

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

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

	Note	Group		Bank	
		30.09.2020 RM'000	31.12.2019 RM'000	30.09.2020 RM'000	31.12.2019 RM'000
<b>Assets</b>					
Cash and short-term funds	9	<b>1,325,279</b>	2,814,333	<b>1,324,820</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 (FVTPL)	11	<b>1,326,564</b>	663,068	<b>1,320,832</b>	657,443
Derivative financial assets	12	<b>24,629</b>	33,326	<b>24,629</b>	33,326
Financial assets at fair value through other comprehensive income (FVOCI)	13	<b>12,089,607</b>	12,146,640	<b>12,090,345</b>	12,147,378
Financing, advances and others	14	<b>53,838,749</b>	49,472,522	<b>53,838,749</b>	49,472,522
Other financial assets at amortised cost (AC)	15	<b>123,020</b>	145,217	<b>118,520</b>	140,562
Statutory deposits with Bank Negara Malaysia		<b>261,687</b>	1,170,136	<b>261,687</b>	1,170,136
Current tax assets		<b>32,002</b>	32,003	<b>32,002</b>	32,002
Deferred tax assets		<b>88,750</b>	33,774	<b>87,239</b>	32,268
Right-of-use assets	16	<b>213,958</b>	229,135	<b>213,958</b>	229,135
Investments in subsidiaries		-	-	<b>15,525</b>	15,525
Property and equipment		<b>218,319</b>	195,595	<b>217,846</b>	195,100
<b>Total assets</b>		<b><u>69,542,925</u></b>	<u>67,593,802</u>	<b><u>69,546,152</u></b>	<u>67,596,906</u>
<b>Liabilities and equity</b>					
Deposits from customers	17	<b>46,242,987</b>	47,408,738	<b>46,260,412</b>	47,476,872
Investment accounts of customers	18	<b>12,692,597</b>	10,240,373	<b>12,692,716</b>	10,240,373
Derivative financial liabilities	12	<b>51,847</b>	36,746	<b>51,847</b>	36,746
Bills and acceptance payable		<b>40,791</b>	49,084	<b>40,791</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>1,418,606</b>	1,308,694	<b>1,418,606</b>	1,308,694
Other liabilities	21	<b>1,049,251</b>	991,540	<b>1,041,527</b>	931,685
Lease Liabilities	16	<b>315,385</b>	325,559	<b>315,385</b>	325,559
Zakat and taxation		<b>107,081</b>	17,428	<b>106,889</b>	17,142
<b>Total liabilities</b>		<b><u>63,419,732</u></b>	<u>61,879,349</u>	<b><u>63,429,360</u></b>	<u>61,887,342</u>

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

	Note	Group		Bank	
		30.09.2020 RM'000	31.12.2019 RM'000	30.09.2020 RM'000	31.12.2019 RM'000
<b>Equity</b>					
Share capital		3,306,118	3,012,368	3,306,118	3,012,368
Reserves		<u>2,817,075</u>	<u>2,702,085</u>	<u>2,810,674</u>	<u>2,697,196</u>
<b>Total equity</b>		<u>6,123,193</u>	<u>5,714,453</u>	<u>6,116,792</u>	<u>5,709,564</u>
<b>Total liabilities and equity</b>		<u>69,542,925</u>	<u>67,593,802</u>	<u>69,546,152</u>	<u>67,596,906</u>
<b>Restricted investment accounts managed by the Bank</b>	18	20,202	35,062	20,202	35,062
<b>Total Islamic banking asset owned and managed by the Bank</b>		<u>69,563,127</u>	<u>67,628,864</u>	<u>69,566,354</u>	<u>67,631,968</u>
<b>Commitments and Contingencies</b>	33	<u>18,042,174</u>	<u>17,414,181</u>	<u>18,042,174</u>	<u>17,414,181</u>

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

Group	Note	3 months ended		9 months ended	
		30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Income derived from investment of depositors' funds	22	635,865	694,404	1,955,271	2,089,010
Income derived from investment account funds	23	121,133	100,865	382,698	274,876
Income derived from investment of shareholders' funds	24	119,095	120,609	342,712	361,225
Loss on modification of financial assets	14(b)	-	-	(97,772)	-
Net allowance for impairment on financing and advances, net of recoveries	25	(155,527)	(34,057)	(212,206)	(86,875)
Net allowance for impairment on other financial assets		(54)	193	2,814	(3,933)
Direct expenses		(4,377)	(4,317)	(10,352)	(12,085)
<b>Total distributable income</b>		<b>716,135</b>	<b>877,697</b>	<b>2,363,165</b>	<b>2,622,218</b>
Wakalah fees from restricted investment accounts		-	111	479	344
Income attributable to depositors	26	(234,805)	(345,635)	(802,851)	(1,041,449)
Income attributable to investment account holders	27	(49,913)	(45,017)	(177,081)	(119,892)
<b>Total net income</b>		<b>431,417</b>	<b>487,156</b>	<b>1,383,712</b>	<b>1,461,221</b>
Personnel expenses	28	(168,115)	(154,521)	(485,358)	(460,119)
Other overhead expenses	29	(104,483)	(101,640)	(306,122)	(289,055)
Finance cost	30	(21,502)	(22,204)	(65,952)	(65,855)
<b>Profit before zakat and tax</b>		<b>137,317</b>	<b>208,791</b>	<b>526,280</b>	<b>646,192</b>
Zakat		(3,775)	(3,795)	(11,208)	(11,386)
Tax expense		(31,295)	(50,421)	(127,330)	(157,574)
<b>Profit for the period</b>		<b>102,247</b>	<b>154,575</b>	<b>387,742</b>	<b>477,232</b>
<b>Earnings per share (sen)</b>				<b>15.37</b>	<b>19.01</b>

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

Group	3 months ended		9 months ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Profit for the period	<u>102,247</u>	<u>154,575</u>	<u>387,742</u>	<u>477,232</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	12,188	(4,975)	(6,000)	(5,022)
Movement in fair value reserve (debt instruments):				
Net change in fair value	116,947	108,809	295,665	339,397
Changes in expected credit losses	(54)	(156)	(81)	(135)
Net amount transferred to profit or loss	(104,325)	(35,690)	(264,802)	(79,079)
Income tax effect relating to components of other comprehensive income	<u>(3,016)</u>	<u>(17,524)</u>	<u>(7,388)</u>	<u>(60,723)</u>
<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>3,031</u>	<u>1,921</u>	<u>3,605</u>	<u>13,628</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>24,771</u>	<u>52,385</u>	<u>20,999</u>	<u>208,066</u>
<b>Total comprehensive income for the period</b>	<u>127,018</u>	<u>206,960</u>	<u>408,741</u>	<u>685,298</u>

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

Bank	Note	3 months ended		9 months ended	
		30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Income derived from investment of depositors' funds	22	635,865	694,404	1,955,271	2,089,010
Income derived from investment account funds	23	121,133	100,865	382,698	274,876
Income derived from investment of shareholders' funds	24	112,034	113,599	323,506	338,497
Loss on modification of financial assets	14(b)	-	-	(97,772)	-
Net allowance for impairment on financing and advances, net of recoveries	25	(155,527)	(34,057)	(212,206)	(86,875)
Net allowance for impairment on other financial assets		(54)	193	2,814	(3,933)
Direct expenses		(4,377)	(4,317)	(10,352)	(12,085)
<b>Total distributable income</b>		<b>709,074</b>	<b>870,687</b>	<b>2,343,959</b>	<b>2,599,490</b>
Wakalah fees from restricted investment accounts		-	111	479	344
Income attributable to depositors	26	(234,857)	(345,702)	(803,029)	(1,041,652)
Income attributable to investment account holders	27	(49,913)	(45,017)	(177,081)	(119,892)
<b>Total net income</b>		<b>424,304</b>	<b>480,079</b>	<b>1,364,328</b>	<b>1,438,290</b>
Personnel expenses	28	(164,837)	(150,903)	(475,236)	(450,193)
Other overhead expenses	29	(100,977)	(98,660)	(298,456)	(277,554)
Finance cost		(21,502)	(22,204)	(65,951)	(65,855)
<b>Profit before zakat and tax</b>		<b>136,988</b>	<b>208,312</b>	<b>524,685</b>	<b>644,688</b>
Zakat		(3,750)	(3,750)	(11,250)	(11,250)
Tax expense		(31,250)	(50,376)	(127,193)	(157,394)
<b>Profit for the period</b>		<b>101,988</b>	<b>154,186</b>	<b>386,242</b>	<b>476,044</b>

