

MEDIA RELEASE

For Immediate Release



BANK ISLAM'S 3Q NET PROFIT RISES 7.9% TO RM394.8 MILLION

HIGHLIGHTS

- The Group's Net Profit rose 7.9% y-o-y to register at RM394.8 million
 - Annualised Net Return on Equity (ROE) at 7.7%, and Earnings per Share (EPS) of 17.58 sen
 - Gross Financing grew by 8.4% y-o-y to RM67.3 billion
 - Robust CASATIA composition at 38.5%
 - Healthy capital position with a Total Capital Ratio of 20.2%
 - Declares an interim single-tier cash dividend of 12.59 sen per ordinary share, amounting to RM285.4 million
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KUALA LUMPUR, Tuesday, [28 November 2023]: Bank Islam Malaysia Berhad (Bank Islam or the Group) reported a net profit of RM394.8 million for the nine months ended 30 September 2023 (9M2023), an increase of 7.9% over the corresponding period in 2022.

The Group's revenue for the period rose 33.0% to RM3.36 billion (RM3,362.6 million) versus RM2.53 billion (RM2,529.1 million) last year, driven by an improvement in healthy loan growth and net income. This is mainly due to higher non-fund-based income, which surged by RM144.5 million or 95.6% resulting from higher investment income and net gain from foreign exchange transactions. Net fund-based income also increased, driven by year-on-year (y-o-y) gross financing growth, and improving net income margin (NIM). The NIM has consistently improved from 2.06% in 1Q2023 to 2.11% in 2Q2023 and improved further to 2.17% for 3Q2023.

This performance translates into earnings per share of 17.58 sen and an annualised net return on equity of 7.7%. For the 9M2023, the Board of Directors is pleased to declare an interim single-tier cash dividend of RM285.4 million or 12.59 sen per ordinary share.

The Group's total assets grew y-o-y by 2.2% to stand at RM88.1 billion as of 30 September 2023, spurred by financing and investment securities growth.

Gross financing grew by 8.4% y-o-y to RM67.3 billion, while customer deposits and investment accounts stood at RM73.9 billion, with a y-o-y increase of RM1.7 billion or 2.3%. The growth was mainly attributable to the robust y-o-y growth of 9.5% or RM2.5 billion in total current and saving accounts and transactional investment accounts (CASATIA) to stand at RM28.5 billion. This composition made a healthy level of 38.5% of total customer deposits and investment accounts. The Group's Total Capital Ratio remained strong at 20.0%.

The Group maintains robust capital and liquidity positions, underscoring the continued strength of Bank Islam's growth momentum and fundamentals.

As of 30 September 2023, the gross impaired financing ratio has improved to 0.97% compared to 1.27% at the end of December 2022 and remains better than the industry average of 1.72%.

To fortify its financial performance and resiliency, Bank Islam prioritises implementing strategies to preserve its NIM amid the competitive industry landscape. Moreover, it continues to refine its financial solutions, aligning with a customer-centric approach.

In response to shifting banking preferences, Bank Islam remains steadfast in its commitment to delivering cutting-edge Shariah-compliant solutions that align with modern lifestyles. The Group continues improving and broadening its digital banking services and offerings.

The introduction of the Be U by Bank Islam Visa Debit Card-i in September 2023 exemplifies the Group's dedication to meeting current market demands and providing a seamless, branchless customer experience. The card facilitates convenient financial tracking and empowers customers with a built-in expense tracker within the Be U by Bank Islam digital banking app. This feature enables users to gain awareness and understanding of their spending habits, enabling them to plan and achieve their financial goals strategically, thus propelling the Shariah lifestyle of spending responsibly.

Sustainable finance will remain integral to the Group's strategy to diversify income streams and align with domestic development goals. Bank Islam will continue to assess customers' profiles diligently and preserve asset quality. In line with the regulatory effort to build a resilient financial system, Bank Islam has proactively incorporated an evaluation of Environmental, Social, and Governance (ESG) risks into its assessment of new financing applications, contributing to establishing a robust and sustainable financial ecosystem.

Outlook

According to Bank Negara Malaysia (BNM) in its Quarterly Bulletin for Third Quarter 2023 issued on 17 November, the Malaysian economy expanded by 3.3% in the third quarter of 2023 (2Q2023: 2.9%). Growth was anchored by resilient domestic demand, while household spending remained supported by continued increases in employment and wage growth.

Currently, Bank Islam maintains our full-year 2023 GDP growth projection at 3.7%, a marginal reduction from the official forecast of approximately 4.0%. As the global semiconductor downcycle has seemingly bottomed out and continued improvements in tourism arrivals, we expect Malaysia to sail through its growth momentum in 4Q2023, and subsequently the coming year. This will, in turn, lend support to Bank Islam's sustained growth in 2024.

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

Bank Islam is Malaysia's first publicly 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 over 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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