

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

Statements of Financial Position as at 30 June 2017

	Note	Group		Bank	
		30.06.2017 RM'000	31.12.2016 RM'000	30.06.2017 RM'000	31.12.2016 RM'000
Assets					
Cash and short-term funds	9	1,479,221	3,963,417	1,478,842	3,963,268
Deposits and placements with banks and other financial institutions	10	100,042	100,000	100,042	100,000
Financial assets held-for-trading	11	553,420	574,835	548,250	569,750
Derivative financial assets	12	26,284	124,572	26,284	124,572
Financial assets available-for-sale	13	10,142,609	9,957,286	10,143,066	9,957,743
Financial assets held-to-maturity	14	-	57,703	-	57,703
Financing, advances and others	15	40,503,504	39,189,274	40,503,504	39,189,274
Other assets	16	45,580	99,015	43,688	95,928
Statutory deposits with Bank Negara Malaysia		1,180,244	1,374,876	1,180,244	1,374,876
Current tax assets		1,792	1,779	1,737	1,737
Deferred tax assets		38,775	48,378	38,775	48,378
Investments in subsidiaries		-	-	15,525	15,525
Property and equipment		175,216	185,562	174,328	184,547
Total assets		54,246,687	55,676,697	54,254,285	55,683,301
Liabilities and equity					
Deposits from customers	17	42,798,570	45,940,414	42,808,509	45,949,715
Investment accounts of customers	18	5,274,601	3,812,261	5,274,601	3,812,261
Deposits and placements of banks and other financial institutions	19	100,000	30,000	100,000	30,000
Derivative financial liabilities	12	30,712	111,089	30,712	111,089
Bills and acceptance payable		95,750	46,278	95,750	46,278
Subordinated Sukuk Murabahah	20	704,286	704,393	704,286	704,393
Other liabilities	21	495,098	601,750	492,972	598,591
Zakat and taxation		50,683	45,046	50,654	45,019
Total liabilities		49,549,700	51,291,231	49,557,484	51,297,346

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Statements of Financial Position as at 30 June 2017 (continued)

	Note	Group		Bank	
		30.06.2017 RM'000	31.12.2016 RM'000	30.06.2017 RM'000	31.12.2016 RM'000
Equity					
Share capital	22	2,803,341	2,404,384	2,803,341	2,404,384
Reserves		<u>1,893,646</u>	<u>1,981,082</u>	<u>1,893,460</u>	<u>1,981,571</u>
Total equity		<u>4,696,987</u>	<u>4,385,466</u>	<u>4,696,801</u>	<u>4,385,955</u>
Total liabilities and equity		<u>54,246,687</u>	<u>55,676,697</u>	<u>54,254,285</u>	<u>55,683,301</u>
Restricted investment accounts managed by the Bank	18	141,512	141,343	141,512	141,343
Total Islamic banking asset owned and managed by the Bank		<u>54,388,199</u>	<u>55,818,040</u>	<u>54,395,797</u>	<u>55,824,644</u>
Commitments and Contingencies	33	<u>14,039,677</u>	<u>13,704,559</u>	<u>14,039,677</u>	<u>13,704,559</u>

The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and of the Bank for the financial year ended 31 December 2016.

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**Statements of Profit or Loss and Other Comprehensive Income
for the six months ended 30 June 2017**

Group	Note	3 months ended		6 months ended	
		30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
Income derived from investment of depositors' funds	23	605,820	587,512	1,170,366	1,178,873
Income derived from investment account funds	24	65,480	19,475	120,182	30,959
Income derived from investment of shareholders' funds	25	105,491	114,463	208,995	226,276
Allowances for impairment on financing and advances	26	(24,813)	(31,211)	(33,596)	(65,822)
(Allowance)/Reversal for impairment on other financial assets		(243)	919	(243)	609
Direct expenses		(4,612)	(4,882)	(9,854)	(10,650)
Total distributable income		747,123	686,276	1,455,850	1,360,245
Wakalah fees from restricted investment accounts		1,289	1,343	2,001	2,345
Income attributable to depositors	27	(278,756)	(264,322)	(551,795)	(542,813)
Income attributable to investment account holders	28	(29,141)	(3,748)	(52,306)	(5,978)
Total net income		440,515	419,549	853,750	813,799
Personnel expenses	29	(149,637)	(128,878)	(271,201)	(252,470)
Other overhead expenses	30	(105,386)	(96,317)	(195,326)	(181,987)
Finance cost on Subordinated Sukuk Murabahah		(9,786)	(9,786)	(19,464)	(19,679)
Profit before zakat and tax		175,706	184,568	367,759	359,663
Zakat		(2,381)	(2,263)	(4,765)	(4,523)
Tax expense		(43,949)	(47,610)	(97,303)	(92,951)
Profit for the period		129,376	134,695	265,691	262,189
Earnings per share (sen)				10.91	11.08

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**Statements of Profit or Loss and Other Comprehensive Income
for the six months ended 30 June 2017 (continued)**

Group	Note	3 months ended		6 months ended	
		30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
Profit for the period		<u>129,376</u>	<u>134,695</u>	<u>265,691</u>	<u>262,189</u>
Other comprehensive income/(expense), net of tax:					
Items that are or may be reclassified subsequently to profit or loss					
Currency translation differences in respect of foreign operations		13,603	(12,517)	20,336	28,481
Fair value reserve					
Net change in fair value		24,472	23,256	35,826	110,958
Net amount transferred to profit or loss		(1,315)	(20,161)	(2,281)	(33,256)
Income tax expense relating to components of other comprehensive income		(5,558)	(742)	(8,051)	(18,648)
Other comprehensive income/(expense) for the period, net of tax		<u>31,202</u>	<u>(10,164)</u>	<u>45,830</u>	<u>87,535</u>
Total comprehensive income for the period		<u>160,578</u>	<u>124,531</u>	<u>311,521</u>	<u>349,724</u>

The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and of the Bank for the financial year ended 31 December 2016.

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**Statements of Profit or Loss and Other Comprehensive Income
for the six months ended 30 June 2017**

Bank	Note	3 months ended		6 months ended	
		30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
Income derived from investment of depositors' funds	23	605,820	587,512	1,170,366	1,178,873
Income derived from investment account funds	24	65,480	19,475	120,182	30,959
Income derived from investment of shareholders' funds	25	102,663	112,289	203,548	221,280
Allowances for impairment on financing and advances	26	(24,813)	(31,211)	(33,596)	(65,822)
(Allowance)/Reversal for impairment on other financial assets		(243)	919	(243)	609
Direct expenses		(4,612)	(4,882)	(9,854)	(10,650)
Total distributable income		744,295	684,102	1,450,403	1,355,249
Wakalah fees from restricted investment accounts		1,289	1,343	2,001	2,345
Income attributable to depositors	27	(278,815)	(264,380)	(551,912)	(542,931)
Income attributable to investment account holders	28	(29,141)	(3,748)	(52,306)	(5,978)
Total net income		437,628	417,317	848,186	808,685
Personnel expenses	29	(147,917)	(127,170)	(267,902)	(248,989)
Other overhead expenses	30	(104,591)	(95,539)	(193,819)	(179,910)
Finance cost on Subordinated Sukuk Murabahah		(9,786)	(9,786)	(19,464)	(19,679)
Profit before zakat and tax		175,334	184,822	367,001	360,107
Zakat		(2,376)	(2,250)	(4,752)	(4,500)
Tax expense		(43,930)	(47,585)	(97,272)	(92,940)
Profit for the period		129,028	134,987	264,977	262,667

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for the six months ended 30 June 2017 (continued)

