

MALAYSIA'S PREMIER
SHARIAH - COMPLIANT
FINANCIAL SERVICES GROUP



FINANCIAL HIGHLIGHTS

FY2017

BIMB HOLDINGS BERHAD
ANALYST PRESENTATION

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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



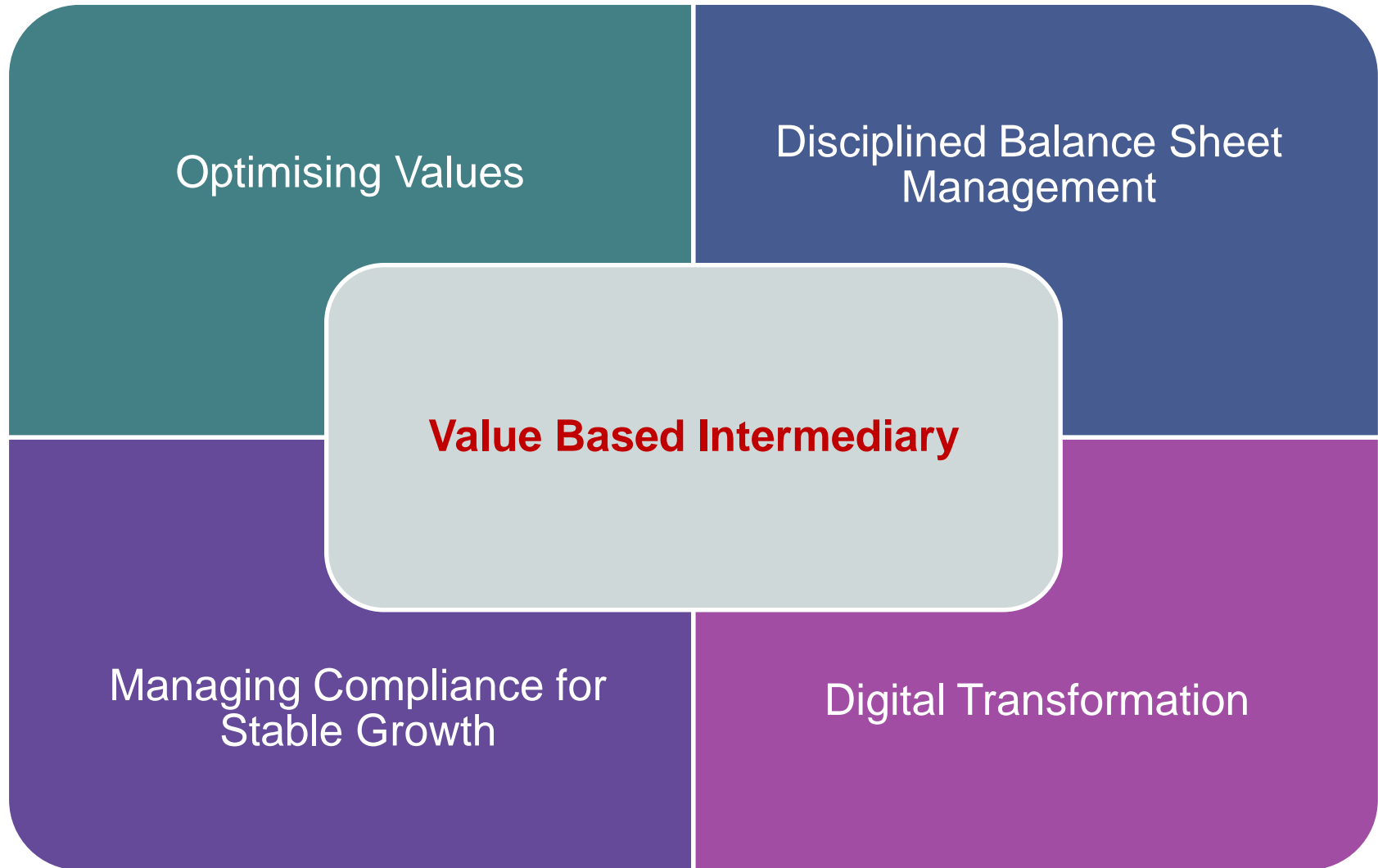
TAKAFULmalaysia



BIMB SECURITIES SDN BHD

FIRST FULL-FLEDGED,
SHARIAH-COMPLIANT
STOCK BROKING COMPANY
IN MALAYSIA

CORPORATE DIRECTION 2018



VBI STRATEGY

New business model based on VBI. Grow responsibly and reposition our balance sheet with greater exposure to real economy. Places impact on economic, society and environment as new thrust of asset acquisitions

Realignment of product offering to reflect its purpose that will benefit the consumers

Credit scoring model that discourages over leveraging which forms part of maqasid Shariah and builds a resilient institution

Responsible employer that optimises our talent pool and provides fair remuneration. Provides opportunity for underprivileged and handicapped to be part of Bank Islam team. Promotes thought leadership and continues its position as a learning organisation

Sustainable suppliers that are aligned with our new DNA as a value based intermediary

Integrates mission, strategy and business practices



OPTIMISING VALUES



Optimising Risk & Return

- Optimising Asset Yield
- Optimising Funding Mix
- Optimising Share of wallet
- Optimising Capital



Optimising Resource & Productivity

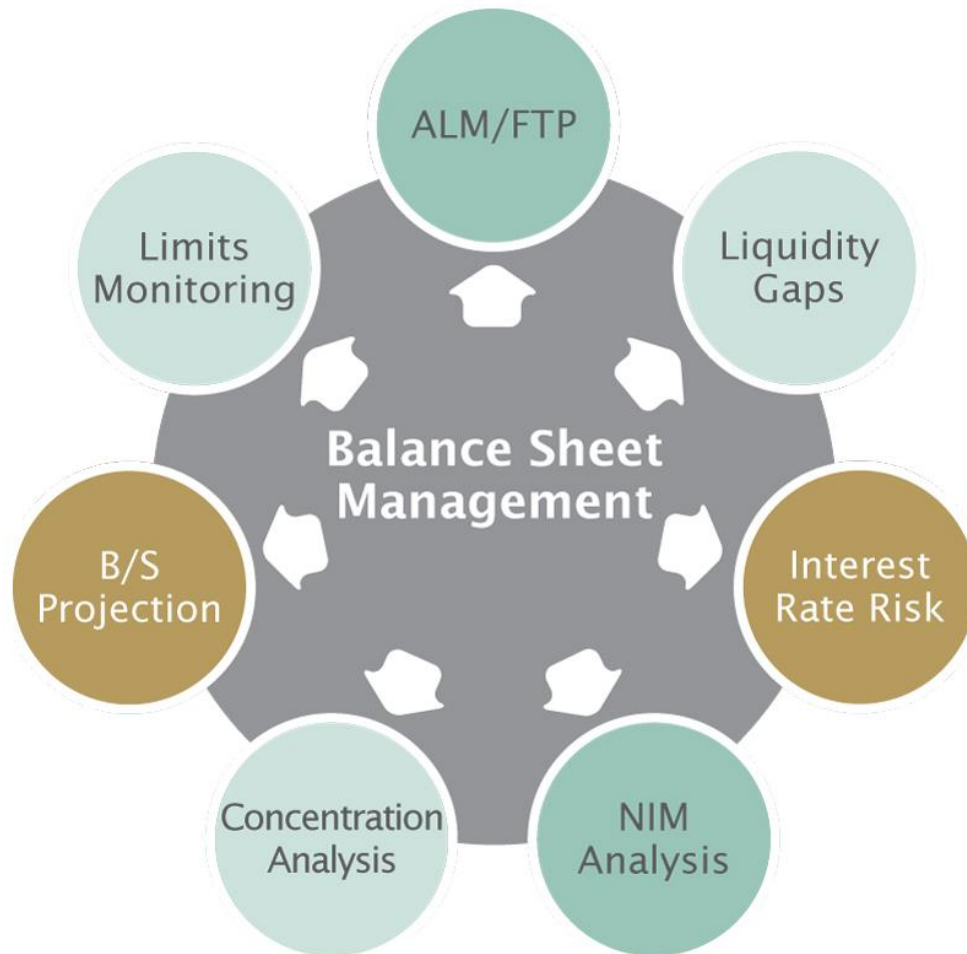
- Optimising Talent
- Optimising Technology
- Optimising Distribution
- Business Process Reengineering



Optimising Franchise Value

- Driving SME Banking
- Rollout Agent Banking
- Reinforcing Risk & Compliance Culture

DISCIPLINE BALANCE SHEET MANAGEMENT



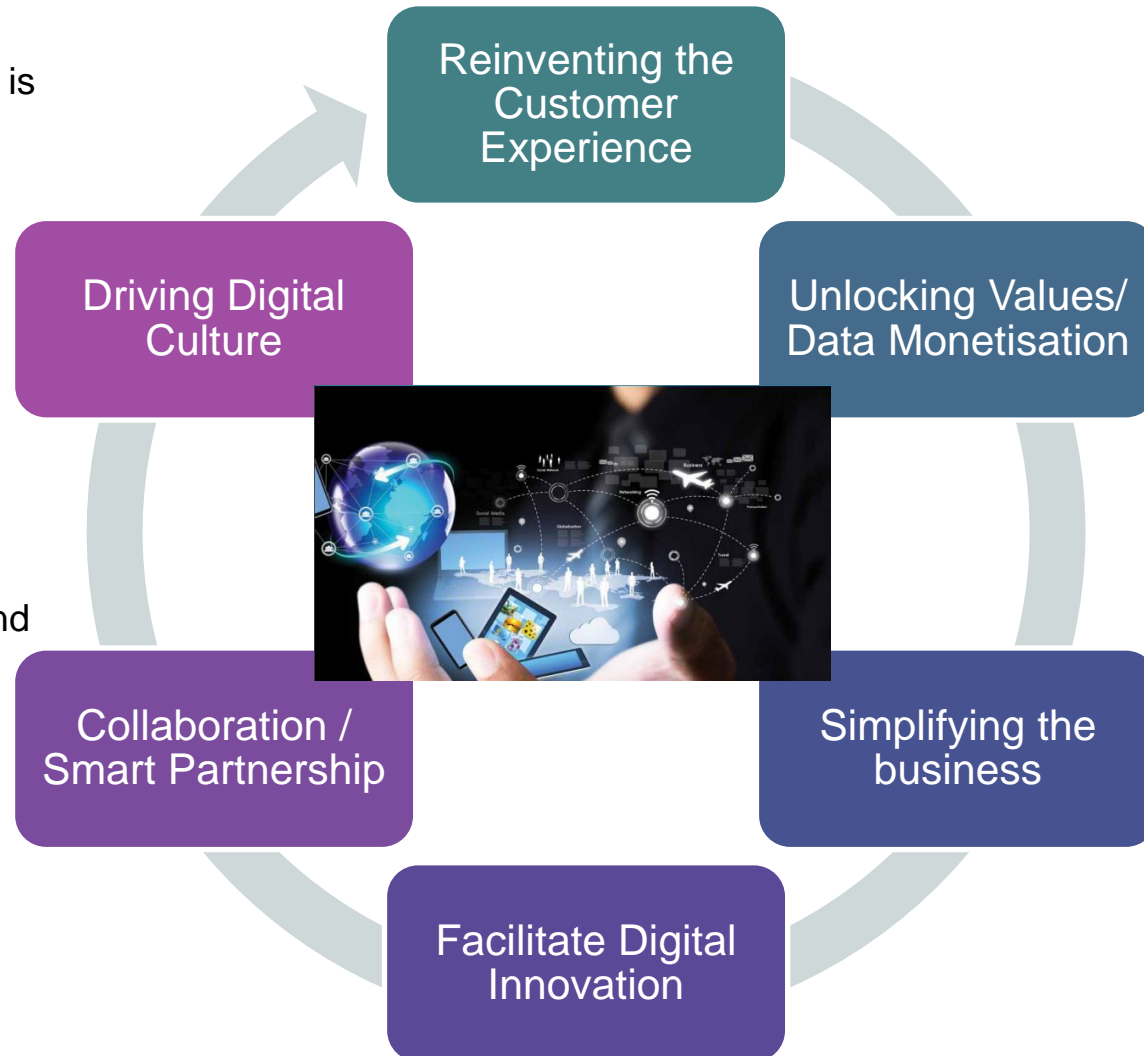
Striking the right balance between profit margin, asset quality, impact on MFRS9, funding mix, capital and growth

