

**Bank Islam Malaysia Berhad (98127-X)**  
(Incorporated in Malaysia)  
**Unaudited Interim Financial Statements**

**Statements of Financial Position as at 30 June 2019**

	Note	Group		Bank	
		30.06.2019 RM'000	31.12.2018 RM'000	30.06.2019 RM'000	31.12.2018 RM'000
<b>Assets</b>					
Cash and short-term funds	10	1,652,882	2,092,654	1,649,941	2,086,703
Deposits and placements with banks and other financial institutions	11	616,147	2,432,000	616,147	2,432,000
Financial assets at fair value through profit or loss	12	1,022,055	364,959	1,016,525	359,533
Derivative financial assets	13	24,346	34,148	24,346	34,148
Financial assets at fair value through other comprehensive income	14	12,326,761	11,354,299	12,327,551	11,355,089
Financing, advances and others	15	46,395,469	45,680,680	46,395,469	45,680,680
Other financial assets at amortised cost	16	207,784	129,042	203,006	126,533
Statutory deposits with Bank Negara Malaysia		1,523,932	1,602,284	1,523,932	1,602,284
Current tax assets		33,747	8,466	33,737	8,403
Deferred tax assets		28,209	51,385	26,703	49,842
Right-of-use assets	17	223,190	-	223,190	-
Investments in subsidiaries		-	-	15,525	15,525
Property and equipment		189,059	188,816	188,488	188,153
<b>Total assets</b>		<b>64,243,581</b>	<b>63,938,733</b>	<b>64,244,560</b>	<b>63,938,893</b>
<b>Liabilities and equity</b>					
Deposits from customers	18	47,187,254	49,895,232	47,199,733	49,909,199
Investment accounts of customers	19	7,546,750	5,176,819	7,546,750	5,176,819
Derivative financial liabilities	13	6,763	19,520	6,763	19,520
Bills and acceptance payable		26,876	41,114	26,876	41,114
Recourse obligations on financing sold to Cagamas	20	1,501,187	1,501,187	1,501,187	1,501,187
Subordinated Sukuk Murabahah	21	1,308,526	1,308,634	1,308,526	1,308,634
Other liabilities	22	789,551	706,133	782,268	695,714
Lease Liabilities	17	315,543	-	315,543	-
Zakat and taxation		47,270	13,687	47,093	13,539
<b>Total liabilities</b>		<b>58,729,720</b>	<b>58,662,326</b>	<b>58,734,739</b>	<b>58,665,726</b>

**Bank Islam Malaysia Berhad (98127-X)**  
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**Statements of Financial Position as at 30 June 2019 (continued)**

		<b>Group</b>		<b>Bank</b>	
	<b>Note</b>	<b>30.06.2019</b>	<b>31.12.2018</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Equity</b>					
Share capital		<b>3,012,368</b>	3,012,368	<b>3,012,368</b>	3,012,368
Reserves		<b>2,501,493</b>	2,264,039	<b>2,497,453</b>	2,260,799
<b>Total equity</b>		<b>5,513,861</b>	5,276,407	<b>5,509,821</b>	5,273,167
<b>Total liabilities and equity</b>		<b>64,243,581</b>	63,938,733	<b>64,244,560</b>	63,938,893
<b>Restricted investment accounts managed by the Bank</b>	19	<b>56,318</b>	78,717	<b>56,318</b>	78,717
<b>Total Islamic banking asset owned and managed by the Bank</b>		<b>64,299,899</b>	64,017,450	<b>64,300,878</b>	64,017,610
<b>Commitments and Contingencies</b>	34	<b>16,351,097</b>	14,162,355	<b>16,351,097</b>	14,162,355

*The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and of the Bank for the financial year ended 31 December 2018.*

**Bank Islam Malaysia Berhad (98127-X)**  
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**Statements of Profit or Loss and Other Comprehensive Income  
for the six months ended 30 June 2019**

Group	Note	3 months ended		6 months ended	
		30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
Income derived from investment of depositors' funds	23	<b>686,799</b>	623,740	<b>1,394,606</b>	1,236,293
Income derived from investment account funds	24	<b>97,584</b>	62,818	<b>174,011</b>	124,573
Income derived from investment of shareholders' funds	25	<b>125,088</b>	125,289	<b>240,616</b>	235,377
Net allowance for impairment on financing and advances, net of recoveries	26	<b>(29,619)</b>	(14,758)	<b>(52,818)</b>	(35,921)
Net allowance for impairment on debt securities		<b>42</b>	(12)	<b>21</b>	86
Net allowance for impairment on other financial assets		<b>(5,000)</b>	-	<b>(4,147)</b>	-
Direct expenses		<b>(3,865)</b>	(4,590)	<b>(7,768)</b>	(9,056)
<b>Total distributable income</b>		<b>871,029</b>	792,487	<b>1,744,521</b>	1,551,352
Wakalah fees from restricted investment accounts		<b>7</b>	333	<b>233</b>	333
Income attributable to depositors	27	<b>(342,806)</b>	(311,464)	<b>(695,814)</b>	(608,338)
Income attributable to investment account holders	28	<b>(44,845)</b>	(22,915)	<b>(74,875)</b>	(45,720)
<b>Total net income</b>		<b>483,385</b>	458,441	<b>974,065</b>	897,627
Personnel expenses	29	<b>(151,182)</b>	(145,779)	<b>(305,598)</b>	(277,518)
Other overhead expenses	30	<b>(92,778)</b>	(105,691)	<b>(187,415)</b>	(192,521)
Finance cost	31	<b>(21,912)</b>	(13,465)	<b>(43,651)</b>	(26,901)
<b>Profit before zakat and tax</b>		<b>217,513</b>	193,506	<b>437,401</b>	400,687
Zakat		<b>(3,795)</b>	(3,764)	<b>(7,591)</b>	(7,520)
Tax expense		<b>(51,419)</b>	(51,055)	<b>(107,153)</b>	(104,739)
<b>Profit for the period</b>		<b>162,299</b>	138,687	<b>322,657</b>	288,428
<b>Earnings per share (sen)</b>				<b>12.85</b>	11.70

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**Statements of Profit or Loss and Other Comprehensive Income  
for the six months ended 30 June 2019 (continued)**

Group	3 months ended		6 months ended	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
Profit for the period	<u>162,299</u>	<u>138,687</u>	<u>322,657</u>	<u>288,428</u>
<b>Other comprehensive income/(expense), net of tax:</b>				
<b>Items that are or may be reclassified subsequently to profit or loss</b>				
Currency translation differences in respect of foreign operations	(5,074)	(17,768)	(47)	832
Movement in fair value reserve (debt securities) :				
Net change in fair value	<b>109,833</b>	(26,403)	<b>230,588</b>	(35,351)
Net allowance for impairment on debt securities	42	(12)	21	86
Net amount transferred to profit or loss	(26,920)	(339)	(43,389)	(1,921)
Income tax effect relating to components of other comprehensive income	(18,247)	6,421	(43,199)	8,925
	<u>59,634</u>	<u>(38,101)</u>	<u>143,974</u>	<u>(27,429)</u>
<b>Items that will not be reclassified to profit or loss</b>				
Movement in fair value reserve (equity investments) :				
Net change in fair value	<b>12,005</b>	654	<b>11,707</b>	(1,487)
<b>Other comprehensive income for the period, net of tax</b>	<u>71,639</u>	<u>(37,447)</u>	<u>155,681</u>	<u>(28,916)</u>
<b>Total comprehensive income for the period</b>	<u>233,938</u>	<u>101,240</u>	<u>478,338</u>	<u>259,512</u>

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**Bank Islam Malaysia Berhad (98127-X)**  
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**Statements of Profit or Loss and Other Comprehensive Income  
for the six months ended 30 June 2019 (continued)**

Bank	Note	3 months ended		6 months ended	
		30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
Income derived from investment of depositors' funds	23	<b>686,799</b>	623,740	<b>1,394,606</b>	1,236,293
Income derived from investment account funds	24	<b>97,584</b>	62,818	<b>174,011</b>	124,573
Income derived from investment of shareholders' funds	25	<b>117,097</b>	115,880	<b>224,898</b>	219,847
Net allowance for impairment on financing and advances, net of recoveries	26	<b>(29,619)</b>	(14,758)	<b>(52,818)</b>	(35,921)
Net allowance for impairment on debt securities		<b>42</b>	(12)	<b>21</b>	86
Net allowance for impairment on other financial assets		<b>(5,000)</b>	-	<b>(4,147)</b>	-
Direct expenses		<b>(3,865)</b>	(4,590)	<b>(7,768)</b>	(9,056)
<b>Total distributable income</b>		<b>863,038</b>	783,078	<b>1,728,803</b>	1,535,822
Wakalah fees from restricted investment accounts		<b>7</b>	333	<b>233</b>	333
Income attributable to depositors	27	<b>(342,875)</b>	(311,528)	<b>(695,950)</b>	(608,466)
Income attributable to investment account holders	28	<b>(44,845)</b>	(22,915)	<b>(74,875)</b>	(45,720)
<b>Total net income</b>		<b>475,325</b>	448,968	<b>958,211</b>	881,969
Personnel expenses	29	<b>(148,059)</b>	(142,909)	<b>(299,290)</b>	(271,831)
Other overhead expenses	30	<b>(88,442)</b>	(99,631)	<b>(178,894)</b>	(183,598)
Finance cost	31	<b>(21,912)</b>	(13,465)	<b>(43,651)</b>	(26,901)
<b>Profit before zakat and tax</b>		<b>216,912</b>	192,963	<b>436,376</b>	399,639
Zakat		<b>(3,750)</b>	(3,750)	<b>(7,500)</b>	(7,500)
Tax expense		<b>(51,381)</b>	(51,020)	<b>(107,018)</b>	(106,239)
<b>Profit for the period</b>		<b>161,781</b>	138,193	<b>321,858</b>	285,900

