

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

**Condensed Statement of Financial Position as at 30 September 2017**

	Note	Group As at		Company As at	
		30.09.2017 RM'000	31.12.2016 RM'000	30.09.2017 RM'000	31.12.2016 RM'000
<b>Assets</b>					
Cash and short-term funds	8	<b>1,559,053</b>	4,502,270	<b>267,217</b>	205,318
Deposits and placements with financial institutions	9	<b>1,203,399</b>	1,153,138	-	-
Financial assets held-for-trading	10	<b>599,619</b>	777,610	-	-
Derivative financial assets	11	<b>30,717</b>	124,572	-	-
Financial assets available-for-sale	12	<b>13,624,588</b>	13,755,389	<b>173,261</b>	135,406
Financial assets held-to-maturity	13	<b>524,761</b>	631,086	-	-
Financing, advances and others	14	<b>40,101,326</b>	39,189,274	-	-
Other assets	15	<b>348,495</b>	444,761	<b>2,175</b>	2,333
Takaful assets	16	<b>649,415</b>	638,199	-	-
Statutory deposits with Bank Negara Malaysia		<b>1,287,506</b>	1,374,876	-	-
Current tax assets		<b>10,186</b>	8,430	<b>23</b>	23
Deferred tax assets		<b>43,951</b>	70,435	<b>10</b>	10
Investments in subsidiaries		-	-	<b>5,166,225</b>	4,965,901
Property and equipment		<b>395,926</b>	417,014	<b>467</b>	571
Investment properties		<b>13,884</b>	14,126	-	-
Intangible assets		<b>34,748</b>	43,947	-	-
<b>Total assets</b>		<b>60,427,574</b>	63,145,127	<b>5,609,378</b>	5,309,562

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**Condensed Statement of Financial Position as at 30 September 2017**  
**(continued)**

	Note	Group As at		Company As at	
		30.09.2017 RM'000	31.12.2016 RM'000	30.09.2017 RM'000	31.12.2016 RM'000
<b>Liabilities and equity</b>					
Deposits from customers	17	<b>41,567,636</b>	45,491,753	-	-
Investment accounts of customers	18	<b>3,991,626</b>	3,573,871	-	-
Deposits and placements of banks and other financial institutions	19	-	30,000	-	-
Derivative financial liabilities	11	<b>38,045</b>	111,089	-	-
Bills and acceptances payable		<b>73,986</b>	46,278	-	-
Other liabilities	20	<b>899,582</b>	1,105,942	<b>2,510</b>	210,137
Takaful liabilities	21	<b>6,883,893</b>	6,639,096	-	-
Sukuk liabilities	22	<b>1,948,272</b>	1,881,751	<b>1,284,914</b>	1,227,494
Zakat and taxation		<b>60,115</b>	48,210	<b>152</b>	-
<b>Total liabilities</b>		<b>55,463,155</b>	58,927,990	<b>1,287,576</b>	1,437,631
<b>Equity</b>					
Share capital		<b>3,875,270</b>	1,588,680	<b>3,875,270</b>	1,588,680
Reserves		<b>728,315</b>	2,294,172	<b>446,532</b>	2,283,251
<b>Equity attributable to owners of the Company</b>		<b>4,603,585</b>	3,882,852	<b>4,321,802</b>	3,871,931
Non-controlling interests		<b>360,834</b>	334,285	-	-
<b>Total equity</b>		<b>4,964,419</b>	4,217,137	<b>4,321,802</b>	3,871,931
<b>Total liabilities and equity</b>		<b>60,427,574</b>	63,145,127	<b>5,609,378</b>	5,309,562
<b>Restricted investment accounts managed by Bank Islam</b>					
	18	<b>134,814</b>	141,343	-	-
<b>Total Islamic banking asset</b>		<b>60,562,388</b>	63,286,470	<b>5,609,378</b>	5,309,562
<b>Commitments and contingencies</b>					
	38	<b>13,946,811</b>	13,704,559	-	-
<b>Net assets per share attributable to ordinary equity of the Company (RM)</b>					
		<b>2.81</b>	2.44	<b>2.64</b>	2.44

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**BIMB Holdings Berhad (423858-X)**  
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**Condensed Statement of Profit or Loss and Other Comprehensive Income  
for the nine months ended 30 September 2017**

Group	Note	Quarter		Year-to-date	
		3 months ended		9 months ended	
		30.09.2017	30.09.2016	30.09.2017	30.09.2016
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	24	579,182	586,634	1,749,548	1,765,507
Income derived from investment account funds	25	61,424	31,832	177,018	58,006
Income derived from investment of shareholders' funds	26	99,965	85,578	307,889	308,006
Net income from Takaful business	27	171,953	168,958	538,895	512,394
Reversal of/(Allowance for) impairment on financing and advances	28	43,791	(22,165)	10,195	(87,987)
Allowance for impairment on investments		-	-	-	(255)
(Allowance for)/Reversal of impairment on other assets		-	-	(243)	864
Direct expenses		(4,379)	(4,670)	(14,233)	(15,320)
Total distributable income		<u>951,936</u>	<u>846,167</u>	<u>2,769,069</u>	<u>2,541,215</u>
Wakalah performance incentive fees from restricted investment accounts		212	1,540	2,213	3,885
Income attributable to depositors	29	(272,799)	(257,525)	(820,512)	(795,871)
Income attributable to investment account holders	30	(25,300)	(9,479)	(73,018)	(10,672)
Total net income		<u>654,049</u>	<u>580,703</u>	<u>1,877,752</u>	<u>1,738,557</u>
Personnel expenses	31	(178,536)	(172,668)	(528,934)	(506,345)
Other overhead expenses	32	(176,347)	(152,829)	(531,845)	(482,347)
Finance cost		<u>299,166</u>	<u>255,206</u>	<u>816,973</u>	<u>749,865</u>
		(28,340)	(28,279)	(84,719)	(84,732)
<b>Profit before zakat and tax</b>		<u>270,826</u>	<u>226,927</u>	<u>732,254</u>	<u>665,133</u>
Zakat		(2,972)	(2,454)	(8,104)	(7,414)
Tax expense	B5	(65,008)	(66,146)	(193,881)	(183,638)
<b>Profit for the period</b>		<u>202,846</u>	<u>158,327</u>	<u>530,269</u>	<u>474,081</u>
<b>Attributable to:</b>					
Owners of the Company		183,434	140,606	470,203	419,572
Non-controlling interests		19,412	17,721	60,066	54,509
<b>Profit for the period</b>		<u>202,846</u>	<u>158,327</u>	<u>530,269</u>	<u>474,081</u>
Earnings per share (sen)	B12	<u>11.20</u>	<u>8.85</u>	<u>28.81</u>	<u>26.47</u>

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**Condensed Statement of Profit or Loss and Other Comprehensive Income  
for the nine months ended 30 September 2017 (continued)**

Group	Quarter 3 months ended		Year-to-date 9 months ended	
	30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
<b>Profit for the period</b>	<b>202,846</b>	158,327	<b>530,269</b>	474,081
<b>Other comprehensive income, net of tax</b>				
<b>Items that will not be reclassified subsequently to profit or loss:</b>				
Remeasurement of defined benefit liabilities	(78)	233	(78)	1,212
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Currency translation differences in respect of foreign operations	7,214	(9,146)	29,220	18,179
Fair value reserve:				
Net change in fair value	16,287	55,441	57,149	170,668
Net amount transferred to profit or loss	(2,992)	(15,097)	(6,848)	(48,397)
Income tax credit relating to components of other comprehensive income	(3,182)	(8,933)	(11,233)	(27,581)
<b>Other comprehensive income for the period, net of tax</b>	<b>17,249</b>	22,498	<b>68,210</b>	114,081
<b>Total comprehensive income for the period</b>	<b>220,095</b>	180,825	<b>598,479</b>	588,162
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	200,957	160,253	535,857	528,645
Non-controlling interests	19,138	20,572	62,622	59,517
<b>Total comprehensive income for the period</b>	<b>220,095</b>	180,825	<b>598,479</b>	588,162

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**Condensed Statement of Profit or Loss and Other Comprehensive Income  
for the nine months ended 30 September 2017 (continued)**

<b>Company</b>	<b>Note</b>	<b>Quarter</b>		<b>Year-to-date</b>	
		<b>3 months ended</b>	<b>3 months ended</b>	<b>9 months ended</b>	<b>9 months ended</b>
		<b>30.09.2017</b>	<b>30.09.2016</b>	<b>30.09.2017</b>	<b>30.09.2016</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of shareholders' funds / Total distributable income / Total net income	26	<b>135,645</b>	134,048	<b>335,121</b>	305,886
Personnel expenses	31	<b>(2,237)</b>	(2,768)	<b>(6,771)</b>	(7,771)
Other overhead expenses	32	<b>(1,096)</b>	(1,210)	<b>(3,623)</b>	(3,329)
		<u><b>132,312</b></u>	<u>130,070</u>	<u><b>324,727</b></u>	<u>294,786</u>
Finance cost		<b>(19,140)</b>	(18,386)	<b>(57,419)</b>	(55,160)
<b>Profit before zakat and tax</b>		<u><b>113,172</b></u>	<u>111,684</u>	<u><b>267,308</b></u>	<u>239,626</u>
Tax expense	B5	<b>(351)</b>	(1,222)	<b>(1,461)</b>	(1,772)
<b>Profit for the period</b>		<u><b>112,821</b></u>	<u>110,462</u>	<u><b>265,847</b></u>	<u>237,854</u>
		=====	=====	=====	=====
<b>Attributable to:</b>					
Owners of the Company		<u><b>112,821</b></u>	<u>110,462</u>	<u><b>265,847</b></u>	<u>237,854</u>
<b>Profit for the period</b>		<u><b>112,821</b></u>	<u>110,462</u>	<u><b>265,847</b></u>	<u>237,854</u>
		=====	=====	=====	=====

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**Condensed Statement of Profit or Loss and Other Comprehensive Income  
for the nine months ended 30 September 2017 (continued)**

Company	Quarter 3 months ended		Year-to-date 9 months ended	
	30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
<b>Profit for the period</b>	<b>112,821</b>	110,462	<b>265,847</b>	237,854
<b>Other comprehensive income, net of tax Items that may be reclassified subsequently to profit or loss:</b>				
Fair value reserve:				
Net change in fair value	<b>59</b>	206	<b>90</b>	582
Net amount transferred to profit or loss	-	(105)	<b>(45)</b>	(543)
<b>Other comprehensive income for the period, net of tax</b>	<b>59</b>	101	<b>45</b>	39
<b>Total comprehensive income for the period</b>	<b>112,880</b>	110,563	<b>265,892</b>	237,893
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	<b>112,880</b>	110,563	<b>265,892</b>	237,893
<b>Total comprehensive income for the period</b>	<b>112,880</b>	110,563	<b>265,892</b>	237,893

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**Condensed Statement of Changes in Equity for the nine months ended 30 September 2017**

Group	← Attributable to owners of the Company →						Total equity RM'000
	Share capital RM'000	Non-distributable Share premium RM'000	Other reserves RM'000	Distributable Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	
<b>At 1 January 2016</b>	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 liabilities	-	-	-	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)
<b>Total comprehensive income for the period</b>	-	-	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 pursuant to conversion of warrants	1	3	-	-	4	-	4
<b>At 30 September 2016</b>	<b>1,588,680</b>	<b>2,102,611</b>	<b>31,783</b>	<b>375,529</b>	<b>4,098,603</b>	<b>323,531</b>	<b>4,422,134</b>

Note 23

*The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2016.*

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**Condensed Statement of Changes in Equity for the nine months ended 30 September 2017 (continued)**

Group	← Attributable to owners of the Company →				Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Non-distributable Share premium RM'000	Other reserves RM'000	Distributable Retained earnings RM'000			
<b>At 1 January 2017</b>	<b>1,588,680</b>	<b>2,102,611</b>	<b>(115,791)</b>	<b>307,352</b>	<b>3,882,852</b>	<b>334,285</b>	<b>4,217,137</b>
Profit for the period	-	-	-	470,203	470,203	60,066	530,269
Other comprehensive income							
Remeasurement of defined benefit liabilities	-	-	-	(35)	(35)	(43)	(78)
Currency translation differences in respect of foreign operations	-	-	28,051	-	28,051	1,169	29,220
Fair value reserve:							
Net change in fair value	-	-	54,730	-	54,730	2,419	57,149
Net amount reclassified to profit or loss	-	-	(5,859)	-	(5,859)	(989)	(6,848)
Income tax credit relating to components of other comprehensive income	-	-	(11,233)	-	(11,233)	-	(11,233)
<b>Total comprehensive income for the period</b>	-	-	<b>65,689</b>	<b>470,168</b>	<b>535,857</b>	<b>62,622</b>	<b>598,479</b>
Transfer of reserve fund to retained earnings	-	-	(1,124,774)	1,124,774	-	-	-
Dividends paid to non-controlling interest	-	-	-	-	-	(39,528)	(39,528)
Issue of shares pursuant to Dividend Reinvestment Plan	183,979	-	-	-	183,979	-	183,979
Transfer of share premium to share capital	2,102,611	(2,102,611)	-	-	-	-	-
Share-based payment transactions	-	-	2,599	-	2,599	1,753	4,352
Long Term Incentive Plan exercised	-	-	(1,702)	-	(1,702)	1,702	-
<b>At 30 September 2017</b>	<b>3,875,270</b>	-	<b>(1,173,979)</b>	<b>1,902,294</b>	<b>4,603,585</b>	<b>360,834</b>	<b>4,964,419</b>

Note 23

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**Condensed Statement of Changes in Equity for the nine months ended 30 September 2017 (continued)**

Company	← Attributable to owners of the Company →					
	Share capital RM'000	← Non-distributable →			Distributable	
		Share premium RM'000	Warrant reserves RM'000	Fair value reserves RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2016</b>	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)
<b>Total comprehensive income for the period</b>	-	-	-	39	237,854	237,893
Issue of shares pursuant to Dividend Reinvestment Plan	46,469	110,993	-	-	-	157,462
Issue of shares pursuant to conversion of warrants	1	3	-	-	-	4
<b>At 30 September 2016</b>	1,588,680	2,102,611	129,300	103	276,271	4,096,965
<b>At 1 January 2017</b>	<b>1,588,680</b>	<b>2,102,611</b>	<b>129,300</b>	<b>81</b>	<b>51,259</b>	<b>3,871,931</b>
Profit for the period	-	-	-	-	265,847	265,847
Other comprehensive income						
Fair value reserve:						
Net change in fair value	-	-	-	90	-	90
Net amount reclassified to profit or loss	-	-	-	(45)	-	(45)
<b>Total comprehensive income for the period</b>	-	-	-	45	265,847	265,892
Issue of shares pursuant to Dividend Reinvestment Plan	183,979	-	-	-	-	183,979
Transfer of share premium to share capital	2,102,611	(2,102,611)	-	-	-	-
<b>At 30 September 2017</b>	<b>3,875,270</b>	<b>-</b>	<b>129,300</b>	<b>126</b>	<b>317,106</b>	<b>4,321,802</b>

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**Condensed Statement of Cash Flows for the nine months ended 30  
September 2017**

