

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

Statements of Financial Position as at 30 September 2014

		Group		Bank	
	Note	30.09.2014 RM'000	31.12.2013 RM'000	30.09.2014 RM'000	31.12.2013 RM'000
Assets					
Cash and short-term funds	9	1,308,355	3,600,343	1,307,852	3,598,078
Deposits and placements with banks and other financial institutions	10	102,999	130,580	102,999	130,580
Financial assets held-for-trading	11	1,141,078	1,216,895	1,136,042	1,216,895
Derivative financial assets	12	49,427	29,118	49,427	29,118
Financial assets available-for-sale	13	11,143,296	12,416,921	11,145,307	12,418,932
Financial assets held-to-maturity	14	62,439	63,327	62,439	63,327
Financing, advances and others	15	27,387,682	23,740,948	27,387,682	23,740,948
Other assets	16	58,765	41,384	57,150	39,167
Statutory deposits with Bank Negara Malaysia		1,364,000	1,297,100	1,364,000	1,297,100
Current tax assets		40,513	40,588	40,468	40,468
Deferred tax assets		24,613	24,613	24,613	24,613
Investments in subsidiary companies		-	-	20,627	28,027
Property and equipment		195,956	209,554	195,605	209,278
Total assets		<u>42,879,123</u>	<u>42,811,371</u>	<u>42,894,211</u>	<u>42,836,531</u>
Liabilities and equity					
Deposits from customers	17	38,091,998	37,245,002	38,110,179	37,272,452
Deposits and placements of banks and other financial institutions	18	395,181	1,529,975	395,181	1,529,975
Derivative financial liabilities	12	13,653	13,565	13,653	13,565
Bills and acceptance payable		143,891	170,598	143,891	170,598
Other liabilities	19	570,048	481,402	564,234	476,626
Zakat and taxation		29,631	43,994	29,531	43,941
Total liabilities		<u>39,244,402</u>	<u>39,484,536</u>	<u>39,256,669</u>	<u>39,507,157</u>

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		Group		Bank	
	Note	30.09.2014 RM'000	31.12.2013 RM'000	30.09.2014 RM'000	31.12.2013 RM'000
Equity					
Share capital		2,319,907	2,298,165	2,319,907	2,298,165
Reserves		<u>1,314,814</u>	<u>1,028,670</u>	<u>1,317,635</u>	<u>1,031,209</u>
Total equity		<u>3,634,721</u>	<u>3,326,835</u>	<u>3,637,542</u>	<u>3,329,374</u>
Total liabilities and equity		<u>42,879,123</u>	<u>42,811,371</u>	<u>42,894,211</u>	<u>42,836,531</u>
Commitments and Contingencies	28	<u>12,625,321</u>	<u>11,211,680</u>	<u>12,625,321</u>	<u>11,211,680</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 2013.

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**Statements of Profit or Loss and Other Comprehensive Income
for the nine months ended 30 September 2014**

Group	Note	3 months ended		9 months ended	
		30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Income derived from investment of depositors' funds	20	524,876	460,605	1,499,937	1,371,916
Income derived from investment of shareholders' funds	21	96,477	96,755	296,658	280,876
Allowances for impairment on financing and advances	22	(22,961)	(14,478)	(56,183)	(16,073)
Reversal of allowances for impairment on investments		-	243	106	243
Reversal of allowances for impairment on other assets		-	-	710	3,491
Direct expenses		(4,226)	(6,062)	(13,041)	(17,213)
Total distributable income		594,166	537,063	1,728,187	1,623,240
Income attributable to depositors	23	(215,807)	(194,572)	(613,642)	(573,719)
Total net income		378,359	342,491	1,114,545	1,049,521
Personnel expenses	24	(123,813)	(109,166)	(351,338)	(330,180)
Other overhead expenses	25	(83,575)	(80,866)	(256,933)	(243,028)
		170,971	152,459	506,274	476,313
Share of results of associate company		-	984	-	(349)
Profit before zakat and tax		170,971	153,443	506,274	475,964
Zakat		(2,277)	(2,259)	(6,835)	(6,788)
Tax expense		(44,808)	(39,514)	(133,851)	(125,408)
Profit for the period		123,886	111,670	365,588	343,768
Earnings per share (sen)				15.91	15.16

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**Statements of Profit or Loss and Other Comprehensive Income
for the nine months ended 30 September 2014 (continued)**

Group	3 months ended		9 months ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Profit for the period	<u>123,886</u>	<u>111,670</u>	<u>365,588</u>	<u>343,768</u>
Other comprehensive income:				
Currency translation differences in respect of foreign operations	(6,839)	(9,993)	1,510	(20,337)
Fair value reserve				
Net change in fair value	45,358	(58,750)	20,647	(67,636)
Net amount transferred to profit or loss	<u>(12,421)</u>	<u>(861)</u>	<u>(19,417)</u>	<u>(6,873)</u>
Other comprehensive income for the period, net of tax	<u>26,098</u>	<u>(69,604)</u>	<u>2,740</u>	<u>(94,846)</u>
Total comprehensive income for the period	<u>149,984</u>	<u>42,066</u>	<u>368,328</u>	<u>248,922</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 2013.

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**Statements of Profit or Loss and Other Comprehensive Income
for the nine months ended 30 September 2014**

Bank	Note	3 months ended		9 months ended	
		30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Income derived from investment of depositors' funds	20	524,876	460,605	1,499,937	1,371,927
Income derived from investment of shareholders' funds	21	94,803	94,731	292,730	275,501
Allowances for impairment on financing and advances	22	(22,961)	(14,478)	(56,183)	(16,073)
Reversal of allowances for impairment on investments		-	243	106	243
Reversal of allowances for impairment on other assets		-	-	710	3,491
Direct expenses		<u>(4,226)</u>	<u>(6,062)</u>	<u>(13,041)</u>	<u>(17,213)</u>
Total distributable income		592,492	535,039	1,724,259	1,617,876
Income attributable to depositors	23	<u>(215,870)</u>	<u>(194,803)</u>	<u>(613,892)</u>	<u>(574,367)</u>
Total net income		376,622	340,236	1,110,367	1,043,509
Personnel expenses	24	(122,487)	(107,929)	(347,236)	(326,920)
Other overhead expenses	25	<u>(83,297)</u>	<u>(80,327)</u>	<u>(256,664)</u>	<u>(240,755)</u>
Profit before zakat and tax		170,838	151,980	506,467	475,834
Zakat		(2,259)	(2,259)	(6,777)	(6,777)
Tax expense		<u>(44,796)</u>	<u>(39,390)</u>	<u>(133,821)</u>	<u>(125,211)</u>
Profit for the period		<u>123,783</u>	<u>110,331</u>	<u>365,869</u>	<u>343,846</u>

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**Statements of Profit or Loss and Other Comprehensive Income
for the nine months ended 30 September 2014 (continued)**

Bank	3 months ended		9 months ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Profit for the period	<u>123,783</u>	<u>110,331</u>	<u>365,869</u>	<u>343,846</u>
Other comprehensive income:				
Currency translation differences in respect of foreign operations	(6,845)	(10,007)	1,511	(20,366)
Fair value reserve				
Net change in fair value	45,358	(58,750)	20,647	(67,636)
Net amount transferred to profit or loss	<u>(12,421)</u>	<u>(861)</u>	<u>(19,417)</u>	<u>(6,873)</u>
Other comprehensive income for the period, net of tax	<u>26,092</u>	<u>(69,618)</u>	<u>2,741</u>	<u>(94,875)</u>
Total comprehensive income for the period	<u>149,875</u>	<u>40,713</u>	<u>368,610</u>	<u>248,971</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 2013.