**Bank Islam Malaysia Berhad (98127-X)**  
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**Statements of Profit or Loss and Other Comprehensive Income  
for the six months ended 30 June 2019 (continued)**

Bank	3 months ended		6 months ended	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
Profit for the period	<u>161,781</u>	<u>138,193</u>	<u>321,858</u>	<u>285,900</u>
<b>Other comprehensive income/(expense), net of tax:</b>				
<b>Items that are or may be reclassified subsequently to profit or loss</b>				
Currency translation differences in respect of foreign operations	(5,085)	(17,467)	(48)	1,166
Movement in fair value reserve (debt securities) :				
Net change in fair value	<b>109,833</b>	(26,403)	<b>230,588</b>	(35,351)
Net allowance for impairment on debt securities	42	(12)	21	86
Net amount transferred to profit or loss	(26,920)	(339)	(43,389)	(1,921)
Income tax effect relating to components of other comprehensive income	(18,247)	6,421	(43,199)	8,925
	<u>59,623</u>	<u>(37,800)</u>	<u>143,973</u>	<u>(27,095)</u>
<b>Items that will not be reclassified to profit or loss</b>				
Movement in fair value reserve (equity investments) :				
Net change in fair value	<b>12,005</b>	654	<b>11,707</b>	(1,487)
<b>Other comprehensive income for the period, net of tax</b>	<u>71,628</u>	<u>(37,146)</u>	<u>155,680</u>	<u>(28,582)</u>
<b>Total comprehensive income for the period</b>	<u>233,409</u>	<u>101,047</u>	<u>477,538</u>	<u>257,318</u>

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# Bank Islam Malaysia Berhad (98127-X)

(Incorporated in Malaysia)

## Unaudited Interim Financial Statements

### Consolidated Statement of Changes in Equity for the six months ended 30 June 2019

Group	Note	Attributable to equity holders of the Bank			Total equity RM'000
		Share capital RM'000	Share premium RM'000	Other reserves RM'000	
At 1 January 2019		3,012,368	-	(98,437)	5,276,407
Effects of adoption of MFRS 16	6	-	-	-	(88,574)
Adjusted total equity at 1 January 2019		3,012,368	-	(98,437)	5,187,833
Profit for the period		-	-	-	322,657
Currency translation difference in respect of foreign operations		-	-	(47)	(47)
Fair value reserve – Net change in fair value		-	-	242,295	242,295
– Net allowance for impairment on debt securities		-	-	21	21
– Net amount reclassified to profit or loss		-	-	(43,389)	(43,389)
Income tax expense relating to components of other comprehensive income		-	-	(43,199)	(43,199)
Total comprehensive income for the period		-	-	155,681	478,338
Dividends paid on ordinary shares		-	-	-	(152,310)
<b>At 30 June 2019</b>		<b>3,012,368</b>	<b>-</b>	<b>57,244</b>	<b>5,513,861</b>
<b>At 1 January 2018</b>		2,869,498	-	(60,196)	4,959,704
Adjustment on adoption of MFRS 9 (net of tax)		-	-	13,190	(130,218)
Restated total equity at 1 January 2018		2,869,498	-	(47,006)	4,829,486
Profit for the period		-	-	-	288,428
Currency translation difference in respect of foreign operations		-	-	832	832
Fair value reserve – Net change in fair value		-	-	(36,838)	(36,838)
– Net allowance for impairment on debt securities		-	-	86	86
– Net amount reclassified to profit or loss		-	-	(1,921)	(1,921)
Income tax expense relating to components of other comprehensive income		-	-	8,925	8,925
Total comprehensive income for the period		-	-	(28,916)	259,512
Transfer from regulatory reserve to retained earnings		-	-	(64,645)	64,645
Dividends paid on ordinary shares	9	-	-	-	(150,180)
<b>At 30 June 2018</b>		<b>2,869,498</b>	<b>-</b>	<b>(140,567)</b>	<b>4,938,818</b>

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**Bank Islam Malaysia Berhad (98127-X)**  
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**Statement of Changes in Equity for the six months ended 30 June 2019**

Bank	Note	← Attributable to equity holders of the Bank →			Total Equity RM'000	
		← Non-distributable	→	Distributable		
		Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000	
At 1 January 2019		3,012,368	-	(98,261)	2,359,060	5,273,167
Effects of adoption of MFRS 16	6	-	-	-	(88,574)	(88,574)
Adjusted total equity at 1 January 2019		<b>3,012,368</b>	-	<b>(98,261)</b>	<b>2,270,486</b>	<b>5,184,593</b>
Profit for the period		-	-	-	321,858	321,858
Currency translation difference in respect of foreign operations		-	-	(48)	-	(48)
Fair value reserve – Net change in fair value		-	-	242,295	-	242,295
– Net allowance for impairment on debt securities		-	-	21	-	21
– Net amount reclassified to profit or loss		-	-	(43,389)	-	(43,389)
Income tax expense relating to components of other comprehensive income		-	-	(43,199)	-	(43,199)
Total comprehensive income for the period		-	-	<b>155,680</b>	<b>321,858</b>	<b>477,538</b>
Dividends paid on ordinary shares		-	-	-	(152,310)	(152,310)
<b>At 30 June 2019</b>		<b>3,012,368</b>	-	<b>57,419</b>	<b>2,440,034</b>	<b>5,509,821</b>
<b>At 1 January 2018</b>		2,869,498	-	(60,337)	2,150,345	4,959,506
Adjustment on adoption of MFRS 9 (net of tax)		-	-	13,190	(143,408)	(130,218)
Adjusted total equity at 1 January 2018		2,869,498	-	(47,147)	2,006,937	4,829,288
Profit for the period		-	-	-	285,900	285,900
Currency translation difference in respect of foreign operations		-	-	1,166	-	1,166
Fair value reserve – Net change in fair value		-	-	(37,308)	-	(37,308)
– Net allowance for impairment on debt securities		-	-	86	-	86
– Net amount reclassified to profit or loss		-	-	(1,921)	-	(1,921)
Income tax expense relating to components of other comprehensive income		-	-	8,925	-	8,925
Total comprehensive income for the period		-	-	<b>(28,582)</b>	<b>285,900</b>	<b>257,318</b>
Transfer from regulatory reserve to retained earnings		-	-	(64,645)	64,645	-
Dividends paid on ordinary shares	9	-	-	-	(150,180)	(150,180)
<b>At 30 June 2018</b>		<b>2,869,498</b>	-	<b>(140,374)</b>	<b>2,207,302</b>	<b>4,936,426</b>

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**Bank Islam Malaysia Berhad (98127-X)**  
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**Condensed Statements of Cash Flow**  
**for the six months ended 30 June 2019**

	Group		Bank	
	6 months ended		6 months ended	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Profit before zakat and tax	<b>437,401</b>	400,687	<b>436,376</b>	399,639
Adjustment for non-cash items	<b>105,756</b>	135,335	<b>105,733</b>	135,296
Operating profit before working capital changes	<b>543,157</b>	536,022	<b>542,109</b>	534,935
Changes in working capital:				
Net changes in operating assets	<b>(808,034)</b>	(1,399,177)	<b>(805,765)</b>	(1,398,570)
Net changes in operating liabilities	<b>(282,341)</b>	304,266	<b>(280,693)</b>	292,526
Net cash used in operations	<b>(547,218)</b>	(558,889)	<b>(544,349)</b>	(571,109)
Zakat and tax paid	<b>(125,830)</b>	(102,077)	<b>(125,696)</b>	(101,961)
Tax refund	<b>27</b>	60	<b>-</b>	-
Net cash used in operating activities	<b>(673,021)</b>	(660,906)	<b>(670,045)</b>	(673,070)
Net cash used in investing activities	<b>(1,383,671)</b>	(1,118,462)	<b>(1,383,636)</b>	(1,118,711)
Net cash used in financing activities	<b>(198,886)</b>	(177,531)	<b>(198,886)</b>	(177,531)
Net decrease in cash and cash equivalents	<b>(2,255,578)</b>	(1,956,899)	<b>(2,252,567)</b>	(1,969,312)
Cash and cash equivalents at beginning of the period	<b>4,524,654</b>	4,185,697	<b>4,518,703</b>	4,185,561
Exchange difference on translation	<b>(47)</b>	832	<b>(48)</b>	1,166
Cash and cash equivalents at end of the period	<b>2,269,029</b>	2,229,630	<b>2,266,088</b>	2,217,415
Cash and cash equivalents comprise:				
Cash and short-term funds	<b>1,652,882</b>	2,229,630	<b>1,649,941</b>	2,217,415
Deposits and placements with banks and other financial institutions	<b>616,147</b>	-	<b>616,147</b>	-
	<b>2,269,029</b>	2,229,630	<b>2,266,088</b>	2,217,415

*The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and of the Bank for the financial year ended 31 December 2018.*

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**Unaudited Interim Financial Statements**

**Notes to the unaudited interim financial statements  
for the six months ended 30 June 2019**

**1. Basis of preparation**

The unaudited interim financial statements of the Group and of the Bank for the six months ended 30 June 2019 have been prepared in accordance with the applicable requirements of MFRS 134: *Interim Financial Reporting* in Malaysia issued by Malaysian Accounting Standards Board (“MASB”), Financial Reporting for Islamic Banking Institution policy document issued by Bank Negara Malaysia (“BNM”), the provisions of the Companies Act 2016 and Shariah requirements.

