

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

**Statements of Financial Position as at 31 December 2023**

	Note	Group		Bank	
		31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
<b>Assets</b>					
Cash and short-term funds	8	<b>4,714,465</b>	7,145,114	<b>4,678,243</b>	7,128,159
Financial assets at fair value through profit or loss (“FVTPL”)	9	<b>1,215,769</b>	299,128	<b>914,246</b>	272,735
Derivative financial assets	10	<b>68,412</b>	123,000	<b>68,412</b>	123,000
Financial assets at fair value through other comprehensive income (“FVOCI”)	11	<b>12,520,208</b>	12,093,417	<b>12,521,567</b>	12,094,304
Financial assets at amortised cost (“AC”)	12	<b>3,120,230</b>	3,055,256	<b>3,120,230</b>	3,055,256
Financing, advances and others	13	<b>66,817,115</b>	64,901,994	<b>66,817,115</b>	64,901,994
Other assets	14	<b>863,813</b>	600,746	<b>763,308</b>	501,471
Statutory deposits with Bank Negara Malaysia		<b>989,407</b>	950,508	<b>989,407</b>	950,508
Current tax assets		<b>7,184</b>	7,203	<b>6,662</b>	6,662
Deferred tax assets		<b>174,728</b>	212,349	<b>173,756</b>	211,377
Right-of-use assets	15	<b>167,436</b>	184,383	<b>166,624</b>	183,959
Investments in subsidiaries		-	-	<b>344,049</b>	100,905
Property and equipment		<b>252,753</b>	223,995	<b>250,279</b>	221,835
Intangible assets		<b>50,354</b>	54,578	<b>50,354</b>	54,578
<b>Total assets</b>		<b><u>90,961,874</u></b>	<u>89,851,671</u>	<b><u>90,864,252</u></b>	<u>89,806,743</u>
<b>Liabilities and equity</b>					
Deposits from customers	16	<b>59,016,131</b>	60,707,504	<b>59,042,581</b>	60,821,715
Investment accounts of customers	17	<b>17,073,156</b>	14,461,439	<b>17,092,594</b>	14,564,962
Deposits and placements of banks and other financial institutions		<b>351,787</b>	70,068	<b>351,787</b>	70,068
Derivative financial liabilities	10	<b>56,548</b>	137,324	<b>56,548</b>	137,324
Bills and acceptance payable		<b>15,614</b>	22,441	<b>15,614</b>	22,441
Recourse obligations on financing sold to Cagamas	B7(a)	<b>2,004,329</b>	3,005,343	<b>2,004,329</b>	3,005,343
Subordinated sukuk and capital securities	B7(b)	<b>2,323,540</b>	2,222,092	<b>2,323,540</b>	2,222,092
Other liabilities	18	<b>2,399,093</b>	2,070,964	<b>2,276,009</b>	1,910,462
Lease liabilities	15	<b>281,174</b>	295,585	<b>280,359</b>	295,167
Zakat and taxation		<b>40,290</b>	62,668	<b>40,279</b>	62,582
<b>Total liabilities</b>		<b><u>83,561,662</u></b>	<u>83,055,428</u>	<b><u>83,483,640</u></b>	<u>83,112,156</u>

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**Statements of Financial Position as at 31 December 2023 (continued)**

		Group		Bank	
	Note	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
<b>Equity attributable to equity holders of the Bank</b>					
Share capital		3,888,725	3,645,043	3,888,725	3,645,043
Reserves		<u>3,511,487</u>	<u>3,151,200</u>	<u>3,491,887</u>	<u>3,049,544</u>
		<b>7,400,212</b>	<b>6,796,243</b>	<b>7,380,612</b>	<b>6,694,587</b>
<b>Total liabilities and equity</b>		<b><u>90,961,874</u></b>	<b><u>89,851,671</u></b>	<b><u>90,864,252</u></b>	<b><u>89,806,743</u></b>
<b>Restricted investment accounts managed by the Bank</b>	17(a)	-	43	-	43
<b>Total Islamic banking asset owned and managed by the Bank</b>		<b><u>90,961,874</u></b>	<b><u>89,851,714</u></b>	<b><u>90,864,252</u></b>	<b><u>89,806,786</u></b>
<b>Commitments and Contingencies</b>	30	<b><u>21,482,102</u></b>	<b><u>18,883,556</u></b>	<b><u>21,482,102</u></b>	<b><u>18,883,556</u></b>
<b>Net assets per share attributable to equity holders of the Bank (RM)</b>		<b><u>3.27</u></b>	<b><u>3.15</u></b>	<b><u>3.26</u></b>	<b><u>3.11</u></b>

*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.*

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**Statements of Profit or Loss for the fourth quarter and financial year ended 31 December 2023**

Group	Note	3 months ended		12 months ended	
		31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Income derived from investment of depositors' funds	19	<b>837,857</b>	747,691	<b>3,263,158</b>	2,585,912
Income derived from investment account funds	20	<b>175,344</b>	170,258	<b>716,208</b>	587,924
Income derived from investment of shareholders' funds	21	<b>153,531</b>	127,719	<b>549,964</b>	402,459
Net allowance for impairment on financing and advances, net of recoveries	22	<b>(10,357)</b>	(37,974)	<b>(175,263)</b>	(140,032)
Net allowance for impairment on other financial assets		<b>(4,424)</b>	48	<b>(3,698)</b>	959
Direct expenses		<b>(7,136)</b>	(3,076)	<b>(18,596)</b>	(11,414)
<b>Total distributable income</b>		<b>1,144,815</b>	1,004,666	<b>4,331,773</b>	3,425,808
Wakalah fees from restricted investment accounts		-	10	<b>11</b>	59
Income attributable to depositors	23	<b>(438,155)</b>	(356,683)	<b>(1,701,718)</b>	(1,072,342)
Income attributable to investment account holders	24	<b>(88,736)</b>	(61,873)	<b>(350,469)</b>	(194,066)
<b>Total net income</b>		<b>617,924</b>	586,120	<b>2,279,597</b>	2,159,459
Personnel expenses	25	<b>(226,636)</b>	(251,275)	<b>(861,251)</b>	(821,955)
Other overhead expenses	26	<b>(158,037)</b>	(117,899)	<b>(559,968)</b>	(483,467)
		<b>233,251</b>	216,946	<b>858,378</b>	854,037
Finance cost	27	<b>(29,198)</b>	(29,635)	<b>(111,549)</b>	(107,171)
<b>Profit before zakat and tax</b>		<b>204,053</b>	187,311	<b>746,829</b>	746,866
Zakat		<b>(294)</b>	(2,448)	<b>(11,544)</b>	(13,682)
Tax expense	B5	<b>(45,475)</b>	(59,125)	<b>(182,235)</b>	(241,512)
<b>Profit for the period / year</b>		<b>158,284</b>	125,738	<b>553,050</b>	491,672
<b>Earnings per share (sen)</b>	B10			<b>24.57</b>	22.86

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**Statements of Other Comprehensive Income for the fourth quarter and financial year ended 31 December 2023**

Group	3 months ended		12 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Profit for the period / year	<u>158,284</u>	<u>125,738</u>	<u>553,050</u>	<u>491,672</u>
<b>Other comprehensive income, net of tax:</b>				
<b>Items that are or may be reclassified subsequently to profit or loss</b>				
Currency translation differences in respect of Labuan operations	3,913	3,902	(2,997)	11,076
Movement in fair value reserve (debt instruments):				
Net change in fair value	104,847	114,202	274,346	(101,101)
Changes in expected credit loss	(4,424)	48	(4,142)	(3,975)
Net amount transferred to profit or loss	(10,173)	-	(62,731)	(1,181)
Income tax effect relating to components of other comprehensive income	(21,660)	(27,477)	(49,680)	26,171
	<u>72,503</u>	<u>90,675</u>	<u>154,796</u>	<u>(69,010)</u>
<b>Items that will not be reclassified to profit or loss</b>				
Movement in fair value reserve (equity instruments):				
Net change in fair value	(150)	(1,372)	13,743	(1,495)
<b>Other comprehensive income for the period / year, net of tax</b>	<u>72,353</u>	<u>89,303</u>	<u>168,539</u>	<u>(70,505)</u>
<b>Total comprehensive income for the period / year</b>	<u>230,637</u>	<u>215,041</u>	<u>721,589</u>	<u>421,167</u>

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**Statements of Profit or Loss for the fourth quarter and financial year ended 31 December 2023**

Bank	Note	3 months ended		12 months ended	
		31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Income derived from investment of depositors' funds	19	<b>837,857</b>	747,691	<b>3,263,158</b>	2,585,912
Income derived from investment account funds	20	<b>175,344</b>	170,258	<b>716,208</b>	587,924
Income derived from investment of shareholders' funds	21	<b>147,893</b>	121,579	<b>609,759</b>	378,885
Net allowance for impairment on financing and advances, net of recoveries	22	<b>(10,357)</b>	(37,974)	<b>(175,263)</b>	(140,032)
Net allowance for impairment on other financial assets and investment in subsidiaries		<b>(4,424)</b>	48	<b>(8,698)</b>	959
Direct expenses		<b>(7,136)</b>	(3,076)	<b>(18,596)</b>	(11,414)
<b>Total distributable income</b>		<b>1,139,177</b>	998,526	<b>4,386,568</b>	3,402,234
Wakalah fees from restricted investment accounts		-	10	<b>11</b>	59
Income attributable to depositors	23	<b>(438,250)</b>	(356,730)	<b>(1,702,071)</b>	(1,072,524)
Income attributable to investment account holders	24	<b>(88,915)</b>	(62,553)	<b>(351,966)</b>	(196,535)
<b>Total net income</b>		<b>612,012</b>	579,253	<b>2,332,542</b>	2,133,234
Personnel expenses	25	<b>(215,654)</b>	(242,081)	<b>(817,794)</b>	(788,420)
Other overhead expenses	26	<b>(162,240)</b>	(119,315)	<b>(574,967)</b>	(483,266)
		<b>234,118</b>	217,857	<b>939,781</b>	861,548
Finance cost	27	<b>(29,191)</b>	(29,630)	<b>(111,533)</b>	(107,156)
<b>Profit before zakat and tax</b>		<b>204,927</b>	188,227	<b>828,248</b>	754,392
Zakat		<b>(182)</b>	(2,372)	<b>(11,432)</b>	(13,622)
Tax expense	B5	<b>(45,362)</b>	(59,101)	<b>(181,786)</b>	(240,369)
<b>Profit for the period / year</b>		<b>159,383</b>	126,754	<b>635,030</b>	500,401

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**Statements of Other Comprehensive Income for the fourth quarter and financial year ended 31 December 2023**

