

**BIMB Holdings Berhad (423858-X)**  
(Incorporated in Malaysia)  
**and its subsidiaries**  
**Unaudited Interim Financial Statements**

**Condensed Consolidated Statement of Financial Position as at 30 June 2015**

	Note	Group As at		Company As at	
		30.06.2015 RM'000	31.12.2014 RM'000	30.06.2015 RM'000	31.12.2014 RM'000
<b>Assets</b>					
Cash and short-term funds	9	4,328,867	3,898,172	180,992	123,566
Deposits and placements with financial institutions	10	1,030,701	721,324	-	-
Financial assets held-for-trading	11	822,063	1,165,590	-	-
Derivative financial assets	12	50,600	62,541	-	-
Financial assets available-for-sale	13	14,571,460	13,815,889	18,928	18,559
Financial assets held-to-maturity	14	612,933	547,258	-	-
Financing, advances and others	15	31,109,627	29,524,571	-	-
Other assets	16	350,315	580,985	1,150	1,189
Takaful assets	17	993,098	811,051	-	-
Statutory deposits with Bank Negara Malaysia		1,391,740	1,335,000	-	-
Current tax assets		48,254	41,872	82	510
Deferred tax assets		60,174	65,816	10	10
Investments in subsidiaries		-	-	4,773,732	4,707,615
Investments in associates		-	1	-	1
Property, plant and equipment		455,661	446,933	1,087	1,431
Investment properties		10,500	11,506	-	-
Assets classified as held for sale		1,696	1,696	-	-
<b>Total assets</b>		<u>55,837,689</u>	<u>53,030,205</u>	<u>4,975,981</u>	<u>4,852,881</u>

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**Condensed Consolidated Statement of Financial Position as at 30 June 2015**  
**(continued)**

	Note	Group As at		Company As at	
		30.06.2015 RM'000	31.12.2014 RM'000	30.06.2015 RM'000	31.12.2014 RM'000
<b>Liabilities and equity</b>					
Deposits from customers	18	42,967,198	40,678,379	-	-
Investment account	19	23,543	-	-	-
Deposits and placements of banks and other financial institutions	20	37,710	300,000	-	-
Derivative financial liabilities	12	42,926	32,407	-	-
Bills and acceptances payable		219,770	127,524	-	-
Other liabilities	21	769,130	1,195,304	1,044	221,541
Takaful liabilities	22	6,592,085	6,323,577	-	-
Sukuk liabilities	37	1,468,556	1,133,256	1,168,556	1,133,256
Zakat and taxation		54,725	50,498	60	-
<b>Total liabilities</b>		<b>52,175,643</b>	<b>49,840,945</b>	<b>1,169,660</b>	<b>1,354,797</b>
<b>Equity</b>					
Share capital		1,542,210	1,493,506	1,542,210	1,493,506
Reserves		1,868,603	1,455,531	2,264,111	2,004,578
<b>Equity attributable to owners of the Company</b>		<b>3,410,813</b>	<b>2,949,037</b>	<b>3,806,321</b>	<b>3,498,084</b>
Non-controlling interests		251,233	240,223	-	-
<b>Total equity</b>		<b>3,662,046</b>	<b>3,189,260</b>	<b>3,806,321</b>	<b>3,498,084</b>
<b>Total liabilities and equity</b>		<b>55,837,689</b>	<b>53,030,205</b>	<b>4,975,981</b>	<b>4,852,881</b>
<b>Commitments and contingencies</b>	35	12,978,751	12,135,967	-	-
Net assets per share attributable to owners of the Company (RM)		2.21	1.97	2.47	2.34

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**BIMB Holdings Berhad (423858-X)**  
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**Condensed Consolidated Statement of Profit or Loss and Other  
Comprehensive Income for the six months period ended 30 June 2015**

Group	Note	Quarter		Year-to-date	
		3 months ended 30.06.2015	3 months ended 30.06.2014	6 months ended 30.06.2015	6 months ended 30.06.2014
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	24	558,626	501,422	1,100,909	975,061
Income derived from investment of shareholders' funds	25	105,566	102,078	208,114	206,067
Net income from Takaful business	26	150,514	131,097	314,765	280,364
Allowance for impairment on financing and advances	27	(25,515)	(16,590)	(55,968)	(33,222)
Reversal of impairment on investments and other assets		-	816	-	816
Direct expenses		(5,643)	(5,023)	(12,435)	(8,815)
Total distributable income		783,548	713,800	1,555,385	1,420,271
Income attributable to depositors	28	(256,555)	(203,847)	(499,619)	(394,907)
Total net income		526,993	509,953	1,055,766	1,025,364
Personnel expenses	29	(136,852)	(144,462)	(287,557)	(295,943)
Other overhead expenses	30	(159,293)	(141,830)	(299,415)	(294,394)
		230,848	223,661	468,794	435,027
Finance cost		(20,958)	(16,979)	(38,608)	(33,958)
<b>Profit before zakat and tax</b>		209,890	206,682	430,186	401,069
Zakat		(3,239)	(2,753)	(6,454)	(5,348)
Tax expense	42	(60,084)	(56,636)	(123,711)	(111,323)
<b>Profit for the period</b>		146,567	147,293	300,021	284,398
<b>Attributable to:</b>					
Owners of the Company		129,890	129,672	265,589	253,127
Non-controlling interests		16,677	17,621	34,432	31,271
<b>Profit for the period</b>		146,567	147,293	300,021	284,398
Earnings per share (sen)	50	8.42	8.68	17.26	16.95

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**Condensed Consolidated Statement of Profit or Loss and Other  
Comprehensive Income for the six months period ended 30 June 2015  
(continued)**

Group	Quarter		Year-to-date	
	3 months ended	3 months ended	6 months ended	6 months ended
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	146,567	147,293	300,021	284,398
	=====	=====	=====	=====
<b>Other comprehensive income, net of tax</b>				
<b>Items that may be reclassified</b>				
<b>subsequently to profit or loss:</b>				
Currency translation differences				
in respect of foreign operations	(7,753)	2,539	(28,704)	8,313
Fair value reserve:				
Net change in fair value	2,125	2,282	52,841	(22,448)
Net amount transferred to profit or loss	(7,363)	(11,645)	(11,358)	(13,146)
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<b>Other comprehensive income for</b>				
<b>the period, net of tax</b>	(12,991)	(6,824)	12,779	(27,281)
	-----	-----	-----	-----
<b>Total comprehensive income for</b>				
<b>the period</b>	133,576	140,469	312,800	257,117
	=====	=====	=====	=====
<b>Total comprehensive income</b>				
<b>attributable to:</b>				
Owners of the Company	120,368	124,019	279,916	227,443
Non-controlling interests	13,208	16,450	32,884	29,674
	-----	-----	-----	-----
<b>Total comprehensive income</b>				
<b>for the period</b>	133,576	140,469	312,800	257,117
	=====	=====	=====	=====

*The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2014.*

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**Condensed Consolidated Statement of Profit or Loss and Other  
Comprehensive Income for the six months period ended 30 June 2015  
(continued)**

Company	Note	Quarter		Year-to-date	
		3 months ended 30.06.2015	30.06.2014	6 months ended 30.06.2015	30.06.2014
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of shareholders' funds / Total distributable income / Total net income	25	169,251	42,326	170,104	43,563
Personnel expenses	29	(1,454)	(2,506)	(3,313)	(4,020)
Other overhead expenses	30	(1,407)	(670)	(3,517)	(1,397)
		<u>166,390</u>	<u>39,150</u>	<u>163,274</u>	<u>38,146</u>
Finance cost		(17,650)	(16,979)	(35,300)	(33,958)
<b>Profit before zakat and tax</b>		<u>148,740</u>	<u>22,171</u>	<u>127,974</u>	<u>4,188</u>
Tax expense	42	(179)	-	(359)	-
<b>Profit for the period</b>		<u>148,561</u>	<u>22,171</u>	<u>127,615</u>	<u>4,188</u>
<b>Attributable to:</b>					
Owners of the Company		<u>148,561</u>	<u>22,171</u>	<u>127,615</u>	<u>4,188</u>
<b>Profit for the period</b>		<u>148,561</u>	<u>22,171</u>	<u>127,615</u>	<u>4,188</u>

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**Condensed Consolidated Statement of Profit or Loss and Other  
Comprehensive Income for the six months period ended 30 June 2015  
(continued)**

Company	Quarter		Year-to-date	
	3 months ended	3 months ended	6 months ended	6 months ended
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	148,561	22,171	127,615	4,188
	=====	=====	=====	=====
<b>Other comprehensive income, net of tax</b>				
<b>Items that may be reclassified</b>				
<b>subsequently to profit or loss:</b>				
Fair value reserve:				
Net change in fair value	207	127	369	316
Net amount transferred to profit or loss	(338)	(308)	(438)	(405)
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<b>Other comprehensive income for the period, net of tax</b>	(131)	(181)	(69)	(89)
	-----	-----	-----	-----
<b>Total comprehensive income for the period</b>	148,430	21,990	127,546	4,099
	=====	=====	=====	=====
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	148,430	21,990	127,546	4,099
	-----	-----	-----	-----
<b>Total comprehensive income for the period</b>	148,430	21,990	127,546	4,099
	=====	=====	=====	=====

*The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2014.*

**BIMB Holdings Berhad (423858-X)**  
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**Condensed Consolidated Statement of Changes in Equity for the six months period ended 30 June 2015**

Group	← Attributable to owners of the Company →				Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained Earnings RM'000			
<b>At 1 January 2014</b>	1,493,506	1,859,628	(592,405)	49,608	2,810,337	239,603	3,049,940
Profit for the period	-	-	-	253,127	253,127	31,271	284,398
Other comprehensive income							
Currency translation differences in respect of foreign operations	-	-	8,467	-	8,467	(154)	8,313
Fair value reserve:							
Net change in fair value	-	-	(23,366)	-	(23,366)	918	(22,448)
Net amount reclassified to profit or loss	-	-	(10,785)	-	(10,785)	(2,361)	(13,146)
Total comprehensive income for the period	-	-	(25,684)	253,127	227,443	29,674	257,117
Transfer to statutory reserve	-	-	121,043	(121,043)	-	-	-
Dividends to shareholders	-	-	-	(126,948)	(126,948)	-	(126,948)
Dividends to non-controlling interests	-	-	-	-	-	(25,725)	(25,725)
Disposal of interest in subsidiary	-	-	-	552	552	197	749
Share-based payment transactions	-	-	1,472	-	1,472	963	2,435
<b>At 30 June 2014</b>	1,493,506	1,859,628	(495,574)	55,296	2,912,856	244,712	3,157,568

Note 23

*The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2014.*

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**Condensed Consolidated Statement of Changes in Equity for the six months period ended 30 June 2015 (continued)**

Group	← Attributable to owners of the Company →				Total	Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves	Retained Earnings/ (Accumulated Losses)			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2015</b>	1,493,506	1,859,628	(386,831)	(17,266)	2,949,037	240,223	3,189,260
Profit for the period	-	-	-	265,589	265,589	34,432	300,021
Other comprehensive income							
Currency translation differences in respect of foreign operations	-	-	(29,242)	-	(29,242)	538	(28,704)
Fair value reserve:							
Net change in fair value	-	-	53,546	-	53,546	(705)	52,841
Net amount reclassified to profit or loss	-	-	(9,977)	-	(9,977)	(1,381)	(11,358)
Total comprehensive income for the period	-	-	14,327	265,589	279,916	32,884	312,800
Transfer to statutory reserve	-	-	123,660	(123,660)	-	-	-
Dividends to non-controlling interest	-	-	-	-	-	(22,644)	(22,644)
Dividend reinvestment plan	48,704	131,987	-	-	180,691	-	180,691
Share-based payment transactions	-	-	1,169	-	1,169	770	1,939
<b>At 30 June 2015</b>	1,542,210	1,991,615	(247,675)	124,663	3,410,813	251,233	3,662,046

Note 23

*The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2014.*



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**Condensed Consolidated Statement of Changes in Equity for the six months period ended 30 June 2015 (continued)**

