

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

Condensed Statement of Financial Position as at 30 September 2019

	Note	Group As at		Company As at	
		30.09.2019 RM'000	31.12.2018 RM'000	30.09.2019 RM'000	31.12.2018 RM'000
Assets					
Cash and short-term funds	9	966,772	2,650,042	430,333	88,473
Deposits and placements with financial institutions	10	3,278,597	3,637,084	-	-
Financial assets at fair value through profit or loss (FVTPL)	11	1,798,118	1,402,603	7,075	6,623
Derivative financial assets	12	21,649	34,148	-	-
Financial assets at fair value through other comprehensive income (FVOCI)	13	17,116,599	15,687,117	-	-
Financing, advances and others	14	48,208,214	45,680,680	-	-
Other financial assets at amortised cost	15	327,935	349,118	1,955	1,215
Takaful assets	16	991,554	676,232	-	-
Statutory deposits with Bank Negara Malaysia		1,671,859	1,602,284	-	-
Current tax assets		83,752	55,277	880	198
Deferred tax assets		78,911	94,115	10	10
Right-of-use assets	17	244,743	-	-	-
Investments in subsidiaries		-	-	5,309,095	5,309,095
Property and equipment		392,140	415,775	418	382
Investment properties		10,539	10,698	-	-
Intangible assets		74,390	93,368	-	-
Total assets		<u>75,265,772</u>	<u>72,388,541</u>	<u>5,749,766</u>	<u>5,405,996</u>

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

Condensed Statement of Financial Position as at 30 September 2019 (continued)

	Note	Group As at		Company As at	
		30.09.2019 RM'000	31.12.2018 RM'000	30.09.2019 RM'000	31.12.2018 RM'000
Liabilities and equity					
Deposits from customers	18	47,542,528	49,433,546	-	-
Investment accounts of customers	19	7,509,844	5,037,653	-	-
Derivative financial liabilities	12	13,226	19,520	-	-
Bills and acceptances payable		27,468	41,114	-	-
Recourse obligations on financing sold to Cagamas	20	1,501,187	1,501,187	-	-
Other liabilities	21	1,014,227	1,285,362	2,238	265,725
Lease liabilities	17	319,942	-	-	-
Takaful liabilities	22	8,544,300	7,438,855	-	-
Sukuk liabilities	23	2,158,848	2,102,672	883,492	844,159
Zakat and taxation		64,867	33,910	109	-
Total liabilities		68,696,437	66,893,819	885,839	1,109,884
Equity					
Share capital		4,307,819	4,082,939	4,307,819	4,082,939
Reserves		1,702,732	942,780	556,108	213,173
Equity attributable to owners of the Company		6,010,551	5,025,719	4,863,927	4,296,112
Non-controlling interests		558,784	469,003	-	-
Total equity		6,569,335	5,494,722	4,863,927	4,296,112
Total liabilities and equity		75,265,772	72,388,541	5,749,766	5,405,996
Restricted investment accounts managed by Bank Islam	19	45,239	78,717	-	-
Total Islamic banking assets		75,311,011	72,467,258	5,749,766	5,405,996
Commitments and contingencies	40	16,755,796	14,162,355	-	-
Net assets per share attributable to ordinary equity of the Company (RM)		3.41	2.97	2.76	2.54

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 2018.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

**Condensed Statement of Profit or Loss and Other Comprehensive Income for
the nine months ended 30 September 2019**

Group	Note	3 months ended		9 months ended	
		30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Income derived from investment of depositors' funds	25	694,404	680,226	2,089,010	1,916,519
Income derived from investment account funds	26	97,876	58,715	268,302	176,613
Income derived from investment of shareholders' funds	27	118,268	123,603	352,498	360,097
Net income from Takaful business	28	283,093	227,145	822,703	627,661
Net allowance for impairment on financing and advances, net of recoveries	29	(34,057)	(26,104)	(86,875)	(62,025)
Net allowance for impairment on debt securities		(156)	3	(135)	89
Net allowance for impairment on other financial assets		349	-	(3,798)	-
Direct expenses		(4,317)	(4,276)	(12,085)	(13,332)
Total distributable income		1,155,460	1,059,312	3,429,620	3,005,622
Wakalah fees from restricted investment accounts		111	146	344	479
Income attributable to depositors	30	(341,209)	(322,449)	(1,030,398)	(926,791)
Income attributable to investment account holders	31	(42,028)	(18,836)	(113,318)	(57,881)
Total net income		772,334	718,173	2,286,248	2,021,429
Personnel expenses	32	(202,058)	(195,228)	(593,130)	(554,672)
Other overhead expenses	33	(217,681)	(193,667)	(651,496)	(561,245)
		352,595	329,278	1,041,622	905,512
Finance cost	34	(34,792)	(32,933)	(103,215)	(98,256)
Profit before zakat and tax		317,803	296,345	938,407	807,256
Zakat		(4,137)	(4,083)	(12,351)	(12,002)
Tax expense	B5	(59,119)	(59,882)	(201,691)	(191,904)
Profit for the period		254,547	232,380	724,365	603,350
Attributable to:					
Owners of the Company		208,384	198,624	606,062	520,670
Non-controlling interests		46,163	33,756	118,303	82,680
Profit for the period		254,547	232,380	724,365	603,350
Earnings per share (sen)	B11	11.81	11.73	34.50	30.84

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

Condensed Statement of Profit or Loss and Other Comprehensive Income for the nine months ended 30 September 2019 (continued)

Group	3 months ended		9 months ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Profit for the period	254,547	232,380	724,365	603,350
Other comprehensive income/(expense) net of tax:				
Items that are or may be reclassified subsequently to profit or loss				
Currency translation differences in respect of foreign operations	(5,137)	(10,203)	(4,558)	(12,847)
Movement in fair value reserve (debt securities):				
Net change in fair value	117,350	85,733	364,065	49,035
Net allowance for impairment on debt securities	(156)	3	(135)	89
Net amount transferred to profit or loss	(35,983)	(19,248)	(80,325)	(21,450)
Income tax effect relating to components of other comprehensive income	(17,524)	(14,881)	(60,723)	(5,956)
	58,550	41,404	218,324	8,871
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit liabilities	(125)	(149)	(125)	(149)
Movement in fair value reserve (equity investments):				
Net change in fair value	1,921	-	13,628	(1,487)
Other comprehensive income for the period, net of tax	60,346	41,255	231,827	7,235
Total comprehensive income for the period	314,893	273,635	956,192	610,585
Total comprehensive income attributable to:				
Owners of the Company	265,262	238,738	827,722	529,136
Non-controlling interests	49,631	34,897	128,470	81,449
Total comprehensive income for the period	314,893	273,635	956,192	610,585

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 2018.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

Condensed Statement of Profit or Loss and Other Comprehensive Income for the nine months ended 30 September 2019 (continued)

Company	Note	3 months ended		9 months ended	
		30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Income derived from investment of shareholders' funds / Total distributable income / Total net income	27	163,605	148,649	392,839	381,119
Personnel expenses	32	(2,009)	(2,364)	(5,898)	(6,896)
Other overhead expenses	33	(1,038)	(1,028)	(3,326)	(3,411)
		160,558	145,257	383,615	370,812
Finance cost	34	(13,255)	(19,892)	(39,333)	(59,678)
Profit before zakat and tax		147,303	125,365	344,282	311,134
Tax expense	B5	93	(1,438)	(1,347)	(2,396)
Profit for the period		147,396	123,927	342,935	308,738
Attributable to:					
Owners of the Company		147,396	123,927	342,935	308,738
Profit for the period/Total comprehensive income for the period attributable to owners of the Company		147,396	123,927	342,935	308,738

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 2018.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

Condensed Statement of Changes in Equity for the nine months ended 30 September 2019

Group	← Attributable to owners of the Company →					Total equity RM'000
	Share capital RM'000	Non-distributable Other reserves RM'000	Distributable Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	
At 1 January 2018						
- as previously stated	3,875,270	(1,099,225)	1,757,894	4,533,939	384,414	4,918,353
- adjustment on adoption of MFRS 9 (net of tax)	-	8,412	(141,096)	(132,684)	(1,494)	(134,178)
At 1 January 2018, restated	3,875,270	(1,090,813)	1,616,798	4,401,255	382,920	4,784,175
Profit for the period	-	-	520,670	520,670	82,680	603,350
Other comprehensive income						
Remeasurement of defined benefit liabilities	-	-	(66)	(66)	(83)	(149)
Currency translation differences in respect of foreign operations	-	(10,546)	-	(10,546)	(2,301)	(12,847)
Fair value reserve - Net change in fair value	-	46,282	-	46,282	1,266	47,548
- Net allowance for impairment on debt securities	-	89	-	89	-	89
- Net amount reclassified to profit or loss	-	(21,337)	-	(21,337)	(113)	(21,450)
Income tax effect relating to components of other comprehensive income	-	(5,956)	-	(5,956)	-	(5,956)
Total comprehensive income for the period	-	8,532	520,604	529,136	81,449	610,585
Transfer from regulatory reserve to retained earnings	-	(54,645)	54,645	-	-	-
Dividends paid to non-controlling interest	-	-	-	-	(49,739)	(49,739)
Share-based payment transactions	-	4,153	-	4,153	2,811	6,964
Long Term Incentive Plan exercised	-	(3,567)	-	(3,567)	3,567	-
Issue of shares pursuant to Dividend Reinvestment Plan	207,669	-	-	207,669	-	207,669
At 30 September 2018	4,082,939	(1,136,340)	2,192,047	5,138,646	421,008	5,559,654

Note 24

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 2018.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

Condensed Statement of Changes in Equity for the nine months ended 30 September 2019 (continued)

Group	← Attributable to owners of the Company →					Total equity RM'000
	Share capital RM'000	Non-distributable Other reserves RM'000	Distributable Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	
At 1 January 2019						
- as previously stated	4,082,939	(1,138,762)	2,081,542	5,025,719	469,003	5,494,722
- adjustment on adoption of MFRS 16 (net of tax)	-	-	(67,491)	(67,491)	-	(67,491)
At 1 January 2019, restated	4,082,939	(1,138,762)	2,014,051	4,958,228	469,003	5,427,231
Profit for the period	-	-	606,062	606,062	118,303	724,365
Other comprehensive income						
Remeasurement of defined benefit liabilities	-	-	(55)	(55)	(70)	(125)
Currency translation differences in respect of foreign operations	-	(4,746)	-	(4,746)	188	(4,558)
Fair value reserve - Net change in fair value	-	367,139	-	367,139	10,554	377,693
- Net allowance for impairment on debt securities	-	(135)	-	(135)	-	(135)
- Net amount reclassified to profit or loss	-	(79,820)	-	(79,820)	(505)	(80,325)
Income tax effect relating to components of other comprehensive income	-	(60,723)	-	(60,723)	-	(60,723)
Total comprehensive income for the period	-	221,715	606,007	827,722	128,470	956,192
Dividends paid to non-controlling interest	-	-	-	-	(49,900)	(49,900)
Share-based payment transactions	-	6,499	-	6,499	4,433	10,932
Long Term Incentive Plan exercised	-	(6,778)	-	(6,778)	6,778	-
Issue of shares pursuant to Dividend Reinvestment Plan	224,880	-	-	224,880	-	224,880
At 30 September 2019	4,307,819	(917,326)	2,620,058	6,010,551	558,784	6,569,335

Note 24

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 2018.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

**Condensed Statement of Changes in Equity for the nine months ended
30 September 2019 (continued)**

Company	←	Attributable to owners of the Company			→
	Share capital RM'000	Non-distributable Warrant reserve RM'000	Fair value reserve RM'000	Distributable Retained earnings RM'000	Total Equity RM'000
At 1 January 2018					
- as previously stated	3,875,270	129,300	178	67,434	4,072,182
- adjustment on adoption of MFRS 9 (net of tax)	-	-	(178)	178	-
At 1 January 2018, restated	3,875,270	129,300	-	67,612	4,072,182
Profit for the period	-	-	-	308,738	308,738
Issue of shares pursuant to Dividend Reinvestment Plan	207,669	-	-	-	207,669
At 30 September 2018	4,082,939	129,300	-	376,350	4,588,589
At 1 January 2019	4,082,939	129,300	-	83,873	4,296,112
Profit for the period	-	-	-	342,935	342,935
Issue of shares pursuant to Dividend Reinvestment Plan	224,880	-	-	-	224,880
At 30 September 2019	4,307,819	129,300	-	426,808	4,863,927

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 2018.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

**Condensed Statement of Cash Flows for the nine months ended
30 September 2019**

	Group		Company	
	9 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before zakat and tax	938,407	807,256	344,282	311,134
Adjustments for:				
Depreciation of right-of-use assets	12,645	-	-	-
Depreciation of property and equipment	48,464	45,459	68	144
Depreciation of investment properties	218	219	-	-
Net gain on disposal of property and equipment	(422)	(374)	-	-
Property and equipment written off	91	281	9	8
Net allowance for impairment on financing, advances and others	162,150	142,439	-	-
Net allowance for impairment on debt securities	135	(89)	-	-
Net allowance for impairment on other financial assets	3,798	-	-	-
Net gain on sale of financial assets at FVTPL	(25,233)	(5,145)	-	-
Net gain on sale of financial assets at FVOCI	(79,079)	(21,169)	-	-
Fair value (gain)/loss on financial assets at FVTPL	(40,898)	48,637	(192)	(28)
Net derivative loss/(gain)	43	(48)	-	-
Dividends from securities	(5,546)	(5,283)	(260)	(4,153)
Dividends from subsidiaries	-	-	(386,682)	(366,783)
Change in actuarial reserves/ unearned contributions reserve	14,655	4,777	-	-
Equity settled share-based payment	10,932	6,964	-	-
Amortisation of intangible assets	22,090	15,148	-	-
Profit expense on leases	13,628	-	-	-
Finance cost	89,587	98,256	39,333	59,678
Operating profit/(loss) before working capital changes	1,165,665	1,137,328	(3,442)	-

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

Condensed Statement of Cash Flows for the nine months ended
30 September 2019 (continued)

