

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

Statements of Financial Position as at 30 June 2015

	Note	Group		Bank	
		30.06.2015 RM'000	31.12.2014 RM'000	30.06.2015 RM'000	31.12.2014 RM'000
Assets					
Cash and short-term funds	9	3,790,125	3,164,628	3,789,581	3,164,402
Deposits and placements with banks and other financial institutions	10	203,758	104,725	203,758	104,725
Financial assets held-for-trading	11	574,489	921,629	569,324	916,539
Derivative financial assets	12	50,600	62,541	50,600	62,541
Financial assets available-for-sale	13	10,825,882	10,236,663	10,826,339	10,237,120
Financial assets held-to-maturity	14	60,526	60,752	60,526	60,752
Financing, advances and others	15	31,109,627	29,524,571	31,109,627	29,524,571
Other assets	16	86,346	126,535	83,387	124,902
Statutory deposits with Bank Negara Malaysia		1,391,740	1,335,000	1,391,740	1,335,000
Current tax assets		40,491	40,523	40,468	40,468
Deferred tax assets		31,220	31,220	31,220	31,220
Investments in subsidiary companies		-	-	15,525	15,525
Property and equipment		218,823	211,895	218,127	211,522
Total assets		48,383,627	45,820,682	48,390,222	45,829,287
Liabilities and equity					
Deposits from customers	17	43,303,811	41,010,332	43,313,695	41,021,556
Investment Account	18	23,543	-	23,543	-
Deposits and placements of banks and other financial institutions	19	37,710	300,000	37,710	300,000
Derivative financial liabilities	12	42,926	32,407	42,926	32,407
Bills and acceptance payable		219,770	127,524	219,770	127,524
Subordinated Sukuk Murabahah	20	300,000	-	300,000	-
Other liabilities	21	481,237	576,228	477,223	572,599
Zakat and taxation		48,333	44,601	48,300	44,573
Total liabilities		44,457,330	42,091,092	44,463,167	42,098,659

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Statements of Financial Position as at 30 June 2015 (continued)

		Group		Bank	
	Note	30.06.2015 RM'000	31.12.2014 RM'000	30.06.2015 RM'000	31.12.2014 RM'000
Equity					
Share capital	22	2,342,706	2,319,907	2,342,706	2,319,907
Reserves		1,583,591	1,409,683	1,584,349	1,410,721
Total equity		3,926,297	3,729,590	3,927,055	3,730,628
Total liabilities and equity		48,383,627	45,820,682	48,390,222	45,829,287
Commitments and Contingencies	32	12,978,751	12,135,967	12,978,751	12,135,967

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 2014.

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**Statements of Profit or Loss and Other Comprehensive Income
for the six months ended 30 June 2015**

Group	Note	3 months ended		6 months ended	
		30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
Income derived from investment of depositors' funds	23	558,626	501,422	1,100,909	975,061
Income derived from investment of shareholders' funds	24	103,589	98,730	201,368	200,181
Allowances for impairment on financing and advances	25	(25,515)	(16,590)	(55,968)	(33,222)
Reversal of allowances for impairment on investments		-	106	-	106
Reversal of allowances for impairment on other assets		-	710	-	710
Direct expenses		<u>(5,643)</u>	<u>(5,023)</u>	<u>(12,435)</u>	<u>(8,815)</u>
Total distributable income		631,057	579,355	1,233,874	1,134,021
Income attributable to depositors	26	<u>(258,499)</u>	<u>(205,146)</u>	<u>(502,036)</u>	<u>(397,835)</u>
Total net income		372,558	374,209	731,838	736,186
Personnel expenses	27	(100,385)	(115,204)	(212,241)	(227,525)
Other overhead expenses	28	(92,191)	(90,743)	(165,965)	(173,358)
Finance cost	29	<u>(3,308)</u>	-	<u>(3,308)</u>	-
Profit before zakat and tax		176,674	168,262	350,324	335,303
Zakat		(3,012)	(2,288)	(6,025)	(4,558)
Tax expense		<u>(49,135)</u>	<u>(44,539)</u>	<u>(96,735)</u>	<u>(89,043)</u>
Profit for the period		<u>124,527</u>	<u>121,435</u>	<u>247,564</u>	<u>241,702</u>
Earnings per share (sen)				<u>10.67</u>	<u>10.52</u>

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**Statements of Profit or Loss and Other Comprehensive Income
for the six months ended 30 June 2015 (continued)**

Group	3 months ended		6 months ended	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
Profit for the period	<u>124,527</u>	<u>121,435</u>	<u>247,564</u>	<u>241,702</u>
Other comprehensive income:				
Currency translation differences in respect of foreign operations	(7,765)	5,807	(29,465)	8,349
Fair value reserve				
Net change in fair value	8,665	(971)	54,003	(24,711)
Net amount transferred to profit or loss	<u>(5,888)</u>	<u>(8,725)</u>	<u>(8,117)</u>	<u>(6,996)</u>
Other comprehensive income for the period, net of tax	<u>(4,988)</u>	<u>(3,889)</u>	<u>16,421</u>	<u>(23,358)</u>
Total comprehensive income for the period	<u>119,539</u>	<u>117,546</u>	<u>263,985</u>	<u>218,344</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 2014.

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**Statements of Profit or Loss and Other Comprehensive Income
for the six months ended 30 June 2015**

Bank	Note	3 months ended		6 months ended	
		30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
Income derived from investment of depositors' funds	23	558,626	501,422	1,100,909	975,061
Income derived from investment of shareholders' funds	24	101,996	97,998	198,759	197,927
Allowances for impairment on financing and advances	25	(25,515)	(16,590)	(55,968)	(33,222)
Reversal of allowances for impairment on investments		-	106	-	106
Reversal of allowances for impairment on other assets		-	710	-	710
Direct expenses		<u>(5,643)</u>	<u>(5,023)</u>	<u>(12,435)</u>	<u>(8,815)</u>
Total distributable income		629,464	578,623	1,231,265	1,131,767
Income attributable to depositors	26	<u>(258,559)</u>	<u>(205,226)</u>	<u>(502,132)</u>	<u>(398,022)</u>
Total net income		370,905	373,397	729,133	733,745
Personnel expenses	27	(99,025)	(113,895)	(209,466)	(224,749)
Other overhead expenses	28	(92,101)	(90,484)	(166,331)	(173,367)
Finance cost	29	<u>(3,308)</u>	<u>-</u>	<u>(3,308)</u>	<u>-</u>
Profit before zakat and tax		176,471	169,018	350,028	335,629
Zakat		(3,000)	(2,259)	(6,000)	(4,518)
Tax expense		<u>(49,118)</u>	<u>(44,516)</u>	<u>(96,705)</u>	<u>(89,025)</u>
Profit for the period		<u>124,353</u>	<u>122,243</u>	<u>247,323</u>	<u>242,086</u>

