

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 June 2020

	Note	Group As at		Company As at	
		30.06.2020 RM'000	31.12.2019 RM'000	30.06.2020 RM'000	31.12.2019 RM'000
Assets					
Cash and short-term funds	8	3,111,053	3,334,771	4,685	2,105
Deposits and placements with banks and other financial institutions	9	2,098,409	2,581,288	331,348	410,228
Financial assets at fair value through profit or loss (FVTPL)	10	2,326,561	1,494,495	7,362	7,117
Derivative financial assets	11	46,375	33,326	-	-
Financial assets at fair value through other comprehensive income (FVOCI)	12	16,890,744	16,946,884	-	-
Financing, advances and others	13	52,014,538	49,472,522	-	-
Other financial assets at amortised cost	14	510,694	581,203	1,049	103,468
Retakaful assets	15	855,802	755,796	-	-
Statutory deposits with Bank Negara Malaysia		185,510	1,170,136	-	-
Current tax assets		101,424	97,964	85	85
Deferred tax assets		75,496	69,728	10	10
Right-of-use assets	16	238,834	250,443	-	-
Investments in subsidiaries		-	-	5,456,126	5,304,273
Property and equipment		402,845	395,859	354	411
Investment properties		10,448	10,590	-	-
Intangible assets		55,782	68,488	-	-
Total assets		78,924,515	77,263,493	5,801,019	5,827,697

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 June 2020 (continued)

	Note	Group As at		Company As at	
		30.06.2020 RM'000	31.12.2019 RM'000	30.06.2020 RM'000	31.12.2019 RM'000
Liabilities and equity					
Deposits from customers	17	46,485,917	46,752,714	-	-
Investment accounts of customers	18	10,941,336	9,797,543	-	-
Derivative financial liabilities	11	15,746	36,746	-	-
Bills and acceptances payable		25,574	49,084	-	-
Recourse obligations on financing sold to Cagamas	19	1,501,187	1,501,187	-	-
Other liabilities	20	1,356,653	1,689,741	1,217	284,567
Lease liabilities	16	320,247	328,062	-	-
Takaful contract liabilities	21	8,651,896	8,197,156	-	-
Expense reserves	22	323,245	311,700	-	-
Sukuk liabilities	23	2,267,307	2,139,666	908,240	881,093
Zakat and taxation		70,521	41,751	167	-
Total liabilities		71,959,629	70,845,350	909,624	1,165,660
Equity					
Share capital		4,412,261	4,307,819	4,412,261	4,307,819
Reserves		1,952,239	1,586,613	479,134	354,218
Equity attributable to owners of the Company		6,364,500	5,894,432	4,891,395	4,662,037
Non-controlling interests		600,386	523,711	-	-
Total equity		6,964,886	6,418,143	4,891,395	4,662,037
Total liabilities and equity		78,924,515	77,263,493	5,801,019	5,827,697
Restricted investment accounts ("RIA") managed by Bank Islam					
	18	22,837	35,062	-	-
Total assets including RIA		78,947,352	77,298,555	5,801,019	5,827,697
Commitments and contingencies	42	16,099,095	17,414,181	-	-
Net assets per share attributable to ordinary equity of the Company (RM)		3.55	3.34	2.73	2.64

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 2019.

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

Condensed Statement of Profit or Loss for the six months ended 30 June 2020

Group	Note	3 months ended		6 months ended	
		30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Income derived from investment of depositors' funds	25	628,379	686,799	1,319,406	1,394,606
Income derived from investment account funds	26	121,685	95,592	255,683	170,426
Income derived from investment of shareholders' funds	27	129,159	122,601	222,648	234,230
Loss on modification of financial assets	13(b)	(97,772)	-	(97,772)	-
Net earned contributions	28	333,848	533,239	918,211	1,132,913
Other income from takaful business	29	175,053	123,567	203,769	248,926
Net benefits, claims and expense reserves	30	(146,022)	(233,062)	(433,661)	(529,085)
Net allowance for impairment on financing and advances, net of recoveries	31	(25,941)	(29,619)	(56,679)	(52,818)
Net allowance for impairment on debt instruments		(42)	42	(27)	21
Net allowance for impairment on other assets		2,500	(5,000)	2,895	(4,147)
Direct expenses		(2,397)	(3,865)	(5,975)	(7,768)
Total distributable income		1,118,450	1,290,294	2,328,498	2,587,304
Wakalah fees from restricted investment accounts		361	7	479	233
Income attributable to depositors	32	(254,282)	(339,405)	(556,580)	(689,189)
Income attributable to investment account holders	33	(55,471)	(42,853)	(121,286)	(71,290)
Income attributable to Takaful Operator/participants		(148,935)	(172,850)	(176,364)	(313,144)
Total net income		660,123	735,193	1,474,747	1,513,914
Personnel expenses	34	(186,768)	(193,392)	(393,150)	(391,072)
Other overhead expenses	35	(185,937)	(206,416)	(437,265)	(433,815)
		287,418	335,385	644,332	689,027
Finance cost	36	(35,158)	(34,365)	(70,239)	(68,423)
Profit before zakat and tax		252,260	301,020	574,093	620,604
Zakat		(4,106)	(4,084)	(8,069)	(8,214)
Tax expense	B5	(64,222)	(68,707)	(131,857)	(142,572)
Profit for the period		183,932	228,229	434,167	469,818
Attributable to:					
Owners of the Company		153,026	195,162	362,263	397,678
Non-controlling interests		30,906	33,067	71,904	72,140
Profit for the period		183,932	228,229	434,167	469,818
Earnings per share (sen)	B11	8.54	11.06	20.25	22.69

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

Condensed Statement of Other Comprehensive Income for the six months ended 30 June 2020

Group	3 months ended		6 months ended	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Profit for the period	183,932	228,229	434,167	469,818
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	6,145	(4,904)	(17,803)	579
Movement in fair value reserve (debt instruments):				
Net change in fair value	205,750	117,818	187,554	246,715
Changes in expected credit losses	(42)	42	(27)	21
Net amount transferred to profit or loss	(66,475)	(27,414)	(163,011)	(44,342)
Income tax effect relating to components of other comprehensive income	(30,104)	(18,247)	(4,372)	(43,199)
	115,274	67,295	2,341	159,774
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit liabilities	(407)	-	(407)	-
Movement in fair value reserve (equity instruments):				
Net change in fair value	1,730	12,005	574	11,707
Other comprehensive income for the period, net of tax	116,597	79,300	2,508	171,481
Total comprehensive income for the period	300,529	307,529	436,675	641,299
Total comprehensive income attributable to:				
Owners of the Company	262,240	271,261	362,281	562,460
Non-controlling interests	38,289	36,268	74,394	78,839
Total comprehensive income for the period	300,529	307,529	436,675	641,299

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 2019.

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 six months ended 30 June 2020

Company	Note	3 months ended		6 months ended	
		30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Income derived from investment of shareholders' funds /	27	<u>154,585</u>	<u>154,154</u>	<u>158,604</u>	<u>155,501</u>
Total distributable income /					
Total net income		154,585	154,154	158,604	155,501
Personnel expenses	34	(714)	(1,462)	(2,566)	(3,889)
Other overhead expenses	35	<u>(619)</u>	<u>(1,380)</u>	<u>(2,974)</u>	<u>(2,288)</u>
		153,252	151,312	153,064	149,324
Finance cost	36	<u>(13,573)</u>	<u>(13,111)</u>	<u>(27,147)</u>	<u>(26,078)</u>
Profit before zakat and tax		139,679	138,201	125,917	123,246
Tax expense	B5	<u>(501)</u>	<u>(720)</u>	<u>(1,001)</u>	<u>(1,440)</u>
Profit for the period		<u>139,178</u>	<u>137,481</u>	<u>124,916</u>	<u>121,806</u>
Attributable to:					
Owners of the Company		<u>139,178</u>	<u>137,481</u>	<u>124,916</u>	<u>121,806</u>
Profit for the period /					
Total comprehensive income					
for the period attributable					
to owners of the Company		<u>139,178</u>	<u>137,481</u>	<u>124,916</u>	<u>121,806</u>

The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2019.

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 six months ended 30 June 2020

Group	← Attributable to owners of the Company →			Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Non- distributable Other reserves RM'000	Distributable Retained earnings RM'000			
At 1 January 2020	4,307,819	(917,021)	2,503,634	5,894,432	523,711	6,418,143
Profit for the period	-	-	362,263	362,263	71,904	434,167
Other comprehensive income						
Remeasurement of defined benefit liabilities	-	-	(181)	(181)	(226)	(407)
Currency translation differences in respect of foreign operations	-	(17,959)	-	(17,959)	156	(17,803)
Fair value reserve (debt instruments):						
Net change in fair value	-	183,966	-	183,966	3,588	187,554
Changes in expected credit losses	-	(27)	-	(27)	-	(27)
Net amount reclassified to profit or loss	-	(161,983)	-	(161,983)	(1,028)	(163,011)
Income tax effect relating to components of other comprehensive income	-	(4,372)	-	(4,372)	-	(4,372)
Fair value reserve (equity instruments):						
Net change in fair value	-	574	-	574	-	574
Total comprehensive income for the period	-	199	362,082	362,281	74,394	436,675
Transfer of regulatory reserve to retained earnings	-	(25,000)	25,000	-	-	-
Share-based payment transactions	-	3,345	-	3,345	2,281	5,626
Issue of shares pursuant to Dividend Reinvestment Plan	104,442	-	-	104,442	-	104,442
At 30 June 2020	4,412,261	(938,477)	2,890,716	6,364,500	600,386	6,964,886

Note 24

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 six months ended 30 June 2020 (continued)

Group	← Attributable to owners of the Company →			Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Non- distributable Other reserves RM'000	Distributable Retained earnings 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
- effect upon adoption of MFRS 16 (net of tax)	-	-	(88,749)	(88,749)	-	(88,749)
At 1 January 2019, restated	4,082,939	(1,138,762)	1,992,793	4,936,970	469,003	5,405,973
Profit for the period	-	-	397,678	397,678	72,140	469,818
Other comprehensive income						
Currency translation differences in respect of foreign operations	-	325	-	325	254	579
Fair value reserve (debt instruments):						
Net change in fair value	-	239,884	-	239,884	6,831	246,715
Changes in expected credit losses	-	21	-	21	-	21
Net amount reclassified to profit or loss	-	(43,956)	-	(43,956)	(386)	(44,342)
Income tax effect relating to components of other comprehensive income	-	(43,199)	-	(43,199)	-	(43,199)
Fair value reserve (equity instruments):						
Net change in fair value	-	11,707	-	11,707	-	11,707
Total comprehensive income for the period	-	164,782	397,678	562,460	78,839	641,299
Non-controlling share of dividend	-	-	-	-	(49,900)	(49,900)
Share-based payment transactions	-	4,689	-	4,689	3,199	7,888
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 June 2019	4,307,819	(976,069)	2,390,471	5,722,221	507,919	6,230,140

Note 24

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 six months ended 30 June 2020
(continued)

Company	← Attributable to owners of the Company →			Total Equity RM'000
	Share capital RM'000	Non-distributable Warrant reserve RM'000	Distributable Retained earnings RM'000	
At 1 January 2020	4,307,819	129,300	224,918	4,662,037
Profit for the period	-	-	124,916	124,916
Issue of shares pursuant to Dividend Reinvestment Plan	104,442	-	-	104,442
At 30 June 2020	4,412,261	129,300	349,834	4,891,395

Company	← Attributable to owners of the Company →			Total Equity RM'000
	Share capital RM'000	Non-distributable Warrant reserve RM'000	Distributable Retained earnings RM'000	
At 1 January 2019				
- as previously stated	4,082,939	129,300	83,873	4,296,112
- prior year adjustments	-	-	73,733	73,733
At 1 January 2019, restated	4,082,939	129,300	157,606	4,369,845
Profit for the period	-	-	121,806	121,806
Issue of shares pursuant to Dividend Reinvestment Plan	224,880	-	-	224,880
At 30 June 2019	4,307,819	129,300	279,412	4,716,531

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 2019.

