

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

**Statements of Financial Position as at 31 March 2020**

	Note	Group		Bank	
		31.03.2020 RM'000	31.12.2019 RM'000	31.03.2020 RM'000	31.12.2019 RM'000
<b>Assets</b>					
Cash and short-term funds	9	<b>761,789</b>	2,814,333	<b>760,837</b>	2,813,456
Deposits and placements with banks and other financial institutions	10	<b>427,029</b>	658,053	<b>427,029</b>	658,053
Financial assets at fair value through profit or loss	11	<b>982,548</b>	663,068	<b>976,882</b>	657,443
Derivative financial assets	12	<b>86,291</b>	33,326	<b>86,291</b>	33,326
Financial assets at fair value through other comprehensive income	13	<b>12,068,404</b>	12,146,640	<b>12,069,142</b>	12,147,378
Financing, advances and others	14	<b>50,410,303</b>	49,472,522	<b>50,410,303</b>	49,472,522
Other financial assets at amortised cost	15	<b>52,865</b>	145,217	<b>46,444</b>	140,562
Statutory deposits with Bank Negara Malaysia		<b>224,156</b>	1,170,136	<b>224,156</b>	1,170,136
Current tax assets		<b>32,002</b>	32,003	<b>32,002</b>	32,002
Deferred tax assets		<b>59,691</b>	33,774	<b>58,180</b>	32,268
Right-of-use assets	16	<b>224,592</b>	229,135	<b>224,573</b>	229,135
Investments in subsidiaries		-	-	<b>15,525</b>	15,525
Property and equipment		<b>201,028</b>	195,595	<b>200,483</b>	195,100
<b>Total assets</b>		<b>65,530,698</b>	67,593,802	<b>65,531,847</b>	67,596,906
<b>Liabilities and equity</b>					
Deposits from customers	17	<b>44,629,012</b>	47,408,738	<b>44,643,476</b>	47,476,872
Investment accounts of customers	18	<b>10,849,213</b>	10,240,373	<b>10,849,213</b>	10,240,373
Derivative financial liabilities	12	<b>31,251</b>	36,746	<b>31,251</b>	36,746
Bills and acceptance payable		<b>22,319</b>	49,084	<b>22,319</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>1,726,378</b>	1,308,694	<b>1,726,378</b>	1,308,694
Other liabilities	21	<b>660,266</b>	991,540	<b>653,040</b>	931,685
Lease Liabilities	16	<b>323,780</b>	325,559	<b>323,755</b>	325,559
Zakat and taxation		<b>11,698</b>	17,428	<b>11,473</b>	17,142
<b>Total liabilities</b>		<b>59,755,104</b>	61,879,349	<b>59,762,092</b>	61,887,342

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**Statements of Financial Position as at 31 March 2020 (continued)**

	Note	Group		Bank	
		31.03.2020 RM'000	31.12.2019 RM'000	31.03.2020 RM'000	31.12.2019 RM'000
<b>Equity</b>					
Share capital		<b>3,012,368</b>	3,012,368	<b>3,012,368</b>	3,012,368
Reserves		<b>2,763,226</b>	2,702,085	<b>2,757,387</b>	2,697,196
<b>Total equity</b>		<b>5,775,594</b>	5,714,453	<b>5,769,755</b>	5,709,564
<b>Total liabilities and equity</b>		<b>65,530,698</b>	67,593,802	<b>65,531,847</b>	67,596,906
<b>Restricted investment accounts managed by the Bank</b>	18	<b>25,999</b>	35,062	<b>25,999</b>	35,062
<b>Total Islamic banking asset owned and managed by the Bank</b>		<b>65,556,697</b>	67,628,864	<b>65,557,846</b>	67,631,968
<b>Commitments and Contingencies</b>	33	<b>16,541,589</b>	17,414,181	<b>16,541,589</b>	17,414,181

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**Statements of Profit or Loss and Other Comprehensive Income**  
**for the three months ended 31 March 2020**

	Note	Group 3 months ended		Bank 3 months ended	
		31.03.2020 RM'000	31.03.2019 RM'000	31.03.2020 RM'000	31.03.2019 RM'000
Income derived from investment of depositors' funds	22	<b>691,027</b>	707,807	<b>691,027</b>	707,807
Income derived from investment account funds	23	<b>137,241</b>	76,427	<b>137,241</b>	76,427
Income derived from investment of shareholders' funds	24	<b>95,184</b>	115,528	<b>88,152</b>	107,801
Net allowance for impairment on financing and advances, net of recoveries	25	<b>(30,738)</b>	(23,199)	<b>(30,738)</b>	(23,199)
Net allowance for impairment on other financial assets		<b>410</b>	833	<b>410</b>	833
Direct expenses		<b>(3,578)</b>	(3,904)	<b>(3,578)</b>	(3,904)
<b>Total distributable income</b>		<b>889,546</b>	873,492	<b>882,514</b>	865,765
Wakalah fees from restricted investment accounts		<b>118</b>	226	<b>118</b>	226
Income attributable to depositors	26	<b>(308,148)</b>	(353,008)	<b>(308,216)</b>	(353,075)
Income attributable to investment account holders	27	<b>(69,058)</b>	(30,030)	<b>(69,058)</b>	(30,030)
<b>Total net income</b>		<b>512,458</b>	490,680	<b>505,358</b>	482,886
Personnel expenses	28	<b>(162,520)</b>	(154,416)	<b>(158,775)</b>	(151,231)
Other overhead expenses	29	<b>(106,175)</b>	(94,637)	<b>(103,698)</b>	(90,452)
		<b>243,763</b>	241,627	<b>242,885</b>	241,203
Finance cost	30	<b>(22,213)</b>	(21,739)	<b>(22,212)</b>	(21,739)
<b>Profit before zakat and tax</b>		<b>221,550</b>	219,888	<b>220,673</b>	219,464
Zakat		<b>(3,663)</b>	(3,796)	<b>(3,750)</b>	(3,750)
Tax expense		<b>(53,516)</b>	(55,734)	<b>(53,456)</b>	(55,637)
<b>Profit for the period</b>		<b>164,371</b>	160,358	<b>163,467</b>	160,077
<b>Earnings per share (sen)</b>		<b>6.55</b>	6.39		

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**Statements of Profit or Loss and Other Comprehensive Income**  
**for the three months ended 31 March 2020 (continued)**

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Profit for the period	<u>164,371</u>	<u>160,358</u>	<u>163,467</u>	<u>160,077</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	(20,587)	5,027	(20,633)	5,037
Movement in fair value reserve (debt instruments):				
Net change in fair value	(10,698)	120,456	(10,698)	120,456
Changes in expected credit losses	15	(20)	15	(20)
Net amount transferred to profit or loss	(96,536)	(16,469)	(96,536)	(16,469)
Income tax effect relating to components of other comprehensive income	<u>25,732</u>	<u>(24,952)</u>	<u>25,732</u>	<u>(24,952)</u>
	<u>(102,074)</u>	<u>84,042</u>	<u>(102,120)</u>	<u>84,052</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	(1,156)	-	(1,156)	-
<b>Other comprehensive income for the period, net of tax</b>	<u>(103,230)</u>	<u>84,042</u>	<u>(103,276)</u>	<u>84,052</u>
<b>Total comprehensive income for the period</b>	<u>61,141</u>	<u>244,400</u>	<u>60,191</u>	<u>244,129</u>

