

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

**Condensed Consolidated Statement of Financial Position as at
31 March 2016**

	Note	Group As at		Company As at	
		31.03.2016 RM'000	31.12.2015 RM'000	31.03.2016 RM'000	31.12.2015 RM'000
Assets					
Cash and short-term funds	8	1,652,184	3,304,005	217,906	214,354
Deposits and placements with financial institutions	9	833,041	976,830	-	-
Financial assets held-for-trading	10	717,348	670,006	-	-
Derivative financial assets	11	74,012	119,259	-	-
Financial assets available-for-sale	12	13,213,264	13,797,205	19,415	19,215
Financial assets held-to-maturity	13	638,981	643,164	-	-
Financing, advances and others	14	35,247,105	34,294,690	-	-
Other assets	15	267,980	486,855	2,611	2,341
Takaful assets	16	869,975	850,848	-	-
Statutory deposits with Bank Negara Malaysia		1,347,240	1,591,460	-	-
Current tax assets		46,385	47,916	-	-
Deferred tax assets		48,151	64,089	10	10
Investments in subsidiaries		-	-	4,835,462	4,835,462
Property, plant and equipment		440,061	447,028	792	948
Investment properties		14,170	14,262	-	-
Intangible assets		53,145	56,211	-	-
Total assets		<u>55,463,042</u>	<u>57,363,828</u>	<u>5,076,196</u>	<u>5,072,330</u>

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31 March 2016 (continued)**

	Note	Group As at		Company As at	
		31.03.2016 RM'000	31.12.2015 RM'000	31.03.2016 RM'000	31.12.2015 RM'000
Liabilities and equity					
Deposits from customers	17	40,051,442	43,118,529	-	-
Investment accounts of customers	18	907,917	676,105	-	-
Deposits and placements of banks and other financial institutions	19	499,962	-	-	-
Derivative financial liabilities	11	68,768	101,913	-	-
Bills and acceptances payable		485,543	122,577	-	-
Other liabilities	20	777,240	1,148,513	4,357	192,108
Takaful liabilities	21	6,652,572	6,588,888	-	-
Sukuk liabilities	22	1,911,245	1,882,965	1,196,972	1,178,585
Zakat and taxation		26,383	28,612	122	31
Total liabilities		51,381,072	53,668,102	1,201,451	1,370,724
Equity					
Share capital		1,588,679	1,542,210	1,588,679	1,542,210
Reserves		2,216,720	1,871,448	2,286,066	2,159,396
Equity attributable to owners of the Company		3,805,399	3,413,658	3,874,745	3,701,606
Non-controlling interests		276,571	282,068	-	-
Total equity		4,081,970	3,695,726	3,874,745	3,701,606
Total liabilities and equity		55,463,042	57,363,828	5,076,196	5,072,330
Restricted investment accounts	18	106,595	82,567	-	-
Total Islamic banking asset		55,569,637	57,446,395	5,076,196	5,072,330
Commitments and contingencies	38	13,781,623	12,692,303	-	-
Net assets per share attributable to owners of the Company (RM)		2.40	2.21	2.44	2.40

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 2015.

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**Condensed Consolidated Statement of Profit or Loss and Other
Comprehensive Income for the three months ended 31 March 2016**

Group	Note	Quarter		Year-to-date	
		3 months ended 31.03.2016	3 months ended 31.03.2015	3 months ended 31.03.2016	3 months ended 31.03.2015
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	24	591,361	542,283	591,361	542,283
Income derived from investment account funds	25	11,484	-	11,484	-
Income derived from investment of shareholders' funds	26	113,078	102,548	113,078	102,548
Net income from Takaful business	27	179,867	164,251	179,867	164,251
Allowance for impairment on financing and advances	28	(34,611)	(30,453)	(34,611)	(30,453)
Allowance for impairment on investments		(310)	-	(310)	-
Direct expenses		(5,768)	(6,792)	(5,768)	(6,792)
Total distributable income		855,101	771,837	855,101	771,837
Wakalah performance incentive fees from restricted investment accounts		1,002	-	1,002	-
Income attributable to depositors	29	(274,281)	(243,064)	(274,281)	(243,064)
Income attributable to investment account holders	30	(2,230)	-	(2,230)	-
Total net income		579,592	528,773	579,592	528,773
Personnel expenses	31	(163,505)	(150,705)	(163,505)	(150,705)
Other overhead expenses	32	(175,285)	(140,122)	(175,285)	(140,122)
		240,802	237,946	240,802	237,946
Finance cost		(28,280)	(17,650)	(28,280)	(17,650)
Profit before zakat and tax		212,522	220,296	212,522	220,296
Zakat		(2,463)	(3,215)	(2,463)	(3,215)
Tax expense	B5	(56,630)	(63,627)	(56,630)	(63,627)
Profit for the period		153,429	153,454	153,429	153,454
Attributable to:					
Owners of the Company		135,254	135,699	135,254	135,699
Non-controlling interests		18,175	17,755	18,175	17,755
Profit for the period		153,429	153,454	153,429	153,454
Earnings per share (sen)	B12	8.57	8.84	8.57	8.84

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(continued)**

Group	Quarter		Year-to-date	
	3 months ended 31.03.2016	3 months ended 31.03.2015	3 months ended 31.03.2016	3 months ended 31.03.2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period	153,429	153,454	153,429	153,454
Other comprehensive income, net of tax				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit liability	529	-	529	-
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences in respect of foreign operations	37,793	(20,951)	37,793	(20,951)
Fair value reserve:				
Net change in fair value	91,190	50,716	91,190	50,716
Net amount transferred to profit or loss	(13,633)	(3,995)	(13,633)	(3,995)
Income tax credit relating to components of other comprehensive income	(17,906)	-	(17,906)	-
Other comprehensive income for the period, net of tax	97,973	25,770	97,973	25,770
Total comprehensive income for the period	251,402	179,224	251,402	179,224
Total comprehensive income attributable to:				
Owners of the Company	233,547	159,548	233,547	159,548
Non-controlling interests	17,855	19,676	17,855	19,676
Total comprehensive income for the period	251,402	179,224	251,402	179,224

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 2015.

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**Condensed Consolidated Statement of Profit or Loss and Other
Comprehensive Income for the three months ended 31 March 2016
(continued)**

Company	Note	Quarter		Year-to-date	
		31.03.2016	31.03.2015	31.03.2016	31.03.2015
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of shareholders' funds / Total distributable income / Total net income	26	38,290	853	38,290	853
Personnel expenses	31	(2,806)	(1,859)	(2,806)	(1,859)
Other overhead expenses	32	(1,243)	(2,110)	(1,243)	(2,110)
		<u>34,241</u>	<u>(3,116)</u>	<u>34,241</u>	<u>(3,116)</u>
Finance cost		(18,387)	(17,650)	(18,387)	(17,650)
Profit before zakat and tax		<u>15,854</u>	<u>(20,766)</u>	<u>15,854</u>	<u>(20,766)</u>
Tax expense	B5	(275)	(180)	(275)	(180)
Profit for the period		<u>15,579</u>	<u>(20,946)</u>	<u>15,579</u>	<u>(20,946)</u>
Attributable to:					
Owners of the Company		<u>15,579</u>	<u>(20,946)</u>	<u>15,579</u>	<u>(20,946)</u>
Profit for the period		<u>15,579</u>	<u>(20,946)</u>	<u>15,579</u>	<u>(20,946)</u>

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**Condensed Consolidated Statement of Profit or Loss and Other
Comprehensive Income for the three months ended 31 March 2016
(continued)**

Company	Quarter		Year-to-date	
	3 months ended 31.03.2016	3 months ended 31.03.2015	3 months ended 31.03.2016	3 months ended 31.03.2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period	15,579	(20,946)	15,579	(20,946)
	=====	=====	=====	=====
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Fair value reserve:				
Net change in fair value	201	162	201	162
Net amount transferred to profit or loss	(103)	(100)	(103)	(100)
	-----	-----	-----	-----
Other comprehensive income for the period, net of tax	98	62	98	62
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Total comprehensive income for the period	15,677	(20,884)	15,677	(20,884)
	=====	=====	=====	=====
Total comprehensive income attributable to:				
Owners of the Company	15,677	(20,884)	15,677	(20,884)
	-----	-----	-----	-----
Total comprehensive income for the period	15,677	(20,884)	15,677	(20,884)
	=====	=====	=====	=====

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 2015.

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Condensed Consolidated Statement of Changes in Equity for the three months ended 31 March 2016

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			
At 1 January 2015	1,493,506	1,859,628	(386,831)	(17,266)	2,949,037	240,223	3,189,260
Profit for the period	-	-	-	135,699	135,699	17,755	153,454
Other comprehensive income							
Currency translation differences in respect of foreign operations	-	-	(21,473)	-	(21,473)	522	(20,951)
Fair value reserve:							
Net change in fair value	-	-	48,592	-	48,592	2,124	50,716
Net amount reclassified to profit or loss	-	-	(3,270)	-	(3,270)	(725)	(3,995)
Total comprehensive income for the period	-	-	23,849	135,699	159,548	19,676	179,224
Issue of shares pursuant to Dividend Reinvestment Plan	48,704	131,987	-	-	180,691	-	180,691
Share-based payment transactions	-	-	655	-	655	431	1,086
At 31 March 2015	1,542,210	1,991,615	(362,327)	118,433	3,289,931	260,330	3,550,261

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 2015.

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Condensed Consolidated Statement of Changes in Equity for the three months ended 31 March 2016 (continued)

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			
At 1 January 2016	1,542,210	1,991,615	(206,949)	86,782	3,413,658	282,068	3,695,726
Profit for the period	-	-	-	135,254	135,254	18,175	153,429
Other comprehensive income							
Remeasurement of defined benefit liability	-	-	-	239	239	290	529
Currency translation differences in respect of foreign operations	-	-	39,613	-	39,613	(1,820)	37,793
Fair value reserve:							
Net change in fair value	-	-	89,809	-	89,809	1,381	91,190
Net amount reclassified to profit or loss	-	-	(13,462)	-	(13,462)	(171)	(13,633)
Income tax credit relating to components of other comprehensive income	-	-	(17,906)	-	(17,906)	-	(17,906)
Total comprehensive income for the period	-	-	98,054	135,493	233,547	17,855	251,402
Dividends paid to non-controlling interest	-	-	-	-	-	(23,835)	(23,835)
Issue of shares pursuant to Dividend Reinvestment Plan	46,469	110,993	-	-	157,462	-	157,462
Share-based payment transactions	-	-	732	-	732	483	1,215
At 31 March 2016	1,588,679	2,102,608	(108,163)	222,275	3,805,399	276,571	4,081,970

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 2015.