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Consolidated Statement of Changes in Equity for the nine months ended 30 September 2014

Group	← Attributable to equity holders of the Bank →				Total equity RM'000
	← Non-distributable →		Other reserves RM'000	Distributable Retained earnings RM'000	
	Share capital RM'000	Share premium RM'000			
At 1 January 2014	2,298,165	52,281	722,567	253,822	3,326,835
Profit for the period	-	-	-	365,588	365,588
Currency translation difference in respect of foreign operations	-	-	1,510	-	1,510
Fair value reserve – Net change in fair value	-	-	20,647	-	20,647
– Net amount reclassified to profit or loss	-	-	(19,417)	-	(19,417)
Total comprehensive income for the period	-	-	2,740	365,588	368,328
Transfer to statutory reserve	-	-	182,935	(182,935)	-
Dividends paid on ordinary shares	-	-	-	(120,884)	(120,884)
Issue of shares pursuant to Dividend Reinvestment Plan	21,742	38,700	-	-	60,442
At 30 September 2014	2,319,907	90,981	908,242	315,591	3,634,721
At 1 January 2013	2,265,490	-	628,157	209,318	3,102,965
Profit for the period	-	-	-	343,768	343,768
Currency translation difference in respect of foreign operations	-	-	(20,337)	-	(20,337)
Fair value reserve – Net change in fair value	-	-	(67,636)	-	(67,636)
– Net amount reclassified to profit or loss	-	-	(6,873)	-	(6,873)
Total comprehensive income for the period	-	-	(94,846)	343,768	248,922
Dividends paid on ordinary shares	-	-	-	(50,974)	(50,974)
At 30 September 2013	2,265,490	-	533,311	502,112	3,300,913

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 2013.

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Statement of Changes in Equity for the nine months ended 30 September 2014

Bank	← Non-distributable		→ Distributable		Total equity RM'000
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000	
At 1 January 2014	2,298,165	52,281	722,539	256,389	3,329,374
Profit for the period	-	-	-	365,869	365,869
Currency translation difference in respect of foreign operations	-	-	1,511	-	1,511
Fair value reserve – Net change in fair value	-	-	20,647	-	20,647
– Net amount reclassified to profit or loss	-	-	(19,417)	-	(19,417)
Total comprehensive income for the period	-	-	2,741	365,869	368,610
Transfer to statutory reserve	-	-	182,935	(182,935)	-
Dividends paid on ordinary shares	-	-	-	(120,884)	(120,884)
Issue of shares pursuant to Dividend Reinvestment Plan	21,742	38,700	-	-	60,442
At 30 September 2014	2,319,907	90,981	908,215	318,439	3,637,542
At 1 January 2013	2,265,490	-	628,159	205,966	3,099,615
Profit for the period	-	-	-	343,846	343,846
Currency translation difference in respect of foreign operations	-	-	(20,366)	-	(20,366)
Fair value reserve – Net change in fair value	-	-	(67,636)	-	(67,636)
– Net amount reclassified to profit or loss	-	-	(6,873)	-	(6,873)
Total comprehensive income for the period	-	-	(94,875)	343,846	248,971
Dividends paid on ordinary shares	-	-	-	(50,974)	(50,974)
At 30 September 2013	2,265,490	-	533,284	498,838	3,297,612

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 2013.

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Condensed Statements of Cash Flow
for the nine months ended 30 September 2014

	Group		Bank	
	9 months ended		9 months ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
Profit before zakat and tax	506,274	475,964	506,467	475,834
Adjustment for non-cash items	160,260	145,999	159,380	145,199
Operating profit before working capital changes	666,534	621,963	665,847	621,033
Changes in working capital:				
Net changes in operating assets	(5,030,360)	(2,072,920)	(5,030,962)	(2,071,836)
Net changes in operating liabilities	894,697	2,960,845	884,388	2,959,660
Cash (used in)/generated from operations	(3,469,129)	1,509,888	(3,480,727)	1,508,857
Zakat and tax paid	(144,110)	(114,558)	(144,030)	(114,346)
Tax refund	112	-	-	-
Net cash (used in)/generated from operating activities	(3,613,127)	1,395,330	(3,624,757)	1,394,511
Net cash generated from investing activities	1,352,490	74,670	1,358,481	74,612
Net cash used in financing activities	(60,442)	(50,974)	(53,042)	(50,974)
Net (decrease)/increase in cash and cash equivalents	(2,321,079)	1,419,026	(2,319,318)	1,418,149
Cash and cash equivalents at beginning of the period	3,730,923	1,695,908	3,728,658	1,695,442
Exchange difference on translation	1,510	(20,342)	1,511	(20,368)
Cash and cash equivalents at end of the period	1,411,354	3,094,592	1,410,851	3,093,223

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 2013.

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Notes to the unaudited interim financial statements for the nine months ended 30 September 2014

1. Basis of preparation

The unaudited interim financial statements of the Group and of the Bank for the nine months ended 30 September 2014 have been prepared in accordance with the applicable requirements of MFRS 134: *Interim Financial Reporting* in Malaysia issued by Malaysian Accounting Standards Board (“MASB”), the International Accounting Standards (“IAS”) 34, *Interim Financial Reporting* issued by the International Accounting Standards Board (“IASB”), *Financial Reporting for Islamic Banking Institution* policy issued by Bank Negara Malaysia (“BNM”), the provisions of the Companies Act, 1965 and Shariah requirements.

The unaudited interim financial statements have been prepared under the historical cost convention except for derivative financial instruments, financial assets held-for-trading and financial assets available-for-sale, which have been measured at fair value.

The unaudited interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2013. 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 Group and of the Bank since the financial year ended 31 December 2013.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the recent audited financial statements for the financial year ended 31 December 2013, except for accounting standards, amendments and interpretations of the Malaysian Financial Reporting Standards (“MFRSs”) that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Bank:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

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1. Basis of preparation (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material impacts to the financial statements of the Group and of the Bank except as mentioned below:

MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 15.

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance MFRS 139, *Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets*. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is expected that the Bank's investment in unquoted shares will be measured at fair value through comprehensive income.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 9.

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2. Auditors' reports on preceding financial period financial statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2013 was not qualified.

3. Seasonal or cyclical factors

The operations of the Bank were not materially affected by any seasonal or cyclical factors in the nine months ended 30 September 2014.

4. Unusual items

There were no unusual items in the nine months ended 30 September 2014.

5. Changes in accounting estimates

There was no material changes in estimates of amounts reported in the prior financial year that has a material effect to the financial statements for the nine months ended 30 September 2014.