The unaudited interim financial statements have been prepared under the historical cost convention except for derivative financial instruments, financial assets at fair value through profit or loss and financial assets through other comprehensive income, which have been measured at fair value.

The unaudited interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2018. The explanatory notes attached to the unaudited interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2018.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the recent audited financial statements for the financial year ended 31 December 2018, except for the adoption of the following Malaysian Financial Reporting Standards (“MFRS”), interpretation and amendments to MFRSs:

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

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

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**2. Auditors' reports on preceding financial period financial statements**

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

**3. Seasonal or cyclical factors**

The operations of the Bank were not materially affected by any seasonal or cyclical factors in the six months ended 30 June 2019.

**4. Unusual items**

There were no unusual items in the six months ended 30 June 2019.

**5. Changes in accounting estimates**

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

**6. Changes in accounting policies**

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

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

**MFRS 16, Leases**

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

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

On adoption of MFRS 16, leases with non-cancellable agreements are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Group and the Bank.

Right-of-use assets are measured on a retrospective basis as if the new rules had always been applied, adjusted by the amount of any prepaid or accrued lease payments using the incremental borrowing rate at the date of transition of 5.7 per cent (%). The right-of-use assets are depreciated over the lease term on a straight-line basis.

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

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**6. Changes in accounting policies (continued)**

**MFRS 16, Leases (continued)**

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

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

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

<b>Effects of adoption of MFRS 16</b>	<b>Note</b>	<b>Group and Bank RM'000</b>
Right-of-use assets	17	229,786
Lease liabilities	17	(318,360)
Retained earnings		<u><u>(88,574)</u></u>

The reconciliation on operating lease commitments under MFRS 117 to MFRS 16 are as follows:

	<b>Group and Bank RM'000</b>
Operating lease commitments as at 31 December 2018:	
- Lease	381,308
- Service charges	137,580
	<u>518,888</u>
Discounted using the incremental borrowing rate	(200,528)
Lease liability recognised as at 1 January 2019	<u><u>318,360</u></u>

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

Property	<u><u>229,786</u></u>
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**7. Sukuk and equity securities**

There was no issuance or repayment of Sukuk or share buy-back during the six months ended 30 June 2019.

**8. Significant events during the six months ended 30 June 2019**

There was no other significant event during the six months ended 30 June 2019.

**9. Dividends**

On 27 May 2019, the Bank paid a final dividend of approximately 6.07 sen per ordinary share totalling RM152,310,000 for the financial year ended 31 December 2018.

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

	<b>Group</b>		<b>Bank</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and balances with banks and other financial institutions	<b>851,246</b>	891,697	<b>848,633</b>	886,074
Money at call and interbank placements with remaining maturity not exceeding one month	<b>801,636</b>	1,200,957	<b>801,308</b>	1,200,629
	<b><u>1,652,882</u></b>	<u>2,092,654</u>	<b><u>1,649,941</u></b>	<u>2,086,703</u>

**11. Deposits and placements with banks and other financial institutions**

	<b>Group and Bank</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Bank Negara Malaysia	<b><u>616,147</u></b>	<u>2,432,000</u>

**12. Financial assets at fair value through profit and loss**

The Group and the Bank had designated or mandatorily measured the following financial assets at fair value through profit or loss:

	<b>Group</b>		<b>Bank</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>				
Malaysian Government Investment Issues	<b>431,732</b>	30,328	<b>431,732</b>	30,328
Unit trust	<b>230,696</b>	219,808	<b>225,166</b>	214,382
Bank Negara Monetary Notes	<b>94,924</b>	114,823	<b>94,924</b>	114,823
Sukuk	<b>109,460</b>	-	<b>109,460</b>	-
Islamic Commercial Papers	<b>105,412</b>	-	<b>105,412</b>	-
Malaysian Islamic Treasury Bills	<b>49,831</b>	-	<b>49,831</b>	-
	<b><u>1,022,055</u></b>	<u>364,959</u>	<b><u>1,016,525</u></b>	<u>359,533</u>

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**13. 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 held for hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at financial position date, and do not represent amounts at risk.

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

<b>Group and Bank</b>	<b>Principal amount</b>	<b>Fair value</b>	
		<b>Assets</b>	<b>Liabilities</b>
<b>30.06.2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Forward contracts	5,014,504	22,573	(6,079)
Profit rate swaps	162,952	1,773	(684)
	<b>5,177,456</b>	<b>24,346</b>	<b>(6,763)</b>
<b>31.12.2018</b>			
Forward contracts	2,869,455	30,653	(17,752)
Profit rate swaps	578,379	3,495	(1,768)
	<b>3,447,834</b>	<b>34,148</b>	<b>(19,520)</b>

**14. Financial assets at fair value through other comprehensive income**

	<b>Group</b>		<b>Bank</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Financial assets at fair value through other comprehensive income:				
(a) Debt securities	12,279,536	11,318,781	12,279,536	11,318,781
(b) Equity investments	47,225	35,518	48,015	36,308
	<b>12,326,761</b>	<b>11,354,299</b>	<b>12,327,551</b>	<b>11,355,089</b>

*(a) Debt securities at fair value through other comprehensive income*

	<b>Group</b>		<b>Bank</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian Government Investment Issues	2,432,089	2,129,754	2,432,089	2,129,754
Sukuk	9,697,966	8,493,541	9,697,966	8,493,541
Bank Negara Monetary Notes	-	389,231	-	389,231
Islamic Commercial Papers	149,481	306,255	149,481	306,255
	<b>12,279,536</b>	<b>11,318,781</b>	<b>12,279,536</b>	<b>11,318,781</b>

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**14. Financial assets at fair value through other comprehensive income (continued)**

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

Movement of allowance for impairment on financial assets at fair value through other comprehensive income.

	<b>Group and Bank</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>
<b>12 months expected credit loss ("ECL")</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2019/1 January 2018	<b>302</b>	345
Net allowance for impairment during the period/ year	<b>(21)</b>	(43)
At 30 June 2019/31 December 2018	<b><u>281</u></b>	<u>302</u>

*(b) Equity investments at fair value through other comprehensive income*

	<b>Group</b>		<b>Bank</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Quoted Shares				
- outside Malaysia	<b><u>9,295</u></b>	<u>12,446</u>	<b><u>9,295</u></b>	<u>12,446</u>
Unquoted Shares				
- in Malaysia	<b>37,928</b>	23,056	<b>38,718</b>	23,846
- outside Malaysia	<b><u>2</u></b>	<u>16</u>	<b><u>2</u></b>	<u>16</u>
	<b><u>37,930</u></b>	<u>23,072</u>	<b><u>38,720</u></b>	<u>23,862</u>
	<b><u>47,225</u></b>	<u>35,518</u>	<b><u>48,015</u></b>	<u>36,308</u>

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**15. Financing, advances and others**

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

<b>Group and Bank 30 June 2019</b>	<b>Bai' Bithaman Ajil RM'000</b>	<b>Murabahah RM'000</b>	<b>Bai' Al-Dayn RM'000</b>	<b>Bai' Al-Inah RM'000</b>	<b>At- Tawarruq RM'000</b>	<b>Ijarah Muntahiah Bit- Tamleek^ RM'000</b>	<b>Ijarah Thumma Al-Bai'^ RM'000</b>	<b>Istisna' RM'000</b>	<b>Ar-Rahnu RM'000</b>	<b>Total RM'000</b>
<b>At amortised cost</b>										
Cash line	-	-	-	1,532	1,363,098	-	-	-	-	1,364,630
Term financing										
House financing	3,573,231	-	-	-	15,239,539	-	-	49,782	-	18,862,552
Syndicated financing	-	-	-	39,355	753,434	-	79,103	-	-	871,892
Leasing financing	-	-	-	-	-	118,656	-	-	-	118,656
Bridging financing	-	-	-	-	-	-	-	58,339	-	58,339
Personal financing	-	-	-	8,134	14,028,792	-	-	-	-	14,036,926
Other term financing	892,395	1,266,529	-	1,311	7,896,717	-	-	1,161	-	10,058,113
Staff financing	56,032	9,734	-	-	165,575	-	-	9,033	-	240,374
Credit cards	-	-	-	-	476,395	-	-	-	-	476,395
Trade bills discounted	-	839,734	138,062	4,288	-	-	-	-	-	982,084
Trust receipts	-	4,716	-	-	-	-	-	-	-	4,716
Pawn broking	-	-	-	-	-	-	-	-	65,035	65,035
Investment Account Platform *	-	-	-	-	8,535	-	-	-	-	8,535
	<b>4,521,658</b>	<b>2,120,713</b>	<b>138,062</b>	<b>54,620</b>	<b>39,932,085</b>	<b>118,656</b>	<b>79,103</b>	<b>118,315</b>	<b>65,035</b>	<b>47,148,247</b>

Allowance for impairment on financing, advances and others :-

- collective assessment allowance - 12 months ECL	(410,065)
- collective assessment allowance - lifetime ECL	(239,465)
- individual assessment allowance- lifetime ECL	(103,248)

Net financing, advances and others

**46,395,469**



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

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

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

Allowance for impairment on financing, advances and others :-

- collective assessment allowance - 12 months ECL	(416,450)
- collective assessment allowance - lifetime ECL	(216,564)
- individual assessment allowance- lifetime ECL	(156,691)

Net financing, advances and others

45,680,680

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

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

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

		<b>Group and Bank</b>	
		<b>30.06.2019</b>	<b>31.12.2018</b>
		<b>RM’000</b>	<b>RM’000</b>
House financing			
Unrestricted Investment Accounts	19	<b>5,290,698</b>	3,886,107
Sold to Cagamas with recourse	20	<b>1,501,187</b>	1,501,187
		<u><b>6,791,885</b></u>	<u>5,387,294</u>
Personal financing			
Unrestricted Investment Accounts	19	<u><b>2,256,052</b></u>	<u>1,290,712</u>

\* This represents a term financing of the Group’s and the Bank’s participation through Investment Account Platform (“IAP”) to finance viable ventures.