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

Bank	3 months ended		9 months ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Profit for the period	<u>101,988</u>	<u>154,186</u>	<u>386,242</u>	<u>476,044</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	12,216	(5,037)	(6,012)	(5,085)
Movement in fair value reserve (debt instruments):				
Net change in fair value	116,947	108,861	295,665	339,449
Changes in expected credit losses	(54)	(156)	(81)	(135)
Net amount transferred to profit or loss	(104,325)	(35,690)	(264,802)	(79,079)
Income tax effect relating to components of other comprehensive income	<u>(3,016)</u>	<u>(17,524)</u>	<u>(7,388)</u>	<u>(60,723)</u>
<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>3,031</u>	<u>1,869</u>	<u>3,605</u>	<u>13,576</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>24,799</u>	<u>52,323</u>	<u>20,987</u>	<u>208,003</u>
<b>Total comprehensive income for the period</b>	<u>126,787</u>	<u>206,509</u>	<u>407,229</u>	<u>684,047</u>

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**Consolidated Statement of Changes in Equity for the nine months ended 30 September 2020**

Group	← Attributable to equity holders of the Bank →			Total equity RM'000
	← Non-distributable Share Capital RM'000	→ Other reserves RM'000	Distributable Retained earnings RM'000	
At 1 January 2020	3,012,368	107,265	2,594,820	5,714,453
Profit for the period	-	-	387,742	387,742
Currency translation difference in respect of foreign operations	-	(6,000)	-	(6,000)
Fair value reserve (debt instruments):				
Net change in fair value	-	295,665	-	295,665
Changes in expected credit losses	-	(81)	-	(81)
Net amount transferred to profit or loss	-	(264,802)	-	(264,802)
Income tax effect relating to components of other comprehensive income	-	(7,388)	-	(7,388)
Fair value reserve (equity instruments):				
Net change in fair value	-	3,605	-	3,605
Total comprehensive income for the period	-	20,999	387,742	408,741
Transfer from regulatory reserves	-	(25,000)	25,000	-
Dividends paid on ordinary shares	-	-	(293,751)	(293,751)
Issue of shares pursuant to Dividend Reinvestment Plan	293,750	-	-	293,750
<b>At 30 September 2020</b>	<b>3,306,118</b>	<b>103,264</b>	<b>2,713,811</b>	<b>6,123,193</b>
<b>At 1 January 2019</b>	3,012,368	(98,437)	2,295,160	5,209,091
Profit for the period	-	-	477,232	477,232
Currency translation difference in respect of foreign operations	-	(5,022)	-	(5,022)
Fair value reserve (debt instruments):				
Net change in fair value	-	339,397	-	339,397
Changes in expected credit losses	-	(135)	-	(135)
Net amount transferred to profit or loss	-	(79,079)	-	(79,079)
Income tax effect relating to components of other comprehensive income	-	(60,723)	-	(60,723)
Fair value reserve (equity instruments):				
Net change in fair value	-	13,628	-	13,628
Total comprehensive income for the period	-	208,066	477,232	685,298
Dividends paid on ordinary shares	-	-	(312,949)	(312,949)
<b>At 30 September 2019</b>	<b>3,012,368</b>	<b>109,629</b>	<b>2,459,443</b>	<b>5,581,440</b>

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**Statement of Changes in Equity for the nine months ended 30 September 2020**

	← Attributable to equity holders of the Bank →			Total Equity RM'000
	← Non-distributable Share capital RM'000	→ Other reserves RM'000	Distributable Retained earnings RM'000	
<b>Bank</b>				
At 1 January 2020	3,012,368	107,398	2,589,798	5,709,564
Profit for the period	-	-	386,242	386,242
Currency translation difference in respect of foreign operations	-	(6,012)	-	(6,012)
Fair value reserve (debt instruments):				
Net change in fair value	-	295,665	-	295,665
Changes in expected credit losses	-	(81)	-	(81)
Net amount transferred to profit or loss	-	(264,802)	-	(264,802)
Income tax effect relating to components of other comprehensive income	-	(7,388)	-	(7,388)
Fair value reserve (equity instruments):				
Net change in fair value	-	3,605	-	3,605
Total comprehensive income for the period	-	20,987	386,242	407,229
Transfer from regulatory reserves	-	(25,000)	25,000	-
Dividends paid on ordinary shares	-	-	(293,751)	(293,751)
Issue of shares pursuant to Dividend Reinvestment Plan	293,750	-	-	293,750
<b>At 30 September 2020</b>	<b>3,306,118</b>	<b>103,385</b>	<b>2,707,289</b>	<b>6,116,792</b>
<b>At 1 January 2019</b>	3,012,368	(98,261)	2,291,744	5,205,851
Profit for the period	-	-	476,044	476,044
Currency translation difference in respect of foreign operations	-	(5,085)	-	(5,085)
Fair value reserve (debt instruments):				
Net change in fair value	-	339,449	-	339,449
Changes in expected credit losses	-	(135)	-	(135)
Net amount transferred to profit or loss	-	(79,079)	-	(79,079)
Income tax effect relating to components of other comprehensive income	-	(60,723)	-	(60,723)
Fair value reserve (equity instruments):				
Net change in fair value	-	13,576	-	13,576
Total comprehensive income for the period	-	208,003	476,044	684,047
Dividends paid on ordinary shares	-	-	(312,949)	(312,949)
<b>At 30 September 2019</b>	<b>3,012,368</b>	<b>109,742</b>	<b>2,454,839</b>	<b>5,576,949</b>

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**Condensed Statements of Cash Flow for the nine months ended 30 September 2020**

	Group		Bank	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Profit before zakat and tax	<b>526,280</b>	646,192	<b>524,685</b>	644,688
Adjustment for non-cash items	<b>218,176</b>	161,799	<b>218,096</b>	161,764
Operating profit before working capital changes	<b>744,456</b>	807,991	<b>742,781</b>	806,452
Changes in working capital:				
Net changes in operating assets	<b>(3,791,364)</b>	(2,727,604)	<b>(3,791,519)</b>	(2,726,658)
Net changes in operating liabilities	<b>1,350,998</b>	916,165	<b>1,352,534</b>	919,516
Net cash used in operations	<b>(1,695,910)</b>	(1,003,448)	<b>(1,696,204)</b>	(1,000,690)
Zakat and tax paid	<b>(111,249)</b>	(192,534)	<b>(111,056)</b>	(192,350)
Tax refund	<b>-</b>	1,779	<b>-</b>	1,734
Net cash used in operating activities	<b>(1,807,159)</b>	(1,194,203)	<b>(1,807,260)</b>	(1,191,306)
Net cash used in investing activities	<b>(368,808)</b>	(1,065,462)	<b>(368,675)</b>	(1,065,354)
Net cash generated from/ (used in) financing activities	<b>35,221</b>	(366,736)	<b>35,258</b>	(366,736)
Net decrease in cash and cash equivalents	<b>(2,140,746)</b>	(2,626,401)	<b>(2,140,677)</b>	(2,623,396)
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>(6,000)</b>	(5,022)	<b>(6,012)</b>	(5,085)
Cash and cash equivalents at end of the period	<b>1,325,640</b>	1,893,231	<b>1,324,820</b>	1,890,222
Cash and cash equivalents comprise:				
Cash and short-term funds	<b>1,325,279</b>	608,125	<b>1,324,820</b>	605,116
Deposits and placements with banks and other financial institutions	<b>361</b>	1,285,106	<b>-</b>	1,285,106
	<b>1,325,640</b>	1,893,231	<b>1,324,820</b>	1,890,222

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**Notes to the unaudited interim financial statements  
for the nine months ended 30 September 2020**

**1. Basis of preparation**

The unaudited interim financial statements of the Group and of the Bank for the nine months ended 30 September 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 nine months ended 30 September 2020.

