

BANK ISLAM ACHIEVES A NET PROFIT OF RM129.2 MILLION IN 1Q2024

HIGHLIGHTS

- The Group's Net Profit rose 9.4% y-o-y to register at RM129.2 million
 - Annualised Net Return on Equity (ROE) at 7.7% and Earnings per Share (EPS) of 5.70 sen
 - Gross Financing grew by 2.4% y-o-y to RM67.8 billion
 - Healthy CASATIA composition at 40.1%
 - Strong capital position with a Total Capital Ratio of 19.6%
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KUALA LUMPUR, Tuesday, [21 May 2024]: Bank Islam Malaysia Berhad (Bank Islam or the Group) achieved a net profit of RM129.2 million for the three months ended 31 March 2024 (1Q2024). The increase reflects a notable improvement of 9.4% compared to the corresponding period in 2023, exhibiting the Group's resilience and capability in navigating evolving market dynamics. The performance translates into EPS of 5.70 sen and an annualised net ROE of 7.7%.

The increase in net profit was primarily driven by higher net income and lower net allowance for impairment on financing.

The Group's increase in net income was mainly due to the rise in net fund-based income, which improved by 5.4% to RM528.9 million, driven by year-on-year (y-o-y) growth in financing and investment securities. The increase facilitated an 8 basis points (bps) improvement in the net income margin (NIM), reaching 2.14% for 1Q2024, compared to 2.06% recorded in 1Q2023. However, the Group's non-fund-based income decreased by RM16.5 million or 15.6%, stemming from lower investment income during the period under review.

The Group's net allowance for impairment on financing and advances improved by 31.8% to RM42.3 million compared to the same period in 1Q2023.

Total overheads for 1Q2024 increased 4.1% to RM371.3 million compared to 1Q2023 as the Group continues to invest in human capital, digital, and technology initiatives.

As of 31 March 2024, the Group's total assets stood at RM91.0 billion, spurred by the growth in financing and investment securities, offset by the reduction in cash and short-term funds. Net assets per share amounted to RM3.29.

Gross financing grew by 2.4% y-o-y to RM67.8 billion, while customer deposits and investment accounts stood at RM76.4 billion. Current and saving and transactional investment accounts (CASATIA) remain robust, amounting to RM30.6 billion at the end of March 2024, constituting 40.1% of the total customer deposits and investment accounts. The healthy ratio emphasises the Group's prudent liquidity management practices and ability to meet its customer base's diverse financial requirements.

As of 31 March 2024, the gross impaired financing ratio was 0.95% and remained below the industry average of 1.62%. Meanwhile, the Group's Total Capital Ratio remained strong at 19.6%.

Bank Islam Group Chief Executive Officer, Dato' Mohd Muazzam Mohamed said the Group remains steadfast in its commitment to long-term financial stability by balancing strategic growth with prudent asset quality management.

"The Group will continue prioritising fundamentals and focusing on balance sheet discipline as we face economic uncertainties.

"We will also actively support implementing new business models to diversify customer solutions by offering innovative products and services, which will set Bank Islam apart in the competitive market. Moreover, we aim to enhance our non-fund-based income and accelerate financing growth while expanding wealth management offerings and solidifying our position in the retail market," he said.

Mohd Muazzam adds that Bank Islam will also focus on fostering growth in CASATIA, leveraging strategic partnerships, and promoting cashless transactions, especially within the retail and SME sectors.

"Bank Islam remains dedicated to our mission to empower individuals, businesses and communities by driving economic prosperity and ensuring financial well-being," he said.

Outlook

Bank Islam anticipates improved earnings growth as it expands its financing volume. NIM is forecasted to stabilise, supported by sustained efforts and the maintained OPR. Central to the Bank's strategy is the meticulous management of NIM, focusing on rebalancing the funding composition. Both retail and non-retail portfolios are poised to propel financing growth for the year.

In addition, Bank Islam will focus on cost optimisation through various initiatives. This strategic approach ensures meaningful spending is directed towards areas delivering significant benefit, thus maximising value creation.

Mohd Muazzam emphasises that customer-centricity remains a key priority for Bank Islam, particularly in leveraging digital innovations to elevate customer experience while prioritising speed and adaptability in service offerings.

He elaborated, "By adopting a comprehensive customer journey approach and refining branch offerings and processes, we aim to use digital resources to amplify technology's advantages. Leveraging these resources allows the Bank to foster deeper customer engagement through its insights gathering and analysis. These efforts are crucial in enhancing NIM and tailoring value propositions to meet our customers' evolving needs."

Beyond financial performance, the Bank continues to focus on its sustainability commitments. It includes a proactive approach to addressing climate change, supporting underserved communities, and mitigating Environmental, Social, and Governance (ESG) impacts. Efforts include further enhancements on climate risk management, refining processes for Scope 1 and 2 emissions data collection, and compiling Scope 3 emissions data by the end of 2024, aligning with current regulations.

Bank Islam's proactive and strategic effort to bolster the green economy is yielding results. Green financing exceeded the initial target of RM4 billion by 2025 to RM4.59 billion as of 31 March 2024.

Bank Islam's social finance initiative, Sadaqa House, along with the iTEKAD BangKIT and iTEKAD Maju microfinance programmes, continue to spearhead its community empowerment efforts through entrepreneurship and reflect the Bank's dedication to inclusive economic development, further solidifying leadership in social finance.

As of 1Q2024, the iTEKAD BangKIT and iTEKAD Maju have positively impacted 111 microentrepreneurs, disbursing over RM2.58 million in blended finance, while an additional allocation of RM263,000 channelled to support 28 asnaf entrepreneurs under the Bank Islam's funding escalator programme. Bank Islam also signed a collaboration agreement with the Sabah Social Entrepreneurs Association (SOSEA) to support social enterprises aiming to create social impact while contributing to real economies.

Concurrently, the Bank has embarked on an internal Diversity, Equity, and Inclusion (DEI) initiative aligned with its Sustainability Plan, which serves as a guiding framework for its environmental, social, and ethical practices. Initiatives include the inclusion of DEI Statements in career advertisements and pre-employment forms, implementing flexible work arrangements to support employee's work-life balance, and offering the Live Well programme to diverse workforce needs, including psychological support.

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

Bank Islam is the first Islamic bank publicly listed on the Main Market of Bursa Malaysia. Established in July 1983, the bank has 135 branches and over 900 self-service terminals across Malaysia. As a pure-play Islamic bank, Bank Islam provides retail banking and corporate financial solutions that strictly adhere to Shariah rules and principles. The bank is committed to sustainable prosperity and ESG values and is an official participant of the UN Global Compact Malaysia and Brunei. Bank Islam's core subsidiaries, BIMB Investment and BIMB Securities, offer various Islamic financial services, including investment and stockbroking. For more information on the Group's products and services, please visit www.bankislam.com.

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