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**Statements of Profit or Loss and Other Comprehensive Income
for the six months ended 30 June 2015 (continued)**

Bank	3 months ended		6 months ended	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
Profit for the period	<u>124,353</u>	<u>122,243</u>	<u>247,323</u>	<u>242,086</u>
Other comprehensive income:				
Currency translation differences in respect of foreign operations	(7,777)	5,813	(29,504)	8,356
Fair value reserve				
Net change in fair value	8,665	(971)	54,003	(24,711)
Net amount transferred to profit or loss	<u>(5,888)</u>	<u>(8,725)</u>	<u>(8,117)</u>	<u>(6,996)</u>
Other comprehensive income for the period, net of tax	<u>(5,000)</u>	<u>(3,883)</u>	<u>16,382</u>	<u>(23,351)</u>
Total comprehensive income for the period	<u>119,353</u>	<u>118,360</u>	<u>263,705</u>	<u>218,735</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 2014.

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Consolidated Statement of Changes in Equity for the six months ended 30 June 2015

Group	← Attributable to equity holders of the Bank →				Total equity RM'000
	← Non-distributable →		Distributable		
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000	
At 1 January 2015	2,319,907	90,981	929,779	388,923	3,729,590
Profit for the period	-	-	-	247,564	247,564
Currency translation difference in respect of foreign operations	-	-	(29,465)	-	(29,465)
Fair value reserve – Net change in fair value	-	-	54,003	-	54,003
– Net amount reclassified to profit or loss	-	-	(8,117)	-	(8,117)
Total comprehensive income for the period	-	-	16,421	247,564	263,985
Transfer to statutory reserve	-	-	123,661	(123,661)	-
Dividends paid on ordinary shares	-	-	-	(133,395)	(133,395)
Issue of shares pursuant to Dividend Reinvestment Plan	22,799	43,318	-	-	66,117
At 30 June 2015	2,342,706	134,299	1,069,861	379,431	3,926,297
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

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 2014.

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Statement of Changes in Equity for the six months ended 30 June 2015

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 2015	2,319,907	90,981	929,721	390,019	3,730,628
Profit for the period	-	-	-	247,323	247,323
Currency translation difference in respect of foreign operations	-	-	(29,504)	-	(29,504)
Fair value reserve – Net change in fair value	-	-	54,003	-	54,003
– Net amount reclassified to profit or loss	-	-	(8,117)	-	(8,117)
Total comprehensive income for the period	-	-	16,382	247,323	263,705
Transfer to statutory reserve	-	-	123,661	(123,661)	-
Dividends paid on ordinary shares	-	-	-	(133,395)	(133,395)
Issue of shares pursuant to Dividend Reinvestment Plan	22,799	43,318	-	-	66,117
At 30 June 2015	2,342,706	134,299	1,069,764	380,286	3,927,055
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

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 2014.

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Condensed Statements of Cash Flow
for the six months ended 30 June 2015

	Group		Bank	
	6 months ended		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Profit before zakat and tax	350,324	335,303	350,028	335,629
Adjustment for non-cash items	141,672	107,231	141,593	106,379
Operating profit before working capital changes	491,996	442,534	491,621	442,008
Changes in working capital:				
Net changes in operating assets	(1,973,545)	(3,539,758)	(1,972,219)	(3,540,416)
Net changes in operating liabilities	2,321,712	811,047	2,319,986	805,766
Cash generated from/(used in) operations	840,163	(2,286,177)	839,388	(2,292,642)
Zakat and tax paid	(99,062)	(90,203)	(98,997)	(90,117)
Tax refund	46	112	-	-
Net cash generated from/(used in) operating activities	741,147	(2,376,268)	740,391	(2,382,759)
Net cash (used in)/ generated from investing activities	(219,869)	915,460	(219,395)	916,326
Net cash generated from financing activities	232,722	-	232,722	7,400
Net increase/(decrease) in cash and cash equivalents	754,000	(1,460,808)	753,718	(1,459,033)
Cash and cash equivalents at beginning of the period	3,269,353	3,730,923	3,269,127	3,728,658
Exchange difference on translation	(29,470)	8,350	(29,506)	8,356
Cash and cash equivalents at end of the period	3,993,883	2,278,465	3,993,339	2,277,981

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 2014.

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**Notes to the unaudited interim financial statements
for the six months ended 30 June 2015**

1. Basis of preparation

The unaudited interim financial statements of the Group and of the Bank for the six months ended 30 June 2015 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 2014. 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 2014.

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 2014, except for the adoption of the following Malaysian Financial Reporting Standards (“MFRS”) and amendments to MFRSs:

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 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 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*

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 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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1. Basis of preparation (continued)

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

- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- 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*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

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)*

The Group and the Bank plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for Amendments to MFRS 11 and MFRS 14 which are not applicable to the Group and the Bank.
- from the annual period beginning on 1 January 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

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1. Basis of preparation (continued)

The initial application of the accounting standards, amendments and interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Group and 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*.

The Group is currently assessing the financial impact that may arise from the adoption of 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*. MFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from MFRS 139.

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.

2. Auditors' reports on preceding financial period financial statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2014 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 2015.

4. Unusual items

There were no unusual items in the six months ended 30 June 2015.

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 2015.

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 2015 other than the issuance of Subordinated Sukuk Murabahah and new ordinary shares as disclosed in Note 20 and Note 22, respectively.

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7. Significant events during the six months ended 30 June 2015

The Bank issued Subordinated Sukuk Murabahah on 22 April 2015, as disclosed in Note 20.

In addition, the Bank increased its issued and paid-up capital on 30 June 2015 from RM2,319,907,000 to RM2,342,706,000 via the issuance of 22,799,000 new ordinary shares of RM1.00 each at a consideration of RM2.90 each arising from the Dividend Reinvestment Plan, as disclosed in Note 22.

There was no other significant event during the six months ended 30 June 2015.

8. Dividends

On 30 June 2015, the Bank paid a final dividend of approximately 5.75 sen per ordinary share totalling RM133,394,653 for the financial year ended 31 December 2014.