6. Debt and equity securities

There were no issuance or repayment of debt and equity securities or share buy-back during the nine months ended 30 September 2014.

7. Dividends

On 24 September 2014, the Bank had paid an interim dividend of approximately 5.26 sen per ordinary share totalling RM120,884,000 in respect of the six months ended 30 June 2014.

From the total dividend amount, approximately 50% was distributed as cash dividend whilst the remaining 50% was reinvested to subscribe for 21,741,664 new ordinary shares of RM1.00 at RM2.78 each via the Dividend Reinvestment Plan.

8. Significant events during the nine months ended 30 September 2014

- i) On 24 February 2014, the Bank received RM5 million, from its subsidiary, BIMB Foreign Currency Clearing Agency Sdn. Bhd. (BIFCA) which is under liquidation.
- ii) On 14 March 2014, Farihan Corporation Sdn. Bhd., a subsidiary of the Bank, has made capital repayment to the Bank amounting to RM2.4 million.
- iii) On 24 September 2014, the Bank increased its issued and paid-up capital from RM2,298,165,336 to RM2,319,907,000 via the issuance of 21,741,664 new ordinary shares of RM1.00 each at a consideration of RM2.78 each arising from the Dividend Reinvestment Plan, as disclosed in Note 7.

There was no other significant event during the nine months ended 30 September 2014.

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9. Cash and short-term funds

	Group		Bank	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	505,003	616,133	504,542	613,948
Money at call and interbank placements with remaining maturity not exceeding one month	803,352	2,984,210	803,310	2,984,130
	<u>1,308,355</u>	<u>3,600,343</u>	<u>1,307,852</u>	<u>3,598,078</u>

10. Deposits and placements with banks and other financial institutions

	Group and Bank	
	30.09.2014	31.12.2013
	RM'000	RM'000
Licensed Islamic banks	102,999	130,580
	<u>102,999</u>	<u>130,580</u>

11. Financial assets held-for-trading

	Group		Bank	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
At fair value				
Malaysian Government Investment Issues	485,361	726,353	485,361	726,353
Bank Negara Negotiable Notes	443,747	178,058	443,747	178,058
Islamic Debt Securities	206,651	312,484	206,651	312,484
Malaysian Islamic Treasury Bills	283	-	283	-
Unit trust	5,036	-	-	-
	<u>1,141,078</u>	<u>1,216,895</u>	<u>1,136,042</u>	<u>1,216,895</u>

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12. Derivative financial assets/liabilities

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

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

Group and Bank	Principal amount	Fair value	
		Assets	Liabilities
30.09.2014	RM'000	RM'000	RM'000
Forward contracts	2,481,845	32,553	(9,619)
Profit rate swaps	1,193,764	16,462	(3,622)
Structured deposits	108,280	412	(412)
	3,783,889	49,427	(13,653)

Group and Bank	Principal amount	Fair value	
		Assets	Liabilities
31.12.2013	RM'000	RM'000	RM'000
Forward contracts	1,381,894	8,681	(6,594)
Profit rate swaps	1,311,481	19,855	(6,389)
Structured deposits	110,495	582	(582)
	2,803,870	29,118	(13,565)

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13. Financial assets available-for-sale

	Group		Bank	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
At fair value				
Unit trust	<u>3,229</u>	<u>3,229</u>	<u>3,229</u>	<u>3,229</u>
At fair value				
Malaysian Government Investment Issues	1,275,369	1,269,943	1,275,369	1,269,943
Negotiable Islamic Debt Certificates	-	447,825	-	447,825
Islamic Debt Securities	<u>9,831,442</u>	<u>10,661,807</u>	<u>9,833,453</u>	<u>10,663,818</u>
	<u>11,106,811</u>	<u>12,379,575</u>	<u>11,108,822</u>	<u>12,381,586</u>
At fair value				
Islamic Development Bank Unit Trust	<u>1,647</u>	<u>1,647</u>	<u>1,647</u>	<u>1,647</u>
At cost				
Unquoted shares in Malaysia	23,449	23,456	23,449	23,456
Less: Accumulated impairment loss *	<u>(14,733)</u>	<u>(14,740)</u>	<u>(14,733)</u>	<u>(14,740)</u>
	<u>8,716</u>	<u>8,716</u>	<u>8,716</u>	<u>8,716</u>
At cost				
Unquoted shares outside Malaysia	<u>22,893</u>	<u>23,754</u>	<u>22,893</u>	<u>23,754</u>
	<u>11,143,296</u>	<u>12,416,921</u>	<u>11,145,307</u>	<u>12,418,932</u>

* Movement in accumulated impairment loss is due to translation difference

14. Financial assets held-to-maturity

	Group and Bank	
	30.09.2014	31.12.2013
	RM'000	RM'000
At amortised cost		
Unquoted securities in Malaysia:		
Islamic Debt Securities	69,458	70,452
Less: Accumulated impairment loss	(7,019)	(7,125)
	<u>62,439</u>	<u>63,327</u>

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15. Financing, advances and others

(a) By type and Shariah contract

Group & Bank 30 September 2014	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Bai Al-Inah RM'000	At-Tawarruq RM'000	Ijarah Muntahiah Bit-Tamleek RM'000	Ijarah Thumma Al-Bai' RM'000	Istisna' RM'000	Ar-Rahnu RM'000	Total RM'000
At amortised cost									
Cash line	-	-	150,369	644,975	-	-	-	-	795,344
Term financing									
House financing	5,255,449	-	-	3,136,532	-	-	67,833	-	8,459,814
Syndicated financing	22,616	-	184,806	887,814	-	151,364	-	-	1,246,600
Leasing financing	-	-	-	-	65,457	6,136	-	-	71,593
Bridging financing	-	-	-	-	-	-	58,270	-	58,270
Personal financing	-	-	355,588	8,855,797	-	-	-	-	9,211,385
Other term financing	3,261,401	311,296	19,643	2,919,236	-	-	1,837	-	6,513,413
Staff financing	113,369	-	155	39,219	-	-	19,068	-	171,811
Credit cards	-	-	113,166	314,149	-	-	-	-	427,315
Trade bills discounted	-	861,981	-	-	-	-	-	-	861,981
Trust receipts	-	30,590	-	-	-	-	-	-	30,590
Pawn broking	-	-	-	-	-	-	-	90,894	90,894
	8,652,835	1,203,867	823,727	16,797,722	65,457	157,500	147,008	90,894	27,939,010
Allowance for impaired financing, advances and others									
- collective assessment allowance									(419,556)
- individual assessment allowance									(131,772)
Net financing, advances and others									27,387,682

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15. Financing, advances and others (continued)

(a) By type and Shariah contract (continued)

