# **Statements of Financial Position as at 31 December 2021**

		Gro	oup	Bank		
		31.12.2021	31.12.2020	31.12.2021	31.12.2020	
	Note	RM'000	RM'000	RM'000	RM'000	
Assets						
Cash and short-term funds	8	5,222,848	5,216,737	5,204,364	5,216,280	
Financial assets at fair value	0					
through profit or loss (FVTPL)	9	1,582,494	1,181,200	1,550,700	1,175,440	
Derivative financial assets	10	26,037	61,665	26,037	61,665	
Financial assets at fair value						
through other comprehensive income (FVOCI)	11	12,604,204	12,557,991	12,605,067	12,558,729	
Financial assets at amortised cost		12,001,201	12,337,771	12,000,007	12,330,727	
("AC")	12	1,348,844	-	1,348,844	-	
Financing, advances and others	13	58,153,769	54,670,635	58,153,769	54,670,635	
Other assets	14	312,954	207,349	257,080	196,588	
Statutory deposits with Bank						
Negara Malaysia		264,050	192,425	264,050	192,425	
Current tax assets		7,047	106,773	6,662	106,773	
Deferred tax assets		193,214	1,511	191,773	-	
Right-of-use assets	15	196,000	209,736	195,614	209,736	
Investments in subsidiaries		-	-	100,905	15,525	
Property and equipment	-	244,753	231,000	241,952	230,516	
Total assets		80,156,214	74,637,022	80,146,817	74,634,312	
Liabilities and equity						
Deposits from customers	16	57,338,834	51,077,262	57,363,926	51,095,451	
Investment accounts of customers	17	10,452,902	12,368,528	10,561,601	12,368,897	
Derivative financial liabilities	10	20,421	105,872	20,421	105,872	
Bills and acceptance payable		20,112	29,621	20,112	29,621	
Recourse obligations on financing		,		,	,	
sold to Cagamas	18	2,001,720	1,501,187	2,001,720	1,501,187	
Subordinated Sukuk Murabahah	19	2,014,849	1,713,164	2,014,849	1,713,164	
Other liabilities	20	1,570,602	1,136,863	1,538,375	1,121,885	
Lease liabilities	15	303,448	312,429	302,984	312,429	
Zakat and taxation		33,388	31,952	33,256	31,776	
Deferred tax liabilities	-	-	74,445		74,445	
Total liabilities	-	73,756,276	68,351,323	73,857,244	68,354,727	

## Statements of Financial Position as at 31 December 2021 (continued)

		Gro	oup	Bank		
	Note	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000	
Equity						
Share capital		3,445,757	3,306,118	3,445,757	3,306,118	
Reserves		2,954,181	2,979,581	2,843,816	2,973,467	
Total equity		6,399,938	6,285,699	6,289,573	6,279,585	
Total liabilities and equity		80,156,214	74,637,022	80,146,817	74,634,312	
Restricted investment accounts managed by the Bank	17	849	11,915	849	11,915	
Total Islamic banking asset owned and managed by the Bank		80,157,063	74,648,937	80,147,666	74,646,227	
Commitments and Contingencies	32	18,764,994	20,189,496	18,764,994	20,189,496	
Net assets per share attributable to equity holders of the Bank (RM)		3.08	2.42	3.03	2.41	

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 2020.

# Statements of Profit or Loss for the fourth quarter and financial year ended 31 December 2021

Group	Note	3 month 31.12.2021 RM'000	s ended 31.12.2020 RM'000	12 month 31.12.2021 RM'000	s ended 31.12.2020 RM'000
Income derived from investment of depositors' funds Income derived from investment	21	568,529	548,742	2,260,072	2,504,013
account funds	22	133,468	131,236	497,538	513,934
Income derived from investment of shareholders' funds Net allowance for impairment on financing and advances, net of	23	126,916	117,347	458,750	460,059
recoveries Loss on modification of financial	24	(111,183)	3,535	(190,738)	(208,671)
assets Net allowance for impairment on		(12,838)	(38,608)	(48,911)	(136,380)
other financial assets		(715)	(57)	(7,406)	2,757
Direct expenses		(2,806)	(3,308)	(10,938)	(13,660)
Total distributable income		701,371	758,887	2,958,367	3,122,052
Wakalah fees from restricted					
investment accounts		201	97	308	576
Income attributable to depositors Income attributable to investment	25	(211,097)	(203,628)	(818,688)	(1,006,479)
account holders	26	(40,622)	(44,945)	(160,127)	(222,026)
Total net income		449,853	510,411	1,979,860	1,894,123
Personnel expenses	27	(226,671)	(178,009)	(723,830)	(663,367)
Other overhead expenses	28	(122,672)	(104,963)	(461,922)	(411,085)
		100,510	227,439	794,108	819,671
Finance cost	29	(24,105)	(25,506)	(89,887)	(91,458)
Profit before zakat and tax		76,405	201,933	704,221	728,213
Zakat		(1,029)	(562)	(12,275)	(11,770)
Tax expense	B5	4,262	(24,159)	(157,641)	(151,489)
Profit for the period/year		79,638	177,212	534,305	564,954
Earnings per share (sen)	B11			21.87	22.19

# Statements of Other Comprehensive Income for the fourth quarter and financial year ended 31 December 2021

Group	3 month	s ended	12 months ended		
-	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000	
Profit for the period/year	79,638	177,212	534,305	564,954	
Other comprehensive income, net of tax: Items that are or may be reclassified subsequently to profit or loss					
Currency translation differences in respect of foreign operations Movement in fair value reserve (debt instruments):	1,466	13,198	(14,774)	7,198	
Net change in fair value	(62,750)	(47,605)	(303,103)	248,060	
Changes in expected credit loss	41	(57)	(6,834)	(138)	
Net amount transferred to profit or loss Income tax effect relating to components of other comprehensive	(4,685)	(6,509)	(87,903)	(271,311)	
income	15,364	12,880	94,671	5,492	
Items that will not be reclassified to profit or loss Movement in fair value reserve (equity instruments):	(50,564)	(28,093)	(317,943)	(10,699)	
Net change in fair value	15,544	13,387	13,583	16,992	
Other comprehensive income for the period/year, net of tax	(35,020)	(14,706)	(304,360)	6,293	
Total comprehensive income for the period/year	44,618	162,506	229,945	571,247	

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 2020.

# Statements of Profit or Loss for the fourth quarter and financial year ended 31 December 2021

Bank		3 months ended		12 months ended			
	Note	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000		
Income derived from investment of							
depositors' funds Income derived from investment	21	568,529	548,742	2,260,072	2,504,013		
account funds	22	133,468	131,236	497,538	513,934		
Income derived from investment of		100,100	101,200		010,70		
shareholders' funds	23	119,215	112,807	430,950	436,313		
Net allowance for impairment on financing and advances, net of							
recoveries	24	(111,183)	3,535	(190,738)	(208,671)		
Loss on modification of financial		(10.000)		(40.011)	(12 < 200)		
assets Net allowance for impairment on		(12,838)	(38,608)	(48,911)	(136,380)		
other financial assets		(715)	(57)	(7,406)	2,757		
Direct expenses		(2,806)	(3,308)	(10,938)	(13,660)		
Total distributable income		693,670	754,347	2,930,567	3,098,306		
Wakalah fees from restricted							
investment accounts		201	97	308	576		
Income attributable to depositors	25	(211,149)	(203,671)	(818,883)	(1,006,700)		
Income attributable to investment	26	(41 110)	(44.045)	(1(0)(42))	(222,026)		
account holders Total net income	26	(41,110) 441,612	(44,945) 505,828	(160,643) 1,951,349	(222,026) 1,870,156		
i otar net meome		441,012	303,828	1,951,549	1,870,130		
Personnel expenses	27	(219,022)	(174,125)	(701,784)	(649,361)		
Other overhead expenses	28	(114,592)	(104,046)	(449,062)	(402,502)		
		107,998	227,657	800,503	818,293		
Finance cost	29	(24,098)	(25,506)	(89,878)	(91,457)		
Profit before zakat and tax		83,900	202,151	710,625	726,836		
Zakat		(972)	(565)	(12,222)	(11,815)		
Tax expense	B5	4,434	(24,115)	(157,256)	(151,308)		
Profit for the period/year		87,362	177,471	541,147	563,713		

# Statements of Other Comprehensive Income for the fourth quarter and financial year ended 31 December 2021

Bank	3 month	s ended	12 months ended			
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000		
Profit for the period/year	87,362	177,471	541,147	563,713		
Other comprehensive income, net of tax: Items that are or may be reclassified subsequently to profit or loss						
Currency translation differences in respect of foreign operations Movement in fair value reserve (debt instruments):	1,596	13,226	(14,680)	7,214		
Net change in fair value	(62,875)	(47,605)	(303,228)	248,060		
Changes in expected credit loss	41	(57)	(6,834)	(138)		
Net amount transferred to profit or loss Income tax effect relating to components of other comprehensive	(4,685)	(6,509)	(87,903)	(271,311)		
income	15,364	12,880	94,671	5,492		
Items that will not be reclassified to profit or loss Movement in fair value reserve (equity instruments):	(50,559)	(28,065)	(317,974)	(10,683)		
Net change in fair value	15,669	13,387	13,708	16,992		
Other comprehensive income for the period/year, net of tax	(34,890)	(14,678)	(304,266)	6,309		
Total comprehensive income for the period/year	52,472	162,793	236,881	570,022		

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 2020.

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

(Incorporated in Malaysia)

# **Unaudited Interim Financial Statements**

**Consolidated Statement of Changes in Equity for the financial year ended 31 December 2021** 

	Note	<ul> <li>▲ Attributable to equity holders of the Bank</li> <li>▲ Non-distributable → Distributable</li> </ul>			>
Group		Share capital RM'000	Other reserves RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2021, restated	34	3,306,118	182,274	2,797,307	6,285,699
Profit for the year			-	534,305	534,305
Currency translation difference in respect of foreign operations		-	(14,774)	-	(14,774)
Fair value reserve (debt instruments):					
Net change in fair value		-	(303,103)	-	(303,103)
Changes in expected credit loss		-	(6,834)	-	(6,834)
Net amount transferred to profit or loss		-	(87,903)	-	(87,903)
Income tax effect relating to components of other comprehensive income		-	94,671	-	94,671
Fair value reserve (equity instruments):					
Net change in fair value		-	13,583	-	13,583
Total comprehensive income for the year		-	(304,360)	534,305	229,945
Effect on predecessor accounting	B6	-	111,187	-	111,187
Dividends paid on ordinary shares	B10	-	-	(366,532)	(366,532)
Issue of shares pursuant to Dividend Reinvestment Plan		139,639	-	-	139,639
At 31 December 2021		3,445,757	(10,899)	2,965,080	6,399,938

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

## (Incorporated in Malaysia)

## **Unaudited Interim Financial Statements**

## Consolidated Statement of Changes in Equity for the financial year ended 31 December 2021 (continued)

		▲ Attril ▲ Non-distrik			
Group	Note	Share capital RM'000	Other reserves RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 January 2020		3,012,368	107,265	2,594,820	5,714,453
Prior year adjustment on currency translation difference in respect of foreign operations	-	-	93,716	(93,716)	-
At 1 January 2020, restated	34	3,012,368	200,981	2,501,104	5,714,453
Profit for the year	_	_	_	564,954	564,954
Currency translation difference in respect of foreign operations		-	7,198	-	7,198
Fair value reserve (debt instruments):					
Net change in fair value		-	248,060	-	248,060
Changes in expected credit loss		-	(138)	-	(138)
Net amount transferred to profit or loss		-	(271,311)	-	(271,311)
Income tax effect relating to components of other comprehensive income		-	5,492	-	5,492
Fair value reserve (equity instruments):					
Net change in fair value		-	16,992	-	16,992
Total comprehensive income for the year	_	-	6,293	564,954	571,247
Transfer from regulatory reserves	-	-	(25,000)	25,000	-
Dividends paid on ordinary shares		-	_	(293,751)	(293,751)
Issue of shares pursuant to Dividend Reinvestment Plan		293,750	-	-	293,750
At 31 December 2020	-	3,306,118	182,274	2,797,307	6,285,699

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 2020.