Bank	3 months ended		12 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Profit for the period / year	<u>159,383</u>	<u>126,754</u>	<u>635,030</u>	<u>500,401</u>
<b>Other comprehensive income, net of tax:</b>				
<b>Items that are or may be reclassified subsequently to profit or loss</b>				
Currency translation differences in respect of Labuan operations	3,935	3,987	(2,578)	11,056
Movement in fair value reserve (debt instruments):				
Net change in fair value	104,847	114,202	273,874	(101,125)
Changes in expected credit loss	(4,424)	48	(4,142)	(3,975)
Net amount transferred to profit or loss	(10,173)	-	(62,731)	(1,181)
Income tax effect relating to components of other comprehensive income	(21,660)	(27,477)	(49,680)	26,171
	<u>72,525</u>	<u>90,760</u>	<u>154,743</u>	<u>(69,054)</u>
<b>Items that will not be reclassified to profit or loss</b>				
Movement in fair value reserve (equity instruments):				
Net change in fair value	(150)	(1,372)	14,215	(1,471)
<b>Other comprehensive income for the period / year, net of tax</b>	<u>72,375</u>	<u>89,388</u>	<u>168,958</u>	<u>(70,525)</u>
<b>Total comprehensive income for the period / year</b>	<u>231,758</u>	<u>216,142</u>	<u>803,988</u>	<u>429,876</u>

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**Consolidated Statement of Changes in Equity for the financial year ended 31 December 2023**

Group	← Attributable to equity holders →			Total Equity RM'000
	← Non-distributable →		Distributable	
	Share capital RM'000	Other Reserves RM'000	Retained earnings RM'000	
<b>At 1 January 2023</b>	<b>3,645,043</b>	<b>54,596</b>	<b>3,096,604</b>	<b>6,796,243</b>
Profit for the year			<b>553,050</b>	<b>553,050</b>
Currency translation difference in respect of Labuan operations	-	<b>(2,997)</b>	-	<b>(2,997)</b>
Fair value reserve (debt instruments):				
Net change in fair value	-	<b>274,346</b>	-	<b>274,346</b>
Changes in expected credit loss	-	<b>(4,142)</b>	-	<b>(4,142)</b>
Net amount transferred to profit or loss	-	<b>(62,731)</b>	-	<b>(62,731)</b>
Income tax effect relating to components of other comprehensive income	-	<b>(49,680)</b>	-	<b>(49,680)</b>
Fair value reserve (equity instruments):				
Net change in fair value	-	<b>13,743</b>	-	<b>13,743</b>
Total comprehensive income for the year	-	<b>168,539</b>	<b>553,050</b>	<b>721,589</b>
Transfer to regulatory reserve	-	<b>31,000</b>	<b>(31,000)</b>	-
Dividends paid on ordinary shares	-	-	<b>(361,645)</b>	<b>(361,645)</b>
Issue of shares pursuant to Dividend Reinvestment Plan	<b>243,682</b>	-	-	<b>243,682</b>
Effect on predecessor accounting	-	<b>343</b>	-	<b>343</b>
<b>At 31 December 2023</b>	<b>3,888,725</b>	<b>254,478</b>	<b>3,257,009</b>	<b>7,400,212</b>

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**Consolidated Statement of Changes in Equity for the financial year ended 31 December 2023 (continued)**

Group	← Attributable to equity holders →		Distributable	Total
	← Non-distributable →			
	Share	Other	earnings	
	capital	Reserves		
	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2022</b>	3,445,757	(10,899)	2,965,080	6,399,938
Profit for the year	-	-	491,672	491,672
Currency translation difference in respect of Labuan operations	-	11,076	-	11,076
Fair value reserve (debt instruments):				
Net change in fair value	-	(101,101)	-	(101,101)
Changes in expected credit loss	-	(3,975)	-	(3,975)
Net amount transferred to profit or loss	-	(1,181)	-	(1,181)
Income tax effect relating to components of other comprehensive income	-	26,171	-	26,171
Fair value reserve (equity instruments):				
Net change in fair value	-	(1,495)	-	(1,495)
Total comprehensive income for the year	-	(70,505)	491,672	421,167
Transfer to regulatory reserve	-	136,000	(136,000)	-
Dividends paid on ordinary shares	-	-	(224,148)	(224,148)
Issue of shares pursuant to Dividend Reinvestment Plan	199,286	-	-	199,286
<b>At 31 December 2022</b>	<b>3,645,043</b>	<b>54,596</b>	<b>3,096,604</b>	<b>6,796,243</b>

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**Statement of Changes in Equity for the financial year ended 31 December 2023**

<b>Bank</b>	<i>← Attributable to equity holders →</i>			<b>Total Equity</b>
	<i>← Non-distributable →</i>	<b>Distributable</b>		
	<b>Share capital</b>	<b>Other Reserves</b>	<b>Retained earnings</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2023</b>	<b>3,645,043</b>	<b>(56,368)</b>	<b>3,105,912</b>	<b>6,694,587</b>
Profit for the year	-	-	<b>635,030</b>	<b>635,030</b>
Currency translation difference in respect of Labuan operations	-	<b>(2,578)</b>	-	<b>(2,578)</b>
Fair value reserve (debt instruments):				
Net change in fair value	-	<b>273,874</b>	-	<b>273,874</b>
Changes in expected credit loss	-	<b>(4,142)</b>	-	<b>(4,142)</b>
Net amount transferred to profit or loss	-	<b>(62,731)</b>	-	<b>(62,731)</b>
Income tax effect relating to components of other comprehensive income	-	<b>(49,680)</b>	-	<b>(49,680)</b>
Fair value reserve (equity instruments):				
Net change in fair value	-	<b>14,215</b>	-	<b>14,215</b>
Total comprehensive income for the year	-	<b>168,958</b>	<b>635,030</b>	<b>803,988</b>
Transfer to regulatory reserve	-	<b>31,000</b>	<b>(31,000)</b>	-
Dividends paid on ordinary shares	-	-	<b>(361,645)</b>	<b>(361,645)</b>
Issue of shares pursuant to Dividend Reinvestment Plan	<b>243,682</b>	-	-	<b>243,682</b>
<b>At 31 December 2023</b>	<b>3,888,725</b>	<b>143,590</b>	<b>3,348,297</b>	<b>7,380,612</b>

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**Statement of Changes in Equity for the financial year ended 31 December 2023 (continued)**

	<i>← Attributable to equity holders →</i>			
	<i>← Non-distributable →</i>	<i>Distributable</i>		
<b>Bank</b>	<b>Share capital RM'000</b>	<b>Other Reserves RM'000</b>	<b>Retained earnings RM'000</b>	<b>Total Equity RM'000</b>
<b>At 1 January 2022</b>	3,445,757	(121,843)	2,965,659	6,289,573
Profit for the year	-	-	500,401	500,401
Currency translation difference in respect of Labuan operations	-	11,056	-	11,056
Fair value reserve (debt instruments):				
Net change in fair value	-	(101,125)	-	(101,125)
Changes in expected credit loss	-	(3,975)	-	(3,975)
Net amount transferred to profit or loss	-	(1,181)	-	(1,181)
Income tax effect relating to components of other comprehensive income	-	26,171	-	26,171
Fair value reserve (equity instruments):				
Net change in fair value	-	(1,471)	-	(1,471)
Total comprehensive income for the year	-	(70,525)	500,401	429,876
Transfer to regulatory reserve	-	136,000	(136,000)	-
Dividends paid on ordinary shares	-	-	(224,148)	(224,148)
Issue of shares pursuant to Dividend Reinvestment Plan	199,286	-	-	199,286
<b>At 31 December 2022</b>	<b>3,645,043</b>	<b>(56,368)</b>	<b>3,105,912</b>	<b>6,694,587</b>

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**Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)]****(Incorporated in Malaysia)****Unaudited Interim Financial Statements****Statements of Cash Flow for the financial year ended 31 December 2023**

	Group		Bank	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Profit before zakat and tax	<b>746,829</b>	746,866	<b>828,248</b>	754,392
Adjustment for:				
Depreciation of property and equipment	<b>54,833</b>	59,785	<b>54,007</b>	58,928
Amortisation of intangible assets	<b>16,098</b>	1,024	<b>16,098</b>	1,024
Depreciation of right-of-use assets	<b>18,095</b>	17,198	<b>17,603</b>	16,726
Net gain on disposal of property and equipment	<b>(5)</b>	(68)	-	-
Property and equipment provision written-off	<b>556</b>	769	<b>516</b>	482
Allowance for impairment on financing, advances and others	<b>272,890</b>	232,478	<b>272,890</b>	232,478
Net allowance for impairment on other financial assets and investment in subsidiaries	<b>3,698</b>	4,330	<b>8,698</b>	4,330
Reversal of allowance for impairment on financial assets at AC	-	(5,289)	-	(5,289)
Net gain/(loss) on sale of financial assets at FVTPL	<b>237</b>	(108)	<b>238</b>	(108)
Net gain on sale of financial assets at FVOCI	<b>(62,731)</b>	(1,181)	<b>(62,731)</b>	(1,181)
Fair value (gain)/ loss on financial assets at FVTPL	<b>(7,723)</b>	16,720	<b>(7,626)</b>	16,780
Dividend from subsidiary	-	-	<b>(80,000)</b>	(3,000)
Dividends from financial assets at FVTPL	<b>(4,088)</b>	(10,065)	<b>(3,380)</b>	(9,598)
Dividend from financial assets at FVOCI	-	(237)	-	(237)
Income from rebate on investment in unit trust	-	(1,915)	<b>(648)</b>	(1,915)
Net derivatives gain	<b>(1)</b>	(3)	<b>(1)</b>	(3)
Finance cost on sukuk and capital securities	<b>95,336</b>	90,375	<b>95,336</b>	90,375
Profit expense on lease	<b>16,213</b>	16,796	<b>16,197</b>	16,781
<b>Operating profit before changes in assets and liabilities</b>	<b>1,150,237</b>	1,167,475	<b>1,155,445</b>	1,170,965
Changes in assets and liabilities:				
Deposits and placements of banks and other financial institutions	<b>281,719</b>	70,068	<b>281,719</b>	70,068
Financing, advances and others	<b>(2,188,011)</b>	(6,980,703)	<b>(2,188,011)</b>	(6,980,703)
Statutory deposits with Bank Negara Malaysia	<b>(38,899)</b>	(686,458)	<b>(38,899)</b>	(686,458)
Other financial asset at amortised cost	<b>(201,091)</b>	(410,016)	<b>(237,339)</b>	(366,675)
Deposits from customers	<b>(1,691,373)</b>	3,368,670	<b>(1,779,134)</b>	3,457,789
Investment account of customers	<b>2,611,717</b>	4,008,537	<b>2,527,632</b>	4,003,361

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**Statements of Cash Flow for the financial year ended 31 December 2023 (continued)**

