



MIDA - FMM National Investment Seminar

Breakout 3: Funding and Financial Assistance

Mandarin Oriental, Kuala Lumpur
13 June 2024

PART OF YOUR JOURNEY

COPYRIGHT © 2024 MALAYSIA BUILDING SOCIETY BERHAD | REGISTRATION NO.: 197001000172 (9417-K). ALL RIGHTS RESERVED

Members of MBSB Group



CONTENT

- 1 About MBSB Group and MBSB Bank**
- 2 MBSB Bank : Funding Landscape**
- 3 MBSB Bank : FY2024 – Business Financing Strategy**
- 4 Available BNM Funds for SMEs**

1. About MBSB Berhad (MBSB or the Group)

- MBSB has been a vital contributor of the nation's financial services industry and economic development for more than 70 years. Our story began in the 1950s where we were one of the first financial institutions to extend home financing that helped Malaysians own their homes. MBSB is instrumental in the development of many residential areas, including Petaling Jaya, where the head office is currently located.
- MBSB had in February 2018 acquired Asian Finance Bank (AFB) and eventually become a full- fledged Islamic Bank offering a wide range of Islamic banking products and services both of its retail and corporate customers.
- The Group had in June 2024 renamed the company from Malaysia Building Society Berhad to MBSB Berhad. This change reflects the Group's evolution into a larger banking entity following the successful merger with Malaysian Industrial Development Finance Berhad (MIDF) which was completed in October 2023.
- MBSB is the financial holding company of MBSB Bank Berhad (MBSB Bank) and MIDF. MBSB Bank is a progressive Islamic Bank that offers Shariah compliant banking facilities to retail, SME and corporate customers while MIDF is a financial services provider focusing on investment banking, development finance, and asset management.

2. MBSB Bank : Funding Landscape

- MBSB Bank extends its distribution channels through its nationwide network of 47 branches and online services such as mobile banking and virtual branch.
- Through our Relationship Managers under 8 Commercial Banking Centers located in Klang Valley and Regions of Northern, Southern, Sabah and Sarawak, we connect businesses to opportunities by providing a range of financial solutions including facilities and schemes for Term Financing, Working Capital, Trade Facilities, Industrial Hire Purchase and Contract Financing.
- To support the development of Small & Medium Enterprises (SMEs) and Mid-Sized Companies (MSCs), MBSB Bank is actively supporting businesses by **(i) leveraging on Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) guarantee scheme** and **(ii) leveraging the financing from external funds such as Bank Negara Malaysia (BNM) Fund.**
- Among SMEs' pain points highlighted by BNM are the inability to obtain financing due to lack of collateral. The Government has therefore created SJPP under Ministry of Finance (MOF) and provide up to 90% guarantee of financing given by participating banks. **From January 2023 to May 2024, the Bank has approved financing with SJPP guarantee up to RM1.24 billion of which RM839.0 million value of guarantee has been approved by SJPP.**

2. MBSB Bank : Funding Landscape (continue...)

- Meantime, BNM has also provided access to financing at reasonable cost to SMEs at the rate within 3.5% to 7% per annum through various funds such as All Economic Sector (AES), Agrofood Facility (AF), High Tech & Green Facility (HTG), SME Automation and Digitalization Facility (ADF) and Low Carbon Transition Facility (LCT). By leveraging on external funds, the Bank can reduce its capital cost and subsequently lowering the capital charge. **From January 2023 to May 2024, the Bank had approved financing under BNM Funds totaling RM376.0 million, of which RM127.0 million has been disbursed.**
- To expedite the financing delivery, the Bank had in May 2023 introduced M-Government Guarantee Scheme (M-GGS) via **templated credit evaluation for financing of not more than RM5.0 million**. This scheme established through an agreement with Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) by leveraging on SJPP's guarantee scheme. **From May 2023 until May 2023, M-GGS achieved RM539.27 million in approvals, securing approximately 200 new customers for the Bank.**

3. MBSB Bank : FY2024 – Business Financing Strategy

- **Leveraging on guarantee scheme through SJPP**
 - Up to RM20 billion in guarantee fund for SMEs involved in the green economy, technology and halal fields through SJPP.
- **Leveraging on external fund i.e. BNM Fund**
 - The objective of these funds is to provide access to financing at reasonable cost for SMEs. By leveraging on external funds, the Bank can reduce its cost of capital and subsequently lowering capital charge.
- **Expansion of Agrofood financing exposure**
 - This program builds since last year, capitalizing on numerous opportunities. Malaysia's on-going status as a net food importer has spurred government support for food production and trade, mainly driven by SMEs in the agrofood sector. Projected agrofood GDP growth to RM63.9 billion by 2025 (4.0% CAGR from 2019 to 2025) signals increased demand for Agrofood financing. Additionally, the global halal market is set to reach USD\$3.4 trillion by 2024, up from USD\$2.3 trillion currently.
- **Expansion on contract financing facilities through Government procurement**
 - The Bank intends to actively support businesses engaged in government projects by offering specialized Contract Financing aligned with the Malaysia's budget for 2024. The 2024 Budget allocates RM393.8 billion which is the highest budget ever presented. Of that amount, RM303.8 billion is for operating expenses and RM90 billion for expenses development, public transportation, infrastructure and healthcare.

4. Available BNM's Fund for SMEs

	All Economic Sector (AES)	Automation & Digitalisation Facility (ADF)	Agrofood Facility (AF)	High Tech & Green Facility (HTG)	Low Carbon Transition Facility (LCTF)
Fund Size	RM 5.5 billion	RM 1.5 billion	RM 2.5 billion	RM 1.1 billion	RM 1.0 billion
Limit/ Tenure	RM 5.0 million <i>(up to 5 years)</i>	RM 3.0 million <i>(up to 10 years)</i>	RM 5.0 million <i>(up to 8 years)</i>	RM 10.0 million <i>(up to 10 years)</i>	RM 10.0 million <i>(up to 10 years)</i>
Eligibility	Support growth in all economic sectors	Enhance productivity and efficiency	Increase agrofood production for Malaysia & Export	Digital Tech, Green Tech and Biotech	Sustainable and low carbon practices
Purposes	<ul style="list-style-type: none"> • Capex • Working Capital 	Capex	<ul style="list-style-type: none"> • Capex • Working Capital 	<ul style="list-style-type: none"> • Capex • Working Capital 	<ul style="list-style-type: none"> • Capex • Working Capital
Pricing	5.0 % to 7.0% <i>(based on risk rating)</i> <i>(inclusive guarantee fee)</i>	4.0 % <i>(inclusive guarantee fee)</i>	3.75 % <i>(inclusive guarantee fee)</i>	3.5 % <i>(without guarantee fee)</i> 5.0% <i>(inclusive guarantee fee)</i>	5.0 % <i>(inclusive guarantee fee)</i>
Availability	Always available <i>(revolving fund)</i>	Until full utilization	Always available <i>(revolving fund)</i>	Until full utilization	Until full utilization

THANK YOU