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

(Incorporated in Malaysia)

# **Unaudited Interim Financial Statements**

# Statement of Changes in Equity for the financial year ended 31 December 2021

		← Attril	butable to equit	y holders of the Bank	>
	Note	Mon-distrik	outable 🔶	Distributable	
		Share	Other	Retained	Total
Bank		capital	reserves	earnings	Equity
		RM'000	RM'000	RM'000	RM'000
At 1 January 2021, restated	34	3,306,118	182,423	2,791,044	6,279,585
Profit for the year			-	541,147	541,147
Currency translation difference in respect of foreign operations		-	(14,680)	-	(14,680)
Fair value reserve (debt instruments):					
Net change in fair value		-	(303,228)	-	(303,228)
Changes in expected credit loss		-	(6,834)	-	(6,834)
Net amount transferred to profit or loss		-	(87,903)	-	(87,903)
Income tax effect relating to components of other comprehensive income		-	94,671	-	94,671
Fair value reserve (equity instruments):					
Net change in fair value		-	13,708	-	13,708
Total comprehensive income for the year		-	(304,266)	541,147	236,881
Dividends paid on ordinary shares	B10	-	-	(366,532)	(366,532)
Issue of shares pursuant to Dividend Reinvestment Plan		139,639	-	-	139,639
At 31 December 2021		3,445,757	(121,843)	2,965,659	6,289,573

# Statement of Changes in Equity for the financial year ended 31 December 2021 (continued)

Bank	Note		butable to equit outable → Other reserves RM'000	y holders of the Bank Distributable Retained earnings RM'000	Total Equity RM'000
At 1 January 2020		3,012,368	107,398	2,589,798	5,709,564
Prior year adjustment on currency translation difference in respect of foreign operations			93,716	(93,716)	-
At 1 January 2020, restated	34	3,012,368	201,114	2,496,082	5,709,564
Profit for the year		-	-	563,713	563,713
Currency translation difference in respect of foreign operations		-	7,214	-	7,214
Fair value reserve (debt instruments):					
Net change in fair value		-	248,060	-	248,060
Changes in expected credit loss		-	(138)	-	(138)
Net amount transferred to profit or loss		-	(271,311)	-	(271,311)
Income tax effect relating to components of other comprehensive income		-	5,492	-	5,492
Fair value reserve (equity instruments):					
Net change in fair value		-	16,992	-	16,992
Total comprehensive income for the year			6,309	563,713	570,022
Transfer from regulatory reserves		-	(25,000)	25,000	-
Dividends paid on ordinary shares		-	-	(293,751)	(293,751)
Issue of shares pursuant to Dividend Reinvestment Plan		293,750	-	-	293,750
At 31 December 2020		3,306,118	182,423	2,791,044	6,279,585

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 2020.

# **Condensed Statements of Cash Flow for the financial year ended 31 December 2021**

	Gro	up	Bank		
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000	
Profit before zakat and tax	704,221	728,213	710,625	726,836	
Adjustment for non-cash items	378,625	308,589	377,764	307,986	
Operating profit before working capital changes	1,082,846	1,036,802	1,088,389	1,034,822	
Changes in working capital: Net changes in operating assets	(5,182,953)	(4,722,514)	(5 242 974)	(1 726 109)	
Net changes in operating liabilities		(4,732,514)	(5,243,874)	(4,726,408)	
Net changes in operating naointies	4,937,067	5,991,671	5,056,351	5,986,967	
Net cash generated from operations	836,960	2,295,959	900,866	2,295,381	
Zakat and tax paid	(239,962)	(111,306)	(239,434)	(111,056)	
Net cash generated from operating activities	596,998	2,184,653	661,432	2,184,325	
Net cash used in investing activities	(774,404)	(748,428)	(857,101)	(747,732)	
Net cash (used in)/generated from	(//=,=0=)	(740,420)	(057,101)	(1+1,152)	
financing activities	198,292	300,927	198,434	300,964	
Net increase in cash and cash	20.996	1 777 152	2765	1 727 557	
equivalents Cash and cash equivalents at beginning	20,886	1,737,152	2,765	1,737,557	
of the year	5,216,737	3,472,386	5,216,280	3,471,509	
Exchange difference on translation	(14,775)	7,199	(14,681)	7,214	
Cash and cash equivalents at end of the year	5,222,848	5,216,737	5,204,364	5,216,280	

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 2020.

# Notes to the unaudited interim financial statements for the financial year ended 31 December 2021

#### 1. Basis of preparation

The unaudited interim financial statements of the Group and of the Bank for the financial year ended 31 December 2021 have been prepared in accordance with the applicable requirements of MFRS 134: *Interim Financial Reporting* in Malaysia issued by Malaysian Accounting Standards Board ("MASB"), paragraph 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements, Financial Reporting for Islamic Banking Institution policy document issued by Bank Negara Malaysia ("BNM"), the provisions of the Companies Act 2016 and Shariah requirements.

The unaudited interim financial statements have been prepared under the historical cost convention except for derivative financial instruments, financial assets at fair value through profit or loss and financial assets through other comprehensive income, which have been measured at fair value.

The unaudited interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2020. 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 2020.

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 2020, except for the adoption of the following amendments to Malaysian Financial Reporting Standards ("MFRS"):

- Amendments to MFRS 7, MFRS 9 and MFRS 16, Profit Rate Benchmark Reform Phase 2
- Amendment to MFRS 16 Leases, Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of the amendments to published standards are not expected to have impact on the financial results of the Group and the Bank.

#### 2. Auditors' report on preceding financial statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2020 was not qualified.

#### **3.** Seasonal or cyclical factors

The operations of the Group were not materially affected by any seasonal or cyclical factors in the financial year ended 31 December 2021.

#### 4. Unusual items

There were no unusual items in the financial year ended 31 December 2021.

#### 5. Changes in accounting estimates

There were no material changes in estimates of amounts reported in the prior financial year that have a material effect in the financial year ended 31 December 2021.

#### 6. Sukuk and equity securities

Save as disclosed in Note 19 to the interim financial statements, there was no sukuk or share buy-back during the financial year ended 31 December 2021.

#### 7. Significant events during the financial year ended 31 December 2021

There was no significant event during the financial year ended 31 December 2021 other than as disclosed in Note B6 to the interim financial statements.

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

	G	roup	Bank		
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
Cash and balances with banks and					
other financial institutions	754,313	725,644	751,187	725,548	
Money at call and interbank					
placements with remaining					
maturity not exceeding three					
months	4,468,535	4,491,093	4,453,177	4,490,732	
	5,222,848	5,216,737	5,204,364	5,216,280	

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

	G	roup	Bank	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Money market instruments				
Malaysian Government Investment				
Issues	-	602,925	-	602,925
Unit trust	295,395	238,490	263,611	232,730
Malaysian Islamic Treasury Bills	1,131,574	243,618	1,131,574	243,618
Islamic Commercial Paper	145,300	30,051	145,300	30,051
Corporate Sukuk	10,225	66,116	10,215	66,116
	1,582,494	1,181,200	1,550,700	1,175,440

#### 10. Derivative financial assets/ liabilities

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

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

	31.12.2021			31.12.2020			
	Notional	Fair value Assets Liabilities		Notional	Fair	value	
<b>Group and Bank</b>	amount			amount	Assets	Liabilities	
	<b>RM'000</b>	RM'000	RM'000	RM'000	RM'000	<b>RM'000</b>	
Forward contracts	7,505,850	25,120	(19,753)	8,518,422	59,494	(104,228)	
Profit rate swaps	79,153	917	(668)	114,056	2,171	(1,644)	
	7,585,003	26,037	(20,421)	8,632,478	61,665	(105,872)	

#### 11. Financial assets at fair value through other comprehensive income ("FVOCI")

	G	roup	Bank		
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000	
Financial assets at FVOCI:					
(a) Debt instruments	12,526,670	12,494,040	12,526,670	12,494,040	
(b) Equity instruments	77,534	63,951	78,397	64,689	
	12,604,204	12,557,991	12,605,067	12,558,729	

#### (a) Debt instrument at FVOCI

	Group and Bank		
	31.12.2021	31.12.2020	
	RM'000	RM'000	
Money market instruments			
Corporate Sukuk	7,143,163	9,314,815	
Malaysian Government Investment Issues	3,497,806	2,919,864	
Malaysian Islamic Treasury Bills	962,313	-	
Islamic Commercial Papers	923,388	259,361	
	12,526,670	12,494,040	

#### 11. Financial assets at fair value through other comprehensive income ("FVOCI") (continued)

#### (a) Debt instrument at FVOCI (continued)

Movement of allowance for impairment on financial assets at FVOCI:

	Group a	ind Bank	
	31.12.2021 RM'000	31.12.2020 RM'000	
Stage 1	102	2.65	
At 1 January 2021/2020	403	265	
Addition of impairment during the year	6,834	138	
At 31 December 2021/2020	7,237	403	

#### (b) Equity instrument at FVOCI

	Grou	սթ	Bank		
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000	
Quoted Shares - outside Malaysia	17,004	13,755	17,004	13,755	
Unquoted Shares - in Malaysia - outside Malaysia	60,515 15 60,530	50,194 2 50,196	61,378 15 61,393	50,932 2 50,934	
	77,534	63,951	78,397	64,689	

#### 12. Financial assets at amortised cost ("AC")

	G	Froup	Bank		
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000	
Debt instrument at amortised cost:					
Money market instrument:					
Malaysian Government Investment					
Issues	802,446	-	802,446	-	
Corporate sukuk	551,687	5,289	551,687	5,289	
	1,354,133	5,289	1,354,133	5,289	
Less: Allowance for impairment					
Stage 3					
- Corporate sukuk	(5,289)	(5,289)	(5,289)	(5,289)	
	1,348,844		1,348,844		

## 13. Financing, advances and others

## (a) By type and Shariah contract

Group and Bank 31.12.2021	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Bai' Al-Dayn RM'000	Bai' Al-Inah RM'000	At- Tawarruq RM'000	^Ijarah Muntahiah Bit-Tamleek RM'000	Istisna' RM'000	Total RM'000
At amortised cost								
Cash line	-	-	-	484	1,429,002	-	-	1,429,486
Term financing								
House financing	2,977,908	-	-	-	20,513,876	-	42,469	23,534,253
Syndicated								
financing	-	-	-	-	1,454,811	-	-	1,454,811
Leasing financing	-	-	-	-	-	96,020	-	96,020
Bridging financing	-	-	-	-	-	-	40,328	40,328
Personal financing	-	-	-	3,734	18,071,544	-	-	18,075,278
Other term								
financing	295,209	1,383,579	-	-	11,080,781	-	961	12,760,530
Staff financing	40,459	18,789	-	-	398,071	-	6,553	463,872
Credit cards	-	-	-	-	445,839	-	-	445,839
Trade bills discounted	-	622,908	107,820	-	87,051	-	-	817,779
Trust receipts	-	4,415	-	-	-	-	-	4,415
Pawn broking	-	95,124	-	-	-	-	-	95,124
-	3,313,576	2,124,815	107,820	4,218	53,480,975	96,020	90,311	59,217,735