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**Consolidated Statement of Changes in Equity for the three months ended 31 March 2020**

Group	Note	← 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		-	-	164,371	164,371
Currency translation difference in respect of foreign operations		-	(20,587)	-	(20,587)
Fair value reserve (debt instruments):					
Net change in fair value		-	(10,698)	-	(10,698)
Changes in expected credit losses		-	15	-	15
Net amount transferred to profit or loss		-	(96,536)	-	(96,536)
Income tax effect relating to components of other comprehensive income		-	25,732	-	25,732
Fair value reserve (debt instruments):					
Net change in fair value		-	(1,156)	-	(1,156)
Total comprehensive income for the period		-	(103,230)	164,371	61,141
<b>At 31 March 2020</b>		<b>3,012,368</b>	<b>4,035</b>	<b>2,759,191</b>	<b>5,775,594</b>
At 1 January 2019		3,012,368	(98,437)	2,273,902	5,187,833
Profit for the period		-	-	160,358	160,358
Currency translation difference in respect of foreign operations		-	5,027	-	5,027
Fair value reserve (debt instruments):					
Net change in fair value		-	120,456	-	120,456
Changes in expected credit losses		-	(20)	-	(20)
Net amount transferred to profit or loss		-	(16,469)	-	(16,469)
Income tax effect relating to components of other comprehensive income		-	(24,952)	-	(24,952)
Fair value reserve (debt instruments):					
Net change in fair value		-	-	-	-
Total comprehensive income for the period		-	84,042	160,358	244,400
<b>At 31 March 2019</b>		<b>3,012,368</b>	<b>(14,395)</b>	<b>2,434,260</b>	<b>5,432,233</b>

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**Statement of Changes in Equity for the three months ended 31 March 2020**

Bank	Note	← Attributable to equity holders of the Bank →			Total Equity RM'000
		Non-distributable	Distributable		
		Share capital RM'000	Other Reserves RM'000	Retained earnings RM'000	
At 1 January 2020		3,012,368	107,398	2,589,798	5,709,564
Profit for the period		-	-	163,467	163,467
Currency translation difference in respect of foreign operations		-	(20,633)	-	(20,633)
Fair value reserve (debt instruments):					
Net change in fair value		-	(10,698)	-	(10,698)
Changes in expected credit losses		-	15	-	15
Net amount transferred to profit or loss		-	(96,536)	-	(96,536)
Income tax effect relating to components of other comprehensive income		-	25,732	-	25,732
Fair value reserve (equity instruments):					
Net change in fair value		-	(1,156)	-	(1,156)
Total comprehensive income for the period		-	(103,276)	163,467	60,191
<b>At 31 March 2020</b>		<b>3,012,368</b>	<b>4,122</b>	<b>2,753,265</b>	<b>5,769,755</b>
<b>At 1 January 2019</b>		3,012,368	(98,261)	2,270,486	5,184,593
Profit for the period		-	-	160,077	160,077
Currency translation difference in respect of foreign operations		-	5,037	-	5,037
Fair value reserve (debt instruments):					
Net change in fair value		-	120,436	-	120,436
Changes in expected credit losses		-	(16,469)	-	(16,469)
Net amount transferred to profit or loss		-	(24,952)	-	(24,952)
Income tax effect relating to components of other comprehensive income		-	(24,952)	-	(24,952)
Fair value reserve (equity instruments):					
Net change in fair value		-	84,052	160,077	244,129
Total comprehensive income for the period		-	84,052	160,077	244,129
<b>At 31 March 2019</b>		<b>3,012,368</b>	<b>(14,209)</b>	<b>2,430,563</b>	<b>5,428,722</b>

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**Condensed Statements of Cash Flow for the three months ended 31 March 2020**

	<b>Group</b>		<b>Bank</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>31.03.2020</b>	<b>31.03.2019</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit before zakat and tax	<b>221,550</b>	219,888	<b>220,673</b>	219,464
Adjustment for non-cash items	<b>33,140</b>	55,051	<b>33,118</b>	55,037
Operating profit before working capital changes	<b>254,690</b>	274,939	<b>253,791</b>	274,501
Changes in working capital:				
Net changes in operating assets	<b>(10,175)</b>	(300,654)	<b>(8,409)</b>	(300,550)
Net changes in operating liabilities	<b>(2,539,544)</b>	(1,130,142)	<b>(2,540,590)</b>	(1,137,428)
Net cash used in operations	<b>(2,295,029)</b>	(1,155,857)	<b>(2,295,208)</b>	(1,163,477)
Zakat and tax paid	<b>(57,965)</b>	(68,774)	<b>(57,926)</b>	(68,738)
Tax refund	<b>-</b>	27	<b>-</b>	-
Net cash used in operating activities	<b>(2,352,994)</b>	(1,224,604)	<b>(2,353,134)</b>	(1,232,215)
Net cash used in investing activities	<b>(303,641)</b>	(730,669)	<b>(303,543)</b>	(730,658)
Net cash generated from/(used in) financing activities	<b>393,656</b>	(5,892)	<b>393,668</b>	(5,892)
Net decrease in cash and cash equivalents	<b>(2,262,979)</b>	(1,961,165)	<b>(2,263,009)</b>	(1,968,765)
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>(20,589)</b>	5,028	<b>(20,634)</b>	5,037
Cash and cash equivalents at end of the period	<b>1,188,818</b>	2,568,517	<b>1,187,866</b>	2,554,975
Cash and cash equivalents comprise:				
Cash and short-term funds	<b>761,789</b>	2,110,395	<b>760,837</b>	2,096,853
Deposits and placements with banks and other financial institutions	<b>427,029</b>	458,122	<b>427,029</b>	458,122
	<b>1,188,818</b>	2,568,517	<b>1,187,866</b>	2,554,975

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**Notes to the unaudited interim financial statements**  
**for the three months ended 31 March 2020**

**1. Basis of preparation**

The unaudited interim financial statements of the Group and of the Bank for the three months ended 31 March 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 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 three months ended 31 March 2020 other than as disclosed in Note 37 to the interim financial statements.



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**4. Unusual items**

There were no unusual items in the three months ended 31 March 2020 other than as disclosed in Note 37 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 three months ended 31 March 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 three months ended 31 March 2020.

**7. Significant and subsequent events during the three months ended 31 March 2020**

Significant and subsequent events during the financial period are disclosed in Note 37 to the interim financial statements.

**8. Dividends**

There was no dividend payment during the three months ended 31 March 2020.

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

	<b>Group</b>		<b>Bank</b>	
	<b>31.03.2020</b>	<b>31.12.2019</b>	<b>31.03.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and balances with banks and other financial institutions	<b>761,311</b>	821,600	<b>760,707</b>	821,071
Money at call and interbank placements with remaining maturity not exceeding one month	<b>478</b>	1,992,733	<b>130</b>	1,992,385
	<b><u>761,789</u></b>	<u>2,814,333</u>	<b><u>760,837</u></b>	<u>2,813,456</u>

All bank balances are assessed to have low credit risk as they are held with reputable banking institutions and the identified expected credit loss was immaterial.

Cash and bank balances of the Group includes restricted cash amounting to RM971,000 (2019: RM54,764,000) which is attributed to the creation of units of the funds. Accordingly, amount due to trustee was recognised and disclosed in Note 21 to the interim financial statements.

