

## MEDIA RELEASE

### BIMB HOLDINGS BERHAD ANNOUNCES GROUP'S PBZT OF RM574.1 MILLION FOR 1H20

#### HIGHLIGHTS

- Group Profit Before Zakat and Taxation ("PBZT") was 7.5% lower at RM574.1 million.
- Net Return on Equity ("ROE") was 12.6%.
- Bank Islam posted RM389.0 million in PBZT.
- Takaful Malaysia's PBZT was RM211.8 million.

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**Kuala Lumpur, Thursday, 27 August 2020:** BIMB Holdings Berhad's ("BHB") warded off major challenges triggered by the COVID-19 pandemic, posting a Group PBZT of RM574.1 million for the six months ended 30 June 2020 ("1H20"). However, the impact of lower net financing income arising from multiple downward revisions of the Overnight Policy Rate ("OPR") and the recognition of modification loss due to moratorium exercise in April 2020 has caused the Group PBZT to be RM46.5 million lower than the same period in 2019. Net profit, similarly declined RM35.4 million to RM362.3 million.

The Group annualised after-tax Return on Equity ("ROE") remained strong at 12.6%, while earnings per share came to 20.25 sen. Group net assets per share improved to RM3.55 as at 30 June 2020 compared to RM3.34 as at 31 December 2019.

#### Islamic Banking

The Bank Islam Group's ("Bank Islam" or "the Bank") assets portfolio quality remained strong as reflected in the low gross impaired financing ratio of 0.7% at 30 June 2020, half of the 1.5% of the banking system at end June 2020. Total gross impaired financing at 30 June 2020 was RM371.5 million compared to RM559.4 million for the same period last year.

With a Total Capital Ratio of 19.2% as at 30 June 2020, the Bank is in a strong capital position to facilitate the targeted assistance to affected customers and support continuous business growth.

As at 30 June 2020, the Bank's net financing reached RM52.0 billion, a healthy 12.1% year-on-year ("Y-o-Y") growth of RM5.6 billion. Customer deposits and investment accounts rose 6.8% or RM3.7 billion Y-o-Y to RM58.5 billion. Total current, saving accounts and transactional investment accounts ("CASATIA") composition is at a healthy level of 36.2% of total customer deposits and investment accounts.

While the Malaysian banking sector landscape remains challenging, financing growth continues to show resiliency as total loan growth for the banking industry was sustained at 4.1% in June (May: 3.9%). The Gross Impaired Financing Ratio ("GIFR") edged down to 1.46% in June from 1.55% in May. The GIFR for the Household sector decreased to 0.95% in June from 1.03% in the previous month. Nevertheless, sentiments remain driven by lingering uncertainties and volatility, as the path to recovery is still unclear for the banking industry. With the recent revision of forecasted Gross Domestic Product ("GDP") by Bank Negara Malaysia, the Bank is anticipating an impact on its profitability in the next 6 month of the financial year.

The Bank reported an 11.1% lower PBZT of RM389.0 million compared to the 2019 corresponding period. The decline was mainly due to lower net financing income arising from multiple downward revisions of the OPR and the recognition of modification loss due to the moratorium exercise.

Pursuant to the moratorium on repayment of financing, the Bank had recognised a modification loss of RM97.8 million.

The Government had announced the extension of the moratorium and targeted assistance recently. Consequently the Bank is proactively engaging its customers in anticipation of the ending of the six-month moratorium in September 2020. Approval of applications are subject to fulfilment of eligibility criteria.

Since the onset of the pandemic crisis, Bank Islam has continuously been purposeful in empowering communities, by providing initiatives such as the automatic deferment plan for repayment and SME Special Relief Facility ("SSRF") to help alleviate the short-term cash flow predicament faced by SMEs. The Bank also introduced iTEKAD microfinancing programme to support B40-owned micro-enterprises affected by the pandemic.

As a further commitment, a series of webinars have been held, in addition to leveraging on GO by Bank Islam mobile app to serve customers better. In paving the way for preservation and creation of wealth, the world's first Shariah Sustainability Robo-Intelligence Investing app called BEST Invest was launched by our subsidiary, BIMB Investment Management Berhad. With a minimum initial investment of RM10, the app aims to maximise returns and manage investment risks according to investor's appetite.

Bank Islam is aligning its measures in accordance with BNM's guidelines, which place emphasis on protecting consumers' financial viability, sustaining real economy, focusing on affordable investing and continue to support the frontline workers and underprivileged communities. Going forward, the Bank remains resilient and will stay the strategic course of recalibrating key tactics and initiatives by adopting Value-Based Intermediation ("VBI") in its business model, acknowledging that it is now a new norm.

