



FY2023 FINANCIAL RESULTS BRIEFING

1 MARCH 2024

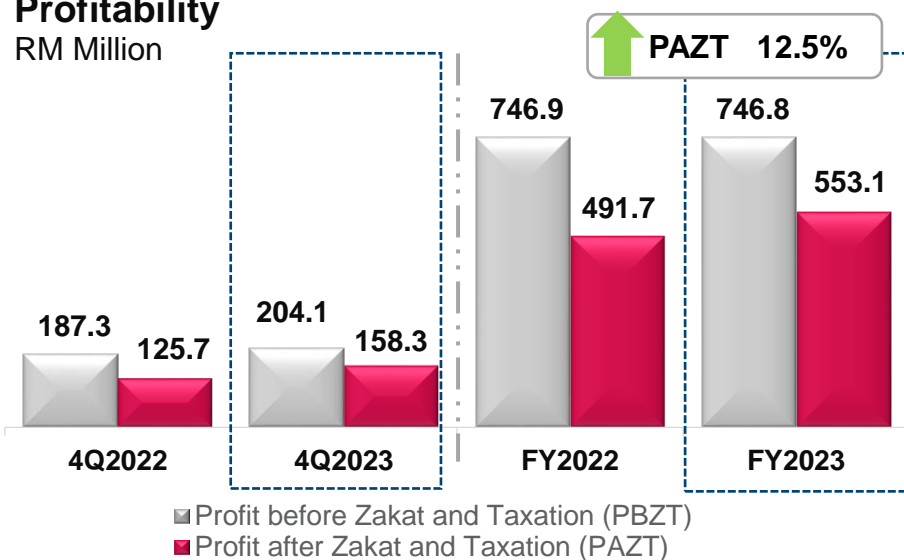
DATO' MOHD MUAZZAM MOHAMED,
GROUP CHIEF EXECUTIVE OFFICER

AZIZAN ABD AZIZ,
GROUP CHIEF FINANCIAL OFFICER

KEY HIGHLIGHTS FY2023

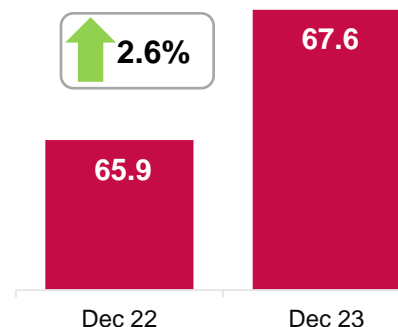
Profitability

RM Million



Gross Financing

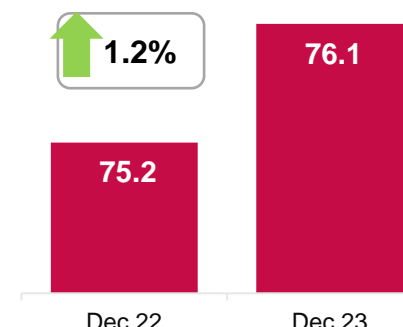
RM billion



Detail on page 9

Total Deposits & IA

RM billion



Detail on page 12

Net ROE
7.8%

FY2022: 7.5%

EPS
24.57 sen

FY2022: 22.86 sen

NIM
2.12%

FY2022: 2.28%

CIR
60.9%

FY2022: 59.8%

Net Assets per Share
3.27%

Dec 22: 3.15%

Gross Impaired Financing Ratio
0.92%

Dec 22: 1.27%
Industry: 1.65%

Financing Loss Coverage Ratio
157.2%

Dec 22: 140.8%
Industry: 119.0%

CET-1 Ratio
14.1%

Dec 22: 13.6%

Total Capital Ratio
19.9%

Dec 22: 19.4%

CASATIA
39.9%

Dec 22: 36.8%

Shariah-ESG assets
RM4.5 billion

Dec 22: RM2.9 billion

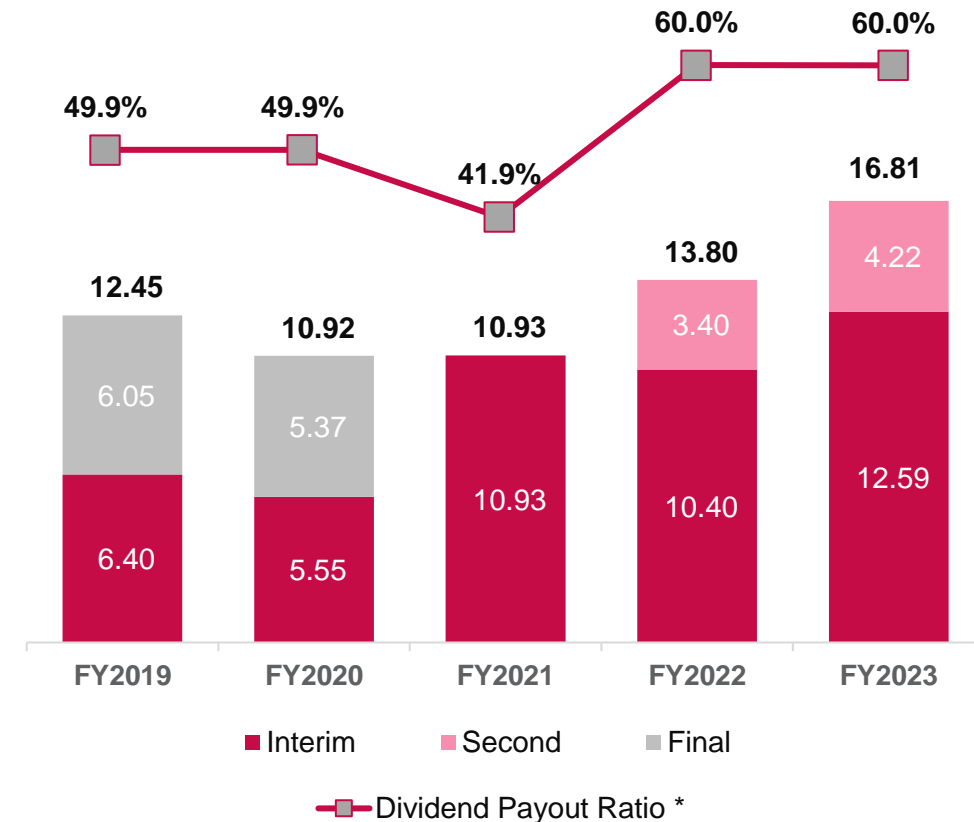
Banking industry data @ Dec 2023

Modest growth for FY2023 focused on balance sheet discipline and preservation of net income margin (“NIM”).

DECLARES SECOND INTERIM CASH DIVIDEND OF 4.22 sen per share

- ❑ Maintain healthy dividend payout to reward shareholders
- ❑ Declares second interim cash dividend of 4.22 sen per share for financial year ended 31 December 2023 (Second Interim FY2022: 3.40 sen, Dividend Reinvestment Plan (“DRP”) was applied to the entire dividend and 57% opted to reinvest the dividend into new ordinary shares of Bank Islam).
- ❑ Total annual cash dividend of 16.81 sen for FY2023.