Company	← Attributable to owners of the Company →					Total equity RM'000
	Share capital RM'000	Share premium RM'000	Warrant reserves RM'000	Fair value reserves RM'000	Retained earnings RM'000	
<b>At 1 January 2014</b>	1,493,506	1,859,628	129,300	(45)	235,004	3,717,393
Profit for the year	-	-	-	-	4,188	4,188
Other comprehensive income						
Fair value reserve:						
Net change in fair value	-	-	-	316	-	316
Net amount reclassified to profit or loss	-	-	-	(405)	-	(405)
Total comprehensive income for the year	-	-	-	(89)	4,188	4,099
Dividends paid on ordinary shares	-	-	-	-	(126,948)	(126,948)
<b>At 30 June 2014</b>	1,493,506	1,859,628	129,300	(134)	112,244	3,594,544
<b>At 1 January 2015</b>	1,493,506	1,859,628	129,300	51	15,599	3,498,084
Profit for the period	-	-	-	-	127,615	127,615
Other comprehensive income						
Fair value reserve:						
Net change in fair value	-	-	-	369	-	369
Net amount reclassified to profit or loss	-	-	-	(438)	-	(438)
Total comprehensive income for the period	-	-	-	(69)	127,615	127,546
Transfer to statutory reserve	-	-	123,660	-	(123,660)	-
Issue of shares pursuant to Dividend Reinvestment Plan	48,704	131,987	-	-	-	180,691
<b>At 30 June 2015</b>	1,542,210	1,991,615	252,960	(18)	19,554	3,806,321

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**BIMB Holdings Berhad (423858-X)**  
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**Condensed Consolidated Statement of Cash Flows for the six months  
period ended 30 June 2015**

	<b>Group</b>		<b>Company</b>	
	<b>6 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2015</b>	<b>30.06.2014</b>	<b>30.06.2015</b>	<b>30.06.2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>				
Profit before zakat and tax	430,186	401,069	127,974	4,188
Adjustments for:				
Depreciation of property and equipment	38,280	29,451	344	338
Depreciation of investment property	139	156	-	-
Reversal of allowance for doubtful debts	(52)	-	-	-
Collective assessment allowance	96,019	78,667	-	-
Individual assessment allowance	24,454	11,832	-	-
Reversal of impairment on other assets	-	(710)	-	-
Reversal of impairment loss on securities held to maturity	-	(106)	-	-
Dividends from securities	(2,304)	(3,064)	(438)	(405)
Dividends from subsidiaries	-	-	(167,803)	(40,402)
Net loss on disposal of property, plant and equipment	426	1,253	-	-
Net (gain)/loss on sale of financial assets held-for-trading	(3,325)	2,761	-	-
Net (gain)/loss on sale of financial assets available-for-sale	(8,117)	(6,996)	-	-
Fair value gain on financial assets held-for-trading	(1,426)	(3,736)	-	-
Equity settled share-based payment	1,939	-	-	-
Net derivative losses	3,104	2,301	-	-
Gain on disposal of investment in subsidiary	-	-	-	(690)
Gain on disposal of an associate company	(247)	-	(247)	-
Finance cost	38,608	33,958	35,300	33,958
<b>Operating profit/(loss) before working capital changes</b>	<b>617,684</b>	<b>546,836</b>	<b>(4,870)</b>	<b>(3,013)</b>

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**Condensed Consolidated Statement of Cash Flows for the six months period ended 30 June 2015 (continued)**

	<b>Group</b>		<b>Company</b>	
	<b>6 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2015</b>	<b>30.06.2014</b>	<b>30.06.2015</b>	<b>30.06.2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Operating profit/(loss) before working capital changes	617,684	546,836	(4,870)	(3,013)
Changes in working capital:				
Deposits and placements of banks and other financial institutions	(262,290)	(927,705)	-	-
Financing of customers	(1,705,529)	(2,607,823)	-	-
Statutory deposits with Bank Negara Malaysia	(56,740)	(900)	-	-
Other assets	61,290	(224,668)	39	(1,891)
Deposits from customers	2,288,819	1,069,277	-	-
Investment account	23,543	-	-	-
Other liabilities	63,900	210,168	(1,389)	(6,372)
Bills payable	92,246	(51,484)	-	-
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Cash generated (used in)/from operations	1,122,923	(1,986,299)	(6,220)	(11,276)
Zakat paid	(12,963)	-	-	-
Tax paid	(113,994)	(110,247)	(299)	-
Tax refund	474	-	428	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net cash generated (used in)/from operating activities</b>	<b>996,440</b>	<b>(2,096,546)</b>	<b>(6,091)</b>	<b>(11,276)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash flows from investing activities</b>				
Net proceeds from disposal of securities	(421,283)	1,187,872	-	-
Purchase of property, plant and equipment	(47,927)	(27,593)	-	(45)
Proceeds from disposal of property and equipment	651	-	-	-
Additional investment in subsidiary company	-	-	(66,117)	-
Dividend from subsidiaries	-	-	167,803	40,402
Dividend from securities	2,304	3,064	438	405
Proceeds from disposal of investment in subsidiary	-	749	-	-
Disposal of an associate company	247	-	247	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net cash generated from/(used in) investing activities</b>	<b>(466,008)</b>	<b>1,164,092</b>	<b>102,371</b>	<b>40,762</b>
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**BIMB Holdings Berhad (423858-X)**  
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**Condensed Consolidated Statement of Cash Flows for the six months  
period ended 30 June 2015 (continued)**

	<b>Group</b>		<b>Company</b>	
	<b>6 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2015</b>	<b>30.06.2014</b>	<b>30.06.2015</b>	<b>30.06.2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from financing activities</b>				
Subordinated Sukuk Murabahah	300,000	-	-	-
Dividends paid by holding company	(219,545)	(126,948)	(219,545)	(126,948)
Dividends paid to non-controlling interest	(22,644)	(25,725)	-	-
Proceeds from share issuance of ordinary shares pursuant to Dividend Reinvestment Plan	180,691	-	180,691	-
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<b>Net cash (used in)/generated from financing activities</b>	<b>238,502</b>	<b>(152,673)</b>	<b>(38,854)</b>	<b>(126,948)</b>
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<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>768,934</b>	<b>(1,085,127)</b>	<b>57,426</b>	<b>(97,462)</b>
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<b>Cash and cash equivalents at beginning of the period</b>	<b>4,619,496</b>	<b>4,655,198</b>	<b>123,566</b>	<b>149,559</b>
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<b>Foreign exchange differences</b>	<b>(28,862)</b>	<b>8,313</b>	<b>-</b>	<b>-</b>
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<b>Cash and cash equivalents at end of the period</b>	<b>5,359,568</b>	<b>3,578,384</b>	<b>180,992</b>	<b>52,097</b>
	=====	=====	=====	=====
Cash and cash equivalents comprise:				
Cash and short-term funds	4,328,867	2,629,198	180,992	52,097
Deposits and placements with financial institutions	1,030,701	949,186	-	-
	-----	-----	-----	-----
	<b>5,359,568</b>	<b>3,578,384</b>	<b>180,992</b>	<b>52,097</b>
	=====	=====	=====	=====

*The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2014.*

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**Explanatory Notes to the Unaudited Interim Financial Statements  
for the six months period ended 30 June 2015**

**1. Basis of preparation**

BIMB Holdings Berhad ("BHB") is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The condensed consolidated financial statements of the Group as at and for the six months ended 30 June 2015 comprise that of the Company and its subsidiaries (together referred to as the Group).

These condensed consolidated interim financial statements were approved for issue by the Board of Directors.

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, Interim Financial Reporting in Malaysia and with IAS 134, Interim Financial Reporting and Financial Reporting for Islamic Banking Institution policy issued by Bank Negara Malaysia ("BNM"). They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the financial year ended 31 December 2014.

The audited consolidated financial statements of the Group as at and for the financial year ended 31 December 2014, which were prepared in accordance with the applicable Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS), the provisions of Companies Act 1965 and Shariah requirements, are available upon request from the Company's registered office at Level 31, Menara Bank Islam, 22 Jalan Perak, 50450 Kuala Lumpur.

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**1. Basis of preparation (continued)**

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the recent audited financial statements for the financial year ended 31 December 2014, except for the adoption of the following Malaysian Financial Reporting Standards (“MFRS”) and amendments to MFRSs:

***MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 July 2014***

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*

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**1. Basis of preparation (continued)**

The following MFRSs and IC Interpretations have been issued by the MASB and are not yet effective for the Group and the Company:

***MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2016***

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

***MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2017***

- MFRS 15, *Revenue from Contracts with Customers*

***MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2018***

- MFRS 9, *Financial Instruments (2014)*

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**1. Basis of preparation (continued)**

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for Amendments to MFRS 11 and MFRS 14 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Group and of the Company except as mentioned below:

***MFRS 15, Revenue from Contracts with Customers***

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

***MFRS 9, Financial Instruments***

MFRS 9 replaces the guidance MFRS 139, *Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets*. MFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from MFRS 139.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 9.



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**2. Audit report of preceding financial year ended 31 December 2014**

The audited report on the financial statements of the preceding financial year ended 31 December 2014 did not contain any qualification.

**3. Seasonality and cyclicity of operations**

The operations of the Group were not subject to material seasonal or cyclical effects for the six months ended 30 June 2015.

**4. Exceptional or unusual items**

There were no items of an exceptional or unusual nature that may affect the assets, liabilities, equity, net income or cash flows of the Group for the six months ended 30 June 2015.

**5. Changes in estimates of amounts reported previously**

There were no material changes in estimates of amounts reported in the prior financial year that may have a material effect to the financial statements for the six months ended 30 June 2015.

**6. Issuance or repayment of debt and equity securities**

On 13 January 2015, the Company increased its issued and paid-up capital from RM1,493,505,934 to RM 1,542,209,734 via the issuance of 48,703,800 new ordinary shares of RM1.00 each at a consideration of RM3.71 each arising from the Dividend Reinvestment Plan.

**7. Dividend paid**

On 13 January 2015, the Company had paid an interim dividend of approximately 14.70 sen per ordinary share totalling RM219,545,372 in respect of the financial year ended 31 December 2014. From the total dividend amount, approximately 18% was distributed as cash dividend whilst the remaining 82% was reinvested to subscribe for 48,703,800 new ordinary shares of RM1.00 at RM3.71 each via the Dividend Reinvestment Plan.

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**8. Significant events during the six months ended 30 June 2015**

- **Corporate proposal**

On 10 February 2015, RHB Investment Bank Berhad (“RHB Investment Bank”) had, on behalf of the Board of Directors of Takaful Malaysia (“Board”), announced that Takaful Malaysia proposes to undertake the following:

- (i) share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each in Takaful Malaysia held by the entitled shareholders of Takaful Malaysia on an entitlement date to be determined later (“Entitlement Date”) into five (5) ordinary shares of RM0.20 each in Takaful Malaysia (“Subdivided Share(s)”) (“Share Split”); and
- (ii) amendments to the Memorandum and Articles of Association of Takaful Malaysia (“Amendments”).

The Share Split and Amendments are collectively referred to as the “Corporate Exercises”.

On 5 March 2015, RHB Investment Bank had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 4 March 2015, approved the Share Split and the listing of and quotation for the Subdivided Shares on the Main Market of Bursa Securities.

On 12 May 2015, the shareholders of Takaful Malaysia approved the Corporate Exercises at the Extraordinary General Meeting of the Company held on even date.

On 13 May 2015, RHB Investment Bank had, on behalf of the Board, announced that the Entitlement Date has been fixed at 5.00 p.m. on 27 May 2015.

On 28 May 2015, the announcement on the completion of the share split was made to Bursa Malaysia Securities Berhad.

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**8. Significant events during the six months ended 30 June 2015**  
**(continued)**

- **Subordinated Sukuk Murabahah**

Bank Islam issued the Tranche 1 of the Subordinated Sukuk Murabahah (“the Sukuk”) of RM300 million on 22 April 2015. The Sukuk is part of the Tier-2 Sukuk programme which was approved by the Securities Commission on 7 October 2014. Under the programme, the Bank is allowed to raise Tier-2 capital of up to RM1.0 billion in nominal value outstanding at any one time.

The Sukuk is due on 22 April 2025, with optional redemption on 22 April 2020 or any periodic payment date thereafter. The Sukuk bears a profit rate of 5.75% per annum payable semi-annually in arrears.

The RM300 million Sukuk qualify as Tier-2 capital for the purpose of the Risk Weighted Capital Ratio (“RWCR”) computation.

- **Dividends received**

On 25 May 2015, Takaful Malaysia paid the final single tier dividend totalling RM34.409 million for the financial year ended 31 December 2014.