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Condensed Consolidated Statement of Changes in Equity for the three months ended 31 March 2016 (continued)

Company	← Attributable to owners of the Company →					
	Share capital RM'000	Share premium RM'000	Warrant reserves RM'000	Fair value reserves RM'000	Distributable Retained earnings/ (Accumulated losses) RM'000	Total equity RM'000
At 1 January 2015	1,493,506	1,859,628	129,300	51	15,599	3,498,084
Profit for the period	-	-	-	-	(20,946)	(20,946)
Other comprehensive income						
Fair value reserve:						
Net change in fair value	-	-	-	162	-	162
Net amount reclassified to profit or loss	-	-	-	(100)	-	(100)
Total comprehensive income for the year	-	-	-	62	(20,946)	(20,884)
Issue of shares pursuant to Dividend Reinvestment Plan	48,704	131,987	-	-	-	180,691
At 31 March 2015	1,542,210	1,991,615	129,300	113	(5,347)	3,657,891
At 1 January 2016	1,542,210	1,991,615	129,300	64	38,417	3,701,606
Profit for the period	-	-	-	-	15,579	15,579
Other comprehensive income						
Fair value reserve:						
Net change in fair value	-	-	-	201	-	201
Net amount reclassified to profit or loss	-	-	-	(103)	-	(103)
Total comprehensive income for the period	-	-	-	98	15,579	15,677
Issue of shares pursuant to Dividend Reinvestment Plan	46,469	110,993	-	-	-	157,462
At 31 March 2016	1,588,679	2,102,608	129,300	162	53,996	3,874,745

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Condensed Consolidated Statement of Cash Flows for the three months ended 31 March 2016

	Group		Company	
	3 months ended		3 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before zakat and tax	212,522	220,296	15,854	(20,766)
Adjustments for:				
Depreciation of property and equipment	18,067	18,616	160	172
Depreciation of investment property	74	70	-	-
Loss on disposal of property, plant and equipment	519	336	-	-
Property, plant and equipment write off	8	-	-	-
Collective assessment allowance	61,767	37,306	-	-
Individual assessment allowance	(69)	21,248	-	-
Allowance for impairment loss on financial assets available-for-sale	310	-	-	-
Net gain on sale of financial assets held-for-trading	(3,134)	(3,744)	-	-
Net gain on sale of financial assets available-for-sale	(13,095)	(2,229)	-	-
Fair value gain on financial assets held-for-trading	(9,437)	(12,195)	-	-
Net derivative loss	4,186	4,220	-	-
Dividends from securities	(1,005)	(188)	(103)	(100)
Dividends from subsidiaries	-	-	(36,129)	-
Reversal of allowance for doubtful debts	(2)	(46)	-	-
Change in actuarial reserves/ unearned contributions reserves	(10,713)	4,327	-	-
Equity settled share-based payment	1,215	1,086	-	-
Amortisation of intangible assets	3,066	-	-	-
Finance cost	28,280	17,650	18,387	17,650
Operating profit/(loss) before working capital changes	292,559	306,753	(1,831)	(3,044)

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Condensed Consolidated Statement of Cash Flows for the three months ended 31 March 2016 (continued)

	Group		Company	
	3 months ended		3 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) before working capital changes	292,559	306,753	(1,831)	(3,044)
Changes in working capital:				
Deposits and placements of banks and other financial institutions	499,962	318,754	-	-
Financing of customers	(1,014,113)	(682,843)	-	-
Statutory deposits with Bank Negara Malaysia	244,220	(83,000)	-	-
Other assets	256,602	(52,735)	(270)	114
Deposits from customers	(3,067,087)	500,966	-	-
Investment accounts from customers	231,812	-	-	-
Other liabilities	(164,436)	129,051	296	(280)
Bills and acceptances payable	362,966	(399)	-	-
Cash (used in)/generated from operations	(2,357,515)	436,547	(1,805)	(3,210)
Zakat paid	-	(1,264)	-	-
Tax paid	(53,564)	(86,603)	(183)	(60)
Tax refund	-	434	-	428
Net cash (used in)/generated from operating activities	(2,411,079)	349,114	(1,988)	(2,842)
Cash flows from investing activities				
Net proceeds from disposal of securities	643,695	458,619	-	-
Purchase of property and equipment	(12,504)	(26,066)	(4)	-
Proceeds from disposal of property and equipment	3	-	-	-
Dividend from subsidiaries	-	-	36,129	-
Dividend from securities	1,005	188	103	100
Net cash generated from investing activities	632,199	432,741	36,228	100

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Condensed Consolidated Statement of Cash Flows for the three months ended 31 March 2016 (continued)

	Group		Company	
	3 months ended		3 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Dividends paid by holding company	(188,150)	(219,545)	(188,150)	(219,545)
Dividends paid to non-controlling interest	(23,835)	-	-	-
Proceeds from share issuance of ordinary shares pursuant to Dividend Reinvestment Plan	157,462	180,691	157,462	180,691
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash used in financing activities	(54,523)	(38,854)	(30,688)	(38,854)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net (decrease)/increase in cash and cash equivalents	(1,833,403)	743,001	3,552	(41,596)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash and cash equivalents at beginning of the period	4,280,835	4,619,496	214,354	123,566
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Foreign exchange differences	37,793	(20,951)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash and cash equivalents at end of the period	2,485,225	5,341,546	217,906	81,970
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash and cash equivalents comprise:				
Cash and short-term funds	1,652,184	4,456,281	217,906	81,970
Deposits and placements with financial institutions	833,041	885,265	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	2,485,225	5,341,546	217,906	81,970
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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 2015.

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Explanatory Notes to the Unaudited Interim Financial Statements for the three months ended 31 March 2016

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 unaudited interim financial statements of the Group for the three months ended 31 March 2016 comprise that of the Company and its subsidiaries (together referred to as the Group).

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

These unaudited interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad, MFRS 134: *Interim Financial Reporting* in Malaysia issued by Malaysian Accounting Standards Board ("MASB"), Financial Reporting for Islamic Banking Institution policy issued by Bank Negara Malaysia ("BNM"), the provisions of the Companies Act, 1965 and Shariah requirements.

The unaudited interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015. The explanatory notes attached to the unaudited interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2015.

The audited financial statements of the Group for the financial year ended 31 December 2015, 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 2015, except for the adoption of the following Malaysian Financial Reporting Standards ("MFRS") and amendments to MFRSs:

- 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 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 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 2012-2015 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2015 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 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- 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*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations 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 above mentioned accounting standards, amendments or interpretations are not expected to have any material financial impacts 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.

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1. Basis of preparation (continued)

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

2. Audit report of preceding financial year ended 31 December 2015

The auditors' report on the audited financial statements for the financial year ended 31 December 2015 was not qualified.

3. Seasonality and cyclicity of operations

The operations of the Group were not materially affected by any seasonal or cyclical factors in the three months ended 31 March 2016.

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 three months ended 31 March 2016.

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 three months ended 31 March 2016.

6. Issuance or repayment of debt and equity securities

On 22 January 2016, the Company increased its issued and paid-up capital from RM1,542,209,734 to RM1,588,679,214 via the issuance of 46,469,480 new ordinary shares of RM1.00 each at a consideration of RM3.3885 each arising from the Dividend Reinvestment Plan.

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7. Significant events during the three months ended 31 March 2016

- **Dividend received**

On 17 February 2016, Syarikat Takaful Malaysia Berhad paid a single tier dividend of 7.35 sen per ordinary share totalling RM36.129 million for the financial year ended 31 December 2015.

8. Cash and short-term funds

	31.03.2016	31.12.2015
	RM'000	RM'000
Group		
Cash and balances with banks and other financial institutions	601,238	822,169
Money at call and interbank placements with remaining maturity not exceeding one month	1,050,946	2,481,836
	<u>1,652,184</u>	<u>3,304,005</u>
	=====	=====
Company		
Cash and balances with banks and other financial institutions	217,906	214,354
	<u>217,906</u>	<u>214,354</u>
	=====	=====

9. Deposits and placements with financial institutions

	Group	
	31.03.2016	31.12.2015
	RM'000	RM'000
Licensed banks	823,133	968,716
Other financial institutions	9,908	8,114
	<u>833,041</u>	<u>976,830</u>
	=====	=====

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10. Financial assets held-for-trading

	Group	
	31.03.2016	31.12.2015
	RM'000	RM'000
At fair value		
<i>Quoted securities in Malaysia</i>		
- Shares	63,056	64,215
- Unit trusts	5,300	5,255
<i>Quoted securities outside Malaysia</i>		
- Shares	60,027	61,435
- Unit trusts	8,995	9,392
	<u>137,378</u>	<u>140,297</u>
	-----	-----
<i>Unquoted securities in Malaysia</i>		
- Malaysian Government Investment Issues	367,761	241,717
- Islamic Debt Securities	148,510	193,465
<i>Unquoted securities outside Malaysia</i>		
- Islamic Debt Securities	63,699	94,527
	<u>579,970</u>	<u>529,709</u>
	-----	-----
	<u>717,348</u>	<u>670,006</u>
	=====	=====

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11. 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 for 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.

