Corporate Update

Bank Islam Malaysia Berhad

(5258 | BIMB MK) Main | Financial Services

SHARIAH Compliant

Maintain **BUY**

Revised Target Price **RM2.95** (from RM3.06)

4QFY24 Results Review Rallied in the Last Quarter

Maintain BUY call: Revised GGM-TP of RM 2.95. Bank Islam (BIMB) performance rallied in the last quarter as we expected. We expect that the growth prospect for FY25 remains intact. We anticipate gross financing growth will likely be at faster paced this year. Meanwhile, asset quality remains stable. Maintain BUY call with a revised TP due to our earnings tweak. The TP is based on an unchanged FY25F P/BV of 0.87x.(GGM assumptions: FY25F ROE of 8.2%, LTG of 4.5% & COE of 8.8%).

Within expectations. BIMB's FY24 core net profit (NP) of RM569m was within/within our/street forecasts at 95%/95% of full-year forecasts.

FY24's core NP expanded by +3%yoy. Main contributor was higher net income (+3%yoy) and lower net allowances for impairment on financing (-46%yoy). This was moderated the higher OPEX (+9%yoy). Net fund-based income rose +4%yoy supported by investment securities, financing growth, and better margin; NIM improved to 2.13% (+1bps yoy) for FY24.

Higher OPEX. This was due to +8.4% growth in the Group's personnel expenses mainly due to expansion of the workforce, salary increment and union's salary adjustment. There were also higher information technology (IT) related costs as BIMB continue to invest in digital and technology.

4QFY24's core NP of RM173m up by +32%qoq. Due to higher net fund based and non-fund-based income. Also, there was a writeback in the quarter.

Gross financing grew by +2.6%qoq, coming up to +3.8%yoy. Growth was driven by retail segment which rose +6.2%yoy to RM54.6b, moderated by institutional banking financing which contracted -3.7%yoy to RM15.6b. The financing in the retail segment, was driven by Housing Financing (HFA) and Personal Financing (PF), which grew +4.7%yoy to RM29.0b and +6.2%yoy to RM21.7b respectively. Meanwhile, institutional banking financing contraction was due to decline from corporate financing of -12.1%yoy to RM8.1b due to preference of corporate to tap capital markets for funding.

Deposits grew by +3.6%qoq, coming up to +5.6%yoy. Growth driven by increase in Tawarruq Term Deposits, Ihsan Sustainability Investment Accounts (ISIA) and CASA.

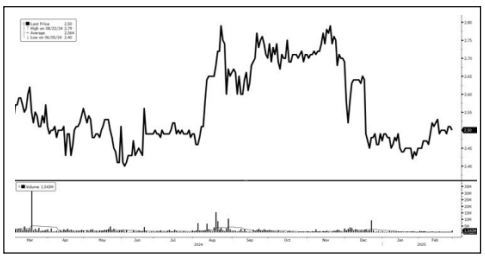
GIL moved by +4bps to 1.06%, LLC currently at 99%. Upticks due to institutional banking but retail GIL ratio saw improvement again.

Dividends at 15.1sen or 60% payout ratio.

Tweak in earnings estimates. We are adjusting our FY25 and FY26 earnings estimates downward by -2.3% and -0.8% respectively.

RETURN STATISTICS	
Price @ 28th Feb 2025 (RM)	2.50
Expected share price return (%)	+18.0
Expected dividend yield (%)	+6.6
Expected total return (%)	+24.6

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	2.0	0.7
3months	1.2	-1.1
12 months	-1.2	-3.5

INVESTMENT STATISTICS

FYE Dec	2024	2025F	2026F
Core NP (RM m)	571	624	665
CNP growth (%)	3	9	7
Div yield (%)	6.0	6.6	7.0
Gross DPS (sen)	15.1	16.5	17.6
P/BV (x)	0.7	0.7	0.7
BVPS (RM)	3.4	3.4	3.5
ROE (%)	7.6	8.2	8.5

KEY STATISTICS

FBM KLCI	1,574.70
Issue shares (m)	2,266.47
Estimated free float (%)	33.70
Market Capitalisation (RM'm)	5,666.18
52-wk price range	RM2.38 – RM2.81
3-mth average daily volume (m)	1.05
3-mth average daily value (RM'm)	2.65
Top Shareholders (%)	
Lembaga Tabung Haji	48.0
EPF	17.4
ASNB	7.9

