MEDIA RELEASE



BANK ISLAM 1H FY23 NET PROFIT UP 14.0% TO RM254.2 MILLION

HIGHLIGHTS

- Group's Net Profit rose 14.0% y-o-y to register at RM254.2 million
- Annualised Net Return on Equity (ROE) at 7.1% and Earnings per Share (EPS) of 11.37
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- Non-fund-based income surged 134.8% to RM117.2 million
- Gross Financing grew by 9.3% y-o-y to RM66.3 billion
- Robust CASATIA composition at 39.1%
- Healthy capital position with a Total Capital Ratio of 19.6%

KUALA LUMPUR, Tuesday, [29 August 2023]: Malaysia's pioneering Islamic bank, Bank Islam Malaysia Berhad (Bank Islam or the Group), reported a net profit of RM254.2 million for the six months ended 30 June 2023 (1H2023), an increase of 14.0% over the corresponding period in 2022.

Despite the challenging global economic climate, the Group's revenue for the period rose 39.4% to RM2.24 billion (RM2,224.1 million) versus RM1.56 billion (RM1,595.9 million) last year. The increase was driven by an improvement in net income due to higher non-fund-based income, which surged by RM117.2 million or 134.8%, driven by higher investment income and net gain from foreign exchange transactions. Net fund-based income increased by 3.1% on the back of year-on-year gross financing growth and improving net income margin (NIM) to 2.11% for 2Q2023 from 2.06% at 1Q2023.

This performance translates into earnings per share of 11.37 sen and an annualised net return on equity of 7.1%.

As of 30 June 2023, Bank Islam Group's total assets improved further at RM87.5 billion, with a year-on-year growth of 5.3%, spurred by year-on-year growth in financing and investment securities.

Gross financing grew 9.3% year-on-year to RM66.3 billion, while customer deposits and investment accounts stood at RM72.3 billion, with a year-on-year increase of RM2.0 billion or 2.8%. This was mainly attributable to the robust year-on-year growth of 6.4% or RM1.7 billion in total current and saving accounts and transactional investment accounts (CASATIA), to stand at RM28.3 billion. This composition made a healthy level of 39.1% of total customer deposits and investment accounts. The Group's Total Capital Ratio remained strong at 19.6%.

The Group's capital and liquidity remain healthy, reflecting our growth momentum and fundamentals remain strong.

As of 30 June 2023, the gross impaired financing ratio has improved to 1.03%, compared to 1.37% at the end of March 2023, and remains better than the industry average of 1.75%.

Mohd Muazzam Mohamed, Bank Islam Group Chief Executive Officer, said that the first half results reflect the Group's resilience and focus on delivering value to its stakeholders despite the challenging market landscape and weaker global growth. Notwithstanding, the Group continues to navigate uncertainties with prudent liquidity and funding cost management alongside cost optimisation measures. The Group remains steadfast in executing its five-year strategy roadmap (LEAP25), encompassing the development of Shariah ESG total financial solution leadership in digital banking and social finance.

"While we strive for growth, financial inclusion remains our main mission. Bank Islam's foundation has intrinsically been values-based, driving us to explore the vast potential of Islamic finance and leverage Islamic financial instruments for community and environmental betterment. As the pioneering bank for the iTEKAD Programme, we aim to strengthen economic resilience and cultivate sustainable income streams for eligible microentrepreneurs, empowering them through capacity building," said Mohd Muazzam.

Since its inception in 2020 until 31 July 2023, Bank Islam has disbursed RM14 million in iTEKAD and funding escalator, directly benefitting more than 900 recipients and fostering their upward mobility.

The Economic Growth Outlook

The International Monetary Fund (IMF), in their July 2023 World Economic Outlook Report, forecasted global growth to drop from an estimated 3.5% in 2022 to 3.0% in 2023 and 2024. While the forecast for this year is modestly higher than predicted in April 2023, which is 2.8% in 2023, before setting at 3.0% in 2024, the IMF opined that the number remains weak by historical standards.

Meanwhile, Malaysia's economic outlook for the latter half of 2023 is anticipated to be moderately positive but faces downside risks due to weaker global growth. Bank Negara Malaysia (BNM) projects the economy to expand in the lower range of 4.0% to 5.0% this year, down from 8.7% in 2022. The growth is supported by improving domestic demands, spurred by improved employment conditions and income levels. Long-term projects and the positive tourism trend are also expected to yield sustainable growth.

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

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