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**4. Unusual items**

There were no unusual items in the nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 2020.

**7. Significant events during the nine months ended 30 September 2020**

Significant events during the financial period are disclosed in Note 14(b) 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.

On 10 September 2020, the Bank paid an interim dividend of approximately 5.55 sen per ordinary share totalling RM141,897,166 for the financial period ended 30 June 2020. 100% of the interim dividend were reinvested through the issuance of 43,660,667 new ordinary shares at RM3.25 each via the Dividend Reinvestment Plan.

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

	Group		Bank	
	30.09.2020 RM'000	31.12.2019 RM'000	30.09.2020 RM'000	31.12.2019 RM'000
Cash and balances with banks and other financial institutions	<b>638,738</b>	821,600	<b>638,279</b>	821,071
Money at call and interbank placements with remaining maturity not exceeding one month	<b>686,541</b>	1,992,733	<b>686,541</b>	1,992,385
	<b><u>1,325,279</u></b>	<u>2,814,333</u>	<b><u>1,324,820</u></b>	<u>2,813,456</u>

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

	Group		Bank	
	30.09.2020	31.12.2019	30.09.2020	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 (“FVTPL”)**

	Group		Bank	
	30.09.2020	31.12.2019	30.09.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
<b>At fair value</b>				
Malaysian Islamic Treasury Bills	<b>601,765</b>	99,571	<b>601,765</b>	99,571
Unit trust	<b>244,159</b>	239,130	<b>238,427</b>	233,505
Malaysian Government Investment Issues	<b>379,209</b>	274,162	<b>379,209</b>	274,162
Islamic Commercial Paper	<b>101,431</b>	50,189	<b>101,431</b>	50,189
Sukuk	-	16	-	16
	<b>1,326,564</b>	<b>663,068</b>	<b>1,320,832</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	30.09.2020			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>6,191,367</b>	<b>22,135</b>	<b>(49,963)</b>	6,255,520	31,626	(35,927)
Profit rate swaps	<b>122,487</b>	<b>2,494</b>	<b>(1,884)</b>	147,098	1,700	(819)
	<b>6,313,854</b>	<b>24,629</b>	<b>(51,847)</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 (“FVOCI”)**

	Group		Bank	
	30.09.2020 RM'000	31.12.2019 RM'000	30.09.2020 RM'000	31.12.2019 RM'000
Financial assets at FVOCI:				
(a) Debt instruments	<b>12,039,043</b>	12,099,681	<b>12,039,043</b>	12,099,681
(b) Equity instruments	<b>50,564</b>	46,959	<b>51,302</b>	47,697
	<b><u>12,089,607</u></b>	<u>12,146,640</u>	<b><u>12,090,345</u></b>	<u>12,147,378</u>

*(a) Debt instrument at FVOCI*

	Group and Bank	
	30.09.2020 RM'000	31.12.2019 RM'000
<b>Unquoted</b>		
Sukuk	<b>8,829,290</b>	9,615,420
Malaysian Government Investment Issues	<b>2,904,119</b>	2,253,390
Islamic Commercial Papers	<b>305,634</b>	230,871
	<b><u>12,039,043</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	
	30.09.2020 RM'000	31.12.2019 RM'000
<b>Stage 1</b>		
At 1 January	<b>265</b>	302
Addition/ (Reversal) of impairment during the period/ year	<b>81</b>	(37)
At 30 September/ 31 December	<b><u>346</u></b>	<u>265</u>

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

*(b) Equity instrument at FVOCI*

	Group		Bank	
	30.09.2020 RM'000	31.12.2019 RM'000	30.09.2020 RM'000	31.12.2019 RM'000
Quoted Shares				
- outside Malaysia	<u>12,583</u>	<u>8,978</u>	<u>12,583</u>	<u>8,978</u>
Unquoted Shares				
- in Malaysia	<u>37,979</u>	<u>37,979</u>	<u>38,717</u>	<u>38,717</u>
- outside Malaysia	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
	<u>37,981</u>	<u>37,981</u>	<u>38,719</u>	<u>38,719</u>
	<u>50,564</u>	<u>46,959</u>	<u>51,302</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 September 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>Istisna' RM'000</b>	<b>Ar- Rahnu RM'000</b>	<b>Total RM'000</b>
<b>At amortised cost</b>									
Cash line	-	-	-	1,484	1,188,478	-	-	-	1,189,962
Term financing									
House financing	3,306,417	-	-	-	17,613,987	-	46,345	-	20,966,749
Syndicated financing	-	-	-	-	1,398,339	-	-	-	1,398,339
Leasing financing	-	-	-	-	-	116,256	-	-	116,256
Bridging financing	-	-	-	-	-	-	49,167	-	49,167
Personal financing	-	-	-	5,913	16,501,361	-	-	-	16,507,274
Other term financing	541,733	1,391,622	-	28	10,930,693	-	1,134	-	12,865,210
Staff financing	48,644	13,826	-	-	270,313	-	7,934	-	340,717
Credit cards	-	-	-	-	446,987	-	-	-	446,987
Trade bills discounted	-	520,485	46,918	3,034	268,997	-	-	-	839,434
Trust receipts	-	3,534	6	-	-	-	-	-	3,540
Pawn broking	-	-	-	-	-	-	-	33,082	33,082
Amortised after modification	<b>3,896,794</b>	<b>1,929,467</b>	<b>46,924</b>	<b>10,459</b>	<b>48,619,155</b>	<b>116,256</b>	<b>104,580</b>	<b>33,082</b>	<b>54,756,717</b>
Allowance for impairment on financing, advances and others									
- Stage 1									(684,910)
- Stage 2									(134,413)
- Stage 3									(98,645)
<b>Net financing, advances and others</b>									<b>53,838,749</b>

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

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

<b>Group and Bank</b>	<b>Bai' Bithaman Ajil</b>	<b>Murabahah</b>	<b>Bai' Al-Dayn</b>	<b>Bai' Al-Inah</b>	<b>At-Tawarruq</b>	<b>^Ijarah Muntahiah Bit-Tamleek</b>	<b>Istisna'</b>	<b>Ar-Rahnu</b>	<b>Total</b>
<b>31 December 2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>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>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	
		30.09.2020 RM'000	31.12.2019 RM'000	30.09.2020 RM'000	31.12.2019 RM'000
House financing					
Unrestricted Investment Accounts	18	8,680,769	6,726,143	8,680,829	6,726,143
Sold to Cagamas with recourse	19	1,501,187	1,501,187	1,501,187	1,501,187
		<u>10,181,956</u>	<u>8,227,330</u>	<u>10,182,016</u>	<u>8,227,330</u>
Personal financing					
Unrestricted Investment Accounts	18	4,011,828	3,514,230	4,011,887	3,514,230

