

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

Statements of Financial Position as at 31 March 2022

	Note	Group		Bank	
		31.03.2022 RM'000	31.12.2021 RM'000	31.03.2022 RM'000	31.12.2021 RM'000
Assets					
Cash and short-term funds	8	5,274,042	5,222,848	5,256,945	5,204,364
Financial assets at fair value through profit or loss (“FVTPL”)	9	1,415,059	1,582,494	1,383,133	1,550,700
Derivative financial assets	10	18,441	26,037	18,441	26,037
Financial assets at fair value through other comprehensive income (“FVOCI”)	11	12,318,158	12,604,204	12,319,021	12,605,067
Financial assets at amortised cost (“AC”)	12	1,511,892	1,348,844	1,511,892	1,348,844
Financing, advances and others	13	58,693,949	58,153,769	58,693,949	58,153,769
Other assets	14	297,392	312,954	253,005	257,080
Statutory deposits with Bank Negara Malaysia		323,165	264,050	323,165	264,050
Current tax assets		7,086	7,047	6,662	6,662
Deferred tax assets		195,302	193,214	194,330	191,773
Right-of-use assets	15	191,839	196,000	191,568	195,614
Investments in subsidiaries		-	-	100,905	100,905
Property and equipment		254,599	244,753	252,014	241,952
Total assets		<u>80,500,924</u>	<u>80,156,214</u>	<u>80,505,030</u>	<u>80,146,817</u>
Liabilities and equity					
Deposits from customers	16	55,116,305	57,338,834	55,137,717	57,363,926
Investment accounts of customers	17	12,932,173	10,452,902	13,048,977	10,561,601
Derivative financial liabilities	10	12,744	20,421	12,744	20,421
Bills and acceptance payable		28,195	20,112	28,195	20,112
Recourse obligations on financing sold to Cagamas	18	2,001,721	2,001,720	2,001,721	2,001,720
Subordinated Sukuk Murabahah	19	2,027,882	2,014,849	2,027,882	2,014,849
Other liabilities	20	1,396,955	1,570,602	1,372,264	1,538,375
Lease liabilities	15	300,471	303,448	300,144	302,984
Zakat and taxation		28,151	33,388	27,962	33,256
Total liabilities		<u>73,844,597</u>	<u>73,756,276</u>	<u>73,957,606</u>	<u>73,857,244</u>

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

Statements of Financial Position as at 31 March 2022 (continued)

	Note	Group		Bank	
		31.03.2022 RM'000	31.12.2021 RM'000	31.03.2022 RM'000	31.12.2021 RM'000
Equity					
Share capital		3,645,043	3,445,757	3,645,043	3,445,757
Reserves		<u>3,011,284</u>	<u>2,954,181</u>	<u>2,902,381</u>	<u>2,843,816</u>
Total equity		<u>6,656,327</u>	<u>6,399,938</u>	<u>6,547,424</u>	<u>6,289,573</u>
Total liabilities and equity		<u>80,500,924</u>	<u>80,156,214</u>	<u>80,505,030</u>	<u>80,146,817</u>
Restricted investment accounts managed by the Bank	17	691	849	691	849
Total Islamic banking asset owned and managed by the Bank		<u>80,501,615</u>	<u>80,157,063</u>	<u>80,505,721</u>	<u>80,147,666</u>
Commitments and Contingencies	32	<u>18,717,473</u>	<u>18,764,994</u>	<u>18,717,473</u>	<u>18,764,994</u>
Net assets per share attributable to equity holders of the Bank (RM)		<u>3.09</u>	<u>3.08</u>	<u>3.04</u>	<u>3.03</u>

The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and of the Bank for the financial year ended 31 December 2021.

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

Statements of Profit or Loss for the three months ended 31 March 2022

	Note	Group		Bank	
		31.03.2022 RM'000	31.03.2021 RM'000	31.03.2022 RM'000	31.03.2021 RM'000
Income derived from investment of depositors' funds	21	587,634	552,756	587,634	552,756
Income derived from investment account funds	22	103,051	118,965	103,051	118,965
Income derived from investment of shareholders' funds	23	83,259	99,194	74,539	94,232
Net allowance for impairment on financing and advances, net of recoveries	24	(43,309)	(11,840)	(43,309)	(11,840)
Net allowance for impairment on other financial assets		(2,065)	225	(2,065)	225
Direct expenses		(2,545)	(3,601)	(2,545)	(3,601)
Total distributable income		726,025	755,699	717,305	750,737
Wakalah fees from restricted investment accounts		28	7	28	7
Income attributable to depositors	25	(223,819)	(200,213)	(223,870)	(200,262)
Income attributable to investment account holders	26	(27,042)	(38,231)	(27,575)	(38,231)
Total net income		475,192	517,262	465,888	512,251
Personnel expenses	27	(178,544)	(168,421)	(171,454)	(164,087)
Other overhead expenses	28	(112,567)	(112,526)	(109,680)	(112,185)
		184,081	236,315	184,754	235,979
Finance cost	29	(24,757)	(21,840)	(24,752)	(21,840)
Profit before zakat and tax		159,324	214,475	160,002	214,139
Zakat		(3,749)	(3,751)	(3,750)	(3,750)
Tax expense	B5	(49,658)	(52,013)	(48,865)	(51,882)
Profit for the period		105,917	158,711	107,387	158,507
Earnings per share (sen)	B11	4.95	6.10		

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

Statements of Other Comprehensive Income for the three months ended 31 March 2022

	Group		Bank	
	31.03.2022 RM'000	31.03.2021 RM'000	31.03.2022 RM'000	31.03.2021 RM'000
Profit for the period	<u>105,917</u>	<u>158,711</u>	<u>107,387</u>	<u>158,507</u>
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	8,446	(12,205)	8,438	(12,232)
Movement in fair value reserve (debt instruments):				
Net change in fair value	(59,813)	(264,538)	(59,813)	(264,538)
Changes in expected credit loss	(1,710)	41	(1,710)	41
Net amount transferred to profit or loss	(634)	(28,662)	(634)	(28,662)
Income tax effect relating to components of other comprehensive income	<u>14,918</u>	<u>70,358</u>	<u>14,918</u>	<u>70,358</u>
	(38,793)	(235,006)	(38,801)	(235,033)
Items that will not be reclassified to profit or loss				
Movement in fair value reserve (equity instruments):				
Net change in fair value	<u>(10,021)</u>	<u>(880)</u>	<u>(10,021)</u>	<u>(880)</u>
Other comprehensive income for the period, net of tax	<u>(48,814)</u>	<u>(235,886)</u>	<u>(48,822)</u>	<u>(235,913)</u>
Total comprehensive income for the period	<u>57,103</u>	<u>(77,175)</u>	<u>58,565</u>	<u>(77,406)</u>

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

Consolidated Statement of Changes in Equity for the three months ended 31 March 2022

Group	<i>← Attributable to equity holders →</i>			Total equity RM'000
	<i>← Non-distributable →</i>	<i>Distributable</i>		
	Share capital RM'000	Other Reserves RM'000	Retained earnings RM'000	
At 1 January 2022	3,445,757	(10,899)	2,965,080	6,399,938
Profit for the period	-	-	105,917	105,917
Currency translation difference in respect of foreign operations	-	8,446	-	8,446
Fair value reserve (debt instruments):				
Net change in fair value	-	(59,813)	-	(59,813)
Changes in expected credit loss	-	(1,710)	-	(1,710)
Net amount transferred to profit or loss	-	(634)	-	(634)
Income tax effect relating to components of other comprehensive income	-	14,918	-	14,918
Fair value reserve (equity instruments):				
Net change in fair value	-	(10,021)	-	(10,021)
Total comprehensive income for the period	-	(48,814)	105,917	57,103
Issue of shares pursuant to Dividend Reinvestment Plan	199,286	-	-	199,286
At 31 March 2022	3,645,043	(59,713)	3,070,997	6,656,327
At 1 January 2021	3,306,118	182,274	2,797,307	6,285,699
Profit for the period	-	-	158,711	158,711
Currency translation difference in respect of foreign operations	-	(12,205)	-	(12,205)
Fair value reserve (debt instruments):				
Net change in fair value	-	(264,538)	-	(264,538)
Changes in expected credit loss	-	41	-	41
Net amount transferred to profit or loss	-	(28,662)	-	(28,662)
Income tax effect relating to components of other comprehensive income	-	70,358	-	70,358
Fair value reserve (equity instruments):				
Net change in fair value	-	(880)	-	(880)
Total comprehensive income for the period	-	(235,886)	158,711	(77,175)
At 31 March 2021	3,306,118	(53,612)	2,956,018	6,208,524

