

## **BIMB GROUP REMAINS RESILIENT IN CHALLENGING 1Q2022**

### HIGHLIGHTS

- Group Profit Before Zakat and Taxation (PBZT) grew 108.5% from 4Q2021 to register at RM159.3 million.
  - Annualised Net Return on Equity (ROE) was 6.4% and Earnings per Share (EPS) of 4.95 sen.
  - Gross Financing increased by 6.7% y-o-y to RM59.8 billion.
  - Healthy capital position with a Total Capital Ratio of 19.5%.
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**KUALA LUMPUR, Tuesday, [31 May 2022]:** Bank Islam Malaysia Berhad (BIMB or the Group) continues to make steady inroads towards achieving its LEAP25 aspirations. Its PBZT for the first quarter ended 31 March 2022 (1Q2022) increased by 108.5% to RM159.3 million compared to RM76.4 million in the preceding quarter ended 31 December 2021 (4Q2021).

The significant growth was primarily contributed by a lower net allowance charged for impairment on financing and other financial assets and lower overhead expenses, partially offset by lower non-fund-based income. BIMB has seen a recovery in operational performance as the economy gathers its upward momentum. These were driven by discipline in cost optimisation efforts and lower provisions during 1Q2022 compared to 4Q2021.

BIMB Group Chief Executive Officer Mohd Muazzam Mohamed said, "The Group is committed to realising its LEAP25 aspirations and strategies as we leverage on the expected economic recovery. We are currently in a new growth phase grounded by the environment, social and governance (ESG) principles to drive delivery and performance. We have embarked on a journey of developing BIMB's ESG Framework, incorporating climate and sustainable risk management in the credit assessment. Our LEAP25 aspiration is to become a prominent offeror of Shariah-ESG total financing solutions by end-2025."

"On the digital banking proposition, we have taken a proactive effort in setting the right technology, people and products to meet the needs of our target segments. We hope to introduce Bank Islam's digital banking proposition in the third quarter of 2022," he added.

Further digitalisation efforts by the Group include leveraging on advanced capabilities in artificial intelligence through a strategic tie-up between our investment management arm, BIMB Investment Management Berhad (BIMB Investment) and the UK-based Arabesque Asset Management Ltd, UK (Arabesque), a wholly-owned unit of Arabesque Holding Ltd (formerly Arabesque Asset Management Holding Ltd).

On 15 April 2022, the Securities Commission approved the proposal for Arabesque to acquire a 49% equity stake in BIMB Investment. Subsequently, BIMB Investment will be positioned as a Global Shariah-ESG Fund House with capabilities to manage local and foreign investors' funds and expand its business beyond Malaysia, positioning BIMB as the hub for Islamic sustainable investment solutions globally.

For 1Q2022, the net allowance charged for impairment on financing and other financial assets was lower by RM66.5 million from 4Q2021 to arrive at RM45.4 million.

Total overhead expenses for 1Q2022 declined by RM58.5 million or 16.6% to RM293.7 million compared to RM352.2 million in 4Q2021. The decrease was mainly due to lower personnel and general expenses. BIMB will proactively pursue measures to improve cost-efficiency to ensure the business remains sustainable and resilient in a challenging operating environment.

During the period under review, BIMB's non-fund-based income decreased by 48.8% to RM45.3 million from RM88.5 million, amid a net loss on revaluation of investment securities due to unfavourable market conditions.

On a positive note, despite the decline, the Group's total assets grew by 11.2% year-on-year (y-o-y) to stand at RM80.5 billion as of 31 March 2022, while net assets per share stood at RM3.09.

In light of the gradual normalisation of domestic economic activities following higher vaccination rates and more positive market sentiment, the Group also saw an increase of 6.7% y-o-y in gross financing to RM59.8 billion. In comparison, customer deposits and investment accounts showed a y-o-y strengthening of 10.8% or RM6.6 billion, at RM68.0 billion by the end of March 2022.

Total current, savings, and transactional investment accounts (CASATIA) composition are healthy at 38.6% of total customer deposits and investment accounts, compared favourably against the industry's 32.6%.

As of 31 March 2022, the gross impaired financing ratio was 1.02%. The numbers remained better than the industry average of 1.54%.

The improved performance for 1Q2022 translates to the Group's earnings per share (EPS) of 4.95 sen and annualised net Return on Equity (ROE) of 6.4%.

The Group's Total Capital Ratio remained strong at 19.5% and in a solid position to provide ample buffer for possible loss absorption and drive business growth.

### **The Group Outlook**

In 2022, Bank Negara Malaysia (BNM) forecasted the economy to grow between 5.3% and 6.3%, with inflation averaging between 2.2% and 3.2%. BNM's decision to increase the Overnight Policy Rate (OPR) by 25 basis points (bps) to 2.00% at its recent Monetary Policy Committee meeting held on 11 May 2022 shows that the Central Bank is comfortable with the country's economic growth trajectory.

The Group foresees that a further OPR hike of 25bps is likely, and any increase in OPR will affect favourably to the Group's profitability.

Mohd Muazzam said, "Although the reopening of regional economies led to a pickup in financing growth and reduced impairment charges, market weaknesses seen previously have mitigated these positive impacts. However, the Group remains cautious when looking at the surrounding economic volatility, including disrupted trade growth, soaring commodity prices, and the evolving geopolitical situation."

He adds, "The Group will continuously pursue traction on our line of businesses and channels towards 2025 through our five business drivers, namely Wealth Management, Social Finance, Digital Bank, Enterprises and Wholesale Banking. It is premised on our key businesses – Consumer Banking, SME Banking, Commercial Banking, Corporate Banking, Treasury, Deposit & Cash Management, and BIMB Investment."

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### **About Bank Islam Malaysia Berhad**

Bank Islam is Malaysia's first public listed Islamic Bank on the Main Market of Bursa Malaysia. Established in July 1983 as Malaysia's first Islamic Bank, Bank Islam has 141 branches and more than 900 self-service terminals nationwide. As a full-fledged and pure-play Islamic bank, Bank Islam provides banking and financial solutions that strictly adhere to the Shariah rules and principles and are committed to the ideals of sustainable prosperity and ESG values. The core subsidiaries of the Bank Islam Group are pioneers in various Islamic financial services, including investment and stockbroking, namely BIMB Investment Management Berhad and BIMB Securities Sendirian Berhad. For more information on the Group's products and services, visit [www.bankislam.com](http://www.bankislam.com).

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