Bank	Note	3 months ended		6 months ended	
		30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
Profit for the period		<u>129,028</u>	<u>134,987</u>	<u>264,977</u>	<u>262,667</u>
Other comprehensive income/(expense), net of tax:					
Items that are or may be reclassified subsequently to profit or loss					
Currency translation differences in respect of foreign operations		13,629	(12,539)	20,375	28,529
Fair value reserve					
Net change in fair value		24,472	23,256	35,826	110,958
Net amount transferred to profit or loss		(1,315)	(20,161)	(2,281)	(33,256)
Income tax expense relating to components of other comprehensive income		(5,558)	(742)	(8,051)	(18,648)
Other comprehensive income/(expense) for the period, net of tax		<u>31,228</u>	<u>(10,186)</u>	<u>45,869</u>	<u>87,583</u>
Total comprehensive income for the period		<u>160,256</u>	<u>124,801</u>	<u>310,846</u>	<u>350,250</u>

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Consolidated Statement of Changes in Equity for the six months ended 30 June 2017

Group	Note	← Attributable to equity holders of the Bank →				Total equity RM'000
		← Non-distributable →		Other reserves RM'000	Distributable Retained earnings RM'000	
		Share capital RM'000	Share premium RM'000			
At 1 January 2017		2,404,384	264,790	1,193,045	523,247	4,385,466
Profit for the period		-	-	-	265,691	265,691
Currency translation difference in respect of foreign operations		-	-	20,336	-	20,336
Fair value reserve – Net change in fair value		-	-	35,826	-	35,826
– Net amount reclassified to profit or loss		-	-	(2,281)	-	(2,281)
Income tax expense relating to components of other comprehensive income		-	-	(8,051)	-	(8,051)
Total comprehensive income for the period		-	-	45,830	265,691	311,521
Transfer of share premium to share capital	22	264,790	(264,790)	-	-	-
Transfer of reserve fund to retained earnings	1	-	-	(1,392,159)	1,392,159	-
Dividends paid on ordinary shares	8	-	-	-	(134,167)	(134,167)
Issue of shares pursuant to Dividend Reinvestment Plan	22	134,167	-	-	-	134,167
At 30 June 2017		2,803,341	-	(153,284)	2,046,930	4,696,987
At 1 January 2016		2,363,283	175,452	1,107,920	385,913	4,032,568
Profit for the period		-	-	-	262,189	262,189
Currency translation difference in respect of foreign operations		-	-	28,481	-	28,481
Fair value reserve – Net change in fair value		-	-	110,958	-	110,958
– Net amount reclassified to profit or loss		-	-	(33,256)	-	(33,256)
Income tax expense relating to components of other comprehensive income		-	-	(18,648)	-	(18,648)
Total comprehensive income for the period		-	-	87,535	262,189	349,724
Transfer to statutory reserve		-	-	131,333	(131,333)	-
Dividends paid on ordinary shares		-	-	-	(129,744)	(129,744)
Issue of shares pursuant to Dividend Reinvestment Plan		20,927	43,947	-	-	64,874
At 30 June 2016		2,384,210	219,399	1,326,788	387,025	4,317,422

The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and of the Bank for the financial year ended 31 December 2016.

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Statement of Changes in Equity for the six months ended 30 June 2017

Bank	Note	← Non-distributable →		→	Distributable Retained earnings RM'000	Total equity RM'000
		Share capital RM'000	Share premium RM'000	Other reserves RM'000		
At 1 January 2017		2,404,384	264,790	1,192,822	523,959	4,385,955
Profit for the period		-	-	-	264,977	264,977
Currency translation difference in respect of foreign operations		-	-	20,375	-	20,375
Fair value reserve – Net change in fair value		-	-	35,826	-	35,826
– Net amount reclassified to profit or loss		-	-	(2,281)	-	(2,281)
Income tax expense relating to components of other comprehensive income		-	-	(8,051)	-	(8,051)
Total comprehensive income for the period		-	-	45,869	264,977	310,846
Transfer of share premium to share capital	22	264,790	(264,790)	-	-	-
Transfer of reserve fund to retained earnings	1	-	-	(1,392,159)	1,392,159	-
Dividends paid on ordinary shares	8	-	-	-	(134,167)	(134,167)
Issue of shares pursuant to Dividend Reinvestment Plan	22	134,167	-	-	-	134,167
At 30 June 2017		2,803,341	-	(153,468)	2,046,928	4,696,801
At 1 January 2016		2,363,283	175,452	1,107,738	386,580	4,033,053
Profit for the period		-	-	-	262,667	262,667
Currency translation difference in respect of foreign operations		-	-	28,529	-	28,529
Fair value reserve – Net change in fair value		-	-	110,958	-	110,958
– Net amount reclassified to profit or loss		-	-	(33,256)	-	(33,256)
Income tax expense relating to components of other comprehensive income		-	-	(18,648)	-	(18,648)
Total comprehensive income for the period		-	-	87,583	262,667	350,250
Transfer to statutory reserve		-	-	131,333	(131,333)	-
Dividends paid on ordinary shares		-	-	-	(129,744)	(129,744)
Issue of shares pursuant to Dividend Reinvestment Plan		20,927	43,947	-	-	64,874
At 30 June 2016		2,384,210	219,399	1,326,654	388,170	4,318,433

The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and of the Bank for the financial year ended 31 December 2016.

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Condensed Statements of Cash Flow
for the six months ended 30 June 2017

	Group		Bank	
	6 months ended		6 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Profit before zakat and tax	367,759	359,663	367,001	360,107
Adjustment for non-cash items	84,375	126,182	84,241	126,147
Operating profit before working capital changes	452,134	485,845	451,242	486,254
Changes in working capital:				
Net changes in operating assets	(966,072)	(378,443)	(967,220)	(378,886)
Net changes in operating liabilities	(1,817,919)	(1,761,208)	(1,816,248)	(1,757,519)
Net cash used in operations	(2,331,857)	(1,653,806)	(2,332,226)	(1,650,151)
Zakat and tax paid	(94,890)	(72,312)	(94,837)	(72,268)
Tax refund	45	6,808	-	6,808
Net cash used in operating activities	(2,426,702)	(1,719,310)	(2,427,063)	(1,715,611)
Net cash (used in)/generated from investing activities	(58,219)	1,081,748	(58,126)	1,081,842
Net cash used in financing activities	(19,571)	(84,548)	(19,571)	(84,548)
Net decrease in cash and cash equivalents	(2,504,492)	(722,110)	(2,504,760)	(718,317)
Cash and cash equivalents at beginning of the period	4,063,417	2,982,246	4,063,268	2,978,315
Exchange difference on translation	20,338	28,486	20,376	28,531
Cash and cash equivalents at end of the period	1,579,263	2,288,622	1,578,884	2,288,529
Cash and cash equivalents comprise:				
Cash and short-term funds	1,479,221	2,288,622	1,478,842	2,288,529
Deposits and placements with banks and other financial institutions	100,042	-	100,042	-
	1,579,263	2,288,622	1,578,884	2,288,529

The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and of the Bank for the financial year ended 31 December 2016.

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**Notes to the unaudited interim financial statements
for the six months ended 30 June 2017**

1. Basis of preparation

The unaudited interim financial statements of the Group and of the Bank for the six months ended 30 June 2017 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 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 held-for-trading and financial assets available-for-sale, 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 2016. 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 2016.

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 2016, except for the adoption of the following Malaysian Financial Reporting Standards (“MFRS”) and amendments to MFRSs:

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

The adoption of the new standards, amendments to published standards and interpretations are not expected to have impact on the financial results of the Group and the Bank.

Companies Act 2016

The unaudited condensed interim financial statements of the Group and of the Bank are prepared in accordance with the requirements of the Companies Act 2016 (“New Act”), which replaced the Companies Act 1965. Amongst the key changes introduced in the New Act which affected the financial statements of the Group and of the Bank upon the commencement of the New Act on 31 January 2017 are:

- (a) the removal of the authorised share capital;
- (b) the ordinary shares of the Bank will cease to have par or nominal value; and
- (c) the Bank’s share premium will become part of the share capital.

During the financial period ended 30 June 2017, the Bank has transferred RM264,790,400 share premium to its share capital pursuant to the transition provisions set out in Section 618(2) of the New Act.

There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transfer of the amount in the share premium account to the share capital account.