Group & Bank	Bai'		Bai		Ijarah		Istisna'	Ar-Rahnu	Total
31 December 2013	Bithaman	Murabahah	Al-Inah	At-Tawarruq	Muntahiah	Ijarah	RM'000	RM'000	RM'000
	Ajil	RM'000	RM'000	RM'000	Bit-Tamleek	RM'000	RM'000	RM'000	RM'000
At amortised cost									
Cash line	-	-	175,923	573,323	-	-	-	-	749,246
Term financing									
House financing	5,442,107	-	-	1,190,950	-	-	67,995	-	6,701,052
Syndicated financing	30,874	-	193,387	475,200	-	33,216	-	-	732,677
Leasing financing	-	-	-	-	57,931	159,750	-	-	217,681
Bridging financing	-	-	-	-	-	-	40,052	-	40,052
Personal financing	-	-	734,250	7,597,961	-	-	-	-	8,332,211
Other term financing	3,565,043	-	7,034	2,326,624	-	-	1,884	-	5,900,585
Staff financing	124,320	-	708	25,736	-	-	21,944	-	172,708
Credit cards	-	-	157,089	288,153	-	-	-	-	445,242
Trade bills discounted	-	805,381	14,107	-	-	-	-	-	819,488
Trust receipts	-	35,957	-	-	-	-	-	-	35,957
Pawn broking	-	-	-	-	-	-	-	95,621	95,621
	9,162,344	841,338	1,282,498	12,477,947	57,931	192,966	131,875	95,621	24,242,520
Allowance for impaired financing, advances and others									
- collective assessment allowance									(365,375)
- individual assessment allowance									(136,197)
Net financing, advances and others									23,740,948

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15. Financing, advances and others (continued)

(b) By type of customer

	Group and Bank	
	30.09.2014	31.12.2013
	RM'000	RM'000
Domestic non-bank financial institutions	421,716	352,438
Domestic business enterprise	5,180,661	4,630,194
Small medium industries	674,083	631,069
Government and statutory bodies	227,301	200,885
Individuals	21,268,395	18,216,908
Other domestic entities	9,424	5,483
Foreign entities	157,430	205,543
	<u>27,939,010</u>	<u>24,242,520</u>

(c) By profit rate sensitivity

	Group and Bank	
	30.09.2014	31.12.2013
	RM'000	RM'000
Fixed rate		
House financing	1,606,061	1,512,408
Others	7,292,381	7,954,409
Floating rate		
Others	19,040,568	14,775,703
	<u>27,939,010</u>	<u>24,242,520</u>

(d) By remaining contractual maturity

	Group and Bank	
	30.09.2014	31.12.2013
	RM'000	RM'000
Maturity within one year	2,860,988	2,927,612
More than one year to three years	1,036,714	816,371
More than three years to five years	1,464,460	1,373,079
More than five years	22,576,848	19,125,458
	<u>27,939,010</u>	<u>24,242,520</u>

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15. Financing, advances and others (continued)

(e) By geographical distribution

	Group and Bank	
	30.09.2014	31.12.2013
	RM'000	RM'000
Central Region	12,331,349	10,699,889
Eastern Region	4,811,398	4,455,488
Northern Region	4,465,942	3,928,233
Southern Region	4,090,024	3,191,397
East Malaysia Region	2,240,297	1,967,513
	<u>27,939,010</u>	<u>24,242,520</u>

(f) By sector

	Group and Bank	
	30.09.2014	31.12.2013
	RM'000	RM'000
Primary agriculture	290,441	243,148
Mining and quarrying	13,474	8,135
Manufacturing (including agro-based)	974,552	829,577
Electricity, gas and water	409,474	365,014
Wholesale & retail trade, and hotels & restaurants	894,270	750,364
Construction	1,688,705	1,872,011
Real estate	601,779	517,731
Transport, storage and communications	503,256	236,616
Finance, insurance and business activities	889,787	850,283
Education, health and others	404,940	342,942
Household sectors	21,268,332	18,216,799
Other sectors	-	9,900
	<u>27,939,010</u>	<u>24,242,520</u>

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15. Financing, advances and others (continued)

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

	Group and Bank	
	30.09.2014	31.12.2013
	RM’000	RM’000
At 1 January 2014/ 2013	285,302	308,709
Classified as impaired during the period/year	335,747	440,665
Reclassified as not impaired during the period/year	(146,773)	(236,056)
Amount recovered	(50,959)	(71,626)
Amount written off	(94,658)	(160,388)
Exchange differences	(30)	3,998
	<u>328,629</u>	<u>285,302</u>
At 30 September 2014/ 31 December 2013		
Gross impaired financing as a percentage of gross financing, advances and others	<u>1.18%</u>	<u>1.18%</u>

(h) Impaired financing by geographical distribution

	Group and Bank	
	30.09.2014	31.12.2013
	RM’000	RM’000
Central Region	140,232	129,930
Eastern Region	40,937	28,106
Northern Region	29,538	52,873
Southern Region	12,886	13,702
East Malaysia Region	105,036	60,691
	<u>328,629</u>	<u>285,302</u>

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15. Financing, advances and others (continued)

(i) Impaired financing by sector

	Group and Bank	
	30.09.2014	31.12.2013
	RM'000	RM'000
Primary agriculture	2,319	-
Manufacturing (including agro-based)	6,842	32,302
Electricity, gas and water	94	108
Wholesale & retail trade, and hotels & restaurants	15,889	15,525
Construction	70,969	21,601
Transport, storage and communications	43,236	33,117
Finance, insurance and business activities	57,356	61,393
Education, health and others	616	-
Household sectors	131,308	121,226
Other sectors	-	30
	328,629	285,302

(j) Movement of allowance for impaired financing

	Group and Bank	
	30.09.2014	31.12.2013
	RM'000	RM'000
<u>Collective assessment allowance</u>		
At 1 January 2014/ 2013	365,375	313,334
Allowance made during the period/year	118,114	141,621
Amount written off	(64,027)	(90,373)
Exchange differences	94	793
At 30 September 2014/ 31 December 2013	419,556	365,375
<u>Individual assessment allowance</u>		
At 1 January 2014/ 2013	136,197	126,988
Allowance made during the period/year	26,346	79,103
Amount written off	(30,802)	(69,901)
Exchange differences	31	7
At 30 September 2014/ 31 December 2013	131,772	136,197

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16. Other assets

	Group		Bank	
	30.09.2014 RM'000	31.12.2013 RM'000	30.09.2014 RM'000	31.12.2013 RM'000
Other receivables	24,501	6,563	23,467	4,845
Deposit and prepayments	33,953	34,127	33,117	33,462
Related companies	311	694	566	860
	<u>58,765</u>	<u>41,384</u>	<u>57,150</u>	<u>39,167</u>

17. Deposits from customers

a) By type of deposit

	Group		Bank	
	30.09.2014 RM'000	31.12.2013 RM'000	30.09.2014 RM'000	31.12.2013 RM'000
Saving Deposit	5,065,730	4,674,482	5,065,730	4,674,482
<i>Wadiah</i>	3,159,156	2,379,204	3,159,156	2,379,204
<i>Mudharabah</i>	1,906,574	2,295,278	1,906,574	2,295,278
Demand Deposit				
<i>Wadiah</i>	9,295,503	9,888,119	9,302,899	9,891,476
Term Deposit	23,645,373	22,594,379	23,656,158	22,618,472
Special Investment Accounts <i>Mudharabah</i>	16,521,233	18,659,039	16,526,629	18,682,231
General Investment Accounts <i>Mudharabah</i>	1,808,631	2,012,162	1,808,631	2,012,162
Term & Special term deposit-i <i>Tawarruq</i>	2,776,531	-	2,781,801	-
Negotiable Islamic Debt Certificates (NIDC)	1,160,144	1,466,205	1,160,144	1,466,205
Waheed-i	1,282,350	358,516	1,282,469	359,417
Ziyad	96,484	98,457	96,484	98,457
Others	85,392	88,022	85,392	88,022
Total Deposits	<u>38,091,998</u>	<u>37,245,002</u>	<u>38,110,179</u>	<u>37,272,452</u>