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

Statement of Changes in Equity for the three months ended 31 March 2022

	← Attributable to equity holders of the Bank →			
	← Non-distributable →	Distributable		Total Equity RM'000
Bank	Share Capital RM'000	Other Reserves RM'000	Retained earnings RM'000	
At 1 January 2022	3,445,757	(121,843)	2,965,659	6,289,573
Profit for the period	-	-	107,387	107,387
Currency translation difference in respect of foreign operations	-	8,438	-	8,438
Fair value reserve (debt instruments):				
Net change in fair value	-	(59,813)	-	(59,813)
Changes in expected credit loss	-	(1,710)	-	(1,710)
Net amount transferred to profit or loss	-	(634)	-	(634)
Income tax effect relating to components of other comprehensive income	-	14,918	-	14,918
Fair value reserve (equity instruments):				
Net change in fair value	-	(10,021)	-	(10,021)
Total comprehensive income for the period	-	(48,822)	107,387	58,565
Issue of shares pursuant to Dividend Reinvestment Plan	199,286	-	-	199,286
At 31 March 2022	3,645,043	(170,665)	3,073,046	6,547,424
At 1 January 2021	3,306,118	182,423	2,791,044	6,279,585
Profit for the period	-	-	158,507	158,507
Currency translation difference in respect of foreign operations	-	(12,232)	-	(12,232)
Fair value reserve (debt instruments):				
Net change in fair value	-	(264,538)	-	(264,538)
Changes in expected credit loss	-	41	-	41
Net amount transferred to profit or loss	-	(28,662)	-	(28,662)
Income tax effect relating to components of other comprehensive income	-	70,358	-	70,358
Fair value reserve (equity instruments):				
Net change in fair value	-	(880)	-	(880)
Total comprehensive income for the period	-	(235,913)	158,507	(77,406)
At 31 March 2021	3,306,118	(53,490)	2,949,551	6,202,179

The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and of the Bank for the financial year ended 31 December 2021.

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

Condensed Statements of Cash Flow for the financial year ended 31 March 2022

	Group		Bank	
	31.03.2022 RM'000	31.03.2021 RM'000	31.03.2022 RM'000	31.03.2021 RM'000
Profit before zakat and tax	159,324	214,475	160,002	214,139
Adjustment for non-cash items	118,113	60,104	117,730	60,083
Operating profit before working capital changes	277,437	274,579	277,732	274,222
Changes in working capital:				
Net changes in operating assets	(656,811)	(527,466)	(668,259)	(535,285)
Net changes in operating liabilities	83,503	(2,165,857)	95,464	(2,157,944)
Net cash used in from operations	(295,871)	(2,418,744)	(295,063)	(2,419,007)
Zakat and tax paid	(45,818)	(55,194)	(45,551)	(55,148)
Net cash used in operating activities	(341,689)	(2,473,938)	(340,614)	(2,474,155)
Net cash generated from investing activities	199,855	176,842	200,031	176,884
Net cash generated from/ (used in) financing activities	184,583	(15,093)	184,725	(15,093)
Net increase/ (decrease) in cash and cash equivalents	42,749	(2,312,189)	44,142	(2,312,364)
Cash and cash equivalents at beginning of the year	5,222,848	5,216,737	5,204,364	5,216,280
Exchange difference on translation	8,445	(12,206)	8,439	(12,232)
Cash and cash equivalents at end of the period	5,274,042	2,892,342	5,256,945	2,891,684

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 2021.

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

(Incorporated in Malaysia)

Unaudited Interim Financial Statements

Notes to the unaudited interim financial statements for the three months ended 31 March 2022

1. Basis of preparation

The unaudited interim financial statements of the Group and of the Bank for the three months ended 31 March 2022 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 2021. 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 2021.

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 2021, except for the adoption of the following amendments to Malaysian Financial Reporting Standards (“MFRS”):

- Annual improvements to MFRS Standards 2018-2020
- Amendments to MFRS 3, *Business Combinations*
- Amendments to MFRS 116, *Property, Plant and Equipment*
- Amendments to MFRS 137, *Onerous Contract – Cost of Fulfilling a Contract – Provisions, Contingent Liabilities and Contingent Assets*

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 2021 was not qualified.

3. Seasonal or cyclical factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the three months ended 31 March 2022.

4. Unusual items

There were no unusual items in the three months ended 31 March 2022.

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

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 three months ended 31 March 2022.

6. Sukuk and equity securities

On 21 January 2022, the Group and the Bank increased its issued and paid-up capital from 2,075,872,514 to 2,155,269,114 via the issuance of 79,396,600 new ordinary shares for a consideration of RM2.51 each arising from Dividend Reinvestment Plan. There was no sukuk or share buy-back during the three months ended 31 March 2022.

7. Subsequent events during the three months ended 31 March 2022

There was no subsequent event during the three months ended 31 March 2022 other than as disclosed in Note 34.

8. Cash and short-term funds

	Group		Bank	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	706,191	754,313	704,549	751,187
Money at call and interbank placements with remaining maturity not exceeding three months	<u>4,567,851</u>	<u>4,468,535</u>	<u>4,552,396</u>	<u>4,453,177</u>
	<u>5,274,042</u>	<u>5,222,848</u>	<u>5,256,945</u>	<u>5,204,364</u>

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

	Group		Bank	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Unit trust	279,587	295,395	247,671	263,611
Malaysian Islamic Treasury Bills	1,135,462	1,131,574	1,135,462	1,131,574
Islamic Commercial Paper	-	145,300	-	145,300
Corporate Sukuk	10	10,225	-	10,215
	<u>1,415,059</u>	<u>1,582,494</u>	<u>1,383,133</u>	<u>1,550,700</u>

Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)]**(Incorporated in Malaysia)****Unaudited Interim Financial Statements****10. Derivative financial assets/ liabilities**

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

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

Group and Bank	31.03.2022			31.12.2021		
	Notional amount RM'000	Fair value		Notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Forward contracts	7,401,309	17,739	(12,237)	7,505,850	25,120	(19,753)
Profit rate swaps	70,125	702	(507)	79,153	917	(668)
	7,471,434	18,441	(12,744)	7,585,003	26,037	(20,421)

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

	Group		Bank	
	31.03.2022 RM'000	31.12.2021 RM'000	31.03.2022 RM'000	31.12.2021 RM'000
Financial assets at FVOCI:				
(a) Debt instruments	12,250,645	12,526,670	12,250,645	12,526,670
(b) Equity instruments	67,513	77,534	68,376	78,397
	12,318,158	12,604,204	12,319,021	12,605,067

(a) Debt instrument at FVOCI

	Group and Bank	
	31.03.2022 RM'000	31.12.2021 RM'000
Money market instruments		
Corporate Sukuk	6,915,405	7,143,163
Malaysian Government Investment Issues	3,640,884	3,497,806
Malaysian Islamic Treasury Bills	1,084,833	962,313
Islamic Commercial Papers	609,523	923,388
	12,250,645	12,526,670