	Group		Company	
	9 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) before working capital changes	1,165,665	1,137,328	(3,442)	-
Changes in working capital:				
Financing of customers	(2,689,684)	(2,474,631)	-	-
Statutory deposits with Bank Negara Malaysia	(69,575)	(118,010)	-	-
Other assets	(300,771)	(38,822)	(740)	(2,465)
Deposits from customers	(1,891,018)	(576,046)	-	-
Investment accounts of customers	2,472,191	233,215	-	-
Recourse obligations on financing sold to Cagamas	-	1,501,187	-	-
Other liabilities	1,102,152	302,313	(984)	(662)
Bills and acceptances payable	(13,646)	(185,602)	-	-
Cash used in operations	(224,686)	(219,068)	(5,166)	(3,127)
Zakat paid	(13,654)	(13,176)	-	-
Tax paid	(236,253)	(190,049)	(1,920)	(1,290)
Tax refund	2,285	113	-	20
Net cash used in operating activities	(472,308)	(422,180)	(7,086)	(4,397)
Cash flows from investing activities				
Net proceeds from purchase of securities	(1,382,429)	(2,344,763)	-	-
Purchase of property and equipment	(43,914)	(59,269)	(113)	(64)
Purchase of investment properties	(54)	-	-	-
Proceeds from disposal of property and equipment	424	491	-	-
Dividends from securities	5,286	1,130	-	-
Dividends from subsidiaries	-	-	386,682	366,783
Subscription of ordinary shares pursuant to Dividend Reinvestment Plan	-	-	-	(142,870)
Intangible assets	(3,112)	(68,000)	-	-
Net cash (used in)/generated from investing activities	(1,423,799)	(2,470,411)	386,569	223,849

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

**Condensed Statement of Cash Flows for the nine months ended
30 September 2019 (continued)**

	Group		Company	
	9 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Dividends paid	(37,623)	(21,615)	(37,623)	(21,615)
Dividends paid to non-controlling interest	(49,900)	(49,739)	-	-
Payment of lease liabilities	(19,882)	-	-	-
Payment of coupon on Sukuk	(33,411)	(25,957)	-	-
Net cash used in financing activities	(140,816)	(97,311)	(37,623)	(21,615)
Net (decrease)/increase in cash and cash equivalents	(2,036,923)	(2,989,902)	341,860	197,837
Cash and cash equivalents at beginning of the year	6,287,126	5,966,834	88,473	241,074
Foreign exchange differences	(4,834)	(12,298)	-	-
Cash and cash equivalents at end of the period	4,245,369	2,964,634	430,333	438,911
Cash and cash equivalents comprise:				
Cash and short-term funds	966,772	1,836,322	430,333	438,911
Deposits and placements with financial institutions	3,278,597	1,128,312	-	-
	4,245,369	2,964,634	430,333	438,911

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 2018.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

**Explanatory Notes to the Financial Statements for the nine months ended
30 September 2019**

1. Basis of preparation

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

The condensed financial statements of the Group for the nine months ended 30 September 2019 comprise that of the Company and its subsidiaries (together referred to as the Group).

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

These condensed financial statements have been prepared in accordance with MFRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and paragraph 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements, Financial Reporting for Islamic Banking Institution policy issued by Bank Negara Malaysia ("BNM"), the provisions of the Companies Act, 2016 and Shariah requirements.

The condensed 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 2018. 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 2018.

The audited financial statements of the Group for the financial year ended 31 December 2018, are available upon request from the Company's registered office at 31st Floor, Menara Bank Islam, No. 22 Jalan Perak, 50450 Kuala Lumpur.

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 2018, except for the adoption of the following Malaysian Financial Reporting Standards ("MFRS"), interpretation and amendments to MFRSs:

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

1. Basis of preparation (continued)

The adoption of the new standards, amendments to published standards and interpretation are not expected to have impact on the financial results of the Group, except for MFRS 16. The principal effects of the changes in accounting policies arising from adoption of MFRS 16 are disclosed in Note 6.

2. Auditors' report on preceding financial year ended 31 December 2018

The auditors' report on the audited financial statements for the financial year ended 31 December 2018 was not qualified.

3. Seasonal or cyclical factors

The operations of the Group were not materially affected by any seasonal or cyclical factors for the nine months ended 30 September 2019.

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 2019.

5. Changes in accounting estimates

There were no material changes in estimates of amounts reported in the prior financial year that have a material effect in the nine months ended 30 September 2019.

6. Changes in accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018, except for the impact of adopting MFRS 16 as described below.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

MFRS 16, *Leases*

MFRS 16 supersedes MFRS 117 'Leases' and the related interpretations. The Group has adopted MFRS 16 retrospectively from 1 January 2019 upon its mandatory adoption date, but have not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

Prior to 1 January 2019, the Group classified leases of property and equipment as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

6. Changes in accounting policies (continued)

MFRS 16, Leases (continued)

On adoption of MFRS 16, leases with non-cancellable agreements or either party has an economic incentives not to terminate the lease such that it would incur significant penalty, are recognised as Right-Of-Use ("ROU") assets and corresponding liabilities at the date at which the leased assets are available for use by the Group.

Right-of-use asset (Menara Bank Islam ("MBI")) is measured on a retrospective basis as if the new rules had always been applied. All other ROU assets will be measured at the amount of the lease liability on adoption, adjusted by the amount of any prepaid or accrued lease payments, using the incremental borrowing rate at the date of transition of 5.7 per cent (%) and 4.5 per cent (%). The right-of-use assets are depreciated over the lease term on a straight-line basis.

The associated lease liabilities are measured at the present value of the remaining lease payments, discounted using the same incremental borrowing rate as of 1 January 2019.

Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of profit on the remaining balance of the liability for each period.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The following table summarises the effects of adoption of MFRS 16 as at 1 January 2019.

	Note	Group RM'000
Effect of adoption of MFRS 16		
Deferred tax assets		21,258
Right-of-use assets	17	257,388
Property and equipment		(19,941)
Lease liabilities	17	(326,196)
Retained earnings		<u>(67,491)</u>

The following is a reconciliation of total operating lease commitments at 31 December 2018 (as disclosed in the financial statements to 31 December 2018) to the lease liabilities recognised at 1 January 2019:

	Group RM'000
Operating lease commitments as at 31 December 2018:	
- Leases	385,256
- Service charges	137,580
Total	<u>522,836</u>

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

6. Changes in accounting policies (continued)

MFRS 16, Leases (continued)

The following is a reconciliation of total operating lease commitments at 31 December 2018 (as disclosed in the financial statements to 31 December 2018) to the lease liabilities recognised at 1 January 2019: (continued)

	Group RM'000
Operating lease liabilities before discounting	522,836
Discounted using the incremental borrowing rate	(200,965)
Operating lease liabilities	<u>321,871</u>
Reasonably certain extension options	<u>4,325</u>
Total lease liabilities recognised under MFRS 16 at 1 January 2019	<u><u>326,196</u></u>

The recognised right-of-use assets relate to the following type of assets:

Property	236,441
Leasehold land and buildings	19,941
Computer equipment and software	<u>1,006</u>
	<u><u>257,388</u></u>

7. Issuance or repayment of debt and equity securities

On 30 January 2019, the Company increased its issued and paid-up capital from 1,693,566,014 to 1,764,282,714 via the issuance of 70,716,700 new ordinary shares for a consideration of RM3.18 each arising from the Dividend Reinvestment Plan.

8. Significant events during the nine months ended 30 September 2019

- **Dividend received**

On 11 January 2019, Syarikat Takaful Malaysia Keluarga Berhad paid a single tier dividend of 15.00 sen per ordinary share totaling RM73.733 million for the financial year ended 31 December 2018.

On 27 May 2019, Bank Islam paid a final single tier dividend of 6.07 sen per ordinary share totaling RM152.310 million for the financial year ended 31 December 2018.

On 11 September 2019, Bank Islam paid an interim single tier dividend of 6.40 sen per ordinary share totaling RM160.639 million for the six months ended 30 June 2019.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

9. Cash and short-term funds

	Group	
	30.09.2019	31.12.2018
	RM'000	RM'000
Cash and balances with banks and other financial institutions	632,886	931,783
Money at call and interbank placements with remaining maturity not exceeding one month	333,886	1,718,259
	<u>966,772</u>	<u>2,650,042</u>
	Company	
	30.09.2019	31.12.2018
	RM'000	RM'000
Cash and balances with banks and other financial institutions	430,333	88,473
	<u>430,333</u>	<u>88,473</u>

10. Deposits and placements with financial institutions

	Group	
	30.09.2019	31.12.2018
	RM'000	RM'000
Licensed banks	1,957,340	1,174,855
Bank Negara Malaysia	1,205,106	2,432,000
Development financial institution	80,000	-
Other financial institutions	36,151	30,229
	<u>3,278,597</u>	<u>3,637,084</u>

11. Financial assets at fair value through profit or loss (FVTPL)

	Group	
	30.09.2019	31.12.2018
	RM'000	RM'000
At fair value		
- Sukuk	492,910	374,183
- Malaysian Government Investment Issues	361,297	30,328
- Shares	344,931	318,013
- Unit trusts	313,553	320,305
- Bank Negara Monetary Notes	165,929	114,823
- Malaysian Islamic Treasury Bills	119,498	-
- Structured deposits	-	244,571
	<u>1,798,118</u>	<u>1,402,223</u>

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

11. Financial assets at fair value through profit or loss (FVTPL) (continued)

	Group	
	30.09.2019	31.12.2018
	RM'000	RM'000
At cost		
- Unquoted shares in Malaysia	-	380
	-	380
	1,798,118	1,402,603
	Company	
	30.09.2019	31.12.2018
	RM'000	RM'000
At fair value		
- Unit trusts	7,075	6,623

12. Derivative financial assets/(liabilities)

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

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

Group	Notional	Fair value	
	Amount	Assets	Liabilities
	RM'000	RM'000	RM'000
30.09.2019			
Forward contracts	5,608,593	19,787	(12,349)
Profit rate swaps	155,079	1,862	(877)
	5,763,672	21,649	(13,226)
31.12.2018			
Forward contracts	2,869,455	30,653	(17,752)
Profit rate swaps	578,379	3,495	(1,768)
	3,447,834	34,148	(19,520)

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

13. Financial assets at fair value through other comprehensive income (FVOCI)

	Group	
	30.09.2019	31.12.2018
	RM'000	RM'000
Financial assets at fair value through other comprehensive income:		
a) Debt securities	17,067,453	15,651,599
b) Equity investments	49,146	35,518
	<u>17,116,599</u>	<u>15,687,117</u>

a) Debt securities at fair value through other comprehensive income

	Group	
	30.09.2019	31.12.2018
	RM'000	RM'000
Sukuk	13,686,005	12,123,714
Malaysian Government Investment Issues	2,167,478	2,129,754
Institutional Trust Account	524,945	318,625
Malaysian Government Islamic Papers	510,449	384,020
Malaysian Islamic Treasury Bills	178,576	-
Bank Negara Monetary Notes	-	389,231
Islamic Commercial Papers	-	306,255
	<u>17,067,453</u>	<u>15,651,599</u>

Movements of allowance for impairment on financial assets at fair value through other comprehensive income:

	Group	
	30.09.2019	31.12.2018
	RM'000	RM'000
12 months expected credit loss ("ECL")		
At 1 January 2019/2018	302	-
- Effects on adoption of MFRS 9	-	345
At 1 January 2019/2018, as restated	302	345
Net allowance for impairment during the period/year	135	(43)
At 30 September 2019/31 December 2018	<u>437</u>	<u>302</u>

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

13. Financial assets at fair value through other comprehensive income (FVOCI) (continued)

b) Equity investments at fair value through other comprehensive income

	Group	
	30.09.2019	31.12.2018
	RM'000	RM'000
Quoted shares		
- outside Malaysia	<u>11,164</u>	<u>12,446</u>
	<u>11,164</u>	<u>12,446</u>
Unquoted shares		
- in Malaysia	37,980	23,056
- outside Malaysia	<u>2</u>	<u>16</u>
	<u>37,982</u>	<u>23,072</u>
	<u>49,146</u>	<u>35,518</u>

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

14. Financing, advances and others

(a) By type and Shariah contract

Group 30 September 2019	Bai' Bithaman		Bai'	Bai'	At-Tawarruq RM'000	Ijarah Muntahiah	Ijarah Thumma	Istisna' RM'000	Ar-Rahnu RM'000	Total RM'000
	Ajil RM'000	Murabahah RM'000	Al-Dayn RM'000	Al-Inah RM'000		Bit-Tamleek^ RM'000	Al-Bai^ RM'000			
At amortised cost										
Cash line	-	-	-	1,509	1,262,499	-	-	-	-	1,264,008
Term financing										
House financing	3,489,357	-	-	-	15,647,842	-	-	47,918	-	19,185,117
Syndicated financing	-	-	-	38,107	669,139	-	80,328	-	-	787,574
Leasing financing	-	-	-	-	-	114,701	-	-	-	114,701
Bridging financing	-	-	-	-	-	-	-	55,503	-	55,503
Personal financing	-	-	-	7,453	14,392,754	-	-	-	-	14,400,207
Other term financing	804,838	1,278,191	-	1,007	9,308,183	-	-	1,143	-	11,393,362
Staff financing	54,152	10,672	-	-	167,890	-	-	8,706	-	241,420
Credit cards	-	-	-	-	476,390	-	-	-	-	476,390
Trade bills discounted	-	836,346	131,011	193	-	-	-	-	-	967,550
Trust receipts	-	8,664	-	-	-	-	-	-	-	8,664
Pawn broking	-	-	-	-	-	-	-	-	67,828	67,828
Investment Account Platform *	-	-	-	-	5,063	-	-	-	-	5,063
	4,348,347	2,133,873	131,011	48,269	41,929,760	114,701	80,328	113,270	67,828	48,967,387

Allowance for impairment on financing, advances and others :-

- collective assessment allowance – 12 months expected credit losses (ECL)	(424,184)
- collective assessment allowance – Lifetime ECL	(245,923)
- individual assessment allowance – Lifetime ECL	(89,066)

Net financing, advances and others

48,208,214

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

^ Assets funded under *Ijarah* financing are owned by Bank Islam throughout the tenure of the *Ijarah* financing and ownership of the assets will be transferred to customer at the end of financing tenure for a token consideration or other amount as specified in the *Ijarah* financing contract.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

14. Financing, advances and others (continued)

(a) By type and Shariah contract (continued)