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1. Basis of preparation (continued)

Revised Policy Document on Capital Funds and Capital Funds for Islamic Banks issued by Bank Negara Malaysia ("BNM")

On 3 May 2017, BNM issued a revised Policy Document on Capital Funds and Capital Funds for Islamic Banks ("Revised Policy Document"). This Revised Policy Document applies to banking institutions in Malaysia that covers licensed banks, licensed investment banks and licensed Islamic banks. The issuance of this Revised Policy Document has superseded two guidelines issued by BNM previously, namely Capital Funds and Capital Funds for Islamic Banks dated 1 July 2013.

The key changes in the Revised Policy Document are:

- (a) the removal of the requirement on maintenance of a reserve fund; and
- (b) the revised component of capital funds shall exclude share premium and reserve fund.

During the financial period ended 30 June 2017, the Bank has transferred RM1,392,158,939 from reserve fund to its retained earnings pursuant to the Revised Policy Document.

2. Auditors' reports on preceding financial period financial statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2016 was not qualified.

3. Seasonal or cyclical factors

The operations of the Bank were not materially affected by any seasonal or cyclical factors in the six months ended 30 June 2017.

4. Unusual items

There were no unusual items in the six months ended 30 June 2017.

5. Changes in accounting estimates

There was no material change in estimates of amounts reported in the prior financial year that has a material effect to the financial statements for the six months ended 30 June 2017.

6. Sukuk and equity securities

On 15 June 2017, the Bank increased its share capital by RM134,166,500 via the issuance of 41,282,000 new ordinary shares at a consideration of RM3.25 each arising from the Dividend Reinvestment Plan, as disclosed in Note 22.

There was no issuance or repayment of Sukuk or share buy-back during the six months ended 30 June 2017.

7. Significant events during the six months ended 30 June 2017

There was no other significant event during the six months ended 30 June 2017.

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8. Dividends

On 15 June 2017, the Bank paid a final dividend of approximately 5.58 sen per ordinary share totalling RM134,166,500 for the financial year ended 31 December 2016. The dividends was subsequently reinvested by the shareholder under the Dividend Reinvestment Plan (Note 22).

9. Cash and short-term funds

	Group		Bank	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	1,015,053	932,674	1,014,674	932,525
Money at call and interbank placements with remaining maturity not exceeding one month	464,168	3,030,743	464,168	3,030,743
	<u>1,479,221</u>	<u>3,963,417</u>	<u>1,478,842</u>	<u>3,963,268</u>

10. Deposits and placements with banks and other financial institutions

	Group and Bank	
	30.06.2017	31.12.2016
	RM'000	RM'000
Licensed Islamic banks	<u>100,042</u>	<u>100,000</u>

11. Financial assets held-for-trading

	Group		Bank	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
At fair value				
Malaysian Government Investment Issues	325,670	324,500	325,670	324,500
Sukuk	222,580	245,250	222,580	245,250
Unit trust	5,170	5,085	-	-
	<u>553,420</u>	<u>574,835</u>	<u>548,250</u>	<u>569,750</u>

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

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

Group and Bank	30.06.2017		
	Principal amount	Fair value	
		Assets	Liabilities
	RM'000	RM'000	RM'000
Forward contracts	3,214,995	21,600	(28,668)
Profit rate swaps	622,202	4,684	(2,044)
	3,837,197	26,284	(30,712)

	31.12.2016		
	Principal amount	Fair value	
		Assets	Liabilities
	RM'000	RM'000	RM'000
Forward contracts	3,117,570	117,445	(107,469)
Profit rate swaps	836,027	7,127	(3,620)
	3,953,597	124,572	(111,089)

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13. Financial assets available-for-sale

	Group		Bank	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
At fair value				
Malaysian Government Investment Issues ^	2,078,046	2,057,324	2,078,046	2,057,324
Negotiable Islamic Debt Certificates	-	496,681	-	496,681
Sukuk	8,027,311	7,367,563	8,027,768	7,368,020
	10,105,357	9,921,568	10,105,814	9,922,025
At fair value				
Quoted shares				
- outside Malaysia	18,201	21,124	18,201	21,124
Quoted unit trust				
- in Malaysia	13,751	9,294	13,751	9,294
	31,952	30,418	31,952	30,418
At cost				
Unquoted shares in Malaysia	24,606	25,468	24,606	25,468
Less: Accumulated impairment loss *	(19,325)	(20,187)	(19,325)	(20,187)
	5,281	5,281	5,281	5,281
At cost				
Unquoted shares outside Malaysia	329	329	329	329
Less: Impairment loss	(310)	(310)	(310)	(310)
	19	19	19	19
	10,142,609	9,957,286	10,143,066	9,957,743

^ Included in Malaysian Government Investment Issues as at 30 June 2017 is RM135,111,000 (2016: RM Nil) that form part of the Bank's total Statutory Reserve Requirement ("SRR") balances other than statutory deposits with Bank Negara Malaysia.

* Movement in accumulated impairment loss is due to translation difference.

14. Financial assets held-to-maturity

	Group and Bank	
	30.06.2017	31.12.2016
	RM'000	RM'000
At amortised cost		
Unquoted Sukuk in Malaysia	6,887	64,590
Less: Accumulated impairment loss	(6,887)	(6,887)
	-	57,703

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15. Financing, advances and others

(a) By type and Shariah contract

Group and Bank 30 June 2017	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Bai' Al-Dayn RM'000	Bai' Al-Inah RM'000	At- Tawarruq RM'000	Ijarah Muntahiah Bit-Tamleek RM'000	Ijarah Thumma Al-Bai' RM'000	Istisna' RM'000	Ar-Rahnu RM'000	Total RM'000
At amortised cost										
Cash line	-	-	-	30,285	1,074,563	-	-	-	-	1,104,848
Term financing										
House financing ^	4,292,950	-	-	-	10,776,286	-	-	57,333	-	15,126,569
Syndicated financing	-	-	-	46,636	1,036,832	-	115,914	-	-	1,199,382
Leasing financing	-	-	-	-	-	84,265	509	-	-	84,774
Bridging financing	-	-	-	-	-	-	-	77,838	-	77,838
Personal financing ^	-	-	-	30,051	11,625,813	-	-	-	-	11,655,864
Other term financing	1,827,858	1,047,244	-	3,760	7,514,562	-	-	1,469	-	10,394,893
Staff financing	76,728	6,986	-	-	115,456	-	-	13,002	-	212,172
Credit cards	-	-	-	7,772	439,402	-	-	-	-	447,174
Trade bills discounted	-	636,008	148,048	-	-	-	-	-	-	784,056
Trust receipts	-	2,033	-	-	-	-	-	-	-	2,033
Pawn broking	-	-	-	-	-	-	-	-	81,823	81,823
Investment Account Platform *	-	-	-	-	5,225	-	-	-	-	5,225
	6,197,536	1,692,271	148,048	118,504	32,588,139	84,265	116,423	149,642	81,823	41,176,651

Allowance for impaired financing, advances and others

- collective assessment allowance

(540,507)

- individual assessment allowance

(132,640)

Net financing, advances and others

40,503,504

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15. Financing, advances and others (continued)

(a) By type and Shariah contract (continued)