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 six months ended 30 June 2020

	Group		Company	
	6 months ended		6 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before zakat and tax	574,093	620,604	125,917	123,246
Adjustments for:				
Depreciation of right-of-use assets	10,288	7,145	-	-
Depreciation of property and equipment	33,671	31,769	57	45
Depreciation of investment properties	145	145	-	-
Net (gain)/loss on disposal of property and equipment	(2)	1	-	-
Property and equipment written off	27	45	-	-
Loss on modification of financial assets	97,772	-	-	-
Net allowance for impairment on financing, advances and others	96,151	98,510	-	-
Net allowance for impairment on debt instruments	27	(21)	-	-
Net allowance for impairment on other assets	(2,895)	4,147	-	-
Net loss/(gain) on sale of financial assets at FVTPL	4,781	(13,704)	-	-
Net gain on sale of financial assets at FVOCI	(160,477)	(43,389)	-	-
Fair value loss/(gain) on financial assets at FVTPL	9,125	(50,819)	121	(286)
Unrealised foreign exchange gain	(32,942)	(7,153)	-	-
Net derivative (gain)/loss	(25)	55	-	-
Profit income from investments of securities	(257,679)	(285,339)	(5,505)	(2,905)
Dividends income from debt instruments at FVTPL (unit trust)	(7,940)	(4,881)	(366)	-
Dividends income from equity instruments at FVOCI	-	(259)	-	-
Dividend from subsidiaries	-	-	(151,854)	(152,310)
Change in actuarial reserves/ unearned contributions reserve	(180)	9,924	-	-
Equity settled share-based payment	5,626	7,888	-	-
Amortisation of intangible assets	15,011	14,632	-	-
Profit expense on leases	9,005	9,026	-	-
Finance cost	61,234	59,397	27,147	26,078
Operating profit/(loss) before working capital changes	454,816	457,723	(4,483)	(6,132)

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 six months ended 30 June 2020
(continued)

	Group		Company	
	6 months ended		6 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) before working capital changes	454,816	457,723	(4,483)	(6,132)
Changes in working capital:				
Financing of customers	(2,735,939)	(813,299)	-	-
Statutory deposits with Bank				
Negara Malaysia	984,626	78,352	-	-
Other assets	(5,063)	(352,871)	4,109	(262)
Deposits from customers	(266,797)	(2,751,704)	-	-
Investment accounts of customers	1,143,793	2,213,862	-	-
Recourse obligations on financing sold to Cagamas	-	-	-	-
Other liabilities	461,658	887,193	(1,065)	(1,441)
Bills and acceptances payable	(23,510)	(14,238)	-	-
Cash generated from/(used in) operations	13,584	(294,982)	(1,439)	(7,835)
Zakat paid	(10,848)	(12,794)	-	-
Tax paid	(115,879)	(149,456)	(834)	(1,200)
Tax refund	-	28	-	-
Net used in operating activities	(113,143)	(457,204)	(2,273)	(9,035)
Cash flows from investing activities				
Net proceeds from purchase of securities	(603,717)	(1,750,265)	-	-
Purchase of property and equipment	(40,678)	(28,267)	-	(13)
Proceeds from disposal of property and equipment	16	1	-	-
Profit income from investments of securities	257,679	285,339	5,505	2,905
Dividends income from debt instruments at FVTPL (unit trust)	7,365	4,881	-	-
Dividends income from equity instruments at FVOCI	-	259	-	-
Dividends from subsidiaries	-	-	250,164	226,043
Subscription of ordinary shares pursuant to Dividend Reinvestment Plan	-	-	(151,853)	-
Intangible assets	(2,305)	-	-	-
Net cash (used in)/generated from investing activities	(381,640)	(1,488,052)	103,816	228,935

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 six months ended 30 June 2020
(continued)

	Group		Company	
	6 months ended		6 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Dividends paid	(177,843)	(37,623)	(177,843)	(37,623)
Dividends paid to non-controlling interest	(67,048)	(49,900)	-	-
Payment of lease liabilities	(15,445)	(12,375)	-	-
Payment of coupon on Sukuk	(33,593)	(33,411)	-	-
Subordinated Sukuk Murabahah	400,000	-	-	-
Redemption of Subordinated Sukuk Murabahah	(300,000)	-	-	-
Net cash used in financing activities	<u>(193,929)</u>	<u>(133,309)</u>	<u>(177,843)</u>	<u>(37,623)</u>
Net (decrease)/increase in cash and cash equivalents	(688,712)	(2,078,565)	(76,300)	182,277
Cash and cash equivalents at beginning of the year	5,916,059	6,287,126	412,333	88,473
Foreign exchange differences	<u>(17,885)</u>	<u>348</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of the period	<u>5,209,462</u>	<u>4,208,909</u>	<u>336,033</u>	<u>270,750</u>
Cash and cash equivalents comprise:				
Cash and short-term funds	3,111,053	1,834,585	4,685	270,750
Deposits and placements with banks and other financial institutions	<u>2,098,409</u>	<u>2,374,324</u>	<u>331,348</u>	<u>-</u>
	5,209,462	4,208,909	336,033	270,750
Less:				
Cash and short term funds and deposits and placements with banks and other financial institutions with original maturity more than three months	<u>(2,098,409)</u>	<u>(1,758,177)</u>	<u>(331,348)</u>	<u>-</u>
	<u>3,111,053</u>	<u>2,450,732</u>	<u>4,685</u>	<u>270,750</u>

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 six months ended 30 June 2020
(continued)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Company's statements of cash flows from financing activities.

	At 01.01.2020 RM'000	Additions during the period RM'000	Redemption during the period RM'000	Changes from financing cash flows RM'000	Finance cost for the period RM'000	At 30.06.2020 RM'000	
Group							
Sukuk liabilities	2,139,666	400,000	(300,000)	(33,593)	61,234	2,267,307	
Lease liabilities	328,062	(1,375)	-	(15,445)	9,005	320,247	
	2,467,728	398,625	(300,000)	(49,038)	70,239	2,587,554	
Company							
Sukuk liabilities	881,093	-	-	-	27,147	908,240	
	Effect on adoption of MFRS 16 RM'000	At 01.01.2019 RM'000	Additions during the period RM'000	Redemption during the period RM'000	Changes from financing cash flows RM'000	Finance cost for the period RM'000	At 30.06.2019 RM'000
Group							
Sukuk liabilities		2,102,672	-	-	(33,411)	59,397	2,128,658
Lease liabilities	321,871	321,871	-	-	(12,375)	9,026	318,522
	321,871	2,424,543	-	-	(45,786)	68,423	2,447,180
Company							
Sukuk liabilities		844,159	-	-	-	26,078	870,237

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 2019.

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 six months ended 30 June 2020

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 six months ended 30 June 2020 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 2019. 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 2019.

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 2019, except for the adoption of the following amendments to Malaysian Financial Reporting Standards ("MFRS"):

- Amendments to MFRS 3, *Business Combinations - Definition of a Business*
- Amendments to MFRS 9, 139 & 7 – *Interest Rate Benchmark Reform*
- Amendments to MFRS 16 – *Leases*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

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

2. Auditors' report on preceding financial statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2019 was not qualified.

3. Seasonal or cyclical factors

The operations of the Group were not materially affected by any seasonal or cyclical factors in the six months ended 30 June 2020 other than as disclosed in Note 13(b) to the interim financial statements.

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

4. Exceptional or unusual items

There were no items of an exceptional or unusual nature in the six months ended 30 June 2020 other than as disclosed in Note 13(b) to the interim financial statements.

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 six months ended 30 June 2020.

6. Issuance or repayment of debt and equity securities

On 22 January 2020, the Company increased its issued and paid-up capital from 1,764,282,714 to 1,792,663,814 via the issuance of 28,381,100 new ordinary shares for a consideration of RM3.68 each arising from the Dividend Reinvestment Plan.

Bank Islam issued a RM400,000,000 subordinated Sukuk Murabahah on 26 March 2020 at 3.75% per annum to replace its RM300,000,000 subordinated Sukuk Murabahah with first call date on 22 April 2020.

There was no share buy-back during the six months ended 30 June 2020.

7. Significant events during the six months ended 30 June 2020

Dividend received

On 29 June 2020, Bank Islam paid a final single tier dividend of 6.05 sen per ordinary share amounting RM151.854 million for the financial year ended 31 December 2019. 100% of the final dividend was reinvested through the issuance of 46,724,000 new ordinary shares at RM3.25 each via the Dividend Reinvestment Plan.

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

8. Cash and short-term funds

	Group		Company	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	727,130	897,248	3,284	2,105
Money at call and interbank placements with remaining maturity not exceeding one month	2,383,923	2,437,523	1,401	-
	<u>3,111,053</u>	<u>3,334,771</u>	<u>4,685</u>	<u>2,105</u>

9. Deposits and placements with banks and other financial institutions

	Group		Company	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Licensed banks	2,062,457	1,888,196	-	-
Licensed Islamic bank	361	-	331,348	410,228
Bank Negara Malaysia	-	658,053	-	-
Other financial institutions	35,591	35,039	-	-
	<u>2,098,409</u>	<u>2,581,288</u>	<u>331,348</u>	<u>410,228</u>

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

	Group		Company	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
At fair value				
Malaysian Islamic Treasury Bills	846,766	99,571	-	-
Sukuk	506,622	432,940	-	-
Unit trusts	289,933	303,789	7,362	7,117
Shares	264,502	333,844	-	-
Malaysian Government Investment Issues	217,631	274,162	-	-
Islamic Commercial Papers	201,107	50,189	-	-
	<u>2,326,561</u>	<u>1,494,495</u>	<u>7,362</u>	<u>7,117</u>

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

11. Derivative financial assets/(liabilities)

The following tables summarise the contractual or underlying principal amounts of derivative financial instruments held at fair value through profit or loss 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	30.06.2020			31.12.2019		
	Notional Amount RM'000	Fair value		Notional Amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Forward contracts	5,003,015	43,683	(13,754)	6,255,520	31,626	(35,927)
Profit rate swaps	130,803	2,692	(1,992)	147,098	1,700	(819)
	5,133,818	46,375	(15,746)	6,402,618	33,326	(36,746)

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

	Group	
	30.06.2020 RM'000	31.12.2019 RM'000
Financial assets at fair value through other comprehensive income:		
a) Debt instruments	16,843,211	16,899,925
b) Equity instruments	47,533	46,959
	16,890,744	16,946,884

a) Debt instruments at fair value through other comprehensive income

	Group	
	30.06.2020 RM'000	31.12.2019 RM'000
Sukuk	12,899,208	13,385,180
Malaysian Government Investment Issues	2,561,553	2,253,390
Institutional Trust Account	640,844	530,852
Malaysian Government Islamic Papers	536,024	499,632
Islamic Commercial Papers	205,582	230,871
	16,843,211	16,899,925

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

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

a) Debt instruments at fair value through other comprehensive income (continued)

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

	Group	
	30.06.2020	31.12.2019
	RM'000	RM'000
Stage 1		
At 1 January 2020/2019	265	302
Addition/(Reversal) of impairment during the period/year	27	(37)
At 30 June 2020/31 December 2019	<u>292</u>	<u>265</u>

b) Equity instruments at fair value through other comprehensive income

	Group	
	30.06.2020	31.12.2019
	RM'000	RM'000
Quoted shares		
- outside Malaysia	<u>9,552</u>	<u>8,978</u>
	<u>9,552</u>	<u>8,978</u>
Unquoted shares		
- in Malaysia	37,979	37,979
- outside Malaysia	2	2
	<u>37,981</u>	<u>37,981</u>
	<u>47,533</u>	<u>46,959</u>

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

13. Financing, advances and others

(a) By type and Shariah contract

Group	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Bai' Al-Dayn RM'000	Bai' Al-Inah RM'000	At-Tawarruq RM'000	Ijarah Muntahiah Bit-Tamleek^ RM'000	Istisna' RM'000	Ar-Rahnu RM'000	Total RM'000
30 June 2020									
At amortised cost									
Cash line	-	-	-	1,488	1,138,058	-	-	-	1,139,546
Term financing									
House financing	3,320,213	-	-	-	16,936,871	-	46,096	-	20,303,180
Syndicated financing	-	-	-	-	1,398,094	-	-	-	1,398,094
Leasing financing	-	-	-	-	-	114,224	-	-	114,224
Bridging financing	-	-	-	-	-	-	49,223	-	49,223
Personal financing	-	-	-	6,066	15,429,274	-	-	-	15,435,340
Other term financing	587,410	1,293,962	-	26	10,664,020	-	1,122	-	12,546,540
Staff financing	49,707	11,067	-	-	221,274	-	7,993	-	290,041
Credit cards	-	-	-	-	444,426	-	-	-	444,426
Trade bills discounted	-	666,558	57,002	-	264,365	-	-	-	987,925
Trust receipts	-	3,594	7	-	-	-	-	-	3,601
Pawn broking	-	-	-	-	-	-	-	64,930	64,930
Amortised cost after modification	3,957,330	1,975,181	57,009	7,580	46,496,382	114,224	104,434	64,930	52,777,070
Allowance for impairment on financing, advances and others :-									
- Stage 1									(486,352)
- Stage 2									(152,085)
- Stage 3									(124,095)
Net financing, advances and others									52,014,538