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

	<b>Group and Bank</b>	
	<b>31.03.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Bank Negara Malaysia	<u><b>427,029</b></u>	<u><b>658,053</b></u>

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

	<b>Group</b>		<b>Bank</b>	
	<b>31.03.2020</b>	<b>31.12.2019</b>	<b>31.03.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>				
Malaysian Government				
Investment Issues	<b>619,219</b>	274,162	<b>619,219</b>	274,162
Unit trust	<b>213,858</b>	239,130	<b>208,192</b>	233,505
Malaysian Islamic Treasury				
Bills	<b>98,989</b>	99,571	<b>98,989</b>	99,571
Sukuk	<b>50,482</b>	16	<b>50,482</b>	16
Islamic Commercial Paper	<b>-</b>	50,189	<b>-</b>	50,189
	<u><b>982,548</b></u>	<u><b>663,068</b></u>	<u><b>976,882</b></u>	<u><b>657,443</b></u>

**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.

	<b>31.03.2020</b>			<b>31.03.2019</b>		
	<b>Notional amount</b>	<b>Fair value</b>		<b>Notional amount</b>	<b>Fair value</b>	
<b>Group and Bank</b>	<b>RM'000</b>	<b>Assets</b>	<b>Liabilities</b>	<b>RM'000</b>	<b>Assets</b>	<b>Liabilities</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>
Forward contracts	<b>5,215,456</b>	<b>83,606</b>	<b>(29,357)</b>	6,255,520	31,626	(35,927)
Profit rate swaps	<b>139,006</b>	<b>2,685</b>	<b>(1,894)</b>	147,098	1,700	(819)
	<u><b>5,354,462</b></u>	<u><b>86,291</b></u>	<u><b>(31,251)</b></u>	<u><b>6,402,618</b></u>	<u><b>33,326</b></u>	<u><b>(36,746)</b></u>

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

	Group		Bank	
	31.03.2020	31.12.2019	31.03.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Financial assets at fair value through other comprehensive income:				
(a) Debt instruments	<b>12,022,601</b>	12,099,681	<b>12,022,601</b>	12,099,681
(b) Equity instruments	<b>45,803</b>	46,959	<b>46,541</b>	47,697
	<b><u>12,068,404</u></b>	<u>12,146,640</u>	<b><u>12,069,142</u></b>	<u>12,147,378</u>

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

	Group and Bank	
	31.03.2020	31.12.2019
	RM'000	RM'000
<b>Unquoted</b>		
Malaysian Government Investment Issues	<b>2,615,787</b>	2,253,390
Sukuk	<b>9,226,243</b>	9,615,420
Islamic Commercial Papers	<b>180,571</b>	230,871
	<b><u>12,022,601</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	
	31.03.2020	31.12.2019
	RM'000	RM'000
<b>Stage 1</b>		
At 1 January	<b>265</b>	302
Reversal of impairment during the period/ year	<b>(15)</b>	(37)
At 31 March/ 31 December	<b><u>250</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>31.03.2020</b> <b>RM'000</b>	<b>31.12.2019</b> <b>RM'000</b>	<b>31.03.2020</b> <b>RM'000</b>	<b>31.12.2019</b> <b>RM'000</b>
Quoted Shares				
- outside Malaysia#	<u>7,822</u>	<u>8,978</u>	<u>7,822</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><b>37,981</b></u>	<u><b>37,981</b></u>	<u><b>38,719</b></u>	<u><b>38,719</b></u>
	<u><b>45,803</b></u>	<u><b>46,959</b></u>	<u><b>46,541</b></u>	<u><b>47,697</b></u>

Equity instrument at FVOCI mainly comprise the following significant individual investment:

	<b>Fair value</b>		<b>Dividend income</b>	
	<b>31.03.2020</b> <b>RM'000</b>	<b>31.12.2019</b> <b>RM'000</b>	<b>31.03.2020</b> <b>RM'000</b>	<b>31.12.2019</b> <b>RM'000</b>
#Amana Bank Limited	<u>7,822</u>	<u>8,978</u>	<u>-</u>	<u>545</u>
*Payment Networks Malaysia Sdn. Bhd.	<u><b>37,264</b></u>	<u><b>37,264</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

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**14. Financing, advances and others**

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

<b>Group and Bank</b>	<b>Bai' Bithaman Ajjil</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>^Ijarah Thumma Al-Bai'</b>	<b>Istisna'</b>	<b>Ar-Rahnu</b>	<b>Total</b>
<b>31 March 2020</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>RM'000</b>
<b>At amortised cost</b>										
Cash line	-	-	-	1,479	1,377,642	-	-	-	-	1,379,121
Term financing										
House financing	3,332,960	-	-	-	16,579,959	-	-	46,154	-	19,959,073
Syndicated financing	-	-	-	-	1,382,493	-	-	-	-	1,382,493
Leasing financing	-	-	-	-	-	111,348	-	-	-	111,348
Bridging financing	-	-	-	-	-	-	-	50,418	-	50,418
Personal financing	-	-	-	6,161	14,833,249	-	-	-	-	14,839,410
Other term financing	645,276	1,279,973	-	24	9,886,800	-	-	1,112	-	11,813,185
Staff financing	50,434	10,688	-	-	192,162	-	-	8,104	-	261,388
Credit cards	-	-	-	-	475,623	-	-	-	-	475,623
Trade bills discounted	-	737,250	85,650	-	-	-	-	-	-	822,900
Trust receipts	-	6,790	-	-	-	-	-	-	-	6,790
Pawn broking	-	-	-	-	-	-	-	-	72,834	72,834
	<b>4,028,670</b>	<b>2,034,701</b>	<b>85,650</b>	<b>7,664</b>	<b>44,727,928</b>	<b>111,348</b>	<b>-</b>	<b>105,788</b>	<b>72,834</b>	<b>51,174,583</b>
Allowance for impairment on financing, advances and others										
- Stage 1										(429,235)
- Stage 2										(174,715)
- Stage 3										(160,330)
<b>Net financing, advances and others</b>										<b>50,410,303</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
	<b>4,196,709</b>	<b>2,078,670</b>	<b>113,840</b>	<b>8,394</b>	<b>43,534,900</b>	<b>111,653</b>	<b>-</b>	<b>108,696</b>	<b>71,107</b>	<b>50,223,969</b>
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>										<b>49,472,522</b>

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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:

		<b>Group and Bank</b>	
		<b>31.03.2020</b>	<b>31.12.2019</b>
		<b>RM’000</b>	<b>RM’000</b>
House financing			
Unrestricted Investment Accounts	18	<b>7,320,009</b>	6,726,143
Sold to Cagamas with recourse	19	<b>1,501,187</b>	1,501,187
		<b><u>8,821,196</u></b>	<b><u>8,227,330</u></b>
Personal financing			
Unrestricted Investment Accounts	18	<b>3,529,204</b>	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) By type of customer**

		<b>Group and Bank</b>	
		<b>31.03.2020</b>	<b>31.12.2019</b>
		<b>RM’000</b>	<b>RM’000</b>
Domestic non-bank financial institutions		<b>1,568,286</b>	1,595,043
Domestic business enterprise		<b>9,151,434</b>	8,384,026
Small and medium industries		<b>1,803,430</b>	2,017,946
Government and statutory bodies		<b>715,473</b>	729,905
Individuals		<b>37,647,908</b>	37,227,020
Other domestic entities		<b>77,602</b>	71,582
Foreign entities		<b>210,450</b>	198,447
		<b><u>51,174,583</u></b>	<b><u>50,223,969</u></b>