Group	Notional Amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
31.03.2016			
Forward contracts	3,119,777	65,666	(65,208)
Profit rate swaps	856,069	8,346	(3,560)
	<hr/>	<hr/>	<hr/>
	3,975,846	74,012	(68,768)
	<hr/>	<hr/>	<hr/>
31.12.2015			
Forward contracts	2,323,286	106,402	(98,593)
Profit rate swaps	862,568	12,857	(3,320)
	<hr/>	<hr/>	<hr/>
	3,185,854	119,259	(101,913)
	<hr/>	<hr/>	<hr/>

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12. Financial assets available-for-sale

	Group	
	31.03.2016	31.12.2015
	RM'000	RM'000
At fair value		
<i>Quoted securities in Malaysia</i>		
- Unit trusts	233,667	237,679
- Shares	599,154	600,540
<i>Quoted securities outside Malaysia</i>		
- Unit trusts	66,079	72,265
- Shares	54,052	53,818
- Islamic Debt Securities	295	311
	953,247	964,613
	-----	-----
<i>Unquoted securities in Malaysia</i>		
- Malaysian Government Islamic Papers	160,225	164,728
- Malaysian Government Investment Issues	2,213,226	2,556,539
- Islamic Debt Securities	9,726,409	9,952,942
- Shares	380	380
- Institutional Trust Account	154,473	152,641
<i>Unquoted securities outside Malaysia</i>		
- Shares	43	42
	12,254,756	12,827,272
	-----	-----
At cost		
<i>Unquoted securities in Malaysia</i>		
- Unquoted shares in Malaysia	22,830	24,319
Less: Accumulated impairment loss*	(17,588)	(19,328)
	5,242	4,991
	-----	-----
<i>Unquoted securities outside Malaysia</i>		
- Unquoted shares outside Malaysia	329	329
Less: Accumulated impairment loss	(310)	-
	19	329
	-----	-----
	-----	-----
	13,213,264	13,797,205
	=====	=====

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

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12. Financial assets available-for-sale (continued)

	Company	
	31.03.2016	31.12.2015
	RM'000	RM'000
At fair value		
<i>Quoted securities in Malaysia</i>		
- Unit trusts	19,415	19,215
	=====	=====

13. Financial assets held-to-maturity

	Group	
	31.03.2016	31.12.2015
	RM'000	RM'000
<i>Unquoted securities in Malaysia</i>		
- Malaysian Government Islamic Papers	145,125	145,157
- Islamic Debt Securities	439,821	440,710
Less: Accumulated impairment loss	(6,887)	(6,887)
<i>Unquoted securities outside Malaysia</i>		
- Islamic Debt Securities	60,922	64,184
	-----	-----
	638,981	643,164
	=====	=====

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14. Financing, advances and others

(a) By type and Shariah contract

Group	Bai'		Bai		Ijarah	Ijarah			Total
31 March 2016	Bithaman	Murabahah	Al-Inah	At-Tawarruq	Muntahiah	Thumma	Istisna'	Ar-Rahnu	RM'000
	Ajil				Bit-Tamleek	Al-Bai			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At amortised cost									
Cash line	-	-	56,997	913,137	-	-	-	-	970,134
Term financing									
House financing ^	4,765,240	-	-	7,299,739	-	-	61,404	-	12,126,383
Syndicated financing	5,863	-	160,186	1,007,844	-	129,292	-	-	1,303,185
Leasing financing	-	-	-	-	84,179	1,533	-	-	85,712
Bridging financing	-	-	-	-	-	-	86,732	-	86,732
Personal financing	-	-	70,234	10,397,776	-	-	-	-	10,468,010
Other term financing	2,453,364	758,171	18,335	5,797,363	-	-	1,746	-	9,028,979
Staff financing	93,262	2,699	-	75,939	-	-	15,859	-	187,759
Credit cards	-	-	11,352	426,015	-	-	-	-	437,367
Trade bills discounted	-	1,137,286	-	-	-	-	-	-	1,137,286
Trust receipts	-	11,770	-	-	-	-	-	-	11,770
Pawn broking	-	-	-	-	-	-	-	75,072	75,072
	<u>7,317,729</u>	<u>1,909,926</u>	<u>317,104</u>	<u>25,917,813</u>	<u>84,179</u>	<u>130,825</u>	<u>165,741</u>	<u>75,072</u>	<u>35,918,389</u>
	=====	=====	=====	=====	=====	=====	=====	=====	
Allowance for impaired financing, advances and others									
- collective assessment allowance									(554,431)
- individual assessment allowance									(116,853)
									<u>35,247,105</u>
									=====

^ Included in house financing are the underlying assets under the Unrestricted Investment Accounts ("URIA") amounting RM907,917,000 as disclosed in Note 18 of these financial statements.

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14. Financing, advances and others (continued)

(a) By type and Shariah contract (continued)

Group 31 December 2015	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Bai Al-Inah RM'000	At-Tawarruq RM'000	Ijarah Muntahiah Bit-Tamleek RM'000	Ijarah Thumma Al-Bai RM'000	Istisna' RM'000	Ar-Rahnu RM'000	Total RM'000
At amortised cost									
Cash line	-	-	62,300	997,097	-	-	-	-	1,059,397
Term financing									
House financing ^	4,851,790	-	-	6,628,865	-	-	62,580	-	11,543,235
Syndicated financing	8,603	-	164,301	1,021,805	-	127,399	-	-	1,322,108
Leasing financing	-	-	-	-	81,223	1,769	-	-	82,992
Bridging financing	-	-	-	-	-	-	87,630	-	87,630
Personal financing	-	-	82,054	10,247,851	-	-	-	-	10,329,905
Other term financing	2,583,462	685,973	18,444	5,385,013	-	-	1,762	-	8,674,654
Staff financing	96,919	1,515	-	68,007	-	-	16,401	-	182,842
Credit cards	-	-	12,695	430,848	-	-	-	-	443,543
Trade bills discounted	-	1,139,827	-	-	-	-	-	-	1,139,827
Trust receipts	-	20,210	-	-	-	-	-	-	20,210
Pawn broking	-	-	-	-	-	-	-	73,883	73,883
	<u>7,540,774</u>	<u>1,847,525</u>	<u>339,794</u>	<u>24,779,486</u>	<u>81,223</u>	<u>129,168</u>	<u>168,373</u>	<u>73,883</u>	<u>34,960,226</u>
	=====	=====	=====	=====	=====	=====	=====	=====	

Allowance for impaired financing, advances and others

- collective assessment allowance
- individual assessment allowance

(541,065)
(124,471)

Net financing, advances and others

34,294,690

^ Included in house financing are the underlying assets under the Unrestricted Investment Accounts ("URIA") amounting RM676,105,000 as disclosed in Note 18 of these financial statements.

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14. Financing, advances and others (continued)

	Group	
	31.03.2016	31.12.2015
	RM'000	RM'000
(b) By type of customer		
Domestic non-bank financial institutions	1,059,997	1,004,961
Domestic business enterprise	6,245,440	5,907,856
Small medium industries	806,672	939,552
Government and statutory bodies	900,450	897,923
Individuals	26,323,418	25,618,163
Other domestic entities	7,590	7,678
Foreign entities	574,822	584,093
	<u>35,918,389</u>	<u>34,960,226</u>
	=====	=====
(c) By profit rate sensitivity		
Fixed rate		
House financing	1,375,599	1,403,863
Others	4,474,628	4,855,968
Floating rate		
Others	30,068,162	28,700,395
	<u>35,918,389</u>	<u>34,960,226</u>
	=====	=====
(d) By remaining contractual maturity		
Maturity within one year	3,963,470	3,543,984
More than one year to three years	1,295,775	1,121,154
More than three years to five years	2,430,064	1,613,849
More than five years	28,229,080	28,681,239
	<u>35,918,389</u>	<u>34,960,226</u>
	=====	=====
(e) By geographical distribution		
Central Region	16,705,140	16,254,666
Eastern Region	6,002,031	5,856,505
Northern Region	5,468,945	5,297,531
Southern Region	4,884,081	4,725,173
East Malaysia Region	2,858,192	2,826,351
	<u>35,918,389</u>	<u>34,960,226</u>
	=====	=====

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14. Financing, advances and others (continued)

	Group	
	31.03.2016	31.12.2015
	RM'000	RM'000
(f) By sector		
Primary agriculture	433,198	403,666
Mining and quarrying	12,938	13,494
Manufacturing (including agro-based)	855,760	930,013
Electricity, gas and water	677,503	681,984
Wholesale & retail trade, and hotels & restaurants	1,229,129	1,102,861
Construction	2,048,240	2,225,492
Real estate	1,281,198	1,088,961
Transport, storage and communications	322,996	395,914
Finance, insurance and business activities	1,629,136	1,406,399
Education, health and others	1,105,110	1,092,052
Household sectors	26,323,181	25,619,390
	<u>35,918,389</u>	<u>34,960,226</u>
	=====	=====
(g) Movement in impaired financing and advances (“impaired financing”) are as follows:		
At 1 January 2016/2015	381,270	344,539
Classified as impaired during the period/year	117,055	513,966
Reclassified as not impaired during the period/year	(60,582)	(205,690)
Amount recovered	(46,708)	(144,268)
Amount written off	(48,934)	(139,053)
Exchange differences	(5,796)	11,776
	<u>336,305</u>	<u>381,270</u>
	=====	=====
Gross impaired financing as a percentage of gross financing, advances and others	0.94%	1.09%
	=====	=====

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14. Financing, advances and others (continued)

	Group	
	31.03.2016	31.12.2015
	RM'000	RM'000
(h) Impaired financing by geographical distribution		
Central Region	149,947	184,568
Eastern Region	47,415	47,369
Northern Region	35,195	35,880
Southern Region	26,734	29,892
East Malaysia Region	77,014	83,561
	<hr/>	<hr/>
	336,305	381,270
	=====	=====
(i) Impaired financing by sector		
Primary agriculture	1,307	1,307
Manufacturing (including agro-based)	4,724	6,650
Wholesale & retail trade, and hotels & restaurants	23,716	24,986
Construction	25,462	56,344
Transport, storage and communications	28,383	29,332
Finance, insurance and business activities	64,180	69,533
Education, health and others	7,243	7,502
Household sectors	181,290	185,616
	<hr/>	<hr/>
	336,305	381,270
	=====	=====
(j) Movement of allowance for impaired financing		
<u>Collective assessment allowance</u>		
At 1 January 2016/2015	541,065	444,388
Allowance made during the period/year	61,767	189,391
Amount written off	(47,298)	(94,748)
Exchange differences	(1,103)	2,034
	<hr/>	<hr/>
At 31 March 2016/31 December 2015	554,431	541,065
	=====	=====

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14. Financing, advances and others (continued)

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

	Group	
	31.03.2016	31.12.2015
	RM'000	RM'000
<u>Individual assessment allowance</u>		
At 1 January 2016/2015	124,471	142,753
Allowance made during the period/year	2,658	46,420
Amount recovered	(2,727)	(32,272)
Amount written off	(1,753)	(44,139)
Exchange differences	(5,796)	11,709
	<hr/>	<hr/>
At 31 March 2016/31 December 2015	116,853	124,471
	<hr/> <hr/>	<hr/> <hr/>

