

## MEDIA RELEASE

### BIMB HOLDINGS BERHAD ANNOUNCES GROUP'S PBZT OF RM1.1 BILLION FOR FY2020

#### HIGHLIGHTS

- Group Profit Before Zakat and Taxation ("PBZT") was 8.9% lower at RM1,097.3 million.
- Net Return on Equity ("ROE") was 12.8%.
- Bank Islam posted RM728.2 million in PBZT.
- Net financing growth of 10.5%.
- Takaful Malaysia's PBZT was RM426.8 million.

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**Kuala Lumpur, Friday, 26 February 2021:** BIMB Holdings Berhad ("BHB") posted a Group PBZT of RM1,097.3 million for the financial year ended 31 December 2020 ("FY2020"). The impact of lower net financing income arising from multiple downward revisions of the Overnight Policy Rate ("OPR"), the recognition of modification loss due to moratorium exercise and targeted assistance programme and pre-emptive impairment provision in consideration of the challenging economic environment has caused the Group PBZT to be RM107.7 million lower than the same period in 2019. Net profit declined RM67.5 million to RM867.9 million.

The Group's annualised after-tax Return on Equity ("ROE") remained healthy at 12.8%, while earnings per share valued at 40.21 sen. Group net assets per share improved to RM3.63 as of 31 December 2020, compared to RM3.34 as of 31 December 2019.

#### The Group Overview

COVID-19 is once again taking its toll on economic activities as the third wave prompts new restrictions, but the vaccine news is a game-changer for the outlook over the next two years. BNM opines that the Gross Domestic Product ("GDP") will rebound amidst a low unemployment rate but with an improved Consumer Price Index ("CPI"). Such a positive outlook for 2021 will be backed by a favourable global growth projection and a revival in domestic economic activities. In turn, this will bode well for financial market performance.

The pandemic should be seen as a window of opportunity to grow sustainably. In this trying time, our initiatives further reflect our commitment towards financial inclusivity, which ensures development for all, as we seek to support economic recovery and safeguard the rakyat's livelihood. Therefore, as part of its business plan for 2021, the Bank is embarking on a 5-year roadmap to deliver the promise of technology, redefine growth and work in new ways to address the unprecedented challenges. By 2025, the Bank aspires to be a champion in offering Shariah environmental, social and governance ("Shariah-ESG") total financial solution with leadership in digital banking and social finance. The plan mobilises six strategic objectives premised on the Bank's role as Value-Based Intermediary ("VBI"), namely Sustainable Prosperity, Value-based Culture, Community Empowerment, Customer Centricity, Real Economy and Digitalisation. The objectives will be supported by key initiatives, directly focused efforts towards the end goal in 2025 such as to expand portfolio relating to real economy & green economy; implement integrated wealth management business model; accelerate digitalisation; promote social finance, and enforce cost management initiatives.

Against a strong backdrop of credit metrics with the recent reaffirmation of AA3/Stable/P1 by RAM Ratings, BHB is proceeding with its proposed group restructuring exercise that will unlock significant value for shareholders, as well as transferring its listing status to its subsidiary, Bank Islam. The exercise will see the Bank becoming the only full-fledged Islamic financial institution listed in Malaysia, having greater access to tap the capital markets for an exciting future expansion.

For our takaful business, Takaful Malaysia has been taking necessary and thoughtful steps to strengthen its business resilience and adjust its operating models in managing the business in a very different market and dynamic operating landscape. Takaful Malaysia remains vigilant and cautious in managing operating costs, business growth, and portfolio risk.

As a pioneer and early adopter of online distribution and new digital technologies supporting our distribution channels, we can reduce some sales and operational challenges faced during the COVID-19 pandemic period. Our digital and technological capabilities have enabled us to maintain uninterrupted business services to all our sales intermediaries, bank partners, and customers. Notably, we have a wide range of online takaful products that customers can easily access our affordable online takaful solutions at their fingertips, especially during the COVID-19 outbreak. We have increased our social media presence to cross-sell our online products, especially targeting the customers who may not have access to intermediaries for face-to-face selling.

In sustaining its market-leading position and support business growth and customer-centricity, Takaful Malaysia 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.

### **Islamic Bank**

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 0.67% at the end of 2020, lower than the 1.57% registered by the banking system. Total gross impaired financing was RM373.2 million compared to RM433.0 million at the end of 2019.

As of 31 December 2020, the Bank's net financing reached RM54.7 billion, a healthy 10.5% year-on-year ("Y-o-Y") growth of RM5.2 billion. Customer deposits and investment accounts rose 10.1% or RM5.8 billion Y-o-Y to RM63.4 billion. Total current, saving accounts and transactional investment accounts ("CASATIA") composition is at a healthy level of 36.1% of total customer deposits and investment accounts.

With a Total Capital Ratio of 19.8% as of 31 December 2020, the Bank is in a strong capital position to facilitate the targeted assistance to affected customers, and support continued business growth.

At this juncture, Bank Islam has been persevering in producing sustainable financial results that are within the industry's average, cognisant of and leveraging on the low-interest-rate environment. The Bank reported a PBZT of RM728.2 million for the FY2020, 13.7% lower compared to 2019. The decline was mainly due to lower net financing income arising from multiple downward revisions of the OPR, the recognition of modification loss due to the

moratorium exercise & targeted assistance programme and pre-emptive impairment provision in consideration of the challenging economic environment.

### **Takaful**

Syarikat Takaful Malaysia Keluarga Berhad ("Takaful Malaysia") recorded a PBZT of RM426.8 million for FY2020 compared to RM417.7 million achieved in 2019. Operating revenue of RM2,957.2 million for FY2020, lower compared to RM3,124.6 million recorded in 2019. The decrease was mainly attributable to lower sales generated from the Family Takaful business.

The Family Takaful business generated gross earned contributions of RM1,756.9 million for FY2020, compared to RM2,042.3 million in the corresponding period last year, due to lower sales from credit-related and Group medical products. On the other hand, General Takaful business recorded higher gross earned contributions of RM756.5 million for FY2020, compared to RM706.2 million made last year. The growth was mainly attributable to the motor class.

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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