<sup>^</sup> 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	
	30.09.2020 RM'000	31.12.2019 RM'000
Amortised cost before modification	54,848,380	-
- Loss on modification on financial assets	(97,772)	-
- Unwinding of modification loss	6,109	-
Amortised cost after modification	<u>54,756,717</u>	<u>-</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 one-off 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>30.09.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost before modification</b>		
Domestic non-bank financial institutions	1,315,115	1,595,043
Domestic business enterprise	9,708,467	8,384,026
Small and medium industries	1,791,739	2,017,946
Government and statutory bodies	1,205,282	729,905
Individuals	40,519,555	37,227,020
Other domestic entities	105,337	71,582
Foreign entities	202,885	198,447
	<b><u>54,848,380</u></b>	<b><u>50,223,969</u></b>

**(d) By profit rate sensitivity**

	<b>Group and Bank</b>	
	<b>30.09.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost before modification</b>		
Fixed rate		
House financing	776,417	985,880
Others	3,902,671	3,700,354
Floating rate		
House financing	20,868,467	19,299,203
Others	29,300,825	26,238,532
	<b><u>54,848,380</u></b>	<b><u>50,223,969</u></b>

**(e) By remaining contractual maturity**

	<b>Group and Bank</b>	
	<b>30.09.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost before modification</b>		
Maturity within one year	4,247,297	4,615,374
More than one year to three years	1,570,711	1,265,070
More than three years to five years	3,048,417	3,230,831
More than five years	45,981,955	41,112,694
	<b><u>54,848,380</u></b>	<b><u>50,223,969</u></b>

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

**(f) By geographical distribution**

	<b>Group and Bank</b>	
	<b>30.09.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost before modification</b>		
Central Region	25,516,654	23,794,695
Eastern Region	8,561,686	7,861,683
Northern Region	7,281,255	6,673,024
Southern Region	9,367,061	8,278,422
East Malaysia Region	4,121,724	3,616,145
	<u>54,848,380</u>	<u>50,223,969</u>

**(g) By sector**

	<b>Group and Bank</b>	
	<b>30.09.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost before modification</b>		
Primary agriculture	1,093,832	1,266,687
Mining and quarrying	47,638	38,712
Manufacturing (including agro-based)	950,448	881,445
Electricity, gas and water	1,988,156	1,863,658
Wholesale & retail trade, and hotels & restaurants	819,788	927,772
Construction	2,848,637	2,238,954
Transport, storage and communications	580,124	918,959
Finance, insurance, real estate and business activities	4,356,678	3,731,211
Education, health and others	1,632,245	1,126,374
Household sectors	40,530,834	37,230,197
	<u>54,848,380</u>	<u>50,223,969</u>

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

	<b>Group and Bank</b>	
	<b>30.09.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	433,001	425,937
Classified as impaired during the period/ year	188,064	701,221
Reclassified as not impaired during the period/ year	(145,054)	(372,172)
Amount recovered	(45,151)	(97,001)
Amount written-off	(101,973)	(224,984)
At 30 September/ 31 December	<u>328,887</u>	<u>433,001</u>
Gross impaired financing as a percentage of gross financing, advances and others	<u>0.60%</u>	<u>0.86%</u>

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

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

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

	<b>Group and Bank</b>	
	<b>30.09.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Central Region	<b>141,363</b>	181,730
Eastern Region	<b>83,910</b>	101,743
Northern Region	<b>70,700</b>	79,976
Southern Region	<b>19,690</b>	47,527
East Malaysia Region	<b>13,224</b>	22,025
	<b><u>328,887</u></b>	<b><u>433,001</u></b>

**(j) Impaired financing by sector**

	<b>Group and Bank</b>	
	<b>30.09.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Manufacturing (including agro-based)	<b>31,042</b>	45,715
Wholesale & retail trade, and hotels & restaurants	<b>93,429</b>	97,043
Construction	<b>32,098</b>	29,361
Transport, storage and communications	<b>17,731</b>	10,217
Finance, insurance, real estate and business activities	<b>7,807</b>	8,125
Education, health and others	<b>5,682</b>	8,179
Household sectors	<b>141,098</b>	234,361
	<b><u>328,887</u></b>	<b><u>433,001</u></b>

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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	1,732	(1,667)	(65)	-
Transfer to Stage 2	(4,608)	8,322	(3,714)	-
Transfer to Stage 3	(162)	(3,289)	3,451	-
Net allowance made during the period	179,784	(9,085)	30,856	201,555
New financial assets originated or purchased	110,856	4,269	276	115,401
Financial assets that have been derecognised	(32,690)	(12,252)	(2,383)	(47,325)
Write-offs	-	-	(101,973)	(101,973)
Exchange differences	(1,137)	-	-	(1,137)
<b>At 30 September 2020</b>	<b>684,910</b>	<b>134,413</b>	<b>98,645</b>	<b>917,968</b>

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

	<b>Group</b>		<b>Bank</b>	
	<b>30.09.2020</b>	<b>31.12.2019</b>	<b>30.09.2020</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>80,070</b>	116,813	<b>76,179</b>	112,856
Deposit and prepayments	<b>44,710</b>	32,846	<b>43,999</b>	32,071
Related companies*	<b>1,215</b>	1,033	<b>1,317</b>	1,110
	<b>131,284</b>	156,376	<b>126,784</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>123,020</b>	145,217	<b>118,520</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 and Bank</b>	
	<b>30.09.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Right-of-use assets:		
Buildings	<b>213,958</b>	229,135
Lease liabilities	<b>315,385</b>	325,559

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

	<b>Group</b>		<b>Bank</b>	
	<b>30.09.2020</b>	<b>31.12.2019</b>	<b>30.09.2020</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>13,736</b>	15,141	<b>13,705</b>	15,141
Finance cost	<b>13,433</b>	18,040	<b>13,432</b>	18,040

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**17. Deposits from customers**

**a) By type and Shariah contract**

	Group		Bank	
	30.09.2020 RM'000	31.12.2019 RM'000	30.09.2020 RM'000	31.12.2019 RM'000
<b>Saving Deposit</b>				
<i>Qard</i>	<b>6,086,085</b>	4,681,710	<b>6,086,085</b>	4,681,710
<b>Demand Deposit</b>				
<i>Qard</i>	<b>11,218,390</b>	10,967,942	<b>11,226,748</b>	11,029,237
<b>Term Deposit</b>	<b>28,831,067</b>	31,653,852	<b>28,840,134</b>	31,660,691
Special Investment Deposit <i>Mudharabah</i>	<b>3,662</b>	3,915	<b>3,662</b>	3,915
General Investment Deposit <i>Mudharabah</i>	<b>176,022</b>	209,693	<b>176,022</b>	209,693
Term Deposit <i>Tawarruq</i>	<b>27,964,240</b>	30,448,694	<b>27,973,307</b>	30,455,533
Negotiable Islamic Debt Certificates (NIDC)	<b>687,143</b>	991,550	<b>687,143</b>	991,550
<b>Others</b>	<b>107,445</b>	105,234	<b>107,445</b>	105,234
<b>Total Deposits</b>	<b>46,242,987</b>	47,408,738	<b>46,260,412</b>	47,476,872