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4QFY24 RESULTS SUMMARY

FYE Dec (RM m)	4Q FY24	3Q FY24	4Q FY23	Yoy (%)	Qoq (%)	FY24	FY23	Yoy (%)
Total NII	518	509	500	4	2	2,042	1,959	4
Total NOII	138	84	111	25	65	397	407	-2
Net income	**656**	**592**	**611**	**7**	**11**	**2,439**	**2,366**	**3**
OPEX	(443)	(380)	(392)	13	17	(1,573)	(1,440)	9
PPOP	**214**	**213**	**219**	**-2**	**0**	**866**	**926**	**-6**
Loan provisions	21	(38)	(10)	-302	-155	(95)	(175)	-46
Other provisions	(0)	(0)	(4)	n.m.	n.m.	0	(4)	n.m.
JV & Associates	1	1	-	n.m.	n.m.	2	-	n.m.
PBT	**235**	**176**	**204**	**15**	**34**	**773**	**747**	**4**
Tax	(62)	(46)	(46)	36	35	(202)	(194)	4
NCI	-	1	-	n.m.	n.m.	(2)	-	n.m.
Reported NP	**173**	**130**	**158**	**9**	**32**	**569**	**553**	**3.0**
Core NP	**173**	**130**	**158**	**9**	**32**	**569**	**553**	**3.0**
Gross DPS (sen)	**4.1**	**11.0**	**4.2**	**n.m.**	**n.m.**	**15.1**	**16.8**	**n.m.**
Core EPS (sen)	7.6	5.8	7.0	8	32	25.1	24.6	2
Gross loans	70,218	68,464	67,625	3.8	2.6			
Gross impaired loans	742	698	636	16.7	6.3			
Customer deposits	62,329	60,149	59,016	5.6	3.6			
CASA	21,888	18,872	20,746	5.5	16.0			

Ratios (%)	4Q FY24	3Q FY24	4Q FY23	Yoy (ppts)	Qoq (ppts)	FY24	FY23	Yoy (ppts)
ROE (Ann.)	**9.0**	**6.7**	**8.6**	**0.5**	**2.3**	**7.4**	**7.5**	**-0.0**
NIM (Reported)*	**2.07**	**2.11**	**2.11**	**-0.04**	**-0.04**	**2.13**	**2.12**	**0.01**
NOII/Net income	21.1	14.1	18.2	2.9	6.9	16.3	17.2	-0.9
Cost/Income	67.5	64.1	64.2	3.3	3.3	64.5	60.9	3.6
NCC (Ann.) (bps)	(12)	22	6	-18	-35	14	26	-13
GIL ratio	1.06	1.02	0.94	0.12	0.04			
Loan loss coverage	99	114	127	-28	-14			
CASA ratio	35.1	31.4	35.2	-0.0	3.7			
L/D ratio	111.5	112.5	113.2	-1.7	-1.0			
CET-1	13.8	14.5	14.1	-0.3	-0.6			

Source: Company, MIDFR

FINANCIAL SUMMARY

INCOME STATEMENT

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Total NII	1,972	1,959	2,041	2,112	2,248
Total NOII	231	407	399	411	438
Net income	**2,203**	**2,366**	**2,440**	**2,523**	**2,686**
OPEX	(1,317)	(1,440)	(1,573)	(1,514)	(1,611)
PPOP	**886**	**926**	**866**	**1,009**	**1,074**
Loan allowances	(140)	(175)	(95)	(178)	(190)
Other allowances	1	(4)	0	(7)	(7)
JV & Associates	-	-	1	-	-
PBT	**747**	**747**	**773**	**824**	**878**
Tax & zakat	(255)	(194)	(202)	(199)	(212)
NCI	-	-	-	-	-
Reported NP	**492**	**553**	**571**	**624**	**665**
Core NP	**492**	**553**	**571**	**624**	**665**

