

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

Statements of Financial Position as at 30 June 2014

	Note	Group		Bank	
		30.06.2014 RM'000	31.12.2013 RM'000	30.06.2014 RM'000	31.12.2013 RM'000
Assets					
Cash and short-term funds	9	2,154,076	3,600,343	2,153,592	3,598,078
Deposits and placements with banks and other financial institutions	10	124,389	130,580	124,389	130,580
Financial assets held-for-trading	11	921,706	1,216,895	921,706	1,216,895
Derivative financial assets	12	21,488	29,118	21,488	29,118
Financial assets available-for-sale	13	11,758,635	12,416,921	11,760,646	12,418,932
Financial assets held-to-maturity	14	63,101	63,327	63,101	63,327
Financing, advances and others	15	26,258,272	23,740,948	26,258,272	23,740,948
Other assets	16	51,900	41,384	50,341	39,167
Statutory deposits with Bank Negara Malaysia		1,298,000	1,297,100	1,298,000	1,297,100
Current tax assets		40,511	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		202,100	209,554	201,811	209,278
Total assets		42,918,791	42,811,371	42,939,054	42,836,531
Liabilities and equity					
Deposits from customers	17	38,150,528	37,245,002	38,171,547	37,272,452
Deposits and placements of banks and other financial institutions	18	602,270	1,529,975	602,270	1,529,975
Derivative financial liabilities	12	9,191	13,565	9,191	13,565
Bills and acceptance payable		119,114	170,598	119,114	170,598
Other liabilities	19	456,060	481,402	452,434	476,626
Zakat and taxation		36,449	43,994	36,389	43,941
Total liabilities		39,373,612	39,484,536	39,390,945	39,507,157

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Statements of Financial Position as at 30 June 2014 (continued)

		Group		Bank	
	Note	30.06.2014 RM'000	31.12.2013 RM'000	30.06.2014 RM'000	31.12.2013 RM'000
Equity					
Share capital		2,298,165	2,298,165	2,298,165	2,298,165
Reserves		<u>1,247,014</u>	<u>1,028,670</u>	<u>1,249,944</u>	<u>1,031,209</u>
Total equity		<u>3,545,179</u>	<u>3,326,835</u>	<u>3,548,109</u>	<u>3,329,374</u>
Total liabilities and equity		<u>42,918,791</u>	<u>42,811,371</u>	<u>42,939,054</u>	<u>42,836,531</u>
Commitments and Contingencies	28	<u>11,223,601</u>	<u>11,211,680</u>	<u>11,223,601</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 six months ended 30 June 2014**

Group	Note	3 months ended		6 months ended	
		30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Income derived from investment of depositors' funds	20	501,422	464,144	975,061	911,311
Income derived from investment of shareholders' funds	21	98,730	101,496	200,181	184,121
Allowances for impairment on financing and advances	22	(16,590)	(2,402)	(33,222)	(1,595)
Reversal of allowances for impairment on investments		106	-	106	-
Reversal of allowances for impairment on other assets		710	3,491	710	3,491
Direct expenses		(5,023)	(4,963)	(8,815)	(11,151)
Total distributable income		579,355	561,766	1,134,021	1,086,177
Income attributable to depositors	23	(205,146)	(197,167)	(397,835)	(379,147)
Total net income		374,209	364,599	736,186	707,030
Personnel expenses	24	(115,204)	(109,143)	(227,525)	(221,014)
Other overhead expenses	25	(90,743)	(82,280)	(173,358)	(162,162)
		168,262	173,176	335,303	323,854
Share of results of associate company		-	(981)	-	(1,333)
Profit before zakat and tax		168,262	172,195	335,303	322,521
Zakat		(2,288)	(2,257)	(4,558)	(4,529)
Tax expense		(44,539)	(48,172)	(89,043)	(85,894)
Profit for the period		121,435	121,766	241,702	232,098
Earnings per share (sen)				10.52	10.24

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

Group	3 months ended		6 months ended	
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Profit for the period	<u>121,435</u>	<u>121,766</u>	<u>241,702</u>	<u>232,098</u>
Other comprehensive income:				
Currency translation differences in respect of foreign operations	5,807	(6,761)	8,349	(10,344)
Fair value reserve				
Net change in fair value	(971)	(835)	(24,711)	(8,886)
Net amount transferred to profit or loss	<u>(8,725)</u>	<u>(4,186)</u>	<u>(6,996)</u>	<u>(6,012)</u>
Other comprehensive income for the period, net of tax	<u>(3,889)</u>	<u>(11,782)</u>	<u>(23,358)</u>	<u>(25,242)</u>
Total comprehensive income for the period	<u>117,546</u>	<u>109,984</u>	<u>218,344</u>	<u>206,856</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 six months ended 30 June 2014**

Bank	Note	3 months ended		6 months ended	
		30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Income derived from investment of depositors' funds	20	501,422	464,144	975,061	911,322
Income derived from investment of shareholders' funds	21	97,998	99,760	197,927	180,770
Allowances for impairment on financing and advances	22	(16,590)	(2,402)	(33,222)	(1,595)
Reversal of allowances for impairment on investments		106	-	106	-
Reversal of allowances for impairment on other assets		710	3,491	710	3,491
Direct expenses		(5,023)	(4,963)	(8,815)	(11,151)
Total distributable income		578,623	560,030	1,131,767	1,082,837
Income attributable to depositors	23	(205,226)	(197,395)	(398,022)	(379,564)
Total net income		373,397	362,635	733,745	703,273
Personnel expenses	24	(113,895)	(108,267)	(224,749)	(218,991)
Other overhead expenses	25	(90,484)	(82,033)	(173,367)	(160,428)
Profit before zakat and tax		169,018	172,335	335,629	323,854
Zakat		(2,259)	(2,259)	(4,518)	(4,518)
Tax expense		(44,516)	(48,144)	(89,025)	(85,821)
Profit for the period		122,243	121,932	242,086	233,515