Allowance for impairment on financing, advances and others

- Stage 1	(487,308)
- Stage 2	(303,998)
- Stage 3	(272,660)
Net financing, advances and others	58,153,769

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

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

	Bai' Bithaman		Bai'	Bai'	At-	^Ijarah Muntahiah		Ar-	
Group and Bank 31.12.2020	Ajil RM'000	Murabahah RM'000	Al-Dayn RM'000	Al-Inah RM'000	Tawarruq RM'000	Bit-Tamleek RM'000	Istisna' RM'000	Rahnu RM'000	Total RM'000
At amortised cost									
Cash line	-	-	-	1,465	1,287,126	-	-	-	1,288,591
Term financing									
House financing	3,238,398	-	-	-	18,280,073	-	45,780	-	21,564,251
Syndicated financing	-	-	-	-	1,459,016	-	-	-	1,459,016
Leasing financing	-	-	-	-	-	114,300	-	-	114,300
Bridging financing	-	-	-	-	-	-	47,380	-	47,380
Personal financing	-	-	-	5,256	16,816,181	-	-	-	16,821,437
Other term financing	487,567	1,411,820	-	15	10,736,190	-	1,119	-	12,636,711
Staff financing	46,367	15,847	-	-	307,861	-	7,584	-	377,659
Credit cards	-	-	-	-	447,471	-	-	-	447,471
Trade bills discounted	-	631,567	31,221	3,034	164,888	-	-	-	830,710
Trust receipts	-	5,584	5	-	-	-	-	-	5,589
Pawn broking		-	-	-	-	-	-	5,481	5,481
-	3,772,332	2,064,818	31,226	9,770	49,498,806	114,300	101,863	5,481	55,598,596

Allowance for impairment on financing, advances and others

- Stage 1	(653,983)
- Stage 2	(151,446)
- Stage 3	(122,532)
Net financing, advances and others	54,670,635

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

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

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

		Gre	oup	Bank		
	Note	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000	
House financing						
Unrestricted Investment						
Accounts	17	8,554,270	8,740,902	8,608,619	8,741,086	
Sold to Cagamas with						
recourse	18	2,001,720	1,501,187	2,001,720	1,501,187	
		10,555,990	10,242,089	10,610,339	10,242,273	
Personal financing Unrestricted Investment						
Accounts	17	1,898,632	3,627,626	1,952,982	3,627,811	

^ Assets funded under *Ijarah* financing are owned by the Bank throughout the tenure of the *Ijarah* financing and ownership of the assets will be transferred to customer at the end of financing tenure for a token consideration or other amount as specified in the *Ijarah* financing contract.

#### (b) By type of customer

	Group and Bank		
	31.12.2021	31.12.2020	
	RM'000	RM'000	
Domestic banking institutions	200,018	-	
Domestic non-bank financial institutions	1,089,617	1,473,316	
Domestic business enterprise	10,137,127	9,859,263	
Small and medium industries	2,169,436	1,799,003	
Government and statutory bodies	919,583	743,051	
Individuals	44,451,160	41,353,603	
Other domestic entities	21,676	102,008	
Foreign entities	229,118	268,352	
C C	59,217,735	55,598,596	

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

## (c) By profit rate sensitivity

	Grou	Group and Bank		
	31.12.2021	31.12.2020		
	RM'000	RM'000		
Fixed rate				
House financing	983,468	732,437		
Others	4,645,157	3,859,673		
Floating rate				
House financing	23,238,913	21,485,764		
Others	30,350,197	29,520,722		
	59,217,735	55,598,596		

#### (d) By remaining contractual maturity

	Group and Bank		
	31.12.2021	31.12.2020	
	RM'000	RM'000	
Maturity within one year	4,117,569	3,660,883	
More than one year to three years	1,731,612	1,516,856	
More than three years to five years	3,136,006	3,272,167	
More than five years	50,232,548	47,148,690	
	59,217,735	55,598,596	

## (e) By geographical distribution

	Group and Bank		
	31.12.2021	31.12.2020	
	RM'000	RM'000	
Central Region	26,946,146	25,745,132	
Eastern Region	9,368,591	8,757,468	
Northern Region	8,066,342	7,431,066	
Southern Region	10,247,330	9,416,361	
East Malaysia Region	4,589,326	4,248,569	
	59,217,735	55,598,596	

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

#### (f) By sector

	Group and Bank		
	31.12.2021	31.12.2020	
	RM'000	RM'000	
Primary agriculture	960,757	1,044,451	
Mining and quarrying	67,474	67,305	
Manufacturing (including agro-based)	1,008,846	1,001,272	
Electricity, gas and water	2,054,242	2,032,684	
Wholesale & retail trade, and hotels & restaurants	956,449	951,149	
Construction	2,864,869	2,736,468	
Transport, storage and communications	726,341	681,659	
Finance, insurance, real estate and business activities	4,735,590	4,557,954	
Education, health and others	1,387,814	1,168,902	
Household sectors	44,455,353	41,356,752	
	59,217,735	55,598,596	

#### (g) Movement in impaired financing and advances ("impaired financing") are as follows:

	Group and Bank	
	31.12.2021	31.12.2020
	RM'000	RM'000
At 1 January 2021/2020	373,234	433,001
Classified as impaired during the year	597,779	311,012
Reclassified as not impaired during the year	(212,296)	(190,989)
Amount recovered	(62,386)	(67,114)
Amount written-off	(127,948)	(112,676)
At 31 December 2021/2020	568,383	373,234
Gross impaired financing as a percentage of gross financing,		
advances and others	0.96%	0.67%

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

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

#### (h) Impaired financing by geographical distribution

	Grou	Group and Bank		
	31.12.2021	31.12.2020		
	RM'000	RM'000		
Central Region	395,781	174,617		
Eastern Region	68,146	86,291		
Northern Region	74,751	78,220		
Southern Region	17,458	19,167		
East Malaysia Region	12,247	14,939		
	568,383	373,234		

#### (i) Impaired financing by sector

	Group and Bank	
	31.12.2021	31.12.2020
	RM'000	RM'000
Manufacturing (including agro-based)	10,307	28,328
Wholesale & retail trade, and hotels & restaurants	76,992	89,812
Construction	285,246	36,220
Transport, storage and communications	15,311	17,801
Finance, insurance, real estate and business activities	5,932	6,141
Education, health and others	1,391	3,969
Household sectors	173,204	190,963
	568,383	373,234

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

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

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2020	431,135	148,115	172,197	751,447
Transfer to Stage 1	1,245	(1,179)	(66)	-
Transfer to Stage 2	(7,782)	10,508	(2,726)	-
Transfer to Stage 3	(264)	(7,659)	7,923	-
Net allowance made during the year	134,059	13,592	60,558	208,209
New financial assets originated or purchased	139,295	6,403	686	146,384
Financial assets that have been derecognised	(44,708)	(18,334)	(3,364)	(66,406)
Write-offs	-	-	(112,676)	(112,676)
Exchange differences	1,003	-	-	1,003
At 31 December 2020/1 January 2021	653,983	151,446	122,532	927,961
Transfer to Stage 1	2,461	(2,416)	(45)	-
Transfer to Stage 2	(7,311)	8,826	(1,515)	-
Transfer to Stage 3	(167)	(5,036)	5,203	-
Net allowance made during the year	(189,876)	164,283	277,396	251,803
New financial assets originated or purchased	98,862	8,326	2,029	109,217
Financial assets that have been derecognised	(68,660)	(21,431)	(4,992)	(95,083)
Write-offs	-	-	(127,948)	(127,948)
Exchange differences	(1,984)	-	-	(1,984)
At 31 December 2021	487,308	303,998	272,660	1,063,966

#### 14. Other assets

	Group		Bank		
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	
	RM'000	RM'000	RM'000	RM'000	
Other receivables	265,271	168,256	214,908	157,952	
Deposit and prepayments	50,343	41,012	43,730	40,457	
Related companies*	1,071	1,056	2,173	1,154	
	316,685	210,324	260,811	199,563	
Less: Allowance for impairment					
Stage 3					
- Other receivables	(3,731)	(2,975)	(3,731)	(2,975)	
	312,954	207,349	257,080	196,588	

\* This relates to amounts due from holding and related companies that are unsecured, not subject to compensation charges for late payment and repayment is neither fixed nor expected.

#### 15. Right-of-use assets and lease liabilities

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

	Group		Bank	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Right-of-use assets: Buildings	196,000	209,736	195,614	209,736
Lease liabilities	303,448	312,429	302,984	312,429

The statement of profit or loss shows the following amounts relating to leases:

	Group		Bank	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Depreciation charge on right-of-use				
assets	18,197	18,348	18,042	18,317
Finance cost	17,312	17,836	17,303	17,835
Expenses relating to short-term leases	35,165	35,192	35,012	35,477

## **16.** Deposits from customers

## a) By type and Shariah contract

	G 31.12.2021 RM'000	Group 31.12.2020 RM'000	] 31.12.2021 RM'000	Bank 31.12.2020 RM'000
<b>Saving Deposit</b> <i>Qard</i>	7,221,380	6,051,242	7,221,380	6,051,242
<b>Demand Deposit</b> Qard	12,954,014	11,742,875	12,968,663	11,752,697
Term Deposit	37,044,548	33,163,038	37,054,991	33,171,405
Special Investment Deposit Mudharabah	-	3,662	-	3,662
General Investment Deposit Mudharabah	149,833	176,359	149,833	176,359
Term Deposit - i <i>Tawarruq</i>	35,721,908	31,496,106	35,732,351	31,504,473
Negotiable Islamic Debt Certificates (NIDC)	1,172,807	1,486,911	1,172,807	1,486,911
Others	118,892	120,107	118,892	120,107
Total Deposits	57,338,834	51,077,262	57,363,926	51,095,451

#### b) Maturity structure of term deposits are as follows:

	Group		Bank	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Due within six months	22,267,682	18,093,028	22,268,464	18,093,941
More than six months to one year	11,193,457	9,960,654	11,196,267	9,962,675
More than one year to three years More than three years to five	1,252,439	2,336,348	1,259,290	2,341,781
years	2,330,970	2,773,008	2,330,970	2,773,008
	37,044,548	33,163,038	37,054,991	33,171,405

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

#### c) By type of customers

	Group		Bank	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial				
institutions	6,059,847	6,901,831	6,084,939	6,920,020
Business enterprises	22,935,511	20,921,604	22,935,511	20,921,604
Government and statutory				
bodies	16,414,063	13,033,032	16,414,063	13,033,032
Individuals	7,864,062	7,042,432	7,864,062	7,042,431
Domestic banking institutions	976,873	718,962	976,873	718,962
Others	3,088,478	2,459,401	3,088,478	2,459,402
	57,338,834	51,077,262	57,363,926	51,095,451

#### 17. Investment accounts of customers

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

	Gr	oup	Bank			
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000		
Unrestricted investment accou	ints					
Without maturity						
Mudharabah	6,655,637	5,113,275	6,655,637	5,113,275		
- Saving	5,343,189	4,446,643	5,343,189	4,446,643		
- Demand	1,312,448	666,632	1,312,448	666,632		
With maturity						
Wakalah	3,797,265	7,255,253	3,905,964	7,255,622		
	10,452,902	12,368,528	10,561,601	12,368,897		
Investment portfolio: - House financing - Personal financing	8,554,270 1,898,632 10,452,902	8,740,902 3,627,626 12,368,528	8,608,619 <u>1,952,982</u> 10,561,601	8,741,086 <u>3,627,811</u> 12,368,897		
Restricted investment accounts ("RIA") managed by the Bank^With maturityWakalah84911,915849						
Investment portfolio: - Other term financing	849	11,915	849	11,915		

<sup>^</sup> The Bank has an arrangement with Lembaga Tabung Haji where the Bank acts as an investment agent to manage and administer the RIA.