	Group		Bank	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Bills and acceptance payables	(6,827)	2,329	(6,827)	2,329
Other liabilities	119,098	620,012	223,578	491,736
Recourse obligation on financing sold to Cagamas	(1,001,014)	1,003,623	(1,001,014)	1,003,623
<b>Cash (used in)/ generated from operations</b>	<b>(964,444)</b>	<b>2,163,537</b>	<b>(1,062,850)</b>	<b>2,166,035</b>
Zakat paid	(13,825)	(12,234)	(13,630)	(12,218)
Tax paid	(214,586)	(206,763)	(213,969)	(205,881)
Tax refund	214	-	-	-
<b>Net cash (used in)/ generated from operating activities</b>	<b>(1,192,641)</b>	<b>1,944,540</b>	<b>(1,290,449)</b>	<b>1,947,936</b>
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	(84,147)	(95,485)	(82,962)	(94,887)
Acquisition of subsidiaries, net of cash required	(29,239)	-	(243,144)	-
Proceeds from disposal of property and equipment	17	68	-	-
Purchase of intangible assets	(11,874)	-	(11,874)	-
Dividend from subsidiary	-	-	80,000	3,000
Dividends from financial assets at FVTPL	4,088	10,065	3,380	9,598
Dividend from financial assets at FVOCI	-	237	-	237
Income from rebate on investment in unit trust	-	1,915	648	1,915
Net proceeds from disposal/ (purchase) of securities	(1,031,433)	(9,159)	(821,020)	(14,644)
<b>Net cash used in investing activities</b>	<b>(1,152,588)</b>	<b>(92,359)</b>	<b>(1,074,972)</b>	<b>(94,781)</b>
<b>Cash flows from financing activities</b>				
Issuance of Subordinated Sukuk Mudharabah	400,000	500,000	400,000	500,000
Dividend paid on ordinary shares	(300,444)	(226,893)	(300,444)	(226,893)
Proceeds from issuance of ordinary shares pursuant to Dividend Reinvestment Plan	243,682	199,286	243,682	199,286
Redemption of subordinated sukuk	(300,000)	(300,000)	(300,000)	(300,000)
Finance cost paid on sukuk and capital securities	(93,888)	(83,132)	(93,888)	(83,132)
Payment of lease liabilities	(31,756)	(30,240)	(31,257)	(29,669)
<b>Net cash (used in)/ generated from financing activities</b>	<b>(82,406)</b>	<b>59,021</b>	<b>(81,907)</b>	<b>59,592</b>

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**Statements of Cash Flow for the financial year ended 31 December 2023 (continued)**

	Group		Bank	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Net (decrease)/ increase in cash and cash equivalents	<b>(2,427,635)</b>	1,911,202	<b>(2,447,328)</b>	1,912,747
Cash and cash equivalents as at beginning of year	<b>7,145,114</b>	5,222,848	<b>7,128,159</b>	5,204,364
Exchange difference on translation	<b>(3,014)</b>	11,064	<b>(2,588)</b>	11,048
Cash and cash equivalents as at end of year	<b><u>4,714,465</u></b>	<u>7,145,114</u>	<b><u>4,678,243</u></b>	<u>7,128,159</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.*

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**Notes to the unaudited interim financial statements for the twelve months ended 31 December 2023**

**1. Basis of preparation**

The unaudited interim financial statements of the Group and of the Bank for the financial year ended 31 December 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 material 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 financial year ended 31 December 2023.

**4. Unusual items**

There were no unusual items in the financial year ended 31 December 2023.

**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 financial year ended 31 December 2023.

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**6. Changes in debt and equity securities**

During the financial year ended 31 December 2023, the Bank increased its issued and paid-up ordinary shares from 2,155,269,114 units to 2,266,473,214 units via:

- (i) Issuance of 88,736,000 new ordinary shares amounting to RM200.5 million arising from the Dividend Reinvestment Plan (“DRP”) relating to electable portion of the single-tier interim dividend of 10.40 sen in respect of the financial year ended 31 December 2022, as disclosed in Note B9 to the financial statements; and
- (ii) Issuance of 22,468,100 new ordinary shares amounting to RM43.1 million arising from the Dividend Reinvestment Plan (“DRP”) relating to electable portion of the single-tier second interim dividend of 3.40 sen in respect of the financial year ended 31 December 2022, as disclosed in Note B9 to the financial statements.

There were no share buy-back during the financial year ended 31 December 2023.

**7. Subsequent events during the twelve months ended 31 December 2023**

There were no subsequent events during the financial year ended 31 December 2023.

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

	Group		Bank	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	936,629	817,436	933,427	816,234
Money at call and interbank placements with remaining maturity not exceeding three months	3,777,836	6,327,678	3,744,816	6,311,925
	<b>4,714,465</b>	<b>7,145,114</b>	<b>4,678,243</b>	<b>7,128,159</b>

**9. Financial assets at fair value through profit and loss (“FVTPL”)**

	Group		Bank	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Malaysian Government Investment Issues	417,999	-	417,999	-
Unit trust	21,799	244,260	6,997	217,877
Malaysian Islamic Treasury Bills	-	49,847	-	49,847
Bank Negara Monetary Notes	489,246	-	489,246	-
Corporate Sukuk	286,725	5,021	4	5,011
	<b>1,215,769</b>	<b>299,128</b>	<b>914,246</b>	<b>272,735</b>

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**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	31.12.2023			31.12.2022		
	Notional amount RM'000	Fair value		Notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Forward contracts	8,651,500	68,402	(56,539)	7,713,420	122,827	(137,223)
Profit rate swaps	3,343	10	(9)	42,286	173	(101)
	<b>8,654,843</b>	<b>68,412</b>	<b>(56,548)</b>	<b>7,755,706</b>	<b>123,000</b>	<b>(137,324)</b>

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

	Group		Bank	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Financial assets at FVOCI:				
(a) Debt instruments	12,430,426	12,017,378	12,430,426	12,017,378
(b) Equity instruments	89,782	76,039	91,141	76,926
	<b>12,520,208</b>	<b>12,093,417</b>	<b>12,521,567</b>	<b>12,094,304</b>

**(a) Debt instrument at FVOCI**

	Group and Bank	
	31.12.2023 RM'000	31.12.2022 RM'000
Malaysian Government Investment Issues	4,550,080	4,344,171
Corporate Sukuk	7,320,739	7,357,640
Malaysian Islamic Treasury Bills	-	315,567
Bank Negara Monetary Notes	399,534	-
Islamic Commercial Papers	160,073	-
	<b>12,430,426</b>	<b>12,017,378</b>

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**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:

<b>Group and Bank</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
At 1 January 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	<b>231</b>	<b>481</b>	<b>10,500</b>	<b>11,212</b>
Transfer to Stage 1	<b>40</b>	<b>(40)</b>	-	-
Changes in credit risk	<b>(51)</b>	<b>(86)</b>	<b>4,336</b>	<b>4,199</b>
Purchases and origination	<b>86</b>	-	-	<b>86</b>
Derecognition and disposal	<b>(78)</b>	<b>(65)</b>	-	<b>(143)</b>
At 31 December 2023	<b>228</b>	<b>290</b>	<b>14,836</b>	<b>15,354</b>

*(b) Equity instrument at FVOCI*

	<b>Group</b>		<b>Bank</b>	
	<b>31.12.2023 RM'000</b>	<b>31.12.2022 RM'000</b>	<b>31.12.2023 RM'000</b>	<b>31.12.2022 RM'000</b>
Quoted Shares				
- outside Malaysia	<u>6,317</u>	<u>7,000</u>	<u>6,317</u>	<u>7,000</u>
Unquoted Shares				
- in Malaysia	83,448	69,023	<b>84,807</b>	69,910
- outside Malaysia	<u>17</u>	<u>16</u>	<u>17</u>	<u>16</u>
	<u>83,465</u>	<u>69,039</u>	<u><b>84,824</b></u>	<u>69,926</u>
	<u>89,782</u>	<u>76,039</u>	<u><b>91,141</b></u>	<u>76,926</u>

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

	<b>Group and Bank</b>	
	<b>31.12.2023 RM'000</b>	<b>31.12.2022 RM'000</b>
<i>Debt instrument at amortised cost:</i>		
Malaysian Government Investment Issues	<b>1,875,465</b>	2,288,813
Corporate sukuk	<b>745,458</b>	668,595
Bank Negara negotiable notes	<b>499,307</b>	-
Malaysian Islamic Treasury Bills	-	97,848
	<u><b>3,120,230</b></u>	<u>3,055,256</u>

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**13. Financing, advances and others**

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

<b>Group and Bank</b>	<b>Bai' Bithaman Ajil</b>	<b>Murabahah</b>	<b>Bai' Al-Dayn</b>	<b>At-Tawarruq</b>	<b>^Ijarah Muntahiah Bit-Tamleek</b>	<b>Istisna'</b>	<b>Total</b>
<b>31.12.2023</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>							
Cash line	-	-	-	1,512,926	-	-	1,512,926
Term financing							
House financing	2,449,530	-	-	24,568,611	-	35,525	27,053,666
Syndicated financing	-	-	-	1,049,780	-	-	1,049,780
Leasing financing	-	-	-	-	127,324	-	127,324
Bridging financing	-	-	-	-	-	2,074	2,074
Personal financing	-	-	-	20,284,237	-	-	20,284,237
Other term financing	142,781	1,797,505	-	13,586,508	-	812	15,527,606
Staff financing	29,867	24,074	-	559,185	-	4,756	617,882
Credit cards	-	-	-	544,179	-	-	544,179
Trade bills discounted	-	622,819	69,839	35,244	-	-	727,902
Trust receipts	-	8,003	-	-	-	-	8,003
Pawn broking	-	-	-	169,210	-	-	169,210
	<b>2,622,178</b>	<b>2,452,401</b>	<b>69,839</b>	<b>62,309,880</b>	<b>127,324</b>	<b>43,167</b>	<b>67,624,789</b>

Allowance for impairment on financing, advances and others

- Stage 1	(302,306)
- Stage 2	(292,717)
- Stage 3	(212,651)
Net financing, advances and others	<b>66,817,115</b>

^ 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.

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

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

<b>Group and Bank 31.12.2022</b>	<b>Bai' Bithaman Ajil RM'000</b>	<b>Murabahah RM'000</b>	<b>Bai' Al-Dayn RM'000</b>	<b>Bai' Al-Inah RM'000</b>	<b>At- Tawarruq RM'000</b>	<b>^Ijarah Muntahiah Bit-Tamleek RM'000</b>	<b>Istisna' RM'000</b>	<b>Total RM'000</b>
<b>At amortised cost</b>								
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)
<b>Net financing, advances and others</b>								<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.