	<b>Group</b>		<b>Company</b>	
	<b>9 months ended</b>	<b>9 months ended</b>	<b>9 months ended</b>	<b>9 months ended</b>
	<b>30.09.2017</b>	<b>30.09.2016</b>	<b>30.09.2017</b>	<b>30.09.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>				
Profit before zakat and tax	<b>732,254</b>	665,133	<b>267,308</b>	239,626
Adjustments for:				
Depreciation of property and equipment	<b>51,906</b>	54,308	<b>238</b>	327
Depreciation of investment property	<b>222</b>	221	-	-
Loss on disposal of property and equipment	<b>68</b>	458	-	-
Property and equipment written off	<b>47</b>	8	-	-
Collective assessment allowance	<b>64,001</b>	121,886	-	-
Individual assessment allowance	<b>17,022</b>	34,924	-	-
Allowance for/(Reversal of) impairment on other assets	<b>243</b>	(864)	-	-
Allowance for impairment on financial assets available-for-sale	-	255	-	-
Net gain on sale of financial assets held-for-trading	<b>(251)</b>	(10,255)	-	-
Net gain on sale of financial assets available-for-sale	<b>(4,747)</b>	(47,745)	-	-
Net gain on sale of financial assets held-to-maturity	<b>(31,551)</b>	-	-	-
Fair value loss/(gain) on financial assets held-for-trading	<b>12,266</b>	(21,159)	-	-
Net derivative loss	<b>1,121</b>	7,399	-	-
Dividends from securities	<b>(5,627)</b>	(4,806)	<b>(3,846)</b>	(543)
Dividends from subsidiaries	-	-	<b>(325,463)</b>	(297,995)
Reversal of allowance for doubtful debts	-	(3)	-	-
Change in actuarial reserves/ unearned contributions reserve	<b>5,487</b>	10,009	-	-
Equity settled share-based payment	<b>4,352</b>	4,615	-	-
Amortisation of intangible assets	<b>9,199</b>	9,198	-	-
Finance cost	<b>84,719</b>	84,732	<b>57,419</b>	55,160
<b>Operating profit/(loss) before working capital changes</b>	<b>940,731</b>	908,314	<b>(4,344)</b>	(3,425)

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**Condensed Statement of Cash Flows for the nine months ended 30  
September 2017 (continued)**

	<b>Group</b>		<b>Company</b>	
	<b>9 months ended</b>	<b>9 months ended</b>	<b>9 months ended</b>	<b>9 months ended</b>
	<b>30.09.2017</b>	<b>30.09.2016</b>	<b>30.09.2017</b>	<b>30.09.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Operating profit/(loss) before working capital changes	<b>940,731</b>	908,314	<b>(4,344)</b>	(3,425)
Changes in working capital:				
Deposits and placements of banks and other financial institutions	<b>(30,000)</b>	-	-	-
Financing of customers	<b>(993,075)</b>	(2,994,448)	-	-
Statutory deposits with Bank Negara Malaysia	<b>87,370</b>	292,413	-	-
Other assets	<b>173,073</b>	414,453	<b>(10)</b>	163
Deposits from customers	<b>(3,924,117)</b>	(2,021,745)	-	-
Investment accounts of customers	<b>417,755</b>	1,521,563	-	-
Other liabilities	<b>185,166</b>	(172,556)	<b>(1,098)</b>	26
Bills and acceptances payable	<b>27,708</b>	73,352	-	-
Cash used in operations	<b>(3,115,389)</b>	(1,978,654)	<b>(5,452)</b>	(3,236)
Zakat paid	<b>(13,440)</b>	(6,029)	-	-
Tax paid	<b>(177,633)</b>	(134,274)	<b>(1,309)</b>	(817)
Tax refund	<b>45</b>	10,808	-	-
<b>Net cash used in operating activities</b>	<b>(3,306,417)</b>	(2,108,149)	<b>(6,761)</b>	(4,053)
<b>Cash flows from investing activities</b>				
Net proceeds from disposal/(purchase) of securities	<b>493,547</b>	342,082	<b>(33,795)</b>	-
Purchase of property and equipment	<b>(31,866)</b>	(34,540)	<b>(134)</b>	(9)
Proceeds from disposal of property and equipment	<b>555</b>	396	-	-
Purchase of investment properties	-	(336)	-	-
Dividends from subsidiaries	-	-	<b>325,463</b>	297,995
Dividends from securities	<b>1,781</b>	4,263	-	-
Subscription of ordinary shares pursuant to Dividend Reinvestment Plan	-	-	<b>(200,324)</b>	(130,439)
<b>Net cash generated from investing activities</b>	<b>464,017</b>	311,865	<b>91,210</b>	167,547

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**Condensed Statement of Cash Flows for the nine months ended 30 September 2017 (continued)**

	<b>Group</b>		<b>Company</b>	
	<b>9 months ended</b>		<b>9 months ended</b>	
	<b>30.09.2017</b>	<b>30.09.2016</b>	<b>30.09.2017</b>	<b>30.09.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from financing activities</b>				
Dividends paid	<b>(22,550)</b>	(30,688)	<b>(22,550)</b>	(30,688)
Dividends paid to non-controlling interest	<b>(39,528)</b>	(23,835)	-	-
Payment of coupon on Sukuk	<b>(18,198)</b>	(19,679)	-	-
Proceeds from issuance of ordinary shares				
Pursuant to conversion of warrants	-	4	-	4
	-----	-----	-----	-----
<b>Net cash used in financing activities</b>	<b>(80,276)</b>	(74,198)	<b>(22,550)</b>	(30,684)
	-----	-----	-----	-----
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,922,676)</b>	(1,870,482)	<b>61,899</b>	132,810
	-----	-----	-----	-----
<b>Cash and cash equivalents at beginning of the period</b>	<b>5,655,408</b>	4,280,835	<b>205,318</b>	214,354
	-----	-----	-----	-----
<b>Foreign exchange differences</b>	<b>29,720</b>	18,396	-	-
	-----	-----	-----	-----
<b>Cash and cash equivalents at end of the period</b>	<b>2,762,452</b>	2,428,749	<b>267,217</b>	347,164
	=====	=====	=====	=====
Cash and cash equivalents comprise:				
Cash and short-term funds	<b>1,559,053</b>	1,378,617	<b>267,217</b>	347,164
Deposits and placements with financial institutions	<b>1,203,399</b>	1,050,132	-	-
	-----	-----	-----	-----
	<b>2,762,452</b>	2,428,749	<b>267,217</b>	347,164
	=====	=====	=====	=====

*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 2016.*

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**Explanatory Notes to the Financial Statements for the nine months ended 30 September 2017**

**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 2017 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, 2016 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 2016. 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 2016.

The audited financial statements of the Group for the financial year ended 31 December 2016, are available upon request from the Company's registered office at 31<sup>st</sup> 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 2016, except for the adoption of the following Malaysian Financial Reporting Standards ("MFRS") and amendments to MFRSs which came into effect 1 January 2017:

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

The adoption of the new standards, amendments to published standards and interpretations are not expected to have impact on the financial results of the Group and the Company.

**Companies Act 2016**

The new Companies Act 2016 ("New Act") has been implemented effective from 31 January 2017. With the implementation of the New Act, the Companies Act 1965 is now repealed.

The unaudited condensed interim financial statements of the Group is prepared in accordance with the requirements of the New Act. Amongst the key changes introduced in the New Act are:

- (a) the removal of the authorised share capital;
- (b) the ordinary shares will cease to have par or nominal value; and
- (c) the share premium will become part of the share capital.

During the financial period ended 30 September 2017, the Company has transferred RM2,102,611,000 from share premium to its share capital pursuant to the transition provisions set out in Section 618(2) of the New Act.

There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transfer of the amount in the share premium account to the share capital account.

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

**Revised Policy Document on Capital Funds and Capital Funds for Islamic Banks issued by Bank Negara Malaysia ("BNM")**

On 3 May 2017, BNM issued a revised Policy Document on Capital Funds and Capital Funds for Islamic Banks ("Revised Policy Document"). This Revised Policy Document applies to banking institutions in Malaysia that covers licensed banks, licensed investment banks and licensed Islamic banks. The issuance of this Revised Policy Document has superseded two guidelines issued by BNM previously, namely Capital Funds and Capital Funds for Islamic Banks dated 1 July 2013.

The key changes in the Revised Policy Document are:

- (a) the removal of the requirement on maintenance of a reserve fund; and
- (b) the revised component of capital funds shall exclude share premium and reserve fund.

During the financial period ended 30 September 2017, the Group has transferred RM1,124,774,000 from reserve fund to its retained earnings pursuant to the Revised Policy Document.

**2. Audit report of preceding financial year ended 31 December 2016**

The auditors' report on the audited financial statements for the financial year ended 31 December 2016 was not qualified.

**3. Seasonality and cyclicity of operations**

The operations of the Group were not materially affected by any seasonal or cyclical factors for the nine months ended 30 September 2017.

**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 2017.

**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 2017.

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

On 31 January 2017, the Company increased its issued and paid-up capital from RM1,588,680,014 to RM1,637,741,014 via the issuance of 49,061,000 new ordinary shares at a consideration of RM3.75 each arising from the Dividend Reinvestment Plan.

**7. Significant events during the nine months ended 30 September 2017**

- **Dividend received**

On 20 January 2017, Syarikat Takaful Malaysia Berhad paid a single tier dividend of 12.00 sen per ordinary share totalling RM58.986 million for the financial year ended 31 December 2016.

On 15 June 2017, Bank Islam paid a final single tier dividend of 5.58 sen per ordinary share totalling RM134.167 million for the financial year ended 31 December 2016. The entire final dividend was reinvested for acquisition of 41,282,000 new ordinary shares of Bank Islam at a consideration of RM3.25 per share arising from the Dividend Reinvestment Plan.

On 20 September 2017, Bank Islam paid an interim dividend of 5.41 sen per ordinary share totalling RM132.310 million for the six months ended 30 June 2017. From the total dividend amount, approximately 50% was reinvested for acquisition of 20,356,000 new shares of Bank Islam at a consideration of RM3.25 per share via the DRP.

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

	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
Cash and balances with banks and other financial institutions	<b>838,373</b>	1,029,924
Money at call and interbank placements with remaining maturity not exceeding one month	<b>720,680</b>	3,472,346
	<u><b>1,559,053</b></u>	<u>4,502,270</u>
	=====	=====
<b>Company</b>		
Cash and balances with banks and other financial institutions	<b>267,217</b>	205,318
	<u><b>267,217</b></u>	<u>205,318</u>
	=====	=====



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

	<b>Group</b>	
	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	<b>1,168,886</b>	1,129,260
Other financial institutions	<b>34,513</b>	23,878
	<b>1,203,399</b>	1,153,138
	=====	=====

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

	<b>Group</b>	
	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<i>Quoted securities in Malaysia</i>		
- Shares	<b>61,973</b>	55,305
- Unit trusts	<b>5,580</b>	5,085
<i>Quoted securities outside Malaysia</i>		
- Shares	<b>74,003</b>	65,935
- Unit trusts	<b>956</b>	14,823
- Sukuk	<b>50,235</b>	48,121
	<b>192,747</b>	189,269
	-----	-----
<i>Unquoted securities in Malaysia</i>		
- Malaysian Government Investment Issues	<b>274,060</b>	324,500
- Sukuk	<b>132,812</b>	263,841
	<b>406,872</b>	588,341
	-----	-----
	<b>599,619</b>	777,610
	=====	=====

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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 amount of these instruments reflects the volume of transactions outstanding at financial position date, and do not represent amounts at risk.

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

<b>Group</b>	<b>Notional Amount RM'000</b>	<b>Fair value</b>	
		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
<b>30.09.2017</b>			
Forward contracts	<b>3,140,402</b>	<b>26,380</b>	<b>(36,018)</b>
Profit rate swaps	<b>615,146</b>	<b>4,337</b>	<b>(2,027)</b>
	<b>3,755,548</b>	<b>30,717</b>	<b>(38,045)</b>
<b>31.12.2016</b>			
Forward contracts	3,117,570	117,445	(107,469)
Profit rate swaps	836,027	7,127	(3,620)
	<b>3,953,597</b>	<b>124,572</b>	<b>(111,089)</b>

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**12. Financial assets available-for-sale**

	<b>Group</b>	
	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<i>Quoted securities in Malaysia</i>		
- Unit trusts	<b>331,538</b>	303,573
- Shares	<b>208,428</b>	343,240
<i>Quoted securities outside Malaysia</i>		
- Unit trusts	<b>36,545</b>	50,027
- Shares	<b>27,673</b>	31,219
- Sukuk	-	334
	<b>604,184</b>	728,393
	-----	-----
<b>At fair value</b>		
<i>Unquoted securities in Malaysia</i>		
- Malaysian Government Islamic Papers	<b>200,491</b>	148,793
- Malaysian Government Investment Issues	<b>1,760,312</b>	2,057,324
- Negotiable Islamic Debt Certificate	-	496,681
- Sukuk	<b>10,805,190</b>	10,158,362
- Shares	<b>380</b>	380
- Institutional Trust Account	<b>248,043</b>	160,112
<i>Unquoted securities outside Malaysia</i>		
- Sukuk	<b>646</b>	-
- Shares	<b>42</b>	44
	<b>13,015,104</b>	13,021,696
	-----	-----
<b>At cost</b>		
<i>Unquoted securities in Malaysia</i>		
- Unquoted shares in Malaysia	<b>24,282</b>	25,468
Less: Accumulated impairment loss*	<b>(19,001)</b>	(20,187)
	<b>5,281</b>	5,281
	-----	-----
<i>Unquoted securities outside Malaysia</i>		
- Unquoted shares outside Malaysia	<b>329</b>	329
Less: Impairment loss	<b>(310)</b>	(310)
	<b>19</b>	19
	<b>13,624,588</b>	13,755,389
	=====	=====

\* Movement in accumulated impairment loss due to translation differences.

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

	<b>Company</b>	
	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<i>Quoted securities in Malaysia</i>		
- Unit trusts	<b>173,261</b>	135,406
	=====	=====

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

	<b>Group</b>	
	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
<i>Quoted securities outside Malaysia</i>		
- Sukuk	<b>90,535</b>	94,009
 <i>Unquoted securities in Malaysia</i>		
- Malaysian Government Islamic Papers	<b>59,994</b>	105,037
- Sukuk	<b>381,119</b>	438,927
Less: Accumulated impairment loss	<b>(6,887)</b>	(6,887)
	<b>374,232</b>	432,040
	=====	=====
	<b>524,761</b>	631,086
	=====	=====

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**14. Financing, advances and others**

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

<b>Group</b>	<b>Bai' Bithaman Ajil RM'000</b>	<b>Murabahah RM'000</b>	<b>Bai Al-Dayn RM'000</b>	<b>Bai Al-Inah RM'000</b>	<b>At-Tawarruq RM'000</b>	<b>Ijarah Muntahiah Bit-Tamleek RM'000</b>	<b>Ijarah Thumma Al-Bai RM'000</b>	<b>Istisna' RM'000</b>	<b>Ar-Rahnu RM'000</b>	<b>Total RM'000</b>
<b>30 September 2017</b>										
<b>At amortised cost</b>										
Cash line	-	-	-	33,127	1,092,144	-	-	-	-	1,125,271
Term financing										
House financing ^	4,200,015	-	-	-	11,337,956	-	-	56,545	-	15,594,516
Syndicated financing	-	-	-	45,802	496,126	-	117,653	-	-	659,581
Leasing financing	-	-	-	-	-	80,177	382	-	-	80,559
Bridging financing	-	-	-	-	-	-	-	74,816	-	74,816
Personal financing ^	-	-	-	24,168	11,980,194	-	-	-	-	12,004,362
Other term financing	1,708,664	1,098,463	-	3,511	6,851,704	-	-	1,346	-	9,663,688
Staff financing	74,435	7,468	-	-	125,611	-	-	12,376	-	219,890
Credit cards	-	-	-	7,610	439,002	-	-	-	-	446,612
Trade bills discounted	-	624,082	149,711	-	-	-	-	-	-	773,793
Trust receipts	-	4,538	-	-	-	-	-	-	-	4,538
Pawn broking	-	-	-	-	-	-	-	-	84,863	84,863
Investment Account Platform *	-	-	-	-	16,599	-	-	-	-	16,599
	<u>5,983,114</u>	<u>1,734,551</u>	<u>149,711</u>	<u>114,218</u>	<u>32,339,336</u>	<u>80,177</u>	<u>118,035</u>	<u>145,083</u>	<u>84,863</u>	<u>40,749,088</u>
Allowance for impaired financing, advances and others										
- collective assessment allowance										(509,684)
- individual assessment allowance										(138,078)
<b>Net financing, advances and others</b>										<u><u>40,101,326</u></u>

^ Included in house financing and personal financing are the underlying assets under the Unrestricted Investment Accounts ("URIA") amounting RM2,944,275,000 and RM1,047,351,000 respectively as disclosed in Note 18 of these financial statements.