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

**(c) By profit rate sensitivity**

	<b>Group and Bank</b>	
	<b>31.03.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
House financing	<b>761,429</b>	985,880
Others	<b>3,682,985</b>	3,700,354
Floating rate		
House financing	<b>19,814,891</b>	19,299,203
Others	<b>26,915,278</b>	26,238,532
	<b><u>51,174,583</u></b>	<b><u>50,223,969</u></b>

**(d) By remaining contractual maturity**

	<b>Group and Bank</b>	
	<b>31.03.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturity within one year	<b>4,566,074</b>	4,615,374
More than one year to three years	<b>1,537,625</b>	1,265,070
More than three years to five years	<b>3,227,042</b>	3,230,831
More than five years	<b>41,843,842</b>	41,112,694
	<b><u>51,174,583</u></b>	<b><u>50,223,969</u></b>

**(e) By geographical distribution**

	<b>Group and Bank</b>	
	<b>31.03.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Central Region	<b>24,091,947</b>	23,794,695
Eastern Region	<b>7,947,094</b>	7,861,683
Northern Region	<b>6,754,150</b>	6,673,024
Southern Region	<b>8,702,417</b>	8,278,422
East Malaysia Region	<b>3,678,975</b>	3,616,145
	<b><u>51,174,583</u></b>	<b><u>50,223,969</u></b>



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

**(f) By sector**

	<b>Group and Bank</b>	
	<b>31.03.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Primary agriculture	<b>1,318,040</b>	1,266,687
Mining and quarrying	<b>39,333</b>	38,712
Manufacturing (including agro-based)	<b>817,767</b>	881,445
Electricity, gas and water	<b>1,966,559</b>	1,863,658
Wholesale & retail trade, and hotels & restaurants	<b>958,741</b>	927,772
Construction	<b>2,690,639</b>	2,238,954
Transport, storage and communications	<b>879,424</b>	918,959
Finance, insurance, real estate and business activities	<b>3,742,690</b>	3,731,211
Education, health and others	<b>1,110,123</b>	1,126,374
Household sectors	<b>37,651,267</b>	37,230,197
	<b><u>51,174,583</u></b>	<b><u>50,223,969</u></b>

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

	<b>Group and Bank</b>	
	<b>31.03.2020</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>140,219</b>	701,221
Reclassified as not impaired during the period/ year	<b>(78,355)</b>	(372,172)
Amount recovered	<b>(22,781)</b>	(97,001)
Amount written-off	<b>(44,941)</b>	(224,984)
At 31 March / 31 December	<b><u>427,143</u></b>	<b><u>433,001</u></b>
Gross impaired financing as a percentage of gross financing, advances and others	<b><u>0.83%</u></b>	<b><u>0.86%</u></b>

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)**

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

	<b>Group and Bank</b>	
	<b>31.03.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Central Region	<b>185,826</b>	181,730
Eastern Region	<b>105,731</b>	101,743
Northern Region	<b>80,899</b>	79,976
Southern Region	<b>31,539</b>	47,527
East Malaysia Region	<b>23,148</b>	22,025
	<b><u>427,143</u></b>	<u>433,001</u>

**(i) Impaired financing by sector**

	<b>Group and Bank</b>	
	<b>31.03.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Manufacturing (including agro-based)	<b>31,432</b>	45,715
Wholesale & retail trade, and hotels & restaurants	<b>96,388</b>	97,043
Construction	<b>33,480</b>	29,361
Transport, storage and communications	<b>17,747</b>	10,217
Finance, insurance, real estate and business activities	<b>6,107</b>	8,125
Education, health and others	<b>8,249</b>	8,179
Household sectors	<b>233,740</b>	234,361
	<b><u>427,143</u></b>	<u>433,001</u>

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

**(j) 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	1,233	(1,043)	(190)	-
Transfer to Stage 2	(3,115)	7,101	(3,986)	-
Transfer to Stage 3	(96)	(17,144)	17,240	-
Net allowance made during the period	(22,940)	45,461	20,865	43,386
New financial assets originated or purchased	33,864	306	-	34,170
Financial assets that have been derecognised	(10,449)	(8,081)	(855)	(19,385)
Write-offs	-	-	(44,941)	(44,941)
Exchange differences	(397)	-	-	(397)
<b>At 31 March 2020</b>	<b>429,235</b>	<b>174,715</b>	<b>160,330</b>	<b>764,280</b>

**(k) Effect of modifications on the measurement of allowance for impaired financing, advances and others**

The following table discloses information on financing and advances that were modified but not derecognised during the period/ year, for which the allowance for impaired financing, advances and others were measured at a lifetime ECL at the beginning of the period/ year, and at the end of the period/ year had changed to a 12-months ECL:

	<b>Group and Bank</b>	
	<b>31.03.2020 RM'000</b>	<b>31.12.2019 RM'000</b>
Amortised cost before the modification	2,561	10,405
Gross carrying amount at end of reporting period/ year	<u>2,303</u>	<u>10,268</u>

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

	Group		Bank	
	31.03.2020 RM'000	31.12.2019 RM'000	31.03.2020 RM'000	31.12.2019 RM'000
Sukuk	5,289	5,684	5,289	5,684
Other receivables	13,742	116,813	7,702	112,856
Deposit and prepayments	43,458	32,846	42,572	32,071
Related companies*	1,140	1,033	1,645	1,110
	<u>63,629</u>	<u>156,376</u>	<u>57,208</u>	<u>151,721</u>
Less: Allowance for impairment				
<b>Stage 3</b>				
-Sukuk	(5,289)	(5,684)	(5,289)	(5,684)
-Other receivables	(5,475)	(5,475)	(5,475)	(5,475)
	<u>52,865</u>	<u>145,217</u>	<u>46,444</u>	<u>140,562</u>

\* 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:

	Group		Bank	
	31.03.2020 RM'000	31.12.2019 RM'000	31.03.2020 RM'000	31.12.2019 RM'000
Right-of-use assets:				
Buildings	<u>224,592</u>	<u>229,135</u>	<u>224,573</u>	<u>229,135</u>
Lease liabilities	<u>323,780</u>	<u>325,559</u>	<u>323,755</u>	<u>325,559</u>

Additions to the right-of-use assets during the financial period for the Group and the Bank were RM32,000 and RMNil respectively.

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

	Group		Bank	
	31.03.2020 RM'000	31.12.2019 RM'000	31.03.2020 RM'000	31.12.2019 RM'000
Depreciation charge on right-of-use assets	4,575	69,940	4,562	69,940
Finance cost	<u>4,529</u>	<u>18,040</u>	<u>4,528</u>	<u>18,040</u>

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

The nature of the Group's and the Bank's leasing activities recognised in the statement of financial position are described as below:

<b>Right-of-use assets</b>	<b>No. of leases</b>	<b>Range of remaining terms</b>	<b>Average remaining lease terms</b>	<b>No. of leases with termination option</b>	<b>Non-cancellable lease</b>
<b>Group</b>					
Buildings	9	0.4 - 15.2 years	13.18 years	8	1
<b>Bank</b>					
Buildings	8	1.0 - 15.2 years	13.20 years	8	-

Future minimum lease payments of the Bank's are as follows:

	<b>Minimum lease payment due</b>			<b>Total RM'000</b>
	<b>Within 1 year RM'000</b>	<b>1 – 3 years RM'000</b>	<b>&gt; 5 years RM'000</b>	
<b>31 March 2020</b>				
Lease payment	<b>30,404</b>	<b>84,865</b>	<b>386,161</b>	<b>501,430</b>
Finance cost	<b>17,734</b>	<b>49,380</b>	<b>111,673</b>	<b>178,787</b>
Net present value	<b>13,807</b>	<b>35,484</b>	<b>274,489</b>	<b>323,780</b>
<b>31 December 2019</b>				
Lease payment	30,146	85,693	393,035	508,874
Finance cost	17,890	49,852	115,573	183,315
Net present value	12,256	35,841	277,462	325,559

There is no disclosure for the Group's future minimum lease payments as the amount are not materially different from the Bank.

