

## MEDIA RELEASE



### **BIMB HOLDINGS REPORTS RECORD PBZT OF RM869.2 MILLION FOR FY2016**

Lifted by improved performance of banking and takaful businesses

#### HIGHLIGHTS

- The Group's FY2016 Profit Before Zakat and Taxation (PBZT) up 4.2% to RM869.2 million
- Pre-tax Return on Equity (ROE) of 22.0% Pre-tax Return on Assets (ROA) of 1.4%
- Bank Islam's PBZT increased 5.1% to RM720.4 million
- Takaful Malaysia PBZT increased by 8.2% to RM221.0 million

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**Kuala Lumpur, 27 February 2017:** BIMB Holdings Berhad ("BHB"), Malaysia's premier Islamic financial services group today announced a RM34.8 million increase or 4.2% year-on-year in Profit before Zakat and Taxation (PBZT) to RM869.2 million for the financial year ended 31 December 2016 ("FY2016"). The group and its main subsidiaries, Bank Islam and Takaful Malaysia have recorded historically the highest level of profits thus far.

Its net profit attributable to shareholders rose 2.1% or RM11.8 million to RM559.0 million, with its pre-tax return on equity at 22.0% while its pre-tax return on assets was 1.4%.

Dato' Sri Zukri Samat, Group CEO of BHB said: "We are pleased we succeeded in delivering higher profits despite the tough and harsh economic conditions. By focusing on our strength, the group remained resilient propelled by earnings growth of our main subsidiaries, Bank Islam and Takaful Malaysia. Both posted higher PBZT for FY2016."

"It is clear that the economic environment in 2017 will not improve anytime soon. This only means that we will need to be more vigilant about risk-taking and to build on our strength to grow our business" he added.

#### **Islamic Banking**

Bank Islam Group ("Bank Islam" or "the Bank") reported a PBZT of RM720.4 million for FY2016, an increase of RM34.7 million or 5.1% over the PBZT of the previous financial year of RM685.7 million. Fund based income from financing expanded by 12.8% which was in line with growth in net financing. Meanwhile, non-fund based income grew by 17.3% which was supported by growth in investment income and fee based income.

Bank Islam's financing growth was sustained at a healthy double-digit growth of 14.3% or RM4.9 billion to reach RM39.2 billion as at 31 December 2016. Despite strong expansion in financing portfolio and the prevailing economic challenges, assets quality remained sound with a low gross impaired financing ratio of 0.98% as at 31 December 2016 an improvement from 1.09% registered a year ago. The Bank's financing loss coverage ratio stood at 175.4% up from 174.6% in the last year.

The strong asset quality is a result of the Bank's robust risk management; and stringent underwriting standards and approval processes as well as stepped up efforts to further improve recoveries.

On the funding side, the Bank's customer deposits and investment accounts stood at RM45.9 billion and RM3.8 billion as at 31 December 2016 with a year-on-year increase of RM2.4 billion and RM3.1 billion respectively. The Current and Savings ("CASA") and transactional Investment Account (IA), stood at 31.5%, while the financing to deposits ratio remained healthy at 78.5% compared with 78.6% in the previous year.

The capital position of the Bank continued to be healthy as reflected by its Common Equity Tier 1 and Tier 1 Capital Ratio of 12.40% and total Capital Ratio of 15.52%. The Bank's pre-tax return on equity was 17.1%. The pre-tax return on assets was 1.4%.

With uncertain economic conditions expected to continue in 2017, Bank Islam would still pursue growth and continuous improvement. The Bank's strategic focus in 2017 would revolve around continuous deposit drive and embracing digitalisation while focusing on a more balanced growth. The Bank intends to keep on managing liquidity and deploy capital efficiently in line with the Basel III rules. Notwithstanding the need to sustain net income margin, preserving asset quality will remain an important agenda for the Bank given the cautious operating outlook.

## **Takaful**

Syarikat Takaful Malaysia Berhad Group ("Takaful Malaysia") recorded a PBZT of RM221.0 million for FY2016, an increase of 8.2% compared with RM204.2 million in the same period last year. The higher profit is attributable to higher net wakalah fee income.

Takaful Malaysia's operating revenue rose 12.6% in FY2016 to RM2,013.3 million from RM1,788.6 million in the preceding year. The increase is mainly attributable to higher sales generated by both Family Takaful and General Takaful business.

For the 12 months under review, Family Takaful generated gross earned contributions of RM1,229.4 million, an increase of 17.3% compared with RM1,048.2 million in the previous year. The increase is mainly attributable to higher sales from Family Takaful mortgage related products.

In the period under review, General Takaful recorded gross earned contributions of RM498.6 million, an increase of 6.0%, compared with RM470.5 million a year ago. The growth was mainly from fire and commercial classes.

For the year 2017, Takaful Malaysia would continue to emphasize the four core areas of customer reach, operational agility, cost competitiveness and stakeholder confidence. This is to increase its overall market share and continuously improving shareholders' value.

Through its extensive range of products and services, Takaful Malaysia is poised to sustain its position as the market leader in the Family Takaful business. Takaful Malaysia would also be working to enhance its distribution channel by accelerating digital initiatives to optimise its operations and marketing activities.

Takaful Malaysia intends to 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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