

## **BANK ISLAM GROUP RECORDS A NET PROFIT OF RM396.8 MILLION FOR 9M2024**

### **HIGHLIGHTS**

- The Group's Total Net Income grew 2.1% year-on-year (y-o-y) to register at RM1.9 billion.
- Net income margin (NIM) has also improved to 2.15% for 9M2024 compared to 2.11% registered in 9M2023.
- Total Assets grew by 6.5% y-o-y to RM93.8 billion, attributed to investment securities and financing growth.
- Commendable asset quality with gross impaired financing and financing credit cost ratios stood at 1.02% and 0.23%, respectively.
- Robust customer deposits and investment account growth of 6.0% y-o-y, with healthy CASATIA composition at 37.1%.
- Net Profit registered at RM396.8 million.
- Strong capital position with a Total Capital Ratio of 20.2%.

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**KUALA LUMPUR, Friday, [29 November 2024]:** Bank Islam Malaysia Berhad (Bank Islam or the Group) recorded a net profit of RM396.8 million for the nine months ended 30 September 2024 (9M2024), marking a 0.5% increase compared to the same period in 2023. The profit growth was driven by higher net income and a reduction in net allowance for impairment on financing.

The Group's net income growth was mainly driven by a 4.9% increase in net fund-based income, which rose to RM1.6 billion, supported by year-on-year (y-o-y) investment securities and financing growth. Consequently, the net income margin (NIM) improved to 2.15% for 9M2024, compared to 2.11% in 9M2023. Additionally, the Group recorded a higher fee and commission growth of 10.8% y-o-y during the period under review. However, total non-fund-based income declined 12.4% y-o-y, mainly due to reduced net gains from foreign exchange transactions and lower investment income.

The Group's net allowance for impairment on financing and advances decreased by 29.9% to RM115.5 million, reflecting an improvement in financing credit cost to 0.23% compared to 0.33% registered in 9M2023. As of 30 September 2024, the gross impaired financing ratio stood at 1.02%, well below the industry average of 1.54%, underscoring the Group's strong asset quality.

The results translated into earnings per share of 17.51 sen and an annualised net return on equity of 7.0%.

The Group's total assets stood at RM98.3 billion at the end of September 2024, a y-o-y growth of 6.5% spurred by growth in investment securities and financing. Accordingly, net assets per share was higher at RM3.43 compared to 9M2023. Growth in gross financing was driven by a y-o-y increase of 5.5% in consumer financing and 6.4% in commercial financing. However, a decline in corporate financing has resulted in total gross financing registering a growth of 1.7% y-o-y to RM68.5 billion.

Customer deposits and investment accounts increased by 6.0% y-o-y to RM78.4 billion. Current savings and transactional investment accounts (CASATIA) stood at RM29.1 billion as of September 2024, translating into a healthy CASATIA composition of 37.1%.

Total Capital Ratio remained robust at 20.2% as of 30 September 2024.

Despite a challenging market environment, the Bank has demonstrated resilience and continued progress in its strategic journey towards becoming a future-ready financial institution. Bank Islam continues to advance its commitment to innovation and sustainable value creation by prioritising significant investments in cutting-edge technology. These efforts are focused on enhancing customer experiences, improving operational efficiency, increasing technology and cyber resiliency and future-proofing the Group's operations.

Several reasons underpin Bank Islam's continued emphasis on technology investments. The Group focuses not only on present needs but also on future opportunities. It aims to enhance customer experiences through upgraded digital platforms and improve operational efficiency by implementing automation and digitalisation. Additionally, Bank Islam ensures technological resiliency to maintain a stable infrastructure. Its robust cybersecurity measures are designed to protect customer data and uphold trust. Strategic initiatives like our cloud-based AI-enabled Data Lake aim to sustain our competitiveness by providing innovative Shariah-compliant solutions. By adopting advanced technologies like Cloud, Big Data, Open API, and Generative AI, Bank Islam preparing for future challenges and actively embracing potential industry disruptions.

Bank Islam Group Chief Executive Officer Dato' Mohd Muazzam Mohamed said, "The financial services sector is evolving rapidly, driven by customer expectations and technological advancements. Mindful of our expenditures, these investments are to keep pace with industry trends and set new benchmarks for Islamic banking."

Key outcomes of these initiatives include seamless digital onboarding and enhanced banking features through the newly launched BIMB Mobile banking app and BIMB Web Internet banking platform. These enhancements address customer feedback on usability, prioritising convenience, accessibility, and inclusivity. Additionally, advanced technologies have been adopted to bolster security and risk management, safeguarding customers against fraudulent activities while driving sustainable business growth.

