

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

**Condensed Consolidated Statement of Financial Position as at
30 September 2016**

	Note	Group As at		Company As at	
		30.09.2016 RM'000	31.12.2015 RM'000	30.09.2016 RM'000	31.12.2015 RM'000
Assets					
Cash and short-term funds	8	1,378,617	3,304,005	347,164	214,354
Deposits and placements with financial institutions	9	1,050,132	976,830	-	-
Financial assets held-for-trading	10	841,957	670,006	-	-
Derivative financial assets	11	35,200	119,259	-	-
Financial assets available-for-sale	12	13,525,834	13,797,205	19,797	19,215
Financial assets held-to-maturity	13	602,220	643,164	-	-
Financing, advances and others	14	37,132,328	34,294,690	-	-
Other assets	15	318,341	486,855	2,178	2,341
Takaful assets	16	679,706	850,848	-	-
Statutory deposits with Bank Negara Malaysia		1,299,047	1,591,460	-	-
Current tax assets		7,814	47,916	-	-
Deferred tax assets		29,778	64,089	10	10
Investments in subsidiaries		-	-	4,965,901	4,835,462
Property, plant and equipment		426,293	447,028	630	948
Investment properties		14,385	14,262	-	-
Intangible assets		47,013	56,211	-	-
Total assets		<u>57,388,665</u>	<u>57,363,828</u>	<u>5,335,680</u>	<u>5,072,330</u>

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**Condensed Consolidated Statement of Financial Position as at
30 September 2016 (continued)**

	Note	Group As at		Company As at	
		30.09.2016 RM'000	31.12.2015 RM'000	30.09.2016 RM'000	31.12.2015 RM'000
Liabilities and equity					
Deposits from customers	17	41,096,784	43,118,529	-	-
Investment accounts of customers	18	2,197,668	676,105	-	-
Derivative financial liabilities	11	29,642	101,913	-	-
Bills and acceptances payable		195,929	122,577	-	-
Other liabilities	19	769,702	1,148,513	3,983	192,108
Takaful liabilities	20	6,686,435	6,588,888	-	-
Sukuk liabilities	21	1,948,019	1,882,965	1,233,746	1,178,585
Zakat and taxation		42,352	28,612	986	31
Total liabilities		<u>52,966,531</u>	<u>53,668,102</u>	<u>1,238,715</u>	<u>1,370,724</u>
Equity					
Share capital		1,588,680	1,542,210	1,588,680	1,542,210
Reserves		2,509,923	1,871,448	2,508,285	2,159,396
Equity attributable to owners of the Company		<u>4,098,603</u>	<u>3,413,658</u>	<u>4,096,965</u>	<u>3,701,606</u>
Non-controlling interests		323,531	282,068	-	-
Total equity		<u>4,422,134</u>	<u>3,695,726</u>	<u>4,096,965</u>	<u>3,701,606</u>
Total liabilities and equity		<u>57,388,665</u>	<u>57,363,828</u>	<u>5,335,680</u>	<u>5,072,330</u>
Restricted investment accounts	18	124,712	82,567	-	-
Total Islamic banking asset		<u>57,513,377</u>	<u>57,446,395</u>	<u>5,335,680</u>	<u>5,072,330</u>
Commitments and contingencies	37	14,447,095	12,692,303	-	-
Net assets per share attributable to owners of the Company (RM)		2.58	2.21	2.58	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 nine months ended 30 September 2016

Group	Note	Quarter 3 months ended		Year-to-date 9 months ended	
		30.09.2016 RM'000	30.09.2015 RM'000	30.09.2016 RM'000	30.09.2015 RM'000
Income derived from investment of depositors' funds	23	586,634	544,789	1,765,507	1,645,650
Income derived from investment account funds	24	31,832	7,207	58,006	7,255
Income derived from investment of shareholders' funds	25	89,975	111,119	323,258	319,233
Net income from Takaful business	26	171,408	139,391	520,731	454,156
(Allowance for)/Reversal of impairment on financing and advances	27	(22,165)	5,337	(87,987)	(50,631)
Allowance for impairment on investments		-	-	(255)	-
Reversal of impairment on other assets		-	-	864	-
Direct expenses		(4,670)	(5,630)	(15,320)	(18,065)
Total distributable income		853,014	802,213	2,564,804	2,357,598
Wakalah performance incentive fees from restricted investment accounts		1,540	56	3,885	56
Income attributable to depositors	28	(257,525)	(254,896)	(795,871)	(754,514)
Income attributable to investment account holders	29	(9,479)	(413)	(10,672)	(414)
Total net income		587,550	546,960	1,762,146	1,602,726
Personnel expenses	30	(172,668)	(159,339)	(506,345)	(446,896)
Other overhead expenses	31	(159,676)	(161,634)	(505,936)	(461,049)
Finance cost		255,206	225,987	749,865	694,781
		(28,279)	(21,998)	(84,732)	(60,606)
Profit before zakat and tax		226,927	203,989	665,133	634,175
Zakat		(2,454)	(3,139)	(7,414)	(9,593)
Tax expense	B5	(66,146)	(66,180)	(183,638)	(189,891)
Profit for the period		158,327	134,670	474,081	434,691
Attributable to:					
Owners of the Company		140,606	119,822	419,572	385,411
Non-controlling interests		17,721	14,848	54,509	49,280
Profit for the period		158,327	134,670	474,081	434,691
Earnings per share (sen)	B12	8.85	7.77	26.47	25.03

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the nine months ended 30 September 2016 (continued)

Group	Quarter		Year-to-date	
	3 months ended	3 months ended	9 months ended	9 months ended
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period	158,327	134,670	474,081	434,691
	=====	=====	=====	=====
Other comprehensive income, net of tax				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit liability	233	-	1,212	-
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences in respect of foreign operations	(9,146)	(63,774)	18,179	(92,478)
Fair value reserve:				
Net change in fair value	55,441	(98,270)	170,668	(45,429)
Net amount transferred to profit or loss	(15,097)	736	(48,397)	(10,622)
Income tax credit relating to components of other comprehensive income	(8,933)	-	(27,581)	-
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Other comprehensive income for the period, net of tax	22,498	(161,308)	114,081	(148,529)
	-----	-----	-----	-----
Total comprehensive income for the period	180,825	(26,638)	588,162	286,162
	=====	=====	=====	=====
Total comprehensive income attributable to:				
Owners of the Company	160,253	(38,982)	528,645	240,934
Non-controlling interests	20,572	12,344	59,517	45,228
	-----	-----	-----	-----
Total comprehensive income for the period	180,825	(26,638)	588,162	286,162
	=====	=====	=====	=====

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 nine months ended 30 September 2016
(continued)**

Company	Note	Quarter		Year-to-date	
		3 months ended 30.09.2016	30.09.2015	9 months ended 30.09.2016	30.09.2015
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of shareholders' funds / Total distributable income / Total net income	25	134,048	125,339	305,886	295,443
Personnel expenses	30	(2,768)	(2,506)	(7,771)	(5,819)
Other overhead expenses	31	(1,210)	(946)	(3,329)	(4,463)
		<u>130,070</u>	<u>121,887</u>	<u>294,786</u>	<u>285,161</u>
Finance cost		(18,386)	(17,650)	(55,160)	(52,950)
Profit before zakat and tax		<u>111,684</u>	<u>104,237</u>	<u>239,626</u>	<u>232,211</u>
Tax expense	B5	(1,222)	(375)	(1,772)	(734)
Profit for the period		<u>110,462</u>	<u>103,862</u>	<u>237,854</u>	<u>231,477</u>
Attributable to:					
Owners of the Company		<u>110,462</u>	<u>103,862</u>	<u>237,854</u>	<u>231,477</u>
Profit for the period		<u>110,462</u>	<u>103,862</u>	<u>237,854</u>	<u>231,477</u>

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**Condensed Consolidated Statement of Profit or Loss and Other
Comprehensive Income for the nine months ended 30 September 2016
(continued)**

Company	Quarter		Year-to-date	
	3 months ended	3 months ended	9 months ended	9 months ended
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period	110,462	103,862	237,854	231,477
	=====	=====	=====	=====
Other comprehensive income, net of tax				
Items that may be reclassified				
subsequently to profit or loss:				
Fair value reserve:				
Net change in fair value	206	123	582	492
Net amount transferred to profit or loss	(105)	(102)	(543)	(540)
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Other comprehensive income for the period, net of tax	101	21	39	(48)
	-----	-----	-----	-----
Total comprehensive income for the period	110,563	103,883	237,893	231,429
	=====	=====	=====	=====
Total comprehensive income attributable to:				
Owners of the Company	110,563	103,883	237,893	231,429
	-----	-----	-----	-----
Total comprehensive income for the period	110,563	103,883	237,893	231,429
	=====	=====	=====	=====