Grow responsibly and enhance corporate values

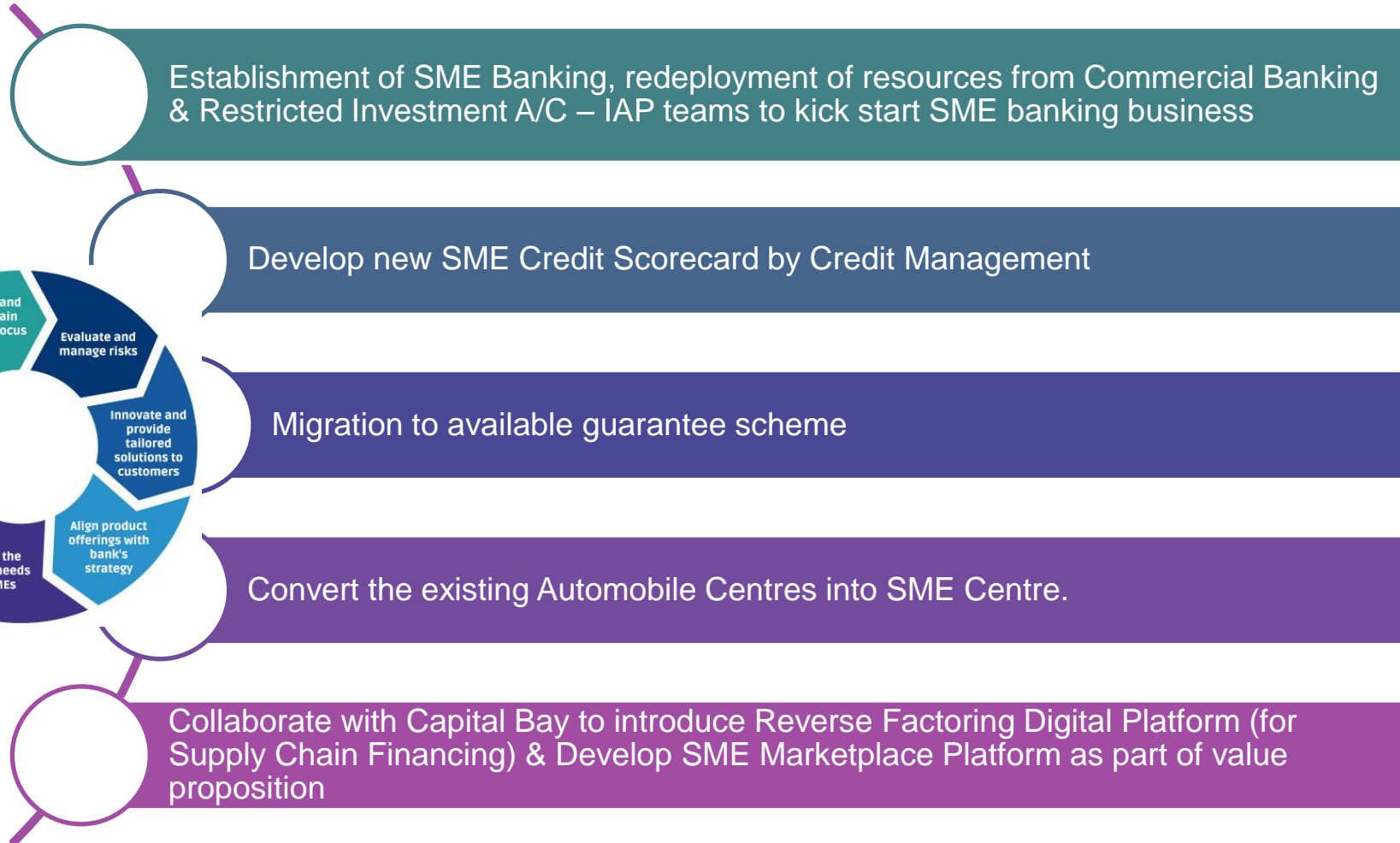
DIGITAL TRANSFORMATION

Embracing technological change is key to delivering sustainable growth

Driving customer advocacy is main strategic priority via improving customer experience through simplified products and processes



SME BANKING



NET STABLE FUNDING RATIO - STRATEGY

Retail Deposit Strategy

- Driving long term funding via campaigns (rate – driven)
- Quick win – converting existing customer with auto-rollover to long-term placements
- Continued growth of investment account

Wholesale Funding Strategy

- Institutional placement (above 2 years) @ maximum blended return of 4.5%
- Driving Term Deposit Tawarruq Special to corporate clients
- Issuance of long-term negotiable Islamic debt certificate (NIDC)
- Medium Term (3-5 yrs) Restricted Investment Account

Asset Strategy

- Developing flexi-house financing and flexi-business premises financing
- Reduce unused facility
- FTP to drive new pricing discipline
- Housing Financing with financing-to value below 80%

Corporate Funding

- Securitisation via Cagamas
- Issuance of Tier II Sub-debts or Senior Notes via MTN programme
- Dividend Reinvestment Plan
- Private Placement / Rights Issue
- Maintaining AA (stable) rating by RAM

MANAGING RISKS & COMPLIANCE FOR STABLE GROWTH

Prudent underwriting has been key to delivering sustainable returns over the years

Strong risk culture, responsible growth, beyond short term gains

Focused on business that we understand and is well equipped to manage

Active board and senior management oversight

Clearly defined Risk Appetite Statements & identification of emerging risks

Strengthen our governance and enhance the understanding of conduct risk through training and continuous communication





BIMB
HOLDINGS
BERHAD

بي ايم بي هولدينگس برهد

FY2017 – HIGHLIGHTS

PBZT

RM948 m

Growth **9.1%**



Gross Financing
Growth

7.1%

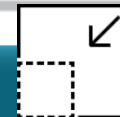
[Industry = 4.1%]



Gross Impaired
Financing ratio

0.93%

[Industry = 1.53%]



Low Cost Deposits

33.5%

[Industry = 27.8%]



Price-to-Book ratio*

1.5 times



Financing Loss Coverage ratio

160.0%

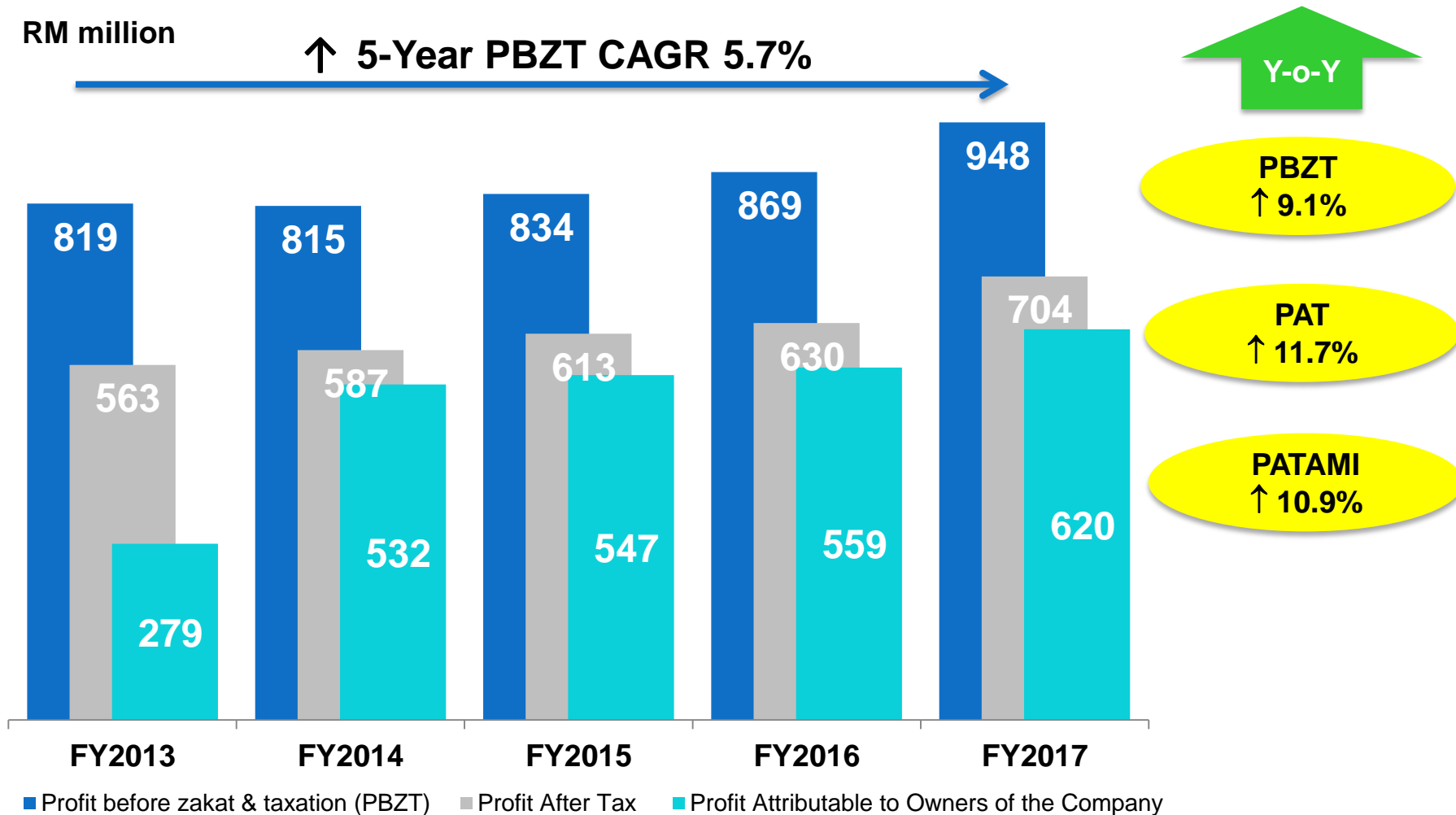
[Industry = 82.9%]



PROFITABILITY – CONSISTENT RESULTS

RM million

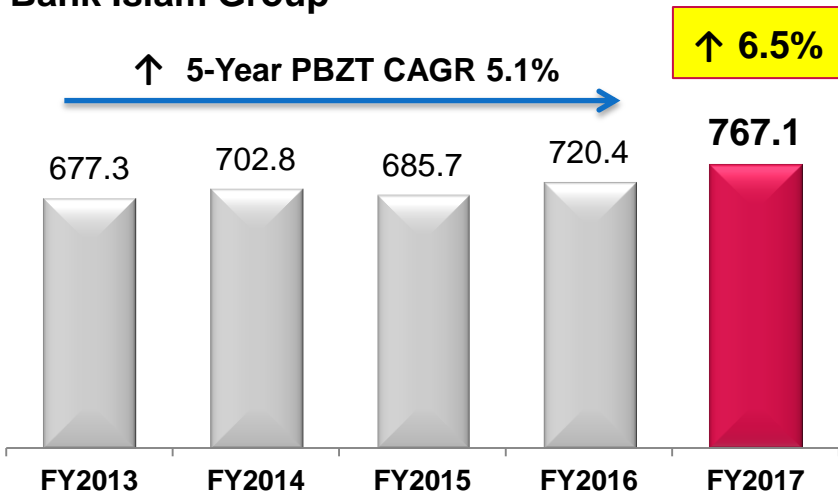
↑ 5-Year PBZT CAGR 5.7%



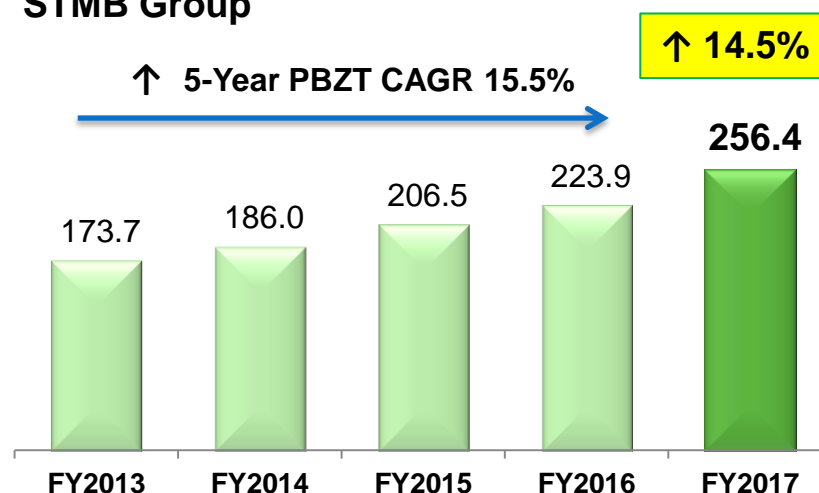
PROFITABILITY TREND – BHB GROUP

Profit before zakat and taxation (RM million)

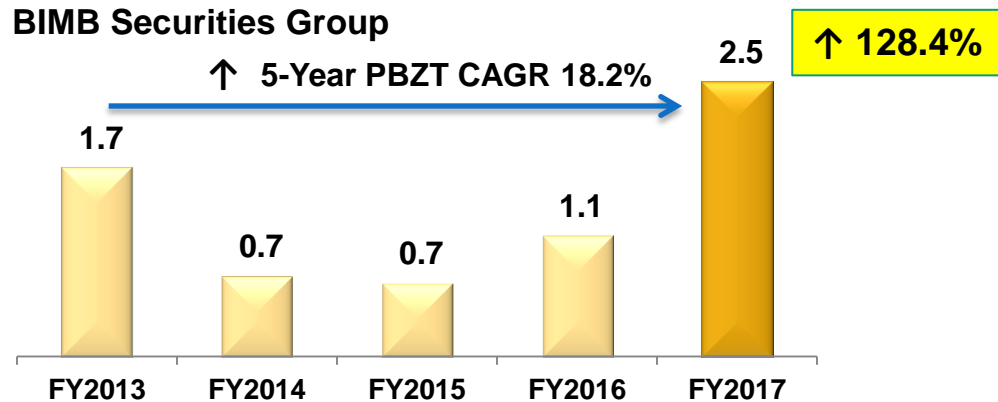
Bank Islam Group



STMB Group



BIMB Securities Group



GROUP KEY FINANCIAL INDICATORS

	FY2017	FY2016	FY2015	FY2014	FY2013
Return on Equity (%) based on PBT	20.8%	22.0%	24.2%	26.1%	23.8%
Return on Assets (%) based on PBT	1.5%	1.4%	1.5%	1.6%	1.8%
Return on Equity (%) based on PAT	15.4%	15.9%	17.8%	18.8%	16.4%
Return on Assets (%) based on PAT	1.1%	1.0%	1.1%	1.1%	1.2%
Cost Income Ratio (%)	61.4%	58.7%	58.8%	57.6%	60.2%
Earnings per Share (sen)	37.94	35.25	35.53	35.64	25.84
Net tangible assets per share (RM)	2.77	2.44	2.21	1.97	1.88