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

Bank	3 months ended		6 months ended	
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Profit for the period	<u>122,243</u>	<u>121,932</u>	<u>242,086</u>	<u>233,515</u>
Other comprehensive income:				
Currency translation differences in respect of foreign operations	5,813	(6,771)	8,356	(10,359)
Fair value reserve				
Net change in fair value	(971)	(835)	(24,711)	(8,886)
Net amount transferred to profit or loss	<u>(8,725)</u>	<u>(4,186)</u>	<u>(6,996)</u>	<u>(6,012)</u>
Other comprehensive income for the period, net of tax	<u>(3,883)</u>	<u>(11,792)</u>	<u>(23,351)</u>	<u>(25,257)</u>
Total comprehensive income for the period	<u>118,360</u>	<u>110,140</u>	<u>218,735</u>	<u>208,258</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 six months ended 30 June 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	-	-	-	241,702	241,702
Currency translation difference in respect of foreign operations	-	-	8,349	-	8,349
Fair value reserve – Net change in fair value	-	-	(24,711)	-	(24,711)
– Net amount reclassified to profit or loss	-	-	(6,996)	-	(6,996)
Total comprehensive income for the period	-	-	(23,358)	241,702	218,344
Transfer to statutory reserve	-	-	121,043	(121,043)	-
At 30 June 2014	2,298,165	52,281	820,252	374,481	3,545,179
At 1 January 2013	2,265,490	-	628,157	209,318	3,102,965
Profit for the period	-	-	-	232,098	232,098
Currency translation difference in respect of foreign operations	-	-	(10,344)	-	(10,344)
Fair value reserve – Net change in fair value	-	-	(8,886)	-	(8,886)
– Net amount reclassified to profit or loss	-	-	(6,012)	-	(6,012)
Total comprehensive income for the period	-	-	(25,242)	232,098	206,856
Dividends paid on ordinary shares	-	-	-	(50,974)	(50,974)
At 30 June 2013	2,265,490	-	602,915	390,442	3,258,847

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 six months ended 30 June 2014

Bank	← Non-distributable →		Distributable	Total	
	Share capital RM'000	Share premium RM'000			Other reserves RM'000
At 1 January 2014	2,298,165	52,281	722,539	256,389	3,329,374
Profit for the period	-	-	-	242,086	242,086
Currency translation difference in respect of foreign operations	-	-	8,356	-	8,356
Fair value reserve – Net change in fair value	-	-	(24,711)	-	(24,711)
– Net amount reclassified to profit or loss	-	-	(6,996)	-	(6,996)
Total comprehensive income for the period	-	-	(23,351)	242,086	218,735
Transfer to statutory reserve	-	-	121,043	(121,043)	-
At 30 June 2014	2,298,165	52,281	820,231	377,432	3,548,109
At 1 January 2013	2,265,490	-	628,159	205,966	3,099,615
Profit for the period	-	-	-	233,515	233,515
Currency translation difference in respect of foreign operations	-	-	(10,359)	-	(10,359)
Fair value reserve – Net change in fair value	-	-	(8,886)	-	(8,886)
– Net amount reclassified to profit or loss	-	-	(6,012)	-	(6,012)
Total comprehensive income for the period	-	-	(25,257)	233,515	208,258
Dividends paid on ordinary shares	-	-	-	(50,974)	(50,974)
At 30 June 2013	2,265,490	-	602,902	388,507	3,256,899

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 six months ended 30 June 2014

	Group		Bank	
	6 months ended		6 months ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
Profit before zakat and tax	335,303	322,521	335,629	323,854
Adjustment for non-cash items	107,231	97,558	106,379	95,796
Operating profit before working capital changes	442,534	420,079	442,008	419,650
Changes in working capital:				
Net changes in operating assets	(3,539,758)	(1,508,993)	(3,540,416)	(1,508,071)
Net changes in operating liabilities	811,047	2,054,494	805,766	2,052,390
Cash (used in)/generated from operations	(2,286,177)	965,580	(2,292,642)	963,969
Zakat and tax paid	(90,203)	(67,082)	(90,117)	(66,976)
Tax refund	112	-	-	-
Net (used in)/cash generated from operating activities	(2,376,268)	898,498	(2,382,759)	896,993
Net cash generated from investing activities	915,460	1,043,770	916,326	1,043,677
Net (used in)/cash generated from financing activities	-	(50,974)	7,400	(50,974)
Net (decrease)/increase in cash and cash equivalents	(1,460,808)	1,891,294	(1,459,033)	1,889,696
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	8,350	(10,347)	8,356	(10,360)
Cash and cash equivalents at end of the period	2,278,465	3,576,855	2,277,981	3,574,778

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 six months ended 30 June 2014

1. Basis of preparation

The unaudited interim financial statements of the Group and of the Bank for the six months ended 30 June 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 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 the adoption of the following Malaysian Financial Reporting Standards (“MFRS”) and amendments to MFRSs:

- Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities
- Amendments to MFRS 12, Disclosures of Interests in Other Entities: Investment Entities
- Amendments to MFRS 127, Separate Financial Statements (2011): Investment Entities
- Amendments to MFRS 132, Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136, Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139, Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting

The following MFRSs and IC Interpretations have been issued by the MASB and are not yet effective for 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)

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1. Basis of preparation (continued)

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

- 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)

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- MFRS 9, Financial Instruments (2009)
- MFRS 9, Financial Instruments (2010)
- MFRS 9, Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139
- Amendments to MFRS 7, Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures

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 six months ended 30 June 2014.

4. Unusual items

There were no unusual items in the six months ended 30 June 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 six months ended 30 June 2014.

6. Debt and equity securities

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

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

There was no other significant event during the six months ended 30 June 2014.

8. Dividends

There was no dividend payment during the six months ended 30 June 2014.