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

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 and Bank	
	31.03.2022	31.12.2021
	RM'000	RM'000
Stage 1		
At 1 January 2022/ 2021	7,237	403
Addition of impairment during the period/ year	<u>1,710</u>	<u>6,834</u>
At 31 March 2022/ 31 December 2021	<u><u>8,947</u></u>	<u><u>7,237</u></u>

(b) Equity instrument at FVOCI

	Group		Bank	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Quoted Shares				
- outside Malaysia	<u>6,983</u>	17,004	<u>6,983</u>	17,004
Unquoted Shares				
- in Malaysia	60,515	60,515	61,378	61,378
- outside Malaysia	<u>15</u>	15	<u>15</u>	15
	<u>60,530</u>	<u>60,530</u>	<u>61,393</u>	<u>61,393</u>
	<u><u>67,513</u></u>	<u><u>77,534</u></u>	<u><u>68,376</u></u>	<u><u>78,397</u></u>

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

	Group and Bank	
	31.03.2022	31.12.2021
	RM'000	RM'000
<i>Debt instrument at amortised cost:</i>		
Malaysian Government Investment Issues	923,261	802,446
Corporate sukuk	<u>593,920</u>	<u>551,687</u>
	1,517,181	1,354,133
Less: Allowance for impairment		
Stage 3		
- Corporate sukuk	<u>(5,289)</u>	<u>(5,289)</u>
	<u>1,511,892</u>	<u>1,348,844</u>

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

13. Financing, advances and others

(a) By type and Shariah contract

Group and Bank 31.03.2022	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	-	-	-	350	1,071,310	-	-	1,071,660
Term financing								
House financing	2,905,703	-	-	-	21,142,994	-	41,359	24,090,056
Syndicated financing	-	-	-	-	1,427,610	-	-	1,427,610
Leasing financing	-	-	-	-	-	100,149	-	100,149
Bridging financing	-	-	-	-	-	-	38,521	38,521
Personal financing	-	-	-	3,331	18,638,646	-	-	18,641,977
Other term financing	259,523	1,357,904	-	19	10,970,713	-	937	12,589,096
Staff financing	38,898	19,033	-	-	417,256	-	6,342	481,529
Credit cards	-	-	-	-	453,379	-	-	453,379
Trade bills discounted	-	631,622	99,530	-	62,666	-	-	793,818
Trust receipts	-	5,107	-	-	-	-	-	5,107
Pawn broking	-	106,104	-	-	-	-	-	106,104
	3,204,124	2,119,770	99,530	3,700	54,184,574	100,149	87,159	59,799,006
Allowance for impairment on financing, advances and others								
- Stage 1								(454,162)
- Stage 2								(358,079)
- Stage 3								(292,816)
Net financing, advances and others								58,693,949

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

13. Financing, advances and others (continued)

(a) By type and Shariah contract (continued)

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

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

13. Financing, advances and others (continued)

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

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

	Note	Group		Bank	
		31.03.2022 RM'000	31.12.2021 RM'000	31.03.2022 RM'000	31.12.2021 RM'000
House financing					
Unrestricted Investment Accounts	17	9,821,860	8,554,270	9,880,262	8,608,619
Sold to Cagamas with recourse	18	<u>2,001,721</u>	<u>2,001,720</u>	<u>2,001,721</u>	<u>2,001,720</u>
		<u>11,823,581</u>	<u>10,555,990</u>	<u>11,881,983</u>	<u>10,610,339</u>
Personal financing					
Unrestricted Investment Accounts	17	<u>3,110,313</u>	<u>1,898,632</u>	<u>3,168,715</u>	<u>1,952,982</u>

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

(b) By type of customer

	Group and Bank	
	31.03.2022 RM'000	31.12.2021 RM'000
Domestic banking institutions	-	200,018
Domestic non-bank financial institutions	1,039,660	1,089,617
Domestic business enterprise	9,895,294	10,137,127
Small and medium industries	2,172,011	2,169,436
Government and statutory bodies	897,482	919,583
Individuals	45,550,345	44,451,160
Other domestic entities	20,751	21,676
Foreign entities	223,463	229,118
	<u>59,799,006</u>	<u>59,217,735</u>

Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)]**(Incorporated in Malaysia)****Unaudited Interim Financial Statements****13. Financing, advances and others (continued)****(c) By profit rate sensitivity**

	Group and Bank	
	31.03.2022	31.12.2021
	RM'000	RM'000
Fixed rate		
House financing	975,379	983,468
Others	3,953,166	4,645,157
Floating rate		
House financing	23,806,629	23,238,913
Others	31,063,832	30,350,197
	<u>59,799,006</u>	<u>59,217,735</u>

(d) By remaining contractual maturity

	Group and Bank	
	31.03.2022	31.12.2021
	RM'000	RM'000
Maturity within one year	3,973,449	4,117,569
More than one year to three years	1,794,560	1,731,612
More than three years to five years	2,984,308	3,136,006
More than five years	51,046,689	50,232,548
	<u>59,799,006</u>	<u>59,217,735</u>

(e) By geographical distribution

	Group and Bank	
	31.03.2022	31.12.2021
	RM'000	RM'000
Central Region	26,761,102	26,946,146
Eastern Region	9,569,869	9,368,591
Northern Region	8,238,073	8,066,342
Southern Region	10,584,046	10,247,330
East Malaysia Region	4,645,916	4,589,326
	<u>59,799,006</u>	<u>59,217,735</u>

Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)]**(Incorporated in Malaysia)****Unaudited Interim Financial Statements****13. Financing, advances and others (continued)****(f) By sector**

	Group and Bank	
	31.03.2022	31.12.2021
	RM'000	RM'000
Primary agriculture	972,767	960,757
Mining and quarrying	61,369	67,474
Manufacturing (including agro-based)	958,609	1,008,846
Electricity, gas and water	2,041,446	2,054,242
Wholesale & retail trade, and hotels & restaurants	994,610	956,449
Construction	2,765,647	2,864,869
Transport, storage and communications	737,642	726,341
Finance, insurance, real estate and business activities	4,324,700	4,735,590
Education, health and others	1,388,286	1,387,814
Household sectors	45,553,930	44,455,353
	59,799,006	59,217,735

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

	Group and Bank	
	31.03.2022	31.12.2021
	RM'000	RM'000
At 1 January 2022/ 2021	568,383	373,234
Classified as impaired during the period/ year	122,262	597,779
Reclassified as not impaired during the period/ year	(40,789)	(212,296)
Amount recovered	(18,199)	(62,386)
Amount written-off	(19,856)	(127,948)
At 31 March 2022/ 31 December 2021	611,801	568,383
Gross impaired financing as a percentage of gross financing, advances and others	1.02%	0.96%

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

(h) Impaired financing by geographical distribution

	Group and Bank	
	31.03.2022	31.12.2021
	RM'000	RM'000
Central Region	410,302	395,781
Eastern Region	77,591	68,146
Northern Region	81,490	74,751
Southern Region	29,774	17,458
East Malaysia Region	12,644	12,247
	611,801	568,383

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

13. Financing, advances and others (continued)

(i) Impaired financing by sector

	Group and Bank	
	31.03.2022	31.12.2021
	RM'000	RM'000
Manufacturing (including agro-based)	10,224	10,307
Wholesale & retail trade, and hotels & restaurants	79,698	76,992
Construction	278,950	285,246
Transport, storage and communications	8,225	15,311
Finance, insurance, real estate and business activities	4,397	5,932
Education, health and others	186	1,391
Household sectors	230,121	173,204
	<u>611,801</u>	<u>568,383</u>