On 30 June 2015, Bank Islam also distributed the final single tier dividend of 5.75 sen per ordinary share amounting to RM133.395 million for the financial year ended 31 December 2014. 50% of the final dividend amounting to RM67.278 million was in the form of cash dividend and the remaining 50% of the dividend, that is, RM66.117 million was reinvested for acquisition of 22,799,000 new ordinary shares of Bank Islam at RM2.90 per ordinary share under the Dividend Reinvestment Plan (DRP).

- **Investment in associates**

BIMB Holdings Berhad’s investment in Islamic Banking and Finance Institute Malaysia Sdn Bhd was zeroed pursuant to the voluntary winding-up. On 31 May 2015, BHB received full and final payment amounting to RM247,441.

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**9. Cash and short-term funds**

	<b>30.06.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
Cash and balances with banks and other financial institutions	714,772	796,588
Money at call and interbank placements with remaining maturity not exceeding one month	3,614,095	3,101,584
	<u>4,328,867</u>	<u>3,898,172</u>
	=====	=====
<b>Company</b>		
Cash and balances with banks and other financial institutions	180,992	123,566
	<u>180,992</u>	<u>123,566</u>
	=====	=====

**10. Deposits and placements with financial institutions**

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	1,022,839	715,238
Other financial institutions	7,862	6,086
	<u>1,030,701</u>	<u>721,324</u>
	=====	=====

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**11. Financial assets held-for-trading**

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value:</b>		
<i>Quoted securities in Malaysia</i>		
- Shares	66,800	61,635
- Unit trusts	5,165	5,090
<i>Quoted securities outside Malaysia</i>		
- Shares	72,290	43,594
- Unit trusts	4,093	22,943
	<u>148,348</u>	<u>133,262</u>
	-----	-----
<i>Unquoted securities in Malaysia</i>		
- Malaysian Government Investment Issues	193,164	50,767
- Bank Negara Negotiable Notes	-	394,808
- Islamic Debt Securities	290,423	205,492
- Negotiable Islamic Debt Certificates	99,914	279,628
<i>Unquoted securities outside Malaysia</i>		
- Islamic Debt Securities	90,214	101,633
	<u>673,715</u>	<u>1,032,328</u>
	-----	-----
	<u>822,063</u>	<u>1,165,590</u>
	=====	=====

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**12. Derivative financial assets/liabilities**

The following tables summarise the contractual or underlying principal amounts of derivative financial instruments held at fair value through profit or loss and hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at financial position date, and do not represent amounts at risk.

Trading derivative financial instruments are revalued on a gross position and the unrealised gains or losses are reflected as derivative financial assets and liabilities respectively.

<b>Group</b>	<b>Notional Amount RM'000</b>	<b>Fair value</b>	
		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
<b>30.06.2015</b>			
Forward contracts	2,815,478	38,914	(39,765)
Profit rate swaps	875,303	11,686	(3,161)
Structured deposits	-	-	-
	<hr/>	<hr/>	<hr/>
	3,690,781	50,600	(42,926)
	<hr/>	<hr/>	<hr/>
<b>31.12.2014</b>			
Forward contracts	1,840,778	45,508	(28,798)
Profit rate swaps	1,187,694	17,018	(3,594)
Structured deposits	106,680	15	(15)
	<hr/>	<hr/>	<hr/>
	3,135,152	62,541	(32,407)
	<hr/>	<hr/>	<hr/>

**BIMB Holdings Berhad (423858-X)**  
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**13. Financial assets available-for-sale**

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<i>Quoted securities in Malaysia</i>		
- Unit trusts	226,257	208,161
- Shares	604,836	428,420
<i>Quoted securities outside Malaysia</i>		
- Unit trusts	75,921	82,902
- Shares	9,167	14,747
- Islamic Debt Securities	586	1,173
	916,767	735,403
	-----	-----
<b>At fair value</b>		
<i>Unquoted securities in Malaysia</i>		
- Malaysian Government Islamic Papers	164,363	241,466
- Malaysian Government Investment Issues	2,825,203	1,202,058
- Islamic Debt Securities	10,481,992	11,452,570
- Shares	380	380
- Unit trusts	149,001	149,313
<i>Unquoted securities outside Malaysia</i>		
- Shares	38	38
- Islamic Debt Securities	-	1,405
- Islamic Development Bank Unit Trusts	1,647	1,647
	13,622,624	13,048,877
	-----	-----
<b>At cost</b>		
<i>Unquoted securities in Malaysia</i>		
- Unquoted shares in Malaysia	26,146	24,450
Less: Accumulated impairment loss*	(16,970)	(15,734)
	9,176	8,716
	-----	-----
<i>Unquoted securities outside Malaysia</i>		
- Unquoted shares outside Malaysia	22,893	22,893
	22,893	22,893
	-----	-----
	14,571,460	13,815,889
	=====	=====

\* Movement in accumulated impairment loss is due to translation difference.

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**13. Financial assets available-for-sale (continued)**

	<b>Company</b>	
	<b>30.06.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<i>Quoted securities in Malaysia</i>		
- Unit trusts	18,928	18,559
	=====	=====

**14. Financial assets held-to-maturity**

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Unquoted securities in Malaysia</i>		
- Malaysian Government Islamic Papers	145,217	145,276
- Islamic Debt Securities	432,031	387,306
Less: Accumulated impairment loss	(7,019)	(7,019)
<i>Unquoted securities outside Malaysia</i>		
- Islamic Debt Securities	42,704	21,695
	-----	-----
	612,933	547,258
	=====	=====





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**15. Financing, advances and others (continued)**

**(a) By type and Shariah contract (continued)**

<b>Group</b>	<b>Bai'</b>		<b>Bai</b>		<b>Ijarah</b>	<b>Ijarah</b>			<b>Total</b>
<b>31 December 2014</b>	<b>Bithaman</b>	<b>Murabahah</b>	<b>Al-Inah</b>	<b>At-Tawarruq</b>	<b>Muntahiah</b>	<b>Thumma</b>	<b>Istisna'</b>	<b>Ar-Rahnu</b>	<b>RM'000</b>
	<b>Ajil</b>				<b>Bit-Tamleek</b>	<b>Al-Bai</b>			
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>									
Cash line	-	-	133,369	711,351	-	-	-	-	844,720
Term financing									
House financing	5,205,901	-	-	3,869,009	-	-	66,730	-	9,141,640
Syndicated financing	19,841	-	180,731	998,462	-	148,543	-	-	1,347,577
Leasing financing	-	-	-	-	64,141	5,030	-	-	69,171
Bridging financing	-	-	-	-	-	-	72,533	-	72,533
Personal financing	-	-	372,209	9,234,012	-	-	-	-	9,606,221
Other term financing	3,137,330	403,814	21,576	3,717,813	-	-	1,822	-	7,282,355
Staff financing	111,203	-	69	44,610	-	-	18,466	-	174,348
Credit cards	-	-	89,635	346,003	-	-	-	-	435,638
Trade bills discounted	-	1,013,823	-	-	-	-	-	-	1,013,823
Trust receipts	-	33,398	-	-	-	-	-	-	33,398
Pawn broking	-	-	-	-	-	-	-	90,288	90,288
	<u>8,474,275</u>	<u>1,451,035</u>	<u>797,589</u>	<u>18,921,260</u>	<u>64,141</u>	<u>153,573</u>	<u>159,551</u>	<u>90,288</u>	<u>30,111,712</u>
Allowance for impaired financing, advances and others									
- collective assessment allowance									(444,388)
- individual assessment allowance									(142,753)
Net financing, advances and others									<u>29,524,571</u>

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**15. Financing, advances and others (continued)**

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(b) By type of customer</b>		
Domestic non-bank financial institutions	506,621	471,181
Domestic business enterprise	5,738,771	5,884,575
Small medium industries	725,349	658,763
Government and statutory bodies	318,508	292,201
Individuals	23,894,612	22,336,404
Other domestic entities	7,791	8,230
Foreign entities	544,553	460,358
	<hr/>	<hr/>
	31,736,205	30,111,712
	=====	=====
<b>(c) By profit rate sensitivity</b>		
Fixed rate		
House financing	1,688,618	1,563,643
Others	5,905,194	7,553,928
Floating rate		
Others	24,142,393	20,994,141
	<hr/>	<hr/>
	31,736,205	30,111,712
	=====	=====
<b>(d) By remaining contractual maturity</b>		
Maturity within one year	2,960,832	3,147,023
More than one year to three years	1,188,773	992,088
More than three years to five years	1,683,111	1,468,082
More than five years	25,903,489	24,504,519
	<hr/>	<hr/>
	31,736,205	30,111,712
	=====	=====
<b>(e) By geographical distribution</b>		
Central Region	14,270,653	13,567,565
Eastern Region	5,452,831	5,037,536
Northern Region	4,984,703	4,722,950
Southern Region	4,410,703	4,411,954
East Malaysia Region	2,617,315	2,371,707
	<hr/>	<hr/>
	31,736,205	30,111,712
	=====	=====

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**15. Financing, advances and others (continued)**

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(f) By sector</b>		
Primary agriculture	388,850	331,524
Mining and quarrying	22,632	20,481
Manufacturing (including agro-based)	998,632	1,011,749
Electricity, gas and water	621,832	549,284
Wholesale & retail trade, and hotels & restaurants	1,128,779	879,627
Construction	1,973,571	2,316,754
Real estate	877,036	693,563
Transport, storage and communications	329,184	563,955
Finance, insurance and business activities	968,306	924,120
Education, health and others	529,344	483,863
Household sectors	23,898,039	22,336,792
	<u>31,736,205</u>	<u>30,111,712</u>
	=====	=====
<b>(g) Movement in impaired financing and advances (“impaired financing”) are as follows:</b>		
At 1 January 2015/ 2014	344,539	285,302
Classified as impaired during the year	266,464	438,837
Reclassified as not impaired during the year	(89,387)	(194,739)
Amount recovered	(64,553)	(72,983)
Amount written off	(85,689)	(115,145)
Exchange differences	4,028	3,267
	<u>375,402</u>	<u>344,539</u>
	=====	=====
Gross impaired financing as a percentage of gross financing, advances and others	1.18%	1.14%
	=====	=====

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**15. Financing, advances and others (continued)**

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(h) Impaired financing by geographical distribution</b>		
Central Region	160,307	148,240
Eastern Region	45,347	44,509
Northern Region	39,395	30,618
Southern Region	27,965	13,307
East Malaysia Region	102,388	107,865
	<hr/>	<hr/>
	375,402	344,539
	=====	=====
<b>(i) Impaired financing by sector</b>		
Primary agriculture	6,542	1,854
Mining & quarrying	121	-
Manufacturing (including agro-based)	6,561	7,669
Electricity, gas and water	-	54
Wholesale & retail trade, and hotels & restaurants	17,063	14,732
Construction	50,260	72,192
Transport, storage and communications	45,047	42,689
Finance, insurance and business activities	63,478	60,258
Education, health and others	3,364	590
Household sectors	182,966	144,501
	<hr/>	<hr/>
	375,402	344,539
	=====	=====
<b>(j) Movement of allowance for impaired financing</b>		
<u>Collective assessment allowance</u>		
At 1 January 2015/ 2014	444,388	365,375
Allowance made during the year	96,019	162,878
Amount written off	(48,634)	(84,416)
Exchange differences	816	551
	<hr/>	<hr/>
At 30 June 2015/ 31 December 2014	492,589	444,388
	=====	=====

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**15. Financing, advances and others (continued)**

(j) **Movement of allowance for impaired financing (continued)**

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Individual assessment allowance</u>		
At 1 January 2015/ 2014	142,753	136,197
Allowance made during the year	24,454	34,055
Amount written off	(37,055)	(30,802)
Exchange differences	3,837	3,303
	<hr/>	<hr/>
At 30 June 2015/ 31 December 2014	133,989	142,753
	<hr/> <hr/>	<hr/> <hr/>

**16. Other assets**

	<b>30.06.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
Clients' and dealers' debit balances	84,474	179,229
Deposits and prepayments	42,909	42,781
Other financing	86,262	78,290
Other receivables	136,670	280,685
	<hr/>	<hr/>
	350,315	580,985
	<hr/> <hr/>	<hr/> <hr/>
<b>Company</b>		
Amount due from subsidiaries	822	281
Deposits and prepayments	328	436
Income receivable	-	472
	<hr/>	<hr/>
	1,150	1,189
	<hr/> <hr/>	<hr/> <hr/>