^ 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

13. Financing, advances and others (continued)

(a) By type and Shariah contract (continued)

Group	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Bai' Al-Dayn RM'000	Bai' Al-Inah RM'000	At-Tawarruq RM'000	Ijarah Muntahiah Bit-Tamleek^ RM'000	Istisna' RM'000	Ar-Rahnu RM'000	Total RM'000
31 December 2019									
At amortised cost									
Cash line	-	-	-	1,497	1,429,391	-	-	-	1,430,888
Term financing									
House financing	3,422,625	-	-	-	16,194,868	-	47,072	-	19,664,565
Syndicated financing	-	-	-	-	1,032,250	-	-	-	1,032,250
Leasing financing	-	-	-	-	-	111,653	-	-	111,653
Bridging financing	-	-	-	-	-	-	52,122	-	52,122
Personal financing	-	-	-	6,680	14,614,052	-	-	-	14,620,732
Other term financing	721,670	1,290,035	-	24	9,591,672	-	1,130	-	11,604,531
Staff financing	52,414	10,872	-	-	179,838	-	8,372	-	251,496
Credit cards	-	-	-	-	492,829	-	-	-	492,829
Trade bills discounted	-	772,494	113,840	-	-	-	-	-	886,334
Trust receipts	-	5,269	-	193	-	-	-	-	5,462
Pawn broking	-	-	-	-	-	-	-	71,107	71,107
	4,196,709	2,078,670	113,840	8,394	43,534,900	111,653	108,696	71,107	50,223,969

Allowance for impairment on financing, advances and others :-

- Stage 1	(431,135)
- Stage 2	(148,115)
- Stage 3	(172,197)
Net financing, advances and others	49,472,522

^ 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

13. 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 ("URIA") and financing sold to Cagamas with recourse to the Group. The details are as follows:

		Group	
	Note	30.06.2020	31.12.2019
		RM'000	RM'000
House financing			
Unrestricted Investment Accounts	18	7,701,815	6,504,728
Sold to Cagamas with recourse	19	1,501,187	1,501,187
		<u>9,203,002</u>	<u>8,005,915</u>
Personal financing			
Unrestricted Investment Accounts	18	3,239,521	3,292,815

(b) Modified financing, advances and others

		Group	
		30.06.2020	31.12.2019
		RM'000	RM'000
Amortised cost before modification		52,872,133	50,223,969
- Loss on modification of financial assets		(97,772)	-
- Unwinding of modification loss		2,709	-
Amortised cost after modification		<u>52,777,070</u>	<u>50,223,969</u>

During the financial period, Bank Islam granted an automatic moratorium on certain financing repayments (except for credit card balances), by individuals and small and medium enterprises ("SMEs") for a period of six months from 1 April 2020. The automatic moratorium was applicable to financing that are not in arrears exceeding 90 days and denominated in Malaysian Ringgit. This measure was taken as a form of assistance to customers experiencing temporary financial difficulties resulting from COVID-19 pandemic. As a result of the payment moratorium, Bank Islam recognised a loss of RM97,772,000 arising from the modification of the expected cash flows of the financing under moratorium.

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

13. Financing, advances and others (continued)

(c) By type of customer

	Group	
	30.06.2020	31.12.2019
	RM'000	RM'000
Domestic non-bank financial institutions	1,337,038	1,595,043
Domestic business enterprise	9,620,251	8,384,026
Small & medium enterprises	1,750,021	2,017,946
Government and statutory bodies	1,207,542	729,905
Individuals	38,653,205	37,227,020
Other domestic entities	95,329	71,582
Foreign entities	208,747	198,447
	<u>52,872,133</u>	<u>50,223,969</u>

(d) By profit rate sensitivity

	Group	
	30.06.2020	31.12.2019
	RM'000	RM'000
Fixed rate		
House financing	769,808	985,880
Others	3,726,182	3,700,354
Floating rate		
House financing	20,192,806	19,299,203
Others	28,183,337	26,238,532
	<u>52,872,133</u>	<u>50,223,969</u>

(e) By remaining contractual maturity

	Group	
	30.06.2020	31.12.2019
	RM'000	RM'000
Maturity within one year	4,831,094	4,615,374
More than one year to three years	1,419,947	1,265,070
More than three years to five years	3,006,607	3,230,831
More than five years	43,614,485	41,112,694
	<u>52,872,133</u>	<u>50,223,969</u>

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

13. Financing, advances and others (continued)

(f) By geographical distribution

	Group	
	30.06.2020	31.12.2019
	RM'000	RM'000
Central Region	25,012,563	23,794,695
Eastern Region	8,137,260	7,861,683
Northern Region	6,988,441	6,673,024
Southern Region	8,956,302	8,278,422
East Malaysia Region	3,777,567	3,616,145
	<u>52,872,133</u>	<u>50,223,969</u>

(g) By sector

	Group	
	30.06.2020	31.12.2019
	RM'000	RM'000
Primary agriculture	1,087,714	1,266,687
Mining and quarrying	54,156	38,712
Manufacturing (including agro-based)	913,504	881,445
Electricity, gas and water	1,984,044	1,863,658
Wholesale & retail trade, and hotels & restaurants	901,029	927,772
Construction	2,799,931	2,238,954
Transport, storage and communications	778,057	918,959
Finance, insurance, real estate and business activities	4,082,271	3,731,211
Education, health and others	1,615,201	1,126,374
Household sectors	38,656,226	37,230,197
	<u>52,872,133</u>	<u>50,223,969</u>

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

	Group	
	30.06.2020	31.12.2019
	RM'000	RM'000
At 1 January 2020/2019	433,001	425,937
Classified as impaired during the period/year	165,310	701,221
Reclassified as not impaired during the period/year	(109,211)	(372,172)
Amount recovered	(33,398)	(97,001)
Amount written off	(84,175)	(224,984)
At 30 June 2020/31 December 2019	<u>371,527</u>	<u>433,001</u>
Gross impaired financing as a percentage of gross financing, advances and others	<u>0.70%</u>	<u>0.86%</u>

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

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

13. Financing, advances and others (continued)

(i) Impaired financing by geographical distribution

	Group	
	30.06.2020	31.12.2019
	RM'000	RM'000
Central Region	160,830	181,730
Eastern Region	91,865	101,743
Northern Region	76,186	79,976
Southern Region	25,219	47,527
East Malaysia Region	17,427	22,025
	<u>371,527</u>	<u>433,001</u>

(j) Impaired financing by sector

	Group	
	30.06.2020	31.12.2019
	RM'000	RM'000
Manufacturing (including agro-based)	30,550	45,715
Wholesale & retail trade, and hotels & restaurants	93,801	97,043
Construction	31,812	29,361
Transport, storage and communications	17,718	10,217
Finance, insurance, real estate and business activities	7,930	8,125
Education, health and others	7,422	8,179
Household sectors	182,294	234,361
	<u>371,527</u>	<u>433,001</u>

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

13. Financing, advances and others (continued)

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

Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2019	416,450	129,402	243,853	789,705
Transfer to Stage 1	1,931	(1,798)	(133)	-
Transfer to Stage 2	(6,868)	9,175	(2,307)	-
Transfer to Stage 3	(461)	(8,696)	9,157	-
Net allowance made during the year	(59,446)	45,272	149,340	135,166
New financial assets originated or purchased	127,923	2,567	2,411	132,901
Financial assets that have been derecognised	(44,291)	(27,807)	(5,140)	(77,238)
Write-offs	-	-	(224,984)	(224,984)
Exchange differences	(4,103)	-	-	(4,103)
At 31 December 2019/ 1 January 2020	431,135	148,115	172,197	751,447
Transfer to Stage 1	1,363	(1,317)	(46)	-
Transfer to Stage 2	(4,117)	7,968	(3,851)	-
Transfer to Stage 3	(179)	(6,811)	6,990	-
Net allowance made during the period	14,768	12,809	33,816	61,393
New financial assets originated or purchased	61,450	1,224	274	62,948
Financial assets that have been derecognised	(17,177)	(9,903)	(1,110)	(28,190)
Write-offs	-	-	(84,175)	(84,175)
Exchange differences	(891)	-	-	(891)
At 30 June 2020	486,352	152,085	124,095	762,532

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

14. Other financial assets at amortised cost

	Group		Company	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Takaful receivables	258,315	210,270	-	-
- <i>Due contributions</i>	246,847	162,632	-	-
- <i>Due from retakaful/co-takaful</i>	11,468	47,638	-	-
Clients' and dealers' debit balances	13,196	23,147	-	-
Deposits and prepayments	56,041	45,998	426	473
Other financing	6,624	80,925	-	-
Investment profit receivable	98,574	95,591	-	-
Sukuk	5,289	5,684	-	-
Dividend receivable	-	-	-	98,310
Amount due from subsidiaries	-	-	75	396
Other receivables	90,389	137,338	548	4,289
	<u>528,428</u>	<u>598,953</u>	<u>1,049</u>	<u>103,468</u>
Less: Accumulated impairment loss:				
Stage 3				
- Takaful receivables	(9,470)	(6,591)	-	-
- Sukuk	(5,289)	(5,684)	-	-
- Other receivables	(2,975)	(5,475)	-	-
	<u>510,694</u>	<u>581,203</u>	<u>1,049</u>	<u>103,468</u>

15. Retakaful assets

	Note	Group	
		30.06.2020	31.12.2019
		RM'000	RM'000
Retakaful assets:			
- Claims liabilities	21(i)	422,770	349,548
- Contribution liabilities	21(ii)	90,813	90,634
- Actuarial liabilities	21(iii)	342,219	315,614
		<u>855,802</u>	<u>755,796</u>

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

16. Right-of-use assets and lease liabilities

The statements of financial position shows the following amount relating to leases:

	Group	
	30.06.2020	31.12.2019
	RM'000	RM'000
Right-of-use assets		
Properties	238,133	249,484
Equipment	701	959
	<u>238,834</u>	<u>250,443</u>
Lease liabilities	<u>320,247</u>	<u>328,062</u>

The statements of profit or loss shows the following amount relating to leases:

	Group	
	30.06.2020	30.06.2019
	RM'000	RM'000
Depreciation charge on right-of-use assets:		
Properties	9,969	6,826
Equipment	319	319
	<u>10,288</u>	<u>7,145</u>
Finance cost	<u>9,005</u>	<u>9,026</u>

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

17. Deposits from customers

(a) By type of deposit

	Group	
	30.06.2020	31.12.2019
	RM'000	RM'000
Savings deposits		
<i>Qard</i>	6,021,314	4,681,710
Demand deposits		
<i>Qard</i>	10,617,125	10,932,557
Term Deposit	29,748,642	31,033,213
Special Investment Deposit		
<i>Mudharabah</i>	3,915	3,915
General Investment Deposit		
<i>Mudharabah</i>	197,342	209,693
Term Deposit-i		
<i>Tawarruq</i>	28,359,952	29,828,055
Negotiable Islamic Debt Certificates ("NIDC")	1,187,433	991,550
Others	98,836	105,234
Total Deposits	46,485,917	46,752,714

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

	Group	
	30.06.2020	31.12.2019
	RM'000	RM'000
Due within six months	14,577,312	12,084,789
More than six months to one year	6,438,166	7,183,724
More than one year to three years	5,982,175	9,056,935
More than three years to five years	2,750,989	2,707,765
	29,748,642	31,033,213

(c) By type of customer

	Group	
	30.06.2020	31.12.2019
	RM'000	RM'000
Domestic non-bank financial institutions	5,181,106	7,167,970
Business enterprises	21,019,990	19,656,635
Government and statutory bodies	10,126,032	11,479,529
Individuals	7,152,658	5,893,922
Domestic banking institutions	574,073	149,839
Others	2,432,058	2,404,819
	46,485,917	46,752,714

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

18. Investment accounts of customers

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

	Group	
	30.06.2020	31.12.2019
	RM'000	RM'000
Unrestricted investment accounts		
Without maturity		
<i>Mudharabah</i>	4,461,716	3,211,343
- <i>Saving</i>	3,818,459	2,880,046
- <i>Demand</i>	643,257	331,297
With maturity		
<i>Wakalah</i>	6,479,620	6,586,200
	10,941,336	9,797,543
Investment portfolio:		
- <i>House financing</i>	7,701,815	6,504,728
- <i>Personal financing</i>	3,239,521	3,292,815
	10,941,336	9,797,543
Restricted investment accounts ("RIA") managed by Bank Islam[^]		
With maturity		
<i>Wakalah</i>	22,837	35,062
Investment portfolio:		
- <i>Other term financing</i>	22,837	35,062

[^] Bank Islam has an arrangement with its ultimate holding entity where Bank Islam acts as an investment agent to manage and administer the RIA.