#### 17. Investment accounts of customers (continued)

#### (b) By type of customers

	Group		Bank	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Individuals Government and statutory	5,745,138	4,840,308	5,745,138	4,840,308
bodies	2,437,046	4,385,196	2,437,046	4,385,196
Business enterprises	1,267,853	1,130,539	1,267,853	1,130,539
Non-bank financial institutions	835,758	1,861,096	944,457	1,861,465
Others	167,107	151,389	167,107	151,389
	10,452,902	12,368,528	10,561,601	12,368,897

#### 18. Recourse obligations on financing sold to Cagamas

Recourse obligations on financing sold to Cagamas represents house financing accounts that are sold to Cagamas with recourse. Under the agreement, the Bank undertakes to administer the financing on behalf of Cagamas and to buy back any financing which are regarded as defective based on pre-determined and agreed-upon prudential criteria with recourse against the Bank. Such financing transactions and the obligation to buy back the financing are reflected as a liability on the statements of financial position. The financing are not de-recognised and are analysed in Note 13(a). The details are as follows:

Note	Nominal value RM'000	Issue date	Maturity Date	Profit rate (% p.a.)
(a)	1,500,000	25 May 2018	25 May 2023	4.75
(b)	500,000	15 May 2021	15 May 2024	2.95

#### 19. Subordinated Sukuk Murabahah

		Group a	Group and Bank	
	Note	31.12.2021 RM'000	31.12.2020 RM'000	
Issued under the RM1.0 billion Subordinated Sukuk Murabahah Programme				
Third tranche	(a)	301,962	302,046	
Issued under the RM10.0 billion Sukuk Murabahah				
Programme				
First tranche	(b)	302,286	302,243	
Second tranche	(c)	403,945	403,904	
Third tranche	(d)	704,971	704,971	
Fourth tranche	(e)	301,685	-	
		1,712,887	1,411,118	
		2,014,849	1,713,164	
Finance cost on Subordinated Sukuk Murabahah		72,575	73,622	

#### 19. Subordinated Sukuk Murabahah (continued)

The details of the issued subordinated Sukuk are as follows:

Note	Nominal value RM'000	Issue date	First call date*	Maturity Date	Profit rate (% p.a.)#
(a)	300,000	13 November 2017	12 December 2022	12 November 2027	5.08
(b)	300,000	7 November 2018	7 December 2023	7 November 2028	5.15
(c)	400,000	26 March 2020	26 March 2025	26 March 2030	3.75
(d)	700,000	21 October 2020	21 October 2025	21 October 2030	3.60
(e)	300,000	12 November 2021	12 November 2026	12 November 2031	4.10

\* Optional redemption date or any periodic payment date thereafter. # Accrued and payable semi-annually in arrears.

The Subordinated Sukuk Murabahah qualifies as Tier II capital for the computation of the regulatory capital of the Bank in accordance with the Capital Adequacy Framework (Capital Components) for Islamic Banks issued by BNM.

#### 20. Other liabilities

	G	Group		Bank	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000	
Other payables	877,901	357,571	848,589	344,347	
Advance payment	575,288	680,508	575,288	680,508	
Accruals	117,413	98,784	114,498	97,030	
	1,570,602	1,136,863	1,538,375	1,121,885	

Other payables include funds received by the Bank under various government funding schemes as part of government support measure in response to COVID-19 pandemic for specific financing purposes amounting to RM310,967,326 (2020: RM59,522,673) at concession rate.

## 21. Income derived from investment of depositors' funds

Group and Bank	3 month	s ended	12 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Income derived from investment of:				
(i) Saving and demand deposits	205,742	195,689	808,972	869,663
(ii) General investment deposits	1,945	2,536	8,891	12,404
(iii) Term deposit-i	348,404	337,572	1,394,791	1,564,207
(iv) Other deposits	12,438	12,945	47,418	57,739
_	568,529	548,742	2,260,072	2,504,013

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

Group and Bank	3 month	ns ended	12 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Finance income and hibah				
Financing, advances and				
others	177,808	169,998	680,037	677,884
Financial assets:		1		<b>5</b> 10 4
- at FVTPL	694 15 507	1,626	5,287	7,134
- at FVOCI - at AC	15,597 2,720	19,607 82	66,690 4,622	81,880 167
- at AC Money at call and deposits	2,720	82	4,022	107
with financial institutions	6,154	2,424	21,920	10,029
	202,973	193,737	778,556	777,094
Other dealing income				
Net (loss)/gain from sale of				
financial assets at FVTPL	(282)	(118)	(2,673)	216
Net gain/(loss) on revaluation				
of financial assets at FVTPL	1,360	(197)	1,949	(1,126)
	1,078	(315)	(724)	(910)
<i>Other operating income</i> Net gain from sale of financial				
assets at FVOCI	1,691	2,267	31,139	93,479
		2,207		
Other income				
Gain on disposal of leased				
assets			1	
	205,742	195,689	808,972	869,663
<i>c</i> 1 · 1				
of which Financing income earned on				
impaired financing	1,736	4,190	10,970	8,794
Unwinding of modification	1,750	7,170	10,770	0,724
loss	7,032	7,236	7,032	9,061
		• •		

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

(ii) Income derived from investment of general investment deposits

Group and Bank	3 mont	hs ended	<b>12 mon</b> t	12 months ended	
-	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000	
Finance income and hibah					
Financing, advances and					
others	1,731	2,266	7,713	10,088	
Financial assets:					
- at FVTPL	6	17	49	85	
- at FVOCI	119	204	604	965	
- at AC	21	1	38	2	
Money at call and deposits					
with financial institutions	48	27	202	141	
	1,925	2,515	8,606	11,281	
<i>Other dealing income</i> Net (loss)/gain from sale of					
financial assets at FVTPL Net gain/(loss) on revaluation	(2)	(1)	(25)	2	
of financial assets at FVTPL	9	(2)	15	(10)	
	7	(3)	(10)	(8)	
<i>Other operating income</i> Net gain from sale of financial					
assets at FVOCI	13	24	295	1,131	
	1,945	2,536	8,891	12,404	
of which					
Financing income earned on impaired financing	14	44	102	103	
Unwinding of modification loss	28	76	28	97	

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

Group and Bank	3 months ended		12 months ended		
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	
	RM'000	RM'000	RM'000	RM'000	
Finance income and hibah					
Financing, advances and					
others	301,165	292,785	1,171,513	1,216,391	
Financial assets:					
- at FVTPL	1,168	2,813	9,140	12,825	
- at FVOCI	26,349	33,778	114,824	146,921	
- at AC	4,596	150	7,940	297	
Money at call and deposits					
with financial institutions	10,411	4,206	37,770	18,178	
	343,689	333,732	1,341,187	1,394,612	

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

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

Group and Bank	3 months ended		12 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Other dealing income				
Net (loss)/gain from sale of				
financial assets at FVTPL	(453)	(293)	(4,481)	355
Net gain/(loss) on revaluation of financial assets at FVTPL	2,287	81	3,414	(1,532)
	1,834	(212)	(1,067)	(1,177)
<i>Other operating income</i> Net gain from sale of financial assets at FVOCI	2,880	4,052	54,669	170,772
Other income				
Gain on disposal of leased assets	1		2	
	348,404	337,572	1,394,791	1,564,207
		331,312	1,07 1,771	1,301,207
of which Financing income earned on				
impaired financing	2,888	7,329	18,964	15,959
Unwinding of modification loss	10,615	12,454	10,615	15,684

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

Group and Bank	3 months ended		12 mont	12 months ended	
-	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000	
Finance income and hibah					
Financing, advances and others	10,737	11,197	39,928	45,274	
Financial assets:					
- at FVTPL	43	112	314	487	
- at FVOCI	951	1,308	3,978	5,484	
- at AC	165	5	248	12	
Money at call and deposits with					
financial institutions	375	165	1,254	689	
	12,271	12,787	45,722	51,946	

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

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

Group and Bank	Group and Bank 3 months ended		12 mont	12 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000	
Other dealing income					
Net loss from sale of financial					
assets at FVTPL	(21)	(13)	(194)	(73)	
Net gain/(loss) on revaluation of					
financial assets at FVTPL	87	5	90	(63)	
	66	(8)	(104)	(136)	
<i>Other operating income</i> Net gain from sale of financial					
assets at FVOCI	101	166	1,800	5,929	
		100	1,000	5,727	
	12,438	12,945	47,418	57,739	
of which					
Financing income earned on					
impaired financing	86	294	638	626	
Unwinding of modification loss	601	334	601	464	

### 22. Income derived from investment account funds

Group and Bank	3 months ended		12 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Finance income				
Unrestricted investment accounts				
- Mudharabah	57,845	44,983	209,367	167,693
- Wakalah	70,317	80,115	282,865	339,200
Unwinding of modification loss	5,306	6,138	5,306	7,041
	133,468	131,236	497,538	513,934

## 23. Income derived from investment of shareholders' funds

Group	3 month	ns ended	12 mont	12 months ended	
L.	31.12.2021	31.12.2020	31.12.2021	31.12.2020	
	RM'000	RM'000	RM'000	RM'000	
Finance income and hibah					
Financing, advances and others	2,669	1,975	9,783	6,607	
Financial assets at FVOCI	43,521	46,342	177,794	190,253	
Money at call and deposits with					
financial institutions	100	37	131	40	
	46,290	48,354	187,708	196,900	
Other dealing income					
Net gain from foreign exchange					
transactions	6,067	9,134	32,485	43,478	
Net gain from sale of financial assets FVTPL	26		26		
Net gain/(loss) on revaluation of	20	-	20	-	
financial assets at FVTPL	10,489	(1,617)	11,029	(3,986)	
Net derivatives gain	1	3	7	31	
-	16,583	7,520	43,547	39,523	
Other energing income					
<i>Other operating income</i> Dividend from:					
- financial assets at FVOCI	_	503	_	503	
- financial assets at FVTPL	3,072	6,463	11,677	13,860	
Sale of investment in unit trust	-	28	-	28	
Rebate on investment in unit trust	599	499	2,217	979	
	3,671	7,493	13,894	15,370	
Fees and commission					
Fees	49,458	46,779	176,581	182,852	
Commission	3,578	1,216	13,542	6,484	
Others	7,121	5,202	20,987	16,152	
	60,157	53,197	211,110	205,488	
04					
<i>Other income</i> Net gain on disposal of property and					
equipment	26	-	603	3	
Rental income	78	685	1,631	2,549	
Other income	111	98	257	226	
	215	783	2,491	2,778	
	196 016	117 247	158 750	160.050	
	126,916	117,347	458,750	460,059	