9. Cash and short-term funds

	Group		Bank	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	647,730	773,453	647,277	773,272
Money at call and interbank placements with remaining maturity not exceeding one month	3,142,395	2,391,175	3,142,304	2,391,130
	<u>3,790,125</u>	<u>3,164,628</u>	<u>3,789,581</u>	<u>3,164,402</u>

10. Deposits and placements with banks and other financial institutions

	Group and Bank	
	30.06.2015	31.12.2014
	RM'000	RM'000
Licensed Islamic banks	203,758	104,725
	<u>203,758</u>	<u>104,725</u>

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11. Financial assets held-for-trading

	Group		Bank	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
At fair value				
Malaysian Government Investment Issues	193,164	50,767	193,164	50,767
Bank Negara Negotiable Notes	-	394,808	-	394,808
Islamic Debt Securities	276,246	191,336	276,246	191,336
Negotiable Islamic Debt Certificate	99,914	279,628	99,914	279,628
Unit Trust	5,165	5,090	-	-
	574,489	921,629	569,324	916,539

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
30.06.2015	RM'000	RM'000	RM'000
Forward contracts	2,815,478	38,914	(39,765)
Profit rate swaps	875,303	11,686	(3,161)
Structured deposits	-	-	-
	3,690,781	50,600	(42,926)

Group and Bank	Principal amount	Fair value	
		Assets	Liabilities
31.12.2014	RM'000	RM'000	RM'000
Forward contracts	1,840,778	45,508	(28,798)
Profit rate swaps	1,187,694	17,018	(3,594)
Structured deposits	106,680	15	(15)
	3,135,152	62,541	(32,407)

Structure deposits (Ziyad) matured in January 2015 and was repaid in full to depositors.

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13. Financial assets available-for-sale

	Group		Bank	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
	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	2,825,203	1,202,058	2,825,203	1,202,058
Islamic Debt Securities	<u>7,963,734</u>	<u>8,998,120</u>	<u>7,964,191</u>	<u>8,998,577</u>
	<u>10,788,937</u>	<u>10,200,178</u>	<u>10,789,394</u>	<u>10,200,635</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	26,146	24,450	26,146	24,450
Less: Accumulated impairment loss *	<u>(16,970)</u>	<u>(15,734)</u>	<u>(16,970)</u>	<u>(15,734)</u>
	<u>9,176</u>	<u>8,716</u>	<u>9,176</u>	<u>8,716</u>
At cost				
Unquoted shares outside Malaysia	<u>22,893</u>	<u>22,893</u>	<u>22,893</u>	<u>22,893</u>
	<u>10,825,882</u>	<u>10,236,663</u>	<u>10,826,339</u>	<u>10,237,120</u>

* Movement in accumulated impairment loss is due to translation difference

14. Financial assets held-to-maturity

	Group and Bank	
	30.06.2015	31.12.2014
	RM'000	RM'000
At amortised cost		
Unquoted securities in Malaysia:		
Islamic Debt Securities	67,545	67,771
Less: Accumulated impairment loss	<u>(7,019)</u>	<u>(7,019)</u>
	<u>60,526</u>	<u>60,752</u>

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15. Financing, advances and others

(a) By type and Shariah contract

Group and Bank 30 June 2015	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	-	-	93,188	859,350	-	-	-	-	952,538
Term financing									
House financing	5,030,538	-	-	5,196,783	-	-	64,299	-	10,291,620
Syndicated financing	14,655	-	172,516	1,003,869	-	147,472	-	-	1,338,512
Leasing financing	-	-	-	-	72,640	3,007	-	-	75,647
Bridging financing	-	-	-	-	-	-	85,622	-	85,622
Personal financing	-	-	109,636	9,704,813	-	-	-	-	9,814,449
Other term financing	2,834,434	565,524	19,215	3,924,866	-	-	1,791	-	7,345,830
Staff financing	103,729	270	2	53,565	-	-	17,493	-	175,059
Credit cards	-	-	28,300	393,114	-	-	-	-	421,414
Trade bills discounted	-	1,141,110	-	-	-	-	-	-	1,141,110
Trust receipts	-	17,279	-	-	-	-	-	-	17,279
Pawn broking	-	-	-	-	-	-	-	77,125	77,125
	7,983,356	1,724,183	422,857	21,136,360	72,640	150,479	169,205	77,125	31,736,205
Allowance for impaired financing, advances and others									
- collective assessment allowance									(492,589)
- individual assessment allowance									(133,989)
Net financing, advances and others									31,109,627

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15. Financing, advances and others (continued)

(a) By type and Shariah contract (continued)

Group and 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 Thumma Al-Bai' RM'000	Istisna' RM'000	Ar-Rahnu RM'000	Total RM'000
31 December 2014									
At amortised cost									
Cash line	-	-	133,369	711,351	-	-	-	-	844,720
Term financing									
House financing	5,205,901	-	-	3,869,009	-	-	66,730	-	9,141,640
Syndicated financing	19,841	-	180,731	998,462	-	148,543	-	-	1,347,577
Leasing financing	-	-	-	-	64,141	5,030	-	-	69,171
Bridging financing	-	-	-	-	-	-	72,533	-	72,533
Personal financing	-	-	372,209	9,234,012	-	-	-	-	9,606,221
Other term financing	3,137,330	403,814	21,576	3,717,813	-	-	1,822	-	7,282,355
Staff financing	111,203	-	69	44,610	-	-	18,466	-	174,348
Credit cards	-	-	89,635	346,003	-	-	-	-	435,638
Trade bills discounted	-	1,013,823	-	-	-	-	-	-	1,013,823
Trust receipts	-	33,398	-	-	-	-	-	-	33,398
Pawn broking	-	-	-	-	-	-	-	90,288	90,288
	8,474,275	1,451,035	797,589	18,921,260	64,141	153,573	159,551	90,288	30,111,712
Allowance for impaired financing, advances and others									
- collective assessment allowance									(444,388)
- individual assessment allowance									(142,753)
Net financing, advances and others									29,524,571

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15. Financing, advances and others (continued)

(b) By type of customer

	Group and Bank	
	30.06.2015	31.12.2014
	RM'000	RM'000
Domestic non-bank financial institutions	506,621	471,181
Domestic business enterprise	5,738,771	5,884,575
Small medium industries	725,349	658,763
Government and statutory bodies	318,508	292,201
Individuals	23,894,612	22,336,404
Other domestic entities	7,791	8,230
Foreign entities	544,553	460,358
	<u>31,736,205</u>	<u>30,111,712</u>