\* This represents a term financing of Bank Islam's participation in Investment Account Platform ("IAP") to finance viable ventures via Restricted Investment Account.

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

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

<b>Group</b>	<b>Bai' Bithaman Ajil RM'000</b>	<b>Murabahah RM'000</b>	<b>Bai Al-Dayn RM'000</b>	<b>Bai Al-Inah RM'000</b>	<b>At-Tawarruq RM'000</b>	<b>Ijarah Muntahiah Bit-Tamleek RM'000</b>	<b>Ijarah Thumma Al-Bai RM'000</b>	<b>Istisna' RM'000</b>	<b>Ar-Rahnu RM'000</b>	<b>Total RM'000</b>
<b>31 December 2016</b>										
<b>At amortised cost</b>										
Cash line	-	-	-	37,899	1,199,021	-	-	-	-	1,236,920
Term financing										
House financing ^	4,484,247	-	-	-	9,503,014	-	-	59,088	-	14,046,349
Syndicated financing	-	-	-	196,129	1,045,889	-	123,189	-	-	1,365,207
Leasing financing	-	-	-	-	-	90,610	902	-	-	91,512
Bridging financing	-	-	-	-	-	-	-	82,313	-	82,313
Personal financing ^	-	-	-	42,177	11,197,744	-	-	-	-	11,239,921
Other term financing	2,086,188	933,316	-	4,063	7,106,669	-	-	1,503	-	10,131,739
Staff financing	83,743	5,087	-	-	98,821	-	-	14,218	-	201,869
Credit cards	-	-	-	9,004	450,388	-	-	-	-	459,392
Trade bills discounted	-	741,037	180,010	-	-	-	-	-	-	921,047
Trust receipts	-	5,169	-	-	-	-	-	-	-	5,169
Pawn broking	-	-	-	-	-	-	-	-	85,315	85,315
Investment Account Platform *	-	-	-	-	5,690	-	-	-	-	5,690
	<u>6,654,178</u>	<u>1,684,609</u>	<u>180,010</u>	<u>289,272</u>	<u>30,607,236</u>	<u>90,610</u>	<u>124,091</u>	<u>157,122</u>	<u>85,315</u>	<u>39,872,443</u>
Allowance for impaired financing, advances and others										
- collective assessment allowance										(554,971)
- individual assessment allowance										(128,198)
<b>Net financing, advances and others</b>										<u>39,189,274</u>

^ Included in house financing and personal financing are the underlying assets under the Unrestricted Investment Accounts ("URIA") amounting RM2,568,123,000 and RM1,005,748,000 respectively as disclosed in Note 18 of these financial statements.

\* This represents a term financing of Bank Islam's participation in Investment Account Platform ("IAP") to finance viable ventures via Restricted Investment Account.

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

	<b>Group</b>	
	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(b) By type of customer</b>		
Domestic non-bank financial institutions	<b>1,229,116</b>	1,376,559
Domestic business enterprise	<b>6,258,442</b>	6,908,806
Small medium industries	<b>889,953</b>	896,530
Government and statutory bodies	<b>574,848</b>	938,069
Individuals	<b>31,104,541</b>	28,957,975
Other domestic entities	<b>8,356</b>	7,239
Foreign entities	<b>683,832</b>	787,265
	<b>40,749,088</b>	39,872,443
	=====	=====
<b>(c) By profit rate sensitivity</b>		
Fixed rate		
House financing	<b>1,173,339</b>	1,268,632
Others	<b>3,773,379</b>	4,059,422
Floating rate		
House financing	<b>15,040,541</b>	13,382,969
Others	<b>20,761,829</b>	21,161,420
	<b>40,749,088</b>	39,872,443
	=====	=====
<b>(d) By remaining contractual maturity</b>		
Maturity within one year	<b>3,704,396</b>	4,312,581
More than one year to three years	<b>1,328,376</b>	1,400,480
More than three years to five years	<b>2,724,729</b>	2,197,573
More than five years	<b>32,991,587</b>	31,961,809
	<b>40,749,088</b>	39,872,443
	=====	=====
<b>(e) By geographical distribution</b>		
Central Region	<b>18,303,611</b>	18,853,925
Eastern Region	<b>7,011,508</b>	6,534,376
Northern Region	<b>6,077,028</b>	5,864,200
Southern Region	<b>6,099,851</b>	5,499,121
East Malaysia Region	<b>3,257,090</b>	3,120,821
	<b>40,749,088</b>	39,872,443
	=====	=====

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

	<b>Group</b>	
	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(f) By sector</b>		
Primary agriculture	<b>410,512</b>	377,285
Mining and quarrying	<b>9,807</b>	12,931
Manufacturing (including agro-based)	<b>735,648</b>	747,410
Electricity, gas and water	<b>332,800</b>	868,319
Wholesale & retail trade, and hotels & restaurants	<b>1,161,057</b>	1,274,954
Construction	<b>1,977,034</b>	2,161,215
Real estate	<b>1,429,926</b>	1,205,740
Transport, storage and communications	<b>610,619</b>	870,559
Finance, insurance and business activities	<b>2,005,902</b>	2,134,947
Education, health and others	<b>960,727</b>	1,256,209
Household sectors	<b>31,115,056</b>	28,962,874
	<b>40,749,088</b>	39,872,443
	=====	=====
<b>(g) Movement in impaired financing and advances ("impaired financing") are as follows:</b>		
At 1 January 2017/2016	<b>389,445</b>	381,270
Classified as impaired during the period/year	<b>458,740</b>	580,341
Reclassified as not impaired during the period/year	<b>(224,256)</b>	(284,602)
Amount recovered	<b>(71,973)</b>	(112,502)
Amount written off	<b>(111,429)</b>	(178,052)
Exchange differences	<b>(4,077)</b>	2,990
	<b>436,450</b>	389,445
	=====	=====
Gross impaired financing as a percentage of gross financing, advances and others	<b>1.07%</b>	0.98%
	=====	=====



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

	<b>Group</b>	
	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(h) Impaired financing by geographical distribution</b>		
Central Region	<b>160,516</b>	142,841
Eastern Region	<b>127,406</b>	92,848
Northern Region	<b>36,880</b>	36,299
Southern Region	<b>27,810</b>	31,329
East Malaysia Region	<b>83,838</b>	86,128
	<hr/>	<hr/>
	<b>436,450</b>	389,445
	=====	=====
<b>(i) Impaired financing by sector</b>		
Primary agriculture	<b>1,331</b>	1,311
Manufacturing (including agro-based)	<b>35,669</b>	36,739
Wholesale & retail trade, and hotels & restaurants	<b>39,567</b>	25,651
Construction	<b>30,641</b>	13,714
Transport, storage and communications	<b>12,889</b>	15,579
Finance, insurance and business activities	<b>69,842</b>	70,948
Education, health and others	<b>20,418</b>	3,076
Household sectors	<b>226,093</b>	222,427
	<hr/>	<hr/>
	<b>436,450</b>	389,445
	=====	=====
<b>(j) Movement of allowance for impaired financing</b>		
<u>Collective assessment allowance</u>		
At 1 January 2017/2016	<b>554,971</b>	541,065
Allowance made during the period/year	<b>64,001</b>	161,667
Amount written off	<b>(108,320)</b>	(146,725)
Exchange differences	<b>(968)</b>	(1,036)
	<hr/>	<hr/>
At 30 September 2017/31 December 2016	<b>509,684</b>	554,971
	=====	=====

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

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

	<b>Group</b>	
	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Individual assessment allowance</u>		
At 1 January 2017/2016	<b>128,198</b>	124,471
Allowance made during the period/year	<b>33,377</b>	54,566
Amount recovered	<b>(16,355)</b>	(23,904)
Amount written off	<b>(3,065)</b>	(29,928)
Exchange differences	<b>(4,077)</b>	2,993
	<hr/>	<hr/>
At 30 September 2017/31 December 2016	<b>138,078</b>	128,198
	<hr/> <hr/>	<hr/> <hr/>

**15. Other assets**

	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
Clients' and dealers' debit balances	<b>105,707</b>	63,599
Deposits and prepayments	<b>50,706</b>	46,237
Other financing	<b>80,595</b>	81,850
Other receivables	<b>111,487</b>	253,075
	<hr/>	<hr/>
	<b>348,495</b>	444,761
	<hr/> <hr/>	<hr/> <hr/>
<b>Company</b>		
Amount due from subsidiaries	<b>471</b>	479
Deposits and prepayments	<b>450</b>	409
Income receivable	<b>1,219</b>	1,410
Other receivables	<b>35</b>	35
	<hr/>	<hr/>
	<b>2,175</b>	2,333
	<hr/> <hr/>	<hr/> <hr/>

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**16. Takaful assets**

		<b>Group</b>	
	<b>Note</b>	<b>30.09.2017</b>	<b>31.12.2016</b>
		<b>RM'000</b>	<b>RM'000</b>
Retakaful assets:			
- Claims liabilities	21(a)(i)	<b>287,634</b>	261,426
- Contribution liabilities	21(a)(ii)	<b>57,387</b>	62,969
- Actuarial liabilities	21(a)(iii)	<b>148,312</b>	144,096
		<hr/> <b>493,333</b>	<hr/> 468,491
		-----	-----
Takaful receivables			
- Due contributions		<b>130,819</b>	136,214
- Due from retakaful/co-takaful		<b>30,101</b>	42,869
		<hr/> <b>160,920</b>	<hr/> 179,083
Less: Allowance for impaired receivables		<b>(4,838)</b>	(9,375)
		<hr/> <b>156,082</b>	<hr/> 169,708
		-----	-----
		<b>649,415</b>	638,199
		=====	=====

**BIMB Holdings Berhad (423858-X)**  
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**17. Deposits from customers**

	<b>Group</b>	
	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(a) By type of deposit</b>		
<b>Savings deposits</b>		
<i>Wadiah</i>	<b>4,341,045</b>	4,131,604
<b>Demand deposits</b>		
<i>Wadiah</i>	<b>9,502,735</b>	9,928,598
<b>Term Deposit</b>	<b>27,624,531</b>	31,325,023
Special Investment Deposit		
<i>Mudharabah</i>	<b>6,182</b>	27,711
General Investment Deposit		
<i>Mudharabah</i>	<b>344,854</b>	394,472
Term Deposit-i		
<i>Tawarruq</i>	<b>24,593,615</b>	27,833,428
Negotiable Islamic Debt Certificates ("NIDC")	<b>2,679,880</b>	3,069,412
<b>Others</b>	<b>99,325</b>	106,528
<b>Total Deposits</b>	<b>41,567,636</b>	45,491,753
<b>(b) Maturity structure of term deposits are as follows:</b>		
Due within six months	<b>15,812,355</b>	26,108,266
More than six months to one year	<b>9,088,787</b>	4,157,963
More than one year to three years	<b>1,391,511</b>	690,590
More than three years to five years	<b>1,331,878</b>	368,204
	<b>27,624,531</b>	31,325,023

**BIMB Holdings Berhad (423858-X)**  
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**17. Deposits from customers (continued)**

	<b>Group</b>	
	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(c) By type of customer</b>		
Domestic non-bank financial institutions	<b>9,898,947</b>	15,053,052
Business enterprises	<b>12,253,165</b>	11,730,076
Government and statutory bodies	<b>9,069,137</b>	6,890,474
Individuals	<b>4,998,425</b>	4,817,561
Domestic banking institutions	<b>2,602,731</b>	2,994,256
Others	<b>2,745,231</b>	4,006,334
	<b>41,567,636</b>	45,491,753

**18. Investment accounts of customers**

	<b>Group</b>	
	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(a) By type and Shariah contract</b>		
<b>Unrestricted investment accounts</b>		
Without maturity		
<i>Mudharabah</i>	<b>1,896,399</b>	1,516,844
With maturity		
<i>Wakalah</i>	<b>2,095,227</b>	2,057,027
	<b>3,991,626</b>	3,573,871
Investment portfolio:		
- <i>House financing</i>	<b>2,944,275</b>	2,568,123
- <i>Personal financing</i>	<b>1,047,351</b>	1,005,748
	<b>3,991,626</b>	3,573,871
<b>Restricted investment accounts ("RIA") managed by Bank Islam^</b>		
With maturity		
<i>Wakalah</i>	<b>134,814</b>	141,343
Investment portfolio:		
- <i>Other term financing</i>	<b>134,814</b>	141,343

**BIMB Holdings Berhad (423858-X)**  
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**18. Investment accounts of customers (continued)**

<sup>^</sup> Restricted investment accounts ("RIA") is an arrangement between Bank Islam ("the Bank") and the investment account holders ("IAH") 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 item 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.

Included in RIA managed by the Bank is an arrangement between the Bank and its ultimate holding entity with underlying assets amounting to RM134,022,000 (2016: RM141,033,000).

