

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

Statements of Financial Position as at 30 September 2023

	Note	Group		Bank	
		30.09.2023 RM'000	31.12.2022 RM'000	30.09.2023 RM'000	31.12.2022 RM'000
Assets					
Cash and short-term funds	8	2,401,952	7,145,114	2,397,315	7,128,159
Financial assets at fair value through profit or loss (“FVTPL”)	9	1,433,773	299,128	1,406,806	272,735
Derivative financial assets	10	100,866	123,000	100,866	123,000
Financial assets at fair value through other comprehensive income (“FVOCI”)	11	12,326,748	12,093,417	12,328,107	12,094,304
Financial assets at amortised cost (“AC”)	12	3,199,369	3,055,256	3,199,369	3,055,256
Financing, advances and others	13	66,467,071	64,901,994	66,467,071	64,901,994
Other assets	14	472,150	600,746	414,623	501,471
Statutory deposits with Bank Negara Malaysia		1,018,115	950,508	1,018,115	950,508
Current tax assets		7,178	7,203	6,662	6,662
Deferred tax assets		177,925	212,349	176,953	211,377
Right-of-use assets	15	171,068	184,383	171,026	183,959
Investments in subsidiaries		-	-	100,905	100,905
Property and equipment		246,981	223,995	245,151	221,835
Intangible assets		48,789	54,578	48,789	54,578
Total assets		88,071,985	89,851,671	88,081,758	89,806,743
Liabilities and equity					
Deposits from customers	16	57,927,983	60,707,504	57,945,234	60,821,715
Investment accounts of customers	17	16,006,569	14,461,439	16,036,746	14,564,962
Deposits and placements of banks and other financial institutions		451,210	70,068	451,210	70,068
Derivative financial liabilities	10	77,376	137,324	77,376	137,324
Bills and acceptance payable		45,224	22,441	45,224	22,441
Recourse obligations on financing sold to Cagamas	B7(a)	2,004,329	3,005,343	2,004,329	3,005,343
Subordinated sukuk and capital securities	B7(b)	2,224,834	2,222,092	2,224,834	2,222,092
Other liabilities	18	1,582,040	2,070,964	1,564,768	1,910,462
Lease liabilities	15	284,414	295,585	284,414	295,167
Zakat and taxation		13,425	62,668	13,420	62,582
Total liabilities		80,617,404	83,055,428	80,647,555	83,112,156

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

Statements of Financial Position as at 30 September 2023 (continued)

	Note	Group		Bank	
		30.09.2023	31.12.2022	30.09.2023	31.12.2022
			RM'000	RM'000	RM'000
Equity					
Share capital		3,888,725	3,645,043	3,888,725	3,645,043
Reserves		3,565,856	3,151,200	3,545,478	3,049,544
Total equity		<u>7,454,581</u>	<u>6,796,243</u>	<u>7,434,203</u>	<u>6,694,587</u>
Total liabilities and equity		<u>88,071,985</u>	<u>89,851,671</u>	<u>88,081,758</u>	<u>89,806,743</u>
Restricted investment accounts managed by the Bank	17(a)	-	43	-	43
Total Islamic banking asset owned and managed by the Bank		<u>88,071,985</u>	<u>89,851,714</u>	<u>88,081,758</u>	<u>89,806,786</u>
Commitments and Contingencies	30	<u>19,775,192</u>	<u>18,883,556</u>	<u>19,775,192</u>	<u>18,883,556</u>
Net assets per share attributable to equity holders of the Bank (RM)		<u>3.29</u>	<u>3.15</u>	<u>3.28</u>	<u>3.11</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 2022.

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

Statements of Profit or Loss for the nine months ended 30 September 2023

Group	Note	3 months ended		9 months ended	
		30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Income derived from investment of depositors' funds	19	821,988	660,961	2,425,301	1,838,221
Income derived from investment account funds	20	180,370	166,630	540,864	417,666
Income derived from investment of shareholders' funds	21	136,097	105,589	396,433	273,173
Net allowance for impairment on financing and advances, net of recoveries	22	(41,305)	(24,927)	(164,906)	(102,058)
Net allowance for impairment on other financial assets		522	(1,638)	726	911
Direct expenses		(3,986)	(2,775)	(11,460)	(8,338)
Total distributable income		1,093,686	903,840	3,186,958	2,419,575
Wakalah fees from restricted investment accounts		-	-	11	49
Income attributable to depositors	23	(425,596)	(265,370)	(1,263,563)	(715,659)
Income attributable to investment account holders	24	(92,485)	(56,200)	(261,733)	(132,193)
Total net income		575,605	582,270	1,661,673	1,571,772
Personnel expenses	25	(205,806)	(204,742)	(634,615)	(570,680)
Other overhead expenses	26	(145,036)	(130,655)	(401,931)	(364,001)
		224,763	246,873	625,127	637,091
Finance cost	27	(27,657)	(27,838)	(82,351)	(77,536)
Profit before zakat and tax		197,106	219,035	542,776	559,555
Zakat		(3,750)	(3,753)	(11,250)	(11,234)
Tax expense	B5	(52,815)	(72,422)	(136,760)	(182,387)
Profit for the period		140,541	142,860	394,766	365,934
Earnings per share (sen)	B10			17.58	17.02

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

Statements of Other Comprehensive Income for the nine months ended 30 September 2023

Group	3 months ended		9 months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Profit for the period	<u>140,541</u>	<u>142,860</u>	<u>394,766</u>	<u>365,934</u>
Other comprehensive income, net of tax:				
Items that are or may be reclassified subsequently to profit or loss				
Currency translation differences in respect of Labuan operations	(1,568)	(1,519)	(6,910)	7,174
Movement in fair value reserve (debt instruments):				
Net change in fair value	(5,685)	(6,142)	169,499	(215,303)
Changes in expected credit loss	78	(1,638)	282	(4,023)
Net amount transferred to profit or loss	(9,820)	(547)	(52,558)	(1,181)
Income tax effect relating to components of other comprehensive income	<u>3,816</u>	<u>1,999</u>	<u>(28,020)</u>	<u>53,648</u>
	<u>(13,179)</u>	<u>(7,847)</u>	<u>82,293</u>	<u>(159,685)</u>
Items that will not be reclassified to profit or loss				
Movement in fair value reserve (equity instruments):				
Net change in fair value	<u>13,524</u>	<u>1,473</u>	<u>13,893</u>	<u>(123)</u>
Other comprehensive income for the period, net of tax	<u>345</u>	<u>(6,374)</u>	<u>96,186</u>	<u>(159,808)</u>
Total comprehensive income for the period	<u>140,886</u>	<u>136,486</u>	<u>490,952</u>	<u>206,126</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 2022.

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

Statements of Profit or Loss for the nine months ended 30 September 2023

Bank	Note	3 months ended		9 months ended	
		30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Income derived from investment of depositors' funds	19	821,988	660,961	2,425,301	1,838,221
Income derived from investment account funds	20	180,370	166,630	540,864	417,666
Income derived from investment of shareholders' funds	21	131,184	103,707	461,866	257,306
Net allowance for impairment on financing and advances, net of recoveries	22	(41,305)	(24,927)	(164,906)	(102,058)
Net allowance for impairment on other financial assets and investment in subsidiaries		(4,478)	(1,638)	(4,274)	911
Direct expenses		(3,986)	(2,775)	(11,460)	(8,338)
Total distributable income		1,083,773	901,958	3,247,391	2,403,708
Wakalah fees from restricted investment accounts		-	-	11	49
Income attributable to depositors	23	(425,697)	(265,408)	(1,263,821)	(715,794)
Income attributable to investment account holders	24	(92,667)	(56,852)	(263,051)	(133,982)
Total net income		565,409	579,698	1,720,530	1,553,981
Personnel expenses	25	(194,657)	(195,995)	(602,140)	(546,339)
Other overhead expenses	26	(149,138)	(131,938)	(412,727)	(363,951)
		221,614	251,765	705,663	643,691
Finance cost	27	(27,656)	(27,837)	(82,342)	(77,526)
Profit before zakat and tax		193,958	223,928	623,321	566,165
Zakat		(3,750)	(3,750)	(11,250)	(11,250)
Tax expense	B5	(52,704)	(72,345)	(136,424)	(181,268)
Profit for the period		137,504	147,833	475,647	373,647

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

Statements of Other Comprehensive Income for the nine months ended 30 September 2023

Bank	3 months ended		9 months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Profit for the period	<u>137,504</u>	<u>147,833</u>	<u>475,647</u>	<u>373,647</u>
Other comprehensive income, net of tax:				
Items that are or may be reclassified subsequently to profit or loss				
Currency translation differences in respect of Labuan operations	(1,100)	(1,577)	(6,513)	7,069
Movement in fair value reserve (debt instruments):				
Net change in fair value	(6,157)	(6,142)	169,027	(215,327)
Changes in expected credit loss	78	(1,638)	282	(4,023)
Net amount transferred to profit or loss	(9,820)	(547)	(52,558)	(1,181)
Income tax effect relating to components of other comprehensive income	<u>3,816</u>	<u>1,999</u>	<u>(28,020)</u>	<u>53,648</u>
	(13,183)	(7,905)	82,218	(159,814)
Items that will not be reclassified to profit or loss				
Movement in fair value reserve (equity instruments):				
Net change in fair value	<u>13,996</u>	<u>1,473</u>	<u>14,365</u>	<u>(99)</u>
Other comprehensive income for the period, net of tax	<u>813</u>	<u>(6,432)</u>	<u>96,583</u>	<u>(159,913)</u>
Total comprehensive income for the period	<u>138,317</u>	<u>141,401</u>	<u>572,230</u>	<u>213,734</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 2022.

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

Consolidated Statement of Changes in Equity for the nine months ended 30 September 2023

Group	<i>← Attributable to equity holders →</i>			Total Equity RM'000
	<i>← Non-distributable →</i>	<i>Distributable</i>		
	Share capital RM'000	Other Reserves RM'000	Retained earnings RM'000	
At 1 January 2023	3,645,043	54,596	3,096,604	6,796,243
Profit for the period	-	-	394,766	394,766
Currency translation difference in respect of Labuan operations	-	(6,910)	-	(6,910)
Fair value reserve (debt instruments):				
Net change in fair value	-	169,499	-	169,499
Changes in expected credit loss	-	282	-	282
Net amount transferred to profit or loss	-	(52,558)	-	(52,558)
Income tax effect relating to components of other comprehensive income	-	(28,020)	-	(28,020)
Fair value reserve (equity instruments):				
Net change in fair value	-	13,893	-	13,893
Total comprehensive income for the period	-	96,186	394,766	490,952
Transfer to regulatory reserve	-	29,000	(29,000)	-
Dividends paid on ordinary shares	-	-	(76,296)	(76,296)
Issue of shares pursuant to Dividend Reinvestment Plan	243,682	-	-	243,682
At 30 September 2023	3,888,725	179,782	3,386,074	7,454,581

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

Consolidated Statement of Changes in Equity for the nine months ended 30 September 2023 (continued)

Group	<i>← Attributable to equity holders →</i>			Total Equity RM'000
	<i>← Non-distributable →</i>	<i>Distributable</i>		
	Share capital RM'000	Other Reserves RM'000	Retained earnings RM'000	
At 1 January 2022	3,445,757	(10,899)	2,965,080	6,399,938
Profit for the period	-	-	365,934	365,934
Currency translation difference in respect of Labuan operations	-	7,174	-	7,174
Fair value reserve (debt instruments):				
Net change in fair value	-	(215,303)	-	(215,303)
Changes in expected credit loss	-	(4,023)	-	(4,023)
Net amount transferred to profit or loss	-	(1,181)	-	(1,181)
Income tax effect relating to components of other comprehensive income	-	53,648	-	53,648
Fair value reserve (equity instruments):				
Net change in fair value	-	(123)	-	(123)
Total comprehensive income for the period	-	(159,808)	365,934	206,126
Transfer to regulatory reserve	-	85,000	(85,000)	-
Issue of shares pursuant to Dividend Reinvestment Plan	199,286	-	-	199,286
At 30 September 2022	3,645,043	(85,707)	3,246,014	6,805,350

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 2022.

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

Statement of Changes in Equity for the nine months ended 30 September 2023

Bank	<i>← Attributable to equity holders →</i>			Total Equity
	<i>← Non-distributable →</i>	Distributable		
	Share capital	Other Reserves	Retained earnings	RM'000
	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	3,645,043	(56,368)	3,105,912	6,694,587
Profit for the period	-	-	475,647	475,647
Currency translation difference in respect of Labuan operations	-	(6,513)	-	(6,513)
Fair value reserve (debt instruments):				
Net change in fair value	-	169,027	-	169,027
Changes in expected credit loss	-	282	-	282
Net amount transferred to profit or loss	-	(52,558)	-	(52,558)
Income tax effect relating to components of other comprehensive income	-	(28,020)	-	(28,020)
Fair value reserve (equity instruments):				
Net change in fair value	-	14,365	-	14,365
Total comprehensive income for the period	-	96,583	475,647	572,230
Transfer to regulatory reserve	-	29,000	(29,000)	-
Dividends paid on ordinary shares	-	-	(76,296)	(76,296)
Issue of shares pursuant to Dividend Reinvestment Plan	243,682	-	-	243,682
At 30 September 2023	3,888,725	69,215	3,476,263	7,434,203

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

Statement of Changes in Equity for the nine months ended 30 September 2023 (continued)

	<i>← Attributable to equity holders →</i>			
	<i>← Non-distributable →</i>	<i>Distributable</i>		
Bank	Share capital	Other Reserves	Retained earnings	Total Equity
	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	3,445,757	(121,843)	2,965,659	6,289,573
Profit for the period	-	-	373,647	373,647
Currency translation difference in respect of Labuan operations	-	7,069	-	7,069
Fair value reserve (debt instruments):				
Net change in fair value	-	(215,327)	-	(215,327)
Changes in expected credit loss	-	(4,023)	-	(4,023)
Net amount transferred to profit or loss	-	(1,181)	-	(1,181)
Income tax effect relating to components of other comprehensive income	-	53,648	-	53,648
Fair value reserve (equity instruments):				
Net change in fair value	-	(99)	-	(99)
Total comprehensive income for the period	-	(159,913)	373,647	213,734
Transfer to regulatory reserve	-	85,000	(85,000)	-
Issue of shares pursuant to Dividend Reinvestment Plan	199,286	-	-	199,286
At 30 September 2022	3,645,043	(196,756)	3,254,306	6,702,593

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 2022.

Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)]**(Incorporated in Malaysia)****Unaudited Interim Financial Statements****Condensed Statements of Cash Flow for the financial year ended 30 September 2023**

	Group		Bank	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Profit before zakat and tax	542,776	559,555	623,321	566,165
Adjustment for:				
Depreciation of property and equipment	40,916	44,111	40,323	43,462
Amortisation of intangible assets	12,479	-	12,479	-
Depreciation of right-of-use assets	13,589	12,678	13,207	12,330
Property and equipment provision written off	409	186	369	5
Allowance for impairment on financing, advances and other	233,102	164,994	233,102	164,994
Net allowance for impairment on other financial assets and investment in subsidiaries	4,274	(911)	4,274	(911)
Net gain/ (loss) on sale of financial assets at FVTPL	(1,722)	808	(1,722)	808
Net gain on sale of financial assets at FVOCI	(52,558)	(1,181)	(52,558)	(1,181)
Fair value (gain)/ loss on financial assets at FVTPL	(2,463)	24,389	(2,423)	24,459
Dividend from subsidiary	-	-	(80,000)	(3,000)
Dividends from financial assets at FVTPL	(1,680)	(8,099)	(1,146)	(7,787)
Income from rebate on investment in unit trust	-	-	(499)	(1,581)
Net derivatives gain	(1)	(2)	(1)	(2)
Finance cost on sukuk and capital securities	70,120	64,908	70,120	64,908
Profit expense on lease	12,231	12,628	12,222	12,618
Operating profit before changes in assets and liabilities	871,472	874,064	871,068	875,287
Changes in assets and liabilities:				
Deposits and placements of banks and other financial institutions	381,142	552,520	381,142	552,520
Financing, advances and others	(1,798,179)	(3,075,637)	(1,798,179)	(3,075,637)
Statutory deposits with Bank Negara Malaysia	(67,607)	70,014	(67,607)	70,014
Other financial asset at amortised cost	99,471	(194,058)	57,723	(197,504)
Deposits from customers	(2,779,521)	755,765	(2,876,481)	741,940
Investment account	1,545,130	3,719,530	1,471,784	3,725,433
Bills and acceptance payables	22,783	(2,505)	22,783	(2,505)
Other liabilities	(324,717)	281,594	(181,486)	286,743
Recourse obligation on financing sold to Cagamas	(1,001,014)	-	(1,001,014)	-

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

**Condensed Statements of Cash Flow for the financial year ended 30 September 2023
(continued)**

	Group		Bank	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Cash (used in)/ generated from operations	(3,051,040)	2,981,287	(3,120,267)	2,976,291
Zakat paid	(13,715)	(12,234)	(13,630)	(12,218)
Tax paid	(177,299)	(156,665)	(176,826)	(155,881)
Tax refund	167	-	-	-
Net cash (used in)/ generated from operating activities	(3,241,887)	2,812,388	(3,310,723)	2,808,192
Cash flows from investing activities				
Purchase of property and equipment	(64,291)	(74,275)	(63,998)	(73,892)
Purchase of intangible assets	(6,690)	-	(6,690)	-
Dividend from subsidiary	-	-	80,000	3,000
Dividends from financial assets at FVTPL	1,680	8,099	1,146	7,787
Income from rebate on investment in unit trust	-	-	499	1,581
Net proceeds from disposal of securities	(1,277,244)	(690,228)	(1,277,182)	(689,942)
Net cash (used in)/ generated from investing activities	(1,346,545)	(756,404)	(1,266,225)	(751,466)
Cash flows from financing activities				
Issuance of Subordinated Sukuk Mudharabah	-	500,000	-	500,000
Dividend paid on ordinary shares	(56,762)	(27,607)	(56,762)	(27,607)
Finance cost paid on sukuk and capital securities	(67,378)	(48,802)	(67,378)	(48,802)
Payment of lease liabilities	(23,660)	(22,577)	(23,233)	(22,150)
Net cash used in financing activities	(147,800)	401,014	(147,373)	401,441
Net (decrease)/ increase in cash and cash equivalents	(4,736,232)	2,456,998	(4,724,321)	2,458,167
Cash and cash equivalents as at beginning of year	7,145,114	5,222,848	7,128,159	5,204,364
Exchange difference on translation	(6,930)	7,153	(6,523)	7,062
Cash and cash equivalents as at end of period	2,401,952	7,686,999	2,397,315	7,669,593
Cash and cash equivalents comprise:				
Cash and short term funds	2,401,952	7,686,999	2,397,315	7,669,593

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 2022.

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

Notes to the unaudited interim financial statements for the nine months ended 30 September 2023

1. Basis of preparation

The unaudited interim financial statements of the Group and of the Bank for the nine months ended 30 September 2023 have been prepared in accordance with the applicable requirements of MFRS 134: *Interim Financial Reporting* in Malaysia issued by Malaysian Accounting Standards Board (“MASB”), paragraph 9.22 of Bursa Malaysia Securities Berhad’s Listing Requirements, 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 2022. 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 2022.

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 2022, except for the adoption of the following amendments to Malaysian Financial Reporting Standards (“MFRS”):

- Amendments to MFRS 101, *Classification of liabilities as current or non-current*
- Amendments to MFRS 101, *Disclosure of accounting policies*
- Amendments to MFRS 108, *Definition of Accounting Estimates*
- Amendments to MFRS 112, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The adoption of the above amendments to MFRSs do not have any significant impact to 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 2022 was not qualified.

3. Seasonal or cyclical factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the nine months ended 30 September 2023.

4. Unusual items

There were no unusual items in the nine months ended 30 September 2023.

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

5. Changes in accounting estimates

There were no material changes in estimates of amounts reported in the prior financial year that have a material effect in the nine months ended 30 September 2023.

6. Changes in debt and equity securities

On 31 January 2023, the Group and the Bank increased its issued and paid-up capital from 2,155,269,114 to 2,244,005,114 via the issuance of 88,736,000 new ordinary shares for a consideration of RM2.26 each arising from Dividend Reinvestment Plan.

On 15 May 2023, the Group and the Bank increased its issued and paid-up capital from 2,244,005,114 to 2,266,473,214 via the issuance of 22,468,100 new ordinary shares for a consideration of RM1.92 each arising from Dividend Reinvestment Plan.

There was no share buy-back during the nine months ended 30 September 2023.

7. Subsequent events during the nine months ended 30 September 2023

On 17 October 2023, the Bank has issued the fifth tranche of the of Subordinated Sukuk Murabahah amounting to RM400 million under the Sukuk Murabahah Programme with a profit rate of 4.70% per annum. There was no subsequent event other than as disclosed above.

8. Cash and short-term funds

	Group		Bank	
	30.09.2023	31.12.2022	30.09.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	672,024	817,436	669,730	816,234
Money at call and interbank placements with remaining maturity not exceeding three months	<u>1,729,928</u>	<u>6,327,678</u>	<u>1,727,585</u>	<u>6,311,925</u>
	<u>2,401,952</u>	<u>7,145,114</u>	<u>2,397,315</u>	<u>7,128,159</u>

9. Financial assets at fair value through profit and loss ("FVTPL")

	Group		Bank	
	30.09.2023	31.12.2022	30.09.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Malaysian Government Investment Issues	543,567	-	543,567	-
Unit trust	245,682	244,260	218,725	217,877
Malaysian Islamic Treasury Bills	169,265	49,847	169,265	49,847
Bank Negara Monetary Notes	299,890	-	299,890	-
Islamic Commercial Papers	135,033	-	135,033	-
Corporate Sukuk	40,336	5,021	40,326	5,011
	<u>1,433,773</u>	<u>299,128</u>	<u>1,406,806</u>	<u>272,735</u>

Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)]**(Incorporated in Malaysia)****Unaudited Interim Financial Statements****10. Derivative financial assets/ liabilities**

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

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

Group and Bank	30.09.2023			31.12.2022		
	Notional amount	Fair value		Notional amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Forward contracts	8,010,021	100,826	(77,344)	7,713,420	122,827	(137,223)
Profit rate swaps	13,279	40	(32)	42,286	173	(101)
	8,023,300	100,866	(77,376)	7,755,706	123,000	(137,324)

11. Financial assets at fair value through other comprehensive income (“FVOCI”)

	Group		Bank	
	30.09.2023	31.12.2022	30.09.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Financial assets at FVOCI:				
(a) Debt instruments	12,236,816	12,017,378	12,236,816	12,017,378
(b) Equity instruments	89,932	76,039	91,291	76,926
	12,326,748	12,093,417	12,328,107	12,094,304

(a) Debt instrument at FVOCI

	Group and Bank	
	30.09.2023	31.12.2022
	RM'000	RM'000
Malaysian Government Investment Issues	4,928,226	4,344,171
Corporate Sukuk	7,308,590	7,357,640
Malaysian Islamic Treasury Bills	-	315,567
	12,236,816	12,017,378

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

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

(a) Debt instrument at FVOCI (continued)

Movement of allowance for impairment on financial assets at FVOCI:

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2022	237	-	7,000	7,237
Transfer to Stage 2	(21)	21	-	-
Changes in credit risk	6	460	3,500	3,966
Purchases and origination	46	-	-	46
Derecognition and disposal	(37)	-	-	(37)
At 31 December 2022/1 January 2023	231	481	10,500	11,212
Transfer to Stage 1	40	(40)	-	-
Changes in credit risk	(85)	(145)	-	(230)
Purchases and origination	71	-	-	71
Derecognition and disposal	(58)	(65)	-	(123)
At 30 September 2023	199	231	10,500	10,930

(b) Equity instrument at FVOCI

	Group		Bank	
	30.09.2023 RM'000	31.12.2022 RM'000	30.09.2023 RM'000	31.12.2022 RM'000
Quoted Shares				
- outside Malaysia	6,467	7,000	6,467	7,000
Unquoted Shares				
- in Malaysia	83,448	69,023	84,807	69,910
- outside Malaysia	17	16	17	16
	83,465	69,039	84,824	69,926
	89,932	76,039	91,291	76,926

12. Financial assets at amortised cost (“AC”)

	Group and Bank	
	30.09.2023 RM'000	31.12.2022 RM'000
<i>Debt instrument at amortised cost:</i>		
Malaysian Government Investment Issues	2,566,287	2,288,813
Corporate sukuk	633,082	668,595
Malaysian Islamic Treasury Bills	-	97,848
	3,199,369	3,055,256
Less: Allowance for impairment	-	-
	3,199,369	3,055,256

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

13. Financing, advances and others

(a) By type and Shariah contract

Group and Bank 30.09.2023	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	Istisna' RM'000	Total RM'000
At amortised cost								
Cash line	-	-	-	-	1,330,044	-	-	1,330,044
Term financing								
House financing	2,503,132	-	-	-	24,250,710	-	36,021	26,789,863
Syndicated financing	-	-	-	-	1,225,668	-	-	1,225,668
Leasing financing	-	-	-	-	-	87,310	-	87,310
Bridging financing	-	-	-	-	-	-	3,515	3,515
Personal financing	-	-	-	1,416	20,102,876	-	-	20,104,292
Other term financing	148,217	1,668,137	-	118	13,831,600	-	830	15,648,902
Staff financing	30,757	22,920	-	-	533,028	-	4,976	591,681
Credit cards	-	-	-	-	535,604	-	-	535,604
Trade bills discounted	-	679,777	97,216	-	22,200	-	-	799,193
Trust receipts	-	10,561	-	-	-	-	-	10,561
Pawn broking	-	-	-	-	168,293	-	-	168,293
	2,682,106	2,381,395	97,216	1,534	62,000,023	87,310	45,342	67,294,926

Allowance for impairment on financing, advances and others

- Stage 1	(340,931)
- Stage 2	(252,592)
- Stage 3	(234,332)
Net financing, advances and others	66,467,071

^ 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.

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

13. Financing, advances and others (continued)

(a) By type and Shariah contract (continued)

Group and Bank 31.12.2022	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	Istisna' RM'000	Total RM'000
At amortised cost								
Cash line	-	-	-	280	1,436,808	-	-	1,437,088
Term financing								
House financing	2,710,203	-	-	-	23,123,198	-	38,521	25,871,922
Syndicated financing	-	-	-	-	1,565,789	-	-	1,565,789
Leasing financing	-	-	-	-	-	81,238	-	81,238
Bridging financing	-	-	-	-	-	-	33,031	33,031
Personal financing	-	-	-	2,188	19,834,524	-	-	19,836,712
Other term financing	181,798	1,402,239	-	-	13,675,552	-	884	15,260,473
Staff financing	35,137	20,709	-	-	482,389	-	5,577	543,812
Credit cards	-	-	-	-	508,104	-	-	508,104
Trade bills discounted	-	539,190	89,410	-	20,388	-	-	648,988
Trust receipts	-	4,565	-	-	-	-	-	4,565
Pawn broking	-	-	-	-	150,135	-	-	150,135
	<u>2,927,138</u>	<u>1,966,703</u>	<u>89,410</u>	<u>2,468</u>	<u>60,796,887</u>	<u>81,238</u>	<u>78,013</u>	<u>65,941,857</u>
Allowance for impairment on financing, advances and others								
- Stage 1								(366,051)
- Stage 2								(224,397)
- Stage 3								(449,415)
Net financing, advances and others								<u>64,901,994</u>

^ 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.