Dividend per Share (sen)



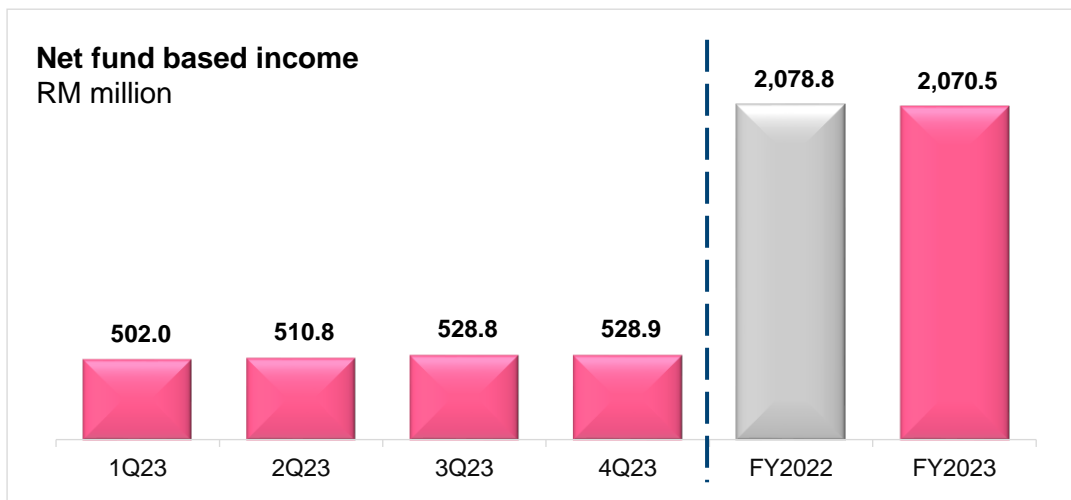
DRP take up rate	100.0%	100.0%	88.2%	81.0%	Not applicable
------------------	--------	--------	-------	-------	----------------

* Against Bank Islam's PAZT

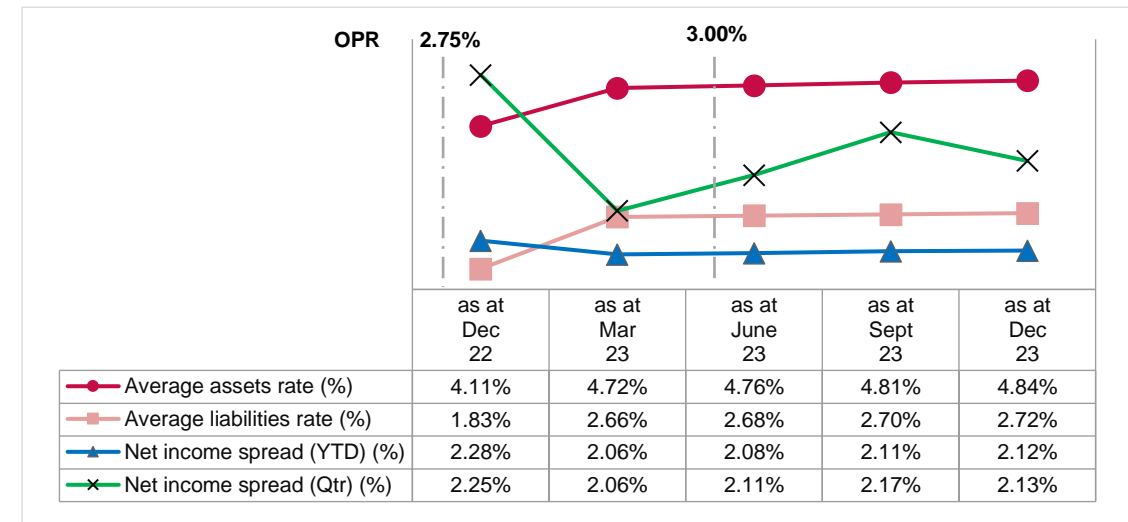
NET FUND BASED INCOME AND NIM

RM million	FY2023	FY2022	Y-o-Y %
Fund based income	4,122.7	3,345.2	23.2
Income attributable to depositors and investment account holders	(2,052.2)	(1,266.4)	-62.0
Net fund based income	2,070.5	2,078.8	-0.4
Finance cost on Subordinated sukuk & Capital securities	(95.3)	(90.4)	-5.5
Net fund income based excluding Finance cost	1,975.2	1,988.4	-0.7

- ❖ Net fund-based income marginally decreased by 0.4% as net income margin (“NIM”) deteriorated by 16 basis points (“bps”) due to higher cost of funding despite growth in gross financing. NIM dropped to 2.12% as at 31 Dec 2023 from 2.28% as at Dec 2022 mainly due to NIM compression despite Overnight Policy Rate (“OPR”) revision (+25 bps) within the last 12 months period.
- ❖ Average liabilities rate was much higher at 2.72%, increased by 89 bps compared to 73 bps increase in average assets rate. The increase in average liabilities rate was mainly due to intense deposit competition prior to Dec 22 and early 2023 as both banks and customers have widely anticipated further OPR hikes in 1H 2023. Besides, the YoY Cagamas and Sukuk effective profit rate has increased from 4.28% and 4.14% to 4.43% and 4.19% respectively in tandem with the increase in OPR.
- ❖ Apart from OPR increased 25 bps in early May 23 the Bank’s strategy to improve NIM has shown a positive impact to some extent



Net income spread trend



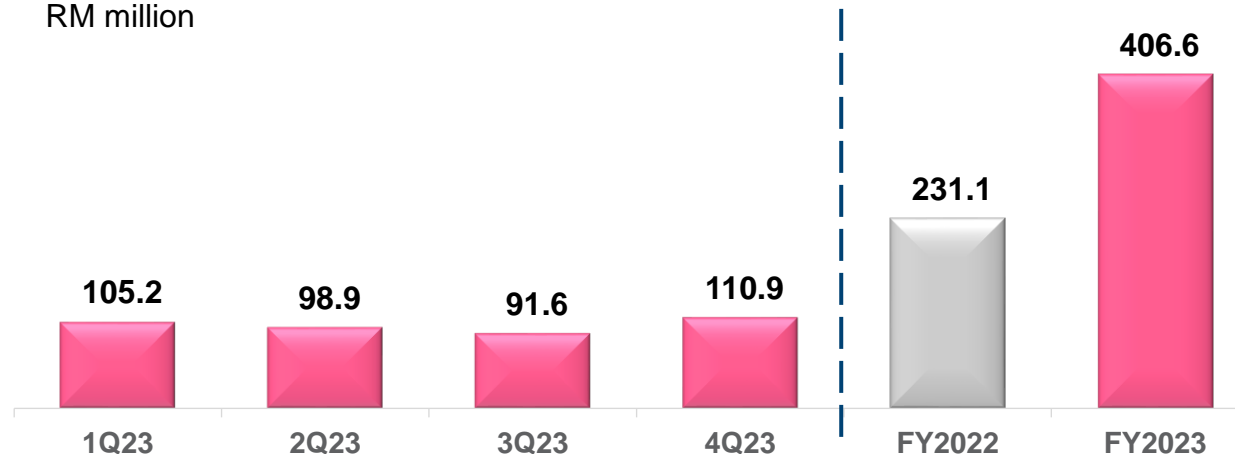
NON FUND BASED INCOME GREW 75.9% YoY

RM million	FY2023	FY2022	Y-o-Y %
Fees and commission	253.5	247.9	2.3
Investment income	62.9	20.0	>100
Foreign exchange (FX)	78.0	(14.8)	>100
Unit trust	11.4	(24.4)	>100
Others	0.8	1.4	-42.9
Non fund based income	406.6	231.1	75.9

The significant increase was mainly due the following:

- ❖ Higher investment income by RM42.9 mil, backed by gain from disposal of investment in securities as the Bank monetized in-the-money papers amid strong demand in the local bond Market in FY2023.
- ❖ FX trading gain and Mark-to-Market gain of investment in unit trusts amounted to RM78.0 mil and RM11.4 mil and as compared to loss of RM14.8 mil and RM23.4 mil respectively recorded in the previous corresponding year ended 31 December 2022.