CONSOLIDATED PROFIT & LOSS

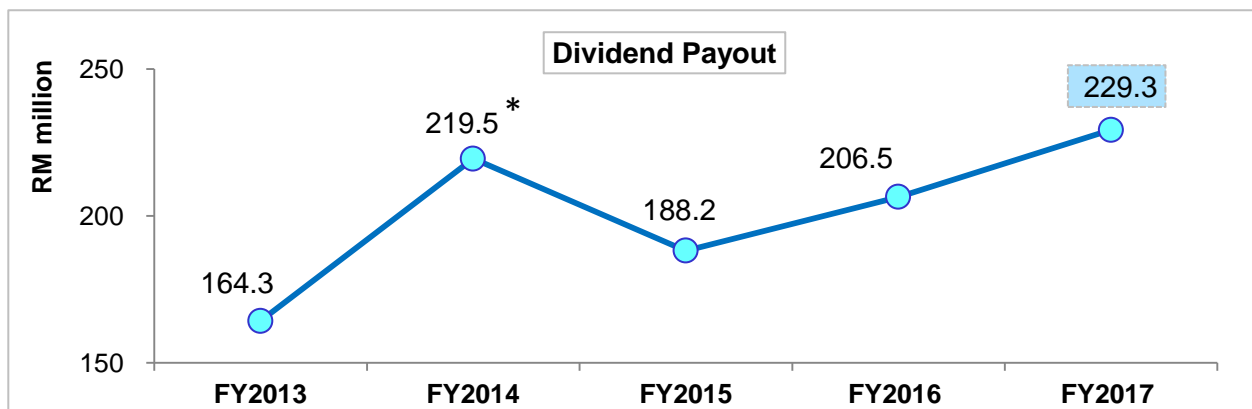
RM million	FY2017	FY2016	Variance	
			Amount	%
Total revenue	3,721.6	3,528.2	193.4	5.5
Profit to depositors & investment account holders	(1,189.9)	(1,088.2)	(101.7)	-9.4
Net income	2,531.7	2,440.0	91.7	3.8
Total operating overheads	(1,483.4)	(1,368.5)	(114.9)	-8.4
Operating results	1,048.3	1,071.5	(23.2)	-2.2
Reversal of/ (allowance for)impairment on financial assets	15.4	(91.8)	107.2	116.8
Finance cost from issuance of sukuk	(115.4)	(110.5)	(4.9)	-4.4
Profit before zakat & taxation (PBZT)	948.3	869.2	79.1	9.1
Zakat	(14.5)	(13.5)	(1.0)	-7.0
Taxation	(230.2)	(226.0)	(4.2)	-1.9
Profit after zakat & taxation (PAT)	703.6	629.7	73.9	11.7
Profit attributable to Owners of the Company	619.8	559.0	60.8	10.9

KEY CONSOLIDATED FINANCIAL POSITIONS ITEMS

RM million	FY2017	FY2016	Variance	
			Amount	%
Total Assets	65,784.6	63,145.1	2,639.5	4.2
<i>of which:</i>				
Cash, short-term funds and placements	5,966.8	5,655.4	311.4	5.5
Investment securities	14,621.4	15,164.1	(542.7)	-3.6
Net financing, advances and others	42,113.4	39,189.3	2,924.1	7.5
<i>Gross impaired financing</i>	398.3	389.4	8.9	2.3
Takaful assets	677.7	638.2	39.5	6.2
Deposits from customers	45,870.6	45,491.8	378.8	0.8
Investment accounts	3,969.3	3,573.9	395.4	11.1
Takaful liabilities	6,962.3	6,639.1	323.2	4.9
Sukuk liabilities	2,235.9	1,881.8	354.1	18.8
Equity	4,918.4	4,217.1	701.2	16.6

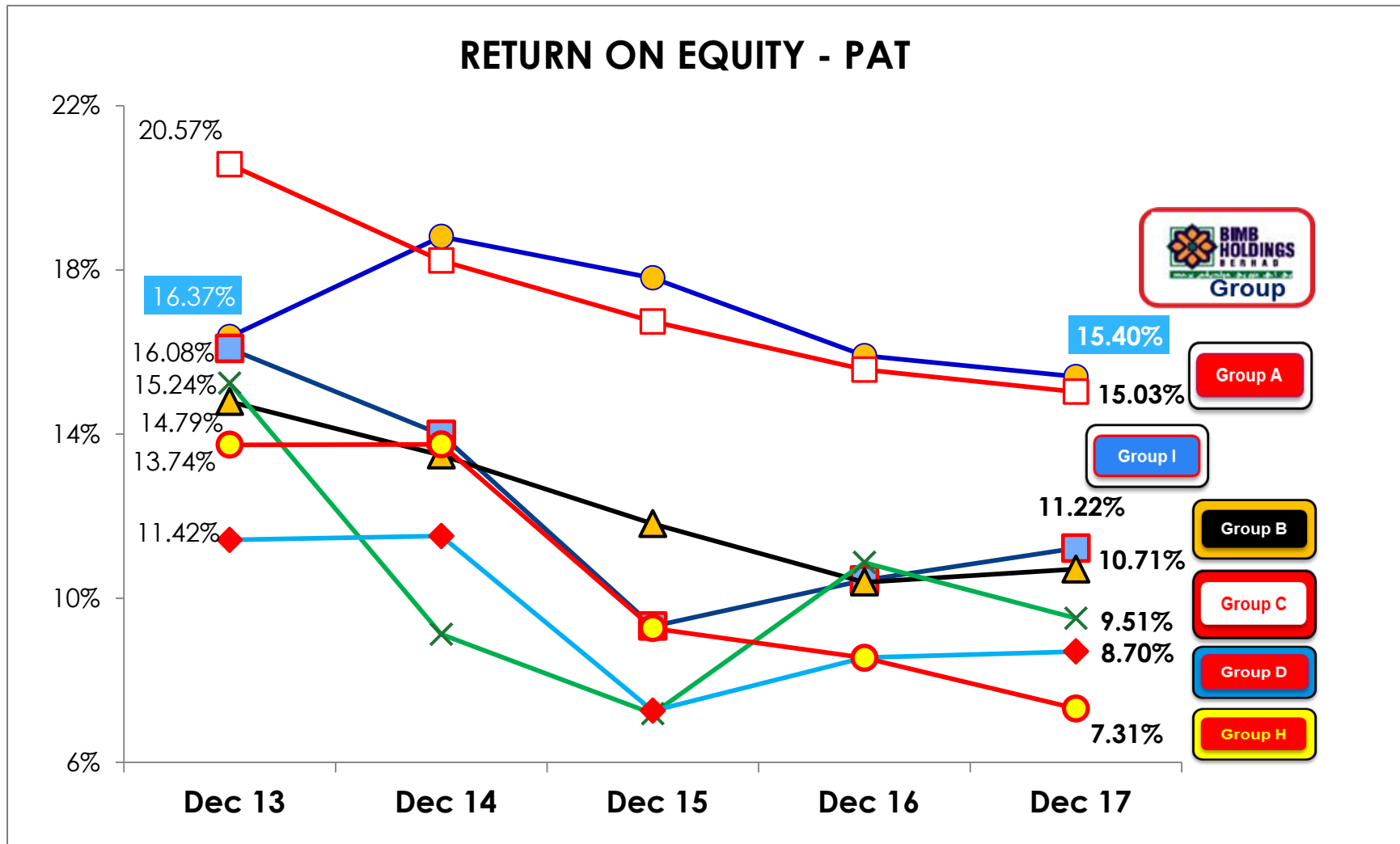
DIVIDEND PAYOUT TRENDS

Financial Year	Dividend Type	Paid-up Capital	Dividend Payout		% of Net Profit Attributable to Shareholders
		'000	%	RM'000	%
FY2013	Interim	1,066,790	3.5	37,338	19.44
	Final	1,493,506	8.5	126,948	66.07
Total FY2013			12.0	164,286	85.51
FY2014	Interim	1,493,406	14.7	219,545	172.75
FY2015	Interim	1,542,210	12.2	188,150	89.18
FY2016	Interim	1,588,680	13.0	206,528	94.15
FY2017	Interim	1,637,741	14.0	229,284	94.23



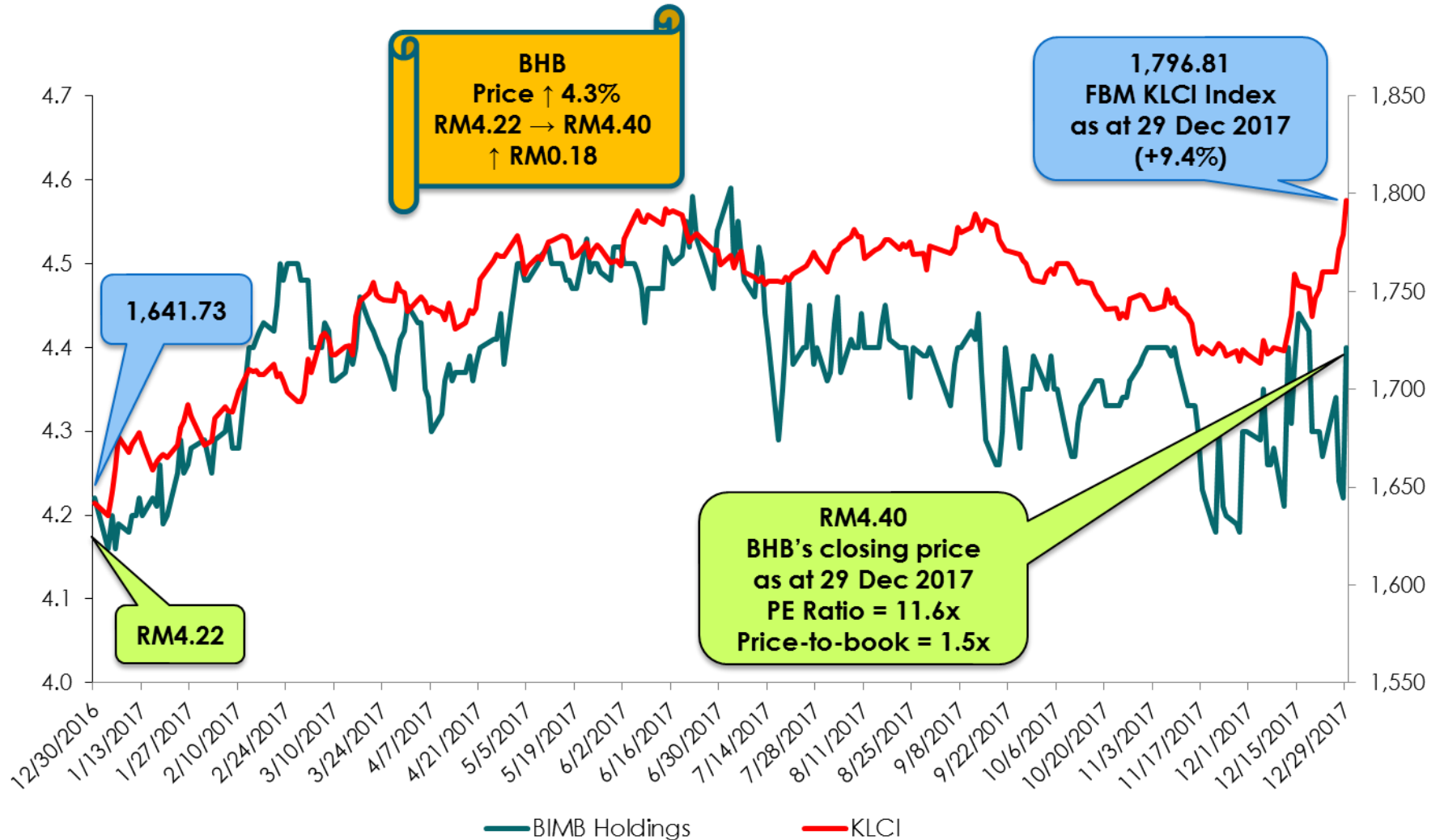
* partly paid out of retained profits

SELECTED FINANCIAL HOLDING CONGLOMERATES



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

1-YEAR BHB SHARE PRICE vs. FBM KLCI TREND



BANK ISLAM

KEY FINANCIAL INDICATORS

	FY2017	FY2016	Islamic Banking System	Banking System
PROFITABILITY				
Return on equity (%) – based on PBT	16.4%	17.1%	13.9% *	12.5% *
Return on assets (%) – based on PBT	1.4%	1.4%	1.0% *	1.3% *
Return on equity (%) – based on PAT	12.1%	12.6%	NA	NA
Return on assets (%) – based on PAT	1.0%	1.0%	NA	NA
Non-Fund Based Income Ratio (%)	10.4%	11.3%	6.2% *	17.6% *
Cost Income Ratio (%)	57.0%	52.6%	44.8% *	45.8% *
ASSET QUALITY				
Gross impaired financing ratio (%)	0.93%	0.98%	1.23% #	1.53% #
Net impaired financing ratio – less IA & CA (%)	-0.41%	-0.75%	0.15% #	0.27% #
Financing loss coverage ratio (%)	160.0%	175.4%	87.9% #	82.9% #
EFFICIENCY				
Financing to available fund ratio (%)	81.4%	77.3%	91.3% #	84.0% #
CASA & Transactional IA to Total Deposits & IA (%)	34.6%	31.5%	24.1% ##	27.8% ##
CAPITALISATION				
Total Capital Ratio (%)	16.4% ^a	15.5%	17.6% #	17.1% #

* Bank Negara Malaysia Annual Report 2016

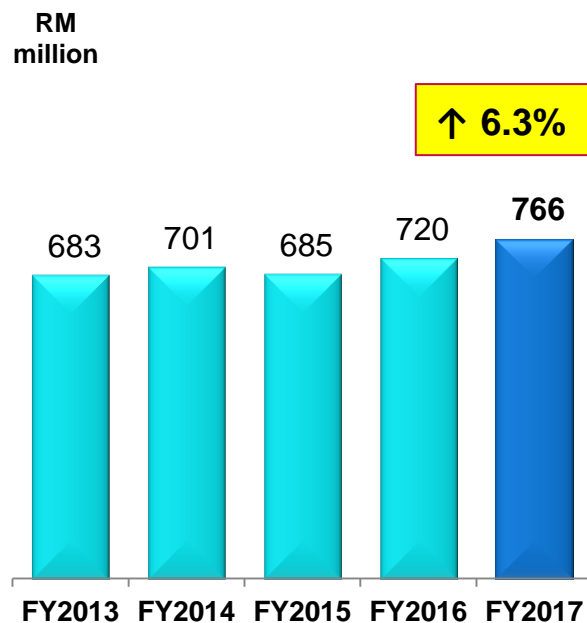
Bank Negara Malaysia Monthly Statistical Bulletin @ December 2017