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

13. Financing, advances and others (continued)

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

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

	Note	Group		Bank	
		30.09.2023 RM'000	31.12.2022 RM'000	30.09.2023 RM'000	31.12.2022 RM'000
House financing					
Unrestricted					
Investment Accounts	17(a)	12,903,601	10,887,549	12,918,689	10,939,310
Sold to Cagamas with recourse	B7(a)	2,004,329	3,005,343	2,004,329	3,005,343
		<u>14,907,930</u>	<u>13,892,892</u>	<u>14,923,018</u>	<u>13,944,653</u>
Personal financing					
Unrestricted					
Investment Accounts	17(a)	3,102,968	3,573,890	3,118,057	3,625,652

(b) By type of customer

	Group and Bank	
	30.09.2023 RM'000	31.12.2022 RM'000
Domestic banking institutions	40	200,741
Domestic non-bank financial institutions	1,102,267	1,134,114
Domestic business enterprise	11,361,463	11,388,424
Small and medium industries	2,612,612	2,515,004
Government and statutory bodies	1,938,774	1,895,508
Individuals	50,121,454	48,636,547
Other domestic entities	16,714	15,991
Foreign entities	141,602	155,528
	<u>67,294,926</u>	<u>65,941,857</u>

(c) By profit rate sensitivity

	Group and Bank	
	30.09.2023 RM'000	31.12.2022 RM'000
Fixed rate		
House financing	941,577	960,743
Others	5,064,900	4,578,040
Floating rate		
House financing	26,532,604	25,607,476
Others	34,755,845	34,795,598
	<u>67,294,926</u>	<u>65,941,857</u>

Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)]**(Incorporated in Malaysia)****Unaudited Interim Financial Statements****13. Financing, advances and others (continued)****(d) By remaining contractual maturity**

	Group and Bank	
	30.09.2023	31.12.2022
	RM'000	RM'000
Maturity within one year	6,522,147	5,683,188
More than one year to three years	1,845,296	2,353,259
More than three years to five years	3,831,796	3,886,072
More than five years	55,095,687	54,019,338
	<u>67,294,926</u>	<u>65,941,857</u>

(e) By geographical distribution

	Group and Bank	
	30.09.2023	31.12.2022
	RM'000	RM'000
Central Region	31,769,253	30,904,086
Eastern Region	10,152,701	9,980,174
Northern Region	8,957,225	8,825,148
Southern Region	11,366,987	11,281,525
East Malaysia Region	5,048,760	4,950,924
	<u>67,294,926</u>	<u>65,941,857</u>

(f) By sector

	Group and Bank	
	30.09.2023	31.12.2022
	RM'000	RM'000
Primary agriculture	861,336	876,964
Mining and quarrying	124,236	371,447
Manufacturing (including agro-based)	626,155	615,475
Electricity, gas and water	2,220,939	2,226,137
Wholesale & retail trade, and hotels & restaurants	1,230,914	1,208,104
Construction	1,585,494	1,967,534
Transport, storage and communications	2,802,950	2,829,640
Finance, insurance, real estate and business activities	5,043,886	4,724,887
Education, health and others	2,670,711	2,479,672
Household sectors	50,128,305	48,641,997
	<u>67,294,926</u>	<u>65,941,857</u>

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

13. Financing, advances and others (continued)

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

	Group and Bank	
	30.09.2023	31.12.2022
	RM’000	RM’000
At 1 January 2023/ 2022	835,232	568,383
Classified as impaired during the period/ year	694,930	916,357
Reclassified as not impaired during the period/ year	(340,421)	(290,419)
Amount repaid	(87,820)	(107,468)
Amount written-off	(447,909)	(251,621)
At 30 September 2023/ 31 December 2022	<u>654,012</u>	<u>835,232</u>
Gross impaired financing as a percentage of gross financing, advances and others	<u>0.97%</u>	<u>1.27%</u>

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

(h) Impaired financing by geographical distribution

	Group and Bank	
	30.09.2023	31.12.2022
	RM’000	RM’000
Central Region	279,924	510,998
Eastern Region	110,613	95,756
Northern Region	153,533	146,491
Southern Region	74,279	55,567
East Malaysia Region	35,663	26,420
	<u>654,012</u>	<u>835,232</u>

(i) Impaired financing by sector

	Group and Bank	
	30.09.2023	31.12.2022
	RM’000	RM’000
Primary agriculture	2,235	-
Mining and quarrying	228	257,925
Manufacturing (including agro-based)	35,196	37,452
Electricity, gas and water	2,506	467
Wholesale & retail trade, and hotels & restaurants	85,659	75,788
Construction	38,953	32,449
Transport, storage and communications	20,417	20,222
Finance, insurance, real estate and business activities	37,574	37,872
Education, health and others	5,099	2,158
Household sectors	426,145	370,899
	<u>654,012</u>	<u>835,232</u>

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

13. Financing, advances and others (continued)

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

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2022	487,308	303,998	272,660	1,063,966
Transfer to Stage 1	1,336	(1,194)	(142)	-
Transfer to Stage 2	(12,582)	13,174	(592)	-
Transfer to Stage 3	(1,753)	(16,769)	18,522	-
Net allowance made during the year	(149,026)	(56,960)	443,813	237,827
New financial assets originated or purchased	87,852	8,033	1,572	97,457
Financial assets that have been derecognised	(42,124)	(25,885)	(34,797)	(102,806)
Write-offs	-	-	(251,621)	(251,621)
Exchange differences	(4,960)	-	-	(4,960)
At 31 December 2022/1 January 2023	366,051	224,397	449,415	1,039,863
Transfer to Stage 1	6,081	(6,006)	(75)	-
Transfer to Stage 2	(15,720)	18,460	(2,740)	-
Transfer to Stage 3	(797)	(14,273)	15,070	-
Net allowance made during the period	(50,631)	29,813	223,694	202,876
New financial assets originated or purchased	63,527	5,914	1,523	70,964
Financial assets that have been derecognised	(30,379)	(5,713)	(4,646)	(40,738)
Write-offs	-	-	(447,909)	(447,909)
Exchange differences	2,799	-	-	2,799
At 30 September 2023	340,931	252,592	234,332	827,855

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

14. Other assets

	Group		Bank	
	30.09.2023	31.12.2022	30.09.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Other receivables	407,663	550,417	357,493	458,443
Deposit and prepayments	66,274	53,241	58,860	45,939
Related companies*	1,855	1,174	1,912	1,175
	<u>475,792</u>	<u>604,832</u>	<u>418,265</u>	<u>505,557</u>
Less: Allowance for impairment				
Stage 3				
- Other receivables	(3,642)	(4,086)	(3,642)	(4,086)
	<u>472,150</u>	<u>600,746</u>	<u>414,623</u>	<u>501,471</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.

15. Right-of-use assets and lease liabilities

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

	Group		Bank	
	30.09.2023	31.12.2022	30.09.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Right-of-use assets (Buildings)				
As at 1 January 2023/ 2022	184,383	196,000	183,959	195,614
Addition	268	5,569	268	5,059
Depreciation	(13,589)	(17,198)	(13,207)	(16,726)
Effects of movement in exchange rates	6	12	6	12
As at 30 September 2023/ 31	<u>171,068</u>	<u>184,383</u>	<u>171,026</u>	<u>183,959</u>
December 2022				
Lease liabilities				
As at 1 January 2023/ 2022	295,585	303,448	295,167	302,984
Addition	252	5,569	252	5,059
Payment of lease liabilities	(23,660)	(30,240)	(23,233)	(29,669)
Finance cost	12,231	16,796	12,222	16,781
Effects of movement in exchange rates	6	12	6	12
As at 30 September 2023/ 31	<u>284,414</u>	<u>295,585</u>	<u>284,414</u>	<u>295,167</u>
December 2022				

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

16. Deposits from customers

a) By type and Shariah contract

	Group		Bank	
	30.09.2023 RM'000	31.12.2022 RM'000	30.09.2023 RM'000	31.12.2022 RM'000
Saving Deposit				
<i>Qard</i>	6,441,256	6,646,714	6,441,256	6,646,714
Demand Deposit				
<i>Qard</i>	12,252,817	13,724,699	12,259,141	13,830,033
Term Deposit	39,113,243	40,220,734	39,124,170	40,229,611
General Investment Deposit				
<i>Mudharabah</i>	103,575	118,094	103,575	118,094
Term Deposit – i				
<i>Tawarruq</i>	38,690,908	39,982,616	38,701,835	39,991,493
Negotiable Islamic Debt Certificates (NIDC)	318,760	120,024	318,760	120,024
Others	120,667	115,357	120,667	115,357
	<u>57,927,983</u>	<u>60,707,504</u>	<u>57,945,234</u>	<u>60,821,715</u>

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

16. Deposits from customers (continued)

b) Maturity structure of term deposits are as follows:

	Group		Bank	
	30.09.2023 RM'000	31.12.2022 RM'000	30.09.2023 RM'000	31.12.2022 RM'000
Due within six months	19,634,649	27,734,736	19,637,137	27,736,556
More than six months to one year	11,666,318	7,680,524	11,673,985	7,685,806
More than one year to three years	5,197,330	2,074,887	5,198,102	2,076,662
More than three years to five years	2,614,946	2,730,587	2,614,946	2,730,587
	<u>39,113,243</u>	<u>40,220,734</u>	<u>39,124,170</u>	<u>40,229,611</u>

c) By type of customers

	Group		Bank	
	30.09.2023 RM'000	31.12.2022 RM'000	30.09.2023 RM'000	31.12.2022 RM'000
Domestic non-bank financial institutions	9,644,091	6,590,672	9,661,342	6,704,883
Business enterprises	16,721,578	21,229,580	16,721,578	21,229,580
Government and statutory bodies	17,571,782	20,848,877	17,571,782	20,848,877
Individuals	10,152,826	8,748,143	10,152,826	8,748,143
Domestic banking institutions	200,415	349,296	200,415	349,296
Others	3,637,291	2,940,936	3,637,291	2,940,936
	<u>57,927,983</u>	<u>60,707,504</u>	<u>57,945,234</u>	<u>60,821,715</u>

17. Investment accounts of customers

(a) By type and Shariah contract

	Group		Bank	
	30.09.2023 RM'000	31.12.2022 RM'000	30.09.2023 RM'000	31.12.2022 RM'000
Unrestricted investment accounts				
Without maturity				
<i>Mudharabah</i>	9,800,632	7,313,658	9,800,632	7,313,658
- Saving	4,881,289	5,086,821	4,881,289	5,086,821
- Demand	4,919,343	2,226,837	4,919,343	2,226,837
With maturity				
<i>Wakalah</i>	6,205,937	7,147,781	6,236,114	7,251,304
	<u>16,006,569</u>	<u>14,461,439</u>	<u>16,036,746</u>	<u>14,564,962</u>
Investment portfolio:				
- House financing	12,903,601	10,887,549	12,918,689	10,939,310
- Personal financing	3,102,968	3,573,890	3,118,057	3,625,652
	<u>16,006,569</u>	<u>14,461,439</u>	<u>16,036,746</u>	<u>14,564,962</u>

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

17. Investment accounts of customers (continued)

(a) By type and Shariah contract (continued)

	Group		Bank	
	30.09.2023 RM'000	31.12.2022 RM'000	30.09.2023 RM'000	31.12.2022 RM'000
Restricted investment accounts ("RIA") managed by the Bank[^]				
With maturity				
<i>Wakalah</i>	<u>-</u>	<u>43</u>	<u>-</u>	<u>43</u>
Investment portfolio:				
- <i>Other term financing</i>	<u>-</u>	<u>43</u>	<u>-</u>	<u>43</u>

[^] The Bank has an arrangement with Lembaga Tabung Haji where the Bank acts as an investment agent to manage and administer the RIA.

(b) By type of customers

	Group		Bank	
	30.09.2023 RM'000	31.12.2022 RM'000	30.09.2023 RM'000	31.12.2022 RM'000
Individuals	5,093,277	5,390,121	5,093,277	5,390,121
Government and statutory bodies	8,052,655	5,359,249	8,052,655	5,359,249
Business enterprises	1,921,650	2,561,251	1,921,650	2,561,251
Non-bank financial institutions	764,672	971,742	794,849	1,075,265
International Islamic Bank	26,763	11,005	26,763	11,005
Others	147,552	168,071	147,552	168,071
	<u>16,006,569</u>	<u>14,461,439</u>	<u>16,036,746</u>	<u>14,564,962</u>

18. Other liabilities

	Group		Bank	
	30.09.2023 RM'000	31.12.2022 RM'000	30.09.2023 RM'000	31.12.2022 RM'000
Other payables	945,166	1,350,744	929,890	1,192,246
Advance payment	567,869	580,612	567,724	580,433
Accruals	69,005	139,608	67,154	137,783
	<u>1,582,040</u>	<u>2,070,964</u>	<u>1,564,768</u>	<u>1,910,462</u>

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

19. Income derived from investment of depositors' funds

Group and Bank	3 months ended		9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) Saving and demand deposits	259,952	224,900	780,327	643,879
(ii) General investment deposits	1,803	1,847	5,409	5,489
(iii) Term deposit-i	551,665	431,673	1,610,215	1,165,980
(iv) Other deposits	8,568	2,541	29,350	22,873
	<u>821,988</u>	<u>660,961</u>	<u>2,425,301</u>	<u>1,838,221</u>

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

Group and Bank	3 months ended		9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	224,765	189,873	657,681	553,726
Financial assets:				
- at FVTPL	3,204	292	7,323	661
- at FVOCI	15,526	12,740	48,040	43,505
- at AC	8,594	6,560	24,693	13,029
Money at call and deposit with financial institutions	5,531	13,363	25,977	28,204
	<u>257,620</u>	<u>222,828</u>	<u>763,714</u>	<u>639,125</u>
<i>Other dealing income</i>				
Net (loss)/ gain from sale of financial assets at FVTPL	(558)	(540)	618	(301)
Net (loss)/ gain on revaluation of financial assets at FVTPL	(227)	2,425	(1,064)	4,647
	<u>(785)</u>	<u>1,885</u>	<u>(446)</u>	<u>4,346</u>
<i>Other operating income</i>				
Net gain from sale of financial assets at FVOCI	3,117	187	17,059	408
	<u>259,952</u>	<u>224,900</u>	<u>780,327</u>	<u>643,879</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	3,901	3,257	16,111	11,156
<i>Unwinding of net modification loss</i>	1,880	2,221	5,752	7,687

Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)]

(Incorporated in Malaysia)