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**17. Deposits from customers**

**a) By type and Shariah contract**

	Group		Bank	
	31.03.2020 RM'000	31.12.2019 RM'000	31.03.2020 RM'000	31.12.2019 RM'000
<b>Saving Deposit</b>				
<i>Qard</i>	5,355,062	4,681,710	5,355,062	4,681,710
<b>Demand Deposit</b>				
<i>Qard</i>	10,754,747	10,967,942	10,762,318	11,029,237
<b>Term Deposit</b>	28,418,204	31,653,852	28,425,097	31,660,691
Special Investment Deposit <i>Mudharabah</i>	3,915	3,915	3,915	3,915
General Investment Deposit <i>Mudharabah</i>	200,125	209,693	200,125	209,693
Term Deposit <i>Tawarruq</i>	26,879,365	30,448,694	26,886,258	30,455,533
Negotiable Islamic Debt Certificates (NIDC)	1,334,799	991,550	1,334,799	991,550
<b>Others</b>	<u>100,999</u>	<u>105,234</u>	<u>100,999</u>	<u>105,234</u>
<b>Total Deposits</b>	<u>44,629,012</u>	<u>47,408,738</u>	<u>44,643,476</u>	<u>47,476,872</u>

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

	Group		Bank	
	31.03.2020 RM'000	31.12.2019 RM'000	31.03.2020 RM'000	31.12.2019 RM'000
Due within six months	12,022,343	12,162,445	12,023,360	12,163,806
More than six months to one year	5,903,364	7,726,707	5,904,825	7,727,809
More than one year to three years	7,740,017	9,056,935	7,744,432	9,061,311
More than three years to five years	<u>2,752,480</u>	<u>2,707,765</u>	<u>2,752,480</u>	<u>2,707,765</u>
	<u>28,418,204</u>	<u>31,653,852</u>	<u>28,425,097</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>31.03.2020</b>	<b>31.12.2019</b>	<b>31.03.2020</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>6,363,239</b>	7,823,994	<b>6,377,703</b>	7,892,128
Business enterprises	<b>17,579,692</b>	19,656,635	<b>17,579,692</b>	19,656,635
Government and statutory bodies	<b>10,979,936</b>	11,479,529	<b>10,979,936</b>	11,479,529
Individuals	<b>6,513,476</b>	5,893,922	<b>6,513,476</b>	5,893,922
Domestic banking institutions	<b>759,468</b>	149,839	<b>759,468</b>	149,839
Others	<b>2,433,201</b>	2,404,819	<b>2,433,201</b>	2,404,819
	<b><u>44,629,012</u></b>	<b><u>47,408,738</u></b>	<b><u>44,643,476</u></b>	<b><u>47,476,872</u></b>

**18. Investment accounts of customers**

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

	<b>Group and Bank</b>	
	<b>31.03.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Unrestricted investment accounts</b>		
Without maturity		
<i>Mudharabah</i>	<b>3,790,231</b>	3,211,343
- Saving	<b>3,241,659</b>	2,880,046
- Demand	<b>548,572</b>	331,297
With maturity		
<i>Wakalah</i>	<b>7,058,982</b>	7,029,030
	<b><u>10,849,213</u></b>	<b><u>10,240,373</u></b>
<b>Restricted investment accounts ("RIA") managed by the Bank<sup>^</sup></b>		
With maturity		
<i>Wakalah</i>	<b>25,999</b>	35,062
	<b><u>25,999</u></b>	<b><u>35,062</u></b>

<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)**

(a) By type of customers

	Group and Bank	
	31.03.2020 RM'000	31.12.2019 RM'000
Individuals	3,791,364	3,448,415
Government and statutory bodies	4,531,998	3,747,895
Business enterprises	809,708	769,038
Non-bank financial institutions	1,609,182	2,182,680
International Islamic Bank	-	10,001
Others	106,961	82,344
	<u>10,849,213</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.

**20. Subordinated Sukuk Murabahah**

	Note	Group and Bank	
		31.03.2020 RM'000	31.12.2019 RM'000
<i>Issued under the RM1.0 billion Subordinated Sukuk Murabahah Programme</i>			
First tranche	(a)	307,656	303,356
Second tranche	(b)	406,449	400,964
Third tranche	(c)	305,846	302,046
		<u>1,019,951</u>	<u>1,006,366</u>
<i>Issued under the RM10.0 billion Sukuk Murabahah Programme</i>			
First tranche	(d)	306,180	302,328
Second tranche	(e)	400,247	-
		<u>706,427</u>	<u>302,328</u>
		<u>1,726,378</u>	<u>1,308,694</u>
Finance cost on Subordinated Sukuk Murabahah		<u>17,684</u>	<u>69,940</u>



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**21. 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	
	31.03.2020 RM'000	31.12.2019 RM'000	31.03.2020 RM'000	31.12.2019 RM'000
Other payables	<b>173,593</b>	389,770	<b>168,955</b>	332,441
Advance payment	<b>418,470</b>	437,053	<b>418,470</b>	437,053
Accruals	<b>68,203</b>	164,717	<b>65,615</b>	162,191
	<b><u>660,266</u></b>	<u>991,540</u>	<b><u>653,040</u></b>	<u>931,685</u>

Included in other payables is amount due to trustee amounting to RM971,000 (2019: RM54,764,000) attributed to the creation of unit trust funds.

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

<b>Group and Bank</b>	<b>3 months ended</b>	
	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of:		
(i) Saving and demand deposits	<b>228,136</b>	209,177
(ii) General investment deposits	<b>3,621</b>	4,276
(iii) Term deposits	<b>444,118</b>	461,779
(iv) Other deposits	<b>15,152</b>	32,575
	<b><u>691,027</u></b>	<b><u>707,807</u></b>

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

<b>Group and Bank</b>	<b>3 months ended</b>	
	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><i>Finance income and hibah</i></b>		
Financing, advances and others	<b>172,123</b>	172,665
Financial assets:		
- fair value through profit and loss	<b>2,065</b>	1,188
- fair value through other comprehensive income	<b>20,508</b>	21,258
Money at call and deposits with financial institutions	<b>3,490</b>	5,565
	<b><u>198,186</u></b>	<b><u>200,676</u></b>
<b><i>Other dealing income</i></b>		
Net (loss)/gain from sale of financial assets at fair value through profit or loss	<b>(1,474)</b>	1,734
Net (loss)/gain on revaluation of financial assets at fair value through profit or loss	<b>(555)</b>	1,897
	<b><u>(2,029)</u></b>	<b><u>3,631</u></b>
<b><i>Other operating income</i></b>		
Net gain from sale of financial assets at fair value through other comprehensive income	<b>31,979</b>	4,870
	<b><u>228,136</u></b>	<b><u>209,177</u></b>
<i>of which</i>		
<i>Financing income earned on impaired financing</i>	<b><u>2,967</u></b>	<b><u>2,528</u></b>