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

	Group		Bank	
	30.09.2020 RM'000	31.12.2019 RM'000	30.09.2020 RM'000	31.12.2019 RM'000
Due within six months	<b>14,166,465</b>	12,162,445	<b>14,168,121</b>	12,163,806
More than six months to one year	<b>7,978,593</b>	7,726,707	<b>7,980,602</b>	7,727,809
More than one year to three years	<b>3,919,412</b>	9,056,935	<b>3,924,814</b>	9,061,311
More than three years to five years	<b>2,766,597</b>	2,707,765	<b>2,766,597</b>	2,707,765
	<b>28,831,067</b>	31,653,852	<b>28,840,134</b>	31,660,691

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

**c) By type of customers**

	<b>Group</b>		<b>Bank</b>	
	<b>30.09.2020</b>	<b>31.12.2019</b>	<b>30.09.2020</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>6,135,659</b>	7,823,994	<b>6,153,084</b>	7,892,128
Business enterprises	<b>19,259,844</b>	19,656,635	<b>19,259,844</b>	19,656,635
Government and statutory bodies	<b>11,145,117</b>	11,479,529	<b>11,145,117</b>	11,479,529
Individuals	<b>7,154,596</b>	5,893,922	<b>7,154,596</b>	5,893,922
Domestic banking institutions	<b>16,238</b>	149,839	<b>16,238</b>	149,839
Others	<b>2,531,533</b>	2,404,819	<b>2,531,533</b>	2,404,819
	<b><u>46,242,987</u></b>	<u>47,408,738</u>	<b><u>46,260,412</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>30.09.2020</b>	<b>31.12.2019</b>	<b>30.09.2020</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>4,668,941</b>	3,211,343	<b>4,668,941</b>	3,211,343
- <i>Saving</i>	<b>4,195,130</b>	2,880,046	<b>4,195,130</b>	2,880,046
- <i>Demand</i>	<b>473,811</b>	331,297	<b>473,811</b>	331,297
With maturity				
<i>Wakalah</i>	<b>8,023,656</b>	7,029,030	<b>8,023,775</b>	7,029,030
	<b><u>12,692,597</u></b>	<u>10,240,373</u>	<b><u>12,692,716</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>20,202</b>	35,062	<b>20,202</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	
	30.09.2020 RM'000	31.12.2019 RM'000	30.09.2020 RM'000	31.12.2019 RM'000
Individuals	4,640,991	3,448,415	4,640,991	3,448,415
Government and statutory bodies	4,550,598	3,747,895	4,550,598	3,747,895
Business enterprises	1,118,689	769,038	1,118,689	769,038
Non-bank financial institutions	2,221,588	2,182,680	2,221,707	2,182,680
International Islamic Bank	-	10,001	-	10,001
Others	160,731	82,344	160,731	82,344
	<u>12,692,597</u>	<u>10,240,373</u>	<u>12,692,716</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	
		30.09.2020 RM'000	31.12.2019 RM'000
<b><i>Issued under the RM1.0 billion Subordinated Sukuk Murabahah Programme</i></b>			
First tranche	(a)	-	303,356
Second tranche	(b)	406,457	400,964
Third tranche	(c)	305,846	302,046
		<u>712,303</u>	<u>1,006,366</u>
<b><i>Issued under the RM10.0 billion Sukuk Murabahah Programme</i></b>			
First tranche	(d)	306,180	302,328
Second tranche	(e)	400,123	-
		<u>706,303</u>	<u>302,328</u>
		<u>1,418,606</u>	<u>1,308,694</u>
Finance cost on Subordinated Sukuk Murabahah		<u>52,519</u>	<u>69,940</u>

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

The details of the issued subordinated Sukuk are as follows:

<b>Note</b>	<b>Nominal value RM'000</b>	<b>Issue date</b>	<b>First call date*</b>	<b>Maturity Date</b>	<b>Profit rate (% p.a.)#</b>
(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**

	<b>Group</b>		<b>Bank</b>	
	<b>30.09.2020 RM'000</b>	<b>31.12.2019 RM'000</b>	<b>30.09.2020 RM'000</b>	<b>31.12.2019 RM'000</b>
Other payables	<b>305,264</b>	389,770	<b>299,680</b>	332,441
Advance payment	<b>642,498</b>	437,053	<b>642,498</b>	437,053
Accruals	<b>101,489</b>	164,717	<b>99,349</b>	162,191
	<b><u>1,049,251</u></b>	<u>991,540</u>	<b><u>1,041,527</u></b>	<u>931,685</u>

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

Group and Bank	3 months ended		9 months ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Income derived from investment of:				
(i) Saving and demand deposits	222,603	204,744	673,974	618,265
(ii) General investment deposits	2,989	4,336	9,868	12,773
(iii) Term deposits	398,316	469,416	1,226,635	1,386,946
(iv) Other deposits	11,957	15,908	44,794	71,026
	<u>635,865</u>	<u>694,404</u>	<u>1,955,271</u>	<u>2,089,010</u>

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

Group and Bank	3 months ended		9 months ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	162,562	166,819	507,886	506,280
Financial assets:				
- at FVTPL	1,525	1,042	5,508	3,504
- at FVOCI	19,398	21,320	62,273	62,448
- at AC	-	-	85	84
Money at call and deposits with financial institutions	1,542	2,723	7,605	14,866
	<u>185,027</u>	<u>191,904</u>	<u>583,357</u>	<u>587,182</u>
<b><i>Other dealing income</i></b>				
Net gain from sale of financial assets at FVTPL	1,980	3,384	334	7,458
Net (loss)/ gain on revaluation of financial assets at FVTPL	(924)	(998)	(929)	337
	<u>1,056</u>	<u>2,386</u>	<u>(595)</u>	<u>7,795</u>
<b><i>Other operating income</i></b>				
Net gain from sale of financial assets at FVOCI	36,520	10,454	91,212	23,288
	<u>222,603</u>	<u>204,744</u>	<u>673,974</u>	<u>618,265</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	559	2,937	4,604	8,154
<i>Unwinding of modification loss</i>	1,058	-	1,825	-

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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		9 months ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	2,307	3,622	7,822	10,697
Financial assets:				
- at FVTPL	18	20	68	64
- at FVOCI	219	392	761	1,137
- at AC	-	-	1	2
Money at call and deposits with financial institutions	21	64	114	309
	<u>2,565</u>	<u>4,098</u>	<u>8,766</u>	<u>12,209</u>
<b><i>Other dealing income</i></b>				
Net gain from sale of financial assets at FVTPL	23	63	3	136
Net (loss)/ gain on revaluation of financial assets at FVTPL	(9)	(19)	(8)	6
	<u>14</u>	<u>44</u>	<u>(5)</u>	<u>142</u>
<b><i>Other operating income</i></b>				
Net gain from sale of financial assets at FVOCI	410	194	1,107	422
	<u>2,989</u>	<u>4,336</u>	<u>9,868</u>	<u>12,773</u>
<i>of which</i>				
Financing income earned on impaired financing	7	54	59	149
Unwinding of modification loss	12	-	21	-

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

Group and Bank	3 months ended		9 months ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	290,807	382,170	923,606	1,135,069
Financial assets:				
- at FVTPL	2,730	2,387	10,012	7,839
- at FVOCI	34,693	48,847	113,143	139,997
- at AC	-	-	147	181
Money at call and deposits with financial institutions	2,753	6,249	13,972	33,454
	<u>330,983</u>	<u>439,653</u>	<u>1,060,880</u>	<u>1,316,540</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		9 months ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
<b><i>Other dealing income</i></b>				
Net gain from sale of financial assets at FVTPL	<b>3,569</b>	7,812	<b>648</b>	16,852
Net (loss)/ gain on revaluation of financial assets at FVOCI	<b>(1,636)</b>	(2,295)	<b>(1,613)</b>	614
	<b>1,933</b>	5,517	<b>(965)</b>	17,466
<b><i>Other operating income</i></b>				
Net gain from sale of financial assets at FVOCI	<b>65,400</b>	24,246	<b>166,720</b>	52,940
	<b>398,316</b>	469,416	<b>1,226,635</b>	1,386,946
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	<b>1,009</b>	6,728	<b>8,630</b>	18,288
<i>Unwinding of modification loss</i>	<b>1,900</b>	-	<b>3,230</b>	-