9. Cash and short-term funds

	Group		Bank	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	508,905	616,133	508,462	613,948
Money at call and interbank placements with remaining maturity not exceeding one month	1,645,171	2,984,210	1,645,130	2,984,130
	<u>2,154,076</u>	<u>3,600,343</u>	<u>2,153,592</u>	<u>3,598,078</u>

10. Deposits and placements with banks and other financial institutions

	Group and Bank	
	30.06.2014	31.12.2013
	RM'000	RM'000
Licensed Islamic banks	124,389	130,580
	<u>124,389</u>	<u>130,580</u>

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11. Financial assets held-for-trading

	Group and Bank	
	30.06.2014	31.12.2013
	RM'000	RM'000
At fair value		
Malaysian Government Investment Issues	660,687	726,353
Bank Negara Negotiable Notes	19,802	178,058
Islamic Debt Securities	240,936	312,484
Malaysian Islamic Treasury Bills	281	-
	921,706	1,216,895

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
30.06.2014	RM'000	RM'000	RM'000
Forward contracts	1,122,792	2,812	(4,256)
Profit rate swaps	1,299,750	18,565	(4,824)
Structured deposits	108,345	111	(111)
	2,530,887	21,488	(9,191)

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	
	30.06.2014	31.12.2013	30.06.2014	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	<u>1,465,784</u>	<u>1,269,943</u>	<u>1,465,784</u>	<u>1,269,943</u>
Negotiable Islamic Debt				
Certificates	<u>49,550</u>	<u>447,825</u>	<u>49,550</u>	<u>447,825</u>
Islamic Debt Securities	<u>10,206,816</u>	<u>10,661,807</u>	<u>10,208,827</u>	<u>10,663,818</u>
	<u>11,722,150</u>	<u>12,379,575</u>	<u>11,724,161</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	<u>23,166</u>	<u>23,456</u>	<u>23,166</u>	<u>23,456</u>
Less: Accumulated				
impairment loss *	<u>(14,450)</u>	<u>(14,740)</u>	<u>(14,450)</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>11,758,635</u>	<u>12,416,921</u>	<u>11,760,646</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	
	30.06.2014	31.12.2013
	RM'000	RM'000
At amortised cost		
Unquoted securities in Malaysia:		
Islamic Debt Securities	<u>70,120</u>	<u>70,452</u>
Less: Accumulated impairment loss	<u>(7,019)</u>	<u>(7,125)</u>
	<u>63,101</u>	<u>63,327</u>

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15. Financing, advances and others

(a) By type and Shariah contract

Group & Bank 30 June 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	-	-	153,422	609,682	-	-	-	-	763,104
Term financing									
House financing	5,323,205	-	-	2,568,832	-	-	67,178	-	7,959,215
Syndicated financing	25,344	-	188,858	870,938	-	149,550	-	-	1,234,690
Leasing financing	-	-	-	-	57,619	7,312	-	-	64,931
Bridging financing	-	-	-	-	-	-	52,452	-	52,452
Personal financing	-	-	518,134	8,431,494	-	-	-	-	8,949,628
Other term financing	3,393,418	168,048	19,860	2,605,788	-	-	1,851	-	6,188,965
Staff financing	117,279	-	288	34,648	-	-	19,988	-	172,203
Credit cards	-	-	117,209	308,574	-	-	-	-	425,783
Trade bills discounted	-	887,270	-	-	-	-	-	-	887,270
Trust receipts	-	24,637	-	-	-	-	-	-	24,637
Pawn broking	-	-	-	-	-	-	-	86,846	86,846
	8,859,246	1,079,955	997,771	15,429,956	57,619	156,862	141,469	86,846	26,809,724
Allowance for impaired financing, advances and others									
- collective assessment allowance									(406,545)
- individual assessment allowance									(144,907)
Net financing, advances and others									26,258,272

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15. Financing, advances and others (continued)

(a) By type and Shariah contract (continued)

Group & Bank	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Bai Al-Inah RM'000	At-Tawarruq RM'000	Ijarah Muntahiah Bit-Tamleek RM'000	Ijarah RM'000	Istisna' RM'000	Ar-Rahnu RM'000	Total RM'000
31 December 2013									
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	
	30.06.2014	31.12.2013
	RM'000	RM'000
Domestic non-bank financial institutions	391,214	352,438
Domestic business enterprise	5,100,520	4,630,194
Small medium industries	654,661	631,069
Government and statutory bodies	189,417	200,885
Individuals	20,268,690	18,216,908
Other domestic entities	9,264	5,483
Foreign entities	195,958	205,543
	<u>26,809,724</u>	<u>24,242,520</u>

(c) By profit rate sensitivity

	Group and Bank	
	30.06.2014	31.12.2013
	RM'000	RM'000
Fixed rate		
House financing	1,653,144	1,512,408
Others	7,437,453	7,954,409
Floating rate		
Others	17,719,127	14,775,703
	<u>26,809,724</u>	<u>24,242,520</u>

(d) By remaining contractual maturity

	Group and Bank	
	30.06.2014	31.12.2013
	RM'000	RM'000
Maturity within one year	3,061,323	2,927,612
More than one year to three years	991,853	816,371
More than three years to five years	1,485,464	1,373,079
More than five years	21,271,084	19,125,458
	<u>26,809,724</u>	<u>24,242,520</u>

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15. Financing, advances and others (continued)

(e) By geographical distribution

	Group and Bank	
	30.06.2014	31.12.2013
	RM'000	RM'000
Central Region	11,707,595	10,699,889
Eastern Region	4,833,821	4,455,488
Northern Region	4,277,159	3,928,233
Southern Region	3,832,680	3,191,397
East Malaysia Region	2,158,469	1,967,513
	<u>26,809,724</u>	<u>24,242,520</u>

