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MEDIA RELEASE

BANK RAKYAT GROUP RECORDS A PROFIT BEFORE TAX AND ZAKAT OF RM1.79 BILLION FOR FINANCIAL YEAR 2019

KUALA LUMPUR, 28 March 2020: Bank Rakyat Group (“the Group”) today announced a profit before tax and zakat of RM1.79 billion for the year ending December 2019, while the Group’s net profit stood at RM1.15 billion.

The steady performance was achieved through higher year on year net income by 3.26% driven by the growth in core operating income and a lower year on year funding cost by 1.62% from the cut in the Overnight Policy Rate (OPR) in the second half of the 2019 as well as on-going initiatives on increasing current accounts and savings account (CASA).

The good performance was achieved via strong fundamentals and being focused on core activities despite the challenging environment.

The Group continued to be the most profitable Co-operative Bank, as well as the second largest Islamic financial institution in Malaysia.



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Asset Growth

The Group's total assets grew 2.6% or RM2.73 billion to RM109.62 billion, compared to RM106.89 billion previously. The year on year growth mainly contributed by financing and advances of 2.8% or RM1.96 billion to RM70.97 billion.

Return on Assets (ROA) during the year remained healthy, at 1.7%, and well above the domestic banking industry's ROA of 1.6%.

Stable Financing Balance

For the year ended 2019, the gross financing balance stood at RM72.42 billion, compared to RM70.40 billion previously. Despite the intense competition, the Group continued to benefit from the diversification of portfolios, mainly from home, car and business financing.

Home financing grew 12.3% or RM0.73 billion to RM6.65 billion, compared to RM5.92 billion previously. Car financing grew 11.2% or RM0.31 billion to RM3.08 billion, compared to RM2.77 billion previously.

Meanwhile, business financing, especially the cooperative segment grew 9.0% or RM0.20 billion to RM2.42 billion, compared to RM2.22 billion previously.

As part of diversification on other portfolios, personal financing balance stood at RM55.53 billion, moderate increase 1.2% or RM0.65 billion, in line with the Group's long-term strategy to reduce overall dependency on personal financing.

The Financing Loss Coverage continued to remain high at 127.3% (2018: 115.8%), better than the domestic industry's average of 89.6%.



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In addition, the Group continued to monitor closely its assets quality with an improved gross impaired financing ratio, 1.93% from 2.12% previously.

Stable Deposits Balance

The Group's deposits stood at RM83.83 billion in 2019, compared to RM82.74 billion previously.

Current Account and Savings Account (CASA) balances improved significantly at 15.1% or RM0.87 billion to RM6.60 billion for the year, in tandem with the strategy to increase its CASA.

Strong Capital Position

The Group's shareholders fund rose 9.4% to RM19.55 billion in 2019 (2018: RM17.87 billion) contributed by the net profit for the year.

As at 31 December 2019, Risk-Weighted Capital Ratio and Core Capital Ratio after the proposed final dividend remained strong at 23.6% and 22.1% respectively. These capital ratios were well above the minimum regulatory requirements, positioning the Group as one of the strongest banks in terms of capital position.

Dividend

Bank Rakyat appreciates the support of its members and proudly announced a 14% dividend with an estimated pay out of RM406 million to all its members for the year 2019.



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Contribution to Co-operative Funds

The Group continues to support its yearly mandated role to the cooperative ecosystem by contributing 2% of its profit before taxation and zakat amounting RM35 million to the Co-operative Education Trust Fund and 1% or RM18 million to the Co-operative Development Provident Fund.

Total contribution to these co-operative funds for the year 2019 amounted to RM53 million.

Conclusion

The Group will continue to focus on internal alignment, particularly to explore the untapped potential within its businesses and operations, in order to create long-term value to shareholders.

The Group also welcomes the public to patronise our 147 branches, Ar-Rahnu X'Change outlets, Rakyat Xcess outlets as well as Self Service terminals (ATM, CDM, CICO) all over the country.

In addition, the public may also benefit from the Group's integrated call centre, tele-Rakyat 1-300-80-5454 and our online internet banking services at www.irakyat.com.my for day-to-day banking transactions.