63	101,533.8	1.6	14.2	9.9	50.5	18.9	2.4
 Group A	20.32	78,885.0	2.4	15.1	14.5	34.3	15.2	0.5
 Group C	6.58	59,562.9	1.6	16.0	10.3	52.7	16.1	3.2
 Group D	5.06	20,290.8	1.1	11.6	9.2	48.9	17.2	2.4
 Group I	16.80	19,278.3	0.9	13.6	10.4	43.9	15.1	0.9
 Group H	4.88	14,709.2	1.1	11.1	8.5	57.9	16.7	1.9
 Non- Bank F	1.33	7,879.5	1.3	27.1	6.1	19.7	N/A	8.0
 BIMB HOLDINGS GROUP	4.55	7,451.7	1.7	12.9	15.2	57.5	15.0	1.0
 Group G	3.85	5,960.2	1.2	11.5	10.3	47.1	17.5	1.0
 Group E	2.68	5,207.1	0.7	9.2	5.7	64.5	17.3	2.0

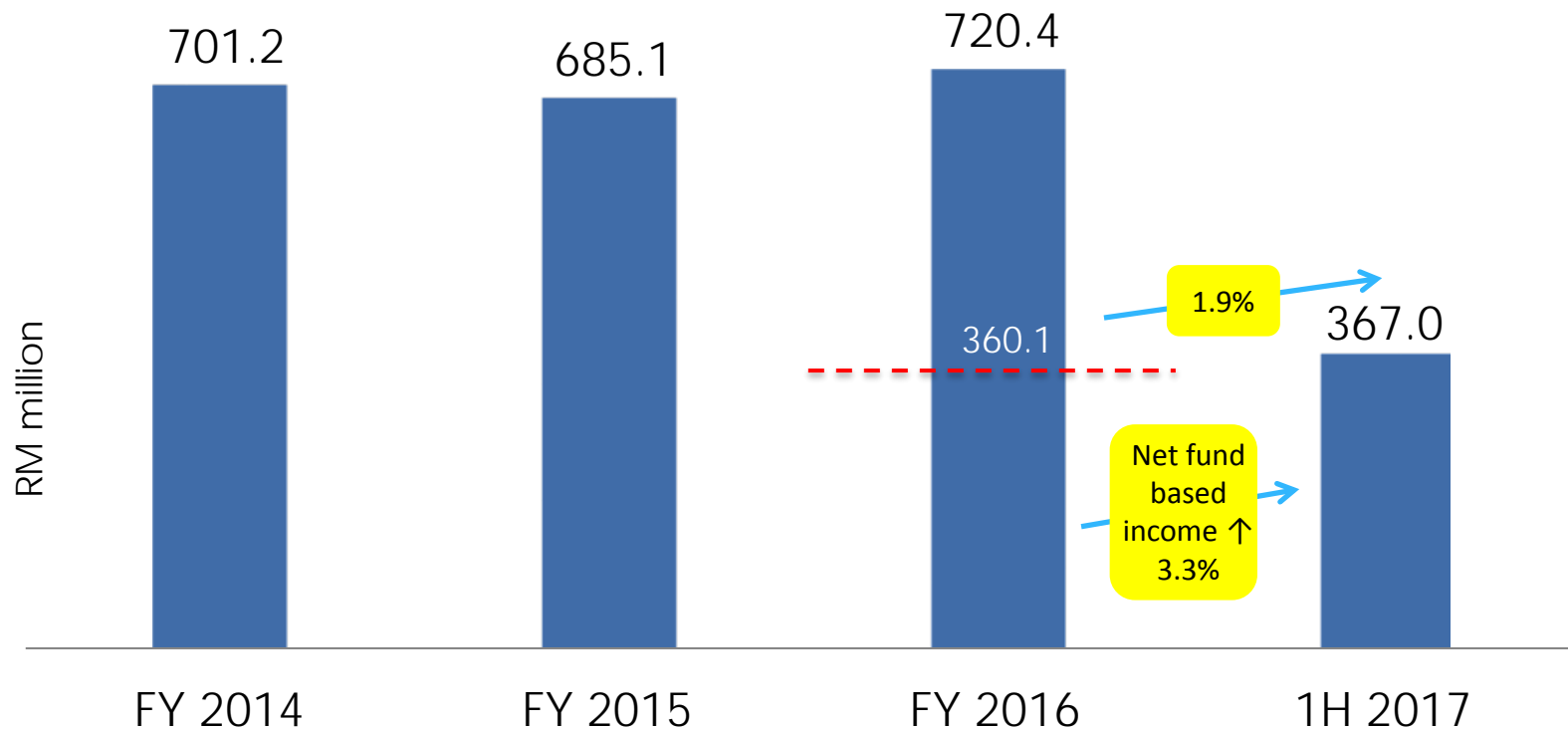
BANK ISLAM

KEY FINANCIAL HIGHLIGHTS

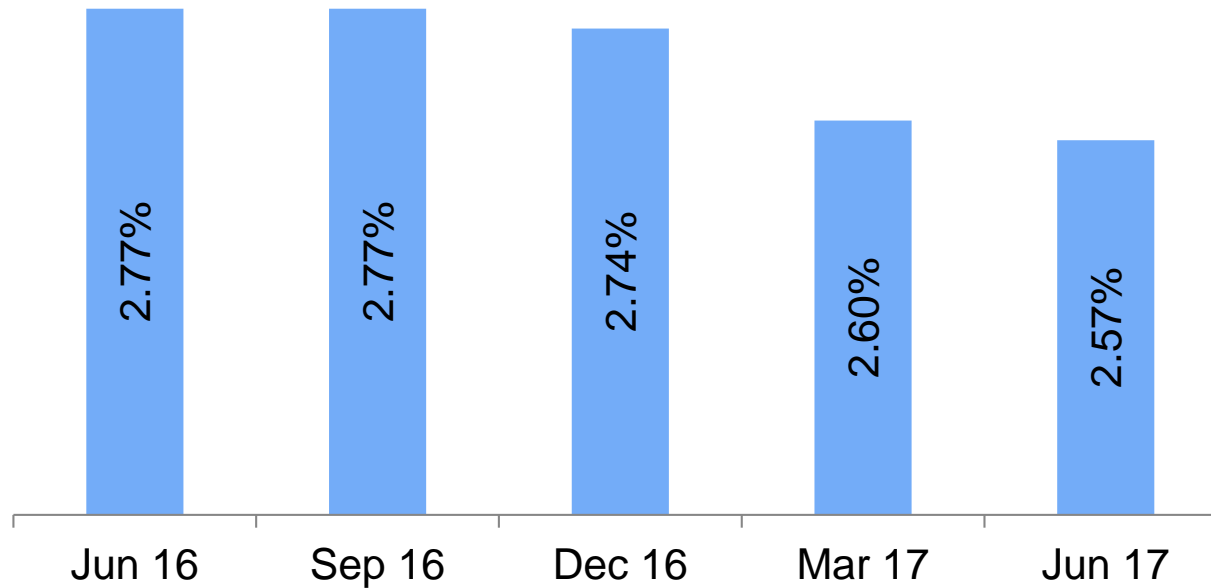
	1H FY2016	1H FY2017
PBZT	RM360.1 m	RM367.0 m
As at	Dec 16	June 17
Net financing	RM39.2 b	RM40.5 b
Gross impaired ratio	0.98%	1.02%
Net impaired ratio	-0.75%	-0.62%
Financing to deposit ratio (FDR)	78.5%	83.9%
Financing to fund ratio (FTF)	77.3%	82.5%
Financing to fund and equity ratio (FTFE)	72.3%	74.2%
Net income margin	2.74%	2.57%
Cost income ratio	52.6%	54.1%