Unaudited Interim Financial Statements

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

(ii) Income derived from investment of general investment deposits

Group and Bank	3 months ended		9 months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	1,602	1,613	4,714	4,858
Financial assets:				
- at FVTPL	18	2	41	5
- at FVOCI	88	84	272	304
- at AC	49	43	140	89
Money at call and deposits with financial institutions	32	91	147	200
	<u>1,789</u>	<u>1,833</u>	<u>5,314</u>	<u>5,456</u>
<i>Other dealing income</i>				
Net (loss)/ gain from sale of financial assets at FVTPL	(2)	(3)	4	(2)
Net (loss)/ gain on revaluation of financial assets at FVTPL	(1)	16	(6)	32
	<u>(3)</u>	<u>13</u>	<u>(2)</u>	<u>30</u>
<i>Other operating income</i>				
Net gain from sale of financial assets at FVOCI	17	1	97	3
	<u>1,803</u>	<u>1,847</u>	<u>5,409</u>	<u>5,489</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	23	21	92	77
<i>Unwinding of net modification loss</i>	<u>11</u>	<u>15</u>	<u>33</u>	<u>54</u>

(iii) Income derived from investment of term deposit-i

Group and Bank	3 months ended		9 months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	476,967	364,439	1,358,182	1,002,230
Financial assets:				
- at FVTPL	6,801	567	15,254	1,225
- at FVOCI	32,950	24,428	99,017	78,323
- at AC	18,245	12,635	50,985	23,969
Money at call and deposits with financial institutions	11,755	25,697	53,181	51,560
	<u>546,718</u>	<u>427,766</u>	<u>1,576,619</u>	<u>1,157,307</u>

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

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

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

Group and Bank	3 months ended		9 months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
<i>Other dealing income</i>				
Net (loss)/ gain from sale of financial assets at FVTPL	(1,172)	(991)	1,082	(517)
Net (loss)/ gain on revaluation of financial assets at FVTPL	(445)	4,540	(2,319)	8,434
	<u>(1,617)</u>	<u>3,549</u>	<u>(1,237)</u>	<u>7,917</u>
<i>Other operating income</i>				
Net gain from sale of financial assets at FVOCI	6,564	358	34,833	756
	<u>551,665</u>	<u>431,673</u>	<u>1,610,215</u>	<u>1,165,980</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	8,272	6,255	33,502	20,138
<i>Unwinding of net modification loss</i>	3,985	4,258	11,875	13,979

(iv) Income derived from investment of other deposits

Group and Bank	3 months ended		9 months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	7,366	2,146	24,778	19,832
Financial assets:				
- at FVTPL	105	3	305	20
- at FVOCI	511	146	1,811	1,644
- at AC	287	71	948	376
Money at call and deposits with financial institutions	181	148	957	836
	<u>8,450</u>	<u>2,514</u>	<u>28,799</u>	<u>22,708</u>

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

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

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

Group and Bank	3 months ended		9 months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
<i>Other dealing income</i>				
Net (loss)/ gain from sale of financial assets at FVTPL	(21)	(10)	18	12
Net gain/ (loss) on revaluation of financial assets at FVTPL	17	36	(36)	139
	<u>(4)</u>	<u>26</u>	<u>(18)</u>	<u>151</u>
<i>Other operating income</i>				
Net gain from sale of financial assets at FVOCI	122	1	569	14
	<u>8,568</u>	<u>2,541</u>	<u>29,350</u>	<u>22,873</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	126	37	624	399
<i>Unwinding of net modification loss</i>	<u>63</u>	<u>23</u>	<u>206</u>	<u>277</u>

20. Income derived from investment account funds

Group and Bank	3 months ended		9 months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Finance income				
Unrestricted investment accounts				
- <i>Mudharabah</i>	109,602	68,668	309,889	189,935
- <i>Wakalah</i>	69,362	95,602	225,972	221,669
Unwinding of net modification loss	1,406	2,360	5,003	6,062
	<u>180,370</u>	<u>166,630</u>	<u>540,864</u>	<u>417,666</u>

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

21. Income derived from investment of shareholders' funds

Group	3 months ended		9 months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	3,517	3,140	10,458	9,557
Financial assets at FVOCI	48,431	44,156	140,913	125,876
Money at call and deposits with financial institutions	16	85	234	225
	<u>51,964</u>	<u>47,381</u>	<u>151,605</u>	<u>135,658</u>
<i>Other dealing income</i>				
Net gain/ (loss) from foreign exchange transactions	18,865	(5,738)	55,643	(17,965)
Net gain/ (loss) on revaluation of financial assets at FVTPL	896	(1,628)	5,888	(37,641)
Net derivatives gain	-	-	1	2
	<u>19,761</u>	<u>(7,366)</u>	<u>61,532</u>	<u>(55,604)</u>
<i>Other operating income</i>				
Gross dividend income from:				
- Quoted in Malaysia	-	-	-	6
- Unit trust in Malaysia	512	154	1,680	8,093
- Income from rebate on investment in unit trust	-	-	-	-
	<u>512</u>	<u>154</u>	<u>1,680</u>	<u>8,099</u>
<i>Fees and commission</i>				
Fees	49,557	50,135	139,926	139,121
Commission	8,305	8,966	23,655	24,711
Others	5,798	6,097	17,392	20,267
	<u>63,660</u>	<u>65,198</u>	<u>180,973</u>	<u>184,099</u>
<i>Other income</i>				
Rental income	187	190	556	577
Other income	13	32	87	344
	<u>200</u>	<u>222</u>	<u>643</u>	<u>921</u>
	<u>136,097</u>	<u>105,589</u>	<u>396,433</u>	<u>273,173</u>

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

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

Bank	3 months ended		9 months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	3,517	3,140	10,458	9,557
Financial assets at FVOCI	48,431	44,156	140,913	125,876
Money at call and deposits with financial institutions	2	1	3	2
	<u>51,950</u>	<u>47,297</u>	<u>151,374</u>	<u>135,435</u>
<i>Other dealing income</i>				
Net gain/ (loss) from foreign exchange transactions	18,860	(5,733)	55,636	(17,954)
Net gain/ (loss) on revaluation of financial assets at FVTPL	854	(1,669)	5,848	(37,711)
Net derivatives gain	-	-	1	2
	<u>19,714</u>	<u>(7,402)</u>	<u>61,485</u>	<u>(55,663)</u>
<i>Other operating income</i>				
Gross dividend income from:				
- Unit trust in Malaysia	329	28	1,146	7,787
- Subsidiary	-	3,000	80,000	3,000
- Income from rebate on investment in unit trust	75	501	499	1,581
	<u>404</u>	<u>3,529</u>	<u>81,645</u>	<u>12,368</u>
<i>Fees and commission</i>				
Fees	46,641	45,660	130,559	121,972
Commission	8,919	9,761	25,406	28,531
Others	3,251	4,314	10,469	12,773
	<u>58,811</u>	<u>59,735</u>	<u>166,434</u>	<u>163,276</u>
<i>Other income</i>				
Rental income	293	541	862	1,632
Other income	12	7	66	258
	<u>305</u>	<u>548</u>	<u>928</u>	<u>1,890</u>
	<u>131,184</u>	<u>103,707</u>	<u>461,866</u>	<u>257,306</u>

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

22. Net allowance for impairment on financing and advances

Group and Bank	3 months ended		9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Net allowance for impairment on financing, advances and others				
- Stage 1	(4,365)	(40,482)	(17,483)	(101,705)
- Stage 2	11,668	(9,790)	30,014	(68,215)
- Stage 3	62,363	96,321	220,571	334,914
	<u>69,666</u>	<u>46,049</u>	<u>233,102</u>	<u>164,994</u>
Bad debts and financing recovered	(28,361)	(21,122)	(68,196)	(62,936)
	<u>41,305</u>	<u>24,927</u>	<u>164,906</u>	<u>102,058</u>

23. Income attributable to depositors

Group	3 months ended		9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah fund	312	258	718	932
- Non-Mudharabah fund	399,030	241,287	1,172,302	647,976
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	2	-	2	-
- Non-Mudharabah fund	5,317	2,518	9,802	2,758
Recourse obligation on financing sold to Cagamas	20,935	21,307	80,739	63,993
	<u>425,596</u>	<u>265,370</u>	<u>1,263,563</u>	<u>715,659</u>

Bank

Deposits from customers				
- Mudharabah fund	312	258	718	932
- Non-Mudharabah fund	399,131	241,325	1,172,560	648,111
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	2	-	2	-
- Non-Mudharabah fund	5,317	2,518	9,802	2,758
Recourse obligation on financing sold to Cagamas	20,935	21,307	80,739	63,993
	<u>425,697</u>	<u>265,408</u>	<u>1,263,821</u>	<u>715,794</u>

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

24. Income attributable to investment account holders

Group	3 months ended		9 months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Unrestricted investment accounts				
- <i>Mudharabah</i>	31,738	5,933	84,776	16,271
- <i>Wakalah</i>	60,747	50,267	176,957	115,922
	92,485	56,200	261,733	132,193

Bank

Unrestricted investment accounts				
- <i>Mudharabah</i>	31,738	5,933	84,776	16,271
- <i>Wakalah</i>	60,929	50,919	178,275	117,711
	92,667	56,852	263,051	133,982

25. Personnel expenses

Group	3 months ended		9 months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Salaries, allowances and bonuses	158,110	156,079	486,596	432,283
Employees' Provident Fund	23,750	21,874	71,229	65,894
Other staff related costs	23,946	26,789	76,790	72,503
	205,806	204,742	634,615	570,680

Bank

Salaries, allowances and bonuses	149,576	148,999	461,061	412,621
Employees' Provident Fund	22,562	20,922	67,665	63,136
Other staff related costs	22,519	26,074	73,414	70,582
	194,657	195,995	602,140	546,339

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

26. Other overhead expenses

Group	3 months ended		9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
<i>Promotion</i>				
Credit and debit card expenses	21,661	14,963	55,079	40,803
Advertisement and publicity	5,055	4,031	16,893	10,359
Others	10,600	9,577	26,780	30,894
	<u>37,316</u>	<u>28,571</u>	<u>98,752</u>	<u>82,056</u>
<i>Establishment</i>				
Office rental	7,665	7,185	22,437	21,352
Depreciation of property and equipment	14,238	14,589	40,916	43,343
Amortisation of intangible assets	3,482	256	12,479	768
Depreciation right-of-use assets	4,539	4,350	13,589	12,678
Information technology expenses	28,224	29,244	72,015	72,408
Guarantee Fees	2,324	2,104	6,261	5,133
Security services	2,197	2,497	7,315	7,100
Utilities	2,612	2,977	8,209	8,718
Office maintenance	2,871	2,973	8,397	7,866
Rental of equipment	1,953	1,721	4,828	4,633
Takaful	3,323	3,342	9,575	9,208
Others	38	39	321	320
	<u>73,466</u>	<u>71,277</u>	<u>206,342</u>	<u>193,527</u>
<i>General expenses</i>				
Outsourcing fees and management fees	6,137	3,622	15,003	11,779
Recruitment expenses	2,672	1,764	5,767	4,160
Postage	1,665	3,893	5,590	10,876
Travelling	1,325	2,218	4,544	6,110
Office supplies	1,608	1,599	4,848	3,684
Storage expenses	664	828	2,168	2,393
Subscription fees	3,350	3,392	9,518	11,089
SMS service charges	5,698	4,426	18,378	15,581
Security services – cash in transit	1,365	1,241	3,809	3,267
Professional fees	3,175	1,843	6,722	4,790
Mobile banking expenses	2,215	1,836	6,244	5,042
Auditor's remuneration	553	601	1,699	1,805
Processing charges	508	682	1,455	1,443
Property and equipment written off	73	3	409	186
Bank and other charges	1,224	1,204	3,865	3,034
Ta'widh and waiver	517	478	1,850	1,240
Others	1,505	1,177	4,968	1,939
	<u>34,254</u>	<u>30,807</u>	<u>96,837</u>	<u>88,418</u>
	<u>145,036</u>	<u>130,655</u>	<u>401,931</u>	<u>364,001</u>

Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)]**(Incorporated in Malaysia)****Unaudited Interim Financial Statements****26. Other overhead expenses (continued)**

Bank	3 months ended		9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
<i>Promotion</i>				
Credit and debit card expenses	21,661	14,963	55,079	40,803
Advertisement and publicity	4,910	3,830	16,533	9,963
Others	9,582	8,071	23,254	23,762
	36,153	26,864	94,866	74,528
<i>Establishment</i>				
Office rental	7,649	7,148	22,390	21,240
Depreciation of property and equipment	14,058	14,368	40,323	42,694
Amortisation of intangible assets	3,482	256	12,479	768
Depreciation right-of-use assets	4,412	4,234	13,207	12,330
Information technology expenses	27,988	29,065	71,355	71,777
Guarantee fees	2,324	2,104	6,261	5,133
Security services	2,197	2,497	7,315	7,100
Utilities	2,550	2,948	8,002	8,515
Office maintenance	2,747	2,867	8,015	7,613
Rental of equipment	1,909	1,616	4,701	4,453
Takaful	3,305	3,326	9,527	9,163
Others	38	39	321	320
	72,659	70,468	203,896	191,106
<i>General expenses</i>				
Outsourcing fees and management fees	13,214	8,131	35,308	25,347
Recruitment expenses	2,672	1,764	5,767	4,160
Postage	1,654	3,873	5,562	10,813
Office supplies	1,302	2,203	4,491	6,048
Travelling	1,551	1,560	4,675	3,581
Storage expenses	658	823	2,154	2,377
Subscription fees	2,796	2,986	7,869	9,946
SMS service charges	5,698	4,426	18,378	15,581
Security services – cash in transit	1,365	1,241	3,809	3,267
Professional fees	3,045	1,608	6,399	4,241
Mobile banking expenses	2,215	1,836	6,244	5,042
Auditor's remuneration	512	545	1,535	1,636
Processing charges	508	682	1,455	1,443
Property and equipment written off	33	3	369	5
Bank and other charges	1,218	1,200	3,842	3,021
Ta'widh and waiver	517	478	1,850	1,240
Others	1,368	1,247	4,258	569
	40,326	34,606	113,965	98,317
	149,138	131,938	412,727	363,951

Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)]**(Incorporated in Malaysia)****Unaudited Interim Financial Statements****27. Finance cost**