	<b>Group</b>	
	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(b) By type of customers</b>		
Individuals	<b>2,074,596</b>	1,677,636
Government and statutory bodies	<b>688,231</b>	762,888
Business enterprises	<b>576,033</b>	737,961
Non-bank financial institutions	<b>588,517</b>	237,735
Bank and other financial institutions	-	45,919
Others	<b>64,249</b>	111,732
	<b>3,991,626</b>	3,573,871
	=====	=====

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

	<b>Group</b>	
	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Non-Mudharabah fund</i>		
Development financial institutions	-	30,000
	=====	=====

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**20. Other liabilities**

	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
Accruals and other payables	<b>794,044</b>	836,208
Clients' and dealers' credit balances	<b>105,538</b>	63,205
Dividend payable	-	206,529
	<u><b>899,582</b></u>	<u>1,105,942</u>
	=====	=====
<b>Company</b>		
Accruals and other payables	<b>2,510</b>	3,607
Amount due to subsidiaries	-	1
Dividend payable	-	206,529
	<u><b>2,510</b></u>	<u>210,137</u>
	=====	=====

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

**21. Takaful liabilities**

		<b>Group</b>	
	<b>Note</b>	<b>30.09.2017</b>	<b>31.12.2016</b>
		<b>RM'000</b>	<b>RM'000</b>
Takaful contract liabilities	21(a)	<b>6,631,084</b>	6,396,375
Expense reserves	21(b)	<b>190,545</b>	159,310
Takaful payables	21(c)	<b>62,264</b>	83,411
		<u><b>6,883,893</b></u>	<u>6,639,096</u>
		=====	=====

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**21. Takaful liabilities (continued)**

**(a) Takaful contract liabilities**

The takaful contract liabilities comprise the following:

		<b>Group</b>	
	<b>Note</b>	<b>30.09.2017</b>	<b>31.12.2016</b>
		<b>RM'000</b>	<b>RM'000</b>
Provision for outstanding claims	21(a)(i)	<b>594,478</b>	582,184
Provision for unearned contributions	21(a)(ii)	<b>330,992</b>	316,569
Participants' fund	21(a)(iii)	<b>5,705,614</b>	5,497,622
		<u><b>6,631,084</b></u>	<u>6,396,375</u>
		=====	=====

**(i) Provision for outstanding claims**

The provision for outstanding claims is further analysed as follows:

		<b>30.09.2017</b>		
		<b>Gross</b>	<b>Retakaful</b>	<b>Net</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
Provision for claims reported by participants		<b>272,743</b>	<b>(167,201)</b>	<b>105,542</b>
Provision for IBNR*		<b>321,735</b>	<b>(120,433)</b>	<b>201,302</b>
		<u><b>594,478</b></u>	<u><b>(287,634)</b></u>	<u><b>306,844</b></u>
		=====	=====	=====

Note 16

		<b>31.12.2016</b>		
		<b>Gross</b>	<b>Retakaful</b>	<b>Net</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
Provision for claims reported by participants		259,275	(150,305)	108,970
Provision for IBNR*		322,909	(111,121)	211,788
		<u>582,184</u>	<u>(261,426)</u>	<u>320,758</u>
		=====	=====	=====

Note 16

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



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**21. Takaful liabilities (continued)**

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

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

Movement of provision for outstanding claims:

	<b>Gross RM'000</b>	<b>Group Retakaful RM'000</b>	<b>Net RM'000</b>
<b>At 1 January 2016</b>	741,069	(404,205)	336,864
Claims incurred during the year	1,053,099	(161,586)	891,513
Adjustment to claims incurred in prior accident years	(60,464)	44,530	(15,934)
Claims paid during the year	(1,127,519)	244,762	(882,757)
(Decrease)/Increase in IBNR	(24,576)	15,275	(9,301)
Effect of movement in exchange rates	575	(202)	373
	-----	-----	-----
<b>At 31 December 2016/ 1 January 2017</b>	<b>582,184</b>	<b>(261,426)</b>	<b>320,758</b>
Claims incurred during the period	<b>773,159</b>	<b>(110,417)</b>	<b>662,742</b>
Adjustment to claims incurred in prior accident years	-	-	-
Claims paid during the period	<b>(741,632)</b>	<b>89,925</b>	<b>(651,707)</b>
Decrease in IBNR	<b>(18,821)</b>	<b>(5,878)</b>	<b>(24,699)</b>
Effect of movement in exchange rates	<b>(412)</b>	<b>162</b>	<b>(250)</b>
	-----	-----	-----
<b>At 30 September 2017</b>	<b>594,478</b>	<b>(287,634)</b>	<b>306,844</b>
	=====	=====	=====

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**21. Takaful liabilities (continued)**

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

**(ii) Provision for unearned contributions**

The provision for unearned contributions is further analysed as follows:

	<b>Gross</b>	<b>Group</b>	<b>Net</b>
	<b>RM'000</b>	<b>Retakaful</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>
30.09.2017	<b>330,992</b>	<b>(57,387)</b>	<b>273,605</b>
	=====	=====	=====
		Note 16	
31.12.2016	316,569	(62,969)	253,600
	=====	=====	=====
		Note 16	

Movement of provision for unearned contributions:

	<b>Gross</b>	<b>Group</b>	<b>Net</b>
	<b>RM'000</b>	<b>Retakaful</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2016</b>	297,773	(55,893)	241,880
Contributions written during the year	516,651	(201,122)	315,529
Contributions earned during the year	(498,631)	194,207	(304,424)
Effect of movement in exchange rates	776	(161)	615
	-----	-----	-----
<b>At 31 December 2016/ 1 January 2017</b>	<b>316,569</b>	<b>(62,969)</b>	<b>253,600</b>
Contributions written during the period	<b>427,661</b>	<b>(163,322)</b>	<b>264,339</b>
Contributions earned during the period	<b>(412,736)</b>	<b>168,810</b>	<b>(243,926)</b>
Effect of movement in exchange rates	<b>(502)</b>	<b>94</b>	<b>(408)</b>
	-----	-----	-----
<b>At 30 September 2017</b>	<b>330,992</b>	<b>(57,387)</b>	<b>273,605</b>
	=====	=====	=====

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**21. Takaful liabilities (continued)**

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

**(iii) Participants' fund**

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

	<b>Gross</b>	<b>Group</b>	<b>Net</b>
	<b>RM'000</b>	<b>Retakaful</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>30.09.2017</b>			
Actuarial liabilities	4,806,734	(148,312)	4,658,422
Unallocated surplus/accumulated surplus	844,014	-	844,014
AFS reserve	(22,193)	-	(22,193)
Translation reserve	(539)	-	(539)
Net assets value attributable to unitholders	77,598	-	77,598
	<u>5,705,614</u>	<u>(148,312)</u>	<u>5,557,302</u>
	=====	=====	=====
		Note 16	
<b>31.12.2016</b>			
Actuarial liabilities	4,389,596	(144,096)	4,245,500
Unallocated surplus/accumulated surplus	954,378	-	954,378
AFS reserve	(54,684)	-	(54,684)
Translation reserve	(872)	-	(872)
Net assets value attributable to unitholders	209,204	-	209,204
	<u>5,497,622</u>	<u>(144,096)</u>	<u>5,353,526</u>
	=====	=====	=====
		Note 16	

**(b) Expense reserves**

	<b>Group</b>	
	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2017/2016	159,310	142,258
Provision for the period/year, net	31,558	16,676
Effect of movement in exchange rates	(323)	376
	<u>190,545</u>	<u>159,310</u>
At 30 September 2017/31 December 2016	=====	=====

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**21. Takaful liabilities (continued)**

(c) Takaful payables

	<b>Group</b>	
	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Due to retakaful companies	<b>42,010</b>	65,610
Due to Intermediaries/Participants	<b>20,254</b>	17,801
	<u><b>62,264</b></u>	<u>83,411</u>
	=====	=====

**22. Sukuk liabilities**

	<b>Group</b>		<b>Company</b>	
	<b>30.09.2017</b>	<b>31.12.2016</b>	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Sukuk liabilities	<b>1,284,914</b>	1,227,494	<b>1,284,914</b>	1,227,494
Subordinated Sukuk Murabahah	<b>663,358</b>	654,257	-	-
	<u><b>1,948,272</b></u>	<u>1,881,751</u>	<u><b>1,284,914</b></u>	<u>1,227,494</u>
	=====	=====	=====	=====

The Sukuk liabilities comprise the following:

- a) The 10-year Islamic securities of RM1.66 billion (2016: 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 (2016: RM700 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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**23. Other reserves**

Breakdown of other reserves are as follows:

	<b>Group</b>	
	<b>30.09.2017</b>	<b>30.09.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Capital reserve	<b>6,863</b>	6,863
Warrant reserve	<b>129,300</b>	129,300
Statutory reserve	-	1,123,355
Fair value reserve	<b>(4,963)</b>	74,988
Translation reserve	<b>(110,940)</b>	(106,423)
LTIP reserve	<b>5,508</b>	3,447
	<b>25,768</b>	1,231,530
Acquisition reserve	<b>(1,199,747)</b>	(1,199,747)
	<b>(1,173,979)</b>	31,783
	=====	=====

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**23. Other reserves (continued)**

<b>Group</b>	<b>Capital reserve RM'000</b>	<b>Statutory reserve RM'000</b>	<b>Warrant reserve RM'000</b>	<b>Fair value reserve RM'000</b>	<b>Translation reserve RM'000</b>	<b>LTIP* reserve RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2016</b>	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)
<b>At 30 September 2016</b>	<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>
<b>At 1 January 2017</b>	<b>6,863</b>	<b>1,124,774</b>	<b>129,300</b>	<b>(42,601)</b>	<b>(138,991)</b>	<b>4,611</b>	<b>1,083,956</b>
Foreign exchange translation differences	-	-	-	-	28,051	-	28,051
Fair value reserve:							
Net change in fair value	-	-	-	54,730	-	-	54,730
Net amount reclassified to profit or loss	-	-	-	(5,859)	-	-	(5,859)
Income tax credit relating to components of other comprehensive income	-	-	-	(11,233)	-	-	(11,233)
Transfer of reserve fund to retained earnings	-	(1,124,774)	-	-	-	-	(1,124,774)
Share-based payment transactions	-	-	-	-	-	2,599	2,599
LTIP exercised	-	-	-	-	-	(1,702)	(1,702)
<b>At 30 September 2017</b>	<u>6,863</u>	<u>-</u>	<u>129,300</u>	<u>(4,963)</u>	<u>(110,940)</u>	<u>5,508</u>	<u>25,768</u>

\* Long Term Incentive Plan

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

<b>Group</b>	<b>Quarter</b>		<b>Year-to-date</b>	
	<b>3 months ended</b>	<b>3 months ended</b>	<b>9 months ended</b>	<b>9 months ended</b>
	<b>30.09.2017</b>	<b>30.09.2016</b>	<b>30.09.2017</b>	<b>30.09.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of:				
(i) General investment deposits	<b>5,830</b>	6,472	<b>17,185</b>	19,959
(ii) Term deposit-i	<b>340,341</b>	340,346	<b>1,027,232</b>	1,009,722
(iii) Saving and demand deposits	<b>183,049</b>	198,513	<b>552,948</b>	614,853
(iv) Other deposits	<b>49,962</b>	41,303	<b>152,183</b>	120,973
	<b>579,182</b>	586,634	<b>1,749,548</b>	1,765,507
	=====	=====	=====	=====

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

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

Group	Quarter 3 months ended		Year-to-date 9 months ended	
	30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
<b>Finance income and hibah</b>				
Financing, advances and others	5,057	5,489	14,712	17,032
Financial assets:				
- Held-for-trading	36	47	117	155
- Available-for-sale	629	630	1,749	1,828
- Held-to-maturity	-	6	58	46
Money at call and deposit with financial institutions	56	72	212	209
	<u>5,778</u>	<u>6,244</u>	<u>16,848</u>	<u>19,270</u>
<b>Other dealing income</b>				
Net gain/(loss) from sale of financial assets held-for-trading	32	59	(7)	115
Net (loss)/gain on revaluation of financial assets held-for-trading	(1)	17	35	58
	<u>31</u>	<u>76</u>	<u>28</u>	<u>173</u>
<b>Other operating income</b>				
Net gain from sale of financial assets available-for-sale	21	152	39	516
Net gain from sale of financial assets held-to-maturity	-	-	270	-
	<u>21</u>	<u>152</u>	<u>309</u>	<u>516</u>
	<u>5,830</u>	<u>6,472</u>	<u>17,185</u>	<u>19,959</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	<u>67</u>	<u>98</u>	<u>265</u>	<u>400</u>



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

(ii) **Income derived from investment of term deposit-i**

<b>Group</b>	<b>Quarter</b>		<b>Year-to-date</b>	
	<b>3 months ended</b>	<b>3 months ended</b>	<b>9 months ended</b>	<b>9 months ended</b>
	<b>30.09.2017</b>	<b>30.09.2016</b>	<b>30.09.2017</b>	<b>30.09.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Finance income and hibah</b>				
Financing, advances and others	<b>290,566</b>	285,516	<b>865,342</b>	855,882
Financial assets:				
- Held-for-trading	<b>2,311</b>	2,645	<b>7,704</b>	8,122
- Available-for-sale	<b>40,821</b>	35,395	<b>115,902</b>	96,408
- Held-to-maturity	-	364	<b>3,924</b>	2,396
Money at call and deposit with financial institutions	<b>2,804</b>	3,993	<b>10,695</b>	10,984
	<b>336,502</b>	327,913	<b>1,003,567</b>	973,792
<b>Other dealing income</b>				
Net gain/(loss) from sale of financial assets held-for-trading	<b>2,428</b>	3,112	<b>(159)</b>	5,982
Net (loss)/gain on revaluation of financial assets held-for-trading	<b>(41)</b>	919	<b>2,354</b>	2,928
	<b>2,387</b>	4,031	<b>2,195</b>	8,910
<b>Other operating income</b>				
Net gain from sale of financial assets available-for-sale	<b>1,452</b>	8,402	<b>2,626</b>	27,020
Net gain from sale of financial assets held-to-maturity	-	-	<b>18,844</b>	-
	<b>1,452</b>	8,402	<b>21,470</b>	27,020
	<b>340,341</b>	340,346	<b>1,027,232</b>	1,009,722
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	<b>4,662</b>	5,424	<b>14,585</b>	14,241

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

(iii) **Income derived from investment of saving and demand deposits**

<b>Group</b>	<b>Quarter</b>		<b>Year-to-date</b>	
	<b>3 months ended</b>	<b>3 months ended</b>	<b>9 months ended</b>	<b>9 months ended</b>
	<b>30.09.2017</b>	<b>30.09.2016</b>	<b>30.09.2017</b>	<b>30.09.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Finance income and hibah</b>				
Financing, advances and others	<b>156,237</b>	166,589	<b>464,856</b>	521,290
Financial assets:				
- Held-for-trading	<b>1,247</b>	1,546	<b>4,138</b>	4,950
- Available-for-sale	<b>22,033</b>	20,474	<b>62,362</b>	58,349
- Held-to-maturity	-	212	<b>2,112</b>	1,491
Money at call and deposit with financial institutions	<b>1,519</b>	2,327	<b>7,105</b>	6,672
	<b>181,036</b>	191,148	<b>540,573</b>	592,752
<b>Other dealing income</b>				
Net gain/(loss) from sale of financial assets held-for-trading	<b>1,272</b>	1,886	<b>(119)</b>	3,657
Net (loss)/gain on revaluation of financial assets held-for-trading	<b>(35)</b>	567	<b>1,237</b>	1,813
	<b>1,237</b>	2,453	<b>1,118</b>	5,470
<b>Other operating income</b>				
Net gain from sale of financial assets available-for-sale	<b>776</b>	4,912	<b>1,410</b>	16,631
Net gain from sale of financial assets held-to-maturity	-	-	<b>9,847</b>	-
	<b>776</b>	4,912	<b>11,257</b>	16,631
	<b>183,049</b>	198,513	<b>552,948</b>	614,853
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	<b>1,754</b>	3,171	<b>7,988</b>	8,771