PROFIT CONTINUES TO GROW

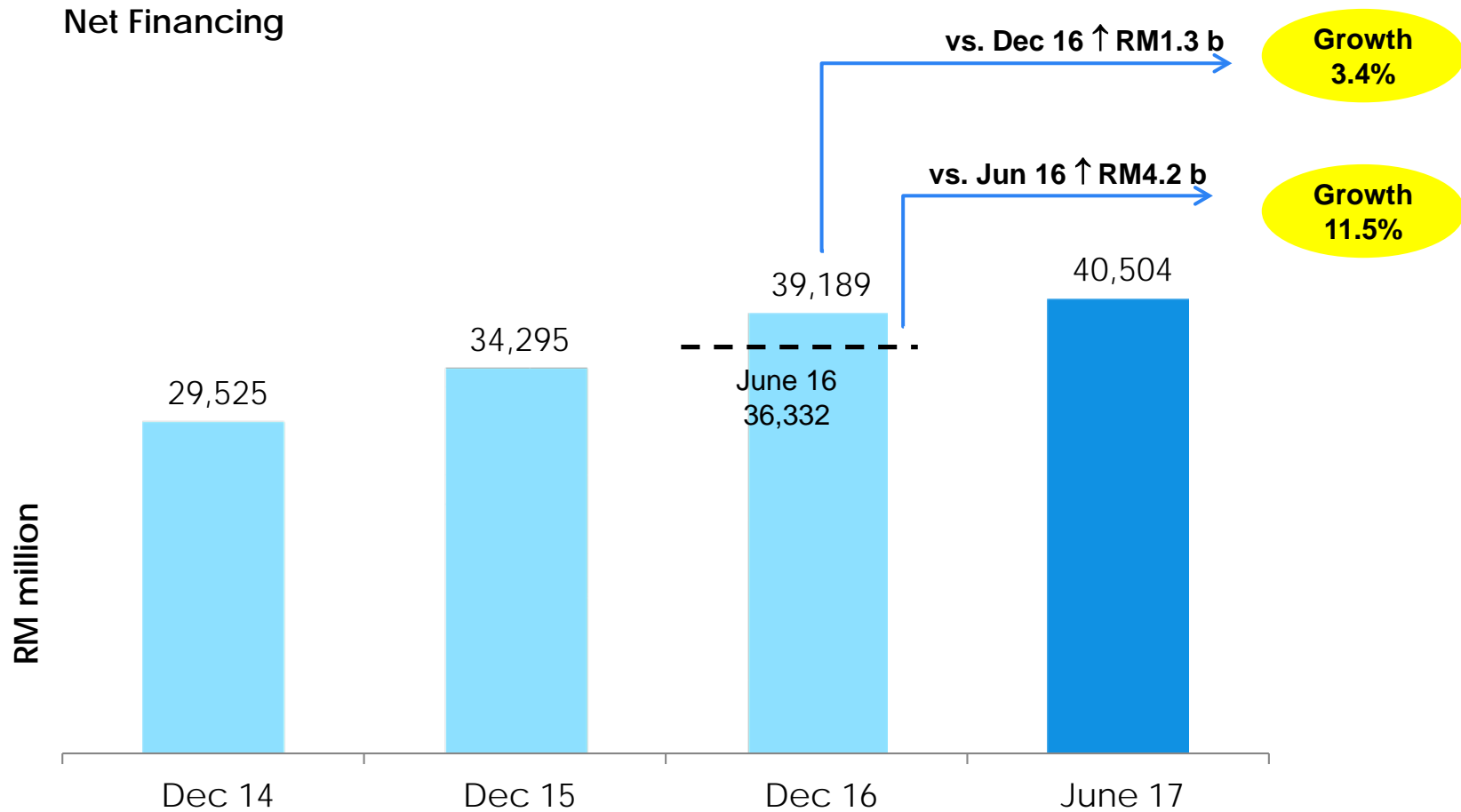
Profit before zakat and tax



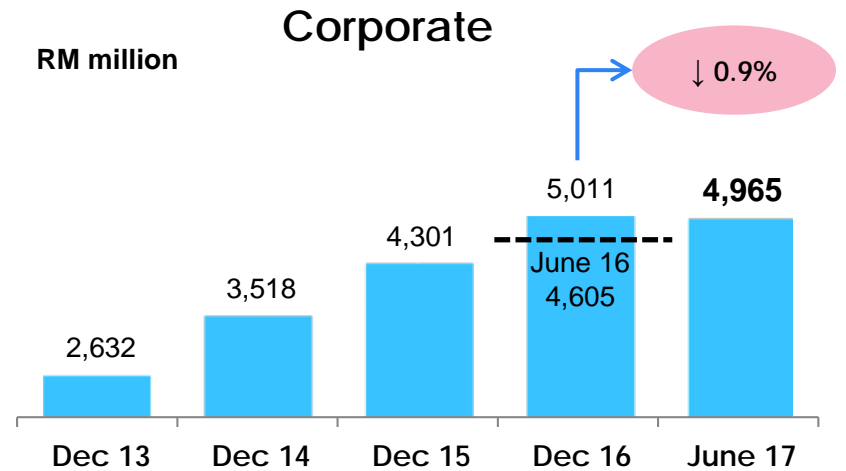
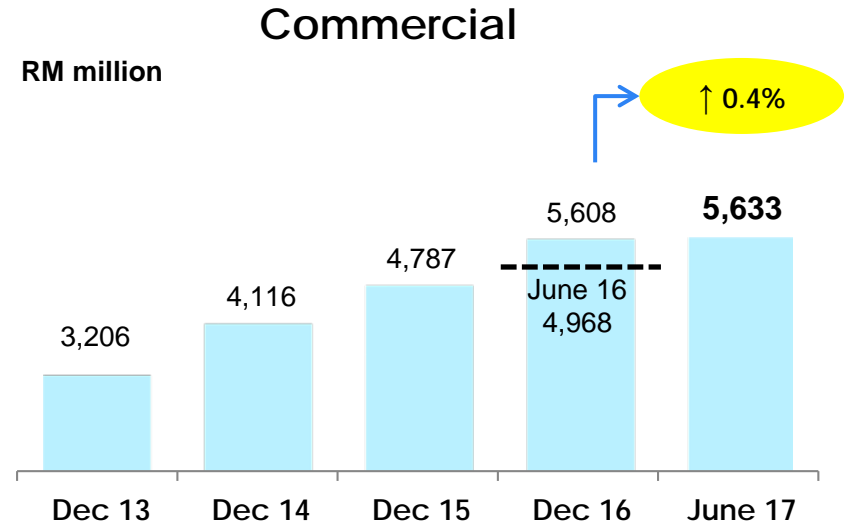
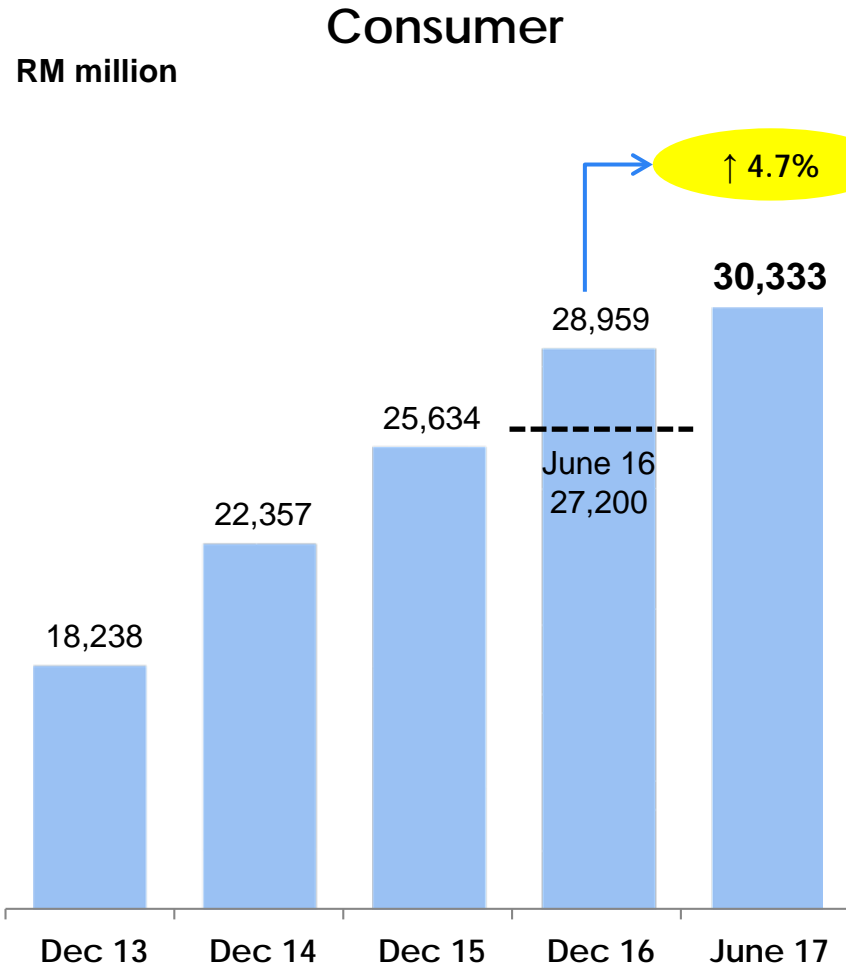
NET INCOME MARGIN TREND – COMPRESSION