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**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	
		31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
House financing					
Unrestricted					
Investment Accounts	17(a)	13,356,777	10,887,549	13,366,496	10,939,310
Sold to Cagamas with recourse	B7(a)	2,004,329	3,005,343	2,004,329	3,005,343
		<u>15,361,106</u>	<u>13,892,892</u>	<u>15,370,825</u>	<u>13,944,653</u>
Personal financing					
Unrestricted					
Investment Accounts	17(a)	3,716,379	3,573,890	3,726,098	3,625,652

**(b) By type of customer**

	Group and Bank	
	31.12.2023 RM'000	31.12.2022 RM'000
Domestic banking institutions	200,052	200,741
Domestic non-bank financial institutions	804,182	1,134,114
Domestic business enterprise	11,095,362	11,388,424
Small and medium industries	2,739,497	2,515,004
Government and statutory bodies	1,910,528	1,895,508
Individuals	50,718,810	48,636,547
Other domestic entities	18,008	15,991
Foreign entities	138,350	155,528
	<u>67,624,789</u>	<u>65,941,857</u>

**(c) By profit rate sensitivity**

	Group and Bank	
	31.12.2023 RM'000	31.12.2022 RM'000
Fixed rate		
House financing	940,957	960,743
Others	6,299,591	4,578,040
Floating rate		
House financing	26,802,712	25,607,476
Others	33,581,529	34,795,598
	<u>67,624,789</u>	<u>65,941,857</u>

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

**(d) By remaining contractual maturity**

	<b>Group and Bank</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturity within one year	<b>6,895,986</b>	5,683,188
More than one year to three years	<b>1,772,141</b>	2,353,259
More than three years to five years	<b>3,865,750</b>	3,886,072
More than five years	<b>55,090,912</b>	54,019,338
	<b><u>67,624,789</u></b>	<b><u>65,941,857</u></b>

**(e) By geographical distribution**

	<b>Group and Bank</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Central Region	<b>31,685,138</b>	30,904,086
Eastern Region	<b>10,201,039</b>	9,980,174
Northern Region	<b>9,175,037</b>	8,825,148
Southern Region	<b>11,468,449</b>	11,281,525
East Malaysia Region	<b>5,095,126</b>	4,950,924
	<b><u>67,624,789</u></b>	<b><u>65,941,857</u></b>

**(f) By sector**

	<b>Group and Bank</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Primary agriculture	<b>842,037</b>	876,964
Mining and quarrying	<b>127,543</b>	371,447
Manufacturing (including agro-based)	<b>607,523</b>	615,475
Electricity, gas and water supply	<b>2,358,054</b>	2,226,137
Wholesale & retail trade, and hotels & restaurants	<b>1,257,455</b>	1,208,104
Construction	<b>1,470,233</b>	1,967,534
Transport, storage and communications	<b>2,801,628</b>	2,829,640
Finance, insurance, real estate and business activities	<b>5,804,729</b>	4,724,887
Education, health and others	<b>1,630,380</b>	2,479,672
Household sectors	<b>50,725,207</b>	48,641,997
	<b><u>67,624,789</u></b>	<b><u>65,941,857</u></b>

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

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

	<b>Group and Bank</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>RM’000</b>	<b>RM’000</b>
At 1 January 2023/ 2022	835,232	568,383
Classified as impaired during the year	893,681	916,357
Reclassified as not impaired during the year	(475,758)	(290,419)
Amount repaid	(126,281)	(107,468)
Amount written-off	(506,700)	(251,621)
At 31 December 2023/ 2022	<u>620,174</u>	<u>835,232</u>
Gross impaired financing as a percentage of gross financing, advances and others	<u>0.92%</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

	<b>Group and Bank</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>RM’000</b>	<b>RM’000</b>
Central Region	255,845	510,998
Eastern Region	107,440	95,756
Northern Region	152,661	146,491
Southern Region	73,459	55,567
East Malaysia Region	30,769	26,420
	<u>620,174</u>	<u>835,232</u>

(i) Impaired financing by sector

	<b>Group and Bank</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>RM’000</b>	<b>RM’000</b>
Primary agriculture	815	-
Mining and quarrying	106	257,925
Manufacturing (including agro-based)	36,476	37,452
Electricity, gas and water	2,415	467
Wholesale & retail trade, and hotels & restaurants	88,658	75,788
Construction	34,675	32,449
Transport, storage and communications	7,286	20,222
Finance, insurance, real estate and business activities	37,174	37,872
Education, health and others	7,633	2,158
Household sectors	404,936	370,899
	<u>620,174</u>	<u>835,232</u>

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

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

<b>Group and Bank</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
At 1 January 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	-
Changes in credit risk	(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	<b>366,051</b>	<b>224,397</b>	<b>449,415</b>	<b>1,039,863</b>
Transfer to Stage 1	5,248	(4,869)	(379)	-
Transfer to Stage 2	(15,402)	18,391	(2,989)	-
Transfer to Stage 3	(1,109)	(12,793)	13,902	-
Changes in credit risk	(101,889)	72,157	273,637	243,905
New financial assets originated or purchased	98,761	10,256	1,971	110,988
Financial assets that have been derecognised	(50,975)	(14,822)	(16,206)	(82,003)
Write-offs	-	-	(506,700)	(506,700)
Exchange differences	1,621	-	-	1,621
At 31 December 2023	<b>302,306</b>	<b>292,717</b>	<b>212,651</b>	<b>807,674</b>

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**14. Other assets**

	Group		Bank	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Other receivables	797,740	550,417	702,631	458,443
Deposit and prepayments	68,579	53,241	61,563	45,939
Related companies*	1,136	1,174	2,756	1,175
	<u>867,455</u>	<u>604,832</u>	<u>766,950</u>	<u>505,557</u>
Less: Allowance for impairment <b>Stage 3</b>				
- Other receivables	(3,642)	(4,086)	(3,642)	(4,086)
	<u>863,813</u>	<u>600,746</u>	<u>763,308</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	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Right-of-use assets (Buildings)				
As at 1 January 2023/ 2022	184,383	196,000	183,959	195,614
Addition	1,148	5,569	268	5,059
Depreciation	(18,095)	(17,198)	(17,603)	(16,726)
Effects of movement in exchange rates	-	12	-	12
As at 31 December 2023/ 2022	<u>167,436</u>	<u>184,383</u>	<u>166,624</u>	<u>183,959</u>
Lease liabilities				
As at 1 January 2023/ 2022	295,585	303,448	295,167	302,984
Addition	1,148	5,569	268	5,059
Payment of lease liabilities	(31,756)	(30,240)	(31,257)	(29,669)
Finance cost	16,213	16,796	16,197	16,781
Effects of movement in exchange rates	(16)	12	(16)	12
As at 31 December 2023/ 2022	<u>281,174</u>	<u>295,585</u>	<u>280,359</u>	<u>295,167</u>

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**16. Deposits from customers**

a) By type and Shariah contract

	Group		Bank	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
<b>Saving Deposit</b>				
<i>Qard</i>	6,335,945	6,646,714	6,335,945	6,646,714
<b>Demand Deposit</b>				
<i>Qard</i>	14,409,951	13,724,699	14,427,425	13,830,033
<b>Term Deposit</b>	38,154,123	40,220,734	38,163,099	40,229,611
General Investment Deposit				
<i>Mudharabah</i>	98,453	118,094	98,453	118,094
Term Deposit – i				
<i>Tawarruq</i>	37,586,078	39,982,616	37,595,054	39,991,493
Negotiable Islamic Debt Certificates (NIDC)	469,592	120,024	469,592	120,024
<b>Others</b>	116,112	115,357	116,112	115,357
	<u>59,016,131</u>	<u>60,707,504</u>	<u>59,042,581</u>	<u>60,821,715</u>

b) Maturity structure of term deposits are as follows:

	Group		Bank	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Due within six months	18,671,414	27,734,736	18,672,999	27,736,556
More than six months to one year	9,079,915	7,680,524	9,086,529	7,685,806
More than one year to three years	7,945,453	2,074,887	7,946,230	2,076,662
More than three years to five years	2,457,341	2,730,587	2,457,341	2,730,587
	<u>38,154,123</u>	<u>40,220,734</u>	<u>38,163,099</u>	<u>40,229,611</u>

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

**c) By type of customers**

	Group		Bank	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Domestic non-bank financial institutions	8,588,760	6,590,672	8,615,210	6,704,883
Business enterprises	19,003,287	21,229,580	19,003,287	21,229,580
Government and statutory bodies	17,652,496	20,848,877	17,652,496	20,848,877
Individuals	9,964,048	8,748,143	9,964,048	8,748,143
Domestic banking institutions	151,135	349,296	151,135	349,296
Others	3,656,405	2,940,936	3,656,405	2,940,936
	<u>59,016,131</u>	<u>60,707,504</u>	<u>59,042,581</u>	<u>60,821,715</u>

**17. Investment accounts of customers**

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

	Group		Bank	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
<b>Unrestricted investment accounts</b>				
Without maturity				
<i>Mudharabah</i>	9,640,398	7,313,658	9,640,398	7,313,658
- <i>Saving</i>	4,988,665	5,086,821	4,988,665	5,086,821
- <i>Demand</i>	4,651,733	2,226,837	4,651,733	2,226,837
With maturity				
<i>Wakalah</i>	7,432,758	7,147,781	7,452,196	7,251,304
	<u>17,073,156</u>	<u>14,461,439</u>	<u>17,092,594</u>	<u>14,564,962</u>
Investment portfolio:				
- <i>House financing</i>	13,356,777	10,887,549	13,366,496	10,939,310
- <i>Personal financing</i>	3,716,379	3,573,890	3,726,098	3,625,652
	<u>17,073,156</u>	<u>14,461,439</u>	<u>17,092,594</u>	<u>14,564,962</u>

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	Group		Bank	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
<b>Restricted investment accounts ("RIA") managed by the Bank<sup>^</sup></b>				
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>

<sup>^</sup> 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	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Individuals	<b>5,307,749</b>	5,390,121	<b>5,307,749</b>	5,390,121
Government and statutory bodies	<b>7,144,465</b>	5,359,249	<b>7,144,465</b>	5,359,249
Business enterprises	<b>2,390,058</b>	2,561,251	<b>2,390,058</b>	2,561,251
Non-bank financial institutions	<b>2,067,393</b>	971,742	<b>2,086,831</b>	1,075,265
International Islamic Bank	-	11,005	-	11,005
Others	<b>163,491</b>	168,071	<b>163,491</b>	168,071
	<u><b>17,073,156</b></u>	<u>14,461,439</u>	<u><b>17,092,594</b></u>	<u>14,564,962</u>

**18. Other liabilities**

	Group		Bank	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Other payables	<b>1,398,449</b>	1,126,596	<b>1,340,407</b>	968,098
Dividend payable	<b>285,349</b>	224,148	<b>285,349</b>	224,148
Advance payment	<b>555,746</b>	580,612	<b>555,596</b>	580,433
Accruals	<b>95,924</b>	139,608	<b>94,657</b>	137,783
Other liabilities due to third party investors	<b>63,625</b>	-	-	-
	<u><b>2,399,093</b></u>	<u>2,070,964</u>	<u><b>2,276,009</b></u>	<u>1,910,462</u>

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

Group and Bank	3 months ended		12 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Income derived from investment of:				
(i) Saving and demand deposits	268,722	242,861	1,049,049	886,740
(ii) General investment deposits	1,760	1,853	7,169	7,342
(iii) Term deposit-i	562,717	501,464	2,172,932	1,667,444
(iv) Other deposits	4,658	1,513	34,008	24,386
	<u>837,857</u>	<u>747,691</u>	<u>3,263,158</u>	<u>2,585,912</u>

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

Group and Bank	3 months ended		12 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	228,796	201,777	886,477	755,503
Financial assets:				
- at FVTPL	3,025	590	10,348	1,251
- at FVOCI	17,158	13,045	65,198	56,550
- at AC	8,464	8,124	33,157	21,153
Money at call and deposit with financial institutions	7,504	17,417	33,481	45,621
	<u>264,947</u>	<u>240,953</u>	<u>1,028,661</u>	<u>880,078</u>
<b><i>Other dealing income</i></b>				
Net (loss)/ gain from sale of financial assets at FVTPL	(605)	302	13	1
Net gain on revaluation of financial assets at FVTPL	1,168	1,605	104	6,252
	<u>563</u>	<u>1,907</u>	<u>117</u>	<u>6,253</u>
<b><i>Other operating income</i></b>				
Net gain from sale of financial assets at FVOCI	3,212	1	20,271	409
	<u>268,722</u>	<u>242,861</u>	<u>1,049,049</u>	<u>886,740</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	3,801	3,840	19,912	14,996
<i>Unwinding of net modification loss</i>	1,568	2,313	7,320	10,000