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

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

<b>Group</b>	<b>Quarter</b>		<b>Year-to-date</b>	
	<b>3 months ended</b>	<b>3 months ended</b>	<b>9 months ended</b>	<b>9 months ended</b>
	<b>30.09.2017</b>	<b>30.09.2016</b>	<b>30.09.2017</b>	<b>30.09.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Finance income and hibah</b>				
Financing, advances and others	<b>42,639</b>	34,631	<b>128,103</b>	102,458
Financial assets:				
- Held-for-trading	<b>340</b>	321	<b>1,138</b>	967
- Available-for-sale	<b>6,002</b>	4,305	<b>17,184</b>	11,634
- Held-to-maturity	-	43	<b>555</b>	254
Money at call and deposit with financial institutions	<b>404</b>	488	<b>1,904</b>	1,334
	<b>49,385</b>	39,788	<b>148,884</b>	116,647
<b>Other dealing income</b>				
Net gain/(loss) from sale of financial assets held-for-trading	<b>379</b>	383	<b>(3)</b>	715
Net (loss)/gain on revaluation of financial assets held-for-trading	<b>(19)</b>	109	<b>312</b>	457
	<b>360</b>	492	<b>309</b>	1,172
<b>Other operating income</b>				
Net gain from sale of financial assets available-for-sale	<b>217</b>	1,023	<b>400</b>	3,154
Net gain from sale of financial assets held-to-maturity	-	-	<b>2,590</b>	-
	<b>217</b>	1,023	<b>2,990</b>	3,154
	<b>49,962</b>	41,303	<b>152,183</b>	120,973
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	<b>698</b>	658	<b>2,243</b>	1,661

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**25. Income derived from investment account funds**

<b>Group</b>	<b>Quarter</b>		<b>Year-to-date</b>	
	<b>3 months ended</b>	<b>3 months ended</b>	<b>9 months ended</b>	<b>9 months ended</b>
	<b>30.09.2017</b>	<b>30.09.2016</b>	<b>30.09.2017</b>	<b>30.09.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Finance income</b>				
Unrestricted investment accounts				
- <i>Mudharabah</i>	<b>23,862</b>	17,163	<b>68,869</b>	41,454
- <i>Wakalah</i>	<b>37,562</b>	14,669	<b>108,149</b>	16,552
	<b>61,424</b>	31,832	<b>177,018</b>	58,006
	=====	=====	=====	=====

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

Group	Quarter		Year-to-date	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Financing, advances and others	1,748	1,612	5,053	4,709
Financial assets available-for-sale	28,824	26,923	103,075	110,887
Money at call and deposits with financial institutions	2,768	3,589	8,133	10,211
	<u>33,340</u>	<u>32,124</u>	<u>116,261</u>	<u>125,807</u>
<b>Other dealing income</b>				
Net gain from foreign exchange transactions	14,845	14,530	49,410	51,004
Net gain/(loss) from sale of financial assets held-for-trading	11	344	539	(214)
Net gain/(loss) on revaluation of financial assets held-for-trading	116	(211)	(182)	360
Net derivatives loss	(263)	(2,091)	(1,121)	(7,399)
	<u>14,709</u>	<u>12,572</u>	<u>48,646</u>	<u>43,751</u>
<b>Other operating income</b>				
Net gain from sale of financial assets available-for-sale	-	-	272	424
Reversal of doubtful debts	-	1	-	3
Gross dividend income from securities:				
- Quoted in Malaysia	2	-	43	36
- Unquoted in Malaysia	-	-	-	1,612
- Unit trust in Malaysia	1,949	952	5,584	3,158
Fees and commission	49,623	39,550	135,845	132,541
Net (loss)/gain on disposal of property and equipment	(65)	32	(68)	(458)
Rental income	343	305	1,068	1,036
Others	64	42	238	96
	<u>51,916</u>	<u>40,882</u>	<u>142,982</u>	<u>138,448</u>
	<u>99,965</u>	<u>85,578</u>	<u>307,889</u>	<u>308,006</u>
	=====	=====	=====	=====

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

Company	Quarter 3 months ended		Year-to-date 9 months ended	
	30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
<b>Finance income and hibah</b>				
Money at call and deposits with financial institutions	<b>1,983</b>	2,811	<b>5,806</b>	7,346
	<u>1,983</u>	<u>2,811</u>	<u>5,806</u>	<u>7,346</u>
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<b>Other operating income</b>				
Gross dividend income from securities:				
- Unit trust in Malaysia	<b>1,351</b>	105	<b>3,846</b>	543
Gross dividend income from subsidiary companies	<b>132,310</b>	131,132	<b>325,463</b>	297,995
Others	<b>1</b>	-	<b>6</b>	2
	<u>133,662</u>	<u>131,237</u>	<u>329,315</u>	<u>298,540</u>
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	<b>135,645</b>	134,048	<b>335,121</b>	305,886
	=====	=====	=====	=====

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**27. Net income from Takaful business**

Group	Quarter		Year-to-date	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
<b>Net earned contributions</b>				
Gross earned contributions	441,646	422,996	1,357,661	1,277,949
Contribution ceded to retakaful	(69,291)	(60,402)	(211,692)	(177,388)
	<u>372,355</u>	<u>362,594</u>	<u>1,145,969</u>	<u>1,100,561</u>
<b>Other income</b>				
Administration income	28,137	10,736	56,227	36,096
Investment income	72,404	72,428	215,345	200,867
Realised gains and losses	6,567	17,953	24,966	18,889
Fair value gains and losses	(15,639)	4,221	(16,022)	15,543
Other operating income	2,295	1,463	4,786	3,543
	<u>93,764</u>	<u>106,801</u>	<u>285,302</u>	<u>274,938</u>
<b>Net benefits and claims</b>				
Gross benefits and claims paid	(233,269)	(290,058)	(739,891)	(844,326)
Claims receded to retakaful	30,406	57,615	89,925	178,758
Gross change to contract liabilities	7,696	20,850	(12,722)	95,446
Change to contract liabilities ceded to takaful	3,596	(12,615)	26,370	(111,516)
	<u>(191,571)</u>	<u>(224,208)</u>	<u>(636,318)</u>	<u>(681,638)</u>
Expense reserves	(5,871)	5,986	(31,558)	(8,365)
<b>Income from takaful business</b>	<b>268,677</b>	<b>251,173</b>	<b>763,395</b>	<b>685,496</b>
Profits attributable to participants/ takaful operator	(96,724)	(82,215)	(224,500)	(173,102)
<b>Net income from takaful business</b>	<b>171,953</b>	<b>168,958</b>	<b>538,895</b>	<b>512,394</b>

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

Group	Quarter 3 months ended		Year-to-date 9 months ended	
	30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
Allowance for impaired financing, advances and others				
- collective assessment allowance	<b>6,555</b>	41,528	<b>64,001</b>	121,886
- individual assessment allowance	<b>6,561</b>	(2,058)	<b>17,022</b>	34,924
Bad debts and financing recovered	<b>(56,907)</b>	(17,305)	<b>(91,218)</b>	(68,823)
	<b>(43,791)</b>	22,165	<b>(10,195)</b>	87,987
	=====	=====	=====	=====

**29. Income attributable to depositors**

Group	Quarter 3 months ended		Year-to-date 9 months ended	
	30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
Deposits from customers				
- Mudharabah Fund	<b>2,899</b>	6,684	<b>8,785</b>	15,129
- Non-Mudharabah Fund	<b>269,153</b>	243,852	<b>809,403</b>	750,530
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah Fund	<b>747</b>	6,989	<b>2,324</b>	30,212
	<b>272,799</b>	257,525	<b>820,512</b>	795,871
	=====	=====	=====	=====

**30. Income attributable to investment account holders**

Group	Quarter 3 months ended		Year-to-date 9 months ended	
	30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
Unrestricted investment accounts				
- <i>Mudharabah</i>	<b>480</b>	338	<b>1,375</b>	804
- <i>Wakalah</i>	<b>24,820</b>	9,141	<b>71,643</b>	9,868
	<b>25,300</b>	9,479	<b>73,018</b>	10,672
	=====	=====	=====	=====



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**31. Personnel expenses**

	<b>Quarter</b>		<b>Year-to-date</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.09.2017</b>	<b>30.09.2016</b>	<b>30.09.2017</b>	<b>30.09.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
Salaries and wages	<b>144,451</b>	139,726	<b>420,954</b>	405,104
Employees' Provident Fund	<b>18,286</b>	17,408	<b>54,635</b>	50,979
Directors' remuneration	<b>1,596</b>	1,573	<b>7,077</b>	6,127
Others	<b>14,203</b>	13,961	<b>46,268</b>	44,135
	<b>178,536</b>	172,668	<b>528,934</b>	506,345
	=====	=====	=====	=====
<b>Company</b>				
Salaries and wages	<b>1,650</b>	2,164	<b>4,344</b>	5,621
Employees' Provident Fund	<b>161</b>	160	<b>484</b>	474
Directors' remuneration	<b>304</b>	276	<b>1,506</b>	1,251
Others	<b>122</b>	168	<b>437</b>	425
	<b>2,237</b>	2,768	<b>6,771</b>	7,771
	=====	=====	=====	=====

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**32. Other overhead expenses**

Group	Quarter		Year-to-date	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
<b>Promotion</b>				
Advertisement and publicity	17,975	10,397	68,205	34,506
Credit and debit card expenses	7,256	6,347	21,868	19,187
Commission	33,560	20,483	100,836	96,953
	<u>58,791</u>	<u>37,227</u>	<u>190,909</u>	<u>150,646</u>
	-----	-----	-----	-----
<b>Establishment</b>				
Office rental	15,266	14,343	44,003	42,689
Depreciation of property and equipment	16,202	18,450	51,906	54,308
Depreciation of investment property	74	74	222	221
Information technology expenses	17,857	10,623	41,914	35,026
Rental equipment	1,310	1,573	3,996	3,912
Office maintenance	5,094	6,217	15,967	15,453
Utilities	4,885	5,333	15,117	16,440
Security services	3,005	4,212	12,259	12,918
Takaful and insurance	1,197	2,456	3,470	5,681
Others	236	230	905	1,005
	<u>65,126</u>	<u>63,511</u>	<u>189,759</u>	<u>187,653</u>
	-----	-----	-----	-----
<b>General expenses</b>				
Auditors' remuneration	914	698	2,193	1,695
Professional fees	8,873	9,112	29,208	30,046
Office supplies	3,013	2,642	8,240	8,156
Travelling & transport	3,687	2,514	10,118	7,934
Subscription fees	964	980	3,128	3,231
Outsourcing fees	4,861	3,916	14,552	12,779
Processing charges	144	231	366	616
Others	29,974	31,998	83,372	79,591
	<u>52,430</u>	<u>52,091</u>	<u>151,177</u>	<u>144,048</u>
	-----	-----	-----	-----
	<u>176,347</u>	<u>152,829</u>	<u>531,845</u>	<u>482,347</u>
	=====	=====	=====	=====

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

Company	Quarter		Year-to-date	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
<i>Promotion</i>				
Advertisement and publicity	250	279	363	363
	<u>250</u>	<u>279</u>	<u>363</u>	<u>363</u>
	-----	-----	-----	-----
<i>Establishment</i>				
Office rental	255	253	766	759
Depreciation of property and equipment	80	73	238	327
Information technology expenses	19	3	67	10
Rental equipment	26	24	75	74
Office maintenance	10	3	23	11
Utilities	6	8	20	25
Takaful and insurance	28	29	84	87
	<u>424</u>	<u>393</u>	<u>1,273</u>	<u>1,293</u>
	-----	-----	-----	-----
<i>General expenses</i>				
Auditors' remuneration	42	38	127	113
Professional fees	115	115	422	462
Office supplies	20	14	58	36
Travelling & transport	21	13	24	19
Subscription fees	-	1	2	2
Others	224	357	1,354	1,041
	<u>422</u>	<u>538</u>	<u>1,987</u>	<u>1,673</u>
	-----	-----	-----	-----
	<u>1,096</u>	<u>1,210</u>	<u>3,623</u>	<u>3,329</u>
	=====	=====	=====	=====

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**33. Operating segment information**

The Group comprises of the following main business segments:

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

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

Quarter ended 30 September 2017	Banking RM'000	Takaful RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<i>Business segments</i>					
<b>Segment result</b>					
Revenue from external customers	736,229	171,953	4,554	-	912,736
Inter-segment revenue	4,809	4,904	134,843	(144,556)	-
<b>Total revenue</b>	<b>741,038</b>	<b>176,857</b>	<b>139,397</b>	<b>(144,556)</b>	<b>912,736</b>
Net income from operations (before allowance for impairment on financing and other assets)					
	438,520	176,857	139,397	(140,137)	614,637
Operating overheads	(248,925)	(110,854)	(6,617)	7,134	(359,262)
Operating results	189,595	66,003	132,780	(133,003)	255,375
Allowance for impairment	43,791	-	-	-	43,791
Finance cost	(9,893)	-	(19,140)	693	(28,340)
<b>Profit before zakat and taxation</b>	<b>223,493</b>	<b>66,003</b>	<b>113,640</b>	<b>(132,310)</b>	<b>270,826</b>

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

Quarter ended 30 September 2016	<b>Banking</b>	<b>Takaful</b>	<b>Others</b>	<b>Elimination</b>	<b>Consolidated</b>
<i>Business segments</i>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Segment result</b>					
Revenue from external customers	702,423	168,958	3,161	-	874,542
Inter-segment revenue	6,141	3,088	134,598	(143,827)	-
<b>Total revenue</b>	<b>708,564</b>	<b>172,046</b>	<b>137,759</b>	<b>(143,827)</b>	<b>874,542</b>
Net income from operations (before allowance for impairment on financing and other assets)	436,691	172,046	137,759	(138,958)	607,538
Operating overheads	(222,860)	(107,945)	(7,188)	7,826	(330,167)
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)
<b>Profit before zakat and taxation</b>	<b>181,773</b>	<b>64,101</b>	<b>112,185</b>	<b>(131,132)</b>	<b>226,927</b>

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

Year-to-date 9 months ended 30 September 2017	Banking RM'000	Takaful RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<i>Business segments</i>					
<b>Segment result</b>					
Revenue from external customers	2,223,301	538,895	13,367	-	2,775,563
Inter-segment revenue	19,281	11,653	332,890	(363,824)	-
<b>Total revenue</b>	<b>2,242,582</b>	<b>550,548</b>	<b>346,257</b>	<b>(363,824)</b>	<b>2,775,563</b>
Net income from operations (before allowance for impairment on financing and other assets)					
Operating overheads	1,335,963	550,548	346,257	(350,735)	1,882,033
	(725,306)	(352,955)	(19,966)	23,215	(1,075,012)
Operating results	610,657	197,593	326,291	(327,520)	807,021
Allowance for impairment	9,952	-	-	-	9,952
Finance cost	(29,357)	-	(57,419)	2,057	(84,719)
<b>Profit before zakat and taxation</b>	<b>591,252</b>	<b>197,593</b>	<b>268,872</b>	<b>(325,463)</b>	<b>732,254</b>
Segment assets	52,401,176	7,985,053	5,883,605	(5,842,260)	60,427,574
Segment liabilities	47,578,779	7,107,315	1,395,160	(618,099)	55,463,155

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

Year-to-date 9 months ended 30 September 2016	<b>Banking</b>	<b>Takaful</b>	<b>Others</b>	<b>Elimination</b>	<b>Consolidated</b>
<i>Business segments</i>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Segment result</b>					
Revenue from external customers	2,125,768	512,394	9,636	-	2,647,798
Inter-segment revenue	21,249	10,246	307,671	(339,166)	-
<b>Total revenue</b>	<b>2,147,017</b>	<b>522,640</b>	<b>317,307</b>	<b>(339,166)</b>	<b>2,647,798</b>
Net income from operations (before allowance for impairment on financing and other assets)	1,326,353	522,640	317,307	(325,045)	1,841,255
Operating overheads	(667,967)	(341,767)	(20,818)	26,540	(1,004,012)
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)
<b>Profit before zakat and taxation</b>	<b>541,436</b>	<b>180,873</b>	<b>241,329</b>	<b>(298,505)</b>	<b>665,133</b>
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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**34. Valuation of property and equipment**

Property 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 2017.