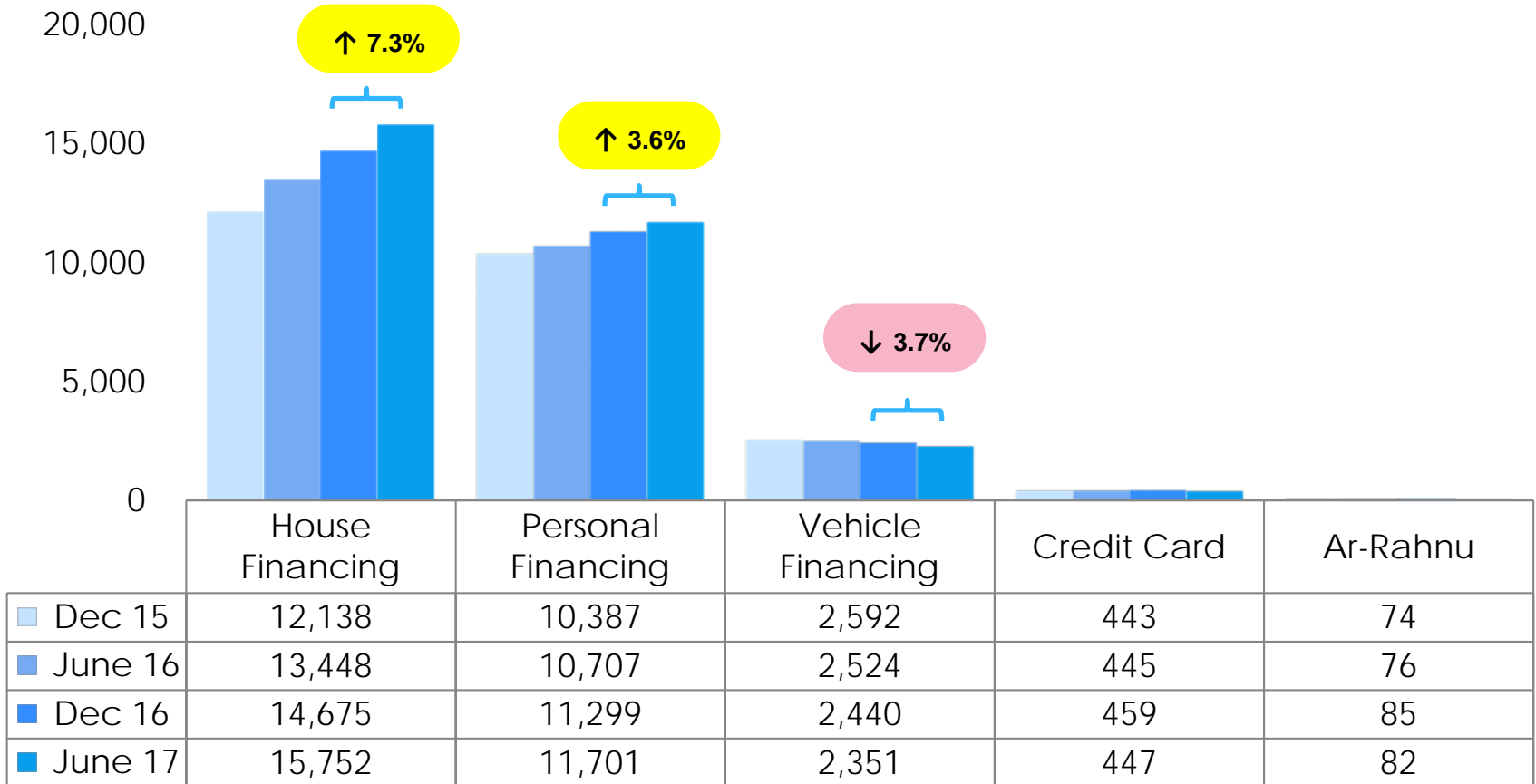
ROBUST FINANCING GROWTH



GROSS FINANCING – DRIVEN MAINLY BY CONSUMER

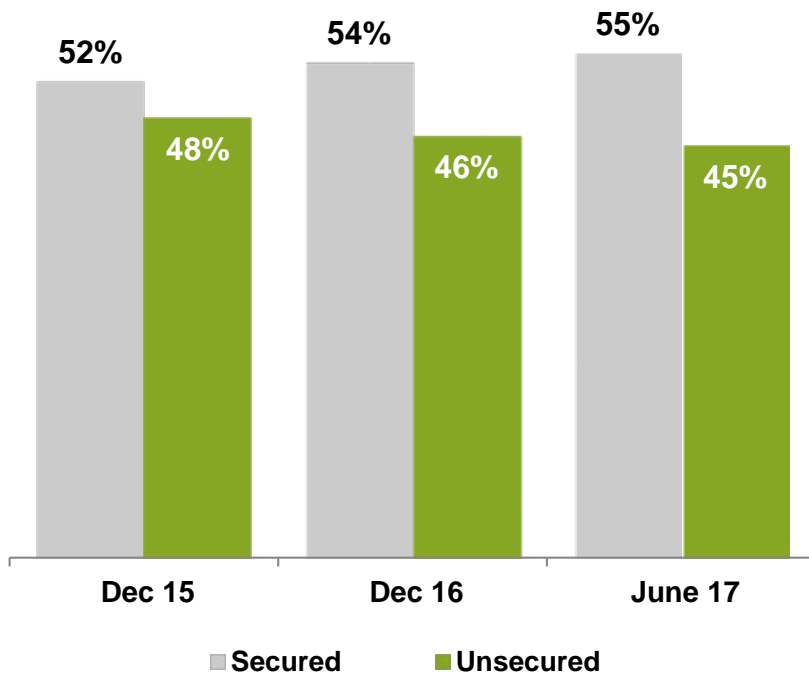


CONSUMER FINANCING DRIVEN MAINLY BY HOUSE FINANCING



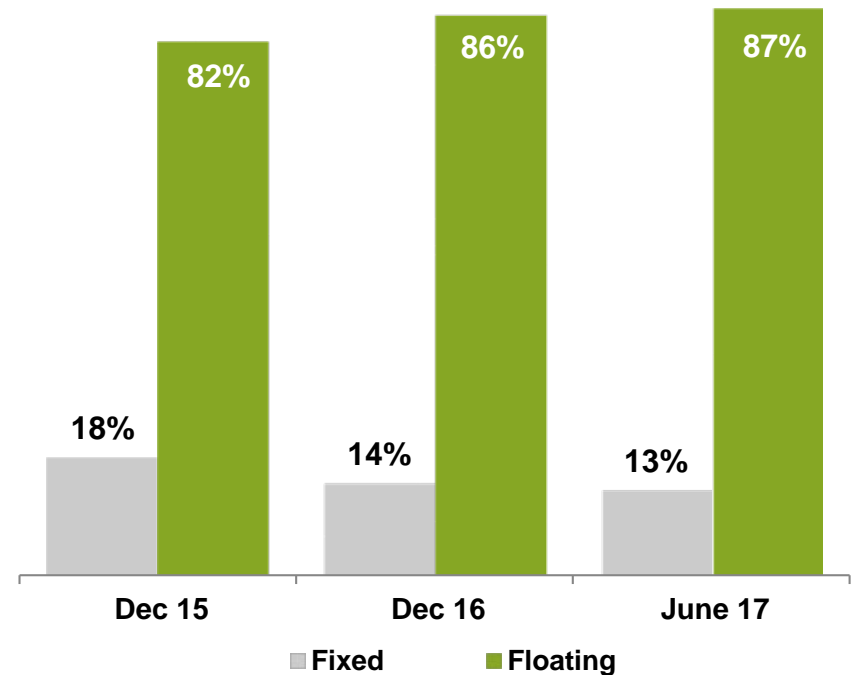
GROSS FINANCING : SECURED VS UNSECURED & FIXED VS FLOATING

Gross Financing#
Secured vs. Unsecured



excludes Corporate Banking

Gross Financing
Fixed vs. Floating

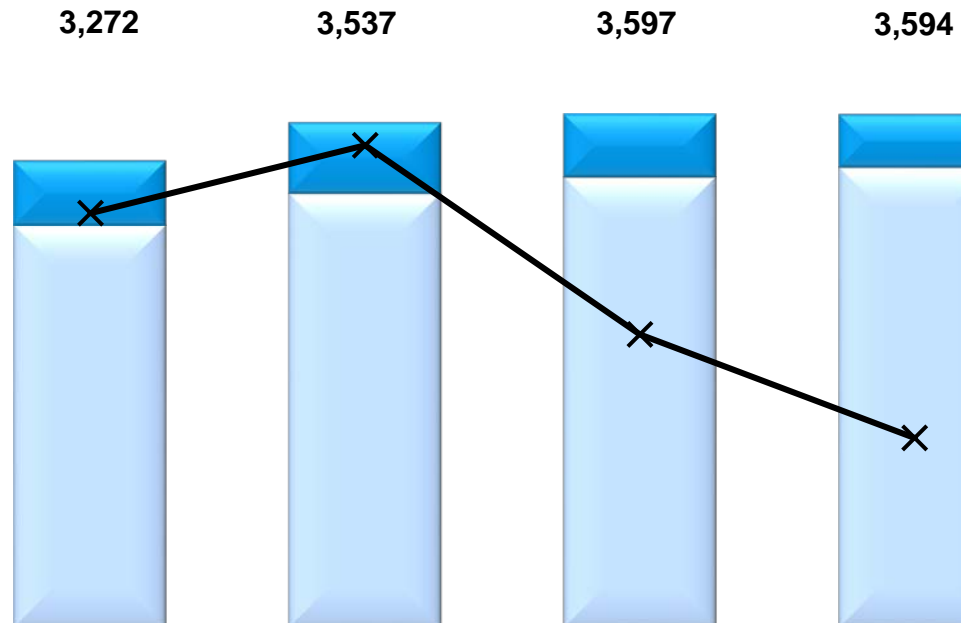




FINANCING – VULNERABLE SECTORS

	Dec 16					June 17				
	Amount	As % of Corp & Comm	As % to Gross Financing	Impaired Financing	Gross Impaired Financing Ratio	Amount	As % of Corp & Comm	As % to Gross Financing	Impaired Financing	Gross Impaired Financing Ratio
RM million										
Plantation	747.4	7.0%	1.9%	-	0.0%	688.3	6.5%	1.7%	-	0.0%
Real Estate	1,205.7	11.4%	3.0%	-	0.0%	1,392.1	13.1%	3.4%	1.5	0.1%
Oil & Gas	443.7	4.2%	1.1%	34.8	7.9%	373.2	3.5%	0.9%	34.0	9.1%
Total Corporate & Commercial	10,619.4					10,597.6				
Total Gross Financing	39,872.4					41,176.6				

EXPOSURE TO OIL & GAS INDUSTRY TREND

Total Exposure
RM million



	Dec 15	June 16	Dec 16	June 17
 Corporate & Commercial	457	498	444	373
 Consumer (under Package Financing)	2,815	3,039	3,153	3,221
 % Total Exposure to Gross Financing	9.36%	9.55%	9.02%	8.73%

<i>of which Impaired Financing – amount</i>	3	44	58	54
<i>Gross impaired ratio</i>	0.09%	1.26%	1.61%	1.49%