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17. Deposits from customers (continued)

b) Maturity structure of term deposits are as follows:

	Group		Bank	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Due within six months	21,027,379	20,374,794	21,037,610	20,398,137
More than six months to one year	2,329,788	2,036,519	2,330,342	2,037,269
More than one year to three years	249,935	136,897	249,935	136,897
More than three years to five years	38,271	46,169	38,271	46,169
	<u>23,645,373</u>	<u>22,594,379</u>	<u>23,656,158</u>	<u>22,618,472</u>

c) By type of customer

	Group		Bank	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	8,402,834	8,069,129	8,402,834	8,069,129
Business enterprises	9,818,206	10,009,275	9,818,206	10,009,275
Individuals	5,550,114	5,124,757	5,550,114	5,124,757
Others	14,320,844	14,041,841	14,339,025	14,069,291
	<u>38,091,998</u>	<u>37,245,002</u>	<u>38,110,179</u>	<u>37,272,452</u>

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18. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30.09.2014	31.12.2013
	RM'000	RM'000
<i>Non-Mudharabah fund</i>		
Licensed Islamic banks	-	1,538
Other financial institutions	45,181	44,564
	<u>45,181</u>	<u>46,102</u>
<i>Mudharabah fund</i>		
Licensed Islamic banks	350,000	1,298,873
Other financial institutions	-	185,000
	<u>350,000</u>	<u>1,483,873</u>
	<u>395,181</u>	<u>1,529,975</u>

19. Other liabilities

	Group		Bank	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Other payable	472,866	372,655	468,170	369,109
Accruals	97,182	108,747	96,064	107,517
	<u>570,048</u>	<u>481,402</u>	<u>564,234</u>	<u>476,626</u>

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20. Income derived from investment of depositors' funds

Group	3 months ended		9 months ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) General investment deposits	29,243	29,328	86,757	88,679
(ii) Other deposits	495,633	431,277	1,413,180	1,283,237
	<u>524,876</u>	<u>460,605</u>	<u>1,499,937</u>	<u>1,371,916</u>

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

Group	3 months ended		9 months ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	22,748	21,963	66,832	64,426
Financial assets:				
- held-for-trading	509	357	1,841	1,320
- available-for-sale	4,631	6,194	15,284	18,319
- held-to-maturity	36	43	121	487
Money at call and deposits with financial institutions	526	713	1,439	3,303
	<u>28,450</u>	<u>29,270</u>	<u>85,517</u>	<u>87,855</u>
<i>Other dealing income</i>				
Net gain/(loss) from sale of financial assets held-for-trading	91	(280)	(90)	(235)
Net gain on revaluation of financial assets held-for-trading	18	283	223	643
	<u>109</u>	<u>3</u>	<u>133</u>	<u>408</u>
<i>Other operating income</i>				
Net gain from sale of financial assets available-for-sale	684	55	1,107	445
Loss on redemption of financial assets held-to-maturity	-	-	-	(29)
	<u>684</u>	<u>55</u>	<u>1,107</u>	<u>416</u>
	<u>29,243</u>	<u>29,328</u>	<u>86,757</u>	<u>88,679</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	<u>357</u>	<u>344</u>	<u>1,045</u>	<u>1,353</u>

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

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

Group	3 months ended		9 months ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	385,449	322,957	1,088,788	932,596
Financial assets:				
- held-for-trading	8,642	5,257	29,882	19,089
- available-for-sale	78,454	91,088	248,239	265,037
- held-to-maturity	607	632	1,969	7,000
Money at call and deposits with financial institutions	8,916	10,484	23,468	47,784
	482,068	430,418	1,392,346	1,271,506
<i>Other dealing income</i>				
Net gain/(loss) from sale of financial assets held-for-trading	1,547	(4,110)	(1,260)	(3,484)
Net gain on revaluation of financial assets held-for-trading	281	4,163	3,468	9,217
	1,828	53	2,208	5,733
<i>Other operating income</i>				
Net gain from sale of financial assets available-for-sale	11,737	806	18,626	6,428
Loss on redemption of financial assets held-to-maturity	-	-	-	(430)
	11,737	806	18,626	5,998
	495,633	431,277	1,413,180	1,283,237
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	6,065	5,060	17,033	19,578

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

Bank	3 months ended		9 months ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Income derived from investment of:				
(i) General investment deposits	29,243	29,328	86,757	88,679
(ii) Other deposits	495,633	431,277	1,413,180	1,283,248
	<u>524,876</u>	<u>460,605</u>	<u>1,499,937</u>	<u>1,371,927</u>

(i) Income derived from investment of general investment deposits

Bank	3 months ended		9 months ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	22,748	21,963	66,832	64,426
Financial assets:				
- held-for-trading	509	357	1,841	1,320
- available-for-sale	4,631	6,194	15,284	18,319
- held-to-maturity	36	43	121	487
Money at call and deposits with financial institutions	526	713	1,439	3,303
	<u>28,450</u>	<u>29,270</u>	<u>85,517</u>	<u>87,855</u>
<i>Other dealing income</i>				
Net gain/(loss) from sale of financial assets held-for-trading	91	(280)	(90)	(235)
Net gain on revaluation of financial assets held-for-trading	18	283	223	643
	<u>109</u>	<u>3</u>	<u>133</u>	<u>408</u>
<i>Other operating income</i>				
Net gain from sale of financial assets available-for-sale	684	55	1,107	445
Loss on redemption of financial assets held-to-maturity	-	-	-	(29)
	<u>684</u>	<u>55</u>	<u>1,107</u>	<u>416</u>
	<u>29,243</u>	<u>29,328</u>	<u>86,757</u>	<u>88,679</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	<u>357</u>	<u>344</u>	<u>1,045</u>	<u>1,353</u>

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

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

Bank	3 months ended		9 months ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	385,449	322,957	1,088,788	932,607
Financial assets:				
- held-for-trading	8,642	5,257	29,882	19,089
- available-for-sale	78,454	91,088	248,239	265,037
- held-to-maturity	607	632	1,969	7,000
Money at call and deposits with financial institutions	8,916	10,484	23,468	47,784
	482,068	430,418	1,392,346	1,271,517
<i>Other dealing income</i>				
Net gain/(loss) from sale of financial assets held-for-trading	1,547	(4,110)	(1,260)	(3,484)
Net gain on revaluation of financial assets held-for-trading	281	4,163	3,468	9,217
	1,828	53	2,208	5,733
<i>Other operating income</i>				
Net gain from sale of financial assets available-for-sale	11,737	806	18,626	6,428
Loss on redemption of financial assets held-to-maturity	-	-	-	(430)
	11,737	806	18,626	5,998
	495,633	431,277	1,413,180	1,283,248
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	6,065	5,060	17,033	19,578