(f) By sector

	Group and Bank	
	30.06.2014	31.12.2013
	RM'000	RM'000
Primary agriculture	260,392	243,148
Mining and quarrying	9,875	8,135
Manufacturing (including agro-based)	924,292	829,577
Electricity, gas and water	387,254	365,014
Wholesale & retail trade, and hotels & restaurants	804,510	750,364
Construction	1,934,390	1,872,011
Real estate	523,460	517,731
Transport, storage and communications	454,017	236,616
Finance, insurance and business activities	888,567	850,283
Education, health and others	355,042	342,942
Household sectors	20,267,925	18,216,799
Other sectors	-	9,900
	<u>26,809,724</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	
	30.06.2014	31.12.2013
	RM’000	RM’000
At 1 January 2014/ 2013	285,302	308,709
Classified as impaired during the period/year	189,912	440,665
Reclassified as not impaired during the period/year	(96,983)	(236,056)
Amount recovered	(30,076)	(71,626)
Amount written off	(39,886)	(160,388)
Exchange differences	(976)	3,998
	<hr/> 307,293 <hr/>	<hr/> 285,302 <hr/>
Gross impaired financing as a percentage of gross financing, advances and others	<hr/> 1.15% <hr/>	<hr/> 1.18% <hr/>

(h) Impaired financing by geographical distribution

	Group and Bank	
	30.06.2014	31.12.2013
	RM’000	RM’000
Central Region	145,671	129,930
Eastern Region	33,963	28,106
Northern Region	53,162	52,873
Southern Region	13,475	13,702
East Malaysia Region	61,022	60,691
	<hr/> 307,293 <hr/>	<hr/> 285,302 <hr/>

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15. Financing, advances and others (continued)

(i) Impaired financing by sector

	Group and Bank	
	30.06.2014	31.12.2013
	RM'000	RM'000
Primary agriculture	1,268	-
Manufacturing (including agro-based)	35,687	32,302
Electricity, gas and water	1,090	108
Wholesale & retail trade, and hotels & restaurants	19,394	15,525
Construction	30,863	21,601
Transport, storage and communications	32,629	33,117
Finance, insurance and business activities	56,842	61,393
Education, health and others	618	-
Household sectors	128,902	121,226
Other sectors	-	30
	307,293	285,302

(j) Movement of allowance for impaired financing

	Group and Bank	
	30.06.2014	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	78,667	141,621
Amount written off	(37,792)	(90,373)
Exchange differences	295	793
At 30 June 2014/ 31 December 2013	406,545	365,375
<u>Individual assessment allowance</u>		
At 1 January 2014/ 2013	136,197	126,988
Allowance made during the period/year	11,832	79,103
Amount written off	(2,228)	(69,901)
Exchange differences	(894)	7
At 30 June 2014/ 31 December 2013	144,907	136,197

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16. Other assets

	Group		Bank	
	30.06.2014 RM'000	31.12.2013 RM'000	30.06.2014 RM'000	31.12.2013 RM'000
Other receivables	17,804	6,563	16,799	4,845
Deposit and prepayments	33,948	34,127	33,229	33,462
Related companies	148	694	313	860
	<u>51,900</u>	<u>41,384</u>	<u>50,341</u>	<u>39,167</u>

17. Deposits from customers

a) By type of deposit

	Group		Bank	
	30.06.2014 RM'000	31.12.2013 RM'000	30.06.2014 RM'000	31.12.2013 RM'000
Saving Deposit	4,959,141	4,674,482	4,959,141	4,674,482
<i>Wadiah</i>	3,127,727	2,379,204	3,127,727	2,379,204
<i>Mudharabah</i>	1,831,414	2,295,278	1,831,414	2,295,278
Demand Deposit				
<i>Wadiah</i>	8,946,797	9,888,119	8,952,358	9,891,476
Term Deposit	24,156,025	22,594,379	24,171,483	22,618,472
Special Investment Accounts				
<i>Mudharabah</i>	18,759,248	18,659,039	18,769,288	18,682,231
General Investment Accounts				
<i>Mudharabah</i>	2,027,237	2,012,162	2,027,237	2,012,162
Term & Special term deposit-i				
<i>Tawarruq</i>	1,267,963	-	1,273,233	-
Negotiable Islamic Debt				
Certificates (NIDC)	1,404,099	1,466,205	1,404,099	1,466,205
Waheed-i	600,936	358,516	601,084	359,417
Ziyad	96,542	98,457	96,542	98,457
Others	88,565	88,022	88,565	88,022
Total Deposits	<u>38,150,528</u>	<u>37,245,002</u>	<u>38,171,547</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	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Due within six months	22,434,817	20,374,794	22,449,927	20,398,137
More than six months to one year	1,318,779	2,036,519	1,319,127	2,037,269
More than one year to three years	356,429	136,897	356,429	136,897
More than three years to five years	46,000	46,169	46,000	46,169
	<u>24,156,025</u>	<u>22,594,379</u>	<u>24,171,483</u>	<u>22,618,472</u>

c) By type of customer

	Group		Bank	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	7,442,184	8,069,129	7,442,184	8,069,129
Business enterprises	10,243,318	10,009,275	10,243,318	10,009,275
Individuals	5,457,169	5,124,757	5,457,169	5,124,757
Others	15,007,857	14,041,841	15,028,876	14,069,291
	<u>38,150,528</u>	<u>37,245,002</u>	<u>38,171,547</u>	<u>37,272,452</u>

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18. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30.06.2014	31.12.2013
	RM'000	RM'000
<i>Non-Mudharabah fund</i>		
Licensed Islamic banks	-	1,538
Other financial institutions	39,655	44,564
	<u>39,655</u>	<u>46,102</u>
<i>Mudharabah fund</i>		
Licensed Islamic banks	532,615	1,298,873
Other financial institutions	30,000	185,000
	<u>562,615</u>	<u>1,483,873</u>
	<u>602,270</u>	<u>1,529,975</u>

19. Other liabilities

	Group		Bank	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Other payable	390,967	372,655	388,355	369,109
Accruals	65,093	108,747	64,079	107,517
	<u>456,060</u>	<u>481,402</u>	<u>452,434</u>	<u>476,626</u>

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20. Income derived from investment of depositors' funds

Group	3 months ended		6 months ended	
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Income derived from investment of:				
(i) General investment deposits	29,031	29,868	57,514	59,351
(ii) Other deposits	472,391	434,276	917,547	851,960
	<u>501,422</u>	<u>464,144</u>	<u>975,061</u>	<u>911,311</u>