15. Other assets

	31.03.2016	31.12.2015
	RM'000	RM'000
Group		
Clients' and dealers' debit balances	25,813	215,265
Deposits and prepayments	46,021	47,600
Other financing	85,050	85,496
Other receivables	111,096	138,494
	<hr/>	<hr/>
	267,980	486,855
	<hr/> <hr/>	<hr/> <hr/>
Company		
Amount due from subsidiaries	248	887
Deposits and prepayments	380	429
Income receivable	1,572	966
Other receivables	411	59
	<hr/>	<hr/>
	2,611	2,341
	<hr/> <hr/>	<hr/> <hr/>

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16. Takaful assets

		Group	
	Note	31.03.2016	31.12.2015
		RM'000	RM'000
Retakaful assets:			
- Claims liabilities	21(a)(i)	362,913	404,205
- Contribution liabilities	21(a)(ii)	66,496	55,893
- Actuarial liabilities	21(a)(iii)	152,753	242,477
		<hr/>	<hr/>
		582,162	702,575
		-----	-----
Takaful receivables			
- Due contributions		269,204	119,350
- Due from retakaful/co-takaful		30,597	36,440
		<hr/>	<hr/>
		299,801	155,790
Less: Allowance for impaired receivables		(11,988)	(7,517)
		<hr/>	<hr/>
		287,813	148,273
		-----	-----
		869,975	850,848
		=====	=====

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17. Deposits from customers

	Group	
	31.03.2016	31.12.2015
	RM'000	RM'000
(a) By type of deposit		
Savings deposits		
<i>Wadiah</i>	4,833,966	4,674,687
Demand deposits		
<i>Wadiah</i>	10,088,591	10,567,552
Term Deposit	25,035,192	27,781,846
Special Investment Accounts <i>Mudharabah</i>	24,971	26,058
General Investment Accounts <i>Mudharabah</i>	447,135	478,802
Term & Special term deposit-i <i>Tawarruq</i>	22,058,818	23,982,499
Negotiable Islamic Debt Certificates (NIDC) <i>Waheed-i</i>	2,502,240 2,028	3,287,644 6,843
Others	93,693	94,444
Total Deposits	40,051,442	43,118,529
(b) Maturity structure of term deposits are as follows:		
Due within six months	19,404,628	22,794,274
More than six months to one year	4,353,072	4,000,106
More than one year to three years	1,235,951	946,690
More than three years to five years	41,541	40,776
	25,035,192	27,781,846

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17. Deposits from customers (continued)

	Group	
	31.03.2016	31.12.2015
	RM'000	RM'000
(c) By type of customer		
Government and statutory bodies	6,307,425	7,419,397
Business enterprises	10,616,508	11,746,178
Individuals	5,729,784	5,576,637
Others	17,397,725	18,376,317
	<u>40,051,442</u>	<u>43,118,529</u>
	=====	=====

18. Investment accounts of customers

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

	Group	
	31.03.2016	31.12.2015
	RM'000	RM'000
Unrestricted investment accounts		
Without maturity		
- <i>Mudharabah</i>	691,169	461,312
With maturity		
- <i>Wakalah</i>	216,748	214,793
	<u>907,917</u>	<u>676,105</u>
	=====	=====
Restricted investment accounts ^		
With maturity		
- <i>Wakalah</i>	106,595	82,567
	<u>106,595</u>	<u>82,567</u>
	=====	=====

^ Restricted investment account ("RIA") is an arrangement between the Bank and its ultimate holding entity where the Bank acts as the investment agent to manage and administer the RIA and its underlying assets. RIA is accounted for as off balance sheet as the Bank has no rights and obligations in respect of the assets related to the RIA or to the residual cash flows from those assets except for the fee income generated by the Bank for managing the RIA.

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19. Deposits and placements of banks and other financial institutions

	Group	
	31.03.2016	31.12.2015
	RM'000	RM'000
Mudharabah fund		
Licensed Islamic banks	499,962	-
	<u>499,962</u>	<u>-</u>
	=====	=====

20. Other liabilities

	31.03.2016	31.12.2015
	RM'000	RM'000
Group		
Accruals and other payables	751,619	745,785
Clients' and dealers' credit balances	25,621	214,578
Dividend payable	-	188,150
	<u>777,240</u>	<u>1,148,513</u>
	=====	=====
Company		
Accruals and other payables	4,243	3,684
Amount due to subsidiaries	114	274
Dividend payable	-	188,150
	<u>4,357</u>	<u>192,108</u>
	=====	=====

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

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21. Takaful liabilities

		Group	
	Note	31.03.2016	31.12.2015
		RM'000	RM'000
Takaful contract liabilities	21(a)	6,403,877	6,350,983
Expense reserves	21(b)	162,421	142,258
Takaful payables	21(c)	86,274	95,647
		<hr/>	<hr/>
		6,652,572	6,588,888
		=====	=====

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21. Takaful liabilities (continued)

(a) Takaful contract liabilities

The takaful contract liabilities comprise the following:

		Group	
	Note	31.03.2016	31.12.2015
		RM'000	RM'000
Provision for outstanding claims	21(a)(i)	722,927	741,069
Provision for unearned contributions	21(a)(ii)	320,492	297,773
Participants' fund	21(a)(iii)	5,360,458	5,312,141
		<u>6,403,877</u>	<u>6,350,983</u>
		=====	=====

(i) Provision for outstanding claims

The provision for outstanding claims is further analysed as follows:

	Gross	31.03.2016	Net
	RM'000	Retakaful	RM'000
		RM'000	RM'000
Group			
Provision for claims reported by participants	362,694	(245,870)	116,824
Provision for IBNR*	360,233	(117,043)	243,190
	<u>722,927</u>	<u>(362,913)</u>	<u>360,014</u>
	=====	=====	=====
		Note 16	

	Gross	31.12.2015	Net
	RM'000	Retakaful	RM'000
		RM'000	RM'000
Group			
Provision for claims reported by participants	393,705	(277,771)	115,934
Provision for IBNR*	347,364	(126,434)	220,930
	<u>741,069</u>	<u>(404,205)</u>	<u>336,864</u>
	=====	=====	=====
		Note 16	

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

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21. Takaful liabilities (continued)

(a) Takaful contract liabilities (continued)

(i) Provision for outstanding claims (continued)

Movement of provision for outstanding claims:

	Gross RM'000	Group Retakaful RM'000	Net RM'000
At 1 January 2015	808,491	(405,867)	402,624
Claims incurred during the year	961,213	(194,906)	766,307
Adjustment to claims incurred in prior accident years	(69,483)	25,192	(44,291)
Claims paid during the year	(910,336)	155,586	(754,750)
(Decrease) / Increase in IBNR	(53,636)	16,531	(37,105)
Effect of movement in exchange rates	4,820	(741)	4,079
	-----	-----	-----
At 31 December 2015/ 1 January 2016	741,069	(404,205)	336,864
Claims incurred during the year	219,156	(9,236)	209,920
Adjustment to claims incurred in prior accident years	-	-	-
Claims paid during the year	(249,583)	40,928	(208,655)
Increase in IBNR	12,977	9,294	22,271
Effect of movement in exchange rates	(692)	306	(386)
	-----	-----	-----
At 31 March 2016	722,927	(362,913)	360,014
	=====	=====	=====

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21. Takaful liabilities (continued)

(a) Takaful contract liabilities (continued)

(ii) Provision for unearned contributions

The provision for unearned contributions is further analysed as follows:

	Gross RM'000	Group Retakaful RM'000	Net RM'000
31.03.2016	320,492	(66,496)	253,996
	=====	=====	=====
		Note 16	
31.12.2015	297,773	(55,893)	241,880
	=====	=====	=====
		Note 16	

Movement of provision for unearned contributions:

	Gross RM'000	Group Retakaful RM'000	Net RM'000
At 1 January 2015	290,899	(69,949)	220,950
Contributions written during the year	476,051	(186,996)	289,055
Contributions earned during the year	(470,462)	201,266	(269,196)
Effect of movement in exchange rates	1,285	(214)	1,071
	-----	-----	-----
At 31 December 2015/ 1 January 2016	297,773	(55,893)	241,880
Contributions written during the year	161,557	(62,945)	98,612
Contributions earned during the year	(138,177)	52,232	(85,945)
Effect of movement in exchange rates	(661)	110	(551)
	-----	-----	-----
At 31 March 2016	320,492	(66,496)	253,996
	=====	=====	=====

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21. Takaful liabilities (continued)

(a) Takaful contract liabilities (continued)

(iii) Participants' fund

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

	Gross	Group	Net
	RM'000	Retakaful	RM'000
		RM'000	RM'000
31.03.2016			
Actuarial liabilities	4,432,379	(152,753)	4,279,626
Unallocated surplus/accumulated surplus	795,743	-	795,743
AFS reserve	(41,489)	-	(41,489)
Translation reserve	603	-	603
Net assets value attributable to unitholders	173,222	-	173,222
	<u>5,360,458</u>	<u>(152,753)</u>	<u>5,207,705</u>
	=====	=====	=====
		Note 16	
31.12.2015			
Actuarial liabilities	4,222,570	(242,477)	3,980,093
Unallocated surplus/accumulated surplus	1,001,257	-	1,001,257
AFS reserve	(81,639)	-	(81,639)
Translation reserve	(162)	-	(162)
Net assets value attributable to unitholders	170,115	-	170,115
	<u>5,312,141</u>	<u>(242,477)</u>	<u>5,069,664</u>
	=====	=====	=====
		Note 16	

(b) Expense reserves

	Group	
	31.03.2016	31.12.2015
	RM'000	RM'000
At 1 January 2016 / 2015	142,258	142,127
Provision for the year, net	20,407	(333)
Effect of movement in exchange rates	(244)	464
	<u>162,421</u>	<u>142,258</u>
	=====	=====

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21. Takaful liabilities (continued)

(c) Takaful payables

	Group	
	31.03.2016	31.12.2015
	RM'000	RM'000
Due to retakaful companies	56,807	73,198
Due to Intermediaries/Participants	29,467	22,449
	<u>86,274</u>	<u>95,647</u>
	=====	=====

22. Sukuk liabilities

	Group		Company	
	31.03.2016	31.12.2015	31.03.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Sukuk liabilities	1,196,972	1,178,585	1,196,972	1,178,585
Subordinated Sukuk Murabahah	714,273	704,380	-	-
	<u>1,911,245</u>	<u>1,882,965</u>	<u>1,196,972</u>	<u>1,178,585</u>
	=====	=====	=====	=====

The Sukuk liabilities comprise the following:

- a) The 10-year Islamic securities of RM1.66 billion (2015: RM1.66 billion) in nominal value issued by the Company on 12 December 2013; and
- b) Two (2) Tranches of the Subordinated Sukuk Murabahah amounting to RM700 million (2015: Nil) issued by Bank Islam Malaysia Berhad are as follows:
 - On 22 April 2015, the Bank issued the first tranche of RM300 million in nominal value of the 10-year Subordinated Sukuk Murabahah which 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.
 - On 15 December 2015, the Bank issued the second tranche of RM400 million which is due on 15 December 2025, with optional redemption on 15 December 2020 or any periodic payment date thereafter. The Sukuk bears a profit rate of 5.50% per annum payable semi-annually in arrears.