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**17. Takaful assets**

		<b>Group</b>	
	<b>Note</b>	<b>30.06.2015</b>	<b>31.12.2014</b>
		<b>RM'000</b>	<b>RM'000</b>
Retakaful assets:			
- Claims liabilities	22(a)(i)	446,834	405,867
- Contribution liabilities	22(a)(ii)	49,898	69,949
- Actuarial liabilities	22(a)(iii)	230,539	206,644
		<hr/>	<hr/>
		727,271	682,460
		-----	-----
Takaful receivables			
- Due contributions		232,250	95,074
- Due from retakaful/co-takaful		40,720	38,004
		<hr/>	<hr/>
		272,970	133,078
Less: Allowance for impaired receivables		(7,143)	(4,487)
		<hr/>	<hr/>
		265,827	128,591
		-----	-----
		993,098	811,051
		=====	=====

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**18. Deposits from customers**

(a) **By type of deposit**

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Savings deposits</b>	5,361,830	5,091,650
<i>Wadiah</i>	3,362,159	3,052,428
<i>Mudharabah</i>	1,999,671	2,039,222
<b>Demand deposits</b>		
<i>Wadiah</i>	9,154,405	10,470,568
<b>Term Deposit</b>	28,359,400	25,029,432
Special Investment Accounts		
<i>Mudharabah</i>	40,356	4,755,488
General Investment Accounts		
<i>Mudharabah</i>	565,398	919,816
Term & Special term deposit-i		
<i>Tawarruq</i>	25,413,934	17,895,591
Negotiable Islamic Debt Certificates (NIDC)		
Waheed-i	2,322,094	1,229,025
Ziyad	17,618	134,453
	-	95,059
<b>Others</b>	91,563	86,729
<b>Total Deposits</b>	<u>42,967,198</u>	<u>40,678,379</u>
	=====	=====

(b) **Maturity structure of term deposits are as follows:**

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Due within six months	23,082,340	21,933,815
More than six months to one year	4,808,378	2,834,535
More than one year to three years	430,372	224,132
More than three years to five years	38,310	36,950
	<u>28,359,400</u>	<u>25,029,432</u>
	=====	=====



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**18. Deposits from customers (continued)**

<b>(c) By type of customer</b>		
Government and statutory bodies	9,908,908	7,022,205
Business enterprises	8,818,524	9,638,052
Individuals	5,947,018	5,565,494
Others	18,292,748	18,452,628
	<u>42,967,198</u>	<u>40,678,379</u>
	=====	=====

**19. Investment account**

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2015 / 2014	-	-
New placement during the year	23,543	-
	<u>23,543</u>	<u>-</u>
	=====	=====
Investment portfolio:		
House financing	23,543	-
	<u>23,543</u>	<u>-</u>
	=====	=====

Bank Islam launched its Investment Accounts on 1 June 2015 under the Mudharabah and Wakalah concept.

**20. Deposits and placements of banks and other financial institutions**

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Mudharabah fund</b>		
Licensed banks	-	280,000
Other financial institutions	37,710	20,000
	<u>37,710</u>	<u>300,000</u>
	=====	=====

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**21. Other liabilities**

	<b>30.06.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
Accruals and other payables	685,208	805,461
Clients' and dealers' credit balances	83,922	170,298
Dividend payable	-	219,545
	<u>769,130</u>	<u>1,195,304</u>
	=====	=====
<b>Company</b>		
Accruals and other payables	1,044	1,944
Amount due to subsidiaries	-	52
Dividend payable	-	219,545
	<u>1,044</u>	<u>221,541</u>
	=====	=====

The amount due to subsidiaries is non-trade, unsecured, not subject to financing charge and repayable on demand.

**22. Takaful liabilities**

		<b>Group</b>	
	<b>Note</b>	<b>30.06.2015</b>	<b>31.12.2014</b>
		<b>RM'000</b>	<b>RM'000</b>
Takaful contract liabilities	22(a)	6,368,658	6,120,133
Expense reserves	22(b)	140,864	142,127
Takaful payables	22(c)	82,563	61,317
		<u>6,592,085</u>	<u>6,323,577</u>
		=====	=====

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**22. Takaful liabilities (continued)**

**(a) Takaful contract liabilities**

The takaful contract liabilities comprise the following:

		<b>Group</b>	
	<b>Note</b>	<b>30.06.2015</b>	<b>31.12.2014</b>
		<b>RM'000</b>	<b>RM'000</b>
Provision for outstanding claims	22(a)(i)	859,852	808,491
Provision for unearned contributions	22(a)(ii)	289,236	290,899
Participants' fund	22(a)(iii)	5,219,570	5,020,743
		<u>6,368,658</u>	<u>6,120,133</u>
		=====	=====

**(i) Provision for outstanding claims**

The provision for outstanding claims is further analysed as follows:

		<b>30.06.2015</b>		
		<b>Gross</b>	<b>Retakaful</b>	<b>Net</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
Provision for claims reported by participants	436,668	(307,681)	128,987	
Provision for IBNR*	423,184	(139,153)	284,031	
		<u>859,852</u>	<u>(446,834)</u>	<u>413,018</u>
		=====	=====	=====

Note 17

		<b>31.12.2014</b>		
		<b>Gross</b>	<b>Retakaful</b>	<b>Net</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
Provision for claims reported by participants	408,946	(262,975)	145,971	
Provision for IBNR*	399,545	(142,892)	256,653	
		<u>808,491</u>	<u>(405,867)</u>	<u>402,624</u>
		=====	=====	=====

Note 17

\* Incurred-but-not-reported ("IBNR")

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**22. Takaful liabilities (continued)**

**(a) Takaful contract liabilities (continued)**

**(i) Provision for outstanding claims (continued)**

Movement of provision for outstanding claims:

	<b>Gross RM'000</b>	<b>Group Retakaful RM'000</b>	<b>Net RM'000</b>
<b>At 1 January 2014</b>	861,274	(407,393)	453,881
Claims incurred during the year	730,580	(90,633)	639,947
Claims paid during the year	(796,785)	121,754	(675,031)
Increase in IBNR	10,938	(29,024)	(18,086)
Effect of movement in exchange rates	2,484	(571)	1,913
	-----	-----	-----
<b>At 31 December 2014/ 1 January 2015</b>	808,491	(405,867)	402,624
Claims incurred during the year	484,283	(128,566)	355,717
Claims paid during the year	(457,837)	83,945	(373,892)
Increase in IBNR	22,805	3,747	26,552
Effect of movement in exchange rates	2,110	(93)	2,017
	-----	-----	-----
<b>At 30 June 2015</b>	859,852	(446,834)	413,018
	=====	=====	=====

**BIMB Holdings Berhad (423858-X)**  
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**22. Takaful liabilities (continued)**

**(a) Takaful contract liabilities (continued)**

**(ii) Provision for unearned contributions**

The provision for unearned contributions is further analysed as follows:

	<b>Gross RM'000</b>	<b>Group Retakaful RM'000</b>	<b>Net RM'000</b>
30.06.2015	289,236 =====	(49,898) =====	239,338 =====
		Note 17	
31.12.2014	290,899 =====	(69,949) =====	220,950 =====
		Note 17	

Movement of provision for unearned contributions:

	<b>Gross RM'000</b>	<b>Group Retakaful RM'000</b>	<b>Net RM'000</b>
<b>At 1 January 2014</b>	296,425	(80,200)	216,225
Contributions written during the year	451,319	(170,096)	281,223
Contributions earned during the year	(457,441)	180,457	(276,984)
Effect of movement in exchange rates	596	(110)	486
	-----	-----	-----
<b>At 31 December 2014/ 1 January 2015</b>	290,899	(69,949)	220,950
Contributions written during the year	247,120	(89,863)	157,257
Contributions earned during the year	(248,907)	109,933	(138,974)
Effect of movement in exchange rates	124	(19)	105
	-----	-----	-----
<b>At 30 June 2015</b>	289,236 =====	(49,898) =====	239,338 =====

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**22. Takaful liabilities (continued)**

**(a) Takaful contract liabilities (continued)**

**(iii) Participants' fund**

Participants' fund balance at end of the reporting period comprises the following:

	<b>Gross</b>	<b>Group</b>	<b>Net</b>
	<b>RM'000</b>	<b>Retakaful</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>30.06.2015</b>			
Actuarial liabilities	4,280,449	(230,539)	4,049,910
Unallocated surplus/accumulated surplus	872,885	-	872,885
AFS reserve	(87,103)	-	(87,103)
Translation reserve	869	-	869
Net assets value attributable to unitholders	152,470	-	152,470
	<u>5,219,570</u>	<u>(230,539)</u>	<u>4,989,031</u>
	=====	=====	=====
		Note 17	
<b>31.12.2014</b>			
Actuarial liabilities	4,022,862	(206,644)	3,816,218
Unallocated surplus/accumulated surplus	923,020	-	923,020
AFS reserve	(68,235)	-	(68,235)
Translation reserve	999	-	999
Net assets value attributable to unitholders	142,097	-	142,097
	<u>5,020,743</u>	<u>(206,644)</u>	<u>4,814,099</u>
	=====	=====	=====
		Note 17	

**(b) Expense reserves**

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2015/ 2014	142,127	131,522
Provision for the year, net	(1,308)	10,415
Effect of movement in exchange rates	45	190
	<u>140,864</u>	<u>142,127</u>
	=====	=====

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**22. Takaful liabilities (continued)**

(c) Takaful payables

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Due to retakaful companies	53,774	46,409
Due to Intermediaries/Participants	28,789	14,908
	<u>82,563</u>	<u>61,317</u>
	=====	=====

**23. Other reserves**

Breakdown of share premium and reserves are as follows:

	<b>Group</b>	
	<b>30.06.2015</b>	<b>30.06.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Capital reserve	6,863	6,863
Warrant reserve	129,300	129,300
Statutory reserve	862,266	605,132
Acquisition reserve	(1,199,747)	(1,199,747)
Fair value reserve	18,900	(29,904)
Translation reserve	(69,525)	(9,910)
LTIP reserve	4,268	2,692
	<u>(247,675)</u>	<u>(495,574)</u>
	=====	=====

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**23. Other reserves (continued)**

<b>Group</b>	<b>Capital reserve RM'000</b>	<b>Statutory reserve RM'000</b>	<b>Warrant reserve RM'000</b>	<b>Acquisition Reserve RM'000</b>	<b>Fair value reserve RM'000</b>	<b>Translation reserve RM'000</b>	<b>LTIP* reserve RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2014</b>	6,863	484,089	129,300	(1,199,747)	4,247	(18,377)	1,220	(592,405)
Foreign exchange translation differences	-	-	-	-	-	8,467	-	8,467
Fair value reserve:								
Net change in fair value	-	-	-	-	(23,366)	-	-	(23,366)
Net amount reclassified to profit or loss	-	-	-	-	(10,785)	-	-	(10,785)
Transfer from current year profit	-	121,043	-	-	-	-	-	121,043
Share-based payment transactions	-	-	-	-	-	-	1,472	1,472
<b>At 30 June 2014</b>	6,863	605,132	129,300	(1,199,747)	(29,904)	(9,910)	2,692	(495,574)
<b>At 1 January 2015</b>	6,863	738,606	129,300	(1,199,747)	(24,669)	(40,283)	3,099	(386,831)
Foreign exchange translation differences	-	-	-	-	-	(29,242)	-	(29,242)
Fair value reserve:								
Net change in fair value	-	-	-	-	53,546	-	-	53,546
Net amount reclassified to profit or loss	-	-	-	-	(9,977)	-	-	(9,977)
Transfer from current year profit	-	123,660	-	-	-	-	-	123,660
Share-based payment transactions	-	-	-	-	-	-	1,169	1,169
<b>At 30 June 2015</b>	6,863	862,266	129,300	(1,199,747)	18,900	(69,525)	4,268	(247,675)

\* Long Term Incentive Plan



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**24. Income derived from investment of depositors' funds**

<b>Group</b>	<b>Quarter</b>		<b>Year-to-date</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2015</b>	<b>30.06.2014</b>	<b>30.06.2015</b>	<b>30.06.2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of:				
(i) General investment deposits	24,277	29,031	50,707	57,514
(ii) Other deposits	534,349	472,391	1,050,202	917,547
	<u>558,626</u>	<u>501,422</u>	<u>1,100,909</u>	<u>975,061</u>
	=====	=====	=====	=====

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**24. Income derived from investment of depositors' funds (continued)**