Non fund based income
RM million

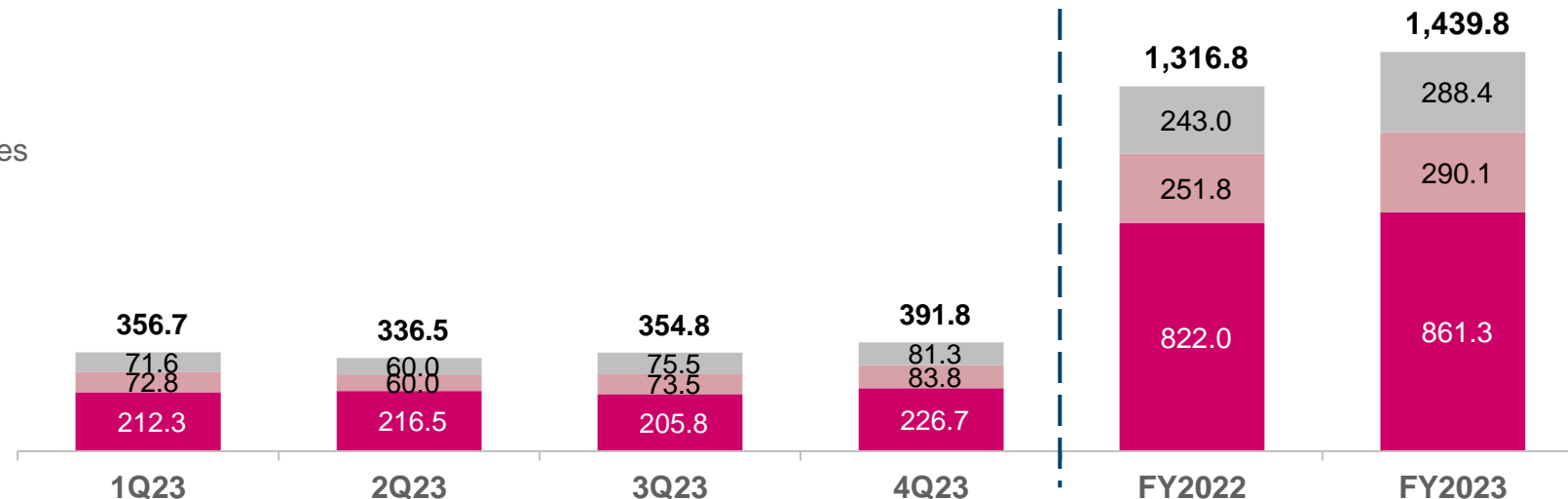
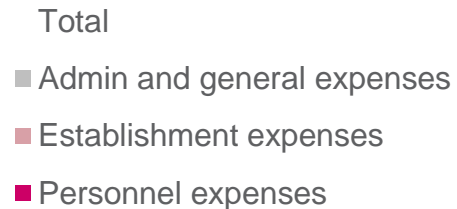


TOTAL OVERHEADS

RM million	FY2023	FY2022	Y-o-Y %
Personnel expenses	861.3	822.0	4.8
Establishment expenses	290.1	251.8	15.2
Admin and general expenses	288.4	243.0	18.6
Total overheads	1,439.8	1,316.8	9.3
Cost to Income Ratio	60.9%	59.8%	

- ❖ Y-o-Y Cost to Income Ratio was 60.9% as increased in overheads was higher than the net income increased during the year.
- ❖ Increase in personnel expenses by 4.8% mainly due to increase in the number of staff, salary increment, and Union's salary adjustment. Medical cost increased by RM7.3 million or 20% while training cost hike by RM5.3 million (+64%). The increase was however offset against lower staff sales commission by RM17.4 million (-57%).
- ❖ Banking transactions related expenses (inclusive of credit & debit card expenses, SMS service charges and mobile banking expenses) increased by RM24.4 million due to increase in transaction volume as well as cost per transaction.
- ❖ IT related cost (inclusive of depreciation for computer equipment and software) increased by RM30.6 million due to various digital initiatives and IT projects to strengthen IT infrastructure, support business, technology and cyber resilience.

Total Overheads RM million

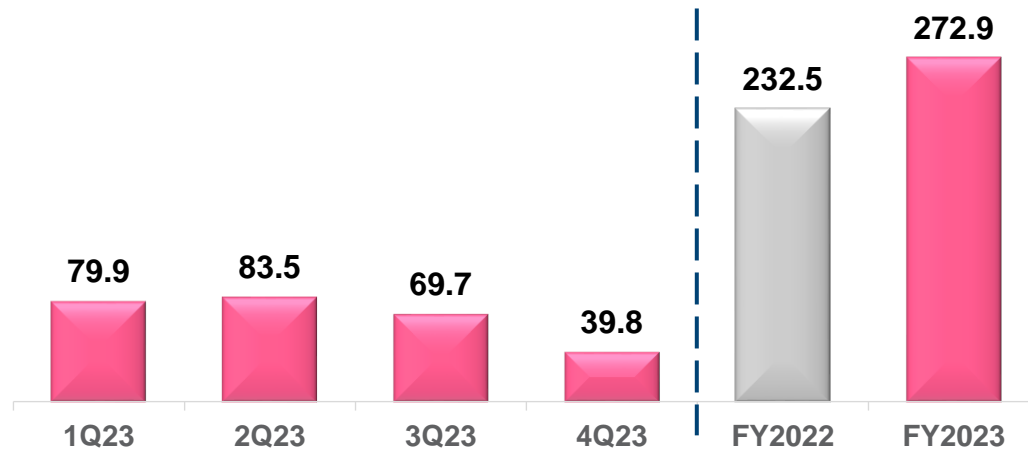


ALLOWANCE FOR IMPAIRMENT ON FINANCING

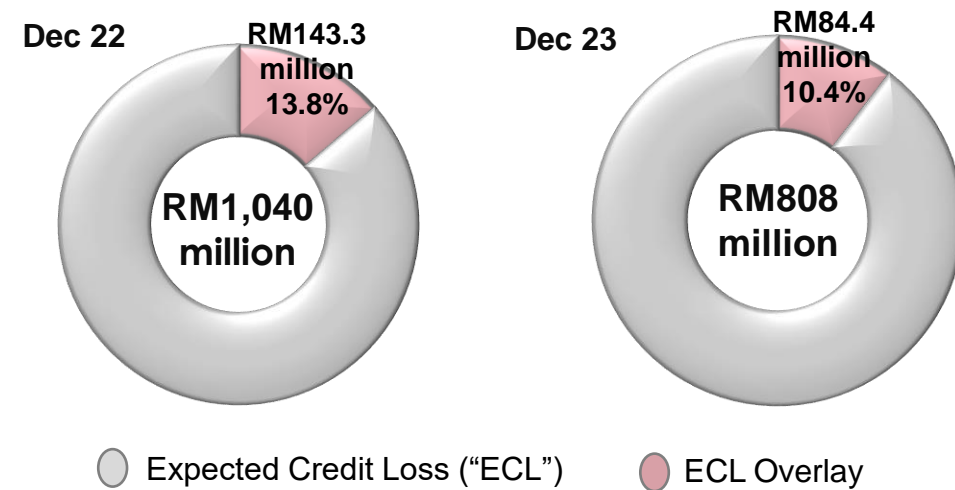
RM million	FY2023	FY2022	Y-o-Y %
Allowance for impairment on financing	272.9	232.5	17.4
Bad debts and financing recovered	(97.6)	(92.5)	5.6
Net allowance	175.3	140.0	25.2
Financing credit cost	0.26%	0.22%	

- ❖ Allowance for impairment or ECL on financing increased by RM40.4 million vs FY2022, mainly due to higher Stage 2 ratio for Retail portfolio in FY2023, well within manageable level.