(c) By profit rate sensitivity

	Group and Bank	
	30.06.2015	31.12.2014
	RM'000	RM'000
Fixed rate		
House financing	1,688,618	1,563,643
Others	5,905,194	7,553,928
Floating rate		
Others	24,142,393	20,994,141
	<u>31,736,205</u>	<u>30,111,712</u>

(d) By remaining contractual maturity

	Group and Bank	
	30.06.2015	31.12.2014
	RM'000	RM'000
Maturity within one year	2,960,832	3,147,023
More than one year to three years	1,188,773	992,088
More than three years to five years	1,683,111	1,468,082
More than five years	25,903,489	24,504,519
	<u>31,736,205</u>	<u>30,111,712</u>

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15. Financing, advances and others (continued)

(e) By geographical distribution

	Group and Bank	
	30.06.2015	31.12.2014
	RM'000	RM'000
Central Region	14,270,653	13,567,565
Eastern Region	5,452,831	5,037,536
Northern Region	4,984,703	4,722,950
Southern Region	4,410,703	4,411,954
East Malaysia Region	2,617,315	2,371,707
	<u>31,736,205</u>	<u>30,111,712</u>

(f) By sector

	Group and Bank	
	30.06.2015	31.12.2014
	RM'000	RM'000
Primary agriculture	388,850	331,524
Mining and quarrying	22,632	20,481
Manufacturing (including agro-based)	998,632	1,011,749
Electricity, gas and water	621,832	549,284
Wholesale & retail trade, and hotels & restaurants	1,128,779	879,627
Construction	1,973,571	2,316,754
Real estate	877,036	693,563
Transport, storage and communications	329,184	563,955
Finance, insurance and business activities	968,306	924,120
Education, health and others	529,344	483,863
Household sectors	23,898,039	22,336,792
	<u>31,736,205</u>	<u>30,111,712</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	
	30.06.2015	31.12.2014
	RM’000	RM’000
At 1 January 2015/ 2014	344,539	285,302
Classified as impaired during the period/year	266,464	438,837
Reclassified as not impaired during the period/year	(89,387)	(194,739)
Amount recovered	(64,553)	(72,983)
Amount written off	(85,689)	(115,145)
Exchange differences	4,028	3,267
	<hr/> 375,402 <hr/>	<hr/> 344,539 <hr/>
Gross impaired financing as a percentage of gross financing, advances and others	<hr/> 1.18% <hr/>	<hr/> 1.14% <hr/>

(h) Impaired financing by geographical distribution

	Group and Bank	
	30.06.2015	31.12.2014
	RM’000	RM’000
Central Region	160,307	148,240
Eastern Region	45,347	44,509
Northern Region	39,395	30,618
Southern Region	27,965	13,307
East Malaysia Region	102,388	107,865
	<hr/> 375,402 <hr/>	<hr/> 344,539 <hr/>

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15. Financing, advances and others (continued)

(i) Impaired financing by sector

	Group and Bank	
	30.06.2015	31.12.2014
	RM'000	RM'000
Primary agriculture	6,542	1,854
Mining & quarrying	121	-
Manufacturing (including agro-based)	6,561	7,669
Electricity, gas and water	-	54
Wholesale & retail trade, and hotels & restaurants	17,063	14,732
Construction	50,260	72,192
Transport, storage and communications	45,047	42,689
Finance, insurance and business activities	63,478	60,258
Education, health and others	3,364	590
Household sectors	182,966	144,501
	375,402	344,539

(j) Movement of allowance for impaired financing

	Group and Bank	
	30.06.2015	31.12.2014
	RM'000	RM'000
<u>Collective assessment allowance</u>		
At 1 January 2015/ 2014	444,388	365,375
Allowance made during the period/year	98,894	162,878
Amount recovered	(2,875)	-
Amount written off	(48,634)	(84,416)
Exchange differences	816	551
At 30 June 2015/ 31 December 2014	492,589	444,388
<u>Individual assessment allowance</u>		
At 1 January 2015/ 2014	142,753	136,197
Allowance made during the period/year	32,982	47,172
Amount recovered	(8,528)	(13,117)
Amount written off	(37,055)	(30,802)
Exchange differences	3,837	3,303
At 30 June 2015/ 31 December 2014	133,989	142,753

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16. Other assets

	Group		Bank	
	30.06.2015 RM'000	31.12.2014 RM'000	30.06.2015 RM'000	31.12.2014 RM'000
Other receivables	51,112	90,027	49,265	89,068
Deposit and prepayments	35,143	36,508	33,949	35,637
Related companies	91	-	173	197
	86,346	126,535	83,387	124,902

17. Deposits from customers

a) By type of deposit

	Group		Bank	
	30.06.2015 RM'000	31.12.2014 RM'000	30.06.2015 RM'000	31.12.2014 RM'000
Saving Deposit	5,361,830	5,091,650	5,361,830	5,091,650
<i>Wadiah</i>	3,362,159	3,052,428	3,362,159	3,052,428
<i>Mudharabah</i>	1,999,671	2,039,222	1,999,671	2,039,222
Demand Deposit				
<i>Wadiah</i>	9,274,529	10,535,088	9,277,740	10,539,744
Term Deposit	28,575,889	25,296,865	28,582,562	25,303,433
Special Investment Accounts				
<i>Mudharabah</i>	40,356	5,022,921	40,356	5,025,258
General Investment Accounts				
<i>Mudharabah</i>	565,398	919,816	565,398	919,816
Term & Special term deposit-i				
<i>Tawarruq</i>	25,630,423	17,895,591	25,637,096	17,899,695
Negotiable Islamic Debt				
Certificates (NIDC)	2,322,094	1,229,025	2,322,094	1,229,025
Waheed-i	17,618	134,453	17,618	134,580
Ziyad	-	95,059	-	95,059
Others	91,563	86,729	91,563	86,729
Total Deposits	43,303,811	41,010,332	43,313,695	41,021,556

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17. Deposits from customers (continued)

b) Maturity structure of term deposits are as follows:

	Group		Bank	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Due within six months	23,298,829	22,201,248	23,305,154	22,207,468
More than six months to one year	4,808,378	2,834,535	4,808,726	2,834,883
More than one year to three years	430,372	224,132	430,372	224,132
More than three years to five years	38,310	36,950	38,310	36,950
	<u>28,575,889</u>	<u>25,296,865</u>	<u>28,582,562</u>	<u>25,303,433</u>

c) By type of customer

	Group		Bank	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	9,908,908	7,022,205	9,908,908	7,022,205
Business enterprises	9,155,137	9,970,005	9,155,137	9,970,005
Individuals	5,947,018	5,565,494	5,947,018	5,565,494
Others	18,292,748	18,452,628	18,302,632	18,463,852
	<u>43,303,811</u>	<u>41,010,332</u>	<u>43,313,695</u>	<u>41,021,556</u>

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18. Investment Account

	Group and Bank	
	30.06.2015	31.12.2014
	RM'000	RM'000
At 1 January 2015/2014	-	-
New placement during the year	<u>23,543</u>	-
At 30 June 2015/31 December 2014	<u>23,543</u>	-
Investment portfolio :		
House Financing	<u>23,543</u>	-

The Bank launched its Investment Accounts on 1 June 2015 under the Mudharabah and Wakalah concept.

19. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30.06.2015	31.12.2014
	RM'000	RM'000
<i>Mudharabah fund</i>		
Licensed Islamic banks	-	280,000
Other financial institutions	<u>37,710</u>	<u>20,000</u>
	<u>37,710</u>	<u>300,000</u>

20. Subordinated Sukuk Murabahah

Group and Bank

The RM300 million subordinated Sukuk ('the Sukuk') is part of the Tier-2 Sukuk programme which was approved by the Securities Commission on 7 October 2014. Under the programme, the Bank is allowed to raise Tier-2 capital of up to RM1.0 billion in nominal value outstanding at any one time.

The Sukuk of RM300 million under the first issuance was issued at par on 22 April 2015 and is due on 22 April 2025, with optional redemption on 22 April 2020 or any periodic payment date thereafter. The Sukuk bears a profit rate of 5.75% per annum payable semi-annually in arrears.

The RM300 million Sukuk qualify as Tier-2 capital for the purpose of the RWCR computation.

21. Other liabilities

	Group		Bank	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Other payable	<u>429,060</u>	455,931	<u>425,603</u>	453,384
Accruals	<u>52,177</u>	120,297	<u>51,620</u>	119,215
	<u>481,237</u>	<u>576,228</u>	<u>477,223</u>	<u>572,599</u>

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22. Share capital

Group and Bank	Number of shares		Amount	
	30.06.2015 '000	31.12.2014 '000	30.06.2015 RM'000	31.12.2014 RM'000
<i>Authorised:</i>				
Ordinary shares of RM1.00 each	<u>2,540,000</u>	<u>2,540,000</u>	<u>2,540,000</u>	<u>2,540,000</u>
<i>Issued and fully paid</i>				
Ordinary shares of RM1.00 each				
At 1 January 2015/ 2014	2,319,907	2,298,165	2,319,907	2,298,165
Allotment of new ordinary shares on 30 June 2015/24 September 2014	22,799	21,742	22,799	21,742
At 30 June 2015/31 December 2014	<u>2,342,706</u>	<u>2,319,907</u>	<u>2,342,706</u>	<u>2,319,907</u>

During the financial period, the Bank increased its issued and paid-up capital from RM2,319,907,000 to RM2,342,706,000 via the issuance of 22,799,000 new ordinary shares of RM1.00 each at a consideration of RM2.90 each arising from the Dividend Reinvestment Plan of the fifty percent of the final dividend of approximately 5.75 sen in respect of financial year ended 31 December 2014.

23. Income derived from investment of depositors' funds

Group and Bank	3 months ended		6 months ended	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
Income derived from investment of:				
(i) General investment deposits	24,277	29,031	50,707	57,514
(ii) Other deposits	534,349	472,391	1,050,202	917,547
	<u>558,626</u>	<u>501,422</u>	<u>1,100,909</u>	<u>975,061</u>

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

(i) Income derived from investment of general investment deposits

Group and Bank	3 months ended		6 months ended	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	19,863	22,229	41,283	44,084
Financial assets:				
- held-for-trading	259	672	636	1,332
- available-for-sale	2,834	5,122	6,248	10,653
- held-to-maturity	37	42	70	85
Money at call and deposits with financial institutions	1,110	479	1,886	913
	24,103	28,544	50,123	57,067
<i>Other dealing income</i>				
Net gain /(loss) from sale of financial assets held-for-trading	(12)	(12)	167	(181)
Net gain/(loss) on revaluation of financial assets held-for-trading	(69)	(8)	57	205
	(81)	(20)	224	24
<i>Other operating income</i>				
Net gain from sale of financial assets available-for-sale	255	507	360	423
	255	507	360	423
	24,277	29,031	50,707	57,514
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	316	361	678	688

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

(ii) Income derived from investment of other deposits

Group and Bank	3 months ended		6 months ended	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	437,524	361,759	855,590	703,339
Financial assets:				
- held-for-trading	5,684	10,921	12,981	21,240
- available-for-sale	62,459	83,335	129,062	169,785
- held-to-maturity	820	697	1,470	1,362
Money at call and deposits with financial institutions	24,216	7,796	39,434	14,552
	530,703	464,508	1,038,537	910,278
<i>Other dealing income</i>				
Net gain/(loss) from sale of financial assets held-for-trading	(479)	(200)	3,051	(2,807)
Net gain/(loss) on revaluation of financial assets held-for-trading	(1,508)	(135)	857	3,187
	(1,987)	(335)	3,908	380
<i>Other operating income</i>				
Net gain from sale of financial assets available-for-sale	5,633	8,218	7,757	6,889
	5,633	8,218	7,757	6,889
	534,349	472,391	1,050,202	917,547
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	6,950	5,862	13,982	10,967

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24. Income derived from investment of shareholders' funds