(i) **Income derived from investment of general investment deposits**

Group	Quarter 3 months ended		Year-to-date 6 months ended	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
<b>Financing income and hibah</b>				
Financing, advances and others	19,863	22,229	41,283	44,084
Financial assets:				
- Held-for-trading	259	672	636	1,332
- Available-for-sale	2,834	5,122	6,248	10,653
- Held-to-maturity	37	42	70	85
Money at call and deposit with financial institutions	1,110	479	1,886	913
	24,103	28,544	50,123	57,067
<b>Other dealing income</b>				
Net (loss)/gain from sale of financial assets held-for-trading	(12)	(12)	167	(181)
Net (loss)/gain on revaluation of financial assets held-for-trading	(69)	(8)	57	205
	(81)	(20)	224	24
<b>Other operating income</b>				
Net gain from sale of financial assets available-for-sale	255	507	360	423
	255	507	360	423
	24,277	29,031	50,707	57,514
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	316	361	678	688
	316	361	678	688

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**24. Income derived from investment of depositors' funds (continued)**

(ii) **Income derived from investment of other deposits**

<b>Group</b>	<b>Quarter</b>		<b>Year-to-date</b>	
	<b>3 months ended</b>	<b>3 months ended</b>	<b>6 months ended</b>	<b>6 months ended</b>
	<b>30.06.2015</b>	<b>30.06.2014</b>	<b>30.06.2015</b>	<b>30.06.2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financing income and hibah</b>				
Financing, advances and others	437,524	361,759	855,590	703,339
Financial assets:				
- Held-for-trading	5,684	10,921	12,981	21,240
- Available-for-sale	62,459	83,335	129,062	169,785
- Held-to-maturity	820	697	1,470	1,362
Money at call and deposit with financial institutions	24,216	7,796	39,434	14,552
	<u>530,703</u>	<u>464,508</u>	<u>1,038,537</u>	<u>910,278</u>
<b>Other dealing income</b>				
Net (loss)/gain from sale of financial assets held-for-trading	(479)	(200)	3,051	(2,807)
Net (loss)/gain on revaluation of financial assets held-for-trading	(1,508)	(135)	857	3,187
	<u>(1,987)</u>	<u>(335)</u>	<u>3,908</u>	<u>380</u>
<b>Other operating income</b>				
Net gain from sale of financial assets available-for-sale	5,633	8,218	7,757	6,889
	<u>5,633</u>	<u>8,218</u>	<u>7,757</u>	<u>6,889</u>
	<u>534,349</u>	<u>472,391</u>	<u>1,050,202</u>	<u>917,547</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	<u>6,950</u>	<u>5,862</u>	<u>13,982</u>	<u>10,967</u>

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**25. Income derived from investment of shareholders' funds**

<b>Group</b>	<b>Quarter</b>		<b>Year-to-date</b>	
	<b>3 months ended</b>	<b>3 months ended</b>	<b>6 months ended</b>	<b>6 months ended</b>
	<b>30.06.2015</b>	<b>30.06.2014</b>	<b>30.06.2015</b>	<b>30.06.2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financing income and hibah</b>				
Financing, advances and others	1,526	1,535	3,050	3,052
Financial assets available-for-sale	34,317	30,333	62,720	56,593
Money at call and deposits with financial institutions	306	1,991	4,134	6,029
	<u>36,149</u>	<u>33,859</u>	<u>69,904</u>	<u>65,674</u>
	-----	-----	-----	-----
<b>Other dealing income</b>				
Net gain from foreign exchange transactions	15,036	20,987	42,721	52,833
Net gain from sale of financial assets held-for-trading	72	137	107	227
Net (loss)/gain on revaluation of financial assets held-for-trading	(300)	246	512	344
Net derivatives gain/(loss)	1,116	(423)	(3,104)	(2,301)
	<u>15,924</u>	<u>20,947</u>	<u>40,236</u>	<u>51,103</u>
	-----	-----	-----	-----
<b>Other operating income</b>				
Net loss from sale of financial assets available-for-sale	-	-	-	(316)
Reversal of allowance for doubtful debts	6	-	52	-
Gross dividend income from securities:				
- Quoted in Malaysia	108	93	196	124
- Unit trust outside Malaysia	59	-	59	-
- Unit trust in Malaysia	338	307	438	404
- Unquoted in Malaysia	1,611	2,536	1,611	2,536
Fees and commission	50,664	44,076	94,913	86,521
Net loss on disposal of property, plant and equipment	(90)	(401)	(426)	(1,253)
Gain on disposal of shares in associated company	247	-	247	-
Rental income	537	660	832	1,228
Others	13	1	52	46
	<u>53,493</u>	<u>47,272</u>	<u>97,974</u>	<u>89,290</u>
	-----	-----	-----	-----
	<u>105,566</u>	<u>102,078</u>	<u>208,114</u>	<u>206,067</u>
	=====	=====	=====	=====

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**25. Income derived from investment of shareholders' funds (continued)**

Company	Quarter		Year-to-date	
	3 months ended	3 months ended	6 months ended	6 months ended
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
<b>Financing income and hibah</b>				
Money at call and deposits with financial institutions	860	925	1,601	2,063
	<u>860</u>	<u>925</u>	<u>1,601</u>	<u>2,063</u>
	-----	-----	-----	-----
<b>Other operating income</b>				
Gross dividend income from securities:				
- Unit trust in Malaysia	338	308	438	405
Gross dividend income from subsidiary companies	167,803	40,402	167,803	40,402
Net gain on disposal of shares in subsidiary	-	690	-	690
Gain on disposal of shares in associated company	247	-	247	-
Others	3	1	15	3
	<u>168,391</u>	<u>41,401</u>	<u>168,503</u>	<u>41,500</u>
	-----	-----	-----	-----
	<u>169,251</u>	<u>42,326</u>	<u>170,104</u>	<u>43,563</u>
	=====	=====	=====	=====

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**26. Net income from Takaful business**

Group	Quarter		Year-to-date	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
<b>Net earned contributions</b>				
Gross earned contributions	399,967	385,793	773,187	707,964
Contribution ceded to retakaful	(68,339)	(64,615)	(140,930)	(113,118)
	<u>331,628</u>	<u>321,178</u>	<u>632,257</u>	<u>594,846</u>
	-----	-----	-----	-----
<b>Other income</b>				
Administration income	9,023	8,969	21,268	18,681
Investment income	67,639	57,537	128,802	111,771
Realised gains and losses	13,814	40,887	38,909	88,603
Fair value gains and losses	(13,210)	1,934	(4,318)	1,542
Other operating income	1,349	5,091	4,469	7,290
	<u>78,615</u>	<u>114,418</u>	<u>189,130</u>	<u>227,887</u>
	-----	-----	-----	-----
<b>Net benefits and claims</b>				
Gross benefits and claims paid	(242,808)	(200,118)	(457,837)	(387,181)
Claims receded to retakaful	48,735	24,355	83,945	45,628
Gross change to contract liabilities	5,918	4,336	(49,251)	(1,391)
Change to contract liabilities ceded to takaful	(6,484)	(1,540)	40,874	18,846
	<u>(194,639)</u>	<u>(172,967)</u>	<u>(382,269)</u>	<u>(324,098)</u>
	-----	-----	-----	-----
Expense reserves	7,403	(8,626)	1,308	(25,234)
	-----	-----	-----	-----
<b>Income from takaful business</b>	223,007	254,003	440,426	473,401
Profits attributable to participants/ takaful operator	(72,493)	(122,906)	(125,661)	(193,037)
	<u>150,514</u>	<u>131,097</u>	<u>314,765</u>	<u>280,364</u>
	=====	=====	=====	=====

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**27. Allowance for impairment on financing and advances**

Group	Quarter 3 months ended		Year-to-date 6 months ended	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
Allowance for impaired financing, advances and others				
- collective assessment allowance	58,713	44,690	96,019	78,667
- individual assessment allowance	3,206	3,305	24,454	11,832
Bad debts and financing recovered	(36,404)	(31,405)	(64,505)	(57,277)
	<u>25,515</u>	<u>16,590</u>	<u>55,968</u>	<u>33,222</u>
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**28. Income attributable to depositors**

Group	Quarter 3 months ended		Year-to-date 6 months ended	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
Deposits from customers				
- Mudharabah Fund	17,535	169,621	53,674	329,308
- Non-Mudharabah Fund	238,104	25,733	443,482	50,477
Deposits and placements of banks and other financial institutions				
- Mudharabah Fund	714	8,376	2,261	14,851
- Non-Mudharabah Fund	202	117	202	271
	<u>256,555</u>	<u>203,847</u>	<u>499,619</u>	<u>394,907</u>
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**29. Personnel expenses**

	<b>Quarter</b>		<b>Year-to-date</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2015</b>	<b>30.06.2014</b>	<b>30.06.2015</b>	<b>30.06.2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
Salaries and wages	106,247	112,509	224,434	233,085
Employees' Provident Fund	15,546	13,857	31,209	28,657
Directors' remuneration	1,446	1,743	3,492	3,238
Others	13,613	16,353	28,422	30,963
	<u>136,852</u>	<u>144,462</u>	<u>287,557</u>	<u>295,943</u>
	=====	=====	=====	=====
<b>Company</b>				
Salaries and wages	1,045	1,778	2,211	2,900
Employees' Provident Fund	76	222	203	340
Directors' remuneration	213	390	671	580
Others	120	116	228	200
	<u>1,454</u>	<u>2,506</u>	<u>3,313</u>	<u>4,020</u>
	=====	=====	=====	=====



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**30. Other overhead expenses**

Group	Quarter 3 months ended		Year-to-date 6 months ended	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
<b><i>Promotion</i></b>				
Advertisement and publicity	8,016	7,375	15,446	12,027
Credit and debit card expenses	3,707	4,369	8,451	9,090
Commission	33,136	32,192	76,685	65,247
	44,859	43,936	100,582	86,364
<b><i>Establishment</i></b>				
Office rental	13,915	13,209	27,752	26,178
Depreciation of property and equipment	19,665	14,529	38,280	29,451
Depreciation of investment property	68	78	139	156
Information technology expenses	8,768	7,454	12,950	14,482
Rental equipment	1,340	1,693	2,654	2,945
Office maintenance	4,796	5,187	9,596	9,292
Utilities	4,290	5,688	9,490	10,583
Security services	2,716	3,587	6,139	7,053
Takaful and insurance	2,233	1,970	4,479	3,943
Others	365	322	616	638
	58,156	53,717	112,095	104,721
<b><i>General expenses</i></b>				
Auditors' remuneration	496	424	984	874
Professional fees	7,485	5,872	13,408	14,190
Office supplies	2,261	4,161	5,213	6,714
Travelling & transport	3,157	2,964	5,250	5,376
Subscription fees	847	834	1,688	1,824
Outsourcing fees	5,334	11,630	8,829	22,734
Processing charges	712	4,589	1,191	8,502
Security services – cash in transit	2,184	3,109	5,582	4,908
Others	33,802	10,594	44,593	38,187
	56,278	44,177	86,738	103,309
	159,293	141,830	299,415	294,394

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**30. Other overhead expenses (continued)**

Company	Quarter 3 months ended		Year-to-date 6 months ended	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
<i>Promotion</i>				
Advertisement and publicity	26	34	1,115	103
	<u>26</u>	<u>34</u>	<u>1,115</u>	<u>103</u>
	-----	-----	-----	-----
<i>Establishment</i>				
Office rental	254	217	494	436
Depreciation of property and equipment	172	171	344	338
Rental equipment	26	26	51	50
Office maintenance	18	7	26	9
Utilities	5	6	11	12
Takaful and insurance	23	22	46	45
Others	3	10	6	45
	<u>501</u>	<u>459</u>	<u>978</u>	<u>935</u>
	-----	-----	-----	-----
<i>General expenses</i>				
Auditors' remuneration	32	27	64	55
Professional fees	6	3	12	6
Office supplies	15	14	26	23
Travelling & transport	3	4	5	13
Subscription fees	1	-	2	-
Others	823	129	1,315	262
	<u>880</u>	<u>177</u>	<u>1,424</u>	<u>359</u>
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	<u>1,407</u>	<u>670</u>	<u>3,517</u>	<u>1,397</u>
	=====	=====	=====	=====

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**31. Operating segment information**

The Group comprises of the following main business segments:

Banking	Islamic banking and provision of related services.
Takaful	Underwriting of family and general Islamic insurance (“Takaful”).
Others	Investment holding, currency trading, ijarah financing, stockbroking and unit trust.