^ Assets funded under *Ijarah* financing are owned by the Bank 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.

**(b) By type of customer**

		<b>Group and Bank</b>	
		<b>30.06.2019</b>	<b>31.12.2018</b>
		<b>RM’000</b>	<b>RM’000</b>
Domestic non-bank financial institutions		<b>1,367,609</b>	1,637,318
Domestic business enterprise		<b>6,899,760</b>	6,924,836
Small and medium industries		<b>2,081,152</b>	2,092,024
Government and statutory bodies		<b>591,832</b>	601,285
Individuals		<b>35,947,384</b>	35,069,160
Other domestic entities		<b>59,124</b>	18,947
Foreign entities		<b>201,386</b>	126,815
		<u><b>47,148,247</b></u>	<u>46,470,385</u>

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

**(c) By profit rate sensitivity**

	<b>Group and Bank</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
House financing	<b>1,025,098</b>	1,073,575
Others	<b>3,006,853</b>	3,102,294
Floating rate		
House financing	<b>18,458,265</b>	17,636,273
Others	<b>24,658,031</b>	24,658,243
	<b><u>47,148,247</u></b>	<u>46,470,385</u>

**(d) By remaining contractual maturity**

	<b>Group and Bank</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturity within one year	<b>4,624,252</b>	4,774,098
More than one year to three years	<b>1,344,202</b>	1,299,229
More than three years to five years	<b>2,899,938</b>	2,921,287
More than five years	<b>38,279,855</b>	37,475,771
	<b><u>47,148,247</u></b>	<u>46,470,385</u>

**(e) By geographical distribution**

	<b>Group and Bank</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Central Region	<b>21,959,653</b>	22,125,064
Eastern Region	<b>7,855,104</b>	7,646,307
Northern Region	<b>6,682,354</b>	6,640,816
Southern Region	<b>7,148,635</b>	6,723,490
East Malaysia Region	<b>3,502,501</b>	3,334,708
	<b><u>47,148,247</u></b>	<u>46,470,385</u>

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

**(f) By sector**

	<b>Group and Bank</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Primary agriculture	<b>868,559</b>	754,835
Mining and quarrying	<b>8,037</b>	9,060
Manufacturing (including agro-based)	<b>794,380</b>	909,850
Electricity, gas and water	<b>537,727</b>	371,479
Wholesale & retail trade, and hotels & restaurants	<b>1,077,001</b>	1,098,346
Construction	<b>2,348,097</b>	2,417,262
Real estate	<b>1,540,209</b>	1,712,250
Transport, storage and communications	<b>870,981</b>	824,949
Finance, insurance and business activities	<b>2,139,164</b>	2,299,319
Education, health and others	<b>1,012,540</b>	1,000,735
Household sectors	<b>35,951,552</b>	35,072,300
	<b><u>47,148,247</u></b>	<b><u>46,470,385</u></b>

**(g) Movement in impaired financing and advances (“impaired financing”) are as follows:**

	<b>Group and Bank</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2019/ 2018	<b>425,937</b>	398,277
Classified as impaired during the period/ year	<b>443,821</b>	621,974
Reclassified as not impaired during the period/ year	<b>(132,376)</b>	(321,635)
Amount recovered	<b>(44,110)</b>	(117,477)
Amount written off	<b>(133,871)</b>	(155,202)
At 30 June 2019/ 31 December 2018	<b><u>559,401</u></b>	<b><u>425,937</u></b>
Gross impaired financing as a percentage of gross financing, advances and others	<b><u>1.19%</u></b>	<b><u>0.92%</u></b>

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

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

**(h) Impaired financing by geographical distribution**

	<b>Group and Bank</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Central Region	<b>257,783</b>	245,531
Eastern Region	<b>104,933</b>	101,868
Northern Region	<b>123,388</b>	25,349
Southern Region	<b>47,848</b>	31,320
East Malaysia Region	<b>25,449</b>	21,869
	<b><u>559,401</u></b>	<u>425,937</u>

**(i) Impaired financing by sector**

	<b>Group and Bank</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Manufacturing (including agro-based)	<b>37,396</b>	21,426
Wholesale & retail trade, and hotels & restaurants	<b>110,925</b>	56,665
Construction	<b>57,181</b>	121,506
Real estate	<b>24,278</b>	1,501
Transport, storage and communications	<b>10,272</b>	10,936
Finance, insurance and business activities	<b>73,884</b>	3,066
Education, health and others	<b>4,449</b>	4,642
Household sectors	<b>241,016</b>	206,195
	<b><u>559,401</u></b>	<u>425,937</u>

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

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

Group and Bank	← Collective →			Total collective RM'000	Individual RM'000	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit- impaired RM'000	Lifetime ECL credit- impaired RM'000			
<b>30.06.2019</b>						
At 1 January 2019	416,450	129,402	87,162	633,014	156,691	789,705
Transfer to 12-month ECL	1,613	(1,478)	(135)	-	-	-
Transfer to Lifetime ECL not credit impaired	(5,932)	9,548	(3,616)	-	-	-
Transfer to Lifetime ECL credit impaired	(383)	(12,946)	13,329	-	-	-
Net allowance made during the period	(21,561)	36,474	54,648	69,561	22,834	92,395
New financial assets originated or purchased	41,340	3,239	1,172	45,751	-	45,751
Financial assets that have been derecognised	(19,786)	(17,942)	(1,908)	(39,636)	-	(39,636)
Write-offs	-	-	(57,484)	(57,484)	(76,277)	(133,761)
Exchange differences	(1,676)	-	-	(1,676)	-	(1,676)
At 30 June 2019	<b>410,065</b>	<b>146,297</b>	<b>93,168</b>	<b>649,530</b>	<b>103,248</b>	<b>752,778</b>
<b>31.12.2018</b>						
At 1 January 2018				446,069	126,447	572,516
- effects of adoption of MFRS 9				187,404	1,695	189,099
Restated at 1 January 2018	390,478	139,501	103,494	633,473	128,142	761,615
Transfer to 12-month ECL	6,841	(6,525)	(316)	-	-	-
Transfer to Lifetime ECL not credit impaired	(4,419)	8,639	(4,220)	-	-	-
Transfer to Lifetime ECL credit impaired	(523)	(8,454)	8,977	-	-	-
Net allowance made during the year	(22,326)	1,175	101,690	80,539	58,801	139,340
New financial assets originated or purchased	88,675	7,437	5,090	101,202	-	101,202
Financial assets that have been derecognised	(39,166)	(12,371)	(2,603)	(54,140)	-	(54,140)
Write-offs	-	-	(124,950)	(124,950)	(30,252)	(155,202)
Exchange differences	(3,110)	-	-	(3,110)	-	(3,110)
At 31 December 2018	<b>416,450</b>	<b>129,402</b>	<b>87,162</b>	<b>633,014</b>	<b>156,691</b>	<b>789,705</b>

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**16. Other financial assets at amortised cost**

	<b>Group</b>		<b>Bank</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Sukuk	<b>6,034</b>	6,887	<b>6,034</b>	6,887
Other receivables	<b>170,321</b>	97,473	<b>166,532</b>	95,680
Deposit and prepayments	<b>42,254</b>	31,458	<b>41,227</b>	30,434
Related companies*	<b>684</b>	586	<b>722</b>	894
	<b>219,293</b>	136,404	<b>214,515</b>	133,895
Less : Accumulated impairment loss:				
Individual assessment				
- Sukuk	<b>(6,034)</b>	(6,887)	<b>(6,034)</b>	(6,887)
- Other receivables	<b>(5,475)</b>	(475)	<b>(5,475)</b>	(475)
	<b>207,784</b>	129,042	<b>203,006</b>	126,533

\* This relates to amounts due from holding and related companies that are unsecured, not subject to compensation charges for late payment and repayable on demand.

**17. Right-of-use assets and lease liabilities**

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

**(a) Right-of-use assets**

	<b>Group and Bank RM'000</b>
<b>30.06.2019</b>	
<b>Cost</b>	
At 1 January 2019	-
Effects of adoption of MFRS 16	229,786
At 30 June 2019	<b>229,786</b>
<b>Accumulated depreciation</b>	
At 1 January 2019	-
Depreciation for the period	6,596
At 30 June 2019	<b>6,596</b>
	<b>223,190</b>

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

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**17. Right-of-use asset and lease liability (continued)**

**(b) Lease liabilities**

<b>30.06.2019</b>	<b>Group and Bank RM'000</b>
<b>Current</b>	
Lease liabilities	6,039
<b>Non-current</b>	
Lease liabilities	309,504
Total lease liabilities	<u><u>315,543</u></u>

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

<b>30.06.2019</b>	<b>Group and Bank RM'000</b>
At 1 January 2019	-
Effects of adoption of MFRS 16	318,360
Profit expense on leases	8,968
Lease payments	(11,785)
At 30 June 2019	<u><u>315,543</u></u>



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**18. Deposits from customers**

**a) By type and Shariah contract**

	<b>Group</b>		<b>Bank</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Saving Deposit</b>				
<i>Qard</i>	<b>4,633,804</b>	4,410,537	<b>4,633,804</b>	4,410,537
<b>Demand Deposit</b>				
<i>Qard</i>	<b>9,552,254</b>	10,663,456	<b>9,558,024</b>	10,670,826
<b>Term Deposit</b>	<b>32,902,784</b>	34,727,635	<b>32,909,493</b>	34,734,232
Special Investment Deposit				
<i>Mudharabah</i>	<b>6,252</b>	6,252	<b>6,252</b>	6,252
General Investment Deposit				
<i>Mudharabah</i>	<b>263,660</b>	287,013	<b>263,660</b>	287,013
Term Deposit				
<i>Tawarruq</i>	<b>31,255,491</b>	30,751,990	<b>31,262,200</b>	30,758,587
Negotiable Islamic Debt Certificates (NIDC)	<b>1,377,381</b>	3,682,380	<b>1,377,381</b>	3,682,380
<b>Others</b>	<b>98,412</b>	93,604	<b>98,412</b>	93,604
<b>Total Deposits</b>	<b><u>47,187,254</u></b>	<u>49,895,232</u>	<b><u>47,199,733</u></b>	<u>49,909,199</u>

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

	<b>Group</b>		<b>Bank</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Due within six months	<b>13,344,497</b>	16,428,971	<b>13,346,909</b>	16,429,087
More than six months to one year	<b>9,789,623</b>	9,685,966	<b>9,793,195</b>	9,691,736
More than one year to three years	<b>7,394,998</b>	6,484,593	<b>7,395,723</b>	6,485,304
More than three years to five years	<b>2,373,666</b>	2,128,105	<b>2,373,666</b>	2,128,105
	<b><u>32,902,784</u></b>	<u>34,727,635</u>	<b><u>32,909,493</u></b>	<u>34,734,232</u>

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**18. Deposits from customers (continued)**

**c) By type of customers**

	Group		Bank	
	30.06.2019 RM'000	31.12.2018 RM'000	30.06.2019 RM'000	31.12.2018 RM'000
Domestic non-bank financial institutions	<b>8,916,828</b>	12,385,381	<b>8,929,307</b>	12,399,348
Business enterprises	<b>18,229,753</b>	16,725,704	<b>18,229,753</b>	16,725,704
Government and statutory bodies	<b>9,934,566</b>	12,049,184	<b>9,934,566</b>	12,049,184
Individuals	<b>6,845,345</b>	5,199,550	<b>6,845,345</b>	5,199,550
Domestic banking institutions	<b>1,026,904</b>	1,634,224	<b>1,026,904</b>	1,634,224
Others	<b>2,233,858</b>	1,901,189	<b>2,233,858</b>	1,901,189
	<b><u>47,187,254</u></b>	<u>49,895,232</u>	<b><u>47,199,733</u></b>	<u>49,909,199</u>

**19. Investment accounts of customers**

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

	Note	Group and Bank	
		30.06.2019 RM'000	31.12.2018 RM'000
<b>Unrestricted investment accounts</b>			
Without maturity :			
<i>Mudharabah</i>		<b>3,034,087</b>	2,594,846
- <i>Saving</i>		<b>2,596,064</b>	2,413,645
- <i>Demand</i>		<b>438,023</b>	181,201
With maturity :			
<i>Wakalah</i>		<b>4,512,663</b>	2,581,973
		<b><u>7,546,750</u></b>	<u>5,176,819</u>
Investment portfolio :			
<i>House financing</i>	15	<b>5,290,698</b>	3,886,107
<i>Personal financing</i>	15	<b>2,256,052</b>	1,290,712
		<b><u>7,546,750</u></b>	<u>5,176,819</u>
<b>Restricted investment accounts (“RIA”) managed by the Bank<sup>^</sup></b>			
With maturity :			
<i>Wakalah</i>		<b>56,318</b>	78,717
Investment portfolio :			
<i>Other term financing</i>		<b>56,318</b>	78,717

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**19. Investment accounts of customers (continued)**

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

<sup>^</sup> Restricted investment accounts (“RIA”) is an arrangement between the Bank and the investment account holders (“IAH”) where the Bank acts as the investment agent to manage and administer the RIA and its underlying assets. RIA is accounted for as off balance sheet as the Bank has no right and obligation in respect of the assets related to the RIA or to the residual cash flows from those assets except for the Wakalah fee income generated by the Bank for managing the RIA.

Included in RIA managed by the Bank is an arrangement between the Bank and its ultimate holding entity with underlying assets amounting to RM56,318,000 (2018: RM78,717,000).

**(b) By type of customers**

	<b>Group and Bank</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Individuals	<b>2,858,136</b>	2,674,428
Government and statutory bodies	<b>2,348,273</b>	767,996
Business enterprises	<b>708,953</b>	507,160
Non-bank financial institutions	<b>1,545,013</b>	1,175,273
International Islamic Bank	<b>2,600</b>	2,400
Others	<b>83,775</b>	49,562
	<b><u>7,546,750</u></b>	<b><u>5,176,819</u></b>

**20. Recourse obligations on financing sold to Cagamas**

Recourse obligations on financing sold to Cagamas represents house financing accounts that are sold to Cagamas with recourse. Under the agreement, 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 in Note 15.

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**21. Subordinated Sukuk Murabahah**

	Note	Group and Bank	
		30.06.2019 RM'000	31.12.2018 RM'000
<i>Issued under the RM1.0 billion Subordinated Sukuk Murabahah Programme</i>			
First tranche	(a)	303,308	303,450
Second tranche	(b)	400,844	400,851
Third tranche	(c)	302,046	302,005
		<b>1,006,198</b>	1,006,306
<i>Issued under the RM10.0 billion Sukuk Murabahah Programme</i>			
First tranche	(d)	302,328	302,328
		<b>1,308,526</b>	1,308,634

The details of the issued subordinated Sukuk are as follows:

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

\* Optional redemption date or any periodic payment date thereafter.

# Accrued and payable semi-annually in arrears.

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

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**22. Other liabilities**

	Group		Bank	
	30.06.2019 RM'000	31.12.2018 RM'000	30.06.2019 RM'000	31.12.2018 RM'000
Other payables	699,993	564,632	694,660	556,880
Accruals	89,558	141,501	87,608	138,834
	<u>789,551</u>	<u>706,133</u>	<u>782,268</u>	<u>695,714</u>

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

Group and Bank	3 months ended		6 months ended	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
Income derived from investment of:				
(i) Saving and demand Deposits	204,344	192,683	413,521	386,441
(ii) General investment Deposits	4,161	4,662	8,437	9,536
(iii) Term deposits	455,751	371,254	917,530	728,534
(iv) Other deposits	22,543	55,141	55,118	111,782
	<u>686,799</u>	<u>623,740</u>	<u>1,394,606</u>	<u>1,236,293</u>

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

Group and Bank	3 months ended		6 months ended	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	166,796	171,425	339,461	340,278
Financial assets:				
- fair value through profit and loss	1,274	1,251	2,462	2,514
- fair value through other comprehensive income	19,870	15,633	41,128	32,581
- other financial assets at amortised cost	84	87	84	87
Money at call and deposits with financial institutions	6,578	4,181	12,143	10,012
	<u>194,602</u>	<u>192,577</u>	<u>395,278</u>	<u>385,472</u>

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

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

Group and Bank	3 months ended		6 months ended	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
<b>Other dealing income</b>				
Net gain from sale of financial assets at fair value through profit or loss	2,340	8	4,074	260
Net gain on revaluation of financial assets at fair value through profit or loss	(562)	(5)	1,335	107
	<u>1,778</u>	<u>3</u>	<u>5,409</u>	<u>367</u>
<b>Other operating income</b>				
Net gain from sale of financial assets at fair value through other comprehensive income	7,964	103	12,834	602
	<u>204,344</u>	<u>192,683</u>	<u>413,521</u>	<u>386,441</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	<u>2,689</u>	<u>2,488</u>	<u>5,217</u>	<u>5,727</u>

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

Group and Bank	3 months ended		6 months ended	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
<b>Finance income and hibah</b>				
Financing, advances and others	3,481	4,183	7,075	8,478
Financial assets:				
- fair value through profit and loss	22	27	44	56
- fair value through other comprehensive income	353	343	745	729
- other financial assets at amortised cost	2	2	2	2
Money at call and deposits with financial institutions	130	106	245	250
	<u>3,988</u>	<u>4,661</u>	<u>8,111</u>	<u>9,515</u>

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

*(ii) Income derived from investment of general investment deposits (continued)*

Group and Bank	3 months ended		6 months ended	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
<b><i>Other dealing income</i></b>				
Net gain from sale of financial assets at fair value through profit or loss	42	-	73	6
Net gain on revaluation of financial assets at fair value through profit or loss	(8)	(1)	25	2
	<u>34</u>	<u>(1)</u>	<u>98</u>	<u>8</u>
<b><i>Other operating income</i></b>				
Net gain from sale of financial assets at fair value through other comprehensive income	139	2	228	13
	<u>4,161</u>	<u>4,662</u>	<u>8,437</u>	<u>9,536</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	<u>48</u>	<u>55</u>	<u>95</u>	<u>129</u>

*(iii) Income derived from investment of term deposits*

Group and Bank	3 months ended		6 months ended	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	371,910	330,308	752,899	641,657
Financial assets:				
- fair value through profit and loss	2,828	2,411	5,452	4,738
- fair value through other comprehensive income	44,285	30,097	91,150	61,350
- other financial assets at amortised cost	181	164	181	164
Money at call and deposits with financial institutions	14,846	8,085	27,205	18,837
	<u>434,050</u>	<u>371,065</u>	<u>876,887</u>	<u>726,746</u>

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

*(iii) Income derived from investment of term deposits (continued)*

Group and Bank	3 months ended		6 months ended	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
<b><i>Other dealing income</i></b>				
Net gain from sale of financial assets at fair value through profit or loss	5,194	24	9,040	488
Net gain on revaluation of financial assets at fair value through profit or loss	(1,414)	(35)	2,909	180
	<u>3,780</u>	<u>(11)</u>	<u>11,949</u>	<u>668</u>
<b><i>Other operating income</i></b>				
Net gain from sale of financial assets at fair value through other comprehensive income	17,921	200	28,694	1,120
	<u>455,751</u>	<u>371,254</u>	<u>917,530</u>	<u>728,534</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	<u>5,963</u>	<u>4,795</u>	<u>11,560</u>	<u>10,761</u>

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

Group and Bank	3 months ended		6 months ended	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	18,416	49,057	45,339	98,411
Financial assets:				
- fair value through profit and loss	140	358	322	725
- fair value through other comprehensive income	2,193	4,453	5,505	9,403
- other financial assets at amortised cost	10	22	10	22
Money at call and deposits with financial institutions	734	1,235	1,613	2,959
	<u>21,493</u>	<u>55,125</u>	<u>52,789</u>	<u>111,520</u>



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

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

Group and Bank	3 months ended		6 months ended	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
<b><i>Other dealing income</i></b>				
Net gain from sale of financial assets at fair value through profit or loss	257	11	517	91
Net gain on revaluation of financial assets at fair value through profit or loss	(103)	(29)	179	(15)
	<u>154</u>	<u>(18)</u>	<u>696</u>	<u>76</u>
<b><i>Other operating income</i></b>				
Net gain from sale of financial assets at fair value through other comprehensive income	896	34	1,633	186
	<u>22,543</u>	<u>55,141</u>	<u>55,118</u>	<u>111,782</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	<u>312</u>	<u>724</u>	<u>718</u>	<u>1,674</u>

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

Group and Bank	3 months ended		6 months ended	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
<b>Finance income</b>				
Unrestricted investment accounts				
- <i>Mudharabah</i>	37,355	30,222	71,444	59,921
- <i>Wakalah</i>	60,229	32,596	102,567	64,652
	<u>97,584</u>	<u>62,818</u>	<u>174,011</u>	<u>124,573</u>

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

Group	3 months ended		6 months ended	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	1,561	1,820	3,419	3,604
Financial assets at fair value through other comprehensive income	49,430	48,960	92,570	87,104
Money at call and deposits with financial institutions	2	1	3	2
	<u>50,993</u>	<u>50,781</u>	<u>95,992</u>	<u>90,710</u>
<b><i>Other dealing income</i></b>				
Net gain from foreign exchange transactions	12,366	12,033	29,002	26,793
Net loss from sale of financial assets at fair value through profit or loss	-	14	-	-
Net gain/(loss) on revaluation of financial assets at fair value through profit or loss	5,440	-	5,442	(1)
Net derivatives gain/(loss)	16	(152)	(55)	77
	<u>17,822</u>	<u>11,895</u>	<u>34,389</u>	<u>26,869</u>
<b><i>Other operating income</i></b>				
Gross dividend income from:				
- unit trust in Malaysia	4,596	44	4,683	867
- quoted shares outside Malaysia	259	-	259	-
	<u>4,855</u>	<u>44</u>	<u>4,942</u>	<u>867</u>
<b><i>Fees and commission</i></b>				
Fees	41,328	50,263	85,880	92,796
Commission	3,954	5,360	7,643	11,609
Others	5,359	6,273	10,264	11,155
	<u>50,641</u>	<u>61,896</u>	<u>103,787</u>	<u>115,560</u>
<b><i>Other income</i></b>				
Net gain/(loss) on disposal of property and equipment	(1)	229	(2)	270
Rental income	521	418	1,222	1,051
Other income	257	26	286	50
	<u>777</u>	<u>673</u>	<u>1,506</u>	<u>1,371</u>
	<u>125,088</u>	<u>125,289</u>	<u>240,616</u>	<u>235,377</u>

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

<b>Bank</b>	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2019</b>	<b>30.06.2018</b>	<b>30.06.2019</b>	<b>30.06.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	<b>1,561</b>	1,820	<b>3,419</b>	3,604
Financial assets at fair value through other comprehensive income	<b>49,430</b>	48,960	<b>92,570</b>	87,104
Money at call and deposits with financial institutions	<b>1</b>	1	<b>2</b>	2
	<b>50,992</b>	50,781	<b>95,991</b>	90,710
<b><i>Other dealing income</i></b>				
Net gain from foreign exchange transactions	<b>12,368</b>	12,050	<b>29,002</b>	26,810
Net gain/(loss) on revaluation of financial assets at fair value through profit or loss	<b>5,441</b>	-	<b>5,441</b>	-
Net derivatives gain/(loss)	<b>16</b>	(152)	<b>(55)</b>	77
	<b>17,825</b>	11,898	<b>34,388</b>	26,887
<b><i>Other operating income</i></b>				
Gross dividend income from:				
- unit trust in Malaysia	<b>4,547</b>	-	<b>4,590</b>	778
- quoted shares outside Malaysia	<b>259</b>	-	<b>259</b>	-
	<b>4,806</b>	-	<b>4,849</b>	778
<b><i>Fees and commission</i></b>				
Fees	<b>32,335</b>	39,914	<b>67,664</b>	74,576
Commission	<b>5,632</b>	6,698	<b>10,990</b>	14,831
Others	<b>4,565</b>	5,846	<b>9,372</b>	10,544
	<b>42,532</b>	52,458	<b>88,026</b>	99,951
<b><i>Other income</i></b>				
Net gain/(loss) on disposal of property and equipment	<b>(1)</b>	229	<b>(2)</b>	270
Rental income	<b>702</b>	511	<b>1,403</b>	1,235
Other income	<b>241</b>	3	<b>243</b>	16
	<b>942</b>	743	<b>1,644</b>	1,521
	<b>117,097</b>	115,880	<b>224,898</b>	219,847

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**26. Net allowance for impairment on financing and advances**

Group and Bank	3 months ended		6 months ended	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
Net allowance for impairment on financing, advances and others:				
- Collective assessment - 12 months expected credit losses (ECL)	(3,354)	(11,550)	(7)	(7,594)
- Collective assessment - Lifetime ECL	33,598	51,144	75,683	58,011
- Individual assessment - Lifetime ECL	20,959	1,713	22,834	38,675
	<u>51,203</u>	<u>41,307</u>	<u>98,510</u>	<u>89,092</u>
Bad debts and financing recovered	(21,584)	(26,549)	(45,692)	(53,171)
	<u>29,619</u>	<u>14,758</u>	<u>52,818</u>	<u>35,921</u>

**27. Income attributable to depositors**

Group	3 months ended		6 months ended	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
Deposits from customers				
- Mudharabah fund	2,076	2,463	4,110	4,962
- Non-Mudharabah fund	322,607	301,755	655,769	595,799
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	-	43	-	43
- Non-Mudharabah fund	321	78	321	409
Recourse obligation on financing sold to Cagamas	17,802	7,125	35,614	7,125
	<u>342,806</u>	<u>311,464</u>	<u>695,814</u>	<u>608,338</u>



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**30. Other overhead expenses**

<b>Group</b>	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2019</b>	<b>30.06.2018</b>	<b>30.06.2019</b>	<b>30.06.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Promotion</i></b>				
Credit and debit card expenses	<b>8,541</b>	6,631	<b>15,898</b>	15,778
Advertisement and publicity	<b>2,554</b>	2,572	<b>3,679</b>	4,438
Others	<b>6,063</b>	9,052	<b>12,411</b>	14,387
	<b>17,158</b>	18,255	<b>31,988</b>	34,603
<b><i>Establishment</i></b>				
Office rental	<b>7,789</b>	13,628	<b>15,829</b>	26,556
Depreciation of property and equipment	<b>12,309</b>	12,104	<b>24,696</b>	23,589
Depreciation right-of-use assets	<b>3,298</b>	-	<b>6,596</b>	-
Information technology expenses	<b>10,111</b>	15,127	<b>22,219</b>	22,293
Security services	<b>2,390</b>	3,280	<b>4,620</b>	6,054
Utilities	<b>3,821</b>	3,445	<b>6,948</b>	6,815
Office maintenance	<b>2,911</b>	3,771	<b>4,931</b>	5,980
Rental of equipment	<b>1,338</b>	897	<b>2,492</b>	2,313
Takaful	<b>2,402</b>	2,035	<b>4,511</b>	4,334
Others	<b>-</b>	241	<b>281</b>	280
	<b>46,369</b>	54,528	<b>93,123</b>	98,214
<b><i>General expenses</i></b>				
Outsourcing fees	<b>4,024</b>	4,394	<b>8,818</b>	7,476
Office supplies	<b>2,306</b>	2,494	<b>4,503</b>	3,962
Subscription fees	<b>1,327</b>	958	<b>2,483</b>	1,705
Travelling and transportation	<b>1,880</b>	2,198	<b>3,542</b>	3,998
Security services - cash in transit	<b>2,275</b>	1,311	<b>3,421</b>	2,773
Professional fees	<b>1,682</b>	2,892	<b>4,987</b>	4,989
Others	<b>15,757</b>	18,661	<b>34,550</b>	34,801
	<b>29,251</b>	32,908	<b>62,304</b>	59,704
	<b>92,778</b>	105,691	<b>187,415</b>	192,521
<b>Bank</b>				
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2019</b>	<b>30.06.2018</b>	<b>30.06.2019</b>	<b>30.06.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Promotion</i></b>				
Credit and debit card expenses	<b>8,541</b>	6,631	<b>15,898</b>	15,778
Advertisement and publicity	<b>2,421</b>	2,486	<b>3,422</b>	4,260
Others	<b>2,006</b>	2,730	<b>4,382</b>	5,076
	<b>12,968</b>	11,847	<b>23,702</b>	25,114

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

<b>Bank</b>	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2019</b>	<b>30.06.2018</b>	<b>30.06.2019</b>	<b>30.06.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>Establishment</i>				
Office rental	7,877	13,614	15,801	26,528
Depreciation of property and equipment	12,251	12,042	24,580	23,466
Depreciation right-of-use assets	3,298	-	6,596	-
Information technology expenses	10,111	15,127	22,219	22,293
Security services	2,390	3,280	4,620	6,054
Utilities	3,803	3,429	6,913	6,783
Office maintenance	2,854	3,715	4,816	5,878
Rental of equipment	1,315	878	2,446	2,272
Takaful	2,400	2,035	4,508	4,329
Others	-	241	281	280
	<b>46,299</b>	<b>54,361</b>	<b>92,780</b>	<b>97,883</b>
<i>General expenses</i>				
Outsourcing fees	4,024	4,394	8,818	7,476
Office supplies	2,269	2,456	4,432	3,904
Subscription fees	1,327	958	2,483	1,705
Travelling and transportation	1,825	2,164	3,455	3,924
Security services - cash in transit	2,275	1,311	3,421	2,773
Professional fees	1,614	2,863	4,841	4,923
Others	15,841	19,277	34,962	35,896
	<b>29,175</b>	<b>33,423</b>	<b>62,412</b>	<b>60,601</b>
	<b>88,442</b>	<b>99,631</b>	<b>178,894</b>	<b>183,598</b>

**31. Finance cost**

<b>Group and Bank</b>	<b>Notes</b>	<b>3 months ended</b>		<b>6 months ended</b>	
		<b>30.06.2019</b>	<b>30.06.2018</b>	<b>30.06.2019</b>	<b>30.06.2018</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Finance cost:					
- Subordinated Sukuk Murabahah		17,438	13,465	34,683	26,901
- Profit expense on leases	17	4,474	-	8,968	-
		<b>21,912</b>	<b>13,465</b>	<b>43,651</b>	<b>26,901</b>

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**32. Segmental Reporting on Revenue, Profit and Assets**

	Consumer Banking RM'000	Corporate and Commercial Banking RM'000	Treasury RM'000	Shareholders unit RM'000	Elimination RM'000	Total RM'000
<b><u>6 months ended 30 June 2019</u></b>						
<b>Total Revenue</b>	<b>1,087,811</b>	<b>317,903</b>	<b>376,798</b>	<b>34,400</b>	<b>(7,446)</b>	<b>1,809,466</b>
Net fund based income	483,847	196,330	52,693	99,509	-	832,379
Non-fund based income	71,302	15,772	95,937	30,697	(7,310)	206,398
<b>Net income</b>	<b>555,149</b>	<b>212,102</b>	<b>148,630</b>	<b>130,206</b>	<b>(7,310)</b>	<b>1,038,777</b>
Net allowance for impairment	(55,224)	(2,594)	21	853	-	(56,944)
<b>Profit before overheads, zakat &amp; tax</b>	<b>499,925</b>	<b>209,508</b>	<b>148,651</b>	<b>131,059</b>	<b>(7,310)</b>	<b>981,833</b>
Operating expenses						(544,432)
<b>Profit before zakat &amp; tax</b>						<b>437,401</b>
<b><u>6 months ended 30 June 2018</u></b>						
<b>Total Revenue</b>	<b>1,011,411</b>	<b>301,933</b>	<b>261,961</b>	<b>28,152</b>	<b>(6,881)</b>	<b>1,596,576</b>
Net fund based income	467,584	188,576	(11,959)	150,277	-	794,478
Non-fund based income	81,180	18,723	30,471	24,419	(6,753)	148,040
<b>Net income</b>	<b>548,764</b>	<b>207,299</b>	<b>18,512</b>	<b>174,696</b>	<b>(6,753)</b>	<b>942,518</b>
Net allowance for impairment	(17,814)	(18,107)	86	-	-	(35,835)
<b>Profit before overheads, zakat &amp; tax</b>	<b>530,950</b>	<b>189,192</b>	<b>18,598</b>	<b>174,696</b>	<b>(6,753)</b>	<b>906,683</b>
Operating expenses						(505,996)
<b>Profit before zakat &amp; tax</b>						<b>400,687</b>

Effective 1 January 2019, the Group and the Bank have adopted a new methodology in allocating the net fund based income.



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**32. Segmental Reporting on Revenue, Profit and Assets (continued)**

	<b>Consumer Banking RM'000</b>	<b>Corporate and Commercial Banking RM'000</b>	<b>Treasury RM'000</b>	<b>Shareholders unit RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>At 30 June 2019</u></b>						
Segment assets	35,557,291	10,838,178	14,785,877	46,321	(29,778)	61,197,889
Unallocated assets						<u>3,045,692</u>
Total assets						<u><u>64,243,581</u></u>
<b><u>At 31 December 2018</u></b>						
Segment assets	34,711,553	10,969,128	15,381,399	46,194	(30,829)	61,077,445
Unallocated assets						<u>2,861,288</u>
Total assets						<u><u>63,938,733</u></u>

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**33. 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 are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Group's market assumptions. The fair value hierarchy is as follows:

- Level 1 – Quoted price (unadjusted) in active markets for the identical assets or liabilities. This level includes listed equity securities and debt instruments.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This level includes profit rates swap and structured debt. The sources of input parameters include Bank Negara Malaysia (BNM) indicative yields or counterparty credit risk.
- Level 3 – Inputs for asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments 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.

Group 30 June 2019 RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value Level 3	Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total			
<b>Financial assets</b>							
Financial assets at fair value through profit or loss	-	1,022,055	-	1,022,055	-	1,022,055	1,022,055
Derivative financial assets	-	24,346	-	24,346	-	24,346	24,346
Financial assets at fair value through other comprehensive income	9,295	12,279,536	37,930	12,326,761	-	12,326,761	12,326,761
Financing, advances and others	-	-	-	-	49,943,790	49,943,790	46,395,469
<b>Financial liabilities</b>							
Derivative financial liabilities	-	6,763	-	6,763	-	6,763	6,763
Recourse obligations on financing sold to Cagamas	-	-	-	-	1,542,540	1,542,540	1,501,187
Subordinated Sukuk Murabahah	-	-	-	-	1,331,653	1,331,653	1,308,526

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**33. Fair value of Financial Instruments (continued)**

**Fair value hierarchy (continued)**

Group 31 December 2018 RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value Level 3	Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total			
<b>Financial assets</b>							
Financial assets at fair value through profit or loss	-	364,959	-	364,959	-	364,959	364,959
Derivative financial assets	-	34,148	-	34,148	-	34,148	34,148
Financial assets at fair value through other comprehensive income	12,446	11,318,781	23,072	11,354,299	-	11,354,299	11,354,299
Financing, advances and others	-	-	-	-	46,594,025	46,594,025	45,680,680
<b>Financial liabilities</b>							
Derivative financial liabilities	-	19,520	-	19,520	-	19,520	19,520
Recourse obligations on financing sold to Cagamas	-	-	-	-	1,517,235	1,517,235	1,501,187
Subordinated Sukuk Murabahah	-	-	-	-	1,361,535	1,361,535	1,308,634
<b>Bank</b>							
<b>30 June 2019</b>							
RM'000							
	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value Level 3	Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total			
<b>Financial assets</b>							
Financial assets at fair value through profit or loss	-	1,016,525	-	1,016,525	-	1,016,525	1,016,525
Derivative financial assets	-	24,346	-	24,346	-	24,346	24,346
Financial assets at fair value through other comprehensive income	9,295	12,279,536	38,720	12,327,551	-	12,327,551	12,327,551
Financing, advances and others	-	-	-	-	49,943,790	49,943,790	46,395,469
<b>Financial liabilities</b>							
Derivative financial liabilities	-	6,763	-	-	-	6,763	6,763
Recourse obligations on financing sold to Cagamas	-	-	-	-	1,542,540	1,542,540	1,501,187
Subordinated Sukuk Murabahah	-	-	-	-	1,331,653	1,331,653	1,308,526

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**33. Fair value of Financial Instruments (continued)**

**Fair value hierarchy (continued)**

Bank 31 December 2018 RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value Level 3	Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total			
<i>Financial assets</i>							
Financial assets at fair value through profit or loss	-	359,533	-	359,533	-	359,533	359,533
Derivative financial assets	-	34,148	-	34,148	-	34,148	34,148
Financial assets at fair value through other comprehensive income	12,446	11,318,781	23,862	11,355,089	-	11,355,089	11,355,089
Financing, advances and others	-	-	-	-	46,594,025	46,594,025	45,680,680
<i>Financial liabilities</i>							
Derivative financial liabilities	-	19,520	-	19,520	-	19,520	19,520
Recourse obligations on financing sold to Cagamas	-	-	-	-	1,517,235	1,517,235	1,501,187
Subordinated Sukuk Murabahah	-	-	-	-	1,361,535	1,361,535	1,308,634

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**33. Fair value of Financial Instruments (continued)**

**Fair value hierarchy (continued)**

**Unobservable inputs used in measuring fair value**

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

(a) Financial instruments carried at fair value

<b>Type</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Equity investments	Adjusted net asset method	Assets and liabilities of the investee company	Changes on the assets and liabilities would reflect the fair value measurement

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

(ii) Financing, advances and others

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

(iii) Subordinated Sukuk Murabahah

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

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**34. Commitment and Contingencies**