Allowance for impairment on financing
RM million



Total Allowance for Impairment on Financing

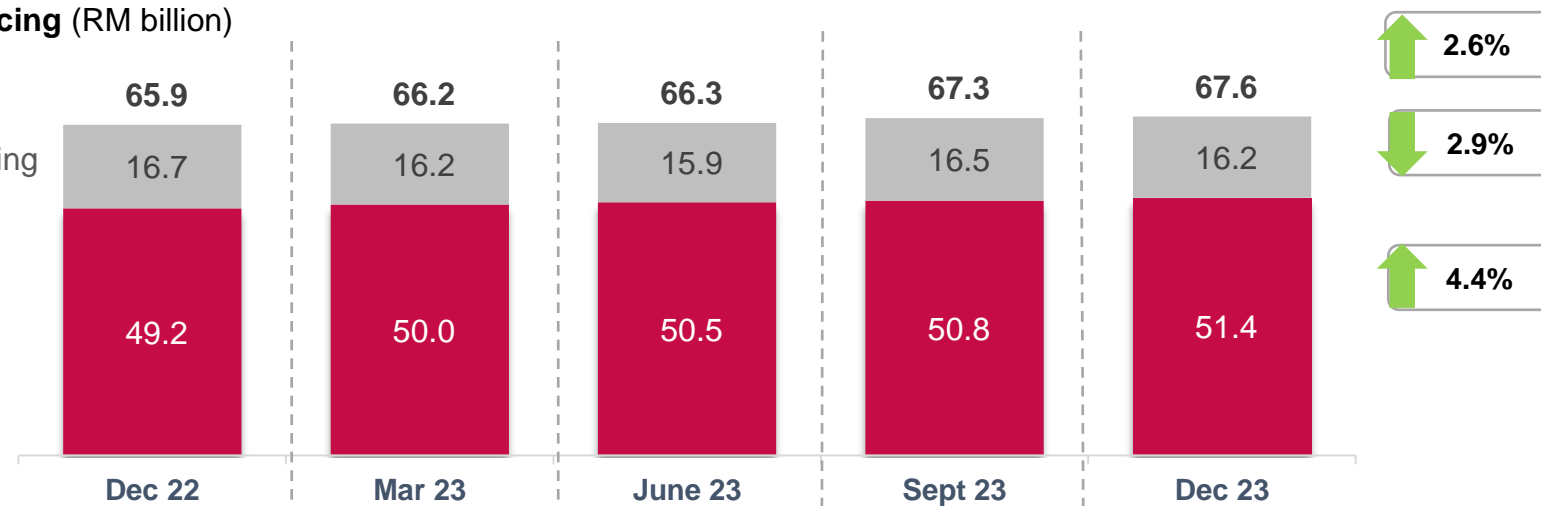


STABLE GROSS FINANCING GROWTH AT 2.6% Y-o-Y

Driven by both Retail (Consumer & SME) segments, particularly by Housing Financing (HFA) & Personal Financing (PF)

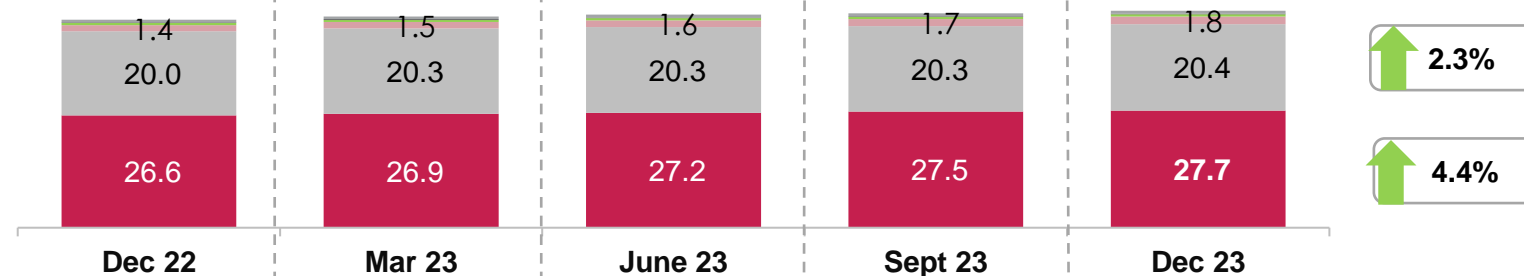
Total Gross Financing (RM billion)

Total
 ■ Institutional Banking
 ■ Retail



**of which:
 Retail (RM billion)**

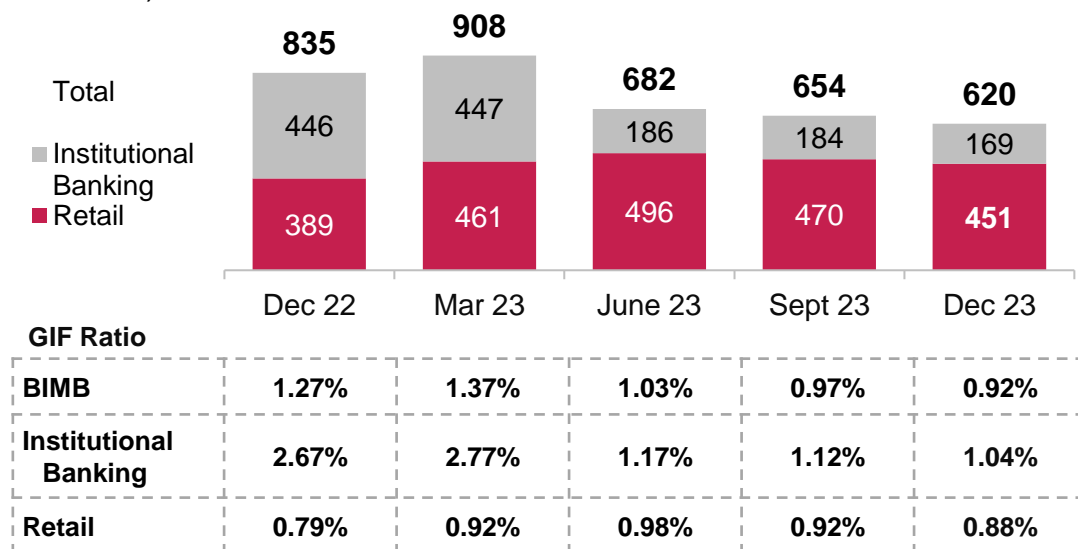
■ SME
 ■ Ar Rahnū
 ■ CC
 ■ VF
 ■ PF
 ■ HFA



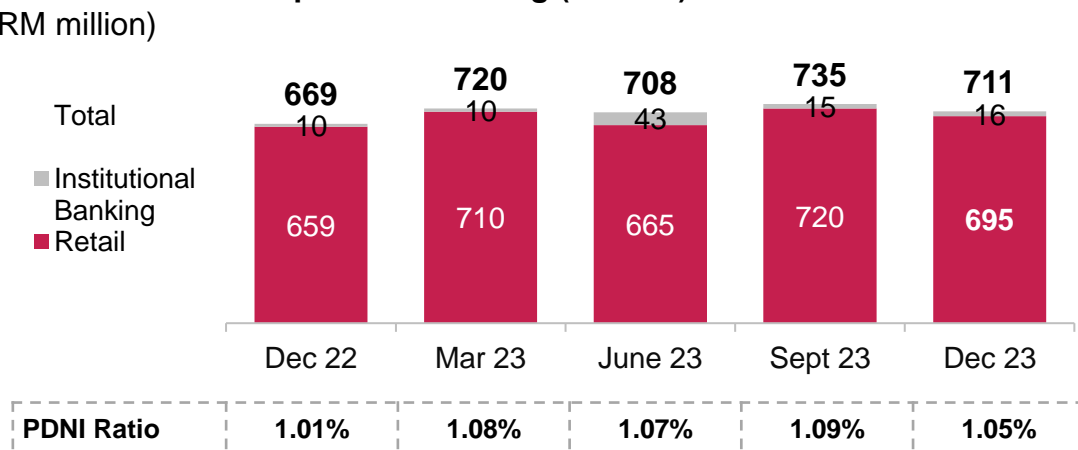
Responsible assets growth without compromising asset quality.