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

Group and Bank	3 months ended		9 months ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	<b>8,675</b>	12,970	<b>34,077</b>	58,309
Financial assets:				
- at FVTPL	<b>82</b>	81	<b>375</b>	403
- at FVOCI	<b>1,019</b>	1,658	<b>4,176</b>	7,163
- at AC	-	-	<b>7</b>	10
Money at call and deposits with financial institutions	<b>78</b>	212	<b>524</b>	1,825
	<b>9,854</b>	14,921	<b>39,159</b>	67,710

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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		9 months ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
<b><i>Other dealing income</i></b>				
Net gain/ (loss) from sale of financial assets at FVTPL	134	270	(60)	787
Net (loss)/ gain on revaluation of financial assets at FVTPL	(26)	(79)	(68)	100
	<u>108</u>	<u>191</u>	<u>(128)</u>	<u>887</u>
<b><i>Other operating income</i></b>				
Net gain from sale of financial assets at FVOCI	1,995	796	5,763	2,429
	<u>11,957</u>	<u>15,908</u>	<u>44,794</u>	<u>71,026</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	40	224	332	942
<i>Unwinding of modification loss</i>	<u>69</u>	<u>-</u>	<u>130</u>	<u>-</u>

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

Group and Bank	3 months ended		9 months ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
<b>Finance income</b>				
Unrestricted investment accounts				
- <i>Mudharabah</i>	42,291	37,709	122,710	109,153
- <i>Wakalah</i>	78,481	63,156	259,085	165,723
Unwinding of modification loss	361	-	903	-
	<u>121,133</u>	<u>100,865</u>	<u>382,698</u>	<u>274,876</u>

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

Group	3 months ended		9 months ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	<b>1,904</b>	1,586	<b>4,632</b>	5,005
Financial assets				
- at FVOCI	<b>47,714</b>	49,224	<b>143,911</b>	141,794
Money at call and deposits with financial institutions	-	-	<b>3</b>	3
	<b>49,618</b>	50,810	<b>148,546</b>	146,802
<b><i>Other dealing income</i></b>				
Net gain from foreign exchange transactions	<b>8,771</b>	11,213	<b>34,344</b>	40,215
Net gain/ (loss) on revaluation of financial assets at FVTPL	<b>6,599</b>	3,423	<b>(2,369)</b>	8,865
Net derivatives gain/ (loss)	<b>3</b>	12	<b>28</b>	(43)
	<b>15,373</b>	14,648	<b>32,003</b>	49,037
<b><i>Other operating income</i></b>				
Gross dividend income from:				
- unit trust in Malaysia	<b>32</b>	53	<b>7,397</b>	4,736
- quoted shares outside Malaysia	-	-	-	259
- income from rebate on investment in unit trust	<b>480</b>	-	<b>480</b>	-
	<b>512</b>	53	<b>7,877</b>	4,995
<b><i>Fees and commission</i></b>				
Fees	<b>54,765</b>	46,614	<b>136,073</b>	131,454
Commission	<b>(83)</b>	3,775	<b>5,268</b>	11,418
Others	<b>(1,809)</b>	3,594	<b>10,950</b>	14,898
	<b>52,873</b>	53,983	<b>152,291</b>	157,770
<b><i>Other income</i></b>				
Net gain on disposal of property and equipment	<b>1</b>	423	<b>3</b>	421
Rental income	<b>677</b>	610	<b>1,864</b>	1,832
Other income	<b>41</b>	82	<b>128</b>	368
	<b>719</b>	1,115	<b>1,995</b>	2,621
	<b>119,095</b>	120,609	<b>342,712</b>	361,225

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

Bank	3 months ended		9 months ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	<b>1,904</b>	1,586	<b>4,632</b>	5,005
Financial assets				
- at FVOCI	<b>47,714</b>	49,224	<b>143,911</b>	141,794
Money at call and deposits with financial institutions	<b>1</b>	1	<b>3</b>	3
	<b>49,619</b>	50,811	<b>148,546</b>	146,802
<b><i>Other dealing income</i></b>				
Net gain from foreign exchange transactions	<b>8,787</b>	11,212	<b>34,374</b>	40,214
Net loss from sale of financial assets at FVTPL	<b>6,598</b>	3,420	<b>(2,366)</b>	8,861
Net derivatives gain/ (loss)	<b>3</b>	12	<b>28</b>	(43)
	<b>15,388</b>	14,644	<b>32,036</b>	49,032
<b><i>Other operating income</i></b>				
Gross dividend income from:				
- unit trust in Malaysia	<b>5</b>	10	<b>7,288</b>	4,600
- quoted shares outside Malaysia	-	-	-	259
- income from rebate on investment in unit trust	<b>480</b>	-	<b>480</b>	-
	<b>485</b>	10	<b>7,768</b>	4,859
<b><i>Fees and commission</i></b>				
Fees	<b>40,362</b>	37,554	<b>113,370</b>	105,218
Commission	<b>813</b>	4,858	<b>8,733</b>	15,848
Others	<b>4,590</b>	4,555	<b>10,864</b>	13,927
	<b>45,765</b>	46,967	<b>132,967</b>	134,993
<b><i>Other income</i></b>				
Net gain on disposal of property and equipment	<b>1</b>	423	<b>3</b>	421
Rental income	<b>776</b>	702	<b>2,148</b>	2,105
Other income	-	42	<b>38</b>	285
	<b>777</b>	1,167	<b>2,189</b>	2,811
	<b>112,034</b>	113,599	<b>323,506</b>	338,497

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

Group and Bank	3 months ended		9 months ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Net allowance for impairment on financing, advances and others:				
- Stage 1	198,909	15,761	257,950	15,754
- Stage 2	(21,198)	2,998	(17,068)	24,769
- Stage 3	(4,231)	44,881	28,749	121,627
	<u>173,480</u>	<u>63,640</u>	<u>269,631</u>	<u>162,150</u>
Bad debts and financing recovered	(17,953)	(29,583)	(57,425)	(75,275)
	<u>155,527</u>	<u>34,057</u>	<u>212,206</u>	<u>86,875</u>

**26. Income attributable to depositors**

Group	3 months ended		9 months ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah fund	1,018	2,080	3,683	6,190
- Non-Mudharabah fund	216,011	325,676	745,491	981,445
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah fund	-	81	340	402
Recourse obligation on financing sold to Cagamas	17,776	17,798	53,337	53,412
	<u>234,805</u>	<u>345,635</u>	<u>802,851</u>	<u>1,041,449</u>

**Bank**

Deposits from customers				
- Mudharabah fund	1,018	2,080	3,683	6,190
- Non-Mudharabah fund	216,063	325,743	745,669	981,648
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah fund	-	81	340	402
Recourse obligation on financing sold to Cagamas	17,776	17,798	53,337	53,412
	<u>234,857</u>	<u>345,702</u>	<u>803,029</u>	<u>1,041,652</u>

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

Group and Bank	3 months ended		9 months ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Unrestricted investment accounts				
- <i>Mudharabah</i>	2,474	2,350	7,939	7,649
- <i>Wakalah</i>	47,439	42,667	169,142	112,243
	<u>49,913</u>	<u>45,017</u>	<u>177,081</u>	<u>119,892</u>