(b) **By type of customers**

	Group	
	30.06.2020	31.12.2019
	RM'000	RM'000
Individuals	4,307,632	3,448,415
Government and statutory bodies	3,934,142	3,747,895
Business enterprises	950,831	769,038
Non-bank financial institutions	1,648,025	1,739,850
International Islamic Bank	-	10,001
Others	100,706	82,344
	10,941,336	9,797,543

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

19. 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 13(a).

20. Other liabilities

	Group		Company	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Takaful payables	206,019	175,352	-	-
- <i>Due to retakaful companies</i>	180,585	141,931	-	-
- <i>Due to Intermediaries/Participants</i>	25,434	33,421	-	-
Accruals and other payables	1,137,517	1,209,069	1,212	2,271
Clients' and dealers' credit balances	13,117	23,035	-	-
Dividend payable	-	282,285	-	282,285
Amount due to subsidiaries	-	-	5	11
	1,356,653	1,689,741	1,217	284,567

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

Included in other payables are funds received from the Government amounting to RM11,420,000 (2019; Nil) at a concessionary rate for the purpose of financing to Small Medium Enterprises ("SMEs"). The financing given to SMEs by Bank Islam is to provide assistance for SMEs in maintaining business operations, safeguard jobs and encourage domestic investments during the COVID-10 pandemic and ensuring the sector's sustainability in the current economic environment.

21. Takaful contract liabilities

The takaful contract liabilities comprise the following:

	Note	Group	
		30.06.2020	31.12.2019
		RM'000	RM'000
Provision for outstanding claims	21(i)	789,454	703,598
Provision for unearned contributions	21(ii)	411,578	394,340
Participants' fund	21(iii)	7,450,864	7,099,218
		8,651,896	8,197,156

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

21. Takaful contract liabilities (continued)

(i) **Provision for outstanding claims**

The provision for outstanding claims is further analysed as follows:

Group	Gross RM'000	30.06.2020	Net RM'000
		Retakaful RM'000	
Provision for claims reported by participants	381,026	(240,103)	140,923
Provision for IBNR*	408,428	(182,667)	225,761
Provision for outstanding claims	789,454	(422,770)	366,684
		Note 15	
Group	Gross RM'000	31.12.2019	Net RM'000
		Retakaful RM'000	
Provision for claims reported by participants	341,249	(198,675)	142,574
Provision for IBNR*	362,349	(150,873)	211,476
Provision for outstanding claims	703,598	(349,548)	354,050
		Note 15	

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

Movement of provision for outstanding claims:

	Gross RM'000	Group Retakaful RM'000	Net RM'000
At 1 January 2019	633,725	(296,534)	337,191
Claims incurred during the year	1,270,364	(282,781)	987,583
Adjustment to claims incurred in prior accident years	(25,540)	27,126	1,586
Claims paid during the year	(1,198,289)	226,870	(971,419)
Movement in IBNR	23,219	(24,179)	(960)
Effect of movement in exchange rates	119	(50)	69
At 31 December 2019/ 1 January 2020	703,598	(349,548)	354,050
Claims incurred during the period	539,051	(115,224)	423,827
Claims paid during the period	(494,547)	84,712	(409,835)
Movement in IBNR	41,290	(42,689)	(1,399)
Effect of movement in exchange rates	62	(21)	41
At 30 June 2020	789,454	(422,770)	366,684

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

21. Takaful contract liabilities (liabilities)

(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
30.06.2020	411,578	(90,813)	320,765
		Note 15	
31.12.2019	394,340	(90,634)	303,706
		Note 15	

Movement of provision for unearned contributions:

	Gross RM'000	Group Retakaful RM'000	Net RM'000
At 1 January 2019	376,971	(76,884)	300,087
Contributions written during the year	723,511	(290,365)	433,146
Contributions earned during the year	(706,142)	276,615	(429,527)
At 31 December 2019/ 1 January 2020	394,340	(90,634)	303,706
Contributions written during the period	382,137	(150,502)	231,635
Contributions earned during the period	(364,899)	150,323	(214,576)
At 30 June 2020	411,578	(90,813)	320,765

(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
30.06.2020			
Actuarial liabilities	5,739,059	(342,219)	5,396,840
Unallocated surplus/ accumulated surplus	1,167,290	-	1,167,290
Fair value reserve	345,361	-	345,361
Net assets value attributable to unitholders	199,154	-	199,154
	7,450,864	(342,219)	7,108,645
		Note 15	

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

21. 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
31.12.2019			
Participants' account	3,663,688	-	3,663,688
Actuarial liabilities	1,929,616	(315,614)	1,614,002
Unallocated surplus/ accumulated surplus	1,029,093	-	1,029,093
Fair value reserve	273,331	-	273,331
Net assets value attributable to unitholders	<u>203,490</u>	<u>-</u>	<u>203,490</u>
	<u>7,099,218</u>	<u>(315,614)</u>	<u>6,783,604</u>
		Note 15	

22. Expense reserve

	Group	
	30.06.2020 RM'000	31.12.2019 RM'000
At 1 January 2020/2019	311,700	251,806
Provision for the period/year, net	11,322	59,588
Effect of movement in exchange rates	223	306
At 30 June 2020/31 December 2019	<u>323,245</u>	<u>311,700</u>

23. Sukuk liabilities

		Group		Company	
	Note	30.06.2020 RM'000	31.12.2019 RM'000	30.06.2020 RM'000	31.12.2019 RM'000
Sukuk liabilities	(a)	908,240	881,093	908,240	881,093
Subordinated					
Sukuk Murabahah	(b)	<u>1,359,067</u>	<u>1,258,573</u>	<u>-</u>	<u>-</u>
		<u>2,267,307</u>	<u>2,139,666</u>	<u>908,240</u>	<u>881,093</u>

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

23. Sukuk liabilities (continued)

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 (2019: 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
(v)	400,000	26 March 2020	26 March 2025	26 March 2030	3.75

* Optional redemption date or any periodic payment date thereafter.

Accrued and payable semi-annually in arrears.

The Bank issued item (v) on 26 March 2020 at 3.75% per annum to replace item (i) with the first call date on 22 April 2020.

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.

24. Other reserves

	Group	
	30.06.2020 RM'000	30.06.2019 RM'000
Capital reserve	6,863	6,863
Warrant reserve	129,300	129,300
FVOCI reserve	227,436	175,303
Translation reserve	(119,513)	(105,648)
Regulatory reserve	-	10,000
Long Term Incentive Plan (LTIP) reserve	17,184	7,860
	261,270	223,678
Acquisition reserve	(1,199,747)	(1,199,747)
	(938,477)	(976,069)

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 2020	6,863	129,300	209,278	(101,554)	25,000	13,839	282,726
Foreign exchange translation differences	-	-	-	(17,959)	-	-	(17,959)
Fair value reserve (debt instruments):							
Net change in fair value	-	-	183,966	-	-	-	183,966
Changes in expected credit losses	-	-	(27)	-	-	-	(27)
Net amount reclassified to profit or loss	-	-	(161,983)	-	-	-	(161,983)
Income tax effect relating to components of other comprehensive income	-	-	(4,372)	-	-	-	(4,372)
Fair value reserve (equity instruments):							
Net change in fair value	-	-	574	-	-	-	574
Transfer of regulatory reserve to retained earnings	-	-	-	-	(25,000)	-	(25,000)
Share-based payment transactions	-	-	-	-	-	3,345	3,345
At 30 June 2020	6,863	129,300	227,436	(119,513)	-	17,184	261,270

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 2019	6,863	129,300	10,846	(105,973)	10,000	9,949	60,985
Foreign exchange translation differences	-	-	-	325	-	-	325
Fair value reserve (debt instruments):							
Net change in fair value	-	-	239,884	-	-	-	239,884
Changes in expected credit losses	-	-	21	-	-	-	21
Net amount reclassified to profit or loss	-	-	(43,956)	-	-	-	(43,956)
Income tax effect relating to components of other comprehensive income	-	-	(43,199)	-	-	-	(43,199)
Fair value reserve (equity instruments):							
Net change in fair value	-	-	11,707	-	-	-	11,707
Share-based payment transactions	-	-	-	-	-	4,689	4,689
LTIP exercised	-	-	-	-	-	(6,778)	(6,778)
At 30 June 2019	6,863	129,300	175,303	(105,648)	10,000	7,860	223,678

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		6 months ended	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Income derived from investment of:				
(i) General investment deposits	3,258	4,161	6,879	8,437
(ii) Term deposit-i	384,201	455,751	828,319	917,530
(iii) Saving and demand deposits	223,235	204,344	451,371	413,521
(iv) Other deposits	17,685	22,543	32,837	55,118
	<u>628,379</u>	<u>686,799</u>	<u>1,319,406</u>	<u>1,394,606</u>

(i) Income derived from investment of general investment deposits

Group	3 months ended		6 months ended	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Finance income and hibah				
Financing, advances and others	2,644	3,481	5,515	7,075
Financial assets:				
- At FVTPL	23	22	50	44
- At FVOCI	271	353	542	745
- Other financial assets at amortised cost	1	2	1	2
Money at call and deposit with financial institutions	38	130	93	245
	<u>2,977</u>	<u>3,988</u>	<u>6,201</u>	<u>8,111</u>
Other dealing income				
Net (loss)/gain from sale of financial assets at FVTPL	(2)	42	(20)	73
Net gain/(loss) on revaluation of financial assets at FVTPL	8	(8)	1	25
	<u>6</u>	<u>34</u>	<u>(19)</u>	<u>98</u>
Other operating income				
Net gain from sale of financial assets at FVOCI	275	139	697	228
	<u>275</u>	<u>139</u>	<u>697</u>	<u>228</u>
	<u>3,258</u>	<u>4,161</u>	<u>6,879</u>	<u>8,437</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	13	48	52	95
<i>Unwinding of modification loss</i>	9	-	9	-
	<u>9</u>	<u>-</u>	<u>9</u>	<u>-</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		6 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and others	298,012	371,910	632,799	752,899
Financial assets:				
- At FVTPL	3,296	2,828	7,282	5,452
- At FVOCI	38,514	44,285	78,450	91,150
- Other financial assets at amortised cost	147	181	147	181
Money at call and deposit with financial institutions	4,427	14,846	11,219	27,205
	344,396	434,050	729,897	876,887
Other dealing income				
Net (loss)/gain from sale of financial assets at FVTPL	(305)	5,194	(2,921)	9,040
Net gain/(loss) on revaluation of financial assets at FVTPL	948	(1,414)	23	2,909
	643	3,780	(2,898)	11,949
Other operating income				
Net gain from sale of financial assets at FVOCI	39,162	17,921	101,320	28,694
	39,162	17,921	101,320	28,694
	384,201	455,751	828,319	917,530
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	1,847	5,963	7,621	11,560
<i>Unwinding of modification loss</i>	1,330	-	1,330	-

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		6 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and others	173,201	166,796	345,324	339,461
Financial assets:				
- At FVTPL	1,918	1,274	3,983	2,462
- At FVOCI	22,367	19,870	42,875	41,128
- Other financial assets at amortised cost	85	84	85	84
Money at call and deposit with financial institutions	2,573	6,578	6,063	12,143
	200,144	194,602	398,330	395,278
Other dealing income				
Net (loss)/gain from sale of financial assets at FVTPL	(172)	2,340	(1,646)	4,074
Net gain/(loss) on revaluation of financial assets at FVTPL	550	(562)	(5)	1,335
	378	1,778	(1,651)	5,409
Other operating income				
Net gain from sale of financial assets at FVOCI	22,713	7,964	54,692	12,834
	22,713	7,964	54,692	12,834
	223,235	204,344	451,371	413,521
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	1,078	2,689	4,045	5,217
<i>Unwinding of modification loss</i>	767	-	767	-

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		6 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and others	13,724	18,416	25,402	45,339
Financial assets:				
- At FVTPL	152	140	293	322
- At FVOCI	1,774	2,193	3,157	5,505
- Other financial assets at amortised cost	7	10	7	10
Money at call and deposit with financial institutions	205	734	446	1,613
	15,862	21,493	29,305	52,789
Other dealing income				
Net (loss)/gain from sale of financial assets at FVTPL	(14)	257	(194)	517
Net gain/(loss) on revaluation of financial assets at FVTPL	46	(103)	(42)	179
	32	154	(236)	696
Other operating income				
Net gain from sale of financial assets at FVOCI	1,791	896	3,768	1,633
	1,791	896	3,768	1,633
	17,685	22,543	32,837	55,118
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	95	312	292	718
<i>Unwinding of modification loss</i>	61	-	61	-