Group and Bank	Bai' Bithaman Ajil	Murabahah	Bai' Al-Dayn	Bai' Al-Inah	At-Tawarruq	Ijarah Muntahiah Bit-Tamleek	Ijarah Thumma Al-Bai'	Istisna'	Ar-Rahnu	Total
31 December 2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At amortised cost										
Cash line	-	-	-	37,899	1,199,021	-	-	-	-	1,236,920
Term financing										
House financing ^	4,484,247	-	-	-	9,503,014	-	-	59,088	-	14,046,349
Syndicated financing	-	-	-	196,129	1,045,889	-	123,189	-	-	1,365,207
Leasing financing	-	-	-	-	-	90,610	902	-	-	91,512
Bridging financing	-	-	-	-	-	-	-	82,313	-	82,313
Personal financing ^	-	-	-	42,177	11,197,744	-	-	-	-	11,239,921
Other term financing	2,086,188	933,316	-	4,063	7,106,669	-	-	1,503	-	10,131,739
Staff financing	83,743	5,087	-	-	98,821	-	-	14,218	-	201,869
Credit cards	-	-	-	9,004	450,388	-	-	-	-	459,392
Trade bills discounted	-	741,037	180,010	-	-	-	-	-	-	921,047
Trust receipts	-	5,169	-	-	-	-	-	-	-	5,169
Pawn broking	-	-	-	-	-	-	-	-	85,315	85,315
Investment Account Platform *	-	-	-	-	5,690	-	-	-	-	5,690
	6,654,178	1,684,609	180,010	289,272	30,607,236	90,610	124,091	157,122	85,315	39,872,443
Allowance for impaired financing, advances and others										
- collective assessment allowance										(554,971)
- individual assessment allowance										(128,198)
Net financing, advances and others										39,189,274

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15. Financing, advances and others (continued)

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

^ Included in house financing and personal financing as at 30 June 2017 are underlying assets under the Unrestricted Investment Accounts (“URIA”) amounting to RM3,519,400,000 (2016: RM2,687,318,000) and RM1,755,201,000 (2016: RM1,124,943,000) respectively as disclosed in Note 18 of these interim financial statements.

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

(b) By type of customer

	Group and Bank	
	30.06.2017	31.12.2016
	RM’000	RM’000
Domestic non-bank financial institutions	1,261,559	1,376,559
Domestic business enterprise	6,849,112	6,908,806
Small and medium industries	960,664	896,530
Government and statutory bodies	1,066,585	938,069
Individuals	30,330,768	28,957,975
Other domestic entities	7,613	7,239
Foreign entities	700,350	787,265
	<u>41,176,651</u>	<u>39,872,443</u>

(c) By profit rate sensitivity

	Group and Bank	
	30.06.2017	31.12.2016
	RM’000	RM’000
Fixed rate		
House financing	1,202,306	1,268,632
Others	3,860,218	4,059,422
Floating rate		
House financing	14,530,299	13,382,969
Others	21,583,828	21,161,420
	<u>41,176,651</u>	<u>39,872,443</u>

(d) By remaining contractual maturity

	Group and Bank	
	30.06.2017	31.12.2016
	RM’000	RM’000
Maturity within one year	4,571,585	4,312,581
More than one year to three years	1,423,970	1,400,480
More than three years to five years	2,849,925	2,197,573
More than five years	32,331,171	31,961,809
	<u>41,176,651</u>	<u>39,872,443</u>

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15. Financing, advances and others (continued)

(e) By geographical distribution

	Group and Bank	
	30.06.2017	31.12.2016
	RM'000	RM'000
Central Region	19,274,438	18,853,925
Eastern Region	6,847,989	6,534,376
Northern Region	5,981,259	5,864,200
Southern Region	5,890,472	5,499,121
East Malaysia Region	3,182,493	3,120,821
	<u>41,176,651</u>	<u>39,872,443</u>

(f) By sector

	Group and Bank	
	30.06.2017	31.12.2016
	RM'000	RM'000
Primary agriculture	394,981	377,285
Mining and quarrying	8,339	12,931
Manufacturing (including agro-based)	745,515	747,410
Electricity, gas and water	894,728	868,319
Wholesale & retail trade, and hotels & restaurants	1,127,513	1,274,954
Construction	1,970,020	2,161,215
Real estate	1,365,684	1,205,740
Transport, storage and communications	903,306	870,559
Finance, insurance and business activities	2,012,420	2,134,947
Education, health and others	1,417,524	1,256,209
Household sectors	30,336,621	28,962,874
	<u>41,176,651</u>	<u>39,872,443</u>

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15. Financing, advances and others (continued)

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

	Group and Bank	
	30.06.2017	31.12.2016
	RM’000	RM’000
At 1 January 2017/ 2016	389,445	381,270
Classified as impaired during the period/year	306,108	580,341
Reclassified as not impaired during the period/year	(148,357)	(284,602)
Amount recovered	(49,097)	(112,502)
Amount written off	(74,400)	(178,052)
Exchange differences	(2,954)	2,990
At 30 June 2017/ 31 December 2016	<u>420,745</u>	<u>389,445</u>
Gross impaired financing as a percentage of gross financing, advances and others	<u>1.02%</u>	<u>0.98%</u>

(h) Impaired financing by geographical distribution

	Group and Bank	
	30.06.2017	31.12.2016
	RM’000	RM’000
Central Region	147,235	142,841
Eastern Region	120,996	92,848
Northern Region	39,588	36,299
Southern Region	27,133	31,329
East Malaysia Region	85,793	86,128
	<u>420,745</u>	<u>389,445</u>

(i) Impaired financing by sector

	Group and Bank	
	30.06.2017	31.12.2016
	RM’000	RM’000
Primary agriculture	1,330	1,311
Manufacturing (including agro-based)	35,291	36,739
Wholesale & retail trade, and hotels & restaurants	31,433	25,651
Construction	19,344	13,714
Transport, storage and communications	11,869	15,579
Finance, insurance and business activities	68,962	70,948
Education, health and others	20,755	3,076
Household sectors	231,761	222,427
	<u>420,745</u>	<u>389,445</u>

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15. Financing, advances and others (continued)

(j) Movement of allowance for impaired financing

	Group and Bank	
	30.06.2017	31.12.2016
	RM'000	RM'000
<u>Collective assessment allowance</u>		
At 1 January 2017/ 2016	554,971	541,065
Allowance made during the period/year	57,446	161,667
Amount written off	(71,336)	(146,725)
Exchange differences	(574)	(1,036)
At 30 June 2017/ 31 December 2016	<u>540,507</u>	<u>554,971</u>
<u>Individual assessment allowance</u>		
At 1 January 2017/ 2016	128,198	124,471
Allowance made during the period/year	23,648	54,566
Amount recovered	(13,187)	(23,904)
Amount written off	(3,065)	(29,928)
Exchange differences	(2,954)	2,993
At 30 June 2017/ 31 December 2016	<u>132,640</u>	<u>128,198</u>

16. Other assets

	Group		Bank	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Other receivables	5,026	65,825	4,031	63,968
Less: Impairment loss	(488)	(256)	(488)	(256)
	<u>4,538</u>	65,569	<u>3,543</u>	63,712
Deposit and prepayments	40,353	32,741	38,972	31,441
Related companies*	689	705	1,173	775
	<u>45,580</u>	<u>99,015</u>	<u>43,688</u>	<u>95,928</u>

* This relates to amounts due from holding and related companies that are non-trade in nature, not subject to financing charges and has no fixed term of repayments.

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17. Deposits from customers

a) By type and Shariah contract

	Group		Bank	
	30.06.2017 RM'000	31.12.2016 RM'000	30.06.2017 RM'000	31.12.2016 RM'000
Saving Deposit				
<i>Wadiah</i>	4,346,502	4,131,604	4,346,502	4,131,604
Demand Deposit				
<i>Wadiah</i>	9,177,546	10,001,972	9,181,193	10,004,601
Term Deposit	29,174,571	31,700,310	29,180,863	31,706,982
Special Investment Deposit				
<i>Mudharabah</i>	27,711	27,711	27,711	27,711
General Investment Deposit				
<i>Mudharabah</i>	372,514	394,639	372,514	394,639
Term Deposit <i>Tawarruq</i>	24,894,267	28,208,548	24,900,559	28,215,220
Negotiable Islamic Debt Certificates (NIDC)	3,880,079	3,069,412	3,880,079	3,069,412
Others	99,951	106,528	99,951	106,528
Total Deposits	42,798,570	45,940,414	42,808,509	45,949,715

b) Maturity structure of term deposits are as follows:

	Group		Bank	
	30.06.2017 RM'000	31.12.2016 RM'000	30.06.2017 RM'000	31.12.2016 RM'000
Due within six months	18,962,175	26,475,051	18,967,767	26,481,013
More than six months to one year	8,003,767	4,166,465	8,003,767	4,166,465
More than one year to three years	1,357,126	690,590	1,357,826	691,300
More than three years to five years	851,503	368,204	851,503	368,204
	29,174,571	31,700,310	29,180,863	31,706,982

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17. Deposits from customers (continued)

c) By type of customers

	Group		Bank	
	30.06.2017 RM'000	31.12.2016 RM'000	30.06.2017 RM'000	31.12.2016 RM'000
Domestic non-bank financial institutions	11,999,799	15,501,713	12,009,738	15,511,014
Business enterprises	11,487,564	11,730,076	11,487,564	11,730,076
Government and statutory bodies	7,048,264	6,890,474	7,048,264	6,890,474
Individuals	5,005,544	4,817,561	5,005,544	4,817,561
Domestic banking institutions	3,841,813	2,994,256	3,841,813	2,994,256
Others	3,415,586	4,006,334	3,415,586	4,006,334
	<u>42,798,570</u>	<u>45,940,414</u>	<u>42,808,509</u>	<u>45,949,715</u>

18. Investment accounts of customers

(a) By type and Shariah contract

	Group and Bank	
	30.06.2017 RM'000	31.12.2016 RM'000
Unrestricted investment accounts		
Without maturity		
<i>Mudharabah</i>	1,763,679	1,516,844
With maturity		
<i>Wakalah</i>	3,510,922	2,295,417
	<u>5,274,601</u>	<u>3,812,261</u>
Investment portfolio:		
<i>House financing</i>	3,519,400	2,687,318
<i>Personal financing</i>	1,755,201	1,124,943
	<u>5,274,601</u>	<u>3,812,261</u>
Restricted investment accounts (“RIA”) managed by the Bank[^]		
With maturity		
<i>Wakalah</i>	141,512	141,343
Investment portfolio:		
<i>Other term financing</i>	141,512	141,343
	<u>141,512</u>	<u>141,343</u>

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18. Investment accounts of customers (continued)

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

Included in RIA managed by the Bank is an arrangement between the Bank and its ultimate holding entity with underlying assets amounting to RM141,227,000 (2016:RM141,033,000).

(b) By type of customers

	Group and Bank	
	30.06.2017	31.12.2016
	RM'000	RM'000
Individuals	1,954,954	1,677,636
Government and statutory bodies	1,571,278	762,888
Business enterprises	606,143	737,961
Non-bank financial institutions	602,755	476,125
Bank and other financial institutions	-	45,919
Others	539,471	111,732
	<u>5,274,601</u>	<u>3,812,261</u>

19. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30.06.2017	31.12.2016
	RM'000	RM'000
<i>Non-Mudharabah fund</i>		
Development financial institutions	<u>100,000</u>	<u>30,000</u>

20. Subordinated Sukuk Murabahah

	Note	Group and Bank	
		30.06.2017	31.12.2016
		RM'000	RM'000
<i>Issued under the RM1.0 billion Subordinated Sukuk Murabahah Programme</i>			
First tranche, RM300 million			
5.75% due in 2025	(a)	303,356	303,308
Second tranche, RM400 million			
5.50% due in 2025	(b)	400,930	401,085
		<u>704,286</u>	<u>704,393</u>

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20. Subordinated Sukuk Murabahah (continued)

The Bank issued the following tranches of Subordinated Sukuk Murabahah:

- (a) On 22 April 2015, the Bank issued the first tranche of RM300 million in nominal value of Subordinated Sukuk Murabahah which is due on 22 April 2025, with optional redemption on 22 April 2020 or any periodic payment date thereafter. The Sukuk bears a profit rate of 5.75% per annum payable semi-annually in arrears.
- (b) On 15 December 2015, the Bank issued the second tranche of RM400 million which is due on 15 December 2025, with optional redemption on 15 December 2020 or any periodic payment date thereafter. The Sukuk bears a profit rate of 5.50% per annum 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 Bank Negara Malaysia.

21. Other liabilities

	Group		Bank	
	30.06.2017 RM'000	31.12.2016 RM'000	30.06.2017 RM'000	31.12.2016 RM'000
Other payables	423,984	489,031	422,967	486,151
Accruals	71,114	112,719	70,005	112,440
	<u>495,098</u>	<u>601,750</u>	<u>492,972</u>	<u>598,591</u>

22. Share capital

Group and Bank	Number of shares		Amount	
	30.06.2017 '000	31.12.2016 '000	30.06.2017 RM'000	31.12.2016 RM'000
<i>Issued and fully paid</i>				
Ordinary shares				
At 1 January 2017/ 2016	2,404,384	2,363,283	2,404,384	2,363,283
Transfer from share premium	-	-	264,790	-
Allotment of new ordinary shares	41,282	41,101	134,167	41,101
At 30 June 2017/31 December 2016	<u>2,445,666</u>	<u>2,404,384</u>	<u>2,803,341</u>	<u>2,404,384</u>

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22. Share capital (continued)

During the financial period ended 30 June 2017, the Bank transferred RM264,790,400 share premium to its share capital pursuant to the transition provisions set out in Section 618(2) of the Companies Act 2016.

The Bank increased its share capital on 15 June 2017 by RM134,166,500 via the issuance of 41,282,000 new ordinary shares at a consideration of RM3.25 each arising from the Dividend Reinvestment Plan of one hundred percent of the final dividend of approximately 5.58 sen in respect of financial year ended 31 December 2016.

The increase in its share capital during the financial year ended 31 December 2016 from RM2,363,282,700 to RM2,404,383,700 was via the issuance of 20,927,000 and 20,174,000 new ordinary shares at a consideration of RM3.10 and RM3.25 per share respectively arising from the Dividend Reinvestment Plan of fifty percent of dividends declared and paid.

23. Income derived from investment of depositors' funds

Group and Bank	3 months ended		6 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) Saving and demand deposits	187,568	204,316	369,899	416,340
(ii) General investment deposits	2,560	6,121	11,355	13,487
(iii) Term deposits	367,465	339,431	686,891	669,376
(iv) Other deposits	48,227	37,644	102,221	79,670
	<u>605,820</u>	<u>587,512</u>	<u>1,170,366</u>	<u>1,178,873</u>

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23. Income derived from investment of depositors' funds

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

Group and Bank	3 months ended		6 months ended	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	151,683	174,709	308,619	354,701
Financial assets:				
- held-for-trading	1,457	1,652	2,891	3,404
- available-for-sale	19,681	17,217	40,329	37,875
- held-to-maturity	1,913	1,055	2,112	1,279
Money at call and deposits with financial institutions	2,557	2,198	5,586	4,345
	177,291	196,831	359,537	401,604
<i>Other dealing income</i>				
Net gain/(loss) from sale of financial assets held-for-trading	310	573	(1,391)	1,771
Net gain/(loss) on revaluation of financial assets held-for-trading	(201)	(182)	1,272	1,246
	109	391	(119)	3,017
<i>Other operating income</i>				
Net gain from sale of financial assets available-for-sale	321	7,094	634	11,719
Net gain from sale of financial assets held-to-maturity	9,847	-	9,847	-
	10,168	7,094	10,481	11,719
	187,568	204,316	369,899	416,340
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	2,907	2,916	5,533	5,600

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23. Income derived from investment of depositors' funds

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

Group and Bank	3 months ended		6 months ended	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	1,996	6,690	9,655	11,543
Financial assets:				
- held-for-trading	17	(29)	81	108
- available-for-sale	227	(425)	1,120	1,198
- held-to-maturity	49	22	58	40
Money at call and deposits with financial institutions	(5)	(33)	156	137
	<u>2,284</u>	<u>6,225</u>	<u>11,070</u>	<u>13,026</u>
<i>Other dealing income</i>				
Net gain/(loss) from sale of financial assets held-for-trading	51	(37)	(39)	56
Net gain/(loss) on revaluation of financial assets held-for-trading	(54)	(75)	36	41
	<u>(3)</u>	<u>(112)</u>	<u>(3)</u>	<u>97</u>
<i>Other operating income</i>				
Net gain from sale of financial assets available-for-sale	9	8	18	364
Net gain from sale of financial assets held-to-maturity	270	-	270	-
	<u>279</u>	<u>8</u>	<u>288</u>	<u>364</u>
	<u>2,560</u>	<u>6,121</u>	<u>11,355</u>	<u>13,487</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	<u>80</u>	<u>91</u>	<u>198</u>	<u>302</u>