## **Takaful**

Syarikat Takaful Malaysia Keluarga Berhad ("Takaful Malaysia") recorded a PBZT of RM211.8 million for 1H20, as compared to RM210.4 million in 1H19.

Operating revenue of RM1,428.8 million for 1H20, was lower compared to RM1,591.1 million in 1H19. The decrease was mainly attributable to lower sales generated from the Family Takaful business.

The Family Takaful business generated gross earned contributions of RM772.1 million for 1H20, compared to RM967.5 million in the corresponding period last year due to lower sales from credit-related and Group medical products. For 1H20, General Takaful business recorded lower gross earned contributions of RM364.8 million compared to RM370.4 million in 1H19, mainly attributable to fire class. Both businesses activities have been impacted by the

Movement Control Order ("MCO") and Conditional Movement Control Order ("CMCO") arising from the COVID-19 pandemic over the period of 84 days.

The COVID-19 pandemic and associated economic impact are posing enormous challenges and uncertainties. Takaful Malaysia is prepared for a very different market and operating landscape post-RMCO period as concerns on job security remain heightened. Consumers will be more cautious in their spending. It is expected that economic activities will take some time to recover. Amid the uncertainties in current economic environment to support business expansion, the Group remains vigilant and cautious in managing business growth and risk profile of our portfolio.

As a pioneer and early adopter of online distribution and new digital technologies in supporting our distribution channels, we are able to eliminate some sales and operational challenges faced during the Movement Control Order ("MCO") period. Particularly, we have a wide range of online takaful products that customers can easily access our affordable online insurance solutions at their fingertips especially during the COVID-19 outbreak. We have increased our presence in the social media to cross sell our online products especially targeting the customers who may not have access to intermediaries for face to face selling.

To sustain its market leading position and to support business growth and customer centricity, the Group will continue with its innovative strategies via the implementation of its digital strategy, online solutions and digital ecosystem, expansion of its distribution capabilities, strategic partnerships with leading Islamic banks and brand awareness initiatives. As a pioneer to transform the insurance / takaful business in Malaysia, we will advance to the next level of digital strategy by adopting Artificial Intelligence (AI) with big data analytics and machine learning algorithms to manage the risks and opportunities in the areas of marketing, underwriting, and customer service, and claims processing.

Pursuant to the announcement made by the Group on 11 December 2019 with regards to "Multiple Proposals" which includes but not limited to amongst others the proposed placement and internal reorganisation to be undertaken, the Group is currently waiting for the proposal and application to be approved by the regulator. Nevertheless, with the support from its shareholders, the Group is positive with the outcome of the proposal applications.

For further information on BHB, please visit [www.bimbholdings.com](http://www.bimbholdings.com).

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### **About BIMB Holdings Berhad**

BIMB Holdings Berhad ("BHB") is the first Islamic Financial Holding company approved by Bank Negara Malaysia under the Islamic Financial Services Act 2013. BHB was incorporated in Malaysia on 20 March 1997 and was listed on the Main Market of Bursa Malaysia Securities Berhad on 16 September in the same year. The core subsidiaries of the BHB Group are pioneers in various Islamic financial services including banking, takaful, stockbroking, and other related services namely Bank Islam Malaysia Berhad, Syarikat Takaful Malaysia Keluarga Berhad and BIMB Securities Sendirian Berhad.

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Issued by: Group Corporate Communications, BIMB Holdings Berhad

Enquiries:

**Wan Norkhairi Wan Samad**

Head, Group Corporate Communications  
Bank Islam Malaysia Berhad,  
Level 31, Menara Bank Islam  
No. 22, Jalan Perak, 50450 Kuala Lumpur  
Tel: 03-2782 1232  
Mobile: 019-339 4491  
Fax: 03-2781 2998  
Email: [wnorkhairi@bankislam.com.my](mailto:wnorkhairi@bankislam.com.my)  
Web: [www.bankislam.com.my](http://www.bankislam.com.my)

**Omar Atin**

Assistant Vice President, Public Relations,  
Group Corporate Communications  
BIMB Holdings Berhad,  
Level 31, Menara Bank Islam  
No. 22, Jalan Perak, 50450 Kuala Lumpur  
Tel.: 03-2781 2943 / Fax: 03-2781 2998  
Mobile: 019-391 9144  
Email: [omar@bimbholdings.com](mailto:omar@bimbholdings.com)  
Web: [www.bimbholdings.com](http://www.bimbholdings.com)