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## BIMB HOLDINGS BERHAD'S PBZT GREW 5.3% TO RM461.4 MILLION FOR THE SIX MONTHS ENDED 30 JUNE 2017

### HIGHLIGHTS

- The Group's Profit Before Zakat and Taxation ("PBZT") rose 5.3% to RM461.4 million.
- Annualised Pre-tax Return on Equity (ROE) of 20.0%.
- Annualised Pre-tax Return on Assets (ROA) of 1.5%
- Bank Islam's PBZT increased by 2.3% to RM367.8 million.
- Takaful Malaysia's PBZT grew 13.2% to RM131.6 million

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**Kuala Lumpur, 28 August 2017:** BIMB Holdings Berhad ("BHB"), the country's only Islamic financial holding company, reported a PBZT for the six months ended 30 June 2017 of RM461.4 million, representing a growth of 5.3% or RM23.2 million compared with the corresponding period in 2016 of RM438.2 million. BHB registered an annualised pre-tax Return on Equity (ROE) of 20.0% and after-tax ROE of 14.2%.

The net profit attributable to shareholders grew by 2.8% or RM7.8 million to RM286.8 million during the same period. Consequently, net asset per share also improved to RM2.69 as at 30 June 2017 compared with RM2.44 as at 31 December 2016.

BHB has embarked on the journey to sustainability based on five pillars, which are, responsible finance, inclusive growth, talent development, Islamic finance & knowledge and ethical practice & reporting, which have been reported in its 2016 Sustainability Report.

Committed to Bank Negara Malaysia's Value Based Intermediary (VBI) initiative to create value for all stakeholders, BHB's Chief Executive Officer, Encik Khairul Kamarudin said, "Islamic finance, with all its ingrained principles, remains relevant in a world that is increasingly focused on societal and environmental wellbeing which operates within systems of clear governance. Islamic finance is well-positioned to lead inclusive growth that leverages on ecosystem of responsible finance." BHB's key operating unit, Bank Islam, intends to continue positioning itself as a VBI that reflects the true essence of Islamic finance, with greater emphasis on environment, social and governance (ESG).

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## Islamic Banking

Bank Islam Group ("Bank Islam" or "the Bank") reported a PBZT of RM367.8 million for the six months ended 30 June 2017, representing an increase of 2.3% or RM8.1 million compared with the corresponding period in 2016.

The Bank continued to maintain its financing growth with net financing assets recording a Y-o-Y growth of 11.5% or RM4.2 billion to reach RM40.5 billion as at 30 June 2017. For the six months ended 30 June 2017, net financing growth, on an annualised basis was 6.7%. As at end of June 2017, customer deposits and investment accounts stood at RM48.1 billion with a Y-o-Y increase of RM5.7 billion or 13.4%. The Current Account Savings Account ("CASA") and transactional investment accounts ratio as at end June 2017 stood at 31.8%.

With continued robust credit management and governance process, the Bank was able to maintain its strong asset quality. The Bank's gross impaired financing ratio stood at 1.0% as at end June 2017.

The Bank's capital position also remained healthy to support the continuous business growth with the Total Capital ratio of 16.0% as at end June 2017. The Bank registered an annualised pre-tax ROE of 15.8% and after-tax ROE of 11.4%.

Bank Islam will continue to defend its asset growth with focus on SME and supply chain, maintain asset quality and deposit drive while continuously embrace digitalisation. Bank Islam through a strategic collaboration with US-based Cognizant will lay the foundation of digital banking platform across its entire network. The collaboration is to jointly build a digitalised banking space to develop Fintech solutions, such as blockchain technology, omni channel solutions and virtual banking to enhance customers' experience. It will also provide an opportunity to develop innovative products and services that can generate new revenue stream for the Bank. In addition, in line with Basel III rules, the Bank will continue to manage liquidity and deploy capital efficiently in its operations.

The banking industry is anticipated to remain resilient despite the challenging operating environment with moderate financing growth. While competition for deposits and margin compression continue, sufficient liquidity in the banking system is projected to support financing activities. Banks are also well positioned to maintain Basel III liquidity coverage ratio above the regulatory requirement to meet unexpected cash outflows or adverse liquidity shocks. Banks' capitalisation is also likely to be sufficient to withstand assets quality distress.

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## Takaful

For the six months ended 30 June 2017, Syarikat Takaful Malaysia Berhad Group ("STMB") recorded a PBZT of RM131.6 million, an increase of 13.2% compared with RM116.3 million in the corresponding period in 2016.

The higher profit was attributable to higher net wakalah fee income. The operating revenue increased by 4.5% to RM1,145.2 million from RM1,095.5 million recorded for the corresponding period in 2016. The increase was mainly attributable to higher sales generated by both Family Takaful and General Takaful business.

Family Takaful recorded gross earned contributions of RM645.0 million compared with RM599.6 million in the corresponding period in 2016, an increase of 7.6%. The increase was mainly attributable to higher sales from Family Takaful mortgage related products.

General Takaful generated gross earned contributions of RM272.8 million compared with RM257.5 million in the corresponding period in 2016, an increase of 5.9%. The growth was mainly from fire and motor classes.

On 10 August 2017, STMB made an announcement in relation to its Proposed Reorganisation. This is based on a letter from Bank Negara Malaysia (BNM) dated 7 August 2017 whereby pursuant to Section 10(5) of the Islamic Financial Services Act 2013 ("IFSA"), the Minister of Finance ("MOF") has made the following decisions in principle:

(a) the granting of:

- a family takaful business licence to STMB under its new name, Syarikat Takaful Malaysia Keluarga Berhad ("STMKB"); and
- a general takaful business licence to a new company (which will be a wholly-owned subsidiary of STMKB) ("NewCo"), Syarikat Takaful Malaysia Am Berhad ("STMAB"),

subject to the operational and system readiness of the single licensees upon completion of the Scheme of Transfer (as announced by STMB on 10 August 2017), where a new family takaful business license certificate will be issued to STMKB and a new general takaful business licence certificate will be issued to NewCo respectively, in exchange for the current composite takaful licence certificate;

(b) the granting of an approval for:

- the direct acquisition of 100% shares in NewCo by STMKB pursuant to Section 99(2) of the IFSA; and
- for STMKB to exercise control over NewCo under Section 100(1) of the IFSA; and that BNM approves the transfer of STMB's general takaful business to NewCo under the Scheme of Transfer pursuant to Section 112(1) of the IFSA and subject to STMB adhering to all existing regulatory requirements.

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For the year 2017, STMB will continue to emphasise the four core areas of customer reach, operational agility, cost competitiveness and stakeholder confidence to increase its overall market shares and continuously improve shareholders' value. Through its extensive range of products and services, STMB is poised to sustain its position as the market leader in the Family Takaful business. STMB will amplify its presence as the preferred choice for takaful through various advertising and marketing activities and promote its unique proposition of rewarding a 15% Cash Back to its General Takaful customers for no claims during coverage period. STMB

will also undertake an enhanced approach to its distribution channel by accelerating digital initiatives to optimise its operations and marketing activities. STMB will actively cultivate its digital presence through an online sales portal and integrated online marketing initiatives as part of its long term strategy to meet the growing needs of the consumers.

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 Berhad and BIMB Securities Sendirian Berhad.

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