

MEDIA RELEASE

BIMB HOLDINGS BERHAD ANNOUNCES GROUP'S PBZT OF RM313.4 MILLION FOR 1Q21

HIGHLIGHTS

- Group's Profit Before Zakat and Taxation ("PBZT") was 2.6% lower at RM313.4 million.
- Annualised Net Return on Equity ("ROE") of 13.0%.
- Bank Islam recorded PBZT of RM214.5 million.
- Net financing year-on-year ("Y-o-Y") growth of 9.4%.
- Takaful Malaysia's PBZT was RM114.4 million.

Kuala Lumpur, Thursday, [27 May 2021]: BIMB Holdings Berhad ("BHB") posted Group PBZT of RM313.4 million for the first quarter ended 31 March 2021 ("1Q21"). Net profit declined by 2.6% or RM6.4 million to RM243.8 million.

The Group registered healthy annualised ROE of 13.0% and net assets per share of RM3.59 as of 31 March 2021.

The Group Overview

Bank Negara Malaysia ("BNM") projected 2021 GDP to rebound by 6.0% to 7.5% anchored by increasing private consumption, supported by easing mobility restrictions and gradual improvement in sentiments amidst vaccine rollout. The banking industry's financing activities recorded slower growth, mainly underpinned by lower non-household sector despite higher household sector attributed by solid growth from transport vehicles purchase. Stress tests showed that Malaysian banks should continue to pre-emptively identify loans with higher credit risks and set aside additional provisions against future potential losses to ensure continued resilience.

Despite the challenges, customers remain at the forefront of Bank Islam's commitment as the Bank continues to provide many beneficiaries and businesses with solutions. The Bank's assistance is in the form of Sadaqa House, iTEKAD programme, BangKIT microfinance, enhanced targeted repayment assistance ("ETRA"), and targeted relief, recovery facility ("TRRF") as well as giving out automatic moratorium to its affected customers. The Bank perseveres to become a champion in offering Shariah Environmental, Social and Governance ("Shariah-ESG") total financial solution via its role as a Value-Based Intermediary ("VBI") premised on six strategic objectives - Sustainable Prosperity, Value-based Culture, Community Empowerment, Customer Centricity, Real Economic and Digitalisation. With the Bank soon to assume the listing status of BHB, Bank Islam will be the first pure-play full-fledged Islamic financial institution to be listed in Malaysia. The exercise will improve the overall transparency of the Bank whilst unlocking its latent value for shareholders. The re-organisation of the Group allows the Bank and the subsidiaries to leverage on the strength as a Group and deliver total Islamic financial solutions to the customers whilst continuously pursue traction on the lines of businesses and channels.

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 operational 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

Bank Islam Group ("Bank Islam" or "the Bank") recorded a PBZT of RM214.5 million for the 1Q21, a decrease of 3.2% over the corresponding period in 2020. The decline was mainly due to lower net income offset by lower net allowance on impairment on financing.

Gross fund based income decreased by RM87.3 million or 11.1% due to the negative effect of Overnight Policy Rate ("OPR"), despite achieving Y-o-Y financing growth of 9.4% to reach RM55.1 billion. The non-fund based income also declined by RM65.4 million for 1Q21 compared to the corresponding period last year, mainly due to lower investment income.

The Bank recorded a net allowance charged for impairment on financing and advances of RM11.8 million compared to RM30.7 million in the corresponding period last year. The lower allowance for impairment on financing and advances was mainly due to modest deterioration of assets quality due to various efforts from the Bank to assist customers during this challenging time, such as ETRA, targeted relief, and to give out automatic moratorium to the affected customers.

With a Total Capital Ratio of 18.9% as of 31 March 2021, Bank Islam is in a strong capital position to facilitate the targeted assistance to affected customers, and support continued business growth.

As of the end of March 2021, customer deposits and investment accounts stood at RM61.4 billion, with a Y-o-Y increase by RM5.9 billion or 10.7%. Total current and saving accounts and transactional investment accounts ("CASATIA") composition is at a healthy level of 38.4% of total customer deposits and investment accounts.

Total gross-impaired financing at 31 March 2021 was RM399.1 million compared to RM427.1 million as of 31 March 2020.

Takaful

Syarikat Takaful Malaysia Keluarga Berhad ("Takaful Malaysia") recorded a PBZT of RM114.4 million for 1Q21, at par as compared to RM114.2 million achieved in 1Q20, mainly attributable to lower fair value losses from investment and offset by lower net wakalah fee income. Operating revenue of RM915.5 million for 1Q21 was higher as compared to RM913.0 million posted in 1Q20. The growth in sales generated from the General Takaful business during the period help eased the lower sales generated from the Family Takaful business.

Family Takaful business generated gross earned contributions of RM480.8 million for 1Q21, lower than RM496.3 million in the corresponding period last year due to lower sales from group medical products. On the other hand, General Takaful business recorded a higher gross earned contributions of RM218.0 million than RM202.0 million in 1Q20 and was mainly attributable to motor classes.

For further information on BHB, please visit www.bimbholdings.com

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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