Excludes Transactional IA

^a After capitalising profits Jul – Dec 2017

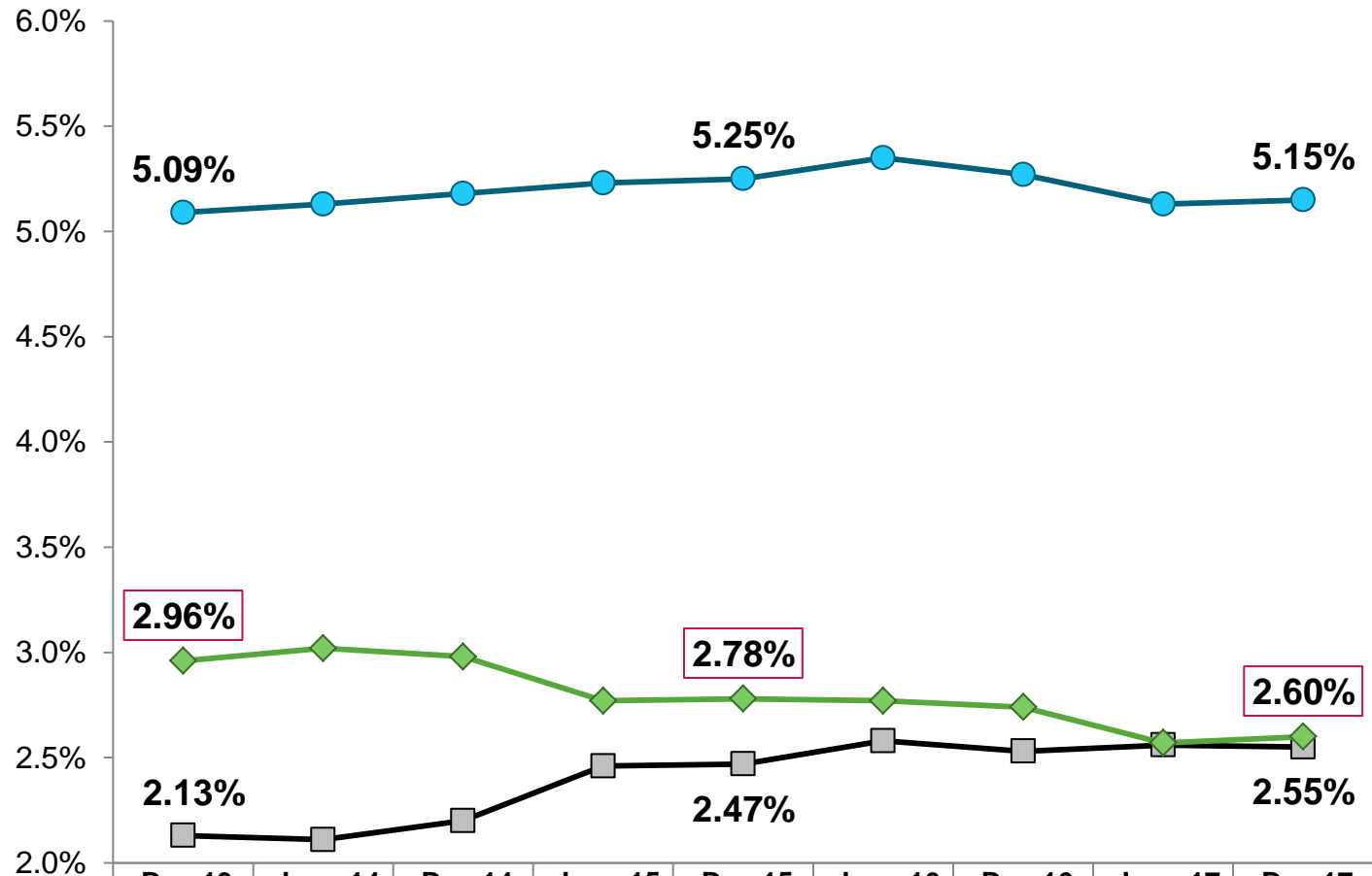
BANK ISLAM – PROFIT & LOSS

Profit before zakat and taxation



RM million	FY2017	FY2016	Variance	
			Amount	%
Total revenue	2,995.1	2,859.9	135.2	4.7
Profit to depositors & investment account holders	(1,208.6)	(1,108.3)	(100.3)	-9.0
Total operating overheads	(994.5)	(899.9)	(94.6)	-10.5
Operating results	792.0	851.7	(59.7)	-7.0
Reversal of/ (allowance for) impairment on financing & advances	15.6	(92.1)	107.7	116.9
(Allowance for)/ Reversal of impairment on other financial assets	(0.2)	0.3	(0.5)	-168.8
Finance cost from issuance of sukuk	(41.3)	(39.5)	(1.8)	4.6
Profit before zakat & taxation (PBZT)	766.1	720.4	45.7	6.3
Profit after zakat & taxation (PAT)	565.3	531.0	34.3	6.5

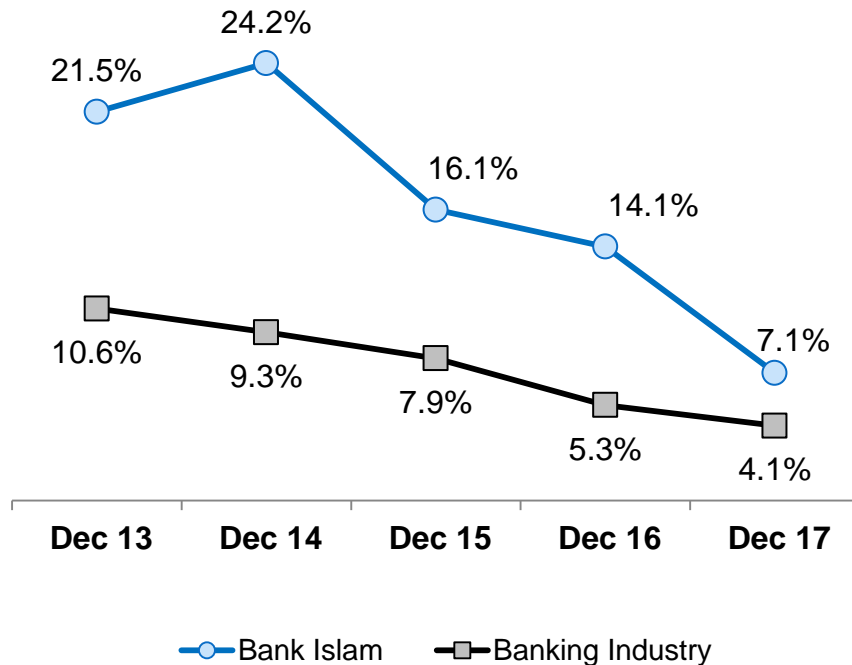
NET INCOME MARGIN TREND – COMPRESSION



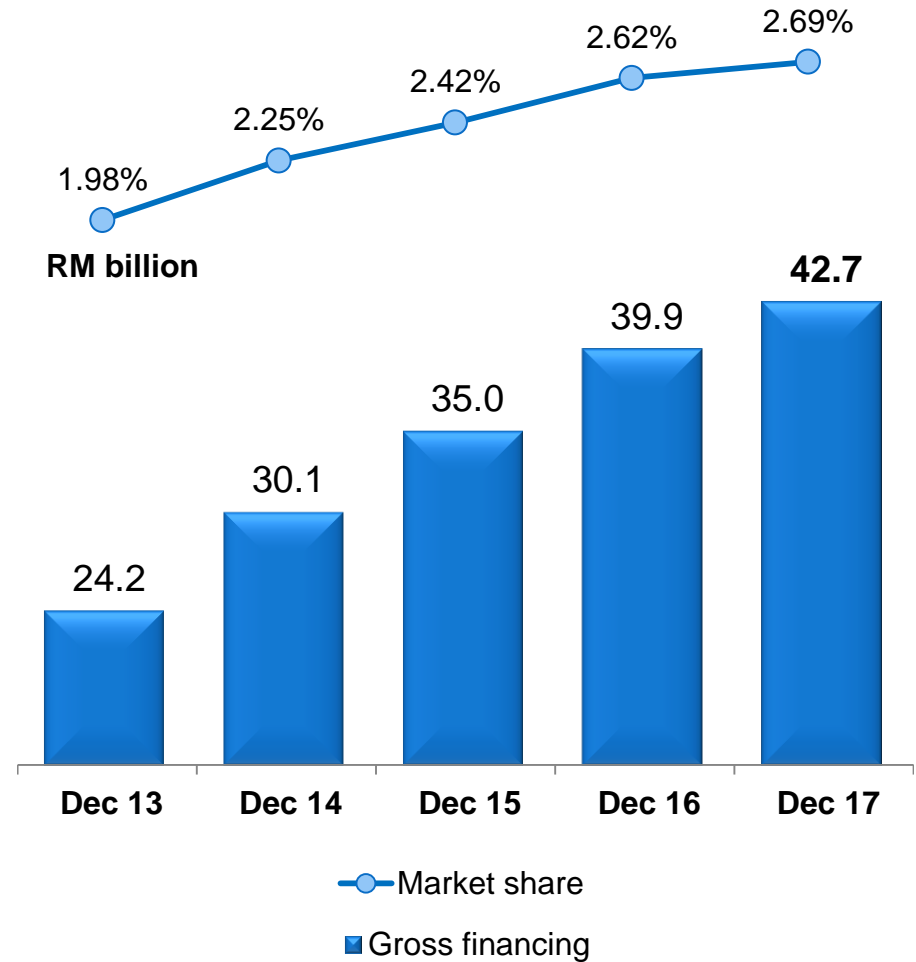
● Average assets rate	5.09%	5.13%	5.18%	5.23%	5.25%	5.35%	5.27%	5.13%	5.15%
■ Average liabilities rate	2.13%	2.11%	2.20%	2.46%	2.47%	2.58%	2.53%	2.56%	2.55%
◆ Net income margin	2.96%	3.02%	2.98%	2.77%	2.78%	2.77%	2.74%	2.57%	2.60%