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

26. Income derived from investment account funds

Group	3 months ended		6 months ended	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Finance income				
Unrestricted investment accounts				
- <i>Mudharabah</i>	41,359	37,355	80,419	71,444
- <i>Wakalah</i>	79,784	58,237	174,722	98,982
Unwinding of modification loss	542	-	542	-
	<u>121,685</u>	<u>95,592</u>	<u>255,683</u>	<u>170,426</u>

27. Income derived from investment of shareholders' funds

Group	3 months ended		6 months ended	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Finance income and hibah				
Financing, advances and others	1,247	1,561	2,728	3,419
Financial assets at FVOCI	49,177	49,430	96,197	92,570
Money at call and deposit with financial institutions	3,084	2,463	6,789	4,478
	<u>53,508</u>	<u>53,454</u>	<u>105,714</u>	<u>100,467</u>
Other dealing income				
Net gain from foreign exchange transactions	9,822	12,366	25,573	29,002
Net gain/(loss) on revaluation of financial assets at FVTPL	16,263	5,592	(9,102)	5,724
Net derivatives gain/(loss)	10	16	25	(55)
	<u>26,095</u>	<u>17,974</u>	<u>16,496</u>	<u>34,671</u>
Other operating income				
Impairment for doubtful debts	1	(1)	1	(1)
Dividend income from debt instruments at FVTPL (unit trust)	7,767	4,692	7,940	4,881
Dividend income from equity instruments at FVOCI	-	259	-	259
Fees and commission	41,508	45,704	90,736	92,958
Net gain/(loss) on disposal of property and equipment	2	(1)	2	(1)
Rental income	246	263	672	707
Others	32	257	1,087	289
	<u>49,556</u>	<u>51,173</u>	<u>100,438</u>	<u>99,092</u>
	<u>129,159</u>	<u>122,601</u>	<u>222,648</u>	<u>234,230</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		6 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Money at call and deposit with financial institutions	2,457	1,692	5,499	2,902
	<u>2,457</u>	<u>1,692</u>	<u>5,499</u>	<u>2,902</u>
Other dealing income				
Net (loss)/gain on revaluation of financial assets at FVTPL	(92)	152	(121)	286
	<u>(92)</u>	<u>152</u>	<u>(121)</u>	<u>286</u>
Other operating income				
Dividend income from debt instruments at FVTPL (unit trust)	366	-	366	-
Dividend income from subsidiary companies	151,854	152,310	151,854	152,310
Others	-	-	1,006	3
	<u>152,220</u>	<u>152,310</u>	<u>153,226</u>	<u>152,313</u>
	<u>154,585</u>	<u>154,154</u>	<u>158,604</u>	<u>155,501</u>

28. Net earned contributions

Group	3 months ended		6 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Net earned contributions				
Gross earned contributions	436,095	627,889	1,133,102	1,333,539
Contribution ceded to retakaful	(102,247)	(94,650)	(214,891)	(200,626)
	<u>333,848</u>	<u>533,239</u>	<u>918,211</u>	<u>1,132,913</u>

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

29. Other income from takaful business

Group	3 months ended		6 months ended	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Other income				
Administration income	17,763	13,304	40,564	33,338
Investment income	88,113	86,752	175,964	167,564
Realised gains and losses	20,734	3,614	20,734	6,504
Fair value gains and losses	47,453	19,525	(35,236)	40,647
Other operating income	990	372	1,743	873
	<u>175,053</u>	<u>123,567</u>	<u>203,769</u>	<u>248,926</u>

30. Net benefits, claims and expense reserves

Group	3 months ended		6 months ended	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Net benefits and claims				
Gross benefits and claims paid	(192,818)	(277,203)	(494,459)	(565,440)
Claims ceded to retakaful	35,558	54,742	84,712	102,574
Gross change to contract liabilities	(14,253)	(153)	(85,793)	(42,377)
Change to contract liabilities ceded to takaful	15,958	1,770	73,201	28,919
	<u>(155,555)</u>	<u>(220,844)</u>	<u>(422,339)</u>	<u>(476,324)</u>
Expense reserves	<u>9,533</u>	<u>(12,218)</u>	<u>(11,322)</u>	<u>(52,761)</u>
Net benefits, claims and expense reserves	<u>(146,022)</u>	<u>(230,062)</u>	<u>(433,661)</u>	<u>(529,085)</u>

31. Net allowance for impairment on financing and advances

Group	3 months ended		6 months ended	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Net allowance for impairment on financing, advances and others				
- Stage 1	58,566	(3,354)	59,041	(7)
- Stage 2	(33,556)	919	4,130	21,771
- Stage 3	12,970	53,638	32,980	76,746
Bad debts and financing recovered	(12,039)	(21,584)	(39,472)	(45,692)
	<u>25,941</u>	<u>29,619</u>	<u>56,679</u>	<u>52,818</u>

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

32. Income attributable to depositors

Group	3 months ended		6 months ended	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Deposits from customers				
- Mudharabah Fund	1,052	2,076	2,665	4,110
- Non-Mudharabah Fund	235,113	319,206	518,014	649,144
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah Fund	340	321	340	321
Recourse obligations on financing sold to Cagamas	17,777	17,802	35,561	35,614
	<u>254,282</u>	<u>339,405</u>	<u>556,580</u>	<u>689,189</u>

33. Income attributable to investment account holders

Group	3 months ended		6 months ended	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Unrestricted investment accounts				
- <i>Mudharabah</i>	2,794	3,382	5,465	5,299
- <i>Wakalah</i>	52,677	39,471	115,821	65,991
	<u>55,471</u>	<u>42,853</u>	<u>121,286</u>	<u>71,290</u>

34. Personnel expenses

Group	3 months ended		6 months ended	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Salaries and wages	152,506	152,216	310,664	310,330
Employees' Provident Fund	22,052	20,654	44,502	41,070
Directors remuneration	1,812	2,216	4,430	5,183
Others	10,398	18,306	33,554	34,489
	<u>186,768</u>	<u>193,392</u>	<u>393,150</u>	<u>391,072</u>

Company	3 months ended		6 months ended	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Salaries and wages	218	790	1,366	2,362
Employees' Provident Fund	123	160	242	304
Directors remuneration	284	363	764	888
Others	89	149	194	335
	<u>714</u>	<u>1,462</u>	<u>2,566</u>	<u>3,889</u>

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

35. Other overhead expenses

Group	3 months ended		6 months ended	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
<i>Promotion</i>				
Advertisement and publicity	27,521	38,741	78,467	83,925
Credit and debit card expenses	7,952	7,052	17,434	14,115
Commission	29,654	50,189	88,060	109,828
	<u>65,127</u>	<u>95,982</u>	<u>183,961</u>	<u>207,868</u>
<i>Establishment</i>				
Depreciation of right-of-use assets	5,141	3,611	10,288	7,145
Depreciation of property and equipment	16,750	15,860	33,671	31,769
Depreciation of investment property	72	72	145	145
Amortisation of intangible assets	7,505	7,316	15,011	14,632
Information technology expenses	13,492	10,136	28,241	22,252
Office rental	6,425	8,492	15,186	17,233
Office maintenance	6,316	5,165	13,933	10,080
Utilities	4,280	5,408	8,641	9,871
Security services	1,882	2,413	4,759	4,679
Rental equipment	1,312	535	3,005	2,763
Takaful and insurance	807	1,164	851	2,254
Others	218	216	713	738
	<u>64,200</u>	<u>60,388</u>	<u>134,444</u>	<u>123,561</u>
<i>General expenses</i>				
Professional fees	9,947	8,243	19,253	18,357
Outsourcing fees	3,956	4,024	7,868	8,818
Travelling & transport	244	2,350	1,059	4,390
Office supplies	2,210	2,724	5,080	5,207
Subscription fees	1,556	1,379	3,400	2,596
Auditors' remuneration	687	627	1,225	1,155
Processing charges	238	215	482	536
Others	37,772	30,484	80,493	61,327
	<u>56,610</u>	<u>50,046</u>	<u>118,860</u>	<u>102,386</u>
	<u>185,937</u>	<u>206,416</u>	<u>437,265</u>	<u>433,815</u>

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

35. Other overhead expenses (continued)

Company	3 months ended		6 months ended	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
<i>Promotion</i>				
Advertisement and publicity	45	165	1,069	164
	<u>45</u>	<u>165</u>	<u>1,069</u>	<u>164</u>
<i>Establishment</i>				
Depreciation of property and equipment	29	23	57	45
Information technology expenses	24	25	31	33
Office rental	264	266	529	532
Office maintenance	3	5	6	7
Utilities	3	7	9	14
Rental equipment	24	23	47	48
Takaful and insurance	28	28	56	56
	<u>375</u>	<u>377</u>	<u>735</u>	<u>735</u>
<i>General expenses</i>				
Professional fees	120	227	516	262
Travelling & transportation	2	7	4	10
Office supplies	4	9	11	19
Subscription fees	-	2	1	3
Auditors' remuneration	44	61	88	122
Others	29	532	550	973
	<u>199</u>	<u>838</u>	<u>1,170</u>	<u>1,389</u>
	<u>619</u>	<u>1,380</u>	<u>2,974</u>	<u>2,288</u>

36. Finance cost

Group	Note	3 months ended		6 months ended	
		30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Finance cost:					
- Sukuk liabilities		30,661	29,863	61,234	59,397
- Profit expense on leases	16	4,497	4,502	9,005	9,026
		<u>35,158</u>	<u>34,365</u>	<u>70,239</u>	<u>68,423</u>

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

36. Finance cost (continued)

Company	3 months ended		6 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Finance cost:				
- Sukuk liabilities	13,573	13,111	27,147	26,078
	<u>13,573</u>	<u>13,111</u>	<u>27,147</u>	<u>26,078</u>

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

37. 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.

	Banking	Takaful	Others	Eliminated	Consolidated
3 months ended 30 June 2020	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Business segments</i>					
Segment result					
Revenue from external customers	779,455	362,880	2,356	-	1,144,691
Inter-segment revenue	4,270	9,552	154,546	(168,368)	-
Total revenue	783,725	372,432	156,902	(168,368)	1,144,691
Net income from operations (before allowance for impairment on financing and other assets)	465,717	223,497	156,902	(160,113)	686,003
Operating overheads	(252,584)	(125,739)	(4,352)	7,573	(375,102)
Operating results	213,133	97,758	152,550	(152,540)	310,901
Allowance for impairment	(23,483)	-	-	-	(23,483)
Finance cost	(22,237)	(18)	(13,589)	686	(35,158)
Profit before zakat and taxation	167,413	97,740	138,961	(151,854)	252,260

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

37. Operating segment information (continued)

3 months ended 30 June 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	902,469	423,744	2,530	-	1,328,743
Inter-segment revenue	7,009	7,543	154,357	(168,909)	-
Total revenue	909,478	431,287	156,887	(168,909)	1,328,743
Net income from operations (before allowance for impairment on financing and other assets)	521,827	258,437	156,887	(163,516)	773,635
Operating overheads	(247,825)	(160,146)	(6,222)	10,520	(403,673)
Operating results	274,002	98,291	150,665	(152,996)	369,962
Allowance for impairment	(34,577)	-	-	-	(34,577)
Finance cost	(21,912)	-	(13,139)	686	(34,365)
Profit before zakat and taxation	217,513	98,291	137,526	(152,310)	301,020

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

37. Operating segment information (continued)

6 months ended 30 June 2020	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	1,694,806	688,319	5,638	-	2,388,763
Inter-segment revenue	12,489	18,067	157,849	(188,405)	-
Total revenue	1,707,295	706,386	163,487	(188,405)	2,388,763
Net income from operations (before allowance for impairment on financing and other assets)	1,012,081	530,022	163,487	(171,057)	1,534,533
Operating overheads	(524,857)	(317,865)	(11,500)	17,832	(836,390)
Operating results	487,224	212,157	151,987	(153,225)	698,143
Allowance for impairment	(53,811)	-	-	-	(53,811)
Finance cost	(44,450)	(35)	(27,125)	1,371	(70,239)
Profit before zakat and taxation	388,963	212,122	124,862	(151,854)	574,093
Segment assets	68,645,444	10,910,597	5,979,971	(6,611,497)	78,924,515
Segment liabilities	62,649,269	9,489,963	924,768	(1,104,371)	71,959,629

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

37. Operating segment information (continued)

6 months ended 30 June 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	1,794,440	852,754	5,055	-	2,652,249
Inter-segment revenue	15,026	13,487	156,006	(184,519)	-
Total revenue	1,809,466	866,241	161,061	(184,519)	2,652,249
Net income from operations (before allowance for impairment on financing and other assets)	1,038,777	553,097	161,061	(174,309)	1,578,626
Operating overheads	(500,781)	(340,322)	(12,187)	20,635	(832,655)
Operating results	537,996	212,775	148,874	(153,674)	745,971
Allowance for impairment	(56,944)	-	-	-	(56,944)
Finance cost	(43,651)	-	(26,136)	1,364	(68,423)
Profit before zakat and taxation	437,401	212,775	122,738	(152,310)	620,604
Segment assets	64,243,581	9,753,841	5,790,887	(6,215,663)	73,572,646
Segment liabilities	58,729,720	8,560,768	907,586	(855,568)	67,342,506