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 nine months ended 30 September 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			
				(Accumulated losses)/			
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	-	-	-	385,411	385,411	49,280	434,691
Other comprehensive income							
Currency translation differences in respect of foreign operations	-	-	(94,708)	-	(94,708)	2,230	(92,478)
Fair value reserve:							
Net change in fair value	-	-	(39,950)	-	(39,950)	(5,479)	(45,429)
Net amount reclassified to profit or loss	-	-	(9,819)	-	(9,819)	(803)	(10,622)
Total comprehensive income for the period	-	-	(144,477)	385,411	240,934	45,228	286,162
Transfer to statutory reserve	-	-	123,661	(123,661)	-	-	-
Dividends paid to non-controlling interest	-	-	-	-	-	(22,644)	(22,644)
Issue of shares pursuant to Dividend Reinvestment Plan	48,704	131,987	-	-	180,691	-	180,691
Share-based payment transactions	-	-	1,566	-	1,566	1,030	2,596
Long Term Incentive Plan exercised	-	-	(812)	-	(812)	812	-
Capital repayment from a subsidiary	-	-	-	-	-	(4,207)	(4,207)
At 30 September 2015	1,542,210	1,991,615	(406,893)	244,484	3,371,416	260,442	3,631,858

Note 22

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 nine months ended 30 September 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	-	-	-	419,572	419,572	54,509	474,081
Other comprehensive income							
Remeasurement of defined benefit liability	-	-	-	508	508	704	1,212
Currency translation differences in respect of foreign operations	-	-	17,221	-	17,221	958	18,179
Fair value reserve:							
Net change in fair value	-	-	167,242	-	167,242	3,426	170,668
Net amount reclassified to profit or loss	-	-	(48,317)	-	(48,317)	(80)	(48,397)
Income tax credit relating to components of other comprehensive income	-	-	(27,581)	-	(27,581)	-	(27,581)
Total comprehensive income for the period	-	-	108,565	420,080	528,645	59,517	588,162
Transfer to statutory reserve	-	-	131,333	(131,333)	-	-	-
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	-	-	2,763	-	2,763	1,852	4,615
Long Term Incentive Plan exercised	-	-	(3,929)	-	(3,929)	3,929	-
Issue of shares under conversion of warrants	1	3	-	-	4	-	4
At 30 September 2016	1,588,680	2,102,611	31,783	375,529	4,098,603	323,531	4,422,134

Note 22

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 nine months ended 30 September 2016 (continued)

Company	← Attributable to owners of the Company →					Total equity RM'000
	Share capital RM'000	Share premium RM'000	Warrant reserves RM'000	Fair value reserves RM'000	Retained earnings RM'000	
At 1 January 2015	1,493,506	1,859,628	129,300	51	15,599	3,498,084
Profit for the period	-	-	-	-	231,477	231,477
Other comprehensive income						
Fair value reserve:						
Net change in fair value	-	-	-	492	-	492
Net amount reclassified to profit or loss	-	-	-	(540)	-	(540)
Total comprehensive income for the year	-	-	-	(48)	231,477	231,429
Issue of shares pursuant to Dividend Reinvestment Plan	48,704	131,987	-	-	-	180,691
At 30 September 2015	1,542,210	1,991,615	129,300	3	247,076	3,910,204
At 1 January 2016	1,542,210	1,991,615	129,300	64	38,417	3,701,606
Profit for the period	-	-	-	-	237,854	237,854
Other comprehensive income						
Fair value reserve:						
Net change in fair value	-	-	-	582	-	582
Net amount reclassified to profit or loss	-	-	-	(543)	-	(543)
Total comprehensive income for the period	-	-	-	39	237,854	237,893
Issue of shares pursuant to Dividend Reinvestment Plan	46,469	110,993	-	-	-	157,462
Issue of shares under conversion of warrant	1	3	-	-	-	4
At 30 September 2016	1,588,680	2,102,611	129,300	103	276,271	4,096,965

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**Condensed Consolidated Statement of Cash Flows for the nine months
ended 30 September 2016**

	Group		Company	
	9 months ended		9 months ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before zakat and tax	665,133	634,175	239,626	232,211
Adjustments for:				
Depreciation of property and equipment	54,308	59,137	327	515
Depreciation of investment property	221	209	-	-
Loss on disposal of property, plant and equipment	458	497	-	-
Property, plant and equipment write off	8	-	-	-
Collective assessment allowance	121,886	138,979	-	-
Individual assessment allowance	34,924	26,841	-	-
Reversal of impairment losses on other assets	(864)	-	-	-
Allowance for impairment loss on financial assets available-for-sale	255	-	-	-
Net gain on sale of financial assets held-for-trading	(10,255)	(2,140)	-	-
Net gain on sale of financial assets available-for-sale	(47,745)	(8,978)	-	-
Fair value (gain)/loss on financial assets held-for-trading	(21,159)	23,550	-	-
Net derivative loss/(gain)	7,399	(2,629)	-	-
Dividends from securities	(4,806)	(2,625)	(543)	(540)
Dividends from subsidiaries	-	-	(297,995)	(291,264)
Reversal of allowance for doubtful debts	(3)	(52)	-	-
Change in actuarial reserves/ unearned contributions reserves	10,009	26,839	-	-
Equity settled share-based payment	4,615	2,596	-	-
Amortisation of intangible assets	9,198	-	-	-
Gain on disposal of an associate company	-	(247)	-	(247)
Finance cost	84,732	60,606	55,160	52,950
Operating profit/(loss) before working capital changes	908,314	956,758	(3,425)	(6,375)

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Condensed Consolidated Statement of Cash Flows for the nine months ended 30 September 2016 (continued)

	Group		Company	
	9 months ended	9 months ended	9 months ended	9 months ended
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) before working capital changes	908,314	956,758	(3,425)	(6,375)
Changes in working capital:				
Deposits and placements of banks and other financial institutions	-	400,000	-	-
Financing of customers	(2,994,448)	(2,875,944)	-	-
Statutory deposits with Bank Negara Malaysia	292,413	(108,280)	-	-
Other assets	414,453	59,052	163	(19)
Deposits from customers	(2,021,745)	(976,882)	-	-
Investment accounts from customers	1,521,563	638,634	-	-
Other liabilities	(172,556)	(139)	26	(119)
Bills and acceptances payable	73,352	(27,600)	-	-
Cash used in operations	(1,978,654)	(1,934,401)	(3,236)	(6,513)
Zakat paid	(6,029)	(13,174)	-	-
Tax paid	(134,274)	(182,226)	(817)	(479)
Tax refund	10,808	473	-	427
Net cash used in operating activities	(2,108,149)	(2,129,328)	(4,053)	(6,565)
Cash flows from investing activities				
Net proceeds from disposal of securities	342,082	246,338	-	-
Purchase of property and equipment	(34,540)	(58,141)	(9)	-
Proceeds from disposal of property and equipment	396	790	-	-
Purchase of investment properties	(336)	-	-	-
Dividend from subsidiaries	-	-	297,995	291,264
Dividend from securities	4,263	2,085	-	-
Subscription of ordinary shares pursuant to Dividend Reinvestment Plan	-	-	(130,439)	(127,847)
Disposal of an associate company	-	247	-	247
Intangible assets	-	(59,277)	-	-
Net cash generated from investing activities	311,865	132,042	167,547	163,664

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Condensed Consolidated Statement of Cash Flows for the nine months ended 30 September 2016 (continued)

	Group		Company	
	9 months ended		9 months ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Subordinated Sukuk Murabahah	-	300,000	-	-
Dividends paid by holding company	(188,150)	(219,545)	(188,150)	(219,545)
Dividends paid to non-controlling interest	(23,835)	(22,644)	-	-
Proceeds from issuance of ordinary shares pursuant to Dividend Reinvestment Plan	157,462	180,691	157,462	180,691
Proceeds from issuance of ordinary shares pursuant to conversion of warrants	4	-	4	-
Payment of coupon on Sukuk	(19,679)	-	-	-
Capital repayment	-	(4,207)	-	-
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Net cash (used in)/generated from financing activities	(74,198)	234,295	(30,684)	(38,854)
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Net (decrease)/increase in cash and cash equivalents	(1,870,482)	(1,762,991)	132,810	118,245
Cash and cash equivalents at beginning of the period	4,280,835	4,619,496	214,354	123,566
Foreign exchange differences	18,396	(93,228)	-	-
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Cash and cash equivalents at end of the period	2,428,749	2,763,277	347,164	241,811
	=====	=====	=====	=====
Cash and cash equivalents comprise:				
Cash and short-term funds	1,378,617	1,745,275	347,164	241,811
Deposits and placements with financial institutions	1,050,132	1,018,002	-	-
	-----	-----	-----	-----
	2,428,749	2,763,277	347,164	241,811
	=====	=====	=====	=====

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**Explanatory Notes to the Unaudited Interim Financial Statements for the
nine months ended 30 September 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 nine months ended 30 September 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 31st Floor, Menara Bank Islam, No. 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:

- MFRS 14, *Regulatory Deferral Accounts*
- 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*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- 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 amendments have been issued by the MASB and are not yet effective for the Group and the Company:

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

MFRSs effective for annual periods beginning on or after 1 January 2018

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

MFRS effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

Amendments to MFRSs 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 and amendments:

- from the annual period beginning on 1 January 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 January 2018 for those accounting standards that are effective for annual periods beginning on or after 1 January 2018.
- from the annual period beginning on 1 January 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

The initial application of the accounting standards and amendments are not expected to have any material financial impact to the current period and prior period financial statements of the Group and 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*.