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

Group and Bank	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 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)
	<u>487,308</u>	<u>303,998</u>	<u>272,660</u>	<u>1,063,966</u>
At 31 December 2021/1 January 2022				
Transfer to Stage 1	1,030	(1,010)	(20)	-
Transfer to Stage 2	(3,930)	4,617	(687)	-
Transfer to Stage 3	(69)	(7,763)	7,832	-
Net allowance made during the period	(39,029)	61,029	33,850	55,850
New financial assets originated or purchased	16,370	738	-	17,108
Financial assets that have been derecognised	(5,792)	(3,530)	(963)	(10,285)
Write-offs	-	-	(19,856)	(19,856)
Exchange differences	(1,726)	-	-	(1,726)
At 31 March 2022	<u>454,162</u>	<u>358,079</u>	<u>292,816</u>	<u>1,105,057</u>

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

14. Other assets

	Group		Bank	
	31.03.2022 RM'000	31.12.2021 RM'000	31.03.2022 RM'000	31.12.2021 RM'000
Other receivables	249,271	265,271	211,348	214,908
Deposit and prepayments	50,466	50,343	43,648	43,730
Related companies*	1,386	1,071	1,740	2,173
	<u>301,123</u>	<u>316,685</u>	<u>256,736</u>	<u>260,811</u>
Less: Allowance for impairment Stage 3				
- Other receivables	(3,731)	(3,731)	(3,731)	(3,731)
	<u>297,392</u>	<u>312,954</u>	<u>253,005</u>	<u>257,080</u>

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

15. Right-of-use assets and lease liabilities

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

	Group		Bank	
	31.03.2022 RM'000	31.12.2021 RM'000	31.03.2022 RM'000	31.12.2021 RM'000
Right-of-use assets (Buildings)				
As at 1 January 2022/ 2021	196,000	209,736	195,614	209,736
Addition	-	4,461	-	3,920
Depreciation	(4,161)	(18,197)	(4,046)	(18,042)
As at 31 March 2022/ 31 December 2021	<u>191,839</u>	<u>196,000</u>	<u>191,568</u>	<u>195,614</u>
Lease liabilities				
As at 1 January 2022/ 2021	303,448	312,429	302,984	312,429
Addition	-	4,512	-	3,915
Payment of lease liabilities	(7,223)	(30,818)	(7,081)	(30,676)
Finance cost	4,244	17,312	4,239	17,303
Effects of movement in exchange rates	2	13	2	13
As at 31 March 2022/ 31 December 2021	<u>300,471</u>	<u>303,448</u>	<u>300,144</u>	<u>302,984</u>

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

16. Deposits from customers

a) By type and Shariah contract

	Group		Bank	
	31.03.2022 RM'000	31.12.2021 RM'000	31.03.2022 RM'000	31.12.2021 RM'000
Saving Deposit				
<i>Qard</i>	7,263,774	7,221,380	7,263,774	7,221,380
Demand Deposit				
<i>Qard</i>	12,261,485	12,954,014	12,273,407	12,968,663
Term Deposit	35,471,275	37,044,548	35,480,765	37,054,991
General Investment Deposit				
<i>Mudharabah</i>	141,738	149,833	141,738	149,833
Term Deposit - i				
<i>Tawarruq</i>	34,356,927	35,721,908	34,366,417	35,732,351
Negotiable Islamic Debt Certificates (NIDC)	972,610	1,172,807	972,610	1,172,807
Others	119,771	118,892	119,771	118,892
Total Deposits	<u>55,116,305</u>	<u>57,338,834</u>	<u>55,137,717</u>	<u>57,363,926</u>

b) Maturity structure of term deposits are as follows:

	Group		Bank	
	31.03.2022 RM'000	31.12.2021 RM'000	31.03.2022 RM'000	31.12.2021 RM'000
Due within six months	21,851,971	22,267,682	21,852,372	22,268,464
More than six months to one year	10,148,776	11,193,457	10,151,600	11,196,267
More than one year to three years	1,154,265	1,252,439	1,160,530	1,259,290
More than three years to five years	2,316,263	2,330,970	2,316,263	2,330,970
	<u>35,471,275</u>	<u>37,044,548</u>	<u>35,480,765</u>	<u>37,054,991</u>

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

(Incorporated in Malaysia)

Unaudited Interim Financial Statements

16. Deposits from customers (continued)

c) By type of customers

	Group		Bank	
	31.03.2022 RM'000	31.12.2021 RM'000	31.03.2022 RM'000	31.12.2021 RM'000
Domestic non-bank financial institutions	5,400,535	6,059,847	5,421,947	6,084,939
Business enterprises	21,850,723	22,935,511	21,850,723	22,935,511
Government and statutory bodies	15,951,799	16,414,063	15,951,799	16,414,063
Individuals	7,877,802	7,864,062	7,877,802	7,864,062
Domestic banking institutions	810,904	976,873	810,904	976,873
Others	3,224,542	3,088,478	3,224,542	3,088,478
	<u>55,116,305</u>	<u>57,338,834</u>	<u>55,137,717</u>	<u>57,363,926</u>

17. Investment accounts of customers

(a) By type and Shariah contract

	Group		Bank	
	31.03.2022 RM'000	31.12.2021 RM'000	31.03.2022 RM'000	31.12.2021 RM'000
Unrestricted investment accounts				
Without maturity				
<i>Mudharabah</i>	6,711,547	6,655,637	6,711,547	6,655,637
- <i>Saving</i>	5,287,255	5,343,189	5,287,255	5,343,189
- <i>Demand</i>	1,424,292	1,312,448	1,424,292	1,312,448
With maturity				
<i>Wakalah</i>	6,220,626	3,797,265	6,337,430	3,905,964
	<u>12,932,173</u>	<u>10,452,902</u>	<u>13,048,977</u>	<u>10,561,601</u>
Investment portfolio:				
- <i>House financing</i>	9,821,860	8,554,270	9,880,262	8,608,619
- <i>Personal financing</i>	3,110,313	1,898,632	3,168,715	1,952,982
	<u>12,932,173</u>	<u>10,452,902</u>	<u>13,048,977</u>	<u>10,561,601</u>
Restricted investment accounts ("RIA") managed by the Bank[^]				
With maturity				
<i>Wakalah</i>	691	849	691	849
Investment portfolio:				
- <i>Other term financing</i>	691	849	691	849

[^] The Bank has an arrangement with Lembaga Tabung Haji where the Bank acts as an investment agent to manage and administer the RIA.

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

17. Investment accounts of customers (continued)

(b) By type of customers

	Group		Bank	
	31.03.2022 RM'000	31.12.2021 RM'000	31.03.2022 RM'000	31.12.2021 RM'000
Individuals	5,689,408	5,745,138	5,689,408	5,745,138
Government and statutory bodies	3,679,395	2,437,046	3,679,395	2,437,046
Business enterprises	2,070,528	1,267,853	2,070,528	1,267,853
Non-bank financial institutions	1,333,413	835,758	1,450,217	944,457
Others	159,429	167,107	159,429	167,107
	<u>12,932,173</u>	<u>10,452,902</u>	<u>13,048,977</u>	<u>10,561,601</u>

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

	Note	Group and Bank	
		31.03.2022 RM'000	31.12.2021 RM'000
<i>Issued under the RM1.0 billion Subordinated Sukuk Murabahah Programme</i>			
Third tranche	(a)	<u>305,720</u>	<u>301,962</u>
<i>Issued under the RM10.0 billion Sukuk Murabahah Programme</i>			
First tranche	(b)	306,095	302,286
Second tranche	(c)	400,164	403,945
Third tranche	(d)	711,185	704,971
Fourth tranche	(e)	304,718	301,685
		<u>1,722,162</u>	<u>1,712,887</u>
		<u>2,027,882</u>	<u>2,014,849</u>
Finance cost on Subordinated Sukuk Murabahah		<u>20,513</u>	<u>72,575</u>