The Subordinated Sukuk Murabahah qualifies as Tier II capital for the computation of the regulatory capital of the Bank in accordance with the Capital Adequacy Framework (Capital Components) for Islamic Banks issued by BNM.

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23. Other reserves

Breakdown of other reserves are as follows:

	Group	
	31.03.2016	31.03.2015
	RM'000	RM'000
Capital reserve	6,863	6,863
Warrant reserve	129,300	129,300
Statutory reserve	992,022	738,606
Fair value reserve	42,085	20,653
Translation reserve	(84,031)	(61,756)
LTIP reserve	5,345	3,754
	<u>1,091,584</u>	<u>837,420</u>
Acquisition reserve	(1,199,747)	(1,199,747)
	<u>(108,163)</u>	<u>(362,327)</u>
	=====	=====

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23. Other reserves (continued)

Group	Capital reserve RM'000	Statutory reserve RM'000	Warrant reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	LTIP* reserve RM'000	Total RM'000
At 1 January 2015	6,863	738,606	129,300	(24,669)	(40,283)	3,099	812,916
Foreign exchange translation differences	-	-	-	-	(21,473)	-	(21,473)
Fair value reserve:							
Net change in fair value	-	-	-	48,592	-	-	48,592
Net amount reclassified to profit or loss	-	-	-	(3,270)	-	-	(3,270)
Share-based payment transactions	-	-	-	-	-	655	655
At 31 March 2015	<u>6,863</u>	<u>738,606</u>	<u>129,300</u>	<u>20,653</u>	<u>(61,756)</u>	<u>3,754</u>	<u>837,420</u>
At 1 January 2016	6,863	992,022	129,300	(16,356)	(123,644)	4,613	992,798
Foreign exchange translation differences	-	-	-	-	39,613	-	39,613
Fair value reserve:							
Net change in fair value	-	-	-	89,809	-	-	89,809
Net amount reclassified to profit or loss	-	-	-	(13,462)	-	-	(13,462)
Income tax credit relating to components of other comprehensive income	-	-	-	(17,906)	-	-	(17,906)
Share-based payment transactions	-	-	-	-	-	732	732
At 31 March 2016	<u>6,863</u>	<u>992,022</u>	<u>129,300</u>	<u>42,085</u>	<u>(84,031)</u>	<u>5,345</u>	<u>1,091,584</u>

* Long Term Incentive Plan

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24. Income derived from investment of depositors' funds

Group	Quarter		Year-to-date	
	3 months ended	3 months ended	3 months ended	3 months ended
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) General investment deposits	7,366	26,430	7,366	26,430
(ii) Other deposits	583,995	515,853	583,995	515,853
	<u>591,361</u>	<u>542,283</u>	<u>591,361</u>	<u>542,283</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 3 months ended	
	31.03.2016 RM'000	31.03.2015 RM'000	31.03.2016 RM'000	31.03.2015 RM'000
Finance, income and hibah				
Financing, advances and others	4,853	21,420	4,853	21,420
Financial assets:				
- Held-for-trading	137	377	137	377
- Available-for-sale	1,623	3,414	1,623	3,414
- Held-to-maturity	18	33	18	33
Money at call and deposit with financial institutions	170	776	170	776
	<u>6,801</u>	<u>26,020</u>	<u>6,801</u>	<u>26,020</u>
	-----	-----	-----	-----
Other dealing income				
Net gain from sale of financial assets held-for-trading	93	179	93	179
Net gain on revaluation of financial assets held-for-trading	116	126	116	126
	<u>209</u>	<u>305</u>	<u>209</u>	<u>305</u>
	-----	-----	-----	-----
Other operating income				
Net gain from sale of financial assets available-for-sale	356	105	356	105
	<u>356</u>	<u>105</u>	<u>356</u>	<u>105</u>
	-----	-----	-----	-----
	<u>7,366</u>	<u>26,430</u>	<u>7,366</u>	<u>26,430</u>
	=====	=====	=====	=====
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	<i>211</i>	<i>362</i>	<i>211</i>	<i>362</i>
	=====	=====	=====	=====

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

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

Group	Quarter		Year-to-date	
	3 months ended	3 months ended	3 months ended	3 months ended
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Finance, income and hibah				
Financing, advances and others				
- Other deposits	495,762	418,066	495,762	418,066
Financial assets:				
- Held-for-trading	4,827	7,297	4,827	7,297
- Available-for-sale	56,901	66,603	56,901	66,603
- Held-to-maturity	617	650	617	650
Money at call and deposit with financial institutions	5,914	15,218	5,914	15,218
	<u>564,021</u>	<u>507,834</u>	<u>564,021</u>	<u>507,834</u>
	-----	-----	-----	-----
Other dealing income				
Net gain from sale of financial assets held-for-trading	3,301	3,530	3,301	3,530
Net gain on revaluation of financial assets held-for-trading	3,934	2,365	3,934	2,365
	<u>7,235</u>	<u>5,895</u>	<u>7,235</u>	<u>5,895</u>
	-----	-----	-----	-----
Other operating income				
Net gain from sale of financial assets available-for-sale	12,739	2,124	12,739	2,124
	<u>12,739</u>	<u>2,124</u>	<u>12,739</u>	<u>2,124</u>
	-----	-----	-----	-----
	<u>583,995</u>	<u>515,853</u>	<u>583,995</u>	<u>515,853</u>
	=====	=====	=====	=====
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	<u>7,394</u>	<u>7,032</u>	<u>7,394</u>	<u>7,032</u>
	=====	=====	=====	=====

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25. Income derived from investment account funds

Group	Quarter 3 months ended		Year-to-date 3 months ended	
	31.03.2016 RM'000	31.03.2015 RM'000	31.03.2016 RM'000	31.03.2015 RM'000
Finance income				
Unrestricted investment accounts				
- <i>Mudharabah</i>	9,069	-	9,069	-
- <i>Wakalah</i>	2,415	-	2,415	-
	<u>11,484</u>	<u>-</u>	<u>11,484</u>	<u>-</u>
	=====	=====	=====	=====

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26. Income derived from investment of shareholders' funds

Group	Quarter 3 months ended		Year-to-date 3 months ended	
	31.03.2016 RM'000	31.03.2015 RM'000	31.03.2016 RM'000	31.03.2015 RM'000
Financing income and hibah				
Financing, advances and others	1,530	1,524	1,530	1,524
Financial assets available-for-sale	42,441	28,403	42,441	28,403
Money at call and deposits with financial institutions	(548)	3,828	(548)	3,828
	<u>43,423</u>	<u>33,755</u>	<u>43,423</u>	<u>33,755</u>
Other dealing income				
Net gain from foreign exchange transactions	18,477	27,685	18,477	27,685
Net (loss)/gain from sale of financial assets held-for-trading	(260)	35	(260)	35
Net gain on revaluation of financial assets held-for-trading	229	812	229	812
Net derivatives loss	(4,186)	(4,220)	(4,186)	(4,220)
	<u>14,260</u>	<u>24,312</u>	<u>14,260</u>	<u>24,312</u>
Other operating income				
Reversal of allowance for doubtful debts	2	46	2	46
Gross dividend income from securities:				
- Quoted in Malaysia	21	88	21	88
- Unit trust in Malaysia	984	100	984	100
Fees and commission	54,530	44,261	54,530	44,261
Net loss on disposal of property, plant and equipment	(519)	(336)	(519)	(336)
Rental income	363	295	363	295
Others	14	27	14	27
	<u>55,395</u>	<u>44,481</u>	<u>55,395</u>	<u>44,481</u>
	<u>113,078</u>	<u>102,548</u>	<u>113,078</u>	<u>102,548</u>

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

Company	Quarter 3 months ended		Year-to-date 3 months ended	
	31.03.2016 RM'000	31.03.2015 RM'000	31.03.2016 RM'000	31.03.2015 RM'000
Financing income and hibah				
Money at call and deposits with financial institutions	2,056	741	2,056	741
	<u>2,056</u>	<u>741</u>	<u>2,056</u>	<u>741</u>
	-----	-----	-----	-----
Other operating income				
Gross dividend income from securities:				
- Unit trust in Malaysia	103	100	103	100
Gross dividend income from subsidiary companies	36,129	-	36,129	-
Others	2	12	2	12
	<u>36,234</u>	<u>112</u>	<u>36,234</u>	<u>112</u>
	-----	-----	-----	-----
	<u>38,290</u>	<u>853</u>	<u>38,290</u>	<u>853</u>
	=====	=====	=====	=====

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27. Net income from Takaful business

Group	Quarter 3 months ended		Year-to-date 3 months ended	
	31.03.2016 RM'000	31.03.2015 RM'000	31.03.2016 RM'000	31.03.2015 RM'000
Net earned contributions				
Gross earned contributions	426,364	373,220	426,364	373,220
Contribution ceded to retakaful	(63,048)	(72,591)	(63,048)	(72,591)
	<u>363,316</u>	<u>300,629</u>	<u>363,316</u>	<u>300,629</u>
	-----	-----	-----	-----
Other income				
Administration income	14,701	12,245	14,701	12,245
Investment income	63,588	61,163	63,588	61,163
Realised gains and losses	4,332	25,095	4,332	25,095
Fair value gains and losses	5,158	8,892	5,158	8,892
Other operating income	1,033	3,120	1,033	3,120
	<u>88,812</u>	<u>110,515</u>	<u>88,812</u>	<u>110,515</u>
	-----	-----	-----	-----
Net benefits and claims				
Gross benefits and claims paid	(249,583)	(215,029)	(249,583)	(215,029)
Claims ceded to retakaful	40,928	35,210	40,928	35,210
Gross change to contract liabilities	17,450	(55,169)	17,450	(55,169)
Change to contract liabilities ceded to takaful	(40,986)	47,358	(40,986)	47,358
	<u>(232,191)</u>	<u>(187,630)</u>	<u>(232,191)</u>	<u>(187,630)</u>
	-----	-----	-----	-----
Expense reserves	(20,407)	(6,095)	(20,407)	(6,095)
	-----	-----	-----	-----
Income from takaful business	199,530	217,419	199,530	217,419
Profits attributable to participants/ takaful operator	(19,663)	(53,168)	(19,663)	(53,168)
	<u>179,867</u>	<u>164,251</u>	<u>179,867</u>	<u>164,251</u>
	=====	=====	=====	=====
Net income from takaful business	179,867	164,251	179,867	164,251