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1. Basis of preparation (continued)

MFRS 9, Financial Instruments

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

MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15, MFRS 9 and MFRS 16.

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 nine months ended 30 September 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 nine months ended 30 September 2016.

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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 nine months ended 30 September 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.

On 19 September 2016, a further 800 new ordinary shares of RM1.00 each at an issue price of RM4.72 was issued following the conversion of warrants.

As at 30 September 2016, 426,715,078 (2015:426,715,878) warrants remained unexercised.

7. Significant events during the nine months ended 30 September 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.

On 18 May 2016, Bank Islam paid a final single tier dividend of 5.49 sen per ordinary share totalling RM129.744 million for the financial year ended 31 December 2015. From the total dividend amount, approximately 50% was reinvested for acquisition of 20,927,000 new ordinary shares of Bank Islam of RM1.00 each at the consideration value of RM3.10 each via the Dividend Reinvestment Plan ("DRP").

On 22 September 2016, Bank Islam paid an interim dividend of 5.50 sen per ordinary share totalling RM131.132 million for the six months ended 30 June 2016. From the total dividend amount, approximately 50% was reinvested for acquisition of 20,174,000 new ordinary shares of Bank Islam of RM1.00 each at the consideration value of RM3.25 each via the DRP.

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8. Cash and short-term funds

	30.09.2016	31.12.2015
	RM'000	RM'000
Group		
Cash and balances with banks and other financial institutions	949,473	822,169
Money at call and interbank placements with remaining maturity not exceeding one month	429,144	2,481,836
	<u>1,378,617</u>	<u>3,304,005</u>
	=====	=====
Company		
Cash and balances with banks and other financial institutions	347,164	214,354
	<u>347,164</u>	<u>214,354</u>
	=====	=====

9. Deposits and placements with financial institutions

	Group	
	30.09.2016	31.12.2015
	RM'000	RM'000
Licensed banks	1,026,444	968,716
Other financial institutions	23,688	8,114
	<u>1,050,132</u>	<u>976,830</u>
	=====	=====

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10. Financial assets held-for-trading

	Group	
	30.09.2016	31.12.2015
	RM'000	RM'000
At fair value		
<i>Quoted securities in Malaysia</i>		
- Shares	63,516	64,215
- Unit trusts	5,046	5,255
<i>Quoted securities outside Malaysia</i>		
- Shares	85,873	61,435
- Unit trusts	7,115	9,392
	161,550	140,297
	-----	-----
<i>Unquoted securities in Malaysia</i>		
- Malaysian Government Investment Issues	283,276	241,717
- Sukuk	320,900	193,465
<i>Unquoted securities outside Malaysia</i>		
- Sukuk	76,231	94,527
	680,407	529,709
	-----	-----
	841,957	670,006
	=====	=====

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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
30.09.2016			
Forward contracts	3,640,638	29,008	(24,062)
Profit rate swaps	842,799	6,192	(5,580)
	<hr/>	<hr/>	<hr/>
	4,483,437	35,200	(29,642)
	<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	
	30.09.2016	31.12.2015
	RM'000	RM'000
At fair value		
<i>Quoted securities in Malaysia</i>		
- Unit trusts	200,132	237,679
- Shares	528,949	600,540
<i>Quoted securities outside Malaysia</i>		
- Unit trusts	50,741	72,265
- Shares	32,045	53,818
- Sukuk	319	311
	812,186	964,613
	-----	-----
<i>Unquoted securities in Malaysia</i>		
- Malaysian Government Islamic Papers	156,172	164,728
- Malaysian Government Investment Issues	1,917,231	2,556,539
- Sukuk	10,476,409	9,952,942
- Shares	380	380
- Institutional Trust Account	158,114	152,641
<i>Unquoted securities outside Malaysia</i>		
- Shares	42	42
	12,708,348	12,827,272
	-----	-----
At cost		
<i>Unquoted securities in Malaysia</i>		
- Unquoted shares in Malaysia	23,900	24,319
Less: Accumulated impairment loss*	(18,619)	(19,328)
	5,281	4,991
	-----	-----
<i>Unquoted securities outside Malaysia</i>		
- Unquoted shares outside Malaysia	329	329
Less: Accumulated impairment loss	(310)	-
	19	329
	-----	-----
	-----	-----
	13,525,834	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	
	30.09.2016	31.12.2015
	RM'000	RM'000
At fair value		
<i>Quoted securities in Malaysia</i>		
- Unit trusts	19,797	19,215
	=====	=====

13. Financial assets held-to-maturity

	Group	
	30.09.2016	31.12.2015
	RM'000	RM'000
<i>Unquoted securities in Malaysia</i>		
- Malaysian Government Islamic Papers	105,061	145,157
- Sukuk	438,338	440,710
Less: Accumulated impairment loss	(6,887)	(6,887)
<i>Unquoted securities outside Malaysia</i>		
- Sukuk	65,708	64,184
	-----	-----
	602,220	643,164
	=====	=====

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14. Financing, advances and others

(a) By type and Shariah contract

Group	Bai'		Bai		Ijarah	Ijarah			Total
30 September 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	-	-	42,282	992,853	-	-	-	-	1,035,135
Term financing									
House financing ^	4,563,937	-	-	8,763,355	-	-	59,736	-	13,387,028
Syndicated financing	1,088	-	201,087	1,010,788	-	127,263	-	-	1,340,226
Leasing financing	-	-	-	-	84,877	1,107	-	-	85,984
Bridging financing	-	-	-	-	-	-	84,650	-	84,650
Personal financing ^	-	-	50,492	10,893,656	-	-	-	-	10,944,148
Other term financing	2,198,221	865,539	18,006	6,221,053	-	-	1,606	-	9,304,425
Staff financing	86,032	4,535	-	92,346	-	-	14,554	-	197,467
Credit cards	-	-	9,302	439,012	-	-	-	-	448,314
Trade bills discounted	-	910,501	-	-	-	-	-	-	910,501
Trust receipts	-	5,907	-	-	-	-	-	-	5,907
Pawn broking	-	-	-	-	-	-	-	80,216	80,216
	<u>6,849,278</u>	<u>1,786,482</u>	<u>321,169</u>	<u>28,413,063</u>	<u>84,877</u>	<u>128,370</u>	<u>160,546</u>	<u>80,216</u>	<u>37,824,001</u>
	=====	=====	=====	=====	=====	=====	=====	=====	

Allowance for impaired financing, advances and others

- collective assessment allowance

(547,661)

- individual assessment allowance

(144,012)

Net financing, advances and others

37,132,328

^ Included in house financing and personal financing are the underlying assets under the Unrestricted Investment Accounts ("URIA") amounting RM1,443,989,000 and RM753,679,000 respectively 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	Bai'		Bai		Ijarah	Ijarah			Total
31 December 2015	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	-	-	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

(541,065)

- individual assessment allowance

(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	
	30.09.2016	31.12.2015
	RM'000	RM'000
(b) By type of customer		
Domestic non-bank financial institutions	1,137,879	1,004,961
Domestic business enterprise	6,302,650	5,907,856
Small medium industries	933,055	939,552
Government and statutory bodies	916,095	897,923
Individuals	27,995,754	25,618,163
Other domestic entities	7,403	7,678
Foreign entities	531,165	584,093
	<u>37,824,001</u>	<u>34,960,226</u>
	=====	=====
(c) By profit rate sensitivity		
Fixed rate		
House financing	1,301,223	1,403,863
Others	4,488,160	4,855,968
Floating rate		
House financing	12,699,077	10,733,848
Others	19,335,541	17,966,547
	<u>37,824,001</u>	<u>34,960,226</u>
	=====	=====
(d) By remaining contractual maturity		
Maturity within one year	3,804,055	3,543,984
More than one year to three years	1,237,033	1,121,154
More than three years to five years	2,253,699	1,613,849
More than five years	30,529,214	28,681,239
	<u>37,824,001</u>	<u>34,960,226</u>
	=====	=====
(e) By geographical distribution		
Central Region	17,605,737	16,254,666
Eastern Region	6,336,275	5,856,505
Northern Region	5,698,245	5,297,531
Southern Region	5,230,653	4,725,173
East Malaysia Region	2,953,091	2,826,351
	<u>37,824,001</u>	<u>34,960,226</u>
	=====	=====

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14. Financing, advances and others (continued)