"This strategic focus on technology reflects our commitment to remain competitive and foster long-term partnerships with stakeholders. By prioritising digital transformation, Bank Islam is building a resilient ecosystem that benefits customers, employees, and the broader community," added Mohd Muazzam.

Bank Islam is committed to leading the way in Shariah-compliant environmental, social and governance (Shariah-ESG) practices, strongly emphasising innovative banking solutions and impactful social finance initiatives. Demonstrating its commitment to driving the green economy, the Group has surpassed its initial target of RM4 billion in green financing target for 2025, achieving RM4.8 billion at the end of September 2024.

"Our journey is about more than adopting technology - it is about transforming how we deliver value to our stakeholders. We are building an institution that is resilient, forward-looking, and deeply rooted in Shariah principles," Mohd Muazzam reiterates.

## **Milestones**

On the business front, Bank Islam has strengthened its Shariah-compliant wealth management portfolio to 55 funds, which include strategic partnerships with Nomura Asset Management Malaysia and PMB Investment Berhad. These collaborations enhance the Bank's ability to meet clients' evolving financial needs while boosting fee-based income streams.

Bank Islam recently acted as Principal Advisor, Lead Arranger, and Shariah Advisor for Air Selangor's RM1.2 billion Sustainable and Responsible Investment (SRI) Sukuk issuance. This marks the largest issuance under Air Selangor's Sukuk Murabahah programme and was

oversubscribed by 4.95 times, showcasing Bank Islam's continuous role in advancing sustainable financial solutions. With a total involvement of RM4.3 billion in Government Guaranteed and Rated issuances, Bank Islam is now ranked among the top five in the MYR Islamic Sukuk League Table, reinforcing its commitment to sustainable development in the capital market.

Bank Islam is committed to providing an excellent customer experience, exemplified by launching the Pay with Rewards™ loyalty program in partnership with Mastercard, the first of its kind in Malaysia and the Asia Pacific Region. This innovative program allows Bank Islam Mastercard Credit Card-i holders to earn and redeem points instantly at over 100 million Mastercard acceptance locations worldwide. By integrating Mastercard's Pay with Rewards with Bank Islam's TruPoints system, cardholders can enjoy a seamless and flexible redemption experience.

Bank Islam reinforces its commitment to empowering microentrepreneurs through a strategic partnership with Waqaf An-Nur Corporation Berhad. With an RM120,000 contribution to the iTEKAD Microfinancing Programme (iTEKAD), this collaboration demonstrates Bank Islam's dedication to uplifting the asnaf and B40 communities by promoting sustainable growth in microbusinesses. In addition to providing financial support, Bank Islam offers microentrepreneurs practical skills to help them build resilience in facing today's challenges. The Bank has established four iTEKAD Entrepreneurs Hubs nationwide with selected higher learning institutions, creating an ecosystem for microentrepreneurs' success. Since iTEKAD began in 2020, Bank Islam has disbursed RM31 million, including RM10.67 million in 2024 alone, benefiting over 1,600 individuals.

As the Group continues its investments, it reaffirms its focus on achieving sustainable impact, ensuring all stakeholders benefit from its transformative initiatives. By prioritising innovation, accessibility and curated services, Bank Islam is proactively shaping a customer-centric banking experience that fosters trust and loyalty. Through advanced digital platforms and infrastructure, socially impactful programmes, and environmentally responsible initiatives, the Group's efforts go beyond generating profits, delivering meaningful value to its customers and the wider community.

## **Industry Outlook**

Department of Statistics Malaysia, in its report released on 21 October 2024, highlighted a robust 5.3% economic growth in Malaysia for the third quarter, building on the strong performance in the preceding quarter. The services and manufacturing sectors led the expansion. The combination of a stable labour market, moderate inflationary pressures, accommodative fiscal and monetary policies, and a steady recovery in tourism are expected to contribute to the expansionary momentum of the economy.

Bank Negara Malaysia's (BNM) stable monetary stance is poised to foster an environment of confidence, encouraging higher demand for financing, which could boost banks' lending portfolios and overall profitability in line with the strengthening economic outlook. Notable, the World Bank has projected 4.9% in GDP growth for Malaysia in 2024, signaling positive prospects for the banking sector amid improving economic dynamics.

RAM Ratings has affirmed Bank Islam AA3/Stable/P1 financial institution ratings (FIR) and the respective ratings of its sukuk programmes. The rating affirmations reflect the Bank's stand-alone credit strengths, underscored by solid asset quality, healthy capitalisation and satisfactory funding and liquidity profile.

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### **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](http://www.bankislam.com).

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