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

(iii) Income derived from investment of term deposits

Group and Bank	3 months ended		6 months ended	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	298,801	290,272	574,776	570,366
Financial assets:				
- held-for-trading	2,871	2,749	5,393	5,477
- available-for-sale	38,771	28,865	75,081	61,013
- held-to-maturity	3,573	1,683	3,924	2,032
Money at call and deposits with financial institutions	3,774	3,650	7,891	6,991
	347,790	327,219	667,065	645,879
<i>Other dealing income</i>				
Net gain/(loss) from sale of financial assets held-for-trading	404	1,005	(2,587)	2,870
Net gain/(loss) on revaluation of financial assets held-for-trading	(196)	(214)	2,395	2,009
	208	791	(192)	4,879
<i>Other operating income</i>				
Net gain from sale of financial assets available-for-sale	623	11,421	1,174	18,618
Net gain from sale of financial assets held-to-maturity	18,844	-	18,844	-
	19,467	11,421	20,018	18,618
	367,465	339,431	686,891	669,376
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	5,306	4,639	9,923	8,817

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

(iv) Income derived from investment of other deposits

Group and Bank	3 months ended		6 months ended	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	38,991	32,151	85,464	67,827
Financial assets:				
- held-for-trading	373	299	798	646
- available-for-sale	5,067	3,234	11,182	7,329
- held-to-maturity	496	167	555	211
Money at call and deposits with financial institutions	603	420	1,500	846
	<u>45,530</u>	<u>36,271</u>	<u>99,499</u>	<u>76,859</u>
<i>Other dealing income</i>				
Net gain/(loss) from sale of financial assets held-for-trading	122	94	(382)	332
Net gain/(loss) on revaluation of financial assets held-for-trading	(105)	65	331	348
	<u>17</u>	<u>159</u>	<u>(51)</u>	<u>680</u>
<i>Other operating income</i>				
Net gain from sale of financial assets available-for-sale	90	1,214	183	2,131
Net gain from sale of financial assets held-to-maturity	2,590	-	2,590	-
	<u>2,680</u>	<u>1,214</u>	<u>2,773</u>	<u>2,131</u>
	<u>48,227</u>	<u>37,644</u>	<u>102,221</u>	<u>79,670</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	<u>768</u>	<u>471</u>	<u>1,545</u>	<u>1,003</u>

24. Income derived from investment account funds

Group and Bank	3 months ended		6 months ended	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
Finance income				
Unrestricted investment accounts				
- <i>Mudharabah</i>	23,107	15,222	45,007	24,291
- <i>Wakalah</i>	42,373	4,253	75,175	6,668
	<u>65,480</u>	<u>19,475</u>	<u>120,182</u>	<u>30,959</u>

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Group	3 months ended		6 months ended	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	1,678	1,567	3,305	3,097
Financial assets available-for-sale	38,123	41,523	74,251	83,964
Money at call and deposits with financial institutions	1	289	1	1,022
	<u>39,802</u>	<u>43,379</u>	<u>77,557</u>	<u>88,083</u>
<i>Other dealing income</i>				
Net gain from foreign exchange transactions	15,978	17,997	34,565	36,474
Net derivatives loss	(911)	(1,122)	(858)	(5,308)
Net gain on revaluation of financial assets held-for-trading	-	45	1	90
	<u>15,067</u>	<u>16,920</u>	<u>33,708</u>	<u>31,256</u>
<i>Other operating income</i>				
Net gain from sale of financial assets available for sale	272	424	272	424
Gross dividend income from:				
- unquoted securities in Malaysia	-	1,612	-	1,612
- unit trust in Malaysia	723	887	1,140	1,768
	<u>995</u>	<u>2,923</u>	<u>1,412</u>	<u>3,804</u>
<i>Fees and commission</i>				
Fees	35,228	37,269	70,640	78,084
Commission	8,098	4,684	13,072	9,261
Others	5,634	8,605	11,219	15,003
	<u>48,960</u>	<u>50,558</u>	<u>94,931</u>	<u>102,348</u>
<i>Other income</i>				
Net gain/(loss) on disposal of property and equipment	-	29	(3)	(490)
Rental income	607	614	1,221	1,223
Other income	60	40	169	52
	<u>667</u>	<u>683</u>	<u>1,387</u>	<u>785</u>
	<u>105,491</u>	<u>114,463</u>	<u>208,995</u>	<u>226,276</u>

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

Bank	3 months ended		6 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	1,678	1,567	3,305	3,097
Financial assets available-for-sale	38,123	41,523	74,251	83,964
Money at call and deposits with financial institutions	-	289	-	1,022
	39,801	43,379	77,556	88,083
<i>Other dealing income</i>				
Net gain from foreign exchange transactions	15,978	17,997	34,565	36,474
Net derivatives loss	(911)	(1,122)	(858)	(5,308)
	15,067	16,875	33,707	31,166
<i>Other operating income</i>				
Net gain from sale of financial assets available for sale	272	424	272	424
Gain on liquidation of subsidiary company	-	89	-	89
Gross dividend income from:				
- unquoted securities in Malaysia	-	1,612	-	1,612
- unit trust in Malaysia	680	887	1,055	1,768
	952	3,012	1,327	3,893
<i>Fees and commission</i>				
Fees	32,943	35,304	66,364	74,240
Commission	9,583	5,591	15,748	11,481
Others	3,584	7,391	7,345	11,497
	46,110	48,286	89,457	97,218
<i>Other income</i>				
Net gain/(loss) on disposal of property and equipment	-	29	(3)	(490)
Rental income	692	699	1,390	1,392
Other income	41	9	114	18
	733	737	1,501	920
	102,663	112,289	203,548	221,280

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26. Allowances for impairment on financing and advances

Group and Bank	3 months ended		6 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Allowances/(Reversal) for impaired financing, advances and others:				
- collective assessment allowance	27,500	18,591	57,446	80,358
- individual assessment allowance	13,916	37,051	10,461	36,982
Bad debts and financing recovered	(16,603)	(24,431)	(34,311)	(51,518)
	<u>24,813</u>	<u>31,211</u>	<u>33,596</u>	<u>65,822</u>

27. Income attributable to depositors

Group	3 months ended		6 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah fund	2,871	4,179	5,886	8,445
- Non-Mudharabah fund	274,620	242,875	544,332	511,145
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah fund	1,265	17,268	1,577	23,223
	<u>278,756</u>	<u>264,322</u>	<u>551,795</u>	<u>542,813</u>
Bank				
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah fund	2,871	4,179	5,886	8,445
- Non-Mudharabah fund	274,679	242,933	544,449	511,263
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah fund	1,265	17,268	1,577	23,223
	<u>278,815</u>	<u>264,380</u>	<u>551,912</u>	<u>542,931</u>

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28. Income attributable to investment account holders

Group and Bank	3 months ended		6 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Unrestricted investment accounts				
- <i>Mudharabah</i>	457	293	895	466
- <i>Wakalah</i>	28,684	3,455	51,411	5,512
	<u>29,141</u>	<u>3,748</u>	<u>52,306</u>	<u>5,978</u>

29. Personnel expenses

Group	3 months ended		6 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	119,486	103,648	213,354	200,846
Employees' Provident Fund	13,725	12,547	27,502	25,207
Other staff related costs	16,426	12,683	30,345	26,417
	<u>149,637</u>	<u>128,878</u>	<u>271,201</u>	<u>252,470</u>