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**31. Operating segment information (continued)**

<b>Quarter ended 30 June 2015</b>	<b>Banking</b>	<b>Takaful</b>	<b>Others</b>	<b>Elimination</b>	<b>Consolidated</b>
<i>Business segments</i>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Segment result</b>					
Revenue from external customers	662,215	150,514	1,977	-	814,706
Inter-segment revenue	-	215	170,215	(170,430)	-
<b>Total revenue</b>	<b>662,215</b>	<b>150,729</b>	<b>172,192</b>	<b>(170,430)</b>	<b>814,706</b>
Net income from operations (before allowance for impairment on financing and other assets)	403,716	150,729	172,192	(168,486)	558,151
Operating overheads	(198,219)	(97,894)	(6,358)	683	(301,788)
Operating results	205,497	52,835	165,834	(167,803)	256,363
Allowance for impairment on financing and advances	(25,515)	-	-	-	(25,515)
Finance cost	(3,308)	-	(17,650)	-	(20,958)
<b>Profit before zakat and taxation</b>	<b>176,674</b>	<b>52,835</b>	<b>148,184</b>	<b>(167,803)</b>	<b>209,890</b>

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**31. Operating segment information (continued)**

Quarter ended 30 June 2014	<b>Banking</b>	<b>Takaful</b>	<b>Others</b>	<b>Elimination</b>	<b>Consolidated</b>
<i>Business segments</i>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Segment result</b>					
Revenue from external customers	600,152	131,097	3,348	-	734,597
Inter-segment revenue	-	670	42,993	(43,663)	-
<b>Total revenue</b>	<b>600,152</b>	<b>131,767</b>	<b>46,341</b>	<b>(43,663)</b>	<b>734,597</b>
Net income from operations (before allowance for impairment on financing and other assets)	395,006	131,767	46,341	(42,364)	530,750
Operating overheads	(210,970)	(74,858)	(6,758)	1,271	(291,315)
Operating results	184,036	56,909	39,583	(41,093)	239,435
Allowance for impairment on financing	(16,590)	-	-	-	(16,590)
Reversal of impairment on other assets	816	-	-	-	816
Finance cost	-	-	(16,979)	-	(16,979)
<b>Profit before zakat and taxation</b>	<b>168,262</b>	<b>56,909</b>	<b>22,604</b>	<b>(41,093)</b>	<b>206,682</b>

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**31. Operating segment information (continued)**

Year-to-date 6 months ended 30 June 2015	<b>Banking</b>	<b>Takaful</b>	<b>Others</b>	<b>Elimination</b>	<b>Consolidated</b>
<i>Business segments</i>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Segment result</b>					
Revenue from external customers	1,302,277	314,765	6,746	-	1,623,788
Inter-segment revenue	-	872	171,089	(171,961)	-
<b>Total revenue</b>	<b>1,302,277</b>	<b>315,637</b>	<b>177,835</b>	<b>(171,961)</b>	<b>1,623,788</b>
Net income from operations (before allowance for impairment on financing and other assets)	800,241	315,637	177,835	(169,544)	1,124,169
Operating overheads	(390,641)	(202,114)	(13,493)	6,841	(599,407)
Operating results	409,600	113,523	164,342	(162,703)	524,762
Allowance for impairment on financing and advances	(55,968)	-	-	-	(55,968)
Finance cost	(3,308)	-	(35,300)	-	(38,608)
<b>Profit before zakat and taxation</b>	<b>350,324</b>	<b>113,523</b>	<b>129,042</b>	<b>(162,703)</b>	<b>430,186</b>
Segment assets	48,383,627	7,402,938	5,231,729	(5,180,605)	55,837,689
Segment liabilities	44,457,330	6,793,107	1,259,158	(333,952)	52,175,643

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**31. Operating segment information (continued)**

Year-to-date 6 months ended 30 June 2014	<b>Banking</b>	<b>Takaful</b>	<b>Others</b>	<b>Elimination</b>	<b>Consolidated</b>
<i>Business segments</i>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Segment result</b>					
Revenue from external customers	1,175,242	280,364	5,886	-	1,461,492
Inter-segment revenue	-	1,340	45,055	(46,395)	-
<b>Total revenue</b>	<b>1,175,242</b>	<b>281,704</b>	<b>50,941</b>	<b>(46,395)</b>	<b>1,461,492</b>
Net income from operations (before allowance for impairment on financing and other assets)	777,407	281,704	50,941	(43,467)	1,066,585
Operating overheads	(409,698)	(179,958)	(11,870)	2,374	(599,152)
Operating results	367,709	101,746	39,071	(41,093)	467,433
Allowance for impairment on financing	(33,222)	-	-	-	(33,222)
Reversal of impairment on other assets	816	-	-	-	816
Finance cost	-	-	(33,958)	-	(33,958)
<b>Profit before zakat and taxation</b>	<b>335,303</b>	<b>101,746</b>	<b>5,113</b>	<b>(41,093)</b>	<b>401,069</b>
Segment assets	42,918,791	7,077,470	5,005,627	(4,861,984)	50,139,904
Segment liabilities	39,373,612	6,487,868	1,244,945	(124,089)	46,982,336

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### **32. Valuation of property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. There was no valuation carried out during the six months ended 30 June 2015.

### **33. Changes in composition of the Group**

There were no changes in the composition of the Group for the financial period ended 30 June 2015.

### **34. Fair value of financial instruments**

#### **Fair value hierarchy**

MFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques adopted are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Group's market assumptions. The fair value hierarchy is as follows:

- Level 1 – Quoted price (unadjusted) in active markets for the identical assets or liabilities. This level includes listed equity securities and debt instruments.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This level includes profit rates swap and structured debt. The sources of input parameters include Bank Negara Malaysia (“BNM”) indicative yields or counterparty credit risk.
- Level 3 – Inputs for asset or liability that are not based on observable market data (unobservable inputs). This level includes equity instruments and debt instruments with significant unobservable components.

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include short-term / on demand financial assets and financial liabilities where the carrying amount is a reasonable approximation of their fair value:



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**34. Fair value of financial instruments (continued)**

**Fair value information**

30.06.2015 Group RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying Amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
<b>Financial assets</b>										
Financial assets held-for-trading	143,183	678,880	-	822,063	-	-	-	-	822,063	822,063
Derivative financial assets	-	50,600	-	50,600	-	-	-	-	50,600	50,600
Financial assets available-for-sale	926,413	13,459,357	153,621	14,539,391	-	-	32,069	32,069	14,571,460	14,571,460
Financial assets held-to-maturity	-	-	-	-	41,881	518,693	60,526	621,100	621,100	612,933
Financing, advances and others	-	-	-	-	-	-	31,190,043	31,190,043	31,190,043	31,109,627
<b>Total assets</b>	<b>1,069,596</b>	<b>14,188,837</b>	<b>153,621</b>	<b>15,412,054</b>	<b>41,881</b>	<b>518,693</b>	<b>31,282,638</b>	<b>31,843,212</b>	<b>47,255,266</b>	<b>47,166,683</b>
<b>Financial liabilities</b>										
Derivative financial liabilities	-	42,926	-	42,926	-	-	-	-	42,926	42,926
Sukuk liabilities	-	-	-	-	-	-	1,468,556	1,468,556	1,468,556	1,468,556
<b>Total liabilities</b>	<b>-</b>	<b>42,926</b>	<b>-</b>	<b>42,926</b>	<b>-</b>	<b>-</b>	<b>1,468,556</b>	<b>1,468,556</b>	<b>1,511,482</b>	<b>1,511,482</b>
<b>30.06.2015 Company</b>										
<b>Financial assets</b>										
Financial assets available-for-sale	18,928	-	-	18,928	-	-	-	-	18,928	18,928
<b>Total assets</b>	<b>18,928</b>	<b>-</b>	<b>-</b>	<b>18,928</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,928</b>	<b>18,928</b>
<b>Financial liabilities</b>										
Sukuk liabilities	-	-	-	-	-	-	1,168,556	1,168,556	1,168,556	1,168,556
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,168,556</b>	<b>1,168,556</b>	<b>1,168,556</b>	<b>1,168,556</b>

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**34. Fair value of financial instruments (continued)**

**Fair value information (continued)**

31.12.2014 Group RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying Amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
<b>Financial assets</b>										
Financial assets held-for-trading	229,805	921,629	-	1,151,434	-	-	-	-	1,151,434	1,165,590
Derivative financial assets	-	62,541	-	62,541	-	-	-	-	62,541	62,541
Financial assets available-for-sale	650,677	12,992,952	153,933	13,797,562	-	-	32,066	32,066	13,829,628	13,815,889
Financial assets held-to-maturity	-	-	-	-	21,089	466,896	60,752	548,737	548,737	547,258
Financing, advances and others	-	-	-	-	-	-	29,527,807	29,527,807	29,527,807	29,524,571
<b>Total assets</b>	<b>880,482</b>	<b>13,977,122</b>	<b>153,933</b>	<b>15,011,537</b>	<b>21,089</b>	<b>466,896</b>	<b>29,620,625</b>	<b>30,108,610</b>	<b>45,120,147</b>	<b>45,115,849</b>
<b>Financial liabilities</b>										
Derivative financial liabilities	-	32,407	-	32,407	-	-	-	-	32,407	32,407
Sukuk liabilities	-	-	-	-	-	-	1,133,256	1,133,256	1,133,256	1,133,256
<b>Total liabilities</b>	<b>-</b>	<b>32,407</b>	<b>-</b>	<b>32,407</b>	<b>-</b>	<b>-</b>	<b>1,133,256</b>	<b>1,133,256</b>	<b>1,165,663</b>	<b>1,165,663</b>
<b>31.12.2014 Company</b>										
<b>Financial assets</b>										
Financial assets available-for-sale	18,559	-	-	18,559	-	-	-	-	18,559	18,559
<b>Total assets</b>	<b>18,559</b>	<b>-</b>	<b>-</b>	<b>18,559</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,559</b>	<b>18,559</b>
<b>Financial liabilities</b>										
Sukuk liabilities	-	-	-	-	-	-	1,133,256	1,133,256	1,133,256	1,133,256
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,133,256</b>	<b>1,133,256</b>	<b>1,133,256</b>	<b>1,133,256</b>

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**34. Fair value of financial instruments (continued)**

The following table presents the changes in Level 3 instruments for the financial period ended 30 June 2015 for the Group:

	<b>6 months</b> <b>30.06.2015</b> <b>RM'000</b>	<b>12 months</b> <b>31.12.2014</b> <b>RM'000</b>
<i>Financial assets available-for-sale</i>		
At 1 January 2015/ 2014	153,933	303,517
Maturity	(3,802)	(159,474)
Gains	3,490	9,890
	<hr/>	<hr/>
At 30 June 2015/ 31 December 2014	153,621	153,933
	<hr/> <hr/>	<hr/> <hr/>

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

**(a) Financial instruments carried at fair value**

<b>Type</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Financial assets available-for-sale	Valued at cost less impairment	Not applicable	Not applicable
Institutional trust account	Discounted cash flows using market profit rate for a similar instrument at the measurement date	4.58%	The estimated fair value would increase (decrease) if the discount rate were (lower) higher.

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**34. Fair value of financial instruments (continued)**

**(b) Financial instruments not carried at fair value**

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

**(i) Financial investments held-to-maturity (“HTM”)**

The fair values of securities that are actively traded is determined by quoted bid prices. For non-actively traded securities, the fair values are valued at cost less impairment or estimated using discounted cash flow analysis. Where discounted cash flow technique is used, the estimated future cash flows are discounted using applicable prevailing market or indicative rates of similar instruments at the reporting date.

**(ii) Financing and advances**

The fair values of variable rate financing are estimated to approximate their carrying values. For fixed rate financing, the fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at applicable and prevailing rates at reporting date offered for similar facilities to new borrowers with similar credit profiles. In respect of impaired financing, the fair values are deemed to approximate the carrying values which are net of impairment allowances.

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**35. Commitments and contingencies**

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions. These exclude all contracts cleared in the normal course of the takaful business.