	Group	
	30.09.2016	31.12.2015
	RM'000	RM'000
(f) By sector		
Primary agriculture	375,843	403,666
Mining and quarrying	13,340	13,494
Manufacturing (including agro-based)	751,729	930,013
Electricity, gas and water	691,306	681,984
Wholesale & retail trade, and hotels & restaurants	1,169,554	1,102,861
Construction	2,069,150	2,225,492
Real estate	1,185,567	1,088,961
Transport, storage and communications	383,967	395,914
Finance, insurance and business activities	1,962,963	1,406,399
Education, health and others	1,225,046	1,092,052
Household sectors	27,995,536	25,619,390
	<hr/>	<hr/>
	37,824,001	34,960,226
	=====	=====
(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	454,621	513,966
Reclassified as not impaired during the period/year	(207,463)	(205,690)
Amount recovered	(86,342)	(144,268)
Amount written off	(127,417)	(139,053)
Exchange differences	(2,333)	11,776
	<hr/>	<hr/>
At 30 September 2016/31 December 2015	412,336	381,270
	=====	=====
Gross impaired financing as a percentage of gross financing, advances and others	1.09%	1.09%
	=====	=====

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14. Financing, advances and others (continued)

	Group	
	30.09.2016	31.12.2015
	RM'000	RM'000
(h) Impaired financing by geographical distribution		
Central Region	171,652	184,568
Eastern Region	87,408	47,369
Northern Region	36,589	35,880
Southern Region	34,784	29,892
East Malaysia Region	81,903	83,561
	<hr/>	<hr/>
	412,336	381,270
	=====	=====
(i) Impaired financing by sector		
Primary agriculture	1,312	1,307
Manufacturing (including agro-based)	36,887	6,650
Wholesale & retail trade, and hotels & restaurants	26,807	24,986
Construction	30,822	56,344
Transport, storage and communications	25,556	29,332
Finance, insurance and business activities	64,907	69,533
Education, health and others	4,837	7,502
Household sectors	221,208	185,616
	<hr/>	<hr/>
	412,336	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	121,886	189,391
Amount written off	(112,966)	(94,748)
Exchange differences	(2,324)	2,034
	<hr/>	<hr/>
At 30 September 2016/31 December 2015	547,661	541,065
	=====	=====

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14. Financing, advances and others (continued)

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

	Group	
	30.09.2016	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	50,523	46,420
Amount recovered	(15,599)	(32,272)
Amount written off	(13,050)	(44,139)
Exchange differences	(2,333)	11,709
	-----	-----
At 30 September 2016/31 December 2015	144,012	124,471
	=====	=====

15. Other assets

	30.09.2016	31.12.2015
	RM'000	RM'000
Group		
Clients' and dealers' debit balances	67,349	215,265
Deposits and prepayments	54,192	47,600
Other financing	81,994	85,496
Other receivables	114,806	138,494
	-----	-----
	318,341	486,855
	=====	=====
Company		
Amount due from subsidiaries	297	887
Deposits and prepayments	455	429
Income receivable	1,394	966
Other receivables	32	59
	-----	-----
	2,178	2,341
	=====	=====

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16. Takaful assets

		Group	
	Note	30.09.2016	31.12.2015
		RM'000	RM'000
Retakaful assets:			
- Claims liabilities	20(a)(i)	292,803	404,205
- Contribution liabilities	20(a)(ii)	45,932	55,893
- Actuarial liabilities	20(a)(iii)	147,251	242,477
		<hr/>	<hr/>
		485,986	702,575
		-----	-----
Takaful receivables			
- Due contributions		178,194	119,350
- Due from retakaful/co-takaful		21,346	36,440
		<hr/>	<hr/>
		199,540	155,790
Less: Allowance for impaired receivables		(5,820)	(7,517)
		<hr/>	<hr/>
		193,720	148,273
		-----	-----
		679,706	850,848
		=====	=====

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17. Deposits from customers

	Group	
	30.09.2016	31.12.2015
	RM'000	RM'000
(a) By type of deposit		
Savings deposits		
<i>Wadiah</i>	4,586,247	4,674,687
Demand deposits		
<i>Wadiah</i>	8,989,076	10,567,552
Term Deposit	27,422,271	27,781,846
Special Investment Accounts <i>Mudharabah</i>	27,711	26,058
General Investment Accounts <i>Mudharabah</i>	410,163	478,802
Term & Special term deposit-i <i>Tawarruq</i>	24,599,281	23,982,499
Negotiable Islamic Debt Certificates (NIDC) <i>Waheed-i</i>	2,385,116	3,287,644
	-	6,843
Others	99,190	94,444
Total Deposits	41,096,784	43,118,529
	41,096,784	43,118,529
(b) Maturity structure of term deposits are as follows:		
Due within six months	20,723,928	22,794,274
More than six months to one year	5,641,692	4,000,106
More than one year to three years	1,014,643	946,690
More than three years to five years	42,008	40,776
	27,422,271	27,781,846
	27,422,271	27,781,846

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17. Deposits from customers (continued)

	Group	
	30.09.2016	31.12.2015
	RM'000	RM'000
(c) By type of customer		
Government and statutory bodies	6,869,396	7,419,397
Business enterprises	11,010,140	11,746,178
Individuals	5,386,420	5,576,637
Others	17,830,828	18,376,317
	41,096,784	43,118,529
	41,096,784	43,118,529

18. Investment accounts of customers

	Group	
	30.09.2016	31.12.2015
	RM'000	RM'000
Unrestricted investment accounts		
Without maturity		
- <i>Mudharabah</i>	1,096,000	461,312
With maturity		
- <i>Wakalah</i>	1,101,668	214,793
	2,197,668	676,105
	2,197,668	676,105
Restricted investment accounts [^]		
With maturity		
- <i>Wakalah</i>	124,712	82,567
	124,712	82,567
	124,712	82,567
<u>Investment portfolio:</u>		
Unrestricted investment accounts		
- <i>House financing</i>	1,443,989	676,105
- <i>Personal financing</i>	753,679	-
	2,197,668	676,105
	2,197,668	676,105
Restricted investment accounts		
- <i>Other term financing</i>	124,712	82,567
	124,712	82,567
	124,712	82,567

[^] Restricted investment account ("RIA") is an arrangement between Bank Islam ("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 Wakalah performance incentive fee income generated by the Bank for managing the RIA.

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19. Other liabilities

	30.09.2016	31.12.2015
	RM'000	RM'000
Group		
Accruals and other payables	702,952	745,785
Clients' and dealers' credit balances	66,750	214,578
Dividend payable	-	188,150
	<u>769,702</u>	<u>1,148,513</u>
	=====	=====
Company		
Accruals and other payables	3,869	3,684
Amount due to subsidiaries	114	274
Dividend payable	-	188,150
	<u>3,983</u>	<u>192,108</u>
	=====	=====

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

20. Takaful liabilities

		Group	
	Note	30.09.2016	31.12.2015
		RM'000	RM'000
Takaful contract liabilities	20(a)	6,444,452	6,350,983
Expense reserves	20(b)	150,753	142,258
Takaful payables	20(c)	91,230	95,647
		<u>6,686,435</u>	<u>6,588,888</u>
		=====	=====

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20. Takaful liabilities (continued)

(a) Takaful contract liabilities

The takaful contract liabilities comprise the following:

		Group	
	Note	30.09.2016	31.12.2015
		RM'000	RM'000
Provision for outstanding claims	20(a)(i)	645,873	741,069
Provision for unearned contributions	20(a)(ii)	299,762	297,773
Participants' fund	20(a)(iii)	5,498,817	5,312,141
		<u>6,444,452</u>	<u>6,350,983</u>
		=====	=====

(i) Provision for outstanding claims

The provision for outstanding claims is further analysed as follows:

		30.09.2016		
		Gross	Retakaful	Net
		RM'000	RM'000	RM'000
Group				
Provision for claims reported by participants	298,681	(185,907)	112,774	
Provision for IBNR*	347,192	(106,896)	240,296	
		<u>645,873</u>	<u>(292,803)</u>	<u>353,070</u>
		=====	=====	=====
			Note 16	

		31.12.2015		
		Gross	Retakaful	Net
		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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20. 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	749,091	(86,729)	662,362
Adjustment to claims incurred in prior accident years	-	-	-
Claims paid during the year	(844,326)	178,758	(665,568)
(Decrease)/Increase in IBNR	(211)	19,487	19,276
Effect of movement in exchange rates	250	(114)	136
	-----	-----	-----
At 30 September 2016	645,873	(292,803)	353,070
	=====	=====	=====

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20. 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
30.09.2016	299,762	(45,932)	253,830
	=====	=====	=====
		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	380,762	(134,912)	245,850
Contributions earned during the year	(379,051)	144,921	(234,130)
Effect of movement in exchange rates	278	(48)	230
	-----	-----	-----
At 30 September 2016	299,762	(45,932)	253,830
	=====	=====	=====

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20. 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
30.09.2016			
Actuarial liabilities	4,436,383	(147,251)	4,289,132
Unallocated surplus/accumulated surplus	852,631	-	852,631
AFS reserve	6,580	-	6,580
Translation reserve	(21)	-	(21)
Net assets value attributable to unitholders	203,244	-	203,244
	<u>5,498,817</u>	<u>(147,251)</u>	<u>5,351,566</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	
	30.09.2016	31.12.2015
	RM'000	RM'000
At 1 January 2016/2015	142,258	142,127
Provision for the year, net	8,365	(333)
Effect of movement in exchange rates	130	464
	<u>150,753</u>	<u>142,258</u>
	=====	=====