Group	Note	3 months ended		9 months ended	
		30.09.2023	30.09.2022	30.09.2023	30.09.2022
		RM'000	RM'000	RM'000	RM'000
Finance cost:					
- Subordinated sukuk and capital securities		23,630	23,655	70,120	64,908
- Profit expense on leases	15	<u>4,027</u>	<u>4,183</u>	<u>12,231</u>	<u>12,628</u>
		<u>27,657</u>	<u>27,838</u>	<u>82,351</u>	<u>77,536</u>

Bank

Finance cost:					
- Subordinated sukuk and capital securities		23,630	23,655	70,120	64,908
- Profit expense on leases	15	<u>4,026</u>	<u>4,182</u>	<u>12,222</u>	<u>12,618</u>
		<u>27,656</u>	<u>27,837</u>	<u>82,342</u>	<u>77,526</u>

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

28. Segmental Reporting on Revenue, Profit and Assets

Group	Consumer Banking RM'000	Corporate and Commercial Banking RM'000	Treasury RM'000	Shareholders unit RM'000	Elimination RM'000	Total RM'000
<u>3 months ended 30 September 2023</u>						
Total Revenue	720,171	232,811	178,655	15,311	(8,493)	1,138,455
Net fund based income	318,751	148,107	24,457	37,515	-	528,830
Non-fund based income	47,761	10,633	26,346	15,014	(8,210)	91,544
Net income	366,512	158,740	50,803	52,529	(8,210)	620,374
Net allowance for impairment	(36,450)	(4,856)	79	444	-	(40,783)
Profit before overheads, zakat and tax	330,062	153,884	50,882	52,973	(8,210)	579,591
Operating expenses						(354,828)
Finance cost						(27,657)
Profit before zakat and tax						197,106
<u>3 months ended 30 September 2022</u>						
Total Revenue	617,048	170,015	140,071	16,299	(9,750)	933,683
Net fund based income	304,860	126,870	19,575	96,077	-	547,382
Non-fund based income	48,816	10,405	(955)	15,525	(9,060)	64,731
Net income	353,676	137,275	18,620	111,602	(9,060)	612,113
Net allowance for impairment	(29,724)	4,780	(1,638)	17	-	(26,565)
Profit before overheads, zakat and tax	323,952	142,055	16,982	111,619	(9,060)	585,548
Operating expenses						(338,675)
Finance cost						(27,838)
Profit before zakat and tax						219,035

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

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

Group	Consumer Banking RM'000	Corporate and Commercial Banking RM'000	Treasury RM'000	Shareholders unit RM'000	Elimination RM'000	Total RM'000
<u>9 months ended 30 September 2023</u>						
Total Revenue	2,078,476	683,594	576,772	128,882	(105,115)	3,362,609
Net fund based income	883,310	429,890	58,205	170,214	-	1,541,619
Non-fund based income	136,460	28,933	106,765	127,075	(103,539)	295,694
Net income	1,019,770	458,823	164,970	297,289	(103,539)	1,837,313
Net allowance for impairment	(141,773)	(23,133)	282	444	-	(164,180)
Profit before overheads, zakat and tax	877,997	435,690	165,252	297,733	(103,539)	1,673,133
Operating expenses						(1,048,006)
Finance cost						(82,351)
Profit before zakat and tax						542,776
<u>9 months ended 30 September 2022</u>						
Total Revenue	1,692,009	478,362	328,333	54,711	(22,739)	2,530,676
Net fund based income	910,604	364,666	53,693	201,105	-	1,530,068
Non-fund based income	136,831	25,671	(41,495)	52,564	(20,815)	152,756
Net income	1,047,435	390,337	12,198	253,669	(20,815)	1,682,824
Net allowance for impairment	(61,874)	(40,220)	1,266	(319)	-	(101,147)
Profit before overheads, zakat and tax	985,561	350,117	13,464	253,350	(20,815)	1,581,677
Operating expenses						(944,586)
Finance cost						(77,536)
Profit before zakat and tax						559,555

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

28. 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
<u>At 30 September 2023</u>						
Segment assets	49,294,582	16,210,829	19,122,731	287,260	(191,128)	84,724,274
Unallocated assets						<u>3,347,711</u>
Total assets						<u><u>88,071,985</u></u>
 <u>At 30 September 2022</u>						
Segment assets	47,120,641	13,943,771	23,055,221	373,995	(269,064)	84,224,564
Unallocated assets						<u>1,939,557</u>
Total assets						<u><u>86,164,121</u></u>

29. Fair value of Financial Instruments

Fair value hierarchy

MFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Group's market assumptions. The fair value hierarchy is as follows:

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

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. The table does not include those short-term/on demand financial assets and financial liabilities where the carrying amounts are reasonable approximation of their fair values.

Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)]

(Incorporated in Malaysia)

Unaudited Interim Financial Statements

29. Fair value of Financial Instruments (continued)

Fair value hierarchy (continued)

Group 30 September 2023 RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value	Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 3		
<i>Financial assets</i>							
Financial assets at FVTPL	-	1,433,773	-	1,433,773	-	1,433,773	1,433,773
Derivative financial assets	-	100,866	-	100,866	-	100,866	100,866
Financial assets at FVOCI	6,467	12,236,816	83,465	12,326,748	-	12,326,748	12,326,748
Financial assets at AC	-	-	-	-	3,151,321	3,151,321	3,199,369
Financing, advances and others	-	-	-	-	69,969,470	69,969,470	66,467,071
<i>Financial liabilities</i>							
Derivative financial liabilities	-	77,376	-	77,376	-	77,376	77,376
Recourse obligations on financing sold to Cagamas	-	-	-	-	2,021,585	2,021,585	2,004,329
Subordinated sukuk and capital securities	-	-	-	-	2,194,522	2,194,522	2,224,834
31 December 2022							
RM'000							
<i>Financial assets</i>							
Financial assets at FVTPL	-	299,128	-	299,128	-	299,128	299,128
Derivative financial assets	-	123,000	-	123,000	-	123,000	123,000
Financial assets at FVOCI	7,000	12,017,378	69,039	12,093,417	-	12,093,417	12,093,417
Financial assets at AC	-	-	-	-	3,008,360	3,008,360	3,055,256
Financing, advances and others	-	-	-	-	68,151,645	68,151,645	64,901,994
<i>Financial liabilities</i>							
Derivative financial liabilities	-	137,324	-	137,324	-	137,324	137,324
Recourse obligations on financing sold to Cagamas	-	-	-	-	3,011,090	3,011,090	3,005,343
Subordinated sukuk and capital securities	-	-	-	-	2,181,013	2,181,013	2,222,092

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

29. Fair value of Financial Instruments (continued)

Fair value hierarchy (continued)

Bank 30 September 2023 RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value	Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 3		
Financial assets							
Financial assets at FVTPL	-	1,406,806	-	1,406,806	-	1,406,806	1,406,806
Derivative financial assets	-	100,866	-	100,866	-	100,866	100,866
Financial assets at FVOCI	6,467	12,236,816	84,824	12,328,107	-	12,328,107	12,328,107
Financial assets at AC	-	-	-	-	3,151,321	3,151,321	3,199,369
Financing, advances and others	-	-	-	-	69,969,470	69,969,470	66,467,071
Financial liabilities							
Derivative financial liabilities	-	77,376	-	77,376	-	77,376	77,376
Recourse obligations on financing sold to Cagamas	-	-	-	-	2,021,585	2,021,585	2,004,329
Subordinated sukuk and capital securities	-	-	-	-	2,194,522	2,194,522	2,224,834
31 December 2022							
RM'000							
Financial assets							
Financial assets at FVTPL	-	272,735	-	272,735	-	272,735	272,735
Derivative financial assets	-	123,000	-	123,000	-	123,000	123,000
Financial assets at FVOCI	7,000	12,017,378	69,926	12,094,304	-	12,094,304	12,094,304
Financial assets at AC	-	-	-	-	3,008,360	3,008,360	3,055,256
Financing, advances and others	-	-	-	-	68,151,645	68,151,645	64,901,994
Financial liabilities							
Derivative financial liabilities	-	137,324	-	137,324	-	137,324	137,324
Recourse obligations on financing sold to Cagamas	-	-	-	-	3,011,090	3,011,090	3,005,343
Subordinated sukuk and capital securities	-	-	-	-	2,181,013	2,181,013	2,222,092

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

29. Fair value of Financial Instruments (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 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 mid prices. For non-actively traded securities, the fair values are estimated using valuation techniques such as 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) Borrowings, subordinated sukuk and capital securities

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

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

30. Commitment and Contingencies

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

As at 30 September 2023	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000	
<i>Credit related exposures</i>				
Direct credit substitutes	592,903	592,903	645,786	
Transaction related contingent items	1,107,396	553,698	587,023	
Short-term self-liquidating trade related contingencies	216,976	43,395	42,822	
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	1,232,877	616,438	542,306	
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	8,601,740	-	-	
	<u>11,751,892</u>	<u>1,806,434</u>	<u>1,817,937</u>	
	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	8,010,021	100,826	204,627	153,280
Profit rate related contracts				
- less than one year	13,279	40	23	18
	<u>8,023,300</u>	<u>100,866</u>	<u>204,650</u>	<u>153,298</u>
Total	<u>19,775,192</u>	<u>100,866</u>	<u>2,011,084</u>	<u>1,971,235</u>

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

30. Commitment and Contingencies (continued)

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

As at 31 December 2022	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
<i>Credit related exposures</i>			
Direct credit substitutes	533,884	533,884	578,339
Transaction related contingent items	985,002	492,501	483,516
Short-term self-liquidating trade related contingencies	407,370	81,474	80,143
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:			
- exceeding one year	1,392,315	696,158	575,432
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	7,809,279	-	-
	<u>11,127,850</u>	<u>1,804,017</u>	<u>1,717,430</u>

	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	7,713,420	122,827	212,579	78,664
Profit rate related contracts				
- one year to less than five years	42,286	173	501	325
	<u>7,755,706</u>	<u>123,000</u>	<u>213,080</u>	<u>78,989</u>
Total	<u>18,883,556</u>	<u>123,000</u>	<u>2,017,097</u>	<u>1,796,419</u>

- b) Contingent liabilities

The Group and the Bank has no disclosure on contingent liabilities other than as disclosed in Note B9(c). The possible obligation to settle the litigation claim are subject to decision by the court and as the case are still preliminary, the settlement to the litigation claim may not be probable at this juncture and therefore no provision is recognised in the interim financial statements.

Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)]**(Incorporated in Malaysia)****Unaudited Interim Financial Statements****31. Capital adequacy**

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

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

	Group		Bank	
	30.09.2023	31.12.2022	30.09.2023	31.12.2022
CET I capital ratio	14.361%	13.578%	14.170%	13.230%
Tier I capital ratio	15.378%	14.640%	15.191%	14.298%
Total capital ratio	19.968%	19.392%	19.795%	19.074%

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

	Group		Bank	
	30.09.2023	31.12.2022	30.09.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Paid-up share capital	3,888,725	3,645,043	3,888,725	3,645,043
Retained earnings	3,386,074	3,096,604	3,476,263	3,105,912
Other reserves	179,782	54,596	69,215	(56,368)
<u>Less:</u>				
Deferred tax assets	(177,925)	(212,349)	(176,953)	(211,377)
Investment in subsidiaries	-	-	(100,905)	(100,905)
Intangible assets	(48,789)	(54,578)	(48,789)	(54,578)
Regulatory reserves	(165,000)	(136,000)	(165,000)	(136,000)
Total CET I Capital	<u>7,062,867</u>	<u>6,393,316</u>	<u>6,942,556</u>	<u>6,191,727</u>
Capital securities	500,000	500,000	500,000	500,000
Total Tier I Capital	<u>7,562,867</u>	<u>6,893,316</u>	<u>7,442,556</u>	<u>6,691,727</u>
Subordinated sukuk	1,700,000	1,700,000	1,700,000	1,700,000
Loss provision ^	557,293	537,883	555,856	535,095
Total Tier II Capital	<u>2,257,293</u>	<u>2,237,883</u>	<u>2,255,856</u>	<u>2,235,095</u>
Total Capital	<u>9,820,160</u>	<u>9,131,199</u>	<u>9,698,412</u>	<u>8,926,822</u>

^ Impairment allowances on non-impaired financing and regulatory reserve, subject to maximum of 1.25% of total credit risk-weighted assets less credit absorbed by unrestricted investment accounts.

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

31. Capital adequacy (continued)

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

	Group		Bank	
	30.09.2023	31.12.2022	30.09.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Credit risk	55,177,797	53,650,821	55,083,709	53,513,221
Less : Credit risk absorbed by unrestricted investment accounts	(10,594,369)	(10,620,157)	(10,615,267)	(10,705,652)
	44,583,428	43,030,664	44,468,442	42,807,569
Market risk	441,505	84,876	441,505	84,876
Operational risk	4,155,767	3,971,313	4,084,273	3,909,361
	49,180,700	47,086,853	48,994,220	46,801,806

Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)]**(Incorporated in Malaysia)****Unaudited Interim Financial Statements****Explanatory notes pursuant to Appendix 9B of the listing requirements of Bursa Malaysia Securities Berhad****B1. Performance review for the nine months ended 30 September 2023****Current Year-to-date vs. Previous Year-to-date**

	Group		Variance	
	9 months ended			
	30.09.2023	30.09.2022	RM'000	%
Key Profit or Loss Items:	RM'000	RM'000	RM'000	%
Revenue	3,362,609	2,529,109	833,500	33.0
Net Income	1,837,313	1,681,257	156,056	9.3
Profit Before Zakat and Tax ("PBZT")	542,776	559,555	(16,779)	-3.0
Profit After Zakat and Tax ("PAZT")	394,766	365,934	28,832	7.9

Bank Islam Group ("Bank Islam" or "the Group") registered a PAZT of RM394.8 million for the nine months ended 30 September 2023, an increase of 7.9% as compared to the previous corresponding period in 2022. The increase was driven by higher net income, which was offset by higher total overheads and higher net allowance for impairment on financing. The lower tax expense by RM45.6 million due to the absence of one-off prosperity tax which also contributed to the increase.

The performance translated to Group's earnings per share of 17.58 sen and annualised Return on Equity ("ROE") of 7.7% (after zakat and tax).