ROBUST ASSET QUALITY PORTFOLIO WITH AMPLE PROVISIONING

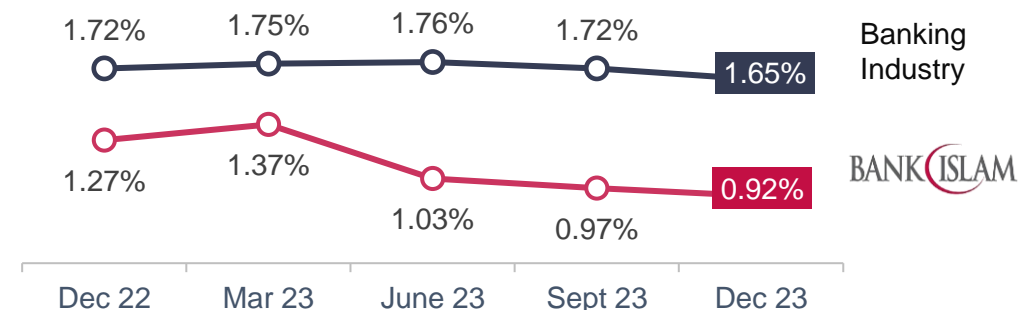
Gross Impaired Financing (“GIF”) (RM million)



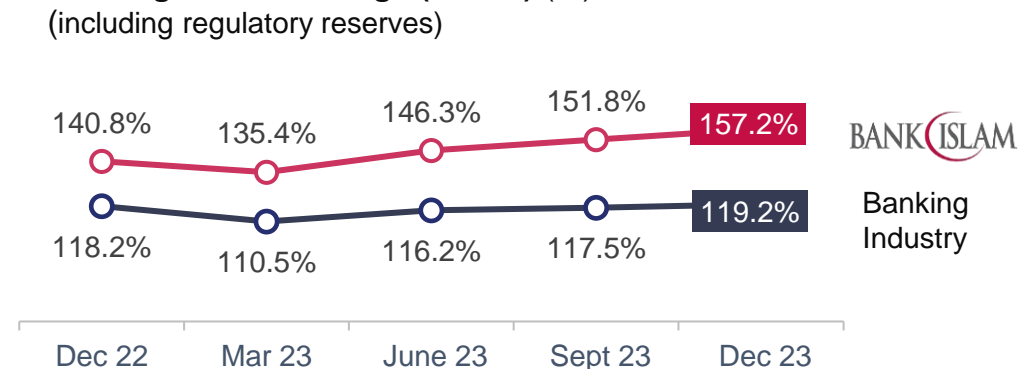
Past Due But Not Impaired Financing (“PDNI”) (RM million)



GIF Ratio Trend (%)



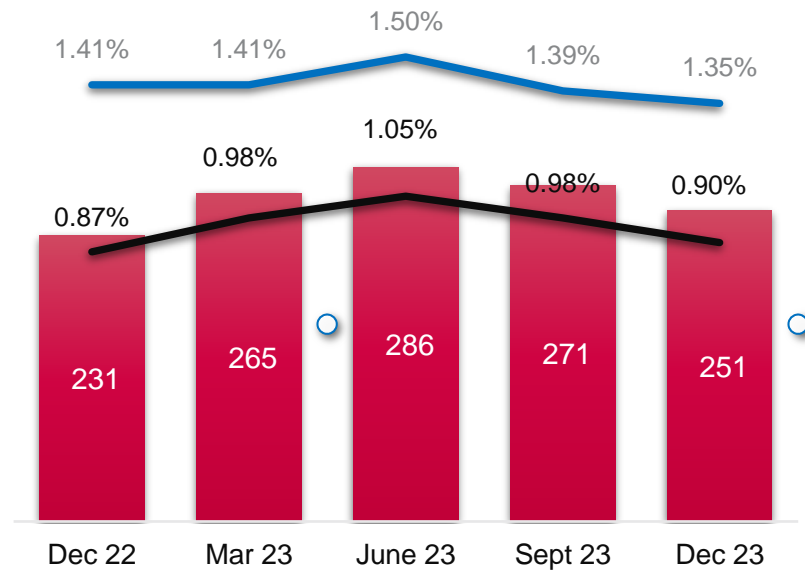
Financing Loss Coverage (“FLC”) (%) (including regulatory reserves)



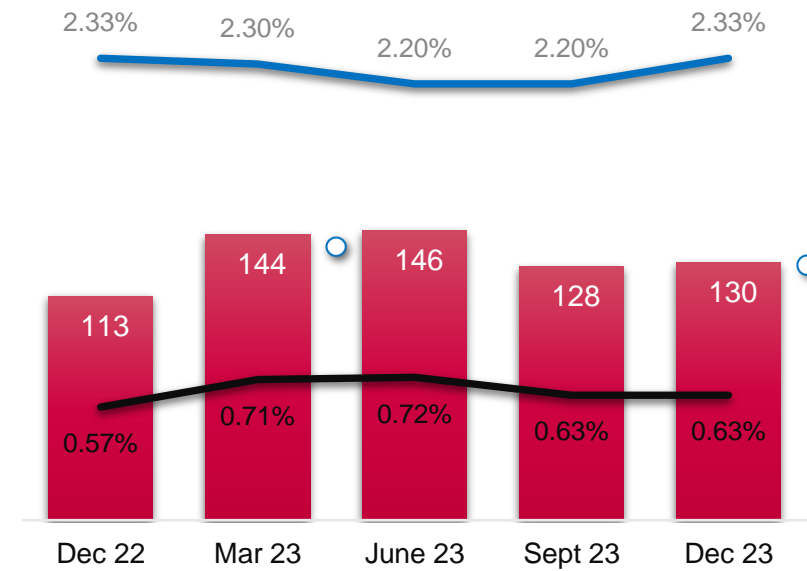
Banking industry data @ Dec 2023

RETAIL GROSS IMPAIRED FINANCING REMAINS MANAGEABLE AND BELOW INDUSTRY

Total House Financing (HF) GIF



Total Personal Financing (PF) GIF



—○— Industry GIF ratio (%)