HEALTHY FINANCING GROWTH

Healthy gross financing growth 7.1%
and higher than banking industry growth

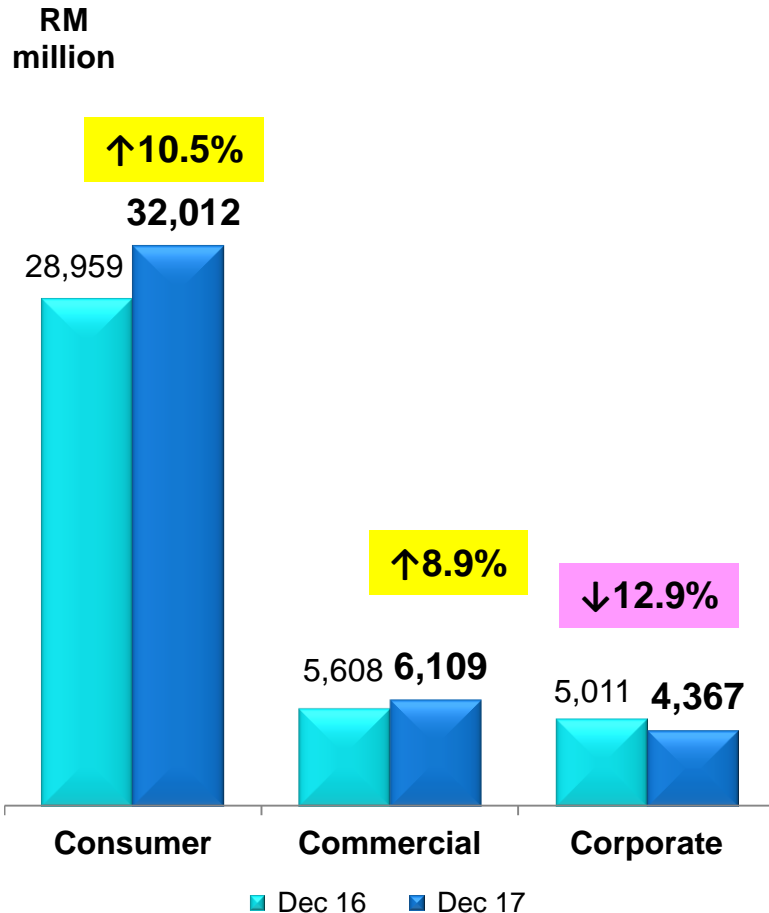


Gross financing and improving market share

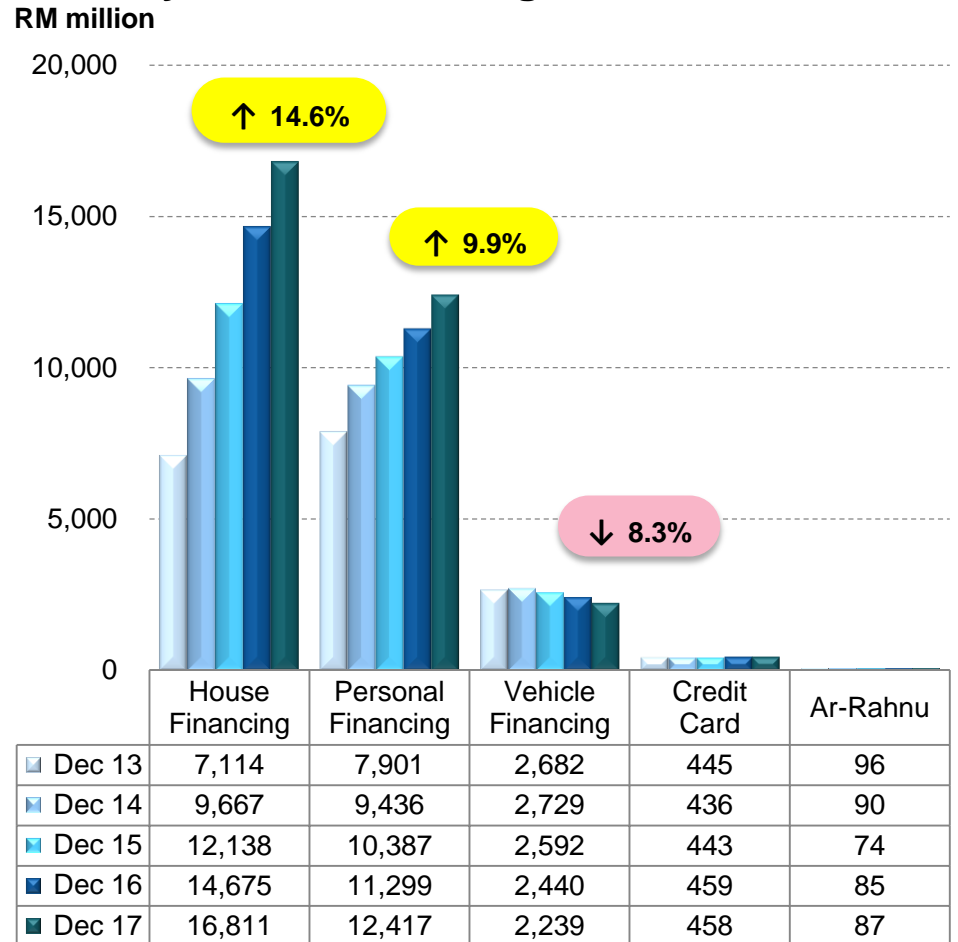


GROSS FINANCING COMPOSITION

Growth driven by Consumer financing

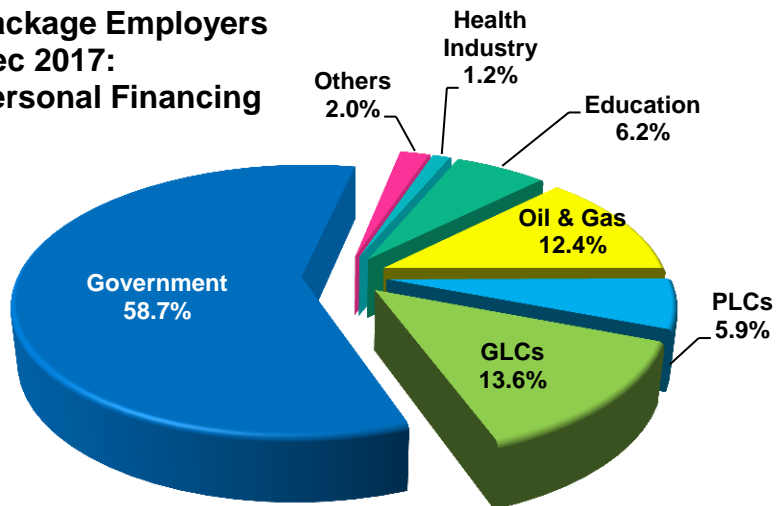


Consumer financing driven mainly by House Financing

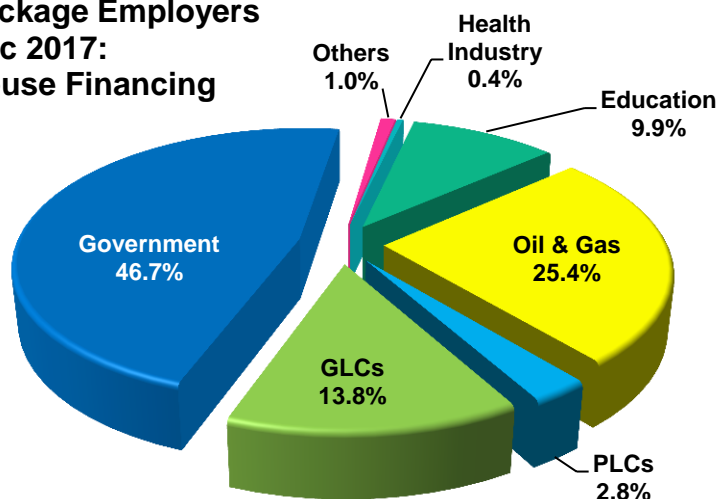


CONSUMER FINANCING via PACKAGE FINANCING

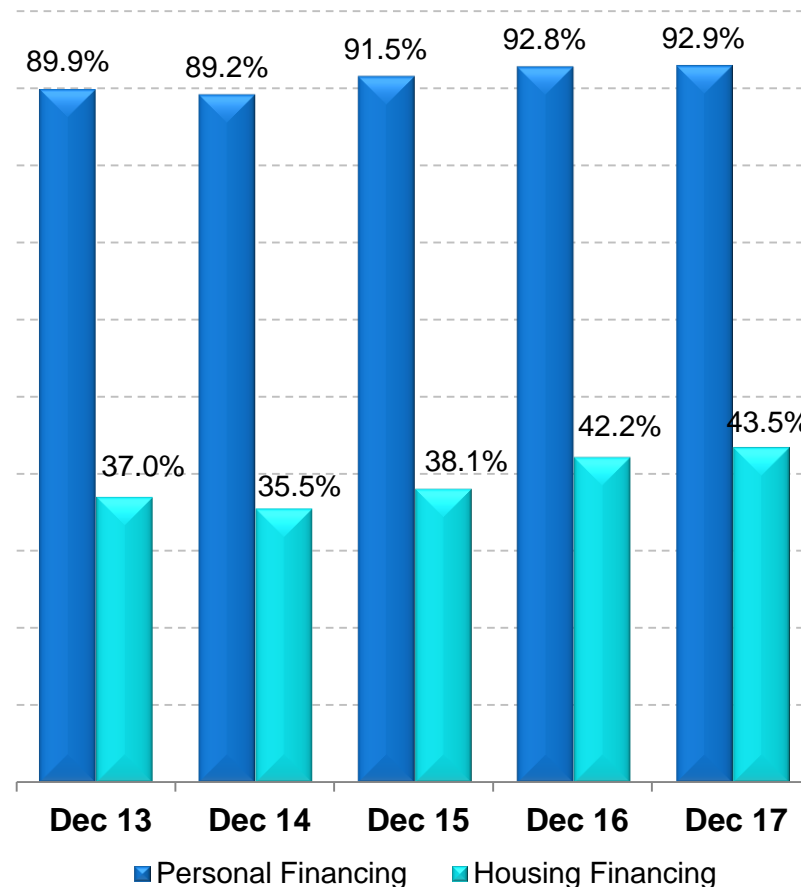
**Package Employers
Dec 2017:
Personal Financing**



**Package Employers
Dec 2017:
House Financing**

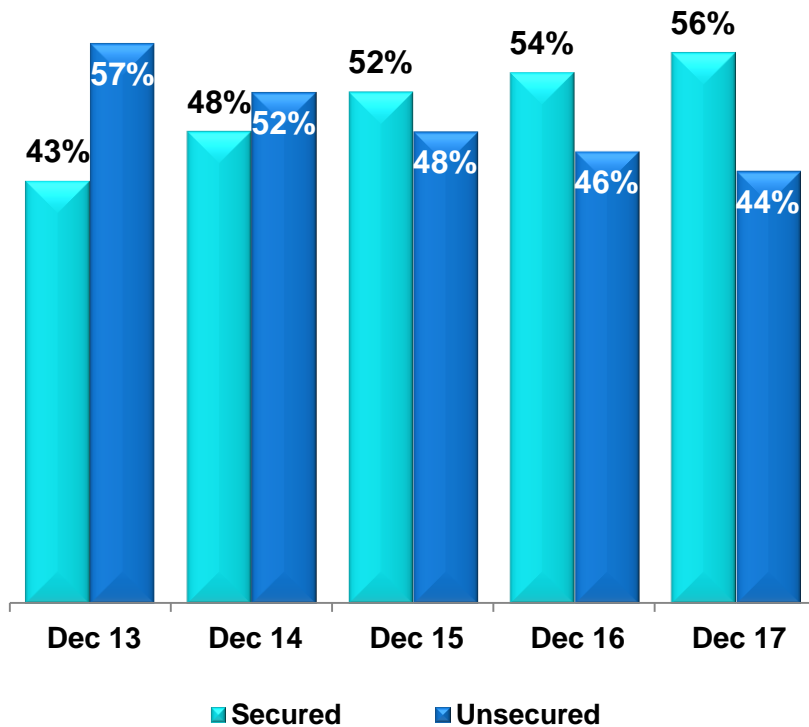


% of Package Financing

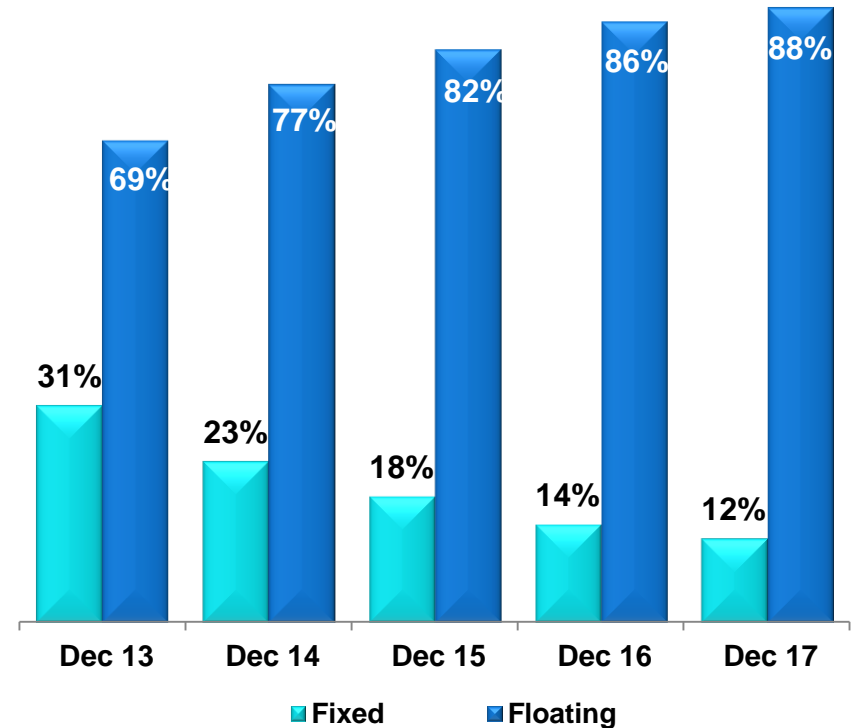


GROSS FINANCING: SECURED vs. UNSECURED & FIXED vs. FLOATING

**Gross Financing#
Secured vs. Unsecured**



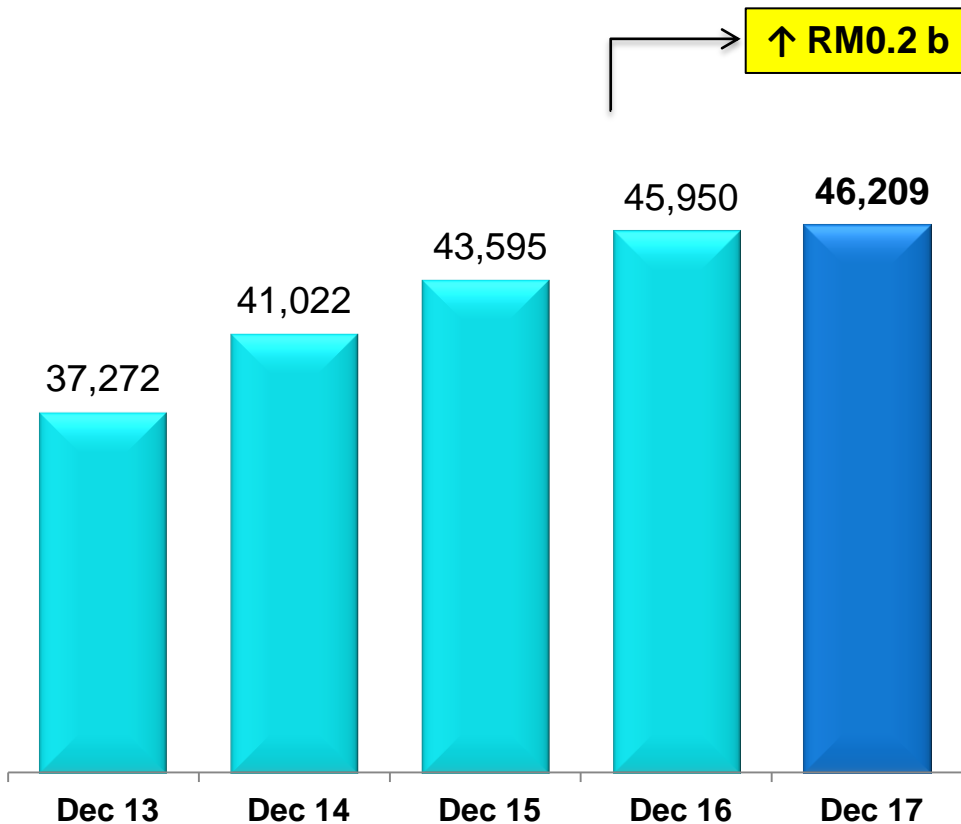
**Gross Financing
Fixed vs. Floating**



Above excludes Corporate Banking

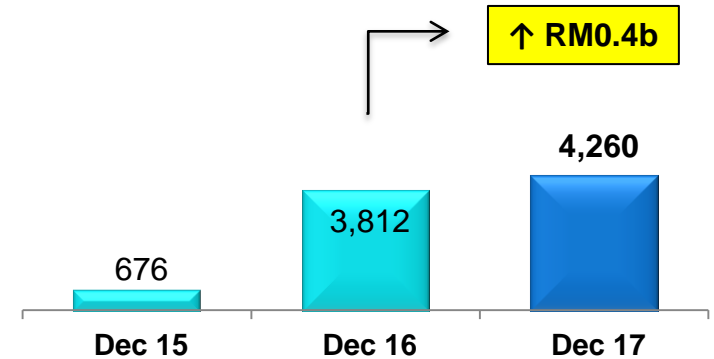
CUSTOMER DEPOSITS & INVESTMENT ACCOUNT

CUSTOMER DEPOSITS RM Million

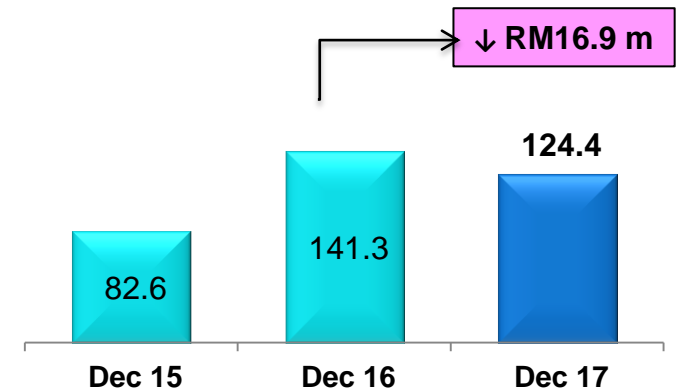


INVESTMENT ACCOUNT RM Million

Unrestricted Investment Account (URIA)



Restricted Investment Account (RIA)



CASA DEPOSITS & TRANSACTIONAL INVESTMENT ACCOUNT

RM million	Dec 14	Dec 15	Dec 16	Dec 17
Total Deposits	41,022	43,595	45,950	46,209
<i>of which: CASA Deposits</i>	15,631	15,288	14,136	15,482
Investment Accounts (URIA)	-	676	3,812	4,260
<i>of which: Transactional IA</i>	-	461	1,517	1,994
Total Deposits & Investment Accounts	41,022	44,271	49,762	50,469
➔ CASA Deposits & Transactional IA	15,631	15,749	15,653	17,476