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21. Income derived from investment of shareholders' funds

Group	3 months ended		9 months ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	1,539	1,124	4,591	3,323
Financial assets available-for-sale	32,709	25,384	89,302	75,217
Money at call and deposits with financial institutions	(106)	4,638	5,541	13,053
	<u>34,142</u>	<u>31,146</u>	<u>99,434</u>	<u>91,593</u>
<i>Other dealing income</i>				
Net gain from foreign exchange transactions	20,853	20,425	73,686	53,536
Net derivatives (loss)/gain	(1,049)	1,897	(3,350)	4,753
Net gain on revaluation of financial assets held-for-trading	36	-	36	-
	<u>19,840</u>	<u>22,322</u>	<u>70,372</u>	<u>58,289</u>
<i>Other operating income</i>				
Net loss from sale of financial assets available-for-sale	-	-	(316)	-
Reversal of impairment allowance	-	76	-	200
Gross dividend income from securities				
- unquoted in Malaysia	-	-	2,536	6,458
- unit trust outside Malaysia	16	-	16	-
	<u>16</u>	<u>76</u>	<u>2,236</u>	<u>6,658</u>
<i>Fees and commission</i>				
Fees	32,744	34,190	97,510	98,224
Commission	5,671	5,994	17,216	17,104
Others	2,860	2,440	8,242	7,349
	<u>41,275</u>	<u>42,624</u>	<u>122,968</u>	<u>122,677</u>
<i>Other income</i>				
Net loss on disposal of property and equipment	-	(199)	(1,253)	(1,183)
Rental income	1,192	757	2,843	2,566
Other income	12	29	58	276
	<u>1,204</u>	<u>587</u>	<u>1,648</u>	<u>1,659</u>
	<u>96,477</u>	<u>96,755</u>	<u>296,658</u>	<u>280,876</u>

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

Bank	3 months ended		9 months ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	1,539	1,124	4,591	3,323
Financial assets available-for-sale	32,709	25,384	89,302	75,217
Money at call and deposits with financial institutions	(106)	4,638	5,541	13,054
	<u>34,142</u>	<u>31,146</u>	<u>99,434</u>	<u>91,594</u>
<i>Other dealing income</i>				
Net gain from foreign exchange transactions	20,853	20,425	73,686	53,536
Net derivatives (loss)/gain	(1,049)	1,897	(3,350)	4,753
	<u>19,804</u>	<u>22,322</u>	<u>70,336</u>	<u>58,289</u>
<i>Other operating income</i>				
Net loss from sale of financial assets available-for-sale	-	-	(316)	-
Gross dividend income from securities				
- unquoted in Malaysia	-	-	2,536	6,458
- unit trust outside Malaysia	16	-	16	-
Gross dividend income from subsidiary	-	-	800	-
	<u>16</u>	<u>-</u>	<u>3,036</u>	<u>6,458</u>
<i>Fees and commission</i>				
Fees	31,026	31,987	92,806	92,062
Commission	5,671	5,994	17,216	17,104
Others	2,853	2,700	8,022	8,446
	<u>39,550</u>	<u>40,681</u>	<u>118,044</u>	<u>117,612</u>
<i>Other income</i>				
Net loss on disposal of property and equipment	-	(199)	(1,253)	(1,166)
Rental income	1,279	757	3,084	2,566
Other income	12	24	49	148
	<u>1,291</u>	<u>582</u>	<u>1,880</u>	<u>1,548</u>
	<u>94,803</u>	<u>94,731</u>	<u>292,730</u>	<u>275,501</u>

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22. Allowances for impairment on financing and advances

Group & Bank	3 months ended		9 months ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
Allowances for impaired financing, advances and others:				
- collective assessment allowance	39,447	26,875	118,114	118,475
- individual assessment allowance	14,514	13,830	26,346	19,257
Bad debts and financing recovered	(31,000)	(26,227)	(88,277)	(121,659)
	22,961	14,478	56,183	16,073

23. Income attributable to depositors

Group	3 months ended		9 months ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah fund	167,015	148,247	499,251	433,125
- Non-Mudharabah fund	44,762	36,267	95,239	122,127
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	3,994	7,991	18,845	15,234
- Non-Mudharabah fund	36	2,067	307	3,233
	215,807	194,572	613,642	573,719

Bank	3 months ended		9 months ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah fund	167,075	148,472	499,492	433,753
- Non-Mudharabah fund	44,765	36,273	95,248	122,147
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	3,994	7,991	18,845	15,234
- Non-Mudharabah fund	36	2,067	307	3,233
	215,870	194,803	613,892	574,367

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24. Personnel expenses

Group	3 months ended		9 months ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	98,404	87,596	279,409	265,977
Employees' Provident Fund	11,048	10,384	32,910	30,730
Other staff related costs	14,361	11,186	39,019	33,473
	<u>123,813</u>	<u>109,166</u>	<u>351,338</u>	<u>330,180</u>

Bank	3 months ended		9 months ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	97,357	86,611	276,145	263,513
Employees' Provident Fund	10,896	10,245	32,432	30,331
Other staff related costs	14,234	11,073	38,659	33,076
	<u>122,487</u>	<u>107,929</u>	<u>347,236</u>	<u>326,920</u>

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25. Other overhead expenses

Group	3 months ended		9 months ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
<i>Promotion</i>				
Advertisement and publicity	1,659	2,804	5,034	6,738
Credit and debit card expenses	4,954	4,563	14,044	13,200
Others	2,292	3,276	6,655	8,333
	<u>8,905</u>	<u>10,643</u>	<u>25,733</u>	<u>28,271</u>
<i>Establishment</i>				
Office rental	12,496	11,429	36,201	34,548
Depreciation of property and equipment	12,393	11,578	36,323	34,449
Information technology expenses	7,001	7,286	21,483	21,635
Rental equipment	912	855	2,957	2,863
Office maintenance	2,162	2,783	7,249	6,829
Utilities	3,647	3,000	10,985	9,344
Security services	3,503	2,701	10,509	7,938
Takaful and insurance	1,894	1,559	5,756	4,475
Others	37	46	306	320
	<u>44,045</u>	<u>41,237</u>	<u>131,769</u>	<u>122,401</u>
<i>General expenses</i>				
Professional fees	982	879	3,069	2,258
Office supplies	1,914	1,918	6,308	7,130
Outsourcing fees	10,460	12,198	33,194	36,772
Others	17,269	13,991	56,860	46,196
	<u>30,625</u>	<u>28,986</u>	<u>99,431</u>	<u>92,356</u>
	<u>83,575</u>	<u>80,866</u>	<u>256,933</u>	<u>243,028</u>

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25. Other overhead expenses (continued)