The increase in Group's net income was mainly due to higher non-fund-based income which improved by RM144.5 million or 95.6%, mostly attributed by higher net gain from foreign exchange transactions, higher net gain from sale of financial assets at FVOCI and higher net gain on revaluation of financial assets at FVTPL. The net income further improved by higher net fund-based income which increased by RM11.6 million or 0.8% primarily driven by year-on-year ("YoY") financing growth.

Total overheads for the nine months ended 30 September 2023 recorded an increase of RM105.0 million or 11.1% to RM1,048.0 million over the corresponding period in 2022. The increase in overhead expenses was due to higher personnel expenses, promotion expenses, establishment expenses and general expenses by RM63.9 million, RM16.7 million, RM12.8 million and RM8.4 million respectively.

The Group's net allowance for impairment on financing and advances increased by RM62.8 million or 61.6% to RM164.9 million as compared to the corresponding nine months ended 30 September 2022.

The Group's total assets grew year-on-year by 2.2% to stand at RM88.1 billion as of 30 September 2023 spur by growth in financing and investment securities. Net assets per share was at RM3.29.

Gross financing grew by 8.4% YoY to RM67.3 billion, while customer deposits and investment accounts stood at RM73.9 billion with a YoY increase of RM1.7 billion or 2.3%. This was mainly attributable to YoY growth of 9.5% or RM2.5 billion in total current and saving accounts and transactional investment accounts ("CASATIA") to stand at RM28.5 billion. This composition made a healthy level of 38.5% of total customer deposits and investment accounts.

As at 30 September 2023, the gross impaired financing ratio has improved at 0.97% compared to 1.27% at end December 2022.

The Group's Total Capital Ratio remained strong at 20.0% as at 30 September 2023.

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

B1. Performance review for the nine months ended 30 September 2023 (continued)

Current Year-to-date vs. Previous Year-to-date (continued)

Operating Segment

Consumer Banking's reported net income of RM1,019.8 million for the nine months ended 30 September 2023, a decrease of RM27.6 million or 2.6% as compared to the corresponding period mainly due to lower net fund-based income. Segment assets for Consumer Banking as at end September 2023 stood at RM49.6 billion, a year-on-year ("YoY") growth of 5.3%, driven by growth in house financing and personal financing.

Corporate and Commercial Banking achieved net income of RM458.8 million, higher by 17.5% from the corresponding period, contributed by higher net fund-based income. Total segment assets grew 20.7% YoY to stand at RM16.8 billion.

Treasury recorded a net income of RM165.0 million for the period, improved by more than 100% as compared to the corresponding period spurred by higher net gain from foreign exchange transactions, higher net gain from sale of financial assets at FVOCI and higher net gain on revaluation of financial assets at FVTPL. Treasury assets stood at RM18.8 billion.

Current Quarter vs. Previous Year Corresponding Quarter

	Group		Variance	
	3 months ended			
	30.09.2023	30.09.2022	RM'000	%
Key Profit or Loss Items:	RM'000	RM'000	RM'000	
Revenue	1,138,455	933,180	205,275	22.0
Net Income	620,374	611,610	8,764	1.4
Profit Before Zakat and Tax ("PBZT")	197,106	219,035	(21,929)	-10.0
Profit After Zakat and Tax ("PAZT")	140,541	142,860	(2,319)	-1.6

For the third quarter ended 30 September 2023 ("3Q2023"), Bank Islam Group registered a PBZT of RM197.1 million, a decrease of RM21.9 million or 10.0% over the corresponding quarter last year ("3Q2022") of RM219.0 million. The decrease in PBZT was mainly due to higher total overheads and higher net allowance for impairment on financing. These has softened the increase in net income.

Total overheads were higher by RM16.7 million or 4.9% over 3Q2022 overheads mainly due to higher promotion expenses and general expenses.

The Group's net allowance for impairment on financing and advances increased by RM16.4 million or 65.7% to RM41.3 million as compared to 3Q2022 of RM24.9 million.

The Group's net income increased by RM8.8 million or 1.4% mainly due to higher non-fund-based income by RM27.3 million or 42.5% due to higher net gain from foreign exchange transactions and higher net gain from sale of financial assets at FVOCI. The increase was however offset by lower net fund-based income of RM18.5 million or 3.4%.

Operating Segment

Consumer Banking registered a net income of RM366.5 million for the third quarter ended 30 September 2023 ("3Q2023"), 3.6% higher than the corresponding quarter last year ("3Q2022"), mainly attributed by higher net fund-based income.

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

B1. Performance review for the nine months ended 30 September 2023 (continued)

Current Quarter vs. Previous Year Corresponding Quarter (continued)

Operating Segment (continued)

Corporate and Commercial Banking recorded a net income of RM158.7 million, higher by 15.6% from 3Q2022, driven by higher net fund-based income.

Treasury reported a net income of RM50.8 million for 3Q2023, improved by more than 100% as compared to 3Q2022 due to higher net gain from foreign exchange transactions and higher net gain from sale of financial assets at FVOCI.

B2. Comparison with the preceding quarter's results for the three months performance (Third Quarter 2023 vs. Second Quarter 2023)

	Group		Variance	
	3 months ended			
	30.09.2023	30.06.2023	RM'000	%
Key Profit or Loss Items:	RM'000	RM'000	RM'000	
Revenue	1,138,455	1,120,401	18,054	1.6
Net Income	620,374	609,701	10,673	1.8
Profit Before Zakat and Tax ("PBZT")	197,106	184,146	12,960	7.0
Profit After Zakat and Tax ("PAZT")	140,541	136,137	4,404	3.2

For the third quarter ended 30 September 2023 ("3Q2023"), the Group achieved a PBZT of RM197.1 million, an increase of RM13.0 million or 7.0% against the preceding quarter ended 30 June 2023 ("2Q2023"). The increase in PBZT was attributed by higher net income and lower net allowance for impairment on financing, offset by higher total overheads.

The increase in Group's net income was contributed by higher net fund-based income by RM18.0 million or 3.5%. It was however offset by lower non-fund-based income of RM7.4 million or 7.4% mainly driven by lower net gain from sale of financial assets at FVOCI and lower net gain from sale of financial assets at FVTPL.

The Group's net allowance for impairment on financing and advances decreased by RM20.3 million or 33.0% to RM41.3 million as compared to 2Q2023 of RM61.6 million.

Total overheads were higher by RM18.3 million or 5.4% over 2Q2023 overheads mainly due to higher establishment expenses, promotion expenses and general expenses by RM13.4 million, RM10.4 million and RM5.1 million respectively. The increase was however mitigated by lower personnel expenses of RM10.6 million.

B3. Prospects for 2023

According to Bank Negara Malaysia (BNM) in its Quarterly Bulletin for Third Quarter 2023 issued on 17 November, the Malaysian economy expanded by 3.3% in the third quarter of 2023 (2Q2023: 2.9%). Growth was anchored by resilient domestic demand, while household spending remained supported by continued increases in employment and wage growth.

Currently, Bank Islam maintains our full-year 2023 GDP growth projection at 3.7%, a marginal reduction from the official forecast of approximately 4.0%. As the global semiconductor downcycle has seemingly bottomed out and continued improvements in tourism arrivals, we expect Malaysia to sail through its growth momentum in 4Q2023, and subsequently the coming year. This will, in turn, lend support to Bank Islam's sustained growth in 2024.

Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)]

(Incorporated in Malaysia)

Unaudited Interim Financial Statements

B3. Prospects for 2023 (continued)

To fortify its financial performance and resiliency, Bank Islam Malaysia Berhad (“BIMB”) prioritises implementing strategies to preserve its Net Income Margin amid the competitive industry landscape. Moreover, it continues to refine its financial solutions, aligning with a customer-centric approach.

In response to shifting banking preferences, Bank Islam remains steadfast in its commitment to delivering cutting-edge Shariah-compliant solutions that align with modern lifestyles. The Group continues improving and broadening its digital banking services and offerings.

The introduction of the Be U by Bank Islam Visa Debit Card-i in September 2023 exemplifies the Group’s dedication to meeting current market demands and providing a seamless, branchless customer experience. The card facilitates convenient financial tracking and empowers customers with a built-in expense tracker within the Be U by Bank Islam digital banking app. This feature enables users to gain awareness and understanding of their spending habits, enabling them to plan and achieve their financial goals strategically, thus propelling the Shariah lifestyle of spending responsibly.

Sustainable finance will remain integral to the Group’s strategy to diversify income streams and align with domestic development goals. Bank Islam will continue to assess customers’ profiles diligently and preserve asset quality. In line with the regulatory effort to build a resilient financial system, Bank Islam has proactively incorporated an evaluation of Environmental, Social, and Governance (ESG) risks into its assessment of new financing applications, contributing to establishing a robust and sustainable financial ecosystem.

B4. Variance from profit forecast and profit guarantee

The Group neither made any profit forecast nor issued any profit guarantee.

B5. Tax expense

Major components of tax expense

Group	3 months ended		9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM’000	RM’000	RM’000	RM’000
Malaysia income tax:				
Current year	51,167	77,979	124,799	169,141
Under/(Over) provision in prior years	5,624	(272)	5,596	(282)
Deferred tax expense relating to origination and reversal of temporary differences arising from:				
Current year	(3,976)	(5,285)	6,404	13,059
(Over)/Under provision in prior years	-	-	(39)	469
	<u>52,815</u>	<u>72,422</u>	<u>136,760</u>	<u>182,387</u>

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

B5. Tax expense (continued)

A reconciliation of effective tax expense for the Group is as follows:

Group	3 months ended		9 months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Profit before tax	197,106	219,035	542,776	559,555
Income tax calculated using				
Malaysian tax rate of 24%	47,305	52,568	130,266	134,293
Impact of Prosperity Tax	-	19,927	-	46,341
Income not subject to tax	(356)	(1,120)	(19,898)	(1,353)
Non-deductible expenses	1,220	2,065	23,351	5,437
Zakat	(1,020)	(924)	(2,700)	(2,696)
Other items	42	178	184	178
Under/(Over) provision in prior years	5,624	(272)	5,557	187
	52,815	72,422	136,760	182,387

As per Finance Act 2021 gazetted on 31 December 2021, effective for Year of Assessment (“YA”) 2022, a special one-off tax (“Prosperity Tax”) was introduced on companies with chargeable income in excess of RM100.0 million. The excess is taxed at a rate of 33% (first RM100.0 million of chargeable income will be taxed at 24%). Prosperity Tax is no longer applicable for YA 2023.

B6. Status of corporate proposals

There has been no new corporate proposal since the date of last quarterly report.

B7. Borrowings, subordinated sukuk and capital securities

RM'000	As at 30.09.2023		
	Long term	Short term	Total borrowings
Secured			
- Recourse obligations on financing sold to Cagamas	1,500,000	504,329	2,004,329
Unsecured			
- Subordinated sukuk	1,700,000	22,148	1,722,148
- Capital securities	500,000	2,686	502,686
Total unsecured	2,200,000	24,834	2,224,834

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

B7. Borrowings, subordinated sukuk and capital securities (continued)

RM'000	As at 31.12.2022		
	Long term	Short term	Total borrowings
Secured			
- Recourse obligations on financing sold to Cagamas	1,500,000	1,505,343	3,005,343
Unsecured			
- Subordinated sukuk	1,700,000	12,903	1,712,903
- Capital securities	500,000	9,189	509,189
Total unsecured	2,200,000	22,092	2,222,092

RM'000	As at 30.09.2022		
	Long term	Short term	Total borrowings
Secured			
- Recourse obligations on financing sold to Cagamas	500,000	1,501,721	2,001,721
Unsecured			
- Subordinated sukuk	1,700,000	328,269	2,028,269
- Capital securities	500,000	2,686	502,686
Total unsecured	2,200,000	330,955	2,530,955

The borrowings, subordinated sukuk and capital securities comprise the following:

- a) 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 13(a). The details are as follows:

	Nominal value RM'000	Issue date	Maturity Date	Profit rate (% p.a.)
(i)	500,000	18 May 2021	18 May 2024	2.95
(ii)	1,000,000	4 November 2022	4 November 2027	4.83
(iii)	500,000	28 June 2023	28 June 2028	4.16

On 25 May 2023, the financing of RM1.5 billion has matured and the Bank has issued a new financing sold to Cagamas with recourse of RM500 million on 28 June 2023.

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

B7. Borrowings, subordinated sukuk and capital securities (continued)

b) Subordinated sukuk and capital securities

	Nominal value RM'000	Issue date	First call date*	Maturity Date	Profit rate (% p.a.)#
Subordinated sukuk					
(i)	300,000	7 November 2018	7 December 2023	7 November 2028	5.15
(ii)	400,000	26 March 2020	26 March 2025	26 March 2030	3.75
(iii)	700,000	21 October 2020	21 October 2025	21 October 2030	3.60
(iv)	300,000	12 November 2021	12 November 2026	12 November 2031	4.10
Capital securities					
(v)	500,000	24 August 2022	24 August 2027	Perpetual	5.16

* Optional redemption date or any periodic payment date thereafter.

Accrued and payable semi-annually in arrears.

On 14 November 2022, the Bank has exercised the call option and redeemed RM300 million in nominal value of the Subordinated Sukuk Murabahah under the RM1.0 billion Subordinated Sukuk Murabahah Programme.

B8. Material litigation

- (a) On 20 August 2019, Bank Islam filed a civil suit against 5 Star Room Hotel Sdn Bhd ("Customer") and the guarantors, namely Tang Wooi Chon, Chunsi Kudkumkong, Tang Woan Rou and Tang Woanren (collectively be referred to as "the Defendants") claiming for an amount of RM120,738,812.69 being the outstanding financing facilities granted by Bank Islam to the Customer whose accounts had been defaulted.

On 8 November 2019, Bank Islam had filed an application for summary judgment (Order 14 ("O.14")). On 18 November 2019, Bank Islam had filed an application for striking out against the Defendants' Counter Claim (Order 18 ("O.18")).

On 4 December 2019, the Defendants had filed an application to transfer and consolidate the Kuala Lumpur case with the Alor Setar case ("the Application").

The High Court ("HC") had fixed 1 July 2020 for decision on O.14, O.18 and the Application.

The HC had allowed Bank Islam's application on O.14, O.18 and the Defendants' application to transfer this case to Alor Setar High Court was dismissed.

The HC also ordered the Defendants to pay costs of RM8,000.00 to Bank Islam.