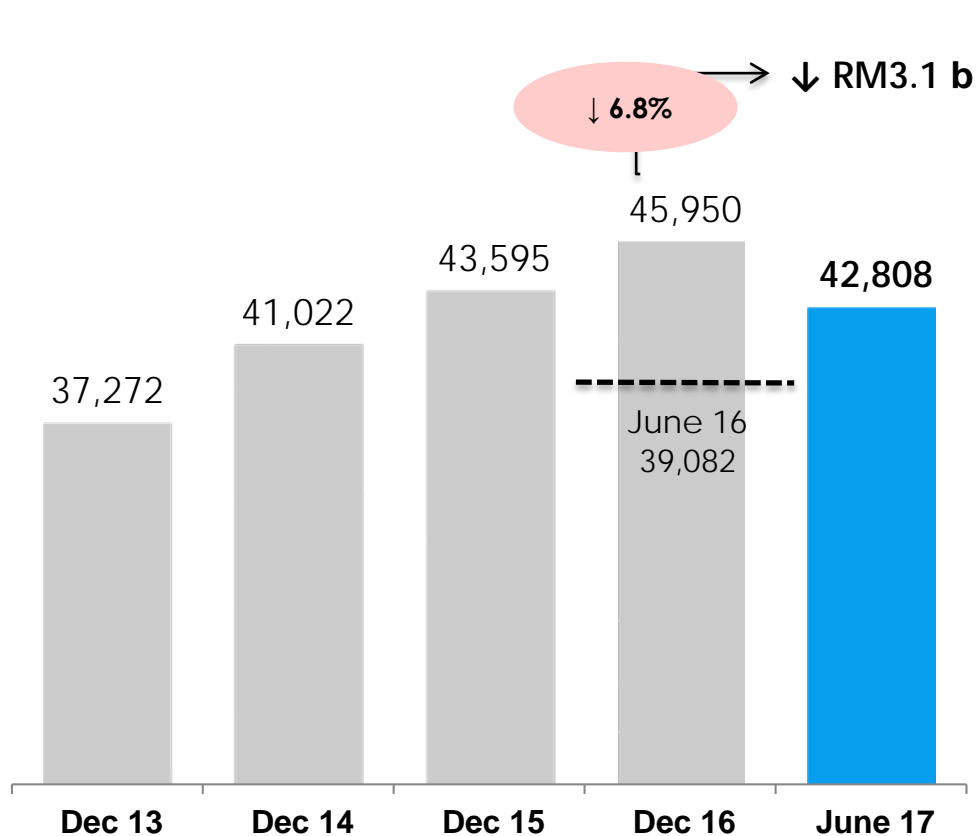
EXPOSURE TO OIL & GAS INDUSTRY TREND

Financing RM million	Dec 15		June 16		Dec 16		June 17	
	Amount	% to Gross Financing	Amount	% to Gross Financing	Amount	% to Gross Financing	Amount	% to Gross Financing
Total exposure to Oil & Gas	3,271.8	9.4%	3,536.9	9.6%	3,596.9	9.0%	3,594.4	8.7%
<i>of which:</i>								
Consumer	2,814.8	8.1%	3,038.9	8.2%	3,153.2	7.9%	3,221.2	7.8%
Corporate & Commercial	457.0	1.3%	498.0	1.3%	443.7	1.1%	373.2	0.9%

RM million	Dec 15		June 16		Dec 16		June 17	
	Amount	Impaired ratio	Amount	Impaired ratio	Amount	Impaired ratio	Amount	Impaired ratio
of which Impaired Financing	3.0	0.1%	44.4	1.3%	57.8	1.6%	53.7	1.5%

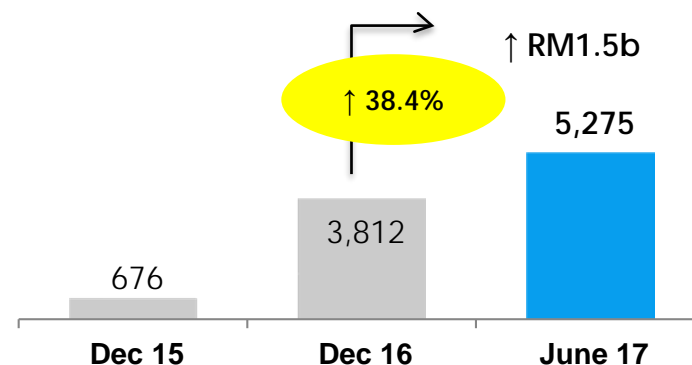
CUSTOMER DEPOSITS AND INVESTMENT ACCOUNT

CUSTOMER DEPOSITS RM Million

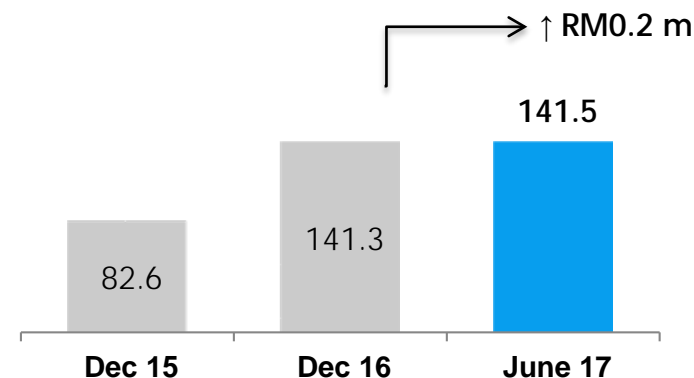


INVESTMENT ACCOUNT RM Million

Unrestricted Investment Account (URIA)



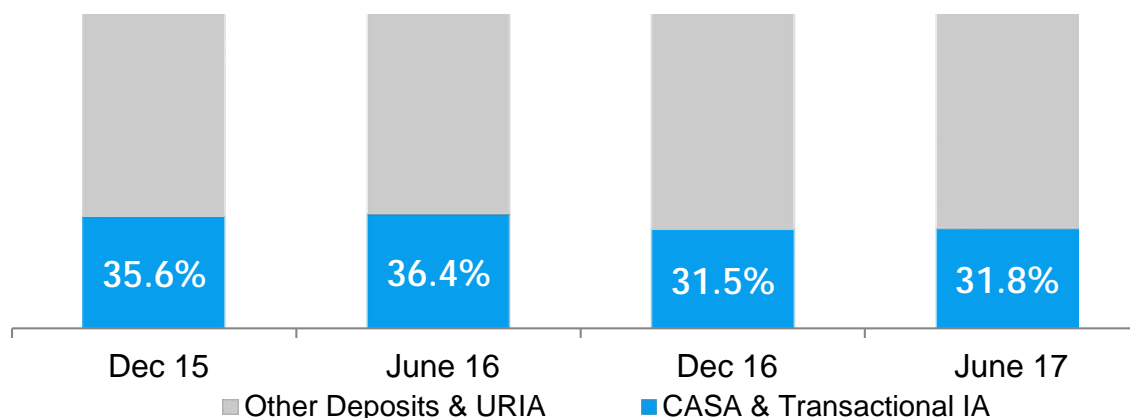
Restricted Investment Account (RIA)



CASA DEPOSITS & TRANSACTIONAL INVESTMENT ACCOUNT

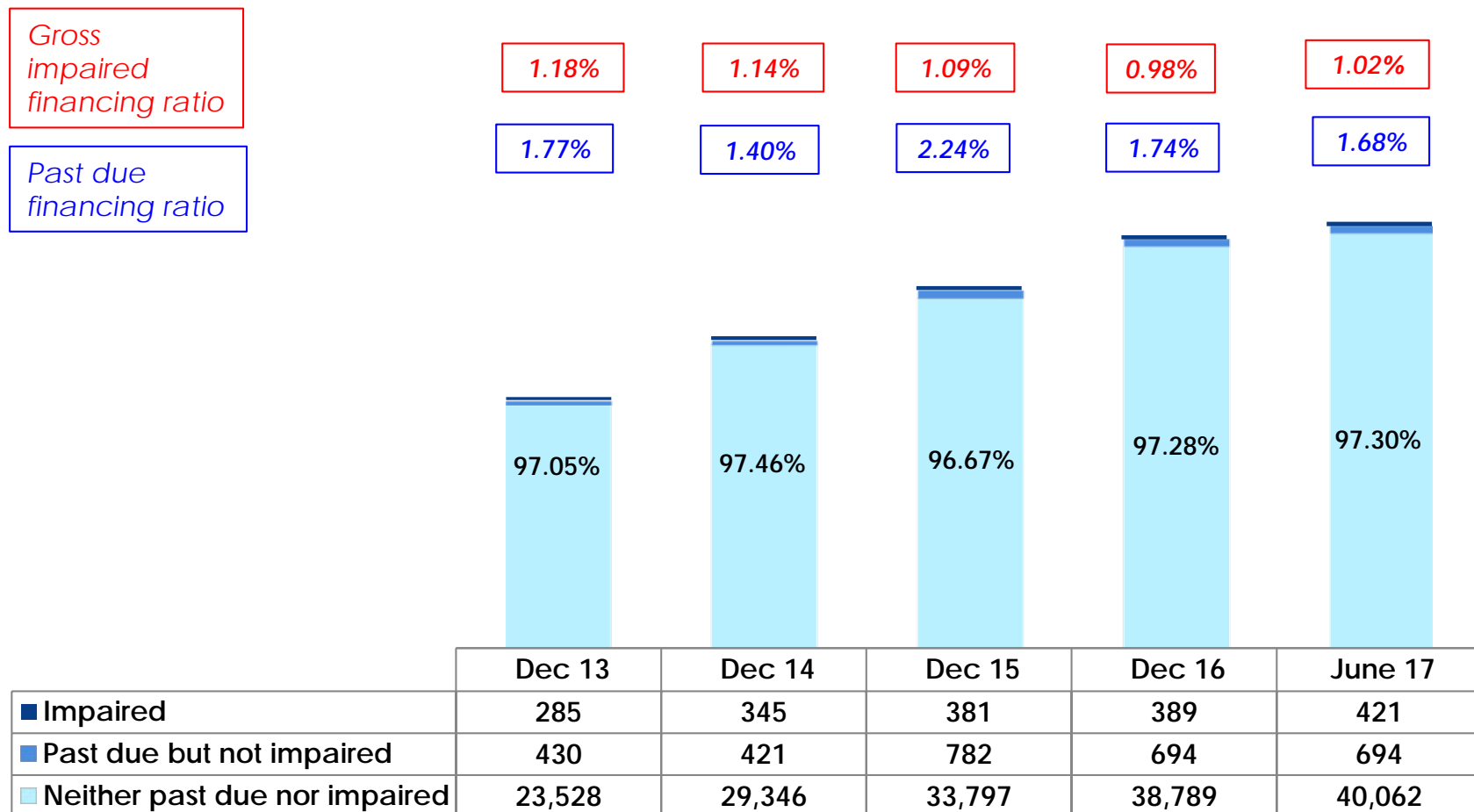
RM million	Dec 15	June 16	Dec 16	June 17
Total Deposits	43,595	39,082	45,950	42,808
<i>of which: CASA Deposits</i>	15,288	14,432	14,136	13,528
Investment Accounts (URIA)	676	3,317	3,812	5,275
<i>of which: Transactional IA</i>	461	989	1,517	1,763
Total Deposits & Investment Accounts	44,271	42,399	49,762	48,083
→ CASA Deposits & Transactional IA	15,749	15,421	15,653	15,291