Bank	3 months ended		9 months ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
<i>Promotion</i>				
Advertisement and publicity	1,637	2,701	4,949	6,316
Credit and debit card expenses	4,954	4,563	14,044	13,200
Others	2,024	3,013	5,879	7,818
	8,615	10,277	24,872	27,334
<i>Establishment</i>				
Office rental	12,468	11,326	36,114	34,186
Depreciation of property and equipment	12,365	11,556	36,243	34,387
Information technology expenses	7,001	7,286	21,483	21,635
Rental equipment	900	846	2,920	2,819
Office maintenance	2,114	2,739	7,118	6,703
Utilities	3,624	2,975	10,917	9,277
Security services	3,501	2,695	10,503	7,926
Takaful and insurance	1,868	1,523	5,675	4,355
Others	37	46	306	320
	43,878	40,992	131,279	121,608
<i>General expenses</i>				
Professional fees	944	822	2,965	2,111
Office supplies	1,896	1,895	6,257	7,050
Outsourcing fees	10,460	12,198	33,194	36,772
Others	17,504	14,143	58,097	45,880
	30,804	29,058	100,513	91,813
	83,297	80,327	256,664	240,755

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26. Segmental Reporting on Revenue, Profit and Assets

	Consumer Banking RM'000	Corporate and Commercial Banking RM'000	Treasury Division RM'000	Shareholders unit RM'000	Elimination RM'000	Total RM'000
<u>9 months ended 30 September 2014</u>						
Total Revenue	1,005,333	263,222	419,153	116,978	(8,091)	1,796,595
Net fund based income	547,742	222,477	18,608	174,819	-	963,646
Non-fund based income	93,142	19,658	98,065	16,283	(7,841)	219,307
Net income	640,884	242,135	116,673	191,102	(7,841)	1,182,953
Allowances for impairment	(58,657)	2,474	816	-	-	(55,367)
Profit before overheads, zakat & taxation	582,227	244,609	117,489	191,102	(7,841)	1,127,586
Operating expenses						(621,312)
						506,274
Share of results of associate company						-
Profit before zakat & taxation						506,274
<u>9 months ended 30 September 2013</u>						
Total Revenue	886,582	232,903	429,553	111,479	(7,725)	1,652,792
Net fund based income	534,909	208,153	40,373	93,811	(11)	877,235
Non-fund based income	96,989	25,443	66,438	20,034	(7,066)	201,838
Net income	631,898	233,596	106,811	113,845	(7,077)	1,079,073
Allowances for impairment	(55,058)	41,953	3,734	(2,968)	-	(12,339)
Profit before overheads, zakat & taxation	576,840	275,549	110,545	110,877	(7,077)	1,066,734
Operating expenses						(590,421)
						476,313
Share of results of associate company						(349)
Profit before zakat & taxation						475,964

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

	Consumer Banking RM'000	Corporate and Commercial Banking RM'000	Treasury Division RM'000	Shareholders unit RM'000	Elimination RM'000	Total RM'000
<u>At 30 September 2014</u>						
Segment assets	21,011,524	6,376,158	13,299,524	46,632	(41,093)	40,692,745
Unallocated assets						<u>2,186,378</u>
Total assets						<u>42,879,123</u>
 <u>At 31 December 2013</u>						
Segment assets	18,003,154	5,737,793	16,842,982	60,556	(57,689)	40,586,796
Unallocated assets						<u>2,224,575</u>
Total assets						<u>42,811,371</u>

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27. Fair value of financial instruments

Fair value hierarchy

MFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Group's market assumptions. The fair value hierarchy is as follows:

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

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include short-term/on demand financial assets and financial liabilities where the carrying amount is a reasonable approximation of their fair value:

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27. Fair value of financial instruments (continued)

Fair value hierarchy (continued)

Group 30 September 2014 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 held-for-trading	-	1,141,078	-	1,141,078	-	1,141,078	1,141,078
Derivative financial assets	-	49,427	-	49,427	-	49,427	49,427
Financial assets available-for-sale	-	11,107,067	4,620	11,111,687	31,609	11,143,296	11,143,296
Financial assets held-to-maturity	-	-	-	-	62,439	62,439	62,439
Financing, advances and others	-	-	-	-	27,401,233	27,401,233	27,387,682
<i>Financial liabilities</i>							
Derivative financial liabilities	-	13,653	-	13,653	-	13,653	13,653
<hr/>							
Bank 30 September 2014 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 held-for-trading	-	1,136,042	-	1,136,042	-	1,136,042	1,136,042
Derivative financial assets	-	49,427	-	49,427	-	49,427	49,427
Financial assets available-for-sale	-	11,107,067	4,620	11,111,687	33,620	11,145,307	11,145,307
Financial assets held-to-maturity	-	-	-	-	62,439	62,439	62,439
Financing, advances and others	-	-	-	-	27,401,233	27,401,233	27,387,682
<i>Financial liabilities</i>							
Derivative financial liabilities	-	13,653	-	13,653	-	13,653	13,653

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27. Fair value of financial instruments (continued)

Fair value hierarchy (continued)

Group and Bank 31 December 2013 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 held-for-trading	-	1,216,895	-	1,216,895	-	1,216,895	1,216,895
Derivative financial assets	-	29,118	-	29,118	-	29,118	29,118
Financial assets available-for-sale	-	12,379,831	4,620	12,384,451	34,481	12,418,932	12,418,932
Financial assets held-to-maturity	-	-	-	-	85,318	85,318	63,327
Financing, advances and others	-	-	-	-	24,040,733	24,040,733	23,740,948
<i>Financial liabilities</i>							
Derivative financial liabilities	-	13,565	-	13,565	-	13,565	13,565

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27. Fair value of financial instruments (continued)

Fair value hierarchy (continued)

The following table presents the changes in Level 3 instruments for the financial period ended 30 September 2014 for Group and Bank:

	30.09.2014	31.12.2013
	RM'000	RM'000
<i>Financial assets available-for-sale</i>		
At 1 January 2014/2013	4,620	19,800
Allowance for impairment	-	(9,537)
Settlement	-	(5,643)
At 30 September 2014/31 December 2013	<u>4,620</u>	<u>4,620</u>

Unobservable inputs used in measuring fair value

The following tables show the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

(a) Financial instruments carried at fair value

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

(b) Financial instruments not carried at fair value

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

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

The fair values of securities that are actively traded is determined by quoted bid prices. For non-actively traded securities, the fair values are valued at cost less impairment or estimated using discounted cash flows analysis. Where discounted cash flows technique is used, the estimated future cash flows are discounted using applicable prevailing market or indicative rates of similar instruments at the reporting date.

(ii) Financing and advances

The fair values of variable rate financing are estimated to approximate their carrying values. For fixed rate financing, the fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at applicable and prevailing rates at reporting date offered for similar facilities to new borrowers with similar credit profiles. In respect of impaired financing, the fair values are deemed to approximate the carrying values which are net of impairment allowances.