<b>As at 30.06.2015</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Asset RM'000</b>
<b>Credit-related Exposures</b>				
Direct credit substitutes	344,141		344,141	342,224
Assets sold with recourse	2		2	2
Transaction related contingent items	954,233		477,116	426,943
Other commitments, such as formal standby facilities and credit lines with original maturity of:				
- not exceeding one year	2,014		403	403
- exceeding one year	906,870		453,435	371,594
Short term self-liquidating trade related contingencies	318,907		63,781	61,733
Unutilised credit card lines	1,117,172		223,435	169,166
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	5,644,631		-	-
	<u>9,287,970</u>	<u>-</u>	<u>1,562,313</u>	<u>1,372,065</u>
<b>Derivative Financial Instruments</b>				
Foreign exchange related contracts				
- Less than one year	2,815,478	38,914	84,761	40,071
Profit rate related contracts				
- One year to less than five years	600,000	7,896	14,107	2,822
- 5 years and above	275,303	3,790	11,059	11,058
	<u>3,690,781</u>	<u>50,600</u>	<u>109,927</u>	<u>53,951</u>
	<u>12,978,751</u>	<u>50,600</u>	<u>1,672,240</u>	<u>1,426,016</u>

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**35. Commitments and contingencies (continued)**

<b>As at 31.12.2014</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Asset RM'000</b>
<b>Credit-related Exposures</b>				
Direct credit substitutes	360,433		360,433	355,715
Assets sold with recourse	2		2	2
Transaction related contingent items	1,026,265		513,132	451,601
Other commitments, such as formal standby facilities and credit lines with original maturity of:				
- not exceeding one year	6,165		1,233	1,215
- exceeding one year	942,851		471,425	378,793
Short term self-liquidating trade related contingencies	236,874		47,375	45,832
Unutilised credit card lines	1,023,337		204,668	153,502
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	5,404,888		-	-
	<u>9,000,815</u>	<u>-</u>	<u>1,598,268</u>	<u>1,386,660</u>
<b>Derivative Financial Instruments</b>				
Foreign exchange related contracts				
- Less than one year	1,840,778	45,508	65,406	36,492
Profit rate related contracts				
- Less than one year	300,000	348	308	62
- One year to less than five years	600,000	12,278	20,153	4,031
- 5 years and above	287,694	4,392	12,996	12,996
Equity related contracts				
- One year to less than five years	106,680	15	6,401	3,200
	<u>3,135,152</u>	<u>62,541</u>	<u>105,264</u>	<u>56,781</u>
	<u>12,135,967</u>	<u>62,541</u>	<u>1,703,532</u>	<u>1,443,441</u>

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### 36. Capital adequacy

With effect from 1 January 2013, total capital and capital adequacy ratios of Bank Islam Group have been computed based on BNM's Capital Adequacy Framework for Islamic Banks (Capital Components and Risk-Weighted Assets) issued on 28 November 2012. The minimum regulatory capital adequacy ratios requirement for Common Equity Tier 1 ("CET 1") capital ratio, Tier 1 capital ratio and total capital ratio are 4.0%, 5.5% and 8.0% respectively. The Bank has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.

	<b>30.06.2015</b>	<b>31.12.2014</b>
	%	%
Common Equity Tier I (CET I) Capital Ratio	12.231	12.240
Total Tier 1 Capital Ratio	12.231	12.240
Total Capital Ratio	14.290	13.355

The components of CET I, Tier I and Tier II capital of Bank Islam:

	<b>30.06.2015</b>	<b>31.12.2014</b>
	RM'000	RM'000
<b><u>Tier I capital</u></b>		
Paid-up share capital	2,342,706	2,319,907
Share premium	134,299	90,981
Retained earnings	379,431	388,923
Other reserves	1,069,861	929,779
Less: Deferred tax assets	(31,220)	(31,220)
Less: 55% of fair value reserves	(7,261)	-
<b>Total CET I and Tier I Capital</b>	<b>3,887,816</b>	<b>3,698,370</b>
Sukuk Murabahah	300,000	-
Collective assessment allowance ^	354,442	336,850
<b>Total Tier II Capital</b>	<b>654,442</b>	<b>336,850</b>
<b>Total Capital</b>	<b>4,542,258</b>	<b>4,035,220</b>
	=====	=====

^ Collective assessment allowance on non-impaired financing subject to maximum of 1.25% of total credit risk-weighted assets.

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**36. Capital adequacy (continued)**

The breakdown of risk-weighted assets by each major risk category is as follows:

	<b>30.06.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk	28,355,352	26,947,994
Market risk	611,642	542,910
Operational risk	2,818,780	2,724,074
	<u>31,785,774</u>	<u>30,214,978</u>
	=====	=====

**37. Sukuk liabilities**

	<b>30.06.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
Sukuk liabilities	1,468,556	1,133,256
	=====	=====
<b>Company</b>		
Sukuk liabilities	1,168,556	1,133,256
	=====	=====

The amount refers to the following:

- The 10-year Islamic securities (“Sukuk”) of RM1.66 billion in nominal value issued by the Company on 12 December 2013.
- Bank Islam’s RM 300 million Tranche 1 of the 10-year Subordinated Sukuk Murabahah programme. Bank Islam is allowed to raise up to RM1.00 billion in nominal value outstanding at any one time.



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**38. Performance review for the six months ended 30 June 2015**

BIMB Holdings Berhad ("BHB") reported a profit before Zakat and Taxation ("PBZT") for the half year ended 30 June 2015 of RM430.2 million, representing a growth of 7.3% or RM29.1 million as compared to the corresponding period in 2014.

The net profit attributable to shareholders also grew by 4.9% or RM12.5 million to RM265.6 million. Consequently, earnings per share for the period under review also rose from 16.95 sen per share to 17.26 sen per share.

Year-on-year net financing grew by RM4.9 billion or 18.5% to reach RM31.1 billion as at 30 June 2015. The gross impaired financing ratio stood at 1.18%, significantly lower than the Banking System's ratio of 1.59% as at end May 2015. The Risk Weighted Capital Adequacy ratio of Bank Islam Malaysia Berhad remained healthy at 14.3%.

**Islamic Banking**

Bank Islam Group ("Bank Islam" or "the Bank") reported a PBZT of RM350.3 million for the six months ended 30 June 2015. This represents a 4.5% increase compared to the previous corresponding period. The improved performance was mainly attributed to growth in business activities.

Year-on-year net financing assets grew by RM4.9 billion or 18.5% to reach RM31.1 billion as at end June 2015. Correspondingly, fund based income from financing also increased by RM149.4 million or 19.9%. Non fund based income also reported a 1.2% growth or RM1.7 million.

As at end of June 2015, customer deposits stood at RM43.3 billion with a year-on-year increase of RM5.1 billion or 13.5%, and the low cost current and savings accounts (CASA) also reported a year-on-year increase of RM0.7 billion or 5.2%. The CASA ratio as at end June 2015 stood at 33.8% compared to end June 2014 at 36.5%. The Islamic Banking Industry CASA ratio was 24.0% as at end May 2015.

The Bank's gross impaired financing ratio increased from 1.14% as at end December 2014 to 1.18% as at end June 2015. The net impaired financing ratio (less IA and CA) was a negative 0.81% as at end June 2015 whilst the net impaired financing ratio (less IA only) was 0.76%. The Banking System gross impaired ratio was 1.59% and the net impaired ratios were -0.01% (less IA and CA) and 1.20% (less IA only) as at end May 2015.

The key performance ratios as at end June 2015 also compared favourably against the Banking System ratio as at end December 2014. The Bank's pre-tax return on equity was 17.8% against the Banking System's 15.2%. The pre-tax return on assets was 1.5% against the Banking System's 1.5%. However, the Risk Weighted Capital Adequacy ratio was 14.3% compared to the Banking System's 15.9% as at end December 2014 in view of the continued growth in financing.

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**38. Performance review for the six months ended 30 June 2015 (continued)**

**Takaful**

For the second quarter ended 30 June 2015, Takaful Malaysia Group (“Takaful Malaysia”) recorded a PBZT of RM112.0 million, increased by 11.7% as compared to RM100.3 million in the same period last year. The higher profit is attributable to higher wakalah fee income. Operating Revenue increased by 16.2% to RM996.0 million from RM856.8 million in the same period of the preceding year. The increase is mainly attributable to higher sales generated by both Family Takaful and General Takaful business and higher net investment income.

For the 6 months period under review, Family Takaful generated gross earned contributions of RM524.3.0 million as compared to RM486.0 million in the corresponding period last year. The increase is mainly attributable to higher sales from Family Takaful Group Medical and Group Term products. The surplus transfer for the six months period under review from Family Takaful decreased by RM9.6 million to RM39.8 million as compared to RM49.3 million in the same corresponding period last year. The lower surplus transfer from Family Takaful is mainly due to the shift to wakalah model products and lower realized gains on disposal of investments.

General Takaful recorded gross earned contributions of RM248.9 million as compared to RM222.2 million in the corresponding period last year. The growth was mainly from Fire and Motor class of business. For the 6 months period under review, the surplus transfer from General Takaful recorded RM16.1 million as compared to RM28.2 million last year. The lower surplus transfer from General Takaful was mainly due to higher contribution ceded to retakaful and lower realized gains on disposal of investments.

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**39. Comparison with the preceding quarter's results for the three months performance (Second Quarter 2015 vs. First Quarter 2015)**

BHB Group registered a PBZT of RM209.9 million for the second quarter ended 30 June 2015, a decrease of RM10.4 million or 4.7% compared to PBZT for the first quarter ended 31 March 2015 of RM220.3 million.

Bank Islam's PBZT of RM176.7 million for the second quarter ended 30 June 2015 was higher by RM3.0 million or 1.7% compared to the preceding quarter ended 31 March 2015 of RM173.7 million, which was mainly attributable to growth in business activities.

Takaful Malaysia reported a PBZT of RM49.8 million, which was lower than the preceding quarter of RM62.2 million.

**40. Prospect for 2015**

**Outlook on the economy**

The Malaysian economy recorded 5.6% y-o-y growth in the 1Q2015 GDP but may weaken to slightly below 5.6% in 2Q2015. Lower domestic consumption arising from deteriorating consumer sentiment, higher inflation and the continuous conservative lending by banks to avoid households in the vulnerable income segment group, are anticipated to have a negative impact on growth. Consumers are likely to be mindful of their spending habit and would prioritise them based on the necessities.

Despite these challenges, the Bank foresees that BNM would be inclined to keep the Overnight Policy Rate (OPR) unchanged at 3.25% for the rest of 2015 to sustain the economic expansion. Nevertheless, economic growth is expected to be supported by expansionary monetary policies in key economies such as China, Eurozone, Japan as well as the ASEAN member countries.

In addition, the announcement of 11th Malaysia Plan (11MP) in May is expected to have positive effect to the economy during the plan period (2016-2020). All in all for 2015, GDP is expected to expand by 5.3% in view of continuous growth prospect in the 2H2015 following monetary easing enacted by the major central banks. As for currency, the MYR/USD is expected to remain weak at between RM3.55 and RM3.85 per US dollar.

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**40. Prospect for 2015 (continued)**

**Outlook on the economy (continued)**

In light of the weaker economic conditions, the banking industry outlook is envisaged to be challenging for the rest of the year. The industry loan growth is expected to decelerate further to between 7% and 8% for 2015, lower than the 9.3% recorded in 2014. The factors that could weigh on loan growth this year include: (1) intensifying competition especially on the funding front as banks rush to meet the new Liquidity Coverage Ratio (LCR) requirements that came into force in June 2015; and (2) stringent credit evaluation given the new BNM ruling on restructured and rescheduled loans that affords banks less flexibility to reschedule customers' repayments.

Similarly, business loan growth is also projected to slow down on the back of weaker economic circumstances particularly lower commodity prices and domestic currency. The Bank foresees deposit rates to remain high going forward while the lending yields would continue to contract, resulting in further compression in the banks' margin. Banks will be focusing on cost containment as one of the key priorities as top line growth remains a challenge.

For Islamic banking, financing growth is still expected to record a double digit growth albeit at a slower pace than the previous year. The evolving role of Islamic banks is also evident in 2015. As part of Islamic Financial Services Act (IFSA) 2013 requirements, all deposits accepted under the Mudharabah and Wakalah concepts are now classified as Investment Account (IA) and no longer under deposits effective from June 2015. The IA framework is now seen by many as a catalyst for Islamic banks to move towards "risk sharing" product offerings, in line with the true spirit of Islamic finance. It is expected that the development of more IA products will give a competitive edge to Islamic finance and aid the expansion of Islamic banking assets in the future.