(i) Income derived from investment of general investment deposits

Group	3 months ended		6 months ended	
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	22,229	21,438	44,084	42,463
Financial assets:				
- held-for-trading	672	502	1,332	963
- available-for-sale	5,122	5,787	10,653	12,125
- held-to-maturity	42	217	85	444
Money at call and deposits with financial institutions	479	1,656	913	2,590
	<u>28,544</u>	<u>29,600</u>	<u>57,067</u>	<u>58,585</u>
<i>Other dealing income</i>				
Net (loss)/gain from sale of financial assets held-for-trading	(12)	29	(181)	45
Net (loss)/gain on revaluation of financial assets held-for-trading	(8)	(1)	205	360
	<u>(20)</u>	<u>28</u>	<u>24</u>	<u>405</u>
<i>Other operating income</i>				
Net gain from sale of financial assets available-for-sale	507	269	423	390
Loss on redemption of financial assets held-to-maturity	-	(29)	-	(29)
	<u>507</u>	<u>240</u>	<u>423</u>	<u>361</u>
	<u>29,031</u>	<u>29,868</u>	<u>57,514</u>	<u>59,351</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	<u>361</u>	<u>580</u>	<u>688</u>	<u>1,009</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		6 months ended	
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	361,759	311,802	703,339	609,639
Financial assets:				
- held-for-trading	10,921	7,302	21,240	13,832
- available-for-sale	83,335	84,139	169,785	173,949
- held-to-maturity	697	3,150	1,362	6,368
Money at call and deposits with financial institutions	7,796	24,065	14,552	37,300
	464,508	430,458	910,278	841,088
<i>Other dealing income</i>				
Net (loss)/gain from sale of financial assets held-for-trading	(200)	391	(2,807)	626
Net (loss)/gain on revaluation of financial assets held-for-trading	(135)	(60)	3,187	5,054
	(335)	331	380	5,680
<i>Other operating income</i>				
Net gain from sale of financial assets available-for-sale	8,218	3,917	6,889	5,622
Loss on redemption of financial assets held-to-maturity	-	(430)	-	(430)
	8,218	3,487	6,889	5,192
	472,391	434,276	917,547	851,960
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	5,862	8,448	10,967	14,518

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

Bank	3 months ended		6 months ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) General investment deposits	29,031	29,868	57,514	59,351
(ii) Other deposits	472,391	434,276	917,547	851,971
	501,422	464,144	975,061	911,322

(i) Income derived from investment of general investment deposits

Bank	3 months ended		6 months ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	22,229	21,438	44,084	42,463
Financial assets:				
- held-for-trading	672	502	1,332	963
- available-for-sale	5,122	5,787	10,653	12,125
- held-to-maturity	42	217	85	444
Money at call and deposits with financial institutions	479	1,656	913	2,590
	28,544	29,600	57,067	58,585
<i>Other dealing income</i>				
Net (loss)/gain from sale of financial assets held-for-trading	(12)	29	(181)	45
Net (loss)/gain on revaluation of financial assets held-for-trading	(8)	(1)	205	360
	(20)	28	24	405
<i>Other operating income</i>				
Net gain from sale of financial assets available-for-sale	507	269	423	390
Loss on redemption of financial assets held-to-maturity	-	(29)	-	(29)
	507	240	423	361
	29,031	29,868	57,514	59,351
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	361	580	688	1,009

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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		6 months ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	361,759	311,802	703,339	609,650
Financial assets:				
- held-for-trading	10,921	7,302	21,240	13,832
- available-for-sale	83,335	84,139	169,785	173,949
- held-to-maturity	697	3,150	1,362	6,368
Money at call and deposits with financial institutions	7,796	24,065	14,552	37,300
	464,508	430,458	910,278	841,099
<i>Other dealing income</i>				
Net (loss)/gain from sale of financial assets held-for-trading	(200)	391	(2,807)	626
Net (loss)/gain on revaluation of financial assets held-for-trading	(135)	(60)	3,187	5,054
	(335)	331	380	5,680
<i>Other operating income</i>				
Net gain from sale of financial assets available-for-sale	8,218	3,917	6,889	5,622
Loss on redemption of financial assets held-to-maturity	-	(430)	-	(430)
	8,218	3,487	6,889	5,192
	472,391	434,276	917,547	851,971
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	5,862	8,448	10,967	14,518

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21. Income derived from investment of shareholders' funds

Group	3 months ended		6 months ended	
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	1,535	1,116	3,052	2,199
Financial assets available-for-sale	30,333	23,395	56,593	49,833
Money at call and deposits with financial institutions	1,717	6,360	5,647	8,415
	<u>33,585</u>	<u>30,871</u>	<u>65,292</u>	<u>60,447</u>
<i>Other dealing income</i>				
Net gain from foreign exchange transactions	20,987	16,655	52,833	33,111
Net derivatives (loss)/gain	(423)	3,244	(2,301)	2,856
	<u>20,564</u>	<u>19,899</u>	<u>50,532</u>	<u>35,967</u>
<i>Other operating income</i>				
Net loss from sale of financial assets available-for-sale	-	-	(316)	-
Reversal of impairment allowance	-	64	-	124
Gross dividend income from securities				
- unquoted in Malaysia	2,536	6,044	2,536	6,458
	<u>2,536</u>	<u>6,108</u>	<u>2,220</u>	<u>6,582</u>
<i>Fees and commission</i>				
Fees	33,027	35,424	64,766	64,034
Commission	5,588	5,828	11,545	11,110
Others	2,959	2,300	5,382	4,909
	<u>41,574</u>	<u>43,552</u>	<u>81,693</u>	<u>80,053</u>
<i>Other income</i>				
Net (loss)/gain on disposal of property and equipment	(401)	50	(1,253)	(984)
Rental income	871	902	1,651	1,809
Other income	1	114	46	247
	<u>471</u>	<u>1,066</u>	<u>444</u>	<u>1,072</u>
	<u>98,730</u>	<u>101,496</u>	<u>200,181</u>	<u>184,121</u>