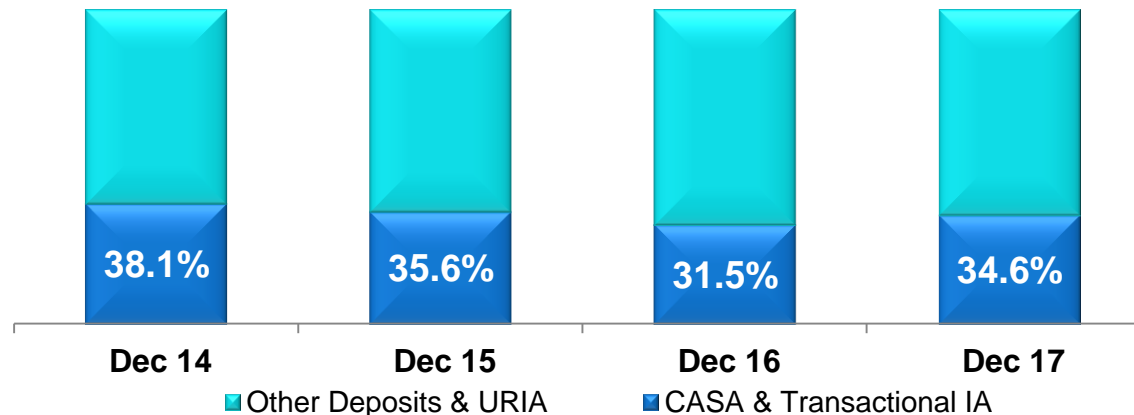


↑ 9.5%

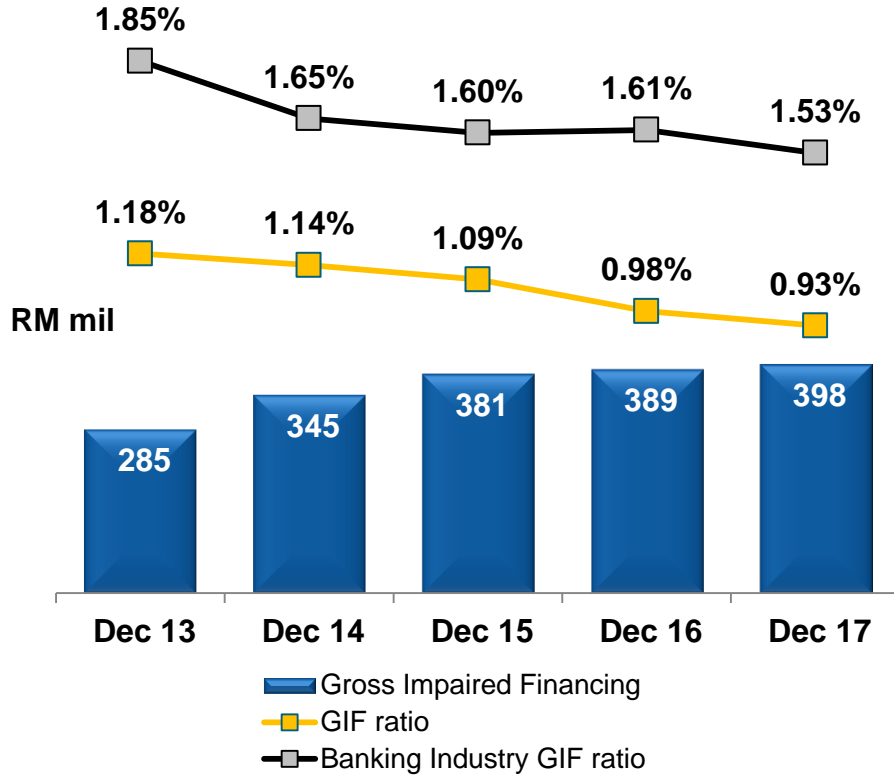
↑ 31.5%

↑ 11.6%

**CASA & Transactional IA against
Total Deposits & Investment Accounts**



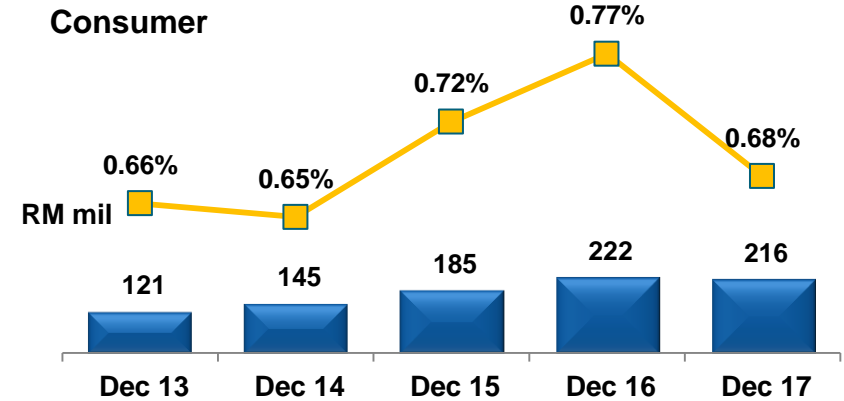
ASSET QUALITY



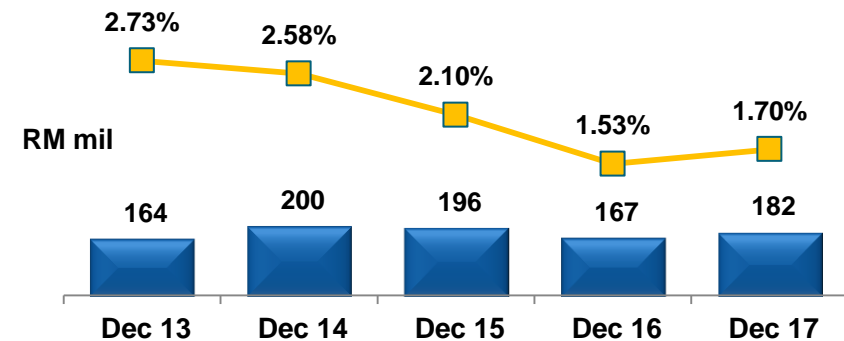
Financing Loss Coverage	Dec 13	Dec 14	Dec 15	Dec 16	Dec 17
Bank Islam	175.8%	170.4%	174.6%	175.4%	160.0% *
Banking Industry	101.2%	100.4%	96.3%	90.2%	82.9%

* inclusive of regulatory reserve

Gross impaired financing of which:



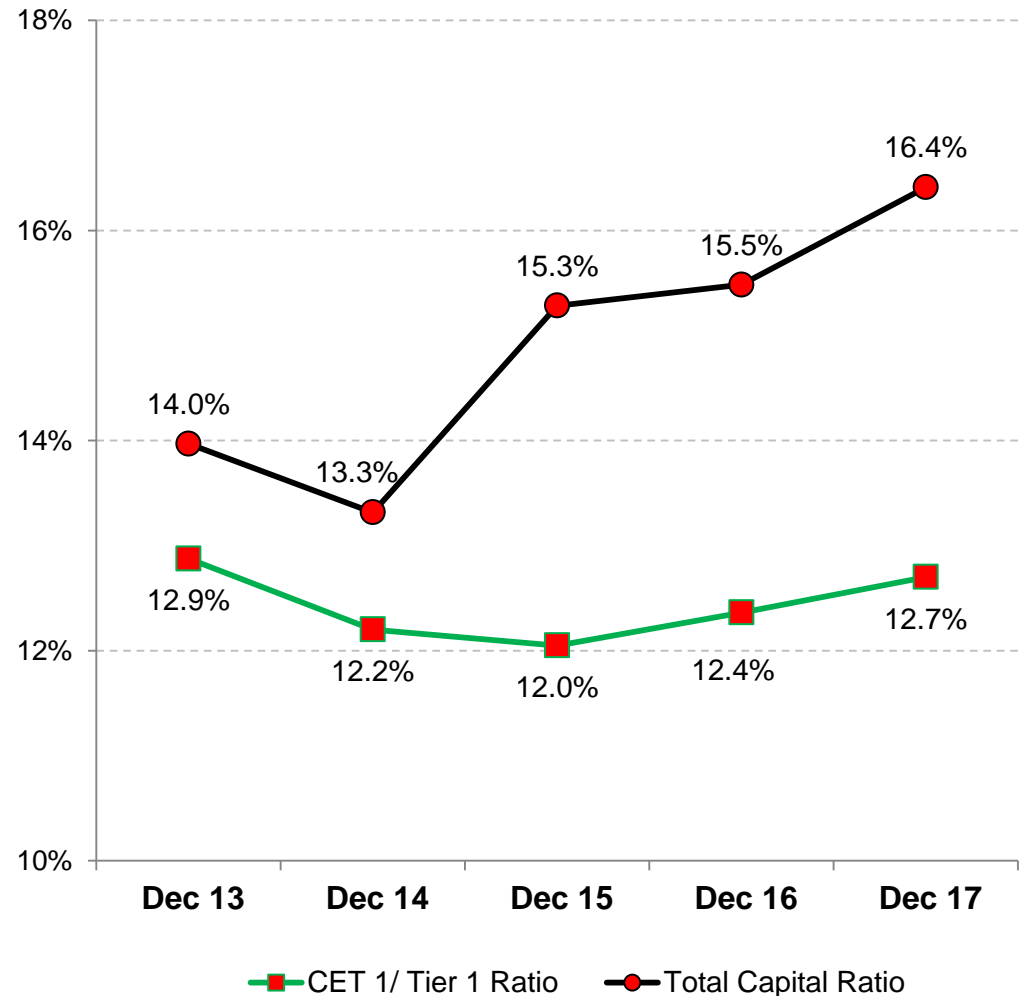
Corporate and Commercial



CAPITAL ADEQUACY

Minimum capital adequacy requirements
(including the capital conservation buffer (CCB)):

	2016	2017	2018	2019
CET 1 Capital Ratio	5.125%	5.750%	6.375%	7.000%
Tier 1 Capital Ratio	6.625%	7.250%	7.875%	8.500%
Total Capital Ratio	8.625%	9.250%	9.875%	10.500%
of which CCB	0.625%	1.250%	1.875%	2.500%



We
Should
Talk...

FINANCIAL HIGHLIGHTS FY2017



GROUP FINANCE &

PLANNING

 1-300 8 TAKAFUL (825 2385)