Group	3 months ended		6 months ended	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	1,526	1,535	3,050	3,052
Financial assets available-for-sale	34,317	30,333	62,720	56,593
Money at call and deposits with financial institutions	627	1,717	3,516	5,647
	<u>36,470</u>	<u>33,585</u>	<u>69,286</u>	<u>65,292</u>
<i>Other dealing income</i>				
Net gain from foreign exchange transactions	15,036	20,987	42,721	52,833
Net gain on revaluation of financial assets held-for-trading	45	-	76	-
Net derivatives (loss)/gain	1,116	(423)	(3,104)	(2,301)
	<u>16,197</u>	<u>20,564</u>	<u>39,693</u>	<u>50,532</u>
<i>Other operating income</i>				
Net loss from sale of financial assets available-for-sale	-	-	-	(316)
Gross dividend income from securities				
- unit trust outside Malaysia	59	-	59	-
- unquoted in Malaysia	1,611	2,536	1,611	2,536
	<u>1,670</u>	<u>2,536</u>	<u>1,670</u>	<u>2,220</u>
<i>Fees and commission</i>				
Fees	39,989	33,027	73,426	64,766
Commission	5,079	5,588	10,027	11,545
Others	3,481	2,959	6,344	5,382
	<u>48,549</u>	<u>41,574</u>	<u>89,797</u>	<u>81,693</u>
<i>Other income</i>				
Net loss on disposal of property and equipment	(90)	(401)	(426)	(1,253)
Rental income	783	871	1,311	1,651
Other income	10	1	37	46
	<u>703</u>	<u>471</u>	<u>922</u>	<u>444</u>
	<u>103,589</u>	<u>98,730</u>	<u>201,368</u>	<u>200,181</u>

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

Bank	3 months ended		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	1,526	1,535	3,050	3,052
Financial assets available-for-sale	34,317	30,333	62,720	56,593
Money at call and deposits with financial institutions	627	1,716	3,516	5,647
	36,470	33,584	69,286	65,292
<i>Other dealing income</i>				
Net gain from foreign exchange transactions	15,036	20,987	42,721	52,833
Net derivatives (loss)/gain	1,116	(423)	(3,104)	(2,301)
	16,152	20,564	39,617	50,532
<i>Other operating income</i>				
Net loss from sale of financial assets available-for-sale	-	-	-	(316)
Gross dividend income from securities				
- unit trust outside Malaysia	59	-	59	-
- unquoted in Malaysia	1,611	2,536	1,611	2,536
Gross dividend income from subsidiary	-	800	-	800
	1,670	3,336	1,670	3,020
<i>Fees and commission</i>				
Fees	38,343	31,593	70,680	61,780
Commission	5,079	5,588	10,027	11,545
Others	3,500	2,785	6,398	5,169
	46,922	39,966	87,105	78,494
<i>Other income</i>				
Net loss on disposal of property and equipment	(90)	(401)	(426)	(1,253)
Rental income	867	948	1,482	1,805
Other income	5	1	25	37
	782	548	1,081	589
	101,996	97,998	198,759	197,927

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25. Allowances for impairment on financing and advances

Group and Bank	3 months ended		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Allowances for impaired financing, advances and others:				
- collective assessment allowance	58,713	44,690	96,019	78,667
- individual assessment allowance	3,206	3,305	24,454	11,832
Bad debts and financing recovered	(36,404)	(31,405)	(64,505)	(57,277)
	<u>25,515</u>	<u>16,590</u>	<u>55,968</u>	<u>33,222</u>

26. Income attributable to depositors

Group	3 months ended		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah fund	17,535	170,920	53,674	332,236
- Non-Mudharabah fund	240,048	25,733	445,899	50,477
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	714	8,376	2,261	14,851
- Non-Mudharabah fund	202	117	202	271
	<u>258,499</u>	<u>205,146</u>	<u>502,036</u>	<u>397,835</u>
Bank				
	3 months ended		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah fund	17,535	170,997	53,674	332,417
- Non-Mudharabah fund	240,108	25,736	445,995	50,483
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	714	8,376	2,261	14,851
- Non-Mudharabah fund	202	117	202	271
	<u>258,559</u>	<u>205,226</u>	<u>502,132</u>	<u>398,022</u>

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27. Personnel expenses

Group	3 months ended		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	77,216	89,682	164,315	181,005
Employees' Provident Fund	11,496	11,104	23,028	21,862
Other staff related costs	11,673	14,418	24,898	24,658
	<u>100,385</u>	<u>115,204</u>	<u>212,241</u>	<u>227,525</u>

Bank	3 months ended		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	76,154	88,646	162,141	178,788
Employees' Provident Fund	11,344	10,953	22,713	21,536
Other staff related costs	11,527	14,296	24,612	24,425
	<u>99,025</u>	<u>113,895</u>	<u>209,466</u>	<u>224,749</u>

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28. Other overhead expenses

Group	3 months ended		6 months ended	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
<i>Promotion</i>				
Advertisement and publicity	962	2,164	2,013	3,375
Credit and debit card expenses	3,707	4,369	8,451	9,090
Others	910	2,223	3,568	4,363
	<u>5,579</u>	<u>8,756</u>	<u>14,032</u>	<u>16,828</u>
<i>Establishment</i>				
Office rental	12,145	11,968	24,655	23,705
Depreciation of property and equipment	16,163	11,974	31,588	23,930
Information technology expenses	8,768	7,454	12,950	14,482
Rental equipment	927	1,132	1,791	2,045
Office maintenance	2,726	3,025	5,823	5,087
Utilities	2,824	3,988	6,433	7,338
Security services - establishment	2,698	3,568	6,093	7,006
Takaful and insurance	2,205	1,923	4,396	3,862
Others	197	-	267	269
	<u>48,653</u>	<u>45,032</u>	<u>93,996</u>	<u>87,724</u>
<i>General expenses</i>				
Professional fees	1,406	1,053	1,266	2,087
Office supplies	1,994	2,286	4,155	4,394
Outsourcing fees	5,334	11,630	8,829	22,734
Travelling & transportation	2,535	2,149	4,225	3,994
Security services - cash in transit	2,184	3,108	5,582	4,908
Others	24,506	16,729	33,880	30,689
	<u>37,959</u>	<u>36,955</u>	<u>57,937</u>	<u>68,806</u>
	<u>92,191</u>	<u>90,743</u>	<u>165,965</u>	<u>173,358</u>

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28. Other overhead expenses (continued)

Bank	3 months ended		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
<i>Promotion</i>				
Advertisement and publicity	902	2,114	1,935	3,312
Credit and debit card expenses	3,707	4,369	8,451	9,090
Others	830	1,948	3,384	3,855
	5,439	8,431	13,770	16,257
<i>Establishment</i>				
Office rental	12,131	11,937	24,627	23,646
Depreciation of property and equipment	16,118	11,946	31,509	23,878
Information technology expenses	8,768	7,454	12,950	14,482
Rental equipment	915	1,120	1,768	2,020
Office maintenance	2,643	2,983	5,694	5,004
Utilities	2,794	3,963	6,384	7,293
Security services - establishment	2,696	3,566	6,097	7,002
Takaful and insurance	2,182	1,888	4,344	3,807
Others	197	-	267	269
	48,444	44,857	93,640	87,401
<i>General expenses</i>				
Professional fees	1,385	1,039	1,197	2,021
Office supplies	1,960	2,269	4,101	4,361
Outsourcing fees	5,334	11,630	8,829	22,734
Travelling & transportation	2,495	2,123	4,175	3,955
Security services - cash in transit	2,184	3,108	5,582	4,908
Others	24,860	17,027	35,037	31,730
	38,218	37,196	58,921	69,709
	92,101	90,484	166,331	173,367