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

Bank	3 months ended		6 months ended	
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	1,535	1,116	3,052	2,199
Financial assets available-for-sale	30,333	23,395	56,593	49,833
Money at call and deposits with financial institutions	1,716	6,362	5,647	8,416
	<u>33,584</u>	<u>30,873</u>	<u>65,292</u>	<u>60,448</u>
<i>Other dealing income</i>				
Net gain from foreign exchange transactions	20,987	16,655	52,833	33,111
Net derivatives (loss)/gain	(423)	3,244	(2,301)	2,856
	<u>20,564</u>	<u>19,899</u>	<u>50,532</u>	<u>35,967</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	6,044	2,536	6,458
Gross dividend income from subsidiary	800	-	800	-
	<u>3,336</u>	<u>6,044</u>	<u>3,020</u>	<u>6,458</u>
<i>Fees and commission</i>				
Fees	31,593	33,351	61,780	60,075
Commission	5,588	5,828	11,545	11,110
Others	2,785	2,697	5,169	5,746
	<u>39,966</u>	<u>41,876</u>	<u>78,494</u>	<u>76,931</u>
<i>Other income</i>				
Net (loss)/gain on disposal of property and equipment	(401)	50	(1,253)	(967)
Rental income	948	902	1,805	1,809
Other income	1	116	37	124
	<u>548</u>	<u>1,068</u>	<u>589</u>	<u>966</u>
	<u>97,998</u>	<u>99,760</u>	<u>197,927</u>	<u>180,770</u>

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22. Allowances for impairment on financing and advances

Group & Bank	3 months ended		6 months ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
Allowances for impaired financing, advances and others:				
- collective assessment allowance	44,690	31,745	78,667	91,600
- individual assessment allowance	3,305	(290)	11,832	5,427
Bad debts and financing recovered	(31,405)	(29,053)	(57,277)	(95,432)
	<u>16,590</u>	<u>2,402</u>	<u>33,222</u>	<u>1,595</u>

23. Income attributable to depositors

Group	3 months ended		6 months ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah fund	170,920	145,206	332,236	284,878
- Non-Mudharabah fund	25,733	47,975	50,477	85,860
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	8,376	3,698	14,851	7,243
- Non-Mudharabah fund	117	288	271	1,166
	<u>205,146</u>	<u>197,167</u>	<u>397,835</u>	<u>379,147</u>

Bank	3 months ended		6 months ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah fund	170,997	145,430	332,417	285,281
- Non-Mudharabah fund	25,736	47,979	50,483	85,874
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	8,376	3,698	14,851	7,243
- Non-Mudharabah fund	117	288	271	1,166
	<u>205,226</u>	<u>197,395</u>	<u>398,022</u>	<u>379,564</u>

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24. Personnel expenses

Group	3 months ended		6 months ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	89,682	86,650	181,005	178,381
Employees' Provident Fund	11,104	10,290	21,862	20,346
Other staff related costs	14,418	12,203	24,658	22,287
	<u>115,204</u>	<u>109,143</u>	<u>227,525</u>	<u>221,014</u>

Bank	3 months ended		6 months ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	88,646	86,053	178,788	176,902
Employees' Provident Fund	10,953	10,155	21,536	20,086
Other staff related costs	14,296	12,059	24,425	22,003
	<u>113,895</u>	<u>108,267</u>	<u>224,749</u>	<u>218,991</u>

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25. Other overhead expenses

Group	3 months ended		6 months ended	
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
<i>Promotion</i>				
Advertisement and publicity	2,164	2,991	3,375	3,934
Credit and debit card expenses	4,369	5,259	9,090	8,637
Others	2,223	2,638	4,363	5,057
	<u>8,756</u>	<u>10,888</u>	<u>16,828</u>	<u>17,628</u>
<i>Establishment</i>				
Office rental	11,968	11,586	23,705	23,119
Depreciation of property and equipment	11,974	11,621	23,930	22,871
Information technology expenses	7,454	7,057	14,482	14,349
Rental equipment	1,132	973	2,045	2,008
Office maintenance	3,025	2,014	5,087	4,046
Utilities	3,988	2,989	7,338	6,344
Security services	3,568	2,652	7,006	5,237
Takaful and insurance	1,923	2,128	3,862	2,916
Others	-	-	269	274
	<u>45,032</u>	<u>41,020</u>	<u>87,724</u>	<u>81,164</u>
<i>General expenses</i>				
Professional fees	1,053	735	2,087	1,379
Office supplies	2,286	2,972	4,394	5,212
Outsourcing fees	11,630	12,018	22,734	24,574
Others	21,986	14,647	39,591	32,205
	<u>36,955</u>	<u>30,372</u>	<u>68,806</u>	<u>63,370</u>
	<u>90,743</u>	<u>82,280</u>	<u>173,358</u>	<u>162,162</u>

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25. Other overhead expenses (continued)

Bank	3 months ended		6 months ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
<i>Promotion</i>				
Advertisement and publicity	2,114	2,831	3,312	3,615
Credit and debit card expenses	4,369	5,259	9,090	8,637
Others	1,948	2,503	3,855	4,805
	8,431	10,593	16,257	17,057
<i>Establishment</i>				
Office rental	11,937	11,484	23,646	22,860
Depreciation of property and equipment	11,946	11,600	23,878	22,831
Information technology expenses	7,454	7,057	14,482	14,349
Rental equipment	1,120	956	2,020	1,973
Office maintenance	2,983	1,973	5,004	3,964
Utilities	3,963	2,969	7,293	6,302
Security services	3,566	2,650	7,002	5,231
Takaful and insurance	1,888	2,083	3,807	2,832
Others	-	-	269	274
	44,857	40,772	87,401	80,616
<i>General expenses</i>				
Professional fees	1,039	679	2,021	1,289
Office supplies	2,269	2,945	4,361	5,155
Outsourcing fees	11,630	12,018	22,734	24,574
Others	22,258	15,026	40,593	31,737
	37,196	30,668	69,709	62,755
	90,484	82,033	173,367	160,428