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

Bank	3 montl 31.12.2021 RM'000	ns ended 31.12.2020 RM'000	12 month 31.12.2021 RM'000	ns ended 31.12 2020 RM'000
Finance income and hibah	2 ( ( 0	1 075	0 792	6 (07
Financing, advances and others Financial assets at FVOCI	2,669 43 521	1,975	9,783 177 704	6,607
Money at call and deposits with	43,521	46,342	177,794	190,253
financial institutions	1	-	-	3
	46,191	48,317	187,577	196,863
<i>Other dealing income</i> Net gain from foreign exchange				
transactions	6,074	9,157	32,519	43,531
Net gain/(loss) on revaluation of	0,07	2,107	0=,01>	10,001
financial assets at FVTPL	10,401	(1,616)	10,882	(3,982)
Net derivatives gain	1	3	7	31
	16,476	7,544	43,408	39,580
Other operating income				
Dividend from:				
- subsidiary	800	500	800	500
- financial assets at FVOCI	-	503	-	503
- financial assets at FVTPL	2,864	6,434	11,326	13,722
Sale of investment in unit trust	-	28	-	28
Rebate on investment in unit trust	599	499	2,217	979
	4,263	7,964	14,343	15,732
Fees and commission				
Fees	42,068	40,872	146,352	154,242
Commission	4,977	2,353	19,060	11,086
Others	4,691	4,929	17,214	15,793
	51,736	48,154	182,626	181,121
Other income				
Net gain on disposal of property and				
equipment	26	-	602	3
Rental income	459	783	2,308	2,931
Other income	64	45	86	83
	549	828	2,996	3,017
	119,215	112,807	430,950	436,313
		112,007		100,010

## 24. Net allowance for impairment on financing and advances

Group and Bank	3 months ended		12 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Net allowance for impairment on financing, advances and others				
- Stage 1	(219,939)	(29,304)	(159,674)	228,646
- Stage 2	92,054	18,729	151,178	1,661
- Stage 3	257,880	29,131	274,433	57,880
-	129,995	18,556	265,937	288,187
Bad debts and financing recovered	(18,812)	(22,091)	(75,199)	(79,516)
-	111,183	(3,535)	190,738	208,671

## 25. Income attributable to depositors

Group	3 mont	3 months ended		12 months ended	
-	31.12.2021	31.12.2020	31.12.2021	31.12.2020	
	RM'000	RM'000	<b>RM'000</b>	RM'000	
Deposits from customers					
- Mudharabah fund	215	1,075	2,109	4,758	
- Non-Mudharabah fund	189,510	184,696	736,559	930,187	
	109,910	104,070	100,000	250,107	
Deposits and placements of banks and other financial institutions					
- Non-Mudharabah fund	-	81	36	421	
Recourse obligation on financing sold					
to Cagamas	21,372	17,776	79,984	71,113	
	211,097	203,628	818,688	1,006,479	
Bank					
Deposits from customers					
- Mudharabah fund	215	1,075	2,109	4,758	
- Non-Mudharabah fund	189,562	184,739	736,754	930,408	
Deposits and placements of banks and other financial institutions					
- Non-Mudharabah fund	-	81	36	421	
Recourse obligation on financing sold					
to Cagamas	21,372	17,776	79,984	71,113	
	211,149	203,671	818,883	1,006,700	

## 26. Income attributable to investment account holders

	3 months ended		12 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Group				
Unrestricted investment accounts				
- Mudharabah	4,077	2,670	13,644	10,609
- Wakalah	36,545	42,275	146,483	211,417
	40,622	44,945	160,127	222,026
Bank				
Unrestricted investment accounts				
- Mudharabah	4,077	2,670	13,644	10,609
- Wakalah	37,033	42,275	146,999	211,417
	41,110	44,945	160,643	222,026

## 27. Personnel expenses

Group	3 months ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	177,996	117,871	564,759	495,809
Employees' Provident Fund	20,329	19,939	80,482	75,992
Other staff related costs	28,346	40,199	78,589	91,566
	226,671	178,009	723,830	663,367
Bank				
Salaries, allowances and bonuses	172,994	115,396	548,034	485,312
Employees' Provident Fund	19,480	19,618	78,019	74,534
Other staff related costs	26,548	39,111	75,731	89,515
	219,022	174,125	701,784	649,361

# 28. Other overhead expenses

Group	3 montl	ns ended	12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	<b>RM'000</b>	<b>RM'000</b>	RM'000
Promotion				
Credit and debit card expenses	15,986	9,535	48,642	40,574
Advertisement and publicity	11,217	4,668	20,290	12,469
Others	3,324	3,260	16,680	14,824
	30,527	17,463	85,612	67,867
Establishment				
Office rental	6,832	6,947	29,215	29,136
Depreciation of property and equipment	15,476	14,703	59,225	56,546
Depreciation right-of-use assets	4,341	4,612	18,197	18,348
Information technology expenses	16,070	7,880	72,490	56,133
Security services	1,839	2,240	8,877	9,442
Utilities	2,309	3,115	11,170	12,771
Office maintenance	2,743	2,795	10,216	10,847
Rental of equipment	1,254	1,779	5,950	6,056
Takaful	1,751	2,159	7,261	5,645
Others	-	-	320	320
	52,615	46,230	222,921	205,244
General expenses				
Outsourcing fees	(3,824)	3,497	12,673	15,676
Office supplies	1,709	2,326	8,333	9,911
Subscription fees	2,206	801	12,633	5,486
SMS service charges	5,286	5,855	19,647	14,274
Security services $-$ cash in transit	1,091	1,628	4,915	5,735
Professional fees	8,165	3,749	15,267	11,199
Others	24,897	23,414	79,921	75,693
	39,530	41,270	153,389	137,974
	122,672	104,963	461,922	411,085

# 28. Other overhead expenses (continued)

Bank	3 montl	ns ended	12 months ended		
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	
	RM'000	RM'000	<b>RM'000</b>	RM'000	
Promotion					
Credit and debit card expenses	15,986	9,535	48,642	40,574	
Advertisement and publicity	7,069	4,683	16,061	12,363	
Others	1,345	1,789	7,314	5,189	
	24,400	16,007	72,017	58,126	
Establishment					
Office rental	6,856	7,032	29,186	29,499	
Depreciation of property and equipment	15,242	14,655	58,803	56,341	
Depreciation right-of-use assets	4,225	4,612	18,042	18,317	
Information technology expenses	16,070	7,880	72,490	56,133	
Security services	1,839	2,240	8,877	9,442	
Utilities	2,238	3,101	11,036	12,698	
Office maintenance	2,664	2,739	9,973	10,635	
Rental of equipment	1,186	1,760	5,826	5,978	
Takaful	877	2,157	6,379	5,641	
Others			320	320	
	51,197	46,176	220,932	205,004	
General expenses					
Outsourcing fees	(756)	(939)	19,991	18,021	
Office supplies	1,690	2,283	8,239	9,788	
Subscription fees	2,203	800	12,630	5,483	
SMS service charges	5,286	5,855	19,647	14,274	
Security services – cash in transit	1,091	1,628	4,915	5,735	
Professional fees	6,788	3,649	13,396	10,956	
Others	22,693	28,587	77,295	75,115	
	38,995	41,863	156,113	139,372	
	114,592	104,046	449,062	402,502	

### **29.** Finance cost

Group		3 month	is ended	12 months ended		
	Note	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000	
Finance cost: - Subordinated Sukuk						
Murabahah	19	19,553	21,103	72,575	73,622	
- Profit expense on leases	15	4,552	4,403	17,312	17,836	
		24,105	25,506	89,887	91,458	
Bank						
Finance cost: - Subordinated Sukuk						
Murabahah	19	19,553	21,103	72,575	73,622	
- Profit expense on leases	15	4,545	4,403	17,303	17,835	
		24,098	25,506	89,878	91,457	

### **30.** Segmental Reporting on Revenue, Profit and Assets

Group	Consumer Banking RM'000	Corporate and Commercial Banking RM'000	Treasury RM'000	Shareholders unit RM'000	Elimination RM'000	Total RM'000
12 months ended 31 December 2021						
Total Revenue	1,929,505	609,975	582,957	67,426	(22,106)	3,167,757
Net fund based income	1,079,038	382,804	111,097	258,653	-	1,831,592
Non-fund based income	149,087	32,791	130,283	66,584	(21,395)	357,350
Net income	1,228,125	415,595	241,380	325,237	(21,395)	2,188,942
Net allowance for impairment	37,290	(228,028)	(6,650)	(756)	-	(198,144)
Profit before overheads, zakat & tax	1,265,415	187,567	234,730	324,481	(21,395)	1,990,798
Operating expenses						(1,286,577)
Profit before zakat & tax					-	704,221
12 months ended 31 December 2020						
Total Revenue	1,854,908	652,036	784,963	66,123	(15,828)	3,342,202
Net fund based income	941,306	351,755	146,795	141,026	-	1,580,882
Non-fund based income	141,779	38,377	309,411	58,855	(15,607)	532,815
Net income	1,083,085	390,132	456,206	199,881	(15,607)	2,113,697
Net allowance for impairment	(125,989)	(80,182)	257	-	-	(205,914)
Profit before overheads, zakat & tax	957,096	309,950	456,463	199,881	(15,607)	1,907,783
Operating expenses						(1,179,570)
Profit before zakat & tax					-	728,213

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

Group	Consumer Banking RM'000	Corporate and Commercial Banking RM'000	Treasury RM'000	Shareholders unit RM'000	Elimination RM'000	Total RM'000
3 months ended 31 December 2021						
Total Revenue	519,672	154,157	137,404	12,282	(7,239)	816,276
Net fund based income	277,326	106,332	22,561	69,842	-	476,061
Non-fund based income	40,721	10,794	24,464	19,216	(6,699)	88,496
Net income	318,047	117,126	47,025	89,058	(6,699)	564,557
Net allowance for impairment	39,648	(150,831)	41	(756)	-	(111,898)
Profit before overheads, zakat & tax	357,695	(33,705)	47,066	88,302	(6,699)	452,659
Operating expenses						(376,254)
Profit before zakat & tax					_	76,405
3 months ended 31 December 2020						
Total Revenue	463,350	152,741	127,203	20,055	(4,535)	758,814
Net fund based income	257,395	87,249	42,704	47,833	-	435,181
Non-fund based income	37,777	9,572	14,335	17,868	(4,492)	75,060
Net income	295,172	96,821	57,039	65,701	(4,492)	510,241
Net allowance for impairment	(49,568)	53,103	(57)	-	-	3,478
Profit before overheads, zakat & tax	245,604	149,924	56,982	65,701	(4,492)	513,719
Operating expenses						(311,786)
Profit before zakat & tax					—	201,933

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

	Consumer Banking RM'000	Corporate and Commercial Banking RM'000	Treasury RM'000	Shareholders unit RM'000	Elimination RM'000	Total RM'000
At 31 December 2021 Segment assets Unallocated assets Total assets	44,032,459	14,121,310	19,983,824	385,141	(274,839)	78,247,895 1,908,319 80,156,214
At 31 December 2020 Segment assets Unallocated assets Total assets	40,874,237	13,796,398	18,286,566	54,179	(35,164)	72,976,216 1,660,806 74,637,022