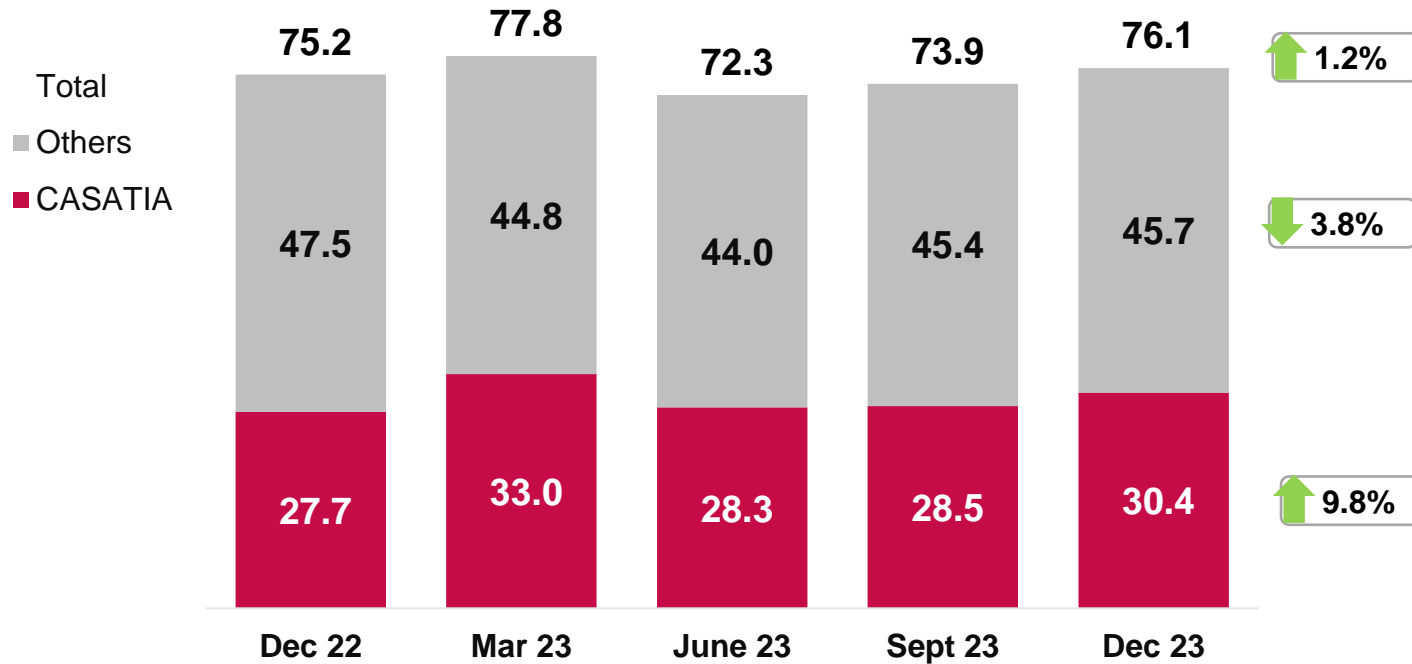
—●— GIF ratio (%)

● Gross Impaired Financing (GIF) (RM million)

Banking industry data @ Dec 2023

STABLE GROWTH IN CASATIA, OUTPERFORMING INDUSTRY RATIOS

Total Deposits & Investment Accounts
(RM billion)

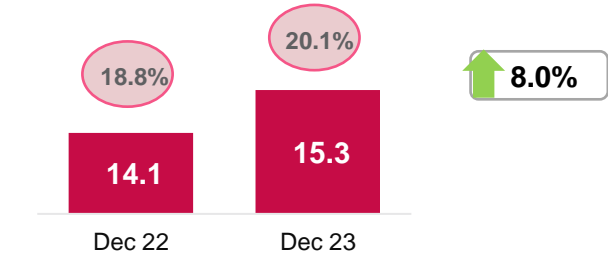


	Dec 22	Mar 23	June 23	Sept 23	Dec 23
CASATIA Ratio	36.8%	42.5%	39.1%	38.5%	39.9%
Banking Industry CASATIA Ratio	31.3%	30.6%	30.7%	30.7%	31.0%

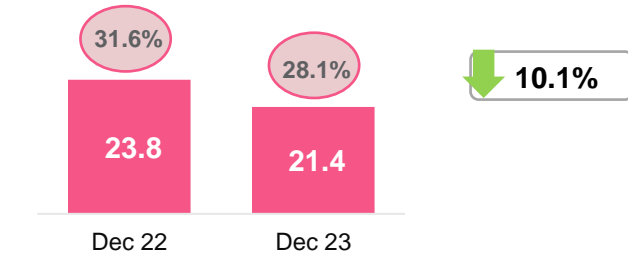
Rebalance our segment composition and funding profile mix to drive CASATIA, operational accounts and Retail, while reducing dependency on non-retail short term deposits as part of preservation of NIM.

Total Deposits & Investment Accounts
- Composition (RM billion) & Mix

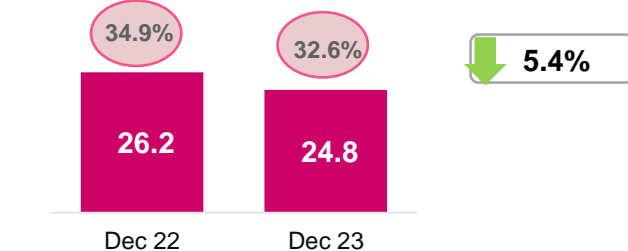
Individuals



Business Enterprises



Government and Statutory bodies



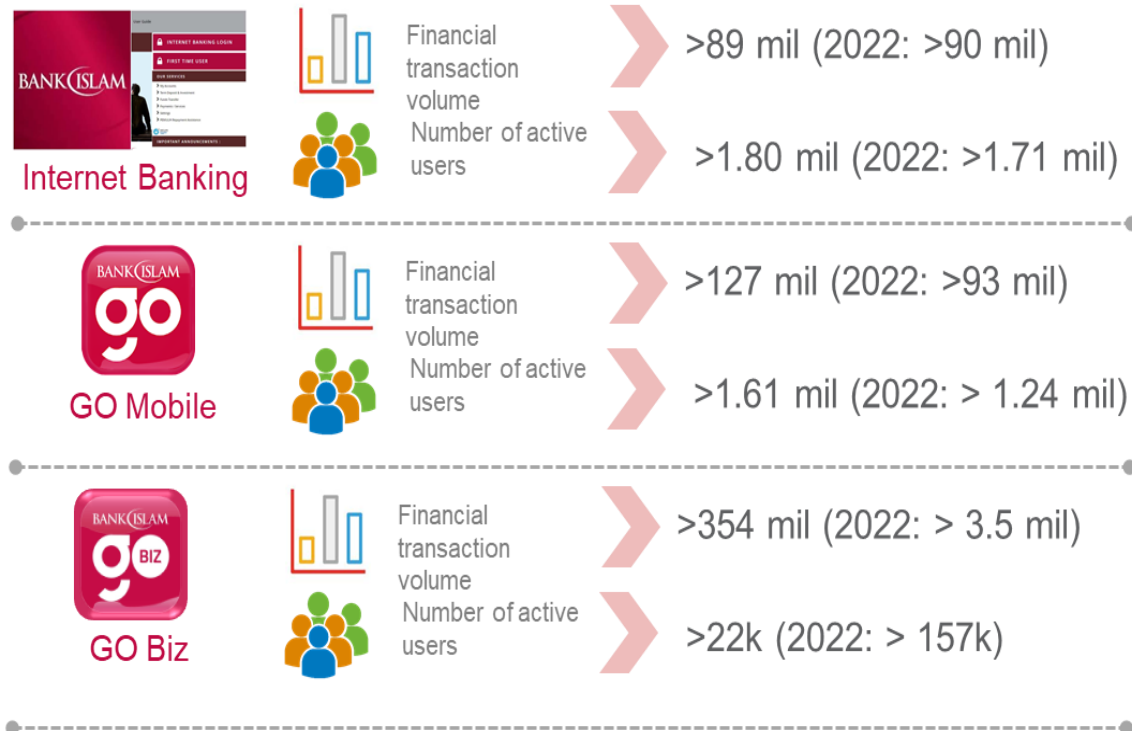
LEVERAGING ON STRENGTH AND STAYING THE COURSE TO ASPIRE VALUE CREATION

Key Indicators	Target FY2023	31 Dec 2023 Achievement
Net financing growth	4% to 5% Y-o-Y growth (adjusted target)	3.0% Y-o-Y growth
Asset quality	GIF below 1.5%	GIF = 0.92% FLC = 157.2%
Credit cost	30 – 40 bps	0.26%
Net income margin	NIM above 2%	FY23 NIM = 2.12% 4Q23 NIM = 2.13%
Operating expenses	9% - 10% Y-o-Y growth	9.3% Y-o-Y growth
Return on Equity (based on PAZT)	7% - 8%	7.8%