CASA & Transactional IA against
Total Deposits & Investment Accounts

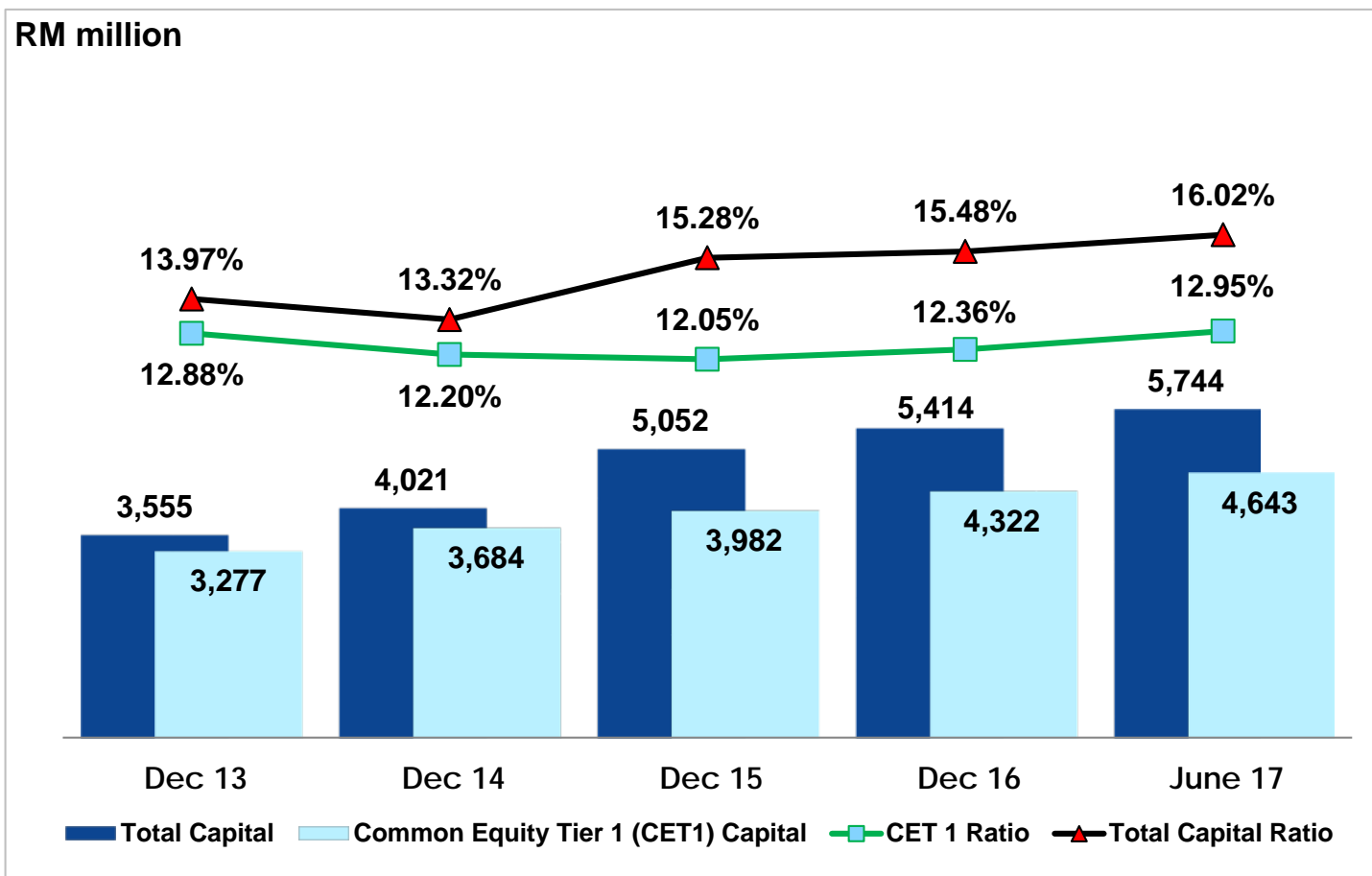


ASSET QUALITY REMAINED SOUND

Gross Financing (RM million)



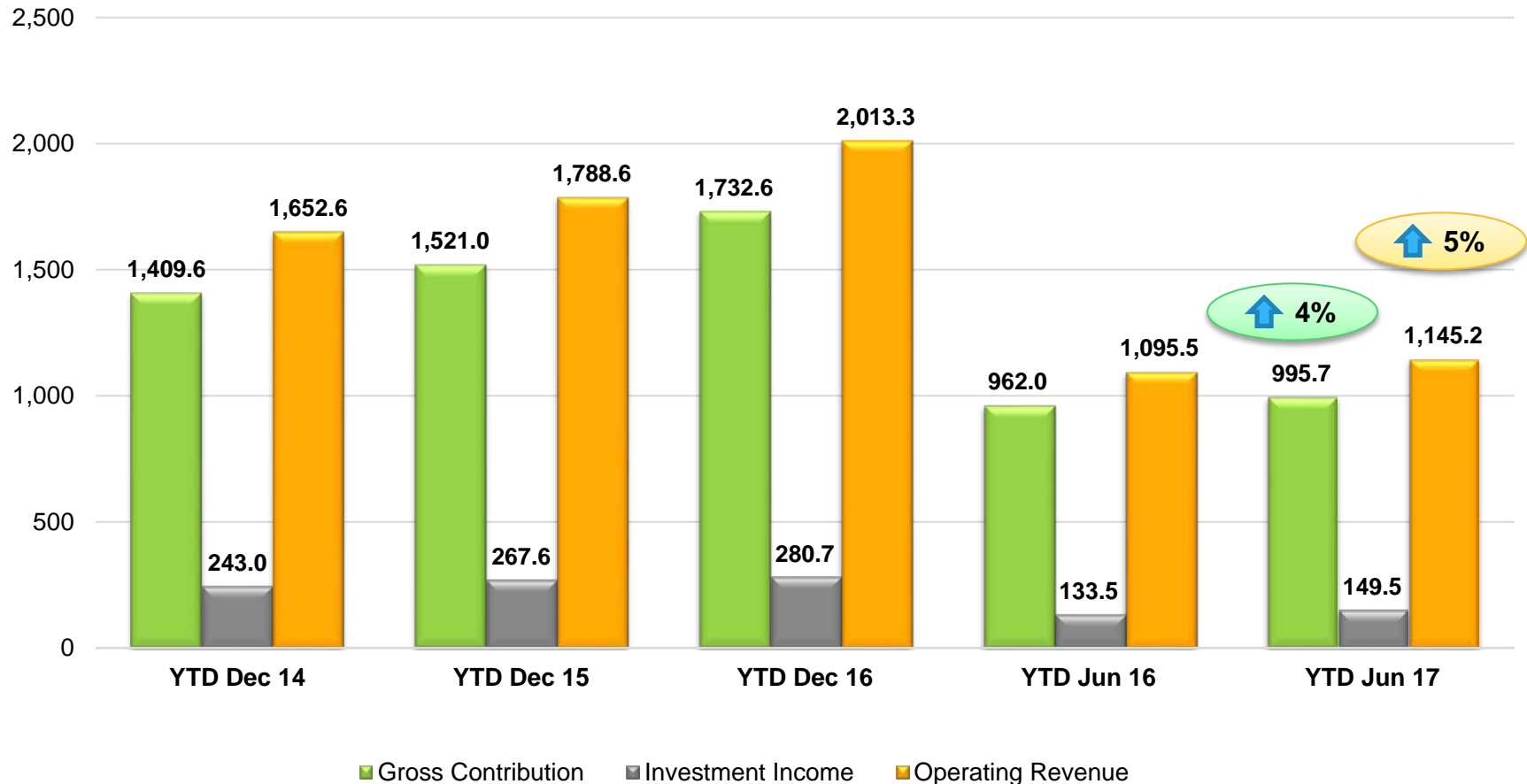
STRONG CAPITAL ADEQUACY RATIO



RM million	Dec 13	Dec 14	Dec 15	Dec 16	June 17
Total Risk-Weighted Assets	25,449	30,194	33,051	34,962	35,860