**28. Personnel expenses**

Group	3 months ended		9 months ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Salaries, allowances and bonuses	129,775	119,768	377,938	359,030
Employees' Provident Fund	19,616	16,702	56,053	48,600
Other staff related costs	18,724	18,051	51,367	52,489
	<u>168,115</u>	<u>154,521</u>	<u>485,358</u>	<u>460,119</u>

  

Bank	3 months ended		9 months ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Salaries, allowances and bonuses	127,120	116,966	369,916	351,289
Employees' Provident Fund	19,249	16,313	54,916	47,526
Other staff related costs	18,468	17,624	50,404	51,378
	<u>164,837</u>	<u>150,903</u>	<u>475,236</u>	<u>450,193</u>

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**29. Other overhead expenses**

Group	3 months ended		9 months ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
<b><i>Promotion</i></b>				
Credit and debit card expenses	11,592	9,955	31,039	25,853
Advertisement and publicity	2,292	4,933	7,801	8,612
Others	4,217	5,350	11,564	17,761
	<u>18,101</u>	<u>20,238</u>	<u>50,404</u>	<u>52,226</u>
<b><i>Establishment</i></b>				
Office rental	8,197	6,218	22,189	22,047
Depreciation of property and equipment	14,062	13,546	41,843	38,242
Depreciation right-of-use assets	4,572	4,548	13,736	11,144
Information technology expenses	14,209	13,091	42,419	35,310
Security services	2,443	2,352	7,202	6,972
Utilities	3,457	4,068	9,656	11,016
Office maintenance	2,176	3,317	8,052	8,248
Rental of equipment	1,599	1,407	4,277	3,899
Takaful	988	2,308	3,486	6,819
Others	39	39	320	320
	<u>51,742</u>	<u>50,894</u>	<u>153,180</u>	<u>144,017</u>
<b><i>General expenses</i></b>				
Outsourcing fees	4,311	3,793	12,179	12,611
Office supplies	2,968	2,428	7,585	6,931
Subscription fees	1,510	758	4,685	3,241
Travelling and transportation	194	2,240	983	5,782
Security services - cash in transit	1,067	1,932	4,107	5,353
Professional fees	2,640	2,590	8,405	7,577
Others	21,950	16,767	64,594	51,317
	<u>34,640</u>	<u>30,508</u>	<u>102,538</u>	<u>92,812</u>
	<u>104,483</u>	<u>101,640</u>	<u>306,122</u>	<u>289,055</u>
<b>Bank</b>				
<b><i>Promotion</i></b>				
Credit and debit card expenses	11,592	9,955	31,039	25,853
Advertisement and publicity	2,267	4,840	7,680	8,262
Others	746	2,207	3,400	6,589
	<u>14,605</u>	<u>17,002</u>	<u>42,119</u>	<u>40,704</u>

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

Bank	3 months ended		9 months ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
<i>Establishment</i>				
Office rental	8,290	6,205	22,467	22,006
Depreciation of property and equipment	14,012	13,491	41,686	38,071
Depreciation right-of-use assets	4,568	4,548	13,705	11,144
Information technology expenses	14,209	13,091	42,419	35,310
Security services	2,443	2,352	7,202	6,972
Utilities	3,439	4,049	9,597	10,962
Office maintenance	2,126	3,261	7,896	8,077
Rental of equipment	1,578	1,385	4,218	3,831
Takaful	987	2,306	3,484	6,814
Others	39	39	320	320
	<u>51,691</u>	<u>50,727</u>	<u>152,994</u>	<u>143,507</u>
<i>General expenses</i>				
Outsourcing fees	4,311	3,793	12,179	12,611
Office supplies	2,933	2,393	7,505	6,825
Subscription fees	1,508	758	4,683	3,241
Travelling and transportation	166	2,186	911	5,641
Security services - cash in transit	1,067	1,932	4,107	5,353
Professional fees	2,588	2,551	8,212	7,392
Others	22,108	17,318	65,746	52,280
	<u>34,681</u>	<u>30,931</u>	<u>103,343</u>	<u>93,343</u>
	<u>100,977</u>	<u>98,660</u>	<u>298,456</u>	<u>277,554</u>

**30. Finance cost**

Group	Note	3 months ended		9 months ended	
		30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Finance cost:					
- Subordinated Sukuk Murabahah	20	17,061	17,628	52,519	52,311
- Profit expense on leases	16	4,441	4,576	13,433	13,544
		<u>21,502</u>	<u>22,204</u>	<u>65,952</u>	<u>65,855</u>
<b>Bank</b>					
Finance cost:					
- Subordinated Sukuk Murabahah	20	17,061	17,628	52,519	52,311
- Profit expense on leases	16	4,441	4,576	13,432	13,544
		<u>21,502</u>	<u>22,204</u>	<u>65,951</u>	<u>65,855</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>9 months ended 30 September 2020</u></b>						
<b>Total Revenue</b>	<b>1,391,558</b>	<b>499,295</b>	<b>657,760</b>	<b>46,068</b>	<b>(11,293)</b>	<b>2,583,388</b>
Net fund based income	683,911	264,506	104,091	93,193	-	1,145,701
Non-fund based income	104,002	28,805	295,076	40,987	(11,115)	457,755
<b>Net income</b>	<b>787,913</b>	<b>293,311</b>	<b>399,167</b>	<b>134,180</b>	<b>(11,115)</b>	<b>1,603,456</b>
Net allowance for impairment	(76,421)	(133,285)	314	-	-	(209,392)
<b>Profit before overheads, zakat &amp; tax</b>						<b>1,394,064</b>
Operating expenses						(867,784)
<b>Profit before zakat &amp; tax</b>						<b>526,280</b>
<b><u>9 months ended 30 September 2019</u></b>						
<b>Total Revenue</b>	<b>1,637,156</b>	<b>481,452</b>	<b>569,793</b>	<b>48,195</b>	<b>(11,141)</b>	<b>2,725,455</b>
Net fund based income	731,415	289,984	77,332	145,247	-	1,243,978
Non-fund based income	108,499	25,121	154,711	42,743	(10,938)	320,136
<b>Net income</b>	<b>839,914</b>	<b>315,105</b>	<b>232,043</b>	<b>187,990</b>	<b>(10,938)</b>	<b>1,564,114</b>
Net allowance for impairment	(57,885)	(33,991)	1,068	-	-	(90,808)
<b>Profit before overheads, zakat &amp; tax</b>	<b>782,029</b>	<b>281,114</b>	<b>233,111</b>	<b>187,990</b>	<b>(10,938)</b>	<b>1,473,306</b>
Operating expenses						(827,114)
<b>Profit before zakat &amp; tax</b>						<b>646,192</b>