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

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

<b>Group and Bank</b>	<b>3 months ended</b>	
	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><i>Finance income and hibah</i></b>		
Financing, advances and others	<b>2,871</b>	3,594
Financial assets:		
- fair value through profit and loss	<b>27</b>	22
- fair value through other comprehensive income	<b>271</b>	392
Money at call and deposits with financial institutions	<b>55</b>	115
	<b>3,224</b>	4,123
<b><i>Other dealing income</i></b>		
Net (loss)/gain from sale of financial assets at fair value through profit or loss	<b>(18)</b>	31
Net (loss)/gain on revaluation of financial assets at fair value through profit or loss	<b>(7)</b>	33
	<b>(25)</b>	64
<b><i>Other operating income</i></b>		
Net gain from sale of financial assets at fair value through other comprehensive income	<b>422</b>	89
	<b>3,621</b>	4,276
<i>of which</i>		
<i>Financing income earned on impaired financing</i>	<b>39</b>	47

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

<b>Group and Bank</b>	<b>3 months ended</b>	
	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><i>Finance income and hibah</i></b>		
Financing, advances and others	<b>334,787</b>	380,989
Financial assets:		
- fair value through profit and loss	<b>3,986</b>	2,624
- fair value through other comprehensive income	<b>39,936</b>	46,865
Money at call and deposits with financial institutions	<b>6,792</b>	12,359
	<b>385,501</b>	442,837
<b><i>Other dealing income</i></b>		
Net (loss)/gain from sale of financial assets at fair value through profit or loss	<b>(2,616)</b>	3,846
Net (loss)/gain on revaluation of financial assets at fair value through profit or loss	<b>(925)</b>	4,323
	<b>(3,541)</b>	8,169

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

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

<b>Group and Bank</b>	<b>3 months ended</b>	
	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><i>Other operating income</i></b>		
Net gain from sale of financial assets at fair value through other comprehensive income	<u>62,158</u>	<u>10,773</u>
	<u>444,118</u>	<u>461,779</u>
<i>of which</i>		
<i>Financing income earned on impaired financing</i>	<u>5,774</u>	<u>5,597</u>

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

<b>Group and Bank</b>	<b>3 months ended</b>	
	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><i>Finance income and hibah</i></b>		
Financing, advances and others	<u>11,678</u>	<u>26,923</u>
Financial assets:		
- fair value through profit and loss	<u>141</u>	<u>182</u>
- fair value through other comprehensive income	<u>1,383</u>	<u>3,312</u>
Money at call and deposits with financial institutions	<u>241</u>	<u>879</u>
	<u>13,443</u>	<u>31,296</u>
<b><i>Other dealing income</i></b>		
Net (loss)/gain from sale of financial assets at fair value through profit or loss	<u>(180)</u>	<u>260</u>
Net (loss)/gain on revaluation of financial assets at fair value through profit or loss	<u>(88)</u>	<u>282</u>
	<u>(268)</u>	<u>542</u>
<b><i>Other operating income</i></b>		
Net gain from sale of financial assets at fair value through other comprehensive income	<u>1,977</u>	<u>737</u>
	<u>15,152</u>	<u>32,575</u>
<i>of which</i>		
<i>Financing income earned on impaired financing</i>	<u>197</u>	<u>406</u>

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

<b>Group and Bank</b>	<b>3 months ended</b>	
	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Finance income</b>		
Unrestricted investment accounts		
- <i>Mudharabah</i>	<b>39,060</b>	34,089
- <i>Wakalah</i>	<b>98,181</b>	42,338
	<b>137,241</b>	<b>76,427</b>

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

	<b>Group</b>		<b>Bank</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>31.03.2020</b>	<b>31.03.2019</b>	<b>31.03.2020</b>	<b>31.03.2019</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>1,481</b>	1,858	<b>1,481</b>	1,858
Financial assets				
- fair value through other comprehensive income	<b>47,020</b>	43,140	<b>47,020</b>	43,140
Money at call and deposits with financial institutions	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>
	<b>48,503</b>	<b>44,999</b>	<b>48,502</b>	<b>44,999</b>
<b><i>Other dealing income</i></b>				
Net gain from foreign exchange transactions	<b>15,751</b>	16,636	<b>15,755</b>	16,634
Net (loss)/gain on revaluation of financial assets at fair value through profit or loss	<b>(25,325)</b>	2	<b>(25,323)</b>	-
Net derivatives gain/(loss)	<b>15</b>	(71)	<b>15</b>	(71)
	<b>(9,559)</b>	<b>16,567</b>	<b>(9,553)</b>	<b>16,563</b>
<b><i>Other operating income</i></b>				
Gross dividend income from:				
- unit trust in Malaysia	<b>54</b>	87	<b>10</b>	43
<b><i>Fees and commission</i></b>				
Fees	<b>48,906</b>	39,469	<b>40,381</b>	35,329
Commission	<b>3,689</b>	3,689	<b>4,823</b>	5,358
Others	<b>2,852</b>	9,988	<b>3,182</b>	4,807
	<b>55,447</b>	<b>53,146</b>	<b>48,386</b>	<b>45,494</b>

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

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
<i>Other income</i>				
Net gain/(loss) on disposal of property and equipment	-	(1)	-	(1)
Rental income	684	701	775	701
Other income	55	29	32	2
	<u>739</u>	<u>729</u>	<u>807</u>	<u>702</u>
	<u>95,184</u>	<u>115,528</u>	<u>88,152</u>	<u>107,801</u>

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

Group and Bank	3 months ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
Net allowance for impairment on financing, advances and others:		
- Stage 1	475	3,347
- Stage 2	37,686	20,852
- Stage 3	20,010	23,108
	<u>58,171</u>	<u>47,307</u>
Bad debts and financing recovered	(27,433)	(24,108)
	<u>30,738</u>	<u>23,199</u>

**26. Income attributable to depositors**

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah fund	1,613	2,034	1,613	2,034
- Non-Mudharabah fund	288,751	333,162	288,819	333,229
Recourse obligation on financing sold to Cagamas	17,784	17,812	17,784	17,812
	<u>308,148</u>	<u>353,008</u>	<u>308,216</u>	<u>353,075</u>

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

	<b>Group and Bank</b>	
	<b>3 months ended</b>	
	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Unrestricted investment accounts		
- <i>Mudharabah</i>	2,671	1,917
- <i>Wakalah</i>	66,387	28,113
	<u>69,058</u>	<u>30,030</u>

**28. Personnel expenses**

	<b>Group</b>		<b>Bank</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>31.03.2020</b>	<b>31.03.2019</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Salaries, allowances and bonuses	129,440	122,487	126,558	119,992
Employees' Provident Fund	17,757	15,511	17,338	15,159
Other staff related costs	15,323	16,418	14,879	16,080
	<u>162,520</u>	<u>154,416</u>	<u>158,775</u>	<u>151,231</u>