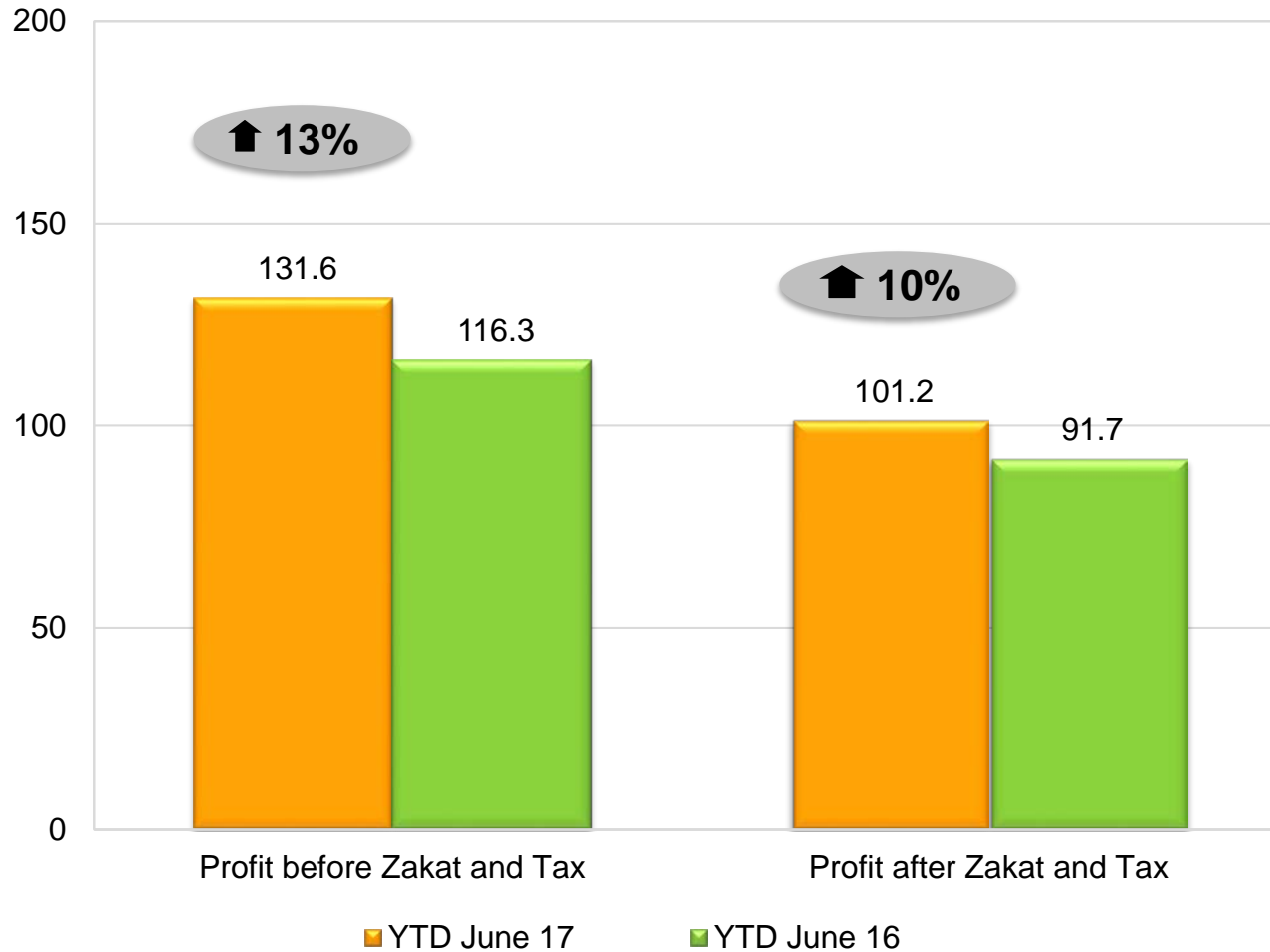
GROUP OPERATING REVENUE CONTINUED GROWTH MOMENTUM

RM' mil



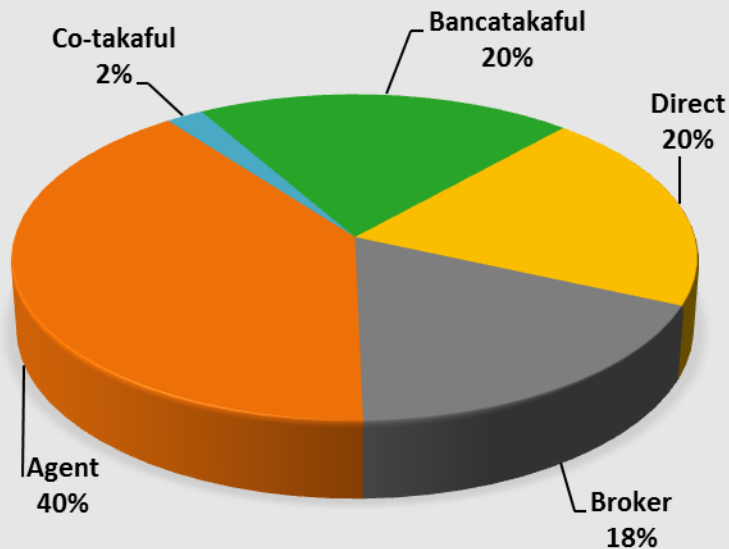
PROFITABILITY

RM' mil



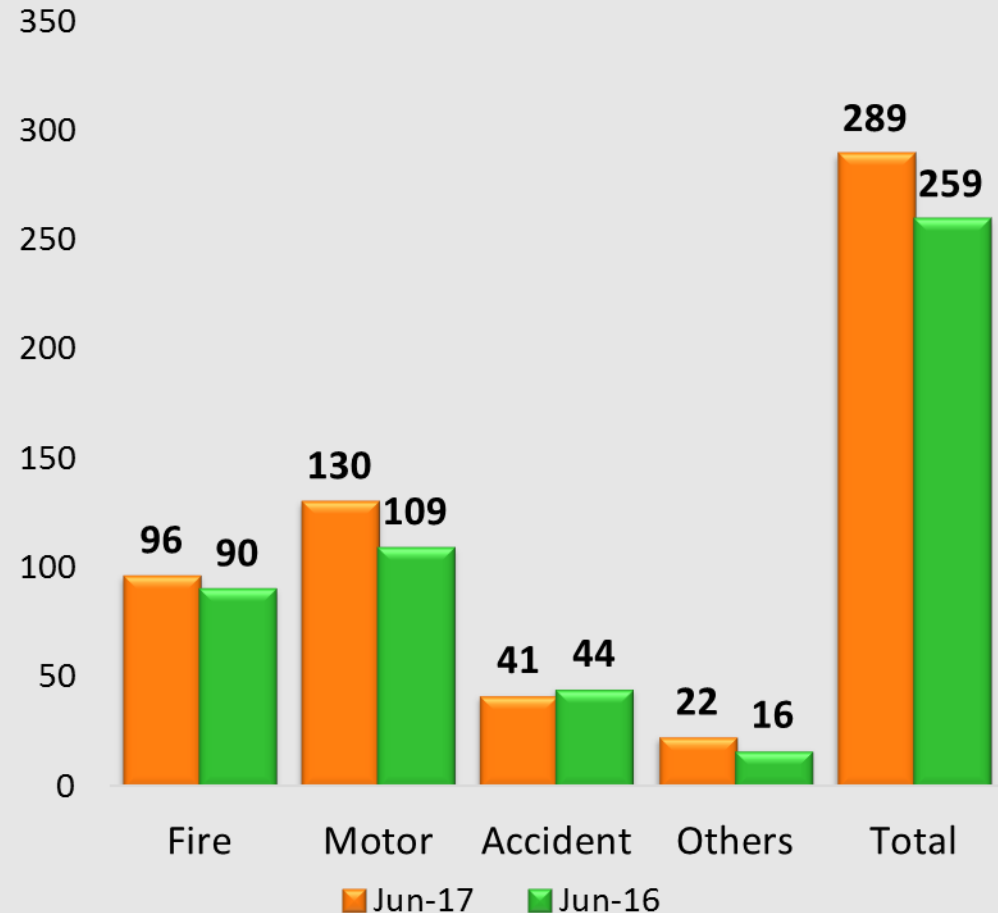
COMPANY GENERAL TAKAFUL GROSS CONTRIBUTION