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

38. Valuation of property and equipment

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

39. Changes in composition of the Group

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

40. 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

40. Fair value of financial instruments (continued)

Fair value information

30.06.2020

Group
RM'000

Financial assets

Financial assets at FVTPL

Derivative financial assets

Financial assets at FVOCI

Financing, advances and others

Total assets

Financial liabilities

Derivative financial liabilities

Recourse obligations on financing
sold to Cagamas

Sukuk liabilities

Total liabilities

30.06.2020

Company

Financial assets

Financial assets at FVTPL

Total assets

Financial liabilities

Sukuk liabilities

Total liabilities

	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 at FVTPL	554,353	1,772,208	-	2,326,561	-	-	-	-	2,326,561	2,326,561
Derivative financial assets	-	46,375	-	46,375	-	-	-	-	46,375	46,375
Financial assets at FVOCI	9,552	16,202,367	678,825	16,890,744	-	-	-	-	16,890,744	16,890,744
Financing, advances and others	-	-	-	-	-	-	55,167,979	55,167,979	55,167,979	52,014,538
Total assets	563,905	18,020,950	678,825	19,263,680	-	-	55,167,979	55,167,979	74,431,659	71,278,218
Financial liabilities										
Derivative financial liabilities	-	15,746	-	15,746	-	-	-	-	15,746	15,746
Recourse obligations on financing sold to Cagamas	-	-	-	-	-	-	1,572,150	1,572,150	1,572,150	1,501,187
Sukuk liabilities	-	-	-	-	-	-	2,355,766	2,355,766	2,355,766	2,267,307
Total liabilities	-	15,746	-	15,746	-	-	3,927,916	3,927,916	3,943,662	3,784,240
30.06.2020										
Company										
Financial assets										
Financial assets at FVTPL	7,362	-	-	7,362	-	-	-	-	7,362	7,362
Total assets	7,362	-	-	7,362	-	-	-	-	7,362	7,362
Financial liabilities										
Sukuk liabilities	-	-	-	-	-	-	972,721	972,721	972,721	908,240
Total liabilities	-	-	-	-	-	-	972,721	972,721	972,721	908,240

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

40. Fair value of financial instruments (continued)

Fair value information (continued)

31.12.2019 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	540,943	953,172	380	1,494,495	-	-	-	-	1,494,495	1,494,495
Derivative financial assets	-	33,326	-	33,326	-	-	-	-	33,326	33,326
Financial assets at FVOCI	8,978	16,369,073	568,833	16,946,884	-	-	-	-	16,946,884	16,946,884
Financing, advances and others	-	-	-	-	-	-	52,407,186	52,407,186	52,407,186	49,472,522
Total assets	549,921	17,355,571	569,213	18,474,705	-	-	52,407,186	52,407,186	70,881,891	67,947,227
Financial liabilities										
Derivative financial liabilities	-	36,746	-	36,746	-	-	-	-	36,746	36,746
Recourse obligations on financing sold to Cagamas	-	-	-	-	-	-	1,553,085	1,553,085	1,553,085	1,501,187
Sukuk liabilities	-	-	-	-	-	-	2,217,066	2,217,066	2,217,066	2,139,666
Total liabilities	-	36,746	-	36,746	-	-	3,770,151	3,770,151	3,806,897	3,677,599
31.12.2019 Company										
Financial assets										
Financial assets at FVTPL	7,117	-	-	7,117	-	-	-	-	7,117	7,117
Total assets	7,117	-	-	7,117	-	-	-	-	7,117	7,117
Financial liabilities										
Sukuk liabilities	-	-	-	-	-	-	932,998	932,998	932,998	881,093
Total liabilities	-	-	-	-	-	-	932,998	932,998	932,998	881,093

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

40. Fair value of financial instruments (continued)

The following table presents the changes in Level 3 instruments for the three months ended 30 June 2020 for the Group:

<i>Financial assets at FVOCI</i>	Group	
	RM'000 30.06.2020	RM'000 31.12.2019
At 1 January 2020/2019	568,833	341,697
Purchases	100,000	205,844
Disposal	(3,744)	(15,842)
Gains recognised in profit or loss		
- Investment income - realised	13,134	20,020
Gains recognised in other comprehensive income		
- Net change in fair value (unrealised)	602	17,114
At 30 June 2020/31 December 2019	678,825	568,833

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

Financial assets measured at FVOCI

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Unquoted shares	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value
Institutional trust account	Discounted cash flows using market profit rate for a similar instrument at the measurement date	4.58% (2019: 4.58%)	The estimated fair value would increase (decrease) if the discount rate were (lower) higher.

(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.

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

40. Fair value of financial instruments (continued)

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

(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.

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

Group	30.06.2020				
	Principal Amount RM'000	up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000
Items					
Foreign exchange related contracts					
- forwards	2,266,297	456,909	936,850	852,351	20,187
- swaps	2,195,549	1,123,432	984,217	87,900	-
- spot	541,169	541,169	-	-	-
Total	5,003,015	2,121,510	1,921,067	940,251	20,187

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 June 2020, the amount of contracts which were not hedged and, hence, exposed to market risk was RM583.65 million (31 December 2019: RM580.44 million).

Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Bank has a gain position. This amount will increase or decrease over the life of the contracts, maturity dates and rates or prices. As at 30 June 2020, the credit risk measured in terms of the cost to replace the profitable contracts, was RM98.81 million (31 December 2019: RM79.77 million).

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

42. 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:

	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
As at 30.06.2020				
<i>Credit-related Exposures</i>				
Direct credit substitutes	388,844		388,844	385,786
Transaction related contingent items	884,158		442,080	423,586
Short term self-liquidating trade related contingencies	524,691		104,938	104,629
Other commitments, such as formal standby facilities and credit lines with an original maturity of exceeding one year	1,014,831		507,415	403,210
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	8,152,753		-	-
	10,965,277		1,443,277	1,317,211
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- Less than one year	5,003,015	43,683	92,397	72,838
Profit rate related contracts				
- One year to less than five years	130,803	2,692	6,414	4,845
	5,133,818	46,375	98,811	77,683
	16,099,095	46,375	1,542,088	1,394,894

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

42. 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 31.12.2019				
<i>Credit-related Exposures</i>				
Direct credit substitutes	416,059		416,059	413,653
Transaction related contingent items	930,689		465,344	442,978
Short term self-liquidating trade related contingencies	603,739		120,748	120,588
Other commitments, such as formal standby facilities and credit lines with original maturity of exceeding one year	1,168,133		584,067	433,070
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	7,892,943		-	-
	11,011,563		1,586,218	1,410,289
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- Less than one year	6,255,520	31,626	72,532	38,011
Profit rate related contracts				
- One year to less than five years	147,098	1,700	7,240	4,886
	6,402,618	33,326	79,772	42,897
	17,414,181	33,326	1,665,990	1,453,186

43. 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 Risk-Weighted Assets). 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

43. Capital adequacy (continued)

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

Group	30.06.2020	31.12.2019
	%	%
Common Equity Tier I ("CET I") Capital Ratio	12.660	12.656
Total Tier I Capital Ratio	12.660	12.656
Total Capital Ratio	17.234	17.052

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

Group	30.06.2020	31.12.2019
	RM'000	RM'000
Paid-up share capital	4,412,261	4,307,819
Retained earnings	1,949,475	1,924,475
Other reserves	(975,277)	(946,505)
<u>Less:</u>		
Investment in subsidiary	(99,053)	(99,053)
Deferred tax assets	(41,055)	(34,431)
Gain on financial instruments classified as fair value through other comprehensive income	(115,472)	(107,543)
Regulatory reserve	-	(25,000)
Total CET I and Tier I Capital	5,130,879	5,019,762
Sukuk Murabahah	1,400,000	1,300,000
Collective assessment allowance and regulatory reserve [^]	453,495	443,476
Total Tier II Capital	1,853,495	1,743,476
Total Capital	6,984,374	6,763,238

[^] 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:

Group	30.06.2020	31.12.2019
	RM'000	RM'000
Credit risk	44,239,358	42,746,503
Less: Credit risk absorbed by unrestricted investment accounts	(7,959,749)	(7,268,408)
	36,279,609	35,478,095
Market risk	583,645	580,444
Operational risk	3,663,421	3,603,044
	40,526,675	39,661,583

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

42. Credit Transactions and Exposures with Connected Parties

Group	30.06.2020 RM'000	31.12.2019 RM'000
Outstanding credit exposures with connected parties	1,869,070	1,597,633
% of outstanding credit exposures to connected parties as a proportion of total credit exposures	2.99%	3.18%
% of outstanding credit exposures to connected parties which is non-performing or in default	0.00%	0.00%

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 six months ended 30 June 2020

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

	Cumulative Period		Variance	
	Current Year To-date	Preceding Year Corresponding Period		
	RM'000	30.06.2020	30.06.2019	Amount
Revenue	2,388,763	2,652,249	(263,486)	-9.93
Operating Profit	698,143	745,971	(47,828)	-6.41
Profit Before Zakat and Taxation	574,093	620,604	(46,511)	-7.49
Profit After Zakat and Taxation	434,167	469,818	(35,651)	-7.59
Profit Attributable to Equity Holders of the Parent	362,263	397,678	(35,415)	-8.91

Table 1: Financial review for financial year to date

BIMB Holdings Berhad ("BHB") Group reported Profit Before Zakat and Taxation ("PBZT") for the six months ended 30 June 2020 of RM574.1 million, representing a decrease of 7.5% or RM46.5 million as compared to the corresponding period in 2019 of RM620.6 million.

At the operating profit level, the Group's operating profit of RM698.1 million was lower by RM47.8 million or 6.4% compared to the corresponding period in 2019 of RM746.0 million.

The net profit attributable to shareholders decreased by 8.9% or RM35.4 million to RM362.3 million as compared to the corresponding period in 2019 of RM397.7 million.

BHB Group registered a Return on Equity ("ROE") of 12.6% (after tax and zakat). Net assets per share has improved to RM3.55 as at 30 June 2020 compared to RM3.34 as at 31 December 2019.

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").

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

B1. Performance review for the six months ended 30 June 2020 (continued)

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

Bank Islam Malaysia Berhad

For the six months ended 30 June 2020, Bank Islam reported a PBZT of RM389.0 million, a decrease of RM48.4 million or 11.1% over the PBZT of the corresponding period last year of RM437.4 million. The decrease was mainly due to lower net financing income arising from multiple overnight policy rate ("OPR") cut and recognition of modification loss due to payment moratorium.

The non-fund based income increased by RM74.4 million for the six months ended 30 June 2020 compared to the corresponding period in 2019, which was mainly due to higher investment income.

The higher overheads by RM24.1 million was mainly due to higher general expenses and staff costs by RM14.2 million and RM11.6 million respectively.

Meanwhile, the increase in finance cost by RM0.8 million or 1.8% over the Q2 2019 was mainly due to a new issuance of Subordinated Sukuk Murabahah amounted to RM400 million on 26 March 2020.

The Bank recorded net allowance charged for impairment on financing and advances of RM56.7 million for the six months ended 30 June 2020 compared to RM52.8 million in the same period last year, higher by RM3.9 million. The increase in net allowance charged was mainly attributed to higher net allowance charged for impairment on financing by RM2.4 million and lower bad debts recovered by RM6.2 million.

The Bank's total assets stood at RM68.6 billion as at 30 June 2020, a year-on-year ("Y-o-Y") increase by RM4.4 billion from RM64.2 billion reported as at 30 June 2019 which was mainly contributed by the increase in net financing by RM5.6 billion. The overall increase however was partly offset with lower statutory deposits with Bank Negara Malaysia of RM1.3 billion.

As at end of June 2020, customer deposits and investment accounts stood at RM58.5 billion with a year-on-year increase by RM3.7 billion or 6.8%. Total current and saving accounts and transactional investment accounts ("CASATIA") composition is at healthy level of 36.2% of total customer deposits and investment accounts.

Total gross impaired financing as at 30 June 2020 was RM371.5 million compared to RM559.4 million as at 30 June 2019.

Syarikat Takaful Malaysia Keluarga Berhad

For the six months ended 30 June 2020, Takaful Malaysia recorded PBZT of RM211.8 million, as compared to RM210.4 million in the same period last year.