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

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

Group and Bank	3 months ended		12 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	1,544	1,596	6,258	6,454
Financial assets:				
- at FVTPL	17	3	58	8
- at FVOCI	93	80	365	384
- at AC	46	51	186	140
Money at call and deposits with financial institutions	40	111	187	311
	<u>1,740</u>	<u>1,841</u>	<u>7,054</u>	<u>7,297</u>
<b><i>Other dealing income</i></b>				
Net (loss)/ gain from sale of financial assets at FVTPL	(4)	1	-	(1)
Net gain on revaluation of financial assets at FVTPL	6	11	-	43
	<u>2</u>	<u>12</u>	<u>-</u>	<u>42</u>
<b><i>Other operating income</i></b>				
Net gain from sale of financial assets at FVOCI	18	-	115	3
	<u>1,760</u>	<u>1,853</u>	<u>7,169</u>	<u>7,342</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	20	24	112	101
<i>Unwinding of net modification loss</i>	8	14	41	68

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

Group and Bank	3 months ended		12 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	478,984	416,620	1,837,166	1,418,850
Financial assets:				
- at FVTPL	6,332	1,220	21,586	2,445
- at FVOCI	35,903	26,929	134,920	105,252
- at AC	17,721	16,774	68,706	40,743
Money at call and deposits with financial institutions	15,641	35,970	68,822	87,530
	<u>554,581</u>	<u>497,513</u>	<u>2,131,200</u>	<u>1,654,820</u>

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

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

Group and Bank	3 months ended		12 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
<b><i>Other dealing income</i></b>				
Net (loss)/ gain from sale of financial assets at FVTPL	(1,340)	611	(258)	94
Net gain on revaluation of financial assets at FVTPL	2,591	3,341	272	11,775
	<u>1,251</u>	<u>3,952</u>	<u>14</u>	<u>11,869</u>
<b><i>Other operating income</i></b>				
Net gain/ (loss) from sale of financial assets at FVOCI	6,885	(1)	41,718	755
	<u>562,717</u>	<u>501,464</u>	<u>2,172,932</u>	<u>1,667,444</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	7,962	7,922	41,464	28,060
<i>Unwinding of net modification loss</i>	<u>3,281</u>	<u>4,772</u>	<u>15,156</u>	<u>18,751</u>

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

Group and Bank	3 months ended		12 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	3,964	1,257	28,742	21,089
Financial assets:				
- at FVTPL	53	4	358	24
- at FVOCI	297	81	2,108	1,725
- at AC	146	50	1,094	426
Money at call and deposits with financial institutions	129	109	1,086	945
	<u>4,589</u>	<u>1,501</u>	<u>33,388</u>	<u>24,209</u>

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

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

Group and Bank	3 months ended		12 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
<b>Other dealing income</b>				
Net (loss)/ gain from sale of financial assets at FVTPL	(11)	2	7	14
Net gain/ (loss) on revaluation of financial assets at FVTPL	22	10	(14)	149
	<u>11</u>	<u>12</u>	<u>(7)</u>	<u>163</u>
<b>Other operating income</b>				
Net gain from sale of financial assets at FVOCI	58	-	627	14
	<u>4,658</u>	<u>1,513</u>	<u>34,008</u>	<u>24,386</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	66	23	690	422
<i>Unwinding of net modification loss</i>	<u>27</u>	<u>15</u>	<u>233</u>	<u>292</u>

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

Group and Bank	3 months ended		12 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
<b>Finance income</b>				
Unrestricted investment accounts				
- <i>Mudharabah</i>	103,724	74,989	413,613	264,924
- <i>Wakalah</i>	70,631	93,123	296,603	314,792
Unwinding of net modification loss	989	2,146	5,992	8,208
	<u>175,344</u>	<u>170,258</u>	<u>716,208</u>	<u>587,924</u>

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<b>Group</b>	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	<b>3,543</b>	3,751	<b>14,001</b>	13,308
Financial assets at FVOCI	<b>51,037</b>	51,390	<b>191,950</b>	177,266
Money at call and deposits with financial institutions	<b>16</b>	100	<b>250</b>	325
	<b>54,596</b>	55,241	<b>206,201</b>	190,899
<b><i>Other dealing income</i></b>				
Net gain/ (loss) from foreign exchange transactions	<b>22,316</b>	3,074	<b>77,959</b>	(14,891)
Net gain from sale of financial assets FVTPL	<b>1</b>	-	<b>1</b>	-
Net gain/ (loss) on revaluation of financial assets at FVTPL	<b>1,473</b>	2,702	<b>7,361</b>	(34,939)
Net derivatives gain	<b>-</b>	1	<b>1</b>	3
	<b>23,790</b>	5,777	<b>85,322</b>	(49,827)
<b><i>Other operating income</i></b>				
Gross dividend income from:				
Financial assets at FVTPL	<b>2,408</b>	1,966	<b>4,088</b>	10,065
Financial assets at FVOCI	<b>-</b>	237	<b>-</b>	237
Income from rebate on investment in unit trust	<b>-</b>	334	<b>-</b>	1,915
	<b>2,408</b>	2,537	<b>4,088</b>	12,217
<b><i>Fees and commission</i></b>				
Fees	<b>56,603</b>	47,712	<b>196,529</b>	186,833
Commission	<b>9,794</b>	9,933	<b>33,449</b>	34,644
Others	<b>6,125</b>	6,206	<b>23,517</b>	26,459
	<b>72,522</b>	63,851	<b>253,495</b>	247,936
<b><i>Other income</i></b>				
Net gain on disposal of property and equipment	<b>5</b>	68	<b>5</b>	68
Rental income	<b>183</b>	174	<b>739</b>	751
Other income	<b>27</b>	71	<b>114</b>	415
	<b>215</b>	313	<b>858</b>	1,234
	<b>153,531</b>	127,719	<b>549,964</b>	402,459

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

Bank	3 months ended		12 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	3,543	3,751	14,001	13,308
Financial assets at FVOCI	51,037	51,390	191,950	177,266
Money at call and deposits with financial institutions	1	1	4	3
	<u>54,581</u>	<u>55,142</u>	<u>205,955</u>	<u>190,577</u>
<b><i>Other dealing income</i></b>				
Net gain/ (loss) from foreign exchange transactions	22,315	3,079	77,951	(14,875)
Net gain/ (loss) on revaluation of financial assets at FVTPL	1,416	2,712	7,264	(34,999)
Net derivatives gain	-	1	1	3
	<u>23,731</u>	<u>5,792</u>	<u>85,216</u>	<u>(49,871)</u>
<b><i>Other operating income</i></b>				
Gross dividend income from:				
Financial assets at FVTPL	2,234	1,811	3,380	9,598
Financial assets at FVOCI	-	237	-	237
Subsidiary	-	-	80,000	3,000
Income from rebate on investment in unit trust	149	334	648	1,915
	<u>2,383</u>	<u>2,382</u>	<u>84,028</u>	<u>14,750</u>
<b><i>Fees and commission</i></b>				
Fees	53,391	43,883	183,950	165,855
Commission	10,694	10,579	36,100	39,110
Others	2,796	4,154	13,265	16,927
	<u>66,881</u>	<u>58,616</u>	<u>233,315</u>	<u>221,892</u>
<b><i>Other income</i></b>				
Rental income	290	(373)	1,152	1,259
Other income	27	20	93	278
	<u>317</u>	<u>(353)</u>	<u>1,245</u>	<u>1,537</u>
	<u>147,893</u>	<u>121,579</u>	<u>609,759</u>	<u>378,885</u>

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

Group and Bank	3 months ended		12 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Net allowance for impairment on financing, advances and others				
- Stage 1	(36,620)	(1,594)	(54,103)	(103,299)
- Stage 2	37,577	(6,597)	67,591	(74,812)
- Stage 3	38,831	75,675	259,402	410,589
	<u>39,788</u>	<u>67,484</u>	<u>272,890</u>	<u>232,478</u>
Bad debts and financing recovered	(29,431)	(29,510)	(97,627)	(92,446)
	<u>10,357</u>	<u>37,974</u>	<u>175,263</u>	<u>140,032</u>

**23. Income attributable to depositors**

Group	3 months ended		12 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah fund	305	285	1,023	1,217
- Non-Mudharabah fund	412,431	325,666	1,584,733	973,642
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	10	6	-	6
- Non-Mudharabah fund	4,480	1,796	14,294	4,554
Recourse obligation on financing sold to Cagamas	20,929	28,930	101,668	92,923
	<u>438,155</u>	<u>356,683</u>	<u>1,701,718</u>	<u>1,072,342</u>

**Bank**

Deposits from customers				
- Mudharabah fund	305	285	1,023	1,217
- Non-Mudharabah fund	412,526	325,713	1,585,086	973,824
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	10	6	-	6
- Non-Mudharabah fund	4,480	1,796	14,294	4,554
Recourse obligation on financing sold to Cagamas	20,929	28,930	101,668	92,923
	<u>438,250</u>	<u>356,730</u>	<u>1,702,071</u>	<u>1,072,524</u>

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

Group	3 months ended		12 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Unrestricted investment accounts				
- <i>Mudharabah</i>	27,893	7,893	112,669	24,164
- <i>Wakalah</i>	60,843	53,980	237,800	169,902
	<u>88,736</u>	<u>61,873</u>	<u>350,469</u>	<u>194,066</u>
<b>Bank</b>				
Unrestricted investment accounts				
- <i>Mudharabah</i>	27,893	7,893	112,669	24,164
- <i>Wakalah</i>	61,022	54,660	239,297	172,371
	<u>88,915</u>	<u>62,553</u>	<u>351,966</u>	<u>196,535</u>

**25. Personnel expenses**

Group	3 months ended		12 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Salaries, allowances and bonuses	178,035	198,274	664,631	630,557
Employees' Provident Fund	23,616	21,647	94,845	87,541
Other staff related costs	24,985	31,354	101,775	103,857
	<u>226,636</u>	<u>251,275</u>	<u>861,251</u>	<u>821,955</u>
<b>Bank</b>				
Salaries, allowances and bonuses	170,146	192,239	631,207	604,860
Employees' Provident Fund	22,535	20,763	90,200	83,899
Other staff related costs	22,973	29,079	96,387	99,661
	<u>215,654</u>	<u>242,081</u>	<u>817,794</u>	<u>788,420</u>