Group 31 December 2018	Bai' Bithaman		Bai'	Bai'	At-Tawarruq RM'000	Ijarah Muntahiah	Ijarah Thumma	Istisna' RM'000	Ar-Rahnu RM'000	Total RM'000
	Ajil RM'000	Murabahah RM'000	Al-Dayn RM'000	Al-Inah RM'000		Bit-Tamleek^ RM'000	Al-Bai^ RM'000			
At amortised cost										
Cash line	-	-	-	1,875	1,521,991	-	-	-	-	1,523,866
Term financing										
House financing	3,764,219	-	-	-	14,285,203	-	-	51,490	-	18,100,912
Syndicated financing	-	-	-	41,327	665,745	-	89,540	-	-	796,612
Leasing financing	-	-	-	-	-	106,520	35	-	-	106,555
Bridging financing	-	-	-	-	-	-	-	65,268	-	65,268
Personal financing	-	-	-	10,178	13,755,492	-	-	-	-	13,765,670
Other term financing	1,099,152	1,239,988	-	6,650	7,992,899	-	-	1,194	-	10,339,883
Staff financing	60,777	9,322	-	-	155,590	-	-	9,846	-	235,535
Credit cards	-	-	-	-	477,602	-	-	-	-	477,602
Trade bills discounted	-	820,833	144,827	-	-	-	-	-	-	965,660
Trust receipts	-	10,113	-	-	-	-	-	-	-	10,113
Pawn broking	-	-	-	-	-	-	-	-	73,110	73,110
Investment Account Platform *	-	-	-	-	9,599	-	-	-	-	9,599
	<u>4,924,148</u>	<u>2,080,256</u>	<u>144,827</u>	<u>60,030</u>	<u>38,864,121</u>	<u>106,520</u>	<u>89,575</u>	<u>127,798</u>	<u>73,110</u>	<u>46,470,385</u>

Allowance for impairment on financing, advances and others :-

- collective assessment allowance – 12 months expected credit losses (ECL)	(416,450)
- collective assessment allowance – Lifetime ECL	(216,564)
- individual assessment allowance – Lifetime ECL	(156,691)

Net financing, advances and others

45,680,680

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

^ Assets funded under *Ijarah* financing are owned by Bank Islam throughout the tenure of the *Ijarah* financing and ownership of the assets will be transferred to customer at the end of financing tenure for a token consideration or other amount as specified in the *Ijarah* financing contract.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

14. Financing, advances and others (continued)

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

Included in financing, advances and others are house financing and personal financing that are used for the underlying assets of Unrestricted Investment Accounts ("UA") and financing sold to Cagamas with recourse to the Group. The details are as follows:

		Group	
	Note	30.09.2019	31.12.2018
		RM'000	RM'000
House financing			
Unrestricted Investment Accounts	19	5,305,141	3,816,524
Sold to Cagamas with recourse	20	1,501,187	1,501,187
		<u>6,806,328</u>	<u>5,317,711</u>
Personal financing			
Unrestricted Investment Accounts	19	2,204,703	1,221,129

(b) By type of customer

	Group	
	30.09.2019	31.12.2018
	RM'000	RM'000
Domestic non-bank financial institutions	1,421,567	1,637,318
Domestic business enterprise	7,981,498	6,924,836
Small & medium enterprises	2,026,332	2,092,024
Government and statutory bodies	696,523	601,285
Individuals	36,566,879	35,069,160
Other domestic entities	66,305	18,947
Foreign entities	208,283	126,815
	<u>48,967,387</u>	<u>46,470,385</u>

(c) By profit rate sensitivity

	Group	
	30.09.2019	31.12.2018
	RM'000	RM'000
Fixed rate		
House financing	998,807	1,073,575
Others	2,916,215	3,102,294
Floating rate		
House financing	18,801,348	17,636,273
Others	26,251,017	24,658,243
	<u>48,967,387</u>	<u>46,470,385</u>

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

14. Financing, advances and others (continued)

(d) **By remaining contractual maturity**

	Group	
	30.09.2019	31.12.2018
	RM'000	RM'000
Maturity within one year	4,408,097	4,774,098
More than one year to three years	2,919,069	1,299,229
More than three years to five years	1,306,860	2,921,287
More than five years	40,333,361	37,475,771
	<u>48,967,387</u>	<u>46,470,385</u>

(e) **By geographical distribution**

	Group	
	30.09.2019	31.12.2018
	RM'000	RM'000
Central Region	23,247,899	22,125,064
Eastern Region	7,953,669	7,646,307
Northern Region	6,690,659	6,640,816
Southern Region	7,513,384	6,723,490
East Malaysia Region	3,561,776	3,334,708
	<u>48,967,387</u>	<u>46,470,385</u>

(f) **By sector**

	Group	
	30.09.2019	31.12.2018
	RM'000	RM'000
Primary agriculture	993,988	754,835
Mining and quarrying	6,756	9,060
Manufacturing (including agro-based)	770,651	909,850
Electricity, gas and water	1,872,193	371,479
Wholesale & retail trade, and hotels & restaurants	970,524	1,098,346
Construction	2,315,224	2,417,262
Real estate	1,316,798	1,712,250
Transport, storage and communications	880,474	824,949
Finance, insurance and business activities	2,151,407	2,299,319
Education, health and others	1,127,580	1,000,735
Household sectors	36,561,792	35,072,300
	<u>48,967,387</u>	<u>46,470,385</u>

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

14. Financing, advances and others (continued)

(g) Movement in impaired financing and advances ("impaired financing") are as follows:

	Group	
	30.09.2019	31.12.2018
	RM'000	RM'000
At 1 January 2019/2018	425,937	398,277
Classified as impaired during the period/year	579,121	621,974
Reclassified as not impaired during the period/year	(202,914)	(321,635)
Amount recovered	(70,218)	(117,477)
Amount written off	(190,511)	(155,202)
At 30 September 2019/31 December 2018	<u>541,415</u>	<u>425,937</u>
Gross impaired financing as a percentage of gross financing, advances and others	<u>1.11%</u>	<u>0.92%</u>

The contractual amount outstanding on financing and advances that were written off during the period are still subject to enforcement activity.

(h) Impaired financing by geographical distribution

	Group	
	30.09.2019	31.12.2018
	RM'000	RM'000
Central Region	237,912	245,531
Eastern Region	106,947	101,868
Northern Region	123,224	25,349
Southern Region	48,533	31,320
East Malaysia Region	24,799	21,869
	<u>541,415</u>	<u>425,937</u>

(i) Impaired financing by sector

	Group	
	30.09.2019	31.12.2018
	RM'000	RM'000
Manufacturing (including agro-based)	40,098	21,426
Wholesale & retail trade, and hotels & restaurants	110,558	56,665
Construction	29,463	121,506
Real estate	24,143	1,501
Transport, storage and communications	10,265	10,936
Finance, insurance and business activities	77,857	3,066
Education, health and others	4,420	4,642
Household sectors	244,611	206,195
	<u>541,415</u>	<u>425,937</u>

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

14. Financing, advances and others (continued)

j) Movement of allowance for impairment on financing, advances and others

Group	← Collective →			Total collective RM'000	Individual RM'000	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit- impaired RM'000	Lifetime ECL credit- impaired RM'000			
At 1 January 2019	416,450	129,402	87,162	633,014	156,691	789,705
Transfer to 12-month ECL	1,252	(1,116)	(136)	-	-	-
Transfer to Lifetime ECL not credit impaired	(6,552)	9,375	(2,823)	-	-	-
Transfer to Lifetime ECL credit impaired	(439)	(9,445)	9,884	-	-	-
Net allowance made during the period	(46,437)	47,046	87,781	88,390	35,463	123,853
New financial assets originated or purchased	93,135	2,256	2,349	97,740	-	97,740
Financial assets that have been derecognised	(30,944)	(24,533)	(3,966)	(59,443)	-	(59,443)
Write-offs	-	-	(87,313)	(87,313)	(103,088)	(190,401)
Exchange differences	(2,281)	-	-	(2,281)	-	(2,281)
At 30 September 2019	424,184	152,985	92,938	670,107	89,066	759,173

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

14. Financing, advances and others (continued)

j) **Movement of allowance for impairment on financing, advances and others (continued)**

Group	← Collective →			Total collective RM'000	Individual RM'000	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit- impaired RM'000	Lifetime ECL credit- impaired RM'000			
At 1 January 2018				446,069	126,447	572,516
Effect of adoption of MFRS 9				187,404	1,695	189,099
Restated at 1 January 2018	390,478	139,501	103,494	633,473	128,142	761,615
Transfer to 12-month ECL	6,841	(6,525)	(316)	-	-	-
Transfer to Lifetime ECL not credit impaired	(4,419)	8,639	(4,220)	-	-	-
Transfer to Lifetime ECL credit impaired	(523)	(8,454)	8,977	-	-	-
Net allowance made during the year	(22,326)	1,175	101,690	80,539	58,801	139,340
New financial assets originated or purchased	88,675	7,437	5,090	101,202	-	101,202
Financial assets that have been derecognised	(39,166)	(12,371)	(2,603)	(54,140)	-	(54,140)
Write-offs	-	-	(124,950)	(124,950)	(30,252)	(155,202)
Exchange differences	(3,110)	-	-	(3,110)	-	(3,110)
At 31 December 2018	416,450	129,402	87,162	633,014	156,691	789,705

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

17. Right-of-use assets and lease liabilities

The Group has adopted MFRS 16 Leases and applied this standard retrospectively during the financial period and the comparatives are not restated.

a) Right-of-use assets

30.09.2019	Group RM'000
Cost	
At 1 January 2019	-
Effects of adoption of MFRS 16	<u>257,388</u>
At 30 September 2019	<u>257,388</u>
Accumulated depreciation	
At 1 January 2019	-
Depreciation for the period	<u>12,645</u>
	<u>12,645</u>
At 30 September 2019	<u>244,743</u>

Included in the above is a non-cancellable operating lease agreement by Bank Islam for the use of office building. The lease is for a period of 25 years with no renewal or purchase option included in the agreements. Bank Islam shall not enter into any sub-letting agreement or arrangement with any person for the office space or any section of it without the express prior written approval of the lessor.

b) Lease liabilities

30.09.2019	Group RM'000
Current	
Lease liabilities	9,341
Non-current	
Lease liabilities	<u>310,601</u>
Total lease liabilities	<u>319,942</u>

The movement of lease liabilities during the financial period is as follows:

	Group RM'000
At 1 January 2019	-
Effects of adoption of MFRS 16	326,196
Profit expense on leases	13,628
Lease payments	<u>(19,882)</u>
At 30 September 2019	<u>319,942</u>

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

18. Deposits from customers

(a) By type of deposit

	Group	
	30.09.2019	31.12.2018
	RM'000	RM'000
Savings deposits		
<i>Qard</i>	4,751,889	4,410,537
Demand deposits		
<i>Qard</i>	9,588,540	10,644,574
Term Deposit	33,096,950	34,284,831
Special Investment Deposit <i>Mudharabah</i>	3,915	6,252
General Investment Deposit <i>Mudharabah</i>	222,169	287,013
Term Deposit-i <i>Tawarruq</i>	31,792,386	30,309,186
Negotiable Islamic Debt Certificates ("NIDC")	1,078,480	3,682,380
Others	105,149	93,604
Total Deposits	47,542,528	49,433,546

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

	Group	
	30.09.2019	31.12.2018
	RM'000	RM'000
Due within six months	13,102,434	15,986,833
More than six months to one year	9,156,997	9,685,300
More than one year to three years	8,237,644	6,484,593
More than three years to five years	2,599,875	2,128,105
	33,096,950	34,284,831

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

18. Deposits from customers (continued)

(c) By type of customer

	Group	
	30.09.2019	31.12.2018
	RM'000	RM'000
Domestic non-bank financial institutions	8,151,649	11,923,695
Business enterprises	19,665,158	16,725,704
Government and statutory bodies	10,458,503	12,049,184
Individuals	6,815,250	5,199,550
Domestic banking institutions	185,602	1,634,224
Others	2,266,366	1,901,189
	<u>47,542,528</u>	<u>49,433,546</u>

19. Investment accounts of customers

(a) By type and Shariah contract

	Group	
	30.09.2019	31.12.2018
	RM'000	RM'000
Unrestricted investment accounts		
Without maturity		
<i>Mudharabah</i>	3,099,874	2,594,846
With maturity		
<i>Wakalah</i>	4,409,970	2,442,807
	<u>7,509,844</u>	<u>5,037,653</u>
Investment portfolio:		
- <i>House financing</i>	5,305,141	3,816,524
- <i>Personal financing</i>	2,204,703	1,221,129
	<u>7,509,844</u>	<u>5,037,653</u>
Restricted investment accounts ("RIA") managed by Bank Islam^		
With maturity		
<i>Wakalah</i>	45,239	78,717
Investment portfolio:		
- <i>Other term financing</i>	45,239	78,717

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

19. Investment accounts of customers (continued)

(a) By type and Shariah contract (continued)

^ 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 as the Bank has no right and obligation in respect of the assets related to the RIA or to the residual cash flows from those assets except for the Wakalah 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 RM45,239,000 (2018: RM78,717,000).

(b) By type of customers

	Group	
	30.09.2019	31.12.2018
	RM'000	RM'000
Individuals	3,069,284	2,674,428
Government and statutory bodies	2,490,462	767,996
Business enterprises	516,274	507,160
Non-bank financial institutions	1,191,793	1,036,107
Islamic Bank	4,002	-
International Islamic Bank	-	2,400
Others	238,029	49,562
	<u>7,509,844</u>	<u>5,037,653</u>

20. Recourse obligations on financing sold to Cagamas

Recourse obligations on financing sold to Cagamas represents house financing accounts that were sold to Cagamas with recourse. Under the agreement, Bank Islam ("the Bank") undertakes to administer the financing on behalf of Cagamas and to buy back any financing which are regarded as defective based on pre-determined and agreed-upon prudential criteria with recourse against the Bank. Such financing transactions and the obligation to buy back the financing are reflected as a liability on the statements of financial position. The financing are not de-recognised and are analysed Note 14.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

21. Other liabilities

	Group	
	30.09.2019	31.12.2018
	RM'000	RM'000
Accruals and other payables	1,004,649	990,770
Clients' and dealers' credit balances	9,578	32,089
Dividend payable	-	262,503
	<u>1,014,227</u>	<u>1,285,362</u>

	Company	
	30.09.2019	31.12.2018
	RM'000	RM'000
Accruals and other payables	2,237	3,200
Amount due to subsidiaries	1	22
Dividend payable	-	262,503
	<u>2,238</u>	<u>265,725</u>

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

22. Takaful liabilities

		Group	
	Note	30.09.2019	31.12.2018
		RM'000	RM'000
Takaful contract liabilities	22(a)	8,104,052	7,072,782
Expense reserves	22(b)	305,245	251,806
Takaful payables	22(c)	135,003	114,267
		<u>8,544,300</u>	<u>7,438,855</u>

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

22. Takaful liabilities (continued)

(a) Takaful contract liabilities

The takaful contract liabilities comprise the following:

	Note	Group	
		30.09.2019 RM'000	31.12.2018 RM'000
Provision for outstanding claims	22(a)(i)	724,430	633,725
Provision for unearned contributions	22(a)(ii)	364,892	376,971
Participants' fund	22(a)(iii)	7,014,730	6,062,086
		<u>8,104,052</u>	<u>7,072,782</u>