 Channel



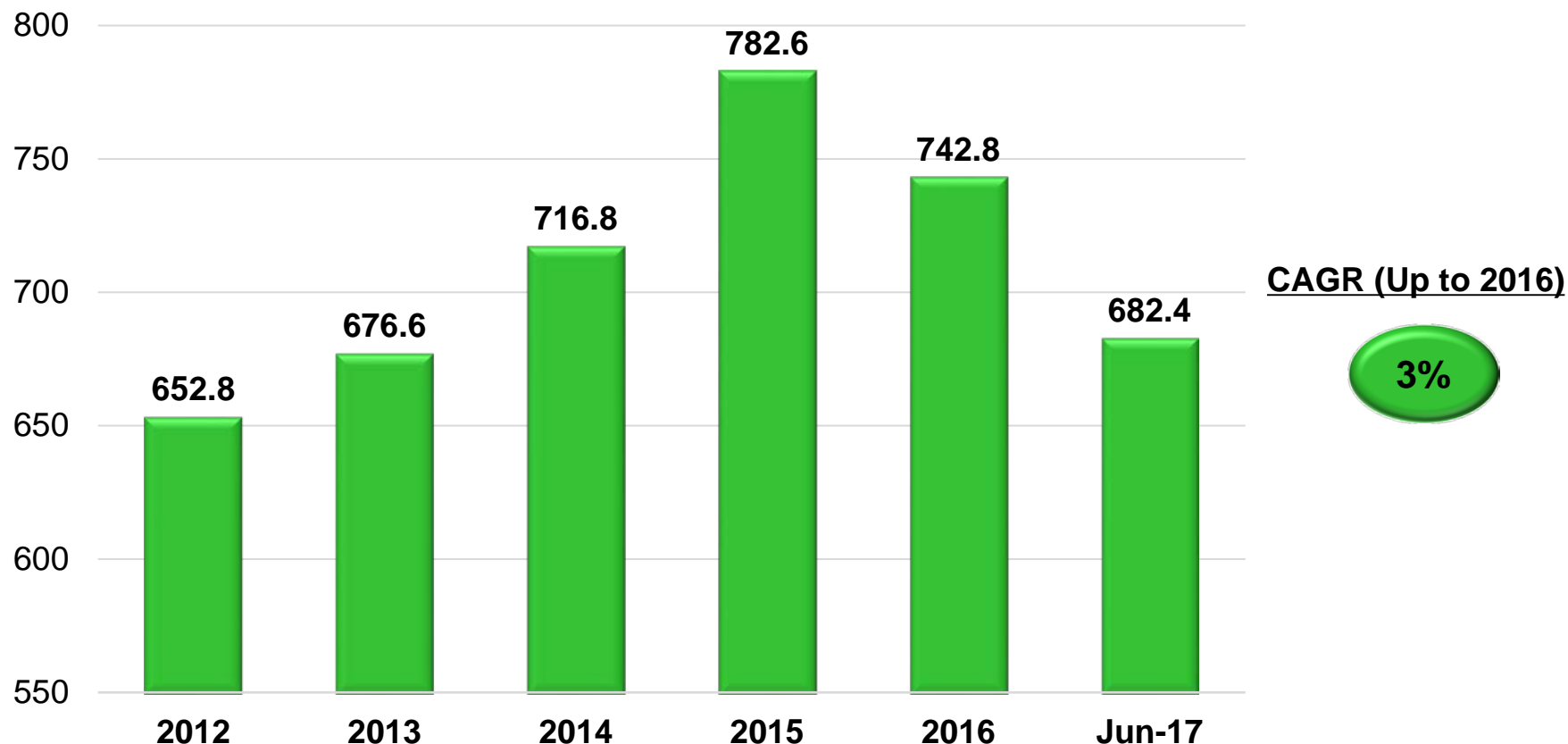
RM' million

 Class of Business



SURPLUS POSITION OF FAMILY PARTICIPANTS' FUND

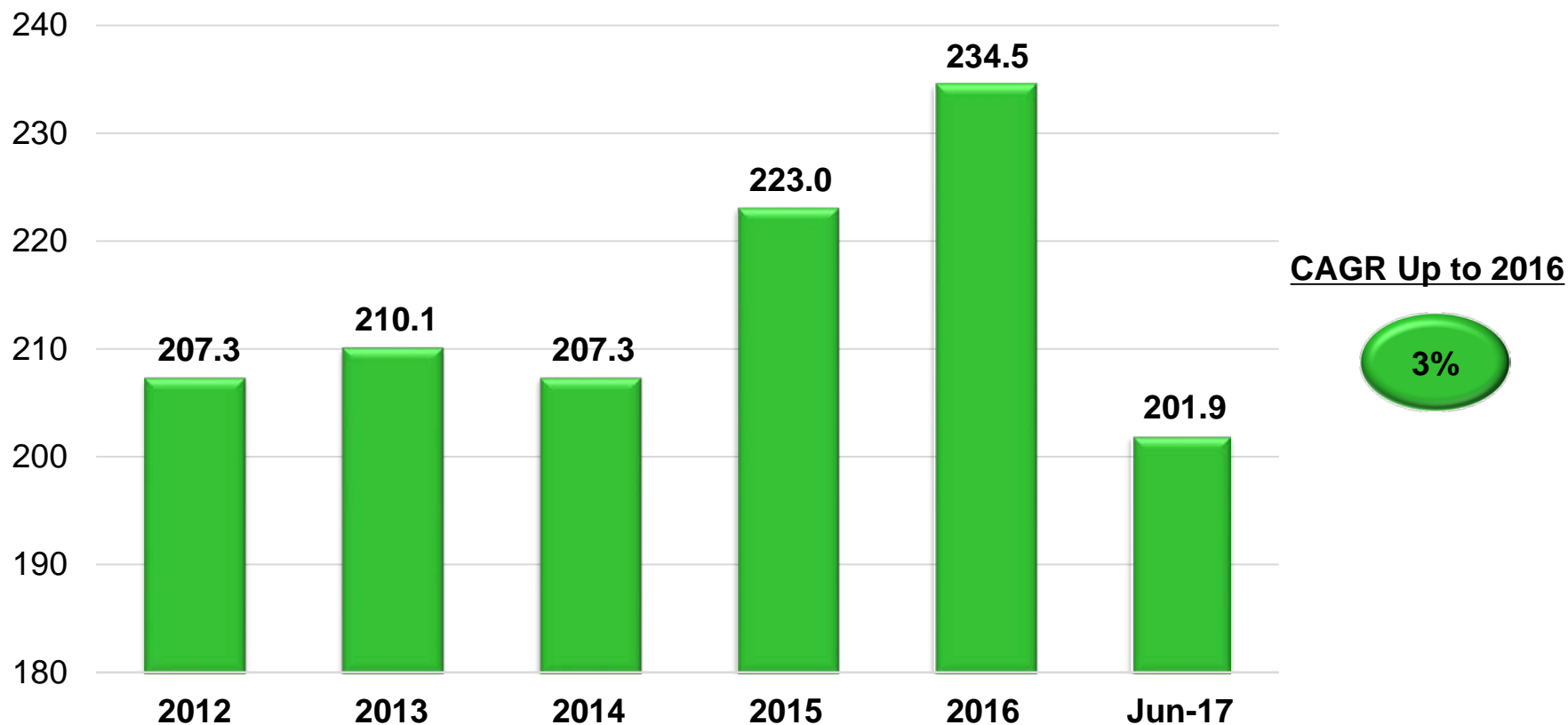
RM' million



As of 2016, the retained surplus ratio is 29.7% based on the Family Participants' Fund and total assets of RM2.50 billion. For 2015, the retained surplus is 32.3% of RM2.42 billion total assets.

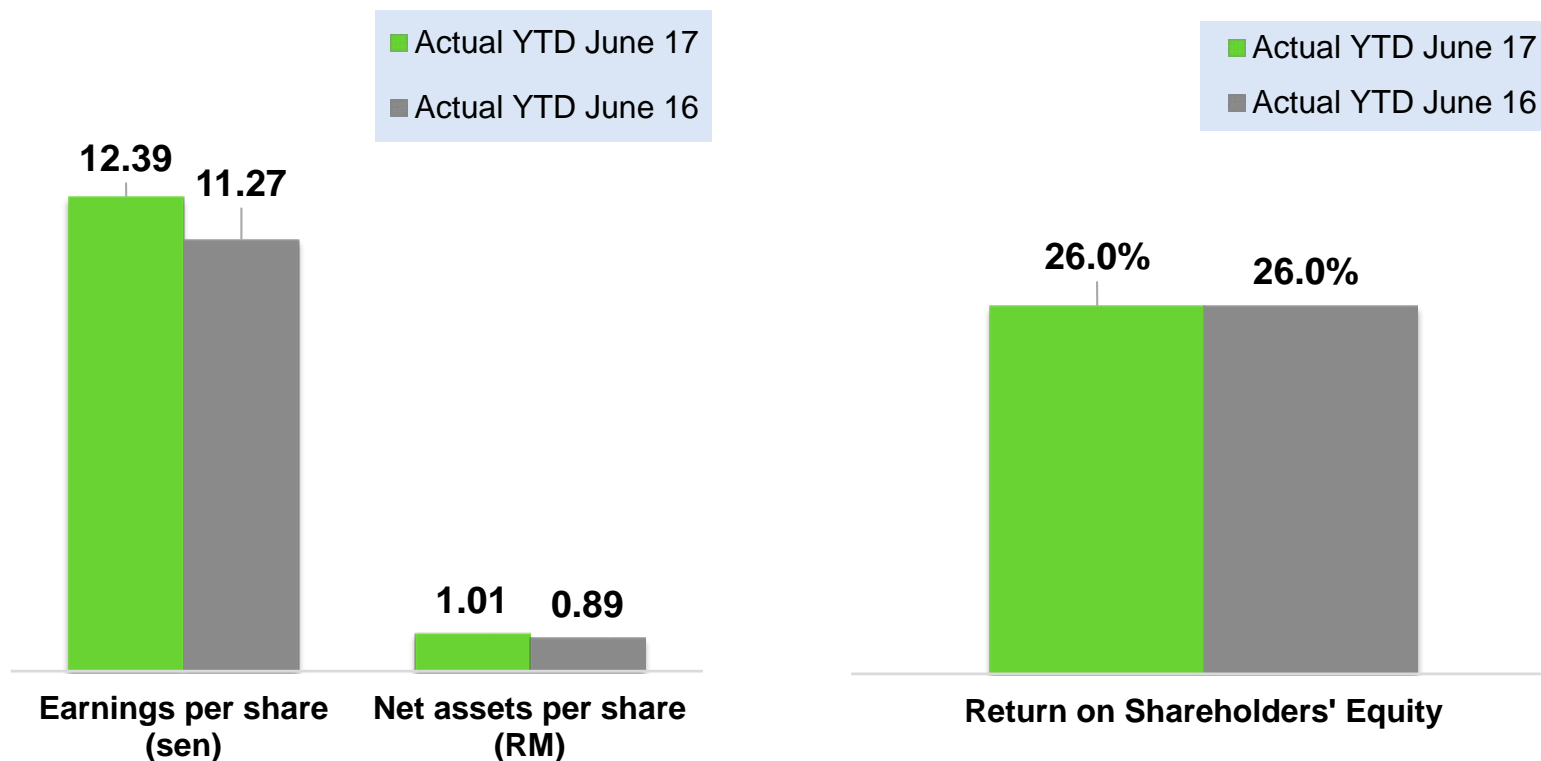
SURPLUS POSITION OF GENERAL TAKAFUL RISK FUND