### **31.** Fair value of Financial Instruments

#### Fair value hierarchy

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

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

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

### **31.** Fair value of Financial Instruments (continued)

### Fair value hierarchy (continued)

Group 31 December 2021			fair value		Fair value of financial instruments not carried at fair value	Total	Carrying
RM'000	Level 1	Level 2	Level 3	Total	Level 3	fair value	amount
Financial assets							
Financial assets at FVTPL	-	1,582,494	-	1,582,494	-	1,582,494	1,582,494
Derivative financial assets	-	26,037	-	26,037	-	26,037	26,037
Financial assets at FVOCI	17,004	12,526,670	60,530	12,604,204	-	12,604,204	12,604,204
Financial assets at AC	-	-	-	-	1,330,502	1,330,502	1,348,844
Financing, advances and others	-	-	-	-	61,303,303	61,303,303	58,153,769
Financial liabilities							
Derivative financial liabilities	-	20,421	-	20,421	-	20,421	20,421
Recourse obligations on financing sold to Cagamas				_	2,044,330	2,044,330	2,001,720
C	-	-	-	-			
Subordinated Sukuk Murabahah	-	-	-	-	2,009,745	2,009,745	2,014,849
31 December 2020						1	
RM'000 Financial assets							
Financial assets at FVTPL	_	1,181,200	-	1,181,200	_	1,181,200	1,181,200
Derivative financial assets	_	61,665	-	61,665	_	61,665	61,665
Financial assets at FVOCI	13.755	12,494,040	50,196	12,557,991		12,557,991	12,557,991
Financing, advances and others	-	-	-	-	58,065,344	58,065,344	54,670,635
Financial liabilities							
<i>Financial liabilities</i> Derivative financial liabilities	-	105,872	-	105,872	-	105,872	105,872
	-	105,872	-	105,872	- 1,577,805	105,872 1,577,805	105,872 1,501,187

### **31.** Fair value of Financial Instruments (continued)

### Fair value hierarchy (continued)

Bank 31 December 2021	1	Fair value of fin carried a	ancial instrun at fair value	nents	Fair value of financial instruments not carried at fair value	Total	Carrying
RM'000	Level 1	Level 2	Level 3	Total	Level 3	fair value	amount
<b>T</b> '' <b>' I</b> (							
<i>Financial assets</i> Financial assets at FVTPL		1 550 500		1 550 500		1 550 500	1 550 500
Derivative financial assets	-	1,550,700	-	1,550,700	-	1,550,700	1,550,700
Financial assets at FVOCI	-	26,037	-	26,037	-	26,037	26,037
Financial assets at AC	17,004	12,526,670	61,393	12,605,067	-	12,605,067	12,605,067
	-	-	-	-	1,330,502	1,330,502	1,348,844
Financing, advances and others	-	-	-	-	61,303,303	61,303,303	58,153,769
Financial liabilities							
Derivative financial liabilities	-	20,421	-	20,421	-	20,421	20,421
Recourse obligations on financing sold to Cagamas	_	_	_	-	2,044,330	2,044,330	2,001,720
Subordinated Sukuk Murabahah	-	-	-	-	2,009,745	2,009,745	2,001,720
		-	-	-	2,009,743	2,009,743	2,014,049
31 December 2020 RM'000							
Financial assets							
Financial assets at FVTPL	-	1,175,440	-	1,175,440	-	1,175,440	1,175,440
Derivative financial assets	-	61,665	-	61,665	-	61,665	61,665
Financial assets at FVOCI	13,755	12,494,040	50,934	12,558,729	-	12,558,729	12,558,729
Financing, advances and others	-	-	-	-	58,065,344	58,065,344	54,670,635
	-	-	-	-	58,065,344	58,065,344	54,670,635
Financial liabilities		105 972	-				
	-	- 105,872	-	- 105,872	58,065,344 - 1,577,805	58,065,344 105,872 1,577,805	54,670,635 105,872 1,501,187

#### **31.** Fair value of Financial Instruments (continued)

Fair value hierarchy (continued)

#### Unobservable inputs used in measuring fair value

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

(a) Financial instruments carried at fair value

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

(b) Financial instruments not carried at fair value

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

(i) Other financial assets at amortised cost

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

(ii) Financing, advances and others

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

(iii) Subordinated Sukuk Murabahah and recourse obligations on financing sold to Cagamas

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

#### 32. Commitment and Contingencies

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

As at 31 December 2021	Principal Amount RM'000		Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
Credit related exposures				
Direct credit substitutes	501,511		501,511	503,088
Transaction related contingent items Short-term self-liquidating trade related	903,458		451,729	438,976
contingencies	417,940		83,588	83,012
Other commitments, such as formal standby facilities and credit lines, with an original maturity of: - exceeding one year 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	1,246,592		623,295	503,494
in a borrower's creditworthiness	8,110,490		-	-
	11,179,991		1,660,123	1,528,570
	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000

RM'000	RM'000	RM'000	RM'000
7,505,850	25,120	114,431	66,277
79,153	917	2,368	1,735
7,585,003	26,037	116,799	68,012
18,764,994	26,037	1,776,922	1,596,582
	7,505,850 79,153 7,585,003	7,505,850       25,120         79,153       917         7,585,003       26,037	7,505,850       25,120       114,431         79,153       917       2,368         7,585,003       26,037       116,799

#### 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 2020	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
Credit related exposures			
Direct credit substitutes	449,506	449,506	442,426
Transaction related contingent items Short-term self-liquidating trade related	899,541	449,770	436,481
contingencies	592,744	118,549	117,165
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:			
- exceeding one year 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	938,247	469,124	362,317
in a borrower's creditworthiness	8,676,980	-	-
	11,557,018	1,486,949	1,358,389

	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
Derivative Financial Instruments				
Foreign exchange related contracts				
- less than one year	8,518,422	59,494	143,217	60,587
Profit rate related contracts				
- one year to less than five years	114,056	2,171	5,414	4,045
	8,632,478	61,665	148,631	64,632
Total	20,189,496	61,665	1,635,580	1,423,021

### 33. Capital adequacy

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

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

	Group		Bank	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
CET I & Tier I capital ratio	13.179%	14.667%	12.799%	14.642%
Total capital ratio	18.561%	19.822%	18.203%	19.804%

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

	Gro	up	Ba	nk
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Paid-up share capital	3,445,757	3,306,118	3,445,757	3,306,118
Retained earnings	2,965,080	2,797,307	2,965,659	2,791,044
Other reserves	(10,899)	182,274	(121,843)	182,423
Less:				
Deferred tax assets	(193,214)	(1,511)	(191,773)	-
Gain on financial instruments				
classified as FVOCI	-	(103,564)	-	(103,564)
Investment in subsidiaries		-	(100,905)	(15,525)
Total CET I and Tier I Capital	6,206,724	6,180,624	5,996,895	6,160,496
Sukuk Murabahah	2,000,000	1,700,000	2,000,000	1,700,000
Loss provision ^	534,465	472,256	532,094	472,005
Total Tier II Capital	2,534,465	2,172,256	2,532,094	2,172,005
Total Capital	8,741,189	8,352,880	8,528,989	8,332,501

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

#### **33.** Capital adequacy (continued)

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

	Group		Bai	ık
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Credit risk	50,180,739	46,862,577	50,080,971	46,842,825
Less : Credit risk absorbed by unrestricted investment accounts	(7,423,579)	(9,082,114)	(7,513,437)	(9,082,416)
	42,757,160	37,780,463	42,567,534	37,760,409
Market risk	489,559	638,925	489,559	638,925
Operational risk	3,847,886	3,719,636	3,797,811	3,675,867
	47,094,605	42,139,024	46,854,904	42,075,201

#### 34. Prior year adjustments

The prior year adjustments are to restate the comparatives of the Translation Reserves and Retained Earnings balances in relation to foreign exchange differences from prior periods arising from the Bank's net investment in its offshore banking operations in the Federal Territory of Labuan.

The effects of the restatement of the financial statements are summarized below:

Group 1 January 2020	As previously reported RM'000	Adjustment RM'000	Restated RM'000
Translation reserves	(106,938)	93,716	(13,222)
Retained earnings	2,594,820	(93,716)	2,501,104
Bank 1 January 2020 Translation reserves Retained earnings	(106,805) 2,589,798	93,716 (93,716)	(13,089) 2,496,082

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

### **B1.** Performance review for the financial year ended 31 December 2021

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

	Group			
	12 month	12 months ended		
	31.12.2021	31.12.2020	Varian	ce
Key Profit or Loss Items:	RM'000 RM'000		RM'000	%
Revenue	3,167,757	3,342,202	(174,445)	-5.2
Net Income	2,188,942	2,113,697	75,245	3.6
Profit Before Zakat and Taxation	704,221	728,213	(23,992)	-3.3
Profit After Zakat and Taxation	534,305	564,954	(30,649)	-5.4

Bank Islam Group ("Bank Islam" or "the Group") recorded a Profit Before Zakat and Taxation ("PBZT") of RM704.2 million for the financial year ended 31 December 2021, lower by 3.3% over the corresponding period in 2020. The decrease in PBZT was mainly due to lower non fund based income and higher operating overheads, and was offset by a lower of modification loss arising from the financing moratorium granted to customers. The Group recognised RM48.9 million modification loss as compared to RM136.4 million recognised in the previous year.

The performance translates to Group's earnings per share of 21.87 sen and Return on Equity ("ROE") of 8.4% (after tax and zakat).

The non-fund based income decreased by RM175.5 million for the financial year ended 31 December 2021 as compared to corresponding year, which was mainly due to lower investment income, particularly lower net gain from sale of financial assets at FVOCI.

The higher overheads by RM108.6 million was mainly due to higher staff costs and general expenses by RM68.9 million and RM23.4 million respectively.

Net allowance charged for impairment on financing and advances of RM190.7 million for financial year ended 31 December 2021, was lower by RM18.0 million as compared to RM208.7 million in the same period last year, as lower pre-emptive impairment provision in the form of management overlay was set aside for the current year.

The Group's total assets grew year-on-year by 7.4% to stood at RM80.2 billion at end 31 December 2021. Net assets per share was at RM3.08.

Gross financing grew by 6.5% year-on-year to RM59.2 billion, while customer deposits and investment accounts stood at RM67.8 billion with a year-on-year increase by RM4.3 billion or 6.8%. Total current and saving accounts and transactional investment accounts ("CASATIA") composition is at healthy level of 39.6% of total customer deposits and investment accounts.

As at 31 December 2021, the gross impaired financing ratio increased to 0.96% compared to 0.67% at end December 2020.

The Group's Total Capital Ratio remained strong at 18.6% as at 31 December 2021.

### **B1.** Performance review for the financial year ended **31** December **2021** (continued)

#### **Operating Segment**

Consumer Banking's reported net income of RM1.2 billion for the financial year ended 31 December 2021, 13.4% higher than previous year, attributed mainly from higher net fund-based income. Gross financing for Consumer Banking as at end December 2021 stood at RM44.5 billion, a year-on-year growth of 7.5%, mainly driven by growth in house financing.

Corporate and Commercial Banking recorded net income of RM415.6 million, higher by 6.5% from previous year mainly due to higher net fund based income. Total gross financing for the segment stood at RM14.7 million.

Treasury registered net income of RM241.4 million for the period, lower by 47.1% than previous year mainly due to lower net gain from sale of financial assets at FVOCI. Segment assets stood at RM20.0 billion.