(i) Provision for outstanding claims

The provision for outstanding claims is further analysed as follows:

Group	Gross RM'000	30.09.2019	
		Retakaful RM'000	Net RM'000
Provision for claims reported by participants	372,989	(235,135)	137,854
Provision for IBNR*	351,441	(148,837)	202,604
Provision for outstanding claims	<u>724,430</u>	<u>(383,972)</u>	<u>340,458</u>
		Note 16	
Group	Gross RM'000	31.12.2018	
		Retakaful RM'000	Net RM'000
Provision for claims reported by participants	294,655	(169,865)	124,790
Provision for IBNR*	339,070	(126,669)	212,401
Provision for outstanding claims	<u>633,725</u>	<u>(296,534)</u>	<u>337,191</u>
		Note 16	

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

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

22. Takaful liabilities (continued)

(a) Takaful contract liabilities (continued)

(i) Provision for outstanding claims (continued)

Movement of provision for outstanding claims:

	Gross RM'000	Group Retakaful RM'000	Net RM'000
At 1 January 2018	545,134	(254,804)	290,330
Claims incurred during the year	1,149,261	(182,935)	966,326
Adjustment to claims incurred in prior accident years	4,953	(3,287)	1,666
Claims paid during the year	(1,112,580)	160,215	(952,365)
Increase/(Decrease) in IBNR	47,085	(15,806)	31,279
Acquisition of general takaful business	39	-	39
Effect of movement in exchange rates	(167)	83	(84)
At 31 December 2018/ 1 January 2019	633,725	(296,534)	337,191
Claims incurred during the period	959,885	(222,509)	737,376
Claims paid during the period	(882,002)	157,275	(724,727)
Increase/(Decrease) in IBNR	12,685	(22,140)	(9,455)
Effect of movement in exchange rates	137	(64)	73
At 30 September 2019	724,430	(383,972)	340,458

(ii) Provision for unearned contributions

The provision for unearned contributions is further analysed as follows:

	Gross RM'000	Group Retakaful RM'000	Net RM'000
30.09.2019	364,892	(62,228)	302,664
		Note 16	
31.12.2018	376,971	(76,884)	300,087
		Note 16	

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

22. Takaful liabilities (continued)

(a) Takaful contract liabilities (continued)

(ii) Provision for unearned contributions (continued)

Movement of provision for unearned contributions:

	Gross RM'000	Group Retakaful RM'000	Net RM'000
At 1 January 2018	341,975	(71,308)	270,667
Contributions written during the year	709,334	(267,964)	441,370
Contributions earned during the year	(685,807)	262,388	(423,419)
Acquisition of general takaful business	11,469	-	11,469
At 31 December 2018/			
1 January 2019	376,971	(76,884)	300,087
Contributions written during the period	530,025	(193,271)	336,754
Contributions earned during the period	(542,104)	207,927	(334,177)
At 30 September 2019	364,892	(62,228)	302,664

(iii) Participants' fund

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

	Gross RM'000	Group Retakaful RM'000	Net RM'000
30.09.2019			
Actuarial liabilities	5,537,967	(306,728)	5,231,239
Unallocated surplus/ accumulated surplus	956,550	-	956,550
Fair value reserve	317,074	-	317,074
Net assets value attributable to unitholders	203,139	-	203,139
	7,014,730	(306,728)	6,708,002

Note 16

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

22. Takaful liabilities (continued)

(a) Takaful contract liabilities (continued)

(iii) Participants' fund (continued)

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

	Gross RM'000	Group Retakaful RM'000	Net RM'000
31.12.2018			
Actuarial liabilities	5,020,886	(163,719)	4,857,167
Unallocated surplus/ accumulated surplus	822,801	-	822,801
Fair value reserve	29,778	-	29,778
Net assets value attributable to unitholders	188,621	-	188,621
	<u>6,062,086</u>	<u>(163,719)</u>	<u>5,898,367</u>

Note 16

(b) Expense reserves

	Group	
	30.09.2019 RM'000	31.12.2018 RM'000
At 1 January 2019/2018	251,806	196,655
Provision for the period/year, net	53,131	52,260
Acquisition of general takaful business	-	3,077
Effect of movement in exchange rates	308	(186)
At 30 September 2019/31 December 2018	<u>305,245</u>	<u>251,806</u>

(c) Takaful payables

	Group	
	30.09.2019 RM'000	31.12.2018 RM'000
Due to retakaful companies	104,922	91,806
Due to Intermediaries/Participants	30,081	22,461
	<u>135,003</u>	<u>114,267</u>

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

23. Sukuk liabilities

	Note	Group		Company	
		30.09.2019 RM'000	31.12.2018 RM'000	30.09.2019 RM'000	31.12.2018 RM'000
Sukuk liabilities	(a)	883,492	844,159	883,492	844,159
Subordinated Sukuk Murabahah	(b)	1,275,356	1,258,513	-	-
		<u>2,158,848</u>	<u>2,102,672</u>	<u>883,492</u>	<u>844,159</u>

The Sukuk liabilities comprise the following:

- a) A 10-year Islamic securities of RM1.66 billion in nominal value was issued by the Company on 12 December 2013.

On 12 December 2018, the Company has made an early partial redemption of RM609,941,757.88 in nominal value of the Sukuk Murabahah, which is equivalent to a redemption at book value of RM500 million.

The current nominal value of the Sukuk Murabahah is RM1.05 billion (2018: RM1.05 billion).

- b) Subordinated Sukuk Murabahah:

	Nominal value RM'000	Issue date	First call date*	Maturity date	Profit rate (% p.a.)#
(i)	300,000	22 April 2015	22 April 2020	22 April 2025	5.75
(ii)	400,000	15 December 2015	15 December 2020	15 December 2025	5.50
(iii)	300,000	13 November 2017	12 December 2022	12 November 2027	5.08
(iv)	300,000	7 November 2018	7 December 2023	7 November 2028	5.15

* Optional redemption date or any periodic payment date thereafter.

Accrued and 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.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

23. Sukuk liabilities (continued)

Reconciliation of movement of Sukuk Liabilities to cash flows arising from financing activities is as follows:

	Net changes from financing cash flows					At 30.09.2019 RM'000
	At 1.1.2019 RM'000	(Redemption)/ Issuance RM'000	Finance cost paid RM'000	Total RM'000	Finance cost for the period RM'000	
Group						
Sukuk						
Liabilities	844,159	-	-	-	39,333	883,492
Subordinated Sukuk						
Murabahah	1,258,513	-	(33,411)	(33,411)	50,254	1,275,356
	2,102,672	-	(33,411)	(33,411)	89,587	2,158,848

24. Other reserves

	Group	
	30.09.2019 RM'000	30.09.2018 RM'000
Capital reserve	6,863	6,863
Warrant reserve	129,300	129,300
FVOCI reserve	237,307	16,534
Translation reserve	(110,719)	(107,161)
Regulatory reserve	10,000	10,000
Long Term Incentive Plan (LTIP) reserve	9,670	7,871
	282,421	63,407
Acquisition reserve	(1,199,747)	(1,199,747)
	(917,326)	(1,136,340)

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

24. Other reserves (continued)

Group	Capital reserve RM'000	Warrant reserve RM'000	FVOCI reserve RM'000	Translation reserve RM'000	Regulatory reserve RM'000	LTIP reserve RM'000	Total RM'000
At 1 January 2018	6,863	129,300	(10,956)	(96,615)	64,645	7,285	100,522
- Adjustment on adoption of MFRS 9	-	-	8,412	-	-	-	8,412
At 1 January 2018, restated	6,863	129,300	(2,544)	(96,615)	64,645	7,285	108,934
Foreign exchange translation differences	-	-	-	(10,546)	-	-	(10,546)
Fair value reserve:							
Net change in fair value	-	-	46,282	-	-	-	46,282
Net allowance for impairment on debt securities	-	-	89	-	-	-	89
Net amount reclassified to profit or loss	-	-	(21,337)	-	-	-	(21,337)
Income tax effect relating to components of other comprehensive income	-	-	(5,956)	-	-	-	(5,956)
Transfer from regulatory reserve to retained earnings	-	-	-	-	(54,645)	-	(54,645)
Share-based payment transactions	-	-	-	-	-	4,153	4,153
LTIP exercised	-	-	-	-	-	(3,567)	(3,567)
At 30 September 2018	6,863	129,300	16,534	(107,161)	10,000	7,871	63,407
At 1 January 2019	6,863	129,300	10,846	(105,973)	10,000	9,949	60,985
Foreign exchange translation differences	-	-	-	(4,746)	-	-	(4,746)
Fair value reserve:							
Net change in fair value	-	-	367,139	-	-	-	367,139
Net allowance for impairment on debt securities	-	-	(135)	-	-	-	(135)
Net amount reclassified to profit or loss	-	-	(79,820)	-	-	-	(79,820)
Income tax effect relating to components of other comprehensive income	-	-	(60,723)	-	-	-	(60,723)
Share-based payment transactions	-	-	-	-	-	6,499	6,499
LTIP exercised	-	-	-	-	-	(6,778)	(6,778)
At 30 September 2019	6,863	129,300	237,307	(110,719)	10,000	9,670	282,421

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

25. Income derived from investment of depositors' funds

Group	3 months ended		9 months ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Income derived from investment of:				
(i) General investment deposits	4,336	4,942	12,773	14,478
(ii) Term deposit-i	469,416	423,839	1,386,946	1,152,373
(iii) Saving and demand deposits	204,744	208,273	618,265	594,714
(iv) Other deposits	15,908	43,172	71,026	154,954
	<u>694,404</u>	<u>680,226</u>	<u>2,089,010</u>	<u>1,916,519</u>

(i) Income derived from investment of general investment deposits

Group	3 months ended		9 months ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Finance income and hibah				
Financing, advances and others	3,622	4,304	10,697	12,782
Financial assets:				
- At FVTPL	20	33	64	89
- At FVOCI	392	362	1,137	1,091
- Other financial assets at amortised cost	-	-	2	2
Money at call and deposit with financial institutions	64	84	309	334
	<u>4,098</u>	<u>4,783</u>	<u>12,209</u>	<u>14,298</u>
Other dealing income				
Net gain from sale of				
financial assets at FVTPL	63	26	136	32
Net (loss)/gain on revaluation of				
financial assets at FVTPL	(19)	6	6	8
	<u>44</u>	<u>32</u>	<u>142</u>	<u>40</u>
Other operating income				
Net gain from sale of financial				
assets at FVOCI	194	127	422	140
	<u>194</u>	<u>127</u>	<u>422</u>	<u>140</u>
	<u>4,336</u>	<u>4,942</u>	<u>12,773</u>	<u>14,478</u>
<i>of which</i>				
<i>Financing income earned on</i>				
<i>impaired financing</i>				
	<u>54</u>	<u>62</u>	<u>149</u>	<u>191</u>

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

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

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

Group	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and others	382,170	365,234	1,135,069	1,006,891
Financial assets:				
- At FVTPL	2,387	3,078	7,839	7,816
- At FVOCI	48,847	34,037	139,997	95,387
- Other financial assets at amortised cost	-	-	181	164
Money at call and deposit with financial institutions	6,249	6,544	33,454	25,381
	439,653	408,893	1,316,540	1,135,639
Other dealing income				
Net gain from sale of financial assets at FVTPL	7,812	2,455	16,852	2,943
Net (loss)/gain on revaluation of financial assets at FVTPL	(2,295)	450	614	630
	5,517	2,905	17,466	3,573
Other operating income				
Net gain from sale of financial assets at FVOCI	24,246	12,041	52,940	13,161
	24,246	12,041	52,940	13,161
	469,416	423,839	1,386,946	1,152,373
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	6,728	5,827	18,288	16,588

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

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

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

Group	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and others	166,819	179,481	506,280	519,759
Financial assets:				
- At FVTPL	1,042	1,507	3,504	4,021
- At FVOCI	21,320	16,752	62,448	49,333
- Other financial assets at amortised cost	-	-	84	87
Money at call and deposit with financial institutions	2,723	3,205	14,866	13,217
	191,904	200,945	587,182	586,417
Other dealing income				
Net gain from sale of financial assets at FVTPL	3,384	1,209	7,458	1,469
Net (loss)/gain on revaluation of financial assets at FVTPL	(998)	244	337	351
	2,386	1,453	7,795	1,820
Other operating income				
Net gain from sale of financial assets at FVOCI	10,454	5,875	23,288	6,477
	10,454	5,875	23,288	6,477
	204,744	208,273	618,265	594,714
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	2,937	2,853	8,154	8,580

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

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

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

Group	3 months ended		9 months ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Finance income and hibah				
Financing, advances and others	12,970	37,213	58,309	135,624
Financial assets:				
- At FVTPL	81	312	403	1,037
- At FVOCI	1,658	3,477	7,163	12,880
- Other financial assets at amortised cost	-	-	10	22
Money at call and deposit with financial institutions	212	661	1,825	3,620
	<u>14,921</u>	<u>41,663</u>	<u>67,710</u>	<u>153,183</u>
Other dealing income				
Net gain from sale of financial assets at FVTPL	270	248	787	339
Net (loss)/gain on revaluation of financial assets at FVTPL	(79)	56	100	41
	<u>191</u>	<u>304</u>	<u>887</u>	<u>380</u>
Other operating income				
Net gain from sale of financial assets at FVOCI	796	1,205	2,429	1,391
	<u>796</u>	<u>1,205</u>	<u>2,429</u>	<u>1,391</u>
	<u>15,908</u>	<u>43,172</u>	<u>71,026</u>	<u>154,954</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	<u>224</u>	<u>591</u>	<u>942</u>	<u>2,265</u>

26. Income derived from investment account funds

Group	3 months ended		9 months ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Finance income				
Unrestricted investment accounts				
- <i>Mudharabah</i>	37,709	29,905	109,153	89,826
- <i>Wakalah</i>	60,167	28,810	159,149	86,787
	<u>97,876</u>	<u>58,715</u>	<u>268,302</u>	<u>176,613</u>