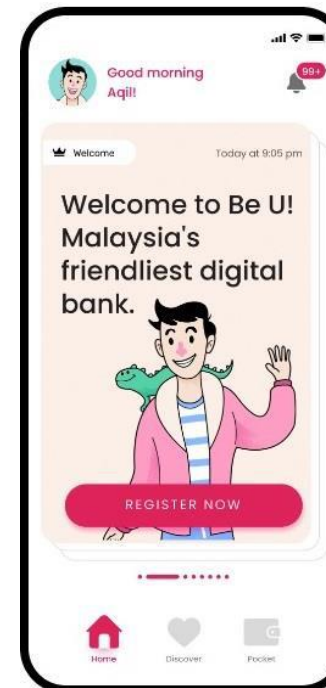
DIGITALISATION – TECHNOLOGY HELPS US DO ALL THIS

DIGITAL CHANNELS AND NEW DIGITAL BANK

Digital channel indicators have been encouraging, with financial transaction volumes and number of active users exceeding prior year's performance:



The Bank's digital banking proposition, Be U by CDX



Gigs Marketplace

- Partnered with QWork for gig marketplace
- 614 users registered
- 15 successful applications

Gig Economy Digital Bank of Choice Solution

- Successfully launched:
1. IBG Inwards
 2. Micro Takaful
 3. Debit Card



Soon
Fund Account

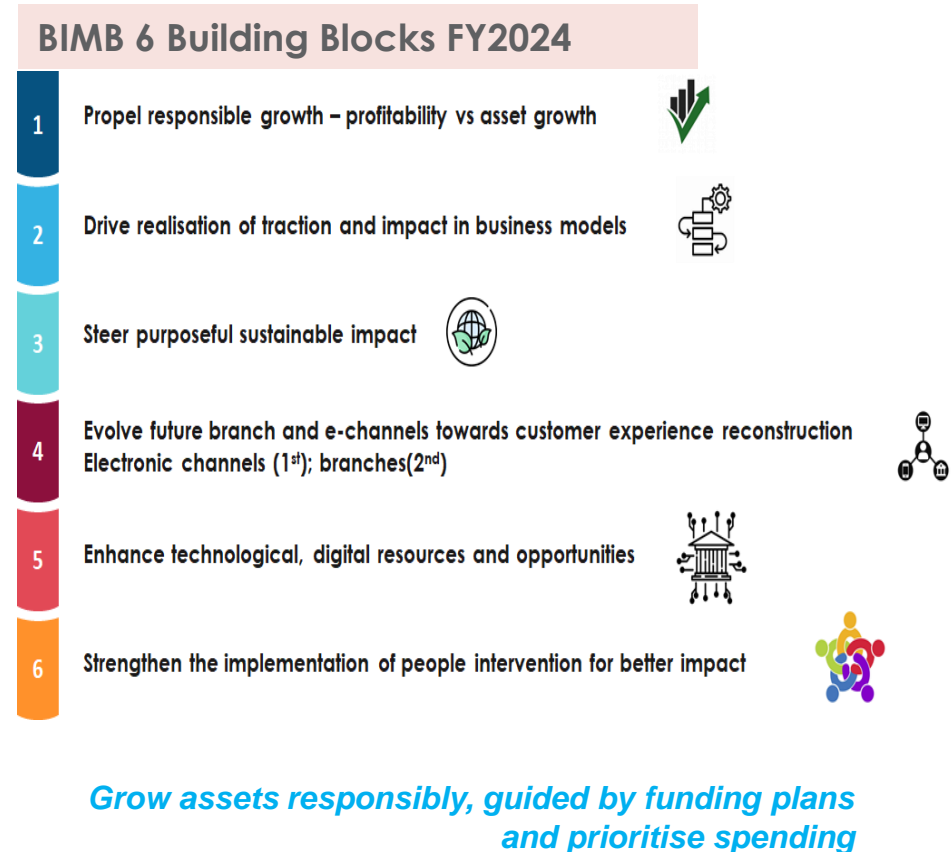
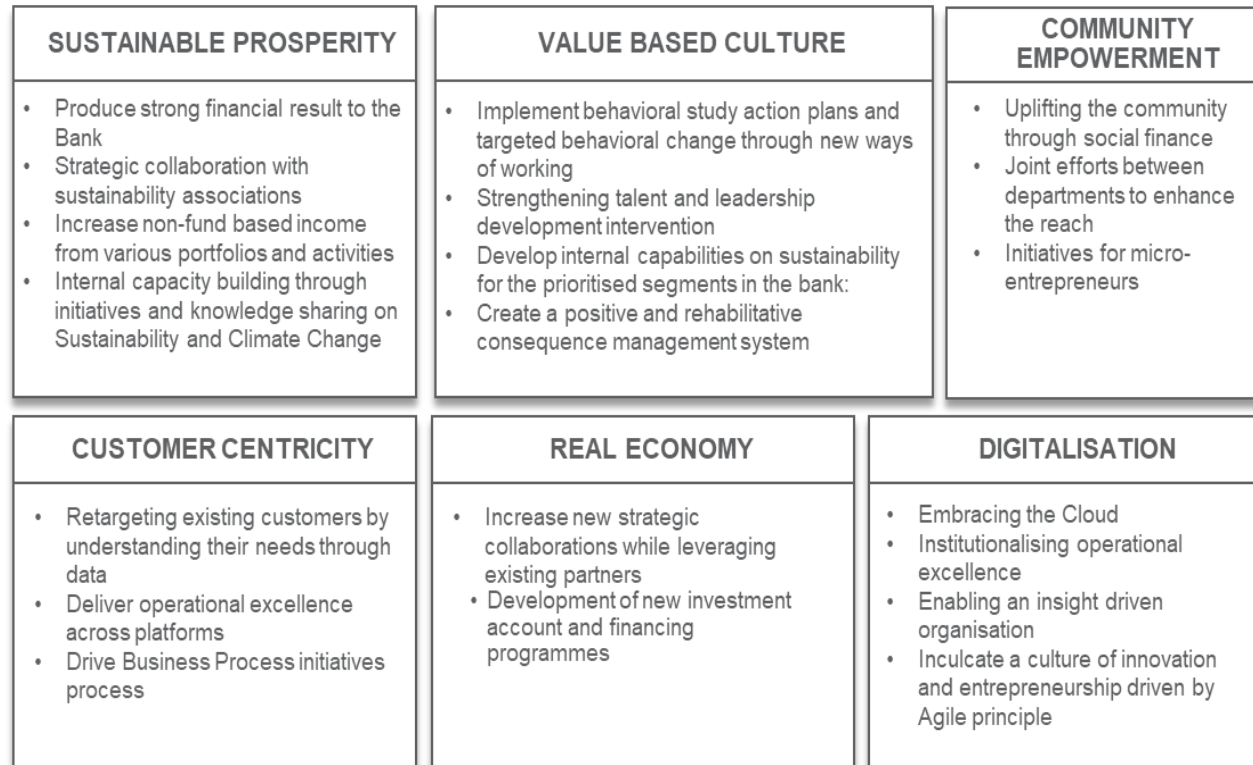