	Gro	Group		
	3 months	3 months ended		
	31.12.2021	31.12.2021 31.12.2020		ce
Key Profit or Loss Items:	<b>RM'000</b>	RM'000 RM'000		%
Revenue	816,276	758,814	57,462	7.6
Net Income	564,557	510,241	54,316	10.6
Profit Before Zakat and Taxation	76,405	201,933	(125,528)	-62.2
Profit After Zakat and Taxation	79,638	177,212	(97,574)	-55.1

#### Current Quarter vs. Previous Year Corresponding Quarter

For the fourth quarter ended 31 December 2021 ("4Q2021"), Bank Islam Group reported a profit before zakat and tax ("PBZT") of RM76.4 million, a decrease of 62.2% from the corresponding quarter last year ("4Q2020"). The lower PBZT was due to higher allowance charged for impairment on financing and advances during the current period mainly due to Expected Credit Loss provided to one non-retail customer which turn impaired in the period.

Gross fund based income increased by RM44.0 million or 6.4% mainly driven by income from financing which record increase of RM43.8 million. The non-fund based income also increased by RM13.4 million for 4Q2021 as compared to 4Q2020, which was mainly due to higher investment income, particularly higher net gain from revaluation of financial assets at FVTPL.

Total overheads were higher by RM65.9 million or 23.0% over 4Q2020 overheads mainly due to higher staff costs and promotion expenses by RM48.7 million and RM13.1 million respectively.

**B2.** Comparison with the preceding quarter's results for the three months performance (Fourth Quarter 2021 vs. Third Quarter 2021)

	Group					
	3 months	3 months ended				
	31.12.2021 30.09.2021		31.12.2021 30.09.2021		Variance	
Key Profit or Loss Items:	RM'000 RM'000		RM'000	%		
Revenue	816,276	746,219	70,057	9.4		
Net Income	564,557	500,906	63,651	12.7		
Profit Before Zakat and Taxation	76,405	152,841	(76,436)	-50.0		
Profit After Zakat and Taxation	79,638	101,630	(21,992)	-21.6		

Bank Islam Group's PBZT for the 4Q2021 of RM76.4 million, was lower by 50.0% over the PBZT of immediate preceding quarter ("3Q2021"). The decrease was mainly due to higher allowance charged for impairment on financing and advances during the current period mainly due to Expected Credit Loss provided to one non-retail customer which turn impaired in the period.

Gross fund based income increased by RM62.3 million or 9.4% mainly driven by income from financing. The non-fund based income also increased by RM7.8 million for 4Q2021 as compared to 3Q2021, which was mainly due to higher investment income.

Total overheads were higher by RM67.0 million or 23.0% over the corresponding quarter last year mainly due to higher staff costs and promotion expenses by RM48.9 million and RM12.5 million respectively.

### **B3.** Prospects for 2022

Economic recovery is expected in FY2022 with Gross Domestic Product ("GDP") of 5.3%, despite downward revision of 2021 GDP to 3.0% (previous projection: 4.2%). This is in light of gradual normalisation of domestic economic activities amid higher vaccination rates and easing restrictions on production capacity which will bolster GDP expansion alongside with improving global trade.

The domestic banking sector is expected to stay resilient in 2022 amid the challenges of the Covid pandemic. Even as impairments begin to surface in the coming year, credit losses will be amply cushioned by healthy earnings accretion, comfortable provisioning buffers and solid capitalisation. Driven by household segment with mortgages as the main driver, overall sentiments shall remain positive for banking sector with continued support to viable consumers facing temporary financial difficulties through repayment assistance packages. In addition, Bank Negara Malaysia ("BNM") has released a new five-year Financial Services Blueprint 2022 – 2026 in January this year. The blueprint is anchored on 4 key thrusts in fostering greater market dynamism and advancing the sustainability agenda to support the transition towards a greener economy.

We have gone into the first year of LEAP25. Our 5-year aspiration of LEAP25 is to increase the asset size and ESG-rated financing assets, reduce Cost-to-Income ratio, sustain superior industry Return-to-Equity ("ROE"), increase our non-fund based income ("NFBI") contribution, creating positive social impact and retain high-performing talents. The Bank's targets are anchored by the six pillars namely Sustainable Prosperity, Value Based Culture, Community Empowerment, Customer Centricity, Real Economy and Digitalisation.

Gearing up for 2022 as the economy moves into the recovery period, the Bank will be focusing on the goal and executing the right strategy. Our customers will always be at the heart of our strategy execution. Cost rationalisation will still be our focus. Prioritising our spending accordingly where necessary allocation will be made in the necessary areas.

### **B3.** Prospects for 2022 (continued)

The Bank is currently approaching the tail end of its IT Blueprint Phase 1, which was started in the middle of 2021. The Bank is positive, with us moving into the Phase 2 of the IT Blueprint, this will escalate the digitalisation of the Bank's operations further. In addition, the Bank is gearing towards the launch of its own digital channel in 2022, which is expected to further improve customer experience.

Subsequent the completion of the restructuring in Q4 2021, the Bank has become the first pure-play full-fledged Islamic financial institution listed on the Main Market of Bursa Malaysia. Consequently, the Bank will have access to a wider and diverse capital base, allowing greater opportunity for future expansion programmes and business growth.

### B4. Variance from profit forecast and profit guarantee

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

### **B5.** Tax expense

### Major components of tax expense

	3 months ended		12 mont	hs ended
Group	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Malaysia income tax:				
Current year	21,077	(122,648)	183,112	67,027
(Over)/Under provision in prior years	(17,418)	(27,737)	145,996	(27,738)
Deferred tax expense relating to origination				
and reversal of temporary differences				
arising from:				
Current year	(23,398)	172,436	(23,614)	110,077
Under/(Over) provision in prior years	15,477	2,108	(147,853)	2,123
	(4,262)	24,159	157,641	151,489

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

	3 months ended		12 mont	hs ended
Group	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Profit before tax	76,405	201,933	704,221	728,213
Income tax calculated using				
Malaysian tax rate of 24%	18,337	48,464	169,013	174,771
Income not subject to tax	(4,672)	(1,660)	(4,806)	(1,920)
Non-deductible expenses	(6,095)	5,575	5,182	6,844
Effects from change in tax rate	(7,011)	-	(7,011)	-
Zakat	(2,880)	(2,591)	(2,880)	(2,591)
Over provision in prior years	(1,941)	(25,629)	(1,857)	(25,615)
Tax expense	(4,262)	24,159	157,641	151,489

### **B5.** Tax expense (continued)

	3 months ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Bank	RM'000	RM'000	RM'000	RM'000
Malaysia income tax:				
Current year	20,896	(122,692)	182,802	66,860
(Over)/Under provision in prior years	(17,329)	(27,757)	146,001	(27,757)
Deferred tax expense relating to origination				
and reversal of temporary differences				
arising from:				
Current year	(23,398)	172,436	(23,614)	110,077
Under/(Over) provision in prior years	15,397	2,128	(147,933)	2,128
	(4,434)	24,115	157,256	151,308

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

	3 months ended		12 mont	hs ended
Bank	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Profit before tax	83,900	202,151	710,625	726,836
Income tax calculated using				
Malaysian tax rate of 24%	20,136	48,517	170,550	174,441
Income not subject to tax	(4,713)	(1,634)	(4,713)	(1,634)
Non-deductible expenses	(8,034)	5,452	3,242	6,721
Effects from change in tax rate	(7,011)	-	(7,011)	-
Zakat	(2,880)	(2,591)	(2,880)	(2,591)
Over provision in prior years	(1,932)	(25,629)	(1,932)	(25,629)
Tax expense	(4,434)	24,115	157,256	151,308

#### **B6.** Significant events

On 11 December 2019, the former immediate holding company, BIMB Holdings Berhad ("BHB") had announced and proposed to undertake several corporate exercises ("the Proposals"). Subsequently, BHB has obtained approvals from Minister of Finance (on the recommendation of BNM), BNM, shareholders and warrant holders of BHB.

On 23 February 2021, BHB has announced that it has received approval from Bursa Securities for the listing and quotation of BHB shares to be issued pursuant to the proposed placements and admission of the Bank to the official list of Bursa Securities and the listing of and quotation for the entire issued share capital of the Bank on the Main Market of Bursa Securities pursuant to the proposed transfer of listing.

BHB on 13 April 2021 has announce that it has completed the book building exercise pursuant to the proposed placement and has raised gross proceeds of RM795.6 million. The proceeds raised together with internal cash of BHB has been used to fully redeem outstanding sukuk by BHB on 3 June 2021 with total redemption amount of RM988.4 million.

#### **B6.** Significant events (continued)

On 27 August 2021, BHB has announced the completion of scheme of arrangement following the payment to the warrantsholders amounting RM162.15 million.

On 3 September 2021, the Bank has completed a consolidation of its ordinary shares into 2,075,872,514 Bank Islam shares to match BHB's outstanding shares in issue so that the distribution of the Bank shares will be on a one-for-one basis.

The internal reorganisation which entailed the disposal by BHB of its entire shareholdings in BIMB Securities (Holdings) Sdn. Bhd., BIMB Securities Sdn. Bhd. and Syarikat Al Ijarah Sdn. Bhd. to the Bank was completed on 13 September 2021 following the payment made by the Bank.

On 7 October 2021, the distribution and capital repayment, was completed following the distribution of BHB's entire shareholding in Bank Islam and Syarikat Takaful Malaysia Keluarga Berhad to its shareholders. Concurrently, BHB has issued two (2) new ordinary shares to Bank Islam such that BHB is now a wholly-owned subsidiary of Bank Islam.

On 8 October 2021, the transfer of listing status has been completed following the de-listing of BHB from the Main Market of Bursa Securities and the listing of and quotation for Bank Islam in its place.

The Group has adopted predecessor accounting and consolidated the acquired entity results, assets and liabilities prospectively from the date on which the business combination between entities under common control occurred. Consequently, the consolidated financial statements do not reflect the results of the acquired entities for the period before the transaction occurred. The corresponding amounts for the previous year are not restated. The differences between the consideration given and the aggregated carrying amounts of the asset and liabilities (as of the date of transaction) of the acquired entities amounting to RM111,187,596 is recorded as an adjustment to equity. No additional goodwill is recognised.

#### **B7.** Status of utilisation of proceeds raised from corporate proposals

The proceeds raised from the issuances of all debt securities in prior years have been used for working capital, general banking and other corporate purposes, as intended.

#### B8. Deposits and placements of financial institutions and debt securities and borrowings

	Group	
	31.12.2021	31.12.2020
	RM'000	RM'000
Deposits from customers		
Mudharabah and Tawarruq term deposits		
and Negotiable Islamic Debt Certificates		
- One year or less (short-term)	36,498,398	31,392,481
- More than one year (medium/long-term)	546,150	1,770,557
	37,044,548	33,163,038
Current accounts	12,954,014	11,742,875
Savings accounts	7,221,380	6,051,242
Others	118,892	120,107
Total deposits	57,338,834	51,077,262
Investment accounts of customers		
- One year or less (short-term)	10,444,989	12,358,608
- More than one year (medium/long-term)	7,913	9,920
	10,452,902	12,368,528

**B8.** Deposits and placements of financial institutions and debt securities and borrowings (continued)

	As at 31.12.2021		
RM'000	Long term	Short term	Total borrowings
Secured			
- Recourse obligations on financing sold to Cagamas	2,000,000	1,720	2,001,720
Unsecured			
- Subordinated Sukuk Murabahah	1,700,000	314,849	2,014,849

	As at 31.12.2020		
RM'000	Long term	Short term	Total borrowings
Secured			
- Recourse obligations on financing sold to Cagamas	1,500,000	1,187	1,501,187
Unsecured			
- Subordinated Sukuk Murabahah	1,700,000	13,164	1,713,164

The borrowings comprise the following:

a) Recourse obligations on financing sold to Cagamas represents house financing accounts that are sold to Cagamas with recourse. Under the agreement, the Bank undertakes to administer the financing on behalf of Cagamas and to buy back any financing which are regarded as defective based on pre-determined and agreed-upon prudential criteria with recourse against the Bank. Such financing transactions and the obligation to buy back the financing are reflected as a liability on the statements of financial position. The financing are not de-recognised and are analysed in Note 13(a). The details are as follows:

	Nominal value RM'000	Issue date	Maturity Date	Profit rate (% p.a.)
(i)	1,500,000	25 May 2018	25 May 2023	4.75
(ii)	500,000	15 May 2021	15 May 2024	2.95

#### b) Subordinated Sukuk Murabahah

	Nominal value RM'000	Issue date	First call date*	Maturity date	Profit rate (% p.a.)#
(i)	300,000	13 November 2017	12 December 2022	12 November 2027	5.08
(ii)	300,000	7 November 2018	7 December 2023	7 November 2028	5.15
(iii)	400,000	26 March 2020	26 March 2025	26 March 2030	3.75
(iv)	700,000	21 October 2020	21 October 2025	21 October 2030	3.60
(v)	300,000	12 November 2021	12 November 2026	12 November 2031	4.10

\* Optional redemption date or any periodic payment date thereafter.