**29. Other overhead expenses**

	<b>Group</b>		<b>Bank</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>31.03.2020</b>	<b>31.03.2019</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Promotion</i></b>				
Credit and debit card expenses	10,001	7,357	10,001	7,357
Advertisement and publicity	3,575	1,125	3,496	1,001
Others	5,296	6,348	2,379	2,376
	<u>18,872</u>	<u>14,830</u>	<u>15,876</u>	<u>10,734</u>
<b><i>Establishment</i></b>				
Office rental	8,162	8,040	8,253	7,924
Depreciation of property and equipment	14,002	12,387	13,950	12,329
Depreciation right-of-use assets	4,575	3,298	4,562	3,298
Information technology expenses	14,742	12,108	14,742	12,108
Security services	2,877	2,230	2,877	2,230
Utilities	3,168	3,127	3,151	3,110
Office maintenance	3,193	2,020	3,137	1,962
Others	2,548	3,544	2,527	3,520
	<u>53,267</u>	<u>46,754</u>	<u>53,199</u>	<u>46,481</u>

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

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
<i>General expenses</i>				
Outsourcing fees	3,912	4,794	3,912	4,794
Office supplies	2,605	2,197	2,575	2,163
Subscription fees	1,759	1,156	1,759	1,156
Travelling and transportation	597	1,662	566	1,630
Security services - cash in transit	1,615	1,146	1,615	1,146
Professional fees	2,578	2,992	2,519	2,927
Others	20,970	19,106	21,677	19,421
	<u>34,036</u>	<u>33,053</u>	<u>34,623</u>	<u>33,237</u>
	<u>106,175</u>	<u>94,637</u>	<u>103,698</u>	<u>90,452</u>

**30. Finance cost**

	Note	Group		Bank	
		31.03.2020	31.03.2019	31.03.2020	31.03.2019
		RM'000	RM'000	RM'000	RM'000
Finance cost:					
- Subordinated Sukuk Murabahah	20	17,684	17,245	17,684	17,245
- Profit expense on leases	16	4,529	4,494	4,528	4,494
		<u>22,213</u>	<u>21,739</u>	<u>22,212</u>	<u>21,739</u>



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

	Consumer Banking RM'000	Corporate and Commercial Banking RM'000	Treasury RM'000	Shareholders unit RM'000	Elimination RM'000	Total RM'000
<b><u>3 months ended 31 March 2020</u></b>						
<b>Total Revenue</b>	<b>529,322</b>	<b>177,626</b>	<b>206,830</b>	<b>14,398</b>	<b>(4,606)</b>	<b>923,570</b>
Net fund based income	250,479	95,116	23,519	39,777	-	408,891
Non-fund based income	36,735	11,580	80,914	12,782	(4,538)	137,473
<b>Net income</b>	<b>287,214</b>	<b>106,696</b>	<b>104,433</b>	<b>52,559</b>	<b>(4,538)</b>	<b>546,364</b>
Net allowance for impairment	(24,603)	(6,136)	395	15	-	(30,329)
<b>Profit before overheads, zakat &amp; tax</b>	<b>262,611</b>	<b>100,560</b>	<b>104,829</b>	<b>52,574</b>	<b>(4,538)</b>	<b>516,036</b>
Operating expenses						(294,486)
<b>Profit before zakat &amp; tax</b>						<b>221,550</b>
<b><u>3 months ended 31 March 2019</u></b>						
<b>Total Revenue</b>	<b>545,557</b>	<b>160,513</b>	<b>182,844</b>	<b>14,953</b>	<b>(3,879)</b>	<b>899,988</b>
Net fund based income	243,341	97,270	24,710	51,997	-	417,318
Non-fund based income	36,572	8,862	45,053	12,957	(3,812)	99,632
<b>Net income</b>	<b>279,913</b>	<b>106,132</b>	<b>69,763</b>	<b>64,954</b>	<b>(3,812)</b>	<b>516,950</b>
Net allowance for impairment	(25,840)	2,641	(20)	853	-	(22,366)
<b>Profit before overheads, zakat &amp; tax</b>	<b>254,073</b>	<b>108,773</b>	<b>69,763</b>	<b>65,787</b>	<b>(3,812)</b>	<b>494,584</b>
Operating expenses						(274,696)
<b>Profit before zakat &amp; tax</b>						<b>219,888</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 31 March 2020</u></b>						
Segment assets	37,257,353	13,152,949	13,559,474	47,544	(32,146)	63,985,174
Unallocated assets						<u>1,545,524</u>
Total assets						<u><u>65,530,698</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 listed equity securities and debt instruments.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This level includes profit rates swap and structured debt. The sources of input parameters include Bank Negara Malaysia (BNM) indicative yields or counterparty credit risk.
- Level 3 – Inputs for asset or liability that are not based on observable market data (unobservable inputs). This level includes equity 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 31 March 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	-	982,548	-	982,548	-	982,548	982,548
Derivative financial assets	-	86,291	-	86,291	-	86,291	86,291
Financial assets at fair value through other comprehensive income	7,822	12,022,601	37,981	12,068,404	-	12,068,404	12,068,404
Financing, advances and others	-	-	-	-	53,445,685	53,445,685	50,410,303
<b>Financial liabilities</b>							
Derivative financial liabilities	-	31,251	-	31,251	-	31,251	31,251
Recourse obligations on financing sold to Cagamas	-	-	-	-	1,556,775	1,556,775	1,501,187
Subordinated Sukuk Murabahah	-	-	-	-	1,718,000	1,718,000	1,726,378
<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 31 March 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	-	976,882	-	976,882	-	976,882	976,882
Derivative financial assets	-	86,291	-	86,291	-	86,291	86,291
Financial assets at fair value through other comprehensive income	7,822	12,049,601	38,719	12,096,142	-	12,096,142	12,096,142
Financing, advances and others	-	-	-	-	53,445,685	53,445,685	50,410,303
<b>Financial liabilities</b>							
Derivative financial liabilities	-	31,251	-	31,251	-	31,251	31,251
Recourse obligations on financing sold to Cagamas	-	-	-	-	1,556,775	1,556,775	1,501,187
Subordinated Sukuk Murabahah	-	-	-	-	1,718,000	1,718,000	1,726,378
<b>31 December 2019</b>							
RM'000							
<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 31 March 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	435,310	435,310	432,978
Transaction related contingent items	901,233	450,617	431,793
Short-term self-liquidating trade related contingencies	534,951	106,990	106,940
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:			
- not exceeding one year	50,000	10,000	10,000
- exceeding one year	1,100,452	550,226	405,440
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	8,165,181	-	-
	<u>11,187,127</u>	<u>1,553,143</u>	<u>1,387,151</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	5,215,456	83,606	128,734	112,141
Profit rate related contracts				
- one year to less than five year	139,006	2,685	6,563	4,895
	<u>5,354,462</u>	<u>86,291</u>	<u>135,297</u>	<u>117,036</u>
<b>Total</b>	<u>16,541,589</u>	<u>86,291</u>	<u>1,688,440</u>	<u>1,504,187</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
	<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
Profit rate related contracts			
- one year to less than five years	147,098	1,700	7,240
	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:

	Group		Bank	
	31.03.2020	31.12.2019	31.03.2020	31.12.2019
CET I & Tier I capital ratio	<b>13.868%</b>	14.215%	<b>13.840%</b>	14.185%
Total capital ratio	<b>19.296%</b>	18.661%	<b>19.275%</b>	18.637%