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20. Takaful liabilities (continued)

(c) Takaful payables

	Group	
	30.09.2016	31.12.2015
	RM'000	RM'000
Due to retakaful companies	71,896	73,198
Due to Intermediaries/Participants	19,334	22,449
	<u>91,230</u>	<u>95,647</u>
	=====	=====

21. Sukuk liabilities

	Group		Company	
	30.09.2016	31.12.2015	30.09.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Sukuk liabilities	1,233,746	1,178,585	1,233,746	1,178,585
Subordinated Sukuk Murabahah	714,273	704,380	-	-
	<u>1,948,019</u>	<u>1,882,965</u>	<u>1,233,746</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 (September 2015: RM300 million) 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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22. Other reserves

Breakdown of other reserves are as follows:

	Group	
	30.09.2016	30.09.2015
	RM'000	RM'000
Capital reserve	6,863	6,863
Warrant reserve	129,300	129,300
Statutory reserve	1,123,355	862,267
Fair value reserve	74,988	(74,438)
Translation reserve	(106,423)	(134,991)
LTIP reserve	3,447	3,853
	<hr/>	<hr/>
	1,231,530	792,854
Acquisition reserve	(1,199,747)	(1,199,747)
	<hr/>	<hr/>
	31,783	(406,893)
	=====	=====

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22. 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	-	-	-	-	(94,708)	-	(94,708)
Fair value reserve:							
Net change in fair value	-	-	-	(39,950)	-	-	(39,950)
Net amount reclassified to profit or loss	-	-	-	(9,819)	-	-	(9,819)
Transfer from current year profit	-	123,661	-	-	-	-	123,661
Share-based payment transactions	-	-	-	-	-	1,566	1,566
LTIP exercised	-	-	-	-	-	(812)	(812)
At 30 September 2015	<u>6,863</u>	<u>862,267</u>	<u>129,300</u>	<u>(74,438)</u>	<u>(134,991)</u>	<u>3,853</u>	<u>792,854</u>
At 1 January 2016	6,863	992,022	129,300	(16,356)	(123,644)	4,613	992,798
Foreign exchange translation differences	-	-	-	-	17,221	-	17,221
Fair value reserve:							
Net change in fair value	-	-	-	167,242	-	-	167,242
Net amount reclassified to profit or loss	-	-	-	(48,317)	-	-	(48,317)
Income tax credit relating to components of other comprehensive income	-	-	-	(27,581)	-	-	(27,581)
Transfer from current year profit	-	131,333	-	-	-	-	131,333
Share-based payment transactions	-	-	-	-	-	2,763	2,763
LTIP exercised	-	-	-	-	-	(3,929)	(3,929)
At 30 September 2016	<u>6,863</u>	<u>1,123,355</u>	<u>129,300</u>	<u>74,988</u>	<u>(106,423)</u>	<u>3,447</u>	<u>1,231,530</u>

* Long Term Incentive Plan

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23. Income derived from investment of depositors' funds

Group	Quarter		Year-to-date	
	3 months ended	3 months ended	9 months ended	9 months ended
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) General investment deposits	14,989	14,578	41,359	65,285
(ii) Other deposits	571,645	530,211	1,724,148	1,580,365
	<u>586,634</u>	<u>544,789</u>	<u>1,765,507</u>	<u>1,645,650</u>
	=====	=====	=====	=====

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23. 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 9 months ended	
	30.09.2016 RM'000	30.09.2015 RM'000	30.09.2016 RM'000	30.09.2015 RM'000
Finance, income and hibah				
Financing, advances and others	12,713	11,801	34,421	53,084
Financial assets:				
- Held-for-trading	110	264	368	900
- Available-for-sale	1,464	2,274	4,344	8,522
- Held-to-maturity	15	24	109	94
Money at call and deposit with financial institutions	166	342	496	2,228
	<u>14,468</u>	<u>14,705</u>	<u>39,738</u>	<u>64,828</u>
	-----	-----	-----	-----
Other dealing income				
Net gain/(loss) from sale of financial assets held-for-trading	132	(48)	268	119
Net gain/(loss) on revaluation of financial assets held-for-trading	39	(111)	142	(54)
	<u>171</u>	<u>(159)</u>	<u>410</u>	<u>65</u>
	-----	-----	-----	-----
Other operating income				
Net gain from sale of financial assets available-for-sale	350	32	1,211	392
	<u>350</u>	<u>32</u>	<u>1,211</u>	<u>392</u>
	-----	-----	-----	-----
	<u>14,989</u>	<u>14,578</u>	<u>41,359</u>	<u>65,285</u>
	=====	=====	=====	=====
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	226	290	646	968
	=====	=====	=====	=====

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23. 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	9 months ended	9 months ended
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Finance, income and hibah				
Financing, advances and others	479,510	456,936	1,462,241	1,312,478
Financial assets:				
- Held-for-trading	4,450	7,118	13,826	20,099
- Available-for-sale	59,339	60,072	163,875	189,134
- Held-to-maturity	612	619	4,078	2,089
Money at call and deposit with financial institutions	6,713	8,874	18,703	48,308
	<u>550,624</u>	<u>533,619</u>	<u>1,662,723</u>	<u>1,572,108</u>
	-----	-----	-----	-----
Other dealing income				
Net gain/(loss) from sale of financial assets held-for-trading	5,307	(1,343)	10,201	1,708
Net gain/(loss) on revaluation of financial assets held-for-trading	1,575	(2,894)	5,114	(2,037)
	<u>6,882</u>	<u>(4,237)</u>	<u>15,315</u>	<u>(329)</u>
	-----	-----	-----	-----
Other operating income				
Net gain from sale of financial assets available-for-sale	14,139	829	46,110	8,586
	<u>14,139</u>	<u>829</u>	<u>46,110</u>	<u>8,586</u>
	-----	-----	-----	-----
	<u>571,645</u>	<u>530,211</u>	<u>1,724,148</u>	<u>1,580,365</u>
	=====	=====	=====	=====
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	<u>9,126</u>	<u>7,657</u>	<u>24,427</u>	<u>21,639</u>
	=====	=====	=====	=====

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24. Income derived from investment account funds

Group	Quarter		Year-to-date	
	3 months ended	3 months ended	9 months ended	9 months ended
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Finance income				
Unrestricted investment accounts				
- <i>Mudharabah</i>	17,163	6,768	41,454	6,816
- <i>Wakalah</i>	14,669	439	16,552	439
	<u>31,832</u>	<u>7,207</u>	<u>58,006</u>	<u>7,255</u>
	=====	=====	=====	=====

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25. Income derived from investment of shareholders' funds

Group	Quarter 3 months ended		Year-to-date 9 months ended	
	30.09.2016 RM'000	30.09.2015 RM'000	30.09.2016 RM'000	30.09.2015 RM'000
Financing income and hibah				
Financing, advances and others	1,612	1,480	4,709	4,530
Financial assets available-for-sale	26,923	41,113	110,887	103,833
Money at call and deposits with financial institutions	2,103	(333)	4,966	3,801
	<u>30,638</u>	<u>42,260</u>	<u>120,562</u>	<u>112,164</u>
Other dealing income				
Net gain from foreign exchange transactions	14,530	16,491	51,004	59,212
Net gain/(loss) from sale of financial assets held-for-trading	344	206	(214)	313
Net (loss)/gain on revaluation of financial assets held-for-trading	(211)	(348)	360	164
Net derivatives (loss)/gain	(2,091)	5,733	(7,399)	2,629
	<u>12,572</u>	<u>22,082</u>	<u>43,751</u>	<u>62,318</u>
Other operating income				
Net gain from sale of financial assets available-for-sale	-	-	424	-
Reversal of allowance for doubtful debts	1	-	3	52
Gross dividend income from securities:				
- Quoted in Malaysia	-	115	36	311
- Unquoted in Malaysia	-	1	1,612	1,612
- Unit trust outside Malaysia	-	23	-	82
- Unit trust in Malaysia	952	182	3,158	620
Fees and commission	45,433	45,338	153,038	140,251
Net gain/(loss) on disposal of property, plant and equipment	32	(71)	(458)	(497)
Gain on disposal of shares in associated company	-	-	-	247
Rental income	305	786	1,036	1,618
Others	42	403	96	455
	<u>46,765</u>	<u>46,777</u>	<u>158,945</u>	<u>144,751</u>
	<u>89,975</u>	<u>111,119</u>	<u>323,258</u>	<u>319,233</u>