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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>6 months ended 30 June 2014</u>						
Total Revenue	652,309	169,676	281,843	77,256	(5,842)	1,175,242
Net fund based income	356,988	142,164	8,001	127,648	-	634,801
Non-fund based income	61,123	13,304	62,728	11,106	(5,655)	142,606
Net income	418,111	155,468	70,729	138,754	(5,655)	777,407
Allowances for impairment	(43,024)	9,802	816	-	-	(32,406)
Profit before overheads, zakat & taxation	375,087	165,270	71,545	138,754	(5,655)	745,001
Operating expenses						(409,698)
						335,303
Share of results of associate company						-
Profit before zakat & taxation						335,303
<u>6 months ended 30 June 2013</u>						
Total Revenue	580,421	151,628	292,982	75,691	(5,290)	1,095,432
Net fund based income	362,027	139,724	30,285	48,947	(11)	580,972
Non-fund based income	63,309	16,623	45,018	15,225	(4,862)	135,313
Net income	425,336	156,347	75,303	64,172	(4,873)	716,285
Allowances for impairment	(43,316)	44,689	3,491	(2,968)	-	1,896
Profit before overheads, zakat & taxation	382,020	201,036	78,794	61,204	(4,873)	718,181
Operating expenses						(394,327)
						323,854
Share of results of associate company						(1,333)
Profit before zakat & taxation						322,521

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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 June 2014</u>						
Segment assets	20,017,020	6,241,251	14,536,460	44,270	(43,906)	40,795,095
Unallocated assets						2,123,696
Total assets						<u>42,918,791</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						2,224,575
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)

Bank 30 June 2014 RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value Level 3	Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total			
<i>Financial assets</i>							
Financial assets held-for-trading	-	921,706	-	921,706	-	921,706	921,706
Derivative financial assets	-	21,488	-	21,488	-	21,488	21,488
Financial assets available-for-sale	-	11,722,406	4,620	11,727,026	33,620	11,760,646	11,760,646
Financial assets held-to-maturity	-	-	-	-	85,014	85,014	63,101
Financing, advances and others	-	-	-	-	26,521,121	26,521,121	26,258,272
<i>Financial liabilities</i>							
Derivative financial liabilities	-	9,191	-	9,191	-	9,191	9,191

The Group's financial instruments are not materially different from the Bank's financial instruments.

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27. Fair value of financial instruments (continued)

Fair value hierarchy (continued)

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 Level 3	Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total			
<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

The Group's financial instruments are not materially different from the Bank's financial instruments.

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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 June 2014 for Group and Bank:

	30.06.2014	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 June 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:

	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
As at 30 June 2014				
<i>Credit related exposures</i>				
Direct credit substitutes	340,136		340,136	334,676
Assets sold with recourse	2		2	2
Transaction related contingent items	887,767		443,883	391,957
Short term self-liquidating trade related contingencies	240,420		48,084	43,885
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	116		23	5
- exceeding one year	906,374		453,187	374,733
Unutilised credit card lines	1,008,091		201,618	151,214
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	5,309,808		-	-
	8,692,714		1,486,933	1,296,472
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	1,122,792	2,812	10,399	4,894
Profit rate related contracts				
- less than one year	400,000	946	750	150
- one year to less than five years	600,000	12,823	20,010	4,002
- five years and above	299,750	4,796	13,563	13,564
Equity related contracts				
- less than one year	108,345	111	6,501	3,250
	2,530,887	21,488	51,223	25,860
Total	11,223,601	21,488	1,538,156	1,322,332

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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	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
CET I & Tier I capital ratio	12.797%	12.964%	12.743%	12.876%
Total capital ratio	13.902%	14.056%	13.849%	13.969%

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

	Group		Bank	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Paid-up share capital	2,298,165	2,298,165	2,298,165	2,298,165
Share premium	52,281	52,281	52,281	52,281
Retained earnings	374,481	253,822	377,432	256,389
Other reserves	820,252	722,567	820,231	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	3,520,566	3,302,222	3,502,869	3,276,734
Collective assessment allowance ^	303,862	278,155	303,834	278,115
Total Tier II Capital	303,862	278,155	303,834	278,115
Total Capital	3,824,428	3,580,377	3,806,703	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	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Credit risk	24,308,953	22,252,433	24,306,717	22,249,166
Market risk	609,502	761,777	609,502	761,777
Operational risk	2,592,022	2,457,803	2,571,961	2,437,809
	27,510,477	25,472,013	27,488,180	25,448,752

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30. Performance review for the six months ended 30 June 2014

The Group reported profit before tax and zakat of RM335.3 million for the six months ended 30 June 2014. This represents a 4.0% 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 RM4.9 billion or 22.9% to reach RM26.3 billion as at end June 2014. Correspondingly, fund based income from financing also increased by RM96.2 million or 14.7%. Non fund based income also reported a 5.4% growth or RM7.3 million mainly from foreign exchange transactions and Wealth Management and Bancatakaful Services.

As at end of June 2014, customer deposits stood at RM38.2 billion with a year-on-year increase of RM3.3 billion or 9.5%, and the low cost current and savings accounts (CASA) also reported a year-on-year increase of RM1.2 billion or 9.3%. The CASA ratio as at end June 2014 remained at 36.5% compared to end June 2013. The Islamic Banking Industry CASA ratio was 25.5% as at end May 2014.

The Group's gross impaired financing ratio improved from 1.18% as at end December 2013 to 1.15% as at end June 2014. The net impaired financing ratio (less IA and CA) also reduced to a negative 0.93% as at end June 2014 whilst the net impaired financing ratio (less IA only) was 0.61%. The Banking System gross impaired ratio was 1.80% and the net impaired ratios were -0.09% (less IA and CA) and 1.27% (less IA only) as at end May 2014.

The key performance ratios as at end June 2014 also compared favourably against the Banking System ratio as at end December 2013. The Bank's pre-tax return on equity was 19.0% 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 13.8% compared to the Banking System's 14.4% as at end December 2013.