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

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

	Group		Bank	
	31.03.2022 RM'000	31.12.2021 RM'000	31.03.2022 RM'000	31.12.2021 RM'000
Other payables	781,797	877,901	760,129	848,589
Advance payment	567,391	575,288	567,218	575,288
Accruals	47,767	117,413	44,917	114,498
	<u>1,396,955</u>	<u>1,570,602</u>	<u>1,372,264</u>	<u>1,538,375</u>

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

21. Income derived from investment of depositors' funds

Group and Bank	3 months ended	
	31.03.2022 RM'000	31.03.2021 RM'000
Income derived from investment of:		
(i) Saving and demand deposits	205,481	197,771
(ii) General investment deposits	1,762	2,363
(iii) Term deposit-i	369,699	337,508
(iv) Other deposits	10,692	15,114
	<u>587,634</u>	<u>552,756</u>

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

Group and Bank	3 months ended	
	31.03.2022 RM'000	31.03.2021 RM'000
<i>Finance income and hibah</i>		
Financing, advances and others	180,616	166,465
Financial assets:		
- at FVTPL	195	1,752
- at FVOCI	15,316	18,589
- at AC	2,636	-
Money at call and deposit with financial institutions	4,786	4,051
	<u>203,549</u>	<u>190,857</u>
<i>Other dealing income</i>		
Net gain/ (loss) from sale of financial assets at FVTPL	727	(2,539)
Net gain/ (loss) on revaluation of financial assets at FVTPL	984	(679)
	<u>1,711</u>	<u>(3,218)</u>
<i>Other operating income</i>		
Net gain from sale of financial assets at FVOCI	221	10,132
	<u>205,481</u>	<u>197,771</u>
<i>of which</i>		
<i>Financing income earned on impaired financing</i>	2,859	3,340
<i>Unwinding of modification loss</i>	3,435	227

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

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

(ii) Income derived from investment of general investment deposits

Group and Bank	3 months ended	
	31.03.2022	31.03.2021
	RM'000	RM'000
<i>Finance income and hibah</i>		
Financing, advances and others	1,579	2,050
Financial assets:		
- at FVTPL	1	17
- at FVOCI	112	183
- at AC	19	-
Money at call and deposits with financial institutions	36	42
	1,747	2,292
<i>Other dealing income</i>		
Net gain/ (loss) from sale of financial assets at FVTPL	5	(24)
Net gain/ (loss) on revaluation of financial assets at FVTPL	8	(7)
	13	(31)
<i>Other operating income</i>		
Net gain from sale of financial assets at FVOCI	2	102
	1,762	2,363
<i>of which</i>		
<i>Financing income earned on impaired financing</i>	21	33
<i>Unwinding of modification loss</i>	25	2

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

Group and Bank	3 months ended	
	31.03.2022	31.03.2021
	RM'000	RM'000
<i>Finance income and hibah</i>		
Financing, advances and others	324,967	283,598
Financial assets:		
- at FVTPL	350	2,989
- at FVOCI	27,557	31,736
- at AC	4,742	-
Money at call and deposits with financial institutions	8,607	6,929
	366,223	325,252

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

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

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

Group and Bank	3 months ended	
	31.03.2022	31.03.2021
	RM'000	RM'000
<i>Other dealing income</i>		
Net gain/ (loss) from sale of financial assets at FVTPL	1,320	(4,236)
Net gain/ (loss) on revaluation of financial assets at FVTPL	1,758	(1,141)
	3,078	(5,377)
<i>Other operating income</i>		
Net gain from sale of financial assets at FVOCI	398	17,633
	369,699	337,508
<i>of which</i>		
<i>Financing income earned on impaired financing</i>	5,154	5,768
<i>Unwinding of modification loss</i>	6,177	374

(iv) Income derived from investment of other deposits

Group and Bank	3 months ended	
	31.03.2022	31.03.2021
	RM'000	RM'000
<i>Finance income and hibah</i>		
Financing, advances and others	9,403	12,702
Financial assets:		
- at FVTPL	10	135
- at FVOCI	798	1,423
- at AC	136	-
Money at call and deposits with financial institutions	244	309
	10,591	14,569

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

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

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

Group and Bank	3 months ended	
	31.03.2022	31.03.2021
	RM'000	RM'000
<i>Other dealing income</i>		
Net gain/ (loss) from sale of financial assets at FVTPL	42	(186)
Net gain/ (loss) on revaluation of financial assets at FVTPL	46	(64)
	88	(250)
<i>Other operating income</i>		
Net gain from sale of financial assets at FVOCI	13	795
	10,692	15,114
<i>of which</i>		
<i>Financing income earned on impaired financing</i>	143	254
<i>Unwinding of modification loss</i>	166	13

22. Income derived from investment account funds

Group and Bank	3 months ended	
	31.03.2022	31.03.2021
	RM'000	RM'000
Finance income		
Unrestricted investment accounts		
- <i>Mudharabah</i>	58,002	48,299
- <i>Wakalah</i>	43,183	69,543
Unwinding of modification loss	1,866	1,123
	103,051	118,965

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

23. Income derived from investment of shareholders' funds

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	2,992	2,175	2,992	2,175
Financial assets at FVOCI	40,416	44,713	40,416	44,713
Money at call and deposits with financial institutions	69	3	1	1
	43,477	46,891	43,409	46,889
<i>Other dealing income</i>				
Net (loss)/ gain from foreign exchange transactions	(3,625)	10,958	(3,625)	10,976
Net loss on revaluation of financial assets at FVTPL	(23,575)	(7,337)	(23,642)	(7,337)
Net derivatives gain	1	1	1	1
	(27,199)	3,622	(27,266)	3,640
<i>Other operating income</i>				
Gross dividend income from:				
- Quoted in Malaysia	6	-	-	-
- Unit trust in Malaysia	7,793	26	7,732	-
- Income from rebate on investment in unit trust	561	494	561	494
	8,360	520	8,293	494
<i>Fees and commission</i>				
Fees	45,697	40,249	37,864	33,798
Commission	5,886	2,541	7,572	3,806
Others	6,773	4,009	4,095	4,215
	58,356	46,799	49,531	41,819
<i>Other income</i>				
Net gain on disposal of property and equipment	-	575	-	575
Rental income	200	703	553	802
Other income	65	84	19	13
	265	1,362	572	1,390
	83,259	99,194	74,539	94,232

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

24. Net allowance for impairment on financing and advances

Group and Bank	3 months ended	
	31.03.2022 RM'000	31.03.2021 RM'000
Net allowance for impairment on financing, advances and others		
- Stage 1	(28,451)	(2,320)
- Stage 2	58,237	13,013
- Stage 3	32,887	21,896
	<u>62,673</u>	<u>32,589</u>
Bad debts and financing recovered	(19,364)	(20,749)
	<u>43,309</u>	<u>11,840</u>

25. Income attributable to depositors

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2022 RM'000	31.03.2021 RM'000	31.03.2022 RM'000	31.03.2021 RM'000
Deposits from customers				
- Mudharabah fund	355	792	355	792
- Non-Mudharabah fund	202,090	181,677	202,141	181,726
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah fund	21	10	21	10
Recourse obligation on financing sold to Cagamas	21,353	17,734	21,353	17,734
	<u>223,819</u>	<u>200,213</u>	<u>223,870</u>	<u>200,262</u>

26. Income attributable to investment account holders

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2022 RM'000	31.03.2021 RM'000	31.03.2022 RM'000	31.03.2021 RM'000
Unrestricted investment accounts				
- Mudharabah	5,032	3,139	5,032	3,139
- Wakalah	22,010	35,092	22,543	35,092
	<u>27,042</u>	<u>38,231</u>	<u>27,575</u>	<u>38,231</u>

Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)]**(Incorporated in Malaysia)****Unaudited Interim Financial Statements****27. Personnel expenses**

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	134,238	130,049	128,564	126,487
Employees' Provident Fund	22,097	20,342	21,256	19,859
Other staff related costs	22,209	18,030	21,634	17,741
	<u>178,544</u>	<u>168,421</u>	<u>171,454</u>	<u>164,087</u>

28. Other overhead expenses

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
<i>Promotion</i>				
Credit and debit card expenses	12,786	10,785	12,786	10,785
Advertisement and publicity	1,836	3,906	1,793	3,889
Others	4,492	3,336	1,715	1,957
	<u>19,114</u>	<u>18,027</u>	<u>16,294</u>	<u>16,631</u>
<i>Establishment</i>				
Office rental	7,737	7,121	7,699	7,206
Depreciation of property and equipment	14,583	14,835	14,368	14,788
Depreciation right-of-use assets	4,161	4,601	4,046	4,601
Information technology expenses	20,752	18,630	20,752	18,630
Security services	2,397	2,329	2,397	2,329
Utilities	3,128	3,261	3,060	3,240
Office maintenance	2,198	2,653	2,122	2,605
Rental of equipment	1,601	1,277	1,525	1,262
Takaful	1,996	929	1,981	928
Others	284	281	283	281
	<u>58,837</u>	<u>55,917</u>	<u>58,233</u>	<u>55,870</u>
<i>General expenses</i>				
Outsourcing fees and management fees	3,615	3,359	7,877	6,401
Office supplies	1,708	2,401	1,682	2,385
Subscription fees	3,515	3,275	3,515	3,274
SMS service charges	4,492	4,249	4,492	4,249
Security services – cash in transit	570	1,075	570	1,075
Professional fees	1,934	3,547	1,770	3,492
Others	18,782	20,676	15,247	18,808
	<u>34,616</u>	<u>38,582</u>	<u>35,153</u>	<u>39,684</u>
	<u>112,567</u>	<u>112,526</u>	<u>109,680</u>	<u>112,185</u>

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

29. Finance cost

	Note	Group		Bank	
		3 months ended		3 months ended	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021
		RM'000	RM'000	RM'000	RM'000
Finance cost:					
- Subordinated Sukuk					
Murabahah	19	20,513	17,480	20,513	17,480
- Profit expense on leases	15	4,244	4,360	4,239	4,360
		<u>24,757</u>	<u>21,840</u>	<u>24,752</u>	<u>21,840</u>

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

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
<u>3 months ended 31 March 2022</u>						
Total Revenue	520,414	151,587	84,261	24,005	(6,295)	773,972
Net fund based income	296,838	113,354	18,488	49,096	-	477,776
Non-fund based income	41,447	7,946	(21,700)	23,353	(5,711)	45,335
Net income	338,285	121,300	(3,212)	72,449	(5,711)	523,111
Net allowance for impairment	(21,405)	(21,905)	(1,711)	(353)	-	(45,374)
Profit before overheads, zakat & tax	316,880	99,395	(4,923)	72,096	(5,711)	477,737
Operating expenses						(318,413)
Profit before zakat & tax						159,324
<u>3 months ended 31 March 2021</u>						
Total Revenue	473,715	151,780	136,254	14,169	(4,996)	770,922
Net fund based income	270,393	94,505	33,789	61,694	-	460,381
Non-fund based income	35,766	6,078	23,387	11,813	(4,947)	72,097
Net income	306,159	100,583	57,176	73,507	(4,947)	532,478
Net allowance for impairment	(17,105)	5,449	41	-	-	(11,615)
Profit before overheads, zakat & tax	289,054	106,032	57,217	73,507	(4,947)	520,863
Operating expenses						(306,388)
Profit before zakat & tax						214,475

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

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
<u>At 31 March 2022</u>						
Segment assets	45,111,529	13,582,420	19,784,885	375,020	(278,221)	78,575,633
Unallocated assets						<u>1,925,291</u>
Total assets						<u><u>80,500,924</u></u>
<u>At 31 March 2021</u>						
Segment assets	41,311,605	13,820,323	15,548,449	45,533	(34,269)	70,691,641
Unallocated assets						<u>1,673,118</u>
Total assets						<u><u>72,364,759</u></u>

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

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.

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

(Incorporated in Malaysia)

Unaudited Interim Financial Statements

31. Fair value of Financial Instruments (continued)

Fair value hierarchy (continued)

Group 31 March 2022 RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value Level 3	Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total			
<i>Financial assets</i>							
Financial assets at FVTPL	-	1,415,059	-	1,415,059	-	1,415,059	1,415,059
Derivative financial assets	-	18,441	-	18,441	-	18,441	18,441
Financial assets at FVOCI	6,983	12,250,645	60,530	12,318,158	-	12,318,158	12,318,158
Financial assets at AC	-	-	-	-	1,484,099	1,484,099	1,511,892
Financing, advances and others	-	-	-	-	61,879,043	61,879,043	58,693,949
<i>Financial liabilities</i>							
Derivative financial liabilities	-	12,744	-	12,744	-	12,744	12,744
Recourse obligations on financing sold to Cagamas	-	-	-	-	2,030,350	2,030,350	2,001,721
Subordinated Sukuk Murabahah	-	-	-	-	2,004,949	2,004,949	2,027,882
31 December 2021							
RM'000							
<i>Financial assets</i>							
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
<i>Financial liabilities</i>							
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	2,014,849

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

31. Fair value of Financial Instruments (continued)

Fair value hierarchy (continued)

Bank 31 March 2022 RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value Level 3	Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total			
Financial assets							
Financial assets at FVTPL	-	1,383,133	-	1,383,133	-	1,383,133	1,383,133
Derivative financial assets	-	18,441	-	18,441	-	18,441	18,441
Financial assets at FVOCI	6,983	12,250,645	61,393	12,319,021	-	12,319,021	12,319,021
Financial assets at AC	-	-	-	-	1,484,099	1,484,099	1,511,892
Financing, advances and others	-	-	-	-	61,879,043	61,879,043	58,693,949
Financial liabilities							
Derivative financial liabilities	-	12,744	-	12,744	-	12,744	12,744
Recourse obligations on financing sold to Cagamas	-	-	-	-	2,030,350	2,030,350	2,001,721
Subordinated Sukuk Murabahah	-	-	-	-	2,004,949	2,004,949	2,027,882
31 December 2021							
RM'000							
Financial assets							
Financial assets at FVTPL	-	1,550,700	-	1,550,700	-	1,550,700	1,550,700
Derivative financial assets	-	26,037	-	26,037	-	26,037	26,037
Financial assets at FVOCI	17,004	12,526,670	61,393	12,605,067	-	12,605,067	12,605,067
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
Subordinated Sukuk Murabahah	-	-	-	-	2,009,745	2,009,745	2,014,849

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

31. Fair value of Financial Instruments (continued)

Unobservable inputs used in measuring fair value

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

(a) Financial instruments carried at fair value

Type	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.

Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)]**(Incorporated in Malaysia)****Unaudited Interim Financial Statements****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	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
CET I & Tier I capital ratio	13.993%	13.179%	13.601%	12.799%
Total capital ratio	19.527%	18.561%	19.158%	18.203%

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

	Group		Bank	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Paid-up share capital	3,645,043	3,445,757	3,645,043	3,445,757
Retained earnings	2,965,080	2,965,080	2,965,659	2,965,659
Other reserves	(59,713)	(10,899)	(170,665)	(121,843)
<u>Less:</u>				
Deferred tax assets	(195,302)	(193,214)	(194,330)	(191,773)
Investment in subsidiaries	-	-	(100,905)	(100,905)
Total CET I and Tier I Capital	6,355,108	6,206,724	6,144,802	5,996,895
Sukuk Murabahah	2,000,000	2,000,000	2,000,000	2,000,000
Loss provision [^]	513,203	534,465	510,920	532,094
Total Tier II Capital	2,513,203	2,534,465	2,510,920	2,532,094
Total Capital	8,868,311	8,741,189	8,655,722	8,528,989

[^] 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.