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

Company	Quarter 3 months ended		Year-to-date 9 months ended	
	30.09.2016 RM'000	30.09.2015 RM'000	30.09.2016 RM'000	30.09.2015 RM'000
Financing income and hibah				
Money at call and deposits with financial institutions	2,811	1,771	7,346	3,372
	<u>2,811</u>	<u>1,771</u>	<u>7,346</u>	<u>3,372</u>
	-----	-----	-----	-----
Other operating income				
Gross dividend income from securities:				
- Unit trust in Malaysia	105	102	543	540
Gross dividend income from subsidiary companies	131,132	123,461	297,995	291,264
Gain on disposal of shares in associated company	-	-	-	247
Others	-	5	2	20
	<u>131,237</u>	<u>123,568</u>	<u>298,540</u>	<u>292,071</u>
	-----	-----	-----	-----
	<u>134,048</u>	<u>125,339</u>	<u>305,886</u>	<u>295,443</u>
	=====	=====	=====	=====

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26. Net income from Takaful business

Group	Quarter		Year-to-date	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Net earned contributions				
Gross earned contributions	423,960	365,021	1,281,041	1,138,208
Contribution ceded to retakaful	(60,402)	(60,503)	(177,388)	(201,433)
	<u>363,558</u>	<u>304,518</u>	<u>1,103,653</u>	<u>936,775</u>
	-----	-----	-----	-----
Other income				
Administration income	10,736	9,355	36,096	30,623
Investment income	73,914	67,703	206,112	196,505
Realised gains and losses	17,953	(25,095)	18,889	13,814
Fair value gains and losses	4,221	(17,305)	15,543	(21,623)
Other operating income	1,463	12,068	3,543	16,537
	<u>108,287</u>	<u>46,726</u>	<u>280,183</u>	<u>235,856</u>
	-----	-----	-----	-----
Net benefits and claims				
Gross benefits and claims paid	(290,058)	(231,160)	(844,326)	(688,997)
Claims ceded to retakaful	57,615	34,058	178,758	118,003
Gross change to contract liabilities	20,850	78,148	95,446	28,897
Change to contract liabilities ceded to takaful	(12,615)	(32,048)	(111,516)	8,826
	<u>(224,208)</u>	<u>(151,002)</u>	<u>(681,638)</u>	<u>(533,271)</u>
	-----	-----	-----	-----
Expense reserves	5,986	2,008	(8,365)	3,316
	<u>5,986</u>	<u>2,008</u>	<u>(8,365)</u>	<u>3,316</u>
	-----	-----	-----	-----
Income from takaful business	253,623	202,250	693,833	642,676
Profits attributable to participants/ takaful operator	(82,215)	(62,859)	(173,102)	(188,520)
	<u>171,408</u>	<u>139,391</u>	<u>520,731</u>	<u>454,156</u>
	=====	=====	=====	=====

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27. Allowance for/(Reversal of) impairment on financing and advances

Group	Quarter 3 months ended		Year-to-date 9 months ended	
	30.09.2016 RM'000	30.09.2015 RM'000	30.09.2016 RM'000	30.09.2015 RM'000
Allowance for impaired financing, advances and others				
- collective assessment allowance	41,528	42,960	121,886	138,979
- individual assessment allowance	(2,058)	2,387	34,924	26,841
Bad debts and financing recovered	(17,305)	(50,684)	(68,823)	(115,189)
	<u>22,165</u>	<u>(5,337)</u>	<u>87,987</u>	<u>50,631</u>
	=====	=====	=====	=====

28. Income attributable to depositors

Group	Quarter 3 months ended		Year-to-date 9 months ended	
	30.09.2016 RM'000	30.09.2015 RM'000	30.09.2016 RM'000	30.09.2015 RM'000
Deposits from customers				
- Mudharabah Fund	6,684	4,598	15,129	58,272
- Non-Mudharabah Fund	243,852	247,956	750,530	691,437
Deposits and placements of banks and other financial institutions				
- Mudharabah Fund	-	-	-	2,261
- Non-Mudharabah Fund	6,989	2,342	30,212	2,544
	<u>257,525</u>	<u>254,896</u>	<u>795,871</u>	<u>754,514</u>
	=====	=====	=====	=====

29. Income attributable to investment account holders

Group	Quarter 3 months ended		Year-to-date 9 months ended	
	30.09.2016 RM'000	30.09.2015 RM'000	30.09.2016 RM'000	30.09.2015 RM'000
Unrestricted investment accounts				
- <i>Mudharabah</i>	338	117	804	118
- <i>Wakalah</i>	9,141	296	9,868	296
	<u>9,479</u>	<u>413</u>	<u>10,672</u>	<u>414</u>
	=====	=====	=====	=====

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30. Personnel expenses

	Quarter		Year-to-date	
	3 months ended		9 months ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Group				
Salaries and wages	139,726	128,511	405,104	352,946
Employees' Provident Fund	17,408	15,564	50,979	46,773
Directors' remuneration	1,573	1,499	6,127	5,002
Others	13,961	13,765	44,135	42,175
	<hr/>	<hr/>	<hr/>	<hr/>
	172,668	159,339	506,345	446,896
	=====	=====	=====	=====
Company				
Salaries and wages	2,164	2,038	5,621	4,250
Employees' Provident Fund	160	154	474	357
Directors' remuneration	276	212	1,251	894
Others	168	102	425	318
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	2,768	2,506	7,771	5,819
	=====	=====	=====	=====

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31. Other overhead expenses

Group	Quarter		Year-to-date	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Promotion				
Advertisement and publicity	10,397	7,783	34,506	23,229
Credit and debit card expenses	6,347	5,820	19,187	14,271
Commission	26,366	32,865	117,450	109,550
	<u>43,110</u>	<u>46,468</u>	<u>171,143</u>	<u>147,050</u>
	-----	-----	-----	-----
Establishment				
Office rental	14,343	15,132	42,689	42,884
Depreciation of property and equipment	18,450	20,857	54,308	59,137
Depreciation of investment property	74	70	221	209
Information technology expenses	10,623	13,558	35,026	26,510
Rental equipment	1,573	1,809	3,912	4,463
Office maintenance	6,217	6,747	15,453	16,343
Utilities	5,333	5,478	16,440	14,968
Security services	4,212	12,849	12,918	18,988
Takaful and insurance	3,420	5,155	8,773	9,634
Others	230	243	1,005	853
	<u>64,475</u>	<u>81,898</u>	<u>190,745</u>	<u>193,989</u>
	-----	-----	-----	-----
General expenses				
Auditors' remuneration	698	485	1,695	1,469
Professional fees	9,015	6,446	29,730	19,854
Office supplies	2,642	2,703	8,156	7,916
Travelling & transport	2,514	2,572	7,934	7,821
Subscription fees	980	485	3,231	2,173
Outsourcing fees	3,916	4,704	12,779	13,533
Processing charges	231	282	616	1,473
Others	32,095	15,591	79,907	65,771
	<u>52,091</u>	<u>33,268</u>	<u>144,048</u>	<u>120,010</u>
	-----	-----	-----	-----
	<u>159,676</u>	<u>161,634</u>	<u>505,936</u>	<u>461,049</u>
	=====	=====	=====	=====

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31. Other overhead expenses (continued)

Company	Quarter 3 months ended		Year-to-date 9 months ended	
	30.09.2016 RM'000	30.09.2015 RM'000	30.09.2016 RM'000	30.09.2015 RM'000
<i>Promotion</i>				
Advertisement and publicity	279	37	363	1,152
	<u>279</u>	<u>37</u>	<u>363</u>	<u>1,152</u>
	-----	-----	-----	-----
<i>Establishment</i>				
Office rental	253	253	759	747
Depreciation of property and equipment	73	171	327	515
Information technology expenses	3	12	10	14
Rental equipment	24	26	74	77
Office maintenance	3	3	11	29
Utilities	8	8	25	19
Takaful and insurance	29	16	87	62
	<u>393</u>	<u>489</u>	<u>1,293</u>	<u>1,463</u>
	-----	-----	-----	-----
<i>General expenses</i>				
Auditors' remuneration	38	32	113	96
Professional fees	18	4	146	16
Office supplies	14	15	36	41
Travelling & transport	13	2	19	6
Subscription fees	1	-	2	2
Others	454	367	1,357	1,687
	<u>538</u>	<u>420</u>	<u>1,673</u>	<u>1,848</u>
	-----	-----	-----	-----
	<u>1,210</u>	<u>946</u>	<u>3,329</u>	<u>4,463</u>
	=====	=====	=====	=====

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32. 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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32. Operating segment information (continued)

Quarter ended 30 September 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	708,307	169,922	3,160	-	881,389
Inter-segment revenue	257	2,124	134,599	(136,980)	-
Total revenue	708,564	172,046	137,759	(136,980)	881,389
Net income from operations (before allowance for impairment on financing and other assets)	436,691	172,046	137,759	(132,111)	614,385
Operating overheads	(222,860)	(107,945)	(7,188)	979	(337,014)
Operating results	213,831	64,101	130,571	(131,132)	277,371
Allowance for impairment	(22,165)	-	-	-	(22,165)
Finance cost	(9,893)	-	(18,386)	-	(28,279)
Profit before zakat and taxation	181,773	64,101	112,185	(131,132)	226,927

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32. Operating segment information (continued)