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

27. Income derived from investment of shareholders' funds

Group	3 months ended		9 months ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Finance income and hibah				
Financing, advances and others	1,586	1,859	5,005	5,463
Financial assets at FVOCI	49,224	46,452	141,794	133,556
Money at call and deposit with financial institutions	3,527	5,175	8,005	12,622
	<u>54,337</u>	<u>53,486</u>	<u>154,804</u>	<u>151,641</u>
Other dealing income				
Net gain from foreign exchange transactions	11,213	18,698	40,215	45,491
Net gain from sale of financial assets at FVTPL	-	-	-	362
Net gain/(loss) on revaluation of financial assets at FVTPL	3,329	115	9,053	(311)
Net derivatives gain/(loss)	12	(29)	(43)	48
	<u>14,554</u>	<u>18,784</u>	<u>49,225</u>	<u>45,590</u>
Other operating income				
Impairment of doubtful debts	-	-	(1)	-
Gross dividend income:				
- Quoted in Malaysia	-	-	-	17
- Quoted outside Malaysia	-	-	259	-
- Unit trust in Malaysia	406	1,475	5,287	5,266
Fees and commission	48,113	49,339	141,071	156,139
Net gain on disposal of property and equipment	423	104	422	374
Rental income	353	362	1,060	964
Others	82	53	371	106
	<u>49,377</u>	<u>51,333</u>	<u>148,469</u>	<u>162,866</u>
	<u>118,268</u>	<u>123,603</u>	<u>352,498</u>	<u>360,097</u>

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

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

Company	3 months ended		9 months ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Finance income and hibah				
Money at call and deposit with financial institutions	<u>2,800</u>	<u>4,309</u>	<u>5,702</u>	<u>10,151</u>
	2,800	4,309	5,702	10,151
Other dealing income				
Net (loss)/gain on revaluation of financial assets at FVTPL	<u>(94)</u>	<u>115</u>	<u>192</u>	<u>28</u>
	(94)	115	192	28
Other operating income				
Gross dividend income:				
- Unit trust in Malaysia	<u>260</u>	<u>1,354</u>	<u>260</u>	<u>4,153</u>
Gross dividend income from subsidiary companies	<u>160,639</u>	<u>142,870</u>	<u>386,682</u>	<u>366,783</u>
Others	<u>-</u>	<u>1</u>	<u>3</u>	<u>4</u>
	160,899	144,225	386,945	370,940
	163,605	148,649	392,839	381,119

28. Net income from Takaful business

Group	3 months ended		9 months ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Net earned contributions				
Gross earned contributions	<u>713,254</u>	<u>612,024</u>	<u>2,046,793</u>	<u>1,625,144</u>
Contribution ceded to retakaful	<u>(95,355)</u>	<u>(93,565)</u>	<u>(295,981)</u>	<u>(248,803)</u>
	617,899	518,459	1,750,812	1,376,341
Other income				
Administration income	<u>15,021</u>	<u>27,160</u>	<u>48,359</u>	<u>60,455</u>
Investment income	<u>86,177</u>	<u>79,376</u>	<u>253,741</u>	<u>226,425</u>
Realised gains and losses	<u>7,255</u>	<u>-</u>	<u>13,759</u>	<u>2,292</u>
Fair value gains and losses	<u>(9,859)</u>	<u>12,221</u>	<u>30,788</u>	<u>(49,356)</u>
Other operating income	<u>1,498</u>	<u>(423)</u>	<u>2,371</u>	<u>1,784</u>
	100,092	118,334	349,018	241,600

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

28. Net income from Takaful business (continued)

Group	3 months ended		9 months ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Net benefits and claims				
Gross benefits and claims paid	(316,305)	(271,437)	(881,745)	(818,934)
Claims ceded to retakaful	54,701	38,094	157,275	120,858
Gross change to contract liabilities	(48,191)	(31,088)	(90,568)	(95,011)
Change to contract liabilities ceded to takaful	58,455	12,876	87,374	54,883
	<u>(251,340)</u>	<u>(251,555)</u>	<u>(727,664)</u>	<u>(738,204)</u>
Expense reserves	(370)	(16,993)	(53,131)	(52,668)
Income from takaful business	466,281	368,245	1,319,035	827,069
Profits attributable to participants/ takaful operator	(183,188)	(141,100)	(496,332)	(199,408)
Net income from takaful business	283,093	227,145	822,703	627,661

29. Net allowance for impairment on financing and advances

Group	3 months ended		9 months ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Net allowance for impairment on financing, advances and others				
- Collective assessment allowance – 12 months ECL	15,761	13,508	15,754	10,475
- Collective assessment allowance – Lifetime ECL	35,250	20,695	110,933	74,145
- Individual assessment allowance – Lifetime ECL	12,629	19,144	35,463	57,819
	<u>63,640</u>	<u>53,347</u>	<u>162,150</u>	<u>142,439</u>
Bad debts and financing recovered	(29,583)	(27,243)	(75,275)	(80,414)
	<u>34,057</u>	<u>26,104</u>	<u>86,875</u>	<u>62,025</u>

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

30. Income attributable to depositors

Group	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah Fund	2,080	2,351	6,190	7,356
- Non-Mudharabah Fund	321,250	302,285	970,394	894,088
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah Fund	81	-	402	409
Recourse obligations on financing sold to Cagamas	17,798	17,813	53,412	24,938
	<u>341,209</u>	<u>322,449</u>	<u>1,030,398</u>	<u>926,791</u>

31. Income attributable to investment account holders

Group	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Unrestricted investment accounts				
- <i>Mudharabah</i>	2,350	1,268	7,649	4,163
- <i>Wakalah</i>	39,678	17,568	105,669	53,718
	<u>42,028</u>	<u>18,836</u>	<u>113,318</u>	<u>57,881</u>

32. Personnel expenses

Group	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	159,925	158,192	470,255	446,747
Employees' Provident Fund	21,959	19,542	63,029	57,514
Directors remuneration	1,759	1,953	6,942	7,474
Others	18,415	15,541	52,904	42,937
	<u>202,058</u>	<u>195,228</u>	<u>593,130</u>	<u>554,672</u>

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

32. Personnel expenses (continued)

Company	3 months ended		9 months ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Salaries and wages	1,451	1,729	3,813	4,513
Employees' Provident Fund	128	152	432	470
Directors remuneration	260	315	1,148	1,443
Others	170	168	505	470
	2,009	2,364	5,898	6,896

33. Other overhead expenses

Group	3 months ended		9 months ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
<i>Promotion</i>				
Advertisement and publicity	34,841	36,818	118,766	92,065
Credit and debit card expenses	9,955	7,755	25,853	23,533
Commission	49,338	52,540	159,166	139,597
	94,134	97,113	303,785	255,195
<i>Establishment</i>				
Depreciation of right-of-use assets	5,500	-	12,645	-
Depreciation of property and equipment	16,695	15,460	48,464	45,459
Depreciation of investment property	73	73	218	219
Information technology expenses	13,106	12,152	35,358	34,496
Office rental	6,921	14,877	24,154	43,218
Office maintenance	7,333	6,585	17,413	20,058
Utilities	5,386	5,523	15,257	15,172
Security services	2,387	1,612	7,066	7,728
Rental equipment	1,539	1,612	4,302	4,809
Takaful and insurance	317	95	788	924
Others	234	241	972	931
	59,491	58,230	166,637	173,014

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

33. Other overhead expenses (continued)

Group	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
<i>General expenses</i>				
Professional fees	15,152	10,879	48,141	35,466
Outsourcing fees	3,793	4,746	12,611	12,222
Travelling & transport	2,696	2,506	7,086	7,218
Office supplies	2,609	2,415	7,816	7,186
Subscription fees	815	1,268	3,411	3,104
Auditors' remuneration	679	505	1,834	1,545
Processing charges	372	167	908	469
Others	37,940	15,838	99,267	65,826
	64,056	38,324	181,074	133,036
	217,681	193,667	651,496	561,245
<i>Promotion</i>				
Advertisement and publicity	143	114	307	187
	143	114	307	187
<i>Establishment</i>				
Depreciation of property and equipment	23	22	68	144
Information technology expenses	15	51	48	102
Office rental	265	266	797	822
Office maintenance	7	3	14	8
Utilities	6	6	20	19
Rental equipment	23	21	71	68
Takaful and insurance	29	19	85	75
	368	388	1,103	1,238
<i>General expenses</i>				
Professional fees	77	35	339	144
Travelling & transport	9	32	19	41
Office supplies	19	17	38	38
Subscription fees	-	3	3	7
Auditors' remuneration	61	24	183	126
Others	361	415	1,334	1,630
	527	526	1,916	1,986
	1,038	1,028	3,326	3,411

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

34. Finance cost

Group	Note	3 months ended		9 months ended	
		30.09.2019	30.09.2018	30.09.2019	30.09.2018
		RM'000	RM'000	RM'000	RM'000
Finance cost:					
- Sukuk liabilities		30,190	32,933	89,587	98,256
- Profit expense on leases	17	4,602	-	13,628	-
		34,792	32,933	103,215	98,256

Company	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Finance cost:				
- Sukuk liabilities	13,255	19,892	39,333	59,678
	13,255	19,892	39,333	59,678

35. 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.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

35. Operating segment information (continued)

3 months ended 30 September 2019	Banking RM'000	Takaful RM'000	Others RM'000	Eliminated RM'000	Consolidated RM'000
<i>Business segments</i>					
Segment result					
Revenue from external customers	908,200	283,092	2,460	-	1,193,752
Inter-segment revenue	7,789	7,879	163,682	(179,350)	-
Total revenue	915,989	290,971	166,142	(179,350)	1,193,752
Net income from operations (before allowance for impairment on financing and other assets)	525,337	290,971	166,142	(171,935)	810,515
Operating overheads	(260,478)	(168,014)	(6,167)	10,603	(424,056)
Operating results	264,859	122,957	159,975	(161,332)	386,459
Allowance for impairment	(33,864)	-	-	-	(33,864)
Finance cost	(22,204)	-	(13,281)	693	(34,792)
Profit before zakat and taxation	208,791	122,957	146,694	(160,639)	317,803

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

35. Operating segment information (continued)

3 months ended 30 September 2018	Banking RM'000	Takaful RM'000	Others RM'000	Eliminated RM'000	Consolidated RM'000
<i>Business segments</i>					
Segment result					
Revenue from external customers	858,121	227,145	4,569	-	1,089,835
Inter-segment revenue	8,131	5,847	147,621	(161,599)	-
Total revenue	866,252	232,992	152,190	(161,599)	1,089,835
Net income from operations (before allowance for impairment on financing and other assets)	517,774	232,992	152,190	(154,406)	748,550
Operating overheads	(252,909)	(144,337)	(6,768)	10,843	(393,171)
Operating results	264,865	88,655	145,422	(143,563)	355,379
Allowance for impairment	(26,101)	-	-	-	(26,101)
Finance cost	(13,734)	-	(19,892)	693	(32,933)
Profit before zakat and taxation	225,030	88,655	125,530	(142,870)	296,345

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

35. Operating segment information (continued)

9 months ended 30 September 2019	Banking RM'000	Takaful RM'000	Others RM'000	Eliminated RM'000	Consolidated RM'000
<i>Business segments</i>					
Segment result					
Revenue from external customers	2,702,640	822,702	7,515	-	3,532,857
Inter-segment revenue	22,815	21,366	393,421	(437,602)	-
Total revenue	2,725,455	844,068	400,936	(437,602)	3,532,857
Net income from operations (before allowance for impairment on financing and other assets)	1,564,114	844,068	400,936	(419,977)	2,389,141
Operating overheads	(761,259)	(508,336)	(18,354)	31,238	(1,256,711)
Operating results	802,855	335,732	382,582	(388,739)	1,132,430
Allowance for impairment	(90,808)	-	-	-	(90,808)
Finance cost	(65,855)	-	(39,417)	2,057	(103,215)
Profit before zakat and taxation	646,192	335,732	343,165	(386,682)	938,407
Segment assets	65,527,635	10,173,562	5,927,607	(6,363,032)	75,265,772
Segment liabilities	59,946,195	8,855,641	897,538	(1,002,937)	68,696,437

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

35. Operating segment information (continued)

9 months ended 30 September 2018	Banking RM'000	Takaful RM'000	Others RM'000	Eliminated RM'000	Consolidated RM'000
<i>Business segments</i>					
Segment result					
Revenue from external customers	2,439,665	627,661	14,043	-	3,081,369
Inter-segment revenue	23,163	16,094	378,399	(417,656)	-
Total revenue	2,462,828	643,755	392,442	(417,656)	3,081,369
Net income from operations (before allowance for impairment on financing and other assets)	1,460,292	643,755	392,442	(399,792)	2,096,697
Operating overheads	(732,004)	(407,078)	(21,119)	30,952	(1,129,249)
Operating results	728,288	236,677	371,323	(368,840)	967,448
Allowance for impairment	(61,936)	-	-	-	(61,936)
Finance cost	(40,635)	-	(59,678)	2,057	(98,256)
Profit before zakat and taxation	625,717	236,677	311,645	(366,783)	807,256
Segment assets	59,086,383	8,601,982	6,133,860	(6,246,663)	67,575,562
Segment liabilities	53,941,958	7,583,497	1,377,021	(886,568)	62,015,908

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

36. Valuation of property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses.

37. Changes in composition of the Group

There is no change in the composition of the Group for the current financial period under review.

