

BANK ISLAM GROUP REGISTERS PBZT OF RM746.9 MILLION FOR FY2022

Proposes a second interim dividend of 3.40 sen per share for FY2022

HIGHLIGHTS

- Group's Profit Before Zakat and Taxation (PBZT) rose 6.1% y-o-y to register at RM746.9 million
- Net Return on Equity (ROE) at 7.5%, and Earnings per Share (EPS) of 22.86 sen
- Gross Financing grew by 11.4% y-o-y to RM65.9 billion
- Robust CASATIA composition at 36.8%
- Healthy Total Capital Ratio of 19.4%
- Proposed second interim dividend of 3.40 sen per share, bringing the total proposed annual dividend to 13.80 sen per share for a payout ratio of 60% of net profit, in line with the Group's dividend policy
- Dividend Reinvestment Plan (DRP) made applicable to the entire second interim dividend

KUALA LUMPUR, Monday, [27 February 2023]: Bank Islam Malaysia Berhad (Bank Islam or the Group) reported a PBZT of RM746.9 million for the financial year ended 31 December 2022 (FY2022), an improvement of 6.1% over the previous year. The year-on-year (y-o-y) performance growth was contributed by higher net income and lower net allowance for impairment on financing and advances, offset by higher total overheads.

The surge in Group's net income was due to higher net fund-based income, which increased by RM247.2 million or 13.5%, primarily driven by y-o-y financing growth. However, this was offset by a lower non-fund-based income of RM126.2 million due to lower investment income and higher net loss from foreign exchange transactions amid lingering unfavourable market conditions during the year. The Group's net allowance for impairment on financing and advances decreased by RM50.7 million or 26.6% to RM140.0 million compared to last year.

The Group's overall performance translates to earnings of 22.86 sen per share and net ROE of 7.5%. The Group proposed a second interim dividend of 3.40 sen per share, bringing the total proposed annual dividend to 13.80 sen per share for a payout ratio of 60% of net profit, in line with the Group's dividend policy. The DRP is made applicable to the entire second interim dividend.

On a quarterly basis, Bank Islam has registered a PBZT of RM187.3 million for the fourth quarter ended 31 December 2022 (4Q2022), primarily due to higher net income driven by financing growth. On a y-o-y basis, 4Q2022 PBZT marked an increase of 145.2% compared to the corresponding quarter last year (4Q2021) of RM76.4 million as a significantly lower provision was made.

At the end of December 2022, the Group's total assets stood at RM89.9 billion, with a y-o-y growth of 12.1%. With improved economic activities, gross financing grew by 11.4% y-o-y to RM65.9 billion. In comparison, customer deposits and investment accounts stood at RM75.2 billion, with a y-o-y increase of RM7.4 billion or 10.9%. Total current, saving and transactional investment accounts (CASATIA) have grown 3.2% y-o-y to stand at RM27.7 billion. This composition made a healthy level of 36.8% of total customer deposits and investment accounts. The Group's Total Capital Ratio remained strong at 19.4%.

As of 31 December 2022, the gross impaired financing ratio was 1.27% which remains better than the industry average of 1.7%.

The Group Outlook

Concerns about inflation and geopolitical conflict will remain in 2023, despite the opening of borders and China ending its zero-COVID policy. With the strong performance in 2022, Bank Negara Malaysia (BNM) expects Malaysia's growth for 2023 to be moderate amid the slower growth of the global economy and supported by domestic demand.

Malaysian banks remained steadfast in their role as the country's financial backbone, supporting economic recovery by providing liquidity in the market. Analysts anticipated financing growth to hover at 5% to 6% in 2023. The banking sector is expected to continuously drive the ESG and climate change agenda under the National Budget 2023.

Bank Islam Group Chief Executive Officer, Mohd Muazzam Mohamed, said, "As the economy is recovering steadily, Bank Islam sets continuous effort to build on its core strengths. Amongst the measures taken are improving our mobile banking application and building strategic partnerships that benefit all parties involved. Bank Islam looks to provide financial solutions across segments through its Retail Banking distribution and Premier Wealth Banking."

"In addition, the newly established Institutional Banking target operating model also focuses on client-centricity while manufacturing the right products. In advancing its goals to become future-ready, Bank Islam has embarked on the second phase of its four-year IT Blueprint, uplifting its digitalisation aspiration and ways of working," he added.

Bank Islam launched its ESG Risk Management Framework on 30 October 2022 in line with regulators' key global and local efforts in building a resilient financial system. The Group aims to double its Shariah-ESG assets to RM4 billion by the end of 2025 and continues contributing to Malaysia's net-zero ambitions.

Recognising social finance as an enabler of socio-economic development, Bank Islam continues to create impactful social outcomes by adopting both blended finance and funding escalator models in its social finance offerings. As of December 2022, Bank Islam has disbursed more than RM10 million of microfinance and

philanthropic capital to support initiatives in nurturing the unbanked to become bankable.

Mohd Muazzam adds, "Through these efforts, we aim to become the leading bank for financial inclusion in meeting the higher goals of Shariah in the economy, ensuring an effective wealth circulation within the community."

About Bank Islam Malaysia Berhad (Registration No [198301002944(98127-X)])

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 135 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 Sdn. Bhd. For more information on the Group's products and services, visit www.bankislam.com.

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