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<b>Group</b>	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Promotion</i></b>				
Credit and debit card expenses	<b>20,634</b>	15,871	<b>75,713</b>	56,674
Advertisement and publicity	<b>11,458</b>	9,667	<b>28,351</b>	20,026
Others	<b>4,999</b>	3,239	<b>31,779</b>	34,133
	<b>37,091</b>	28,777	<b>135,843</b>	110,833
<b><i>Establishment</i></b>				
Depreciation of property and equipment	<b>13,917</b>	15,674	<b>54,833</b>	59,785
Amortisation of intangible assets	<b>3,619</b>	1,024	<b>16,098</b>	1,024
Depreciation right-of-use assets	<b>4,506</b>	4,520	<b>18,095</b>	17,198
Office rental	<b>6,788</b>	6,936	<b>29,225</b>	28,288
Information technology expenses	<b>37,811</b>	16,417	<b>109,826</b>	88,825
Guarantee Fees	<b>2,069</b>	1,578	<b>8,330</b>	6,711
Security services	<b>2,474</b>	2,111	<b>9,789</b>	9,211
Utilities	<b>4,735</b>	2,345	<b>12,944</b>	11,063
Office maintenance	<b>3,360</b>	2,537	<b>11,757</b>	10,403
Rental of equipment	<b>1,453</b>	1,942	<b>6,281</b>	6,575
Takaful	<b>3,106</b>	3,195	<b>12,681</b>	12,403
Others	-	-	<b>321</b>	320
	<b>83,838</b>	58,279	<b>290,180</b>	251,806
<b><i>General expenses</i></b>				
Outsourcing fees	<b>7,632</b>	6,215	<b>22,635</b>	17,994
Recruitment expenses	<b>2,827</b>	1,451	<b>8,594</b>	5,611
Postage	<b>2,540</b>	1,471	<b>8,130</b>	12,347
Office supplies	<b>1,647</b>	1,547	<b>6,191</b>	7,657
Travelling	<b>1,711</b>	1,997	<b>6,559</b>	5,681
Storage expenses	<b>928</b>	312	<b>3,096</b>	2,705
Subscription fees	<b>2,841</b>	3,063	<b>12,359</b>	14,152
SMS service charges	<b>3,399</b>	2,224	<b>21,777</b>	17,805
Security services for cash in transit	<b>1,322</b>	1,339	<b>5,131</b>	4,606
Professional fees	<b>4,874</b>	4,066	<b>13,295</b>	10,661
Mobile banking expenses	<b>2,286</b>	2,053	<b>8,530</b>	7,095
Processing charges	<b>430</b>	590	<b>1,885</b>	2,033
Bank and other charges	<b>1,353</b>	1,167	<b>5,218</b>	4,201
Property and equipment written off	<b>147</b>	583	<b>556</b>	769
Ta'widh and waiver	<b>772</b>	416	<b>2,622</b>	1,656
Others	<b>2,399</b>	2,349	<b>7,367</b>	5,855
	<b>37,108</b>	30,843	<b>133,945</b>	120,828
	<b>158,037</b>	117,899	<b>559,968</b>	483,467

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**26. Other overhead expenses**

Bank	3 months ended		12 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
<i>Promotion</i>				
Credit and debit card expenses	20,634	15,871	75,713	56,674
Advertisement and publicity	11,396	9,289	27,929	19,252
Others	4,259	2,035	27,513	25,797
	<u>36,289</u>	<u>27,195</u>	<u>131,155</u>	<u>101,723</u>
<i>Establishment</i>				
Depreciation of property and equipment	13,684	15,466	54,007	58,928
Amortisation of intangible assets	3,619	1,024	16,098	1,024
Depreciation right-of-use assets	4,396	4,396	17,603	16,726
Office rental	6,763	6,956	29,153	28,196
Information technology expenses	37,543	16,199	108,898	87,976
Guarantee fees	2,069	1,578	8,330	6,711
Security services	2,474	2,111	9,789	9,211
Utilities	4,700	2,291	12,702	10,806
Office maintenance	2,785	2,381	10,800	9,994
Rental of equipment	1,413	1,869	6,114	6,322
Takaful	3,098	3,178	12,625	12,341
Others	-	-	321	320
	<u>82,544</u>	<u>57,449</u>	<u>286,440</u>	<u>248,555</u>
<i>General expenses</i>				
Outsourcing fees	14,587	10,236	49,895	35,583
Recruitment expenses	2,827	1,451	8,594	5,611
Postage	2,538	1,457	8,100	12,270
Office supplies	1,627	1,534	6,118	7,582
Travelling	1,621	1,933	6,296	5,514
Storage expenses	920	307	3,074	2,684
Subscription fees	2,411	2,534	10,280	12,480
SMS service charges	3,399	2,224	21,777	17,805
Security services for cash in transit	1,322	1,339	5,131	4,606
Professional fees	4,958	4,575	12,892	10,452
Mobile banking expenses	2,286	2,053	8,530	7,095
Processing charges	430	590	1,885	2,033
Bank and other charges	1,346	1,162	5,188	4,183
Property and equipment written off	147	477	516	482
Ta'widh and waiver	772	416	2,622	1,656
Others	2,216	2,383	6,474	2,952
	<u>43,407</u>	<u>34,671</u>	<u>157,372</u>	<u>132,988</u>
	<u>162,240</u>	<u>119,315</u>	<u>574,967</u>	<u>483,266</u>

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**27. Finance cost**

<b>Group</b>	<b>Note</b>	<b>3 months ended</b>		<b>12 months ended</b>	
		<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Finance cost:					
- Subordinated sukuk and capital securities		<b>25,216</b>	25,467	<b>95,336</b>	90,375
- Profit expense on leases	15	<b>3,982</b>	4,168	<b>16,213</b>	16,796
		<b>29,198</b>	29,635	<b>111,549</b>	107,171

**Bank**

Finance cost:					
- Subordinated sukuk and capital securities		<b>25,216</b>	25,467	<b>95,336</b>	90,375
- Profit expense on leases	15	<b>3,975</b>	4,163	<b>16,197</b>	16,781
		<b>29,191</b>	29,630	<b>111,533</b>	107,156

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

<b>Group</b>	<b>Consumer Banking RM'000</b>	<b>Corporate and Commercial Banking RM'000</b>	<b>Treasury RM'000</b>	<b>Shareholders unit RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>3 months ended 31 December 2023</u></b>						
<b>Total Revenue</b>	<b>720,061</b>	<b>238,740</b>	<b>198,115</b>	<b>18,179</b>	<b>(8,363)</b>	<b>1,166,732</b>
Net fund based income	294,282	153,988	25,458	55,178	-	528,906
Non-fund based income	49,992	16,632	34,510	17,890	(8,089)	110,935
<b>Net income</b>	<b>344,274</b>	<b>170,620</b>	<b>59,968</b>	<b>73,068</b>	<b>(8,089)</b>	<b>639,841</b>
Net allowance for impairment	(22,982)	12,625	(4,424)	-	-	(14,781)
<b>Profit before overheads, zakat and tax</b>	<b>321,292</b>	<b>183,245</b>	<b>55,544</b>	<b>73,068</b>	<b>(8,089)</b>	<b>625,060</b>
Operating expense, direct expense and finance cost						(421,007)
<b>Profit before zakat and tax</b>						<b>204,053</b>
<b><u>3 months ended 31 December 2022</u></b>						
<b>Total Revenue</b>	<b>663,423</b>	<b>190,206</b>	<b>183,699</b>	<b>14,649</b>	<b>(6,299)</b>	<b>1,045,678</b>
Net fund based income	284,106	129,372	19,764	115,509	-	548,751
Non-fund based income	46,247	12,121	11,752	13,823	(5,572)	78,371
<b>Net income</b>	<b>330,353</b>	<b>141,493</b>	<b>31,516</b>	<b>129,332</b>	<b>(5,572)</b>	<b>627,122</b>
Net allowance for impairment	(22,979)	(14,959)	48	(36)	-	(37,926)
<b>Profit before overheads, zakat and tax</b>	<b>307,374</b>	<b>126,534</b>	<b>31,564</b>	<b>129,296</b>	<b>(5,572)</b>	<b>589,196</b>
Operating expense, direct expense and finance cost						(401,885)
<b>Profit before zakat and tax</b>						<b>187,311</b>

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

<b>Group</b>	<b>Consumer Banking RM'000</b>	<b>Corporate and Commercial Banking RM'000</b>	<b>Treasury RM'000</b>	<b>Shareholders unit RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>12 months ended 31 December 2023</u></b>						
<b>Total Revenue</b>	<b>2,798,537</b>	<b>922,334</b>	<b>774,887</b>	<b>147,061</b>	<b>(113,478)</b>	<b>4,529,341</b>
Net fund based income	1,177,592	583,878	84,969	224,086	-	2,070,525
Non-fund based income	186,452	45,565	141,275	144,965	(111,628)	406,629
<b>Net income</b>	<b>1,364,044</b>	<b>629,443</b>	<b>226,244</b>	<b>369,051</b>	<b>(111,628)</b>	<b>2,477,154</b>
Net allowance for impairment	(164,755)	(10,508)	(4,142)	444	-	(178,961)
<b>Profit before overheads, zakat and tax</b>	<b>1,199,289</b>	<b>618,935</b>	<b>222,102</b>	<b>369,495</b>	<b>(111,628)</b>	<b>2,298,193</b>
Operating expense, direct expense and finance cost						(1,551,364)
<b>Profit before zakat and tax</b>						<b>746,829</b>
<b><u>12 months ended 31 December 2022</u></b>						
<b>Total Revenue</b>	<b>2,355,432</b>	<b>668,568</b>	<b>512,032</b>	<b>69,360</b>	<b>(29,038)</b>	<b>3,576,354</b>
Net fund based income	1,194,710	494,038	73,457	316,614	-	2,078,819
Non-fund based income	183,078	37,792	(29,743)	66,387	(26,387)	231,127
<b>Net income</b>	<b>1,377,788</b>	<b>531,830</b>	<b>43,714</b>	<b>383,001</b>	<b>(26,387)</b>	<b>2,309,946</b>
Net allowance for impairment	(84,853)	(55,179)	1,314	(355)	-	(139,073)
<b>Profit before overheads, zakat and tax</b>	<b>1,292,935</b>	<b>476,651</b>	<b>45,028</b>	<b>382,646</b>	<b>(26,387)</b>	<b>2,170,873</b>
Operating expense, direct expense and finance cost						(1,424,007)
<b>Profit before zakat and tax</b>						<b>746,866</b>

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

	<b>Consumer Banking RM'000</b>	<b>Corporate and Commercial Banking RM'000</b>	<b>Treasury RM'000</b>	<b>Shareholders unit RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>At 31 December 2023</u></b>						
Segment assets	50,229,853	16,587,262	20,482,625	455,488	(447,144)	87,308,084
Unallocated assets						<u>3,653,790</u>
Total assets						<u><u>90,961,874</u></u>
<b><u>At 31 December 2022</u></b>						
Segment assets	48,171,809	16,730,185	21,857,219	504,693	(358,859)	86,905,047
Unallocated assets						<u>2,946,624</u>
Total assets						<u><u>89,851,671</u></u>

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**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.