Bank	3 months ended		6 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	118,105	102,268	210,726	198,061
Employees' Provident Fund	13,532	12,352	27,130	24,794
Other staff related costs	16,280	12,550	30,046	26,134
	<u>147,917</u>	<u>127,170</u>	<u>267,902</u>	<u>248,989</u>

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30. Other overhead expenses

Group	3 months ended		6 months ended	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
<i>Promotion</i>				
Credit and debit card expenses	6,720	6,751	14,612	12,840
Advertisement and publicity	1,723	2,252	2,392	4,114
Others	3,158	3,116	6,188	7,200
	<u>11,601</u>	<u>12,119</u>	<u>23,192</u>	<u>24,154</u>
<i>Establishment</i>				
Office rental	13,409	12,655	26,297	25,583
Depreciation of property and equipment	14,385	14,594	29,368	29,365
Information technology expenses	16,552	12,999	24,009	24,396
Office maintenance	2,968	2,836	5,540	5,035
Security services	5,325	4,830	9,189	8,651
Utilities	3,792	4,567	7,264	7,876
Takaful	2,588	4,805	2,394	5,255
Rental of equipment	1,050	672	1,936	1,670
Others	-	29	281	267
	<u>60,069</u>	<u>57,987</u>	<u>106,278</u>	<u>108,098</u>
<i>General expenses</i>				
Outsourcing fees	4,357	4,944	9,691	8,863
Office supplies	2,358	2,047	4,462	4,375
Travelling and transportation	2,378	1,993	4,460	4,182
Professional fees	2,224	827	2,839	1,593
Subscription fees	983	771	2,095	2,060
Others	21,416	15,629	42,309	28,662
	<u>33,716</u>	<u>26,211</u>	<u>65,856</u>	<u>49,735</u>
	<u>105,386</u>	<u>96,317</u>	<u>195,326</u>	<u>181,987</u>

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30. Other overhead expenses (continued)

Bank	3 months ended		6 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
<i>Promotion</i>				
Credit and debit card expenses	6,720	6,751	14,612	12,840
Advertisement and publicity	1,697	2,212	2,331	4,037
Others	2,487	2,615	4,862	5,606
	10,904	11,578	21,805	22,483
<i>Establishment</i>				
Office rental	13,395	12,641	26,269	25,556
Depreciation of property and equipment	14,318	14,531	29,234	29,240
Information technology expenses	16,552	12,999	24,009	24,396
Office maintenance	2,868	2,812	5,377	4,982
Security services	5,325	4,830	9,189	8,650
Utilities	3,775	4,551	7,230	7,837
Takaful	2,582	4,723	2,375	5,124
Rental of equipment	1,031	651	1,898	1,635
Others	-	29	281	267
	59,846	57,767	105,862	107,687
<i>General expenses</i>				
Outsourcing fees	4,357	4,944	9,691	8,863
Office supplies	2,329	1,989	4,395	4,276
Travelling and transportation	2,359	1,965	4,428	4,121
Professional fees	2,209	767	2,767	1,506
Subscription fees	983	771	2,095	2,060
Others	21,604	15,758	42,776	28,914
	33,841	26,194	66,152	49,740
	104,591	95,539	193,819	179,910

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31. Segmental Reporting on Revenue, Profit and Assets

	Consumer Banking RM'000	Corporate and Commercial Banking RM'000	Treasury Division RM'000	Shareholders unit RM'000	Elimination RM'000	Total RM'000
<u>6 months ended 30 June 2017</u>						
Total Revenue	890,260	298,353	301,249	16,348	(4,666)	1,501,544
Net fund based income	419,011	181,730	(13,216)	143,286	-	730,811
Non-fund based income	73,853	16,064	68,338	12,926	(4,549)	166,632
Net income	492,864	197,794	55,122	156,212	(4,549)	897,443
Allowances for impairment	(20,360)	(13,479)	-	-	-	(33,839)
Profit before overheads, zakat & tax	472,504	184,315	55,122	156,212	(4,549)	863,604
Operating expenses						(495,845)
Profit before zakat & tax						367,759
<u>6 months ended 30 June 2016</u>						
Total Revenue	844,178	280,211	217,031	100,714	(3,681)	1,438,453
Net fund based income	432,591	204,326	(18,242)	88,944	-	707,619
Non-fund based income	69,826	19,167	83,402	13,211	(3,563)	182,043
Net income	502,417	223,493	65,160	102,155	(3,563)	889,662
Allowances for impairment	(38,095)	(27,726)	608	-	-	(65,213)
Profit before overheads, zakat & tax	464,322	195,767	65,768	102,155	(3,563)	824,449
Operating expenses						(464,786)
Profit before zakat & tax						359,663

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

	Consumer Banking RM'000	Corporate and Commercial Banking RM'000	Treasury Division RM'000	Shareholders unit RM'000	Elimination RM'000	Total RM'000
<u>At 30 June 2017</u>						
Segment assets	29,982,284	10,521,219	11,281,811	34,807	(26,880)	51,793,241
Unallocated assets						<u>2,453,446</u>
Total assets						<u><u>54,246,687</u></u>
<u>At 31 December 2016</u>						
Segment assets	28,586,902	10,602,372	13,840,512	34,450	(25,529)	53,038,707
Unallocated assets						<u>2,637,990</u>
Total assets						<u><u>55,676,697</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 30 June 2017 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 held-for-trading	-	553,420	-	553,420	-	553,420	553,420
Derivative financial assets	-	26,284	-	26,284	-	26,284	26,284
Financial assets available-for-sale	18,201	10,119,108	-	10,137,309	5,300	10,142,609	10,142,609
Financial assets held-to-maturity	-	-	-	-	-	-	-
Financing, advances and others	-	-	-	-	40,530,841	40,530,841	40,503,504
<i>Financial liabilities</i>							
Derivative financial liabilities	-	30,712	-	30,712	-	30,712	30,712
Subordinated Sukuk Murabahah	-	-	-	-	748,416	748,416	704,286
<i>Group 31 December 2016 RM'000</i>							
	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 held-for-trading	-	574,835	-	574,835	-	574,835	574,835
Derivative financial assets	-	124,572	-	124,572	-	124,572	124,572
Financial assets available-for-sale	21,124	9,930,862	-	9,951,986	5,300	9,957,286	9,957,286
Financial assets held-to-maturity	-	-	-	-	57,703	57,703	57,703
Financing, advances and others	-	-	-	-	39,233,082	39,233,082	39,189,274
<i>Financial liabilities</i>							
Derivative financial liabilities	-	111,089	-	111,089	-	111,089	111,089
Subordinated Sukuk Murabahah	-	-	-	-	740,110	740,110	704,393

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32. Fair value of Financial Instruments (continued)

Fair value hierarchy (continued)

Bank 30 June 2017 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 held-for-trading	-	548,250	-	548,250	-	548,250	548,250
Derivative financial assets	-	26,284	-	26,284	-	26,284	26,284
Financial assets available-for-sale	18,201	10,119,565	-	10,137,766	5,300	10,143,066	10,143,066
Financial assets held-to-maturity	-	-	-	-	-	-	-
Financing, advances and others	-	-	-	-	40,530,841	40,530,841	40,503,504
<i>Financial liabilities</i>							
Derivative financial liabilities	-	30,712	-	30,712	-	30,712	30,712
Subordinated Sukuk Murabahah	-	-	-	-	748,416	748,416	704,286
<hr/>							
<i>Bank</i>							
<i>31 December 2016</i>							
<i>RM'000</i>							
	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 held-for-trading	-	569,750	-	569,750	-	569,750	569,750
Derivative financial assets	-	124,572	-	124,572	-	124,572	124,572
Financial assets available-for-sale	21,124	9,931,319	-	9,952,443	5,300	9,957,743	9,957,743
Financial assets held-to-maturity	-	-	-	-	57,703	57,703	57,703
Financing, advances and others	-	-	-	-	39,233,082	39,233,082	39,189,274
<i>Financial liabilities</i>							
Derivative financial liabilities	-	111,089	-	111,089	-	111,089	111,089
Subordinated Sukuk Murabahah	-	-	-	-	740,110	740,110	704,393
<hr/>							

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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

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets available-for-sale	Valued at cost less impairment	Not applicable	Not applicable

(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) Financial investments held-to-maturity (“HTM”)

The fair values of securities that are actively traded is determined by quoted bid prices. For non-actively traded securities, 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 and advances

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.