Quarter ended 30 September 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	662,937	137,156	2,469	-	802,562
Inter-segment revenue	664	3,318	125,791	(129,773)	-
Total revenue	663,601	140,474	128,260	(129,773)	802,562
Net income from operations (before allowance for impairment on financing and other assets)	403,839	140,474	128,260	(125,320)	547,253
Operating overheads	(225,534)	(95,820)	(7,108)	1,859	(326,603)
Operating results	178,305	44,654	121,152	(123,461)	220,650
Allowance for impairment	5,337	-	-	-	5,337
Finance cost	(4,348)	-	(17,650)	-	(21,998)
Profit before zakat and taxation	179,294	44,654	103,502	(123,461)	203,989

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32. Operating segment information (continued)

Year-to-date 9 months ended 30 September 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	2,146,265	515,486	9,636	-	2,671,387
Inter-segment revenue	752	7,154	307,671	(315,577)	-
Total revenue	2,147,017	522,640	317,307	(315,577)	2,671,387
Net income from operations (before allowance for impairment on financing and other assets)	1,326,353	522,640	317,307	(301,456)	1,864,844
Operating overheads	(667,967)	(341,767)	(20,818)	2,951	(1,027,601)
Operating results	658,386	180,873	296,489	(298,505)	837,243
Allowance for impairment	(87,378)	-	-	-	(87,378)
Finance cost	(29,572)	-	(55,160)	-	(84,732)
Profit before zakat and taxation	541,436	180,873	241,329	(298,505)	665,133
Segment assets	49,874,195	7,662,207	5,570,395	(5,718,132)	57,388,665
Segment liabilities	45,471,320	6,882,114	1,307,392	(694,295)	52,966,531

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32. Operating segment information (continued)

Year-to-date 9 months ended 30 September 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	1,964,683	451,874	9,793	-	2,426,350
Inter-segment revenue	1,195	4,237	296,302	(301,734)	-
Total revenue	1,965,878	456,111	306,095	(301,734)	2,426,350
Net income from operations (before allowance for impairment on financing and other assets)	1,204,080	456,111	306,095	(294,864)	1,671,422
Operating overheads	(616,175)	(297,934)	(20,601)	8,700	(926,010)
Operating results	587,905	158,177	285,494	(286,164)	745,412
Allowance for impairment	(50,631)	-	-	-	(50,631)
Finance cost	(7,656)	-	(52,950)	-	(60,606)
Profit before zakat and taxation	529,618	158,177	232,544	(286,164)	634,175
Segment assets	46,349,335	7,291,094	5,314,532	(5,294,024)	53,660,937
Segment liabilities	42,521,444	6,654,277	1,238,999	(385,641)	50,029,079

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33. 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 nine months ended 30 September 2016.

34. Changes in composition of the Group

There were no changes in the composition of the Group for the nine months ended 30 September 2016.

35. 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 nine months ended 30 September 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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35. Fair value of financial instruments (continued)

Fair value information

30.09.2016 RM'000 Group	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	225,620	616,337	-	841,957	-	-	-	-	841,957	841,957
Derivative financial assets	-	35,200	-	35,200	-	-	-	-	35,200	35,200
Financial assets available-for-sale	747,623	12,614,375	158,114	13,520,112	-	-	5,300	5,300	13,525,412	13,525,834
Financial assets held-to-maturity	-	-	-	-	67,718	494,709	57,086	619,513	619,513	602,220
Financing, advances and others	-	-	-	-	-	-	37,183,066	37,183,066	37,183,066	37,132,328
Total assets	973,243	13,265,912	158,114	14,397,269	67,718	494,709	37,245,452	37,807,879	52,205,148	52,137,539
Financial liabilities										
Derivative financial liabilities	-	29,642	-	29,642	-	-	-	-	29,642	29,642
Sukuk liabilities	-	-	-	-	-	-	1,983,854	1,983,854	1,983,854	1,948,019
Total liabilities	-	29,642	-	29,642	-	-	1,983,854	1,983,854	2,013,496	1,977,661
30.09.2016 Company										
Financial assets										
Financial assets available-for-sale	19,797	-	-	19,797	-	-	-	-	19,797	19,797
Total assets	19,797	-	-	19,797	-	-	-	-	19,797	19,797
Financial liabilities										
Sukuk liabilities	-	-	-	-	-	-	1,233,746	1,233,746	1,233,746	1,233,746
Total liabilities	-	-	-	-	-	-	1,233,746	1,233,746	1,233,746	1,233,746

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35. Fair value of financial instruments (continued)

Fair value information (continued)

31.12.2015 RM'000 Group	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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35. Fair value of financial instruments (continued)

The following table presents the changes in Level 3 instruments for the nine months ended 30 September 2016 for the Group:

	9 months	12 months
	30.09.2016	31.12.2015
	RM'000	RM'000
<i>Financial assets available-for-sale</i>		
At 1 January 2016 / 2015	152,641	153,933
Purchases	29,914	69,313
Maturities	(29,914)	(73,115)
Gains	5,473	7,130
Allowance for impairment	-	(4,620)
	<hr/>	<hr/>
At 30 September 2016/31 December 2015	158,114	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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35. 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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36. Off balance sheet financial instruments by value of contracts classified by remaining period to maturity/net re-pricing date (whichever earlier)

Group Items	30.09.2016					
	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	1,283,205	94,811	78,498	328,362	781,534	-
- swaps	1,657,361	528,513	144,939	186,634	692,322	104,953
- spot	700,072	700,072	-	-	-	-
Total	3,640,638	1,323,396	223,437	514,996	1,473,856	104,953

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 30 September 2016, the amount of contracts which were not hedged and, hence, exposed to market risk was RM734.19 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 30 September 2016, the credit risk measured in terms of the cost to replace the profitable contracts was RM117.57 million (31 December 2015: RM184.32 million).

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37. 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 30.09.2016	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	310,135		310,135	309,601
Assets sold with recourse	-		-	-
Transaction related contingent items	916,286		458,143	423,930
Short term self-liquidating trade related contingencies	361,539		72,308	70,171
Other commitments, such as formal standby facilities and credit lines with original maturity of:				
- not exceeding one year	504,073		100,814	78,932
- exceeding one year	2,040,461		1,020,230	767,718
Unutilised credit card lines	1,137,143		227,429	171,085
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	4,694,021		-	-
	9,963,658	-	2,189,059	1,821,437
Derivative Financial Instruments				
Foreign exchange related contracts				
- Less than one year	3,640,638	29,008	89,012	37,632
Profit rate related contracts				
- Less than one year	200,000	1,397	500	100
- One year to less than five years	400,000	1,202	8,000	1,600
- Five years and above	242,799	3,593	20,055	13,256
	4,483,437	35,200	117,567	52,588
	14,447,095	35,200	2,306,626	1,874,025

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37. 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
Profit rate related contracts				
- Less than one year	-	-	-	-
- 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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38. Capital adequacy

Total capital and capital adequacy ratios of Bank Islam Group ("the Bank") have been computed based on BNM's Capital Adequacy Framework for Islamic Banks (Capital Components and Risk-Weighted Assets) issued on 13 October 2015. The Bank has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.

	30.09.2016	31.12.2015
	%	%
Common Equity Tier I (CET I) Capital Ratio	12.027	12.087
Total Tier I Capital Ratio	12.027	12.087
Total Capital Ratio	15.137	15.320

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

	30.09.2016	31.12.2015
	RM'000	RM'000
<u>Tier I capital</u>		
Paid-up share capital	2,404,384	2,363,283
Share premium	264,790	175,452
Retained earnings	255,893	385,913
Other reserves	1,343,305	1,107,920
Less: Deferred tax assets	(7,601)	(35,182)
Less: 55% of fair value reserve	(35,358)	-
Total CET I and Tier I Capital	4,225,413	3,997,386
Sukuk Murabahah	700,000	700,000
Collective assessment allowance ^	392,640	369,414
Total Tier II Capital	1,092,640	1,069,414
Total Capital	5,318,053	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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38. Capital adequacy (continued)

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

	30.09.2016	31.12.2015
	RM'000	RM'000
Credit risk	31,411,211	29,553,110
Market risk	734,185	668,158
Operational risk	2,987,134	2,851,129
	<u>35,132,530</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 nine months ended 30 September 2016

BIMB Holdings Berhad ("BHB") Group reported a Profit After Zakat and Taxation ("PAZT") for the nine months ended 30 September 2016 of RM474.1 million, representing a growth of 9.1% or RM39.4 million as compared to the corresponding period in 2015 of RM434.7 million. BHB registered a respectable annualized Return on Equity (ROE) of 15.3% (based on PAZT).

The net profit attributable to shareholders also grew by 8.9% or RM34.2 million to RM419.6 million during the same period. Consequently, EPS for the period under review also rose from 25.03 sen to 26.47 sen. Net asset per share has also improved to RM2.58 as at 30 September 2016 compared to RM2.21 as at 31 December 2015.

Islamic Banking

Bank Islam Group ("Bank Islam" or "the Bank") reported a PAZT of RM396.7 million for the nine months ended 30 September 2016, representing an increase of 8.6% or RM31.4 million compared to the corresponding period in 2015.