# Accrued and payable semi-annually in arrears.

#### **B9.** Material litigation

(a) On 16 April 201 9, 5 Star Room Hotel Sdn Bhd ("Plaintiff") filed a civil suit against Bank Islam and claimed damages for a breach of promise to grant a financing facility to Pan Asian Resorts Sdn Bhd (Plaintiff's parent company). The Plaintiff claimed for an amount of RM400,000,000.00.

Bank Islam had filed the Defence on 21 May 2019.

On 4 June 2019, the Plaintiff had filed the application to amend Writ of Summons and Statement of Claim ("the Application").

On 7 August 2019, the High Court ("HC") had directed parties to file respective submissions in regards to the Application by 28 August 2019.

On 1 October 2019, the HC allowed the Application with no order as to cost.

On 20 December 2019, Bank Islam had filed an application for striking out Order 18 ("O.18").

On 6 July 2020, the HC had fixed the hearing for Bank Islam's preliminary objection ("PO") against the Plaintiff's Further Affidavit in Reply due to the said affidavit was filed beyond 14 days and in contrary with service of affidavit (Order 32 ("0.32")) and Application FS.

The HC had fixed 13 July 2020 for decision on the PO and O.18. On 13 July 2020, the HC had allowed O.18 with cost of RM7,500.00 and Bank Islam's PO was dismissed.

On 29 July 2020, the Plaintiff had filed an appeal to the Court of Appeal ("COA") against the HC's decision.

On 15 December 2020, the COA had fixed for case management on 22 February 2021 for Plaintiff/Appellant to update the Court on the status of the Written Grounds of Judgment from Alor Setar, High Court.

On 22 February 2021, the COA had fixed the next case management date on 14 April 2021 pending Written Grounds of Judgment from Alor Setar, High Court. The hearing date will only be fixed once the Written Grounds of Judgment is ready from Alor Setar, High Court.

On 14 April 2021, COA was informed that the Plaintiff/Appellant had received Written Grounds of Judgment from Alor Setar, High Court. Hence, the COA had fixed the Hearing of the Appeal on 30 August 2021.

On 17 August 2021, the Plaintiff/Appellant's Solicitor had filed the Motion to withdraw from representing the Appellants in the Appeal.

The Court had fixed the Motion for hearing on 30 August 2021 and the Hearing of the Appeal would be adjourned pending the disposal of the said Motion.

On 30 August 2021, the COA had allowed the Plaintiff/Appellant's Solicitor Motion to withdraw themselves from representing Plaintiff/Appellant in this Appeal.

The COA had fixed the next case management date on 31 December 2021 for the Plaintiff/Appellant to appoint a new Solicitor.

On 30 September 2021, the COA had fixed the Hearing of the Plaintiff/Appellant's Appeal on 15 February 2022.

#### **B9.** Material litigation (continued)

(a) On 15 February 2022, COA unanimously dismissed the Plaintiff/Appellant's Appeal with costs of RM10,000.00 to be paid by the Plaintiff/Appellants to Bank Islam.

Plaintiff/Appellant have until 15 March 2022 to file motion for leave to appeal in the Federal Court. As at date of the report, there was no motion filed by the Plaintiff/Appellant.

(b) On 20 August 2019, Bank Islam filed a civil suit against 5 Star Room Hotel Sdn Bhd ("Customer") and the guarantors, namely Tang Wooi Chon, Chunsi Kudkumkong, Tang Woan Rou and Tang Woanren (collectively be referred to as "the Defendants") claiming for an amount of RM120,738,812,69 being the outstanding financing facilities granted by Bank Islam to the Customer whose accounts had been defaulted.

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

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

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

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

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

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

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

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

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

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

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

On 24 August 2021, the Defendants had filed the motion for leave to appeal to Federal Court ("FC"). The FC had fixed the case management on 23 September 2021.

On 23 September 2021, the case management has been postponed to 29 September 2021.

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

#### **B9.** Material litigation (continued)

(b) On 14 October 2021, the Defendants requested time to file Notice of Motion for leave to appeal at FC. The FC had fixed the case management on 29 October 2021.

On 29 October 2021, the FC had instructed parties to file Affidavit in reply to the Notice of Motion and fixed the case management on 24 November 2021.

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

Hearing of Motion for Extension of Time to File Leave to Appeal to FC and Motion for Leave to Appeal to FC fixed on 21 March 2022.

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

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

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

The Plaintiff claimed for the following:

- i. RM43,958,509.29 being the difference between the balance sum and total principal sum deposited;
- ii. RM15,910,619.62 for lost of profit on deposit sum;
- iii. Alternatively RM11,443,914.00 for lost of profit on deposit sum;
- iv. General damages;
- v. Exemplary damages; and
- vi. Interest

The First Defendants Solicitors had entered Appearance on 8 November 2021 and has requested for an extension of two weeks from 24 November 2021 to file Defence. The Court fixed for next Case Management on 24 November 2021.

On 24 November 2021, the Court directed First Defendant to file Defence on 8 December 2021 and Plaintiff to file Reply to Defence by 5 January 2022.

Case Management was fixed on 20 January 2022 and subsequently another Case Management has been fixed on 22 February 2022 for First Defendant to inform the court on the status of the application for leave proceedings in the Bankruptcy Court, so as to bring third party proceedings against Second Defendant.

On 22 February 2022, the Court had given the following directions:

- 1) The Plaintiff's application to serve the Writ and Statement of Claim on the Second Defendant by way of substituted service was allowed;
- 2) The next case management was fixed on 22 March 2022 to inform the Court regarding the service of the Writ and Statement of Claim on the Second Defendant and further directions to be given; and
- 3) First Defendant to file and serve the Third Party Notice on the Second Defendant.

### **B10.** Dividend

- (a) On 4 June 2021, the Bank paid a final single tier dividend of 5.37 sen per ordinary share amounting RM139.6 million for the financial year ended 31 December 2020. The final dividend was fully reinvested through the issuance of 42,966,054 new ordinary shares at RM3.25 each via the Dividend Reinvestment Plan ("DRP").
- (b) i) On 29 November 2021, Board of Directors of Bank Islam Malaysia Berhad ("Bank Islam") had declared an interim dividend of 10.93 sen per ordinary share in Bank Islam for the financial year ended 31 December 2021 and paid on 20 January 2022.

From the total dividend amount declared of RM226.9 million, approximately 12% or RM27.6 million was distributed as cash dividend whilst the remaining 88% amounting to RM199.3 million was reinvested to subscribe for 79,396,600 new ordinary shares at RM2.51 each via the Dividend Reinvestment Plan. The new ordinary shares were listed on 21 January 2022.

- ii) Amount per share: Single tier dividend of 10.93 sen.
- iii) Previous corresponding period: Nil.
- iv) Payment date: 20 January 2022.
- v) Entitlement to dividend was determined on the basis of the record of shareholders as at book closing date on 24 December 2021.

#### **B11.** Earnings per share

#### **Basic earnings per share**

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

	3 months ended		12 months ended	
Group	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Net profit for the period under review attributable to equity				
holders of the parent	79,638	177,212	534,305	564,954
Number of ordinary shares	2,075,873	2,600,367	2,075,873	2,600,367
Number of average ordinary shares	2,075,873	2,600,366	2,443,188	2,546,005
Earnings per share (sen)	3.84	6.81	21.87	22.19

#### **Diluted earnings per share**

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

#### B12. Foreign exchange exposure/hedging policy

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

	As at		
	31.12.2021	31.12.2020	
RM equivalent	RM'000	RM'000	
USD	102,934	165,180	
EURO	(97,001)	(101,164)	
Others	26,717	21,747	

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

#### **B13.** Material impairment of assets

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

	As at 31 December 2021			
	Carrying value before impairment	Impairment losses	Carrying value after impairment	Market value
Group	RM'000	RM'000	RM'000	RM'000
Financing, advances and others	59,217,735	(1,063,966)	58,153,769	61,303,303

	As at 31 December 2020			
	Carrying value before impairment	Impairment losses	Carrying value after impairment	Market value
Group	RM'000	RM'000	RM'000	RM'000
Financing, advances and others	55,598,596	(927,961)	54,670,635	58,065,344

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

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

#### **B13.** Material impairment of assets (continued)

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

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

The Group considers the economic and financial measures announced by the Government, i.e. automatic moratorium as well as rescheduling and restructuring for eligible customers are granted as part of an unprecedented government effort to support the economy amid the pandemic, rather than in response to the financial circumstances of individual customers. Judgement is exercised in determining the significant increase in credit risk for customers receiving relief assistance and do not automatically result in a stage transfer.

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

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

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

### **B14.** Derivatives

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

	Notional amount 31.12.2021 RM'000	Fair value 31.12.2021 RM'000	Notional amount 31.12.2020 RM'000	Fair value 31.12.2020 RM'000
Trading derivatives				
Foreign exchange related contracts				
- Less than one year	7,505,850	5,367	8,518,422	(44,734)
Profit rate related contracts				
- One year to 3 years	79,153	249	-	-
- More than 3 years	-	-	114,056	527
	7,585,003	5,616	8,632,478	(44,207)

#### Market risk

Market risk on derivatives is the potential loss to the value of these contracts due to changes in prices of the underlying item such as equities, interest rates, foreign exchange rates, credit spreads, commodities or other indices. The notional or contractual amounts provide only the volume of transactions outstanding at the reporting date and not the amount of risk. Exposure to market risk may be reduced through offsetting items from on and off-balance sheet positions. As at 31 December 2021, the amount of contracts which were not hedged and, hence, exposed to market risk was RM489.56 million (31 December 2020: RM638.93 million).

#### Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Bank has a gain position. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices. As at 31 December 2021, the credit risk measured in terms of the cost to replace the profitable contracts, was RM116.80 million (31 December 2020: RM148.63 million).

#### Liquidity risk

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

#### **Cash Requirements of the Derivatives**

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

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

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

# B15. The amount of gains/losses arising from fair value changes of its financial liabilities for the current quarter and financial year to date

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

	3 months ended 31.12.2021 RM'000	12 months ended 31.12.2021 RM'000
Trading derivatives		
Net loss arising from fair value changes from		
derivatives assets and liabilities	(60)	(273)

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