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

	Group		Bank	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Credit risk	50,523,219	50,180,739	50,437,144	50,080,971
Less : Credit risk absorbed by unrestricted investment accounts	(9,466,971)	(7,423,579)	(9,563,537)	(7,513,437)
	41,056,248	42,757,160	40,873,607	42,567,534
Market risk	513,864	489,559	513,864	489,559
Operational risk	3,845,369	3,847,886	3,792,259	3,797,811
	45,415,481	47,094,605	45,179,730	46,854,904

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

34. Subsequent events

On 15 April 2022, Securities Commission has given an approval for the Group and the Bank’s strategic partner, Arabesque Asset Management Ltd, UK (“Arabesque”), a wholly-owned unit of Arabesque Holding Limited (previously known as Arabesque Asset Management Holding Limited) to acquire 49% equity stake in the Bank’s subsidiary, BIMB Investment Management Berhad (“BIMB Investment”) for RM14.7 million or RM2 per share. The transaction is estimated to be concluded in the second quarter of 2022.

Prior to that, the Bank had executed the 'Call Option Deed' with Arabesque on 9 October 2018 and Supplemental Call Option Deed on 21 June 2021.

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

B1. Performance review for the three months ended 31 March 2022

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

Key Profit or Loss Items:	Group			
	3 months ended			
	31.03.2022	31.03.2021	Variance	
	RM'000	RM'000	RM'000	%
Revenue	773,972	770,922	3,050	0.4
Net Income	523,111	532,478	(9,367)	-1.8
Profit Before Zakat and Taxation	159,324	214,475	(55,151)	-25.7
Profit After Zakat and Taxation	105,917	158,711	(52,794)	-33.3

Bank Islam Group (“Bank Islam” or “the Group”) recorded a Profit Before Zakat and Taxation (“PBZT”) of RM159.3 million for the three months ended 31 March 2022, lower by 25.7% over the corresponding period in 2021. The decrease in PBZT was mainly due to higher net allowance for impairment on financing and advances.

The performance translates to Group’s earnings per share of 4.95 sen and annualised Return on Equity (“ROE”) of 6.4% (after tax and zakat).

Net fund based income increased by RM17.4 million or 3.8% mainly driven by higher income from financing. The non-fund based income decreased by RM26.8 million for the three months ended 31 March 2022 as compared to corresponding period, which was due to lower net gain from sale of financial assets at FVOCI and higher net loss on revaluation of financial assets at FVTPL.

The Group’s total assets grew year-on-year by 11.2% to stood at RM80.5 billion as of 31 March 2022. Net assets per share was at RM3.09.

Gross financing grew by 6.7% year-on-year to RM59.8 billion, while customer deposits and investment accounts stood at RM68.0 billion with a year-on-year increase by RM6.6 billion or 10.8%. Total current and saving accounts and transactional investment accounts (“CASATIA”) composition is at healthy level of 38.6% of total customer deposits and investment accounts.

As at 31 March 2022, the gross impaired financing ratio was 1.02% compared to 0.96% at end December 2021.

The Group’s Total Capital Ratio remained strong at 19.5% as at 31 March 2022.

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

B1. Performance review for the three months ended 31 March 2022 (continued)

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

Operating Segment

Consumer Banking's reported net income of RM338.3 million for the financial period ended 31 March 2022, 10.5% higher than the corresponding period, attributed mainly from higher net fund-based income. Segment assets for Consumer Banking as at end March 2022 stood at RM45.1 billion, a year-on-year growth of 9.2%, mainly driven by growth in house financing and personal financing.

Corporate and Commercial Banking recorded net income of RM121.3 million, higher by 20.6% from the corresponding period mainly due to higher net fund-based income. Total segment assets stood at RM13.6 billion.

Treasury registered a net loss of RM3.2 million for the period, lower by 105.6% compared to the corresponding period due to lower net gain from sale of financial assets at FVOCI and higher net loss on revaluation of financial assets at FVTPL. Treasury assets stood at RM19.8 billion.

B2. Comparison with the preceding quarter's results for the three months performance (First Quarter 2022 vs. Fourth Quarter 2021)

	Group		Variance	
	3 months ended			
	31.03.2022	31.12.2021	RM'000	%
Key Profit or Loss Items:	RM'000	RM'000	RM'000	%
Revenue	773,972	816,276	(42,304)	-5.2
Net Income	523,111	564,557	(41,446)	-7.3
Profit Before Zakat and Taxation	159,324	76,405	82,919	108.5
Profit After Zakat and Taxation	105,917	79,638	26,279	33.0

Bank Islam Group's PBZT for the first quarter ended 31 March 2022 ("1Q2022") improved by RM82.9 million or more than 100% to RM159.3 million against the preceding quarter ended 31 December 2021 ("4Q2021"). This was largely contributed by lower net allowance charged for impairment on financing and other financial assets and lower operating overheads, offset by lower non-fund based income.

Net allowance charged for impairment on financing and other financial assets was lower by RM66.5 million to RM45.4 million for 1Q2022 while total overhead expenses for 1Q2022 declined by RM58.5 million or 16.6% to RM293.7 million over 4Q2021 mainly due to lower personnel and general expenses.

Non-fund based income fell 48.8% to RM45.3 million from RM88.5 million, amid net loss on revaluation of financial assets at FVTPL due to unfavourable market condition.

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

(Incorporated in Malaysia)

Unaudited Interim Financial Statements

B3. Prospects for 2022

In 2022, Bank Negara Malaysia (BNM) forecasted the economy to grow between 5.3% and 6.3%, with inflation averaging between 2.2% and 3.2%. BNM's decision to increase the Overnight Policy Rate (OPR) by 25 basis points (bps) to 2.00% at its recent Monetary Policy Committee meeting held on 11 May 2022 shows that the Central Bank is comfortable with the country's economic growth trajectory. Thus, the Group foresees that a further OPR hike of 25bps is likely for the year.

Financial institutions remained vigilant in managing their risks given the continued uncertainty posed by domestic and global developments. Credit risk remains a key focus as provisions against financing losses in the banking system remains high. Latest stress tests conducted by BNM continue to affirm the resilience of capital buffers of banks and insurers to withstand potential losses under severe macroeconomic and financial shocks, while sustaining support for economic recovery.

We have gone into the first year of LEAP25. Against the backdrop of a challenging environment, the Group continues to navigate the next normal by staying the course towards our 5-year aspiration, which is to increase the asset size and ESG-rated financing assets, reduce Cost-to-Income ratio, sustain superior industry Return-on-Equity, increase non-fund based income contribution, create positive social impact and nurture and retain a high-performing pool of talents. The Group will continuously pursue traction on our lines of businesses (LoBs) and channels towards 2025 through our 5 business drivers namely Wealth Management, Social Finance, Digital Bank, Enterprises and Wholesale Banking. To further enable this journey, the Group's Sadaqa House aims to increase impactful beneficiaries. Digitalisation is expected to enable the core infrastructure hence supporting the entire 6 strategic objectives (Sustainable Prosperity, Value-Based Culture, Community Empowerment, Real Economy, Digitalisation). As the Group is currently on a new growth phase grounded by the environment, social and governance ("ESG") principles, we have embarked on a journey of developing BIMB's ESG Framework, to incorporate climate and sustainable risk management in the credit assessment. The first phase of the project was completed in January 2022, and Phase 2 is currently being carried out. This is to ensure that the Group will be at the forefront of embedding ESG into our strategy and towards pursuing our LEAP25 aspiration in becoming a prominent offeror of Shariah-ESG total financing solutions by end of 2025.