29. Finance Cost

Group and Bank	3 months ended		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Subordinated Sukuk Murabahah (Note 20)	3,308	-	3,308	-
	3,308	-	3,308	-

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30. 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 2015</u>						
Total Revenue	754,112	225,950	246,684	79,499	(3,968)	1,302,277
Net fund based income	404,950	184,534	(6,187)	72,611	-	655,908
Non-fund based income	64,759	18,431	55,655	9,360	(3,872)	144,333
Net income	469,709	202,965	49,468	81,971	(3,872)	800,241
Allowances for impairment	(60,883)	4,915	-	-	-	(55,968)
Profit before overheads, zakat & taxation	408,826	207,880	49,468	81,971	(3,872)	744,273
Operating expenses						(393,949)
Profit before zakat & taxation						350,324
<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)
Profit before zakat & taxation						335,303

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30. 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 2015</u>						
Segment assets	23,562,592	7,547,034	14,852,852	34,987	(26,057)	45,971,408
Unallocated assets						<u>2,412,219</u>
Total assets						<u>48,383,627</u>
 <u>At 31 December 2014</u>						
Segment assets	22,053,548	7,471,022	13,772,807	34,500	(27,580)	43,304,297
Unallocated assets						<u>2,516,385</u>
Total assets						<u>45,820,682</u>

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31. 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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31. Fair value of financial instruments (continued)

Fair value hierarchy (continued)

Bank 30 June 2015 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	-	569,324	-	569,324	-	569,324	569,324
Derivative financial assets	-	50,600	-	50,600	-	50,600	50,600
Financial assets available-for-sale	-	10,789,193	4,620	10,793,813	32,526	10,826,339	10,826,339
Financial assets held-to-maturity	-	-	-	-	60,526	60,526	60,526
Financing, advances and others	-	-	-	-	31,190,043	31,190,043	31,109,627
<i>Financial liabilities</i>							
Derivative financial liabilities	-	42,926	-	42,926	-	42,926	42,926
Subordinated Sukuk Murabahah	-	-	-	-	300,000	300,000	300,000

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

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31. Fair value of financial instruments (continued)

Fair value hierarchy (continued)

Bank 31 December 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	-	916,539	-	916,539	-	916,539	916,539
Derivative financial assets	-	62,541	-	62,541	-	62,541	62,541
Financial assets available-for-sale	-	10,200,434	4,620	10,205,054	32,066	10,237,120	10,237,120
Financial assets held-to-maturity	-	-	-	-	60,752	60,752	60,752
Financing, advances and others	-	-	-	-	29,527,807	29,527,807	29,524,571
<i>Financial liabilities</i>							
Derivative financial liabilities	-	32,407	-	32,407	-	32,407	32,407
Subordinated Sukuk Murabahah	-	-	-	-	-	-	-

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

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31. 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 2015 for Group and Bank:

	30.06.2015	31.12.2014
	RM'000	RM'000
<i>Financial assets available-for-sale</i>		
At 1 January 2015/2014	4,620	4,620
Allowance for impairment	-	-
Settlement	-	-
At 30 June 2015/31 December 2014	4,620	4,620

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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32. 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 2015				
<i>Credit related exposures</i>				
Direct credit substitutes	344,141		344,141	342,224
Assets sold with recourse	2		2	2
Transaction related contingent items	954,233		477,116	426,943
Short term self-liquidating trade related contingencies	318,907		63,781	61,733
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	2,014		403	403
- exceeding one year	906,870		453,435	371,594
Unutilised credit card lines	1,117,172		223,435	169,166
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	5,644,631		-	-
	9,287,970		1,562,313	1,372,065
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	2,815,478	38,914	84,761	40,071
Profit rate related contracts				
- less than one year	-	-	-	-
- one year to less than five years	600,000	7,896	14,107	2,822
- five years and above	275,303	3,790	11,059	11,058
Equity related contracts				
- less than one year	-	-	-	-
	3,690,781	50,600	109,927	53,951
Total	12,978,751	50,600	1,672,240	1,426,016

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32. 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 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	360,433		360,433	355,715
Assets sold with recourse	2		2	2
Transaction related contingent items	1,026,265		513,132	451,601
Short term self-liquidating trade related contingencies	236,874		47,375	45,832
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	6,165		1,233	1,215
- exceeding one year	942,851		471,425	378,793
Unutilised credit card lines	1,023,337		204,668	153,502
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	5,404,888		-	-
	9,000,815		1,598,268	1,386,660
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	1,840,778	45,508	65,406	36,492
Profit rate related contracts				
- less than one year	300,000	348	308	62
- one year to less than five years	600,000	12,278	20,153	4,031
- five years and above	287,694	4,392	12,996	12,996
Equity related contracts				
- one year to less than five years	106,680	15	6,401	3,200
	3,135,152	62,541	105,264	56,781
Total	12,135,967	62,541	1,703,532	1,443,441

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33. 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	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
CET I & Tier I capital ratio	12.231%	12.240%	12.193%	12.201%
Total capital ratio	14.290%	13.355%	14.253%	13.316%

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

	Group		Bank	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Paid-up share capital	2,342,706	2,319,907	2,342,706	2,319,907
Share premium	134,299	90,981	134,299	90,981
Retained earnings	379,431	388,923	380,286	390,019
Other reserves	1,069,861	929,779	1,069,764	929,721
Less: Deferred tax assets	(31,220)	(31,220)	(31,220)	(31,220)
Less: 55% of fair value reserves	(7,261)	-	(7,261)	-
Less: Investment in subsidiaries	-	-	(15,525)	(15,525)
Total CET I and Tier I Capital	<u>3,887,816</u>	<u>3,698,370</u>	<u>3,873,049</u>	<u>3,683,883</u>
Sukuk Murabahah	300,000	-	300,000	-
Collective assessment allowance ^	354,442	336,850	354,386	336,819
Total Tier II Capital	<u>654,442</u>	<u>336,850</u>	<u>654,386</u>	<u>336,819</u>
Total Capital	<u>4,542,258</u>	<u>4,035,220</u>	<u>4,527,435</u>	<u>4,020,702</u>