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28. Allowance for impairment on financing and advances

Group	Quarter 3 months ended		Year-to-date 3 months ended	
	31.03.2016 RM'000	31.03.2015 RM'000	31.03.2016 RM'000	31.03.2015 RM'000
Allowance for impaired financing, advances and others				
- collective assessment allowance	61,767	37,306	61,767	37,306
- individual assessment allowance	(69)	21,248	(69)	21,248
Bad debts and financing recovered	(27,087)	(28,101)	(27,087)	(28,101)
	<u>34,611</u>	<u>30,453</u>	<u>34,611</u>	<u>30,453</u>
	=====	=====	=====	=====

29. Income attributable to depositors

Group	Quarter 3 months ended		Year-to-date 3 months ended	
	31.03.2016 RM'000	31.03.2015 RM'000	31.03.2016 RM'000	31.03.2015 RM'000
Deposits from customers				
- Mudharabah Fund	4,266	36,139	4,266	36,139
- Non-Mudharabah Fund	264,060	205,378	264,060	205,378
Deposits and placements of banks and other financial institutions				
- Mudharabah Fund	-	1,547	-	1,547
- Non-Mudharabah Fund	5,955	-	5,955	-
	<u>274,281</u>	<u>243,064</u>	<u>274,281</u>	<u>243,064</u>
	=====	=====	=====	=====

30. Income attributable to investment account holders

Group	Quarter 3 months ended		Year-to-date 3 months ended	
	31.03.2016 RM'000	31.03.2015 RM'000	31.03.2016 RM'000	31.03.2015 RM'000
Unrestricted investment accounts				
- <i>Mudharabah</i>	173	-	173	-
- <i>Wakalah</i>	2,057	-	2,057	-
	<u>2,230</u>	<u>-</u>	<u>2,230</u>	<u>-</u>
	=====	=====	=====	=====

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31. Personnel expenses

	Quarter		Year-to-date	
	3 months ended		3 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Group				
Salaries and wages	127,836	118,187	127,836	118,187
Employees' Provident Fund	16,840	15,663	16,840	15,663
Directors' remuneration	2,607	2,046	2,607	2,046
Others	16,222	14,809	16,222	14,809
	-----	-----	-----	-----
	163,505	150,705	163,505	150,705
	=====	=====	=====	=====
Company				
Salaries and wages	2,114	1,166	2,114	1,166
Employees' Provident Fund	153	127	153	127
Directors' remuneration	401	458	401	458
Others	138	108	138	108
	-----	-----	-----	-----
	2,806	1,859	2,806	1,859
	=====	=====	=====	=====

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32. Other overhead expenses

Group	Quarter 3 months ended		Year-to-date 3 months ended	
	31.03.2016 RM'000	31.03.2015 RM'000	31.03.2016 RM'000	31.03.2015 RM'000
<i>Promotion</i>				
Advertisement and publicity	10,820	7,430	10,820	7,430
Credit and debit card expenses	6,089	4,744	6,089	4,744
Commission	53,271	43,549	53,271	43,549
	70,180	55,723	70,180	55,723
	70,180	55,723	70,180	55,723
<i>Establishment</i>				
Office rental	14,305	13,837	14,305	13,837
Depreciation of property and equipment	18,067	18,616	18,067	18,616
Depreciation of investment property	74	70	74	70
Information technology expenses	11,399	4,183	11,399	4,183
Rental equipment	1,455	1,345	1,455	1,345
Office maintenance	4,195	4,800	4,195	4,800
Utilities	4,951	5,169	4,951	5,169
Security services	3,839	3,423	3,839	3,423
Takaful and insurance	499	2,246	499	2,246
Others	543	248	543	248
	59,327	53,937	59,327	53,937
	59,327	53,937	59,327	53,937
<i>General expenses</i>				
Auditors' remuneration	472	488	472	488
Professional fees	10,581	5,923	10,581	5,923
Office supplies	2,895	2,977	2,895	2,977
Travelling & transport	2,493	2,093	2,493	2,093
Subscription fees	1,429	841	1,429	841
Outsourcing fees	3,919	3,495	3,919	3,495
Processing charges	259	479	259	479
Others	23,730	14,166	23,730	14,166
	45,778	30,462	45,778	30,462
	45,778	30,462	45,778	30,462
	175,285	140,122	175,285	140,122
	175,285	140,122	175,285	140,122

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32. Other overhead expenses (continued)

Company	Quarter 3 months ended		Year-to-date 3 months ended	
	31.03.2016 RM'000	31.03.2015 RM'000	31.03.2016 RM'000	31.03.2015 RM'000
<i>Promotion</i>				
Advertisement and publicity	-	1,089	-	1,089
	<hr/>	<hr/>	<hr/>	<hr/>
	-	1,089	-	1,089
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Establishment</i>				
Office rental	252	240	252	240
Depreciation of property and equipment	160	172	160	172
Information technology expenses	2	1	2	1
Rental equipment	25	25	25	25
Office maintenance	3	8	3	8
Utilities	8	6	8	6
Takaful and insurance	29	23	29	23
	<hr/>	<hr/>	<hr/>	<hr/>
	479	475	479	475
	<hr/>	<hr/>	<hr/>	<hr/>
<i>General expenses</i>				
Auditors' remuneration	38	32	38	32
Professional fees	99	6	99	6
Office supplies	10	11	10	11
Travelling & transport	2	2	2	2
Subscription fees	-	1	-	1
Others	615	494	615	494
	<hr/>	<hr/>	<hr/>	<hr/>
	764	546	764	546
	<hr/>	<hr/>	<hr/>	<hr/>
	1,243	2,110	1,243	2,110
	<hr/>	<hr/>	<hr/>	<hr/>

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33. 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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33. Operating segment information (continued)

Quarter ended 31 March 2016	Banking	Takaful	Others	Elimination	Consolidated
<i>Business segments</i>	RM'000	RM'000	RM'000	RM'000	RM'000
Segment result					
Revenue from external customers	715,660	179,867	1,265	-	896,792
Inter-segment revenue	-	636	40,710	(41,346)	-
Total revenue	715,660	180,503	41,975	(41,346)	896,792
Net income from operations (before allowance for impairment on financing and other assets)	434,939	180,503	41,975	(37,136)	620,281
Operating overheads	(215,030)	(123,232)	(7,303)	1,007	(344,558)
Operating results	219,909	57,271	34,672	(36,129)	275,723
Allowance for impairment on financing and advances	(34,921)	-	-	-	(34,921)
Finance cost	(9,893)	-	(18,387)	-	(28,280)
Profit before zakat and taxation	175,095	57,271	16,285	(36,129)	212,522

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33. Operating segment information (continued)

Quarter ended 31 March 2015	Banking	Takaful	Others	Elimination	Consolidated
<i>Business segments</i>	RM'000	RM'000	RM'000	RM'000	RM'000
Segment result					
Revenue from external customers	640,062	164,251	4,769	-	809,082
Inter-segment revenue	-	657	874	(1,531)	-
Total revenue	640,062	164,908	5,643	(1,531)	809,082
Net income from operations (before allowance for impairment on financing and other assets)	396,525	164,908	5,643	(1,058)	566,018
Operating overheads	(192,422)	(104,220)	(7,135)	6,158	(297,619)
Operating results	204,103	60,688	(1,492)	5,100	268,399
Allowance for impairment on financing	(30,453)	-	-	-	(30,453)
Finance cost	-	-	(17,650)	-	(17,650)
Profit before zakat and taxation	173,650	60,688	(19,142)	5,100	220,296

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33. Operating segment information (continued)

Year-to-date 3 months ended 31 March 2016	Banking	Takaful	Others	Elimination	Consolidated
<i>Business segments</i>	RM'000	RM'000	RM'000	RM'000	RM'000
Segment result					
Revenue from external customers	715,660	179,867	1,265	-	896,792
Inter-segment revenue	-	636	40,710	(41,346)	-
Total revenue	715,660	180,503	41,975	(41,346)	896,792
Net income from operations (before allowance for impairment on financing and other assets)	434,939	180,503	41,975	(37,136)	620,281
Operating overheads	(215,030)	(123,232)	(7,303)	1,007	(344,558)
Operating results	219,909	57,271	34,672	(36,129)	275,723
Allowance for impairment on financing and advances	(34,921)	-	-	-	(34,921)
Finance cost	(9,893)	-	(18,387)	-	(28,280)
Profit before zakat and taxation	175,095	57,271	16,285	(36,129)	212,522
Segment assets	48,092,722	7,524,544	5,270,303	(5,424,527)	55,463,042
Segment liabilities	43,834,961	6,848,334	1,228,906	(531,129)	51,381,072

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33. Operating segment information (continued)

Year-to-date 3 months ended 31 March 2015	Banking	Takaful	Others	Elimination	Consolidated
<i>Business segments</i>	RM'000	RM'000	RM'000	RM'000	RM'000
Segment result					
Revenue from external customers	640,062	164,251	4,769	-	809,082
Inter-segment revenue	-	657	874	(1,531)	-
Total revenue	640,062	164,908	5,643	(1,531)	809,082
Net income from operations (before allowance for impairment on financing and other assets)	396,525	164,908	5,643	(1,058)	566,018
Operating overheads	(192,422)	(104,220)	(7,135)	6,158	(297,619)
Operating results	204,103	60,688	(1,492)	5,100	268,399
Allowance for impairment on financing	(30,453)	-	-	-	(30,453)
Finance cost	-	-	(17,650)	-	(17,650)
Profit before zakat and taxation	173,650	60,688	(19,142)	5,100	220,296
Segment assets	46,680,455	7,456,259	5,091,914	(5,082,059)	54,146,569
Segment liabilities	42,806,419	6,824,377	1,267,035	(301,523)	50,596,308

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34. 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 three months ended 31 March 2016.