B4. Variance from profit forecast and profit guarantee

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

B5. Tax expense

Major components of tax expense

Group	Group		Bank	
	3 months ended		3 months ended	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
Malaysia income tax:				
Current year	36,848	89,888	36,504	89,843
(Over)/Under provision in prior years	(10)	6	-	-
Deferred tax expense relating to origination and reversal of temporary differences arising from:				
Current year	12,361	(37,961)	12,361	(37,961)
Under provision in prior years	459	80	-	-
	<u>49,658</u>	<u>52,013</u>	<u>48,865</u>	<u>51,882</u>

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

B5. Tax expense (continued)

A reconciliation of effective tax expense for the Group and Bank are as follows:

Group	Group		Bank	
	3 months ended		3 months ended	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax	<u>159,324</u>	<u>214,475</u>	<u>160,002</u>	<u>214,139</u>
Income tax calculated using				
Malaysian tax rate of 24%	38,238	51,474	38,400	51,393
Effect of changes in tax rate	10,517	-	10,517	-
Income not subject to tax	(26)	(39)	-	-
Non-deductible expenses	1,201	492	669	489
Zakat	(721)	-	(721)	-
Under provision in prior years	449	86	-	-
Tax expense	<u>49,658</u>	<u>52,013</u>	<u>48,865</u>	<u>51,882</u>

B6. Status of corporate proposals

There has been no new corporate proposal since the date of last quarterly report.

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	
	31.03.2022	31.03.2021
	RM'000	RM'000
Deposits from customers		
Mudharabah and Tawarruq term deposits and Negotiable Islamic Debt Certificates		
- One year or less (short-term)	35,471,275	30,060,741
- More than one year (medium/long-term)	-	1,573,369
	<u>35,471,275</u>	<u>31,634,110</u>
Current accounts	12,261,485	11,517,170
Savings accounts	7,263,774	6,766,866
Others	119,771	105,646
Total deposits	<u>55,116,305</u>	<u>50,023,792</u>
Investment accounts of customers		
- One year or less (short-term)	12,921,033	11,376,244
- More than one year (medium/long-term)	11,140	2,652
	<u>12,932,173</u>	<u>11,378,896</u>

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

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

RM'000	As at 31.03.2022		
	Long term	Short term	Total borrowings
Secured			
- Recourse obligations on financing sold to Cagamas	2,000,000	1,721	2,001,721
Unsecured			
- Subordinated Sukuk Murabahah	1,700,000	327,882	2,027,882

RM'000	As at 31.03.2021		
	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	23,288	1,723,288

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.

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

B9. Material litigation

- (a) On 16 April 2019, 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 ("O.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 30 September 2021 for the Plaintiff/Appellant to appoint a new Solicitor.

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

B9. Material litigation (continued)

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

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.

The Plaintiff/Appellant filed Motion for Leave to appeal to the Federal Court (FC) on 14 March 2022 and the FC fixed for hearing of the Motion on 27 May 2022.

- (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.

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

B9. Material litigation (continued)

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

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

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

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

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

Hearing of Motion for Extension of Time to File Leave to Appeal to FC and Motion for Leave to Appeal to FC fixed on 21 March 2022. The Court fixed another hearing date on 27 May 2022.

(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.

Court has fixed the next Case Management on 11 May 2022 with the directions, as follows:

- 1) The Plaintiff is to file its reply to the Second Defendant’s defence;
- 2) The First Defendant shall serve the Third Party Notice Directions on the Second Defendant and Plaintiff’s solicitor.

Next Case Management was fixed on 7 July 2022 with the directions, as follows;

- 1) First Defendant to file and serve the Statement of Claim against Third Party on or before 25 May 2022;
- 2) Third Party to file and serve Statement of Defence on or before 8 June 2022; and
- 3) First Defendant to file and serve its Reply to Defence on or before 22 June 2022.

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

B9. Material litigation (continued)

- (d) On 26 April 2022 a group of syndicated financiers including Bank Islam Malaysia Berhad, HSBC Amanah Malaysia Berhad, Ambank Islamic Berhad, MIDF Amanah Investment Bank Berhad, Standard Chartered Saadiq Berhad and United Overseas Bank (Malaysia) Berhad filed a winding up petition against Serba Dinamik (“Customer”) and its guarantors.

The Customer defaulted on payment of Syndicated Term Financing which involved RM1.2 billion (Bank Islam exposure RM245 million). The Customer made an application to Court for an appointment of Interim Judicial Managers (“IJM”). However, the application on IJM was withdrawn by the Customer citing majority of the financiers were opposing on the appointment of the Customer’s choice of IJM and further indicated to Court that they will apply for Scheme of Arrangement (“SOA”) under Section 366 instead.

Meanwhile, the syndicated financiers had proceeded with a winding up petition and appointment of an Interim Liquidator (nominated PricewaterhouseCoopers (“PwC”)) which were filed in April 2022. The matters contested by the Customer by filing stay, striking out and cross examination applications. The Court fixed hearing of the applications on 8 June 2022.

At the same time, the Customer had filed for the preliminary draft of SOA in the Commercial Court indicating the scheme proposal among others that payment will be made in tranches with full recovery expected by year 2025.

B10. Dividend

On 20 January 2022, the Bank paid an interim dividend of 10.93 sen per ordinary share amounting RM226.9 million for the financial year ended 31 December 2021. From the total dividend amount, 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.

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.

Group	3 months ended	
	31.03.2022	31.03.2021
	RM’000	RM’000
Net profit for the period under review attributable to equity holders of the parent	105,917	158,711
Number of ordinary shares	2,155,269	2,600,366
Number of average ordinary shares	2,137,625	2,600,366
Earnings per share (sen)	4.95	6.10

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.

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

B12. Foreign exchange exposure/hedging policy

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

RM equivalent	As at	
	31.03.2022 RM'000	31.12.2021 RM'000
USD	102,082	102,934
EURO	(95,888)	(97,001)
Others	15,974	26,717

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:

Group	As at 31 March 2022			
	Carrying value before impairment RM'000	Impairment losses RM'000	Carrying value after impairment RM'000	Market value RM'000
Financing, advances and others	59,799,006	(1,105,057)	58,693,949	61,879,043

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

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

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

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

i) Stage 1: 12-months ECL ("Stage 1")

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon recognition, the portion of lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

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

(Incorporated in Malaysia)

Unaudited Interim Financial Statements

B13. Material impairment of assets (continued)

ii) Stage 2: Lifetime ECL - not credit impaired (“Stage 2”)

For exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

iii) Stage 3: Lifetime ECL - credit impaired (“Stage 3”)

Financial assets are assessed as credit impaired when one or more events that have a negative impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised.

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 31.03.2022 RM’000	Fair value 31.03.2022 RM’000	Notional amount 31.12.2021 RM’000	Fair value 31.12.2021 RM’000
<i>Trading derivatives</i>				
Foreign exchange related contracts				
- Less than one year	7,401,309	5,502	7,505,850	5,367
Profit rate related contracts				
- One year to 3 years	70,125	195	79,153	249
	7,471,434	5,697	7,585,003	5,616

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

B14. Derivatives (continued)

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 March 2022, the amount of contracts which were not hedged and, hence, exposed to market risk was RM513.9 million (31 December 2021: RM489.6 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 March 2022, the credit risk measured in terms of the cost to replace the profitable contracts, was RM105.3 million (31 December 2021: RM116.8 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 31.03.2022 RM'000
<i>Trading derivatives</i>	
Net loss arising from fair value changes from derivatives assets and liabilities	(52)

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.