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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:

	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
As at 30 June 2017				
<i>Credit related exposures</i>				
Direct credit substitutes	2,674,942		2,674,942	1,994,633
Transaction related contingent items	1,008,030		504,015	475,767
Short term self-liquidating trade related contingencies	336,883		67,377	64,007
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	-		-	-
- exceeding one year	1,496,452		748,226	631,417
Unutilised credit card lines	-		-	-
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	4,686,173		-	-
	10,202,480		3,994,560	3,165,824
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	3,214,995	21,600	70,612	45,033
Profit rate related contracts				
- less than one year	-	-	-	-
- one year to less than five years	400,000	2,036	4,834	967
- five years and above	222,202	2,648	15,485	9,791
	3,837,197	26,284	90,931	55,791
Total	14,039,677	26,284	4,085,491	3,221,615

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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):

As at 31 December 2016	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
<i>Credit related exposures</i>				
Direct credit substitutes	294,460		294,460	293,848
Transaction related contingent items	952,188		476,094	443,165
Short term self-liquidating trade related contingencies	341,524		68,305	67,309
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	591,031		118,206	88,979
- exceeding one year	1,792,008		896,004	715,873
Unutilised credit card lines	1,140,141		228,028	171,563
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	4,639,610		-	-
	<u>9,750,962</u>		<u>2,081,097</u>	<u>1,780,737</u>
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	3,117,570	117,445	163,823	79,734
Profit rate related contracts				
- less than one year	200,000	1,397	200	40
- one year to less than five years	400,000	2,729	9,497	1,899
- five years and above	236,027	3,001	18,971	11,606
	<u>3,953,597</u>	<u>124,572</u>	<u>192,491</u>	<u>93,279</u>
Total	<u><u>13,704,559</u></u>	<u><u>124,572</u></u>	<u><u>2,273,588</u></u>	<u><u>1,874,016</u></u>

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34. Capital adequacy

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

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

	Group		Bank	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016
CET I & Tier I capital ratio	12.976%	12.397%	12.946%	12.362%
Total capital ratio	16.044%	15.518%	16.017%	15.484%

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

	Group		Bank	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Paid-up share capital	2,803,341	2,404,384	2,803,341	2,404,384
Share premium	-	264,790	-	264,790
Retained earnings	2,046,930	523,247	2,046,928	523,959
Other reserves	(153,284)	1,193,045	(153,468)	1,192,822
Less: Deferred tax assets	(38,775)	(48,378)	(38,775)	(48,378)
Less: Investment in subsidiaries	-	-	(15,525)	(15,525)
Total CET I and Tier I Capital	<u>4,658,212</u>	<u>4,337,088</u>	<u>4,642,501</u>	<u>4,322,052</u>
Sukuk Murabahah	700,000	700,000	700,000	700,000
Collective assessment allowance ^	401,414	391,782	401,364	391,727
Total Tier II Capital	<u>1,101,414</u>	<u>1,091,782</u>	<u>1,101,364</u>	<u>1,091,727</u>
Total Capital	<u>5,759,626</u>	<u>5,428,870</u>	<u>5,743,865</u>	<u>5,413,779</u>

^ Collective assessment allowance on non-impaired financing subject to maximum of 1.25% of total credit risk-weighted assets less credit absorbed by unrestricted investment accounts.

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34. Capital adequacy (continued)

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

	Group		Bank	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Credit risk	35,981,893	33,908,778	35,977,999	33,904,311
Less : Credit risk absorbed by unrestricted investment accounts	(3,868,834)	(2,566,180)	(3,868,834)	(2,566,180)
	32,113,059	31,342,598	32,109,165	31,338,131
Market risk	691,850	609,931	676,082	609,931
Operational risk	3,092,945	3,031,801	3,075,059	3,014,802
	35,897,854	34,984,330	35,860,306	34,962,864

35. Performance review for the six months ended 30 June 2017

The Group reported profit before zakat and tax of RM367.8 million or an increase of 2.3% for the six months ended 30 June 2017 compared to the previous corresponding period. The improved performance was mainly attributed to growth in business activities.

Year-on-year net financing assets grew RM4.2 billion or 11.5% to reach RM40.5 billion as at end of June 2017. Correspondingly, fund based income from financing also increased by RM63.5 million or 6.1%.

As at end of June 2017, customer deposits and investment accounts stood at RM48.1 billion with a year-on-year increase of RM5.7 billion or 13.4%. CASA ratio as at end of June 2017 was 31.6% against the Islamic Banking Industry CASA ratio of 24.4% as at end of May 2017.

The Group's gross impaired financing ratio was 1.02% while the net impaired financing ratio was a negative 0.62% as at end of June 2017 compared to 0.98% and a negative 0.75% respectively as at 31 December 2016. The Banking System gross impaired ratio was 1.67% and the net impaired ratio was 0.29% as at end of May 2017.

The key performance ratios as at end of June 2017 also compared favourably against the Banking System ratios as at end of December 2016. The Bank's return on equity and return on assets based on profit before zakat and tax (PBZT) were 15.8% and 1.3% respectively against the Banking System's 12.5% and 1.3% respectively.

36. Prospect for 2017

The Q1 2017 GDP recorded a growth of 5.6% year-on-year, which was largely driven by both domestic and external demand. Despite recording an inflation rate of 5.1% year-on-year in March 2017, spending among the consumers, in particular, accelerated to 6.6% from 6.1% in the preceding quarter (and 5.2% in Q1 2016). Meanwhile, real export posted a 9.8% growth during the quarter under review.

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36. Prospect for 2017 (continued)

For the full year 2017, GDP is projected to grow by 4.9%. This is largely supported by expected growth from export activities as well as higher investment activities from both the public and private sector. However, consumers and businesses will continue to be cautious in their spending and production activities respectively given the economic uncertainties. In addition, Overnight Policy Rate (OPR) is expected to remain unchanged at 3.00% while the MYR/USD, despite the recent appreciation, will most probably remain above RM4.00 for the rest of 2017.

The banking industry is anticipated to remain resilient despite challenging operating environment with moderate loans growth of between 5% and 6%. While competition for deposits and margin compression continue, sufficient liquidity in the banking system is projected to support financing activities. Banks are also well positioned to maintain Basel III liquidity coverage ratio above the regulatory requirement to meet unexpected cash outflows or adverse liquidity shocks. Banks' capitalisation is also likely to be sufficient to withstand asset quality distress. Moreover, with the rising emergence of fintech startups, banks are expected to invest in technology and innovation or start evaluating commercially viable ways to collaborate with fintech startups in order to remain competitive in this new and changing landscape.

For Bank Islam in particular, it will continue to focus on maintaining its asset quality and deposit drive while continuously embrace digitalisation. In line with Basel III rules, the Bank will continue to manage liquidity and deploy capital efficiently in its operations. The Bank also intends to continue positioning itself as a value-based intermediary that reflects the true essence of Islamic finance.

37. Subsequent events

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

38. Credit Transactions and Exposures with Connected Parties

	Group and Bank	
	30.06.2017	31.12.2016
	RM'000	RM'000
Outstanding credit exposures with connected parties	1,422,041	2,235,730
% of outstanding credit exposures to connected parties as a proportion of total credit exposures	3.45%	5.61%
% of outstanding credit exposures with connected parties which is non-performing or in default	0.001%	0.001%

The above disclosure on Credit Transaction and Exposures with Connected Parties is presented in accordance with Para 9.1 of Bank Negara Malaysia's Revised Guidelines on Credit Transaction and Exposures with Connected Parties.