35. Changes in composition of the Group

There were no changes in the composition of the Group for the three months ended 31 March 2016.

36. 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.

There has been no transfer between Level 1 and 2 Fair values during the three months ended 31 March 2016.

- 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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36. Fair value of financial instruments (continued)

Fair value information

31.03.2016 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		
Financial assets										
Financial assets held-for-trading	186,782	530,566	-	717,348	-	-	-	-	717,348	717,348
Derivative financial assets	-	74,012	-	74,012	-	-	-	-	74,012	74,012
Financial assets available-for-sale	871,823	12,180,220	154,473	13,206,516	-	-	6,325	6,325	13,212,841	13,213,264
Financial assets held-to-maturity	-	-	-	-	58,593	527,324	58,487	644,404	644,404	638,981
Financing, advances and others	-	-	-	-	-	-	32,291,900	32,291,900	32,291,900	35,247,105
Total assets	1,058,605	12,784,798	154,473	13,997,876	58,593	527,324	32,356,712	32,942,629	46,940,505	49,890,710
Financial liabilities										
Derivative financial liabilities	-	68,768	-	68,768	-	-	-	-	68,768	68,768
Sukuk liabilities	-	-	-	-	-	-	1,924,485	1,924,485	1,924,485	1,911,245
Total liabilities	-	68,768	-	68,768	-	-	1,924,485	1,924,485	1,993,253	1,980,013
31.03.2016 Company										
Financial assets										
Financial assets available-for-sale	19,415	-	-	19,415	-	-	-	-	19,415	19,415
Total assets	19,415	-	-	19,415	-	-	-	-	19,415	19,415
Financial liabilities										
Sukuk liabilities	-	-	-	-	-	-	1,196,972	1,196,972	1,196,972	1,196,972
Total liabilities	-	-	-	-	-	-	1,196,972	1,196,972	1,196,972	1,196,972

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36. Fair value of financial instruments (continued)

Fair value information (continued)

31.12.2015 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		
Financial assets										
Financial assets held-for-trading	220,177	449,829	-	670,006	-	-	-	-	670,006	670,006
Derivative financial assets	-	119,259	-	119,259	-	-	-	-	119,259	119,259
Financial assets available-for-sale	879,013	12,759,809	152,641	13,791,463	-	-	5,320	5,320	13,796,783	13,797,205
Financial assets held-to-maturity	-	-	-	-	61,770	522,051	59,352	643,173	643,173	643,164
Financing, advances and others	-	-	-	-	-	-	34,334,821	34,334,821	34,334,821	34,294,690
Total assets	1,099,190	13,328,897	152,641	14,580,728	61,770	522,051	34,399,493	34,983,314	49,564,042	49,524,324
Financial liabilities										
Derivative financial liabilities	-	101,913	-	101,913	-	-	-	-	101,913	101,913
Sukuk liabilities	-	-	-	-	-	-	1,891,568	1,891,568	1,891,568	1,882,965
Total liabilities	-	101,913	-	101,913	-	-	1,891,568	1,891,568	1,993,481	1,984,878
31.12.2015 Company										
Financial assets										
Financial assets available-for-sale	19,215	-	-	19,215	-	-	-	-	19,215	19,215
Total assets	19,215	-	-	19,215	-	-	-	-	19,215	19,215
Financial liabilities										
Sukuk liabilities	-	-	-	-	-	-	1,178,585	1,178,585	1,178,585	1,178,585
Total liabilities	-	-	-	-	-	-	1,178,585	1,178,585	1,178,585	1,178,585

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36. Fair value of financial instruments (continued)

The following table presents the changes in Level 3 instruments for the three months ended 31 March 2016 for the Group:

	3 months 31.03.2016 RM'000	12 months 31.12.2015 RM'000
<i>Financial assets available-for-sale</i>		
At 1 January 2016 / 2015	152,641	153,933
Purchases	-	69,313
Maturity	-	(73,115)
Gains	1,832	7,130
Allowance for impairment	-	(4,620)
	<hr/>	<hr/>
At 31 March 2016 / 31 December 2015	154,473	152,641
	=====	=====

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

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
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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36. 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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37. Off balance sheet financial instruments by value of contracts classified by remaining period to maturity/net re-pricing date (whichever earlier)

Group Items	31.03.2016					
	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	>1-5 years RM'000
Foreign exchange related contracts						
- forwards	1,310,932	432,735	591,706	185,978	100,513	-
- swaps	1,461,230	853,731	438,409	109,150	-	59,940
- spot	347,615	347,615	-	-	-	-
Total	3,119,777	1,634,081	1,030,115	295,128	100,513	59,940

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 31 March 2016, the amount of contracts which were not hedged and, hence, exposed to market risk was RM719.11 million. (31 December 2015: RM668.16 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 31 March 2016, the credit risk measured in terms of the cost to replace the profitable contracts was RM136.43 million (31 December 2015: RM184.32 million).

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38. 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.

The off-balance sheet and counterparties credit risk for Bank Islam is as follows:

As at 31.03.2016	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
Credit-related Exposures				
Direct credit substitutes	357,823		357,823	308,262
Assets sold with recourse	2		2	2
Transaction related contingent items	952,706		476,353	413,919
Short term self-liquidating trade related contingencies	385,689		77,138	74,875
Other commitments, such as formal standby facilities and credit lines with original maturity of:				
- not exceeding one year	506,371		101,275	79,585
- exceeding one year	1,960,674		980,337	773,686
Unutilised credit card lines	1,201,321		240,264	181,264
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	4,441,191		-	-
	9,805,777	-	2,233,192	1,831,593
Derivative Financial Instruments				
Foreign exchange related contracts				
- Less than one year	3,059,837	65,666	96,555	42,666
- One year to less than five years	59,940	-	2,997	599
Profit rate related contracts				
- One year to less than five years	600,000	4,844	16,082	3,216
- Five years and above	256,069	3,502	20,797	13,163
	3,975,846	74,012	136,431	59,644
	13,781,623	74,012	2,369,623	1,891,237

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38. Commitments and contingencies (continued)

The off-balance sheet and counterparties credit risk for Bank Islam is as follows (continued):

As at 31.12.2015	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
Credit-related Exposures				
Direct credit substitutes	343,731		343,731	301,001
Assets sold with recourse	2		2	2
Transaction related contingent items	956,822		478,411	413,964
Short term self-liquidating trade related contingencies	374,892		74,978	72,446
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	837,455		418,728	333,700
Unutilised credit card lines	1,169,445		233,889	176,494
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	5,822,088		-	-
	<u>9,506,449</u>	<u>-</u>	<u>1,550,142</u>	<u>1,298,010</u>
Derivative Financial Instruments				
Foreign exchange related contracts				
- Less than one year	2,323,286	106,402	139,771	67,272
- One year to less than five years	-	-	-	-
Profit rate related contracts				
- One year to less than five years	600,000	9,200	20,504	4,101
- Five years and above	262,568	3,657	24,048	13,688
	<u>3,185,854</u>	<u>119,259</u>	<u>184,323</u>	<u>85,061</u>
	<u>12,692,303</u>	<u>119,259</u>	<u>1,734,465</u>	<u>1,383,071</u>

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39. Capital adequacy

Total capital and capital adequacy ratios of Bank Islam Group ("Bank Islam") 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 Bank has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.

	31.03.2016	31.12.2015
	%	%
Common Equity Tier I (CET I) Capital Ratio	12.017	12.087
Total Tier I Capital Ratio	12.017	12.087
Total Capital Ratio	15.188	15.320

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

	31.03.2016	31.12.2015
	RM'000	RM'000
<u>Tier I capital</u>		
Paid-up share capital	2,363,283	2,363,283
Share premium	175,452	175,452
Retained earnings	385,913	385,913
Other reserves	1,205,619	1,107,920
Less: Deferred tax assets	(17,276)	(35,182)
Less: 55% of fair value reserve	(18,506)	-
Total CET I and Tier I Capital	4,094,485	3,997,386
Sukuk Murabahah	700,000	700,000
Collective assessment allowance ^	380,685	369,414
Total Tier II Capital	1,080,685	1,069,414
Total Capital	5,175,170	5,066,800

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

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39. Capital adequacy (continued)

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

	31.03.2016	31.12.2015
	RM'000	RM'000
Credit risk	30,454,825	29,553,110
Market risk	719,114	668,158
Operational risk	2,899,113	2,851,129
	<u>34,073,052</u>	<u>33,072,397</u>
	=====	=====

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**Explanatory notes pursuant to Appendix 9B of the listing requirements of
Bursa Malaysia Securities Berhad**

B1. Performance review for the three months ended 31 March 2016

BIMB Holdings Berhad ("BHB") Group registered a consolidated Profit After Taxation ("PAT") of RM153.4 million for the three months ended 31 March 2016, same as that achieved for the previous corresponding period.

The net profit attributable to shareholders was marginally lower by 0.3% or RM0.4 million at RM135.3 million for the three months ended 31 March 2016.

Islamic Banking

Bank Islam Group ("Bank Islam" or "the Bank") reported a PAT of RM127.5 million, an increase of 3.6% or RM4.5 million for the three months ended 31 March 2016 compared to the previous corresponding period. The improved performance was mainly attributed to growth in business activities.

Year-on-year net financing assets grew RM5.1 billion or 16.9% to reach RM35.2 billion as at end March 2016. Correspondingly, fund based income from financing also increased by RM72.6 million or 16.5%. Non fund based income was also higher by RM15.3 million or 20.8% and growth was mainly from investment income.

As at end March 2016, customer deposits stood at RM40.6 billion with a year-on-year decrease of RM0.9 billion or 2.2%. However, the low cost current and savings accounts ("CASA") reported a year-on-year increase of RM0.1 billion or 0.8%. The CASA ratio as at end March 2016 was 36.8% against the Islamic Banking Industry CASA ratio of 26.3% as at end February 2016.

The Bank's gross impaired financing ratio was 0.94% while the net impaired financing ratio (less IA and CA) was a negative 0.95% as at end March 2016 compared to 1.09% and a negative 0.83% respectively as at 31 December 2015. The Banking System gross impaired ratio was 1.64% and the net impaired ratio was 0.12% (less IA and CA) as at end February 2016.

The key performance ratios as at end March 2016 also compared favourably against the Banking System ratios as at end December 2015. The Bank's return on equity and return on assets based on profit before tax ("PBT") were 16.2% and 1.4% respectively against the Banking System's 12.4% and 1.3% respectively.