RM' million



As of 2016, the retained surplus ratio is 30.1% based on the General Takaful Risk Fund total assets of RM 778.8 million. For 2015, the surplus ratio is 30.5% of the total assets of RM730.5 million.

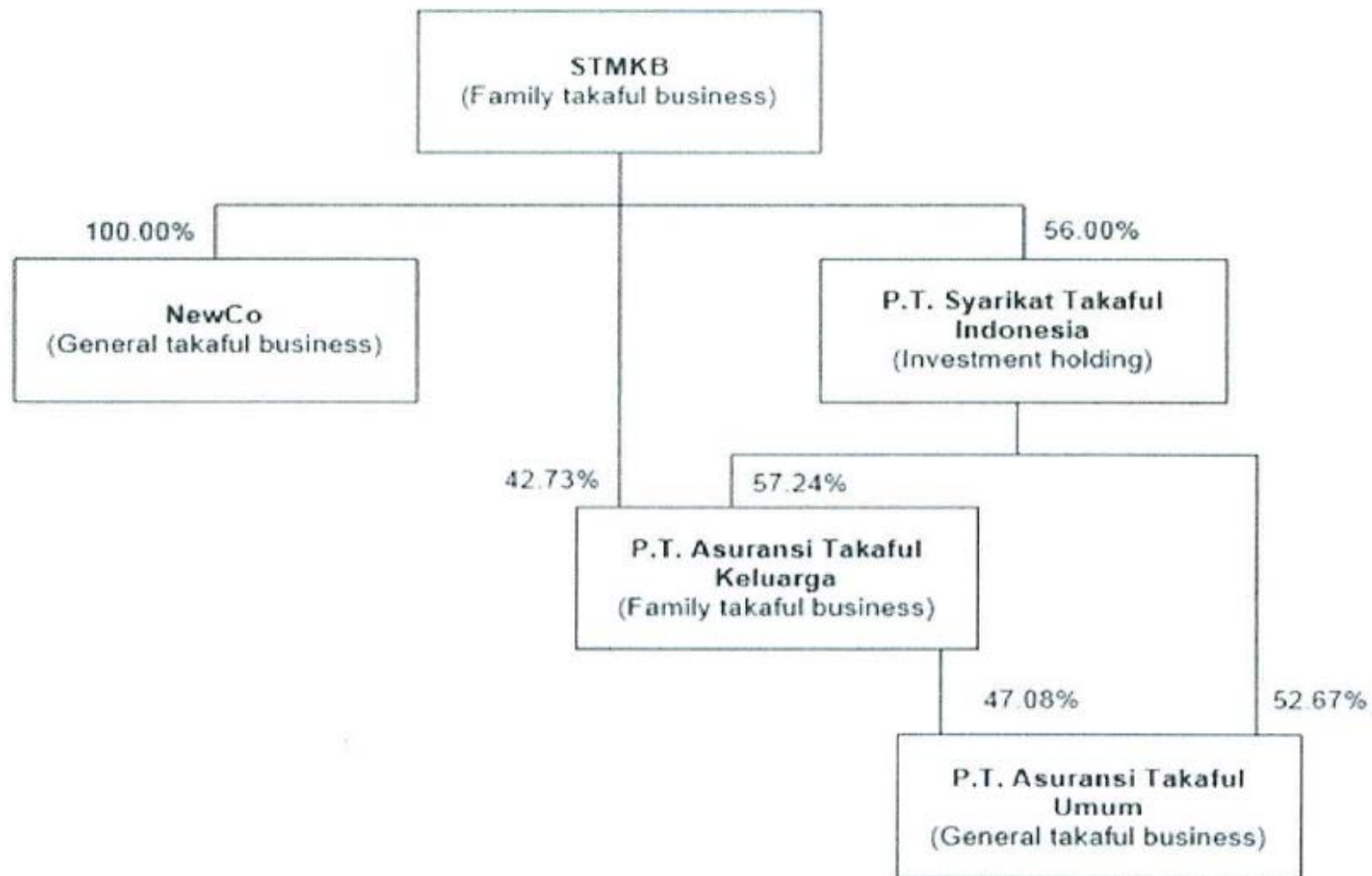
KEY FINANCIAL RATIOS



- YTD June 2017 Total Assets : RM7.97 billion versus YTD December 2016 RM7.76 billion. The growth of 2.7% mainly from Family Takaful Funds.

CORPORATE STRUCTURE AFTER PROPOSED REORGANISATION

Conversion To Single Insurance or Takaful Business



LANDSCAPE OF INSURANCE & TAKAFUL INDUSTRY

Conversion To Single Insurance or Takaful Business

Lean structure

- Form one (1) subsidiary

Minimum paid up capital

- A minimum paid up capital of RM100 million is required for each operator

Management expenses

- Expect marginal increase in expense
- Will be subjected to Transfer Pricing Guideline

Shared services

- Intra-group shared services arrangement is required

Human Capital

- Scarcity of experienced talent and resources in the market

Synergy maximization

- Aligned marketing proposition to a common target market
- Penetrate target market together by providing comprehensive range of takaful solutions

Capital funding

- Not expecting to raise capital based proposed corporate structure

OUR UNIQUE PROPOSITION



**No Claims?
Get**





**15%
CASH
BACK***

for your

General Takaful products

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* Terms and Conditions apply

-  The FIRST and ONLY company to consistently offer a 15% Cash Back* to all our General Takaful customers for no claims within coverage period.
-  Paid out a total Cash Back of RM209 million to our General Takaful customers and business partners from 2009 to 2016.

**Applicable to General Takaful products subject to Company performance and no claims incurred during the coverage period.*

Thank You والسلام



COST SAVINGS FOR INVESTMENT ACCOUNTS

Cost of Fund	TCIA	Wafiyah Retail	Wafiyah Corporate	Waheed
Underlying asset	HFA Fixed	HFA/PF	HFA/PF	HFA Float

Cost Saving

Statutory Reserve Requirement	0.105%	0.105%	0.105%	0.105%
PIDM fee	0.038%	0.060%	-	0.023%
Brokerage fee	-	0.018%	0.018%	0.018%
Capital charge (Sub-debts – Net of Tax)	0.373%	0.471%	0.471%	0.373%
Total Savings	0.516%	0.654%	0.594%	0.519%

IMPACT ON INVESTMENT ACCOUNTS

Ratio	Jun-16			Jun-17			Y-o-Y Movement	
	With IA (A)	Without IA (B)	Variance (C) = (B) - (A)	With IA (D)	Without IA (E)	Variance (F) = (E) - (D)	With IA (G) = (D) - (A)	Without IA (H) = (E) - (B)
CET1 Capital Ratio	12.67%	12.22%	(0.45%)	12.95%	11.69%	(1.26%)	0.27%	(0.53%)
Tier 1 Capital Ratio	12.67%	12.22%	(0.45%)	12.95%	11.69%	(1.26%)	0.27%	(0.53%)
Total Capital Ratio (TCR)	15.87%	15.34%	(0.53%)	16.02%	14.58%	(1.44%)	0.15%	(0.76%)

Note: 1. IA refers to Investment Account
2. TCR without IA is assumption of worse case scenario i.e full IA withdrawal

Ratio	Jun-16			Jun-17			Y-o-Y Movement	
	With IA (A)	Without IA (B)	Variance (C) = (B) - (A)	With IA (D)	Without IA (E)	Variance (F) = (E) - (D)	With IA (G) = (D) - (A)	Without IA (H) = (E) - (B)
LCR Entity	100.7%	83.6%	(17.1%)	122.5%	93.7%	(28.8%)	21.8%	10.1%

Note: 1. IA refers to Investment Account
2. LCR without IA is assumption of worse case scenario i.e full IA withdrawal & asset funded by financial institution deposit (highest run-off)