Pay & Transfer

BUILDING FOR 2024 and BEYOND

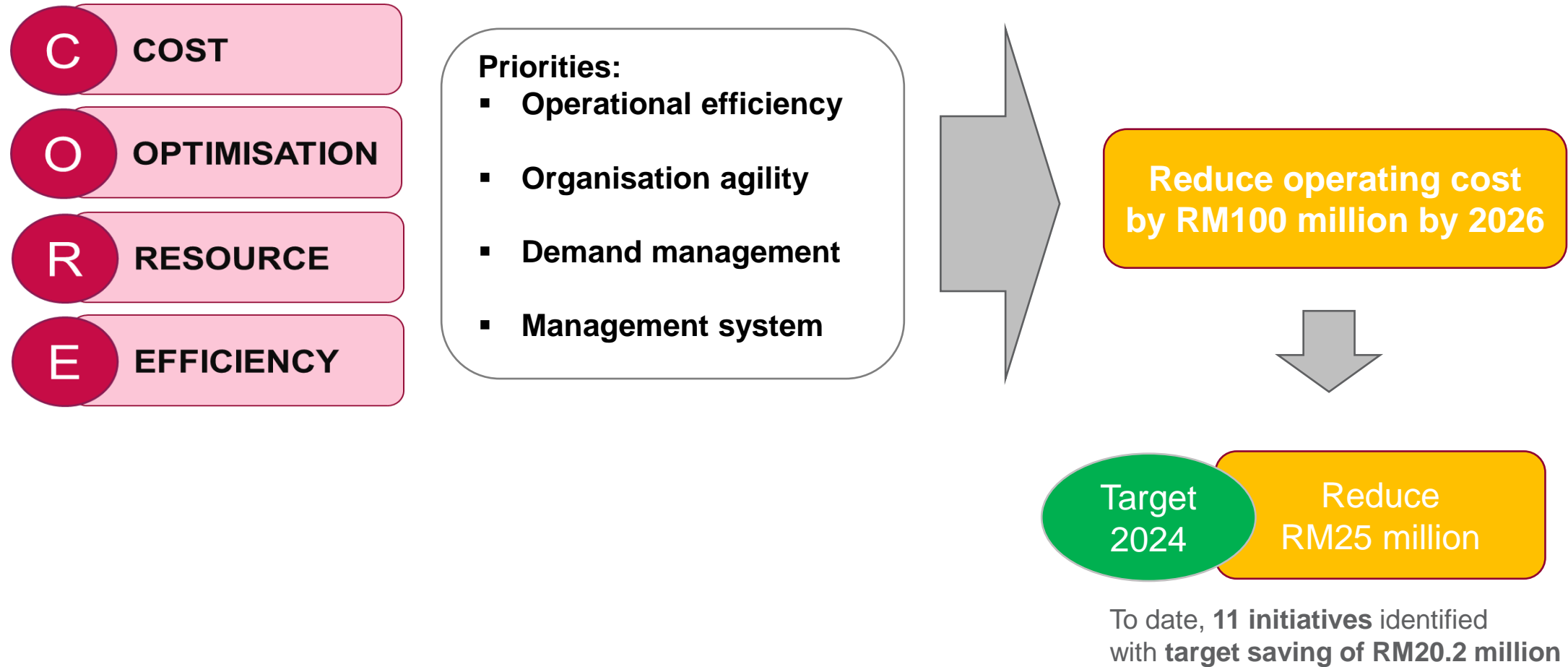
VBI IS THE CENTRAL TO OUR BUSINESS MODEL

Establishing a solid foundation in 2024 for our path forward



By 2025, our targets is to double ESG-rated financing assets, to create a visible impact on 3,000 beneficiaries through social finance initiatives and enhancing employee engagement and change readiness index at par with Malaysia's Best Employer norm. Additionally, we aim to sustain Return on Equity (ROE) **of at least 8%**, increase Non-Fund Based Income (NFB) **contribution to about 8 to 9%**. **As we continue to invest in technology and people development, we aspire to achieve a Cost-to-Income Ratio (CIR) towards 55% in the next 3 years.**

ESTABLISHMENT OF CORE PROGRAMME



Q&A SESSION



Thank You

DISCLAIMER

Throughout this presentation, we have used forward-looking statements that relate to the plans, objectives, goals, strategies, future operations and performance of our Group. Such statements usually contain words like 'anticipates', 'believes', 'estimates', 'expects', 'intends', 'may', 'plans', 'projects', 'should', 'would' and 'will', amongst others. We do not intend for these statements to be guarantees of future operating, financial or other results, as they involve risks, uncertainties and assumptions in their representation of various possible scenarios. As such, actual results and outcomes could differ significantly from those expressed or implied. Our Group makes no express or implied representation or warranty that the results anticipated by these forward-looking statements will be achieved. We are under no obligation to update either these forward-looking statements or the historical information presented in this presentation.



APPENDIX: KEY FINANCIAL INDICATORS

	FY2023	FY2022	Banking Industry at Dec 2023
PROFITABILITY			
Return on equity (%) – based on PAT	7.8	7.5	NA
Return on assets (%) – based on PAT	0.6	0.6	NA
Cost Income Ratio (%)	60.9	59.8	48.3 @
Earnings per Share (sen)	24.57	22.86	NA
Net Tangible Assets (RM)	3.27	3.15	NA
ASSET QUALITY			
Gross impaired financing ratio (%)	0.92	1.27	1.65 #
Financing loss coverage ratio (%)	157.2	140.8	119.2 #
Financing credit cost ratio (%)	0.26	0.22	0.17 @
LIQUIDITY			
Financing to Available Fund ratio (%)	78.8	76.6	81.8 #
CASATIA ratio (%)	39.9	36.8	31.0 #
CAPITAL ADEQUACY			
CET 1 Capital ratio	14.1	13.6	14.6 #
Total Capital ratio (%)	19.9	19.4	18.2 #

@ Bank Negara Malaysia Quarterly Bulletin 4Q 2023
 # Bank Negara Malaysia Monthly Statistical Bulletin Dec 2023

APPENDIX: INCOME STATEMENT

Improved profitability on the back of higher net income offset by higher overheads and net allowances for impairment on financing.

RM million	FY2023	FY2022	Y-o-Y %	4Q23	3Q23	Q-o-Q %	4Q22	Y-o-Y %
Net fund based income	2,070.5	2,078.8	-0.4	528.9	528.8	0.0	548.7	-3.6
Non fund based income	406.6	231.1	75.9	110.9	91.6	21.2	78.4	41.6
Net income	2,477.1	2,309.9	7.2	639.8	620.4	3.1	627.1	2.0
Total overheads	(1,439.8)	(1,316.8)	-9.3	(391.8)	(354.8)	-10.4	(372.2)	-5.3
Finance costs	(111.5)	(107.2)	-4.1	(29.2)	(27.7)	-5.6	(29.6)	1.5
Profit before allowance for impairments	925.8	885.9	4.5	218.8	237.9	-8.0	225.3	-2.8
Net allowance for impairment on financing & advances, net of recoveries	(175.3)	(140.0)	-25.2	(10.3)	(41.3)	74.9	(38.0)	72.7
Net allowance for impairment on other financial assets, net of recoveries	(3.7)	1.0	->100	(4.4)	0.5	->100	-	->100
Profit before zakat and tax ("PBZT")	746.8	746.9	-0.0	204.1	197.1	3.5	187.3	8.9
Profit after zakat and tax ("PAZT")	553.1	534.3	12.5	158.3	140.5	12.6	125.7	25.9

APPENDIX: KEY FINANCIAL POSITION ITEMS

Total assets grew 1.2% Y-o-Y spurs by growth in financing and investment securities offset by declined in cash and short-term fund.

RM million	Dec 23	Dec 22	YTD %
Total Assets	90,962	89,852	1.2
<i>of which:</i>			
Cash & short-term funds	4,714	7,145	-34.0
Investment in securities (FVOCI, FVTPL & AC)	16,856	15,448	9.1
Net financing, advances and others	66,817	64,902	3.0
of which Gross financing and advances	67,625	65,942	2.6
Total Liabilities	83,562	83,055	0.6
<i>of which:</i>			
Deposits from customers & Investments accounts of customers	76,089	75,169	1.2
Recourse obligation on financing sold to Cagamas	2,004	3,005	-33.3
Subordinated sukuk and capital securities	2,324	2,222	4.6
Total Equity	7,400	6,796	8.9