BALANCE SHEET

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Cash & ST funds	7,145	4,714	4,325	5,921	5,921
Investment securities	15,448	16,856	20,472	20,381	20,518
Net loans	64,902	66,817	69,481	75,892	80,445
Other IEAs	0	0	0	0	0
Non-IEAs	2,357	2,574	2,525	2,592	2,691
Total assets	**89,852**	**90,962**	**96,803**	**104,786**	**109,576**
Customer deposits	60,708	59,016	62,329	66,936	70,818
Other IBLs	19,781	21,768	24,067	25,060	26,102
Non-IBLs	2,567	2,777	2,751	5,168	4,687
Total liabilities	**83,055**	**83,562**	**89,147**	**97,164**	**101,608**
Share capital	3,645	3,889	3,889	3,846	3,846
Reserves	3,151	3,511	3,767	3,777	4,122
Shareholders' funds	**6,796**	**7,400**	**7,656**	**7,622**	**7,968**
NCI	0	0	0	0	0
Total equity	**6,796**	**7,400**	**7,656**	**7,622**	**7,968**
Total L&E	**89,852**	**90,962**	**96,803**	**104,786**	**109,576**
Total IEAs	87,495	88,388	94,279	102,194	106,885
Total IBLs	80,489	80,785	86,396	91,996	96,921
Gross loans	65,942	67,625	72,020	76,702	81,304
CASA	20,371	20,746	20,649	21,553	22,804

FINANCIAL RATIOS

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Interest (%)					
NIM	2.37	2.23	2.23	2.15	2.15
Return on IEAs	4.02	4.69	4.70	3.53	3.45
Cost of funds	1.80	2.68	2.70	1.52	1.44
Net interest spread	2.22	2.00	2.01	2.01	2.01
Profitability (%)					
ROE	**7.5**	**7.8**	**7.6**	**8.2**	**8.5**
ROA	0.6	0.6	0.6	0.6	0.6
NOII/Net income	10.5	17.2	16.3	16.3	16.3
Effective tax rate	32.3	24.4	24.3	22.5	22.5
Cost/Income	59.8	60.9	64.5	60.0	60.0
Liquidity (%)					
Loan/Deposit	106.9	113.2	110.0	113.4	113.6
CASA ratio	33.6	35.2	32.7	32.2	32.2
Asset Quality (%)					
GIL ratio	1.27	0.92	0.90	0.88	0.88
LLC ratio	124	130	130	120	120
LLC (w. reserves)	141	130	130	141	140
Net CC (bps)	22	26	14	24	24
Capital (%)					
CET 1	13.6	14.1	14.0	13.5	13.5
Tier 1 capital	14.6	15.1	15.0	14.5	14.5
Total capital	19.4	19.9	19.8	19.3	19.3
Growth (%)					
Total NII	10.1	-0.7	4.2	3.5	6.4
Total NOII	-25.1	76.1	-2.0	3.1	6.5
Net income	4.9	7.4	3.1	3.4	6.4
OPEX	10.0	9.3	9.3	-3.8	6.4
Core NP	-8.0	12.5	3.3	9.3	6.5
Gross loans	11.4	2.6	6.5	6.5	6.0
Customer deposits	5.9	-2.8	7.0	6.0	5.8
CASA	1.0	1.8	-0.5	4.4	5.8
Valuation metrics					
Core EPS (sen)	21.8	24.6	25.4	27.7	29.6
Gross DPS (sen)	13.8	16.8	15.1	16.5	17.6
Div payout (%)	60	69	60	60	60
BVPS (RM)	3.0	3.3	3.4	3.4	3.5
Core P/E (x)	11.4	10.2	9.9	9.0	8.5
Div yield (%)	**5.5**	**6.7**	**6.0**	**6.6**	**7.0**
P/BV (x)	0.8	0.8	0.7	0.7	0.7

Source: Bloomberg, MIDFR

Income Statement	Balance Sheet	Valuations & Sector
Core NP – Core Net Profit	LCR – Liquidity Coverage ratio	ROE – Return on Equity
PPOP – Pre-Provisioning Operating Profit	L/D ratio – Loan/Deposit ratio	GGM – Gordon Growth Model
NII – Net Interest Income	CASA – Current & Savings accounts	P/BV – Price to Book Value
NIM – Net Interest Margin	FD – Fixed Deposits	BVPS – Book Value per Share
COF – Cost of Funds	GIL – Gross Impaired Loans	BNM – Bank Negara Malaysia
NOII – Non-Interest Income	NIL – Net Impaired Loans	OPR – Overnight Policy Rate
MTM – Mark to Market	LLC – Loan Loss Coverage	SRR – Statutory Reserve Requirement
CIR – Cost to Income Ratio	NCC – Net Credit Costs	SBR – Standardised Base Rate
OPEX – Operational Expenses	GCC – Gross Credit Costs	ALR – Average Lending Rate
	CET 1 – Common Equity Tier 1	

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197501002077 (24878-X).

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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology