

**Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)]  
(Incorporated in Malaysia)  
Unaudited Interim Financial Statements**

**Statements of Financial Position as at 30 June 2020**

	Note	Group		Bank	
		30.06.2020 RM'000	31.12.2019 RM'000	30.06.2020 RM'000	31.12.2019 RM'000
<b>Assets</b>					
Cash and short-term funds	9	<b>2,465,708</b>	2,814,333	<b>2,464,408</b>	2,813,456
Deposits and placements with banks and other financial institutions	10	<b>361</b>	658,053	-	658,053
Financial assets at fair value through profit or loss	11	<b>1,553,927</b>	663,068	<b>1,548,224</b>	657,443
Derivative financial assets	12	<b>46,375</b>	33,326	<b>46,375</b>	33,326
Financial assets at fair value through other comprehensive income	13	<b>11,765,760</b>	12,146,640	<b>11,766,498</b>	12,147,378
Financing, advances and others	14	<b>52,014,538</b>	49,472,522	<b>52,014,538</b>	49,472,522
Other financial assets at amortised cost	15	<b>116,603</b>	145,217	<b>113,034</b>	140,562
Statutory deposits with Bank Negara Malaysia		<b>185,510</b>	1,170,136	<b>185,510</b>	1,170,136
Current tax assets		<b>32,004</b>	32,003	<b>32,002</b>	32,002
Deferred tax assets		<b>41,035</b>	33,774	<b>39,524</b>	32,268
Right-of-use assets	16	<b>218,530</b>	229,135	<b>218,526</b>	229,135
Investments in subsidiaries		-	-	<b>15,525</b>	15,525
Property and equipment		<b>205,093</b>	195,595	<b>204,604</b>	195,100
<b>Total assets</b>		<b>68,645,444</b>	67,593,802	<b>68,648,768</b>	67,596,906
<b>Liabilities and equity</b>					
Deposits from customers	17	<b>47,176,967</b>	47,408,738	<b>47,192,766</b>	47,476,872
Investment accounts of customers	18	<b>11,304,192</b>	10,240,373	<b>11,304,276</b>	10,240,373
Derivative financial liabilities	12	<b>15,746</b>	36,746	<b>15,746</b>	36,746
Bills and acceptance payable		<b>25,574</b>	49,084	<b>25,574</b>	49,084
Recourse obligations on financing sold to Cagamas	19	<b>1,501,187</b>	1,501,187	<b>1,501,187</b>	1,501,187
Subordinated Sukuk Murabahah	20	<b>1,409,188</b>	1,308,694	<b>1,409,188</b>	1,308,694
Other liabilities	21	<b>852,713</b>	991,540	<b>846,519</b>	931,685
Lease Liabilities	16	<b>318,358</b>	325,559	<b>318,349</b>	325,559
Zakat and taxation		<b>45,344</b>	17,428	<b>45,158</b>	17,142
<b>Total liabilities</b>		<b>62,649,269</b>	61,879,349	<b>62,658,763</b>	61,887,342

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**Statements of Financial Position as at 30 June 2020 (continued)**

	Note	Group		Bank	
		30.06.2020 RM'000	31.12.2019 RM'000	30.06.2020 RM'000	31.12.2019 RM'000
<b>Equity</b>					
Share capital		3,164,221	3,012,368	3,164,221	3,012,368
Reserves		<u>2,831,954</u>	<u>2,702,085</u>	<u>2,825,784</u>	<u>2,697,196</u>
<b>Total equity</b>		<u>5,996,175</u>	<u>5,714,453</u>	<u>5,990,005</u>	<u>5,709,564</u>
<b>Total liabilities and equity</b>		<u><u>68,645,444</u></u>	<u><u>67,593,802</u></u>	<u><u>68,648,768</u></u>	<u><u>67,596,906</u></u>
<b>Restricted investment accounts managed by the Bank</b>	18	22,837	35,062	22,837	35,062
<b>Total Islamic banking asset owned and managed by the Bank</b>		<u><u>68,668,281</u></u>	<u><u>67,628,864</u></u>	<u><u>68,671,605</u></u>	<u><u>67,631,968</u></u>
<b>Commitments and Contingencies</b>	33	<u><u>16,099,095</u></u>	<u><u>17,414,181</u></u>	<u><u>16,099,095</u></u>	<u><u>17,414,181</u></u>

*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 2019.*

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**Statements of Profit or Loss and Other Comprehensive Income**  
**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	22	<b>628,379</b>	686,799	<b>1,319,406</b>	1,394,606
Income derived from investment account funds	23	<b>124,324</b>	97,584	<b>261,565</b>	174,011
Income derived from investment of shareholders' funds	24	<b>128,433</b>	125,088	<b>223,617</b>	240,616
Loss on modification of financial assets	14(a)	<b>(97,772)</b>	-	<b>(97,772)</b>	-
Net allowance for impairment on financing and advances, net of recoveries	25	<b>(25,941)</b>	(29,619)	<b>(56,679)</b>	(52,818)
Net allowance for impairment on other financial assets		<b>2,458</b>	(4,958)	<b>2,868</b>	(4,126)
Direct expenses		<b>(2,397)</b>	(3,865)	<b>(5,975)</b>	(7,768)
<b>Total distributable income</b>		<b>757,484</b>	871,029	<b>1,647,030</b>	1,744,521
Wakalah fees from restricted investment accounts		<b>361</b>	7	<b>479</b>	233
Income attributable to depositors	26	<b>(259,898)</b>	(342,806)	<b>(568,046)</b>	(695,814)
Income attributable to investment account holders	27	<b>(58,110)</b>	(44,845)	<b>(127,168)</b>	(74,875)
<b>Total net income</b>		<b>439,837</b>	483,385	<b>952,295</b>	974,065
Personnel expenses	28	<b>(154,723)</b>	(151,182)	<b>(317,243)</b>	(305,598)
Other overhead expenses	29	<b>(95,464)</b>	(92,778)	<b>(201,639)</b>	(187,415)
Finance cost	30	<b>(22,237)</b>	(21,912)	<b>(44,450)</b>	(43,651)
<b>Profit before zakat and tax</b>		<b>167,413</b>	217,513	<b>388,963</b>	437,401
Zakat		<b>(3,770)</b>	(3,795)	<b>(7,433)</b>	(7,591)
Tax expense		<b>(42,519)</b>	(51,419)	<b>(96,035)</b>	(107,153)
<b>Profit for the period</b>		<b>121,124</b>	162,299	<b>285,495</b>	322,657
<b>Earnings per share (sen)</b>				<b>11.37</b>	<b>12.85</b>

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**Statements of Profit or Loss and Other Comprehensive Income  
for the six months ended 30 June 2020 (continued)**

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	<u>121,124</u>	<u>162,299</u>	<u>285,495</u>	<u>322,657</u>
<b>Other comprehensive income, 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	2,399	(5,074)	(18,188)	(47)
Movement in fair value reserve (debt instruments):				
Net change in fair value	189,416	109,833	178,718	230,588
Changes in expected credit losses	(42)	42	(27)	21
Net amount transferred to profit or loss	(63,941)	(26,920)	(160,477)	(43,389)
Income tax effect relating to components of other comprehensive income	<u>(30,104)</u>	<u>(18,247)</u>	<u>(4,372)</u>	<u>(43,199)</u>
	<b>97,728</b>	<b>59,634</b>	<b>(4,346)</b>	<b>143,974</b>
<b>Items that will not be reclassified to profit or loss</b>				
Movement in fair value reserve (equity instrument):				
Net change in fair value	<u>1,730</u>	<u>12,005</u>	<u>574</u>	<u>11,707</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>99,458</u>	<u>71,639</u>	<u>(3,772)</u>	<u>155,681</u>
<b>Total comprehensive income for the period</b>	<u>220,582</u>	<u>233,938</u>	<u>281,723</u>	<u>478,338</u>

*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 2019.*

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**Statements of Profit or Loss and Other Comprehensive Income**  
**for the six months ended 30 June 2020**

Bank	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	22	<b>628,379</b>	686,799	<b>1,319,406</b>	1,394,606
Income derived from investment account funds	23	<b>124,324</b>	97,584	<b>261,565</b>	174,011
Income derived from investment of shareholders' funds	24	<b>123,320</b>	117,097	<b>211,472</b>	224,898
Loss on modification of financial assets	14(a)	<b>(97,772)</b>	-	<b>(97,772)</b>	-
Net allowance for impairment on financing and advances, net of recoveries	25	<b>(25,941)</b>	(29,619)	<b>(56,679)</b>	(52,818)
Net allowance for impairment on other financial assets		<b>2,458</b>	(4,958)	<b>2,868</b>	(4,126)
Direct expenses		<b>(2,397)</b>	(3,865)	<b>(5,975)</b>	(7,768)
<b>Total distributable income</b>		<b>752,371</b>	863,038	<b>1,634,885</b>	1,728,803
Wakalah fees from restricted investment accounts		<b>361</b>	7	<b>479</b>	233
Income attributable to depositors	26	<b>(259,956)</b>	(342,875)	<b>(568,172)</b>	(695,950)
Income attributable to investment account holders	27	<b>(58,110)</b>	(44,845)	<b>(127,168)</b>	(74,875)
<b>Total net income</b>		<b>434,666</b>	475,325	<b>940,024</b>	958,211
Personnel expenses	28	<b>(151,624)</b>	(148,059)	<b>(310,399)</b>	(299,290)
Other overhead expenses	29	<b>(93,781)</b>	(88,442)	<b>(197,479)</b>	(178,894)
Finance cost		<b>(22,237)</b>	(21,912)	<b>(44,449)</b>	(43,651)
<b>Profit before zakat and tax</b>		<b>167,024</b>	216,912	<b>387,697</b>	436,376
Zakat		<b>(3,750)</b>	(3,750)	<b>(7,500)</b>	(7,500)
Tax expense		<b>(42,487)</b>	(51,381)	<b>(95,943)</b>	(107,018)
<b>Profit for the period</b>		<b>120,787</b>	161,781	<b>284,254</b>	321,858

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**Statements of Profit or Loss and Other Comprehensive Income**  
**for the six months ended 30 June 2020 (continued)**

Bank	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	<u>120,787</u>	<u>161,781</u>	<u>284,254</u>	<u>321,858</u>
<b>Other comprehensive income, 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	2,405	(5,085)	(18,228)	(48)
Movement in fair value reserve (debt instruments):				
Net change in fair value	189,416	109,833	178,718	230,588
Changes in expected credit losses	(42)	42	(27)	21
Net amount transferred to profit or loss	(63,941)	(26,920)	(160,477)	(43,389)
Income tax effect relating to components of other comprehensive income	<u>(30,104)</u>	<u>(18,247)</u>	<u>(4,372)</u>	<u>(43,199)</u>
	<b>97,734</b>	<b>59,623</b>	<b>(4,386)</b>	<b>143,973</b>
<b>Items that will not be reclassified to profit or loss</b>				
Movement in fair value reserve (equity instrument):				
Net change in fair value	<u>1,730</u>	<u>12,005</u>	<u>574</u>	<u>11,707</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>99,464</u>	<u>71,628</u>	<u>(3,812)</u>	<u>155,680</u>
<b>Total comprehensive income for the period</b>	<u>220,251</u>	<u>233,409</u>	<u>280,442</u>	<u>477,538</u>

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**Consolidated Statement of Changes in Equity for the six months ended 30 June 2020**

Group	← Attributable to equity holders of the Bank →			
	← Non-distributable →	Distributable		Total Equity
	Share capital RM'000	Other reserves RM'000	Retained earnings RM'000	
At 1 January 2020	3,012,368	107,265	2,594,820	5,714,453
Profit for the period	-	-	285,495	285,495
Currency translation difference in respect of foreign operations	-	(18,188)	-	(18,188)
Fair value reserve (debt instruments):				
Net change in fair value	-	178,718	-	178,718
Changes in expected credit losses	-	(27)	-	(27)
Net amount transferred to profit or loss	-	(160,477)	-	(160,477)
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
Total comprehensive income for the period	-	(3,772)	285,495	281,723
Transfer from regulatory reserves	-	(25,000)	25,000	-
Dividends paid on ordinary shares	-	-	(151,854)	(151,854)
Issue of shares pursuant to Dividend Reinvestment Plan	151,853	-	-	151,853
<b>At 30 June 2020</b>	<b>3,164,221</b>	<b>78,493</b>	<b>2,753,461</b>	<b>5,996,175</b>
<b>At 1 January 2019</b>	3,012,368	(98,437)	2,273,902	5,187,833
Profit for the period	-	-	322,657	322,657
Currency translation difference in respect of foreign operations	-	(47)	-	(47)
Fair value reserve (debt instruments):				
Net change in fair value	-	230,588	-	230,588
Changes in expected credit losses	-	21	-	21
Net amount transferred to profit or loss	-	(43,389)	-	(43,389)
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
Total comprehensive income for the period	-	155,681	322,657	155,681
<b>At 30 June 2019</b>	<b>3,012,368</b>	<b>57,244</b>	<b>2,596,559</b>	<b>5,666,171</b>

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**Statement of Changes in Equity for the six months ended 30 June 2020**

Bank	← Attributable to equity holders of the Bank →			
	← Non-distributable Share capital RM'000	→ Other reserves RM'000	Distributable Retained earnings RM'000	→ Total Equity RM'000
At 1 January 2020	3,012,368	107,398	2,589,798	5,709,564
Profit for the period	-	-	284,254	284,254
Currency translation difference in respect of foreign operations	-	(18,228)	-	(18,228)
Fair value reserve (debt instruments):				
Net change in fair value	-	178,718	-	178,718
Changes in expected credit losses	-	(27)	-	(27)
Net amount transferred to profit or loss	-	(160,477)	-	(160,477)
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
Total comprehensive income for the period	-	(3,812)	284,254	280,442
Transfer from regulatory reserves	-	(25,000)	25,000	-
Dividends paid on ordinary shares	-	-	(151,854)	(151,854)
Issue of shares pursuant to Dividend Reinvestment Plan	151,853	-	-	151,853
<b>At 30 June 2020</b>	<b>3,164,221</b>	<b>78,586</b>	<b>2,747,198</b>	<b>5,990,005</b>
<b>At 1 January 2019</b>	3,012,368	(98,261)	2,270,486	5,184,593
Profit for the period	-	-	321,858	321,858
Currency translation difference in respect of foreign operations	-	(48)	-	(48)
Fair value reserve (debt instruments):				
Net change in fair value	-	230,588	-	230,588
Changes in expected credit losses	-	21	-	21
Net amount transferred to profit or loss	-	(43,389)	-	(43,389)
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
Total comprehensive income for the period	-	155,680	321,858	477,538
<b>At 30 June 2019</b>	<b>3,012,368</b>	<b>57,419</b>	<b>2,592,344</b>	<b>5,662,131</b>

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**Condensed Statements of Cash Flow for the six months ended 30 June 2020**

	Group		Bank	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Profit before zakat and tax	<b>388,963</b>	437,401	<b>387,697</b>	436,376
Adjustment for non-cash items	<b>118,380</b>	105,756	<b>118,327</b>	105,733
Operating profit before working capital changes	<b>507,343</b>	543,157	<b>506,024</b>	542,109
Changes in working capital:				
Net changes in operating assets	<b>(1,732,828)</b>	(808,034)	<b>(1,733,914)</b>	(805,765)
Net changes in operating liabilities	<b>648,717</b>	(282,341)	<b>650,122</b>	(280,693)
Net cash used in operations	<b>(576,768)</b>	(547,218)	<b>(577,768)</b>	(544,349)
Zakat and tax paid	<b>(87,187)</b>	(125,830)	<b>(87,056)</b>	(125,696)
Tax refund	-	27	-	-
Net cash used in operating activities	<b>(663,955)</b>	(673,021)	<b>(664,824)</b>	(670,045)
Net cash used in investing activities	<b>(374,452)</b>	(1,383,671)	<b>(374,355)</b>	(1,383,636)
Net cash generated from/(used in) financing activities	<b>50,278</b>	(198,886)	<b>50,306</b>	(198,886)
Net decrease in cash and cash equivalents	<b>(988,129)</b>	(2,255,578)	<b>(988,873)</b>	(2,252,567)
Cash and cash equivalents at beginning of the period	<b>3,472,386</b>	4,524,654	<b>3,471,509</b>	4,518,703
Exchange difference on translation	<b>(18,188)</b>	(47)	<b>(18,228)</b>	(48)
Cash and cash equivalents at end of the period	<b>2,466,069</b>	2,269,029	<b>2,464,408</b>	2,266,088
Cash and cash equivalents comprise:				
Cash and short-term funds	<b>2,465,708</b>	1,652,882	<b>2,464,408</b>	1,649,941
Deposits and placements with banks and other financial institutions	<b>361</b>	616,147	-	616,147
	<b>2,466,069</b>	2,269,029	<b>2,464,408</b>	2,266,088

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**Notes to the unaudited interim financial statements  
for the six months ended 30 June 2020**

**1. Basis of preparation**

The unaudited interim financial statements of the Group and of the Bank for the six months ended 30 June 2020 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 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 Bank 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, *Definition of a Business*
- Amendments to MFRS 7 and MFRS 9, *Profit Rate Benchmark Reform*
- Amendments to MFRS 16, *Leases*
- Amendments to MFRS 101 and MFRS 108, *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 Bank.

**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 Bank were not materially affected by any seasonal or cyclical factors in the six months ended 30 June 2020 other than as disclosed in Note 14(b) to the interim financial statements.

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**4. Unusual items**

There were no unusual items in the three months ended 30 June 2020 other than as disclosed in Note 14(b) to the 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. Sukuk and equity securities**

The Bank 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**

Significant events during the financial period are disclosed in Note 14(b) and 37 to the interim financial statements.

**8. Dividends**

On 5 June 2020, the Bank paid a final dividend of approximately 6.05 sen per ordinary share totalling RM151,853,000 for the financial year ended 31 December 2019.

100% of the final dividend were reinvested through the issuance of 46,724,000 new ordinary shares at RM3.25 each via the Dividend Reinvestment Plan.

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

	Group		Bank	
	30.06.2020 RM'000	31.12.2019 RM'000	30.06.2020 RM'000	31.12.2019 RM'000
Cash and balances with banks and other financial institutions	<b>671,480</b>	821,600	<b>670,180</b>	821,071
Money at call and interbank placements with remaining maturity not exceeding one month	<b>1,794,228</b>	1,992,733	<b>1,794,228</b>	1,992,385
	<b><u>2,465,708</u></b>	<u>2,814,333</u>	<b><u>2,464,408</u></b>	<u>2,813,456</u>

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

	Group		Bank	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Bank Negara Malaysia	-	658,053	-	658,053
Licensed Islamic Bank	<b>361</b>	-	-	-
	<b>361</b>	<b>658,053</b>	<b>-</b>	<b>658,053</b>

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

	Group		Bank	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
<b>At fair value</b>				
Malaysian Islamic Treasury				
Bills	<b>846,766</b>	99,571	<b>846,766</b>	99,571
Unit trust	<b>237,527</b>	239,130	<b>231,824</b>	233,505
Malaysian Government				
Investment Issues	<b>217,631</b>	274,162	<b>217,631</b>	274,162
Islamic Commercial Paper	<b>201,107</b>	50,189	<b>201,107</b>	50,189
Sukuk	<b>50,896</b>	16	<b>50,896</b>	16
	<b>1,553,927</b>	<b>663,068</b>	<b>1,548,224</b>	<b>657,443</b>

**12. Derivative financial assets/liabilities**

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

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

Group and Bank	30.06.2020			31.12.2019		
	Notional amount	Fair value		Notional amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Forward contracts	<b>5,003,015</b>	<b>43,683</b>	<b>(13,754)</b>	6,255,520	31,626	(35,927)
Profit rate swaps	<b>130,803</b>	<b>2,692</b>	<b>(1,992)</b>	147,098	1,700	(819)
	<b>5,133,818</b>	<b>46,375</b>	<b>(15,746)</b>	<b>6,402,618</b>	<b>33,326</b>	<b>(36,746)</b>

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

	Group		Bank	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Financial assets at fair value through other comprehensive income:				
(a) Debt instruments	<b>11,718,227</b>	12,099,681	<b>11,718,227</b>	12,099,681
(b) Equity instruments	<b>47,533</b>	46,959	<b>48,271</b>	47,697
	<b><u>11,765,760</u></b>	<u>12,146,640</u>	<b><u>11,766,498</u></b>	<u>12,147,378</u>

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

	Group and Bank	
	30.06.2020	31.12.2019
	RM'000	RM'000
<b>Unquoted</b>		
Sukuk	<b>8,951,092</b>	9,615,420
Malaysian Government Investment Issues	<b>2,561,553</b>	2,253,390
Islamic Commercial Papers	<b>205,582</b>	230,871
	<b><u>11,718,227</u></b>	<u>12,099,681</u>

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

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

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

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

	<b>Group</b>		<b>Bank</b>	
	<b>30.06.2020</b>	<b>31.12.2019</b>	<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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	38,717	38,717
- outside Malaysia	2	2	2	2
	<u>37,981</u>	<u>37,981</u>	<u>38,719</u>	<u>38,719</u>
	<u>47,533</u>	<u>46,959</u>	<u>48,271</u>	<u>47,697</u>

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**14. Financing, advances and others**

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

<b>Group and Bank 30 June 2020</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	-	-	-	1,488	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 after modification	3,957,330	1,975,181	5,7009	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)
<b>Net financing, advances and others</b>										<b>52,014,38</b>

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

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

<b>Group and Bank 31 December 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	-	-	-	1,497	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
	<u>4,196,709</u>	<u>2,078,670</u>	<u>113,840</u>	<u>8,394</u>	<u>43,534,900</u>	<u>111,653</u>	<u>-</u>	<u>108,696</u>	<u>71,107</u>	<u>50,223,969</u>
Allowance for impairment on financing, advances and others										
- Stage 1										(431,135)
- Stage 2										(148,115)
- Stage 3										(172,197)
<b>Net financing, advances and others</b>										<u>49,472,522</u>



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

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

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

	Note	Group		Bank	
		30.06.2020 RM'000	31.12.2019 RM'000	30.06.2020 RM'000	31.12.2019 RM'000
House financing					
Unrestricted Investment Accounts	18	7,883,243	6,726,143	7,883,243	6,726,143
Sold to Cagamas with recourse	19	1,501,187	1,501,187	1,501,187	1,501,187
		<u>9,384,430</u>	<u>8,227,330</u>	<u>9,384,430</u>	<u>8,227,330</u>
Personal financing					
Unrestricted Investment Accounts	18	3,420,949	3,514,230	3,421,033	3,514,230

^ 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) Modified financing, advances and others**

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

During the financial period, the Group and the Bank 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, the Group and the Bank recognised a loss of RM97,772,000 arising from the modification of the expected cash flows of the financing under moratorium.

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

**(c) By type of customer**

	<b>Group and Bank</b>	
	<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic non-bank financial institutions	1,337,038	1,595,043
Domestic business enterprise	9,620,251	8,384,026
Small and medium industries	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**

	<b>Group and Bank</b>	
	<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
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**

	<b>Group and Bank</b>	
	<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
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>

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

**(f) By geographical distribution**

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

**(g) By sector**

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

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

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

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

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

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

**(j) Impaired financing by sector**

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

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

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

<b>Group and Bank</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
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)
<b>At 31 December 2019/ 1 January 2020</b>	<b>431,135</b>	<b>148,115</b>	<b>172,197</b>	<b>751,447</b>
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)
<b>At 30 June 2020</b>	<b>486,352</b>	<b>152,085</b>	<b>124,095</b>	<b>762,532</b>

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

	<b>Group</b>		<b>Bank</b>	
	<b>30.06.2020</b>	<b>31.12.2019</b>	<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Sukuk	<b>5,289</b>	5,684	<b>5,289</b>	5,684
Other receivables	<b>76,281</b>	116,813	<b>73,302</b>	112,856
Deposit and prepayments	<b>42,106</b>	32,846	<b>41,215</b>	32,071
Related companies*	<b>1,191</b>	1,033	<b>1,492</b>	1,110
	<b>124,867</b>	156,376	<b>121,298</b>	151,721
Less: Allowance for impairment				
<b>Stage 3</b>				
-Sukuk	<b>(5,289)</b>	(5,684)	<b>(5,289)</b>	(5,684)
-Other receivables	<b>(2,975)</b>	(5,475)	<b>(2,975)</b>	(5,475)
	<b>116,603</b>	145,217	<b>113,034</b>	140,562

\* This relates to amounts due from holding and related companies that are unsecured, not subject to compensation charges for late payment and repayment is neither fixed nor expected.

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

The statement of financial position shows the following amounts relating to leases:

	<b>Group</b>		<b>Bank</b>	
	<b>30.06.2020</b>	<b>31.12.2019</b>	<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Right-of-use assets:				
Buildings	<b>218,530</b>	229,135	<b>218,526</b>	229,135
Lease liabilities	<b>318,358</b>	325,559	<b>318,349</b>	325,559

The statement of profit or loss shows the following amounts relating to leases:

	<b>Group</b>		<b>Bank</b>	
	<b>30.06.2020</b>	<b>31.12.2019</b>	<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Depreciation charge on right-of-use assets	<b>9,164</b>	15,141	<b>9,137</b>	15,141
Finance cost	<b>8,992</b>	18,040	<b>8,991</b>	18,040

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**17. Deposits from customers**

**a) By type and Shariah contract**

	Group		Bank	
	30.06.2020 RM'000	31.12.2019 RM'000	30.06.2020 RM'000	31.12.2019 RM'000
<b>Saving Deposit</b>				
<i>Qard</i>	6,021,314	4,681,710	6,021,314	4,681,710
<b>Demand Deposit</b>				
<i>Qard</i>	10,658,354	10,967,942	10,667,290	11,029,237
<b>Term Deposit</b>	30,398,463	31,653,852	30,405,326	31,660,691
Special Investment Deposit <i>Mudharabah</i>	3,915	3,915	3,915	3,915
General Investment Deposit <i>Mudharabah</i>	197,342	209,693	197,342	209,693
Term Deposit <i>Tawarruq</i>	29,009,773	30,448,694	29,016,636	30,455,533
Negotiable Islamic Debt Certificates (NIDC)	1,187,433	991,550	1,187,433	991,550
<b>Others</b>	<u>98,836</u>	<u>105,234</u>	<u>98,836</u>	<u>105,234</u>
<b>Total Deposits</b>	<u><u>47,176,967</u></u>	<u><u>47,408,738</u></u>	<u><u>47,192,766</u></u>	<u><u>47,476,872</u></u>

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

	Group		Bank	
	30.06.2020 RM'000	31.12.2019 RM'000	30.06.2020 RM'000	31.12.2019 RM'000
Due within six months	14,648,048	12,162,445	14,648,987	12,163,806
More than six months to one year	6,903,904	7,726,707	6,907,374	7,727,809
More than one year to three years	6,095,522	9,056,935	6,097,976	9,061,311
More than three years to five years	2,750,989	2,707,765	2,750,989	2,707,765
	<u>30,398,463</u>	<u>31,653,852</u>	<u>30,405,326</u>	<u>31,660,691</u>

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

**c) By type of customers**

	<b>Group</b>		<b>Bank</b>	
	<b>30.06.2020</b>	<b>31.12.2019</b>	<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Domestic non-bank financial institutions	<b>5,872,156</b>	7,823,994	<b>5,887,955</b>	7,892,128
Business enterprises	<b>21,019,990</b>	19,656,635	<b>21,019,990</b>	19,656,635
Government and statutory bodies	<b>10,126,032</b>	11,479,529	<b>10,126,032</b>	11,479,529
Individuals	<b>7,152,658</b>	5,893,922	<b>7,152,658</b>	5,893,922
Domestic banking institutions	<b>574,073</b>	149,839	<b>574,073</b>	149,839
Others	<b>2,432,058</b>	2,404,819	<b>2,432,058</b>	2,404,819
	<b><u>47,176,967</u></b>	<u>47,408,738</u>	<b><u>47,192,766</u></b>	<u>47,476,872</u>

**18. Investment accounts of customers**

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

	<b>Group</b>		<b>Bank</b>	
	<b>30.06.2020</b>	<b>31.12.2019</b>	<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Unrestricted investment accounts</b>				
Without maturity				
<i>Mudharabah</i>	<b>4,461,716</b>	3,211,343	<b>4,461,716</b>	3,211,343
- <i>Saving</i>	<b>3,818,459</b>	2,880,046	<b>3,818,459</b>	2,880,046
- <i>Demand</i>	<b>643,257</b>	331,297	<b>643,257</b>	331,297
With maturity				
<i>Wakalah</i>	<b>6,842,476</b>	7,029,030	<b>6,842,560</b>	7,029,030
	<b><u>11,304,192</u></b>	<u>10,240,373</u>	<b><u>11,304,276</u></b>	<u>10,240,373</u>
<b>Restricted investment accounts ("RIA") managed by the Bank<sup>^</sup></b>				
With maturity				
<i>Wakalah</i>	<b>22,837</b>	35,062	<b>22,837</b>	35,062

<sup>^</sup> The Bank has an arrangement with its ultimate holding entity where the Bank acts as an investment agent to manage and administer the RIA.



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

**(b) By type of customers**

	Group		Bank	
	30.06.2020 RM'000	31.12.2019 RM'000	30.06.2020 RM'000	31.12.2019 RM'000
Individuals	4,307,632	3,448,415	4,307,632	3,448,415
Government and statutory bodies	3,934,142	3,747,895	3,934,142	3,747,895
Business enterprises	950,831	769,038	950,831	769,038
Non-bank financial institutions	2,010,881	2,182,680	2,010,965	2,182,680
International Islamic Bank	-	10,001	-	10,001
Others	100,706	82,344	100,706	82,344
	<u>11,304,192</u>	<u>10,240,373</u>	<u>11,304,276</u>	<u>10,240,373</u>

**19. 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 14 (a).

**20. Subordinated Sukuk Murabahah**

	Note	Group and Bank	
		30.06.2020 RM'000	31.12.2019 RM'000
<i>Issued under the RM1.0 billion Subordinated Sukuk Murabahah Programme</i>			
First tranche	(a)	-	303,356
Second tranche	(b)	400,964	400,964
Third tranche	(c)	302,046	302,046
		<u>703,010</u>	<u>1,006,366</u>
<i>Issued under the RM10.0 billion Sukuk Murabahah Programme</i>			
First tranche	(d)	302,286	302,328
Second tranche	(e)	403,892	-
		<u>706,178</u>	<u>302,328</u>
		<u>1,409,188</u>	<u>1,308,694</u>
Finance cost on Subordinated Sukuk Murabahah		<u>35,458</u>	<u>69,940</u>

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**20. Subordinated Sukuk Murabahah (continued)**

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
(e)	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 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.

**21. Other liabilities**

	Group		Bank	
	30.06.2020 RM'000	31.12.2019 RM'000	30.06.2020 RM'000	31.12.2019 RM'000
Other payables	231,277	389,770	226,968	332,441
Advance payment	537,476	437,053	537,476	437,053
Accruals	83,960	164,717	82,075	162,191
	<u>852,713</u>	<u>991,540</u>	<u>846,519</u>	<u>931,685</u>

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 the Group and the Bank 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.

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

Group and Bank	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) Saving and demand deposits	223,235	204,344	451,371	413,521
(ii) General investment deposits	3,258	4,161	6,879	8,437
(iii) Term deposits	384,201	455,751	828,319	917,530
(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 saving and demand deposits*

Group and Bank	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
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	173,201	166,796	345,324	339,461
Financial assets:				
- fair value through profit and loss	1,918	1,274	3,983	2,462
- fair value through other comprehensive income	22,367	19,870	42,875	41,128
- other financial assets at amortised cost	85	84	85	84
Money at call and deposits with financial institutions	2,573	6,578	6,063	12,143
	<u>200,144</u>	<u>194,602</u>	<u>398,330</u>	<u>395,278</u>
<b><i>Other dealing income</i></b>				
Net (loss)/gain from sale of financial assets at fair value through profit or loss	(172)	2,340	(1,646)	4,074
Net (loss)/gain on revaluation of financial assets at fair value through profit or loss	550	(562)	(5)	1,335
	<u>378</u>	<u>1,778</u>	<u>(1,651)</u>	<u>5,409</u>
<b><i>Other operating income</i></b>				
Net gain from sale of financial assets at fair value through other comprehensive income	22,713	7,964	54,692	12,834
	<u>223,235</u>	<u>204,344</u>	<u>451,371</u>	<u>413,521</u>
<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	-

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

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

Group and Bank	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
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	2,644	3,481	5,515	7,075
Financial assets:				
- fair value through profit and loss	23	22	50	44
- fair value through other comprehensive income	271	353	542	745
- other financial assets at amortised cost	1	2	1	2
Money at call and deposits with financial institutions	38	130	93	245
	<u>2,977</u>	<u>3,988</u>	<u>6,201</u>	<u>8,111</u>
<b><i>Other dealing income</i></b>				
Net (loss)/gain from sale of financial assets at fair value through profit or loss	(2)	42	(20)	73
Net (loss)/gain on revaluation of financial assets at fair value through profit or loss	8	(8)	1	25
	<u>6</u>	<u>34</u>	<u>(19)</u>	<u>98</u>
<b><i>Other operating income</i></b>				
Net gain from sale of financial assets at fair value through other comprehensive income	275	139	697	228
	<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	-

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

Group and Bank	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
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	298,012	371,910	632,799	752,899
Financial assets:				
- fair value through profit and loss	3,296	2,828	7,282	5,452
- fair value through other comprehensive income	38,514	44,285	78,450	91,150
- other financial assets at amortised cost	147	181	147	181
Money at call and deposits with financial institutions	4,427	14,846	11,219	27,205
	<u>344,396</u>	<u>434,050</u>	<u>729,897</u>	<u>876,887</u>

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

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

	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
<b><i>Other dealing income</i></b>				
Net (loss)/gain from sale of financial assets at fair value through profit or loss	(305)	5,194	(2,921)	9,040
Net (loss)/gain on revaluation of financial assets at fair value through profit or loss	948	(1,414)	23	2,909
	<u>643</u>	<u>3,780</u>	<u>(2,898)</u>	<u>11,949</u>
<b><i>Other operating income</i></b>				
Net gain from sale of financial assets at fair value through other comprehensive income	39,162	17,921	101,320	28,694
	<u>384,201</u>	<u>455,751</u>	<u>828,319</u>	<u>917,530</u>
<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	-

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

Group and Bank	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
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	13,724	18,416	25,402	45,339
Financial assets:				
- fair value through profit and loss	152	140	293	322
- fair value through other comprehensive income	1,774	2,193	3,157	5,505
- other financial assets at amortised cost	7	10	7	10
Money at call and deposits with financial institutions	205	734	446	1,613
	<u>15,862</u>	<u>21,493</u>	<u>29,305</u>	<u>52,789</u>

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

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

	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
<b><i>Other dealing income</i></b>				
Net (loss)/gain from sale of financial assets at fair value through profit or loss	(14)	257	(194)	517
Net (loss)/gain on revaluation of financial assets at fair value through profit or loss	46	(103)	(42)	179
	<u>32</u>	<u>154</u>	<u>(236)</u>	<u>696</u>
<b><i>Other operating income</i></b>				
Net gain from sale of financial assets at fair value through other comprehensive income	1,791	896	3,768	1,633
	<u>17,685</u>	<u>22,543</u>	<u>32,837</u>	<u>55,118</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	95	312	292	718
<i>Unwinding of modification loss</i>	<u>61</u>	<u>-</u>	<u>61</u>	<u>-</u>

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

Group and Bank	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
<b>Finance income</b>				
Unrestricted investment accounts				
- <i>Mudharabah</i>	41,359	37,355	80,419	71,444
- <i>Wakalah</i>	82,423	60,229	180,604	102,567
Unwinding of modification loss	542	-	542	-
	<u>124,324</u>	<u>97,584</u>	<u>261,565</u>	<u>174,011</u>

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**24. 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
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	1,247	1,561	2,728	3,419
Financial assets				
- fair value through other comprehensive income	49,177	49,430	96,197	92,570
Money at call and deposits with financial institutions	1	2	3	3
	<u>50,425</u>	<u>50,993</u>	<u>98,928</u>	<u>95,992</u>
<b><i>Other dealing income</i></b>				
Net gain from foreign exchange transactions	9,822	12,366	25,573	29,002
Net (loss)/gain on revaluation of financial assets at fair value through profit or loss	16,357	5,440	(8,968)	5,442
Net derivatives gain/(loss)	10	16	25	(55)
	<u>26,189</u>	<u>17,822</u>	<u>16,630</u>	<u>34,389</u>
<b><i>Other operating income</i></b>				
Gross dividend income from:				
- unit trust in Malaysia	7,311	4,596	7,365	4,683
- quoted shares outside Malaysia	-	259	-	259
	<u>7,311</u>	<u>4,855</u>	<u>7,365</u>	<u>4,942</u>
<b><i>Fees and commission</i></b>				
Fees	42,677	41,328	87,466	85,880
Commission	1,662	3,954	5,351	7,643
Others	(368)	5,359	6,601	10,264
	<u>43,971</u>	<u>50,641</u>	<u>99,418</u>	<u>103,787</u>
<b><i>Other income</i></b>				
Net gain/(loss) on disposal of property and equipment	2	(1)	2	(2)
Rental income	503	521	1,187	1,222
Other income	32	257	87	286
	<u>537</u>	<u>777</u>	<u>1,276</u>	<u>1,506</u>
	<u>128,433</u>	<u>125,088</u>	<u>223,617</u>	<u>240,616</u>

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

<b>Bank</b>	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>30.06.2020</b>	<b>30.06.2019</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>1,247</b>	1,561	<b>2,728</b>	3,419
Financial assets				
- fair value through other comprehensive income	<b>49,177</b>	49,430	<b>96,197</b>	92,570
Money at call and deposits with financial institutions	<b>1</b>	1	<b>2</b>	2
	<b>50,425</b>	50,092	<b>98,927</b>	95,991
<b><i>Other dealing income</i></b>				
Net gain from foreign exchange transactions	<b>9,832</b>	12,368	<b>25,587</b>	29,002
Net loss from sale of financial assets at fair value through profit or loss	<b>16,359</b>	5,441	<b>(8,964)</b>	5,441
Net derivatives gain/(loss)	<b>10</b>	16	<b>25</b>	(55)
	<b>26,201</b>	17,825	<b>16,648</b>	34,388
<b><i>Other operating income</i></b>				
Gross dividend income from:				
- unit trust in Malaysia	<b>7,273</b>	4,547	<b>7,283</b>	4,590
- quoted shares outside Malaysia	<b>-</b>	259	<b>-</b>	259
	<b>7,273</b>	4,806	<b>7,283</b>	4,849
<b><i>Fees and commission</i></b>				
Fees	<b>32,627</b>	32,335	<b>73,008</b>	67,664
Commission	<b>3,097</b>	5,632	<b>7,920</b>	10,990
Others	<b>3,092</b>	4,565	<b>6,274</b>	9,372
	<b>38,816</b>	42,532	<b>87,202</b>	88,026
<b><i>Other income</i></b>				
Net gain/(loss) on disposal of property and equipment	<b>2</b>	(1)	<b>2</b>	(2)
Rental income	<b>597</b>	702	<b>1,372</b>	1,403
Other income	<b>6</b>	241	<b>38</b>	243
	<b>605</b>	942	<b>1,412</b>	1,644
	<b>123,320</b>	117,097	<b>211,472</b>	224,898



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

Group and Bank	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
	<u>37,980</u>	<u>51,203</u>	<u>96,151</u>	<u>98,510</u>
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>

**26. 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	240,729	322,607	529,480	655,769
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah fund	340	321	340	321
Recourse obligation on financing sold to Cagamas	<u>17,777</u>	<u>17,802</u>	<u>35,561</u>	<u>35,614</u>
	<u>259,898</u>	<u>342,806</u>	<u>568,046</u>	<u>695,814</u>
<b>Bank</b>				
Deposits from customers				
- Mudharabah fund	1,052	2,076	2,665	4,110
- Non-Mudharabah fund	240,787	322,676	529,606	655,905
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah fund	340	321	340	321
Recourse obligation on financing sold to Cagamas	<u>17,777</u>	<u>17,802</u>	<u>35,561</u>	<u>35,614</u>
	<u>259,956</u>	<u>342,875</u>	<u>568,172</u>	<u>695,950</u>

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

Group and Bank	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>	55,316	41,463	121,703	69,576
	<u>58,110</u>	<u>44,845</u>	<u>127,168</u>	<u>74,875</u>

**28. 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, allowances and bonuses	125,532	116,775	248,163	239,262
Employees' Provident Fund	18,680	16,387	36,437	31,898
Other staff related costs	10,511	18,020	32,643	34,438
	<u>154,723</u>	<u>151,182</u>	<u>317,243</u>	<u>305,598</u>

  

Bank	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, allowances and bonuses	123,047	114,331	242,796	234,323
Employees' Provident Fund	18,329	16,054	35,667	31,213
Other staff related costs	10,248	17,674	31,936	33,754
	<u>151,624</u>	<u>148,059</u>	<u>310,399</u>	<u>299,290</u>

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**29. 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
<b><i>Promotion</i></b>				
Credit and debit card expenses	9,446	8,541	19,447	15,898
Advertisement and publicity	1,934	2,554	5,509	3,679
Others	2,051	6,063	7,347	12,411
	<u>13,431</u>	<u>17,158</u>	<u>32,303</u>	<u>31,988</u>
<b><i>Establishment</i></b>				
Office rental	5,830	7,789	13,992	15,829
Depreciation of property and equipment	13,779	12,309	27,781	24,696
Depreciation right-of-use assets	4,589	3,298	9,164	6,596
Information technology expenses	13,468	10,111	28,210	22,219
Security services	1,882	2,390	4,759	4,620
Utilities	3,031	3,821	6,199	6,948
Office maintenance	2,683	2,911	5,876	4,931
Rental of equipment	1,149	1,338	2,678	2,492
Takaful	1,760	2,402	2,498	4,511
Others	-	-	281	281
	<u>48,171</u>	<u>46,369</u>	<u>101,438</u>	<u>93,123</u>
<b><i>General expenses</i></b>				
Outsourcing fees	3,956	4,024	7,868	8,818
Office supplies	2,012	2,306	4,617	4,503
Subscription fees	1,416	1,327	3,175	2,483
Travelling and transportation	192	1,880	789	3,542
Security services - cash in transit	1,425	2,275	3,040	3,421
Professional fees	2,874	1,682	5,765	4,987
Others	21,979	15,757	42,636	34,550
	<u>33,862</u>	<u>29,251</u>	<u>67,898</u>	<u>62,304</u>
	<u>95,464</u>	<u>92,778</u>	<u>201,639</u>	<u>187,415</u>
<b>Bank</b>				
<b><i>Promotion</i></b>				
Credit and debit card expenses	9,446	8,541	19,447	15,898
Advertisement and publicity	1,917	2,421	5,413	3,422
Others	275	2,006	2,654	4,382
	<u>11,638</u>	<u>12,968</u>	<u>27,514</u>	<u>23,702</u>

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

Bank	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>Establishment</i>				
Office rental	5,924	7,877	14,177	15,801
Depreciation of property and equipment	13,724	12,251	27,674	24,580
Depreciation right-of-use assets	4,575	3,298	9,137	6,596
Information technology expenses	13,468	10,111	28,210	22,219
Security services	1,882	2,390	4,759	4,620
Utilities	3,007	3,803	6,158	6,913
Office maintenance	2,633	2,854	5,770	4,816
Rental of equipment	1,131	1,315	2,640	2,446
Takaful	1,760	2,400	2,497	4,508
Others	-	-	281	281
	<u>48,104</u>	<u>46,299</u>	<u>101,303</u>	<u>92,780</u>
<i>General expenses</i>				
Outsourcing fees	3,956	4,024	7,868	8,818
Office supplies	1,997	2,269	4,572	4,432
Subscription fees	1,416	1,327	3,175	2,483
Travelling and transportation	179	1,825	745	3,455
Security services - cash in transit	1,425	2,275	3,040	3,421
Professional fees	2,805	1,614	5,624	4,841
Others	22,261	15,841	43,638	34,962
	<u>34,039</u>	<u>29,175</u>	<u>68,662</u>	<u>62,412</u>
	<u>93,781</u>	<u>88,442</u>	<u>197,479</u>	<u>178,894</u>

**30. 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:					
- Subordinated Sukuk Murabahah	20	17,774	17,438	35,458	34,683
- Profit expense on leases	16	4,463	4,474	8,992	8,968
		<u>22,237</u>	<u>21,912</u>	<u>44,450</u>	<u>43,651</u>
<b>Bank</b>					
Finance cost:					
- Subordinated Sukuk Murabahah		17,774	17,438	35,458	34,683
- Profit expense on leases		4,463	4,474	8,991	8,968
		<u>22,237</u>	<u>21,912</u>	<u>44,449</u>	<u>43,651</u>

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

<b>Group</b>	<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>6 months ended 30 June 2020</u></b>						
<b>Total Revenue</b>	<b>924,430</b>	<b>335,456</b>	<b>423,091</b>	<b>32,093</b>	<b>(7,775)</b>	<b>1,707,295</b>
Net fund based income	410,668	187,870	63,239	69,463	-	731,240
Non-fund based income	68,715	18,499	172,199	29,077	(7,649)	280,841
<b>Net income</b>	<b>479,383</b>	<b>206,369</b>	<b>235,438</b>	<b>98,540</b>	<b>(7,649)</b>	<b>1,012,081</b>
Net allowance for impairment	8,392	(62,572)	369	-	-	(53,811)
<b>Profit before overheads, zakat &amp; tax</b>	<b>487,775</b>	<b>143,797</b>	<b>235,834</b>	<b>98,513</b>	<b>(7,649)</b>	<b>958,270</b>
Operating expenses						(569,307)
<b>Profit before zakat &amp; tax</b>						<b>388,963</b>
<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)	874	-	-	(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>

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

	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>At 30 June 2020</u></b>						
Segment assets	38,225,646	13,788,892	15,155,326	46,251	(33,108)	67,183,007
Unallocated assets						<u>1,462,437</u>
Total assets						<u><u>68,645,444</u></u>
<b><u>At 31 December 2019</u></b>						
Segment assets	36,854,137	12,618,385	15,488,586	99,278	(85,004)	64,975,382
Unallocated assets						<u>2,618,420</u>
Total assets						<u><u>67,593,802</u></u>

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**32. 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 quoted equity securities.
- 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 debt instruments, 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 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.

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

**Fair value hierarchy (continued)**

Group 30 June 2020 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	-	1,553,927	-	1,553,927	-	1,553,927	1,553,927
Derivative financial assets	-	46,375	-	46,375	-	46,375	46,375
Financial assets at fair value through other comprehensive income	9,552	11,718,227	37,981	11,765,760	-	11,765,760	11,765,760
Financing, advances and others	-	-	-	-	55,167,979	55,167,979	52,014,538
<b>Financial liabilities</b>							
Derivative financial liabilities	-	15,746	-	15,746	-	15,746	15,746
Recourse obligations on financing sold to Cagamas	-	-	-	-	1,572,150	1,572,150	1,501,187
Subordinated Sukuk Murabahah	-	-	-	-	1,433,166	1,433,166	1,409,188
<b>31 December 2019</b>							
RM'000							
<b>Financial assets</b>							
Financial assets at fair value through profit or loss	-	663,068	-	663,068	-	663,068	663,068
Derivative financial assets	-	33,326	-	33,326	-	33,326	33,326
Financial assets at fair value through other comprehensive income	8,978	12,099,681	37,981	12,146,640	-	12,146,640	12,146,640
Financing, advances and others	-	-	-	-	52,407,186	52,407,186	49,472,522
<b>Financial liabilities</b>							
Derivative financial liabilities	-	36,746	-	36,746	-	36,746	36,746
Recourse obligations on financing sold to Cagamas	-	-	-	-	1,553,085	1,553,085	1,501,187
Subordinated Sukuk Murabahah	-	-	-	-	1,334,189	1,334,189	1,308,694



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

**Fair value hierarchy (continued)**

Bank 30 June 2020 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	-	1,548,224	-	1,548,224	-	1,548,224	1,548,224
Derivative financial assets	-	4,6375	-	-	-	46,375	46,375
Financial assets at fair value through other comprehensive income	9,552	11,718,227	38,719	11,766,498	-	11,766,498	11,766,498
Financing, advances and others	-	-	-	-	55,167,979	55,167,979	52,014,538
<b>Financial liabilities</b>							
Derivative financial liabilities	-	15,746	-	15,746	-	15,746	15,746
Recourse obligations on financing sold to Cagamas	-	-	-	-	1,572,150	1,572,150	1,501,187
Subordinated Sukuk Murabahah	-	-	-	-	1,433,166	1,433,166	1,409,188
<b>31 December 2019</b>							
<b>RM'000</b>							
<b>Financial assets</b>							
Financial assets at fair value through profit or loss	-	657,443	-	657,443	-	657,443	657,443
Derivative financial assets	-	33,326	-	33,326	-	33,326	33,326
Financial assets at fair value through other comprehensive income	8,978	12,099,681	38,719	12,147,378	-	12,147,378	12,147,378
Financing, advances and others	-	-	-	-	52,407,186	52,407,186	49,472,522
<b>Financial liabilities</b>							
Derivative financial liabilities	-	36,746	-	36,746	-	36,746	36,746
Recourse obligations on financing sold to Cagamas	-	-	-	-	1,553,085	1,553,085	1,501,187
Subordinated Sukuk Murabahah	-	-	-	-	1,334,189	1,334,189	1,308,694

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

**Fair value hierarchy (continued)**

**Unobservable inputs used in measuring fair value**

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

(a) Financial instruments carried at fair value

<b>Type</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Financial assets measured at FVOCI	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value

(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 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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**33. 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 2020</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	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	<u>8,152,753</u>	<u>-</u>	<u>-</u>	
	<u>10,965,277</u>	<u>1,443,277</u>	<u>1,317,211</u>	
	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Asset RM'000</b>
<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 year	130,803	2,692	6,414	4,845
	<u>5,133,818</u>	<u>46,375</u>	<u>98,811</u>	<u>77,683</u>
<b>Total</b>	<u>16,099,095</u>	<u>46,375</u>	<u>1,542,088</u>	<u>1,394,894</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 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	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 an 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	
	11,011,563	1,586,218	1,410,289	
	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Asset RM'000</b>
<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
<b>Total</b>	17,414,181	33,326	1,665,990	1,453,186

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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>30.06.2020</b>	<b>31.12.2019</b>	<b>30.06.2020</b>	<b>31.12.2019</b>
CET I & Tier I capital ratio	<b>14.574%</b>	14.215%	<b>14.544%</b>	14.185%
Total capital ratio	<b>19.185%</b>	18.661%	<b>19.161%</b>	18.637%

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

	<b>Group</b>		<b>Bank</b>	
	<b>30.06.2020</b>	<b>31.12.2019</b>	<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Paid-up share capital	<b>3,164,221</b>	3,012,368	<b>3,164,221</b>	3,012,368
Retained earnings	<b>2,753,461</b>	2,594,820	<b>2,747,198</b>	2,589,798
Other reserves	<b>78,493</b>	107,265	<b>78,586</b>	107,398
<u>Less:</u>				
Deferred tax assets	<b>(41,035)</b>	(33,774)	<b>(39,524)</b>	(32,268)
Gain on financial instruments classified as fair value through other comprehensive income	<b>(111,990)</b>	(104,062)	<b>(111,990)</b>	(104,062)
Regulatory reserve	-	(25,000)	-	(25,000)
Investment in subsidiaries	-	-	<b>(15,525)</b>	(15,525)
<b>Total CET I and Tier I Capital</b>	<b><u>5,843,150</u></b>	<u>5,551,617</u>	<b><u>5,822,966</u></b>	<u>5,532,709</u>
Sukuk Murabahah	<b>1,400,000</b>	1,300,000	<b>1,400,000</b>	1,300,000
Loss provision ^	<b>448,696</b>	436,544	<b>448,528</b>	436,356
<b>Total Tier II Capital</b>	<b><u>1,848,696</u></b>	<u>1,736,544</u>	<b><u>1,848,528</u></b>	<u>1,736,356</u>
<b>Total Capital</b>	<b><u>7,691,846</u></b>	<u>7,288,161</u>	<b><u>7,671,494</u></b>	<u>7,269,065</u>

^ Impairment allowances 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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**34. Capital adequacy (continued)**

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

	Group		Bank	
	30.06.2020 RM'000	31.12.2019 RM'000	30.06.2020 RM'000	31.12.2019 RM'000
Credit risk	<b>44,151,952</b>	42,551,894	<b>44,138,414</b>	42,536,846
Less : Credit risk absorbed by unrestricted investment accounts	<b>(8,256,193)</b>	(7,628,353)	<b>(8,256,193)</b>	(7,628,353)
	<b>35,895,759</b>	34,923,541	<b>35,882,221</b>	34,908,493
Market risk	<b>583,645</b>	580,444	<b>583,645</b>	580,444
Operational risk	<b>3,612,755</b>	3,551,083	<b>3,571,527</b>	3,514,162
	<b>40,092,159</b>	39,055,068	<b>40,037,393</b>	39,003,099

**35. Performance review for the six months ended 30 June 2020**

The Group reported profit before zakat and tax of RM389.0 million or a decrease of 11.07% for the six months ended 30 June 2020 compared to the previous corresponding period. The decrease was mainly due to lower financing income arising from Overnight Profit Rate (“OPR”) reductions and recognition of modification loss due to payment moratorium.

Year-on-year net financing assets grew RM5.6 billion or 12.1% to reach RM52.0 billion as at end of June 2020.

As at end of June 2020, customer deposits and investment accounts stood at RM58.5 billion with a year-on-year increase of RM3.8 billion or 6.9%. CASA ratio as at end of June 2020 was 35.4% against the Islamic Banking Industry CASA ratio of 24.2% as at end of May 2020.

The Group’s gross impaired financing ratio was 0.70% while the net impaired financing ratio was a negative 0.75% as at end of June 2020 compared to 0.86% and a negative 0.64% respectively as at 31 December 2019. The Banking System gross impaired ratio was 1.55% and the net impaired ratio was 0.17% as at end of May 2020.

The key performance ratios as at end June 2020 also compared favourably against most of the Banking System ratios as at end of December 2019. The Bank’s return on equity and return on assets based on profit before zakat and tax (“PBZT”) were 13.2% and 1.2% respectively against the Banking Systems’ 13.0% and 1.5% respectively.

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**36. Prospect for 2020**

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".

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**37. Significant events**

**Proposed dividend payment**

The Bank has paid a final dividend of approximately 6.05 sen per ordinary share totalling RM151.853 million for the financial year ended 31 December 2019.

100% of the final dividend were reinvested through the issuance of 46,724,000 new ordinary shares at RM3.25 each via the Dividend Reinvestment Plan.

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

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