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B1. Performance review for the three months ended 31 March 2016
(continued)

Takaful

For the first quarter ended 31 March 2016, Syarikat Takaful Malaysia Berhad Group ("Takaful Malaysia") generated Operating Revenue of RM633.2 million compared to RM562.5 million in the corresponding quarter of the preceding year. The increase is mainly attributable to higher sales generated by both Family Takaful and General Takaful business.

Family Takaful recorded gross earned contributions of RM288.7 million against RM237.0 million in the same period last year. The increase is mainly attributable to higher sales from Family Takaful mortgage related products.

General Takaful generated gross earned contributions of RM138.1 million as compared to RM136.2 million in the corresponding quarter of preceding year. The growth was mainly from commercial classes.

For the quarter under review, the surplus transfer from Family Takaful was RM14.1 million as compared to RM21.7 million in the same period last year. The lower surplus transfer from Family Takaful is mainly due to lower realised gains from disposal of investment.

For the quarter under review, the surplus transfer from General Takaful was RM5.7 million as compared to RM6.6 million in the same period last year. The General Takaful reported lower surplus transfer mainly due to lower net investment income.

Takaful Malaysia recorded profit after zakat and taxation of RM46.4 million as compared to RM46.2 million in the same period last year, mainly attributable to lower tax expense, partially offset by lower net investment income.

B2. Comparison with the preceding quarter's results for the three months performance (First Quarter 2016 vs. Fourth Quarter 2015)

For the first quarter ended 31 March 2016, the BHB Group reported a PAT of RM153.4 million against a PAT of RM178.2 million achieved for the fourth quarter ended 31 December 2015, a decrease of RM24.8 million or 13.9%, mainly due to lower tax expense in the preceding quarter.

Bank Islam's PAT of RM127.5 million for the first quarter ended 31 March 2016 was lower by RM14.4 million or 10.1% compared to the preceding quarter ended 31 December 2015 of RM141.9 million.

Takaful Malaysia's PAT of RM46.4 million was also lower than the preceding quarter ended 31 December 2015 by 2.9% or RM1.4 million.

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B3. Prospects for 2016

Outlook on the economy

The economy grew 4.5% year-on-year in the fourth quarter of 2015 primarily driven by private consumption which posted 4.9% growth after moderating to 4.1% in the previous quarter. Similarly, external demand showed favourable contribution to growth with net exports growing by 4.2% (3Q2015: 3.3%). On the whole, despite the challenging economic environment in 2015, GDP recorded a 5.0% growth from 6.0% achieved in the previous year supported by continued expansion in domestic demand particularly from the private sector. Modest improvements in external demand in the second half of 2015 also provided additional impetus to economic growth.

For 2016, the prospects of the Malaysian economy will continue to be influenced by the international economic and financial landscape. Some of the factors impacting the economy are low commodity prices, policy shifts in major economies and slowing momentum of global growth. At this point, the outlook remains challenging. Domestic demand will still be the principal driver of growth, albeit at a moderating pace, on the back of private sector spending. With this, it is widely reported that GDP should grow between 4.0% and 4.5% in 2016.

Despite the adversity in the operating environment, the banking sector should remain resilient. The latest move to cut the EPF members' contribution by three percentage points commencing March this year should be a mitigating factor for the prevailing weak consumer sentiment. The reduction in Overnight Policy Rate ("OPR") also looks more compelling at this juncture in an effort to rejuvenate certain industries although BNM seems not inclined to provide additional stimulus at the moment apart from the latest cut in the Statutory Reserve Requirement ("SRR") by 50 basis points in January 2016. In addition, the Bank believe that competition in the banking sector will continue to intensify as banks compete to acquire customer deposits.

Islamic banking

The Bank continues to be conscious of the fact that economic headwinds remain a concern. In spite of the challenges, the Bank plans to sustain business momentum by focusing on (1) robust liability management, (2) adopting proactive risk management stance especially where asset quality is concerned and (3) capitalising on the new opportunities such as those presented by the introduction of the investment account framework under Islamic Financial Services Act, 2013. In fact, the Bank is one of the four founding banks of the first bank-intermediated financial technology platform - Investment Account Platform ("IAP"), a strategic initiative of the Islamic finance industry to promote investment accounts and serves as a central market place to finance small and medium-sized businesses. With all these strategies in place, the Bank also strives to ensure quality of service is not compromised amid cost rationalisation measures and to strengthen loyalty and satisfaction of customers.

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B3. Prospects for 2016 (continued)

Takaful

For the year 2016, Takaful Malaysia will continue its value proposition of rewarding its customers with 15% Cash Back for General Takaful products 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 shareholders' value.

B4. Variance from profit forecast and profit guarantee

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

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B5. Tax expense

Major components of tax expense

	Group		Company	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Current tax expense	59,769	57,148	275	180
Over provision in prior years	(756)	-	-	-
Deferred tax expense:				
Origination and reversal of temporary differences	(2,383)	-	-	-
Under provision in prior years	-	6,479	-	-
	-----	-----	-----	-----
	56,630	63,627	275	180
	=====	=====	=====	=====

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

Profit before tax	212,522	220,296	15,854	(20,766)
	=====	=====	=====	=====
Income tax calculated using Malaysian tax rate of 24% (2015: 25%)	51,005	55,074	3,805	(5,192)
Non-deductible expenses	12,985	2,154	728	959
Non-deductible Sukuk's finance cost	4,413	4,413	4,413	4,413
Non-taxable income	(11,017)	(4,493)	(8,671)	-
	-----	-----	-----	-----
	57,386	57,148	275	180
Over provision in prior years	(756)	-	-	-
Under provision of deferred tax	-	6,479	-	-
	-----	-----	-----	-----
Tax expense	56,630	63,627	275	180
	=====	=====	=====	=====

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B6. Corporate proposals

There were no corporate proposals outstanding as at the date of this submission.

B7. Status of utilisation of proceeds raised from corporate proposals

The proceeds raised from the issuances of all debt securities in prior years have been used for working capital, general banking and other corporate purposes, as intended.

B8. 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:

	Group	
	31.03.2016	31.12.2015
	RM'000	RM'000
Total retained earnings of the Group		
- realised	1,017,836	858,636
- unrealised	45,830	74,614
	<hr/>	<hr/>
	1,063,666	933,250
Less: Consolidation adjustments	(841,391)	(846,468)
	<hr/>	<hr/>
Total retained earnings	222,275	86,782
	<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.

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B9. Deposits and placements of financial institutions and debt securities

	Group	
	31.03.2016	31.12.2015
	RM'000	RM'000
Deposits from customers		
Mudharabah accounts deposits and negotiable instruments of deposits		
- One year or less (short-term)	24,967,347	27,702,591
- More than one year (medium/long-term)	67,845	79,255
	25,035,192	27,781,846
Current accounts	10,088,591	10,567,552
Savings accounts	4,833,966	4,674,687
Others	93,693	94,444
	<u>40,051,442</u>	<u>43,118,529</u>
	=====	=====
Investment accounts of customers		
- One year or less (short-term)	907,917	676,105
	<u>907,917</u>	<u>676,105</u>
	=====	=====
Deposits and placements of banks and other financial institutions		
- One year or less (short-term)	499,962	-
	<u>499,962</u>	<u>-</u>
	=====	=====

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B10. 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 2015.

- (a) 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 are no longer in BILL or under Bank Islam's employment.

On 16 June 2015 the High Court decided in favour of Bank Islam and ordered the Defendants to pay damages totaling USD8,586,483.00 to Bank Islam. On 13 July 2015, the Defendants (except for the 3rd Defendant) appealed to the Court of Appeal ("COA") against the High Court's decision. The next date is yet to be fixed by the COA.

- (b) On 7 March 2013, Saharuddin Abd Jabar ("the Plaintiff") filed a civil suit against Bank Islam Malaysia Berhad ("Bank Islam") claiming for damages totaling RM10,716,383.77 and unspecified special damages for libel. The Plaintiff alleged that Bank Islam had defamed him by 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.

On 26 October 2015, the High Court had partially allowed the Plaintiff's claims and awarded RM50,000.00 as damages and RM30,000.00 for cost to the Plaintiff. Based on our solicitor's advice and the assessment made by Legal Department, Bank Islam decided not to further appeal to the Court of Appeal as the Bank's liability was much lower than the amount claimed by the Plaintiff.

On 25 November 2015, the Plaintiff appealed to the Court of Appeal ("COA") against the quantum awarded by the High Court. The High Court fixed 27 April 2016 for case management.

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B11. Dividend

On 22 January 2016, the Company had paid an interim dividend of 12.20 sen per ordinary share totaling RM188,149,587 in respect of the financial year ended 31 December 2015. From the total dividend amount, approximately 16.3% or RM30.7 million was distributed as cash dividend whilst the remaining 83.7% amounting to RM157.5 million was reinvested to subscribe for 46,469,480 new ordinary shares of RM1.00 at RM3.3885 each via the Dividend Reinvestment Plan.

B12. 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.

Group	Quarter		Year-to-date	
	3 months ended		3 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the period under review attributable to equity holders of the parent	135,254	135,699	135,254	135,699
Number of ordinary shares	1,588,679	1,542,210	1,588,679	1,542,210
Number of average ordinary shares	1,577,955	1,535,716	1,577,955	1,535,716
Earnings per share (sen)	8.57	8.84	8.57	8.84

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B13. Economic profit statement

Group	Quarter 3 months ended		Year-to-date 3 months ended	
	31.03.2016 RM'000	31.03.2015 RM'000	31.03.2016 RM'000	31.03.2015 RM'000
Net Operating profit after zakat & tax (NOPAT)				
Profit before zakat and taxation (PBZT)	212,522	220,296	212,522	220,296
Zakat & Taxation	(59,093)	(66,842)	(59,093)	(66,842)
NOPAT	<u>153,429</u>	<u>153,454</u>	<u>153,429</u>	<u>153,454</u>
Economic charge computation				
Average invested capital (excludes the debit balance of the acquisition reserve arising from the acquisition of shares from non-controlling interests)	5,088,595	4,569,508	5,088,595	4,569,508
Weighted Average Cost of Capital (WACC) (%)	5.99	8.64	5.99	8.64
Economic charge	75,785	97,349	75,785	97,349
Economic profit	77,644	56,105	77,644	56,105

By order of the Board

MARIA MAT SAID (LS 0009400)
Company Secretary
April 27, 2016