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

**Fair value hierarchy (continued)**

Group 31 December 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	-	1,215,769	-	1,215,769	-	1,215,769	1,215,769
Derivative financial assets	-	68,412	-	68,412	-	68,412	68,412
Financial assets at FVOCI	6,317	12,430,426	83,465	12,520,208	-	12,520,208	12,520,208
Financial assets at AC	-	-	-	-	3,107,799	3,107,799	3,120,230
Financing, advances and others	-	-	-	-	70,406,543	70,406,543	66,817,115
<i>Financial liabilities</i>							
Derivative financial liabilities	-	56,548	-	56,548	-	56,548	56,548
Recourse obligations on financing sold to Cagamas	-	-	-	-	2,029,840	2,029,840	2,004,329
Subordinated sukuk and capital securities	-	-	-	-	2,306,829	2,306,829	2,323,540
<b>31 December 2022</b>							
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

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

**Fair value hierarchy (continued)**

Bank 31 December 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	-	914,246	-	914,246	-	914,246	914,246
Derivative financial assets	-	68,412	-	68,412	-	68,412	68,412
Financial assets at FVOCI	6,317	12,430,426	84,824	12,521,567	-	12,521,567	12,521,567
Financial assets at AC	-	-	-	-	3,107,799	3,107,799	3,120,230
Financing, advances and others	-	-	-	-	70,406,543	70,406,543	66,817,115
<i>Financial liabilities</i>							
Derivative financial liabilities	-	56,548	-	56,548	-	56,548	56,548
Recourse obligations on financing sold to Cagamas	-	-	-	-	2,029,840	2,029,840	2,004,329
Subordinated sukuk and capital securities	-	-	-	-	2,306,829	2,306,829	2,323,540
<b>31 December 2022</b>							
RM'000							
<i>Financial assets</i>							
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
<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

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**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

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

(b) Financial instruments not carried at fair value

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Other financial assets at amortised cost

The fair values of securities that are actively traded is determined by quoted 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.

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**30. Commitment and Contingencies**

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

<b>As at 31 December 2023</b>	<b>Principal Amount RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Asset RM'000</b>	
<i>Credit related exposures</i>				
Direct credit substitutes	565,760	565,760	624,984	
Transaction related contingent items	1,155,677	577,839	621,457	
Short-term self-liquidating trade related contingencies	313,275	62,655	65,329	
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	1,074,826	537,413	451,996	
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	9,717,721	-	-	
	<u>12,827,259</u>	<u>1,743,667</u>	<u>1,763,766</u>	
	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Asset RM'000</b>
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	8,651,500	68,402	177,339	82,196
Profit rate related contracts				
- less than one year	3,343	10	5	3
	<u>8,654,843</u>	<u>68,412</u>	<u>177,344</u>	<u>82,199</u>
<b>Total</b>	<u>21,482,102</u>	<u>68,412</u>	<u>1,921,011</u>	<u>1,845,965</u>

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**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):

	<b>Principal Amount RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Asset RM'000</b>
<b>As at 31 December 2022</b>			
<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>

	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Asset RM'000</b>
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	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>
<b>Total</b>	<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 B8(b). 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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
CET I capital ratio	<b>14.124%</b>	13.578%	<b>13.530%</b>	13.230%
Tier I capital ratio	<b>15.132%</b>	14.640%	<b>14.548%</b>	14.298%
Total capital ratio	<b>19.893%</b>	19.392%	<b>19.347%</b>	19.074%

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

	Group		Bank	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Paid-up share capital	<b>3,888,725</b>	3,645,043	<b>3,888,725</b>	3,645,043
Retained earnings	<b>3,257,009</b>	3,096,604	<b>3,348,297</b>	3,105,912
Other reserves	<b>254,478</b>	54,596	<b>143,590</b>	(56,368)
<u>Less:</u>				
Deferred tax assets	<b>(174,728)</b>	(212,349)	<b>(173,756)</b>	(211,377)
Investment in subsidiaries	-	-	<b>(344,049)</b>	(100,905)
Intangible assets	<b>(50,354)</b>	(54,578)	<b>(50,354)</b>	(54,578)
Regulatory reserves	<b>(167,000)</b>	(136,000)	<b>(167,000)</b>	(136,000)
<b>Total CET I Capital</b>	<b>7,008,130</b>	6,393,316	<b>6,645,453</b>	6,191,727
Capital securities	<b>500,000</b>	500,000	<b>500,000</b>	500,000
<b>Total Tier I Capital</b>	<b>7,508,130</b>	6,893,316	<b>7,145,453</b>	6,691,727
Subordinated sukuk	<b>1,800,000</b>	1,700,000	<b>1,800,000</b>	1,700,000
Loss provision ^	<b>562,500</b>	537,883	<b>557,168</b>	535,095
<b>Total Tier II Capital</b>	<b>2,362,500</b>	2,237,883	<b>2,357,168</b>	2,235,095
<b>Total Capital</b>	<b>9,870,630</b>	9,131,199	<b>9,502,621</b>	8,926,822

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

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**31. Capital adequacy (continued)**

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

	Group		Bank	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Credit risk	<b>56,803,773</b>	53,650,821	<b>56,390,694</b>	53,513,221
Less : Credit risk absorbed by unrestricted investment accounts	<b>(11,803,750)</b>	(10,620,157)	<b>(11,817,298)</b>	(10,705,652)
	<b>45,000,023</b>	43,030,664	<b>44,573,396</b>	42,807,569
Market risk	<b>392,042</b>	84,876	<b>392,042</b>	84,876
Operational risk	<b>4,225,384</b>	3,971,313	<b>4,150,406</b>	3,909,361
	<b>49,617,449</b>	47,086,853	<b>49,115,844</b>	46,801,806

**32. Credit transactions and exposures with connected parties**

Credit exposures with connected parties as per BNM's revised Guidelines on Credit Transactions and Exposures with Connected Parties are as follows:

	Bank	
	31.12.2023 RM'000	31.12.2022 RM'000
Outstanding credit exposures with connected parties	<b>2,121,567</b>	1,952,597
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	<b>5.72%</b>	2.69%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	<b>0.00%</b>	0.00%

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### Explanatory notes pursuant to Appendix 9B of the listing requirements of Bursa Malaysia Securities Berhad

#### B1. Performance review for the financial year ended 31 December 2023

##### Current Year-to-date vs. Previous Year-to-date

	Group		Variance	
	12 months ended			
	31.12.2023	31.12.2022	RM'000	%
<b>Key Profit or Loss Items:</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
Revenue	<b>4,529,341</b>	3,576,354	952,987	26.6
Net Income	<b>2,477,154</b>	2,309,946	167,208	7.2
Profit Before Zakat and Tax ("PBZT")	<b>746,829</b>	746,866	(37)	-0.0
Profit After Zakat and Tax ("PAZT")	<b>553,050</b>	491,672	61,378	12.5

Bank Islam Group ("Bank Islam" or "the Group") registered a PAZT of RM553.1 million for the financial year ended 31 December 2023, an improvement by 12.5% over the previous year. This 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 RM59.3 million due to the absence of one-off prosperity tax also contributed to the increase.

The performance translated to Group's earnings per share of 24.57 sen and Return on Equity ("ROE") of 7.8% (after zakat and tax).

The increase in Group's net income was mainly due to higher non-fund-based income which improved by RM175.5 million or 75.9%, 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 was however offset by lower net fund-based income which decreased by RM8.3 million or 0.4% due to higher income attributable to depositors and investment account holders.

Total overheads for the financial year ended 31 December 2023 recorded an increase of RM123.0 million or 9.3% to RM1,439.8 million over the previous year. The increase in overhead expenses was mainly due to higher personnel expenses, establishment expenses, promotion expenses, and general expenses by RM39.3 million, RM38.4 million, RM25.0 million and RM13.1 million respectively.

The Group's net allowance for impairment on financing and advances increased by RM35.2 million or 25.2% to RM175.3 million as compared to last year.

The Group's total assets grew by 1.2% to stand at RM91.0 billion as at 31 December 2023 spur by growth in financing and investment securities offset by declined in cash and short term fund. Net assets per share was at RM3.27.

Gross financing grew by 2.6% to RM67.6 billion, while customer deposits and investment accounts stood at RM76.1 billion with an increase of RM0.9 billion or 1.2%. This was mainly attributable to growth of 9.8% or RM2.7 billion in total current and saving accounts and transactional investment accounts ("CASATIA") to stand at RM30.4 billion. This composition made a healthy level of 39.9% of total customer deposits and investment accounts.

As at 31 December 2023, the gross impaired financing ratio has improved at 0.92% compared to 1.27% at end December 2022.

The Group's Total Capital Ratio remained strong at 19.9% as at 31 December 2023.

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**B1. Performance review for the financial year ended 31 December 2023 (continued)**

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

**Operating Segment**

Consumer Banking's reported net income of RM1,364.0 million for the financial year ended 31 December 2023, a decrease of RM13.7 million or 1.0% as compared to last year mainly due to lower net fund-based income. Segment assets for Consumer Banking as at end December 2023 stood at RM50.2 billion, a growth of 4.3%, driven by growth in house financing and personal financing.

Corporate and Commercial Banking recorded net income of RM629.4 million, higher by 18.4% over the previous year, attributed by higher net fund-based income and higher non-fund-based income. Corporate and Commercial Banking assets stood at RM16.6 billion.

Treasury achieved a net income of RM226.2 million for the year, improved by more than 100% as compared to last year 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 RM20.5 billion.

**Current Quarter vs. Previous Year Corresponding Quarter**

<b>Key Profit or Loss Items:</b>	<b>Group</b>		<b>Variance</b>	
	<b>3 months ended</b>			
	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>RM'000</b>	<b>%</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	<b>1,166,732</b>	1,045,678	121,054	11.6
Net Income	<b>639,841</b>	627,122	12,719	2.0
Profit Before Zakat and Tax ("PBZT")	<b>204,053</b>	187,311	16,742	8.9
Profit After Zakat and Tax ("PAZT")	<b>158,284</b>	125,738	32,546	25.9

For the fourth quarter ended 31 December 2023 ("4Q2023"), Bank Islam Group achieved a PBZT of RM204.1 million, an increase of RM16.7 million or 8.9% over the corresponding quarter last year ("4Q2022") of RM187.3 million. The increase in PBZT was attributed by higher net income and lower net allowance for impairment on financing, offset by higher total overheads.

The Group's net income increased by RM12.7 million or 2.0% mainly due to higher non-fund-based income by RM32.6 million or 41.6% due to higher net gain from foreign exchange transactions, higher net gain from sale of financial assets at FVOCI and higher income from fees and commission. The increase was however offset by lower net fund-based income of RM19.8 million or 3.6%.

The Group's net allowance for impairment on financing and advances decreased by RM27.6 million or 72.7% to RM10.4 million as compared to 4Q2022 of RM38.0 million.

Total overheads were higher by RM19.6 million or 5.3% over 4Q2022 overheads mainly due to higher establishment expenses, promotion expenses and general expenses by RM25.6 million, RM8.3 million and RM6.3 million respectively. The increase was however mitigated by lower personnel expenses of RM24.6 million.

**Operating Segment**

Consumer Banking recorded a net income of RM344.3 million for the fourth quarter ended 31 December 2023 ("4Q2023"), 4.2% higher than the corresponding quarter last year ("4Q2022"), driven by higher net fund-based income and higher non-fund-based income.

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**B1. Performance review for the financial year ended 31 December 2023 (continued)**

**Current Quarter vs. Previous Year Corresponding Quarter (continued)**

**Operating Segment (continued)**

Corporate and Commercial Banking achieved a net income of RM170.6 million, an increase of RM29.1 million or 20.6% as compared to 4Q2022, attributed by higher net fund-based income and higher non-fund-based income.