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

	Group		Bank	
	31.03.2020 RM'000	31.12.2019 RM'000	31.03.2020 RM'000	31.12.2019 RM'000
Paid-up share capital	<b>3,012,368</b>	3,012,368	<b>3,012,368</b>	3,012,368
Retained earnings	<b>2,594,820</b>	2,594,820	<b>2,589,798</b>	2,589,798
Other reserves	<b>4,035</b>	107,265	<b>4,122</b>	107,398
<u>Less:</u>				
Deferred tax assets	<b>(59,691)</b>	(33,774)	<b>(58,180)</b>	(32,268)
Gain on financial instruments classified as fair value through other comprehensive income	<b>(58,608)</b>	(104,062)	<b>(58,608)</b>	(104,062)
Regulatory reserve	<b>(25,000)</b>	(25,000)	<b>(25,000)</b>	(25,000)
Investment in subsidiaries	<u>-</u>	<u>-</u>	<u>(15,525)</u>	<u>(15,525)</u>
<b>Total CET I and Tier I Capital</b>	<b><u>5,467,924</u></b>	<u>5,551,617</u>	<b><u>5,448,975</u></b>	<u>5,532,709</u>
Sukuk Murabahah	<b>1,700,000</b>	1,300,000	<b>1,700,000</b>	1,300,000
Loss provision <sup>^</sup>	<b>440,053</b>	436,544	<b>439,842</b>	436,356
<b>Total Tier II Capital</b>	<b><u>2,140,053</u></b>	<u>1,736,544</u>	<b><u>2,139,842</u></b>	<u>1,736,356</u>
<b>Total Capital</b>	<b><u>7,607,977</u></b>	<u>7,288,161</u>	<b><u>7,588,817</u></b>	<u>7,269,065</u>

<sup>^</sup> 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	
	31.03.2020 RM'000	31.12.2019 RM'000	31.03.2020 RM'000	31.12.2019 RM'000
Credit risk	43,202,662	42,551,894	43,185,817	42,536,846
Less : Credit risk absorbed by unrestricted investment accounts	(7,998,421)	(7,628,353)	(7,998,421)	(7,628,353)
	<u>35,204,241</u>	<u>34,923,541</u>	<u>35,187,396</u>	<u>34,908,493</u>
Market risk	601,921	580,444	601,921	580,444
Operational risk	<u>3,621,492</u>	<u>3,551,083</u>	<u>3,581,873</u>	<u>3,514,162</u>
	<u><u>39,427,654</u></u>	<u><u>39,055,068</u></u>	<u><u>39,371,190</u></u>	<u><u>39,003,099</u></u>

**35. Performance review for the three months ended 31 March 2020**

The Group reported profit before zakat and tax of RM221.5 million or an increase of 0.86% for the three months ended 31 March 2020 compared to the previous corresponding period. The improved performance was mainly attributed to growth in business activities.

Year-on-year net financing assets grew RM4.4 billion or 9.5% to reach RM50.4 billion as at end of March 2020. On the contrary, lower fund based income was reported due to multiple downward revisions made on Overnight Profit Rate ("OPR") from 3.25% in previous corresponding period to 2.50% for the three months ended 31 March 2020.

As at end of March 2020, customer deposits and investment accounts stood at RM55.5 billion with a year-on-year decrease of RM1.7 billion or 3.2%. CASA ratio as at end of March 2020 was 36.1% against the Islamic Banking Industry CASA ratio of 21.5% as at end of February 2020.

The Group's gross impaired financing ratio was 0.83% while the net impaired financing ratio was a negative 0.67% as at end of March 2020 compared to 0.83% and a negative 0.64% respectively as at 31 December 2019. The Banking System gross impaired ratio was 1.57% and the net impaired ratio was 0.21% as at end of February 2020.

The key performance ratios as at end of March 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 14.8% and 1.3% respectively against the Banking Systems' 13.0% and 1.5% respectively.

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**36. Prospect for 2020**

The Malaysian banking sector is expected to face a very challenging operating environment, following the Covid-19 pandemic, and the ongoing Movement Control Order, amidst volatile crude oil prices. Asset quality may be dented, driven by impairments of financing. Nevertheless, BNM relief plan of six (6) month moratorium on financing repayment will soften the near-term credit negative impact on asset quality. Banks' capitalisation will be stable as weaker financing growth will limit the expansion of risk-weighted assets. Banks will continue to hold sufficient liquidity to withstand liquidity shock while higher credit costs and narrower margins will pressure Banks' profitability. At the same time, continued investment in digital transformation will drive up operating costs.

Moreover, BNM had already cut the Overnight Policy Rate ("OPR") three times this year by 25 basis points ("bps") in January, another 25 bps in March, and further cut by 50 bps in May, reducing the OPR to 2.00%. These rate cuts totaling 100 bps in the first half of 2020 will put a squeeze in banks' net income margin and overall profitability. In addition, the six (6) months moratorium on financing repayment will result in a one-off provision in line with MFRS 9 to be absorbed by banks. Nonetheless, the rate cuts and moratorium on financing repayment are aimed to cushion the adverse effects of Covid-19 to the economy. Sturdy capital buffers held by Banks together with sound capital adequacy, liquidity and risk management standards for financial institutions, will strengthen the overall resilience of the financial system.

In this time of need, Bank Islam is cognisant of the multi-faceted challenges to our valued customers. With Customer Centricity in mind, our Rescheduling & Restructuring ("R&R") facility is one of the Bank's initiatives to provide financial assistance to our customers, encompassing all individuals and businesses. The programme is targeted to assist our unfortunate customers who require financial relief. Under this initiative, customers are allowed to pay lower monthly repayment hence allowing customers to manage their cash flow better. The Bank is also implementing SME Special Relief Facility ("SSRF") to help alleviate the short-term cash flow predicament faced by SMEs. This initiative is to help bridge the sustenance of Real Economy, by preserving jobs and ensuring continued economic activity during this period of volatility. Additionally, in our efforts to help preserve and sustain economic empowerment and wealth of our valued customers, Bank Islam is offering "SME-iGain", a transactional current investment account ("TCIA") which gives up to 2.0% return to SME customers, made available until June 2020. As the number of new cases for Covid-19 has been levelling off, there is hope that the reopening of the economy could happen, leading to a possible turnaround in the economic activities.

With Sustainable Prosperity not just for the Bank but for all our communities as the overarching theme in the Bank's strategic direction, the Bank has adopted Value-based Intermediation ("VBI") at the heart of its business model. 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. The Bank's initiatives further reflect our commitment towards financial inclusivity, which ensures development for all and that no one is left behind as we seek to build towards a peaceful and dignified nation.

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**37. Significant and subsequent events**

**Proposed dividend payment**

The Bank has proposed a final dividend of approximately 6.05 sen per ordinary share totalling RM151.854 million for the financial year ended 31 December 2019.

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

**COVID-19 outbreak**

Due to uncertainty of the macroeconomic outlook as a result of the COVID-19 outbreak, both domestically and globally, the Group and the Bank expect that the current situation to have an impact on the Group and the Bank's earnings for 2020.

Nevertheless, BNM had on 24 March 2020 announced an additional measures to assist financing customers affected by the outbreak through automatic 6 months moratorium on all financing payments excluding credit card for individuals and Small Medium Enterprises ("SME") effective 1 April 2020.

As the current situation is unprecedented, and it is challenging to predict the economic eventualities with high degree of precision, the Group and the Bank are monitoring the situation closely and continue to assess the possible ramifications on the earnings as the situation develops.