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28. Commitment and Contingencies

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

As at 30 September 2014	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
<i>Credit related exposures</i>				
Direct credit substitutes	370,005		370,005	365,194
Assets sold with recourse	2		2	2
Transaction related contingent items	996,015		498,008	437,757
Short term self-liquidating trade related contingencies	187,605		37,521	35,330
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	5,115		1,023	1,005
- exceeding one year	950,167		475,083	381,065
Unutilised credit card lines	1,019,398		203,880	152,910
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	5,313,125		-	-
	8,841,432		1,585,522	1,373,263
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	2,481,845	32,553	56,262	24,482
Profit rate related contracts				
- less than one year	300,000	276	300	60
- one year to less than five years	600,000	11,642	20,064	4,013
- five years and above	293,764	4,544	13,268	13,268
Equity related contracts				
- less than one year	108,280	412	6,497	3,248
	3,783,889	49,427	96,391	45,071
Total	12,625,321	49,427	1,681,913	1,418,334

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28. Commitment and Contingencies (continued)

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

As at 31 December 2013	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
<i>Credit related exposures</i>				
Direct credit substitutes	319,032		319,032	312,160
Assets sold with recourse	2		2	2
Transaction related contingent items	877,246		438,623	386,730
Short term self-liquidating trade related contingencies	278,297		55,659	54,695
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	1,714		343	327
- exceeding one year	823,818		411,909	338,294
Unutilised credit card lines	991,097		198,219	148,665
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	5,116,604		-	-
	8,407,810		1,423,787	1,240,873
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	1,381,894	8,681	18,546	10,290
Profit rate related contracts				
- less than one year	100,000	695	250	50
- one year to less than five years	500,000	2,705	9,000	1,800
- five years and above	711,481	16,455	35,660	19,660
Equity related contracts				
- one year to less than five years	110,495	582	8,840	4,420
	2,803,870	29,118	72,296	36,220
Total	11,211,680	29,118	1,496,083	1,277,093

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29. Capital adequacy

With effect from 1 January 2013, 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) issued on 28 November 2012. The minimum regulatory capital adequacy ratios requirement for Common Equity Tier I ("CET I") capital ratio, Tier I capital ratio and total capital ratio are 4.0%, 5.5% and 8.0% respectively for year 2014. The Bank has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.

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

	Group		Bank	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013
CET I & Tier I capital ratio	12.605%	12.964%	12.552%	12.876%
Total capital ratio	13.707%	14.056%	13.655%	13.969%

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

	Group		Bank	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Paid-up share capital	2,319,907	2,298,165	2,319,907	2,298,165
Share premium	90,981	52,281	90,981	52,281
Retained earnings	315,591	253,822	318,439	256,389
Other reserves	908,242	722,567	908,215	722,539
Less: Deferred tax assets	(24,613)	(24,613)	(24,613)	(24,613)
Less: Investment in subsidiaries	-	-	(20,627)	(28,027)
Total CET I and Tier I Capital	3,610,108	3,302,222	3,592,302	3,276,734
Collective assessment allowance ^	315,728	278,155	315,698	278,115
Total Tier II Capital	315,728	278,155	315,698	278,115
Total Capital	3,925,836	3,580,377	3,908,000	3,554,849

^ Collective assessment allowance on non-impaired financing subject to maximum of 1.25% of total credit risk-weighted assets.

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

	Group		Bank	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Credit risk	25,258,203	22,252,433	25,255,817	22,249,166
Market risk	709,138	761,777	709,138	761,777
Operational risk	2,673,806	2,457,803	2,654,501	2,437,809
	28,641,147	25,472,013	28,619,456	25,448,752

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30. Performance review for the nine months ended 30 September 2014

The Group reported profit before tax and zakat of RM506.3 million for the nine months ended 30 September 2014. This represents a 6.4% increase compared to the previous corresponding period. The improved performance was mainly attributed to growth in business activities.

Year-on-year net financing assets grew by RM4.8 billion or 21.4% to reach RM27.4 billion as at end September 2014. Correspondingly, fund based income from financing also increased by RM159.8 million or 16.0%. Non fund based income also reported a 8.7% growth or RM17.5 million mainly from foreign exchange transactions and net gain from sale of financial assets available-for-sale.

As at end of September 2014, customer deposits stood at RM38.1 billion with a year-on-year increase of RM2.7 billion or 7.6%, and the low cost current and savings accounts (CASA) also reported a year-on-year increase of RM1.9 billion or 15.2%. The CASA ratio as at end September 2014 was 37.7% compared to end September 2013 of 35.2%. The Islamic Banking Industry CASA ratio was 25.1% as at end August 2014.

The Group's gross impaired financing ratio as at end September 2014 remained at 1.18% compared to end December 2013. The net impaired financing ratio (less IA and CA) was a negative 0.81% as at end September 2014 whilst the net impaired financing ratio (less IA only) was 0.71%. The Banking System gross impaired ratio was 1.74% and the net impaired ratios were -0.08% (less IA and CA) and 1.26% (less IA only) as at end August 2014.

The key performance ratios as at end September 2014 also compared favourably against the Banking System ratio as at end December 2013. The Bank's pre-tax return on equity was 19.1% against the Banking System's 15.9%. The pre-tax return on assets was 1.6% against the Banking System's 1.5%, while the Risk Weighted Capital Adequacy ratio was 13.7% compared to the Banking System's 14.4% as at end December 2013.

31. Prospect for 2014

The Malaysian economy continues to benefit from sustained recovery in the advanced countries. This was reflected in the 6.3% GDP growth in the 1H2014 underpinned by 8.3% expansion in real exports. Similarly, inflation rate rose at a pace of 3.3% for the first eight months of this year following the adjustment in subsidised products namely sugar, fuel and electricity. As a result, BNM raised its Overnight Policy Rate (OPR) to 3.25% on the 10 July 2014 after remaining at 3.00% since May 2011.

The Budget 2015, which was unveiled on 10 October 2014, clearly shows that the government remain mindful of their financial standing with budget deficits expected to be narrowed further to RM35.7 billion or 3.0% of GDP in 2015. This was made possible by higher expected revenue growth coupled with slower growth in total expenditure. The Goods and Services Tax (GST) which is slated to be implemented on 1 April 2015 is likely to bring in RM21.7 billion to government coffers. This is much higher compared to the Sales and Services Tax (SST) collection of RM17.8 billion in 2014. Meanwhile, operating expenditure is anticipated to increase at a snail pace of 1.1% as government is expected to reduce further subsidy bills amounting to RM37.7 billion in 2015 (2014: RM40.6 billion). Of particular interest is the sharp increase in net development expenditure by 15.0% for 2015 to RM47.5 billion. Economic sector received the lion share for development expenditure amounting to RM29.3 billion. This will spearhead projects in the five corridors, improving access and connectivity of urban public transport, construction and upgrading of roads, bridges, railways and airports as well as better coverage of electricity and water supply.

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31. Prospect for 2014 (continued)

Going forward, the economic outlook is somewhat mixed with the recent revised forecast for global economy by the IMF in October. The IMF puts world GDP growth at 3.3% in 2014, lower by 0.1 percentage points compared to July forecast. As such, Malaysian economy is anticipated to experience some moderation in the 2H2014 in view of softening in global demand coupled with correction in key commodity prices namely CPO and Crude Oil. In addition, the rise in RON95 prices by 20 cents on 2 October 2014 could result in slower spending amongst consumers.

32. Subsequent events

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