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**40. Prospect for 2015 (continued)**

**Islamic Banking**

The Bank plans to sustain growth despite the challenges surrounding the economy. The Bank will continue to focus on CASA gathering efforts, retain good and acquire new clients with continued emphasis on service delivery and product innovation. To maintain asset quality, the Bank continuously exercises robust credit management and vigilant underwriting standards. The other key focus area would be driving cost-income-ratio down through cost-cutting initiatives.

Driving efficiency of capital management is also crucial, one of which is through the implementation of IA. The new IA framework allows Islamic banks to benefit from capital relief for the underlying assets and exemption from Eligible Liabilities (EL) for Statutory Requirement Reserve (SRR) calculation required by BNM. The introduction of IA can potentially expand product offerings, offer opportunity to gain new source of income and expand the role of Islamic banks from credit provider to investment intermediary as advocated by BNM.

Moving forward, the Bank intends to continuously leverage on its strength as the pioneer Islamic bank in the country as seen previously when it took the lead to launch the very first Shariah-compliant Restricted Investment Account (“RIA”) and become one of the four founding financial institutions to spearhead the Shariah-based Investment Account Platform (“IAP”).

**Takaful**

Takaful Malaysia will continue its value proposition of rewarding its customers with the 15% Cash Back and establish a strong foothold in the local insurance and takaful arena as the preferred choice for insurance. Through its extensive range of products and services, Takaful Malaysia continues to be the market leader in the Group Family Takaful business. The successful implementation of core initiatives in Operational Excellence, Technology Driven Capabilities, Product Innovation and Performance Oriented Culture will enable Takaful Malaysia to be ahead of its competitors, increase its overall market share and continuously improve its shareholders' value.

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**41. Variance from profit forecast and profit guarantee**

The Group neither made any profit forecast nor issued any profit guarantee.

**42. Tax expense**

**Major components of tax expense**

	Group		Company	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Current tax expense	117,327	116,701	359	-
Deferred tax expense	6,384	(5,378)	-	-
	-----	-----	-----	-----
	123,711	111,323	359	-
	=====	=====	=====	=====

A reconciliation of effective tax expense for the Group and Company are as follows:

Profit before tax	430,186	401,069	127,974	4,188
	=====	=====	=====	=====
Income tax calculated using Malaysian tax rate of 25% (2014: 25%)	107,547	100,267	31,994	1,047
Non-deductible expenses	21,644	10,693	1,491	564
Non-deductible Sukuk finance cost	8,825	8,490	8,825	8,490
Non-taxable income	(14,305)	(2,749)	(41,951)	(10,101)
	-----	-----	-----	-----
	123,711	116,701	359	-
Under/(Over) provision of deferred tax	-	(5,378)	-	-
	-----	-----	-----	-----
Tax expense	123,711	111,323	359	-
	=====	=====	=====	=====

**43. Profit on sale of unquoted investments and/or properties**

There were no material gain or loss on sales of unquoted investments and properties of the Group during the period under review.

**44. Purchase and sale of quoted securities**

This note does not apply to the Group.

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**45. Deposits and placements of financial institutions and debt securities**

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Deposits from customers</b>		
Mudharabah accounts deposits and negotiable instruments of deposits		
- One year or less (short-term)	28,297,493	24,695,723
- More than one year (medium/long-term)	2,061,578	2,372,931
	30,359,071	27,068,654
Current accounts	9,154,405	10,470,568
Savings accounts	3,362,159	3,052,428
Others	91,563	86,729
<b>Total deposits</b>	<u>42,967,198</u>	<u>40,678,379</u>
<b>Investment account</b>		
- One year or less (short-term)	23,543	-
	<u>23,543</u>	<u>-</u>
<b>Deposits and placements of banks and other financial institutions</b>		
- One year or less (short-term)	37,710	300,000
	<u>37,710</u>	<u>300,000</u>

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**46. Off balance sheet financial instruments by value of contracts classified by remaining period to maturity/net re-pricing date (whichever earlier)**

Group Items	30.06.2015				
	Principal Amount RM'000	up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000
<b>Foreign exchange related contracts</b>					
- forwards	962,909	79,083	162,510	85,971	635,345
- swaps	1,402,419	724,369	128,960	46,473	502,617
- spot	450,150	450,150	-	-	-
<b>Total</b>	<b>2,815,478</b>	<b>1,253,602</b>	<b>291,470</b>	<b>132,444</b>	<b>1,137,962</b>

**Market risk**

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 30 June 2015, the amount of contracts which were not hedged and, hence, exposed to market risk was RM611.64 million. (31 December 2014: RM542.91 million).

**Credit risk**

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Bank has a gain position. This amount will increase or decrease over the life of the contracts, maturity dates and rates or prices. As at 30 June 2015, the credit risk measured in terms of the cost to replace the profitable contracts was RM109.93 million (31 December 2014: RM105.26 million).



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**47. Economic profit statement**

Group	Quarter		Year-to-date	
	3 months ended	3 months ended	6 months ended	6 months ended
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
<b>Net Operating profit after zakat &amp; tax (NOPAT)</b>				
Profit before zakat and taxation (PBZT)	209,890	206,682	430,186	401,069
Zakat & Taxation	(63,323)	(59,389)	(130,165)	(116,671)
<b>NOPAT</b>	<u>146,567</u>	<u>147,293</u>	<u>300,021</u>	<u>284,398</u>
<b>Economic charge computation</b>				
Average invested capital (excludes the debit balance of the acquisition reserve arising from the acquisition of shares from non-controlling interests)	4,805,901	4,362,434	4,625,400	4,303,501
Weighted Average Cost of Capital (WACC) (%)	7.91	9.60	7.91	9.60
<b>Economic charge</b>	94,776	104,412	181,431	204,870
<b>Economic profit</b>	51,791	42,881	118,590	79,528

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**48. Material litigation**

Save as disclosed below, there were no changes in material litigation, including the status of pending material litigations since the last annual balance sheet date of 31 December 2014.

- (a) In February 2003, Padas Hevea Wood Products Sdn Bhd (“the Customer”) was wound up by a third party. The Customer was granted financing facilities by Bank Islam with land and equipments charged to the Bank as security for the said financing. The outstanding amount under the financing facilities to be recovered from the Customer was RM40,154,476.45. Bank Islam had filed Proof of Debt and had proceeded with foreclosure proceedings against the Customer. An auction was held on 18 October 2012 but it was unsuccessful. Upon the receipt of a current valuation report on the land charged to Bank Islam, the Land Office had fixed the next auction on 5 March 2015. The reserved price has been fixed at RM2,980,000.00. The auction has been postponed to 23 April 2015. The property was successfully auctioned for an amount of RM2,980,000.00. The matter is now pending full payment of the purchase price from the successful bidder.
- (b) On 9 February 2004, Bank Islam filed a civil suit against PC Auto Blast Sdn Bhd, Jaya Raj a/l A. Mariadas and Johnson a/l Mariadas (collectively “the Defendants”) to recover the outstanding amount of RM13,145,946.46 under the financing facilities granted by the Bank to the Defendants. On 13 April 2004, the Bank withdrew the suit against the Defendants. On 17 August 2006, the Bank filed another civil suit against the Defendants to recover the outstanding amount of RM13,125,946.46 under the financing facilities granted by the Bank to the Defendants (as the amount claimed under the suit in 2004 was inaccurate). The Defendants filed a counterclaim seeking, amongst others, declarations that the agreements executed pursuant to the financing facilities were null and void for non-compliance with the Shariah principles and damages amounting to RM656,326.29. On 30 September 2010, the Court allowed the Bank's claim and struck out the Defendants' counterclaim. On 28 October 2010, the Court granted an order for sale. On 12 October 2011 the property was successfully auctioned but the successful bidder failed to pay the balance purchase price resulting in the property being put-up for auction again. On 17 March 2015, the property was successfully auctioned for RM15 million. Meanwhile, the Defendants filed an interim injunction against Bank Islam to estop the property from being auctioned. The High Court fixed 17 May 2015 for hearing of the injunction application where the High Court dismissed the Defendants' injunction application. As at June 2015, no appeal is filed by the Defendants. The matter is now pending full payment of the purchase price from the successful bidder.

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**48. Material litigation (continued)**

- (c) On 27 August 2007, Bank Islam filed a civil suit against four (4) senior management staff of Bank Islam Labuan Ltd (BILL) (“the Defendants”) claiming for an amount of USD8,586,483.00 being the outstanding financing facilities granted by BILL to certain customers whose accounts had been in default, namely Faaris Investment Holding Plc, Profound Heritage Sdn Bhd, Commerce Resources Inc., Commerce Trading Inc., Crest Group, Crestek Inc. and Trident Timber Co. Ltd. Bank Islam claimed that the Defendants had acted contrary to the interest of BILL and were in breach of their statutory duties, common law duty of care and skill and contractual duties. All the Defendants were no longer in BILL or under Bank Islam’s employment.

The matter was fixed for Trial on 9 October 2013. During the trial, it was highlighted that the Third Defendant had agreed to record consent judgment. Subsequently, the High Court judge struck out the First and Second Defendants’ defence and witness statements as the cause papers were not filed within the time directed by the Court earlier. On 10 October 2013, the trial was postponed to enable the High Court to hear the First and Second Defendants’ application to set aside the High Court’s order to strike out the First and Second Defendants’ defence and witness statements. The application by the First and Second Defendants’ was dismissed by the High Court. The First and Second Defendant applied for a stay of proceeding pending their appeal to the Court of Appeal on the High Court's decision. On 17 September 2014, the Court of Appeal allowed the First and Second Defendant's appeal.

The Trial at the High Court continued from 28 to 30 January 2015. On 16 June 2015, the High Court decided in favour of Bank Islam where the 4 defendants were ordered to pay a total amount of USD8,586,483.00 to Bank Islam.

- (d) On 7 March 2013, Saharuddin Abd Jabar (“the Plaintiff”) filed a civil suit against Bank Islam Malaysia Berhad (“Bank Islam”) claiming for a total damages of RM10,716,383.77 and unspecified special damages for libel. The Plaintiff alleged that Bank Islam had defamed him and negligently sending the letter of demand to a wrong address. As a consequence, the Plaintiff claimed that the letter was opened by a third party and pursuant to that suffered humiliation, mental distress, and huge financial loss. Bank Islam defended that the financing was granted to the Plaintiff and Encik Mohd Razlan (jointly). The letter was addressed to Encik Mohd Razlan and it was private and confidential. The matter was fixed for Trial on 13 & 14 April 2015 and continued on 6 June 2015 and subsequently on 01 July 2015. The Court fixed 29 July 2015 for the Plaintiff to file his Submission and 13 August 2015 for Bank Islam to file a reply Submission. The date for the decision is yet to be fixed by the court.

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**49. Profit for the period**

	Quarter		Year-to-date	
	3 months ended		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
<b>Profit for the period is arrived at after charging:</b>				
Depreciation of property, plant and equipment	19,665	14,529	38,280	29,451
Depreciation of investment property	68	78	139	156
Impairment loss:				
- Allowance for impairment on financing, advances and others	25,515	16,590	55,968	33,222
Net loss on disposal of property, plant and equipment	90	401	426	1,253
Net derivative loss/(gain)	(1,116)	423	3,104	2,301
<b>and after crediting:</b>				
Reversal of allowance for doubtful debts	6	-	52	-

**50. Earnings per share**

Basic EPS is calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the number of ordinary shares in issue during the period.

	Quarter		Year-to-date	
	3 months ended		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Net profit for the period under review attributable to equity holders of the parent	129,890	129,672	265,589	253,127
Number of ordinary shares	1,542,210	1,493,506	1,542,210	1,493,506
Number of average ordinary shares	1,542,210	1,493,506	1,538,981	1,493,506
Earnings per share (sen)	8.42	8.68	17.26	16.95

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**51. Supplementary information on the breakdown of realised and unrealised profits or losses**

The breakdown of the retained earnings of the Group, into realised and unrealised profits or losses, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings of the Group		
- realised	901,471	729,851
- unrealised	61,385	84,730
	<hr/>	<hr/>
	962,856	814,581
Less: Consolidation adjustments	(838,193)	(831,847)
	<hr/>	<hr/>
<b>Total retained earnings</b>	<b>124,663</b>	<b>(17,266)</b>
	<hr/> <hr/>	<hr/> <hr/>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

By order of the Board

MARIA MAT SAID (LS 0009400)  
Company Secretary  
August 13, 2015