Hence, the Summary Judgment was recorded against the Defendants and the Defendants' Counter Claim was struck out.

On 9 July 2020, the Defendants had filed an appeal to Court of Appeal ("COA") against the HC's decision.

On 19 August 2020, the Defendants had filed the application for stay of execution against the HC's decision.

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

B8. Material litigation (continued)

(a) Continued...

On 1 October 2020, the HC had allowed the application with costs to be borne by Defendants.

On 27 October 2020, the COA had fixed for hearing (on the appeal) on 7 July 2021 and instructed the parties to file common bundle, written submissions and bundle of authorities by 16 June 2021.

On 7 July 2021, the COA had allowed Bank Islam's application to record summary judgment against the Appellants. Further the COA had allowed the Bank's application to strike out the Appellants' counterclaim and dismissed the Appellants' application to transfer and consolidate this case with the Alor Setar Suit. The COA had unanimously dismissed the appeal with costs of RM10,000.00, subject to allocator.

On 24 August 2021, the Defendants had filed the motion for leave to appeal to Federal Court ("FC").

The FC had fixed the case management on 23 September 2021. On 23 September 2021, the case management has been postponed to 29 September 2021. On 29 September 2021, the FC had instructed the Defendants to file Notice of Motion for leave at Federal Court and the case management is fixed on 14 October 2021.

On 14 October 2021, the Defendants requested time to file Notice of Motion for leave to appeal at FC. The FC had fixed the case management on 29 October 2021. On 29 October 2021, the FC had instructed parties to file Affidavit in reply to the Notice of Motion and fixed the case management on 24 November 2021.

On 24 November 2021, the FC had directed parties to file Written Submissions and Bundle of Authorities by 3 March 2022.

Hearing of Motion for Extension of Time to File Leave to Appeal to FC and Motion for Leave to Appeal to FC fixed on 21 March 2022. The Court fixed another hearing date on 27 May 2022.

There were 3 issues brought to the FC which were as follows:-

- (a) Allowing Bank Islam's application to record Summary Judgment under (O.14) against the Appellants;
- (b) Allowing Bank Islam's application to strike out the Appellants' counterclaim (O.18); and
- (c) Dismissing the Appellants' application to transfer and consolidate this case with the Alor Setar suit.

After hearing both parties, the FC was of the opinion that there is a novel issue in relation to whether there is a need to state the Ibra clause in the certificate of indebtedness. This relates to the above item (a) allowing Summary Judgment under O.14 and not relevant to the other 2 applications under (b) and (c).

The Motion was allowed only for limited issues related to Ibra clause with costs in the cause. A Notice of Appeal is required to be filed by the Customer within 14 days time. The Order in relation to item (b) and (c) above were fully concluded. Item (a) will proceed with full appeal at the FC on the issue as stated above.

The Appellant filed appeal to FC, the 1st Case Management of the appeal was fixed on 29 July 2022. The next Case Management fixed on 12 August 2022 for the Appellants to file record of appeal. Meanwhile, the Appellants filed a Motion to stay of execution of judgment dated 1 July 2020 and all foreclosure proceedings initiated by the Bank.

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

B8. Material litigation (continued)

(a) Continued...

Hearing of the stay of execution was fixed on 4 October 2022. After hearing of the Motion to stay of execution, the FC has unanimously dismissed the stay of execution application. The proper appeal fixed for Case Management was on 14 October 2022. The FC further fixed on 28 November 2022 for hearing of appeal. Appellant appointed a new solicitor Dato' Seri Gopal Sri Ram to submit the appeal in the FC. The FC fixed for the hearing of appeal on 29 March 2023.

The Appellant requested to vacate the hearing of appeal in view of the passing of Dato' Seri Gopal Sri Ram. The FC then fixed on 16 June 2023 for hearing of the appeal.

On 16 June 2023, the Federal Court unanimously dismissed the appeal with costs of RM50,000.00 to be paid by the Appellant to the Bank.

Based on the above, the matter is considered as resolved.

(b) On 18 October 2021, Perbadanan Harta Intelek Malaysia ("Plaintiff") filed a civil suit against BIMB Investment Management Berhad ("First Defendant"), a wholly owned subsidiary of the Bank and Ahmad Azwan Bin Aboo Mansor ("Second Defendant").

Plaintiff pleaded that the Defendants are liable for loss and damage caused by the Defendants fraudulent misrepresentation, negligent misrepresentation, negligence and breach of statutory duty on the placement of deposit in the sum of RM85,530,000.00 by Plaintiff to First Defendant upon representation made by Second Defendant to Plaintiff.

The sealed Writ and Statement of Claim dated 18 October 2021 was served to Messrs Ganesan & Imohizam ("First Defendant's Solicitors") on 25 October 2021.

The Plaintiff claimed for the following:

- 1) RM43,958,509.29 being the difference between the balance sum and total principal sum deposited;
- 2) RM15,910,619.62 for lost of profit on deposit sum;
- 3) Alternatively, RM11,443,914.00 for lost of profit on deposit sum;
- 4) General damages;
- 5) Exemplary damages; and
- 6) Interest.

The First Defendants Solicitors had entered Appearance on 8 November 2021 and has requested for an extension of two weeks from 24 November 2021 to file Defence. The Court fixed for next Case Management on 24 November 2021. On 24 November 2021, the Court directed First Defendant to file Defence on 8 December 2021 and Plaintiff to file Reply to Defence by 5 January 2022.

During the case management held on 18 July 2022, the Court made the following directions in relation to Enclosure 32 (First Defendant's Notice of Application seeking original documents for forensic examination:

- 1) Plaintiff shall file and serve its Affidavit in Reply on or before 29 July 2022;
- 2) First Defendant shall file and serve its Affidavit in Reply on or before 12 August 2022;
- 3) Both Parties shall file respective written submissions simultaneously on or before 23 August 2022;
- 4) Both Parties shall file respective written submissions in reply simultaneously on or before 30 August 2022.

The next Case Management is fixed on 26 April 2024, where the full trial of this suit has been scheduled on 27th, 28th and 29th of May 2024.

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

B8. Material litigation (continued)

- (c) On 26 April 2022 a group of syndicated financiers including Bank Islam Malaysia Berhad, HSBC Amanah Malaysia Berhad, Ambank Islamic Berhad, MIDF Amanah Investment Bank Berhad, Standard Chartered Saadiq Berhad and United Overseas Bank (Malaysia) Berhad filed a winding up petition against Serba Dinamik Holdings Berhad (“Customer”) and Serba Dinamik Group Berhad, Serba Dinamik Sdn Bhd, Serba Dinamik Development Sdn Bhd, Serba Dinamik Controls Sdn Bhd (“Guarantors”).

The Customer defaulted on payment of Syndicated Term Financing which involved RM1.2 billion (Bank Islam exposure RM245 million). The Customer made an application to Court for an appointment of Interim Judicial Managers (“IJM”). However, the application on IJM was withdrawn by the Customer citing majority of the financiers were opposing on the appointment of the Customer’s choice of IJM and further indicated to Court that they will apply for Scheme of Arrangement under Section 366 instead.

Meanwhile, the syndicated financiers had proceeded with a winding up petition and appointment of an Interim Liquidator from PricewaterhouseCoopers Advisory Services Sdn Bhd (“PwC”) which were filed in April 2022. The matters contested by the Customer by filing stay, striking out and cross examination applications. The Court fixed hearing of the applications on 8 June 2022.

At the same time, the Customer had filed for the preliminary draft of Scheme of Arrangement (“SOA”) in the Commercial Court indicating the SOA proposal among others that payment will be made in tranches with full recovery expected by year 2025. There would be further discussions in respect to the detailed SOA proposal.

The SOA and other matters were fixed at the Creditors Meeting on 25 July 2022. The Court Convened Meeting (“CCM”) was concluded and majority of the scheme creditors attended have voted and supported the proposed SOA.

As the Customer had breached the terms of the Scheme, the solicitor for the Syndicated Financiers issued a letter to the Court to advise that there has been a breach of the Scheme or the Consent Order which entitling the Syndicated Financiers to move for the Interim Liquidator (“IL”). On 23 August 2022, the Court allowed for the application of the IL.

The Interim Liquidator appointed was Victor Saw Seng Kee, the licensed liquidator from PwC. The Guarantors filed an application to stay and discharge of the Court Order on the Appointment of IL and to modify the Scheme. The Court fixed for the Case Management (“CM”) on the application to stay and discharge on 15 September 2022 and hearing to modify the Scheme on 27 September 2022.

On CM date 18 October 2022, the solicitors for IL submitted that IL requires more time to complete their assessment on the viability of the Scheme and the Scheme funds. The IL was preparing an affidavit to update the Winding Up court on their current investigation status and indicated that they would extend this affidavit to the scheme court. The Judge fixed a CM date on 9 November 2022. At the Scheme Proceedings the Court ordered that all Originating Summons (“OS”) (OS 812, 813, 814, 815 (Serba Dinamik Development Sdn Bhd) and 816 (Serba Dinamik Controls Sdn Bhd) to be struck out with liberty to file afresh.

During the CM, IL indicated that they were taking instructions on the filing of an Affidavit in Reply and the Court directed for any replies to be filed within 14 days and fixed for hearing of the application on 10 January 2023 together with the Syndicated Financiers’ Winding Up Petition.

On 10 January 2023 the Winding Up order was granted against Serba Dinamik Holdings Bhd (“SDHB”), Serba Dinamik International Ltd (“SDIL”), Serba Dinamik Sdn Bhd (“SDSB”) and Serba Dinamik Group Berhad (“SDGB”) (collectively referred to as “Companies”).

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

B8. Material litigation (continued)

(c) Continued...

The Companies filed appeal to the Court of Appeal against the dismissal of the Companies' application to adjourn the hearing of the Winding up petition and against the Winding up order dated 10 January 2023. The CM for the appeal was fixed on 11 April 2023.

In the meantime, the Companies sought for ad interim stay of the Winding Up Order pending disposal of the Stay Application. The Court was inclined to allow the ad interim stay. The proper hearing date for the Stay Application was fixed on 6 March 2023 and the decision was fixed on 16 March 2023 where the Court had dismissed the Stay Application.

Earlier on 7 July 2023, the High Court approved the application made by the approved liquidator's application for authorisation to continue the operations of Serba Dinamik Holdings Berhad and three liquidating companies for 365 days starting from 9 July 2023 to 8 July 2024.

The Companies filed appeal to the Court of Appeal against the dismissal of the Companies' application to adjourn the hearing of the Winding up petition and against the Winding up order dated 10 January 2023. The CM was fixed on 31 July 2023. During the CM date, the Court has fixed the hearing of the appeal on 25 June 2024.

Additionally, there were Notices of Creditors Meeting from the Liquidator which was held as follows:-

- SDHB on 10 October 2023;
- SDGB and SDSB on 11 October 2023; and
- SDIL on 12 October 2023.

The above meeting was fixed for the appointment of the Committee of Inspection ("COI") where on the meeting date, Bank Islam has been appointed as the committee under the COI for the above four (4) companies.

The Court on 27 October 2023 allowed the application made by Liquidator to confirm the SDHB's COI. The First COI meeting was called on 14 November 2023 among others to update the committee on the progress made by the Liquidator, discussion on Liquidator Fees and Strategies moving forward.

(d) Bank Islam ("the Bank") filed a civil suit against Burwood Group Limited ("Customer") and 8 others, namely Robert Kokshoorn, Anthony Richard Witham, George Mavrogenis, Ooi Joo Fong, Dato' Mohd Salleh Bin Yeop Abdul Rahman, Stephen Keith Lavender, BPA Group Limited and Dominic Andrla (collectively be referred to as "the Defendants") claiming for an amount of RM85,456,573.79 being the outstanding financing facilities granted by the Bank to the Customer whose accounts had been defaulted.

On 28 January 2022, the Bank filed civil suit against the Customer and all Guarantors. The latest summary updates of the suit are as follows:

- (i) On 25 August 2022, Judgement in Default ("JID") has been obtained against 2nd and 3rd Defendants.
- (ii) On 20 September 2022, JID has been obtained against 8th Defendant.
- (iii) On 31 May 2023, consent judgment entered between both parties and the 5th Defendant has made full payment and the case against 6th Defendant has been withdrawn as the 6th Defendant passed away.
- (iv) On 22 June 2023, JID has been obtained against 7th Defendant.
- (v) On 4 September 2023, the Court allowed the Bank's Summary Judgment application for 1st and 4th Defendants. The Defendants filed appeal to the Court of Appeal on 2 October 2023.
- (vi) On 30 October 2023, the Court fixed for Case Management on the Bank's application for Summary Judgment (Order 14) against the 9th Defendant. The Defendant filed an application to set aside the Writ Summons, hearing on 30 October 2023 and the decision was fixed on 24 November 2023.

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

B8. Material litigation (continued)

- (e) Bank Islam ("the Bank") filed a civil suit against Sawit Raya Oil (Kelantan) Sdn Bhd, Tan See Meng, Tan See Nong and Sawit Raya Sdn Bhd ("the Defendants") to recover the outstanding amount of RM234,621,328.53 for the financing granted to the first Defendant. The Writ Summons and the Statement of Claim were filed on 1 July 2022. The court has directed the Defendants to file Statement of Defence on or before 23 August 2022 and Reply to Defence on or before 6 September 2022. Defendants to file Affidavit In Reply on or before 17 October 2022 and the Bank to file Affidavit In Reply on or before 31 October 2022. The next Case Management ("CM") was fixed on 3 November 2022.

The Court has directed parties to file Written Submission on or before 18 November 2022 and Submission in Reply on or before 25 November 2022. The hearing of the application for Summary Judgment ("Hearing") has been fixed on 2 December 2022. The Hearing was postponed to 14 February 2023.

The Court has adjourned the hearing as the Defendants filed a Notice of Application to adduce an expert opinion. The next CM date was fixed on 27 February 2023 for the court to fix a date for the hearing of the said Notice of Application and Order 14. The Court has dismissed the Defendant's Application to adduce an expert opinion.

The Court has fixed the hearing for the Bank's Order 14 application on 13 July 2023. The hearing on 13 July 2023 has been adjourned to 25 September 2023. The Court further adjourned the hearing for Order 14 to 22 February 2024.