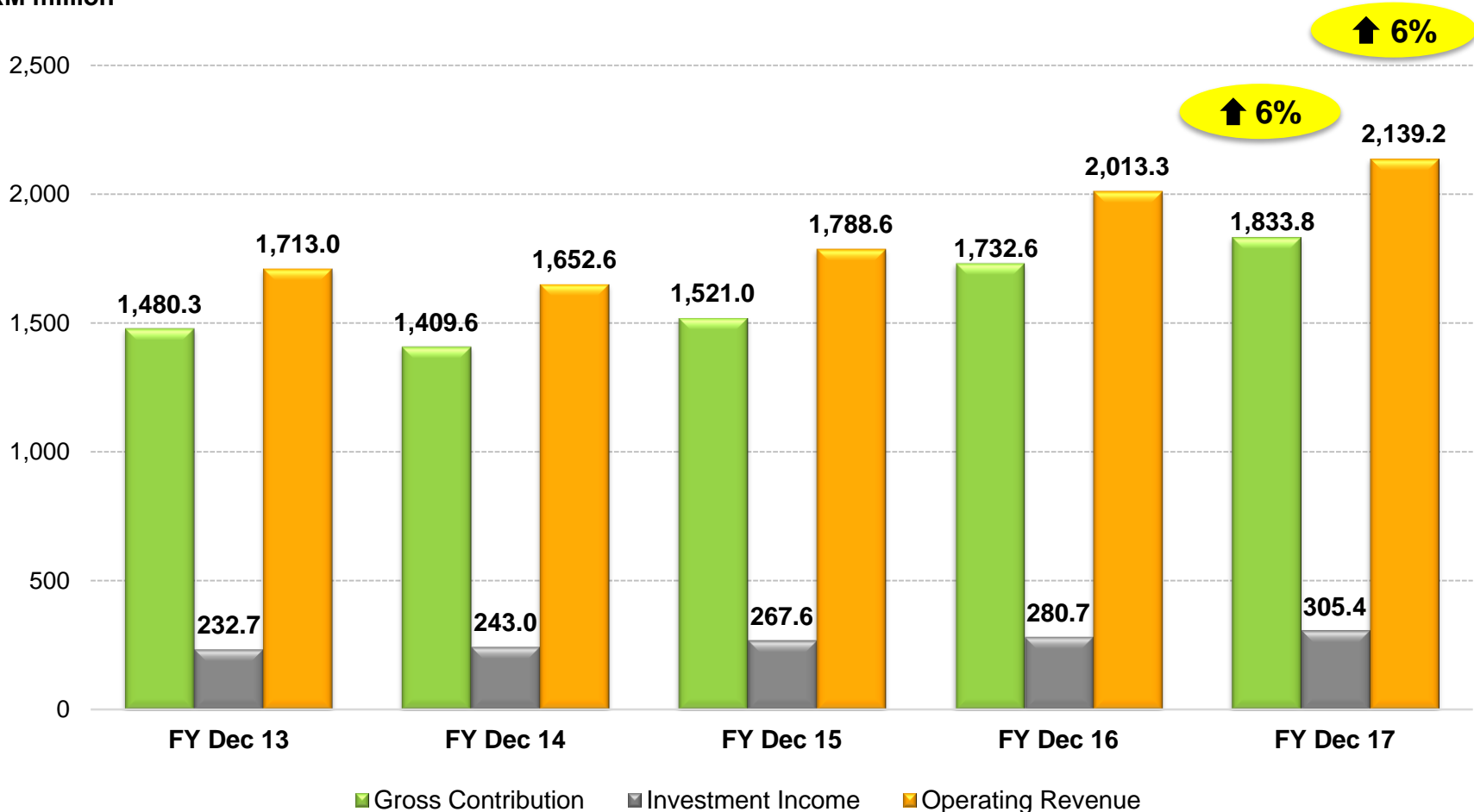
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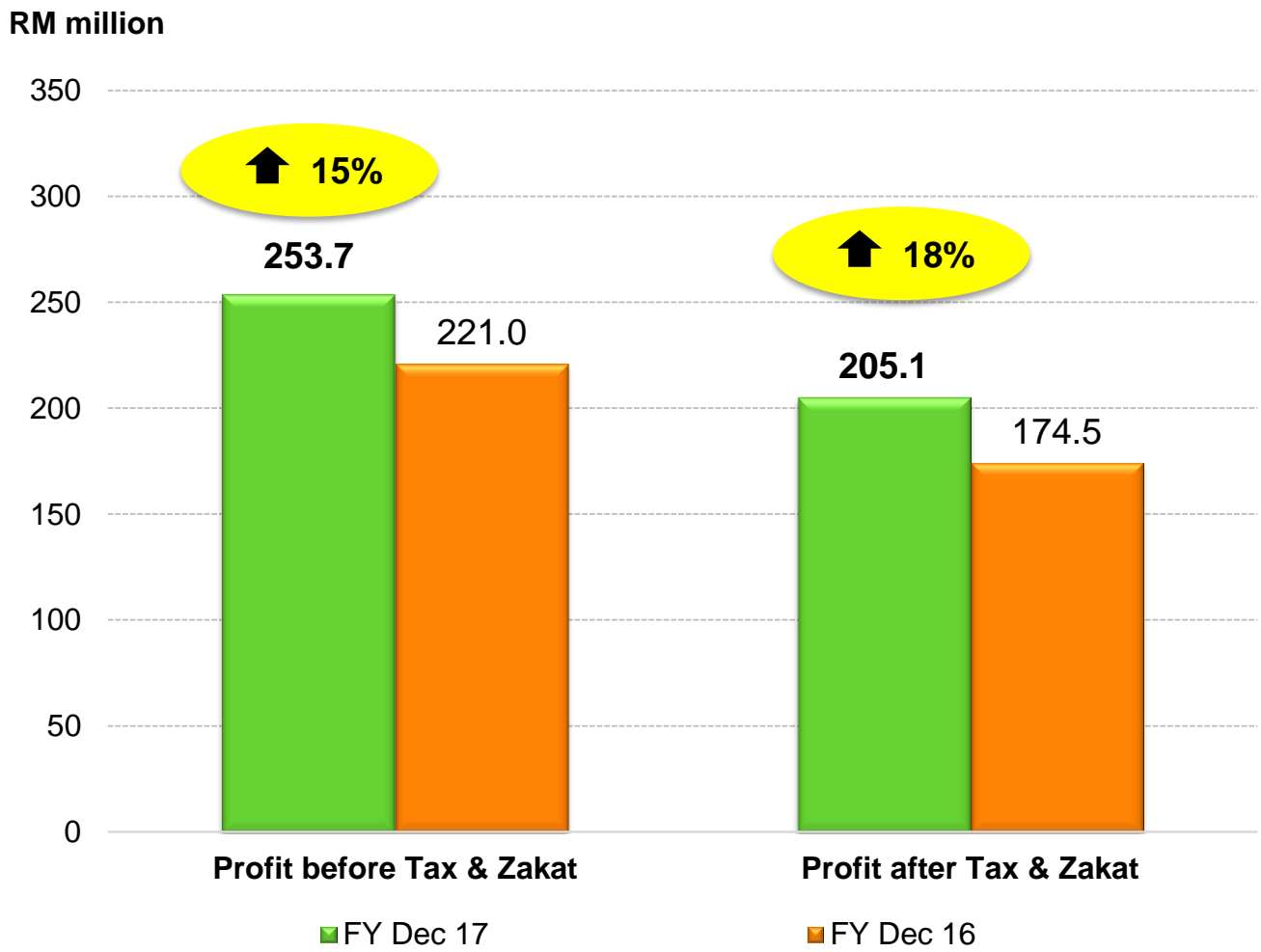


GROUP OPERATING REVENUE CONTINUED GROWTH MOMENTUM

RM million

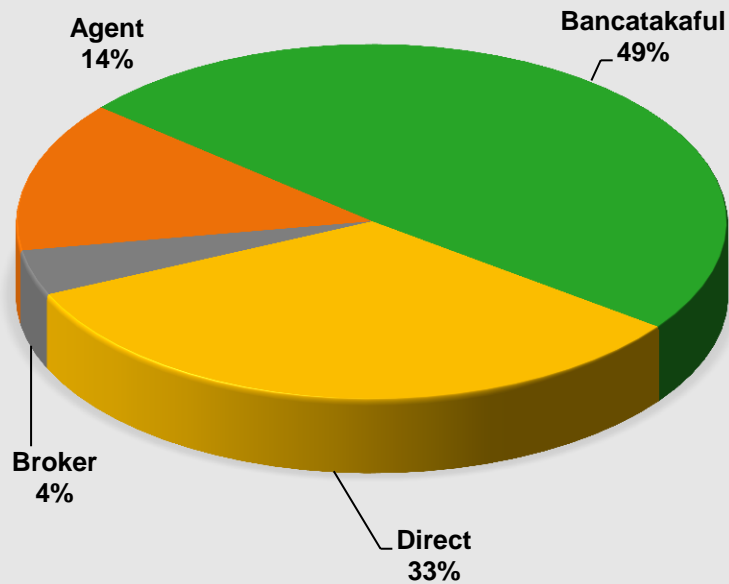


PROFITABILITY



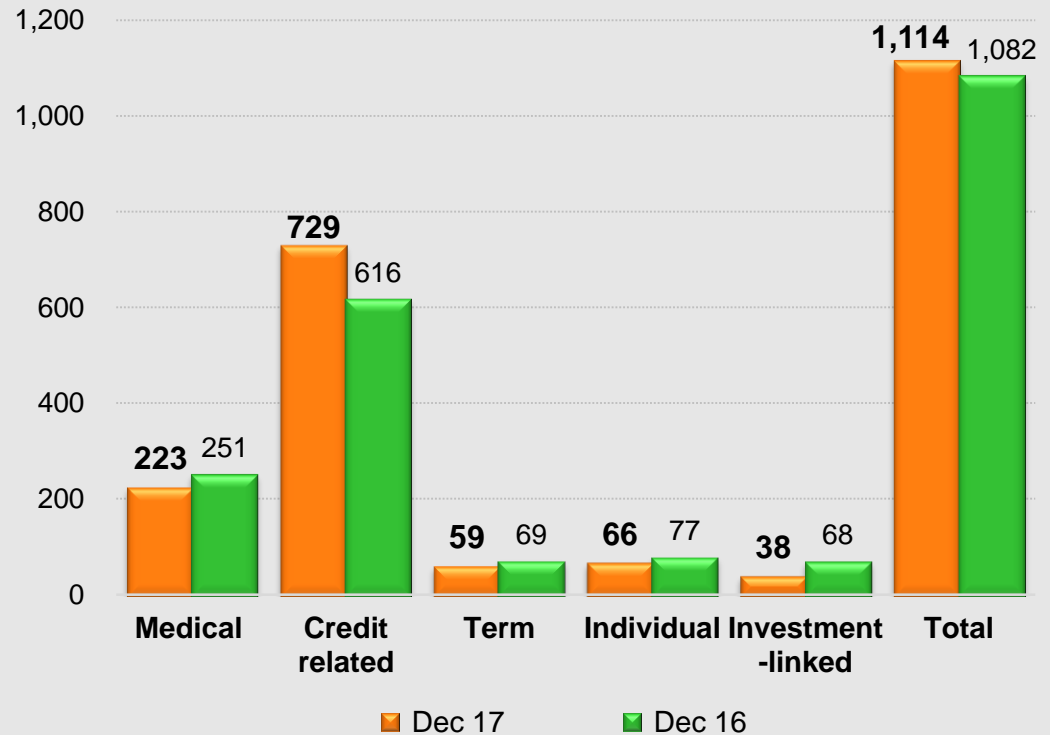
COMPANY FAMILY TAKAFUL GROSS CONTRIBUTION

Channel



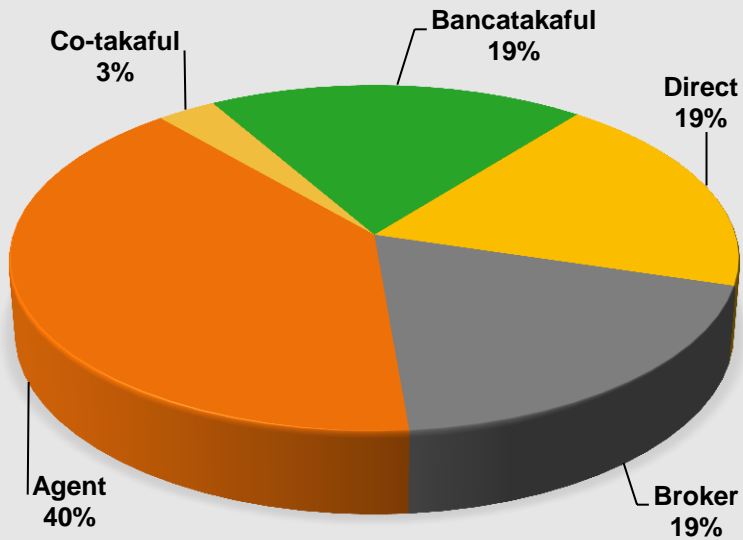
Product

RM million



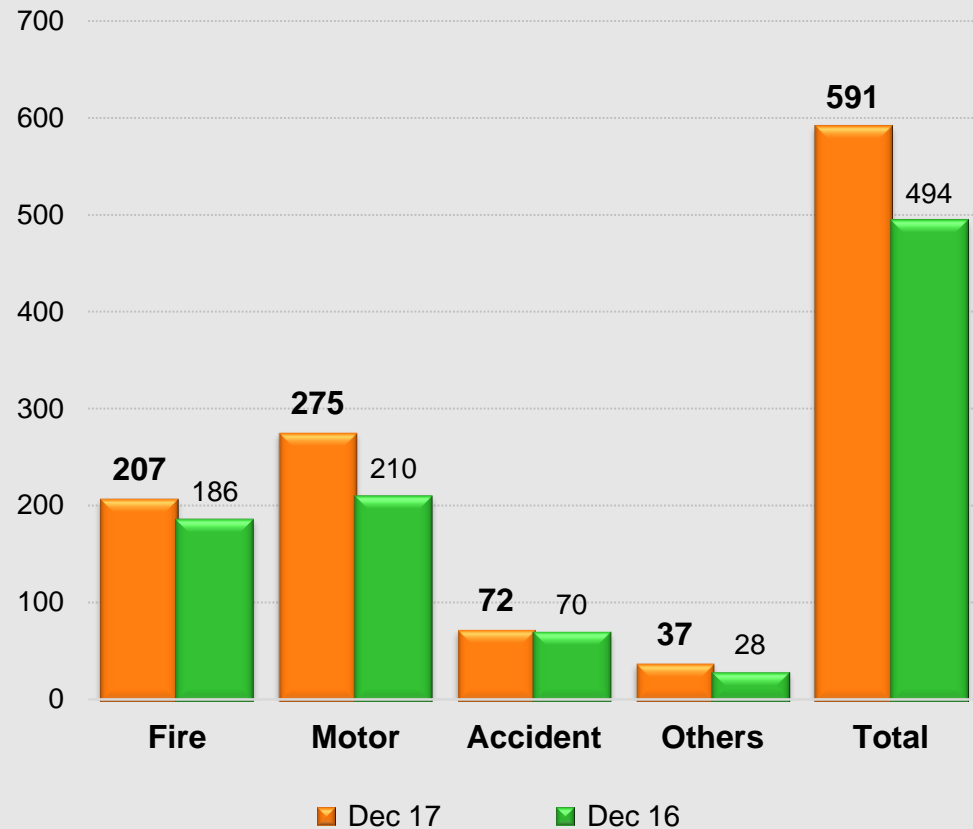
COMPANY GENERAL TAKAFUL GROSS CONTRIBUTION