The commitment and contingencies and their related counterparty credit risk for the Group and Bank are as follows:

<b>As at 30 June 2019</b>	<b>Principal Amount RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Asset RM'000</b>
<i>Credit related exposures</i>			
Direct credit substitutes	373,399	373,399	372,792
Transaction related contingent items	945,445	472,722	452,410
Short-term self-liquidating trade related contingencies	780,192	156,039	155,506
Other commitments, such as formal standby facilities and credit lines, with an original maturity exceeding one year	1,496,888	784,444	545,665
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	7,577,717	-	-
	<u>11,173,641</u>	<u>1,750,604</u>	<u>1,526,373</u>
		<b>Positive Fair Value of Derivative Contracts</b>	
	<b>Principal Amount RM'000</b>	<b>RM'000</b>	<b>Credit Equivalent Amount RM'000</b>
			<b>Risk Weighted Asset RM'000</b>
<i>Derivative Financial Instruments</i>			
Foreign exchange related contracts			
- less than one year	5,014,504	22,573	74,520
Profit rate related contracts			
- one year to less than five years	162,952	1,773	7,928
	<u>5,177,456</u>	<u>24,346</u>	<u>82,448</u>
	<u>16,351,097</u>	<u>24,346</u>	<u>1,833,052</u>
<b>Total</b>			<u>1,579,666</u>

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**33. Commitment and Contingencies (continued)**

The commitment and contingencies and their related counterparty credit risk for the Group and Bank are as follows (continued):

<b>As at 31 December 2018</b>	<b>Principal Amount RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Asset RM'000</b>
<b><i>Credit related exposures</i></b>			
Direct credit substitutes	487,980	487,980	488,189
Transaction related contingent items	1,015,198	507,599	471,867
Short-term self-liquidating trade related contingencies	247,008	49,402	43,608
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:			
- not exceeding one year	-	-	-
- exceeding one year	1,627,618	813,809	630,266
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	7,336,717	-	-
	<u>10,714,521</u>	<u>1,858,790</u>	<u>1,633,930</u>
		<b>Positive Fair Value of Derivative Contracts RM'000</b>	
	<b>Principal Amount RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Asset RM'000</b>
<b><i>Derivative Financial Instruments</i></b>			
Foreign exchange related contracts			
- less than one year	2,869,455	30,653	50,495
Profit rate related contracts			
- less than one year	400,000	1,708	162
- five years and above	178,379	1,787	6,419
	<u>3,447,834</u>	<u>34,148</u>	<u>57,076</u>
<b>Total</b>	<u>14,162,355</u>	<u>1,935,703</u>	<u>1,691,006</u>

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**34. Capital adequacy**

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

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

	<b>Group</b>		<b>Bank</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
CET I & Tier I capital ratio	<b>13.929%</b>	13.317%	<b>13.900%</b>	13.287%
Total capital ratio	<b>18.403%</b>	17.767%	<b>18.379%</b>	17.741%

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

	<b>Group</b>		<b>Bank</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Paid-up share capital	<b>3,012,368</b>	3,012,368	<b>3,012,368</b>	3,012,368
Retained earnings	<b>2,444,249</b>	2,362,476	<b>2,440,034</b>	2,359,060
Other reserves	<b>57,244</b>	(98,437)	<b>57,419</b>	(98,261)
<u>Less:</u>				
Deferred tax assets	<b>(28,209)</b>	(51,385)	<b>(26,703)</b>	(49,842)
Gain on financial instruments classified as fair value through other comprehensive income	<b>(87,097)</b>	(1,446)	<b>(87,097)</b>	(1,446)
Regulatory reserve	<b>(10,000)</b>	(10,000)	<b>(10,000)</b>	(10,000)
Investment in subsidiaries	<b>-</b>	-	<b>(15,525)</b>	(15,525)
<b>Total CET I and Tier I Capital</b>	<b><u>5,388,555</u></b>	<u>5,213,576</u>	<b><u>5,370,496</u></b>	<u>5,196,354</u>
Sukuk Murabahah	<b>1,300,000</b>	1,300,000	<b>1,300,000</b>	1,300,000
Collective assessment allowance and regulatory reserve <sup>^</sup>	<b>431,113</b>	441,938	<b>430,907</b>	441,788
<b>Total Tier II Capital</b>	<b><u>1,731,113</u></b>	<u>1,741,938</u>	<b><u>1,730,907</u></b>	<u>1,741,788</u>
<b>Total Capital</b>	<b><u>7,119,668</u></b>	<u>6,955,514</u>	<b><u>7,101,403</u></b>	<u>6,938,142</u>

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



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**35. Capital adequacy (continued)**

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

	Group		Bank	
	30.06.2019 RM'000	31.12.2018 RM'000	30.06.2019 RM'000	31.12.2018 RM'000
Credit risk	<b>39,956,791</b>	38,963,775	<b>39,940,328</b>	38,951,812
Less : Credit risk absorbed by unrestricted investment accounts	<b>(5,467,762)</b>	(3,608,741)	<b>(5,467,762)</b>	(3,608,741)
	<b>34,489,029</b>	35,355,034	<b>34,472,566</b>	35,343,071
Market risk	<b>747,171</b>	422,763	<b>747,171</b>	422,763
Operational risk	<b>3,450,337</b>	3,370,712	<b>3,418,265</b>	3,342,947
	<b>38,686,537</b>	39,148,509	<b>38,638,002</b>	39,108,781

**35. Performance review for the six months ended 30 June 2019**

The Group reported profit before zakat and tax of RM437.4 million, an increase of 9.2% for the six months ended 30 June 2019 compared to the previous corresponding period. The improved performance was mainly attributed from higher net income of RM76.4 million, offset by higher personnel expenses and finance cost of RM28.1 million and RM16.8 million respectively.

Year-on-year net financing assets grew by RM3.2 billion or 7.3% to reach RM46.4 billion as at end of 30 June 2019. Correspondingly, net fund based income from financing also increased by RM37.9 million or 4.8%.

As at 30 June 2019, customer deposits and investment accounts stood at RM54.7 billion with a year-on-year increase of RM5.0 billion or 10.0 %. CASA ratio as at end of June 2019 was 30.1% against the Islamic Banking Industry CASA ratio of 26.3% as at end of May 2019.

The Group's gross impaired financing ratio was 1.2% while the net impaired financing ratio was at negative 0.4% as at end of 30 June 2019 compared to 0.92% and a negative 0.80% respectively as at 31 December 2018. The Banking System gross impaired ratio was 1.5% and the net impaired ratio was 1.0% as at end of May 2019, based on BNM's statistical bulletin.

The key performance ratios as at end of June 2019 also compared favourably against the Banking System ratios as at end of 31 March 2019. The Bank's return on equity and return on assets based on profit before zakat and tax ("PBZT") were 16.1% and 1.4% respectively against the Islamic Banking Industry's 15.7% and 1.1% respectively.

**36. Prospect for 2019**

In BNM's quarterly report released on 16<sup>th</sup> May 2019, overall Gross Domestic Product ("GDP") growth was moderate at 4.5% (4Q2018: 4.7%). The economic growth is expected to continuously moderate for the year with the central bank's GDP projection at the range of 4.3% to 4.8%. There are downside risks to growth from heightened uncertainties in the global and domestic environment, trade tensions and extended weakness in commodity-related sectors.

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**37. Prospect for 2019 (continued)**

In 1H2019, there was a net outflow of RM2.2 billion mainly on the account of Treasury Bills, Private Debt Securities and Government Investment Issues. BNM has been actively intervening the foreign exchange markets in order to stabilise the Malaysian Ringgit. However, outflows of funds have been quite persistent. Consequently, BNM international reserve assets fell from USD109.4 billion in May 2018 to USD102.6 billion in May 2019.

On 7 May 2019, the Monetary Policy Committee (“MPC”) reduced the Overnight Policy Rate (“OPR”) by 25 basis points at 3.00%. Therefore, we can expect banking system Net Income Margin (“NIM”) will continue to be compressed with lower benchmark profit rate.

While the OPR could stay low, deposit rates would rise due to competition in the banking industries. The lack of liquidity is not too alarming at the current juncture as current account in the balance of payment remains in surplus while industry financing-to-deposit ratio is well below 100%. Nevertheless, we expect competition for deposits will persist as banks brace for upcoming implementation of net stable funding ratio (“NSFR”) requirement.

The banking sector is expected to brace for a challenging second half of 2019 against the backdrop of decrease in financing growth and thinning margins. Financing growth for the banking sector in Malaysia is expected to decrease at about 5% in 2019 (2018: +5.6%), as GDP growth moderates. We expect consumer and business financing growth tapering down in 2019 due to slowdown in exports.

The Bank believes that it is able to maintain a stable outlook on profitability, albeit challenging economic environment. That said, overall profitability indicators are likely to remain intact, as the Bank continues to grow our financing assets, while taking certain measures in cost management. Despite small percentage of gross income contributed by non-fund based, the pursuit for digitalisation is hoped to provide a boost in the longer term.

**38. Subsequent events**

There were no material events subsequent to the end of the reporting period that require disclosure or adjustments to the unaudited interim financial statements.

**39. Credit Transactions and Exposures with Connected Parties**

	<b>Group and Bank</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM’000</b>	<b>RM’000</b>
Outstanding credit exposures with connected parties	<b>1,500,100</b>	1,538,799
% of outstanding credit exposures to connected parties as a proportion of total credit exposures	<b>3.18%</b>	3.31%
% of outstanding credit exposures with connected parties which is non-performing or in default	<b>0.0002%</b>	0.0008%