38. 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.
- 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 table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. The table does not include those short-term/on demand financial assets and financial liabilities where the carrying amounts are reasonable approximation of their fair values.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

38. Fair value of financial instruments (continued)

Fair value information

30.09.2019
Group
RM'000

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying Amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Financial assets										
Financial assets at FVTPL	647,658	1,150,460	-	1,798,118	-	-	-	-	1,798,118	1,798,118
Derivative financial assets	-	21,649	-	21,649	-	-	-	-	21,649	21,649
Financial assets at FVOCI	11,164	16,542,508	562,927	17,116,599	-	-	-	-	17,116,599	17,116,599
Financing, advances and others	-	-	-	-	-	-	48,358,363	48,358,363	48,358,363	48,208,214
Total assets	658,822	17,714,617	562,927	18,936,366	-	-	48,358,363	48,358,363	67,294,729	67,144,580
Financial liabilities										
Derivative financial liabilities	-	13,226	-	13,226	-	-	-	-	13,226	13,226
Recourse obligations on financing sold to Cagamas	-	-	-	-	-	-	1,548,690	1,548,690	1,548,690	1,501,187
Sukuk liabilities	-	-	-	-	-	-	2,172,153	2,172,153	2,172,153	2,158,848
Total liabilities	-	13,226	-	13,226	-	-	3,720,843	3,720,843	3,734,069	3,673,261
30.09.2019										
Company										
Financial assets										
Financial assets at FVTPL	7,075	-	-	7,075	-	-	-	-	7,075	7,075
Total assets	7,075	-	-	7,075	-	-	-	-	7,075	7,075
Financial liabilities										
Sukuk liabilities	-	-	-	-	-	-	883,492	883,492	883,492	883,492
Total liabilities	-	-	-	-	-	-	883,492	883,492	883,492	883,492

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

38. Fair value of financial instruments (continued)

Fair value information (continued)

31.12.2018 Group RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying Amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Financial assets										
Financial assets at FVTPL	514,360	887,863	380	1,402,603	-	-	-	-	1,402,603	1,402,603
Derivative financial assets	-	34,148	-	34,148	-	-	-	-	34,148	34,148
Financial assets at FVOCI	12,446	15,332,974	341,697	15,687,117	-	-	-	-	15,687,117	15,687,117
Financing, advances and others	-	-	-	-	-	-	46,594,025	46,594,025	46,594,025	45,680,680
Total assets	526,806	16,254,985	342,077	17,123,868	-	-	46,594,025	46,594,025	63,717,893	62,804,548
Financial liabilities										
Derivative financial liabilities	-	19,520	-	19,520	-	-	-	-	19,520	19,520
Recourse obligations on financing sold to Cagamas	-	-	-	-	-	-	1,517,235	1,517,235	1,517,235	1,501,187
Sukuk liabilities	-	-	-	-	-	-	2,155,573	2,155,573	2,155,573	2,102,672
Total liabilities	-	19,520	-	19,520	-	-	3,672,808	3,672,808	3,692,328	3,623,379
31.12.2018 Company										
Financial assets										
Financial assets at FVTPL	6,623	-	-	6,623	-	-	-	-	6,623	6,623
Total assets	6,623	-	-	6,623	-	-	-	-	6,623	6,623
Financial liabilities										
Sukuk liabilities	-	-	-	-	-	-	844,159	844,159	844,159	844,159
Total liabilities	-	-	-	-	-	-	844,159	844,159	844,159	844,159

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

38. Fair value of financial instruments (continued)

The following table presents the changes in Level 3 instruments for the nine months ended 30 September 2019 for the Group:

	Group RM'000
<i>Financial assets at FVOCI</i>	
At 31 December 2017, as previously stated	251,051
Adjustment on adoption of MFRS 9 (net of tax)	22,260
	<hr/>
Adjusted balances at 1 January 2018	273,311
Purchases	50,000
Gains recognised in profit or loss	
- Investment income - realised	14,032
Gains recognised in other comprehensive income	
- Net change in fair value (unrealised)	4,354
	<hr/>
At 31 December 2018/1 January 2019	341,697
Purchases	205,844
Disposal	(15,842)
Gains recognised in profit or loss	
- Investment income - realised	13,647
Gains recognised in other comprehensive income	
- Net change in fair value (unrealised)	17,581
	<hr/>
At 30 September 2019	562,927

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

(a) Financial instruments carried at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Equity investments	Adjusted net asset method	Assets and liabilities of the investee company	Changes on the assets and liabilities would reflect the fair value measurement
Institutional trust account	Discounted cash flows using market profit rate for a similar instrument at the measurement date	4.58% (2018: 4.58%)	The estimated fair value would increase (decrease) if the discount rate were (lower) higher.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

38. 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) Other financial assets at amortised cost

The fair values of securities that are actively traded is determined by quoted bid prices. For non-actively traded securities that are classified as other financial assets at amortised cost, the fair values are valued at cost less impairment or estimated using discounted cash flows analysis. Where discounted cash flows 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, advances and others

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 and Recourse obligations on financing sold to Cagamas

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.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

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

Group	30.09.2019			
	Principal Amount RM'000	up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000
Items				
Foreign exchange related contracts				
- forwards	2,143,823	230,407	882,261	1,031,155
- swaps	2,259,165	1,327,496	585,586	346,083
- spot	1,205,605	1,205,605	-	-
Total	5,608,593	2,763,508	1,467,847	1,377,238

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 transactions may be reduced through offsetting on and off-balance sheet positions. As at 30 September 2019, the amount of contracts which were not hedged and, hence, exposed to market risk was RM756.01 million (31 December 2018: RM422.76 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 2019, the credit risk measured in terms of the cost to replace the profitable contracts, was RM82.85 million (31 December 2018: RM76.91 million).

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

40. Commitments and contingencies

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

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

As at 30.09.2019	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
<i>Credit-related Exposures</i>				
Direct credit substitutes	400,549		400,549	398,877
Transaction related contingent items	887,993		443,996	420,771
Short term self-liquidating trade related contingencies	647,941		129,588	129,555
Other commitments, such as formal standby facilities and credit lines with original maturity of exceeding one year	1,153,212		576,606	479,961
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	7,902,429		-	-
	10,992,124		1,550,739	1,429,164
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- Less than one year	5,608,593	19,787	75,133	51,443
Profit rate related contracts				
- One year to less than five years	155,079	1,862	7,719	5,238
	5,763,672	21,649	82,852	56,681
	16,755,796	21,649	1,633,591	1,485,845

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

40. Commitments and contingencies (continued)

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

	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
As at 31.12.2018				
<i>Credit-related Exposures</i>				
Direct credit substitutes	487,980		487,980	488,189
Transaction related contingent items	1,015,198		507,599	471,867
Short term self-liquidating trade related contingencies	247,008		49,402	43,608
Other commitments, such as formal standby facilities and credit lines with original maturity of:				
- exceeding one year	1,627,618		813,809	630,266
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	7,336,717		-	-
	<u>10,714,521</u>		<u>1,858,790</u>	<u>1,633,930</u>
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- Less than one year	2,869,455	30,653	65,839	50,495
Profit rate related contracts				
- Less than one year	400,000	1,708	810	162
- Five years and above	178,379	1,787	10,264	6,419
	<u>3,447,834</u>	<u>34,148</u>	<u>76,913</u>	<u>57,076</u>
	<u>14,162,355</u>	<u>34,148</u>	<u>1,935,703</u>	<u>1,691,006</u>

41. Capital adequacy

Total capital and capital adequacy ratios of the Group have been computed based on Bank Negara Malaysia ("BNM")'s Capital Adequacy Framework for Islamic Banks (Capital Components) and Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) issued on 2 February 2018. The Group is required to meet minimum Common Equity Tier I ("CET I"), Tier I and Total Capital adequacy ratios of 7.0%, 8.5% and 10.5% respectively for year 2019. The Group has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

41. Capital adequacy (continued)

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

	30.09.2019	31.12.2018
	%	%
Common Equity Tier I ("CET I") Capital Ratio	12.181	10.943
Total Tier I Capital Ratio	12.181	10.943
Total Capital Ratio	16.507	15.369

The components of CET I, Tier I and Tier II capital of the Group:

	30.09.2019	31.12.2018
	RM'000	RM'000
Paid-up share capital	4,307,819	4,082,939
Retained earnings	1,846,085	1,548,390
Other reserves	(944,141)	(1,152,207)
<u>Less:</u>		
Investment in subsidiary	(99,053)	(99,053)
Deferred tax assets	(43,743)	(52,054)
Gain on financial instruments classified as fair value through other comprehensive income	(122,126)	(4,928)
Regulatory reserve	(10,000)	(10,000)
Total CET I and Tier I Capital	4,934,841	4,313,087
Sukuk Murabahah	1,300,000	1,300,000
Collective assessment allowance and regulatory reserve [^]	452,542	444,561
Total Tier II Capital	1,752,542	1,744,561
Total Capital	6,687,383	6,057,648

[^] Collective assessment allowance on non-impaired financing and regulatory reserve, subject to maximum of 1.25% of total credit risk-weighted assets less credit risk absorbed by unrestricted investment accounts.

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

	30.09.2019	31.12.2018
	RM'000	RM'000
Credit risk	41,622,902	39,060,017
Less: Credit risk absorbed by unrestricted investment accounts	(5,419,565)	(3,495,144)
	36,203,337	35,564,873
Market risk	756,009	422,763
Operational risk	3,552,647	3,425,864
	40,511,993	39,413,500

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

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 2019

RM'000	Individual Period		Variance		Cumulative Period		Variance	
	Current Year Quarter	Preceding Year Corresponding Quarter			Current Year To-date	Preceding Year Corresponding Period		
	30.09.2019	30.09.2018	Amount	%	30.09.2019	30.09.2018	Amount	%
Revenue	1,193,752	1,089,835	103,917	9.54	3,532,857	3,081,369	451,488	14.65
Operating Profit	386,459	355,379	31,080	8.75	1,132,430	967,448	164,982	17.05
Profit Before Zakat and Taxation	317,803	296,345	21,458	7.24	938,407	807,256	131,151	16.25
Profit After Zakat and Taxation	254,547	232,380	22,167	9.54	724,365	603,350	121,015	20.06
Profit Attributable to Equity Holders of the Parent	208,384	198,624	9,760	4.91	606,062	520,670	85,392	16.40

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

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

B1. Performance review for the nine months ended 30 September 2019
(continued)

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

BIMB Holdings Berhad ("BHB") Group reported Profit Before Zakat and Taxation ("PBZT") for the nine months ended 30 September 2019 of RM938.4 million, representing an increase of 16.2% or RM131.1 million as compared to the corresponding period in 2018 of RM807.3 million.

At the operating profit level, the Group's operating profit of RM1,132.4 million was higher by RM165.0 million or 17.1% compared to the corresponding period in 2018 of RM967.4 million.

The net profit attributable to shareholders increased by 16.4% or RM85.4 million to RM606.1 million as compared to the corresponding period in 2018 of RM520.7 million.

BHB registered an annualised Return on Equity ("ROE") of 15.7% (after tax and zakat). Consequently, net assets per share has also improved to RM3.41 as at 30 September 2019 compared to RM2.97 as at 31 December 2018.

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

Bank Islam Malaysia Berhad

For the nine months ended 30 September 2019, Bank Islam achieved a PBZT of RM646.2 million, an increase of RM20.5 million or 3.3% over the PBZT of the corresponding period of RM625.7 million. The increase in PBZT was mainly due to higher total income.

Gross fund based income increased by RM188.8 million or 8.5% on the back of 8.9% and 13.8% y-o-y increase in net financing and investment in financial instruments respectively. Non-fund based was higher by RM87.2 million, contributed largely from a gain on sale and revaluation of financial assets at FVOCI and FVTPL.

Total overheads increased by RM29.2 million or 4.0% over the corresponding period driven by higher personnel costs. Nevertheless, cost-to-income ("CIR") ratio improved to 50.1% from 50.7% a year ago due to higher total income.

Meanwhile, the increase in finance cost by RM25.2 million or 62.1% over the corresponding period was mainly due to new issuance of Subordinated Sukuk Murabahah amounted to RM300.0 million on 7 November 2018.

Net allowances for financing and other financial assets was at RM86.9 million, 40.1% higher than the previous corresponding period, primarily due to higher allowances for impairment on financing as a result of unfavourable macro-economic forecast.

The Bank's total assets stood at RM65.5 billion as at 30 September 2019, a year-on-year increase by RM6.4 billion from RM59.1 billion reported as at 30 September 2018 which was mainly contributed by the increase in net financing by RM4.0 billion, investment in securities by RM1.6 billion and recognition of right-of-use assets by RM223.0 million.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

B1. Performance review for the nine months ended 30 September 2019
(continued)

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

Bank Islam Malaysia Berhad (continued)

As at end of September 2019, customer deposits and investment accounts stood at RM56.0 billion with year-on-year increase by RM5.7 billion or 11.3%. Total current and saving accounts and transactional investment accounts ("CASATIA") composition is at healthy level of 31.2% of total customer deposits and investment accounts.

Total gross impaired financing as at 30 September 2019 was RM541.4 million compared to RM438.0 million as at 30 September 2018.

Syarikat Takaful Malaysia Keluarga Berhad

For the nine months ended 30 September 2019, Takaful Malaysia recorded PBZT of RM332.2 million, an increase of 41.8% as compared to RM234.2 million in the same period last year. The improvement in profit was mainly attributable to higher net Wakalah fee income arising from business growth in the Family Takaful and higher net investment income.

Takaful Malaysia recorded operating revenue of RM2,344.7 million for the financial period ended 30 September 2019, an increase of 21.0% or RM407.1 million as compared to the same period last year. The increase was mainly attributable to higher sales generated by Family Takaful business.

Family Takaful business generated gross earned contributions of RM1,511.1 million for the nine months ended 30 September 2019, increased by 36.0% as compared to RM1,110.9 million in the corresponding period last year. The increase was mainly attributable to higher sales from credit-related products.

The net benefits and claims for Family Takaful business increased by 1.1% to RM591.4 million in the nine months ended 30 September 2019 from RM585.2 million in the same period of the preceding year. This was mainly due higher surrender claims.

Investment income for the Family Takaful business increased by 10.9% to RM207.2 million as compared to RM186.8 million in the corresponding period last year, mainly due to higher profit from Islamic debt securities.

For the nine months ended 30 September 2019, Family Takaful recorded fair value gains of RM26.5 million an increase of RM68.8 million as compared to the same period last year. The higher gains were mainly due to improvement in equity market performance.

General Takaful business generated gross earned contributions of RM542.4 million for the nine months ended 30 September 2019, increased by 4.4% as compared to RM519.7 million in the corresponding period last year. The growth was mainly from fire and motor classes.

The net benefits and claims for General Takaful business decreased by 7.6% to RM147.3 million in the nine months ended 30 September 2019 from RM159.4 million in the same period of the preceding year, mainly due to decrease in claims relating to fire class.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

B1. Performance review for the nine months ended 30 September 2019
(continued)

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

Syarikat Takaful Malaysia Keluarga Berhad (continued)

The investment income for the nine months ended 30 September 2019 was RM23.5 million, an increase of 11.4% as compared to the investment income in the same period of the preceding year of RM21.1 million, mainly to higher profit from Islamic debts securities.

Current Quarter vs. Previous Year Corresponding Quarter

For the third quarter ended 30 September 2019 (Q3 2019), the Group registered PBZT of RM317.8 million, an improvement of 7.2% or RM21.5 million as compared to the previous year corresponding quarter (Q3 2018) of RM296.3 million.

At the operating profit level, the Group's operating profit for the Q3 2019 of RM386.5 million was higher by RM31.1 million or 8.8% compared to the Q3 2018 of RM355.4 million.

Net profit attributable to shareholders grew by 4.9% or RM9.8 million over the same period to RM208.4million.

Bank Islam Malaysia Berhad

For the third quarter ended 30 September 2019 (Q3 2019), Bank Islam achieved PBZT of RM208.8 million, a decrease of RM16.2 million or 7.2% over the PBZT of the corresponding quarter of RM225.0 million. The decrease in PBZT was mainly due to higher finance cost and net allowance for impairment on financing and advances, net of recoveries by RM8.5 million and RM8.0 million respectively.

Gross fund based income increased by RM34.2 million or 4.5% on the back of 8.9% and 13.8% y-o-y increase in net financing and investment in financial instruments respectively. Non-fund based was higher by RM47.2 million which was mainly attributed by investment income, due to gain on sale of financial assets at FVOCI, financial assets at FVTPL and revaluation of financial assets at FVOCI and FVTPL.