Takaful Malaysia recorded operating revenue of RM1,428.8 million for the six months ended 30 June 2020, lower as compared to RM1,591.1 million as compared to the same period last year. The decrease was mainly attributable to lower sales generated from Family Takaful business.

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

B1. Performance review for the six months ended 30 June 2020 (continued)

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

Syarikat Takaful Malaysia Keluarga Berhad (continued)

Family Takaful business generated gross earned contributions of RM772.1 million for the six months period ended 30 June 2020, lower as compared to RM967.5 million in the corresponding period last year. This was due to lower sales from credit-related and group medical products as the business activities have been impacted by the Movement Control Order ("MCO") and Conditional Movement Control Order ("CMCO") arising from the COVID-19 pandemic over the period of 84 days.

The net benefits and claims for Family Takaful business decreased by 9.0% to RM350.1 million for the six months period ended 30 June 2020 from RM384.6 million in the same period of the preceding year. The decrease was mainly attributable to lower death and medical claims.

Investment income for the Family Takaful business increased by 5.7% to RM144.5 million as compared to RM136.7 million in the same period of the preceding year, mainly due to higher profit from fixed income investment.

For the six months period ended 30 June 2020, Family Takaful recorded fair value losses of RM34.3 million, decreased by RM70.2 million as compared to fair value gains of RM 35.9 million in the same period of the preceding year. The fair value losses were mainly due to equity market performance.

General Takaful business generated gross earned contributions of RM364.8 million for the six months period ended 30 June 2020, lower as compared to RM370.4 million in the corresponding period last year. The decrease was mainly attributable to fire class as the business activities have been impacted by the MCO and CMCO arising from the COVID-19 pandemic.

The net benefits and claims for General Takaful business decreased by 18.2% to RM80.4 million for the six months period ended 30 June 2020 from RM98.3 million in the same period of the preceding year, mainly due to lower claims relating to motor class.

The investment income for the six months period ended 30 June 2020 was RM15.9 million, at par as compared to the same period of the preceding year of RM15.7 million.

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

B1. Performance review for the six months ended 30 June 2020 (continued)

Current Quarter vs. Previous Year Corresponding Quarter

	Individual Period		Variance	
	Current Year Quarter	Preceding Year Corresponding Quarter		
	30.06.2020	30.06.2019	Amount	%
RM'000				
Revenue	1,144,691	1,328,743	(184,052)	-13.85
Operating Profit	310,901	369,962	(59,061)	-15.96
Profit Before Zakat and Taxation	252,260	301,020	(48,760)	-16.20
Profit After Zakat and Taxation	183,932	228,229	(44,297)	-19.41
Profit Attributable to Equity Holders of the Parent	153,026	195,162	(42,136)	-21.59

Table 2: Financial review for current quarter

For the second quarter ended 30 June 2020 ("Q2 2020"), the Group registered PBZT of RM252.3 million, a decrease of 16.2% or RM48.8 million as compared to the previous year corresponding quarter ("Q2 2019") of RM301.0 million.

Net profit attributable to shareholders drop by 21.6% or RM42.1 million over the same period to RM153.0 million.

Bank Islam Malaysia Berhad

For Q2 2020, Bank Islam reported PBZT of RM167.4 million, a decrease of RM50.1 million or 23.0% over the PBZT of the corresponding quarter last year of RM217.5 million. The decrease in PBZT was mainly due to lower total net income.

Total net income decreased by RM56.1 million or 10.8% due to the multiple reduction of OPR despite a 12.1% Y-o-Y growth in gross financing. Furthermore, there are recognition of modification loss of RM 97.8 million due to payment moratorium.

The Bank recorded net allowance charged for impairment on financing and advances of RM25.9 million compared to RM29.6 million in the corresponding period last year. The decrease in net allowance charged was mainly contributed by lower impairment of on financing, advances and others by RM13.2 million.

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

B1. Performance review for the six months ended 30 June 2020 (continued)

Current Quarter vs. Previous Year Corresponding Quarter (continued)

Syarikat Takaful Malaysia Keluarga Berhad

For Q2 2020, Takaful Malaysia recorded PBZT of RM97.6 million, at par as compared to RM97.1 million in Q2 2019.

For Q2 2020 under review, Takaful Malaysia generated Operating Revenue of RM515.7 million as compared to RM673.0 million in Q2 2019. The decrease was mainly attributable to lower sales generated by Family Takaful business.

For Q2 2020 under review, Family Takaful business recorded gross earned contributions of RM275.8 million as compared to RM464.6 million in Q2 2019. The decrease is mainly attributable to lower sales from credit-related products as the business activities have been impacted by the MCO and CMCO arising from the COVID-19 pandemic.

Family Takaful business recorded net benefits and claims of RM135.5 million, a decrease of 24.5% as compared to Q2 2019. The decrease was mainly due to lower surrender, death and medical claims.

For Q2 2020 under review, General Takaful business generated gross earned contributions of RM162.8 million, decreased as compared to RM166.2 million in Q2 2019. The decrease was mainly from fire class as the business activities have been impacted by the MCO and CMCO arising from the COVID-19 pandemic.

General Takaful business recorded net benefits and claims of RM22.8 million for Q2 2020, a decrease of 49.3% as compared to Q2 2019. The decrease was mainly due to lower claims relating to motor class.

B2. Comparison with the preceding quarter's results for the three months performance (Second Quarter 2020 vs. First Quarter 2020)

	Current Quarter	Immediate Preceding Quarter	Variance	
	30.06.2020	31.03.2020	Amount	%
RM'000				
Revenue	1,144,691	1,244,072	(99,381)	-7.99
Operating Profit	310,901	387,242	(76,341)	-19.71
Profit Before Zakat and Taxation	252,260	321,833	(69,573)	-21.62
Profit After Zakat and Taxation	183,932	250,235	(66,303)	-26.50
Profit Attributable to Equity Holders of the Parent	153,026	209,237	(56,211)	-26.86

Table 3: Financial review for current quarter compared with immediate preceding quarter

For the second quarter ended 30 June 2020 ("Q2 2020"), the BHB Group reported PBZT of RM252.3 million against a PBZT of RM321.8 million achieved for the immediate preceding quarter ended 31 March 2020 ("Q1 2020"), a decrease of RM69.6 million or 21.6%.

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 (Second Quarter 2020 vs. First Quarter 2020) (continued)

At the operating profit level, the Group's operating profit for Q2 2020 of RM310.9 million was lower by RM76.3 million or 19.7% as compared to Q1 2020 of RM387.2 million.

Bank Islam Malaysia Berhad

For Q2 2020, the Bank registered PBZT of RM167.4 million, a decreased by 24.4% or RM54.1 million as compared to RM221.6 million in Q1 2020. The decrease in PBZT was mainly attributable to lower total net income. This was partially set off by the lower overheads by RM19.7 million between quarters.

Syarikat Takaful Malaysia Keluarga Berhad.

For Q2 2020, Takaful Malaysia registered PBZT of RM97.6 million, lower as compared to Q1 2020 of RM114.2 million. The decrease in profit was mainly attributable to lower net wakalah fee income arising from lower sales generated from Family Takaful.

For Q2 2020, Takaful Malaysia generated Operating Revenue of RM515.7 million, lower as compared to RM913.0 million in Q1 2020. The decrease is mainly attributable to lower sales generated from Family Takaful business as the business activities have been impacted by the MCO and CMCO arising from the COVID-19 pandemic.

Family Takaful business recorded gross earned contributions of RM275.8 million as compared to RM496.3 million in Q1 2020. The decrease was mainly attributable to lower sales from credit-related and group medical products as the business activities have been impacted by the MCO and CMCO arising from the COVID-19 pandemic.

For Q2 2020, Family Takaful business recorded net benefits and claims of RM135.5 million, decreased by 36.9% as compared to Q1 2020 of RM214.6 million. The decrease was mainly due to lower death, surrender and medical claims.

For Q2 2020, General Takaful business generated gross earned contributions of RM162.8 million, lower as compared to RM202.0 million in Q1 2020. The decrease was mainly contributed from fire and commercial classes as the business activities have been impacted by the MCO and CMCO arising from the COVID-19 pandemic.

For Q2 2020, General Takaful business recorded net benefits and claims claims of RM22.8 million, decreased by 60.5% as compared to Q1 2020. The decrease was mainly due to lower claims relating to fire, motor and commercial classes during the MCO and CMCO period.

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

B3. Prospects for 2020

Bank Islam Malaysia Berhad

The global pandemic has caused unprecedented challenges on both health and economic fronts, the global commodity prices have declined sharply, with Gross Domestic Product ("GDP") expected to contract by 4.9% before rebounding to 5.0% in 2021. Being an open economy, Malaysia would not be spared with the latest forecast by the Bank Negara Malaysia ("BNM") showing the country's revised 2020 GDP to range between -3.5% to -5.5% due to the Movement Control Order ("MCO") taking full effect during the quarter to stem the spread of Covid-19. As such, expansionary fiscal and monetary policies have been adopted by the authorities in order to mitigate the negative shocks to the economy.

S&P Global Ratings has downgraded Malaysian banking system to negative from stable due to additional downside risks to the government's fiscal metrics, given the weak global economic climate, and heightened policy uncertainty.

While the Malaysian banking sector landscape remains challenging, the financing growth continues to show resiliency as the total loan growth for the banking industry sustained at 3.9% in May (April: 4.0%). The Gross Impaired Financing Ratio ("GIFR") edged down to 1.58% in April from 1.59% in March. The GIFR for Household sector financing has decreased to 1.07% in April from 1.11% in the preceding month. This is reflected by the asset quality which remained stable in May as the financial institutions are sensible in extending financing facilities to customers. Nevertheless, sentiments remain driven by lingering uncertainties and volatility, as the path to recovery is unlikely to be clear cut for the banking industry. Pursuant to the moratorium on repayment of financing given to the customers, the Bank had recognised an amount of modification loss as stated in the income statements and the corresponding notes to the financial statements for the period. With the revision of forecasted GDP by Bank Negara Malaysia, the Bank is anticipating an impact to its profitability in the next 6 month of the financial year.

The Government had announced the extension of moratorium and targeted assistance recently, and consequently the Bank is proactively engaging its customers in anticipation of the ending of the six-month moratorium in September 2020. Approval of applications are subject to fulfillment of eligibility criteria.

Amidst the current pandemic crisis, Bank Islam has continuously been purposeful in empowering the communities and not just the Bank, by providing initiatives such as the automatic deferment plan for repayment, SME Special Relief Facility ("SSRF") to help alleviate the short-term cash flow predicament faced by SMEs, and the implementation of iTEKAD programme to support the B40-owned microenterprises who are affected by the pandemic. To further portray the Bank's commitment to the people, a series of webinars are currently ongoing aside from leveraging on the Mobile GO Banking app for customer delivery. In paving the way for preservation and creation of wealth, the world's first Shariah Sustainability Robo Intelligence Investing app called the "BEST Invest" has been launched by BIMB Investment Berhad, our subsidiary. With a minimum initial investment of RM10, the app aims to maximise returns and manage investment risks over time. Bank Islam is aligning its measures in accordance with BNM's guidelines, which place emphasis on protecting consumers' financial viability, sustaining real economy, focusing on affordable investing and continue to support the frontline workers and underprivileged communities. Going forward, the Bank remains its resiliency and is staying the course of the strategic direction with a recalibration of key tactics and initiatives with the adoption of Value-Based Intermediation ("VBI") at the heart of the business model, acknowledging that it should no longer be known as a crisis hitting Malaysia and the world, but better yet, a new "norm".

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

B3. Prospects for 2020 (continued)

Syarikat Takaful Malaysia Keluarga Berhad

The COVID-19 pandemic and associated economic impact are posing some challenges and many uncertainties to the Malaysian economy and insurance and takaful industry. The Group is adjusting for a very different market and operating landscape as concerns on job security remain heightened and consumers will be more cautious on their spending. It is expected that economic activities will take some time to recover. Amid the uncertainties in current economic environment to support business expansion, the Group remains vigilant and cautious in managing business growth and risk profile of our portfolio.

As a pioneer and early adopter of online distribution and new digital technologies in supporting our distribution channels, we are able to eliminate some sales and operational challenges faced during the Movement Control Order ("MCO") period. Particularly, we have a wide range of online takaful products that customers can easily access our affordable online insurance solutions at their fingertips especially during the COVID-19 outbreak. We have increased our presence in the social media to cross sell our online products especially targeting the customers who may not have access to intermediaries for face to face selling.