- (f) On 24 November 2022, Chunsi Kudkumkong ("Plaintiff") filed a civil suit against Bank Islam ("Defendant"). The Plaintiff is a Director, Chargor and Guarantor for the following facilities granted by Bank Islam to 5 Star Room Hotel Sdn. Bhd. ("Customer"):
- (a) Business Financing-i RM37,000,000.00;
 - (b) Business Cash Line-i (1) RM5,000,000.00;
 - (c) Business Cash Line-i (2) RM2,000,000.00;
 - (d) Business Cash Line-i (3) RM5,000,000.00.

The Customer had, previously initiated a civil suit against Bank Islam and failed when the High Court and the Court of Appeal dismissed the Customer's suit. The final decision was made by the Federal Court on 27 May 2022 whereby the Court also decided to dismiss the Customer's suit.

In this suit, the Plaintiff claims for the following:

- (a) Damages RM50,000,000.00;
- (b) Restitution RM53,420,697.04;
- (c) Severe damages RM50,000,000.00;
- (d) Exemplary damages RM50,000,000.00; and
- (e) General damages.

The first Case Management ("CM") was fixed on 22 December 2022. On the CM date before Deputy Registrar, the Plaintiff informed the Court that he would like to transfer this case from Alor Setar High Court to Kuala Lumpur High Court ("KLHC"). The Alor Setar High Court directed the Plaintiff to file the transfer application by 17 January 2023. The hearing for the Transfer Application to KLHC was fixed on 6 March 2023.

The Alor Setar High Court has allowed the Plaintiff's application to transfer the proceeding to KLHC.

At KLHC, the Defendant's application to strike out the Plaintiff's Writ Summons and Statement of Claim was filed. The case fixed for CM on 5 September 2023. The hearing of striking out the Plaintiff's Writ Summons and Statement of Claim fixed on 28 November 2023.

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

B8. Material litigation (continued)

- (g) On 24 November 2022, Quantum Majesty Sdn Bhd ("Plaintiff") filed a civil suit against Bank Islam ("Defendant"). The Plaintiff is the Chargor to a property charged to Bank Islam for the following financings granted by Bank Islam to 5 Star Room Hotel Sdn Bhd ("Customer"):
- (a) Business Financing-i RM37,000,000.00;
 - (b) Business Cash Line-i (1) RM5,000,000.00;
 - (c) Business Cash Line-i (2) RM2,000,000.00;
 - (d) Business Cash Line-i (3) RM5,000,000.00.

The Customer had, previously initiated a civil suit against Bank Islam and failed when the High Court and the Court of Appeal dismissed the Customer's suit. The final decision was made by the Federal Court on 27 May 2022 whereby the Court decided to dismiss the Customer's suit.

In this suit, the Plaintiff claims for the following:

- (a) Damages RM500,000,000.00;
- (b) Restitution RM53,420,697.04;
- (c) Severe damages RM500,000,000.00;
- (d) Exemplary damages RM500,000,000.00; and
- (e) General damages.

The first Case Management ("CM") was fixed on 22 December 2022. On the CM date before Deputy Registrar, the Plaintiff informed the Court that they would like to transfer this case to Kuala Lumpur High Court ("KLHC"). The Court directed the Plaintiff to file the transfer application by 17 January 2023. The next CM date is fixed on 14 February 2023. The hearing for the Transfer Application to KLHC was fixed on 13 March 2023.

The Alor Setar High Court has allowed the Plaintiff's application to transfer the proceeding to KLHC.

At KLHC, The Defendant's application to strike out the Plaintiff's Writ Summons and Statement of Claim was filed. The KLHC has directed as follows:-

- (i) Plaintiff to file Affidavit in Reply on or before 21 August 2023;
 - (ii) Defendant to file Affidavit in Reply on or before 4 September 2023;
 - (iii) Parties to file Written Submission on or before 6 November 2023;
 - (iv) Parties to file Written Submission in Reply on or before 20 November 2023; and
 - (v) Hearing of the application to strike out the Plaintiff's Writ Summons and Statement of Claim was fixed on 12 December 2023.
- (h) On 30 November 2022, Bank Islam ("the Bank") filed a civil suit against 1. Time Marine Services Sdn Bhd, 2. Omar Bin Khalid, 3. Azmel Hafiz Bin Azizt, and 4. Puteri Nazrahtul Binti Omar ("the Defendants") to recover the outstanding amount of RM19,985,772.78 for the financing granted to the first Defendant.

The Court has fixed for the Case Management ("CM") on 4 January 2023. The Court further fixed the CM on 17 February 2023 to record the Consent Judgment ("CJ"). The CJ has been recorded on the CM date.

Amongst the terms as stated in the CJ are as follows:

- (a) The Defendants to pay the outstanding balance of RM19,985,772.78 to the Bank; and
- (b) The Defendants to enter the payment arrangement with the Bank within 14 days from the CJ date.

The Defendant made a payment as per a new payment schedule that was approved by the Bank's Financing Committee "A" ("FCA") on 31 March 2023 which commenced in April 2023.

Based on the above, the matter is considered as resolved.

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

B8. Material litigation (continued)

- (i) On 29 December 2022, 5 Star Room Hotel Sdn Bhd, Tan Wooi Chon, Chundsi Kudkumkong, Tan Woan Rou & Tan Woanren (“Plaintiff”) filed a civil suit against Bank Islam (“Defendant”). The first Plaintiff is Bank Islam’s Customer and the second to the fifth Plaintiffs are Guarantors for the following facilities granted by Bank Islam to the Customer:
- (a) Business Financing-i RM37,000,000.00;
 - (b) Business Cash Line-i (1) RM5,000,000.00;
 - (c) Business Cash Line-i (2) RM2,000,000.00;
 - (d) Business Cash Line-i (3) RM5,000,000.00.

This suit was different from the suit that was previously initiated by 5 Star Room against the Bank on 22 April 2019 and decided by the Court against 5 Star Room. In this suit, the Plaintiffs sought for an injunction from the Court to restrain Bank Islam from disposing or proceeding with foreclosure action against the charged properties charged to Bank Islam.

The Plaintiff claims for the following:

- (a) Damages RM300,000,000.00;
- (b) An injunction;
- (c) General damages;
- (d) Damages for breach of contract RM500,000,000.00;
- (e) Restitution RM53,420,697.04;
- (f) Punitive damages RM600,000,000.00;
- (g) Exemplary damages RM600,000,000.00; and
- (h) Cost.

The Case Management (“CM”) for the Writ was fixed on 8 March 2023. Meanwhile, the Plaintiff filed an Injunction Application whereby the CM was fixed on 13 March 2023. The hearing of the Injunction was fixed on 31 May 2023 and the decision was fixed on 26 July 2023 whereby the Court had dismissed the Plaintiffs' application with cost RM1,000. The CM on 20 September 2023 was fixed for the parties to file any interlocutory applications.

The Court has fixed 13 November 2023 as the CM for the Bank to serve the Striking Out application to the Plaintiff and for the Plaintiff to appoint a new solicitor as the current solicitor passed away. The next CM was fixed on 9 January 2024.

B9. Dividend

- (a) On 30 January 2023, the Bank paid an interim dividend of 10.40 sen per ordinary share amounting RM224.1 million for the financial year ended 31 December 2022. From the total dividend amount, approximately 11% or RM23.6 million was distributed as cash dividend whilst the remaining 89% amounting to RM200.5 million was reinvested to subscribe for 88,736,000 new ordinary shares at RM2.26 each via the Dividend Reinvestment Plan (“DRP”). The new ordinary shares were listed on 31 January 2023.
- (b) On 27 February 2023, Board of Directors of Bank Islam Malaysia Berhad (“The Board”) had declared a second interim dividend of 3.40 sen per ordinary share amounting RM76.3 million for the financial year ended 31 December 2022. From the total dividend amount, approximately 43% or RM33.2 million was distributed as cash dividend whilst the remaining 57% amounting to RM43.1 million was reinvested to subscribe for 22,468,100 new ordinary shares at RM1.92 each via the Dividend Reinvestment Plan (“DRP”). The new ordinary shares were listed on 15 May 2023.

Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)]**(Incorporated in Malaysia)****Unaudited Interim Financial Statements****B9. Dividend (continued)**

- (c) i) The Board proposed a single-tier interim cash dividend in respect of the financial year ending 31 December 2023 of 12.59 sen per ordinary share amounting to dividend payable of RM285,388,219 based on the outstanding issued share capital as at 30 September 2023.
- ii) Previous corresponding period : 10.40 sen
- iii) Date of entitlement : to be determined and announced later
- iv) Date payable : to be determined and announced later

B10. Earnings per share**Basic earnings per share**

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the number of average ordinary shares in issue during the period.

Group	3 months ended		9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Net profit for the period under review attributable to equity holders of the parent	140,541	142,860	394,766	365,934
Number of ordinary shares	2,266,473	2,155,269	2,266,473	2,155,269
Number of average ordinary shares	2,266,473	2,155,269	2,245,694	2,149,452
Earnings per share (sen)	6.20	6.63	17.58	17.02

Diluted earnings per share

The Group has no dilution in its earnings per share in the current and the preceding financial period as there are no dilutive potential ordinary shares.

B11. Foreign exchange exposure/hedging policy

The breakdown of Group's net foreign exchange exposure in RM equivalent is as follows:

RM equivalent	30.09.2023	31.12.2022
	RM'000	RM'000
USD	82,460	109,297
EURO	(98,888)	(92,877)
Others	5,293	14,924

The Bank's exposure on USD and other currencies are mainly related to its Labuan branch operations and maintenance of foreign current accounts ("FCA").

Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)]**(Incorporated in Malaysia)****Unaudited Interim Financial Statements****B12. Material impairment of assets**

The breakdown of the assets' carrying value in the book before impairment, impairment losses and carrying value in the book after impairment against its market value are as follows:

As at 30 September 2023				
Group	Carrying value before impairment RM'000	Impairment losses RM'000	Carrying value after impairment RM'000	Market value RM'000
Financing, advances and others	67,294,926	(827,855)	66,467,071	69,969,470

As at 31 December 2022				
Group	Carrying value before impairment RM'000	Impairment losses RM'000	Carrying value after impairment RM'000	Market value RM'000
Financing, advances and others	65,941,857	(1,039,863)	64,901,994	68,151,645

At each reporting date, the Group first assesses individually whether objective evidence of impairment exists for significant financial assets and collectively for financial assets that are not individually significant. If it is determined that objective evidence of impairment exists, i.e. credit impaired, for an individually assessed financial assets measured at amortised cost and FVOCI, a lifetime ECL will be recognised for impairment loss which has been incurred.

The Group has considered the impact of the pandemic and has taken into account the economic and financial measures announced by the Government in estimating the ECL on the financial assets.

Under collective assessment, the Group applies a three-stage approach to measuring ECL on financial assets measured at amortised cost and FVOCI. Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

- i) **Stage 1: 12-months ECL ("Stage 1")**
For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon recognition, the portion of lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.
- ii) **Stage 2: Lifetime ECL - not credit impaired ("Stage 2")**
For exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.
- iii) **Stage 3: Lifetime ECL - credit impaired ("Stage 3")**
Financial assets are assessed as credit impaired when one or more events that have a negative impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience, informed credit assessment and including forward-looking information.

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

B12. Material impairment of assets (continued)

The Group assumes that the credit risk on a financial asset has increased significantly when it is more than 30 days past due. The Group also uses its internal credit risk grading system and external risk rating to assess deterioration in credit quality of a financial asset.

The Group assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar risk characteristics, taking into account the asset type, industry, geographical location, collateral type, past-due status and other relevant factors. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the counterparty's ability to pay all amounts due according to the contractual terms of the assets being evaluated.

B13. Derivatives

The Group holds derivative financial instruments to hedge its foreign currency and profit rate exposures.

	Notional amount 30.09.2023 RM'000	Fair value 30.09.2023 RM'000	Notional amount 31.12.2022 RM'000	Fair value 31.12.2022 RM'000
<i>Trading derivatives</i>				
Foreign exchange related contracts				
- Less than one year	8,010,021	23,482	7,713,420	(14,396)
Profit rate related contracts				
- Less than one year	13,279	8	-	-
- One year to 3 years	-	-	42,286	72
	8,023,300	23,490	7,755,706	(14,324)

Market risk

Market risk on derivatives is the potential loss to the value of these contracts due to changes in prices of the underlying item such as equities, interest rates, foreign exchange rates, credit spreads, commodities or other indices. The notional or contractual amounts provide only the volume of transactions outstanding at the reporting date and not the amount of risk. Exposure to market risk may be reduced through offsetting items from on and off-balance sheet positions. As at 30 September 2023, the amount of contracts which were not hedged and, hence, exposed to market risk was RM441.5 million (31 December 2022: RM84.9 million).

Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Bank has a gain position. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices. As at 30 September 2023, the credit risk measured in terms of the cost to replace the profitable contracts, was RM204.7 million (31 December 2022: RM213.1 million).

Liquidity risk

Liquidity risk on derivatives is the risk that the derivatives position cannot be closed out promptly. Exposure to liquidity risk is reduced through contracting derivatives where the underlying items are widely traded.

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

B13. Derivatives (continued)

Cash Requirements of the Derivatives

Cash requirement of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit rating.

There have been no changes since the end of the previous financial year in respect of the following:

- a) The types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
- b) The risk management policies in place for mitigating and control in the risk associated with these financial derivative contracts; and
- c) The related accounting policies.

B14. The amounts of gains/losses arising from fair value changes of its financial liabilities for the current quarter and financial year to date

Derivative financial assets and liabilities are measured at fair value. Gain or loss arising from fair value changes of these instruments are as follows:

	3 months ended	9 months ended
	30.09.2023 RM'000	30.09.2023 RM'000
<i>Trading derivatives</i>		
Net loss arising from fair value changes from derivatives assets and liabilities	(13)	(59)

The Group holds derivative financial instruments to hedge its foreign currency and profit rate exposures. However, the Group elects not to apply hedge accounting. Hence, foreign exchange trading positions, including spot and forward contracts, are revalued at prevailing market rates at statement of financial position date and the resultant gains and losses for the financial year are recognised in the profit or loss.