**35. Changes in composition of the Group**

There were no changes in the composition of the Group for the nine months ended 30 September 2017.

**36. Fair value of financial instruments**

**Fair value hierarchy**

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

- Level 1 – Quoted price (unadjusted) in active markets for the identical assets or liabilities. This level includes listed equity securities and debt instruments.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This level includes profit rates swap and structured debt. The sources of input parameters include Bank Negara Malaysia ("BNM") indicative yields or counterparty credit risk.

There has been no transfer between Level 1 and 2 fair values during the nine months ended 30 September 2017.

- Level 3 – Inputs for asset or liability that are not based on observable market data (unobservable inputs). This level includes equity instruments and debt instruments with significant unobservable components.

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

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

**Fair value information**

30.09.2017 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		
<b>Financial assets</b>										
Financial assets held-for-trading	186,574	413,045	-	599,619	-	-	-	-	599,619	599,619
Derivative financial assets	-	30,717	-	30,717	-	-	-	-	30,717	30,717
Financial assets available-for-sale	553,848	12,816,975	248,043	13,618,866	-	-	5,300	5,300	13,624,166	13,624,588
Financial assets held-to-maturity	-	-	-	-	94,741	439,062	-	533,803	533,803	524,761
Financing, advances and others	-	-	-	-	-	-	40,297,176	40,297,176	40,297,176	40,101,326
<b>Total assets</b>	<b>740,422</b>	<b>13,260,737</b>	<b>248,043</b>	<b>14,249,202</b>	<b>94,741</b>	<b>439,062</b>	<b>40,302,476</b>	<b>40,836,279</b>	<b>55,085,481</b>	<b>54,881,011</b>
<b>Financial liabilities</b>										
Derivative financial liabilities	-	38,045	-	38,045	-	-	-	-	38,045	38,045
Sukuk liabilities	-	-	-	-	-	-	1,986,520	1,986,520	1,986,520	1,948,272
<b>Total liabilities</b>	<b>-</b>	<b>38,045</b>	<b>-</b>	<b>38,045</b>	<b>-</b>	<b>-</b>	<b>1,986,520</b>	<b>1,986,520</b>	<b>2,024,565</b>	<b>1,986,317</b>
<b>30.09.2017 Company</b>										
<b>Financial assets</b>										
Financial assets available-for-sale	173,261	-	-	173,261	-	-	-	-	173,261	173,261
<b>Total assets</b>	<b>173,261</b>	<b>-</b>	<b>-</b>	<b>173,261</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>173,261</b>	<b>173,261</b>
<b>Financial liabilities</b>										
Sukuk liabilities	-	-	-	-	-	-	1,284,914	1,284,914	1,284,914	1,284,914
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,284,914</b>	<b>1,284,914</b>	<b>1,284,914</b>	<b>1,284,914</b>

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

**Fair value information (continued)**

31.12.2016 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		
<b>Financial assets</b>										
Financial assets held-for-trading	169,361	608,249	-	777,610	-	-	-	-	777,610	777,610
Derivative financial assets	-	124,572	-	124,572	-	-	-	-	124,572	124,572
Financial assets available-for-sale	669,072	12,920,481	160,112	13,749,665	-	-	5,300	5,300	13,754,965	13,755,389
Financial assets held-to-maturity	-	-	-	-	93,990	482,378	57,703	634,071	634,071	631,086
Financing, advances and others	-	-	-	-	-	-	39,233,082	39,233,082	39,233,082	39,189,274
<b>Total assets</b>	<b>838,433</b>	<b>13,653,302</b>	<b>160,112</b>	<b>14,651,847</b>	<b>93,990</b>	<b>482,378</b>	<b>39,296,085</b>	<b>39,872,453</b>	<b>54,524,300</b>	<b>54,477,931</b>
<b>Financial liabilities</b>										
Derivative financial liabilities	-	111,089	-	111,089	-	-	-	-	111,089	111,089
Sukuk liabilities	-	-	-	-	-	-	1,917,468	1,917,468	1,917,468	1,881,751
<b>Total liabilities</b>	<b>-</b>	<b>111,089</b>	<b>-</b>	<b>111,089</b>	<b>-</b>	<b>-</b>	<b>1,917,468</b>	<b>1,917,468</b>	<b>2,028,557</b>	<b>1,992,840</b>
<b>31.12.2016 Company</b>										
<b>Financial assets</b>										
Financial assets available-for-sale	135,406	-	-	135,406	-	-	-	-	135,406	135,406
<b>Total assets</b>	<b>135,406</b>	<b>-</b>	<b>-</b>	<b>135,406</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>135,406</b>	<b>135,406</b>
<b>Financial liabilities</b>										
Sukuk liabilities	-	-	-	-	-	-	1,227,494	1,227,494	1,227,494	1,227,494
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,227,494</b>	<b>1,227,494</b>	<b>1,227,494</b>	<b>1,227,494</b>

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

The following table presents the changes in Level 3 instruments for the nine months ended 30 September 2017 for the Group:

	<b>9 months</b> <b>30.09.2017</b> <b>RM'000</b>	<b>12 months</b> <b>31.12.2016</b> <b>RM'000</b>
<i>Financial assets available-for-sale</i>		
At 1 January 2017/2016	<b>160,112</b>	152,641
Purchases	<b>101,539</b>	48,545
Maturities	<b>(21,539)</b>	(48,545)
Gains	<b>7,931</b>	7,471
	<hr/>	<hr/>
At 30 September 2017/31 December 2016	<b>248,043</b> =====	160,112 =====

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

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

<b>Type</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Financial assets available-for-sale	Valued at cost less impairment	Not applicable	Not applicable
Institutional trust account	Discounted cash flows using market profit rate for a similar instrument at the measurement date	4.58% (2016: 4.58%)	The estimated fair value would increase (decrease) if the discount rate were (lower) higher.

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

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

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

**(i) Financial investments held-to-maturity ("HTM")**

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

**(ii) Financing and advances**

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

**(iii) Subordinated Sukuk Murabahah**

The fair values of subordinated obligations are estimated by discounting the expected future cash flows using the applicable prevailing profit rates of borrowings with similar risk profiles.

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

Group Items	30.09.2017				
	Principal Amount RM'000	up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000
<b>Foreign exchange related contracts</b>					
- forwards	1,190,476	83,754	141,298	377,495	587,929
- swaps	1,469,604	583,890	30,452	397,757	457,505
- spot	480,322	480,322	-	-	-
<b>Total</b>	<b>3,140,402</b>	<b>1,147,966</b>	<b>171,750</b>	<b>775,252</b>	<b>1,045,434</b>

**Market risk**

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 30 September 2017, the amount of contracts which were not hedged and, hence, exposed to market risk was RM691.99 million (31 December 2016: RM609.93 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 2017, the credit risk measured in terms of the cost to replace the profitable contracts was RM92.70 million (31 December 2016: RM192.49 million).

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**38. Commitments and contingencies**

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

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

<b>As at 30.09.2017</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Asset RM'000</b>
<b>Credit-related Exposures</b>				
Direct credit substitutes	2,858,448		2,858,448	2,171,405
Transaction related contingent items	1,018,486		509,243	480,813
Short term self-liquidating trade related contingencies	424,336		84,867	83,792
Other commitments, such as formal standby facilities and credit lines with original maturity of:				
- not exceeding one year	-		-	-
- exceeding one year	1,372,453		686,227	502,448
Unutilised credit card lines	-		-	-
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	4,517,540		-	-
	<b>10,191,263</b>	<b>-</b>	<b>4,138,785</b>	<b>3,238,458</b>
<b>Derivative Financial Instruments</b>				
Foreign exchange related contracts				
- Less than one year	3,140,402	26,380	73,145	36,810
Profit rate related contracts				
- Less than one year	-	-	-	-
- One year to less than five years	400,000	1,848	4,635	927
- Five years and above	215,146	2,489	14,919	9,474
	<b>3,755,548</b>	<b>30,717</b>	<b>92,699</b>	<b>47,211</b>
	<b>13,946,811</b>	<b>30,717</b>	<b>4,231,484</b>	<b>3,285,669</b>

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

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

<b>As at 31.12.2016</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Asset RM'000</b>
<b>Credit-related Exposures</b>				
Direct credit substitutes	294,460		294,460	293,848
Transaction related contingent items	952,188		476,094	443,165
Short term self-liquidating trade related contingencies	341,524		68,305	67,309
Other commitments, such as formal standby facilities and credit lines with original maturity of:				
- not exceeding one year	591,031		118,206	88,979
- exceeding one year	1,792,008		896,004	715,873
Unutilised credit card lines	1,140,141		228,028	171,563
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	4,639,610		-	-
	<u>9,750,962</u>	<u>-</u>	<u>2,081,097</u>	<u>1,780,737</u>
<b>Derivative Financial Instruments</b>				
Foreign exchange related contracts				
- Less than one year	3,117,570	117,445	163,823	79,734
Profit rate related contracts				
- Less than one year	200,000	1,397	200	40
- One year to less than five years	400,000	2,729	9,497	1,899
- Five years and above	236,027	3,001	18,971	11,606
	<u>3,953,597</u>	<u>124,572</u>	<u>192,491</u>	<u>93,279</u>
	<u>13,704,559</u>	<u>124,572</u>	<u>2,273,588</u>	<u>1,874,016</u>



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**39. 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 minimum regulatory capital adequacy ratios requirement for Common Equity Tier I ("CET I") capital ratio, Tier I capital ratio and total capital ratio are 5.750%, 7.250% and 9.250% respectively for the year 2017 (2016: 5.125%, 6.625% and 8.625%). The Bank has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.

The capital adequacy ratios of the Bank are set out below:

	<b>30.09.2017</b>	<b>31.12.2016</b>
	%	%
Common Equity Tier I ("CET I") Capital Ratio	<b>12.606</b>	12.397
Total Tier I Capital Ratio	<b>12.606</b>	12.397
Total Capital Ratio	<b>15.638</b>	15.518

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

	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Paid-up share capital	<b>2,869,498</b>	2,404,384
Share premium	-	264,790
Retained earnings	<b>1,914,620</b>	523,247
Other reserves	<b>(135,584)</b>	1,193,045
Less: Deferred tax assets	<b>(32,593)</b>	(48,378)
<b>Total CET I and Tier I Capital</b>	<b>4,615,941</b>	4,337,088
Sukuk Murabahah	<b>700,000</b>	700,000
Collective assessment allowance <sup>^</sup>	<b>410,233</b>	391,782
<b>Total Tier II Capital</b>	<b>1,110,233</b>	1,091,782
<b>Total Capital</b>	<b>5,726,174</b>	5,428,870

<sup>^</sup> Collective assessment allowance on non-impaired financing subject to maximum of 1.25% of total credit risk-weighted assets less credit risk absorbed by unrestricted investment accounts.

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**39. Capital adequacy (continued)**

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

	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk	<b>35,891,537</b>	33,908,778
Less: Credit risk absorbed by unrestricted investment accounts	<b>(3,072,885)</b>	(2,566,180)
Market risk	<b>691,994</b>	609,931
Operational risk	<b>3,107,388</b>	3,031,801
	<b>36,618,034</b>	34,984,330
	=====	=====

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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 2017**

RM'000	Individual Period		Variance		Cumulative Period		Variance	
	Current Year Quarter	Preceding Year Corresponding Quarter			Current Year To-date	Preceding Year Corresponding Period		
	30.09.2017	30.09.2016	Amount	%	30.09.2017	30.09.2016	Amount	%
Revenue	<b>912,736</b>	874,542	38,194	4.37	<b>2,775,563</b>	2,647,798	127,765	4.83
Operating Profit	<b>255,375</b>	277,371	(21,996)	-7.93	<b>807,021</b>	837,243	(30,222)	-3.61
Profit Before Zakat and Taxation	<b>270,826</b>	226,927	43,899	19.34	<b>732,254</b>	665,133	67,121	10.09
Profit After Zakat and Taxation	<b>202,846</b>	158,327	44,519	28.12	<b>530,269</b>	474,081	56,188	11.85
Profit Attributable to Equity Holders of the Parent	<b>183,434</b>	140,606	42,828	30.46	<b>470,203</b>	419,572	50,631	12.07

**Table 1: Financial review for current quarter and financial year to date**

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**B1. Performance review for the nine months ended 30 September 2017**  
**(continued)**

**Current Year-to date vs. Previous Year-to-date**

BIMB Holdings Berhad ("BHB") Group reported a Profit Before Zakat and Taxation ("PBZT") for the nine months ended 30 September 2017 of RM732.2 million, representing an increase of 10.1% or RM67.1 million as compared to the corresponding period in 2016 of RM665.1 million. The increase was mainly contributed by a net write-back of allowances for impairment recovered against a net allowance charged in the corresponding period in 2016.

At the operating profit level, the Group's operating profit of RM 807.0 million was lower by RM30.2 million or 3.6% compared to the corresponding period in 2016 of RM837.2 million mainly due to higher income attributable to depositors and investment account holders ("IATD") as well as higher operating overheads.

The net profit attributable to shareholders increased by 12.1% or RM50.6 million to RM470.2 million as compared to the corresponding period in 2016.

BHB registered a Return on Equity ("ROE") of 15.2% (based on PAT). Consequently, net assets per share has also improved to RM2.81 as at 30 September 2017 compared to RM2.44 as at 31 December 2016.

The Group's performance is mainly dependent on the two main operating subsidiaries, namely, Bank Islam Malaysia Berhad Group ("Bank Islam" or "the Bank") and Syarikat Takaful Malaysia Berhad Group ("Takaful Malaysia").

**Bank Islam Malaysia Berhad**

For the nine months ended 30 September 2017, Bank Islam achieved a PBZT of RM591.3 million, an increase of RM49.9 million or 9.2% over the PBZT of the corresponding period of RM541.4 million.

The increase in PBZT was mainly contributed by a net allowance for impairment on financing and advances recovered of RM10.2 million, compared to a net allowance charged of RM88.0 million recorded in the corresponding period last year. The improvement was mainly contributed by lower net allowance charged for collective assessment by RM57.9 million coupled with higher bad debt recovered of RM22.4 million.

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**B1. Performance review for the nine months ended 30 September 2017**  
**(continued)**

**Current Year-to date vs. Previous Year-to-date (continued)**

**Bank Islam Malaysia Berhad (continued)**

The Bank's total income for the nine months ended 30 September 2017 was higher by RM95.6 million compared to preceding period last year, mainly due to higher fund based income arising from the year-on-year growth in net financing assets of RM3.0 billion or 8.0% to reach RM40.1 billion as at end September 2017.

The increase in total income was partly offset with higher IATD by RM86.0 million compared to preceding period last year. The increase in IATD was mainly due to the higher average volume of deposits and investments accounts.