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

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33. Capital adequacy (continued)

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

	Group		Bank	
	30.06.2015 RM'000	31.12.2014 RM'000	30.06.2015 RM'000	31.12.2014 RM'000
Credit risk	28,355,352	26,947,994	28,350,849	26,945,514
Market risk	611,642	542,910	611,642	542,910
Operational risk	2,818,780	2,724,074	2,801,368	2,705,152
	<u>31,785,774</u>	<u>30,214,978</u>	<u>31,763,859</u>	<u>30,193,576</u>

34. Performance review for the six months ended 30 June 2015

The Group reported profit before zakat and tax of RM350.3 million for the six months ended 30 June 2015. This represents a 4.5% 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 18.5% to reach RM31.1 billion as at end June 2015. Correspondingly, fund based income from financing also increased by RM149.4 million or 19.9%. Non fund based income also reported a 1.2% growth or RM1.7 million.

As at end of June 2015, customer deposits stood at RM43.3 billion with a year-on-year increase of RM5.1 billion or 13.5%, and the low cost current and savings accounts (CASA) also reported a year-on-year increase of RM0.7 billion or 5.2%. The CASA ratio as at end June 2015 stood at 33.8% compared to end June 2014 at 36.5%. The Islamic Banking Industry CASA ratio was 24.0% as at end May 2015.

The Group's gross impaired financing ratio increased from 1.14% as at end December 2014 to 1.18% as at end June 2015. The net impaired financing ratio (less IA and CA) also reduced to a negative 0.81% as at end June 2015 whilst the net impaired financing ratio (less IA only) was 0.76%. The Banking System gross impaired ratio was 1.59% and the net impaired ratios were -0.01% (less IA and CA) and 1.20% (less IA only) as at end May 2015.

The key performance ratios as at end June 2015 also compared favourably against the Banking System ratio as at end December 2014. The Bank's pre-tax return on equity was 17.8% against the Banking System's 15.2%. The pre-tax return on assets was 1.5% against the Banking System's 1.5%. However, the Risk Weighted Capital Adequacy ratio was 14.3% compared to the Banking System's 15.9% as at end December 2014 in view of the continued growth in financing.

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35. Prospect for 2015

The Malaysian economy recorded 5.6% y-o-y growth in the 1Q2015 GDP but may contract slightly below 5.6% in 2Q2015. Lower domestic consumption arising from deteriorating consumer sentiment, higher inflation and the continuous conservative lending by banks to avoid households in the vulnerable income segment group, is anticipated to drag down the growth. Consumers are likely to be mindful of their spending habit and would prioritise them based on the necessities. Despite these challenges, the Bank foresees that BNM would be inclined to keep the Overnight Policy Rate (OPR) unchanged at 3.25% for the rest of 2015 to sustain the economic expansion. Nevertheless, economic growth is expected to be supported by expansionary monetary policies in key economies such as China, Eurozone, Japan as well as the ASEAN member countries. In addition, the announcement of 11th Malaysia Plan (11MP) in May is expected to have positive effect to the economy during the plan period (2016-2020). All in all for 2015, GDP is expected to expand by 5.3% in view of continuous growth prospect in the 2H2015 following monetary easing enacted by the major central banks. As for currency, the MYR/USD is expected to remain weak between RM3.55 and RM3.85 per US dollar.

In light of the weaker economic conditions, the banking industry outlook is envisaged to be challenging for the rest of the year. The industry loan growth is expected to decelerate further to between 7% and 8% for 2015, lower than the 9.3% recorded in 2014. The factors that could weigh on loan growth this year include: (1) intensifying competition especially on the funding front as banks rush to meet the new Liquidity Coverage Ratio (LCR) requirements that came into force in June 2015; and (2) stringent credit evaluation given the new BNM ruling on restructured and rescheduled loans that affords banks less flexibility to reschedule customers' repayments. Similarly, business loan growth is also projected to slow down on the back of weaker economic circumstances particularly lower commodity prices and domestic currency. The Bank foresees deposit rates to remain high going forward while the lending yields would continue to contract, resulting in further compression in the banks' margin. Banks will also be focusing on cost containment as one of the key priorities as top line growth remains a challenge. For Islamic banking, financing growth is still expected to record a double digit growth albeit at a slower pace than the previous year. The evolving role of Islamic banks is also evident in 2015. As part of Islamic Financial Services Act (IFSA) 2013 requirements, all deposits accepted under the Mudharabah and Wakalah concepts are now classified as Investment Account (IA) and no longer under the deposit effective from June 2015. The IA framework is now seen by many, as a catalyst for Islamic banks to move towards "risk sharing" product offerings in line with the true spirit of Islamic finance. It is expected that the development of more IA products will give a competitive edge to Islamic finance and aid the expansion of Islamic banking assets in the future.

The Bank plans to sustain growth despite the challenges surrounding the economy. The Bank will continue to focus on CASA gathering efforts, retain good and acquire new clients with continued emphasis on service delivery and product innovation. To maintain asset quality, the Bank continuously exercise robust credit management and vigilant underwriting standards. Other key focus would be driving cost-income-ratio down through cost-cutting initiatives. Driving efficiency of capital management is also crucial, one of which is through the implementation of IA. The new IA framework allows Islamic banks to benefit from capital relief for the underlying assets and exemption from Eligible Liabilities (EL) for Statutory Requirement Reserve (SRR) calculation required by BNM. The introduction of IA can potentially expand product offerings, offer opportunity to gain new source of income and expand the role of Islamic banks from credit provider to investment intermediary as advocated by BNM. Moving forward, the Bank intends to continuously leverage on its strength as the pioneer Islamic bank in the country as seen previously when it took the lead to launch the very first Shariah-compliant Restricted Investment Account ("RIA") and become one of the four founding financial institutions to spearhead the Shariah-based Investment Account Platform ("IAP").

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36. 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.

37. Credit Transactions and Exposures with Connected Parties

	Group and Bank	
	30.06.2015	31.12.2014
	RM'000	RM'000
Outstanding credit exposures with connected parties	448,446	1,623,424
% of outstanding credit exposures to connected parties as a proportion of total credit exposures	1.41%	5.39%
% of outstanding credit exposures with connected parties which is non-performing or in default	0.001 %	0.002%

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.