Total overheads were higher by RM7.6 million or 3.0% mainly due to the increase in personnel expenses and advertisement & publicity by RM4.2 million and RM2.6 million respectively.

The finance cost was higher by RM8.5 million or 61.7% which was due to new issuance of Subordinated Sukuk Murabahah amounted to RM300.0 million on 7 November 2018.

The Bank recorded higher net allowance for impairment on financing and advances which was mainly due to a spike in collective assessment. Although both NPDNI ratio (Stage 1) and PDNI ratio (Stage 2) has improved from 97.54% to 97.65% and from 1.48% to 1.24% respectively, forward looking element (KLCI index) has deteriorate from 1,892 points to 1,657 points which translated to higher PD in Q3 2019 against Q3 2018.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

B1. Performance review for the nine months ended 30 September 2019
(continued)

Current Quarter vs. Previous Year Corresponding Quarter (continued)

Syarikat Takaful Malaysia Keluarga Berhad

For the third quarter ended 30 September 2019 (Q3 2019), Takaful Malaysia recorded PBZT of RM121.8 million, an increase of 38.7% as compared to RM87.8 million in the same period last year (Q3 2018). The increase in profit was mainly attributable to increase in net wakalah fee income.

For Q3 2019 under review, Takaful Malaysia generated Operating Revenue of RM753.5 million as compared to RM649.0 million in Q3 2018. The increase was mainly attributable to higher sales generated by Family Takaful business.

For Q3 2019 under review, Family Takaful business recorded gross earned contributions of RM543.7 million as compared to RM436.7 million in Q3 2018. The increase was mainly attributable to higher sales from credit-related products.

Family Takaful business recorded net benefits and claims of RM206.8 million, an increase of 1.0% as compared to Q3 2018. The increase was mainly due to higher surrender claims.

Investment income for the Family Takaful business for Q3 2019 of RM70.4 million is higher as compared to RM65.4 million in Q3 2018, mainly due to higher profit from Islamic debt securities.

For Q3 2019 under review, Family Takaful recorded fair value losses of RM9.4 million, a decrease of RM20.2 million as compared to Q3 2018. The higher losses were mainly due to the equity market performance.

For Q3 2019 under review, General Takaful business generated gross earned contributions of RM171.9 million, a decrease of 2.9%, as compared to RM177.1 million in Q3 2018, mainly attributable to fire and motor classes.

General Takaful business recorded net benefits and claims of RM49.0 million for Q3 2019 under review, a slight increase as compared to RM48.8 million in Q3 2018.

Investment income for the General Takaful business of RM7.8 million was higher as compared to RM7.3 million in Q3 2018, mainly due to higher profit from Islamic debts securities.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

B2. Comparison with the preceding quarter's results for the three months performance (Third Quarter 2019 vs. Second Quarter 2019)

RM'000	Current Quarter	Immediate Preceding Quarter	Variance	
	30.09.2019	30.06.2019	Amount	%
Revenue	1,193,752	1,155,893	37,859	3.28
Operating Profit	386,459	369,962	16,497	4.46
Profit Before Zakat and Taxation	317,803	301,020	16,783	5.58
Profit After Zakat and Taxation	254,547	228,229	26,318	11.53
Profit Attributable to Equity Holders of the Parent	208,384	195,162	13,222	6.77

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

For the third quarter ended 30 September 2019 (Q3 2019), the BHB Group reported PBZT of RM317.8 million against a PBZT of RM301.0 million achieved for the immediate preceding quarter ended 30 June 2019 (Q2 2019), an increase of RM16.8 million or 5.6%.

At the operating profit level, the Group's operating profit for Q3 2019 of RM386.5 million was higher by RM16.5 million or 4.5% compared to Q2 2019 of RM370.0 million.

Bank Islam Malaysia Berhad

For the Q3 2019, the Bank achieved a PBZT of RM208.8 million, a decrease of RM8.7 million or 4.0% over the PBZT in Q2 2019 of RM217.5 million. The decrease in PBZT was mainly due to higher total overhead of RM260.5 million. It was further set off against an increase in total income of RM916.0 million.

The higher net allowances for impairment on financing and advances of RM4.4 million was further set off against lower net allowance for impairment on other financial assets of RM5.1 million as the recoverability remains uncertain.

The higher overheads by RM12.7 million was mainly due to higher establishment expenses, personnel expenses, promotional expenses and establishment expenses by RM4.5 million, RM3.3 million and RM3.0 million respectively.

Syarikat Takaful Malaysia Keluarga Berhad

For Q3 2019, Takaful Malaysia registered PBZT of RM121.8 million, higher by 25.4% as compared to Q2 2019 of RM97.1 million. The increase in profit was mainly attributable to higher net wakalah fee income.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

B2. Comparison with the preceding quarter's results for the three months performance (Third Quarter 2019 vs. Second Quarter 2019) (continued)

Syarikat Takaful Malaysia Keluarga Berhad (continued)

For Q3 2019, Takaful Malaysia generated Operating Revenue of RM753.5 million as compared to RM673.0 million in Q2 2019. The increase was mainly attributable to higher sales generated from Family and General Takaful business.

Family Takaful business recorded gross earned contributions of RM543.7 million, increased by 17.0%, as compared to RM464.4 million in Q2 2019. The increase was mainly attributable to higher sales from credit-related products.

For Q3 2019, Family Takaful business recorded net benefits and claims of RM206.8 million, an increase of 15.3% as compared to Q2 2019. The increase was mainly due to higher death and medical claims.

Family Takaful business recorded investment income of RM70.4 million which was at par as compared to RM70.5 million in Q2 2019.

For Q3 2019, General Takaful business generated gross earned contributions of RM171.9 million, an increase of 3.4%, as compared to RM166.2 million in Q2 2019. The increase was mainly from fire and commercial classes.

For Q3 2019, General Takaful business recorded net benefits and claims of RM49.0 million, an increase of 8.9% as compared to Q2 2019. The increase was mainly due to higher claims relating to motor.

General Takaful business recorded investment income of RM7.8 million for Q3 2019 which was at par with the investment income in Q2 2019.

B3. Prospects for 2019

Bank Islam Malaysia Berhad

In BNM's quarterly report released on 16 August 2019, overall Gross Domestic Product ("GDP") growth was higher at 4.9% in Q2 2019. Strong GDP growth was attributable by continued expansion in domestic demand. Average headline inflation for Year-to-Date ("YTD") is 0.3% and is expected to remain low. This is underpinned by the lapse in the impact of consumption tax policy changes, the muted outlook on global oil prices, and policy measures in containing food prices.

On 5 November 2019, the Monetary Policy Committee of BNM has decided to maintain the Overnight Policy Rate ("OPR") at 3.00%. The decision indicates on the slower pace in global activity in most major advanced and emerging economies. This is likely due to escalating trade tension, uncertainties in the global and domestic environment as well as weak commodity-related sectors.

While the OPR remains at 3.00%, deposit rates would rise due to continuous competition in the banking industries as banks brace for upcoming implementation of net stable funding ratio ("NSFR") requirements. Nonetheless, the lack of liquidity is not too alarming at the current juncture as current account in the balance of payment remains in surplus while industry financing-to-deposit ratio is well below 100%.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

B3. Prospects for 2019

Bank Islam Malaysia Berhad (continued)

Net Income Margin ("NIM") is likely to be compressed further should deposit rates go higher despite OPR remains at 3.00%. The banking sector is expected to brace for a tougher second half against the backdrop of decrease in financing growth and thinning margins. Financing growth for the industry is expected to decrease to about 5% in 2019 (2018: +5.6%), as GDP growth moderates. We expect consumer and business financing growth to taper down in 2019 due to slowdown in exports. This will continue to compress the NIM.

Nevertheless, the Bank believes that it is able to maintain a stable outlook on profitability, albeit a challenging economic environment. Overall profitability indicators are likely to remain intact, as the Bank continues expanding while containing costs. The pursuit for digitalisation will help to increase transactions used by the customers and is hoped to provide a boost for non-fund based income in the longer term.

Syarikat Takaful Malaysia Keluarga Berhad

Despite business sentiments remaining cautious in 2019, the Takaful industry is expected to outperform the conventional insurers in view of the strong demand in the Takaful products. Takaful Malaysia is poised to further expand its market share in 2019. To sustain its market leading position, the company will continue with its innovative strategies via the implementation of its digital strategy, introduction of online solutions, expansion of its distribution capabilities, strategic partnerships with leading Islamic banks and Brand awareness initiatives. To support business growth and customer centricity, the company will continue its digital strategy to build the full digital ecosystem and to expand the business focus beyond credit-related business to reach out to the wide retail customer base of major partner banks.

It is the commitment of Takaful Malaysia to continue responding to the needs of customers with reliable and better protection solutions and services that they deserve to firmly establish the company as the preferred choice for insurance.

B4. Variance from profit forecast and profit guarantee

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

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

B5. Tax expense

Major components of tax expense

Group	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Current tax expense	77,145	71,378	238,444	204,291
Over provision in prior years	(6,664)	(7,621)	(6,655)	(7,836)
Deferred tax expense:				
Origination and reversal of temporary differences	(11,362)	(3,875)	(30,110)	(3,029)
Under/(Over) provision in prior years	-	-	12	(1,522)
	59,119	59,882	201,691	191,904

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

Group	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Profit before tax	317,803	296,345	938,407	807,256
Income tax calculated using Malaysian tax rate of 24%	76,273	71,122	225,218	193,741
Non-deductible expenses	20,610	15,590	63,156	51,356
Non-deductible Sukuk's finance cost	3,181	4,774	9,440	14,323
Non-taxable income	(34,281)	(21,633)	(89,480)	(60,188)
	65,783	69,853	208,334	199,232
Derecognition of deferred tax assets	-	(2,350)	-	2,030
	65,783	67,503	208,334	201,262
Over provision in prior years	(6,664)	(7,621)	(6,655)	(7,836)
Under/(Over) provision of deferred tax	-	-	12	(1,522)
Tax expense	59,119	59,882	201,691	191,904

The Inland Revenue Board ("IRB") had, on 8 September 2017, issued to Takaful Malaysia notices of additional assessment (i.e. Form JA) for the years of assessment ("YA") 2012, 2013, and 2014. The additional tax payable by Takaful Malaysia under the above-mentioned notices is RM12,561,630.50. As a result of the above, IRB had also treated the tax returns made by Takaful Malaysia for the above years of assessment as incorrect, and imposed a penalty of RM6,200,802.97 to Takaful Malaysia.

Takaful Malaysia has paid the additional tax on 4 October 2017 and submitted an appeal (Form Q) to Special Commissioner of Income Tax against the notice of assessment on 5 October 2017.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

B5. Tax expense (continued)

Takaful Malaysia is of the view that there are strong justifications for its appeal against certain matters raised by IRB and have treated the related tax payment of RM16,741,000 as tax recoverable.

The case has fixed for hearing on 1st and 2nd September 2021.

Major components of tax expense

Company	3 months ended		9 months ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Current tax expense	(93)	1,444	1,347	2,402
Over provision in prior years	-	(6)	-	(6)
	<u>(93)</u>	<u>1,438</u>	<u>1,347</u>	<u>2,396</u>

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

Company	3 months ended		9 months ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Profit before tax	<u>147,303</u>	<u>125,365</u>	<u>344,282</u>	<u>311,134</u>
Income tax calculated using				
Malaysian tax rate of 24%	35,353	30,087	82,628	74,672
Non-deductible expenses	(34)	1,224	2,191	2,438
Non-deductible Sukuk's finance cost	3,181	4,774	9,440	14,323
Non-taxable income	<u>(38,593)</u>	<u>(34,641)</u>	<u>(92,912)</u>	<u>(89,031)</u>
	(93)	1,444	1,347	2,402
Over provision in prior years	-	(6)	-	(6)
Tax expense	<u>(93)</u>	<u>1,438</u>	<u>1,347</u>	<u>2,396</u>

B6. Status of corporate proposals

There has been no new corporate proposal since the date of the last quarterly report.

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.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

B8. Deposits and placements of financial institutions and debt securities and borrowings

	Group	
	30.09.2019	30.09.2018
	RM'000	RM'000
Deposits from customers		
Mudharabah and Tawarruq term deposits and Negotiable Islamic Debt Certificates		
- One year or less (short-term)	30,294,795	26,621,500
- More than one year (medium/long-term)	2,802,155	4,796,852
	33,096,950	31,418,352
Current accounts	9,588,540	9,339,827
Savings accounts	4,751,889	4,440,119
Others	105,149	96,252
Total deposits	47,542,528	45,294,550
Investment accounts of customers		
- One year or less (short-term)	7,509,844	4,202,559
	7,509,844	4,202,559

RM'000	As at 30.09.2019		
	Long term	Short term	Total borrowings
Secured	1,500,000	1,187	1,501,187
- Recourse obligations on financing sold to Cagamas	1,500,000	1,187	1,501,187
Unsecured	2,120,891	37,957	2,158,848
- Sukuk liabilities	870,891	12,601	883,492
- Subordinated Sukuk Murabahah	1,250,000	25,356	1,275,356

RM'000	As at 30.09.2018		
	Long term	Short term	Total borrowings
Secured	1,500,000	1,187	1,501,187
- Recourse obligations on financing sold to Cagamas	1,500,000	1,187	1,501,187
Unsecured	2,269,202	38,959	2,308,161
- Sukuk liabilities	1,319,202	19,988	1,339,190
- Subordinated Sukuk Murabahah	950,000	18,971	968,971

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

B8. Deposits and placements of financial institutions and debt securities and borrowings (continued)

The borrowings comprise the following:

- a) On 25 May 2018, the Bank has entered into recourse obligations on financing sold to Cagamas amounting to RM1.5 billion. Under the agreement, the Bank undertakes to administer the identified house financing on behalf of Cagamas and to buy back any house financing which are regarded as defective based on pre-determined and agreed-upon prudential criteria with recourse against the Bank. Such financing transactions and the obligation to buy back the financing are reflected as a liability on the statements of financial position. The financing sold with recourse to the Bank are not de-recognised until recourse period has expired and the risks and rewards of the financing have been fully transferred.
- b) A 10-year Islamic securities of RM1.66 billion in nominal value was issued by the Company on 12 December 2013.

On 12 December 2018, the Company has made an early partial redemption of RM609,941,757.88 in nominal value of the Sukuk Murabahah, which is equivalent to a redemption at book value of RM500 million.

The current nominal value of the Sukuk Murabahah is RM1.05 billion (2018: RM1.05 billion).