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**31. 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 September 2020</u></b>						
Segment assets	39,992,983	13,869,765	14,122,346	47,331	(34,172)	67,998,253
Unallocated assets						<u>1,544,672</u>
Total assets						<u><u>69,542,925</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 September 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			
<i>Financial assets</i>							
Financial assets at FVTPL	-	1,326,564	-	1,326,564	-	1,326,564	1,326,564
Derivative financial assets	-	24,629	-	24,629	-	24,629	24,629
Financial assets at FVOCI	12,583	12,039,043	37,981	12,089,607	-	12,089,607	12,089,607
Financing, advances and others	-	-	-	-	-	56,992,190	53,838,749
<i>Financial liabilities</i>							
Derivative financial liabilities	-	51,847	-	51,847	-	51,847	51,847
Recourse obligations on financing sold to Cagamas	-	-	-	-	1,582,560	1,582,560	1,501,187
Subordinated Sukuk Murabahah	-	-	-	-	1,437,512	1,437,512	1,418,606
<b>31 December 2019</b>							
RM'000							
<i>Financial assets</i>							
Financial assets at FVTPL	-	663,068	-	663,068	-	663,068	663,068
Derivative financial assets	-	33,326	-	33,326	-	33,326	33,326
Financial assets at FVOCI	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
<i>Financial liabilities</i>							
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 September 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			
<i>Financial assets</i>							
Financial assets at FVTPL	-	1,320,832	-	1,320,832	-	1,320,832	1,320,832
Derivative financial assets	-	24,629	-	24,629	-	24,629	24,629
Financial assets at FVOCI	12,583	12,039,043	38,719	12,090,345	-	12,090,345	12,090,345
Financing, advances and others	-	-	-	-	-	56,992,190	53,838,749
<i>Financial liabilities</i>							
Derivative financial liabilities	-	51,847	-	51,847	-	51,847	51,847
Recourse obligations on financing sold to Cagamas	-	-	-	-	1,582,560	1,582,560	1,501,187
Subordinated Sukuk Murabahah	-	-	-	-	1,437,512	1,437,512	1,418,606
<b>31 December 2019</b>							
RM'000							
<i>Financial assets</i>							
Financial assets at FVTPL	-	657,443	-	657,443	-	657,443	657,443
Derivative financial assets	-	33,326	-	33,326	-	33,326	33,326
Financial assets at FVOCI	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
<i>Financial liabilities</i>							
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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**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:

	Group		Bank	
	30.09.2020	31.12.2019	30.09.2020	31.12.2019
CET I & Tier I capital ratio	<b>14.272%</b>	14.215%	<b>14.242%</b>	14.185%
Total capital ratio	<b>18.825%</b>	18.661%	<b>18.801%</b>	18.637%

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

	Group		Bank	
	30.09.2020	31.12.2019	30.09.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Paid-up share capital	<b>3,306,118</b>	3,012,368	<b>3,306,118</b>	3,012,368
Retained earnings	<b>2,611,564</b>	2,594,820	<b>2,605,301</b>	2,589,798
Other reserves	<b>103,264</b>	107,265	<b>103,385</b>	107,398
<u>Less:</u>				
Deferred tax assets	<b>(88,750)</b>	(33,774)	<b>(87,239)</b>	(32,268)
Gain on financial instruments classified as FVOCI	<b>(118,911)</b>	(104,062)	<b>(118,911)</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>5,813,285</u></b>	<u>5,551,617</u>	<b><u>5,793,129</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>454,680</b>	436,544	<b>454,510</b>	436,356
<b>Total Tier II Capital</b>	<b><u>1,854,680</u></b>	<u>1,736,544</u>	<b><u>1,854,510</u></b>	<u>1,736,356</u>
<b>Total Capital</b>	<b><u>7,667,965</u></b>	<u>7,288,161</u>	<b><u>7,647,639</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	
	30.09.2020 RM'000	31.12.2019 RM'000	30.09.2020 RM'000	31.12.2019 RM'000
Credit risk	<b>45,751,009</b>	42,551,894	<b>45,737,418</b>	42,536,846
Less : Credit risk absorbed by unrestricted investment accounts	<b>(9,376,611)</b>	(7,628,353)	<b>(9,376,611)</b>	(7,628,353)
	<b>36,374,398</b>	34,923,541	<b>36,360,807</b>	34,908,493
Market risk	<b>655,269</b>	580,444	<b>655,270</b>	580,444
Operational risk	<b>3,702,250</b>	3,551,083	<b>3,659,864</b>	3,514,162
	<b>40,731,917</b>	39,055,068	<b>40,675,941</b>	39,003,099

**35. Performance review for the nine months ended 30 September 2020**

The Group reported profit before zakat and tax of RM526.3 million or a decrease of 18.6% for the nine months ended 30 September 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.

The Group has also maintained its prudence stand with regards to the market outlook. A pre-emptive impairment provision in the form of management overlay has been made during the quarter in anticipation of the challenging economic environment.

Year-on-year net financing assets grew RM4.4 billion or 8.8% to reach RM53.9 billion as at end of September 2020.

As at end of September 2020, customer deposits and investment accounts stood at RM58.9 billion with a year-on-year increase of RM1.3 billion or 2.2%. CASATIA ratio as at end of September 2020 was 37.3%.

The Group’s gross impaired financing ratio was 0.60% while the net impaired financing ratio was a negative 1.09% as at end of September 2020 compared to 0.86% and a negative 0.64% respectively as at 31 December 2019. The Banking System gross impaired ratio was 1.40% and the net impaired ratio was 0.02% as at end of August 2020.

The key performance ratios as at end September 2020 also compared favourably against most of the Banking System ratios as at end of August 2020. The Bank’s return on equity and return on assets based on profit before zakat and tax (“PBZT”) were 11.8% and 1.0% respectively against the Banking Systems’ 13.0% and 1.5% respectively.

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**36. Prospect for 2020**

Against the backdrop of a pandemic, Malaysia's GDP has contracted by 17.1% in 2Q2020. Nevertheless, the Department of Statistics Malaysia (DOSM) believe the Malaysia's 3Q2020 economic activity outcome is expected to improve, given the government's various stimulus packages, stronger Leading Index and decreasing Unemployment Rate at 4.7% in July (June: 4.9%) which suggest an economic recovery in the near term. This is seconded by the IMF, World Bank and BNM's 2021 GDP projection which reside within the range of 5.5% to 8.0%. In its recent rating action, the S&P Global Ratings affirmed Malaysia's long and short term foreign currency sovereign credit ratings at "A-/A-2" on the back of stable economic growth.

Despite the OPR maintaining at 1.75% in September, the Malaysian banks across the board such as Bank Islam, Hong Leong Bank and RHB Bank do not foresee any future OPR cut for 2020. Research house CGS-CIMB mentioned that for every 25bp OPR cut, it would trim banks' 2021 forecast net profit by 0.2%. Banking Industry's financing growth has softened at 4.4% y-o-y in Aug'20 (Jul'20: 4.5% y-o-y), mainly from the non-household financing segment of 3.7% y-o-y in Aug'20 (Jul'20: 4.7% y-o-y). Though the gross impaired financing (GIF) continued to improve at 1.40% in Aug'20 (Jul'20: 1.43%), we should be cautious of suppressed impacts of the extension of loan moratorium and targeted assistance.

At this juncture, Bank Islam has been persevering in producing sustainable financial results that are within the industry's average, cognisant of and leveraging on low interest rate environment. The Group has also maintained its prudence stand with regards to the market outlook. A pre-emptive impairment provision in the form of management overlay has been made during the quarter in anticipation of the challenging economic environment. The Bank has not only been continuing its support in empowering the people of the Bank by allowing flexible working arrangements and holding town halls, but also not forgetting the communities, the Bank has been proactively engaging with customers on deferment of moratorium repayment, progressively implementing iTEKAD microfinancing programme, and increasing collaborations with social organisations via AMAL initiatives. 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, the Bank's subsidiary. With a minimum initial investment of RM10, the app aims to maximise returns and manage investment risks over time. Embracing digitalisation amidst the pandemic crisis which urges cashless payments and deliveries, the Bank leverages on Mobile GO Banking app to enhance customer experience. Acknowledging the uncertain path lying ahead and the need to be agile, Bank Islam aims to carry on with its strategic direction whilst emphasising on its support of real economy, maintaining sustained business growth, giving continuous support to the underprivileged communities and the community as a whole, protecting consumers' financial viability whilst leveraging on digitalisation to enable the process. Despite the hurdles, the Bank continues its 2020 initiatives towards preserving sustainability for the business and all stakeholders