31. Prospect for 2014

The Malaysian economy is expected to gain from improvement in the external sector specifically the rising demand from developed countries. This was reflected in the double digit growth in exports between April and May this year at 18.7% y-o-y and 16.3% respectively. The anticipation of higher interest rate in the advanced nations such as the US and the UK also indicate the global recovery will continue as excess labour supply in these economies continues to be absorbed, resulting in lower unemployment rate. Nonetheless, growth in the advanced countries remains uneven. This is due to lingering uncertainty on recovery prospects in the Eurozone following the latest measures of monetary stimulus which saw the European Central Bank (ECB) engaging in non-traditional measures such as negative deposit rates. Similarly, the rise in Value Added Tax (VAT) in Japan during the month of April from 5% to 8% also presents another spectre of external risk. The knee-jerk reaction from decline in consumer spending will likely be a major drag to the economy albeit sustained optimism among the manufacturers.

Meanwhile, Malaysia's domestic demand remains healthy, evident from stability in employment markets amidst rising income growth. This provides the necessary backdrop for sustained increase in the overall economic performance in 2014. Given that, the subsidy rationalisation programme (SRP) will likely be implemented in order to rein in budget deficits which is projected to reach 3.5% of GDP in 2014 from 3.9% previously. In the same vein, inflation rate is envisaged to creep up as administered prices, which accounted almost one-third of Consumer Price Index (CPI) weight, will directly be impacted by the SRP implementation. In addition, Bank Negara Malaysia (BNM) may be compelled to raise the Overnight Policy Rate in order to ensure sustainable growth while at the same time keeping the risks of financial imbalances at bay.

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31. Prospect for 2014 (continued)

Against such backdrop, deceleration in private consumption would prevail as consumers will have to contend with a tight budget amidst rising costs of living and elevated household debt. However, increased activities in the private investment space will offset some of these weaknesses. The implementation of mega projects such as Mass Rapid Transit (MRT) and Refinery and Petrochemicals Integrated Development (RAPID) will benefit the construction sector. Meanwhile, the five-year capital expenditure plans by Petronas amounting to RM300 billion will promote upstream activities within the Oil & Gas sector. All in all, Malaysian economy in 2014 is expected to register 5.5% growth after recording 4.7% expansion in the preceding year. In view of the implementation of SRP, inflation rate should range between 3.5% and 3.7% in 2014.

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.

33. Credit Transactions and Exposures with Connected Parties

	Group and Bank	
	30.06.2014	31.12.2013
	RM'000	RM'000
Outstanding credit exposures with connected parties	1,363,409	1,209,682
% of outstanding credit exposures to connected parties as a proportion of total credit exposures	5.09%	4.99%
% of outstanding credit exposures with connected parties which is non-performing or in default	0.001%	0.001%

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

34. Proposed dividend and Dividend Reinvestment Plan

Board of Directors propose an interim dividend of approximately 5.26 sen per ordinary share for the six month ended 30 June 2014, amounting to RM120.884 million.

It is also proposed, 50% of the proposed interim dividend of RM60.442 million be reinvested to subscribe for 21,741,664 new ordinary shares of RM1.00 at RM2.78 each via the Dividend Reinvestment Plan (DRP). The dividend reinvested will strengthen the Bank's capital position to fund the continuing business growth of the Bank. The effect of the proposed dividend is enclosed.

The approval of the proposed dividend and the DRP is subject to Bank Negara Malaysia's approval.

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34. Proposed dividend and Dividend Reinvestment Plan (continued)

The following is the pro-forma impact as at 30 June 2014 to the Group's and Bank's Total Equity and Capital Adequacy arising from the proposed interim dividend and the subsequent reinvestment of the dividend:

Group As at 30 June 2014	Actual RM'000	Proposed dividend RM'000	After proposed dividend RM'000	Dividend Reinvestment Plan (DRP) RM'000	After proposed dividend and DRP RM'000
<i>Statement of Financial Position - Equity</i>					
Share capital	2,298,165	-	2,298,165	21,742	2,319,907
Share premium	52,281	-	52,281	38,700	90,981
Other reserves	820,252	-	820,252	-	820,252
Retained earnings	374,481	(120,884)	253,597	-	253,597
Total Equity	3,545,179	(120,884)	3,424,295	60,442	3,484,737
<i>Capital Adequacy</i>					
Total Common Equity Tier (CET) I and Tier I Capital	3,520,566	(120,884)	3,399,682	60,442	3,460,124
Total Tier II Capital	303,862	-	303,862	-	303,862
Total Capital	3,824,428	(120,884)	3,703,544	60,442	3,763,986
CET I & Tier I capital ratio	12.797%		12.358%		12.577%
Total capital ratio	13.902%		13.462%		13.682%

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34. Proposed dividend and Dividend Reinvestment Plan (continued)

The following is the pro-forma impact as at 30 June 2014 to the Group's and Bank's Total Equity and Capital Adequacy arising from the proposed interim dividend and the subsequent reinvestment of the dividend (continued):

Bank					
As at 30 June 2014	Actual	Proposed	After	Dividend	After
	RM'000	dividend	proposed	Reinvestment	proposed
		RM'000	dividend	Plan (DRP)	dividend and
			RM'000	RM'000	DRP
					RM'000
<i>Statement of Financial Position - Equity</i>					
Share capital	2,298,165	-	2,298,165	21,742	2,319,907
Share premium	52,281	-	52,281	38,700	90,981
Other reserves	820,231	-	820,231	-	820,231
Retained earnings	377,432	(120,884)	256,548	-	256,548
Total Equity	3,548,109	(120,884)	3,427,225	60,442	3,487,667
<i>Capital Adequacy</i>					
Total Common Equity Tier (CET) I and Tier I Capital	3,502,869	(120,884)	3,381,985	60,442	3,442,427
Total Tier II Capital	303,834	-	303,834	-	303,834
Total Capital	3,806,703	(120,884)	3,685,819	60,442	3,746,261
CET I & Tier I capital ratio	12.743%		12.303%		12.523%
Total capital ratio	13.849%		13.409%		13.629%