Total overheads were higher by RM57.3 million or 8.6% over the corresponding period last year mainly due to higher staff costs and general expenses.

The Bank's total assets stood at RM52.4 billion as at 30 September 2017, a year-on-year increase of RM2.5 billion from RM49.9 billion reported as at 30 September 2016.

As at end of September 2017, customer deposits and investment accounts stood at RM41.8 billion and RM4.3 billion with a year-on-year increase by RM0.4 billion and RM1.7 billion respectively. Current and savings accounts ("CASA") reported a year-on-year increase of RM0.3 billion or 2.2% to reach RM13.9 billion as at 30 September 2017. The CASA ratio as at end September 2017 was 32.2% compared to 32.9% as at 30 September 2016.

Total gross impaired financing as at 30 September 2017 was RM436.4 million compared to RM412.3 million as at 30 September 2016.

**Syarikat Takaful Malaysia Berhad**

For the nine month period, the Syarikat Takaful recorded profit before zakat and taxation of RM197.6 million, an increase of 10% as compared to RM180.1 million achieved in the same period last year. The improvement in profit was mainly attributable to higher net Wakalah fee income arising from the robust business growth in the General Takaful business.

For the nine months ended 30 September 2017, Syarikat Takaful recorded operating revenue of RM1,621.4 million for the financial period ended 30 September 2017, an increase of 7% or RM99.0 million as compared to the preceding financial period ended 30 September 2016. The increase was mainly attributable to higher sales generated by both Family Takaful and General Takaful business.

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**B1. Performance review for the nine months ended 30 September 2017**  
**(continued)**

**Current Year-to date vs. Previous Year-to-date (continued)**

**Syarikat Takaful Malaysia Berhad (continued)**

Family Takaful generated gross earned contributions of RM948.0 million in the financial period ended 30 September 2017 as compared to RM901.6 million in the corresponding period last year. The increase was mainly attributable to higher sales from Family Takaful mortgage related products.

The nine months net benefits and claims for Family Takaful business decreased by 12% to RM519.6 million from RM591.0 million in the same period of the preceding year mainly due to decrease in medical claims.

The YTD investment income also grew by 7% to RM178.6 million from RM167.2 million in the same period of the preceding year. The increase was mainly due to higher profit from Islamic debts securities, partially offset by the lower dividend income from equity securities.

General Takaful generated gross earned contributions of RM413.1 million in the financial period ended 30 September 2017 as compared to RM379.2 million in the corresponding period last year. The growth was mainly from fire and motor classes.

The nine months net benefits and claims for General Takaful business increased by 30% to RM123.5 million from RM95.3 million in the same period of the preceding year mainly due to increase in claims relating to fire and motor classes.

The YTD investment income of RM22.0 million is almost at par with the investment income in the same period of the preceding year of RM21.9 million.

**Current Quarter vs. Previous Year Corresponding Quarter**

For the third quarter ended 30 September 2017 (Q3 2017), the Group registered a PBZT of RM270.8 million, an improvement of 19.3% or RM43.9 million as compared to the previous year corresponding quarter of RM226.9 million (3Q 2016). The improved PBZT was mainly due to net writeback of allowances for impairment against a net allowance charged for impairment in the corresponding quarter in 2016.

At the operating profit level, the Group's operating profit for the quarter ended 30 September 2017 of RM 255.4 million was lower by RM22.0 million or 7.9% compared to the corresponding quarter in 2016 of RM277.4 million mainly due to higher IATD as well as higher operating overheads.

Net profit attributable to shareholders grew by 30.5% or RM42.8 million over the same period to RM183.4 million.

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**B1. Performance review for the nine months ended 30 September 2017**  
**(continued)**

**Current Quarter vs. Previous Year Corresponding Quarter (continued)**

**Bank Islam Malaysia Berhad**

For the third quarter ended September 2017, the Bank achieved a PBZT of RM223.5 million, an increase of RM41.7 million or 23.0% over the PBZT of the corresponding quarter last year of RM181.8 million.

The increase in PBZT was mainly contributed by a net allowance for impairment on financing and advances recovered of RM43.8 million, compared to a net allowance charged of RM22.2 million recorded in the corresponding quarter last year. The improvement was mainly contributed by lower net allowance charged for collective assessment by RM35.0 million and higher bad debt recovered of RM39.6 million.

The Bank's total income for the Q3 2017 was higher by RM32.5 million compared to preceding quarter last year, mainly due to higher fund based income.

The increase in total income was partly offset with higher IATD by RM30.6 million in line with the increase in average volume of both deposits and investment accounts.

Total overheads were higher by RM26.1 million or 11.7% over the corresponding quarter last year mainly due to higher staff costs and general expenses.

**Syarikat Takaful Malaysia Berhad**

For the third quarter ended 30 September 2017, Takaful Malaysia recorded profit before zakat and taxation of RM71.3 million, an increase of 12% as compared to RM63.8 million in the same period last year. The increase in profit was mainly attributable to increase in net wakalah fee income and lower management expenses.

For the third quarter under review, Takaful Malaysia generated Operating Revenue of RM476.2 million as compared to RM427.0 million in the corresponding quarter of the preceding year. The increase was mainly attributable to higher sales generated by both Family Takaful and General Takaful business.

For the quarter under review, Family Takaful recorded gross earned contributions of RM303.0 million, consistent with gross earned contributions of RM302.0 million in the same period last year.

Family Takaful business recorded net benefits and claims of RM148.9 million, a decrease of 23% as compared to the corresponding quarter of preceding year. The decrease was mainly due to decrease in medical claims.

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**B1. Performance review for the nine months ended 30 September 2017**  
**(continued)**

**Current Quarter vs. Previous Year Corresponding Quarter (continued)**

**Syarikat Takaful Malaysia Berhad (continued)**

Investment income for the Family Takaful business for the current year quarter of RM59.5 million, is consistent with investment income of RM59.8 million in the corresponding quarter of preceding year.

For the quarter under review, General Takaful generated gross earned contributions of RM140.3 million, increased by 15%, as compared to RM121.7 million in the corresponding quarter of preceding year. The growth was mainly from fire and motor classes.

General Takaful business recorded net benefits and claims of RM44.4 million for the quarter under review, an increase of 39% as compared to the corresponding quarter of preceding year. The increase was mainly due to increase in claims relating to fire and motor classes.

Investment income for the General Takaful business of RM7.1 million, lower by 6% as compared to RM7.5 million in the corresponding quarter of preceding year. The decrease was mainly due to lower dividend income from equity securities.

**B2. Comparison with the preceding quarter's results for the three months performance (Third Quarter 2017 vs. Second Quarter 2017)**

RM'000	Current Quarter	Immediate Preceding Quarter	Variance	
	30.09.2017	30.06.2017	Amount	%
Revenue	912,736	943,191	(30,455)	-3.23
Operating Profit	255,375	268,511	(13,136)	-4.89
Profit Before Zakat and Taxation	270,826	215,229	55,597	25.83
Profit After Zakat and Taxation	202,846	153,526	49,320	32.12
Profit Attributable to Equity Holders of the Parent	183,434	135,667	47,767	35.21

**Table 2: Financial review for current quarter compared with immediate preceding quarter**



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**B2. Comparison with the preceding quarter's results for the three months performance (Third Quarter 2017 vs. Second Quarter 2017) (continued)**

For the third quarter ended 30 September 2017, the BHB Group reported a PBZT of RM270.8 million against a PBZT of RM215.2 million achieved for the immediate preceding quarter ended 30 June 2017 (Q2 2017), an increase of RM55.6 million or 25.8%.

At the operating profit level, the Group's operating profit for the quarter ended 30 September 2017 of RM255.4 million was lower by RM13.1 million or 4.9% compared to the immediate preceding quarter of RM268.5 million mainly due to lower non fund based income.

**Bank Islam Malaysia Berhad**

For the third quarter ended 30 September 2017, the Bank achieved a PBZT of RM223.5 million, an increase of RM47.8 million or 27.2% over the PBZT of the immediate preceding quarter ended 30 June 2017 of RM175.7 million.

The increase in PBZT was mainly contributed by a net allowance for impairment on financing and advances recovered of RM43.8 million, compared to a net allowance charged of RM24.8 million recorded in the immediate preceding quarter. The improvement was mainly contributed by lower net allowance charged for collective and individual assessment by RM28.3 million coupled with higher bad debt recovered of RM40.3 million.

The Bank's total income for the third quarter 2017 was lower by RM37.0 million compared to the second quarter 2017, mainly due to lower non fund based income by RM25.9 million.

The decrease in total income was partly offset with lower IATD by RM5.4 million compared to second quarter 2017, mainly due to the lower average volume of deposits and investments accounts.

Total overheads were lower by RM10.7 million or 4.1% over Q2 2017 mainly due to lower staff costs by RM10.8 million.

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**B2. Comparison with the preceding quarter's results for the three months performance (Third Quarter 2017 vs. Second Quarter 2017) (continued)**

**Syarikat Takaful Malaysia Berhad**

For the quarter ended 30 September 2017, Syarikat Takaful registered a PBZT of RM66.0 million, higher by 12% as compared to the immediate preceding quarter of RM59.1 million. The increase in profit was mainly attributable to lower management expenses.

For the quarter under review, the Group generated Operating Revenue of RM476.2 million as compared to RM485.3 million in the immediate preceding quarter. The decrease is mainly attributable to lower sales generated from Family Takaful business.

Family Takaful recorded gross earned contributions of RM303 million, decreased by 5%, as compared to RM318 million in the immediate preceding quarter. The decrease is mainly attributable to lower sales from group medical products.

For the quarter under review, Family Takaful business recorded net benefits and claims of RM148.9 million, a decrease of 17% as compared to the immediate preceding quarter. The decrease was mainly due to decrease in medical claims.

Investment income for the Family Takaful business of RM59.5 million, decrease by 5% as compared to RM62.3 million in the immediate preceding quarter. The decrease was mainly attributable to lower dividend income from equity securities.

For the quarter under review, General Takaful generated gross earned contributions of RM140.3 million, increased by 8%, as compared to RM129.4 million in the immediate preceding quarter. The growth was mainly from fire and motor classes.

General Takaful business recorded an increase of 26% in net benefits and claims for the quarter under review compared to the immediate preceding quarter. The increase was mainly due to increase in claims relating to fire and motor classes.

Investment income for the General Takaful business was RM7.1 million, a decrease of 6% as compared to RM7.5 million in the immediate preceding quarter. The decrease was mainly due to lower dividend income from equity securities.

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**B3. Prospects for 2017**

**Outlook on the economy**

The Q2 2017 GDP growth came in better than expected at 5.8% year-on-year, higher than the 5.6% growth recorded in the preceding quarter. This was achieved on the back of strong growth in private consumption and real exports as both components reported 7.1% (Q1 2017: 6.6%) and 9.6% (Q1 2017: 9.8%) expansion respectively. Sector wise, all recorded positive growth, led by services, manufacturing and construction. All in all, the economy posted 5.7% growth in 1H2017 compared with 4.1% in the second half of 2016.

For the full year 2017, GDP is projected to grow by 4.9% although this may be revised later given the better than expected growth recorded in first half of 2017. In addition, Overnight Policy Rate ("OPR") is expected to remain unchanged at 3.00% this year while the MYR/USD is anticipated to appreciate gradually with end of year target of between RM4.10 and RM4.20.

**Bank Islam Malaysia Berhad**

With continued economic challenges, the banking industry is anticipated to record moderate financing growth of between 5% and 6% in 2017. Despite persisting competition for deposits and further margin compression, banks are well positioned to meet Basel III requirements with liquidity coverage ratio above the minimum regulatory level. Furthermore, the extra grace period from the deferment of the net stability funding ratio implementation to Jan 1, 2019 will probably ease pressure on banks' margins. Banks are also poised to adopt MFRS 9 which will come into effect on Jan 1, 2018. In general, banking institutions have sufficient safeguards in managing liquidity risk supported by strong liquid asset buffers, more diversified funding profiles and robust liquidity risk management practices.

Bank Islam in particular, is expected to continue its focus on the 3D – (i) deposits, (ii) defensive strategy i.e. striking the right balance between assets growth and asset quality; and (iii) becoming digitally focussed. It also will continue to manage liquidity and deploy capital efficiently in its operations.

Bank Islam supports and plays an active role in Bank Negara Malaysia's strategic agenda for Islamic Finance Industry as follows:

- a) Value Bank Intermediary;
- b) Development of Investment Accounts ("IA") (both Unrestricted IA and Restricted IA via IAP);
- c) Digital and FinTech;
- d) Development of Small Medium Enterprise ("SME") and Trade Finance; and
- e) Financial Inclusion (Waqf and "Rent to Own").

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**B3. Prospects for 2017 (continued)**

**Bank Islam Malaysia Berhad (continued)**

*Value Based Intermediary*

The Bank's overarching strategy is to carry its role as a value-based intermediary ("VBI") by creating value and positive impact on the real economy, community and environment on a sustainable basis. The Bank's initiatives include:

- a) Bank Islam being a member of Community of Practitioners;
- b) Development of VBI Scorecard;
- c) Enhanced its credit assessment and underwriting criteria to include VBI elements;
- d) Currently preparing an Integrated Report for financial year ending 2017 to reflect our participation as a VBI Intermediary;
- e) To enhance exposure to SME/real economy;
- f) To revisit and align BHB's and the Bank's vision and mission towards VBI; and
- g) Incorporated VBI as part of the Bank's service charter.

**Syarikat Takaful Malaysia Berhad**

For the year 2017, Takaful Malaysia will continue to emphasize the four core areas of customer reach, operational agility, cost competitiveness and stakeholder confidence to increase its overall market shares and continuously improving shareholders' value. Through its extensive range of products and services, Takaful Malaysia is poised to sustain its position as the market leader in the Family Takaful business. Takaful Malaysia will amplify its presence as the preferred choice for insurance through various advertising and marketing activities and promote its unique proposition of rewarding a 15% Cash Back to its General Takaful customers for no claims during coverage period. Takaful Malaysia will also undertake an enhanced approach to its distribution channel by accelerating digital initiatives to optimize its operations and marketing activities. Takaful Malaysia will actively cultivate its digital presence through an online sales portal and integrated online marketing initiatives as part of its long term strategy to meet the growing needs of consumers.