The Bank continued to maintain its financing growth with net financing assets recording a commendable Y-o-Y growth of 15.2% or RM4.9 billion to reach RM37.1 billion as at 30 September 2016. For the nine months to September 2016, net financing growth, on an annualised basis was 11.0%. As at end of June 2016, customer deposits and investment accounts stood at RM44.0 billion with a Y-o-Y increase of RM3.3 billion or 8.0%. The CASA ratio as at end September 2016 stood at 32.9% compared to the Islamic Banking Industry CASA ratio of 25.4% as at end August 2016.

With continued efforts in managing credit risk, the Bank was able to maintain its strong asset quality. The Bank's gross impaired financing ratio remained at 1.09% as at end September 2016, same as that reported as at end December 2015. The ratio compared favourably against the Banking System's ratio of 1.66% as at end August 2016.

The Bank's capital position also remained healthy to support the continuous business growth with the Total Capital ratio of 15.1% as at end September 2016. The Bank registered a respectable annualized ROE of 12.4% (based on PAZT).

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B1. Performance review for the nine months ended 30 September 2016
(continued)

Takaful

For the nine months ended 30 September 2016, Syarikat Takaful Malaysia Berhad Group's ("Takaful Malaysia") operating revenue increased by 9.9% to RM1,522.4 million from RM1,385.2 million in the same period of the preceding year. The increase is mainly attributable to higher sales generated by both Family Takaful and General Takaful business.

For the same period, Family Takaful generated gross earned contributions of RM901.6 million as compared to RM776.6 million, increased by 16.1% compared to the corresponding period last year. The increase is mainly attributable to higher sales from Family Takaful mortgage related products. Similarly, General Takaful recorded gross earned contributions of RM379.2 million, increased by 4.9%, as compared to RM361.4 million in the corresponding period last year. The growth was mainly from Fire and commercial classes.

For the nine months period, Takaful Malaysia recorded PAZT of RM135.6 million, increased by 10.8% as compared to RM122.4 million in the same period last year. The higher profit is attributable to higher wakalah fee income.

B2. Comparison with the preceding quarter's results for the three months performance (Third Quarter 2016 vs. Second Quarter 2016)

For the third quarter ended 30 September 2016, the BHB Group reported a PAZT of RM158.3 million against a PAZT of RM162.3 million achieved for the second quarter ended 30 June 2016, a decrease of RM4.0 million or 2.5%.

Bank Islam's PAZT of RM134.5 million for the third quarter ended 30 September 2016 was lower by RM0.2 million or 0.1% compared to the preceding quarter ended 30 June 2016 of RM134.7 million.

Takaful Malaysia's PAZT of RM43.9 million was lower than the preceding quarter ended 30 June 2016 by 3.1% or RM1.4 million.

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B3. Prospects for 2016

Outlook on the economy

The GDP continued to record a slower growth of 4.0% year-on-year in the second quarter of 2016 from 4.2% in the previous quarter, where the growth was sustained by mainly domestic demand i.e. investment and consumption. Investment activities posted a growth of 6.1% compared with 0.1% in the preceding quarter. Both private and public investments were the key drivers for investment spending. While private consumption growth improved to 6.3% (1Q2016: 5.3%), the Bank believes consumers continued to take a cautious stance in view of rising cost of living and weaknesses in the labour market. On the external front, despite a decline in net exports by 7.0% in the second quarter of 2016, this still represents an improvement from a decline of 12.4% in the first quarter of 2016. As a result, real exports grew 1.0% after contracting 0.5% previously. For the first half of 2016, GDP growth decelerated to 4.1% after recording 5.3% in the same period last year.

Going forward, the Bank expects the economy to grow around 4.5% in the second half of 2016 with a full year growth of 4.3%. The implementation of infrastructure projects will be the key driver for domestic demand in particular investment activities and consumption. Meanwhile, the anticipation of better support from the external demand should also help growth in the second half of 2016 following the weak Ringgit which could contribute to Malaysia's export competitiveness. BNM is also expected to maintain its accommodative stance on monetary policy and continues to signal their commitment to ensure economic growth remains on a steady path. Additionally, the announcement of Budget 2017 recently indicates fiscal consolidation remaining high on the government's agenda with deficits likely to narrow to 3% of GDP in 2017. This will allow market confidence to hold particularly during intense volatility.

Outlook on the banking sector remains stable despite the continued challenging environment - slower economic growth, weaker external demand and lower commodity prices. Resilience in the banking sector is driven by the strong capital levels and stable liquidity profiles of Malaysian banks. However, despite the general strength in the domestic economy, sufficient liquidity in the banking system and an accommodative monetary policy, the Bank expects lending growth to remain subdued (resulting in weaker net interest income generation amidst high funding costs). Lending growth is expected to register growth of between 4% and 5% in 2016 (2015: 7.9%).

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B3. Prospects for 2016 (continued)

Islamic banking

The Bank continues to be conscious that the economy will continue to be challenging for the rest of 2016. With the current economic conditions, the Bank intends to follow through its strategic development plan that focuses on sustaining capital through robust liability management, safeguarding asset quality, and driving earnings growth mainly through strong promotion of the Bank's investment account products. These strategies are continuously supported by cost and resource optimisation, which will be of paramount importance given the operating outlook, while Shariah-led innovation will be maintained as another core focus as this anchors the Bank's ability to continue creating its own niche.

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 shares 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	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Current tax expense	176,097	177,907	1,718	734
Under provision in prior years	1,816	5,662	54	-
Deferred tax expense:				
Origination and reversal of temporary differences	5,725	6,322	-	-
	-----	-----	-----	-----
	183,638	189,891	1,772	734
	=====	=====	=====	=====

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

Profit before tax	665,133	634,175	239,626	232,211
	=====	=====	=====	=====
Income tax calculated using Malaysian tax rate of 24% (2015: 25%)	159,632	158,544	57,510	58,053
Non-deductible expenses	40,173	34,419	2,619	2,259
Non-deductible Sukuk's finance cost	13,238	13,238	13,238	13,238
Non-taxable income	(31,221)	(24,609)	(71,649)	(72,816)
Other items	-	(66)	-	-
	-----	-----	-----	-----
	181,822	181,526	1,718	734
Under provision in prior years	1,816	8,365	54	-
	-----	-----	-----	-----
Tax expense	183,638	189,891	1,772	734
	=====	=====	=====	=====

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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	
	30.09.2016	31.12.2015
	RM'000	RM'000
Total retained earnings of the Group		
- realised	1,202,125	858,636
- unrealised	52,263	74,614
	<hr/>	<hr/>
	1,254,388	933,250
Less: Consolidation adjustments	(878,859)	(846,468)
	<hr/>	<hr/>
Total retained earnings	375,529	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	
	30.09.2016	31.12.2015
	RM'000	RM'000
Deposits from customers		
Mudharabah and Tawarruq term deposits and Negotiable Islamic Debt Certificates		
- One year or less (short-term)	27,362,119	27,702,591
- More than one year (medium/long-term)	60,152	79,255
	27,422,271	27,781,846
Current accounts	8,989,076	10,567,552
Savings accounts	4,586,247	4,674,687
Others	99,190	94,444
	<u>41,096,784</u>	<u>43,118,529</u>
	=====	=====
Investment accounts of customers		
- One year or less (short-term)	2,197,668	676,105
	<u>2,197,668</u>	<u>676,105</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 COA fixed 1 August 2016 for hearing. The COA heard the matter on 30 August 2016 and fixed 9 September 2016 for decision.

On 9 September 2016, the COA held that the Defendants' appeal was dismissed with costs.

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.

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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 average ordinary shares in issue during the period.

Group	Quarter		Year-to-date	
	3 months ended		9 months ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the period under review attributable to equity holders of the parent	140,606	119,822	419,572	385,411
Number of ordinary shares	1,588,680	1,542,210	1,588,680	1,542,210
Number of average ordinary shares	1,588,679	1,542,210	1,585,118	1,540,069
Earnings per share (sen)	8.85	7.77	26.47	25.03

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B13. Economic profit statement

Group	Quarter 3 months ended		Year-to-date 9 months ended	
	30.09.2016 RM'000	30.09.2015 RM'000	30.09.2016 RM'000	30.09.2015 RM'000
Net Operating profit after zakat & tax (NOPAT)				
Profit before zakat and taxation (PBZT)	226,927	203,989	665,133	634,175
Zakat & Taxation	(68,600)	(69,319)	(191,052)	(199,484)
NOPAT	<u>158,327</u>	<u>134,670</u>	<u>474,081</u>	<u>434,691</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)	5,530,715	4,846,700	5,258,677	4,610,307
Weighted Average Cost of Capital (WACC) (%)	6.14	7.13	6.14	7.13
Economic charge	85,360	87,103	241,721	245,861
Economic profit	<u>72,967</u>	<u>47,567</u>	<u>232,360</u>	<u>188,830</u>

By order of the Board

MARIA MAT SAID (LS 0009400)
Company Secretary
October 31, 2016