Channel



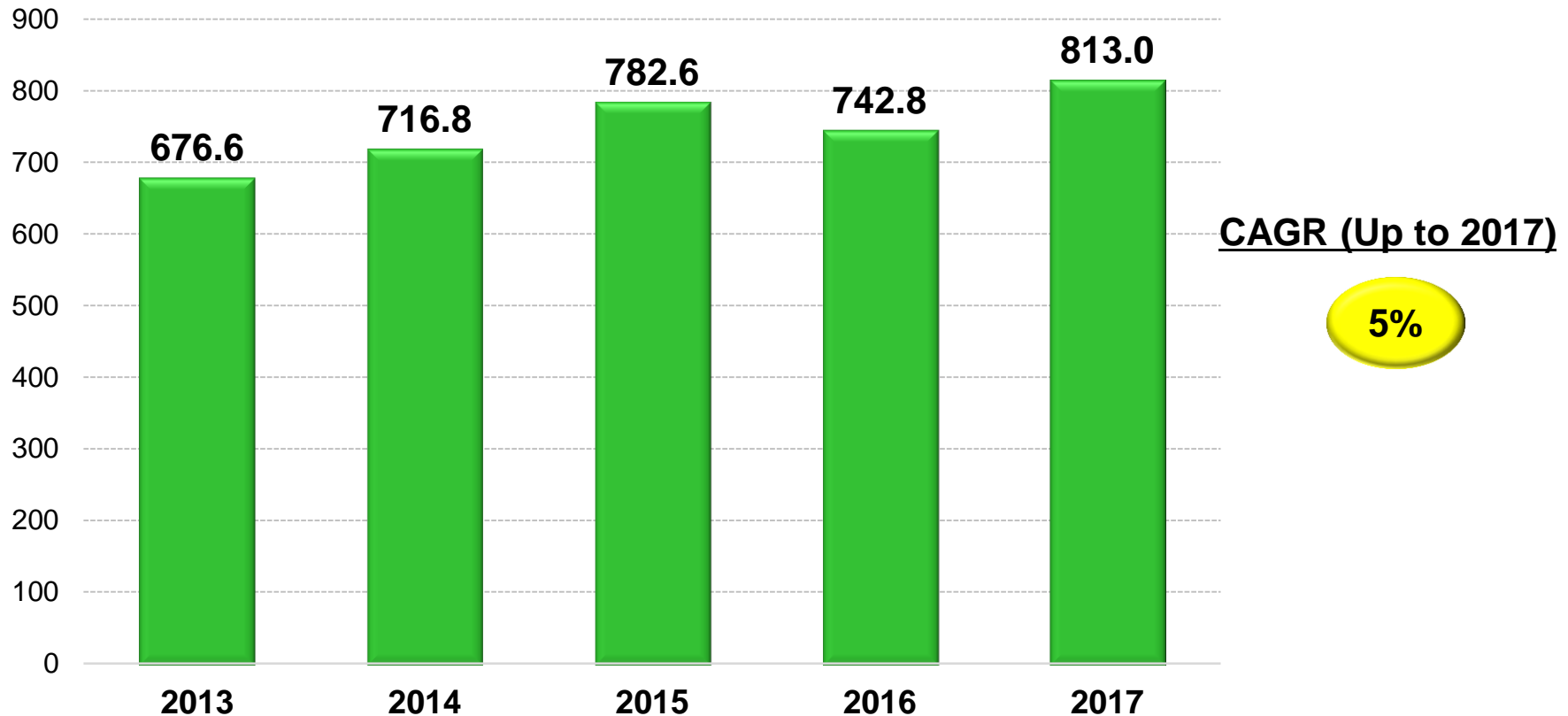
Class of Business

RM million



SURPLUS POSITION OF FAMILY PARTICIPANTS' FUND

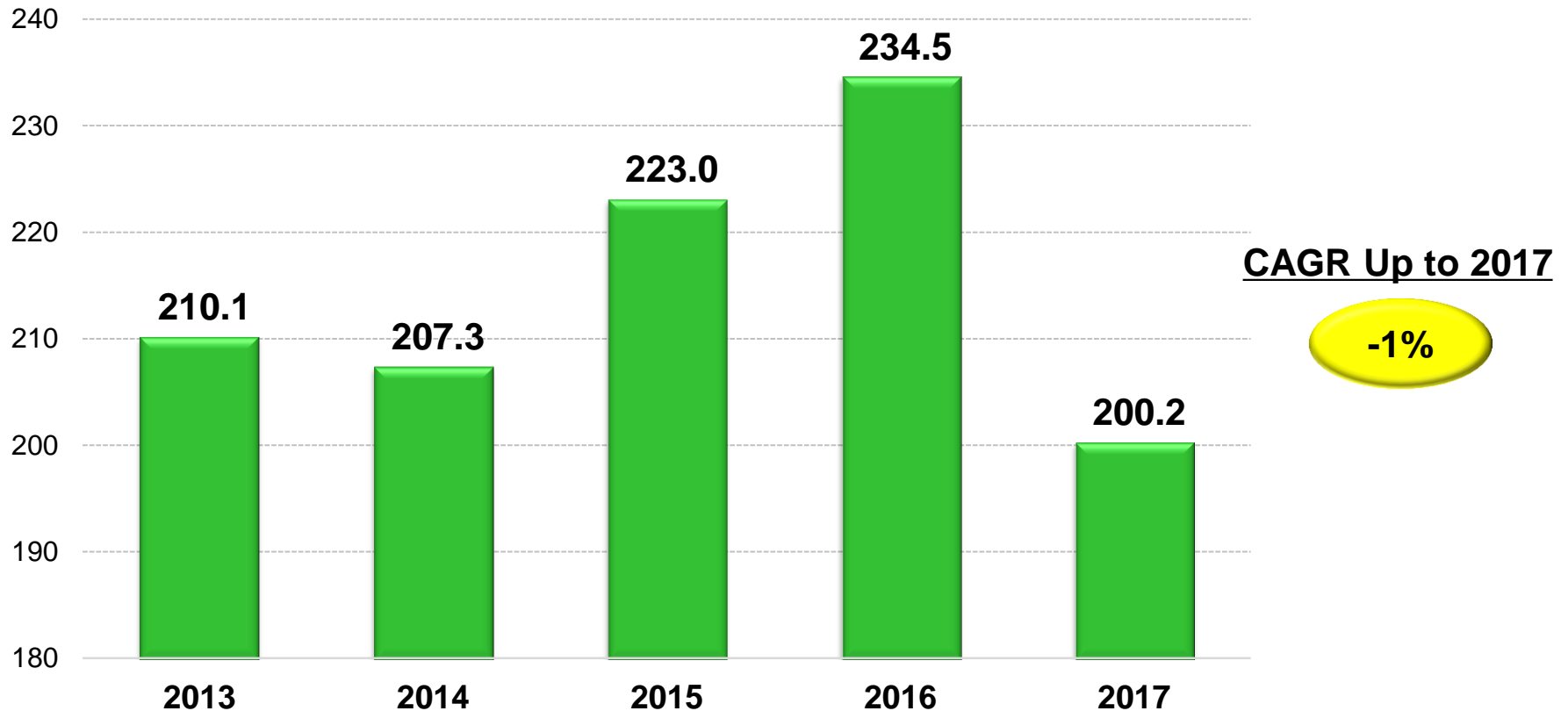
RM million



As of 2017, the retained surplus ratio is 30.7% based on the Family Participants' Fund and total assets of RM2.65 billion. As of 2016, the retained surplus ratio is 28.6% based on the Family Participants' Fund and total assets of RM2.59 billion.

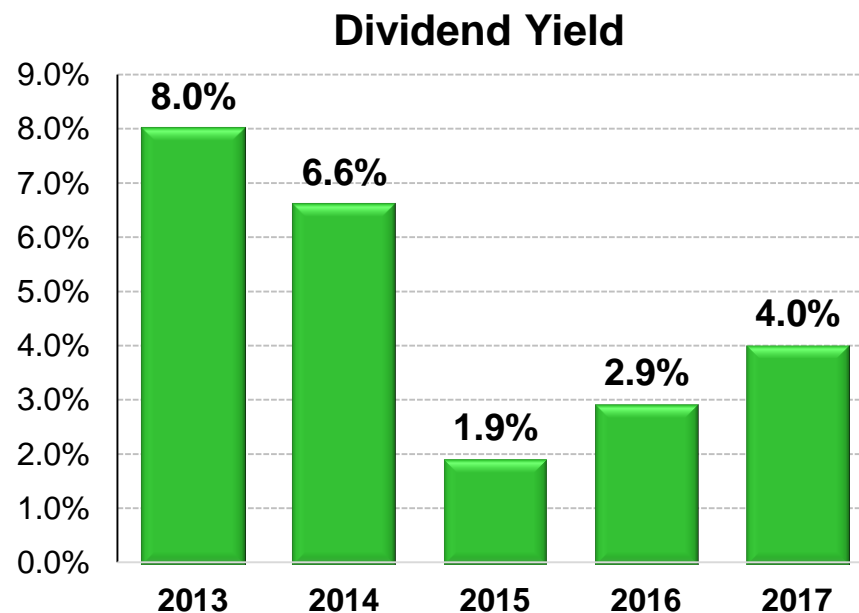
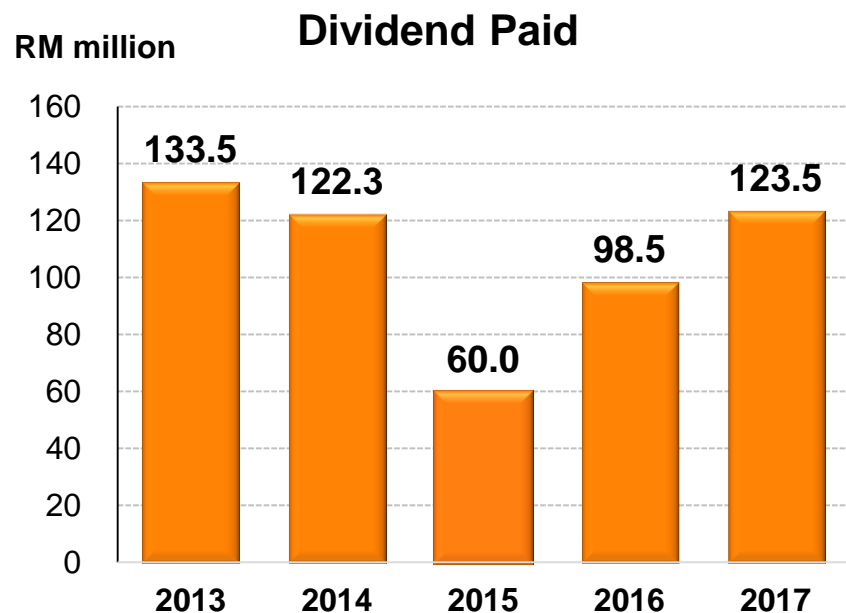
SURPLUS POSITION OF GENERAL TAKAFUL RISK FUND

RM million



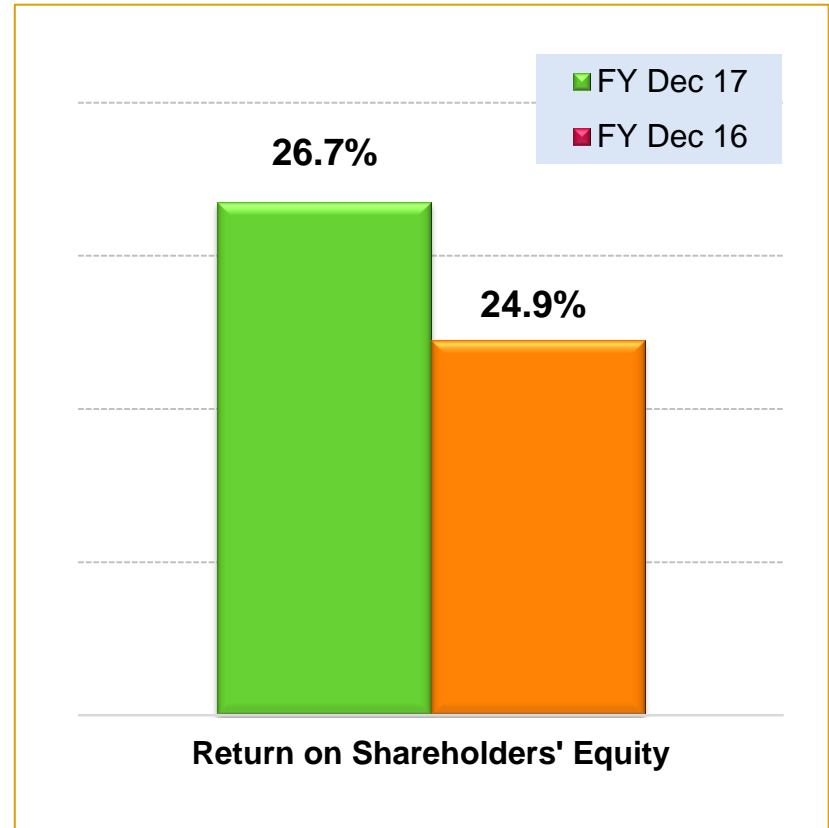
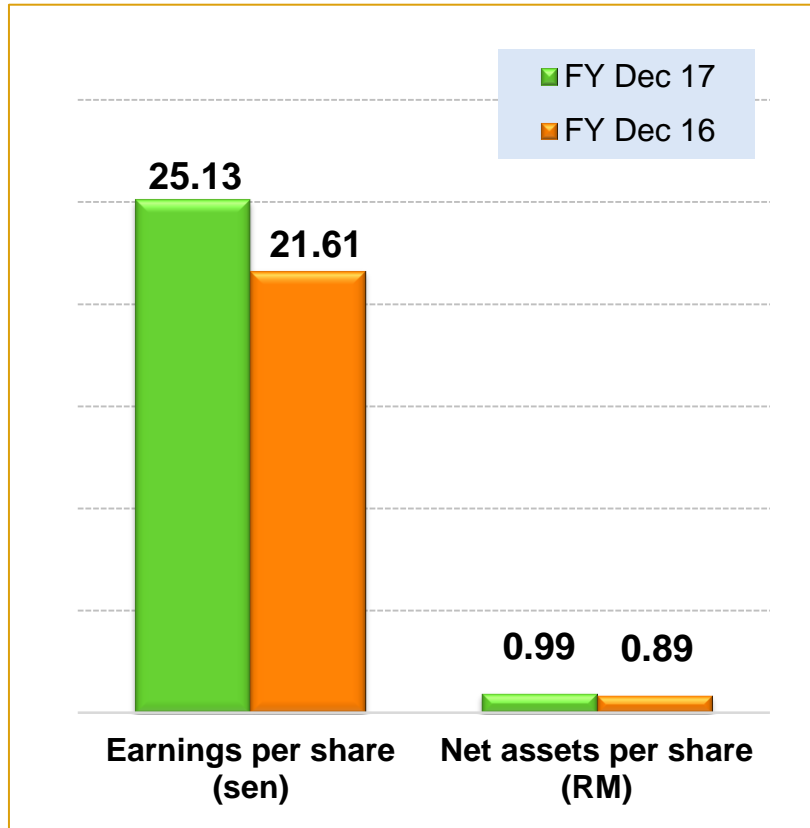
As of 2017, the retained surplus ratio is 25.7% based on the General Takaful Risk Fund total assets of RM777.9 million. As of 2016, the retained surplus ratio is 30.1% based on the General Takaful Risk Fund total assets of RM779.1 million.

DIVIDEND



- ✦ Total dividend paid from 2013 to 2017 is RM537.8 million.
- ✦ 2017 is based on interim dividend of 15% single tier paid on 19 January 2018.
- ✦ 2016 is based on interim dividend of 12% single tier paid on 20 January 2017.
- ✦ 2015 is based on interim dividend of 7.35% single tier paid on 17 February 2016.
- ✦ 2014 yield is based on 1st interim dividend of 40% single tier and final dividend of 35% single tier.
- ✦ 2013 is based on 2 interim dividends totaling 42% single tier and final dividend of 40% paid in May 2014.
- ✦ Dividend yield ratio above is calculated using 31 December share prices for the respective year.

GROUP'S KPI



- YTD Dec 2017 Total Assets : RM8.2 billion versus YTD December 2016 RM7.76 billion. The growth of 5.6% mainly from Family Takaful Funds.

OUR UNIQUE PROPOSITION



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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 RM230.1 million to our General Takaful customers and business partners from 2009 to 2017.

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

Thank You والسلام