Treasury registered a net income of RM61.3 million for 4Q2023, improved by 94.4% as compared to 4Q2022 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 (Fourth Quarter 2023 vs. Third Quarter 2023)**

	Group		Variance	
	3 months ended			
	31.12.2023	30.09.2023	RM'000	%
<b>Key Profit or Loss Items:</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
Revenue	<b>1,166,732</b>	1,138,455	28,277	2.5
Net Income	<b>639,841</b>	620,374	19,467	3.1
Profit Before Zakat and Tax ("PBZT")	<b>204,053</b>	197,106	6,947	3.5
Profit After Zakat and Tax ("PAZT")	<b>158,284</b>	140,541	17,743	12.6

For the fourth quarter ended 31 December 2023 ("4Q2023"), the Group achieved a PBZT of RM204.1 million, an increase of RM6.9 million or 3.5% against the preceding quarter ended 30 September 2023 ("3Q2023"). The increase in PBZT was mainly due to higher net income and lower net allowance for impairment on financing, offset by higher total overheads.

The increase in Group's net income was mostly contributed by higher non-fund-based income of RM19.4 million or 21.2% mainly driven by higher income from fees and commission, higher net gain on revaluation of financial assets at FVTPL and higher net gain from foreign exchange transactions.

The Group's net allowance for impairment on financing and advances decreased by RM30.9 million or 74.9% to RM10.4 million as compared to 3Q2023 of RM41.3 million.

Total overheads were higher by RM37.0 million or 10.4% over 3Q2023 overheads mainly due to higher personnel expenses and establishment expenses by RM20.8 million and RM10.4 million respectively.

**B3. Prospects for 2024**

2023 had been a challenging year amid global shockwaves which saw Malaysian Gross Domestic Product ("GDP") grew moderately by 3.7%. Despite external headwinds, Bank Negara Malaysia ("BNM") projects that the economy is well-positioned for a better growth performance, expanding between 4%-5% in 2024. Private consumption activities will continue to be the anchor of growth, owing to strong labour market conditions.

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**B3. Prospects for 2024 (continued)**

Malaysian banking industry remained resilient despite uncertainty surrounding banking crisis in the United States of America (U.S.) in the first two quarters of 2023. Asset quality remained sturdy with Gross Impaired Financing (“GIF”) stood at 1.65% given the prudent management and tight asset quality control. Going into 2024, analysts are projecting growth to stay between 4%-5% in 2024 mainly underpinned by strong domestic demand. The National Budget 2024 also lays the foundation to promote sustainable growth that could boost green financing moving forward.

The Bank has placed strong emphasis on its core strengths while empowering environment, as well as prioritising sustainability agenda. This entails partnering with the targeted institutions and introducing advisory products to meet evolving customer demands alongside exploring potential product offerings through Group Retail Banking and Group Institutional Banking. The Bank has also introduced Ihsan Sustainability Investment Account in Q4 of 2023 to lead the evolution that advances prosperity for all. On the digital channel front, the exceptional growth in Internet Banking (“IB”) and GO is expected to persist. In light of this, the Bank will focus on improving system reliability and enhancing customer experience for IB and GO in 2024.

In advancing the Bank’s sustainability commitments, we have successfully achieved our Shariah-ESG asset target of RM4 billion earlier than expected. Furthermore, the Bank has successfully joined as a Participant of the United Nations Global Compact (“UNGC”). The Bank remains steadfast in our sustainability commitment to support customers in their transition to low carbon target and contribute to Malaysia’s net-zero ambitions as part of the Value-Based Intermediation initiatives.

**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		12 months ended	
	31.12.2023 RM’000	31.12.2022 RM’000	31.12.2023 RM’000	31.12.2022 RM’000
Malaysia income tax:				
Current year	<b>63,938</b>	65,617	<b>188,737</b>	234,758
Under/(Over) provision in prior years	-	-	<b>5,596</b>	(282)
Deferred tax expense relating to origination and reversal of temporary differences arising from:				
Current year	<b>(15,034)</b>	(6,492)	<b>(8,630)</b>	6,567
(Over)/Under provision in prior years	<b>(3,429)</b>	-	<b>(3,468)</b>	469
	<u><b>45,475</b></u>	<u>59,125</u>	<u><b>182,235</b></u>	<u>241,512</u>

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**B5. Tax expense (continued)**

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

Group	3 months ended		12 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Profit before tax	<b>204,053</b>	187,311	<b>746,829</b>	746,866
Income tax calculated using				
Malaysian tax rate of 24%	<b>48,973</b>	44,955	<b>179,239</b>	179,248
Impact of Prosperity Tax	-	17,477	-	63,818
Income not subject to tax	<b>16,977</b>	(3,801)	<b>(2,921)</b>	(5,154)
Non-deductible expenses	<b>(16,493)</b>	918	<b>6,858</b>	6,355
Zakat	<b>(500)</b>	(495)	<b>(3,200)</b>	(3,191)
Other items	<b>(53)</b>	71	<b>131</b>	249
(Over)/Under provision in prior years	<b>(3,429)</b>	-	<b>2,128</b>	187
	<b>45,475</b>	59,125	<b>182,235</b>	241,512

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 31.12.2023		
	Long term	Short term	Total borrowings
<b>Secured</b>			
- Recourse obligations on financing sold to Cagamas	<b>1,500,000</b>	<b>504,329</b>	<b>2,004,329</b>
<b>Unsecured</b>			
- Subordinated sukuk	<b>1,800,000</b>	<b>14,351</b>	<b>1,814,351</b>
- Capital securities	<b>500,000</b>	<b>9,189</b>	<b>509,189</b>
<b>Total unsecured</b>	<b>2,300,000</b>	<b>23,540</b>	<b>2,323,540</b>

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

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

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:

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

- b) Subordinated sukuk and capital securities

	<b>Nominal value RM'000</b>	<b>Issue date</b>	<b>First call date*</b>	<b>Maturity Date</b>	<b>Profit rate (% p.a.)#</b>
Subordinated sukuk					
(i)	400,000	26 March 2020	26 March 2025	26 March 2030	3.75
(ii)	700,000	21 October 2020	21 October 2025	21 October 2030	3.60
(iii)	300,000	12 November 2021	12 November 2026	12 November 2031	4.10
(iv)	400,000	17 October 2023	17 October 2028	17 October 2033	4.70
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 7 November 2023, the Bank has exercised the call option and redeemed RM300 million in nominal value of the Subordinated Sukuk Murabahah under the RM10.0 billion Subordinated Sukuk Murabahah Programme.

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**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.

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.

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**B8. Material litigation (continued)**

(a) Continued...

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.

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.

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**B8. Material litigation (continued)**

(b) Continued...

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.

- (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.

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**B8. Material litigation (continued)**

(c) Continued...

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”).

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.

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**B8. Material litigation (continued)**

(c) Continued...

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. The next COI will be held in March 2024.

(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 2<sup>nd</sup> and 3<sup>rd</sup> Defendants.
- (ii) On 20 September 2022, JID has been obtained against 8<sup>th</sup> Defendant.
- (iii) On 31 May 2023, consent judgment entered between both parties and the 5<sup>th</sup> Defendant has made full payment and the case against 6<sup>th</sup> Defendant has been withdrawn as the 6<sup>th</sup> Defendant passed away.
- (iv) On 22 June 2023, JID has been obtained against 7<sup>th</sup> Defendant.
- (v) On 4 September 2023, the Court allowed the Bank’s Summary Judgment application for 1<sup>st</sup> and 4<sup>th</sup> Defendants. The Defendants filed appeal to the Court of Appeal on 2 October 2023. The Court fixed on 5 March 2024 for Case Management (“CM”).
- (vi) On 30 October 2023, the Court fixed for CM on the Bank’s application for Summary Judgment (Order 14) against the 9<sup>th</sup> Defendant. The Defendant filed an application to set aside the service Writ Summons, hearing on 30 October 2023 and the decision was fixed on 24 November 2023 where the Court allowed the Defendant’s application, and the case was fixed for CM on 22 December 2023 and 30 January 2024. The Court has fixed 7 March 2024 for next CM.

(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.

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**B8. Material litigation (continued)**

(e) Continued...

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. The next hearing is adjourned to 21 March 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 where the Court allowed the Defendant's application with cost of RM10,000.00 payable to the Defendant. The matter is considered as resolved.

(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.

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**B8. Material litigation (continued)**

(g) Continued...

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. On the hearing date, the Court allowed Bank Islam's application. The matter is considered as resolved.

(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.

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**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. A CM was fixed on 9 January 2024 and the next CM has been fixed on 26 February 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.
- (c) On 12 January 2024, the Bank paid an interim cash dividend of 12.59 sen per ordinary share amounting RM285.4 million for the financial year ended 31 December 2023.

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**B9. Dividend (continued)**

(d) The Board proposed a second interim dividend of 4.22 sen per ordinary share amounting to dividend payable of RM95.6 million for the financial year ended 31 December 2023 as follows:

Amount per share	: Single tier dividend of 4.22 sen
Previous corresponding period	: Single tier dividend of 3.40 sen
Date payable	: to be determined and announced later
Date of entitlement	: to be determined and announced later
Total dividend for the current financial year	: Single tier dividend of 16.81 sen

**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		12 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Net profit for the period under review attributable to equity holders of the parent	<b>158,284</b>	125,738	<b>553,050</b>	491,672
Number of ordinary shares	<b>2,266,473</b>	2,155,269	<b>2,266,473</b>	2,155,269
Number of average ordinary shares	<b>2,266,473</b>	2,155,269	<b>2,250,931</b>	2,150,919
Earnings per share (sen)	<b>6.98</b>	5.83	<b>24.57</b>	22.86

**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	31.12.2023	31.12.2022
	RM'000	RM'000
USD	<b>91,306</b>	109,297
EURO	<b>(100,901)</b>	(92,877)
Others	<b>18,339</b>	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").

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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:

<b>Group</b>	<b>As at 31 December 2023</b>			
	<b>Carrying value before impairment RM'000</b>	<b>Impairment losses RM'000</b>	<b>Carrying value after impairment RM'000</b>	<b>Market value RM'000</b>
Financing, advances and others	<b>67,624,789</b>	<b>(807,674)</b>	<b>66,817,115</b>	<b>70,406,543</b>

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

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.

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**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.

	<b>Notional amount 31.12.2023 RM'000</b>	<b>Fair value 31.12.2023 RM'000</b>	<b>Notional amount 31.12.2022 RM'000</b>	<b>Fair value 31.12.2022 RM'000</b>
<i>Trading derivatives</i>				
Foreign exchange related contracts				
- Less than one year	8,651,500	11,863	7,713,420	(14,396)
Profit rate related contracts				
- Less than one year	3,343	1	-	-
- One year to 3 years	-	-	42,286	72
	<u>8,654,843</u>	<u>11,864</u>	<u>7,755,706</u>	<u>(14,324)</u>

**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 31 December 2023, the amount of contracts which were not hedged and, hence, exposed to market risk was RM392.0 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 31 December 2023, the credit risk measured in terms of the cost to replace the profitable contracts, was RM177.3 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.

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**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:

	<b>3 months ended</b>	<b>12 months ended</b>
	<b>31.12.2023 RM'000</b>	<b>31.12.2023 RM'000</b>
<b><i>Trading derivatives</i></b>		
Net loss arising from fair value changes from derivatives assets and liabilities	<b>(6)</b>	<b>(65)</b>

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.