- c) Subordinated Sukuk Murabahah:

	Nominal value RM'000	Issue date	First call date*	Maturity date	Profit rate (% p.a.)#
(i)	300,000	22 April 2015	22 April 2020	22 April 2025	5.75
(ii)	400,000	15 December 2015	15 December 2020	15 December 2025	5.50
(iii)	300,000	13 November 2017	12 December 2022	12 November 2027	5.08
(iv)	300,000	7 November 2018	7 December 2023	7 November 2028	5.15

* Optional redemption date or any periodic payment date thereafter.

Accrued and payable semi-annually in arrears.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

B9. 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 2018.

- (a) In 2007, Alam Maritim Resources Sdn Bhd ("Issuer") vide its Information Memorandum dated 25 June 2007 undertook a fund raising exercise via the issuance of Islamic Securities of up to RM600 million comprising Sukuk Ijarah MTN of RM500 million and Murabahah Commercial Papers / Murabahah Medium Term Notes of RM100 million. Later, the Issuer appointed Trustees Malaysia Berhad ("Defendant") as the Trustee. Pursuant to a Trust Deed dated 18 June 2007 ("Trust Deed"), the Defendant is entrusted to hold the benefit of the Sukuk Ijarah MTN Facility and all amounts received for each Sukukholder based on the terms and conditions of the Trust Deed.

Bank Islam subscribed RM20 million of the Sukuk Ijarah MTN. The said Sukuk Ijarah MTN matured and was due for payment on 6 July 2017 ("Maturity Date"). However, the Defendant failed to pay the Sukuk Ijarah MTN upon Maturity Date.

Pursuant to the above, Bank Islam filed a civil suit against the Defendant on 4 December 2017 claiming for the proportionate amount of RM16,870,000.00 (from the total available amount in the collection account).

On 30 August 2018, the High Court ("HC") has decided in favour of Bank Islam. On 3, 5 and 6 September 2018, the Second, Third, Fifth and Sixth Defendants filed an appeal against the HC's decision. Subsequently, on 7 September 2018, the Second, Third and Fifth Defendants had filed an application for stay of execution.

On 9 November 2018, the HC has granted the stay of execution to the Second, Third and Fifth Defendants.

On 11 November 2019, the Court of Appeal has allowed the appeal.

- (b) Bank Islam filed a civil suit against TN Synergy Sdn Bhd ("Customer") and the guarantors, namely Raja Nor Rafidah Binti Raja Abdul Hamid, Yong Suraya Binti Othman, Selyster John Bin Embu and Mohd Tahir Bin Saad@Ismail (collectively be referred to as "the Defendants") claiming for an amount of RM28,861,836.06 being the outstanding financing facilities granted by Bank Islam to the Customer whose accounts had been defaulted.

On 26 November 2018, the High Court allowed Bank Islam's application to record a summary judgment against the Defendants.

On 21 December 2018, the Defendants filed appeal to the Court of Appeal ("COA"). On 2 October 2019, the Defendants had withdrawn its appeal against Bank Islam.

Since the Defendants have withdrawn their appeal on 2 October 2019, this case is considered resolved.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

B9. Material litigation (continued)

- (c) On 16 April 2019, 5 Star Room Hotel Sdn Bhd ("Plaintiff") filed a civil suit against Bank Islam and claiming damages for breach of promise to grant financing facility to Pan Asian Resorts Sdn Bhd (Plaintiff's parent company). The Plaintiff claims for an amount of RM400,000,000.00.

On 4 June 2019, the Plaintiff has filed the application to amend Writ of Summons and Statement of Claim ("the Application").

On 7 August 2019, the High Court ("HC") has directed parties to file respective submissions in regards to the Application by 28 August 2019.

On 1 October 2019, the HC allowed the Application with no order as to cost.

The HC has fixed 26 November 2019 for case management.

- (d) On 20 August 2019, Bank Islam filed a civil suit against 5 Star Room Hotel Sdn Bhd ("Customer") and the guarantors, namely Tang Wooi Chon, Chunsi Kudkumkong, Tang Woan Rou and Tang Woanren (collectively be referred to as "the Defendants") claiming for an amount of RM120,738,812,69 being the outstanding financing facilities granted by Bank Islam to the Customer whose accounts had been defaulted.

On 8 November 2019, Bank Islam has filed an application for summary judgment (O.14). On 18 November 2019, Bank Islam has filed an application for striking out against the Defendants' Counter Claim (O.18).

The High Court has fixed 16 January 2020 for hearing on O.14 and O.18.

- (e) In 2016, Bank Islam has granted the financing facilities to PFC Engineering Sdn Bhd ("Customer"). The Customer's financing account was defaulted and Bank Islam has filed a civil suit against the Customer.

In addition to the suit against the Customer, Bank Islam has also filed a civil suit against the guarantors, namely Dato' Abu Talib bin Mohamed, Azman bin Mohd and Muammar Gadaffi bin Abu Talib (collectively be referred to as "the Defendants") claiming for an amount of RM129,945,764.12 being the outstanding financing amount by the Customer whose accounts had been defaulted.

On 27 February 2018, Judgment in Default ("JID") was recorded against the Defendants.

On 5 October 2018, the Defendants filed an application to set aside the JID.

On 11 December 2018, the Senior Assistant Registrar ("SAR") had dismissed the Defendants' application to set aside the JID with costs of RM1,000.00.

On 17 December 2018, the Defendants filed an appeal against the decision of the SAR.

On 26 March 2019, the Court dismissed the Defendants appeal.

On 13 November 2018 the Defendants filed an application to stay the JID but the SAR dismissed the Defendants' stay application with costs of RM1,000.00.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

B9. Material litigation (continued)

(e) Bank Islam has obtained the following Prohibitory Order ("PO"):

- PO against First Defendant's property in Dungun. The PO is valid until 26 October 2019. The first auction was held on 16 May 2019 but the auction was unsuccessful due to no bidder. The second auction was held on 12 September 2019 but the auction was unsuccessful due to no bidder. The extension for the validity of the PO has been obtained and is valid until 27 April 2020. The hearing date for the application for third auction is fixed on 16 December 2019.
- PO against Second Defendant's property in Kemaman. The PO is valid until 18 November 2019. The Second Defendant was adjudged bankrupt on 19 August 2019. On 17 October 2019, Bank Islam has filed notice of discontinuance of the PO proceeding.
- PO against First and Third Defendants' property in Petaling Jaya. The PO is valid until 27 November 2019. On 15 June 2019, the Court has allowed Alliance Bank (Malaysia) Berhad, the Chargee of the property, to be the intervener in relation to this PO proceeding. On 17 June 2019, the Court has allowed an order for sale on the property. The Defendants filed an appeal to Judge in Chambers against the decision of Registrar in allowing order for sale. On 26 August 2019, the Court dismissed the Defendants' appeal with costs of RM5,000.00. The extension for the validity of the PO has been obtained and is valid until 27 May 2020.

On 31 October 2019, the Court allowed Bank Islam's application to fix the first auction against the property. The first auction is fixed on 4 December 2019.

On 10 November 2019, the Defendants filed an appeal against the decision dated 31 October 2019. The Court has fixed 16 December 2019 for case management.

- (f) On 24 October 2019, Bank Islam filed a civil suit against Prolink Marketing Sdn Bhd ("Customer") and the guarantors, namely Puvendran A/L Chandran and Kuganeswaran A/L Chandran (collectively be referred to as "the Defendants") claiming for an amount of RM20,164,128.31 being the outstanding financing facilities granted by Bank Islam to the Customer whose accounts had been defaulted.

The High Court has fixed 3 January 2020 for case management.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

B10. Dividend

- (a) On 29 January 2019, the Company had paid a dividend of 15.50 sen per ordinary share totalling RM262.5 million in respect of the financial year ended 31 December 2018. From the total dividend amount, approximately 14.05% or RM37.6 million was distributed as cash dividend whilst the remaining 85.95% amounting to RM224.9 million was reinvested to subscribe for 70,716,700 new ordinary shares at a consideration of RM3.18 each arising from the Dividend Reinvestment Plan.
- (b) i) An interim single tier dividend of 16.00 sen per ordinary share amounting to RM282,285,234 based on the outstanding issued share capital as at 30 September 2019, 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 12.88 sen per ordinary share.
- ii) Amount per share : Single tier dividend of 16.00 sen.
- iii) Previous corresponding period: Single tier dividend of 15.50 sen.
- iv) Payment date : Tentatively end January 2020, 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 2019.

B11. Earnings per share

Basic earnings per share

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

Group	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Net profit for the period under review attributable to equity holders of the parent	208,384	198,624	606,062	520,670
Number of ordinary shares	1,764,283	1,693,566	1,764,283	1,693,566
Number of average ordinary shares	1,764,283	1,693,566	1,756,771	1,688,454
Earnings per share (sen)	<u>11.81</u>	<u>11.73</u>	<u>34.50</u>	<u>30.84</u>

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 2019.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

B12. Economic profit statement

Group	3 months ended		9 months ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Net operating profit after zakat & tax (NOPAT)				
Profit before zakat and taxation (PBZT)	317,803	296,345	938,407	807,256
Zakat & Taxation	(63,256)	(63,965)	(214,042)	(203,906)
NOPAT	254,547	232,380	724,365	603,350
Economic charge computation				
Average invested capital (excludes the debit balance of the acquisition reserve arising from the acquisition of shares from non-controlling interests)	7,599,485	6,621,611	7,231,776	6,438,751
Weighted Average Cost of Capital (WACC) (%)	7.45	7.73	7.45	7.73
Economic charge	142,704	129,014	402,968	372,264
Economic profit	111,843	103,366	321,397	231,086

B13. 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	
	30.09.2019 RM'000	31.12.2018 RM'000
USD	9,206	(266,498)
EURO	(1,763)	(104,262)
Others	(5)	16,324

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

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

B14. 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. The recoverability of takaful receivables which exceeds the average credit term is high especially after Letter of Demand is imposed on the debtors.

	Family Takaful		General Takaful		Group	
	30.09.2019 RM'000	31.12.2018 RM'000	30.09.2019 RM'000	31.12.2018 RM'000	30.09.2019 RM'000	31.12.2018 RM'000
Non-related parties	171,022	75,850	67,318	60,375	238,340	136,225
Related parties	158	366	128	2,504	286	2,870
	171,180	76,216	67,446	62,879	238,626	139,095

- b) The age analysis of takaful receivables 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	
	30.09.2019 RM'000	31.12.2018 RM'000	30.09.2019 RM'000	31.12.2018 RM'000	30.09.2019 RM'000	31.12.2018 RM'000
Current (not past due)	152,947	74,055	67,877	62,645	220,824	136,700
1-30 days	437	218	333	621	770	839
31-60 days	81	234	147	774	228	1,008
61-90 days	79	1,007	583	286	662	1,293
91-180 days	20,370	79	477	74	20,847	153
> 180 days	1,889	3,236	1,524	1,973	3,413	5,209
	175,803	78,829	70,941	66,373	246,744	145,202

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

B14. Takaful receivables (continued)

- c) Takaful receivables due from related parties are trade related and have been entered into for the purpose of takaful coverage and 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	
	30.09.2019	31.12.2018	30.09.2019	31.12.2018	30.09.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank Islam Malaysia Berhad	225	171	68	2,469	293	2,640

The Group has elected to measure the impairment losses for takaful receivables at an amount equal to lifetime ECL. The Group use an allowance matrix to measure ECLs of takaful receivables. Loss rates are calculated using a "roll rate" method based on the probability of receivable. The loss rates are based on actual credit loss experience over the past three years.

The impairment losses recognised in profit or loss is not significant to the Group.

B15. Material impairment of assets

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:

	As at 30 September 2019				As at 31 December 2018			
	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
Group								
Financing, advances and others	48,967,387	(759,173)	48,208,214	48,358,363	46,470,385	(789,705)	45,680,680	46,594,025

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

B15. Material impairment of assets (continued)

At each reporting date, the Group first assess individually whether objective evidence of impairment exists for significant financial assets and collectively for financial assets that are not individually significant. If it is determined that objective evidence of impairment exists, i.e. credit impaired, for an individually assessed financial assets measured at amortised cost and FVOCI, a lifetime ECL will be recognised for impairment loss which has been incurred.

Under collective assessment, the Group applies a three-stage approach to measuring ECL on financial assets measured at amortised cost and FVOCI. Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

- i) Stage 1: 12-months ECL
For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon recognition, the portion of lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.
- ii) Stage 2: Lifetime ECL - not credit impaired
For exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.
- iii) Stage 3: Lifetime ECL - credit impaired
Financial assets are assessed as credit impaired when one or more events that have a negative impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience, informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly when it is more than 30 days past due. The Group also use its internal credit risk grading system and external risk rating to assess deterioration in credit quality of a financial asset.

The Group assess whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial assets 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.

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

B16. Derivatives

Bank Islam holds derivative financial instruments to hedge its foreign currency and profit rate exposures.

As at 30 September 2019

Type of derivatives	Contract/notional Value as at the date Of the statement of Financial position RM'000	Fair value as at the date of statement of financial position RM'000
<i>Derivative Financial Instruments</i>		
Foreign exchange related contracts		
- Less than one year	5,608,593	7,438
Profit rate related contracts		
- More than 3 years	155,079	985
	5,763,672	8,423

As at 31 December 2018

Type of derivatives	Contract/notional Value as at the date Of the statement of Financial position RM'000	Fair value as at the date of statement of financial position RM'000
<i>Derivative Financial Instruments</i>		
Foreign exchange related contracts		
- Less than one year	2,869,455	12,901
Profit rate related contracts		
- Less than one year	400,000	389
- More than 3 years	178,379	1,338
	3,447,834	14,628

BIMB Holdings Berhad [Registration No. 199701008362 (423858-X)]
(Incorporated in Malaysia)
and its subsidiaries
Unaudited Interim Financial Statements

B17. The amount of gains/losses arising from fair value changes of its financial liabilities for the current quarter and financial year to date

Derivative financial assets and liabilities are measured at fair value. Gain and loss arising from fair value changes of these instruments are as follows:

Type of derivatives	3 months ended 30.09.2019 RM'000	9 months ended 30.09.2019 RM'000
<i>Derivative Financial Instruments</i>		
Gain/(Loss) arising from fair value changes from derivatives assets and liabilities	12	(43)

Bank Islam holds derivative financial instruments to hedge its foreign currency and profit rate exposures. However, Bank Islam elects not to apply hedge accounting. Hence, foreign exchange trading positions, including spot and forward contracts, are revalued at prevailing market rates at statement of financial position date and the resultant gains and losses for the financial year are recognised in the profit or loss.

By order of the Board

MARIA MAT SAID (LS 0009400)
Company Secretary
October 31, 2019