**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**

<b>Group</b>	<b>Quarter</b>		<b>Year-to-date</b>	
	<b>3 months ended</b>	<b>3 months ended</b>	<b>9 months ended</b>	<b>9 months ended</b>
	<b>30.09.2017</b>	<b>30.09.2016</b>	<b>30.09.2017</b>	<b>30.09.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current tax expense	<b>62,226</b>	55,466	<b>186,988</b>	176,097
(Under)/Over provision in prior years	<b>(6,689)</b>	2,572	<b>(6,723)</b>	1,816
Deferred tax expense:				
Origination and reversal of temporary differences	<b>9,471</b>	8,108	<b>13,616</b>	5,725
	<b>-----</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>
	<b>65,008</b>	66,146	<b>193,881</b>	183,638
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

A reconciliation of effective tax expense for the Group is as follows:

Profit before tax	<b>270,826</b>	226,927	<b>732,254</b>	665,133
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>
Income tax calculated using Malaysian tax rate of 24% (2016: 24%)	<b>64,999</b>	54,463	<b>175,741</b>	159,632
Non-deductible expenses	<b>19,978</b>	13,618	<b>53,752</b>	40,173
Non-deductible Sukuk's finance cost	<b>4,594</b>	4,412	<b>13,781</b>	13,238
Non-taxable income	<b>(20,874)</b>	(8,919)	<b>(47,222)</b>	(31,221)
	<b>-----</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>
	<b>68,697</b>	63,574	<b>196,052</b>	181,822
Movement of deferred tax asset	<b>3,000</b>	-	<b>4,552</b>	-
	<b>-----</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>
	<b>71,697</b>	63,574	<b>200,604</b>	181,822
(Under)/Over provision in prior years	<b>(6,689)</b>	2,572	<b>(6,723)</b>	1,816
	<b>-----</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>
Tax expense	<b>65,008</b>	66,146	<b>193,881</b>	183,638
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

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**B5. Tax expense (continued)**

**Major components of tax expense (continued)**

<b>Company</b>	<b>Quarter</b>		<b>Year-to-date</b>	
	<b>3 months ended</b>	<b>3 months ended</b>	<b>9 months ended</b>	<b>9 months ended</b>
	<b>30.09.2017</b>	<b>30.09.2016</b>	<b>30.09.2017</b>	<b>30.09.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current tax expense	<b>351</b>	1,168	<b>1,461</b>	1,718
Over provision in prior years	-	54	-	54
	<b>351</b>	1,222	<b>1,461</b>	1,772

A reconciliation of effective tax expense for the Company is as follows:

Profit before tax	<b>113,172</b>	111,684	<b>267,308</b>	239,626
Income tax calculated using Malaysian tax rate of 24% (2016: 24%)	<b>27,161</b>	26,804	<b>64,154</b>	57,510
Non-deductible expenses	<b>674</b>	1,554	<b>2,560</b>	2,619
Non-deductible Sukuk's finance cost	<b>4,594</b>	4,412	<b>13,781</b>	13,238
Non-taxable income	<b>(32,078)</b>	(31,602)	<b>(79,034)</b>	(71,649)
	<b>351</b>	1,168	<b>1,461</b>	1,718
Over provision in prior years	-	54	-	54
Tax expense	<b>351</b>	1,222	<b>1,461</b>	1,772

**B6. Corporate proposals**

Takaful Malaysia announced to Bursa Securities on 10 August 2017 the conversion of composite licence to single licences for Takaful Malaysia's family takaful business and general takaful business ("Proposed Reorganisation") pursuant to the requirements of Sections 16(1) and 286 of the Islamic Financial Services Act, 2013. The Proposed Reorganisation is expected to be completed by the second quarter of 2018.

In connection with the above, on 12 September 2017, Takaful Malaysia incorporated a wholly-owned subsidiary under the Companies Act, 2016 by the name of Syarikat Takaful Malaysia Am Berhad (STMAB).

Other than that above, there has been no new corporate proposal since the date of the last quarterly report.

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**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:

	<b>Group</b>	
	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings of the Group		
- realised	<b>3,064,556</b>	1,020,772
- unrealised	<b>20,793</b>	82,223
	<hr/>	<hr/>
	<b>3,085,349</b>	1,102,995
Less: Consolidation adjustments	<b>(1,183,055)</b>	(795,643)
	<hr/>	<hr/>
<b>Total retained earnings</b>	<b>1,902,294</b>	307,352
	<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 and borrowings**

	<b>Group</b>	
	<b>30.09.2017</b>	<b>30.09.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Deposits from customers</b>		
Mudharabah and Tawarruq term deposits and Negotiable Islamic Debt Certificates		
- One year or less (short-term)	<b>26,372,130</b>	27,362,119
- More than one year (medium/long-term)	<b>1,252,401</b>	60,152
	<b>27,624,531</b>	27,422,271
Current accounts	<b>9,502,735</b>	8,989,076
Savings accounts	<b>4,341,045</b>	4,586,247
Others	<b>99,325</b>	99,190
	<b>41,567,636</b>	41,096,784
	<b>41,567,636</b>	41,096,784
<b>Investment accounts of customers</b>		
- One year or less (short-term)	<b>3,991,626</b>	2,197,668
	<b>3,991,626</b>	2,197,668
	<b>3,991,626</b>	2,197,668



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**B9. Deposits and placements of financial institutions and debt securities and borrowings (continued)**

RM'000	As at 3 <sup>rd</sup> quarter ended 30.09.2017		
	Long term	Short term	Total borrowings
<b>Secured</b>	-	-	-
<b>Unsecured</b>	<b>1,909,261</b>	<b>39,011</b>	<b>1,948,272</b>
- Sukuk liabilities	<b>1,260,082</b>	<b>24,832</b>	<b>1,284,914</b>
- Subordinated Sukuk Murabahah	<b>649,179</b>	<b>14,179</b>	<b>663,358</b>
RM'000	As at 3 <sup>rd</sup> quarter ended 30.09.2016		
	Long term	Short term	Total borrowings
<b>Secured</b>	-	-	-
<b>Unsecured</b>	1,908,846	39,173	1,948,019
- Sukuk liabilities	1,208,846	24,900	1,233,746
- Subordinated Sukuk Murabahah	700,000	14,273	714,273

The borrowings comprise the following:

- b) The 10-year Islamic securities of RM1.66 billion (2016: 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 (2016: RM700 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.

There is no material changes to the borrowings during the period under review.

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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 2016.

- a) On 14 November 2016, Bank Islam filed a civil suit against Tidalmarine Engineering Sdn Bhd ("Customer") and the guarantors, namely Nik Mohd Kamel Bin Nik Hassan and Nik Faizah Binti Nik Mohd Kamel (collectively be referred to as "the Defendants") claiming for an amount of RM18,563,506.17 being the outstanding financing facilities granted by Bank Islam to the Customer whose accounts had been defaulted.

On 23 May 2017, the Court has allowed Bank Islam's summary judgment application with costs totalling RM5,000.00.

On 21 July 2017, the Defendants filed an appeal against the High Court's decision.

The appeal has been fixed for case management on 2 October 2017.

**B11. Dividend**

- a) On 27 January 2017, the Company had paid an interim dividend of 13.00 sen per ordinary share totaling RM206,528,402 in respect of the financial year ended 31 December 2016. From the total dividend amount, approximately 10.9% or RM22.5 million was distributed as cash dividend whilst the remaining 89.1% amounting to RM184.0 million was reinvested to subscribe for 49,061,000 new ordinary shares at a consideration of RM3.75 each arising from the Dividend Reinvestment Plan.
- b) i) An interim single tier dividend of 14.00 sen per ordinary share amounting to RM229,283,741.96 based on the outstanding issued share capital as at 30 September 2017, has been declared by the directors. The entire interim dividend is applicable for the Dividend Reinvestment Plan ("DRP"). In the event that new BIMB Holdings Berhad ("BHB") shares are allotted by the book closing date arising from the full exercise of the outstanding warrants, the proposed interim dividend will translate into dividend of 11.10 sen per ordinary share.

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**B11. Dividend (continued)**

- b) ii) Amount per share : Single tier dividend of 14.00 sen.
- iii) Previous corresponding period : Single tier dividend of 13.00 sen.
- iv) Payment date : Tentatively end January 2018, subject to approval by relevant authorities.
- v) Entitlement to dividend will be determined on the basis of the record of shareholders as at book closing date, before or on 31 December 2017.

**B12. Earnings per share**

**Basic earnings per share**

Basic earnings per share 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.

<b>Group</b>	<b>Quarter</b>		<b>Year-to-date</b>	
	<b>3 months ended</b>	<b>3 months ended</b>	<b>9 months ended</b>	<b>9 months ended</b>
	<b>30.09.2017</b>	<b>30.09.2016</b>	<b>30.09.2017</b>	<b>30.09.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net profit for the period under review attributable to equity holders of the parent	<b>183,434</b>	140,606	<b>470,203</b>	419,572
Number of ordinary shares	<b>1,637,741</b>	1,588,680	<b>1,637,741</b>	1,588,680
Number of average ordinary shares	<b>1,637,741</b>	1,588,679	<b>1,632,350</b>	1,585,118
Earnings per share (sen)	<b>11.20</b>	8.85	<b>28.81</b>	26.47
	=====	=====	=====	=====

**Diluted earnings per share**

There is no dilution due to the Company's warrants, as the warrants are currently out-of-money in view that the exercise price for each warrant is higher than the closing market price of the Company's shares as at 30 September 2017.

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**B13. Economic profit statement**

Group	Quarter		Year-to-date	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
<b>Net Operating profit after zakat &amp; tax (NOPAT)</b>				
Profit before zakat and taxation (PBZT)	270,826	226,927	732,254	665,133
Zakat & Taxation	(67,980)	(68,600)	(201,985)	(191,052)
<b>NOPAT</b>	<b>202,846</b>	158,327	<b>530,269</b>	474,081
<b>Economic charge computation</b>				
Average invested capital (excludes the debit balance of the acquisition reserve arising from the acquisition of shares from non-controlling interests)	6,053,229	5,530,715	5,790,525	5,258,677
Weighted Average Cost of Capital (WACC) (%)	5.87	6.14	5.87	6.14
<b>Economic charge</b>	<b>89,561</b>	85,360	<b>254,229</b>	241,721
<b>Economic profit</b>	<b>113,285</b>	72,967	<b>276,040</b>	232,360

**B14. Foreign exchange exposure/hedging policy**

The breakdown of Bank Islam's net foreign exchange exposure in RM equivalent is as follows:

RM equivalent	As at	
	30.09.2017	30.09.2016
	RM'000	RM'000
USD	(242,571)	(246,812)
EURO	(111,152)	(183,704)
Others	(2,652)	(51,593)

The Bank's exposure on USD and other currencies are mainly related to its Labuan branch operations and maintenance of foreign current accounts ("FCA").

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**B15. Takaful receivables**

- a) The average credit terms of takaful receivables granted to related parties and non-related parties are 6 months from the contractual due date. Letter of Demand is issued to the debtor for the recovery of takaful receivables which exceeds the average credit term.

	Family Takaful		General Takaful		Group	
	30.09.2017 RM'000	31.12.2016 RM'000	30.09.2017 RM'000	31.12.2016 RM'000	30.09.2017 RM'000	31.12.2016 RM'000
Non-related parties	89,417	123,310	64,499	44,239	153,916	167,549
Related parties	130	724	2,036	1,435	2,166	2,159
	<b>89,547</b>	<b>124,034</b>	<b>66,535</b>	<b>45,674</b>	<b>156,082</b>	<b>169,708</b>

- b) The age analysis of takaful receivables past-due but not impaired as at the end of the reporting period based on days past-due was as follows:

<u>Days past due</u>	Family Takaful		General Takaful		Group	
	30.09.2017 RM'000	31.12.2016 RM'000	30.09.2017 RM'000	31.12.2016 RM'000	30.09.2017 RM'000	31.12.2016 RM'000
1-30 days	363	2,195	248	554	611	2,749
31-60 days	2,189	2,903	1,083	527	3,272	3,430
61-90 days	436	1,572	481	720	917	2,292
91-180 days	15,729	19,474	5,590	1,477	21,319	20,951
> 180 days	319	31	2,909	4,487	3,228	4,518
	<b>19,036</b>	<b>26,175</b>	<b>10,311</b>	<b>7,765</b>	<b>29,347</b>	<b>33,940</b>

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**B15. Takaful receivables (continued)**

c) Takaful receivables due from related parties are trade related and have been entered into in the normal course of business under normal trade terms. The significant takaful receivables of Takaful Malaysia with its related parties as at the end of the reporting period, are as follows.

	Family Takaful		General Takaful		Group	
	30.09.2017 RM'000	31.12.2016 RM'000	30.09.2017 RM'000	31.12.2016 RM'000	30.09.2017 RM'000	31.12.2016 RM'000
Bank Islam Malaysia Berhad	129	252	1,882	1,094	2,011	1,346

Takaful Malaysia assess impairment on an individual and collective basis. Takaful Malaysia will assess on a case by case basis, whether there is any objective evidence that the outstanding due is impaired for contribution due and claims recovery that are considered individually significant. The criteria that Takaful Malaysia uses to determine whether there is objective evidence of impairment for those selected for individual assessment include:

- (i) contribution due or claims recovery past-due for 6 months or more and where outstanding receivables is above 2% of total takaful receivables and RM200,000 for Family and General takaful receivables respectively;
- (ii) significant financial difficulty of customer / intermediaries;
- (iii) long outstanding balances where these are disputed and not resolved; and
- (iv) breach of contract, such as default or delinquency in payments.

Takaful Malaysia records impairment allowance for loans and receivables and takaful receivables in separate "Allowance for Impairment" accounts. Unless Takaful Malaysia is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivables directly. There were no material provisions and write-off of trade receivables during the period.

Before takaful receivables are deemed uncollectible, consistent follow-up action such as requesting for payments including reminders will be sent to the relevant debtors. Where the amount due exceeds the internal threshold, a Letter of Demand will be issued to the debtors.

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**B16. Material impairment of assets**

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

The breakdown of the assets' carrying value in the book before impairment, impairment losses and carrying value in the book after impairment against its market value are as follows:

Group	9 months ended 30 September 2017				9 months ended 30 September 2016			
	Carrying value before impairment	Impairment losses	Carrying value after impairment	Market value	Carrying value before impairment	Impairment losses	Carrying value after impairment	Market value
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financing, advances and others	40,749,088	(647,762)	40,101,326	40,297,176	37,824,001	(691,673)	37,132,328	37,183,066

For financing, advances and others, the criteria that is used to determine that there is objective evidence of an impairment loss include:

- i) significant financial difficulty of the issuer or obligor; or
- ii) a breach of contract, such as default or delinquency in profit or principal payments; or
- iii) it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; or
- iv) consecutive downgrade of two notches for external ratings.

Financing is classified as impaired when the principal or profit or both are past due for three (3) months or more or where a financing is in arrears for less than three (3) months, the financing exhibits indications of credit weakness, or when the financing is classified as rescheduled and restructured in Central Credit Reference Information System ("CCRIS").

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**B16. Material impairment of assets (continued)**

For financing and receivables, the Group first assesses whether objective evidence of impairment exists individually for financing and receivables that are individually significant, and collectively for financing and receivables that are not individually significant. If the Group determines that no objective evidence of impairment exist for an individually assessed financing and receivable, whether significant or not, it includes the assets in a group of financing and receivables with similar credit risk characteristics and collectively assesses them for impairment. Financing and receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment for impairment.

The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective profit rate. The amount of the loss is recognised using an allowance account and recognised in the profit or loss. The estimation of the amount and timing of the future cash flows requires management judgement. In estimating these cash flows, judgements are made about the realisable value of the collateral pledged and the borrower's financial position. These estimations are based on assumptions and the actual results may differ from these, hence resulting in changes to impairment losses recognised.

For the purposes of a collective evaluation of impairment, financing and receivables are grouped on the basis of similar risk characteristics, taking into account the asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the counterparty's ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows for a group of financing and receivables that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted based on current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and remove the effects of conditions in the historical period that do not currently exist.



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**B16. Material impairment of assets (continued)**

When a financing is uncollectable, it is written off against the related allowance for impairment. Such financing are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequently recoveries of amounts previously written off are credited to the profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance for impairment account. The amount of reversal is recognised in the profit or loss.

By order of the Board

MARIA MAT SAID (LS 0009400)  
Company Secretary  
October 24, 2017