To sustain its market leading position and to support business growth and customer centricity, the Group will continue with its innovative strategies via the implementation of its digital strategy, online solutions and digital ecosystem, expansion of its distribution capabilities, strategic partnerships with leading Islamic banks and brand awareness initiatives. As a pioneer to transform the insurance / takaful business in Malaysia, we will advance to the next level of digital strategy by adopting Artificial Intelligence ("AI") with big data analytics and machine learning algorithms to manage the risks and opportunities in the areas of marketing, underwriting, and customer service, and claims processing.

B4. Variance from profit forecast and profit guarantee

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

B5. Tax expense

Major components of tax expense

	3 months ended		6 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Group	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
Malaysia				
Current year	72,342	75,018	143,929	161,299
(Over)/Under provision in prior years	(7)	-	(7)	9
Deferred tax expense:				
Origination and reversal of temporary differences	(8,113)	(6,311)	(12,717)	(18,748)
Under provision in prior years	-	-	652	12
	<u>64,222</u>	<u>68,707</u>	<u>131,857</u>	<u>142,572</u>

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

B5. Tax expense (continued)

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

Group	3 months ended		6 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Profit before tax	252,260	301,020	574,093	620,604
Income tax calculated using				
Malaysian tax rate of 24%	60,542	72,245	137,782	148,945
Non-deductible expenses	17,534	17,844	39,740	42,546
Non-deductible Sukuk's finance cost	3,257	3,147	6,515	6,259
Non-taxable income	(17,104)	(24,529)	(52,825)	(55,199)
	64,229	68,707	131,212	142,551
(Over)/Under provision in prior years	(7)	-	(7)	9
Under provision of				
deferred tax	-	-	652	12
Tax expense	64,222	68,707	131,857	142,572

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.

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.

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

B5. Tax expense (continued)

Major components of tax expense

Company	3 months ended		6 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Current tax expense	<u>501</u>	<u>720</u>	<u>1,001</u>	<u>1,440</u>
	<u>501</u>	<u>720</u>	<u>1,001</u>	<u>1,440</u>

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

Company	3 months ended		6 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Profit before tax	<u>139,679</u>	<u>138,201</u>	<u>125,917</u>	<u>123,246</u>
Income tax calculated using				
Malaysian tax rate of 24%	33,523	33,168	30,220	29,579
Non-deductible expenses	232	996	770	2,225
Non-deductible Sukuk's finance cost	3,257	3,147	6,515	6,259
Non-taxable income	<u>(36,511)</u>	<u>(36,591)</u>	<u>(36,504)</u>	<u>(36,623)</u>
Tax expense	<u>501</u>	<u>720</u>	<u>1,001</u>	<u>1,440</u>

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

B6. Corporate proposals

BIMB Holdings Berhad ("BHB") has on 11 December 2019 announced that it proposes to undertake the following proposals:

(i) Proposed placement

Proposed placement of new ordinary shares in BHB to raise gross proceeds of up to RM800 million. The proceeds together with internal cash will be used to fully settle BHB's outstanding sukuk.

(ii) Proposed scheme of arrangement

Proposed payment to the warrant holder of the outstanding warrants 2013/2023 of BHB by way of a scheme of arrangement under section 366 of the Companies Act 2016 ("the Act"). The total warrants consideration to be paid by BHB will be funded using internally generated funds of BHB.

(iii) Proposed Internal Reorganisation

BHB proposes to undertake the proposed internal reorganisation which will entail the disposal by BHB of its entire shareholdings in the identified subsidiaries namely BIMB Securities (Holdings) Sdn. Bhd., BIMB Securities Sdn. Bhd. and Syarikat Al Ijarah Sdn. Bhd. to its wholly owned subsidiary, Bank Islam Malaysia Berhad ("Bank Islam" or "the Bank") to be fully settled in cash. The consideration for these disposals will be based on the latest audited net asset value of these subsidiaries at the time of the signing of the share sale agreement with the Bank and will be funded using internally generated funds of the Bank.

(iv) Proposed distribution and capital repayment

Proposed distribution of the entire shareholdings of BHB in the Bank and Syarikat Takaful Malaysia Keluarga Berhad ("STMKB") by way of distribution-in-specie via a reduction and repayment of the entire share capital of BHB in accordance with Section 115 and Section 116 of the Act as well as using the retained earnings of BHB.

Prior to the proposed distribution and capital repayment, BHB will undergo a capital reduction and the Bank will undertake a share consolidation. This is to match BHB's outstanding shares so that the distribution of the Bank shares will be on a one-for-one basis.

Upon completion of the proposed distribution and capital repayment, BHB's shareholders will hold direct equity interest in the Bank and STMKB shares in proportion to their shareholding in BHB and BHB will cease to be a shareholder of the Bank and STMKB. The shareholders through their direct exposure in Bank Islam and STMKB can manage their investment exposure or rebalance their portfolios in banking and takaful industries according to their own investment objectives.

Concurrently with the completion of the proposed distribution and capital repayment, BHB will issue two (2) new BHB shares to the Bank such that BHB will become a wholly-owned subsidiary of Bank Islam.

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

B6. Corporate proposals (continued)

(v) Proposed transfer of listing

After the completion of the proposed distribution and capital repayment, the Bank will assume the listing status of BHB. Accordingly, BHB proposed that the Bank be admitted to the official list of Bursa Securities in place of BHB, with the listing and quotation of the entire consolidated the Bank shares on the main market of Bursa Securities.

The proposed placement, proposed SOA, proposed internal reorganisation, proposed distribution and capital repayment and proposed transfer of listing are not conditional upon each other, save for the following:

- (i) The proposed distribution and capital repayment is conditional upon the proposed internal reorganisation and proposed transfer of listing; and
- (ii) The proposed transfer of listing is conditional upon the proposed internal reorganisation and proposed distribution and capital repayment.

The Proposals are subject to the approvals and/or consent being obtained from Bank Negara Malaysia ("BNM"), Ministry of Finance ("MoF") (via BNM), Securities Commission Malaysia ("SC"), Bursa Malaysia Securities Berhad ("Bursa Securities"), shareholders of BHB at an extraordinary general meeting to be convened, shareholder of the Bank, warrant holders at the court-convened meeting, sanction of the High Court of Malaya, the creditors and/or financiers of the BHB Group, the Bank and Identified Subsidiaries, if required and any other relevant regulatory authorities and/or parties, if required.

BHB had on 13 December 2019 submitted an application to BNM to seek the approval of BNM and/or its recommendations to MoF for approval for the Proposals.

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	
	30.06.2020	30.06.2019
	RM'000	RM'000
Deposits from customers		
Mudharabah and Tawarruq term deposits and Negotiable Islamic Debt Certificates		
- One year or less (short-term)	27,773,466	28,621,416
- More than one year (medium/long-term)	1,975,176	3,813,241
	29,748,642	32,434,657
Current accounts	10,617,125	9,514,969
Savings accounts	6,021,314	4,633,804
Others	98,836	98,412
Total deposits	46,485,917	46,681,842
Investment accounts of customers		
- One year or less (short-term)	10,941,336	7,251,515
	10,941,336	7,251,515

RM'000	As at 30.06.2020		
	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	1,899,566	367,741	2,267,307
- Sukuk liabilities	899,566	8,674	908,240
- Subordinated Sukuk Murabahah	1,000,000	359,067	1,359,067

RM'000	As at 30.06.2019		
	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	2,111,606	17,052	2,128,658
- Sukuk liabilities	861,606	8,631	870,237
- Subordinated Sukuk Murabahah	1,250,000	8,421	1,258,421

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 (2019: 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
(v)	400,000	26 March 2020	26 March 2025	26 March 2030	3.75

* Optional redemption date or any periodic payment date thereafter.

Accrued and payable semi-annually in arrears.

The Bank issued item (v) on 26 March 2020 at 3.75% per annum to replace item (i) with the first call date on 22 April 2020.

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

B9. Material litigation

- (a) 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.

On 20 December 2019, Bank Islam has filed an application for striking out Order 18 ("O.18").

On 6 July 2020, the HC has fixed the hearing for Bank Islam's preliminary objection ("Bank Islam's PO") against the Plaintiff's Further Affidavit in Reply due to the said affidavit was filed beyond 14 days and in contrary with service of affidavit (Order 32 ("O.32")) and O.18.

On 13 July 2020, the HC has allowed O.18 with cost of RM7,500.00 and Bank Islam's PO was dismissed.

On 29 July 2020, the Plaintiff has filed an appeal to the Court of Appeal against the HC's decision.

The Court has fixed for case management on 17 September 2020.

- (b) 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 (Order 14 ("O.14")). On 18 November 2019, Bank Islam has filed an application for striking out against the Defendants' Counter Claim (Order 18 ("O.18")).

On 4 December 2019, the Defendants have filed an application to transfer and consolidate the Kuala Lumpur case with the Alor Setar case ("the Defendants' Application").

On 1 July 2020, the HC has allowed Bank Islam's application on O.14, O.18 and the Defendants' Application was dismissed.

Hence, the Summary Judgment was recorded against the Defendants and the Defendants' Counter Claim was struck out.

On 9 July 2020, the Defendants have filed an appeal to Court of Appeal against the HC's decision.

The Court has fixed for case management on 25 August 2020.

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

B10. Dividend

On 21 January 2020, the Company had paid a dividend of 16.00 sen per ordinary share totalling RM282.3 million in respect of the financial year ended 31 December 2019. From the total dividend amount, approximately 63% or RM177.84 million was distributed as cash dividend whilst the remaining 37% amounting to RM104.44 million was reinvested to subscribe for 28,381,100 new ordinary shares at RM3.68 each via the Dividend Reinvestment Plan.

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		6 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Net profit for the period under review attributable to equity holders of the parent	153,026	195,162	362,263	397,678
Number of ordinary shares	1,792,664	1,764,283	1,792,664	1,764,283
Number of average ordinary shares	1,792,664	1,764,283	1,789,389	1,752,953
Earnings per share (sen)	8.54	11.06	20.25	22.69

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 June 2020.

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		6 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Net operating profit after zakat & tax (NOPAT)				
Profit before zakat and taxation (PBZT)	252,260	301,020	574,093	620,604
Zakat & Taxation	(68,328)	(72,791)	(139,926)	(150,786)
NOPAT	183,932	228,229	434,167	469,818
Economic charge computation				
Average invested capital (excludes the debit balance of the acquisition reserve arising from the acquisition of shares from non-controlling interests)	8,012,714	7,273,283	7,891,262	7,062,178
Weighted Average Cost of Capital (WACC) (%)	9.17	7.46	9.17	7.46
Economic charge	182,688	135,275	359,837	261,254
Economic profit	1,244	92,954	74,330	208,564

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	
	30.06.2020	31.12.2019
	RM'000	RM'000
USD	(259,823)	(255,546)
EURO	(98,895)	(98,909)
Others	20,111	19,839

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	
	30.06.2020 RM'000	31.12.2019 RM'000	30.06.2020 RM'000	31.12.2019 RM'000	30.06.2020 RM'000	31.12.2019 RM'000
Non-related parties	188,018	89,682	60,387	113,651	248,405	203,333
Related parties	298	280	142	66	440	346
	188,316	89,962	60,529	113,717	248,845	203,679

- 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	
	30.06.2020 RM'000	31.12.2019 RM'000	30.06.2020 RM'000	31.12.2019 RM'000	30.06.2020 RM'000	31.12.2019 RM'000
Current (not past due)	161,560	84,800	58,900	114,150	220,460	198,950
1-30 days	29,111	921	2,420	151	31,531	1,072
31-60 days	58	1,095	161	192	219	1,287
61-90 days	238	90	145	190	383	280
91-180 days	178	132	560	527	738	659
> 180 days	3,884	6,766	1,100	1,256	4,984	8,022
	195,029	93,804	63,286	116,466	258,315	210,270

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 following are takaful receivables of Takaful Malaysia with its related parties as at the end of the reporting period:

	Family Takaful		General Takaful		Group	
	30.06.2020 RM'000	31.12.2019 RM'000	30.06.2020 RM'000	31.12.2019 RM'000	30.06.2020 RM'000	31.12.2019 RM'000
Bank Islam Malaysia Berhad	298	3	142	5	440	8

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 June 2020				As at 31 December 2019			
	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	52,872,133	(857,595)	52,014,538	55,167,979	50,223,969	(751,447)	49,472,522	52,407,186

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 June 2020

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	5,003,015	29,929
Profit rate related contracts		
- More than 3 years	130,803	700
	5,133,818	30,629

As at 31 December 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	6,255,520	(4,301)
Profit rate related contracts		
- More than 3 years	147,098	881
	6,402,618	(3,420)

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 30.06.2020 RM'000	6 months ended 30.06.2020 RM'000
<i>Derivative Financial Instruments</i>		
Loss arising from fair value changes from derivatives assets and liabilities	(87)	(175)

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
July 28, 2020